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## CHAIRMAN'S MESSAGE

**SAM SITHOLE**  
Chairman

In my report last year, I indicated the sense of excitement on how well the group was positioned for the future. Despite the tough macro environment in 2022, the group has validated this assessment by delivering exceptional results for the year in all the key strategic areas of the business, leaving it well placed to become a consistent performer achieving superior returns for its stakeholders.

There were several notable highlights during the year. The group achieved an exceptional financial performance, despite the limitations of international tourism and operating under Covid-19 restrictions for the first half of the year. Sun City's turnaround both at EBITDA and service levels was impressive and there was significant investment in upgrades and refurbishments as well as excellent progress on the Sun City Vacation Club expansion strategy.

The investment in the group's online and sports betting business has yielded positive results as SunBet continues to grow rapidly in this fast-growing online gaming market, well ahead of its five-year strategic plan. SunBet's new top management has also provided a solid leadership foundation for us to keep growing.

In an industry where core skills are scarce, the group has retained its skills base through external hires and internal promotions. We remain underpinned by a strong, cohesive and dynamic management team that will take the business forward. The business is right-sized and well positioned for growth, evidenced by our margin improvements and market share gain in all provinces.

Enhancing our customer experience remains a key focus and good inroads were made during the year – evident in the material growth in our online market share (SunBet) and the positive feedback from the turnaround at Sun City. The Palace refurbishments included the addition of a spa and a complete makeover of the Salon Privé in the Sun City Hotel, with the Cascades upgrade commencing in 2023. Sun International's new chief marketing and sales officer has made positive headway in developing a new customer relationship management strategy, to boost our customer attraction and retention and enhance the customer experience.

Good feedback was received from investors around our business model, having right-sized the group and strategically positioned the four business segments (Urban Casinos, Resorts and Hotels, Sun Slots and SunBet). Going forward, the group's focus will be on capital allocation and how to maximise shareholder value through growth and dividends.

Some of our iconic properties celebrated milestones during the year – The Palace of the Lost City celebrated 30 years in November 2022, The Table Bay celebrated 25 years in May 2022, Flamingo and Meropa celebrated their 20th birthdays in March 2022 and Time Square celebrated five years in April 2022.

The group's success is in large part due to having the right people in the right roles, including confidence in management's ability to execute Sun International's strategy. The board composition also enables its strategic focus and having the calibre and experience of Nigel Payne has significantly boosted the group's SunBet strategy. Credit must go to Anthony Leeming and his team, who worked tirelessly during the challenging 2020/2021 operating environment. Their decisive leadership and dedication have resulted in the group reaching new heights with a clear strategy and strong balance sheet and has made Sun International an exciting place to work.

The board is satisfied that it continues to deliver on its strategy and that there are opportunities to optimise the group's portfolio to provide shareholder returns, through responsibly allocating capital. We acknowledge that the operating environment remains tough and there is a need for continued improvement, with no room for complacency. There will be a very disciplined approach towards our strategic choices and capital allocation decisions so that our stakeholders continue to enjoy superior returns.

Being in the gaming industry, it is important to promote ethical and responsible gambling to avoid customers becoming over-indebted. Being ethical and responsible is part of our DNA and the board takes this ethos seriously. Sun International fully supports responsible gambling through the South African National Responsible Gambling Programme (NRGP) by annually contributing to this programme and by promoting responsible gambling at all our gambling properties through various measures, including advertising, brochures, surveillance and security. All gaming employees receive responsible gambling training from the NRGF and we have also ensured this extends into the online space. Playtech, the new gaming system, will provide an integrated customer experience that will have tools embedded within to manage responsible gambling.

The group's ESG journey predates 2016 and continues to evolve rapidly as ESG reporting frameworks and best practice reporting trends increase and place pressure on corporates to demonstrate how they are being good corporate citizens as opposed to greenwashing. For Sun International, doing business sustainably is a competitive business necessity and our ongoing commitment to sustainability ensures we maintain our operational and social licence to operate. We integrate our business decisions and operate in line with our ESG strategy, to create long-term shared value and ultimately create lasting memories for all key stakeholders. ESG has become a standalone strategic agenda for the board going forward, and we look forward to more traction in this area.

To demonstrate our commitment to Sun International's ESG journey, we signed a R2.4 billion sustainability linked loan on 7 December 2022, the first in the South African hospitality sector. This loan aims to promote the achievement of key sustainability performance targets, to demonstrate Sun International's commitment to being a responsible corporate citizen and further cementing our position as an ESG leader in the South African travel and leisure industry. We have set ambitious

key performance indicators (KPIs) that align with our ENVIRO-AMBITION 2025 and enterprise and supplier development strategies, to address key environmental and social challenges within South Africa, including reducing airspace in landfills, securing electricity supply and local procurement, specifically to empower black women-owned businesses.

To objectively measure our ESG progress, we take part in various surveys by local and international rating agencies such as the FTSE Russell, CDP Climate Change reporting, S&P Global Corporate Sustainability Assessment and IRAS Sustainability Data Transparency Index (SDTI). IRAS, an independent integrated reporting and assurance services company, compiles an SDTI for JSE listed companies that focuses on environmental, social and governance information reported on in companies' integrated annual reports. For the second consecutive year, Sun International was rated the best ESG reporting company in the travel and leisure industry and was placed 17th overall out of 270 companies reviewed.

It is important that we have the right skills at board level to navigate the group, from a gaming and hospitality viewpoint as well as the business environment, which incorporates online and digitisation skills. As a board we pay tribute to Peter Bacon, who retired effective 31 March 2022, for his invaluable support and contribution during his tenure, particularly in the hospitality industry, a gap we are still looking to fill. Enrique Cibie retired effective 31 December 2022 as we exited our Latam investment, and we continue to engage with him on certain matters. Boitumelo Makgabo-Fiskerstrand retired from the board effective 10 May 2022. Both Enrique and Boitumelo were vital cogs of the Sun International board and added tremendous value during their tenure. We wish all three outgoing directors all the best in their new endeavours. Other skills gaps identified include general IT skills and going forward we will focus on identifying suitable candidates to fill these gaps. We welcomed Dawn Marole, who was appointed to the board effective 12 May 2022, and look forward to her invaluable contribution to the board.

Thinking ahead, we continue to look for new growth opportunities in the online and sports betting space, which will afford the group an opportunity to diversify the business geographically through our online product sets. As always, we relentlessly focus on enhancing the customer experience by optimising our portfolio, delivering memorable experiences for our guests and providing attractive returns to our shareholders.

Thank you to all our employees – the greatest assets of this group – who continue to show passion every day. To our management team, your stewardship remains exemplary and your decisive action has placed Sun International in a strong and exciting position, well poised for profitable growth. Thank you to our guests for returning to our properties and enjoying Sun International's hospitality and entertainment. Finally, to my fellow board members, thank you for your wisdom and unwavering support. I am confident in our collective ability to steer the group into the future.

We remain optimistic about the group's future and confident in our ability to continue creating value and lasting memories for our guests and customers.

**SAM SITHOLE**  
Chairman  
31 March 2023