

Phumelela Gaming and Leisure Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1997/016610/06)
Share Code: PHM ISIN: ZAE000039269

Trading update and voluntary trading statement for the six months ended 31 January 2019

Trading update

Phumelela Gaming and Leisure Limited's ("Group") annual results narrative for the twelve months ended 31 July 2018, reflected on the South African economic environment that continued to deteriorate, and several negative factors were cited that made trading conditions very difficult. As a consumer-facing business with a large retail footprint, pressure on discretionary spending in the economy directly affects us. In addition, we must absorb the full financial cost of the VAT increase effected last year.

Trading conditions remained challenging during the period ended 31 January 2019, for our local tote and fixed odds operations. December was a particularly poor month for the gaming industry, both in South Africa and abroad. Consequently, Betting World and Supabets profits were negatively impacted. Whilst cost control remains tight, betting turnovers are not keeping up with inflation on the expenses line and in fact declined in nominal terms.

Our international media rights operations and PGI on the Isle of Man returned excellent results for the period. Supaworld, a JV between Supabets and Betting World, is making progress. Interbet has performed well and in line with management expectations. We furthermore continue to invest in reshaping the quality of the betting experience for our customers as we upgrade branches, grow the digital/on-line offering, and customer base. The management team are resolute and excited in right sizing the Group for the changing commercial realities. With this will come improved operating leverage.

Phumelela bears an onerous burden in administering the sport of thoroughbred horseracing and continues to face challenges on several fronts. But the Group is convinced that it is best positioned to manage racing and defend the interests of all who make their living from this industry. For the industry to survive, we all need to cooperate and contribute proportionately on a level playing field. Furthermore, it is high time that we had regulatory and licensing predictability and consistency in the industry.

Given the trading pressures the Group faced for the period in South Africa, the initiative to cut costs, and a decline in profitability, the Board will give consideration to revising the dividend policy. The Group remains well capitalised.

Voluntary trading statement

Shareholders are advised that the Group is in the process of finalising its 2019 interim financial results for the period ended 31 January 2019, which are expected to be published on 29 March 2019.

Earnings per share (EPS) and headline earnings per share (HEPS) are expected to be within the ranges reflected below:

	Unaudited 6 months	Unaudited 6 months	Unaudited 6 months
	31 January 2018	31 January 2019	31 January 2019
	As reported	Expected range (%)	Expected (cents)
EPS (cents)	83.17	-14% to -19%	67.36 to 71.52
HEPS (cents)	81.66	-14% to -19%	66.14 to 70.22

The weighted average number of shares in issue during the period was 1.7% lower than in the same period last year.

The estimated financial information contained in this announcement has not been audited, reviewed or reported upon by the Group's external auditors.

Turffontein

7 March 2019

Sponsor: Investec Bank