

Sun International Limited  
Registration number: 1967/007528/06  
Share code: SUJ  
ISIN: ZAE000097580  
LEI 378900835F180983C60

AUDITED summary group financial results  
AND CASH DIVIDEND DECLARATION announcement  
for the year ended 31 December 2022

#### Key highlights

GROUP INCOME  
up 44%  
to R11.3 billion

GROUP BASIC EARNINGS  
up >100%  
to 224 cents earnings

GROUP HEADLINE EARNINGS  
up >100%  
to 226 cents earnings

GROUP ADJUSTED HEADLINE EARNINGS  
up >100%  
to 439 cents earnings

DIVIDENDS  
Interim  
Up to 88 cents per share  
Final  
Up to 241 cents per share

#### Introduction

On the back of an excellent performance in the first half of 2022, Sun International continued to deliver outstanding results in the second half of the year. Income for the year was up 44% from the prior year to R11.3 billion. Sustainable cost savings contributed to the South African adjusted EBITDA being up by 96% to R3.3 billion. Adjusted headline earnings improved from R110 million to earnings of R1.1 billion with adjusted headline earnings of 439 cents per share up from 44 cents per share, in the prior year. Sun International's performance reflects the quality of its operating businesses and disciplined execution on strategy which continues to drive shareholder value.

Gaming income from casinos, Sun Slots and SunBet which make up 80% of group income, showed a significant recovery with income up 36%. The group was able to successfully defend and grow market share in all provinces, while income generated from Sun Slots recovered to pre-Covid-19 levels. SunBet generated record income during the year under review and is well on its way to achieving our aggressive growth targets for this business.

As a result of sustainable cost savings, the South African operations' adjusted EBITDA margin improved from 28.2% in 2019 to 29.7% in 2022. Without the impact of the net diesel costs of R53 million, due to load shedding, the group would have achieved its targeted 30% adjusted EBITDA margin.

#### Operational highlights

##### Urban Casinos

Our urban casino strategy is anchored on three core focus areas being customer acquisition and retention, customer experience and margin improvement.

Our improved use of data and analytics combined with a selective focus on certain market segments enabled us to grow market share in key provinces.

Income has proven resilient and is swiftly recovering from the effects of the pandemic. Overall, urban casino operations generated adjusted EBITDA of R2 445 million for the year under review, up 71% from R1 433 million in 2021 with adjusted EBITDA margin at 36.4%, reflecting a 200 basis point improvement on 2019 margins.

##### Sun Slots

The Sun Slots business proved remarkably resilient, with a strong recovery in trading. It swiftly reactivated closed sites, resulting in 5 160 of the Limited Payout Machines (LPM) being active for play during the year under review, and an increase of 508 machines relative to 2021. We continue to engage with the regulators to increase the roll out of LPMs to the 6 500 LPM positions that have been allocated.

Sun Slots income increased 20% from R1 242 million to R1 491 million with adjusted EBITDA up 17% from R313 million to R367 million for the year under review, notwithstanding the impact that escalated load shedding had on LPM operations in the last quarter of the year.

##### SunBet

SunBet has continued its strong growth trajectory and remains an exciting prospect, with long-term transformational growth potential for the group. Overall, income was up 86% on the same period in 2021 with growth of 135% in the second half of the financial year. Active players on our rapidly expanding online sports betting and gaming platform continued to grow with additional games being offered and the overall player experience being enhanced.

At the end of the year under review, we achieved substantial growth in our key performance indicators against 2021 which included:

- active players up 50%;
- sports turnover up 23%; and
- deposits up 130%.

SunBet offers the group significant and exciting growth potential and with this in mind, we continue to invest in people, systems and marketing in order to significantly increase our share of the fast-growing online gaming market.

We are on a focused journey to grow our current operating market and launch into new markets. In this regard, we have concluded a 70% investment in SunBet Africa Holdings, for a consideration of USD3.2 million (R52.4 million). This company has online sports betting and casino licences to operate in Ghana, Zambia and Kenya. We are in the early stages of rolling out the SunBet operating model and brand in these markets, which have attractive long term growth potential.

## Resorts and hotels

Following a difficult start to the year due to the closure of borders due to the Omicron Covid-19 variant, we have experienced a strong recovery in our resorts and hotels business. Domestic leisure, conferencing and sports and events revenues exceeded 2019 levels while international leisure business recovered strongly in the second half of the year.

Total resorts and hotels revenue was up 65% on the prior year, to R2 571 million. Total revenue was in line with 2019 levels, while casino income exceeded 2019 as a result of us leveraging the Sun City Resort and Wild Coast Sun for the benefit of our MVG and SunBet customers. Overall, our resorts and hotels generated an adjusted EBITDA of R450 million, making a complete turnaround from a loss of R56 million in the prior year and adjusted EBITDA of R300 million in the 2019 year. The adjusted EBITDA margin of 17.5% reflects a substantial improvement from the adjusted EBITDA margin of 11.7% achieved in 2019 and represents meaningful progress towards achieving our margin targets.

## Debt

Overall group debt (excluding IFRS 16 lease liabilities) reduced from R7.1 billion at 31 December 2021 to R6.6 billion at 31 December 2022. Our South African debt reduced from R6.4 billion at 31 December 2021 to R5.9 billion at 31 December 2022, after allocation of cash generated to capital expenditure, investments, share buy-backs and dividends. Our South African debt to adjusted EBITDA and interest cover of 1.84 times and 6.51 times respectively is well within our lenders' covenants of 3.25 times and 3.0 times respectively. Our statement of financial position is in a strong position with unutilised facilities of R2.5 billion. We continue to prioritise increasing free cash flows and disciplined capital allocation to maximise shareholder value within a set of fundamental capital allocation principles.

## Outlook

The group's urban casino properties and LPM operations are demonstrating continued resilience despite the tough operating environment. SunBet is achieving record numbers in terms of revenue and all key indicators, and will deliver another step change this year. Our resort and hotel properties have continued to perform exceptionally well, and we anticipate another good year from them in 2023.

Load shedding is impacting our costs, with diesel expense incurred between R12 million and R14 million a month with an approximate 20% offset saving in electricity. We have accelerated our programme to explore all options around a comprehensive energy plan which will not only solve this challenge but also achieve good returns on capital.

Our balance sheet remains strong, and guided by our clearly laid out capital allocation framework. Going forward, we will continue to be disciplined with capital allocation, targeting a 2 times net debt to adjusted EBITDA and paying out 75% of adjusted headline earnings as dividends.

## Dividend declaration

Notice is hereby given that the Board has declared a final gross cash dividend of 241 cents (192.80000 cents net of dividend withholding tax) for the year ended 31 December 2022, payable to shareholders recorded in the register of the company at the close of business on the record date appearing below. The company did not declare a dividend in the prior comparative period. The dividend has been declared from reserves and therefore does not constitute a distribution of 'contributed tax capital' as defined in the Income Tax Act, 58 of 1962. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

The issued share capital at the declaration date is 262 052 195 ordinary shares. The salient dates for the final dividend will be as follows:

Declaration date	Monday, 13 March 2023
Last day to trade cum dividend	Tuesday, 28 March 2023
Shares commence trading 'ex' dividend	Wednesday, 29 March 2023
Record date	Friday, 31 March 2023
Payment date	Monday, 3 April 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 29 March 2023 and Friday, 31 March 2023, both days inclusive. Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited or updated on 03 April 2023. Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. Where the transfer secretaries do not have the banking details of any certificated shareholders, the cash dividend will be held in trust by the transfer secretaries pending receipt of the relevant certificated shareholder's banking details after which the cash dividend will be paid via electronic transfer into the personal bank account of the certificated shareholder.

## Financial overview

R million	31 Dec 2022	%	31 Dec 2021
Income	11 274	44	7 812
Adjusted EBITDA	3 306	96	1 685
Depreciation and amortisation	(828)	4	(863)
Adjusted operating profit	2 478	>100	822
Foreign exchange loss	(1)	50	(2)
Net interest	(495)	12	(564)
Net external interest	(469)	13	(538)
Profit relating to the interest rate swaps	56	(5)	59
IFRS 16 interest	(82)	4	(85)
Adjusted profit before tax	1 982	>100	256
Taxation	(628)	<(100)	(66)
Adjusted profit after tax	1 354	>100	190
Minorities	(270)	<(100)	(73)
Adjusted attributable profit	1 084	>100	117
Share of associates	1	100	-
Continuing group adjusted headline earnings	1 085	>100	117
Discontinued headline loss	-	(100)	(7)
Group adjusted headline earnings	1 085	>100	110
Adjusted headline earnings adjustments	(526)	<(100)	155
Group headline earnings	559	>100	265
Headline earnings adjustments	(4)	(100)	(2)
Group basic earnings	555	>100	263
Basic earnings (cents per share)	224	>100	105
Headline earnings (cents per share)	226	>100	106
Adjusted headline earnings (cents per share)	439	>100	44
Interim dividend paid (cents per share)	88	100	-
Final dividend declared (cents per share)	241	100	-

## Further information

This short-form announcement is the responsibility of the directors and is only a summary of the information contained in the full announcement. Any investment decision should be based on the full announcement published on Sun International's website and on the SENS link below. Only the short-form announcement will be available on SENS. The full announcement will be available on the link [www.suninternational.com/investors](http://www.suninternational.com/investors) or through this link <https://senspdf.jse.co.za/documents/2023/jse/isse/SUI/FY2022.pdf> and shareholders and/or investors will be able to view the full announcement at Sun International's registered office and the offices of the sponsor, at no charge, during normal office hours from Monday to Friday, 08h00 to 16h30.

This report is extracted from audited results but is itself not audited. The auditors, Deloitte & Touche, have audited the consolidated financial statements and their unmodified audit opinion, including key audit matters, along with the audited consolidated annual financial statements are available for inspection at the Company's registered office and also available on Sun International's website at [www.suninternational.com/investors](http://www.suninternational.com/investors). The company's external auditor has not audited or reported on any forecasts included in these audited summary group financial statements or this announcement.

13 March 2023

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