



Hospitality Sector Report 2023

LRS Labour
Research
Service

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EBERT
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TRADE UNION COMPETENCE CENTRE
SUB-SAHARAN AFRICA

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Introduction

There are three companies in the Hospitality sector that are represented in this report: City Lodge Hotels, Sun International, and Tsogo Sun Holdings. All three companies are listed under the Travel and Leisure sector of the JSE.

The data from the [MNC Database](#) of the LRS provides rich information that allows for a thorough review of the company performance over the years. Following this, the data allows for an assessment of the remuneration packages received by Executive and Non-executive directors in the sector.

The Sector

South Africa, being one of the top tourist destinations in the African continent, has a Hospitality Sector that is very reliant of tourism. More than 10 million people visited South Africa in 2019¹ However, due to the COVID-19 pandemic, the Hospitality sector faced severe economic impacts over the course of 2020 and 2021 with several hotels facing bankruptcy and permanent closure. As the government implemented extraordinary measures to contain the virus, such as travel restrictions and social distancing, the Hospitality industry was severely impacted. The financial implications are clearly visible in the 2020 and 2021 financial years.

However, in 2022, these extraordinary measures were lifted allowing the Tourism and Hospitality sector to begin its recovery. During this recovery period, the Hospitality sector experienced a general upward trend in performance and progress.² Over a million travellers passed through the South Africa ports this year

¹ <https://www.lrs.org.za/wp-content/uploads/2022/01/Hospitality-Sector-Report-2021.pdf>

² <https://www.mordorintelligence.com/industry-reports/hospitality-industry-in-south-africa>

³, resulting in a total revenue of ZAR 5.6 billion (only 85% of the total revenue recorded in 2019) recorded in September ⁴

The South African Hospitality sector is projected to have a value of USD 1.3 billion in 2023 and is anticipated to grow at a Compound Annual Growth Rate (CAGR) of 4.43% over the following 5 years ¹.

Financials

Revenue

The above upward trend is evidenced in company financials for 2022. Although revenue dropped to its lowest in 2020, it is now on the rise. In 2022, average revenue of the three companies represented in the data increased by over 100% with Tsogo Sun Holdings having the largest increase.

The revenue of City Lodge more than doubled from ZAR 500 million in 2021 to ZAR 1.1 billion in 2022 ⁵, Sun International reported a revenue increase of 35% for the 2022 financial year, and Tsogo sun reported the biggest increase of over 600% from 2021 to 2022.

Although these figures are still below pre-pandemic levels, it is important to note that these increases are seen as a sign of recovery from the impact of the COVID-19 pandemic.

³ <https://www.researchandmarkets.com/reports/5529500/south-africa-hospitality-market-growth>

⁴ <https://businesstech.co.za/news/lifestyle/644823/big-shift-hitting-restaurants-and-fast-food-in-south-africa/>

⁵ <https://www.news24.com/fin24/companies/city-lodge-doubles-revenue-occupancy-reached-56-this-month-20220921>

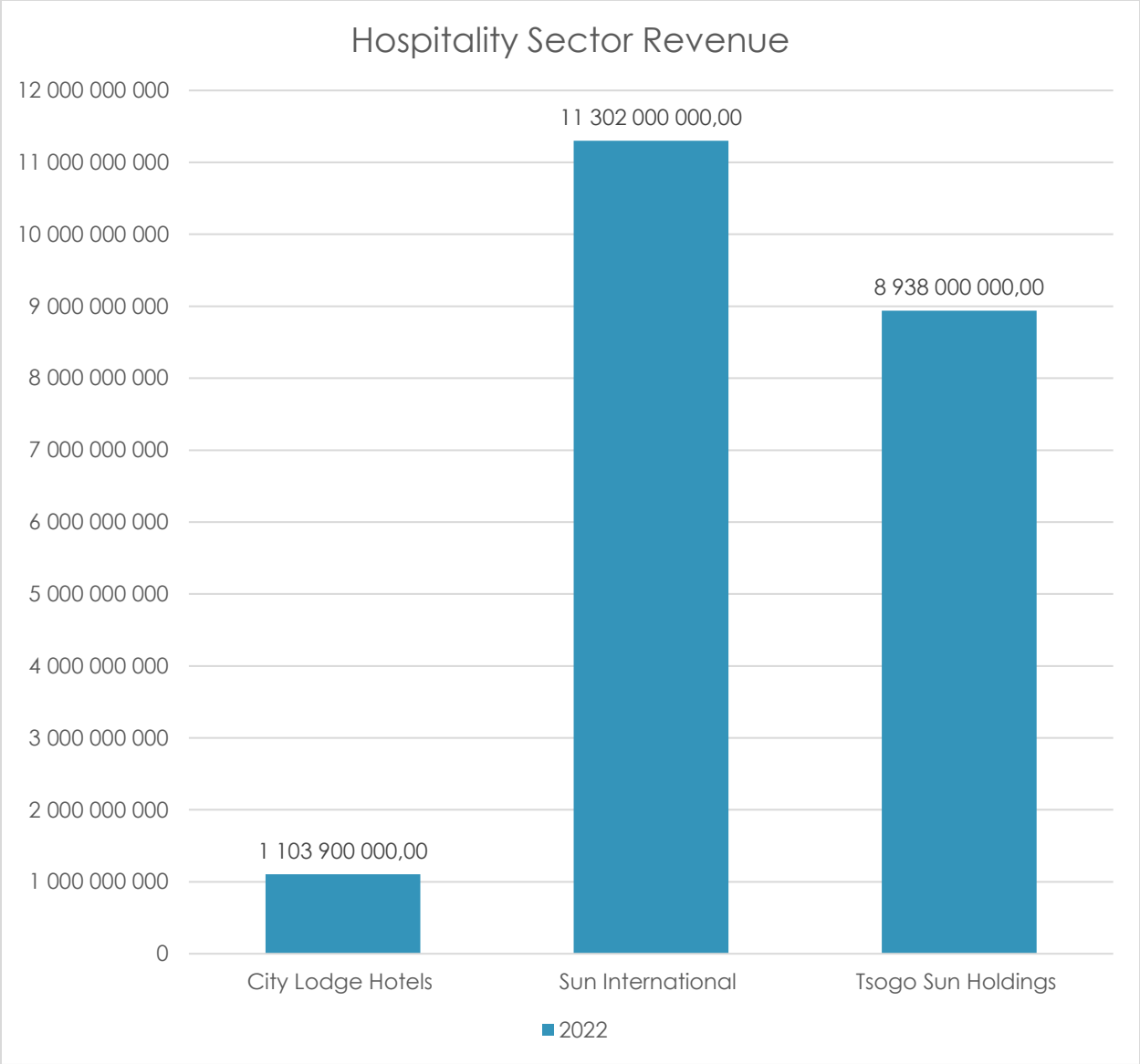
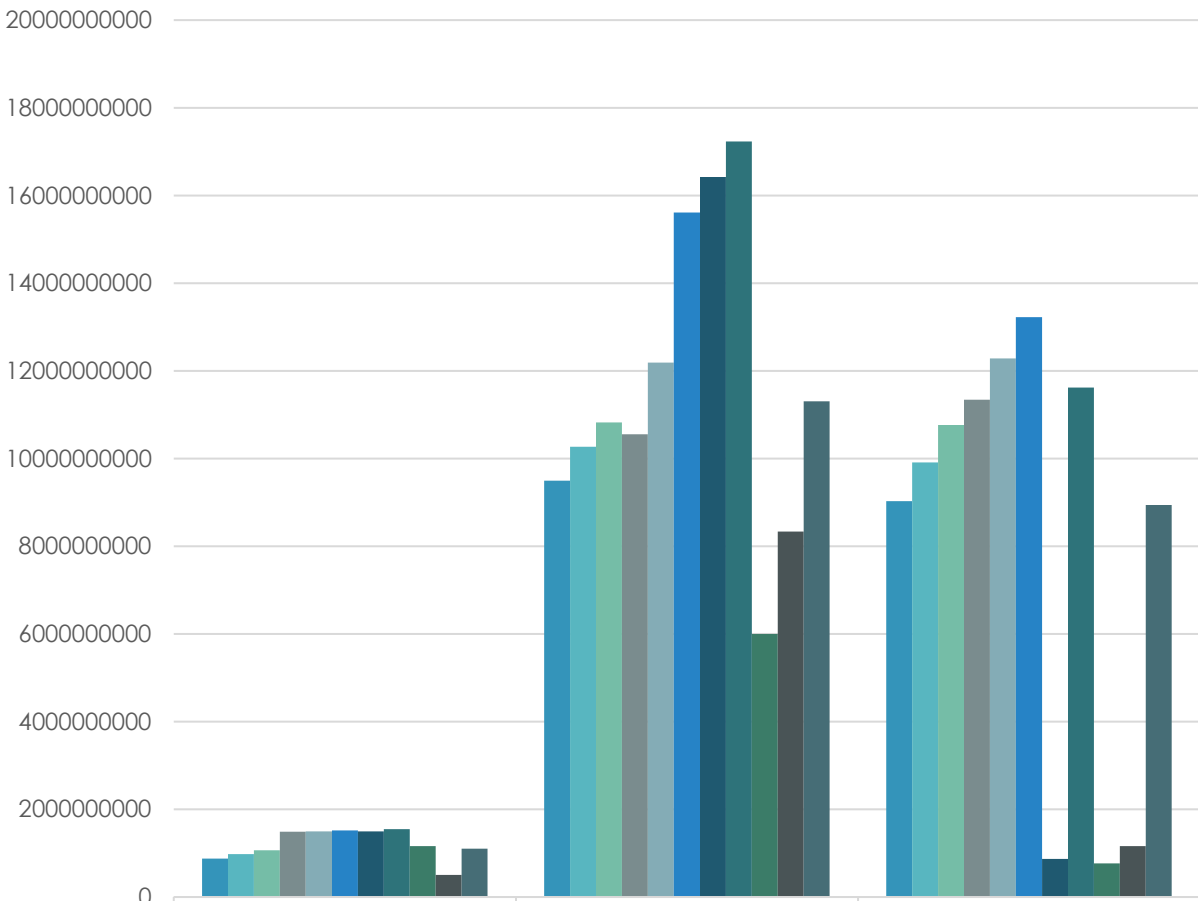


Figure 1 Hospitality Sector Revenue 2022

Hospitality Sector Revenue 2012-2022.



	City Lodge Hotels	Sun International	Tsogo Sun Holdings
2012	875822000	9494000000	9031000000
2013	975893000	10267000000	9910000000
2014	1062749000	10825000000	10767000000
2015	1487245000	10553000000	11343000000
2016	1493163000	12186000000	12283000000
2017	1520410000	15609000000	13222000000
2018	1498426000	16420000000	866917000
2019	1547984000	17232000000	11619000000
2020	1159283000	6003000000	767644000
2021	507816000	8334000000	1163000000
2022	1103900000	11302000000	8938000000

■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022

Figure 2 Hospitality Sector Revenue 2014 to 2022

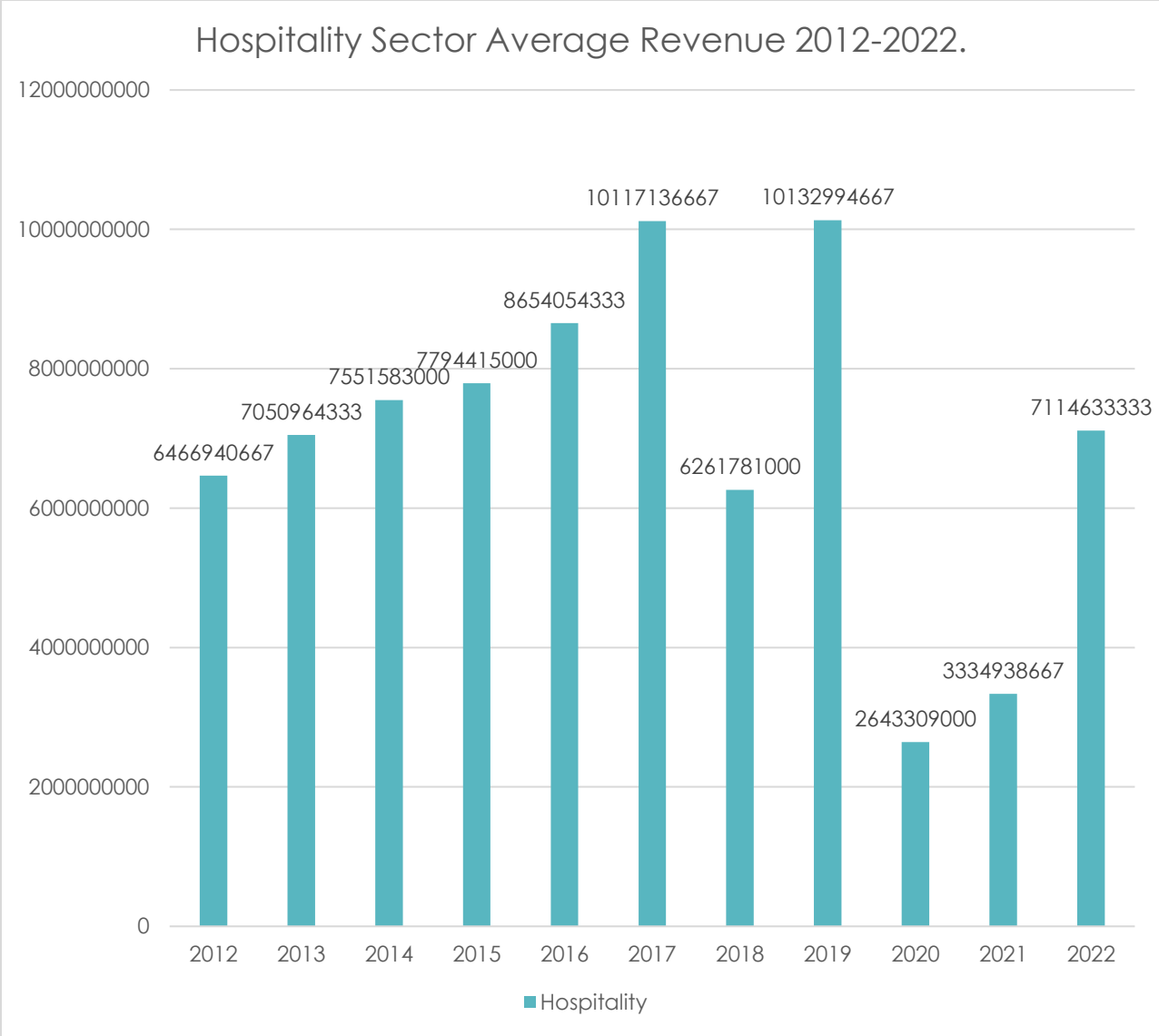


Figure 3 Hospitality Sector Average Revenue 2012 to 2022

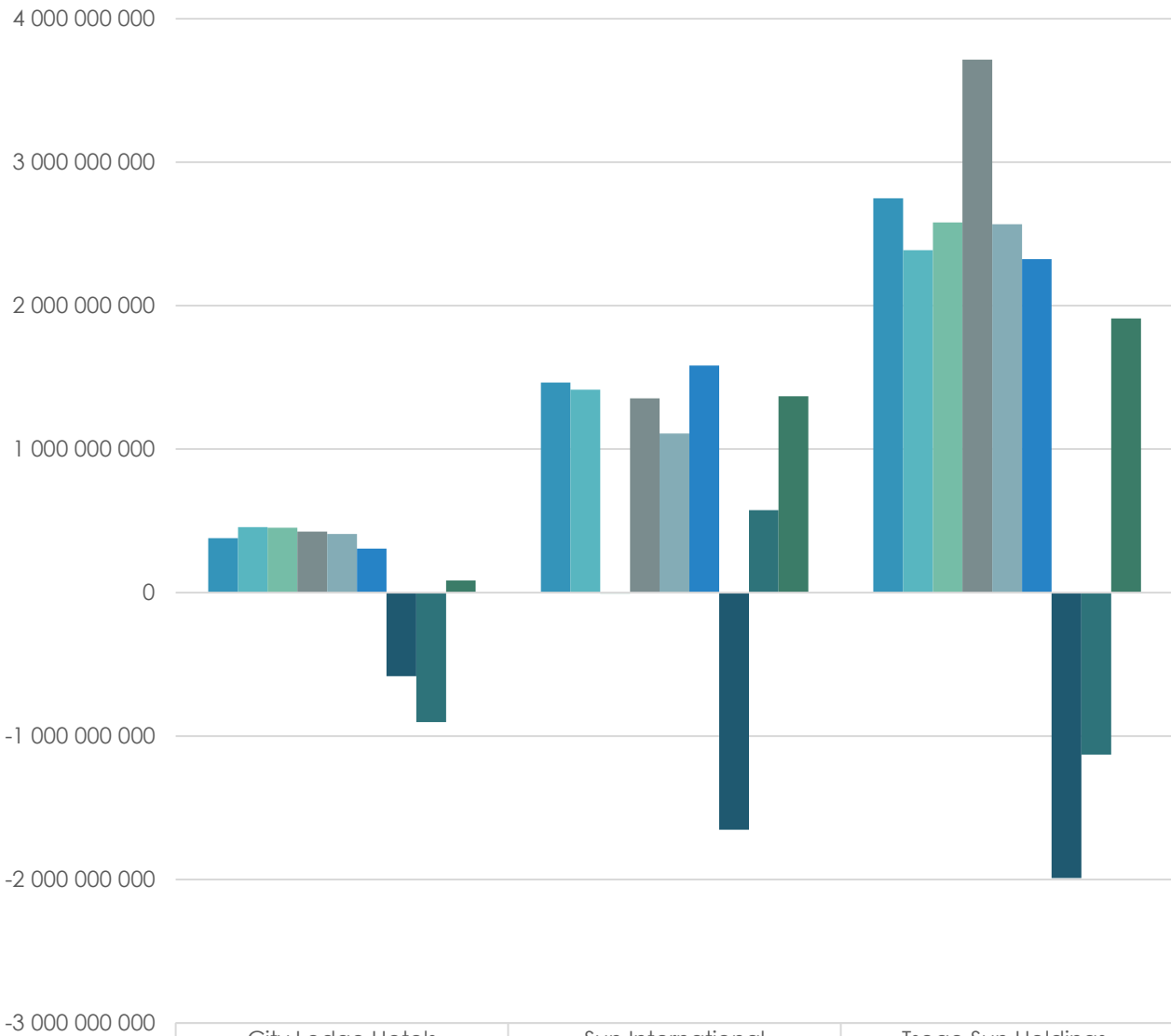
Profit before Tax

After reporting losses in both the 2020 and 2021 financial years, City Lodge Hotels and Tsogo Sun Holdings reported PBT for the 2022 financial year. From a loss of ZAR 900 million in 2021, City Lodge reported PBT of ZAR 83 million in 2022 and from a loss of ZAR 1.1 billion, Tsogo Sun Holdings reported a PBT of ZAR 1.9 billion in 2022. Sun International, being the only company that reported a PBT increase during 2021, reported a further increase of PBT in 2022.



Figure 4 Hospitality Sector Profit before Tax 2022

Hospitality Sector PBT 2014-2022.



	City Lodge Hotels	Sun International	Tsogo Sun Holdings
■ 2014	378 591 000	1 465 000 000	2 749 000 000
■ 2015	456260000	1415000000	2386000000
■ 2016	452142000	-6000000	2580000000
■ 2017	425395000	1354000000	3714000000
■ 2018	407705000	1108000000	2568000000
■ 2019	306975000	1583000000	2325000000
■ 2020	-582715000	-1653000000	-1988379000
■ 2021	-901597000	574000000	-1130000000
■ 2022	839000000	1368000000	1912000000

■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022

Figure 5 Hospitality Sector PBT 2014 to 2022

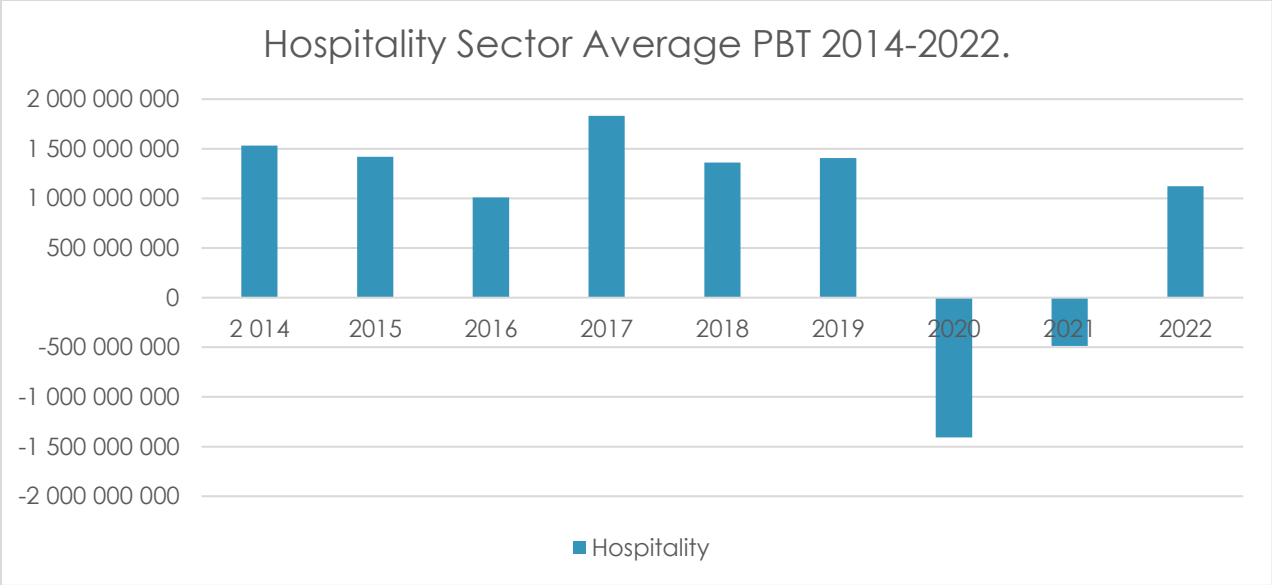


Figure 6 Hospitality Sector Average PBT 2014 - 2022

Directors' Remuneration

CEO Remuneration 2022

The LRS MNC database allows us to look at CEO remuneration over the course of the last twelve years. In the Hospitality sector, and our sample specifically, the general trend in average CEO remuneration varies significantly from year to year. In 2020, CEO remuneration went down. Given the dire situation of the sector, this is reflective of the losses the companies were facing. Average CEO remuneration increased in 2021 and increased further in 2022.

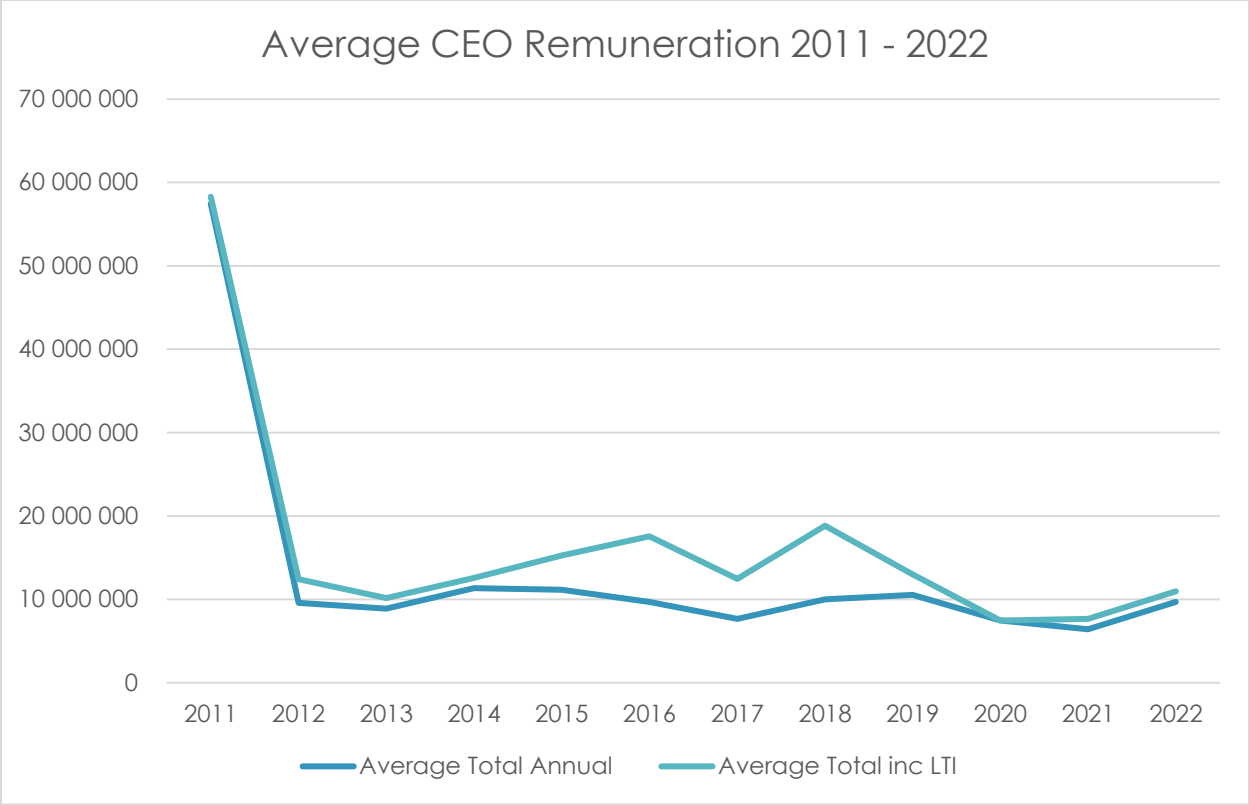


Figure 7 Hospitality Sector CEO Remuneration 2011 to 2022

Andrew Widegger, the CEO of City Lodge received a remuneration package of ZAR 7 million in 2022. His total remuneration included a salary of ZAR 5 million, benefits of ZAR 32 thousand, and a cash bonus of ZAR 2 million.

Anthony Leeming, the CEO of Sun International received the largest remuneration package of ZAR 22 million in 2022. His total remuneration included a salary of ZAR 7.7 million, a cash bonus of ZAR 8.2 million, and a long term incentive of ZAR 5.1 million.

The CEO of Tsogo Sun Holdings, Chris du Toit, received a remuneration package of ZAR 7.1 million. His total remuneration included a salary of ZAR 6.4 million, benefits of ZAR 100 thousand, and a cash bonus consisting of a prior short-term incentive settlement of ZAR 500 thousand.

In our sample, average executive remuneration went up by 27% and average non-executive director remuneration went down by 4% from 2021 to 2022.

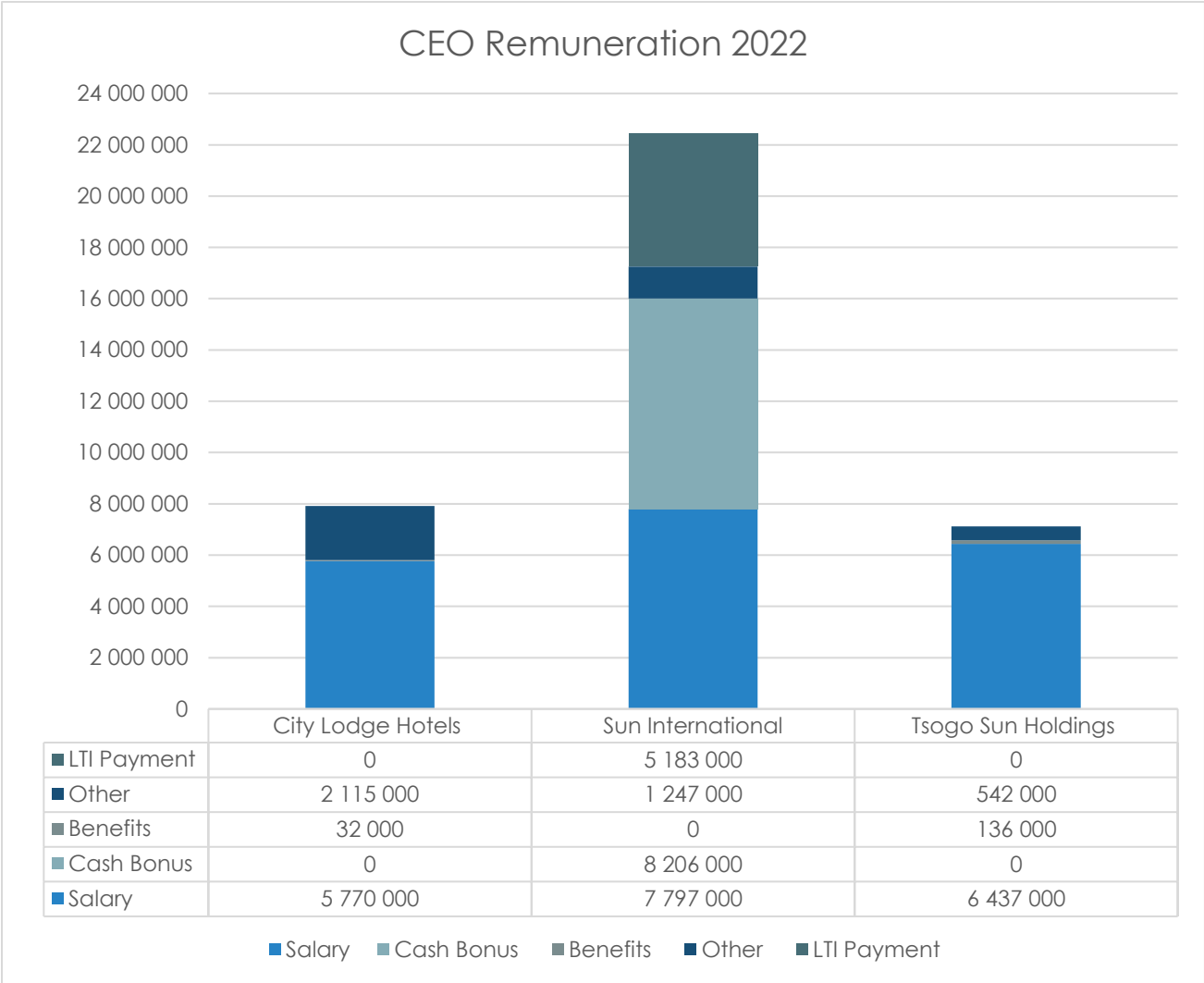


Figure 8 Hospitality Sector CEO remuneration 2022

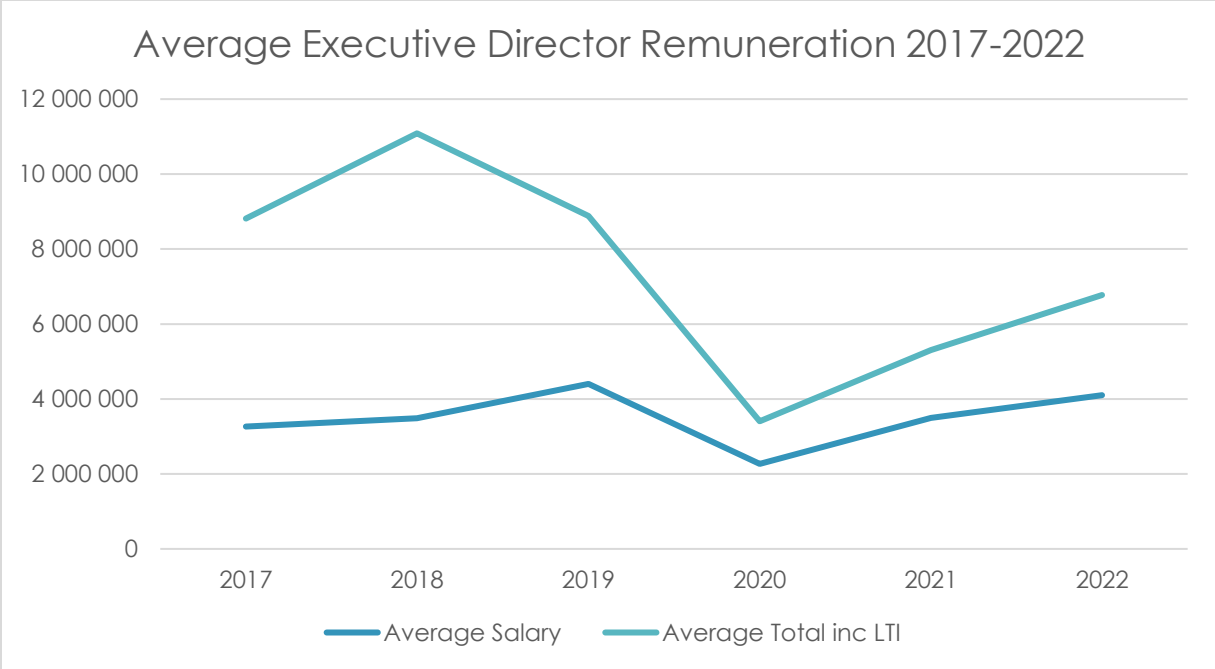


Figure 9 Hospitality ED Average Remuneration 2017 - 2022

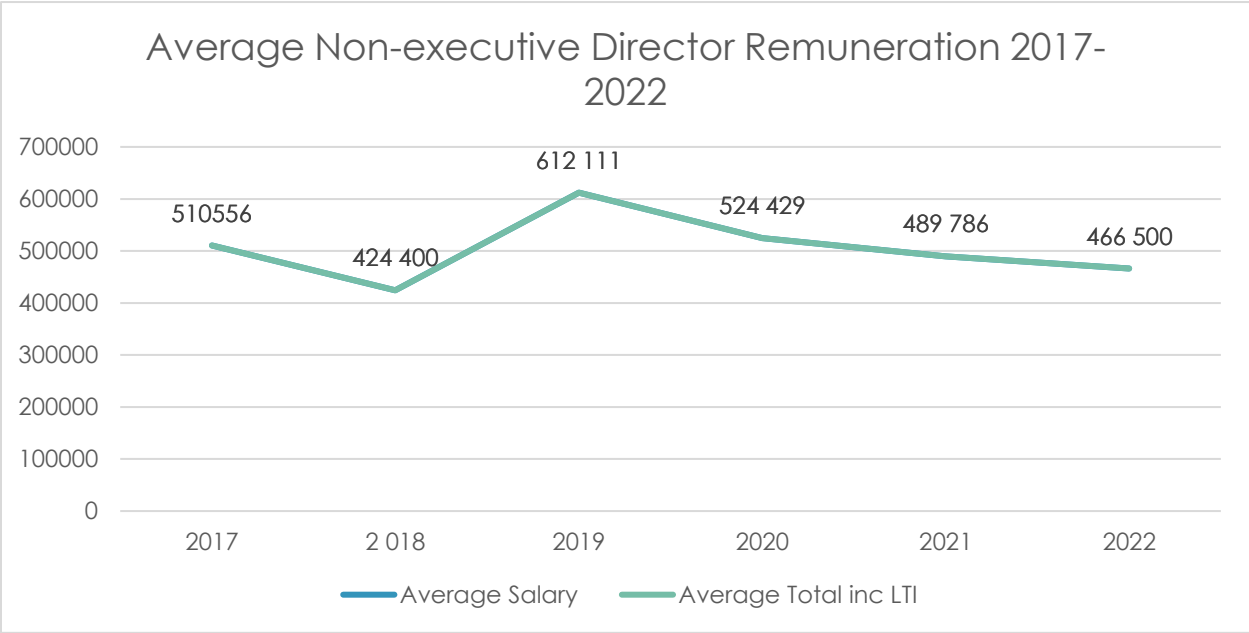


Figure 10 Hospitality NED Average Remuneration 2017 - 2022