

INTRODUCTION

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to report a very encouraging and satisfactory performance for the UBP Group after a year of significant transition. FY2024 saw a continuation of our strategic journey, highlighted by the completion of a major acquisition on July 01, 2024. This pivotal move demanded substantial focus from our management teams, who have not only successfully led the acquisition of the new entities in Reunion Island, but also managed to cross key milestones, including the integration of FAST and the turnaround of Premix.

Overview of the macroeconomic context and its impact on UBP

Mauritius' construction sector is in expansion, driven by strong demand for residential properties and significant investments in infrastructure development and modernisation. Yet, FY2024 presented a challenging landscape for UBP, marked by rising costs across several key areas. Labour expenses, financing costs, and maintenance outlays have all increased significantly, influenced by a combination of external factors. The escalation in prices for critical materials, coupled with higher labour expenses and the large number of public and private projects underway, has led to considerable increases in construction costs. Along with this, financing costs increased from Rs 107.3 million to Rs 151.0 million in 2024, due to increased borrowings to finance the acquisitions of Premix and FAST over the past two years, coupled with higher interest rates.

The operating context is expected to remain challenging as we move into the new financial year. Recent changes to Mauritian labour laws are set to further increase workforce expenses, while the shortage of labour in construction and retail is disrupting the industries and intensifying competition for talent. The Group is addressing these challenges proactively through strategic planning and innovative solutions, as outlined below, and further by our Group CEO on pages 30-34.

Positioning UBP for future growth

We successfully completed the acquisition of 90% of the shareholding in ten companies within Leandri Group based in Reunion Island. This significant milestone has not only expanded the Group's production capacity and strengthened its footprint in the region, but it has also positioned the Group for sustained growth. Beyond the substantial financial investment, this move has also required extensive foundational work to reevaluate UBP's operations and structure to ensure we are well-prepared to fully leverage the potential of this new entity.

Human capital restructuring was a focal point in achieving this. We undertook a comprehensive review of the Group's organisational structure to enhance efficiency, simplify reporting processes, and better manage our growing operations. Notably, we have now appointed a Group Head of Corporate Services, responsible for driving service excellence across the organisation. Additionally, a new COO is being

appointed to lead the Building Materials cluster and rationalise operations and ways of working. The General Managers of the cluster will report directly to him. The creation of the Transformation and Innovation (T&I) Office was another crucial step towards making UBP future-ready by concentrating on forward-thinking strategies and innovation.

Executing a financial transaction of this scale also necessitated a **financial restructuring**. The Group successfully secured bridge financing to support the acquisition of our 90% stake in Reunion Island. This decision was made with careful consideration by the Board of Directors, taking into account volatile economic conditions, and maintaining a long-term, sustainable view on managing debt and maintaining financial stability. While the bridging loan increases debt over the short-term, this will allow the Group to finance its 90% equity in the acquisition and grant it the flexibility to pursue its growth trajectory. To manage this bridging debt responsibly, we are undertaking a strategic review of the Group's non-core assets to identify potential divestment opportunities. At the time of writing, we have successfully disposed of our operations in Madagascar and are in the process of selling off some land and buildings that are not essential to our operations. This financial restructuring is part of a broader plan to not only meet our immediate financial needs, but also ensure that UBP continues to enhance shareholder value in the years to come.

Delivering shareholder value

We are pleased to report that FAST and Premix contributed considerably to overall results in FY2024, substantiating the strategic decisions made by the Board. FAST exceeded expectations, contributing Rs 168.4 million to the increase in Group revenue, largely due to effective synergies and the cross-utilisation of resources. Similarly, targeted restructuring and investments in Premix have yielded remarkable results, enabling the business to enhance operational control and achieve a Rs 117.5 million increase in revenue. Additionally, the Group benefitted from an improved share of results from our associate, Terrarock Ltd.

As a result, the Group's operating profit rose from Rs 256.3 million in 2023 to Rs 330.8 million this year, while net profit grew from Rs 142 million in 2023 to Rs 208.6 million for the year under review.

Generating profits is not only about strengthening the company, but also about creating enduring value for our stakeholders, ensuring they share in the success they help to foster. After the difficult decision to withhold dividends last year, the Board is very pleased to distribute Rs 46.4 million in dividends to shareholders and recognise the hard work of our employees through the payment of performance bonuses. We remain confident in our vision and strategic direction for UBP, and committed to continue generating consistent returns not only for our shareholders, but also for the people who drive it forward each day.



CHAIRMAN'S STATEMENT

"We will focus on ensuring the successful integration and performance of our operations both in Mauritius and Reunion Island."



Making governance the bedrock of UBP

At UBP, governance is a cornerstone of our operations, and its importance has only grown in light of our recent expansion. Effective governance not only ensures compliance with regulations in the various jurisdictions in which we operate, but also adds significant value to our Group by driving accountability, transparency, and strategic oversight.

This year saw several key changes in our governance structure. We bid farewell to Catherine Gris, who served as the Chair of the Corporate Governance Committee with dedication and expertise. As she steps into her well-deserved retirement, we thank her for her invaluable contributions and wish her the best for the future. Aruna Radhakeesoon has succeeded her as Chair of the Corporate Governance Committee. With her strong legal background and governance expertise, Aruna brings fresh perspectives that will further enhance our commitment to excellence in corporate governance.

In line with our commitment to sustainability, we introduced a new Board Committee – the Corporate Sustainability Committee – also chaired by Aruna Radhakeesoon. This committee underscores our focus on sustainability, a critical area for both UBP and the construction industry at large. It reflects our determination to embed sustainable practices at every level of the Group, ensuring we stay ahead of evolving environmental and social expectations.

Last year, we also established Advisory Committees for the Company and three of our subsidiaries, with a mandate to engage Directors and management in discussions around strategic and operational challenges. We are currently reviewing these committees' mandates and functioning to ensure they continue to provide optimal value and guidance.

Looking ahead, we are planning to establish a Board of Directors specifically for our operations in Reunion Island. While this is not mandated, we have decided to replicate our Mauritian governance framework and best practices in this new market to ensure robust oversight and the effective management of our investment.

Outlook

The Board's first objective is to reduce finance costs by executing the financial restructuring plan that I have previously outlined. The second area of focus will be ensuring the successful integration and performance of our operations both in Mauritius and Reunion Island. This involves harnessing the synergies between both entities, whether through aligned strategies, product innovation, or knowledge sharing. With Bazalt Reunion's extensive experience in operating in a more sophisticated market, we are confident that this collaboration will drive new innovations and growth across UBP.

Acknowledgments and appreciation

I wish to express my deepest gratitude to the Board of Directors for their steadfast guidance throughout this period of transformation. Your wisdom and strategic insights have been instrumental in navigating this complex transaction.

A special thanks goes to our management and leadership teams, led by Stéphane Ulcoq, whose relentless dedication has brought many milestones to fruition. We are clearly seeing a refreshed UBP, with a sharpened strategic focus and renewed energy driving us forward.

To our entire workforce, thank you for your unwavering commitment and for always rising to the occasion, no matter the task at hand. Your hard work and loyalty are at the heart of our success. I also wish to extend a warm welcome to our new colleagues in Réunion, who now form part of the UBP family.

Thank you all for your continued support and let us look forward to the promising road ahead.

Jean-Claude Béga
Chairman