



## SUN INTERNATIONAL, GPI IN NEGOTIATIONS ON SUCCESSFUL LPM BUSINESS

[Friday, 07 March 2014] Sun International and Grand Parade Investments (GPI) announced today that they are in advanced negotiations for Sun International to acquire a material interest in GPI Slots Proprietary Limited, a wholly-owned subsidiary of GPI, which owns and operates Limited Payout Machine (LPM) operations.

Sun International said that one of its key strategic focus areas is growing its business into new areas and products. The LPM industry seemed to be performing well and finding increasing traction over time, which prompted the company to consider potential opportunities for entering this market.

LPMs are principally located in bars, clubs and restaurants. The Western Cape had the largest LPM market in 2012, with KwaZulu-Natal next, followed by Gauteng.

GPI Slots owns five LPM routes: Grandslots in the Western Cape; Kingdomslots in KwaZulu-Natal; Grand Gaming Slots and Hot Slots in Gauteng; and Zimele Slots operating in Mpumalanga. Collectively these LPM route operator licences allow GPI Slots to operate a maximum of 5 000 LPMs. The acquisition by GPI Slots of a further licence, KZN Slots in Kwa-Zulu Natal, is currently subject to certain conditions precedent which are expected to be finalised by 30 June 2014.

In its interim results for the six months to end December 2013, GPI Slots declared revenues of R280 million.

Sun International CE Graeme Stephens said: *“The LPM market is generally characterised by fragmentation and small participants which makes meaningful acquisitions difficult. An equity interest in GPI Slots would provide Sun International with an immediately meaningful presence in this industry, including management and infrastructure, rather than trying to grow from scratch.”*

*“GPI Slots is a business that has already established itself in key markets but still has room for growth, including the potential in other markets in Africa (and possibly Latin America)”.*

GPI Chairman Hassen Adams said: *“GPI and Sun International enjoy a long-standing investment relationship and this potential acquisition entrenches this while considerably enhancing the long-term growth potential of GPI Slots and realising significant value for GPI. The deal would leverage Sun International’s extensive gaming and established operations, not only in the South African market, but also in the wider African markets.”*

*“GPI has achieved considerable and rapid growth in the GPI Slots business through a combination of organic growth of operations, new licence applications, and acquisition of LPM operators”.*

*“By partnering with an established, international company like Sun International, GPI will gain access to bigger markets and new revenue initiatives – like server-based gaming – which it would otherwise not have access to. Furthermore, in time, there are a number of operational synergies that can be realised with Sun International which will make GPI Slots a more efficient business.”*



## **NOTE TO EDITORS**

The non-casino market in South Africa is being fuelled by growth in LPMs and the introduction in some provinces of licenced EBTs. South Africa has a mature traditional casino market which is likely to be slow, growing with around 5.0% annual increase in gross gambling revenue over the next few years. Gross gambling revenues for LPMs in contrast rose by 25.7% in the past year. Although growth has been high in percentage terms, the market remains well below its potential as only about 20% of the authorised machines are in place. *(Source: Pwc Report - Betting on the Future, South African Gaming Outlook 2012 to2016).*