

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

TO THE SHAREHOLDERS OF SUN INTERNATIONAL LIMITED (SUN INTERNATIONAL OR THE COMPANY)

The directors have pleasure in submitting the financial statements of the Sun International group for the year ended 31 December 2018. Kindly take note that the period covered by this directors' report is from 1 January 2018 to 31 December 2018.

NATURE OF BUSINESS

The Sun International group has interests in, and provides management services to businesses in the hotel, resort, casino and gambling industry. There has not been any material changes in the nature of the group's businesses from the prior year save for the transactions as detailed in the summarised consolidated audited financial statements released on SENS on 18 March 2019.

FINANCIAL RESULTS

Particulars of the Sun International group's attributable earnings and earnings per share for the year ended 31 December 2018 are given in the statement of comprehensive income, while particulars of the Sun International group headline earnings per share for the year ended 31 December 2018 are given in note 9 of the financial statements.

Full details of the financial position and results of the Sun International group are set out in these financial statements.

DIVIDENDS

The company has not declared an interim or final dividend for the year ended 31 December 2018.

ASSOCIATE COMPANIES AND OTHER INVESTMENTS

Particulars of the associate companies, joint ventures and other investments are provided in the group financial statements in notes 13 and 14.

CORPORATE ACTIVITY DURING THE YEAR AND AFTER THE BALANCE SHEET DATE

Commentary on the nature of business of the company, and its subsidiaries, acquisitions, future developments and prospects of the group are addressed in the summarised consolidated audited financial statements of the Sun International group, which were released on SENS on 18 March 2019.

SHARE PLANS

Full particulars relating to awards and grants made under the various Sun International share plans are provided in note 22 to the group financial statements.

At the date of this report, a total of 10 780 000 ordinary shares remain reserved for the purposes of the company's employee share plans.

SHARE CAPITAL

The total issued share capital of the company for the period under review constitutes 136 730 964 (2017: 109 086 988) ordinary shares. The company has an authorised share capital of 200 000 000 (2017: 200 000 000) ordinary shares.

Further details regarding the authorised and issued share capital appear as note 22 to the group's financial statements.

DIRECTORATE

Appointments

During the period under review, Mr S Sithole was appointed as a non-executive director to the company's board on 20 June 2018.

On 5 September 2018, Messrs VP Khanyile and JA Mabuza were appointed as non-executive directors of Sun International, while on 23 November 2018, Ms ZP Zatu was appointed as a non-executive director to the company's board.

Resignation

On 5 September 2018, Mr DR Mokhobo resigned as an executive director of Sun International.

Ms ZBM Bassa resigned as a non-executive director of Sun International on 12 February 2018.

Retirements

On 15 May 2018, Mr GR Rosenthal retired as a non-executive director from the board of Sun International.

DIRECTORS' REPORT CONTINUED

Post the financial year-end, Mr MV Moosa announced his retirement as chairman and non-executive director of Sun International with effect from 14 May 2019.

In addition thereto and in accordance with articles 25.5, 25.6.1 and 25.17 of the company's memorandum of incorporation, Messrs PD Bacon, PL Campher, GW Dempster and MV Moosa, as well as Dr NN Gwagwa, Ms CM Henry and Ms BLM Makgabo-Fiskerstrand retired from the board at the annual general meeting held on 15 May 2018, but being eligible for election/re-election, were duly elected/re-elected to the company's board.

In terms of the company's memorandum of incorporation, Messrs PD Bacon, PL Campher, VP Khanyile, JA Mabuza and S Sithole, as well as Dr NN Gwagwa and Ms ZP Zatu are required to retire in accordance with the company's memorandum of incorporation at the upcoming annual general meeting to be held on 14 May 2019 and, being eligible, offer themselves for election/re-election, as the case may be.

Their profiles appear in the annual statutory report posted to shareholders on or about 29 March 2019 and which can be located on the company's website at <http://www.suninternational.com/investors>.

SECRETARIES

The secretaries' business and postal addresses appear in the annual statutory report posted to shareholders on or about 29 March 2019 and which can be located on the company's website at <http://www.suninternational.com/investors>.

DIRECTORS' INTERESTS

At 31 December 2018, the directors of the company held interests in 19 933 167 of the company's issued ordinary shares (31 December 2017: 501 616). Details of shares held per individual director and which includes restricted shares held through the various share schemes are listed below:

31 December 2018	Ordinary shares direct beneficial		Ordinary shares indirect beneficial
	Unrestricted	Restricted	Unrestricted
N Basthdaw	29 173	28 760	–
NN Gwagwa	–	–	88 019
AM Leeming	179 692	35 791	–
JA Mabuza	12 660	–	–
DR Mokhobo*	64 900	12 841	–
MV Moosa	–	–	179 669
S Sithole	–	–	19 301 662
Total	286 425	77 392	19 569 350

* Resigned as an executive director on 5 September 2018.

31 December 2017	Ordinary shares direct beneficial		Ordinary shares
	Unrestricted	Restricted	Unrestricted
N Basthdaw	11 977	30 080	–
NN Gwagwa	–	–	70 224
AM Leeming [#]	121 452	47 051	–
IN Matthews	2 723	–	–
DR Mokhobo	56 580	18 184	–
MV Moosa	–	–	143 345
Total	192 732	95 315	213 569

[#] Pursuant to the 2017 financial year-end, 6 294 Sun International ordinary shares were delivered to Mr AM Leeming from his restricted shares. Accordingly, Mr AM Leeming now holds 127 746 unrestricted Sun International ordinary shares and 40 757 restricted Sun International ordinary shares. Other than the foregoing, at the date of this report, the remaining interests remain unchanged.



PUBLIC AND NON-PUBLIC SHAREHOLDERS (AS AT 31 DECEMBER 2018)

Ordinary shares	Number of shareholders	%	Number of shares	%
Non-public shareholders	26	0.78	30 684 416	22.44
Directors and associates of the company	17	0.51	19 933 167	14.58
Sun International Employee Share Trust and Plans*	8	0.24	4 031 490	2.95
Dinokana investments**	1	0.03	6 719 759	4.91
Public shareholders	3 292	99.22	106 046 548	77.56
Totals	3 318	100.00	136 730 964	100.00

* The Sun International Employee Share Trust and Plans have been adjusted by deducting a portion of shares allocated to directors.

**Dinokana Investments is a subsidiary of Sun International Limited and its holding of Sun International ordinary shares qualifies as treasury shares.

MATERIAL SHAREHOLDERS

Beneficial shareholders (excluding directors) holding 5% or more of the company's listed ordinary shares as at 31 December 2018 were the following:

	Number of shares	%
Allan Gray	15 278 061	11.17
Value Capital Partners	13 536 953	4.94
PSG Konsult	12 370 669	9.05
Old Mutual	8 964 463	6.56

SPECIAL RESOLUTIONS

The company passed eight special resolutions during the period under review, which included the following:

- approving the acquisition by the company or any of its subsidiaries of the company's shares;
- approving the remuneration of the non-executive directors;
- approving the provision of financial assistance to employee share scheme beneficiaries and related or inter-related companies and corporations; and
- authorisation to issue additional shares under Section 41 of the Companies Act.

Except for the above, no other special resolutions, the nature of which might be significant to shareholders in their appreciation of the state of affairs of the Sun International group, were passed by the company or its subsidiaries during the period covered by this directors' report.

CORPORATE GOVERNANCE

During the period under review, the board endorsed and when applicable, applied the 16 Principles contained in King IV™. The board has satisfied itself that throughout the period under review, Sun International has complied in all material aspects with King IV™ and the Listings Requirements of the JSE, as the case may be.

Sun International's compliance with paragraphs 3.84 and 8.63(a) of the Listings Requirements of the JSE plus application of the principles set out in King IV™ (as contained in a corporate governance register), appear on the company's website at: <http://www.suninternational.com/investors/governance/>.

DIRECTORS' EMOLUMENTS

The individual directors' emoluments paid in respect of the financial period under review are contained in the audited financial statements in note 28.

REPURCHASED EQUITY SECURITIES

Neither Sun International nor any of its subsidiary companies repurchased any Sun International equity securities during the period covered by this directors' report.

DIRECTORS' REPORT CONTINUED

BORROWING POWERS AND RESTRICTIVE FUNDING ARRANGEMENTS

In terms of its memorandum of incorporation, Sun International has unlimited borrowing powers. At 31 December 2018, unutilised borrowing facilities amounted to R1.381 billion (31 December 2017: R737 million).

No restrictive funding arrangements were undertaken by Sun International or any of its subsidiaries during the period covered by this directors' report.

ISSUES FOR CASH

Sun International did not undertake any issues of securities for cash, whether general or specific, during the period covered by this directors' report.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the consolidated financial statements of Sun International, comprising the statements of financial position at 31 December 2018 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes. In accordance with IFRS and the requirements of the Companies Act of South Africa and the directors' report. In accordance with paragraph 8.62(d) of the Listings Requirements of the JSE, Sun International has only published group consolidated financial statements given that the company's financial statements do not contain any significant additional information.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in the financial statements.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated audited financial statements of Sun International, as identified in the aforementioned paragraph, were approved by the board of directors on 15 March 2019 and signed by:

For Sun International Limited



Mr MV Moosa
Chairman
15 March 2019



AM Leeming
Chief executive



N Basthdaw
Chief financial officer

