

ENL Limited announces results for the year ended 30 June 2018

27 September 2018

HIGHLIGHTS

- Turnover up by 10% to Rs 14.6m
- Share of results of associates up from Rs 88m in 2017 to Rs 346m in 2018, mainly attributable to the strong performance of Eclosia and the reduced losses of NMH
- Profit for the year from continuing operations of Rs 1.3bn, similar to last year's

KEY FINANCIAL DATA

Rs ' m	June 30, 2018	June 30, 2017 Restated	Change
Total assets	63,556	60,226	6%
Shareholders' interests	17,080	17,238	(1%)
Total equity	36,407	36,100	1%
Net indebtedness	19,200	17,180	12%
Gearing	34.5%	32.2%	0.02ppt
	Year ended June 30, 2018	Year ended June 30, 2017 Restated	Change
From continuing operations			
Turnover	14,602	13,234	10%
Operating profit	959	1,002	(4%)
Profit for the year	1,299	1,293	0%
Per share data (Rs)			
Basic earnings per share from continuing operations (Rs)	2.31	2.24	3%
Basic loss per share from discontinuing operations (Rs)	(0.49)	(0.10)	>100%
Dividend per share (Rs)	0.70	0.69	1%
Net asset value per share	79.87	80.61	(1%)

Hector Espitalier-Noël – CEO, ENL Group: “We continue to show our commitment to long term value creation which characterises the Group and have posted a good set of results despite the difficulties facing the sugar sector. Our various developments are progressing well and we expect the Group to post strong results for 2019. We have initiated the process to amalgamate the various holding companies of the ENL Group and we firmly believe that this initiative will be beneficial to all our stakeholders.”

Analysts and Investors

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SUMMARY**Income statement**

The Group recorded an increase of 10% in turnover for the year under review, driven by the commerce, hospitality and real estate segments. The increased sales of new vehicles underpinned the good results of the commerce and industry segment; hospitality benefitted from the continued buoyancy of the tourism sector whilst real estate was impacted positively by the continued good performance of the shopping malls and sale of residential land. Operating profits decreased by 4%, affected by the losses suffered by the sugar activities resulting mainly from a significantly lower sugar price coupled with a reduced sugar tonnage.

In spite of the lower operational results, profit before taxation from continuing activities was broadly similar to last year's due to higher profit on sale of land and investments and a significant increase in the share of profit from associated companies. The Eclasia group and Swan group continued to post strong results whilst New Mauritius Hotels incurred significantly reduced losses for the twelve months ended 30 June 2018.

Financial position

Total assets increased by 6% to Rs 63.6bn on the back of significant investments during the year and gains in the value of our investment properties. Indebtedness rose from Rs 17.2bn to Rs 19.2bn. New debt was contracted to finance investments supporting the development of our activities in most of our segments. The gearing ratio remains sound at 34.5%, slightly up from 32.2% in June 2017.

REVIEW OF OPERATIONS**Agro-industry**

Agro-industry (Rs'm)	Year ended June 30, 2018	Year ended June 30, 2017 Restated	Change
Revenue	814	924	(12%)
Segment results after taxation	88	152	(42%)

This segment includes the results of our sugar and other agri-related activities and our associated companies, Avipro and Madco (Eclasia group).

The sugar sector is experiencing difficulties with a downward pressure on prices due to the excess sugar on the world market. The lower prices, coupled with a reduced sugar tonnage of 23,055 tonnes (26,969 tonnes last year), impacted negatively operational performance.

These unfavourable results were partly mitigated by the positive performance of non-sugar activities and the increased contribution to profits of Eclasia from Rs 199m last year to Rs 271m this year.

Outlook

We expect the cane operations to continue to suffer for the coming year given the low prices on the world market. Value creation in the agro-industry segment will come from non-cane operations.

Commerce & industry

Commerce and industry (Rs'm)	Year ended June 30, 2018	Year ended June 30, 2017 Restated	Change
Revenue	3,330	2,747	21%
Segment results after taxation	62	10	>100%

The segment recorded a commendable set of results with turnover growth of 21%, driven by the strong performance of Axess, which increased its share of the new vehicles market. The higher turnover impacted positively operating profits. Associated companies contributed Rs 20m to the profits, resulting in the segment profit improving from Rs 10m to Rs 62m this year.

Outlook

We expect the performance of the commerce & industry segment to continue on the same trend for the next year.

Real estate

Real estate (Rs'm)	Year ended June 30, 2018	Year ended June 30, 2017 Restated	Change
Revenue	2,597	2,225	17%
Segment results after taxation	1,200	1,202	(0%)

This segment comprises the various property development and ownership and management activities of the retail and office portfolios.

Segment revenue went up by 17% from Rs 2.2bn to Rs 2.6bn thanks to the improved performance of the shopping malls and increased land sales this year. The offices also performed well with some 20,000m² of office space fully leased.

Segment profit amounted to Rs 1.2bn in 2018, at par with last year. The key contributor to profit remains the retail market thanks to the better renewal rates, an increase in footfall and the opening of So'flo. Fair value gains of Rs 1.1bn were recorded:

- The retail and office property portfolios have been valued by international and independent commercial property valuer Jones Lang Lasalle (JLL) resulting into Rs 545m of fair value gains
- The land assets classified as investment properties have been valued by independent valuers resulting into Rs 545m of fair value gains

Outlook

We have now secured all the permits required to develop the Moka Smart City and the first projects have now been initiated. We are confident that the 'Smart City' will generate significant profits and cash flows on the back of strong demand for all products launched.

We are progressing on the development of the Beau Vallon Mall. Construction works should start shortly and we expect the mall to be fully operational by end of 2019 with a Gross Lettable Area of 10,000 m². We are also planning an extension of Bagatelle by another 10,000 m² with works starting at the beginning of 2019 for a planned opening at the end of the year.

Land and investment

Land & Investment (Rs'm)	Year ended June 30, 2018	Year ended June 30, 2017 Restated	Change
Revenue	84	83	1%
Segment results after taxation	(301)	(177)	70%

This segment derives income from the sale of investments and of non-strategic land assets and bears the corporate costs and significant finance expenses.

The segment recorded a loss of Rs 301m this year compared to Rs 177m last year which included a profit of Rs 124m arising on the acquisition of NMH shares.

Hospitality

Hospitality (Rs'm)	Year ended June 30, 2018	Year ended June 30, 2017 Restated	Change
Revenue	3,486	3,016	16%
Segment results after taxation	161	(28)	Loss to profit

Hospitality represents our hotels, travel and leisure activities delivering an integrated holiday experience with key brands like Veranda Leisure and Hospitality (VLH) through which we operate Veranda and Heritage Resorts, Rogers Aviation and Island Living. During the year, our holding in New Mauritius Hotels (NMH), the island's leading hotel group increased to 38.1% after the conversion of our preference shares into ordinary shares.

Segment revenue increased from Rs 3bn to Rs 3.5bn thanks to the good performance of the VLH hotels and the contribution of the recently acquired leisure activities. The commendable results of VLH, achieved despite the renovation of four hotels during the year, was driven by increased room occupancy and revenue.

Our associate NMH recorded significantly reduced losses of Rs 51m compared to Rs 228m last year. As a result, profit after tax reached Rs 161m compared to a loss of Rs 28m last year.

Outlook

We are confident that the Hospitality segment will continue on its strong momentum, consolidating the existing performing activities and reaping the full benefits of product enhancements. Various projects are in the pipeline including the growth in the rooms' inventory as well as the running of new restaurants which should contribute to the increase in profitability.

Logistics

Logistics (Rs'm)	Year ended June 30, 2018	Year ended June 30, 2017 Restated	Change
Revenue	3,528	3,571	(1%)
Segment results after taxation	95	88	7%

This segment includes an integrated logistics platform through Velogic, offering freight forwarding, customs clearing, domestic transport, warehousing, shipping, container handling, courier services and sugar packaging services.

At Rs 3.5bn this year, segment revenue was slightly below last year's which stood at Rs 3.6 bn. Nevertheless, profit after tax progressed from Rs 88m to Rs 95m. The good results in the overseas freight forwarding activities were mitigated by lower volumes and reduced rates on the container operations, and a decrease in sugar-related transportation activities.

Outlook

The performance for the logistics segment should improve next year with the regional courier business expected to deliver upsides and better rates for the container handling activity. Freight forwarding and transport in Mauritius should benefit from the implementation of new commercial and operational initiatives. Moreover, global growth should benefit our overseas operations.

Fintech

FinTech (Rs'm)	Year ended June 30, 2018	Year ended June 30, 2017 Restated	Change
Revenue	760	665	14%
Segment results after taxation	24	84	(72%)

The Rogers Capital brand regroups corporate, financial and technology services to both individual and corporate clients.

The segment recorded a revenue growth of 14% to reach Rs 760m on the back of increased activities for Corporate Services and the acquisition of Globefin Management Services. However, profit after tax decreased from Rs 84m last year to Rs 24m this year. This drop was due to significant investments in human capital, technology and customer service for the Financial services to set up the consumer finance business as from November 2017.

The Swan Group, leader on the insurance market in Mauritius, kept up with its good performance trend. It contributed Rs 95m to the results, a 6% increase as compared to last year.

Outlook

Rogers Capital intends to further grow its Financial services arm through its consumer finance business which is set to keep its strong momentum on the market.

CORPORATE DEVELOPMENTS

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

Agro-industry will be impacted by the exceptionally low level of sugar prices prevailing on the world market. Government has announced measures in support of the sugar producers to the tune of Rs 2,500 per tonne of sugar, resulting in a price of around Rs 12,200 per tonne. This price falls short of the Rs 17,000 acknowledged as the level required for a sustainable sugar sector and the industry will therefore have to find further solutions to ensure its viability.

The outlook for all our other operations for the coming year looks promising and all segments are expected to improve on last year's results.

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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 7,081 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 2018, ENL Limited’s consolidated turnover from continuing operations was Rs 14.6bn and its market capitalisation was Rs 3bn at 30 June 2018.

For greater insight on ENL Limited, we invite you to visit our online investor corner.

APPENDIX**1. CONDENSED STATEMENTS OF FINANCIAL POSITION**

	June 30, 2018 Rs'000	June 30, 2017 Restated Rs'000	June 30, 2016 Restated Rs'000
ASSETS			
Non-current assets			
Property, plant and equipment	21,593,450	21,402,593	19,620,685
Investment properties	21,185,687	20,105,315	18,078,168
Investments in associated companies and jointly controlled entities	9,352,530	8,622,738	8,099,422
Other non-current assets	3,322,171	3,110,037	2,910,926
	55,453,838	53,240,683	48,709,201
Current assets			
Assets classified as held-for-sale	7,686,430	6,908,841	8,330,736
	415,849	76,224	50,187
Total assets	63,556,117	60,225,748	57,090,124
EQUITY AND LIABILITIES			
Equity and reserves			
Equity holders' interests	17,079,521	17,237,559	16,531,388
Non-controlling interests	19,327,141	18,862,372	17,454,263
Total equity and reserves	36,406,662	36,099,931	33,985,651
Non-current liabilities			
Current liabilities	18,949,662	15,208,871	14,012,399
	7,947,735	8,916,946	9,092,074
Liabilities associated with assets classified as held for sale	252,058	-	-
Total equity and liabilities	63,556,117	60,225,748	57,090,124

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

	Year ended June 30, 2018	Year ended June 30, 2017 Restated
	Rs'000	Rs'000
Continuing activities		
Turnover	14,601,953	13,233,521
Operating profit	959,075	1,002,125
Fair value gain on revaluation of investment properties	1,089,170	1,134,101
Fair value (loss)/gain on held for trading securities	(2,123)	8,132
Profit on sale of land and investments	177,665	81,683
Loss on disposal of subsidiary companies	(39,838)	-
Impairment of goodwill, intangible assets and investments	(38,009)	(5,455)
Excess of fair value of the share of net assets over acquisition price	31,744	124,090
Share of profits less losses of associated companies and jointly controlled entities	366,997	113,019
Finance costs	(1,022,222)	(979,149)
Profit before taxation	1,522,459	1,478,546
Income tax expense	(223,426)	(185,863)
Profit for the year from continuing operations	1,299,033	1,292,683
Discontinuing operations		
Post tax loss from discontinuing operations	(152,837)	(32,893)
Profit for the year	1,146,196	1,259,790
Other comprehensive income		
Fair value adjustments on available for sale financial assets	(55,758)	71,496
Release to income on disposal of investments	(53,588)	3,833
Remeasurement of post employment benefit obligations net of deferred tax	(13,176)	(42,291)
Currency translation	(9,944)	(17,932)
Revaluation surplus on property, plant and equipment net of deferred tax	(46,421)	1,429,220
Share of comprehensive income of associates	(224,327)	(117,819)
Other comprehensive income for the year	(403,214)	1,326,507
Total comprehensive income for the year	742,982	2,586,297
Profit for the year attributable to:		
Equity holders of the company	389,126	456,564
Non-controlling interests	757,070	803,226
	1,146,196	1,259,790
Total comprehensive income attributable to:		
Equity holders of the company	229,238	958,331
Non-controlling interests	513,744	1,627,966
	742,982	2,586,297

Per share data	Year ended June 30, 2018	Year ended June 30, 2017
Earnings attributable to equity holders of the company from continuing activities (Rs'000)	494,759	478,804
Loss attributable to equity holders of the company from discontinuing activities (Rs'000)	(105,633)	(22,240)
Number of shares in issue ('000)	213,840	213,840
Basic earnings per share from continuing activities (Rs)	2.31	2.24
Basic loss per share from discontinuing activities (Rs)	(0.49)	(0.10)
Dividend per share (Re)	0.70	0.69
Net asset value per share (Rs)	79.87	80.61

3. CONDENSED CASH FLOW STATEMENTS

	Year ended June 30, 2018	Year ended June 30, 2017
	Rs'000	Rs'000
Net cash flows from operating activities	1,433,698	1,623,056
Net cash flows from investing activities	(1,515,025)	(1,851,981)
Net cash flows from financing activities	658,697	(309,956)
Net movement in cash and cash equivalents	577,370	(538,881)
Opening cash and cash equivalents	(344,492)	194,985
Effects of exchange rate changes	(11,458)	(596)
Closing cash and cash equivalents	221,420	(344,492)

4. SEGMENTAL INFORMATION ON CONTINUING OPERATIONS

	Year ended June 30, 2018 Rs'000	Year ended June 30, 2017 Restated Rs'000
TURNOVER		
Agro-industry	813,741	924,144
Commerce and industry	3,329,632	2,747,278
Real estate	2,597,245	2,224,695
Land and investment	84,267	83,457
Hospitality	3,485,673	3,015,792
Logistics	3,528,319	3,571,306
Fintech	760,212	664,762
Corporate office	2,864	2,087
	14,601,953	13,233,521
SEGMENT RESULTS AFTER TAXATION		
Agro-industry	88,147	151,889
Commerce and industry	61,861	10,300
Real estate	1,200,385	1,201,583
Land and investment	(300,992)	(176,626)
Hospitality	161,453	(28,181)
Logistics	94,816	88,308
Fintech	23,720	83,610
Corporate office	(30,357)	(38,200)
	1,299,033	1,292,683

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	2,138,400	1,497,401	7,097,047	6,455,101	17,187,949	18,945,636	36,133,585
Correction of prior period	-	-	54,482	(4,872)	49,610	(83,264)	(33,654)
As restated	2,138,400	1,497,401	7,151,529	6,450,229	17,237,559	18,862,372	36,099,931
Issue of shares in subsidiaries to non-controlling shareholders	-	-	-	-	-	233,027	233,027
Acquisition and deconsolidation of group companies	-	-	-	-	-	88,268	88,268
Effect of change in ownership interest not resulting in loss of control	-	(2,752)	(289,681)	14,884	(277,549)	(53,666)	(331,215)
Movement in reserves	-	40,766	-	(805)	39,961	275,556	315,517
Transfers	-	27,280	(17,883)	(9,397)	-	-	-
Profit for the year	-	164,489	-	224,637	389,126	757,070	1,146,196
Other comprehensive income for the year	-	(93,068)	(59,785)	(7,035)	(159,888)	(243,326)	(403,214)
Dividends	-	-	-	(149,688)	(149,688)	-	(149,688)
Dividends paid by subsidiaries and associates to non-controlling shareholders	-	-	-	-	-	(592,160)	(592,160)
At June 30, 2018	2,138,400	1,634,116	6,784,180	6,522,825	17,079,521	19,327,141	36,406,662

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

	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, 2016 as previously stated	2,138,400	1,568,937	6,535,317	6,229,295	16,471,949	17,528,561	34,000,510
Correction of prior period	-	-	57,919	1,520	59,439	(74,298)	(14,859)
As restated	2,138,400	1,568,937	6,593,236	6,230,815	16,531,388	17,454,263	33,985,651
Issue of shares in subsidiaries to non-controlling shareholders	-	-	-	-	-	137,200	137,200
Net assets of subsidiary at date of acquisition attributable to non-controlling shareholders	-	-	-	-	-	14,259	14,259
Acquisition and deconsolidation of group companies	-	(1,076)	2,814	6,124	7,862	(37,914)	(30,052)
Effect of change in ownership interest not resulting in loss of control	-	(4,759)	(27,022)	(77,919)	(109,700)	60,186	(49,514)
Transfers	-	(6,511)	(31,762)	35,501	(2,772)	(5,602)	(8,374)
Profit for the year	-	9,636	-	446,928	456,564	803,226	1,259,790
Other comprehensive income for the year	-	(68,826)	614,263.00	(43,670)	501,767	824,740	1,326,507
Dividends	-	-	-	(147,550)	(147,550)	-	(147,550)
Dividends paid by subsidiaries and associates to non-controlling shareholders	-	-	-	-	-	(387,986)	(387,986)
At June 30, 2017	2,138,400	1,497,401	7,151,529	6,450,229	17,237,559	18,862,372	36,099,931