

Occupancy ¹	
Q2	HY
79.1%	74.6%
▲ vs LY	▼ -2% points vs LY

ADR	
Q2	HY
Rs 12,564	Rs 10,317
▲ 4% vs LY	▲ 8% vs LY

RevPAR ¹	
Q2	HY
Rs 9,943	Rs 7,700
▲ 4% vs LY	▲ 6% vs LY

TRRevPAR ¹	
Q2	HY
Rs 15,643	Rs 12,637
▲ 5% vs LY	▲ 6% vs LY

Total Revenue	
Q2	HY
Rs 2,189m	Rs 3,445m
▲ 1% vs LY	▼ -1% vs LY

EBITDA ²	
Q2	HY
Rs 737m	Rs 781m
▲ 1% vs LY	▲ 2% vs LY

¹ Excluding temporary closed rooms for renovation

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (ABRIDGED)	QUARTER ENDED 31 DECEMBER		HALF YEAR ENDED 31 DECEMBER	
	Unaudited 2019 Rs'000	Unaudited 2018 Rs'000	Unaudited 2019 Rs'000	Unaudited 2018 Rs'000
Revenue	2,189,118	2,173,748	3,445,383	3,477,233
Other income	10,394	13,855	16,024	13,040
Operating expenses	(1,462,584)	(1,456,839)	(2,680,755)	(2,723,275)
EBITDA before lease expenses and impairment charges	736,928	730,764	780,652	766,998
Operating lease expenses	-	(57,419)	-	(114,833)
Impairment of financial assets	-	-	(15,045)	-
Earnings before interest, tax, depreciation and amortisation	736,928	673,345	765,607	652,165
Depreciation and amortisation	-	-	-	-
- On rights of use assets	(34,847)	-	(68,920)	-
- On property, plant and equipment and intangible assets	(143,718)	(139,146)	(284,891)	(278,674)
- Total Depreciation and amortisation	(178,565)	(139,146)	(353,811)	(278,674)
Operating profit	558,363	534,199	411,796	373,491
Finance costs	-	-	-	-
- On lease with IFRS 16 adoption	(31,526)	-	(62,556)	-
- On bank loans and other borrowings	(108,296)	(113,458)	(221,106)	(229,136)
- Total finance costs	(139,822)	(113,458)	(283,662)	(229,136)
Share of net profit of joint ventures	7,963	-	4,263	-
Profit before tax	426,504	420,741	132,397	144,355
Income tax charge	(78,113)	(76,065)	(36,445)	(38,651)
Profit for the period	348,391	344,676	95,952	105,704
Other comprehensive income for the period, net of tax	(92,983)	73,825	(17,955)	135,144
Total comprehensive income for the period	255,408	418,501	77,997	240,848
Profit attributable to:				
Owners of the Company	326,110	323,475	84,262	98,254
Non-controlling interests	22,281	21,201	11,690	7,450
	348,391	344,676	95,952	105,704
Total comprehensive income attributable to:				
Owners of the Company	233,127	397,300	66,307	233,398
Non-controlling interests	22,281	21,201	11,690	7,450
	255,408	418,501	77,997	240,848
Basic earnings per share (Rs)	1.87	1.85	0.48	0.56

CONSOLIDATED STATEMENT OF CASH FLOWS (ABRIDGED)	HALF YEAR ENDED 31 DECEMBER	
	Unaudited 2019 Rs'000	Unaudited 2018 Rs'000
Operating profit before working capital changes	775,730	733,956
Changes in working capital	(137,395)	(11,440)
Cash generated from operations	638,335	722,516
Income taxes paid	(41,139)	(14,762)
Net cash flows from operating activities	597,196	707,754
Net cash flows used in investing activities	(257,779)	(212,635)
Net cash flows used in financing activities	(482,958)	(336,617)
Net (decrease)/increase cash and cash equivalents	(143,541)	158,502
Cash and cash equivalents at 1 July	575,769	411,000
Cash and cash equivalents at 31 December	432,228	569,502

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (ABRIDGED)	Attributable to owners of the Company	Non-Controlling Interests	Total Equity
	Rs'000	Rs'000	Rs'000
At 1 July 2018	10,003,906	822,302	10,826,208
Total comprehensive income for the period	233,398	7,450	240,848
At 31 December 2018	10,237,304	829,752	11,067,056
At 30 June 2019	7,636,769	812,512	8,449,281
- Effect of adoption of IFRS 16	(306,504)	-	(306,504)
At 1 July 2019	7,330,265	812,512	8,142,777
Total comprehensive income for the period	66,307	11,690	77,997
At 31 December 2019	7,396,572	824,202	8,220,774

CONSOLIDATED GEOGRAPHICAL AND SEGMENTAL INFORMATION	QUARTER ENDED 31 DECEMBER		HALF YEAR ENDED 31 DECEMBER	
	Unaudited 2019 Rs'000	Unaudited 2018 Rs'000	Unaudited 2019 Rs'000	Unaudited 2018 Rs'000
Geographical revenue:				
Mauritius	1,935,135	1,855,560	3,068,515	3,018,421
Maldives	151,893	156,196	227,996	208,645
Others	102,090	161,992	148,872	250,167
Total revenue	2,189,118	2,173,748	3,445,383	3,477,233
Geographical results:				
Mauritius	364,162	349,262	188,551	213,302
Maldives	(26,598)	(22,418)	(105,464)	(114,423)
Others	10,827	17,832	12,865	6,825
Profit for the period	348,391	344,676	95,952	105,704
Segment revenue:				
Hotel operations - External sales	2,087,028	2,011,756	3,296,511	3,227,066
Hotel operations - Inter-segment sales	71,255	108,013	101,152	169,107
Others - External sales	2,158,283	2,119,769	3,397,663	3,396,173
Elimination of inter-segment sales	102,090	161,992	148,872	250,167
Total revenue	2,189,118	2,173,748	3,445,383	3,477,233
Segment results:				
Hotel operations	337,564	326,844	83,087	98,879
Others	10,827	17,832	12,865	6,825
Profit for the period	348,391	344,676	95,952	105,704

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (ABRIDGED)	31 DEC 2019	30 JUN 2019
	Unaudited Rs'000	Audited Rs'000
ASSETS		
Non-current assets		
Property, plant and equipment	16,818,696	17,160,481
Rights of use assets	2,153,165	-
Intangible assets	290,110	295,370
Investments in associates and joint ventures	750,504	746,241
Other non current assets	527,991	723,292
	20,540,466	18,925,384
Current assets	2,061,194	1,526,081
Total assets	22,601,660	20,451,465
EQUITY AND LIABILITIES		
Shareholders' equity	7,396,572	7,636,769
Non-controlling interests	824,202	812,512
Total equity	8,220,774	8,449,281
Non-current liabilities		
Non-current liabilities	6,588,672	8,907,375
Lease liabilities	2,252,967	406,677
	8,841,639	9,314,052
Current liabilities	5,539,247	2,688,132
Total liabilities	14,380,886	12,002,184
Total equity and liabilities	22,601,660	20,451,465
Total net interest-bearing loans and borrowings (Excluding lease liabilities)	7,963,323	7,777,186
Gearing (Excluding lease liabilities on rights of use assets)	49.2%	47.9%

NOTES TO THE ABOVE:

The abridged financial statements for the period ended 31 December 2019 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 interim financial statements have been prepared in accordance with IAS 34 Interim Financial Statements. The Group's principal activity is in the hospitality industry. Hence, performance is subject to seasonality and varies significantly from quarter to quarter.

Adoption of IFRS 16

The Group has applied IFRS 16 using the modified retrospective approach and accordingly the comparative figures have not been restated. At 1 July 2019, the Group recognised a rights of use assets of Rs 2.2 billion, lease liability of Rs 1.9 billion and retained earnings of Rs 0.3 billion, which increased the assets and liabilities by Rs 2.2 billion. The new standard also impacted depreciation charges, interest expense and operating lease rental, with a net decrease in the profit for the quarter of Rs 9 million and half year ended 31 December 2019 of Rs 17 million.

Quarter Highlights

The hospitality industry in Mauritius was confronted to a reduced demand in tourist arrivals by air of 2.1% over this quarter whereas the Maldives experienced a 12% growth. Our financial performance was impacted by the phased renovation of the Sugar Beach and by the cyclonic conditions which prevailed during the peak holiday season. Despite these factors, the Group recorded a slight growth of 0.7% in revenues, to Rs 2.19 billion, compared to the previous year.

Group occupancy at 79.1% was in line with last year, with Mauritian resorts slightly up whilst our hotel in the Maldives, the Kanuhura, experienced a drop in its occupancy of 3.1 percentage points due to stronger competition, associated with the opening of a number of new resorts.

Our Group ADR stands at Rs 12,564, representing an increase of 4% compared to the same period last year.

The Group posted a profit after tax of Rs 348 million for the quarter, representing a 1.1% increase over last year.

Half Year Highlights

Tourist arrivals by air in Mauritius for the six months to-date totalled 712,541, a 1.8% decrease over last year whereas in the Maldives, arrivals posted an 11% growth over previous year.

Group revenues of Rs 3.45 billion were slightly below last year by 0.9% with the downward trend noted in the local industry and the partial closure of the Sugar Beach for renovation which lasted until early November 2019.

The occupancy in our Mauritian resorts fell by 1.7 percentage points whilst the Kanuhura's occupancy increased by 3.5 percentage points, leading to an overall Group occupancy of 74.6%, 2.0 percentage points below last year. Group ADR stands at Rs 10,317, a 8% growth over the previous year.

Against this background, on a like for like basis, Group EBITDA registered a 2% growth over same period last year, reaching Rs 780 billion. Depreciation and amortisation charges were higher at Rs 353.8m, due to the impact of the adoption of IFRS 16 Leases. Despite the material impact of the Sugar Beach phased renovation (Rs 86m on PAT) and the setting up of a provision linked to the Thomas Cook bankruptcy (Rs 15m), the Group posted a post-tax profit of Rs 96.0 million, a slight decrease of Rs 9.6 million against the corresponding period of last year.

Outlook

Market conditions in general remain on the alert with the recent outbreak of coronavirus. Although our forward bookings are currently encouraging, we are yet to assess the real impact of the virus on cancellations and future business. Provided trading conditions do not deteriorate further, we expect to post better results in the forthcoming quarter compared to the corresponding quarter last year.

As previously announced, management is finalising the reorganisation of its sales and marketing function to be more effective and agile with the recruitment of a new Head of Revenue Management and a Chief Sales and Marketing Officer.

The Group will also proceed with the final phase of Sugar Beach's renovation as from the third week of May 2020 without closure of the resort.

By Order of the Board
CIEL Corporate Services Ltd
Company Secretary

12 February 2020

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, 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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