



GRAND PARADE
INVESTMENTS LIMITED

REVIEWED RESULTS OF GRAND PARADE INVESTMENTS LIMITED

For the year ended 30 June 2013

14% increase
in Group
revenue

17% increase
in Slots Group
GGR

6% increase
in adjusted
headline
earnings per
share

Increase of 20%
on ordinary
dividend to
15 cents
per share

KEY PERFORMANCE INDICATORS

	Reviewed 30 June 2013 R'000s	Restated 30 June 2012 R'000s	Movement %
Revenue	489 353	430 651	14
Operating costs	(142 039)	(107 599)	32
Operating profit	70 692	91 804	(23)
Profit from equity – accounted investments	114 672	131 072	(13)
Profit before tax	140 531	263 010	(47)
Profit after tax	129 576	251 412	(48)
Basic and diluted earnings per share (cents)	28.55	53.58	(47)
Headline and diluted earnings per share (cents)	28.76	34.88	(18)
Adjusted headline and diluted adjusted headline earnings per share (cents)	30.97	29.23	6
Ordinary dividend paid per share (cents) #	12.50	10.00	25
Special dividend paid per share (costs) #	7.50	60.00	(88)
Net Asset Value per share (cents)	359	351	2
Tangible Net Asset Value per share (cents)	320	312	3

Final ordinary and special dividend declared in respect of the previous financial year.

STATEMENT

This short-form announcement is only a summary of the information in the full announcement and does not contain full or complete details. Any investment decision should be based on the full announcement. The short-form announcement is the responsibility of the GPI directors.

AVAILABILITY

The full announcement has been released on SENS and is available on our website (www.grandparade.co.za). It is also available at our registered offices for inspection at no charge, weekdays between 08h00 and 17h00.

Directors: H Adams (Executive Chairman), A Abercrombie, AW Bedford*, A Keet (Chief Executive Officer), S Petersen (Financial Director), Dr N Maharaj**, N Mlambo*, C Priem**, MF Samaai* (* Non-executive * Independent)

Grand Parade Investments Limited: ('GPI' or 'the company' or 'the Group')

Registered Office: 10th floor, 33 on Heerengracht, Heerengracht Street, Foreshore, Cape Town, 8001 (PO Box 6563, Roggebaai, 8012)

Transfer Secretaries: Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001; (PO Box 61051, Marshalltown, 2107)

Attorneys: Bernadt Vukic Potash & Getz Attorneys

Corporate Advisors: Leaf Capital (Pty) Ltd

Sponsor: PSG Capital (Pty) Ltd

Company Secretary: Lazelle Parton

Registration Number: 1997/003548/06

ISIN: ZAE000119814

Share Code: GPL

GPI PLAYS ITS CARDS RIGHT

From the highly successful launch of Burger King Southern Africa that saw turnover of R5 million within the first seven weeks; the acquisition of route operator licences in Mpumalanga and Gauteng to the construction of a world-class green building, it seems GPI holds all the cards.

Despite a slowdown in South Africa's economic growth, GPI reported 13.6% growth in group revenue and an increase in Gross Gaming Revenue (GGR) from their Limited Payout Machine (LPM) operations of 17.1%.

The board declared a dividend of 15 cents per share, a 20% increase on last year's ordinary dividend.

Headline earnings per share were down 17.5% from last year, while adjusted HEPS increased by 6%. This was as a result of non-recurring income and adjustments from the restructuring deal with Sun International Limited and a subsequent decrease in earnings from these assets. Earnings were also affected by transaction costs relating to the opening of the first BURGER KING® store in South Africa.

GPI's acquisition of the master franchise rights to operate BURGER KING® in South Africa and sub-Saharan Africa late last year was a significant coup. The opening of the first store on the ground floor of the company's newly acquired and renovated home at 33 Heerengracht in May happened in record time, subsequent to which two more stores have been opened and a further two are under construction.

GPI's casino investments also showed steady profit.

GrandWest Casino's 4.9% increase in revenue and 6.0% in EBITDA translated in a 51.6% increase in after tax profit. Although The Table Bay Hotel reflected an after tax loss, their performance has improved from the previous year and EBITDA rose by 210%. SunWest declared an increased dividend of R475-million, an increase of 46.2%.

Golden Valley Casino revenue remained flat on last year. Although EBITDA decreased by 3.8%, attributable earnings increased by 255.9%.

GPI also acquired the remaining stake in Akhona GPI which, once the conditions precedent are finalised, will result in GPI holding a direct stake of 5.6% in Sibaya Casino.

The Group's LPM GGR increased by 17.1% to R463.3 million through Grandslots in the Western Cape, Kingdomslots in KwaZulu-Natal and Grand Gaming: Slots in Gauteng.

At the end of June 2013, GPI's share of active LPMs in the Western Cape, where it has a single competitor, was 52.8%. This translated into GGR of R281.1 million, up 12.6% on last year.

KwaZulu-Natal has four licenced route operators and Kingdomslots remains the market leader, enjoying a LPM market share of 39.4% at the end of June 2013. Kingdomslots' GGR rose 19.8% from last year to R142.8 million.

Despite being a relatively new player in the Gauteng LPM market, which consists of five licensees, Grand Gaming: Slots enjoyed a LPM market share of 16.5% during June 2013. It generated R39.4 million in GGR during the reporting period, 47.6% higher than last year.

GPI CEO Alan Keet said: "At the beginning of August this year we announced that we would be expanding our footprint with two new LPM Route Operator licences - one in Gauteng and one in Mpumalanga. With these two transactions we are now able to roll



out as many as 6,000 LPMs, or double our current allocation. This brings us significantly closer to achieving our stated objective of acquiring LPM route operator licences for 7,500 machines in the short term.

"During the year we spent a significant amount of time in negotiating with the various parties related to Peermont Global Limited. Unfortunately we have been unable to reach a mutual agreement and have decided to terminate all negotiations". No significant costs were incurred during these negotiations.

GPI Executive Chairman Hassen Adams added: "The two additional route operator licences support our slot machine manufacturing joint venture with German-based gaming manufacturer and operator Merkur Gaming GmbH, which was signed late last year. We will soon be able to not only provide ourselves with better priced LPMs, and as a result have far better control over our largest expense, but we will also be securing additional jobs and support in the local manufacturing sector".

Grand Merkur (Pty) Ltd is expected to produce its first locally assembled LPM before the end of the calendar year.

Explaining overall group strategy, Adams said: "The continued growth in our LPM revenues, along with the general resilience of the sector is proof of the fact that our strategy of acquiring route operator licences in the appropriate Provinces is the right one. During most of 2013 the Gauteng Gambling Board was unable to issue licences, but the Board has since been reconstituted. Gauteng will now achieve a head of steam this year, and the Gauteng Gambling Board has already approved a further 120 LPM licences for Grand Gaming: Slots since year end.

"Synergies achieved across our three licences in Gauteng and Mpumalanga will serve to reduce our operating costs per machine and the enhanced revenues will see this region contributing on a much more meaningful level in 2014."

Grandslots and Kingdomslots will reach close to their full allocation by June 2014 and the company expects some progress in the Type B licence (in excess of five LPMs per site) and Bingo space soon.

Subsequent to the financial year end, GPI lodged a pre-qualifying submission to participate in the National Lottery Bid and Adams said the company will pursue that with vigour.

Adams pointed to the exclusivity deal the company has signed with Sasol for BURGER KING®, which will now grow at an accelerated pace. "There has been incredible interest in the brand. Our view is that we will far exceed the development milestones agreed to in our agreement with BURGER KING® Europe, with much of the growth taking place in Gauteng."

Looking forward, Adams pointed to the sports betting licence GPI recently acquired in the Western Cape: "Notwithstanding our pleasing growth in the LPM market this past year, we will look to enhancing the player experience by introducing a sports betting offering at our LPM sites, whilst we continue to assess the performance of each individual LPM across our network. These objectives and opportunities all point to the increasing significance of our manufacturing joint venture, Grand Merkur."

