

GROUP CEO'S OUTLOOK



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Executive Director and
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Group Review

A major achievement during the year was the sale of Cim Global to Luxembourg-headquartered SGG Group for approximately MUR 3.2 billion (USD 90 million), representing a profit on disposal of MUR 2.5 billion. The decision to sell Cim Global was made with the recognition of the consolidation internationally in the Global Business sector and the decision to focus our development plans on our finance and property businesses. We believe that the arrival of another major international player in the Mauritius Global Business

sector represents a major vote of confidence in the attractiveness of the jurisdiction, and brings not only a significant piece of FDI to the country but also the opportunity to expand the range of services offered to multinational clients.

The Group has had a very satisfactory year financially. Group income before discontinued operations grew by 12% to MUR 1.6 billion and profit from continuing operations before fair value adjustments and foreign exchange losses by 7% to MUR 368 million.



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Looking ahead

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We do believe that this could be an opportunity to deploy a significant amount of capital realised from the Cim Global sale to diversify our revenue streams, as well as to reduce our funding costs through cheaper retail deposits, but we are fully cognisant of the complexity of deploying a banking proposition in an already highly banked market, and of the additional regulatory complexity that would ensue. We have embarked on a detailed strategic review to ensure that we make the right decision for our shareholders.

As a part of our African expansion strategy, we have invested a lot of time exploring expansion opportunities in two East African markets.

As mentioned earlier, First Capital Goods Financing (FCGF), the company we are looking to set up in Ethiopia, will be the first foreign-owned financial services company in Ethiopia. FCGF will be focused on leasing of capital equipment in the Ethiopian Government's priority sectors. Despite the challenges of operating in the Ethiopian market, we strongly believe that there is significant long term potential for the leasing business, given the strong macroeconomic fundamentals of the country and significant business demand for credit. Ethiopia's GDP growth has exceeded 10% per annum over the last ten years and is projected to maintain a similar future trajectory. The country's globally strategic location, significant investment in hydro power and rail lines to Djibouti Port, as well as labour cost competitiveness, drive its ambition to become an African manufacturing hub and we believe that FCGF will be well positioned to take advantage of the growth opportunities in the market. We are currently going through the regulatory approval process with the National Bank of Ethiopia.

We have also invested a lot of effort in a strategic review to explore wholly-owned greenfield opportunities in consumer finance in Africa. This has involved a detailed analysis of market opportunities in large East and West African markets that resulted in a detailed go-to-market strategy for a hire purchase

business in Kenya. We have engaged a technology partner to support us in deploying a fintech-enabled business model leveraging upon Kenya's unique mobile digital ecosystem and high consumer awareness of mobile phone app based lending platforms (currently largely micro finance lending). We will aim to partner with established retail players, as we do in Mauritius, but with a technology-led rather than people-heavy operating model. We are targeting a launch date towards mid financial year 2018 in Kenya.

As set out in the Property cluster's business review, a restructuration programme has already been launched to enable the cluster to meet its strategic plans. Cim Property's team will also be busy with the implementation of the Edith Cavell Project, the Belle Mare IHS project and the PDS project at Case Noyale. We are confident that these initiatives will help us to reach our objective of ensuring that the value of Property cluster is accurately reflected in the Cim share price.

Conclusion

Our performance in 2017 has been very encouraging. As highlighted, we are looking to invest significantly in our core businesses in Mauritius and potentially to diversify outside of that within the Mauritian market.

We are also looking to diversify regionally into East Africa in businesses where we feel we have core capabilities and strengths, namely in consumer finance and leasing.

We believe that a well-executed Mauritian and regional strategy will reward shareholders with attractive returns and a strong growth story.

Importantly, I would like to thank our valued customers for placing their business with us, our Board and shareholders for their support and our staff for their skill and hard work to make Cim an attractive employer and valued partner to our customers.