Tsogo Sun occupancies for year up 4.5%

With national hotel occupancies at 57% for the year, South Africa is still experiencing the dual impact of depressed demand and over supply, gaming and hotel group Tsogo Sun (TSH) said on Wednesday (16 May 2012).

Although the group's own hotels were likewise affected, a significant occupancy and rate premium was being realised through the strong sales and distribution channels as well as the superior product and service quality available within the group, it said.

Showing some recovery, the group's occupancies in South Africa improved to 60.9% (2011: 58.4%). Average Room Rates in the South African operations declined by 7% to R775, with the decline attributable to the higher achieved rates during the World Cup in the prior year. Overall revenue for hotels is ?at on the prior year at R1.6 billion. As a result, EBITDAR declined 9% to R512 million at a margin of 31.5%.

Gaming experienced revenue growth throughout the financial year with accelerated revenue growth across many of the group's casinos during the second six months.

Particularly noteworthy are the results of Montecasino and Gold Reef City casinos in Gauteng, which recorded gaming win growth of 8.4% and 11.3% respectively for the year.

Silverstar casino recorded a decline of 1.1% for the same period; disappointing results as the casino awaits the redevelopment spend that will improve its customer offering.

In KwaZulu-Natal, the Suncoast Casino and Entertainment World reflected growth of 5.8% in gaming win, and Golden Horse casino and Blackrock casino reflected growth of 11.6% and 13.7% respectively, showing strong demand in their relevant catchment areas.

The offshore division of hotels reported total revenue of R324 million during the year, up 20% from the prior year, assisted by the inclusion of Southern Sun Nairobi as a leased hotel (previously managed) with effect from 1 August 2010. EBITDAR (pre-foreign exchange gains) of R88 million was achieved while the Rand weakness in the second half of the year positively impacted the translation of monetary items resulting in a R13 million foreign exchange gain.