

ANALYST & PRESS MEETING

22 SEPTEMBER 2017

LUX*
RESORTS & HOTELS



FINANCIAL HIGHLIGHTS

LUX ISLAND RESORTS LTD AND ITS SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2017

	THE GROUP		
	2017	2016	
	Rs'000	Rs'000	Change
Total Revenue	5,260,500	5,158,157	2%
Operating Expenses	(4,006,862)	(4,034,330)	-1%
EBITDA before non recurring items	1,253,638	1,123,827	12%
EBITDA Margin	24%	22%	
Profit on disposal of property, plant and equipment	177,884	99	
Closure Costs (LSAA & LGG)	(164,618)	-	
Non recurring items	13,266	99	
Reported EBITDA	1,266,904	1,123,926	13%
Depreciation and amortisation	(442,214)	(427,472)	3%
Operating profit	824,690	696,454	18%
Finance costs	(241,831)	(215,524)	12%
Profit before tax	582,859	480,930	21%
Income tax	(75,123)	(62,451)	20%
Profit for the year	507,736	418,479	21%
Earnings Per Share	3.75	3.06	23%

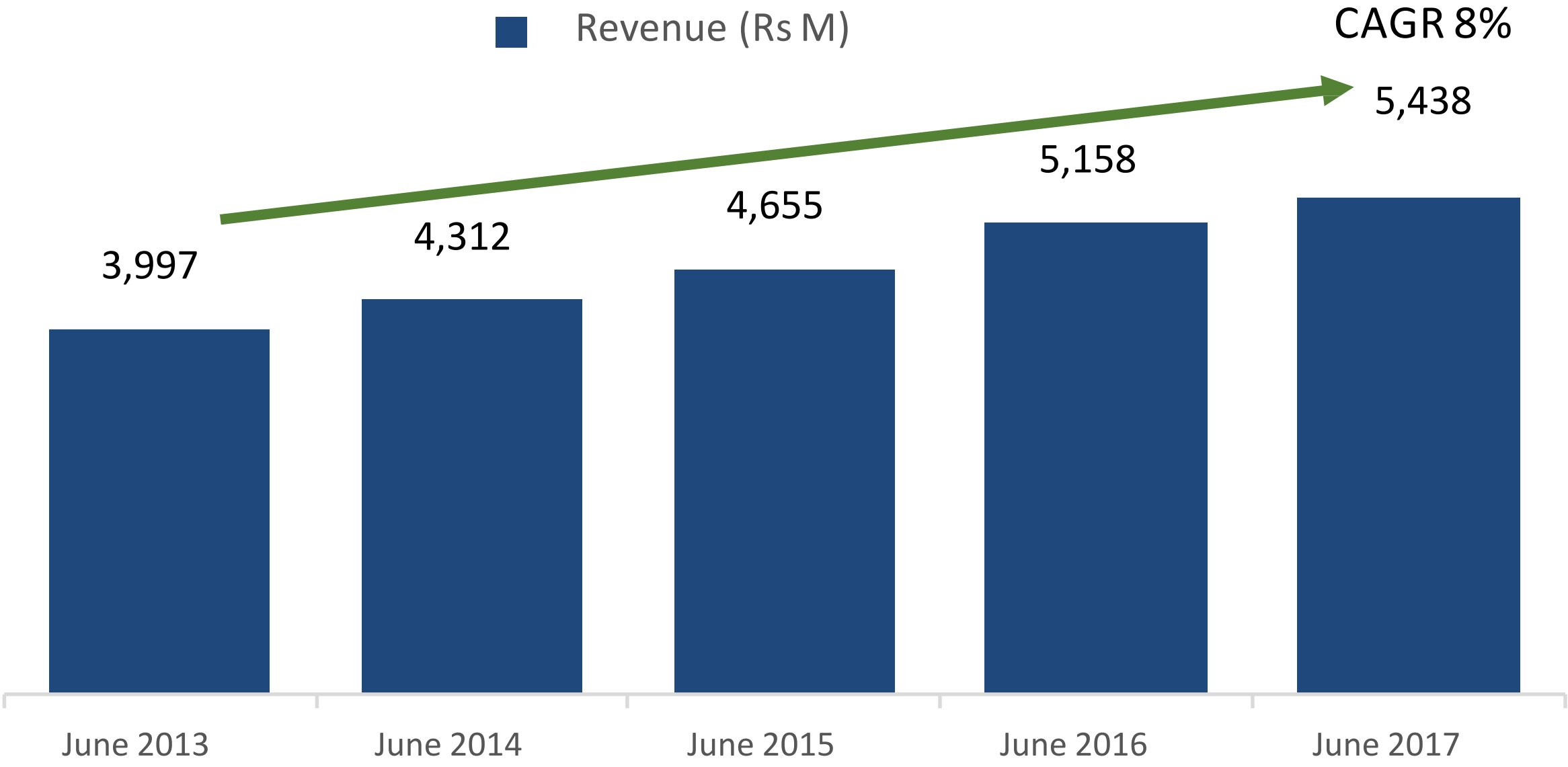
LUX ISLAND RESORTS LTD AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

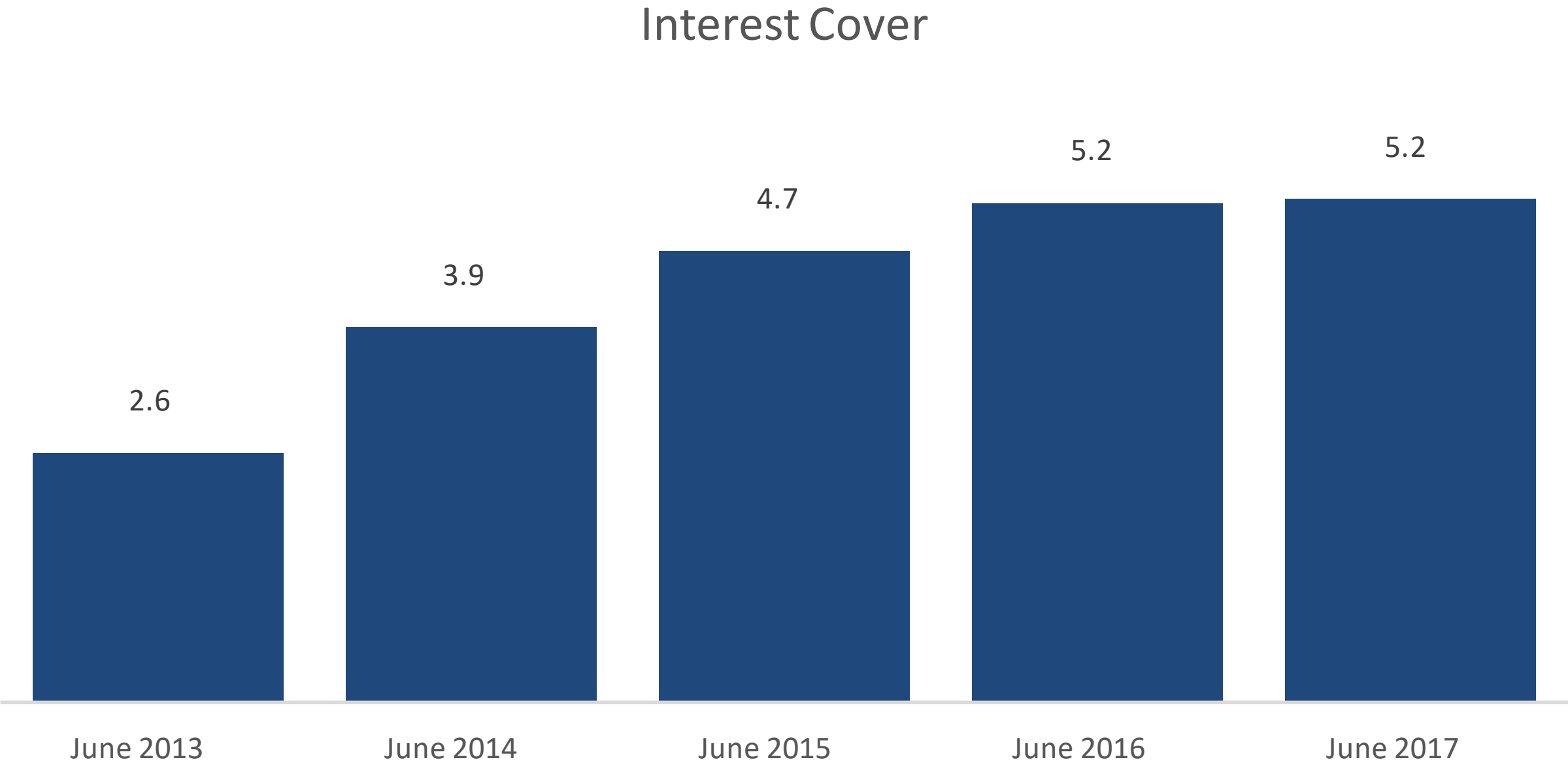
	THE GROUP	
	2017	2016
	Rs'000	Rs'000
ASSETS		
Non-current assets	10,391,750	10,037,320
Current assets	1,146,409	1,148,837
Non-current assets held-for-sale	-	1,037,045
TOTAL ASSETS	11,538,159	12,223,202
EQUITY AND LIABILITIES		
Capital & Reserves	5,794,057	6,010,852
Non-current liabilities		
Interest-bearing loans and borrowings	2,859,556	2,746,583
Other Long Term Liabilities (Deferred Tax and Retirement benefit obligations)	662,976	591,687
	3,522,532	3,338,270
Current liabilities		
Interest-bearing loans and borrowings	1,107,452	1,363,610
Trade and other payables	1,114,118	984,877
	2,221,570	2,348,487
Liabilities associated with assets held-for-sale	-	525,593
Total liabilities	5,744,102	6,212,350
TOTAL EQUITY AND LIABILITIES	11,538,159	12,223,202

LUX ISLAND RESORTS LTD AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

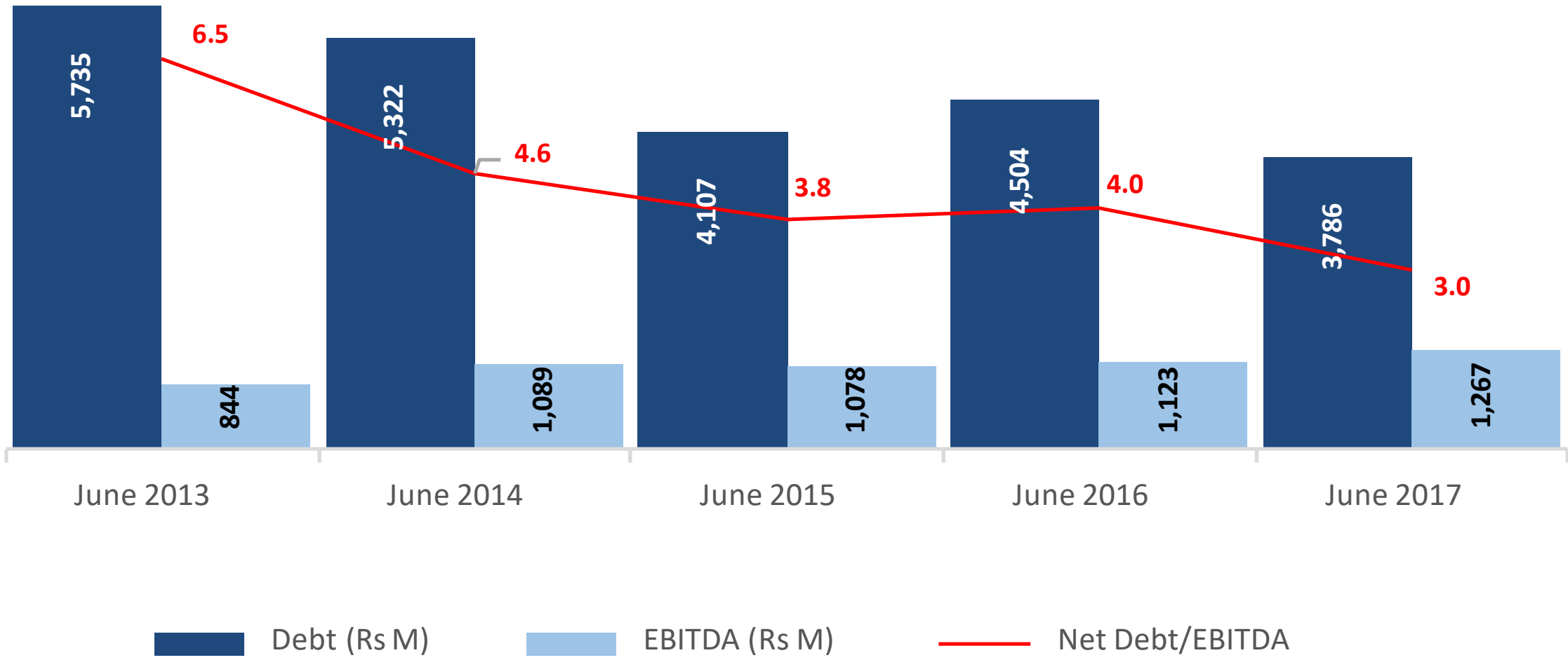
THE GROUP

	30 JUNE 2017	30 JUNE 2016
	Rs'000	Rs'000
Net cash flows from operating activities	847,527	784,115
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and Intangibles	(1,306,088)	(813,752)
Proceeds from sale of property, plant and equipment	1,262,982	1,974
Net cash flows used in investing activities	(43,106)	(811,778)
FINANCING ACTIVITIES		
Long term loans received	682,554	832,375
Payments of long term borrowings	(1,095,322)	(542,202)
Dividend paid	(171,381)	(294,177)
Net cash flows used in financing activities	(584,149)	(4,004)
Net increase/(decrease) in cash and cash equivalents	220,272	(31,667)
Cash and cash equivalents at 01 July	(293,881)	(262,214)
Cash and cash equivalents at 30 June	(73,609)	(293,881)

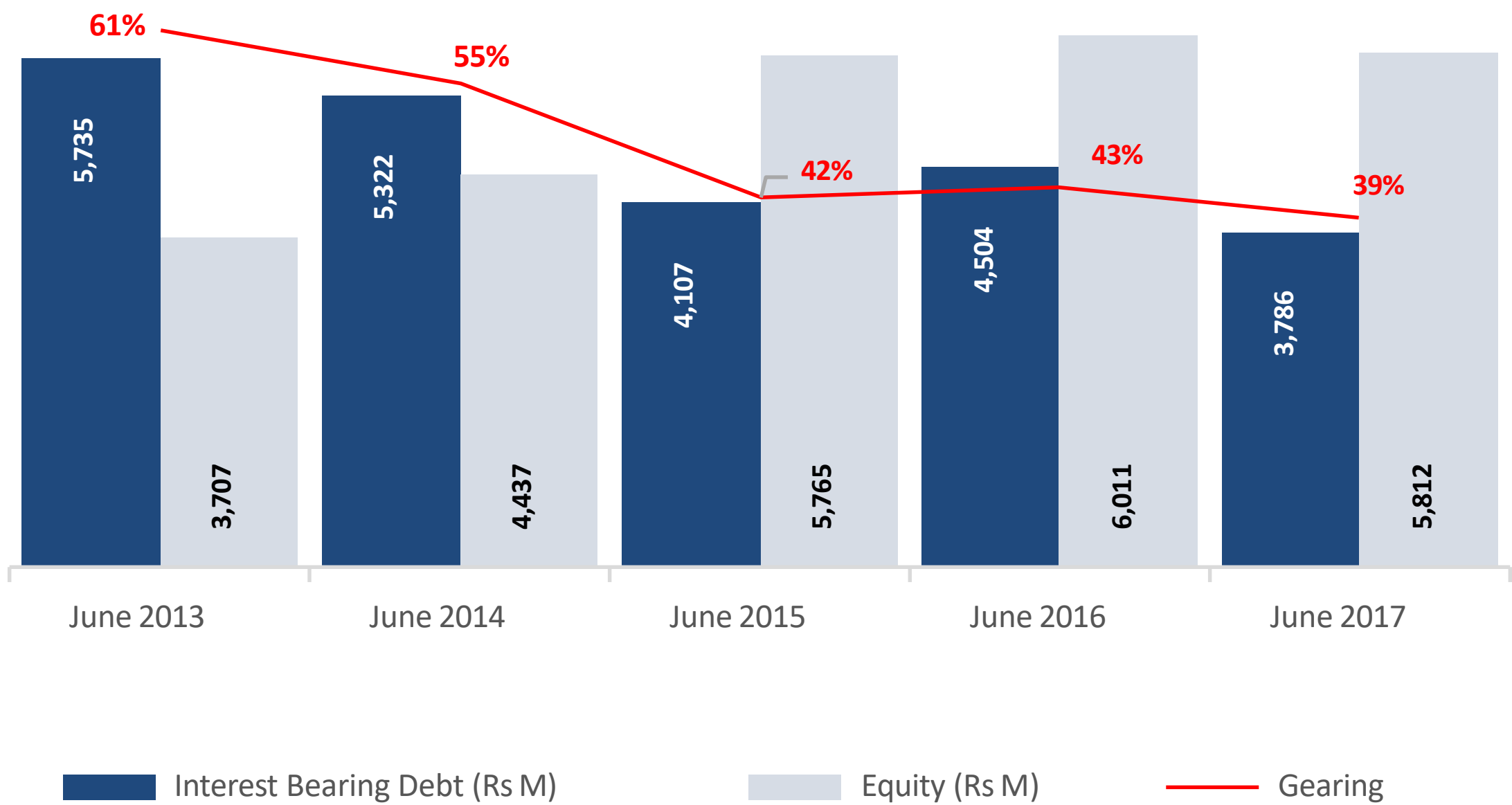




EVOLUTION OF DEBT, EBITDA AND NET DEBT/EBITDA RATIO



EVOLUTION OF EQUITY, DEBT AND GEARING



STRATEGY

**REINFORCE
THE CORE**

- Consolidate LUX* development in the Indian Ocean to reinforce leadership position
- Adapt LUX* business model in the long term for continued growth & maximum profitability

**GROW
AROUND
& BEYOND
THE CORE**

- Accelerate LUX* geographical expansion
- Target 5 main regions
(China, S.E Asia, Middle East, Europe, Africa)

LUX* development strategy revolves around 2 main poles:

①

REINFORCE THE INDIAN OCEAN HUB

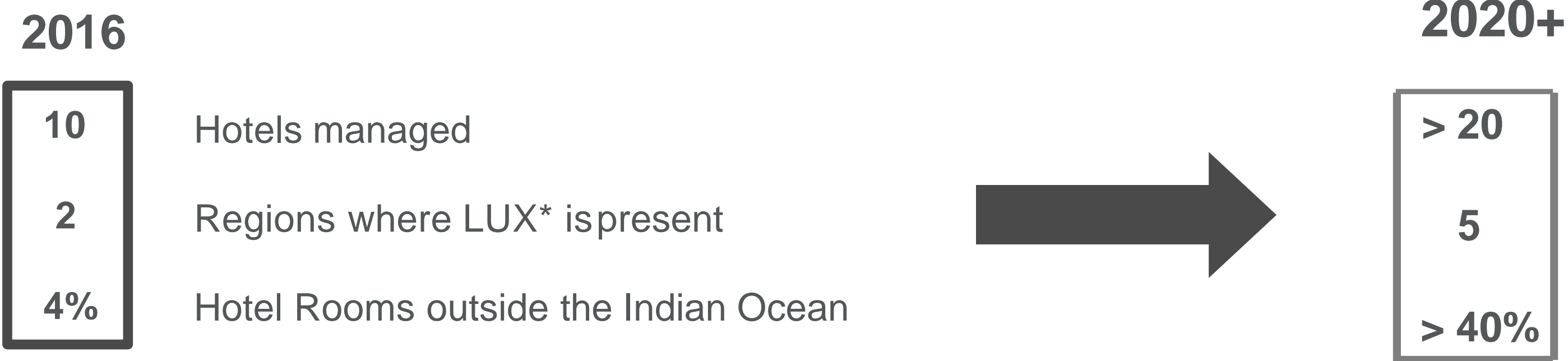
- Uplifting of owned assets
- New Management Contracts within the Indian Ocean Region

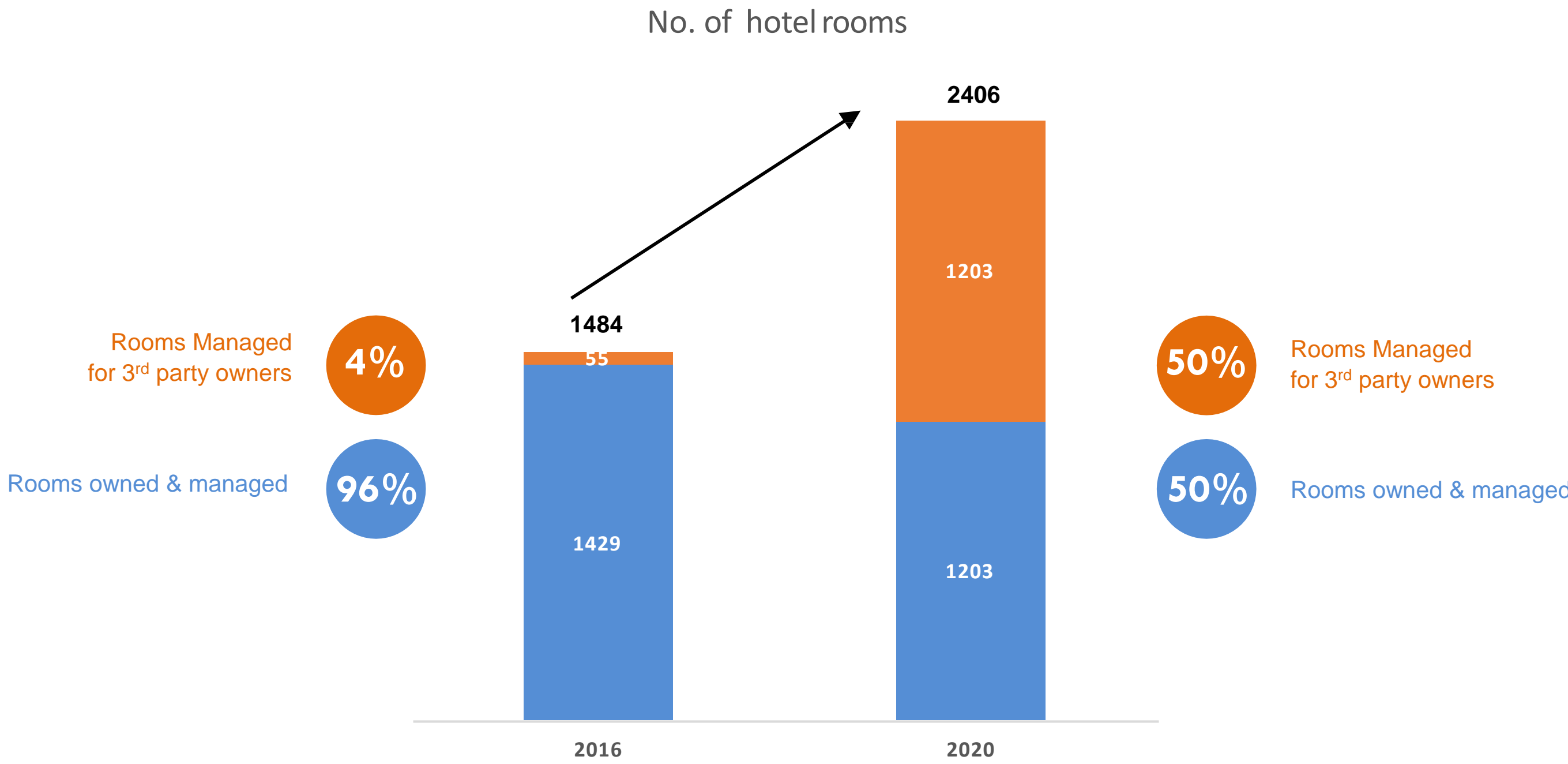
②

GROW LUX* GLOBALLY, FOCUSING ON:

- New Management Contracts outside the Indian Ocean Region
- Diversification by geography & market

Key indicators





Targeted Indian Ocean locations for growth:

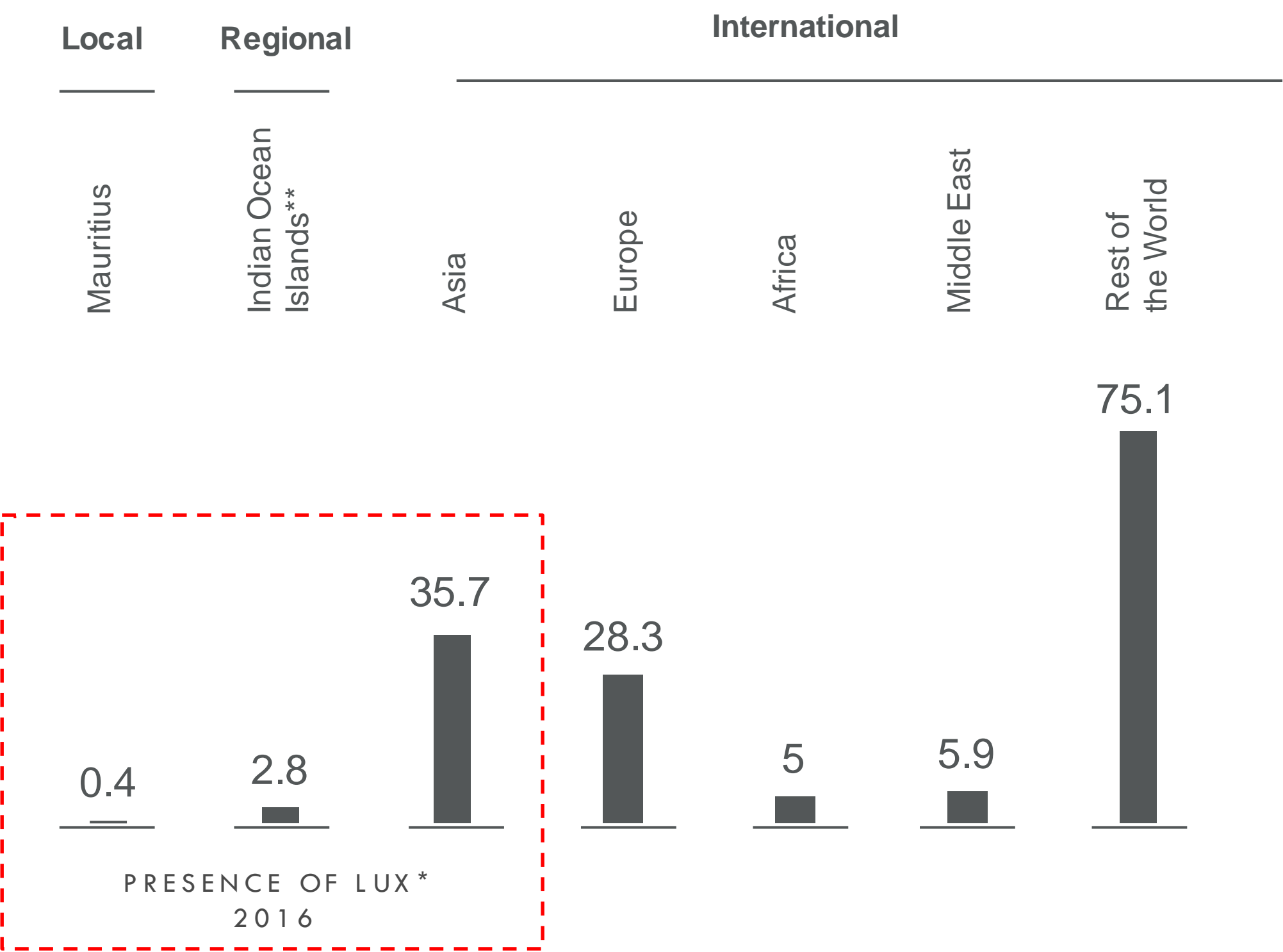
LUX* Targeted I.O. locations



	# Tourists (‘000)	Hotel Supply #Keys	RevPar USD	Occupancy
Mauritius	1 275	13 650	132	76%
Sri Lanka	2 051	19 400	73	66%
Maldives	1 286	26 500	374	64%
Zanzibar	463	7 300	99	68%
Seychelles	303	9 500	222	67%
Madagascar	293	5 100	57	61%

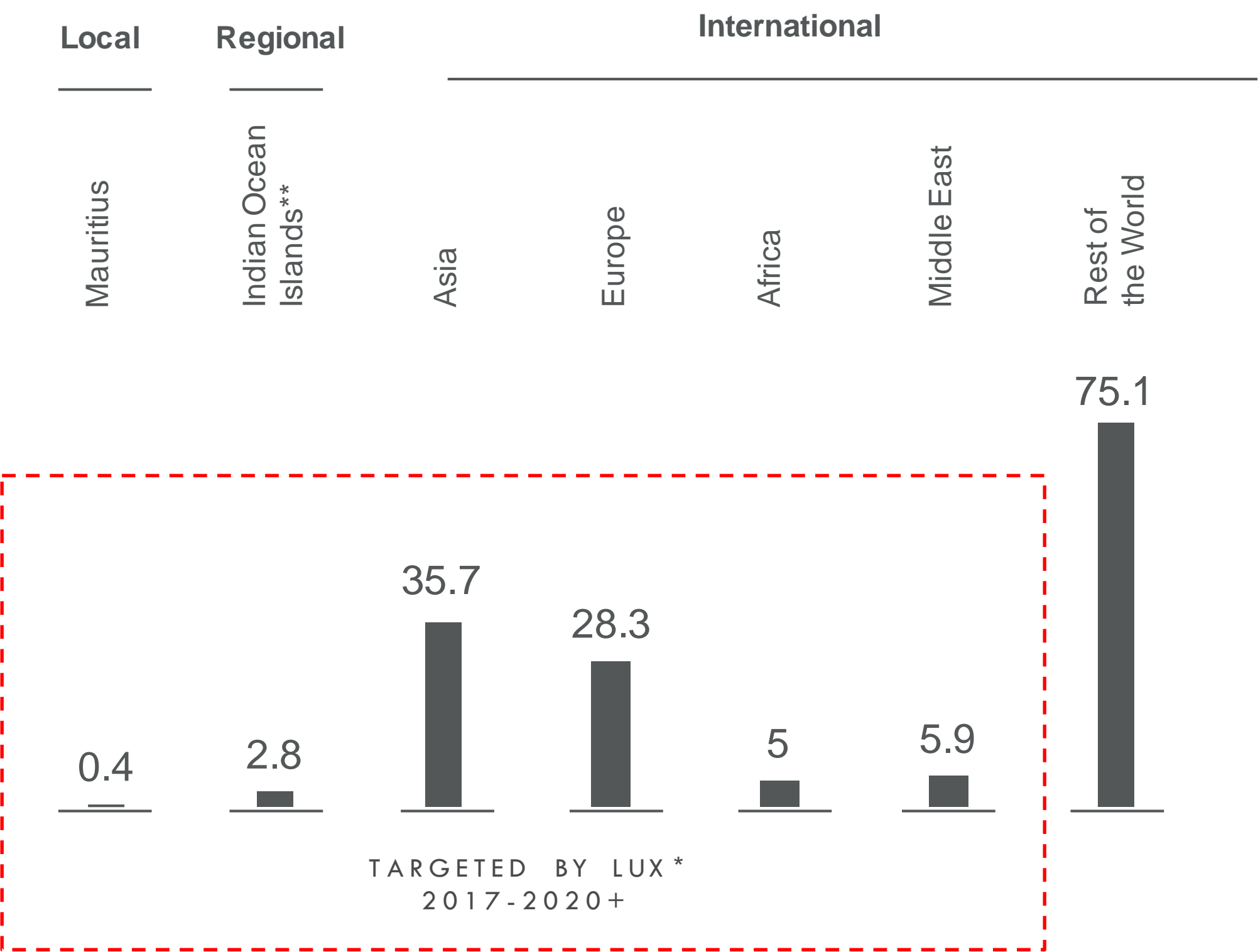
Global Luxury Hotel Segment in 2016 represents USD 153.2Bn, of which USD 35.7Bn in Asia and USD 3.2Bn in the Indian Ocean.

Luxury & Upscale Segment



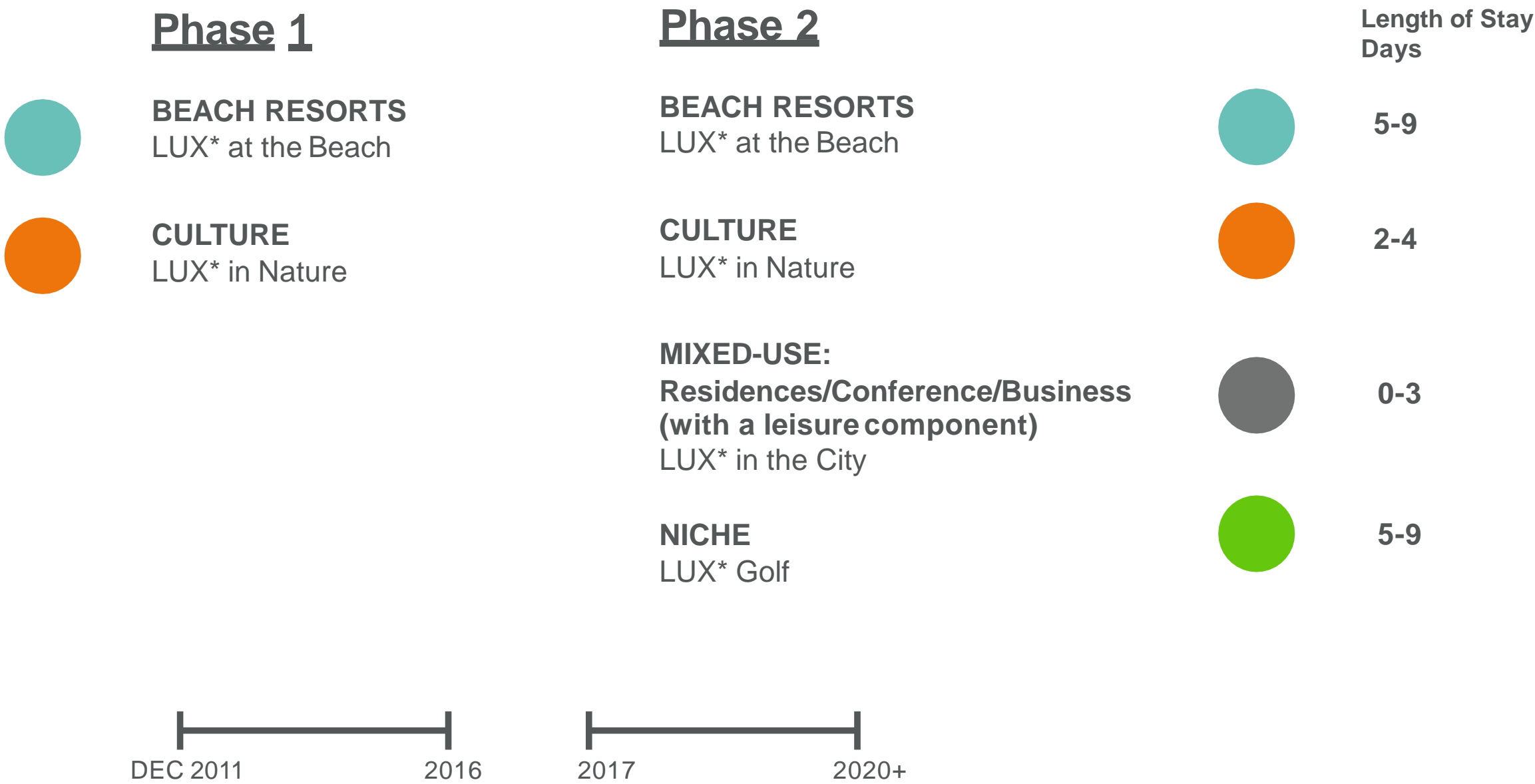
Source: Euromonitor, STR, JLL I.O., Mc Kinsey
** REU, Maldives, SEY, Madagascar, Zanzibar & Sri Lanka

Expansion by geography - Regions targeted:



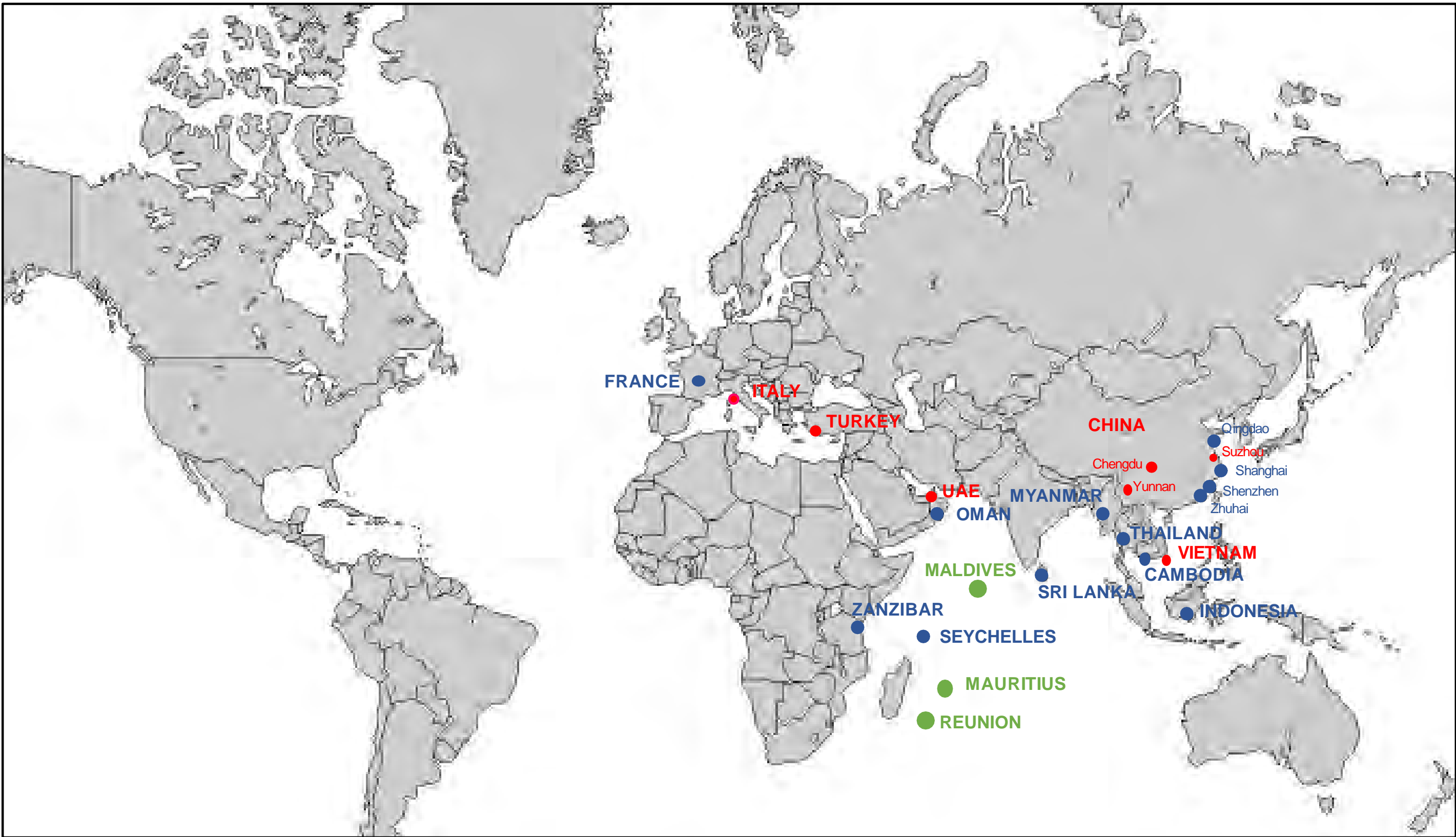
** REU, Maldives, SEY, Madagascar, Zanzibar & Sri Lanka

Expansion by market:



Strengthening global presence

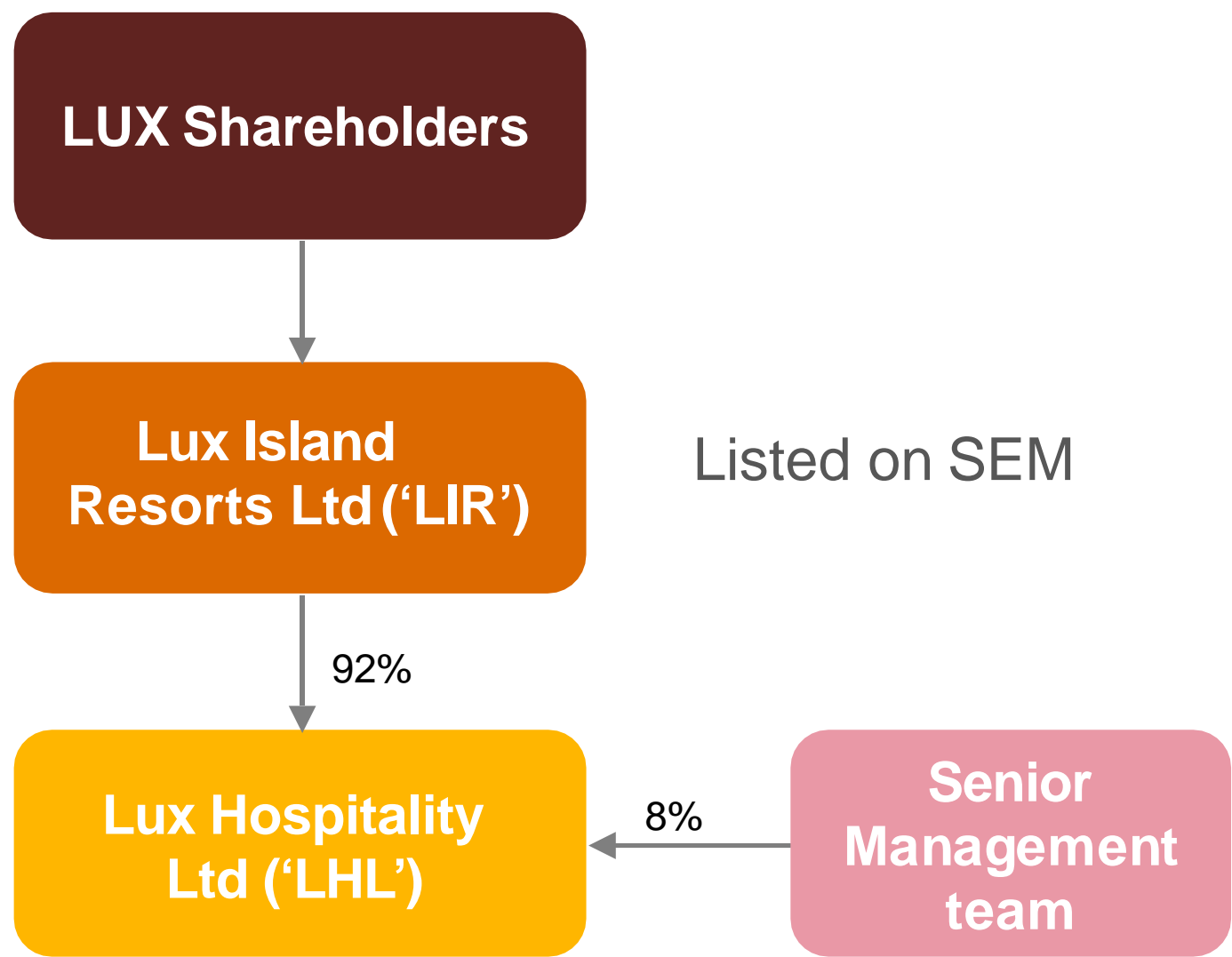
Phase 2 (2017-2020+)



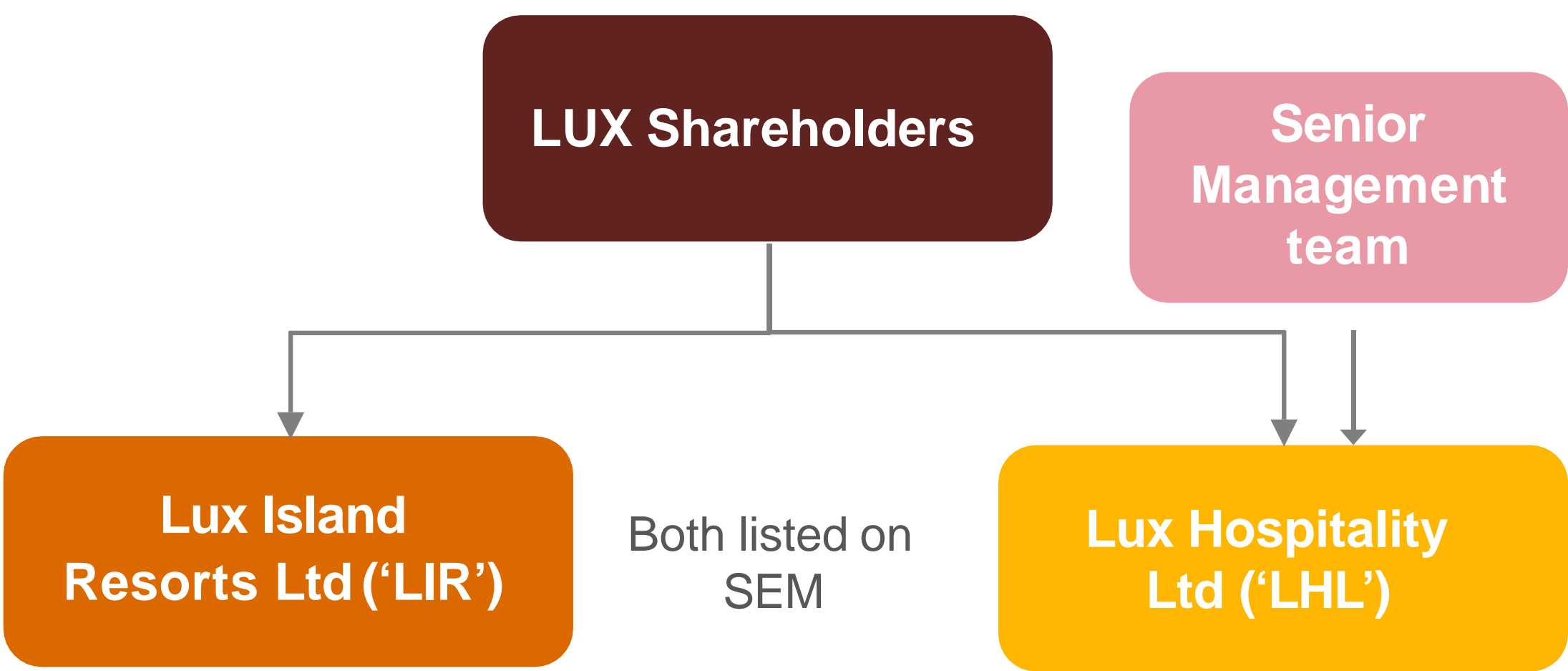
- GREEN:** Owned & managed properties.
- RED:** Third party management contracts already signed.
- BLUE:** Other targeted locations.

- Lux Island Resorts Ltd (LIR), the listed Company, owns and operates seven hotels and operates Tamassa hotel under a ten year lease
- The management of the hotels has been contracted to LUX Hospitality Ltd (LHL), a subsidiary of LIR.
- In line with the asset light strategy and in order to accelerate the growth path of LHL (Mauritius and abroad), the Board has announced its intention to spin off LHL and list the Company on the Stock Market in the near future.
- The 'spin off' would be implemented by way of a distribution in specie to existing shareholders
- Existing shareholders of LIR would retain their ownership proportion in LHL and there would be no need to determine a share exchange ratio.

Current structure

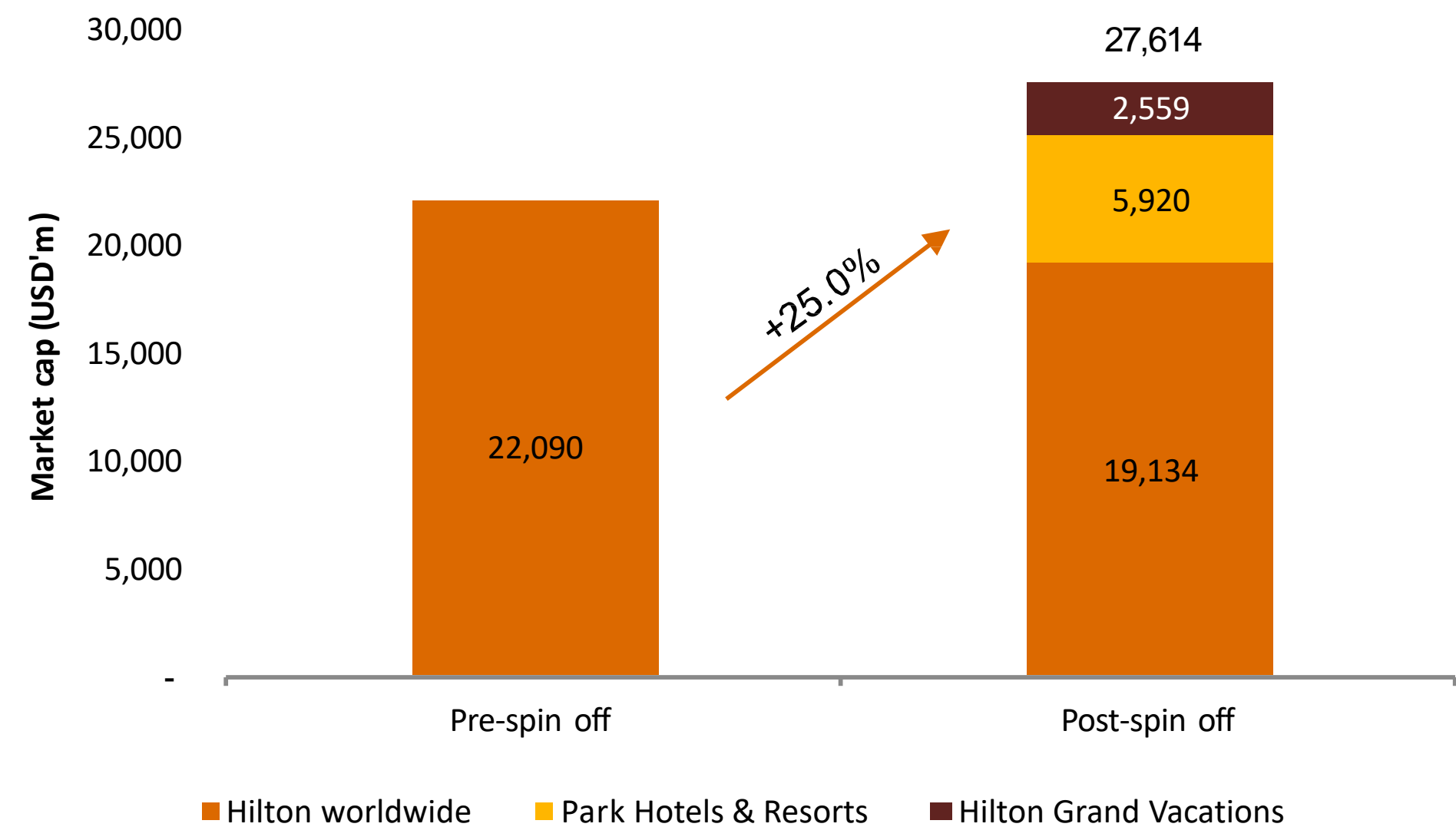


Post restructuring



- Both LIR and LHL will be listed entities.
- The 'Group' will benefit from access to a wider pool of investors with different risk/return profiles.
- LHL with low gearing, minimal capex and high profit margins, would arguably appeal to investors looking for companies with higher dividend yields.

Hilton Worldwide 2017 Spin-off



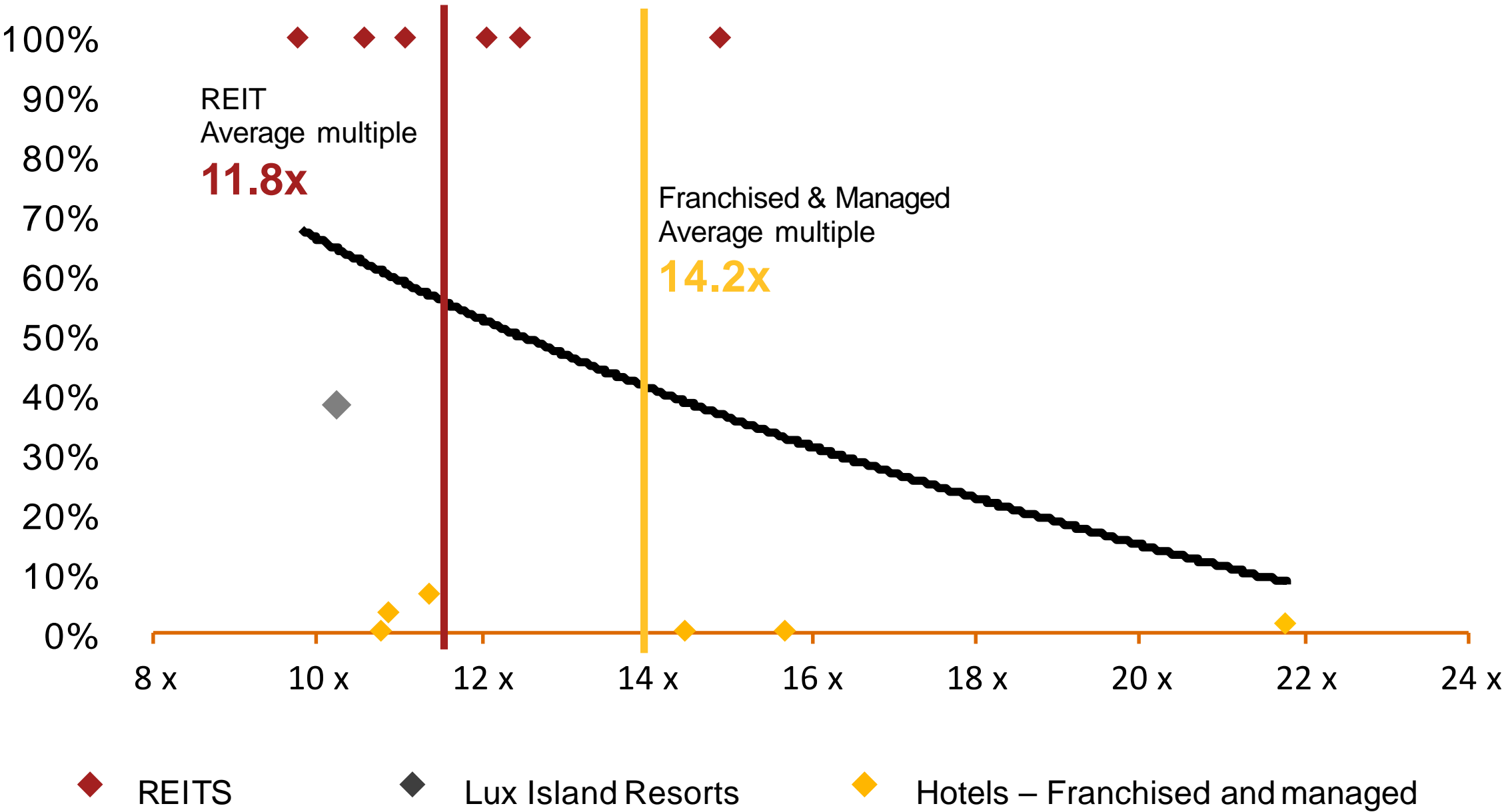
	Date	Price(USD)
Announcement date	25-Feb-16	62.1
Spin-off date	03-Jan-17	
Confirmation of spin-off	26-Oct-16	67.0
Post spin-off		
Hilton Worldwide	4-Jan-17	58.0
Park Hotels & Resorts	4-Jan-17	29.9
Hilton Grand Vacations	4-Jan-17	25.9

In Jan 2017, Hilton Worldwide spun off its real estate assets into a REIT ‘Park Hotels and Resorts’ and its timeshare business into ‘Hilton Grand Vacations’. Post spin-off, the combined market value of the three entities went up by 25.0%, reflecting the positive reaction from investors and the market.

“By splitting the company into three entities, they become much clearer in terms of what they offer to shareholders...This bifurcation of the industry has been going on for many years...Hilton had a very clear set of positive precedents around what happens and what kind of response you get from the market, and a very clear road map in how these could be executed.”

David Katz, analyst at Telsey Advisory Group
The Washington Post, 26 February 2016

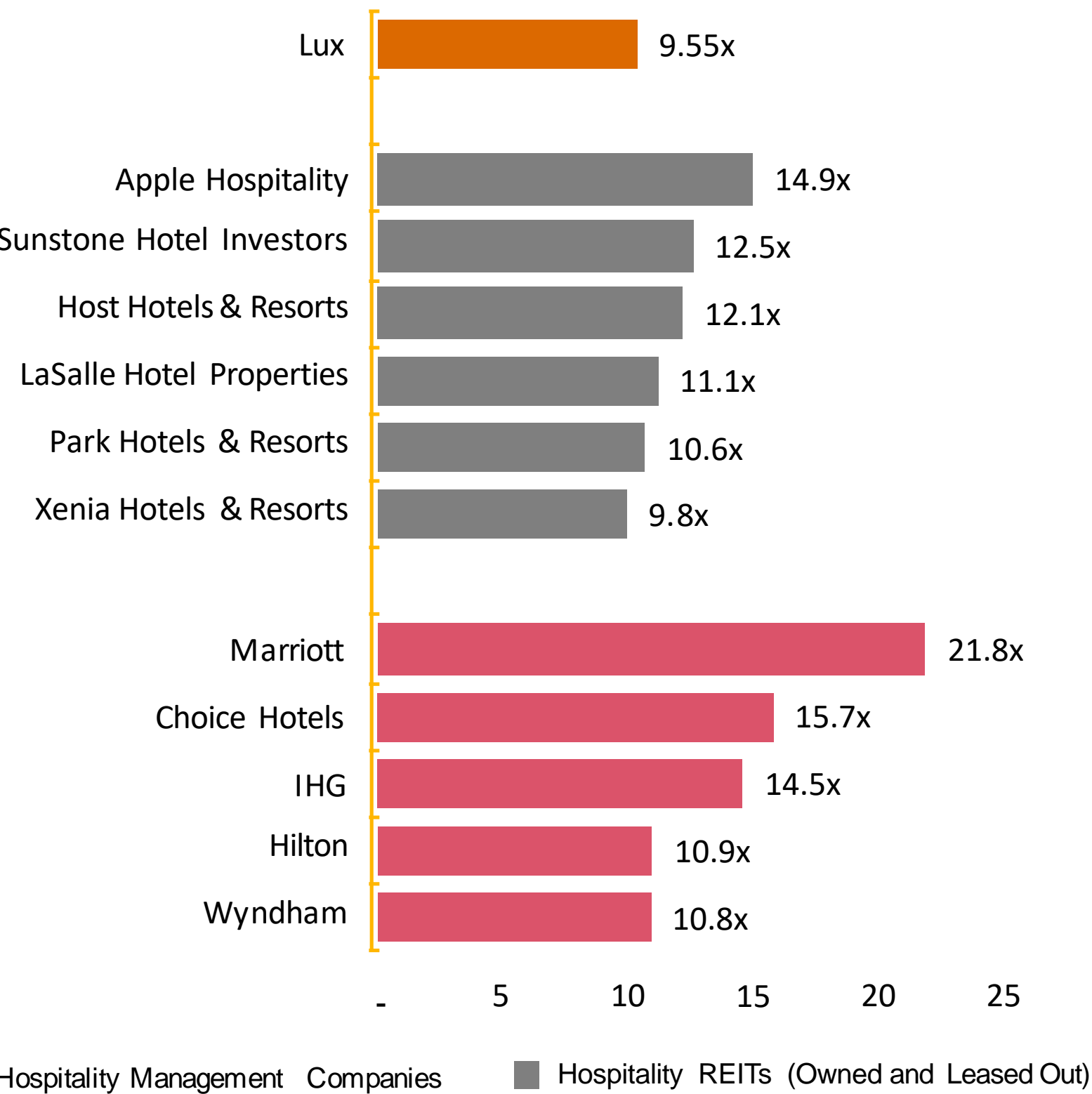
Percentage of Ownership (%) vs EV/EBITDA (x)



- The graph above shows the EV/EBITDA of REITS with 100% ownership of the hotels and companies that operate a primarily franchised/managed business model.
- Companies that have a lower ownership percentage and high proportion of fee based revenues tend to have higher EV/EBITDA multiples.

Hospitality companies with a high proportion of fee based revenues and lower financial gearing tend to have a higher valuation multiple than companies with a significant fixed asset base.

LTM EV/EBITDA - June 2017



Source: Capital IQ

The background is a deep blue space filled with numerous small, bright white stars. A thin, glowing blue arc representing the Earth's horizon curves across the lower half of the image. Below this arc, the Earth's surface is visible, covered in a dense network of yellow and orange lights representing city lights at night. The text is centered in the upper half of the image, appearing to float in space.

TAKING LUX*
TO THE WORLD

Advertising campaign

Spreading the beans

Spreading the light

New **Reasons to go**

and one more thing...

LUX* EXPERIENCE APP



Awards

LUX* RESORTS & HOTELS

Luxury Hotel Brand

by UK Travel Bulletin Star Awards 2016

Luxury Hotel & Resort Operator of the Year

by TTG UK Awards 2016

6th among the Top 25 Small Luxury Brands for Value

by ReviewPro 2016 Report

“Indian Ocean’s Leading Boutique Hotel Brand 2016”

by the World Travel Award Africa & Indian Ocean

LUX* BELLE MARE

Awarded “The International Hotel of the Year” by UK Food and Travel Award 2016. Ranked 11th among the Top 25 Worldwide Individual Luxury Hotels
by ReviewPro 2016 Report

LUX* LE MORNE

East Restaurant awarded Best Thai Restaurant in Africa
by World Luxury Restaurant Award 2016

LUX* GRAND GAUBE

Ranked 18th among the Top 25 Worldwide Individual Luxury Hotels for Value
by ReviewPro 2016 Report

LUX* SOUTH ARI ATOLL

Ranked 16th among the Top 25 Worldwide Individual Luxury Hotels
by ReviewPro 2016 Report

LUX* SAINT GILLES

Awarded “Reunion Island’s Leading Hotel 2016”
by the World Travel Award Africa & Indian Ocean

TAMASSA

Ranked 3rd among the Top 25 Worldwide Individual Luxury Hotels for Value
by ReviewPro 2016 Report

Investor relations

Q&A

LUXRESORTS.COM