

16 November 2020

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ASX Market Announcements
Australian Stock Exchange
Exchange Centre
Level 6
20 Bridge Street
Sydney NSW 2000
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**RE: SKYCITY ENTERTAINMENT GROUP LIMITED - SKC
CHANGE IN SENIOR MANAGERS AND TRADING UPDATE**

Change in Senior Managers

Pursuant to NZX Listing Rule 3.20.1(a), SkyCity Entertainment Group Limited advises that:

- (a) Graeme Stephens will retire from the position of Chief Executive Officer effective from 30 November 2020;
- (b) Michael Ahearne, currently Chief Operating Officer, has been appointed as Chief Executive Officer effective from 16 November 2020;
- (c) Rob Hamilton has resigned and will step down from the role of Chief Financial Officer effective from 26 February 2021; and
- (d) Liza McNally has resigned and will step down from the role of Chief Marketing Officer effective from 31 March 2021.

To provide for an orderly transition, Mr Stephens will act in a support role for Mr Ahearne from today until his retirement date.

The SkyCity Board is currently working with Mr Ahearne to establish the ongoing executive structure and will advise the market as any appointments are made.

SkyCity Chair, Rob Campbell, said today that “it is especially pleasing that SkyCity had such a strong internal candidate to assume the Chief Executive Officer role. Michael is currently SkyCity’s Chief Operating Officer and, in that role, has successfully overseen SkyCity’s operations across New Zealand and Australia since December 2017 and launched SkyCity Online Casino in August 2019. He has significant global experience in the gaming industry across both land-based and online casinos, which will be beneficial in leading the company through its next phase.”

“On behalf of the SkyCity Board, I acknowledge and thank Graeme for his leadership of the company since his appointment as Chief Executive Officer in May 2017, in particular following the significant fire that broke out at the New Zealand International Convention Centre site in October 2019 and in managing the company’s response to a challenging business environment impacted by COVID 19.”

“I also thank Rob Hamilton for his dedication and valuable contribution to SkyCity since he joined in October 2014 and wish him the very best in the future.”

“I also thank Liza McNally for her contribution to SkyCity since her appointment in January 2018.”

SkyCity will host a teleconference call for equity analysts, institutional investors and fund managers at **12pm noon NZ time (10am Australian Eastern time) today**, where the SkyCity Chair, Mr Ahearne and Mr Hamilton will speak to Mr Ahearne’s appointment as Chief Executive Officer.

A replay of the teleconference call will be made available on the company’s website (link: <https://www.skycityentertainmentgroup.com/>) in addition to being accessible via Intrado, the company’s communications provider, later in the day. A transcript of the call will also be made available upon request.

Dial-in instructions for both the teleconference call and the replay are **attached**.

Trading Update - UBS Conference Presentation

The **attached** presentation will be delivered by the company at the UBS Australasia Virtual Conference 2020 tomorrow (17 November 2020) and includes a trading update on page 8.

A copy of the presentation will also be made available on the company’s website (link: <https://www.skycityentertainmentgroup.com/>).

Authorised by:



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Michael Ahearne joined SkyCity in December 2017 as Chief Operating Officer and, in that role, was responsible for overseeing the operations and driving value across SkyCity's five properties in New Zealand and Australia. He was also responsible for SkyCity's online gaming strategy, including the establishment of SkyCity Online Casino in 2019. Mr Ahearne has significant global experience in the gaming industry across both land-based and online casinos, as well as retail and online sports betting.

Prior to joining SkyCity, Mr Ahearne held a number of senior commercial, operational and product leadership roles at Paddy Power Betfair, one of the world's leaders in sports betting and gaming. Prior to this, Mr Ahearne enjoyed a 13-year career in the Australasian gaming and entertainment sector – 10 years of which were spent at The Star Casino, Sydney, where he held a variety of senior management positions and, following that, three years as Chief Operating Officer for Aristocrat in the Australia and New Zealand regions.

Mr Ahearne is a qualified accountant and holds an MBA from the University of Technology, Sydney.

SkyCity Entertainment

16-11-2020 at 12:00 NZDT

CONFERENCE INFORMATION

CUSTOMER:	SkyCity Entertainment
CONFERENCE TITLE:	SkyCity Entertainment Business Update
DURATION:	90 Minutes
CONFERENCE LEADER(S):	Ben Kay
NUMBER OF LINES:	150
BOOKING REFERENCE:	10011013

PARTICIPANT TELEPHONE NUMBERS

Participants can register for the conference by navigating to <https://s1.c-conf.com/diamondpass/10011013-m458sd.html>

CONFERENCE REPLAY (For 1 hour after the live show finishes)

Playback

Replay Numbers:

Australia:	1800 265 784
Australia Local:	+61 7 3107 6325
New Zealand:	0800 886 078
China:	400 1209 216
France:	0800 919 377
Germany:	0800 181 0896
Hong Kong:	800 930 639
Japan (Tokyo Local):	50 6864 8269
Singapore:	800 101 3223
South Africa:	0800 995 604
UK:	0800 031 4295
US/Canada:	1855 883 1031
Replay PIN:	10011013

End Date: 23-11-2020

Available 1 hour after the end of the conference.

SkyCity Entertainment Group Limited

UBS Investor Conference
Sydney, Australia

Investor Presentation

17 November 2020



skyCITY

Introduction

1

Domestic businesses continue to trade well when open, particularly local gaming

2

Adelaide expansion handed over on-time and on-budget – opening progressively from late November 2020

3

Online casino trading consistently and presents significant long-term growth opportunity

4

NZICC/Horizon Hotel project progressing – demolition and deconstruction nearly completed and Hobson St linkway bridge installed

5

Liquidity of around \$500m as at 31 October 2020 – able to withstand slower recovery in NZ and Australia and/or further Covid-19 disruptions

6

Performing better than expected at time of FY20 result, but no change to FY21 guidance – on-track to resume dividends at end of FY21 assuming no meaningful further Covid-19 disruptions

7

Strong team in place following internal CEO succession

Management Changes

- Several management changes announced
- Graeme Stephens has decided to retire as CEO after 3½ years at SkyCity
 - No requirement for lengthy transition due to seamless internal succession which had been planned for
- Michael Ahearne appointed as new CEO
 - Group COO since December 2017
 - 20 years international gaming experience
 - Previously held senior operational roles at Paddy Power Betfair, Aristocrat and Star Sydney
 - Instrumental in improving SkyCity's operational performance and delivering on online strategy
 - Board considered it critical to have strong operational leadership as SkyCity continues its recovery from Covid-19
- Rob Hamilton to step down as CFO at end of February 2021 – leaving to pursue new opportunities after 6 years at SkyCity
- Liza McNally to step down as CMO at end of March 2021 – relocating to Adelaide with her family

SkyCity Overview (1 of 3)

Location	Opened/Acquired	Activities Summary
Auckland, NZ	Opened in 1996	1,877 EGMs, 150 tables, 240 ATGs ~630 hotel rooms ~20 restaurants and bars ~2,700 employees
Hamilton, NZ	Opened in 2002 Acquired 100% ownership in 2005	339 EGMs, 23 tables ~350 employees
Queenstown, NZ	SkyCity Queenstown Acquired 100% ownership in 2012 Wharf Casino Acquired in 2013	SkyCity Queenstown 86 EGMs, 12 tables Wharf Casino 74 EGMs, 6 tables ~80 employees
Adelaide, South Australia, Australia	Acquired in 2000	1,100 EGMs, 125 tables, 100 ATGs ⁽¹⁾ 120 hotel rooms ~15 restaurants and bars ~1,200 employees (increasing to ~1,900)
Malta, Europe	Offshore online casino launched in mid-2019 with GiG plc, based out of Malta	Full-suite online casino offering available for NZ customers

Diversified business by activity and geography, with recent move into online casino through partnership with GiG

(1) Allowance for 1,500 EGMs and 200 tables

SkyCity Overview (2 of 3)



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⁾

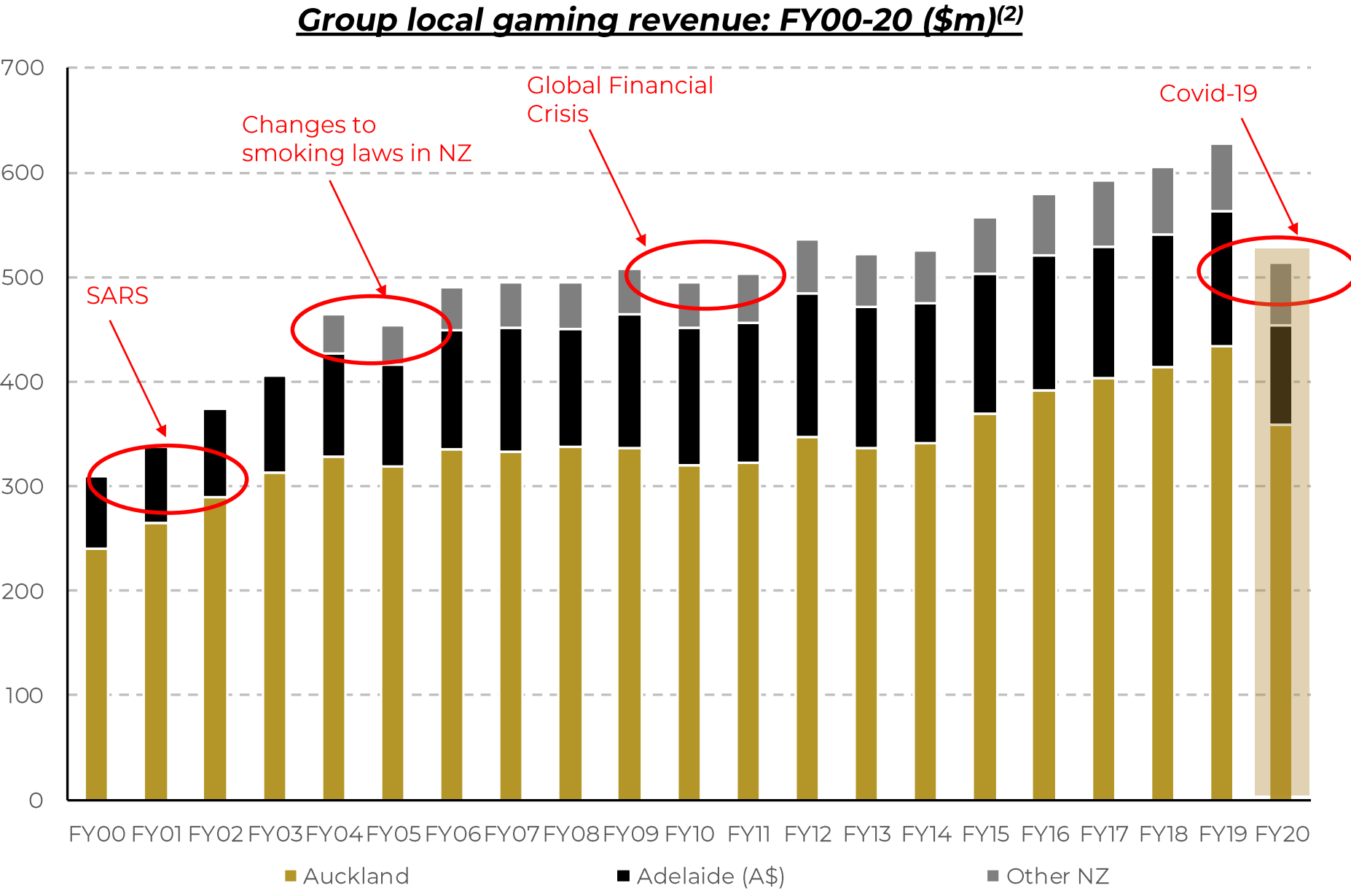
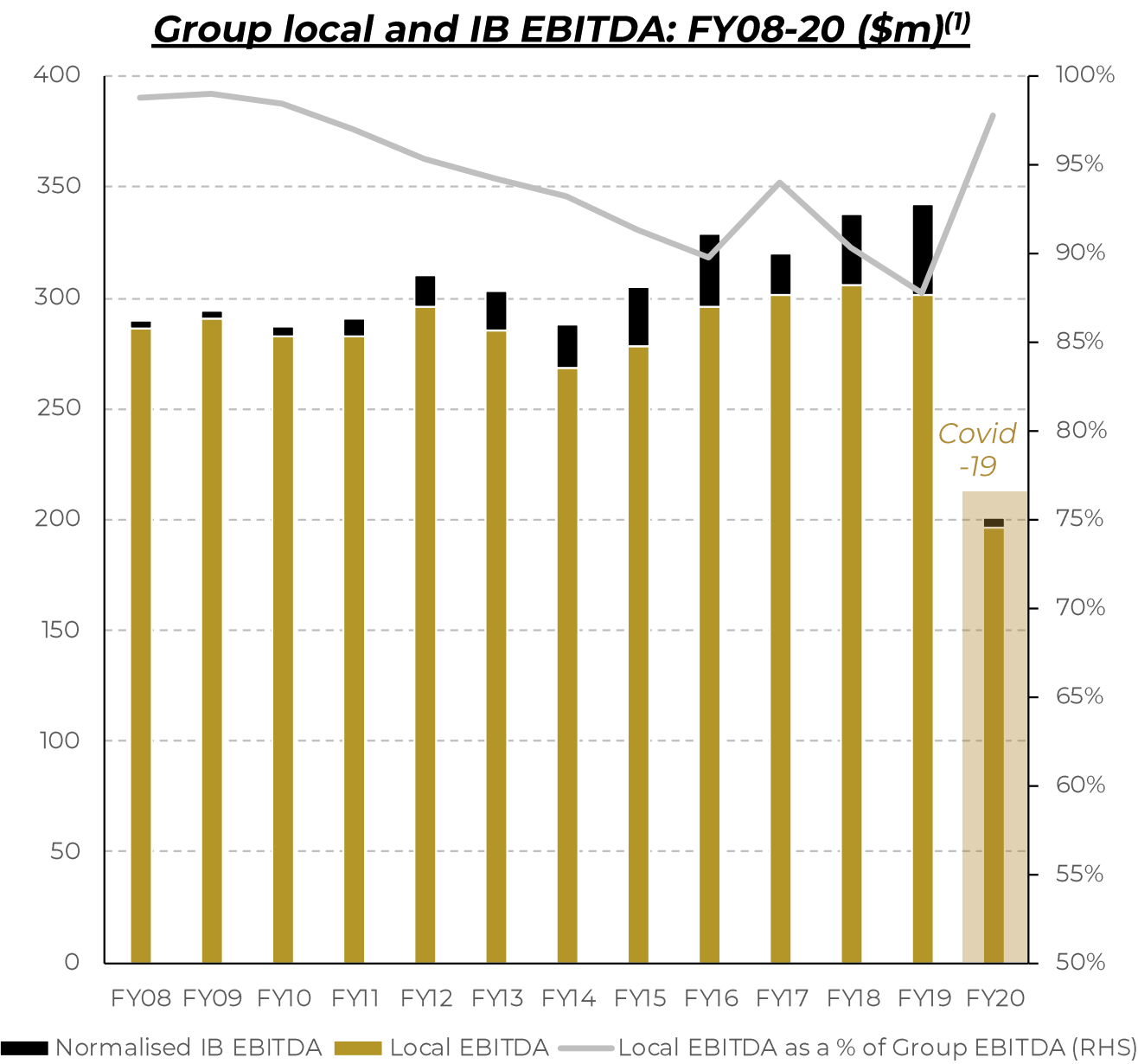


Exclusive casino licences to 2024 (Wharf) and 2025 (Queenstown)⁽¹⁾

Long-term exclusive casino licences secured in all key 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 Gambling Act 2003

SkyCity Overview (3 of 3)



Historically 85%+ of SkyCity's Group earnings derived from its local businesses (ex International Business)
SkyCity has recovered quickly from previous economic shocks and/or regulatory changes, typically led by local gaming

(1) Includes contribution from Darwin Casino prior to sale in April 2019
(2) Excludes gaming revenue from Darwin Casino, Christchurch Casino and Other NZ Casinos prior to FY04 for comparability

Update on Covid-19 in NZ and South Australia

	Status of Covid-19	Operating environment for SkyCity
NZ	<ul style="list-style-type: none"> NZ at Alert Level 1 Majority of new cases being caught at border in managed isolation and/or quarantine facilities – recent community cases quickly contained International border expected to remain closed for foreseeable future Possibility of Trans-Tasman border bubble in foreseeable future 	<ul style="list-style-type: none"> Restructured operating model to reflect domestic only business No restrictions on mass gatherings – able to host events, prize draws and promotions No requirement to ensure social distancing Implemented Health & Safety plan (in accordance with Ministry of Health guidelines) Infrastructure established to support contact tracing Negligible IB activity and no international tourist arrivals
South Australia	<ul style="list-style-type: none"> Interstate border open to all states except Victoria (which is expected to open from early December 2020) International border expected to remain closed for foreseeable future Businesses/public activities required to have Covid-Safe plan 	<ul style="list-style-type: none"> Casino now open to public (who need to register) Capacity subject to maximum patronage (around 2,200 pax) – limit of one person per 2m² Strict measures in place to ensure social distancing on EGMs and tables and in F&B outlets⁽¹⁾ Infrastructure established to support contact tracing Enhanced hygiene protocols Some interstate activity following border re-openings

(1) Every second EGM deactivated and limit of 3 people per table game to ensure appropriate social distancing

Trading Update (YTD to 31 October 2020)

NZ Properties

- Domestic businesses performing well when open
- Combined NZ domestic YTD revenue at 88% of pcp on a like-for-like basis⁽¹⁾
- Positive local gaming activity – EGM performance remains resilient in Auckland, Hamilton and Queenstown
- Improved operating margins vs. pcp, particularly at Alert Level 1
- EBITDA and cashflow materially ahead of expectations (at time of equity raising)

IB

- Small number of IB customers in Adelaide following opening of border with NSW, but revenue remains negligible
- Stewart Neish (Group GM International Gaming) relocated to Adelaide – will continue to lead IB and drive interstate business
- Reviewing AML/KYC practices and IB customer relationships

SkyCity Adelaide

- Stable YTD performance despite ongoing social distancing requirements and operational constraints
- Domestic YTD gaming revenue at 92% of pcp
- EBITDA and cashflow positive – eligible for extension of JobKeeper scheme in 2Q21

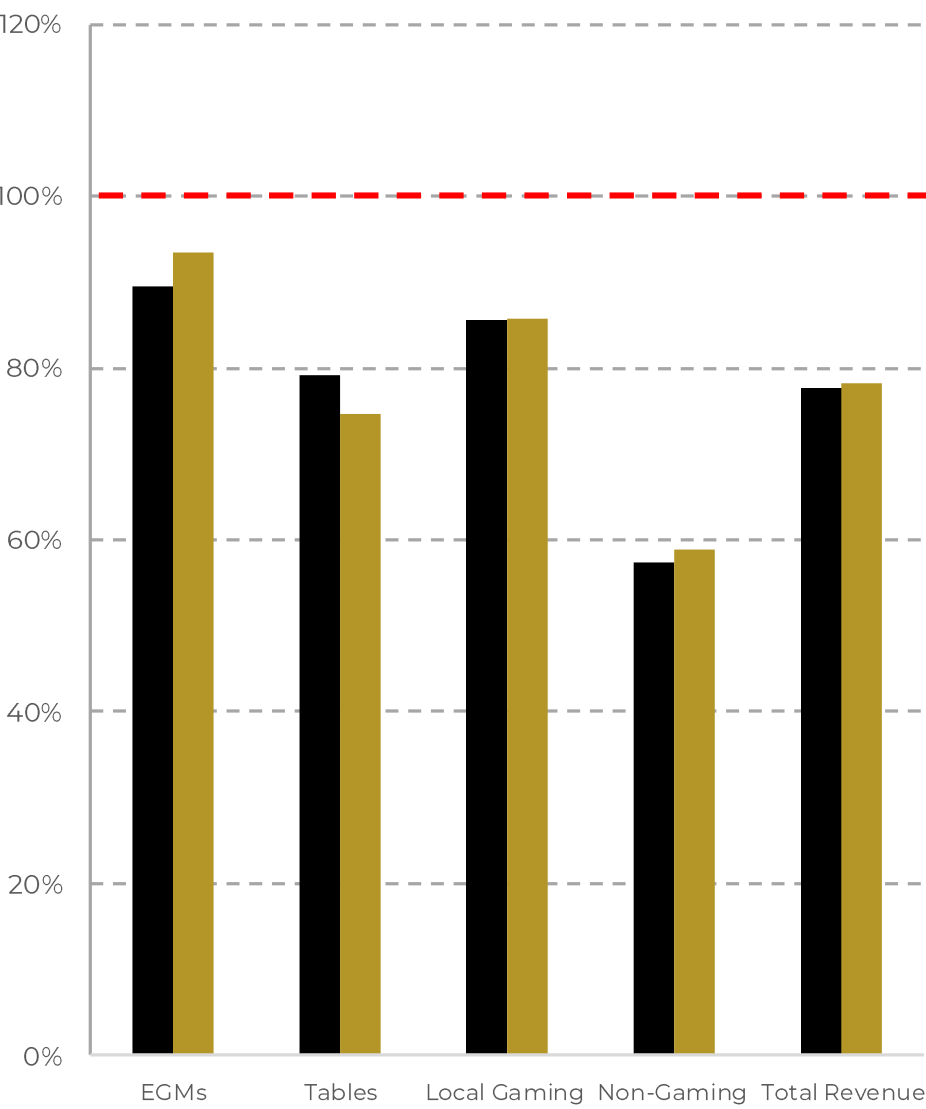
NZ Online Casino

- Continues to trade positively – monthly gaming revenue consistent with trends in April-August 2020
- Around 27k active customers at 31 October 2020
- YTD EBITDA margins in excess of 20%

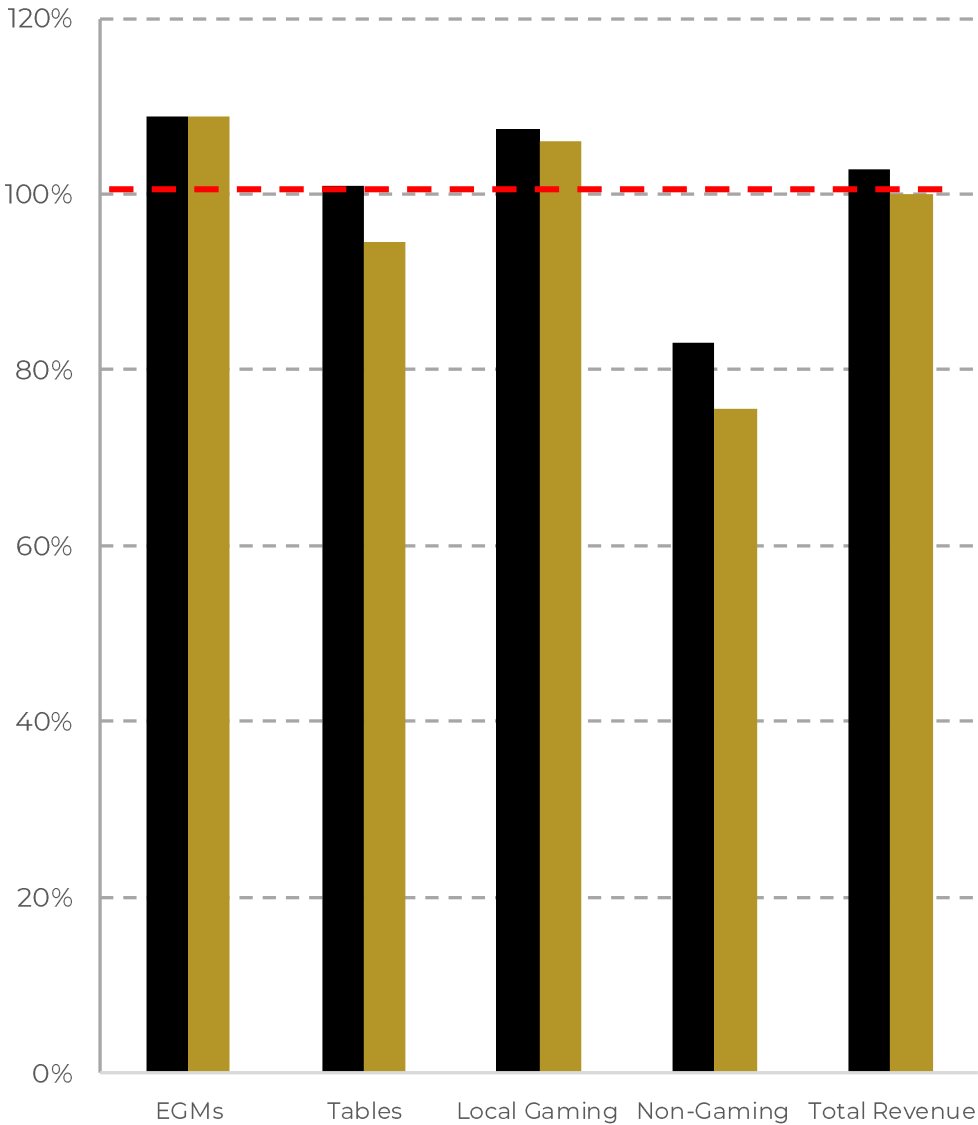
⁽¹⁾ Adjusted for (1) 19 days of lost Auckland trading during second closure in August 2020, (2) 3 days of lost Auckland trading due to NZICC fire in October 2019 and (3) Conventions/Car Parking revenue recognised in pcp as business either not currently trading or sold over analysed period

Domestic Performance (1 July-31 October 2020)

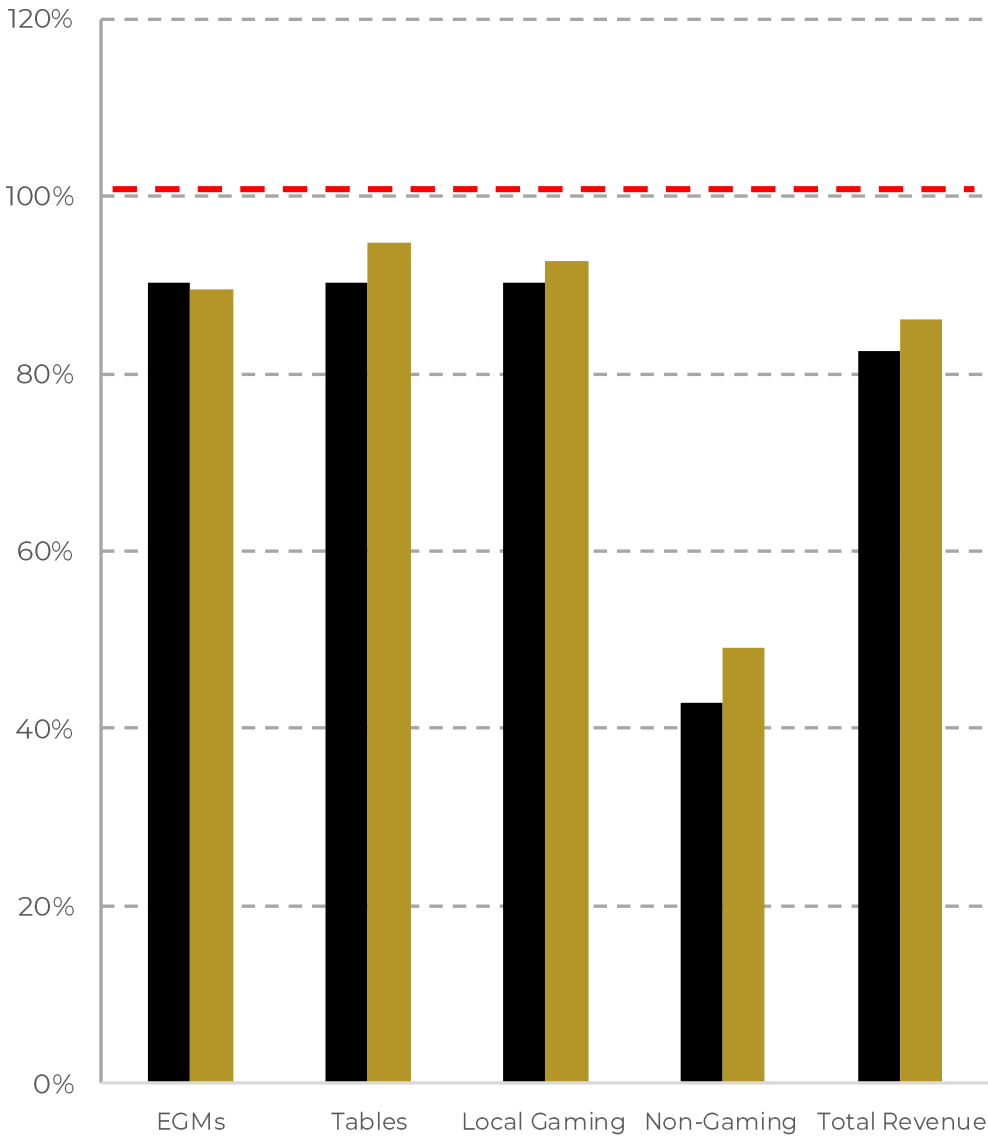
SkyCity Auckland average daily revenue as % of pre-Covid-19 levels on a like-for-like basis: 1 July-31 October 2020⁽¹⁾⁽²⁾



SkyCity Hamilton average daily revenue as % of pre-Covid-19 levels: 1 July-31 October 2020⁽¹⁾



SkyCity Adelaide average daily revenue as % of pre-Covid-19 levels: 1 July-31 October 2020⁽¹⁾



vs. average daily revenue of 8 months to 29 February 2020



vs. average daily revenue of pcpc

(1) Excludes other income associated with NZ wage subsidy or Australian JobKeeper scheme
(2) Adjusted for (1) 19 days of lost Auckland trading during second closure in August 2020, (2) 3 days of lost Auckland trading due to NZICC fire in October 2019 and (3) Conventions/Car Parking revenue recognised in pcpc as business either not currently trading or sold over analysed period

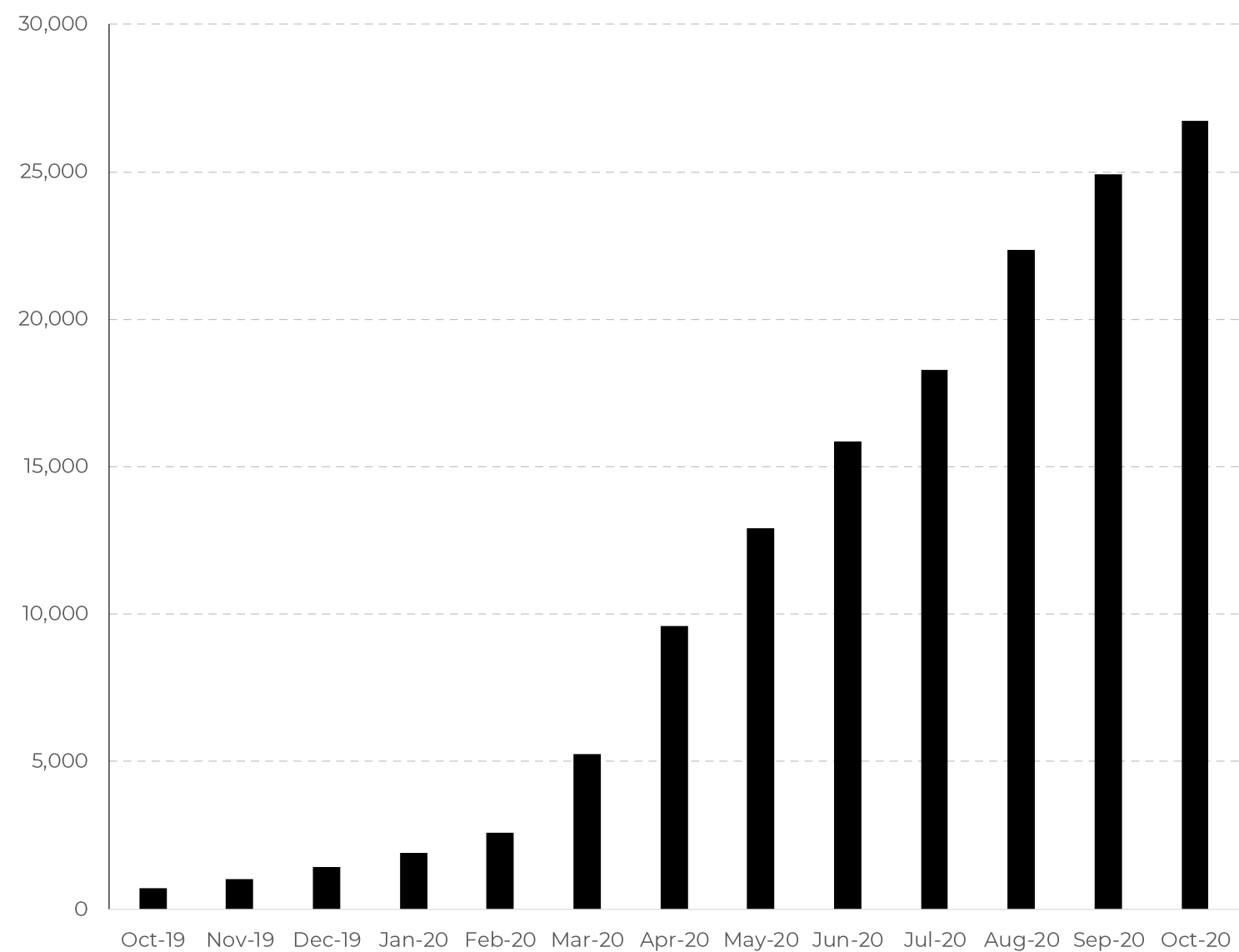
Online Gaming (1 of 2)

- SkyCity Online Casino launched in August 2019 via Malta-based subsidiary
- Strong growth in customer registrations, actives and gaming revenue since launch, despite operational constraints and inability to market the site
- Exploring opportunity to expand into broader product verticals
- Support future regulation in NZ
 - Majority of offshore operators not adhering to principles of Gambling Act 2003
 - Emphasis needs to be on protecting harm and community benefits
- Significant omni-channel opportunity for SkyCity if online market regulated in NZ
- Growth of online gambling currently a significant theme for global gaming industry
 - Numerous jurisdictions regulating online gambling (or planning to do so)
 - Strong growth in category across Europe and US
 - Online gaming companies typically trading at premium to land-based casinos due to structural growth outlook and high quality of earnings (e.g. DraftKings)

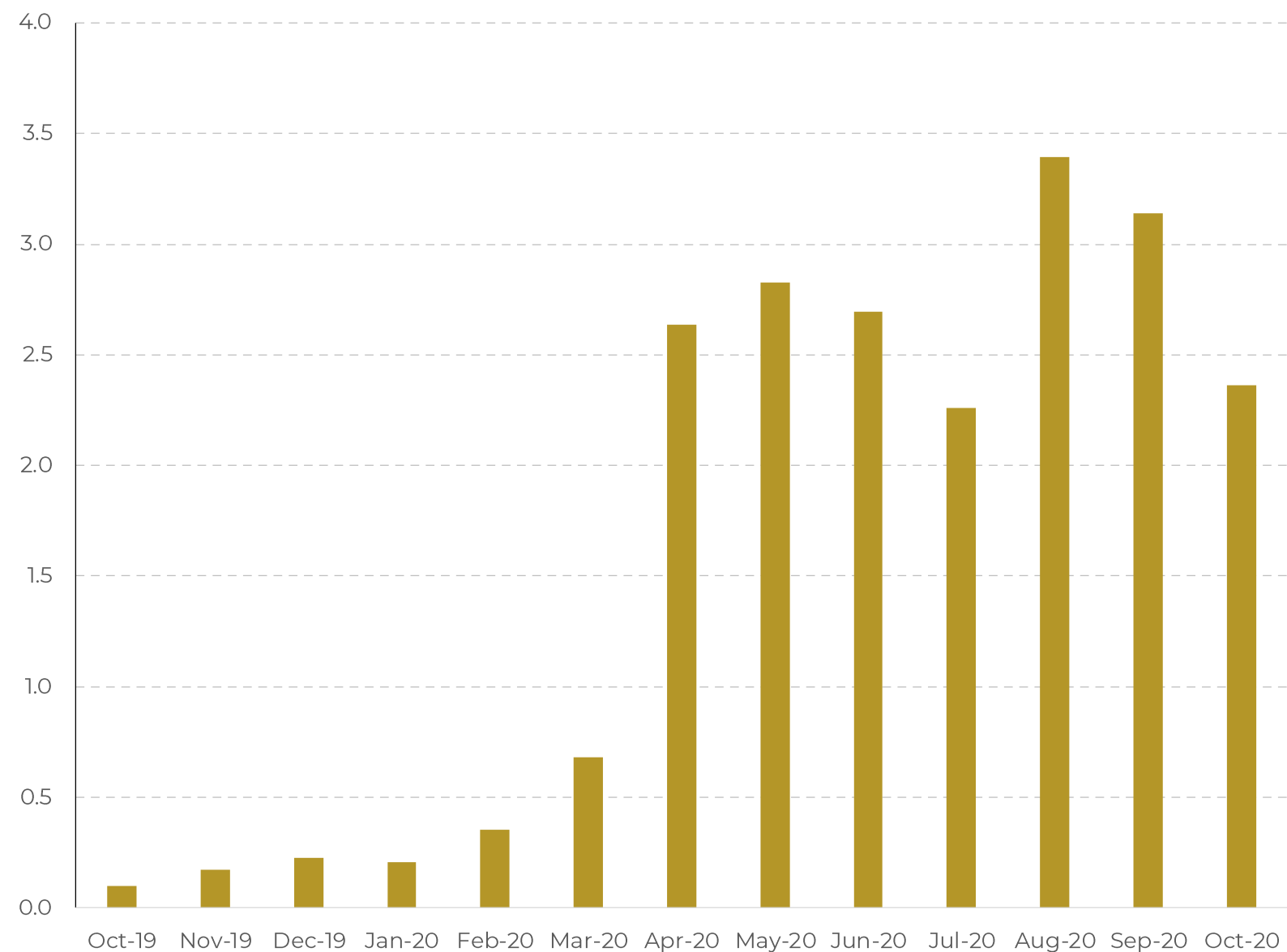


Online Gaming (2 of 2)

*NZ online casino active customers
1 October 2019 to 31 October 2020 (cumulative)*



*NZ online casino monthly gaming revenue
(\$m): 1 October 2019 to 31 October 2020⁽¹⁾*



Significant growth in actives over last 12 months – gross gaming revenue consistently >\$2m per month since April 2020

(1) September 2020 gross gaming revenue adjusted for large one-off jackpot win

Adelaide Expansion (1 of 4)

- Project handed over during October 2020 on-time and on-budget
 - Around A\$20m capex remaining to be spent as at 31 October 2020
- Expect to open in staged manner from late November 2020
 - Taking hotel bookings from early December 2020
 - Focus initially on local and interstate customers (given expected ongoing international border closures)
 - Up to 700 new staff in process of being hired
- Master planning works on existing building on-track to complete by expansion opening (i.e. the “District”)
- New regulatory reforms (note acceptors, TITO (main gaming floor) and multi-protocol gaming system) implemented during October 2020
- Walker Corporation continues to advance car park development at Festival Plaza – expected to be handed over during 2Q 2021
- Accounting changes arising from project effective from date of practical completion (further information to be provided with 1H21 result)



Expansion from River Torrens

Adelaide Expansion (2 of 4)



Sol



Rooftop bar

Adelaide Expansion (3 of 4)



Eos by SkyCity



Eos by SkyCity

Adelaide Expansion (4 of 4)



Product installation



New baccarat pavilion

NZICC/Horizon Hotel Project

- NZICC/Horizon Hotel project continues to progress
 - Positive relationship with Fletcher Construction
 - Demolition and deconstruction of site largely complete
 - Linkway bridge over Hobson St installed in October 2020
- No change to expected completion dates
 - Fletcher Construction expects Horizon Hotel to be completed by late 2021 and NZICC around mid-2023
 - Fletcher Construction expects at least 600 NZICC car parks damaged by fire to be returned during 2H21
- Project insurance continues to respond on NZICC/Horizon Hotel reinstatement
 - No change to estimate for reinstatement costs (at least \$336m) – expected to be fully covered by insurance
 - Around \$60m of \$105m insurance prepayment (received in December 2019) spent as at 31 October 2020
- Remain comfortable with contractual position with Fletcher Construction
- No change to previous guidance for total project costs



View from Hobson St – new linkway bridge

Other Projects (1 of 3)

- Refurbishment of VIP/premium gaming rooms in Auckland completed and well received by customers
- New main gaming floor bar (“Flare”) and food court (“Food Republic”) opened during October 2020
- All Blacks Experience and Weta Workshop in Auckland expected to open during December 2020
 - World-class attractions that will appeal to broad customer base
 - Unique opportunity for SkyCity to partner with two of NZ’s most iconic brands
- NZ development opportunities continue to be refined but major decisions paused
 - Actively considering strategic options for two casino licences in Queenstown, which could include consolidation and/or relocation
- General maintenance requirements for Auckland and Hamilton properties to be reviewed over the next 6-12 months



All Blacks Experience (Auckland)

weta
WORKSHOP

Other Projects (2 of 3)



Food Republic (Auckland)



Flare Bar (Auckland)

Other Projects (3 of 3)



VIP Black/Ultra (Auckland)



VIP Eight (Auckland)

Financial Settings & Capital Allocation

- Available liquidity of around \$500m as at 31 October 2020
 - Major projects in Adelaide and Auckland fully funded
 - Remain well-positioned to withstand slower recovery in NZ and Australia and/or further Covid-19 disruptions
 - Net hedged debt (including lease-related liabilities) of \$550m
 - NZ bonds (\$129m) redeemed on 28 September 2020
 - Funding available to repay US\$100m of USPP notes maturing in March 2021
- Dividends suspended for period of covenant waivers/relief
 - Expect to provide update on dividend policy with 1H21 result
 - On-track to resume dividends from end of FY21
- Remain committed to retaining BBB- credit rating from S&P Global Ratings
- Remain focused on effective capital discipline – ongoing constraints on opex and capex
- Continuing to explore internal restructuring of operations and property assets to unlock unrecognised value in property assets

FY21 Outlook

- Performing better than expected at time of FY20 result, but no change to previous outlook statement for FY21
 - Expect Group normalised EBITDA to be above FY20 but still well below pre-Covid-19 and FY19 levels
 - Outlook remains unpredictable as adjust to new social and economic settings – prepared for possibility of further closures
 - Domestic businesses to continue to perform well (provided they remain open)
 - Planning for international border to remain closed for duration of FY21 – negligible IB and international tourism activity
- Unable to provide formal earnings guidance given ongoing uncertainty from Covid-19 and NZICC/Horizon Hotel reinstatement
- Dividend policy remains under review
 - No interim dividend due to reliance on covenant waivers/relief
 - On-track to pay final dividend for FY21 in September or October 2021 assuming no meaningful further Covid-19 disruptions

Immediate Priorities for New CEO

Optimise core gaming business

Progress reinstatement of NZICC/Horizon Hotel

Adelaide expansion – successful opening and initial focus on domestic business

Leverage new assets in Auckland to drive domestic visitation

Consolidate on online gaming opportunity in NZ

Strong leadership on execution – search for CFO commenced

Other Strategic Priorities for FY21

Previous development opportunities in NZ on hold

Retain flexible operating model to respond to trading environment

Maintain discipline over capital allocation

Resume dividend payments by end of FY21

Progress internal restructuring of operations and property assets

Continue to invest in and enhance key CSR and sustainability initiatives

Disclaimer

- All information included in this presentation is provided as at 16 November 2020
- 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 investors investment objectives or other circumstances. Investors are encouraged to make an independent assessment of SkyCity

