

SUN LIMITED ABRIDGED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 MARCH 2022 (UNAUDITED)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (ABRIDGED)	QUARTER ENDED 31 MARCH (UNAUDITED)		NINE MONTHS ENDED 31 MARCH (UNAUDITED)	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
Continuing operations				
Revenue	1,511,306	299,397	3,601,036	916,945
Operating expenses	(1,111,700)	(454,468)	(2,836,945)	(1,404,752)
Earnings/(loss) before interest, tax, depreciation and amortisation and impairment reversals/(charges)	399,606	(155,071)	764,091	(487,807)
Impairment (charges)/reversals	(830)	1,914	4,237	(6,137)
Earnings/(loss) before interest, tax, depreciation and amortisation	398,776	(153,157)	768,328	(493,944)
Depreciation and amortisation	(112,328)	(150,211)	(394,438)	(436,681)
Operating profit/(loss)	286,448	(303,368)	373,890	(930,625)
Net finance costs	(140,763)	(131,993)	(356,001)	(583,826)
Share of result of joint venture	9,326	2,059	18,665	(5,386)
Profit/(loss) before tax	155,011	(433,302)	36,554	(1,519,837)
Income tax (charge)/credit	(31,425)	61,097	(28,227)	195,819
Profit/(loss) for the period from continuing operations	123,586	(372,205)	8,327	(1,324,018)
Loss from discontinued operation	-	(270,023)	-	(370,235)
Profit/(loss) for the period	123,586	(642,228)	8,327	(1,694,253)
Other comprehensive income, net of tax	(3,146)	72,287	165,375	(195,233)
Total comprehensive income for the period	120,440	(569,941)	173,702	(1,889,486)
Profit/(loss) attributable to:				
Owners of the Company	119,123	(624,138)	(7,098)	(1,632,462)
Non-controlling interests	4,463	(18,090)	15,425	(61,791)
	123,586	(642,228)	8,327	(1,694,253)
Total comprehensive income attributable to:				
Owners of the Company	117,943	(555,080)	152,094	(1,815,795)
Non-controlling interests	2,497	(14,861)	21,608	(73,691)
	120,440	(569,941)	173,702	(1,889,486)
Basic and diluted earnings/(loss) per share (Rs)	0.68	(3.58)	(0.04)	(9.36)

CONSOLIDATED GEOGRAPHICAL AND SEGMENTAL INFORMATION	QUARTER ENDED 31 MARCH (UNAUDITED)		NINE MONTHS ENDED 31 MARCH (UNAUDITED)	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
Geographical revenue:				
Continuing operations				
Mauritius	1,493,792	289,571	3,573,308	896,223
Others	17,514	9,826	27,728	20,722
	1,511,306	299,397	3,601,036	916,945
Discontinued operation				
Maldives	-	239,835	-	320,996
Total revenue	1,511,306	539,232	3,601,036	1,237,941
Segment revenue:				
Hotel operations - External sales	1,493,792	529,406	3,573,308	1,217,219
Hotel operations - Inter-segment sales	17,434	2,909	26,613	3,764
	1,511,226	532,315	3,599,921	1,220,983
Others - External sales	17,514	9,826	27,728	20,722
Elimination of inter-segment sales	(17,434)	(2,909)	(26,613)	(3,764)
Total revenue	1,511,306	539,232	3,601,036	1,237,941
Geographical results:				
Continuing operations				
Mauritius	118,410	(368,593)	11,460	(1,311,350)
Others	5,176	(3,612)	(3,133)	(12,668)
Profit/(loss) for the period from continuing operations	123,586	(372,205)	8,327	(1,324,018)
Discontinued operation				
Maldives	-	(270,023)	-	(370,235)
Profit/(loss) for the period	123,586	(642,228)	8,327	(1,694,253)
Segment results:				
Hotel operations	118,410	(638,616)	11,460	(1,681,585)
Others	5,176	(3,612)	(3,133)	(12,668)
Profit/(loss) for the period	123,586	(642,228)	8,327	(1,694,253)

CONSOLIDATED STATEMENT OF CASH FLOWS (ABRIDGED)	QUARTER ENDED 31 MARCH (UNAUDITED)		NINE MONTHS ENDED 31 MARCH (UNAUDITED)	
	2022 Rs'000	2021 Rs'000	2022 Rs'000	2021 Rs'000
Operating profit/(loss) before working capital changes	457,131	(9,435)	813,710	(448,389)
Movement in working capital	143,268	(11,131)	590,767	(143,235)
Cash generated from/(used in) operations	600,399	(20,566)	1,404,477	(591,624)
Income taxes (paid)/refund	(2,648)	1,646	(2,648)	(1,270)
Net cash flows from/(used in) operating activities	597,751	(18,920)	1,401,829	(592,894)
Net cash flows used in investing activities	(23,205)	(8,376)	(218,909)	(237,594)
Net cash flows from/(used in) financing activities	162,906	(305,985)	(1,075,146)	565,942
Net increase/(decrease) in cash and cash equivalents	737,452	(333,281)	107,774	(264,546)
Net foreign exchange differences	19,964	2,867	(3,062)	21,703
Cash and cash equivalents - Opening	895,156	674,612	1,547,860	587,041
CASH AND CASH EQUIVALENTS - 31 MARCH	1,652,572	344,198	1,652,572	344,198

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (ABRIDGED)	31 MARCH (UNAUDITED)	30 JUNE (AUDITED)
	2022 Rs'000	2021 Rs'000
ASSETS		
Non-current assets		
Property, plant and equipment	15,160,482	15,321,636
Right-of-use assets	1,557,086	1,518,315
Intangible assets	262,086	269,394
Investments in associates and joint ventures	380,265	441,922
Other non-current assets	378,692	368,850
	17,738,611	17,920,117
Current assets	2,579,127	2,088,235
Total assets	20,317,738	20,008,352
EQUITY AND LIABILITIES		
Shareholders' equity	6,896,722	6,242,028
Non-controlling interests	698,619	677,011
Total equity	7,595,341	6,919,039
Loans and other borrowings	6,111,563	6,686,989
Lease liabilities	1,714,067	1,648,043
Deferred tax liability	981,371	946,728
Provision	9,913	9,913
Contract liabilities	87,228	90,503
Employee benefit liability	304,437	266,752
Non-current liabilities	9,208,579	9,648,928
Current liabilities	3,513,818	3,440,385
Total liabilities	12,722,397	13,089,313
Total equity and liabilities	20,317,738	20,008,352
Net debt	5,561,985	7,087,513
Gearing ratio	42.3%	50.6%

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 30 June 2020 (audited) - restated	5,341,637	765,561	6,107,198
Total comprehensive income for the period	(1,815,795)	(73,691)	(1,889,486)
Convertible bonds	997,870	-	997,870
At 31 March 2021 (unaudited)	4,523,712	691,870	5,215,582
At 30 June 2021	6,242,028	677,011	6,919,039
Total comprehensive income for the period	152,094	21,608	173,702
Convertible bonds	502,600	-	502,600
At 31 March 2022 (unaudited)	6,896,722	698,619	7,595,341

Commentary

Note:

Given the challenging effects of the pandemic on SUN's operations for the past two years, the results below have been compared to a pre-COVID period, i.e., Quarter 3 FY19, for the purpose of giving a more comprehensive view of SUN's current performance and turnaround.

General comments:

Since the reopening of the Mauritian borders in October 2021, the industry continued its recovery with our traditional markets showing positive booking trends. Due to the emergence of the Omicron variant during the peak holiday season at the end of 2021, this quarter was also affected by sanitary restrictions prevailing in some of our key markets.

As a result, tourist arrivals in this quarter represented 45% of the pre-COVID period. Against this background, SUN achieved an occupancy of 60.4% which was nine percentage points below the pre-COVID quarter in 2019.

Quarterly results

Group revenue at Rs 1,511 million was 6% (Rs 101m) lower than the corresponding period in 2019 mainly due to the lower occupancy but mitigated by a 14% increase in ADR. With the positive impact of a better cost base in terms of its organisational structure, Group EBITDA at Rs 400 million was only Rs 17 million behind the same quarter in 2019. Nevertheless, high inflationary pressures continue to impact food and beverages, utilities, and transportation costs. The operating profit for this quarter was at Rs 286 million, a healthy growth of 22.3% versus 2019, while profit after tax from continuing operations was Rs 124 million against Rs 109 million in Quarter 3 FY19.

With positive cash generation restored, the gearing ratio improved to 42.3% at 31 March 2022 compared to 50.6% at 30 June 2021

Outlook

The Russia/Ukraine conflict which started in February 2022, has resulted in significant inflationary pressure on operating costs which will directly impact our gross margins and most probably lead to an increase in air ticket prices to our destination. The impact of the conflict on occupancy rates still remains uncertain though our bookings for the fourth quarter of the financial year are good.

By Order of the Board

CIEL Corporate Services Ltd
Company Secretary
12 May 2022

Notes to the above:

- The abridged financial statements for the quarter ended 31 December 2021 have been prepared using the same accounting policies and methods adopted in the financial statements for the year ended 30 June 2021, audited by Messrs. PricewaterhouseCoopers, Chartered Accountants, except for the adoption of new and amended IFRS in the year commencing 1 July 2021.
- 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