

In conversation

with our Managing Director



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Operating Context

As we moved into 2021, the dominant view was that the worst was behind us, and that we were entering a new year with positive developments on the horizon, and a clearer and stronger roadmap for the future. Unfortunately, 2021 turned out to be equally unpredictable, made up of fluctuating periods of uncertainty, despair and optimism.

The year started slowly, with the economy facing strong headwinds in January and February due to the continued closure of borders since March 2020. In March 2021 came another lockdown, which, although shorter than the previous one, was a greater shock to many as we had been operating in a Covid-safe environment for months. The creation of 'red zones' threw business operations into disarray, with facilities in these areas opening and closing intermittently.

The gradual opening of the borders from 15th July, and the eventual full reopening on 1st October, provided much needed hope to tourism-related operators – whether large groups, independent businesses, entrepreneurs or self-employed professionals.

November, however, saw the sanitary crisis reach its highest point since 2020, putting hospitals under tremendous pressure. This was immediately followed by the onslaught of the Omicron crisis in early December, coupled with France's decision to place Mauritius on its 'Scarlet Red' list, banning all travel between both countries. This throttled the tourism resurgence and dented the positive economic momentum.

This year of doubts and worry also brought out the best in us at all levels. At the national level, 2021 shone a light on the importance and significance of the tourism industry for the country. The unprecedented collaboration between the private and public sector to spur the recovery of tourism demonstrates how much we can achieve if we work together for the common good.

The resolution of the 'Scarlet Red' episode with France illustrates, in equal measure, how deep ties with other countries can be leveraged for the benefit of the country.

At the Company level, our people showed exemplary compassion and generosity. Knowing that the pandemic had a serious impact on the wellbeing and mental health of our teams, we responded by investing in their emotional and physical wellbeing, working together as one big family to support one another. This was instrumental in getting us through the negative effects of the crisis.

Strategic Priorities

The last two years have provided us with numerous opportunities to re-evaluate our strategies. Following a diligent assessment at the Board level, we once again came to the conclusion that our strategic pillars, 1) Organisational efficiency, 2) Financial risk management, 3) Diversification of our portfolio and 4) Focus on sustainability were even more relevant to us in these times. While our focus in previous years was on strengthening the building blocks and foundations of our strategic priorities, the past year saw their execution and the delivery of a number of milestones.

Organisational Efficiency

Over the last few years, CJ has been continuously building a strong team aligned around common goals. This has been achieved through focused programmes on Engagement, Talent and Leadership Development, reviewing our organisational structures to make them more effective, and offering career advancement and training opportunities to our younger leaders. All of these were built upon a foundation of deeply-held values and principles.

To lend our support in these difficult times, we introduced Wellbeing programmes for all of our team members, ensuring our policies are flexible enough to support their various needs. We are proud that

our efforts were well appreciated, earning us high Engagement and Enablement scores. Engagement, at its very basic, is a reflection of "How far is one willing to go for the company?" Our score gives us the confidence that a high percentage of our team members is committed and fulfilled at work. This also testifies to the strength of CJ's team spirit.

We formalised our customer-centric framework, which rests on four pillars: Customer Feedback and Measurements, Human Capital, Simplified and Digitised Processes, and Product/Service and Brand positioning. This framework sets out clear performance metrics, enabling us to track our improvement yearly. As a result, we have seen a measurable increase in our digital sales and digital interactions in all our B2C businesses, which sets the stage for other opportunities.

This initiative is led by a multidisciplinary team of young leaders from different units of the Group, who benefit from personal and professional development opportunities. As we move forward in this initiative, we hope to create a virtuous cycle whereby more engagement leads to more customer centricity, which, in turns, leads to better business outcomes.

A more streamlined organisational structure supports the delivery of all of these goals. During the year, we worked on making our structure flatter, better integrated and more reactive. These decisions are never easy, but are essential for the organisation's sustainable growth and development.

Financial Risk Management

The arrival of the pandemic put considerable strain on the balance sheet of all companies, including CJ. However, by virtue of our mix of businesses and diversity of our activities, we came out of the crisis relatively strong. Nevertheless, having drawn the right lessons from the crisis, we upheld our commitment to continuously review and enhance CJ's debt structure

IN CONVERSATION WITH OUR MANAGING DIRECTOR

and profile, thereby enhancing our financial resilience. During the year, we successfully raised Rs 2.2 billion of bonds to replace our short-to-medium bank debt. On the back of a strong A- Stable rating by CARE Ratings (Africa) Private Limited, our offer was oversubscribed, and we managed to lengthen the maturity profile of our debt with attractive interest rates, a substantial portion of them being fixed rates.

This enables CJ to focus more effectively on its businesses, while reducing yearly debt repayments in the short term, and aligning our debt repayments with our business goals.

Diversification of our Portfolio

Much work has gone into diversifying our existing clusters and enabling them to build scale, support their existing lines of activities, generate new business opportunities and offer more value to the customer. A number of noteworthy initiatives were set in motion in 2021.

On the Commercial front, Batimex opened a number of showrooms, renovated others, and won over a new customer segment by providing merchandising services to its wholesale customers. This has firmly set Batimex on a growth path, and in a strong position to lead developments in the retail segment.

On the Real Estate front, the team successfully launched the renovation of Les Arcades in Curepipe, which has received an outstanding response from existing and potential tenants. The leasing-out process has been very successful thus far. The newly-renovated Arcades will enable Compagnie Immobiliere Ltée to return to a strong recovery post Covid, and drive our initiatives to restructure a number of our properties under a common ownership, thus building scale and allowing the cluster to address new opportunities.

It is on the Technology front, through Emtel, that the most decisive steps were taken. Emtel obtained its 5G licence and spectrum in 2021, and

accelerated its plans to develop a 5G network. At the end of the year, Emtel instigated its plans by placing the order for its network, setting a date of mid 2022 for the official launch.

Emtel has also been working with different local and international partners to launch its payment app. During 2021, we applied for a licence from the BoM, and made significant strides on this front by the end of the year. The development of the payment app progressed commendably, and by the end of the year, we began conducting tests with internal Beta users.

Both these initiatives, which had been in development over the last couple years, are now in an execution stage and seeing the light of day. They will allow Emtel to strengthen its existing telecommunication revenues, address new revenue segments within the Telecommunications field, and allow Emtel (together with other CJ businesses) to seize opportunities in e-commerce, payment systems, the distribution of financial services, and new content offerings, amongst many others.

Another major development was the launch of Emtel Technopolis, which will house a Satellite Ground Tracking Station for One Web. Emtel Technopolis has been set up to develop a Technology Park, with a focus on high-end knowledge- and capital-intensive activities.

Emtel Technopolis Ltd received its Premium Investor Certificate in late 2021 and is planning to start operating in Q1 2023. This will reinforce Emtel's position in the Enterprise Solution segment, and more importantly, make Mauritius even more attractive to international telecommunications operators.

Still in the Technology cluster, MC Vision faced another difficult year. It had to contend with a weak Mauritian Rupee, cut-throat competition and declining purchasing power, which drove down its subscriber base. With

customers continuing to limit spending on essentials, of which entertainment does not form part, MC Vision focused on improving its existing products with innovative, value-adding features. Looking ahead, MC Vision is positioned as a strong content aggregator, and the increasing synergies with Emtel, which have been serving both companies well, are expected to yield positive results.

After two years of low activity, our Hotel segment prepared for the reopening of borders by enriching its value proposition, which appeals to post-Covid travellers looking to blend their wellness needs with sustainable and authentic experiences. An Active Wellbeing programme was developed and the hotel team was provided with all the training and motivation needed to do what they do best - offer guests warm and sincere hospitality. Alongside this, the preliminary feasibility of Phase II of Iko Coastal Village was kicked off.

Sustainability focus

At CJ, we understand that our perennity as a company relies on the sustainable development of our communities and natural environment. During the year, we made considerable efforts to improve our environmental performance, assiduously tracking and monitoring our use of resources. Anantara iko, which is rooted in the principles of sustainability, deployed a coral farming project at La Cambuse. Its ambition is to rehabilitate our coral reefs, which serve a crucial role in the stability of our marine ecosystems, and are an important source of income and food to the region's communities. Should this pilot project turn out to be successful, we intend to replicate it in other parts of the island.

We are also very proud that in April 2022, we made the decision to provide income support to CJ's people through a voucher scheme, designed for employees earning under Rs 20,000 per month. In these

difficult times, we want our people to be as comfortable as possible, and relieve them of the worry of having to forgo basic necessities to meet the needs of their families. Our CSR activities and the Currimjee Covid Fund also focused heavily on social measures and food packs to help vulnerable members of our society.

Along the same lines, one of our proudest achievements is the launch of Trampoline, our social impact investment accelerator, through which we aim to contribute meaningfully to better socioeconomic conditions in Mauritius. I invite you to read more about it on page 139.

Main accomplishments and financial performance

Even against a very difficult operating environment, CJ's businesses stood on their own and progressed both from a strategic and financial viewpoint. Group turnover saw a growth of nearly 1.2%, driven by growth in all our businesses except for Emtel and MC Vision, both of which were impacted by the closure of the borders and other Covid-related regulations.

Given our effective control of operating costs and financial costs, CJ's loss before exceptional expenses was limited to MUR 24M. However, given the positive movement in our retirement obligations and improvements in our international quoted investments, the Group registered a Total Comprehensive Income of MUR 720M, substantially strengthening our balance sheet. The restructuring

of our debt at CJ was a major accomplishment, which also positively impacted our operational performance.

More importantly, the Group's performance during the last quarter was very strong, which indicates that our businesses have a strong base, and responded well to the reopening of the borders.

Future Outlook

On the global front, we were lurched into another difficult year with the invasion of Ukraine by Russia. This is leading to increases in oil, food and other commodity prices, fuelling rapid increases in inflation worldwide, protective behaviours by countries, and further economic difficulties as global production is being impacted. Within Ukraine itself, a humanitarian crisis has unfolded in many areas as the citizens suffer from the ravages of the war.

Most countries countered by increasing interest rates, after years of a low-interest rate environment. This change will influence individual consumption patterns, with most experts forecasting recessions in western countries, which happen to be our main markets and main providers of FDI. Although the price of commodities has fallen from their peak over the past few weeks, the situation remains volatile.

At the national level, before tourism had a chance to recover from being placed on the 'Scarlet Red' list, two Class 4 cyclones hit Mauritius, not only causing physical damage, but also immediately driving up inflation, which reached 6.0% in

March 2022, before rising to 9.6% in June. Large sections of our population are being affected, and many have been unable to meet basic requirements for comfortable and dignified living standards.

Against this challenging backdrop, the increase in tourism since July 2022 bodes well. This rebound is coinciding with the improvement in air connectivity, with the addition of an extra flight by Emirates. That being said, we are closely monitoring the uncertain environment, and will continue to move forward decisively, but carefully, always assessing risks.

Now more than ever, as a leader, employer and community member, we have to be even more attuned to the needs of society and of less fortunate people. We must not allow our short-term needs to overshadow the urgency of supporting our communities, and we intend to pursue the transformation and development of our businesses in a manner that also enables society to benefit. This has always been integral to our values, and it is inseparable from the history of our organisation, and the legacy we wish to leave behind.

My gratitude goes out to every employee, customer, supplier and business partner that continued to support us over the past year. Our success and legitimacy as a business can best be measured by the impact we have on our full breadth of stakeholders, whether financial, environmental or societal. Thanks to you all, CJ is continuing to grow into a trusted organisation that delivers lasting value for all.