

CONSTANCE HOTELS SERVICES LTD AND ITS SUBSIDIARIES

STATEMENT OF PROFIT OR LOSS			
THE GROUP - (MUR'000)	3 months to Mar 2020 Unaudited	3 months to Mar 2019 Unaudited	12 months to Dec 2019 Audited
Revenue	1,126,392	1,199,792	3,516,913
Earnings before interest, taxation, depreciation and amortisation	432,371	471,291	984,660
Depreciation and amortisation	(170,330)	(133,496)	(543,703)
Operating profit	262,041	337,795	440,957
Net impairment losses on financial assets	-	-	(88,002)
Finance costs	(136,225)	(79,857)	(543,993)
Share of results of associates	20,669	28,927	92,575
Profit/(loss) before taxation and non recurring items	146,485	286,865	(98,463)
Non recurring items	-	-	(41,863)
Profit/(loss) before taxation	146,485	286,865	(140,326)
Taxation	(5,335)	(6,243)	3,670
Profit/(loss) for the period/year	141,150	280,622	(136,656)
Attributable to:			
Owners of the parent	141,407	276,816	(142,296)
Non-controlling interest	(257)	3,806	5,640
	141,150	280,622	(136,656)
Earnings/(loss) per share (MUR)	1.29	2.52	(1.30)

COMMENTS

1. Consolidation and Accounting Standards

The abridged financial statements for the first quarter ended 31 March 2019 are unaudited. The accounting policies and standards used in the preparation of these abridged unaudited financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2019.

2. General Comments

The COVID-19 pandemic caused a significant fall in tourist arrivals for the Group hotels' destinations during the first quarter of 2020. Tourist arrivals in Mauritius decreased by 13.5% (2020: 304,842 vs 2019: 352,305), Maldives had a 20.8% fall (2020: 382,760 vs 2019: 482,978) and Seychelles arrivals dropped by 12.4% (2020: 88,912 ; 2019: 101,514). After a very strong month of January, the first negative effect of the pandemic was felt in February with some restrictions in our source markets and tourism travel coming to a complete halt in March, with the closure of borders worldwide. The table below summarises the tourist arrivals of each destination.

Tourist arrivals for the first quarter 2019 and 2020:

	Mauritius			Seychelles			Maldives		
	2019	2020	Inc/(Dec)	2019	2020	Inc/(Dec)	2019	2020	Inc/(Dec)
Jan	122,273	137,419	12.4%	29,463	32,731	11.1%	151,552	173,347	14.4%
Feb	115,613	111,560	-3.5%	36,807	38,114	3.6%	168,583	149,786	-11.1%
Mar	114,419	55,863	-51.2%	35,244	18,067	-48.7%	162,843	59,627	-63.4%
	352,305	304,842	-13.5%	101,514	88,912	-12.4%	482,978	382,760	-20.8%

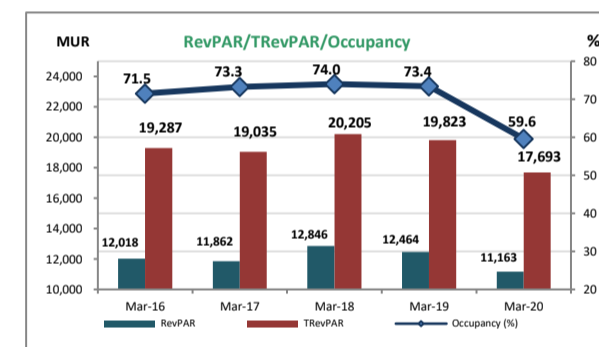
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
THE GROUP - (MUR'000)	3 months to Mar 2020 Unaudited	3 months to Mar 2019 Unaudited	12 months to Dec 2019 Audited
Profit/(loss) for the period/year	141,150	280,622	(136,656)
Other comprehensive income for the period/year	235,674	14,685	83,094
Total comprehensive income for the period/year	376,824	295,307	(53,562)
Attributable to:			
Owners of the parent	374,368	290,780	(61,084)
Non-controlling interest	2,456	4,527	7,522
	376,824	295,307	(53,562)

3. Results

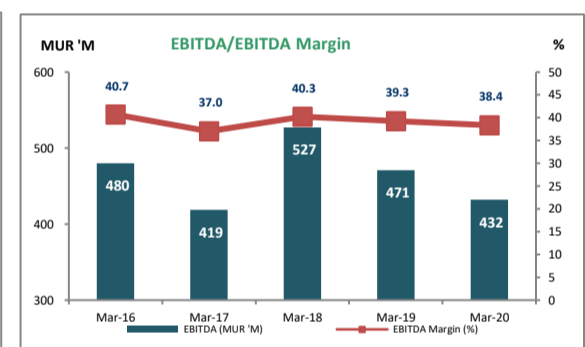
Group hotels achieved good results during January and February, setting out a positive trend for 2020 until the quasi lockdown situation in March.

As a consequence, occupancy for all hotels, owned and managed, for the quarter was 59.6 % (2019: 73.4%) with reduced RevPAR and TrevPAR of MUR 11,163 and MUR 17,693 compared to MUR 12,464 and MUR 19,823 respectively for the same period last year. Group revenue was MUR 1,126 million (2019Q1: MUR 1,200 million), generating an EBITDA of MUR 432 million against MUR 471 million for the same period last year. Increase in depreciation and finance costs were mainly attributable to lease accounting under IFRS 16 (amounting to MUR 34 million and MUR 56 million respectively). After booking for share of results of associates of MUR 21 million (2019Q1: MUR 29 million) and taxation of MUR 5 million (2019Q1: MUR 6 million), the group profit for the period was MUR 141 million (2019: MUR 281 million).

Operational performance of all hotels owned and managed for the quarter ended 31st March



EBITDA/EBITDA margin for quarter ended 31st March



STATEMENT OF FINANCIAL POSITION			
THE GROUP - (MUR'000)	Mar 2020 Unaudited	Mar 2019 Unaudited	Dec 2019 Audited
Assets			
Non-Current Assets			
Property, plant and equipment	8,352,897	8,058,502	8,237,098
Rights-of-use assets	3,654,096	-	3,479,116
Intangible assets	539,670	1,127,033	502,949
Investments in associates	1,859,628	1,645,778	1,754,239
Financial assets at amortised cost	53,906	112,183	53,906
Deferred tax assets	86,917	82,154	96,770
	14,547,114	11,025,650	14,124,078
Current Assets	1,378,376	1,497,434	1,393,054
Total Assets	15,925,490	12,523,084	15,517,132
Equity and Liabilities			
Owners' interest	6,353,137	6,383,913	5,978,769
Non-controlling interest	13,037	49,857	10,581
Total equity	6,366,174	6,433,770	5,989,350
Non-Current Liabilities			
Borrowings	3,116,780	3,850,441	2,748,198
Lease liabilities	3,087,399	-	2,910,052
Deferred tax liabilities	59,899	60,748	44,870
Retirement benefit obligations	270,259	182,698	270,259
	6,534,337	4,093,887	5,973,379
Current Liabilities	3,024,979	1,995,427	3,554,403
Total Liabilities	9,559,316	6,089,314	9,527,782
Total Equity and Liabilities	15,925,490	12,523,084	15,517,132
Net Asset Value per share (MUR)	57.94	58.22	54.52

STATEMENT OF CASH FLOW			
THE GROUP - (MUR'000)	3 months to Mar 2020 Unaudited	3 months to Mar 2019 Unaudited	12 months to Dec 2019 Audited
Net cash generated from operating activities	218,167	272,212	658,414
Net cash used in investing activities	(20,909)	(33,339)	(409,043)
Net cash used in financing activities	(318,402)	(146,045)	(196,652)
(Decrease)/increase in cash and cash equivalents	(121,144)	92,828	52,719
Cash and cash equivalents at beginning of the period/year	(381,271)	(433,990)	(433,990)
Cash and cash equivalents at end of the period/year	(502,415)	(341,162)	(381,271)

4. COVID 19

The crisis is having negative effects on the whole hotel and tourism industry. After more than 3 months of border closures to tourists in Mauritius, Seychelles, Maldives and Madagascar, 2020 will encounter an unprecedented decline in arrivals. Our forecast scenarios for the year have been downgraded several times since the outbreak and uncertainty continues to dominate.

The group companies continue to implement a series of significant cost containment measures, which includes the adoption of voluntary wage reduction programs. Furthermore, we maintained tight monitoring of our working capital requirements, applied and received wage support for Mauritian and Seychelles entities, agreed on lease rental waivers, reductions and deferrals for the Mauritian and Maldives properties and negotiated deferment of capital and interests payments for our borrowings.

5. Outlook

The Group continues to face the grave economic impact of Covid-19 as its hotels remain closed with no visibility on the comeback of the industry. Losses and mounting cash-flows issues will persist as uncertainties on the reopening of international frontiers, travel patterns and economic environment remain while the pandemic continues to evolve. The Group's priority remains the implementation of both financial and non-financial measures, including, available support schemes.

By order of the Board

La Gaieté Services Ltd
Secretary
15 July 2020

STATEMENT OF CHANGES IN EQUITY						
THE GROUP - (MUR'000)	Attributable to owners of the parent					
	Stated capital	Revaluation and other reserves	Retained earnings	Owners' interest	Non-controlling interest	Total equity
Balance at January 1, 2020	2,153,395	3,347,525	477,849	5,978,769	10,581	5,989,350
Total comprehensive income for the period	-	232,961	141,407	374,368	2,456	376,824
Balance at March 31, 2020	2,153,395	3,580,486	619,256	6,353,137	13,037	6,366,174
Balance at January 1, 2019	2,153,395	3,266,313	673,425	6,093,133	45,330	6,138,463
Total comprehensive income for the period	-	13,964	276,816	290,780	4,527	295,307
Balance at March 31, 2019	2,153,395	3,280,277	950,241	6,383,913	49,857	6,433,770
Balance at January 1, 2019	2,153,395	3,266,313	621,790	6,041,498	45,330	6,086,828
- As previously reported	-	-	(1,645)	(1,645)	-	(1,645)
- Effect of adopting IFRS 16	-	-	(1,645)	(1,645)	-	(1,645)
As restated	2,153,395	3,266,313	620,145	6,039,853	45,330	6,085,183
Total comprehensive income for the year	-	81,212	(142,296)	(61,084)	7,522	(53,562)
Dividends	-	-	-	-	(42,271)	(42,271)
Balance at December 31, 2019	2,153,395	3,347,525	477,849	5,978,769	10,581	5,989,350

GEOGRAPHICAL INFORMATION						
THE GROUP - (MUR'000)	3 months to Mar 2020			3 months to Mar 2019		
	Mauritius	Maldives	Total	Mauritius	Maldives	Total
Revenue	578,020	548,372	1,126,392	604,659	595,133	1,199,792
Operating profit	171,513	90,527	262,040	191,383	146,412	337,795

The statement of direct and indirect interests of insiders pursuant to rule 8(2)(m) of the Securities (Disclosure obligations of Reporting Issuers) Rules 2007 is available free of charge upon request from the Company Secretary, La Gaieté Services Ltd, 5th Floor, Labama House, 35 Sir William Newton Street, Port Louis. The financial statements are issued pursuant to DEM Listing Rule 17 and Securities Act 2005. The Board of Constance Hotels Services Ltd accepts full responsibility for the accuracy of these financial statements. Copies of these abridged unaudited financial statements are available to the public free of charge at 5th floor, Labama House, 35 Sir William Newton Street, Port Louis, Mauritius.

BRN: C06004335

