

STRATEGIC OBJECTIVES

Improve our existing operations and guest experience

Protect and leverage our asset portfolio

Grow our business into new areas and products

Our people

Governance and sustainability

GROW OUR BUSINESS INTO NEW AREAS AND PRODUCTS

We continue to seek strategic growth opportunities and implement new products group-wide to strengthen our balance sheet, reduce debt levels and enrich our customer experience.

IMPACTS



FOCUS AREAS IN 2019

Self-assessment: **ACHIEVED/ GOOD PROGRESS** **IN PROGRESS** **LIMITED PROGRESS**

Continuing to manage our assets efficiently to provide acceptable returns on investment

WHAT WE ACHIEVED

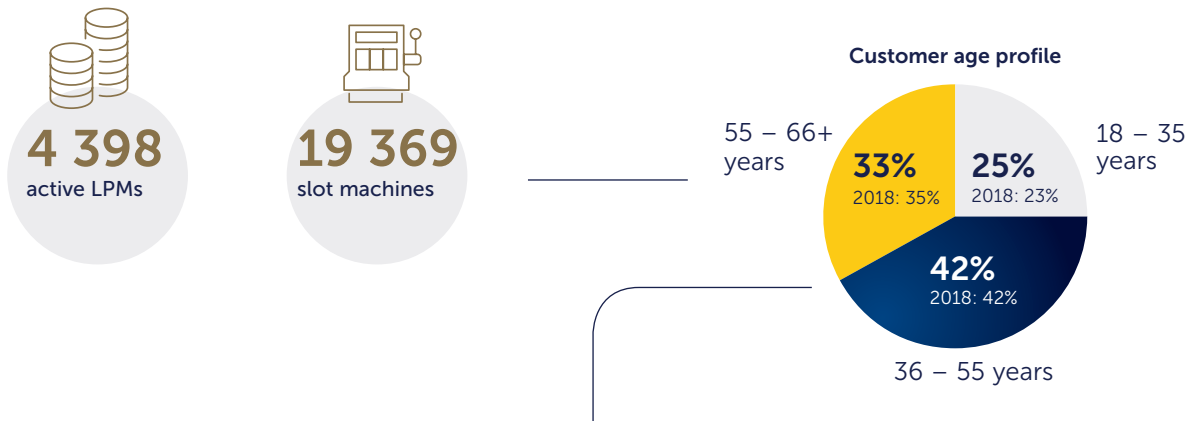
Strategic transactions in Sibaya (87.2%)



Grow our business into new areas and products continued

OVERVIEW

We focus on strategic investments, disposals and bedding down our significant investments to ensure we deliver a return on investment and grow the business in the eight countries where we operate.



Sun International increased its equity interest in Sibaya from minorities to **87.2%** by effectively acquiring a **23.9%** equity interest for **R593 million**.



The group will increase its equity interest in SunSlots to 100% by effectively acquiring GPI's 30% interest in SunSlots for R504 million. The acquisition is still subject to the approval of the gaming board and GPI's shareholders.

Earlier in 2019 we announced a transaction involving the disposal of a **14.94%** equity interest in Sun Dreams to Pacifico Sur Limitada (Pacifico) for **US\$86 million**, which would have resulted in each party holding a 50% equity, however, the transaction did not close.

Sun Dreams' Park Hyatt Hotel, Casino & Spa

in Mendoza, Argentina, acquired in 2018, performed according to expectations.

The Park Hyatt Hotel, Casino & Spa comprises **186 rooms, 695 slot machines** and **19 tables**. The casino licence is valid for a 20-year period.

Sun Dreams' Thunderbird Resorts, acquired in 2018, includes four gambling operations. It generated a positive EBITDAR, however earnings were marginally lower than anticipated. The operations have been impacted by the introduction of a new gaming tax, which amounts to approximately 5% of revenue. The gaming industry in Peru is challenging the imposition of this new tax.



Grow our business into new areas and products continued



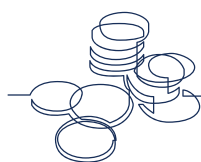
The online sports betting market is rapidly increasing as customers prefer the convenience of electronic accessibility (e.g. mobile devices). In South Africa, our **SunBet sports betting platform** showed excellent growth and the group continues to look at offering new products based on research and to meet growing demand. These offerings include video games, e-sports and virtual games. During 2019, we refurbished an area at Carnival City to create a SunBet retail outlet and are currently converting the sports bar at GrandWest to a SunBet retail outlet and bar. Sibaya will likewise aim to secure a retail licence and open a SunBet outlet. In Peru we will shortly be launching our online sports and gaming business under the brand SolBet.

We are exploring opportunities to optimise all SunSlot locations by encouraging licence holders to become acquisition partners that market our SunBet online platform offering for a commission. Other opportunities include targeting the lower end LSM market by allowing bets on sites through vouchers as opposed to credit cards.

SunSlots is part of the group's alternative gaming strategy. SunSlots holds six licences in four provinces: Gauteng, KwaZulu-Natal, Mpumalanga and the Western Cape.

It has over **4 300 LPMs across 840 sites**. In 2019, SunSlots increased its gross gambling revenue (GGR) by **13% to R1.3 billion (2018: R1.2 billion)**. The average GGR per machine per day of was up **5% to R873 (2018: R833)**, largely due to product improvements at existing outlets and additional revenue from new sites.

During 2018, over 400 machine licence applications were submitted to the gaming boards for approval across our various SunSlots units. Encouragingly the bulk of type B licences were approved (secured) for the first time in KwaZulu-Natal, which will allow for the roll-out of up to 40 LPMs. This will fill the demand for additional gameplay and improve LPM revenues. In the Western Cape we secured an additional 500 LPM licences, bringing the total allocation to 1 500.



LOOKING AHEAD

- Continuing to drive organic growth and exploring expansion opportunities
- Securing alternative LPM products and improving relations with regulators
- Continuing to explore new product offerings