



Group Chief Executive Officer's Report

Dear Shareholder and IBL Stakeholder,

It is my privilege to present IBL Ltd's Integrated Report for the 2017–18 financial year. Our Group has seen strong growth, with turnover up 11% and profit before tax up 22% year on year. I firmly believe that IBL is now well-positioned to deliver strong and sustainable growth, today and in the long term.

Delivering on our growth strategy

In the past year, we have executed a substantial part of the three-year strategy set out in last year's integrated report. Its aim is to strengthen IBL's Mauritian core while expanding regionally and internationally, positioning us as the region's leading diversified group. In order to create ongoing value for our stakeholders, we have continued to transform our Group and our business model (see p. 56 for an illustration). Our Corporate Centre functions now work more closely with our operations' management teams to help them achieve robust, sustainable growth. We have also created a number of key roles that allow us to take a Group-level view of innovation, strategy, internal audit, risk and sustainability. These include a Group Head of Corporate Services, a Head of Risk Management, Compliance & Regulatory Affairs; Ethics Officer and a Group Strategic Innovation & Excellence Executive.

Digital strategy

The board has now approved our digital transformation strategy and an ambitious IT plan is being rolled out to support our business' development and enable its growth.

We strongly believe that digitalisation will allow us to transform the experience we offer our customers and team members for the better. It will help us improve the efficiency of our internal and customer-facing processes, seize new opportunities and grow our businesses, thereby increasing our revenue.

Over the past year, and in consultation with team members from across IBL, our new digital transformation team has drawn up a roadmap consisting of 466 digital initiatives to support our businesses' development and growth. Of these, 139 are being addressed as a priority, while 27 are considered strategic for the future of our Group.

Going forward, our digital transformation team will continue to deliver on our roadmap in partnership with the Group's IT function and working closely with managers from the Corporate Centre and from Group entities. Please see the Digital Transformation chapter of this report for more information.

Human Capital strategy

IBL's central value is "People First". We recognise that having highly skilled and motivated employees is crucial to our Group's success in the long term, and we have made considerable progress in implementing the Human Capital strategy announced last year. Its aim is to help IBL attract, retain and engage the talent it needs, now and in the future, by offering attractive remuneration, training and development opportunities, and a supportive, engaging workplace underpinned by our unique IBL Together" corporate culture.

This year, in partnership with Korn Ferry, our Human Capital team therefore completed a review of job descriptions for all Corporate Centre staff, harmonising the terms and conditions of their employment and aligning their salaries and benefits with the market. We also launched a new Long-Term Incentive Plan for Group executives and made headway in implementing a new Performance Management System.

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Alongside this, IBL is offering our teams an increasing amount of training and opportunities for professional development. 32 managers attended the second iteration of our Management Development Programme, run in partnership with Stellenbosch University. We have also launched a new Leadership Executive Acceleration Programme for Corporate Centre executives and high-potential managers.

IBL also carried out a Great Place to Work survey within its Corporate Centre and operations. Its results highlight our team members' sense of pride in working for IBL, and reveal that the career progression and learning and development opportunities we offer are among our greatest assets. Our next step will be to establish a roadmap to improve our corporate culture even further, based on the areas of opportunity identified in the survey. For an in-depth review of our Human Capital strategy, I invite you to read our Human Capital Report on page 66.

Sustainability approach

We have also defined a Group-level sustainability approach that allows us to create value for our businesses and stakeholders while managing our environmental, social and governance-related risks and impact. Sustainability underpins IBL's vision and mission. We believe it is integral to our Group's strategy and our ability to perform profitably in the long term, and that it should shape how we run our businesses every day.

This year, our sustainability team has:

- Undertaken an assessment of existing sustainability initiatives across the Group;
- Established Group-wide sustainability policies; and
- Embarked upon a pilot project to report against Global Reporting Initiative standards, which represent international best practice in sustainability reporting.

The intention is to roll out GRI-based sustainability reporting to our Corporate Centre and IBL operations, based on data collection systems now being put into place. This will also strengthen our integrated reporting, which is itself a reflection of our desire to improve transparency and accountability across our Group.

With the help of Dr Gunter Pauli, we are also exploring circular economy projects that will allow us to reuse waste from our operations, thereby creating new revenue streams and reducing our environmental impact. More information is available on page 72 of this report.

IBL remains committed to its Corporate Social Responsibility programmes in the context of increasingly challenging context for CSR in Mauritius. The Fondation Joseph Lagesse, which drives most of IBL's CSR initiatives, continues to develop long-term community development and poverty-reduction programmes

in Mauritius. However, its funding has been substantially cut since 2016 due to new government regulations requiring 50% of corporate CSR monies to be paid into a new National CSF Fund. The Government is set to increase this levy on corporate CSR funds to 75%. Our Foundation is seeking out international funding and is focusing on improving the efficacy of its programmes. It is imperative that the National CSR Fund support local NGOs if they are to continue their invaluable work in Mauritius. Please see page 78 for our CSR Report.

Major transactions / operations this year

In line with our Group's strategy to strengthen IBL's Mauritian core, expand regionally and grow internationally, we executed a number of major transactions this year.

In Mauritius:

- We acquired a new retail chain, Monoprix, to strengthen our Commercial Cluster and complement the offering of Winner's, our existing chain.
- We also increased our stake in real estate developer BlueLife to 48.99% and purchased a new hotel, La Palmeraie, to capitalise on current opportunities in property development and hospitality in Mauritius. The management of this property has been offered to LUX*, who will market it as part of a new brand due to be unveiled in November.
- We transferred our property assets from IBL to Bloomage and embarked upon a 5-year strategic plan for the business, which includes a rebrand and refreshed communications. Our ultimate aim is for the IBL Property Cluster to build a yield fund alongside a property development fund.
- IBL sold a number of assets in our Financial Services Cluster, including MELCO, our former leasing operation, and ABAX, one of our global business firms. Alongside this, we increased our stake in LCF Holding to 75% in early August 2018. These operations will allow us to strengthen our positions in strategic sectors such as stockbroking, while the sale of ABAX will allow us to focus on our remaining global business firm, DTOS.

Regionally, we have now opened an office in Nairobi and appointed a business development executive to help IBL companies expand into the Indian Ocean and sub-Saharan African regions.

Internationally, IBL increased its stake in its Hospitality business, Lux Island Resorts Ltd, to 56.47%. The business plans to move the headquarters of LUX* Hospitality, its management company, to Singapore as of January 2019, thereby becoming a truly international hospitality group.

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Challenges

Overall, IBL's strategic plan is moving forward as expected. However, certain operations planned for this year were delayed for various reasons.

The ongoing slump in global sugar prices remains a concern for IBL's Agro Cluster. IBL nonetheless remains cautiously optimistic about the business' prospects in Tanzania and Kenya, which are both sugar deficit markets. Alteo has also now created a separate entity, with a specialised management team, to manage its agricultural activities more effectively. The business is continuing its expansion into the energy sector with the launch of a new 15 MW photovoltaic power installation and the future construction of a new bagasse-coal plant able to generate 2 x 35 MW. These activities reinforce our Group's positioning in Mauritius' renewable energy sector and align with IBL's Group-level sustainability strategy.

Within our Manufacturing & Processing Cluster, the impact of the EU quotas on the supply of yellowfin tuna for our Seafood activities remains a challenge. However, we believe there is a substantial opportunity in value-added products such as fish oils and proteins, and we are set to open a new facility in Abidjan, Ivory Coast, in December 2018.

At a Group level, IBL believes that a regional approach to the production, collection and recycling of plastics is becoming urgent. We are currently looking for alternative to petroleum-based packaging, including for the Beverage segment of our Manufacturing & Processing Cluster for instance, to improve the sustainability of our operations.

Risk management

Managing strategic risk is a key priority for IBL. While the diversification of our activities reduces our exposure to any one industry or market, we are extremely conscious of the risks associated with our expansion strategy. Our central Risk Management function allows us to take a Group-level view of these risks and adjust our strategy to minimise their potential impact on our performance. Our new Head of Risk is also driving a review of our risk management systems. The aim is to continuously improve how we identify and manage key risks, and to disseminate this best practice to group operations. The Risk Management report on p.138 sets out our risk identification and management processes in detail.

Priorities for our Group going forward

Thanks to our efforts over the past two years and our strong corporate culture, I believe that IBL is now firmly positioned for future expansion. We are already reaping solid growth from our strategy. In the coming years, we will continue to transform our Group's business model and our operations in order to seize the business opportunities of tomorrow.

While we have invested considerable time and effort into engraining our Mission, Vision and Values within our Group culture, it will be more important than ever to cultivate our "IBL Together" spirit going forward. Only by working together as a team, and by continuing to encourage the entrepreneurship that has defined IBL so far, can we achieve our long-term goals. We will also move ahead with our Human Capital strategy, building buy-in and continuing to transform our managerial culture. We intend to select and implement a new Human Capital Information System, fine-tune our evaluation processes and team performance objectives, and digitalise our on-boarding, learning and development platforms and recruitment processes.

In the short term, it will be crucial to ensure smooth transfers of leadership in the Agro and Hospitality Clusters among others, in which senior executives will soon be moving on. We will also need to drive the implementation of our digital transformation plan, rolling out strategic initiatives across the Group's entities and Corporate Centre.

We will continue to focus on sustainability and the circular economy initiatives we are currently developing. We believe this will help to strengthen IBL's operational performance and competitiveness. We will also make every effort to find solutions to our CSR funding gap by seeking out international grants and focusing on improving our impact.

Acknowledgements

I would like to thank our committed and proactive Board of Directors and Committee members, and in particular IBL's Chairman, Jan Boullé, for their efforts and their support as we transform our Group.

I would also like to express my gratitude and sincere appreciation to our team members for their hard work and dedication over the past year. It is thanks to you that IBL is seeing such enormous change and building such momentum for the future.



Arnaud Lagesse
Group Chief Executive Officer