



Surpassing the ordinary, aiming high, enhancing guest wonder, as days drift by.

Chief Finance Officer's Report

Highlights

I am pleased to share my CFO's report for the financial year ended 30 June 2023.

The hospitality industry continued to experience positive progression in tourist arrivals in this financial year, with recovery reaching 88% of the pre-covid period (FY23: 1.2 million versus FY19: 1.4 million). The Group has successfully managed to increase its market share and posted good results for this financial year 2023.

Group's revenues amounted to Rs 8.1 billion for FY23, a growth of 57.4% vs FY22 and 30.9% vs FY19. All resorts were operational and generating satisfactory results during the year with the increase in occupancy (+53.8% vs FY22; +2.2% vs FY19) coupled by higher RevPAR (+72.4% vs FY22; +45.4% vs FY19).

Inflation negatively impacted our results as compared to last year, principally from Food (+13.4%), Beverages (+7.9%), Logistics (+8.0%), Diesel (+27.2%) and Electricity (+17.1%).

The Group posted a profit after tax of Rs 1.5 billion, more than seven times increase when compared to the pre-covid period.

The net worth per share for the Group increased by 21% to Rs 62.19 at 30 June 2023 compared to last year, representing twice the share price at that date. Return on equity has exponentially increased to 14.05% at 30 June 2023 (FY22: 2.39%) due to our excellent performance this year.

Cash balance remains healthy at Rs 1.8 billion at 30 June 2023. Net debt at 30 June 2023 was Rs 3.4 billion, a decrease of 34.5% vs last year due to bond/loans repayment (Rs 2.7 billion) and offsetting of new loans (Rs 0.9 billion). Free cash flow stood at Rs 2.2 billion and included maintenance and project capital expenditure of Rs 372 million. On this basis, the Group has been able to distribute a dividend of Rs 2.00 per share during this financial year. The gearing ratio has gone down to a historical 22.7% at 30 June 2023 (FY22: 34.8%).

Our objective is now to keep the momentum going by driving sustainable growth and increase shareholder value through upgrading and developing our properties for improved yields. We will further continue to elevate our guest experiences and satisfaction through continuous improvements in service quality as well as customer retention.

Our Performance

Financial Highlights

REVENUE	EBITDA ²	PAT ²
Rs 8,133m	Rs 2,448m	Rs 1,519m
↑ Rs 2,967m vs FY22 ¹	↑ Rs 1,236m vs FY22 ¹	↑ Rs 1,319m vs FY22 ¹
↑ Rs 1,917m vs FY19	↑ Rs 993m vs FY19	↑ Rs 1,347m vs FY19

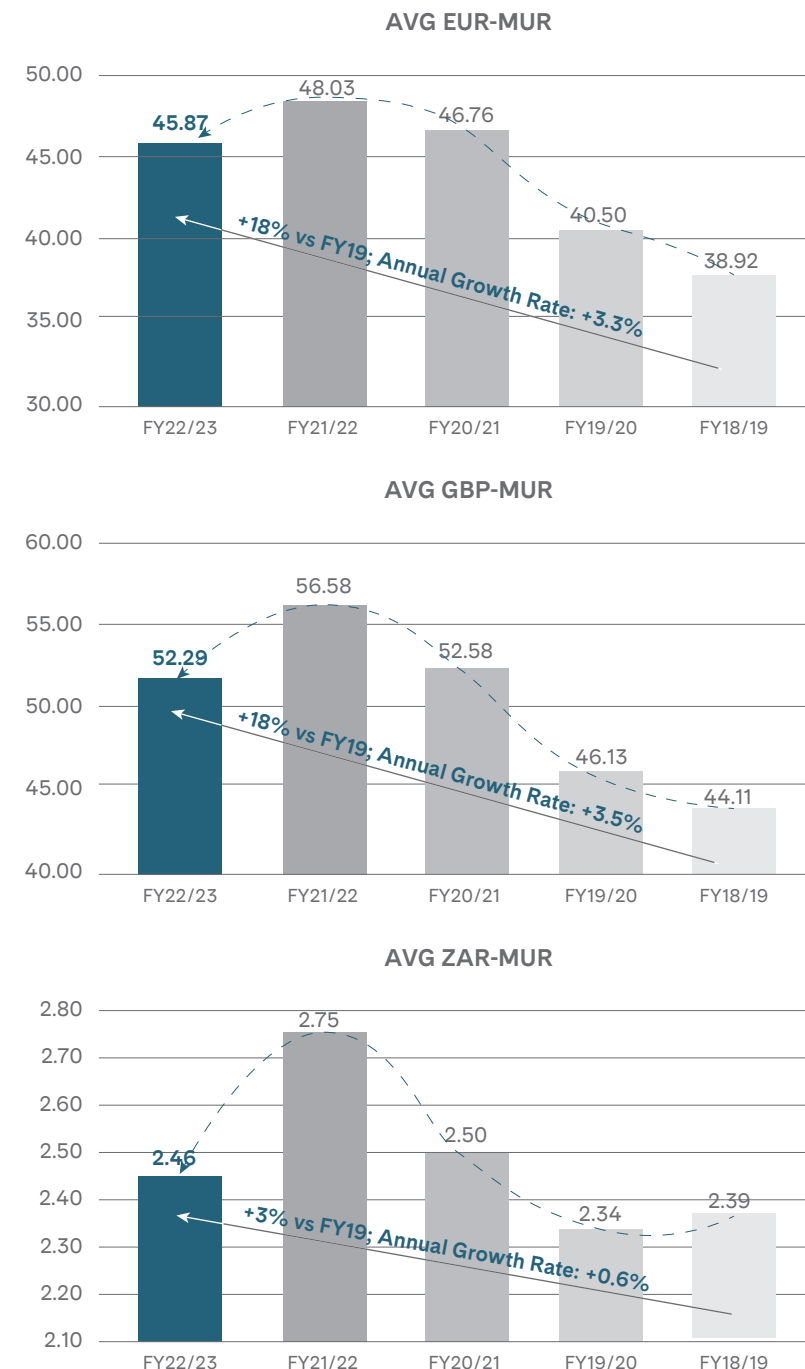
Key KPIs

OCCUPANCY	ADR	TREVPAR
74.0%	Rs 13,359	Rs 15,206
↑ 53.8% vs FY22 ¹	↑ 12.0% vs FY22 ¹	↑ 69.5% vs FY22 ¹
↑ 2.2% vs FY19	↑ 42.3% vs FY19	↑ 36.6% vs FY19

¹ Operations were closed in the first quarter of FY22

² Results from continuing operations and exclude operations of Kanuhura in FY19

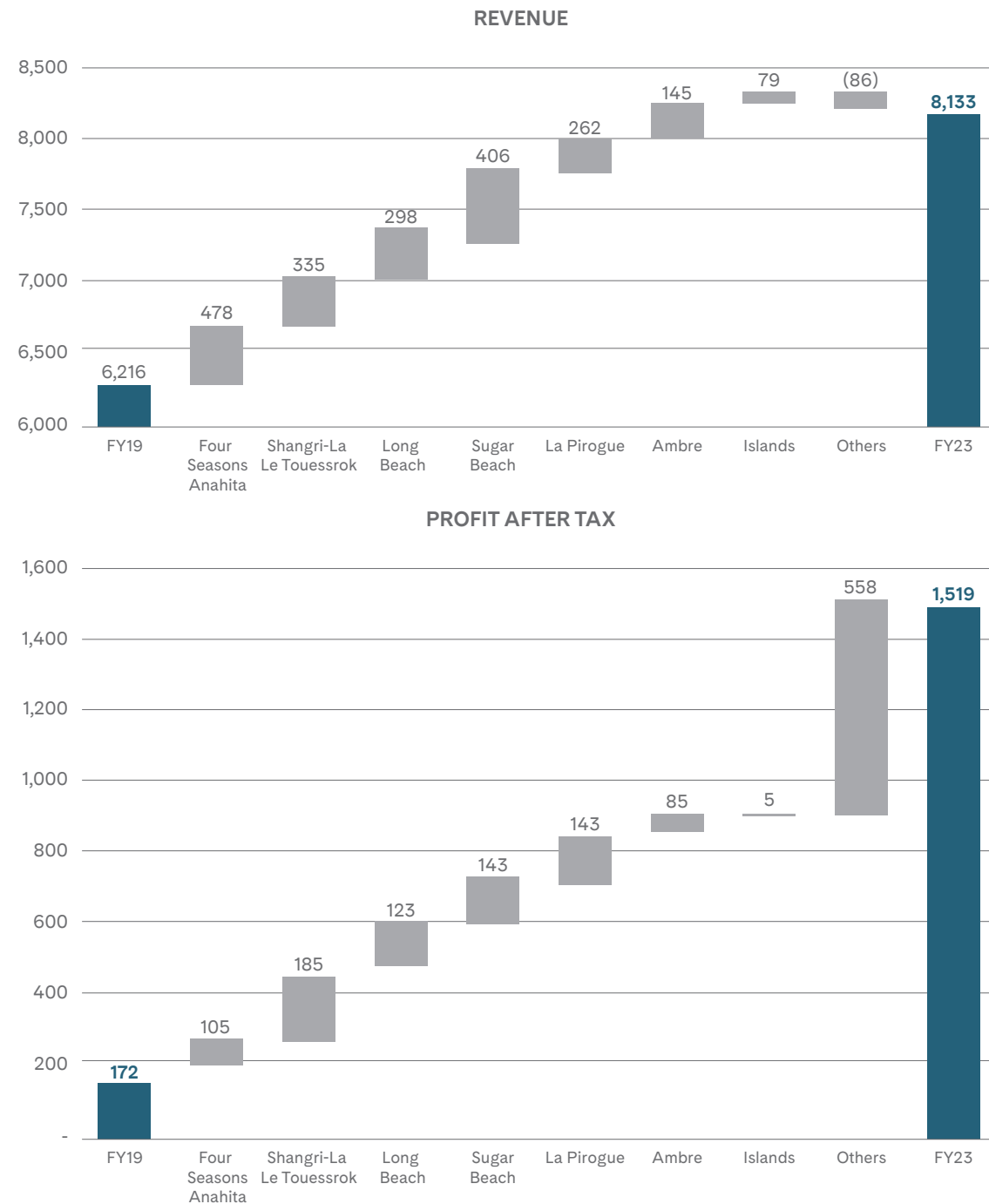
Evolution of foreign exchange rates



Despite the unfavourable movement in the EUR and GBP rates versus FY22, the Group had an improvement in ADR by 12%.

Chief Finance Officer's Report

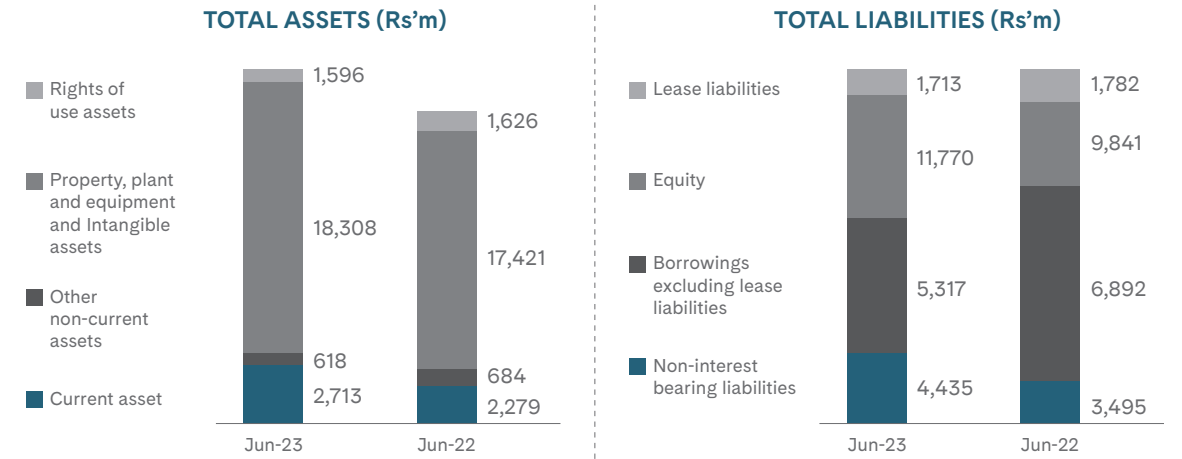
Revenue and PAT per Business Units



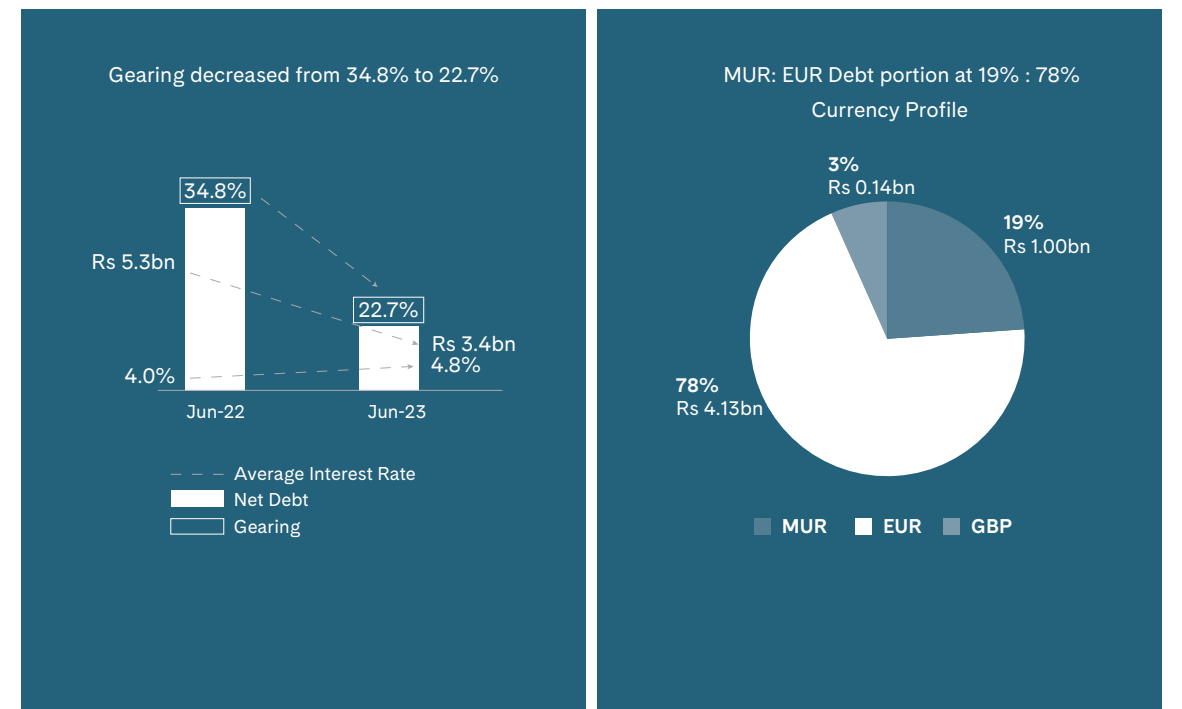
The above chart explains the movement of revenue and profit after tax per significant business unit. In the PAT chart, "others" include foreign exchange gains of Rs 241 million in FY23 and lower interest on loans and bonds by Rs 176 million vs FY 19.

Note: FY23 results have been compared to FY19 (pre-covid period). Comparison to FY22 would not have been appropriate as the resorts were closed during the first quarter of FY22.

Assets and Liabilities



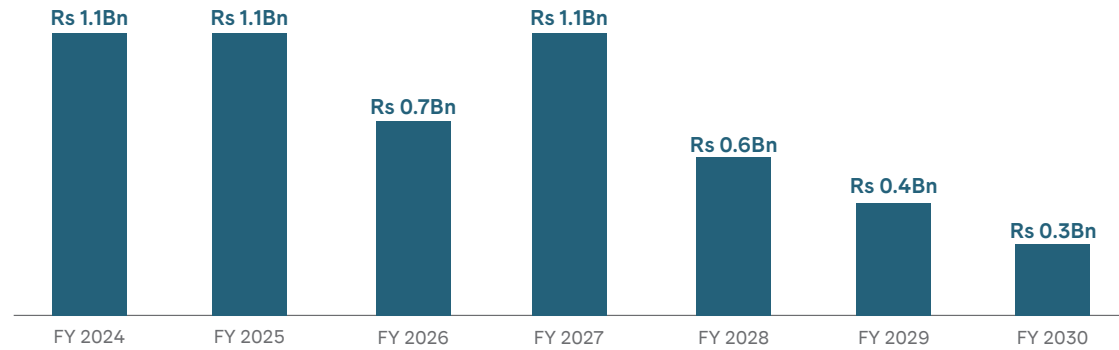
Net debt



Chief Finance Officer's Report

SCHEDULED AMORTISATION AND MATURITIES

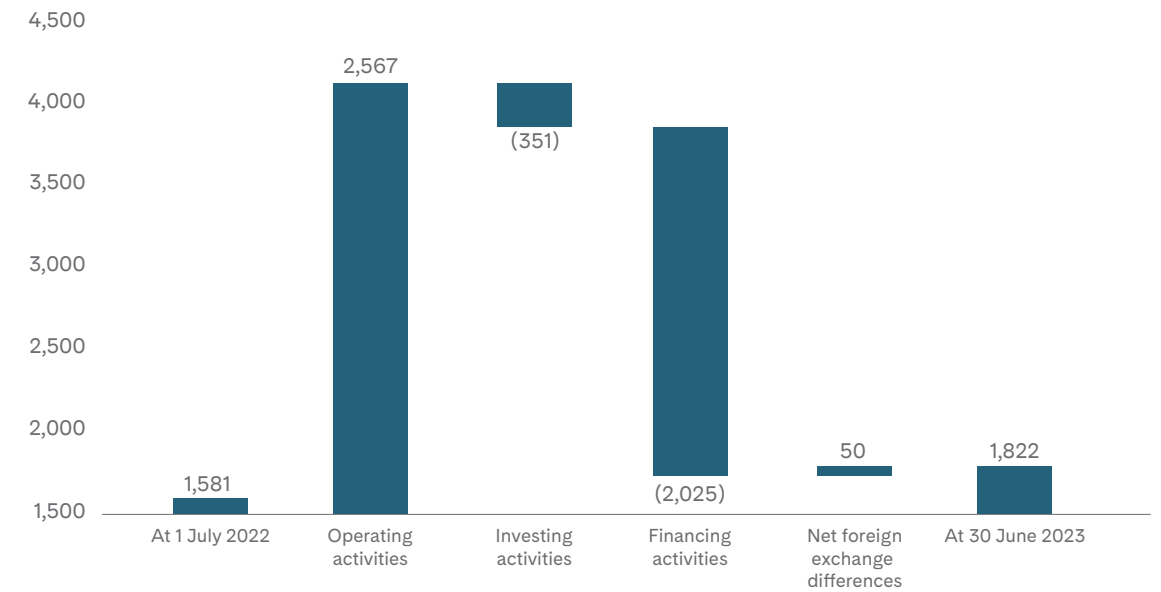
Weighted average term: 3.29 years



- Increase in property, plant and equipment and intangible assets were mainly explained by revaluation gains on freehold land and buildings by Rs 971 million, additions of Rs 372 million and offset by depreciation charges of Rs 527 million

- Financing:
 - Early repayment repaid in full the high interest-bearing debts in March and May 2023, respectively, and refinanced with lower interest-bearing debts
 - Successfully repaid our bonds ahead of repayment date - EURO denominated bonds (in October 2022 and January 2023) and MUR denominated bonds (in May 2023 instead of November 2023)
 - Increase in EUR bearing debt at lower interest rate
 - Renegotiate and fix interest rate on existing variable bearing debts
 - Rescheduling some existing debts to match with the updated 5 Year plan strategy

Cash flows



- Operating activities include non-cash items such as depreciation and amortisation of Rs 527 million, net finance costs of Rs 175 million and unrealized exchange differences of Rs 173 million
- Net cash used in investing activities includes mainly capital expenditure of property, plant and equipment and intangible assets of Rs 372 million
- Net cash used in financial activities includes net repayment of borrowings of Rs 1.8 billion, interest payment of Rs 310 million, lease payment of Rs 195 million and offset by net proceeds from MIC bonds of Rs 275 million

Renovation update

- Renovation of Kids Club at Sugar Beach
- Renovation and extension of Buddha Bar restaurant at Sugar Beach
- Conversion of standard Manor House rooms to family rooms at Sugar Beach
- Upgrade of Long Beach Tides Beach Restaurant and rooms renovation
- Ambre rooms renovation

Chief Finance Officer's Report

Five -Year Financial Highlights

Consolidated Statement of Financial Position

	THE GROUP				
	2023 Rs'000	2022* Rs'000	2021* Rs'000	2020* Rs'000	2019 Rs'000
Assets					
Non-current assets	20,522,288	19,730,693	17,920,117	19,714,281	18,803,762
Current assets	2,712,949	2,278,667	2,088,235	1,489,195	1,526,081
Total assets	23,235,237	22,009,360	20,008,352	21,203,476	20,329,843
Equity					
Equity attributable to owners of the Company	10,843,998	8,995,576	6,242,028	5,341,637	7,729,466
Non-controlling interests	926,097	844,748	677,011	765,561	812,512
Total equity	11,770,095	9,840,324	6,919,039	6,107,198	8,541,978
Loans and other borrowings	5,317,285	6,891,965	8,795,955	9,581,360	8,535,035
Lease liabilities	1,713,033	1,782,408	1,790,478	2,221,697	180,430
Interest bearing liabilities	7,030,318	8,674,373	10,586,433	11,803,057	8,715,465
Trade and other payables	2,076,351	1,889,483	1,165,504	1,584,830	1,425,014
Current tax liability	101,457	13,437	10,404	9,783	47,379
Deferred tax liability	1,516,553	1,252,489	946,728	1,084,079	913,044
Employee benefit liability	288,446	219,672	266,752	459,068	364,353
Provision	20,940	33,738	22,989	60,298	91,968
Contract liabilities	82,349	85,844	90,503	95,163	99,822
Dividend payable	348,728	-	-	-	130,820
Interest-free liabilities	4,434,824	3,494,663	2,502,880	3,293,221	3,072,400
Total Equity and Liabilities	23,235,237	22,009,360	20,008,352	21,203,476	20,329,843
Net debt	3,447,664	5,262,052	7,087,513	8,778,405	7,907,374

Consolidated Capital Employed

	2023	2022*	2021*	2020*	2019
Shareholders' equity	71.26%	59.56%	44.57%	35.88%	46.99%
Non-controlling interests	6.09%	5.59%	4.83%	5.14%	4.94%
Net debt	22.66%	34.84%	50.60%	58.97%	48.07%
Total capital employed	100.00%	100.00%	100.00%	100.00%	100.00%

*Covid-19 impact

Consolidated Statement of Profit or Loss

	THE GROUP				
	2023 Rs'000	2022* Rs'000	2021* Rs'000	2020* Rs'000	2019 Rs'000
Continuing operations:					
Total revenue	8,132,580	5,164,895	1,195,415	4,985,564	6,215,527
Earnings/(losses) before interest, tax, depreciation and amortisation and exceptional items	2,447,703	1,212,269	(589,343)	889,736	1,454,534
Exceptional items	9,708	10,816	(22,942)	(193,195)	(278,288)
Earnings/(losses) before interest, tax, depreciation and amortisation	2,457,411	1,223,085	(612,285)	696,541	1,176,246
Depreciation and amortisation	(527,167)	(561,719)	(560,809)	(629,337)	(515,786)
Operating profit/(loss)	1,930,244	661,366	(1,173,094)	67,204	660,460
Net Finance costs	(174,956)	(429,435)	(875,486)	(972,624)	(387,612)
Share of results of associates	24,700	19,515	(7,844)	(275)	300
Impairment of investment in associate	-	-	-	(107,044)	-
Profit/(loss) before tax	1,779,988	251,446	(2,056,424)	(1,012,739)	273,148
Income tax (charge)/credit	(261,452)	(51,366)	224,637	(27,511)	(101,035)
Profit/(loss) after tax from continuing operations	1,518,536	200,080	(1,831,787)	(1,040,250)	172,113
Loss after tax from discontinued operation	-	-	(244,927)	(778,061)	(2,057,678)
Non-controlling interests	(51,045)	(14,376)	87,682	13,473	821
Profit/(loss) attributable to owners of the Company	1,467,491	185,704	(1,989,032)	(1,804,838)	(1,884,744)

*Covid-19 impact

Chief Finance Officer's Report

Five -Year Financial Highlights (Cont'd) Ratios and Statistics

		THE GROUP				
		2023	2022	2021	2020	2019
Share Performance						
Continuing Operations						
Ordinary shares						
- In issue	000's	194,545	194,545	194,545	194,545	194,545
- Weighted average	000's	174,364	174,427	174,427	174,427	174,427
Earnings/(loss) per share	Rupees	8.42	1.06	(10.00)	(5.89)	(10.78)
Dividend declared per ordinary share	Rupees	2.00	-	-	-	0.75
Dividend cover (in respect of year)	times	4.21	-	-	-	(14.41)
Net worth per ordinary share		62.19	51.57	35.79	30.62	44.31
Profitability and Asset Management						
EBITDA margin	%	30.10%	23.47%	(49.32%)	17.84%	23.40%
Return on equity	%	14.05%	2.39%	(28.12%)	(14.20%)	1.77%
Return on capital employed	%	12.83%	4.60%	(8.02%)	1.66%	5.71%
EBITDA yield	%	10.53%	5.51%	(2.95%)	4.20%	7.15%
Net debt to EBITDA	times	1.41	4.34	(12.03)	10.06	5.44
Gearing ratio	%	22.70%	34.80%	50.60%	59.00%	48.10%
Employees		3,056	3,034	2,817	3,856	4,028
Stock-Exchange Performance						
Stock price						
- At 30 June	Rupees	30.00	25.75	18.50	14.80	35.00
- Highest	Rupees	34.20	32.25	18.50	35.95	52.00
- Lowest	Rupees	19.50	15.30	11.20	14.10	34.00
Other						
Resorts Keys at year end		1,363	1,373	1,382	1,453	1,473
Rooms night sold	000's	370	241	87	271	382

Definitions

Earnings/(loss) per Share

Earnings/(loss) per share is profit/(loss) 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/(loss) 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 Worth per Ordinary Share

Net worth per ordinary share is equity attributable to owners of the Company divided by the total number of shares in issue at reporting date.

EBITDA Margin

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

Exceptional items

Exceptional items include impairment charges, loss on disposal of subsidiary and write off of project costs (if any)

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 from continuing operations expressed as a percentage of average equity.