



**Come and discover the sparkling
Mauritian hospitality
#ComeAlive**

CHAIRMAN'S LETTER

Jean-Pierre Dalais

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I take great pride in the successful turnaround of the Group and what we have achieved by restructuring and returning it to profitability



The past couple of years have without a doubt been one of the toughest periods of our history as the SUN Group. These highly trying times have, however, demonstrated our resilience. Through the strong leadership of the new CEO and the teams that rallied together to ensure survival, we have come out fitter and leaner. The pandemic did get us down in more ways than one, but we remained focused and steered the Group with new vigour and direction.

Many sacrifices were made along the way but also a lot of detailed work was accomplished to make sure that we could bounce back in the most optimal way. This can certainly be seen in the returning financial performance of the Group. This period also allowed for the time to rethink, adjust, and reposition our approach.

We ensured that we come back with the right offering for all the segments but also with the skills and necessary capabilities to deliver a state-of-the-art service to our clientele.

I am proud to announce that this has culminated in the launch of our new brand – Sunlife. This new name injects new life into our long-established brand. ‘Sun’ maintains the rich history and legacy we have built over the last 45 years of existence. ‘Life’ stands for lifestyle, the Mauritian lifestyle, that we share with our tourists and Mauritians at every stay in one of our resorts. Francois, our CEO, will share more on this in his report.

We are certainly confident that our customers will love the new concept and even though we continue to operate in a challenging environment, we are convinced that our performance will continue its upward trend. We are further pleased and grateful to the Mauritian government for all the hard work that has been done on reviving air connectivity and seat capacity.

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In order to create more value for our stakeholders, we will continue to position ourselves where property development is concerned and take our under-utilised assets and turn them into yielding ones.

The Sunlife portfolio of managed hotels are now stronger and leaner and ready to take on the future. We are also thrilled about our partner brands, Shangri-La Le Touessrok and Four Seasons, and the opportunities that these partnerships will keep bringing with innovative and fruitful prospects.

In order to create more value for our stakeholders, we will continue to position ourselves where property development is concerned and take our under-utilised assets and turn them into yielding ones, as we move towards our vision of being a leader in hospitality and property development in Mauritius. A good example of this is La Pirogue Residences. We aim to have more of these developments that will enhance the portfolio of the Group.

I take great pride in the successful turnaround of the Group and what we have achieved by restructuring and returning it to profitability. Of course, there is also a lot more to do, as we keep working on our balance sheet to ensure we reduce our gearing ratio, continue to ensure financial discipline across our hotel network, find new clients and markets, and innovate our offerings in order to increase revenues. All these are only possible through our state-of-the-art service culture that represents Sunlife and Mauritius.

But for now, I am grateful to the entire Sunlife team and for all the support we have received from the Mauritian Government, our financial partners and to you for ensuring the legacy of this Group continues.

We have shown that we can continue to build in the face of the worst possible threats. We can only thrive from here on!

A stylized signature of Jean-Pierre Dalais in blue ink.

Jean-Pierre Dalais
Chairman

CEO'S INTERVIEW

Francois Eynaud

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Better recovery than expected



What are the key highlights of the past year?

The reopening of the Mauritian borders on 1st October 2021 was a great highlight, of course, but also a great challenge that all the teams managed with enthusiasm. Bookings at border reopening were much better than expected due to a significant “pent-up demand”.

We used our closure not only to create a more efficient business model, but we also analysed thoroughly the evolving travelling trends and implemented responses to the post-Covid travellers’ needs.

In response to this, our biggest highlight of the past year must be the SUN Resorts “Brand-Led Transformation” known as “Project Brilliant” which started with the

establishment of our new Vision, Purpose and Values - our VPV’s – and we can now proudly announce that SUN Resorts enters a new era as Sunlife which will be going forward as the new mother brand of our resorts.

This will include a rebranding of Sun Resorts and its hotels in late 2022. We have designed several new experiences for our guests in line with the Sunlife brand promises and in line with each hotel concept.

We have further digitalised the customer experience through our brand-new mobile application which operates with a digital concierge and enables restaurant, spa, golf reservations as well as online check-in and check-out.

I am also particularly satisfied with the Sugar Beach repositioning following its extensive renovation.

Then finally, this past year we embarked on a collaboration with CIEL Properties. SUN started its property development plan with 45 units at La Pirogue Residences which was launched in June 2022. This continued collaboration will enable SUN to turn previously non-cash producing land into revenue generators.

How did SUN perform this year?

Despite being non-operational for the first three months of the financial year and the brief Omicron break out early December 2021 which resulted in a closure of borders to South Africans and a short ban from France, SUN returned to profitability for the 2022 financial year (FY22). SUN achieved a turnover of Rs 5.2 bn for FY22 against Rs 6.2 bn in FY19,

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We have further digitalised the customer experience through our brand-new mobile application which operates with a digital concierge and enables restaurant, spa, golf reservations as well as online check-in and check-out.

EBITDA of Rs 1.2 bn and PAT of Rs 200M against Rs 1.5 bn and Rs 172M for FY2019, respectively. It should be noted that Long Beach and Shangri-La Le Touessrok have performed better than the pre-Covid period.

These results are much better than expected and I am very proud of our team’s dedication and commitment which has produced this performance.

Tell us about the SUN Culture?

The reopening of our hotels to international guests after 18 months of border closure has not been easy and there has been a lot of pressure on all SUN team members. I am very thankful and proud of how all our colleagues reacted with passion and engagement.

Through our new Vision, Purpose & Values and extensive training, we have reinvigorated SUN’s historic service excellence culture and are evolving towards an experience culture. Our new values are based on how we want our clients to feel during and after their stay with us.

What are the risks facing the industry?

Probably the main risk we are facing - like all hoteliers around the world - is the lack of skilled staff. In order to mitigate this risk, we are working hard on improving our employee journey and along with the rebrand and our new VPV’s, we wish to make SUN a preferred place to work. Our aim is to make SUN an exciting and fulfilling work environment for our people to create successful careers, and in this way attract and retain talents specially the younger generation. We are also contemplating the recruitment of foreign labour which will be a necessity to sustain our level of service and our industry growth.

The other risks facing the industry is the forecasted economic slowdown in Europe, the weakness of the Euro and Pound Sterling and the high inflation environment that will reduce purchasing power hopefully only temporarily.

We also have to keep an eye out for competing travel destinations that have lagged in opening their borders. These drive us towards a cautious approach to 2023.

Any acknowledgments for this success?

Yes. I would like to thank the SUN team – each one of you. You have made a tough road to navigate and your courage and commitment is greatly appreciated.

The hospitality sector has shown resilience towards the economic impact of the crisis, but this could not have happened without the support from the Mauritian Government. Through the Wage Assistance Scheme which enabled hotel groups to save jobs as well as the support of the Mauritius Investment Corporation (through "quasi-equity" loans) which enabled hotel groups to restructure operating models. We couldn't have done it without you. Thank you.

I would also like to thank the authorities for the progress made and the support given to the Ile aux Cerfs regeneration master plan. An exciting journey is ahead of us.

Thanks also to our close partners, Shangri-La Le Touessrok and Four Seasons, who operate the high luxury segment. We are confident that these two properties under management will show further improvement in performance.

Looking forward in the coming year

I am expecting huge dynamism and energy from our rebranding announcement and increased visibility for SUN this year and am very confident that the air seats capacity has gained sufficient momentum for a successful high season.

Through our rebranding we are building a solid management platform which will ensure growth opportunities for SUN in Mauritius and regionally. As part of this, through its sustainability and inclusiveness road map, SUN is committed to a world "where kindness shines". We wish to position SUN as a leader in sustainability and this includes reducing our carbon footprint, increasing our local purchasing, gender balance as well as redesigning a wide range of sustainable experiences for our guests such as participating in our coral farming efforts with our marine biologists.

We are also looking forward in the coming years to the implementation of our mix-property development plan at La Pirogue Residences, at Long Beach and Shangri-la Le Touessrok as well as Ile aux Cerfs master plan.

The coming year will be our first full 12 months recovery year and thanks to contained cost management, excellent forward bookings, higher ADR, increased average length of stay and a good low season, the profitability performance expected is very encouraging.

A message to stakeholders

I would like to thank our shareholders, partners and employees for their trust and support during these challenging times.

The travel and leisure industry will continue to grow significantly worldwide in the coming years and we at SUN are well positioned and more resilient to fully benefit from this future industry growth. We are also convinced that the 'Mauritian Lifestyle' offers so much to attract holiday travellers, long stay visitors, retired people and potential property owners.

This makes me very confident in the future of SUN for our shareholders, employees and community. So, with kindness, love and thoughtfulness, let's Radiate the Magic of Mauritius.



Francois Eynaud
CEO



BOARD OF DIRECTORS

