

ENL Limited announces results for the year ended 30 June 2017

29 September 2017

HIGHLIGHTS

- ❖ Profit after taxation of Rs 1.3bn, up by 47% on last year
- ❖ Significant gains in fair value of investment properties, reflecting the good performance of the commercial centres and increase in land values in the Moka region
- ❖ Increase in indebtedness resulting from the financing of acquisitions and investments, but gearing contained at 32%

KEY FINANCIAL DATA

Rs ' m	June 30, 2017	June 30, 2016	Change
Total assets	60,042	56,913	5%
Shareholders' interests	17,188	16,472	4%
Total equity	36,134	34,001	6%
Net indebtedness	17,180	15,386	12%
Gearing	32.2%	31.2%	0.01ppt
	Year ended June 30, 2017	Year ended June 30, 2016	Change
Turnover	13,807	13,363	3%
Operating profit	973	957	2%
Profit for the year	1,282	875	47%
Per Share Data (Rs)			
Earnings per share	2.18	1.11	97%
Dividend per share	0.69	0.78	(12%)
Net asset value per share	80.38	77.03	4%

Hector Espitalier-Noel – CEO, ENL Group: *“The year just ended has been eventful. We continued on the dynamism that has been a hallmark of the Group by making significant investments and launching ‘Moka Smart City’. We have now embarked on our new 3 year plan, “Vision 2020”, which we are confident will bring the Group into a new dimension.”*

This year was marked by a number of initiatives paving the way for the future:

- launch of Moka Smart City which opens up a new era for the group’s property development,
- successful re-opening of the Phoenix Mall,
- creation of Rogers Capital brand to market high value added services powered by cutting edge technology,
- increase in the equity stake of New Mauritius Hotels (“NMH”) to 35.29%

Analysts and Investors

contacts:

Sandra Lincoln

Investor relations

☎ +230 404 95 74

✉ slincoln@enl.mu

Media contacts:

Shyama Soondur

PR & Media Relations

☎ +230 404 95 58

✉ ssoondur@enl.mu

SUMMARY

Income statement

Group turnover increased by 3% to Rs 13.8bn whilst operating profit was comparable with last year at Rs 1bn. Share of profits from associated companies decreased by 65%, impacted negatively by the losses suffered by NMH resulting from significant negative adjustments in its annual accounts at 30 September 2016.

However, the group recorded significant gains in fair value on its investment properties, reflecting the good performance of the commercial centres and increase in land values in the Moka region. These gains, coupled with profits of Rs 78m on sale of land and investments (loss of Rs 32m last year), resulted in profit after taxation increasing by 47% to Rs 1.3bn.

Financial position

Total assets grew by 5% from Rs 57bn to reach Rs 60bn, driven by increases in values of the land bank, investment properties and investments during the year.

The investments were financed mainly through debts as the group availed itself of the excess liquidity prevailing on the money market to secure the financing at attractive rates. As a result, net indebtedness increased by Rs 1.8bn to reach Rs 17bn. Our gearing ratio remains reasonable at 32% (2016: 31%). We have also kept a tight rein on finance costs, notably by renegotiating terms with banks.

The group's pace of development relies on the readiness of the market to embrace our new products and services and we constantly monitor our indebtedness based on market conditions.

Group net asset value per share increased by 4% to reach Rs 80.38.

Outlook

The outlook for the coming year looks promising notwithstanding the challenges faced by our sugar activities. We have now embarked on our new 3 year plan, 'Vision 2020' which we believe will further strengthen the Group as one the major economic actors in Mauritius.

REVIEW OF OPERATIONS
Land and investments

Rs ' m	Year ended June 30, 2017	Year ended June 30, 2016	Change
Revenue	83	40	>100%
Segment results after taxation	(168)	(352)	52%

Segment revenue increased from Rs 40m to Rs 83m, with a reduction in loss after tax from Rs 352m last year to Rs 168m. This is mainly attributable to the shares of NMH acquired during the year which gave rise to a profit of Rs 124m on consolidation as well as higher profits on sale of land & investments this year.

Outlook

Compass, our venture capital arm, made its first investments during the year. It is constantly on the lookout for innovative companies which will contribute to expose the group to new industries, whether adjacent or outside its core markets. Compass is also positioned to co-fund the most innovative initiatives in Moka contributing to the emergence of a smarter city.

Agro-industry

Rs'm	Year ended June 30, 2017	Year ended June 30, 2016	Change
Revenue	924	841	10%
Segment results after taxation	152	236	(36%)

We grow, transform and trade in farm produce on some 15,000 arpents of land in the regions of Moka, Savannah and Bel Ombre.

Segment turnover was impacted positively by the higher sugar tonnage of 26,696 tonnes compared with 23,335 tonnes last year and increased by 10% to Rs 924m for the year under review.

Profit after tax however decreased from Rs 236m to Rs 152m. This reduction is due to:

- the lower share of profits from Eclosia following the sale of a 10% stake in April 2016 and a decrease in attributable profit in 2017 compared to 2016, and
- a fall in the value of the standing canes following the anticipated drop in sugar price for crop 2017.

The diversification of the agricultural activities has been a keystone of the strategy to complement revenue from sugar cane. These activities under the management of ENL Agribusiness have yielded positive results this year.

Outlook

Sugar prices are in the low-end of the commodity price cycle and in this respect the Mauritius Sugar Syndicate (MSS) is constantly striving to improve producers' revenues by seeking new niches for our sugar, by diversifying away from the now liberalised European market.

Furthermore, the industry is relentlessly seeking alternatives sources of revenue from sugar cane by-products.

The agricultural cluster is continuing on its land de-rocking and mechanisation programme in a bid to reduce further its production costs. It will also continue to develop new and complementary activities geared towards the tourism and real estate markets in Mauritius and the renewed momentum of these markets will enable to capture growth opportunities.

Property

Rs ' m	Year ended June 30, 2017	Year ended June 30, 2016	Change
Revenue	2,225	2,276	(2%)
Segment results after taxation	1,209	801	51%

Segment turnover decreased by 2% resulting from lower sales of built up units this year but profit after taxation increased by 51% to Rs 1.2 bn in 2017 as against Rs 801m last year. The better results derives mainly from higher fair value gains of the retail assets principally driven by the five year renewals of Bagatelle and the renovation of Phoenix Mall and increases in land values in the Moka region.

The retail assets delivered a strong financial and operational performance with the average rental going up by 8% and vacancies down to achieve an all-time low of 1.75%. The office portfolio performed well this year with all the properties fully tenanted. In this respect we have started the construction of a new building (The Pod) to tap the growing demand for offices.

Outlook

The Moka Smart City was officially launched in April and at Telfair, Moka city's central business district, the construction of a 4,700m² building for PwC's headquarters has started and is expected to be completed by August 2018. The smart city, which is being developed over 466 arpents, is planned to cover an area of 1,600 arpents.

So'flo Boutique Mall in Floréal will open in November 2017 and add 7,400m² of rental space. The projects that will be initiated in the next financial year are the 4,000m² extension to Bagatelle Mall and the construction of a new 10,000m² mall in the south of the island.

Commerce & industry

Rs ' m	Year ended June 30, 2017	Year ended June 30, 2016	Change
Revenue	3,395	3,489	(3%)
Segment results after taxation	(21)	(54)	62%

Some sectors in which we operate, the construction and hospitality industries, have been through tough times. In this respect, we have put together a string of measures to redress the situation with a focus on operational efficiency, manpower quality and customer centricity. These have started to bear fruits and losses were reduced from Rs 54m to Rs 21m.

Outlook

The various measures and initiatives taken during the past year should have a more lasting impact and prove beneficial for the segment. In this respect, we expect an improved performance for this coming year.

Hospitality

Rs ' m	Year ended June 30, 2017	Year ended June 30, 2016	Change
Revenue	3,016	2,958	2%
Segment results after taxation	(22)	90	(>100%)

Segment revenue was unchanged from last year. A slightly lower occupancy coupled with the strength of the Mauritian rupee vis a vis the Euro and Sterling impacted negatively financial results but was mitigated by increased guest night spending of 3% driven by the higher rates of the Heritage Resorts hotels.

The results after taxation was affected by the losses incurred by NMH following significant negative adjustments in its annual accounts at 30 September 2016. Loss after taxation thus amounted to Rs 22m compared with a profit of Rs 90m last year.

Outlook

A strategy of organic growth and through acquisitions is pursued which should generate strong growth in the years to come. ENL Lifestyle has been rebranded as Island living and will oversee the activities of the leisure sector previously managed by ENL lifestyle and Compagnie Sucrière de Bel Ombre.

Veranda Leisure & Hospitality (“VLH”) is investing in the renovation of its products to reap the benefits of the improving demand. We believe the refurbished hotels will enhance the customer experience and impact positively results. We strongly believe that the initiatives that the management of NMH has taken will put the hotel group back on a path of sustainable value creation.

Logistics

Rs ' m	Year ended June 30, 2017	Year ended June 30, 2016	Change
Revenue	3,498	3,132	12%
Segment results after taxation	87	83	5%

The logistics arm provides an integrated logistics platform through Velogic.

The segment recorded a growth in turnover of 12% from Rs 3.1bn to Rs 3.5bn whilst profit after tax progressed from Rs 83m to Rs 87m. This was mainly attributable to the improvement in the transport business, full year consolidation of the Kenyan entities acquired last year and better volumes in the overseas freight forwarding businesses.

Outlook

The logistics segment is expected to perform better next year with growth maintained mainly in Madagascar, India and Reunion.

FinTech

Rs ' m	Year ended June 30, 2017	Year ended June 30, 2016	Change
Revenue	665	625	6%
Segment results after taxation	84	124	(33%)

The FinTech platform operating under the Rogers Capital brand provides services in the sectors of corporate, technology and financial services.

Segment revenue recorded a growth of 6% to reach Rs 665m. However, profit after taxation decreased from Rs 124m last year to Rs 84m this year.

The drop in profitability was due to:

- costs incurred for the setting up of new offerings
- reduced demand on the domestic market
- the termination of the management contract with AXA Customer Services in the technology business

Outlook

The growth will be pursued organically and through acquisitions, further enhancing Rogers Capital's brand awareness. While the 2018 financial year will remain a year of capability building and enhanced market penetration, we expect the new product offerings to impact positively segment results in the years to come.

NOTES

Presentation

ENL Limited will hold an analyst and investor meeting on 11th October 2017 at Hennessy Park Hotel, Ebene, Mauritius starting at 3.30 pm.

Contact information
Analysts and Investors contacts

Sandra Lincoln
 Tel: + 230 404 9574
 slincoln@enl.mu

Media contacts

Shyama Soondur
 Tel: + 230 404 9558
 ssoondur@enl.mu

Listing

ENL Limited is traded on the Development & Enterprise Market (DEM) of the Stock Exchange of Mauritius, under the ticker symbol “ENL”. The following codes are also available:

CDS	ISIN	Reuters	Bloomberg
ENL.J0000	MU0070J00004	ENL.J0000.MZ	ENL:MP

About ENL Limited

ENL was incorporated in 1944 as a holding company to bring together the interests held by the Espitalier-Noël family. Over time, the ENL spirit of enterprise and its will to win grew tall and strong, to build a broad-based and diversified business group. We are a versatile team of 7,350 women and men, actively engaged in most sectors of the national economy. A culture of hard work, a tradition for inclusive growth and an unwavering commitment to uphold our legacy of entrepreneurship have led us to be among the leading business groups of our country.

ENL’s main subsidiaries are ENL Land, ENL Commercial and Rogers. It also holds sizeable holdings in some of the major groups in Mauritius such as Eclasia and New Mauritius Hotels.

For the year ended 30 June 2017, ENL Limited’s consolidated turnover was Rs 13.8bn and its market capitalisation was Rs 2.9bn.

For greater insight on ENL Limited, we invite you to visit our online investor corner on www.enl.mu/investors/enl-limited/

APPENDIX

1. CONDENSED STATEMENTS OF FINANCIAL POSITION	June 30, 2017 Rs'000	June 30, 2016 Rs'000
ASSETS		
Non-current assets		
Property, plant and equipment	21,402,593	19,620,685
Investment properties	19,965,015	17,937,868
Investments in associated companies and jointly controlled entities	8,622,738	8,099,422
Other non-current assets	3,067,073	2,874,090
	53,057,419	48,532,065
Current assets	6,908,841	8,330,736
Non-current assets classified as held-for-sale	76,224	50,187
Total assets	60,042,484	56,912,988
 EQUITY AND LIABILITIES		
Equity and reserves		
Equity holders' interests	17,187,949	16,471,949
Non-controlling interests	18,945,636	17,528,561
Total equity and reserves	36,133,585	34,000,510
Non-current liabilities	14,991,953	13,820,404
Current liabilities	8,916,946	9,092,074
Total equity and liabilities	60,042,484	56,912,988

2. CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended June 30, 2017 Rs'000	Year ended June 30, 2016 Rs'000
Turnover	13,807,389	13,363,287
Operating profit	973,463	956,912
Fair value gain on revaluation of investment properties	1,134,101	627,221
Fair value gain/(loss) on held for trading securities	8,132	(3,834)
Profit/(loss) on sale of land and investments	78,184	(32,063)
Impairment of goodwill and investments	(5,455)	(9,103)
Reorganisation/relocation costs	-	(914)
Bargain purchase	-	482,542
Fair value loss arising on business combination	-	(305,441)
Excess of fair value of the share of net assets over acquisition price	124,090	30,471
Acquisition related costs	-	(78,145)
Share of profits less losses of associated companies and jointly controlled entities	110,360	313,961
Finance costs	(974,511)	(971,226)
Profit before taxation	1,448,364	1,010,381
Income tax expense	(165,894)	(135,468)
Profit for the year	1,282,470	874,913
Other comprehensive income		
Fair value adjustments on available for sale financial assets	71,496	55,219
Release to income on disposal of investments	3,833	-
Remeasurement of post employment benefit obligations net of deferred tax	(47,862)	4,639
Currency translation	(17,932)	(17,937)
Revaluation surplus on property, plant and equipment net of deferred tax	1,440,320	-
Share of comprehensive income of associates	(117,819)	(8,209)
Other comprehensive income for the year	1,332,036	33,712
Total comprehensive income for the year	2,614,506	908,625

	Year ended June 30, 2017 Rs'000	Year ended June 30, 2016 Rs'000
Profit for the year attributable to:		
Equity holders of the company	466,845	236,480
Non-controlling interests	815,625	638,433
	<u>1,282,470</u>	<u>874,913</u>
Total comprehensive income attributable to :		
Equity holders of the company	968,160	251,051
Non-controlling interests	1,646,346	657,574
	<u>2,614,506</u>	<u>908,625</u>
	Year ended June 30, 2017	Year ended June 30, 2016
Per share data		
Earnings attributable to equity holders of the company (Rs '000)	466,845	236,480
Number of shares in issue ('000)	213,840	213,840
Earnings per share (Rs)	2.18	1.11
Dividends per share (Re)	0.69	0.78
Net asset value per share (Rs)	80.38	77.03

3. CONDENSED CASH FLOW STATEMENTS

	Year ended June 30, 2017 Rs'000	Year ended June 30, 2016 Rs'000
Net cash flows from operating activities	1,623,056	1,638,404
Net cash flows from investing activities	(1,851,981)	(4,041,693)
Net cash flows from financing activities	(309,956)	2,241,755
Net movement in cash and cash equivalents	(538,881)	(161,534)
Opening cash and cash equivalents	194,985	364,204
Effects of exchange rate changes	(596)	(7,685)
Closing cash and cash equivalents	(344,492)	194,985

4. SEGMENTAL INFORMATION

	Year ended June 30, 2017 Rs'000	Year ended June 30, 2016 Rs'000
TURNOVER		
Agro-industry	924,144	841,427
Commerce and industry	3,394,916	3,489,464
Property	2,224,695	2,276,410
Land and investments	83,457	39,564
Hospitality	3,015,792	2,958,273
Logistics	3,497,536	3,132,453
FinTech	664,762	625,267
Corporate office	2,087	429
	13,807,389	13,363,287
SEGMENT RESULTS AFTER TAXATION		
Agro-industry	151,889	235,504
Commerce and industry	(20,529)	(53,916)
Property	1,208,509	801,386
Land and investments	(167,889)	(352,397)
Hospitality	(22,181)	89,788
Logistics	87,260	82,846
FinTech	83,610	124,360
Corporate office	(38,199)	(52,658)
	1,282,470	874,913



5. CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent						
	Share capital	Associated companies	Fair value and other reserves	Retained earnings	Total	Non-controlling interests	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2015	2,138,400	2,075,478	6,496,803	5,770,064	16,480,745	16,230,439	32,711,184
Issue of shares in subsidiaries to non-controlling shareholders	-	-	-	-	-	508,049	508,049
Net assets of subsidiary at date of acquisition attributable to non controlling shareholders	-	-	-	-	-	35,706	35,706
Acquisition and deconsolidation of group companies	-	(117,058)	2,069	101,334	(13,655)	297,779	284,124
Effect of change in ownership interest not resulting in loss of control	-	(36,151)	54,584	(46,080)	(27,647)	84,081	56,434
Transfers	-	(493,210)	(32,103)	473,564	(51,749)	119,261	67,512
Profit for the year	-	136,024	-	100,456	236,480	638,433	874,913
Other comprehensive income for the year	-	3,854	13,964	(3,247)	14,571	19,141	33,712
Dividends	-	-	-	(166,796)	(166,796)	-	(166,796)
Dividends paid by subsidiaries and associates to non-controlling shareholders	-	-	-	-	-	(404,328)	(404,328)
At June 30, 2016	2,138,400	1,568,937	6,535,317	6,229,295	16,471,949	17,528,561	34,000,510



	Attributable to owners of the parent						
	Share capital	Associated companies	Fair value and other reserves	Retained earnings	Total	Non-controlling interests	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2016	2,138,400	1,568,937	6,535,317	6,229,295	16,471,949	17,528,561	34,000,510
Issue of shares in subsidiaries to non-controlling shareholders	-	-	-	-	-	137,200	137,200
Capital reduction attributable to non-controlling interests	-	-	-	-	-	14,259	14,259
Acquisition and deconsolidation of group companies	-	(1,076)	2,814	6,124	7,862	(37,904)	(30,042)
Effect of change in ownership interest not resulting in loss of control	-	(4,759)	(27,022)	(77,919)	(109,700)	60,176	(49,524)
Movement in reserves	-	(2,772)	-	-	(2,772)	(3,928)	(6,700)
Transfers	-	(3,739)	(31,762)	35,501	-	(1,674)	(1,674)
Profit for the year	-	9,636	-	457,209	466,845	815,625	1,282,470
Other comprehensive income for the year	-	(68,826)	617,700	(47,559)	501,315	830,721	1,332,036
Dividends	-	-	-	(147,550)	(147,550)	-	(147,550)
Dividends paid by subsidiaries and associates to non-controlling shareholders	-	-	-	-	-	(397,400)	(397,400)
At June 30, 2017	2,138,400	1,497,401	7,097,047	6,455,101	17,187,949	18,945,636	36,133,585