



## MARKET RELEASE

1 May 2020

### Update on Impacts of COVID-19

SkyCity Entertainment Group Limited (SKC.NZX/SKC.AX) ("**SkyCity**") announces the following update on the impacts of the current COVID-19 crisis.

#### Operating Update

##### *New Zealand*

In New Zealand, all SkyCity properties continue to remain closed following the New Zealand Government's decision to move to Alert Level 3 of the COVID-19 Alert system at 11.59pm on 27 April 2020.

However, at Alert Level 3, SkyCity has recommenced work on various key development projects. This work was not permissible during the Alert Level 4 lockdown as all non-essential construction activity in New Zealand was not permitted under the order made under section 70 of the Health Act 1956.

Key development projects reactivated by SkyCity this week include:

- refurbishment of premium gaming rooms on Levels 8 and 9 of the main site in Auckland;
- development of new food and beverage venues (to be called 'Food Republic') adjacent to the main casino floor in Auckland;
- refurbishment of the Aces Bar, and creation of a new entertainment zone, on the main casino floor in Auckland;
- ongoing refurbishment and maintenance works on the AA Building in Auckland; and
- refurbishment of part of the main casino floor, including a new Baccarat area, in Hamilton.

Work on the development of the All Blacks Experience and Weta Workshop attractions at the existing SkyCity Auckland Convention Centre has also resumed this week.

An update on the New Zealand International Convention Centre and Horizon by SkyCity hotel project in Auckland is provided below.

Whilst SkyCity's properties remain closed at Alert Level 3 in New Zealand, authorised personnel are permitted on-site to prepare the businesses for re-opening.

The New Zealand Government has indicated that New Zealand will remain at Alert Level 3 for at least two weeks and that an initial decision on whether to move to Alert Level 2 will be made on 11 May 2020.

At Alert Level 2, SkyCity expects to re-open its New Zealand properties in a staged manner with reduced operating hours initially based on expected customer demand. Specific re-opening plans include:

- opening gaming facilities, particularly for premium customers;
- main gaming floors to open progressively, subject to demand, with limitations around mass gatherings (no more than 100 people in any static location). This will require SkyCity to create distinct “zones” on its main gaming floors and put on hold prize draws, gaming promotions and other public events;
- opening both the Grand by SkyCity and SkyCity Hotel in Auckland;
- opening most dining facilities in Auckland;
- opening the Sky Tower and the main site car park (operated by Care Park) in Auckland;
- adherence to strict social distancing measures, including configuring electronic gaming machines to allow appropriate physical distancing, limiting customers at each gaming table and ensuring appropriate spacing at restaurants and bars; and
- infrastructure established to support contact tracing, primarily through surveillance, guest registers, identity scanning and use of loyalty cards.

### *South Australia*

In South Australia, Adelaide Casino continues to remain closed. However, development work on the Adelaide Casino expansion project and associated master planning projects has continued as planned over the past two months due to construction being deemed as an essential service in Australia. These projects continue to progress well and remain on-budget and on-time.

SkyCity recently launched ‘Eos by SkyCity’, the new 120-room luxury hotel to be delivered as part of the Adelaide expansion. Bookings for Eos by SkyCity opened this month and the first guests are expected to be welcomed in late 2020.

### *Online*

The SkyCity Online Casino has continued to operate and has traded positively over the past two months. Customer registrations have shown strong growth with over 15,000 registered users now on the site.

### **NZICC Update**

The Fletcher Construction Company Limited (“**Fletcher Construction**”) has also recommenced work this week on the New Zealand International Convention Centre (“**NZICC**”) and Horizon by SkyCity hotel project.

The New Zealand Government and SkyCity have, further to advice received from Fletcher Construction, recognised that there is a significant risk that COVID-19 will continue to affect the construction industry generally in New Zealand and therefore a large project like the NZICC for some time to come.

For this reason, the New Zealand Government and SkyCity have agreed that COVID-19 is a force majeure event under the New Zealand International Convention Centre Project and Licensing Agreement (“**NZICC Agreement**”) and, accordingly, that the long stop date for completion of the NZICC project be extended to 2 January 2025. Consequently, SkyCity’s obligation under the NZICC Agreement to operate the NZICC will also be extended based on the date when the NZICC is completed.

SkyCity and Fletcher Construction remain committed to completing the NZICC in accordance with the requirements of the NZICC Agreement. SkyCity will continue to work with Fletcher Construction to complete the project as soon as possible which will hopefully be well within the extended timeframe.

### **Funding Position**

SkyCity continues to have a strong liquidity position with around \$400 million of cash and undrawn debt facilities currently available. SkyCity does not expect to require any waivers for its 30 June 2020 debt covenants.

Following recent restructuring initiatives, SkyCity’s operating cash requirements (before re-opening any properties) are around \$12 million per month. SkyCity also has significant ongoing capital expenditure commitments on its two major projects and other smaller development projects in Auckland and Hamilton.

SkyCity continues to progress the development of a funding plan to support the business over the medium-term as it recovers. This plan will be finalised once the trading performance of its New Zealand properties has been assessed following the expected re-openings by the end of May 2020.

SkyCity will provide further updates as new material information becomes available.

### **ENDS**

#### **For more information, please contact:**

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