

SkyCity Entertainment Group 2022 Annual Meeting
Glenn Davis – Chair’s Address, SkyCity Adelaide Pty Ltd

Thanks Julian and good afternoon everyone.

First, please let me apologise for not being able to join you in person today. When I came on board in September, there were some early commitment conflicts that prevented me from being in New Zealand at certain times and unfortunately today is one of those conflicts.

I’m sure you’ll all be very interested in what’s happening at SkyCity Adelaide – the owner of the South Australian casino licence.

The Australian casino industry has received intense focus and is the subject of close review, all of which you’ve no doubt been reading about in the media.

Our operations in Adelaide are no different.

We’re the subject of two inquiries:

- the first - by AUSTRAC reviewing our compliance with Australia’s anti-money laundering laws; and
- the second - by Mr Brian Martin AO KC as to whether SkyCity Adelaide is a suitable person to continue to hold the Adelaide licence and SkyCity Entertainment Group is a suitable person to be a close associate.

Both inquiries are very detailed and huge amounts of information have been supplied in both cases.

At every step of the way, the SkyCity Group has provided full co-operation, full and complete disclosure and has been completely open and transparent.

It’s been a heavy burden on our people but they continue to work very hard to meet the demands of the inquiry schedules and to do all they can to co-operate fully. We’re grateful, and thank them, for their continued hard work and commitment in that regard.

And whilst we’d all like to have the inquiries behind us and know the answer, it’s too early for us to say anything definitively about where these inquiries might go.

What I can tell you is that in our work to review our practices, given the heightened industry scrutiny, we identified areas where enhancements to our anti-money laundering program are required or appropriate.

We have used independent experts to review our operations and assist us in that process and we are adopting a large range of recommendations to uplift our processes, systems and culture regarding anti-money laundering compliance.

As I said, I can't go into the detail of the AUSTRAC inquiry and attempt to foresee its end point and outcome but we obviously face the risk of enforcement action and penalties if the regulator takes the view our performance was of a standard that warranted that.

Let me be clear though, whatever the outcome, SkyCity does not want criminal activity to infiltrate its properties and in no way wants to be involved with those who are seeking to launder the proceeds of criminal activity or otherwise avoid the law. The evils of money laundering are many and we want no part of it.

At the same time, we took the opportunity to further review and enhance our Host Responsibility Program and our efforts to ensure we do all we reasonably can to protect those susceptible to the harms of problem gambling.

Again, let me be clear, we are doing the best we believe we can to ensure we are providing a responsible and safe environment for entertainment and gaming and we seek to work with those who are potentially exposed to harm through problem gambling to help them.

These processes, both in relation to money laundering and host responsibility, are not, however, one off fixes that we can set and then forget. We have a responsibility to you our shareholders, and also our customers, to ensure we continually improve in both areas and to meet both the regulators and society's expectations of us as a leading entertainment and gaming provider.

There is a lot more to be done but significant improvements have been made and we will continue to enhance our programs and performance.

I'd like to leave the regulatory landscape now and talk briefly to operational performance in Adelaide.

Just a reminder that whilst we're not Auckland it's a reasonable size business:

- 1,080 electronic gaming machines;
- 120 table games;
- 138 automated table games; and,
- consistent with the great entertainment venue it is, a dozen bars and restaurants.

And of course the casino is now integrated with one of South Australia's, if not Australia's, leading hotels in EOS. It's a wonderful property and if you head to Adelaide make sure you treat yourself to a stay. I did recently and it's a wonderful experience.

Suffice to say it was, however, a tough FY22 for Adelaide.

Normalised revenue was \$184m as we were impacted by COVID restrictions.

The good news is that as we have moved into FY23 operationally Adelaide is performing well. Custom is on the rise and the traffic through the asset is returning to more normal cycles.

Like all businesses at the moment we do face challenges in human resources and cost inflation, including of course the additional costs of the inquiries I mentioned, but David Christian and his team have shown great resilience throughout and are working hard and creatively to drive improved operational performance across the business.

It's early days as Q1 is only just behind us but we're confident of a better FY23 as we at the same time continue to fully co-operate with both inquiries and focus on the continued and ongoing improvement in our anti-money laundering and host responsibility programs.

With that I will hand back to Julian.

Thank you.