



FINANCIAL YEAR 2022 QUARTER 3

SUN LIMITED

ANALYST MEETING

19 MAY 2022

Sun
Hotels | Properties | Services



01

Q3 FY22 Financial Highlights

- CEO Review of Operations
- Financial Review

02

Future Outlook

03

Q & A



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Q3 FY22 |
FINANCIAL HIGHLIGHTS



CEO REVIEW OF OPERATIONS

□ Q3 OVERVIEW

- Arrivals on the island were **45%** of the 2019 level
- SUN arrivals achieved **77%** of 2019
- SUN achieved **12%** market share (fair market share being 7.6%) against **7%** same quarter 2019, with good performances from FR, UK, GER, South Africa and Eastern EU
- Air seat capacity was **49%** of 2019
- Average length of stay was **+17%** on 2019 for the destination
- Since the reopening of the Mauritian borders in **October 2021**, the industry continued its recovery with our traditional markets showing positive booking trends
- Due to the emergence of the Omicron variant early **December 2021**, this quarter was affected by sanitary restrictions prevailing in some of our key markets
- Several markets stay closed like South Africa (up to mid-Jan 22), Reunion, India, Saudi Arabia and Far East

☐ Indian Ocean – OCT 21 TO APR 22

TOURIST ARRIVAL STATS - MAURITIUS								
PERIOD	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	TOTAL
21-22	54,428	65,758	49,628	39,734	52,402	65,872	84,177	411,999
18-19	131,272	121,600	145,410	113,660	107,145	107,959	108,265	835,311
%	41%	54%	34%	35%	49%	61%	78%	49%

TOURIST ARRIVAL STATS - SEYCHELLES								
PERIOD	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	TOTAL
21-22	27,140	24,411	24,472	21,566	27,404	28,685	32,500	186,178
18-19	33,725	31,042	36,216	29,463	36,807	35,244	37,103	239,600
%	80%	79%	68%	73%	74%	81%	88%	78%

TOURIST ARRIVAL STATS - MALDIVES								
PERIOD	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	TOTAL
21-22	142,066	144,725	164,284	131,764	149,008	150,739	145,279	1,027,865
18-19	127,393	125,604	150,818	151,552	168,583	162,843	163,114	1,049,907
%	112%	115%	109%	87%	88%	93%	89%	98%

TOURIST ARRIVAL STATS - SRI LANKA								
PERIOD	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	TOTAL
21-22	22,771	44,294	89,506	82,327	96,507	106,500	62,980	504,885
18-19	153,123	195,582	253,169	244,239	252,033	244,328	166,975	1,509,449
%	15%	23%	35%	34%	38%	44%	38%	33%

FINANCIAL REVIEW

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Revenue

Rs 1,511m

↓ Rs 101m vs FY19

EBITDA*

Rs 400m

↓ Rs 17m vs FY19

PAT**

Rs 124m

↓ Rs 15m vs FY19

EBITDA* Margin

26.5%

↑ 0.6% vs FY19

Operating Profit Margin

19.0%

↑ 4.5% vs FY19

PAT** Margin

8.2%

↑ 2.0% vs FY19

*EBITDA before exceptional items

**Profit from continuing operations

- ❑ Lower occupancy in Q3 FY22 vs FY 19 by **13.4%**
- ❑ **14.4%** ADR increase vs Q3 FY19 to **Rs 12,274**
- ❑ Room nights sold for Q3 FY22: **85%** of FY19
- ❑ Negative flow-through was limited to **18%** mainly due to lower employee costs
- ❑ Inflationary pressures continue to impact food and beverage costs
- ❑ Higher repairs and maintenance also had a direct impact on EBITDA

KPIs	Q3 FY22	Q3 FY19	vs SQLY
Room nights	74,659	87,460	↓ 12,801
Occupancy	60.4%	69.7%	↓ 9.3% pts
ADR (Rs)	12,274	10,729	↑ 1,545

In Rs million	Q3 FY22	Q3 FY19	vs SQLY
Direct costs	276	279	↓ 3
Employee benefits	446	514	↓ 68
Other expenses	389	402	↓ 13
Operating expenses	1,111	1,195	↓ 84

DROP IN NET DEBT BY Rs 1.5bn TO FINISH AT Rs 5.6bn AT 31 MARCH 2022

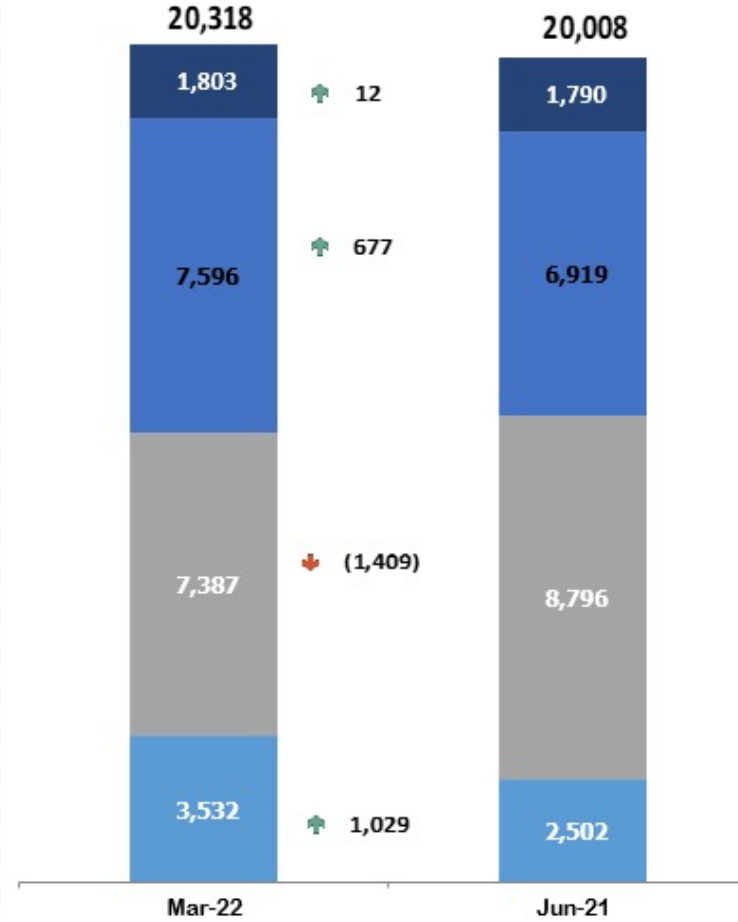
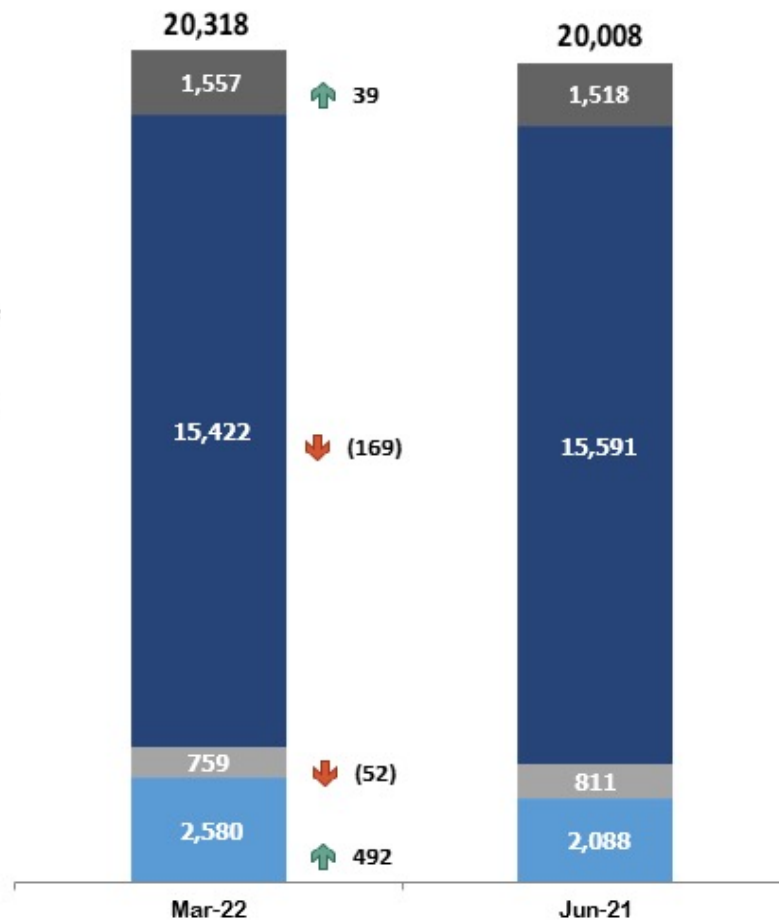
In Rs'm

Assets

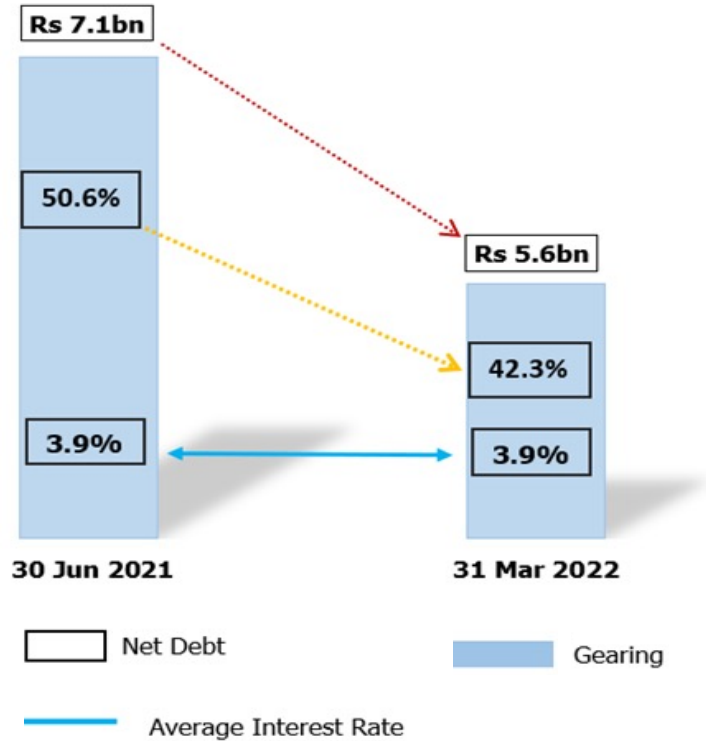
Equity and Liabilities

- Rights of use assets
- Property, plant and equipment and Intangible assets
- Other non-current assets
- Current assets

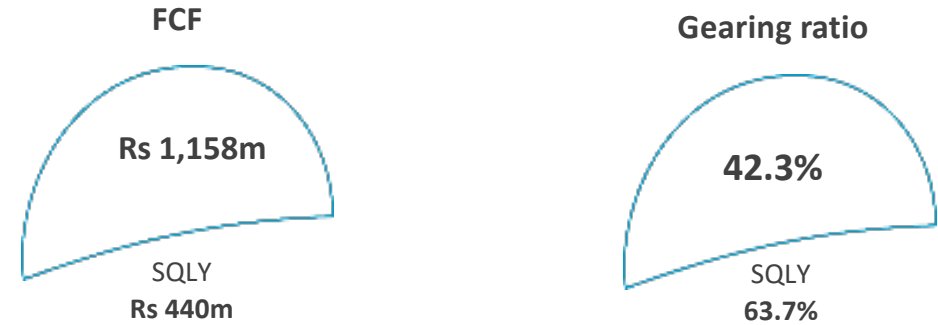
- Lease liabilities
- Equity
- Borrowings excluding lease liabilities
- Non-interest bearing liabilities



Net Debt at Rs 5.6bn, -21% from Jun21



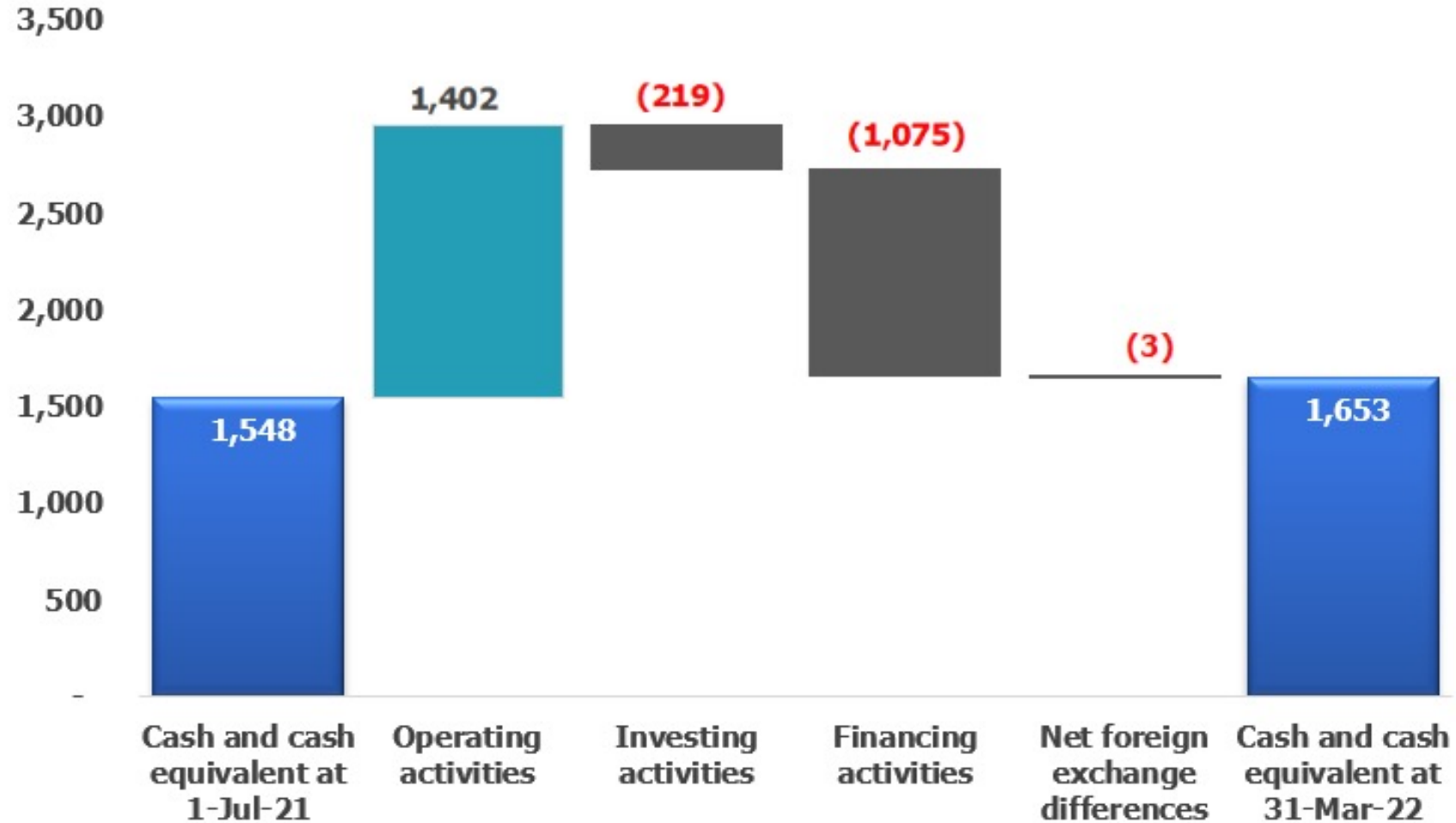
Gearing at 42.3% (SQLY 63.7%)



Headroom cash: Rs 2.0bn

- At 31 March 2022, the Group had a cash balance of **Rs 1.6bn** which will be used primarily to bring down our borrowing costs through either early repayment of existing loans with high interest rates or renegotiation of better terms

OPERATING CASH FLOWS TO REPAY DEBTS AND FINANCE CAPEX





STRATEGIC OBJECTIVES

Nurture our Talents

- Progress towards a **‘Future fit’** organisation with a focus on employee journey/ employee experience
- Position SUN as an **Inspiring & Modern Employer**
- **Rekindle SUN’s Service Culture** through our new Vision, Purpose and Values (VPVs)
- **Attract, develop and retain talents** while also considering recruitment of foreign labour

Rebranding | Project Brilliant | Brand Led Transformation (VPV’s)

Digital Transformation Roadmap + Data

Property Development:

- Residences | Long Beach | IAC Project (Master plan | Ecolodge) | Le Touessrok
- Launch of La Pirogue Residences project in June 22

Sustainability

Sales & Marketing:

- B2C
- Market diversification / low season
- Meaningful holidays
- Drive ADR
- Turnaround less performing assets (Long Beach | Ambre | IAC)

Operational Excellence

- Customer satisfaction / reinforce service excellence and customer focus culture
- Guest experiences
- Productivity / efficiency | cost management
- Innovation

❑ CHALLENGES:

- Cost inflation
- Air seats capacity rebuilding and air ticket prices
- Lack of skilled staff → threat on quality of service
- Increased CAPEX after 18 months of inactivity and low spend (Four Seasons and Shangri-La product enhancement plans)
- Forex instability



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FUTURE OUTLOOK

☐ At: 1 May 2022

MONTH	Forward Booking (%) per AHRIM survey			
	at -90 days	at -60 days	at -30 days	Final Occupancy (%)
April 2022				67%
May 2022			57%	
June 2022		36%		
July 2022	32%			
Source: AHRIM membership				
Same month 2019	42%	46%	62%	72%
<i>Var</i>	-24%	-22%	-8%	-7%

❑ Quarter 4

- The Russia/Ukraine conflict which started in February 2022, has resulted in:
 - significant inflationary pressure on operating costs which will directly impact our gross margins; and
 - will most probably lead to an increase in air ticket prices to our destination
- April 22 achieved good occupancy with the Easter period. May should be good but June is challenging.
- Q4 occupancy is forecasted at 59% versus 67% same quarter 2019 but with higher revenues and EBITDA than FY19

❑ Future Outlook

- We expect rebuilding of air seat capacity to reach 80-85% of 2019 level by Oct/Nov 22
- Calendar year 2023 should be back to pre-Covid level in terms of business activity
- Expecting Government to relax sanitary protocol, to be aligned with feeder markets and competing destinations
- Pent-up demand will continue in 2022
- Many destinations will reopen in 2022



QUESTIONS & ANSWERS

Certain statements and information included in this presentation constitute "forward looking statements".

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Group to be materially different from any future results, performance, or achievements expressed or implied in such forward-looking statements.

THANK YOU

A tropical beach scene with palm trees, lounge chairs, and a mountain in the background, overlaid with a blue tint and the text 'THANK YOU'. The image shows a wide, sandy beach on the left, transitioning into clear, shallow water on the right. In the background, there are several palm trees and a prominent mountain peak. The entire scene is bathed in a monochromatic blue light. The text 'THANK YOU' is written in a bold, white, sans-serif font in the upper right quadrant, with a short white horizontal line above it.