# BUSINESS MODEL

We use the six capitals in our business model which, through our business activities, culminate in outputs and outcomes that create value for our various stakeholders. Good corporate governance, sustainable business practices and risk management underpin our business model and provide the foundation on which we build and grow our business.

| Activities and outputs | Capitals | Inputs | Business activities | Stakeholders | Outputs | Outcomes | Game changers |
|---|---|---|---|---|---|---|---|
| **GAMING**<br><br>Our gaming licenses are the most critical enabler allowing us to operate. | **Financial capital**<br>Our source of funds includes debt and equity, which we use for business operations including running costs, property refurbishments, and maintenance and strategic acquisitions.<br><br>**Productive capital**<br>Our unique properties form the bricks and mortar where our business activities are carried out to ensure we offer our guests an unforgettable experience. Our unused land also creates opportunities for development.<br><br>**Human capital**<br>Our people are the primary interface with our guests and the custodians of the memorable experience we strive to offer our guests.<br><br>**Intellectual capital**<br>Our intellectual capital includes our gaming licences, brand and know-how, which provide our licence to operate and cultivates a wealth of management expertise and innovative IT.<br><br>**Social and relationship capital**<br>Our guests, shareholders, employees, communities, gambling boards, government and regulators are key stakeholders and e actively engage with and manage these stakeholder relationships to promote a shared value proposition.<br><br>**Natural capital**<br>Our business activities depend on natural resources, particularly water and energy. Some of our properties are located in pristine environments rich in biodiversity, which we protect and preserve. | ▶ Cash flows from internal operations R3 billion<br>▶ Debt and equity funding<br>▶ 31 properties<br>▶ 775 tables<br>▶ 18 717 slot machines<br>▶ 3 720 LPMs<br>▶ Unused land<br>▶ 12 959 group employees<br>▶ 27 licences<br>▶ Respected brand and reputation<br>▶ World-class gaming systems<br>▶ Active stakeholder engagement<br>▶ Energy and water | ▶ Evaluating our licence conditions<br>▶ Diversifying across Latam and divesting where appropriate<br>▶ Renewing casino licences<br>▶ Engaging gaming boards and CASA<br>▶ Investigating alternative gaming options<br>▶ Offering responsible gaming interventions<br>▶ Enhancing the SunMVG programme<br>▶ Engaging communities | ▶ Communities<br>▶ Customers and guests<br>▶ Employees<br>▶ Equity partners, shareholders and debt funders<br>▶ Gambling boards<br>▶ Partners and suppliers<br>▶ Regulators and industry bodies | ▶ Gaming contributes 80% of group revenue (2017: 73%)<br>▶ Government taxes including levies and VAT R4.5 billion (R4.2 billion in 2017)<br>▶ 27 gaming licences<br>▶ 775 tables<br>▶ 19 869 slot machines<br>▶ 4 040 limited payout machines (LPMs)<br>▶ 14 632 group employees<br>▶ SED spend R23 673 966 | ▶ Maintaining gaming and social licences<br>▶ Influencing gaming legislation<br>▶ Expanding geographic footprint<br>▶ Significant tax contribution<br>▶ Unintended consequences of gambling | **Vision**<br><br>To be an internationally recognised and respected gaming and hospitality group that provides memorable experiences for our guests, offers rewarding employment for our people, delivers superior returns for our shareholders and creates genuine value for the communities in which we exist.<br><br>**Strategic objectives**<br>▶ Improve our existing operations and our guest experience<br>▶ Protect and leverage our existing asset portfolio<br>▶ Grow our business into new areas and products<br>▶ Our people<br>▶ Governance and sustainability<br><br>**Operating environment**<br>▶ Changing regulations<br>▶ Economic and political climate<br>▶ Industry and gaming bodies' requirements<br>▶ IT advancements and integration of technology<br>▶ Societies expectations<br><br>**Differentiators**<br>▶ Strong brand and proud legacy<br>▶ Pioneers in gaming in South Africa<br>▶ Industry leader in the field of big events<br>▶ Unique iconic properties<br>▶ Significant contributor to the economy<br>▶ An international business |
| **HOTEL AND RESORTS**<br><br>Our unique hotels, their location and superior service offerings are some of our key differentiators to offering an unforgettable experience for our guests, which keeps them choosing Sun International as a destination of choice. | | ▶ Cash flows from internal operations R3 billion<br>▶ Debt and equity funding<br>▶ 31 properties<br>▶ 4 340 rooms<br>▶ 384 Vacation Club units<br>▶ Unused land<br>▶ 12 951 group employees<br>▶ Respected brand and reputation<br>▶ IT systems<br>▶ Active stakeholder engagement<br>▶ Energy and water | ▶ Maintaining and improving infrastructure and efficiencies<br>▶ Leveraging our iconic properties<br>▶ Integrating sustainable business practices<br>▶ Conducting customer surveys<br>▶ Managing underperforming properties | ▶ Customers and guests<br>▶ Employees<br>▶ Equity partners, shareholders and debt funders Partners and suppliers | ▶ Hotel and resorts contribute 8 % Revenue (2017: 8%)<br>▶ Total capex R1 050 million (2017: R2 591 million)<br>▶ 4 454 rooms<br>▶ 384 Vacation Club units<br>▶ 14 632 group employees | ▶ Brand recognition<br>▶ Destination of choice<br>▶ Customer satisfaction<br>▶ Safe and healthy environment<br>▶ Cultivating a broader supplier base<br>▶ Reducing environmental impacts | |
| **FOOD AND BEVERAGE**<br><br>The group's food and beverage offering provides something for all food lovers – from fine dining to take-away options and everything in between. | | ▶ Cash flows from internal operations R3 billion<br>▶ Debt and equity funding<br>▶ 31 properties<br>▶ 12 959 group employees<br>▶ Respected brand and reputation<br>▶ Active stakeholder engagement<br>▶ Energy and water | ▶ Managing operations efficiently and optimally<br>▶ Improving and upgrading our variety of food and beverage offerings<br>▶ Improving supplier relations<br>▶ Leveraging cross-sell food and beverage opportunities | ▶ Customers and guests<br>▶ Employees<br>▶ Partners and suppliers | ▶ Food and beverage contribute 8% (2017: 9%)<br>▶ Growing our variety of concessionaires<br>▶ Maintaining unique food brands<br>▶ 14 632 group employees | ▶ Resource efficiencies – people, costs and systems<br>▶ Creating memorable experiences<br>▶ Customer satisfaction<br>▶ Creating opportunities for local enterprise development | |
| **EVENTS AND CONFERENCING**<br><br>Most of our properties have the facilities and infrastructure to host world-class events and conferences, which drive footfall at properties and create memorable experiences. | | ▶ Cashflows from internal operations R3 billion<br>▶ Debt and equity funding<br>▶ 31 properties<br>▶ 3 Sun Parks<br>▶ 12 959 group employees<br>▶ Respected brand and reputation<br>▶ Active stakeholder engagement<br>▶ Energy and water | ▶ Cultivating and maintaining brand partnerships<br>▶ Leveraging cross-sell events and conferencing opportunities | ▶ Customers and guests<br>▶ Employees<br>▶ Partners and suppliers | ▶ Events and conferencing contribute 3% (2017: 3%)<br>▶ Maintain partnership and grow events and conferencing<br>▶ 3 Sun Parks<br>▶ 14 632 group employees | ▶ Brand recognition<br>▶ Reputational impact<br>▶ Creating memorable experiences<br>▶ Recurrent participation in events and conferencing | |