

ALTEO LIMITED AND ITS SUBSIDIARIES FOR THE PERIOD ENDED MARCH 31 2023

"Alteo's continuing operations see revenue growth, driven by higher sugar prices and property inflows, which served to contain the impact of a lower sugar production and inflation on EBITDA and profitability".

GROUP CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited 3 months to 31 Mar 23	Restated Unaudited 3 months to 31 Mar 22	Unaudited 9 months to 31 Mar 23	Restated Unaudited 9 months to 31 Mar 22
	Rs 000	Rs 000	Rs 000	Rs 000
Continuing operations				
REVENUE	707,794	682,087	3,588,045	2,856,438
Normalised earnings before interest, taxes, depreciation and amortisation	4,275	49,885	676,803	749,265
Other income and expenses	10,010	54,017	54,449	79,332
Earnings before interest, taxes, depreciation and amortisation	14,285	103,902	731,252	828,597
Depreciation, amortisation and release of deferred income	(75,374)	(77,757)	(251,787)	(245,483)
Earnings before interest and taxation	(61,089)	26,145	479,465	583,114
Finance costs	(27,878)	(43,557)	(85,912)	(117,257)
Share of results of joint ventures & associates	(2,466)	(2,454)	20,354	8,452
Profit before taxation	(91,433)	(19,866)	413,907	474,309
Taxation	(4,728)	(30,433)	(35,382)	(62,970)
Profit for the period from continuing operations	(96,161)	(50,299)	378,525	411,339
Profit from discontinued operations	-	594,127	544,501	1,478,145
Profit for the period	(96,161)	543,828	923,026	1,889,484
Other comprehensive income/(loss) for the period	(10,106)	39,421	(14,962)	84,579
Total comprehensive income for the period	(106,267)	583,249	908,064	1,974,063
Profit attributable to:				
- Equity holders	(63,556)	256,714	575,357	985,007
- Non-controlling interests	(32,605)	287,114	347,669	904,477
	(96,161)	543,828	923,026	1,889,484
Total comprehensive income attributable to:				
- Equity holders	(73,662)	280,858	571,143	1,043,563
- Non-controlling interests	(32,605)	302,391	336,921	930,500
	(106,267)	583,249	908,064	1,974,063
Earnings per share	Rs (0.20)	0.81	1.81	2.29
Dividend per share	Rs 0.30	0.35	0.30	0.35

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity holders Rs'000	Non- controlling interests Rs'000	Total equity Rs'000
	Rs 000	Rs 000	Rs 000
At 1 July 2022	17,565,804	1,747,076	19,312,880
Total comprehensive income for the period	571,143	336,921	908,064
Change in ownership without loss in control	28,252	(28,252)	-
Distribution to equity holders	(1,175,841)	(1,562,577)	(2,738,418)
Reduction in share capital of subsidiary	-	(8,884)	(8,884)
Dividend	(45,331)	(14,690)	(60,021)
At 31 March 2023	16,944,027	469,594	17,413,621
At 1 July 2021	17,009,402	1,651,147	18,660,549
Total comprehensive income for the period	1,043,563	930,500	1,974,063
Dividend	(111,472)	(221,062)	(332,534)
Change in ownership without loss in control	(235,948)	(110,138)	(346,086)
At 31 March 2022	17,705,545	2,250,447	19,955,992

GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

	Unaudited 31 Mar 23	30 Jun 22
	Rs 000	Rs 000
ASSETS EMPLOYED		
Non-current assets		
Property, plant and equipment and right-of-use assets	14,760,175	14,778,267
Investment properties	2,903,707	2,883,047
Intangible assets	729,142	968,147
Investment in joint ventures & associates	73,937	68,601
Financial assets at fair value through OCI	4,364	4,364
Deferred tax assets and other non current receivables	1,068,387	39,998
	19,539,712	18,742,424
Current assets	2,792,254	3,171,596
Assets classified as held for distribution	-	10,112,648
TOTAL ASSETS	22,331,966	32,026,668
EQUITY AND LIABILITIES		
Shareholders' interests	16,944,027	17,565,804
Non-controlling interests	469,594	1,747,076
Non-current liabilities	3,209,140	3,378,177
Current liabilities	1,709,205	2,385,396
Liabilities directly associated with assets classified as held for distribution	-	6,950,215
TOTAL EQUITY AND LIABILITIES	22,331,966	32,026,668
Net asset value per share	Rs 53.20	55.15
Number of shares in issue	No 318,492,120	318,492,120

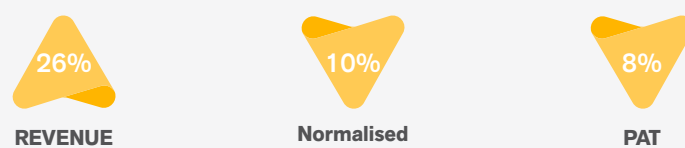
GROUP CONDENSED STATEMENT OF CASH FLOWS

	Unaudited 31 Mar 23	Unaudited 31 Mar 22
	Rs 000	Rs 000
Net cash flow from operating activities	1,010,953	2,359,942
Net cash flow from/(used in) investing activities	361,898	(1,196,014)
Net cash flow used in financing activities	(945,970)	(435,830)
Net increase in cash and cash equivalents	426,881	728,098
Cash and cash equivalents at July 1	(530,296)	(429,675)
Cash and cash equivalents at March 31	(103,415)	298,423

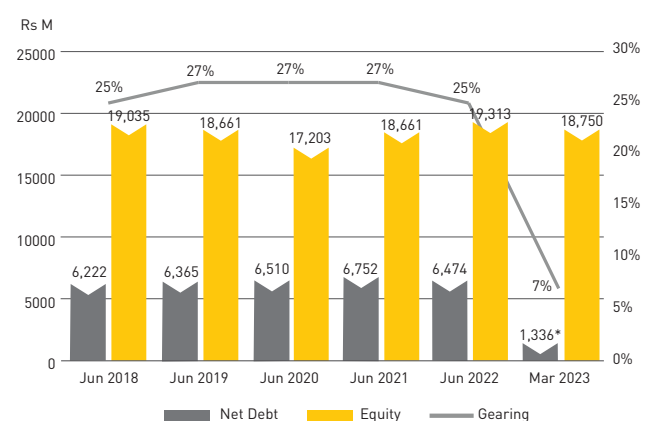
GROUP SEGMENTAL INFORMATION

	Revenue				Profit/(loss)			
	Unaudited 3 months to 31 Mar 23	Unaudited 3 months to 31 Mar 22	Unaudited 9 months to 31 Mar 23	Unaudited 9 months to 31 Mar 22	Unaudited 3 months to 31 Mar 23	Unaudited 3 months to 31 Mar 22	Unaudited 9 months to 31 Mar 23	Unaudited 9 months to 31 Mar 22
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Cluster analysis								
Agro-business	95,321	46,607	1,808,928	1,618,438	(132,782)	(206,322)	120,817	119,109
Energy	365,238	282,701	950,384	619,116	(29,340)	(20,395)	(3,239)	25,164
Property	268,015	352,145	947,259	690,318	65,961	176,418	260,947	267,066
Consolidation adjustments	(20,780)	634	(118,526)	(71,434)	-	-	-	-
	676,526	682,087	3,556,777	2,856,438	(96,161)	(50,299)	378,525	411,339
Sugar (East Africa) (discontinued operations)	-	-	-	-	-	594,127	544,501	1,478,145
	676,526	682,087	3,556,777	2,856,438	(96,161)	543,828	923,026	1,889,484
Country analysis								
Mauritius	707,794	682,087	3,588,045	2,856,438	(96,161)	(50,299)	378,525	411,339
Tanzania (discontinued operations)	-	-	-	-	-	555,862	445,695	1,395,274
Kenya (discontinued operations)	-	-	-	-	-	38,265	98,806	82,871
	676,526	682,087	3,556,777	2,856,438	(96,161)	543,828	923,026	1,889,484

GROUP HIGHLIGHTS FOR THE PERIOD

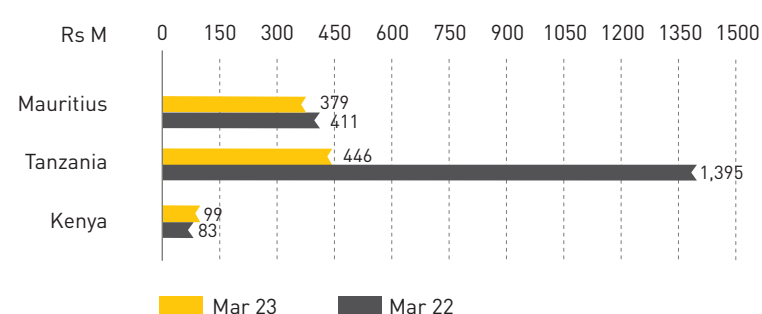


GEARING

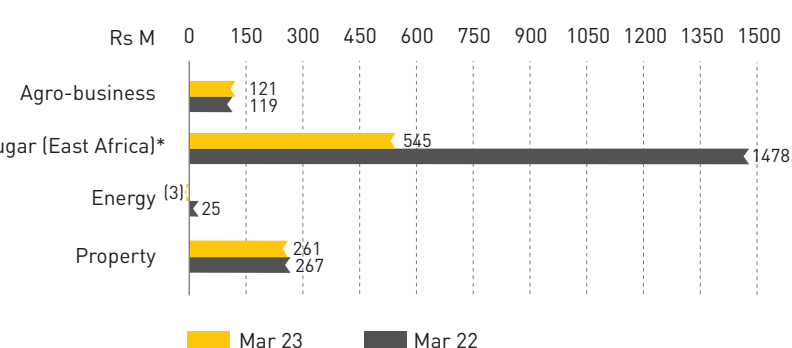


*The reduction in net debt from June to December is mainly due to the transfer of Rs 4.6 bn debt of the East African operations to MIWA Sugar Limited.

PROFIT/(LOSS) FOR THE PERIOD ALLOCATED BY COUNTRY



PROFIT/(LOSS) FOR THE PERIOD ALLOCATED BY CLUSTER



*FY22/23 numbers include results for the period 1 Jul 22 to 30 Sep 22 as the East African assets were transferred to MIWA Sugar Limited from 1 Oct 22.

FINANCIAL PERFORMANCE REVIEW

GROUP REVIEW

Note: Alteo completed its restructuring in the second quarter into two distinct listed groups and all East African operations (up until Q1 of FY22/23) are recorded as discontinued operations (see note below).

Alteo's continuing operations posted cumulative revenue growth of Rs 700m to reach Rs 3.6bn for the 9-month period ending March 2023. Key contributors were higher revenue from Agro-business (due to a higher price of sugar, partially offset by falling production), a higher tariff of coal in our Energy cluster, recovering hotel and golf operations and residential sales from Mont Piton 2 in our Property cluster. The last quarter saw revenue nearly on par with last year, with growth from Agro-business and Energy serving to curtail lower sales in Property.

Normalised EBITDA fell by 10% to Rs 677m on account of the higher impact of inefficiency in energy generation due to lower bagasse availability and a higher mix of coal being used. Other contributory factors included inflationary pressures on operational costs (especially inputs) and lower cane harvest and special sugar production. This resulted in an 8% drop in profit after tax, albeit cushioned by lower finance costs following material debt repayment and restructuring.

The statutory profit for the year of Rs 923m includes one financial quarter of discontinued operations (Q1 only) for the Group, being therefore lower than the comparative profit for the year which includes 3 quarters of results from discontinued operations.

The movement in shareholder and non-controlling interests on the statement of financial position reflects the restructuring of the East African operations. This also resulted in the removal of assets and liabilities held for distribution and the recognition of Rs 950m of receivables in relation to a debt restructuring.

AGRO-BUSINESS

Sugar prices boost revenue, despite a reduced cane harvest and a higher cost of production

The cumulative increase in revenue to Rs 1.8bn (12% higher than last year) results from higher sugar prices (Rs 6k per tonne higher) in agricultural and milling operations. The cluster however suffered from a lower cane harvest, affected by poorer yields, across both agricultural and milling operations, which resulted in an increased cost of production per tonne of sugar. Along with inflationary pressures, this caused profitability to be at par with last year for the cluster, nullifying any flow-through impact from revenue growth.

ENERGY

Reduced bagasse availability and a switch to coal reduce profitability for the cluster

Lower cane availability translated into less bagasse as raw material for Energy production. With export to the Grid steady at 128 GWh, a switch to coal was obligatory to meet the shortfall. Due to the plant's lower coal efficiency, this higher use of coal saw profitability swing from Rs 25m to a loss of Rs 3m.

PROPERTY

Residential projects key contributor to revenue increase

The Property cluster benefitted from the tail end of the Mont Piton 2 residential deliveries and recovering tourism (in its hotel and golf operations) to post a material growth in revenue in the first semester of the financial year. Profitability in the cluster was slightly lower with lower profit on disposal of bulk land compensated, albeit not fully, by margin on residential projects.

OUTLOOK

The Group's property operations see ongoing demand, but Agro-business and Energy operations expected to maintain subdued performance up to Financial Year ending June 2023.

The Group's Property cluster shows a healthy demand for high-end residential properties with the sale of the final phases at Anahita to be executed over the next 12 months. As disclosed at Q2, the property teams will also actively start marketing the Anahita Beau Champ smart city project in the final quarter.

The performance of Agro-business cluster is expected to be adversely impacted by the ongoing inflationary environment coupled with the seasonal nature of the business. Similarly, the continued use of coal in energy production will affect the profitability of the Energy cluster. Management is exploring ways to mitigate the impact.

RESTRUCTURING UPDATE

Alteo completed its restructuring in Q2 with all East African operations now included under a separate listed entity (Miwa Sugar Limited). Shareholders should refer to the relevant communications issued to the market by both groups for further detail.

By Order of the Board

12 May 2023

Notes: The condensed financial statements for the 9 months ended March 31, 2023 are unaudited and have been prepared using the same accounting policies as the audited statements for the year ended June 30, 2022.
This notice is issued pursuant to SEM Listing Rules 11.3 and 12.20
The Board of Directors of Alteo Limited accepts full responsibility for the accuracy of the information contained in these condensed financial statements.