

Financial Review

Group turnover for 2022 increased by MUR 381.6 million to MUR 6.6 billion, while Group profits for the year stood at MUR 1,049.5 million, an increase of MUR 732.8 million from a profit of MUR 316.7 million in 2021. All Group clusters posted improved results, apart than the Power cluster, which recorded an operational loss of MUR 77 million due to unprecedented increases in coal prices. This loss was mitigated by the share of the cluster's associate profit and a net reversal deferred tax provision. Overall, Group results were otherwise negatively impacted by total non-recurring items of MUR 94.8 million, caused by net unfavourable fair value movement on investments.

The net asset per share at 31 December 2022 was MUR 70.61, boosted by the increased Group net profits and the revaluation of land and buildings in 2022, that gave rise to a revaluation surplus of MUR 1.6 billion. The Group's balance sheet remains strong, with owners' interest at MUR 16.1 billion, Group gearing remaining at 22.7%, and interest cover (based on profit before finance costs) being 4.2 times as at year-end 2022. This financial position enables us to remain on the lookout to secure new investment opportunities.

Audit opinion

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 were audited by international auditors in Côte d'Ivoire. Our Group auditor, BDO & Co, did not receive in time sufficient comfort from the auditors of Sucrivoire S.A. and accordingly deemed it appropriate to qualify our 2022 audit report.

Sucrivoire S.A's share of net assets as at 31 December 2022 was MUR 557.9 million, representing 2.2% of Terra Mauricia's total assets, which was worth MUR 25.1 billion.

Group profitability boosted by the good performance of our Cane, Brands and Property and Leisure clusters

Gross profit for the Group increased by 31.2% to MUR 1.9 billion, while Group normalised EBIT increased by MUR 267.1 million to MUR 890.5 million. This increase is mainly attributable to improved profit contributions from our Cane, Brands and Property and Leisure clusters.

Our local sugar operations recorded a profit of MUR 501.2 million, driven by strong sugar prices of MUR 21,500 per tonne for the 2022 crop, coupled with improved operational efficiencies and cost of production. Our associate in Côte d'Ivoire recorded a fall in sugar production and a delay in the start of its sugar campaign 2022-2023. Moreover, repairs and maintenance costs were much higher than forecasted. The combination of these factors gave rise to a loss of MUR 126.1 M (2021: loss of MUR 130.0 million). The Cane cluster nevertheless posted an overall profit of MUR 329 million, compared to MUR 105.3 million in 2021.

The Power cluster recorded operational losses of MUR 77 million, caused by an unprecedented increase in coal prices that led to the declaration of Force Majeure Event in 2022 and limited the plant to operate during the crop season and produce electricity from *bagasse* only. However, the cluster's operational losses were offset by the share of its associate's profits of MUR 23.4 million and a net reversal of deferred tax provision of MUR 110 million. This led to a net profit of MUR 56.4 million, compared to a loss of MUR 384.4 million in 2021 (following an impairment of plant and machinery of MUR 535.9 million).

The Brands cluster increased profitability from MUR 136.5 million to MUR 199.9 million. This increase is mainly attributable to improved sales volumes and increased earnings derived from exports and regional operations.

The Property and Leisure cluster recorded improved revenue from land and property sales, higher property rental levels and consultancy fees, as well as a sustainable growth in leisure activities, which resulted in an after-tax profit of MUR 292.6 million compared to MUR 92.3 million in 2021.

At Group level, finance costs for the year stood at MUR 187 million, up from MUR 159.2 million, mainly due to increases in borrowing levels and borrowing costs. The share of profits from associates increased by MUR 30.5 million to reach MUR 321 million.

Group profits for the year amounted to MUR 1,049.5 million, while profit attributable to equity holders of the Company amounted to MUR 893.2 million in 2022, compared to MUR 462.3 million in 2021. This increase was attributable to higher profits generated in 2022 in entities where the Group holds a bigger stake, compared to 2021. Consequently, an earning per share of MUR 3.93 was recorded, an increase of 93.6% compared to the corresponding figure of MUR 2.03 last year.

	2022	2021		
	MUR' M	MUR' M	Change %	
Revenue	6,605.4	6,223.8	6.1%	^
Profit/(loss) before finance costs (EBIT)	783.0	164.1	377.1%	^
Adjusted for:				
Fair value gain/(loss) on non-current asset held for sale	94.8	(77.0)	223.1%	^
Impairment loss of non-financial assets	0.7	536.3	(99.9)%	v
Reversal of impairment loss on non-financial asset	12.0	-	100.0%	^
Normalised EBIT	890.5	623.4	42.8%	^
Profit after tax	1,049.5	316.7	231.4%	^
Earnings per share (EPS) *	3.93	2.03	93.6%	^
Net asset value per share (NAV) *	70.61	62.23	13.5%	^
Gearing **	0.227 : 1	0.228 : 1		^
Dividend per share *	1.00	0.85	17.6%	^

* Values are shown in MUR

** Debt/(Debt + Equity)

Financial Review (Cont'd)

Strong balance sheet maintained, and increased dividends paid

The Group invested an additional MUR 383.6 million in property, plant, and equipment to maintain and improve plant operational efficiencies. Our investments in associates and financial assets are fair valued, using the mark-to-market method for all quoted investments, and discounted cash flow (DCF) valuation principles, where appropriate.

Our investment portfolio decreased by MUR 99.6 million to MUR 4.2 billion, and our total assets reached MUR 25.1 billion.

Owners' interest increased by MUR 1,908.7 million to MUR 16.1 billion, mainly due to the revaluation surplus of MUR 1.6 billion on land and buildings in 2022 and increased profitability.

Group net debt amounted to MUR 4 billion, an increase of 9.4% over 2021. Net debt to equity is at 24% and remains low in terms of the overall Group's borrowing capacity.

Net asset value increased by MUR 8.38 per share to MUR 70.61 per share. Market capitalisation of the Group stood at MUR 6 billion at 31 December 2022. The Company paid an increased dividend of MUR 1.00 per share to its shareholders.

Salient cash flow movements

Cash from operating activities, including dividends received from associates and working capital movements, amounted to MUR 721.5 million while net cash used in investing activities stood at MUR 734.4 million. The investments were mainly in property, plant, and equipment (MUR 383.6 million), purchase of investment properties (MUR 416.6 million), and intangible assets acquired (MUR 19.2 million).

Terra also applied funds towards equity investments in Inside Equity Fund (MUR 17.3 million).

Cash inflows were mainly derived from proceeds realised on the sale of land (MUR 75.3 million) and fixed assets (MUR 5.5 million). Other cash inflows consisted of proceeds on sale of investment properties (MUR 9.8 million), interest received and minor other proceeds (MUR 11.7 million).

The net cash from financing activities amounted to MUR 243.8 million; this consisted mainly of funds raised from financial institutions (MUR 495.6 million net of repayments), which were used to finance investment projects and acquire investments. Overall dividends to Terra and the minority shareholders of its subsidiary companies amounted to MUR 251.8 million, compared to MUR 219.7 million last year.

After taking into consideration the above transactions, overall cash and cash equivalents increased by MUR 230.9 million and stood at MUR 683.9 million.

Outlook for 2023

According to the IMF, global growth is projected to slowdown from 3.4% in 2022 to an estimated 2.9% in 2023 and then rebound to 3.1% in 2024. In Mauritius, assuming the constant recovery in the tourism sector, GDP is forecasted to grow by 5.4% this year. The World Bank also estimates that Mauritius will have a growth rate of 5.5% in 2023 and 4.2% in 2024 against 5.8% in 2022.

The ongoing conflict between Russia and Ukraine will continue to cause volatility in world prices of various raw materials, and give rise to inflationary pressures. In those circumstances, it is difficult to assess with reasonable certainty its severity, how long it will last and how consumption patterns will evolve during this trying period.

Most of our clusters are expected to post similar results in 2023 as achieved in 2022. The main associates' results are also forecasted to improve in 2023.

The Group balance sheet remains strong, with owner's interest at MUR 16.1 billion and Group gearing at 22.7%, with interest cover (based on profit before finance costs) being 4.2 times at end of December 2022. The Group remains on the lookout for new investment opportunities that could potentially arise.

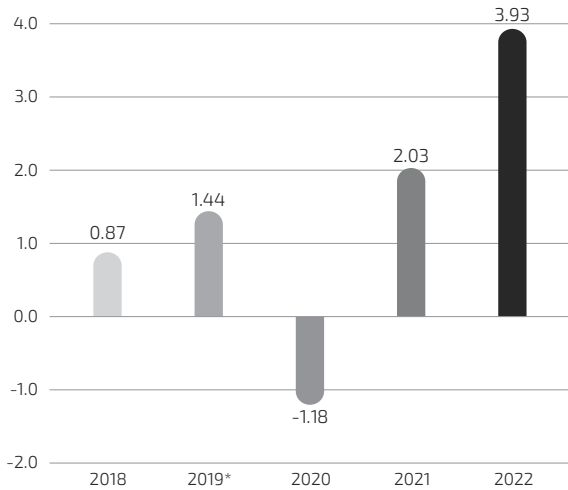
I wish to thank the Board and my colleagues on the Executive and Finance team for their valuable contribution during these difficult and changing times.



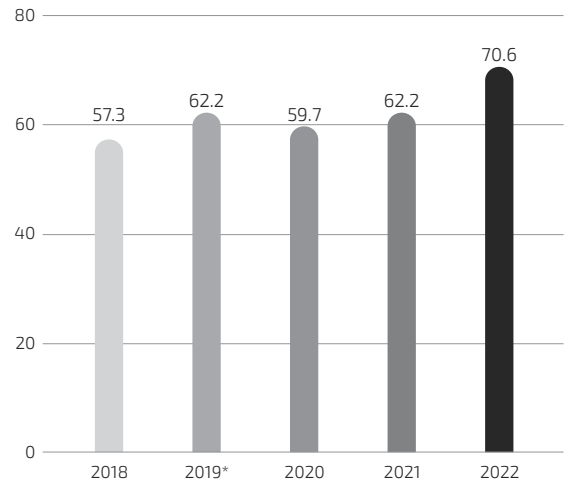
Henri Harel
Group Chief Finance Officer

14 June 2023

Earnings per Share (MUR)

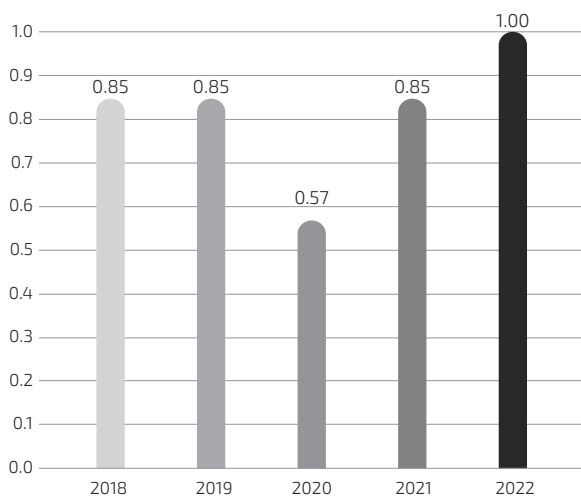


Net Assets per Share (MUR)



*The 2019 figures have been restated

Dividend per Share (MUR)



Total Wealth Distribution (MUR'M)

