Insights from Our **Group Finance Director**

Strong operational performance, effective cash management, and a successful growth strategy **led the Group to achieve remarkable profit milestones**

This past financial year, our investment approach and finance strategy have remained steadfast. This was supported by a robust portfolio of diversified assets, while adapting to a dynamic environment and a constant commitment to inclusive growth and stakeholder value creation.

Our Group achieved a V-shaped recovery post-pandemic, amidst the challenges posed by the current worldwide macroeconomic environment. It is with pride that I report a record-breaking profit after tax of MUR 4.3 bn for the year ended 30 June 2023. This achievement was driven by solid earnings from all our clusters, demonstrating the inherent strength of both our local and international operations. Our strategy to serve as a net foreign exchange generator to our local market, through our exports that generate hard currencies, is a rare feat given the current domestic market conditions.

Considering that we are an investment holding company, we acknowledge that conventional performance metrics might not fully encapsulate our Group's accomplishments. Therefore, we consistently evaluate our performance using metrics such as "EBITDA margin", "Debt to EBITDA", "Return on Capital Employed" and "Free Cash Flow" which you will see on the coming pages. You will also notice our focus on financial discipline, which is seen in the reduction of indebtedness that aligns well with the best industry norms. This reduction should provide us with the 'firepower' to invest in opportunities in line with our strategic intent. These measurements will further provide our shareholders with comprehensive insights into our performance and the constructive use of assets and debt will enhance transparency and understanding.

This achievement was driven by solid earnings from all our clusters, demonstrating the inherent strength of both our local and international operations

We also go beyond this by seeking transformative ways to conduct business by eliminating inefficient processes and maintaining a healthy balance sheet to ensure the long-term vitality of our organisation. Balancing both strategic foresight and tactical agility has been instrumental in achieving our overall success and contributed to a 33% increase in dividends to our shareholders.

As we venture into a post-pandemic era across many parts of East Africa and South Asia, we witness a landscape nascent with energy, opportunities, and optimism. While challenges remain, the overarching trends that drive our industries in the regions persist.

The growth of East African and South Asian economies, the emergence of middle-class populations and wealth generation remain persistent despite global economic movements.

L. J. Jérôme De Chasteauneuf
Executive Director
Group Finance Director

Insights from Our **Group Finance Director** (Cont'd)

GROUP FINANCIAL REVIEW

Group Income Statement Overview

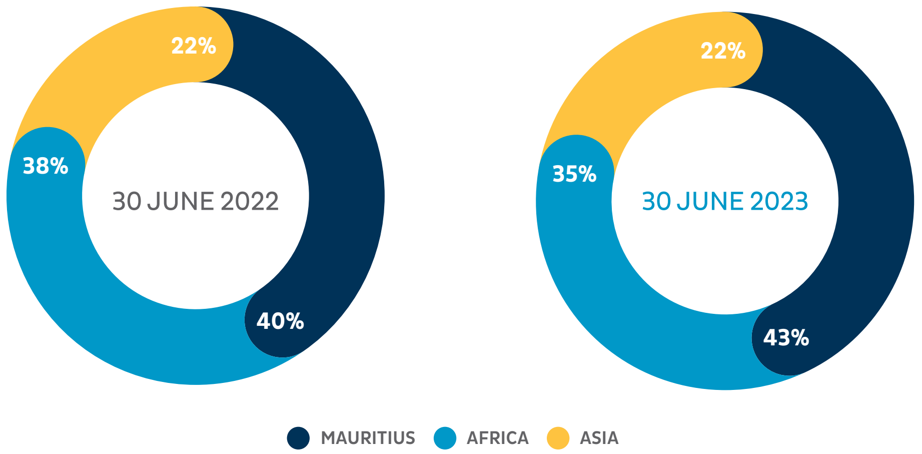
GROUP REVENUE

MUR **35.4** bn
GROUP REVENUE 2023

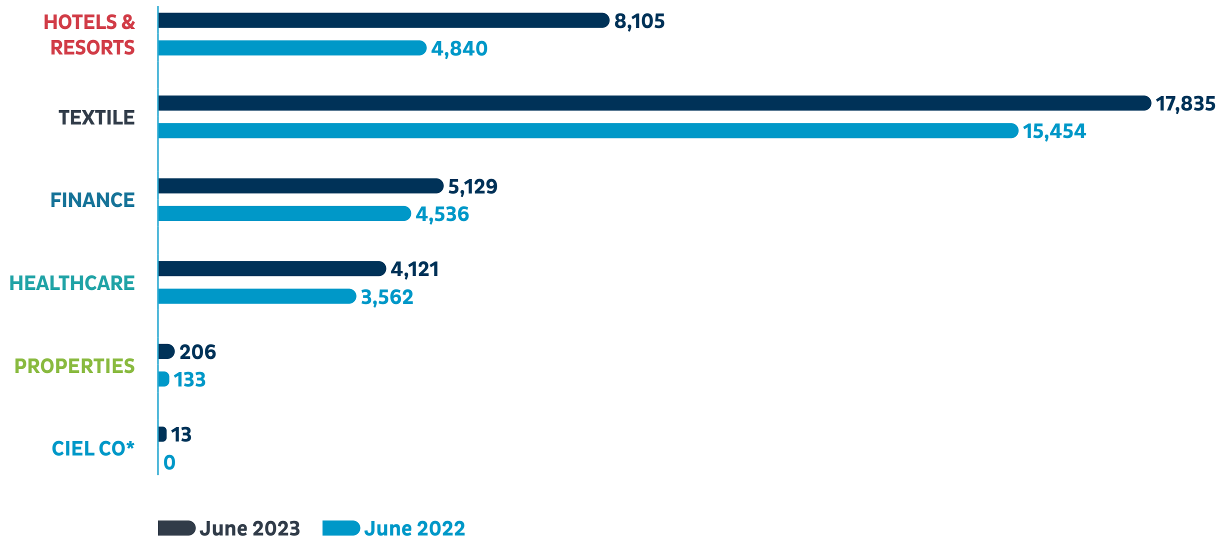
2022: MUR 28.5 bn

The Group's revenue reached MUR 35.4 bn, up 24% from the prior year due to a solid performance from all clusters. This growth is primarily coming from Textile, Hotels & Resorts, Finance and Healthcare.

REVENUE BY GEOGRAPHY



REVENUE BY CLUSTER

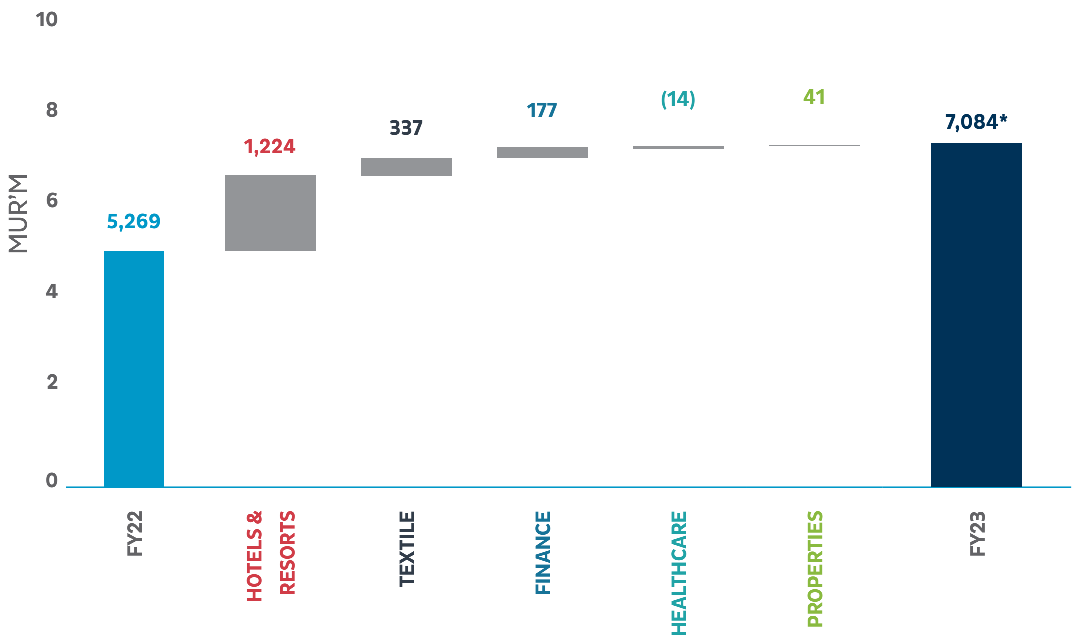


*CIEL Company includes CIEL Corporate Services Limited (Head Office), Azur Financial Services Limited (Treasury services), FX Market Edge Limited and EM Insurance Brokers Limited (51%) net of Group eliminations

Insights from Our **Group Finance Director** (Cont'd)

GROUP FINANCIAL REVIEW (Cont'd)

EBITDA INCREASE OVER THE FINANCIAL YEAR



*Group EBITDA above includes a positive movement of MUR 50M from CIEL Limited which includes CIEL Corporate Services Limited (Head Office), Azur Financial Services Limited (Treasury services), FX Market Edge Limited and EM Insurance Brokers Limited (51%) net of Group eliminations

Earnings Before Interest, Taxation, Depreciation, Amortisation and Expected Credit Losses ("EBITDA") increased to MUR 7.1 bn from the prior year's MUR 5.3 bn, following continued focus on operational efficiencies.

20% **EBITDA MARGIN 2023**

2022: 18.5%

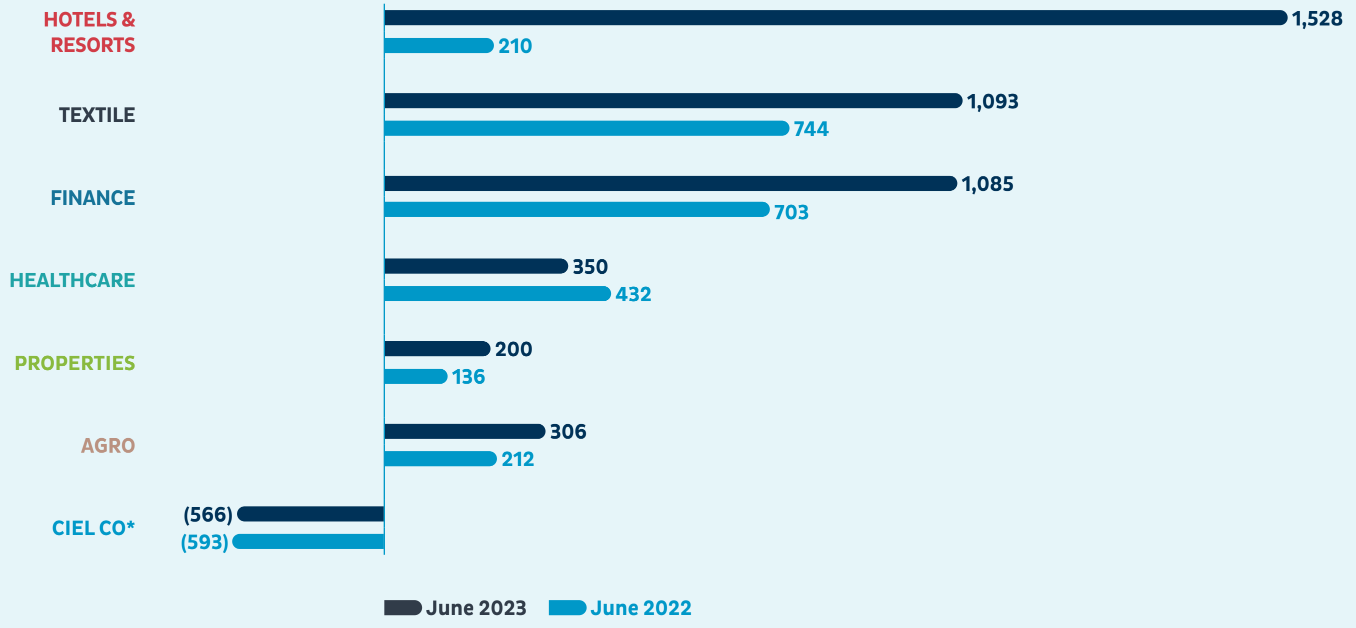
MUR 4.3 bn **GROUP PROFIT AFTER TAX 2023**

2022: MUR 2.2 bn

GROUP PROFIT AFTER TAX

The Group's profit after tax rose by 100% to reach MUR 4.3 bn, principally due to the turnaround in the Hotels & Resorts cluster and solid earnings performances from the Textile, Finance, Healthcare and Agro clusters.

GROUP PROFIT AFTER TAX BY CLUSTER



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Insights from Our **Group Finance Director** (Cont'd)

GROUP FINANCIAL REVIEW (Cont'd)

Financial Overview

MUR 'M	2023	2022	% Change
Revenue	35,409	28,525	24%
EBITDA[1]	7,084	5,269	34%
Depreciation and amortisation	(1,393)	(1,390)	0%
Earnings Before Interests and Taxation (EBIT)	5,691	3,879	47%
Expected credit losses	(354)	(474)	(25%)
Net finance costs	(812)	(851)	(5%)
Share of results of associates & joint ventures net of tax	605	432	40%
Profit before tax	5,130	2,986	72%
Taxation	(828)	(545)	52%
Profit from continued operation	4,302	2,441	76%
Loss from discontinued operation	-	(287)	
Profit for the period	4,302	2,154	100%
Profit attributable to:			
Owners of the Parent	2,653	1,300	>100%
Non controlling interests	1,649	854	93%
	4,302	2,154	100%
Basic and diluted earnings per share (MUR)	1.57	0.77	>100%
EBITDA Margin	20.0%	18.5%	
Equity	30,047	26,383	14%
Net Asset Value per Share (Group)	12.38	10.50	18%
Net Asset Value per Share (Company)	11.03	12.49	(12%)
Net Interest Bearing Debt	12,064	13,134	(8%)
Gearing = Debt/(Debt+Equity)	28.6%	33.2%	
DEBT to EBITDA[2]	1.7	2.5	
Capital Employed	42,111	39,517	7%
ROCE	14.1%	9.7%	
Dividend per share (MUR)	0.28	0.21	33%
Market Capitalisation (MUR 'bn)	11,003	11,305	(3%)

[1] *Earning before interest, tax, depreciation, amortisation, impairment and expected credit losses*
[2] *Excludes quasi-equity loan from MIC*

Variances Explained

Expected credit losses for the year ended 30 June 2023 stood at MUR 354M compared to MUR 474M in the prior year largely due to lower provisioning under the IFRS 9 model at BNI level in the year under review.

Net finance costs stood at MUR 812M compared to MUR 851M in the prior year. Despite the general increase in interest rates environment, the net finance cost decreased for the year under review. This was mainly due to the decrease in net debt of MUR 1.1 bn and further supported by the positive gain on exchange realised on cash balances and foreign exchange dealings in the Hotels & Resorts cluster.

Share of profits of associates and joint ventures increased by 40% to MUR 605M. The notable increase coming from MIWA and Alteo, CIEL's attributable share reaching MUR 306M from MUR 212M in the previous year. This was further enhanced by Bank One, whose share of profits increased by 70% on the prior year to reach MUR 320M on account of the increasing asset base coupled with higher net banking income.

Corporate tax charge increased to MUR 828M from MUR 545M, explained mainly by the turnaround in SUN Limited (Hotels & Resorts) activities whilst the increased profitability in Textile's Asian segment attracted higher taxes where rates average between 25% to 34%.

GROUP FINANCIAL STRUCTURE

GROUP FREE CASH FLOW

The Group posted a Free Cash Flow ("FCF") of MUR 4.2 bn, more than 100% increase on the prior year. FCF is arrived at after deducting for maintenance capital expenditure of MUR 1.1 bn but excludes project capex amounting to MUR 881M.

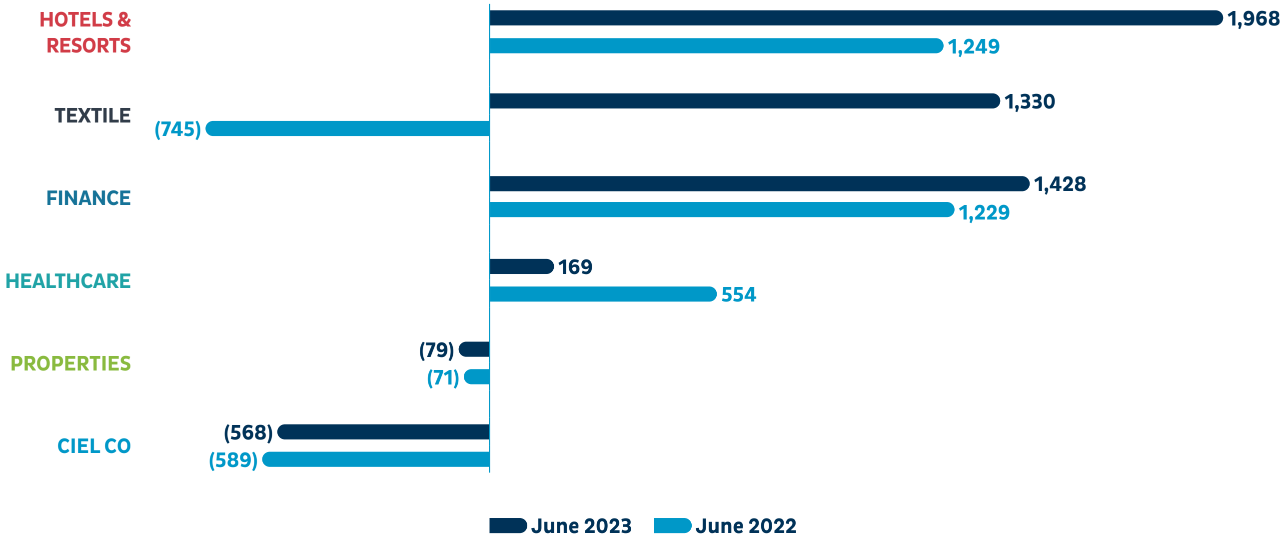
MUR
4.2 bn
GROUP FREE CASH FLOW 2023
2022: MUR 1.6 bn

GROUP GEARING RATIO

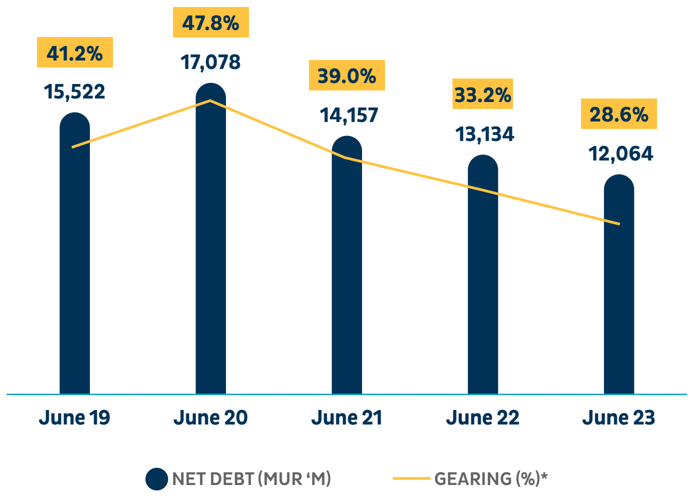
Group net interest-bearing debt decreased by MUR 1.1 bn to MUR 12.1 bn for the year ended 30 June 2023, largely due to the increase in overall cash balances across clusters and the early repayment of bonds at SUN Limited level.

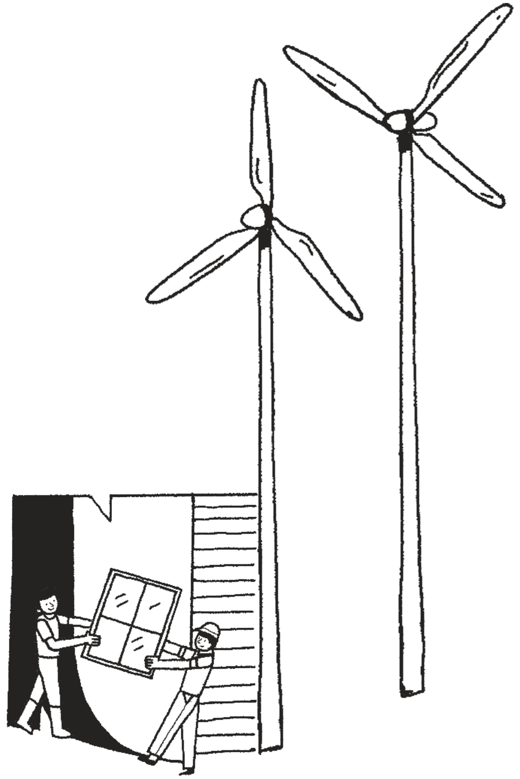
MUR
28.6% bn
GROUP GEARING RATIO 2023
2022: 33.2%

FREE CASH FLOW BY CLUSTER



GROUP NET INTEREST BEARING DEBT



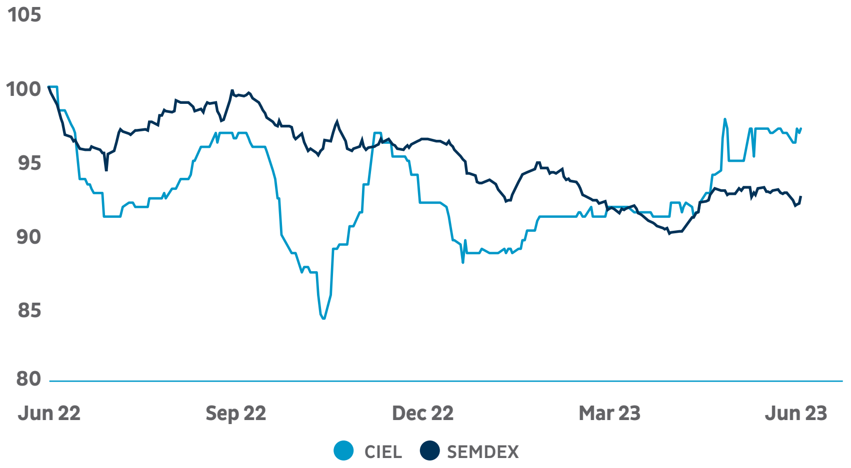


Insights from Our **Group Finance Director** (Cont'd)

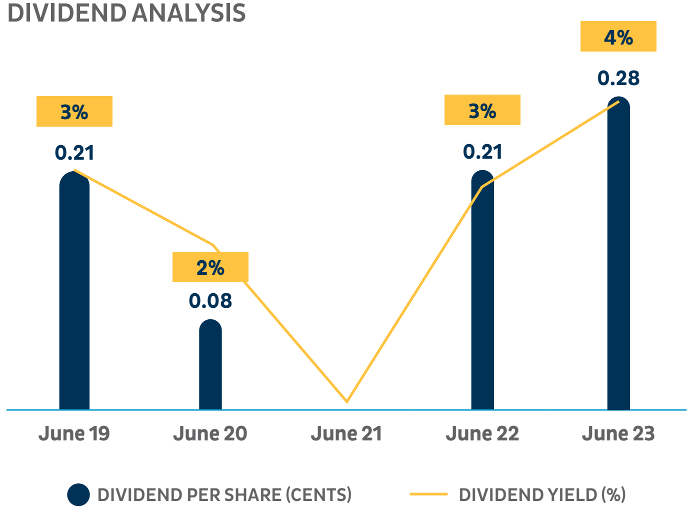
CIEL (COMPANY)

SHARE PRICE INFORMATION

CIEL's share price decreased by 3% to MUR 6.52 from MUR 6.70 at year end 30 June 2022, resulting in a market capitalisation of MUR 11.0 bn. The Stock Exchange of Mauritius Index (SEMDEX) dropped 7% over the same period.

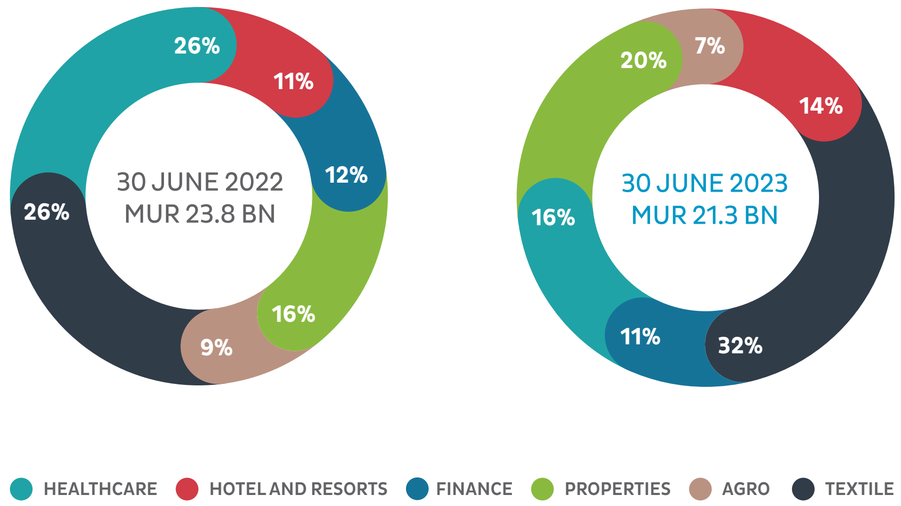


DIVIDEND ANALYSIS



CIEL's dividend policy:
A minimum of 75% of net profits after tax of the Company, depending on the cash flow and financial needs. Payout ratio was 76% for the year ended 30 June 2023 (2022: 104%)

INVESTMENT PORTFOLIO



As at 30 June 2023, the valuation of CIEL's portfolio stood at MUR 21.3 bn, an 11% decline versus the 30 June 2022 position. This can be attributed to the following factors:

- SUN's valuation increased based on the share price increase of 17% to MUR 30.00 from MUR 25.75 at 30 June 2022
- The Textile cluster is revalued once a year in June using the discounted cash flow (DCF) model and has increased its valuation by 11% founded on projections based on its order books and new product mix levels
- The Finance cluster's investments are valued by a mix of DCF (BNI Madagascar), P/E (MITCO) and P/B (Bank One). The decrease in the valuation of CIEL Finance of 17% was mainly due to the cluster's borrowing for the buyout of a minority shareholder, whilst the lower P/E, P/B and higher discount rate negatively affecting the valuation of the underlying assets
- C-Care's valuation is based on the Volume Weighted Average Price which decreased by 48% to MUR 9.76 from MUR 18.82 in the prior year
- The Properties cluster is valued on a NAV basis and the valuation increased by 10% in the year driven by an increase in the fair value of its investment properties; and
- The decrease in the Agro cluster's valuation of 33%, results from the decrease in the share price of Alteo Limited to MUR 8.50 and newly listed MIWA Sugar to MUR 12.74, compared to the combined price at 30 June 2022 of MUR 31.80

Company Net Asset Value fell by 12% to MUR 11.03 per share at 30 June 2023 versus MUR 12.49 at 30 June 2022.