SUN INTERNATIONAL IMPROVES TRADING IN PERIOD OF SIGNIFICANT CHANGE

Revenue +6.6%	**EBITDA +14.5%**
Adjusted diluted HEPS +23%	**Interim gross cash dividend of 110 cents per share**

[Johannesburg, 23 February 2015] Leading gaming and hospitality company Sun International today announced an increase in revenue of 7% to R5.3-billion at the half year. In light of improved trading the board has declared a gross interim dividend of 110 cents (2013: 90 cents) per share.

During the past 6 months there have been significant changes in the group. These include the opening of the Ocean Sun Casino in Panama in September 2014, the acquisition of an additional 55% interest in Monticello, Chile and the acquisition of a 25% interest in GPI Slots. The group also disposed of the majority of its interests in Gaborone Sun, Kalahari Sands, Lesotho Sun and Maseru Sun as well as a 50% interest in the Royal Livingstone and Zambezi Sun to Minor International Pcl.

On the operational front the group concluded the section 189 restructure which has resulted in the group's South African head count reducing by approximately 1 500 since the start of the restructure. These transactions and the Section 189 restructure are in line with the medium term strategic objectives the group set out in its 2013 and 2014 Integrated Annual Report.

The results of the African properties disposed of to Minor and the Swaziland operations have been reclassified in the current and prior periods in the Statements of comprehensive income and are disclosed as a single line item under "Profit from discontinued operations".

Revenue for the period was 7% ahead of the six months ended 31 December 2013 at R5.3 billion, reflecting a similar trend to that experienced in the second half of the 2014 financial year. Excluding revenues from the new Ocean Sun Casino in Panama, revenue was up 6% on last year with the South African operations and Monticello up 5% and 18% (In local currency) respectively. The growth in South Africa was achieved despite a disappointing December in which gaming revenue was down 1% compared to last year. Good growth resumed in January 2015 with South African gaming revenue up by 6%.

EBITDA, including all adjusted headline earnings adjustments, as well as the African operations up to 30 November 2014 (the date of disposal of African companies to Minor International pcl) was R1.7 billion, 15% ahead of last year. The increase is primarily due to a strong performance from Monticello coupled with the savings from the section 189 restructure and other cost cutting measures implemented. The EBITDA margin improved 2.4% to 29.9%, and excluding the discontinued African operations, improved to 30.5%.

Depreciation and amortisation was up 12% (7% on a comparative basis) primarily due to the inclusion of R20 million depreciation from the Ocean Sun Casino and a full period's depreciation of the group's EGS gaming system. Despite the inclusion of the Ocean Sun Casino, employee costs were down 3% (5% on a comparative basis) as a result of the Section 189 restructure. Levies and VAT on casino revenue were up 10% on last year. The increase is well ahead of the 7% growth in casino revenue due to the 2% increase in the gaming levy in the Western Cape from 1 September 2013 and the higher portion of gaming revenue from Monticello where the levy and VAT rate (together 33%) is significantly higher than South Africa. Property and equipment rentals were up 11% primarily due to the straight line charge for the management company office rentals.

Other income of R462 million is the profit on disposal of the African properties and assignment of the management contract to Minor.

Other operational costs include certain non-recurring items such as pre-opening expenses for Ocean Sun Casino of R48 million (2013: R13 million), corporate transaction costs of R12 million and an adjustment to the Monticello acquisition consideration of R23 million. Excluding these, other operational costs are up 8% with the above inflationary increase due primarily to higher IT costs.

Net interest paid of R276 million was 7% ahead of last year due to higher debt levels as a result of the Ocean Sun Casino development and the acquisition of the additional interest in Monticello. Included in the foreign exchange losses for the period was the translation loss of R27 million incurred on the US Dollar shareholder loans in the Tourist Company of Nigeria.

Adjusted headline earnings of R429 million and diluted adjusted headline earnings per share of 410 cents were 23% ahead of last year. Excluding the initial losses incurred in the start-up phase of the Ocean Sun Casino diluted adjusted headline earnings per share would have been up 33%.

Strategic priorities

A major priority area for the company is in improving its operational performance. Two major achievements were recorded in the period under review:

- The bulk of the sections 189 and 189A restructuring process was finalised in November 2014. In total 697 employees accepted voluntary retrenchment and 134 employees took early retirement packages. Compulsory retrenchment amounted to 111 employees. The cost to the group was R190 million which was largely expensed in the 2014 financial year. Between January 2014 and January 2015, the group's South African headcount through a combination of natural attrition and the restructure reduced by approximately 1,500 employees. The annual saving on employee costs achieved by the restructure is approximately R250 million.
- We have strategically identified the need to take ownership, where appropriate, of the food and beverage operations on our properties. This will enable us to provide a better guest experience, improved employee morale and should also be a source of additional profit. Negotiations are well advanced and in this regard we expect that we will take control of a significant number of the group's outsourced food and beverage operations in the current financial year. Although this will increase revenue we do not expect a significant change to profitability in the short term.

A second priority area for the group is to maximize the potential within our existing assets. Again, a number of major changes were made in the period:

- In May 2014 we concluded a transaction which will see Grand Parade Investments Limited exit its investments in SunWest and Worcester. Tsogo Sun Holdings Limited will acquire GPI's 25% interest and a 15% interest from Sun International in both properties. The transaction was subject to the approval of the Competition Tribunal and in this regard we have recently been informed that the Competition Commission has recommended to the Competition Tribunal that the transaction be prohibited in terms of section 14A(1)(b)(iii) of the Competition Act, No. 89 of 1998, as amended. The Parties do not agree with the recommendation made by the Competition Commission and will be opposing this before the Tribunal. The Tribunal hearing will take place on various dates in April with closing arguments provisionally scheduled for 12 May 2015 with a ruling from the Tribunal expected 10 days thereafter.
- In July 2014, the Gauteng Gambling Board (GGB) announced that the group's application to relocate its Morula licence to Menlyn Maine on the east side of Pretoria had been approved thereby permitting the relocation of the casino from Mabopane to Menlyn. The approval is subject to conditions that are reflective of the commitments made in the application. Certain objections have been received to the GGB's approval of the relocation and these are being addressed through the appropriate legal processes. Detailed planning of the R3 billion development has commenced with the plans having being submitted to the GGB for approval. The development will only commence once the remaining objections have been resolved.
- The refurbishment of the Sun City phase 1 Vacation Club was completed in November 2014 within the R295 million budget. Sales of Vacation Club units of R170 million have been achieved to date. The redevelopment of the main casino was completed in November 2014 in time for the Nedbank Golf Challenge. The refurbishment has resulted in a significant modernisation of the gaming floor and its surrounds and has been well received by customers. Additional food and beverage offerings are being developed around the casino floor. The long overdue refurbishment of the Cabana rooms and public areas has commenced with an expected completion in November 2015, at a cost of R100 million. Further plans for the resort, in particular the convention and conferencing aspects of the business, are under consideration.
- The acquisition of a further 54.7% interest in Monticello was concluded in November 2014. The acquisition was at a cost of US$146 million (including shareholder loans) and gives the group an effective 98.9% interest in Monticello.
- As announced this month, Sun International has concluded an MOU with the shareholders of Dreams to merge its casino and hotel portfolio of assets with Sun International's Latam portfolio. It is anticipated that the merger of assets will give Sun International approximately 50% of the combined entity. As part of the proposed merger, Sun International will increase its shareholding to 55% and consolidate the results of the merged entity. The effective date of the proposed merger of assets will be upon the fulfilment or waiver of certain conditions precedent including shareholder approval, entering into definitive agreements, due diligence and various regulatory approvals. Further details of the transaction can be found in the SENS announcement and a circular to shareholders will be sent in due course.
- As announced on SENS the disposal of the majority interest in the African portfolio to Minor was concluded in December 2014 with the exception of the Swaziland leg of the transaction which is now unconditional but has been delayed pending final interaction with the King of Swaziland. Proceeds from the disposal (R671 million) were received in December 2014 and a profit of R462 million has been realised. Sun International will continue to operate the casino operations situated

at each of the assets and Minor has assumed day to day management responsibility for the hotel operations other than in Zambia, which will be jointly managed under a joint venture arrangement.
- Nigeria is currently facing a number of challenges including the perceived ebola risk, Boko Haram, delayed elections and a falling oil price. These factors are likely to have a significant impact on Nigeria's economy if they persist and as result the Naira has depreciated by 25% since October 2014. As a consequence of the above factors the Federal Palace is dealing with a drop in demand and at the same time the staff in the hotel industry have initiated illegal strikes which resulted in the property having to close for a few days in January 2015. The dispute between the group's local partners in the business continues. The Federal Palace property has significant potential and real estate value but unfortunately the issues facing the country and company are making it increasingly difficult to advance any strategic issues or to realise any value in the short to medium term. The group continues to evaluate all options for its investment.

The third priority for the group is to grow our business into new areas and new products:

- In May 2014, we announced that we would acquire up to a 70% interest in GPI Slots in a 3 tranche acquisition. GPI Slots is the holding company of GPI's limited payout gaming operations that own and operate LPMs. The first part of the acquisition became unconditional during December and with effect from 31 December 2014 Sun International acquired a 25.1% interest in GPI Slots and shareholder loans of R73 million for a total consideration of R311 million. The next tranche acquisition will be for a further 25% effective 1 July 2015 and the third tranche for a further 20% on 1 July 2016. Implementation of the acquisition of the next two tranches will be subject to gaming board and competition commission approval.
- The Ocean Sun Casino in Panama opened on 12 September 2014 with the official opening on 23October 2014. The project was concluded within the US$105 million budget.
- The group's application for a casino licence in Cartagena, Colombia was approved by the Colombian gaming regulator on 28 July 2014. Construction of the US$30 million casino commenced in August 2014 with an anticipated late April 2015 opening.

The group continues to operate in a subdued and challenging economic environment, in particular in its core South African business.

CE Graeme Stephens said that despite the poor economic conditions, the group has continued to benefit from the revenue enhancing and cost cutting initiatives implemented over the past 18 months, including those implemented at Monticello, which has delivered significantly improved trading.

"*The benefits of the various initiatives should continue to be felt in the second half of the year, albeit the same relative revenue growth from Monticello is not expected given that restructuring initiatives at that property were undertaken at the end of 2013 and are already in the base comparative for the second half. The Ocean Sun Casino trading is expected to improve as it establishes itself in the market and grows its VIP gaming business.*

"On balance, the group is confident that it will achieve growth in both EBITDA and adjusted headline earnings in the second half of the 2015 financial year.

"The group has recently concluded a number of significant strategic transactions which will have an impact on the group's results and financial position in the future. We anticipate that these transactions position the group for growth in the medium to long term."

Unit performance

GrandWest revenue was 10% ahead of last year at R1 103 million with the local economy benefitting from increased tourism. EBITDA increased by 15% due to good cost control, the improved revenue growth and despite the 2% increase in gaming levies effective from 1 September 2013. The EBITDA margin increased 1.8% to 42.6%.

Sun City revenue at R712 million was 1% below last year due primarily to a 1% decline in casino revenue as a result of the significant renovations to the main casino floor undertaken during the period and a low tables win percentage which offset the tables drop increase of 16%. Through enhanced efficiencies, EBITDA from operations was up 8% at R104 million (2013: R96 million) however a charge of R10 million was accounted for relating to costs of selling vacation club units which was not incurred last year. In the 6 months under review, sales of the refurbished Vacation Club units amounted to R65 million (R170 million in sales since the launch of the refurbished units). While indirect costs are accounted for as incurred, the sale proceeds will only be recognised over 10 years.

Sibaya, with revenue only 2% up at R566 million, managed to improve EBITDA by 6% to R206 million as a result of cost savings with the EBITDA margin improving 1.3% to 36.4%. December 2014 trading was negatively impacted by improved weather at the coast compared to December 2013 and as a result gaming revenue was down 9% for the month. Sibaya's market share for the six months was at 35.5% (last year: 35.6%).

Carnival City revenue increased 5% for the 6 months to R547 million. Through cost saving initiatives, including a reduction in employee costs and a revised marketing strategy, EBITDA improved by 22% to R190 million. Carnival City's share of the Gauteng market grew 0.2% to 15.2%.

Boardwalk revenue increased 1% to R282 million. The disappointing growth is due to the opening of 2 Electronic Bingo Terminals ("EBT") licences within the Boardwalk's catchment area and, despite ongoing engagement with the Eastern Cape Gambling Board, we expect further EBT sites to open in the near future. Despite the low revenue growth the Boardwalk improved EBITDA by 5% to R86 million as a result of cost savings.

In the group's hotel operations, despite the negative impact of the Ebola scare, ***The Table Bay Hotel*** achieved revenue growth of 10% driven by 1% increase in occupancy and a 20% growth in food and beverage revenue. Costs were well managed resulting in a 36% increase in EBITDA to R30 million.

The Maslow occupancy increased by 6.5% to 61.4% while the room rate was largely in line with the prior year. The property is fast gaining a reputation as the best corporate hotel and small conference destination in Sandton.

With effect from 1 December 2014 the group's remaining interests in its Namibia, Botswana and Lesotho operations have been accounted for as associates and the Zambian operation as a joint venture. The interest remaining in Swaziland will likewise be treated as an associate on the imminent conclusion of the sale to Minor.

The Royal Livingstone and ***Zambezi Sun's*** revenue was up 9%, (15% in local currency) due to a 4.9% improvement in occupancies. EBITDA improved 38% (46% in local currency) as a result of the increase in revenue, release of a R6 million VAT accrual and non-recurring costs incurred in the prior period. The yellow fever vaccination requirement for Zambia was recently lifted and this is expected to have a positive impact on trading.

The Federal Palace revenue declined 8% in local currency largely as a result of a 13.9% decline in occupancies due to the Ebola crisis and the ongoing Boko Haram threat. Occupancies fell as low as 33% in September, 28% lower than last year. The property is, however, slowly recovering with occupancies having improved but still well below last year. Gaming revenue for the 6 months was also impacted and as a result was 5% lower than last year. Despite the decrease in revenue EBITDA improved 78% following savings in all areas including payroll and legal fees and the release of excess accruals from prior years.

Monticello revenue was up 18% in local currency (11% in ZAR) as the property recovers from the smoking ban introduced in Chile in March 2013. New smoking decks were being installed in the comparative period and the current year shows the positive impact that the decks are having. Due to_the strong revenue growth and cost savings implemented EBITDA was up 71% (59% in ZAR to R192 million).

Ocean Sun Casino started trading in mid-September 2014 and has contributed R41 million to revenue. While the property is currently trading behind expectations it is still in its ramp up phase. The casino has been well received by the local market and is starting to receive strong interest from regional VIP players. Management remains confident that the property will achieve its medium term revenue projections and profitability.