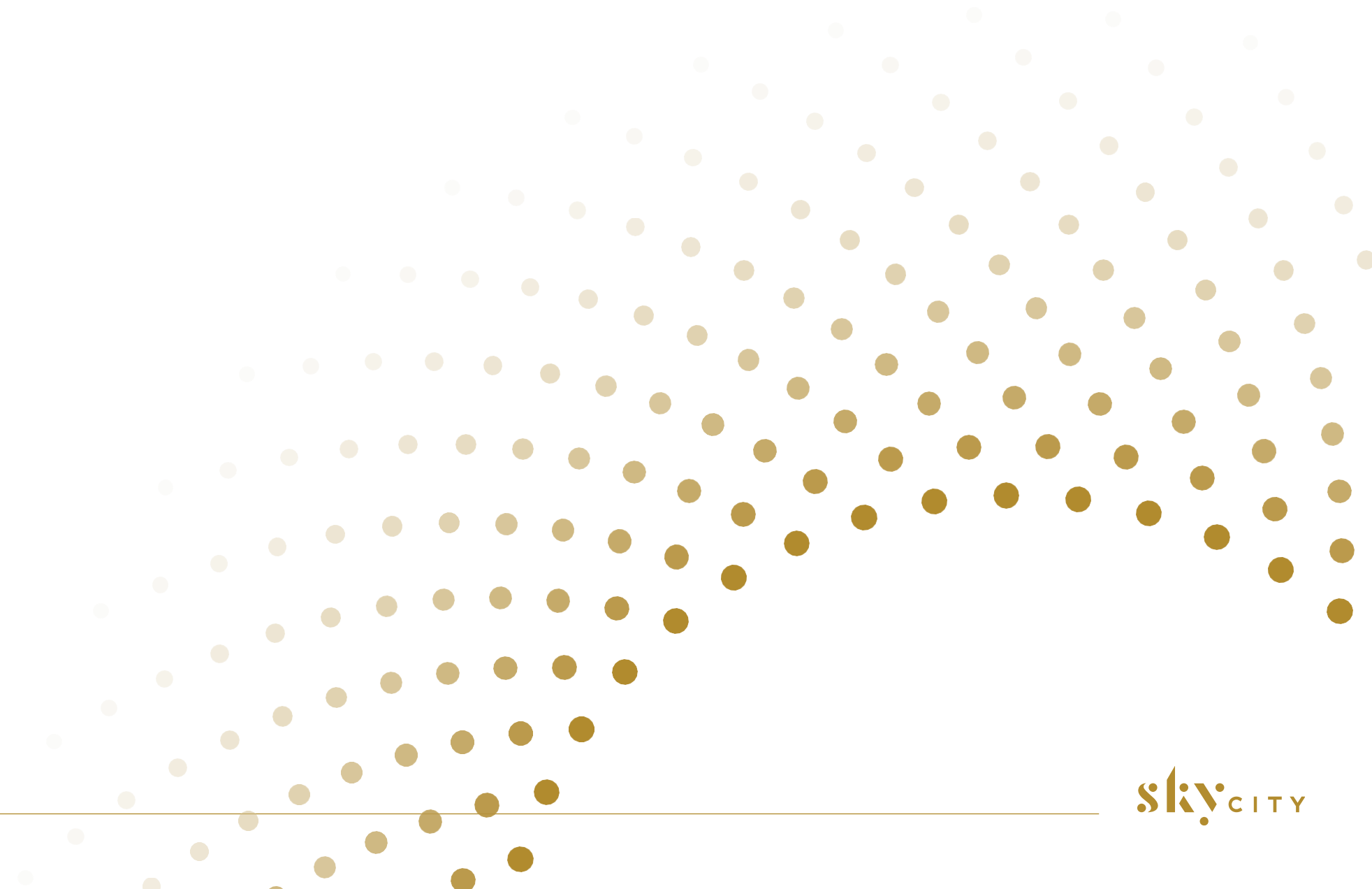


# SkyCity Entertainment Group Limited

## 1H22 Result

Investor Presentation  
14 February 2022





# Important Information

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- Average NZ\$ vs. A\$ cross-rate for 1H22 = 0.9525 and 1H21 = 0.9334
- Weighted average number of shares (excl treasury stock) for 1H22 = 757,507,871 and 1H21 = 756,373,566
- Normalised revenue (incl gaming GST), calculated as gaming win (incl GST) plus non-gaming revenue (excl GST), shown to facilitate Australasian comparisons
- Normalised revenue and earnings adjusted for IB at the theoretical win rate of 1.35% vs. an actual win rate of 0.11% in 1H22 (1H21: 0.61%) and certain other items
- EBITDA margin is calculated as a % of revenue (incl gaming GST) to facilitate Australasian comparisons
- Certain totals, subtotals and percentages may not agree due to rounding

# Contents

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| 01 | 1H22 Key Features                         | 05 | Trading Update & Outlook |
| 02 | 1H22 Results                              | 06 | Appendices               |
| 03 | Financial Resilience & Capital Allocation |    |                          |
| 04 | CEO Update & Group Strategy               |    |                          |

# 1H22 Key Features

1. 1H22 materially impacted by Covid-19 disruptions, but resilient local gaming activity when open/fully operational and NZ online casino performing well
2. Positive EGM activity when open – record New Year’s Eve performance in NZ and Adelaide revenue up 33% vs. pcp with stable market share
3. Effective cost/capex control and flexible operating model in response to Covid-19 disruptions
4. Expanded strategic partnership with GiG through equity investment and Board seat
5. NZICC/Horizon Hotel project remains complex but progressing and working closely with Fletcher Construction
6. Positive progress on enhancement of AML programme, including key senior appointments
7. Balance sheet well positioned to manage near-term challenges from Covid-19 – adequate committed liquidity, met gearing covenant for December 2021 and covenant variation secured for June 2022
8. Remain positive on medium-term outlook – targeting return to FY19 earnings levels when fully operational (and then grow from there)



# Management Priorities

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Navigate through ongoing uncertainty of Covid-19 operating environment

Ensure financial resilience – ongoing effective cost/capital control and manage balance sheet through near-term challenges

Return business to FY19 earnings levels

Optimise Adelaide expansion – focus on local and interstate business

Progress NZICC/Horizon Hotel reinstatement with Fletcher Construction

Pursue online gaming opportunity in NZ

Enhancement of Host Responsibility and AML programmes – respond to AUSTRAC investigation in Adelaide



# 1H22 Results

# 1H22 Results Overview

	1H22	1H21	Movement	
	\$m	\$m	\$m	%
Reported Revenue	289.8	449.9	(160.1)	(35.6%)
Reported EBITDA	20.4	150.5	(130.1)	(86.4%)
Reported NPAT	(33.7)	77.9	(111.6)	(143.3%)
Reported EPS	(4.5cps)	10.3cps	(14.8cps)	(143.2%)

	1H22	1H21	Movement	
	\$m	\$m	\$m	%
Normalised Revenue (incl Gaming GST) <sup>(1)</sup>	260.8	386.9	(126.0)	(32.6%)
Normalised EBITDA <sup>(1)</sup>	36.2	117.8	(81.6)	(69.2%)
Normalised NPAT <sup>(1)</sup>	(19.5)	43.2	(62.7)	(145.3%)
Normalised EPS	(2.6cps)	5.7cps	(8.3cps)	(145.2%)
Dividend DPS <sup>(2)</sup>	0.0cps	0.0cps	0.0cps	0.0%

(1) See pages 34-35 for more details

(2) No interim dividend in 1H22 or 1H21 due to reliance on covenant waivers/relief

# 1H22 Revenue by Business

	1H22	1H21	Movement
	\$m	\$m	%
<b>Properties (excl IB)<sup>(1)</sup></b>			
Auckland	118.5	230.8	(48.7%)
Hamilton	24.4	36.8	(33.7%)
Queenstown	5.0	5.9	(16.3%)
NZ Other <sup>(2)</sup>	3.6	1.0	259.9%
Adelaide (A\$)	92.8	89.5	3.7%
<b>Total Property Revenue (excl IB)<sup>(1)</sup></b>	<b>248.8</b>	<b>370.5</b>	<b>(32.8%)</b>
Normalised IB Revenue	2.5	8.2	(69.2%)
Online/E-sports <sup>(3)</sup>	9.4	8.1	16.3%
<b>Normalised Revenue<sup>(1)(4)</sup></b>	<b>260.8</b>	<b>386.9</b>	<b>(32.6%)</b>
IB revenue adjustment <sup>(4)</sup>	(0.5)	(3.4)	-
Non-GAAP adjustments <sup>(4)</sup>	29.5	66.5	-
<b>Reported Revenue</b>	<b>289.8</b>	<b>449.9</b>	<b>(35.6%)</b>

(1) Including gaming GST

(2) "NZ Other" revenue relates to NZ wage subsidy attributable to corporate function/IB and \$1.8m gain on sale of E-sports business (Let's Play Live Media) during August 2021

(3) Includes \$0.1m of revenue from E-sports business (Let's Play Live Media) recognised prior to sale during August 2021

(4) See pages 34-35 for more details

# 1H22 EBITDA by Business

	1H22	1H21 <sup>(4)</sup>	Movement
	\$m	\$m	%
<b>Properties (excl IB)</b>			
Auckland <sup>(1)</sup>	16.0	94.9	(83.1%)
Hamilton <sup>(1)</sup>	9.6	18.1	(47.1%)
Queenstown <sup>(1)</sup>	1.4	2.2	(36.9%)
Adelaide (A\$) <sup>(2)</sup>	10.8	23.9	(54.9%)
<b>Total Property EBITDA (excl IB)<sup>(1)(2)</sup></b>	<b>38.3</b>	<b>141.0</b>	<b>(72.8%)</b>
Normalised IB EBITDA <sup>(1)</sup>	(1.9)	(2.8)	31.6%
Corporate Costs	(8.0)	(20.8)	61.7%
Online/E-sports <sup>(3)</sup>	8.7	5.1	70.6%
NZICC/Horizon Hotel/Adelaide pre-opening costs	(0.9)	(4.7)	81.0%
<b>Normalised EBITDA</b>	<b>36.2</b>	<b>117.8</b>	<b>(69.2%)</b>
Non-GAAP adjustments <sup>(5)</sup>	(15.8)	32.7	-
<b>Reported EBITDA</b>	<b>20.4</b>	<b>150.5</b>	<b>(86.4%)</b>

(1) Impacted by NZ wage subsidy treated as other income during 1H22 (\$17m) and the pcp (\$10m) for NZ businesses

(2) Impacted by JobKeeper Scheme treated as other income during pcp (around A\$13m)

(3) Includes \$1.8m gain on sale of E-sports business (Let's Play Live Media) during August 2021

(4) Restated for impact of adoption of IFRS Interpretations Committee decision on accounting for SaaS

(5) See pages 34-35 for more details

# Impact of Covid-19 in NZ and South Australia

## NZ

- NZ properties significantly impacted by Covid-19 during 1H22
  - Auckland closed for 107 days before reopening on 3 December 2021 at “Red” setting
  - Hamilton and Queenstown closed for 65 and 22 days, respectively, with extended periods under operating restrictions when open
  - International border (incl Trans-Tasman) remained closed
- Covid-19 protection framework replaced Alert Level system from December 2021
  - NZ currently in “Red” setting following Omicron being confirmed in community on 23 January 2022 (having been in “Orange” setting from 30 December 2021)
  - Under “Red” setting NZ properties open but with capacity restrictions and social distancing – limited restrictions at “Orange”<sup>(1)</sup> and none at “Green” setting
  - Lockdowns not contemplated under framework – regional borders remain open
- NZ Government announced staged reopening of international border from end of February 2022 – international tourism (initially from visa-waiver countries such as Australia/UK/US/Singapore/Japan/Korea etc.) to resume no later than July 2022 for vaccinated travelers but with self-isolation requirement

## South Australia

- Adelaide closed for 8 days during July 2021
- Casino remained open for balance of 1H22, but with operating restrictions – social distancing, capacity limits, indoor mask wearing etc.
- Omicron outbreak since December 2021, but capacity limits recently relaxed – workforce disruptions ongoing as staff test positive for Covid-19 or required to isolate as a contact
- Interstate borders opened progressively from December 2021 (excl Western Australia)
- International border expected to open to tourists from 21 February 2022, but initial ramp-up uncertain

(1) No restrictions on capacity or gathering sizes, QR Code scanning continues and public facing workers required to wear facemasks

# Response to Covid-19 disruptions

## Financial

- Continue to benefit from labour restructure implemented during 2020
- Further cost/capital saving initiatives implemented during 1H22
  - Significant reduction of non-essential expenses and stay-in-business capex
  - Reduction of corporate bonus and deferral of wage increases for staff including sustainable wage in NZ
  - Recruitment focused on critical roles
- Decisive action taken to further support balance sheet
  - Accessed NZ wage subsidy in response to property closures (around \$17m)
  - Covenant waiver/relief for December 2021 and June 2022 testing periods
  - Secured additional liquidity (\$50m) from banking syndicate

## Operational

- Implemented operational plans as settings changed
  - Maintained flexible operating model – focused on customer experience/engagement (even when closed) and highest returning businesses
  - Focused on gaming-led recovery, particularly from premium customers – optimised gaming floor layouts
  - Resilience of local gaming business re-confirmed following successive demand shocks
- Prioritised keeping staff and customers safe
  - Customer tracking system to support contact tracing efforts
  - Vaccination certificates mandatory for staff/customers across all properties (NZ from 1 December 2021, Adelaide from 10 February 2022)
- Construction activity on NZICC/Horizon Hotel project safely resumed and now fully operational (even at “Red” setting)
- Ongoing refinements to operating model to leverage/prepare for future environment

# 1H22 Result Commentary (1 of 3)

## Group

- Group financial performance significantly impacted by Covid-19 disruptions, particularly in Auckland
- Strong start to 1H22 (consistent with trends in 4Q21) prior to NZ property closures
- Cost saving initiatives implemented in response to property closures and related revenue impacts – combined NZ properties EBITDA positive
- Reported results impacted by accounting of NZICC fire and liquidated damages on NZICC/Horizon Hotel project in pcp
- Resilient local gaming activity (particularly from EGMs) when open/fully operational

## NZ Properties

- Auckland:
  - Property closed for 107 days from 17 August 2021
  - Performance prior to property closure consistent with pre-Covid-19 levels – solid local gaming activity when reopened during December 2021 at “Red” setting and record New Year’s Eve EGM activity
- Hamilton: Property closed for 65 days, but record performance in July 2021 and local gaming activity above pre-Covid-19 levels in December 2021 at “Orange” setting
- Queenstown: Solid performance despite Covid-19 disruptions and reduced domestic tourism in NZ – Wharf Casino remains closed

## NZ Online Casino

- Significant growth in revenue and EBITDA vs. pcp, despite operational constraints – meaningful contributor to Group earnings
- Benefited from closure of land-based casinos in NZ
- Around 10k active weekly customers and continued broad geographic spread of customers across NZ



# 1H22 Result Commentary (2 of 3)

## Adelaide

- Covid-19 disruptions and other external factors impacted performance but EBITDA comparable vs. pcp on a like-for-like basis<sup>(1)</sup>
  - Expanded facilities continue to be well received by customers – EGM revenue growth with stable market share and EoS by SkyCity (luxury hotel) outperforming compset
  - Margins temporarily impacted by higher fixed cost base post-expansion (particularly in non-gaming) and ongoing investment in AML
  - CBD visitation subdued due to Covid-19 settings – table games activity particularly impacted
  - AML risk assessment underway for local VIP customers

## International Business

- Continue to be significantly impacted by ongoing international border closures
- Cost control reduced expected losses vs. pcp – revised operating model to be leveraged when international borders reopen
- Actual win rate 0.11% (volatility higher with lower turnover) well below theoretical win rate of 1.35%
- Focused on enhanced customer due diligence and source of wealth/funds checks for existing and prospective customers – several key customers have prospectively satisfied enhanced due diligence

## Corporate and Other Expenses

- Corporate costs (\$8m) materially below pcp, but savings largely non-recurring – reduction of corporate bonus/other staff costs, reduced ICT and non-essential expenses offsetting increased AML/compliance costs
- Project pre-opening costs (\$0.9m) well down vs. pcp reflecting completion of Adelaide expansion and delays on NZICC/Horizon Hotel
- D&A slightly above pcp – Adelaide expansion in-service, partially offset by certain assets coming to end of useful life
- Net interest expense (\$17m) slightly above expectations – higher average debt as operational cashflows impacted by property closures in NZ, offset by lower cost of debt

(1) One-off EBITDA impact (A\$13m) in pcp from Australian Jobkeeper scheme

# 1H22 Result Commentary (3 of 3)

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## Management/ Board Changes

- Key senior management appointments to enhance AML function
- Board renewal confirmed and successful transition of Chair from Rob Campbell to Julian Cook during January 2022

## Accounting Impacts

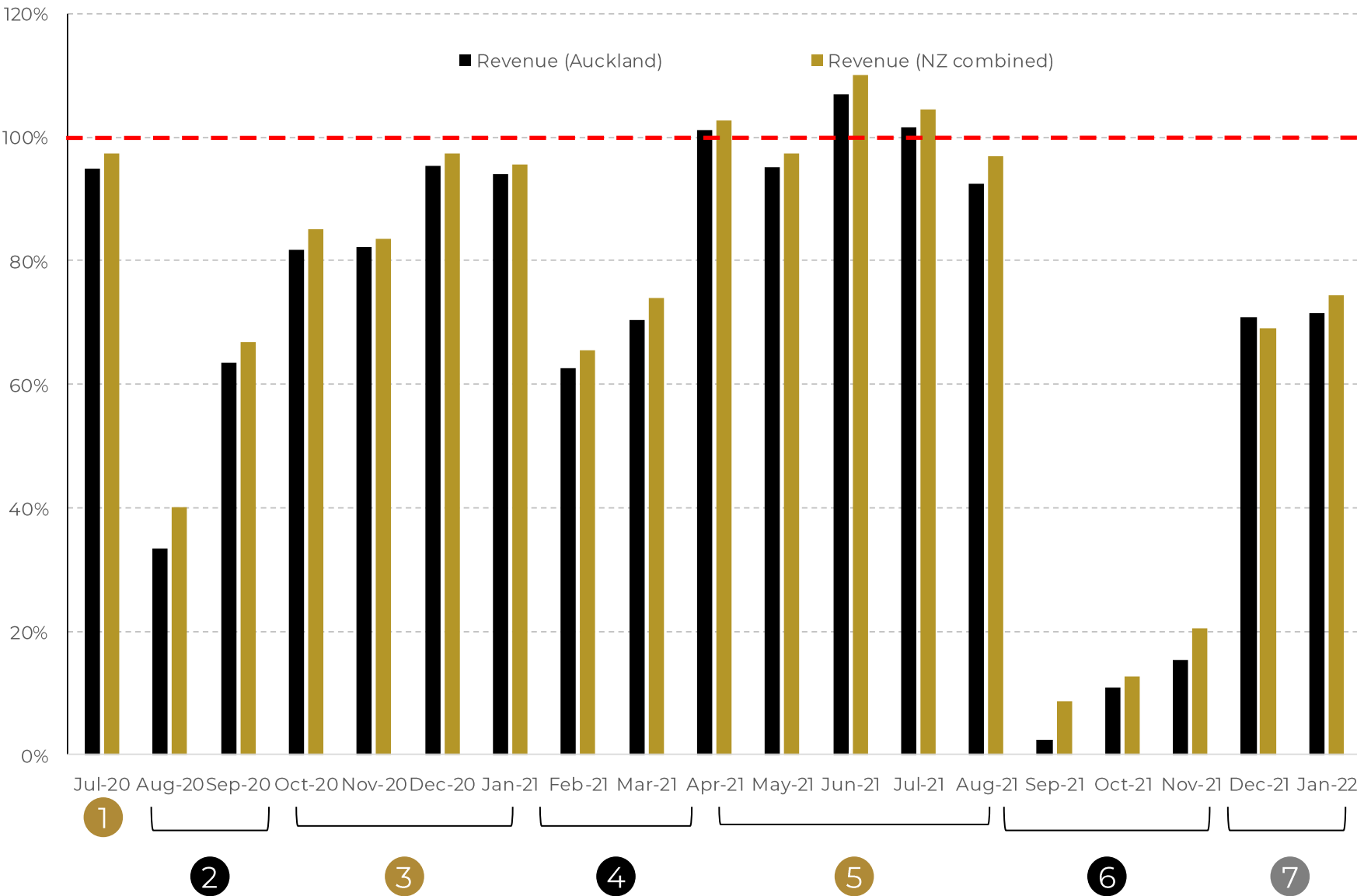
- Complex set of financial results due to various significant events
- Normalised results not adjusted for impact of Covid-19 and related property closures
- NZ wage subsidy and Australian JobKeeper scheme treated as other income in 1H22 and pcp (opex when partially repaid in 2H21)
- IFRS Interpretations Committee decision on configuration/customisation costs incurred in implementing SaaS arrangements adopted during 1H22 and 1H21 restated, but immaterial impact on Group results



# Financial Resilience & Capital Allocation

# Financial Resilience (1 of 2)

**NZ combined revenue vs. pre-Covid-19 average:**  
**July 2020-January 2022 (\$m)<sup>(1)</sup>**



## Covid-19 settings

- 1 NZ at Alert Level 1 (no restrictions)
- 2 Auckland closed for 19 days during August 2020 (Alert Level 2 for 37 days)  
Hamilton and Queenstown at Alert Level 2 for 41 days
- 3 NZ at Alert Level 1
- 4 Auckland closed for 10 days during February/March 2021 (Alert Level 2 for 11½ days)  
Hamilton and Queenstown at Alert Level 2 for 10 days
- 5 NZ at Alert Level 1
- 6 Auckland closed for 107 days during August to December 2021  
Hamilton closed for 65 days during August/September 2021 and October/November 2021 (42 days at Alert Level 2)  
Queenstown closed for 22 days during August/September 2021 (86 days at Alert Level 2)
- 7 Auckland reopened at “Red” setting on 3 December 2021 and moved to “Orange” setting from 30 December 2021  
Hamilton and Queenstown moved to “Orange” setting from 3 December 2021  
All of NZ moved to “Red” setting on 23 January 2021

**Local gaming activity quick to rebound following demand shocks. Clear pathway for earnings to return to FY19 levels when fully operational – domestic gaming-led, particularly in Auckland, and leveraged to recovery in travel/tourism sector as international borders reopen**

----- Average of monthly revenue for period 1 July 2019 to 29 February 2020

(1) Analysed period for August 2021 for 16 days prior to NZ going into Alert Level 4 on 17 August 2021

# Financial Resilience (2 of 2)

## Balance Sheet & Funding

- Balance sheet well positioned to meet near-term challenges from Covid-19 and to deliver on strategic plan
  - Net hedged debt<sup>(1)</sup> as at 31 December 2021 of \$685m (increase of \$95m from 30 June 2021)
  - Committed liquidity of \$258m to fund future commitments and withstand one-off events and/or Covid-19 disruptions
  - Sale of non-core assets (i.e. LPL/Queenstown land, totaling around \$30m) to support funding of GiG equity investment
  - No meaningful capex requirements with Adelaide expansion completed and NZICC/Horizon Hotel largely funded via insurance
  - No significant debt maturities until mid-2023
- Significant asset backing with in excess of \$2bn<sup>(2)</sup> land & buildings owned across the Group, mainly in Auckland
- Remain committed to BBB- (Stable Outlook) credit rating from S&P Global Ratings

## Financial Covenants

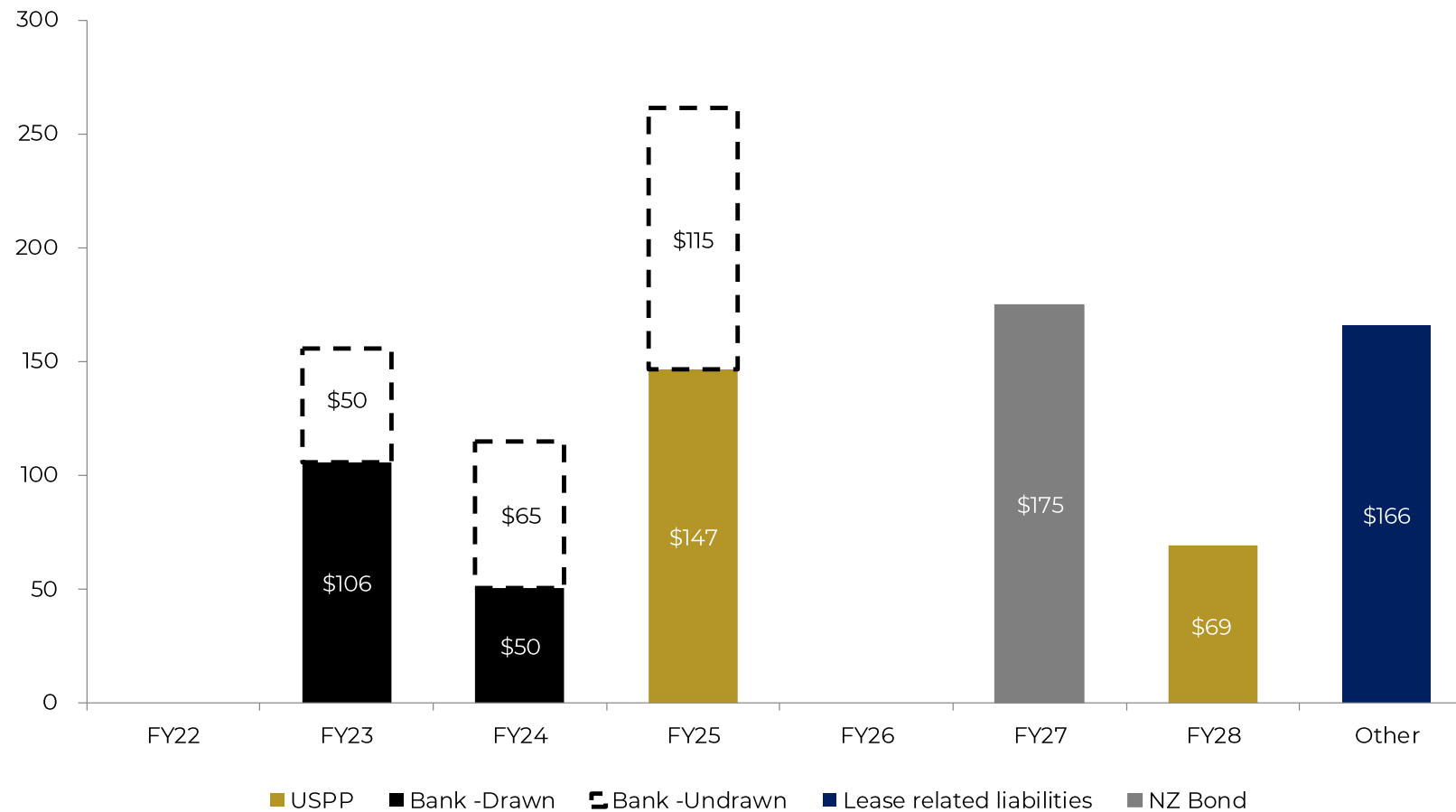
- Covenant waiver/relief secured for December 2021 and June 2022 testing periods
  - Full waiver for December 2021 gearing covenant – ultimately not required
  - June 2022 gearing covenant to be tested on 2x 2H22 EBITDA basis (as opposed to LTM) and higher gearing threshold
  - Not able to pay dividend until satisfy standard covenant test

(1) Including lease-related liabilities

(2) Market value as at 30 June 2021 which includes NZICC/Horizon Hotel "as built"

# Debt Capital

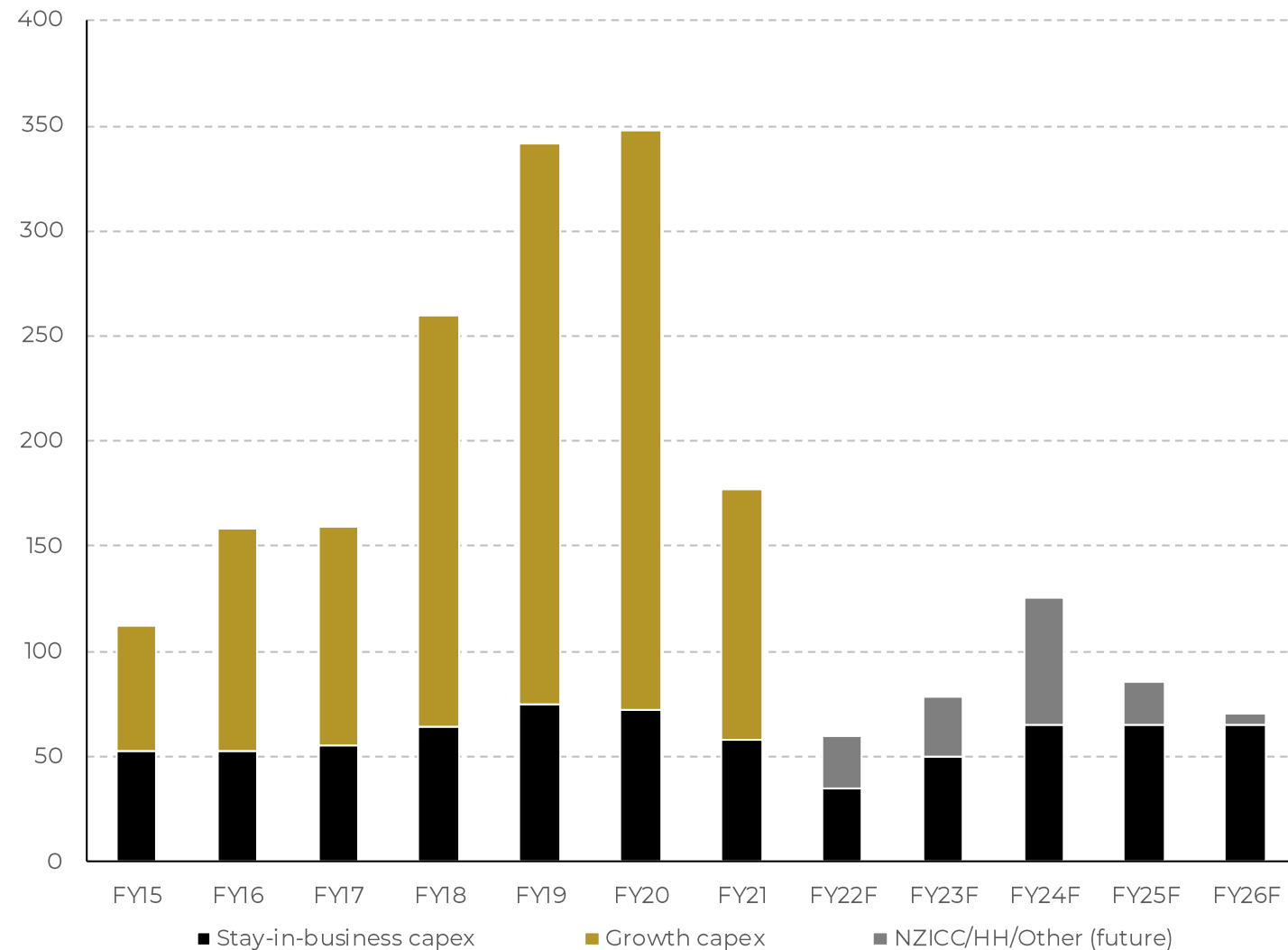
**Pro-forma hedged debt maturity profile as at 31 December 2021 (\$m)**



- Committed debt facilitates (at hedged exchange rates) of around \$940m (incl lease-related liabilities) as at 31 December 2021
- Committed liquidity of \$258m (including \$28m cash at bank) as at 31 December 2021
- \$713m in drawn facilities (\$547m excl lease-related liabilities) – \$557m fixed-term and \$156m bank debt
- Weighted average debt maturity around 4 years
- Average 1H22 interest rate on drawn debt of 4.33% vs. 6.55% in pcp following debt restructure in FY21

# Capital Allocation

***Total capex<sup>(1)(2)</sup>: FY15-FY26F (\$m)***



- Focused on effective cost and capital discipline
- Capex peaked in FY19 and FY20
- Adelaide expansion completed
- Around \$120m of net capex remaining on NZICC/Horizon Hotel project
  - Excludes reinstatement costs funded via insurance
- Ongoing land-based stay-in-business capex between \$50-80m per annum
  - Required to maintain and refurbish existing properties
  - Significant reduction to FY22 stay-in-business capex
- No meaningful growth projects in pipeline
  - GiG investment (€25m or around \$40m) expected to settle during 1Q 2022

**SkyCity transitioning to low-capex cycle post completion of major developments – expect significant cashflow generation as earnings recover over the medium-term**

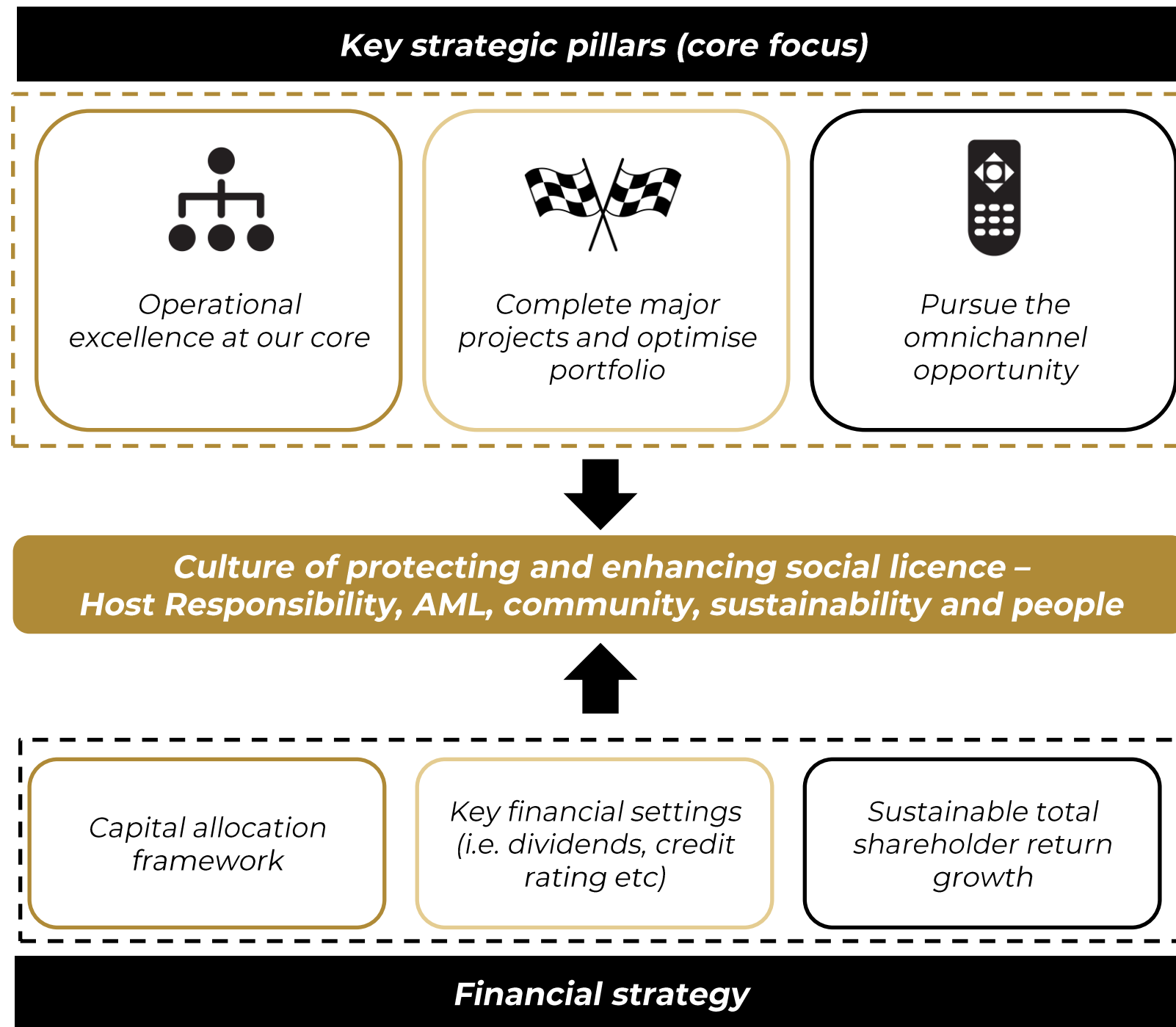
(1) Excludes capex on NZICC/Horizon Hotel reinstatement funded via insurance  
 (2) Forecasts illustrative/indicative and subject to change



# CEO Update & Group Strategy



# Group Strategic Plan



- No change to Group strategic plan
- Focus on continuous improvement in operational performance (and investments to support this)
- Focus on maximising value of exclusive casino licences
- Execute Adelaide expansion and NZICC/Horizon Hotel project and leverage benefits
- Unique opportunity to monetise omnichannel and consolidate on leadership position in gaming industry
- Focus on growing free cashflows
- Critical to protect/enhance social licence to operate
- Focused on enhancing Group-wide Host Responsibility and AML programmes
- Continue to monitor/evaluate adjacent opportunities

# Host Responsibility & AML

## Host Responsibility

- 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 technology to support programme – facial recognition at all properties

## AML

- Progressing enhancement programme with focus on continuous improvement
  - Significant Management resource/attention applied to programme
  - Senior AML leaders appointed in NZ and Adelaide
  - Ongoing improvements in governance and investment in ICT systems/KYC processes and learning & development
- AUSTRAC investigation of Adelaide ongoing
  - Meeting with AUSTRAC team regularly and responding to information requests
  - Fully committed to addressing AUSTRAC's concerns
  - Timetable for finalisation of investigation remains unknown

# NZICC/Horizon Hotel Project



*View from Hobson St – new linkway bridge*

- Significant investment in future of Auckland
- Project secured exclusive casino licence for key Auckland property out to 2048 and other gambling concessions
- NZICC fire causing significant project delays
- Project remains complex – reinstatement works progressing, but slower than expected
- Latest Fletcher Construction programme indicates completion of Horizon Hotel during 2024 and NZICC during 2025
- Remain comfortable with contractual position on project
- No material change to previous guidance for total SkyCity project costs (around \$750m)
- Around \$120m of net capex still to spend as at 31 January 2022 (excl reinstatement works funded by insurance)

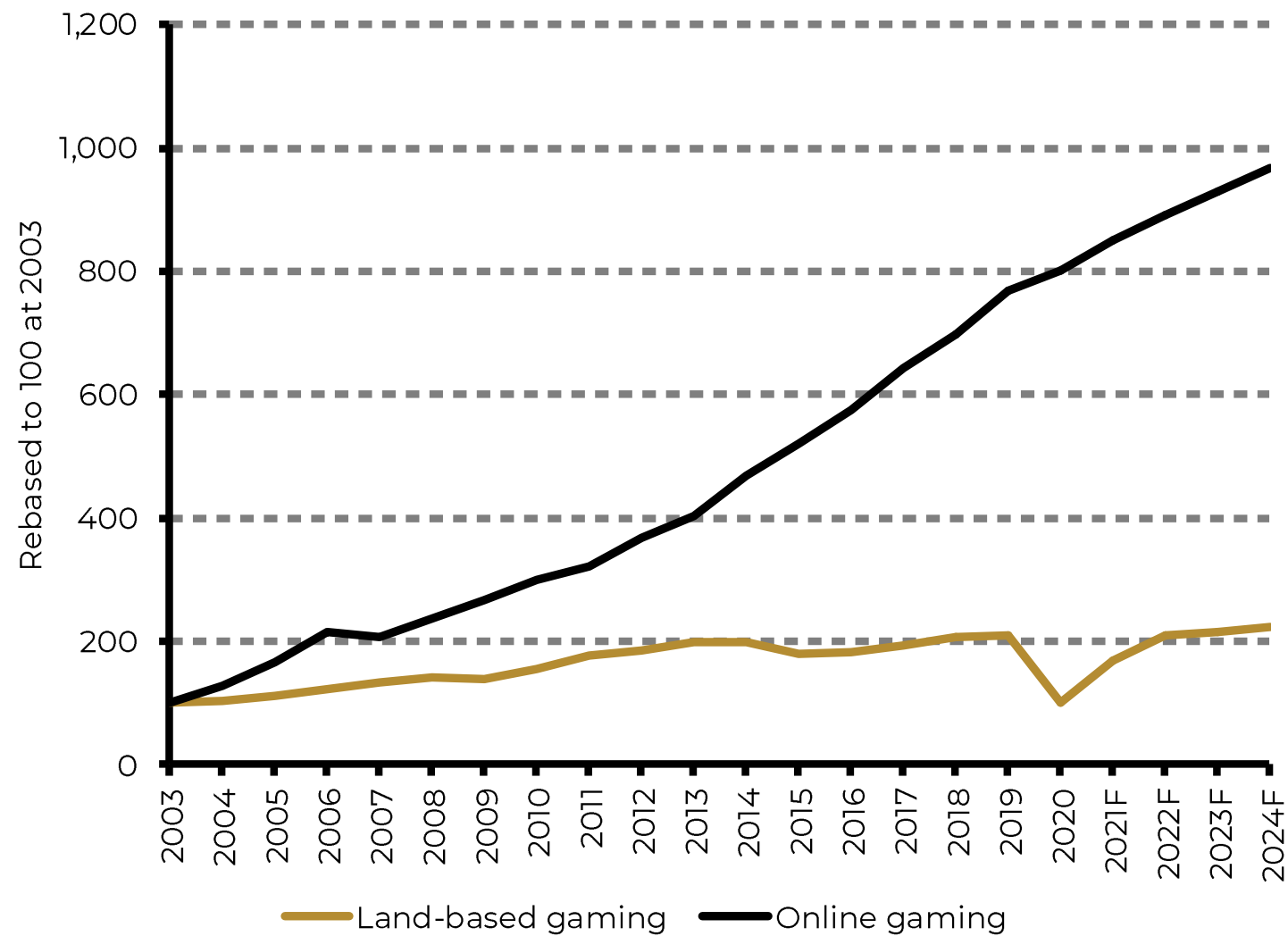


# *Online Casino Strategy*



# Online Gaming – Global Context

**Global land-based vs. online casino growth rate: 2003-2024F (%)**

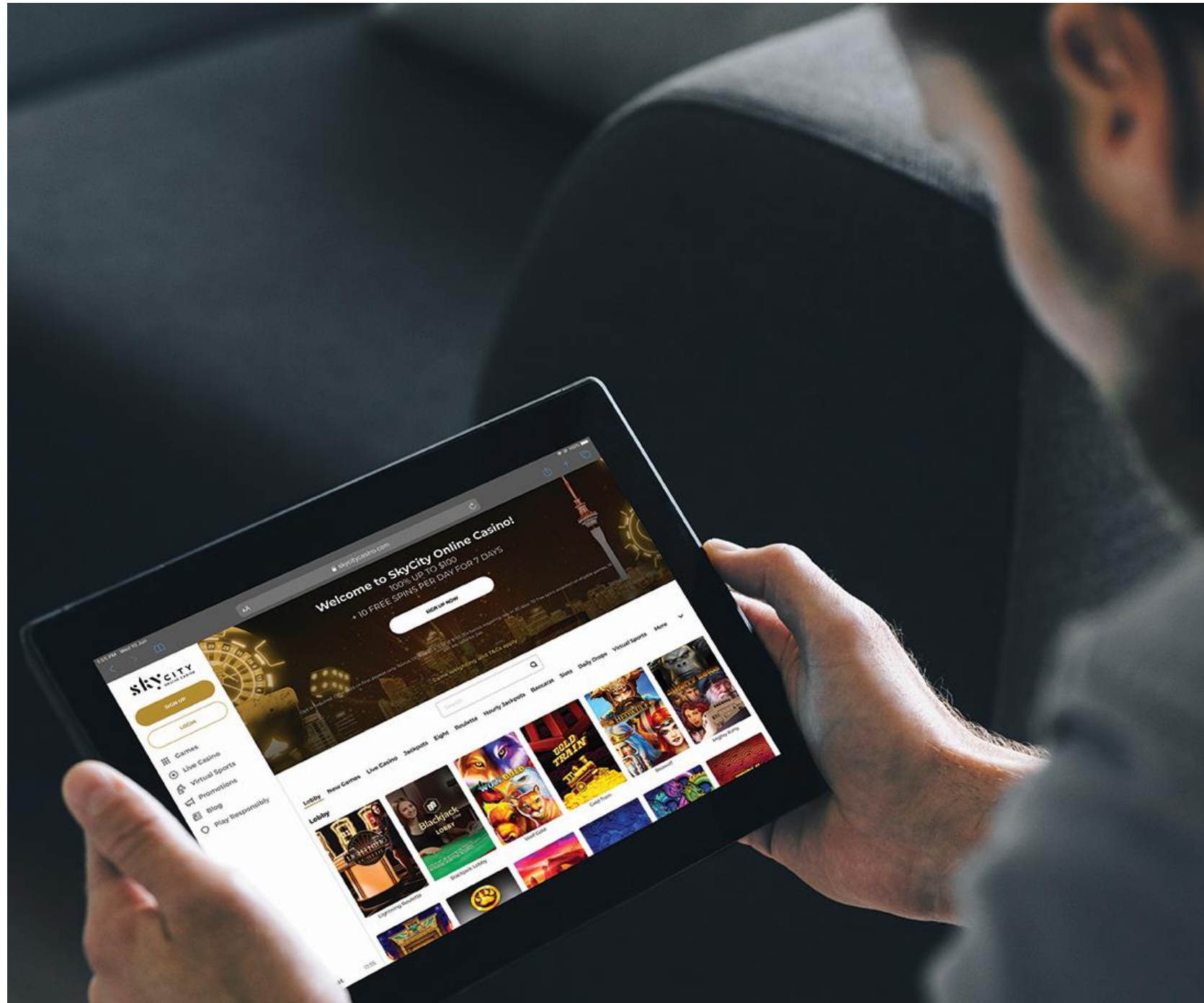


Source: H2 Gambling Capital

- 1 Significant growth in online gaming globally vs. land-based
- 2 Transition from land-based to online channel, accelerated by impact of Covid-19
- 3 Significant web and mobile penetration across most economies
- 4 Opportunity for land-based operators to offer omnichannel and capture greater share of wallet
- 5 Number of jurisdictions regulating online gaming (or planning to)
- 6 Premium multiples being paid for online gaming operators, particularly in high-growth, regulated markets

**Global online gaming market growing rapidly vs. land-based and transforming as new jurisdictions regulate**

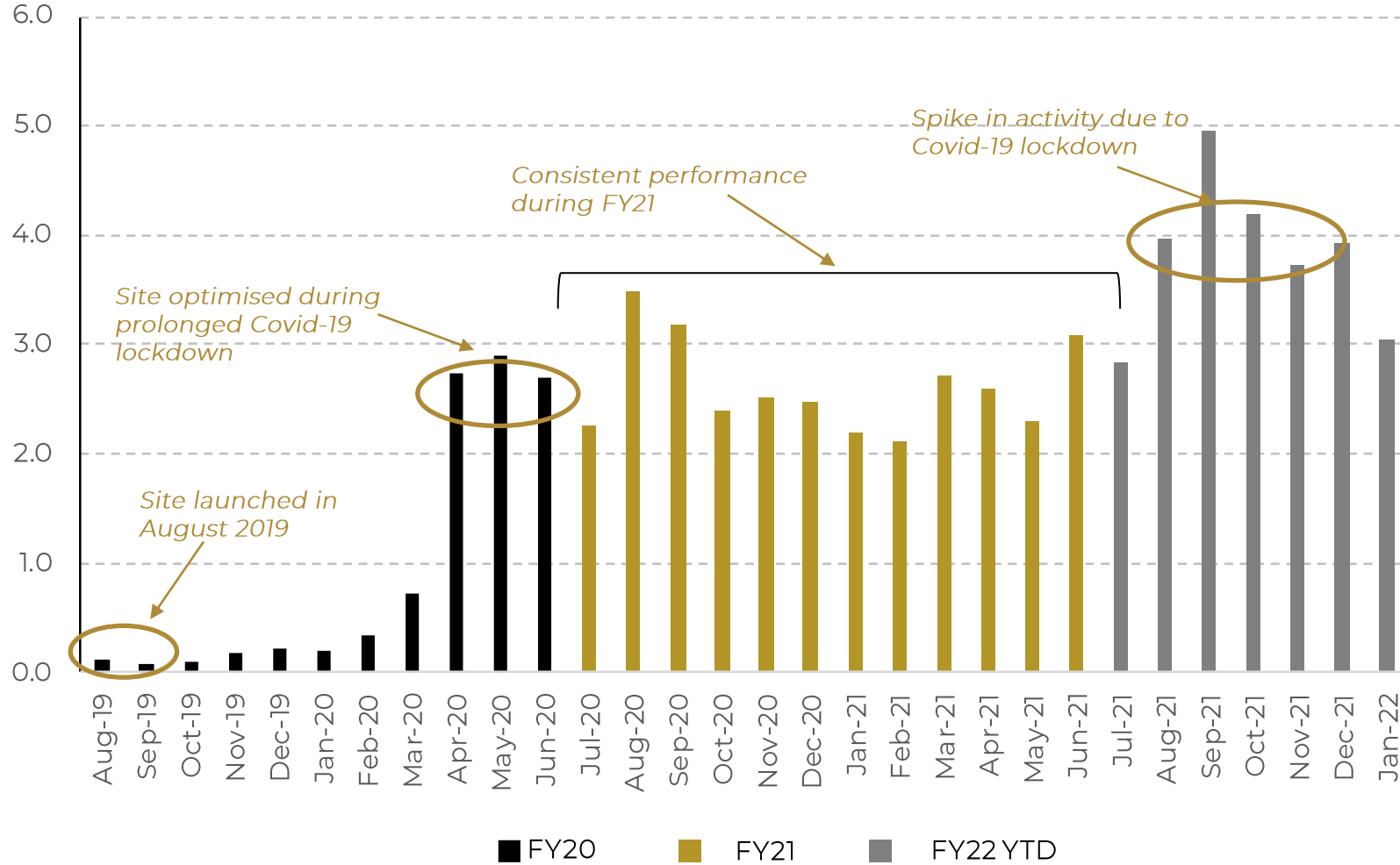
# NZ Online Casino – Strategic Context (1 of 2)



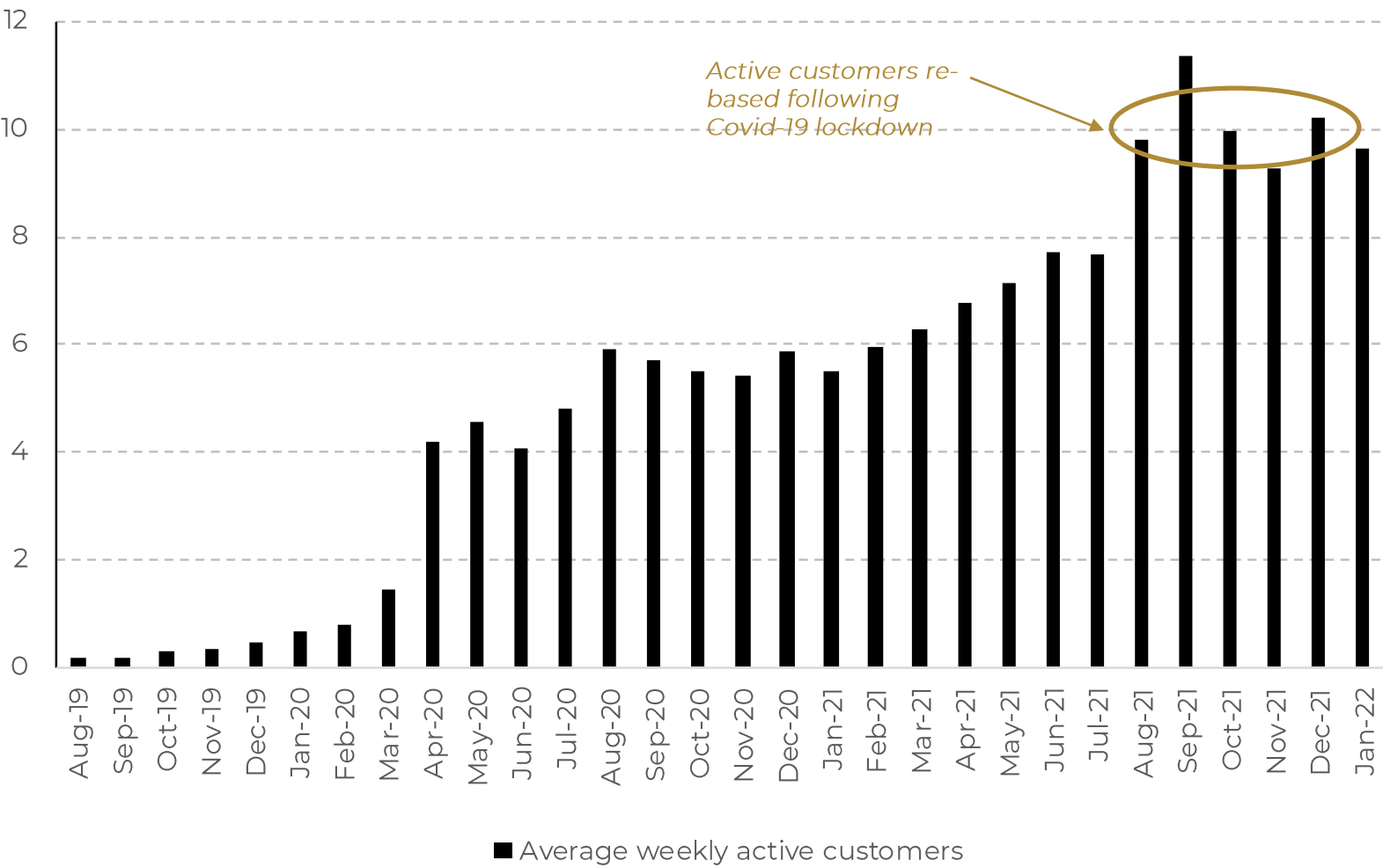
- Optimising NZ online casino with GiG
  - Performing effectively despite operational constraints and market increasingly targeted by offshore operators
  - Strong operating metrics – low acquisition costs and bonusing vs. peers due to strong brand/loyalty
- Support future regulation in NZ
  - Emphasis on protecting harm and community benefits
  - DIA policy review ongoing
- Significant omnichannel opportunity if NZ online market regulates
  - Addressable market estimated to be \$300m+
  - Market expected to grow significantly from current levels (with/without regulation)
  - Opportunity to leverage single customer wallet and offer integrated offline/online experience

# NZ Online Casino – Strategic Context (2 of 2)

**Monthly gross gaming revenue<sup>(1)</sup>:  
FY20-FY22 YTD to 31 January 2022 (\$m)**



**Weekly active customers<sup>(2)</sup>:  
FY20-FY22 YTD to 31 January 2022 (000s)**



**Strong performance since inception, despite operational constraints – significant captive customer base**

(1) Gross gaming revenue pre-adjustments for significant jackpot wins and/or bonusing  
 (2) Weekly active customers = unique customer visits to online casino

# Expansion of Strategic Partnership with GiG

## Overview

- Binding term sheet signed in December 2021 to provide GiG with €25m (around \$40m) of new equity
  - Funding to support GiG's acquisition of 100% of France-Pari/Sportnco (Sportnco) for headline €70m (with an earn-out opportunity)
  - SkyCity to become GiG's largest standalone shareholder (around 11%) and have representative join GiG Board
  - GiG a European-based online gaming platform provider and media services operator – strategic partner following launch of SkyCity online casino in August 2019
  - Sportnco a European-based B2B online sports and Player Account Management (PAM) provider
- Equity investment conditional completion of Sportnco acquisition – shareholder approval received during January 2022
- Equity investment funded from combination of sale of non-core assets and existing debt facilities
- Settlement expected during Q1 2022

## Strategic Rationale

- Consistent with Group strategic plan
- GiG an established platform and well known to SkyCity – strong alignment on culture, values and focus on compliance
- Builds digital capability and strengthens strategic alignment with B2B partner
- GiG acquisition of Sportnco strategic and expected to be value accretive
- Value enhancing transaction for SkyCity – expect risk-adjusted return on equity well in excess of cost of capital
- Considered relatively low cost/risk exposure to significant growth expected in online gaming globally
- Investment likely to provide visibility to other strategic opportunities in online gaming
- Capital being recycled from low-returning assets to high-growth online gaming opportunity





# Trading Update & Outlook

# Trading Update (1 January to 12 February 2022)

## NZ Properties

- Local gaming activity at “Orange” setting comparable to pre-Covid-19 levels, particularly EGMs in Auckland and Hamilton
- Auckland impacted since going to “Red” setting on 23 January 2022, but solid weekend trading and holiday period peaks – Hamilton and Queenstown not as impacted since going to “Red” setting
- Ongoing focus on cost/capex control

## IB

- Negligible IB and interstate activity due to Covid-19 restrictions
- Focus on cost control
- Implementing operational readiness plan in preparation for international border reopening during 2022

## SkyCity Adelaide

- Subdued performance in January 2022 given Covid-19 restrictions and lower CBD visitation in response to Omicron outbreak
- Performance recovering during February 2022 to-date – relaxation of capacity limits (50% capacity vs. 25% previously)

## NZ Online Casino

- Consistent performance vs. pcp, but below peak of activity experienced during NZ lockdowns in 1H22
- Customer activity likely impacted by NZ land-based casinos reopening from late 2021

# FY22 Outlook

## Group

- Uncertain near-term outlook due to Covid-19 – unable to provide detailed earnings guidance
- Local gaming businesses in NZ expected to perform well when fully operational, particularly EGMs
- NZ tourism-related businesses to continue to be negatively impacted, but international border expected to progressively open during 2022
- Adelaide expansion to be optimised, albeit ramp-up impacted by ongoing operating restrictions – outlook expected to improve as Omicron outbreak subsides, SA Government stimulates tourism and hospitality industries and international border reopens
- Expect consistent performance from NZ online casino
- Labour shortages and supply chain constraints in NZ and South Australia driving cost inflation

## Capex/ Dividends

- Expect stay-in-business capex around \$35m and growth capex around \$25m (net of reinstatement costs on NZICC/Horizon Hotel project funded by insurance)
- GiG equity investment of €25m (around \$40m) expected to settle during 1Q 2022
- Committed to existing dividend policy – not able to resume dividends until meet standard financial covenant

## Corporate

- Expect corporate costs to be around \$24m, materially below the pcp
- Ongoing AML/compliance costs
- Net interest expense expected to be around \$34m
- D&A expected to be around \$95m – full-year impact of Adelaide expansion in-service
- Normalised effective tax rate expected to be below pcp due to tax losses in 1H22



# Appendices

# Reported and Normalised Results (1 of 3)

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- SkyCity's objective of producing normalised financial information is to provide data that is useful to the investment community in understanding the underlying operations of the Group – the intention is to provide information which:
  - Is representative of SkyCity's underlying performance (as a potential indicator of future performance);
  - Can be compared across years; and
  - Can assist with comparison between publicly listed casino companies in NZ and Australia
- This objective is achieved by:
  - Eliminating inherent volatility or “luck” factor from IB which has variable turnover and actual win % from period to period;
  - Eliminating structural differences in the business between periods; and
  - Eliminating known different treatments with other NZ and Australian publicly listed casino companies
- SkyCity believes that by making these adjustments the users of the financial information are able to understand the underlying performance of the Group and form a view on future performance
- For internal purposes, including budgeting and determination of staff incentives, normalised results are used
- Non-GAAP information is prepared in accordance with a Board approved “Non-GAAP Financial Information Policy” and is reviewed by the Board at each reporting period
- Application of SkyCity's “Non-GAAP Financial Information Policy” is consistent with the approach adopted in FY21

# Reported and Normalised Results (2 of 3)

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- The differences between 1H22 reported and normalised financial information are summarised overleaf
- 1H22 adjustments (from reported to normalised)
  - Treat IB commissions as an expense rather than a reduction in revenue which reduces both reported revenue and operating expenses within IB (by \$0.5m) – effectively reverses impact of IFRS 15 (Revenue from Contracts with Customers)
  - Add gaming GST (\$20.7m) to reported revenue
  - Apply theoretical win rate of 1.35% for IB vs. actual win rate of 0.11%
  - Reverse net loss (\$6.2m post-tax) arising from impacts of NZICC fire<sup>(1)</sup>
  - Reverse impairment (\$6.2m) of Wharf Casino in Queenstown and Queenstown development land
- 1H21 adjustments (from reported to normalised)
  - Treat IB commissions as an expense rather than a reduction in revenue which reduces both reported revenue and operating expenses within IB (by \$3.4m) – effectively reverses impact of IFRS 15 (Revenue from Contracts with Customers)
  - Add gaming GST (\$35.3m) to reported revenue
  - Apply theoretical win rate of 1.35% for IB vs. actual win rate of 0.61%
  - Reverse net loss (\$2.3m post-tax) arising from impacts of NZICC fire<sup>(1)</sup>
  - Eliminate benefit (\$39.5m) arising from liquidated damages on NZICC/Horizon Hotel project withheld due to late practical completion

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<sup>(1)</sup> Refer to note 7 of 1H22 financial statements for further information on NZICC fire accounting

# Reported and Normalised Results (3 of 3)

	1H22				1H21			
	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m
<b>Reported</b>	<b>289.8</b>	<b>20.4</b>	<b>(27.4)</b>	<b>(33.7)</b>	<b>449.9</b>	<b>150.5</b>	<b>109.4</b>	<b>77.9</b>
IB revenue adjustment	0.5	-	-	-	3.4	-	-	-
Gaming GST	20.7	-	-	-	35.3	-	-	-
IB at theoretical win rate	2.3	2.5	2.5	1.7	4.5	3.6	3.6	2.5
NZICC fire impacts	(52.5)	7.1	7.1	6.2	(66.8)	3.2	3.2	2.3
Liquidated damages	-	-	-	-	(39.5)	(39.5)	(39.5)	(39.5)
Asset impairment	-	6.2	6.2	6.2	-	-	-	-
<b>Normalised</b>	<b>260.8</b>	<b>36.2</b>	<b>(11.6)</b>	<b>(19.5)</b>	<b>386.9</b>	<b>117.8</b>	<b>76.7</b>	<b>43.2</b>

# Presentation of 1H22 Results

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- Comparability of underlying (or “like-for-like”) normalised earnings of the Group in 1H22 vs. pcp significantly impacted by:
  - Closure of SkyCity Auckland during August to December 2021 due to Covid-19
  - Closure of SkyCity Hamilton during August/September 2021 and October/November 2021 due to Covid-19
  - Closure of SkyCity Queenstown during August/September 2021 due to Covid-19
  - Temporary closure of SkyCity Adelaide in July 2021 due to Covid-19
  - Related operational and financial impacts on business from Covid-19 (i.e. social distancing/restrictions on gatherings, NZ wage subsidy and Australian JobKeeper scheme)
- In response to the IFRS Interpretations Committee decision in April 2021, SkyCity revised its accounting policy in relation to configuration/customisation costs incurred in implementing SaaS arrangements
  - Until 1H22, accounting policy had been to capitalise the costs of configuring/customising SaaS arrangements as intangible assets
  - Revised policy that costs are to be expensed as incurred, unless the requirements for capitalisation are met
  - Change in accounting policy implemented retrospectively by restating opening equity position (as at 1 July 2020) and comparative financial statements



# 1H22 Result – Reported

	1H22	1H21	Movement	
	\$m	\$m	\$m	%
<b>Reported Revenue</b>	<b>289.8</b>	<b>449.9</b>	<b>(160.1)</b>	<b>(35.6%)</b>
Expenses	(269.4)	(299.4)	30.1	10.0%
<b>Reported EBITDA</b>	<b>20.4</b>	<b>150.5</b>	<b>(130.1)</b>	<b>(86.4%)</b>
Depreciation & Amortisation	(47.8)	(41.1)	(6.8)	(16.5%)
<b>Reported EBIT</b>	<b>(27.4)</b>	<b>109.4</b>	<b>(136.9)</b>	<b>(125.1%)</b>
Net Interest	(17.2)	(14.0)	(3.2)	(22.3%)
<b>Reported NPBT</b>	<b>(44.6)</b>	<b>95.4</b>	<b>(140.0)</b>	<b>(146.8%)</b>
Tax	10.9	(17.5)	28.4	162.2%
<b>Reported NPAT</b>	<b>(33.7)</b>	<b>77.9</b>	<b>(111.6)</b>	<b>(143.3%)</b>
<b>Reported EPS</b>	<b>(4.5cps)</b>	<b>10.3cps</b>	<b>(14.8cps)</b>	<b>(143.2%)</b>

# 1H22 Result – Normalised

	1H22	1H21	Movement	
	\$m	\$m	\$m	%
Normalised Revenue (incl Gaming GST)	260.8	386.9	(126.0)	(32.6%)
Gaming GST	(20.9)	(35.8)	14.9	41.6%
<b>Normalised Revenue</b>	<b>239.9</b>	<b>351.1</b>	<b>(111.2)</b>	<b>(31.7%)</b>
Expenses	(203.7)	(233.3)	29.6	12.7%
<b>Normalised EBITDA</b>	<b>36.2</b>	<b>117.8</b>	<b>(81.6)</b>	<b>(69.2%)</b>
Depreciation & Amortisation	(47.8)	(41.0)	(6.8)	(16.5%)
<b>Normalised EBIT</b>	<b>(11.6)</b>	<b>76.7</b>	<b>(88.3)</b>	<b>(115.1%)</b>
Net Interest	(17.2)	(14.0)	(3.1)	(22.3%)
<b>Normalised NPBT</b>	<b>(28.8)</b>	<b>62.7</b>	<b>(91.5)</b>	<b>(145.9%)</b>
Tax	9.3	(19.6)	28.8	147.2%
<b>Normalised NPAT</b>	<b>(19.5)</b>	<b>43.2</b>	<b>(62.7)</b>	<b>(145.3%)</b>
<b>Normalised EPS</b>	<b>(2.6cps)</b>	<b>5.7cps</b>	<b>(8.3cps)</b>	<b>(145.2%)</b>

# SkyCity Auckland

	1H22	1H21	Movement
	\$m	\$m	%
<b>Revenue</b>			
Gaming Machines	60.0	120.8	(50.3%)
Tables	23.5	63.1	(62.8%)
Gaming Revenue (incl GST)	83.5	183.9	(54.6%)
Non-Gaming Revenue	35.0	46.9	(25.5%)
<b>Total Normalised Revenue (incl gaming GST) (excl IB)</b>	<b>118.5</b>	<b>230.8</b>	<b>(48.7%)</b>
Gaming GST	(10.8)	(23.9)	54.6%
<b>Total Normalised Revenue (excl gaming GST) (excl IB)</b>	<b>107.7</b>	<b>206.9</b>	<b>(48.0%)</b>
Expenses	(91.6)	(112.0)	18.2%
<b>Normalised EBITDA (excl IB)</b>	<b>16.0</b>	<b>94.9</b>	<b>(83.1%)</b>
<i>EBITDA Margin (excl IB)</i>	13.5%	41.1%	-
Depreciation & Amortisation	(22.0)	(22.9)	4.0%
<b>EBIT (excl IB)</b>	<b>(6.0)</b>	<b>72.0</b>	<b>(108.3%)</b>
<b>Normalised EBITDA (incl IB)</b>	<b>14.8</b>	<b>93.5</b>	<b>(84.2%)</b>

- Property closed for 107 days during the period
- Strong performance prior to property closure on 17 August 2021
  - Premium gaming activity well up vs. pcp
  - Record EGM revenue in July 2021
  - Tables revenue up 3% vs. strong pcp
- Solid performance in December 2021 when reopened at “Red” setting
  - Gaming-led recovery, particularly from EGMs
  - Benefited from new product installations, particularly Dollar Storm
  - Record New Year’s Eve EGM performance
  - Tourism-related businesses impacted by regional (to 15 December 2021) and ongoing international border closures
- Cost mitigations implemented to address revenue reduction, but margins impacted by negative operating leverage – significant fixed cost base, particularly labour and property overheads

# SkyCity Hamilton

	1H22	1H21	Movement
	\$m	\$m	%
<b>Revenue</b>			
Gaming Machines	16.9	26.5	(36.1%)
Tables	3.3	5.2	(36.0%)
Gaming Revenue (incl GST)	20.3	31.8	(36.1%)
Non-Gaming Revenue	4.1	5.0	(18.4%)
<b>Total Normalised Revenue (incl gaming GST) (excl IB)</b>	<b>24.4</b>	<b>36.8</b>	<b>(33.7%)</b>
Gaming GST	(2.6)	(4.1)	36.1%
<b>Total Revenue (excl gaming GST) (excl IB)</b>	<b>21.7</b>	<b>32.6</b>	<b>(33.4%)</b>
Expenses	(12.2)	(14.5)	16.3%
<b>EBITDA (excl IB)</b>	<b>9.6</b>	<b>18.1</b>	<b>(47.1%)</b>
<i>EBITDA Margin (excl IB)</i>	39.3%	49.2%	-
Depreciation & Amortisation	(2.3)	(2.1)	(10.8%)
<b>EBIT (excl IB)</b>	<b>7.3</b>	<b>16.0</b>	<b>(54.6%)</b>
<b>Normalised EBITDA (incl IB)</b>	<b>9.5</b>	<b>18.1</b>	<b>(47.2%)</b>

- Property closed for 65 days and further 42 days at Alert Level 2
- Strong performance prior to property closure on 17 August 2021
  - Record like-for-like EBITDA performance In July 2021
  - Strong local gaming activity, particularly from premium customers
- Positive performance in December 2021 when operating at “Orange” setting
  - Local gaming activity above pre-Covid-19 levels
  - Benefited from new product installations, particularly Dollar Storm
  - Record New Year’s Eve EGM performance
- Strong local economic conditions despite Covid-19 disruptions – population growth, increased business investment and diversification, domestic tourism etc.
- Good cost control partially offset revenue reduction

# SkyCity Queenstown/Wharf Casino

	1H22	1H21	Movement
	\$m	\$m	%
<b>Revenue</b>			
Gaming Machines	3.4	4.0	(14.2%)
Tables	1.0	1.0	(4.3%)
Gaming Revenue (incl GST)	4.4	5.0	(12.1%)
Non-Gaming Revenue	0.6	0.9	(39.1%)
<b>Total Normalised Revenue (incl gaming GST) (excl IB)</b>	<b>5.0</b>	<b>5.9</b>	<b>(16.3%)</b>
Gaming GST	(0.6)	(0.6)	12.1%
<b>Total Revenue (excl gaming GST) (excl IB)</b>	<b>4.4</b>	<b>5.3</b>	<b>(16.9%)</b>
Expenses	(3.0)	(3.1)	2.3%
<b>Normalised EBITDA (excl IB)</b>	<b>1.4</b>	<b>2.2</b>	<b>(36.9%)</b>
<i>EBITDA Margin (excl IB)</i>	28.3%	37.5%	-
Depreciation & Amortisation	(0.6)	(0.6)	2.1%
<b>EBIT (excl IB)</b>	<b>0.8</b>	<b>1.6</b>	<b>(50.6%)</b>
<b>Normalised EBITDA (incl IB)</b>	<b>1.4</b>	<b>2.1</b>	<b>(33.5%)</b>

- Property closed for 22 days and further 86 days at Alert Level 2
- Local gaming revenue consistent with the pcp on a like-for-like basis, despite operational constraints and limited domestic tourism
  - Strong EGM performance in July 2021
  - Carded gaming activity up 5% vs. pcp
- Positive local gaming performance in December 2021 when operating at “Orange” setting – EBITDA up 46% vs. pcp
- Wharf Casino remains closed – licence value fully impaired in 1H22 financial statements (totaling around \$4m)
- Pursuing sale of development land at 633 Frankton Road

# SkyCity Adelaide

	1H22	1H21	Movement
	A\$m	A\$m	%
<b>Revenue</b>			
Gaming Machines	34.4	25.8	33.3%
Tables	36.1	38.3	(5.8%)
Gaming Revenue (incl GST)	70.5	64.1	10.0%
Non-Gaming Revenue <sup>(1)</sup>	22.3	25.4	(12.2%)
<b>Total Normalised Revenue (incl gaming GST) (excl IB)</b>	<b>92.8</b>	<b>89.5</b>	<b>3.7%</b>
Gaming GST	(6.3)	(5.8)	(7.4%)
<b>Total Revenue (excl gaming GST) (excl IB)</b>	<b>86.5</b>	<b>83.7</b>	<b>3.4%</b>
Expenses	(75.8)	(59.8)	(26.7%)
<b>EBITDA (excl IB)</b>	<b>10.8</b>	<b>23.9</b>	<b>(54.9%)</b>
<i>EBITDA Margin (excl IB)</i>	<i>11.6%</i>	<i>23.0%</i>	-
Depreciation & Amortisation	(15.5)	(7.2)	(116.1%)
<b>EBIT (excl IB)</b>	<b>(4.7)</b>	<b>16.8</b>	<b>(127.9%)</b>
<b>Normalised EBITDA (incl IB)</b>	<b>10.2</b>	<b>22.8</b>	<b>(55.3%)</b>

- Performance impacted by Covid-19 disruptions and other external factors
- EBITDA consistent with pcp on like-for-like basis<sup>(1)</sup>
- Growth in EGM revenue with stable market share of around 8%
  - Adelaide pub & club EGM revenue up 13% vs. pcp – increased addressable market
  - Negligible impact from car park to-date given subdued CBD visitation
- Table games impacted by operational settings
  - AML risk assessment underway for local VIPs
- Solid performance from EoS by SkyCity, despite limited domestic tourism and international borders remaining closed
  - Market-leading REVPAr vs. compset – occupancy around 59%
- Margins temporarily impacted by higher fixed cost base post-expansion, particularly in non-gaming (hotels and F&B) and ongoing investment in AML function
- Despite subdued 1H22 vs. expectations, no material change to medium-term earnings outlook for property

(1) Includes JobKeeper scheme in 1H21 of around A\$15.4m recognised as other income (EBITDA benefit of A\$13m)

# International Business

	1H22	1H21	Movement
	\$m	\$m	%
Turnover	187.5	609.8	(69.2%)
Normalised Revenue <sup>(1)</sup>	2.5	8.2	(69.2%)
Reported Revenue	0.2	3.3	(94.5%)
Total Normalised EBITDA <sup>(1)</sup>	(1.9)	(2.8)	31.6%
Total Reported EBITDA	(4.4)	(6.4)	32.2%
Actual Win (%)	0.11%	0.61%	-
Margin (%)	(75.0%)	(33.7%)	-

- Significantly impacted by ongoing international border closures
- Cost control reduced expected losses vs. pcp
- Revised operating model to be leveraged when international borders reopen
- Focused on enhanced due diligence and source of wealth/funds checks for existing and prospective customers
  - Several key customers have prospectively satisfied enhanced due diligence
  - No arrangements with corporate junkets since April 2021
- Actual win rate of 0.11%, well below theoretical win rate of 1.35%

(1) 1H22 normalised results in IB adjusted for turnover at the actual win rate of 0.11% vs theoretical win rate of 1.35%, IFRS 15 (Revenue from Contracts with Customers) and Gaming GST

# NZ Online Casino

	1H22	1H21	Movement
<b>Operating KPIs</b>			
Customer registrations	29.3k	24.4k	20.2%
First time depositors (new actives)	17.7k	14.1k	25.6%
Deposit conversion (%)	59.3%	60.0%	-
Total bets (\$m)	568.2	413.2	37.5%

	1H22	1H21	Movement
	\$m	\$m	%
<b>Gaming revenue</b>	<b>18.4</b>	<b>13.0</b>	<b>41.5%</b>
GiG costs and bonusing	(6.8)	(3.8)	(79.4%)
NZ GST	(2.3)	(1.7)	(35.2%)
<b>Gaming revenue (attributable to SkyCity)</b>	<b>9.3</b>	<b>7.5</b>	<b>23.8%</b>
Expenses	(2.3)	(2.1)	(8.4%)
<b>EBITDA (attributable to SkyCity)</b>	<b>7.1</b>	<b>5.4</b>	<b>29.7%</b>
<i>EBITDA Margin (vs. total gaming revenue)</i>	38.4%	41.9%	-

- NZ online casino performing well
- Significant growth in gaming revenue and EBITDA vs. pcp, despite operational constraints and increasingly competitive landscape
  - Beneficiary of closure of NZ land-based casinos during the period
  - Increased ARPU<sup>(1)</sup> and customer lifetime value
  - Strong retention of existing customers
  - Deposit conversion rates consistently around 60%
  - Broad geographic spread of customers across NZ
  - Meaningful contributor to Group earnings – EBITDA margin comparable vs. pcp

(1) Average revenue per user



## Who is GiG today?

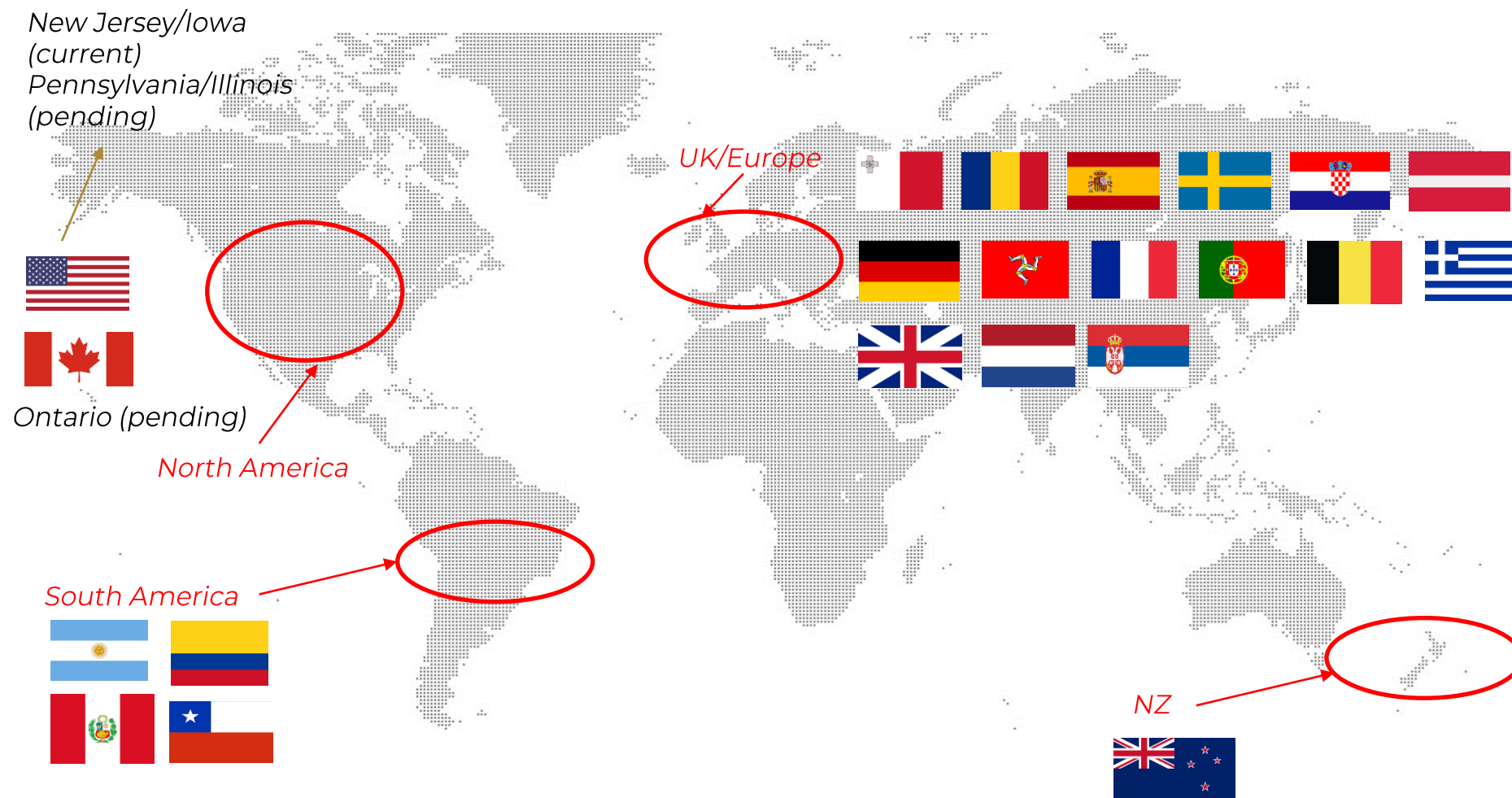
- Certified/licensed B2B online gaming operator in 14 jurisdictions globally (with 5 pending)
- Headquartered in Malta with offices in Spain, Latvia and Denmark – around 450 staff
- GiG Inc a Delaware (US) incorporated company – listed on Oslo and Stockholm stock exchanges (market capitalisation currently around €200m)
- Two operating segments (Media Services and Platform Services), but diversified business in terms of client coverage and jurisdiction
- Core strategy = facilitation of land-based operators moving online (across casino and sportsbetting) as markets regulate globally
- Improved financial performance over last 18 months (LTM revenue of €63m and EBITDA of €19m, at 31% margin) and solid balance sheet position (gearing of 2.2x as at 30 September 2021) following sale of B2C business to Betsson in April 2020

## SkyCity Strategic Partnership

- SkyCity online casino operated by GiG launched in August 2019
- Partnership provides SkyCity with turnkey online solution in NZ
- GiG provides technical platform, gaming content, managed services and front-end development
- Existing agreement allows SkyCity to assume B2C components in regulated NZ market
- Site has prioritised host responsibility/AML/compliance protocols and leveraged trusted brand name in SkyCity
- Platform resonating with customers – strong performance since inception
- Partnership provides SkyCity with access into complementary, high-growth gaming category

# GiG Acquisition Of Sportnco

## GiG/Sportnco global market coverage post-transaction



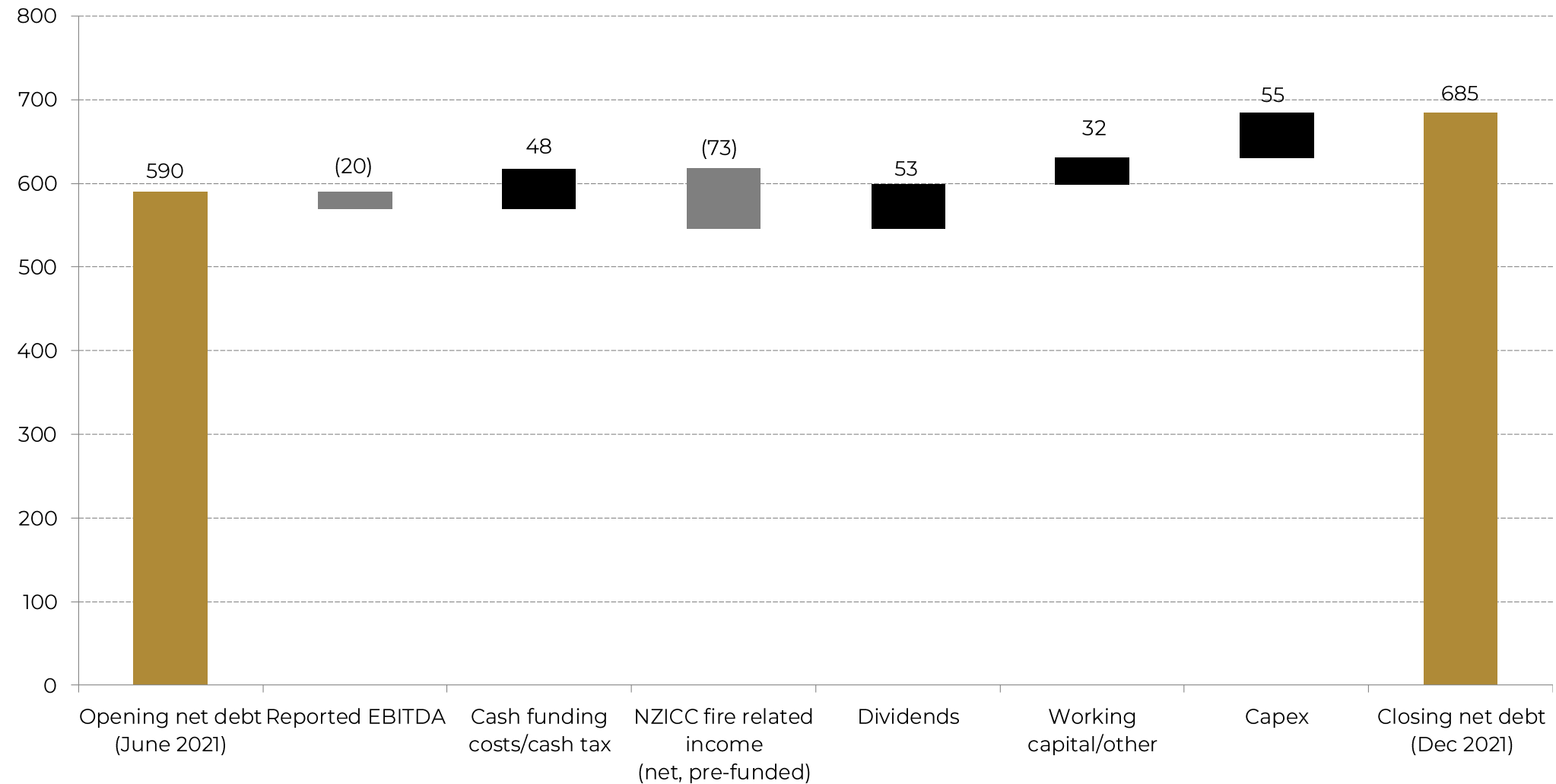
## Strategic Rationale for GiG

- 20+ licences/certifications
  - High-growth and complementary jurisdictions – significant global addressable market
  - Immediate scale in online sportsbetting
- Opportunity to cross-sell and deliver omnichannel – highly complementary technology
- Strong earnings outlook post-transaction for GiG/Sportnco – new client wins, access to high-growth markets, cross-sell and scale benefits delivering margin expansion
- Addresses earnings concentration for GiG – targeting 50/50 mix of earnings between Marketing and Platform Services
- Cost synergies available – integration of technology and elimination of GiG Sports
- Strong corporate and cultural fit

**Acquisition to transform GiG into global, vertically integrated B2B operator in online casino and sportsbetting**

# Net Debt (as at 31 December 2021)

Movement in net hedged debt (\$m)<sup>(1)</sup>



- Net hedged debt of \$685m as at 31 December 2021
  - Includes cash at bank of \$28m
  - Includes 7cps FY21 dividend paid during September 2021
  - Includes insurance prepayment of \$130m received on NZICC/Horizon Hotel project
- Compliant with gearing covenant as at 31 December 2021

(1) Capex = gross capex including reinstatement costs on NZICC/Horizon Hotel project funded by insurance



# Disclaimer

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- All information included in this presentation is provided as at 14 February 2022
- 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

