

Air Mauritius 1st Half and 2nd quarter ending September 2011 Financial Results

CEO's Statement 11 November 2011

The results announced today are a direct consequence of the depressed conditions in markets worldwide.

The global economic crisis has gathered momentum and is now affecting all countries with impact on consumer behaviour. The tourism and travel industry is the first to suffer as consumers reflect on their spending. All airlines are affected and Air Mauritius is no exception. Our airline is further hit by soaring fuel prices – our additional fuel bill for the first six months being of the order of EUR 24.8 million. Our accounts are further impacted by the volatility in exchange rates mainly EUR-USD.

Earlier in the year, we planned a record number of seats and rebalanced growth to the emerging economies in line with the country's aspirations. It is gratifying to note that in spite of the adverse conditions we saw growth in passenger numbers to the tune of 3.8 per cent for the six months ending the 30th of September. These numbers unfortunately were obtained at the expense of yield which came under pressure as a result of the market conditions as well as the intense competitive pressures for Mauritius as a destination and between airlines operating to Mauritius.

Irrespective of this challenging backdrop, Air Mauritius is maintaining its capacity deployment for the year in order to pursue its growth objectives, protect its market share and continue to support the Tourism Industry as it faces the current challenges.

Air Mauritius also remains focused on the long term as it progresses the review of its current business model. We have initiated extensive consultations with all stakeholders so that we are in a better position to align our offer.

In the shorter term, we have engaged into several initiatives for operational efficiency and revenue enhancement. The Board, Management and Team Members are all focused on mitigating the effects of the crisis on the airline. A daily monitoring unit has been set up so that we leave no stones unturned to improve our performance.

These short term actions as well as the longer term Business Review will place Air Mauritius in a much better position to take advantage of arising opportunities once market conditions improve.

I wish to thank our Board for their support, our customers for flying with us in greater numbers and our travel and tourism partners for their trust and to our team members for standing together as we face these daunting challenges.