Financial review

Group turnover for 2020 was MUR 4.8 billion, down 5.8% from MUR 5.1 billion in 2019. Despite the impact of the Covid-19 pandemic, all the Group clusters, except for the cluster 'Others', remained profitable and resilient. While the pandemic impacted all our operations to varying extents, it had a particularly significant impact on the Brands and Property and Leisure clusters, both of which were affected by the closure of our borders. The Group's overall financial performance has been substantially impacted by impairments, which was the main cause of the Group losses of MUR 210.4 million for the year, as compared with a restated profit of MUR 446.6 million in 2019.

The Group's net assets for 2019 have been restated favourably by MUR 130.6 million to reflect our share of adjustment arising from the Sucrivoire S.A. (Sucrivoire) 2019 audited results that were communicated to us after the approval of Terra's 2019 audited financial statements.

Net Asset per share as at 31 December 2020 was MUR 59.7 (2019 restated is MUR 62.2). The Group's balance sheet remains strong with owners' interest at MUR 13.6 billion and Group gearing remaining low at 22.3%. This situation allows us to remain resilient and to face the difficult economic conditions that prevail locally and abroad.

Audit opinion

The "except for" qualification in the audit opinion relates to our investment in 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, BDO, did not consider having received sufficient comfort in time from the auditors of Sucrivoire and accordingly deemed it appropriate to qualify our 2020 audit report.

Sucrivoire's share of net assets as at 31 December 2020 was MUR 452.3 million. The net asset value of Sucrivoire represents only 2.2% of Terra's total assets which are worth MUR 20.8 billion.

Group profitability impacted by impairment losses on other investments

Gross profit for the Group decreased by 7.6% to MUR 1.1 billion, while Group normalised EBIT decreased by MUR 297.2 million to MUR 306.7 million. This reduction is mainly attributable to fewer land sales and no SIFB compensation received in 2020. The Group's financial performance includes unrealised fair value and impairment losses of MUR 582.3 million. These impairments had a severe impact on overall profitability, contributing to Group losses for the year.

Most clusters, including our main associates, were profitable, as these impairments concerned investments under the cluster "Others".

Our local sugar operations almost managed to break even, due to continuous improvements in operational efficiency and cost of production, coupled with an increase in sugar price of MUR 2,616 per tonne for the 2020 crop. Our associate in Côte d'Ivoire had a better crop in 2020, resulting in a profit of MUR 46.4 million (restated 2019: losses stood at MUR 63.1 million). This contributed to the Cane cluster posting an overall profit of MUR 40.3 million, as compared to the restated losses of MUR 203.9 million in 2019. The Power cluster contributed lower profits of MUR 35.8 million, mainly due to revised tariffs following a new offtake agreement with the CEB, and to losses incurred by its associate. Brands' profitability decreased by MUR 33.5 million to MUR 102.2 million, following lower sales to the hospitality sector, which was closed for most of the trading period in 2020 due to the Covid-19 pandemic. The Property and Leisure cluster was also impacted by the pandemic, recording reduced revenues from land sales, property rentals, consultancy fees, and from the leisure division whose activities were significantly impacted by the drastic fall in tourist arrivals. The cluster managed to record an after-tax profit of MUR 20.5 million.

At Group level, the 4.6 % year-on-year increase in depreciation and amortisation of MUR 17.2 million is aligned with capital expenditure incurred. Finance costs for the year stood at MUR 173.0 million, up from MUR 122.8 million, mainly because of increased borrowings to finance capital expenditure and investments. The share of profits from associates increased by MUR 12.4 million.

Out of Group loss of MUR 210.4 million for the year, loss attributable to equity holders of the Company amounted to MUR 268.9 million in 2020, as compared to a restated profit of MUR 328.7 million in 2019. Consequently, a loss per share of MUR 1.18 was recorded compared to a restated earnings per share of MUR 1.44, last year.

	2020 MUR'M	RESTATED 2019 MUR'M	CHANGE %
Revenue	**4,752.2**	5,047.3	(5.8)%
Profit / (loss) before finance costs (EBIT)	**(93.8)**	515.0	(118.2)%
Add back:			
Fair value loss on Non-Current Asset held-for-sale	**314.0**	(77.1)	(507.3%)
Impairment loss on financial assets	**64.2**	43.4	47.9%
Impairment loss on non-financial assets	**22.3**	122.6	(81.8)%
Normalised EBIT	**306.7**	603.9	(49.2)%
Profit / (loss) after tax	**(210.4)**	446.6	(147.1)%
Earnings / (loss) per share (EPS) *	**(1.18)**	1.44	(181.9)%
Net asset value per share (NAV) *	**59.7**	62.2	(4.0)%
Gearing **	**0.223 : 1**	0.201 : 1	
Dividend per share *	**0.57**	0.85	(32.9)%

** Values are shown in MUR | ** Debt / (Debt + Equity)*

Strong balance sheet maintained, and dividends paid

The Group invested an additional MUR 242.9 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 increased by MUR 81.5 million to MUR 3.7 billion, and our total assets reached MUR 20.8 billion, almost on par with last year.

Owners' interest decreased by MUR 570.8 million to MUR 13.6 billion, mainly due to unrealised impairment losses of MUR 495.8 million on investments, and MUR 22.3 million on goodwill of certain investments.

Group net debt amounted to MUR 3.5 billion, an increase of 13.4 % over last year. Net debt to equity is at 24.0% and remains low in terms of the overall Group's borrowing capacity.

Net asset value decreased by MUR 2.50 per share to MUR 59.7 per share. Market capitalisation of the Group was at MUR 4.5 billion as at 31 December 2020. Terra paid a dividend of MUR 57 cents 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 840.0 million, while net cash used in investing activities stood at MUR 1 billion. The investments were mainly in property, plant, and equipment (MUR 242.9 million), purchase of investments properties (MUR 717.9 million), and intangible assets acquired (MUR 10.2 million).

Terra also applied funds towards equity investments in Inside Equity Fund (MUR 69.4 million), Swan Life (MUR 22.8 million), made a deposit on investments (MUR 71.8 million), and other minor investments (MUR 4.2 million).

Cash inflows were mainly derived from proceeds realised on the sale of land (MUR 127.4 million) and fixed assets (MUR 3.1 million). Other cash inflows consisted of investment income and interest received (MUR 3.8 million).

The net cash from financing activities amounted to MUR 146.2 million; this consisted mainly of funds raised from financial institutions (MUR 352.7 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 206.5 million, compared to MUR 308.7 million last year.

After taking into consideration the above transactions, overall cash and cash equivalents decreased by MUR 18.7 million and stood at MUR 432.9 million.

Outlook for 2021

Following the outbreak of the Covid-19 pandemic in 2020, global growth has contracted by 3.5 % in 2020 and is projected to rebound by 5.5 % this year according to the IMF. Locally, assuming some recovery in the tourism sector, the Mauritian economy GDP is forecasted to grow by 5% this year.

The real challenge going forward remains in the country's ability to adapt to the evolution of the new Covid variants that are still emerging. The vaccination programme locally and abroad is progressing and hopefully we will soon attain an acceptable level of collective immunity.

Most clusters, including our main associates, are expected to post improved results for the financial year 2021. We are experiencing good demand for the property projects that we are launching at Beau Plan and on other sites. The opening of the Mahogany Shopping Promenade has been successful, and we are starting the construction of a 10,000 square meter Office Park next to the Mahogany Shopping Promenade. As announced in the National Budget speech in June 2021, a biomass framework will be set up to enable the remuneration of *bagasse* which will improve the sugar price for crop 2021 and contribute towards the sustainability of the sugar cane industry. Sugar operations in Côte d'Ivoire resumed with profitability in 2020 and an increase of 30% in production over the next five years is planned to cater for local demand. Terragen finalised its offtake agreement with the CEB last year to pursue its operations over the next five years and is working on a hybrid power plant project to produce more energy from renewable sources.

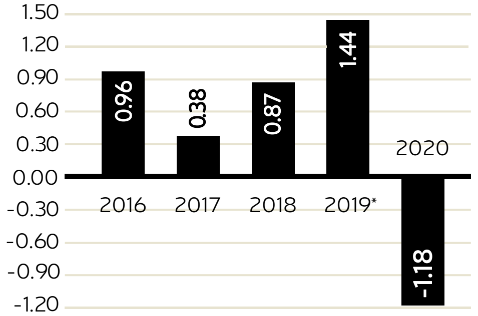
Terra remains focused on pursuing its strategy of investing in, and improving the efficiency of, its core activities including built up projects and the relating infrastructure of the zones under development. Our efforts and attention remain dedicated to improving our EBITDA margin and the overall Group return on equity, and to closely monitoring our free cash flow from operations.

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

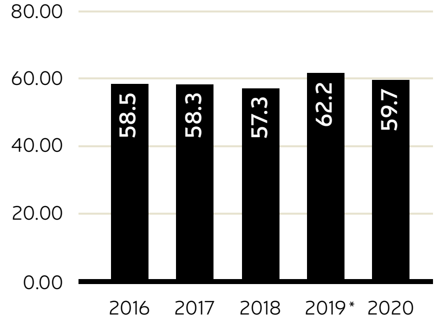
Henri Harel
Group Chief Finance Officer
13 September 2021

Financial review (cont'd)

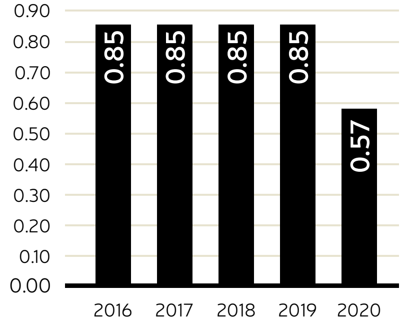
Earnings per share (MUR)



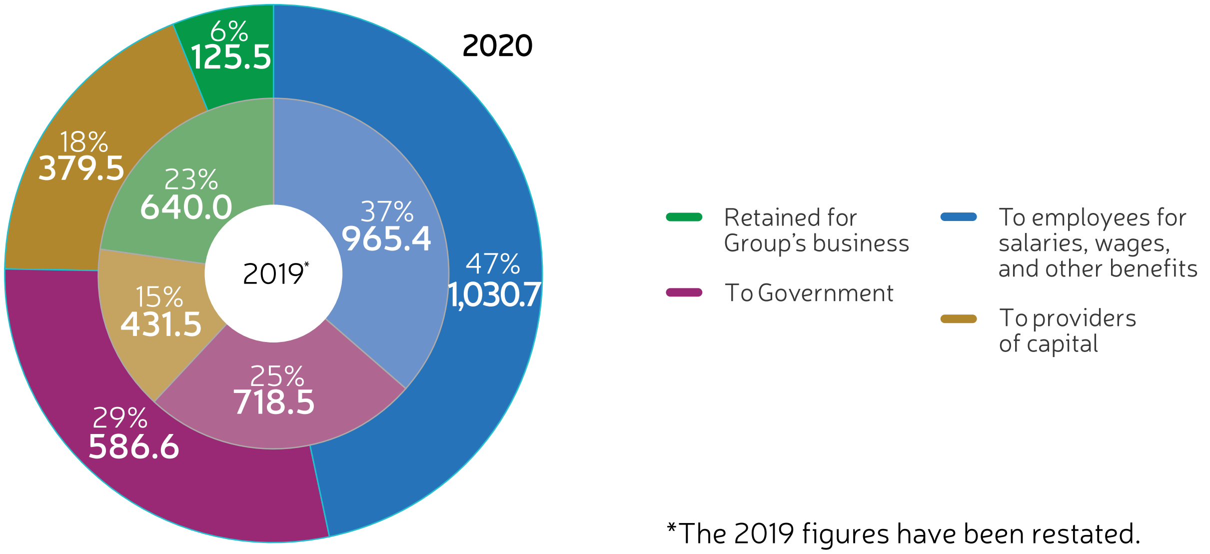
Net Assets per share (MUR)



Dividend per share (MUR)



Total Wealth Distribution (MUR million)



*The 2019 figures have been restated.