

Sun International's earnings down 20% to 325c

Hotels, gaming and resorts group Sun International has reported a 20% decline in diluted headline earnings per share (HEPS) to 325c for the six months ended December. Last years its HEPS was 408c.



Casino revenues remain under pressure for Sun International in South Africa and Chile. Image: Cristovao31 [Fotolia](#)

The company said that trading for the period remained challenging, particularly in South Africa where casino revenue had remained under pressure and at Monticello, in Chile, where the effects of the smoking ban persisted.

However, the weaker rand boosted the tourism industry and the group's hospitality revenues.

Revenue for the period was 4% higher at R5.4bn, with casino revenue in line with last year's results, while the group experienced strong growth in hospitality revenue, with room revenue up 26% and food, beverage and other revenue up 10%.

Casino revenue in the group's South African properties was up 3%, following a stronger second quarter where casino revenue was up 4.5%, it said.

Earnings before interest, tax, depreciation and amortisation (ebitda) at R1.5bn, was 5% less than last year. Operating profit was down 17% at R880m.

Volatility

The group said that because of the volatility it was experiencing in the industry and the changes the group was undergoing itself, it did not believe quarterly trading updates currently provided meaningful information on which to base investment

decisions. It said it doubted that these updates were indicative of trends currently being experienced in the business.

Consequently the board has decided to stop publishing the quarterly updates but would continue to publish the half-yearly profit announcements that gave a better indication of medium- and long-term trends.

The group was further restructuring and recently announced a consultation process with employees in terms of the Labour Relations Act. Looking ahead, it said it had made significant progress with its strategic objectives in the past six months, which include revenue growth and cost-cutting.

"The full benefits of these initiatives and the wider group restructure would only really reflect in the 2015 financial year," the group said.

Sun International said the trading environment was expected to remain subdued, but given the initiatives already implemented and the recent improvement in the performance of Monticello the group was optimistic that it would achieve growth in both ebitda and adjusted headline earnings in comparison with the second half of the 2013 financial year, it said.

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