



hospitality

We run hotels and sell premium holiday experiences to the world

The hospitality segment offers an integrated holiday service that includes hotels, travel and leisure. We are a major player in the tourism industry accounting for more than 20% of total rooms available in Mauritius. Through VLH, we own and operate the Veranda and Heritage brands of hotels. We are also a 35.29% shareholder in NMH, the island's leading hotel group.

At Rs 3bn, the segment's revenue was comparable to that of last year. However, we recorded a loss of Rs 22m compared to a profit of Rs 90m the previous year. This was due mainly to the losses incurred by NMH (Rs 228m compared to Rs 89m last year) following significant negative adjustments in its annual accounts at 30 September 2016.

The travel sector performed similarly to last year and guest night spending improved by 3%, driven by an increase in room rates by the Heritage Resorts hotels. However, occupancy rates fell by 2 percentage points to 80%, and the unfavourable EUR and GBP exchange rates negatively impacted the results of the sector.

Significant renovations were undertaken between May and September 2017 at Domaine de Bel Ombre that included major beach erosion containment works, renovation of Heritage Resort hotels and Le Chateau de Bel Ombre. The Veranda Paul & Virginie was also renovated at the same time.

With regards to the travel sector, the corporate travel expertise was strengthened following substantial investment in technology and human capital.

Rs 3 bn	Rs 22 m
turnover	loss after tax
(2016: Rs 3 bn)	(2016: Rs 90 m profit after tax)



Outlook

A strategy of organic growth and acquisitions is pursued in this market which should generate strong growth in the years to come. We regrouped all our operations in the leisure services sector under the new brand Island Living. It now oversees Voila Hotels, Ocean Basket, Savinia Bistrot, Moka'z, Le Chamarel Restaurant, the Seven Coloured Earth and Frederica Nature Reserve.

Our operations in the travel sector are embracing digital transformation. We are launching a new concept under the "Islandian" brand name with a view to improve our performance by taking our tour operating business online.

As far as our hotel operations are concerned, we are confident that the NMH management is steering the company back on a path of sustainable growth. VLH is investing in its products to reap the benefits from the improving demand that will be fully reflected in financial year 2019. We believe the refurbished hotels will enhance customer experience and will impact positively on results. Works on a second 18-hole championship golf course in Bel Ombre are planned to start in 2018.