



THE STAR

ENTERTAINMENT  
GROUP

## ANNUAL GENERAL MEETING

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THURSDAY 22 OCTOBER 2020

The Star Entertainment Group Limited – ACN: 149 629 023 – ASX Code: SGR

# OUR BOARD OF DIRECTORS



**JOHN O'NEILL  
AO**  
Chairman and  
Non Executive  
Director



**MATT BEKIER**  
Managing  
Director and  
Chief Executive  
Officer



**GERARD  
BRADLEY**  
Non Executive  
Director



**BEN HEAP**  
Non Executive  
Director



**KATIE LAHEY  
AM**  
Non Executive  
Director



**SALLY PITKIN**  
Non Executive  
Director



**RICHARD  
SHEPPARD**  
Non Executive  
Director



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John O'Neill AO, Chairman

# HIGHLIGHTS

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## **STRONG EARNINGS GROWTH PRE- COVID19**

- ◆ Normalised NPAT +15.6%, EBITDA +12.1%, revenue +7.5%
- ◆ Domestic EBITDA +8.3%
- ◆ Sydney and Queensland EBITDA margin expansion

# KEY MILESTONES

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## KEY MILESTONES ATTAINED

- ◆ Entered into a new gaming tax agreement with the NSW Government and secured casino EGM exclusivity to FY2041
- ◆ Agreed to termination of the second casino licence process on the Gold Coast with no requirement for additional capital expenditure
- ◆ Completed Queen's Wharf Brisbane project financing on terms agreed to pre-COVID
- ◆ Managed major capex projects to time and on budget despite the impact of the pandemic

# COVID-19

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## **RAPID AND DECISIVE RESPONSE TO COVID-19**

- ◆ Took immediate action to safeguard team members and customers across the Group
- ◆ Secured \$200m of additional liquidity and covenant waivers for the June 2020 test date
- ◆ Preserved cash through reduced operating costs and capex
- ◆ Secured underwrite for interim dividend to retain cash

# SOUTH-EAST QUEENSLAND INVESTMENTS



**QUEEN'S WHARF BRISBANE**



**THE STAR GOLD COAST**

# THE 2020 FINANCIAL YEAR RESULTS

FY2020 GROUP PERFORMANCE HIGHLIGHTS	NORMALISED		STATUTORY	
	\$M	VS PCP (%)	\$M	VS PCP (%)
GROSS REVENUE	1,973	↓ 21.1	1,749	↓ 30.4
EBITDA <sup>1</sup>	430	↓ 22.8	282	↓ 49.0
NPAT <sup>2</sup>	121	↓ 46.0	(-95)	↓ 147.8

- ◆ Strong performance prior to COVID-19 (July 2019 to February 2020 vs pc<sup>3</sup>),
- ◆ FY2020 results impacted by the COVID-19 induced property closures
  - Normalised<sup>4</sup> NPAT up 15.6% prior to COVID-19, down 46.0% in FY2020
  - Domestic EBITDA up 8.3% with margin expansion prior to COVID-19

1. EBTIDA is before equity accounted investments profits/ losses and significant items.

2. Normalised NPAT is after equity accounted investments profits/ losses and before significant items.

3. Prior comparable period.

4. Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% on actual turnover, taxes and revenue share commissions, unless otherwise stated, and are before significant items.



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Matt Bekier, Managing Director and CEO

# OUR PEOPLE



# OUR RESPONSE TO COVID-19

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## OUR PEOPLE

- ◆ Launched the “Star Offers Support” financial hardship program with payments to over 600 staff (\$3m)
- ◆ Paid 2 weeks of pandemic leave (\$18m) to impacted staff
- ◆ Incorporated COVID-Safe practices into existing workplace health and safety policies

## OUR CUSTOMERS

- ◆ Introduced multi-channel, multi-language communications relating to COVID-Safe visitation
- ◆ Introduced COVID-Safe property policies – spatial distancing, visitation only if well, enhanced cleaning, PPE was provided
- ◆ Restricted property access temporarily to members only to manage demand and traffic

# THE STAR SYDNEY – SOVEREIGN ROOM



# QUEEN'S WHARF BRISBANE



OCTOBER 2019



OCTOBER 2020

# THE STAR GOLD COAST DEVELOPMENT



OCTOBER 2019



OCTOBER 2020

# OUR ACHIEVEMENTS

## THE DARLING SYDNEY

FORBES 5 STAR RATING  
2017 / 2018 / 2019 / 2020

Sydney's only hotel to receive the prestigious Forbes Five-Star rating

## DIVERSITY & INCLUSION

#2 IN AUSTRALIA AND  
#25 IN THE WORLD

Refinitiv 2019  
Diversity & Inclusion Index

# #1

DJSI 'GLOBAL LEADER' CASINO AND GAMING INDUSTRY  
2016 / 2017 / 2018 / 2019

Dow Jones Sustainability Index (DJSI) assessment 2019

## "PRIDE IN DIVERSITY"

BRONZE EMPLOYER  
Australian Workplace Equality Index for LGBTI Inclusion



>50% portfolio with **environmental ratings**, 90% by 2022

20,000L water saved daily at The Star Sydney

Over 100 initiatives completed to reduce environmental impact

Launched "Beyond 2020", our new Sustainability Action Plan

Netzero carbon emissions by 2030 for wholly owned and operated assets

Founding member of Sydney's Sustainable Destination Partnership

100,000 meals donated (OzHarvest, Foodbank)

28 tons of linen, towels and bathrobes donated to charities

# OUR STRATEGY IS UNCHANGED

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## DELIVER ON OPERATING MODEL

- ◆ Leverage improved capabilities
- ◆ Retain efficiencies from cost management

## DELIVER ON INVESTMENT STRATEGY

- ◆ Queen's Wharf Brisbane
- ◆ Gold Coast masterplan
- ◆ Sydney long-term developments
- ◆ Chow Tai Fook/ Far East Consortium partnership

# OUR PRIORITIES FOR THE 2021 FINANCIAL YEAR

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## OPERATIONS

- ◆ Post COVID-19 earnings recovery underway – focus on local markets
  - ◆ Preparation for Sydney competition – new Sovereign PGR, loyalty program upgrade
  - ◆ Operating expenses under review
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## BALANCE SHEET

- ◆ Debt reduction initiatives underway through cash preservation and capital recycling
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## CAPITAL

- ◆ Enhance shareholder returns
  - ◆ Capital light model
  - ◆ Capital recycling options progressing
  - ◆ Partnership approach, mixed use developments
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# GROUP YEAR TO DATE TRADING UPDATE

- ◆ Trading update for the period from 1 July 2020 to 15 October 2020
  - Group domestic gaming revenue ~75% of pcp with group domestic revenue ~70% of pcp on reduced capacity at all properties
    - The Queensland properties have traded strongly with domestic gaming revenue broadly in-line with the prior period
    - Sydney continues to be impacted by the more onerous constraints on the operations of the property – patron caps per area and no co-mingling between areas
    - Group loyalty gaming revenue remains strong, enhanced by the newly opened Sovereign PGR in Sydney
  - Operating costs managed during restricted operations resulting in domestic EBITDA margin improvement in 1QFY2021, despite lower revenues
  - Negligible VIP turnover given border closures
  - Strong cashflow generated, enabling significant debt reduction (\$145m in 1QFY2021)
  - Restrictions may change over the remainder of the year which could materially impact revenues

# THE STAR ENTERTAINMENT GROUP LIMITED (ASX: SGR)

## BASIS OF PREPARATION AND NON-IFRS INFORMATION

- ◆ Information in this presentation is provided as at the date of the presentation unless specified otherwise. It should be read in conjunction with The Star Entertainment Group Limited's financial report for the full year ended 30 June 2020 (Financial Report) and other disclosures made via the Australian Securities Exchange
- ◆ The Star Entertainment Group results are reported under International Financial Reporting Standards (IFRS). This presentation may include certain non-IFRS measures including normalised results, which are used internally by management to assess the performance of the business
- ◆ Non-IFRS measures and current trading FY2021 results to date have not been subject to audit or review
- ◆ Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% on actual turnover, taxes and revenue share commissions
- ◆ Normalised EBITDA and Normalised EBIT are calculated based on normalised gross revenue, taxes and revenue share commissions. Significant items are excluded from the normalised results
- ◆ Queensland results referred to in this presentation relate to The Star Gold Coast and Treasury Brisbane segments as reported in the Financial Report
- ◆ The Star Entertainment Group adopted AASB 16 Leases on 1 July 2019. The new standard impacts the Group's accounting for leases, with operating leases greater than 12 months required to be recognised on the balance sheet as a right-of-use asset and lease liability. The new standard also affects the classification and timing of expense recognition in the income statement, with a reduction to lease costs in operating expenses replaced by an increase in interest and depreciation expense. Comparatives have not been restated.

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