Group Review

Performance

The group continued its growth trajectory for the year ended 30 June 2023, with enhanced results compared to last year. Revenue increased by 18% to reach Rs 20.9 billion, and operating profit went up by 48.7% to get to Rs 3.5 billion. This strong performance was driven by the positive contribution of all operating segments, and notably of Hospitality and Commerce & manufacturing. These results were achieved in spite of higher finance costs of Rs 487m following the increase by 225 basis points of the key rate since 30 June 2022. All the operating segments performed well and contributed to this improved performance.

The group's associated companies sustained their robust performance, making a significant contribution to our overall profitability. Their share of profit reached Rs 1.6 billion, compared to Rs 554 million last year. This contributed to profit after tax of Rs 3 billion.

Most of the land assets and investment portfolios of the group are included under the **Land & investment** segment. The latter uses this asset base to raise funds through structured debt to finance the development of the group. The segment houses a renewable energy business which the group has launched lately, in line with its commitments towards sustainable practices; the aim is to grow this business to operate as a separate segment. The loss incurred by this segment is mainly due to the costs incurred for managing the group, maintaining and safeguarding the assets and the significant portion of the finance costs borne by the segment. This year, finance costs amounted to Rs 388 million, an increase compared to Rs 271 million last year, mostly explained by additional debt of Rs 900 million, and the rise in interest rates.

Agribusiness posted increased profits despite the low sugar tonnage achieved for the 2022 crop. The good results stem from a much higher sugar price and increased profitability of the farming activities. Associated company, Eclosia, also recorded an improved performance and thus contributed to the increased profitability. The favourable environment prevailing in the sugar sector has led the group to accelerate its cane replantation programme; this should result in higher yields and increased profitability for the sector.

Real estate, which comprises property development, rental of offices and shopping malls, continued to post strong results with a profit after tax of Rs 1.1 billion despite delays in securing the relevant permits to finalise the sale of a significant number of land plots which would have boosted performance further. Those permits we were expecting during the year have been obtained and will result in these sales being realised in the financial year 2024. Despite the delays, property development has progressed on its various developments in Moka and Savannah. The office spaces owned by Oficea are nearly fully let and this bodes well for the upcoming opening of the office buildings in Telfair which covers an area of 20,000 m^2. Ascencia continued its good performance and posted solid results on the back of a better tenant mix and strong consumer spending.

Commerce & manufacturing had a commendable year with revenue and profit after tax up by 32% and 80% respectively. This performance was driven mainly by Axess and Ensport which operates the Decathlon franchise. Axess benefited from the continued buoyancy of the new vehicle market, which registered the highest number of vehicles sold in a year, and an increased market share due to a better supply of vehicles. Ensport profited from strong consumer spending and a more exhaustive range of products to improve its results. The other companies within the segment performed satisfactorily except Plastinax which suffered from a temporary shortfall in orders.

Mauritius is almost back to pre-COVID level with regards to tourist arrivals and the recovery of the market has been beneficial to the **Hospitality** segment, which operates as Rogers Hospitality. This segment saw revenue increase by 74% to reach Rs5.1 billion with profit after tax reaching Rs1.4 billion. This strong performance was driven by the higher tourist arrivals together with higher guest night spending and the depreciation of the Mauritian Rupee. Segment results were further boosted by the commendable results achieved by associated company, New Mauritius Hotels, which recorded significant profits for the year, both from its local and overseas operations.

Rs **4.55**
EARNINGS PER SHARE
2022: Rs 2.20

Rs **1.00**
DIVIDEND PER SHARE
2022: Rs 0.80

5.13 %
DIVIDEND YIELD
2022: 2.96%

Logistics, whose operations are conducted by Velogic, recorded a small decrease in revenue resulting from lower freight rates but overall the segment continued to perform well with profit after tax increasing by 33% to reach Rs273 million. The performance was driven by the haulage and transport business, both locally and overseas where the group expanded its operations by the acquisition of another business in Kenya during the year. The share of foreign operations, where the growth potential is high, is increasing steadily and now makes up around 50% of Velogic's activities. This will lessen the dependence on the local market where the scope for further expansion is limited.

Rogers Capital had a mixed year. Its results were affected by a significant increase in provisions related to the consumer credit business. Whilst Finance & technology segment revenue increased by 14%, profit after tax decreased from Rs 260 million to Rs 108 million, mainly on account of additional provision. The associated company, Swan General, performed as expected and contributed significantly to profits.

Remuneration of shareholders

ENL strives to build lasting relationships founded on trust, transparency and shared value creation. To this effect, we employ a balanced approach by aligning our dividend stream with growth strategies and operational needs. During the year:

- Profit attributable to shareholders rose to Rs 1.7 billion, up from Rs 841 million last year.
- A total dividend per share of Rs **1.00** was paid out, totalling Rs **375** million, representing a dividend yield of **5.13%** and 25% more than the previous year.

Financial position

Total assets went up from Rs 82.8 billion to Rs 91.3 billion and total equity reached Rs 49.6 billion, up from Rs 43.6 billion. Considerable funds were invested across multiple projects throughout the year, such as:

- the continued extension of *Bagatelle Mall*, enriching offerings to shoppers and revenue potential;
- the completion of *Phoenix Mall* metro station, improving connectivity and boosting footfall;
- the construction of mixed-use buildings at *Telfair*, increasing our portfolio offerings, and
- the development of Bel Ombre's second golf. La Reserve Golf Links as well as the upgrading of Veranda Grand Baie into a four stars hotel.

Some of the group's developments are funded through ploughing back of our funds, whilst some through debt. The group's debt level remains reasonable, with a gearing ratio of 33.7% as at 30 June 2023. We prioritise self-sustained funding for each business to fuel growth and contain risks within specific entities.

Outlook

The results for the first quarter of FY24 have been in line with targets. In spite of the current high interest environment, all the segments have performed as planned. Forecasts for the rest of the year are promising.

Rs **20.9** bn
REVENUE
2022: Rs 17.7 bn

Rs **3.5** bn
OPERATING PROFIT
2022: Rs 2.3 bn

Rs **3** bn
PROFIT AFTER TAX
2022: Rs 1.6 bn

Rs **91.3** bn
TOTAL ASSETS
2022: Rs 82.8 bn

Rs **49.6** bn
TOTAL EQUITY
2022: Rs 43.6 bn

Rs **85.39**
NET ASSET VALUE PER SHARE
2022: Rs 76.30

33.7 %
GEARING
2022: 36.3%