

The Group's profit this year increased by 19.1% to MUR 380.7 million, up from MUR 319.6 million in 2018, as restated, and after accounting for taxation of MUR 67.1 million in 2019. This performance is mainly attributable to increased profitability of the Brands segment and reduced losses in the Cane segment following higher sugar prices.

Our Net asset per share at 31 December 2019 was MUR 61.67 (the 2018 corresponding restated figure is MUR 57.17); this includes profit recorded for the year and the revaluation of our land and buildings in 2019, which gave rise to a revaluation surplus of MUR 1.2 billion. The Group's balance sheet remains strong with owners' interest improving by 7.9% to MUR 14.0 billion.

In the audited financial statements for the year ended 31 December 2019, the Group's prior year audited statements were restated. The prior year adjustments were mainly attributable to the reclassification of part of land and buildings from Property Plant and Equipment to Investment Properties, and the reversal of the related Group revaluation surplus as our Investment Properties are held at cost. The overall negative impact on Group reserves and retained earnings amounted to MUR 572.8 million and MUR 193.1 million respectively. The positive impact on the after-tax profit for the year ended 31 December 2018 amounted to MUR 86.1 million; this is mainly attributable to the restatement of associates' results, changes in accounting treatment on land sales and the depreciation adjustment on the reclassification of Property Plant and Equipment to Investment Properties.

Audit opinion

The "except for" qualification in the audit opinion relates to our investment in *Sucrivoire S.A (Sucrivoire)*, an associate company in Côte d'Ivoire, in which Terra's shareholding is 25.5%.

Sucrivoire's financial statements for the period under review are audited by qualified auditors in Côte d'Ivoire. Our Group auditor, KPMG, did not consider having received sufficient comfort from the auditors of *Sucrivoire* and accordingly deemed it appropriate to qualify our 2019 audit report.

Sucrivoire's share of net assets as at 31 December 2019 was MUR 560.6 million. The net asset value of this investment represents only 2.7% of Terra Mauricia's total assets, which are worth MUR 20.6 billion.

Group profits continue to be impacted by low sugar prices

Group revenue for the 2019 financial year remained almost flat at MUR 5,047.3 million, compared to MUR 5,185.4 million in 2018.

Gross profit for the Group has increased by MUR 114.6 million to MUR 1,203.8 million, while Group EBIT increased by MUR 262.2 million to MUR 515 million. This improvement was mainly driven from reduced losses in the Cane segment (on account of better sugar prices) and the improved performance of the Brands segment.

In the Cane segment it is worth noting the gain arising from changes in fair value of our standing crop, which was curtailed by the impairment of Terra Milling intangible assets (MUR 98.3 million), Terragri bearer plants (MUR 32.4 million), as well as one-off restructuring costs of MUR 44.0 million and provisions of MUR 40.0 million. The Cane cluster posted a loss of MUR 269.8 million in 2019, which included losses of MUR 129.0 million from *Sucrivoire*; this compares with a MUR 322.0 million loss in 2018, which includes *Sucrivoire* losses of MUR 45.7 million.

The Power cluster contributed profits of MUR 160.4 million. Brands profitability increased by MUR 58.4 million to MUR 135.7 million, due to improved production efficiencies at Grays Distilling, coupled with Grays Inc. improving its sales margins while reducing its non-recurring expenses. The Property and Leisure cluster continues to improve its performance, resulting in an after-tax profit of MUR 268.7 million, up by MUR 32.6 million on last year.

At Group level, the 5.4 % year-on-year increase in depreciation and amortisation of MUR 19.3 million is aligned with capital expenditure incurred. Finance costs for the year stood at MUR 118.0 million, up from MUR 83.0 million, mainly as a result of increased borrowings to finance capital expenditure and investments. The share of profits from associates decreased by MUR 83.1 million, despite the solid performance of our investments in insurance and financial services; this was primarily due to losses recorded by *Sucrivoire* impacted by sugar-cane diseases and sub-par mill efficiencies.

Out of Group profit of MUR 380.7 million for the year, profit attributable to equity holders of the Company increased by 33.2%, from MUR 197.3 million in 2018 to MUR 262.8 million in 2019. Consequently, Earnings per share increased by MUR 0.29 cents to MUR 1.16, compared to 87 cents last year, as restated.

	2019 (MUR'M)	Restated 2018 (MUR'M)	Change %
Revenue	5,047.3	5,185.4	-2.7% ↓
Profit before			
finance costs (EBIT)	515.0	252.8	103.7% ↑
Profit after tax	380.7	319.6	19.1% ↑
Earnings per share (EPS)*	1.16	0.87	33.3% ↑
Net asset value			
per share (NAV)*	61.67	57.17	7.9% ↑
Gearing**	0.190 : 1	0.162 : 1	-
Dividend per share*	0.85	0.85	0.00% =

* Values are shown in MUR

** Debt / (Debt + Equity)

FINANCIAL REVIEW (CONT'D)

Strong balance sheet maintained and dividends paid

The Group invested an additional MUR 201.4 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 9.5 % to MUR 3,426.0 million, after reclassifying investments as 'Non-current assets classified as held for sale' for an amount of MUR 580.7 million. Total assets reached MUR 20,567.3 million, up on the restated amount of MUR 18,649.4 million in 2018.

Owners' interest increased by MUR 1,025.0 million to MUR 14,033.7 million, mainly due to land revaluation and profits generated for the year.

Group net debt amounted to MUR 3,049.5 million, an increase of 31.6% over last year. Net debt to equity is at 20.3% and remains low in terms of the Group's borrowing capacity.

Net asset value increased by MUR 4.50 per share to MUR 61.67 per share. Market capitalisation of the Group was at MUR 4,550.9 million at 31 December 2019. In line with our current dividend policy, the Company paid a dividend of MUR 85 cents per share to its shareholders.

Salient cash flow movements

Cash from operating activities and working capital movements amounted to MUR 44.8 million, while net cash used in investing activities stood at MUR 439.5 million. The investments were mainly in property, plant and equipment (MUR 201.4 million), replantation costs of MUR 47.1 million, purchase of investments properties of MUR 301.9 million and intangible assets acquired (MUR 10.1 million).

Terra also applied funds towards equity investments in Inside Equity Fund (MUR 173.3 million), made a deposit on investments of MUR 161.4 million and other investments including The Green Coast International School Ltd (MUR 2.0 million).

Cash inflows were mainly derived from proceeds realised on the sale of land (MUR 248.9 million) and of fixed assets (MUR 26.2 million), as well as proceeds on the sale of investment properties (MUR 20.6 million) and sale of investments (MUR 19.1 million). Other cash inflows consisted of dividends received (MUR 75.2 million), loans recovered (MUR 53.6 million), interest received (MUR 8.7 million), and investment income received (MUR 3.7 million).

The net cash from financing activities amounted to MUR 489.8 million; this consisted mainly of funds raised from financial institutions (MUR 798.5 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 308.7 million, at much the same level as last year.

After taking into consideration the above transactions, overall cash and cash equivalents increased by MUR 95.1 million to MUR 451.6 million.

Outlook for 2020

The world is currently facing an unprecedented challenge in the handling of the Covid-19 pandemic. The latest International Monetary Fund projections published in June 2020 indicate that the global economy is likely to shrink by 4.9% this year. The negative impact on the Mauritian economy is estimated to be significantly higher due to the particularly crippling impact of the Covid-19 crisis on the tourism industry, which, in view of its high multiplier effect, is an important pillar of our economy.

At this stage, with poor visibility on how long Covid-19 will last and on the exact extent of its ensuing consequences, it is anticipated that our activities in the Property and Leisure and Brands segments will be significantly affected by this crisis. The Group's strategy of optimising value from assets that it controls and manages remains the right platform for long-term growth.

Terra remains focused on pursuing its strategy of investing in, and improving the efficiency of, its core activities, and completing the investment in the retail park and the relating infrastructure of the zones under development. Our efforts and attention remain dedicated to improving our EBITDA margin, increasing the overall Group return on equity (currently at 2.5 %), and closely monitoring our free cash flow from operations.

I wish to thank the Board and my colleagues on the executive and finance team for their dedication and guidance throughout the year, and I look forward to addressing the ongoing challenge to meet our objectives.

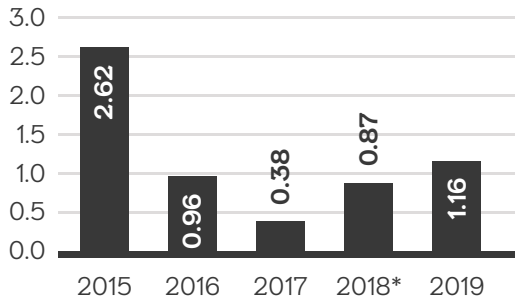


Henri Harel
Group Chief Finance Officer
27 August 2020

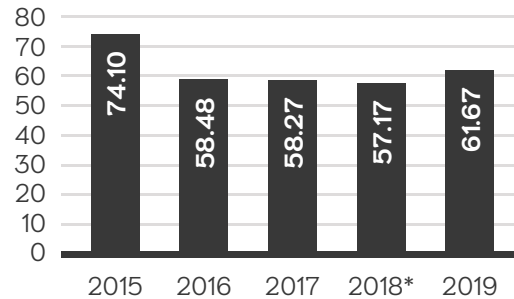
FINANCIAL

review (cont'd)

Earnings per Share
(MUR)

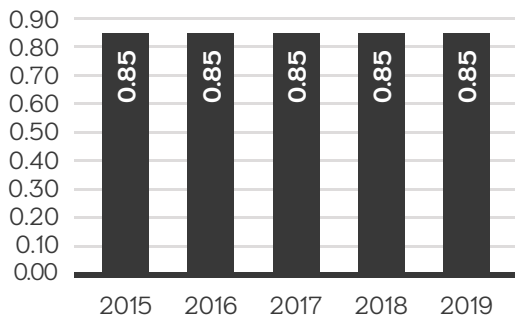


Net Assets per Share
(MUR)

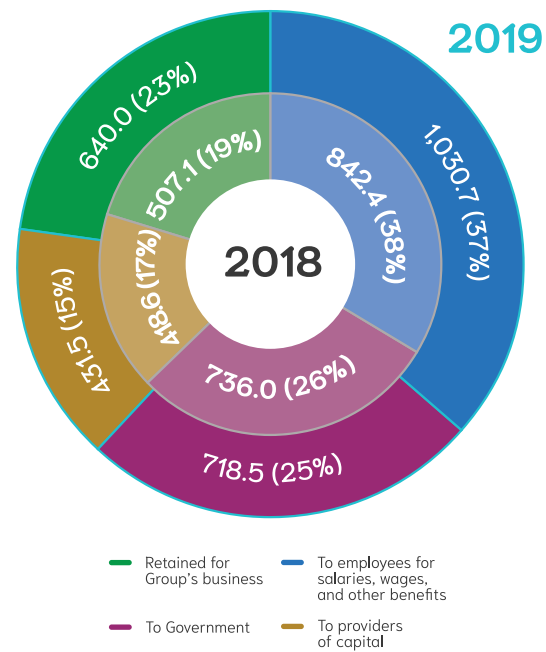


*: The 2018 figures have been restated.

Dividend per Share
(MUR)



Total Wealth Distribution
(MUR'M)



- Retained for Group's business
- To employees for salaries, wages, and other benefits
- To Government
- To providers of capital