

ABRIDGED UNAUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

Air Mauritius Group and Company results for the Quarter ended 30 September 2019

For the quarter ended 30 September 2019, the Group and the Company recorded losses of Eur 18.4 million and Eur 18.5 million respectively. For the corresponding quarter of last year, both the Group and the Company had recorded losses of Eur 2.8 million respectively. The results of the quarter have significantly deteriorated on account of **unrealised exchange losses**.

IFRS 16 requires a lessee to record a Right of Use Asset and a financial liability in relation to operating leases. The adoption of IFRS 16 has resulted in an increase in assets and financial liabilities to the tune of about Eur 440M. Since most of the aircraft operating leases are denominated in USD and our functional currency is EURO, this will create significant unrealized exchange gains/losses on translation at each reporting period based on the prevailing EUR/USD closing rate. The EUR/USD exchange rate which moved from 1.136 on 01 July 2019 to 1.094 on 30 September 2019 has resulted in an **unrealised exchange loss of EUR 15.3M** on translation of the financial liabilities relating to operating aircraft leases.

Total passengers carried during the quarter decreased by 2.2% to 449,327 as compared to 459,224 passengers carried during the quarter ended 30 September 2018. The number of seats offered increased by 1.7% and the Passenger Load Factor decreased from 82.5% to 81.5%. The passenger yield witnessed a drop of 1.5% as a result of acute competition.

Operating revenue of the Company decreased by 4.8% from Eur 145.4 million to Eur 138.5 million. However, the operating expenses went down by 6.4% to reach Eur 132.1 million mainly on account of a reduction in the fuel cost.

Air Mauritius Group and Company results for the half year ended 30 September 2019

The number of passengers carried went down by 1.6% to reach 844,519 as compared to 858,408 during the half year ended 30 September 2018. Seat capacity slightly decreased by 0.2% from 1,123,309 to 1,120,554. The Passenger Load Factor improved from 80.4% to 80.9% and the passenger yield witnessed a slight drop of 0.5%.

Operating revenue of the Company decreased by 3.6% from Eur 266.7 million to Eur 257.0 million. The operating expenses decreased by 6.8% to reach Eur 253.4 million mainly on account of lower fuel prices and decrease in the level of operations.

For the half year ended 30 September 2019 the Group and the Company posted losses of Eur 22.4 million and Eur 22.6 million respectively. The negative results include unrealised **exchange loss of EUR 11.4M** on translation of the financial liabilities relating to operating aircraft leases. For the corresponding period last year, the Group and the Company had recorded losses of Eur 17.7 million and Eur 17.6 million respectively.

Shareholders' Funds

Further to the Extraordinary General Meeting of Shareholders held in June 2019, 27 million ordinary shares were issued to Airport of Mauritius Co. Ltd.

Total Shareholders' Funds for the Company decreased from Eur 58.6 million as at 31 March 2019 to Eur 49.3 million as at 30 September 2019. The resulting net assets per share as at 30 September 2019 was Eur 0.38 (Rs 15.19) as compared to Eur 0.57 (Rs 22.39) as at 31 March 2019. The drop in the Shareholders' Funds is mainly attributable to the loss for the period, partly mitigated by the increase in share capital.

Outlook

The airline industry is facing challenges in view of economic slowdown in some key markets, uncertainty over Brexit, trade war between the US and China and rising political and geopolitical tensions. The IMF have recently revised down its growth forecasts for 2019 to 3.0%. Furthermore, the Company may also have to face the impact of the Workers' Rights Act.

In view of the challenging environment, the Company is currently reviewing its strategy and taking various measures and initiatives to ensure its long term sustainability

14 November 2019