

CIEL TEXTILE

EXECUTIVE REPORT



CIEL owns 56.31% of CIEL Textile Limited, a company listed on the Development and Enterprise Market of the Stock Exchange of Mauritius. CIEL Textile is a world-class global player in textile and garments operations, spanned across Mauritius, Madagascar, India and Bangladesh.

CIEL Textile has developed into a regional one-stop shop for textiles, with vertically integrated business units, from yarn spinning to finish garments. The Group positions itself as the best alternative to China with the objective to deliver unbeatable value to medium and upmarket retailers.

Quote from the CEO

“Aquarelle group was the star performer this past year, with sales increasing by 3% to MUR 5.8bn and a healthy increase of 15% in profit after tax (PAT) to MUR 485.5M. Aquarelle group today accounts for 55% of the group turnover and 69% of its PAT.

Our strategic plan for all divisions all go in the same direction where we aim to be recognised as the “best” in terms of customer satisfaction and financial performance.

Our regional strategy (Mauritius & Madagascar) focuses on an upmarket move and cost competitiveness improvements.

Our globalisation strategy focuses on growth; first in the Indian sub-continent (India & Bangladesh) followed by sub-China region”.

J. Harold Mayer, CEO of CIEL Textile

Management Team



J. Harold Mayer
CEO of CIEL Textile



Eric Dorchies
CEO Woven Cluster



Jean-Baptiste Doger de Spéville
CEO Knitwear and Knits Clusters



Guillaume Dalais
Joint CEO Tropic Knits Group



Bertrand Thevenau
Joint CEO Tropic Knits Group

3 clusters

Woven

- Aquarelle Clothing
- Consolidated Fabrics
- Laguna Clothing
- Pastel Blue

Fine Knits

- Tropic Knits
- CDL Knits

Knitwear

- Floreal Knitwear
- Ferney Spinning Mills

Key Facts and Figures

20

PRODUCTION UNITS

MAURITIUS: 8

MADAGASCAR: 6

INDIA: 5

BANGLADESH: 1



33M

**GARMENTS
EXPORTED
ANNUALLY**

OVER

20,000

EMPLOYEES

**LISTED ON THE
DEVELOPMENT AND
ENTERPRISE MARKET
OF THE STOCK EXCHANGE
OF MAURITIUS**

18%
OF OUR PORTFOLIO

CIEL TEXTILE EXECUTIVE REPORT

Financial Performance

CIEL Textile	Year ended 30 June		
	2016 MUR'M	2015 MUR'M	Variance MUR'M
Revenue	10,508	10,131	377
EBITDA	1,153	1,126	27
Profit before tax	862	857	5
Profit after tax	704	762	(58)
Profit attributable to CIEL shareholders	353	396	(43)

- CIEL Textile Limited achieved satisfactory results. The woven cluster's strong performance, both in the Indian Ocean region and in Asia, has been the main contributor to the Group's profitability. The Knits cluster has performed satisfactorily although its financial results have been impacted by the launch of its new factory in India. The Knitwear cluster's profitability saw a significant drop in margins and was affected by the setting up cost of a newly automated facility in Antsirabe, Madagascar.
- The current international retail environment, combined with the recent currency fluctuations, are areas of concern; generating a stronger sales' momentum remains a key priority for the CIEL Textile team.
- Despite this challenging environment, the Woven cluster is expected to deliver a satisfactory performance in the current financial year. The results of the Knits cluster will remain partly dependent on the successful development of its operations in India while the restructuring of the industrial activities of the Knitwear cluster is only anticipated to have a medium term positive impact on CIEL Textile's results.

KEY ACHIEVEMENTS IN **2015-16**

- **SOLID PERFORMANCE OF AQUARELLE ON BOTH FINANCIAL AND NON-FINANCIAL SCOREBOARDS**

Aquarelle's growth journey continues with excellent performance in Mauritius, Madagascar and in the Indian sub-continent. Besides, its customer satisfaction and operational excellence scores are also high and used as benchmark for sister companies.

- **RESTRUCTURING AT FLOREAL KNITWEAR**

Two production units have been discontinued (in Madagascar & Mauritius) whilst a state-of-the art fully automated factory was opened in Antsirabe (Madagascar).

- **NEW FACTORY FOR TROPIC KNITS GROUP IN INDIA**

Tropic Knits continued its globalisation strategy with the opening of a new factory in Coimbatore. Regional operations (Mauritius and Madagascar) have shown good results and improvements.

- **VERY GOOD CUSTOMER SATISFACTION ACROSS THE GROUP**

The customer satisfaction scoreboard remained high in general

- **STRONG OPERATIONAL EXCELLENCE**

Operational excellence in manufacturing remained a major strength in all units and divisions.

STRATEGIC DIRECTIONS FOR **2016-17**

- **PURSUE CIEL TEXTILE GLOBALISATION STRATEGY**

The focus will be first, on the Indian sub-continent (India & Bangladesh) where the Group already operates 6 production units, and then on sub-China region where Aquarelle wants to attack the US, Chinese and Japanese markets from.

- **ENGINEER AN 'UPMARKET MOVE' FOR AQUARELLE'S OPERATIONS IN MAURITIUS AND MADAGASCAR**

Development of a non-iron shirt facilities in Madagascar for Aquarelle group in 2017.

- **CONSOLIDATION OF OPERATIONS AND COST COMPETITIVENESS IMPROVEMENTS FOR FLOREAL'S REGIONAL OPERATIONS**

Significant cost reduction plan in Floreal Knitwear via a major industrial reorganisation, leading to all production being concentrated in two factories in Madagascar and one in Bangladesh.

- **FOCUS ON TROPIC KNITS' NEW OPERATIONS IN INDIA**

Investments in operational excellence, sophisticated marketing and customer satisfaction for this new facility before increasing production capacity.

- **TALENT MANAGEMENT TO ACCOMPANY CIEL TEXTILE'S DYNAMISM**

Jean-Baptiste Doger de Speville will hand-over his responsibilities as head of the Knitwear cluster on 30 March 2017 to Guillaume Dalais, who joined Floreal on 1 July 2016. Guillaume will also keep his responsibility as joint CEO at Tropic Knits group with Bertrand Thevenau.