

A young girl on the left, wearing a pink and white striped tank top, and a young boy on the right, wearing a light blue t-shirt, are smiling and looking at each other. They are holding a small plant in a black plastic bag together. The boy has a pink flower tucked behind his ear. The background is a bright, sunny outdoor setting with green foliage and a clear blue sky. The text "agro-industry" is overlaid in the center of the image.

**agro-  
industry**

## We grow, transform and trade in farm produce

We are engaged in farming on some 15,000 arpents of land in Moka, Savannah and Bel Ombre, growing sugar cane as well as a diversified portfolio of products and services. We are also a key player in the agro-industrial sector through our 39% shareholding in the Eclosia Group.

Turnover increased from Rs 841m in 2016 to Rs 924m this year while profit after tax went down from Rs 236m to Rs 152m. The drop in profits is attributable to a fall in the value of standing canes following the anticipated drop in sugar price for crop 2017 and to a decrease in contribution to profits by Eclosia from Rs 287m last year to Rs 199m.

We had a better crop this year, with improved crop and sugar yields in both Moka and Savannah. Sugar prices were also superior to last year's:

- Sugar accruing to ENL Agri amounted to 26,696 tonnes compared to 23,335 tonnes, and
- Sugar prices stood at Rs 15,572 per tonne compared to Rs 15,540 last year.

<b>Rs 924 m</b> turnover (2016: Rs 841 m)	<b>Rs 152 m</b> profit after tax (2016: Rs 236 m)
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An efficient use of resources together with improvements in the irrigation networks, further helped to enhance performance. However, the anticipated drop in sugar price for crop 2017 resulted in a negative impact of Rs 40m on the valuation of standing cane at year end, and on the results of this segment.

Given the recurring losses incurred by the cane cultivation in Bel Ombre and Case Noyale, we are implementing a plan to transform the business and to turn it around as a result. Our focus will be on increasing the food crop base, expanding livestock and implementing drastic cost cutting initiatives.

The diversification of agricultural activities remains a keystone of our strategy to complement revenue from sugar cane. Landscaping, nursery, food crop, farming, agro supplies and syndic services have all yielded positive results this year. This stems from,

- an increase in our poultry production capacity with the construction of an additional building of 1,100m<sup>2</sup> in Savannah,
- the expansion of the foodcrop product range under the Field Good brand and production of 940 tonnes of potatoes,
- the growth of the landscaping maintenance business,
- a steady progression in existing agro supplies product lines and the trade in small agricultural equipment & horticultural containers, as well as
- Sygeco's pursuit of a growth strategy aimed at establishing itself as a reference in the syndic services market

## Outlook

The efficiency level of the cane operations in the regions of Moka and Savannah has improved significantly at the term of the 2015-2017 strategic plan. We intend to maintain this position through our continuous improvement of agricultural practices. Investments in land de-rocking enabled us to further mechanise our operations. Today, 61% of cane harvesting is done mechanically, and the field mechanisation program is expected to be completed by 2020.

Sugar prices are currently at the low-end of the commodity price cycle. The Mauritius Sugar Syndicate is implementing a well thought-out strategy to improve producers' revenues which includes seeking new niches for our sugar and diversifying away from the now liberalised European market. Furthermore, the industry is relentlessly seeking alternative sources of revenue from sugar cane by-products.

Additional value creation in the agro-industry cluster will come from non-cane operations. We expect to develop new and complementary activities geared towards the tourism and real estate markets in Mauritius, capturing growth opportunities on these markets which are promised for an upturn.