

Chairman's Message

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Setting the standard



Dear Shareholders,

On behalf of the Board of Directors, I am honoured to present to you IBL Group's Integrated Report for the financial year 2018-19, during which we recorded another year of solid growth.

After the adoption of its strategic plan, IBL has continued to progress on a path of sustained growth through the reinforcement of its local, regional, and global footprints. Its portfolio of subsidiaries and associated companies achieved strong performance, underpinned by operational excellence and sound strategic priorities.

Though some of our operations experienced a slight downturn in profitability in the short term due to unfavourable market conditions and the initial adverse impacts of new strategic initiatives, these investments are expected to bear fruit and increase our overall profitability in the longer term.

As a result, the Group was able to maintain stable growth in 2018-19, in large part due to our Group's diversification across geographical markets and industries.

Building on a sound and clear strategy

During the year, IBL continued to deploy its strategic plan adopted in June 2017. Though it is reviewed and adjusted on a regular basis in order to keep IBL at the forefront of the industries and markets we operate in, the focus remained on:



Strengthening our Mauritian core;



Achieving regional expansion into the Indian Ocean & East Africa;



Pursuing international expansion anchored in world-class professional expertise.

In that perspective, we continued to reinforce and adapt the Corporate Centre functions to allow us to deliver our strategy. In particular, IBL has been working on the transformation of its business model and ways of working, both to take advantage of technological innovations and to respond to its stakeholders' changing expectations. Our efforts towards ensuring successful Digital Transformation are set out in our Strategy report.

Major events

The 2018-19 financial year was marked by the following strategic transactions:

- IBL recently announced its intention to acquire General Construction Co Ltd, a major player in the Mauritian construction industry. This acquisition aims at consolidating and strengthening our Building & Engineering cluster;
- In the Commercial cluster, Winner's continued its expansion by developing a first hypermarket in Trianon and one additional supermarket in Port-Louis. This added to an existing portfolio of 25 supermarkets and will allow Winner's to better deliver on its proximity strategy, even though its performance is presently affected by the restructuring charges, whilst growth potentials have not yet materialised;
- In the Seafood sector, a new fish protein and fish oil factory was launched in Ivory Coast and has been commercially operational since February 2019;
- Chantier Naval de l'Océan Indien (CNOI) has signed a lease for securing additional land adjacent to its industrial site to build additional industrial facilities, which will enable it to expand the ship construction and maintenance capacity by 50%;
- Finally, our Hospitality cluster was strategically reshuffled following the unbundling of Lux Island Resorts Ltd and The Lux Collective Ltd, formerly known as LUX* Hospitality Ltd. As a consequence, Lux Island Resorts Ltd became a real estate and hotel operation company, whereas The Lux Collective Ltd remained a pure fee-based management company managing all the properties owned by Lux Island Resorts Ltd as well as other third-party owned resorts worldwide. The Lux Collective's head office has been physically relocated to Singapore in order to be better positioned for international growth, particularly in Asia.

Financial performance

Figures as at 30 June 2019 (Rs)

Increase in share price since June 2018:	8.22%
Dividends paid:	0.77 per share
Total number of shares:	523,772,511
Market capitalisation:	36,732,098,160

As shown above, the Company has delivered solid returns to shareholders with an increase of 8.22% in share price and dividends of Rs 0.77, equivalent to a 1.54% return, totalling 9.76% Total Shareholder Return (TSR) for the year.

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Creating long-term value through good governance and risk management

The promotion of best corporate governance practices is a key tenet of IBL. The Board of Directors is therefore strongly committed to continuously reviewing its governance practices and charters to meet the constantly evolving national and international governance frameworks and best practices.

Hence, this year, we conducted a gap analysis between our various governance charters and practices (IBL Code of Business Ethics, Board Charter, Governance Charter, Code de Déontologie Boursière) and the new Code of Corporate Governance 2016. This exercise was conducted by Benoit Chambers with the support of Dr Chris Pierce, an international expert in corporate governance who collaborated on the new Code of Corporate Governance for Mauritius issued in 2016. For instance, our Board Charter and Governance Charter have been combined into a single document to facilitate its understanding by stakeholders. As recommended in the new code, our Group also adopted a revised Conflict of Interest policy, which explicitly grants to the Audit and Risk Committee the responsibility to oversee how conflict of interest situations are managed by the Board, as well as related party transactions.

[Corporate Governance Report p. 34](#)

Our Group-level risks are identified, evaluated and monitored by a dedicated risk management function created two years ago. It aims at continuously improving IBL's risk management practices.

[Risk Management Report p. 90](#)

Outlook

I am confident in IBL's prospects and ability to grow while creating value for its stakeholders in 2020 and beyond. Our Group's diversification, across industries and geographical regions, allows us to mitigate our exposure to risks, and capture the multiple opportunities for growth.

It is a must and a strategic necessity to make our Digital Transformation efforts a success. Constantly shifting customer expectations, rapid technological advancement

and increasingly fierce competition have led companies worldwide to rethink their business models.

Accordingly, over the last year, we have engaged and further empowered our resources to advance IBL's Digital Transformation, with a focus on three areas: the transformation of our business model, operational and service excellence, and the development of capabilities to drive new ways of working.

A Group Digital Transformation department has been set up at the Corporate Centre and is responsible for supporting our operations in their transformation by providing them with the tools they need for their growth. The successful implementation of our digital strategy will drive employee engagement, as well as generate customer satisfaction and financial growth.

[Digital Transformation p. 76](#)

Sustainability is not only a trendy concept, but is critical to continue operating and creating value in the long term. We have thus defined a Group-level sustainability approach that embeds environmental and social considerations into our policies, practices and organisational culture. For instance, a number of Circular Economy projects have been identified and some are set to be implemented across IBL Group, in collaboration with the Blue Economy author, Gunter Pauli. Our next challenge will be to align sustainability practices across the Group.

[Sustainability p. 80](#)



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Acknowledgments

I would like to pay my respects to Jean Lagesse, who passed away on 7 March 2018. Jean served as a Director of the Company for 18 years until his resignation in 2012. He was a man of great courtesy and humanity and I would like to pay tribute to his contribution and loyalty throughout his tenure as an IBL Director.

On behalf of the Board of Directors, I would like to thank and congratulate our senior management team and all the team members of IBL (in the Corporate Centre, operations, subsidiaries and associates) for their dedication, commitment and professionalism. Their continued efforts, under the leadership of our Group CEO, Arnaud Lagesse, have enabled IBL to achieve positive results again during the past year, and to make strides on the path towards its transformation.

I am also grateful to our Directors for their continued support and invaluable advice during a challenging year.

Last but not least, I would like to express my gratitude to our stakeholders for continuing to place their trust in us.

Jan Boullé
Chairman of the Board of Directors

