



SUN INTERNATIONAL PREPARED FOR SACCAWU MARCH OVER WAGE DISPUTE

Demands unrealistic in light of trading performance and economic environment

Sun International today released a trading update for the quarter ending 30 September 2013. The company reported revenue growth of 3% and EBITDA decline of 9%, with the EBITDA margin also dropping by 3.2%. The company said that casino revenue from the core South African operations is showing almost no growth.

Against this background, the South African Commercial Catering and Allied Workers Union (SACCAWU) has served Sun International notice that it would be staging a march to several of its properties tomorrow to protest the current unresolved wage dispute. These units include GrandWest, Boardwalk, Windmill, Sun City and Wild Coast.

Brand and Communications Group General Manager Michael Farr said that the company had a full contingency plan in place within all its units in South Africa to minimise any disruptions to its operations and its customers.

Sun International has offered an increase of 6.5% across the board, and the Union is demanding 10%. Farr said that the company believed its offer was highly competitive, given the following context:

- Poor economic outlook which is having a direct impact on our core gaming operations
- 6.5% is already above the rate of inflation and well above the revenue growth of our properties
- The Union's cumulative wage increase of 45% over the past 5 years should be compared to aggregate inflation of 30% - effectively a 50% above inflation wage increase over the period.
- Sun International's minimum entry wage within the Bargaining Unit is currently R7,000 a month total cost to company, vs a hospitality industry average minimum wage of lower than R4,000.
- Almost all employees at the company are above its minimum wage and the average wage is currently about R9,500 per month per employee
- The highest paid bargaining unit employee currently earns approximately R30,000 monthly total cost to company.

In view of the subdued outlook for the business, over the past few months, Sun International has been assessing its operating costs. Indications are that cost cuts may be necessary in the near future.

"Our CE spent a day explaining to union representatives the challenges the company was facing in a less than robust economy. Sun International has worked hard at its relationship with SACCAWU and believes that given economic conditions, the rate of inflation and the higher than average remuneration already in place at Sun International, the offer remains both fair and competitive."

Sun International has about 7,180 people working at the company of whom about 3,809 are members of the bargaining unit.