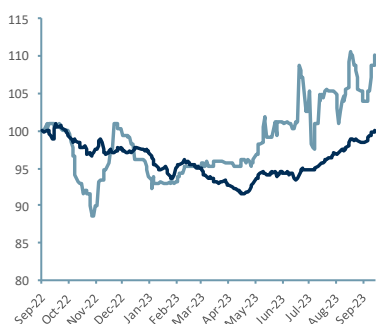


CIC

52 Wk. Lo/Hi

5.70 – 7.14



CIEL (lighter line) SEMDEX market vs price relative

Thursday, 28 September 2023

Close Price (MUR)	7.10
52 wk Range Low	8.51
52 wk Range High	16.50
MCAP (bn)	MUR 11.98
EV (bn)	MUR 25.43
Index: Public	SEMDEX
Financial YE	30-Jun
Currency	MUR

Business Activity

Diversified

Key Metrics

Gross debt (bn)	MUR 17.19
Implied Cash (bn)	MUR 3.74
Net Debt (Cash) (bn)	MUR 13.45
EBITDA (bn)	MUR 3.223
Revenue (bn)	MUR 28.53
Net Income (loss) (bn)	MUR 1.30

Key Ratios

Net Debt / Equity Value%	112.27%
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Diversified Sector Research**Mauritius Stock Index****ACF Research Team**

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Ciel Limited**Core Investment Case**

Our CICs do not contain valuation or forecasts. Financials are taken from platforms such as Refinitiv. CIEL Limited (SEMDEX: CIEL) is Mauritius listed. It has a 111-year track record. CIEL has a diversified portfolio of 25 companies across 6 sectors - Textile, Finance, Healthcare, Hotels & Resorts, Property and Agriculture (sugar dominated). CIEL's geographical footprint spreads across 10 emerging markets in South Asia and Africa. Africa is the last regional mega-scale growth opportunity. CIEL has delivered solid growth 1H23A fiscal - revs up 37% y/y. We estimate EBITDA up 42% y/y. The value of CIEL's portfolio as at 31 Dec 2022 was MUR 21.2bn (~US\$475m), with Textile and Healthcare together accounting for more than 50% of this value.

- Holding company focusing on six sectors;
- Investment approach – long run, diversified, disciplined, ESG focus;
- 1H23A - Strong rebound y/y from growth plus margin expansion;
- EBITDA 1H23A fiscal MUR 3,223m up 42% vs. 2,266m y/y

MUR (bn)	MCAP	EV	RoA %	RoE %	Div Payout	CF /Share
TTM	11.98	25.43	3.63%	13.59%	4.1%	2.23

Ratios	EV /FCF	Rev /Share	NI /Staff (k)	Trail P/E	Net Ip Cover	FCF /Share
TTM	9.82x	20.74	92.40	4.84x	2.50x	1.53

Investment Case

Our ACF core investment cases do not come with a valuation or forecasts. They often precede a full initiation note with valuations and forecasts.

The financial metrics in this core investment case are based solely upon financial report and accounts and publicly available data from platforms such as Refinitiv.

FX rate used in this note MUR:USD 0.022 source Refinitiv.

CIEL Ltd. (SEMDEX: CIEL) is an investment holding company focused on six [6] sectors across 10 emerging markets (Asia and Africa). Its diversified portfolio and geographic footprint opens up opportunities in some of the fastest growing regions of the world (Asia and East Africa). Africa is the last great development growth opportunity. Mauritius remains the single largest contributor to geographical revenues. Mauritius has a stable political system, high urbanization and literacy rates, a low birth rate and a legal system based largely on French civil law with elements of English common law. Mauritius is a relatively wealthy island state 2,000 miles off the southeast coast of Tanzania and Kenya, Africa and northeast of Madagascar.

Reputable investment company with 110-year track record – Founded in 1912, CIEL is a well-respected holding company that operates across ten markets in Africa and Asia, earning ~60% of its revenue in USD and EUR. It has a diverse portfolio with over 25 companies across six sectors - **Textile, Finance, Healthcare, Hotels & Resorts, Properties and Agriculture**. The combined value of CIEL's portfolio as of the end of 1H23A fiscal was MUR 21.2bn (~USD 475m).

Sustained increase in Group revenues and profitability: CIEL's business has shown solid growth in 1H23A fiscal, with all six clusters delivering strong performance – Textile (+28% y/y), Finance (+11% y/y), Healthcare (+15% y/y), Hotels & Resorts (+123% y/y), and Properties (+91% y/y). Revenue development and expanding EBITDA margins (up 70 bps) increased EBITDA, up 42% y/y.

High-growth emerging markets: CIEL's presence in some of the world's fastest growing economies opens significant growth opportunities for the firm. Specifically, its presence in South Asia (India and Bangladesh) positions it to benefit from strategic supply chain shifts away from China. We view CIEL's well-balanced geographic footprint in fast-growing emerging markets as a key part of CIEL's differentiations. Profitability momentum should continue in 2023 and beyond.

Steady appreciation of portfolio value: CIEL's positioning in international markets and strategic segments has led to a nearly 2x increase in the valuation of the total portfolio since fiscal 2014. CIEL has a well-defined approach to long-term investment underpinned by diversification, it has demonstrated that it can weather headwinds and rebound to deliver strong growth.

Catalysts

Strategic change to capital markets approach; Rebound in global growth; Dovish Federal Reserve / return to interest rate cutting part of cycle.

Operational Strategy

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CIEL's overall group strategy is to enhance the value of its clusters by delivering growth and reducing risk through long-term diversification. CIEL has outlined a specific strategy for each cluster.

Textile: There is a focus on South Asia (Bangladesh and India) opportunities as the textiles supply chain shifts away from China. CIEL's aim is to be the #1 woven shirt operator in India.

Financial Services: BNI Madagascar and Bank One (and MITCO).

BNI Madagascar: Focus is to cautiously grow the loan book, improve operational improvements so as to improve profitability and to develop new digital products/services.

Bank One: Focus is to develop the international banking arm and rollout its trade finance platform to support its sub-Saharan Africa strategy.

Mitco (CIEL Finance subsidiary): Focus is on reengineering and restructuring solutions for clients.

Healthcare (re-branded as C-Care in Mauritius and Uganda): The focus is on brand repositioning in Uganda and increased lab collection centers and facilities upgrades across its hospitals.

Hotels & Resorts: The cluster, made up of SUN Limited, Branded Hotels and Anahita Residences & Villas (ARVL), delivered a notable turnaround in 1H23A. SUN was rebranded as *Sunlife* in Oct 22. The focus is transformation to a lean organisation which should deliver productivity gains.

Properties (core assets are Ferney; CIEL Properties Development; Evolis):

Ferney Ltd: First project - Montagne Du Lion Farm Living, successfully launched.

CIEL Properties Development: Sales phase of La Pirogue Residences launched 1H23A.

Evolis Properties: Focused on Group non-core assets, more specifically to generate revenues from land and buildings (two current projects).

Agriculture: Two minority investment positions – **Alteo** and **Miwa Sugar**. A restructuring of Alteo has been complete along with the listing of Miwa Sugar on the Mauritius Development and Enterprise Market (DEM). The focus is cost control to counter the current inflationary environment and enhance productivity via improved agricultural practices to improve metric tonnage of sugar per acre.

Management Team

➤ CEO, Jean-Pierre Dalais.



Jean-Pierre Dalais joined CIEL Group in January 1992 and was appointed as the Group CEO in January 2017, overseeing all of its operations. Prior to this, he was the Executive Director overlooking Hotels & Resorts, Financial Services and Healthcare clusters. He is acting as Chairman of the Hotels & Resorts and Textile clusters. He holds an MBA from the International University of America, San Francisco.

➤ Deputy CEO, Guillaume Dalais.



Guillaume Dalais is CEO of CIEL Properties since 01 July 2020 and is a director of C-Care (Mauritius) and Sun Limited. He brings experience in textiles, manufacturing, entrepreneurship, strategic business development and deal structuring. Previous to his current roles he has worked in investment Banking at Metier Investments & Advisory Services in South Africa and CIEL Capital Limited in Mauritius. In 2010 he joined CIEL Textile group and was appointed Executive Director of the Knitwear Cluster at CIEL Textile in 2012. Between July 2016 and July 2020 he served as CEO of textiles. He is currently the CEO of the Property cluster and Deputy CEO of the CIEL Group. He is also Chairman of the Health cluster. Guillaume was educated at the Ecole Supérieure de Gestion (now Paris School of Business) in Finance and Accounting, and at HEC in Paris, France.

➤ Group Finance Director, Jerome De Chasteauneuf.



Jerome De Chasteauneuf became the head of finance at the CIEL Group in 2000 and has overseen numerous financial re-engineering projects, which accompanied the development of the CIEL Group. He covers the sector of Agro by acting as Chairman of the cluster and also covers the Finance cluster. He brings extensive experience in business development and finance, accounting & audit, strategic development, and deal structuring. He holds a BSc in Economics from The London School of Economics.

Risks

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Note that BNI contribution to gross debt most recent quarter (mrq) is MUR 2,541m and to C&CE MUR 8,720m.

Currency risk – The group’s revenue is heavily linked to the USD and EUR, which combined account for ~60% of revenues YE22A. The rest of the currency exposure is balanced between GBP (Hospitality sector); Malagasy Ariary (BNI Bank), INR (Textiles) and Mauritian Rupee (Health Care & Property). Any unfavorable currency movement could result in losses for the company.

Macroeconomic risk – The company’s various businesses are linked to overall global growth. Any macroeconomic slowdown globally, as well as in the geographical regions where it operates, is likely to adversely impact its business clusters. For instance, the textile sector, which is cyclical and comprises more than 50% of group revenues, has presence in India and Bangladesh but generates sales mainly via exports. Thus, it is highly dependent on a favourable global macroeconomic environment.

Competition risk - The company operates in highly competitive sectors such as textile, hospitality and finance. There is always a risk of disruption from more innovative products delivering superior customer experience. Many of the company’s global competitors have substantially greater financial resources and, arguably with the exception of textiles and sugar, more experience in these sectors.

Compliance risk – CIEL Group operates in multiple jurisdictions and sectors with different regulatory frameworks. Failure to adhere to regulatory and compliance requirements could result in fines, revocation of relevant licenses and loss of revenue.

Personnel - Small and mid-sized companies are more dependent on their C-suite/executive management teams than large and mega-cap global companies. The loss of key personnel can have a disproportionate impact on valuation and investor perception compared to similar events at larger more mature (often ex-growth) companies.






Notes [Intentionally Blank]

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Is the research potentially cross subsidized by other investment banking services.	NO	
Is the research potentially or actually paid for in shares or other financial instruments.	NO	
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Christopher Nicholson
 Managing Director
 Head of Research
 ACF Equity Research Ltd

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