

SUN LIMITED ABRIDGED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 DECEMBER 2020 (UNAUDITED)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (ABRIDGED)	QUARTER ENDED 31 DECEMBER		HALF YEAR ENDED 31 DECEMBER	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
Revenue	448,245	2,200,674	683,276	3,461,069
Operating expenses	(562,248)	(1,444,611)	(1,037,608)	(2,649,214)
(Loss)/Earnings before interest, tax, depreciation and amortisation and exceptional items	(114,003)	756,063	(354,332)	811,855
Impairment of financial and non-financial assets	1,473	(5,585)	(8,052)	(20,465)
(Loss)/Earnings before interest, tax, depreciation and amortisation	(112,530)	750,478	(362,384)	791,390
Depreciation and amortisation	(172,732)	(189,697)	(342,731)	(377,045)
Operating (loss)/profit	(285,262)	560,781	(705,115)	414,345
Finance costs	(204,480)	(146,379)	(476,860)	(293,935)
Finance income	985	3,990	2,681	7,580
Share of result of joint venture	443	7,963	(7,444)	4,263
(Loss)/profit before tax	(488,314)	426,355	(1,186,738)	132,253
Income tax credit/(charge)	62,953	(78,113)	134,708	(36,504)
(Loss)/profit for the period	(425,361)	348,242	(1,052,030)	95,749
Other comprehensive income				
Items that may be reclassified to profit or loss:				
Differences arising on retranslation of foreign operations	2,203	(865)	3,173	21,927
Revaluation of cash flow hedges	(141,682)	(92,116)	(270,693)	(39,854)
Other comprehensive income, net of tax	(139,479)	(92,981)	(267,520)	(17,927)
Total comprehensive income for the period	(564,840)	255,261	(1,319,550)	77,822
(Loss)/profit attributable to:				
Owners of the Company	(408,897)	325,963	(1,008,329)	84,095
Non-controlling interests	(16,464)	22,279	(43,701)	11,654
	(425,361)	348,242	(1,052,030)	95,749
Total comprehensive income attributable to:				
Owners of the Company	(540,513)	232,982	(1,260,720)	66,158
Non-controlling interests	(24,327)	22,279	(58,830)	11,664
	(564,840)	255,261	(1,319,550)	77,822
Basic (loss)/earnings per share (Rs)	(2.34)	1.87	(5.78)	0.48

CONSOLIDATED GEOGRAPHICAL AND SEGMENTAL INFORMATION	QUARTER ENDED 31 DECEMBER		HALF YEAR ENDED 31 DECEMBER	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
Geographical revenue:				
Mauritius	360,239	1,916,696	591,219	3,084,038
Maldives	80,456	151,893	81,161	227,996
Others	7,550	132,085	10,896	149,035
Total revenue	448,245	2,200,674	683,276	3,461,069
Geographical results:				
Mauritius	(376,262)	364,013	(920,158)	188,346
Maldives	(44,893)	(26,598)	(122,815)	(105,462)
Others	(4,206)	10,827	(9,057)	12,865
(Loss)/profit for the period	(425,361)	348,242	(1,052,030)	95,749
Segment revenue:				
Hotel operations - External sales	440,695	2,068,589	672,380	3,312,034
Hotel operations - Inter-segment sales	(9,605)	71,363	(19,571)	41,601
	431,090	2,139,952	652,809	3,353,635
Others - External sales	7,550	132,085	10,896	149,035
Elimination of inter-segment sales	9,605	(71,363)	19,571	(41,601)
Total revenue	448,245	2,200,674	683,276	3,461,069
Segment results:				
Hotel operations	(421,155)	337,415	(1,042,973)	82,884
Others	(4,206)	10,827	(9,057)	12,865
(Loss)/profit for the period	(425,361)	348,242	(1,052,030)	95,749

CONSOLIDATED STATEMENT OF CASH FLOWS (ABRIDGED)	HALF YEAR ENDED 31 DECEMBER	
	2020	2019
	Rs'000	Rs'000
	UNAUDITED	UNAUDITED
Operating (loss)/profit before working capital changes	(426,829)	826,407
Movement in working capital	(74,038)	(186,093)
Cash (used in)/generated from operations	(500,867)	640,314
Income taxes paid	(2,916)	(41,106)
Net cash flows (used in)/from operating activities	(503,783)	599,208
Net cash flows used in investing activities	(225,195)	(264,273)
Net cash flows from/(used in) financing activities	816,549	(478,479)
Net increase/(decrease) in cash and cash equivalents	87,571	(143,544)
Cash and cash equivalents at 1 July	587,041	575,773
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	674,612	432,229

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (ABRIDGED)	31 DECEMBER	30 JUNE
	2020	2020
	Rs'000	Rs'000
	UNAUDITED	AUDITED
ASSETS		
Non-current assets		
Property, plant and equipment	16,461,998	16,563,067
Rights-of-use assets	2,077,922	2,083,866
Intangible assets	279,948	281,227
Investments in associates and joint ventures	488,473	547,094
Other non-current assets	394,841	356,427
	19,703,182	19,831,681
Current assets	1,508,769	1,489,195
Total assets	21,211,951	21,320,876
EQUITY AND LIABILITIES		
Shareholders' equity	4,403,274	5,264,357
Non-controlling interests	706,731	765,561
Total equity	5,110,005	6,029,918
Loans and other borrowings	6,855,704	6,254,161
Lease liabilities	2,276,086	2,306,279
Deferred tax liability	971,658	1,068,276
Provision	60,298	60,298
Contract liabilities	92,794	95,163
Employee benefit liability	486,633	459,068
Non-current liabilities	10,743,173	10,243,245
Current liabilities	5,358,773	5,047,713
Total liabilities	16,101,946	15,290,958
Total equity and liabilities	21,211,951	21,320,876
Net debt excluding lease liabilities	9,724,640	8,778,405
Gearing (excluding lease liabilities)	65.6%	59.3%

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (ABRIDGED)	THE GROUP		
	Attributable to owners of the Company	Non-controlling interests	Total equity
	Rs'000	Rs'000	Rs'000
At 30 June 2019 (audited)	7,636,769	812,512	8,449,281
- Effect of adoption of IFRS 16	(814,646)	(7,814)	(822,460)
At 1 July 2019	6,822,123	804,698	7,626,821
Total comprehensive income for the period	66,158	11,664	77,822
At 31 December 2019 (unaudited)	6,888,281	816,362	7,704,643
At 30 June 2020	5,264,357	765,561	6,029,918
Total comprehensive income for the period	(1,260,720)	(58,830)	(1,319,550)
Transactions with owners of the Company	399,637	-	399,637
At 31 December 2020 (unaudited)	4,403,274	706,731	5,110,005

COMMENTS

A persistently challenging global context

The COVID-19 pandemic continues to substantially impact the tourism industry worldwide. In Mauritius, our main country of operation, the Government is maintaining strict border restrictions with a 14-day quarantine until 31 March 2021 while in the Maldives, travel restrictions have recently been lifted.

Furthermore, our main source markets continue to be confronted by active pandemic scenarios with various lockdowns and travel restrictions imposed on European and South African travellers in particular, in view of the emergence of some SARS-CoV-2 variants.

Partial reopening of our resorts

Two of our Sun Resorts hotels, namely Long Beach and Ambre, are welcoming guests in quarantine while the Sugar Beach, La Pirogue, Ile Aux Cerfs and Shangri-La's Le Touessrok are open to the local market during weekends, holidays or for special events. The Four Seasons at Anahita remains closed for now. In the Maldives, the Kanuhura is fully operational since 15 November 2020. It achieved an occupancy rate of 50% in December 2020.

Revenue & cost management

Our teams remain focused on cost reduction measures and Sun's cost base has been significantly reduced, compared to pre-COVID level. Attractive commercial offers have been launched both in Mauritius and in the Maldives. Kanuhura Resort witnessed an encouraging sales momentum since its re-opening, with an increase of 15% in ADR versus the corresponding period of last year. Alternative and innovative concepts such as the implementation of Sun Members Club and Business Suites, in partnership with The Hive (a co-working company) for long-term business stays, have also been initiated in Mauritius, with a view to generating new revenue streams.

Financial performance in a highly challenging environment

Despite all these efforts, Sun's results for the second quarter remain severely impacted by the Covid-19 crisis. The Group generated revenue of Rs 448 million in this quarter (compared to Rs 2,201 million in the same quarter last year), with Kanuhura contributing to an 18% share, the Mauritius resorts 41% and the balance consisting of the Government support in terms of wage and lease payment waivers.

EBITDA before exceptional items for the quarter finished at negative Rs 114 million (Rs 756 million same period last year). The drop has been mitigated by the cost reduction actions already undertaken. The loss for the quarter stood at Rs 425 million.

Refinancing plan

As previously announced, Mauritius Investment Corporation Ltd has committed to subscribe for redeemable and convertible secured bonds, totalling Rs 3.1 billion through two wholly owned subsidiaries, namely Anahita Hotel Limited (owning Four Seasons Resort Mauritius at Anahita) and Long Beach Resort Ltd (owning Long Beach Resort). All transaction agreements concerning the Long Beach Resort Ltd have now been completed and those of Anahita Hotel Ltd are currently being finalised.

Net debt reached Rs 9,725 million as at 31 December 2020 with an increase of Rs 946 million mainly attributable to the increase in net borrowings and the revaluation loss of the foreign denominated debt, as a consequence of the depreciation of the Rupee.

With the loss incurred during the period and net proceeds from borrowings, gearing increased from 59.3% at 30 June 2020 to 65.6% at 31 December 2020.

Outlook

While the start of the Covid 19 vaccination campaign worldwide is encouraging, there is still a lack of visibility regarding the opening of our borders and the lifting of travel restrictions. The availability of vaccines in Mauritius, a vigorous vaccination planning process and the resumption of air access will be key to borders opening and recovery in a timely manner.

Our teams continue to drive local hotel bookings in Mauritius and tourist bookings in the Maldives over the current quarter, while preparing for a rebound, as soon as market conditions become more favourable.

By Order of the Board

CIEL Corporate Services Ltd
Company Secretary

10 February 2021

Notes to the above:

- The abridged financial statements for the quarter ended 31 December 2020 have been prepared using the same accounting policies and methods adopted in the financial statements for the year ended 30 June 2020, audited by Messrs. PricewaterhouseCoopers, Chartered Accountants, except for the adoption of new and amended IFRS in the year commencing 1 July 2020.
- The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Statements.
- This announcement is issued pursuant to Listing Rule 12.20 and the Securities Act 2005.
- The Board of Directors of Sun Limited accepts full responsibility for the accuracy of the information contained in this report.
- The statement of direct and indirect interests of officers of the Company required under rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 is available upon request from the Secretary, free of charge at CIEL Corporate Services Ltd, Ebene Skies, Ebene, Mauritius. Copies of this report are available to the public, free of charge, at the Registered Office of the Company.