



International



INTERIM RESULTS PRESENTATION

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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**GROUP
REVENUE**



**19% to
R7.6 billion**



**GROUP
EBITDA**



**15% to
R1.9 billion**



**ADJUSTED
OPERATING
PROFIT**



**8% to
R1.1 billion**



**ADJUSTED
DILUTED
HEPS**

**198 cents
per share**

OPERATIONAL REVIEW

South Africa

Difficult trading conditions due to the macro-economic and political environment

Consumers' disposable income impacted. Less to spend on entertainment and gaming

As a consequence, we have experienced disappointing growth in gaming revenue. Hospitality has shown pleasing growth in revenue

Significant investments over the past few years, resulting in an increase in gearing levels

Latam

In Chile , with the exception of Iquique and Monticello, trading has improved

Iquique affected by strike action in the mining industry

Monticello continues to be impacted due to the relocation of the toll road

Panama and Colombia continue to struggle

Despite these challenges, the group remains cash generative with its Sun City, Sibaya and Table Bay operations showing good growth

STRATEGIC FOCUS



STRATEGIC FOCUS

Improve existing operations and guest experience

- “Back to Basics”
 - Focus on discipline and standard operating procedures
 - Driving operational efficiencies throughout the organisation
 - Integration of key systems
- Set standards and agree guest proposition
- Improve service levels
- Focus on repairs and maintenance as opposed to asset replacement
- Drive margins across the group
- Improve food and beverage margins

Protect and leverage existing asset portfolio

- South Africa
 - Opening of the Time Square arena in November 2017 and the hotel in March 2018
 - Grow Time Square share of Gauteng market
 - Continue driving the conferencing, leisure and Vacation Club business at Sun City subsequent to the significant refurbishment
 - Renew Table Bay lease – Expires in 2023
 - Renew Wild Coast licence – Expires 31 October 2019
 - Closure of Fish River on 30 November 2017
 - Improve performance of Carousel post Time Square
 - Address impact of EBTs on Boardwalk
- Nigeria
 - Exit Nigerian operations
- Latam
 - Acquired 50% of EDS equity interest in Sun Dreams – implementation subject to outstanding regulatory approvals
 - Leveraging the recent investments made at Monticello, including a new smoking deck and a 4 000 seat arena
 - Bid process for Municipal licence commenced - Outcome anticipated in Q1 2018
 - Sun Dreams intends submitting bids for a number of licences
 - Legal objections to process have been initiated
 - Address losses from Panama and Colombia
 - Exploring options to sell 65th and 66th floor of Trump Towers and focus on 3rd floor casino
 - In discussions with landlord regarding lease. Close to reaching break even prior to lease cost

Grow our
business into
new areas and
products

- Capitalise on land development opportunities at:
 - Boardwalk - Retail redevelopment and expansion. Contribute land and existing retail for equity
 - Carnival City - Large mixed use land development opportunity. Contribute land for equity
 - Sibaya - Residential opportunity on unused land. Contribute land for equity
 - Other properties under consideration
- Replace Sun Bet software to take advantage of opportunities in the online space
- Acquisition of Thunderbird Resorts in Peru
 - Comprises of 4 gambling operations generating EBITDA of US\$4.2 million
 - Purchase consideration is approximately US\$27 million
 - Includes premises valued in excess of US\$11 million

STRATEGIC FOCUS | CONTINUED

Our people

- Improve organisation culture
- Continue integration of Dreams S.A and Sun culture in Latam
- Carefully review relations with employees working for labour brokers and outsourced service providers
- Address union issues
- South African wage negotiations commenced with increase due 1 March 2019
- Recognition agreement negotiation underway
- Launched Sun Talk mobile communication platform
- Improve training and development with Morula International Gaming and Hotel school

Governance and Sustainability

- Gaming taxes in Gauteng – Being challenged through CASA
- North West licence conditions – close to finalisation
- Compliance team strengthened
- Dedicated sustainability manager appointed with focus on Health and Safety, Environmental, BBBEE and SED
- Established Sun Dreams board committees in line with Latam requirements and good corporate governance practice

UPDATE

TIME SQUARE

AT MENLYN MAINE

Sun
Time Square

UPDATE ON TIME SQUARE

Gauteng gambling market	<ul style="list-style-type: none">• Casino commenced operations on 1 April 2017• Gauteng gambling market not growing• Time Square captured 13.4% share of Gauteng's market, which is below expectation
Operations	<ul style="list-style-type: none">• 2 000 slots and 60 tables• 8 500 seater arena (opening November 2017)• 238 key hotel (opening Q1 2018)
Financial performance	<ul style="list-style-type: none">• Revenue : R276 million• EBITDA : R72 million
Capital investment	<ul style="list-style-type: none">• R3.5 billion invested to date• Outstanding for 2017: R615 million• Outstanding for 2018 : R102 million
Key initiatives	<ul style="list-style-type: none">• Opening of the arena and hotel• Continue to focus on marketing• Address issues around limited liquor licence hours and food and beverage margins
Outlook	<ul style="list-style-type: none">• Recent trading has reflected growth in activity and visitation and with the opening of the arena and hotel, growth in revenue is anticipated

AFRIKAANS IS GROEN

2017
24 25 26 November 01 02 Desember
Menlyn Maine | Sun Arena @Time Square

virseker
 kykNET
 LAFELD AGRONIE
 ATTERBURY
 TOYOTA

LEGENDS OF R&B BRIAN MCKNIGHT & BRANDY

TIME SQUARE ARENA LINE-UP

UNISON CELEBRATION

PRETORIA SOLD OUT

Live

THE REUNION WORLD TOUR

10 NOV 17

SUN ARENA, TIME SQUARE
MENLYN MAINE | PRETORIA

FINANCIAL REVIEW



FINANCIAL OVERVIEW

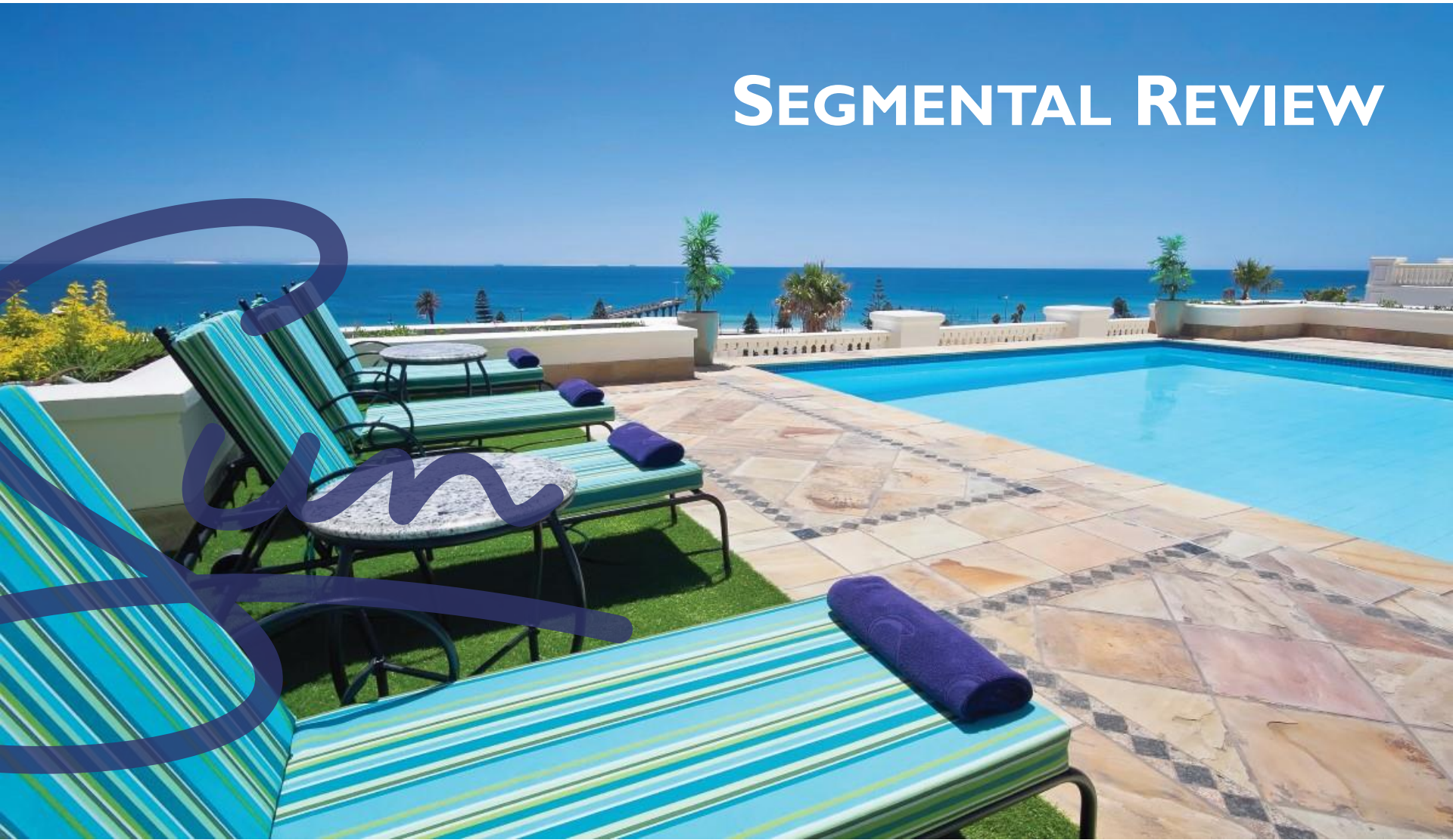
- Group revenue increased by 19% to R7.6 billion
- Growth attributable to the inclusion of:
 - Sun Slots from 1 April 2016
 - Sun Dreams from 1 June 2016
 - Time Square's results since its opening on 1 April 2017
- Revenue of South African operations declined by 1% on a comparable basis
- Group EBITDA increased by 15% from R1.6 billion to R1.9 billion
- EBITDA generated by the South African operations declined by 9%, on a comparable basis

R million	Unaudited 30 June 2017	%	Pro forma 30 June 2016
Revenue	7 560	19	6 349
EBITDA	1 894	15	1 647
Adjusted operating profit	1 147	8	1 064
Foreign exchange loss	-	100	(17)
Net interest	(483)	(26)	(382)
Profit before tax	664	(0)	665
Tax	(232)	(3)	(225)
Profit after tax	432	(2)	440
Minorities	(228)	(40)	(163)
Attributable profit	204	(26)	277
Discontinued operations and associates	2	(87)	15
Adjusted headline earnings	206	(29)	292

ADJUSTMENT TO HEADLINE EARNINGS

- Impairment of R8 million attributed to goodwill in Grand Sports
- Time Square pre-opening expenses of R40 million
- IFRS 2 share based payment expense incurred with regards to the BEE preference share transaction relating to Time Square of R8 million
- Interest of R22 million incurred up to the opening of the casino which related to the payment made to Peermont
- Retrenchment costs of R15 million relating to the closure of the Morula operations
- The straight lining of The Maslow and Table Bay lease expense of R9 million
- Sale of the Botswana, Lesotho and Namibian assets recorded a profit of R27 million
- Amortisation of R73 million of the Dreams S.A. intangible assets raised as part of a purchase price adjustment (PPA)
- The revaluation of the put options relating to the R162 million accounted for in profit and loss

SEGMENTAL REVIEW

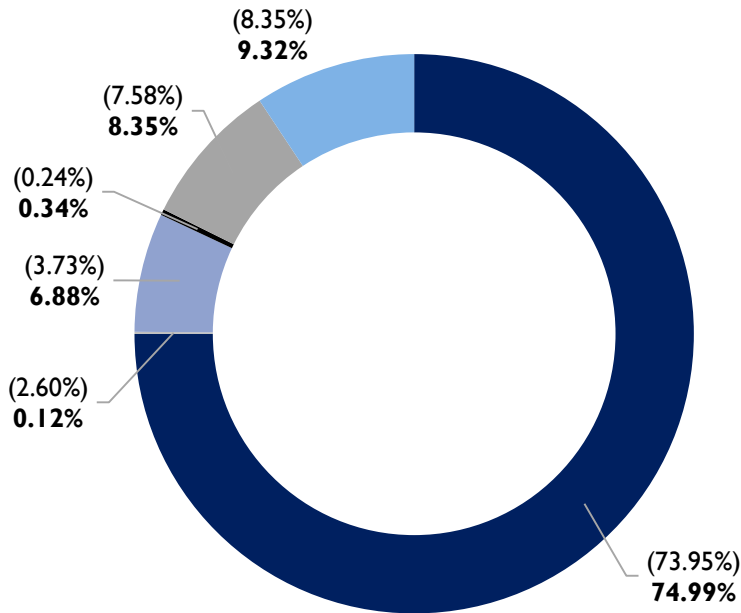


SEGMENTAL REVIEW

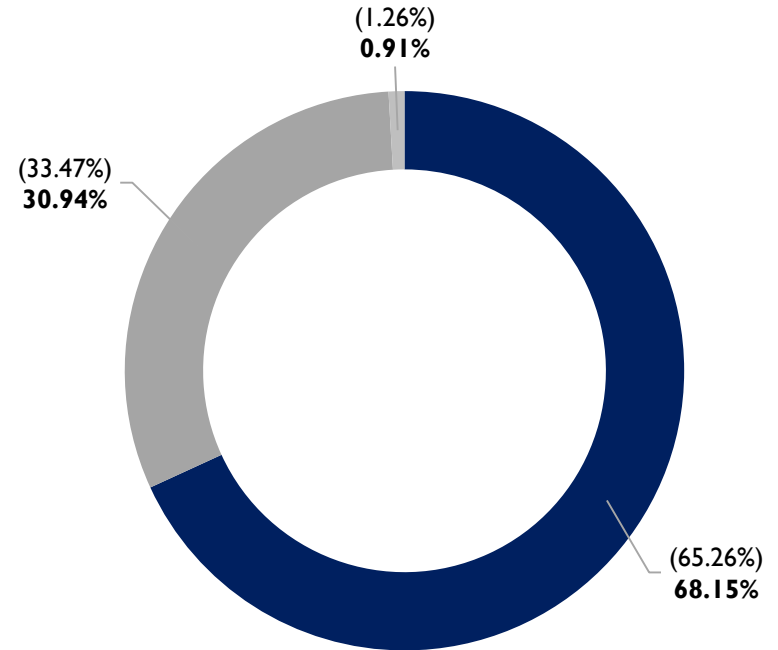
	South Africa		Latam		Nigeria		Group	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
R million								
Revenue	5 152	5 108	2 339	2 620	69	99	7 560	7 827
EBITDA	1 304	1 360	591	701	(1)	(3)	1 894	2 058
Adjusted operating profit	804	905	368	442	(13)	(25)	1 159	1 322
PPA adjustment	-	-	(10)	(11)	(2)	(3)	(12)	(14)
Operating profit after PPA	804	905	358	431	(15)	(28)	1 147	1 308

REVENUE CONTRIBUTION BY CATEGORY AND GEOGRAPHY

Category



Geography



- Casinos
- Sun Slots
- Rooms

- International Business
- Sun Bet
- Food and Beverage

- South Africa
- Latam
- Nigeria



SOUTH AFRICA SEGMENTAL REVIEW

R million	Revenue		EBITDA		Operating profit	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
GrandWest	1 031	1 049	391	426	316	363
Sun City	859	808	139	111	26	15
Sun City*	(51)	(72)	(44)	(61)	(44)	(61)
Sibaya	612	576	207	192	175	157
Carnival City	471	546	117	173	74	133
Boardwalk	276	296	34	61	(6)	18
Wild Coast Sun	231	229	38	46	13	18
Meropa	147	158	49	58	38	47
Windmill	123	141	36	48	25	38
Flamingo	84	88	22	27	15	21
Golden Valley	84	82	15	17	7	7
Carousal	130	157	19	29	5	14
Table Bay	175	167	45	38	37	30
The Maslow	71	69	(14)	(11)	(23)	(23)
Naledi	10	12	(4)	(2)	(5)	(2)
Fish River	12	11	(12)	(11)	(13)	(12)
	4 265	4 317	1 038	1 141	640	763
International Business	9	165	(15)	21	(15)	21
Sun Slots	504	237	114	55	70	35
Time Square	276	-	72	-	27	-
Morula	38	105	(4)	14	(5)	21
SunBet	25	15	1	(3)	-	(4)
Management companies	293	298	98	81	87	69
Intercompany management fees	(258)	(259)	-	-	-	-
	5 152	4 878	1 304	1 309	804	905

* Vacation Club accounting adjustment

LATAM SEGMENTAL REVIEW

	Revenue		EBITDA		Operating profit	
	30 June 2017	30 June 2016	30 Jun 2017	30 June 2016	30 June 2017	30 June 2016
R million						
Monticello	876	908	243	282	179	216
Dreams S.A. SCJ licences	785	750	303	290	286	273
Dreams S.A. municipal licences	417	417	158	156	135	136
Central office	-	-	(77)	(93)	(132)	(135)
Chile total	2 078	2 075	627	635	468	490
Panama (Ocean Sun)	119	124	(37)	(6)	(79)	(47)
Colombia (Sun Nao)	15	23	(22)	(19)	(35)	(30)
Peru	127	123	23	25	4	6
Total	2 339	2 345	591	636	358	419
Constant currency adjustment	-	101	-	28	-	18
Dreams S.A. pre-acquisition adjustment	-	(1 071)	-	(323)	-	(250)
Consolidated	2 339	1 375	591	341	358	187

CAPITAL INVESTMENT



CAPEX

Capital expenditure incurred during the period

R million	30 June 2017	Forecast 31 December 2017
Expansionary		
Time Square	1 083	615
Meropa	38	44
Sun City	10	27
Latam	111	27
	1 242	713
Refurbishment		
Sun City	3	59
GrandWest	9	20
Carnival City	7	4
Sibaya	-	9
Latam	22	31
Other refurbishments	2	1
	43	124
Other ongoing asset replacement	232	200
Total capital expenditure	1 517	1 037

Forecast project capital expenditure

R million	Spend to date	Forecast to 31 December	
		2017	2018
Time Square	3 508	615	102
Sun City	397	86	-
• Entertainment Centre	360	10	-
• Other projects	37	26	-
• Vacation Club Phase 2	-	50	-
Monticello arena, smoking deck and bar	131	46	-
Meropa Hotel	50	44	-
Total	4 086	791	102



BORROWINGS AND CASH FLOW

BORROWINGS

R million	Total debt	Minorities	Attributable to Sun International
South Africa			
Operating subsidiaries*	3 127	913	2 214
Time Square	4 175	1 044	3 131
Management and corporate	4 085	-	4 085
	11 387	1 957	9 430
Nigeria			
Shareholder loans	786	398	388
Sun International inter-company debt	(276)	(140)	(136)
	510	258	252
Latam			
Sun Dreams	2 315	1 052	1 263
Sun Chile	843	-	843
	3 158	1 052	2 106
30 June 2017	15 055	3 267	11 788
31 December 2016	14 517	3 134	11 383
30 June 2016	14 062	3 171	10 891

- Borrowings as at 30 June 2017 were R15.1 billion
 - With R11.4 billion attributable to the South African balance sheet
- The increase in debt mainly relates to capital investment in Time Square
- Balance sheet remains resilient as operations continue to generate strong cash flow

* Excluding Time Square

COVENANTS

Covenants	South Africa		Latam	
	Covenant	Actual	Covenant	Actual
Debt to EBITDA	4.0x	3.9x	4.75x	1.4x *
Interest cover	2.5x	3.4x		

* 2.6x prior to netting of cash

Capital allocation

- The group generates strong cash flow and is carefully managing capital allocation and managing cash flow

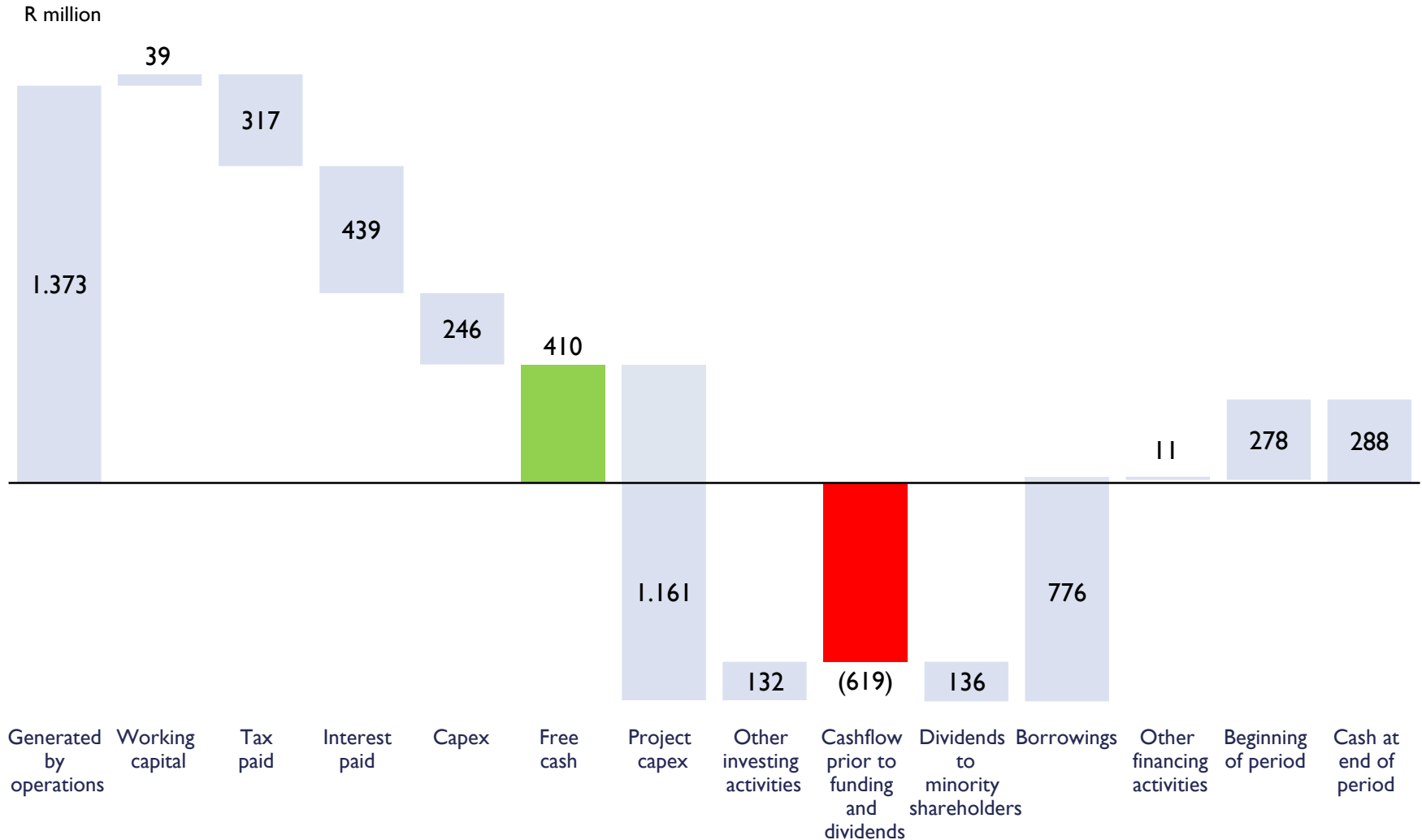
Relaxation of covenants

- Following negotiations with the group's lenders during the review period, the debt covenant levels were adjusted for June 2017 and December 2017 and the group continues to trade within these levels

De-risking the balance sheet

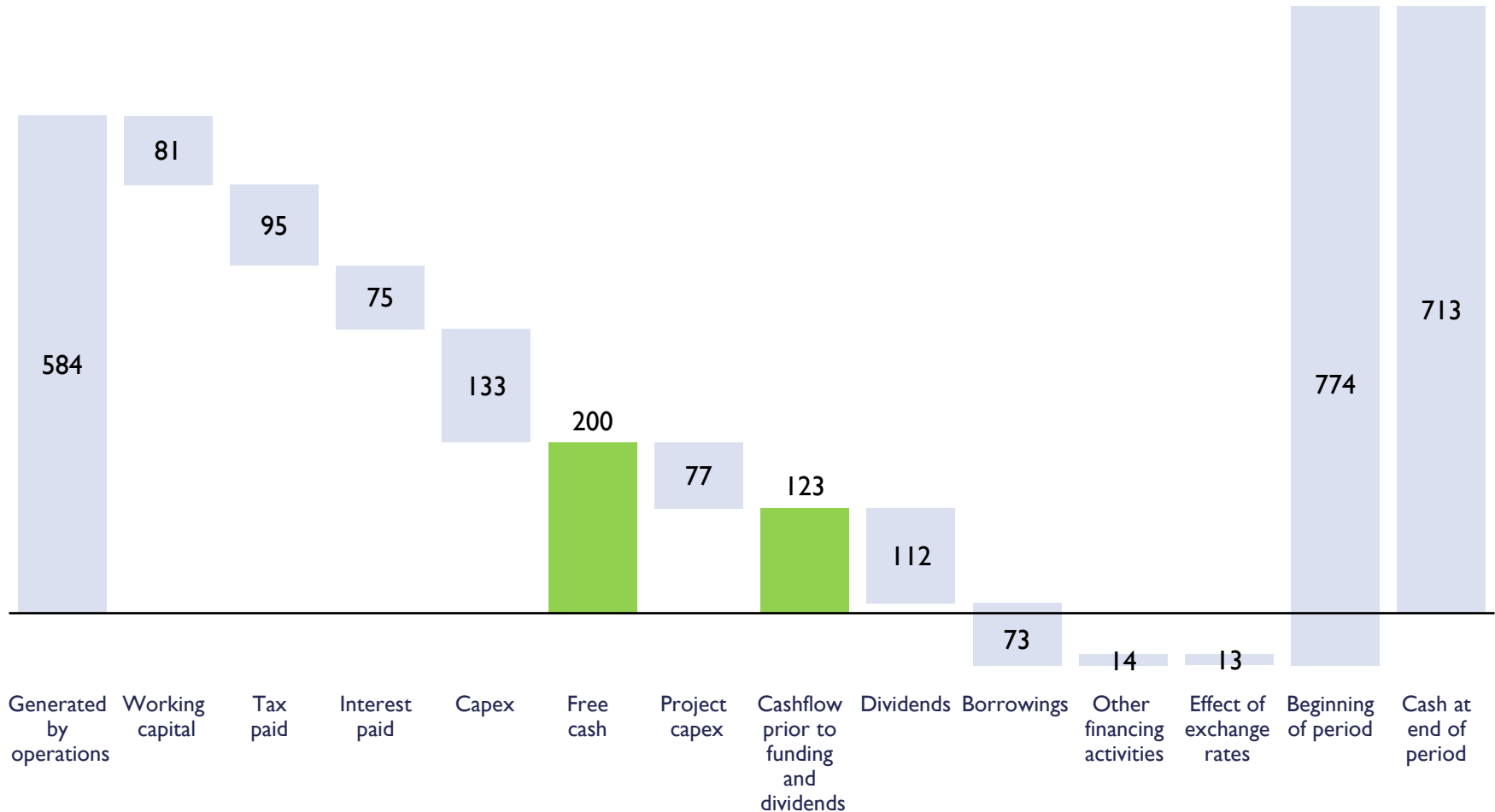
- The group is considering several options in order to de-risk the balance sheet

SOUTH AFRICAN CASH FLOW



LATAM CASH FLOW

R million



SUPPLEMENTARY INFORMATION



GROUP STRUCTURE

		Economic interest %	Slots	Tables	Rooms
South Africa					
Gauteng	Carnival City	91	1 568	47	105
	Maslow	100	-	-	281
	Time Square	75	2 000	60	-
Western Cape	GrandWest	61	2 563	64	39
	Table Bay	61	-	-	329
	Worcester	61	220	6	98
	Sunbet	100	-	-	-
Kwa-Zulu-Natal	Sibaya	63	1 214	48	154
Limpopo	Meropa	68	417	17	80
North West	Sun City	100	645	51	1 310
	Carousel	100	700	25	94
Northern Cape	Flamingo	71	300	10	-
Eastern Cape	Boardwalk	82	918	27	140
	Fish River	82	-	-	83
	Wild Coast Sun	70	518	19	396
Free State	Windmill	70	403	18	-
	Naledi Sun	100	160	-	30
Management activities	Sun International Management	100	-	-	-
Other Africa					
Nigeria		49	106	10	146
Swaziland		51	158	13	351
Latam					
Chile		55	4 830	227	533
Panama		55	607	52	-
Colombia		55	220	15	-
Peru		55	1 054	31	-
		Economic interest %	LPMs	Sites	
South Africa					
Sun Slots		70	3 695	757	

ANALYSIS OF MINORITY SHAREHOLDERS

R million	Profit after tax		% Shareholding		Minority portion including SIEST	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
South Africa	249	475			142	172
SunWest	218	244	64.90%	64.90%	84	82
Sibaya	115	100	66.15%	66.15%	43	36
Carnival City	33	76	94.65%	94.65%	3	7
Boardwalk	(37)	(21)	85.07%	85.07%	(7)	(4)
Wild Coast Sun	(3)	1	70.00%	70.00%	(1)	-
Meropa	24	30	71.05%	71.05%	8	10
Windmill	15	24	73.50%	73.50%	5	7
Flamingo	8	12	74.92%	74.92%	2	4
Golden Valley	5	4	64.90%	64.90%	2	1
Time Square	(56)	-	75.00%	0.00%	(16)	-
South African operations with minorities/SIEST	322	470			123	143
Excluding SIEST	-	-	3.50%	3.50%	(12)	(16)
Sun Slots	44	46	70.00%	50.10%	13	23
Management and corporate						
Manco - NCR	-	-	100.00%	100.00%	-	-
Manco - AfrisunKZN	9	8	47.44%	47.44%	4	4
Manco - Meropa	2	2	50.00%	50.00%	1	1
Manco - Windmill	-	1	50.00%	50.00%	-	-
Dinokana	(4)	(4)	93.19%	93.20%	-	-
Royale	-	(1)	73.29%	73.29%	-	-
SIEST	-	-	3.50%	3.50%	13	17
Center and wholly owned subsidiaries	(124)	(47)	100.00%	100.00%	-	-
Management companies with minorities	(117)	(41)			18	22
Latam	217	14	55.00%	98.86%	104	16
Nigeria	(34)	(49)	49.33%	49.33%	(18)	(25)
	432	440			228	163

BORROWINGS BY SUBSIDIARY

R million	30 June 2017			31 December 2016		
	Total Borrowings	Minority Share	Attributable to Sun International	Total Borrowings	Minority Share	Attributable to Sun International
South Africa	11 387	1 957	9 430	10 617	1 745	8 872
SunWest	938	361	577	931	358	573
Afrisun Gauteng	608	54	554	626	55	571
Afrisun KZN	320	120	200	302	113	189
Emfuleni	608	182	426	599	179	420
Wild Coast	307	92	215	319	96	223
Meropa	115	37	78	97	32	65
Teemane	82	23	59	85	24	61
Windmill	108	32	76	107	32	75
Golden Valley	(5)	(2)	(3)	6	2	4
Sun Slots	46	14	32	85	26	59
Time Square	4 175	1 044	3 131	3 313	828	2 485
Corporate	4 085	-	4 085	4 147	-	4 147
Nigeria	510	258	252	519	263	256
Shareholder loans	786	398	388	801	406	395
Sun International intercompany debt	(276)	(140)	(136)	(282)	(143)	(139)
Latam	3 158	1 052	2 106	3 381	1 126	2 255
Sun Dreams	2 315	1 052	1 263	2 478	1 126	1 352
Sun Chile	843	-	843	903	-	903
	15 055	3 267	11 788	14 517	3 134	11 383



Sun
Time Square

Sun
International