

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

RENEWAL OF CAUTIONARY ANNOUNCEMENT, TRADING STATEMENT AND RESIGNATION OF CHIEF OPERATING OFFICER AND FINANCE DIRECTOR

Renewal of cautionary announcement

The Company remains under cautionary on matters pertaining to the withdrawal of the Gauteng bookmaker levy and capital raising initiatives. Should these initiatives be successfully concluded, they may have a material effect on the Company's securities. Shareholders are advised to continue to exercise caution when dealing in the Company's securities.

Trading statement

In terms of the Listings Requirements of the JSE Limited, companies are required to publish a trading statement as soon as they become reasonably certain that the financial results for the period to be reported on, being the six months ending 31 January 2020, will differ by at least 20% from those reported in the previous corresponding period.

The Board does not have the required degree of certainty to provide shareholders with detail of the anticipated range expected for earnings per share and headline earnings per share for the six months ending 31 January 2020. The Board does have the required degree of certainty that earnings per share and headline earnings per share will be below those of the previous corresponding period by more than 20%. Earnings per share and headline earnings per share for the six months ended 31 January 2019 were 70.05 cents and 68.02 cents respectively.

As and when the Board has the required degree of certainty to provide a further update on this trading statement, it will do so without delay.

Trading conditions for Phumelela's fixed odds and Tote gaming operations have remained challenging in the context of a constrained economic environment locally. Performances across Betting World, Tab, Supabets and Interbet have been mixed. Betting World has stabilised relative to the position in the previous financial year. Supabets has traded ahead of the corresponding period last year whilst Interbet is behind. The Supaworld JV remained loss-making but continues to offer potential. Tote turnovers remain under pressure and whilst the Tote agency model creates potential for new turnover this is also dependent on the timing of licenses being granted.

International operations, Phumelela International and Premier Gateway International, continue to perform to expectation.

The local horseracing operations remain loss-making on a stand-alone basis.

Financial performance has been negatively impacted by the withdrawal of the Gauteng bookmaker levy with effect from April 2019. An amendment to Regulation 276 of the Gauteng Gambling Regulations, 1997, revoked Phumelela's 50% share of the 6% levy on punters' winnings on fixed odds bets on horseracing. This has resulted in Phumelela being deprived of approximately R35 million in revenue for the six months.

Meaningful cost savings are being realised.

As communicated in both the 2019 annual results presentation and at the annual general meeting on the 21st of January 2020, capital raising initiatives to bolster the balance sheet are progressing. The financial position is largely unchanged post year end.

The financial and operational information contained in this trading statement has not been reviewed or reported upon by Phumelela's external auditors.

Resignation of Chief Operating Officer and Finance Director

In compliance with paragraph 3.59 of the JSE Listings Requirements, shareholders are advised that Mr Andreas Heide is emigrating and has tendered his resignation as Chief Operating Officer and Group Finance Director. His last working day will be 27 March 2020.

A formal process to identify and appoint a suitable replacement is underway and a further announcement will be released in due course.

The Board and management team would like to thank Andreas for his valuable contribution over the past 23 years and wish him well in his future endeavours.

Turffontein
26 February 2020
Sponsor: Investec Bank