

SWAZISPA HOLDINGS LIMITED



Registration number 196212122000925
Listed on the Swaziland Stock Exchange (SSX)
Share code: Swazispa ISIN code: SZ0005797938

Financial Results for the six months ended 31 December 2016

The group earnings for the six months ended 31 December 2016 are as follows:

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 31 December 2016 Audited E000's	% Change	Six months ended 31 December 2015 Reviewed E000's	Year ended 30 June 2016 Audited E000's
Revenue	105 278	3%	102 350	193 335
Casino	38 484	(13%)	44 103	77 124
Rooms	30 861	16%	26 613	53 383
Food, beverage and other	35 933	14%	31 634	62 828
Direct costs	(56 761)	(2%)	(55 497)	(107 573)
Gross profit	48 517	4%	46 853	85 762
Indirect costs	(39 340)	(2%)	(38 541)	(73 530)
EBITDA	9 177	10%	8 312	12 232
Depreciation	(2 981)		(2 693)	(5 668)
Profit from operations	6 196	10%	5 619	6 564
Interest received	51		45	103
Interest paid	(756)		(769)	(1 478)
Profit before taxation	5 491	12%	4 895	5 189
Taxation	(1 536)		(699)	(1 491)
Profit after taxation	3 955	(6%)	4 196	3 698
Minority interests	-		-	-
Earnings attributable to equity holders of the parent	3 955	(6%)	4 196	3 698
Number of shares in issue (000)	6 994		6 994	6 994
Basic earnings / per share (cents)	56.5		60.0	52.9
Headline earnings / per share (cents)	55.4		60.0	52.9
EBITDA as percentage of revenue	8%		8%	6%

Determination of headline earnings:

Earnings attributable to ordinary shareholders	3 955	(6%)	4 196	3 698
Headline earnings adjustments - profit on disposal of property	(77)		-	-
Headline earnings	3 878	(8%)	4 196	3 698

GROUP STATEMENT OF FINANCIAL POSITION

	31 December 2016 E000's Audited	31 December 2015 E000's Reviewed	30 June 2016 E000's Audited
ASSETS			
Operating assets and investments	54 455	51 225	51 383
Deferred tax asset	51	2 379	1 587
Current assets	24 730	23 172	24 233
Total assets	79 236	76 776	77 203
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary shareholders equity	31 028	27 571	27 073
Minority interests	-	-	-
Total shareholder's equity	31 028	27 571	27 073
Long term borrowings	-	2 236	471
Deferred taxation	-	-	-
Other non current liabilities	4 582	4 193	4 696
Short term borrowings and bank overdrafts	14 717	9 962	19 921
Current liabilities	28 909	32 814	25 042
Total liabilities	48 208	49 205	50 130
Total equity and liabilities	79 236	76 776	77 203
Net asset value per share (cents)	444	394	387

GROUP STATEMENT OF CASH FLOW

	31 December 2016 E000's Audited	31 December 2015 E000's Reviewed	30 June 2016 E000's Audited
Cash generated / (absorbed) by operations	15 602	13 959	7 038
Investment income	51	45	103
Interest paid	(756)	(769)	(1 478)
Taxation paid	-	-	-
Dividends paid	-	-	-
Net cash generated / (utilised) by operating activities	14 897	13 235	5 663
Net cash utilised in investing activities	(6 563)	(4 507)	(8 104)
Net cash flow from financing activities	(5 675)	(3 715)	4 479
Increase / (decrease) in cash and cash equivalents	2 659	5 013	2 038
Cash and cash equivalents at beginning of year	8 643	8 643	6 605
Cash and cash equivalents at end of period	11 302	13 656	8 643

GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary shares and share premium E000's	Retained earnings E000's	Minority interest E000's	Total E000's
Balance at 30 June 2016	4 887	22 186	-	27 073
Profit for period to 31 December 2016	-	3 955	-	3 955
Balance at 31 December 2016	4 887	26 141	-	31 028

Commentary

The hospitality side of the business once again achieved satisfactory results whilst the gaming side of the business was down on the prior year. Although the southern African casino industry in general experienced a slowdown in business, the decline in gaming business in Swaziland was compounded by the difficult economic challenges facing Mozambique. Both Tables and Slots business reflected negative growth of 36% and 1.3% respectively whilst hospitality revenues increased by 15% on the previous year.

The growth in hospitality revenue is attributed to an increase in international, corporate and non-campaign business which increased by 32%, 3% and 27% respectively, partly offset by a decline of 6% in group and convention business and 20% in sport and leisure business. The increase of 14% on the prior year in food and beverage revenues is the direct result of an increase in room nights sold compounded by various festive season functions held during this financial year. The room occupancy increased by 1.6% points whilst the room rate was 16% up on the prior year.

Despite an increase in room nights sold and food covers served, the increase in direct costs was limited to 2%. Indirect costs were 2% up on last year mainly as a result of control measures. This resulted in an EBITDA of E9.2 million, an increase of 10% on the prior year.

Headline earning per share of 55.4 cents (2015: 60 cents) was achieved.

Capital expenditure

Capital expenditure of E5.8 million was incurred during the period, which included the refurbishment of the Convention Centre, slot machines, computer equipment, televisions, room safes, motor vehicles and kitchen equipment.

Funding

At 31 December 2016 the Company had bank borrowings of E14.7 million, E2.5 million up on the previous year. Given the high level of borrowings and the difficult trading conditions the directors are reviewing the Company's funding requirements on an ongoing basis.

Change in financial year end

The Group has changed its financial year end from 30 June to 31 December. The past six months' is the first period reflecting the 31 December year end.

Prospects

Facing difficult economic challenges regionally, trading is expected to remain challenging on the casino side of the business. Overall a marginal revenue growth is expected in the year ahead. The Company will continue to explore new gaming markets and will focus on gaming promotions, innovative equipment and offerings as well as cost control. It is expected that the Company will continue to generate positive operating cash flows in the year ahead.

Pending event

Sun International Limited ("Sun International") entered into an agreement with Minor International Public Company Limited ("MINT") that will result in Sun International's effective shareholding in the Company decreasing from 50.6% to 10.12% with MINT acquiring an effective 40.48% interest in the Company ("the MINT acquisition"). Sun International and MINT will continue to hold their respective effective interest in the Company via St Vincent Investments Limited.

The MINT acquisition is subject to the fulfillment or waiver of certain conditions precedent including inter alia the finalisation of transaction documents, which remain outstanding.

Audit of results

The financial results for the six months ended 31 December 2016 have been audited by PricewaterhouseCoopers.

Dividend

No dividend has been declared.

Annual general meeting

The annual general meeting of members of Swazisp Holdings Limited will be held at the Convention Centre, Royal Swazi Spa, Ezulwini Valley, Swaziland, on Tuesday, 23rd May 2017 at 10h00.

Corporate governance

The directors and management of Swazisp Holdings Limited confirm their commitment to the principles of openness, integrity and accountability as advocated by sound principles of Corporate Governance contained in the King reports.

For and on behalf of the board
R C Hawkins D D Dlamini
Director Chairman
23 February 2017

By order of the board
G J Richter
Group Secretary
23 February 2017

Registered Office

Umkhwa House, Lot 195
Kal Grant Street
Mbabane

Auditors

PricewaterhouseCoopers
RHUS Office Park
Kal Grant Street
Mbabane



Transfer Office

KPMG Advisory (Swaziland) (Pty) Limited
Umkhwa House, Lot 195
Kal Grant Street
Mbabane



Sponsoring Broker

Swaziland Stockbrokers Limited
Unit G5
Lilunga House
Somhlo Road
Mbabane



Directorate: D D Dlamini (Chairman), Sir R C Hawkins, Prince Masitsela, Dr. V M Mhlanga, D R Mokhobo, Princess Ngebeti, A T Ngcobo, S Z Simelane.

Group Secretary:
G J Richter