

A watercolor illustration of a landscape. In the background, there are dark, silhouetted mountains under a sky with soft, colorful clouds in shades of pink, orange, and yellow. A large, calm body of water, possibly a lake or a wide river, occupies the middle ground. The water is painted in various shades of blue and green, with some white highlights suggesting ripples or reflections. In the foreground, there is a paved area with several small figures of people walking. To the left, there is a building with a stone or brick facade and a small tower. To the right, there is a long, low building with a flat roof. The overall style is soft and artistic, typical of watercolor painting.

Annual Report

2018

terra

Agenda

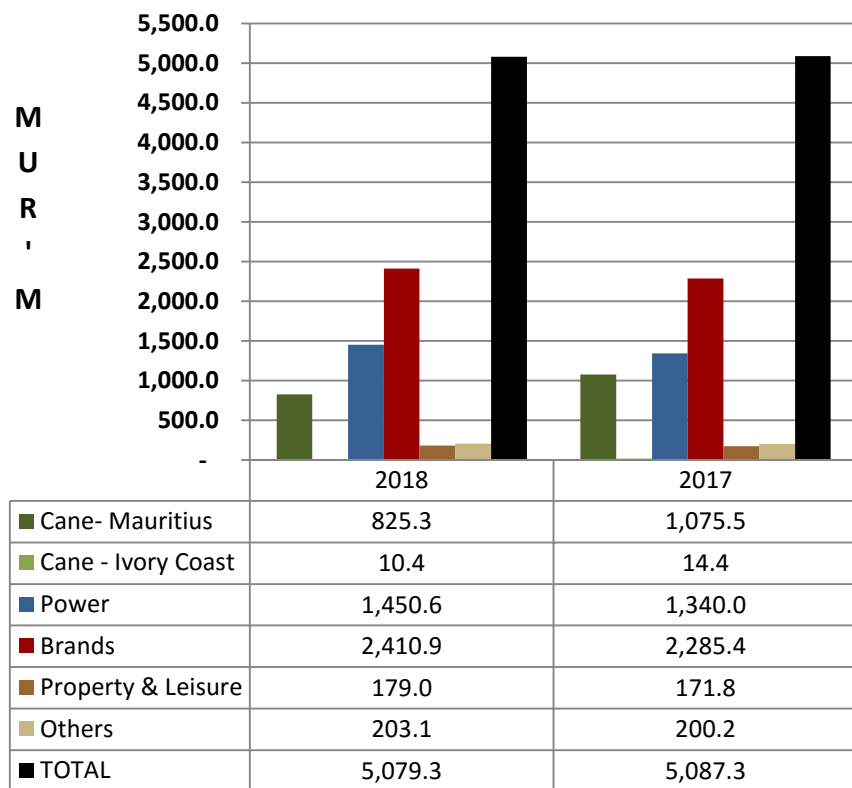
- Financial Review
- Review & Outlook of Operations
- The Future of Sugar Activities in Mauritius
- 2019 Outlook

KEY FIGURES (MUR'M)

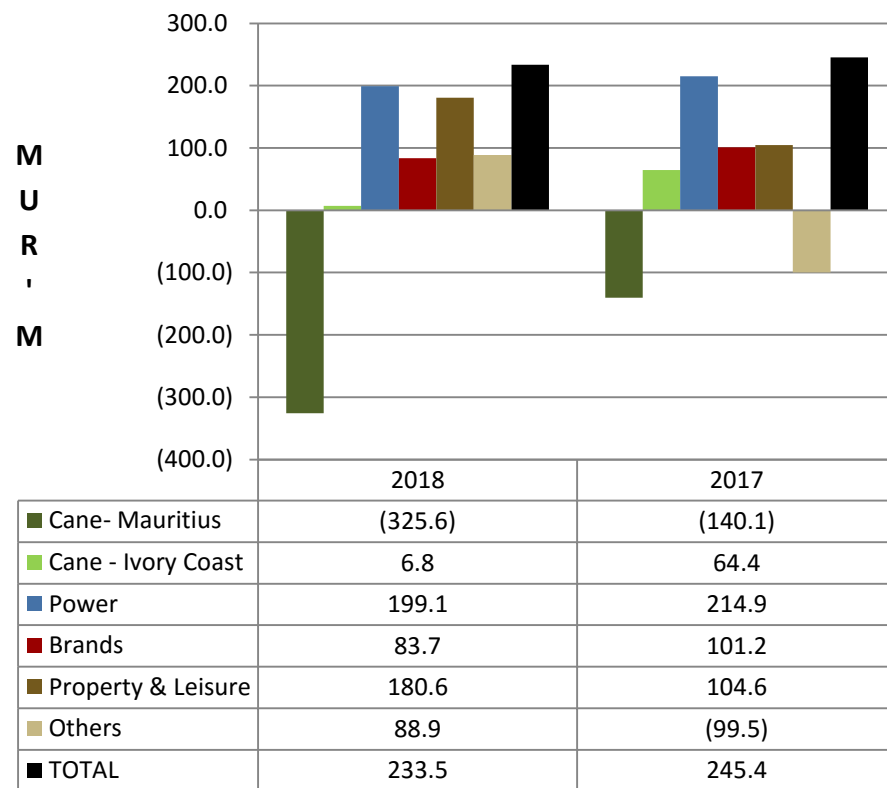
	2018	2017
Balance Sheet		
Shareholders' interest	13,774.6	13,258.5
Cash & cash equivalent	387.6	174.8
Net current assets / (liabilities)	(711.5)	(413.3)
Total borrowings	2,705.1	2,698.2
Income Statement		
Turnover	5,079.3	5,087.3
Profit before finance costs	183.5	318.7
Finance costs	(97.6)	(100.4)
Share of associated results	203.9	42.3
Profit after tax	233.5	245.4
Attributable to equity holders	121.5	86.6
Dividends	193.4	193.4

SEGMENTAL ANALYSIS

SEGMENTAL ANALYSIS REVENUE MUR M



SEGMENTAL ANALYSIS PROFIT AFTER TAX MUR M



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CANE

FINANCIAL RESULTS

<u>Revenue</u>			<u>PAT</u>		
	2018 MUR M	2017 MUR M		2018 MUR M	2017 MUR M
Mauritius	825.3	1,075.5	Mauritius	(325.7)	(140.1)
Côte d'Ivoire	10.4	14.4	Côte d'Ivoire	6.8	64.4
	<u>835.7</u>	<u>1,089.9</u>		<u>(318.9)</u>	<u>(75.7)</u>

TERRA MILLING

- 751,000T canes milled in 2018 (2017: 868,000T)
- Sugar produced 80,000T (2017: 88,000T)
- Specialty sugars: 82,000T (2017: 88,000T)
- Sugar price: MUR 8,800/T (2017: MUR 11,000/T)
- 2018 ex-Syndicate prices are at lowest over the last 25 years
- Financial aid to Terra Milling: Nil (2017: MUR 2,700/T)
- Efficiency gains resulted in a ↓cost of MUR 47 M in 2018 compared to 2017

TERRAGRI (AGRICULTURE)

- Terragri produced 356,000T cane (2017: 425,000T)
- Sugar price: MUR 8,800/T (2017: MUR 11,000/T)
- 2018 ex-Syndicate prices are at lowest over the last 25 years
- An increase of MUR 1,250/T in Bagasse price
- Financial aid to Terragri Ltd : MUR 1,250/T (2017: MUR 2,700/T)
- Efficiency gains resulted in a ↓ cost of MUR 37 M in 2018 compared to 2017

FUTURE

- 2019/2020 budget did not address the structural reform of the cane industry
- World prices seemingly on the up rise
- We foresee a better crop 2019 compared to 2018
- Medine factory officially closed. Terra is expecting 42% of cane the equivalent of 150,000 tons. Transport cost remains an issue to be resolved
- Our medium term, vision till 2022 should bring in additional operational efficiency to further reduce our production cost per ton



POWER

	2018	2017
	MUR' M	MUR' M
Turnover	1,450.6	1,340.0
PAT	199.1	214.9

- High level of production maintained: 420,6 GWh despite of slight decrease of the plant availability (due to major maintenance works during the annual shutdown)
- Decrease of the power generation from bagasse due to lower volume of sugar cane produced during the 2018 crop
- Efficiency slightly decreased due to wet coal consumption during the first quarter and increase of energy consumption by the sugar-mill during the second semester
- Marginal decrease of the profit after tax in line with the above
- Production of 7,5 GWh from 8,200T of cane trash (4,000T of coal saved)
- Zero employee accident in 2018 and QSE certification extended for 1 more year without any non-conformity pointed out during the AFNOR audit
- Discussions to start in the near future regarding the renewal of the PPA



BRANDS

	2018 MUR' M	2017 MUR' M
Turnover	2,410.9	2,285.4
PAT	83.7	101.2

- Overall sales improved on 2018 (+5.5%), driven by a growth in Scotch Whisky, cosmetics and wines
- All Business units had improved sales but a shift in the product mix resulted in lower overall unit margin levels and lower profitability
- A competitive trading environment coupled with unforeseen non recurring expenditure impacted on performance
- Results adversely impacted by the sale of 70% of operations in Uganda
- Associates contributed MUR 28.9 M (2017: MUR 30.6 M) (mainly New Goodwill) to the cluster's results
- Objectives:
 - Improved supply chain management will increase profits in food & wines
 - Investment of MUR 60 M in Grays Distilling will lead to improved performance
 - Growth from cosmetics and food. Other portfolios will grow slightly above market
 - Phase I of our Rum ageing project (Beau Plan Cellars) is under way as planned and we'll complete filling by end 2019 and start Phase II (Investment of MUR 250 M over 5 years)



*PROPERTY
AND
LEISURE*

	2018 MUR' M	2017 MUR' M
Revenue	387.6	315.9
PAT	180.6	104.6

2018 at a glance

BEAU PLAN SMART CITY

- Smart City Certificate received in November 2018
- Official Launch scheduled for 2nd quarter of 2019

SUGARWORLD (L'AVENTURE DU SUCRE)

- Record PAT of MUR 13.2 M
- Winner in the 2018 TripAdvisor Hall of Fame for achieving a Certificate of Excellence for 5 years running

2018 AT A GLANCE- PROJECTS

NOTRE DAME

101 residential serviced plots handed over to owners



GREENCOAST INTERNATIONAL PRIMARY SCHOOL

1,362m² of building delivered to operator in January 2019

2018 AT A GLANCE- PROJECTS



LE HAMEAU

62 residential serviced plots delivered to owners in March 2019

LES ECURIES DE MON ROCHER

Equestrian centre spread on 2.1211 Ha handed over to tenant in February 2019



PROPERTY - OUTLOOK

BEAU PLAN
SMART CITY



The image is an aerial photograph of a city area, overlaid with a colorful urban planning map. The map shows various colored zones: green for parks and green spaces, orange and brown for residential areas, blue for water bodies or parks, and grey for roads and infrastructure. A prominent red circular overlay is centered on a specific area of the map, indicating a 'Core Development Zone for 2019-2021'. The text 'BEAU PLAN SMART CITY' is in the top left, and the text 'Core Development Zone for 2019-2021' is inside the red circle.

Core
Development
Zone for
2019-2021

For the future. From 1838

PROPERTY - OUTLOOK

RETAIL PARK

- Building area of +11,000m²
- +50 shops including 2,400m² of supermarket
- Construction planned to start in July 2019
- Estimated development costs of MUR 880 M



For the future. From 1838

PROPERTY - OUTLOOK

OFFICE PARK

- +12,000m² of office space
- Construction planned to start in Q1 2020
- Estimated development costs of MUR 685 M



PROPERTY - OUTLOOK

MEDIUM DENSITY RESIDENTIAL

- 76 built-up units on 2.1104 Ha
- +12,000m² of residential buildings
- Sales launch scheduled for May 2019 (1st phase - 26 units)



For the future. From 1838

PROPERTY - OUTLOOK

BUSINESS HOTEL

- Prime location of 0.9201 Ha overseeing the lake
- 50 rooms boutique hotel
- MOU signed with partner
- Target to start construction in Q1 2020



For the future, from 1858

PROPERTY - OUTLOOK

LAND PARCELLING - RESIDENTIAL

Domaine de Belle Vue Phase 2

- 24 serviced lots on 3.6700 Ha
- Target sales launch in April 2019

Le Hameau Phase 2

- 30 serviced lots on 4.4102 Ha
- Target sales launch in October 2019



PROPERTY - OUTLOOK

BUSINESS CITY & SME PARK

- Total of 66 serviced lots on 31.5808 Ha (Phase 1 - 20 lots)
- Bilateral Agreement signed with international player for the development of 7,000m² of offices on 2 lots
- Strong interest shown for the zone with options taken by sub-developers on several other lots



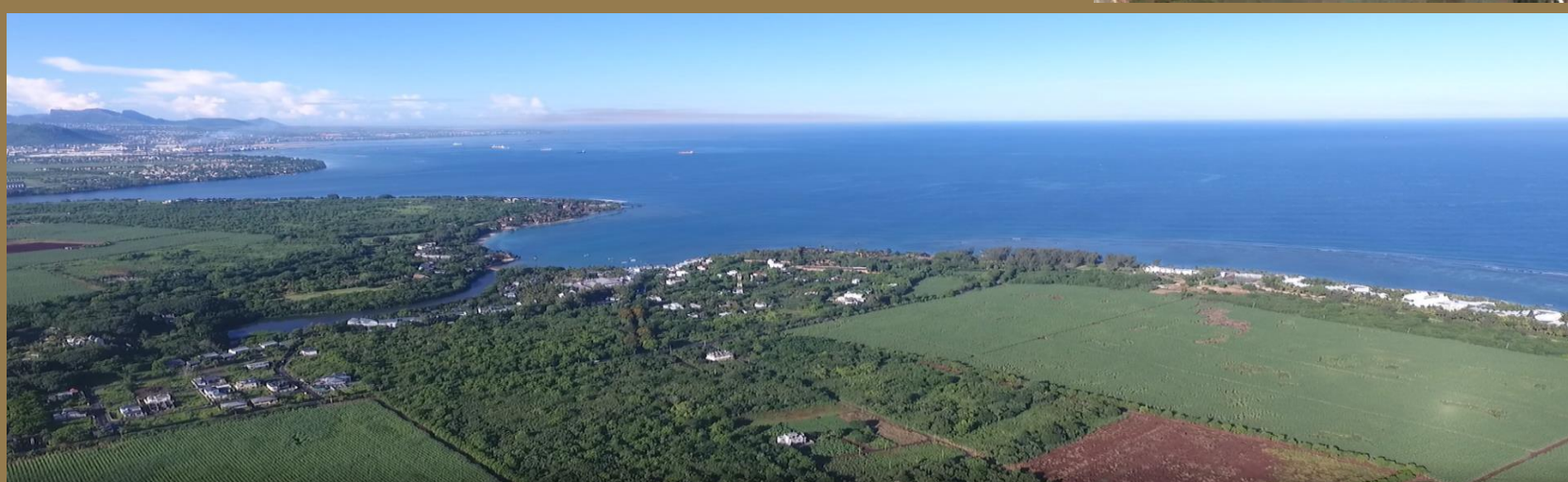
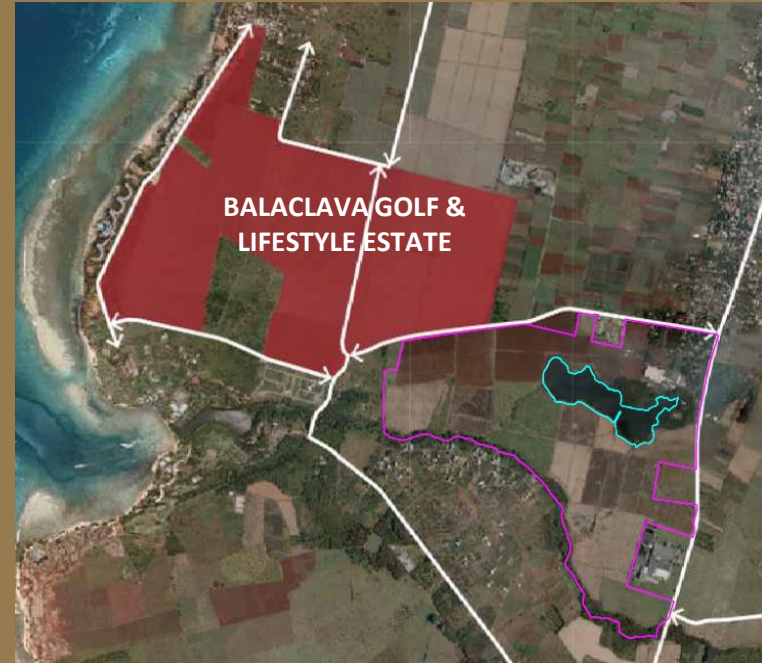
SENIOR RESIDENCES

- CRP signed with Les Terrasses de Chantenay for 71 units of assisted living
- Construction targeted to start in Q1 2020

REAL ESTATE - OUTLOOK

BALACLAVA

- 196.2141 Ha of freehold land.
- Beach access.
- 5 minutes drive from Beau Plan Smart City.
- Identified for the development of an integrated golf & lifestyle estate.





OTHER ACTIVITIES

	2018 MUR' M	2017 MUR' M
Turnover	203.1	200.2
PAT	88.9	(99.5)

Other activities include results of subsidiaries and associates involved in Financial Services, Construction and Terra Corporate Services.

The substantial improvement of this segment's profitability is attributable to better results from associates, as shown below:

	2018	2017	Variance
SWAN	111.5	82.7	28.8
UIL	18.6	(42.0)	60.6
Alcohol and Molasses	17.9	(3.7)	21.6
Payment Express	3.2	(7.6)	10.8
Others	15.7	(4.7)	20.4
Share of Associates	166.9	24.7	142.2
Impairment	-	(58.1)	58.1
TOTAL	166.9	(33.4)	200.3

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2018: RECORD LOSSES FOR TERRA IN SUGAR ACTIVITIES

- End of EU quotas in 2017. EU/World production has increased, creating oversupply on the market
- 2018 sugar price is not viable for all countries producing sugar for exports
- Expecting sugar prices to go up in 2019
- Awaiting sugar reform

IS SUGAR VIABLE IN MAURITIUS?

- Better EU/World sugar prices in coming years will help our Mauritian sugar industry but it will not be enough to sustain a viable industry
- The multiplying factor of the sugar industry is considered to be the highest in Mauritius (Source: MCB)
- The sugar industry does not only have an economic impact in Mauritius but most importantly, has both a social and environmental impact
- Mauritius is one of most advanced countries in the sugar industry in terms of:
 - Mechanisation
 - Value Addition (e.g. specialty sugars)
 - Vertical Integration (e.g. power production)

YES THERE IS A FUTURE

It is time for the authorities to recognise the green energy produced by *bagasse* and cane trash and pay a fair price to all planters on a permanent basis and not on a one-off basis.

Authorities must give the possibility to the sugar industry to work in a level playing field.

→ Allow the whole industry to become more competitive.

→ Move out of commodity. Authorities have helped to negotiate bilateral trade agreement for specialty sugars in China and hopefully in India. Continue to create more value added products.

It has to be noted that no sugar producing country in the world work without a “*filet de sécurité*”. Why should Mauritius do ?

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2019 OUTLOOK

CANE:

- Expecting lower losses in 2019
- Awaiting a long term vision plan from the government to ensure a sustainable sugar industry
- Continue to improve efficiency and create more value added products
- There IS a future for sugar in Mauritius
- Getting ready for new developments in Africa

POWER:

- Terragen to remain the No.1 in terms of prices and quality
- Renew the contract with CEB before mid 2020

BRANDS:

- Improved performance in Grays Distilling after significant investments
- Improve profitability of Grays through:
 - Better supply chain management
 - Rum ageing project to complete its first phase

PROPERTY & LEISURE:

- Major investment in infrastructure, retail and business park to kick-start our Smart City

The background features abstract watercolor washes in shades of blue and green, with soft, blended edges. The colors are more concentrated on the left and right sides, leaving a white space in the center where the text is located.

*THANK
YOU*