

SUN INTERNATIONAL LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1967/007528/06)

Share code: SUI

ISIN: ZAE000097580

("Sun International" or "the Company")

**BUSINESS UPDATE, PRO FORMA GROUP INCOME STATEMENT AND TRADING
STATEMENT**

BUSINESS UPDATE

Shareholders are referred to the Company's outlook statement contained in its reviewed condensed consolidated financial statements for the six months ended 31 December 2016, which was released on SENS on 24 March 2017 and are advised that the financial results for the six month period ended 30 June 2017 reflect the challenging trading environment within which the Company operates, both in South Africa and Latin America. The financial performance of the South African operations has continued to be negatively affected by difficult trading conditions largely attributable to the poor performance of the South African economy, the on-going political uncertainty in South Africa and consumers who have less disposable income to spend on entertainment and gaming.

In Chile, trading has improved at most of the properties other than at 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 to the Santiago side of Monticello. 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 lease.

For the review period, total group revenue increased by 19% from R6.4 billion to R7.7 billion, largely attributable to the inclusion of Sun Dreams, Sun Slots and Time Square's results during this period, the latter of which commenced trading on 1 April 2017. EBITDA increased by 15% from R1.6 billion to R1.9 billion. Revenue generated by the South African operations, declined by 1% while EBITDA declined by 9%, on a comparable basis.

Total group segmental revenue and EBITDA for the review period is reflected below:-

Rm	Revenue			EBITDA		EBITDA %		
	June 2017 6 months	%	June 2016 6 months	June 2017 6 months	%	June 2016 6 months	June 2017 6 months	June 2016 6 months
GrandWest	1,031	(2)	1,049	391	(8)	426	38	41
Sun City	859	10	808	139	90	110	17	15
Sun City - vacation club accounting adjustment	(51)	(29)	(72)	(44)	27	(60)	-	-
Sibaya	612	6	576	207	8	192	34	33
Carnival City	471	(14)	546	117	(32)	173	25	32
Boardwalk	276	(7)	296	34	(44)	61	12	21
Wild Coast Sun	231	1	229	38	(17)	46	16	20
Meropa	147	(7)	158	49	(16)	58	33	37
Windmill	123	(13)	141	36	(25)	48	29	34
Flamingo	84	(5)	88	22	(19)	27	26	31
Golden Valley	84	2	82	15	(12)	17	18	21
Carousel	130	(17)	157	19	(34)	29	15	18
Table Bay	175	5	167	45	18	38	26	23
Maslow	71	3	69	(14)	(27)	(11)	(20)	(16)
Naledi	10	(17)	12	(4)	(100)	(2)	(40)	(17)
Fish River	12	9	11	(12)	(9)	(11)	(100)	(100)
	4,265	(1)	4,317	1,038	(9)	1,141	24	26
International business	9	(95)	165	(15)	(171)	21	(167)	13
Sun Slots	504	113	237	114	107	55	23	23
Time Square	276	100	-	72	100	-	26	-
Morula	38	(64)	105	(4)	(129)	14	(11)	13
SunBet	25	67	15	1	133	(3)	4	(20)
Management activities	293	(2)	298	98	21	81	33	27
Central office and other eliminations	(258)	0	(259)	-	-	-	-	-
South Africa	5,152	6	4,878	1,304	(0)	1,309	25	27
Iquique	218	(4)	227	72	(4)	75	33	33
Puerto Varas	205	4	197	87	6	82	42	42
Temuco	290	5	277	113	6	107	39	39
Valdivia	182	5	174	63	3	61	34	35
Coyhaique	71	10	64	22	15	19	31	30
Punta Arenas	238	5	228	103	2	101	43	44
Monticello	874	(4)	908	255	(10)	282	29	31
Central office	-	-	-	(88)	5	(92)	-	-
Chile	2,078	0	2,075	627	(1)	635	30	31
Panama	119	(4)	124	(37)	(477)	(6)	(31)	(5)
Colombia	15	(37)	23	(21)	(24)	(17)	(147)	(74)
Peru	127	3	123	23	(11)	25	18	21

	2,339	(0)	2,345	591	(7)	636		
Constant currency adjustment	-	(100)	319	-	(100)	85		
Pre-acquisition adjustment	-	100	(1,289)	-	100	(380)		
Latam	2,339	70	1,375	591	73	341	25	25
Nigeria	69	(28)	96	(1)	67	(3)	(1)	(3)
Total continued operations	7,560	19	6,349	1,894	15	1,647	25	26
Discontinued operations	100	10	91	5	25	4	5	4
Group total	7,660	19	6,440	1,899	15	1,651	25	30

TIME SQUARE

Following a soft opening of the Time Square Casino at Menlyn, Pretoria to the public on 1 April 2017, for the quarter ended 30 June 2017, Time Square Casino achieved gaming revenue of R251 million. Despite the opening of the casino, the Gauteng gaming market has not grown, with gross gaming revenue for the quarter that Time Square has been trading, in line with the prior year. In its first quarter, Time Square captured 13.4% of Gauteng's market share, which is below 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, strong growth in revenue is anticipated.

BORROWINGS

Sun International's borrowings as at 30 June 2017 were approximately R15 Billion of which R11.4 billion is attributable to the South African balance sheet. The Company's balance sheet remains resilient and the group continues to generate strong cash flow from operations. 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.

PROPOSED ACQUISITION BY SUN INTERNATIONAL OF 50% OF EDS'S EQUITY INTEREST IN SUN DREAMS

Shareholders are referred to the announcement released by the Company 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.

TRADING STATEMENT FOR THE PERIOD ENDED JUNE 2017 AND PRO FORMA GROUP INCOME STATEMENT FOR THE PERIOD ENDED JUNE 2016

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 and for purposes of this trading statement, 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, which are disclosed below.

	Audited	Unaudited	Pro forma
	12 months ended	6 months ended	6 months ended
	June	31 December	June
Rm	2016	2015	2016
Continuing operations			
Revenue	12,186	5,837	6,349
Other income	18	-	18
Other expenses	(11,278)	(5,822)	(5,456)
Operating profit	926	15	911
Foreign exchange (losses)/profit	(227)	254	(481)
Interest income	33	20	13
Interest expense	(756)	(349)	(407)
Fair value adjustment to put liability	-	-	-
Share of equity accounted profits	18	32	(14)
(Loss)/profit before tax	(6)	(28)	22
Tax	(533)	(303)	(230)
Loss for the period from continuing operations	(539)	(331)	(208)
Profit for the period from discontinued operations	36	4	32
Loss for the year	(503)	(327)	(176)

Minorities	(89)	118	(207)
Ordinary shareholders	(414)	(445)	31
Loss for the period attributable to:	(503)	(327)	(176)

Adjusted for :

(Loss)/profit attributable to ordinary shareholders	(414)	(445)	31
Net (profit)/loss on disposal of property, plant and equipment	(3)	(24)	21
Profit on disposal of shares in subsidiaries	(18)	-	(18)
Impairment of assets	-	-	-
Tax expense on the above items	57	4	53
Minorities' interests on the above items	(2)	-	(2)
Headline (loss)/earnings	(380)	(465)	85

Number of shares ('000)

- in issue after excluding deemed treasury shares	97,977	97,977
- for EPS calculation	98,214	98,214
- for diluted EPS calculation	98,214	98,214
- for adjusted headline EPS calculation (i)	104,140	104,140
- for diluted adjusted headline EPS calculation (i)	104,140	104,140

Earnings per share (cents) - recalculated

- basic earnings/(loss) per share	32
- headline earnings/(loss) per share	87
- adjusted headline earnings per share	280
- diluted adjusted headline earnings per share	280

Notes to the Group Pro Forma Income Statement:-

1. *The group pro forma income statement and earnings per share have been prepared for purposes of comparison to the review period.*
2. *The group pro forma income statement was derived by deducting the unaudited, published results for December 2015 from the audited financial results for June 2016.*
3. *The minority share of attributable earnings was impacted by their share of a significant Nigerian foreign exchange loss on inter-company loans.*
4. *The Directors of Sun International, as at the date of this announcement, collectively and individually, accept full responsibility for the accuracy of the information given in this pro forma group income statement and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this pro forma group income statement false or misleading and all reasonable enquiries to ascertain such facts have been made and that this pro forma group income statement contains all information required by the Listings Requirements of the JSE Limited.*

Shareholders are advised that a reasonable degree of certainty exists that the Company's headline earnings per share for the financial half-year ended 30 June 2017 is expected to be a loss of between 65 cents per share and 77 cents per share compared against the prior corresponding period's headline earnings profit of 87 cents per share. Basic earnings per share for the financial half year ended 30 June 2017 is expected to be a loss of between 90 cents per share and 96 cents per share compared against the prior corresponding period's profit of 32 cents per share. Furthermore shareholders are advised that Sun International's adjusted diluted headline earnings per share is expected to be between 25% - 35% lower compared to the prior corresponding period profit of 280 cents per share

Headline and adjusted headline charges includes, *inter alia*, fair value adjustment on the put options (R162 million), Time Square pre-opening expenses (R40 million) and amortisation of Dreams S.A intangibles (R73 million).

Sun International's interim financial statements for the financial half year ended 30 June 2017 are expected to be announced on or about Monday, 2 October 2017.

This business update, pro forma group income statement and trading statement has not been reviewed or reported on by Sun International's external auditor.

By order of the board.

Johannesburg
13 September 2017

Sponsor to Sun International
RAND MERCHANT BANK (a division of Firstrand Bank Limited)