

# SUPPLEMENTARY QUARTERLY INFORMATION

for the three months ended 31 December 2013



### PEERMONT

HOTELS CASINOS RESORTS

#### **Peermont Global Limited**

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The content of this document is a high-level summary of the group's consolidated quarterly results which are made available for information purposes only and should not be utilised to make any investment or other decisions on or relating to the group. As it is a summary of the highlights of the results, it may contain inaccuracies or oversights which are not contained in the complete report. The complete results report has been made available to those persons and entities which are entitled to it.

We define EBITDA as earnings before interest, taxation, depreciation, amortisation and other non-cash items. EBITDAR is EBITDA before rental payments. We believe that EBITDA/R serves as a useful supplementary financial indicator to investors, since it is commonly reported and widely accepted by analysts and investors in measuring a company's/group's ability to service its long-term debt and other fixed obligations and to fund its continued growth. Further, EBITDA/R is a widely accepted indicator in comparing a company's/group's underlying operating profitability with that of other companies/groups in the same industry. EBITDA/R is not an IFRS measure and you should not consider EBITDA/R as an alternative to measures of net profit/(loss) or indicators of operating performance, as measures of cash flow from operations or as indicators of liquidity under IFRS. Funds depicted by this measure may not be available for our discretionary use (due to covenant restrictions, debt service payments and other commitments). You should note that EBITDA/R is not a uniform or standardised measure and the calculation of EBITDA/R, accordingly, may vary significantly from entity to entity, and by itself our presentation and calculation of EBITDA/R may not be comparable to that of other companies/groups.



## QUARTERLY CONDENSED RESULTS AND HIGHLIGHTS

for the three months ended 31 December 2013

#### **Results of operations of Peermont**

The following table presents selected condensed consolidated financial information of Peermont for the periods indicated.

Group income statement data	2013	%	2012
for the three months ended 31 December 2013	R'm	change	R′m
Revenue	821,8	6,6	770,7
Gaming	631,1	5,8	596,4
Rooms	77,7	8,5	71,6
Food and beverage	96,7	14,3	84,6
Other	16,3	(9,9)	18,1
Other income	4,8	*	2,3
	826,6	6,9	773,0
Operating costs	(592,5)	(8,0)	(548,8)
Employee costs	(173,3)	(5,2)	(164,8)
VAT and gaming levies on gross gaming revenue	(126,1)	(4,2)	(121,0)
Promotions and marketing	(52,3)	(18,3)	(44,2)
Depreciation and amortisation	(71,7)	(5,6)	(67,9)
Property and equipment rentals	(7,1)	25,3	(9,5)
Property costs	(27,2)	(15,7)	(23,5)
Consumables and services	(97,0)	(18,3)	(82,0)
Other operational costs	(37,8)	(5,3)	(35,9)
Operating profit before net finance expenses	234,1	4,4	224,2
Finance income	482,9	34,8	358,3
Finance expenses	(986,9)	(39,1)	(709,7)
Loss before taxation	(269,9)	*	(127,2)
Taxation	49,1	(10,9)	55,1
Loss for the period	(220,8)	*	(72,1)
Attributable to:			
Equity holders of Peermont	(227,5)		(79,1)
Non-controlling interests	6,7		7,0
	(220,8)		(72,1)
EBITDA reconciliation			
Operating profit before net finance expenses	234,1		224,2
Add: Depreciation and amortisation	71,7		67,9
Less: Gain on sale of Taung operation	(0,9)		_
Less: Net gain on sale of right to acquire investment	_		(0,9)
EBITDA	304,9	4,7	291,2
	7 1		9,5
Add: Rental charges	7,1		
Add: Rental charges  EBITDAR	312,0	3,8	300,7
		3,8	300,7 37,8%

<sup>\*</sup>Greater than 100%.

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## QUARTERLY CONDENSED RESULTS AND HIGHLIGHTS (continued)

for the three months ended 31 December 2013

## Financial highlights for the three months to December *Revenue*

- ♦ Group gaming revenues increased by 5,8% as compared to Q4 2012.
- ♦ Hotel and resort revenues increased by 9,4% as compared to Q4 2012.
- Overall hotel occupancies for the quarter were 77,5%, as compared to 76,1% for Q4 2012.

#### **EBITDA**

- ♦ EBITDA increased by 4,7% to R304,9 million in Q4 2013.
- ♦ Group EBITDA margin decreased from 37,8% in Q4 2012 to 37,1% in Q4 2013.

#### Segment highlights

- Revenue at Emperors Palace increased by 5,2% (from R484,1 million to R509,1 million). Gaming revenue at Emperors Palace increased by 5,0% for the quarter, a slightly higher growth than that of the overall Gauteng market, resulting in an increase in our estimated share of the Gauteng market from 24,1% to 24,4% for the quarter. Hotel and resort revenue at the property increased by 9,3% to R8,2 million for the quarter driven by conferencing revenues. Although EBITDA for the year to date grew by more than revenue, Emperors Palace increased its promotions and marketing spend and incurred certain once-off legal and settlement costs in the quarter. *Inter alia*, Emperors Palace paid R3,9 million in the fourth quarter to settle a labour dispute with employees dismissed in 2011, contributing towards a decline in EBITDA by 0,3% for the quarter (from R176,3 million to R175,8 million).
- Our Botswana operations grew revenue by 5,3% (from P64,2 million to P67,6 million) and EBITDA increased by 25,0% (from P14,8 million to P18,5 million). The revenue performance for the quarter was driven by encouraging growth in gaming revenue while the oversupply of hotel rooms in the Gaborone hotel market continued to impact negatively on hotel and resort revenue. EBITDA for the quarter grew from a low base due to the prior year provision for performance rental payable in respect of the Gaborone International Convention Centre being raised in O4 2012.
- ♦ The balance of our South African operations generated revenue growth of 7,8% and EBITDA growth of 8,5% as compared to Q4 2012. Notable performances for the quarter include:
  - Graceland revenue increased by 13,8% (from R46,4 million to R52,8 million) and EBITDA by 26,5% (from R13,6 million to R17,2 million) as compared to Q4 2012.
  - Frontier revenue increased by 7,3% (from R15,0 million to R16,1 million) and EBITDA by 20,5% (from R3,9 million to R4,7 million) as compared to Q4 2012.

Highlights for the three months to December 2	013
REVENUE	EBITDA
R821,8 million	R304,9 million
+6,6%	+4,7%







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