

LUX ISLAND RESORTS LTD AND ITS SUBSIDIARIES.

The group un-audited results for the quarter and nine months period ended 31st March 2020 are as follows:

GROUP ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Quarter to 31st March		Nine months to 31st March		Year ended
	2020 Rs 000 (Un-audited)	2019 Rs 000 (Un-audited)	2020 Rs 000 (Un-audited)	2019 Rs 000 (Un-audited)	30th June 2019 Rs 000 (Audited)
Continuing operations					
Revenue	<u>1,531,069</u>	<u>1,725,401</u>	<u>4,623,237</u>	<u>4,898,797</u>	<u>6,189,878</u>
EBITDA before lease expenses and closure cost	430,349	555,800	1,223,137	1,396,031	1,655,094
Operating lease expenses	-	(80,239)	-	(245,661)	(289,191)
Closure costs	(16,031)	-	(57,815)	-	-
EBITDA	414,318	475,561	1,165,322	1,150,370	1,365,903
<i>Depreciation and amortisation</i>					
- On Rights of use assets	(16,829)	-	(69,535)	-	-
- On property, plant and equipment and intangible assets	(109,243)	(100,877)	(331,383)	(333,953)	(470,022)
- Total depreciation and amortisation	(126,072)	(100,877)	(400,918)	(333,953)	(470,022)
Operating profit	288,246	374,684	764,404	816,417	895,881
<i>Net finance costs</i>					
- On bank loans and other borrowings	(51,489)	(64,661)	(176,370)	(189,663)	(273,629)
- On lease with respect to Rights of Use Asset	(48,022)	-	(144,065)	-	-
- Total finance costs	(99,511)	(64,661)	(320,435)	(189,663)	(273,629)
Profit before taxation	188,735	310,023	443,969	626,754	622,252
Income tax expense	(37,450)	(44,806)	(73,864)	(78,813)	(91,889)
Profit for the period before discontinued operations	151,285	265,217	370,105	547,941	530,363
Results from discontinued operations	-	-	-	191,172	195,167
Profit for the period	151,285	265,217	370,105	739,113	725,530
Non-controlling interest	-	-	-	(173)	(173)
Profit attributable to the group	151,285	265,217	370,105	738,940	725,357
Other comprehensive income					
Movement for the period	9,772	38,373	17,598	56,837	(241,755)
Total recognised income	161,057	303,590	387,703	795,777	483,602
Basic and Diluted - Earnings per share					
- From continuing operations		Rs.	<u>2.70</u>	<u>4.00</u>	<u>3.87</u>
- From continuing and discontinued operations		Rs.	<u>2.70</u>	<u>5.39</u>	<u>5.29</u>
SEGMENTAL INFORMATION					
<i>Segment revenue:</i>					
Mauritius	923,996	1,004,702	2,806,812	2,935,898	3,704,925
Maldives	391,040	508,908	1,057,879	1,237,693	1,537,996
Reunion	216,033	211,791	758,546	725,206	946,957
Total revenue	1,531,069	<u>1,725,401</u>	4,623,237	<u>4,898,797</u>	<u>6,189,878</u>
<i>Segment results:</i>					
Mauritius	270,231	306,172	829,168	835,089	1,110,149
Maldives	140,220	227,806	282,117	449,463	406,514
Reunion	19,898	21,822	111,852	111,479	138,431
Normalised EBITDA	430,349	555,800	1,223,137	1,396,031	1,655,094

GROUP ABRIDGED STATEMENT OF FINANCIAL POSITION

	31st March 2020 Rs 000	31st March 2019 Rs 000	30th June 2019 Rs 000
ASSETS			
<i>Non current assets</i>	9,633,588	9,561,518	9,090,461
Property, plant & equipment	2,363,564	-	-
Rights of use assets	1,913,530	1,810,595	1,825,231
Intangible assets	82,212	-	82,212
Investment property	-	-	-
Deferred tax assets	208,575	170,016	201,491
14,201,469	11,542,129	11,199,395	
<i>Current assets</i>	1,344,938	1,396,725	1,093,970
TOTAL ASSETS	15,546,407	<u>12,938,854</u>	<u>12,293,365</u>
EQUITY AND LIABILITIES			
<i>Shareholders' interest</i>	6,394,743	6,528,946	6,007,040
Non-current liabilities	4,499,823	3,932,262	3,842,466
Finance lease liabilities in respect of right of use assets	2,215,214	-	-
<i>Current liabilities</i>	2,436,627	2,477,646	2,443,859
TOTAL EQUITY AND LIABILITIES	15,546,407	<u>12,938,854</u>	<u>12,293,365</u>
Net Assets per Share	Rs. 46.64	47.62	43.81

GROUP ABRIDGED STATEMENT OF CASH FLOWS

	31st March 2020 Rs 000	31st March 2019 Rs 000	30th June 2019 Rs 000
Net cash flows from operating activities	713,668	815,545	1,012,385
Net cash flows used in investing activities	(648,242)	(276,628)	(428,986)
Net cash flows used in financing activities	15,360	(394,595)	(605,040)
Net increase/(decrease) in cash & cash equivalents	80,786	144,322	(21,641)
<i>Cash and bank balance</i>			
At beginning of period	(120,640)	(98,999)	(98,999)
At end of period	(39,854)	45,323	(120,640)

GROUP ABRIDGED STATEMENT OF CHANGES IN EQUITY

	31st March 2020 Rs 000	31st March 2019 Rs 000	30th June 2019 Rs 000
At beginning of period	6,007,040	6,008,774	5,987,994
Other movement	-	-	(3,844)
Total recognised income	387,703	795,777	483,602
Dividend	-	(275,605)	(460,712)
At end of period	6,394,743	6,528,946	6,007,040

Background

Despite a solid performance of our Mauritius hotels in the first two months of January and February 2020, our revenue for the quarter ended 31st March 2020 decreased by 11% to Rs 1.5bn mainly attributable to the challenging operating conditions in all of our key markets due to travel disruptions.

We are living unprecedented times. COVID-19 has spread rapidly around the world and is having a significant impact on businesses and economies worldwide. As the Coronavirus intensified, Governments of all regions adopted measures to curb the spread of the disease, which resulted in the closure of airports.

The three destinations we operate, namely Mauritius, Maldives and Reunion Island have not been spared from COVID-19. They have been under national confinement and complete lockdown around mid March 2020. Since the second week of May, the lockdown has been significantly relaxed.

As from March 2020, all our hotels in the three destinations are closed. We are responding on every front and taking decisive action to the benefit of all our stakeholders. Our priority remains the health and safety of our guests and people, whilst protecting for the long term and positioning the business for recovery.

The arrivals to Mauritius and Maldives have been affected by the outbreak of the disease in January 2020. Tourist arrivals to Mauritius for the quarter ended 31st March 2020 amounted to 304k, down by 13% on the corresponding quarter last year. In Maldives, the number of visitors went down by 21% from 484k to 383k.

For the nine months ended 31st March 2020, tourist arrivals to Mauritius amounted to 1.1m a decrease of 6% on last year. Visitors in the Maldives for the same period decreased by 1% on last year to 1.2m.

Group Results

As mentioned above, our performance was affected by COVID-19 outbreak in all three destinations we operate. The average

occupancy for March across the Group was 40% compared to 76% a year ago. EBITDA for the quarter, on a like for like basis after adjusting for lease payments and closure cost of Merville beach hotel, was Rs 430m down by 23% on the corresponding quarter last year. Consequently, profit for the quarter declined by 43% to Rs 151m compared to 2019.

Turnover of the Group for the nine months to 31st March 2020 reached Rs 4.6bn, a drop of 6% on last year whilst EBITDA decreased by 12% to Rs 1.2bn from Rs 1.4bn in the previous year. Depreciation for the nine months increased by Rs 69m to Rs 402m representing depreciation on rights of use assets following the adoption of IFRS 16 as from 1st July 2019.

Likewise, finance charges on lease with respect to rights of use assets amounted to Rs 144m explaining the increase in finance charges from Rs 190m to Rs 320m. Profit attributable to the Group for the nine months under review decreased by 50% from Rs 738m to Rs 370m after accounting for a one-off gain of Rs 194m on deemed disposal of its subsidiary, The Lux Collective Ltd, in 2019.

Net Interest Bearing Debt at 31st March 2020 was Rs 4.4bn compared to Rs 4.1bn at the end of 30th June 2019. The figure at 31st March 2020 includes an amount of Rs 575m in respect of loans contracted for the renovation of LUX* Grand Baie hotel. The gearing of the Group at 31st March 2020 stood at 41.7% almost at par with that at 30th June 2019. Interest cover for the period (EBITDA divided by interest on bank loans and borrowings) was healthy at 7.

Project Development

The LUX* Grand Baie site was closed during lockdown. The professional teams and management have continued to work on design development through teleconferencing. Construction restarted on the 18th of May 2020 with a skeleton team from the main contractor, and we expect the new hotel to open in the third quarter of 2021.

Outlook

Due to the numerous uncertainties associated with COVID-19, we cannot presently estimate the financial impact of this unprecedented situation, which is highly dependent on the severity and duration of the pandemic and its consequences but expect that COVID-19 will continue to be material to the Company's results. Management is also currently undertaking an impairment assessment of the effect of the epidemic on the carrying values of the Group's assets.

As restrictions around travel and business are gradually relaxed, with the help of the Lux Collective Ltd, we are preparing to welcome back our guests and staff although we do not know at this point in time when our hotels will reopen. A large, and essential, part of that process is addressing their health and safety concerns on re-opening. However, the uncertainty surrounding the future of our national carrier is a source of concern.

We have taken substantial steps to preserve liquidity and mitigate the impact of no revenue since the lock down in March 2020. In addition to reducing our expenses drastically, we are working with the banks and the authorities to secure additional liquidity which will enable the Group to meet its financial commitments. We want to take this opportunity to thank our executives and management who have taken voluntary cuts to their salary.

We are confident that together with all stakeholders, we will be able to navigate through these difficult times successfully.

Dividend

Given the present economic uncertainty, the Board has decided not to declare a dividend for the financial year ending 30th June 2020.

By order of the Board,
IBL Management Ltd
Company Secretary
10th June 2020

Note to the above:

- The above Financial Highlights have been prepared in accordance with International Financial Reporting Standards (IFRSs).
- The Financial Highlights are issued pursuant to Listing Rule 12.20 and published according to the Securities Act 2005.
- The Financial Highlights have been prepared on the same basis of the accounting policies set out in the statutory Financial Statements of the Group for the year ended June 30, 2019, except for the adoption of relevant amendments to published Standards, Standards and Interpretations issued and effective for accounting period starting on July 1, 2019.
- 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, from the Company Secretary, 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.