

SUN LIMITED ABRIDGED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 30 SEPTEMBER 2020 (UNAUDITED) AND YEAR ENDED 30 JUNE 2020 (AUDITED)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (ABRIDGED)	QUARTER ENDED 30 SEPTEMBER		YEAR ENDED 30 JUNE	
	2020 Rs'000 UNAUDITED	2019 Rs'000 UNAUDITED Restated	2020 Rs'000 AUDITED	2019 Rs'000 AUDITED
Revenue	21,714	1,256,001	5,057,677	6,614,884
Other income	228,172	5,630	350,695	115,260
Operating expenses	(492,110)	(1,205,799)	(4,379,426)	(5,469,772)
- Operating lease expenses relating to right-of-use assets	-	-	-	(287,164)
- Other operating expenses	(492,110)	(1,205,799)	(4,379,426)	(5,182,608)
Earnings before interest, tax, depreciation and amortisation and exceptional items	(242,224)	55,832	1,028,946	1,260,372
Impairment of non-financial assets	-	-	(759,631)	(1,884,488)
Impairment of financial assets	(9,525)	(15,045)	(76,422)	-
Reorganisation costs	-	-	(33,151)	-
Loss on disposal of subsidiary	-	-	-	(5,262)
Write off of project costs	-	-	-	(50,112)
Earnings before interest, tax, depreciation and amortisation and exceptional items	(251,749)	40,787	159,742	(679,490)
Depreciation and amortisation	(169,726)	(187,352)	(746,605)	(568,498)
- Depreciation of rights-of-use assets	(22,817)	(41,673)	(74,248)	-
- Other depreciation and amortisation	(146,909)	(145,679)	(672,357)	(568,498)
Operating loss	(421,475)	(146,565)	(586,863)	(1,247,988)
Finance costs	(271,343)	(147,430)	(1,091,571)	(454,767)
- Cash flow hedge and loss on derivatives	(125,593)	-	(368,929)	-
- Finance costs on lease liabilities	(36,570)	(35,997)	(166,469)	-
- Finance costs on other loans and borrowings	(109,180)	(111,433)	(556,173)	(454,767)
Finance income	2,321	3,590	21,250	18,392
Share of result of joint venture	(7,887)	(3,700)	(275)	300
Impairment of investment in associate	-	-	(107,044)	-
Loss before tax	(698,384)	(294,105)	(1,764,503)	(1,684,063)
Income tax credit/(charge)	71,754	41,668	(38,391)	(201,538)
Loss for the period/year	(626,630)	(252,437)	(1,802,894)	(1,885,601)
Other comprehensive income net of tax	(128,041)	75,027	205,991	(360,007)
Total comprehensive income for the period/year	(754,671)	(177,410)	(1,596,903)	(2,245,608)
Loss attributable to:				
Owners of the Company	(594,632)	(241,852)	(1,768,398)	(1,885,048)
Non-controlling interests	(31,998)	(10,585)	(34,496)	(553)
	(626,630)	(252,437)	(1,802,894)	(1,885,601)
Total comprehensive income attributable to:				
Owners of the Company	(715,493)	(166,825)	(1,557,766)	(2,236,317)
Non-controlling interests	(39,178)	(10,585)	(39,128)	(9,291)
	(754,671)	(177,410)	(1,596,903)	(2,245,608)
Basic and diluted loss per share (Rs)	(3.41)	(1.39)	(10.14)	(10.81)

CONSOLIDATED GEOGRAPHICAL AND SEGMENTAL INFORMATION	QUARTER ENDED 30 SEPTEMBER		YEAR ENDED 30 JUNE	
	2020 Rs'000 UNAUDITED	2019 Rs'000 UNAUDITED	2020 Rs'000 AUDITED	2019 Rs'000 AUDITED
Geographical revenue:				
Mauritius	21,241	1,133,116	4,434,530	5,682,111
Maldives	471	76,103	422,808	519,200
Others	2	46,782	200,339	413,573
Total revenue	21,714	1,256,001	5,057,677	6,614,884
Geographical results:				
Mauritius	(543,768)	(175,610)	(972,141)	(1,557,288)
Maldives	(77,922)	(78,866)	(836,172)	(343,325)
Others	(4,940)	2,039	5,419	15,012
Loss for the period/year	(626,630)	(252,437)	(1,802,894)	(1,885,601)
Segment revenue:				
Hotel operations - External sales	21,712	1,209,219	4,857,338	6,201,311
Hotel operations - Inter-segment sales	-	29,897	143,164	284,378
	21,712	1,239,116	5,000,502	6,485,689
Others - External sales	2	46,782	200,339	413,573
Elimination of inter-segment sales	-	(29,897)	(143,164)	(284,378)
Total revenue	21,714	1,256,001	5,057,677	6,614,884
Segment results:				
Hotel operations	(621,690)	(254,476)	(1,808,313)	(1,900,613)
Others	(4,940)	2,039	5,419	15,012
Loss for the period/year	(626,630)	(252,437)	(1,802,894)	(1,885,601)

CONSOLIDATED STATEMENT OF CASH FLOWS (ABRIDGED)	QUARTER ENDED 30 SEPTEMBER		YEAR ENDED 30 JUNE	
	2020 Rs'000 UNAUDITED	2019 Rs'000 UNAUDITED Restated	2020 Rs'000 AUDITED	2019 Rs'000 AUDITED
Operating profit before working capital changes	(266,086)	39,466	814,508	1,347,866
Changes in working capital	(196,185)	(54,358)	47,063	145,452
Cash generated from operations	(462,271)	(14,892)	851,571	1,493,318
Income taxes paid	(295)	(226)	(48,660)	(35,211)
Net cash flows from operating activities	(463,216)	(15,118)	812,911	1,458,107
Net cash flows used in investing activities	(21,517)	(66,367)	(420,003)	(554,844)
Net cash flows used in financing activities	279,327	(87,267)	(381,636)	(738,494)
Net increase in cash and cash equivalents	(205,406)	(168,752)	11,272	164,769
Cash and cash equivalents at start of period/year	587,041	575,769	575,769	411,000
Cash and cash equivalents at end of period/year	381,635	407,017	587,041	575,769

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (ABRIDGED)	30 SEPTEMBER		30 JUNE	
	2020 Rs'000 UNAUDITED	2019 Rs'000 UNAUDITED	2020 Rs'000 AUDITED	2019 Rs'000 AUDITED
ASSETS				
Non-current assets				
Property, plant and equipment	16,440,554	16,563,067	17,160,481	-
Rights-of-use assets	2,062,657	2,083,866	-	-
Intangible assets	278,075	281,227	295,370	-
Investments in associates and joint ventures	539,206	547,094	746,241	-
Other non-current assets	351,412	356,427	723,292	-
	19,671,904	19,831,681	18,925,384	-
Current assets	1,270,465	1,489,195	1,526,081	-
Total assets	20,942,369	21,320,876	20,451,465	-
EQUITY AND LIABILITIES				
Shareholders' equity	4,548,864	5,264,357	7,636,769	-
Non-controlling interests	726,384	765,561	812,512	-
Total equity	5,275,248	6,029,918	8,449,281	-
Loans and other borrowings	6,724,460	6,254,161	7,453,991	-
Lease liabilities	2,391,458	2,306,279	406,677	-
Deferred tax liability	996,143	1,068,276	897,241	-
Provision	60,298	60,298	91,968	-
Contract liabilities	93,978	95,163	99,822	-
Employee benefit liability	474,563	459,068	364,353	-
Non-current liabilities	10,740,900	10,243,245	9,314,052	-
Current liabilities	4,926,221	5,047,713	2,688,132	-
Total liabilities	15,667,121	15,290,958	12,002,184	-
Total equity and liabilities	20,942,369	21,320,876	20,451,465	-
Net debt excluding lease liabilities	9,552,456	8,778,405	7,825,203	-
Gearing (excluding lease liabilities)	64.4%	59.3%	48.1%	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (ABRIDGED)	THE GROUP		
	Attributable to owners of the Company Rs'000	Non-controlling interests Rs'000	Total equity Rs'000
At 1 July 2018	10,003,906	822,302	10,826,208
Total comprehensive income for the year	(2,236,317)	(9,291)	(2,245,608)
Dividends - 2019	(130,820)	(499)	(131,319)
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 year	(1,557,766)	(39,167)	(1,596,903)
At 30 June 2020 (Audited)	5,264,357	765,561	6,029,918
At 1 July 2020	5,264,357	765,561	6,029,918
Total comprehensive income for the quarter	(715,493)	(39,178)	(754,671)
At 30 September 2020 (Unaudited)	4,548,863	726,384	5,275,247

NOTES TO THE ABOVE:

The abridged financial statements for the year ended 30 June 2020 and quarter ended 30 September 2020 have been prepared using the same accounting policies and methods adopted in the financial statements for the year ended 30 June 2019, audited by Messrs. PricewaterhouseCoopers, Chartered Accountants, except for the effects of adoption of published Standards that are now effective. The Group has adopted IFRS 16 - Leases using the modified retrospective approach and did not restate, as a consequence thereof, the comparative amounts for the financial year 2019. The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Statements.

COMMENTS ON THE RESULTS

A - Measures to mitigate the financial impact of Covid-19

This financial year, particularly as regards the fourth quarter, will go down in the hotel industry history as one of its most financially adverse periods on record, following the COVID-19 outbreak which started to affect our results as from February 2020.

As from 20 March 2020, the Group suspended all operations across the totality of its resorts and business units, with the ban on incoming tourists and the national lockdown imposed by the Government. These exceptional measures substantially impacted the Group's financial results and cash flows for the year ended 30 June 2020.

Several measures were implemented with immediate effect, in order to minimise the cash flow leakage, such as the close monitoring of the debtors' collection and renegotiation with main suppliers to extend credit terms, and the application of voluntary salary reduction of up to 50% for Managers.

Government support measures such as the Wage Assistance Scheme, lines of credit from the Bank of Mauritius, and a moratorium period on existing debt repayments were also extended to the Group and helped reduce working capital requirements.

Further to an announcement dated 7 October 2020, the Group disclosed that it sought the support of the Mauritius Investment Corporation Ltd ("MIC"), to mitigate the negative financial impact of COVID-19. Two of its wholly owned subsidiaries, namely Anahita Hotel Limited (owning Four Seasons Resort Mauritius at Anahita) and Long Beach Resort Ltd (owning Long Beach Resort) signed a binding term sheet, pursuant to which MIC committed to subscribe to redeemable and convertible secured bonds, totalling Rs 3.1bn. The subsidiaries are currently finalising the transaction documents pertaining to the bond issue. In the meantime, the Group has successfully implemented a refinancing plan, that enabled it to meet the repayment of an existing bond issue, which came to maturity on 4 November 2020.

B - Financial results for the year ended 30 June 2020

Group ADR for the 9 months operation was Rs 10,709 with an occupancy of 73%. Total revenues were at Rs 5.1bn versus Rs 6.6bn last year.

The impact of COVID-19 resulted into a significant downward revision of future cash-flow projections across the totality of our operating asset portfolio. These updated projections resulted in an impairment of the non-financial assets to the tune of Rs 943m, mainly as regards our Maldives asset-base. In addition, the non-generation of revenues in the fourth quarter resulted into an

ineffective cash flow hedge on our foreign denominated debts, resulting in a cash flow hedge loss of Rs 369m.

EBITDA before exceptional items amounted to Rs 1.03bn for the year compared to Rs 1.26bn in 2019.

Net debts (excluding lease liabilities) at 30 June 2020 stood at Rs 8.8bn against Rs 7.8bn last year, partly due to an increase of Rs 0.65bn arising from the revaluation loss of the foreign-denominated debt triggered by the depreciation of the Rupee. This, in conjunction with the loss incurred during the year, resulted in an increase of our gearing from 48.1% to 59.3%.

C - Results for Quarter ended 30 September 2020

All our resorts remained closed for the first quarter of this financial year 2020/21 as a direct consequence of the closure of our borders until end September 2020. Some of our Mauritius resorts have become quarantine centres, hence generating income during the quarter. Despite the quasi-total erosion of its revenue base and as a result of the implementation of a rigorous cost optimisation plan, the Group managed to contain its EBITDA loss to Rs 252 million for the quarter, compared to a positive EBITDA of Rs 41 million for same quarter last year.

As a consequence of the depreciation of the Rupee and of a minimal foreign currency revenue-base during the quarter, the Group had to book a cash flow hedge loss of Rs 126 million, which resulted in a loss after tax of Rs 627 million for the quarter.

D - Outlook

The global outlook is uncertain at this stage. The phased local border opening, as from October 2020, is associated with the implementation of a very strict sanitary and hygiene protocol for all incoming passengers. This situation is expected to continue until the end of the calendar year and we do not consequently expect to attract many tourists during the next quarter, the more so, taking into consideration the second COVID-19 pandemic wave currently prevailing in most of our major source markets. Given these unfavourable developments, the timing of a full opening of our borders is still uncertain at this stage. Management consequently expects that the second quarter will be similar to the first one, from a financial performance standpoint.

However with the recent implementation of our refinancing plan and the forthcoming MIC subscription, the Group is expected to have available cash-flows to meet its short-term commitments.

By Order of the Board

CIEL Corporate Services Ltd
Company Secretary

12 November 2020

This announcement is issued pursuant to Listing Rules 12.14 and 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, Ebène Skies, Ebène, Mauritius.

Copies of this report are available to the public, free of charge, at the Registered Office of the Company.

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Transfer Office
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