

CONSTANCE HOTELS SERVICES LIMITED AND ITS SUBSIDIARIES

THE GROUP - (MUR'000)	STATEMENT OF PROFIT OR LOSS				
	9 Months ended		Quarter ended		Year ended
	Sep 2019	Sep 2018	Sep 2019	Sep 2018	Dec 2018
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue	2,503,935	2,629,740	596,618	637,429	3,747,479
Earnings before interest, taxation, depreciation and amortisation	400,780	508,846	(63,086)	(16,486)	917,038
Depreciation and amortisation	(389,574)	(386,170)	(139,264)	(124,669)	(457,155)
Operating profit/(loss)	11,206	122,676	(202,350)	(141,155)	459,883
Finance costs	(247,092)	(239,550)	(88,341)	(72,037)	(324,294)
Share of results of associates	65,760	60,115	13,969	31,548	120,757
(Loss)/profit before taxation and pre-opening expenses	(170,126)	(56,759)	(276,722)	(181,644)	256,346
Pre-opening expenses	(10,739)	(20,784)	(10,739)	(20,784)	(14,245)
(Loss)/profit before taxation	(180,865)	(77,543)	(287,461)	(202,428)	242,101
Taxation	(8,072)	(9,163)	(3,023)	(464)	(28,598)
(Loss)/profit for the period/year	(188,937)	(86,706)	(290,484)	(202,892)	213,503
Attributable to:					
Owners of the parent	(193,195)	(97,824)	(289,481)	(203,717)	199,314
Non-controlling interests	4,258	11,118	(1,003)	825	14,189
	(188,937)	(86,706)	(290,484)	(202,892)	213,503
(Loss)/earnings per share (MUR)	(1.76)	(0.89)	(2.64)	(1.86)	1.82

1 Consolidation and Accounting Standards
The abridged financial statements for the nine months and quarter ended 30 September 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 2018. The effect of IFRS 16, which is effective 01 January 2019 is still being finalized and is not reflected in this interim report.

2 General Comments
For the nine months of 2019, with the exception of Mauritius, tourist arrivals in our main destinations saw positive growth compared to last year. Maldives arrivals grew by 15.8% to 1,251,690 followed by Seychelles with 5.4% growth to 274,823 while Mauritius had a slight decrease of -0.1% to 973,642. The arrival growth in the Maldives continues to be offset by an increase in room supply. Seychelles remains in a strong position but Mauritius is suffering from the air access constraints resulting in declining market share compared to other destinations.

3 Results
Our owned properties in Mauritius and Maldives recorded a slowdown in their performance due to subdued, or constraints in, market conditions, the closure of part of Constance Belle Mare Plage Hotel's room inventory during the third quarter for renovation and the postponement of the formal launching of C Mauritius Hotel due to delays encountered in the redevelopment project. This led to a decrease in revenue and GOP. Our managed resorts in the Seychelles and Madagascar performed well, with positive contribution to the Group results. Overall, our owned and managed hotels achieved an occupancy rate of 64.5% compared to 66.2% in 2018, with a 1% improvement in RevPar and Treppar compared to last year. Group revenue was MUR 2,504 million (2018: MUR 2,630 million) and EBITDA of MUR 401 million (2018: MUR 509 million) resulting in an EBITDA margin of 16% (2018: 19%). Finance costs increased by 3% to reach MUR 247 million. The share of results from associates improved to MUR 66 million compared to MUR 60 million in 2018, as a result of the enhanced operating performance of our properties in the Seychelles and Madagascar. Loss for the period was MUR 189 million (2018: MUR 87 million) after accounting for taxation of MUR 8 million (2018: MUR 9 million).

THE GROUP - (MUR'000)	STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
	9 Months ended		Quarter ended		Year ended
	Sep 2019	Sep 2018	Sep 2019	Sep 2018	Dec 2018
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(Loss)/profit for the period/year	(188,937)	(86,706)	(290,484)	(202,892)	213,503
Other comprehensive income for the period/year	50,752	42,931	18,735	(50,338)	249,978
Total comprehensive income for the period/year	(138,185)	(43,775)	(271,749)	(253,230)	463,481
Attributable to:					
Owners of the parent	(145,054)	(55,636)	(271,982)	(253,329)	448,465
Non-controlling interests	6,869	11,861	233	99	15,016
	(138,185)	(43,775)	(271,749)	(253,230)	463,481

THE GROUP - (MUR'000)	STATEMENT OF FINANCIAL POSITION			
	9 Months ended		Year ended	
	Sep 2019	Sep 2018	Sep 2018	Dec 2018
	Unaudited	Unaudited	Unaudited	Audited
Assets				
Non-Current Assets				
Property, plant and equipment	8,123,794	8,127,107	8,091,359	
Intangible assets	1,153,576	1,129,660	1,131,970	
Investments in associates	1,683,722	1,193,163	1,616,805	
Investment in financial assets	-	545	-	
Fixed assets at amortised cost	53,906	56,286	110,755	
Deferred tax assets	83,408	94,475	82,185	
	11,098,406	10,601,236	11,033,074	
Current Assets	1,255,533	1,321,414	1,417,716	
Total Assets	12,353,939	11,922,650	12,450,790	
Equity and Liabilities				
Owners' interest	5,948,079	5,643,859	6,093,133	
Non-controlling interests	31,130	42,175	45,330	
Total equity	5,979,209	5,686,034	6,138,463	
Non-Current Liabilities				
Borrowings	4,060,541	4,030,366	3,380,648	
Deferred tax liabilities	60,183	58,184	60,062	
Retirement benefit obligations	182,698	186,396	182,702	
	4,303,422	4,274,946	3,623,412	
Current Liabilities	2,071,308	1,961,670	2,688,915	
Total Liabilities	6,374,730	6,236,616	6,312,327	
Total Equity and Liabilities	12,353,939	11,922,650	12,450,790	
Net Asset Value per share (MUR)	54.24	51.47	55.57	

THE GROUP - (MUR'000)	STATEMENT OF CASH FLOW			
	9 Months ended		Year ended	
	Sep 2019	Sep 2018	Sep 2018	Dec 2018
	Unaudited	Unaudited	Unaudited	Audited
Net cash generated from operating activities	178,978	236,602	318,230	
Net cash used in investing activities	(200,153)	(120,392)	(164,957)	
Net cash used in financing activities	(34,304)	(188,088)	(182,410)	
Decrease in cash and cash equivalents	(55,479)	(71,878)	(29,137)	
Cash and cash equivalents at beginning of the period/year	(433,990)	(404,853)	(404,853)	
Cash and cash equivalents at end of the period/year	(489,469)	(476,731)	(433,990)	

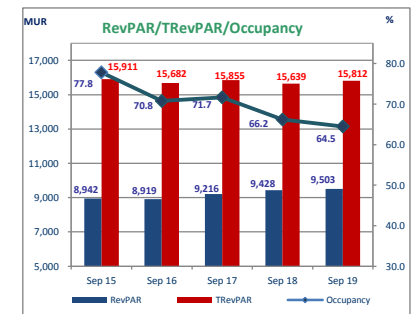
THE GROUP - (MUR'000)	STATEMENT OF CHANGES IN EQUITY					
	Attributable to owners of the parent					
	Stated capital	Other reserves	Retained earnings	Owners' interest	Non-controlling interests	Total
Balance at January 1, 2019	2,153,395	3,266,313	673,425	6,093,133	45,330	6,138,463
Total comprehensive income for the period	-	48,141	(193,195)	(145,054)	6,869	(138,185)
Dividends	-	-	-	-	(21,069)	(21,069)
Balance at September 30, 2019	2,153,395	3,314,454	480,230	5,948,079	31,130	5,979,209
Balance at January 1, 2018	2,153,395	3,017,162	528,938	5,699,495	64,734	5,764,229
Total comprehensive income for the period	-	42,188	(56,636)	11,861	(43,775)	(43,775)
Dividends	-	-	-	-	(34,420)	(34,420)
Balance at September 30, 2018	2,153,395	3,059,350	431,114	5,643,859	42,175	5,686,034
Balance at January 1, 2018	2,153,395	3,017,162	528,938	5,699,495	64,734	5,764,229
Profit for the year	-	199,314	199,314	14,189	14,189	213,503
Other comprehensive income for the year	-	249,151	249,151	827	827	249,978
Dividends	-	-	(54,827)	(54,827)	(34,420)	(89,247)
Balance at December 31, 2018	2,153,395	3,266,313	673,425	6,093,133	45,330	6,138,463

THE GROUP - (MUR'000)	GEOGRAPHICAL INFORMATION					
	9 months to Sep 2019			9 months to Sep 2018		
	Mauritius	Maldives	Total	Mauritius	Maldives	Total
Revenue	1,296,969	1,206,966	2,503,935	1,439,381	1,190,359	2,629,740
Operating profit/(loss)	54,358	(43,152)	11,206	141,629	(18,953)	122,676

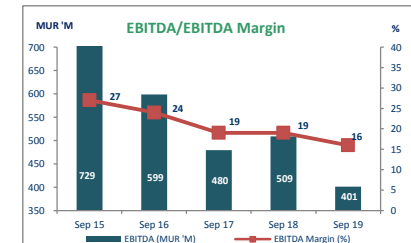
The statement of direct and indirect interests of insiders pursuant to rule 8(2)(m) of the Securities (Disclosure obligations of Reporting Issuers) Rules 2007 is available free of charge upon request from the Company Secretary, La Gaieté Services Ltd, 5th Floor, Labama House, 35 Sir William Newton Street, 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

Operational performance of all hotels owned and managed for the period ended 30th September



EBITDA/EBITDA margin for period ended 30th September



4 Outlook

The markets are becoming very competitive and the five-star segment remains challenging.

Mauritius, which is experiencing the proliferation of non-hotel competitors and losing market share to competing destinations, will continue to be adversely affected. Despite growing demand in the Maldives, the increased competition due to parallel growth in supply will lead to pressure on pricing in the high-end market segment. On the other hand, Seychelles is expected to remain a positive market.

Nevertheless, the last quarter looks positive for our properties but the full year group performance is expected to be lower than 2018.

By order of the Board

La Gaieté Services Ltd
Secretary
12 November 2019