

# CIEL AGRO & PROPERTY BUSINESS MODEL

## INPUT VALUE WE DRAW FROM



### FINANCIAL CAPITAL

Large asset base  
Healthy balance sheet with  
low gearing ratio at Alteo's  
level



### SOCIAL & RELATIONSHIP CAPITAL

- Strategic partnerships at CIEL level with The Mauritian Wildlife Foundation, UNDP GEF Small Grants Program, and the Mauritian government
- Strategic partnerships at Alteo level with Tereos, Albioma, The Tanzanian government and local authorities



### HUMAN CAPITAL

Decentralised approach  
with more than 6,350  
employees



### INTELLECTUAL CAPITAL

- Historical knowhow and 100+ years track-record in sugar cane industry
- Property development expertise and track record
- R&D expertise in Agro and Irrigation techniques



### MANUFACTURED CAPITAL

Alteo factories, power  
plants and manufacturing  
equipments



### NATURAL CAPITAL

- 200 hectares of natural reserve
- Water, land, energy, biodiversity & ecosystem health

## Our Value Proposition

- Regional sugar cane industry player creating value throughout the sugar cane value chain with the production of raw sugars, refined sugars, bagasse, molasses and energy
- Pioneer in establishing dual bagasse-coal power plants
- Strategically located high-value land bank for property development
- High-end luxury property development expertise

## WHO WE ARE

CIEL Agro & Property regroups  
CIEL's 20.96% stake in Alteo  
Limited and all the property  
assets of CIEL Group

## VISION

To be a sustainable  
regional leader in sugar  
cane industry, renewable  
energy and property

## Our Assets



## MAIN OUTPUT DURING THE YEAR



### FINANCIAL CAPITAL

- Revenue: MUR 86M
- Profit after tax: MUR 370M
- PS growth
- Share price appreciation
- ROCE/ROE



### SOCIAL & RELATIONSHIP CAPITAL

- New partnership with Quadran and Albioma for energy projects
- Trusted relationships with governments and public authorities



### HUMAN CAPITAL

- Launch of Leadership development center at Alteo
- Launch of new Alteo vision, mission, values, code of Ethics to enhance Group dynamic



### INTELLECTUAL CAPITAL

- 5<sup>th</sup> anniversary of Alteo Group and brand following merger of Deep River-Beau Champ and FUEL



### MANUFACTURED CAPITAL

- 335,000 tons of raw sugar produced
- 340 GWh exported to national grids – 11% of energy production in Mauritius



### NATURAL CAPITAL

- Wastewater, CO<sub>2</sub> emissions, energy consumption, ashes, solid waste
- Approx. 13,000 endemic plants planted and 150 endemic bird released at La Vallée de Ferney Conservation Trust since project inception

## MAIN OUTCOMES DURING THE YEAR

- Record year for Alteo in terms of production and profits
- Successful launch of Anahita northern parcel
- Signature of Power Purchase Agreement for the development of new solar plant in Mauritius
- Successful relaunch of Anahita Golf Resort and Spa

## TARGETS



- Optimisation of sugar industry by-products in all operations
- Maintain competitiveness and increase operational excellence to face worldwide increasing production costs, sugar price volatility and the removal of EU quotas
- Become a regional leader in sugar cane, energy and property
- Valuation of land base through property development projects for long-term prospects

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# Progress Report

## Last Year's Priorities

## Progress Report

Interesting prospects with 2016 increase in World sugar price associated with a sugar production deficit

Alteo has benefited from a production deficit and high sugar prices this year in all markets. This context associated with a record production led to a strong performance of Alteo.

Launch of the Anahita high-end northern parcel

Sales of the northern parcel have started and will be recognised in the next financial year.

Re-opening of Anahita the Resort in October 2016

Rebranded Anahita Golf and Spa Resort, the resort benefited from the addition of 25 rooms in its inventory while its F&B outlets have been successfully renovated and a luxury spa added to its offering.

Potential opportunity to increase energy capacity in Mauritius

Discussions with public authorities are still on-going; in the meantime, energy production has been at par with previous year.

# 2017 Financial Performance

Income Statement	MUR 'M	MUR 'M	MUR 'M
	2017	2016	Var
Revenue	86	87	(1)
EBITDA	60	29	31
Non-Recurring Items	242	128	114
Profit after Tax	370	183	187
Profit attributable to owners of parent	305	151	154

The strong performance of the Agro and Property cluster is mainly attributable to the excellent results of Alteo Limited's sugar operations in Tanzania and Kenya. Alteo Limited's results were also lifted by a one-off gain on the disposal of land and other ah-hoc income relating to the value of Land Conversion Rights. The results were further boosted by the rise in the fair value of land at Ferney Limited of MUR 226M.

## ALTEO

Geographic and sector-specific results are further detailed below:

### AGRI AND SUGARS

- Tanzanian sugar operations - TPC Limited ("TPC") - achieved better results as sugar prices, sucrose levels and production capacities were all favourable this year.
- High sugar prices and enhanced production capacities have also benefitted Transmara Sugar Company Ltd ("TSCL") in Kenya.

- Despite favourable sugar prices and improved sucrose levels, the results for the sugar cluster in Mauritius were adversely affected by a lower valuation of standing crop as sucrose levels are expected to be on the downside in 2017.

- In anticipation of the serious challenges facing the export sector in Mauritius, the government has announced a set of measures which should partially help the Mauritian operations overcome the falling sugar prices and lower sucrose levels. Sugar production volumes in East Africa are expected to be relatively lower compared to current year commendable results.

### ENERGY

On the energy front, revenue was higher with a better offtake during the year mitigated by high coal prices in the second part of the financial year. Coal prices should adjust through the indexation mechanisms and help Alteo Energy Ltd perform better.

### PROPERTY AND HOSPITALITY

Revenues of the property cluster were down due to limited inventory for sale following the completion of Anahita's southern and central phases. The sale of Anahita's high-end northern parcels as well as the newly refurbished Anahita Golf & Spa Resort should benefit the property cluster. CIEL's share of profit from Alteo increased from MUR 55M in 2016 to MUR 102M in 2017.

# Focus Areas for 2018

## ALTEO

- Maintain competitiveness and increase operational excellence to face worldwide increasing production costs, sugar price volatility and the removal of EU quotas since 30 September 2017
- Optimise sugar cane industry by-products in all operations to diversify revenue sources
- Accelerate sales of Anahita northern parcel properties
- Initiate new property development projects for long-term prospects

## CIEL PROPERTY

- Investigating land/property development project in Ferney for long-term prospects
- Sale of non-core assets

# Outlook

### Current Market Dynamics

- Sugar price volatility
- Ever increasing cost base
- Abolition of sugar production quotas in EU
- Ever increasing demand for sugar in Africa
- Strong competition in the property sector for high-end properties

Mauritian sugar operations are expected to be affected by lower sucrose and lower sugar price, albeit supported by the export sector measures announced by Government. Sugar production volumes in Tanzania and Kenya also expected to be lower following the record year of FY 2017.

Energy activities of Alteo should benefit from tariff adjustment through indexation mechanism and therefore positively contribute to next year's results.

Property activities are expected to benefit from the recognition of the first sales of the Anahita northern parcels together with an improved performance of Anahita Golf & Spa following refurbishment.

