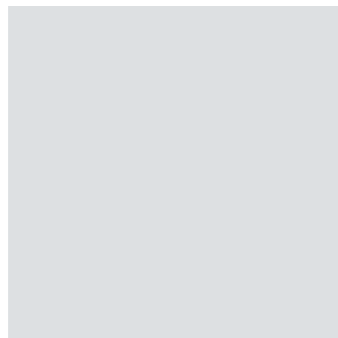


Agro

- The environment for sugar has deteriorated over the past year, with a number of factors putting downward pressure on international sugar prices:
 - A world sugar surplus in 2017/2018 (Oct/Sep);
 - The abolition of EU beet sugar production quotas in October 2017, resulting in a 20% increase in EU domestic sugar production, which has made it more challenging for Mauritius to market its sugar in the EU; and
 - The issuing of import licences for significant amounts of duty-free sugar in Kenya, which exerted a drag on the domestic industry for much of the year.
- Our sugar operations in East Africa benefitted from ongoing sugar deficits in the Kenyan and Tanzanian markets and the improved regulation of sugar imports in Tanzania.
- Brexit and a change of government in France are creating a general 'wait and see' mood in France, Switzerland and the UK, our main markets for real estate, making it more challenging to finalise property sales.



Building & Engineering

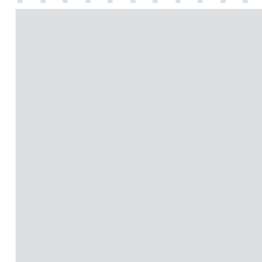
- 2017-18 marked a return to form for the Mauritian construction industry. The sector grew by 7.5%, up from 0% in 2016, leading to increased profitability in the contracting and building materials industry after a downturn lasting several years.
- This upturn is due in part to the large number of major public investment projects greenlighted this year, including the Road Decongestion Programme and the Metro Express, as well as to the continued growth of the hospitality sector.
- A large number of other infrastructural projects are set to begin in 2018-19, a year which is looking highly promising for the sector.

Commercial

- Competition in the Mauritian retail space remains intense, with a large number of different types of retailers present across the island. This continues to put downward pressure on prices and profit margins.
- Consumers' standards of living are rising and their purchasing power is increasing, leading to greater demand for produce and freshly-made items, as well as the emergence of promising niche markets for vegan and organic products among others.
- There is a considerable opportunity in the development of online shopping platforms.
- Market conditions for our industrial supply activity remain challenging as a result of the decline of print-related products in Mauritius and the shift towards digital.

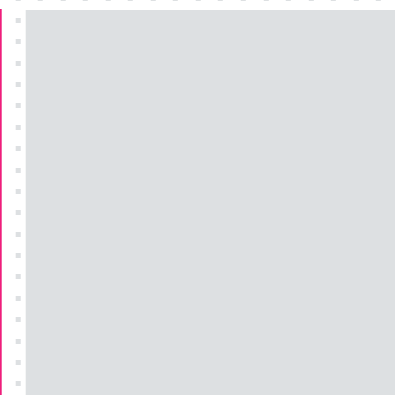
Financial & Other Services

- Worldwide, the financial services industry is subject to increasingly stringent regulatory and compliance standards. FinTech is also disrupting business models across the sector, particularly in banking, while offering opportunities for innovation via more impactful data processing and the provision of services online for instance.
- In Mauritius, the insurance sector remains ferociously competitive, driving premium rates down and affecting profitability. Changes to weather conditions (e.g. floods) have also led to an increasing number of claims, further affecting profitability.
- Mauritius' global business sector in particular is having to adapt to increasingly rigorous international regulatory norms. By continuing to improve its regulatory compliance, Mauritius can strengthen its reputation as an investment destination and attract business from other jurisdictions.
- The India-Mauritius Double Taxation Avoidance Agreement Protocol (the "Protocol") that came into effect in April 2017 has impacted India-related businesses within the Global Business Sector. However, the Protocol has opened up new opportunities for the Indian market, and Mauritius continues to be recognised by investors as a tried and tested route into India. The Protocol has also prompted the sector to diversify towards other markets on the African continent in particular.



Hospitality

- The macro-economic context for hospitality remains stable though highly uncertain. Travel and tourism globally grew 4.6% in 2017, up from 3.1% the previous year. In Mauritius, tourism arrivals for the year 2017 increased by 5.2%.
- The coming into effect of the European Union's General Data Protection Regulation (GDPR) has required the Cluster to ensure its website, digital marketing and data strategies are all compliant.



Life

- Internationally, the Health Sector appears to be returning to stronger growth after several years of modest international growth and political uncertainty.
- The sector remains fast-moving and dynamic, with technological changes disrupting the sector's business models and driving innovation.
- The health and environment sectors are subject to local and international regulations that fluctuate constantly. As service providers for their clients, CIDP and QuantiLab must at all times monitor and comply with new and emerging legislation.
- Due to the Cluster's international activities, our companies are vulnerable to foreign exchange fluctuations and to customs and cross-border logistical issues. For instance, CIDP and QuantiLab were negatively affected by India's November 2016 cash ban.

Logistics

- Brexit remains a source of uncertainty. A no-deal Brexit would require the UK and Mauritius to establish a new trade agreement before the end of the transition period. Mauritian goods exported to the UK, in particular textile and fish exports, will be denied duty-free access if an agreement is not reached in time. This, together with the weakening of the pound, will affect the competitiveness of these industries, with potentially negative consequences for air and sea transport.
- The way that international tuna fishing quotas are being implemented is creating uncertainty for the tuna processing industry in Mauritius, with knock-on effects for IBL's shipping activities.

Manufacturing & Processing

- **Beverages**
 - Affected by higher direct taxes on our products and increases in commodity prices.
- **Seafood**
 - The sustainable management of tuna stocks in the Indian Ocean is a major concern for our Seafood activity. Fishing quotas adopted by the Indian Ocean Tuna Commission (IOTC) in 2016 and implemented in 2017 have resulted in some member states "racing to fish" and exhausting their tuna quotas prior to year-end.
 - An amendment to the resolution voted in at the IOTC's 2017 Commission meeting partly addressed this problem. It will help to slow down catches throughout 2018, allowing the seafood industry to try and obtain enough fish for the year.
- **Meat processing**
 - IBL had hoped to secure a major export contract which we did not obtain. Oil and gas exploration in Uganda has been slower than expected and has curtailed the development of the Ugandan catering industry, a key part of our client base.

Property

- Mauritius' moderate economic growth continues to depress demand for rental space. This issue is being compounded by an oversupply of commercial and industrial lettable space and the development of new stocks of commercial and industrial lettable spaces within "smart cities" in Mauritius.
- Sales of new-build residential property to non-Mauritian citizens have stagnated in recent years due to increasing competition from small Property Development Scheme projects in Mauritius and from property schemes promoted by some European countries and Caribbean islands. An increasing supply of residences is also becoming available for resale from an inventory of units built under various development schemes since 2002.
- In addition, construction costs continue to increase in Mauritius, affecting both our competitiveness and our profitability.