

Financial year 2011 - 2012
Second quarter results
1 July - 30 September 2011

**DESPITE LOWER EARNINGS DUE TO THE RECESSION AND FUEL PRICE HIKES,
AIR MAURITIUS KEEPS FOCUSED ON ITS LONG TERM DEVELOPMENT PLANS**
Losses of €6,3 million for second quarter

Deeper global recession, especially in Europe

The world economy deteriorated sharply during the second quarter of the current financial year. The US debt episode, followed by the European debt crisis, hit the still recovering economies very hard. In Europe, most EU countries, notably Air Mauritius's largest markets including France, UK and Italy, continue to announce ever more austerity plans. Consumer confidence is at a low point and the consumer is increasingly postponing or cancelling their spending on comfort or leisure.

This depressed environment primarily hurts the tourist and travel industries. As such, given that Air Mauritius is highly dependent on these sectors, it is severely impacted. In addition, the airline's financial health is challenged by fuel price hikes and the volatility of the currency exchange rates, which are more pronounced during the economic crisis.

Half year earnings hit by the economic slowdown in the second quarter

Despite the traditional low season and as a result of rigorous management discipline, Air Mauritius succeeded to maintain a stable first quarter performance. However, the airline noted a marked deterioration in its second quarter performance - €6.3 million net loss, compared to a net profit of €4.8 million in the prior year. Consequently, a net loss of € 17.7 million is registered for the first semester compared to a loss of € 6.8 million for the preceding period.

The freight business registered a strong second quarter growth of 6.7%, representing 8,175 tonnes while the global freight industry continued to collapse.

Earnings boosted by the increased attraction of the airline and the success of the increase in capacity

In anticipation of the economic slowdown, especially in its traditional markets, Air Mauritius rebalanced its growth to emerging markets and added over 35,000 seats compared to the corresponding period in 2010. Consequently, the number of passengers rose, both in the second quarter (up 4.4% to 336,391 passengers) and for the full half year (up 3.8% to 608,750 passengers). With a stable load factor of 78.6% in the second quarter and 76.5% for the full half year, the airline ascertains the success of its commercial strategy and its fleet management.

Indeed, in the second quarter, revenues surged by 8.9% to reach €116 million - albeit not enough to make up for the impact of a cost increase of €14.5 million or 14.8% vs. prior year, which was largely caused by a 45% rise in fuel prices.

The full half year revenues surged by 8.3% to reach €208,9 million while costs increased by €32,9 million or 18.5% v/s prior year - the fuel bill increasing by €24.8 million.

Outlook for the full year

Having recently worsened, the global downturn appears to have set in for the long term. Europe, the airline's principal market, is in the weakest situation. The number of tourists travelling from Europe is hardly growing and even major markets such as Italy and the UK are down. France, which is the largest market for Mauritius and Air Mauritius, seems to be running out of steam.

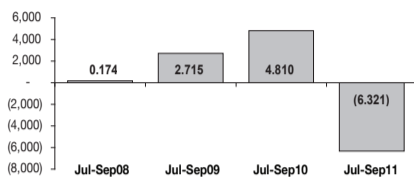
While the shift in growth over the last two years towards emerging markets such as India, China, South Africa and Australia is reaping rewards - they remain small in relation to the European market.

Furthermore, Air Mauritius is forced to put up with very expensive fuel prices, volatile exchange rates - especially the euro/dollar rate, and tougher competition leading to lower revenue per passenger. IATA, which has been sounding the alarm bell for several months now, forecasts that the end of 2011 and the whole of 2012 will be even more difficult and uncertain.

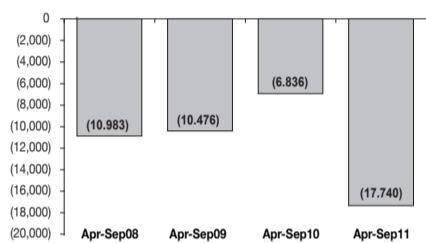
Air Mauritius has begun to review its business model so as to cope not only with the recession in the airline industry, but also the downturn in the Mauritian tourism industry as a whole - in order to play its full and long-term role as a strategic partner to the national economy. As such, even though it is facing challenges it has never encountered before, the airline is maintaining all its flights, while stepping up its efforts on all markets and strengthening its partnerships.

All Air Mauritius team members are more than ever committed to meet these challenges.

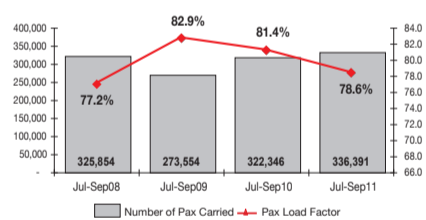
Net Profit / (loss) (Eur M) / Jul-Sep



Net loss (Eur M) / Apr-Sep



Passengers Carried, Load Factor / Jul-Sep



Passengers Carried, Load Factor / Apr-Sep

