

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 AND TRADING STATEMENT

Sun International is currently finalising its financial results for the year ended 31 December 2018, which are expected to be released on the Stock Exchange News Service of the JSE Limited on or about Monday 18 March 2019.

Business Update

Despite the ongoing weakness in the South African economy and challenging trading conditions, the group's South African comparable operations achieved growth in gaming revenue and a satisfactory EBITDA performance given the 1% Vat increase in April 2018.

Sun Slots produced strong results while Time Square, which became fully operational following the opening of the hotel in April 2018, continued to increase its market share in the Gauteng gaming market. Management remains optimistic regarding the future performance of Time Square which delivered pleasing results during the second half of 2018.

Unfortunately, Sun City reported weaker results than anticipated as a result of the current economic environment and the cancellation of a few large conferences, although this is expected to improve during the second half of 2019 based on the rate of forward bookings.

The Latam operations recorded strong performances during the second half of 2018, both from a revenue and EBITDA perspective, which was led by Monticello, which showed a strong recovery following the shooting incident in June 2017.

During the period under review Sun International, the group managed to reduce its borrowings from R15 billion at the end of 2017 to R14.7 billion at 31 December 2018. Following the successful R1.6 billion rights offer and generation of strong free cash flows, South African debt decreased from R11.4 billion to R9.2 billion. However, debt in Latam increased following the raising of a ten year bond by Sun Dreams for the acquisition of the minority's 20% equity interest in Sun Dreams and the acquisition of Thunderbird Resorts in Peru and the Park Hyatt in Mendoza, Argentina.

Given the strong cash generation of the group and the completion of Time Square, the group is comfortable that it will continue to reduce its debt levels. The group continues to trade within the debt covenant levels agreed with its lenders.

Trading Update

Shareholders are advised that a reasonable degree of certainty exists that the Company's:

- Basic earnings per share for the financial year ended 31 December 2018 is expected to be a loss of between 5 cents per share and 7 cents per share compared against the prior corresponding period's loss of 248 cents per share, an increase of between 97% and 98%.
- Headline earnings per share for the financial year ended 31 December 2018 is expected to be a profit of between 190 cents per share and 225 cents per share compared against the prior corresponding period's headline earnings loss of 180 cents per share, an increase of more than 100%.
- Furthermore shareholders are advised that Sun International's adjusted diluted headline earnings per share is expected to be a profit of between 275 cents per share and 330 cents per share compared to the prior year's profit of 298 cents per share, a decrease of between 8% and an increase of 11%.

The difference between basic earnings per share and headlines earnings per share relates primarily to an impairment charge against the carrying value of Sun City and certain Panama assets. Following an assessment in terms of IAS 36, *Impairment of Assets*, these assets were impaired to the value of R337 million with the tax and minority interests on this adjustment amounting to R97 million.

Adjustments to headline earnings to derive adjusted diluted headline earnings, which the board considers the most meaningful measure of the performance of the Company includes:

- Amortisation of the Dreams intangible assets raised as part of the PPA (R101 million);
- Fair value adjustment to the Tsogo put option (R27 million);
- Foreign exchange losses of R75 million capitalised in the Time Square development, which were expensed through profit and loss;
- Reversal of a portion of an onerous lease provision of R31 million; and
- Tax and minority interests on total adjustments to adjusted headline earnings per share of R67 million.

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

By order of the Board.

Johannesburg
13 March 2019

Sponsor to Sun International
INVESTEC BANK