FORSYTH BARR

SKYCITY

NEUTRAL

FY19 Result — Holding Its Chips

SKYCITY's (SKC) FY19 result was broadly consistent with expectations on a normalised basis; although outlook commentary sees us downgrade near-term expectations. The result (and outlook) was complicated by a material number of moving parts. Looking through this, underlying trends show a slowing in growth through FY19. We forecast EPS declines in the short to medium-term, with a reversal in the trajectory reliant on strong execution post major project completion. In the interim a solid yield and buy-back provide share price support. NEUTRAL.

What's changed?

- **Earnings:** EBITDA -3%/-4.5%/-2% in FY20/21/22E as we factor a slower NZ macro backdrop and more challenging backdrop for International Business (IB). FY21 is amplified by a further delay to Auckland hotel timing.
- **Target Price:** NZ$4.00 from NZ$3.90.
- **Rating:** NEUTRAL retained.

EBITDA in line with expectations; slight beat vs. guidance

SKC reported FY19 normalised EBITDA of NZ$343m, up +1% on the prior year and slightly ahead of guidance. Continuing operations were up +3.7%, with low growth in its core properties topped up by a strong International Business (IB) result.

- **Key positive:** Another standout result for Auckland gaming machines (revenue +7%), which is beneficial for earnings given high margins.
- **Key negatives:** Signs of slowing growth through 2H19, weakness in hotels and other non-gaming, and cost inflation across the group.

Outlook — a plethora of moving parts; 'like for like' growth low single-digit

SKC provided first time FY20 guidance, with disclosure helpful to work through the plethora of moving parts (asset sales, project accounting and construction disruption). We interpret guidance as normalised EBITDA of ~NZ$310m ('like-for-like' growth of +2–3%) and NPAT of ~NZ$151m (flat on FY19).

We downgrade our forecasts primarily due to (1) Auckland — factoring in a weaker macro environment which outweighs upgraded growth in machines alongside a further delay to the new hotel timing; (2) higher corporate costs — a drag of -NZ$4m to our forecasts; (3) IB — to take into account our view the macro backdrop is more challenged.

Major projects nearing (delayed) completion; plenty of options thereafter

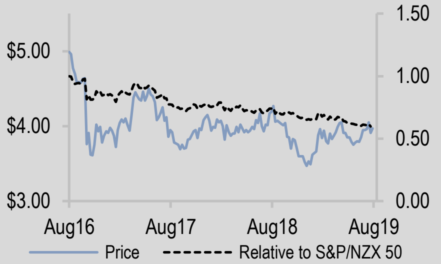
With major capital projects nearing completion focus heightens around the earnings impact, with SKC looking to capitalise on expected higher visitation and better access. A material uplift is required to meet SKC's return hurdles/targets. Outside of this, SKC has no shortage of ideas and opportunities across its property portfolio for growth avenues (primarily in lower margin non-gaming) — although the timing appears medium-term oriented. The company has balance sheet headroom, even at its peak gearing in FY20, which provides options. In the short-term its share buy-back programme will continue.

Investment View

SKC has a casino monopoly and significant licence term in all its key markets. A slowing macro environment and cost inflation present near-term headwinds, while a solid dividend yield and share buyback provides share price support. NEUTRAL.

NZX Code	SKC
Share price	NZ$3.97
Target price	NZ$4.00
Risk rating	Medium
Issued shares	675.8m
Market cap	NZ$2,683m
Average daily turnover	709.6k (NZ$2,734k)

Share Price Performance



Financials: June	19A	20E	21E	22E
NPAT* (NZ$m)	173.0	150.9	154.9	156.2
EPS* (NZc)	25.6	22.4	22.6	22.4
EPS growth* (%)	0.9	-12.5	0.8	-0.9
DPS (NZc)	20.0	20.0	20.0	20.0
Imputation (%)	100	100	100	100

Valuation (x)	19A	20E	21E	22E
EV/EBITDA	9.1	10.5	10.0	9.2
EV/EBIT	12.3	14.8	14.5	13.3
PE	15.5	17.7	17.6	17.8
Price / NTA	7.5	17.5	13.4	n/a
Cash dividend yield (%)	5.0	5.0	5.0	5.0
Gross dividend yield (%)	7.0	7.0	7.0	7.0

*Historic and forecast numbers based on underlying profits

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SKYCITY Entertainment Group Ltd (SKC) Priced as at 14 Aug 2019: NZ$3.97 June year end

Forsyth Barr valuation			
Valuation methodology	Weighted DCF and sum of the parts valuation		
12-month target price (NZ$)*	**4.00**	**Spot valuations (NZ$)**	
Expected share price return	0.8%	1. DCF	3.98
Net dividend yield	5.0%	2. Sum of the parts	3.67
Estimated 12-month return	5.8%	3. n/a	n/a
Key WACC assumptions		**DCF valuation summary (NZ$m)**	
Risk free rate	2.00%	Total firm value	3,058
Equity beta	0.99	(Net debt)/cash	(368)
WACC	8.2%	Value of equity	2,690
Terminal growth	1.5%	Shares (m)	676

Profit and Loss Account (NZ$m)	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Sales revenue	999	1,012	928	976	1,030
Normalised EBITDA	**338**	**343**	**308**	**332**	**360**
Depreciation and amortisation	(94)	(90)	(89)	(103)	(111)
Normalised EBIT	**244**	**253**	**219**	**229**	**249**
Net interest	(13)	(10)	(6)	(11)	(32)
Associate income	-	-	-	-	-
Tax	(62)	(70)	(62)	(63)	(61)
Minority interests	-	-	-	-	-
Normalised NPAT	**170**	**173**	**151**	**155**	**156**
Abnormals/other	(0)	(28)	90	-	-
Reported NPAT	**170**	**145**	**241**	**155**	**156**
Normalised EPS (cps)	25.4	25.6	22.4	22.6	22.4
DPS (cps)	20.0	20.0	20.0	20.0	20.0

Growth Rates	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Revenue (%)	6.9	1.3	-8.3	5.2	5.5
EBITDA (%)	5.6	1.3	-10.2	8.0	8.3
EBIT (%)	8.2	3.7	-13.5	4.7	8.8
Normalised NPAT (%)	10.5	1.9	-12.8	2.7	0.9
Normalised EPS (%)	8.5	0.9	-12.5	0.8	-0.9
DPS (%)	0.0	0.0	0.0	0.0	0.0

Cash Flow (NZ$m)	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
EBITDA	**338**	**343**	**308**	**332**	**360**
Working capital change	73	19	(1)	9	10
Interest & tax paid	(157)	(147)	(108)	(104)	(93)
Other	-	-	-	-	-
Operating cash flow	**254**	**215**	**199**	**237**	**277**
Capital expenditure	(261)	(320)	(411)	(164)	(90)
(Acquisitions)/divestments	(47)	225	215	-	-
Other	-	-	-	-	-
Funding available/(required)	**(55)**	**119**	**3**	**73**	**187**
Dividends paid	(85)	(88)	(88)	(89)	(91)
Equity raised/(returned)	-	(37)	(88)	-	-
Increase/(decrease) in net debt	**140**	**6**	**173**	**16**	**(96)**

Balance Sheet (NZ$m)	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Working capital	(162)	(172)	(172)	(181)	(191)
Fixed assets	1,499	1,436	1,508	1,583	1,073
Intangibles	832	798	784	770	755
Other assets	107	220	115	115	115
Total funds employed	**2,276**	**2,282**	**2,236**	**2,287**	**1,752**
Net debt/(cash)	433	504	677	693	597
Other non current liabilities	685	622	622	622	117
Shareholder's funds	1,158	1,156	937	973	1,038
Minority interests	-	-	-	-	-
Total funding sources	**2,276**	**2,282**	**2,236**	**2,287**	**1,752**

Valuation Ratios	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
EV/EBITDA (x)	9.0	9.1	10.5	10.0	9.2
EV/EBIT (x)	12.5	12.3	14.8	14.5	13.3
PE (x)	15.6	15.5	17.7	17.6	17.8
Price/NTA (x)	8.1	7.5	17.5	13.4	9.8
Free cash flow yield (%)	-0.3	-3.9	-7.9	2.7	7.0
Net dividend yield (%)	5.0	5.0	5.0	5.0	5.0
Gross dividend yield (%)	7.0	7.0	7.0	7.0	7.0
Imputation (%)	100	100	100	100	100
Pay-out ratio (%)	79	78	89	89	89

Capital Structure	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Interest cover EBIT (x)	19.5	24.8	35.2	21.2	7.7
Interest cover EBITDA (x)	27.1	33.6	49.5	30.8	11.2
Net debt/ND+E (%)	27.2	30.3	41.9	41.6	36.5
Net debt/EBITDA (x)	1.3	1.5	2.2	2.1	1.7

Key Ratios	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Return on assets (%)	9.6	9.9	8.8	9.0	12.3
Return on equity (%)	14.7	15.0	16.1	15.9	15.0
Return on funds employed (%)	11.9	11.1	9.5	9.9	10.9
EBITDA margin (%)	33.9	33.9	33.2	34.0	34.9
EBIT margin (%)	24.4	25.0	23.6	23.5	24.2
Capex to sales (%)	26.1	31.6	44.4	16.8	8.7
Capex to depreciation (%)	318	418	547	185	94

Operating Performance	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Total revenue (incl gaming GST)					
Auckland	585	607	604	633	664
Hamilton	61	62	63	64	65
Other NZ	13	13	14	14	14
Adelaide (A$)	149	149	148	168	184
Darwin (A$)	111	83	-	-	-
IB	160	191	186	187	194
Total revenue (incl gaming GST	**1,101**	**1,119**	**1,025**	**1,076**	**1,134**
EBITDA breakdown					
Auckland	261	268	257	271	287
Hamilton	27	27	27	28	28
Other NZ	2	2	2	2	2
Adelaide (A$)	23	21	23	34	44
Darwin (A$)	25	19	-	-	-
IB	33	42	41	41	42
Corporate costs	(33)	(35)	(37)	(38)	(39)
Other	(3)	(4)	(8)	(8)	(8)
Total EBITDA	**338**	**343**	**308**	**332**	**360**
NZDAUD	0.92	0.94	0.94	0.94	0.94
Capitalised interest	23	30	40	30	-
Effective tax rate (%)	26.6	28.7	29.0	29.0	28.0

* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend

FY19 result

SKYCITY (SKC) reported normalised EBITDA broadly consistent with our expectations and SKC guidance at NZ$322m (excluding Darwin) vs our forecasts of NZ$321m. This reflects growth of +4% on the prior year. SKC results are inherently messy below EBITDA; however, normalised NPAT was ahead of our expectations, primarily due to a delay in some ICT projects.

Figure 1. FY19 result breakdown (NZ$m)

NZ$m	FY18	FY19	% chg	Forsyth Barr
Normalised revenue (incl gaming GST)	1,100.8	1,118.9	1.6%	1,107.5
Normalised EBITDA	**338.2**	**342.7**	**1.3%**	**338.9**
Normalised EBITDA (ex Darwin)	**310.9**	**322.5**	**3.7%**	**321.3**
Normalised profit	**169.8**	**173.0**	1.9%	**164.5**
Reported profit	169.5	144.6	-14.7%	150.4
Normalised EPS (cps)	25.4	25.6	0.9%	24.3
Final dividend per share (cps)	10.0	10.0	0.0%	10.0

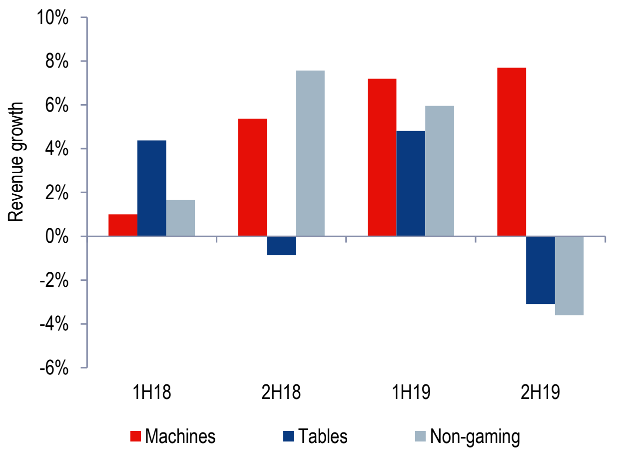
Source: Forsyth Barr analysis, Company reports

Key result take-outs

- **FY19 broadly consistent with expectations, with a 2H slowdown in growth for the key Auckland property**
  - Auckland: EBITDA of NZ$268m was up +3% on the prior year, with a strong 1H but slower 2H (1H +5%; 2H +0.2%). Gaming machines were the key highlight, outweighing weakness in tables and non-gaming (particularly hotels). Cost inflation also featured, constraining margins (flat on pcp) despite the favourable product mix.
  - Adelaide: Earnings remain under pressure, with disruption and a weak gaming backdrop. EBITDA of A$21m was down -7%, although when adjusting for one-off restructuring costs this improves to +1% growth on the prior year.
  - Other: Hamilton delivered a stable result, with the property now capacity constrained, while group corporate costs continue to accelerate (+8% YoY). IB was a key standout, although a story of two halves (1H EBITDA +163%; 2H down -27%).
- **Flat final dividend of 10cps**. This brings FY19 total dividends to 20cps, consistent with our expectations and a pay-out ratio of ~78% (of normalised NPAT). At current prices this equates to a cash yield of 5%.
- **Key capital projects — no change to Adelaide, further delay in Auckland timing**
  - Auckland: NZICC is expected to be completed in late 2020 (1H19 commentary 2H 2020), Horizon Hotel is expected 'slightly before' late 2020 (1H19 it was 'within 12m' i.e. around February 2020). The latter is the most important to SKC, given we expect the hotel to deliver EBITDA (when fully ramped) of c. NZ$20m while the NZICC is not expected to materially contribute in isolation.
  - Adelaide: In contrast to Auckland, the project continues to track to time, with opening expected in October 2020. Project costs are unchanged at A$330m.
- **Strategic commentary consistent with prior indications and areas of focus.** SKC has no shortage of ideas and opportunities across its property portfolio, albeit it remains early days and there was no new insight in the result commentary.
- **Balance sheet in good shape:** SKC reported net debt of NZ$504m, with gearing of ~1.5x EBITDA, or ~1x including the carpark concession (settled post balance date). This will lift in FY20 as SKC nears the end of its major capital projects; however, the company still has reasonable headroom.

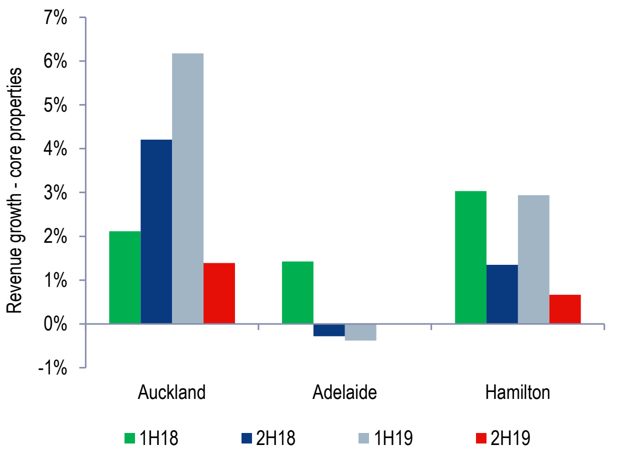
Key result charts

Figure 2. Key Auckland property – revenue growth



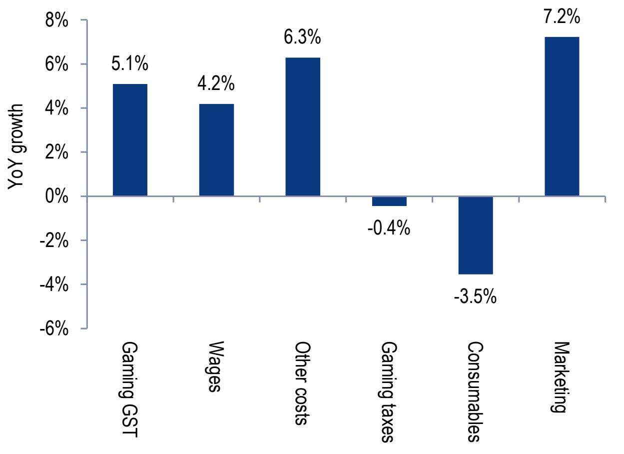
Source: Forsyth Barr analysis, Company reports

Figure 3. YoY revenue growth



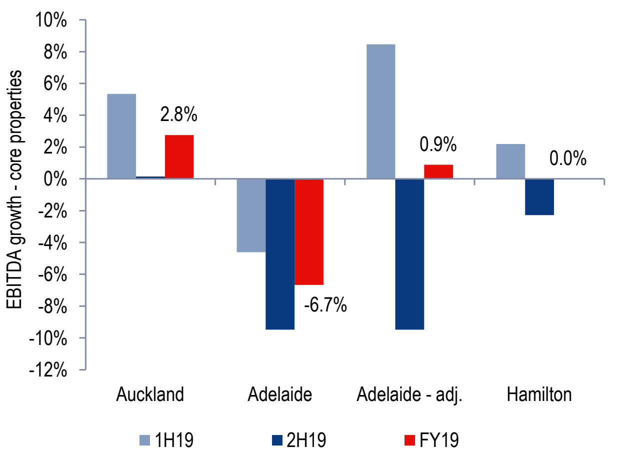
Source: Forsyth Barr analysis, Company reports

Figure 4. Cost growth – FY19 vs prior year



Source: Forsyth Barr analysis, Company reports

Figure 5. YoY EBITDA growth



Source: Forsyth Barr analysis, Company reports Adelaide adj. for one-off restructuring costs

FY20 guidance and earnings changes

SKC provided first time FY20 guidance for "some growth" in normalised EBITDA and a flat normalised NPAT result. There are a number of moving parts currently given asset sales and the major projects.

We interpret SKC guidance as normalised EBITDA of c. NZ$310m ('like-for-like' growth of +2–3%) and NPAT of c. NZ$151m.

Earnings revisions

Figure 6 provides a summary of our near-term earnings changes. Key drivers include:

- **Lower Auckland growth:** Upgraded growth assumptions for machines outweighed by slower growth elsewhere, particularly hotels, given a weaker macro backdrop.
- **Higher corporate costs:** Consistent with SKC guidance we include higher pre-opening costs associated with its two major projects and the EBITDA impact of closure of old Auckland convention centre. This is a -NZ$4m impact to our forecasts.
- **Lower IB assumptions:** Reflecting our view the backdrop is more challenging.
- **Revised Auckland project timing:** Sees lower EBITDA from the new Auckland hotel in FY21E, although interest is capitalised for longer, which benefits NPAT.

Figure 6. Earnings revisions

NZ$m	FY19A Actual	FY20E Old	FY20E New	FY20E % chg	FY21E Old	FY21E New	FY21E % chg	FY22E Old	FY22E New	FY22E % chg
Total revenue excl gaming GST	1,011.6	933.5	927.5	-0.6%	988.5	976.2	-1.2%	1,040.5	1,030.2	-1.0%
Normalised EBITDA	**342.7**	**318.2**	**307.8**	**-3.3%**	**347.9**	**332.4**	**-4.5%**	**366.4**	**360.0**	**-1.7%**
Normalised profit	**173.0**	**157.8**	**150.9**	**-4.4%**	**156.8**	**154.9**	**-1.2%**	**161.4**	**156.2**	**-3.2%**
Normalised EPS (cps)	25.6	23.4	22.4	-4.2%	22.8	22.6	-1.1%	23.1	22.4	-3.1%
Dividend per share (cps)	20.0	20.0	20.0	0.0%	20.0	20.0	0.0%	20.0	20.0	0.0%

Source: Forsyth Barr analysis

Target price NZ$4.00

We revise our target price to NZ$4.00 from NZ$3.90.

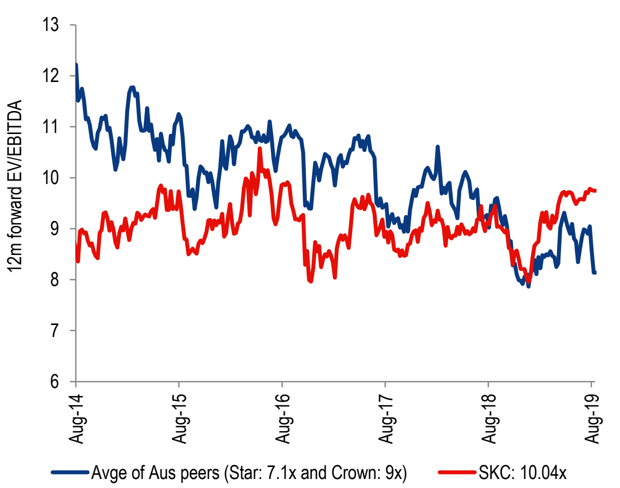
- **DCF:** Lifts +7%. Changes across our research coverage universe to key WACC inputs (risk free rate lowered to 2% and market risk premium to 7.5%) outweighs earnings downgrades discussed above. The standalone change from our revised WACC was ~+11%.
- **Sum of the parts:** Our valuation is largely unchanged; with a reduction in peer multiples outweighed by rolling forward to FY20 EBITDA.

Rating: NEUTRAL retained

SKC is executing on strategic plans, including (1) improved gaming machine growth, (2) asset sales and (3) increased focus on capital discipline. However, cost inflation, catch-up IT expenditure and a slowing macro backdrop are creating continuing headwinds.

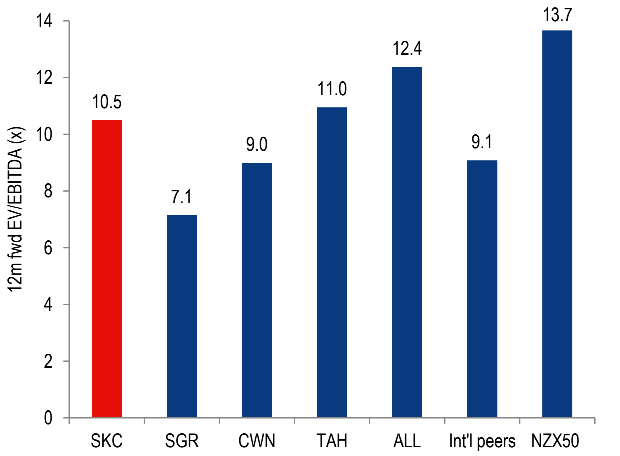
SKC has a casino monopoly in all its markets and significant term on its exclusive licences. However, we remain concerned about the ability to grow local gaming longer-term in Australasia without significant capex programmes. Current focus is still the major growth projects and the extent of the long-term prize from investment is uncertain until each is complete, with SKC looking to capitalise on expected higher visitation and better access/carparking. However, a material uplift in earnings is required to meet the company's return hurdles/targets. SKC is trading at a modest discount to the NZ market (adjusting for project accounting) and ahead of its Australasian peers, which we view as fair in light of the growth profile and questions around the returns from its two major capital projects. A solid yield and share buy-back provide share price support. NEUTRAL.

Figure 7. EV/EBITDA – SKC versus Australasian casino peers



Source: Forsyth Barr analysis, Company reports

Figure 8. SKC versus compcos



Source: Forsyth Barr analysis, Bloomberg

Result analysis

Figure 9. FY19 result breakdown

NZ$m	FY18	FY19	% chg	Comment
Normalised revenue (incl gaming GST)	1,100.8	1,118.9	1.6%	+2% excluding divestments, underpinned by solid result in core Auckland property
Gaming GST	(102.2)	(107.3)	5.0%	Driven by robust growth in machines and ATG's
Total revenue (ex gaming GST)	998.6	1011.6	1.3%	
Total costs	(660.4)	(678.9)	2.8%	
EBITDA	**338.2**	**342.7**	**1.3%**	**A slight beat on expectations and SKC guidance ('EBITDA flat')**
Depreciation + Amortisation	(94.4)	(89.9)	-4.8%	A lot of moving pieces – divestments, project capex and IT capex timing delays
EBIT	243.8	252.8	3.7%	
Net interest	(12.5)	(10.2)	-18.4%	Continues to benefit from material capitalised interest from major growth projects
EBT	231.3	242.6	4.9%	
Tax	(61.5)	(69.6)	13.2%	Legislative changes saw effective tax rate increase to ~29% (pcp ~27%)
Normalised profit	**169.8**	**173.0**	**1.9%**	
Abnormals	(0.3)	(28.4)	n/a	Abnormally high level this year – IB win rate, asset sales, one-off tax events
Reported profit	169.5	144.6	-14.7%	
Normalised EPS	25.4	25.6	0.8%	
Total dividend (cents)	20.0	20.0	0.0%	Dividend kept in line with existing policy (representing 5% cash yield)
Total revenue (incl gaming GST)				
Auckland	584.6	606.6	3.8%	Strong growth in machines the key highlight; growth lacklustre elsewhere
Hamilton	60.7	61.8	1.8%	Capacity constraints dragging on performance
Other NZ	13.0	13.2	1.5%	Benefitted from increased visitation from premium customers
Adelaide (A$)	149.0	148.7	-0.2%	Lacklustre gaming industry backdrop combined with construction disruption
Darwin (A$)	110.8	83.3	-24.8%	Sale meant cashflows for first 9m of FY19 as opposed to the full year in FY18
International Business	160.3	190.5	18.8%	Standout performer for the period with record full year turnover supported by an abnormally low win rate (1.0% vs theoretical of 1.35%)
Total normalised revenue	**1100.8**	**1118.9**	**1.6%**	
Revenue (excl IB & Darwin)	820.1	839.8	2.4%	
EBITDA breakdown				
Auckland	260.7	267.9	2.8%	Margins stable - favourable product mix offset pressure in hotels and cost inflation
Hamilton	26.9	26.9	0.0%	Higher IT costs outweighed mix benefits from strength in machines
Other NZ	2.1	2.3	9.5%	Strong operating leverage to a small lift in revenue
Adelaide (A$)	22.5	21.0	-6.7%	Adjusting for restructuring costs, growth was +0.9%
Darwin (A$)	25.1	19.0	-24.3%	Partial contribution to FY19 (divested effective 4 April 2019)
International Business	32.6	41.7	27.9%	Operating leverage and reduced bad debts drive positive result
Corporate costs	(33.0)	(34.7)	5.2%	IT and marketing investment, with corporate bonuses similarly ticking upward
Other	(2.8)	(4.0)	42.9%	Pre-opening costs for NZICC and Horizon Hotel; further step-up forecast in FY20
Total normalised EBITDA	**338.2**	**342.7**	**1.3%**	
EBITDA (excl IB & Darwin)	278.3	280.8	0.9%	
Balance sheet & cashflow				
Net debt	432.5	503.5	16.4%	Debt continuing to push upward as a reflection of its two major capital projects
Project capex	197.0	245.1	24.4%	NZICC, Horizon Hotel and Adelaide underpin capex growth
Maintenance capex	64.0	75.0	17.2%	Slightly below guidance of NZ$80-85m
Total capex	261.0	320.1	22.6%	

Source: Forsyth Barr analysis, Company reports

Investment summary

SKYCITY (SKC) is one of the largest gaming operations in Australasia. Earnings and valuation are driven by Auckland, which makes up ~70% of group EBITDA. SKC has two major growth projects underway in Auckland and Adelaide which are large, complex, and challenging, but directly relate to its core expertise. The macro backdrop is supportive in Auckland, albeit tailwinds are beginning to slow, and challenging in Australia where the local gaming market is weak and the pubs & clubs are strong competition for the casino. With SKC trading at a discount to the NZ market and broadly in line with its five-year average, our rating is NEUTRAL.

Business quality

- **Monopoly assets:** SKC has a casino monopoly in all its markets and significant term on its exclusive casino licences.
- **Increasingly capital intensive platform**, given a fairly mature industry and a need to continually diversify and refresh its offering to retain relevance and drive visitation.

Earnings and cashflow outlook

- **Consumer confidence:** Consumer activity levels in its key Auckland market are robust but are more challenging in Adelaide. There are some early indications the macro backdrop is weakening both domestically and internationally for SKC.
- **Project execution:** SKC is undertaking two major capital projects in Auckland and Adelaide. Achieving a satisfactory return on capital is the challenge given the substantial capital being spent. The Adelaide project in particular raises questions given perennial disappointment from the property through history.

Financial structure

- **Gearing:** SKC has committed to a BBB- credit rating and continues to reinforce 'efficient capital allocation' as a key strategic priority. There are a number of moving parts influencing gearing with capex for its two capital projects, asset divestments (carparks, Darwin), a share buyback programme and future growth plans to build out destination precincts surrounding its casinos.
- **Solid yield and share buy-back:** SKC offers a solid dividend yield, which we view as sustainable (with upside risk after project completion). SKC also has a share buy-back programme in place for up to 5% of its shares.

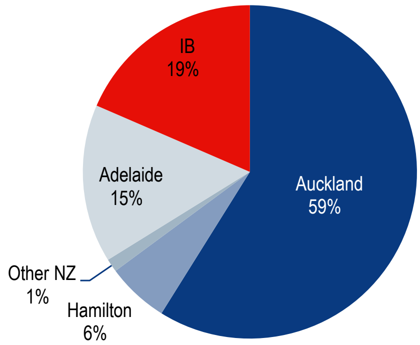
Risk factors

- **Gaming regulation:** Unexpected regulatory and taxation changes.
- **Mature local gaming market:** The local grind gaming market is not only mature but vulnerable to changing entertainment spending patterns.

Company description

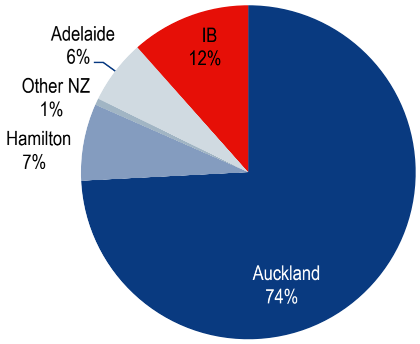
SKYCITY Entertainment Group is the major tourism and leisure company in NZ and one of the largest gaming operations in Australasia. Its key assets are major casino operations in Auckland, Adelaide and Hamilton that also include hotel, resort, conference and International VIP gaming facilities – with Auckland the key value driver. SKYCITY is undertaking a major redevelopment and expansion of the Adelaide Casino and has an agreement with the NZ Government for the development of the NZ International Convention Centre in return for a range of regulatory concessions.

Figure 10. Revenue breakdown FY19 (cont. operations)



Source: Company reports, Forsyth Barr analysis

Figure 11. EBITDA breakdown FY19 (cont. operations)



Source: Company reports, Forsyth Barr analysis

Figure 12. Substantial Shareholders

Shareholder	Latest Holding
Sumitomo Mitsui Trust Holdings	10.0%
Investor Mutual	8.4%
Lazard	7.5%
Commonwealth Bank of Australia	7.0%
BlackRock Investment Management	6.1%
The Vanguard Group	5.3%

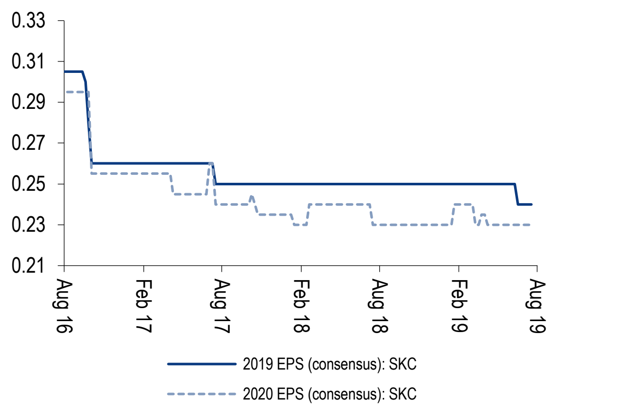
Source: NZX, Forsyth Barr analysis, NOTE: based on SSH notices only

Figure 13. International Compcos

Company	Code	Price	Mkt Cap	PE		EV/EBITDA		EV/EBIT		Cash D/Yld
(metrics re-weighted to reflect SKC's balance date - June)			(m)	2020E	2021E	2020E	2021E	2020E	2021E	2021E
SKYCITY	**SKC NZ**	**NZ$3.97**	**NZ$2,683**	**17.7x**	**17.6x**	**10.4x**	**9.6x**	**14.6x**	**13.9x**	**5.0%**
Crown Resorts	CWN AT	A$11.32	A$7,665	20.8x	19.5x	9.2x	9.0x	14.0x	13.4x	5.3%
Tabcorp Holdings	TAH AT	A$4.37	A$8,824	22.2x	21.1x	11.3x	11.0x	15.8x	15.3x	5.1%
Star Entertainment Grp/The	SGR AT	A$3.63	A$3,330	14.9x	14.0x	7.5x	7.2x	11.8x	11.1x	5.5%
Genting Malaysia Bhd	GENM MK	RM3.12	RM18,527	14.0x	13.0x	8.0x	7.4x	13.3x	12.1x	3.9%
Kangwon Land Inc	035250 KS	KRW29550.00	KRW6,321,942	16.5x	14.5x	7.9x	7.6x	8.8x	8.3x	3.6%
			Compco Average:	**17.7x**	**16.4x**	**8.8x**	**8.4x**	**12.7x**	**12.0x**	**4.7%**
EV = Current Market Cap + Actual Net Debt			**SKC Relative:**	**+0%**	**+7%**	**+18%**	**+14%**	**+14%**	**+16%**	**+8%**

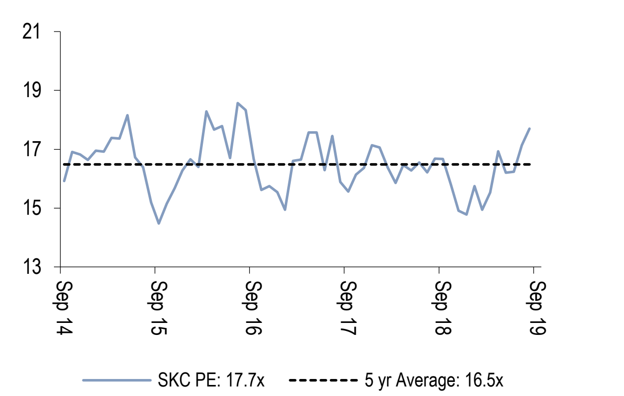
Source: *Forsyth Barr analysis, Bloomberg Consensus, Compco metrics re-weighted to reflect headline (SKC) companies fiscal year end

Figure 14. Consensus EPS Momentum



Source: Forsyth Barr analysis, Bloomberg

Figure 15. 12 Month Forward PE



Source: Forsyth Barr analysis