Hook line (Tom):

Hello everyone, we are Massey University Team. Welcome to our SkyCity presentation!

1) Opening line:

Whether you are big fan of gaming or not, Team Massey strongly advices to keep your mind on the money inside but not on their stock.

ESG:

There are  different ways of calculating ESG scores, yet it boils down to collecting data points, creating questionnaires to come up with three dimension scores which are the parts for one overall ESG score.

SkyCity's ESG performance of **(3.63/10) from Bloomberg**  shows a mixed picture. While exceeding industry averages in some social areas (responsible gambling and community initiatives exceeding $71 million since 1996), significant improvements are needed across other areas.

**Environmental Pillar :** company scores high on climate exposure & sustainability initiatives and emission reduction.

**Strong performance Green House Gasses over the Revenue** -in Scopes from 1 to 3 compared to its peers

**1- emissions from owned and controlled sources**

**2- emissions from generated or purchased electricity**

**3- indirect emissions from company's value chain (commuting to work).**

Strengths include top-quartile ranking in green gas emissions. Opportunities exist in water and energy management.

**Social Pillar :** Excellent in customer welfare and responsible gambling.

**Governance Pillar :** Diverse Board of Directors (recent changes 6/17 executives in less than a year). Demonstrates good diversity.

**Challenges:** Improving data security and ethics compliance

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**Recommendations:**  Focus should be on improving environmental performance , specifically addressing water and energy management. While social performance is relatively strong, further enhancement in employee compensation and benefits should be improved . Recent executive changes (6 of 17 in less than a year) may also impact future performance.

Close:

Try to keep the gambling in skycity, not on skycity stocks needs to be more deliberate, saying that the stock is a sell.

Valuation:

**WACC :** Betas (Damodaran, BBG), error factor

Cost of Equity (Fama French + CAPM) the average of two

Cost of Debt ( bond yield)

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DCF - > FCFF (WACC), FCFE (k)- cost of equity

DCF= ∑FCF/ (1+ WACC)^t + TV/ (1+ WACC)^n

To calculate TV we use Gordon Growth Model or Exit Multiple Method

TV= Gordon Growth Model

TV = FCF(n+1) / (WACC - g)

g- perpetual growth

or Exit Multiple Method

TV = Exit Multiple \* Financial Metric in final forecast year

For example:

TV = EV/EBITDA \* Financial EBITDA in final forecast year

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FCFE/k-g

k- cost of equity

FCFF/WACC-g

TV = (Dn+1)/ (k-g)

g - constant growth rate

Basic DDM Gordon Growth Model

P = D1/(k-g)

Multi Stage Gordon Growth Model

DDM = ∑ Dt/(1+k)^n + (Dn(1+g)/(k-g))/1+k^n

Dt - expected dividend in year t

Dn - expected dividend in the final year

k - required rate of return for equity investors

g- constant growth rate of dividends

n- number of periods