



Group Chief Finance Officer's Review

OUR PERFORMANCE

Highlights

Last year, I reported that the Group had completed its first year post-amalgamation, largely integrated its business model and undertaken an extensive strategic review which resulted in a list of objectives with action plans for the Group's Corporate Office and the Group's subsidiaries and associate businesses.

This year has been a year of execution, during which many of the planned actions have been concluded ahead of schedule. The 2018 financial results of the Group show this and I am particularly pleased to see underlying growth despite numerous challenges in specific sectors, which the Integrated Report explains.

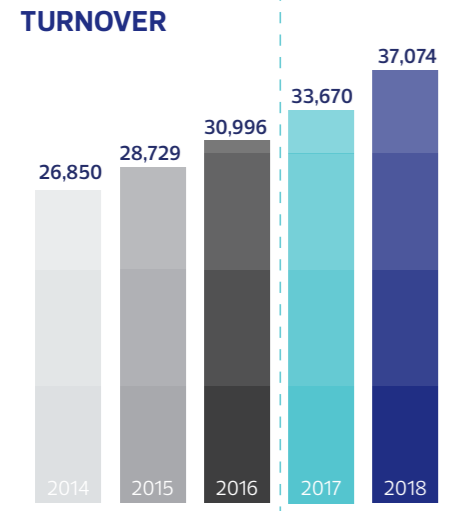
Our steady growth, as evidenced by results over the last five years, has enhanced market confidence in the Group. IBL's share price on the Stock Exchange has continued to rise and our bond issue was over-subscribed by five times, a record for Mauritius.

Headline profit and loss

	THE GROUP	
	Audited	
	2018 Rs'000	2017 Rs'000
Revenue	37,074,403	33,670,136
Profit from operations	2,345,087	2,744,281
Share of results of associates and joint ventures	363,545	494,575
Other gains and losses	780,296	(155,036)
Net finance costs	(757,153)	(700,828)
Profit before taxation	2,731,775	2,382,992
Taxation	(345,886)	(406,264)
Profit for the year from continuing operations	2,385,889	1,976,728
(Loss)/Gain for the year from discontinued operations	(3,017)	29,031
Profit for the year	2,382,872	2,005,759
Other comprehensive income/(loss) for the year	548,658	(22,890)
Total comprehensive income for the year	2,931,530	1,982,869
Profit attributable to:		
Owners of the parent	1,508,967	1,093,106
Non-controlling interests	873,905	912,653
	2,382,872	2,005,759
Total comprehensive income attributable to:		
Owners of the parent	1,883,227	1,112,645
Non-controlling interests	1,048,303	870,224
	2,931,530	1,982,869

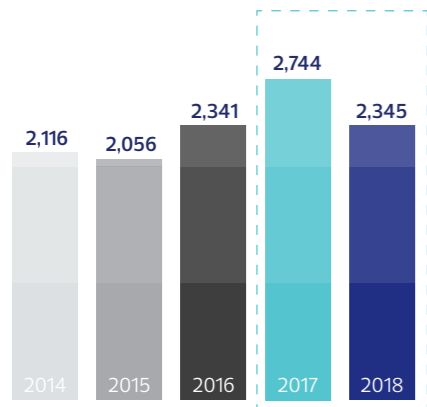
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Long-term profit trends (Rs Millions)



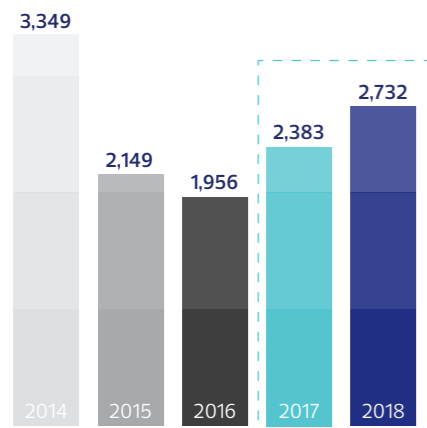
- Sustained top line growth.
- Turnover increased by a compounded average growth rate of 8.4% between 2014-18.
- 10.1% growth over the last year in line with long term trends.

OPERATING PROFIT



- Sustained operating profit growth, rate 2.6%.
- Operating profit decreased over last year, due to margin pressures on traditional business lines, business restructuring and some non-recurring items.

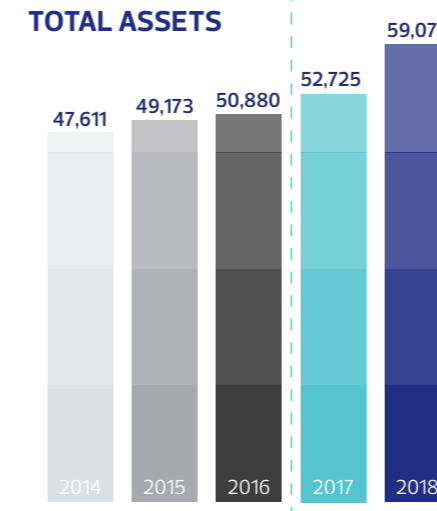
PROFIT BEFORE TAX



- Year on year growth was 14.6%.
- Current year growth benefitted from exceptional items following strategic disinvestments during the year.

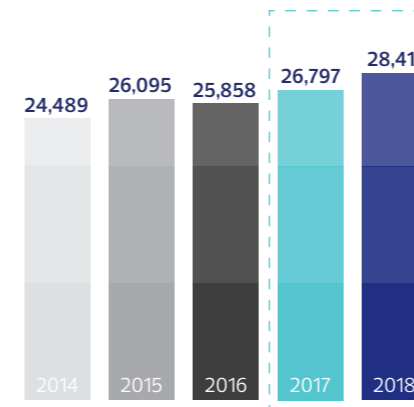
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Long-term balance sheet trends (Rs Millions)



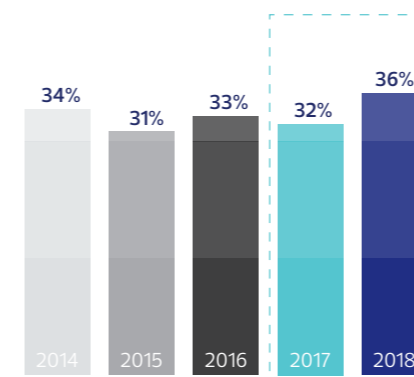
- Total assets increased following acquisition of new subsidiaries, mainly BlueLife and CMPL (Monoprix).
- Year on year increase was 12.0%.

SHAREHOLDERS' EQUITY



- Shareholders' equity grew at a compound rate of 3.8% annually.
- The sustained increase in shareholder equity translates into the increase in share prices of IBL over the last two years.

GROUP GEARING (%)



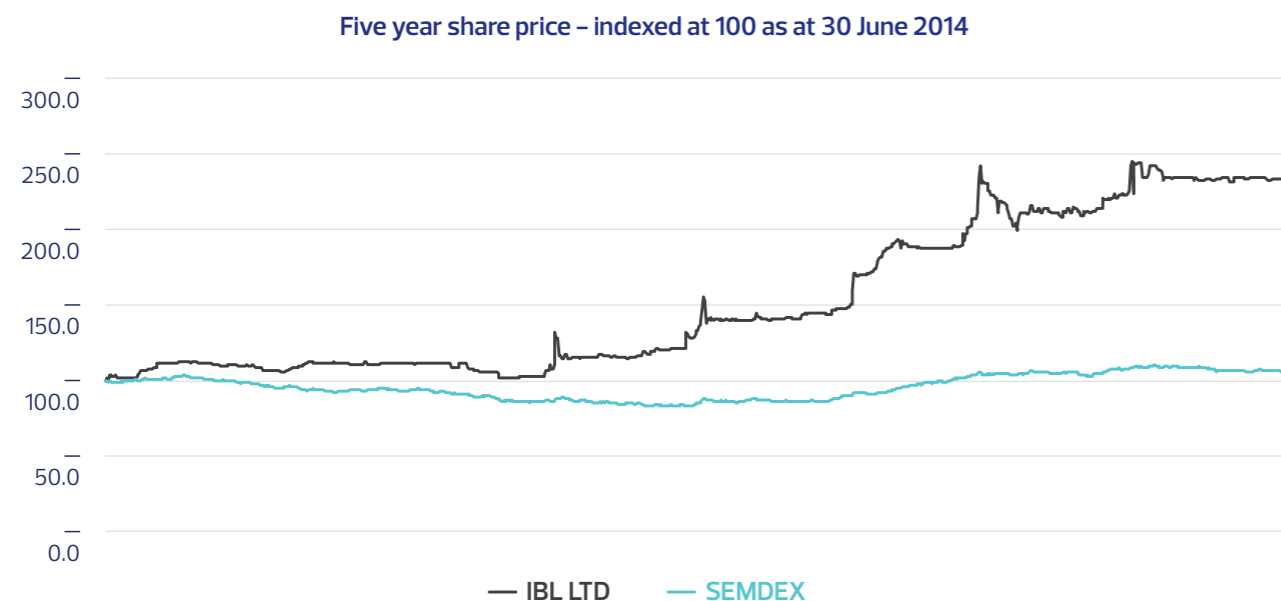
- Group gearing relatively stable over the last five reporting periods.
- The low gearing creates space to entice new investment opportunities in line with the Group's strategy.

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Share price performance

Five year trend vs market



Shareholder returns – last year

RETURN TO SHAREHOLDERS			TOTAL SHARES TRADED IN FY 18 4,344,367 (0.6% OF TOTAL)	AVERAGE DAILY VOLUME TRADED 17,732
Capital appreciation	Rs 9.75	% 24.28%	HIGHEST VOLUME TRADED ON ANY DAY 336,980	HIGHEST SHARE PRICE 53.00
Dividend received	0.73	1.82%		
Holding period return	10.48	26.10%	LOWEST SHARE PRICE 40.20	

- IBL's share price has nearly doubled in the last five years. Annualised capital appreciation since amalgamation is 36%*.
- IBL has one of the most attractive stocks in Mauritius. Coupled with increased dividends, cumulative TSR has more than doubled since amalgamation. IBL shares have outperformed SEMDEX by 3.4x since their introduction in July 2016.
- TSR over the last financial year was 26.1%.
- Traded volumes are generally low. Investors in IBL Ltd shares typically have a purchase and hold strategy. IBL bonds listed on the stock exchange have experienced low trading as well.

* Up to 30 September 2018.

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Group revenues

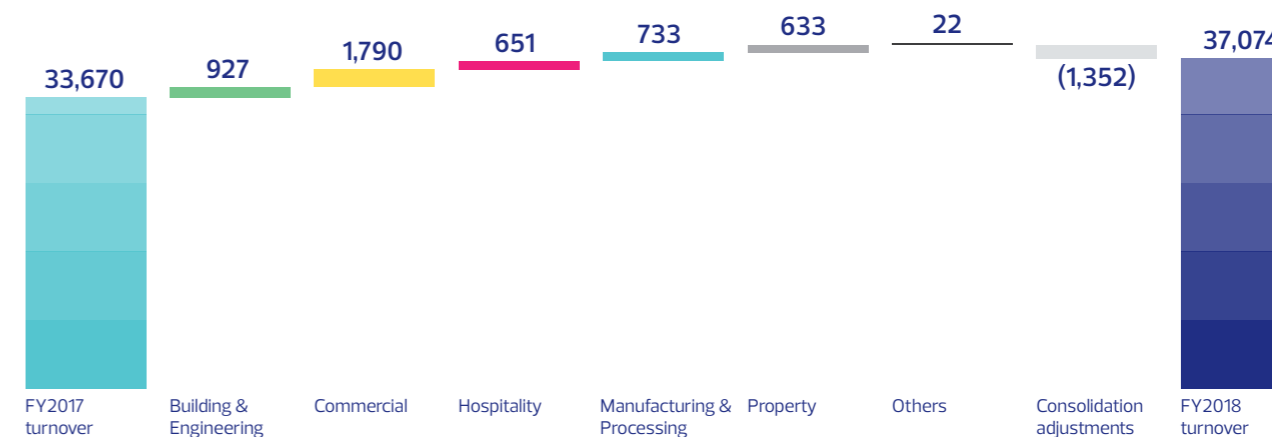
We have seen significant revenue growth in five Clusters:

- **Building & Engineering:** The contracting business refurbished two large 5-star hotels, including LUX* Grand Gaube, generating an increase in revenue of Rs 743M. The increase in revenue was offset by a drop in shipbuilding activity of Rs 92M at CNOI. Last year, CNOI had large one-off shipbuilding contracts which did not recur this year. UBP's turnover grew by Rs 276M.
- **Commercial:** This sector now includes la Compagnie des Magasins Populaires Ltée (CMPL, trading as Monoprix), acquired during the year. The results included post-acquisition revenues of Rs 964M plus organic growth of Rs 656M for Winner's and Rs 108M for BrandActiv.
- **Hospitality:** LUX* grew by Rs 651M thanks to its high occupancy rates and increased revenue per room, despite the closure of LUX* Grand Gaube for refurbishment.
- **Manufacturing & Processing:** This sector benefitted from an increase in revenue at PhoenixBev of Rs 836M, offset by a slowdown in the Seafood sector by Rs 115M as a result of fishing quotas enforced during the year.
- **Property:** This sector now reflects the income in Bloomage after its acquisition of properties from other Group companies and the results of BlueLife post-acquisition. Bloomage has also acquired La Palmeraie Hotel, which it is currently refurbishing.

10%



Explanation of year on year movement in turnover (Rs Millions)

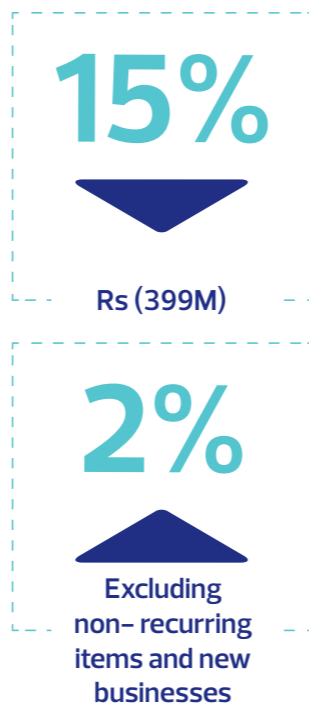


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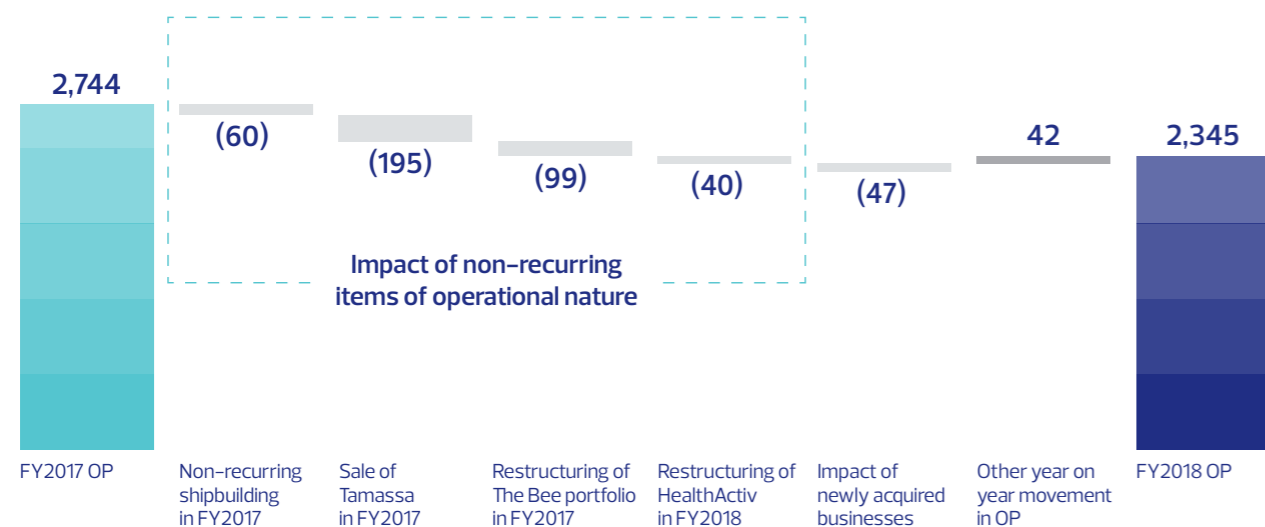
Group operating profit

- **Building & Engineering:** Despite the increase in revenues in the sector, the contracting arm of the sector experienced a market-driven margin squeeze overall. CNOI ship building profits dropped but also performed at a lower overall margin percentage.
- **Commercial:** Operating profit figures include the Monoprix losses post-acquisition and some restructuring costs in the Healthcare business. Both of the above businesses are expected to significantly improve their performance going forward following the investments made.
- **Financial Services:** The Group's main management company, DTOS, had a stable underlying performance but was affected adversely by conversion of USD denominated revenues to MUR given lower USD rates during early parts of the year. Mauritian Eagle Insurance experienced a slight drop in profit due to increased claim ratios.
- **Hospitality:** Underlying performance up despite closure of LUX* Grand Gaube for refurbishment. Operating results dropping year on year is principally due to the one off gain on sale of Tamassa last year.
- **Manufacturing & Processing:** Results up in line with PBL turnover. This was offset however by most seafood businesses suffering from lower fish volumes in the Indian Ocean. During the year, some fish was imported from the Atlantic Ocean for processing but proved prohibitively expensive to sustain the activity.



In the chart below, the adverse impact is reflected within other year on year movements.

Explanation of year on year movement on Operating Profit (OP) (Rs Millions)

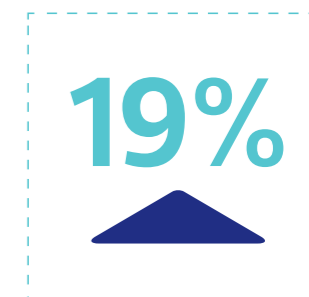


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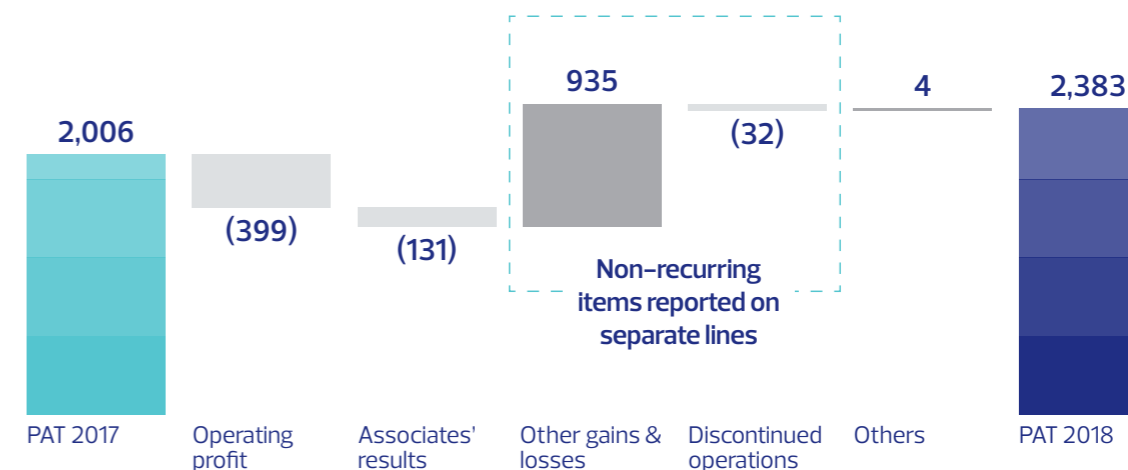
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Group profit after tax

- The Group benefitted from a gain realised on the disposal of ABAX and on the consolidation of an acquisition.
- Operating profit was affected by non-recurring items, the consolidation of Monoprix which generated a loss, albeit lower than its pre-acquisition loss, which reflects the beginning of a turnaround in performance. Operating results also include a loss from BlueLife. There was also a restructuring of HealthActiv, while the Building & Engineering and Commercial Clusters suffered from margin declines.
- The results from associates were mainly affected by Princes Tuna (Mauritius) Limited due to the fishing quotas mentioned above.

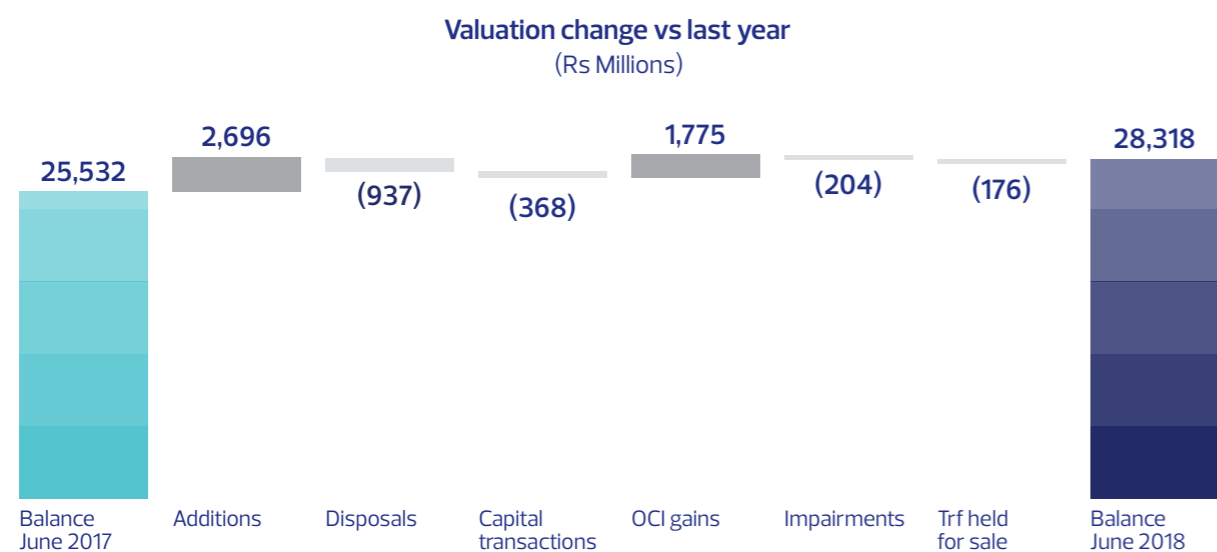


Explanation of year on year movement in Profit After Tax (PAT) (Rs Millions)



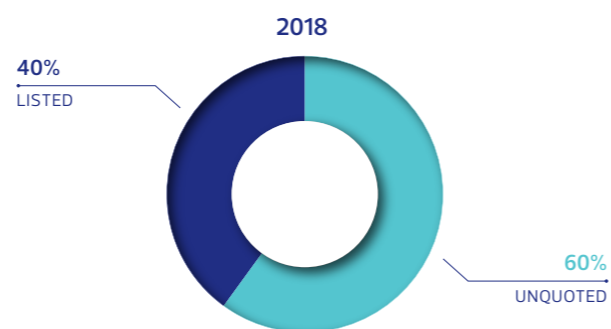
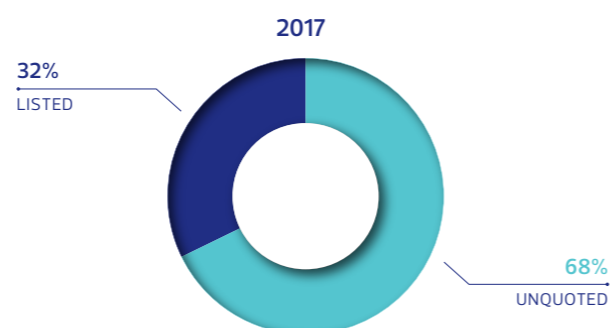
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Investment portfolio of the Company



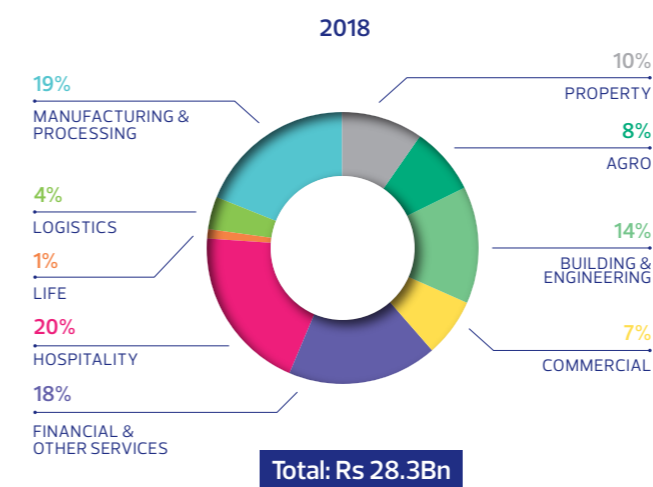
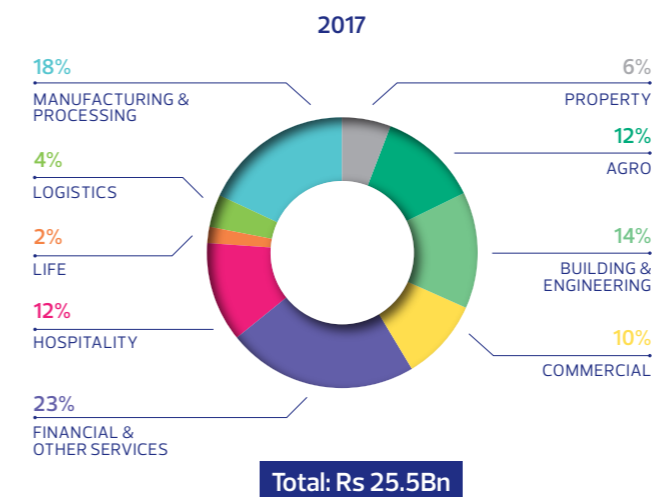
Investment mix – Quoted vs unquoted

- Purchased additional 10% shareholding in LUX* from MCB in December 2017. Acquired further 7.2% share from the public through a mandatory offer.
- Subscribed and underwrote rights issue made by BlueLife in February 2018.
- Subscribed to a rights issue of AfrAsia in April 2018 at Rs 72 per share.
- ABAX disposed of during the year, and focusing on DTOS as sole company within the Group to operate within the Global Business segment.
- Capital reduction of Rs 505M in Winhold during the year after the sale of IBL Properties Ltd to IBL Ltd. IBL Properties was subsequently renamed Bloomage Ltd.
- The sale of Mauritian Eagle Leasing Company Ltd was concluded after the financial year effective on 31 August 2018. This investment has been moved to held for sale.



Group Chief Finance Officer's Review

Portfolio breakdown – by Cluster



- IBL has a diverse portfolio and 2017 reflected the first year post-amalgamation. The main focus last year was the integration of the two companies.
- A portfolio review was also conducted in 2017, as part of the overall strategy review with McKinsey.
- Some portfolio rebalancing was planned as a result of the above, including to exit non-strategic areas and to increase stakes in strategic ones.

- In the financial year ended 30 June 2018, a number of initiatives were concluded.
- IBL increased its stake:
 - In LUX* to 56.47%, following a voluntary take over;
 - In BlueLife to 48.99%, following a rights issue; and
 - In AfrAsia to 30.29%, following a rights issue.
- IBL sold its stake in ABAX to focus on a single management company, DTOS, in which IBL holds 100% of shares.
- We restructured our investment in Winhold following the creation of Bloomage, which owned the buildings of several Winner's Supermarket, and is now the platform for the development of the Group's Property Cluster.
- Note that the weight of the Commercial Cluster does not include BrandActiv and HealthActiv, which operate as part of IBL Ltd Company.