



THE STAR

ASX Announcement

23 February 2023

2023 HALF-YEAR RESULTS PRESENTATION

Attached is the presentation regarding the financial results of The Star Entertainment Group Limited (**The Star**) for the half-year ended 31 December 2022, to be presented by Robbie Cooke, Managing Director and Chief Executive Officer, and Christina Katsibouba, Chief Financial Officer.

The presentation and a link to an audio webcast of the presentation will be available on The Star's website at www.starentertainmentgroup.com.au from 10:30am (Sydney time) today.

The information contained in this announcement should be read in conjunction with today's announcement of The Star's half-year Financial Report and The Star's most recent Annual Report.

Authorised by:

Board of Directors

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THE STAR

ENTERTAINMENT
GROUP

THE STAR ENTERTAINMENT GROUP

1H FY23 RESULTS PRESENTATION

THURSDAY
23 FEBRUARY
2023

THE STAR ENTERTAINMENT GROUP

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 six months ended 31 December 2022 (**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 FY23 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, noting The Star has suspended all 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
- ◆ 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
- ◆ Comparatives are generally to the prior corresponding period unless otherwise stated; pre-COVID refers to the relevant period in FY20

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- ◆ This presentation includes information in relation to The Star Entertainment Group's proposed capital restructure initiatives on slides 16 - 18. For this reason, the information in this presentation should be read subject to The Star Entertainment Group's Capital Structure Initiatives and Equity Raising Investor Presentation dated 23 February 2023 and, in particular, the Important Notice and Disclaimers, Key Risks and Foreign Selling Restrictions sections of that presentation.
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OVERVIEW

1H FY23 RESULTS

1H FY23 EARNINGS REVIEW

		1H FY23	1H FY22 ¹
Normalised	EBITDA	\$200m	\$29m
	NPAT / (loss)	\$44m	(\$74m)
Statutory	EBITDA	\$200m	\$31m
	NPAT / (loss)	(\$1,264m)	(\$74m)

- ◆ Queensland properties achieved record domestic revenue performance, Sydney property impacted by regulatory-driven operational changes and increased competition
 - **Gold Coast:** domestic revenue up 30% vs. pre-COVID²
 - **Brisbane:** domestic revenue up 9% vs. pre-COVID²
 - **Sydney:** domestic revenue down 14% vs. pre-COVID²
 - **Group:** domestic revenue down 1% vs. pre-COVID²
- ◆ Earnings impacted by softer revenue in Sydney and higher operating expenses, primarily due to a step-up in remediation costs to support return to suitability (~\$20m)
- ◆ Significant items³ of \$1.3bn include impairment of the Sydney goodwill and property assets (\$988m), penalties (\$350m) and costs associated with the ongoing regulatory reviews (legal, consultants and other costs)

Notes: ¹ Not directly comparable given the closure of The Star Sydney from 1 July 2021 to 10 October 2021 and COVID-related operating settings. ² Pre-COVID comparator period is FY20. ³ 1H FY23 Significant Items include impairment of Sydney property assets and goodwill, penalties, costs associated with the ongoing regulatory reviews (legal, consultants and other costs), contribution towards the cost of the Bell Review, accounting for software changes, partially offset by gain on disposal of the DGCC residential apartments and DSCI Pyrmont Tower. Refer to Note A5 of the Financial Report for a reconciliation of significant items.

OVERVIEW

THE STAR GOLD COAST

1H FY23 EARNINGS REVIEW

Normalised ¹	1H FY23 \$m	1H FY22 ² \$m	% vs. 1H FY22	1H FY20 \$m	% vs. 1H FY20
Domestic Revenue	275.6	180.4	52.8%	212.1	29.9%
- EGMs	123.9	98.9	25.3%	91.1	36.0%
- Tables	57.8	40.5	42.7%	64.9	(10.9%)
- Non-gaming	93.9	41.0	129.0%	56.1	67.4%
EBITDA	66.2	25.8	156.6%		

- ◆ Domestic revenue up 30% on pre-COVID³ levels
 - Main gaming floor and EGMs performed strongly
 - Non-gaming revenue up 67% driven by new amenities and the return of conferences
 - Dorsett Gold Coast Hotel and Star Residences performing above forecast levels
- ◆ Operating costs of \$161m driven by higher activity levels, new amenities, higher staffing costs and the step-up in remediation costs

KEY INITIATIVES AND PRIORITIES

- ◆ Urgent focus on regaining suitability to hold a casino licence in Queensland
- ◆ Opened Dorsett Gold Coast Hotel and The Star Residences during FY22
- ◆ Hotel performing above forecast levels given higher than expected occupancy and rates
- ◆ Tower 2 construction underway with all apartments pre-sold

Notes: ¹ Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business, noting The Star has suspended all 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. ² Not directly comparable given COVID-related settings. ³ Pre-COVID comparator period is FY20.

OVERVIEW

TREASURY BRISBANE

1H FY23 EARNINGS REVIEW

Normalised ¹	1H FY23 \$m	1H FY22 ² \$m	% vs. 1H FY22	1H FY20 \$m	% vs. 1H FY20
Domestic Revenue	196.4	160.6	22.3%	180.9	8.6%
- EGMs	102.6	81.3	26.2%	85.0	20.7%
- Tables	75.4	66.8	12.9%	82.4	(8.5%)
- Non-gaming	18.4	12.5	47.2%	13.5	37.3%
EBITDA	46.1	28.9	59.5%		

- ◆ Domestic revenue was up 9% on pre-COVID³ levels
- ◆ Record performances across EGMs, main gaming floor tables and hospitality
- ◆ Operating costs of \$101m reflects higher activity levels as compared to the prior year and the step-up in remediation costs

KEY INITIATIVES AND PRIORITIES

- ◆ Urgent focus on regaining suitability to hold a casino licence in Queensland
- ◆ Queen's Wharf Brisbane to open December 2023 and will comprise:
 - Four hotels with ~1,000 hotel rooms
 - More than 50 restaurants, bars and cafes
 - Luxury retail
 - 1,500 person ballroom
 - Sky Deck
 - 7.5 ha public space

Notes: ¹ Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business, noting The Star has suspended all 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. ² Not directly comparable given COVID-related settings. ³ Pre-COVID comparator period is FY20.

OVERVIEW

THE STAR SYDNEY

1H FY23 EARNINGS REVIEW

Normalised ¹	1H FY23 \$m	1H FY22 ² \$m	% vs. 1H FY22	1H FY20 \$m	% vs. 1H FY20
Domestic Revenue	541.2	238.5	126.9%	628.5	(13.9%)
- EGMs	182.2	79.6	128.9%	180.1	1.2%
- Tables	278.3	130.9	112.6%	358.8	(22.4%)
- Non-gaming	80.7	28.0	188.2%	89.6	(9.9%)
EBITDA	87.4	(25.3)	Nmf²		

- ◆ Domestic revenue was down 14% on pre-COVID³ levels: EGMs up 1%, tables down 22%, non-gaming down 10%. This reflects:
 - Increased operating restrictions and strengthened controls from mid-September 2022 following the Bell Review and amendments to the NSW Casino Control Act including increased number of excluded patrons and a reduced level of complimentary services and benefits in private gaming areas
 - Increased competition
- ◆ Operating costs of \$308m includes the step-up in remediation costs
- ◆ Urgent focus on regaining suitability to hold a casino licence in NSW
- ◆ Continue discussions with the NSW Government on the implementation of the proposed increases in casino duty rates in NSW
- ◆ Secure competitive neutrality with respect to operating conditions in Sydney
- ◆ Manage the competitive impact in Sydney
- ◆ Refocus on operating efficiencies, including earnings enhancements in Sydney

KEY INITIATIVES AND PRIORITIES

Notes: ¹ Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business, noting The Star has suspended all 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. ² Not directly comparable given the closure of The Star Sydney from 1 July 2021 to 10 October 2021 and COVID-related operating settings. ³ Pre-COVID comparator period is FY20.

OVERVIEW

SIGNIFICANT ACTIONS / MATTERS

PROPOSED INCREASES TO NSW CASINO DUTY RATES

- ◆ The Star and the NSW Government are in discussions on the implementation of the proposed changes to NSW casino duty rates
- ◆ The changes as currently proposed are likely to have a significant impact on The Star's earnings and operations

CAPITAL STRUCTURE INITIATIVES

- ◆ Equity Raising – \$800m equity raising, comprised of a ~\$685m pro rata 3 for 5 accelerated non-renounceable entitlement offer and ~\$115m institutional placement
- ◆ Covenant relief from both bank lenders and USPP noteholders through to June 2025
- ◆ Announced capital structure initiatives provide increased financial flexibility to meet capital requirements provisioned for and help navigate a range of operating and regulatory uncertainties

AUSTRAC

- ◆ AUSTRAC has commenced civil penalty proceedings in relation to alleged contraventions of obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006
- ◆ The statement of claim does not detail the quantum of the penalty sought
- ◆ Estimate of \$150m provisioned on the balance sheet as at 31 December 2022, although considerable uncertainty on the final outcome remains

CLASS ACTIONS

- ◆ Separate statements of claim have been served in the Supreme Court of Victoria by Slater & Gordon, Maurice Blackburn, Phi Finney McDonald and Shine Lawyers
- ◆ The Star intends to defend such proceedings

ASIC

- ◆ ASIC has commenced civil penalty proceedings against a number of former directors and executives and one current director for alleged contraventions of duties under the Corporations Act
- ◆ The Star is not a defendant in the proceedings

OVERVIEW

REGULATORY UPDATE

NEW SOUTH WALES

- ◆ Post the Bell Review, The NSW Independent Casino Commission suspended The Star Sydney's casino licence, appointed a Manager and imposed a \$100m fine (payable in three instalments by 29 December 2023)
- ◆ The Casino Control Act was amended to include compulsory carded play and daily cash limits (from August 2024) and has overridden The Star's right to compensation for regulatory changes
- ◆ The NSW Government has announced a policy to introduce cashless play and daily spending limits for all EGMs in NSW, including clubs and hotels

QUEENSLAND

- ◆ Post the Gotterson Review, the Queensland Attorney-General and regulator suspended The Star's Queensland casino licences on a deferred basis, appointed a Special Manager and imposed a \$100m fine (payable in three instalments by 31 December 2023)
- ◆ The casino licences were suspended for a period of 90 days on a deferred basis with effect from 1 December 2023
- ◆ The Casino Control Act will be amended in 2023 to implement the Gotterson recommendations, including mandatory carded play, cash and time play limits and mandatory pre-commitment restrictions on EGMs
- ◆ The Queensland Government is reported as having no intention to amend the Queensland casino duty in the State budget scheduled for June 2023

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GROUP FINANCIALS

OVERVIEW

FINANCIAL OVERVIEW

- ◆ Group revenue down 1% on pre-COVID levels¹
 - Queensland experienced strong trading with revenue up 20% vs. pre-COVID¹ levels (Gold Coast up 30% and Brisbane up 9%)
 - Sydney domestic revenue down 14% vs. pre-COVID¹ levels with gaming revenue impacted by regulatory-driven operational changes and competition
- ◆ Operating costs of \$570m reflect the step-up in costs associated with remediation actions (\$20m)

SIGNIFICANT ITEMS AND IMPAIRMENT

- ◆ Significant items² of \$1.3bn primarily include a non-cash one-off impairment of The Star Sydney (\$988m) and penalties (\$350m):
 - The Sydney impairment reflects operational changes and strengthened controls, and the likelihood of an increase in NSW casino duty rates from FY24
 - \$350m in regulatory fine provisions relate to NSW, Queensland and AUSTRAC

CAPEX

- ◆ Capex of \$76m below D&A expense of \$101m and JV equity contributions of \$8m for The Star Gold Coast Tower 2

OPEX OUTLOOK

- ◆ Opex run-rate expected to continue in 2H FY23, adjusting for changes in business volumes
- ◆ FY23 remediation costs estimated to be \$35m to \$45m, of which ~50% recurring from FY24 with 'surge' resources to be replaced with full time resources
- ◆ Further efficiency measures identified as part of \$40m business improvement program, effective from FY24 onwards

Notes: ¹ Pre-COVID comparator period is FY20. ² 1H FY23 Significant Items include impairment of Sydney property assets and goodwill, penalties, costs associated with the ongoing regulatory reviews (legal, consultants and other costs), contribution towards the cost of the Bell Review, accounting for software changes, partially offset by gain on disposal of the DGCC residential apartments and DSCI Pyrmont Tower.

GROUP FINANCIALS

PROFIT AND LOSS — 1H FY23

\$M	1H FY2023	1H FY2022	fav/(unfav)	1H FY2023	1H FY2022	fav/(unfav)
	STATUTORY	STATUTORY		NORMALISED ²	NORMALISED ²	
Domestic Gaming revenue	820.2	498.0	64.7%	820.2	498.0	64.7%
International VIP Rebate	-	1.8	(100.0%)	-	0.5	(100.0%)
Non-gaming and other revenue	193.0	81.5	136.8%	193.0	81.5	136.8%
Gross Revenue¹	1,013.2	581.3	74.3%	1,013.2	580.0	74.7%
Player rebates and commissions	-	(4.2)	100.0%	-	(4.2)	100.0%
Net Revenue	1,013.2	577.1	75.6%	1,013.2	575.8	76.0%
Gaming taxes and levies	(243.6)	(145.8)	(67.1%)	(243.6)	(145.8)	(67.1%)
Operating expenditure	(569.9)	(400.6)	(42.3%)	(569.9)	(400.6)	(42.3%)
EBITDA (before significant items)³	199.7	30.7	550.5%	199.7	29.4	579.3%
D&A	(100.8)	(103.1)	2.2%	(100.8)	(103.1)	2.2%
EBIT (before significant items)	98.9	(72.4)	236.6%	98.9	(73.7)	234.2%
Share of net profit/(loss) of associate	(1.8)	(6.6)	72.7%	(1.8)	(6.6)	72.7%
Statutory EBIT (before significant items)	97.1	(79.0)	222.9%	97.1	(80.3)	220.9%
Net funding costs	(33.6)	(22.9)	(46.7%)	(33.6)	(22.9)	(46.7%)
Tax (before significant items) ⁴	(19.9)	29.1	(168.4%)	(19.9)	29.5	(167.5%)
NPAT (before significant items)	43.6	(72.8)	159.9%	43.6	(73.7)	159.2%
Significant items (after tax) ⁵	(1,307.6)	(1.4)	Nmf			
Statutory NPAT	(1,264.0)	(74.2)	Nmf			
Earnings per share (cents)	(133.3)	(7.8)	Nmf			
Total Dividends per share (cents)	-	-	0.0%			

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 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.

³ Statutory EBITDA 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.

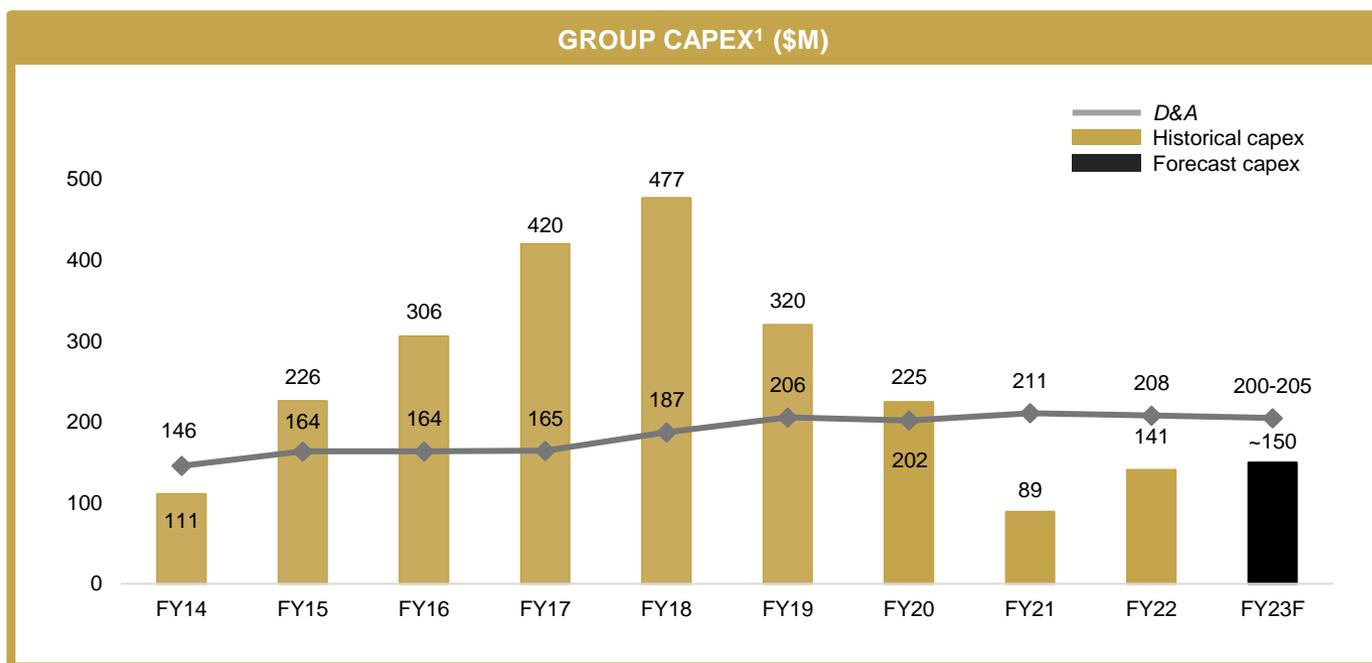
⁵ 1H FY23 Significant Items include impairment of Sydney property assets, penalties, costs associated with the ongoing regulatory reviews (legal, consultants and other costs), contribution towards the cost of the Bell Review, accounting for software changes, partially offset by gain on disposal of the DGCC residential apartments and DSCI Pyrmont Tower. Refer to Note A5 of the Financial Report for a reconciliation of significant items.

GROUP FINANCIALS

CAPEX AND JV CONTRIBUTIONS

GROUP CAPEX

- ◆ Capex of \$76m, below depreciation and amortisation expense of \$101m
- ◆ FY23 expectation:
 - Capex remains ~\$150m
 - Depreciation and amortisation expense remains ~\$200m to \$205m
 - Net funding costs \$75 to \$80m



JV CONTRIBUTIONS

- ◆ JV equity contributions \$8m in 1H FY23
- ◆ FY23 projected JV equity contributions of ~\$115m include \$100m contribution for Queen's Wharf Brisbane and \$15m for Gold Coast Tower 2

Note: ¹ Comparatives have been restated due to a change in the Software-as-a-Service (SaaS) arrangements accounting policy which was adopted as at 30 June 2021.

GROUP FINANCIALS

BALANCE SHEET (PRE-CAPITAL STRUCTURE INITIATIVES)

\$M	DEC 2022	JUN 2022
ASSETS		
Current Assets		
Cash and cash equivalents	109.1	82.0
Trade and other receivables	29.0	18.0
Inventories	16.6	16.2
Income tax receivable	21.7	4.4
Derivative financial instruments	2.0	1.4
Other assets	76.0	79.5
Total current assets	254.4	201.5
Non current assets		
Property, plant and equipment	2,496.1	2,635.5
Intangible assets	788.4	1,662.0
Derivative financial instruments	49.8	62.9
Investment in associate and joint venture entities	665.7	669.6
Other assets	40.6	39.9
Total Non current assets	4,040.6	5,069.9
TOTAL ASSETS	4,295.0	5,271.4
LIABILITIES		
Current liabilities		
Trade and other payables	432.2	206.4
Interest bearing liabilities	17.7	6.1
Provisions	256.0	115.2
Derivative financial instruments	6.8	5.7
Other liabilities	22.9	23.1
Total current liabilities	735.6	356.5
Non current liabilities		
Interest bearing liabilities	1,287.1	1,326.4
Deferred tax liabilities	101.2	140.9
Provisions	8.4	8.3
Derivative financial instruments	-	-
Other liabilities	9.3	9.0
Total non current liabilities	1,406.0	1,484.6
TOTAL LIABILITIES	2,141.6	1,841.1
NET ASSETS	2,153.4	3,430.3
EQUITY		
Share capital	3,164.9	3,171.0
(Accumulated losses)/retained earnings	(1,016.2)	247.8
Reserves	4.7	11.5
TOTAL EQUITY	2,153.4	3,430.3

- ◆ Property, plant and equipment declined with capex (\$76m) below depreciation and amortisation (\$101m) and impairments (\$111m)
- ◆ Other assets of \$76m primarily relates to a payment to the Australian Taxation Office in relation to the disputed GST treatment of rebates paid to junket operators
- ◆ Intangible assets declined primarily due to \$877m impairment of the Sydney property assets (goodwill and other intangibles) reflecting earnings impacts from the regulatory changes and the likelihood of an increase in NSW casino duty rates from FY24
- ◆ Payables include \$200m for regulatory fines (NSW/QLD)
- ◆ Provision of \$150m for estimate of AUSTRAC civil penalty proceedings, although considerable uncertainty remains
- ◆ The movement in derivative financial instruments reflects the movement in interest rates and currency exchanges
- ◆ Net debt of \$1,111m¹ (excluding lease liabilities of \$40m)

Notes: ¹ Net debt shown as interest bearing liabilities (excluding lease liabilities of \$39.8m) less cash and cash equivalents (\$109.1m) less the net impact of derivative financial instruments (\$45.0m)

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CAPITAL STRUCTURE INITIATIVES OVERVIEW

Today, The Star announces an \$800 million equity raising

The Star also announces it has secured covenant relief through to June 2025

CAPITAL STRUCTURE INITIATIVES

Equity Raising

- ◆ \$800m equity raising (**Equity Raising**):
 - a ~\$685m 3 for 5 pro rata accelerated non-renounceable entitlement offer (**Entitlement Offer**)
 - a ~\$115m institutional placement (**Placement**)
- ◆ Equity Raising will be conducted at a fixed price of \$1.20 per new share, representing a discount of:
 - 13.6% to TERP¹ of \$1.39 on 21 February 2023
 - 21.1% to the last closing price of \$1.52 on 21 February 2023
- ◆ Net proceeds from the Equity Raising will be used to repay debt and increase liquidity
- ◆ The Star's strategic partners, Chow Tai Fook Enterprises Limited and Far East Consortium International Limited, have provided binding pre-commitments for ~\$80m, which equates to their functional pro rata entitlement in the Equity Raising
- ◆ The balance of the Equity Raising is underwritten

Covenant Relief

- ◆ Covenant relief secured from both bank lenders and USPP noteholders through to June 2025²
- ◆ Amended covenants provide increased financial flexibility to help navigate a range of operating and regulatory uncertainties

Capital Structure Settings

- ◆ The Star to target 2.0x – 2.5x leverage over the long-term
- ◆ Ongoing focus on capital structure optimisation, refinancing initiatives, asset monetisation and liquidity position
- ◆ Dividends suspended until The Star reaches its long-term target leverage range of 2.0x – 2.5x, returns to suitability and all of the Group's casino licences are in full force and effect

Notes: ¹ TERP is the theoretical ex-rights price including the Placement shares. TERP is calculated by reference to The Star's closing price of \$1.52 on 21 February 2023, being the last trading day prior to the announcement of the Equity Raising.
² Covenant relief is conditional on completion of the announced Equity Raising. The Group obtained an amendment from USPP debt holders to exclude the financial impact of penalties on covenants at 31 December 2022.

CAPITAL STRUCTURE INITIATIVES STRENGTHENED BALANCE SHEET

Pro forma as at 31 December 2022



\$341m
Pro forma
Net Debt¹

Reduction of \$770m
(from \$1,111m)



0.8x
Pro forma
Net Debt / EBITDA²

Reduction of 1.9x
(from 2.7x)



\$754m
Pro forma
Liquidity³

Increase of \$200m
(from \$554m)

**CAPITAL STRUCTURE INITIATIVES ANNOUNCED TODAY PROVIDE INCREASED
FINANCIAL FLEXIBILITY TO MEET CAPITAL REQUIREMENTS PROVISIONED FOR
AND NAVIGATE A RANGE OF OPERATING AND REGULATORY UNCERTAINTIES**

Notes: ¹ Net debt shown as interest bearing liabilities (excluding lease liabilities of \$40m) less cash and cash equivalents of \$109m less the net impact of derivative financial instruments (\$45m). ² Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business, noting The Star has suspended all 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. ³ Pro forma liquidity position includes \$109m of cash and \$645m of pro forma undrawn bank facilities.

CAPITAL STRUCTURE INITIATIVES LOOKING AHEAD

Strengthened balance sheet provides a platform for The Star to continue to deliver on its key strategic priorities

Announced today:

Capital structure initiatives

- ✓ Equity Raising
- ✓ Covenant Relief



Pathway to suitability

Continued urgent focus on remediation actions to support return to suitability



Further capital structure initiatives

Strengthened balance sheet supports capital structure optimisation and refinancing initiatives



Operational enhancements

The Star intends to implement a number of focused operational initiatives – estimated to contribute ~\$40m on an annualised basis



Queen's Wharf Brisbane and Gold Coast

Queen's Wharf Brisbane phased opening from December 2023 and second Gold Coast Tower to open in 2024



Government engagement on NSW casino duty rates

The Star and NSW Government are in discussions on the implementation of proposed changes



Refocus on competitive positioning

Refocus on competitive positioning and operational efficiencies, including to improve Sydney earnings

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EARNINGS OUTLOOK

2H FY23 YTD AND FY23 OUTLOOK

EARLY 2H FY23 TRADING

- ◆ Consistent with the earnings guidance of 13 February 2023, early 2H FY23 trading is broadly consistent with 2Q FY23. In the period from 1 January 2023 to 14 February 2023:
 - **Gold Coast:** domestic revenue up 24% vs. pre-COVID¹
 - **Brisbane:** domestic revenue up 5% vs. pre-COVID¹
 - **Sydney:** domestic revenue down 17% vs. pre-COVID¹
 - **Group:** domestic revenue down 4% vs. pre-COVID¹

FY23 OUTLOOK

- ◆ Based on current trading performance and the outlook for the remainder of the second half, FY23 underlying EBITDA is expected to be \$330m to \$360m
- ◆ End of year position is dependent upon a number of factors which are uncertain at this time, including regulatory settings relating to complimentary services in The Star Sydney's private gaming areas, the level of inbound international tourism, and general consumer discretionary spending behaviour
- ◆ The guidance includes estimated remediation costs of \$35m to \$45m in FY23, of which ~50% are expected to be recurring from FY24
- ◆ This guidance is provided on the basis that market conditions and the regulatory environment do not materially change

Note: ¹ 3Q FY2023 YTD reflects preliminary trading data from 1 January 2023 to 14 February 2023. Pre-COVID comparator period is FY20.

EARNINGS OUTLOOK

OPERATIONAL INITIATIVES

BUSINESS IMPROVEMENT INITIATIVES

- ◆ The Star intends to implement a number of focused operational initiatives to improve its trading performance, which are estimated to contribute ~\$40m to the Group's operating performance (on an annualised basis), including:
 - Uplifting The Star Sydney's revenue performance;
 - Implementing measures to improve The Star Sydney's operating efficiency and cost control;
 - Enhancing the customer experience at The Star Sydney; and
 - Actions to respond to the Group's competitive position in Sydney including loyalty benefits and pricing
- ◆ These initiatives are expected to contribute only marginally in the last quarter of the FY23 period, and no impact is assumed in the above guidance for FY23
- ◆ The Group will continue its urgent focus on remediation actions to support its return to suitability

KEY PRIORITIES

PRIORITIES FOR THE YEAR AHEAD

1

REMEDIATION MEASURES

- ◆ Commitment to demonstrating suitability to hold casino licences in NSW and Queensland
- ◆ Progressing remediation measures with urgency in NSW and Queensland, including addressing the recommendations of the Bell and Gotterson reviews
- ◆ Completing new senior executive and board appointments

2

OPERATIONS

- ◆ Continue discussions with the NSW Government on the implementation of the proposed increases in casino duty rates
- ◆ Secure competitive neutrality in operating conditions in Sydney
- ◆ Manage the competitive impact in Sydney
- ◆ Refocus on operating efficiencies including earnings enhancements in Sydney

3

MAJOR PROJECTS

- ◆ Queen's Wharf Brisbane – progress construction, manage costs, prepare for the opening and resolve the builder's claims
- ◆ Gold Coast – progress the construction of Tower 2
- ◆ Sydney – development opportunities to be assessed

4

ASSET SALES

- ◆ Seek to sell non-core assets
- ◆ Complete the sale of the Treasury assets¹ and the Union St Pyrmont property
- ◆ Undertake the sale of the Sheraton Grand Mirage Resort Gold Coast
- ◆ Explore opportunities to unlock the underlying value of the Group's property portfolio

Note: ¹ Subject to relevant approvals and, if approved, proceeds to be received upon opening of Queen's Wharf Brisbane.

MAJOR PROJECTS GOLD COAST

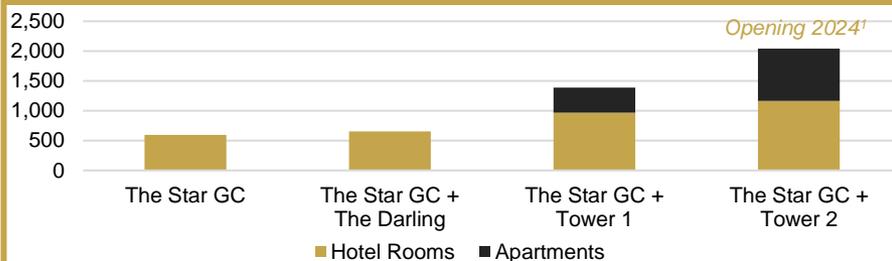
TOWER 2 UNDERWAY

- ◆ The Dorsett Gold Coast completed its first full year of operation, performing above forecast levels given higher than expected occupancy levels and rates
- ◆ Construction of Tower 2 is on track for a 2024 opening with all apartments pre-sold
- ◆ Capital works will be funded by partner contributions, existing and new debt facilities
- ◆ Upon completion of Tower 2, The Star Gold Coast will have around 2,000 hotel rooms and apartments on the island



THE STAR GOLD COAST – TOWERS 1 AND 2 – FEBRUARY 2023

THE STAR GOLD COAST HOTEL ROOM AND APARTMENT GROWTH



KEY DATES¹

2024 ◆ Complete construction of Tower 2

Note: ¹ Subject to planning and other approvals.



THE STAR GOLD COAST – TOWERS 1 AND 2 – AUGUST 2022

MAJOR PROJECTS

QUEEN'S WHARF BRISBANE

PHASED OPENING FROM 2023

- ◆ Total project costs are expected to be ~\$2.9bn
- ◆ Destination Brisbane Consortium (DBC) is in ongoing discussions with the builder regarding purported claims for additional costs, extensions of time and damages, with which DBC disagrees
- ◆ Significant milestones include the following:
 - Podium structure complete with river-facing towers 2 & 3 at Sky Deck level while towers 1 & 4 are close to level 40
 - Restoration and repurposing of the heritage buildings including the Printery, the former DPI building and Harris Terraces in progress
 - Neville Bonner Bridge now 90% complete

KEY DATES¹

Dec 2023	◆ Opening of the first stage of the Integrated Resort
2024	◆ Continuation of phased opening of the Integrated Resort

Note: ¹ Subject to planning and other approvals.



VIEW FROM 1 WILLIAM STREET – FEBRUARY 2023



VIEW FROM SOUTH BANK – FEBRUARY 2023

MAJOR PROJECTS SYDNEY

ASSESS DEVELOPMENT OPPORTUNITIES

- ◆ A number of development opportunities exist following changes to the planning controls under the Pyrmont Peninsula Place Strategy
- ◆ Pathway to a Development Application for the potential construction of:
 - 105-metre, six-star hotel
 - two new theatres
 - new rooftop dining at The Star Sydney
- ◆ Additionally, The NSW Government has confirmed that a new Sydney Metro West station will be built at Pyrmont, adjacent to The Star Sydney site



THE STAR SYDNEY – POTENTIAL NORTHERN TOWER EXPANSION¹



THE STAR SYDNEY – POTENTIAL THEATRE EXPANSION¹

Note: ¹ Subject to planning and other approvals.

THE STAR ENTERTAINMENT GROUP

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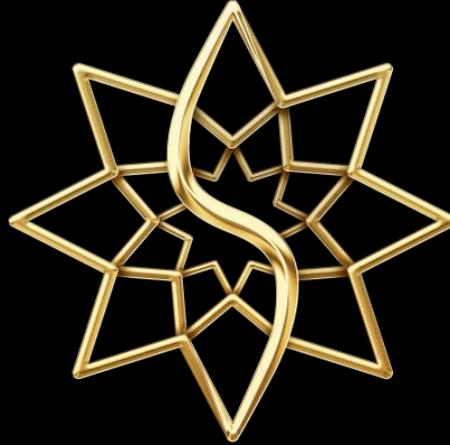
1. OVERVIEW

2. GROUP FINANCIALS

3. CAPITAL STRUCTURE INITIATIVES

4. EARNINGS OUTLOOK & KEY PRIORITIES

5. Q&A



THE STAR

ENTERTAINMENT
GROUP

APPENDIX

APPENDIX

STATUTORY RESULTS — 1H FY23

\$M	SYDNEY			GOLD COAST			BRISBANE			TOTAL		
	1H FY2023	1H FY2022	fav/(unfav)	1H FY2023	1H FY2022	fav/(unfav)	1H FY2023	1H FY2022	fav/(unfav)	1H FY2023	1H FY2022	fav/(unfav)
Slots	182.2	79.6	128.9%	123.9	98.9	25.3%	102.6	81.3	26.2%	408.7	259.8	57.3%
Domestic Tables	278.3	130.9	112.6%	57.8	40.5	42.7%	75.4	66.8	12.9%	411.5	238.2	72.8%
Non-gaming	77.6	26.1	197.3%	91.6	40.4	126.7%	17.6	12.0	46.7%	186.8	78.5	138.0%
Total Domestic ¹	538.1	236.6	127.4%	273.3	179.8	52.0%	195.6	160.1	22.2%	1,007.0	576.5	74.7%
International VIP Rebate ²	-	1.8	(100.0%)	-	0.0	(100.0%)	-	-	0.0%	-	1.8	(100.0%)
Other revenue	3.1	1.9	63.2%	2.3	0.6	283.3%	0.8	0.5	60.0%	6.2	3.0	106.7%
Total Gross Revenue	541.2	240.3	125.2%	275.6	180.4	52.8%	196.4	160.6	22.3%	1,013.2	581.3	74.3%
Player rebates and commissions	(0.0)	(3.1)	100.0%	-	(0.7)	100.0%	-	(0.4)	100.0%	(0.0)	(4.2)	100.0%
Net Revenue³	541.2	237.2	128.2%	275.6	179.7	53.4%	196.4	160.2	22.6%	1,013.2	577.1	75.6%
Gaming taxes and levies	(145.4)	(66.5)	(118.6%)	(48.4)	(37.6)	(28.7%)	(49.8)	(41.7)	(19.4%)	(243.6)	(145.8)	(67.1%)
Operating expenses	(308.4)	(194.7)	(58.4%)	(161.0)	(116.3)	(38.4%)	(100.5)	(89.6)	(12.2%)	(569.9)	(400.6)	(42.3%)
EBITDA (before significant items)	87.4	(24.0)	Nmf	66.2	25.8	156.6%	46.1	28.9	59.5%	199.7	30.7	550.5%
D&A	(57.2)	(58.8)	2.7%	(30.6)	(30.8)	0.6%	(13.0)	(13.5)	3.7%	(100.8)	(103.1)	2.2%
EBIT (before significant items)	30.2	(82.8)	Nmf	35.6	(5.0)	Nmf	33.1	15.4	114.9%	98.9	(72.4)	Nmf
Share of net profit/(loss) of associate										(1.8)	(6.6)	72.7%
Significant Items ⁴										(1,363.7)	(2.0)	Nmf
Net funding costs										(33.6)	(22.9)	(46.7%)
Tax										36.2	29.7	21.9%
Statutory NPAT										(1,264.0)	(74.2)	Nmf
EBITDA/Revenue %	16.1%	(10.0%)		24.0%	14.3%		23.5%	18.0%		19.7%	5.3%	
International VIP Rebate Front Money \$m	-	3.9	(100.0%)	-	0.0	(100.0%)	-	-	0.0%	-	3.9	(100.0%)
International VIP Rebate Turnover \$m	-	36.6	(100.0%)	-	0.4	(100.0%)	-	-	0.0%	-	37.0	(100.0%)
International VIP Rebate Win rate	0.00%	4.92%		0.00%	5.07%		0.00%	0.00%		0.00%	4.86%	

Notes: ¹ Complimentary revenue is included within domestic gaming revenue. ² International VIP Rebate includes IPM. ³ Net Revenue is after player rebates and commissions. ⁴ Refer to Note A5 of the Financial Report for a reconciliation of significant items.

APPENDIX

NORMALISED RESULTS — 1H FY23

\$M	SYDNEY			GOLD COAST			BRISBANE			TOTAL		
	1H FY2023	1H FY2022	fav/(unfav)	1H FY2023	1H FY2022	fav/(unfav)	1H FY2023	1H FY2022	fav/(unfav)	1H FY2023	1H FY2022	fav/(unfav)
Slots	182.2	79.6	128.9%	123.9	98.9	25.3%	102.6	81.3	26.2%	408.7	259.8	57.3%
Domestic Tables	278.3	130.9	112.6%	57.8	40.5	42.7%	75.4	66.8	12.9%	411.5	238.2	72.8%
Non-gaming	77.6	26.1	197.3%	91.6	40.4	126.7%	17.6	12.0	46.7%	186.8	78.5	138.0%
Total Domestic ¹	538.1	236.6	127.4%	273.3	179.8	52.0%	195.6	160.1	22.2%	1,007.0	576.5	74.7%
International VIP Rebate ²	-	0.5	(100.0%)	-	0.0	(100.0%)	-	-	0.0%	-	0.5	(100.0%)
Other revenue	3.1	1.9	63.2%	2.3	0.6	283.3%	0.8	0.5	60.0%	6.2	3.0	106.7%
Total Gross Revenue	541.2	239.0	126.4%	275.6	180.4	52.8%	196.4	160.6	22.3%	1,013.2	580.0	74.7%
Player rebates and commissions	(0.0)	(3.1)	100.0%	-	(0.7)	100.0%	-	(0.4)	100.0%	(0.0)	(4.2)	100.0%
Net Revenue³	541.2	235.9	129.4%	275.6	179.7	53.4%	196.4	160.2	22.6%	1,013.2	575.8	76.0%
Gaming taxes and levies	(145.4)	(66.5)	(118.6%)	(48.4)	(37.6)	(28.7%)	(49.8)	(41.7)	(19.4%)	(243.6)	(145.8)	(67.1%)
Operating expenses	(308.4)	(194.7)	(58.4%)	(161.0)	(116.3)	(38.4%)	(100.5)	(89.6)	(12.2%)	(569.9)	(400.6)	(42.3%)
Normalised EBITDA⁴	87.4	(25.3)	Nmf	66.2	25.8	156.6%	46.1	28.9	59.5%	199.7	29.4	579.3%
D&A	(57.2)	(58.8)	2.7%	(30.6)	(30.8)	0.6%	(13.0)	(13.5)	3.7%	(100.8)	(103.1)	2.2%
Normalised EBIT	30.2	(84.1)	Nmf	35.6	(5.0)	Nmf	33.1	15.4	114.9%	98.9	(73.7)	Nmf
Share of net profit/(loss) of associate										(1.8)	(6.6)	72.7%
Normalised EBIT after share of net profit of associate										97.1	(80.3)	Nmf
Net funding costs										(33.6)	(22.9)	(46.7%)
Tax										(19.9)	29.5	Nmf
Normalised NPAT										43.6	(73.7)	Nmf
EBITDA/Revenue %	16.1%	(10.6%)		24.0%	14.3%		23.5%	18.0%		19.7%	5.1%	
International VIP Rebate Front Money \$m	-	3.9	(100.0%)	-	0.0	(100.0%)	-	-	0.0%	-	3.9	(100.0%)
International VIP Rebate Turnover \$m	-	36.6	(100.0%)	-	0.4	(100.0%)	-	-	0.0%	-	37.0	(100.0%)
International VIP Rebate Win rate	0.00%	1.35%		0.00%	1.35%		0.00%	0.00%		0.00%	1.35%	

Notes: ¹ Complimentary revenue is included within domestic gaming revenue. ² International VIP Rebate includes IPM. ³ Net Revenue is after player rebates and commissions. ⁴ Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business, noting The Star has suspended all 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 PORTFOLIO OF PREMIUM PROPERTIES

QWB to replace Treasury Brisbane once open

	The Star Sydney	The Star Gold Coast ^{1,2}	Queen's Wharf Brisbane ²	Treasury Brisbane
				
Year opened	◆ 1997	◆ 1985	◆ Dec 2023 phased opening	◆ 1995
Gaming licence ³	◆ 99 years <i>Currently Suspended. Manager holding Licence</i>	◆ Perpetual licence <i>Deferred Suspension until 1 December 2023. Special Manager appointed</i>	◆ 99 years from opening ◆ 50 year casino management agreement	◆ Expires 2070 <i>Deferred Suspension until 1 December 2023. Special Manager appointed</i>
Gaming ⁴	◆ 1,500 EGMs (licence cap) ◆ 307 tables (uncapped) ◆ 511 MTGMs (uncapped)	◆ 1,651 EGMs (licence cap) ◆ 111 tables (uncapped) ◆ 154 MTGMs (uncapped)	◆ 2,500 EGMs (licence cap) ◆ 250 tables (at open) ◆ 300 MTGMs (at open)	◆ 1,632 EGMs (licence cap) ◆ 95 tables (uncapped) ◆ 176 MTGMs (uncapped)
Non-gaming	◆ 650 hotel rooms ◆ 36 F&B venues	◆ 1,164 hotel rooms ◆ 22 F&B venues	◆ ~1,000 hotel rooms ◆ >50 F&B venues	◆ 125 hotel rooms ◆ 16 F&B venues
Property ownership	◆ 100% owned by The Star ◆ 3.8 hectares ◆ Leasehold	◆ 100% owned by The Star ◆ 6.8 hectares ◆ Freehold	◆ 50% The Star ◆ 25% Chow Tai Fook Enterprises Limited ◆ 25% Far East Consortium International Limited ◆ 12.8 hectares ◆ Leasehold	◆ Acquired by Charter Hall Group in Oct 2021 ◆ 1.9 hectares ◆ Leasehold
Historical capex (FY17-22)	\$931m	\$693m	\$2.9bn	\$142m
1H23 opex	\$308m	\$161m	n.a.	\$101m

Notes: ¹ Excludes Gold Coast Tower 2. ² Concept image only. ³ There is a risk that one or more of The Star Sydney, Treasury Brisbane or The Star Gold Coast may not return to suitability to hold a casino licence. ⁴ EGMs refer to licence caps. Tables and MTGMs are uncapped.

APPENDIX

OPERATIONAL METRICS

OPERATIONAL METRICS	SYDNEY			GOLD COAST			BRISBANE		
	1H FY2023	1H FY2022	fav/(unfav)	1H FY2023	1H FY2022	fav/(unfav)	1H FY2023	1H FY2022	fav/(unfav)
Slots									
Revenue (\$m)	182	80	128.9%	124	99	25.3%	103	81	26.2%
NMR/machine/day	666	296	125.3%	477	373	27.9%	411	327	25.8%
MTGMs									
Revenue (\$m)	43	21	106.3%	8	7	5.6%	14	12	19.2%
NMR/machine/day	452	216	108.8%	259	243	6.5%	434	330	31.6%
Domestic Tables (excl. MTGMs)									
Revenue (\$m)	236	110	113.8%	50	33	50.8%	61	55	11.5%
Hold %	20.8%	20.5%		21.8%	21.4%		20.3%	20.6%	
VIP Rebate (Actual)									
Front Money (\$m)	-	4	(100.0%)	-	0	0.0%	-	-	0.0%
Turnover (\$m)	-	37	(100.0%)	-	0	(100.0%)	-	-	0.0%
Turns	-	9.5	(100.0%)	-	8.8	(100.0%)	-	-	0.0%
Win Rate	0.00%	4.92%		0.00%	5.07%		0.00%	0.00%	
Hotels									
Occupancy	93%	36%		86%	61%		97%	84%	
Cash Revenue (\$m)	22	6	250.8%	26	12	122.4%	4	2	84.2%
Restaurants									
Cash Revenue (\$m)	27	10	167.3%	30	16	87.9%	6	4	44.2%
Gross Revenue (\$m)	39	15	156.6%	38	21	77.8%	12	9	32.6%
Bars									
Cash Revenue (\$m)	16	5	198.1%	16	9	77.3%	7	5	40.4%
Gross Revenue (\$m)	51	21	148.8%	29	20	46.7%	16	12	29.6%
Statutory EBITDA/Revenue %	16.1%	(10.0%)		24.0%	14.3%		23.5%	18.0%	
Normalised EBITDA/Revenue %	16.1%	(10.6%)		24.0%	14.3%		23.5%	18.0%	
Employee Costs/Statutory Revenue %	27.4%	36.3%		31.0%	35.1%		26.4%	30.4%	
Employee Costs/Normalised Revenue %	27.4%	36.5%		31.0%	35.1%		26.4%	30.4%	

APPENDIX

CASH CONVERSION AND FUNDING (PRE CAPITAL RAISE)

CASH CONVERSION

CATEGORY \$M	DEC 2022	DEC 2021
Cash flows from operating activities before interest and income tax		
Net cash receipts in the course of operations	1,066.5	612.9
Payments to suppliers, service providers and employees	(653.8)	(425.3)
Payment of government levies, gaming taxes and GST	(240.7)	(176.6)
Net cash inflows from operating activities before interest and income tax	172.0	11.0
Profit before net finance costs and income tax	(1,265.1)	(78.9)
Add back depreciation, amortisation and impairment	1,089.2	103.1
EBITDA¹	(175.9)	24.2
Cash collection	-98%	45%

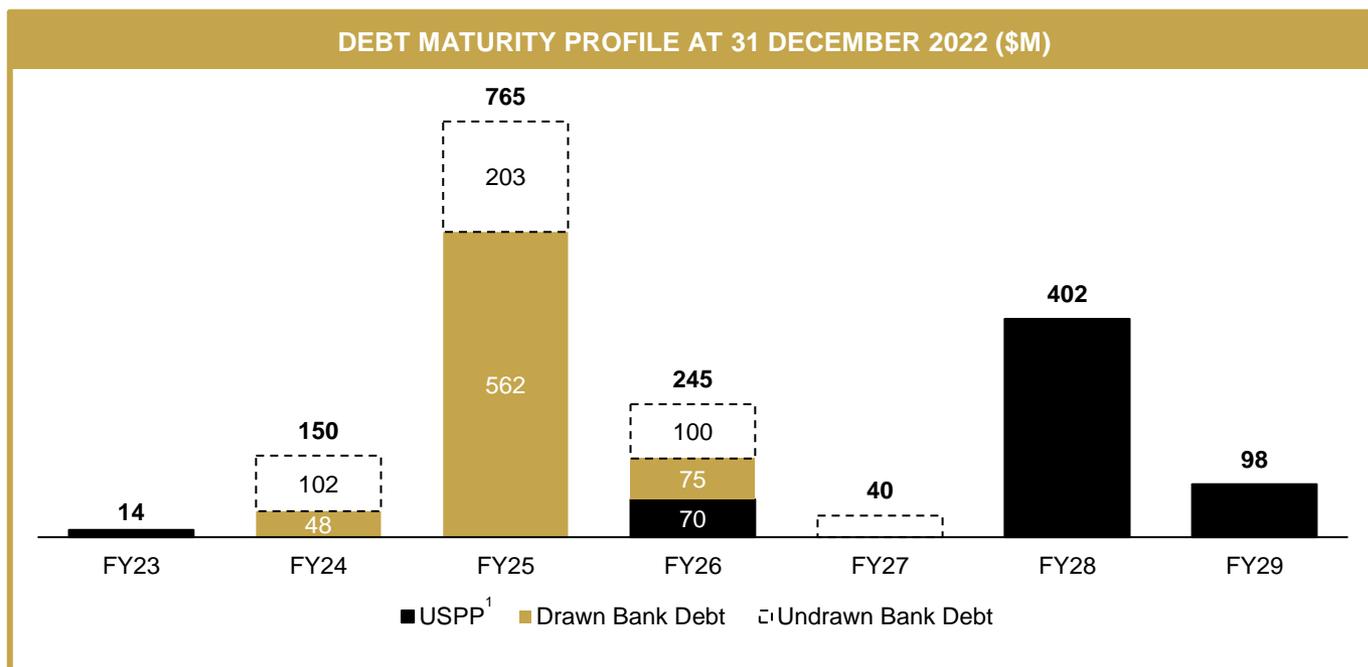
Note:

1. Including share of net profit/(loss) of associate and significant items

FUNDING

As at 31 December 2022:

- \$1.7bn total facilities
- 2.6 years weighted average debt maturity of committed debt facilities
- \$0.6bn total available cash and facilities



Note: ¹ USPP shown on a current foreign exchange rate basis (total \$583m). At hedged rates, USPP balance at 31 December 2022 is \$527m. Includes \$13.6m USPP liability due in 2H FY2023.

APPENDIX SUSTAINABILITY

OUR STRATEGY



THE  STAR ENTERTAINMENT GROUP

**RESPONSIBLE
BUSINESS
SUSTAINABLE
DESTINATIONS**

SUSTAINABILITY REPORT FY2022

Our new strategy, Responsible Business, Sustainable Destinations is supporting our transition to ensure we look towards the future with close management of our most material environmental, social and governance (ESG) issues

SOCIAL AND COMMUNITY

The Star partners with a number of community organisations, charities and not-for-profit organisations in Sydney, Brisbane and the Gold Coast to make a positive impact on the communities we call home



66 TONNES

of food (196,658 meals) donated (OzHarvest, Foodbank) to date



Third Modern Slavery and Human Trafficking Statement released

GIVIT

35 TONNES

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



Network Australia

Signatory to the Global Compact Network Australia

APPENDIX SUSTAINABILITY

SUSTAINABILITY AND ENVIRONMENTAL



GREEN STAR PERFORMANCE RATINGS

achieved for The Star Sydney and The Star Gold Coast

5.5 STAR NABERS ENERGY RATING

achieved for Sydney Corporate Office

COMMITTED TO A MINIMUM 5 STAR GREEN STAR RATING

for all new buildings



> **90%** portfolio with environmental ratings

(Green Star, NABERS, EarthCheck)



NET ZERO SCOPE 1 AND SCOPE 2 CARBON EMISSIONS BY 2030

for wholly owned and operated assets

30% reduction by 2023 in carbon emissions and water consumption intensity against a base year FY13

FY22 – Carbon emissions intensity **reduction of 26%** and water intensity **reduction of 27%**



Food take-away packaging now **98% COMPOSTABLE, TARGETING 100%**



Third TCFD aligned **Climate-related Disclosures** report released



PLANTING OVER 100,000 NATIVE TREES

over the next 5 years to create koala habitat

Reforestation 3 hectares for every hectare of integrated resort The Star operates
Registered an Emissions Reduction Fund project through native tree planting in QLD at our farm



Targeting 100% textile waste diverted from landfill through recycling of textiles - **(16 tonnes of textiles avoided landfill in FY23)**

**SUSTAINABLE
DESTINATION
PARTNERSHIP**

Founding member of **Sydney's Sustainable Destination Partnership**



Constituent of the **FTSE4Good** Index



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

APPENDIX

GLOSSARY

TERM	DEFINITION
AML/CTF	Anti-Money Laundering and Counter-Terrorism Financing
AUSTRAC	Australian Transaction Reports and Analysis Centre
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 machines or slots
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
Nmf	Not meaningful
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% on actual turnover, taxes and revenue share commissions and are before significant items.
pre-COVID	Comparable period in FY20
pcp	Prior comparable period
PGR	Private gaming room
QWB	Queen's Wharf Brisbane
RG	Responsible Gambling
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"> ◆ 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
yoy	Year on year



THE STAR

ENTERTAINMENT
GROUP