SUN INTERNATIONAL HIT HARD BY COVID-19, SHOWS EARLY SIGNS OF RECOVERY

- Total income from continuing operation for the year declined 49%
- Group Adjusted Headline earnings loss of R1.1 billion
- Adjusted EBITDA from continuing operations decreases by 72%, and by 70% from South African operations.
- Loss from continuing operations before tax of R1,653-million
- Group adjusted headline loss of 633 cents per share

[*Johannesburg, 15 March 2021*] - Sun International released its full year results today, showing early signs of recovery from the impact of the COVID-19 pandemic, with growth in market share in key markets since the lockdown and, despite lower revenues, satisfactory EBITDA and margins achieved in the last quarter of 2020.

The South African operations generated adjusted EBITDA of R984 million at an adjusted EBITDA margin of 16.0% for the year under review. In quarter 4, adjusted EBITDA generated was at R678 million at a margin of 32% although revenues were only at 70% of 2019 levels.

Sun International CE Anthony Leeming said: "Key steps we took during the year to manage the impact of the pandemic on the business ensured that the group was in a strong position to deal with the lockdown and the restrictions imposed on its operations, but more importantly, they have placed the group on a solid footing for a post Covid-19 sustainable recovery.

"We worked hard to reduce costs, optimise working capital, prioritise capital investment and negotiate with lenders, service providers and suppliers for either a waiver, reduction or deferment of payments. We formulated and implemented plans to achieve operational efficiencies and restructured certain parts of the business.

"We also used the lockdown period to critically assess the group's operational practices, systems, marketing and guest experience. Several initiatives were undertaken which are having and will have a positive impact on the group's future results."

The group's proactive response to the pandemic included addressing the short-term liquidity risks, including up to a 60% reduction in payroll costs during lockdown, deferring all capital investment other than critical spend, announcing the closure of both Naledi Sun and Carousel; accelerating the disposal of certain non-core assets; the successful conclusion of the R1.2 billion rights offer; and disposing of the group's interest in Sun Dreams, effective 31 October 2020.

With the easing of the lockdown restrictions, the South African casino operations were able to resume trading with effect from 1 July 2020, with Sun City having re-commenced trading in September once the restrictions on inter-provincial travel were lifted and the Maslow Sandton and Table Bay hotels having resumed operating in October and November respectively.

Casino operations were able to resume operating, subject to strict operational protocols being put in place and limitations on the number of guests permitted in the casinos of up to 50% of normal guest capacity.

The South African lockdown regulations, which included extensive restrictions on trading, materially impacted operations. Casinos continue to be impacted by the curfew and are trading at reduced capacity.

Despite these adverse conditions, South African casino income showed a positive trend in the second half of the year and increased as a percentage of 2019 from 52% in the third quarter to 71% in the last quarter of 2020.

The group's casino market share since the lifting of the lockdown in the competitive Gauteng and KZN market increased to 28.4% and 39.6%,2.5% and 2.0% higher respectively than the prior corresponding period in 2019.

Income from contuning operations declined by 49% from R11.8 billion to R6.1 billion and adjusted EBITDA reduced by 72% from R3.2 billion to R897 million. Group adjusted headline earnings declined from R763 million to a loss of R1.1 billion, with an adjusted headline loss of 633 cents per share.

In South Africa, income declined by 55% for the first six months of the year from the comparative period to R2.5 billion, with adjusted EBITDA down by 95% to R80 million.

With the resumption of trading of most operations from 1 July 2020, income and adjusted EBITDA improved steadily throughout the six months until the move to an adjusted level 3 lockdown, the imposition of the 8pm curfew and alcohol sales ban in mid-December 2020. This led to a significant drop in activity and cancellation of bookings for the second half of December and into January 2021.

As a result of the group's exit from its investment in Sun Dreams in Latin America, the results of Sun Dreams have been accounted for until the effective date of the transaction, being 31 October 2020, and disclosed as discontinued operations.

"The covid-19 pandemic will have a significant impact on the South African economy, which will take some time to recover," said Leeming.

"The capital raise as a result of the rights offer and the proceeds from the disposal of Sun Dreams has improved our liquidity position and significantly strengthened the group's balance sheet. These actions and the various operational initiatives which we have undertaken and implemented in the last twelve months have ensured that the group remains well placed to be able to deal with the current and future Covid-19 challenges and has strongly positioned the group to recover and grow into the future."

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