

## Dear Shareholders,

The tourism sector is going through its most severe crisis. With more than half of the world population in confinement, the closure of borders and most commercial planes grounded until further notice, the COVID-19 crisis is effectively putting our industry at a standstill. At this point in time, we have unfortunately no clear visibility on a potential recovery and must therefore take stock of this very difficult situation, carefully manage our costs and cash flow while preparing and positioning ourselves as best we can for the reopening of our markets. On a positive note, we are pleased to report that all our 3,869 employees are well and safe thanks to all precautionary measures being applied.

## Impact on Operations

With the ban on incoming passengers imposed by the government on 18 March coupled with the closure of borders in all our major source markets, we had to temporarily suspend all our operations in our resorts and business units, namely Long Beach, Sugar Beach, La Pirogue, Ambre, Ile aux Cerfs in Mauritius and Kanuhura in Maldives by 26 March. Similarly, our branded hotels, Four Seasons Resorts Mauritius at Anahita and Shangri-La's Le Touessrok Resort and Spa also suspended their operations on 22 March. All Sun resorts have kept minimum staff on sites to ensure security and upkeep of the properties. To show our solidarity, we collaborated with the Mauritian authorities to make Ambre resort available as a quarantine centre over the past few weeks.

I would like to express my gratitude to all our employees, under the leadership of SUN's CEO Mr. Francois Eynaud, for having demonstrated great agility and resilience adapting to these exceptional circumstances and ensured that our guests returned home safely. I am very proud of the work that has been done to continue serving our customers in this unprecedented situation. Crisis committees were immediately set up and we have taken the necessary decisions to ensure the health and safety of our guests and employees as well as monitoring the impact of the COVID-19 on our business. I am also deeply touched by the solidarity efforts occurring across the Group through the form of donations and food supply to the most vulnerable.

While it is difficult yet to assess the full extent of the impact that the COVID-19 crisis will have in the long-term, it is clear that our industry will be significantly transformed.

## Cost and cash management

With a high percentage of fixed costs and no revenue stream in for the next three months, we must be prepared for very challenging times ahead. Management has implemented several immediate measures to significantly reduce our cost base and manage cash flow needs by:

- Minimising operational costs for our suspended operations with renegotiation of contracts with most third-party suppliers for the forthcoming months;
- Freezing all capital expenditures, recruitments and promotions;
- Applying a voluntary pay reduction of up to 50% for its management teams;

Our finance team is closely monitoring the cash flow situation and working together with the sales and marketing team to best assess the business projections. We are working with our banking partners to find the necessary finance to meet working capital requirements in

the short to medium term. It is clear that the government and banks' support will be critical for us to overcome the current situation.

## Commercial approach

In these exceptional circumstances, management has implemented a flexible booking and cancellation policy to incentivise and encourage our guests to come back to our resorts as soon as feasible. Until further notice, for all existing or new bookings done through our website or reservation centre, any modification, change or cancellation up to the day prior to arrival will be possible without any cancellation fees.

Our sales and marketing team is working on a recovery plan which comprises of a strategic repositioning exercise and review of our marketing approach to ensure that our resorts and experiences respond to the "new normal" post COVID-19. A task force has been set up to closely monitor trends on what will be the journey, expectations and behaviour of travellers. Flexibility, adaptability, strict sanitary norms, solidarity and sustainability will certainly be important components to be taken into account. We will need to reorganise ourselves to effectively address these changes, reinvent our experiences and be ready to delight our customers with meaningful offers.

## Outlook

Although the confinement may be lifted soon in Mauritius, our operations will not start until our airport and the borders re-open and airlines start to fly. In that respect we are following closely the recent voluntary administration process currently in place at Air Mauritius. It is unclear at this stage when guests will start travelling again but we are tentatively planning for a phased reopening of our properties as from July although we do not expect to recover pre-covid occupation rates before 12 to 18 months. Our immediate focus is to try and preserve most jobs whilst securing the adequate financing to sustain the business.

In parallel, we are actively working with government, Business Mauritius, our industry association AHRIM, Tour Operators and partners to address our common challenges. I must salute here the government's sanitary measures which have so far prevented the spread of the virus and demonstrated our ability to face such crisis, ensuring the health and wellbeing of our population and that of our visitors.

The coming months will be extremely challenging for our industry and for SUN. We will be faced with difficult choices to keep our business afloat. I can assure you though, that we will not lose our focus on people, be it our employees or our guests.

We look forward to reopening our resorts and I am confident that with your support and that of all our stakeholders, we will rebound with more vigour and make the destination shine again.

Thank you for your continuing support and understanding during these difficult times,

Sincerely Yours,



**Jean-Pierre Dalais**  
Chairman of Sun Limited