



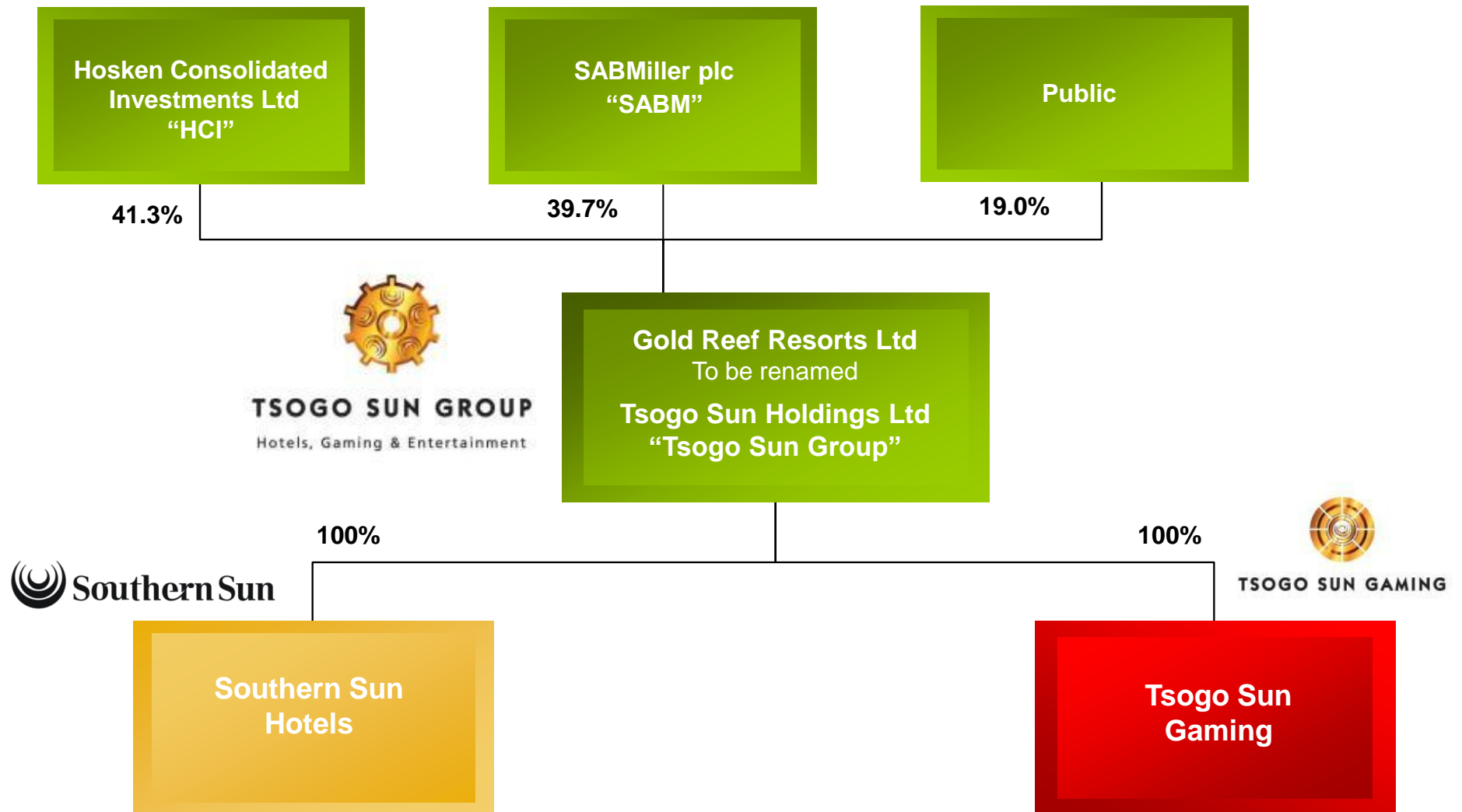
TSOGO SUN GROUP

Hotels, Gaming & Entertainment

Presentation to:-

Analysts and Investors
May 2011

Group Structure



Gaming Portfolio

Tsogo Sun Gaming



TSOGO SUN GAMING

Gauteng

KZN

Western Cape

Mpumalanga

Eastern Cape

Free State



100%



73.5%



100%



100%



80%



100%



100%



100%



85%



100%



25%



100%



100%



70%



Reverse acquisition

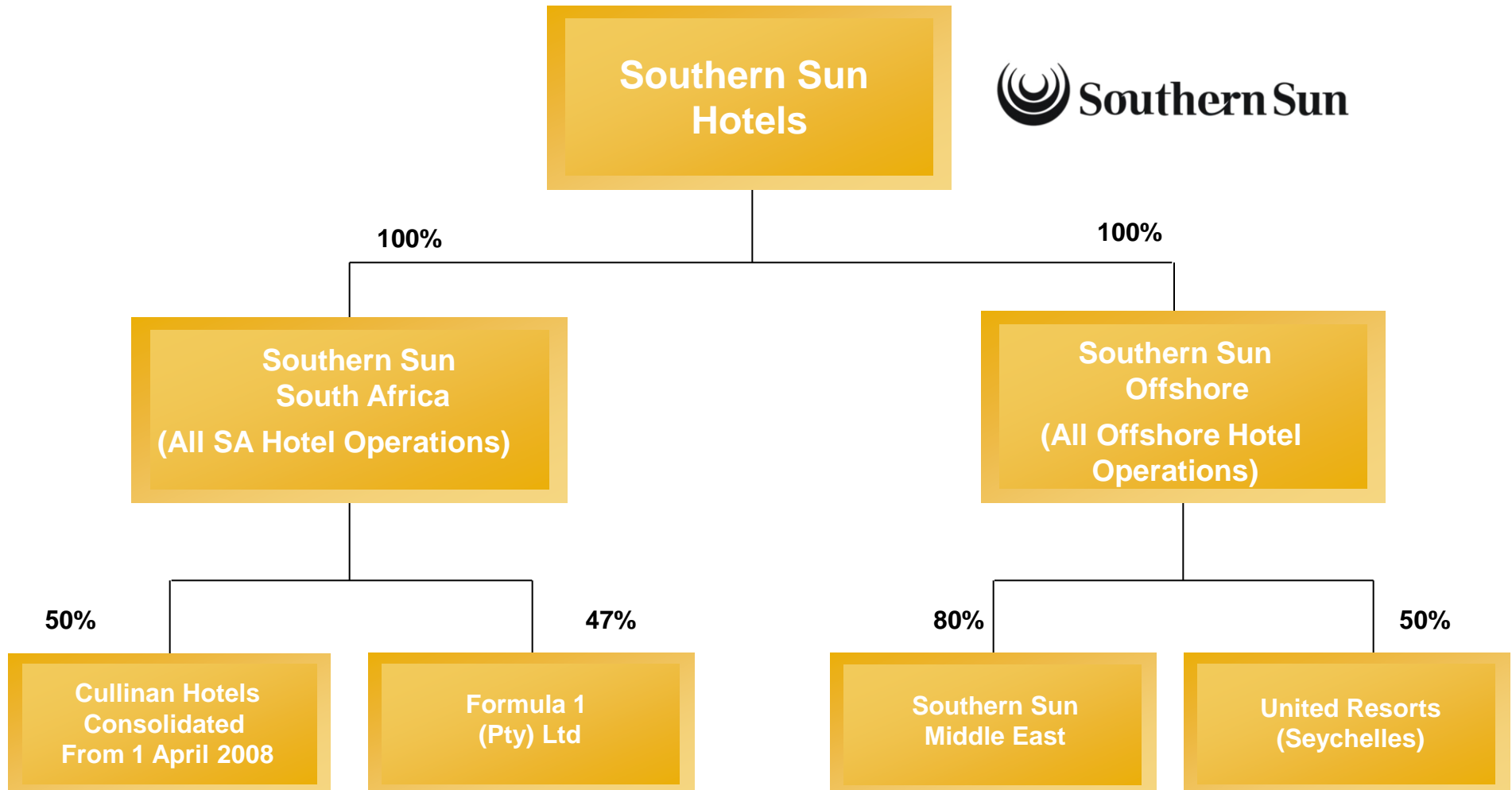
■ Gold Reef Resorts

- Deal closed on 24 February 2011
- Exchange ratio 81% (TIH and SABSA) / 19% (Other GRR)
 - 888.3m shares issued
 - 1096.9m shares in issue at 31 March 2011
 - Adds 7 casinos, R823m EBITDAR and R0.9bn debt (December 2010)



Hotels Structure

**Southern Sun
Hotels**



Management & Board

- **Group Executive Committee**

- **Corporate**

- Jabu Mabuza – Group CEO
 - Marcel von Aulock – Group CFO
 - Graham Tyrrell – Group Legal Director
 - Vusi Dlamini – Group HR Director
 - Kevin Page – Group Development Director
 - Wynand van Wyngaardt – Company Secretary

- **Gaming**

- Rob Collins – MD Gaming
 - Jacques Booysen – FD Gaming
 - Thabo Mosololi – Operations Director Gaming

- **Hotels SA**

- Graham Wood – MD Hotels SA
 - Rob Huddy – FD Hotels SA

- **Hotels Offshore**

- Richard Weilers – MD Hotels Offshore
 - Marlene Walker – FD Hotels Offshore

- **TSH Board of Directors**

- **Executive Directors**

- Jabu Mabuza – Group CEO
 - Marcel von Aulock – Group CFO
 - Rob Collins – MD Gaming
 - Graham Wood – MD Hotels SA

- **Non-Executive Directors**

- Johnny Copelyn (Chairman)
 - Marcel Golding
 - Andre Van Der Veen
 - Elias Mphande
 - Peter Venison (Y Shaik)
 - Meyer Kahn
 - Graham Mackay
 - Malcolm Wyman
 - Rex Tomlinson
 - Jabu Ngcobo



TSH Strategy



TSOGO SUN GROUP
Hotels, Gaming & Entertainment

Growth Strategy

■ Gaming – SA

- Gold Reef
- Century SA
- Licences
- Existing expansions
- Minorities
- On – Line JV
- Other gaming

■ Gaming - Offshore

- On-Line
- Acquisition
- Greenfield



■ Hotels - SA

- Existing hotel expansions
- New builds
- StayEasy brand
- Land banking

■ Hotels Offshore

- Management contracts
- SSME
- Nigeria
- Kenya
- Other Africa / ME



Growth Strategy

■ Gaming – SA

- ✓ Gold Reef
- ✓ Century SA
- ⌚ Licences
- ⌚ Existing expansions
- ⌚ Minorities
- ⌚ On – Line JV
- ⌚ Other gaming

■ Gaming - Offshore

- ✗ On-Line
- ✗ Acquisition
- ✗ Greenfield



■ Key

- ✓ Completed
- ⌚ In progress
- ✗ Not currently pursued

■ Hotels - SA

- ✓ Existing hotel expansions
- ⌚ ✓ New builds
- ⌚ ✓ StayEasy brand
- ⌚ Land banking

■ Hotels Offshore

- ⌚ ✓ Management contracts
- ✓ SSME
- ⌚ ✓ Nigeria
- ⌚ Kenya
- ⌚ Other Africa / ME

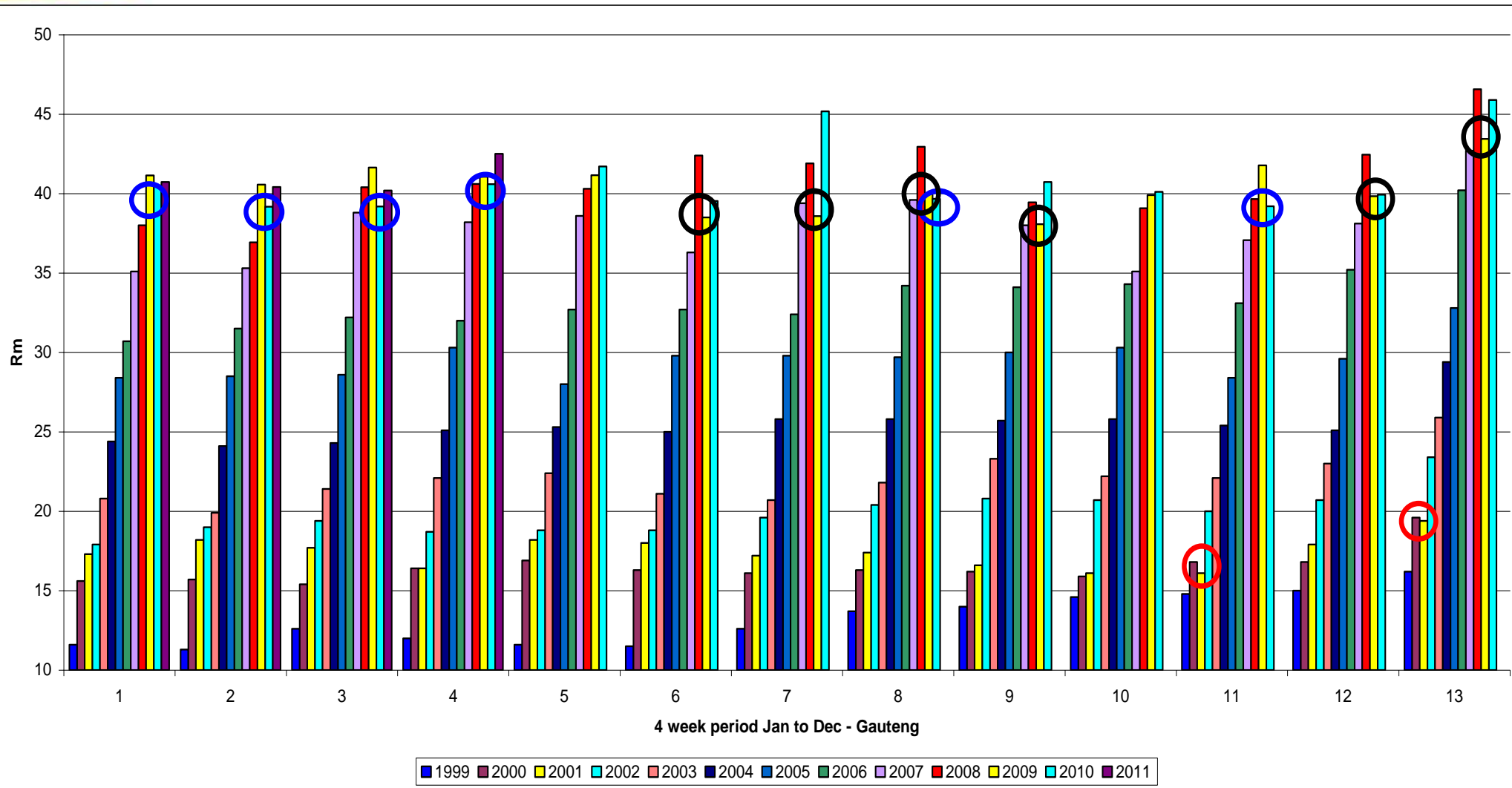
Key Strategic Issues

Gaming

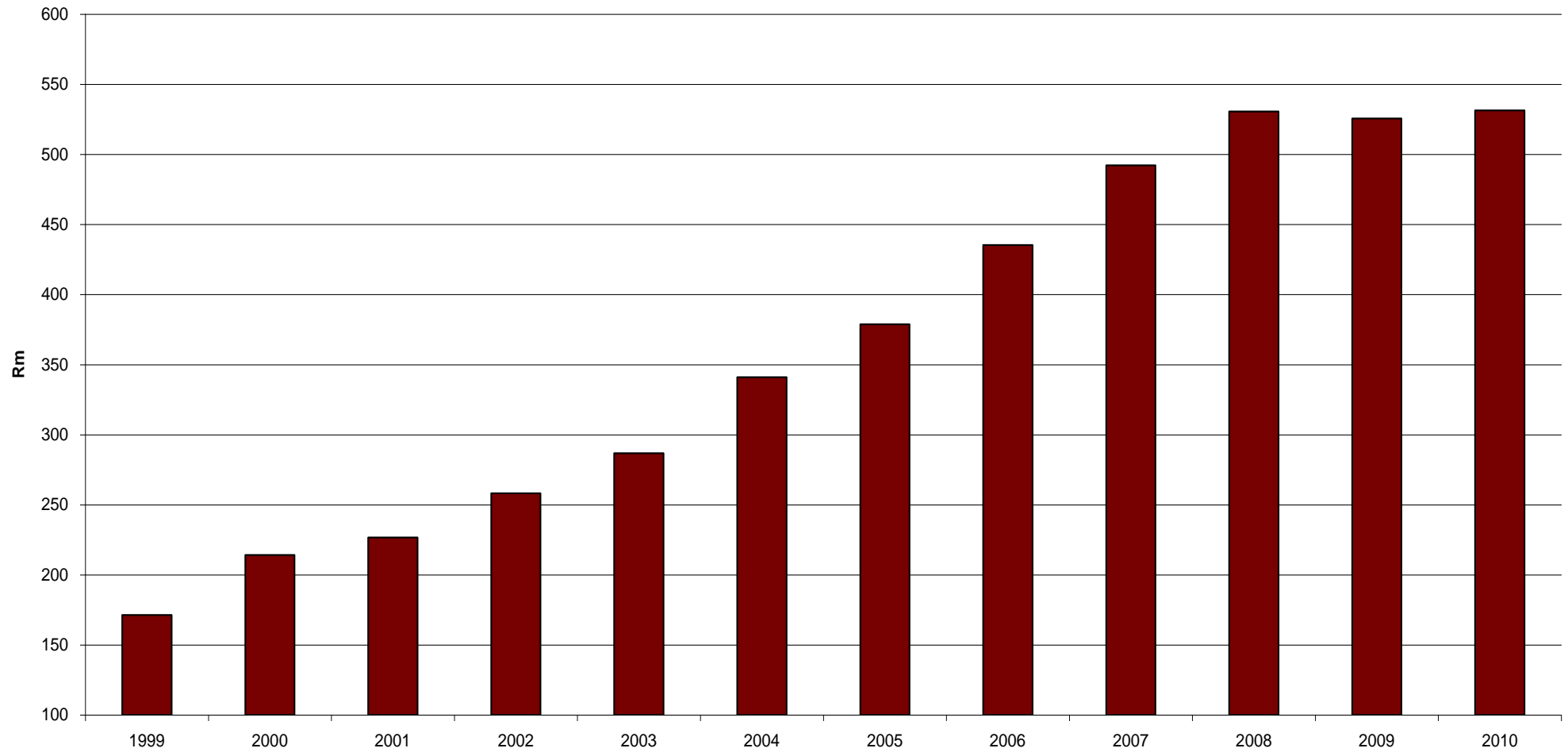


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Gauteng Gaming Tax



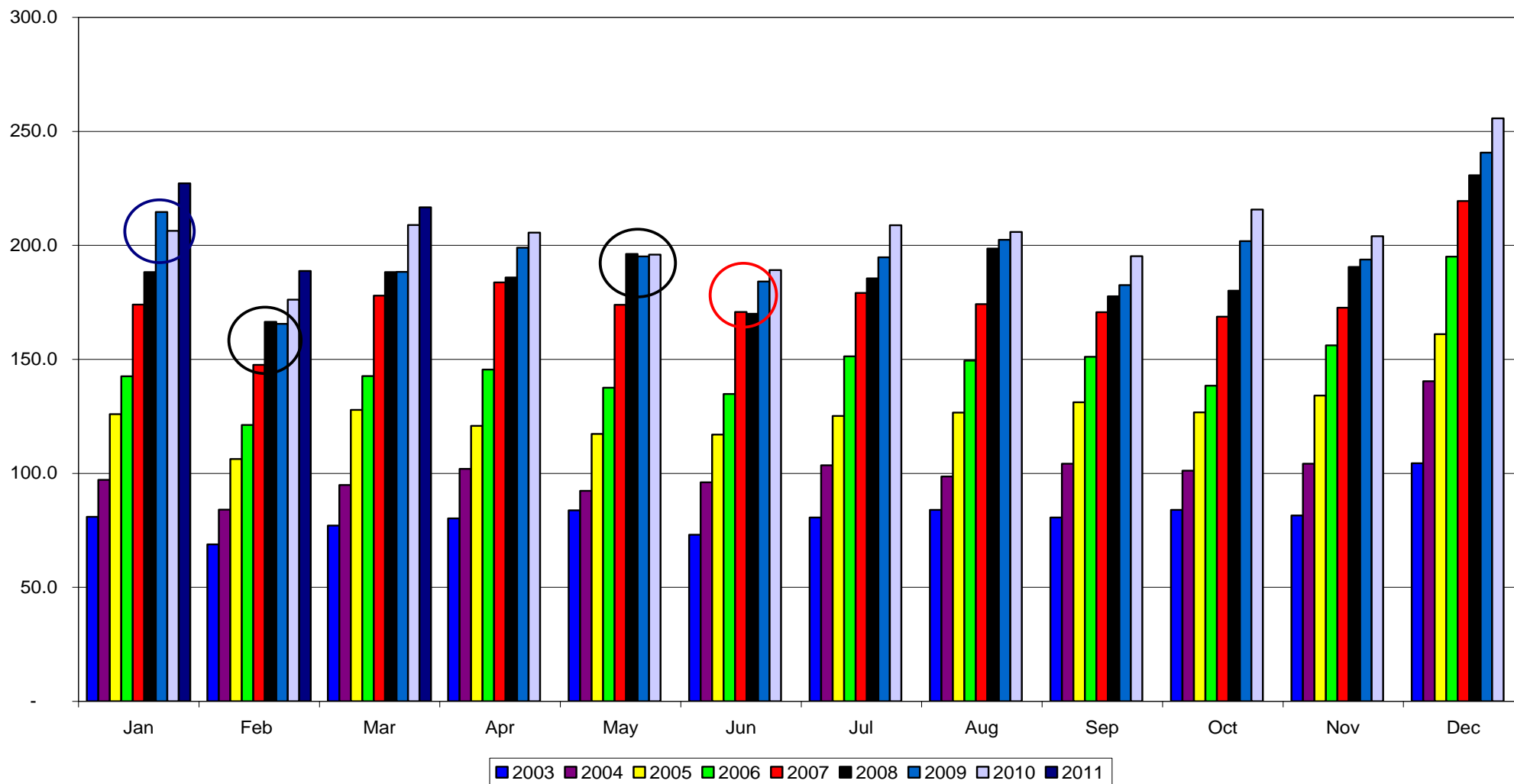
Gauteng Gaming Tax –Calendar years



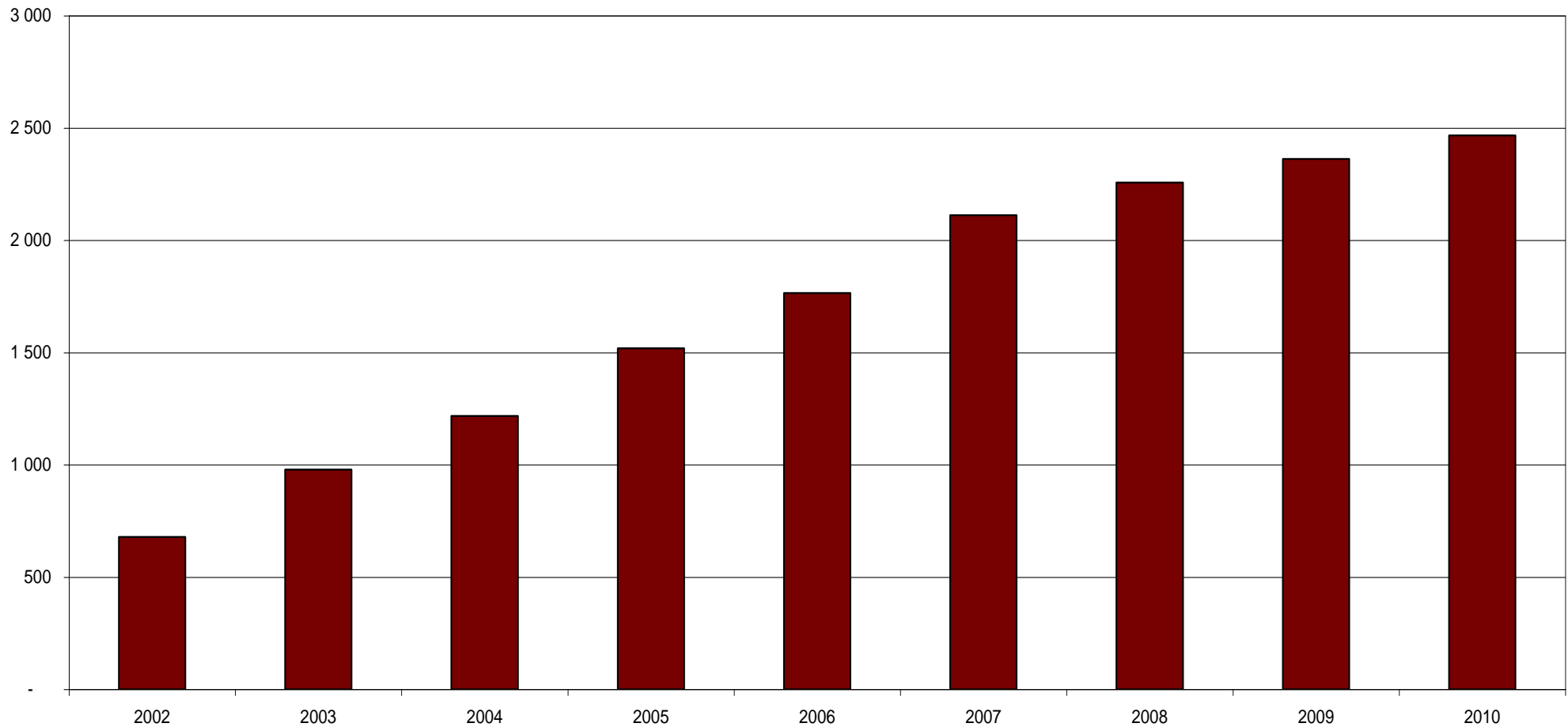
Gauteng Gaming Tax

Growth in Gaming win (%)	Gauteng	Monte-casino	Gold Reef City	Silver-star
Calendar years				
2000 Monte vs Sundome	25.0	(4.9)		
2001 Other casinos opened	5.8	20.9		
2002	13.9	16.5		
2003	11.0	9.6		
2004	18.9	15.5		
2005	11.1	13.2		
2006	14.9	14.5		
2007	13.1	12.6		
2008 Silverstar opened	7.8	(6.8)	(1.0)	*
2009	(0.9)	0.5	(1.3)	7.4
2010	1.1	2.0	(3.6)	0.6
12 months to March	2.3	5.7	0.4	1.6

KZN Gaming Tax - Monthly



KZN Gaming Tax – Calendar year



KZN Gaming Tax

Growth in Gaming win (%)	KwaZulu-Natal	Suncoast	Golden Horse	Newcastle
Calendar years				
2004	24.5	37.3		
2005	24.7	22.5		
2006	16.2	15.1		
2007	19.6	15.6		
2008	6.9	8.3		
2009	4.6	5.0	1.4	5.5
2010	4.4	4.6	4.1	10.1
Year to March	5.2	5.4	3.0	6.4



Key Strategic Issues - Gaming

▪ Montecasino

- High levels of Privé play
- Precinct includes 3 hotels (650 rooms) Teatro, 65 F&B outlets, largest cinema in SA, etc
- Pivot development completed
 - 194 room Southern Sun Hotel
 - 1,200 sqm conference center
 - 14,800 sqm offices
 - 2 levels of underground parking
- Income growth 9% and EBITDARM growth 4%

▪ Suncoast

- Additional 120 slots and 14 tables approved
- Additional effective 30% acquired for R1bn from Johnnic in 2009
- Agterskot of R330m plus interest based on cumulative growth in gaming win of between 4% and 8% pa over the F'10 to F'12 years, with nil payable for F'10, R26m for F'11 and ?? for F'12
- Income growth 6% and EBITDARM 4%



Key Strategic Issues - Gaming



■ The Ridge

- Casino expansion including Privé, additional slots and tables, F&B and additional cinemas showing benefits – 9% income and 7% EBITDARM growth
- 135 room StayEasy opened July 2009



■ Hemingways

- Hemingways – shopping center completed November 2009
- Licence re-bid submitted 7 May 2010
- New licence issued April 2011 – conditions and build program being negotiated
- ONLY Eastern cape licences expire



■ Emnotweni

- Expansion potential R150m (delayed until trading stable)
- First casino opened under new legislation in 1997



Key Strategic Issues - Gaming

- **Caledon Casino, Hotel and Spa**
 - 14 rooms reclaimed by relocating the spa
 - Minor refurbishment done
 - 450 acres surplus land
 - Completing golf course approvals to ROD stage
 - Potential for a Southern Sun Lifestyle Resort (Timeshare)
 - Only resort / destination casino in the group
- **Black Rock Casino (Newcastle)**
 - F&B offering refreshed
 - 3rd Party mall development under construction
 - Good growth in casino win
- **Century Casinos acquisition**
 - F'11 EBITDAR R72m = 6.6X EV/EBITDAR




THE CALEDON
CASINO | HOTEL | SPA


BLACK ROCK
CASINO | ENTERTAINMENT | HOTEL

Key Strategic Issues - Gaming

■ Gold Reef City

- 15% of Gauteng market
- Low denomination play and spend per visit
- Stable casino in established area
- Fully refurbished in 2009



■ Silverstar

- 9% of Gauteng market
- Growth potential due to the catchment area
- Refreshment of entertainment offering needed
- Opened December 2007



■ Golden Horse

- KwaZulu-Natal market has been more defensive than Gauteng
- Refurbished in 2010



Key Strategic Issues - Gaming

■ Goldfields casino

- Only group casino in the Free State
- Refurbished in 2010
- Adjacent shopping mall should boost footfall



■ Mykonos

- 70% owned by group
- Trading stable



■ Mossel Bay

- 85% owned by group
- Non-controlling interests have option to buy up to 25% (from 15%) at “market”
- Trading under pressure – Garden Route area economically impacted



■ Queens

- 25% owned with a management contract
- Small operation



Key Strategic Issues

Hotels – South Africa



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Hotels SA – Portfolio Philosophy

Land

Building

Operations

Management

Branding

- Own everything – Southern Sun strategic advantage in scale
- Lease building on long term basis if we can't own – but lose terminal value
- Only manage if strategically important and no option to own – low capital – low return on effort
- No franchising – control the brand



Portfolio of Brands

Deluxe	Premier	Economy/ Economy Plus	Budget	Timeshare & Resorts	Offshore
 BEVERLY HILLS HOTEL					
					
					
					
					

Owned and Managed

	Hotels	Rooms	Owned	Managed
Deluxe	5	1 037	334	703
Premier	20	4 284	3 606	678
Economy/Economy Plus	28	5 159	3 863	1 296
Budget (F1)	24	1 668	1 668	-
Timeshare & Resorts	8	1 242	414	828
South Africa	85	13 390	9 885	3 505
Offshore	9	1 325	575	750
Total	94	14 715	10 460	4 255

Owned includes leased hotels, gaming hotels and associates hotels

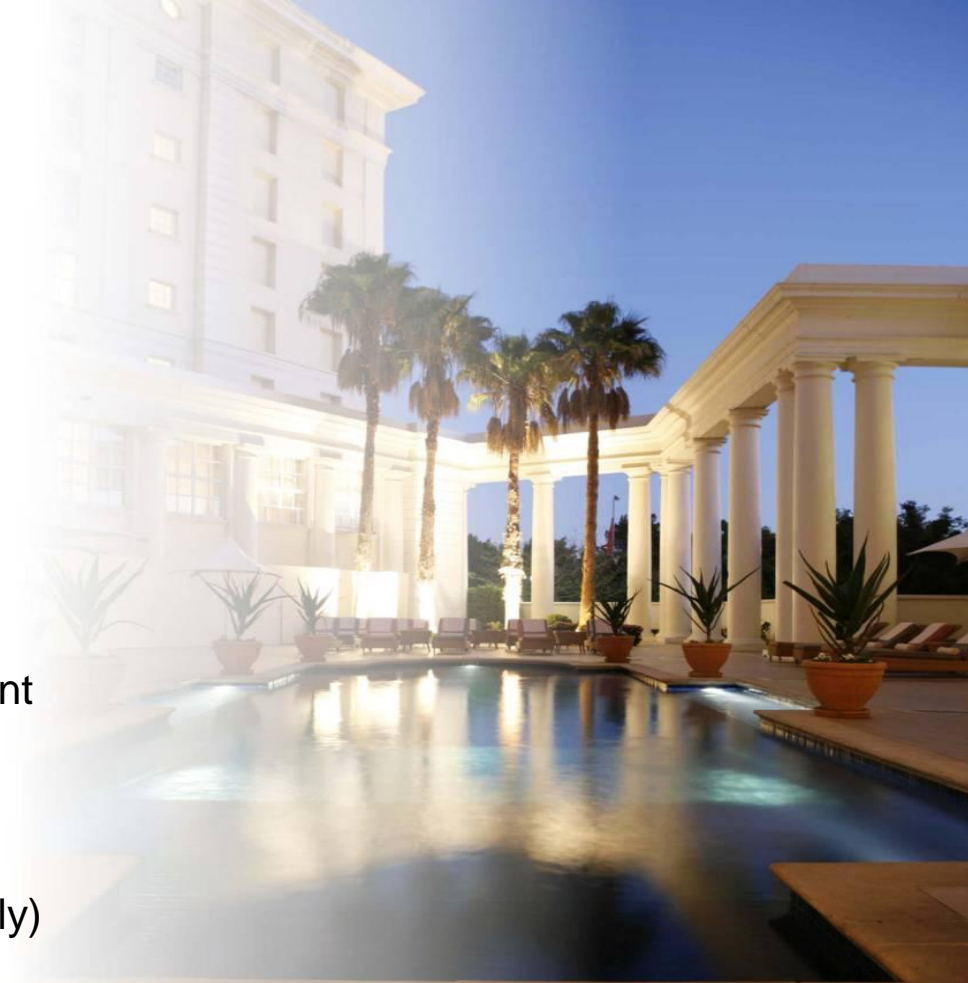
Associates are equity accounted not consolidated – Formula 1 and Maia

Owned Stats	F'11	F'10
Occupancy (%)	58.4	57.3
Average Rate (R)	855	831
Room nights available ('000)	3 186	3 066
Room Revenue (Rm)	1 591	1 460

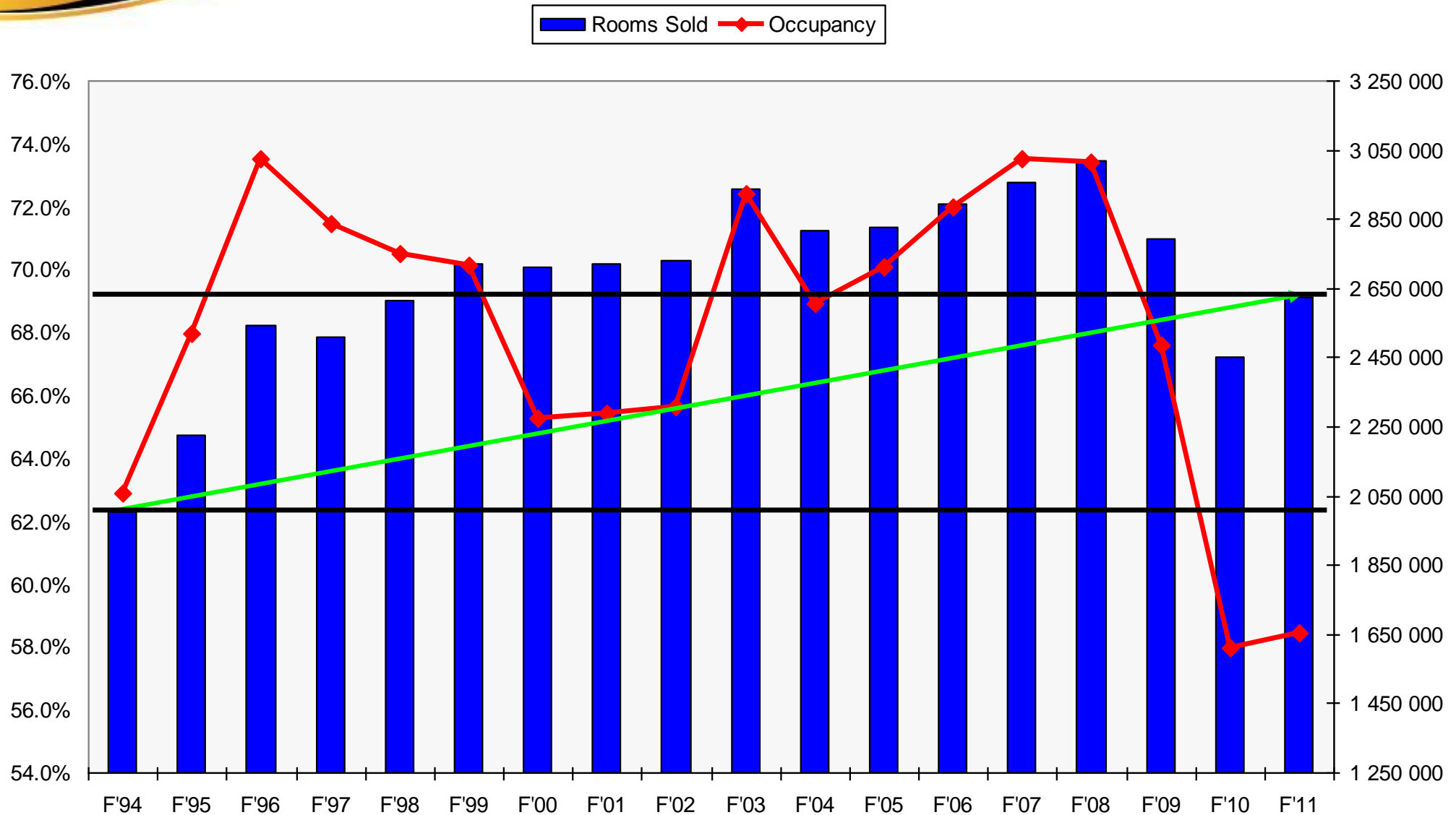


Key Strategic Issues : Hotels – South Africa

- Core strategy remains:—
 - Focus on room rates (System-wide)
 - SA ARR F'07/F'06 – 18% growth
 - SA ARR F'08/F'07 – 20% growth
 - SA ARR F'09/F'08 – 16% growth
 - SA ARR F'10/F'09 – Nil growth
 - SA ARR F'11/F'10 – 4% growth (SWC)
 - Occupancy under pressure – base government and corporate business is still weak
 - F'11 a tough year despite SWC
 - 1pp Occupancy = +/- R25m EBITDAR (roughly)



System-wide rooms sold history



Key Strategic Issues

Hotels – Offshore



Key Strategic Issues - Hotels – Offshore



- Pursuit of management contracts continues – low risk entry to new markets
- Africa hotels reasonably strong in US\$
- Seychelles – impacted by economic slowdown in Europe and over supply but recovering
- Currency negative impact to trading in F'11, due to low average US\$ and Euro to Rand exchange rates
- Forex loss R7m (F'10 loss R52m) on cash and monetary items denominated in US\$ and Euro



Segmental Analysis



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Tsogo Sun Segmental

	Income		EBITDAR(M)		Margin	
	2011	2010	2011	2010	2011	2010
	Rm	Rm	Rm	Rm	%	%
Montecasino	1 964	1 796	792	760	40.3	42.3
Suncoast	1 261	1 195	609	588	48.3	49.2
The Ridge	332	305	161	151	48.4	49.4
Hemingways	269	256	117	116	43.4	45.2
Emnotweni	268	264	114	120	42.6	45.6
Other gaming operations	341	240	3	(22)	*	*
Gold Reef Resorts	195	n/a	67	n/a	34.6	n/a
Total Gaming operations	4 630	4 056	1 863	1 713	40.2	42.2
South African Hotels division	1 617	1 549	562	555	34.8	35.8
Offshore Hotels division	271	237	68	20	24.9	8.8
Pre foreign exchange losses			75	72	27.6	30.6
Foreign exchange loss			(7)	(52)		
Corporate	(31)	(32)	17	21	*	*
Group	6 487	5 810	2 510	2 309	38.7	39.7

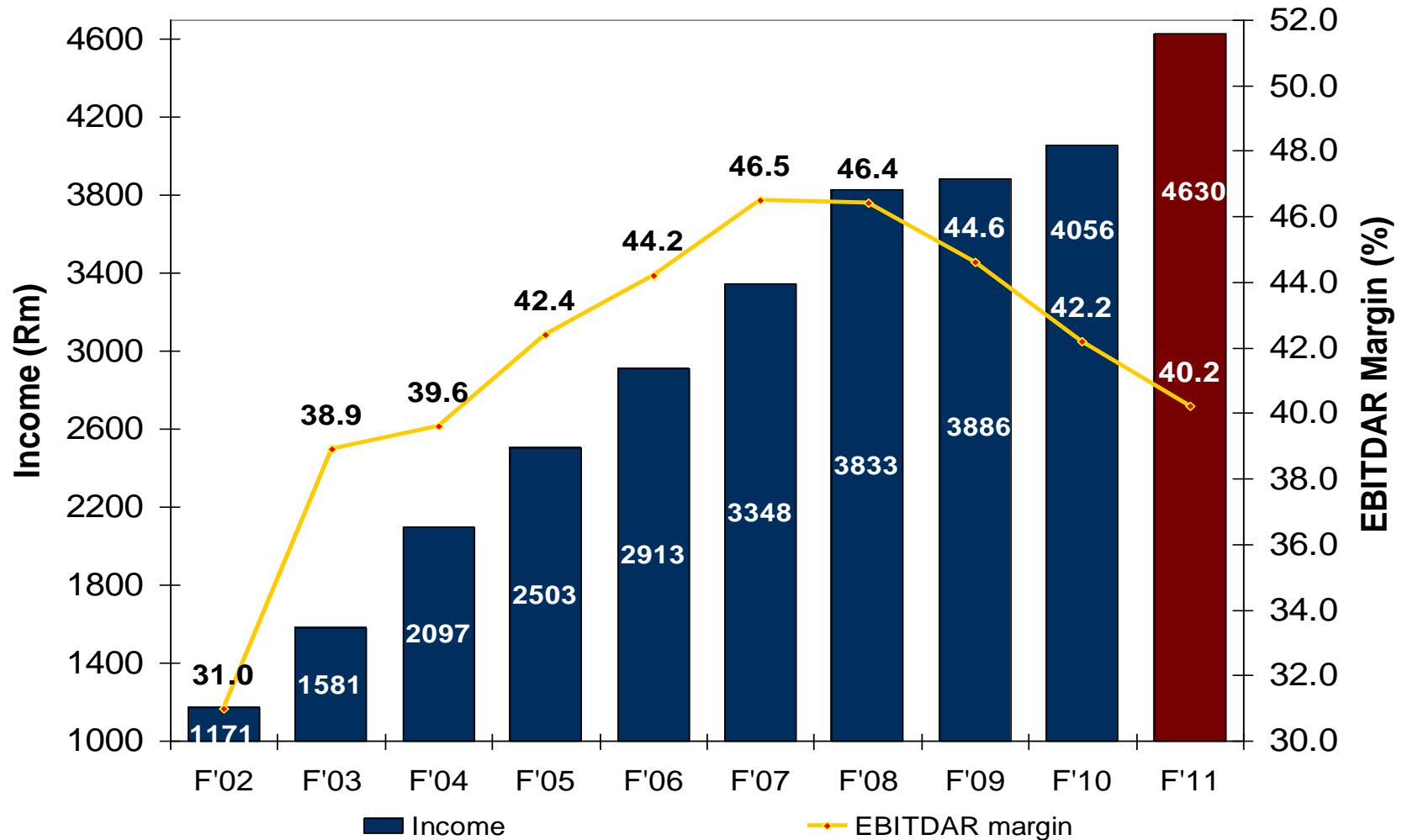


Financial Overview

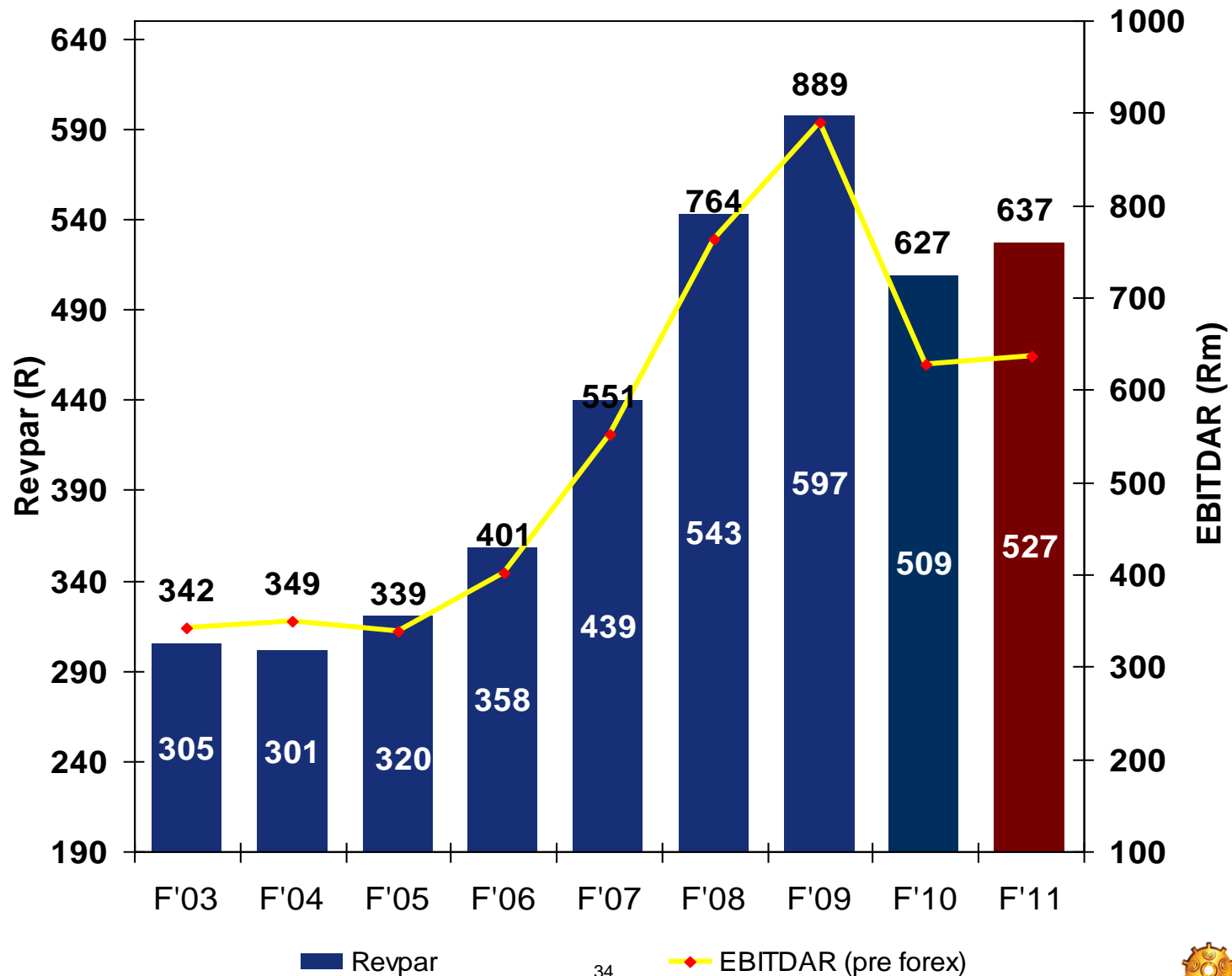


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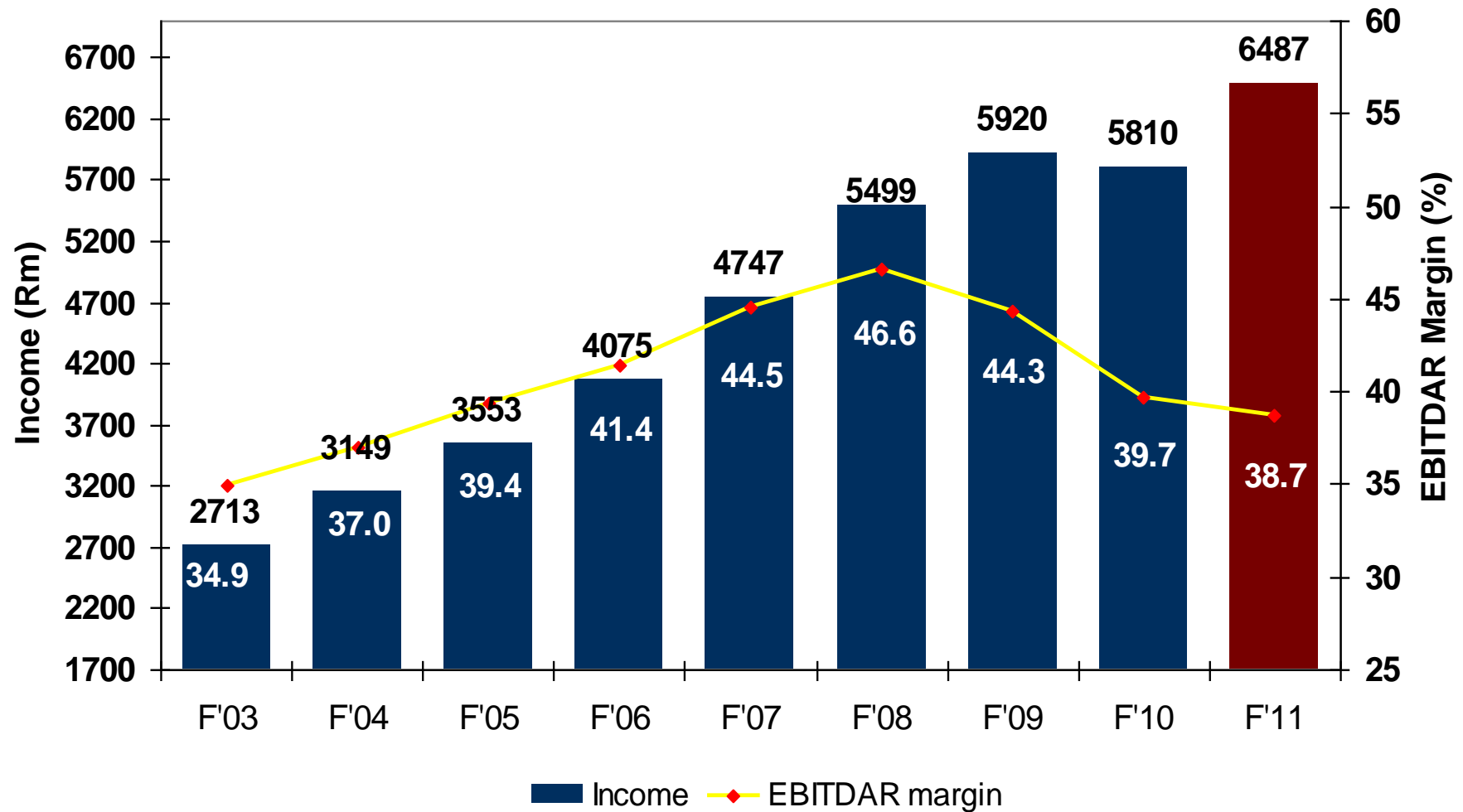
Gaming - Income and EBITDAR margin



Hotels – Revpar and EBITDAR



Group – Income and EBITDAR margin



Group – Income statement (Rm)

	Year to March		
	F'11 Actual	F'10 Actual	% Change
Group income	6 487	5 810	12
Gaming	4 435	4 056	9
GRR	195	-	*
Hotels – SA	1 617	1 549	4
– Offshore	271	237	14
Corporate	(31)	(32)	*
EBITDAR	2 510	2 309	9
Gaming	1 796	1 713	5
GRR	67	-	*
Hotels – SA	562	555	1
– Offshore	75	72	4
Forex	(7)	(52)	*
Corporate	17	21	(19)
EBITDAR margin (%)	38.7	39.7	(1.0)pp



Group – Income statement (Rm)

	Year to March		
	F'11 Actual	F'10 Actual	% Change
EBITDAR	2 510	2 309	9
LTI costs	13	(23)	*
Rentals	(171)	(154)	(11)
Depreciation	(447)	(423)	(6)
Exceptional items	(420)	(1)	*
Finance costs	(391)	(367)	(7)
Associates and JVs	79	87	(9)
Tax — normal	(428)	(357)	(20)
— STC	(12)	(43)	*
Minorities	(127)	(171)	26
Attributable earnings	606	857	(29)
Adjustments	400	5	*
Adjusted earnings	1 006	862	17



Adjusted HEPS (Rm)

	Year to March		
	F'11 Actual	F'10 Actual	% Change
Attributable earnings	606	857	(29)
Excess of fair value of assets acquired	-	(2)	
Capital asset disposal profits	(5)	-	
FV adjustment of GRR	299	-	
Impairment of PPE (Grayston)	8	1	
Headline earnings	908	856	6
Termination of capex projects	-	1	
Pre-opening costs	7	1	
Debt break costs (Associate)	(3)	4	
CBS loan impairment	3	-	
GRR transaction costs	83	-	
Lease termination costs (Grayston)	8	-	
Adjusted earnings	1 006	862	17
Weighted no of shares in issue (m)	906	888	n/a
Headline EPS (cents)	100	96	4
Adjusted Headline EPS (cents)	111	97	15



12 Months to March Merge Co (Rm)

Merge Co	TSH 31 March'11	GRR 31 March'11	TSH 31 March'11 Eliminate equity earnings	TSH 31 March'11 Eliminate March month	TSH 31 March'11
Income	6 487	2 328	-	(195)	8 620
EBITDAR	2 510	851	-	(67)	3 294
Adjusted headline earnings	1 006	319	(67)	(25)	1 233
Number of shares	906	278	(69)	(18)	1 097
AHEPS (cents)	111.1	114.7			112.4



Group Cash Flow (Rm)

	F'11 Actual	F'10 Actual
Cash flow generated from operations	2 381	2 285
Merger costs	(93)	-
Dividends received	57	52
Cash flow from operations	2 345	2 337
Interest paid (net)	(393)	(358)
Taxation – normal	(457)	(406)
– STC	(7)	(43)
Maintenance capex	(233)	(427)
Free cash flow	1 255	1 103
Ordinary dividends	-	(411)
Non-controlling interests dividends	(23)	(20)
Disposal proceeds	13	4
Investment activities (net)	(110)	(2 239)
Minority payments	(3)	-
Net cash surplus/(deficit)	1 132	(1 563)
Currency	(5)	(12)
Move in Net IBD	1 127	(1 575)
Opening net IBD	(4 467)	(3 085)
Acquired with acquisitions	(814)	193
Closing net IBD	(4 154)	(4 467)



Investment Activities

	F'11 Actual	F'10 Actual
Acquisitions		
Suncoast additional 30%	-	994
Century	-	434
GRR	-	333
Expansion Capex		
The Pivot	86	344
The Ridge	-	16
SE Emalahleni	-	48
Hemingways	13	-
SSME additional 30%	-	19
Suncoast bid & parking	-	24
Maia	-	32
Other	11	(5)
	110	2 239
Maintenance Capex	233	427
Spend	343	2 666



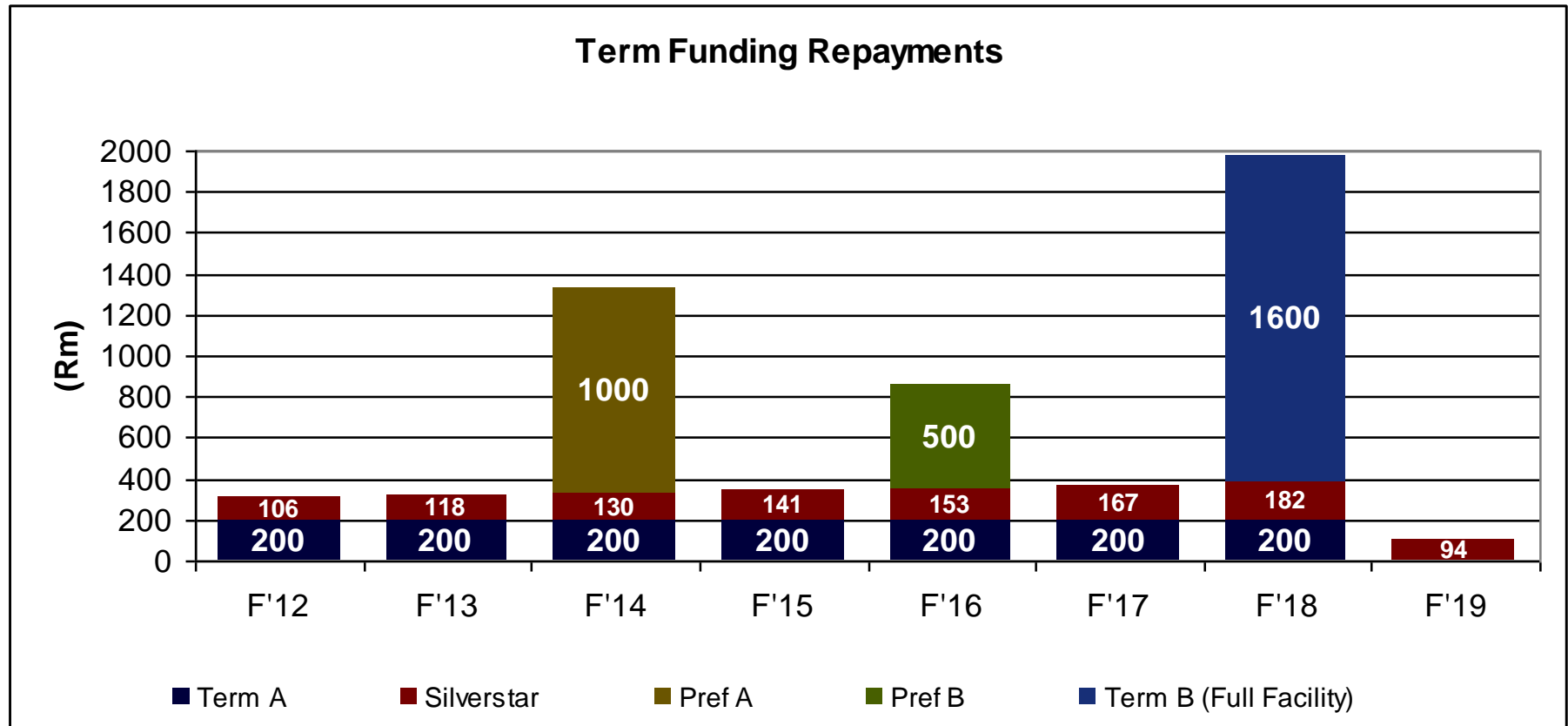
Interest Bearing Debt (Rm)

	F'11	F'10
Non-controlling interests funding	99	99
Preference funding	1 000	1 000
External debt (Amortizing and bullet)	4 011	3 882
Gross IBD	5 110	4 981
Cash on hand	(956)	(514)
Net IBD	4 154	4 467

Dividend of R549m (50c per share) declared post year end



New Debt Package - WIP



Facility shown - not usage
40% of gross debt is hedged

Future Prospects



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Future Prospects

- **Group**
 - Strong cash generation set to continue
 - Growth opportunities still being pursued
- **Gaming**
 - Gaming win growth – pressure in the short term, medium term outlook positive
 - Need consumers to get wealthier and, more importantly, feel wealthier
 - Regulatory issues are a threat
 - Site developments
 - Hemingways
 - Other
 - Internet Gaming – subject to regulations
- **Hotels**
 - Occupancy and rate still under pressure until “business” demand recovers
 - Includes Corporate, Government, MICE, Airline, etc
 - Focus on customer satisfaction and brand awareness
 - Opportunistic in SA – Land Bank, acquire leases, new builds and acquisitions
 - Continued pursuit of Middle East and Africa expansion



Questions



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