# Alteo

**Vision in Motion**

**ALTEO LIMITED AND ITS SUBSIDIARIES**
**FOR THE YEAR ENDED JUNE 30, 2018**

**"Alteo Group reports a drop in results mainly explained by an unfavourable sugar price environment in Mauritius and Kenya combined with a reduced sugar cane availability in Kenya. The property cluster achieved a commendable performance for the year under review"**

## GROUP HIGHLIGHTS FOR THE YEAR

| 8% | 20% | 29% | 3% |
|---|---|---|---|
| TURNOVER | EBITDA | PAT | EPS |

## GROUP CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | Audited 30 Jun 18 Rs 000 | Audited Restated 30 Jun 17 Rs 000 |
|---|---|---|---|
| **TURNOVER** | | 8,176,275 | 8,929,348 |
| Normalised earnings before interests, taxation, depreciation and amortisation | | 1,933,754 | 2,899,132 |
| Other income and expenses | | 369,204 | (3,628) |
| **Earnings before interests, taxation, depreciation and amortisation** | | 2,302,958 | 2,895,504 |
| Release of deferred income | | 26,700 | 26,634 |
| Depreciation and amortisation | | (804,175) | (824,586) |
| **Earnings before interest and taxation** | | 1,525,483 | 2,097,552 |
| Finance income | | 121,419 | 27,006 |
| Finance costs | | (480,082) | (450,331) |
| Share of results of joint ventures & associates | | 7,203 | 10,647 |
| **Profit before taxation** | | 1,174,023 | 1,684,874 |
| **Taxation** | | (471,574) | (696,715) |
| **Profit for the year** | | 702,449 | 988,159 |
| Other comprehensive income for the year | | 590,609 | (231,186) |
| **Total comprehensive income for the year** | | 1,293,058 | 756,973 |
| **Profit attributable to:** | | | |
| Owners of the parent | | 397,818 | 411,952 |
| Non-Controlling interests | | 304,631 | 576,207 |
| | | 702,449 | 988,159 |
| **Total comprehensive income attributable to:** | | | |
| Owners of the parent | | 990,030 | 263,036 |
| Non-Controlling interests | | 303,028 | 493,937 |
| | | 1,293,058 | 756,973 |
| **Earnings per share** | Rs | 1.25 | 1.29 |
| **Dividend per share** | Rs | 0.78 | 0.82 |

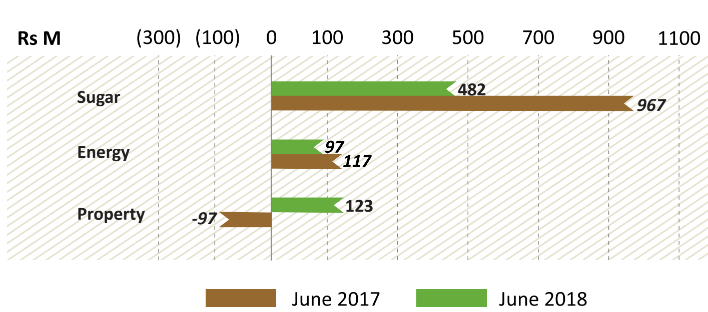
## GROUP SEGMENTAL INFORMATION

| | Audited Restated 30 Jun 18 Rs 000 | Audited Restated 30 Jun 17 Rs 000 |
|---|---|---|
| **Turnover by Cluster** | | |
| Sugar | 6,299,360 | 7,201,484 |
| Energy | 1,363,460 | 1,314,840 |
| Property | 682,127 | 559,611 |
| Consolidation adjustments | (168,672) | (146,587) |
| Total turnover | 8,176,275 | 8,929,348 |
| **Turnover by Country** | | |
| Mauritius | 4,035,756 | 4,169,811 |
| Tanzania | 3,010,215 | 2,936,285 |
| Kenya | 1,298,976 | 1,969,839 |
| Consolidation adjustments | (168,672) | (146,587) |
| Total turnover | 8,176,275 | 8,929,348 |
| **Results by Cluster** | | |
| Sugar | 482,309 | 967,997 |
| Energy | 97,495 | 117,360 |
| Property | 122,645 | (97,198) |
| Profit for the year | 702,449 | 988,159 |
| **Results by Country** | | |
| Mauritius | 205,212 | (109,945) |
| Tanzania | 965,982 | 1,044,975 |
| Kenya | (468,745) | 53,129 |
| Profit for the year | 702,449 | 988,159 |

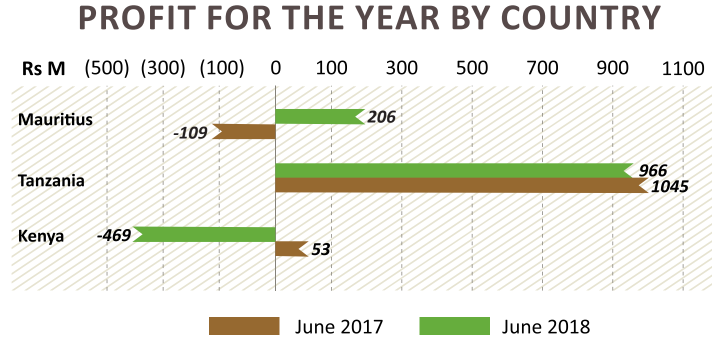
## GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

| | | Audited 30 Jun 18 Rs 000 | Audited Restated 30 Jun 17 Rs 000 | Audited Restated 30 Jun 16 Rs 000 |
|---|---|---|---|---|
| **ASSETS EMPLOYED** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | | 20,101,214 | 19,654,392 | 19,903,720 |
| Investment properties | | 1,646,386 | 1,510,646 | 1,510,646 |
| Intangible assets | | 1,785,920 | 1,773,034 | 1,796,162 |
| Investment in joint ventures & associates | | 21,639 | 18,332 | 30,095 |
| Investment in available-for-sale financial assets | | 56,140 | 68,586 | 72,773 |
| Deferred tax assets and other non current receivables | | 216,103 | 112,656 | 122,548 |
| | | 23,827,402 | 23,137,646 | 23,435,944 |
| Current assets | | 6,308,094 | 5,113,419 | 4,688,116 |
| Non-current assets held for sale | | 308,039 | 285,334 | 383,128 |
| **TOTAL ASSETS** | | 30,443,535 | 28,536,399 | 28,507,188 |
| **EQUITY AND LIABILITIES** | | | | |
| Shareholders' interests | | 16,777,506 | 16,035,900 | 16,072,211 |
| Non-controlling interests | | 2,257,974 | 2,427,763 | 2,318,177 |
| Non-current liabilities | | 6,238,471 | 5,539,015 | 6,246,045 |
| Current liabilities | | 5,169,584 | 4,533,721 | 3,870,755 |
| **TOTAL EQUITY AND LIABILITIES** | | 30,443,535 | 28,536,399 | 28,507,188 |
| **Net asset value per share** | Rs | 52.68 | 50.35 | 50.46 |
| **Number of shares in issue** | No | 318,492,120 | 318,492,120 | 318,492,120 |

## PROFIT FOR THE YEAR BY CLUSTER




## PROFIT FOR THE YEAR BY COUNTRY



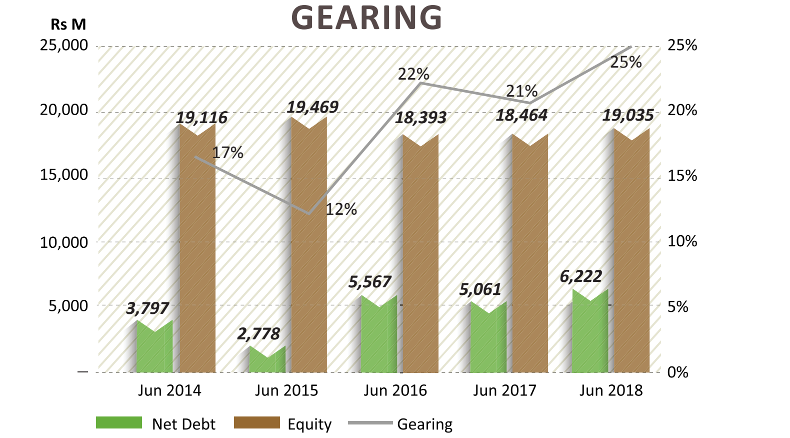

## GROUP CONDENSED STATEMENT OF CASH FLOWS

| | Audited 30 Jun 18 Rs 000 | Audited Restated 30 Jun 17 Rs 000 |
|---|---|---|
| Net cash flow from operating activities | 484,323 | 2,280,827 |
| Net cash flow (used in) investing activities | (794,534) | (1,056,598) |
| Net cash flow (used in) financing activities | (297,684) | (1,076,788) |
| Net (decrease)/Increase in cash and cash equivalents | (607,483) | 57,915 |
| Effect of Consolidation adjustment & business combination | - | (632) |
| Cash and cash equivalents at July 1 | (680,095) | (737,378) |
| Cash and cash equivalents at June 30 | (1,287,990) | (680,095) |

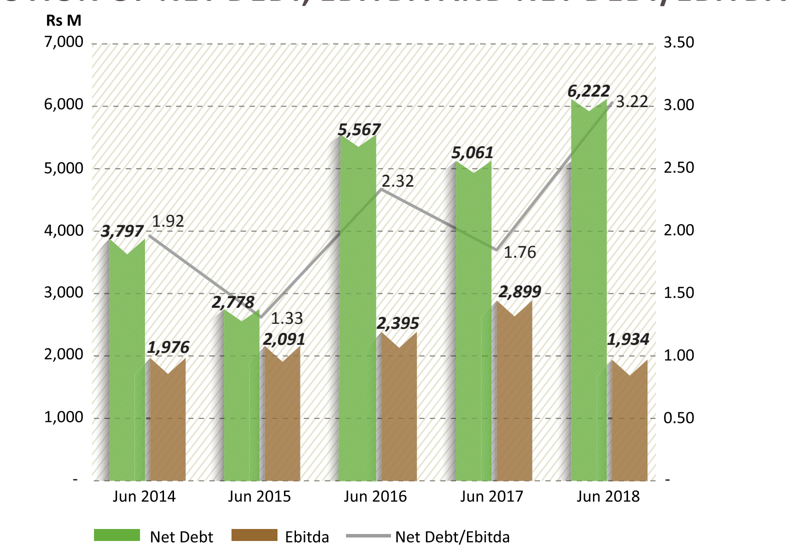
## GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

| | Attributable to owners of parent Rs 000 | Non Controlling interests Rs 000 | Total Equity Rs 000 |
|---|---|---|---|
| **At 1 July 2017** | 16,970,845 | 2,482,865 | 19,453,710 |
| Effect of prior year adjustment | (934,945) | (55,102) | (990,047) |
| As restated | 16,035,900 | 2,427,763 | 18,463,663 |
| Total comprehensive income for the year | 990,030 | 303,028 | 1,293,058 |
| Decrease in share capital of subsidiary | - | (35,411) | (35,411) |
| Dividend | (248,424) | (437,406) | (685,830) |
| **At 30 June 2018** | 16,777,506 | 2,257,974 | 19,035,480 |
| **At 1 July 2016** | 16,924,572 | 2,366,528 | 19,291,100 |
| Effect of prior year adjustment | (852,361) | (48,351) | (900,712) |
| As restated | 16,072,211 | 2,318,177 | 18,390,388 |
| Total comprehensive income for the year | 263,036 | 493,937 | 756,973 |
| Consolidation adjustments | (38,183) | 86,712 | 48,529 |
| Dividend | (261,164) | (471,063) | (732,227) |
| **At 30 June 2017** | 16,035,900 | 2,427,763 | 18,463,663 |

## GEARING




## EVOLUTION OF NET DEBT, EBITDA AND NET DEBT/EBITDA




# COMMENTS

## GROUP REVIEW FOR THE YEAR

***LOWER PERFORMANCE OF THE SUGAR CLUSTER***

Group turnover and EBITDA dropped by 8% and 33% respectively driven mainly by the lower performance of the sugar cluster. Group profit after tax was enhanced by gains of Rs392m realised on the disposal of land and revaluation of investment properties. Most of the other comprehensive income for the year relates to gains realised on the revaluation of land.

Group gearing reached 25% at 30 June 2018 with additional debt contracted to finance the Kenyan sugar operations and the property cluster.

The main prior year restatements to the Statement of Profit or Loss relate to the harmonisation of the treatment of Land Conversion Rights within the group.

## SUGAR

***RESULTS DRIVEN DOWN BY THE UNDERPERFORMANCE OF OPERATIONS IN KENYA AND MAURITIUS***

The results of the Kenyan and Mauritian operations were down on account of an unfavourable price environment translating into lower turnover performance. The cluster performance was further adversely affected by a reduced sugar cane availability in Kenya compared to the comparative period which had benefited from a backlog of over-mature sugar cane. Finally, the Tanzanian operations again achieved a commendable performance, just slightly lower than last year due to lower production and sales volumes.

## ENERGY

***PROFITABILITY IMPACTED BY LONGER MAINTENANCE STOP AND HIGHER MAINTENANCE COSTS***

The energy cluster posted a lower profit after tax mainly due to a longer maintenance stop and higher maintenance costs at Consolidated Energy Co Ltd (CEL). The drop in the profitability of the cluster was partly offset by an increased bagasse availability and higher average tariff enhancing the results of Alteo Energy Ltd (AEnL).

## PROPERTY

***RESULTS BOOSTED BY PROPERTY SALES REVENUE RECOGNITION IN THE LAST QUARTER WHILE THE RESORT AND GOLF POSTED AN IMPROVED PERFORMANCE***

Significant property sales revenue have been recognised during the last quarter of the financial year as several reservations for serviced plots materialised into sales and construction works progressed on villas sold off-plan. The cluster results were further improved by the better performance of Anahita Golf & Spa Resort and Anahita Golf, both driven by higher occupancy.

## OUTLOOK

***GROUP PERFORMANCE EXPECTED TO BE UNDERPINNED BY THE PROPERTY CLUSTER AND EAST AFRICAN SUGAR OPERATIONS***

In the short to medium term, the Mauritian sugar operations will continue to be affected by adverse conditions on the world market and the EU market in particular. An enhanced sugar cane availability and improving domestic market conditions are expected to be beneficial to the Kenyan sugar operations while the early signs of a good crop are being observed in Tanzania.

The Power Purchase Agreements (PPAs) for CEL and AEnL will expire in December 2018 and the Central Electricity Board has notified CEL that it would not renew its PPA. The energy cluster's outlook remains uncertain as the terms of the renewed PPA for AEnL are still to be confirmed.

An improving trend in the property cluster results is anticipated next year as the construction of off-plan villas progresses and several sales of serviced plots are expected to be concluded.

***INITIATIVES TO ADDRESS SUGAR CLUSTER CHALLENGES IN MAURITIUS***

In order to face this challenging context, management is progressing with its strategic rethink of the operations with the objective of achieving efficiency gains and cost reductions. At industry level, a technical committee has been set up to recommend sustainable revenue enhancing measures and cost base reforms to Government. These are still being considered by relevant Government authorities.

**By Order of the Board**
**September 19, 2018**

Notes: The condensed financial statements are audited by Ernst &Young, and have been prepared in accordance with International Financial Reporting Standards (IFRS).
Copies of the above condensed audited financial statements, the full audited financial statements and statement of direct and indirect interests of Officers of the Company required under Rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007, are available to the public, free of charge, at the registered address of the Company at Vivéa Business Park, Saint Pierre.
The condensed audited financial statements are issued pursuant to Listing Rule 12.14 and the Securities Act 2005.
The Board of Directors of Alteo Limited (formerly known as Alteo Group Ltd) accepts full responsibility for the accuracy of the information contained in these condensed financial statements.