CIEL Group financial results show progress in the First Quarter ended 30 September 2020 while Full Year ended June 2020 results were substantially impacted by the global health and economic crisis

Ebene, Friday 13th of Novembre 2020 – The COVID-19 pandemic had an unprecedented impact on the global economy and CIEL Group's results for the year ended 30 June 2020 were affected – particularly the second half of the financial year.

While CIEL Group performed well in the first semester, the Hotels & Resorts cluster noted a drop in occupancy as from January 2020 onwards due to lockdown in China - an important clientele for their up-market resorts. The Chinese lockdown also disrupted certain supply chains in the Textile cluster.

In response to the crisis, the Group took steps to ensure cash preservation through tighter working capital management and deferment or cancellation of all non-essential capital investments and expenditures. Employees' health and safety was a priority and the Group participated in the fight against the pandemic by providing COVID-19 test capabilities and producing masks and medical gowns. Donations were also organised to support front liners and vulnerable populations amongst numerous other initiatives undertaken.

FULL YEAR ENDED JUNE 2020 FINANCIAL PERFORMANCE IMPACTED BY COVID-19

- Revenue decline contained to 9.4% owing to good momentum in the first nine months supported by CIEL's sectorial and geographical portfolio diversification
- Performance of Finance, Healthcare and Agro and Property clusters partially mitigating the adverse effect of the all-time low tourist activity through the second part of the financial year on the Hotels & Resorts and the lockdown which led to a slowdown in the Textile cluster
- EBITDA before impairments and reorganisation costs stood at MUR 3.3bn (MUR 2.8bn excluding MUR 495M from adoption of IFRS 16 Leases) compared to MUR 3.4bn prior year although good growth noted in the first nine months
- Impairment charges of MUR 2.02bn and reorganisation costs of MUR 108M include impairment of property, plant and equipment (MUR 735M) of SUN luxury hotel, Kanuhura, Maldives, the Finance cluster's loan book, inventories(MUR 284M) and debtors(MUR 239M) within the Textile cluster, goodwill(MUR128M) of the Ugandan arm of the Healthcare cluster - International Medical Group (IMG) and goodwill(MUR 107M) of an associated undertaking within SUN Limited's portfolio amongst others.
- The Group achieved a higher Free Cash Flow of MUR 1,327M year-on-year (2019: MUR 1,056M) owing to an effective cash flow management and lower working capital requirements with the slowdown of activities in the last quarter of the financial year, notwithstanding the Group loss after tax of MUR 2.16bn (2019: Loss after tax of MUR 1.19bn)
- Early and decisive actions taken in the fourth quarter to protect cashflow, leading to a reduction in capital expenditure versus prior year
- Net interest-bearing debt increased to MUR 16.9bn from MUR 15.5bn prior year due to revaluation losses incurred on foreign denominated debts at SUN level and additional debt taken by CIEL to finance various investments prior to the pandemic outbreak

FIRST QUARTER ENDED SEPTEMBER 2020 HIGHLIGHTS

- Revenue stood at MUR 4.63bn picking up from the previous quarter mainly at the Textile, Finance and Healthcare clusters, but was lower than prior year owing to the limited activity of the Hotels and Resorts cluster
- EBITDA was MUR 431M compared to MUR 728M in the corresponding quarter in prior year – a decrease mitigated by improvements in the Healthcare and Finance clusters and a rebound of the Textile cluster compared to the previous quarter
- The various cash flow measures taken by the Group clusters contributed to a positive Free Cash Flow of MUR 336M (2019: MUR 368M). The Textile, Finance, Healthcare and Agro & Property clusters also posted an improved operational performance which helped contain the Group losses to MUR 270M after tax in the period
- Solid financial structure maintained with a gearing ratio of 48.6%

Commenting on these results, Jean-Pierre Dalais, Group Chief Executive of CIEL Limited said: "*Our results in the first quarter of the new financial year show encouraging signs in certain business areas and geographies. They demonstrate the ability of our teams to innovate and seize new growth opportunities in Textile, Healthcare, Finance, Agro and Property, all of which account for 77% of Group revenue and 69% of EBITDA before depreciation and reorganisation costs at June 30, 2020. These will however not compensate for the severe financial blow dealt by the of our Hotels & Resorts cluster, which will continue to weigh heavily on the Group's overall performance this year. In these highly uncertain times, we are determined to continue to preserve cash, while making the most of our international footprint and strategic positions in growth segments. Our goal is to optimise capital allocation and emerge stronger from the pandemic.*"

CLUSTER REVIEW

Textile: The Textile cluster saw a major drop in its order books in the last quarter of the financial year ended June 2020 while some factories had to be temporarily closed in Madagascar and India during the lockdown period. With a trend towards remote work, there is a higher demand for casualwear at the cost of formalwear which is being negatively impacted (Woven segment). However, demand is picking up and order bookings are up particularly in the Knits and Knitwear segments as consumer spending recovers and economies reopen although COVID-19 is still putting retailers at risk as a second wave of the pandemic hits Europe. CIEL Textile has a competitive edge through its geographical diversification in Bangladesh, India and Madagascar and is well placed to benefit from new opportunities arising from the US-China trade dispute as orders are being redirected out of China to other regions.

Hotels & Resorts: The absence of any revenue, except for the minimal income generated by some resorts serving as quarantine centres since the phased re-opening of Mauritius borders in October, remains a challenge. SUN continues to monitor its cash flow situation closely and manages its working capital with government support measures such as the Wage Assistance Scheme, lines of credit from the Bank of Mauritius via commercial banks and a moratorium period on existing debt repayments. With no activity improvement expected in the coming quarters, the refinancing from commercial banks and financial assistance from the Mauritius Investment Corporation Ltd is expected to help SUN meet its short-term commitments.

Finance: Although the pandemic and the subsequent lockdown curtailed the banking and fiduciary operations of the Finance cluster, the June 2020 results displayed resilience despite the material impairment of a foreign non-performing loan recognised at Bank One level which impacted both the financial year ended June 2020 and the first quarter of this financial year. BNI Madagascar continued to progress satisfactorily as initiatives to mitigate the effects of COVID-19 were implemented. Macroeconomic conditions which prevail remain uncertain, but stress tests have been performed and contingency plans put in place to ensure credit, interest rate and liquidity risks are minimised.

Healthcare: With the ease of restrictions since June 2020 in Mauritius and since July 2020 in Uganda, occupancy rates and operations are better than prior year due to increased activities. The cluster remains focused on improving patient experience while ensuring continuous improvement in patient care as a leading healthcare provider in Mauritius.

Agro & Property: The Agro cluster has had limited exposure to the pandemic so far but there is a lot of uncertainty around Alteo Group's('Alteo') main sugar export market to date. In the first quarter ended September 2020, the cluster benefitted from a marked improvement of the sugar operations at Alteo driven by better sugar prices in Mauritius with the depreciation of the Mauritian rupee, a higher average price in Tanzania's domestic market and a much-improved production performance in Kenya. Higher property revenue in the quarter also boosted the Agro cluster's performance. The Property business has launched an Agri-Hub within its Ferney estate in the south-east of the island and has various other development projects in the pipeline to optimise CIEL Properties' portfolio.

KEY FIGURES

GROUP CONSOLIDATED REVENUE		GROUP EBITDA BEFORE IMPAIRMENTS AND REORGANISATION COSTS		GROUP (LOSS)/PROFIT AFTER TAX	
MUR 21.92 bn	MUR 4.63 bn	MUR 3.29 bn*	431 MUR M	(MUR 2.16bn)	(MUR 270M)
FULL YEAR	FIRST QUARTER	FULL YEAR	FIRST QUARTER	FULL YEAR	FIRST QUARTER
MUR 24.21bn 30 June 2019	MUR 6.27bn 30 Sep 2019	MUR 3.44bn 30 June 2019	MUR 728M 30 Sep 2019	(MUR 1.19bn) 30 June 2019	MUR 126 M 30 Sep 2019

*Has been positively impacted by adoption of IFRS 16 Leases MUR 495M

(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT		GROUP NAV PER SHARE	
(MUR 1.67bn)	(MUR 89M)	6.67 MUR	6.57 MUR
FULL YEAR	FIRST QUARTER	FULL YEAR	FIRST QUARTER
(MUR 0.86bn) 30 June 2019	MUR 73 M 30 Sep 2019	MUR 7.79 30 June 2019	MUR 6.67 30 Jun 2020

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About CIEL Limited:

CIEL is an international Mauritian Group, listed on the Stock Exchange of Mauritius and on the SEM Sustainability Index. The Group invests and operates in 6 strategic sectors, namely Agriculture, Finance, Healthcare, Hospitality, Property and Textile. Founded in 1912, CIEL is today present in more than 10 countries across Africa and Asia. It employs 32,000 talented individuals for an annual turnover of approx. MUR (21.92bn) at 30 June 2020.

Pour more info, visit www.cielgroup.com

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