

CIEL Half-Year December 2017 Results

Analyst meeting | 19 February 2018



AGENDA

1. Highlights
2. Financial Results
3. Focus on CIEL Textile
4. Moving Forward



MAJOR STRATEGIC EVENTS

Reopening of Kanuhura Resort and Spa ('Kanuhura') within Sun Limited ('SUN')

Acquisition of **Wellkin Hospital ('Wellkin')** within the Medical and Surgical Centre Limited Group ('MSCL')

Stake in **CIEL Textile Limited ('CTL')** increased from 56.31% to 88.48% following the Voluntary Takeover Scheme

MUR 1.86bn raised by SUN through a rights issue and a private placement; **CIEL's majority in SUN share ownership at 50.10%**

Reopening of **La Pirogue** within SUN after renovations

Issue of **MUR 1.27bn secured notes** at a weighted average yield of **4.42% p.a.**, rated as **CARE MAU AA** (Stable) by CARE Ratings announced

December 2016



January 2017



August 2017



February 2018



KEY FIGURES

QUARTERLY

GROUP CONSOLIDATED REVENUE	GROUP EBITDA	GROUP PROFIT AFTER TAX	PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT
▲ 5.94 MUR bn	▲ 1,114 MUR M	▲ 631 MUR M	▲ 296 MUR M
MUR 5.16 bn - 31 December 2016	MUR 1,062 M - 31 December 2016	MUR 569 M - 31 December 2016	MUR 257 M - 31 December 2016

HALF-YEARLY

GROUP CONSOLIDATED REVENUE	GROUP EBITDA	GROUP PROFIT AFTER TAX	PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	COMPANY NAV PER SHARE
▲ 11.45 MUR bn	▼ 1,517 MUR M	▼ 605 MUR M	▲ 284 MUR M	▼ 8.76 MUR
MUR 10.04 bn - 31 December 2016	MUR 1,544 M - 31 December 2016	MUR 671 M - 31 December 2016	MUR 268 M - 31 December 2016	MUR 9.37 - 30 June 2017

- The figures presented for the half-year ended 31 December 2017 are not directly comparable with prior year given the changes in scope following the acquisition of **Wellkin**, the increased stake in **CIEL Textile** and the lower stake in **SUN**
- Profit attributable to owners of parent company reflecting turnaround at **SUN** and increased stake in **CIEL Textile**

SUMMARISED GROUP INCOME STATEMENT

Half-Year December 2017	% change
Revenue	14%
EBITDA	(2%)
Depreciation and amortisation	29%
Finance costs	24%
Share of results of Joint Ventures	99%
Share of results of Associates	(34%)
Profit before Tax	(10%)
Profit Attributable to owners of parent	6%
Earnings Per Share	-

Growth in the revenue of **SUN**'s resorts
 Consolidation of **Wellkin**
 Positive contribution from the **Textile** and **Finance** clusters

Lower performance of **Woven segment of CTL**
 Operations of **Wellkin**
 Partially mitigated by 29% rise in the EBITDA of **SUN**

Higher asset base in the **Hotels & Resorts cluster**
 Consolidation of **Wellkin**
 Amortisation of a new banking software at **BNI Madagascar** level

Acquisition of **Wellkin**
 Various working capital requirements of the **Textile cluster**
CIEL's voluntary takeover of CTL
 Subscription to SUN's rights issue

Improvement in results of **Bank One** and **Anahita Golf Spa & Resort**

Lower results of **Alteo Limited** (Operational challenges in Kenya and lower sugar price in Mauritius)
 Fall slightly mitigated by the better performance of **Hygeia Nigeria Limited** ('HNL')

Reduced contribution from the **Woven segment of CTL** and the **Healthcare cluster**

Turnaround at **SUN** and increased stake in **CTL**

GROUP FINANCIAL RESULTS



INVESTMENT PORTFOLIO

CIEL Textile Limited

- ↑ CIEL's stake 56.31% to 88.48%
- Valued at latest transaction price of MUR 50

Sun Limited – NAV

- ↑ 30 Jun 2017 MUR 59.37
- 31 Dec 2017 MUR 53.69
- Dilution effect – Private Placement & Rights Issue
- Half Year Profits

Finance

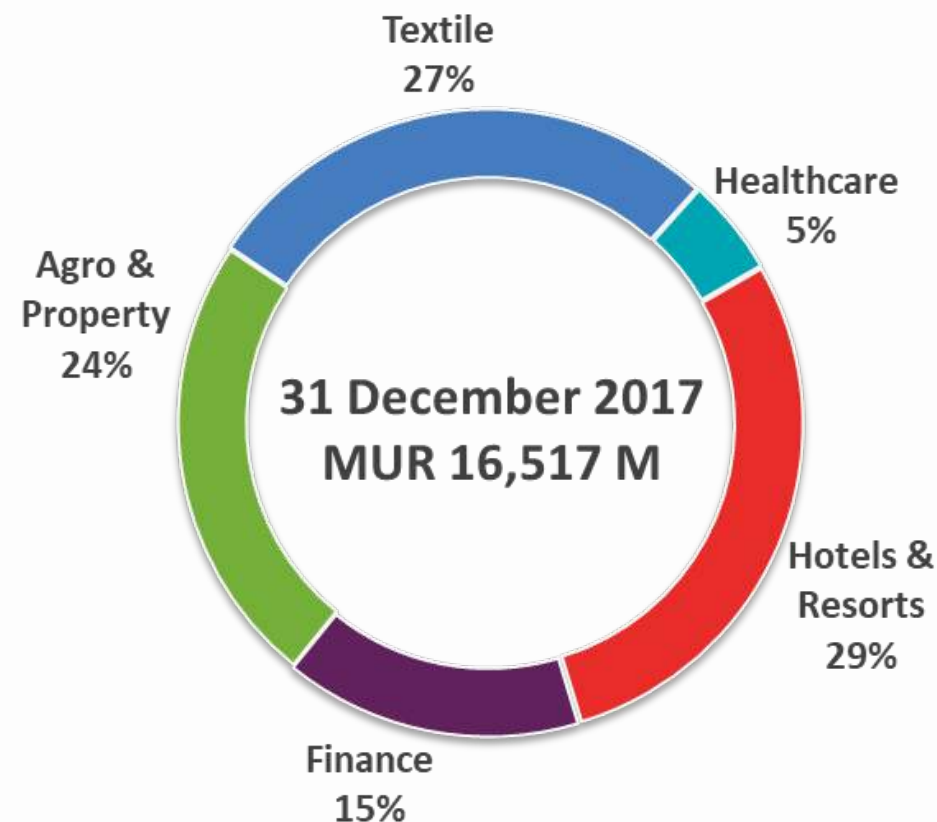
- ↑ Improvement in NAV & Profits of Bank One

Alteo Limited – Share Price

- ↓ 30 Jun 2017 MUR 34.25
- 31 Dec 2017 MUR 29.50

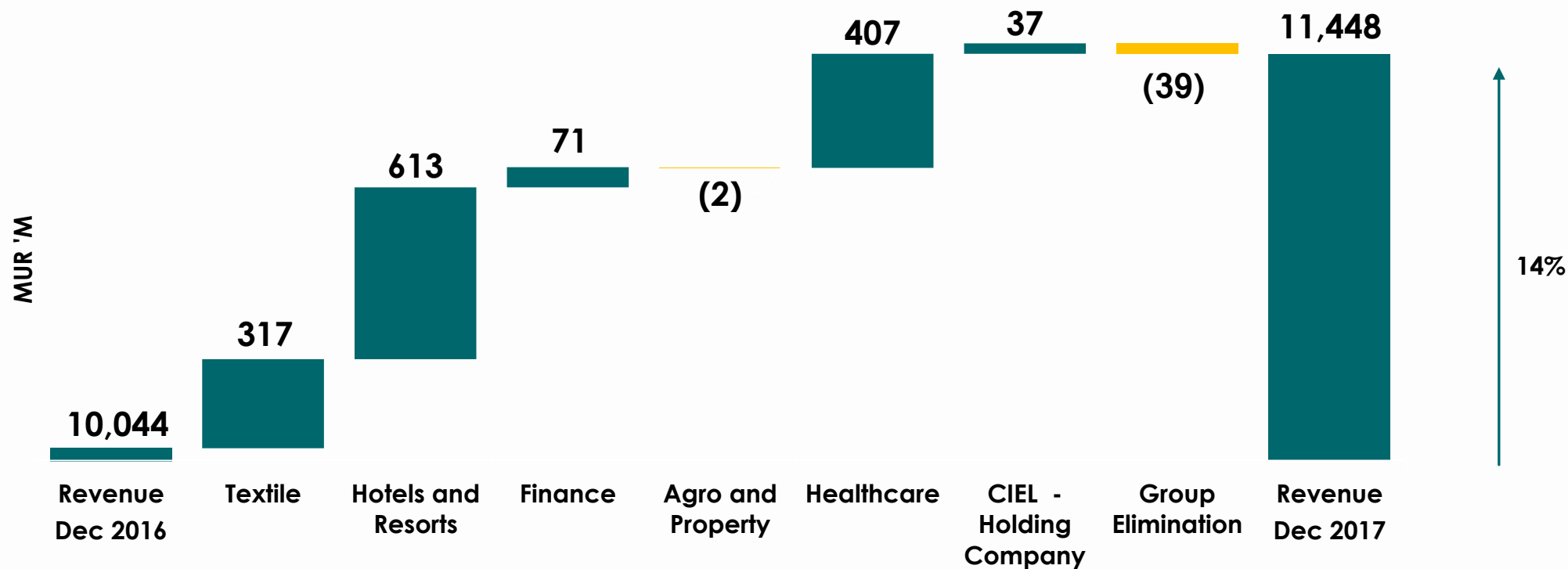
Healthcare

- ↓ Lower performance & fall in market multiples of investee companies (unquoted)
- **MSCL – Share Price**
 - 30 Jun 2017 MUR 3.40
 - 31 Dec 2017 MUR 3.20

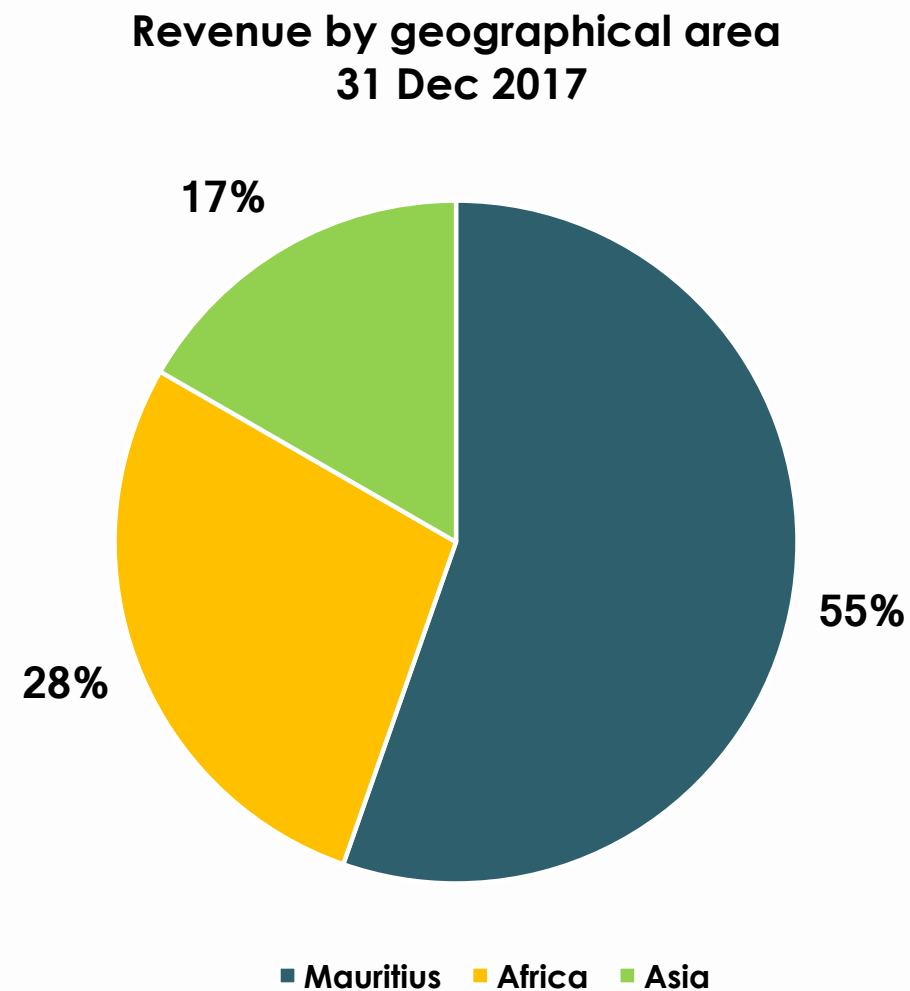
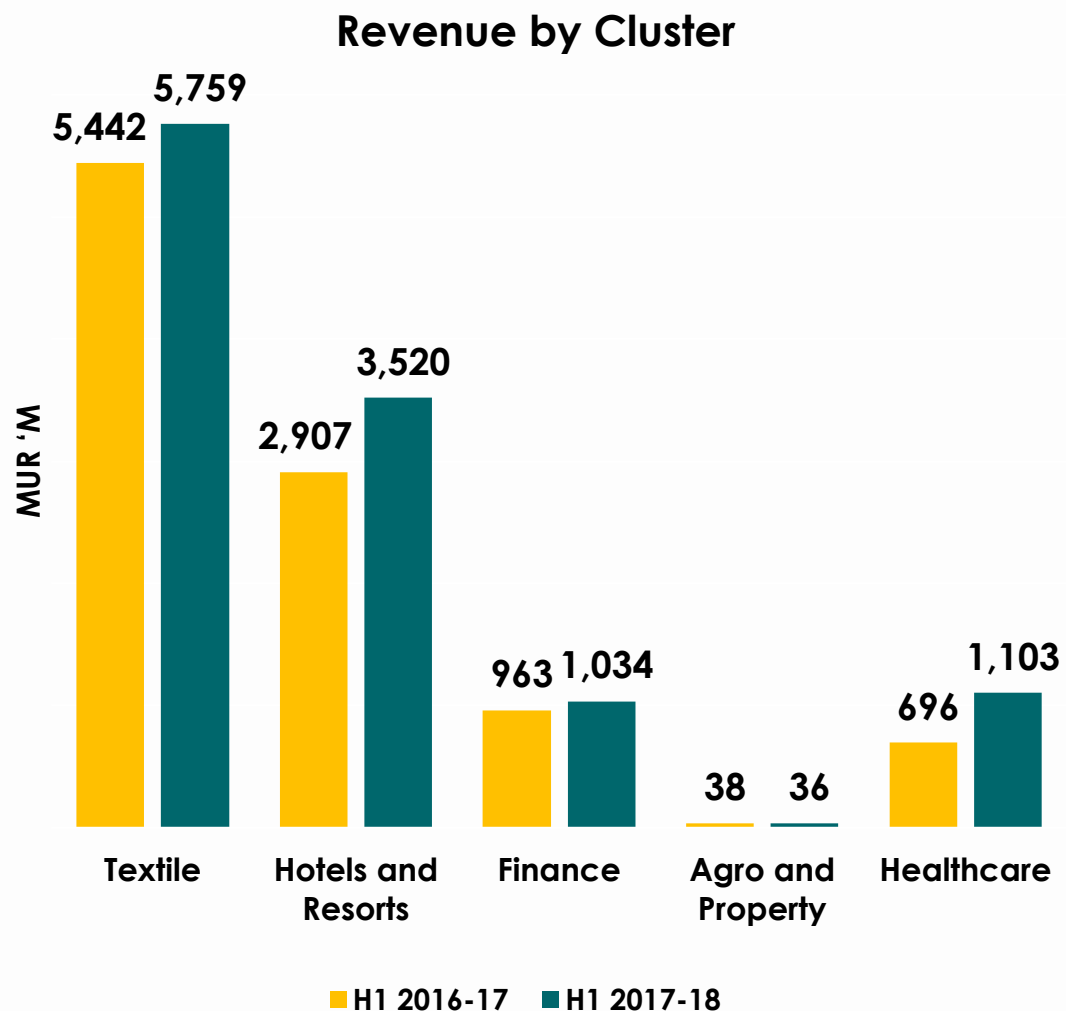


Growth of MUR 1,235M in investment portfolio over semester (MUR 15,282M as at 30 June 2017)

MOVEMENT IN GROUP CONSOLIDATED REVENUE FOR THE HALF YEAR TO DEC 2017

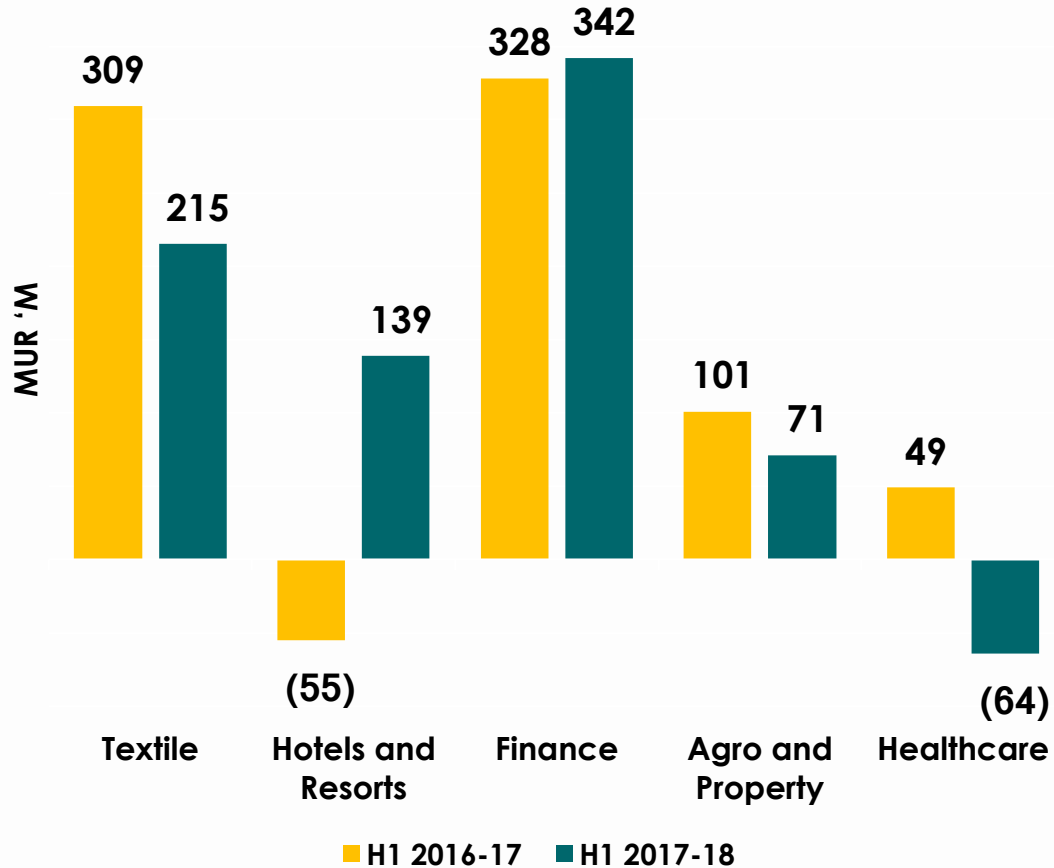


BREAKDOWN OF GROUP REVENUE BY CLUSTER AND REGION

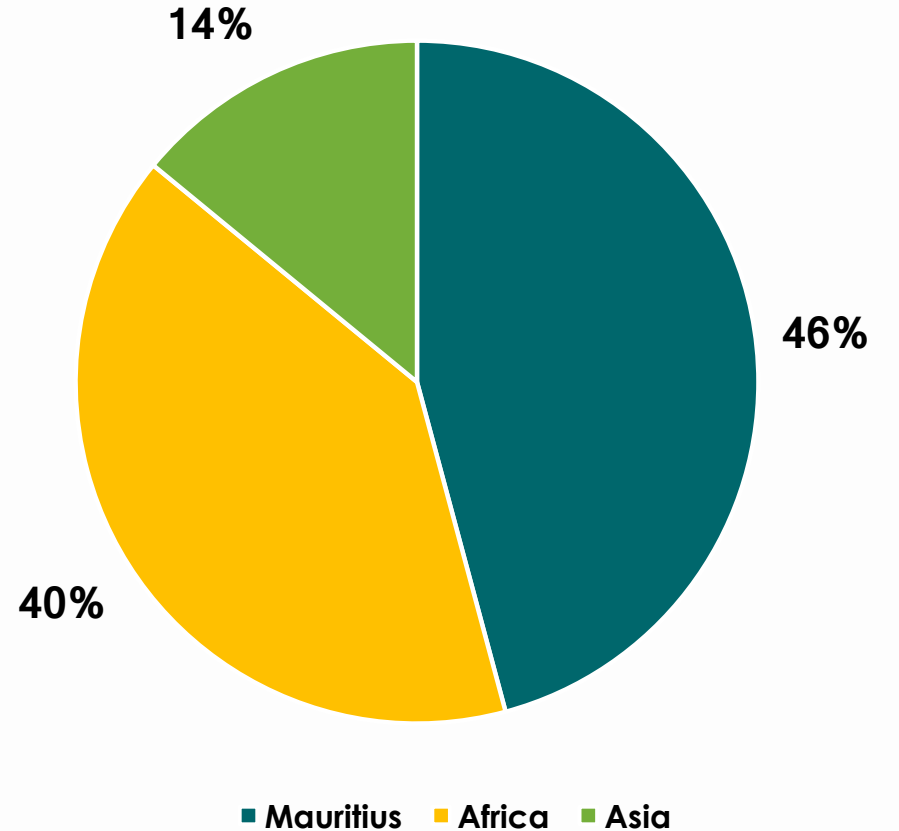


BREAKDOWN OF GROUP PROFITS BY CLUSTER AND BY REGION

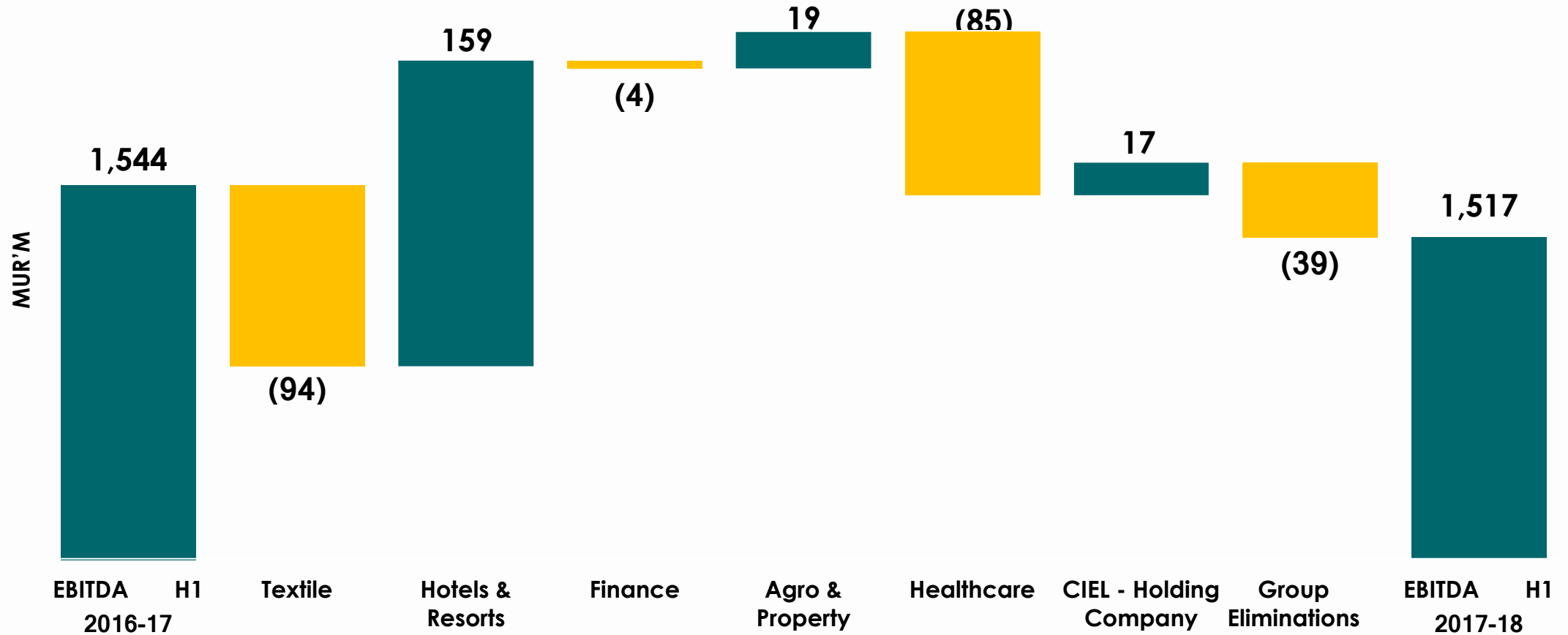
Profit after Tax by Cluster



Profit after Tax by geographical area
31 Dec 2017

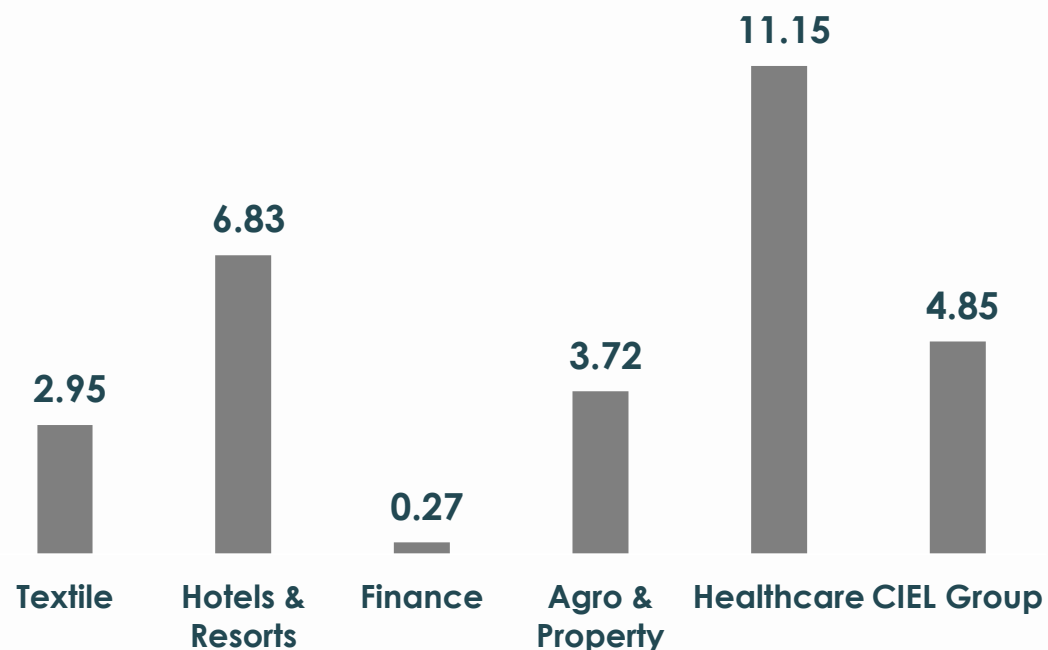


MOVEMENT IN EBITDA FOR THE HALF YEAR TO DEC 2017

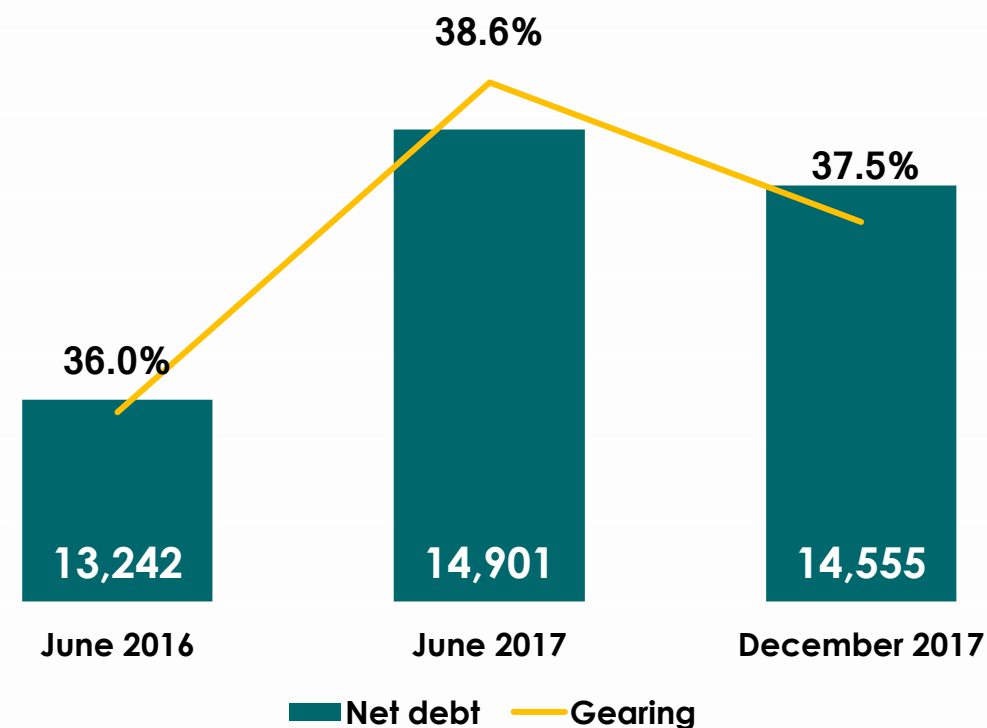


FINANCIAL STRUCTURE

Debt/EBITDA Multiple as at
31 December 2017



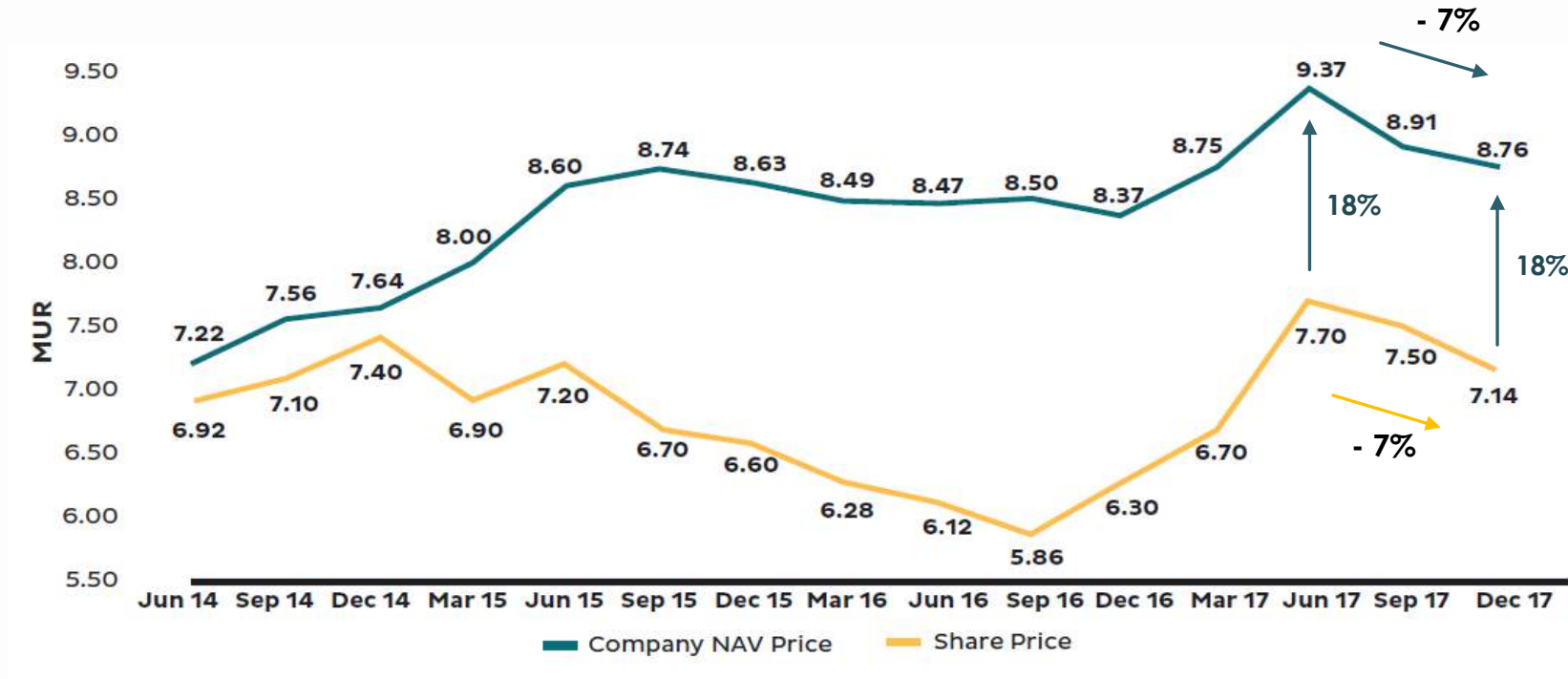
CIEL Net Debt & Gearing



*Gearing = Debt / (Debt+Equity)

SUN's Rights Issue and Private Placement

SHAREHOLDERS' RETURN AS AT 31 DEC 2017



Share price discount to NAV stable at 18% at 31 December 2017

Share price since December 2017: up by 5.0% to MUR 7.50 on 15 Feb '18

CLUSTERS REVIEW



CIEL FINANCE

Key figures (MUR 'M)			
Half-Year	Dec 2017	Dec 2016	Change
Revenue	1,034	963	71
EBITDA	384	388	(4)
<i>EBITDA margin</i>	37.1%	40.3%	-3.2 pts
Profit after Tax	342	328	14

Bank One:

- Improving portfolio and recovery from Non-Performing Loans
- Renewed momentum on all business lines despite difficult local banking environment

BNI:

- New core banking system and mobile banking offering

MITCO:

- Competitive environment
- New software

CIEL AGRO & PROPERTY

Key figures (MUR 'M)			
Half-Year	Dec 2017	Dec 2016	Change
Revenue	36	38	(2)
EBITDA	40	21	19
EBITDA margin	111%	55%	+56 pts
Share of results of associate	49	94	(45)
Profit after Tax	71	101	(30)

Ferney – Realised gain on sale of land explaining the rise in EBITDA

Drop in Alteo's results:

- Lower sugarcane availability in Kenya
- Lower sugar price in Mauritius

Partially mitigated by:

- Continued strong performance of sugar operations in Tanzania
- Gain on sale of land in Mauritius

CIEL HOTELS & RESORTS

Key figures (MUR 'M)			
Half-Year	Dec 2017	Dec 2016	Change
Revenue	3,520	2,907	613
EBITDA	669	510	159
EBITDA margin	19.0%	17.5%	+1.5 pts
Non-recurring Items	-	(124)	124
Profit after Tax	139	(55)	194

Half-Year Results:

- 19% in average daily rate (ADR) and 16% in revenue per available room (RevPAR)
- Lower finance costs from the capital injection and the absence of closure costs
- Repositioning of **Kanuhura, Maldives** in luxury segment improving with strong ADR. Occupancy rate below expectations.

Good December 2017 quarter for managed resorts:

- 21% year on year increase in ADR to MUR 11,098
- Continually high occupancy rate of 87%

CIEL HEALTHCARE

Key figures (MUR 'M)			
Half-Year	Dec 2017	Dec 2016	Change
Revenue	1,103	696	407
EBITDA	31	116	(85)
<i>EBITDA margin</i>	2.8%	16.7%	-13.9 pts
Profit after Tax	(64)	49	(113)

Continuous improvement of **Wellkin** since acquisition. Though still loss-making, Wellkin is on target.

IMG (Uganda) impacted by losses of insurance business arm due to a rise in the claims ratio weighing on results. New CEO appointed.

Hygeia Nigeria Limited has generated positive returns with more stable revenue streams and parity of Nigerian Naira

Focus on CIEL TEXTILE



Ciel Textile

3 clusters



WOVEN



FINE KNITS



KNITWEAR

88.48%

CIEL group ownership

Vertically Integrated
Floreale Knitwear Ltd
Tropic Knits Group
Aquarelle Group

Exports

34 Million

GARMENTS

annually to
Europe, India,
South Africa
and USA

Over

20,000

employees

20 productions units

Mauritius



Madagascar



India



Bangladesh



Listed on the

DEM
SEMSI



OUR VALUE PROPOSITION

Ciel Textile

High quality
designed
products



Deliver unbeatable
value to **medium**
and upmarket
retailers

Vertically
Integrated
Business across
3 Business clusters



Competitive price



Duty free access
to EU and US from
Mauritian and
Malagasy markets



Multi-location
sourcing platforms

SOME OF OUR CLIENTS



Woven

J Crew
 Levi's
 The Men's Wearhouse
 Polo Ralph Lauren
 Untuckit
 Esprit
 Massimo Dutti
 Super Dry
 Fat Face
 Thomas Pink
 Suit Supply Woolworth
 Cape Union



Fine Knits:

Asos
 Zalando
 Cape Union Mart
 Puma
 Levi's
 Markham
 Woolworth
 Edgard's
 Emporio Armani
 Jules



Knitwear:

Marks & Spencer
 Lyle & Scott
 John Lewis
 Celio
 Galeries Lafayette
 Woolworth
 Pringle
 Gazman
 Next
 Betty Barclay

FINANCIAL PERFORMANCE

Key figures (MUR 'M)			
Half-Year	Dec 2017	Dec 2016	Change
Revenue	5,759	5,442	287
EBITDA	439	533	(94)
EBITDA margin	7.6%	9.8%	-2.2 pts
Profit after Tax	215	309	(94)

Woven cluster -

- Pressure on margins:
 - Negative exchange rate fluctuations
 - Reduction in export subsidies from Indian operations
 - Very competitive market environment

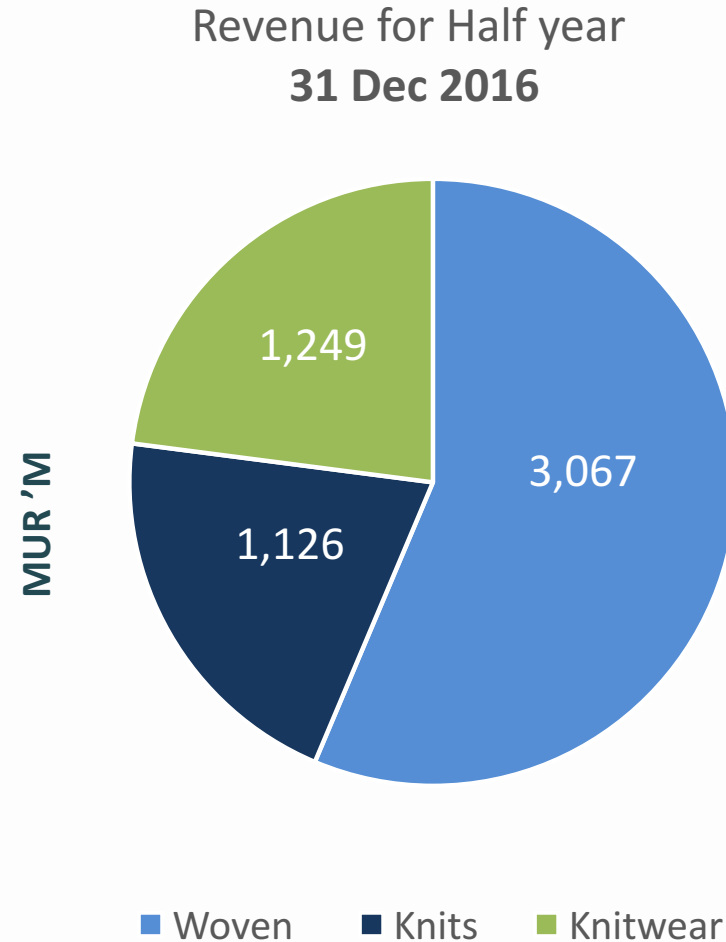
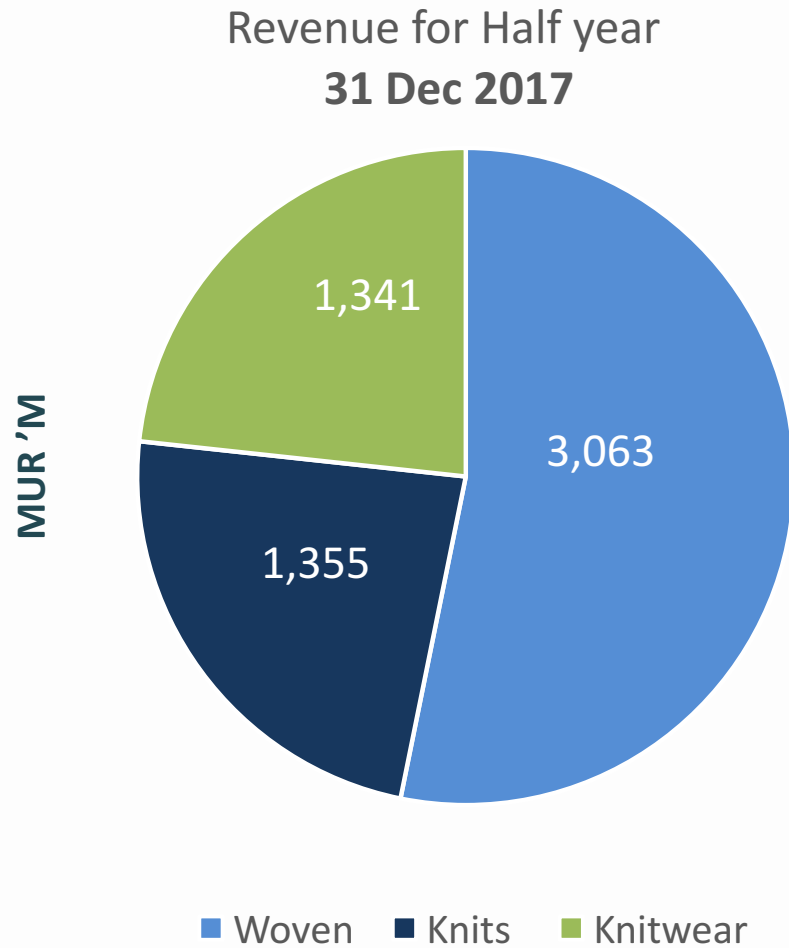
Knits cluster -

- Relatively good performance in Mauritius and Madagascar
- Results negatively impacted by recently launched operations in Coimbatore, India

Knitwear cluster -

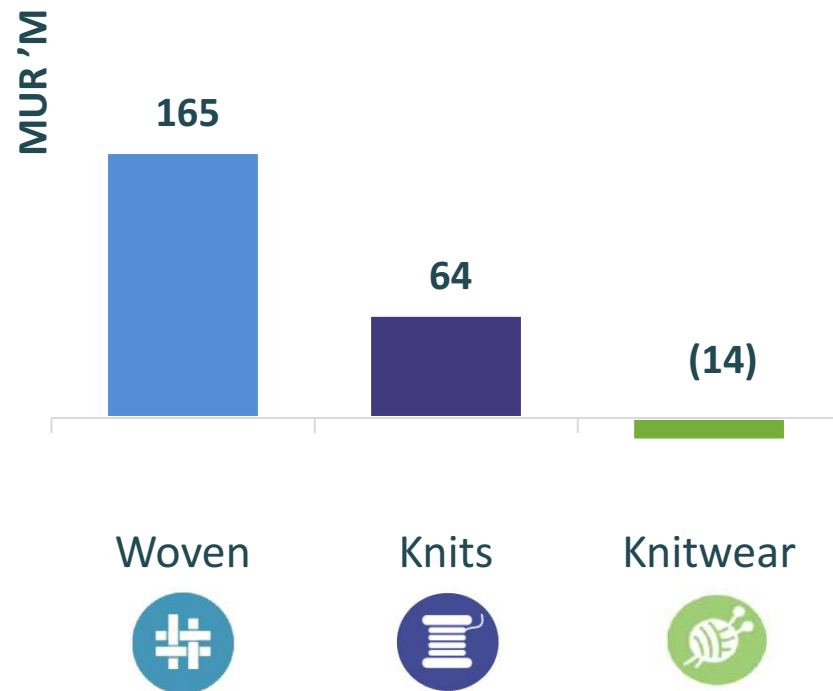
- Floreal Knitwear's new industrial plant in Antsirabe, Madagascar
- Gaining momentum and operation in Bangladesh

HALF-YEAR BREAKDOWN OF CLUSTERS' REVENUE

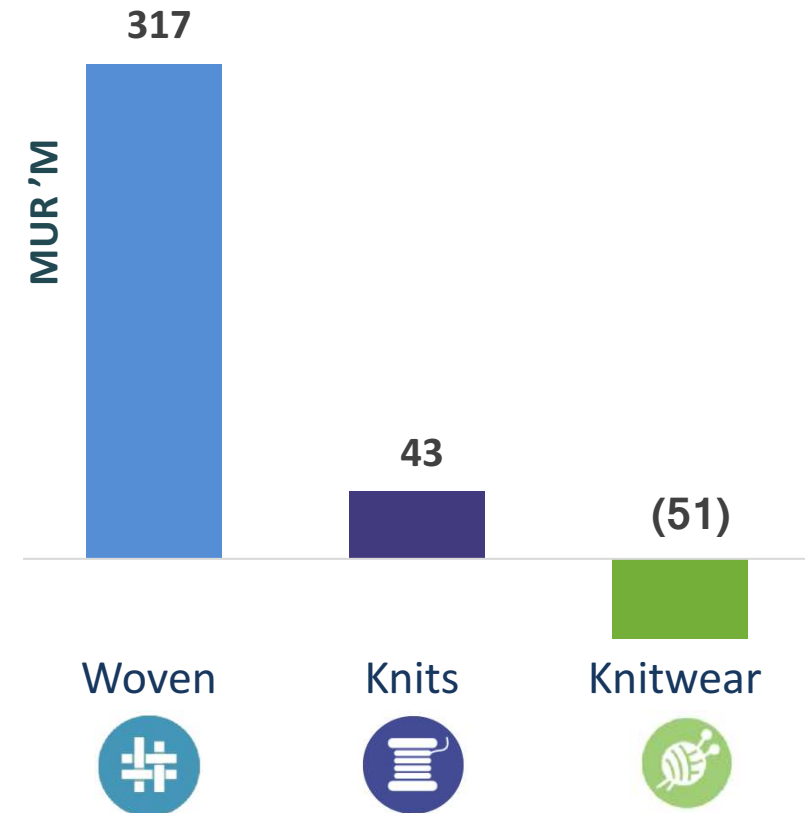


HALF-YEAR BREAKDOWN OF CLUSTERS' PAT

PAT for Half-Year
December 2017



PAT for Half-Year
December 2016



OPERATIONAL FOCUS



- Tropic Knits in **India**: New leadership team
- Knitwear at **Antsirabe (Madagascar)**: Significantly improved & stabilised
- **Competitiveness** at large
Automation process at Tropic Knits that will increase agility and competitiveness
- **Increase speed to market**
- Launch **new factory** for Aquarelle in India

TRANSFORMATIONAL EFFORTS

- 
- **Constantly improve customer experience**
Investment in Front-End, digital tools facilitating interaction with customers
 - **Ongoing sustainability journey**
Member of Sustainable Apparel Coalition
 - Invest in **Design capabilities**
“Design to box” partner
– from manufacturer to fashion designer
 - Shift from traditional retailers customer base to **e-commerce players**
 - Leverage **Emerging to Emerging** Market Business
Growing Indian/Asian market
 - **Invest in Talent Management**
361 Leadership & Management Academy

LOOKING AHEAD



SOME GOOD PROGRESS AND ACHIEVEMENTS THIS SEMESTER

- SUN's turnaround
 - Rate repositioning
 - Long Beach and Ambre repositioning
 - La Pirogue reopening
 - Kanuhura repositioning in luxury segment
- Good performance from CIEL Finance cluster
 - Bank One
 - Progress of retail banking at BNI and launch of mobile banking
- Progress in terms of reorganisation at Wellkin Hospital
- Progress of Tropic Knits and Floreal Knitwear regional operations

KEY ISSUES STILL IMPACTING OUR PERFORMANCE

OPERATIONAL ISSUES

- Floreal Knitwear operation in Antsirabe, Madagascar
- Tropic Knits operation in India
- Kanuhura's reopening
- Wellkin Hospital
- IMG in Uganda
- Lack of sugar cane availability for Alteo in Kenya

OPPORTUNITIES

- Strong potential of expanding our banking opportunity
- Wellkin Hospital's turnaround
- Optimisation of SUN's performance
- CTL Indian platform
- Full emergence of the Madagascar industrial activities

WE REMAIN FOCUSED ON THE EXECUTION OF OUR MEDIUM-TERM STRATEGY

Catalyst and growth accelerator across clusters

1. Drive operational excellence
2. Consolidate and leverage our strong international footprint in emerging economies
3. Focus on customer experience and satisfaction to drive our businesses
4. Foster additional value through existing assets

Optimise revenue, EBIDTA and profit attributable from existing asset base

THANK YOU

Question Time

