

SUN LIMITED ABRIDGED FINANCIAL STATEMENTS

The Group's unaudited results for the quarter and nine months ended 31 March 2020 are as follows:

Occupancy ¹	
Q3	Nine months
67.3%	72.3%
▲0% vs LY	▼-6% vs LY

ADR	
Q3	Nine months
Rs 11,699	Rs 10,734
▲1% vs LY	▲6% vs LY

RevPAR ¹	
Q3	Nine months
Rs 7,878	Rs 7,757
▼-11% vs LY	▼-3% vs LY

TRRevPAR ¹	
Q3	Nine months
Rs 12,446	Rs 12,576
▼-10% vs LY	▼-3% vs LY

Total Revenue	
Q3	Nine months
Rs 1,583m	Rs 5,028m
▼-11% vs LY	▼-4% vs LY

EBITDA ²	
Q3	Nine months
Rs 378m	Rs 1,161m
▼-22% vs LY	▼-8% vs LY

¹ Excluding temporary closed rooms for renovation and during closure period.

² EBITDA before lease expenses and impairment charges.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (ABRIDGED)	QUARTER ENDED 31 MARCH		NINE MONTHS ENDED 31 MARCH	
	Unaudited 2020 Rs'000	Unaudited 2019 Rs'000	Unaudited 2020 Rs'000	Unaudited 2019 Rs'000
Revenue	1,582,922	1,780,322	5,028,306	5,257,555
Other income	24,044	16,692	36,417	29,732
Operating expenses	(1,228,640)	(1,309,926)	(3,903,939)	(4,032,651)
Normalised earnings before operating leases, interest, tax, depreciation and amortisation	378,326	487,088	1,160,784	1,254,636
Loss on disposal of subsidiary	-	(5,262)	-	(5,262)
Operating lease expenses	-	(60,282)	-	(175,663)
Impairment of financial assets	-	-	(15,045)	-
Earnings before interest, tax, depreciation and amortisation	378,326	421,544	1,145,739	1,073,711
Depreciation and amortisation	(37,467)	-	(106,502)	-
- On right of use assets	(144,291)	(146,249)	(430,872)	(424,923)
- On property, plant and equipment and intangible assets	(181,758)	(146,249)	(537,374)	(424,923)
- Depreciation and amortisation	-	-	-	-
Operating profit	196,568	275,295	608,365	648,788
Finance costs	(32,351)	-	(94,834)	-
- On lease with IFRS 16 adoption	(105,935)	(109,605)	(327,114)	(338,740)
- On bank loans and other borrowings	(138,286)	(109,605)	(421,948)	(338,740)
Share of net profit of joint ventures	5,475	1,781	9,737	1,781
Profit before tax	63,757	167,471	196,154	311,829
Income tax charge	(33,491)	(32,149)	(69,935)	(70,799)
Profit for the period	30,266	135,322	126,219	241,030
Other comprehensive income for the period, net of tax	(235,208)	78,136	(253,162)	253,229
Total comprehensive income for the period	(204,942)	213,458	(126,943)	494,259
Profit attributable to:				
Owners of the Company	30,756	129,289	115,020	227,546
Non-controlling interests	(490)	6,033	11,199	13,484
	30,266	135,322	126,219	241,030
Total comprehensive income attributable to:				
Owners of the Company	(190,177)	207,425	(123,867)	480,775
Non-controlling interests	(14,765)	6,033	(3,076)	13,484
	(204,942)	213,458	(126,943)	494,259
Basic earnings per share (Rs)	0.18	0.74	0.66	1.30

CONSOLIDATED GEOGRAPHICAL SEGMENTAL INFORMATION	QUARTER ENDED 31 MARCH		NINE MONTHS ENDED 31 MARCH	
	Unaudited 2020 Rs'000	Unaudited 2019 Rs'000	Unaudited 2020 Rs'000	Unaudited 2019 Rs'000
Geographical revenue:				
Mauritius	1,341,240	1,471,811	4,409,755	4,490,231
Maldives	191,240	191,236	419,237	399,882
Others	50,442	117,275	199,314	367,442
Total revenue	1,582,922	1,780,322	5,028,306	5,257,555
Geographical results:				
Mauritius	45,814	118,209	234,366	331,514
Maldives	(11,403)	11,286	(116,868)	(103,136)
Others	(4,145)	5,827	8,721	12,652
Profit for the period	30,266	135,322	126,219	241,030
Segment revenue:				
Hotel operations - External sales	1,532,480	1,663,047	4,828,992	4,890,113
Hotel operations - Inter-segment sales	42,012	83,004	143,164	252,111
Others - External sales	1,574,492	1,746,051	4,972,156	5,142,224
Elimination of inter-segment sales	(50,442)	(117,275)	(199,314)	(367,442)
Total revenue	1,582,922	1,780,322	5,028,306	5,257,555
Segment results:				
Hotel operations	34,411	129,495	117,498	228,378
Others	(4,145)	5,827	8,721	12,652
Profit for the period	30,266	135,322	126,219	241,030

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (ABRIDGED)	31 MAR 2020		30 JUN 2019	
	Unaudited Rs'000	Audited Rs'000	Unaudited Rs'000	Audited Rs'000
ASSETS				
Non-current assets				
Property, plant and equipment	16,930,485	17,160,481		
Rights of use assets	2,180,942	-		
Intangible assets	286,000	295,370		
Investments in associates and Joint Ventures	755,979	746,241		
Other non current assets	520,078	723,292		
	20,673,484	18,925,384		
Current assets	2,173,453	1,526,081		
Total assets	22,846,937	20,451,465		
EQUITY AND LIABILITIES				
Shareholders' equity	7,206,394	7,636,769		
Non-controlling interests	809,436	812,512		
Total equity	8,015,830	8,449,281		
Non-current liabilities				
Non-current liabilities excluding finance lease obligations	7,639,666	8,907,375		
Finance lease obligations	2,315,290	406,677		
	9,954,956	9,314,052		
Current liabilities	4,876,151	2,688,132		
Total liabilities	14,831,107	12,002,184		
Total equity and liabilities	22,846,937	20,451,465		
Total net interest-bearing loans and borrowings (Excluding Finance lease obligations)	8,091,782	7,825,203		
Gearing (Excluding Finance lease obligations)	50.2%	48.1%		

CONSOLIDATED STATEMENT OF CASH FLOWS (ABRIDGED)	NINE MONTHS ENDED 31 MARCH	
	Unaudited 2020 Rs'000	Unaudited 2019 Rs'000
Operating profit before working capital changes	1,154,046	1,184,313
Changes in working capital	(156,567)	(84,532)
Cash generated from operations	997,479	1,099,781
Income taxes paid	(45,001)	(17,334)
Net cash flows from operating activities	952,478	1,082,447
Net cash flows used in investing activities	(312,628)	(301,657)
Net cash flows used in financing activities	(294,923)	(587,709)
Net increase in cash and cash equivalents	344,927	193,081
Cash and cash equivalents at 1 July	575,769	411,000
Cash and cash equivalents at 31 March	920,696	604,081

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (ABRIDGED)	ATTRIBUTABLE TO OWNERS OF THE COMPANY		NON-CONTROLLING INTERESTS	TOTAL EQUITY
	Rs'000	Rs'000	Rs'000	Rs'000
At 30 June 2018	10,041,019	822,302	-	10,863,321
Effect of adoption of IFRS 15	(37,113)	-	-	(37,113)
At 1 July 2018	10,003,906	822,302	-	10,826,208
Total comprehensive income for the period	480,775	13,484	-	494,259
At 31 March 2019	10,484,681	835,786	-	11,320,467
At 30 June 2019	7,636,769	812,512	-	8,449,281
- Effect of adoption of IFRS 16	(306,508)	-	-	(306,508)
At 1 July 2019	7,330,261	812,512	-	8,142,773
Total comprehensive income for the period	(123,867)	(3,076)	-	(126,943)
At 31 March 2020	7,206,394	809,436	-	8,015,830

NOTES TO THE ABOVE:

The abridged financial statements for the period ended 31 March 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 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.

COMMENTS ON THE RESULTS Financial results

COVID-19

In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. The Government has enacted emergency steps to limit the spread of COVID-19, including the simultaneous implementation of a strict sanitary curfew and the indefinite closing of our borders, which resulted in widespread business shutdowns.

As from 20 March 2020, the Group temporarily suspended operations of all its resorts and business units following the ban on incoming tourists and the national lockdown imposed by Government.

After a careful assessment of the situation, the Group is addressing the ongoing adverse impact of the pandemic on our business, employees, customers and shareholders.

As a result, Management has swiftly implemented the following measures, with a view to maximizing our cash flow situation by

- o Rigorously monitoring our Working Capital Requirement
- o Implementing immediate cost-containment measures across our resorts with the minimum staff complement required to maintain and adequately ensure the physical security of the properties
- o Setting up a significant voluntary salary reduction for the management teams to reduce employee costs

While this set of measures will reduce the cash outflow, we are not, at this stage, in a position to predict with certainty when exactly our resorts will be able to resume operations. We are actively monitoring the ongoing developments with regard to the COVID-19 pandemic and are fully committed to continue working with relevant local authorities to determine when health and safety standards are completely met, from an employee and customer standpoint, for the re-opening of our resorts.

Quarter Highlights

Since the outbreak of COVID-19 at the end of January 2020, tourist arrivals have shown a decrease, both in Mauritius and Maldives. Consequently, our results for this quarter have been severely affected.

The Group registered cancellations as from February, culminating in the suspension of all resorts' and business units' operations as from 20 March. Under these exceptional circumstances, Group revenues dropped by 11% compared to same quarter last year, to reach Rs 1.6bn, which is largely explained by cancellations of some Rs 300m due to the pandemic. Group's occupancy dropped by 9.4 percentage points to 60.9% (67.3% based on actual room-nights available), but Group ADR closed at Rs 11,699, marginally above last year.

The Group's normalised EBITDA for the last quarter stood at Rs 378 million, 22% below the same quarter of last year, despite the drastic cost-containment measures taken to mitigate the COVID-19 impact on revenues. Group after-tax profit stands at Rs 30.3 million, representing a Rs 105 million drop, compared to last year's corresponding period.

The negative movement of Rs 235m in Other Comprehensive Income relate mainly to the revaluation loss on foreign denominated loans due to the lower Mauritian Rupee exchange rate.

Nine months Highlights

Tourist arrivals by air in Mauritius for the nine months show a 6% decrease over the same period in 2019 with a significant drop of 52% in March 2020. On the other hand, tourist arrivals in the Maldives for the year to date figures to February 2020 showed a growth of 7.9% over the same period last year.

Group occupancy finished at 68.3% (72.3% on actual room-nights available), a drop of 1.6 percentage points over last year and Group ADR grew by 6% to reach Rs 10,734, with favorable exchange rates against the Mauritian Rupee.

Group revenue decreased by 4.4% to reach Rs 5.0 billion, directly resulting from the impact of the pandemic and the Group's normalised EBITDA finished at 1.2 billion, a decrease of 7.5% over the corresponding period last year. Group after-tax profit closed at Rs 126 million, representing a reduction of Rs 115 million over last year, due to more adverse third quarter results.

Outlook

The overall impact of the COVID-19 pandemic is not known at this point in time and continues to evolve. The ultimate extent of the overall consequences of the resulting crisis on our business is still uncertain and will be dictated by its duration and depth, and its overall macroeconomic consequences at large.

In the light of the above considerations, Management is considering various financing alternatives to meet its short-term financial commitments and is also in the process of initiating an impairment assessment of the pandemic on the carrying values of the Group's assets.

By Order of the Board

CIEL Corporate Services Ltd
Company Secretary

13 May 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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Sir William Newton Street
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