F’24H1

- Occupancy at 56.3%, up 10.3pp
- Ebitdar at R745m, up 66%
- Adjusted headline profit at R255m, up 1 400%
- R389m in share buybacks

SOUTHERN SUN
INVESTOR PRESENTATION

November 2023

DISCLAIMER

Certain statements in this document may constitute ‘forward looking statements’. Such forward looking statements reflect the company’s beliefs and expectations and involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Southern Sun Limited and its subsidiaries to be materially different from the future results, performance or achievements expressed or implied by such forward looking statements. The company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events. Past performance of the company cannot be relied on as a guide to future performance. Forward-looking statements speak only as at the date of this document. You are cautioned not to place any undue reliance on such forward-looking statements. No statement in this document is intended to be a profit forecast.

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GROUP STRUCTURE

Hosken Consolidated Investments Limited

Public

44%

56%

Southern Sun

100%

100%

Southern Sun OFFSHORE

- Owned, managed and leased hotels
- UK Investments – 26%

Southern Sun SOUTH AFRICA

- Owned, managed and leased hotels
- Manco

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BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

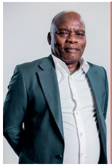
Marcel Nikolaus von Aulock
Chief Executive Officer

Laurelle McDonald
Chief Financial Officer

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mohamed Haroun Ahmed
Lead independent non-executive director

Lynette Moretlo Molefi
Independent non-executive director



Sipho Chris Gina
Independent non-executive director

Jabulani Geffrey Ngcobo
Independent non-executive director

Cornelia Carol September
Independent non-executive director

NON-EXECUTIVE DIRECTORS

John Anthony Copelyn
Chairman and non-executive director

James Robert (Rob) Nicolella
Non-executive director

SOUTHERN SUN AT A GLANCE

	Total Hotels	Total Rooms
Western Cape	17	3 352
KwaZulu-Natal	14	2 869
Gauteng	30	5 167
Eastern Cape	5	772
Mpumalanga	8	675
Other	6	715
South Africa	80	13 550
Mozambique	3	527
Zambia	3	414
Tanzania	1	152
Seychelles	1	80
UAE	1	353
Offshore	9	1 526
Marriott	1	483
Radisson	2	397
Other	3	986
Third party managed	6	1 866
Total Portfolio	95	16 942

OPERATED PORTFOLIO

Luxury		Full Service	Economy	Convention Centre
54 ON BATH	Arabella HOTEL, GOLF & SPA	Southern Sun HOTELS	stayeasy	SANDTON CONVENTION CENTRE
BEVERLY HILLS	INTERCONTINENTAL. JOHANNESBURG O.R.TAMBO AIRPORT	Southern Sun RESORTS	SUN1	
SANDTON SUN	SANDTON TOWERS	SUN SQUARE		
MOUNT GRACE HOTEL & SPA	Paradise Sun praslin seychelles	Garden Court		

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CASH FLOW (Rm)

	F'24 H1	F'23 H1
Ebitdar per income statement[1]	**745**	449
Property rentals	**(168)**	(131)
Move in working capital adjusted for non-cash and exceptional items	**14**	44
Dividend income from associate	**10**	-
Cash generated from operations	**601**	362
Net finance costs paid (excluding IFRS16 adjustments)	**(73)**	(109)
Taxation paid	**(90)**	(14)
Operating equipment purchased	**(12)**	(16)
Maintenance capex	**(137)**	(32)
Free cash inflow (c/f)	**289**	191

1 F'23 H1 Ebitdar excludes the Separation Payment received from TS of R399 million which is treated as an exceptional item so as not to distort Ebitdar generated from normal business operations

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CASH FLOW (Rm) CONTINUED

	F'24 H1	F'23 H1
Free cash inflow from operations (b/f)	**289**	191
Separation Payment	**-**	390
Investment activities – expansion capex	**(67)**	(142)
Disposal proceeds	**-**	1
Dividend paid to NCI	**-**	(1)
Share buyback	**(389)**	-
Net cash surplus	**(167)**	439
Net currency	**13**	20
Move in net IBD	**(154)**	459
Opening net IBD	**(1 311)**	(2 665)
Prepaid borrowing costs and accrued interest	**(1)**	(1)
Currency	**(30)**	(146)
Net IBD relating to continuing operations	**(1 496)**	(2 353)
Discontinued operation	**-**	(162)
Total net IBD	**(1 496)**	(2 515)

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INVESTMENT ACTIVITIES (Rm)

	F'24 H1	F'23 H1
Investment activities	**67**	142
Acquisition of Southern Sun and StayEasy Mbombela hotels	**-**	142
Acquisition of Sunswop units	**3**	-
Umhlanga land acquisition	**5**	-
Birchwood Phase 1 acquisition	**59**	-
Maintenance capex	**137**	34
Externally managed – investment properties	**8**	2
Internally managed		
Western Cape	**28**	7
KwaZulu-Natal	**30**	8
Gauteng	**42**	-
Other	**19**	4
Offshore hotels – continuing operations	**1**	2
Offshore hotels – discontinued operations	**-**	2
Manco	**9**	9
Total investment activities	**204**	176

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CORPORATE ACTIVITY

- During May and June 2023, the group acquired an additional 89 million SSU shares at an average price of R4.35 which together with the 10 million SSU shares acquired in the prior financial year, brings the total SSU shares bought-back by the group to 99 million at an aggregate cost of R434 million, and reduces the overall shares in issue net of treasury shares by 6.7%
- HPF Properties Proprietary Limited (HPF) acquired the balance of the land not already owned at the Birchwood Hotel & OR Tambo Conference Centre as well as certain moveable assets for a total purchase consideration of R180 million – partial payment of R59 million occurred on 10 July 2023
- A further payment of R101 million was made by HPF on 2 October 2023 and the balance of the purchase price of R20 million will be settled on transfer of the property to HPF – the hotel will continue to be operated and managed by the existing third-party operator and consequently, will continue to be classified as investment property
- Umhlanga is a key growth node for the group and during August 2023 acquired land adjacent to our existing hotel for R36 million, earmarked for future development – settlement of the purchase price will only occur on transfer which as at 30 September 2023, had not yet taken place

INTEREST BEARING DEBT (Rm)

		F'24 H1	F'23 H1
External debt – Offshore (US$ based)		**497**	596
External debt (Rand based)		**1 500**	2 200
Prepaid borrowing costs		**(3)**	(2)
Gross IBD		**1 994**	2 794
Cash on hand – Hotels SA		**(352)**	(383)
Cash on hand – Hotels Offshore		**(146)**	(58)
Net IBD relating to continuing operations		**1 496**	2 353
Discontinued operation		**-**	162
Total net IBD		**1 496**	2 515
Analysed as:	– Hotels SA	**1 146**	1 816
	– Hotels Offshore : Continued operations	**350**	537
	– Hotels Offshore : Discontinued operations	**-**	162
Cost of net debt	– pre-tax (%)	**8.7**	7.2
Cost of net debt	– post-tax (%)	**6.3**	5.2

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DEBT FACILITIES, LIQUIDITY AND COVENANTS

- Interest-bearing debt net of cash at 30 September 2023 totalled R1.5 billion, which is R185 million more than the 31 March 2023 balance of R1.3 billion which is largely attributable to the share buyback of R389 million and capital expenditure of R216 million, net of after-tax cash flow generated over the six months of R437 million and net foreign exchange losses of R17 million
- The group was well within covenant requirements for the 12-month rolling period to 30 September 2023, achieving a leverage ratio (net debt to Ebitda) of 1.1 times and an interest cover ratio of 5.3 times
- Having successfully refinanced the group's debt facilities, substantially reduced net debt levels and meeting debt covenant requirements, the group has now sufficiently stabilised post-Covid-19 to consider resuming dividend declarations
- Traditionally, the group generates around two-thirds of its profits in the second six months of the financial year and given that R389 million has been returned to shareholders through share buybacks implemented since 31 March 2023, the directors consider it prudent to reserve cash resources until the group's full year trading results are finalised and a final dividend can be declared – accordingly, the directors have not declared an interim cash dividend for the six months ended 30 September 2023

Standard Bank RMB NEDBANK absa

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REVIEW OF OPERATIONS

- The group is encouraged by the continued improvement in trading volumes in South Africa over the six-month period ended 30 September 2023, particularly when compared to the prior comparative period, which was still impacted by the Omicron variant of Covid-19 with restrictions only entirely lifted on 22 June 2022
- The group achieved total income for the six months ended 30 September 2023 of R2.8 billion, a 34.0% growth on revenue generated in the prior comparative period of R2.1 billion excluding the once-off Separation Payment of R399 million
- Improved trading has been particularly prevalent in the Western Cape, which has enjoyed several large events hosted at the Cape Town International Convention Centre such as the recent Netball World Cup
- In Gauteng, the group proudly hosted the 15th BRICS Summit in August 2023 at the Sandton Convention Centre, which led to substantial demand for accommodation at the surrounding hotels – in addition, most regions have seen good transient demand, with a substantial portion of the group's hotels trading above pre-Covid-19 levels
- Aided by more normalised demand from local and international travellers and strong demand for conferencing and events, group occupancy at 56.3% for the six-month period ended 30 September 2023, has increased by 10.3 percentage points (pp) compared to 46.0% in the prior comparative period and is 2.8pp below the 59.1% achieved for the same six-month period in 2019, being pre-Covid-19

REVIEW OF OPERATIONS

- This shortfall in occupancy largely relates to certain hotels in the Sandton and Rosebank nodes, the group's budget offering Sun1 as well as certain hotels in the offshore division which have not yet fully recovered but are showing signs of improvement as the year progresses and present a focus area for management
- The group's rooms revenue has been supported by average room rate (ARR) growth which has increased by 11.4% for the six-month period ended 30 September 2023, compared to the prior comparative period and by an encouraging 25.2% compared to the same six-month period in 2019
- The improvement over the pre-Covid-19 period is achieved through a combination of higher achieved yielding and a change in the mix of hotels following the consolidation of a number of properties previously leased from third parties – luxury hotel guests have proven more resilient to prevailing economic pressures such as inflation and rising interest rates, being influenced more by location and personal preference rather than price
- Overall, the group's operating costs for the six months ended 30 September 2023 have increased by 21.9% – the main contributors to this increase include the take-on of the operating cost base relating to the acquisition of the Mbombela properties, employee costs, rooms-division expenses, food and beverage cost of sales, and the property costs (electricity, diesel, water and property rates)

REVIEW OF OPERATIONS

- The increase in employee costs is attributable to inflationary salary increases implemented on 1 April 2023 as well as increased rostering of operational support staff in response to higher trading levels
- As a consequence of continuous load shedding, R28 million (2022: R17 million) has been spent on diesel over the six months to 30 September 2023, a 64.7% increase on the prior comparative period. There have been no commensurate savings in electricity, however, which has increased by 13.8% while the cost of water has risen by 36.4%. Property rates have remained flat at R82 million (2022: R82 million) for the six-month period
- Despite pressure from these administered expenses, the group has continued to maintain good cost controls, with specific focus on ensuring that the significant savings achieved through the restructuring during the Covid-19 period are not lost
- As a result, the group generated Ebitdar of R745 million (2022: R449 million from continuing operations), a R296 million increase on the prior comparative period and equating to an Ebitdar margin of 26.7% compared to 21.6% (if the Separation Payment is excluded from total income) for the six months ended 30 September 2022 and in line with the Ebitdar margin achieved over the same six-month period in 2019 of 27.0%; despite the consolidation of hotels previously accounted for as investment properties generating rental income at an Ebitdar margin of 100%

INCOME STATEMENT (Rm)

	F'24 H1	F'23 H1	% Change
Income	**2 790**	2 082	34
Rooms revenue	**1 858**	1 318	41
Food & beverage revenue	**730**	567	29
Property rental income	**94**	68	38
Other income[1]	**108**	129	(16)
Overheads	**(2 045)**	(1 633)	(25)
Ebitdar	**745**	449	66
LTI expense	**(12)**	(8)	(50)
Property rentals	**(83)**	(56)	(48)
Amortisation & depreciation	**(190)**	(192)	1
Exceptional items[1]	**-**	377	*
Profit before interest and taxation	**460**	570	(19)
Net finance costs	**(139)**	(175)	21
Share of earnings of associates	**26**	27	(4)
Income tax	**(93)**	(97)	4
Attributable profit for the period	**254**	325	(22)
Discontinued operation	**-**	10	*
Total attributable profit for the period	**254**	335	(24)

Owned stats	**F'24 H1**	F'23 H1^	F'20 H1^
Occupancy (%)	**56.3**	46.0	59.1
Average room rate (R)	**1 297**	1 164	1 036
RevPar (R)	**730**	535	613
Rooms available ('000)*	**2 546**	2 538	2 126
Rooms sold ('000)	**1 432**	1 168	1 257
Rooms revenue (Rm)	**1 858**	1 359	1 303

* The increase in rooms available from 30 September 2022 to 30 September 2023 relates to the acquisition of the Southern Sun Mbombela and StayEasy Mbombela hotels with effect from 30 September 2022. The increase in rooms available from 30 September 2019 to 30 September 2023 relates to the transfer of Arabella Hotel, Golf & Spa, Hazyview Sun, The Edward, Mount Grace Hotel & Spa, Southern Sun The Marine and Garden Court Victoria Junction to internally managed, together with the inclusion of The Westin Cape Town, Radisson Blu Gautrain Hotel and the Sandton Consortium hotels as part of the group's owned portfolio

^ Trading statistics have not been adjusted to exclude discontinued operations and rooms revenue is the total revenue generated from continuing and discontinued operations

[1] The Separation Payment of R399 million has been excluded from other income and disclosed as an exceptional item

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RECONCILIATION TO ADJUSTED HEADLINE EARNINGS (Rm)

	F'24 H1 Net of tax	F'23 H1 Net of tax
Profit attributable to equity holders	**255**	325
Separation payment	**-**	(313)
Loss on disposal of PP&E	**-**	5
Transaction & restructuring costs	**-**	5
Impairment of trademark	**-**	6
Share of associates' exceptional items	**-**	(11)
Adjusted headline profit	**255**	17
Weighted number of shares in issue (million)	**1 413**	1 478
Adjusted headline profit per share (cents)	**18.0**	1.2

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SEGMENTAL ANALYSIS (Rm)

	Income		Ebitdar		Ebitdar margin %	
	F'24 H1	F'23 H1[1]	**F'24 H1**	F'23 H1[1]	**F'24 H1**	F'23 H1[1]
Continuing operations						
Investment properties – Externally managed	**77**	54	**76**	52	**99**	96
Sandton Consortium	**333**	225	**105**	55	**32**	24
Internally managed	**2 207**	1 635	**573**	346	**26**	21
Western Cape	**745**	494	**211**	89	**28**	18
KwaZulu-Natal	**518**	466	**151**	133	**29**	29
Gauteng	**611**	423	**119**	51	**19**	12
Other	**333**	252	**92**	73	**28**	29
Offshore	**213**	178	**41**	31	**19**	17
Manco costs[2,3]	**(40)**	(10)	**(50)**	(35)	*	*
Continuing operations	**2 790**	2 082	**745**	449	**27**	22
Discontinued operations						
Offshore	**-**	67	**-**	19	**-**	28
Total	**2 790**	2 149	**745**	468	**27**	22

1 Restated for the change to the disclosure of segmental reporting
2 This segment includes the net cost of the group's frequentGuest loyalty rewards programme, STI provisions, and any other once-off items of income or expense not allocated to a specific hotel and therefore could fluctuate from year to year
3 Revenue and Ebitdar for F'23 H1 excludes the Separation Payment of R399 million (R313 million net of tax)

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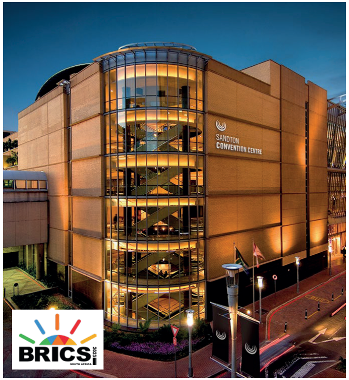
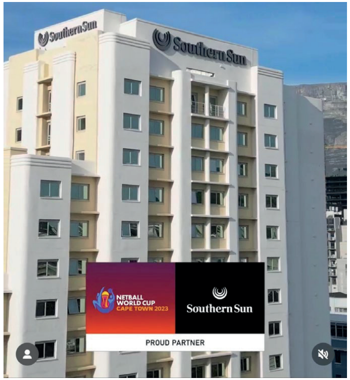
PROSPECTS

- The buoyant trading levels over the past six months have continued into October and November 2023 and we remain optimistic that this momentum will continue into December and the group's fourth quarter, particularly in the Western Cape.
- Thanks to the group's national distribution and ability to successfully host and coordinate large events like the BRICS Summit and the Netball World Cup during the first six months of the financial year, other opportunities have presented themselves such as the WXV Women's International Rugby Event and the BRICS Games held in the Western Cape and KwaZulu-Natal respectively during October 2023 in addition to the Africa Growth and Opportunity Act Summit held in November 2023
- South Africa's ability to attract international events will boost foreign inbound travel and stimulate economic growth, however, this requires confidence in the country's ability to supply uninterrupted power and security – while there have been promising steps towards solving these challenges through collaboration with the private sector, this will take time.

PROSPECTS

- The group will continue to pursue its stated strategy of reducing debt levels while continuing to allocate capital to key properties in our portfolio, so that they remain best in-class.
- Customer experience is central to Southern Sun's value proposition and the group will continue to focus on our customer delivery





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NOTES

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THANK YOU

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