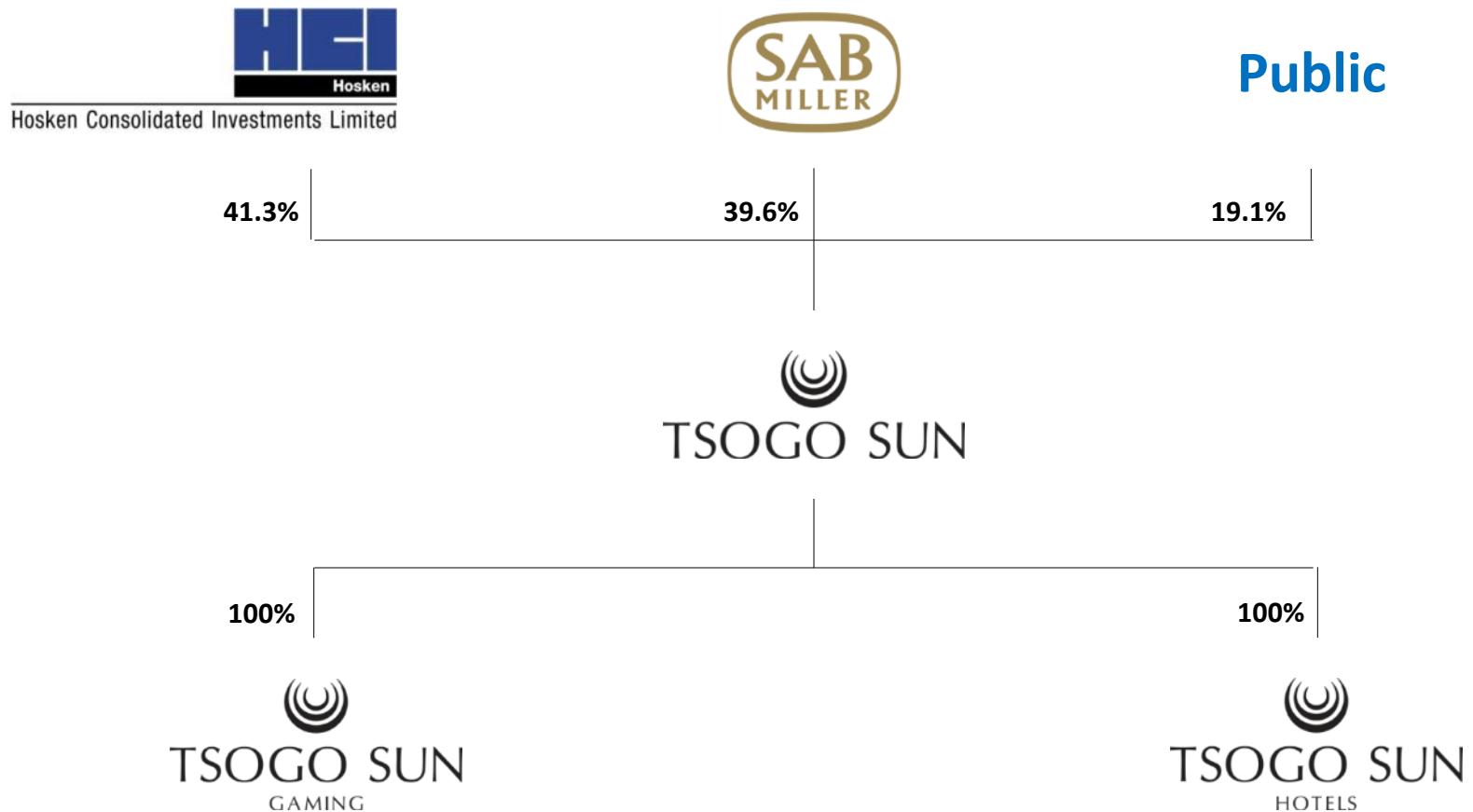


# Group Structure



# Gaming Portfolio



Gauteng

KZN

Western Cape

Mpumalanga

Eastern Cape

Free State



# Hotel Portfolio



## Luxury

Each hotel offers guests world-class style, unparalleled service and accommodation and signature touches that define luxury travel.

MAIA

LUXURY RESORT & SPA | MAHÉ | SEYCHELLES

BEVERLY HILLS

## Full Service

With products and services that meet the needs of tomorrow's savvy global travellers, whether travelling for business or leisure.

Southern Sun  
HOTELS

PALAZZO

Southern Sun  
RESORTS

SANDTON SUN

## Select Service

Delights the self-sufficient traveller with what is needed for a good level of comfort and productivity. Great hotels at great rates.

SUN  
SQUARE

SUNCOAST  
TOWERS

Garden  
Court

## Budget

One number you can rely on for a great nights rest at the right price. Easily accessible basic accommodation.

SUN1

stayeasy

54  
ON BATH

# Management and Board

- **TSH Board of Directors**

- **Executive Directors**

- Marcel von Aulock– Group CEO
- Rob Huddy – Group CFO

- **Non-Executive Directors**

- Johnny Copelyn (Chairman)
- Jabu Mabuza (Deputy Chairman)
- Marcel Golding
- Elias Mphande
- Graham Mackay
- Jamie Wilson
- Malcolm Wyman
- Rex Tomlinson
- Jabu Ngcobo
- Yunis Shaik



# Management and Board

- **Group Executive Committee**

- **Corporate**

- Marcel von Aulock – Group CEO
- Rob Huddy – Group CFO
- Noeleen Bruton – Marketing Director
- Vusi Dlamini – Group HR Director
- Laurelle Fick – Corporate Finance Manager
- Zibusiso Kganyago – Development Director Gaming
- Kevin Page – Group Development Director
- Henry Parrymore – Chief Information Officer
- Graham Tyrrell – Group Legal Director and Company Secretary

- **Gaming**

- Jacques Booysen – MD Gaming
- Greg Lunga – FD Gaming

- **Hotels**

- Richard Weilers – COO and MD Offshore
- Jaco Boshoff – FD Hotels



# Group – Revenue and Ebitdar (Rm)

	H1 F'14	H1 F'13	% Change
<b>Revenue</b>			
Gaming	3 978	3 718	7
Net gaming win	3 364	3 186	6
Other	614	532	15
Hotels SA	1 010	910	11
Hotels Offshore	256	179	43
Corporate (intra-group-elimination)	(20)	(17)	*
<b>Total Group</b>	<b>5 224</b>	<b>4 790</b>	<b>9</b>
<b>Ebitdar</b>			
Gaming	1 584	1 494	6
Hotels SA	314	272	15
Hotels Offshore	75	46	63
Corporate	(5)	4	*
Forex gains	29	13	*
<b>Total Group</b>	<b>1 997</b>	<b>1 829</b>	<b>9</b>

# Tsogo Sun Segmental (Rm)

	Income		Ebitdar		Ebitdar Margin	
	H1 F'14	H1 F'13	H1 F'14	H1 F'13	H1 F'14	H1 F'13
Montecasino	1 185	1 109	524	495	44.3	44.6
Suncoast	737	688	344	324	46.7	47.1
Gold Reef City	639	597	251	231	39.3	38.7
Silverstar	316	292	127	113	40.2	38.8
The Ridge	204	193	96	91	47.1	47.4
Hemingways	166	145	66	59	39.9	40.9
Emnotweni	163	157	72	71	44.4	45.1
Golden Horse	158	151	73	74	46.3	48.9
Garden Route	82	76	35	31	42.2	41.2
Goldfields	72	67	30	30	41.1	44.8
Blackrock	70	66	27	25	38.9	37.7
The Caledon	65	62	16	14	24.0	22.6
Mykonos	62	62	25	26	40.0	42.2
Other gaming operations	59	53	(102)	(90)		
Total gaming operations	3 978	3 718	1 584	1 494	39.8	40.2
South African hotels division <sup>(1)</sup>	1 010	910	314	272	31.1	29.9
Offshore hotels division	256	179	104	59	40.6	33.0
<i>Pre-foreign exchange</i>			75	46	29.3	25.7
<i>Foreign exchange gains</i>			29	13		
Corporate	(20)	(17)	(5)	4		
<b>Group</b>	<b>5 224</b>	<b>4 790</b>	<b>1 997</b>	<b>1 829</b>	<b>38.2</b>	<b>38.2</b>

**Note:** All casino units are reported pre-internal gaming management fees

<sup>(1)</sup> Includes R23m (F'13 : R19m) inter-group management fees



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## Key Strategic Issues

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Gaming

# Key Strategic Issues - Gaming

## ■ Montecasino

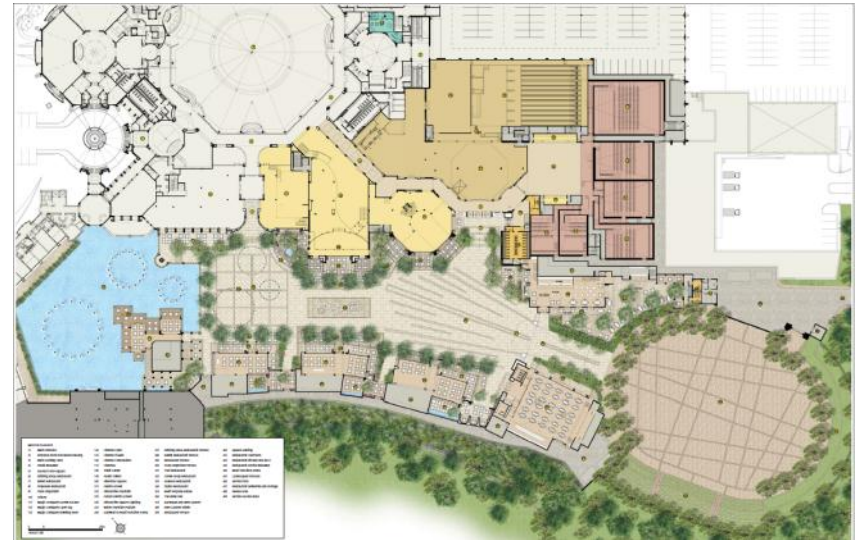
- Additional 700 gaming positions approved
- Planning for casino expansion including internal refresh, multipurpose venue, additional parking, an additional hotel and an entrance from Witkoppen Road
- Share of surrounding land acquired for office and other development
- Palazzo Hotel undergoing a R70m refurbishment
- Entertainment offerings continuously improved including tenant refurbishment
- Boktown, Teatro and events continue to attract footfall



# Key Strategic Issues - Gaming

## ■ Silverstar

- Additional 400 gaming positions approved
- Need improved offering for the target market
- R560m redevelopment including additional dining options, outdoor events area, cinemas, ten-pin bowling alley, laser tag games, expanded casino offering, parking, redecoration of the interior and Privé and the CSI contribution
- Construction commenced in April 2013 and completion is planned for August 2014



# Key Strategic Issues - Gaming

## ■ Gold Reef City

- Additional 400 gaming positions approved
- R630m refurbishment and expansion including casino offering, cinemas, additional food and beverage outlets and improved access systems at the Theme Park with an improved linkage to the casino complex, upgrade of the Theme Park aesthetics, an expansion of the Apartheid Museum and the CSI contribution
- Construction due to commence April 2014 and completion planned for April 2015
- Mine museum being relocated from level 5 to level 2



# Key Strategic Issues - Gaming

## ■ Suncoast

- Application to KZN Gaming Board for an additional 900 machines and 16 tables
- R1.5bn – R1.8bn expansion (including a R100m CSI contribution) including additional casino space and new Privé, 22,000sqm destination retail and additional restaurants, multifunction venue, multi-storey parkade and Skypark resort swimming pools
- Acquisition of minorities
  - Acquisition of an additional effective 8.7% stake in Suncoast concluded for R363m
  - Section 124 application to acquire the balance of the shares for R37m concluded on 31 October 2013
  - Suncoast now wholly-owned



# Key Strategic Issues - Gaming

## ■ Emnotweni

- Expansion programme with spend of R206m including casino refurbishment with additional positions, conference and events area, restaurants and additional parking
- Completion end November 2013



# Key Strategic Issues - Gaming

## ▪ Blackrock

- KwaZulu-Natal Gambling Board granted application for additional 50 slot machines and 3 tables
- CSI contribution of R2m
- Expansion of Garden Court Blackrock by an additional 40 rooms commenced in July 2013



## ▪ Golden Horse

- Southern Sun Pietermaritzburg at the Golden Horse casino from 1 May 2013
- Refurbishment of the hotel is complete



# Key Strategic Issues - Gaming

- **Mpumalanga 4<sup>th</sup> licence**

- Mpumalanga Gambling Board withdrew the RFP on 25 July 2013 on the basis that the RFP did not clearly stipulate the MGB's intentions in respect of shareholding and profit entitlement by black persons within the province

- **Western Cape metropole**

- No further progress made by the Western Cape Provincial Government for the relocation of an existing Western Cape casino licence to the Cape metropole

- **Smoking legislation**

- A total ban on smoking in casinos could have a significant impact on casino revenues in the short to medium term
- There has been no further progress

# Gaming Win (Rm)

	H1 F'14	H1 F'13	% Change
Gaming win			
Tables	770	677	13.7
Slots	2 594	2 508	3.4
	<b>3 364</b>	<b>3 185</b>	5.6
Drop/hold % – tables	22.1	22.0	
Handle/win % – slots	5.2	5.3	

	H1 F'14	H1 F'13	% Change
Gauteng	1 795	1 693	6.0
KwaZulu-Natal	884	837	5.6
Mpumalanga	295	282	4.6
Western Cape	188	183	2.7
Other	202	190	6.3
	<b>3 364</b>	<b>3 185</b>	<b>5.6</b>

# Gauteng Gaming Tax Revenues

Growth in Gaming win (%)	Gauteng	Monte-casino	Gold Reef City	Silver-star
<b>Calendar years</b>				
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	7.8	(6.8)	(1.0)	*
2009	(0.9)	0.5	(1.3)	7.4
2010	1.1	2.0	(3.6)	0.6
2011	4.1	7.8	8.8	0.5
2012	7.2	8.0	7.5	4.2
<b>3 months to September 2013</b>	<b>1.4</b>	<b>(0.8)</b>	<b>4.3</b>	<b>4.7</b>
<b>6 months to September 2013</b>	<b>4.1</b>	<b>5.3</b>	<b>7.5</b>	<b>8.2</b>

Note: Gaming stats differ to accounting due to timing and IFRS

# KZN Gaming Tax Revenues

Growth in Gaming win (%)	KwaZulu-Natal	Suncoast	Golden Horse	Blackrock
<b>Calendar years</b>				
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
2011	7.3	5.3	9.2	10.8
2012	10.0	10.8	8.9	11.6
<b>3 months to September 2013</b>	<b>4.0</b>	<b>7.0</b>	<b>0.5</b>	<b>8.6</b>
<b>6 months to September 2013</b>	<b>3.4</b>	<b>5.5</b>	<b>-</b>	<b>8.1</b>

Note: Gaming stats differ to accounting due to timing and IFRS

# Other Gaming Tax Revenues

Growth in Gaming win (%)	Province	Unit	Unit	Unit
	Mpumalanga	Ridge	Emnotweni	
3 months to September 2013	1.6	2.2	(2.5)	
6 months to September 2013	5.3	4.7	2.1	
	Western Cape	The Caledon	Mykonos	Garden Route
3 months to September 2013	5.6	8.2	(1.2)	2.1
6 months to September 2013	5.1	4.3	(1.3)	4.2
	Eastern Cape	Hemingways	Queens	
3 months to September 2013	5.6	2.2	(7.3)	
6 months to September 2013	7.2	7.2	(2.0)	
	Free State	Gold Fields		
3 months to September 2013	3.4	7.1		
6 months to September 2013	6.1	3.3		

Note: Gaming stats differ to accounting due to timing and IFRS



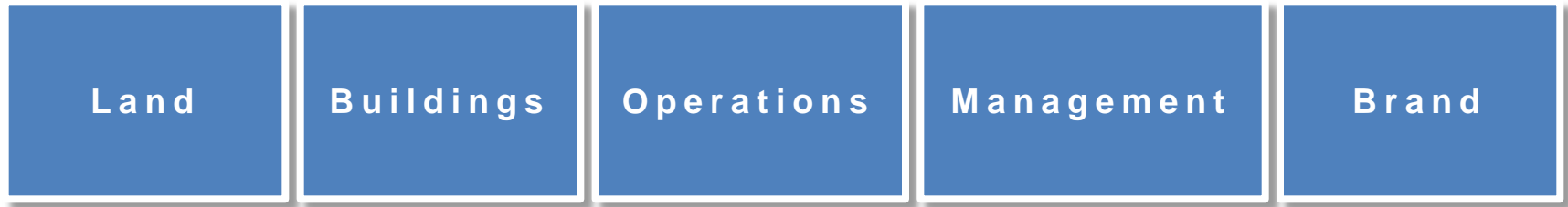
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## Key Strategic Issues

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Hotels

# Hotels – Portfolio Philosophy



- Ideally own all components
  - Tsogo Sun Hotels strategic advantage in scale
  - More capital intensive but allows substantially higher return on effort
  - Retains control of the assets providing extended tenure and resilience
- Lease building on long term basis if Tsogo can't own – but lose growth of property value
- In SA only manage if strategically important and no option to own or lease
- Offshore – management contracts are a low risk option to enter new markets
- Not a franchisor of our own brands but will operate hotels as franchisee where necessary

# Owned and Managed

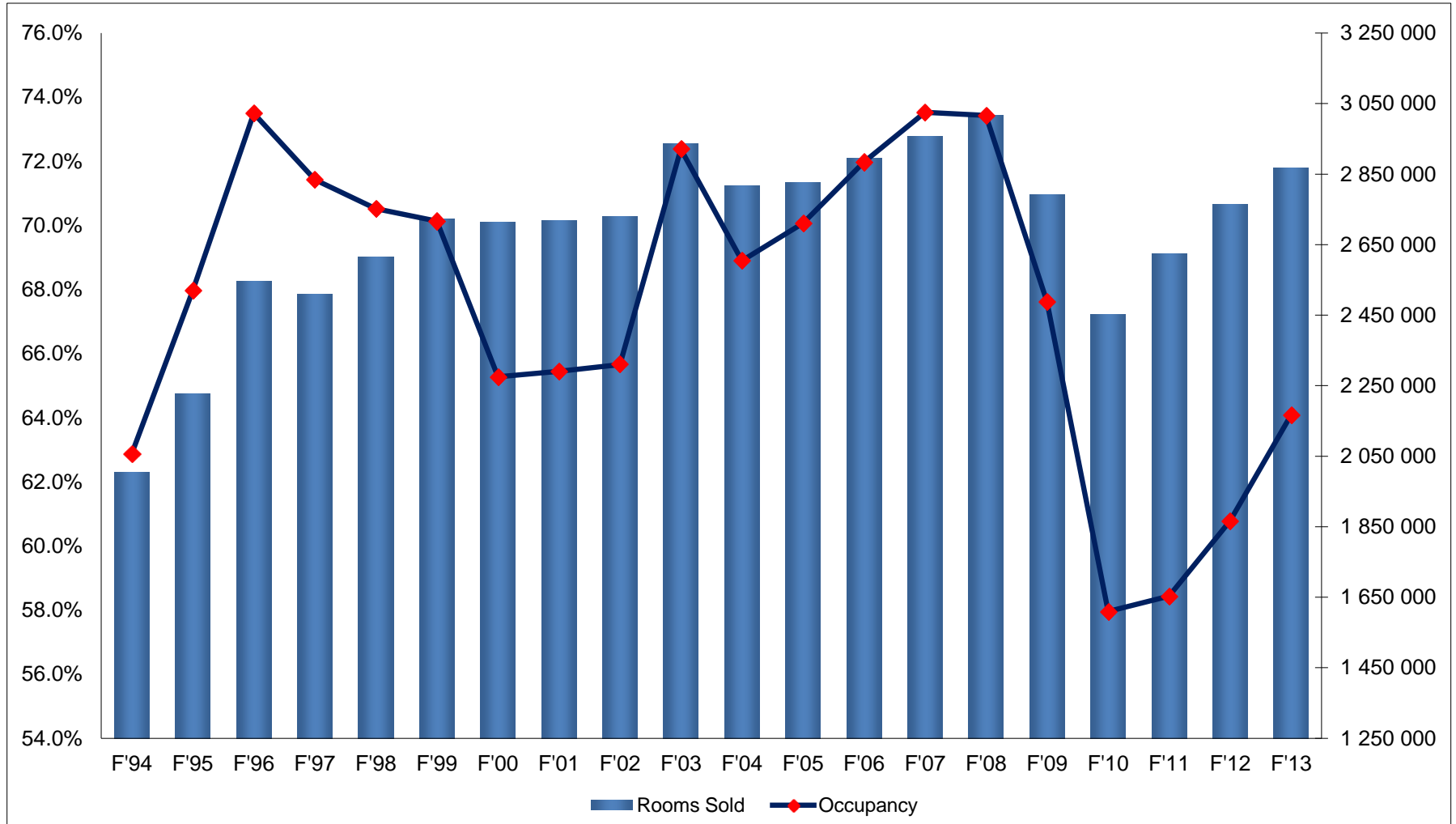
	Hotels	Rooms	Owned	Managed
Luxury	6	1 113	410	703
Full Service	20	4 260	3 723	537
Select Service	28	5 024	3 728	1 296
Budget	23	1 690	1 690	-
Timeshare & Resorts	7	1 161	307	854
<b>South Africa</b>	<b>84</b>	<b>13 248</b>	<b>9 858</b>	<b>3 390</b>
Offshore	8	1 072	746	326
<b>Total revenue</b>	<b>92</b>	<b>14 320</b>	<b>10 604</b>	<b>3 716</b>

Owned includes leased hotels and associates

Associates are equity accounted  
not consolidated - Maia

Owned Stats – (SA and Offshore)	H1 F'14	H1 F'13
Occupancy (%)	62.9	63.6
Average rate (R)	869	759
Rooms available ('000)	1 940	1 878
Rooms sold ('000)	1 220	1 195
Rooms revenue	1 060	908

# SA System-wide Rooms Sold Annual History



# Key Strategic Issues : Hotels – South Africa

- Good growth in Key accounts, Government and Leisure segments
- Transient Corporate business remains weak
- Occupancy reduced 1.9pp for H1 F'14 on the prior year mainly due to sports events in June 2012
- Average room rate growth of 10% for H1 F'14 on the prior year
- Group trading at substantial RevPar premiums to the market in 3, 4 and 5 star sectors
  - Better product and guest experience
  - Better distribution
  - Better sales and marketing
- Strong growth in earnings requires strong recovery in the transient Corporate

# Key Strategic Issues : Hotels – South Africa

- **Sun 1 (formerly Hotel Formula 1)**
  - Occupancy for H1 F'14 at 63.1% compared to 66.1% in the prior period
  - Reflects the weakness in transient business
  - Rebranded Sun 1 effective 1 October 2013
  - Continued refurbishment of the portfolio



# Key Strategic Issues : Hotels – Offshore



- Offshore hotels remain strong in US\$ (occupancies H1 F'14 : 70.1%, H1 F'13 : 73.0%)
- Currency positive impact to trading due to Rand weakness against US\$ and Euro exchange rates
- Forex gain for H1 F'14 R29m (H1 F'13 R13m) on cash and monetary items denominated in US\$ and Euro
- Looking for expansion in the territories we already operate in
  - Acquisition 75.5% of Southern Sun Ikoyi for US\$70.3m, including loan funding, completed effective 29 June 2013
  - US\$30m expansion of Southern Sun Maputo including the refurbishment of the existing hotel, expansion of the restaurant, 110 new hotel rooms and conferencing facilities. US\$4.4m paid to date





# Group – Income Statement (Rm)

	H1 F'14	H1 F'13	% Change
<b>Group income</b>	<b>5 224</b>	<b>4 790</b>	<b>9</b>
Net gaming win	3 364	3 186	6
Revenue			
Rooms	1 060	908	17
F&B	489	403	21
Other	311	293	6
<b>Ebitdar</b>	<b>1 997</b>	<b>1 829</b>	<b>9</b>
Gaming	1 584	1 494	6
Hotels – SA	314	272	15
– Offshore <sup>(1)</sup>	75	46	63
Forex	29	13	*
Corporate	(5)	4	*
<b>Ebitdar margin (%)</b>	<b>38.2</b>	<b>38.2</b>	<b>-</b>

<sup>(1)</sup> Pre-forex

# Group – Income Statement (Rm)

	H1 F'14	H1 F'13	% Change
<b>Ebitdar</b>	<b>1 997</b>	<b>1 829</b>	<b>9</b>
LTI costs	(85)	(64)	(33)
Property rentals	(107)	(94)	(14)
Amortisation & depreciation	(322)	(332)	3
Exceptional items	(75)	1	*
Net finance costs	(182)	(213)	15
Associates and JVs	(3)	(1)	*
Tax	(345)	(325)	(6)
Non-controlling interests	(45)	(58)	22
<b>Attributable earnings</b>	<b>833</b>	<b>743</b>	<b>12</b>
Adjustments	60	3	*
<b>Adjusted earnings</b>	<b>893</b>	<b>746</b>	<b>20</b>

# Adjusted HEPS (Rm)

	H1 F'14	H1 F'13	% change
<b>Attributable earnings</b>	<b>833</b>	<b>743</b>	<b>12</b>
Capital asset disposal profits	-	(1)	
FV adjustment to associate	6	-	
Impairment of SSME goodwill	-	16	
Impairment of PPE	7	9	
<b>Headline earnings</b>	<b>846</b>	<b>767</b>	<b>10</b>
Transaction costs	8	-	
CBS loan impairment reversal	(1)	(1)	
SSME termination fees	2	(28)	
Lease termination costs	3	-	
Impairment of loans (Masa/Queens)	2	4	
Pre-opening expenses	-	4	
Restructuring costs	33	-	
<b>Adjusted earnings</b>	<b>893</b>	<b>746</b>	<b>20</b>
Weighted number of shares in issue (m)	1 098	1 097	-
Headline EPS (cents)	77.0	69.9	10
<b>Adjusted HEPS (cents)</b>	<b>81.3</b>	<b>68.0</b>	<b>20</b>

# Group Cash Flow (Rm)

	H1 F'14	H1 F'13
<b>Ebitdar per income statement</b>	<b>1 997</b>	<b>1 829</b>
Property rentals	(107)	(94)
<b>Ebitda</b>	<b>1 890</b>	<b>1 735</b>
Working capital/exceptional items adjusted for non-cash	(161)	18
Dividends income from associates	3	3
<b>Cash generated from operations</b>	<b>1 732</b>	<b>1 756</b>
Interest paid (net)	(200)	(214)
Taxation – normal	(400)	(411)
– STC	-	(2)
Operating equipment purchased	(25)	(21)
Maintenance capex	(409)	(317)
<b>Free cash flow</b>	<b>698</b>	<b>791</b>
Ordinary dividends paid	(560)	(439)
Non-controlling interests' dividends	(8)	(22)
Disposal proceeds	3	3
Investment activities (net)	(1 292)	(294)
Share scheme loans	4	1
<b>Net cash (deficit)/surplus</b>	<b>(1 155)</b>	<b>40</b>
Currency	27	16
<b>Move in Net IBD</b>	<b>(1 128)</b>	<b>56</b>
Opening net IBD	(3 580)	(4 184)
Acquired with acquisitions	(174)	-
Accrued interest and prepaid borrowing costs	12	2
<b>Closing net IBD</b>	<b>(4 870)</b>	<b>(4 126)</b>

# Investment Activities (Rm)

	H1 F'14	H1 F'13
<b>Investments/Loans</b>		
Acquisition of DAV/AWM/Suncoast minority	(363)	-
Transaction costs re DAV/AWM share buy-back	(4)	-
Acquisition of SS Ikoy – equity	(506)	-
Acquisition of Affirmed Investments minorities	(14)	-
Investments in land and loans	(61)	-
Investments in Cinemas	(26)	-
Millennium contingency settlement	-	(58)
Expansion capex	(320)	(228)
Hemingways bid/ expansion costs	(40)	(105)
Suncoast expansion	(3)	(12)
Emnotweni expansion	(87)	-
Gold Reef City redevelopment	(14)	-
Silverstar redevelopment	(43)	(5)
Garden Route hotel	(6)	(20)
Blackrock expansion	(4)	-
SS Hyde Park	(67)	(65)
54 on Bath	-	(14)
Mpumalanga bid	(2)	-
SS Maputo expansion	(44)	-
Sun Cuisine	-	(7)
Greenstone land acquisition	(10)	-
Other net investments	2	(8)
<b>Investment activities</b>	<b>(1 292)</b>	<b>(294)</b>
<b>Maintenance capex</b>	<b>(409)</b>	<b>(317)</b>
<b>Total investment spend</b>	<b>(1 701)</b>	<b>(611)</b>

# Interest Bearing Debt (Rm)

	H1 F'14	H1 F'13
Non-controlling interests funding	33	33
External debt (US\$ based)	568	-
External debt (Rand based)	4 926	5 218
<b>Gross IBD</b>	<b>5 527</b>	<b>5 251</b>
Cash on hand	(656)	(1 125)
<b>Net IBD</b>	<b>4 871</b>	<b>4 126</b>

Dividend of R560m (51c per share) declared May 2013, paid June 2013

Dividend of R318m (29c per share) declared November 2013, to be paid December 2013

Cost of debt — pre tax	7.9%	9.5%
— post tax	5.7%	7.2%



# Strategic Priorities

## ■ Sustainability

- Beneficiaries
  - Current shareholding and CSI programs are effective
- Financial stability
  - Strong cash flow, low gearing and adequate facilities
  - Own most of our assets
- Product relevance
  - Adequate maintenance capex provided
  - Strong development skills in-house
  - Proactive marketing of products and brands
- Regulatory compliance
  - Day to day compliance excellent
  - High awareness of potential regulatory risks
- Human resources
  - Adequate resources and skills



# Strategic Priorities

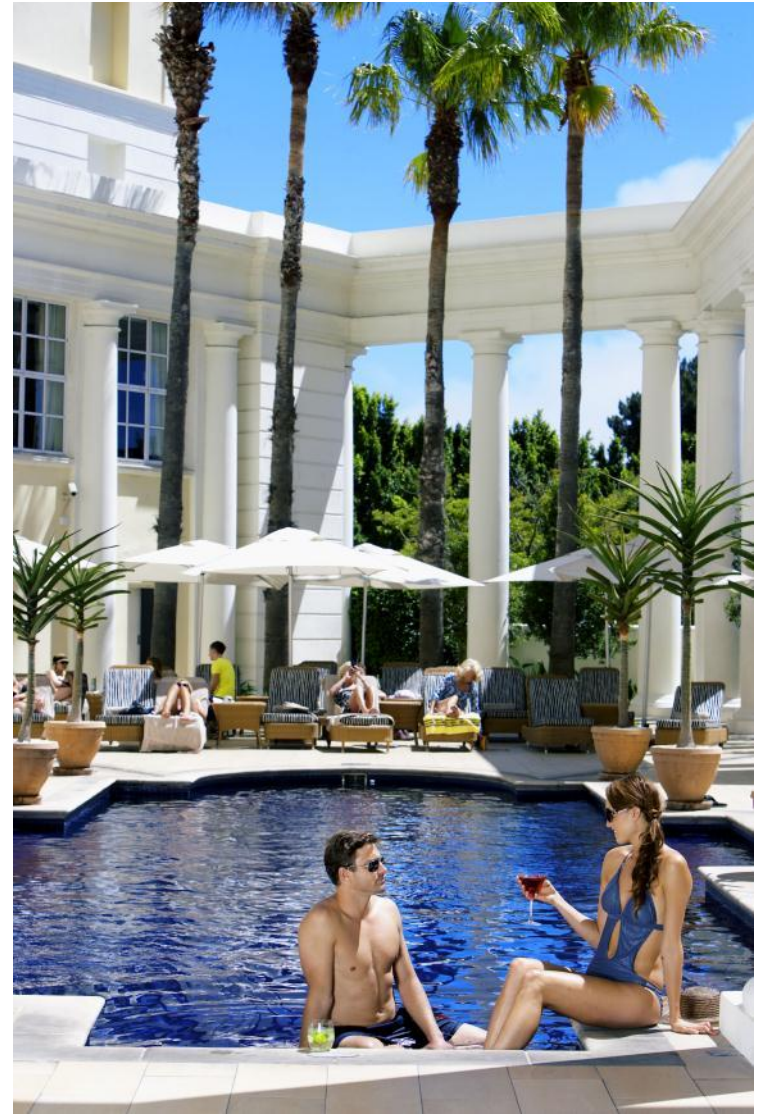
- **Growth**

- Organic

- Significant focus on getting more out of our existing businesses
    - Continued cost focus
    - Systems and values

- Inorganic

- New projects



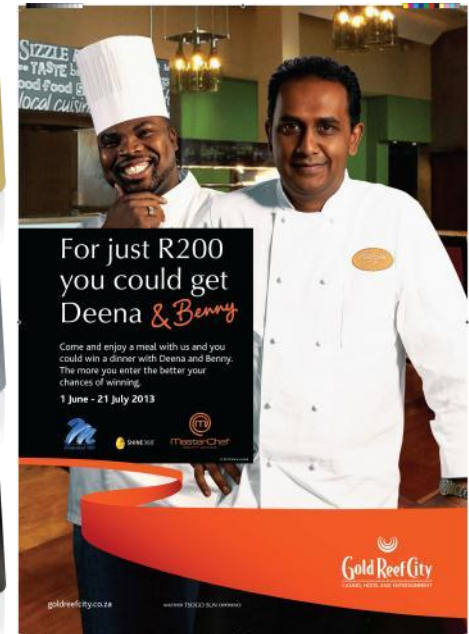


**Future  
Prospects**

# Future Prospects

## ■ Group

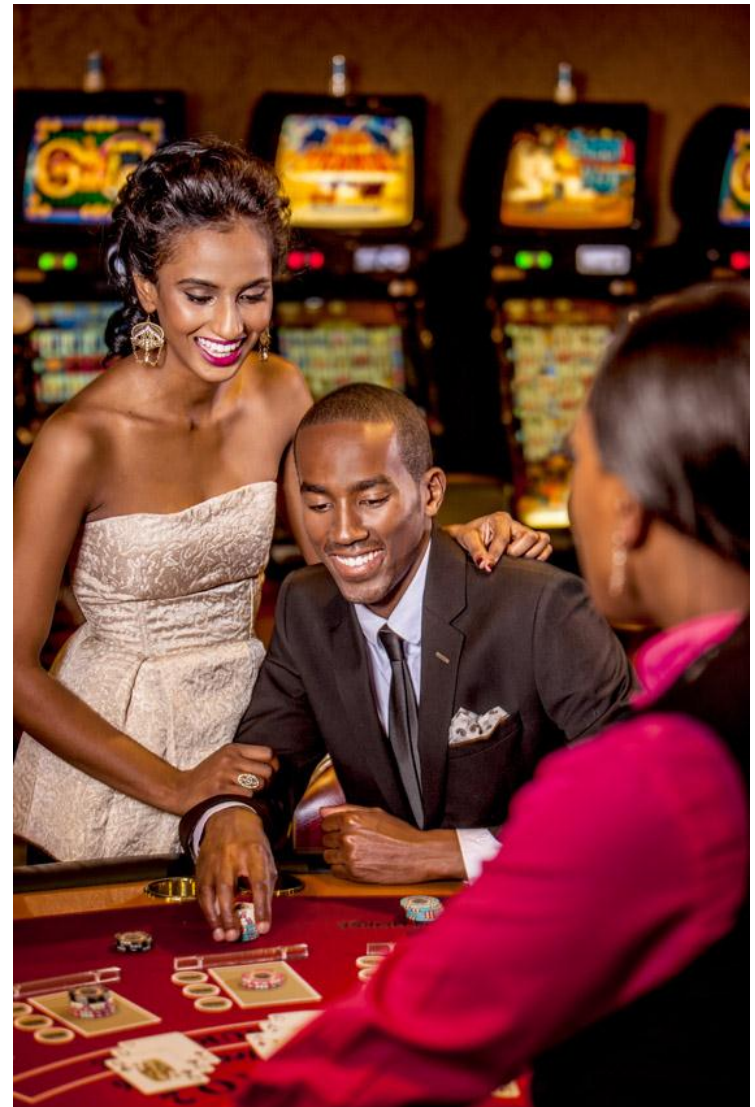
- Strong cash generation
- Growth opportunities still being pursued
- Re-launch loyalty programmes
- Maximise brand value
- Employee engagement programme
- Food and beverage focus



# Future Prospects

## ■ Gaming

- Gaming win growth – medium term outlook uncertain
  - Need consumers to get wealthier and, more importantly, feel wealthier
  - Regulatory issues remain a threat
  - Tax – national/provincial
  - Total smoking ban remains a risk
- Western Cape metropole
- Mpumalanga fourth casino licence

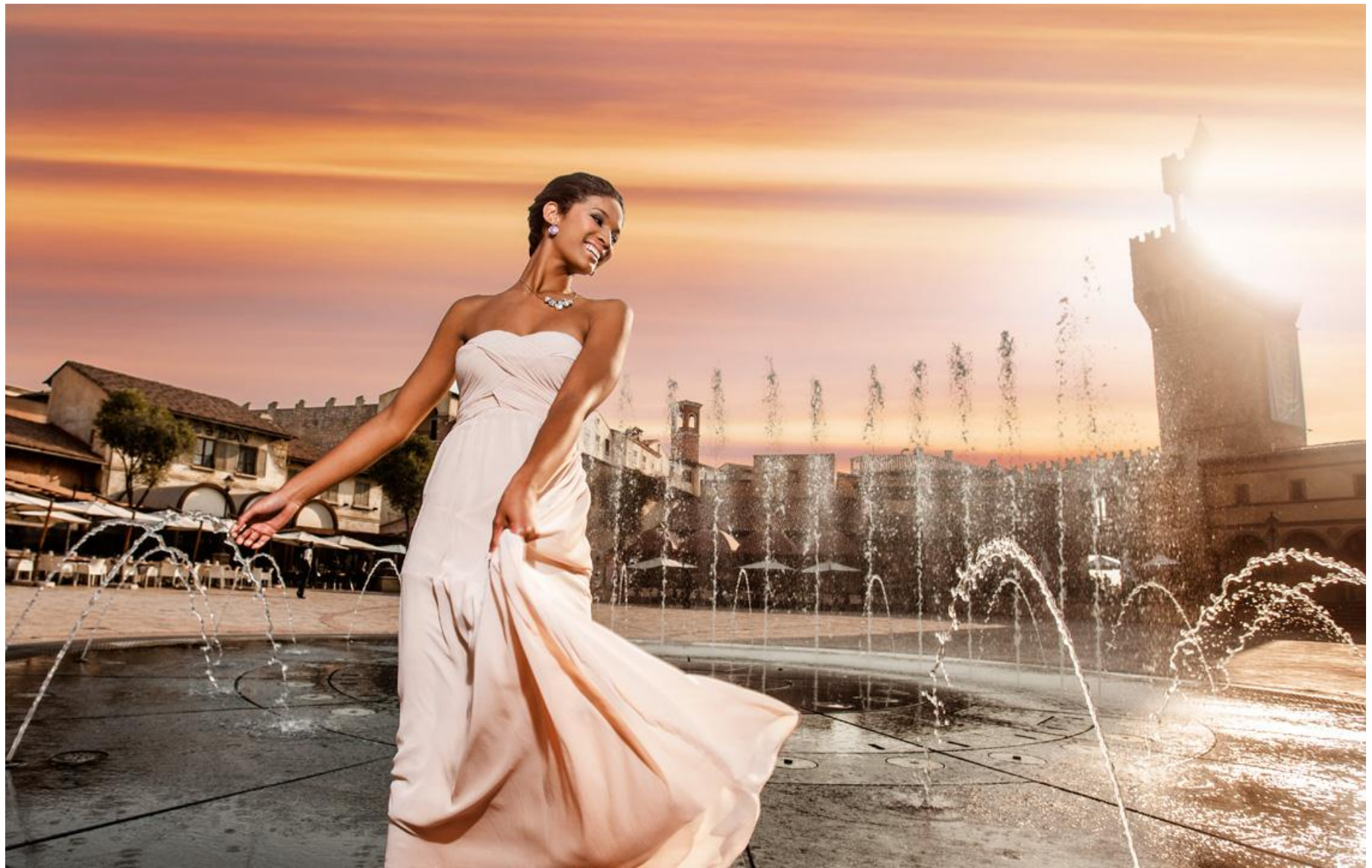


# Future Prospects

## ▪ Hotels

- Occupancy and rate still under pressure until transient Corporate demand recovers
- Focus on customer satisfaction, brand awareness and distribution
- Opportunistic in SA – Land bank, acquire leases, new builds and acquisitions
- Continued pursuit of offshore expansion
  - Focus on the territories we already operate in





**Thank you**

