CHAIRMAN'S MESSAGE

Sun International experienced an eventful year in 2018. We concluded a successful rights offer, opened the Maslow Time Square hotel, acquired an additional 10% interest in Sun Dreams, and finalised strategic investments in Peru and Argentina. This was achieved despite a challenging operating environment, where global and local growth remains subdued.

Although the local operating environment remains challenging, we share the improvement in investor confidence due to several positive factors in South Africa, including the change in the political climate and the tough stance taken by President Cyril Ramaphosa on fraud and corruption. Consumers remain under severe financial pressure, which continues to impact the group's revenues, in an industry reliant on consumer discretionary spend.

Collectively, the board continues to drive ethics from the top and maintains its zero-tolerance approach towards unethical conduct. An ethics survey was conducted across all South African units early in 2018 to determine Sun International's ethical climate and to create an inclusive culture. Sun International's code of ethics was relaunched to reinforce the ethical culture across the business. Employees signed an ethics declaration, based on the new SunWay culture, in support of the group's vision and values. Sun Dreams has its own code of ethics which is broadly aligned with Sun International's.

A key business highlight was the conclusion of an equity capital raise of R1.6 billion through a rights offer finalised in June 2018. The rights offer was significantly oversubscribed, which indicates shareholder confidence in the company and its strategy. Funds from the rights offer were used against debt settlement. These funds de-risked the group's balance sheet, following material balance sheet leveraging over the past five years for various capital projects, the biggest of which is Maslow Time Square. Debt ratios also improved, and the board remains confident in the group's ability to generate free cash flows, reduce debt and further strengthen the balance sheet.

The board is satisfied with the group's operational and financial performance in this tough trading environment, and it commends management on a job well done. The board believes that management has a clear and consistent grasp of the group's strategy, which remains unchanged. During 2018, the group made solid progress towards achieving the group's strategic objectives.

The group remains passionate about its sustainability commitments. Sun International adopted a more inclusive approach towards driving sustainability across the business in terms of creating long-term shared value for our business, employees, society and the environment. We made headway in implementing sustainable solutions to address the water scarcity that impacted our properties in the Western Cape and Eastern Cape early in 2018. We continue to investigate additional sustainable water and energy solutions to provide our guests with memorable experiences at our iconic properties. Our zero-waste-to-landfill initiative is gaining traction, with Wild Coast Sun being the first facility to achieve zero-waste-to-landfill certification by the Green Building Council of South Africa. The group continues to implement various sustainability awareness campaigns.

Transparent and honest stakeholder relations are important for Sun International, as several of our properties are located in poor communities. The main community concern during the year related to securing local procurement spend to provide socio-economic upliftment. To address this, Sun International refined its approach towards local economic development, procurement and enterprise and supplier development, and increased local procurement spend. Local procurement targets were established and we developed a more inclusive community stakeholder approach that involves assessing various community economic and social aspects, as well as the collective needs of these communities to create shared value.

The appointments of four new non-executive directors – Messrs Sam Sithole, Jabu Mabuzaand Vusi Khanyile, and Ms Zimkhitha Zatu – have significantly strengthen the board and filled two vacant positions. Mr Jabu Mabuza was appointed deputy chairman of the board. The board looks forward to these new directors' contribution to the group. The board also thanks Ms Zarina Bassa and Mr Graham Rosenthal, who resigned from the board, for their valuable contributions as members of the board. Mr Khati Mokhobo stepped down as an executive director, but retains his executive responsibilities.

While the board did not meet its diversity target of 30% female directors (actual 29%), it exceeded the target of 50% black directors with 57% black representation. We made solid progress during the year towards maintaining an appropriate board composition regarding knowledge, skills, experience, diversity and independence.

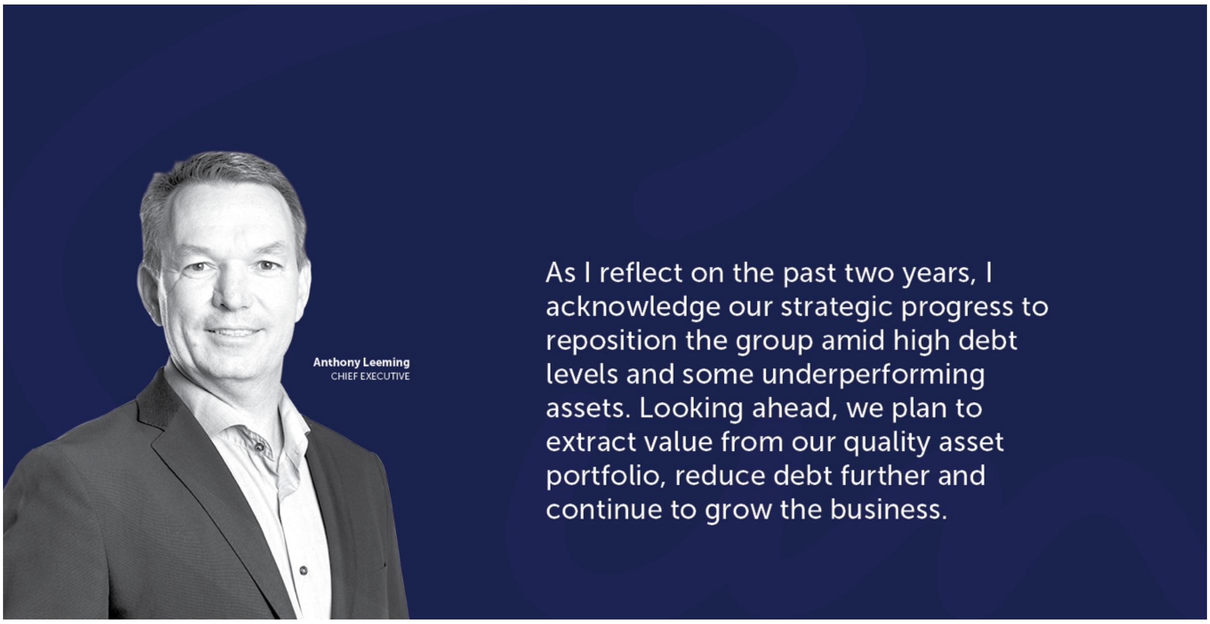
The impact of the subdued local and global economy means trading is expected to remain under pressure. However, we are encouraged by trading at some of our strategic projects in South Africa and in Latam. The group will continue to focus on maximising efficiencies, reducing debt levels and improving our debt covenants.

In closing, and as I retire on 14 May 2019, I would like to thank the board and management for their unwavering support over my 14-year tenure at Sun International. I am and continue to be inspired by management and am confident in their ability to drive the group strategy forward, albeit in tough trading conditions. To my successor, Jabu Mabuza, I wish you the best as you embark on your journey of steering the group into the future. Thank you to all our patrons, without whose support we would not be where we are today.

Valli

Valli Moosa
Chairman
29 March 2019

CHIEF EXECUTIVE'S MESSAGE



OVERVIEW

Trading in South Africa remained subdued with continued downward pressure on the consumer due to the economic environment, the 1% VAT increase and a weakening rand. With the shift in strategy to focus on operating as efficiently and optimally as possible and despite the increase in VAT, which cost the group R44 million before tax, comparative adjusted EBITDA was down 1% and revenue up 1% compared to the prior year. In Chile, trading improved in the second half of the year from a disappointing first half to achieve good growth in revenue and adjusted EBITDA.

We addressed the high debt levels in the South African business through a R1.6 billion equity raise in June 2018 and strong cash flow generated from operations. As a result, our South African debt reduced from R11.4 billion at 31 December 2017 to R9.2 billion at 31 December 2018 and our debt:adjusted EBITDA ratio reduced from 3.7 to 3.0. We will continue to focus on reducing debt in South Africa with a target debt:adjusted EBITDAratio of below 2.5 times.

In Latam, we concluded the acquisition of an additional 10% interest in Sun Dreams during May 2018, at a purchase price of R832 million, increasing our interest to approximately 65%. We further concluded the acquisitions of Thunderbird Resorts in Peru for R317 million (US$26 million) in April 2018 and the Park Hyatt Hotel, Casino & Spa in Mendoza, Argentina for R333 million (US$25 million) in July 2018. Both these acquisitions were concluded at attractive valuations and will contribute positively to the group's performance. Disappointingly, we only secured one of the five municipal licences, which we bid for in Chile. While our bids all met the minimum criteria, we lost out to a competitor whose economic offer (additional tax) was substantially above ours, and at levels which would not generate satisfactory returns.

We continue to deal with loss-making entities and commenced with the restructure of the Boardwalk and Carousel operations. In Latam we closed the 66^{th} and 65^{th} floors of the Ocean Sun Casino and are now only operating the 2^{nd} floor casino at significantly reduced cost. We are actively looking to dispose of the Ocean Sun property but will continue to operate it until it is sold. We will also be selling all our Colombian operations to another operating company in Colombia and will take a minority stake in the combined operations.

Maslow Time Square achieved pleasing growth, with casino income up 19% in the second half of the year. With the opening of the Maslow hotel in April 2018, Maslow Time Square is now fully operational, and we anticipate that it will continue to gain further market share and achieve strong growth in revenue and adjusted EBITDA.

Our back-to-basics strategy made significant progress. We will continue implementing initiatives to build on group-wide efficiency. The benefits of this strategy are demonstrated in the South Africa operations' results. Key priorities going forward include creating further efficiencies; further reducing debt levels; eliminating losses at certain properties such as The Maslow in Sandton and the Carousel; and safeguarding The Table Bay's lease renewal, which expires in May 2022. The group's strategy remains unchanged, and we made good progress towards achieving the strategic objectives.

Further information is discussed in this review, the chairman's message, the chief financial officer's message and the group's strategic objectives reviews:

- improve our existing operations and guest experience;
- protect and leverage our existing asset portfolio;
- grow our business into new areas and products;
- our people;
- governance and sustainability.

OPERATIONAL SYNOPSIS

Driving efficiencies

Our vision is to better serve our customers by creating memorable experiences. This will lead to cost savings and preserving our vision of being an internationally recognised and respected gaming and hospitality group. Driving efficiencies and adopting new technologies in a considered framework, while consolidating enhanced productivity and effort, is Sun International's business as usual. Our newly established efficiency initiative team highlighted positives and negatives in the business. We identified improving staff service levels as an important initiative to enhance customer satisfaction levels. In addition to ongoing customer service training, we updated several standard operating procedures; developed online staff training; and will reintroduce our CLEAR[1] principles for customer service.

[1] CLEAR principles: Choices, listening, expression, accountability and relationships.

We commenced several projects across the group to improve service levels and maintain our position as a choice destination. Service is a key differentiator in an increasingly competitive environment. The shared service rollout continues to improve back-office efficiencies, allowing the units' operational management to focus on delivering excellent customer service. We insourced our creative function, which improved the quality of our marketing content and direct marketing campaigns. Essential accounting system standardisation was achieved during 2018. This improved reporting across our South African operations, enhanced benchmarking against peers, and improved margins. Our workforce management system, Kronos, improved staff scheduling according to business demands and enabled more accurate labour cost measurement. The integration of our micros point-of-sale system with the integrated financial system (IFS) enhanced control and stock management, and the integration of our operational and gaming systems is ongoing. We drive these efficiencies and standardised systems across the business and noted potential cost savings in several areas, however there is still room for improvement.

South Africa

Maslow Time Square

The opening of Maslow Time Square's Hotel was met with excitement and anticipation and was well received by our customers. This marks the end of the R4.4 billion development project that began in 2016 and included the opening of the Maslow Time Square casino in April 2017, followed by the state-of-the-art Sun Arena opening in November 2017. Maslow Time Square has been trading for more than a full year and, although revenue growth is below expectations, it is on a steady growth trajectory. We are confident in Maslow Time Square casino's ability to gain market share (currently 14%) and grow income and EBITDA. We reduced the number of slots from 2 000 to 1 750 and we secured an extension to alcohol trading hours that encouraged footfall. We replaced some of our non-performing food and beverage outlets, which positively impacted profits and margins.

Sun City

Sun City experienced a tough trading year, with income down by 3%. The tables were impacted by a low hold percentage, and slots came under pressure in the local market following the opening of a third EBT outlet in 2017 and a weak local economy. We will review Sun City's operating model, improve margins and explore opportunities to attract new revenue in gaming and hospitality. Opportunities include developing an app to improve direct marketing and promote sales, and focusing on increasing foreign visits and foreign gaming revenue from China and India when government makes the announced changes to visa legislation. Upgrades to the Palace and Cascades rooms are underway and phase two of the Vacation Club refurbishments commences in 2018, with no displacement of business expected. The Vacation Club phase two 10-year ownership cycle ends in 2019 and will result in more inventory available for sale.

The storm at Sun City in December 2018, with the unprecedented volume of water and hail, caused significant damage. The team reacted proactively to prevent any serious injuries and turned the resort around so that the impact on guests was kept to a minimum. Following repairs, there is little visible damage, and we were covered by insurance from a business interruption and property damage perspective.

Sun City experienced community concerns regarding securing local procurement spend to provide socio-economic upliftment. Although we have made significant progress with local procurement spend, we increased our efforts and improved local procurement spend and established local procurement targets. We developed a more inclusive community stakeholder approach that determines the collective economic and social needs of these communities to create shared value.

Other properties

The Boardwalk received partial approval for its restructure application, and we are in the process of engaging with the union and the gaming board to implement the restructure. The shopping mall development is progressing well and we are confident development will commence later this year. The High Court challenge to licensing EBTs in Boardwalk's catchment area, which has breached Boardwalk's exclusivity, has made limited progress due to several delays on the part of the EBT operators and the gambling board.

Wild Coast Sun's licence expires in August 2019 and we have submitted our bid to extend this licence. The Wild Coast Sun's land claim settlement was a significant highlight and we expect the land to be transferred to the local community in the near future.

The Table Bay was impacted by the water crisis early in 2018, which resulted in cancellations and a slowdown in bookings. However, occupancy improved given the indefinite postponement of day zero. The Table Bay's lease renewal proposal was submitted to the Waterfront Company in July 2018, with a decision on the renewal expected during 2019.

Sibaya's income increased by 2% while adjusted EBITDA decreased by 2%. We are concerned about the recent opening of EBT outlets in Sibaya's catchment area. We are challenging the award of these licences on the basis that the correct process was not followed.

The Carousel was severely impacted by Maslow Time Square, resulting in income declining by 34%. We received approval from the North West Gambling Board to restructure the Carousel operations and we have commenced engagement with the union.

SunSlots income and adjusted EBITDA increased by 10% and 15% respectively. Adjusted EBITDA was impacted by the VAT increase. SunBet's new premium international software implemented during 2018 enriched our online sports betting offering, resulting in a significant growth in revenue. The new website design significantly enhanced SunBet's online user experience, increasing its sports content and betting market offering to cover over 100 000 live in-play sports events annually. The new platform effectively positions the group to explore entering new online gaming jurisdictions and products.

The small urban casinos, which include Meropa (Limpopo), Windmill (Free State), Flamingo (Northern Cape) and Golden Valley (Western Cape) collectively grew their income by 1% while maintaining adjusted EBITDA in line with the prior year.

Maintenance

Property maintenance is a key focus, with scheduled maintenance prioritised for the upkeep of all South African properties across our portfolio. We completed a major plant and equipment review to enable better planning and capex budgeting.

Land development opportunities

The group is exploring several land development opportunities across its asset portfolio to unlock value. We have finalised agreements with a consortium of partners to develop the vacant land at Carnival City and will look to dispose of the Carousel unused land which, following the restructure, will no longer be required. We reached an agreement to dispose of Sibaya land for R45 million. Proposals for Swaziland development are under consideration.

Rest of Africa

As indicated previously to shareholders, Sun International is looking to exit its investments in Swaziland and Nigeria. Although third parties have approached Sun International to acquire these two operations, there are certain outstanding regulatory matters and approvals that first need to be resolved before we can pursue these divestments.

Latam

Two strategic acquisitions were concluded in Latam during 2018. The first was the Sun Dreams acquisition of Thunderbird Resorts in Peru for US$26 million in April 2018, which presents an opportunity for Sun Dreams to strengthen its position in Peru and diversify its asset base in Latam. Secondly, in July 2018 Sun Dreams acquired a 100% interest in the Park Hyatt Hotel, Casino & Spa in Mendoza, Argentina for US$25 million. This acquisition aligns with the board's strategy of asset diversification across Latam and extending the average length of the group's licences. Both acquisitions were concluded at attractive valuations and began contributing positively to the group's performance.

Monticello performed well with income and adjusted EBITDA up 14% and 37% respectively. In Chile, Sun Dreams submitted bids for the two municipal licences it holds, namely Iquique and Puerto Varas, and three additional licences. Following the adjudication by the Superintendent of Casinos, only the Iquique licence was awarded to Sun Dreams for a further 15 years. All the other Sun Dreams' bids met the minimum requirements, but the economic offers submitted by the competitor bidders would not have delivered acceptable rates of return required by the boards of Sun Dreams and Sun International for similar projects of this nature.

Sun International launched a court application objecting to the award of Puerto Varas and Pucon licences on the basis that the competitor's bid did not meet the minimum requirements and the matter is in court. We anticipate that Puerto Varas will continue trading for the 2019 financial year, but the court challenge could delay the licensing process and impact revenue going forward. We are investigating various online sports betting opportunities in South America.

FINANCIAL SYNOPSIS

Our group financial performance was satisfactory considering the tough trading environment, and is detailed in the chief financial officer's message.

REGULATORY OVERVIEW

The group continues to face some regulatory challenges, most notably the proposed smoking legislation. The effect of this legislation is that casinos will no longer be permitted to designate indoor smoking areas, which will impact casino revenues. Management continues to engage with gaming regulators on this matter, and the CASA made submissions on the draft bill. There is concern around changes to gaming taxes and allowing the relocation of licences in the Western Cape. Sun International responded to the Western Cape Government's gazette draft legislation with the view that there is no incremental value for an additional licence as it will result in revenue displacement. We conducted extensive engagement with various stakeholders regarding this issue. Based on stakeholder feedback, there was overwhelming public support against an additional casino in the Cape Metropole. Management is challenging the proposed legislation that could impact GrandWest's exclusivity in the Western Cape.

PEOPLE OVERVIEW

Our people are important enablers to providing excellent customer service and creating lasting memories for our guests. During 2018, we implemented focused management development through our learning and development initiatives to drive improved customer service. The SunWay culture and employee value proposition were embedded across the business to reinforce a cohesive and ethical culture. We appreciate that our employees also feel the impact of the tough economic climate. To provide support around personal debt and financial management, we partnered with the ASISA Foundation to provide workshops on financial literacy, which were attended by over 1 300 employees. The group is making good progress on most elements of the B-BBEE scorecard. We maintained our Level 1 status in accordance with the Tourism Sector Codes as at 31 July 2018.

Following a constitutional ruling in July 2018, we successfully onboarded about 1 200 temporary employees on 1 October 2018. This increased our headcount by approximately 8%. The onboarding process was managed seamlessly and without any complications. We conducted negotiations with the labour brokers and the trade unions to ensure an amicable resolution regarding employment contracts was reached prior to the onboarding.

SUSTAINABILITY OVERVIEW

Sustainability is a business imperative and our integrated sustainability strategy and commitments ensure Sun International maintains its operational and social licence to operate and safeguards the group's long-term prosperity. The group's sustainability agenda focuses on reducing our environmental footprint, improving the safety and wellbeing of our employees and guests, and contributing to the upliftment of our communities through our SED projects.

During 2018, our sustainability team continued to streamline sustainability functions across all units and established short, medium and long-term sustainability goals aligned with the group's overall business strategy. We made significant progress against this, including achieving the group's first zero-waste-to-landfill certification at Wild Cost Sun and a significant improvement in our lost-time injury frequency rates. The SED team also handed over the digital curriculum programme to the Department of Basic Education. Further detail on our group sustainability performance is available online.

GOVERNANCE OVERVIEW

Good progress was made in aligning Latam's governance framework. The Latam committees report into the South African board committees, allowing local operations to focus on operational matters while material matters are elevated to the group board. The governance integration between Latam and South Africa is a focus to further improve governance synergies.

The board strengthened its skills, experience, independence and diversity with the four new board member appointments. We restructured our executive management to include the general managers from our five largest South African properties[2] and general management representation from our remaining seven properties. This resulted in improved buy-in and decision-making, as well as enhanced alignment with the group strategy.

[2] Big five properties include Carnival City, GrandWest, Sibaya, Sun City and Maslow Time Square.

OUTLOOK

South Africa is in a transitional phase and has repositioned itself to deal with issues of the past. Sun International is confident in the government's ability to take the country forward through its investment strategy and policies, and we support its drive against fraud and corruption. We acknowledge, however, that the country has high debt levels, currency volatility, high unemployment rates, potential sovereign downgrades, and major social and economic inequality. We appreciate that these challenges will take time to fix. We are optimistic about President Cyril Ramaphosa's positive sentiment around the tourism industry's ability to grow significantly and bring about transformation. In this regard, Sun International has an important role to play, and we look forward to helping rebuild and transform South Africa.

Trading in Latam, particularly in Chile, is expected to remain positive with Chile's GDP forecast to grow at a rate of 4% during 2019. We expect our new operations in Peru and Argentina to contribute positively in the first half of 2019. However, interest costs in Latam will increase following these acquisitions and the acquisition of the minority interest in Sun Dreams. We will continue exploring further growth opportunities in Latam, including in the online space, where a number of countries are going through the process of regulating this industry.

The proceeds from the rights offer will continue to reduce interest costs in South Africa in the first half of 2019, although the number of shares in issue has increased.

APPRECIATION

In closing, I would like to thank Valli Moosa for his leadership, guidance and the significant contribution he made to the Sun International group over the past 14 years. I look forward to working with the new chairman, Jabu Mabuza, who I know will bring tremendous value to the business. I appreciate the commitment and discipline that my management team and employees demonstrated in this difficult trading environment. I look forward to building the SunWay culture, and I believe that by getting the basics right, we will reshape our business and continue to create lasting memories for our customers and our employees.

Anthony Leeming
Chief executive
29 March 2019

CHIEF FINANCIAL OFFICER'S MESSAGE

OPERATING ENVIRONMENT OVERVIEW

Trading in South Africa remains challenging with continued pressure on consumer disposable income, the VAT increase and a subdued economic climate. In Chile, trading improved in the second half of the year from a disappointing first half to achieve good growth in revenue and adjusted EBITDA.

The group's back-to-basics strategy has made significant progress and we continue to implement initiatives that create further group-wide efficiency. South Africa's high debt levels were addressed through a R1.6 billion equity raise in June 2018 and strong cash flow generated from operations. Group borrowings decreased from R15 billion to R14.7 billion at 31 December 2018.

In Latam we acquired an additional 10% interest in Sun Dreams, increasing our interest to approximately 65%. Further, we concluded the acquisitions of Thunderbird Resorts in Peru for R317 million (US$26 million) and the Park Hyatt Hotel, Casino & Spa in Mendoza, Argentina for R333 million (US$25 million). Disappointingly, we only secured one of the five municipal licences, which we bid for in Chile.

FINANCIAL REVIEW

Group income increased by 7% to R16.4 billion for the year. South African comparable income was up 1% (excluding Maslow Time Square, Carousel, Fish River and Morula). In Latam, income from continuing operations increased by 6% on a comparable basis, with Monticello income up by 14%. As a result of a decision taken to exit the Sun Nao Casino in Colombia and Ocean Sun Casino in Panama, these operations were accounted for as discontinued for the year.

Group adjusted EBITDA increased by 5% to R4.4 billion and, on a comparative basis, was up 2% to R3.8 billion. The increase in VAT from 14% to 15% negatively impacted adjusted EBITDA by approximately R44 million.

Interest charges were higher due to the completion of the Maslow Time Square hotel (opened April 2018) and the arena (opened November 2017) where interest is no longer capitalised, as well as the acquisition of the 10% shareholding in Sun Dreams and the Latam acquisitions. The interest saved on the debt which was repaid through the proceeds of the R1.6 billion rights offer, partly offset the higher interest charges.

Due to the group's attributable share of the losses from Maslow Time Square increasing from R254 million in the prior year to R310 million, continuing adjusted headline earnings operations decreased from R485 million to R472 million, 3% below the prior year. Adjusted headline earnings per share were up 4% to 316 cents per share.

Due to the continued underperformance of Sun City, which is defined as a cash-generating unit (CGU), an impairment indicator was identified which resulted in an impairment of R306 million.

Headline and adjusted headline earnings adjustments

Headline earnings adjustments include the following:

- profit on disposal of assets of R12 million
- loss on the Colombian assets of R41 million
- impairment charge of R306 million on Sun City
- net impairment of Panama assets of R31 million.

Adjusted headline earnings adjustments include the following:

- reversal of a Colombian onerous lease provision of R31 million
- forward exchange contract losses relating to the Maslow Time Square development of R75 million
- foreign exchange profit on inter-company loans of R44 million
- the straight-lining of the Maslow and head office building lease expense of R13 million
- amortisation of R102 million of the Sun Dreams intangible assets raised as part of a purchase price allocation adjustment
- an increase in the value of the Tsogo Sun put options of R27 million
- tax on the above items of R118 million
- minorities' interest in the above items of R67 million.

Income by nature and geographic segment

South Africa continues to contribute majority of the group's income at 69%, Latam contributing 30% and Nigeria 1%. Gaming is the primary contributor to group income at 73%, alternate gaming contributes 8%, food and beverage 8%, rooms 8% and other income 3%.

Financial summary

R million	**Audited year ended 31 December 2018**	Change %	Audited year ended 31 December 2017*
Income	16 420	7	15 351
Adjusted EBITDA	4 357	5	4 143
Adjusted operating profit	2 816	4	2 298
Profit before tax	1 632	3	1 584
Profit after tax	967	(2)	989
Adjusted headline earnings	365	20	304
Basic earnings per share (cents)	(6)		(243)
Headling earnings per share (cents)	213		(175)
Diluted earnings per share (cents)	(6)		(243)
Diluted adjustments headline earnings per share (cents)	316		304
Dividends per share	–		–

* The prior year comparative financial information was restated to reflect the discontinued operations of Panama and Colombia as required by IFRS 5: Non-current Assets Held and Discontinued Operations. The group has restated the

prior year's weighted average number of shares to reflect the effect of rights offer as requested by IAS 33: Earnings per Share.

BORROWINGS

In June 2018, Sun International concluded an equity capital raise through a renounceable rights offer (rights offer) when it successfully raised an amount of R1.6 billion. The funds from the rights offer were utilised to settle debt.

Sun International's borrowings as at 31 December 2018 were R14.7 billion, a year-on-year decrease of R15.0 billion. South African debt reduced from R11.4 billion at 31 December 2017 to R9.2 billion due to strong cash flows and the rights offer. Latam debt, however, increased following the raising of a 10-year bond by Sun Dreams due to the funding of the minority interest acquisition.

The group's statement of financial position remains resilient and the operations continue to generate strong cash flows. The group continues to trade within its debt covenant levels. The group has unutilised borrowing facilities of R1.4 billion and available cash balances of R938 million.

Group borrowings (for the year ended 31 December 2018)

R million	Total debt	Minorities	Sun International
South Africa	9 174	1 310	7 864
SunWest	728	256	472
Afrisun Gauteng	608	32	576
Afrisun KZN	276	92	184
Emfuleni	507	76	431
Wild Coast Sun	234	70	164
Meropa	74	21	53
Teemane	73	18	55
Windmill	74	20	54
Golden Valley	(12)	(4)	(8)
Sun Slots	24	7	17
Maslow Time Square	5 070	722	4 348
Management and corporate	1 518	–	1 518
Nigeria	602	305	297
Shareholder loans	927	470	457
Sun International inter-company debt	(325)	(165)	(160)
Latam	4 890	1 461	3 429
Sun Dreams	4 103	1 461	2 642
Sun Chile	787	–	787
31 December 2018	14 666	3 076	11 590
31 December 2017	14 995	2 654	12 341

Debt covenants

	South Africa		Sun Dreams	
	Actual	Covenant	Actual	Covenant
Debt to adjusted EBITDA	3.0	3.5	3.0	4.5
Interest cover	3.2	3.0		

LOOKING AHEAD

We are confident that the positive steps taken by the government to deal with corruption and state-owned entities will positively impact the South African economy. However; we do not anticipate a tangible improvement in the short term. Consequently, we expect continued pressure on disposable income and hence trading to remain subdued.

Maslow Time Square achieved satisfactory growth, with casino income up 19% in the second half of the year. With the opening of the Maslow hotel in April 2018, Maslow Time Square is now fully operational, and we anticipate that it will continue to gain further market share and achieve strong growth in revenue and adjusted EBITDA.

We will continue to focus on improving our operations and guest experience. We are dealing with loss-making entities and in this regard have commenced with the restructure of the Boardwalk and Carousel operations.

Trading in Latam, particularly in Chile, is expected to remain positive with Chile's gross domestic product forecast to grow by 4%. We expect our new operations in Peru and Argentina to contribute positively in the first half of 2019. We will continue exploring growth opportunities in Latam, including in the online space where several countries are going through the process of regulating the industry.

Norman Basthdaw
Chief financial officer
29 March 2019

ABOUT THIS REPORT

We are pleased to present Sun International Limited's (Sun International) 2018 online integrated annual report (report) to our stakeholders.

Sun International reports in a holistic, transparent and integrated manner to help our stakeholders make informed decisions about our business. We aim to provide our stakeholders with a focused and concise report that covers our financial and non-financial performance for the year under review.

This is our primary report to stakeholders and covers the financial period 1 January 2018 to 31 December 2018. The online report includes all Sun International's subsidiaries and operating units, locally and internationally. Our report is structured around our leadership reviews (front of house), business overview (our deck of cards), our strategic performance and outlook (our game plan), our financial performance (our payouts) and our governance transparency and accountability (rules of the game).

The content covers the reporting period's most material matters. In some cases, content includes the period up to the report's finalisation on 29 March 2019. Material matters are issues that could substantively influence the assessment of providers of capital and other stakeholders, regarding the group's ability to create value over the short, medium and long term. To achieve our strategic objectives and manage our risks, these material matters are continuously monitored by Sun International and its board.

South Africa continues to contribute the majority of group revenue at 69% (2017: 70%), with Latam contributing 30% (2017: 29%), Nigeria 1% (2017: 1%) and Swaziland 0% (2017: 0%). Gaming is the primary contributor to group revenue at 73% (2017: 73%), alternate gaming contributes 8% (2017: 7%), food and beverage 8% (2017: 9%), rooms 8% (2017: 8%) and other revenue streams 3% (2017: 3%).

REPORTING FRAMEWORKS AND ASSURANCE

The group's 2018 online report is guided by various frameworks. Our integrated reporting is primarily guided by the International Integrated Reporting Council's (IIRC) recommendations for integrated reporting (the <IR> framework). Our sustainability information is guided by the GRI Sustainability Reporting Guidelines. The group also embraces the United Nations Sustainable Development Goals (SDGs), which encourage companies and individuals to take the necessary action to achieve the SDGs by 2030. This report is also prepared in accordance with the JSE Limited Listings Requirements and the South African Companies Act, 71 of 2008, as amended (Companies Act). A register of our application of the King Code on Corporate Governance™ for South Africa 2016 (King IV™) governance principles is available online. Our annual financial statements (AFS) follow the IFRS.

Sun International's combined assurance model enables an effective internal control environment and supports the integrity of information that management and the board use in decision-making. The information tabled below was assured, either externally or internally, during the year under review.

	Standard / Code	Assurance provider
The financial information extracted from the group's audited AFS	IFRS	PricewaterhouseCoopers Inc.
Sustainability information	AA1000AS IIRC <IR> framework GRI Standard King IV™ CDP	IBIS ESG Assurance
B-BBEE information	Tourism Code	Empowerdex
Property risk audits	Internationally Recognised Code of Practice: NFPA and SANS Codes	Marsh Risk Consulting
Internal control functions		Group internal audit

REPORTING FOOTPRINT

In keeping with Sun International's commitment to reduce its environmental footprint. As indicated in our 2017 integrated annual report, we have only produced an interactive online report with no hard copies. Stakeholders still have the option to print the full report or sections through the reporting basket option.

DIRECTORS' APPROVAL

The board acknowledges its responsibility to ensure the integrity of information contained in this online integrated annual report and has applied its collective mind in the preparation of this report. The group audit committee was instrumental in providing guidance on this process and keeping the board abreast of the reporting progress.

The board is of the opinion that this online report is presented in compliance with the <IR> framework and the information is correct and relevant. The report was approved by the board on 29 March 2019.

Valli Moosa
Chairman
29 March 2019

Anthony Leeming
Chief executive
29 March 2019

REPORT NAVIGATION

The report's design is interactive so that users can easily navigate their way across the report by following the relevant content headings, sub-headings, as well as interactive icons, footnotes and links. This being our inaugural report online report, we welcome feedback from stakeholders regarding the accessibility and ease of navigation.

STAKEHOLDER FEEDBACK

We welcome stakeholders' feedback on our reporting, which can be sent to investor.relations@suninternational.com

FORWARD-LOOKING STATEMENTS

This report may contain certain forward-looking statements other than the statements of historical fact which cannot be construed as reported financial results. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein, as they have not been reviewed or reported on by the group's external auditors. Such statements may include predictions of or indicate future earnings, objectives, savings, events, trends or plans based on current expectations, forecasts and assumptions. As with any forward-looking statement, prediction or forecast, there are inherently unexpected events which could cause uncertainty and unexpected change which have not, and could not, be accounted for. Whereas the company has made every effort to accurately and reasonably ensure the accuracy and completeness of the information contained within this integrated annual report, any forward-looking statements speak only as at the date that they are made; the actual results may vary materially from those expressed or implied; and the company undertakes no obligation to publicly update or alter these or to release revisions after the date of publication of this report.

ADMINISTRATION

SUN INTERNATIONAL LIMITED

Incorporated in the Republic of South Africa
Registration number: 1967/007528/06
JSE share code: SUI
ISIN: ZAE000097580

COMPANY SECRETARY AND REGISTERED OFFICE

Company Secretary: AG Johnston
6 Sandown Valley Crescent
Sandton
2196
(PO Box 784487, Sandton 2146)

SPONSOR

Investec Bank Limited
(Registration number 1969/004763/06)
2nd Floor
100 Grayston Drive
Sandton
2196
(PO Box 785700, Sandton, 2146)

AUDITORS

PricewaterhouseCoopers Inc.
4 Lisbon Lane
Waterfall City
Jukskei View
2090
South Africa
Telephone: +27 (0)11 797 4000
Telecopier: +27 (0)11 797 5800

BANKERS

ABSA Bank Limited
First National Bank Limited
Investec Bank Limited
Nedbank Limited
Rand Merchant Bank (a division of FirstRand Bank Limited)
The Standard Bank of South Africa Limited

CORPORATE LAW ADVISOR

Cliffe Dekker Hofmeyr Inc.
(Registration number: 2008/018923/21)
1 Protea Place
Sandton
2196
(Private Bag X40, Benmore 2010)
Telephone: +27 (0)11 562 1000
Telefax: +27 (0)11 562 1111

REGISTERED OFFICE

6 Sandown Valley Crescent
Sandton
2196
Gauteng
South Africa
Telephone: +27 (0)11 780 7000
Telefax: +27 (0)11 780 7716
website: www.suninternational.com
(PO Box 782121, Sandton, 2146)

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd
(Registration number: 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
2196
(PO Box 61051, Marshalltown, 2107)

RESERVATIONS AND NATIONAL SALES

Telephone: +27 (0)11 780 7810

INVESTOR RELATIONS

Telephone: +27 (0)11 780 7762
Email: investor.relations@suninternational.com