



International

UNAUDITED INTERIM RESULTS  
ANNOUNCEMENT

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017



# CONDENSED GROUP STATEMENTS OF COMPREHENSIVE INCOME

R million	Period ended six months		
	Unaudited 30 June 2017	Unaudited pro forma 30 June 2016	Audited 31 December 2016
<b>Continuing operations</b>			
<b>Revenue</b>	<b>7 560</b>	6 349	7 670
Other income	–	18	–
Consumables and services	(798)	(749)	(920)
Depreciation and amortisation	(822)	(600)	(788)
Employee costs	(1 501)	(1 238)	(1 474)
Impairment of assets	(8)	–	(269)
Levies and VAT on casino revenue	(1 548)	(1 267)	(1 446)
LPM site owners commission	(141)	(66)	(146)
Promotional and marketing costs	(494)	(368)	(485)
Property and equipment rentals	(101)	(122)	(117)
Property costs	(358)	(391)	(380)
Monticello purchase price differential	–	(48)	–
Other operational costs	(782)	(607)	(823)
<b>Operating profit</b>	<b>1 007</b>	911	822
Foreign exchange losses	(12)	(481)	(82)
Interest income	10	13	20
Fair value adjustment to put liability	(162)	–	247
Interest expense	(515)	(407)	(542)
Share of equity accounted profits	1	(14)	1
<b>Profit before tax</b>	<b>329</b>	22	466
Tax	(198)	(230)	(256)
<b>Profit/(loss) for the period from continuing operations</b>	<b>131</b>	(208)	210
<b>Profit for the period from discontinued operations</b>	<b>1</b>	32	4
<b>Profit/(loss) for the year</b>	<b>132</b>	(176)	214

R million	Period ended six months		
	Unaudited 30 June 2017	Unaudited pro forma 30 June 2016	Audited 31 December 2016
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Re-measurements of post-employment benefit obligations	–	4	–
Tax on re-measurements of post-employment benefit obligations	–	(1)	–
<i>Items that may be reclassified to profit or loss</i>			
Gross loss on cash flow hedges	(19)	(22)	(50)
Currency translation reserve	(170)	15	(151)
<b>Total comprehensive (loss)/profit for the period</b>	<b>(57)</b>	(180)	13
Minorities	190	(207)	109
Ordinary shareholders	(58)	31	105
<b>Profit/(loss) for the period</b>	<b>132</b>	(176)	214
Minorities	91	(207)	(235)
Ordinary shareholders	(148)	27	248
<b>Total comprehensive (loss)/profit for the period</b>	<b>(57)</b>	(180)	13
Discontinued operations	1	34	4
Continuing operations	(149)	(7)	244
<b>Total comprehensive (loss)/profit</b>	<b>(148)</b>	27	248

# HEADLINE EARNINGS AND ADJUSTED HEADLINE EARNINGS RECONCILIATION

R million	Period ended six months		
	Unaudited 30 June 2017	Unaudited pro forma 30 June 2016	Audited 31 December 2016
<b>(Loss)/profit attributable to ordinary shareholders</b>	<b>(58)</b>	31	105
Net (profit)/loss on disposal of property, plant and equipment	–	21	(9)
Profit on disposal of shares in associates	<b>(27)</b>	(18)	–
Impairment of assets	<b>8</b>	–	269
Tax relief/(expense) on the above items	<b>2</b>	53	(48)
Minorities' interest on the above items	<b>(2)</b>	(2)	(28)
<b>Headline (loss)/earnings</b>	<b>(77)</b>	85	289
Straight-line adjustment for rentals	<b>9</b>	11	10
Pre-opening expenses	<b>40</b>	15	4
Transaction costs	–	33	4
Restructure and related costs	<b>15</b>	–	–
Monticello purchase price adjustment	–	48	–
Amortisation of Dreams S.A. intangible assets raised as part of the PPA	<b>73</b>	18	104
Foreign exchange losses on intercompany and minority loans	<b>12</b>	467	80
Interest on Time Square Note	<b>22</b>	–	43
Discount on Tsogo settlement	–	–	20
Share-based payments expense	<b>8</b>	–	–
Fair value adjustment on put options	<b>162</b>	–	(247)
Tax on the above items	<b>(36)</b>	(52)	42
Minorities' interest on the above items	<b>(36)</b>	(353)	(111)
Reversal of the Sun International Employee Share Trusts' consolidation <sup>(i)</sup>	<b>2</b>	2	3
Other	<b>12</b>	18	(9)
<b>Adjusted headline earnings</b>	<b>206</b>	292	232

(i) The consolidation of the Sun International Employee Share Trust is reversed in the calculation of adjusted headline earnings as the group does not receive the economic benefits of the Trust.

	Cents per share	Cents per share	Cents per share
Earnings/(loss) per share			
basic	<b>(59)</b>	32	107
diluted	<b>(59)</b>	32	107
Dividends per share	–	135	–
Diluted adjusted headline earnings per share	<b>198</b>	280	223

# CONDENSED GROUP STATEMENTS OF FINANCIAL POSITION

R million	Period ended six months		
	Unaudited 30 June 2017	Unaudited pro forma 30 June 2016	Restated 31 December 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17 978	16 984	17 329
Intangible assets	2 669	3 251	2 987
Equity accounted investment	17	15	16
Available-for-sale investment	48	48	48
Loans and receivables	83	23	24
Pension fund asset	33	36	33
Deferred tax	402	365	862
	21 230	20 722	21 299
<b>Current assets</b>			
Accounts receivable and other	1 498	2 036	1 473
Cash and cash equivalents	1 060	1 301	1 123
	2 558	3 337	2 596
<b>Non-current assets held for sale</b>	76	169	170
<b>Total assets</b>	23 864	24 228	24 065
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Ordinary shareholders' equity before put option reserve	2 340	2 703	2 379
Put option reserve	(4 799)	(5 252)	(4 651)
Ordinary shareholders' equity	(2 459)	(2 549)	(2 272)
Minorities' interest	2 907	3 671	2 936
	448	1 122	664
<b>Non-current liabilities</b>			
Deferred tax	251	343	820
Borrowings	11 292	9 980	10 731
Other non-current liabilities	966	896	916
Put option liability	4 799	5 252	4 651
	17 308	16 471	17 118
<b>Current liabilities</b>			
Accounts payable and other	2 299	2 505	2 451
Borrowings	3 763	4 082	3 786
	6 062	6 587	6 237
<b>Non-current liabilities held for sale</b>	46	48	46
<b>Total liabilities</b>	23 416	23 106	23 401
<b>Total equity and liabilities</b>	23 864	24 228	24 065

# GROUP STATEMENT OF CHANGES IN EQUITY

R million	Share capital and premium	Treasury shares and share options	Foreign currency translation reserve	Share based payment reserve	Available-for-sale reserve
<b>Unaudited FOR THE SIX MONTHS ENDED 30 JUNE 2017</b>					
<b>Balance at 31 December 2016</b>	<b>295</b>	<b>(604)</b>	<b>165</b>	<b>116</b>	<b>4</b>
Correction of PPA misallocation	–	–	–	–	–
Dreams S.A. merger PPA finalisation adjustment	–	–	–	–	–
<b>Restated balance as at 31 December 2016</b>	<b>295</b>	<b>(604)</b>	<b>165</b>	<b>116</b>	<b>4</b>
Total comprehensive income for the period	–	–	(71)	–	–
Employee share schemes	–	–	–	(1)	–
Fair value of SunWest option	–	–	–	–	–
Fair value of Sun Dreams option	–	–	–	–	–
Time Square option	–	–	–	–	–
Foreign exchange on put option	–	–	(103)	–	–
Realised hedge	–	–	–	–	–
Subsidiary share issue	–	–	–	–	–
Dividends paid	–	–	–	–	–
<b>Balance at 30 June 2017</b>	<b>295</b>	<b>(604)</b>	<b>(9)</b>	<b>115</b>	<b>4</b>
<b>Unaudited pro forma FOR THE SIX MONTHS ENDED 30 JUNE 2016</b>					
<b>Balance at 31 December 2015</b>	<b>295</b>	<b>(590)</b>	<b>340</b>	<b>118</b>	<b>4</b>
Total comprehensive income for the year	–	–	(2)	–	–
Treasury share options purchased	–	1	–	–	–
Net deemed treasury shares sold	–	(18)	–	–	–
Employee share schemes	–	9	–	11	–
Delivery of share awards	–	–	–	–	–
Dreams S.A. merger transaction	–	–	(1)	–	–
Fair value of SunWest option	–	–	–	–	–
Fair value of Sun Dreams option	–	–	–	–	–
Acquisition of minorities' interest	–	–	–	–	–
Subsidiary share issue	–	–	–	–	–
Dividends paid	–	–	–	–	–
<b>Balance at 30 June 2016</b>	<b>295</b>	<b>(598)</b>	<b>337</b>	<b>129</b>	<b>4</b>

Reserve for non-controlling interests	Hedging and other reserve	Retained earnings	Ordinary share-holders' equity before put option reserve	Put option reserves	Ordinary share-holders' equity	Minorities' interest	Total equity
(2 411)	(54)	4 502	2 013	(4 651)	(2 638)	3 171	533
235	–	–	235	–	235	(235)	–
131	–	–	131	–	131	–	131
(2 045)	(54)	4 502	2 379	(4 651)	(2 272)	2 936	664
–	(19)	(58)	(148)	–	(148)	91	(57)
–	–	1	–	–	–	–	–
–	–	(55)	(55)	55	–	–	–
–	–	217	217	(217)	–	–	–
–	–	–	–	(89)	(89)	–	(89)
–	–	–	(103)	103	–	–	–
–	50	–	50	–	50	16	66
–	–	–	–	–	–	–	–
–	–	–	–	–	–	(136)	(136)
(2 045)	(23)	4 607	2 340	(4 799)	(2 459)	2 907	448
(3 136)	1	4 825	1 857	–	1 857	434	2 291
–	(16)	45	27	–	27	(207)	(180)
–	–	–	1	–	1	–	1
–	–	–	(18)	–	(18)	–	(18)
–	–	–	20	–	20	–	20
–	–	–	–	–	–	–	–
304	–	–	303	–	303	3 451	3 754
–	–	–	–	(1 272)	(1 272)	–	(1 272)
–	–	–	–	(3 980)	(3 980)	–	(3 980)
604	–	–	604	–	604	106	710
–	–	–	–	–	–	–	–
–	–	(91)	(91)	–	(91)	(113)	(204)
(2 228)	(15)	4 779	2 703	(5 252)	(2 549)	3 671	1 122

# GROUP STATEMENT OF CHANGES IN EQUITY

R million	Share capital and premium	Treasury shares and share options	Foreign currency translation reserve	Share based payment reserve	Available-for-sale reserve
<b>Audited FOR THE YEAR ENDED 31 DECEMBER 2016</b>					
<b>Balance at 30 June 2016</b>	295	(598)	337	129	4
Total comprehensive income for the year	–	–	182	–	–
Net deemed treasury shares sold	–	(36)	–	–	–
Employee share schemes	–	30	–	(13)	–
Increase in SunWest option	–	–	–	–	–
Fair value of Dreams option	–	–	–	–	–
Currency translation differences	–	–	(354)	–	–
Acquisition of minorities' interest	–	–	–	–	–
Subsidiary share issue	–	–	–	–	–
Dividends paid	–	–	–	–	–
<b>Balance at 31 December 2016</b>	<b>295</b>	<b>(604)</b>	<b>165</b>	<b>116</b>	<b>4</b>



Reserve for non-controlling interests	Hedging and other reserve	Retained earnings	Ordinary shareholders' equity before put option reserve	Put option reserves	Ordinary shareholders' equity	Minorities' interest	Total equity
(2 228)	(15)	4 779	2 703	(5 252)	(2 549)	3 671	1 122
-	(39)	105	248	-	248	(235)	13
-	-	-	(36)	-	(36)	-	(36)
-	-	-	17	-	17	-	17
-	-	14	14	(14)	-	-	-
-	-	(261)	(261)	261	-	-	-
-	-	-	(354)	354	-	-	-
(183)	-	-	(183)	-	(183)	(79)	(262)
-	-	-	-	-	-	-	-
-	-	(135)	(135)	-	(135)	(186)	(321)
(2 411)	(54)	4 502	2 013	(4 651)	(2 638)	3 171	533

# SUPPLEMENTARY INFORMATION

R million	Period ended six months		
	Unaudited 30 June 2017	Unaudited pro forma 30 June 2016	Audited 31 December 2016
<b>EBITDA RECONCILIATION</b>			
<b>Operating profit</b>	<b>1 007</b>	911	822
Depreciation and amortisation	<b>822</b>	600	788
Net loss/(profit) on disposal of property, plant and equipment*	–	21	(9)
Straightline adjustment for rentals*	<b>9</b>	11	10
Impairment of assets*	<b>8</b>	–	269
Pre-opening expenses*	<b>40</b>	15	4
Transaction costs*	–	33	4
Profit on disposal of shares in associates	<b>(27)</b>	(18)	–
Share-based payments expense*	<b>8</b>	–	–
Monticello purchase price adjustment*	–	48	–
Other*	<b>25</b>	12	(4)
Reversal of Sun International Employee Share Trusts' consolidation*	<b>2</b>	14	16
<b>EBITDA</b>	<b>1 894</b>	1 647	1 900
<i>* Items identified above are included as headline and adjusted headline adjustments impacting operating profit in the segmental analysis.</i>			
<b>EBITDA margin (%)</b>	<b>25</b>	26	25
<b>Number of shares ('000)</b>			
– in issue after excluding deemed treasury shares	<b>97 856</b>	97 977	97 903
– for EPS calculation	<b>97 933</b>	98 214	97 925
– for diluted EPS calculation	<b>97 933</b>	98 214	97 932
– for adjusted headline EPS calculation	<b>104 132</b>	104 140	104 140
– for diluted adjusted headline EPS calculation	<b>104 132</b>	104 140	104 147
<b>Earnings/(loss) per share (cents)</b>			
– basic (loss)/earnings per share	<b>(59)</b>	32	107
– headline (loss)/earnings per share	<b>(78)</b>	87	295
– adjusted headline earnings per share	<b>198</b>	280	223
– diluted (loss)/earnings per share	<b>(59)</b>	32	107
– diluted headline (loss)/earnings per share	<b>(78)</b>	87	295
– diluted adjusted headline earnings per share	<b>198</b>	280	223
<b>Continued – earnings/(loss) per share (cents)</b>			
– basic (loss)/earnings per share	<b>(60)</b>	(1)	103
– headline (loss)/earnings per share	<b>(79)</b>	54	291
– adjusted headline earnings per share	<b>197</b>	250	219
– diluted basic (loss)/earnings per share	<b>(60)</b>	(1)	103
– diluted headline (loss)/earnings per share	<b>(79)</b>	54	291
– diluted adjusted headline earnings per share	<b>197</b>	252	219

R million	Period ended six months		
	Unaudited 30 June 2017	Unaudited pro forma 30 June 2016	Audited 31 December 2016
<b>Discontinued – Earnings per share (cents)</b>			
– basic earnings per share	1	33	4
– headline earnings per share	1	33	4
– adjusted headline earnings per share	1	30	4
– diluted basic earnings per share	1	33	4
– diluted headline earnings per share	1	33	4
– diluted adjusted headline earnings per share	1	28	4
<b>TAX RATE RECONCILIATION</b>			
<b>Profit/(loss) before tax</b>	<b>329</b>	22	466
<b>Share of associates' profits</b>	<b>(1)</b>	14	(1)
<b>Adjusted profit/(loss) before tax</b>	<b>328</b>	36	465
	%	%	%
Effective tax rate (excluding Time Square settlements)	60	622	55
Preference share dividends	(5)	(44)	(4)
Prior year over/(under) provisions	–	(15)	1
Withholding taxes	(1)	22	–
Foreign tax rate variation	2	43	1
Exempt income	2	14	17
Exempt income – capital gains	1	178	–
Foreign monetary adjustments and government incentives	9	41	1
Monticello purchase price adjustment	–	(53)	–
Reversal of deferred tax assets	–	–	(20)
Capital allowances and disallowed expenditure	(40)	(780)	(23)
South African corporate tax rate	28	28	28
<b>KEY METRICS</b>			
EBITDA to interest (times)	3.4	4.2	3.6
Borrowings to EBITDA (times)	3.9	4.3	3.8
Net asset value per share (Rand)	21.15	27.59	21.45
Capital expenditure	1 517	1 529	2 218
Capital commitments	871	4 404	3 385

## CORRECTION OF DREAMS S.A. PPA

An amount of R235 million relating to the non-controlling reserve was in error allocated to minorities in the provisional PPA workings. This has been corrected by restating the opening balances of minorities' interest and the reserve for non-controlling interest.

# CONDENSED GROUP STATEMENTS OF CASH FLOW

R million	Period ended six months		
	Unaudited 30 June 2017	Unaudited pro forma 30 June 2016	Audited 31 December 2016
<b>Cash generated by operations before:</b>	<b>1 898</b>	1 661	1 780
Time Square settlements	–	(715)	–
Vacation Club timeshare sales	<b>78</b>	58	83
Working capital changes	<b>(135)</b>	659	509
<b>Cash generated by operations</b>	<b>1 841</b>	1 663	2 372
Tax paid	<b>(411)</b>	(395)	(139)
<b>Cash generated by operating activities</b>	<b>1 430</b>	1 268	2 233
Purchase of property, plant and equipment	<b>(1 485)</b>	(1 506)	(2 185)
Purchase of intangible assets	<b>(32)</b>	(38)	(52)
Payment of purchase differential	–	(345)	–
Proceeds on disposal of PPE and intangibles	<b>4</b>	7	33
Proceeds on disposal of investment	<b>121</b>	226	–
Loan and investment income	<b>9</b>	13	20
<b>Cash flows from investing activities</b>	<b>(1 383)</b>	(1 643)	(2 184)
Purchase of treasury shares	<b>(11)</b>	(18)	(36)
Dividends paid	<b>(136)</b>	(203)	(321)
Interest paid	<b>(592)</b>	(385)	(508)
Purchase of additional shares in subsidiaries	–	(272)	(262)
Disposal of shares in subsidiaries	–	111	–
Movement in borrowings	<b>685</b>	1 841	994
<b>Net cash inflow from financing activities</b>	<b>(54)</b>	1 074	(133)
Effect of exchange rates upon cash and cash equivalents	<b>(58)</b>	(58)	(91)
(Decrease)/increase in cash and cash equivalents	<b>(65)</b>	641	(175)
Cash and cash equivalents at beginning of the period	<b>1 134</b>	668	1 309
<b>Cash and cash equivalents at end of the period</b>	<b>1 069</b>	1 309	1 134
Assets held for sale	<b>(9)</b>	(8)	(11)
<b>Cash and cash equivalents at end of the period excluding non-current assets held for sale</b>	<b>1 060</b>	1 301	1 123



TABLE BAY – WATERFRONT

# COMMENTARY

## INTRODUCTION

Over the past few years, Sun International has made a number of significant investments including the:

- development of Time Square in Menlyn, Pretoria;
- acquisition of the minorities' interest in Monticello;
- development of the Ocean Sun casino in Panama and the Sun Nao casino in Colombia;
- merger with Dreams S.A. in Chile;
- significant upgrades to Sun City; and
- acquisition of a 70% equity interest in Sun Slots (formerly GPI Slots).

All of the above investments and acquisitions were funded with debt resulting in a significant increase in the group's gearing levels. At the same time, the South African economy has deteriorated and business confidence has declined placing pressure on consumer disposable income. As a consequence, we have experienced disappointing revenue growth for a number of years. With the decline in commodity prices, the Chile economy has also come under pressure although the outlook has improved over the past few months. The Panama and Colombia investments are not meeting initial expectations and we are working towards either downscaling or exiting these businesses alternatively reducing the term of the Colombia property lease.

For the period to 30 June 2017 our focus has shifted from a growth and investment phase to one of getting "back to basics". This has entailed critically reviewing several aspects of our business model, among others, increasing disciplines across the organisation, improving system utilisation and driving efficiencies. We are carefully analysing capital allocation and managing cash flow, which despite the disappointing performance, has enabled the group to grow free cash flow before expansion activities. A lot more still needs to be done but with the "back to basics" approach, we will not only improve operating performance but most importantly we will be able to improve our guest experience and ultimately grow revenue.

## BASIS FOR ACCOUNTING AND DISCLOSURE

Shareholders are reminded that in terms of announcements released by the Company on SENS on 22 August 2016 and 24 February 2017, Sun International has changed its financial year end from 30 June to 31 December, in order to align with its Chilean operations. Accordingly the earnings per share ranges for the six month period from 1 January 2017 to 30 June 2017 are compared against the pro forma results for the prior corresponding period from 1 January 2016 to 30 June 2016. The group pro forma income statement was derived by deducting the unaudited, published results for the six months ended December 2015 from the audited financial results for the year ended June 2016. The next full financial period will be for the 12 months ending 31 December 2017.

In the tables throughout this report the columns headed 30 June 2016 (unaudited pro forma), 31 December 2016 (audited income statement and restated balance sheet) and 30 June 2017 (unaudited interim) are for the six month period then ended.

Subsequent to the audited 31 December 2016 comparable balance sheet, new information was obtained during the current financial period that was in existence at the merger date of Dreams S.A. As per IFRS 3 (Business Combinations), "If the initial accounting for a business combination can be determined only provisionally by the end of the first reporting period, the business combination is accounted for by using provisional amounts. Adjustments to the provisional amounts, and the recognition of newly identified assets and liabilities, must be made within the measurement period where they reflect new information obtained about facts and circumstances that were in existence at the acquisition date [IFRS 3.45]. The measurement period cannot exceed one year from the acquisition date and no adjustments are permitted after one year except to correct an error in accordance with IAS 8. [IFRS 3.50]"

These amounts have been restated due to the finalisation of Dreams' IFRS 3 purchase price allocation (PPA). Property, plant and equipment (R42 million), deferred tax asset (R15 million), other non-current liabilities

(R20 million) and other creditors (R140 million) were decreased whereas intangible assets (R28 million) and ordinary shareholders equity (R131 million) were increased.

## FINANCIAL OVERVIEW

The income statement below includes adjusted headline earnings adjustments.

R million	Six months ended			
	Unaudited 30 June 2017	%	Unaudited pro forma 30 June 2016	Audited 31 December 2016
Revenue	7 560	19	6 349	7 670
EBITDA	1 894	15	1 647	1 900
Adjusted operating profit	1 147	8	1 064	1 216
Foreign exchange loss	–	100	(17)	(2)
Net interest	(483)	(26)	(382)	(476)
Profit before tax	664	(0)	665	738
Tax	(232)	(3)	(225)	(249)
Profit after tax	432	(2)	440	489
Minorities	(228)	(40)	(163)	(260)
Attributable profit	204	(26)	277	229
Discontinued operations and associates	2	(87)	15	3
Adjusted headline earnings	206	(29)	292	232

For the review period, total group revenue increased by 19% from R6.4 billion to R7.6 billion, with the growth attributable to the inclusion of Sun Dreams (from 1 June 2016), Sun Slots (from 1 April 2016) and Time Square (from 1 April 2017) results.

Revenue generated by the South African operations (excluding alternative gaming, International Business, Time Square and Morula), declined by 1.9% on a comparable basis. Sibaya, Sun City, Sun Slots and Table Bay produced encouraging results with solid growth in revenue and EBITDA.

In Chile, trading has improved at most of the properties other than Iquique and Monticello.

Iquique has been affected by strike action in the mining industry, while Monticello continues to be impacted due to the relocation of the toll road. The Panama and Colombia operations continue to struggle and plans are in place to downscale these properties, dispose of certain assets and exit or reduce the term of the Colombia property lease.

Group earnings before interest, tax, depreciation and amortisation (EBITDA) for the period under review increased by 15% from R1.6 billion to R1.9 billion. EBITDA generated by the South African operations declined by 9%, on a comparable basis.

## COMMENTARY CONTINUED

Interest charges are well up on the prior comparable period due to the inclusion of Sun Dreams for the full period and the opening of Time Square on 1 April 2017.

Minorities' share of earnings has increased with the disposal of the 10% interest in SunWest and Worcester in April 2016 and the consolidation of Sun Slots and Sun Dreams for the full period.

Adjusted headline earnings of R206 million are 29% below the comparable period with adjusted headline earnings per share down 29% to 198 cents.

Headline and adjusted headline earnings adjustments include the following:

- Profit on the disposal of R27 million of the group's assets in Botswana, Namibia and Lesotho to Minor International;
- Share-based payments expense (in accordance with IFRS 2) of R8 million as a result of Sun International funding a Black Economic Empowerment special purpose vehicle which acquired equity interests in Time Square;
- Time Square pre-opening expenses of R40 million (R22 million attributable to the group after tax);
- Amortisation of R73 million of Dreams S.A. intangibles (R30 million after tax attributable to the group). As indicated in the Profit and Dividend announcement for the financial year ended 30 June 2016, the intangibles recognised on the Dreams S.A. purchase allocation will be amortised with the charge being recognised as a headline earnings adjustment;
- Interest charges of R22 million (R12 million attributable to the group after tax) on the debt raised for the Time Square settlements (with Peermont and Goldrush) which was adjusted for up to the opening of Time Square; and
- A net reduction in the fair value of the put options of R162 million.

## INTERIM DIVIDEND

Given the difficult trading conditions and the need to reduce the high debt levels, the board has decided not to declare an interim dividend for the six month period ended 30 June 2017.





MEROPA CASINO – LIMPOPO

## REVENUE BY NATURE AND GEOGRAPHIC SEGMENT

R million	South Africa			Latam		
	30 June 2017	30 June 2016	31 December 2016	30 June 2017	30 June 2016	31 December 2016
Casinos International Business	3 489	3 430	3 489	1 976	1 216	2 062
Sun Slots	9	165	(30)	–	–	–
Sun Bet	504	237	516	–	–	–
Rooms	25	15	24	–	–	–
Food and Beverage	480	439	482	113	20	110
Other	424	385	444	241	124	280
	221	207	224	9	15	–
	<b>5 152</b>	4 878	5 149	<b>2 339</b>	1 375	2 452

South Africa continues to contribute the majority of group revenue at 68% with Latam contributing 31% and Nigeria 1%. Gaming is the primary contributor to group revenue at 73%, alternate gaming contributes 7%, food and beverage 9%, rooms 8% and other revenues 3%.

The table below sets out the consolidated revenue, EBITDA and operating profit by geographical region and the reconciliation between operating profit as reflected in the statement of comprehensive income and the income statement above which includes headline and adjusted headline earnings adjustments:

R million	Revenue			EBITDA		
	30 June 2017	30 June 2016	31 December 2016	30 June 2017	30 June 2016	31 December 2016
<b>South African operations*</b>	<b>4 300</b>	4 356	4 532	<b>1 136</b>	1 222	1 188
Time Square	276	–	–	72	–	–
Morula	38	105	107	(4)	14	15
International Business	9	165	(30)	(15)	21	(55)
Alternate Gaming						
Sunbet	25	15	24	1	(3)	3
Sun Slots	504	237	516	114	55	127
<b>South Africa</b>	<b>5 152</b>	4 878	5 149	<b>1 304</b>	1 309	1 278
<b>Latam</b>	<b>2 339</b>	1 375	2 452	<b>591</b>	341	623
<b>Nigeria</b>	<b>69</b>	96	69	<b>(1)</b>	(3)	(1)
<b>Total continued operations</b>	<b>7 560</b>	6 349	7 670	<b>1 894</b>	1 647	1 900
Headline and adjusted headline adjustments to impact operating profit						
<b>Unadjusted group operating profit</b>	<b>7 560</b>	6 349	7 670	<b>1 894</b>	1 647	1 900

\* South African operations excluding new and discontinued operations.

Nigeria			Group		
30 June 2017	30 June 2016	31 December 2016	30 June 2017	30 June 2016	31 December 2016
<b>31</b>	49	30	<b>5 496</b>	4 695	5 581
–	–	–	<b>9</b>	165	(30)
–	–	–	<b>504</b>	237	516
–	–	–	<b>25</b>	15	24
<b>19</b>	22	19	<b>612</b>	481	611
<b>18</b>	21	18	<b>683</b>	530	742
<b>1</b>	4	2	<b>231</b>	226	226
<b>69</b>	96	69	<b>7 560</b>	6 349	7 670

Depreciation and Amortisation			Operating Profit		
30 June 2017	30 June 2016	31 December 2016	30 June 2017	30 June 2016	31 December 2016
<b>(409)</b>	(390)	(391)	<b>727</b>	832	797
<b>(45)</b>	–	–	<b>27</b>	–	–
<b>(1)</b>	7	(2)	<b>(5)</b>	21	13
–	–	–	<b>(15)</b>	21	(55)
<b>(1)</b>	(1)	(2)	–	(4)	1
<b>(44)</b>	(20)	(39)	<b>70</b>	35	88
<b>(500)</b>	(404)	(434)	<b>804</b>	905	844
<b>(233)</b>	(154)	(236)	<b>358</b>	187	387
<b>(14)</b>	(25)	(14)	<b>(15)</b>	(28)	(15)
<b>(747)</b>	(583)	(684)	<b>1 147</b>	1 064	1 216
<b>(75)</b>	(17)	(104)	<b>(140)</b>	(153)	(394)
<b>(822)</b>	(600)	(788)	<b>1 007</b>	911	822

## SEGMENTAL REVIEW

The implementation of strategic initiatives makes the current period difficult to analyse and therefore a segmental review with the full comparable trading of Dreams S.A. and Sun Slots is provided. The review is based on actual historic performance as if the acquisitions had been implemented with effect from 1 January 2016 (i.e. Dreams S.A. and Sun Slots have been included for the June 2016 financial period). The segmental review throughout includes all headline and adjusted headline earnings adjustments.

The table below sets out the operating performance of the group's geographic segments:

R million	South Africa			Latam		
	30 June 2017	30 June 2016	31 December 2016	30 June 2017	30 June 2016	31 December 2016
Revenue	<b>5 152</b>	5 108	5 149	<b>2 339</b>	2 620	2 452
EBITDA	<b>1 304</b>	1 360	1 278	<b>591</b>	701	623
Adjusted operating profit	<b>804</b>	905	844	<b>368</b>	442	390
PPA Adjustment	–	–	–	<b>(10)</b>	(11)	(3)
Operating profit after PPA	<b>804</b>	905	844	<b>358</b>	431	387

Nigeria			Group		
30 June 2017	30 June 2016	31 December 2016	30 June 2017	30 June 2016	31 December 2016
<b>69</b> <b>(1)</b>	99 (3)	69 (1)	<b>7 560</b> <b>1 894</b>	7 827 2 058	7 670 1 900
<b>(13)</b> <b>(2)</b>	(25) (3)	(13) (2)	<b>1 159</b> <b>(12)</b>	1 322 (14)	1 221 (5)
<b>(15)</b>	(28)	(15)	<b>1 147</b>	1 308	1 216

## SOUTH AFRICA

The group's core casino operations continue to be impacted by the current economic climate in South Africa with comparable casino revenue down 4%. Hospitality operations performed well with 9% growth in rooms revenue, while food and beverage revenue grew by 10%.

On a comparable basis revenue generated by the South African operations, declined by 1% while EBITDA declined by 9%. The International Business struggled to achieve the required volumes to mitigate against volatility and we continue to experience difficulty in collecting outstanding debts. Consequently, the board has taken the decision to suspend the International Business operations.

R million	Revenue		
	30 June 2017	30 June 2016	31 December 2016
GrandWest	1 031	1 049	1 105
Sun City	859	808	900
Sun City – Vacation Club accounting adjustment	(51)	(72)	(63)
Sibaya	612	576	581
Carnival City	471	546	526
Boardwalk	276	296	289
Wild Coast Sun	231	229	244
Meropa	147	158	167
Windmill	123	141	138
Flamingo	84	88	91
Golden Valley	84	82	85
Carousal	130	157	158
Table Bay	175	167	167
The Maslow	71	69	78
Naledi	10	12	12
Fish River	12	11	17
<b>South African operations*</b>	<b>4 265</b>	<b>4 317</b>	<b>4 495</b>
International Business	9	165	(30)
Sun Slots	504	237	516
Time Square	276	–	–
Morula	38	105	107
SunBet	25	15	24
Management companies	293	298	293
Intercompany management fees	(258)	(259)	(256)
	<b>5 152</b>	<b>4 878</b>	<b>5 149</b>

\* Comparable South African operations excluding management companies, new and discontinued operations.

	EBITDA			Operating profit		
30 June 2017	30 June 2016	31 December 2016	30 June 2017	30 June 2016	31 December 2016	
<b>391</b>	426	440	<b>316</b>	363	369	
<b>139</b>	111	82	<b>26</b>	15	(17)	
<b>(44)</b>	(61)	(44)	<b>(44)</b>	(61)	(44)	
<b>207</b>	192	186	<b>175</b>	157	159	
<b>117</b>	173	141	<b>74</b>	133	102	
<b>34</b>	61	49	<b>(6)</b>	18	8	
<b>38</b>	46	43	<b>13</b>	18	18	
<b>49</b>	58	59	<b>38</b>	47	48	
<b>36</b>	48	47	<b>25</b>	38	37	
<b>22</b>	27	25	<b>15</b>	21	17	
<b>15</b>	17	17	<b>7</b>	7	10	
<b>19</b>	29	31	<b>5</b>	14	17	
<b>45</b>	38	37	<b>37</b>	30	29	
<b>(14)</b>	(11)	(8)	<b>(23)</b>	(23)	(20)	
<b>(4)</b>	(2)	(1)	<b>(5)</b>	(2)	(2)	
<b>(12)</b>	(11)	(15)	<b>(13)</b>	(12)	(12)	
<b>1 038</b>	1 141	1 089	<b>640</b>	763	719	
<b>(15)</b>	21	(55)	<b>(15)</b>	21	(55)	
<b>114</b>	55	127	<b>70</b>	35	88	
<b>72</b>	-	-	<b>27</b>	-	-	
<b>(4)</b>	14	15	<b>(5)</b>	21	13	
<b>1</b>	(3)	3	<b>-</b>	(4)	1	
<b>98</b>	81	99	<b>87</b>	69	78	
<b>-</b>	-	-	<b>-</b>	-	-	
<b>1 304</b>	1 309	1 278	<b>804</b>	905	844	

**GrandWest (Western Cape)**

Revenue decreased by 2% to R1.03 billion while EBITDA decreased by 8%. Strong growth in tables revenue was achieved while slots revenue came under pressure with a slowdown in top end play. Overall footfall was up however average spend is down.

**Sun City (North West)**

Revenue, before the Vacation Club accounting adjustment, was up 6% and EBITDA increased by 25%. Sun Central was opened in November 2016 following a R375 million refurbishment and upgrade of the conference centre. Casino revenue increased by 5%, rooms revenue by 18% and food and beverage by 4%. Hotel occupancy levels have increased from 66% to 70% assisted by the refurbished conference facility, which has been fully booked for the 2017 financial year. The average daily room rate increased by 6% to R1 771.

**Sibaya (KwaZulu-Natal)**

Sibaya performed exceptionally well with revenue up 6% and EBITDA up 8%. The property continues to show growth in market share, which for the 6 months ended was at 35%, up 1% on the prior period. The food and beverage and non gaming entertainment offering is due for an upgrade in the following six months.

**Time Square (Gauteng)**

Following a soft opening of the casino to the public on 1 April 2017, Time Square achieved total revenue of R276 million for the first three months of trading with R251 million coming from casino revenue and EBITDA of R72 million. The Gauteng gaming market has not grown, with gross gaming revenue for the quarter remaining in line with the prior year. In its first quarter, Time Square captured 13.4% of Gauteng's market share, which is below initial expectations. Recent trading

has, however, reflected growth in activity and visitation and with the opening of the arena in November 2017 and the hotel in March 2018, much-improved growth in revenue is anticipated.

**Carnival City (Gauteng)**

Carnival City continues to battle with revenue down 14% and EBITDA down 32%. Table's revenue decreased by 29% and slots decreased by 10%. Carnival City continues to see an increase in footfall however the average spend is well down. The property has recently undergone a refresh of its retail and food and beverage offering and a Sun Park has been opened. Carnival continues to focus on driving footfall through events and entertainment to counter the effects of the lower average spend.

**Boardwalk (Eastern Cape)**

Overall revenue decreased by 7% with casino revenue down by 9%. With the drop in revenue, cost inflation and increased expenditure on marketing to counter the EBT threat, EBITDA decreased by 44% from R61 million to R34 million. Of further concern is the recent opening of an EBT outlet in Uitenhage which will impact the Boardwalk's revenues further. We are looking to restructure the business to improve profitability. However this will require the consent of the Eastern Cape Gaming Board. We are also working on the development of a shopping mall in a joint venture arrangement. Boardwalk will only contribute the existing retail and land to the joint venture.

**Table Bay (Western Cape)**

The Table Bay continues to perform well with revenue up 5% and EBITDA up 18%. Occupancy was down one percent to 79% while the average daily room rate increased by 8%.



### **The Maslow Hotel**

The Maslow Hotel increased revenue by 3% due to higher occupancy, which was up from 68% to 71%. With the increased competition and a slowdown in business travel, the room rate was in line with the prior comparable period.

### **Other Casinos**

The other small urban casinos which include Meropa (Limpopo), Windmill (Free State), Flamingo (Northern Cape), Carousel (North West) and Golden Valley (Western Cape) were impacted by difficult trading conditions with revenue down 7% and EBITDA down 19%. A new 80 room hotel was opened at Meropa in July 2017 which should drive footfall to the property, thereby increasing revenues.

### **Sun Slots**

Sun Slots has been consolidated from 1 April 2016. On a comparable basis, revenue increased by 8% from R467 million to R504 million, while EBITDA increased by 7% from R107 million to R114 million.

### **Management and Corporate Office**

Management fees and related income of R293 million, which includes project fees of R26 million, was slightly lower than the prior period. However, EBITDA increased from R81 million to R98 million due to various cost saving initiatives.

## **NIGERIA**

The Nigerian environment has continued to deteriorate and as a result revenue decreased by 28% and the company reported an EBITDA loss of R1 million.

## LATIN AMERICA

Sun International's Latin American operations have been successfully integrated with those of Dreams S.A.

The table below includes the historic trading of Sun Dreams for the six month period ended 30 June 2016 with the conversion at the average exchange rate for the period ended 30 June 2017 to enable comparison in Rands.

R million	Revenue		
	30 June 2017	30 June 2016	31 December 2016
Monticello	876	908	946
Dreams SCJ licences	785	750	804
Dreams Municipal licences	417	417	429
Central office	–	–	–
	<b>2 078</b>	2 075	2 179
Ocean Sun	119	124	100
Sun Nao	15	23	17
Peru	127	123	139
	<b>2 339</b>	2 345	2 435
PPA Adjustment	–	–	–
Constant currency adjustment	–	101	17
Pre-acquisition adjustment	–	(1 071)	–
	<b>2 339</b>	1 375	2 452

### Presentation of Constant Currency information and Pre-acquisition adjustment

The 30 June 2016 segmental comparative pro forma results set out in the segmental tables relating to our Chilean businesses have been translated at the 30 June 2017 average exchange rate of 49.6 Chilean Pesos (CLP) to the Rand compared to the average exchange rate of 47.6 that was used at 30 June 2016. The adjustment has been disclosed as a constant currency adjustment.

The presentation of financial information on a constant currency basis and in relation to the pre-acquisition adjustment falls into the category of non-application of a specific IFRS requirement and is therefore regarded as pro forma information, per the JSE Listings Requirements. The effective date of the merger with Dreams S.A. was at 1 June 2016,

one month prior to the financial period ending 30 June 2016. In order to present a meaningful comparative, the pre-acquisition adjustment includes the 5 months prior to the effective date of the merger being 1 June 2016. The pro forma information has been prepared for illustrative purposes only and because of its nature, it may not fairly present Sun's financial position, changes in equity, results of operations or cash flow. The pro forma information has been extracted from management accounts. Shareholders are further advised that the above information has not been reviewed or reported on by our auditors.

### Chile

In local currency terms the Chilean properties other than Iquique and Monticello generally performed in line within expectation. Overall revenue from Chile decreased by 0.3% in

EBITDA			Operating Profit		
30 June 2017	30 June 2016	31 December 2016	30 June 2017	30 June 2016	31 December 2016
<b>243</b>	282	260	<b>179</b>	216	192
<b>303</b>	290	302	<b>286</b>	273	283
<b>158</b>	156	158	<b>135</b>	136	131
<b>(77)</b>	(93)	(63)	<b>(132)</b>	(135)	(103)
<b>627</b>	635	657	<b>468</b>	490	503
<b>(37)</b>	(6)	(40)	<b>(79)</b>	(47)	(83)
<b>(22)</b>	(19)	(20)	<b>(35)</b>	(30)	(33)
<b>23</b>	25	20	<b>3</b>	6	(1)
<b>591</b>	636	617	<b>358</b>	419	386
-	-	-	-	-	-
-	28	6	-	18	1
-	(323)	-	-	(250)	-
<b>591</b>	341	623	<b>358</b>	187	387

local currency to CLP 103 billion (flat in Rand) while EBITDA decreased by 1.2% to CLP35 billion (R627 million). Iquique, which is located in a copper mining region was impacted by the weak copper price while Monticello was impacted by the relocation of the toll road. Monticello opened a new smoking deck, a 4 000-seat arena and a new bar in June 2017 which had an immediate impact on revenue. Unfortunately however in early July a tragic shooting incident occurred on the gaming floor at Monticello where a customer killed two staff members, injured five others and then took his own life. As a result, the labour regulatory authorities closed Monticello for a period of 12 days while the staff were counselled and additional security measures were put in place. Management is currently working with the loss adjustor appointed by its insurers regarding its

business interruption and third party liability claims.

### Panama

The performance of the Panama operations continues to be problematic. Revenue decreased by 4% from R124 million to R119 million while the EBITDA loss increased from R6 million to R37 million due to high marketing, promotion and tournament costs which did not drive the expected revenues. Management has taken a strategic decision to dispose of the 65th (apartments) and 66th floors (VIP business) owned in the Trump Tower and refocus the VIP business in an area on the main casino on the third floor. In addition some of the slot machines have been redeployed in an alternative location in the downtown area. With these initiatives the cost structure will be reduced and the property will be moved to breakeven.

## COMMENTARY CONTINUED

### Colombia

The profitability of the Colombia operation has not materialised and management is in discussions with the landlord of the premises with regards to exiting the lease alternatively reducing its period. The lease term has two and half years remaining. Some of the slot machines have been redeployed to smaller outlets with less onerous staff requirements. Due to the strength of the Sun International brand in that region, we have been approached to redeploy slot machines to alternative premises which we are currently evaluating.

### Peru

Revenue in Peru increased by 3% while EBITDA decreased from R25 million to R23 million.

## BORROWINGS

Sun International's borrowings as at 30 June 2017 were R15.1 billion of which R11.4 billion can be attributable to the South African balance sheet. The increase in debt of approximately R600 million above the 31 December 2016 level is primarily attributable to the capital investment at Time Square. The group's balance sheet remains resilient and the operations continue to generate strong cash flows. Following negotiations with the group's lenders during the review period, the debt covenant levels were adjusted and the group continues to trade within these levels.

R million	Total debt	Minorities	Sun International
<b>South Africa</b>	<b>11 387</b>	1 957	<b>9 430</b>
Subsidiaries	<b>3 127</b>	913	<b>2 214</b>
Time Square	<b>4 175</b>	1 044	<b>3 131</b>
Management and corporate	<b>4 085</b>	–	<b>4 085</b>
<b>Nigeria</b>	<b>510</b>	258	<b>252</b>
Shareholder loans	<b>786</b>	398	<b>388</b>
Sun International intercompany debt	<b>(276)</b>	(140)	<b>(136)</b>
<b>Latam</b>	<b>3 158</b>	1 052	<b>2 106</b>
Sun Dreams	<b>2 315</b>	1 052	<b>1 263</b>
Sun Chile	<b>843</b>	–	<b>843</b>
<b>30 June 2017</b>	<b>15 055</b>	3 267	<b>11 788</b>
31 December 2016	<b>14 517</b>	3 134	<b>11 383</b>
<b>30 June 2016</b>	<b>14 062</b>	3 171	<b>10 891</b>

The group has unutilised borrowing facilities of R800 million and available cash balances of R695 million.

## Debt covenants

The bank debt covenants per the funding agreements in South Africa and Chile at 30 June 2017 are set out below:

	South Africa		Chile	
	Covenant	Actual	Covenant	Actual
Debt to EBITDA	4.0x	<b>3.9x</b>	4.75x	<b>1.4x*</b>
Interest cover	2.5x	<b>3.4x</b>		

\* 2.6x prior to netting of cash.

## CAPITAL EXPENDITURE

The table below sets out the capital expenditure on major projects and the expected timing thereof:

### Capital expenditure

R million	Actual 30 June 2017	Forecast 31 December 2017	Budget 31 December 2017
<b>Expansionary</b>			
Time Square	<b>1 083</b>	615	1 370
Meropa	<b>38</b>	44	72
Sun City	<b>10</b>	27	29
Latam	<b>111</b>	27	160
Other expansions	<b>–</b>	–	26
	<b>1 242</b>	713	1 657
<b>Refurbishment</b>			
Sun City	<b>3</b>	59	82
GrandWest	<b>9</b>	20	38
Carnival City	<b>7</b>	4	21
Sibaya	<b>–</b>	9	55
Latam	<b>22</b>	31	61
Other refurbishments	<b>2</b>	1	5
	<b>43</b>	124	262
<b>Other ongoing asset replacement*</b>	<b>232</b>	200	1 090
<b>Total capital expenditure</b>	<b>1 517</b>	1 037	3 009

\* Ongoing asset replacement relates primarily to the replacement of gaming and IT equipment.

**Projects expenditure**

**R million**

Time Square
Sun City
Entertainment Centre
Other projects
Vacation Club Phase 2
Monticello arena, smoking deck and bar
Meropa Hotel

**Forecast to 31 December**

Spend to date	2017	2018
<b>3 508</b>	615	102
<b>397</b>	86	–
<b>360</b>	10	–
<b>37</b>	26	–
<b>–</b>	50	–
<b>131</b>	46	–
<b>50</b>	44	–
<b>4 086</b>	791	102

\* The various projects are approximately in line with budget.

**UPDATE ON STRATEGIC INITIATIVES**

**Time Square**

The Time Square Casino was completed and opened on 1 April 2017. The arena will be opened in November 2017 and the Hotel in March 2018. These facilities are expected to have a significant impact on visitation to the property and an increase in casino revenue. The shows booked for the Arena for November and December have all been sold out. To date, the cost of the development is in line with its R4.2 billion budget.

**Disposal of the group’s Africa portfolio to Minor International**

The sale of Sun International’s interest in the Swaziland property to Minor International continues to be delayed due to His Majesty the King’s approval.

**Tourist Company of Nigeria (“TCN”) – Federal Palace**

The board of TCN has been reconstituted with the Securities Exchange Commission appointing two directors thereto. Deloitte has been mandated to investigate the shareholder disputes. Once the Deloitte investigation has been completed it will pave the way for Sun International to exit its investment in Nigeria.

**Proposed acquisition by Sun International of 50% of EDS’s equity interest in Sun Dreams**

Shareholders are referred to the announcement released by Sun International on SENS on 30 May 2017 which provided details of Sun International’s intention to increase its shareholding to approximately 65% in Sun Dreams which is aligned to its strategic objective of increasing its interests in Latin America and also eliminates the put options given by Sun International to EDS and Pacifico. The proposed transaction is still awaiting the relevant gambling board approvals which is anticipated to be received in the near future.

**Chile municipal licence bidding process**

The Superintendencia de Casinos de Juego (SCJ) has over the past few weeks opened the bidding process for the seen municipal licences. The due date for submission of the various bids are as follows:

- Arica, Pucon and Puerto Natales on 25 September 2017;
- Puerto Varas on 29 September 2017;
- Coquimbo and Iquique due on 4 October 2017; and
- Vina del Mar on 12 October 2017.

Sun Dreams intends submitting bids for a number of these licences. It is anticipated that the results of the process will be announced in the first quarter of 2018.

## Peru acquisition

Sun Dreams is finalising an acquisition in Peru of Thunderbird Resorts, which comprises of 4 gambling operations generating EBITDA of US\$4.2 million. The purchase consideration is approximately US\$27 million and includes premises valued at \$11 million. The acquisition presents an opportunity for Sun Dreams to strengthen its position in the Peru market and diversify its asset base in Latam.

## CHANGES TO THE BOARD OF DIRECTORS AND APPOINTMENTS TO COMMITTEES

Shareholders are referred to the announcement released on SENS on 15 June 2017, wherein the following changes to the board of directors and board committee members was communicated.

On 31 December 2017, Sun International's lead independent director, Mr IN Matthews, will be retiring from the Company's board and various committees and will be succeeded by Mr PL Campher as the new lead independent director of the Company and chairman of the Sun International remuneration committee with effect from 1 January 2018.

Similarly, Mr GR Rosenthal, the current chairman of the Company's audit committee has indicated that he will be retiring as a director of Sun International at the 2018 Annual General Meeting, and will be succeeded by Ms CM Henry, an independent non-executive director and current member of the Sun International audit committee, as the new chairman of the audit committee.

Furthermore and with effect from 14 June 2017, Mr EAMMG Cibie was appointed as a member of both the Company's remuneration and audit committees. Mr Cibie who is an independent non-executive director on the Sun International board, is a qualified chartered accountant and serves as a Sun International representative on the Sun Dreams board

in Chile, as well as chairs the Sun Dreams financial review and risk committee.

Shareholders are further advised that Dr NN Gwagwa was appointed as an additional member of the Company's nomination committee, with effect from 13 June 2017.

## OUTLOOK

The South African economy will remain challenging for the foreseeable future with continued downward pressure on personal disposable income and in particular discretionary spending on gaming. In response to disappointing revenue growth and the uncertain economic outlook, management has taken further steps to reduce the cost of doing business and is in the process of implementing a "back to basics" drive across the group with a specific focus on improving operating efficiencies.

Whilst gaming revenues at the group's casino operations are expected to remain under pressure, Sun City will continue to benefit from the recent significant refurbishment of the resort. The opening of the arena at Time Square in October and the hotel in March 2018 is expected to increase footfall to the property with a commensurate increase in revenue and EBITDA.

The Chilean economy is showing signs of improvement and the revenue trend is encouraging. As reported Monticello, the group's largest casino in Chile, was negatively impacted by a tragic shooting incident in July 2017, but revenues are steadily recovering and should result in a stronger second half performance.

Trading at the group's operations in Panama and Colombia remains disappointing and a number of options are under consideration to reduce and/or eliminate the losses currently being incurred.

The development of Time Square at an estimated final cost of R4.2 billion has been entirely funded with debt resulting in a significant increase in the overall level of

gearing in South Africa. Whilst the group remains highly cash generative the uncertain economic outlook is a cause for concern. The board is of the view that it would be prudent to give consideration to the deleveraging of the group's balance sheet and is currently evaluating a number of options.

## ACCOUNTING POLICIES

The condensed consolidated financial information for the six month period ended 30 June 2017 has been prepared in accordance with the requirements of the JSE Limited Listings Requirements and the South African Companies Act No 71 of 2008. The Listings Requirements require reports to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards and must also, as a minimum, contain the information required by IAS 34 "Interim Financial Reporting". The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those adopted in the financial statements for the six month period ended 31 December 2016.

## DIRECTORS' RESPONSIBILITY STATEMENT

The pro forma financial information for the six months ended 30 June 2016 as well as to account for the Purchase Price Allocation adjustments and the Constant Currency adjustments, is the responsibility of the directors and has been prepared for illustrative purposes only to show what the results may have looked like had Sun International's previous interim period

been for the six months ended 30 June 2016 and had the currency been the same in both periods. Accordingly, the results contained in this announcement may not fairly present Sun International's financial position, changes in equity, results of operations or cash flows.

For and on behalf of the board

<b>MV Moosa</b>	<b>AM Leeming</b>	<b>N Basthdaw</b>
Chairman	Chief Executive	Chief Financial Officer

### Registered office:

6 Sandown Valley Crescent, Sandown, Sandton 2196

### Sponsor:

Rand Merchant Bank  
(a division of FirstRand Bank Limited)

### Transfer secretaries:

Computershare Investor Services (Pty) Ltd,  
1st Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

The report was prepared under the supervision of the Chief Financial Officer, N Basthdaw; B Compt (Hons), CTA, CA (SA), M Com, HDip Company Law.

### Directors:

MV Moosa (Chairman), IN Matthews (Lead Independent Director), AM Leeming (Chief Executive)\*, PD Bacon (British), ZBM Bassa, N Basthdaw (Chief Financial Officer)\*, PL Campher, EAMMG Cibie (Chilean), CM Henry, Dr NN Gwagwa, BLM Makgabo-Fiskerstrand, DR Mokhobo\*, GR Rosenthal

\* Executive

### Group Company Secretary

AG Johnston

29 September 2017





**SUN INTERNATIONAL LIMITED**

Registration Number: 1967/007528/06 | Share Code: SUI | ISIN: ZAE 000097580