

CONDENSED RESULTS AND HIGHLIGHTS

for the three months ended 31 March 2015



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PEERMONT

HOTELS CASINOS RESORTS

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PEERMONT GLOBAL PROPRIETARY LIMITED
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This document contains a high-level summary of the consolidated quarterly results of Peermont Global Proprietary Limited (“Peermont”) and its subsidiaries (“the Peermont 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 Maxshell 114 Investments Proprietary Limited, currently being renamed Peermont Holdings Proprietary Limited (“Peermont Holdings”) 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, non-recurring transaction costs and other non-cash items. EBITDAR is EBITDA before rental payments. We believe that EBITDA/R serves as a useful supplementary financial indicator to investors, since it is commonly reported and widely accepted by analysts and investors in measuring a company’s/ group’s ability to service its long-term debt and other fixed obligations and to fund its continued growth. Further, EBITDA/R is a widely accepted indicator in comparing a company’s/group’s underlying operating profitability with that of other companies/groups in the same industry. EBITDA/R is not an IFRS measure and you should not consider EBITDA/R as an alternative to measures of net profit/(loss) or indicators of operating performance, as measures of cash flow from operations or as indicators of liquidity under IFRS. Funds depicted by this measure may not be available for our discretionary use (due to covenant restrictions, debt service payments and other commitments). You should note that EBITDA/R is not a uniform or standardised measure and the calculation of EBITDA/R, accordingly, may vary significantly from entity to entity, and by itself our presentation and calculation of EBITDA/R may not be comparable to that of other companies/groups.



QUARTERLY CONDENSED RESULTS AND HIGHLIGHTS

The quarter ended 31 March

	(Unaudited) 2015 R'm	%	(Unaudited) 2014 R'm
		change	
Revenue	783,0	3,6	756,1
Cash costs	502,2	1,5	495,0
Adjusting operating profit*	212,9	9,3	194,8
EBITDA	281,5	7,8	261,2
EBITDAR	287,2	6,9	268,7
EBITDA margin	36,0%		34,5%
EBITDAR margin	36,7%		35,5%

*Adjusted for the same factors affecting EBITDA.

Overview

During the first quarter of 2015, Emperors Palace grew revenues by 4,5% and the balance of group operations generated revenue growth of 1,9%. Emperors Palace continued to benefit from the expanded conference facilities opened in September 2014 and continued to increase its share of the Gauteng casino market in a difficult trading environment, which saw approximately 0,3% growth in the casino market for the quarter.

As regards the balance of the group's operations, our Umfolozi and Frontier operations generated revenue growth of 12,6% and 40,5% respectively. Our Umfolozi operation benefited from improved road access from Richards Bay to Empangeni while our Frontier operation benefited from increased traction of the adjacent new shopping centre in Bethlehem as well as from the acquisition of the Spur restaurant at the resort. Our Graceland and Rio operations saw revenues decline by 7,5% and 4,4% respectively. Graceland continues to be affected by Sasol's cost-cutting measures and Rio's performance was affected by difficult conditions facing the mining industry in its catchment area.

Cash costs were well managed overall and the increase as compared to the prior period was limited to 1,5%. The resulting EBITDA increased by 7,8% from R261,2 million to R281,5 million.

Emperors Palace increased EBITDA by 9,2% from R164,5 million to R179,6 million as the increase in cash costs was limited to 2,1%. The balance of our operations generated EBITDA growth of 5,4%.

Highlights for the three months to March 2015

REVENUE
R783,0 million



+3,6%

EBITDA
R281,5 million



+7,8%

EBITDA MARGIN
36,0%



+1,5%



CONSOLIDATED STATEMENT OF CASH FLOWS

for the three months ended 31 March

	(Unaudited) 2015 R'm	(Unaudited) 2014 R'm
Cash inflows from operating activities	206,1	199,4
Finance income received	5,2	11,2
Finance expense paid	(113,8)	(11,7)
Taxation paid	(3,6)	(4,9)
Net cash inflows from operating activities	93,9	194,0
Cash outflows from investing activities	(85,8)	(38,4)
Replacement of property, plant and equipment to maintain operations	(69,8)	(28,5)
Acquisition of property, plant and equipment to expand operations	(13,9)	(12,1)
Replacement of intangible assets to maintain operations	(2,3)	(0,4)
Proceeds on disposal of property, plant and equipment	0,2	*
Redemption of investment in preference shares	—	2,5
Enterprise development loans receivable repaid	—	0,1
Cash outflows from financing activities	(32,7)	(11,4)
Capital repayments on senior debt	(32,5)	—
Other interest-bearing long-term borrowings repaid	(1,2)	(2,2)
Decrease in non-current amounts due to related parties	1,0	0,1
Dividends paid to non-controlling interests	—	(9,3)
Net (decrease)/increase in cash and cash equivalents	(24,6)	144,2
Cash and cash equivalents at the beginning of the period	296,4	89,6
Cash and cash equivalents at the end of the period	271,8	233,8

*Less than R50 000.

Cash inflows from operating activities

Cash inflows from operating activities for the period were R206,1 million compared to R199,4 million for the period ended 31 March 2014. The increase in cash inflows resulted largely from the increase in EBITDA of 7,8%. This was partially offset by increased net working capital outflows for the period which included the payment of approximately R52,0 million relating to expansion capital expenditure which was accrued in the prior year.

Finance expenses paid

Payments made relating to the senior debt amounted to R105,7 million (2014: Rnil) and payments relating to the related interest rate hedges amounted to R7,7 million (2014: Rnil). The total also includes interest on other borrowings by the group. There were no significant interest payments relating to interest-bearing borrowings in the prior period as payments were made in April and October each year.

Cash outflows from investing activities

Net cash outflows from investing activities for the three months were R85,8 million. This included capital expenditure of R49,4 million spent on slots replacement throughout the group; R13,8 million relating to construction of the Thaba Moshate Casino Resort in Burgersfort; and the balance on normal replacement capital expenditure and other investing activities of the group.

Cash outflows from financing activities

Net cash outflows from financing activities for the period amounted to R32,7 million. This included capital repayments on the senior debt of R32,5 million, other scheduled redemption of debt by group companies of R1,2 million and other cash inflows of R1,0 million.



GROUP STATEMENT OF FINANCIAL POSITION

at 31 March

	Note	(Unaudited) 2015 R'm	(Unaudited) 2014 R'm
Assets			
Total non-current assets		8 901,9	8 699,2
Property, plant and equipment		4 231,0	4 052,6
Intangible assets		4 614,9	4 619,2
Investments		48,7	1,3
Deferred taxation assets		7,3	9,3
Loans and receivables		—	0,3
Derivative instruments		—	16,5
Total current assets		457,3	2 112,6
Asset held for sale		20,8	36,6
Inventories		65,7	59,3
Trade and other receivables		91,4	176,0
Amounts due by related parties		3,3	60,0
Loans and receivables		0,2	0,5
Current portion of derivative instruments		—	1 538,1
Taxation receivable		4,1	5,5
Cash and cash equivalents		271,8	236,6
Total assets		9 359,2	10 811,8
Equity and liabilities			
Equity			
Capital and reserves		2 757,5	(2 833,3)
Non-controlling interests		128,6	47,3
Total equity		2 886,1	(2 786,0)
Total non-current liabilities			
Interest-bearing long-term borrowings		5 031,7	6 769,3
Derivative instruments		10,9	—
Amounts due to related parties		22,7	22,1
Deferred taxation liabilities		724,9	136,7
Total current liabilities		682,9	6 669,7
Trade and other payables		395,6	340,1
Current portion of interest-bearing long-term borrowings		172,4	6 282,4
Current portion of derivative instruments		23,2	25,6
Amounts due to related parties		86,7	15,9
Bank overdraft		—	2,8
Taxation payable		5,0	2,9
Total equity and liabilities		9 359,2	10 811,8



Sun International transaction

On 21 March 2015 Sun International Limited announced that an agreement had been concluded with the holders of the ordinary shares, preference shares and mezzanine debt in the Peermont Holdings group, in terms of which Sun International Limited, through its wholly owned subsidiary Sun International (South Africa) Limited, will acquire 100% of the Peermont Holdings group. For more detailed information refer to the circular published by Sun International on 12 May 2015.

Thaba Moshate Hotel Casino and Convention Resort

We are pleased to report that the construction of the Thaba Moshate resort has been completed and that the resort commenced operations in early April 2015.

Malawi management contract

Peermont has entered into a management agreement with the owners of the five-star President Walmont Hotel, the Bingu wa Mutharika International Convention Centre and the Presidential Village in Lilongwe, Malawi. Following the completion and modification of the facilities, the property was officially opened for business by the President of Malawi on 1 May 2015.

Mondazur Resort Estate Hotel

Peermont recently accepted an offer from an interested party to purchase the Mondazur property in San Lameer. The agreement for the purchase of the property was signed on 20 March 2015 and will become effective following the transfer of the property in the name of the purchaser. The disposal of the Mondazur property is not expected to have a significant impact on the group's results.





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