

**TSOGO SUN GAMING
INVESTOR PRESENTATION
INTERIMS F'21
Nov 2020**

tsogosungaming.com

ENTERTAIN
IT'S WHAT
WE DO



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Group – Restrictions / Constraints

Current restrictions / constraints

Patron limitation

Curfew - midnight

Expectation

Lifting of curfew vs More restrictive measures

Divisions - gaming

Casinos: all open since approximately 1 July 2020

Bingos: staggered opening July 2020 to Sept 2020

LPMs: 95% of sites operational

Casinos – Entertainment, F&B, Hotels

Entertainment

Theme park – planned reopening Dec 2020. May close again end Jan 2021

Theatres, crèches remain closed

Cinemas only open at Suncoast and Monte. Other to open end November

F&B

Restaurants of tenants open. Some permanent closures

Tenants struggled during period (relief granted till 31 Oct 2020)

Food and beverage sales are increasing, but still low compared to prior year

Billy G's to open end Nov 2020

Hotels:

14 of 17 Hotels open

Opportunities

Potential sale of non-core assets

Assets realised Nov 2020 - R27m

Nine pieces of land identified for consideration

Sale of investments only at appropriate value

Acquisitions and licenses

Bingo license, relocation or redevelopment opportunities

Increase of stakes and prizes of LPM industry

Investments / acquisition opportunities continuously evaluated

Online / Technology

Entered online betting sector in Sept 2020 with Bet Vegas (Bet.co.za)

Online casino gaming for casino licensees

New website launched Oct 2020 - tsogosungaming.com

Operations

Potential insurance claim up to R150m

Risks

Covid-19

Another lockdown or more restrictive conditions

Smoking Legislation

Potential current 25% allowance prohibition - will decimate industry

Consequent significant job losses

Casinos with significant investment should be granted exemption

National Central Monitoring System

NGB persisting with a NCMS which will be a waste of capital and add no value

Gambling Regulators

Additional gaming licenses a threat while the gaming sector recovers losses

Gambling taxes / levy increases – Western Cape / Gauteng

Online gambling if not restricted to existing casino licensees

TSOGO SUN GAMING INTERIM RESULTS



Interim Results Dashboard

Tsogo Sun Gaming - continuing operations (Rm)

| | H1 F'21 | H1 F'20 | FY F'20 |
|---|----------------|----------------|----------------|
| Income | 1,565 | 5,958 | 11,686 |
| Operating costs | (1,374) | (3,978) | (7,681) |
| Ebitda | 191 | 1,980 | 4,005 |
| Adjusted Ebitda (incl leases) | 136 | 1,920 | 3,883 |
| Financing costs (excl leases & hedge reserve) | (477) | (540) | (1,062) |
| Headline (loss) / earnings | (543) | 675 | 1,284 |
| Dividend per share (cents) | Nil | 26cps | Nil |
| Capex and investments | (86) | (414) | (1,080) |
| NIBD and Guarantees | R11,8 bn | R11,2 bn | R11,4 bn |
| Liquidity - available facilities (ONL & RCF) | R1,05 bn | | |

March 2021 covenant waivers required

If trading is suspended or not operating cash positive from Dec = business plan to lenders

Group Income Statement (Rm)

| Continuing Operations | H1 F'21 | H1 F'20 | Change on Prior | % Change on Prior |
|--------------------------|--------------|--------------|-----------------|-------------------|
| Income | 1,565 | 5,958 | (4,393) | (74) |
| Net gaming win | 1,464 | 5,029 | (3,565) | (71) |
| Food & beverage revenue | 21 | 330 | (309) | (94) |
| Rooms revenue | 22 | 251 | (229) | (91) |
| Other revenue | 17 | 232 | (215) | (93) |
| Other income | 41 | 116 | (75) | (65) |
| Gaming levies and VAT | (316) | (1,096) | 780 | 71 |
| Employee costs | (416) | (1,175) | 759 | 65 |
| Other operating expenses | (642) | (1,707) | 1,065 | 62 |
| Ebitda | 191 | 1,980 | (1,789) | (90) |

Group Income Statement (Rm)

| Continuing Operations | H1 F'21 | H1 F'20 | Change on Prior | % Change on Prior |
|-------------------------------------|--------------|--------------|-----------------|-------------------|
| Ebitda | 191 | 1,980 | (1,789) | (90) |
| Depreciation and amortisation | (447) | (458) | 11 | 2 |
| Exceptional items | (7) | (2) | (5) | (250) |
| Net finance costs | (495) | (562) | 67 | 12 |
| Equity accounted earnings | (6) | 3 | (9) | (300) |
| Taxation | 197 | (263) | 460 | 175 |
| Minority interests | 17 | (25) | 42 | 168 |
| Attributable (loss)/earnings | (550) | 673 | (1,223) | (182) |
| Adjustments | 7 | 2 | 5 | 250 |
| Headline (loss)/earnings | (543) | 675 | (1,218) | (180) |

Segmentation

| | Income | | | Ebitda | | |
|-------------------------|--------------|--------------|---------------|------------|--------------|---------------|
| | H1 F'21 | H1 F'20 | % Change | H1 F'21 | H1 F'20 | % Change |
| Casinos | 1,151 | 4,552 | (74.7) | 201 | 1,708 | (88.2) |
| Gauteng | 618 | 2,447 | (74.7) | 108 | 929 | (88.4) |
| KwaZulu-Natal | 300 | 1,180 | (74.6) | 63 | 472 | (86.7) |
| Mpumalanga | 96 | 404 | (76.2) | 14 | 139 | (89.9) |
| Western Cape | 85 | 305 | (72.1) | 16 | 113 | (85.8) |
| Eastern Cape | 36 | 148 | (75.7) | 1 | 39 | (97.4) |
| Free State | 16 | 68 | (76.5) | (1) | 16 | * |
| Bingo | 117 | 469 | (75.1) | (8) | 134 | * |
| LPMs | 294 | 841 | (65.0) | 64 | 234 | (72.6) |
| Other gaming operations | 3 | 96 | (96.9) | (66) | (96) | 31.3 |
| Gaming Group | 1,565 | 5,958 | (73.7) | 191 | 1,980 | (90.4) |

FUNDING AND CASH FLOW

A photograph of a row of slot machines in a casino. The machines are illuminated with various colors, and the background is blurred, showing more machines and lights. The title 'FUNDING AND CASH FLOW' is overlaid in white text on a semi-transparent black background.

Net Debt and Liquidity (Rbn)

| | F'21 Sept | F'21 June | F'20 Mar |
|---------------------------|----------------------|----------------------|---------------------|
| NIBD ^{(1) (2)} | (11.7) | (11.9) | (11.2) |
| Guarantees ⁽³⁾ | (0.1) | (0.2) | (0.2) |
| | <u>(11.8)</u> | <u>(12.1)</u> | <u>(11.4)</u> |

Facilities available R1,050m (R1,350m as at 31 March 2020) - ONL & RCF

(1) NIBD includes accrued interest of R212m

(2) Cash and cash equivalents utilised by divisions for trading is included

(3) Reduction of guarantees with gaming boards

Covenant waiver of March 2021 must be concluded with lenders

Debt, Cash flow and Prospects

Acceleration of debt reduction possible from October 2020
Subject to no further set backs

Revenue > R0.6bn Sept 2020 month
EBITDA > R0.2bn Sept 2020 month
October further improvement – 1st full month of relaxed curfew
Restructuring of cost base and improved efficiency

Capex of R39m for interim reporting period
Only essential capex for 12 months following interim reporting period
No significant projects planned

R7.5bn of interest swaps remaining. R4bn maturing 30 June 2021
Opportunity to lower interest cost

No interim dividend. Final dividend unlikely