

Sun International Limited – Business Update for the Quarter to 30 September 2010

Sun International Limited
(Incorporated in the Republic of South Africa)
(Registration number 1967/007528/06)
Share code: SUI ISIN: ZAE000097580

Business Update for the Quarter to 30 September 2010

Trading

	Quarter to 30 September		
	2010	Change	2009
	Rm	%	Rm
Revenue	2 152	11	1 942
Casino	1 682	10	1 536
Rooms	222	19	186
Food, beverage and other	248	13	220
EBITDA	590	11	530
EBITDA margin (%)	27.4	0.1	27.3

Revenue for the quarter at R2.2 billion was 11% ahead of last year. Gaming revenue was 10% ahead of last year whilst rooms revenue and food, beverage and other revenue were 19% and 13% ahead of last year respectively. Excluding Monticello and the Federal Palace, comparable revenue was 6% higher than last year with casino 6% ahead and rooms 9% ahead.

GrandWest achieved revenue growth of 6%, while Carnival City, Sibaya and Boardwalk achieved revenue growth of 9%. Monticello's revenue increased by 41% on last year to R261 million, with gaming revenue increasing by 34%. The group's share of the Gauteng market increased by 0.2 percentage points to 19.9% over the same quarter last year. Sibaya's share of the gaming market in Kwazulu-Natal increased by 1.3 percentage points on last year to 35.7%.

Rooms revenue showed reasonable growth due primarily to the effects of the FIFA 2010 World Cup. Whilst the group occupancy was 4 percentage points lower at 65%, the average room rate was 16% higher reflecting the strong rates achieved during the tournament. Subsequently demand for hotels and resorts has softened further with revenue generally showing declines on last year.

The group achieved an EBITDA margin of 27.4% which was marginally ahead of last year reflecting the continuing focus on controlling costs despite the significant increases in energy and other property costs.

Developments

Wild Coast Sun

The next phase of the upgrade programme, the refurbishment of an additional 57 rooms, will be completed by December 2010. Phase 3 begins in January 2011 and will consist of the refurbishment of 182 bedrooms and the convention centre as well as the construction of a new water park. The total project will be completed by mid-2012 at an unchanged capital cost of R400 million.

Windmill

Construction of the new Privé area commenced in May 2010 and will be completed by the end of November 2010. This includes both smoking and non-smoking facilities, a lounge and separate entrance from a new private parking area. The total capital expenditure on this project is estimated at R35 million.

Kalahari Sands

The scope of work comprises the refurbishment of 173 hotel rooms, refurbishment of the buffet restaurant and minor infrastructure upgrades. The refurbishment of the first four floors will be completed by December 2010. Total capital expenditure on this project is estimated at R80 million.

Boardwalk casino licence

Following the conclusion of an extended consultation process, the Eastern Cape Gambling and Betting Board (ECGGB) issued a new casino license to Emfuleni Resorts to operate The Boardwalk Casino and Entertainment World for a period of 15 years, effective 3 October 2010. The license conditions include a R1 billion expansion and refurbishment of the property, including a five star hotel, conference centre, parkade and expanded gaming facilities. Construction will commence in January 2011 and the completion is forecast to be December 2012.

Outlook

Demand within the gaming and particularly the hospitality industries is anticipated to remain challenging in the foreseeable future. Notwithstanding this, we anticipate growth in revenue from the existing operations in addition to greater contributions from Monticello and the Federal Palace.

The outlook has not been reviewed or reported on by the company's auditors.

4 November 2010

Johannesburg

Sponsor: Investec Bank Limited