

Skyline Preliminary Announcement for the Year Ended 31st March 2018

The trading pattern reported in the September six-monthly financial review continued.

Apart from Christchurch Casino and Leisure Lodge the overall final trading profit for all other entities was above or close to forecast and last year's results.

Whilst this year's underlying profit is pleasing the statutory profit shows a decrease over last year. The preliminary profit before tax is \$59.5m (\$85.6m last year).

The variation between the years of \$26.1m can be attributed to an increase in trading profit before tax of \$6.3m, an impairment of goodwill for the casino of \$12.8m, and a smaller increase in the value of the commercial property portfolio of \$0.1m (2017: \$20.2m). Removing revaluation, goodwill impairment, amortisation and tax deferred on building depreciation provides an after-tax trading profit of \$56.9m (2017: \$50.8m) The financial statements are subject to audit confirmation.

Although Skyline has achieved a strong trading profit recording an after-tax increase of 12% over last year, the Christchurch Casino goodwill impairment and a reduced commercial properties revaluation has had an impact. The property revaluation in 2017 reflected the strong growth in property values in Queenstown that year, which has flattened off on 2018 and was therefore expected to not have the same increase. It should be noted that both the goodwill impairment and property revaluation are non-cash items.

Regarding the performance of Christchurch Casino. The post-earthquake inner city infrastructure and visitor accommodation has taken longer than expected to come on stream. This has been the case with similar events globally. This coupled with a lower average spend exacerbated through less participation by the high-end visitor has impacted on profitability. Directors remain confident in the long-term future of the Casino however patience is required. The Casino is taking a range of measures to manage all costs while maintaining a quality experience. The reduction in profitability against original forecasts has resulted in the goodwill impairment.

As previously reported the upgrade work at Dunedin Leisure Lodge also impacted trading. The completed upgrade has improved the product which will result in an increase in business and profitability.

Detailed reporting on all operating entities will be included in the Annual Report.

Skyline Enterprises

Skyline Enterprises has evolved from a local company to an international business. The requirements to operate a diverse range of businesses and to provide groupwide support requires governance and executive oversight by capable Directors and Managers, onshore and offshore. With several major projects underway governance and management of projects has also become increasingly important.

Our focus is on succession and capability for each board and the development of management and staff to lead and support our businesses.

There have been several recent changes with Directorships and Senior Management and this information can be found at www.skylineenterprises.co.nz

Dividend

The Directors' have determined a dividend of 60c per share (2017: 60c) be paid to shareholders requiring \$20.5m (2017: \$20.5m) This determination is a balance of rewarding shareholders now, business reinvestment and investing funds into Skyline's major projects.

This year's AGM will be held on 22 September 2018 at Skyline Queenstown.

We look forward to welcoming shareholders to review this year and to outline the future for their business.

Mark Quickfall
Chairman
29 June 2018