F'23

- Occupancy at 51.5% ▲
- Total Ebitdar at R1 436m ▲
- Total adjusted headline profit: R443m ▲
- Net debt reduced to R1.3bn ▼

Southern Sun

SOUTHERN SUN
INVESTOR PRESENTATION

May 2023

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GROUP STRUCTURE

Hosken

Hosken Consolidated Investments Limited

Public

41%

59%

Southern Sun

100%

100%

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OFFSHORE

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

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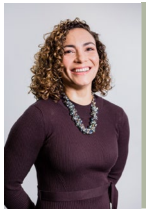
SOUTH AFRICA

- Owned, managed and leased hotels
- Manco

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**

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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	SUN 1	
SANDTON SUN	SANDTON TOWERS	SUN SQUARE		
MOUNT GRACE HOTEL & SPA	Paradise Sun praslin seychelles	Garden Court		

CASH FLOW (Rm)

	F'23	F'22
Ebitdar per income statement[1,2]	**1 436**	590
Property rentals	**(288)**	(146)
Move in working capital adjusted for non-cash and exceptional items	**52**	59
Dividend income from associate	**3**	5
Cash generated from operations	**1 203**	508
Net finance costs paid (excluding IFRS16 adjustments)	**(210)**	(228)
Taxation paid	**(100)**	(9)
Operating equipment purchased	**(36)**	(5)
Maintenance capex	**(104)**	(43)
Free cash inflow (c/f)	**753**	223

1 F'23 Ebitdar excludes the Separation Payment received from TSG of R399 million
2 F'22 Ebitdar includes business interruption insurance proceeds of R191 million

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CASH FLOW (Rm) CONTINUED

	F'23	F'22
Free cash inflow from operations (b/f)	**753**	223
Separation payment	**399**	-
Disposal proceeds	**548**	1
Investment activities – expansion capex	**(166)**	-
Share buy-back	**(45)**	-
Net cash surplus	**1 489**	224
Opening net IBD	**(2 830)**	(3 069)
Prepaid borrowing costs and accrued interest	**2**	1
Currency	**(113)**	14
SS Ikoyi net IBD disposed of	**141**	-
Closing net IBD	**(1 311)**	(2 830)
Cash held as security for the SS Ikoyi refinancing	**230**	-
Total net IBD per balance sheet	**(1 081)**	(2 830)

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INVESTMENT ACTIVITIES (Rm)

	F'23	F'22
Investment activities	**166**	-
Acquisition of Southern Sun and StayEasy Mbombela hotels	**142**	-
Radisson Waterfront	**24**	-
Maintenance capex	**104**	43
Externally managed – Investment properties	**6**	7
Internally managed		
Western Cape	**17**	4
KwaZulu-Natal	**19**	7
Gauteng	**13**	6
Other	**20**	9
Offshore hotels	**1**	5
Manco	**28**	5
Total investment activities	**270**	43

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INTEREST BEARING DEBT (Rm)

		F’23	F’22
External debt – Offshore (US$ based)		**468**	667
External debt (Rand based)		**1 500**	2 831
Prepaid borrowing costs		**(4)**	(3)
Gross IBD		**1 964**	3 495
Cash on hand – Hotels SA		**(529)**	(584)
Cash on hand – Hotels Offshore		**(124)**	(81)
Net IBD		**1 311**	2 830
Cash held as security for the SS Ikoyi refinancing		**(230)**	-
Net IBD as per balance sheet		**1 081**	2 830
Analysed as:	– Hotels SA	**967**	2 244
	– Hotels Offshore	**344**	586
	– Cash held as security for the SS Ikoyi refinancing	**(230)**	-
Cost of net debt	– pre tax (%)	**8.9**	7.2
Cost of net debt	– post tax (%)	**6.5**	5.2

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DEBT FACILITIES, LIQUIDITY AND COVENANTS

- In December 2022, the group successfully concluded the refinancing of its debt package with the aim of simplifying the security structure, further extending the facility tenures to between three and five years and reintroducing normalised covenants
- Total facilities of R2.5 billion were raised across all four major South African banks with R2.1 billion of the proceeds applied towards the settlement of term loans in HPF of R400 million and the settlement of outstanding HPF notes of R1.7 billion
- Interest-bearing debt net of cash as of 31 March 2023 totalled R1.3 billion (excluding the Ikoyi Cash Deposit), which is R1.5 billion less than the 31 March 2022 balance of R2.8 billion

Standard Bank RMB NEDBANK absa

REVIEW OF OPERATIONS

- Trading levels continued to recover, particularly in the second half of the financial year, as local and international travel patterns normalised and demand for conferencing and events increased. All regions performed well and exceeded FY20 (pre-Covid-19) levels except the Sandton node, reflecting the delayed recovery in corporate transient travel exacerbated by many companies in the node still operating a hybrid remote-working model
- Excluding the once-off payment of R399 million received from the TSG transaction, the group achieved total revenue (including discontinued operations) for the year ending 31 March 2023 of R5.1 billion (FY22: R2.7 billion), a growth of 87.6% on FY22 and 13.5% above FY20 revenue of R4.5 billion
- Similarly, the group generated Ebitdar (including discontinued operations) of R1.4 billion (FY22: R590 million), significantly higher than FY22 and a growth of 6.2% on FY20 Ebitdar of R1.35 billion. This performance is particularly encouraging considering group occupancy of 51.5% (FY22: 30.6%) for the FY23 year is well below the 59.3% achieved in FY20
- In addition, the group has grown average room rates ("ARR") by 18.3% and 16.3% from FY22 and FY20, respectively. This is mainly attributable to ARR growth in the group's core portfolio as well as the consolidation of luxury properties with higher ARRs such as The Westin Cape Town, Arabella Hotel, Golf & Spa and Mount Grace Hotel & Spa that were previously treated as investment properties

REVIEW OF OPERATIONS

- 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
- Having reduced the group's operational gearing through the cost restructuring undertaken during Covid-19, the flow-through from revenue growth to Ebitdar has improved, positively impacting profitability despite lower occupancy
- The group's Ebitdar margin of 28.3% (excluding the Separation Payment) is well above the prior year margin of 21.8% but below FY20 as a result of the consolidation of hotels previously treated as investment properties
- Notwithstanding the upward trend in trading and return to normalised travel patterns, the group remains heavily exposed to the South African economy which faces slow GDP growth, high unemployment and a lack of policy certainty and solutions to the country's ongoing energy crisis from government – the continuous load shedding has a detrimental impact on consumer and corporate sentiment

REVIEW OF OPERATIONS

- The group has spent R41 million on diesel in FY23 to power its owned hotels compared to R10 million in FY22 and R11 million in FY20
- While not specifically tracked, the group has also seen consistent increases in repairs and maintenance, some of which would relate to generator and other equipment faults caused by load shedding
- Repairs and maintenance costs in FY23 of R159 million (FY22: R103 million) has increased by 54.4% and 15.2% on FY22 and FY20, respectively
- We will continue the discipline of managing cash flow and liquidity closely and maintaining the cost efficiencies achieved while at the same time focusing on the completion of various refurbishment projects that were placed on hold, particularly at flagship properties so that we avoid downtime during high-demand periods

QUARTERLY PERFORMANCE (Rm)

	Q1	Q2	H1	Q3	Q4	H2	Total
Revenue							
F’23[1]	**989**	**1 160**	**2 149**	**1 531**	**1 401**	**2 932**	**5 081**
F’22[2]	469	490	959	845	904	1 749	2 708
Change on F’22	520	670	1 190	686	497	1 183	2 373
F’23 Occupancy %	43.0	48.9	46.0	58.8	55.0	56.9	51.5
Ebitdar							
F’23[1]	**159**	**309**	**468**	**512**	**456**	**968**	**1 436**
F’22[2]	(39)	184	145	189	256	445	590
Change on F’22	198	125	323	323	200	523	846
Adjusted earnings							
F’23[1]	**(29)**	**55**	**26**	**202**	**215**	**417**	**443**
F’22[2]	(172)	10	(162)	(4)	48	44	(118)
Change on F’22	143	45	188	206	167	373	561

1 Revenue, Ebitdar and Adjusted earnings for F’23 exclude the Separation Payment of R399 million (R313 million net of tax)
2 Ebitdar and Adjusted earning for F’22 includes insurance proceeds received of R191 million (R139 million after tax)

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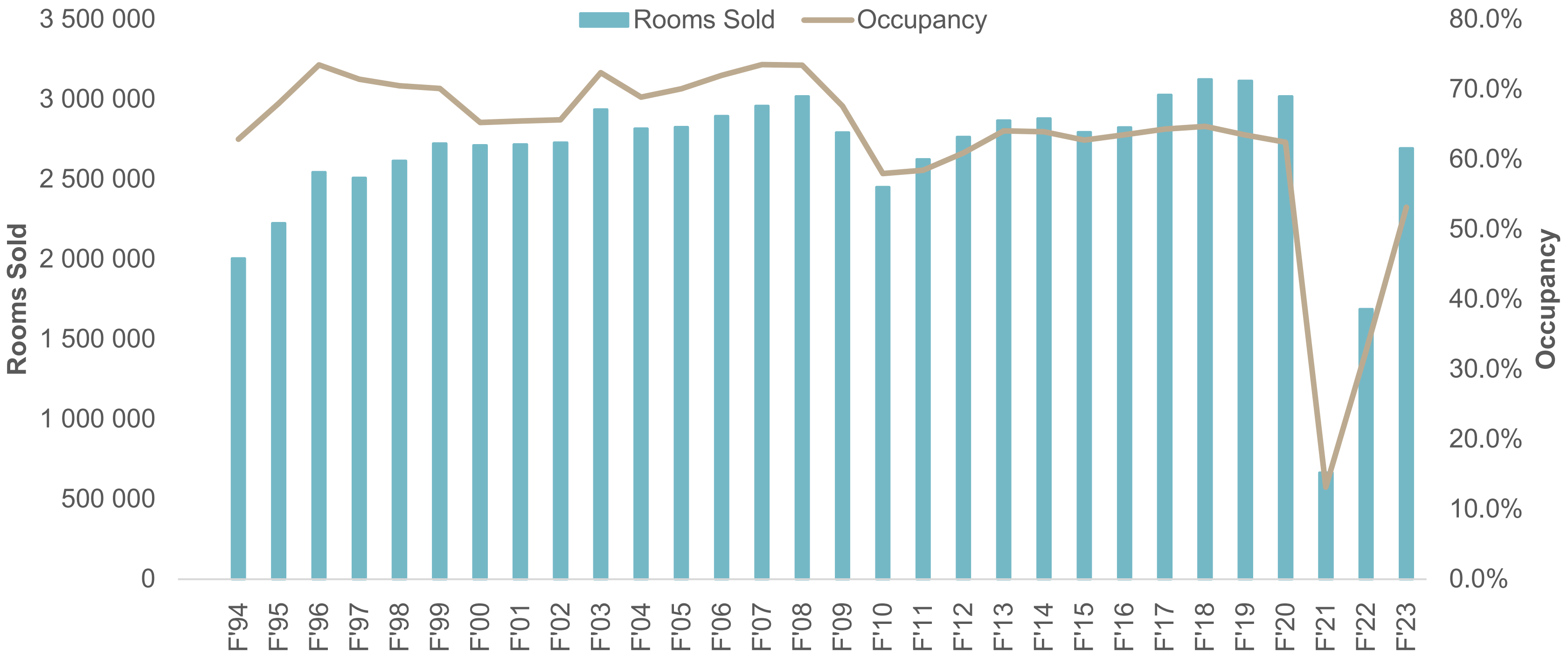
SOUTH AFRICA SYSTEM-WIDE PORTFOLIO – ROOMS SOLD SINCE 1994



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INCOME STATEMENT (Rm)

	F'23	F'22	Change on
Income	**5 081**	2 708	2 373
Rooms revenue	**3 314**	1 641	1 673
Food & beverage revenue	**1 304**	731	573
Property rental income	**195**	90	105
Other income[1]	**268**	246	22
Overheads	**(3 645)**	(2 309)	(1 336)
Insurance proceeds	**-**	191	(191)
Ebitdar	**1 436**	590	846
LTI expense	**(18)**	(10)	(8)
Property rentals	**(134)**	(3)	(131)
Amortisation & depreciation	**(351)**	(365)	14
Exceptional items[1]	**640**	(44)	684
Profit before interest and taxation	**1 573**	168	1 405
Net finance costs	**(314)**	(358)	44
Share of earnings of associates	**25**	26	(1)
Income tax	**(270)**	8	(278)
Attributable profit/(loss) for the year	**1 014**	(156)	1 170

Owned stats	**F'23**	F'22	F'20
Occupancy (%)	**51.5**	30.6	59.3
Average room rate (R)	**1 268**	1 072	1 090
RevPar (R)	**652**	328	647
Rooms available ('000)*	**5 081**	5 008	4 314
Rooms sold ('000)	**2 615**	1 530	2 560
Rooms revenue (Rm)	**3 314**	1 641	2 791

* The increase in rooms available from FY22 to FY23 relates to the transfer of the Garden Court Victoria Junction from investment properties to owner-occupied property, plant and equipment. The increase in rooms available from FY20 to FY23 relates to the transfer of seven investment properties to owner-occupied property, plant and equipment as well as the inclusion of the Sandton Consortium hotels

[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'23 Net of tax	F'22 Net of tax
Attributable profit/(loss)	**1 014**	(156)
Separation payment	**(313)**	-
Profit on disposal of subsidiary	**(259)**	-
Cash flow hedges reclassified to profit or loss	**(21)**	-
Fair value adjustment of investment properties	**(3)**	(43)
Loss on disposal of PP&E	**4**	1
Transaction & restructuring costs	**7**	3
Impairment of property, plant and equipment	**-**	89
Impairment of trademark	**4**	-
Tax effect of rate change	**-**	(1)
Share of associates' exceptional items	**10**	(11)
Adjusted headline profit/(loss)	**443**	(118)
Weighted number of shares in issue (million)	**1 476**	1 478
Adjusted headline profit/(loss) per share (cents)	**30.0**	(8.0)

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SEGMENTAL ANALYSIS (Rm)

	Income		Ebitdar		Ebitdar margin %	
	F’23	F’22[1]	**F’23**	F’22[1]	**F’23**	F’22[1]
Continuing operations						
Externally managed – Investment properties	**153**	58	**149**	58	**97**	100
Sandton Consortium	**521**	215	**147**	1	**28**	-
Internally managed	**3 971**	2 129	**1 131**	397	**28**	19
Western Cape	**1 453**	569	**512**	62	**35**	11
KwaZulu-Natal	**961**	710	**281**	213	**29**	30
Gauteng	**995**	447	**177**	(5)	**18**	*
Other	**562**	403	**161**	127	**29**	32
Offshore[2]	**378**	214	**76**	21	**20**	10
Manco costs	**(36)**	(12)	**(94)**	82	*	*
Manco[3]	**(36)**	(12)	**(94)**	(97)	*	*
Business interruption insurance[2]	**-**	-	**-**	179	**-**	-
Total	**4 987**	2 604	**1 409**	559	**28**	21
Discontinued operations						
Offshore	**94**	104	**27**	31	**29**	30
Group, including discontinued operations	**5 081**	2 708	**1 436**	590	**28**	22

1 Restated for the change to the disclosure of segmental reporting
2 Ebitdar for F’22 includes total insurance proceeds of R191 million, R179 million in Manco relating to Covid-19 losses and R12 million in Offshore relating to damages at Paradise Sun caused by tidal waves in October 2019
3 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

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PROSPECTS

- We are encouraged by trading levels over the last six months which have continued into April and May 2023
- The impact of a winter with a severely constrained electricity system is unknown
- Having successfully strengthened the group’s balance sheet over the past year, we are able to withstand short-term trading volatility but will continue to maintain the discipline of managing liquidity and capital allocation prudently
- The group’s strategy is to continue reducing debt levels and making the most of the properties we have in our portfolio, many of which are irreplaceable, and to focus on our customer delivery

frequentGuest

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THANK YOU