



**SKYLINE ENTERPRISES LIMITED**

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The preliminary profit before tax for the year ended 31 March 2020 is \$25.6m from continuing operations (\$78.4m last year) unaudited.

The variation between the years can be attributed to a non-cash decrease in the value of the commercial property portfolio of \$36.4m (2019: \$9m increase), an impairment to the carrying value of helicopters of \$6.3m, a decrease in the underlying trading profit of \$2.5m, and a decrease in the amortisation of licences and concessions of \$1.4m. The financial results are subject to audit confirmation.

The Skyline Group was looking forward to reporting a solid result in line with the 2019 result albeit with a pending slowdown of tourism in New Zealand. The impact of CV-19 saw the close down of the New Zealand operations on the 26th of March 2020, and trading at our International sites reduce/close over the following weeks. This was documented in our Shareholder note of March 23<sup>rd</sup> and April 21st should you require further details.

Skyline operations reacted in a timely and measured way to reduce the costs of each business to meet the expected revenue generation for the upcoming year, with the understanding each operation will be relying on domestic visitation until international tourism is able to resume in the future.

Skyline Queenstown is now operating under Level 1 with all protocols in place to ensure our visitors are safe. Previously with around 70% of visitation coming from the International market, Skyline Queenstown has resized staffing levels, hours of operation and food and beverage offerings. We are now offering luge, a revised offering of food and beverage from the Market Kitchen and weekend night luge over the July school holidays. At the end of the school holidays we will be reviewing hours of operation.

Skyline Rotorua has enjoyed strong support from Aucklanders and wider North Island short break travellers. Rotorua is the reverse of Queenstown with around 30% International visitation hence has not been impacted as deeply as Queenstown but still required a revisit of the business size, hours of opening and food and beverage operations.

Christchurch Casino has resumed operation and is enjoying excellent local support. As with our luge operations, the Casino has revised its gaming operations to allow for social distancing, refined the hours of operation and revisited their food and beverage offerings.

The Heritage Dunedin Leisure Lodge and Blue Peaks Lodge and Apartments are trading at significantly reduced occupancies compared to the prior year. Both properties had varying aspects of refurbishment undertaken in the past year.

Tongyeong operations were required to close for a two-day period in February 2020 and is currently trading under social distancing requirements. Current trading is approximately 60% of previous year luge rides.

Sentosa Island Luge was closed from April to early July and is operating at 30% to 40% of budgeted revenue.

Our two summer season operations in Canada Calgary and Tremblant opened, albeit later than normal and are experiencing reasonable visitation.

Our Development plans for Sheffield (UK) and Swansea (Wales) and Gamuda Gardens (Malaysia) have been placed on hold.

Busan continues with completion potentially ahead of schedule in mid-2021 and is on budget.

O'Connells Pavilion is proceeding on time and on budget with external building completion due in late 2021. We are reviewing what the appropriate mix of office, retail and food and beverage outlets will provide the best returns.

Work continues on the gondola cut and tree removal on Bobs Peak as part of Skyline Queenstown's development project and fire suppression strategy. Detailed plans for the top and bottom terminals as well as the gondola replacement continues however final commitment is yet to be made as we now consider what is the right timing of construction and completion of the project and the appropriate funding options.

As part of the Totally Tourism sale and purchase agreement, twelve helicopters remained the property of Skyline Group and are currently leased back to Totally Tourism on standards commercial terms with four helicopters to be purchased per year for the next 3 years. Totally Tourism, exercised its right to a varied option and has agreed to purchase 8 helicopters now with Skyline reserving the right to sell the remaining 4 helicopters.

Wage subsidies have been received for Queenstown, Rotorua, Sentosa, Tongyeong, Tremblant and Calgary at varying levels and with varying conditions. This has certainly assisted the businesses ability to continue to trade and retain as many jobs while still being right sized for the number of guests we are attracting

Skyline Queenstown and Rotorua have applied for funding under the Strategic Tourism Assets Protection Programme and the government Shovel Ready Projects Infrastructure fund but have not received any confirmation of funds or conditions at the time of writing.

As indicated in our shareholder communication on 4th of May your directors have deemed it prudent to not declare a dividend for the March 2020 financial year. This decision has been made after considering the inherent uncertainty surrounding the financial impact of the Covid-19 pandemic occurring at and around balance date, our current capital commitments, and the desire to take a prudent approach to capital management.

On a daily basis your directors and leadership team are reviewing, re-evaluating and updating our operations to ensure we are customer ready whilst remaining cost conscious across all aspects of the businesses. It is encouraging to note all operational business units are trading above our CV-19 adjusted budgets however we are fully cognisant the year ahead is going to encounter difficult trading conditions.

We look forward to welcoming you to the 2020 Shareholder Annual General Meeting to be held at Skyline Queenstown beginning at 11am on Saturday the 26th of September.

We trust you and your families are well and safe.

Jan Hunt  
**Chair**