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The preliminary profit before tax for the year ended 31st March 2021 is \$72.7m from continuing operations (\$23.7m last year). The 2021 results are subject to audit.

CV19 had a significant impact on all businesses, this translated into lower revenues of \$103m (\$196m last year). The result however was much better than anticipated, and it was ahead of the 2021 budget.

We were grateful to receive varying levels of wage subsidy from each of the countries in which we operate, and these have an accumulative value of NZ\$11.4M

The 2021 result was impacted positively and significantly by a non-cash increase in property values. This was due to a reversal of the conservative property valuations undertaken in 2020, which at the time were heavily influenced by the first early signs of CV19. That negative sentiment has not translated into a reduction in property values across NZ and hence the upward revaluation of the property portfolio. The unaudited increase in property value is \$38.6m, compared to a prior year revaluation loss of \$36.4m.

Throughout the year Skyline Group operations around the globe were significantly impacted by CV19 related border closures, restrictive lockdown protocols, and constantly changing operating environments. In June we undertook a significant restructuring exercise across the whole group to reduce operating costs, and create more agile, flexible, and sustainable operating units.

Given the unpredictable and constantly changing operating environment the Skyline Board are pleased with the result. We are proud of our team, and their ability to produce a very solid EBITDA result in a year which has been extremely challenging.

In New Zealand, Skyline Rotorua enjoyed strong domestic support from Aucklanders and the surrounding regions, and the business produced an admirable year end result. Remodelling and upgrades to existing luge tracks commenced in late 2020, and these improvements will provide visitors with a new and exciting experience once complete in early summer.

Skyline Queenstown had a very tough year with visitation negatively impacted by the loss of our international customer base. We expect the recent opening of the Australian border to provide a significant lift to visitor numbers over the next financial year. Redevelopment works for Skyline Queenstown continued whilst visitation was low, and progress has been made on groundworks for the new gondola and carpark. In addition, we have recently released tenders for the first stage of

construction for the car park, and bottom and top gondola terminals. These redevelopment works will be the first stage of a significant and expensive redevelopment for Skyline Queenstown, but they are necessary for us to maintain a contemporary, compliant, and world leading attraction on Bob's Peak.

Redevelopment of O'Connell's Mall in downtown Queenstown has remained on target throughout the disruption wrought by CV19. We were delighted to announce our partnership with the DFS group in March 2021. They will establish a new flagship T-Galleria retail store across two levels of the complex. Fresh, artisan food offerings will be available on the lower level, and when the complex opens in July 2022 it will be an exciting new addition to the Queenstown precinct.

Whilst property values continued to climb, depressed visitation levels have meant that our tenants have struggled, and our Queenstown property portfolio has been negatively impacted by rental reductions. Pleasingly, the vast majority have weathered the CV19 storm thus far, and we are starting to see some signs of a recovery.

Following significant restructuring and cost cutting the Christchurch Casino enjoyed good local support and has traded strongly throughout the year

Our luge operation on Sentosa Island in Singapore has had a very difficult trading year with multiple closures from recurrent CV19 outbreaks. In spite of this the local team have maximised their opportunities and as local vaccination rates climb they look forward to a reopening of borders in the coming months.

In South Korea construction of our new Luge complex in Busan continued amidst the disruption of CV19, and we are excited to announce an early July opening date. The new tracks and base building are modern and attractive, the views from the site are magnificent, and the complex will be the first across the group with the new Skyline Luge global branding. The site is our largest luge park to date, it is adjacent to several new shopping malls and a theme park, it is accessible by a modern metro system, and we are quietly confident it will perform extremely well.

In Malaysia, our new luge park outside of Kuala Lumpur at Gamuda Gardens has progressed rapidly. We are currently completing final building and track designs and ground works are underway. Construction starts in late 2021 and we expect to open in Q1 2023.

Planning work has recommenced on the Luge park in Sheffield, Yorkshire UK and we continue our discussions and feasibility planning with the Swansea Council and Welsh Govt for a proposed luge and gondola complex on Kilvey hill overlooking Gower Bay in Swansea.

At the time of writing we are cautiously optimistic that we will see strong Australian visitation for the winter ski season in Queenstown and continued domestic support for our operation in Rotorua. We anticipate strong visitation to our Sentosa Island operation in Singapore as CV19 dissipates and vaccination rates increase. Both Mt Tremblant in Quebec, and our Calgary Luge operations have opened for the Canadian summer and our existing South Korean operation in Tong Yeong is open and hosting guests.

In early June of this current year we accepted an attractive and unsolicited offer for the Dunedin Leisure Lodge from the Distinction Hotels Group. The board agreed that after 40 plus years of ownership it was time to divest and focus our resource and energy on advancing our global luge and growth ambitions. The sale will complete in late July 2021, and the majority of staff will be retained by the Distinction Group.

Dean Hamilton resigned from the SEL board in early June of this year, and the board has commenced a process to secure a replacement director.

Whilst we are encouraged by our progress, significant global uncertainty remains until such time as international borders are fully open and tourism returns to a 'new normal'. Guidance suggests that it will be early 2022 before we start to see immunisation rates conferring a degree of 'herd immunity' around the globe, and the flow-on effect into higher levels of international travel. Consequently, the SEL board has decided that payment of the traditional year-end dividend is inappropriate at this time. Instead, we will commit to consideration of an interim dividend mid-way through the upcoming year when our emergence from the CV19 threat is better understood.

I would like to take this opportunity to thank Geoff McDonald and the whole Skyline team for their tireless work in what has been a very challenging year. I would also like to recognise the International Luge team's determination and commitment as they have worked remotely through a year of CV19 to construct and bring our new Luge operation in Busan to fruition.

I look forward to welcoming you in person to the Annual General Meeting to be held at Skyline Queenstown on Friday the 24th of September. The board felt it was important for shareholders to gather and we are eager to share our plans for the 2021-22 year with you. We plan to host a digital broadcast again, but in addition look forward to welcoming as many of you as we can at 3.00pm on Friday September 24<sup>th</sup> at Skyline Queenstown for the AGM, followed by drinks and canapes, further details will follow.

Kind Regards  
Jan Hunt

## Chair – Skyline Enterprises