Tourism

June-2014
Summary
Key Findings

- **Sluggish growth**
  - Complacency
  - Lack of connectivity
  - Currency mis-match
  - Absence of High Level Strategy
  - Inadequate marketing
  - Inertia to change
  - 2M viz. target incompatible with luxury

- **Corrective action**
  - Open skies
  - Airfare corrects
  - Occupancy boosted
  - 2M viz. target incompatible with luxury
  - Sustainable management
A look at Arrivals
Mauritius has underperformed
Getting caught up

Mauritius has been complacent

Tourist Arrivals by Island

- Mauritius
- Maldives
- Sri Lanka
- Seychelles
Being left behind

Mauritius has been very very very very complacent

Tourist Arrivals by Island

- Mauritius
- Seychelles
- Maldives
- Sri Lanka

Arrivals [#k]

- 2005
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
Plummeting market share

Mauritius has been relegated

Indian Ocean Tourist Arrivals & Market Share

<table>
<thead>
<tr>
<th>Year</th>
<th>Mauritius</th>
<th>Seychelles</th>
<th>Maldives</th>
<th>Sri Lanka</th>
<th>Indian Ocean Arrivals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>28</td>
<td>30</td>
<td>36</td>
<td>31</td>
<td>1.18</td>
</tr>
<tr>
<td>2009</td>
<td>21</td>
<td>31</td>
<td>41</td>
<td>31</td>
<td>1.30</td>
</tr>
<tr>
<td>2010</td>
<td>26</td>
<td>31</td>
<td>37</td>
<td>32</td>
<td>1.38</td>
</tr>
<tr>
<td>2011</td>
<td>29</td>
<td>32</td>
<td>33</td>
<td>31</td>
<td>1.46</td>
</tr>
<tr>
<td>2012</td>
<td>32</td>
<td>31</td>
<td>31</td>
<td>31</td>
<td>1.54</td>
</tr>
<tr>
<td>2013</td>
<td>35</td>
<td>31</td>
<td>27</td>
<td>30</td>
<td>1.62</td>
</tr>
<tr>
<td>2014</td>
<td>38</td>
<td>30</td>
<td>26</td>
<td>30</td>
<td>1.70</td>
</tr>
</tbody>
</table>

www.aysstockbroking.com
Diversification

Mauritius copied the Maldives

- Mauritius
  - 2008: 28, 23, 10, 15
  - 2013: 65, 55, 10, 1
  - Change: +10%, +1%

- Seychelles
  - 2008: 21, 16, 3, 7
  - 2013: 78, 69, 7, 3
  - Change: +27%, +8%

- Maldives
  - 2008: 47, 23, 3, 4
  - 2013: 73, 47, 3, 4
  - Change: +27%, +18%

- Sri Lanka
  - 2008: 45, 44, 5, 6
  - 2013: 45, 43, 5, 7
  - Change: +20%, +23%

Key:
- EUROPE
- AFRICA
- ASIA PAC
- AMERICAS

2008 vs 2013: +42% Δ Arrivals (annualised)
Connectivity
or rather lack of it...
Connectivity in action

More flights = More tourists

- **TUI** started flying out of
  - LHR as from **Apr-14** <+2k>
  - ARN as from **Nov-14** <+1.3k>

- **China** grown at <+2k> per mth

---

**UK**

**China**

**Sweden**
Connectivity in action

Same flights = small change

|                | Δ% | |Δ| |
|----------------|----|----|
| Total          | 4.6| 45,900 |
| Ex-China       | 2.6| 24,400 |
| Ex-China & UK  | 0.8| 7,100  |
| AsiaPac ex-China | 1.4| 6,200  |
| Europe ex-UK   | 3.3| 3,700  |

S.Africa

Germany

India
Arrivals mimic seats

MK Seat Capacity & Distribution

Seats on Europe & Asia v/s Tourists

Pearson’s r = +0.79
Connectivity
cost of flight
## Airfare

### Why so expensive?

<table>
<thead>
<tr>
<th>From Europe to</th>
<th>Fare xT [¢/km]</th>
<th>Fare [¢/km]</th>
<th>Fare xT [$]</th>
<th>Tax [$]</th>
<th>Fuel [$]</th>
<th>Flight Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>12.9</td>
<td>15.5</td>
<td>915</td>
<td>180</td>
<td>135</td>
<td>8h 15m</td>
</tr>
<tr>
<td>Atlanta</td>
<td>12.5</td>
<td>15.6</td>
<td>735</td>
<td>185</td>
<td>110</td>
<td>6h 55m</td>
</tr>
<tr>
<td>San Francisco</td>
<td>11.9</td>
<td>13.9</td>
<td>1,060</td>
<td>180</td>
<td>170</td>
<td>10h 10m</td>
</tr>
<tr>
<td>Reunion</td>
<td>11.8</td>
<td>13.1</td>
<td>1,105</td>
<td>120</td>
<td>175</td>
<td>10h 35m</td>
</tr>
<tr>
<td>Mauritius</td>
<td>10.4</td>
<td>13.0</td>
<td>980</td>
<td>250</td>
<td>180</td>
<td>10h 40m</td>
</tr>
<tr>
<td>Shanghai</td>
<td>10.4</td>
<td>12.0</td>
<td>955</td>
<td>145</td>
<td>175</td>
<td>10h 20m</td>
</tr>
<tr>
<td>South Africa</td>
<td>9.5</td>
<td>11.6</td>
<td>840</td>
<td>185</td>
<td>165</td>
<td>10h 00m</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>8.3</td>
<td>11.5</td>
<td>725</td>
<td>245</td>
<td>160</td>
<td>9h 35m</td>
</tr>
<tr>
<td>Singapore</td>
<td>8.8</td>
<td>10.3</td>
<td>935</td>
<td>165</td>
<td>200</td>
<td>11h 55m</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>10.7</strong></td>
<td><strong>13.0</strong></td>
<td><strong>185.0</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>From Europe via DXB to</th>
<th>Fare xT [¢/km]</th>
<th>Fare [¢/km]</th>
<th>Fare xT [$]</th>
<th>Tax [$]</th>
<th>Fuel [$]</th>
<th>Flight Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seychelles</td>
<td>11.4</td>
<td>13.5</td>
<td>965</td>
<td>180</td>
<td>160</td>
<td>9h 40m</td>
</tr>
<tr>
<td>Maldives</td>
<td>10.6</td>
<td>12.5</td>
<td>875</td>
<td>150</td>
<td>155</td>
<td>9h 25m</td>
</tr>
<tr>
<td>Mauritius</td>
<td>10.4</td>
<td>12.6</td>
<td>1,065</td>
<td>230</td>
<td>195</td>
<td>11h 35m</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>8.4</td>
<td>10.2</td>
<td>710</td>
<td>155</td>
<td>160</td>
<td>9h 40m</td>
</tr>
<tr>
<td>Singapore</td>
<td>6.8</td>
<td>8.3</td>
<td>750</td>
<td>165</td>
<td>210</td>
<td>12h 25m</td>
</tr>
<tr>
<td>South Africa</td>
<td>6.2</td>
<td>7.7</td>
<td>715</td>
<td>185</td>
<td>220</td>
<td>12h 60m</td>
</tr>
<tr>
<td>Shanghai</td>
<td>5.9</td>
<td>7.2</td>
<td>685</td>
<td>150</td>
<td>220</td>
<td>13h 00m</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>8.5</strong></td>
<td><strong>10.3</strong></td>
<td><strong>175.0</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Fare xT = ticket price + self-imposed airline “surcharges” but excluding airport & government imposed charges

2. Tax = airport & government charges, fees, and taxes but excludes airline “surcharges”

3. Estimated cost of fuel per seat on a fully occupied 777-300 in a 3-class configuration fitted with Rolls Royce engines
Receipts

 irreconcilable differences
Regional evolution

Sri Lanka in boom

- **Maldives**
  - Shorter stay = reduced revenue per viz.
  - Revenue per diem constant

---

Maldives

- Average Length of Stay

  - Pearson’s $r = -0.99$

- Revenue per Viz.

  - $\equiv$ 1 in 2003

  - 2004-2013

---

Maldives

- Market Share (%)

  - 15-45

- Revenue per Viz.

  - $\equiv$ 1 in 2004

  - 2004-2013
Falling receipts

Real receipts are tumbling

Revenue per Visitor

Revenue per Visitor @ cc

- MUR Trend
- MUR
- EUR Trend
- EUR

Rev. per Viz. = 100 in 2004
Revenue in Q1

- **Revenue per room** is generally **sliding** locally.
- The reverse holds true in the **Maldives** except SUN.

**Revenue per room (Mtius) [€]**

**Revenue per room (Mdves) [$]**

*Includes Seychelles and Morocco*
Revenue in Q2

- **Rev per room** has improved locally. We hope marking a reversal
- SUN managed to also improve rev. @ Kanuhura

*Includes Seychelles and Morocco*
Revenue in Q3

**Revenue per room (Mtius) [€]**

- **NMHL**
  - Q3-09: 171
  - Q3-10: 165
  - Q3-11: 161
  - Q3-12: 164
  - Q3-13: 149
  - Q3-14: 158

- **SUN**
  - Q3-09: 315
  - Q3-10: 241
  - Q3-11: 423
  - Q3-12: 321
  - Q3-13: 341
  - Q3-14: 331

- **SCT**
  - Q3-09: 82
  - Q3-10: 86
  - Q3-11: 99
  - Q3-12: 89
  - Q3-13: 73
  - Q3-14: 57

- **LUX**
  - Q3-09: 125
  - Q3-10: 129
  - Q3-11: 133
  - Q3-12: 394
  - Q3-13: 499
  - Q3-14: 610

- **MOLI**
  - Q3-09: 122
  - Q3-10: 132
  - Q3-11: 144
  - Q3-12: 148
  - Q3-13: 108
  - Q3-14: 0

- **CHSL**
  - Q3-09: 194
  - Q3-10: 169
  - Q3-11: 164
  - Q3-12: 516
  - Q3-13: 664
  - Q3-14: 723

**Receipts per Viz per Day v/s Arrivals**

- **NMHL**
  - Q2-09: 195
  - Q2-10: 208
  - Q2-11: 210
  - Q2-12: 208
  - Q2-13: 223
  - Q2-14: 235

- **SUN**
  - Q2-09: 85
  - Q2-10: 96
  - Q2-11: 104
  - Q2-12: 78
  - Q2-13: 98

- **SCT**
  - Q2-09: 85
  - Q2-10: 96
  - Q2-11: 104
  - Q2-12: 78
  - Q2-13: 98

- **LUX**
  - Q2-09: 125
  - Q2-10: 129
  - Q2-11: 133
  - Q2-12: 106
  - Q2-13: 125
  - Q2-14: 156

- **MOLI**
  - Q2-09: 122
  - Q2-10: 132
  - Q2-11: 144
  - Q2-12: 148
  - Q2-13: 108
  - Q2-14: 0

- **CHSL**
  - Q2-09: 194
  - Q2-10: 169
  - Q2-11: 164
  - Q2-12: 516
  - Q2-13: 664
  - Q2-14: 723

*Includes Seychelles and Morocco*
Revenue in Q4

**NMHL**

![NMHL chart](chart1)

*Includes Seychelles and Morocco

**SUN**

![SUN chart](chart2)

**SCT**

![SCT chart](chart3)

**LUX**

![LUX chart](chart4)

**MOLI**

![MOLI chart](chart5)

**CHSL**

![CHSL chart](chart6)

Receipts per Viz per Day v/s Arrivals

<table>
<thead>
<tr>
<th>Q4-09</th>
<th>Q4-10</th>
<th>Q4-11</th>
<th>Q4-12</th>
<th>Q4-13</th>
<th>Q4-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>RpVD [€]</td>
<td>262</td>
<td>288</td>
<td>290</td>
<td>290</td>
<td>299</td>
</tr>
<tr>
<td>Arrivals</td>
<td>87</td>
<td>93</td>
<td>102</td>
<td>107</td>
<td>86</td>
</tr>
</tbody>
</table>

- **Revenue per room (Mtius) [€]**
- **Revenue per room (Mdves) [$]**

*Includes Seychelles and Morocco*
Expenditure shifting patterns
Slow expenditure growth

Shift in clientele spending

Areas of Visitor Expenditure

<table>
<thead>
<tr>
<th>Year</th>
<th>Accommodation</th>
<th>Food</th>
<th>Transport</th>
<th>Leisure</th>
<th>Shopping</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>17</td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td>12</td>
<td></td>
<td></td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>14</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10</td>
</tr>
</tbody>
</table>
Supply issue?

Many hotels

- Market share has *slid*
- Can’t fit all tourists in existing hotels
Market performance dichotomy
What the market thinks

Indeces = 100 on Dec 31, 2009

- ALEX-20
- ALCAPENX-12
- NMHL
- LUX
- SUN
- CHSL
Where to get the full report?

www.axys-group.com