

Tsogo Sun Gaming Limited
(Incorporated in the Republic of South Africa)
(Registration number 1989/002108/06)
Share code: TSG ISIN: ZAE000273116
JSE Alpha code: TSGI
('Tsogo Sun Gaming' or 'the company' or 'the group')

Condensed unaudited consolidated interim financial statements
for the six months ended 30 September 2020

Income R1.6 billion down 74%
Ebitda R0.2 billion down 90%
Headline loss R0.5 billion down >100%
Headline loss per share 51.9 cents down >100%
Loss per share 52.6 cents down >100%
Interim dividend per share Nil
NIBD and guarantees R11.8 billion
March 2021 covenant waivers required

Review of operations

The spread of the Covid-19 virus and government's regulatory restrictions such as the curfew, limited capacity and ban on alcohol sales, had a substantial negative impact on the results for this interim reporting period. All businesses in the group were closed for the first quarter of the financial period and thereafter opened in a staggered manner, but are not as yet fully operational.

With the significant investment in infrastructure, high employment numbers and staff costs, casinos were not built to operate in a constrained environment, thereby placing severe pressure on the group's cash flow and debt position for the period under review. The resultant focus on reducing operating expenses was therefore inevitable and this should provide a positive impact on the group's ability to survive, recover and emerge a strong business subsequent to the current crisis.

The trading levels at Bingo sites were also constrained by floor limitations and the curfew. There are limited cost savings opportunities in this division.

The ban on alcohol and consequential closure of bars and restaurants had a significant detrimental impact on the LPM division. Since the reopening of this sector of the economy, the division has recovered faster than all the other businesses in the group as a result of its low cost base, being a non-operational business and the low number of machines per site making social distancing easier to manage.

Income for the interim period totalled R1.6 billion, Ebitda amounted to R191 million (R136 million including lease costs which are now included in depreciation and finance costs in terms of IFRS 16 Leases). The headline loss for the period amounted to R543 million.

Net interest-bearing debt and guarantees at 30 September 2020 totalled R11.8 billion, which are R400 million above the 31 March 2020 balance of R11.4 billion. The group's strategy

remains to reduce the long-term debt levels, thereby decreasing risk and funding costs.

Dividend

The board of directors has resolved not to declare an interim dividend in respect of the six months ended 30 September 2020.

Going concern

The directors considered the going concern status of the group taking into account the current financial position and their best estimate of the cash flow forecasts in terms of their current knowledge and expectations of ongoing developments of the Covid-19 pandemic. The cash flow and liquidity projections for the group have been prepared based on current trading conditions, extrapolated for a period exceeding 12 months from the reporting date and included performing sensitivity analyses.

After taking the above factors, including the discussions with the lenders, into account, the group considers the going concern method to be appropriate for the presentation of the Condensed Unaudited Consolidated Interim Financial Statements.

The September 2020 covenants have been waived by the lenders. The group still requires the waiver of the expected covenant breaches for March 2021 (and it is possible the group may require the waivers for September 2021), without which the debt becomes due and payable. In addition, should there be a suspension of trade after 30 November 2020, or the group is not operating cash positive, the group would need to provide a business plan to be approved by the lenders. Refer to 'Material uncertainty relating to going concern' contained in the independent auditor's report in the Group Annual Financial Statements issued on 31 July 2020.

Important information

The contents of this short form announcement are the responsibility of the board of directors of Tsogo Sun Gaming. Shareholders are advised that this short form announcement represents a summary of the information contained in the full announcement. Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement as a whole and shareholders are encouraged to review the full announcement, which is available at <https://senspdf.jse.co.za/documents/2020/jse/isse/TSGE/Interims.pdf> and on the group's website at <https://www.tsogosungaming.com>.

Fourways

19 November 2020

Equity Sponsor

Investec Bank Limited, 100 Grayston Drive, Sandton, 2196 (PO Box 785700, Sandton, 2146)

Debt Sponsor

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