



Embracing
kindness
for growth

03 Financial Review

CHIEF FINANCE OFFICER'S REPORT

HIGHLIGHTS

I am pleased to share my report for the year ended 30 June 2024 ("FY24").

The financial year has been eventful with the proposed corporate restructuring that was approved by shareholders on 19 August 2024 and the scheme sanctioned by the court on 13 September 2024 resulting in two distinct listed companies on the official list of the Stock Exchange of Mauritius, namely Sun Limited ("SUN") and Riveo Limited ("Riveo"). Riveo will hold investment in Anahita Hotel Limited (Four Seasons Resort Mauritius at Anahita), SRL Touessrok Hotel Ltd (Shangri-La Le Touessrok, Mauritius) and Loisirs des Iles Ltée (Ile aux Cerfs).

For the purpose of the statutory financial statements, Riveo has been disclosed as discontinued operations.

The hospitality industry maintained a positive progression in tourist arrivals in this financial year, with an estimated 9% increase over the previous year. Arrivals for FY24 were 1.3 million versus 1.2 million for FY23 and were mainly from our traditional markets which accounted for 63% of tourist arrivals for the year.

All our resorts were operational except for Shangri-La Le Touessrok which was closed for renovation in June 2024. The Group reported revenues of Rs 8.8 billion for FY24, a growth of 7.8% vs FY23 with RevPAR up by 10.5% on FY23 mainly driven by a 11.7% increase in ADR while occupancy was only 1.1% point below last year at 73.2%.

We were faced with challenges relating to operating costs as high inflation prevailed throughout the year and adversely impacted key cost items such as transport (+25.3%), food (+12.3%), beverages (+7.6%), diesel (+12.9%) and electricity (+14.2%). Furthermore, the 42% increase in the minimum salary coupled by the mandatory inflation increase ("COLA") imposed by the Government as from 1 January 2024 also prompted a wage relativity adjustment for our employees, resulting in a 15% increase in payroll costs.

Despite the unforeseen payroll increases, inflationary pressures and the closure of Shangri-La Le Touessrok in June 2024, the Group EBITDA grew by 6.7% to Rs 2.6 billion representing a margin of 29.8% (FY23: 30.1%).

During the year, we successfully managed to renegotiate a long-term rental agreement for Ambre Resort with Mauritius Investment Corporation Ltd ("MIC"), following its acquisition of Apavou shareholding in the property company. The change in the majority shareholding of the property company enabled SUN to resume equity accounting of the associate, thus recognising one-offs gains with respect to the share of profits and reversal of previous impairments of Rs 371 million.

The Group achieved a record profit for the year of Rs 2.0 billion compared to Rs 1.5 billion in FY23. Excluding the one-offs gains, the normalised profit after tax of Rs 1.7 billion represents a 9.3% increase over the previous financial year.

The net worth per share for the Group increased by 11% to Rs 75.24 at 30 June 2024 compared to last year, representing a discount of 38.9% to its share price at that date.

Net debt at 30 June 2024 amounted to Rs 2.6 billion, a decrease of 23.6% versus last year due to net loan/bond repayments during the year totalling Rs 1.3 billion. The gearing ratio has therefore decreased to a historic low of 16.7% (FY23: 22.6%). The cash balance of Rs 1.5 billion remained comfortable at 30 June 2024 compared to Rs 1.8 billion last year. Free cash flow stood at Rs 1.9 billion and included maintenance and project capital expenditure of Rs 698 million. On this basis, the Group was able to distribute a dividend of Rs 2.50 per share (total dividend of Rs 436 million) during this financial year.

Our priorities and initiatives for 2025 will be guided by our corporate restructuring where SUN Group will focus on activities associated with owner-managed Sun*life* resorts. Our primary goal is to build on our successes by fostering sustainable growth and enhancing shareholder value. We will focus on strategic investments in our properties to optimise performance and yield. Additionally, we are committed to elevating the guest experience through continuous improvements in service quality and innovation, ensuring exceptional satisfaction and loyalty.

OUR PERFORMANCE

Financial Highlights and Key KPIs

CONTINUING OPERATIONS

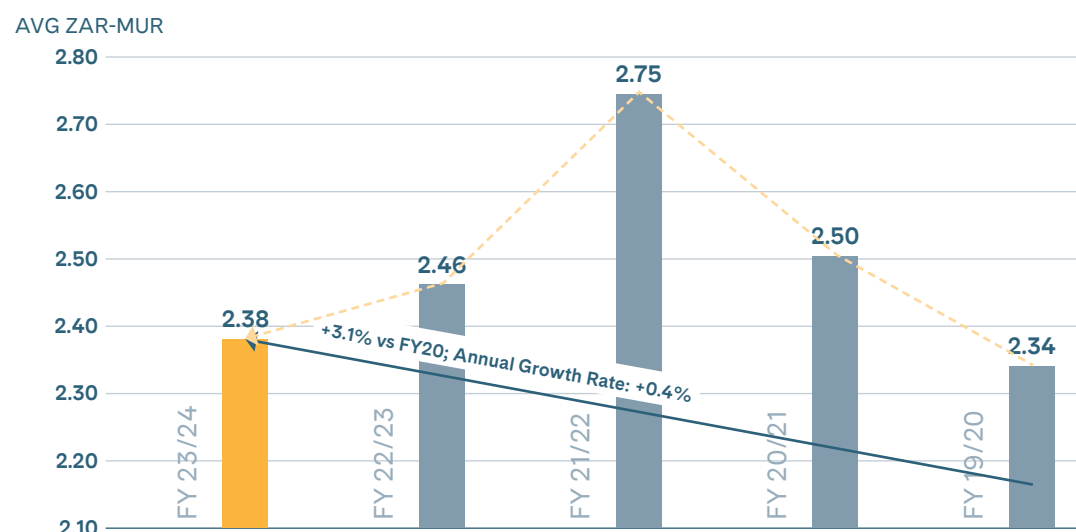
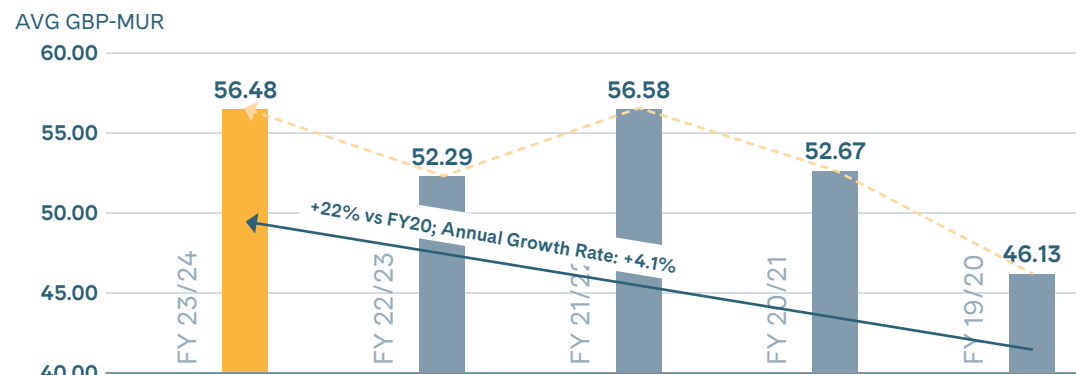
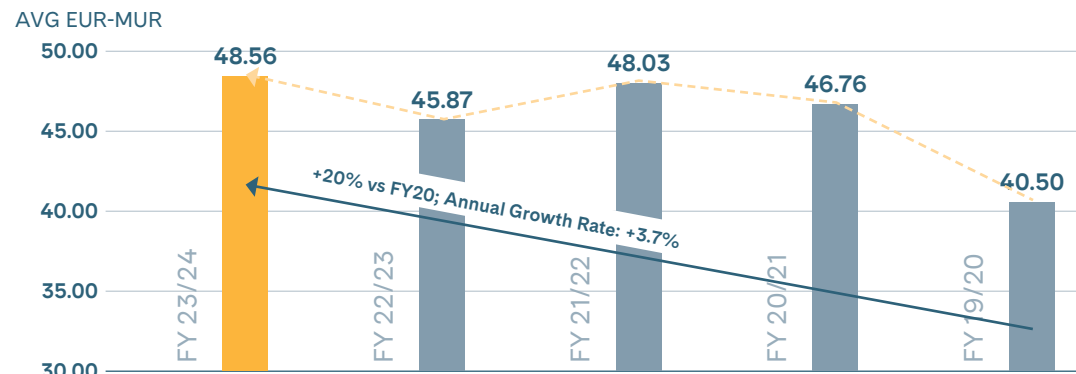
REVENUE Rs 5,414m vs FY23 Rs 568m ▲	EBITDA Rs 1,811m vs FY23 Rs 278m ▲	PAT Rs 1,675m vs FY23 Rs 641m ▲
OCCUPANCY 79.4% vs FY23 0.3% ▲	ADR Rs 10,929 vs FY23 17.9% ▲	REVPAR Rs 8,677 vs FY23 18.3% ▲

DISCONTINUED OPERATIONS

REVENUE Rs 3,447m vs FY23 Rs 28m ▲	EBITDA Rs 801m vs FY23 Rs 113m ▼	PAT Rs 357m vs FY23 Rs 128m ▼
OCCUPANCY 54.3% vs FY23 7.8% ▼	ADR Rs 33,887 vs FY23 9.7% ▲	REVPAR Rs 18,107 vs FY23 1.7% ▲

CHIEF FINANCE OFFICER'S REPORT

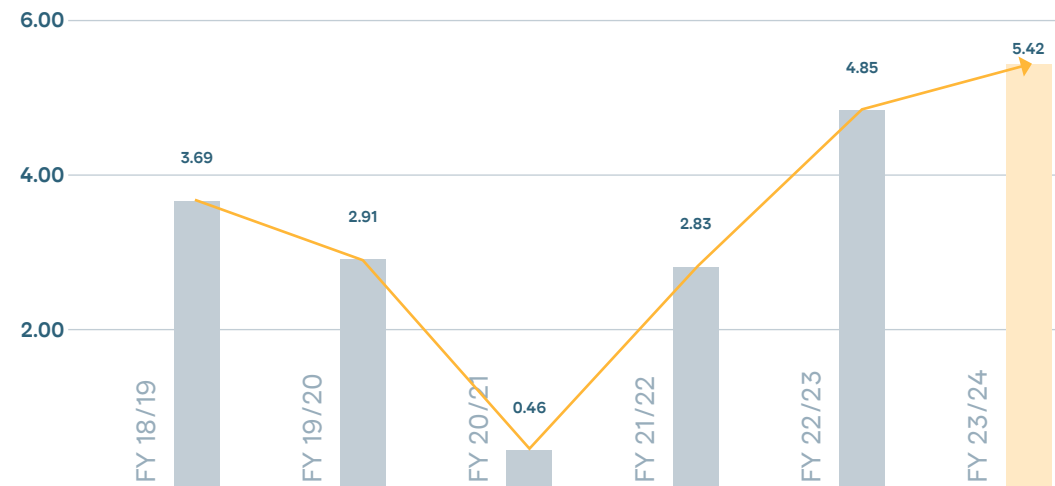
EVOLUTION OF FOREIGN EXCHANGE RATES



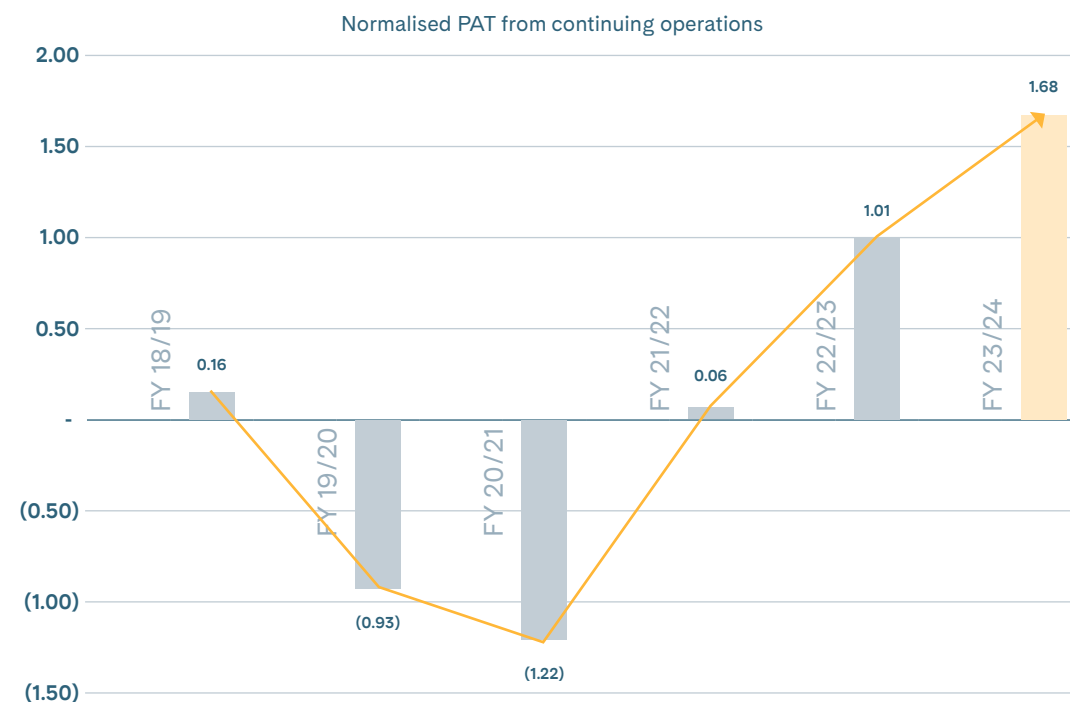
Increase in ADR has been driven by the strengthening of EUR and GBP.

REVENUE AND PAT TRENDS (CONTINUING OPERATIONS)

REVENUE FROM CONTINUING OPERATIONS (Rs'bn)



PROFIT AFTER TAX FROM CONTINUING OPERATIONS (Rs'bn)

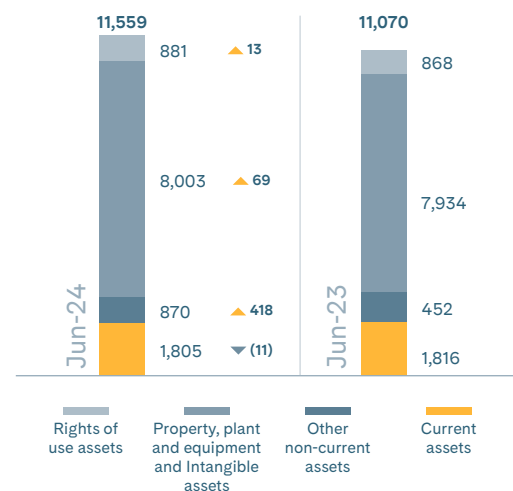


The above charts show the historical movement of revenue and profit after tax (excluding exceptional items).

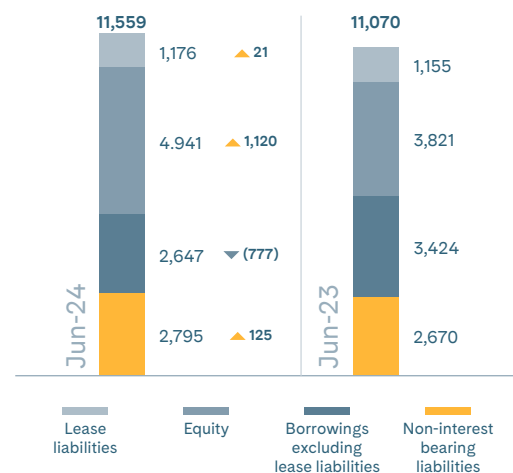
CHIEF FINANCE OFFICER'S REPORT

ASSETS AND LIABILITIES (CONTINUING OPERATIONS)

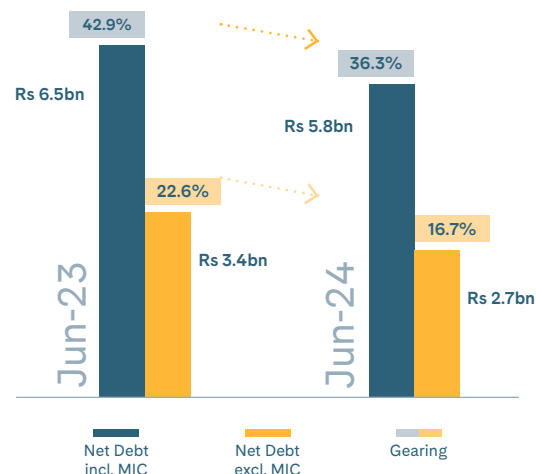
TOTAL ASSETS (Rs'm)



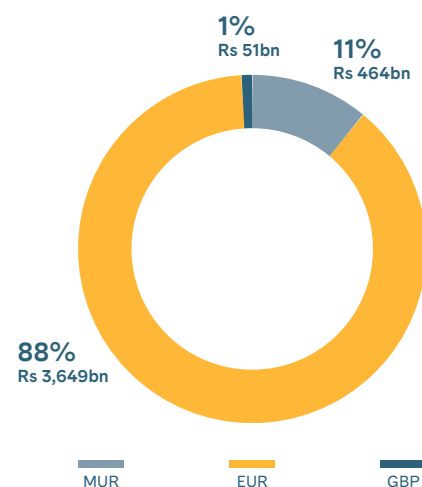
TOTAL LIABILITIES (Rs'm)



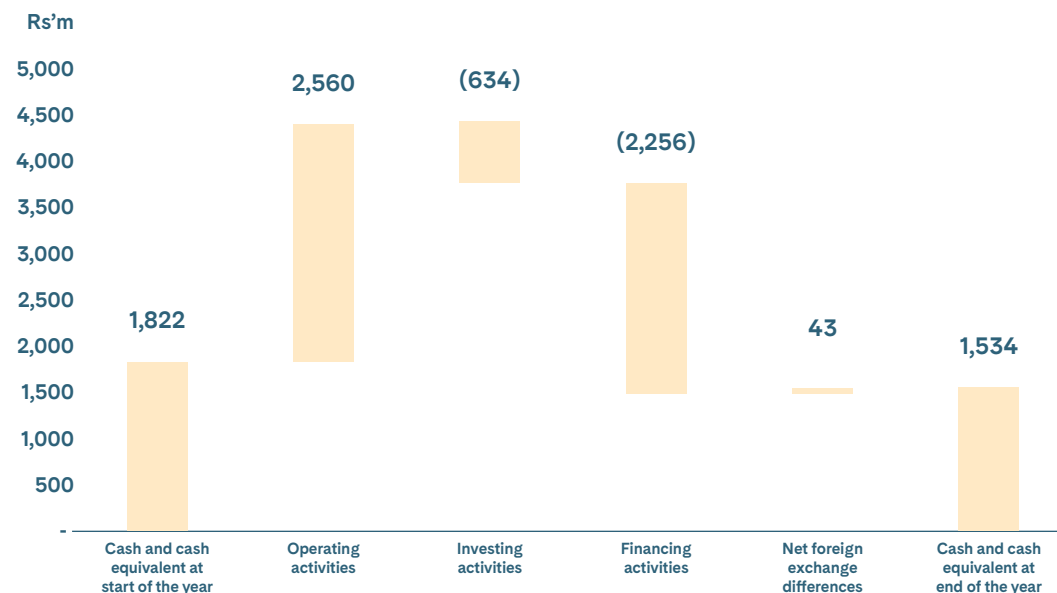
GEARING FROM CONTINUING OPERATIONS



CURRENCY PROFILE AT 30 JUNE 2024



CASH FLOWS



- Operating activities include non-cash items such as depreciation and amortisation of Rs 551 million, net finance costs of Rs 184 million and unrealised exchange differences of Rs 248 million, offset by share of results of associate of Rs 265 million and reversal of previous impairments of investments in associate of Rs 107 million
- Net cash used in investing activities include mainly capital expenditure of property, plant and equipment and intangible assets of Rs 698 million
- Net cash used in financial activities includes net repayment of borrowings of Rs 1.5 billion, interest payment of Rs 551 million, lease payment of Rs 141 million and dividend payment of Rs 349 million, offset by proceeds from borrowings of Rs 241 million

Renovation update

- Ambre rooms refurbishment completed
- Shangri-La Le Touessrok renovation started in June 2024 and will finish in October 2024
- Long Beach: Le Marché Restaurant improvement and new water network in progress
- Washright: New energy-efficient boiler with increased capacity

CHIEF FINANCE OFFICER'S REPORT

Three -Year Financial Highlights

Consolidated Statement of Financial Position

	2024	2023*	2022*
	Rs'000	Rs'000	Rs'000
Assets			
Non-current assets	9,754,011	9,252,458	8,736,596
Current assets	1,805,225	1,816,888	1,538,003
Assets held for distribution	12,021,290	12,165,891	11,734,761
Total assets	23,580,526	23,235,237	22,009,360
Equity			
Equity attributable to owners of the Company	12,171,339	10,843,998	8,995,576
Non-controlling interests	948,488	926,097	844,748
Total equity	13,119,827	11,770,095	9,840,324
Loans and other borrowings	2,646,748	2,812,729	4,890,243
Lease liabilities	1,175,655	1,133,264	1,181,497
Interest bearing liabilities	3,822,403	3,945,993	6,071,740
Interest-free liabilities	2,795,353	3,302,531	1,922,347
Liabilities directly associated with the assets held for distribution	3,842,943	4,216,618	4,174,949
Total Equity and Liabilities	23,850,526	23,235,237	22,009,360
Net debt	1,518,364	2,182,565	4,830,247

*comparatives amended for a like for like comparison

Consolidated Capital Employed

	2024	2023	2022
Shareholders' equity	83.15%	77.72%	61.32%
Non-controlling interests	6.48%	6.64%	5.76%
Net debt	10.37%	15.64%	32.92%
Total capital employed	100.00%	100.00%	100.00%

Consolidated Statement of Profit or Loss

	2024	2023*	2022*
	Rs'000	Rs'000	Rs'000
Continuing operations:			
Total revenue	5,414,267	4,846,061	2,822,628
Earnings before interest, tax, depreciation and amortisation and impairment (charges)/reversals	1,811,016	1,533,435	690,506
Impairment (charges)/reversals of financial and non-financial assets	(2,820)	7,303	7,482
Earnings before interest, tax, depreciation and amortisation	1,808,196	1,540,738	697,988
Depreciation and amortisation	(270,988)	(270,235)	(323,029)
Operating profit	1,537,208	1,270,503	374,959
Net finance costs	(85,351)	(98,617)	(280,153)
Share of result of joint venture	34,784	24,700	19,515
Share of results of associate	264,867	-	-
Impairment reversals of investment in associate	107,044	-	-
Profit before tax	1,858,552	1,196,586	114,321
Income tax charge	(183,359)	(162,884)	(25,759)
Profit after tax from continuing operations	1,675,193	1,033,702	88,562
Profit after tax from discontinued operation	356,918	484,838	111,518
Non-controlling interests	(36,942)	(51,045)	(14,376)
Profit attributable to owners of the Company	1,995,169	1,467,495	185,704

*comparatives amended for a like for like comparison

CHIEF FINANCE OFFICER'S REPORT

Three -Year Financial Highlights (Cont'd)

Ratios and Statistics

		2024	2023*	2022*
		Rs'000	Rs'000	Rs'000
Share Performance				
Continuing Operations				
Ordinary shares				
- In issue	000's	194,545	194,545	194,545
- Weighted average	000's	174,364	174,364	174,427
Earnings per share	Rupees	9.40	5.64	0.43
Dividend declared per ordinary share	Rupees	2.50	2.00	-
Dividend cover (in respect of year)	times	4.58	4.21	-
Net Asset Value per Share		75.24	67.50	56.42
Profitability and Asset Management				
Continuing operations - Sunlife				
EBITDA margin	%	33.45%	31.64%	24.46%
Return on equity	%	29.75%	33.88%	3.88%
Return on capital employed	%	24.71%	19.26%	5.17%
EBITDA yield	%	15.67%	13.85%	6.72%
Net debt to EBITDA	times	0.84	1.42	7.00
Gearing ratio	%	23.50%	36.36%	67.93%
Discontinued operations - Riveo				
EBITDA margin	%	23.25%	26.75%	22.28%
Return on equity	%	4.43%	6.25%	1.69%
Return on capital employed	%	5.64%	7.19%	3.12%
EBITDA yield	%	6.67%	7.51%	4.45%
Net debt to EBITDA	times	1.38	1.38	2.93
Gearing ratio	%	11.89%	13.66%	16.81%
Employees		3,240	3,056	3,034
Stock-Exchange Performance				
Stock price				
- At 30 June	Rupees	46.00	30.00	25.75
- Highest	Rupees	48.00	34.20	32.25
- Lowest	Rupees	29.80	19.50	15.30
Other				
Resorts Keys at year end		1,363	1,363	1,373
Rooms night sold	000's	365	370	241

Definitions

Earnings per Share

Earnings per share is profit attributable to owners of the Company divided by the weighted average number of shares in issue during the period.

Dividend Cover

Dividend cover is profit attributable to owners of the Company divided by ordinary dividends.

Gearing

Interest-bearing loans and borrowings, net of cash and cash equivalents and accrued interest expressed as a percentage of capital employed including all capital, reserves and the net debt of the Group.

Net Asset Value per Share

Net Asset Value per share is equity divided by the total number of shares in issue at reporting date.

EBITDA Margin

EBITDA margin is earnings before interest, tax, depreciation and amortisation expressed as a percentage of total revenue.

Capital Employed

Capital employed includes all capital, reserves and net debt.

Net Debt

Net debt is defined as total borrowings, excluding lease liabilities and accrued interest, net of cash and short-term deposits.

Return on Capital Employed

This is the ratio of normalised earnings before interest and tax to average capital employed.

Return on Equity

Profit for the year expressed as a percentage of average equity.