



THE STAR

## ASX Announcement

29 July 2022

### UPDATE ON FY2022 REVENUE, CURRENT TRADING AND QUEEN'S WHARF BRISBANE

The Star Entertainment Group Limited (ASX code: SGR) (**The Star**) provides an update on its expected FY2022 revenue, early FY2023 trading performance, its balance sheet position and expected Queen's Wharf Brisbane opening dates and construction costs.<sup>1</sup>

#### **FY2022 revenue demonstrates recovery in June quarter**

Subject to the completion of the external audit and finalisation of the financial statements for FY2022, The Star expects to report normalised<sup>2</sup> revenue of \$1.53bn in the 12 months to 30 June 2022.

In the June quarter, domestic revenue recovered strongly with all properties open on an unrestricted basis. Domestic revenue in the June quarter was up 11% on pre-COVID levels (2019) to \$512m with slots revenue up 28% and non-gaming revenue up 26%. Domestic table revenue had not fully recovered but was within 5% of pre-COVID levels.

The Star Gold Coast performed strongly (domestic revenue up 48% on pre-COVID levels), benefiting from a recovery in domestic tourism and the opening of The Dorsett Gold Coast Hotel and The Star Residences during the year. Brisbane domestic revenue was up 13% on pre-COVID levels while The Star Sydney domestic revenue returned to pre-COVID levels.

The full year result will be impacted by the first half net loss associated with the property closures, operating restrictions and border closures as well as costs associated with the regulatory reviews and increased investment in regulatory and compliance functions.

The Star expects to release its FY2022 full year results on 22 August 2022.

#### **Momentum continues into early FY2023**

Trading in July remains above pre-COVID levels (2019), demonstrating similar trends to the June quarter. The Star Sydney has seen further improvement in table games performance and is currently trading above pre-COVID levels. Both Queensland properties are performing strongly and remain above pre-COVID levels.

#### **Balance sheet**

The Star expects net debt to be \$1.15bn as at 30 June 2022. The company has \$513m of liquidity on hand with undrawn facilities of \$433m and cash on hand of \$80m.

The Star expects to complete the sale of the first tranche of the Treasury assets in Brisbane in 1H FY2023 (\$170m). The joint venture-owned Union Street Pyrmont property (50% The Star) is subject to a compulsory acquisition process. In addition, the Gold Coast joint venture is exploring options for its ownership of the Sheraton Grand Mirage Resort Gold Coast (50% The Star).

The Star does not expect to seek an amendment of its covenant ratios for the FY2023 testing dates.

## Queen's Wharf Brisbane update (50% The Star)

Due to higher than average rainfall in FY2022 and the impact of COVID-19, the Queen's Wharf Brisbane Integrated Resort Development (**IRD**) is now expected to open from 2H CY2023 (subject to various approvals), which represents a delay from prior guidance of mid CY2023.

Total project costs are expected to be up ~10% on prior guidance of \$2.6bn due to escalating construction material costs, labour shortages, supply chain challenges and the program delay as well as the inclusion of capital equipment required to open the IRD. Pre-opening and other operational readiness costs would be in addition to this estimate.

The Star, together with its joint venture partners, proposes to fund the majority of the increase in expected costs through additional equity contributions in accordance with the existing joint venture interests (The Star 50% and Chow Tai Fook and Far East Consortium each 25%). The remainder is expected to be funded from future operating cashflows.

As previously disclosed, Destination Brisbane Consortium (**DBC**) is in ongoing discussions with Multiplex regarding purported claims for additional costs, extensions of time and damages, with which DBC disagrees. The construction contract has provision for liquidated damages payable on key milestones (as adjusted in accordance with the contract). The expected additional costs may be adjusted depending on the outcomes of the ongoing discussions with Multiplex, including regarding liquidated damages.

### Authorised by:

The Board of Directors

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<sup>1</sup> The Star's financial results are reported under International Financial Reporting Standards (**IFRS**). This announcement may include certain non-IFRS measures including normalised results (see Note 2), which are used internally by management to assess the performance of the business. Non-IFRS measures and current trading information to date have not been subject to audit or review.

This announcement may include forward looking statements and references which, by their nature, involve inherent risks and uncertainties. These risks and uncertainties may be matters beyond The Star's control and could cause actual results to vary (including materially) from those predicted. Forward looking statements are not guarantees of future performance. Past performance information in this announcement is provided for illustration purposes only. It is not indicative of future performance and should not be relied upon as such.

<sup>2</sup> Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% on actual turnover, taxes and revenue share commissions, unless otherwise stated, and are before significant items.