



THE STAR

ASX Announcement

6 May 2021

2H FY2021 TRADING UPDATE

The Star Entertainment Group Limited (ASX code: SGR) (**The Star**) is providing a trading update for the period from 1 January 2021 to 3 May 2021 in conjunction with the release of a presentation at the Macquarie Australia Conference.

Performance continues to be impacted by COVID-19 related operating restrictions, however, 2H FY2021 trading is exhibiting improving trends as the COVID-19 related operating restrictions are eased.

In the period from 1 January 2021 to 3 May 2021, group domestic gaming revenue is up 37% on the prior comparable period, noting that the prior period was impacted by property closures in late March. Group domestic revenue is up 35% on the same period.

In the period from 1 January 2021 to 3 May 2021, compared to the same period in 2H FY2019, group domestic gaming revenue was down 10% and group domestic revenue was down 12%.

Key highlights from the period are highlighted below:

- Slots are performing well, up 3% across the group on the comparative period in 2H FY2019
- The Gold Coast has been strong with domestic gaming revenue up 18% and total domestic revenue up 11% on the comparative period in 2H FY2019
- Brisbane is performing well despite the shutdowns in January and March with both domestic gaming revenue and total domestic revenue up 3% on the comparative period in 2H FY2019
- Sydney has lagged given the more onerous constraints on the operations of the property early in the period with domestic gaming revenue down 22% and total domestic revenue down 24% on the comparative period in 2H FY2019
- VIP turnover remains negligible given the border closures

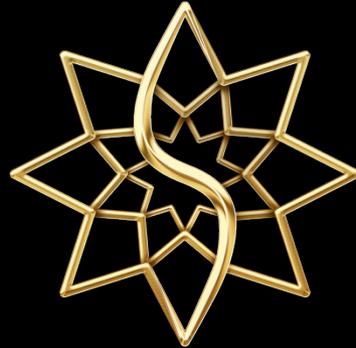
A copy of the presentation is attached. Additional information on 2H FY2021 trading is included on Slide 6.

Authorised by:

The Board of Directors

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THE STAR

ENTERTAINMENT
GROUP

THE STAR ENTERTAINMENT GROUP

MACQUARIE CONFERENCE PRESENTATION

THURSDAY
6 MAY
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 reports 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

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EXECUTIVE SUMMARY

OVERVIEW

1

ASSET PORTFOLIO

- ◆ Attractive asset portfolio - recently upgraded and expanded
- ◆ Large property portfolio - freehold or long-term leases
- ◆ Long-dated licences – expiries 2093 and beyond

2

DOMESTIC FOCUS, VOLUMES RECOVERING

- ◆ Proven track record of domestic earnings growth (5-year CAGR of 5%)
- ◆ 88% of historical earnings are domestic (FY2019)
- ◆ Domestic revenues are returning to pre-COVID levels during 2H FY2021

3

STRONG COST CONTROL AND MARGIN EXPANSION

- ◆ Cost control – 1H FY2021 operating expenses down 40% (down 30% ex JK)
- ◆ \$50m fixed cost reduction program underway with full run-rate in FY2022
- ◆ Cost control and business mix driving good margin performance

4

BALANCE SHEET POSITION IMPROVING

- ◆ Net debt reduced by \$151m in 1H FY2021, debt reduction continuing in 2H FY2021
- ◆ Capex and JV equity contributions are reducing
- ◆ Asset sales and the Business Interruption Insurance claim are progressing

5

CAPITAL PROJECTS ON TRACK

- ◆ Gold Coast – JV Tower 1 (Dorsett Hotel and Residences) to open in FY2022 and recently commenced the construction of JV Tower 2
- ◆ Queen's Wharf Brisbane on track to open in FY2023

6

WELL-POSITIONED FOR COMPETITION

- ◆ Plans in place for competition in Sydney

ASSET PORTFOLIO

ATTRACTIVE ASSET PORTFOLIO

TODAY

3 properties
Sydney, GC, Brisbane

1,389
Premium Hotel Keys

4,783
Slots cap

Unlimited
Tables and MTGMs

- ◆ Sydney and Gold Coast properties recently upgraded and expanded
- ◆ Large property portfolio – freehold or long term leases
- ◆ Further growth opportunities are emerging across the portfolio

HIGH QUALITY ASSETS,
LONG TERM LEASES
AND LICENCES

**Queen's Wharf
Brisbane**

Treasury Brisbane

**The Star
Gold Coast**

The Star Sydney



- ◆ 99 year lease upon opening
- ◆ Licence to 2121

- ◆ New 99 year licence upon QWB opening

- ◆ Freehold
- ◆ Perpetual licence

- ◆ 99 year lease and licence to 2093

FUTURE GROWTH -
CAPITAL EFFICIENT
APPROACH

- ◆ Partners with complementary skills, assets
- ◆ Mixed use developments
- ◆ JV investments now represent the majority of planned growth capex

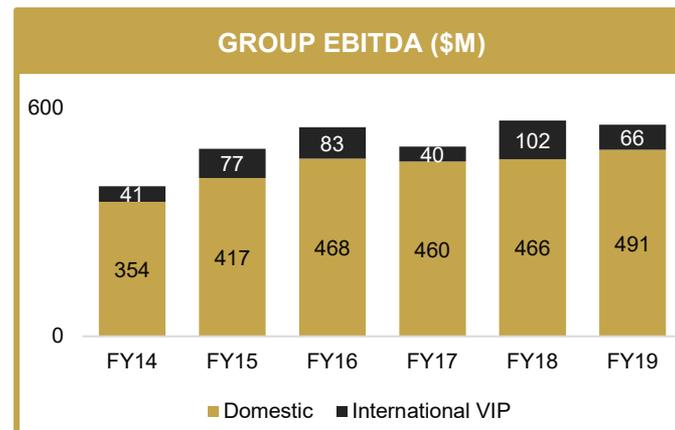


DOMESTIC FOCUS

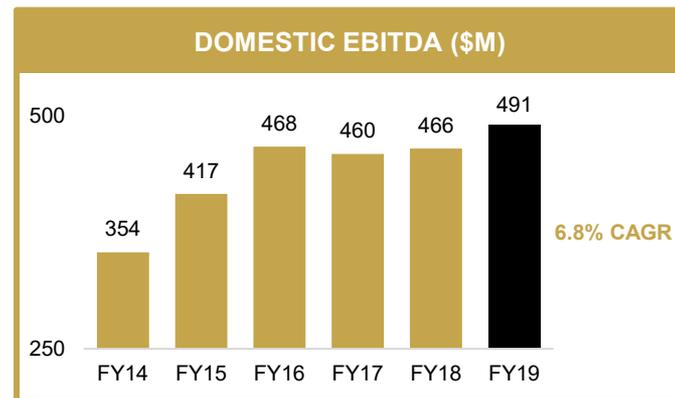
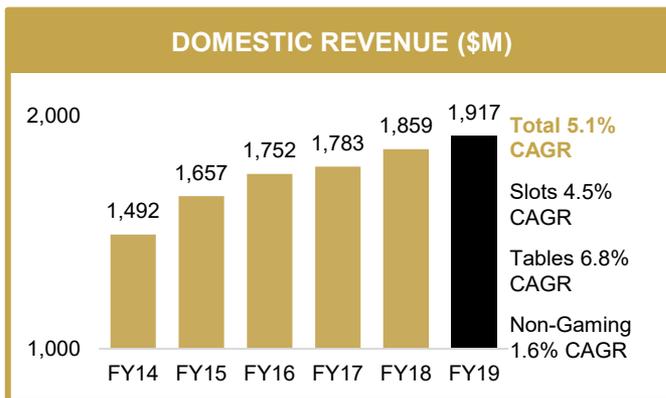
LONG-TERM EARNINGS GROWTH PRE-COVID

HISTORICAL EARNINGS MIX

- ◆ 88% of historical earnings are domestic (based on FY2019 normalised EBITDA as FY20/21 impacted by COVID)



LONG-TERM DOMESTIC GROWTH (PRE-COVID)



VIP DIVERSIFICATION

- ◆ Continue the shift to higher margin International Premium Mass customers when the borders re-open
- ◆ Re-activate and grow the direct premium customer base
- ◆ These segments represent ~50% of historical VIP EBITDA
- ◆ Adjust the cost base to reflect the new focus

DOMESTIC FOCUS - 2H FY2021 TRADING TO 3 MAY 2021

IMPROVING REVENUE TRENDS AS RESTRICTIONS EASE

1

POSITIVE REVENUE TRENDS

- ◆ EGM revenue returned to growth on pre-COVID levels during 2H FY2021
- ◆ Table games revenue is still tracking below pre-COVID levels but improving

2

QUEENSLAND STRONG GROWTH IN 2H FY2021

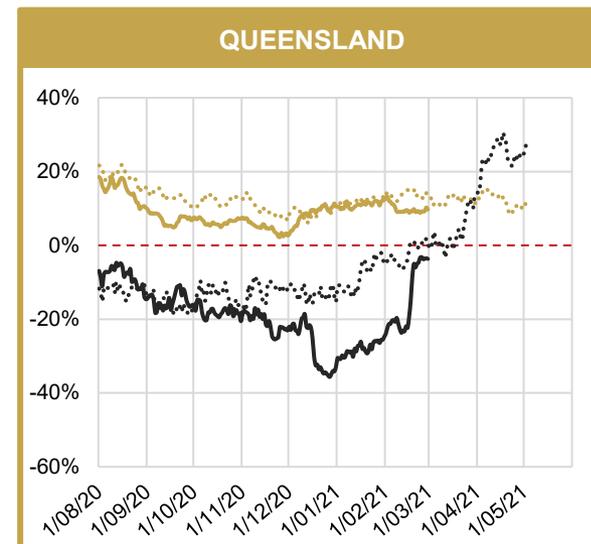
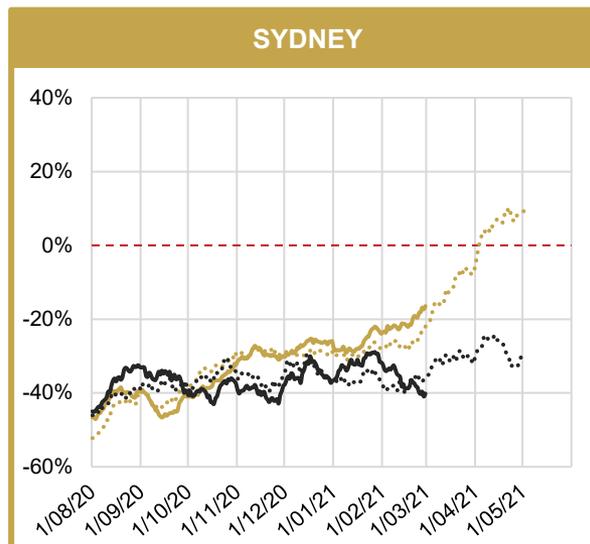
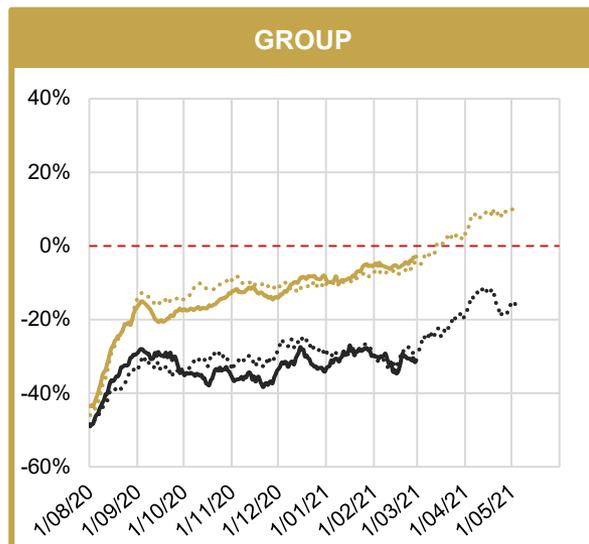
- ◆ For the period from 1 January 2021 to 3 May 2021, Gold Coast domestic gaming revenue is up 18% vs 2H FY2019 with total domestic revenue up 11%
- ◆ Brisbane domestic gaming and total domestic revenue are up 3% vs 2H FY2019 despite the shutdowns in January and March

3

SYDNEY IMPROVING

- ◆ Sydney EGM revenue returned to growth in March vs 2H FY2019
- ◆ Table games are improving post restrictions easing but remain below pre-COVID levels

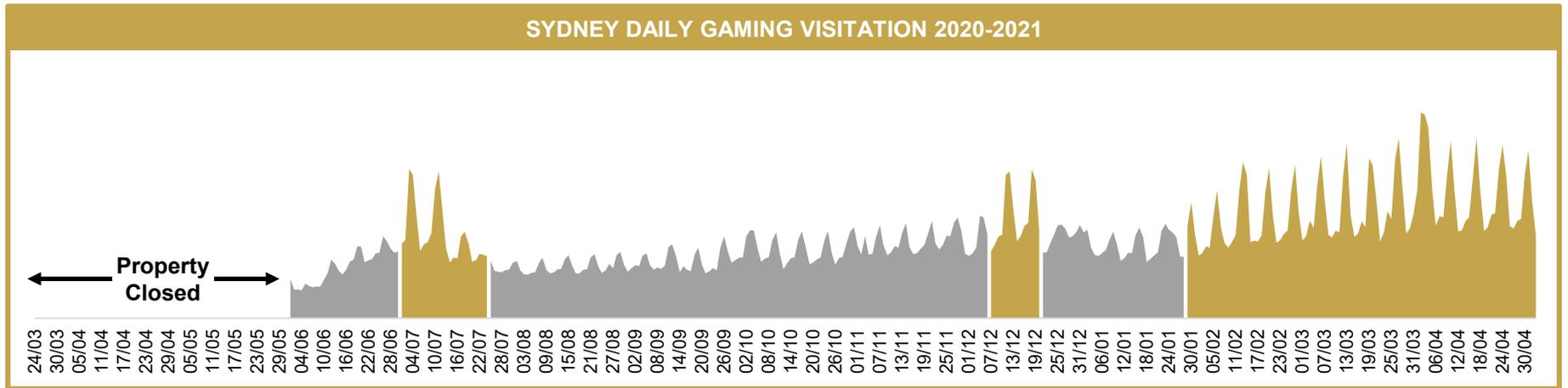
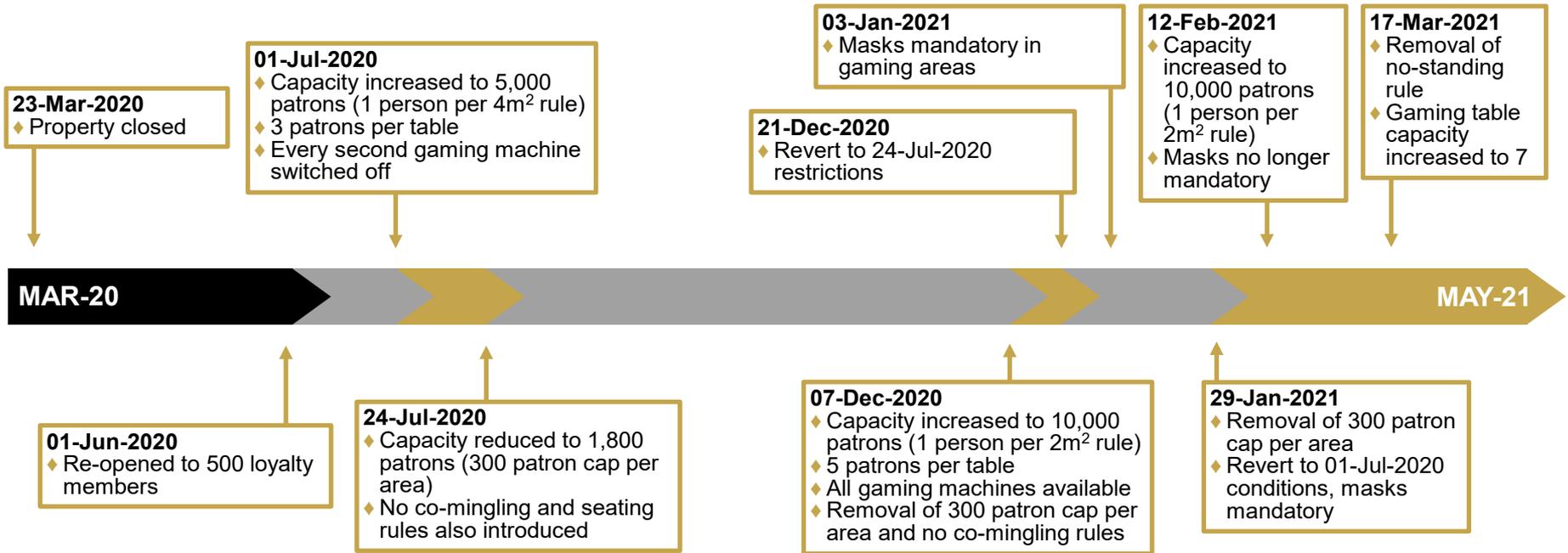
GAMING REVENUE RELATIVE TO FY20 (TO 1 MARCH 2021) AND FY19 (60 DAY ROLLING AVERAGE)



— EGM vs FY20 EGM vs FY19 TG vs FY19 — TG vs FY20

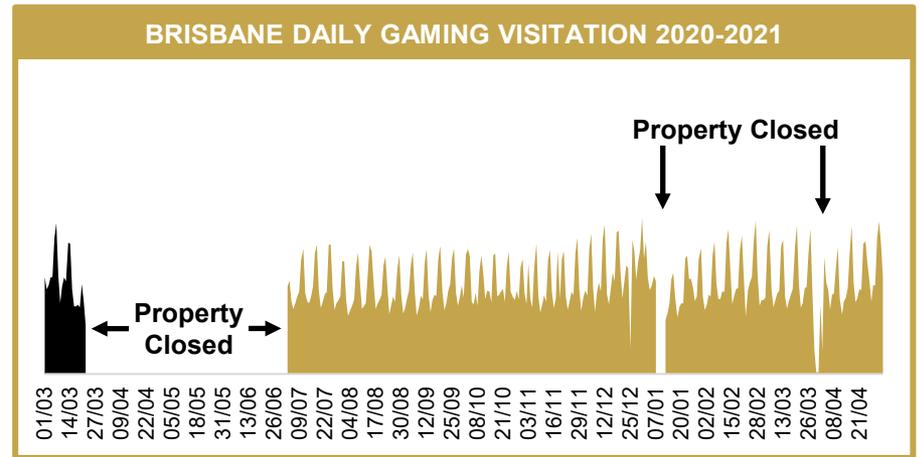
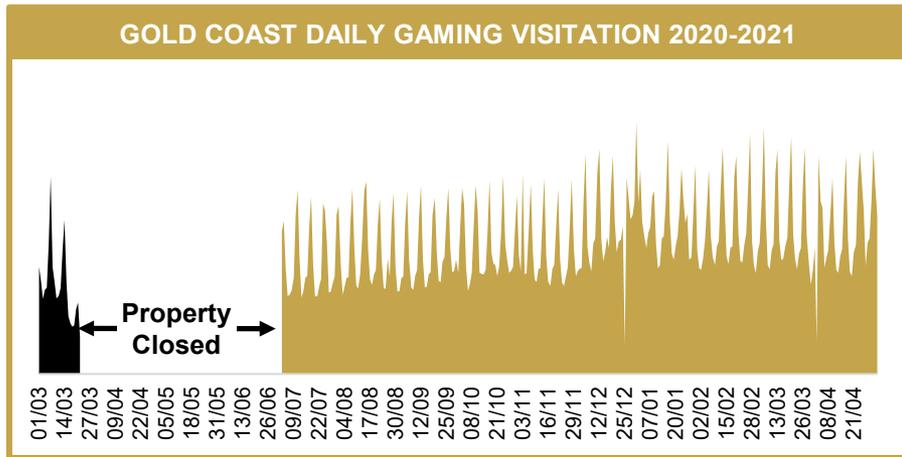
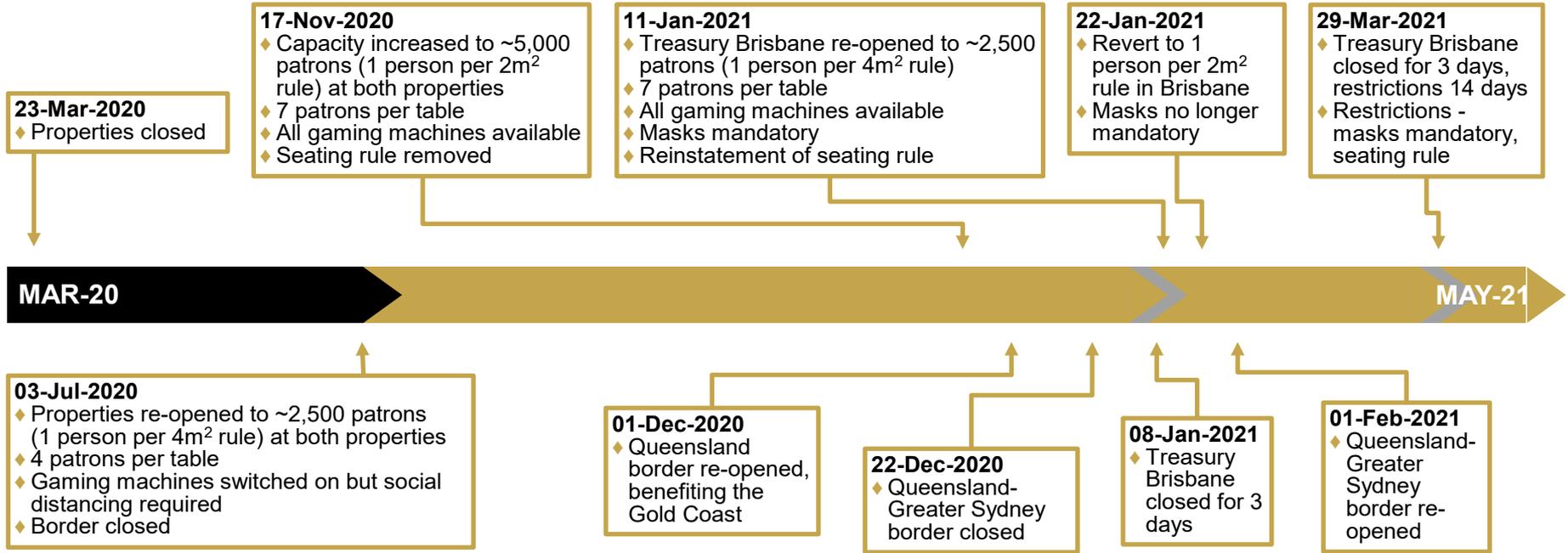
DOMESTIC FOCUS – 2H FY2021 TRADING

SYDNEY OPERATING CONDITIONS



DOMESTIC FOCUS – 2H FY2021 TRADING

QUEENSLAND OPERATING CONDITIONS



COST CONTROL

STRONG COST MANAGEMENT

1

COST FOCUS IN RESPONSE TO COVID

- ◆ 1H FY2021 operating expenses down 40% (down 30% ex JobKeeper)
- ◆ Variable costs aligned with lower volumes, fixed costs reduced
- ◆ Operating expenses included higher temporary COVID-related costs (cleaning, security, hygiene marshals)

2

FIXED COST REDUCTION PROGRAM

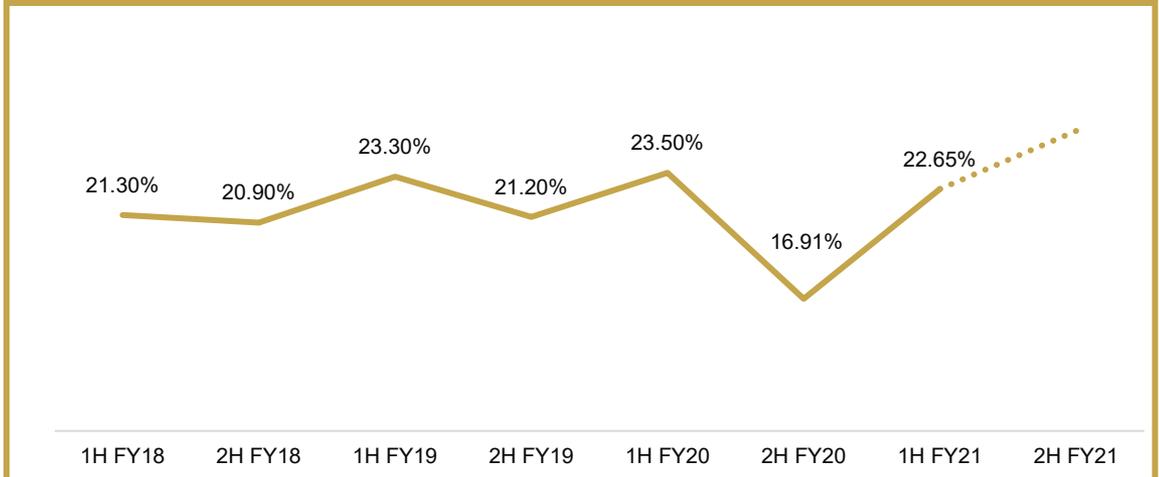
- ◆ \$50m fixed cost savings program implemented in FY2021, 60% completed in 1H FY2021, full run-rate to be delivered in FY2022
- ◆ Targeted across the entire cost base, including further streamlining central functions/overheads, international business restructure, table games supervisory labour, F&B labour, other operating costs

3

MARGINS MAINTAINED DESPITE COVID RESTRICTIONS

- ◆ Cost control and business mix driving good margin performance despite lower revenues

GROUP DOMESTIC EBITDA MARGIN % (EX JOBKEEPER)



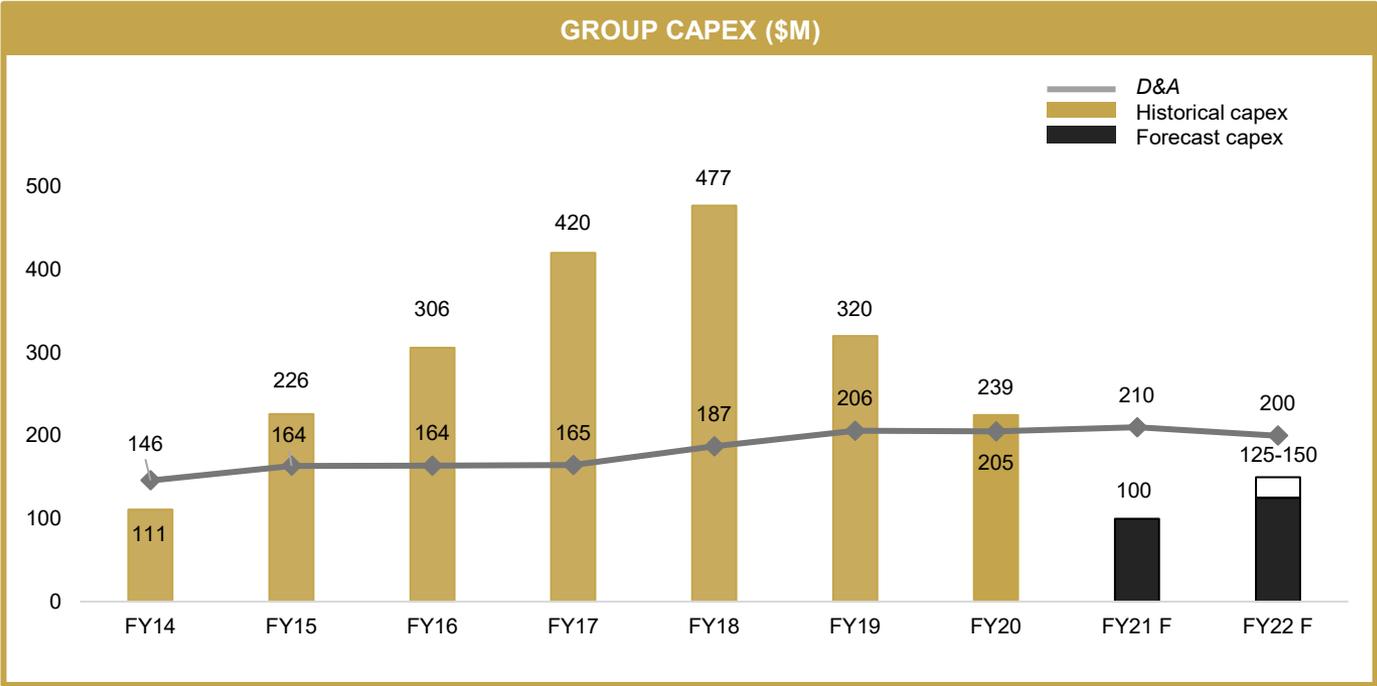
BALANCE SHEET POSITION IMPROVING

**BALANCE SHEET
POSITION CONTINUES TO
IMPROVE**

- ◆ Net debt continues to reduce given strong cashflow generation
- ◆ VIP asset sales completed
- ◆ Continue to progress the sale of The Star Sydney Car Park concession and a process is underway to advance a partnership option on the existing Treasury buildings
- ◆ The Business Interruption insurance claim is progressing

**GROUP CAPEX IS
REDUCING**

- ◆ The Group is coming off a period of heavy investment, delivered on time and on budget
- ◆ FY2021 expected capex remains ~\$100m and ~\$125-150m in FY2022
- ◆ JV contributions are also reducing - \$110m in FY2021 and \$30m in FY2022



CAPITAL PROJECTS ON TRACK

GOLD COAST

TOWER 1 NEARING COMPLETION, TOWER 2 PROGRESSING TO PLAN

- ◆ Construction of the Dorsett Hotel and The Star Residences (JV Tower 1)
 - Remains on time and budget for completion in FY2022
 - Equity contributions have been completed and \$260m in project level debt facilities are in place
- ◆ Commenced 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 in excess of 70% of the apartments in Tower 2
- ◆ Capital works will be funded by partner contributions, existing and new debt facilities, and free cash flow generation
- ◆ SGR equity contribution for Tower 2 ~\$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



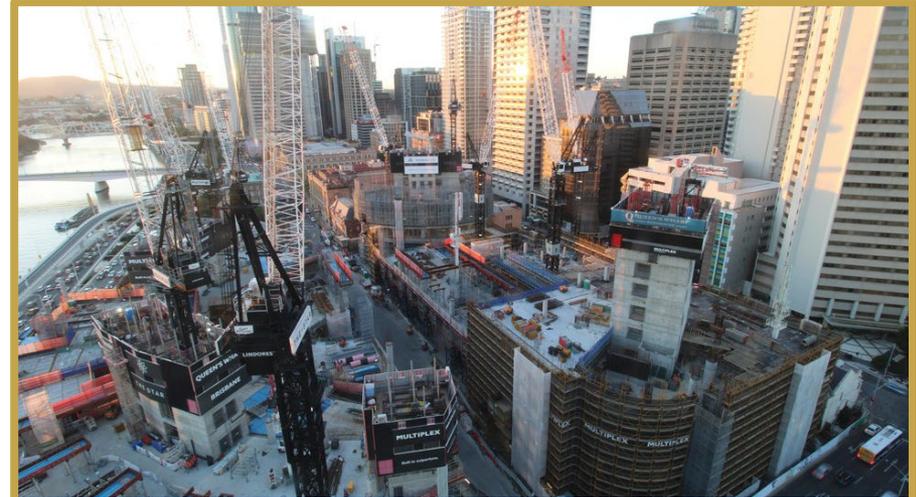
DORSETT HOTEL AND RESIDENCES – APRIL 2021

CAPITAL PROJECTS ON TRACK

QUEEN'S WHARF BRISBANE

WORKS ON TIME AND BUDGET FOR FY2023 OPENING

- ◆ Construction of the shell, core and façade are underway
- ◆ ~90% of project costs are now under lump sum terms
- ◆ Equity contributions will cease in 2H FY2021, project debt drawdowns have commenced
- ◆ 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 – APRIL 2021

KEY DATES*

CY2021	◆ Commence the internal fit-out of the Integrated Resort
Late CY2022	◆ Opening of the first stage of the Integrated Resort
2023	◆ Continuation of phased opening of the IR

* Subject to planning and other approvals



Concept Image Only

QUEEN'S WHARF BRISBANE

WELL-POSITIONED FOR COMPETITION

ADDRESS CROWN SYDNEY

COMPETITION READY

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

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



SOVEREIGN ROOM



OASIS

EXECUTIVE SUMMARY

RECAP

1

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ESG

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

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
ESG	Environmental, Social, and Corporate Governance
F&B	Restaurants and bars
IPM	International Premium Mass, the international loyalty program business (non-commission)
JV	Joint venture
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
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"> ◆ Outside the ordinary course of business (e.g. the cost of significant reorganisations or restructuring); or ◆ Part of the ordinary activities of the business but unusual due to their size and nature (e.g. impairment of assets)
USPP	US Private Placement debt
VIP	International VIP Rebate business



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