



BEACHCOMBER

RESORTS & HOTELS

NEW MAURITIUS HOTELS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER AND SEMESTER ENDED
31 MARCH 2020



GROUP ABRIDGED STATEMENT OF PROFIT OR LOSS

	Semester ended 31 March 2020 Unaudited Rs'000	Semester ended 31 March 2019 Unaudited Rs'000	Quarter ended 31 March 2020 Unaudited Rs'000	Quarter ended 31 March 2019 Unaudited Rs'000	Year ended 30 September 2019 Audited Rs'000
CONTINUING OPERATIONS					
Revenue	5,551,222	5,524,394	2,328,130	2,526,451	9,688,460
Earnings from operating activities	1,464,810	1,458,741	411,659	499,663	1,605,467
Other income	26,366	18,492	13,775	15,997	132,744
Share of results from associates	(2,453)	(14,471)	(193)	(6,782)	(20,498)
Profit/(loss) on disposal of property, plant and equipment	1,184	86	960	(52)	7,567
Normalised EBITDA	1,489,907	1,462,848	426,201	508,827	1,725,280
Gain on disposal of associate	-	17,647	-	17,647	17,948
Gain on disposal of subsidiaries	-	-	-	-	92,347
Closure costs	(13,081)	(30,425)	(3,022)	(11,943)	(57,246)
EBITDA	1,476,826	1,450,070	423,179	514,531	1,778,329
Finance costs-Borrowings	(395,849)	(373,486)	(208,527)	(179,001)	(790,715)
Finance costs-Right of use assets	(87,233)	-	(47,870)	-	-
Finance revenue	99,972	12,864	55,542	3,512	17,692
Depreciation and amortisation	(400,878)	(346,590)	(181,859)	(174,898)	(709,344)
Other impairment loss	-	-	-	-	(35,525)
Profit before tax	692,838	742,858	19,452	164,144	260,437
Income tax expense	(97,931)	(109,492)	(4,032)	(19,351)	(103,102)
Profit from continuing activities	594,907	633,366	15,421	144,793	157,335
Loss from discontinued operations	-	(62,235)	-	(19,569)	(250)
Profit for the period/year	594,907	571,131	15,421	125,224	157,085
Profit attributable to:					
Owners of the parent	522,473	502,144	(7,807)	102,076	33,355
Non-controlling interests	72,434	68,987	23,228	23,148	123,730
	594,907	571,131	15,421	125,224	157,085
Basic earnings per share:					
From continuing activities (Rs)	0.95	1.03	(0.01)	0.22	0.06
From continuing and discontinued activities (Rs)	0.95	0.92	(0.01)	0.19	0.06
Average number of shares used in calculation	548,982,130	547,785,535	548,982,130	547,785,535	548,385,472

SEGMENTAL INFORMATION

Geographical	Semester ended 31 March 2020 Unaudited Rs'000	Semester ended 31 March 2019 Unaudited Rs'000	Quarter ended 31 March 2020 Unaudited Rs'000	Quarter ended 31 March 2019 Unaudited Rs'000	Year ended 30 September 2019 Audited Rs'000
Revenue:					
Mauritius	4,637,716	4,684,290	1,962,110	2,156,593	8,080,882
Morocco	445,228	419,293	193,510	196,098	804,943
Others	468,278	420,811	172,480	173,760	802,635
	5,551,222	5,524,394	2,328,130	2,526,451	9,688,460
EBITDA ::					
Mauritius	1,335,576	1,324,878	407,393	494,331	1,587,373
Morocco	93,727	76,080	31,659	8,225	76,809
Others	47,523	49,112	(15,874)	11,975	114,147
	1,476,826	1,450,070	423,179	514,531	1,778,329

GROUP ABRIDGED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Semester ended 31 March 2020 Unaudited Rs'000	Semester ended 31 March 2019 Unaudited Rs'000	Quarter ended 31 March 2020 Unaudited Rs'000	Quarter ended 31 March 2019 Unaudited Rs'000	Year ended 30 September 2019 Audited Rs'000
Profit for the period/year	594,907	571,131	15,421	125,224	157,085
Other comprehensive income, net of tax:					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods	(325,462)	5,585	(219,900)	148,054	401,950
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods	-	-	-	-	(457,137)
Other comprehensive income for the period/year, net of tax:	(325,462)	5,585	(219,900)	148,054	(55,187)
Total comprehensive income for the period/year	269,445	576,716	(204,479)	273,278	101,898
Total comprehensive income attributable to:					
Owners of the parent	119,685	521,102	(204,479)	273,278	(124,469)
Non-controlling interests	149,760	55,613	-	-	226,367
	269,445	576,715	(204,479)	273,278	101,898

GROUP ABRIDGED STATEMENT OF FINANCIAL POSITION

	As at 31 March 2020 Unaudited Rs'000	As at 30 September 2019 Audited Rs'000
ASSETS		
Non-current assets		
Property, plant and equipment	26,596,576	25,915,260
Right of use assets	2,583,112	-
Intangible assets	1,661,795	1,654,721
Investment in associates	655,904	662,097
Financial assets at fair value through other comprehensive income	11,753	11,752
Financial assets at amortised costs	1,203,901	1,203,901
Deferred tax assets	196,510	186,786
	32,909,551	29,634,517
Current assets	4,858,884	3,418,655
TOTAL ASSETS	37,768,435	33,053,172
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent	9,021,101	8,983,763
Non-controlling interests	789,176	740,244
Non-current liabilities	21,091,221	16,908,455
Current liabilities	6,866,937	6,420,710
TOTAL EQUITY AND LIABILITIES	37,768,435	33,053,172

% Occupancy	TRevPAR (Rs)	REVENUE (Rs bn)	PAT (Rs m)
66.0% ^{+5.8 points}	11,855 ^{+1.3%}	5.6 ^{+0.5%}	595 ^{+4%}

GROUP ABRIDGED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the parent Rs'000	Non-Controlling Interests Rs'000	Total Equity Rs'000
Balance at 1 October 2018	13,015,275	594,487	13,609,762
As previously reported	(31,540)	(3,799)	(35,339)
Effect of changes in accounting policies, net of tax	12,983,735	590,688	13,574,423
As restated			
Changes in equity for the period			
Total comprehensive income for the period	521,102	55,613	576,715
Change in ownership interest in subsidiary that do not result in a loss of control	22,637	6,320	28,957
Dividends	(60,388)	(42,648)	(103,036)
Balance at 31 March 2019	13,467,086	609,973	14,077,059
Balance at 1 October 2019	8,983,763	740,244	9,724,007
Changes in equity for the period			
Total comprehensive income for the period	119,685	149,760	269,445
Dividends	(82,347)	(100,828)	(183,175)
Balance at 31 March 2020	9,021,101	789,176	9,810,277

GROUP ABRIDGED STATEMENT OF CASH FLOWS

	Semester ended 31 March 2020 Unaudited Rs'000	Semester ended 31 March 2019 Unaudited Rs'000	Year ended 30 September 2019 Audited Rs'000
Net cash flows generated from operating activities	966,963	1,018,114	1,070,380
Net cash flows used in investing activities	(754,339)	(311,964)	(1,068,209)
Net cash flows generated from/(used in) finance activities	722,319	(625,723)	(1,711,481)
Net cash flows generated from discontinued operations	-	-	1,131,566
Net cash increase/(decrease) in cash and cash equivalents	934,943	80,427	(577,744)
Cash and cash equivalents at 1 October	(275,432)	291,272	291,272
Net foreign exchange differences	(11,228)	5,074	11,040
Cash and cash equivalents at end of period/year	648,283	376,773	(275,432)

COMMENTS ON RESULTS For the second quarter and semester ended 31 March 2020

COVID-19

The COVID-19 pandemic has disrupted world economies and has severely impacted the travel industry worldwide. The Mauritian tourism industry is facing its worst crisis ever, with all hotel and non-hotel operations at a standstill. Unsurprisingly, all activities within the Group, in Mauritius and abroad, have been hugely affected by the shutdown of commercial flights and closing of borders. Our main focus during the lockdown period has been the safe return of our guests to their home destination and the health and safety of our artisans and their families.

With the closure of our hotels in Mauritius and Morocco since mid-March, the Group has engaged with all its stakeholders and has taken several measures to contain losses and reduce its net cash outflows. Financial support has been obtained from banks through the deferment of capital and interest payments and fresh working capital funding. The government has granted relief in the form of wage support assistance during lockdown and reduction in training levies and environmental taxes. The recently announced waiver of lease rental payments will further assist in containing costs. Revised payment and credit terms are being negotiated with suppliers. The Early Voluntary Retirement Scheme proposed by the Company to its long-serving employees has been taken up by 170 artisans. The top management team and staff have also volunteered a reduction in their salary of up to 50% since the month of April. Furthermore, given that the Government Wage Support Scheme ended in May, management is engaged in discussions with the authorities and trade unions to reach an agreement with respect to the absolute necessity of considerably reducing the overall payroll costs of the Group for the coming months.

COMMENTS ON RESULTS FOR THE PERIOD ENDED 31 MARCH 2020

Group revenue and profit after tax for the quarter decreased by Rs 198m and Rs 110m respectively on account of reduced activity across all Group operations, particularly during the month of March. Group revenue and profit after tax for the semester stood at Rs 5.6bn and Rs 595m respectively, at par with the previous year. Group occupancy dropped by 12% for the quarter and 6% for the semester. Operating costs were contained whilst finance costs increased marginally on account of the depreciation of the rupee. Save for the impact of the COVID-19 crisis on the Group's revenues during the quarter under review, the results of the Group would have shown significant growth over the corresponding period last year.

It was not considered practicable to provide a quantitative estimate of the potential impact of the COVID-19 outbreak at the period end. The values of the assets which the Group holds are being assessed and monitored.

DIVIDENDS

The Company declared a dividend of Rs 0.15 per ordinary share, amounting to Rs 82M, on 7 February 2020. In view of the anticipated cash flow constraints of the Company, the Board subsequently decided on 7 April 2020 to defer the payment of this dividend. The Board has also decided not to declare any preference share dividend.

OUTLOOK

With all our hotels closed and our four operating subsidiaries mostly idle, the Group will be generating considerable losses during the last quarter of the present 9-month financial period ending 30 June 2020. Consequently, the Group is expected to post losses of some Rs 600m for the 9-month period before any exceptional provisions that might be deemed necessary.

The months ahead are expected to continue to be hugely challenging for the tourism sector and for our Group. Mauritius having recently been recognised by the World Travel & Tourism Council as a safe destination with respect to COVID-19, we are hopeful that bilateral agreements will soon be reached with neighbouring countries to welcome back travellers and guests to our shores. The Group is planning for the forthcoming reopening of its hotels and has partnered with LIBA, an international accreditation provider, to develop the "SAFE PLACE by Beachcomber" label to certify that appropriate sanitary standards and cleaning protocols are implemented in all Beachcomber hotels.

Whilst borders are expected to gradually reopen, it is to be feared that the combination of stringent sanitary measures, reduced air access and the impact of the economic crisis on the appetite for long-haul holidays will continue to weigh heavily on the capacity of the Group to generate revenues during the coming months. In spite of the numerous and far reaching cost containment measures implemented, the Group is expected to be under serious cash flow pressure well into the year 2021. The support and burden-sharing efforts of all stakeholders will be necessary to allow the Group to withstand what is expected to be a long uphill journey to pre-crisis levels.

The Group is in discussion with commercial banks and Mauritius Investment Corporation Ltd, a newly set up SPV of the Bank of Mauritius, to finalise additional funding for its operations.

The interim financial report is unaudited and has been prepared using the same accounting policies as the last audited annual financial statements, except for the adoption of amendments to published standards and interpretations issued which are now effective.

The interim financial report is issued pursuant to Listing Rule 12.20 and the Securities Act 2005. The statement of direct and indirect interests of Directors and Senior Officers pursuant to section 8(2)(m) Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 is available free of charge at the registered office of the Company, Beachcomber House, Botanical Garden Street, Curepipe.

Copies of this report are available free of charge at the head office of the Company.

The Board of Directors accepts full responsibility for the accuracy of the information contained in this report.

By Order of the Board
05 June 2020