

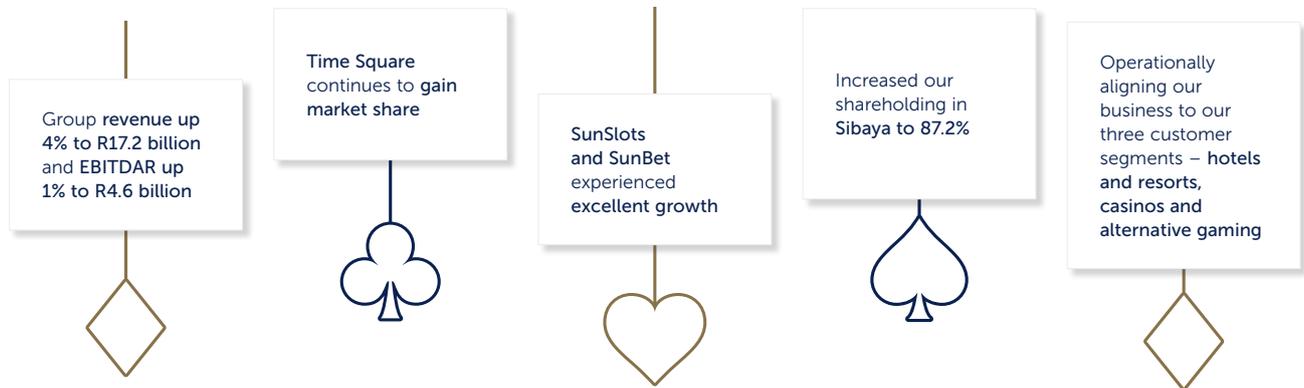
CHIEF EXECUTIVE'S REVIEW



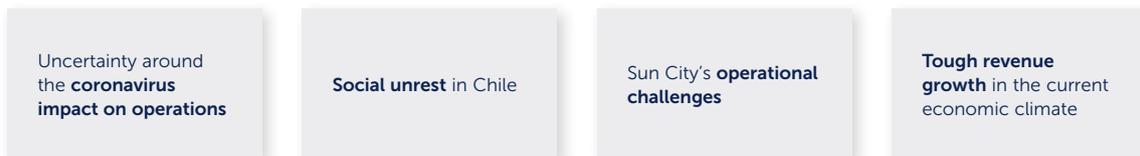
Anthony Leeming / Chief executive

Over the past few years, the group has been setting a foundation for operational excellence, ensuring our financial position is strong. Although trading conditions have been tough, we continue to generate strong cash flows, deleverage our balance sheet and our strategic acquisitions and transactions continue to create value.

KEY HIGHLIGHTS



CHALLENGES





Chief executive's review continued

OVERVIEW

The 2019 financial year marked a period of critical inflection in terms of delivering against our strategy to drive sustainable growth and profitability and unlocking value in the business. The group remained focused on its key strategic priorities: protecting and leveraging the existing portfolio; accelerating balance sheet de-gearing; driving efficiencies, optimisation and quality of earnings; dealing with loss-making units; and investing in quality assets for growth.

Financially, we posted a solid set of results with group income up 4% to R17.2 billion, primarily driven by above-market organic growth from key operations in South Africa and the impact of acquisitions made in Latin America (Latam) during the prior year. Adjusted EBITDAR was marginally up on the prior year at R4.6 billion with pleasing margin expansion in South Africa, offset by the impact of unexpected social unrest in Chile.

We continued to reduce group debt levels. Total South African debt amounted to R8.8 billion (excluding lease liabilities) at 31 December 2019, reflecting a R384 million net debt reduction after acquiring the minority interests in Sibaya for R593 million. Latam's debt levels reduced to R3.9 billion from R4.9 billion. We will continue reducing group debt levels, with a target debt: adjusted EBITDAR ratio of between 2 - 2.5 times in South Africa and Latam respectively.

We are in the business of creating lasting memories for our customers. To do that, we structured the business around them, concentrating on our three distinct customer segments: hotels and resorts, casinos and alternative gaming (SunSlots and SunBet). During the second half of 2019, we implemented a simplified central-office and group-operational structure, with a renewed focus on our customer segments. The revised structure will enhance the guest experience, improve operational efficiencies, and support continued margin improvement at our casino and hotel properties.

As part of these changes we appointed Graham Wood as chief operations officer: resorts and hotels. Graham is highly experienced and will bring a wealth of knowledge and industry experience to Sun International. We are in the process of looking for a chief operations officer: gaming, following the resignation of Thabo Mosololi. We also created a business support division head and appointed Michael Wilson to this role. This division will include certain central support services and will play a key role in leading innovation, technology and optimising digitalisation; to achieve our strategic objectives.

Service is a key differentiator in this challenging and increasingly competitive environment. Our people create the human connection for our customers, offering them memorable experiences so they always return. We use technology to enable efficient processes and to ensure seamless customer experiences no matter which properties they visit. To this end, we continue to focus on digitising our systems and operating environment, so they are more integrated to further enhance the customer experience. We are also reviewing our customer satisfaction measurement systems (Inquba and ReviewPro) by expanding the questionnaires to collect more consistent and granular information on our customer experiences across our hotels, resorts and casinos.

This integration also drives efficiencies and accountability. The group's workforce scheduling system was instrumental in improving employee scheduling and productivity based

"Financially, we posted a solid set of results with group income up 4% to R17.2 billion, primarily driven by above-market organic growth from key operations in South Africa and the impact of acquisitions made in Latin America (Latam) during the prior year."

on business demand. Going forward, we will focus on implementing defined and agreed productivity standards to improve employee productivity and the management of working hours, especially with our permanent part-time employees. Margin improvements were noted in our food and beverage division and the system integration also resulted in enhanced stock control and management. We continue to explore world-class gaming systems to ensure we remain innovative, relevant and continue to enrich our customer experience. We completed the installation of Playtech's Neon gaming system at the Park Hyatt Hotel, Casino & Spa in Mendoza Argentina during February 2020. We will monitor the system's performance and functionality before deciding on a standard system across our Latam operations.

We concluded several strategic transactions during 2019. In South Africa, we increased our shareholding in Sibaya from 64.8% to 87.2% for a total consideration of R593 million. In addition, we will shortly increase our SunSlots' shareholding from 70% to 100% for an amount of R504 million. These transactions effectively simplify Sun International's shareholding in these assets and reduce cash leakage by reducing minority dividends. Over time, they will be cash accretive and assist to further deleverage our debt.

In Latam, we concluded an agreement to dispose of a 14.9% interest in Sun Dreams for US\$86 million, which would have resulted in our partner in Sun Dreams (Pacífico Sur Limitada (Pacífico)) and ourselves owning 50% each, however, the transaction did not close.

OPERATIONAL SYNOPSIS

Significant progress has been achieved against the group's strategic objectives during the 2019 financial year, some of which are highlighted below. More detail on our specific strategic objective progress is included under the following sections: improve our existing operations and guest experience; protect and leverage our existing asset portfolio; grow our business into new areas and products; our people; and governance and sustainability.

South Africa

Despite a challenging local economy, our South African operations achieved total income of R11.5 billion, up 2% on the comparative period. Adjusted EBITDAR increased 5% to R3.3 billion. Tourism contributes significant economic growth in South Africa. Sun International's differentiators include its strong brand, proud legacy and iconic properties such as Sun City and The Table Bay Hotel. Tabled below are key developments relating to specific properties during 2019. We continue improving the aesthetics of our casinos and hotels through ongoing upgrades and refurbishments as well as scheduled maintenance, that prioritises the upkeep across our operations.



Chief executive's review continued

Property overview

BOARDWALK	Received gaming board approval in early 2020 to implement our LA10 restructuring Shopping mall development progressing well
CARNIVAL CITY	Completed the Privé upgrade and 15 hotel-room refurbishments. The balance of the rooms will be refurbishment in 2020
GRANDWEST	No further development on the relocation of casino licences Developing and implementing various initiatives to drive footfall and attract the Asian market
SIBAYA	Reintroduced the Imbizo conferencing facility and will be repositioning the Sibaya hotel to improve occupancy and room rate
SUN CITY	Made positive inroads in identifying and addressing Sun City's operational challenges Strengthened the management structure with the appointment of Brett Hoppe as the resort general manager and made several other senior management appointments Ongoing upgrades, refurbishments and infrastructure maintenance. Cascades refurbishments to be completed by October 2020 and Palace rooms refurbishment to start shortly Sun City's Vacation Club has been identified as an opportunity to expand our timeshare offering in other parts of the country
THE CAROUSEL	Operation significantly downsized but trading remains concerning Continued to explore land disposal opportunities
THE MASLOW SANDTON	Underperformance being addressed with renewed focus on service delivery and operational efficiencies
THE MASLOW TIME SQUARE	Gained steady casino market share growth, with 15.7% market share at the end of December 2019 Improved margins and identified further opportunities to drive margins and market share growth
THE TABLE BAY HOTEL	Submitted our lease renewal bid in 2019 – a decision by the Waterfront Company is expected in 2020
WILD COAST SUN	Casino licence extended to 31 March 2020 – awaiting finalisation of our licence renewal bid for a further 20 years Continued to strengthen relationships with the community (new equity partners) after an historical land claim settlement was concluded

Our MVG tiered loyalty programme celebrated 25 years of serving and rewarding our customers, showing a 5.2% increase in the active member base. Sun International entered into a strategic partnership with Resorts World at Sea – Crystal Cruises which, depending on loyalty status, rewards our most loyal MVG members with a complimentary two-week cruise.

Sun International's alternative gaming offerings – SunSlots and SunBet (online sports betting) – continue to gain traction in this growing market as we continue to expand our product offerings. Gross gambling revenues increased by 13% and 82% across SunSlots and SunBet respectively. We will be investigating cross-sell opportunities between SunSlots and SunBet to further meet increased alternative gaming demands.

Latin America

Our Latam operations performed below expectation, with comparable income up 1% to R4.6 billion and adjusted EBITDAR decreasing by 8% to R1.3 billion. The Chilean operations' contribution was down 12%, partially offset by full year contributions of the Mendoza Hyatt (Argentina) and Thunderbird (Peru) acquisitions during 2018, which have enhanced the diversification of earnings across the region.

The Sun Dreams operations showed tremendous resilience in the face of unexpected and widespread social unrest erupting in Chile during the last quarter of 2019. Operations were curtailed, with damage to a couple of the properties and disruption to trading during October and November. The demonstrations, which initially started over a rise in the fare of the metro in Santiago, quickly spread across Chile and widened into more general protest action against high levels of inequality, the high cost of healthcare, poor pensions and education. The Chilean government reacted by implementing



Chief executive's review continued

a raft of reforms to appease the populace. However, these may ultimately have the effect of increasing the cost of doing business in Chile. The government has also set a date in April 2020 to hold a referendum regarding the adoption of a new Constitution. Despite these challenges, Sun Dreams continued to demonstrate pleasing de-gearing and balance sheet strength.

In 2018, Sun Dreams was awarded the bid for the Iquique municipal licence, for a further period of 15 years.

Development of the casino component of the project has commenced with an expected opening in June 2021, with the hotel expected to open in December 2021.

Sun Dreams court application, challenging the award of Puerto Varas and Pucon licences on the basis that the competitor's bid did not meet the minimum requirements, was ruled in favour of the regulator. The ruling stated that it was the bidder's responsibility to comply with the bid and deliver the project. The competitor does not have zoning approval to build their project, which is required to be operational by 30 June 2020. Sun Dreams continues to operate the Puerto Varas licence.

Rest of Africa

As previously indicated to shareholders, Sun International is looking to exit its investments in Swaziland and Nigeria. We have received an offer for our Nigeria operation which is currently under consideration.

FINANCIAL SYNOPSIS

Our group financial performance is covered in detail in the chief financial officer's review.

REGULATORY AND RISK OVERVIEW

The group continues to face similar regulatory challenges and risks as in the prior period and continues to closely monitor developments. These include the proposed smoking legislation in South Africa and Chile; concerns around changes to gaming taxes in South Africa and Peru; allowing the relocation of licences in the Western Cape; and the ongoing erosion of market share due to Electronic Bingo Terminals (EBTs) and Independent Site Operator (ISO) licences in catchment areas. A key risk that moved into our top 10 risk matrix, is the potential renewal licence bid terms and conditions for our SCJ casinos in Chile, which expire in 2023 and 2024. We have been informed that the renewal process for the Chilean SCJ licence will begin in 2020, with adjudication in the second half of 2021. Draft legislation has been published although due to the coronavirus we anticipate a delay in the renewal process.

PEOPLE OVERVIEW

Employees enable excellent customer service, fulfilling the group's purpose of creating lasting memories. During 2019, a comprehensive coaching and mentoring programme was rolled out to engage and motivate high performing employees to achieve their personal and professional development goals. The SunWay culture and employee value proposition, together with our CLEAR principles (connect, listen, engage, act and reconnect) continue to reinforce a cohesive and ethical culture, which boosts customer satisfaction. We are also actively embedding our employee engagement and recognition systems.

While it is essential that we continue to operate efficiently in this difficult economic environment, we are aware of the uncertainty this creates among employees. Although every effort was made to minimise employee impact during the central office restructure, headcount was reduced by approximately 80.

SUSTAINABILITY OVERVIEW

Sustainability is central to Sun International's operations and integrated into our group-wide strategy and decision-making process. Conducting sustainable business practices is a competitive advantage and ensures that we maintain our social licence to operate. We continued to focus on reducing our environmental footprint, improving the safety and wellbeing of our employees and customers, and contributing to the upliftment of our communities through our socio-economic development (SED) projects and enterprise and supplier development (E&SD). Our sustainability progress is detailed in various sustainability sections of this report: governance and sustainability; environment; health and safety; SED and E&SD.

Community upliftment and shared value remains a priority for Sun International. Through proactive community engagement, in the areas we operate in, we continue to identify and promote local employment and local procurement.

Sustainability impacts

Achieved zero fatalities group-wide

Implemented 25 SED projects that incorporated either environmental or health and safety or both aspects

General decrease in electricity consumption across most units

Maintained our Level 1 B-BBEE for the third year in a row

Launched our first internal online sustainability e-learning programme for employees

- R56.7 million invested in E&SD, which benefited various beneficiaries from within our local communities
- Supported 15 beneficiaries through formal business development support in line with the requirements of our E&SD programme

Embraced six SDGs where the group has the most impact

Sun International exceeded its 45% target for preferential procurement spend; the revised 2020 goal is to reach and maintain 60% spend



Chief executive's review continued

GOVERNANCE OVERVIEW

Further progress was made in integrating and aligning Latam's and the rest of Africa's governance frameworks with our South African operations. These alignments allow local operations to focus on operational matters while material matters are elevated to the group board.

As part of our IT governance, Sun International revised its IT strategy during 2019, with an emphasis on defining a digital roadmap that aligns with business requirements. Data and information enable our success, supporting our purpose of creating great memories for our guests, people and stakeholders. To realise this value, we will be driving a data and information strategy that allows us to use data as an asset in driving our customer-centric aspirations.

OUTLOOK

Given the current uncertainty in global markets linked to a depressed local economy and subdued consumer confidence, we do not anticipate an improvement in trading conditions in the short term. Notwithstanding the subdued trading conditions, management will continue to focus on its key strategic objectives, including creating ongoing efficiencies and optimising business opportunities. We will place emphasis on improving our operations and customer experience and will continue to take the necessary action on loss-making entities. Maslow Time Square is expected to gain further market share as well as grow income and adjusted EBITDA and we will focus on growing our alternative gaming business.

Aside from the various challenges faced in Latam, we are focusing on our current operations to improve their performance and will leverage off Chile and Peru's positive GDP growth forecast. We continue exploring further growth opportunities in Latam, including the online market, where several countries are in the process of regulating this industry.

On 23 March 2020 South Africa's State President, Cyril Ramaphosa, declared a nationwide lockdown with effect from midnight on Thursday, 26 March 2020 until midnight on Thursday, 16 April 2020, to curb the spread of the coronavirus pandemic. Subsequent to the President's lockdown announcement, we have closed all our South African hotels and casinos on 24 March 2020 and 25 March 2020 until the end of the lockdown period. During the lockdown period, the group will operate on a limited staff basis to ensure

"During the lockdown period, the group will operate on a limited staff basis to ensure the general maintenance and security of properties. We have engaged with our union, employees, suppliers, service providers and concessionaires and significant action is being taken to reduce costs during the lockdown."

the general maintenance and security of properties. We have engaged with our union, employees, suppliers, service providers and concessionaires and significant action is being taken to reduce costs during the lockdown.

In accordance with the Chilean Superintendency of Gambling Casinos regarding the COVID-19 outbreak, all our Chilean casinos, along with the hotels and food and beverage operations were closed on 18 March 2020.

The relevant authorities have also closed our operations in Peru, Argentina, Colombia and Panama and at this stage it is not certain when they will be allowed to reopen. The measures taken are in accordance with the instructions of the pertinent authorities, in order to ensure the containment of the spread of the virus. The authorities will continue to monitor the situation to determine when we will be permitted to reopen.

While Sun International continues to engage with its various lenders to ensure that its credit facilities are maintained, the full financial impact of this coronavirus on the group will only be able to be determined once the lockdown has been uplifted and its ramifications properly assessed. Shareholders will be kept apprised of developments in this regard.

Notwithstanding these extraordinary and uncertain times, Sun International's board and management remain fully committed to ensuring the future viability and sustainability of the group and are taking every reasonable step to minimise the impact on our employees, suppliers and business partners.

We remain committed to providing excellent customer service and continue to live according to our values and the SunWay culture.

APPRECIATION

Thank you to the board for their steadfast leadership and guidance during this financial year. I appreciate the passion, commitment and discipline that my management team and employees continue to demonstrate in this difficult trading environment.

I also appreciate that plenty of challenges still lie ahead, in particular recovery from the coronavirus. However, I believe that together we are getting the basics right and reshaping our business to create lasting memories for our customers and employees.

Anthony Leeming

Chief executive

31 March 2020