






CONDENSED RESULTS AND HIGHLIGHTS

for the six months ended 30 June 2018

PEERMONT GLOBAL PROPRIETARY LIMITED

Registration number 2006/006340/07 • www.peermont.com

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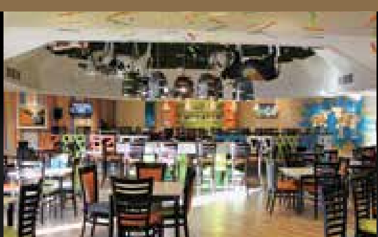
HOTELS CASINOS RESORTS

DATE: 29 AUGUST 2018



This document contains a high-level summary of the consolidated annual results of Peermont Global Proprietary Limited ("Peermont") and its subsidiaries ("the Peermont group" or "the group") which is made available for information purposes only and should not be utilised to make any investment or other decisions relating to the group. The complete results report has been made available to those persons entitled to it. The Peermont group includes all of the operational entities of Peermont Holdings Proprietary Limited and its subsidiaries ("the Peermont Holdings group").

We define EBITDA as earnings before interest, taxation, depreciation, amortisation, charges relating to the management long-term incentive programme, pre-opening expenses, non-recurring settlements and transaction costs and other non-cash items. EBITDAR is EBITDA before rental payments.

Highlights for the six months ended 30 June 2018

REVENUE	EBITDA	EBITDA margin
R1 703,9 million	**R570,4 million**	**33,5%**
+4,8%	**+9,5%**	**+1,5%**

	2018 R'm	% change	2017 R'm
Revenue	**1 703,9**	4,8	1 626,0
EBITDA	**570,4**	9,5	520,8
EBITDAR	**581,9**	9,4	531,8
EBITDA margin (%)	**33,5**		32,0
EBITDAR margin (%)	**34,2**		32,7

Group overview

Our operating results for the first six months of 2018 are an improvement over the same period in 2017. Trading conditions in 2017 were difficult with reduced real growth rates which had a negative impact on consumer spend. Casinos in South Africa were also impacted by a growing trend in alternative forms of gambling. These conditions continued into 2018, however, overall revenue for the six months increased by 4,8% to R1 703,9 million and EBITDA increased by 9,5% to R570,4 million off a very low base in the prior comparative period. In the current year, the EBITDA margin was negatively affected by the increase in VAT in South Africa from 14% to 15% which came into effect on 1 April 2018. We estimate the cost of this to be in excess of R4,0 million for the group up to the reporting date.

Emperors Palace revenue for the period increased by 6,4% to R1 094,5 million and EBITDA at the resort increased by 13,6% to R369,1 million. Revenue for the other group operations increased by 2,2% to R605,9 million and EBITDA increased by 0,6% to R128,5 million. Head office revenue increased by 3,6% from R108,8 million to R112,7 million and EBITDA increased by 6,6% from R68,3 million to R72,8 million.

Segment analysis

	Six months ended 30 June			
	Revenue 2018 R'm	Revenue 2017 R'm	**EBITDA 2018 R'm**	EBITDA 2017 R'm
Emperors Palace	**1 094,5**	1 029,1	**369,1**	324,8
Other group operations	**605,9**	592,9	**128,5**	127,7
Head office	**112,7**	108,8	**72,8**	68,3
Inter-company	**(109,2)**	(104,8)	**–**	–
Peermont group total	**1 703,9**	1 626,0	**570,4**	520,8

Peermont Global Proprietary Limited and its subsidiaries

Consolidated statement of financial position

at 30 June

	2018 R'm	2017 R'm
Assets		
Total non-current assets	**9 169,4**	9 356,1
Property, plant and equipment	**4 139,6**	4 209,9
Intangible assets	**5 001,4**	5 057,6
Investments	**1,3**	84,3
Loans and receivables	**1,3**	2,5
Deferred taxation assets	**1,1**	1,8
Derivative instruments	**24,7**	—
Total current assets	**376,8**	583,1
Inventories	**88,9**	81,8
Trade and other receivables	**132,2**	115,9
Amounts due by related parties	**9,6**	3,8
Loans and receivables	**1,1**	1,0
Taxation receivable	**6,2**	9,9
Cash and cash equivalents	**138,8**	370,7
Total assets	**9 546,2**	9 939,2
Equity and liabilities		
Equity		
Capital and reserves	**3 857,8**	3 775,9
Non-controlling interests	**123,9**	118,8
Total equity	**3 981,7**	3 894,7
Total non-current liabilities	**4 921,1**	5 344,8
Interest-bearing long-term borrowings	**3 506,8**	3 984,9
Deferred taxation liabilities	**1 348,7**	1 327,5
Amounts due to related parties	**65,6**	32,4
Total current liabilities	**643,4**	699,7
Trade and other payables	**471,6**	418,7
Current portion of interest-bearing long-term borrowings	**151,2**	243,5
Amounts due to related parties	**10,8**	28,4
Current portion of derivative instruments	**9,7**	7,5
Taxation payable	**0,1**	—
Bank overdraft	**—**	1,6
Total equity and liabilities	**9 546,2**	9 939,2

Consolidated statement of cash flows

for the six months ended 30 June

	2018 R'm	2017 R'm
Cash inflows from operating activities#	**424,1**	468,8
Finance income received	**6,5**	16,3
Finance expense paid	**(230,9)**	(197,3)
Taxation paid	**(25,6)**	(27,4)
Dividends paid to non-controlling interests	**(9,0)**	(4,2)
Net cash inflows from operating activities	**165,1**	256,2
Cash outflows from investing activities	**(147,9)**	(170,3)
Replacement of property, plant and equipment to maintain operations	**(141,1)**	(138,7)
Acquisition of property, plant and equipment to expand operations	**(6,6)**	(25,4)
Acquisition of investments	**—**	(6,5)
Replacement of intangible assets to maintain operations	**(1,5)**	(0,7)
Enterprise development loans receivable repaid	**0,6**	0,6
Proceeds on disposal of property, plant and equipment	**0,7**	0,4
Cash outflows from financing activities	**(99,1)**	(105,6)
Capital repayments on Senior debt	**(100,0)**	(106,5)
Increase in non-current amounts due to related parties	**0,9**	0,9
Net decrease in cash and cash equivalents	**(81,9)**	(19,7)
Cash and cash equivalents at beginning of period	**219,9**	388,8
Effect of exchange rate fluctuations on cash held	**0,8**	*
Cash and cash equivalents at the end of period	**138,8**	369,1

Cash flows from operations were negatively affected by changes in working capital, particularly R127,6 million of transaction cost accruals, which were settled in the first quarter. This cash utilisation was offset by the increase in EBITDA of R49,6 million.

* *Less than R50 000.*

Cash inflows from operating activities

Cash inflows from operating activities for the period were R424,1 million compared to R468,8 million for the period ended 30 June 2017. The decrease in net cash inflows from operating activities resulted from a decrease in accounts payable following the settlement of outstanding creditors of R127,6 million relating to the December 2017 refinance and restructuring transaction. This was offset by the increase in EBITDA of R49,6 million.

Finance income received

This consists mainly of interest received on cash deposits at financial institutions which have decreased in comparison to the prior period. The decrease is attributable to decreased net cash balances on hand during the period.

Finance expense paid

Payments made relating to the Senior debt were R220,5 million (2017: R193,1 million) and payments relating to the interest rate swaps amounted to R7,5 million (2017: R2,6 million).

Taxation paid

The group made certain taxation payments in the ordinary course of business and most of the subsidiaries will continue to incur taxation cash flows.

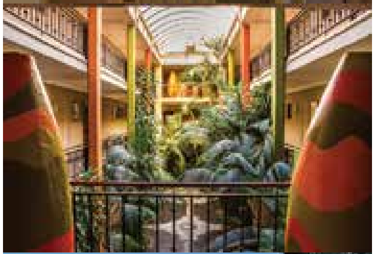
Net cash outflows from investing activities

The net cash outflow from investing activities for the six months was R147,9 million. This included net replacement capital expenditure of R141,9 million and expansion capital expenditure of R6,6 million relating to the continuation of the solar project at Emperors Palace.

Net cash inflows from financing activities

Net cash outflows from financing activities for the period amounted to R99,1 million. This consisted mostly of capital repayments on the Senior debt of R100,0 million, including R30,0 million in voluntary settlements.



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