

CHAIRMAN'S STATEMENT



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Dear stakeholder,

There is no doubt that we are living through one of the greatest economic and health crises of modern times. The continued proliferation of COVID-19 is curtailing the global economic recovery, making it extremely difficult to plan ahead. In Mauritius, GDP is projected to contract by 13% in 2020, and the outlook for 2021 remains unclear, particularly given the openness of our economy and its dependence on the travel and tourism industries.

Like many other companies, CIEL has not been spared by the adverse financial impact of the pandemic. Our Group has a positive force to do good, and I am proud of the way in which we have supported our customers, our employees and the communities around during the pandemic. The Board of Directors is confident that despite the COVID-19 crisis, we will rise to the complexities and the challenges brought by the virus thanks to our diversification, international presence, financial strength, strong partnerships and talented people.

Above all, I am grateful for the trust and confidence of our teams, shareholders, financial partners and the national authorities. Our goal remains to create sustainable growth in value and with the strong relationships we have built over the years with our stakeholders, we are determined that we will weather the storm and re-invent ourselves to the post-pandemic world.

FINANCIAL PERFORMANCE

Over the first semester of the June 2020 financial year, CIEL was delivering a strong performance, with solid growth in EBITDA, operating profit and cash flow.

However, by February 2020, the pandemic, along with lockdowns in Mauritius, China and other parts of the world, caused major disruptions, suspended business operations and began affecting mainly our Textile cluster and Hotels & Resorts activities.

With Mauritius' main tourism source markets closing their borders and the national lockdown imposed on 18 March 2020, CIEL's Hotels & Resorts cluster saw a drastic fall in revenue as it had to temporarily suspend all of its operations. To mitigate this drop in revenue and preserve cash flow, our hotel business, SUN, sought financial assistance from the Mauritian Government through the Wage Assistance Scheme amongst others and has also applied for MUR 3.1Bn in financing from the Mauritius Investment Corporation. We remain in constant dialogue with our financial partners to ensure we can ride out of this crisis in the best possible conditions.

On the other hand, our Healthcare cluster played a vital role in supporting the Mauritian healthcare sector during the pandemic although our hospitals and clinics saw a drop in occupancy due to the lockdown.

Our Financial Services cluster continued to provide essential services throughout the lockdown and doubled efforts to continue serving our clients and help families across Mauritius and Madagascar.

The Agro & Property cluster fared relatively well throughout the year. Despite the challenging context, CIEL has decided to create a standalone Property cluster to generate sustainable value from the substantial property assets that exist across the Group.

The adverse economic impact of COVID-19 and the uncertainties surrounding future cash flow projections have led to impairments charges and reorganisation costs which have weighed on our financial results. Unfortunately, due to the pervasive nature of the COVID-19 crisis, the Group made a significant loss during the year under review.

Recognising the importance of dividends to our shareholders, the Board's decision has been exceptionally difficult. To navigate through the unprecedented uncertainties caused by COVID-19 without compromising liquidity, the Board concluded that the prudent and proper decision was to suspend the June 2020 final dividend. The Board believes that this decision is in the best long-term interests of shareholders.

As at 30 June 2020 (MUR'bn)

21.92

Group Consolidated Revenue

3.29

Group EBITDA Before Impairments and Reorganisation Costs

(2.16)

Group (Loss) After Tax

8 Cents Per Share Dividends Paid

(interim dividend declared in Dec 2019 and paid in Jan 2020)

CIEL'S RESPONSE TO COVID-19

CIEL's immediate priority was to protect both our business and those who place their trust in us – our people, customers, partners and community. The Group's leadership reacted swiftly and energetically to preserve business continuity and ensure the safety and wellbeing of our stakeholders; and businesses across the Group contributed to national efforts to contain COVID-19 and provided support to those most in need in the community. My fellow Directors and I also worked closely with the executive team to manage the Group's strategic and operational response. More information about CIEL's COVID-19 response is available on [p. 18](#) of the Group Strategy & Performance section.

STRATEGY AND RISK

Despite these challenges, the COVID-19 pandemic has also been an opportunity to fundamentally reassess how we think and work to ensure we remain relevant to the markets and economy of the future.

At a Group level, we are therefore encouraging a culture of cost-consciousness and efficiency, supported by new digital tools. We also continue to strengthen our cybersecurity defenses following the creation of a Group Cybersecurity Committee last year. More than ever, we aim to build on our leadership positions in strategic sectors while adapting our products and services to new trends in demand.

SUSTAINABILITY AND SOLIDARITY

The COVID-19 crisis has also demonstrated how vulnerable our world can be to major systemic shocks. Sustainability has never been more important, either for CIEL or for our stakeholders.

In February 2020, CIEL's Board of Directors adopted a new sustainability strategy, including a new vision and key commitments. It represents a roadmap on how to sustainably transform our Group over the next 10 years, building on our existing governance structure and Environmental & Social management systems.



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We are acutely aware that COVID-19 is leading to rising unemployment and a fall in household incomes in our community. We have therefore created a dedicated fund – the CIEL COVID Fund – to assist Group employees impacted by the crisis. This initiative is financed via contributions from Directors, shareholders and CIEL employees. More information is available on [p. 60](#) of the Sustainability report. Alongside this, CIEL continues to pursue its inclusive growth agenda and support communities via the CIEL Foundation's CSR projects.

OUTLOOK

Though the ongoing crisis makes it difficult to forecast the future with certainty, the coming months are likely to be very challenging.

Our Group will need to monitor the situation and adopt a flexible and agile approach to its decision-making process.

Despite this, it is clear that CIEL's geographical and sectorial diversification is a real asset. We are now seeing signs of recovery in five of our six clusters, and our initial results for the first quarter of the 2021 financial year are encouraging. Our Hotels & Resorts cluster continues to be impacted by restrictions on international travel and the new wave of COVID-19 infections in our major tourism markets.

Mauritius' inclusion on the Financial Action Task Force's watchlist and EU blacklist is a concern. There is a risk that, over time, it will weaken trust in Mauritius as a jurisdiction. However, we are aware that efforts are being made to resolve this situation and hope that Mauritius will be able to swiftly exit both lists.

Overall, in light of CIEL's strategic positioning across a number of emerging markets and our history of strong growth and sound financial management, the Board of Directors is confident in our Group's medium to long-term prospects.

ACKNOWLEDGEMENTS

I would like to express my heartfelt thanks to all of CIEL's teams, from our Healthcare cluster's medical professionals to those who keep our businesses and facilities running every day. Despite the difficulty of the past few months, they have demonstrated incredible innovation and commitment in keeping our Group running and have shown real solidarity towards the most vulnerable in our communities. Our teams are the reason that I am confident about CIEL's ability to emerge from this crisis a stronger and even better positioned Group.

I would also like to express my gratitude to my fellow Board members, who have been an invaluable source of support throughout this crisis. The executive team under the leadership of Jean-Pierre Dalais has done an incredible job of navigating this crisis and making hard decisions despite an ongoing lack of visibility.

I would particularly like to thank Harold Mayer, the outgoing CEO of CIEL Textile, for his 30 years of service in that cluster. Mr Mayer remains on the Board of the CIEL Group and of CIEL Textile. The Board and I wish his successor, Eric Dorchie, every success.

Finally, I would like to thank our financial partners and the national authorities for their support and assistance in what has been an exceptionally demanding year. I am also grateful to our shareholders for their patience and understanding over the past few months. Their continued confidence is vital to CIEL's long-term growth.

To all of our stakeholders, I hope you and your loved ones are doing well and staying safe.



P. Arnaud Dalais
Chairman