GROW OUR BUSINESS INTO NEW AREAS AND PRODUCTS

During 2018, we grew our Latam business through two strategic acquisitions, and we continue to seek opportunities to offer new products in Latam. We continue to strengthen our balance sheet.

HIGHLIGHTS

- Finalised the Thunderbird Resorts acquisition in Peru
- Concluded the Park Hyatt Hotel, Casino & Spa in Mendoza, Argentina
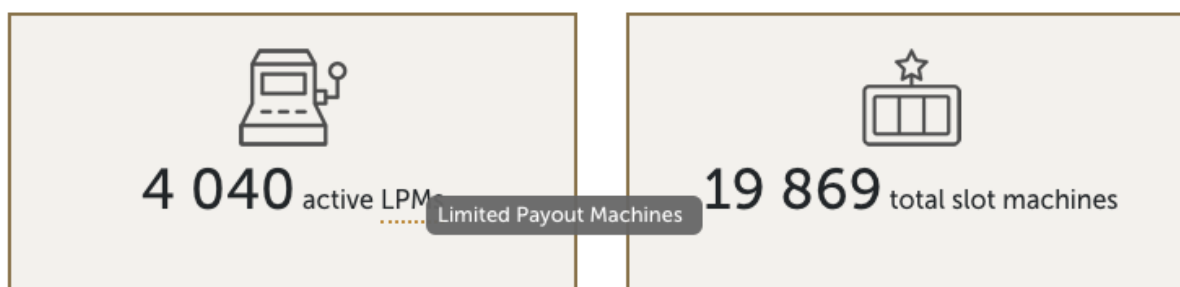- Increased our interest in Sun Dreams to 65%.

CHALLENGES

- Delivering investment returns and growing our business in a challenging economic environment

FOCUS AREAS

Our focus for 2018	What we achieved	Self-assessment
Investigating online gaming and sports betting in Latam.	Investigations for online sports betting in Latam is ongoing.	In progress
Concluding the Thunderbird Resorts acquisition and integrating operations.	Concluded the Thunderbird Resorts acquisition. The integration of the business is progressing well.	Achieved

OVERVIEW

We focus on bedding down our significant investments and achievements over the past five years. This is to ensure we deliver a return on investment and grow the business in the eight countries where we operate.

4 040 active LPMs Limited Payout Machines

19 869 total slot machines

The group finalised its 50% acquisition of EDS, approximately 20% shareholding in Sun Dreams, increasing its interest in Sun Dreams to approximately 65%. The other minority, Pacifico, acquired the balance, which increased its interest to approximately 35%. The acquisition of EDS's interest was funded through an available cash resources and a 10-year bond of R1.5 billion.

In June 2018, Sun Dreams acquired a 100% interest in the Park Hyatt Hotel, Casino & Spa in Mendoza, Argentina for R333 million (US$25 million). 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 concluded the acquisition of Thunderbird Resorts and Casinos Peruanos S.A. (Thunderbird Resorts) in April 2018. Thunderbird Resorts includes four gambling operations. The purchase consideration

of R317 million (US$26 million) includes net assets of R192 million, intangible assets of R118 million and goodwill recognised of R7 million.

The online sports betting market is rapidly increasing as customers prefer the convenience of using their mobile devices. The group continues to investigate online gaming and sports betting opportunities in Latam.

SunSlots is part of the group's alternate gaming strategy. Sun Slots holds six licences in four provinces: Gauteng, KwaZulu-Natal, Mpumalanga and the Western Cape. It has over 4 000 LPMs across 840 sites. In 2018, Sun Slots increased its GGR by 10% to R1.16 billion (2017: R1.06 billion). The average GGR per machine per day of R833 was up 8% (2017: R772), largely due to product improvements at existing outlets and additional revenue from new sites. During 2018, we submitted over 400 machine licence applications to the gaming boards for approval across our various Sun Slots units. Encouragingly type B licences were secured for the first time in KwaZulu-Natal, which will allow for the roll-out of up to 40 LPMs and fill the demand for additional game play and improve LPM revenues. Grandslots, our LPM operator in the Western Cape, reached full capacity of 1 000 LPMs and Sun Slots engaged with the gaming board for issuing additional licences.

The international VIP gaming business remains suspended at Sun City and Ocean Sun Casino. We are looking at opening our facilities to host international guests within our existing casino limits and not on a rebate programme. The local VIP management was successfully decentralised to the units to focus on serving our local VIPs and, specifically, to facilitate the movement of guests who wish to visit our other casinos (different from their home/local casino). This decentralisation also assisted in driving and hosting the correct level of customer to major events such as the NGC and the SunMet.

LOOKING AHEAD

▶ Continuing to manage our assets efficiently to provide acceptable returns on investment
▶ Continuing to investigate online gaming and sports betting in Latam.