



# 2021

## Annual Report

Year ended 30 June 2021



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### ANNUAL MEETING

The 2021 SkyCity Annual Meeting will be held virtually via an online platform on 29 October 2021 commencing at 1.00pm (New Zealand time). Instructions and further details on how shareholders can participate in the virtual Annual Meeting will be included in the Notice of Meeting.



# Report from the Chair and Chief Executive Officer

The 2021 financial year was a challenging one for SkyCity – responding to external events arising from the COVID-19 pandemic, opening the Adelaide expansion in an uncertain environment and running the business in a volatile operating and regulatory landscape. It has taken significant skill, energy and dedication from our team and support from stakeholders to deliver a satisfactory performance for the business.

Despite the ongoing disruption and volatility, SkyCity has maintained a strong financial position over the period, delivered credible operating performance when open and protected the health and wellbeing of our people.

The SkyCity Board and management have considered the regulatory and governance environment in which the Group now operates. The Board's intention, endorsed by management, is that SkyCity will maintain a casino and entertainment business which is characterised by high levels of:

- service and facility quality;
- customer enjoyment and safety;
- staff safety, inclusion, diversity and satisfaction;
- social and environmental responsibility;
- economic performance and investment returns; and
- ethical conduct in all respects.

Critically, the SkyCity Board and management team recognise the importance of protecting our casino licences and enhancing our social licence to operate. Moreover, maintaining a strong balance sheet, meeting the interests of all stakeholders and keeping a disciplined allocation of capital to provide appropriate risk-adjusted returns to shareholders over the long term remain key priorities.

The key features of the year can be summarised as:

## Management and Board

- The appointment of Michael Ahearne as the new Chief Executive Officer in November

2020 following an internal succession process (replacing the outgoing Chief Executive Officer, Graeme Stephens). Michael brings strong operational knowledge of the SkyCity business, as well as international gaming and entertainment experience, to the role and has put in place a refreshed Senior Leadership Team.

- The retirement of Bruce Carter from the SkyCity Board in March 2021.







- The renewal of the SkyCity Board was confirmed during March 2021 with the subsequent appointment of three new directors – Silvana Schenone, Julian Cook and Chad Barton – in June 2021. The new directors bring diverse skills, backgrounds and experience to the Board. The Board will be conducting a thorough review of its effectiveness during the 2022 financial year.

### Impact of COVID-19

- COVID-19 continued to significantly impact the business and operations at each of SkyCity's properties over the period. Government mandated lockdowns in New Zealand and South Australia resulted in the closure of SkyCity Auckland for 29 days and SkyCity Adelaide for 3.5 days. When permitted to reopen, the properties initially operated under significant constraints due to restrictions on mass gatherings and physical distancing requirements.
- The Trans-Tasman border between New Zealand and Australia reopened from 19 April 2021 (although subject to restrictions as pandemic outbreaks have occurred) – however, the broader international borders remain closed, significantly impacting our tourism-related businesses.

### Strategy and Major Projects

- A refreshed Group strategy was announced at the time of our interim results in February 2021. Our strategic plan prioritises a focus on our core business, executing our major projects in Adelaide and Auckland, delivering on the omnichannel opportunity and the efficient allocation of capital.
- In December 2020, SkyCity completed its A\$330 million expansion of the SkyCity Adelaide property transforming it into an integrated resort of international scale and quality. The project (including Eos by SkyCity, a new 120-room boutique hotel, and new gaming, hospitality and entertainment areas) was completed on-time and on-budget and has been well received by customers with consistent operating performance when open.
- Ongoing delays continue to the New Zealand International Convention Centre (**NZICC**) and Horizon Hotel project, exacerbated by the fire in October 2019 and COVID-19. SkyCity continues to work closely with Fletcher Construction on the project and has secured an extension to the long stop date to complete the NZICC to 15 December 2027 with the New Zealand Government. Although Fletcher Construction's latest draft programme indicates completion of the NZICC in late 2024, SkyCity considers it prudent to retain a buffer between the programme and the long stop date.



- SkyCity Auckland opened new food and beverage facilities on the main gaming floor, improved VIP gaming facilities on Levels 8 and 9 of the main site and welcomed the arrival of the All Blacks Experience and Weta Workshop Unleashed, two world-class attractions, to the precinct.
- A strategic review into the International Business division was undertaken during April 2021. SkyCity has decided to permanently cease dealing with junket operators, but to continue to operate the division under a revised operating model where SkyCity will deal directly with patrons after appropriate know your customer (KYC) and customer financial due diligence requirements are satisfied.

#### Regulatory and Compliance

- Steady progress was made with initiatives to enhance SkyCity's host responsibility and anti-money laundering (AML) control frameworks. Minimising harm to customers remains a key focus with appropriate effort, resource and capital allocated to support this initiative, such as increased resourcing and investment in bespoke ICT systems (including facial recognition technology and specialised customer screening tools). SkyCity is committed to ensuring that it provides safe and responsible experiences and environments and places significant importance on its host responsibility and AML obligations.
- In June 2021, SkyCity was informed by the Australian Transaction Reports and Analysis Centre (AUSTRAC) that it had identified potential serious non-compliance by SkyCity Adelaide with the Australian AML legislation and that a formal enforcement investigation into the compliance of SkyCity Adelaide had been initiated. The SkyCity Board and management team take the concerns raised by AUSTRAC seriously and have taken immediate steps to investigate and appropriately address the concerns raised. SkyCity will continue to fully cooperate with AUSTRAC with regards to its inquiries and with the investigation of SkyCity Adelaide.

#### Financial Performance, Balance Sheet and Distributions

- Group reported EBITDA and NPAT were \$317.3 million and \$156.1 million respectively, down from the prior comparable period due to the ongoing impact of the New Zealand International Convention Centre fire and the gain from the sale of the Auckland car park concession.
- Group normalised EBITDA and NPAT of \$252.0 million and \$90.3 million respectively are at the top end of the guidance provided to the market during June 2021, but are still well below pre COVID-19 earnings in FY19.
- SkyCity's financial position remains strong post implementation of our funding plan from mid-2020. SkyCity has satisfied its financial covenants for the 30 June 2021 testing period and will pay a dividend of 7 cents per share during September 2021.
- SkyCity's BBB- credit rating from S&P Global Ratings was upgraded to "Stable" from "Negative" Outlook during April 2021. Following the issue of \$175 million of six-year, unsecured, unsubordinated, fixed rate bonds in New Zealand in May 2021, SkyCity remains well positioned to fund future capital and operating commitments.

The financial result for the year was complicated by property closures and other restrictions imposed by COVID-19, which limit comparability with the prior comparable period. SkyCity has also been aided by Government responses in the form of wage subsidies and other assistance measures over the period, a portion of which SkyCity has elected to repay reflecting improved financial performance.

The Group delivered a solid financial performance, despite the challenging operating environment. Local gaming has performed well when open and operating without restrictions while our tourism-related businesses, including hotels, food and beverage and International Business, had a weaker result primarily due to ongoing international and domestic (Australia) border closures.

At a property level, SkyCity Auckland delivered resilient local gaming activity, but this was offset by non-gaming performance being significantly impacted by COVID-19. SkyCity Hamilton and SkyCity Queenstown delivered strong EBITDA performances led by local gaming revenue growth combined with disciplined cost management. SkyCity Adelaide's performance prior to the expansion opening was impacted by COVID-19 disruption, but when open has significantly improved across all activities. SkyCity has been making operational adjustments to the business when necessary and we continue to adhere to all Government guidance to ensure our employees and customers are managed safely.

SkyCity has continued to operate its offshore online casino venture, SkyCity Online Casino, with Gaming Innovation Group Inc, despite operational constraints. Performance has exceeded our expectations with significant growth in revenue and EBITDA and in excess of 45,000 active customers currently.

SkyCity supports the regulation of online gaming in New Zealand with an emphasis on strong host responsibility and delivering community benefits in New Zealand and we continue to prepare for a regulated industry which ensures responsible gambling. Growth in online gambling continues to be a significant global industry theme with numerous international jurisdictions regulating online gambling (or intending to do so) to safely address the transition from physical to online entertainment.

SkyCity has continued to create and support a positive employee culture over the period, focusing on initiatives to enhance workplace flexibility, wellbeing and diversity. To this end, SkyCity was pleased to receive the Diversity and Inclusion Leadership Award at the 2020 Deloitte Top 200 Awards for the second time in three years for

Project Nikau, an initiative to employ and develop career pathways for youth with a focus on Māori and Pasifika. SkyCity has also made progress on refocusing the SkyCity Community Trusts in New Zealand on initiatives that will enhance the employability and advancement of youth and has upweighted strategies to ensure its supply chain is ethical and supports local businesses.

In terms of outlook for FY22, given the current unpredictable operating environment and uncertain near-term outlook due to COVID-19, SkyCity is unable to provide detailed earnings guidance at this time, but this will remain under regular review. Our performance over the next year will be underpinned by the ongoing recovery of local gaming, optimising SkyCity Adelaide post expansion and robust cost control across all activities.

We wish to take the opportunity to publicly thank the SkyCity Board and management team and, in particular, the broader SkyCity family for effectively meeting the challenges over the past year and for continuing to support the business as it recovers – your efforts are greatly appreciated. The SkyCity Board and management are aligned in responding to the challenges at hand, managing the risks faced by the business and addressing strategic opportunities as they arise.

Finally, and most importantly, thank you to our external stakeholders – from our shareholders, financiers, suppliers, through to our customers. SkyCity doesn't exist without you – a big thank you for your ongoing support.

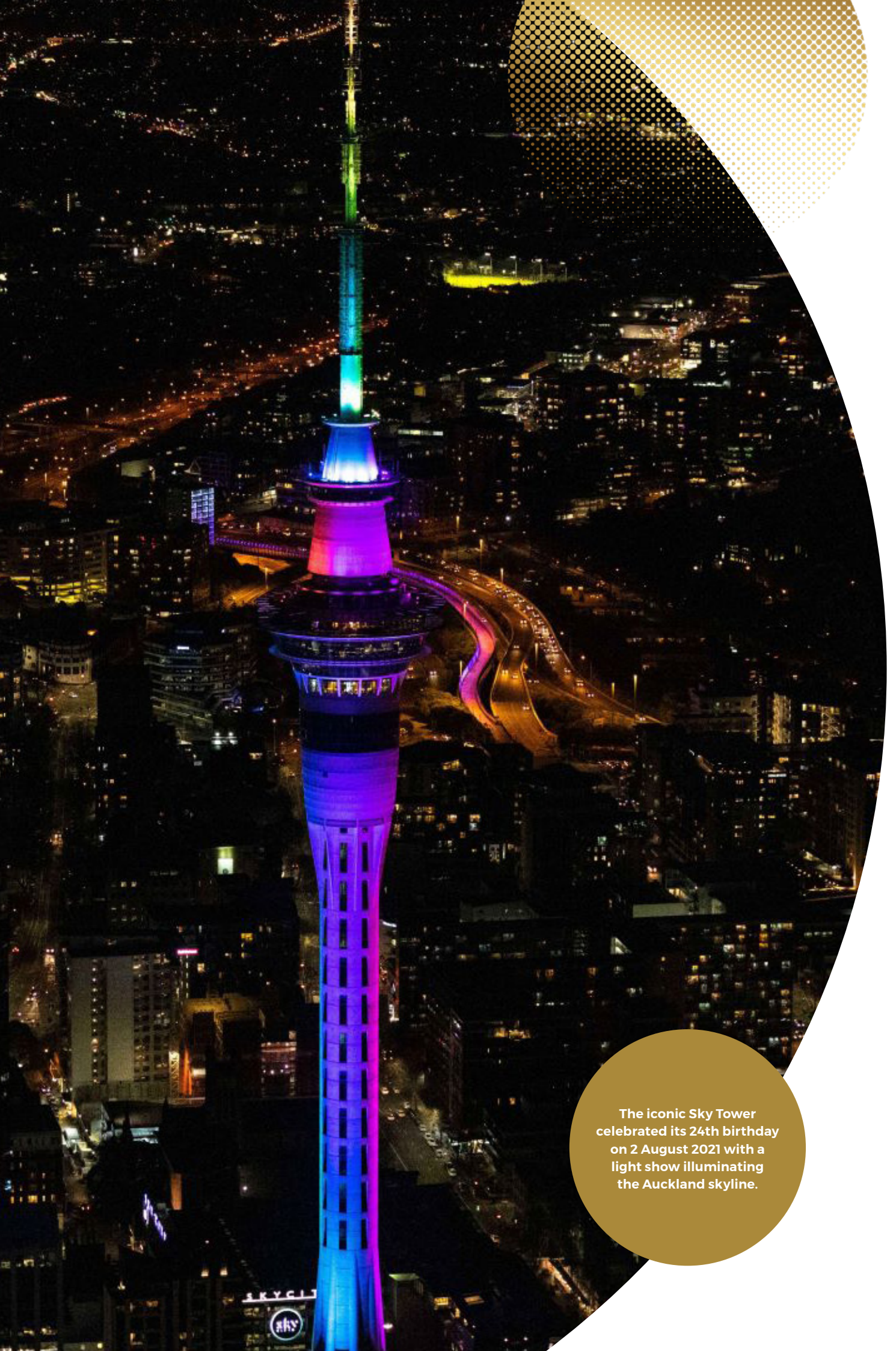


Rob Campbell  
**Chair**



Michael Ahearne  
**Chief Executive Officer**





The iconic Sky Tower celebrated its 24th birthday on 2 August 2021 with a light show illuminating the Auckland skyline.

SKYCLIP



# About this Annual Report

This annual report is a review of SkyCity Entertainment Group Limited (**SkyCity** or the **company** and, together with its subsidiaries, the **Group**) and its subsidiary companies' performance for the financial year ended 30 June 2021. Where appropriate, information is also provided in relation to activities that have occurred after 30 June 2021, but prior to publication of this annual report.

This annual report has been prepared in accordance with the NZX Listing Rules and Corporate Governance Code, the New Zealand Companies Act 1993 and the New Zealand Financial Markets Conduct Act 2013 and, although SkyCity is not required to comply with ASX Listing Rule 4.10 (which requires entities to include certain prescribed information in their annual reports) as it has a 'Foreign Exempt Listing' status on ASX Limited, substantially reflects the ASX Listing Rules and the Corporate Governance Principles and Recommendations (Fourth Edition) of the ASX Corporate Governance Council.

This annual report has also been prepared with due consideration of the International Integrated Reporting Council's International Integrated Reporting Framework. Integrated reporting applies principles and concepts that are focused on bringing greater cohesion and efficiency to the reporting process and adopting 'integrated thinking' as a way of breaking down internal silos and reducing duplication.

The non-financial information in this annual report has been informed by the principles and disclosures of the Global Reporting Initiative's (**GRI**) Sustainability Reporting Standards. Ernst & Young has undertaken limited assurance (in accordance with the International Standard on Assurance Engagements (New Zealand)) over disclosures associated with selected performance data included in the Sustainability section included in this annual report. A GRI reference index based on the GRI Sustainability Reporting Standards is included on pages 223 – 226 of this annual report.

The financial statements have been prepared in accordance with the International Financial Reporting Standards. This annual report includes both reported and normalised financial information. Our objective in providing normalised

financial information is to provide data that is useful to the investment community in understanding the underlying operations of the SkyCity Group – the intention being 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 New Zealand and Australia.

This objective is achieved by:

- eliminating the inherent volatility (or 'luck' factor) from International Business, which has variable turnover and actual win percentage period to period;
- eliminating structural differences in the business between periods; and
- eliminating known different treatments with other New Zealand and Australian publicly listed casino companies.

Normalised numbers are a non-GAAP financial measure. A reconciliation of reported and normalised earnings and a description of the differences are provided on pages 219 – 222 of this annual report.

An electronic copy of this annual report is available in the Investor Centre section of the company's website at [www.skycityentertainmentgroup.com](http://www.skycityentertainmentgroup.com).

If you have any feedback and questions in relation to SkyCity's sustainability framework and/or reporting, please contact SkyCity at [sustainability@skycity.co.nz](mailto:sustainability@skycity.co.nz).

Unless otherwise stated, all dollar amounts in this annual report are expressed in New Zealand dollars. Certain totals, subtotals and percentages stated in this annual report may not agree throughout due to rounding.

This annual report is dated 25 August 2021 and is signed on behalf of the SkyCity Board by:



Rob Campbell  
**Chair of the  
SkyCity Board**



Jennifer Owen  
**Chair of the Audit  
and Risk Committee**





# Year in Review

2020

- SkyCity completes a \$50 million share purchase plan as part of a \$230 million equity raising announced in June 2020 to strengthen SkyCity's balance sheet in response to uncertainty around the impacts of COVID-19

- SkyCity Auckland's casino and entertainment facilities closed from 12 - 30 August in response to the COVID-19 Alert Level in Auckland increasing to Alert Level 3

JULY

AUGUST



- SkyCity welcomes in the New Year with a fireworks display from the top of the Sky Tower involving 500 kilograms of pyrotechnics, 3,800 effects, 1.6 tonnes of equipment and 14 kilometres of computer control cabling

2021

JANUARY

- SkyCity Auckland's casino and entertainment facilities closed from 14 - 17 February and 28 February - 6 March in response to the COVID-19 Alert Level in Auckland increasing to Alert Level 3
- SkyCity Auckland celebrates its 25 year anniversary

- S&P Global Ratings revises the outlook for SkyCity's long term issuer credit rating and its debt issue rating from 'Negative' to 'Stable' and affirms SkyCity's long term issuer credit rating and its debt issue ratings as BBB-

FEBRUARY

APRIL



- SkyCity redeems 125 million 'Series 2015' corporate bonds at \$1.0280 per bond
- A new VIP gaming offering, VIP BLACK and Ultra, opens at SkyCity Auckland as part of a \$50 million upgrade of SkyCity Auckland's gaming facilities

- Flare bar and Food Republic (a new food court) open on the SkyCity Auckland main gaming floor
- SkyCity confirmed as the official accommodation and hospitality partner of the 2020 Aotearoa Music Awards

SEPTEMBER

OCTOBER

- The A\$330 million SkyCity Adelaide expansion project officially opens (completed on-time and on-budget), including the new 120-room luxury hotel Eos by SkyCity
- The All Blacks Experience and Weta Workshop Unleashed attractions open at SkyCity Auckland

- Michael Ahearne appointed as Chief Executive Officer, replacing outgoing Chief Executive Officer Graeme Stephens
- SkyCity Adelaide closed from 19 - 22 November in response to state-wide COVID-19 restrictions

DECEMBER

NOVEMBER

- Julie Amey appointed as Chief Financial Officer, replacing outgoing Chief Financial Officer Rob Hamilton
- SkyCity issues \$175 million of six-year, unsecured, fixed rate bonds maturing on 21 May 2027
- Free sanitary products made available in all female and gender-neutral employee bathrooms across SkyCity's New Zealand properties

- Silvana Schenone, Julian Cook and Chad Barton appointed as non-executive directors of SkyCity Entertainment Group
- SkyCity informed by AUSTRAC of potential AML non-compliance by SkyCity Adelaide



MAY

JUNE



# Managing the Impacts of COVID-19

The global COVID-19 pandemic has continued to significantly impact SkyCity's business and operations at each of its properties over the last financial year. Government mandated lockdowns in New Zealand and South Australia resulted in the closure of the SkyCity Auckland casino and entertainment facilities for a total of 29 days over the period and the SkyCity Adelaide property for a total of 3.5 days over the period.

The SkyCity Wharf property has remained closed in Queenstown since initially closing on 23 March 2020 (just prior to the initial COVID-19 lockdown in New Zealand) as the ongoing border restrictions continue to have a detrimental effect on the local Queenstown economy in particular, which is largely dependent on tourism.

When permitted to reopen, our properties have initially operated with significant operational constraints due to restrictions on mass gatherings and physical distancing requirements. Significant operational effort has been required to rapidly close and reopen our properties with rigorous health and safety measures in place.

Fortunately, due to the significant efforts of the SkyCity team and the strength of our business continuity framework, SkyCity has been able to quickly and successfully respond to the ongoing challenges that the COVID-19 pandemic has presented and manage the impacts to SkyCity's business and operations.

These collective measures have meant that SkyCity has been well positioned to deal with the events of the last financial year and quickly respond when our properties have been permitted to reopen. Pleasingly, our core domestic gaming business has proved resilient. However, the ongoing health and safety risks of COVID-19 have significantly altered the commercial landscape for SkyCity's land-based properties in both New Zealand and South Australia.

Fortunately, development work on the A\$330 million SkyCity Adelaide expansion project and associated master planning projects, the New Zealand International Convention Centre and Horizon Hotel projects and the \$50 million upgrade of the SkyCity Auckland gaming facilities was able to continue over the period. The completed SkyCity Adelaide expansion project, including Eos by SkyCity - a new 120-room luxury hotel, was officially opened in December 2020.

SkyCity Online Casino, SkyCity's offshore online casino platform based in Malta, continued to trade over the period without interruption and saw strong growth in its customer base during lockdown periods in New Zealand.

SkyCity's continuing focus is on managing the post COVID-19 recovery and operating sustainability as a smaller, domestically focused business pending the gradual recovery of international visitors as international borders reopen.

## Impact of COVID-19 - FY21 vs FY19 Performance



**International visitation down**

**▼95%**



**Auckland hotel occupancy down**

**▼38%**



**Sky Tower visitation down**

**▼71%**



**We developed and implemented a  
COVID-19 Health  
Management  
Framework and  
Operating Plan**

for our business and operations.

SkyCity's New Zealand properties were amongst the first casino operations in the world to reopen (at COVID-19 Alert Level 2) during the global pandemic with robust health management strategies in place.



**We refocused SkyCity  
as a smaller,**

**domestically  
focused business**

and adjusted our operating model to reflect the new COVID-19 operating environment, including minimising our operating costs, reducing operating hours across our precincts and significantly reducing capital expenditure.

**We introduced a new**

**SkyCity Flex**

framework for our employees to enable flexible working and restructured our New Zealand workforce (downsizing it by around 25%).



**We executed a**

**\$230 million**

equity raising in mid-2020 as part of a comprehensive funding plan to strengthen SkyCity's balance sheet in response to uncertainty around the impacts of COVID-19 and secured the support of existing lenders by way of covenant waivers/relief, extensions to \$170 million of upcoming debt maturities and \$160 million in additional debt facilities.

In May 2021, we also issued \$175 million of six-year, unsecured, unsubordinated, fixed rate bonds to institutional investors and New Zealand retail investors, the proceeds of which were used to reduce the SkyCity Group's drawings on its bank facilities.

**We were assisted by the  
New Zealand and Australian  
Governments in the form of**

**Wage  
Subsidy**

and JobKeeper payments (which SkyCity has subsequently determined to partially refund).



## Impacts of COVID-19 Alert Level Changes

The New Zealand Government introduced a four-tiered COVID-19 Alert System in March 2020 to manage and minimise the risk of COVID-19 in New Zealand and to help people understand the current level of risk and corresponding legal restrictions. The following table shows the impacts of the various COVID-19 Alert Levels on SkyCity's New Zealand properties.

<b>ALERT LEVEL</b>			
<b>EFFECTIVE DATE OF CHANGE IN ALERT LEVEL</b>	<b>AUCKLAND</b>	<b>HAMILTON</b>	<b>QUEENSTOWN</b>
28 February 2020	First COVID-19 case reported in New Zealand		
19 March 2020	New Zealand border closed to all but New Zealand citizens and permanent residents		
21 March 2020	Alert Level system introduced		
21 March 2020	2	2	2
1.30pm, 23 March 2020	3	3	3
11.59pm, 25 March 2020	4	4	4
11.59pm, 27 April 2020	3	3	3
11.59pm, 13 May 2020	2	2	2
11.59pm, 8 June 2020	1	1	1
12.00pm, 12 August 2020	3	2	2
11.59pm, 30 August 2020	2.5	2	2
11.59pm, 21 September 2020	2.5	1	1
11.59pm, 23 September 2020	2	1	1
11.59pm, 7 October 2020	1	1	1
13 November 2020	Auckland CBD closed	1	1
11.59pm, 14 February 2021	3	2	2
11.59pm, 17 February 2021	2	1	1
11.59pm, 22 February 2021	1	1	1
6.00am, 28 February 2021	3	2	2
6.00am, 7 March 2021	2	1	1
12.00pm, 12 March 2021	1	1	1

**Alert Levels****LEVEL  
4**

Full closure (excluding the SkyCity Auckland hotels)

**LEVEL  
3**

Full closure (excluding the SkyCity Auckland hotels), but construction work permissible

**LEVEL  
2/2.5**

Open with significant operational constraints due to restrictions on mass gatherings and physical distancing requirements

**LEVEL  
1**

Open with no restrictions on mass gatherings or physical distancing requirements

In Adelaide, COVID-19 restrictions have been implemented as required by the South Australian Government in response to the level of risk at the relevant times and businesses are required to have a COVID Management Plan, approved by SA Health (the South Australian Government), and/or a COVID-Safe Plan in place outlining how high-risk activities will be managed to reduce the risk of transmission of COVID-19 between patrons/attendees and staff. An approved COVID Management Plan is in place for the SkyCity Adelaide property.

To comply with physical distancing requirements, each move from Alert 1 to Alert 2 (and vice versa) in Auckland has required the construction (and deconstruction) of 11 separate zones within the main casino floor and involved:

- moving approximately 400 electronic gaming machines and 370 hoarding panels
- 15 dedicated staff members over two days







# Creating Value

## Our Business (as at 30 June 2021)



**4,259**  
staff



**5**  
properties across  
New Zealand and Australia



**1**  
online casino

### GAMING



**5**  
land-based casino licences



**309**  
table games



**331**  
automated table games



**3,456**  
electronic gaming machines

### HOTELS



**755**  
hotel rooms

### HOSPITALITY



**18**  
restaurants



**15**  
bars

### SKY TOWER



**328**  
metres tall

## FY21 REVENUE BY BUSINESS ACTIVITY

	Reported	Normalised
	%	%
Local Gaming	75%	77%
International Gaming	2%	3%
Online Gaming	2%	2%
Hotels and Conventions	5%	4%
Food and Beverage	10%	9%
Other	6%	5%



# FY21 Outputs and Financial Results

FY21 revenue and annual visitation



\*Includes gaming GST.

\*\*Calculated by reference to customers who used their SkyCity Premier Rewards cards to game, where one visit records a customer's patronage on a day irrespective of how many times they used their card on that day.



# FY21 Outcomes and Impacts

## OUR CUSTOMERS

Implemented 'Phase 2' of facial recognition technology at the SkyCity Auckland and SkyCity Hamilton casinos to enable SkyCity to better identify customers who remain within the casino for extended periods of time.

**133**

**additional cameras** installed within our casino properties for Phase 2 of facial recognition in FY21

**1,373** ▼

**customers** identified within our casino properties in breach of their exclusion orders during FY21  
**FY20 - 1,757**

**1,077** ▲

**exclusion orders** issued across our casino properties during FY21  
**FY20 - 982**



## OUR PEOPLE

Provided increased support for employee mental health and wellbeing as employees cope with the challenges and uncertainty that has been a feature of the past year with the impact of COVID-19.

**80%**

**of our employees** participated in our biennial **Speak Up employee engagement survey** with an engagement score of 85% favourable achieved

**ZERO**

**fatalities or life altering injuries**

**FREE**

sanitary products provided to all employees - with the initial pilot phase rolled out in New Zealand in May 2021 and in Adelaide in July 2021



## OUR COMMUNITIES

Since establishing the first SkyCity Auckland Community Trust in 1996, SkyCity has awarded nearly 5,000 grants totalling over \$61.7 million to various community groups and organisations in New Zealand, large and small, through the four SkyCity Community Trusts.

**\$4.1** ▲ **million**

paid to the SkyCity Community Trusts  
**FY20 - \$3.7 million**

**\$39.2** ▲ **million**

paid in gaming taxes and problem gaming levies  
**FY20 - \$33.1 million**

Over

**\$2.2** **million**

raised for Leukaemia and Blood Cancer New Zealand in two Firefighter Sky Tower Stair Challenges



Our sustainability vision recognises that, to be a sustainable business, we must be a responsible business actively protecting and promoting the people we serve and the places we share, whilst creating value for our shareholders.

SkyCity's sustainability initiatives are therefore focused on doing good for our customers, our people, our communities, our suppliers, our environment and our shareholders.

## OUR SUPPLIERS

Refined our sourcing strategy by developing clear definitions for what constitutes "local" in the context of our supplier and product classifications.

Over

**\$426** million

paid to suppliers of goods and services during FY21 (including capital expenditure)

**FY20 - over \$530 million**

Around

**600**

key ongoing significant suppliers across the SkyCity Group

**FY20 - around 800**

**71** active suppliers

had completed an EcoVadis assessment/audit process as at 30 June 2021

**FY20 - 79 active suppliers**



## OUR ENVIRONMENT

Achieved carbon zero status for the SkyCity Group for FY21 by way of offset through Toitū Envirocare.

**16,750**<sup>▲</sup>

tonnes CO<sub>2</sub>e

total carbon footprint

**FY20 - 15,137 tonnes CO<sub>2</sub>e**

**43.4%**

reduction

in waste sent by SkyCity to landfill since 2015

**148**<sup>▼</sup> tonnes

of food waste from our SkyCity Auckland kitchens sent to be commercially composted to aid the New Zealand horticulture industry

**FY20 - 292 tonnes**



## OUR SHAREHOLDERS

**7**<sup>▼</sup> cents

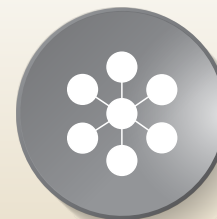
dividend per share (fully imputed) declared in relation to FY21

**FY20 - 10 cents per share**

Eligible shareholders in New Zealand and Australia were invited to participate in a

**\$50** million

share purchase plan - with 21,008,403 new ordinary shares issued in July 2020 at \$2.38 per share, a 2.5% discount to the five-day volume weighted average price of SkyCity's shares traded on the NZX during the last five days of the offer period





# Performance

## FY21 Highlights

SkyCity's result for the financial year ended 30 June 2021 was significantly impacted by the New Zealand International Convention Centre fire and COVID-19 pandemic (as was the case in the financial year ended 30 June 2020), with normalised EBITDA and NPAT for the Group for the period to 30 June 2021 negatively impacted.

The key features of the FY21 result are:

### EBITDA

Reported

**\$317.3** million <sup>▼</sup>

FY20 - \$348.3 million

Normalised

**\$252.0** million <sup>▲</sup>

FY20 - \$200.7 million

### NPAT

Reported

**\$156.1** million <sup>▼</sup>

FY20 - \$235.4 million

Normalised

**\$90.3** million <sup>▲</sup>

FY20 - \$66.3 million

### DIVIDEND

FY21 dividend\* (fully imputed) of

**7** cents per share <sup>▼</sup>

to be paid during September 2021

FY20 - 10 cents per share

### BONDS

**\$175** million

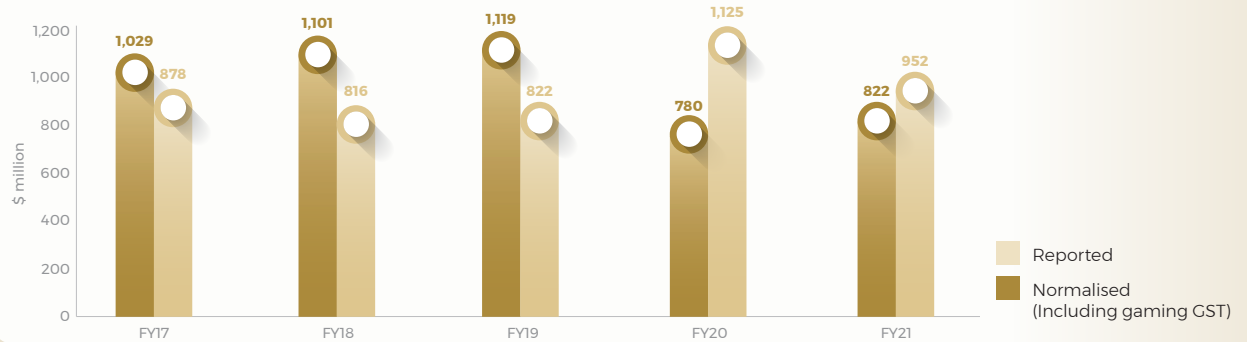
of six-year, unsecured, unsubordinated, fixed rate bonds issued in May 2021

\*An interim dividend was not declared for FY21 due to restrictions in the covenant waivers/relief secured as part of a funding plan announced by the company in June 2020.

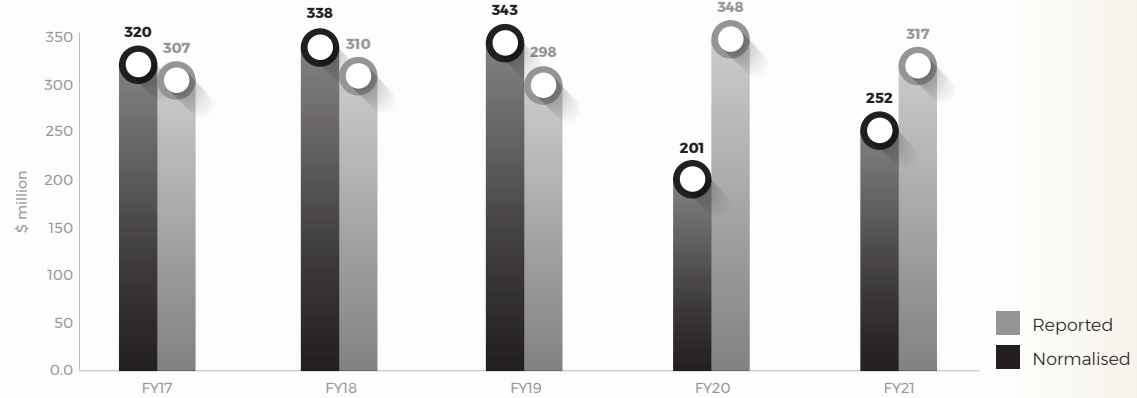


## Our Performance History

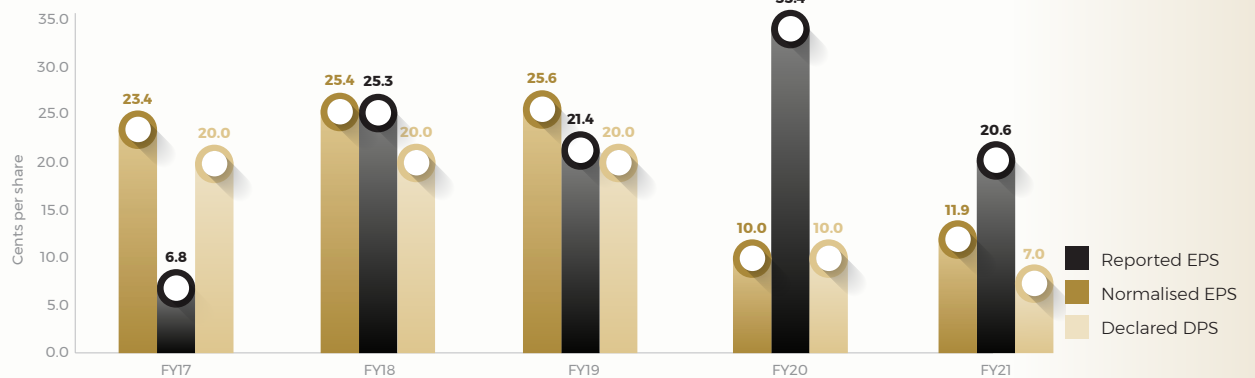
### Group Revenue



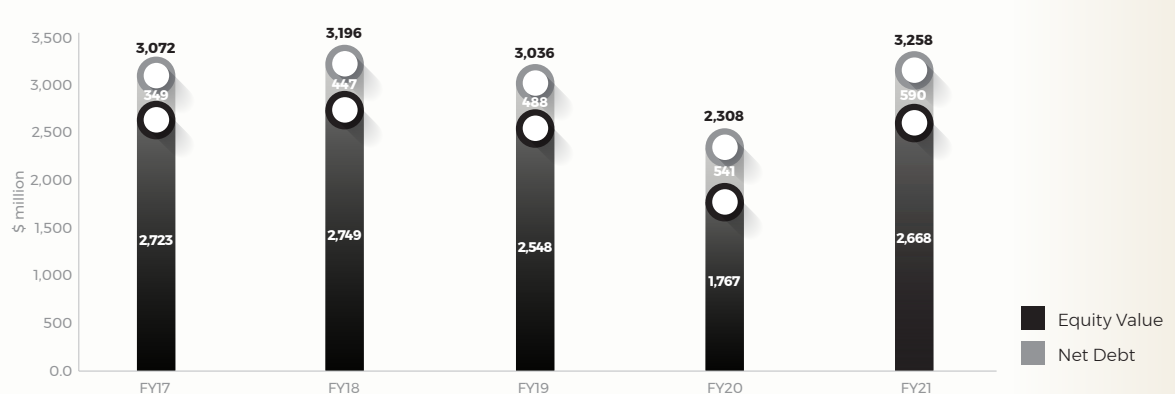
### Group EBITDA



### Earnings Per Share (EPS) and Dividend Per Share (DPS)



### Enterprise Value





# An Award-Winning Business

**SkyCity's vision is to be the leader in gaming, entertainment and hospitality in our communities.**

**As a major employer with more than 4,200 staff across our properties in New Zealand and Adelaide, South Australia, we play a significant role in our communities and are immensely proud of the contribution we make to the communities we operate in, and our staff continue to do us proud, year-on-year.**

## Winning Employment Opportunities

- Winner of the Diversity and Inclusion Leadership Award at the 2020 Deloitte Top 200 Awards and the Diversity and Inclusion Award at the 2021 NZ HR Awards for Project Nikau, SkyCity's pathway to employment programme for vulnerable young people targeting Māori and Pasifika
- SkyCity Hamilton was awarded a Workbridge 'Above and Beyond Employer Award' in 2020 which recognises employers who are committed to creating a more inclusive workplace by supporting workers with disabilities

## Winning Experiences

- The Grand by SkyCity named Oceania's Leading Business Hotel at the 27th World Travel Awards
- 2021 Tripadvisor Travellers' Choice Award for the SkyCity Hotel, The Grand by SkyCity, MASU, The Grill, Orbit, Depot and Huami
- 2020 Tripadvisor Travellers' Choice Award for the Sky Tower, The Sugar Club, MASU, The Grill, Orbit, Gusto and Depot
- MASU, Depot and Huami named in Viva's 'Top 50' restaurants in Auckland for 2021
- MASU and Huami named in Metro Magazine's 'Top 50' bars in Auckland for 2021
- MASU, Depot, Huami and Fed Deli named in the 2021 Denizen Hospo Heroes
- The Sugar Club named in Zufolo's 'Top 50' Auckland restaurants for 2020-2021
- Fed Deli named 'Best under \$50' in Remix Magazine's 2021 Lifestyle Awards



**Tripadvisor gives a Travellers' Choice Award to accommodation, attractions and restaurants that consistently earn great reviews from travellers and are ranked within the top 10% of properties on Tripadvisor**



## Winning Teams

- Winner of the Best Social Responsibility category at the 2020 CBD Celebration Awards, recognising SkyCity Hamilton's commitment to community, customers, diversity and sustainability
- Awarded the Excellence in Treasury Award and named a finalist in the Market Leaders Best Investor Relations Award at the 2021 INFINZ Awards
- Awarded an Excellence Award in the In-House Lawyer of the Year category and the In-House Team of the Year category at the 2020 New Zealand Law Awards
- Awarded a Gold Award in the 2021 Australian Reporting Awards General Award, and a Silver Award in the 2021 Australian Reporting Awards Sustainability Reporting Awards, for the 2020 SkyCity Annual Report
- Finalist in the 2020 New Zealand Events Awards in the Best Not-for-Profit or Cause-related Event category (for the Firefighter Sky Tower Stair Challenge), Best Event Sponsorship category (for Vertical Pursuit) and Best Music or Entertainment Event category (for New Year's Eve)

## Winning Partnerships

Over the last financial year, we were proud to sponsor and partner with great organisations in our communities:





# Diversity Snapshot

At SkyCity, we employ a diverse range of people at all skill levels and aim to create an environment where people are at the centre, are motivated to work hard, progress in their careers and are empowered to grow and achieve.

The following graphic shows the diverse make up of SkyCity's workforce as at 30 June 2021 and, where relevant, as a comparison against our workforce numbers as at 30 June 2020.

4,259<sup>^</sup>

**STAFF** (full-time, part-time and casual)

FY20 - 3,817

62%<sup>^</sup>

of our workforce are 36 years old and under

FY20 - 58%

34<sup>▼</sup>

**YEARS** - average age of our workforce

FY20 - 36 years

76<sup>▼</sup>

**YEARS** - age of our oldest staff member

FY20 - 79 years

1%

identify as having a disability

FY20 - 1%

37%<sup>▼</sup>

of leadership roles held by women

FY20 - 39%

49%<sup>^</sup>

of total workforce are women

FY20 - 48%

51%

of total workforce are men

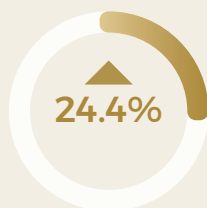
FY20 - 51%

0%<sup>▼</sup>

of total workforce are gender diverse

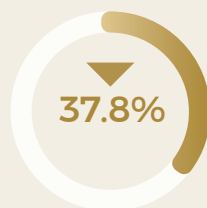
FY20 - 1%

## AGE BREAKDOWN



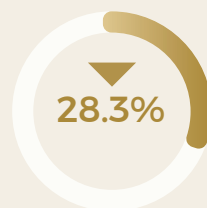
Generation Z (<23 years)

FY20 - 19.2%



Millennials (24-36 years)

FY20 - 38.4%



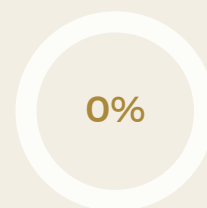
Generation X (37-53 years)

FY20 - 31.4%



Baby Boomers (54-75 years)

FY20 - 10.9%



Veterans (76-93 years)

FY20 - 0.1%

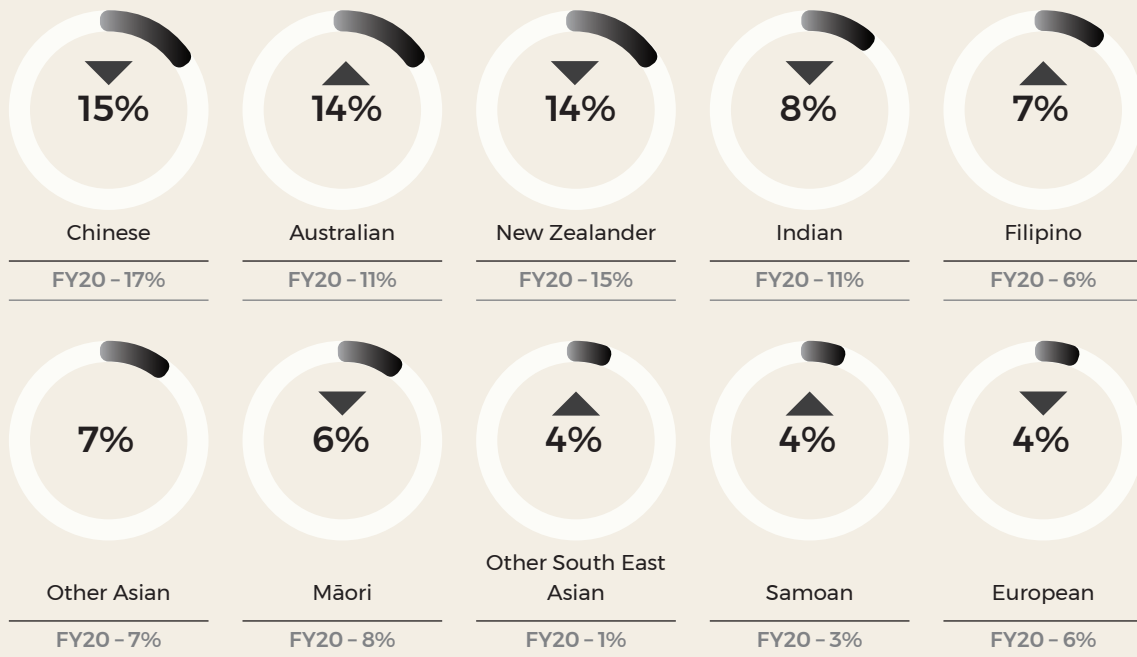
**PLEDGING SUPPORT TO THE 40:40 VISION**

Although women make up around half of SkyCity's workforce, female representation remains challenging at higher levels of the organisation, particularly in senior leadership roles.

In May 2021, SkyCity signed up to the 40:40 Vision, pledging a commitment to achieve gender balance across its executive leadership by 2023. 40:40 Vision is an investor and business-led initiative to achieve 40% women, 40% men and 20% any gender across the executive leadership teams of all ASX200 companies by 2030.

See page 95 of this annual report for the gender composition of SkyCity's directors, officers, senior executives and total workforce as at 30 June 2021.

**OUR TOP 10 ETHNICITIES STAFF IDENTIFY WITH**



Given as a percentage of those staff members who provided details about their ethnicity and those who elected "prefer not to say".

**6%**

identify as being a member of the LGBTTI+ community  
 FY20 - 6%

**61<sup>+</sup>**

languages spoken and/or written by staff  
 FY20 - 57

**Mandarin  
 Tagalog (Philippines)  
 Hindi**

our top 3 non-English languages  
 FY20 - Mandarin, Tagalog, Hindi









# Group Strategy



## A Refreshed Group Strategy

In February 2021, following the appointment of Michael Ahearne as the new Chief Executive Officer in November 2020, SkyCity announced a refreshed Group strategy. Our refreshed strategy prioritises a focus on our core business, executing our major projects in Adelaide and Auckland and delivering on the omnichannel opportunity, whilst focusing on protecting and enhancing our social licence to operate to secure our future success across various financial, social and human capitals.

SkyCity continues to monitor and evaluate adjacent opportunities in the casino industry as they arise.



This section provides a summary of SkyCity's performance and strategic positioning to create value during the financial year ended 30 June 2021 and our priorities for the year ahead.

## **FY21 Performance – Our Business Goals**

### **Operational Excellence at our Core**

During the past financial year, SkyCity continued to face significant challenges from the impact of the COVID-19 pandemic. Pleasingly, we have been able to leverage a more flexible and resilient operating model to effectively manage an uncertain domestic and international environment.

The benefits of our investment in new gaming product, product management and changes to the gaming floor layout continue to be realised across the Group, particularly in Auckland with the opening of new premium gaming rooms and in Adelaide post the opening of the new expansion project from December 2020.

SkyCity continues to leverage its complementary assets to drive gaming visitation and our properties have benefitted from increased domestic tourism in New Zealand and South Australia as local customers continue to have limited opportunities to travel internationally. SkyCity continues to focus on tactical marketing and loyalty activations as a cost-effective tool to drive higher quality visitation with marketing expenditure as a percentage of revenue significantly down across all properties.

Changes to SkyCity's operating model in response to COVID-19 and an ongoing focus on cost control are delivering efficiencies across the Group, with operating margins up compared to pre COVID-19 levels at all properties on a like-for-like basis.

The resilient performance of our local gaming businesses, particularly in New Zealand, has been pleasing given its importance to Group earnings and hence value. Both SkyCity Hamilton and SkyCity Queenstown delivered strong EBITDA performances for the full year underpinned by strong local gaming activity (particularly electronic

gaming machines) and good cost execution. When operating at Alert Level 1 in New Zealand, local gaming activity at SkyCity Auckland was consistently above pre COVID-19 levels, particularly during weekend and holiday peaks.

Performance at SkyCity Adelaide post the opening of the expansion project has been consistent with strong local gaming activity, particularly from premium customers (with electronic gaming machine market share around 9%) and new non-gaming facilities proving popular with customers. Good cost execution has seen property margins ahead of expectations at around 20%.

We continue to make good progress on our ICT investment and enhancing our digital capability, focusing on initiatives to improve customer experience, centred around loyalty, customer relationship management (CRM) and data analytics.

### **Complete Major Projects and Optimise Portfolio**

We have progressed a number of key initiatives to optimise our existing portfolio over the last financial year.

#### **Adelaide Expansion Project**

The A\$330 million SkyCity Adelaide expansion project was delivered on-time and on-budget in December 2020 and included significant master planning works at the existing property within the historic Railway Station building to restore the building and improve the layout and experience for customers.

The new gaming spaces, Eos by SkyCity (the new 120-room luxury hotel) and a majority of the new food and beverage venues were opened in a staged manner from early December 2020, reflecting customer demand - with the focus initially on local and interstate customers given the ongoing international border closures. The expansion delivers significantly expanded gaming and entertainment facilities with a multi-level casino podium, contemporary gaming spaces (both main floor and premium) and a 30% increase in gaming product.



New regulatory reforms were implemented in time for the expansion opening, permitting the use of banknote acceptors, ticket-in ticket-out (TITO) functionality on the main gaming floor and a multi-protocol gaming system.

Walker Corporation has now completed a 1,500-space car park as part of its redevelopment of the Festival Plaza adjacent to the SkyCity Adelaide precinct and, in June 2021, handed over 750 car park spaces for SkyCity's exclusive use. The Festival Plaza car park will be a key asset to drive visitation to the precinct and to address the convenience offered by suburban venues in metropolitan Adelaide – in 2019, around A\$500 million of electronic gaming machine revenue was generated by venues within a 50 kilometre radius of SkyCity Adelaide.

Trading at SkyCity Adelaide has been consistent when open and SkyCity continues to expect a meaningful earnings uplift over the medium-term.

#### **New Zealand International Convention Centre and Horizon Hotel Project**

The fire at the NZICC site during October 2019 and the COVID-19 pandemic have made the NZICC and Horizon Hotel project more complex, resulting in further significant project delays. Reinstatement works post the fire are progressing (with over 300 Fletcher Construction personnel currently on site), but slower than expected. The latest draft construction programme from Fletcher Construction now indicates completion of the Horizon Hotel during 2024 and the NZICC in late 2024.

Despite the impact of the fire and COVID-19 on the project timetable, we remain comfortable with our contractual position – Fletcher Construction is required to complete the project, insurance is responding to the damage caused by the fire and, in July 2021, we secured an extension to the long stop date to complete the NZICC (to 15 December 2027) with the New Zealand Government.

As previously reported, we still expect the total cost to reinstate the NZICC and Horizon Hotel to be covered by insurance or Fletcher Construction and accordingly there is no material change to previous guidance for the total project costs (of around \$750 million). As at 20 August 2021, around \$120 million of project costs (excluding fire reinstatement costs) still remained to be spent.

Whilst the further delays on the project are regrettable, the NZICC will support long term growth in tourism expenditure in New Zealand and be a significant demand driver for our Auckland precinct, in addition to having secured the extension of the Auckland casino venue licence out to 2048.

#### **Other Projects**

Significant long term option value remains embedded in our Auckland and Hamilton precincts. Future options for our two Queenstown properties continue to be evaluated, but with the current focus on optimising SkyCity Queenstown and leveraging strong domestic tourism whilst the Wharf Casino remains closed due to ongoing international border closures.

A range of smaller growth projects were completed during the period, including a major refurbishment and expansion of our premium gaming facilities in Auckland.

As an entertainment and hospitality provider, SkyCity is challenged to stay relevant in relation to new forms of entertainment. In addition to launching the SkyCity Online Casino, in late 2020 the former SkyCity Auckland Convention Centre became home to the All Blacks Experience and Weta Workshop Unleashed. These two world-class attractions provide unique, interactive customer experiences and will help to ensure the long term relevance to the Auckland precinct.

SkyCity remains focused on effective capital discipline and, following implementation of our funding plan in mid-2020, the balance sheet is in a strong position to deliver on our medium term strategic plan. We have significant liquidity to fund commitments, and withstand slower recovery in New Zealand and Australia, one-off events and/or further COVID-19 disruptions. SkyCity has satisfied its financial covenants for the 30 June 2021 testing period and will pay a dividend of 7 cents per share during September 2021, following dividends being suspended whilst in reliance on covenant waivers/relief secured during 2020.

SkyCity remains committed to its BBB- credit rating from S&P Global Ratings which was upgraded to "Stable" from "Negative" Outlook during April 2021.



### **Pursue the Omnichannel Opportunity**

SkyCity has continued to optimise the SkyCity Online Casino with Gaming Innovation Group Inc (GiG) despite operational constraints. Performance of the offshore online casino has exceeded our expectations with significant growth in revenue and EBITDA and in excess of 45,000 active customers. GiG continues to provide SkyCity with a full-suite online casino solution, which includes a technical platform, gaming content, managed services and front-end development.

SkyCity remains supportive of future regulation of online gaming in New Zealand with an emphasis on strong host responsibility and delivering community benefits and we continue to prepare for a regulated industry to deliver on the omnichannel opportunity for the Group. Growth in online gambling continues to be a significant global industry theme with numerous international jurisdictions regulating online gambling (or intending to do so) to address the transition from physical to online entertainment, which has been exacerbated by the impact of COVID-19.

Following a public consultation which commenced during 2019, the New Zealand Department of Internal Affairs continues to develop a policy framework for potential regulation. Regulation of the New Zealand online gaming market would enable SkyCity to pursue the omnichannel opportunity and address a fast-growing category which is highly complementary to our land-based activities whilst offering customers a varied gaming experience (both physical and digital).

## **FY21 Performance – Our Character and Culture Goals**

### **Culture of Protecting and Enhancing our Social Licence**

At SkyCity, we need to continually focus on protecting and enhancing our social licence to operate. A feature of the past financial year has been the steady progress made with the many initiatives under SkyCity's ESG/sustainability framework.

Steady progress has also been made to enhance SkyCity's host responsibility and AML control frameworks.

Minimising harm to customers remains a key focus with appropriate effort, resource and capital allocated to support this initiative, such as increased resourcing and investment in bespoke ICT systems (including facial recognition technology and specialised customer screening tools). SkyCity is committed to ensuring that it provides safe and responsible experiences and environments and places significant importance on its host responsibility and AML obligations. We continue to deliver on our health and safety strategy, which is centred around preventing harm and building wellness, particularly in response to the risks posed by COVID-19 in our communities.

SkyCity has continued to create and support a positive employee culture over the period, focusing on initiatives to enhance workplace flexibility, wellbeing and diversity. To this end, SkyCity was pleased to be awarded the Diversity and Inclusion Leadership Award at the 2020 Deloitte Top 200 Awards for the second time in three years for Project Nikau, an initiative to employ and develop career pathways for youth with a focus on Māori and Pasifika. SkyCity has also made progress on refocusing the SkyCity Community Trusts in New Zealand on initiatives that will enhance the employability, wellbeing and advancement of youth and has upweighted strategies to ensure its supply chain is ethical (including the implementation of a modern slavery statement, approved by the Board in October 2020) and supports local businesses. We continue to meaningfully reduce our gender pay gap across the New Zealand businesses and the final instalment of our '\$20 by 2020' wage initiative was implemented in New Zealand at the end of 2020.

We remain proud of, and rely on, our culture of compliance, which encourages people to focus on doing the right thing by themselves, their teammates, the company and stakeholders. To ensure our future success across various financial, social and human capitals, it is important to continue conducting the business holistically within the terms of our ESG/sustainability framework.

Bowl and Social at  
SkyCity Hamilton







Our Business Goals	FY22 Priorities
<b>Operational excellence at our core</b>	<ul style="list-style-type: none"><li>• Continue to manage the COVID-19 recovery, including maintaining a flexible operating model to respond to the operating environment</li><li>• Continue growth in the local gaming business, particularly electronic gaming machines</li><li>• Continue to pursue operating efficiencies and cost savings</li><li>• Improve loyalty and marketing execution with an increased focus on customer experience management (CXM)</li><li>• Optimise the SkyCity Adelaide expansion and integration of the new assets</li><li>• Ongoing review and appraisal of gaming floor optimisation, including product, layout and technology</li><li>• Ongoing review and assessment of potential licence renewal and/or relocation in Queenstown and Hamilton</li></ul>
<b>Complete major projects and optimise portfolio</b>	<ul style="list-style-type: none"><li>• Complete asset review and develop holistic property strategy</li><li>• Deliver the NZICC and Horizon Hotel project in line with market guidance of around \$750 million and consistent with the revised timetable</li><li>• Develop and refine the long term master plans for each property</li><li>• Explore leasing and/or sale opportunities for non-operational property assets, particularly in Auckland</li><li>• Deliver asset maintenance plan</li><li>• Support the new entertainment attractions (All Blacks Experience and Weta Workshop Unleashed) in Auckland</li></ul>
<b>Pursue the omnichannel opportunity</b>	<ul style="list-style-type: none"><li>• Progress the opportunity for a regulated online casino market in New Zealand</li><li>• Continue to optimise our offshore venture (SkyCity Online Casino) with GiG</li><li>• Resource the online business and progress with pre-regulation planning and preparedness</li><li>• Explore new product verticals, such as Bingo and Poker</li></ul>



Our Character and Culture Goals	FY22 Priorities
<b>Responsible gaming leadership and anti-money laundering</b>	<ul style="list-style-type: none"> <li>• Respond to the AUSTRAC enforcement investigation into SkyCity Adelaide</li> <li>• Deliver best practice anti-money laundering standards across all properties</li> <li>• Deliver best practice host responsibility standards across all properties</li> <li>• Finalise long play detection trials and implement technology and enhance facial recognition systems</li> <li>• Promote awareness of SkyCity's anti-money laundering, know your customer and host responsibility obligations, and training and education amongst staff</li> </ul>
<b>Community and sustainability</b>	<ul style="list-style-type: none"> <li>• Focus on building staff resilience, morale and motivation</li> <li>• Ongoing improvements in health, safety and wellbeing strategies</li> <li>• Deliver on gender and ethnicity diversity targets in leadership/talent pipeline</li> <li>• Increase understanding of/participation in flexibility at work programme</li> <li>• Ongoing reduction of employee turnover</li> <li>• Ongoing improvements in gender and ethnic pay equality</li> <li>• Deliver employment opportunities for youth through our Project Nikau programme</li> <li>• Implement the 'SkyCity Sustainable Wage' in New Zealand</li> <li>• Refine our sustainable sourcing strategy for our supply chain</li> <li>• Maintain labour standards commensurate with an employer of choice</li> <li>• Increase awareness of modern slavery risks and mitigations for employees working in areas impacted by these risks</li> <li>• Measure, report and offset SkyCity's carbon footprint</li> <li>• Implement initiatives to reduce waste to landfill and water usage</li> </ul>



# About SkyCity

**SkyCity is New Zealand's largest tourism, leisure and entertainment company and is dual listed on the New Zealand and Australian stock exchanges.**

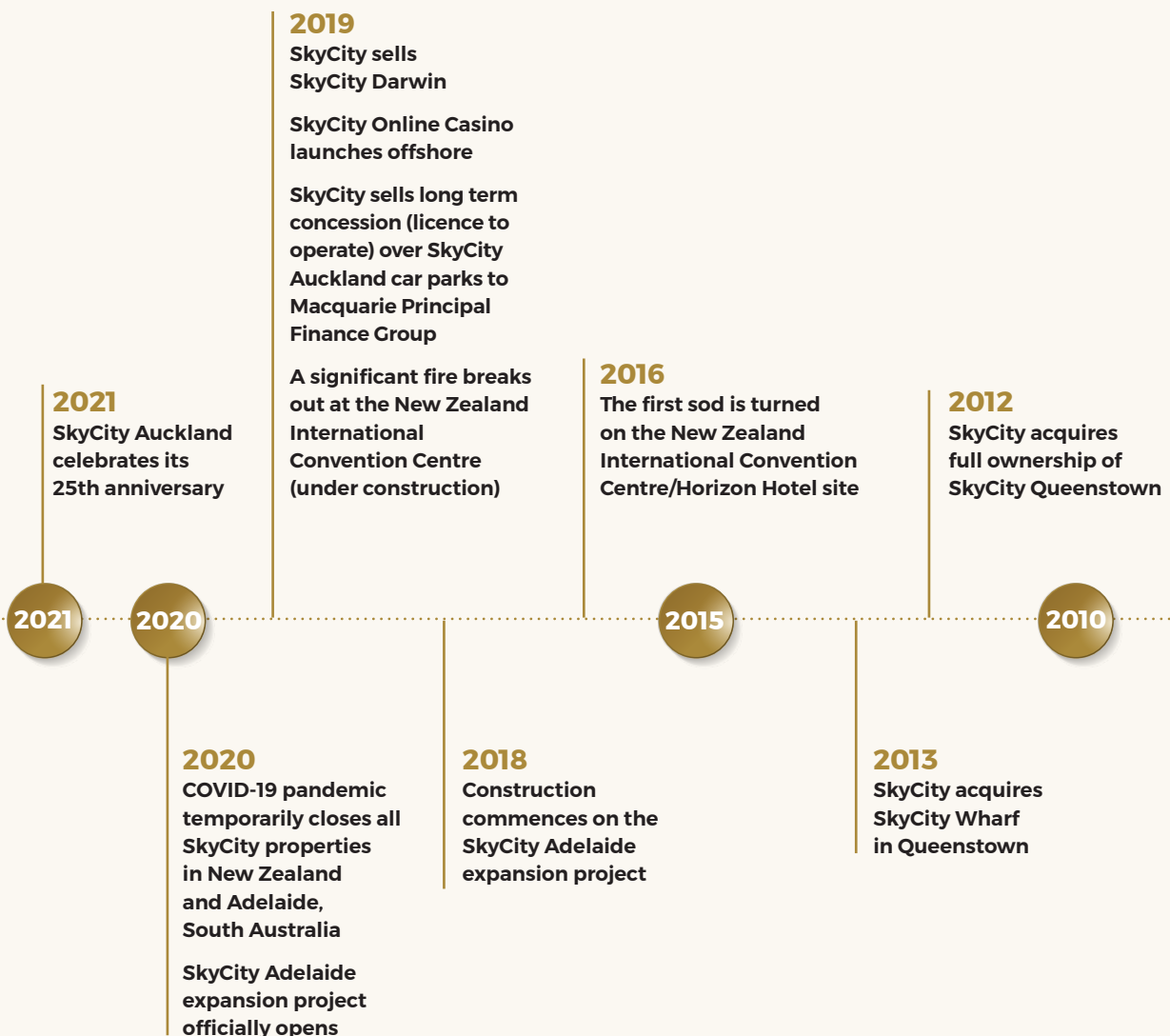
As one of three major publicly listed casino operators in Australasia, SkyCity operates integrated entertainment complexes in New Zealand (in Auckland, Hamilton and Queenstown) and in Adelaide, South Australia - each featuring casino gaming facilities and premium restaurants and bars, which appeal to both domestic and international visitors alike. SkyCity also offers premium hotel accommodation in Auckland and Adelaide.

In addition to its land-based casino operations, SkyCity Online Casino (based out of Malta) offers New Zealanders an exciting online gaming experience.



**SkyCity Online Casino Malta**

## OUR HISTORY AT A GLANCE



5

**PROPERTIES**  
across New Zealand  
and Australia

1

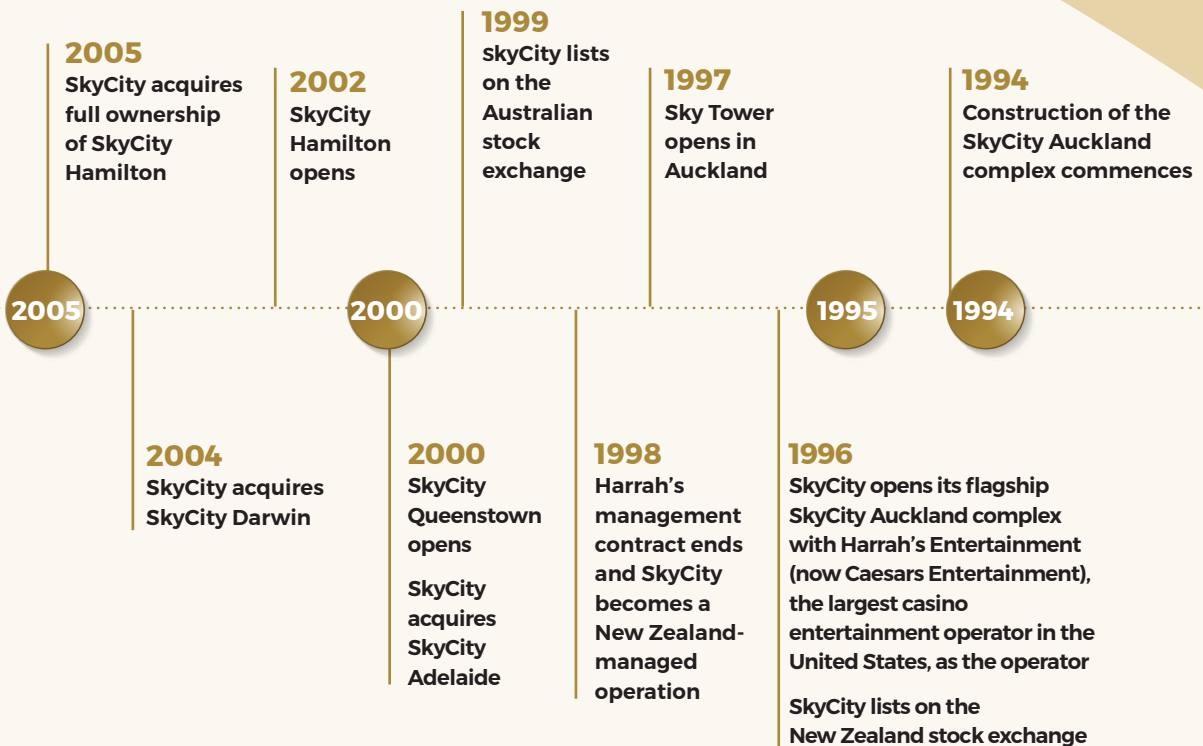
**ONLINE  
CASINO**

3

**HOTELS**



\*Wharf Casino has been closed since March 2020.





# Auckland

<b>Property</b>	SkyCity Auckland, New Zealand	
<b>Property Manager</b>	 <p>Callum Mallett, Chief Operating Officer New Zealand</p>	
<b>Opened</b>	1996	
<b>Casino Venue Licence</b>	Runs until 2048*	
<b>Facilities</b>	<ul style="list-style-type: none"> <li>• Casino</li> <li>• Hotels</li> <li>• Food and beverage</li> <li>• Entertainment</li> <li>• Car parking</li> </ul>	<ul style="list-style-type: none"> <li>• Sky Tower</li> <li>• Theatre</li> <li>• Telecommunications and broadcasting facilities</li> </ul>
<b>Licensed Gaming Product</b>	<ul style="list-style-type: none"> <li>• 1,877 electronic gaming machines**</li> <li>• 150 table games**</li> <li>• 240 automated table games***</li> </ul>	
<b>Workforce</b>	~2,500 staff	
<b>FY21 Revenue</b>	\$436.4 million <sup>^</sup> (reported) \$488.2 million (normalised)	

\*The casino venue licence can be renewed for a further period of 15 years pursuant to sections 134-138 of the New Zealand Gambling Act 2003.

\*\*This allowance may be alternatively utilised to enable automated table game terminals.

\*\*\*This allowance may be alternatively utilised to enable table games.

<sup>^</sup>Excludes New Zealand International Convention Centre fire income and liquidated damages received.

SkyCity Auckland is the flagship property of the SkyCity Entertainment Group, featuring a casino, two award-winning hotels – The Grand by SkyCity and SkyCity Hotel, bars and restaurants, a 700-seat theatre and the iconic Sky Tower. Located in the heart of Auckland’s CBD, the SkyCity Auckland precinct occupies ~295,000sqm of gross floor area across the majority of three city blocks (~3.5 hectares).

Opened in 1997, the 328-metre tall Sky Tower is an icon of Auckland’s skyline and the tallest

free-standing structure in the Southern Hemisphere. Visitors can enjoy breathtaking views right across Auckland from the observation decks or any of the three restaurants in the Sky Tower, including Auckland’s only 360-degree revolving restaurant. At the very top of the Sky Tower, a 93-metre communications mast accommodating VHF, UHF, AM and FM broadcasting and telecommunications antennas provides telecommunications and broadcasting facilities to the telecommunications industry.



During the last financial year, SkyCity completed a \$50 million upgrade within the SkyCity Auckland casino with the opening of Flare bar, Food Republic (a three-restaurant food court) and a new VIP BLACK and Ultra gaming machine area that provides an unrivalled VIP offering and experience to SkyCity's domestic VIP customers. Two new attractions also opened within the SkyCity Auckland precinct – the All Blacks Experience, a joint venture between New Zealand Rugby and Ngāi Tahu Tourism that provides visitors with a state-of-the-art, interactive experience showcasing the All Blacks through the use of innovation and technology, and Weta Workshop Unleashed, an immersive film effects workshop created by Academy Award-winning design and effects company Weta Workshop.

SkyCity is currently investing around \$750 million within the SkyCity Auckland precinct to develop the New Zealand International Convention Centre, an adjacent laneway, over 1,250 additional car parking spaces, and Horizon Hotel – a new 300-room, 5-star hotel. This development was originally expected to be completed in 2019 – however, due to delays by the contractor, the significant fire that broke out at the New Zealand International Convention in October 2019 and the subsequent impacts of the COVID-19 pandemic, Horizon Hotel is now expected to be completed during 2024 and the New Zealand International Convention Centre and adjacent laneway are expected to be completed in late 2024.

When open, the New Zealand International Convention Centre will be New Zealand's premier convention centre enabling New Zealand to attract major international conferences as well as having capability for sporting events, theatre and musical performances. The centre is designed to be a welcoming, open building complemented by a fresh new streetscape for local, national and international visitors alike to enjoy.

## FY21 PERFORMANCE

SkyCity Auckland celebrated its 25-year anniversary in February 2021 and delivered a satisfactory performance for the full year period with earnings up 4.9% compared to the prior comparable period, despite operational constraints arising due to the impact of COVID-19. The property was closed for 29 days during the period due to COVID-19 lockdowns in August 2020 and February/March 2021, and operated for 48.5 days under Alert Levels 2 and/or 2.5 restrictions during the period with limits on gatherings and mandatory social distancing requirements which significantly reduced capacity, particularly in the gaming business.

Local gaming performance remained resilient over the period and, when operating at Alert Level 1 (with no restrictions, except at the border), electronic gaming machine activity was consistent with or above pre COVID-19 levels, particularly during weekend and holiday peaks. The property continues to benefit from new product and an improved floor layout, in addition to the new premium gaming rooms which have been well received by customers.

Our tourism-related businesses in Auckland continue to be impacted by ongoing international border closures, but performance improved progressively over the period and benefitted from ongoing strong domestic tourism across New Zealand as customers continue to have limited options for international travel. Our hotels remain profitable and continue to outperform the competitor set, but RevPAR and earnings were well down on pre COVID-19 levels. Our food and beverage and attraction businesses were at broadly break-even contribution.

Pleasingly, operating margins at the property remained stable compared to the prior comparable period leveraging cost saving initiatives implemented during 2020.



Weta Workshop Unleashed



All Blacks Experience





VIP BLACK




Food Republic



Flare



# Adelaide

<b>Property</b>	SkyCity Adelaide, Australia
<b>Property Manager</b>	 David Christian, Chief Operating Officer Australia
<b>Acquired</b>	2000
<b>Licensing Agreement</b>	Runs until 2085*
<b>Facilities</b>	<ul style="list-style-type: none"> <li>• Casino</li> <li>• Hotel</li> <li>• Food and beverage</li> <li>• Entertainment</li> <li>• Conventions</li> </ul>
<b>Licensed Gaming Product</b>	<ul style="list-style-type: none"> <li>• 1,080 electronic gaming machines (allowance for 1,500)</li> <li>• 118 table games (allowance for 200)**</li> <li>• 91 automated table games (allowance for 300)</li> </ul>
<b>Workforce</b>	~1,350 staff
<b>FY21 Revenue</b>	A\$183.2 million (reported) A\$196.9 million (normalised)

\*The Approved Licensing Agreement between the Minister for Business Services and Consumers and SkyCity Adelaide Pty Limited provides Adelaide Casino with exclusive rights to provide casino gaming (except for interactive gambling) in South Australia until 30 June 2035.

\*\*This allowance may be alternatively utilised to enable automated table game terminals.

Located in and around the historic Railway Station building on the banks of the Torrens River, SkyCity Adelaide is South Australia’s only casino destination on the Festival Plaza forecourt adjacent to the Adelaide Festival Centre and Adelaide Convention Centre and near the Adelaide Oval.

In December 2020, SkyCity completed a A\$330 million expansion project at the Adelaide property, transforming SkyCity Adelaide into a world-class integrated entertainment hub. Designed by The Buchan Group in association with Hecker Guthrie Walter Brooke, and built by Hansen Yuncken, the new development includes a 120-room luxury hotel – Eos by SkyCity, wellness centre with a day spa, pool, sauna and gym, VIP gaming facilities, function and conference facility for up to 650 guests, two new bars (including a rooftop bar) and four additional signature restaurants. A spectacular

three-storey glass atrium connects the Railway Station building seamlessly with the adjoining new development.

As part of the transformation, the existing SkyCity Adelaide business, housed in the iconic Adelaide Railway Station, was also extensively revitalised and restored to improve the layout and experience for customers, and now includes a new live entertainment space (The District at SkyCity) and Australia’s first fully functional microbrewery within a casino (operated by Pirate Life).

As part of the South Australian Government’s broader review of gambling regulation in South Australia, in October 2020, SkyCity Adelaide introduced ticket-in ticket-out (TITO) technology on the main gaming floor and banknote acceptors across the casino.



**FY21 PERFORMANCE**

SkyCity Adelaide's performance prior to the expansion opening in December 2020 was impacted by operational constraints due to COVID-19 and construction disruption, but performance since opening the new facilities significantly improved across all activities.

Strict social distancing measures were required due to COVID-19 for a large part of the full year period and the property was closed for 3.5 days in late November 2020 in response to a local COVID-19 outbreak.

Performance at SkyCity Adelaide when open has been consistent with strong local gaming activity, particularly from premium customers (with

electronic gaming machine market share of around 9%) and new non-gaming facilities proving popular with customers. Property revenue during 2H21 was up around 50% compared to the comparable periods (including FY19 for April through to June 2021 due to the property being closed in the FY20 prior comparable period). Good cost execution has seen property margins ahead of expectations at around 20%.

SkyCity Adelaide received a one-off benefit from the Australian Jobkeeper scheme (around A\$11 million EBITDA impact) during the period which was treated as other income. A partial repayment will be made to reflect SkyCity's improved financial performance in FY21.

