MEDINE

FINANCIAL RESULTS – FY 2020 PRESENTATION

Analyst briefing

3 NOVEMBER 2020

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INVESTOR UPDATE

Dhiren Ponnusamy
Chief Operating Officer

KEY FINANCIALS DASHBOARD

Financial year ended 30 June 2020

REVENUE

1,406m

AUD 2019
⬇ 352m

OPERATING PROFIT

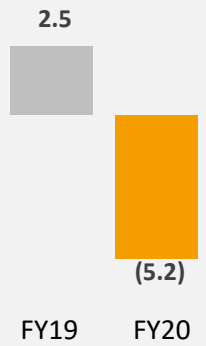
(246m)

AUD 2019
⬇ 189m

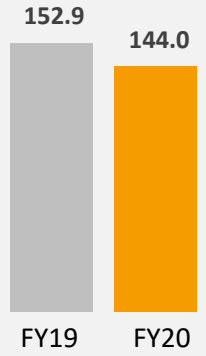
PROFIT AFTER TAX

(568m)

AUD 2019
⬇ 836m

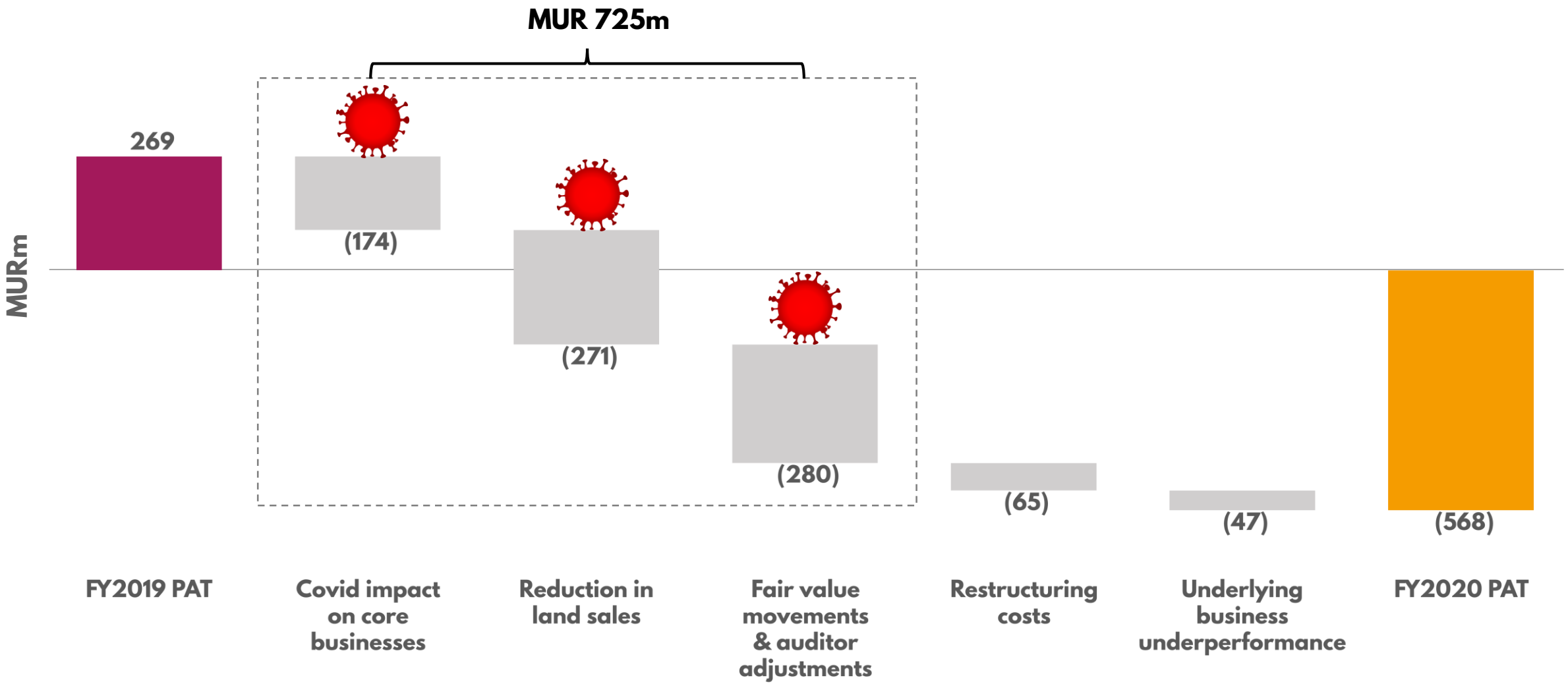


EPS



NAV/share

OUR PERFORMANCE SIGNIFICANTLY SKEWED BY COVID-19



FY 2020 FINANCIAL REVIEW

Javesh Boodnah
Chief Financial Officer

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OUR FY 2020 PERFORMANCE REFLECTS THE DIFFICULT OPERATING CONDITIONS UNDER THE PANDEMIC

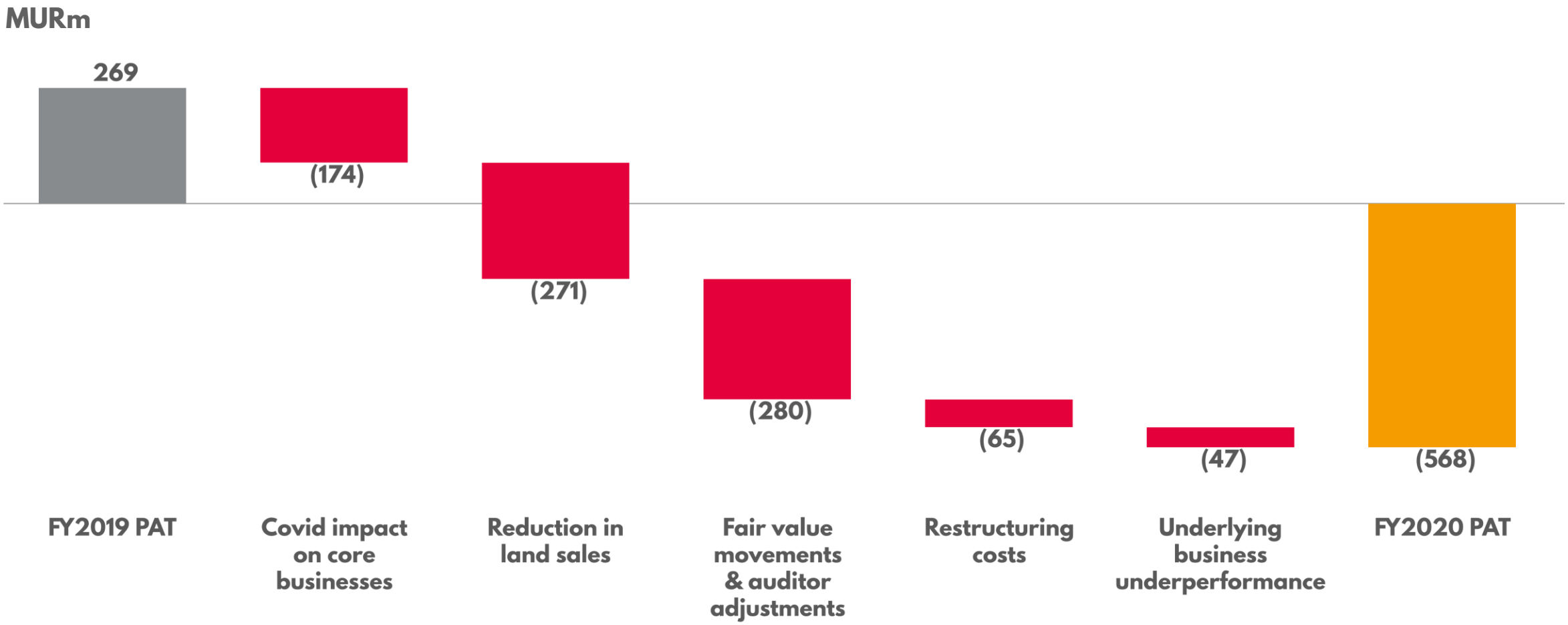
INCOME STATEMENT

MURm	FY 2020	FY 2019	▲
Revenue	1,406	1,758	(352)
Operating costs	(1,652)	(1,816)	163
Profit on land sale	169	440	(271)
Net fair value and asset movements	(178)	102	(280)
Other income	28	97	(69)
Net finance costs	(319)	(322)	3
Income tax charge	(21)	10	(31)
Profit after tax	(568)	269	(836)

SEGMENTAL PERFORMANCE

MURm	FY2020	FY 2019	▲
Property	(124)	520	(644)
Agriculture	(34)	(78)	44
Leisure	(255)	(21)	(234)
Education	(31)	(27)	(4)
Others	(124)	(126)	2
Profit after tax	(568)	269	(836)

THE SWING IN PROFITABILITY IS DOWN TO 5 KEY AREAS

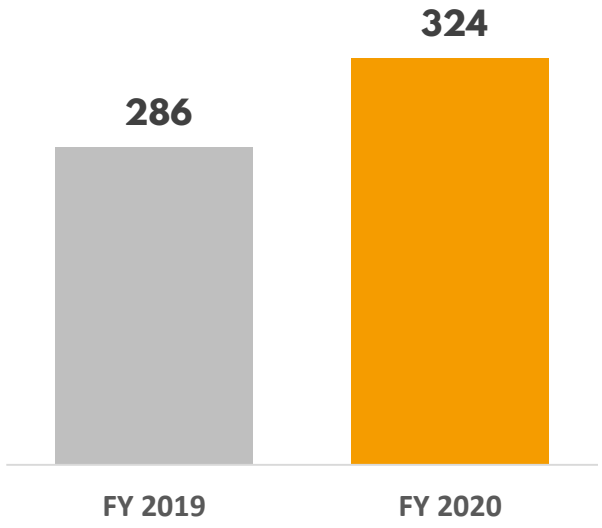


Note: the PAT figure of MUR (568m) includes fair value losses of MUR35m on investment properties, impairment losses of MUR49m on Tamarina Leisure Properties, MUR19m on Agriculture PPE and MUR13m on Milling assets and goodwill impairment of MUR32m in Concorde

BUSINESS PERFORMANCE

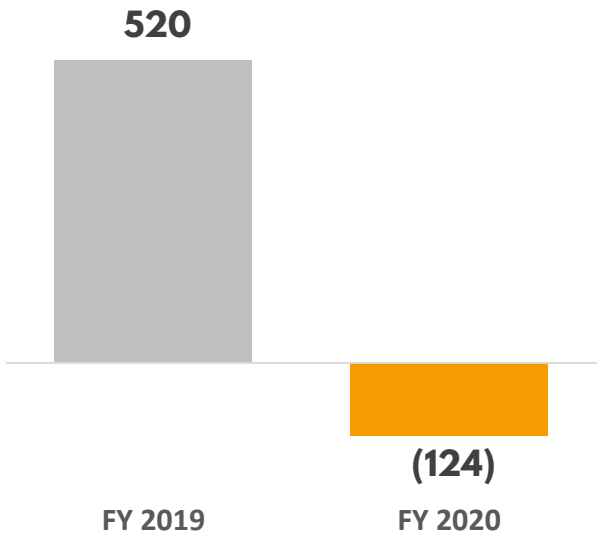
DESPITE HIGHER UNDERLYING REVENUE, PROPERTY PERFORMANCE IMPACTED BY DELAYED LAND SALES

Revenue



ACTUAL vs LY ↑ 14%

Profit after tax



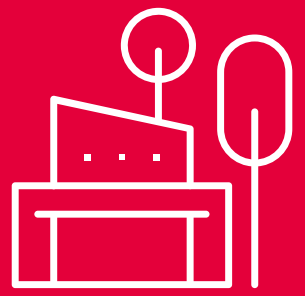
Key metrics	2020	2019	▲
Real estate portfolio (MURbn)	4.2	4.2	↑
RE EBITDA (MURm)	235	215	↑
Rental Income Yield (%)	9.2%	8.5%	↑
EBITDA Yield (%)	6.2%	6.0%	↑

OUR PORTFOLIO SAW A RESILIENT PERFORMANCE IN TERMS OF INCOME GROWTH, WITH COVID IMPACTS ACROSS SOME SECTORS ONLY

	Income	
MURm	**FY 2020**	**FY 2019**
Shopping malls	**104**	113
Offices	**77**	75
Education properties	**80**	56
Remaining portfolio	**125**	110
Build & Lease portfolio	**385**	354
Net revenue excluding intragroup	**324**	286
Land sales	**253**	677
of which profits from land sales	**169**	440

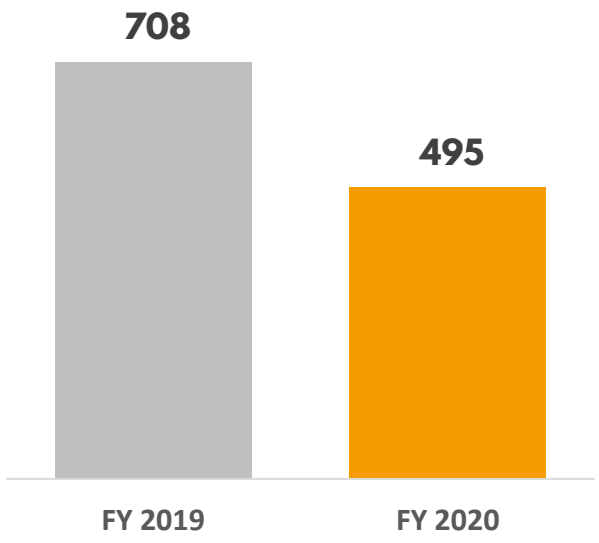
Performance highlights

- Core Property operations saw income growth of 14%, driven by improved occupancy across its growing real estate portfolio and constructive working relationships with our clients and partners.
- Retail sales (land parcelling) have shown strong resilience with the current Serenis project in Albion practically sold out and the upcoming Flic en Flac Magenta Parkside development showing a robust reservation pipeline.

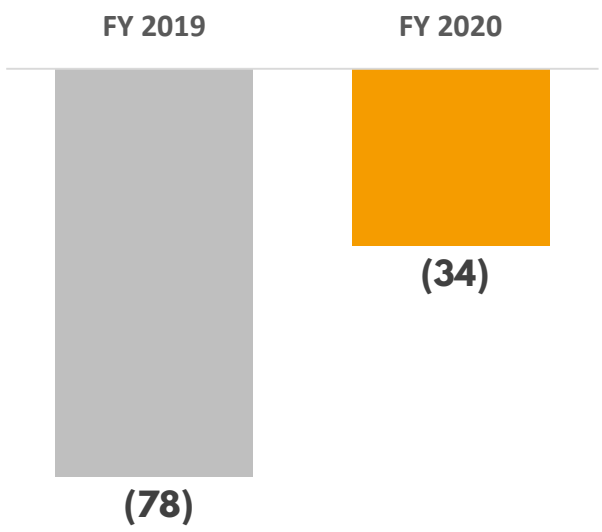


AGRICULTURE OPERATIONS STEMMED LOSSES BY 56% THROUGH LEAN OPERATIONS AND COST RE-ENGINEERING

Revenue



Losses after tax



ACTUAL vs LY

⬇ 30%

⬆ 56%

Note: 84% profitability improvement is on continuing operations. The 56% improvement includes the losses made on the discontinued milling operations

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Key metrics	2020	2019	▲
Sugar price per tonne	**11,384**	8,700	⬆
Sugar tonnage grower's share 78 %	**26,380**	22,374	⬆
Food crop tonnage	**2,836**	2,922	⬇

SUGAR ACTIVITIES TURNED PROFITABLE OFF OUR GROWER'S MODEL, DESPITE DEPRESSED PRICES

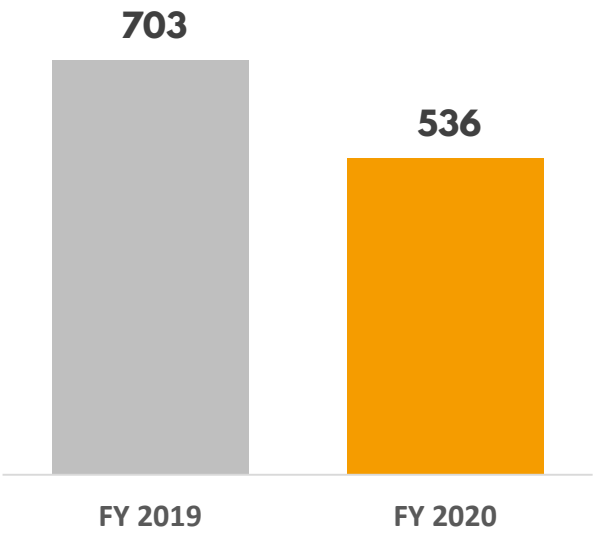
	Profitability	
MURm	**FY 2020**	**FY 2019**
Sugar and related activities	**37**	(19)
Food crops	**(41)**	(20)
Landscaping & nursery	**(11)**	(5)
Ongoing activities	**(15)**	(44)
Milling & poultry	**(21)**	(27)
Discontinued activities	**(21)**	(27)
Finance revenue/(costs)	**2**	(7)
Total profit/(loss)	**(34)**	(78)

Performance highlights

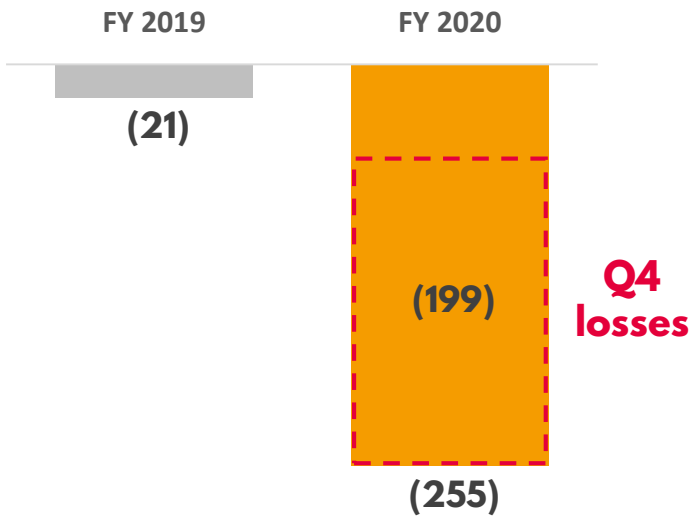
- Agriculture has registered an 84% reduction in losses to Rs. 12.5m from
  - a leaner operating model following decisive cost reengineering
  - higher income with an increase in production and price of sugar
- Conversely, food-crops were adversely impacted due to tough climatic conditions for the period under review but a refreshed strategy of innovative diversification and precision farming is currently being implemented.

LEISURE ACTIVITIES NOSEDIVED IN THE LAST QUARTER, SHOWING A MARKED DECLINE IN PERFORMANCE FOR THE YEAR

Revenue



Losses after tax



ACTUAL vs LY ⬇ 24%

Key metrics	2020	2019	▲
Casela visitors	**249,863**	411,010	⬇
Concorde - Pax handled	**32,671**	45,956	⬇
Tamarina Hotel occupancy	**50%**	79%	⬇
Tamarina Golf occupancy	**56%**	66%	⬇

PARK, HOTEL AND TRAVEL OPERATIONS HAVE BEEN HEAVILY CHALLENGED GIVEN THEIR EXPOSURE TO TOURISM

	Profitability	
MURm	**FY 2020**	**FY 2019**
Casela	**(137)**	19
Concorde	**(23)**	3
Tamarina	**(30)**	0
Yemen	**7**	2
SPARC and Catering	**(53)**	(45)
Total profit/(loss)	**(255)**	(21)

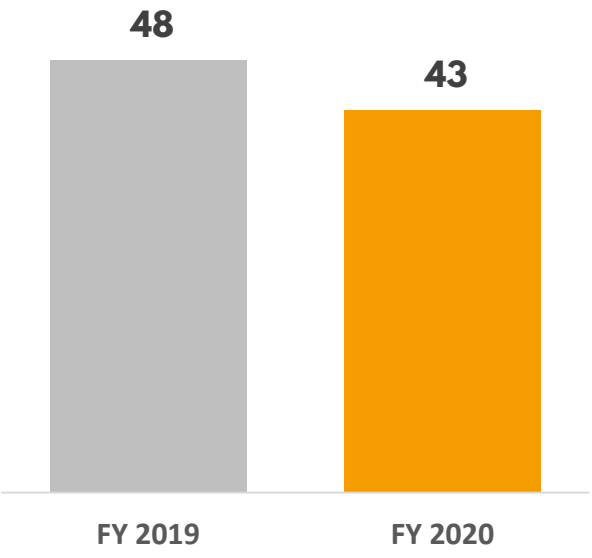
Note:
(1) Deer farming is currently reported in Leisure but will in the future move under Agriculture

Performance highlights

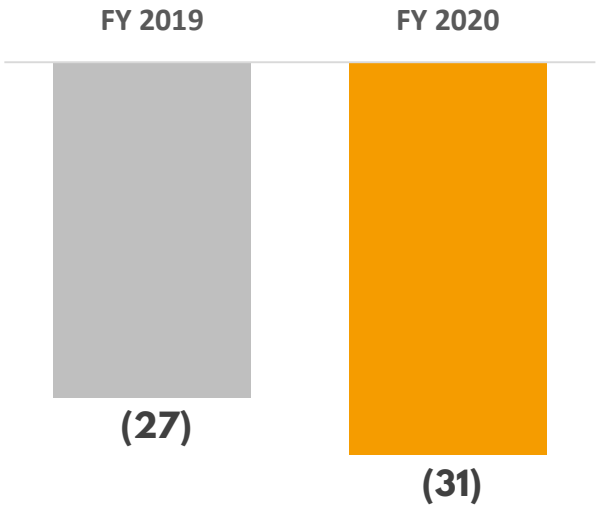
- **Casela**: not operational from mid March 2020 to mid June 2020, but with ongoing unavoidable fixed costs
- **Concorde & Tamarina**: With their whole exposure to the Tourism sector, business activity levels are practically nil with minimal incomings
- **SPARC**: Some uncertainty on membership renewal noted due to ongoing economic uncertainty
- **Yemen**: Improved performance driven by an increase in volume of meat sales

STUDENT POPULATION CONTINUES TO GROW, WITH FOREIGN MIX STAYING CONSTANT TO FY20

Revenue



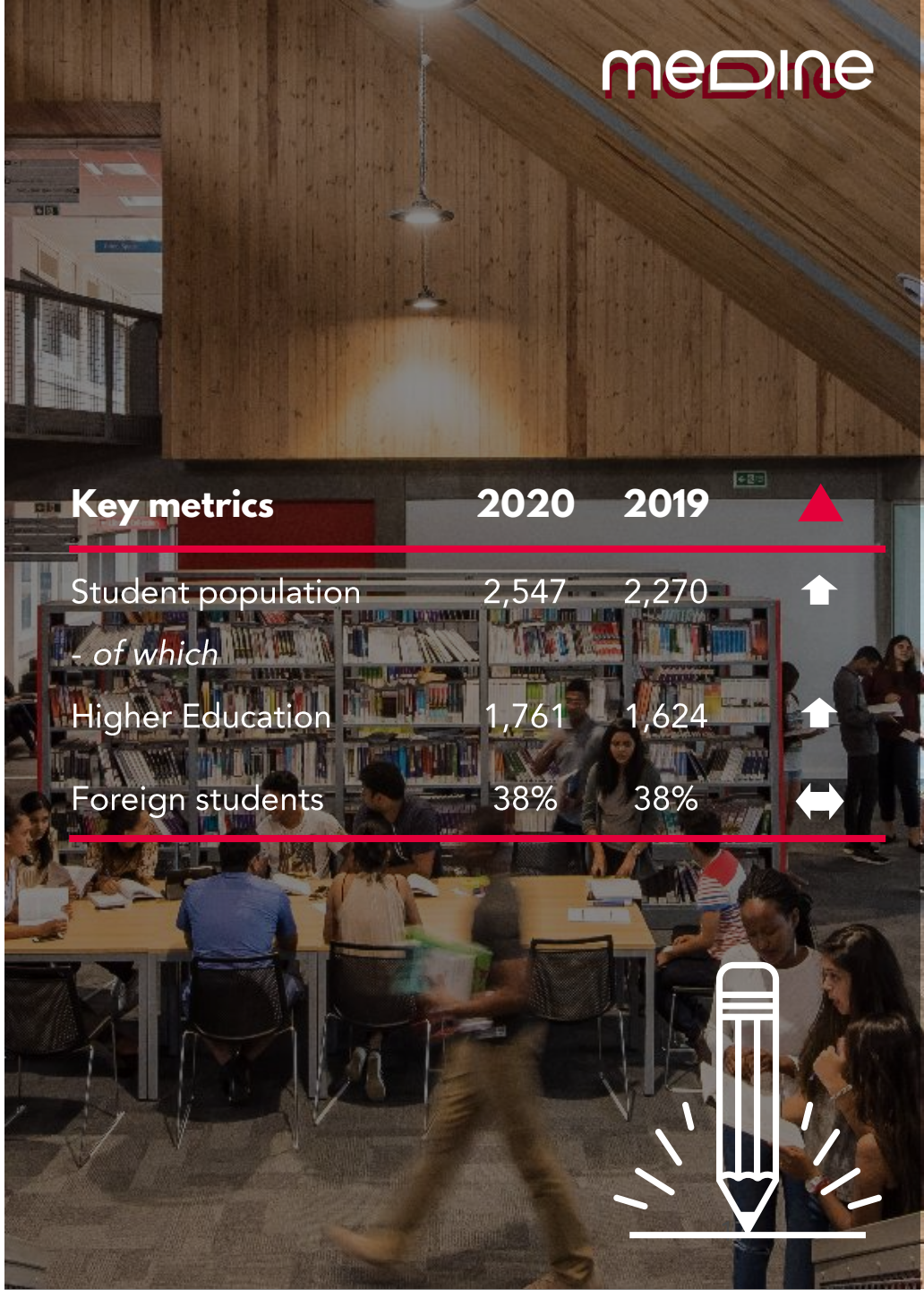
Losses after tax



ACTUAL vs LY

⬇ 9%

⬇ 14%



Key metrics	2020	2019	▲
Student population	2,547	2,270	⬆
- of which			
Higher Education	1,761	1,624	⬆
Foreign students	38%	38%	⬌

HUB PERFORMANCE HOWEVER REMAINS SUBDUED DUE TO RESTRUCTURING DIRECT AND FLOW-THROUGH IMPACTS

	Profitability	
MURm	**FY 2020**	**FY 2019**
Middlesex University	**17**	10
- of which Medine's share of profit	**8**	5
Executive Education	**(7)**	(11)
Other Higher Education	**(32)**	(21)

Performance highlights

- Rescheduling of course dates and the impact on classroom training of the lockdown and restrictions in place post lockdown led to a fall in revenue in this current financial year.
- The business has been downsized with the new business model not engaging in training and team building events.
- MDX continues to perform and gives us scale, with a strong brand.

GROUP LIQUIDITY: THE LAST QUARTER BROUGHT DISTINCT CHALLENGES

Internal business impact

- No cash generated by most of our activities creating a major shortfall in a span of 3 months' time
- Ongoing costs, with a large fixed proportion, weighed down by a heavy operational structure
- Limited financial headroom with constrained options on further liquidity during the lockdown

External environment

- Macroeconomic pressures & uncertainties
- Increased demands from banks, with protracted negotiations

WE MOVED EARLY & TARGETED SWIFT CASH GENERATION & LIGHTENED OUR OPERATIONAL COST BASE

- Secured additional liquidity facilities to increase our financial headroom, giving the Group a working capital buffer to sustain our loss-making operations
- Accelerated land sales with a confirmed pipeline of offers through off-the-shelf lots
- Restructured our cost base – enabling us to save an expected MUR1bn over the next 5 years
- Costs discipline and frugality culture: costs cutting and minimising inefficiencies at all levels

01.

Following the obtention of a 6-months moratorium on our bank loans, there was a need to treat all our creditors equitably – also with the lack of visibility looming at the time which led us to consider cash preservation as key.

02.

In line with our bank loans and following the deferral of our coupon bond payments, we saved on a cash outflow of MUR93m, concentrating our savings on turnaround projects

STRATEGIC FOCUS - NEAR AND MEDIUM TERM

Dhiren Ponnusamy
Chief Operating Officer

WE RESPONDED DECISIVELY BY RESTRUCTURING THE BUSINESS EARLY

We restructured starting from the top

Unified CEO/COO role

Streamlining our business processes

SENIOR MANAGEMENT

- Rationalisation of senior management
- Leisure cluster restructuring
- Elimination of non-critical departments

SUPPORT FUNCTIONS

Functional alignment regrouping common functions - centralising functions under Shared Services

BUSINESS OPERATIONS

Headcount reduction at operational level to match new structure and following the COVID-19 hit

Generated annualised cost savings of MUR 155m

IN ADDITION TO A COST TAKE-OUT OF MUR 155M, WE HAVE SIMPLIFIED OUR OPERATING MODEL

PRE-COVID 4 Independent Clusters & a heavy Group Head Office

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POST 6 commercially-focused Business units serviced by shared services in ONE MEDINE

Agriculture | **Property** | **Education** | **Casela** | **Sports & Hospitality** | **Concorde**

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BUT WE ARE CONSCIOUS THAT THE EXTERNAL ENVIRONMENT REMAINS UNCERTAIN AND VERY CHALLENGING

01: NEAR TERM STRATEGY

Casela | **Tamarina** | **Concorde**

OUR ASSESSMENT:

Heavily exposed to tourism and COVID impacted

OUR APPROACH:

Cost containment & franchise protection

- Significant personnel reduction and Zero based budgeting approach
- Aggressive focus on local market
- Pangia, launched on 17 Oct, is the first themed kids park in the Indian Ocean
- Public Events (e.g. Sundowners, Concerts etc) promoting local artists, attracting families and millennials
- Borders closure: minimum staffing levels with the hotel kept closed
- Major maintenance works ongoing for re-opening in December with a refreshed positioning of the hotel
- Significant headcount reduction
- Launch of kasnpoz.mu - online platform for locals and residents promoting exclusive offers
- Redeployment of resources across other parts of Medine

02: NEAR TERM STRATEGY

Agriculture

Education

OUR ASSESSMENT:

Defensive / Showing signs of resilience

OUR APPROACH:

Maximise efficiency & selective initiatives

- Focus on efficiency with unbridled mechanisation
- Launching of second brand 'Mo ti bazar' to reach a previously untapped market segment
- Aggressive focus on alternative revenue sources (Rock Quarries)
- Back to basics on self sufficiency: new products under review - from commodities to value add.

- Strong growth in local student recruitment as Mauritians shy away from international offerings abroad
- Digital shift in teaching delivery
- As border controls relax, significant opportunity to attract international students to a covid-free environment

03.

NEAR TERM STRATEGY

Property

OUR ASSESSMENT:

Cautious optimism

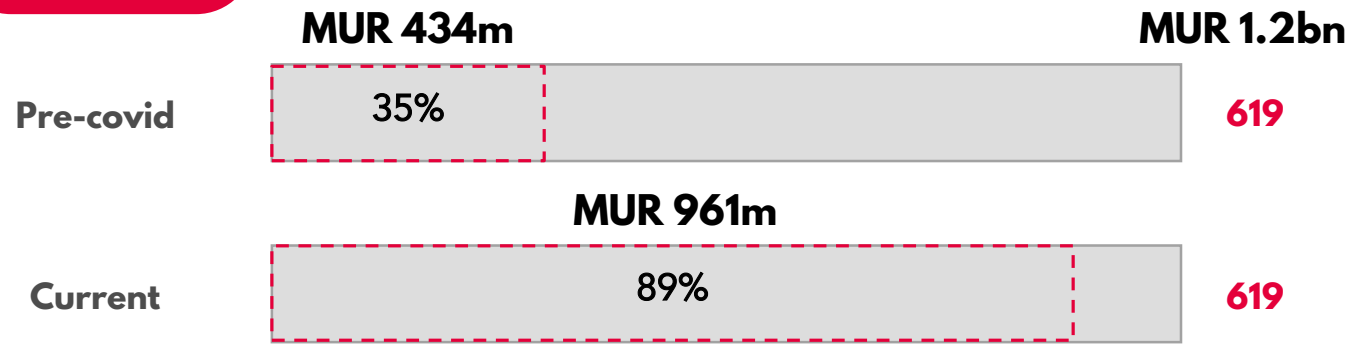
OUR APPROACH:

Pivot & accelerate

- Detuned appetite for Build and Lease projects until greater visibility on economic recovery
- Accelerating the pipeline of Morcellements Projects (i.e. Land Parcelling)
- Our sales momentum on land parcels demonstrates a very strong appetite of Mauritians, across all income brackets, for land parcels as an alternative investment.
- Opportunities for bulk sales remain but no longer a core focus

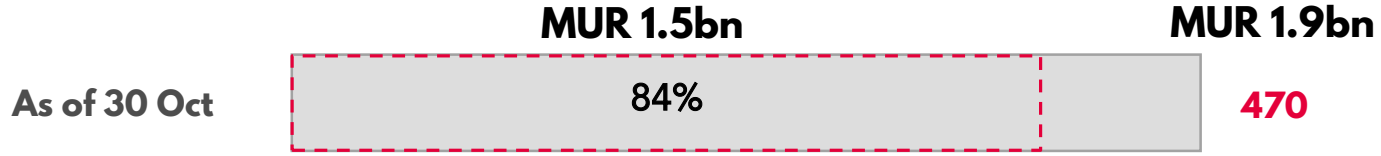
OUR LAND PARCELLING SALES MOMENTUM IS HIGHLY ENCOURAGING

SERENIS

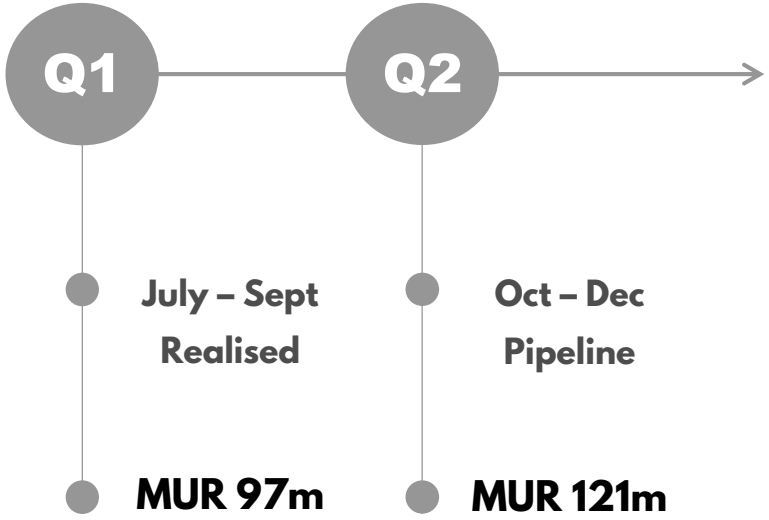


MAGENTA Phase 1

Public launch: 05 October 2020



SPOT SALES




MAGENTA
PARKSIDE


SERENIS
morcellement residentiel


PANGIA
KIDS PARK


Casela
Nature Parks
SUN
DOWNER


MO TI
BAZAR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kas
n
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Dirt
Sprout
RHINO
COMPOST
5kg
Dirt
Sprout


#TAMARINA
GOLF & SPA BOUTIQUE HOTEL

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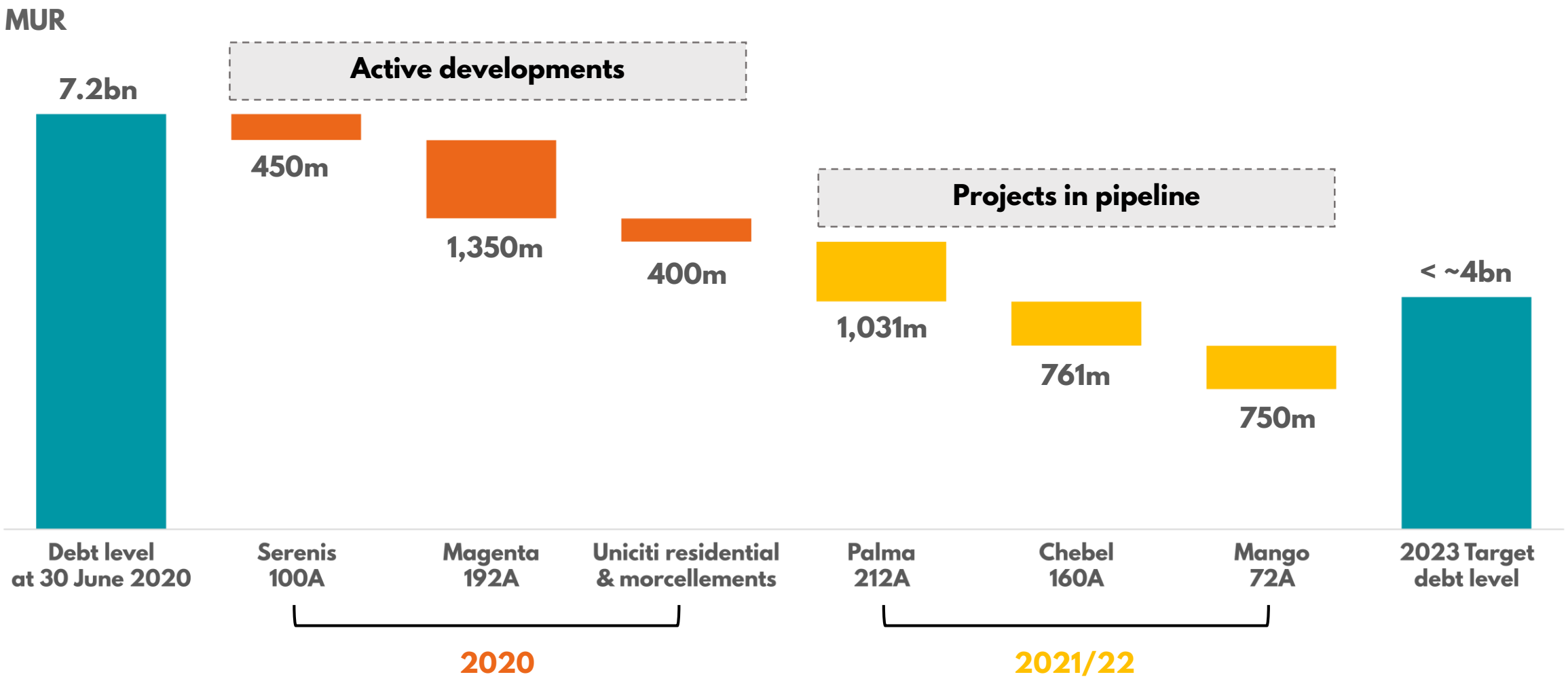
TARGET

OUR MEDIUM TERM ENGAGEMENT:

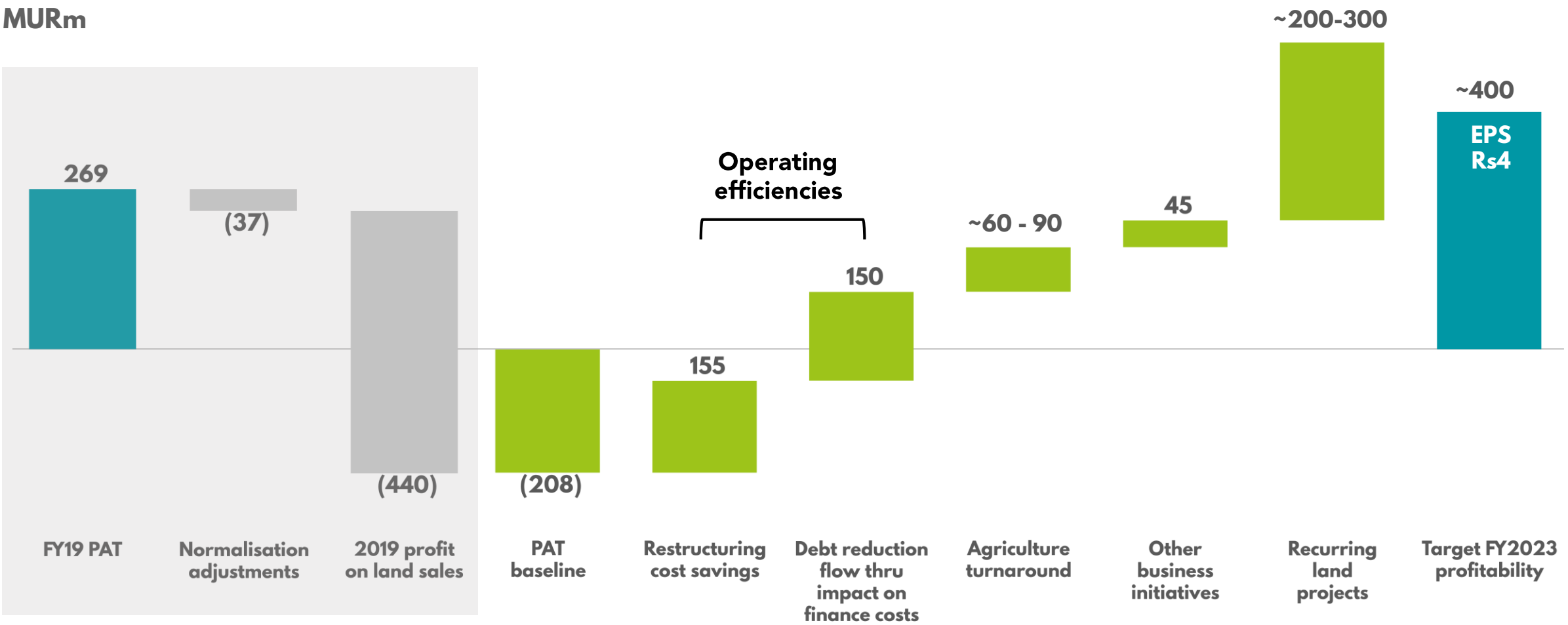
We are conscious of the need for

- Debt reduction
- Sustainable minimum profitability

BY 2023, WE WILL PRIORITISE THE REDUCTION OF OUR DEBT TO BELOW MUR 4BN



BY 2023, WE EXPECT THE COMBINATION OF THE ACTIONS UNDERTAKEN AND INITIATIVES IN FLIGHT TO GENERATE A SUSTAINABLE EPS OF MUR 4



Note: Normalisation adjustments include fair value gains and one-offs in Agriculture

KEY MESSAGES

01. 2019/20 has undoubtedly been a disappointing year, but primarily driven by the COVID-19 pandemic lockdown and its flow-through impact.

02. We took early and decisive action to restructure the cost base but we are conscious that the near-term outlook will remain challenging.

03. With land parcels prized by Mauritians as an alternative investment vehicle and a natural hedge against inflation in an era of low rates, we are accelerating our pipeline of land projects.

04. **Target 4-4**: We are committed to reducing our debt to below MUR 4bn and generate sustainable EPS of Rs 4 by 2023.

CLOSING REMARKS

René Leclézio
Chairman

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Q & A