

# Turnaround at Plastinax Austral and higher group results expected for the full year.

12 February 2015

## HIGHLIGHTS

- Tractor and Equipment (Mauritius) Ltd (TEML) acquired with a view to consolidate and shore up the agro-industrial division of our automotive segment
- Share of new vehicle market up 1.75% from 13.95% to 15.7%
- 5 arpents of land acquired to create a manufacturing hub
- Plastinax returns to profitability after implementation of lean management process

## KEY FINANCIAL DATA

Rs ' m	Dec 31, 2014	June 30, 2014	Change
Total assets	<b>2,022</b>	2,000	1.1%
Shareholders' interests	<b>774</b>	789	(2.0%)
Total equity	<b>774</b>	788	(1.8%)
Net Indebtedness	<b>778</b>	650	19.8%
Net debt to Equity	<b>100.6%</b>	82.5%	18ppt
	<b>Six months ended Dec 31, 2014</b>	<b>Six months ended Dec 31, 2013</b>	<b>Change</b>
Turnover from continuing operations	<b>1,277</b>	1,106	15.5%
Operating profit from continuing operations	<b>23</b>	32	(29.1%)
Profit for the period from continuing operations	<b>3</b>	12	(66.2%)
<b>Per Share Data (Rs)</b>			
EPS from continuing operations	<b>0.12</b>	0.42	(71.4%)
Dividend per share	<b>0.60</b>	0.60	-
Net asset value per share (Dec/June)	<b>26.52</b>	27.06	(2.0%)

**Eric Espitalier-Noël - CEO, ENL Commercial:** *"We are thrilled by the results achieved to date through the implementation of the lean management method. Plastinax Austral, the first company to apply the concept has reaped the benefits by turning a loss-making situation into one of profitability and we are convinced that significant profits will be generated when the process is implemented across the group".*

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## FINANCIAL REVIEW

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### Income statement

A strong sales performance of our automotive segment sees ENL Commercial realise a 15% turnover growth to Rs 1.3 bn.

In a bid to capture additional market share and to further new business ventures, the group has incurred one off expenses, affecting operating profits which decreased by 28%.

### Financial position

During this semester the group's indebtedness increased by 20% as a result of the acquisition of a new subsidiary, TEML, and significant investments in facility and process improvements. These investments are expected to contribute to the group's profitability in the near future.

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## REVIEW OF OPERATIONS

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The financial results for the semester from continuing activities are reported on a segmental basis.

### Automotive

- Increase in market share by 1.75% from 13.95% to 15.7%

Rs ' m	Six months ended Dec 31, 2014	Six months ended Dec 31, 2013	Change
Revenue	891	711	25.3%
Segment results after taxation	5	15	(65.8%)

The significant increase in turnover derives from the sales of 715 vehicles compared with 558 last year. This increase was mainly in the small vehicles segment, a section of the market where we were previously poorly represented.

Despite the 25 % increase in turnover, profit after tax was down by Rs 10 million. This is attributable to the following:

- Lower margins realised on new vehicles sales due to fierce competition prevailing in the market,
- Expenses to restructure and consolidate the management and operational teams, the relocation of our tyre activities at Motor City and the development of new business ventures (Quick Lane and new garage for Suzuki).

We believe these investments will be beneficial to the segment's operations in the second semester.

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## Trading and Services

Rs ' m	Six months ended Dec 31, 2014	Six months ended Dec 31, 2013	Change
Revenue	137	149	(8.05%)
Segment results after taxation	-12	-7	(71.43%)

The trading activities of this segment caters mainly to the construction industry whilst the services arm is represented mainly by our courier service.

Grewals, which carries out the trading activities of the segment, has suffered as a consequence of the continued difficulties of the construction industry and results have been affected accordingly.

Rennel, which provides courier services, performed similar to last year.

Our associated companies, which operates mainly in the information technology sector, performed similarly to the previous year.

## Industry and Manufacturing

- Turnaround at Plastinax with profits of Rs 7million for the semester (loss of Rs 4 million last year)
- Subsidiaries catering for the leisure and hospitality industry suffering from the difficulties of this industry

Rs ' m	Six months ended Dec 31, 2014	Six months ended Dec 31, 2013	Change
Revenue	249	246	1.22%
Segment results after taxation	11	4	175%

Our Industry and Manufacturing segment is mainly comprised of Plastinax, Nabridas and suppliers servicing the leisure and hospitality industry.

Plastinax Austral has implemented lean management processes. Efficiency gains derived from the processes, paired with a better sales performance, resulted in profits of Rs 7m.

Nabridas recorded improved turnover and profitability. The two recently opened pool shops has enabled the company to service previously untapped markets and thus contributed to the better results.

Our subsidiaries servicing the leisure and hospitality industry, namely Pack Plastic, Charabia and L'Epongerie, were however affected by the difficult conditions prevailing in that sector and experienced a reduction of turnover and profitability.

Cogir, our 45.8% associate, performed well. The company has renewed with profitability after having incurred significant losses linked to the Port Chambly development.

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# Press Release

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## OUTLOOK

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The outlook for the second semester is promising. The investments in new business ventures coupled with the emphasis on lean management processes are yielding positive results and profits for the full year should be higher than those of last year.

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**NOTES**

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**Presentation**

ENL Commercial will hold an analyst and investor meeting on 16 February 2015 at ENL House, Vivéa Business Park, Moka, Mauritius, starting at 15:30.

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**Primary listing**

ENL Commercial is traded on the Official Market of the Stock Exchange of Mauritius under the ticker symbol "GIDC". The following codes are also available:

CDS	ISIN	Reuters	Bloomberg	Google Finance
GIDC.N0000	MU0004N00005	GIDC.MZ	GIDC:MP	MAU:GIDC

**About ENL Commercial**

ENL Commercial is listed on the Stock Exchange of Mauritius since 1990. It engages in diversified lines of business including automobile dealership, construction and building materials, hotel supplies, ICT services and hardware, and light manufacturing. The company was created in 1969 with a view to develop non-sugar activities within ENL.

All of its business units are autonomously managed and abide by set standards of business ethics and reporting guidelines.

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ENL Commercial's portfolio is composed of the following major operating companies:

**Major Subsidiaries**

Axess	Nabridas
Box Manufacturing	Pack Plastics
Charabia	Plastinax
L'Epongerie	Rennel
Grewals (Mauritius)	Tractor and Equipment (Mauritius) Ltd

**Major Associated Companies**

FRCI	Cogir
Superdist	

As at 31 December 2014, the market capitalization of ENL Commercial was Rs 758m.

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**APPENDIX**

**CONDENSED STATEMENT OF FINANCIAL POSITION**

	<b>Dec 31, 2014 Rs'000</b>	June 30, 2014 Rs'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	<b>702,343</b>	665,204
Investments and others	<b>259,720</b>	242,510
	<b>962,063</b>	907,714
<b>Current assets</b>	<b>1,060,528</b>	1,092,653
<b>Total assets</b>	<b>2,022,591</b>	2,000,367
<b>EQUITY AND LIABILITIES</b>		
<b>Equity and reserves</b>		
Equity holders' interests	<b>773,763</b>	789,460
Non-controlling interests	<b>(7)</b>	(1,729)
<b>Total equity and reserves</b>	<b>773,756</b>	<b>787,731</b>
<b>Non-current liabilities</b>	<b>321,278</b>	303,753
<b>Current liabilities</b>	<b>927,557</b>	908,883
<b>Total equity and liabilities</b>	<b>2,022,591</b>	<b>2,000,367</b>

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**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

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	<b>Quarter ended Dec 31, 2014</b>	Quarter ended Dec 31, 2013	<b>Half Year ended Dec 31, 2014</b>	Half Year ended Dec 31, 2013
	Rs '000	Rs '000	Rs '000	Rs '000
<b>Continuing operations</b>				
Turnover	<b>650,580</b>	618,904	<b>1,277,020</b>	1,105,780
Operating profit	<b>21,379</b>	35,184	<b>22,537</b>	31,781
Fair value adjustments on investment properties and financial assets	<b>(486)</b>	208	<b>(14)</b>	195
Share of results of associated companies	<b>3,639</b>	4,338	<b>8,479</b>	7,359
Finance costs	<b>(13,142)</b>	(11,990)	<b>(27,003)</b>	(23,247)
profit before exceptional item	<b>11,390</b>	27,740	<b>3,999</b>	16,088
exceptional item	<b>834</b>	-	<b>834</b>	-
Profit before taxation	<b>12,224</b>	27,740	<b>4,833</b>	16,088
Income tax expense	<b>(550)</b>	(3,553)	<b>(811)</b>	(4,196)
Profit for the period from continuing operations	<b>11,674</b>	24,187	<b>4,022</b>	11,892
<b>Discontinued operations</b>				
Loss from discontinued operations	-	(13,367)	-	(12,948)
<b>Profit / (loss) for the period</b>	<b>11,674</b>	10,820	<b>4,022</b>	(1,056)
<b>Other comprehensive income</b>				
Share of comprehensive income of associates	<b>(139)</b>	58	<b>(496)</b>	298
<b>Total comprehensive income for the period</b>	<b>11,535</b>	10,878	<b>3,526</b>	(758)
<b>Profit / (loss) for the period attributable to:-</b>				
Equity holders of the company	<b>10,925</b>	11,663	<b>3,515</b>	490
Non-controlling interests	<b>749</b>	(843)	<b>507</b>	(1,546)
<b>Total comprehensive income for the period attributable to :</b>	<b>11,674</b>	10,820	<b>4,022</b>	(1,056)
Equity holders of the company	<b>11,535</b>	11,721	<b>3,019</b>	788
Non-controlling interests	-	(843)	<b>507</b>	(1,546)
<b>Total comprehensive income for the period</b>	<b>11,535</b>	10,878	<b>3,526</b>	(758)

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**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
(Cont'd)**

Press Release

**Per share data**

	<b>Quarter ended Dec 31, 2014</b>	Quarter ended Dec 31, 2013	<b>Half Year ended Dec 31, 2014</b>	Half Year ended Dec 31, 2013
Profit attributable to equity holders of the company from continuing operations (Rs '000)	<b>10,925</b>	<b>23,693</b>	<b>3,515</b>	12,143
Loss attributable to equity holders of the company from discontinued operations (Rs '000)	-	<b>(12,030)</b>	-	(11,653)
Number of shares in issue ( '000 )	<b>29,173</b>	29,173	<b>29,173</b>	29,173
Earnings per share from continuing operations(Rs)	<b>0.37</b>	0.81	<b>0.12</b>	0.42
Loss per share from discontinued operations(Rs)	-	(0.41)	-	(0.40)
Dividends/share (Re)	<b>0.60</b>	0.60	<b>0.60</b>	0.60
Net asset value per share at Dec 31, 2014 / June 30, 2014 (Rs)			<b>26.52</b>	27.06

**CONDENSED CASH FLOW STATEMENTS**

	<b>Half Year ended Dec 31, 2014</b>	Half Year ended Dec 31, 2013
	<b>Rs '000</b>	Rs '000
Net cash flows from operating activities	<b>38,240</b>	24,955
Net cash flows from investing activities	<b>(71,740)</b>	39,392
Net cash flows from financing activities	<b>(19,523)</b>	(109,216)
Net movement in cash and cash equivalents	<b>(53,023)</b>	(44,869)
Opening cash and cash equivalents	<b>(139,602)</b>	(46,749)
Closing cash and cash equivalents	<b>(192,625)</b>	<b>(91,618)</b>

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**SEGMENTAL INFORMATION ON CONTINUING OPERATIONS**

	<b>THE GROUP</b>			
	<b>Quarter ended Dec 31, 2014</b>	Quarter ended Dec 31, 2013	<b>Half Year ended Dec 31, 2014</b>	Half Year ended Dec 31, 2013
	<b>Rs '000</b>	Rs '000	<b>Rs '000</b>	Rs '000
<b>REVENUE</b>				
Automotive	<b>435,904</b>	412,587	<b>890,917</b>	710,997
Trading and services	<b>69,165</b>	79,003	<b>137,142</b>	149,073
Industry and manufacturing	<b>145,511</b>	127,314	<b>248,961</b>	245,710
	<b>650,580</b>	618,904	<b>1,277,020</b>	1,105,780
<b>SEGMENT RESULTS AFTER TAXATION</b>				
Automotive	<b>7,990</b>	17,017	<b>5,173</b>	15,118
Trading and services	<b>(10,958)</b>	(6,725)	<b>(12,040)</b>	(6,910)
Industry and manufacturing	<b>14,642</b>	13,895	<b>10,890</b>	3,684
	<b>11,674</b>	24,187	<b>4,023</b>	11,892

# Press Release

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**CONDENSED STATEMENTS OF CHANGES IN EQUITY**

THE GROUP	Attributable to owners of the parent					Non-controlling interests	Total
	Share capital	Associated companies	Fair value and other reserves	Retained earnings	Total		
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000		
<b>At July 1, 2013 as previously stated</b>	<b>177,960</b>	<b>(6,132)</b>	<b>50,485</b>	527,595	<b>749,908</b>	(2,967)	<b>746,941</b>
Prior year adjustment- effect of adopting revised IAS 19	-	<b>(2,697)</b>	-	(42,374)	<b>(45,071)</b>	(1,136)	<b>(46,207)</b>
As restated	<b>177,960</b>	<b>(8,829)</b>	<b>50,485</b>	485,221	<b>704,837</b>	(4,103)	<b>700,734</b>
Profit / (loss) for the period	-	<b>7,359</b>	-	(6,869)	<b>490</b>	(1,546)	<b>(1,056)</b>
Other comprehensive income for the period	-	<b>298</b>	-	-	<b>298</b>	-	<b>298</b>
Dividends	-	-	-	(17,504)	<b>(17,504)</b>	-	<b>(17,504)</b>
<b>At December 31, 2013</b>	<b>177,960</b>	<b>(1,172)</b>	<b>50,485</b>	<b>460,848</b>	<b>688,121</b>	<b>(5,649)</b>	<b>682,472</b>
<b>At July 1, 2014</b>	<b>177,960</b>	<b>(10,487)</b>	<b>121,913</b>	500,074	<b>789,460</b>	(1,729)	<b>787,731</b>
Effect of change in ownership not resulting in loss of control	-	-	<b>1,396</b>	(2,609)	<b>(1,213)</b>	1,215	<b>2</b>
Profit / (loss) for the period	-	<b>8,479</b>	-	(4,964)	<b>3,515</b>	507	<b>4,022</b>
Other comprehensive income for the period	-	<b>(496)</b>	-	-	<b>(496)</b>	-	<b>(496)</b>
Dividends	-	-	-	(17,503)	<b>(17,503)</b>	-	<b>(17,503)</b>
<b>At December 31, 2014</b>	<b>177,960</b>	<b>(2,504)</b>	<b>123,309</b>	<b>474,998</b>	<b>773,763</b>	<b>(7)</b>	<b>773,756</b>

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