

6 May 2021



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Australian Stock Exchange
Exchange Centre
Level 6
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AUSTRALIA

**RE: SKYCITY ENTERTAINMENT GROUP LIMITED (SKC)
MACQUARIE INVESTMENT CONFERENCE PRESENTATION**

Please find **attached** a copy of the presentation to be delivered by the company at the Macquarie Virtual Investor Conference today.

For further information concerning the presentation, please contact:

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A handwritten signature in blue ink, appearing to read "Jo Wong".

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SkyCity Entertainment Group Limited

Macquarie Virtual Investor Conference Investor Presentation

6 May 2021

Presented by: Michael Ahearne and Ben Kay

Introduction

1 Domestic businesses continue to trade well when open

2 Consistent performance at Adelaide following opening of new expansion

3 Online casino trading consistently – significant omnichannel opportunity in NZ (subject to regulation)

4 Tourism-related businesses positively exposed to international border re-openings – Trans-Tasman border with Australia opened on 19 April 2021

5 Strategic review of IB completed – committed to business with revised operating model (incl cessation of corporate junkets)

6 Strong financial position – BBB- credit rating from S&P upgraded to “Stable” from “Negative” Outlook in April 2021

7 Strong Management team in place and Board renewal confirmed

8 Ongoing focus on/investment in enhancing CSR/sustainability initiatives

SkyCity Overview (1 of 2)

1

Founded in 1996 – leading gaming, entertainment and hospitality operator in NZ and South Australia

2

Key activities – casinos (land-based and online), restaurants and bars, hotels, attractions and convention facilities

3

Launched online casino in August 2019 – pursuing omnichannel opportunity

4

Two major projects – Adelaide expansion (recently completed) and NZICC/Horizon Hotel in Auckland

5

Significant private sector employer (around 4,200 staff across the business) – diverse workforce in terms of age, gender and ethnicity

6

Listed on NZX and ASX with current market capitalisation of around \$2.7bn⁽¹⁾

7

Focused on being a good corporate citizen – responsible gaming, AML/KYC, community, sustainability and people

⁽¹⁾ As at close of business on 5 May 2021

SkyCity Overview (2 of 2)



Exclusive casino licence in Adelaide to 2035 – full licence term to 2085

Exclusive casino licence in Auckland to 2048⁽¹⁾



Exclusive casino licence in Hamilton to 2027⁽¹⁾



Exclusive casino licences to 2024 (Wharf) and 2025 (Queenstown)⁽¹⁾

Exclusive casino licences secured at all sites – casino licence to 2048 at key Auckland property

(1) Each NZ casino licence can be renewed for further periods of 15 years pursuant to the NZ Gambling Act 2003



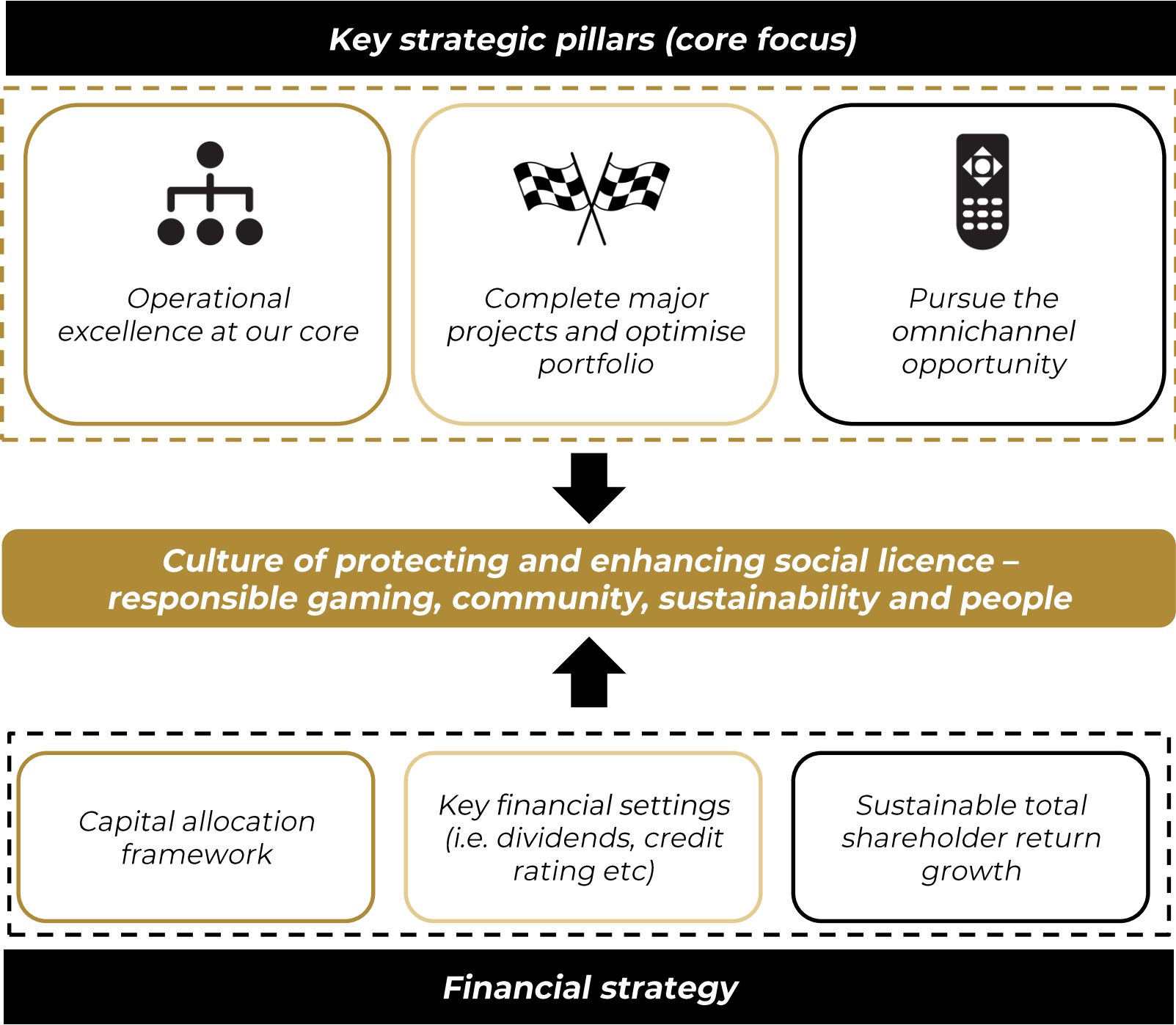
Competitive Advantages

- Strong brand/reputation
- Stable regulatory framework in key NZ market
- Exclusive long-term casino licences and significant entertainment destinations
- Strong cashflow generation expected as major projects complete
- Resilient operating model, particularly local gaming
- Relatively low downside risk to earnings and cashflows
- Well established and credible casino operator, with strong probity credentials
- Culture of care and compliance
- Strong exposure to NZ economy, including expected recovery in travel/tourism sector

Our Vision

*“To be the leader in gaming, entertainment
and hospitality in our communities”*

Group Strategic Plan



- Focus on continuous improvement in operational performance (and investments to support this)
- Focus on maximising value of exclusive casino licences
- Execute major projects in Adelaide and Auckland and leverage benefits
- Unique opportunity to monetise omnichannel and consolidate on leadership position in gaming industry
- Focus on growing free cashflows as major projects complete
- Critical to protect/enhance social licence to operate

Progress Against Strategic Priorities



*Operational
excellence at our core*

Effective management of Covid-19 operating environment

Completed strategic review of IB during April 2021

Positive gaming activity across the business – leveraging new assets and loyalty/marketing



*Complete major
projects and optimise
portfolio*

Optimising Adelaide expansion – consistent performance post opening

Finalising plans for integration of Walker Corporation car park at Festival Plaza

Working closely with Fletcher Construction on NZICC/Horizon Hotel project



*Pursue the
omnichannel
opportunity*

Optimising offshore online casino

Resourcing digital business to deliver on omnichannel opportunity

Monitoring DIA's (NZ gambling regulator) policy review of online gaming

New Management Team



Michael Ahearne
Chief Executive
Officer



Callum Mallett
Chief Operating
Officer – NZ



Claire Walker
Chief People &
Culture Officer



David Christian
Chief Operating
Officer – Australia



Glen McLatchie
Chief Information
Officer



Julie Amey
Chief Financial
Officer

Started on 4 May 2021



Jo Wong
General Counsel &
Company Secretary



Matt Ballesty
Chief Casino
Officer



Nirupa George
Chief Corporate
Affairs Officer

Starts on 21 June 2021



Simon Jamieson
Group GM NZICC
Development &
Tourism



Michelle Baillie
GM Hamilton



Jono Browne
GM Queenstown



Steve Salmon
Managing Director
Online (UK-based)



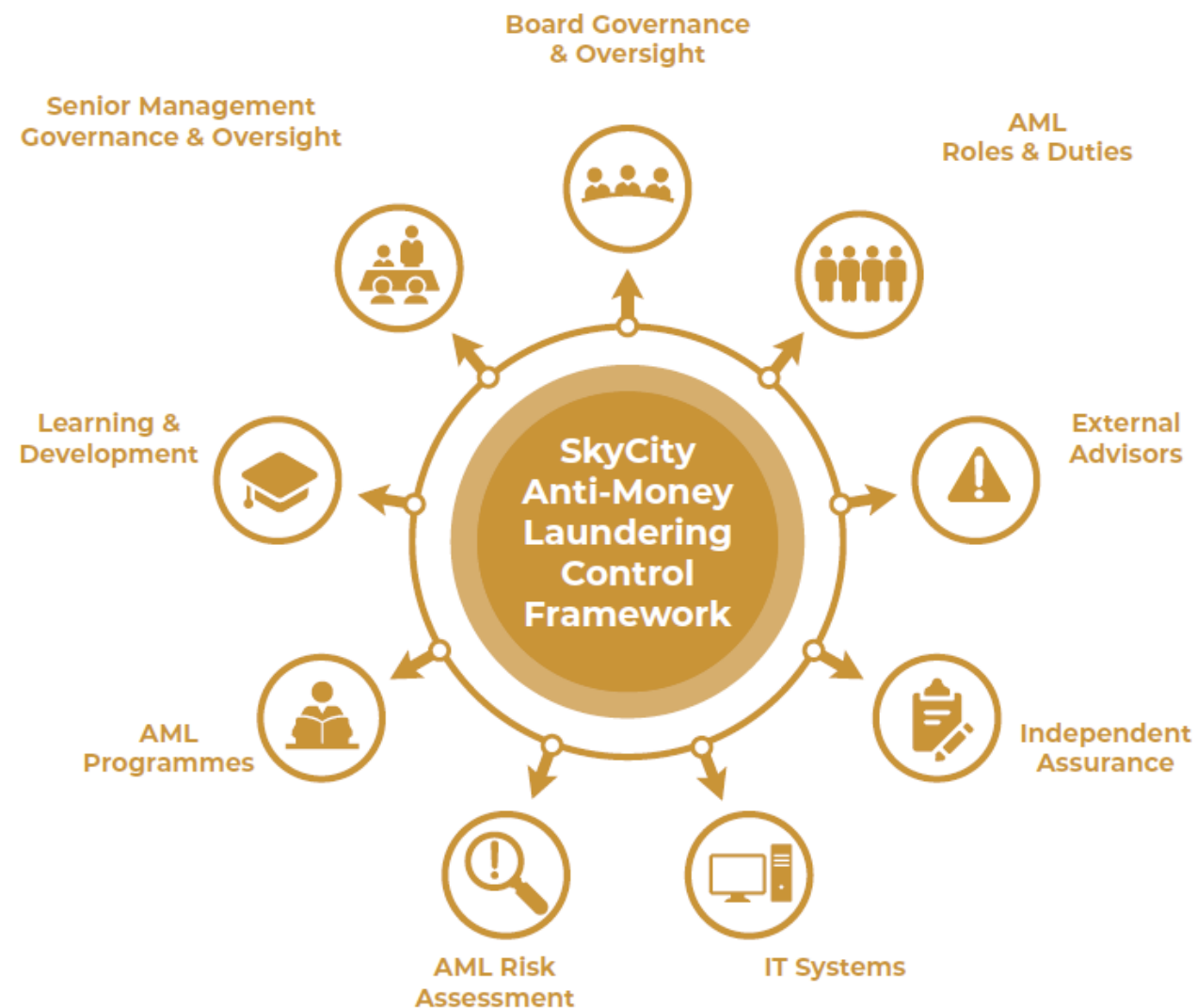
Ben Kay
GM Strategy &
Investor Relations

Host Responsibility



- Gaming a fun and enjoyable activity for vast majority of customers
- Promotion of responsible/safe gaming at heart of business
- Board (Sustainability) Committee oversees Harm Minimisation framework
- Internal governance group meets monthly to consider Host Responsibility matters
- Regular engagement with regulators on effectiveness of Host Responsibility programme
- Leverage best-in-class technology to support programme
 - Facial recognition across all land-based casinos

AML/KYC Controls



- Board (Audit & Risk) Committee responsible for ensuring compliance with AML/KYC obligations
- Specialist AML team in place since 2013
 - Internal systems provide detailed record keeping
 - Specialised customer screening tool utilised
 - Increased resourcing planned for AML team
- AML Senior Management Group established in 2020 – provides additional governance and assurance
- Regular independent reviews completed
 - No material issues raised
 - Engage with experienced third-party advisors as required

International Business – Strategic Review

Overview

- Completed strategic review during April 2021
 - Focused on operating model, regulatory considerations and long-term earnings opportunity
 - Informed by NSW casino inquiry into Crown Resorts and broader CSR/sustainability considerations
- Committed to IB with revised operating model
- Australia and NZ to continue to be an attractive destination for VIP tourists when international borders re-open
- Expect meaningful regional volumes over the medium-term, but well below peak levels achieved during FY15-FY18

Operating Model/Outlook

- All transactions with direct customers
- Enhanced customer due diligence and source of wealth/funds checks as required
- No arrangements with corporate junkets (previously less than 15% of Group IB turnover)
- Intend to consult with gambling regulators in both NZ and South Australia on proposed operating model
- Expect to deliver adequate risk-adjusted returns
 - Focused on leveraging VIP facilities in Auckland and Adelaide

SkyCity Auckland Investment



VIP Eight

- Celebrated 25-year anniversary during February 2021
- Benefiting from strategic investment into core gaming business over last 6-12 months
 - Leveraging new premium gaming rooms
 - New product and layout implemented on main gaming floor
 - Casino F&B proving popular with customers
- Customers responding to tactical marketing and promotions
- Challenges securing sufficient labour to meet demand

NZICC/Horizon Hotel Project

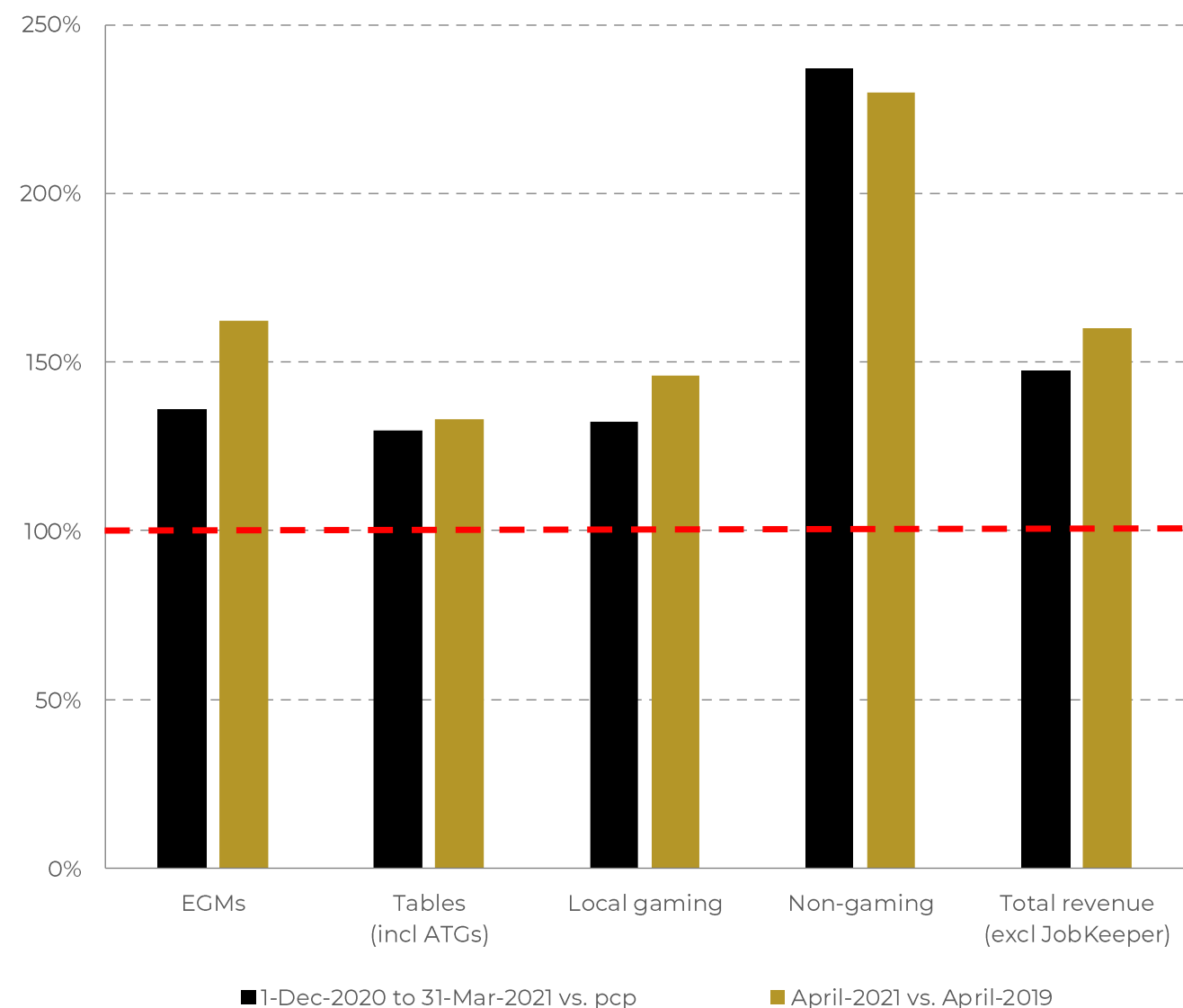


View from Hobson St – new linkway bridge

- Significant investment in future of Auckland
- NZICC/Horizon Hotel to be world-class tourism infrastructure adding to Auckland precinct
- Project secured exclusive casino licence for key Auckland property out to 2048 and other gambling concessions
- NZICC fire causing significant project delays
- Reinstatement works progressing, but slower than expected – working closely with Fletcher Construction
- Latest Fletcher Construction draft programme now indicates completion of Horizon Hotel in 2022 and NZICC in 2024
- Remain comfortable with contractual position on project
- Comprehensive insurance responding to damage caused by fire
- No material change to previous guidance for total project costs for SkyCity (around \$750m)

Adelaide Expansion

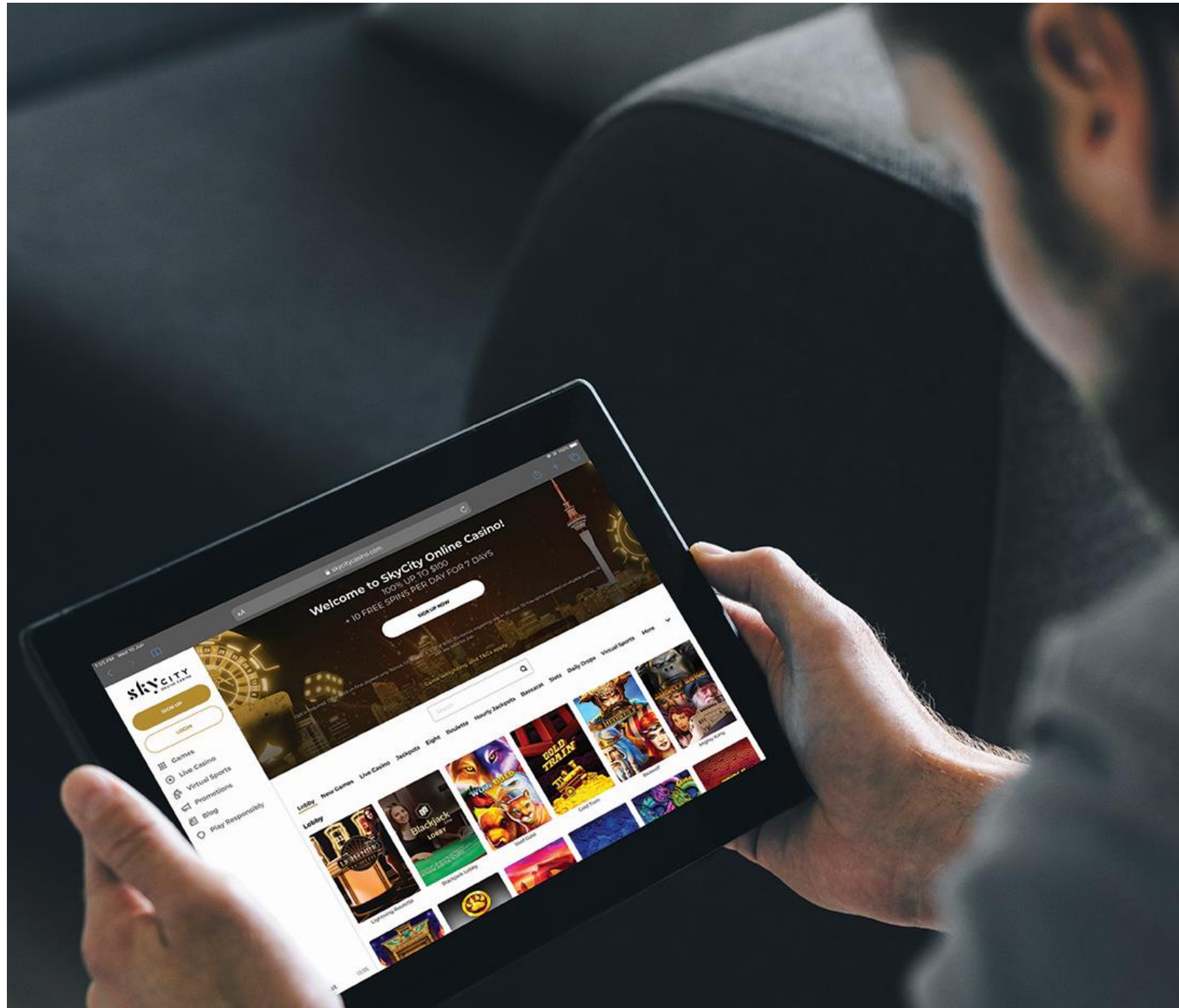
SkyCity Adelaide: like-for-like revenue by activity:
1 December 2020 to 30 April 2021⁽¹⁾



- Project handed over on-time and on-budget
 - Around A\$2m of capex remaining to be spent as at 30 April 2021
- Total revenue up around 50% for period 1 December 2020 to 31 March 2021 vs. pcp on like-for-like basis⁽¹⁾
 - Strong local gaming activity, particularly from premium customers
 - Benefiting from regulatory reforms, particularly note acceptors
 - Non-gaming facilities continuing to prove popular with customers
- Performance in April 2021 consistent with 3Q21 and well up on FY19 comparative
 - EGM market share around 10% as at 30 April 2021
 - Property closure from 23 March 2020 limits comparability with pcp
- Good cost execution – property EBITDA margin around 20% since opening
- Expect car park at Festival Plaza to be handed over during 4Q21 – access from start of FY22

(1) 8 ½ trading days excluded from March 2021 to ensure comparability with pcp (property closed from 23 March 2020 due to Covid-19)

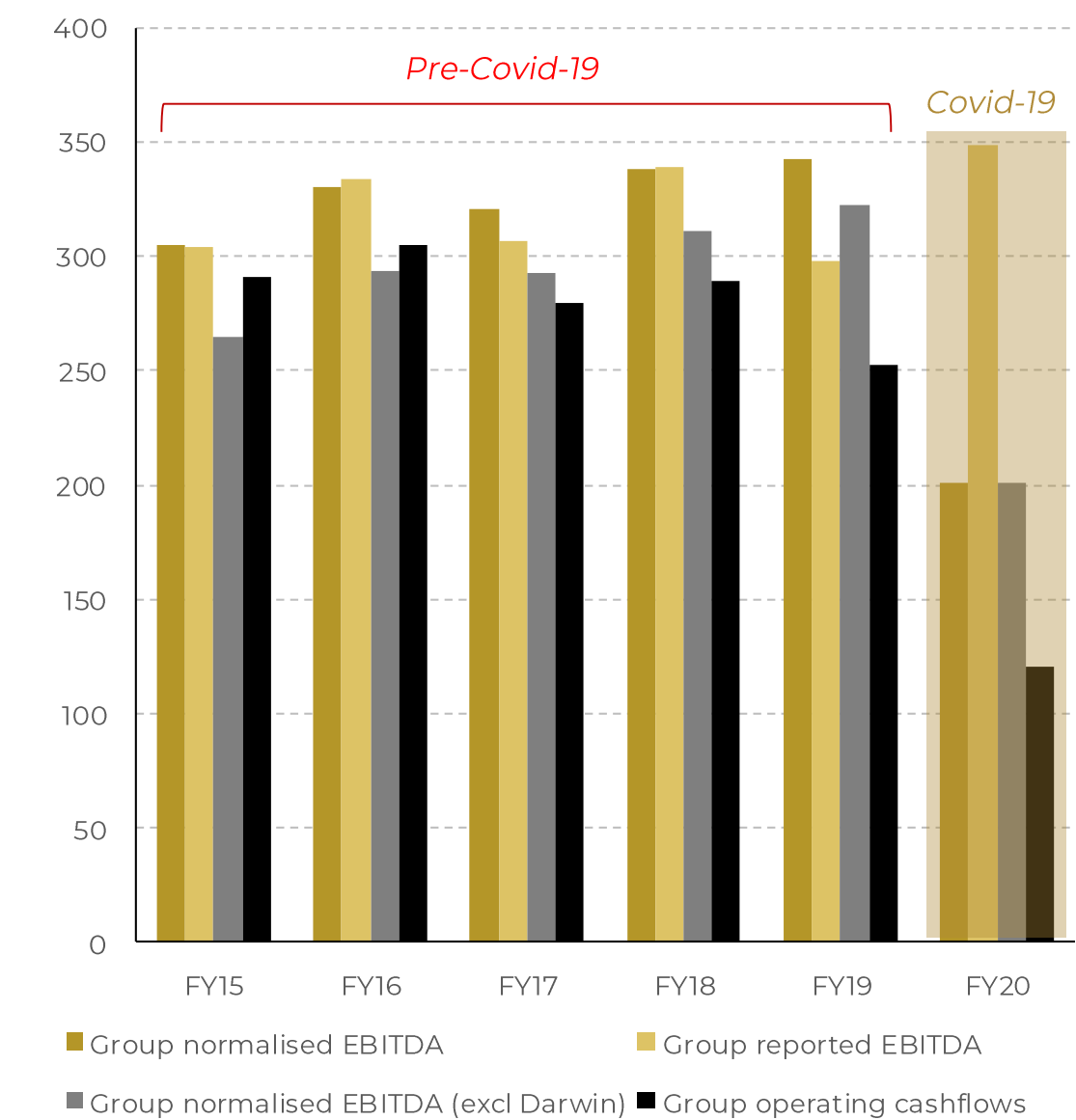
Online Gaming



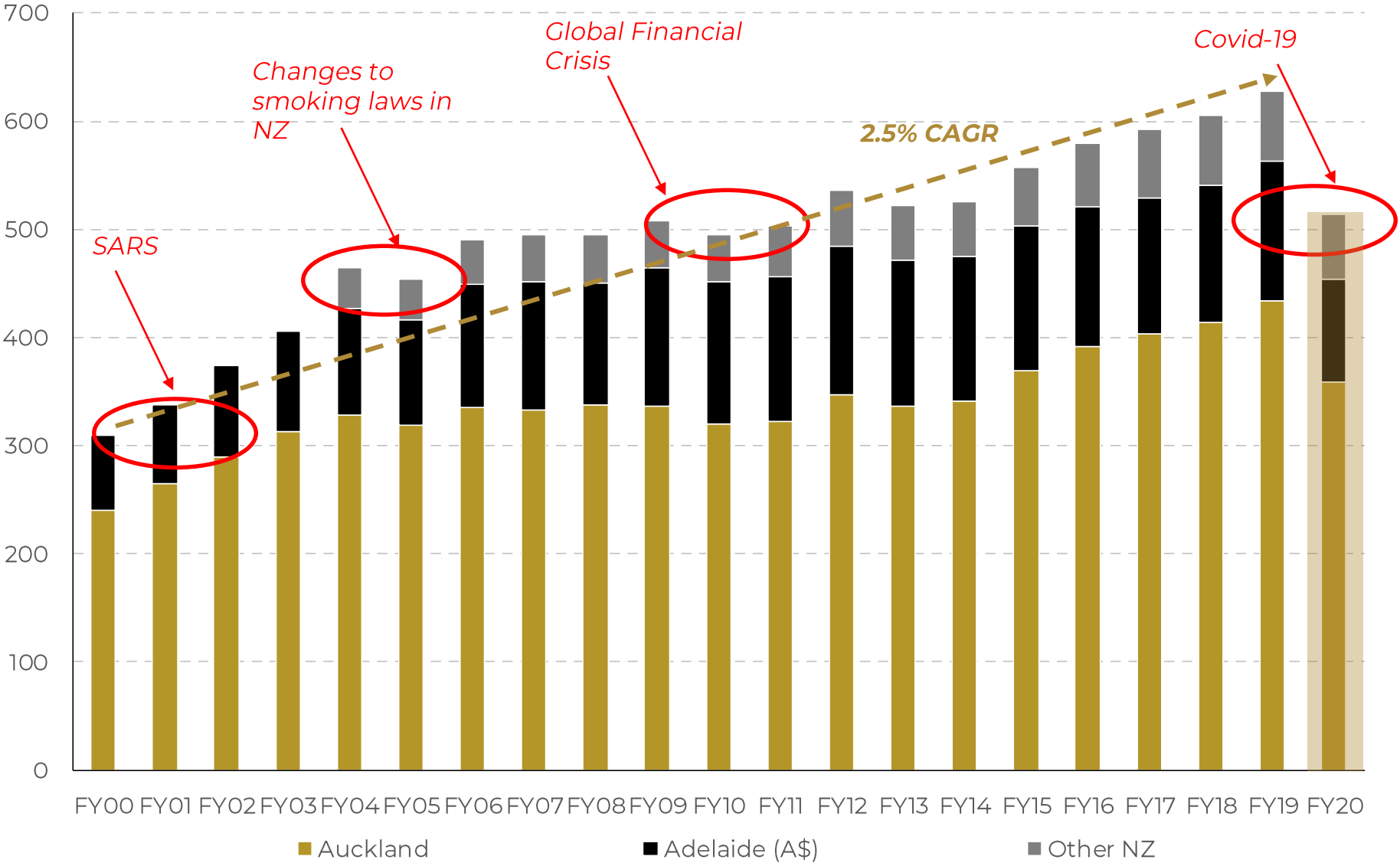
- Strategic entry into growth category
- Optimising offshore venture with GiG, despite operational constraints
- Support future regulation in NZ
 - Emphasis needs to be on protecting harm and community benefits
 - Significant omnichannel opportunity for SkyCity if online market regulated in NZ
 - NZ gambling regulator's (DIA) policy review ongoing
- Growth in online gambling significant global industry theme
 - Numerous jurisdictions regulating online gambling
 - Transition from physical to online across most industries – exacerbated by impact of Covid-19

Historical Financial Performance (1 of 2)

Group EBITDA and operating cashflows: FY15-FY20 (\$m)



Group local gaming revenue: FY00-FY20 (\$m)⁽¹⁾

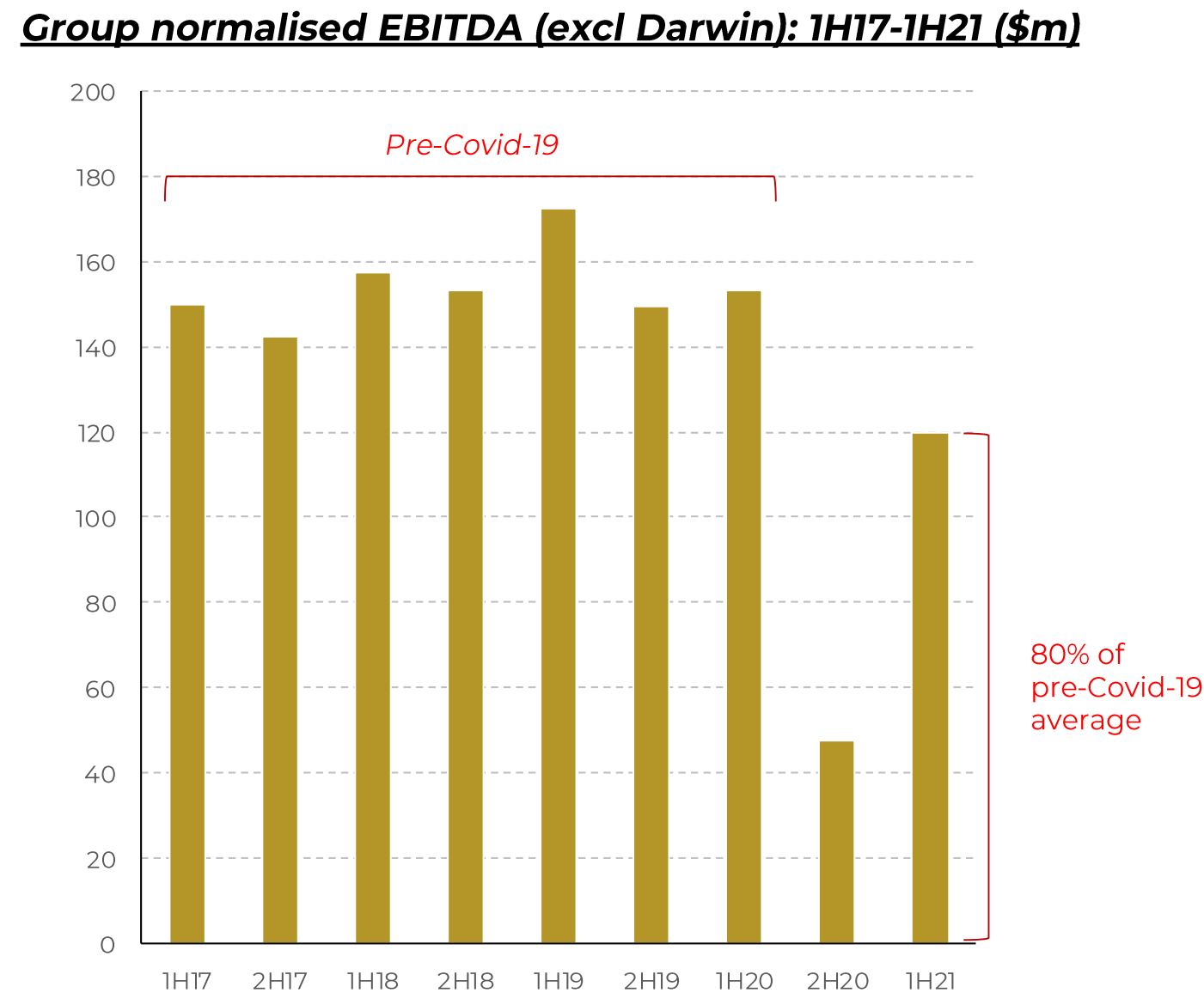
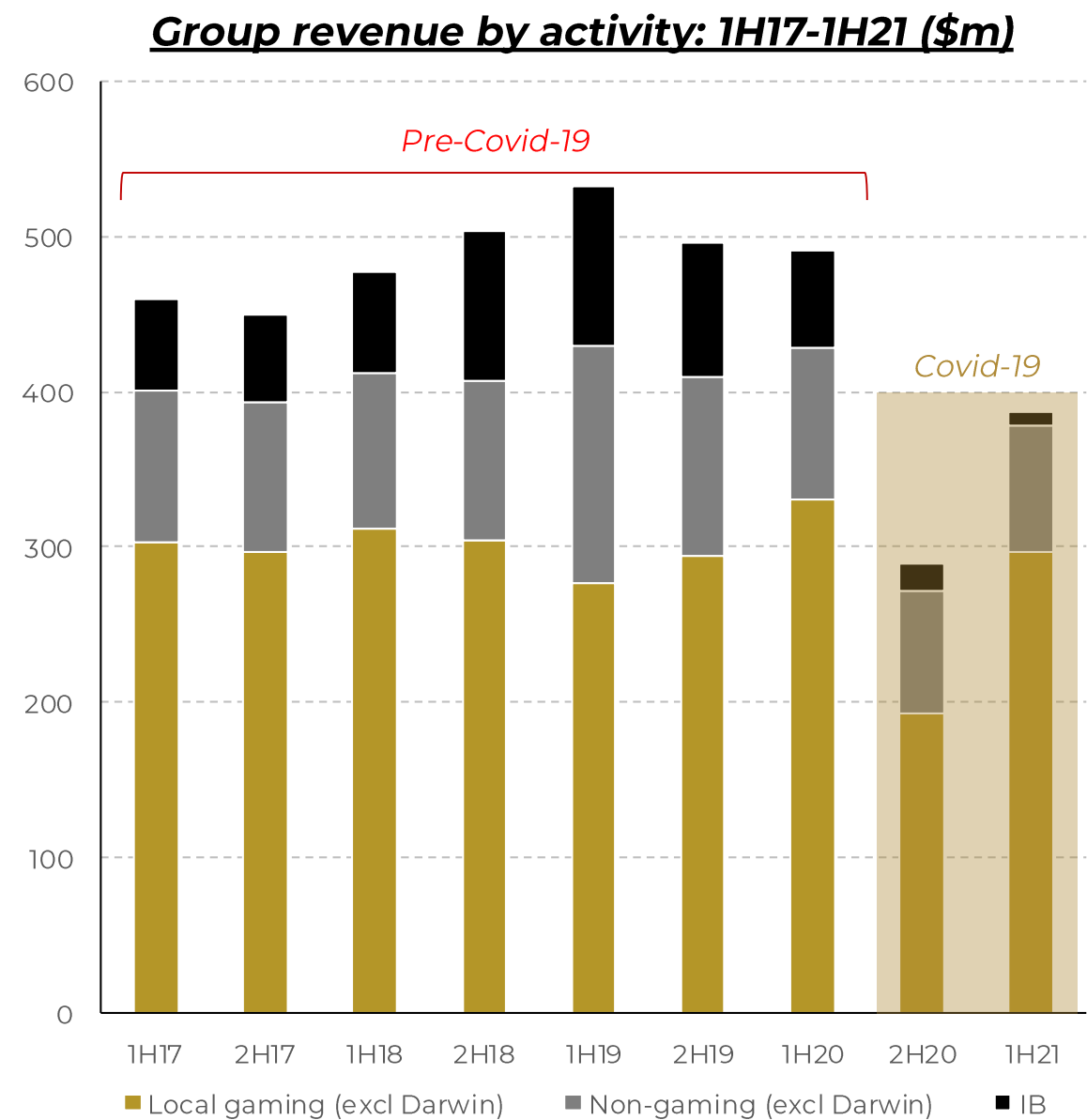


Highly cash generative operating model

Recovered quickly from previous economic shocks and/or regulatory changes, typically led by local gaming

(1) Excludes gaming revenue from Darwin Casino, Christchurch Casino and other NZ casinos prior to FY04 for comparability

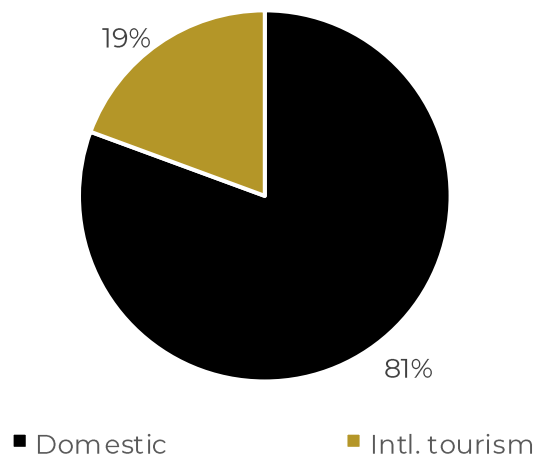
Historical Financial Performance (2 of 2)



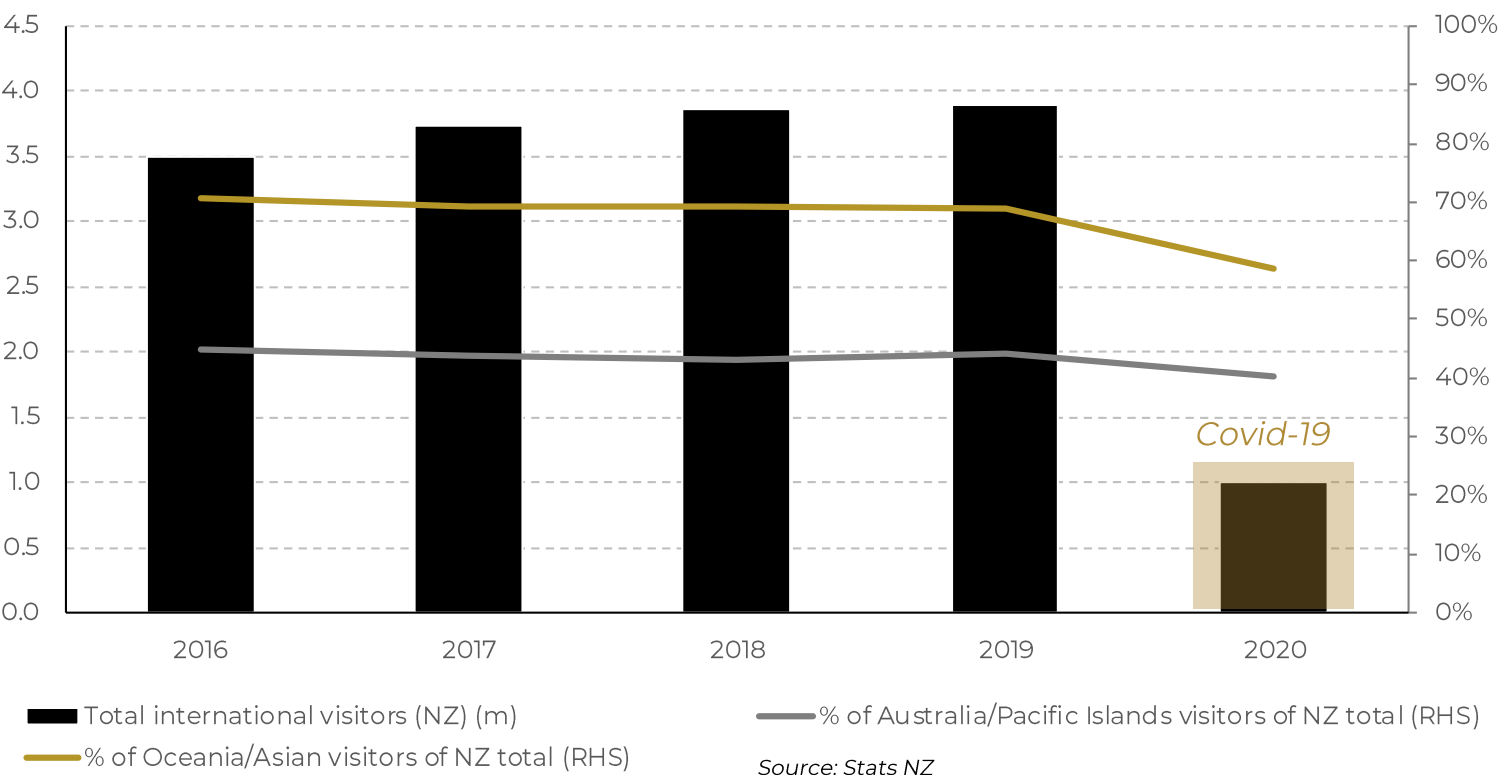
Resilient domestic revenue and earnings in 1H21 – Group EBITDA at around 80% of 3-year average pre-Covid-19 despite significant disruption
Expect earnings recovery to continue over the medium-term

Tourism-Related Businesses⁽¹⁾

FY19 Group normalised EBITDA⁽²⁾:
domestic vs. tourism businesses (%)



NZ international visitor arrivals: 2016-2020



- Tourism-related businesses significantly impacted by Covid-19
 - Negligible IB and Australian interstate activity
 - Hotel RevPAR down 50% vs. pre-Covid-19 levels
 - F&B contribution break even across NZ businesses
 - Visitation to attractions (i.e. Sky Tower) significantly disrupted
- Meaningful earnings exposure to international tourism historically
- Expect tourism-related businesses to continue to recover as international borders re-open
 - 45% of total international visitor arrivals into NZ in 2019 from Australia/Pacific Islands (around \$2.7bn in tourism expenditure)
 - Trans-Tasman border with Australia opened on 19 April 2021
 - Asia visitor segments fast growing pre-Covid-19, particularly China
 - NZ and South Australia viewed as safe travel destinations

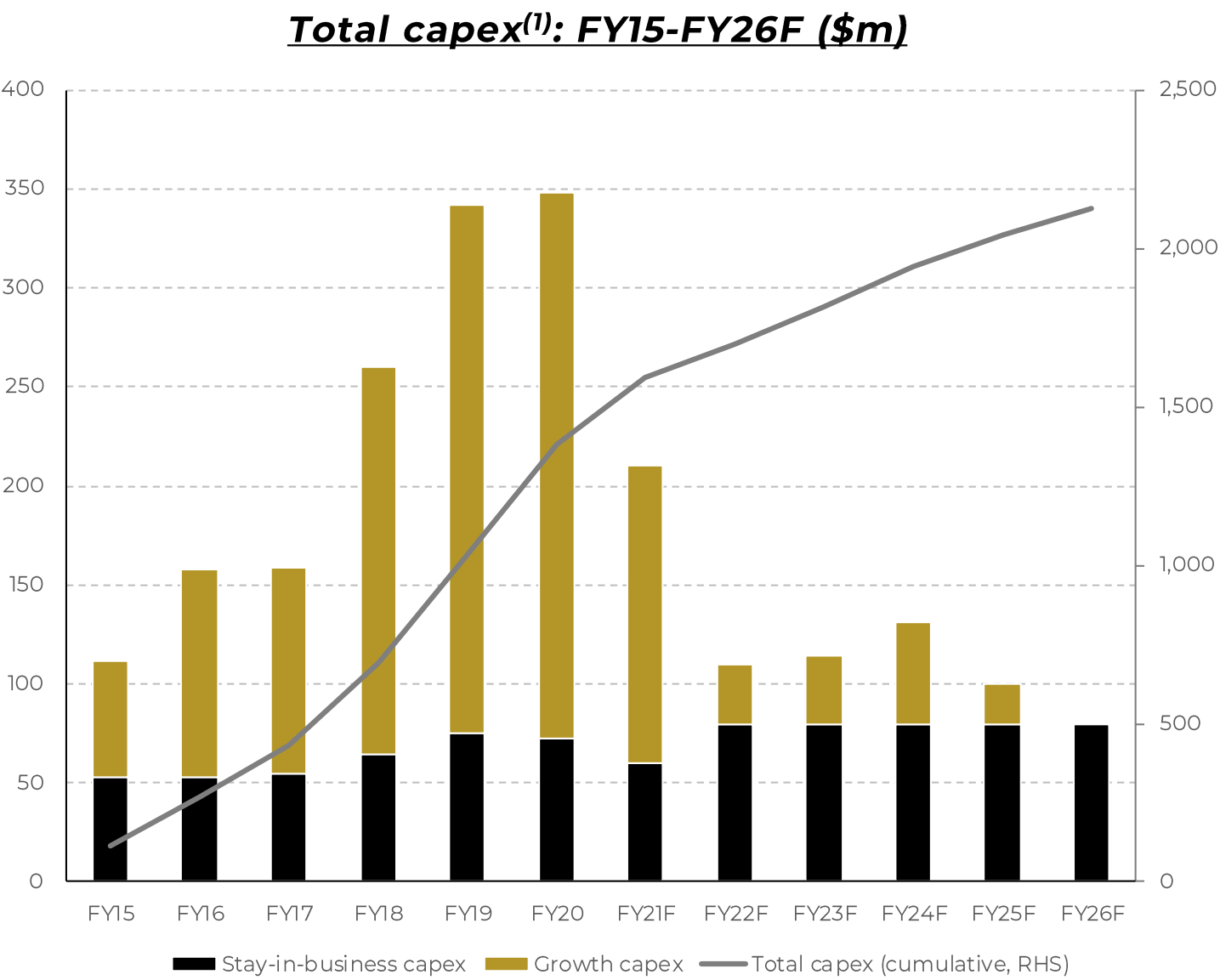
(1) Tourism-related businesses include IB, hotel room nights sold to international customers and estimate of F&B/attraction covers from international customers
(2) Group normalised EBITDA (pre-Corporate Costs, excl Darwin)

Capital Allocation (1 of 2)

- Pro-forma liquidity of \$431m as at 30 April 2021⁽¹⁾
 - Currently reviewing liquidity headroom and considering whether can be reduced
 - Remain well-positioned to withstand slower recovery in NZ and Australia and/or further Covid-19 disruptions
 - US\$100m (\$108m equivalent) of USPP notes redeemed during March 2021
 - NZ bond offer launched on 30 April 2021 – offer up to \$125m (with potential oversubscriptions of up to an additional \$50m)
- Revised dividend policy announced at time of 1H21 result
 - Preference for greater flexibility than existed under previous policy
 - Targeting payout ratio of between 60-90% of normalised NPAT (after capitalised interest) per annum
 - No minimum annual dividend (or per share target)
- Remain committed to retaining BBB- (Stable Outlook) credit rating from S&P Global Ratings
- Focused on effective capital discipline – ongoing constraints on opex and capex

⁽¹⁾ Pro-forma liquidity includes planned cancellation of \$100m bridging facility from CBA and assumed 6 year, \$175m NZ bond to be issued during May 2021

Capital Allocation (2 of 2)



- Capex peaked in FY19 and FY20
- Adelaide expansion completed
- Around \$140m of net capex remaining on NZICC/Horizon Hotel project as at 30 April 2021
 - Excludes reinstatement costs of at least \$340m funded via insurance
- Ongoing stay-in-business capex around \$80m per annum
 - Required to maintain and refurbish existing properties
- No new major growth projects in current pipeline
- 5-year (FY15-FY19) average free cashflow (pre-capex) around \$250m⁽²⁾

SkyCity transitioning to low-capex cycle post completion of major projects – expect significant cashflow generation as earnings recover

(1) Excludes capex on NZICC/Horizon Hotel reinstatement funded via insurance
(2) Includes annual cash funding costs

Trading Update and FY21 Outlook

Trading Update

- 2H21 trends at time of 1H21 result have continued to 30 April 2021
 - Resilient local gaming performance in Auckland when open – strong weekend/holiday peaks, particularly EGMs
 - Positive performance from Hamilton and Queenstown – strong EGM activity and cost discipline
 - Consistent performance at Adelaide post opening of expansion (ref. page 15)
 - Online casino performing consistently – over 38k active customers (as at 30 April 2021)
 - Tourism-related businesses (incl IB) continue to be significantly impacted by ongoing international border closures

FY21 Outlook

- No change to previous guidance for FY21
 - Expect Group normalised EBITDA to be above FY20 but still well below pre-Covid-19 and FY19 levels
 - Outlook remains unpredictable (ref. 11-day Auckland closure during February/March 2021)
- Unable to provide formal earnings guidance given ongoing uncertainty from Covid-19 and NZICC/Horizon Hotel reinstatement
- Expect to meet financial covenants for 30 June 2021 testing period assuming no prolonged property closures
- Expect to pay final dividend for FY21 assuming no prolonged property closures
- No material changes to capex guidance and other key financial items for FY21

Key Investment Themes

1

Exclusive long-term casino licences in attractive gaming markets – leading local businesses

2

High-quality/defensive earnings – resilient performance despite Covid-19 disruptions and international border closures

3

Strong financial flexibility – expect to resume dividends from end of FY21

4

Major projects underpin medium-term earnings growth – opportunity to become omnichannel gaming operator

5

Positively exposed to expected recovery in gaming, tourism and hospitality sectors

6

Major capital investment programme concluding – strong cashflow generation expected over the medium-term

7

Sustainable business over the long-term



Disclaimer

- All information included in this presentation is provided as at 6 May 2021
- This presentation includes a number of forward-looking statements. Forward-looking statements, by their nature, involve inherent risks and uncertainties. Many of those risks and uncertainties are matters which are beyond SkyCity's control and could cause actual results to differ from those predicted. Variations could either be materially positive or materially negative
- This presentation has not taken into account any particular investor's investment objectives or other circumstances. Investors are encouraged to make an independent assessment of SkyCity
- All figures in this presentation are in NZ Dollars (NZ\$) unless otherwise stated

