

THE FINANCIAL RESULTS OF 2019

September 2020



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CORPORATE Social Responsibility

Terra Foundation in 10 years



ACTIONS Invested budgets MUR'M 80 Projects sponsored 263 Number of direct kids beneficiaries 31,661 Number of direct adult beneficiaries 20,131 Number of indirect kids beneficiaries 33,220 Number of indirect adults beneficiaries 60,131

2010 - 2020

Terra Mauricia Ltd | CSR

Terra Foundation in Rodrigues

	2010 - 2020
ACTIONS	
Invested budgets	MUR'M 8
Projects sponsored	19
Number of kids beneficiaries	4,276
Number of educational tours	65
Number of schools & NGO's involved in tours	14
Number of students reached in educational tours	2,177



Terra Foundation in the North

	2010 - 2020
ACTIONS	
Invested budgets	MUR'M 41
Projects sponsored	133
Number of kids beneficiaries	20,131
Number of adult beneficiaries	3,523



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FINANCIAL TABLE

Key Figures Segmental Analysis Others Investments



2019 Key Figures

	2019 MUR'M	2018* MUR'M
Balance Sheet		
Shareholders' interest Cash in hand & at bank Net current assets / (liabilities) Total borrowings	14,033.7 491.5 (952.0) 3,541.0	13,008.7 387.6 (736.6) 2,705.1
Income Statement		
Turnover Profit before finance costs Finance costs Share of associated results Profit after tax Attributable to equity holders Dividends	5,047.3 515.0 (122.8) 170.9 380.7 262.8 193.4	5,185.4 252.8 (107.9) 254.0 319.6 197.3 193.4

Net Asset Value per Share: 2019= MUR 61.67 & 2018= MUR 57.17

*The 2018 figures have been restated

Segmental Analysis



*The 2018 figures have been restated



Other Investments Results & Associates

	2019 MUR' M	2018* MUR' M			2019	2018*	Variance
Turnover	223.7	203.1	10.1%	SWAN	194.8	207.9	(13.1)
PAT	85.7	116.5	(26.4%)	UIL	26.8	18.6	8.2
Other ac	tivities made	up	of :	AMCO	5.2	17.9	(12.7)
	^r Subsidiaries – r to be reported in		•	Rehm Grinaker	8.3	7.5	0.8
Associates		Others	13.6	11.4	2.2		
Lower profits to:	from "Other activitie	s" in 2019	mainly due	Share of Associates	248.7	263.3	(14.6)
	rment losses ind ciates	curred or	n certain	Impairment	(101.8)	(66.0)	(35.8)
				TOTAL	146.9	197.3	(50.4)

*The 2018 figures have been restated

Except For Audit Qualification



- The "except for" qualification in the audit opinion relates to our investment in Sucrivoire S.A, an associate company in Côte d'Ivoire, in which Terra's shareholding is 25.5%.
- Sucrivoire S.A's financial statements for the period under review are audited by qualified auditors in Côte d'Ivoire. Our Group auditor, KPMG, did not consider having received sufficient comfort from the auditors of Sucrivoire S.A. and accordingly deemed it appropriate to qualify our 2019 audit report.
- Sucrivoire S.A's share of net assets as at 31
 December 2019 was MUR 560.6 million.
 The net asset value of Sucrivoire S.A.
 represents only 2.7% of Terra Mauricia's total assets which are worth MUR 20.6 billion.



REVIEW SECTORS 2019

Cane Power Brands Property & Leisure

- Cane -

Financial Results Analysis



Cane Sector – Financial Results

Revenue	2019 MUR' M	2018* MUR' M
MAURITIUS	986.1	825.3
COTE D'IVOIRE	40.3	10.4
TOTAL	1,026.4	835.7

Profit After Tax	2019 MUR' M	2018* MUR' M
MAURITIUS	(140.8)	(286.8)
COTE D'IVOIRE	(129.0)	(35.2)
TOTAL	(269.8)	(322.0)

Our Mauritius sugar operations reported losses of MUR 140.8 M (2018: MUR 286.8 M).

This improvement of MUR 146M takes the following into account

- Favourable price of sugar in 2019 MUR 11,383/T (2018: 8,800/T)
- Additional compensation from SIFB for Crop 2018: MUR 70 M
- Gain on Fair Value of Standing Crop: MUR 84 M

In addition to the following non-recurring items

- Impairment of intangible assets of MUR 98.3 M
- Impairment of Bearer biological assets of MUR 32.4 M
- One-off restructuration costs of MUR 44.0 M.

Our associate in Côte d'Ivoire had a poor overall crop, adversely impacted by sugarcane diseases and sub-par mill efficiencies, which resulted in losses of MUR 129.0 M (2018: MUR 35.2 M).

TERRA MILLING LTD

- **920,000T canes milled in 2019** (2018: 751,000T).
- The above includes 136,000T canes received from Medine Factory Area.
- Sugar produced 95,000T (2018: 80,000T).
- Specialty sugars: 88,000T (2018: 82,000T).
- Sugar price: MUR 11,384/T (2018: MUR 8,800/T).
- Financial Assistance (SIFB) received in 2019 for Crop 2018: Rs 40 M.
- There is a drop of Rs 60 M in operating cost over the last 4 years.
- We place much effort on cost optimization, efficiency and automation.
- **Capital Expenditure** in the year: **Rs 58 M** (incl. Rs 19 M investment in several automation projects).

TERRAGRI LTD

- Terragri produced 389,000T cane (2018: 356,000T).
- Sugar price: MUR 11,384/T (2018: MUR 8,800/T).
- Financial Assistance (SIFB) received in 2019 for Crop 2018: Rs 30M.
- Bagasse price reverted to Rs 360/T in 2019 (2018: MUR 1,605/T).
- The operating cost of the cane growing activity stood at Rs 540 M in 2019 (2016: Rs 660 M).
- We look to maintain a cost base in the range of Rs 500 M.
- We place **much effort on** continuous **improvement in our agricultural sector** through **precision farming.** (e.g. Automated weather stations, Drone, Yield monitoring, Precision fertilization).
- Capital Expenditure in the year: Rs 47 M in replantation, Rs 31 M in agricultural equipment, Rs 5 M in an operational software.



- Our factories in Borotou and Zuenoula collectively supplied 84,000T.
- This represent approximately half of the sugar produced in the country.
- The revenue for 2019 was up 0.7% compared to 2018.
- Terra was appointed as technical advisor to improve on competitiveness and efficiency.
- Sucrivoire appointed a Chief Operating Officer from Terra who has been in place since Sep-19.
- Terra Team regularly travels to Ivory Coast to share expertise (outside COVID).
- We look to drive efficiencies, increase productivity and reduce production costs.
- Project to increase capacity from 95,000T to 120,000T per year.

- POWER -

AW

Financial Results Analysis

Power – Financial Results



	2019 MUR' M	2018* MUR' M
REVENUE	1,294.7	1,450.6
PAT	160.4	211.7

ANALYSIS

High level of production maintained in line with the last 4 years: 426,8 GWh (+1,5 % vs 2018) despite of **slight decrease of the plant availability** (92,0 %) due to:

- major maintenance works during the annual shutdown;
- and unforeseen outage of both units as a consequence of return condensates contaminated by sugar evaporators.
- Increase of the power generation from bagasse (+ 15 % vs 2018) due to higher volume of sugarcane processed during the 2019 crop (mainly due to the relocation of the Medine canes).

Increase of the power generation from cane straw (+ 21 % vs 2018); 9,2 GWh produced from 9,6 tons of cane straw (5 500 tons of coal saved).

Increase of the **power generation from bagasse** (+ 15 % vs 2018) due to higher volume of sugarcane processed during the 2019 crop (mainly due to the relocation of the Medine canes). Improvement of the neat efficiency

ratio (coal consumption per KWh, -1,4 % vs 2018) thanks to the haulage maintenance work performed on turbine and preheater of the unit 1.

Substantial decrease of the electricity tariffs in 2019 vs 2018 as a consequence of a decrease of the coal prices on the market, explaining the decrease of the Revenue. **One employee accident** in 2019 (overturning of the telehandler engine)

Decrease of the profit after tax of MUR'M 51,3 mainly **due to a tariff adjustment** in line with contractual provisions

Triple QSE **AFNOR certification renewed for 3 more years** (only one non conformity reported during audit)



Brands – Financial Results

BRANDS 2019	2019 MUR'M	2018* MUR'M
Revenue	2,288.5	2,410.9
Profit after Finance costs	144.7	68.9
Share of results of associates	35.2	28.9
Profit after tax	135.7	77.3



Terra Mauricia Ltd | Brands

*The 2018 figures have been restated

Analysis



Sales in Mauritius were **stable in 2019**, the **decrease** (5%) is **due to exports of Grays Distilling** which are not channelled through Grays Inc any more.

Performance on wines & whisky was **good** whereas **cosmetics were affected by cancellation of flights** from China.

Our **cane spirits declined faster** than the market for the first semester and sales levelled off in the second semester.

All Business units performed well with increased efficiencies, improved margins and higher profitability.

Investments in Grays Distilling, coupled with higher yields contributed to improved profitability.

Our subsidiary in Seychelles (East Indies) had slight salesgrowthandhigherprofitability.

Associates contributed MUR 35.2 M (2018: MUR 28.9 M) (mainly New Goodwill) to the cluster's results.



- PROPERTY & LEISURE -

Perspectives

Property & Leisure – Financial Results & Analysis



	2019 MUR' M	2018* MUR' M
REVENUE	214.0	285.1
PAT	268.7	236.1

Main Drivers

- Rentals
- Sales of non strategic lands
- Morcellements

L'Aventure du Sucre

- MUR 8 M profit in 2019
- Closed since March 2020 due to COVID

*The 2018 figures have been restated

Activities / Projects



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COVID-19

Impact Measures



Impact of COVID on our activities

Most affected

- Property Division
- L'Aventure du Sucre Museum
- Grays Inc.(25% of sales to hotels)
- Investment UIL / PEX

Least affected

- Sugar in Mauritius
- Sugar in Côte d'Ivoire
- Energy
- Grays Distilling / New Goodwill
- Terrarock
- Investments: SWAN, Terravest

Measures





2020 2021+



Cane - Outlook 2021+



Perspectives

- The key to success is to build a resilient team in the current challenging environment.
- Drive to **improve on efficiencies** and to **focus on digital farming and manufacturing.**
- Deliver solutions to motivate and retain small-scale farmers.
- Improve on our water consumption and ensure better utilisation of effluents for irrigation.
- Invest in organic sugar production in the medium term.
- We are **confident to become more competitive**, hopefully also **supported by government** policy changes that will **assist the local sugar sector.**
- Confident that **biomass framework will be ready in 2020** and will value **bagasse/other biomasses at the right price.**

Perspectives

- We believe that the **country offers valuable growth potential** with a 7.5% GDP growth rate in 2019.
- Our medium-term objective is to increase sugar production to 120,000T.
- We will continue to be more directly involved in the operations.
- We look to be competitive through build efficiency, productivity and costs optimisation.
- We remain on the lookout for talents and expertise to assist in the operations.
- We are actively **exploring financing options** to **drive** the necessary **improvements**.
- We are looking for other **opportunities in Africa** in sugar sector.

Power - Outlook 2021+



Terra Mauricia Ltd | Outlook

Perspectives

In 2020, **decrease** of approx. **30 %** of the **national electricity consumption** since the **beginning** of the **Covid-19 crisis**: **direct impact** on the electricity generation rate of **Terragen** which will **affect** the **2020 results**.

- Terragen has finalised an agreement with
 CEB on a take or pay basis for 5 years as from
 July 2020.
- This will **impact profitability** mainly in 2020.
- Working on a 20 years project with 50% additional renewable energy.

Brands - Outlook 2021+

Perspectives

- Foresee 20% reduction on Grays Inc. turnover which will impact bottom line in 2020.
- We are consolidating our foundations and going back to basics.
- Foresee that **reach 2019 results only in 2022** (minimum), 2021 being a transition year.
- Putting emphasis on "made in Mauritius" and the importance of local value add.
- Strategies tweaked during Covid are paying off with growth of our Cane Spirit Brands (Seven Seas and De Luxe).
- Our whisky sales are healthy but growth hindered by supply chain hiccups (pandemic related).
- Investments in New Goodwill & Grays Distilling (mostly export markets) are mostly COVID free & should generate normal profits.



Property & Leisure - Outlook 2021+



Perspectives

- Still **bullish on our real estate activities.**
- All of projects are still on despite the fact that COVID has created some delay in execution of some projects.
- Investments of MUR 640 M has been done in Infrastructures which will be absorbed by the development of the 1st phase of our Smart City of 63 acres around the lake.
- **Opening of Retail Center** in 1st quarter of 2021.

Projects at a conceptual stage

- Sport Center
- Senior Residences
- Balaclava Resorts
- Boutique Business Hotel

Key Challenges for Terra

Cane

- Need to continue to drive efficiency up and costs down. Our target is to achieve MUR 12,500/T of sugar in fields (actual: MUR 13,200) and achieve an operating cost of MUR 3,600/T (actual: MUR 4,200) in the factory.
- **Diversification**: need to do a u-turn.
- Important to lobby for a sustainable biomass price.

Brands

- Need to get ready for **lower sales in 2021** since purchasing power of mauritian will go down.
- Efficiency and cost will have to be monitored closely.
- Marketing & sales team will have to work even closer with customers to increase our market share in a diminishing market.

Power

- Take or pay will **guarantee revenue** for 400GW but at a lower price.
- Awaiting biomasse framework to put more efforts on trash and potentially other biomasses.
- **Cost reduction and better efficiency** to catch up the lower price.
- Getting ready for a **new 20 years contract with 50% more renewable energy.**

Property & Leisure

- **Reinvent ourselves** in order to cope with new market conditions.
- **Development of the Smart City** need to continue with bankable projects.
- Theses challenging projects needs to kick-start in the next 12 months.

Conclusion

- **Resilient** group
- Positive turnaround of sugar activities expected
- Continuous development for Beau Plan Smart City
- Should not underestimate the impact of COVID
- Looking for opportunities



THANK YOU!



Do you have any questions?

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