

MARKET RELEASE

SkyCity Entertainment Group Limited (SKC.NZX/SKC.ASX)

22 August 2024

FY24 Results - Solid earnings despite challenging year

Key Features

- Solid FY24 results impacted by a challenging operating environment:
 - Underlying Group revenue of \$959.6 million (up 0.3%) and underlying Group EBITDA of \$277.8 million (down 8%) due to a change in revenue mix and ongoing investment in key parts of the business
 - Underlying Group NPAT of \$123.2 million (down 7.2%), reflecting the impact of the lower earnings
 - Group reported revenue of \$928.5 (up 0.3%) and Group reported EBITDA of \$138.2 million (down 16.7%), due to the difficult operating environment and the impact of the significant accounting adjustments
 - Group reported NPAT of -\$143.3 million (down 1,897.4%), due to a number of significant accounting adjustments, including a A\$86.2 million (\$94.3 million) impairment of the SkyCity Adelaide assets and a tax adjustment of \$129.6 million following changes to New Zealand tax legislation (as flagged to the market on 19 August 2024)
- Successful early refinance in August 2024 of selected tranches of debt maturing in 2025 and 2026, including a new issue of US\$150 million of USPP notes (7-year tenure) and \$217.5 million of extended syndicated bank facility tranches
- Confirming previous FY25 earnings guidance provided on 18 July 2024 of underlying Group EBITDA of between \$245 million and \$265 million, and no dividend expected for FY25
- Significant Transformation Programme underway to de-risk the business with a focus on building capability to ensure better compliance with our regulatory requirements
- Preparations underway for the opening of the NZICC and the regulation of online casino gambling in New Zealand

Overview

SkyCity Entertainment Group Limited (**SkyCity**) today announced solid earnings for the financial year ended 30 June 2024, despite the challenging operating environment.

Chief Executive Officer Jason Walbridge said, “The earnings we have announced today are a solid result despite the economic circumstances. I am confident SkyCity is set up to build on our amazing business, with a number of important and exciting milestones coming down the pipeline in the next 12 months.

“SkyCity is coming off a very challenging financial year, with the combination of the soft economy, cost-of-living pressures in both New Zealand and Adelaide, and responding to various regulatory matters.”

Group revenue was flat year on year as reductions in gaming revenue were offset by higher levels of premium table play and non-gaming revenue. This change in revenue mix had a resulting impact on margins, driving an 8% reduction in underlying Group EBITDA to \$277.8 million. With depreciation and amortisation, funding costs and tax paid on underlying earnings all consistent with last year, underlying Group NPAT was \$123.2 million.

Net debt for the Group increased from \$443 million in FY23 to \$663 million at 30 June 2024 following the buy-back of the Auckland car park concession and core capital expenditure during the year of \$64 million.

SkyCity had \$252 million of undrawn debt facilities at 30 June 2024 and remains comfortably within its debt covenant ratios. The recently announced refinance of \$217.5 million of syndicated bank revolving credit facilities and a new issue of US\$150 million of United States Private Placement notes, extends the maturity profile of SkyCity's debt and support ongoing investment in the business.

Visitation

"While we are continuing to see good visitation numbers across our properties as a whole, the spend per customer has decreased, reflecting the harder economic times everyone is facing," said Mr Walbridge.

"We are continuing to focus on new and innovative experiences so that customers see SkyCity as an attractive entertainment destination that delivers great outcomes."

Regulatory progress and transformation

Over the year, settlements have been reached with AUSTRAC in Australia and the Department of Internal Affairs (**DIA**) in New Zealand regarding historic non-compliance with relevant anti-money laundering and counter financing of terrorism laws (with the DIA settlement subject to final approval by the Court). SkyCity also agreed to temporarily close its Auckland gaming areas for a five-day period in September 2024 as part of an agreement reached with the DIA for historic non-compliance with obligations under its Auckland Host Responsibility Programme.

In Adelaide, Consumer and Business Services recommenced its independent review into SkyCity Adelaide in June 2024 following settlement of the AUSTRAC civil proceedings, with Brian Martin KC due to report his findings to the regulator by 31 December 2024.

"Progressing the various regulatory matters this year has been a positive step forward for us. That said, there is still more work for us to do as we have not met our own expectations to date. Our uplift programmes are our priority, and we now have a significant Transformation Programme underway with a focus on building capability to ensure compliance with our regulatory requirements. Caring for our customers will continue to be at the heart of what we do.

"A key milestone in customer care and experience will begin next year with the introduction of 100% carded play across our New Zealand casinos by July 2025, and at the SkyCity Adelaide casino by early 2026. Once implemented, carded play will be the only way to game at SkyCity. This will help us and our customers monitor their play and identify when breaks are needed."

Key projects progressing

SkyCity continues to build on two other key transformational projects – the New Zealand International Convention Centre (**NZICC**) and online casino gambling regulation in New Zealand.

Mr Walbridge said "It was a pleasure to open Horizon by SkyCity last month. It really showed what a treat we are in for with the New Zealand International Convention Centre.

The NZICC will not only be a building that brings the world to us but also a stunning piece of architecture that will showcase the best of Aotearoa to the world.

“And as the New Zealand Government continues to work on online casino gambling regulation, we are enhancing our internal capabilities in preparation for a regulated market.

“We need to be mindful about the regulation of online casino gambling. Allowing too many providers could lead to an overwhelming level of gambling advertising in New Zealand. We already see that now. We want to see providers who have skin in the game in New Zealand and are committed to the public health-based approach we take to gambling.

“There is a lot going on over the next 12 months. It is going to be all about continuing to build our business, both metaphorically and literally.”

SkyCity by the numbers (as at 30 June 2024)

- 4,512 staff across four properties with 61 languages spoken
- Over 7 million visitors across all four sites
- Nearly 490,000 visitors up the Sky Tower
- \$10.1 million in community contributions, levies and sponsorship
- \$4.6 million contributed via the New Zealand Community Trusts, enabling \$5.9m of grants to be distributed to 130 community organisations
- Helped Leukaemia & Blood Cancer New Zealand raise \$2.2 million via two Sky Tower events in FY24, and more than \$18.8 million over the 20-year partnership
- 47 rangatahi (young people) onboarded via Project Nikau (a SkyCity employment pathway programme focused on developing employability skills, career planning, coaching, youth leadership and professional development opportunities through a Māori and Pasifika lens) and 10 chefs in training through the SkyCity Apprentice Chef Programme
- 1,412 exclusion orders issued and 907 excluded persons identified at SkyCity properties in breach of their exclusion orders

[Please refer to SkyCity's FY24 financial statements and FY24 investor presentation for more information.](#)

All figures stated are in NZ\$ dollars. Underlying results adjust for certain revenue and expense items, calculated in accordance with SkyCity's Non-GAAP Financial Information Policy.

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For more information, please contact:

Investors and analysts	Media
Craig Brown Head of Investor Relations & Corporate Development Mobile: +64 27 470 6802 E-mail: craig.brown@skycity.co.nz	Graeme Muir GM Communications Mobile: +64 21 426 844 E-mail: graeme.muir@skycity.co.nz