

MEDINE GROUP

FY 2018/19

FINANCIAL RESULTS

SEPTEMBER 23, 2019

MEDINE
living better

INVESTOR UPDATE

Thierry Sauzier
Chief Executive Officer

We made significant progress in 2019, as evidenced by the turnaround in profitability

FINANCIAL YEAR 2019 vs 2018

REVENUE

1.8bn ↑ 2018
55m

ADJUSTED EBITDA

659m ↑ 2018
537m

PROFIT AFTER TAX

269m ↑ 2018
1.1bn

PROPERTY PORTFOLIO

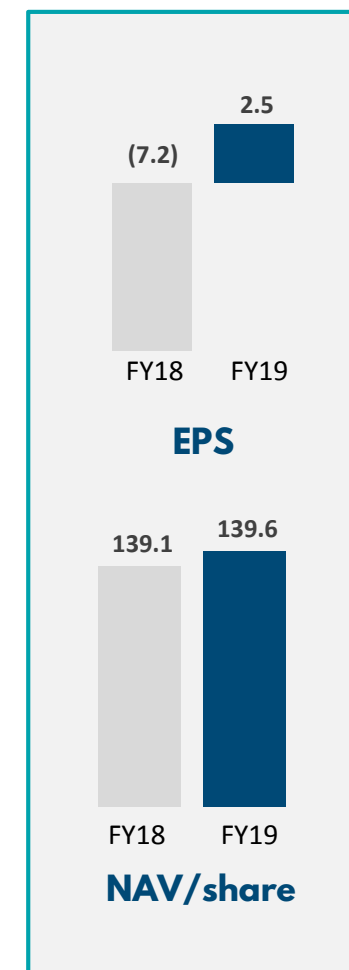
4.2bn ↑ 2018
563m

TOTAL ASSETS

22.7bn ↑ 2018
930m

GEARING

29.0% ↑ 2018
4.3 %

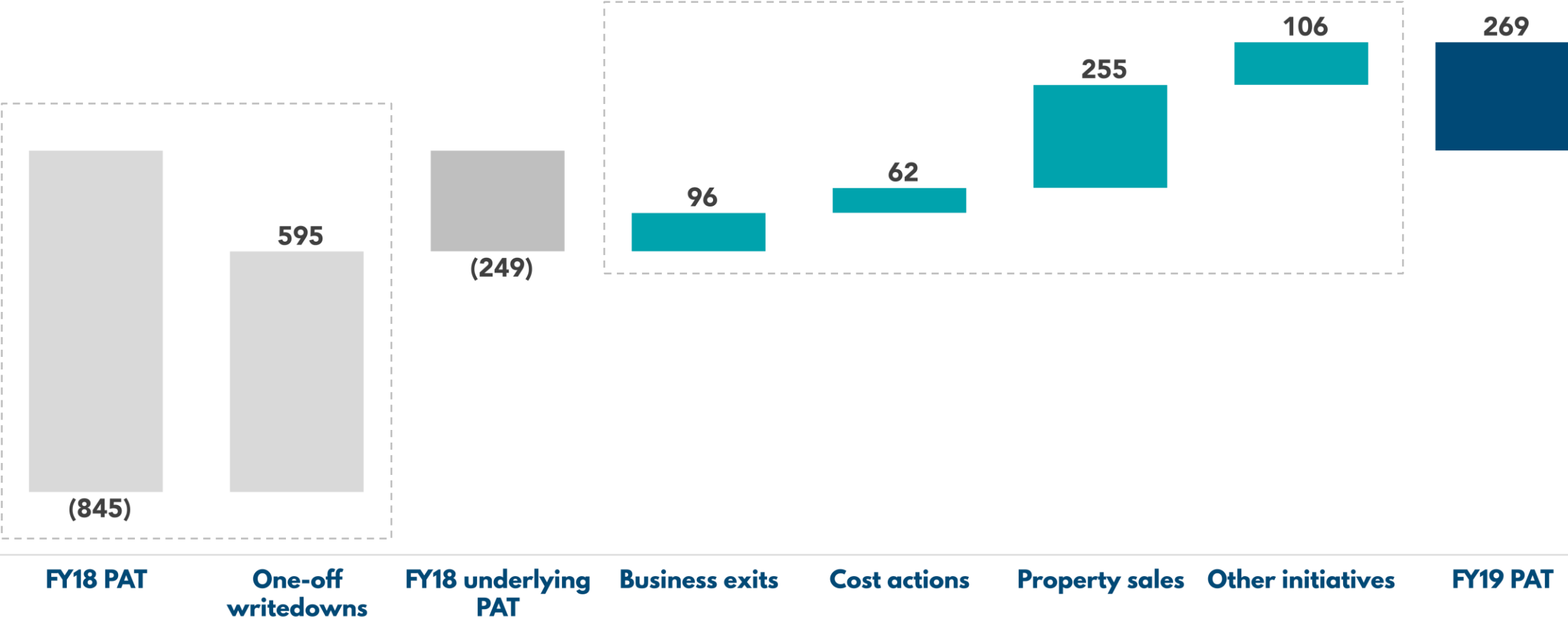


Note:

- (1) Consolidated figures comprise continuing and discontinuing operations
- (2) Adjusted EBITDA excludes fair value gains and impairment losses

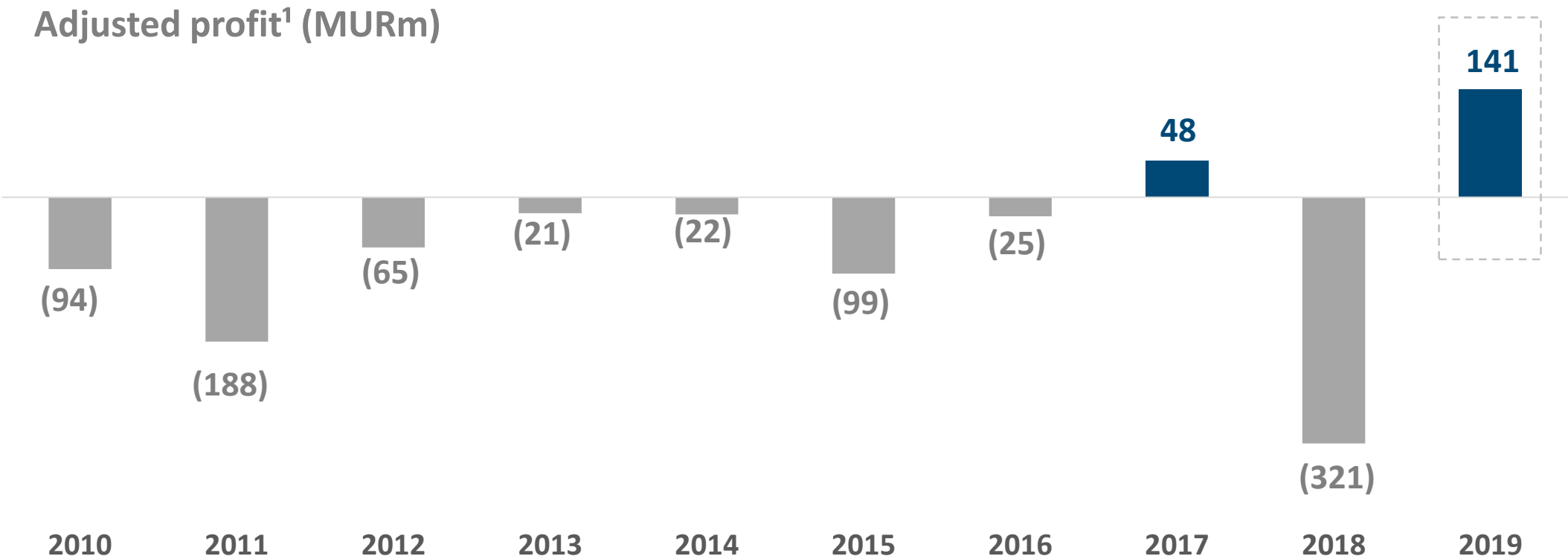
Underlying performance improved by half a billion, driven by decisive management actions and property focus

MURm



FY19 is a marked step change from prior years

Excluding accounting one-offs and fair value adjustments, our full year 2019 performance reflect the impact of restructuring action undertaken.



Note:
(1) Group net profit/(loss) adjusted for fair value gain/(loss) on investment property, impairment losses, fair value changes of biological assets, and gain/(loss) on disposal of investment in associate/subsidiary

2018/19 FINANCIAL REVIEW

Dhiren Ponnusamy
Chief Operating Officer

Our 2019 performance was underwritten by bold actions on costs and disciplined property sales execution

INCOME STATEMENT

| MURm | FY 2019 | FY 2018 | ▲ |
|------------------------------------|------------|--------------|--------------|
| Revenue | 1,758 | 1,704 | 55 |
| of which, continuing activities | 1,306 | 1206 | |
| Operating costs | (1,808) | (2034) | 226 |
| Profit on land sale | 440 | 185 | 255 |
| Net fair value and asset movements | 96 | (452) | 549 |
| Other gains | 95 | 30 | 65 |
| Net finance costs | (323) | (266) | (56) |
| Income tax charge | 10 | (11) | 21 |
| Profit after tax | 269 | (845) | 1,113 |

BALANCE SHEET

| MURbn | FY 2019 | FY 2018 | ▲ |
|-------------------------------------|-------------|-------------|------------|
| Non-Current assets | 21.5 | 20.9 | 0.6 |
| of which, land | 14.4 | 14.6 | |
| Current Assets & Others | 1.2 | 0.9 | 0.3 |
| Total assets | 22.7 | 21.8 | 0.9 |
| Total debt | 6.6 | 5.4 | 1.2 |
| of which, long term | 5.7 | 2.7 | |
| Other liabilities and NCI | 1.5 | 1.8 | (0.3) |
| Equity | 14.7 | 14.6 | 0.0 |
| Total equity and liabilities | 22.7 | 21.8 | 0.9 |

The positive momentum across all clusters is encouraging and validates our refreshed strategy

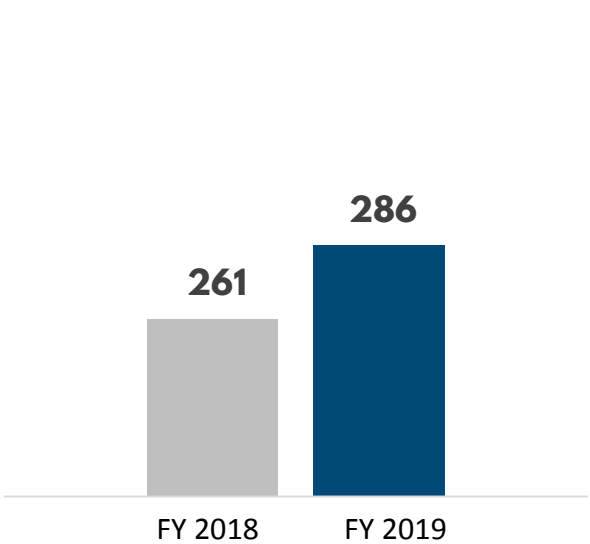
| MURm | FY 2019 | FY 2018 | ▲ |
|-------------------------|----------------|----------------|--------------|
| Property | 520 | 85 | 434 |
| Agriculture | (78) | (680) | 602 |
| Leisure | (21) | (55) | 34 |
| Education | (27) | (36) | 9 |
| Others | (126) | (160) | 34 |
| Profit after tax | 269 | (845) | 1,113 |

Highlights

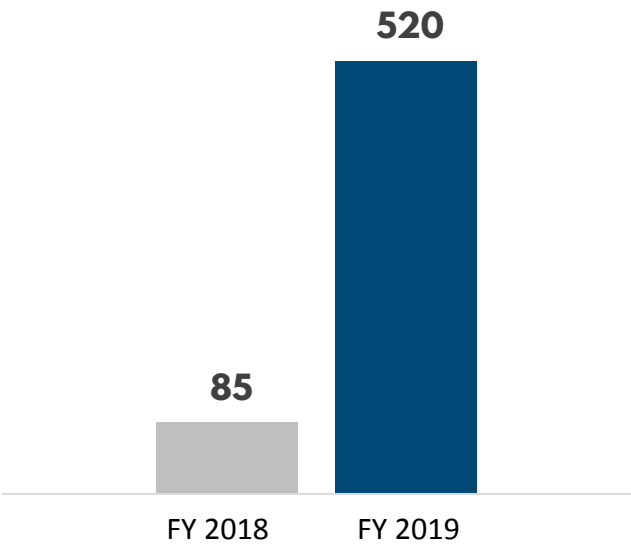
- Successful execution of the property sales pipeline and higher EBITDA on the real estate portfolio driving profits
- Costs restructuring paying off with Agriculture losses significantly curtailed
- Leisure results were below our expectations but Casela saw growth in visitor numbers. Concorde has contributed to the bottom line results this year
- Education losses reduced and the Group remains committed to invest in this Cluster

Profits in our Property cluster grew sixfold on the prior year with rental income growing double digit

Revenue



Profit after tax



ACTUAL
vs LY

↑ 10%

↑ 508%

| Key metrics | 2019 | 2018 | ▲ |
|-------------------------------|------|------|---|
| Real estate portfolio (MURbn) | 4.2 | 3.6 | ↑ |
| RE EBITDA (MURm) | 215 | 140 | ↑ |
| Rental Income Yield (%) | 8.5% | 9.0% | ↓ |
| EBITDA Yield (%) | 6.0% | 7.1% | ↓ |

The property cluster delivered a solid performance and is set to remain the key pillar of the Group

| MURm | Income | |
|------------------------------------------------|------------|---------|
| | FY 2019 | FY 2018 |
| Shopping malls | 113 | 104 |
| Offices | 75 | 44 |
| Education properties | 56 | 29 |
| Remaining portfolio | 110 | 89 |
| Build & Lease portfolio¹ | 354 | 265 |
| Net revenue excluding intragroup | 286 | 261 |
| Memo: | | |
| Land sales² | 677 | 367 |
| of which profit on land sales | 440 | 185 |

Note:

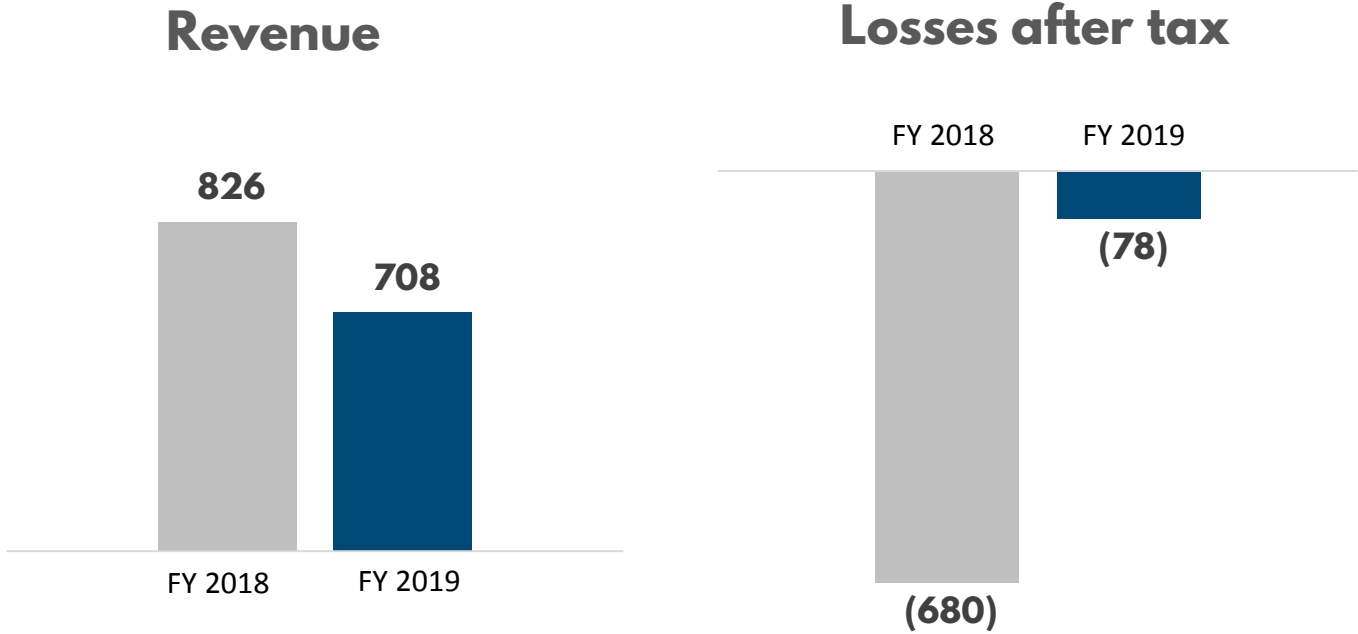
(1) Revenue includes intragroup transactions

(2) These represent proceeds from land sales excluding those made to Group companies

Performance highlights

- Property sales of MUR 677m translated into profits of MUR 440m, through a combination of morcellements and bulk sales
- The Group acquired 100% of Cascavelle Shopping Mall, which underwent a foodcourt renovation in the year
- Cascavelle Shopping Mall, at 99% occupancy and the business park, occupied at an average of 91%, have performed strongly, now benefitting from scale effect

By focusing on costs, we have substantially reduced the losses in Agriculture despite 2019 sugar prices hitting record lows



| Key metrics | 2019 | 2018 | |
|--------------------------------------|--------|--------|---|
| Sugar price per ton | 8,700 | 10,716 | ↓ |
| Sugar tonnage Grower's share 78 % | 22,374 | 23,210 | ↓ |
| Tonnage - Food crops | 2,922 | 3,679 | ↓ |

ACTUAL
vs LY

↓ 13%

↑ 89%

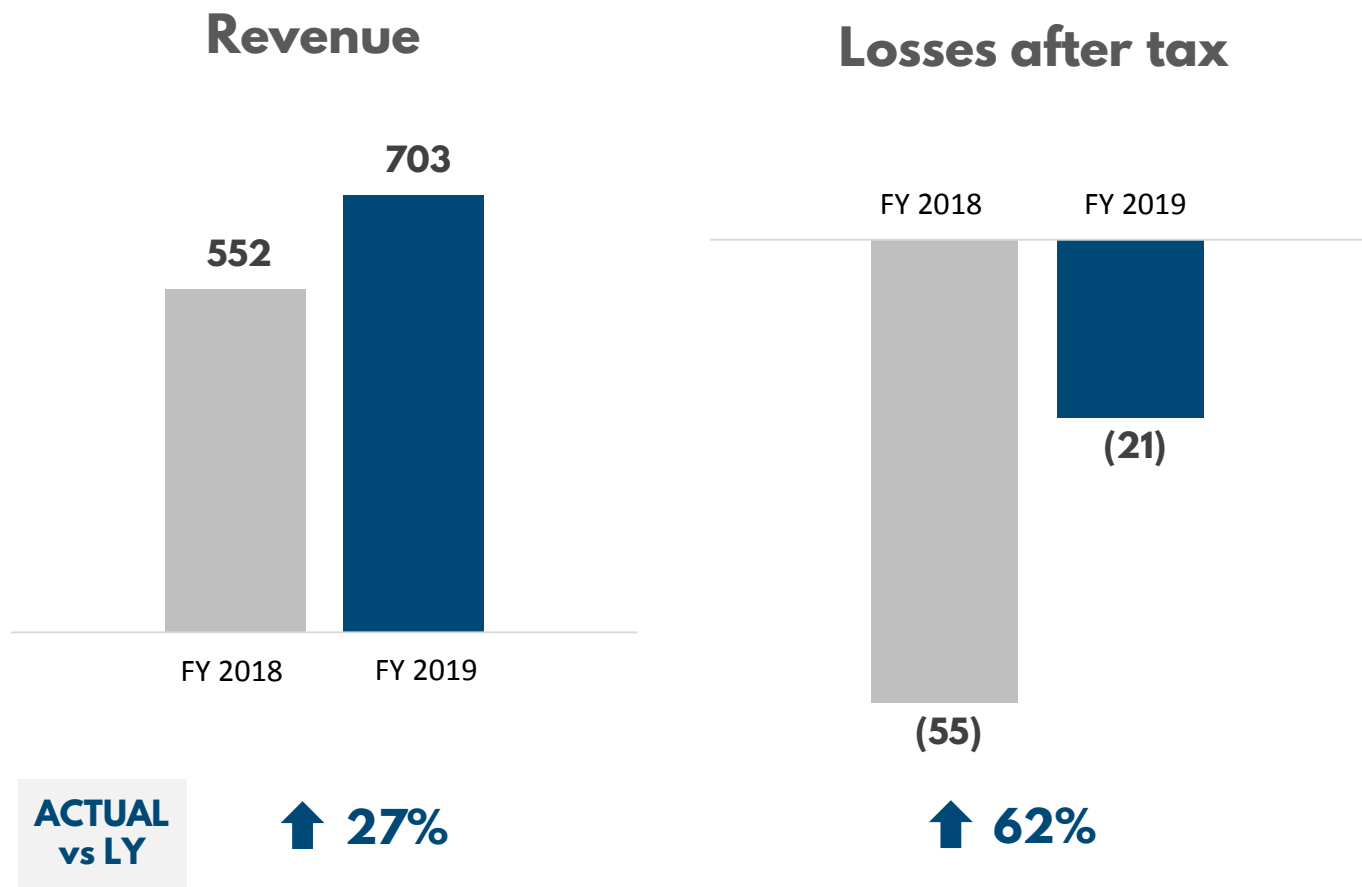
2019 saw a fundamental transition from sugar production to a simpler grower model

| MURm | Income | |
|----------------------------------|------------|------------|
| | FY 2019 | FY 2018 |
| Sugar and related activities | 373 | 383 |
| Food crops | 81 | 101 |
| Landscaping & Pepinieres | 60 | 60 |
| Ongoing activities | 514 | 544 |
| Milling | 151 | 179 |
| Poultry breeding | 104 | 121 |
| Discontinued activities | 255 | 300 |
| Total income | 769 | 844 |
| Net revenue excluding intragroup | 708 | 826 |

Performance highlights

- Overall cluster saw falling revenues but improved profitability as costs were reined in and activities restructured
- Reduction in losses from lower operating expenses driven from
 - closure of the factory in April 19
 - targeted cost cutting measures
 - exit of poultry activities in March 2019
- Challenging yields in foodcrops driven by poor climatic conditions

Casela saw an increase in visitors in the year under review, which also saw the acquisition of Concorde



| Key metrics | 2019 | 2018 | ▲ |
|------------------------|---------|---------|---|
| Casela visitors | 411,010 | 379,309 | ↑ |
| Concorde - Pax handled | 48,631 | 45,956 | ↑ |
| SPARC memberships | 1,018 | 691 | ↑ |

The addition of Concorde to our Leisure portfolio enables greater synergies as Casela continues to invest in innovating attractions

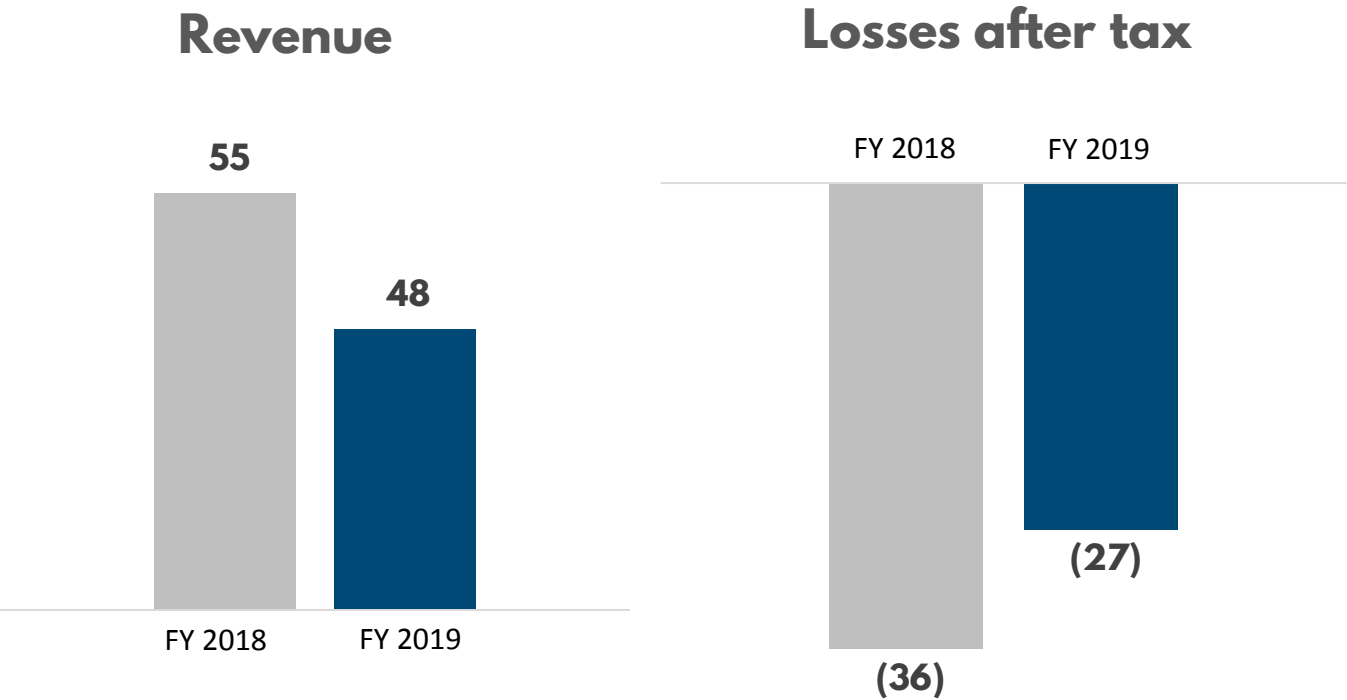
| | Income | |
|----------------------------------|----------------|----------------|
| MURm | FY 2019 | FY 2018 |
| Casela | 320 | 309 |
| Concorde | 88 | - |
| Tamarina | 204 | 198 |
| Yemen | 50 | 36 |
| SPARC and Catering | 47 | 9 |
| Total income | 707 | 552 |
| Net revenue excluding intragroup | 703 | 552 |

Performance highlights

- Casela: increase in visitors driven by exciting and unique local offerings, with EBITDA margin increasing from 25% to 28%
- Concorde: Acquired in December, it has enabled us to increase our exposure to the Tourism sector
- SPARC: 1018 members reached. With world class facilities, SPARC is strategic magnet for attracting new schools and residents in Unicity
- Yemen: Stronger performance driven by a 21% increase in volume of meat sales

Note:
 (1) Deer farming revenues are currently reported in Leisure but will in the future move under Agriculture

We have restructured our executive education arm to contain costs but our overall student population continues to grow



| Key metrics | 2019 | 2018 | ▲ |
|--------------------|-------|-------|---|
| Student population | 2,700 | 2,500 | ↑ |
| - of which | | | |
| Higher Education | 1,624 | 1,499 | ↑ |
| Foreign students | 38% | 38% | ↔ |

ACTUAL
vs LY

↓ 14%

↑ 26%

Higher education remains a strategic investment for the Group, which will help unlock long term real estate opportunities

| | Revenue | |
|------------------------|---------|---------|
| MURm | FY 2019 | FY 2018 |
| Middlesex University | 180 | 171 |
| Executive Education | 24 | 33 |
| Other Higher Education | 23 | 21 |

Performance highlights

- 125 higher education students added in 2018/19
- Drop in revenue, driven by experiential learning phased out from the business model
- Refocused the executive education to higher margin offerings
- Lower losses from Higher Education; higher profits from franchise based institutions
- MDX continues to perform and gives us scale, with a strong brand

Key financial takeaways

1

2018/19 was the first year of financial performance delivery following a series of restructuring actions to strengthen the foundation in the previous year

2

We have de-risked the business by exiting non-performing and non-core operations

3

Our clusters are operating at different levels of financial maturity but the direction of travel is now aligned

4

Costs and Debt are being tightly managed, tied to clear productivity and strategic objectives

5

While significantly increased from a very low base, improving returns is now the primary focus

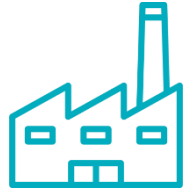
OUTLOOK

Thierry Sauzier
Chief Executive Officer

The last time we met, we spoke about the momentum building through decisive actions undertaken



Successful listing on
the Official Market



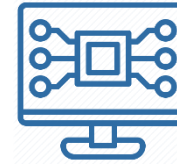
Milling factory
closure



Debt restructuring
Corporate Bond



Buy-out of
Cascavelle
Shopping Mall



Acquisition of
Concorde to bring
about synergies



Cost
restructuring



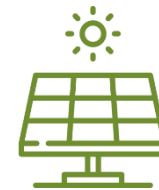
Exit of
poultry operations



Resources
directed away
from EUDCOS



Strategic options for
Tamarina hotel and
golf course



Green Energy -
Operationalisation
of Solar Farm

We have identified the opportunities to leverage but we are also conscious of some of the headwinds ahead

- ❖ More bulk sales in the pipeline
 - ❖ Investment in residential units & land parceling
 - ❖ Flic en Flac bypass to resolve West congestion
 - ❖ Innovative and eco recreational Leisure activities
 - ❖ Securing student networks in Africa for Uniciti Education Hub
- ❖ Falling worldwide sugar prices
 - ❖ Competing real estate offerings
 - ❖ Strong competition on leisure offerings
 - ❖ Maintaining growth in tourism arrivals and disintermediation risk for DMCs

We have a clear strategy and are focused on execution



PROPERTY

- Diversify and grow the real estate portfolio to reach MUR 10bn in the medium term
- Execute morcellement sales in the pipeline, supplemented by strategic bulk land sales
- Unlock value from UNICITI and explore strategic partnerships on project financing



AGRICULTURE

- Exit or scale down unprofitable and/or non-core activities
- Operate and maintain a lean cane growing activity, constantly embracing opportunities for automation
- Take advantage of massification opportunities on food crop brands and distribution



LEISURE

- **Casela:** Consolidate the park's No.1 status in leisure offering to the local and tourist market.
 - Continuously innovate and introduce thrilling new activities
- **Concorde:** Develop new product offerings and further digitalise omni-channels
- **Yemen:** Capture the emerging demand from millennials for ecotourism and alternative experiences
- **SPARC:** Integrated lifestyle and health offering for Uniciti



EDUCATION

The premier and most comprehensive integrated education hub on the island.

Reach 5,000 students by 2025:

- Capture the local pivot and growth of private education
- A gateway for growing African demand for affordable high quality education
- Adding 3 new offerings in the medium term (business and medical schools and comprehensive university)

APPENDIX

Interim financial statements

Balance sheet

MEDINE LIMITED AND ITS SUBSIDIARIES

CONDENSED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

STATEMENTS OF FINANCIAL POSITION

| | THE GROUP | | THE HOLDING COMPANY | |
|----------------------------------------------------------------|-------------------|-------------------|---------------------|-------------------|
| | Year ended | | Year ended | |
| | 2019 | 2018 | 2019 | 2018 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| ASSETS | | | | |
| Non-current assets | 21,425,862 | 20,892,125 | 19,864,700 | 19,419,624 |
| Current assets | 1,165,639 | 915,354 | 1,946,752 | 1,279,672 |
| Assets classified as held-for-sale | 145,605 | - | - | - |
| Total assets | 22,737,106 | 21,807,479 | 21,811,452 | 20,699,296 |
| EQUITY AND LIABILITIES | | | | |
| Equity holders' interests | 14,657,046 | 14,609,989 | 16,119,955 | 16,342,417 |
| Non-controlling interests | 9,119 | 35,323 | - | - |
| Non-current liabilities | 5,993,936 | 3,059,525 | 4,232,433 | 1,191,485 |
| Current liabilities | 1,730,220 | 4,102,642 | 1,459,064 | 3,165,394 |
| Liabilities associated with assets classified as held-for-sale | 346,785 | - | - | - |
| Total equity and liabilities | 22,737,106 | 21,807,479 | 21,811,452 | 20,699,296 |

Interim financial statements

Income statement

| STATEMENTS OF COMPREHENSIVE INCOME | | | | |
|-----------------------------------------------------------------|----------------|------------------|---------------------|------------------|
| | THE GROUP | | THE HOLDING COMPANY | |
| | Year ended | | Year ended | |
| | | Restated | | Restated |
| | 2019 | 2018 | 2019 | 2018 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Turnover and other revenues | 1,305,620 | 1,206,242 | 613,609 | 677,491 |
| Operating loss | (115,975) | (213,110) | (265,284) | (234,535) |
| Changes in fair value of consumable biological assets | (8,241) | (80,210) | (8,241) | (80,210) |
| Other gains/(losses)-net | 224,162 | 33,194 | (31,909) | 28,450 |
| Profit on sale of land | 439,874 | 184,848 | 469,600 | 1,587,286 |
| Other income | 58,042 | 14,502 | 166,603 | 81,623 |
| Share of profit in associates | 11,004 | 4,960 | - | - |
| Impairment losses | (64,475) | (71,754) | (5,144) | (69,974) |
| Profit/(loss) before finance costs | 544,391 | (127,570) | 325,625 | 1,312,640 |
| Finance costs | (297,169) | (238,291) | (198,364) | (165,145) |
| Profit/(loss) before taxation | 247,222 | (365,861) | 127,261 | 1,147,495 |
| Income tax charge | 10,472 | (3,215) | - | - |
| Profit/(loss) for the year from continuing operations | 257,694 | (369,076) | 127,261 | 1,147,495 |
| Profit/(loss) for the year from discontinuing operations | 10,962 | (475,592) | (226,753) | (366,744) |
| Profit/(loss) for the year | 268,656 | (844,668) | (99,492) | 780,751 |

Interim financial statements

Income statement (Cont'd)

| | | | |
|--------------------------------------------------------------------------------------------------|----------------|--------------------|-----------------|
| Other comprehensive income for the year | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Decrease in fair value of available-for-sale investments | - | (531) | (531) |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | |
| Changes in fair value of financial assets at their fair value through other comprehensive income | (5,431) | - | (5,431) |
| Remeasurement of retirement benefit obligations | 81,552 | (88,769) | 77,045 |
| Share of other comprehensive income of associates | (523) | - | - |
| Gain on revaluation of property, plant and equipment | 18,554 | - | 115,166 |
| Impairment losses on property, plant and equipment | - | (82,918) | - |
| Income tax relating to component of other comprehensive income | 1,132 | 9,115 | - |
| Other comprehensive income for the year, net of tax | 95,284 | (163,103) | 186,780 |
| Total comprehensive income for the year | 363,940 | (1,007,771) | 87,288 |
| <i>Profit/(loss) attributable to:</i> | | | |
| - Owners of the parent | 263,831 | (756,712) | (99,492) |
| - Non-controlling interests | 4,825 | (87,956) | - |
| | 268,656 | (844,668) | (99,492) |
| <i>Total comprehensive income attributable to:</i> | | | |
| - Owners of the parent | 360,883 | (902,502) | 87,288 |
| - Non-controlling interests | 3,057 | (105,269) | - |
| | 363,940 | (1,007,771) | 87,288 |
| <i>Total comprehensive income for the year analysed as:</i> | | | |
| - Continuing operations | 342,714 | (445,613) | 314,041 |
| - Discontinuing operations | 21,226 | (562,158) | (226,753) |
| | 363,940 | (1,007,771) | 87,288 |

Interim financial statements

Cash flow statement

| STATEMENTS OF CASH FLOWS | | | | |
|-------------------------------------------------------------------------------------------|------------------|------------------|---------------------|------------------|
| | THE GROUP | | THE HOLDING COMPANY | |
| | Year ended | | Year ended | |
| | 2019 | 2018 | 2019 | 2018 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Operating activities | | | | |
| Net cash (absorbed by)/ generated from operating activities | (200,167) | 36,122 | (253,961) | (158,385) |
| Investing activities | | | | |
| Net cash used in investing activities | (476,123) | (974,963) | (33,315) | (36,619) |
| Financing activities | | | | |
| Net cash from financing activities | 918,685 | 1,118,543 | 451,930 | 267,118 |
| Net (decrease)/increase in cash and cash equivalents from discontinuing activities | (2,879) | (69,602) | 24,254 | 9,029 |
| Increase in cash and cash equivalents | 239,516 | 110,100 | 188,908 | 81,143 |
| Movement in cash and cash equivalents | | | | |
| At July 1, | (790,467) | (900,567) | (663,255) | (744,398) |
| Increase | 239,516 | 110,100 | 188,908 | 81,143 |
| At June 30, | (550,951) | (790,467) | (474,347) | (663,255) |

Interim financial statements

Statement of changes in equity

| STATEMENTS OF CHANGES IN EQUITY | | | | | | |
|-------------------------------------------------------------|--------------------------------|----------------------------------------|-------------------|------------|---------------------------|--------------|
| | Attributable to equity holders | | | | | |
| | Share Capital | Revaluation Surplus and Other Reserves | Retained Earnings | Total | Non-Controlling Interests | Total Equity |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Balance at July 1, 2018 | 1,050,000 | 13,003,572 | 556,417 | 14,609,989 | 35,323 | 14,645,312 |
| Profit for the year | - | - | 263,831 | 263,831 | 4,825 | 268,656 |
| Other comprehensive income for the year | - | 97,052 | - | 97,052 | (1,768) | 95,284 |
| Non-controlling interest arising on business combination | - | - | - | - | 104,386 | 104,386 |
| Transaction with non-controlling interest | - | - | (4,076) | (4,076) | (127,067) | (131,143) |
| Transfer - revaluation surplus realised on disposal of land | - | (74,059) | 74,059 | - | - | - |
| Dividends to non-controlling interests | - | - | - | - | (6,580) | (6,580) |
| Dividends to owners of the parent | - | - | (309,750) | (309,750) | - | (309,750) |
| Balance at June 30, 2019 | 1,050,000 | 13,026,565 | 580,481 | 14,657,046 | 9,119 | 14,666,165 |
| Balance at July 1, 2017 | 1,050,000 | 13,153,741 | 1,587,000 | 15,790,741 | 117,398 | 15,908,139 |
| Loss for the year | - | - | (756,712) | (756,712) | (87,956) | (844,668) |
| Other comprehensive income for the year | - | (145,790) | - | (145,790) | (17,313) | (163,103) |
| Consolidation adjustment | - | - | - | - | 23,194 | 23,194 |
| Transfer - revaluation surplus realised on disposal of land | - | (4,379) | 4,379 | - | - | - |
| Dividends to owners of the parent | - | - | (278,250) | (278,250) | - | (278,250) |
| Balance at June 30, 2018 | 1,050,000 | 13,003,572 | 556,417 | 14,609,989 | 35,323 | 14,645,312 |

(i)

Interim financial statements

Statement of changes in equity (Cont'd)

THE HOLDING COMPANY

| | Share Capital | Revaluation Surplus and Other Reserves | Retained Earnings | Total |
|-------------------------------------------------------------|------------------|----------------------------------------------|----------------------|-------------------|
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Balance at July 1, 2018 | 1,050,000 | 9,980,626 | 5,311,791 | 16,342,417 |
| Loss for the year | - | - | (99,492) | (99,492) |
| Other comprehensive income for the year | - | 186,780 | - | 186,780 |
| Transfer - revaluation surplus realised on disposal of land | - | (77,086) | 77,086 | - |
| Dividends | - | - | (309,750) | (309,750) |
| Balance at June 30, 2019 | 1,050,000 | 10,090,320 | 4,979,635 | 16,119,955 |
| Balance at July 1, 2017 | 1,050,000 | 11,642,450 | 3,219,020 | 15,911,470 |
| Profit for the year | - | - | 780,751 | 780,751 |
| Other comprehensive income for the year | - | (71,554) | - | (71,554) |
| Transfer - revaluation surplus realised on disposal of land | - | (1,590,270) | 1,590,270 | - |
| Dividends | - | - | (278,250) | (278,250) |
| Balance at June 30, 2018 | 1,050,000 | 9,980,626 | 5,311,791 | 16,342,417 |

Key ratios

| | FY 2019 | FY 2018 |
|---------------------------|-------------|-------------|
| (Loss)/Earnings per share | 2.5 | (7.21) |
| Debt to equity | 29.0% | 24.7% |
| Interest cover (times) | 1.8 | (2.1) |
| NAV per share | 139.6 | 139.1 |
| Interim dividend | 1.45 | 1.20 |
| Final dividend | 1.50 | 1.45 |
| Dividend per share | 2.95 | 2.65 |

Note:

(1) Ratios computed include both continuing and discontinuing activities

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