

**SKYLINE ENTERPRISES LIMITED**

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SKYLINE ENTERPRISES PRODUCES STRONG RESULT FOR THE 2019 YEAR

The preliminary profit before tax is \$76.1m (\$59.5m last year).

The variation between the years of \$16.6m can be attributed to an increase in the value of the commercial property portfolio of \$9m (2018: \$0.1m), recognition of an impairment to plant, property & equipment of \$5.4m (2018 nil), impairment of goodwill for the casino of \$nil (2018 \$12.8m). Trading profit before tax increased slightly to \$75.5m (2018 \$75.2m).

Removing revaluation, impairment, amortisation, and tax deferred on building depreciation provides an after-tax trading profit of \$56.3m (2018: \$56.9m). The financial statements are subject to audit confirmation.

Our Skyline businesses face mixed challenges ahead, as some businesses prepare for the well documented slowdown in tourism numbers whilst others are positioned for growth and expansion. Undoubtedly, the coupling of increased mandated salary increases in our New Zealand properties has meant higher wage costs and consequential increased supplier pricing is challenging traditional margin levels. Skyline Queenstown results include the closure of the luge during the installation of a new chairlift so it is pleasing to note group results are in line with last year. We remain mindful of the need to continue to ensure our customer experience ratings remain at the high standard expected.

Christchurch Casino enjoyed a solid year of trading with the biggest achievement for CEO, Brett Anderson and the casino team being the successful renewal of a 15-year gambling licence.

The Skyline Queenstown project has commenced with the first stage being the building of a new breeding complex for the neighbouring Kiwi Birdlife Park as part of Skyline's consent requirements. The kiwis' relocation is imminent before the commencement of their breeding season.

The carpark building, and bottom terminal resource consent plans are near completion, with construction anticipated to start mid-2020. The top terminal consent process is within the elongated environmental court process. During this time, we have elected to revisit the top building complex, with the aim of ensuring the building design and construction methodology limit potential trading disruption which might have flow on effects to our suppliers. This will allow us to re-examine the complex unhindered by past decisions. Your directors are aware of the significant cost of this development and are actively looking closely at all decisions.

The planning around the upgrade for O'Connell's Pavilion is progressing well and will most certainly bring a new dynamic to downtown Queenstown with a mix of innovative food offerings, as well as rejuvenated retail and office facilities on the upper levels.

We are delighted to welcome the Heritage Hotel Group into a partnership with the Skyline Group, taking on the previously named Mercure Leisure Lodge. Both Heritage Leisure Lodge and Blue Peaks Lodge are undergoing remedial and refurbishment upgrades.



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In Sentosa, Singapore, the Alpine Coaster development will be an additional attraction, not only for Sentosa Luge but also the wider Sentosa Island, with construction starting late 2019.

The International Luge team continues to receive increased enquiry for potential luge sites across the globe. Busan, our second Korean site after Tongyeong is progressing well, albeit with some minor planning delays but is on schedule to open in 2022.

Post 31 March the Totally Tourism aviation, marine, and related businesses have been conditionally sold to Omni Tourism Group Ltd, a company owned by former Skyline Chairman Mr Mark Quickfall. Mr Quickfall has retired as Chair and Director from Skyline and related companies and Mrs Jan Hunt is the newly appointed Chair of the Skyline Group. A separate announcement on the sale of these businesses has been made.

The Franz Joseph Glacier Gondola project is in the data collection phase, after DOC paused the review of the national park management plan. We believe we are still well positioned to progress with the gondola feasibility work with positive responses from West Coast residents and business owners.

After careful consideration your Directors have determined a dividend the same as the past two years of 60c is prudent. This will allow for ongoing capital developments and refurbishments to proceed whilst also ensuring we are well placed to manage the headwinds mentioned earlier.

We look forward to welcoming shareholders to this year's AGM on the 21 September 2019 at Skyline Queenstown.

Jan Hunt
Chair