



SUN INTERNATIONAL ANNOUNCES POTENTIAL RESTRUCTURING

Sun International Limited said today that following an extensive review of its South African operations, the company had commenced a consultation process in terms of section 189 and section 189A of the Labour Relations Act, 66 of 1995, as amended, with organised labour and other relevant stakeholders regarding a possible restructuring of the business.

The review followed a similar process and restructuring implemented at its business in Chile late last year.

The focus of the review process in South Africa has been on becoming more efficient and productive, improving revenues and profitability. The review process has identified potential opportunities to achieve these objectives and establish a stronger cash flow for the continued success of the company in the medium to long term.

Based on the company's initial assessment of restructuring possibilities, approximately 1,700 positions throughout the South African operations of the company (unionized and non-unionized) may potentially be affected. This initial assessment is subject to an in-depth consultation process that now commences, during which all options will be explored.

Sun International is experiencing increasing pressure on revenues along with growing operating costs. Over the past six years, revenue from the Group's South African operations has increased by only 17%, with EBITDA actually declining by 2% as a consequence of escalating costs

Over the same six-year period, employee costs have risen by approximately 39%, with the minimum wage increasing by 47%.

The assessment of the possible need to restructure forms part of an extensive process that the company has undertaken over the past year. A number of cost-cutting and revenue generating activities have already been undertaken or are currently in the process of implementation and on the positive side some benefit is now starting to flow from these initiatives. The revenue generated by the hospitality division of Sun international's business has also shown good growth over the past year which is helping to offset the lower growth in the core gaming business

Although the measures implemented to date have had a positive impact, in light of, amongst other things, the relatively poor economic environment and outlook - globally as well as locally - and the increasing forms of competition in the gaming industry, they do not obviate the need to propose a more significant restructuring of the way in which the company manages its operations, which if implemented may have an impact on employees.

Sun International CEO Graeme Stephens said: "In the current environment we have no choice but to propose the restructuring of the business. Retrenchments, if applicable, would be a last resort for us and certainly not a decision that would be taken lightly. We are putting every effort into both cost saving and revenue generating initiatives and will continue with these while we engage in a consultative process on the merits and depth of the potential wider restructuring. In this regard, all options will be explored."

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