

IMPROVE OUR EXISTING OPERATIONS AND OUR GUEST EXPERIENCE

IMPROVE OUR GUEST EXPERIENCE

To create great memories for our guests, we must remain relevant and offer our guests memorable experiences. Our two greatest assets are our people and our properties. Our people work tirelessly to put our guests first, demonstrating how we 'walk the talk' to solidify our vision into reality.

HIGHLIGHTS

- Introduced a digital communication platform for our Sun MVG customers
- Adopted a premium international online gaming software.

CHALLENGES

- Improving customer service levels across all units
- Driving footfall at units in a subdued economy.

FOCUS AREAS

Our focus for 2018	What we achieved	Self-assessment
Improving customer satisfaction scores and optimising guest communication.	Achieved average customer satisfaction ratings between medium and high, with our premium properties achieving an excellent rating.	In progress
Improving communications and our Sun MVG loyalty programme based on customer feedback.	Introduced a digital communication platform to improve engagement with our Sun MVG customers and system implemented a monthly loyalty programme communication.	Achieved
Migrating to new and improved systems and software for SunBet and SunSlots.	Adopted a new premium international online gaming software and a new website design to enhance SunBet and SunSlots systems.	In progress
Leveraging food and beverage opportunities at SunPark and national events, including SunMet, Miss South Africa and the Nedbank Golf Challenge.	Continued leveraging food and beverage opportunities at our national events and conferences.	Achieved

OVERVIEW

Sun International's business model is based on creating memorable experiences for our customers. We achieve this tenet by instilling a 'customer first' culture at our properties. Customers can rate their experience at each unit. Their comments provide qualitative information to help us determine areas where we can improve, and where our strengths lie. Customer satisfaction scores are also aligned to relevant employees' key performance indicators to drive the correct behaviour and align with our SunWay success formula enabler, 'bending over backwards'. We conduct ongoing customer service training at units to enhance our service offering and customer experience, and empower staff in line with the group's employee value proposition. We will be reintroducing our CLEAR^[1] principles, which impact how employees conduct themselves personally and professionally.

¹ CLEAR principles: choices, listening, expression, accountability and relationships.

On average we achieved a medium to high customer satisfaction rating for most properties. Premium properties such as The Table Bay Hotel achieved excellent satisfaction ratings. The group needs to ensure we maintain this level of service at all Sun International units. In the year ahead, we aim to increase our average rating.

Customer complaints about general service are addressed and resolved at each unit. Most compliments are for exceptional service and friendly staff. Our automatic complaint escalation process has improved the time it takes to address each complaint, and to close each case to the guest's satisfaction.

We introduced a new case management system in the call centre that pre-emptively provides a customer's history when they contact us. This assists the call centre with providing more informed and relevant solutions to the customer, which in turn improves customer service and satisfaction levels.

We prioritise delivering trusted solutions that inspire and reward customers. Backed by data-driven insights, Sun International's digital marketing efforts have evolved to offer a full suite of content solutions to engage customers in their online journey. We made efforts to optimise the myriad of digital marketing platforms available. Our online brand presence gained a significant share of voice through a mix of 'always-on' and targeted campaigns that yield high conversion rates. Our competitive landscape expands from hotel and gaming companies to industry disruptors like Google, Uber, Airbnb and Facebook. Sun International's digital marketing strategy will focus on building a long-term communication framework that integrates the customer journey with intelligent analytics, which involves continuous customer journey mapping to deliver data-driven responses to real-time customer activities.

To gain maximum benefit from our units, particularly in off-peak times, we continue to explore new ways of driving footfall. An example of this is using our SunPark multipurpose conferencing facility for hosting events, festivals and conferences. Some units have cross-sell opportunities including banqueting, gaming and room nights.

It is important to continually upgrade our iconic properties to ensure they provide guests with lasting memories. Refurbishments to the rooms at Sun City's Cascades and the Palace are under way. The Vacation Club's phase two refurbishments commenced in 2018, and no displacement of business or customer inconvenience is expected. Sibaya's Privé and various restaurants were refurbished during 2018. At Maslow Time Square, we replaced non-performing food and beverage outlets with restaurants with enhanced customer appeal.

During 2018, the group adopted premium international online gaming software that enriched Sun International's online sports betting offering, SunBet. SunBet showed positive results, increasing 81% (2017: 27%) in the number of bets placed and 42% (2017: 44%) in active users, which resulted in a 57% increase in GGR. The software migration and a new website design 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.

Food and beverage revenues decreased 2% to R903 million (2017: R921 million), largely due to difficult trading conditions in South Africa, which also adversely impacted hotel occupancy, banqueting and average spend by casino patrons. Revenue was negatively affected by the closure of Morula and Fish River Sun in 2017. Subdued trading conditions at Sun City, Boardwalk, The Table Bay, Maslow Sandton and Carnival City impacted food and beverage revenue.

The water shortage in the Western Cape, where The Table Bay is located, negatively affected tourism. There was a notable increase in tourism towards the end of 2018 after the water crisis was addressed. Going forward, we will focus on driving further efficiencies by optimising and leveraging our supplier relationships to achieve savings within the food and beverage purchasing model. The IFS and micros data clean-up positively impacted profits and improved margins. Looking ahead, the food and beverage strategy is to drive margins and continue to offer unique food experiences, such as the Food Fest at MASlow Time Square.

Our scheduling system, Kronos, enables better staff management based on property demand. We developed a comprehensive marketing strategy to drive conferencing activity throughout the group. On-the-job training, mentoring, succession planning and emphasising the SunWay culture are some key drivers to ensure our people deliver meaningful customer experiences and improve back-office efficiencies.

During 2018, we focused on familiarising our customers with the refreshed loyalty programme, Sun MVG's rewards and benefits. Customers can sign up online within the property environment, which enables fast and more accurate data collection, distribution of more relevant information and improved customer service. We reduced our carbon footprint by moving from a postal to a digital environment, ensuring efficient and effective communication platforms are available to our customers. We implemented monthly loyalty programme related communication to our Sun MVG cardholders, specifically around points expiry. Going forward, we will focus on looking for opportunities to drive new signups, encourage active participation through tiered rewards and

benefits, deliver relevant information to Sun MVG cardholders through digital communication, and continue to create a seamless customer experience at all touchpoints.

LOOKING AHEAD

- ▶ Continuing to improve customer service levels and great memorable experiences
- ▶ Enhancing Sun International’s digital marketing strategy to improve customer communication and analytics
- ▶ Explore new ways of driving footfall at our properties
- ▶ Exploring opportunities to enter new online gaming jurisdictions and products
- ▶ Driving further efficiencies across our properties to improve margins
- ▶ Exploring opportunities to drive new Sun MVG signups.

EFFICIENCY AND OPTIMISATION OF OUR PROCESS

We continually review our processes and systems to optimise efficiencies across the business. This enables us to contain and reduce our costs and improve the quality of our information so we can make better and more informed decisions, leading to improved guest experiences.

HIGHLIGHTS

- Identified several efficiency opportunities across our South African units
- Implemented system integrations and modifications to increase operational efficiencies
- Improved our marketing content by insourcing a creative function.

CHALLENGES

- Continually identifying opportunities to make better decisions around customer behaviour and experiences
- Improving margins in a subdued economy.

FOCUS AREAS

Our focus for 2018	What we achieved	Self-assessment
Establishing an efficiency and optimisation team.	Established an efficiency initiative team at head office that has identified various ways to improve efficiencies across our South African operations.	Achieved
Critically assessing margins and benchmarking.	Benchmarked the group’s EBITDA margins against our peers.	Achieved
Driving system utilisation and process standardisation.	Implemented system integrations and modifications, which increased operational efficiency. Updated standard operating procedures for the cashiering and casino administration.	In progress
Expanding shared services centres to other properties.	Expanded the shared services centres to various other properties nationally.	In progress
Insourcing a design team to improve marketing.	Insourced a creative team, who improved the quality of our marketing content.	Achieved
Assessing the effectiveness of direct marketing campaigns.	Achieved costs savings across the marketing function and improved brand content and messaging.	Achieved

OVERVIEW

Over the past few years, the group has made significant investments in new gaming and operational systems to improve customer service excellence and enhance business alignment. To assist our back-office effectiveness, an efficiency initiative team was established in 2018. The steering committee leads this team to review various operational functions and find solutions to any gaps in our processes, systems and procedures. Several initiatives to address operational and system concerns continue to be implemented throughout the business.

During 2018, system integrations and modifications were implemented, which increased operational efficiencies, improved transaction accuracy and the control environment, and standardised systems across our South African operations. These improvements are geared towards strengthening customer service levels to create memorable guest experiences that ensure our units remain a destination of choice. Primarily, the focus was around our customer-facing systems, including efficiencies and food and beverage, which includes standard operating procedures and training videos available on the group's intranet. Employee training is tracked and monitored to ensure service levels and customer offerings are constantly improved and refreshed. The integration of our micro point-of-sale system with IFS was implemented and has enhanced control and stock management.

Our shared services centre continued to improve efficiencies by centralising the finance and payroll functions, and enhancing economies of scale. This allowed our units' operational management to focus on the needs of our customers and guests. The group is committed to expanding the shared services centre to other properties and provinces.

We continue to look at modernising our world-class gaming systems to reduce the cost of doing business and enhance customer service levels. This allows us to make better decisions around customer behaviour and experiences.

Kronos was implemented at all our local units and allows us to measure labour costs more accurately, improve our scheduling according to business demands, improve payroll processing, and reduce overtime costs.

LOOKING AHEAD

- ▶ Continuing to extract efficiencies across the business
- ▶ Aligning the business at the unit level to continually compete in our dynamic business environment
- ▶ Extracting relevant business intelligence to make informed strategic decisions around customer interaction and behaviour
- ▶ Upskilling employees around mobile application development and data security.