



THE STAR

ASX Announcement

19 April 2023

TRADING UPDATE, COST INITIATIVES AND STRATEGIC REVIEW OF SYDNEY

- **The Star provides update on FY23 earnings outlook.**
- **Announces significant cost and restructuring initiatives, in response to a deteriorating operating environment.**
- **Announces strategic review of The Star Sydney.**

The Star Entertainment Group Limited (**The Star** or the **Group**) provides the following update on operating conditions and outlook for the remainder of the 2023 financial year.

FY23 TRADING UPDATE

The Group is experiencing a significant and rapid deterioration in operating conditions, particularly at The Star Sydney and The Star Gold Coast.

This has largely been driven by the compounding impact of regulatory operating restrictions and exclusions, and by an emerging weakness in consumer discretionary spending behaviour.

The Star Sydney continues to operate in an uneven competitive environment as it relates to the regulatory settings for complimentary services in its private gaming areas.

The strong 1H FY23 performance at the Group's Queensland properties as reported in February, which was driven by strong domestic revenues in that period (relative to pre-COVID levels), has deteriorated in recent weeks, particularly at the Gold Coast.

To put the operating environment into perspective, the Group's current earnings performance is at unprecedented low levels (excluding the COVID-19 period).

If these current conditions continue for the balance of the financial year and do not materially change, underlying FY23 EBITDA is expected to be in the order of \$280 million to \$310 million, including the FY23 impact of the cost initiatives described below.

The FY23 underlying EBITDA excludes provisions for fines, costs associated with the ongoing regulatory reviews (legal, consultant and other costs) and any one-off costs associated with the Group's cost initiatives, all of which will be treated as significant items.

COST INITIATIVES AND STRATEGIC REVIEW OF SYDNEY

In response to this new operating environment, the Board and management have today announced the implementation of a range of initiatives to further reduce the operating cost base of the Group, including the following:

- a reduction of approximately 500 FTE positions across the Group (excluding risk management and remediation resources);
- a cancellation of the Group's short-term and other incentives for FY23; and
- a salary freeze for non-EBA employees.

These actions, together with the previously announced \$40 million of operational initiatives, are expected to deliver a combined ongoing reduction in Group operating expenditure of more than \$100 million annualised compared to FY23.

The above steps are being undertaken independent of any potential impact from the proposed casino duty rate increases in NSW.

Barrenjoey Capital Partners are also working with The Star to assist with a strategic review of The Star Sydney and consider any structural alternatives available to maximise value for the Group's shareholders.

OTHER UPDATES

The Group is continuing to progress the proposed sale of the Sheraton Grand Mirage Resort Gold Coast, with indicative bids from interested parties expected to be received shortly.

The Group is accelerating its previously foreshadowed plans to refinance its existing debt funding arrangements, with a focus on improving the Group's liquidity position and separately increasing covenant headroom in light of the Group's current earnings environment.

To help improve the Group's liquidity position and maximise the prospects of a successful refinancing given the challenging operating environment, The Star intends to engage with the NSW Government, the Queensland Government and AUSTRAC in respect of casino duty rates and flexibility on payment terms in relation to any current and future penalties.

In addition, the Group continues to work with regulators and the NSW Manager and Queensland Special Manager to remediate its businesses, to support a return to suitability over time.

Authorised by:

Board of Directors

For more information contact:

Financial analysts	Christina Katsibouba Chief Financial Officer	Tel: +61 2 9657 7154
	Mark Wilson General Manager Business Development and Investor Relations	Tel: +61 407 145 501
Media	Peter Jenkins Group Executive External Affairs	Tel: +61 439 015 292

IMPORTANT NOTES:

Basis of preparation and non-IFRS information

- Information in this announcement is provided as at the date of the announcement unless specified otherwise. It should be read in conjunction with The Star's other disclosures made via the ASX.
- The Star's financial results are reported under International Financial Reporting Standards (**IFRS**). This announcement may include certain non-IFRS measures including 'underlying' or 'normalised' results, which are used internally by management to assess the performance of the business.
- Non-IFRS measures and current trading FY23 results to date have not been subject to audit or review.
- Queensland results referred to in this announcement relate to The Star Gold Coast and Treasury Brisbane segments as reported in The Star's financial reports. Comparatives are generally to the prior corresponding period unless otherwise stated; pre-COVID refers to the relevant period in 2019.

Forward looking information

- This announcement includes forward looking statements and references which, by their very nature, involve inherent risks and uncertainties. These risks and uncertainties may be matters beyond The Star's control and could cause actual results to vary (including materially) from those predicted. Forward looking statements are not guarantees of future performance. Past performance information in this announcement is provided for illustration purposes only. It is not indicative of future performance and should not be relied upon as such.
- This announcement does not take into consideration any individual investor's circumstances. The Star recommends investors make their own assessments and seek independent professional advice before making investment decisions.