

MANAGING DIRECTOR'S *Message*



ANIL CURRIMJEE
MD

OVERALL CONTEXT

2018 was a two-edged year for the Mauritian economy. In a turbulent global environment with heightened volatility and larger risks, the Mauritian economy was boosted by increased consumption, increased public sector investment and an increase in consumer confidence to achieve a very respectable performance.

However, at the same time, different economic strains were visible and became more apparent as the year progressed. The sugar and textile sectors faced very serious challenges and the tourism sector showed signs of a slowdown towards the end of the year. The current account deficit continues to widen year-on-year and our national debt is also worsening. These two macroeconomic indicators need to be addressed so as to avoid further strain on the economy.

OVERALL PERFORMANCE

In addition to this difficult and challenging environment, the Group was faced with disruptive technologies within the ICT sector. In this context, the performance

of CJ is even more rewarding. Our financial performance in 2018 showed a noticeable improvement compared to 2017. Group turnover increased by 8.8% to Rs 4.9 billion, mainly driven by the performance of the Technology cluster. On the back of a cost base very much under control, Net Profit Before Tax of the Group increased by 5.7% to reach Rs 628 million.

The improved performance was fuelled by surging growth in the new market and product segments within the Technology sector. Our capacity to be innovative in terms of new products and services is based on our strategy to always stay ahead of the curve in investment. In 2018, Emtel's total investment increased substantially to Rs 732 million compared to Rs 469 million in 2017. This, and other investments, enabled Emtel to offer not only new products and services, but also better risk management solutions for its Enterprise customers.

The Hospitality cluster's performance was impacted positively with fair value gains on our investment properties. Even though the operating companies of the Real Estate cluster's performance were much better than in 2017, the overall result in 2018 was less favourable due to impairment adjustments.

Another highlight of our 2018 performance was our investments in the Energy cluster. Total (Mauritius) Ltd has been able to marginally increase its profit level, above that of 2017, despite a competitive and difficult regulatory environment.

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RS **628** M **115**
NET PROFIT BEFORE TAX

The Group also hold shares in Bharti Airtel Limited in India. In 2018, the share price fell significantly and the Group recorded a loss of Rs 335 million compared to a gain of Rs 438 million in 2017. This has affected negatively the Group's OCI in 2018.

DRIVING STRATEGIC GOALS

Whilst delivering considerable improved 2018 results, Currimjee Jeewanjee also made positive strides in line with its strategic direction and objectives.

1. *Repositioning CJ businesses, mainly through review of its portfolio resulting in a more focused CJ :*

In this context, 2018 also saw an acceleration in the streamlining of activities. Cheribinny's activities were limited to financing only group businesses and at the end of the year, it merged with Batimex resulting in a more focused and efficient organisation.

Discussions to exit the call centre business were positive and we expect to exit this business by end April 2019. And finally, a management buyout took place at AMC.

In a world where convergence is accelerating, the boundaries between products and markets are

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becoming blurred. This requires a greater focus on how businesses are organised and how to better meet the customers' expectations. Over the course of 2018, the Telecoms, Media and IT companies also accelerated their focus on working together, leveraging the skills and assets across the different companies to better understand and meet the needs and expectations of our customers. A number of formal work teams from the cluster's different companies have been finalised and are gaining traction. This common window and sense of belonging will be a source of innovation, new services, products and service levels, while serving us positively in the coming years.

2. Addressing risk concentration through diversification of our business portfolio

A number of projects and initiatives took place during 2018 in line with our strategic goal to diversify our business portfolio, which would result in a reduced risk concentration.

For a number of years now, within the Technology cluster, we have been addressing the severe disruption facing the businesses regarding changing customer habits and innovations in technology. Our results in 2018 demonstrate that we have been successful in meeting this severe threat so far. We are increasing our efforts not only to counter the effects of disruption, but also take advantage of the opportunities presented by this disruption. In 2018, numerous developments and projects were initiated by MC Vision and Emtel. These aimed to offer our customers new services that focus on content aggregated across all forms, platforms and devices in a uniform and seamless manner. Similarly, our Enterprise segment has initiated the development of numerous products and services to further strengthen its position. These developments are progressing steadily and should impact us positively as from 2019.

Currimjee Jeewanjee owns substantial property assets situated in prime



locations. Over the last two years, Currimjee Jeewanjee has invested over Rs 175 million in two real estate developments. These developments will bring CJ's portfolio of developed property assets held for investment to over Rs 1.0 billion and will enable CJ to improve its yield in this segment.

Without a doubt, the most rewarding development project in 2018 was the start of the construction of our hotel in Le Chaland. A couple of years ago, Currimjee Jeewanjee embarked on a journey to enter the Mauritian tourism sector. Construction of our first hotel was scheduled to commence in November 2015, but was delayed by over two years due to vicious attacks from a handful of opponents with arguments based on lies, false and baseless allegations.

As we have done throughout the years, to overcome this challenge we stuck to our values, faced our opponents and won all our battles decisively. In various courts, all their baseless allegations were decisively dismissed. The two-year-long battles with the opponents were very costly and were a major stress for the Group. But, it brought us together, reinforced us as a team and made us stronger. We are proud of this project, which has always been in line with our values, and I am proud of our Hospitality team and those from our Corporate office who worked tirelessly and passionately, never giving up and



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always believing in themselves and the project.

The construction of the hotel is progressing well and Anantara Le Chaland should be operational by the last quarter of 2019. One of our main concerns was to ensure that the hotel is an example of environmental and social sustainability. In line with this, we have not only met all the lease conditions, but also incorporated a number of other sustainability initiatives.

Minor International, our management partner – who will manage the hotel under the Anantara brand – has values closely aligned with ours. They are also recognised as committed leaders in sustainability and have been members of the Dow Jones Sustainability Indices since 2014.

Over the years, Currimjee Jeewanjee has invested over Rs 1.3 billion as equity in our Hospitality projects at Le Chaland (which includes the hotel and the Real Estate components). The revenue generated for Currimjee Jeewanjee once Anantara Le Chaland becomes operational will enable us to monetise our real estate investment and further our investment in the tourism sector.

The above-named projects and initiatives carried out by the different clusters will enable the diversification of CJ's revenue and allow the Group's holding company to implement the debt reduction plan and thereby improve its risk profile.

3. Build organisational strength and achieve optimum operational excellence

We celebrated our 125-year anniversary in 2015 and since then a number of organisational initiatives have been introduced. We would not have achieved our improved performance nor progressed on

projects or initiatives if we did not become a stronger, more effective and efficient organisation. This goal was one of our strategic objectives and formed the foundation of all our actions and the journey towards this objective started with investing in our people and talent. Again, this has been a process initiated over a number of years, with an increased momentum in 2018. The performance management system was extended throughout the organisation, formal talent development programs were initiated, along with formal succession planning and business continuity programs. A leadership program aimed at improving our leadership skills and building our leaders of tomorrow was also launched with the support of RBL, a leading international leadership consultancy.

These programs were accompanied by a major drive in Engagement initiatives built around the AON Hewitt engagement model. At the end of 2018, the Group engagement score rose from 46% to 61% with a number of our companies in the highest bracket of engagement.

At the end of 2017, we launched our co-working space at Currimjee Arcades, Curepipe, Le Nénuphar, which became fully operational at the beginning of 2018. Through this project, we aimed to create a space that embodies our brand, our vision, and our values... A space that could tell our story and project our future... An open space in which it would be possible to experience our products and brands... A space where people would gather to share ideas, formally or informally, with one very clear objective: to cultivate and amplify the unity of the Group.

All these initiatives are part of a clear strategy to build a stronger Currimjee brand, create a stronger sense of belonging to the Group, and reinforce our values to form a

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more united team. Our focus has also been on building an engaged, passionate and effective team with respected and visionary leadership skills. On this subject, we saw significant progress in 2018 and it will be the mainstay of our continued progress.

We also successfully launched our Digitalisation program in Corporate Finance, which will be rolled out throughout the subsidiaries throughout 2019. Our Shared Services were also extended to Corporate Finance. Digitalisation and Shared Services will bring job enrichment, greater revenue opportunities and also help us in the drive for cost efficiency. They will also make us into a more customer-centric organisation and enable us to move consciously through different programs for enhanced customer centricity.

Currimjee Jeewanjee also invested in its private cloud, which will service all its subsidiaries thus providing the advantages of scale, lower costs, better security management, as well as standardisation of systems and quality levels.

4. Create long-term stakeholder value through the implementation of a business strategy with a sustainability element and make sustainability an integral part of product offerings to clients

A fourth strategic goal was to build a more sustainable organisation and incorporate more sustainability initiatives in all our businesses. This is in line with our values and our responsibility to the community and the next generation who are

going to inherit the consequences of our actions. It is also because we believe that it makes sense when it comes to running a business. Today, stakeholders demand a commitment to sustainability and businesses with a higher commitment to sustainability will better be able to attract top talents.

We have made good progress on this front. All the businesses have introduced projects and initiatives to reduce consumption of electricity, water, paper and other resources. Waste management is actively monitored and the results of these actions have been very positive as detailed in our Sustainability report. As mentioned above, and also in more detail on pages 46-51 of our Integrated Report, our Anantara Le Chaland Resort features sustainability measures never before incorporated in Mauritian hotels.

Currimjee Foundation, which manages our CSR, has also focused on a number of sustainable initiatives. This includes its commitment with Friends of the Environment for the reforestation of La Citadelle - which concluded our fifth year of collaboration on this initiative.

Currimjee Foundation also entered into multi-year agreements with The Mauritian Wildlife Foundation (MWF) and Reef Conservation to collaborate on various projects pertaining to the environment with participation from our team members.

We not only sponsor these initiatives financially, but in 2018 over 674 of our team members participated in various sustainability activities.

OUR VERY POSITIVE 2018 PERFORMANCE, PROGRESS ON DIFFERENT PROJECTS, INITIATIVES AND INVESTMENTS ENSURE THAT WE ARE VERY MUCH ON TRACK IN REGARDS TO OUR STRATEGIC DIRECTIONS AND GOALS SET OUT IN OUR THREE-YEAR PLAN.

WAY FORWARD

Our very positive 2018 performance, progress on different projects, initiatives and investments ensure that we are very much on track in regards to our strategic directions and goals set out in our three-year plan. Moreover, the foundation of the CJ Group is built on two pillars namely our values and governance, which pave the way for all our future initiatives and projects.

Before ending, I would like to share a few thoughts on our first Integrated Report. Just as Le Nénuphar is a physical representation of our brands, history, values, purpose and way forward, this Integrated Report is

FINANCIAL PERFORMANCE *at a glance*

+8.8%

REVENUE

2018: RS 4.87 BILLION

2017: RS 4.47 BILLION

a written expression of our values, who we are and how we move forward together. Nevertheless, it is not just a report. The process of creating it has been an exercise that brought us together, reflects our values, focused our minds, carried our purpose to the forefront and given us a common vision. It has made us stronger and will enable us to take Currimjee Jeewanjee to the next level.

APPRECIATION

In conclusion, I would like to thank the Board Members for their leadership, guidance, support and ideas. My heartfelt acknowledgement also goes to the Group's leadership team for their contribution, commitment, support, relentless drive and engagement. And last but not least, I would like to thank our employees for their efforts, passion and dedication to building a better CJ. Without a doubt, we have taken the right path on this journey towards creating sustainable value. **Together building a better tomorrow through a value-driven culture.**

+40.0%

OPERATING PROFIT

2018: RS 827 MILLION

2017: RS 590* MILLION

** This amount excludes exceptional profit realised on sale of quoted shares amounting to MUR205M in 2017.*

-4.3%

NPAT

2018: RS 421 MILLION

2017: RS 440 MILLION