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CHAIRMAN'S Message

Dear Shareholders,

In early 2020, the COVID-19 pandemic brought untold hardships to the world. Its spread plunged the globe in a deep recession and has changed economies and societies in fundamental ways. Countries and businesses were under enormous pressure to act quickly and decisively, despite having little information to guide their decisions.

For Currimjee Jeewanjee, 2020 was a tale of two halves. Prior to the pandemic, CJ was on a steady growth trajectory. In March 2020 came the pandemic, thrusting an unprecedented set of challenges upon our organisation. Some of our businesses were at the epicentre of the crisis and continued providing essential services, while others were forced to remain closed until they could safely reopen. We spent the following months reacting to the crisis and adapting our business models and strategies to new market realities.

A turbulent and challenging context

The pandemic has dealt a severe blow to the world economy. In Mauritius, indicators are grim and reflect the disruption in global supply chains and our dependence on an open economy to sustain our activities. COVID-19 has reversed much of the economic and social progress made over the years: GDP contracted by 13%, leading to a rise in unemployment and drop in household spending. Tourist arrivals were near zero due to closed borders, devastating our tourism and hospitality industry which was already in a fragile position before the pandemic landed on our shores. This has resulted in significant shortfalls in foreign exchange, leading in turn to a depreciation of the Mauritian Rupee and decline in export earnings.

These indicators would have been worse if not for the relief measures put in place by the Government. Most of our businesses benefited from the Wage Assistance Scheme, which was also extended to support employment in the trading, retail, farming and informal sectors.

Against this backdrop, the Group recorded a net profit of MUR 200M, down by 55% compared to last year.

Despite this decrease, our results were better than the adjusted targets we set at the beginning of the pandemic, thanks to our ability to pivot quickly and to convert difficulties into favourable opportunities. Our financial performance took a turn for the better during the last quarter of the year: we ended 2020 with strong demand for our products and services and a stronger foundation, having invested in key initiatives that will support CJ's growth.

Positioning CJ for sustainable growth in 2020

Our Hospitality cluster was the hardest hit, given its opening only a few months before the country went into lockdown. After the announcement of a phased reopening in May 2020, strict quarantine requirements were enforced for inbound tourists from June 2020 onwards, further deterring travel to our destination. As I write this letter to you, travel is still restricted. Our hope for the industry's gradual recovery by mid-2021 is now hampered by a new lockdown in March 2021. The future of travel and hospitality is unsettling, and its recovery relies heavily on the successful rollout of COVID-19 vaccines and a coordinated effort between the public and private sector players. The MD's message discusses the prospects for tourism and hospitality in greater detail.

Certain businesses in the TMIT cluster were significantly affected by the decline in consumer spending and depreciation of our currency. Consumers were principally focused on purchasing household essentials, directly impacting the demand for our products and services in both the B2B segment (Emtel and Screenage) and B2C segment (Batimex, MC Vision and the Real Estate cluster). Meanwhile, our insurance business results were negatively impacted due to record low interest rates and low investment returns.

CHAIRMAN'S MESSAGE

Despite all we have faced, most of our businesses were able to either remain afloat or make progress in strategic areas. New consumer expectations and purchasing habits have validated the four pillars of our strategy, which are supported by an increasing focus on digitalisation and human resources. Our businesses continued transforming themselves, using technology to develop innovative products and solutions.

In parallel, new brands were created, new market segments were penetrated and major projects, such as the investment in building towards 5G, continued moving forward. It has been particularly inspiring to see that Emtel has fulfilled its responsibility as an ICT company and provider of essential connectivity, as it was quick to take proactive measures to strengthen the stability of its network in response to the unprecedented increase in demand for data.

More synergies between the Group's businesses have given rise to the conception of a future distribution centre, a new facilities management structure for Group properties and shared showrooms, which will all service multiple businesses across clusters. We have even consolidated certain functions at the Holding level, which will help us align all our businesses around a common culture and processes. The potential for synergies within the Group is a valuable differentiating factor for CJ and a unique opportunity to build scale, expand our market share and broaden our customer base.

All our business entities, including the head office, saw a significant increase in Employee Engagement. I believe that this achievement, especially in times like these, is a result of communicating transparently with our employees and placing their wellbeing at the heart of all our actions.

Ensuring our resilience through good governance and risk management

Most of our businesses were able to withstand the immediate shock of the crisis. I believe that early and decisive actions by the Board and executive management made all the difference. We approved difficult but necessary cost containment measures at the Holding level and across our subsidiaries, maintaining operating cash flows to drive up CJ's liquidity and preserve jobs.

We have reviewed our Risk Management framework and are carefully planning for all scenarios, no matter how unexpected, to ensure our readiness to respond to changing circumstances. We also implemented a

Business Continuity Plan and approved a succession plan for all our key executive positions. All of this has called for a new mindset that weaves risk into all aspects of our business, and where risk is considered an opportunity for innovation and value creation.

Our pandemic response is based on strengthening five elements: 1. protect and support our employees, while renewing our focus on customer needs, 2. ensure a balanced portfolio mix by investing in our core competencies, diversifying our revenue streams and deepening our investment in strategic sectors like Real Estate, 3. remain agile in navigating change, 4. leverage our collective strengths as a Group and 5. remember our duty to our fellow citizens (see our Risk Management Report on page 52 for more details.)

The crisis has also underscored the need for effective leadership and governance. During the year, the Board welcomed two new Independent Directors, Mr Manoj Kohli and Mr Uday Kumar Gujadhur in February 2021. I believe CJ will greatly benefit from the diversity of their skills and experience.

Protecting our stakeholders, above all

As we faced one of the most challenging years in our history, the drive to keep people safe served as our moral compass. A crisis of this magnitude was a huge test of character for Currimjee Jeewanjee, and I am extremely proud that our Group's leadership and team members not just responded well to the pressure, but remained true to our roots and faithfully adhered to our values. Our businesses were even more committed to serving all our stakeholders, making sure to deliver uninterrupted service and grant payment facilities to our customers in a time where they needed us the most.

The Group also took proactive steps to support our employees, their families and our communities. Beyond confronting a health crisis, our vulnerable communities are also at risk from food security and job losses. Determined to lend a hand and stand by our communities, our employees raised over MUR 3.5M, an amount matched by the Group. However, our CSR efforts through the Currimjee Foundation, the Currimjee COVID-19 Relief Fund and the COVID-19 Solidarity Fund only scratch the surface of the work that remains to be done to reverse the consequences of the pandemic on people's livelihoods. We intend to continue carrying out our work in our impact areas (more on pages 102-122) and make a meaningful, measurable difference in the lives of all our stakeholders.

Looking ahead

The outlook for 2021 remains as uncertain as last year, with the added benefit of hindsight. Our first lesson is that the idea of a return to normal is misled. The pandemic is looking more like a permanent disruptor, and some of the changes it triggered will stay relevant for years to come. Online shopping, flexible work arrangements, digitalisation and cross-functional teams are trends and practices that are here to stay. Enhanced hygiene measures will continue fuelling innovations that will redefine our work-live-play paradigm.

It is also crucial for us to step back and take stock of our silver linings. In many ways, this pandemic has brought us closer together, both at CJ and in the country. I am humbled to see that the values cultivated by our predecessors have stood the test of time and guided our priorities.

Another one of my key takeaways is how resilient our people are, and how willing they are to go the extra mile for our customers and communities. I would like to thank each one of them for working tirelessly to make sure people stayed safe, entertained and connected. This gives me the confidence that we will emerge stronger in 2021.

I am grateful to our customers and partners for remaining loyal to us and trusting our brands and our products.

While much has changed over the last year, my feelings of gratitude will remain long after the pandemic.

Your Chairman,

Bashirali A. Currimjee

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