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SUNBORN GIBRALTAR REACTS TO IMPACTS OF COVID-19 CRISIS

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The spread of the coronavirus (COVID-19) has led to unprecedented and worsening business situation in the hospitality sector all over the world including Gibraltar. Since March 13th, the Sunborn Group has been reacting to the unprecedented and sudden change in market conditions and seen through substantial cost reductions to adapt its operations to the situation. This includes closures of several outlets and business operations along with significant reductions in manning levels.

Between the 13th and 25th of March 2020, Gibraltar government and UK Foreign & Commonwealth Office (FCO) issued several measures and guidelines for restrictions of public gatherings, meetings, air travel, free movement and closure of restaurants and bars. Due to the sudden cessation in travel and the effective closure of tourism in Gibraltar, management started immediate preparations for cost reductions and made the difficult but necessary decision to close the Sunborn Gibraltar Resort on Sunday 22nd March 2020 until end of April 2020, to be reviewed as the crisis develops.

It is evident that overall sales during Q1 will be substantially lower than estimated due to the sudden cessation of normal business and that sales development over Q2 will be negative before gradually improving during the H2. Management strategy has been to reduce all possible costs in the immediate term and for the duration of Q2 as we prepare for and anticipate the beginning of a recovery phase, expected Q3/Q4. Sunborn has carried out a number of comprehensive measures to reduce costs and adapt operations to current market conditions and will be reporting on those measures and their effects in due course.

Sunborn Gibraltar Ltd and Sunborn Gibraltar Resort Ltd

Sunborn Gibraltar Resorts staff is placed on inactive status for the month of April, as allowed by the ETB directive and management will keep reviewing the need to extend this as necessary. Staff cost therefore is reduced by 95%, starting April 1st , however we will have minimal staff active in HR, technical, support and management functions.

With these measures in place, Sunborn estimates that the company's running costs will be reduced by an estimated 91% percent from 1st of April onwards as these measures over the past days take effect. We are also working intensively to implement further cost reductions and to secure our cash flow and reserves. Investments and ongoing projects have been put on hold and tax payments have been deferred in line with tax deferral programs as per tax office and government bulletins.



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Sunborn management is preparing a detailed information package to our investors on the actions and procedures so far taken and planned for the future. We are preparing to host investor updates over the next weeks.

ENDS

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This information is information that Sunborn Gibraltar Ltd. is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 18:20 on 26th March 2020

About Sunborn Group

Sunborn is over 45 years old, privately owned company based in Finland, with decades of experience in the hospitality sector. Our focus is on the development of luxury spa and yacht hotels, restaurants and other high-quality property.

Sunborn is present at the moment in Finland, Denmark, United Kingdom and Gibraltar. Operations vary from spa resorts and residential communities to hotels and yacht hotels, restaurants, and catering operations in the best locations.

www.sunborn.com