

LUX ISLAND RESORTS LTD AND ITS SUBSIDIARIES.

The group results for the quarter and half year ended 31st December 2018 are as follows:

GROUP ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

	Quarter to 31st December		Half year to 31st December		Year ended
	2018 Rs 000 (Un-audited)	2017 Rs 000 (Un-audited)	2018 Rs 000 (Un-audited)	2017 Rs 000 (Un-audited)	30th June 2018 Rs 000 (Audited)
Revenue	1,936,669	1,756,413	3,173,396	2,819,528	5,925,409
Earnings before Interest, Tax, Depreciation and Amortisation	597,423	583,059	679,552	683,253	1,237,132
Closure Costs	-	(88,066)	-	(165,486)	-
EBITDA after closure costs	597,423	494,993	679,552	517,767	1,237,132
Depreciation and amortisation	(107,117)	(130,578)	(238,995)	(255,912)	(501,819)
Operating profit	490,306	364,415	440,557	261,855	735,313
Gain on bargain purchase	-	74,491	-	74,491	-
Gain on deemed disposal of subsidiaries	194,343	-	194,343	-	-
Net finance costs	(59,680)	(50,150)	(126,998)	(99,170)	(234,350)
Profit before income tax	624,969	388,756	507,902	237,176	500,963
Taxation	(50,679)	(41,606)	(34,007)	(22,106)	(86,322)
Profit after taxation	574,290	347,150	473,895	215,070	414,641
Non-controlling interest	(1,696)	(2,779)	(173)	(395)	74
Profit attributable to the group	572,594	344,371	473,722	214,675	414,715
Other comprehensive income					
Movement for the period			51,037	(24,678)	(27,761)
Total recognised gain			524,759	189,997	386,954
Basic - Earnings per share	Rs 4.18	2.51	3.45	1.57	3.02
Average number of shares	137,115,943	137,115,943	137,115,943	137,115,943	137,115,943
SEGMENTAL INFORMATION					
<i>Segment revenue:</i>					
Mauritius	1,174,871	1,019,146	1,931,196	1,645,703	3,483,409
Maldives	462,047	428,047	728,785	719,557	1,515,187
Reunion	299,751	309,220	513,415	454,268	926,813
Total revenue	1,936,669	1,756,413	3,173,396	2,819,528	5,925,409
<i>Segment results:</i>					
Mauritius	323,907	239,566	299,257	166,525	426,529
Maldives	113,775	69,969	88,707	47,509	230,874
Reunion	52,624	54,880	52,593	47,821	77,910
Results before net finance costs	490,306	364,415	440,557	261,855	735,313

GROUP ABRIDGED STATEMENT OF FINANCIAL POSITION

	31st December 2018 Rs 000 (Un-audited)	31st December 2017 Rs 000 (Un-audited)	30th June 2018 Rs 000 (Audited)
ASSETS			
<i>Non current assets</i>			
Property, plant & equipment	9,602,272	9,468,093	9,846,874
Intangible assets	1,802,834	1,648,658	1,649,157
Other financial assets	-	5	5
Deferred tax assets	172,494	140,835	192,409
	11,577,600	11,257,591	11,688,445
<i>Current assets</i>	1,389,237	1,628,324	1,240,493
TOTAL ASSETS	12,966,837	12,885,915	12,928,938
EQUITY AND LIABILITIES			
Shareholders' interest	6,257,927	5,981,476	6,008,773
Non-controlling interest	-	2,973	1,523
Non-current liabilities	3,949,972	3,993,876	4,302,665
Current liabilities	2,758,938	2,907,590	2,615,977
TOTAL EQUITY AND LIABILITIES	12,966,837	12,885,915	12,928,938
Net Assets per Share	Rs. 45.64	43.62	43.82
Net Assets per Share including value of leasehold land	Rs. 58.38	56.49	55.10

GROUP ABRIDGED STATEMENT OF CASH FLOWS

	31st December 2018 Rs 000	31st December 2017 Rs 000	30th June 2018 Rs 000
Net cash flows from operating activities	276,250	128,837	741,962
Net cash flows from investing activities	(222,314)	(995,320)	(1,421,909)
Net cash flows from financing activities	(66,077)	743,474	654,557
Net (decrease)/increase in cash & cash equivalents	(12,141)	(123,009)	(25,390)
<i>Cash and bank balance</i>			
At beginning of period	(98,999)	(73,609)	(73,609)
At end of period	(111,140)	(196,618)	(98,999)

ABRIDGED STATEMENT OF CHANGES IN EQUITY

	31st December 2018 Rs 000	31st December 2017 Rs 000	30th June 2018 Rs 000
At beginning of period	6,008,773	5,791,479	5,791,479
Other adjustments	-	-	1,735
Total recognised gain	524,759	189,997	386,954
Dividend	(275,605)	-	(171,395)
At end of period	6,257,927	5,981,476	6,008,773

Commentary

Tourist arrivals to Mauritius for the quarter ended 31st December 2018 amounted to 424,221 up by 4% on the corresponding quarter last year. Arrivals from Europe increased by 6% with UK and Germany posting an increase of 1% and 10% respectively. Our main source market, France, increased by 3%. Arrivals from Asia went down by 8% to around 42,593 mainly due to a significant reduction in the number of Chinese tourists by approximately 15% partially mitigated by an increase in arrivals from India, UAE and Saudi Arabia.

The figures for December arrivals are not available for the Maldives. The number of visitors for the months of October and November reached 252,997 up by 2% on the corresponding period last year.

For the semester ended 31st December 2018, tourist arrivals to Mauritius amounted to 752,422 an increase of 5% on last year. Arrivals in the Maldives for the period of July to November 2018 increased to 606,941 up by 3% on last year.

Separation of the Management Company from the real estate and hotel operations

The Board of Lux Island Resorts Ltd ("LIR") approved on 22nd October 2018 a restructuring exercise of its activities involving the separation of its management Company, The Lux Collective Ltd ("TLC") from its real estate and hotel operations company, LIR. The restructure was done via a distribution in specie by LIR of its shares in TLC to its shareholders registered at the close of business on 30th November 2018. The results of TLC and its subsidiaries have therefore been consolidated for the period July to 30th November 2018 and deconsolidated on the 1st December 2018. The impact of the separation resulted into a profit of Rs 194m for LIR, representing the reserves of TLC and its subsidiaries consolidated at 30th November 2018. The profit is shown as gain on deemed disposal of subsidiary in this interim accounts.

Group Results

All our hotels were operational during the quarter and the Group reported an occupancy rate of 77%, down by 4 percentage points on the corresponding quarter last year. However, ADR (Room Revenue per occupied room) improved by 10%, resulting in an increase of 4% in Rev PAR (Room Revenue per available room). On a like for like basis, our hotels in Mauritius posted an occupancy of 80% down by 9 percentage points compared to last year but maintained their RevPAR due to the increase in ADR by 10%. The Reunion properties did fairly well despite some cancellations due to the social unrest. Their RevPAR went down by 2% only. LUX* South Ari Atoll in Maldives achieved very good results with an occupancy of 81% for the quarter, up by 6 percentage points and posted a similar ADR as last year. Its RevPAR improved by 9%.

Against the above backdrop, total revenue for the quarter under review reached Rs 1.9 billion, an increase of 10% compared to the corresponding quarter last year. EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) after accounting for a closure cost of Rs 88m on LUX* Grand Gaube last year improved by 21% from Rs 495m to Rs 597m. Depreciation charge for the year decreased by Rs 23m due to lower depreciation charge on LUX* South Ari Atoll in Maldives following the extension of its lease by 50 years. Net finance charges for the quarter increased by Rs 9m to Rs 60m because of the loan contracted for the renovation of LUX* Grand Gaube. Attributable profit for the quarter increased by 66% from Rs 344m to Rs 572m.

The turnover of the Group for the six months to 31st December 2018 increased by 13% to Rs 3.2bn and EBITDA for the same period increased by 31% to Rs 679m from Rs 517m in 2017. The latter figure includes a charge of Rs 165m in respect of the closure cost of LUX* Grand Gaube. Depreciation and amortization decreased by Rs 17m whilst finance costs for the semester increased by Rs 28m. Attributable profit for the semester that includes the gain on deemed disposal of TLC group (Rs 194m) has more than doubled from Rs 214m to Rs 474 m. Total net interest bearing debt as at 31st December 2018 amounted to Rs 4.6bn and the gearing of the Group stood at 43%.

Project Development

Management together with the Lux Collective team and the professionals are actively working on the transformation of Merville Beach hotel into LUX* Grand Baie. The new resort will be of 119 keys including 12 villas and 22 apartments. It is the intention of the Board to sell the villas and apartments which will be built on the freehold land under the Property Development Scheme to partly finance the hotel redevelopment.

Outlook

Tourist arrivals to Mauritius have been increasing steadily over the last five years and Statistics Mauritius just reported a growth of 4.3% for the calendar year 2018 bringing the total arrivals for the year to 1.4 million. This has been driven by strong growth from our main markets namely Germany (+11.7%) and South Africa (+14.2%). However, the continued drop in Chinese tourists is a source of concern which has to be addressed by all stakeholders.

Maldives is also showing good growth lately, after a slowdown in the arrivals at the beginning of the calendar year. The arrivals to the destination for the eleven months up to November 2018 reached 1.33 million, representing an increase of 6%, fueled by growth from UK, France, Russia and Italy. Arrivals from China is down by 7% but it remains the biggest market with 20% of the arrivals. The situation in Reunion island is back to normal.

Concerning the performance of the group for Q3, provided there is no unexpected adverse events arising, our results for the third quarter should improve on last year.

By order of the Board

IBL Management Ltd
Company Secretary

22nd January 2019.

Notes to the Financial Highlights

- The Financial Highlights have been prepared in accordance with International Financial Reporting Standards (IFRSs).
- The Financial Highlights have been prepared on the same basis as the accounting policies set out in the audited statutory Financial Statements of the Group for the period ended June 30, 2018, except for the adoption of relevant amendments to published Standards, Standards and Interpretations issued and effective for accounting period starting on July 1, 2018.
- The Financial Highlights are issued pursuant to Listing Rule 12.14 and published according to the Securities Act 2005.
- Copies of the Financial Highlights and 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 are available free of charge, upon request, at the Company's registered office, Lux Island Resorts Ltd, Pierre Simonet Street, Floréal.
- The Board of Directors of Lux Island Resorts Ltd accepts full responsibility for the accuracy of the information contained in the Financial Highlights.