ENL Limited

announces results for the year ended **30 June 2019**

27 September 2019

HIGHLIGHTS

Total assets
Rs68 bn 7%
(2018: Rs 64 bn)

Gearing
36% 0.02 ppt
(2018: 34%)

Equity holders' interest
Rs25 bn >100%
(2018: 6bn)

Turnover
Rs16 bn 10%
(2018: Rs 14.6 bn)

Operating profit
Rs1.3 bn 39%
(2018: Rs 959 m)

Profit from continuing operations
Rs1.4 bn 5%
(2018: Rs 1.3bn)

- Turnover increased by 10% to reach Rs 16 billion
- Operating profit went up by 39% to reach Rs 1.3 billion driven by real estate, hospitality and commerce & industry
- Associated companies contributed significantly to the profitability.
- Increase of 5% in profit after tax from continuing operations to Rs 1.4 billion

KEY FINANCIAL DATA

Rs ' m	June 30, 2019	June 30, 2018	Change
Total assets	**67,792**	63,556	7%
Shareholders' interests	**25,234**	6,267	>100%
Total equity	**37,132**	36,401	2%
Net indebtedness	**20,891**	18,843	11%
Gearing	**36.0%**	34.1%	0.02ppt
From continuing operations	**Year ended June 30, 2019**	**Year ended June 30, 2018**	**Change**
Turnover	**16,061**	14,602	10%
Operating profit	**1,329**	959	39%
Profit for the year	**1,362**	1,298	5%
Per share data (Rs)			
Basic earnings per share from continuing operations (Rs)	**2.83**	2.19	30%
Basic loss per share from discontinuing operations (Rs)	**-**	(0.47)	
Basic number of ordinary shares in issue ('000) *	**374,996**	82,723	
Weighted number of ordinary shares in issue ('000)	**229,063**	82,723	
Dividends per share (Rs) - pre-amalgamation **	**0.30**	0.59	(49%)
Dividend per share (Rs) – post-amalgamation	**0.45**	-	
Net asset value per share (Rs)	**67.29**	75.76	(11%)

* The basic number of shares for 2018 has been restated to reflect the number of ordinary shares of La Sablonniere Limited post conversion
** The dividend per share pre-amalgamation has been computed on the basis of 82,723,121 ordinary shares

SUMMARY

Financial performance

We maintained focus on our operational objective which is to transform our group's asset base, through carefully selected and efficiently managed investments and operations, in order to grow and to generate cash sustainably. The sugar sector continued to suffer from the difficult environment prevailing in the global sugar market but the buoyancy of our other activities enabled the Group to record increases of 10% and 39% in turnover and operating profit respectively.

The good results were driven mainly by the following segments:

- *Commerce & industry*, with Axess capturing a bigger share of a buoyant new vehicles market;
- *Hospitality*, where all hotels, particularly Heritage, were in operation for the full year except Veranda Tamarin which had a delayed opening;
- *Real estate*, with the good performance of Ascencia's shopping malls which were impacted positively by better yields, optimised rental of our office spaces with the 29,000m^2 nearly fully let, and strong sales recorded for all the products offered by Moka City.

The share of profit of associated companies and jointly controlled entities declined slightly from last year but continued to contribute significantly to the Group's profitability which increased by 5% from last year to reach Rs 1.4 billion of which Rs 650 million accrued to the shareholders.

If the amalgamation had occurred on 01st July 2018, the profit attributable to shareholders would have amounted to Rs 783 million.

From Rs 1,298m to Rs 1,362m profit from continuing operations

SUMMARY

Financial position

The Group continued to grow its businesses with significant resources devoted to the following projects;

- Renovation of Veranda Tamarin to further enrich VLH's unique experiences offering,
- Construction and delivery of 11 000m^2 of prime rental office space in Moka (The Pod in Vivéa Business Park, PwC headquarters and The Dot in Telfair),
- Construction of Bo'Valon Mall which is scheduled to open in November 2019,
- Rogers Capital in order to maintain its momentum in increasing its market share in consumer finance

A significant portion was financed by debts, which resulted in the Group's net indebtedness increasing by Rs 2 billion to Rs 20.9 billion but the gearing ratio was maintained at a reasonable 36% (2018: 34%).

Total assets stood at Rs 68 billion at year end and shareholders' equity amounted to Rs 25.2 billion compared with Rs 6.3 billion last year, reflecting the change in the capital structure following the amalgamation whereby minority shareholders are now shareholders of ENL.

Outlook

The persistent losses incurred by the sugar industry are not sustainable and unless urgent measures are taken, the decline of the industry will continue irreversibly.

ENL Limited has successfully raised Rs 3.5 billion of notes, bearing fixed and variable rates and with tenors of between 5 and 10 years, under its medium term multi-currency note programme of Rs 6 billion in order to re-finance existing debts and fund the group's development. The Group is well advanced in securing a substantial injection of capital in certain of its subsidiaries from strong equity partners and should thus be well equipped to fund its Hospitality segment, build the various infrastructural amenities within the Moka Smart City precinct and spur the development of several projects in the Telfair Central Business District and Vivea Business Park.

Moreover we are also continuing on the momentum of the various initiatives being undertaken across all the operating segments and we are confident that the Group will show improved results for the coming year.

Agro-industry

Revenue

Rs**850 m** 4%

2018: Rs 814 m

Profit after taxation

Rs**12 m** 86%

2018: Rs 88 m

Performance review

The performance of our agro-industrial segment was impacted negatively by the difficulties being encountered by our sugar activities. Segment turnover increased to Rs 850 million (2018: Rs 814 million), owing to revenue from non-sugar products and services which increased by 15% from Rs 340 million last year to Rs 390 million this year.

Profit after tax registered a sharp decrease from Rs 88 million last year to Rs 12 million for the year under review. This reduction in profitability is mainly due to the losses incurred by our sugar operations and lower share of profit from Eclosia.

Our sugar operations were affected by a reduced sugar tonnage coupled with a drop in price. Unfavorable climatic conditions severely impacted cane yields for the 2018 crop when we recorded the lowest yield of the decade with a resulting decrease of 8% in sugar accruing (21,287 tonnes against last year's 23,055 tonnes).

Revenue per sugar tonne decreased from Rs 15,500 to Rs 13,100 owing to the difficult environment prevailing on the European market with an oversupply of sugar.

These unfavorable results were partly mitigated by the declaration of an event year by the Sugar Industry Fund Board for the 2017 and 2018 crops. Compensation for the shortfall resulting from adverse climatic conditions totaled Rs 82 million.

The performance of Eclosia was affected by lower contributions from its overseas activities. Our share of profit was thus reduced from Rs 271m to Rs 201 million this year.

Outlook

The segment will continue to suffer from the low sugar prices prevailing on the European and world market. However, this global surplus in the supply of sugar is expected to be reversed in the next financial year with beet sugar production in Europe expected to fall.

The non-sugar operations should continue to perform for the coming year and we are working actively to increase the poultry production capacity to cater for the demand.

Commerce & industry

Revenue

Rs3.9 bn 17%

2018: Rs 3.3 bn

Profit after taxation

Rs141 m >100%

2018: Rs 62 m

Performance review

The segment recorded a commendable performance with turnover up by 17% and profit after taxation increasing from Rs 62 million to Rs 141 million.

The main contributor was Axess whose results were driven mainly by sales of motor vehicle with the company capturing a higher share (20.1% v/s 17.9%) of a buoyant new vehicles market. The after sales department continued to perform well, remaining on a continuous improvement pathway. The company also sold a larger number of heavy machineries owing to an increased presence in the agro, construction and industrial markets.

Our associate companies, Superdist and FRCI, both operating in the IT sector, continued to post solid results and remain key contributors to profits.

Outlook

Our main operations have experienced solid growth. The segment's future is promising given the encouraging results obtained from sustained initiatives to put the customer at the centre of operations and to improve operational efficiency.

The construction of a new Jaguar-Land Rover showroom is set to start in September this year and we expect the new facilities to impact positively on the segment's profitability.

Real estate

Revenue

Rs**3.1 bn** 19%

2018: Rs 2.6 bn

Profit after taxation

Rs**1.1bn** 15%

2018: Rs 0.9 bn

Performance review

Revenue increased by 19%, from Rs 2.6 billion to Rs 3.1 billion thanks to the performance of Ascencia and increased land sales. Profit amounted to Rs 1.1 billion in 2019 compared to Rs 938 million last year. The key contributor to profit was Ascencia whose results were driven by better lease renewal rates, the contribution from So'flo for a full year and the straight-line rental accrual adjustment. Income from the rental of our office space, where the 29,000m^2 were nearly fully let, also contributed to the segment's profitability. Fair value gains, which derive mainly from the revaluation of our offices and retail assets, amounted to Rs 722 million compared to Rs 827 million last year.

Outlook

Moka City will be the driver of our real estate development over the coming years. The construction of the city continues to be spurred by robust demand for housing, office and leisure facilities. In this respect, the Group is well advanced in securing a substantial injection of capital from strong equity partners and should thus be well equipped to fund the construction of the various infrastructural amenities within the Moka Smart City precinct and spur the development of several projects in the Telfair Central Business District and Vivea Business Park.

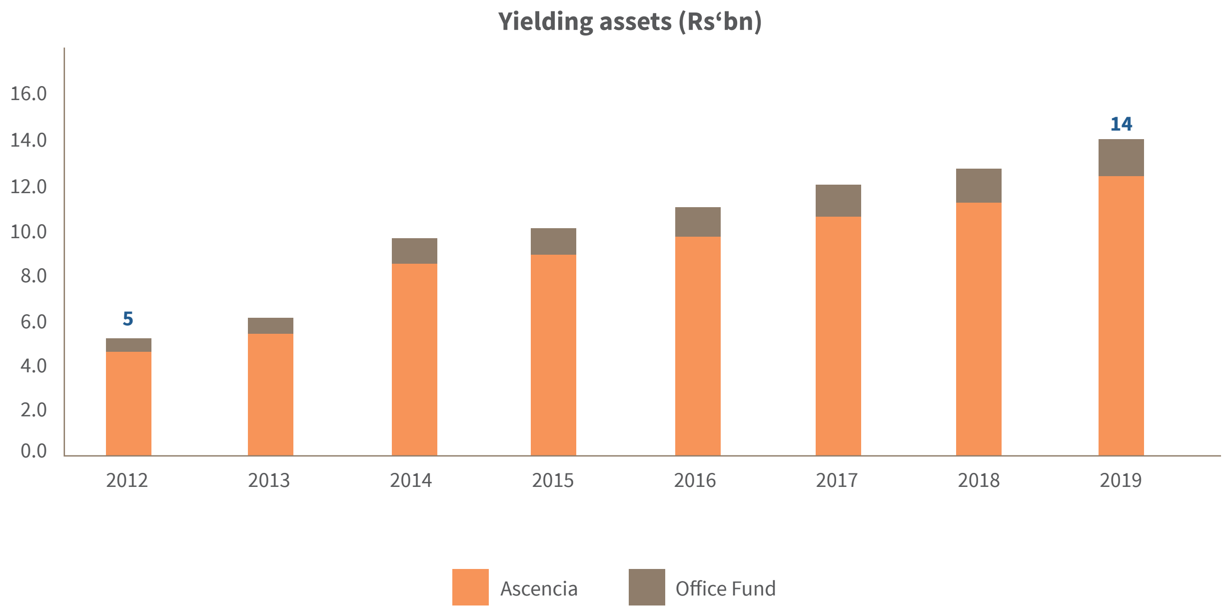
Over the next 12 months, Ascencia will carry out a number of projects to enhance and expand its offering. These include the expected opening of Bo'Valon Mall in November 2019 and an ambitious expansion of the Bagatelle Mall with an expected opening at the end of calendar year 2020, which should consolidate and strengthen its leadership position.

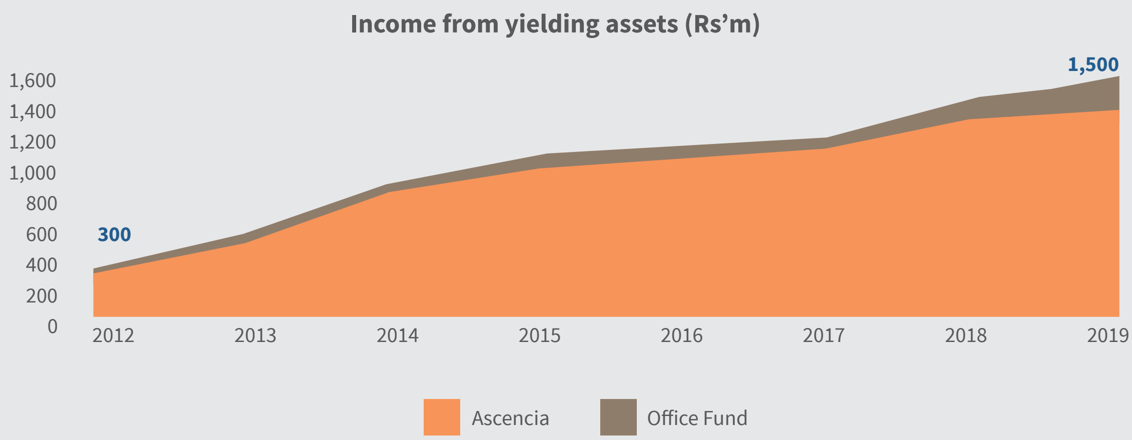
During the year Enatt, which manages all our shopping malls, concluded contracts to manage the operations of two shopping malls in Namibia, namely The Grove in Windhoek (27,000m^2) and Dunes Mall in Walvis Bay (52,000m^2). This enable us to have an insight into Africa without being over-exposed financially.

We have re-grouped all our offices into an office fund and we are contemplating the construction of additional office buildings.

Real estate (continued)

As evidenced by the graphs below, Ascencia and the office fund illustrate our ability to create cash generating assets that deliver strong performance over time.





Land & investment

Revenue

Rs27 m

68%

2018: Rs 84 m

Loss after taxation

Rs215 m

>100%

2018: Rs 40 m

Performance review

This segment derives income from the sale of investments and non-strategic land assets and bears the corporate and finance costs incurred by the company. Segment revenue amounted to Rs 27 million this year and we incurred a loss after tax of Rs 215 million. Last year, loss after tax amounted to Rs 40 million, including a one-off profit on the sale of some land at Bel ombre.

This year's results were impacted by costs of Rs 40 million relating to the amalgamation of ENL entities and the issue of notes during the year.

Hospitality

Revenue

Rs**3.8bn** **10%**

2018: Rs 3.5 bn

Profit after taxation

Rs**216 m** **34%**

2018: Rs 161 m

Performance review

Segment revenue increased from Rs 3.5 billion to Rs 3.8 billion and profit after tax reached Rs 216 million, representing an increase of 34% on last year's Rs 161 million.

In contrast to the first half of financial year 2019 when tourist arrivals increased by 5%, the hotel industry faced a slow-down during the second half of the year with a mere 1% increase in tourist arrivals from January to July 2019.

Amidst the challenges, our hotel operations showcased their resilience by maintaining their good performances. VLH was the main contributor with a full-year's operation of Heritage Le Telfair and Awali despite the delayed re-opening of Veranda Tamarin.

The share of loss of our associate, NMH, increased marginally from Rs 51 million to Rs 61 million with the results impacted negatively by a weak Euro.

Outlook

We have secured a capital injection from Amethis in the capital of VLH to further develop the activities of VLH. Moreover, the separation of the hotels activities of NMH from those of its property developments should have a positive impact.

Logistics

Revenue
Rs3.5 bn 1%
2018: Rs 3.5 bn

Profit after taxation
Rs107 m 12%
2018: Rs 95 m

Performance review

At Rs 3.5 billion, this year's segment revenue was at par with that of last year. Profit after tax progressed from Rs 95 million to Rs 107 million. The good results of our port and haulage services were dampened by the reduced business activities in France and Kenya.

The port and haulage services in Mauritius benefited from the renewed dynamism in the construction sector with a notable turnaround of the haulage activity. In Kenya, last year's implementation and mandatory use of the newly built railway connecting Mombasa to Nairobi caused major disruptions in our transport activity but the situation has stabilised in early 2019 with the initiation of a turnaround plan.

The freight forwarding activities, on the other hand, were impacted by the poor performance in France resulting from the protracted turmoil caused by the yellow vests protests and the weakening trading patterns in Europe which affected volumes and added pressure on margins. In Mauritius, results were affected by the general contraction in the export-oriented manufacturing sector which caused downward pressures on volumes and margins.

Outlook

The performance of our logistics segment is largely dependent of the economic situation in its main markets and we expect a turnaround of the operations in France. The results should also be impacted positively by the development of new lines of service in Kenya.

Fintech

Revenue

Rs839 m 10%

2018: Rs 760 m

Profit after taxation

Rs69 m >100%

2018: Rs 24 m

Performance review

The segment recorded a 10% revenue growth which stood at Rs 839 million. The progression was driven by the completion of large-scale infrastructure projects for the technology arm and the consumer finance business. The significant investments and adoption of IFRS 9 impacted negatively on results.

However, profit after tax increased from Rs 24 million last year to reach Rs 69 million owing to the good performance of our associate the Swan group, which contributed Rs 123 million to the results, a 29% increase compared to last year.

Outlook

We expect to continue growing our consumer finance business by capturing additional market share in hire purchase and leasing.

A new state-of-art data centre in Ebene with enhanced capacity for cloud and managed infrastructure services will further enhance our technology services positioning and new market share acquisition is expected in recently introduced offerings, that is, information security advisory and digital transformation.

About ENL

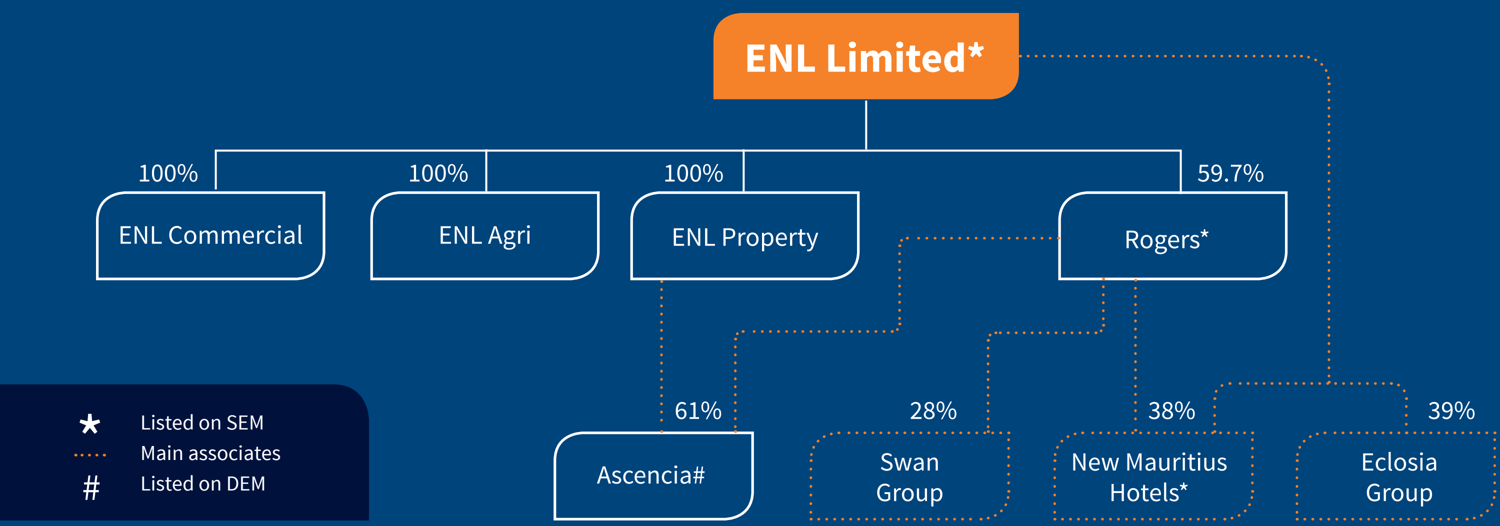
ENL Limited is the holding company of the ENL Group which is engaged in business in the main sectors of the Mauritian economy.

It results from the amalgamation on 1st January 2019 of former ENL Limited, ENL Land Ltd, ENL Commercial Limited, ENL Finance Limited and La Sablonniere Limited. It is a family enterprise, controlled by the Espitalier-Noël family and listed on the Official market of the Stock Exchange of Mauritius. Trading in its ordinary shares started on 23rd January 2019.

The ENL Group is engaged in the relentless pursuit of sustainable value creation. Its strategic objective is to transform its significant assets by engaging in carefully selected and efficiently managed investments and operations, in order to capture growth and to generate cash, sustainably.

Active in 7 business segments:

- Land & investment
- Agro-industry
- Real estate
- Commerce & industry
- Hospitality
- Logistics
- Fintech



Listing

Ticker symbols: Local ENLG **CDS ENLG.N0000** **ISIN MU0621N00006**

+120
International & home-grown brands

+100
Subsidiaries

+7,100
Employees

A **Proactive group** since 1821

Deeply attached to human values, to ethics in business and to Mauritius

Has a large, strategically located land bank of **23,000 arpents**

listed on the Stock Exchange of Mauritius

An **influential player** in the Mauritian economy

+**4,000** shareholders

CONTACTS INFORMATION

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1. CONDENSED STATEMENTS OF FINANCIAL POSITION	June 30, 2019	June 30, 2018
	Rs'000	Rs'000
ASSETS		
Non-current assets		
Property, plant and equipment	**21,790,761**	21,593,450
Investment properties	**22,661,242**	21,185,687
Investments in associated companies and jointly controlled entities	**9,921,733**	9,352,530
Other non-current assets	**4,008,743**	3,322,171
	58,382,479	55,453,838
Current assets	**9,192,831**	7,686,430
Assets classified as held-for-sale	**217,115**	415,849
Total assets	**67,792,425**	63,556,117
EQUITY AND LIABILITIES		
Equity and reserves		
Equity holders' interests	**25,233,642**	6,267,462
Non-controlling interests	**11,898,256**	30,133,446
Total equity and reserves	**37,131,898**	36,400,908
Non-current liabilities	**22,156,081**	18,954,448
Current liabilities	**8,501,746**	7,948,703
Liabilities associated with assets classified as held for sale	**2,700**	252,058
Total equity and liabilities	**67,792,425**	63,556,117

2. CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Year ended June 30, 2019	Year ended June 30, 2018
	Rs'000	**Rs'000**
Continuing operations		
Turnover	**16,061,455**	14,601,853
Operating profit	**1,328,650**	958,732
Fair value loss on financial assets at fair value through profit or loss	**(12,000)**	(2,123)
Fair value gain on revaluation of investment properties	**1,009,669**	1,089,170
Profit on sale of land and investments	**82,722**	137,827
Excess of fair value of the share of net assets over acquisition price	**5,533**	31,744
Profit on disposal of subsidiary company	**70,274**	-
Impairment of goodwill, investments and others	**(62,852)**	(38,009)
Share of profits less losses of associated companies and jointly controlled entities	**334,916**	366,997
Finance costs	**(1,158,792)**	(1,022,735)
Profit before taxation	**1,598,120**	1,521,603
Income tax expense	**(236,198)**	(223,426)
Profit for the year from continuing operations	**1,361,922**	1,298,177
Discontinued operations		
Post tax loss from discontinued operations	**-**	(152,837)
Profit after taxation	**1,361,922**	1,145,340
Other comprehensive income		
Fair value movement on equity instruments at fair value through other comprehensive income	**(40,438)**	(55,758)
Release to income on disposal of investments	**-**	(53,588)
Exchange difference	**(12,400)**	(9,944)
Remeasurement of post employment benefit obligations net of deferred tax	**3,731**	(13,176)
Revaluation surplus on property, plant and equipment net of deferred tax	**-**	(46,421)
Share of comprehensive income of associates	**364,025**	(224,327)
Other comprehensive income for the year	**314,918**	(403,214)
Total comprehensive income for the year	**1,676,840**	742,126
Profit for the year attributable to:		
Equity holders of the company	**648,884**	142,070
Non-controlling interests	**713,038**	1,003,270
	1,361,922	1,145,340
Total comprehensive income attributable to:		
Equity holders of the company	**758,343**	83,343
Non-controlling interests	**918,497**	658,783
	1,676,840	742,126

Per share data	Year ended June 30, 2019	Year ended June 30, 2018
Earnings attributable to equity holders of the company from continuing operations (Rs'000)	**648,884**	180,869
Loss attributable to equity holders of the company from discontinued operations (Rs'000)	**-**	(38,799)
Basic number of ordinary shares in issue ('000) *	**374,996**	82,723
Weighted number of ordinary shares in issue ('000)	**229,063**	82,723
Basic earnings per share from continuing operations (Rs)	**2.83**	2.19
Basic loss per share from discontinued operations (Rs)	**-**	(0.47)
Dividend per share- pre-amalgamation ** (Rs)	**0.30**	0.59
Dividend per share- post-amalgamation (Rs)	**0.45**	-
Net asset value per share (Rs)	**67.29**	75.76

* The basic number of shares for 2018 has been restated to reflect the number of ordinary shares of La Sablonniere Limited post conversion

** The dividend per share pre-amalgamation has been computed on the basis of 82,723,121 ordinary shares

3. CONDENSED CASH FLOW STATEMENTS	Year ended June 30, 2019	Year ended June 30, 2018
	Rs'000	Rs'000
Net cash flows from operating activities	524,079	938,816
Net cash flows from investing activities	(1,759,891)	(1,515,025)
Net cash flows from financing activities	1,464,407	1,151,601
Net movement in cash and cash equivalents	228,595	575,392
Opening cash and cash equivalents	219,576	(344,358)
Effects of exchange rate changes	871	(11,458)
Closing cash and cash equivalents	449,042	219,576

4. SEGMENTAL INFORMATION ON CONTINUING OPERATIONS	Year ended June 30, 2019	Year ended June 30, 2018
	Rs'000	Rs'000
TURNOVER		
Agro-industry	850,026	813,742
Commerce and industry	3,909,941	3,329,632
Real estate	3,086,646	2,597,245
Land and investment	26,966	84,166
Hospitality	3,843,808	3,485,673
Logistics	3,500,339	3,528,319
Fintech	839,060	760,212
Corporate office	4,669	2,864
	16,061,455	14,601,853
SEGMENT RESULTS AFTER TAXATION		
Agro-industry	11,909	88,150
Commerce and industry	140,781	61,861
Real estate	1,077,207	938,173
Land and investment	(214,658)	(39,641)
Hospitality	216,375	161,454
Logistics	106,655	94,816
Fintech	69,080	23,720
Corporate office	(45,427)	(30,356)
	1,361,922	1,298,177

FINANCIALS (CONTINUED)

5. CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent							
	Share capital	Treasury shares	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	Rs'000
At July 1, 2018- as previously reported	8,349	-	600,214	3,228,594	2,430,305	**6,267,462**	30,133,446	**36,400,908**
Effect of changes in accounting policies	-	-	-	-	(65,396)	**(65,396)**	(217,275)	**(282,671)**
As restated	8,349	-	600,214	3,228,594	2,364,909	**6,202,066**	29,916,171	**36,118,237**
Treasury shares acquired	-	(250,000)	-	-	-	**(250,000)**	-	**(250,000)**
Issue of shares	3,599,638	-	-	-	-	**3,599,638**	153,222	**3,752,860**
Effect of change in ownership interest not resulting in loss of control following amalgamation	-	-	1,798,318	6,096,722	7,241,372	**15,136,412**	(18,641,101)	**(3,504,689)**
Transfers	-	-	(388)	(14,016)	14,284	**(120)**	-	**(120)**
(Loss)/profit for the year	-	-	(1,145)	-	650,029	**648,884**	713,038	**1,361,922**
Movement in reserves	-	-	(17,727)	-	-	**(17,727)**	(11,950)	**(29,677)**
Other comprehensive income for the year	-	-	130,064	(25,805)	5,200	**109,459**	205,459	**314,918**
Dividends	-	-	-	-	(194,970)	**(194,970)**	-	**(194,970)**
Dividends paid by subsidiaries and associated companies to non-controlling shareholders	-	-	-	-	-	**-**	(436,583)	**(436,583)**
At June 30, 2019	3,607,987	(250,000)	2,509,336	9,285,495	10,080,824	**25,233,642**	11,898,256	**37,131,898**

5. CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Attributable to owners of the parent							
	Share capital	Treasury shares	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	Rs'000
At July 1, 2017	8,349	-	549,998	3,363,521	2,399,708	**6,321,576**	29,768,668	**36,090,244**
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	-	-	(1,011)	(106,400)	5,467	**(101,944)**	(229,271)	**(331,215)**
Transfers	-	-	10,020	(6,568)	(3,452)	-	-	-
Profit for the year	-	-	60,417	-	81,653	**142,070**	1,003,270	**1,145,340**
Movement in reserves	-	-	14,974	-	(296)	**14,678**	300,839	**315,517**
Other comprehensive income for the year	-	-	(34,184)	(21,959)	(2,584)	**(58,727)**	(344,487)	**(403,214)**
Dividends	-	-	-	-	(50,191)	**(50,191)**	-	**(50,191)**
Dividends paid by subsidiaries and associated companies to non-controlling shareholders	-	-	-	-	-	-	(686,868)	**(686,868)**
At June 30, 2018	8,349	-	600,214	3,228,594	2,430,305	**6,267,462**	30,133,446	**36,400,908**

enabling possibilities

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