



# Interview with the Group CEO



**DURING THE PAST YEAR, COVID-19 HAS DISRUPTED SUPPLY CHAINS AND ENTIRE ECONOMIC SECTORS WORLDWIDE, WHILE FUNDAMENTALLY CHANGING THE WAY WE LIVE AND WORK. HOW HAS THIS AFFECTED IBL? HOW WAS THE GROUP PERFORMING PRIOR TO THE PANDEMIC?**

IBL performed well for the first nine months of FY2020. During this period, we continued to successfully implement our strategy and were preparing for a strategic review to take us into our next phase of growth and development. A number of our businesses, including our Hospitality & Services cluster for example, were on track for a record year.

Despite the strength of these results, the Covid-19 pandemic began to have an impact on our performance early in the calendar year. From February onwards, as the pandemic gathered pace worldwide, we saw an increase in hotel booking cancellations that affected our Hospitality operations. By late March, Mauritius had closed its own borders and the island went into lockdown.

The initial lockdown period was hard on IBL's businesses and our people alike. Our Hospitality & Services and Building & Engineering clusters were the most severely affected, with activities including our hotel business, The Lux Collective, forced to temporarily close. We also had to delay several major investment projects, such as the redevelopment of LUX\* Grand Baie and the launch of our new SOCIO hospitality brand, and cancel others altogether, including our acquisition of General Construction, the leading construction company in Mauritius. Our Property cluster also witnessed a considerable decline in sales to foreigners, while our air logistics business suffered from disruptions to imports and exports.

On a financial level, our revenues declined 6% to Rs 36.8bn (FY2019: Rs 39.1bn), with profit from operations dropping to Rs 453m (FY2019: Rs 2,211m), and the group reporting an overall loss before tax of Rs 1,267m versus a profit before tax of Rs 1,762m in FY2019.

## **HAVE ANY NEW OPPORTUNITIES EMERGED FROM THE CRISIS?**

The past few months have demonstrated IBL's resilience. We have successfully adjusted to new market realities and new ways of doing things despite very challenging circumstances. In particular, our Commercial & Distribution, Agro & Energy, Financial Services and Seafood clusters all responded positively and performed commendably throughout the crisis and in its aftermath, thanks to our exceptional team members.

IBL's people have been at the heart of this response. Despite the physical distance between them during lockdown, our teams have been engaged, innovative and collaborative. They have proactively sought solutions to the challenges we faced, quickly putting new ideas and work methods into practice. Many of IBL's people even joined forces with the frontliners working to contain Covid-19 in Mauritius. I am very proud of and humbled by their altruism and energy. This is the real meaning of "IBL Together".

## **WHAT ACTIONS HAS IBL TAKEN IN RESPONSE TO THE PANDEMIC?**

From the start, our priority has been to protect our teams and stakeholders while managing the impact of Covid-19 on our businesses and planning for recovery.

IBL anticipated a worldwide pandemic early in 2020, following signs that the virus was likely to become a global health emergency. With assistance from Ernst & Young and McKinsey, we modelled various scenarios to assess the potential evolution of the virus and its impact on our group. Since then, we have continuously reassessed our risks and reviewed our business continuity plans to ensure they are fit for purpose.

We also reinforced our Safety & Health measures and expanded our flexible working and Work-from-Home policies to ensure we could keep our people safe while continuing to serve our customers and clients at a distance.

As a result, we were able to quickly trigger our crisis management procedures when Mauritius went into lockdown in March 2020. Our Crisis Committee consists of executives from across various teams, from IT and Communication to Human Capital and Risk, and continues to meet weekly to expedite group-wide decisions. We have also brought team members from across different operations and industries together in working groups to coordinate our responses to shared challenges.





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Immediately after the lockdown was announced, we reorganised our activities to ensure we could continue to provide essential services to the Mauritian market without jeopardising the safety of our teams or customers. This meant adopting new ways of working at our retail outlet Winner's, wholesaler BrandActiv, Healthcare Operations (MedActiv and HealthActiv), cleaning and sanitising agent producer Blychem, and logistics businesses Logidis and Somatrans.

On a financial level, we took immediate steps to conserve cash and limit our overheads, with IBL's management teams taking voluntary pay cuts and certain staff benefits temporarily reduced or suspended. We also centralised our forex management and continued to closely monitor our operational budgets and working capital.

We have consistently engaged with our banking partners and the Mauritian Government to ensure their support and access national assistance schemes, particularly for our Hospitality & Services cluster. Despite generating little to no revenue in the final quarter of FY2020, our hotel business was therefore able to retain all of its staff.

As a group whose vision is to create a brighter future for all, we are aware of the devastating impact that the pandemic has had on our community, and we are working hard to alleviate the hardship it has caused. Soon after the outbreak, IBL launched two specialised testing centres outside major hospitals and developed an online HealthBot to help internet users identify potential cases of the disease, while also creating a fund to assist IBL team members affected by the crisis. IBL Operations including Winner's, PriceGuru.mu and QuantiLab also pivoted their activities to provide essential services and support national strategies to contain Covid-19, for instance by assisting the Government with the provision of food packs and specialist testing.

Finally, Fondation Joseph Lagesse and our group's other CSR entities sprang into action to donate food and essential items to front-liners and those most at risk.

## WHAT IMPACT HAS THE CRISIS HAD ON IBL'S STRATEGY?

Though Covid-19 has led to major shifts in demand and consumption worldwide, it has also confirmed the soundness of IBL's diversification strategy. In the immediate future, we will therefore continue to pursue our strategic priorities of investing in Mauritian growth sectors while focusing on regional and international expansion. The crisis has also demonstrated the importance of continuing to invest in our people, digital transformation, and sustainability.

## Human Capital

We are keenly aware that our group's ability to quickly and flexibly respond to new patterns of demand and adopt new technologies depends on attracting, retaining and upskilling a diverse talent pool. Over the past year, IBL therefore refreshed its Human Capital strategy to strengthen recruitment, onboarding, training and remuneration, building up our leadership skills and the capabilities that we need to remain competitive in the future. Our Human Capital report explains our approach in more detail.

[Human Capital Report p. 76](#)

## Digital Transformation

The Covid-19 pandemic has accelerated the shift towards digital technology in many sectors, from financial services to healthcare and distribution, completely transforming business processes and ways of working. We are seeing new, digitally-enabled opportunities emerge, with retail supermarket Winner's and pharmacy chain MedActiv launching and expanding their e-commerce platforms, QuantiLab laboratory business now actively working with the national Government to carry out Covid-19 testing, and CIDP, our clinical research facility, starting to provide teleconsultations.

For IBL, this is a chance to fast-track our digital transformation and explore new digital opportunities, in addition to rethinking how we work. This year, we notably appointed a Group Head of Technology and Sustainability to spearhead our digital transformation strategy and created a new technology investment company, IBL Link, to rationalise our portfolio of digital ventures.

[Digital Transformation Report p. 83](#)

## Sustainability

The pandemic has revealed the fragility of the world's economic and health systems. As one of the largest businesses in Mauritius, we have a responsibility to support those most in need and help create a more inclusive, sustainable future for our country. IBL is currently in the process of defining a group-wide sustainability approach. We are actively developing circular economy business models while seeking to minimise our social and environmental impact. We have also now created IBL Energy to capitalise on opportunities in the renewable energy sector.

For the first time this year, we are reporting on our activities using both the United Nations Sustainable Development Goals and the GRI standards, the world's most widely used standards for sustainability reporting. As both a Participant in the UN Global Compact since 2017 and a Founding Member of the Global Compact Local Network (Mauritius), I am pleased to reaffirm our group's support to the ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

[Sustainability Report p. 86](#)

This year marks Fondation Joseph Lagesse's 15<sup>th</sup> anniversary. Despite the challenging context for CSR funding in Mauritius, we strongly believe that our CSR activities are integral to our sustainability strategy and to the wellbeing of our community. Going forward, we aim to reposition the Fondation as a capacity-building entity that will help IBL Operations develop and deliver their individual CSR strategies.

[CSR Report p. 91](#)

## GIVEN THE CHALLENGING DOMESTIC AND INTERNATIONAL CONTEXT, WHAT ARE IBL'S PROSPECTS IN THE SHORT-TERM?

While new Covid-19 vaccine candidates offer hope for the future, it is extremely difficult to predict the pandemic's evolution in FY2021. Mauritius' economic prospects depend in part upon the resumption of international travel and the recovery of our tourism industry. Our inclusion on the EU blacklist and FATF grey list is an additional concern and could potentially damage Mauritius' financial services sector. I am hopeful that we will soon be able to exit both lists.

In the immediate future, our priorities are to protect our people and other stakeholders from the impact of the pandemic, maintain rigorous financial controls, and keep our operations running with as little interruption as possible. The lack of visibility will require considerable agility from our management and teams. We will need to take a proactive and flexible approach to decision-making while continually monitoring the pandemic's evolution and changes to our operating environment. In the coming year, we also intend to assess and refocus our group strategy.

However, despite the prevailing economic headwinds, and with the exception of our travel and tourism-related activities, many of our businesses are already showing signs of recovery. We are also seeing new regional and international opportunities emerge, particularly on the African continent, and opened a new Marine Biotechnology Products factory in Ivory Coast in February 2020. Though ongoing border closures and international travel restrictions are affecting hotel businesses worldwide, The Lux Collective is also actively developing new commercial offers and targeting domestic markets to drive occupancy, particularly in China. We will continue to explore these opportunities in the coming year while positioning our hotels for the tourism sector's revival.

I therefore firmly believe that IBL will come out of this crisis as a stronger and more agile group.

## ACKNOWLEDGEMENTS

This year more than ever, I would like to thank IBL's team members for their engagement and resilience despite the very difficult context. The way that our people have come together in the past few months to help their colleagues, clients and community speaks volumes about their patriotism and empathy, and about IBL's culture and values.

I am also grateful to IBL's Chairman, Jan Boullé, and to our Board of Directors for the support and advice they have provided to the executive team since the start of the crisis.

I hope this message finds all of our stakeholders safe and well.



**Arnaud Lagesse**

Group Chief Executive Officer