



TOURISM & HOSPITALITY

CLUSTER PERFORMANCE,
OUTLOOK AND STRATEGIES



TOURISM & HOSPITALITY

Performance highlights in 2020

- The pandemic has had a debilitating impact on the travel and hospitality sectors. With aeroplanes grounded, hotels closed and travel restrictions in all countries, COVID-19 has set international tourism back to levels of 30 years ago. Global international arrivals dropped by over 74% in 2020; that number was as high as 77% in Mauritius. As a long-haul destination whose tourism sector is significant for the overall economy, ripple effects have been felt on other tourism-dependent industries like travel, trading, retail and excursions.
- Our hotel opened its doors on 1st September 2019 and had to close on 22nd March 2020 in view of the first nationwide lockdown and closed borders. Due to the ongoing uncertainties and lack of visibility for the destination, we cautiously reopened as from 1st September 2020, operating only on weekends and for local consumers through day passes and special events like a Wellness Weekend. Although these initiatives allowed our hotel to be more known among local visitors, all hotels in Mauritius targeted the same limited market. We then fully reopened as from 1st December 2020. To sum it up in one word, it has been a dark year for our industry and business.
- Following the first lockdown in 2020, our immediate priority was to protect our guests and employees, and safeguard the jobs of our workforce. We rapidly implemented Anantara Global's strict "Stay With Peace of Mind" sanitary protocol, with safety measures extending from the check-in process and transport, to guest rooms and common areas in the hotel.
- Equally urgent was the implementation of cost containment and cash flow management measures in line with discussions with the Hotel Operator: we promptly renegotiated terms of our existing commitments and long-term payment plans with our suppliers and banks. We were also forced to make the tough decision of temporarily suspending ties with certain suppliers associated with an operational hotel.
- Even though approximately 50% of our employees' salaries were covered by the government's Wage Assistance Scheme during the year, we carried the burden of other expenses associated with operating a hotel. For instance, we incurred the costs of keeping the resort well-maintained even during closure.
- As a result of all of the above, our revenues came to a grinding halt in 2020 as the country was closed to international travel, and thereafter with a compulsory quarantine of 15 days.
- We opened our clean food healthy deli in August 2020, 'Bon Manzer', serving fresh, organic and immune-boosting food and drinks. The response so far has been extremely positive, particularly as consumers are increasingly health-conscious in the wake of COVID-19.
- The resort was rapidly put at the disposal of frontline doctors from the nearby Rose Belle Hospital following their requests. As they were working on a shift system for a month during critical times, staying at our hotel enabled them to keep their families safe and commute to work easily.
- Despite only operating for six months in 2020, we won two international awards: «Continent Win in Luxury Ocean View Resort» at the 2020 World Luxury Hotel Awards and the «2020 Global winner for New Hotel Spa» at the World Luxury Spa Awards. This gives us confidence in our value proposition for the future, which is increasingly centred around holistic wellness.

Despite the challenges and severe losses in 2020, we made headway in certain areas that will position us for a stronger rebound:

- We completed the construction of the 8 Anantara luxury villas earmarked to be part of our hotel rental pool.
- Our plans for our Residential Real Estate development were disrupted, but remain on the agenda.

Silver Wings

2020 started on a positive note for Silver Wings. Prior to the pandemic, we had forecasted high growth in our inbound segment, with plans to enter new overseas markets. The year started with the achievement of our monthly budgeted revenue targets.

However, following the closure of international borders and absence of flights as from March 2020, the sales for our inbound and outbound segments were negatively impacted, presenting opportunities to explore new revenue streams:

- we developed our local sales segment through the sale of local hotels/villas and local activities
- we renewed our focus on Rodrigues, resulting in sales increasing by over 70%
- we began offering bookings of quarantine hotels in 2020

Despite these efforts, we fell short of our initial revenue targets as borders remained partially closed until the end of 2020 and airlines were still not operating out of Mauritius. Additionally, following an audit by Mazars, an international audit and advisory firm, it was noted that the Silver Wings Travels' Accounts Receivables were overstated and Trade payables were understated. Our accounts were immediately readjusted, and cost containment strategies were put in place to mitigate the loss.

Contribution to Group strategy



Opportunities arising from COVID-19

- We used this time to rethink our processes across operations, with the objective of becoming more agile and efficient. Service standards and training were reinforced based on initial customer feedback and to prepare our workforce for heightened guest expectations. This was also key in creating a sense of belonging and team spirit at the hotel during difficult times.
- We were able to build greater awareness around the Anantara brand locally, thanks to the events organised and increased communication on social media. We capitalised on the situation and time available to gather more feedback from local guests and improve our existing offers accordingly, while also developing innovative packages: a Food truck to improve our beach service, digitised menus to limit touchpoints, more personalisation and enhanced landscaping.
- The circumstances around COVID-19 forced us in an agreement with our Hotel Operator to reshuffle our Executive team in the delivery of improved quality services. All our team members, with the exception of the Hotel General Manager, are Mauritian nationals. Our ambition remains to train and nurture local talent as much as we can.
- We built strong and long-term relationships with our partners, particularly our service providers and suppliers of goods and services.
- This crisis has also offered opportunities for synergies within the Group. We strengthened our collaboration with the Real Estate cluster this year, leading to the sharing of knowledge, people and skills.
- Work-from-Home measures were quickly implemented within the cluster to safeguard and protect our team members, and in line with the Group's policies.
- The silver lining to this crisis was the acceleration of our digitisation plans for the hotel in a post-COVID-19 era.

Priorities for 2021

- Mauritius was declared COVID-free between June 2020 and January 2021, and a full-fledged reopening of borders was anticipated for early 2021. However, the island was hit by a second wave of infections in March 2021, putting a sudden stop to the country's plans.
- All our frontline team members started to be vaccinated as soon as vaccines became available in 2021.

Priorities for our Hotel

- The outlook for the hospitality industry remains uncertain. A number of Tourism experts and organisations do not expect international tourism to return to pre-COVID levels before the end of 2023/ beginning 2024, particularly as travellers are increasingly favouring short-haul travel and staycations. Mauritius' nationwide vaccination campaign began on a slow trend, but has been steadily gathering pace. This brings us closer to achieving herd immunity and safely reopening our borders.
- At the time of writing this report, the second phase of reopening is underway with strict sanitary measures in place, preparing us to welcome international guests again and improve the economic outlook for the Hospitality sector.
- We intend to completely re-launch Anantara iko Mauritius & Villas and focus on some key markets (UK, Germany, GCC countries, Eastern Europe, France and Russia). To this end, we have devised a marketing plan that is agile and adaptable for the future with the ability to be implemented in phases in accordance with the gradual reopening of our borders.
- On the other hand, we have consistently maintained our hotel asset during its closure due to borders being closed. The Anantara 'Stay with peace of mind' programme will be implemented to ensure that our guests feel safe in this new environment.
- Anantara iko Mauritius Resort & Villas was designed with sustainability and wellness in mind right from the initial concept and well before COVID-19. Now, these concepts are more relevant than ever in a post-Covid world. We remain focused on strengthening our initial value proposition in these areas to differentiate ourselves and by introducing new Wellness propositions to our award-winning Anantara Spa.
- We have also embarked on a complete review of our hotel product and guest services post-COVID-19 to be able to offer a seamless, comfortable and exceptional offering to our guests in our unique location. This will include the use of increased technology within the resort to enable a closer interaction with our guests.
- The 8 constructed luxury villas will be launched during the year, with the addition of new facilities and options for our guests.
- To achieve all of the above, close collaboration with key players, like our colleagues in the industry, Government Authorities, Business Mauritius, AHRIM, the MTPA and the EDB, will be critical, together with the rapid implementation of the desired plans. We are keeping a finger on the pulse of global and local trends to gain insights into how the market is evolving. Ultimately, as a remote island-nation with a limited market, Mauritius cannot rely purely on domestic tourism to soften the blow. The goal should be to build a more resilient sector and ensure that its recovery is greener, more energy-efficient and more inclusive.

Priorities for Hospitality Real Estate

- As part of the launch of our Hospitality Real estate plans, we are determined to achieve our goals for the sale of the 8 luxury villas as these provide a truly unique luxury coastal lifestyle, perfectly fitting for a post-COVID world.
- Our short-term plans may have evolved in view of the situation, but our long-term objectives remain the same. We are in the process of reviewing our masterplan for Phase 1 of the iko Mauritius Residential Real Estate project, taking into account that demand for real estate has declined by 30% since the advent of COVID-19 and travel restrictions. We aim to finalise the plan and concept by the end of 2021 before moving on to the next steps of the project. We have also selected an international landscaper to assist us in realising our vision for iko Mauritius.

MUR **78M**
Turnover

MUR **67M**
Operating loss



OPERATIONAL EFFICIENCY



FINANCIAL RISK MANAGEMENT



BUSINESS PORTFOLIO



SUSTAINABILITY FOCUS