

Buy

Share Price

Rs 62.50

Market Cap

Rs 8.5bn

US\$ 239.2m

Av. Daily Value (YTD)

Rs 2.7m

US\$ 75.5k

Net Foreign Purchases (YTD)

Rs 2.7m

US\$ 75.2k

Year End

30-June

NAV

Rs 44.20

Issued Capital

136.8 (m)

12 Months (Rs)

High

63.50

(Aug-2015)

Low

51.00

(Feb-2015)

Reuters

NRL.MZ

Bloomberg

NRL.MP

ISIN Code

MU0049N00000

LUX Highlights

Double digit growth in EBITDA for 3rd consecutive year

The Group's revenue grew by 17.2% to Rs 4.7bn on the back of improved occupancy rate (+6%), helped by higher arrivals in both Mauritius (+8%) and Maldives (+2%) as well as improved ADR (+5%). RevPAR was up by 14% y-o-y. It should also be noted that LUX Belle Mare was closed for two months during the year and LUX* Maldives had 25% of its inventory closed for 1 month. LUX got a management contract for a five star luxury resort in the Maldives which comprises of 60-private villas. The hotel will be branded as LUX* North Male Atoll and the existing hotel will be renamed from LUX* Maldives to LUX* South Ari Atoll. EBITDA rose by 17.8% to Rs 1.1bn with margins improving slightly from 22.5% to 22.6%. Operating profit was up by 16.2% to Rs 679.6m mainly driven by Mauritian operations (+21.4%). Net Finance costs fell by 6.0% to Rs 234.9m despite consolidation of Tamassa's debt as from 1st Jan 2015. Profit attributable to owners of the company rose by 35.6% to Rs 368.0m compared to Rs 271.3m in 2014. Net profit margin expanded from 7.2% to 8.1%.

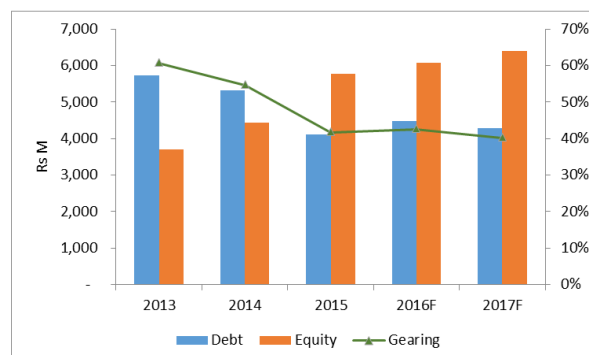
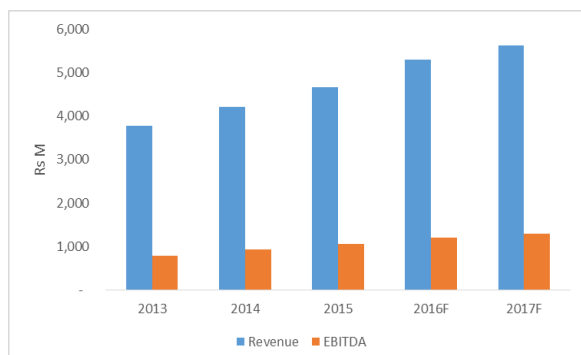
Despite an increase in the number of shares after new shares were issued on 31 Dec 2014, following the exchange of shares owned by the outside shareholders of Oceanide Ltd and Lux Island Resorts Maldives Ltd and the conversion of the convertible bonds for shares in Lux Island Resorts Ltd, EPS for continuing operations rose by 28.4% to Rs 3.03.

Total debt after consolidating Tamassa's borrowings and conversion of the convertible bonds amounted, to Rs 4.1 billion compared to Rs 4.5 billion in the previous year, a net reduction of Rs 400 million. The gearing of the Group at 30 June 2015 stood at 42%.

RsM	Year ended June		
	2015	2014	%change
Continuing Operations			
Total revenue	4,655.1	3,970.7	17.2%
EBITDA	1,052.4	893.4	17.8%
Operating profit/(Loss)	679.6	584.8	16.2%
Finance costs	(234.9)	(250.0)	-6.0%
Share of results of ass.	5.3	0.3	1938.5%
Profit/(loss) before tax	450.0	335.1	34.3%
TAX	(63.6)	(53.2)	19.5%
Profit after tax (Cont)	375.1	284.9	31.7%
Profit owners	368.0	271.3	35.6%
EPS continuing	3.03	2.36	28.4%
EPS Cont and discount	2.94	2.38	
EBITDA Margin	22.6%	22.5%	
Operating Margin	14.6%	14.7%	
Net Profit Margin	8.1%	7.2%	

Geographical Analysis

Revenue			
Mauritius	2,578.5	1,806.1	42.8%
Maldives	1,509.0	1,376.1	9.7%
Reunion	567.6	788.5	-28.0%
Operating profit/loss			
Mauritius	419.1	345.2	21.4%
Maldives	273.9	246.9	10.9%
Reunion	(13.4)	(7.2)	86.1%



12m month-ended Dec	2013	2014*	2015	2016F	2017F
Key Financials (Rs m)					
Occupancy rates	68%	71%	77%	79%	79%
Room Revenue	1,974	2,220	2,452	2,789	2,951
Total revenue	3,771	4,212	4,655	5,292	5,614
<i>Growth</i>		12%	11%	14%	6%
EBITDA	774	917	1,052	1,199	1,280
<i>Growth</i>		18%	15%	14%	7%
Operating Profit	461	589	680	781	842
<i>Growth</i>		28%	15%	15%	8%
Finance Costs	(303)	(259)	(235)	(211)	(201)
Attributable Profit	103	271	368	474	534
EPS (Rs)	0.91	2.38	3.03	3.47	3.91
<i>Growth</i>		162%	28%	14%	13%
DPS (Rs)	-	0.50	1.00	1.25	1.50
Dividend Payout (%)	-	21.0%	32.9%	36.1%	38.4%

*Figures for both continued and discontinued operations

Ratios	2013	2014	2015	2016	2017
EBITDA Margin	20.5%	21.8%	22.6%	22.7%	22.8%
Interest Cover (EBITDA/ Interest)	2.6	3.5	4.5	5.7	6.4
Gearing	60.7%	54.5%	41.6%	42.5%	40.1%
ROE	3.0%	6.4%	6.5%	8.0%	8.5%
PER (Price 30 Sept)	31.0	25.2	20.6	18.0	16.0
DY	-	0.8%	1.6%	2.0%	2.4%
P/NAV (Price 30 Sept)	0.9	1.6	1.5	1.4	1.3

Outlook & Recommendation

Mauritius: 2016 and 2017 figures will include full consolidation of Tamassa (accounted only for half year in 2015 figures) and thus we expect significant increase in revenues for 2016. We expect the Group to maintain its already high level of occupancy rates which currently stands at 81%. The Group should be able to increase daily rates after the renovation of LUX*Belle Mare and increased brand recognition. All the Mauritian resorts are in the top 10 of Trip Advisor for Mauritius except Merville.

Maldives: The resort is currently under renovations and tourist arrivals for Maldives seem to grow at a slower pace, only 2% growth for FY 2015. We believe occupancy rates might grow slightly in 2016 and 2017 but believe rates should increase with the uplifting of the property whereby each key will have its own pool.

Reunion: Activities in Reunion were the toughest for the Group. However, operations should improve going forward as they are trying to bring Chinese tourists to the Island through Air Austral. We remained conservative in our forecasts with stable occupancy rates at 70% and slight increase in rates.

Going forward, LUX's strategy will be towards managing hotels rather than owning the walls. The Group has already secured some contracts in China, UAE and Maldives. However, most of the management fees will be reflected in FY 2017/2018 accounts as the opening of the hotels in UAE is expected to open towards the end of 2016 while the Reunion property in August 2016. The second property in Maldives opening is planned for mid-2017.

Based on our forecasts, we expect attributable profit of Rs 474m (EPS: Rs 3.47) in 2016 and Rs 534m (EPS: Rs 3.91) in 2017. We view positively the Group's strategy to focus on management contracts for growth and maintain a **BUY** recommendation on the stock which trades at a forward PER of 16x.

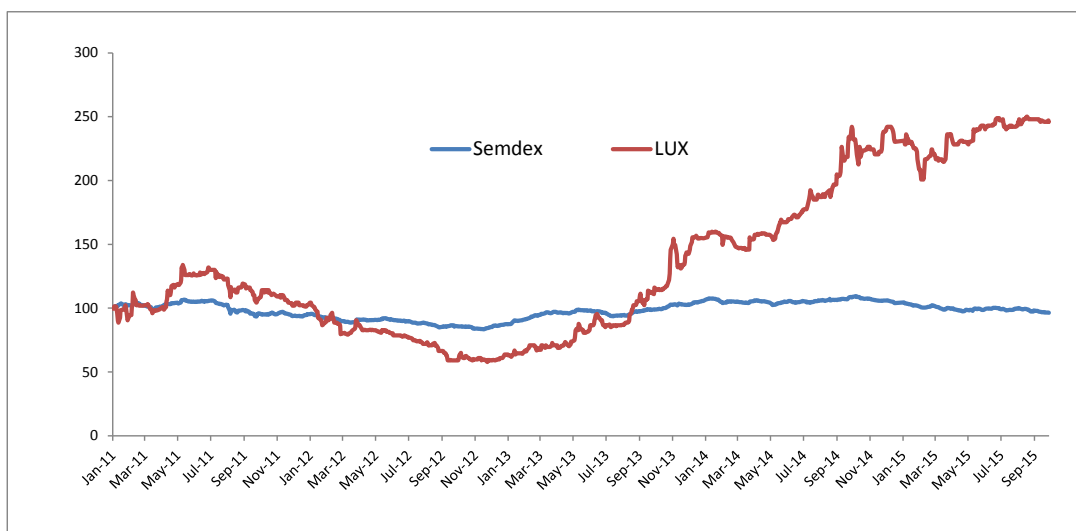
Substantial Shareholders as at 31 Dec 2014

- GML Investissement Ltee **39.21%**
- MCB **6.59%**
- Swan Life **5.85%**

Upcoming Management Contracts

Country	Resort	Anticipated Opening	Keys
China	LUX* Tea Horse Road - Benzilan	Dec-15	30
	LUX* Tea Horse Road - Lijiang Phase 2	Mar-16	15
	LUX*Diانشan Lake	End 2017	60
UAE	LUX* Al Zorah-Ajman	End 2016	191
La Reunion	LUX*Sud Sauvage	Aug-16	82
Maldives	LUX*North Male Atoll	Mid 2017	60

Rebased Share Price Evolution



Performance (Price 1st Oct)

YTD	1-year	2-year	3-year
4%	2%	112%	317%

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