

# LOGISTICS



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The logistics industry plays a pivotal role in the economy by connecting manufacturers and consumers through the flow of goods and services. Our logistics and supply chain services are mainly supplied through Velogic, a subsidiary of Rogers, and cover a broad spectrum of operations, including freight forwarding, customs clearing, courier service, domestic transportation, and container services. ENL owns Rennel, agent for courier services FedEx in Mauritius.

## Operating Context

The financial year was marked by a volatile operating environment that slowed global recovery. Our businesses remained exposed to increasingly difficult and unstable economic and market conditions driven by the pandemic. This uncertain macroenvironment was exacerbated by the inflationary pressures fuelled by the Russia-Ukraine war. Ocean freight remained challenged with ongoing capacity constraints and higher rates, while air freight activities picked up as commercial flights resumed gradually. Courier services continued to benefit from the surge in e-commerce, but experienced a deceleration with the rise of customers travelling in the last quarter.

The performance for the next financial year will depend on the global context as well as the sustainability of household consumption and trade patterns. Rising fuel prices and a potential recession in developed markets may affect operations. Air freight volumes should increase, with commercial flights expected to operate normally for the entire year. Locally, the gradual recovery of the hospitality sector should provide upsides to import volumes. In Kenya, the elections are hindering growth in the first quarter of the fiscal year, but we are expecting a peaceful transition of power.

## Performance

Resilience was maintained as operations navigated the uncertainties thanks to the growth strategy and a capacity to adapt to the fast-evolving landscape. Teams are showing agility in meeting customers' new requirements and finding solutions to continue making trade as easy as possible.

Velogic was listed on the Development and Enterprise Market (DEM) of the Stock Exchange of Mauritius in December 2021, a significant step in providing an additional option to finance growth. The company's overseas activities account for about half of its profits. In October 2021, Velogic purchased the shares of a private equity player in Velogic Kenya, transitioning to full ownership of this growing business. Furthermore, it also completed a strategic partnership for the French operations through the sale of 70% of its stake to an established local operator.

Rennel contributed positively to the group's performance as a result of good inbound business volumes. It also improved its efficiency through the streamlining of processes coupled with several digital initiatives.

## Priorities for the next financial year

- Expansion of operations in Madagascar and India
- Optimise fleet utilisation to generate upsides
- Follow household consumption and trade patterns to anticipate the market demand
- Monitor external factors that could affect operations

## Link to risks

-  Top group risks (pages 64 to 67)
-  Growing competitive landscape in terms of air, courier and sea freight causing pressure on margins



Rs **3.7 bn**  
REVENUE\*  
(2021: Rs 3.1 bn)



Rs **221m**  
PROFIT AFTER TAX\*  
(2021: Rs 159 m)  
*\*from continuing operations*