

Sun International LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 1967/007528/06
Share code: SUJ
ISIN: ZAE 000097580
LEI: 378900835F180983C60
("Sun International" or "the company")

AUDITED GROUP FINANCIAL RESULTS AND CASH DIVIDEND DECLARATION FOR THE YEAR ENDED 31 DECEMBER 2023

KEY HIGHLIGHTS

- Income up 7.0% to R12.1 billion
- Record SunBet income and profitability, exceeding its 5-year targets
- Record Sun City adjusted EBITDA, pre-management fees, achieved of R455 million
- 65.4% of cash generated by South African operations of R3.6 billion converted to free cash
- Debt to adjusted EBITDA at 1.7x, well within bank covenants of 3.25x
- EPS up 120.5% to 494cps
- HEPS up 88.1% to 425cps
- Final dividend of 203cps, maintaining our 75% dividend payout policy on AHEPS
- Total dividend for the year of R920 million (351cps) up 6.7% on the prior year

Introduction

Sun International's performance reflects the quality of its operating businesses, the resilience of its omnichannel portfolio and disciplined execution on strategy which continues to drive shareholder value. Income for the year was up 7.0% from the prior year to R12.1 billion and South African adjusted EBITDA was up 3.0% to R3.4 billion. Adjusted headline earnings was up 4.6% on the prior year, to R1.1 billion, with adjusted headline earnings of 468 cents per share, up 5.9% on the prior year.

Overall, the gaming market in South Africa grew for a third successive year to R55.8 billion gross gaming revenue. Our gaming income, which makes up 76.8% of total group income, showed continued sustained growth with income up 3.3%. Casino income proved resilient and decreased by only 1.0%. Sun Slots' operations were impacted by load shedding with income slightly behind the prior year. SunBet generated record income during the 2023 financial year, up 116.2% and is ahead of its aggressive growth targets set for this business. Resorts and hotels income achieved exceptional growth, increasing by 17.4%, with Sun City achieving record profitability and net positive cash flow contribution to the group.

The adjusted EBITDA margin was impacted by increased diesel costs of R60 million compared to the prior year and the relatively higher growth in income from resorts and hotels, which operates at a structurally lower margin than urban casinos. Overall, the adjusted EBITDA margin improved from 27.2% at the 2023 half year, to 28.1% for the full year. Excluding the impact of the net diesel costs attributable to load shedding, the group would have achieved a 28.9% adjusted EBITDA margin. A renewable energy strategy is being implemented to protect margins and ensure energy security.

Our net external interest increased by 19.0% compared to the prior year as a result of JIBAR increasing by approximately 2.7%. The reduction in minorities' share of earnings is attributable to the strong performance of our wholly owned subsidiaries, namely Sun City and SunBet.

The group is in a strong financial position as it continues to degear, with South African debt (excluding IFRS 16 lease liabilities) at R5.7 billion, down from R5.9 billion as at 31 December 2022, with debt to adjusted EBITDA at a comfortable 1.7 times. The debt levels take into account the payment of the 2022 final dividend of R632 million and the interim dividend of R388 million.

In line with Sun International's dividend strategy to provide its shareholders with an appropriate, sustainable pay-out over the long term while maintaining a targeted debt to adjusted EBITDA ratio of 2 times and a dividend pay-out ratio of 75% of adjusted headline earnings per share. The board has resolved to pay a final gross cash dividend of 203 cents per share totalling R532 million, bringing total dividends for the year to 351 cents per share totalling R920 million and equating to a dividend yield of 9.0% as at 15 March 2024.

Strategy in action

On 18 December 2023, Sun International announced, through SENS, the proposed acquisition of Peermont Holdings Proprietary Limited ("Peermont"). Peermont is a leading hospitality and entertainment group of companies which operates 11 properties located across the Republic of South Africa and the Republic of Botswana, in addition to the online sportsbook, PalaceBet.

The proposed acquisition is a unique opportunity to acquire the world-class and highly cash generative Peermont business. The strategic merits of the proposed acquisition, include:

- an enhancement in the quality of earnings and cash flow generation of the group which is underpinned by the flagship Emperors Palace Resort;
- an increase in the contribution of land-based and online gaming income to the combined group;
- the opportunity to leverage off Sun International's SunBet management team's proven expertise to accelerate and further grow the online and sports betting business through extending the group's omnichannel strategy across a scaled customer base;
- the ability to leverage off combined synergies to drive margin enhancement opportunities and capital efficiencies;
- the ability to conclude a transaction of scale, rapidly degear and maintain an attractive dividend pay-out ratio; and
- the combination of Sun International and Peermont provides a compelling equity story, through increased scale, a larger enterprise value and greater capital markets visibility.

The proposed acquisition was put to a vote by shareholders at an Extraordinary General Meeting which was held on 4 March 2024. Shareholders overwhelmingly approved the proposed acquisition. The proposed acquisition is now awaiting regulatory approvals and the fulfilment of the remaining conditions precedent. The full details of the proposed acquisition and circular can be found online at <http://corporate.suninternational.com/investors>.

Outlook

Our results once again demonstrate that Sun International has a unique integrated portfolio of high quality gaming and hospitality businesses that will continue to deliver sustainable earnings and position us well for growth.

We are executing effectively on our omnichannel strategy and are focused on extracting further operational efficiencies as we look to protect and grow our income and margins. While the economy and load shedding is placing pressure on our urban casinos, trading levels at the start of 2024 have improved marginally and our Limited Payout Machines operations are demonstrating continued resilience. SunBet is achieving significant income growth and is exceeding key performance indicators. This strong momentum is expected to continue with another substantial increase this year as the business expands rapidly. Our resort and hotel properties have continued to perform exceptionally well, and we anticipate another good year from them in 2024. Overall, we are seeing positive growth in both income and adjusted EBITDA.

Our balance sheet remains strong and positions us to continue delivering industry leading cash returns to shareholders. While we anticipate that the proposed acquisition of Peermont may be concluded this year, we do not expect it to have a significant impact on our 2024 financial performance. In the meantime, we will be focussed on comprehensive integration planning and positioning the combined group to deliver earnings and cash flow accretion with a comfortable levels of gearing immediately post completion.

Leveraging off our current momentum and proven leadership, we are confident our strategy will continue to yield exceptional results.

Final dividend declaration

Notice is hereby given that the board has declared a final gross cash dividend of 203 cents (162.40000 cents net of dividend withholding tax) for the year ended 31 December 2023, payable to shareholders recorded in the register of the company at the close of business on the record date appearing below. The dividend has been declared from cash 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, 18 March 2024
Last day to trade cum dividend	Tuesday, 9 April 2024
Shares commence trading 'ex' dividend	Wednesday, 10 April 2024
Record date	Friday, 12 April 2024
Payment date	Monday, 15 April 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 10 April 2024 and Friday, 12 April 2024, both days inclusive. Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited or updated on Monday, 15 April 2024. 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 shareholders' banking details after which the cash dividend will be paid via electronic transfer into the personal bank account of the certificated shareholder.

Sun International's tax reference number is 9875/186/71/1.

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 or through this link <https://senspdf.jse.co.za/documents/2024/jse/isse/SUI/FY2023.pdf>.

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. The full audit report is included in the audited consolidated financial statements. The company's external auditor has not audited or reported on any forecasts included in these audited summary group financial statements or this announcement.

Directors

S Sithole (Chairman), GW Dempster (Lead Independent Director), AM Leeming (Chief Executive)*, N Basthdaw (Chief Financial Officer)*, CM Henry, SN Mabaso- Koyana, MLD Marole, TR Ngara, NT Payne (British), ZP Zatu Moloi.

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