



APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

Sun International HY 2026 Results

Share Price
Date

R47.0
10 September 2026

RESULTS SUMMARY

Sun International delivered a robust first-half 2026 performance, with total income (excluding Table Bay Hotel) rising 7.4% y-o-y to R6.6bn. Growth was supported by continued momentum in digital gaming and a recovery in land-based casinos. Adjusted EBITDA increased to R1.76bn with a margin of 26.6%. The group declared an interim dividend of 185c per share, up 7.6% from the prior year, maintaining its 75% AHEPS payout ratio.

Sunbet (Online Gaming) remained the key growth driver, with income surging 35.5% to R1.18bn, now contributing 18% of group revenue and 24% of adjusted EBITDA. Land-based Casinos returned to growth after three years, with income up 1.5% to R3.42bn and market share expanding to 49% following investments in new slot machines and stadium games. Hospitality revenue grew 7.7% to R1.2bn despite Middle East-related cancellations, while Sun Slots declined marginally due to protest-related disruptions and weaker execution in the Western Cape.

Looking ahead, second half trading has started strongly, with revenue growth through August ahead of the full-year guidance range of 6% - 8%. Management is also focused on improving operational efficiency and margins, targeting an adjusted EBITDA margin of around 29% by 2030. Continued growth in digital gaming, alongside the benefits of recent investments in flagship assets such as Sun City, should support earnings growth. At around 8x forward P/E and offering a high-single-digit dividend yield, Sun International trades below its long-term valuation average. We continue to see an attractive investment case, supported by strong cash generation, digital growth, and scope for further margin expansion.

OUR LONG-TERM INVESTMENT VIEW

- Sun International is a leading South African gaming and hospitality group that operates a diversified omnichannel portfolio across land-based casinos, online gaming (Sunbet), limited payout machines (Sun Slots), and iconic resorts
- The group is successfully integrating its four primary business units (**Urban Casinos, Sunbet, Sun Slots, and Resorts and Hotels**) into a seamless omnichannel ecosystem. This "One Sun" strategy centers on a unified loyalty program that drives customer engagement across both physical and digital platforms, enhancing long-term retention and lifetime value.
- **Sunbet** remains the group's most significant growth opportunity and is "firing on all cylinders" as it scales rapidly. By investing in advanced technology and leveraging the iconic Sun International brand, the group is capturing an increasing share of the digital gaming market, which provides a more scalable and higher-margin revenue stream than traditional land-based operations.
- The group's physical footprint, which includes 9 urban casinos and 4 premier resorts like **Sun City**, provides stable cash flow and a defensive hedge against digital-only competitors. Furthermore, **Sun Slots** serves a distinct, high-margin customer segment, providing a resilient revenue stream
- Sun International maintains a strong balance sheet and a disciplined approach to capital, focusing on high-return organic projects such as the refurbishment of flagship assets. This financial health supports a consistent shareholder return policy, demonstrated by maintaining a **75% payout ratio**

UNPACKING THE HY 2026 RESULTS

High-level numbers

- **Revenue:** HY26 total income (excluding Table Bay Hotel) of R6.6 billion, up 7.4% y/y, driven Sunbet and a return to growth in land-based casinos
- **EBITDA:** Adjusted EBITDA (excluding Table Bay Hotel) rose 2.0% to R1.6 billion, though the group's adjusted EBITDA margin
- **Hospitality:** Income (excluding Table Bay Hotel) grew 7.7% to R1.29 billion, driven by resilient domestic demand and a strengthened food and beverage offering. Growth was achieved despite approximately R20 million in cancellations during H1 related to Middle East tensions, benefiting from continued investments in flagship assets like Sun City

compressed by 1.3 percentage points to 24.1% due to marketing and capability investments

- **Headline earnings:** Adjusted headline earnings (AHEPS) increased 7.9% to 247 cents per share
- **Balance sheet:** The group maintains a strong financial position with a net debt-to-adjusted EBITDA ratio of 1.6x, comfortably within its 2.0x target, supported by 47.1% adjusted EBITDA to free cash conversion
- **Capex:** increased significantly to R492 million (HY25: R277 million) as part of a five-year value creation plan, with spend directed toward Sun City refurbishments, Sunbet digital platforms, and growth projects at GrandWest and Sibaya
- **Dividend:** Interim cash dividend declared of 185 cents per share, representing a 7.6% increase over the prior year's interim payout

Operational Performance

- **Land-based Casinos:** Income increased 1.5% to R3.42 billion, marking a return to growth after three years. The segment grew its market share by 2.3 percentage points to 49.0% as Gross Gaming Revenue (GGR) rose 4.4%, supported by the launch of 876 new slot machines and stadium games
- **Online Gaming (Sunbet):** Income surged 35.5% to R1.18 billion, with Sunbet now contributing 18% of total group revenue and 24.0% of total adjusted EBITDA. The segment's adjusted EBITDA grew 42.1% to R415 million, driven by a 32.3% increase in unique active player days (reaching 5.1 million) and the launch of new proprietary user interfaces

- **LPM (Sun Slots):** Income decreased marginally by 0.4% to R698 million, as the business was impacted by shop closures related to anti-illegal immigration protests and weaker execution in the Western Cape. Segment adjusted EBITDA fell 8.1% to R148 million due to the lower revenue base and once-off restructuring costs, though productivity initiatives through machine optimization continue

Looking ahead

Management expects FY26 capital expenditure of R900m – R1.2bn, with spending weighted toward the second half as Sunbet's technology stack is upgraded and refurbishment projects at GrandWest and Sun City progress. The group remains on track with its five-year value creation plan, targeting 6% – 8% revenue CAGR and an adjusted EBITDA margin of around 29% by 2030. Strong trading into August, ahead of the full-year guidance range, provides further confidence in the near-term outlook.

Sun International continues to target a 75% AHEPS payout ratio, supporting an attractive dividend yield. Margin and efficiency gains are expected to become more visible from 2027 as the current investment cycle matures.

The bottom line

At around 8x forward P/E and offering a high-single-digit dividend yield, Sun International trades below its long-term valuation average. We continue to see an attractive investment case, supported by strong cash generation, digital growth and scope for further margin expansion.

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