

ENL Commercial announces results for the year ended 30 June 2018

07 September 2018

HIGHLIGHTS

- Group turnover up 21% and profit up from Rs 3m to Rs 79m
- The biggest contributor to results being the automotive segment
- Significant improvement in the contribution of all segments

KEY FINANCIAL DATA

Rs ' m	June 30, 2018	June 30, 2017 Restated	Change
Total assets	2,489	2,326	7%
Shareholders' interests	745	682	9%
Total equity	745	682	9%
Net indebtedness	1,048	1,028	2%
Gearing	58%	60%	-0.02ppt
	Year ended June 30, 2018	Year ended June 30, 2017 Restated	Change
Turnover	3,465	2,869	21%
Operating profit	143	62	>100%
Profit for the year	79	3	>100%
Per share data (Rs)			
Profit per share	2.71	0.09	>100%
Dividends per share	0.50	0.20	>100%
Net asset value per share	25.55	23.39	9%

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Eric Espitalier-Noël - CEO, ENL Commercial: *"We are pleased with the results achieved for the year ended which are closer to the Group's ambitions. More initiatives are being pursued to unlock the full potential of the Group."*

FINANCIAL REVIEW

Income statement

The Group recorded a commendable set of results for the year ended 30 June 2018 with improvements in all the operating segments. Turnover grew by 21% from last year to Rs 3.5bn with more than a twofold increase in operational profits from Rs 62m to Rs 143m. These results were mainly attributable to the good performance of the automotive segment.

The results were also impacted by the following other components:

- profit of Rs 27m related to the sale of investment properties;
- an impairment of goodwill for Rs 14m;
- an impairment of investment for Rs 14m; and
- profit of Rs 12m related to the deemed disposal of an associate.

Share of profits from associated companies was comparable to last year at Rs 21m (2017: Rs 20m).

Profit after taxation amounted to Rs 79m compared to Rs 3m last year.

Note: The accounts of 2017 have been restated. The prior year restatement results from an adjustment for pension costs for one of the subsidiaries.

REVIEW OF OPERATIONS

Automotive

- Profit after tax of Rs 76m boosted by higher sales of new vehicles.

Automotive (Rs 'm)	Year ended June 30, 2018	Year ended June 30, 2017 Restated	Change
Turnover	2,627	2,120	24%
Results after taxation	76	53	45%

Segment turnover grew from Rs 2.1bn to Rs 2.6bn, with increases noted across all departments, worthy of note the higher sales of new vehicles. The number of vehicles sold by Axess increased significantly by 36%, in a market which grew by 9%. Axess improved its market share from 14.4% to 17.9% moving to second position amongst car dealers.

The higher turnover impacted positively on operating profits which increased by 42% to Rs 118m.

Profit after tax amounted to Rs 76m compared with Rs 53m in 2017. It must be noted that last year's results included the positive impact of a Rs 11m release of deferred tax following the sale of immovable properties to CIPF.

Trading and Services

- Segment revenue up by 15% mainly attributable to Rennel's business expansion, profit after taxation remained at par with last year's.

Trading and services (Rs 'm)	Year ended June 30, 2018	Year ended June 30, 2017 Restated	Change
Turnover	296	258	15%
Results after taxation	29	28	4%

Segment turnover increased from Rs 258m to Rs 296m, benefitting from a full year's operation of TNT which was acquired in March 2017. Profit after tax amounted to Rs 29m compared to Rs 28m last year which included a release of deferred tax of Rs 5m related to the sale of immovable properties to CIPF. The main variances arose from the following:

- Rs 5m decrease in share of profits from associates which amounted to Rs 21m, mainly due to the underperformance of JMD;
- Rs 3m decrease in finance costs following last year's debt restructuring; and
- a profit of Rs 12m on deemed disposal of an associate.

Industry and Manufacturing

Industry and manufacturing (Rs 'm)	Year ended June 30, 2018	Year ended June 30, 2017 Restated	Change
Turnover	531	482	10%
Segment results after taxation	(2)	(4)	48%

Segment turnover increased from Rs 482m to Rs 531m due to the better sales performance of Plastinax. Operating results improved significantly for the year under review, driven by the good performance of the eyewear activities and the restructuring of loss-making businesses. The segment incurred a loss after taxation of Rs 2m following the impairment of goodwill of Rs 14m.

Real estate

- Sale of one property contributed to profit after tax of Rs 21m

Real estate (Rs 'm)	Year ended June 30, 2018	Year ended June 30, 2017 Restated	Change
Turnover	8	3	> 100%
Segment results after taxation	21	(36)	Loss to profit

This year marked the first full year operations of CIPF, our wholly-owned property fund specialised in commercial and industrial assets located in Mauritius and rented out mainly to ENL Commercial subsidiaries. CIPF seized the opportunity to sell one of its immovable properties previously rented out to Cogir for Rs 88m. This sale generated a profit on disposal of Rs 27m, which contributed to the profit after tax of Rs 21m.

CORPORATE DEVELOPMENT

On 18 July 2018, the Board of Directors of ENL Commercial made public a proposal for the restructuring and amalgamation of ENL Commercial, ENL Limited, ENL Finance and ENL Land, with and into La Sablonnière.

La Sablonnière, the surviving company, would be renamed and listed on the official market of the Stock Exchange of Mauritius. The proposed restructuring and amalgamation is subject to regulatory and shareholders' approval. Shareholders will be kept apprised of progress made.

OUTLOOK

The results for the first months of the financial year 2019 are in line with our expectations which augurs well for the year ahead.

NOTES

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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. It operates in automotive, commerce & industry and works in close partnership with international brands and local & international customers whilst aspiring to become a key player on each of its served markets. ENL Commercial has 1,119 employees and its operations take place mainly in Mauritius.

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

Major Subsidiaries

Axess	Nabridas
Box Manufacturing	Plastinax
Grewals (Mauritius)	Rennel
Indoor & Outdoor Living	Commercial Investment Property Fund

Major Associated Companies

FRCI
Superdist
JMD
We Simplyfile

As at 30 June 2018, the market capitalisation of ENL Commercial was Rs 408m (2017: Rs 403m).

APPENDIX

1. CONDENSED STATEMENTS OF FINANCIAL POSITION

	June 30, 2018	June 30, 2017	June 30, 2016
	Rs'000	Restated Rs'000	Restated Rs'000
ASSETS			
Non-current assets			
Property, plant and equipment	768,273	761,938	738,224
Investment properties	69,917	89,410	106,361
Investments and others	182,115	180,274	158,035
	1,020,305	1,031,622	1,002,620
Current assets			
	1,468,650	1,293,969	1,300,552
Total assets	2,488,955	2,325,591	2,303,172
EQUITY AND LIABILITIES			
Equity and reserves			
Equity holders' interests	745,245	682,236	661,994
Non-controlling interests	9	(36)	(87)
Total equity and reserves	745,254	682,200	661,907
Non-current liabilities	874,828	876,887	479,452
Current liabilities	868,873	766,504	1,161,813
Total equity and liabilities	2,488,955	2,325,591	2,303,172

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

	Year ended June 30, 2018 Rs '000	Year ended June 30, 2017 Restated Rs '000
Turnover	3,464,656	2,868,685
Operating profit	142,850	61,571
Fair value adjustments on held for trading securities	(1,207)	781
Goodwill impaired	(13,650)	(5,382)
Investment impaired	(13,755)	-
Profit on disposal of investment properties	26,579	-
Profit on disposal of subsidiary and associated companies	11,699	6,813
Share of profits less losses of associated companies	20,585	20,218
Finance costs	(75,440)	(73,938)
Profit before taxation	97,661	10,063
Income tax expense	(18,674)	(7,348)
Profit for the year	78,987	2,715
Other comprehensive income		
Share of comprehensive income of associates	1,938	(1,313)
Re-measurements of post-employment benefit obligations net of deferred tax	(3,285)	(13,519)
Change in value of available for sale investments	-	(26)
Surplus on revaluation of land and buildings	-	38,270
Other comprehensive income for the year	(1,347)	23,412
Total comprehensive income for the year	77,640	26,127
Profit for the year attributable to:		
Equity holders of the company	78,935	2,653
Non-controlling interests	52	62
	78,987	2,715
Total comprehensive income for the year attributable to:		
Equity holders of the company	77,597	26,076
Non-controlling interests	43	51
	77,640	26,127

Press Release

	Year ended June 30, 2018	Year ended June 30, 2017 Restated
Per share data		
Profit attributable to equity holders of the company (Rs '000)	78,935	2,653
Number of shares in issue ('000)	29,173	29,173
Earnings per share (Rs)	2.71	0.09
Dividend per share (Rs)	0.50	0.20
Net asset value per share (Rs)	25.55	23.39

3. CONDENSED CASH FLOW STATEMENTS

	Year ended June 30, 2018	Year ended June 30, 2017 Restated
	Rs '000	Rs '000
Net cash flows from operating activities	138,980	106,503
Net cash flows from investing activities	(46,645)	(29,620)
Net cash flows from financing activities	(42,430)	(73,269)
Net movement in cash and cash equivalents	49,905	3,614
Opening cash and cash equivalents	(218,241)	(221,855)
Closing cash and cash equivalents	(168,336)	(218,241)

4. SEGMENTAL INFORMATION

	Year ended June 30, 2018	Year ended June 30, 2017 Restated
	Rs '000	Rs '000
TURNOVER		
Corporate office	2,791	6,154
Real estate	7,818	3,038
Automotive	2,626,552	2,119,522
Trading and services	296,066	258,399
Industry and manufacturing	531,429	481,572
	3,464,656	2,868,685
SEGMENT RESULTS AFTER TAXATION		
Corporate office	(45,882)	(37,721)
Real estate	21,378	(36,228)
Automotive	76,363	52,580
Trading and services	29,174	28,027
Industry and manufacturing	(2,046)	(3,943)
	78,987	2,715

5. CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent				Total Rs'000	Non- controlling interests Rs'000	Total Rs'000
	Share capital Rs'000	Associated companies Rs'000	Fair value and other reserves Rs'000	Retained earnings Rs'000			
At July 1, 2017, as previously stated	177,960	30,453	162,263	321,866	692,542	26	692,568
Correction of prior period	-	-	-	(10,306)	(10,306)	(62)	(10,368)
As restated	177,960	30,453	162,263	311,560	682,236	(36)	682,200
Transfers	-	-	(6)	6	-	-	-
Transfer on disposal of associate	-	12,709	-	(12,709)	-	-	-
Effect of change in ownership interest not resulting in loss of control	-	-	7	(9)	(2)	2	-
Profit for the year	-	4,967	-	73,968	78,935	52	78,987
Other comprehensive income for the year	-	1,938	-	(3,276)	(1,338)	(9)	(1,347)
Dividends	-	-	-	(14,586)	(14,586)	-	(14,586)
At June 30, 2018	177,960	50,067	162,264	354,954	745,245	9	745,254

5. CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Attributable to owners of the parent				Non-controlling interests	Total
	Share capital	Associated companies	Fair value and other reserves	Retained earnings		
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2016, as previously stated	177,960	(10,677)	123,308	380,698	(31)	671,258
Correction of prior period	-	-	-	(9,295)	(56)	(9,351)
As restated	177,960	(10,677)	123,308	371,403	(87)	661,907
Transfers	-	31,836	712	(32,548)	-	-
Profit /(Loss) for the year	-	10,607	-	(7,954)	62	2,715
Other comprehensive income for the year	-	(1,313)	38,243	(13,507)	(11)	23,412
Dividends	-	-	-	(5,834)	-	(5,834)
At June 30, 2017	177,960	30,453	162,263	311,560	(36)	682,200