



Authorised for release by Sub-Committee
of the Board of Directors
Redcape Hotel Group Management Ltd

FOR IMMEDIATE RELEASE
ASX Markets Announcement Platform – 19 August 2020

Full Year 2020 Results

Redcape Hotel Group Management Ltd as responsible entity of the Redcape Hotel Group (ASX:RDC) (“Redcape” or “Group”), today announced Redcape’s results for the full year ended 30 June 2020.

Highlights

- Statutory NPAT for the full year was a profit of \$11.2m
- Operating EBITDA¹ in July 2020² was higher than July 2019
- Distributable Earnings increased by 22.1% in the first eight months of FY20 versus pcp and declined by 20.1% for the full year due to the impact of the closure of most of its operations from 23 March 2020 to early June 2020
- Gearing and interest cover both improved: Gearing at 30 June 2020 was reduced to 36.3% from 38.0% last year and Interest Cover for the full twelve months increased to 4.52x from 3.95x
- Subject to operating conditions, Redcape is targeting the reinstatement of meaningful distributions in FY21

Operating Performance

LFL Revenue growth was 6.1% for the Group and positive for all trading departments in the first eight months of the year. Operating EBITDA during this same period was up 17.2% which is a function of strong LFL revenue growth complemented by tight cost control. For the full year, Operating EBITDA was down 14.8% reflecting the impact of COVID-19. The Off-premise department remained operational during the COVID-19 shutdown and performed strongly over this period³.

Property Portfolio

Reflecting the Group’s approach to prudent capital management, \$98.1m⁴ was realised on the sale of venues compared with \$36.5m⁴ spent on acquiring venues. Both venues divested were sold at a premium to book value⁵. The refurbishment program has been reassessed in light of COVID-19 with the focus on smaller, high priority projects.

¹ Operating EBITDA refers to Underlying Operating EBITDA

² Excluding JobKeeper benefits

³ Off-premise at Hermit Park, Crescent and Eastern Creek were closed during the shutdown period

⁴ Excluding transaction costs

⁵ Premiums over their book values as at 30 June 2019

Redcape
HOTEL GROUP

About Redcape Hotel Group (Redcape)

Redcape is one of Australia’s leading pub and hotel operators. The Redcape portfolio comprises 32 quality hotels (30 Freehold Going Concerns and 2 Leasehold Going Concerns) strategically located across New South Wales and Queensland and has a clear focus on delivering excellent and responsible service, maintaining high quality facilities, advancing the training and development of its people and contributing positively to the communities in which it operates. www.redcape.com.au

Redcape Hotel Group Management Ltd (ACN 610 990 004) (AFSL 505932) is the responsible entity of Redcape Hotel Trust I (ARSN 629 354 614) and Redcape Hotel Trust II (ARSN 629 354 696) (together “Redcape” or “Redcape Hotel Group”). MA Hotel Management Pty Ltd (ACN 619 297 228) is the appointed investment manager and hotel operator of Redcape. www.redcape.com.au

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Outlook

All venues were fully open from early July delivering strong revenue and resulting in Operating EBITDA for July 2020⁶ that was higher than July 2019.

While there is significant uncertainty around the economic outlook, Redcape is well placed to manage through any volatility. It has strong liquidity with Cash and Cash Equivalents of \$101.4m at 30 June 2020. The Group has supportive customers, a highly engaged workforce and demonstrated platform capability to enable an accelerated recovery.

Redcape CEO, Dan Brady, said, “We have been able to emerge from the shutdown with our venues once again becoming community-centric hubs that deliver the customer experiences for which we are valued. Our investment in people and facilities over the long term had put us in a good position ahead of COVID-19 and our deliberate and calm approach to crisis management during the shutdown has enabled a strong early return to trade.

“At the commencement of the shutdown, we moved quickly to ensure our liquidity and established programs that delivered a high level of care for our people and connection with our customers and communities. We exceeded our initial estimates on expense control with operating costs tracking at \$2.4m per month⁷ by the time the business started to reopen from 1 June 2020.

“We were well positioned for re-opening with a robust balance sheet, highly engaged workforce and customer base, and a clear focus on delivering an end to end customer experience that aimed to reduce hassles and reconnect customers to their communities within COVID-19 operating regulations. Metrics of Staff Satisfaction and Customer Net Promoter Score continue to provide lead indicators that we are living our values and achieving our purpose, enabling a drive to higher levels of performance and strong distributable earnings.

“With the organisation focussed on the continued investment in our people, our digital customer capability, and our land and buildings, we are targeting subject to operating conditions, the reinstatement of meaningful distributions in FY21.”

-ENDS-

For information please contact:

Investor Relations

Andrew Johnston
Redcape Hotel Group
+61 2 9719 4088

Media Enquiries

Jack Gordon
Citadel-MAGNUS
+61(0)478 060 362

⁶ Excluding JobKeeper benefits

⁷ Includes JobKeeper of \$0.7m per month while in shutdown. This increased to \$1.2m in June

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