



THE STAR

## ASX Announcement

18 February 2021

### 2021 HALF YEAR RESULTS PRESENTATION

Attached is the presentation regarding the financial results of The Star Entertainment Group Limited (**The Star Entertainment Group**) for the half year ended 31 December 2020, to be presented by Matt Bekier, Managing Director and Chief Executive Officer, and Harry Theodore, Chief Financial Officer.

The presentation and a link to an audio webcast of the presentation will be available on The Star Entertainment Group's website at [www.starentertainmentgroup.com.au](http://www.starentertainmentgroup.com.au) from 10:00am (Sydney time) today.

The information contained in this announcement should be read in conjunction with today's announcement of The Star Entertainment Group's half year results.

#### Authorised by:

The Board of Directors

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THE STAR

ENTERTAINMENT  
GROUP

# THE STAR ENTERTAINMENT GROUP

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## 1H FY2021 RESULTS PRESENTATION

THURSDAY  
18 FEBRUARY  
2021

# THE STAR ENTERTAINMENT GROUP

## 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 half year ended 31 December 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 2H 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 EBIT and Normalised EBITDA 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

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# THE STAR ENTERTAINMENT GROUP

## AGENDA

1. OVERVIEW

MATT BEKIER – CEO

2. FINANCIALS

3. PRIORITIES

4. Q&A

# OVERVIEW

## 1H FY2021 HIGHLIGHTS

### PERFORMANCE IMPACTED BY COVID-19 RELATED RESTRICTIONS

- ◆ Normalised Group revenue of \$742m, EBITDA of \$226m and NPAT of \$63m\*
- ◆ Statutory revenue of \$750m, EBITDA of \$233m (before significant items) and statutory NPAT of \$51m
- ◆ COVID-19 related social distancing restrictions and border closures materially impacted volumes

### KEY PERFORMANCE HIGHLIGHTS

- ◆ Gold Coast slots revenue up 8%, Brisbane up 7%
- ◆ Group loyalty gaming revenue up slightly on pcp – Sydney Sovereign PGR revenue up 5%
- ◆ Group normalised EBITDA margin improved from 23.5% to 30.4%

### COSTS AND CAPEX WELL-MANAGED

- ◆ Operating expenses down 40% to \$324m\*\*
- ◆ Variable costs aligned with lower volumes, fixed costs reduced
- ◆ Operating expenses include higher temporary COVID-19 related costs (cleaning, security, hygiene marshals)
- ◆ Capex down materially

### BALANCE SHEET POSITION IMPROVED

- ◆ Net debt reduced by \$151m during the period
- ◆ Negotiated full waiver of debt covenants for the December 2020 testing date and an amendment of covenant ratios for the June 2021 testing date
- ◆ Significant liquidity put in place (\$448m in undrawn facilities as at 31 December 2020)
- ◆ Significant growth investments continuing to plan – QWB, Gold Coast Towers 1 and 2

### ASSET SALES PROGRESSING

- ◆ Contracted the sale of the VIP aircraft and boat
- ◆ Progressing the sale process for The Star Sydney Car Park concession

\* Not directly comparable to the pcp given the operating restrictions  
\*\* Operating expenses \$382m ex JobKeeper wage subsidy of \$58m

# OVERVIEW

## TRADING AND JOBKEEPER UPDATE

### JOBKEEPER UPDATE

- ◆ Ceased receiving the JobKeeper wage subsidy
- ◆ The Queensland and Corporate entities ceased to be eligible on 28 September 2020
- ◆ The Star Sydney property staff remained on JobKeeper until 4 January 2021 with the business materially impacted by the COVID-19 related restrictions (statutory EBIT down 60% including the benefit of JobKeeper)
- ◆ JobKeeper assisted The Star in retaining staff, redeployment and stand-ups
- ◆ No staff remained stood down by the end of December

### EARLY 2H FY2021 TRADING SOUND

- ◆ Early 2H FY2021 trading is exhibiting similar trends to the first half with all 3 properties experiencing positive domestic demand conditions
- ◆ Performance continues to be impacted by COVID-19 related operating restrictions
- ◆ In the period from 1 January 2021 to 14 February 2021, group domestic gaming revenue was ~81% of pcp with group domestic revenue ~80% of pcp
  - Group loyalty gaming revenue up 3%
  - Queensland properties up slightly despite the Brisbane shutdown in January
  - Gold Coast domestic gaming revenue up 9%
  - Sydney impacted by the more onerous constraints on the operations of the property early in the period, however, restrictions have since eased
- ◆ Operating costs continue to be well managed with the overall EBITDA margin in January in-line with the prior period
- ◆ Restrictions may change over the remainder of the year, which could materially impact revenues and earnings

# OVERVIEW SYDNEY

## IMPACTED BY OPERATING RESTRICTIONS

- ◆ Earnings significantly impacted by the more onerous COVID-19 related operating restrictions - 300 patron cap per area, no co-mingling, and caps on table and machine utilisation
- ◆ Domestic EBITDA down 37% to \$111m, domestic revenue down 39%
- ◆ VIP normalised revenue down 95%
- ◆ Non-gaming revenue down 64% - Hotel cash revenue down 47% and F&B cash revenue down 69%

## STRONG PERFORMANCE ON COSTS

- ◆ Domestic EBITDA margin improved from 28.2% to 29.3%
- ◆ Costs well-managed with operating expenses down 45% to \$176m, including the benefit of the JobKeeper wage subsidy for the half (ceased in December)
- ◆ Additional COVID-19 related costs in the period included cleaning, security, hygiene marshals

## SOVEREIGN PERFORMING WELL

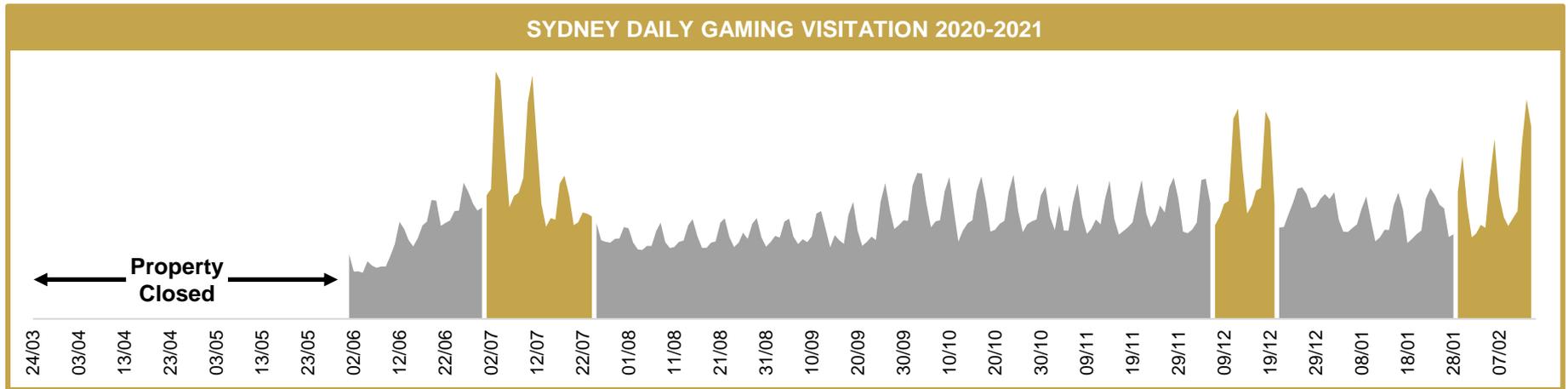
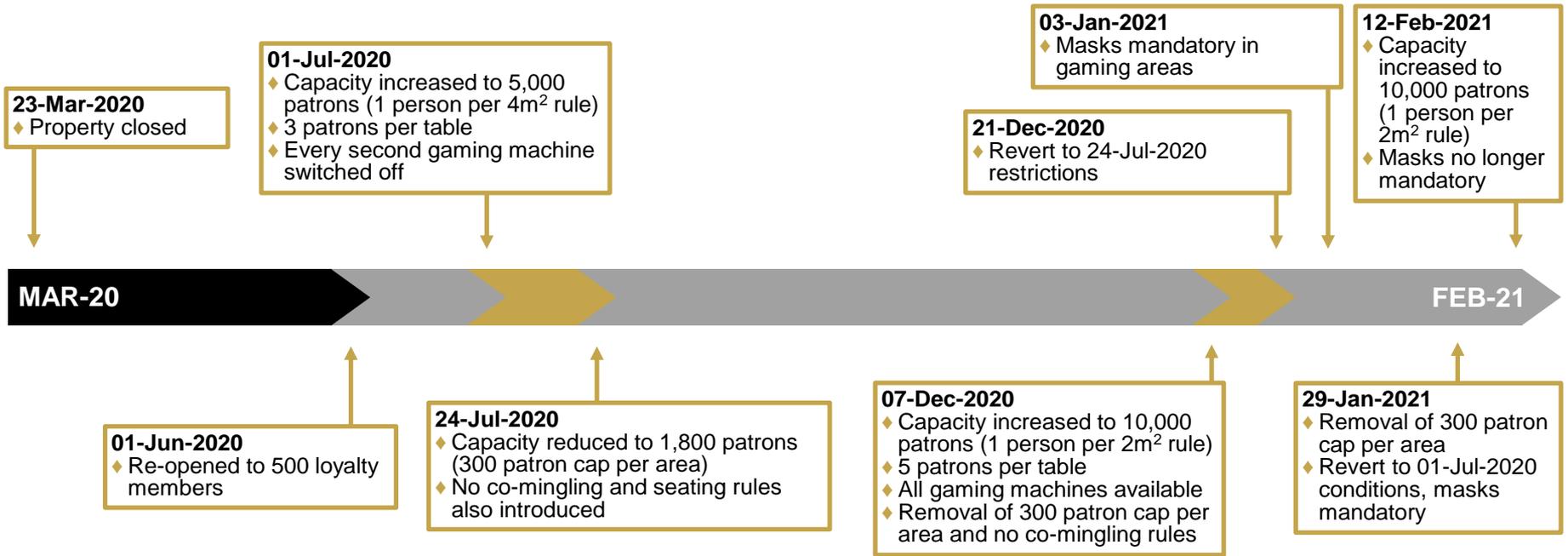
- ◆ The enlarged and expanded Sovereign PGR opened on 3 July 2020 - performance has been positive (revenue up 5% on pcp), notwithstanding capacity being restricted to 300 patrons
- ◆ Opened a new Italian restaurant, 'Cucina Porto' during the period, as well as the refurbished Oasis Room

Normalised	1H FY2021	
	\$m	vs pcp
<b>Gross Revenue</b>	390	(51%)
Domestic	379	(39%)
VIP	8	(95%)
<b>EBITDA</b>	107	(44%)
<b>EBIT</b>	45	(66%)

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 and are before significant items. EBITDA is before equity accounted investments profits/ losses and significant items.

# OVERVIEW

## SYDNEY OPERATING CONDITIONS



# OVERVIEW

## GOLD COAST

### SOLID DOMESTIC PERFORMANCE

- ◆ Gold Coast normalised EBITDA down 20% to \$51m, primarily driven by the absence of the International business
- ◆ Domestic EBITDA flat at \$53m, margins improved from 25.1% to 31.1%
- ◆ Earnings negatively impacted by COVID-19 related operating restrictions, border closures, and the shutdown of non-gaming amenities including the convention centre, theatre and buffet. Non-gaming revenue down 45%

### SLOTS PERFORMANCE VERY STRONG

- ◆ Gold Coast slots revenue up 8% with a very strong performance in the December quarter
- ◆ Table games more impacted by the COVID-19 related restrictions (border closures and social distancing measures)

### COSTS AND CAPEX WELL-MANAGED

- ◆ Costs well-managed through the period, down 39%
- ◆ JobKeeper eligibility ceased at the end of September
- ◆ Construction at the Dorsett Hotel and Residences not impacted by any COVID-19 related restrictions
- ◆ Will proceed with the construction of Tower 2 in conjunction with our JV partners - a \$400m 63-storey mixed use tower, incorporating a 210 room 5-star hotel

Normalised	1H FY2021	
	\$m	vs pcp
<b>Gross Revenue</b>	172	(48%)
Domestic	170	(19%)
VIP	1	(99%)
<b>EBITDA</b>	51	(20%)
<b>EBIT</b>	20	(43%)

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# OVERVIEW

## BRISBANE

### RECORD PERFORMANCE

- ◆ Brisbane normalised EBITDA up 29% to \$68m, revenue down 3%
- ◆ Domestic EBITDA up 34% to \$69m, margins improved from 28.5% to 38.2%
- ◆ Less impacted by operating restrictions including border closures and the shutdown of non-gaming amenities. Non-gaming revenue down 15%

### SLOTS UP 7%

- ◆ Brisbane slots revenue up 7% in the period with a stronger performance in the December quarter and a strong PGR performance
- ◆ Tables down slightly (PGR growth offset by softer MGF)

### COSTS AND CAPEX WELL-MANAGED

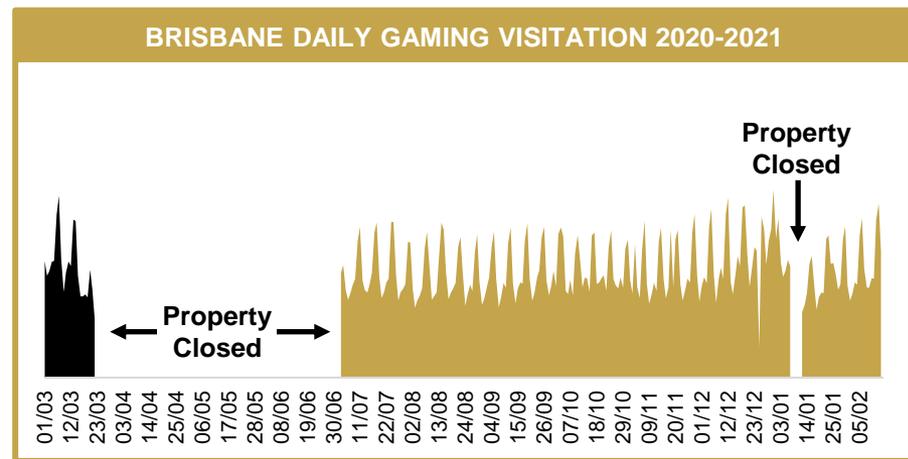
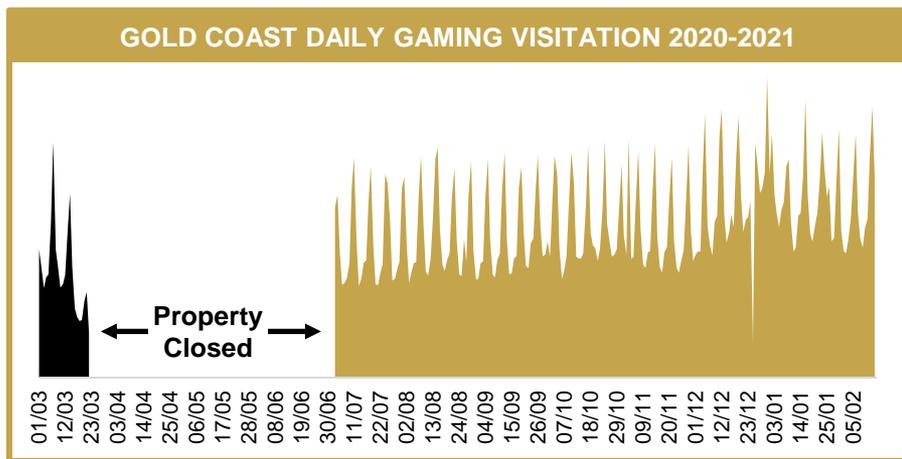
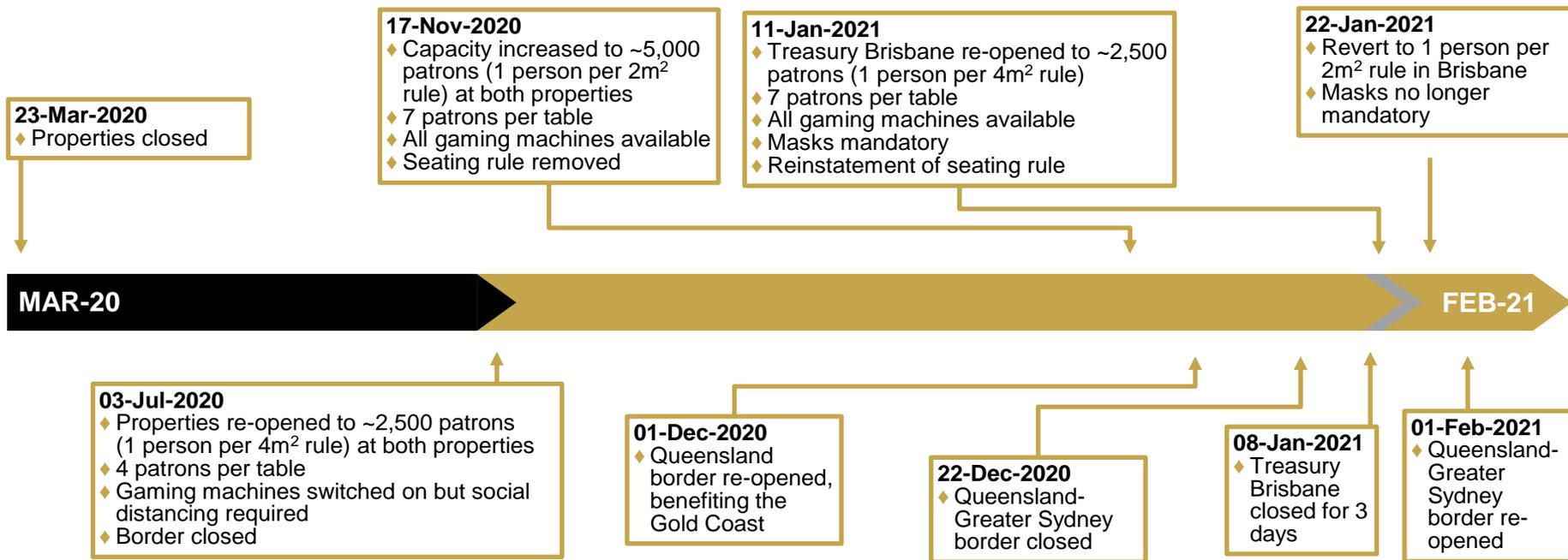
- ◆ Costs well-managed through the period, down 21%
- ◆ JobKeeper eligibility ceased at the end of September
- ◆ Construction at QWB not impacted by COVID-19 related restrictions
- ◆ QWB construction costs under lump sum contract increased to ~88%
- ◆ Opened a new bar/restaurant, 'Will & Flow', during the period and acknowledged as "one of the most beautiful new bars to open in Australia and NZ in 2020" by Urban List

Normalised	1H FY2021	
	\$m	vs pcp
<b>Gross Revenue</b>	180	(3%)
Domestic	179	(0%)
VIP	0	(94%)
<b>EBITDA</b>	68	29%
<b>EBIT</b>	53	37%

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 and are before significant items. EBITDA is before equity accounted investments profits/ losses and significant items.

# OVERVIEW

## QUEENSLAND OPERATING CONDITIONS



# THE STAR ENTERTAINMENT GROUP

## AGENDA

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2. FINANCIALS

HARRY THEODORE – CFO

3. PRIORITIES

4. Q&A

# FINANCIALS

## GROUP OVERVIEW

### OPERATING COSTS WELL-MANAGED

- ◆ Operating expenses down 40% to \$324m
- ◆ Variable costs aligned with lower volumes, fixed costs reduced
- ◆ Opex includes higher temporary COVID-19 related costs (cleaning, security, hygiene marshals)
- ◆ JobKeeper wage subsidy of \$58m booked in 1H FY2021\*
- ◆ \$15.4m in net significant items were largely restructuring related\*\*

### BALANCE SHEET POSITION IMPROVED

- ◆ Net debt reduced by \$151m during the period
- ◆ Gearing was 3.5x Net Debt/Normalised EBITDA (2.7x last 6 months annualized)
- ◆ Substantial liquidity – \$448m in undrawn facilities as at 31 December 2020
- ◆ Negotiated full waiver of debt covenants for the December 2020 testing date and an amendment of the covenant ratios for the June 2021 testing date

### FY2021 DELEVERAGING PLAN

- ◆ Plan provides for significant deleveraging in FY2021
- ◆ Incorporates asset sales, capex reductions, and no cash dividends

#### SOURCE OF FUNDS

- 1 EBITDA
- 2 Potential asset sales (Sydney carpark, VIP assets) (~\$300m)
- 3 Potential VIP collections (~\$50m)

#### USE OF FUNDS

- 1 SGR-only capex (~\$100m)
- 2 Joint venture contributions (QWB, Gold Coast) (~\$110m)
- 3 Net funding costs (\$55-60m)
- 4 Corporate tax (after carry-forward losses)

\* SGR received \$88m relating to the Jul-Dec 20 period with \$30m flowing directly to employees stood down or on reduced hours

\*\* See Note A5 of the Financial Report for further details

# FINANCIALS

## GROUP OVERVIEW

### COST REDUCTION PROGRAM

- ◆ \$50m fixed cost reduction program underway
- ◆ >60% complete with the full run-rate expected in FY2022, assuming a return to more normal operating conditions

### ASSET SALES PROGRESSING

- ◆ Contracted the sale of the VIP aircraft and boat
- ◆ Progressing the sale process for The Star Sydney Car Park concession

### CAPEX DOWN MATERIALLY AND BELOW GUIDANCE

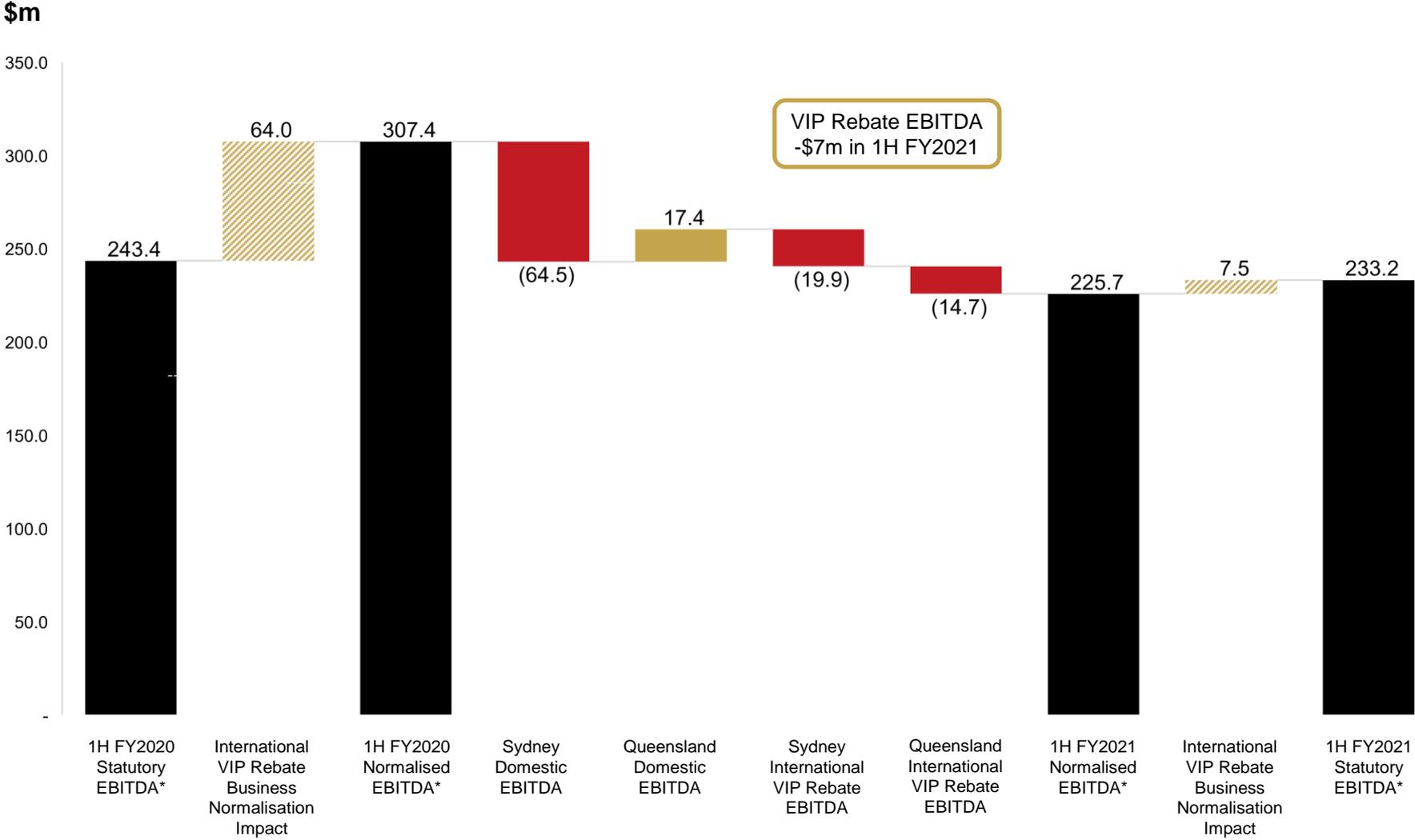
- ◆ 1H FY2021 capex of \$54m down 65% on pcp, FY2021 remains on plan ~\$100m
- ◆ FY2021 JV contributions are below plan at ~\$110m vs previous guidance of ~\$150m
  - QWB equity contributions of ~\$100m to cease at the end of Q3 FY2021
  - Gold Coast JV Tower 1 (Dorsett Hotel and Residences) equity contributions have been completed, Tower 2 contributions to continue (~\$10m in 2H FY2021)
  - Sydney property acquisition debt funded (off-balance sheet)
- ◆ JV contributions FY2022 expected to be ~\$30m, below prior guidance of below \$50m, primarily relating to Gold Coast JV Tower 2

### DEPRECIATION AND NET INTEREST EXPENSE

- ◆ Expected D&A expense of ~\$210m in FY2021, ~\$200m in FY2022 – no change from guidance provided in August 2020
- ◆ Expected net funding costs \$55-60m in FY2021 (previous guidance \$70-75m)

# FINANCIALS

## EBITDA BRIDGE



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 and are before significant items.

\* Excluding equity accounted investments profits/ losses and significant items.

# FINANCIALS

## FIXED COST REDUCTION PROGRAM

### ORGANISATION RESTRUCTURE RECAP

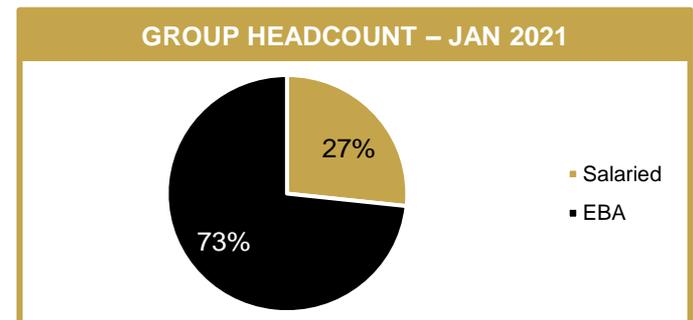
- ◆ Moved to centralised functions in FY2019-2020
- ◆ The restructure has driven efficiencies, improved capabilities, processes, and decision-making
- ◆ Benefit from lower costs (~\$50m salaried headcount savings achieved in early FY2020)

### BROADER REVIEW OF COST BASE IN FY2021

- ◆ Additional \$50m in fixed cost savings targeted in the FY2021 program
- ◆ Re-focus on salaried headcount but also review of non-salaried roles and non-employee costs
- ◆ Key areas include:
  - Further streamlining central functions/overheads
  - International business restructure
  - Table games supervisory labour
  - F&B labour
  - Other costs (premium assets, travel, leases, procured spend etc)

### 60% OF TARGET DELIVERED IN 1H FY2021

- ◆ 248 salaried roles removed in 1H FY2021
- ◆ Sydney table games supervisory restructure completed in December; Queensland awaiting regulatory approvals
- ◆ F&B fixed cost review a priority for 2H FY2021 - will require operating conditions to return to normal levels for the realisation of full benefits

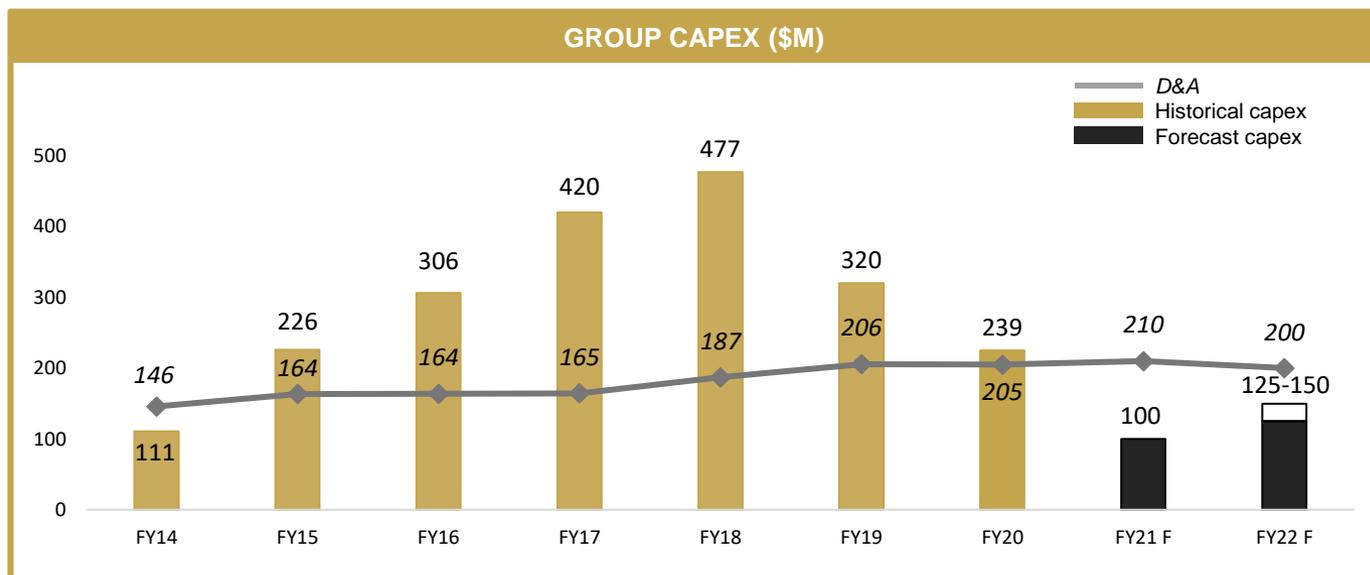


# FINANCIALS

## CAPEX

**GROUP CAPEX IS DECLINING, ON PLAN**

- ◆ The Group is coming off a period of heavy investment, delivered on time and on budget
- ◆ 1H FY2021 group capex \$54m
- ◆ FY2021 expected capex remains ~\$100m and ~\$125-150m in FY2022
- ◆ FY2021 expected D&A expense of ~\$210m, ~\$200m for FY2022
- ◆ No change from the guidance provided in August 2020



**JV CONTRIBUTIONS ARE ALSO DECLINING, BELOW GUIDANCE**

- ◆ FY2021 expected JV contributions of ~\$110m (vs prior guidance of ~\$150m) to fund the following:
  - QWB equity contributions of ~\$100m (cease Q3 FY2021)
  - Gold Coast JV Tower 2 equity contribution of \$10m
- ◆ FY2022 expected JV contributions of ~\$30m (vs prior guidance of below \$50m) – primarily relating to Gold Coast JV Tower 2

# FINANCIALS

## PROFIT AND LOSS – 1H FY2021

\$M	1H FY2021 STATUTORY	fav/(unfav)	1H FY2021 NORMALISED <sup>2</sup>	fav/(unfav)
Domestic Gaming revenue	657.5	(23.8%)	657.5	(23.8%)
International VIP Rebate	16.4	(89.4%)	8.8	(96.9%)
Non-gaming and other revenue	76.0	(52.3%)	76.0	(52.3%)
<b>Gross Revenue</b> <sup>1</sup>	<b>749.9</b>	<b>(36.2%)</b>	<b>742.3</b>	<b>(43.2%)</b>
Player rebates and commissions	( 8.5)	93.0%	( 9.2)	94.8%
<b>Net Revenue</b>	<b>741.4</b>	<b>(29.6%)</b>	<b>733.1</b>	<b>(35.2%)</b>
Gaming taxes and levies	( 184.1)	32.7%	( 183.3)	36.0%
Operating expenditure	( 324.1)	39.6%	( 324.1)	39.6%
<b>EBITDA (before significant items)</b> <sup>3</sup>	<b>233.2</b>	<b>(4.2%)</b>	<b>225.7</b>	<b>(26.6%)</b>
D&A	( 107.2)	(6.0%)	( 107.2)	(6.0%)
<b>EBIT (before significant items)</b>	<b>126.0</b>	<b>(11.5%)</b>	<b>118.5</b>	<b>(42.6%)</b>
Share of net profit/(loss) of associate	( 1.3)	(550.0%)	( 1.3)	(550.0%)
<b>Statutory EBIT (before significant items)</b>	<b>124.7</b>	<b>(12.2%)</b>	<b>117.2</b>	<b>(43.1%)</b>
Net funding costs	( 26.9)	(9.8%)	( 26.9)	(9.8%)
Tax (before significant items) <sup>4</sup>	( 31.2)	12.6%	( 27.1)	50.9%
<b>NPAT (before significant items)</b>	<b>66.6</b>	<b>(18.7%)</b>	<b>63.2</b>	<b>(50.0%)</b>
Significant items (after tax) <sup>5</sup>	( 15.4)	(185.2%)		
<b>Statutory NPAT</b>	<b>51.2</b>	<b>(33.1%)</b>		
Earnings per share (cents)	5.4	(34.9%)		
Total Dividends per share (cents)	N/A	(100.0%)		

### Notes

1. Revenue is shown as the net gaming win, but gross of rebates and commissions paid to players and third parties
2. Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International Rebate business. Normalised results are adjusted using an average win rate of 1.35% on actual turnover, taxes and revenue share commissions and before significant items
3. Statutory EBITDA of \$233.2m is before equity accounted investments and before significant items
4. Tax before significant items is calculated for actual and normalised purposes based on the statutory effective tax rate paid in the period
5. 1HFY2021 Significant Items largely reflect restructuring costs. Refer to Note A5 of the Financial Report for a reconciliation of significant items

# FINANCIALS

## BALANCE SHEET

\$M	DEC 2020	JUN 2020	DEC 2019
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	88.6	66.1	98.0
Trade and other receivables	61.7	99.5	210.8
Inventories	16.4	16.4	18.7
Income tax receivable	-	7.5	4.5
Derivative financial instruments	43.9	65.8	8.6
Assets held for sale	28.9	37.2	-
Other assets	41.7	59.9	51.7
<b>Total current assets</b>	<b>281.2</b>	<b>352.4</b>	<b>392.3</b>
<b>Non current assets</b>			
Property, plant and equipment	2,787.2	2,837.0	2,889.0
Intangible assets	1,850.1	1,853.1	1,862.1
Derivative financial instruments	13.6	67.9	79.9
Investment in associate and joint venture entities	580.0	525.1	457.4
Other assets	33.8	40.4	41.8
<b>Total Non current assets</b>	<b>5,264.7</b>	<b>5,323.5</b>	<b>5,330.2</b>
<b>TOTAL ASSETS</b>	<b>5,545.9</b>	<b>5,675.9</b>	<b>5,722.5</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	219.9	324.0	318.1
Interest bearing liabilities	144.6	162.9	10.8
Income tax payable	1.6	-	-
Provisions	85.0	70.9	66.8
Derivative financial instruments	8.9	7.7	6.0
Other liabilities	25.9	21.5	17.6
<b>Total current liabilities</b>	<b>485.9</b>	<b>587.0</b>	<b>419.3</b>
<b>Non current liabilities</b>			
Interest bearing liabilities	1,262.2	1,462.1	1,380.7
Deferred tax liabilities	144.5	138.4	171.5
Provisions	10.4	10.5	10.0
Derivative financial instruments	16.8	7.0	7.0
Other liabilities	5.6	5.9	6.3
<b>Total non current liabilities</b>	<b>1,439.5</b>	<b>1,623.9</b>	<b>1,575.5</b>
<b>TOTAL LIABILITIES</b>	<b>1,925.4</b>	<b>2,210.9</b>	<b>1,994.8</b>
<b>NET ASSETS</b>	<b>3,620.5</b>	<b>3,465.0</b>	<b>3,727.7</b>
<b>EQUITY</b>			
Share capital	3,159.3	3,050.8	3,062.3
Retained earnings	462.0	410.8	678.3
Reserves	( 0.8)	3.4	( 12.9)
<b>TOTAL EQUITY</b>	<b>3,620.5</b>	<b>3,465.0</b>	<b>3,727.7</b>

- ◆ Capital programs progressed
  - Property, plant and equipment declined reflecting capex being below depreciation
  - Investment in associates and joint venture entities increased, relating to QWB and the Gold Coast JV towers progressing as planned
- ◆ COVID-19 property and border closures impacted business volumes and VIP debt provisioning
  - Cash, trade and other payables declined reflecting lower business volumes
  - Trade and other receivables declined reflecting IRB collections in the period and lower VIP business volumes
- ◆ The movement in derivative financial instruments reflects the movement in interest rates and currency exchanges
- ◆ Net debt of \$1,232m\* (excluding lease liabilities of \$54m), was down \$151m vs 30 June 2020, reflecting free cashflow generation and the capital programs progressing below plan
- ◆ Cash conversion was 135% (1H FY2020 88%) reflecting the unwinding of prepayments (e.g. NSW gaming tax), IRB collections, and JobKeeper wage subsidy

\* Net debt shown as interest bearing liabilities (excluding lease liabilities of \$54m) less cash and cash equivalents less the net impact of derivative financial instruments

# THE STAR ENTERTAINMENT GROUP

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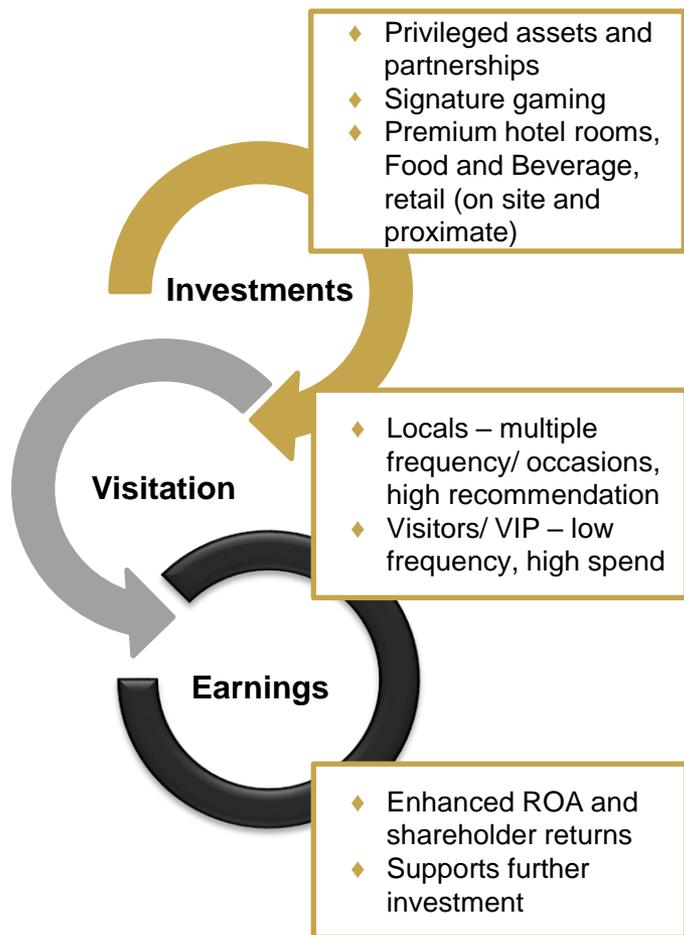
MATT BEKIER – CEO

4. Q&A

# PRIORITIES

## STRATEGY REMAINS UNCHANGED

### OUR STRATEGY



### OUR DELIVERY

- 1 Deliver on the operating model**
  - ◆ Leverage improved capabilities
  - ◆ Retain the efficiencies from cost management programs
- 2 Deliver on the investment strategy**
  - ◆ JV capital light approach to major projects
  - ◆ QWB
  - ◆ Gold Coast Masterplan
  - ◆ Sydney – develop a masterplan under the NSW Government's Pyrmont Peninsula Place Strategy for the potential construction of two towers
- 3 Enhance shareholder returns**
  - ◆ Execute a capital efficient model
  - ◆ Capital recycling options progressing
  - ◆ Partnership approach to investments

# PRIORITIES

## OUR PRIORITIES FOR THE YEAR AHEAD

1

### OPERATIONS

- ◆ **Post COVID-19 earnings recovery** – safely and effectively lift performance when permitted while shifting the focus to the locals and domestic markets
- ◆ **Preparation for Sydney competition** – new Sovereign PGR, loyalty program relaunch, smart tables, marketing and sales plans, key staff retention
- ◆ **Operating expenses** – complete the recently initiated cost reduction program

2

### BERGIN INQUIRY REPORT

- ◆ **Engage with the regulator in relation to the recommendations of the Bergin Inquiry Report**
- ◆ **In relation to the International VIP Rebate business**, SGR will continue to:
  - Review the business model
  - Reduce the fixed cost base
  - Increase the focus on IPM customers when the borders re-open

3

### BALANCE SHEET

- ◆ **Debt reduction** – initiatives are underway
  - Capex and JV contributions are declining
  - Asset sales – the sale of the VIP aircraft and boat have been contracted while progressing the sale of The Star Sydney Car Park concession
  - Capital recycling – review ownership structures of other non-core or low yielding assets

4

### STRATEGY UNCHANGED

- ◆ **Gold Coast** – continue to progress the construction of the Dorsett Hotel and Residences and JV Tower 2
- ◆ **QWB** – continue to progress the construction of the QWB IRD
- ◆ **Sydney** – progress a masterplan under the NSW Government's Pyrmont Peninsula Place Strategy for the possible construction of two towers

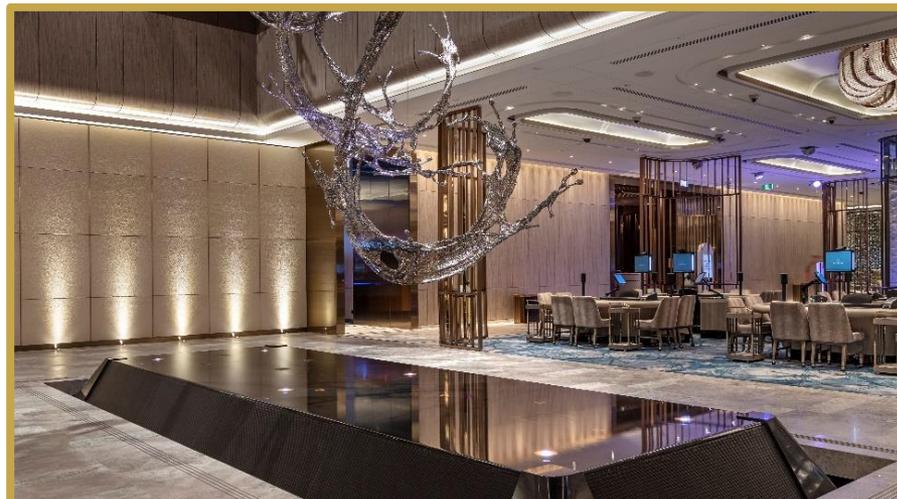
# PRIORITIES

## ADDRESS CROWN SYDNEY

### COMPETITION READY

1	<b>Table and EGM Gaming</b>	<b>Regulatory and customer advantage</b> <ul style="list-style-type: none"> <li>◆ Table/Slots overlap – individuals, small groups</li> <li>◆ Casino EGM exclusivity</li> </ul>
2	<b>PGRs</b>	<b>Unmatched size and range</b> <ul style="list-style-type: none"> <li>◆ New Chairman's and Sovereign Rooms</li> <li>◆ Oasis, Oasis Extension</li> </ul>
3	<b>Car Park</b>	<b>Direct access to PGRs</b> <ul style="list-style-type: none"> <li>◆ Over 90% of Sovereign patrons drive to property</li> </ul>
4	<b>Integrated Offer</b>	<b>Co-located gaming and F&amp;B offer</b> <ul style="list-style-type: none"> <li>◆ Premium play across PGRs and MGF</li> <li>◆ Wide range of onsite F&amp;B</li> </ul>
5	<b>Loyalty</b>	<b>Updated and targeted</b> <ul style="list-style-type: none"> <li>◆ Leverage behavioural insights</li> <li>◆ Improved ratings accuracy (smart tables)</li> </ul>
6	<b>Sales</b>	<b>Focused sales</b> <ul style="list-style-type: none"> <li>◆ Sales/host to customer ratios, relationships</li> </ul>
7	<b>People</b>	<b>Retention schemes, upgraded service levels</b> <ul style="list-style-type: none"> <li>◆ Key staff retention scheme in place</li> <li>◆ Forbes 5-star service levels</li> </ul>
8	<b>Networked Properties</b>	<b>Spend in Sydney, play and stay in Queensland</b> <ul style="list-style-type: none"> <li>◆ Gold Coast enlarged, upgraded</li> <li>◆ QWB from 2022</li> </ul>

	SOVEREIGN AND CHAIRMAN'S ROOMS	TOTAL
<b>Tables</b>	~ 95	~ 300 (ex VIP)
<b>Slots</b>	~ 310	1,500
<b>MTGMs</b>	~ 100	~ 600



SOVEREIGN ROOM



OASIS

# PRIORITIES GOLD COAST

## CONSTRUCTION UNINTERRUPTED BY COVID-19

- ◆ Construction of the Dorsett Hotel and Residences (first JV tower) has not been interrupted by any COVID-19 related operating restrictions
  - Remains on time and budget for completion in FY2022
  - Equity contributions have been completed and \$260m in project level debt facilities are in place
- ◆ Will commence construction of Tower 2 in February 2021 in conjunction with our JV partners - a \$400m 63-storey mixed use tower, incorporating a 210 room 5-star hotel
- ◆ Pre-sold 70% of the apartments
- ◆ Capital works will be funded by partner contributions, existing and new debt facilities, and free cash flow generation
- ◆ SGR equity contribution ~\$50m over 3 years

### KEY DATES\*

Feb-21	◆ Commence construction of Tower 2
FY2022	◆ Opening of the Dorsett Hotel and Residences, retail and associated facilities
FY2025	◆ Complete construction of Tower 2

\* Subject to planning and other approvals



THE STAR GOLD COAST – TOWERS 1 and 2



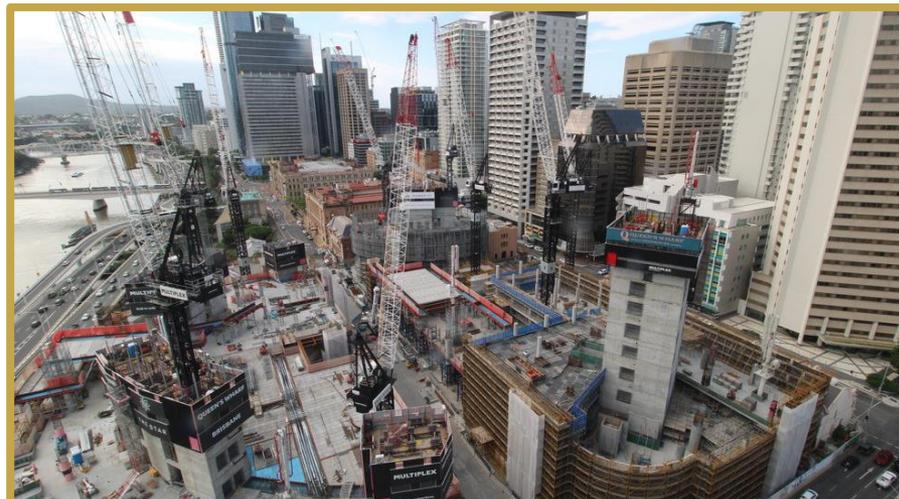
DORSETT HOTEL AND RESIDENCES – FEBRUARY 2021

# PRIORITIES

## QUEEN'S WHARF BRISBANE

### WORKS ON TIME AND BUDGET

- ◆ Construction of the shell, core and façade are underway – construction has progressed above ground
- ◆ ~88% of project costs are now under lump sum terms
- ◆ Construction has not been interrupted by any COVID-19 related restrictions and appropriate contingencies remain in place
- ◆ Equity contributions to cease at the end of Q3 FY2021, project debt drawdowns to commence
- ◆ A \$1.6bn project level debt facility was established in May 2020 (5½ year term)
- ◆ Recently signed a lease agreement with DFS, part of the LVMH Group, for ~6,000 sqm of luxury retail floorspace



VIEW FROM 1 WILLIAM STREET – FEBRUARY 2021



WILL & FLOW – OPENED NOVEMBER 2020

### KEY DATES\*

CY2021	◆ Commence the internal fit-out of the Integrated Resort
Late CY2022	◆ Commencement of opening of the Integrated Resort
CY2024	◆ Opening of the repurposed Treasury Casino Building

\* Subject to planning and other approvals

# THE STAR ENTERTAINMENT GROUP

## AGENDA

1. OVERVIEW

2. FINANCIALS

3. PRIORITIES

4. Q&A

# APPENDIX

## KEY SUSTAINABILITY METRICS

### SUSTAINABILITY AND ENVIRONMENTAL

**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM

### A GLOBAL SUSTAINABILITY LEADER

Casino and Gaming Category 2016 – 2020



>80% portfolio with **environmental ratings**, 90% by 2022



Winner International Gaming **'Sustainable Business – Operator'** Award



**Green Star Performance Rating** achieved - The Star Gold Coast



Aligning our reporting with the **United Nations Sustainable Development Goals**



**Net zero carbon emissions by 2030** for wholly owned and operated assets  
**30% reduction by 2023** in **carbon emissions and water consumption** intensity

**SUSTAINABLE DESTINATION PARTNERSHIP**

**Founding member of Sydney's Sustainable Destination Partnership**  
27 tonnes of single-use plastics avoided by switching to compostable packaging

### SOCIAL AND COMMUNITY



**\$310M**

Government taxes and levies paid in FY2020 \*



**62 TONNES**

of food (183,000 meals) donated (**OzHarvest, Foodbank**) to date



**30 TONNES**

of furniture, equipment uniforms and hotel linen **donated to charities** to date

\* Unaudited

# APPENDIX

## STATUTORY RESULTS – 1H FY2021

\$M	SYDNEY			GOLD COAST			BRISBANE			TOTAL		
	1H FY2021	1H FY2020	fav/(unfav)	1H FY2021	1H FY2020	fav/(unfav)	1H FY2021	1H FY2020	fav/(unfav)	1H FY2021	1H FY2020	fav/(unfav)
Slots	121.2	180.1	(32.7%)	98.7	91.1	8.3%	91.3	85.0	7.4%	311.2	356.2	(12.6%)
Domestic Tables	227.5	358.8	(36.6%)	41.6	64.9	(35.9%)	77.2	82.4	(6.3%)	346.3	506.1	(31.6%)
Non-gaming	30.5	84.8	(64.0%)	29.9	54.8	(45.4%)	10.9	12.8	(14.8%)	71.3	152.4	(53.2%)
Total Domestic	379.2	623.7	(39.2%)	170.2	210.8	(19.3%)	179.4	180.2	(0.4%)	728.8	1,014.7	(28.2%)
International VIP Rebate	14.9	139.5	(89.3%)	0.9	11.7	(92.3%)	0.6	2.9	(79.3%)	16.4	154.1	(89.4%)
Other revenue	3.4	4.8	(29.8%)	0.6	1.4	(57.1%)	0.7	0.6	16.7%	4.7	6.8	(31.3%)
<b>Total Gross Revenue</b>	<b>397.5</b>	<b>768.0</b>	<b>(48.2%)</b>	<b>171.7</b>	<b>223.9</b>	<b>(23.3%)</b>	<b>180.7</b>	<b>183.7</b>	<b>(1.6%)</b>	<b>749.9</b>	<b>1,175.6</b>	<b>(36.2%)</b>
Player rebates and commissions	( 8.2)	( 76.1)	89.2%	( 0.1)	( 43.4)	99.8%	( 0.2)	( 2.4)	91.7%	( 8.5)	( 121.9)	93.0%
<b>Net Revenue</b>	<b>389.3</b>	<b>691.9</b>	<b>(43.7%)</b>	<b>171.6</b>	<b>180.5</b>	<b>(4.9%)</b>	<b>180.5</b>	<b>181.3</b>	<b>(0.4%)</b>	<b>741.4</b>	<b>1,053.7</b>	<b>(29.6%)</b>
Gaming taxes and levies	( 100.1)	( 185.1)	45.9%	( 37.9)	( 42.1)	10.0%	( 46.1)	( 46.2)	0.2%	( 184.1)	( 273.4)	32.7%
Operating expenses	( 176.4)	( 320.0)	44.9%	( 81.5)	( 133.6)	39.0%	( 66.2)	( 83.3)	20.5%	( 324.1)	( 536.9)	39.6%
<b>EBITDA (before significant items)</b>	<b>112.8</b>	<b>186.8</b>	<b>(39.6%)</b>	<b>52.2</b>	<b>4.8</b>	<b>987.5%</b>	<b>68.2</b>	<b>51.8</b>	<b>31.7%</b>	<b>233.2</b>	<b>243.4</b>	<b>(4.2%)</b>
D&A	( 61.8)	( 58.8)	(5.1%)	( 30.9)	( 28.8)	(7.3%)	( 14.5)	( 13.5)	(7.4%)	( 107.2)	( 101.1)	(6.0%)
<b>EBIT (before significant items)</b>	<b>51.0</b>	<b>128.0</b>	<b>(60.2%)</b>	<b>21.3</b>	<b>( 24.0)</b>	<b>(188.8%)</b>	<b>53.7</b>	<b>38.3</b>	<b>40.2%</b>	<b>126.0</b>	<b>142.3</b>	<b>(11.5%)</b>
Share of net profit/(loss) of associate										( 1.3)	( 0.2)	(550.0%)
Significant Items										( 22.0)	( 7.7)	(185.7%)
Net funding costs										( 26.9)	( 24.5)	(9.8%)
Tax										( 24.6)	( 33.4)	26.3%
<b>Statutory NPAT</b>										<b>51.2</b>	<b>76.5</b>	<b>(33.1%)</b>
EBITDA/Revenue %	28.4%	24.3%		30.4%	2.1%		37.7%	28.2%		31.1%	20.7%	
International VIP Rebate Front Money \$m	40.3	1,561.1	(97.4%)	4.9	361.4	(98.6%)	1.0	28.7	(96.5%)	46.2	1,951.2	(97.6%)
International VIP Rebate Turnover \$m	559.3	12,020.6	(95.3%)	74.8	8,788.1	(99.1%)	19.8	342.5	(94.2%)	653.9	21,151.2	(96.9%)
International VIP Rebate Win rate	2.67%	1.16%		1.20%	0.13%		3.03%	0.85%		2.51%	0.73%	

Net Revenue is after player rebates and commissions. Complimentary revenue is included within domestic gaming revenue. International VIP Rebate includes IPM. Refer to Note A5 of the Financial Report for a reconciliation of significant items.

# APPENDIX

## NORMALISED RESULTS – 1H FY2021

\$M	SYDNEY			GOLD COAST			BRISBANE			TOTAL		
	1H FY2021	1H FY2020	fav/(unfav)	1H FY2021	1H FY2020	fav/(unfav)	1H FY2021	1H FY2020	fav/(unfav)	1H FY2021	1H FY2020	fav/(unfav)
Slots	121.2	180.1	(32.7%)	98.7	91.1	8.3%	91.3	85.0	7.4%	311.2	356.2	(12.6%)
Domestic Tables	227.5	358.8	(36.6%)	41.6	64.9	(35.9%)	77.2	82.4	(6.3%)	346.3	506.1	(31.6%)
Non-gaming	30.5	84.8	(64.0%)	29.9	54.8	(45.4%)	10.9	12.8	(14.8%)	71.3	152.4	(53.2%)
Total Domestic	379.2	623.7	(39.2%)	170.2	210.8	(19.3%)	179.4	180.2	(0.4%)	728.8	1,014.7	(28.2%)
International VIP Rebate	7.5	162.4	(95.3%)	1.0	118.7	(99.1%)	0.3	4.6	(94.2%)	8.8	285.7	(96.9%)
Other revenue	3.4	4.8	(29.8%)	0.6	1.4	(57.1%)	0.7	0.6	16.7%	4.7	6.8	(31.3%)
<b>Total Gross Revenue</b>	<b>390.1</b>	<b>790.9</b>	<b>(50.7%)</b>	<b>171.8</b>	<b>330.9</b>	<b>(48.1%)</b>	<b>180.4</b>	<b>185.4</b>	<b>(2.7%)</b>	<b>742.3</b>	<b>1,307.2</b>	<b>(43.2%)</b>
Player rebates and commissions	( 7.7)	( 92.4)	91.7%	( 1.3)	( 80.6)	98.4%	( 0.2)	( 3.3)	93.9%	( 9.2)	( 176.3)	94.8%
<b>Net Revenue</b>	<b>382.4</b>	<b>698.5</b>	<b>(45.3%)</b>	<b>170.5</b>	<b>250.3</b>	<b>(31.9%)</b>	<b>180.2</b>	<b>182.1</b>	<b>(1.0%)</b>	<b>733.1</b>	<b>1,130.9</b>	<b>(35.2%)</b>
Gaming taxes and levies	( 99.3)	( 187.5)	47.0%	( 37.9)	( 52.8)	28.2%	( 46.1)	( 46.3)	0.4%	( 183.3)	( 286.6)	36.0%
Operating expenses	( 176.4)	( 320.0)	44.9%	( 81.5)	( 133.6)	39.0%	( 66.2)	( 83.3)	20.5%	( 324.1)	( 536.9)	39.6%
<b>Normalised EBITDA</b>	<b>106.7</b>	<b>191.0</b>	<b>(44.1%)</b>	<b>51.1</b>	<b>63.9</b>	<b>(20.0%)</b>	<b>67.9</b>	<b>52.5</b>	<b>29.3%</b>	<b>225.7</b>	<b>307.4</b>	<b>(26.6%)</b>
D&A	( 61.8)	( 58.8)	(5.1%)	( 30.9)	( 28.8)	(7.3%)	( 14.5)	( 13.5)	(7.4%)	( 107.2)	( 101.1)	(6.0%)
<b>Normalised EBIT</b>	<b>44.9</b>	<b>132.2</b>	<b>(66.0%)</b>	<b>20.2</b>	<b>35.1</b>	<b>(42.5%)</b>	<b>53.4</b>	<b>39.0</b>	<b>36.9%</b>	<b>118.5</b>	<b>206.3</b>	<b>(42.6%)</b>
Share of net profit/(loss) of associate										( 1.3)	( 0.2)	(550.0%)
<b>Normalised EBIT after share of net profit of associate</b>										<b>117.2</b>	<b>206.1</b>	<b>(43.1%)</b>
Net funding costs										( 26.9)	( 24.5)	(9.8%)
Tax										( 27.1)	( 55.2)	50.9%
<b>Normalised NPAT</b>										<b>63.2</b>	<b>126.4</b>	<b>(50.0%)</b>
EBITDA/Revenue %	27.4%	24.1%		29.7%	19.3%		37.6%	28.3%		30.4%	23.5%	
International VIP Rebate Front Money \$m	40.3	1,561.1	(97.4%)	4.9	361.4	(98.6%)	1.0	28.7	(96.5%)	46.2	1,951.2	(97.6%)
International VIP Rebate Turnover \$m	559.3	12,020.6	(95.3%)	74.8	8,788.1	(99.1%)	19.8	342.5	(94.2%)	653.9	21,151.2	(96.9%)
International VIP Rebate Win rate	1.35%	1.35%		1.35%	1.35%		1.35%	1.35%		1.35%	1.35%	

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 and are before significant items.

Net Revenue is after player rebates and commissions. Complimentary revenue is included within domestic gaming revenue. International VIP Rebate includes IPM. Refer to Note A5 of the Financial Report for a reconciliation of significant items.

# APPENDIX

## OPERATIONAL METRICS

OPERATIONAL METRICS	SYDNEY		QUEENSLAND		SYDNEY VARIANCE	QUEENSLAND VARIANCE
	1H FY2021	1H FY2020	1H FY2021	1H FY2020		
<b>Slots</b>						
Revenue (\$m)	121	180	190	176	(32.7%)	7.9%
NMR/machine/day	478	654	344	314	(26.9%)	9.5%
<b>MTGMs</b>						
Revenue (\$m)	37	51	21	21	(26.0%)	(2.0%)
NMR/machine/day	344	456	288	305	(24.5%)	(5.7%)
<b>Domestic Tables (excl. MTGMs)</b>						
Revenue (\$m)	190	308	98	126	(38.3%)	(22.2%)
Hold %	21.7%	19.2%	19.9%	20.3%		
<b>VIP Rebate (Actual)</b>						
Front Money (\$m)	40	1,561	6	390	(97.4%)	(98.5%)
Turnover (\$m)	559	12,021	95	9,131	(95.3%)	(99.0%)
Turns	13.9	7.7	16.0	23.4	80.1%	(31.2%)
Win Rate	2.7%	1.2%	1.6%	0.2%		
<b>Hotels</b>						
Occupancy	59%	95%	79%	84%	(38.3%)	(6.5%)
Cash Revenue (\$m)	9	17	11	17	(46.7%)	(36.5%)
<b>Restaurants</b>						
Cash Revenue (\$m)	12	28	15	25	(59.0%)	(39.3%)
Gross Revenue (\$m)	17	41	25	39	(58.9%)	(36.0%)
<b>Bars</b>						
Cash Revenue (\$m)	4	21	12	14	(81.9%)	(10.1%)
Gross Revenue (\$m)	24	53	30	36	(53.8%)	(17.7%)
Statutory EBITDA/Revenue %	28.4%	24.3%	34.2%	13.9%		
Normalised EBITDA/Revenue %	27.4%	24.1%	33.8%	22.5%		
Employee Costs/Statutory Revenue %	19.9%	21.2%	21.2%	27.5%		
Employee Costs/Normalised Revenue %	20.3%	20.5%	21.2%	21.7%		

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 and are before significant items.

# APPENDIX

## CASH CONVERSION AND FUNDING

### CASH CONVERSION

CATEGORY \$M	Dec-20	Jun-20	Dec-19
<b>Cash flows from operating activities before interest and income tax</b>			
Net cash receipts in the course of operations	816.9	1,640.1	1,063.9
Payments to suppliers, service providers and employees	(482.2)	(1,103.8)	(598.6)
Payment of government levies, gaming taxes and GST	(144.4)	(418.7)	(250.5)
Receipt of government grants	103.0	40.0	0.0
<b>Net cash inflows from operating activities before interest and income tax</b>	<b>293.3</b>	<b>157.6</b>	<b>214.8</b>
<b>Profit before net finance costs and income tax*</b>	<b>107.0</b>	<b>(77.2)</b>	<b>134.4</b>
Add back depreciation and amortisation	110.8	232.3	108.8
<b>EBITDA*</b>	<b>217.8</b>	<b>155.1</b>	<b>243.2</b>
<b>Cash collection</b>	<b>135%</b>	<b>102%</b>	<b>88%</b>

\* Including share of net (loss)/ profit of associate and significant items

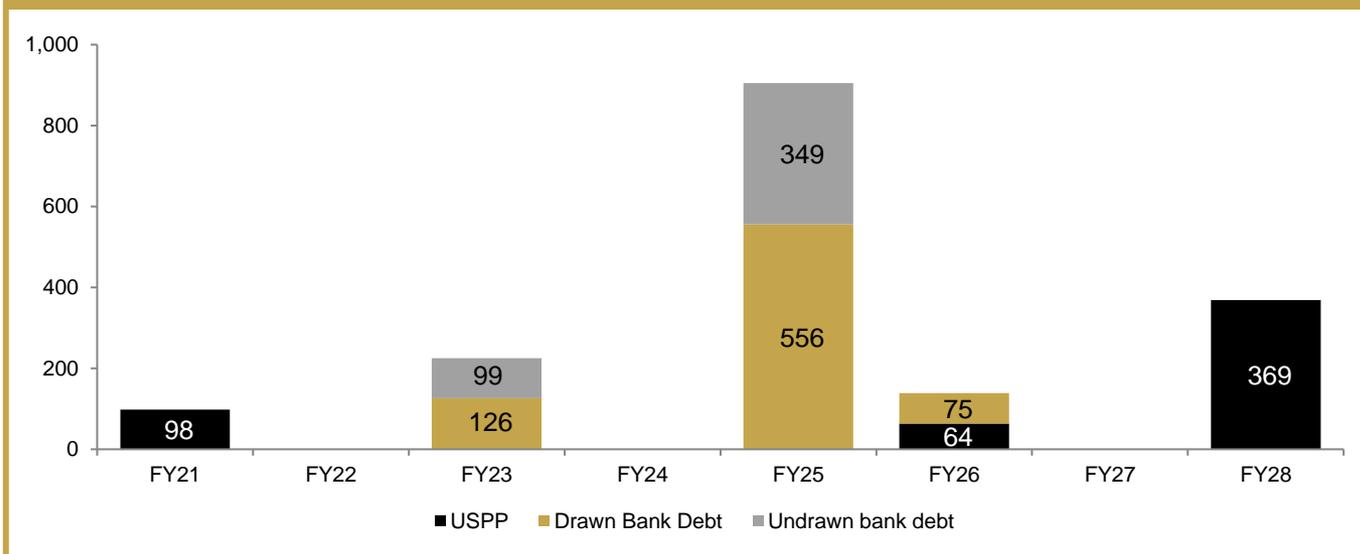
Net cash receipts are after player rebates and commissions. Significant items in 1H FY2021 largely reflect restructuring costs. See Note A5 of the Financial Report for further detail

### FUNDING

As at 31 December 2020:

- ◆ \$1.7bn total facilities
- ◆ 3.8 years weighted average debt maturity of committed debt facilities
- ◆ \$0.5bn total available cash and facilities

#### DEBT MATURITY PROFILE AT 31 DECEMBER 2020 (\$M)



# APPENDIX

## INTERNATIONAL VIP REBATE RECEIVABLES \*

INTERNATIONAL VIP REBATE BUSINESS RECEIVABLES (BEFORE PROVISIONS)	0 - 30 DAYS	30 DAYS - 1 YEAR	1 - 3 YEARS	TOTAL
<b>December 2020 (\$m)</b>				
Not yet due	0.9	-	-	0.9
Past due not impaired	-	8.4	13.8	22.2
Considered impaired	-	18.3	18.7	37.0
<b>Total</b>	<b>0.9</b>	<b>26.7</b>	<b>32.5</b>	<b>60.1</b>
<b>June 2020 (\$m)</b>				
Not yet due	0.5	-	-	0.5
Past due not impaired	-	46.7	6.1	52.8
Considered impaired	-	64.3	39.3	103.6
<b>Total</b>	<b>0.5</b>	<b>111.0</b>	<b>45.4</b>	<b>156.9</b>
<b>December 2019 (\$m)</b>				
Not yet due	113.0	-	-	113.0
Past due not impaired	-	40.9	27.6	68.5
Considered impaired	2.3	7.4	3.8	13.5
<b>Total</b>	<b>115.3</b>	<b>48.3</b>	<b>31.4</b>	<b>195.0</b>

- ◆ 31 December 2020 past due not impaired receivables down on 30 June 2020, reflecting significantly reduced VIP business activity (border closures) and collections

\* Excludes non-gaming debtors

# APPENDIX

## GLOSSARY

TERM	DEFINITION
CAGR	Compound Annual Growth Rate
Capital expenditure (capex)	Unless otherwise stated, capital expenditure is presented on an accruals basis and excludes investments in associates and equity acquisitions
D&A	Depreciation and Amortisation
Domestic Tables	Domestic Tables includes main gaming floor table games, private gaming room table games, domestic rebate table games
EGM	Electronic gaming machine – includes slots and MTGMs
F&B	Restaurants and bars
IPM	International Premium Mass, the international loyalty program business (non-commission)
JV	Joint venture
IRD	Integrated Resort Development
MGF	Main gaming floor
MTGM	Multi-terminal gaming machine or electronic table game
NMR	Net revenue per machine
Normalised/ normalisation	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% of actual turnover, taxes and commissions
pcp	Prior comparable period
PGR	Private gaming room
QWB	Queen's Wharf Brisbane
ROA	Return on Assets
Significant items	Items of income or expense which are, either individually or in aggregate, material to The Star Entertainment Group and: <ul style="list-style-type: none"> <li>◆ Outside the ordinary course of business (e.g. the cost of significant reorganisations or restructuring); or</li> <li>◆ Part of the ordinary activities of the business but unusual due to their size and nature (e.g. impairment of assets)</li> </ul>
USPP	US Private Placement debt
VIP	International VIP Rebate business
yoy	Year on year



THE STAR

ENTERTAINMENT  
GROUP