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Update for the six months ended 30th September 2021

Greetings Shareholders,

It will come as no surprise that CV19 continues to have a significant impact on Skyline Enterprises operations, both internationally and domestically.

Business performance

The lock down of Auckland and the closing of borders to Australia in early August just as momentum was building in our Queenstown and Rotorua businesses has severely impacted recent performance. Since New Zealand closed its' borders in March 2020 the Auckland market has made up the majority of customers to these businesses.

This impact has also meant the continuation of support for many of our Queenstown commercial property tenants through reduced rents. Christchurch Casino's trading however has continued to be strong having successfully adapted their operations to ensure they continue to deliver a quality customer experience.

Internationally, our operations have also maintained a domestic focus. The Canadian sites in Calgary and Mont Tremblant enjoyed good summer weather and trading. Singapore's Sentosa site has worked through numerous safety management measures and capacity restriction changes which have required high levels of operational flexibility to maximise opportunities. This flexibility has also been required in South Korea for the Tongyeong and Busan operations with government mandated capacity restrictions on visitor numbers.

We continue to be grateful for New Zealand government wage subsidy support, which has allowed us to retain key staff in anticipation of a busy summer season once we are able to welcome back Aucklanders to both Rotorua and Queenstown.

The challenging trading environment has impacted EBIT significantly compared to pre-CV19 performance, but through strong cost management we are not far off our 2021 budget.

Whilst we have seen a gradual easing of border controls in many international markets as vaccination rates increase, the very restrictive nature of this travel, exemplified by the seven-day mandated self-isolation requirements in NZ, is likely to temper broader tourist travel. In addition to this, the emergence of ongoing CV19 variants make for a very changeable landscape.

This means we do not expect to see an uplift in tourism numbers in the near future. Because of these factors coupled with the very challenging last six months the board has decided that the payment of an interim mid-year dividend is not appropriate.

Developments

The redevelopment of Skyline Queenstown continues with forestry removal, rock stabilisation and excavation for the formation of the car park site all well underway. The O'Connell's Mall redevelopment is taking shape, with the DFS T-Galleria retail complex and 'Eatspace at O'Connells' food and beverage offering progressing. We are however encountering CV19 related delays with some building materials sourced from overseas, and therefore expect the opening date to move several months into late 2022.

Work continues on the Skyline Luge site in the Gamuda Gardens development in Kuala Lumpur in Malaysia with construction targeted for March 2022, and an anticipated opening in mid-2023. Discussions and feasibility planning for the sites in Swansea and Sheffield in the United Kingdom with the respective councils and Governments is also moving forward.

General

I would like to take this opportunity to announce the appointment of Peter Treacy to the board of Skyline Enterprises effective December 1st. Many of you may be familiar with Peter who is a board member of Christchurch Casino and Dunedin Casino, as well as serving on the Council of Auckland University of Technology. Peter brings a wealth of experience from his extensive legal career with international law firm, Linklaters, and his time as General Counsel and Chief Risk Officer at SkyCity. We look forward to welcoming Peter to Skyline Enterprises.

Despite the challenging operating environment, the board and management of Skyline Enterprises continue to work towards a more sustainable and forward-looking business. We expect a strong summer school holidays with healthy visitation from the Auckland market for our New Zealand sites and have plans and protocols in place to minimise the operational impact of CV19 to our businesses.

Diversity that comes from a global presence and a broad business portfolio mix is our strength in the current environment. This alongside our continued customer appeal will ensure Skyline Enterprises moves beyond CV19 and continues to be sustainable and successful.

We wish you and your families all the very best for a wonderful Christmas and a very happy New Year as we farewell 2021.

Kind regards
Jan Hunt
Chair – Skyline Enterprises

1 December 2021