

# SCENTRE GROUP

## ASX Announcement

22 August 2019

### HALF YEAR FUNDS FROM OPERATIONS UP 3.0% TO 12.75 CENTS PER SECURITY: CUSTOMER STRATEGY DELIVERING LONG-TERM EARNINGS GROWTH

Scentre Group (ASX: SCG) today released its half year results to 30 June 2019, with Funds From Operations (“FFO”) of \$676.2 million. On a per security basis FFO was 12.75 cents, up 3.0% and Distribution was 11.30 cents, up 2.0% and both in line with forecast.

Scentre Group CEO Peter Allen said: “We are pleased to deliver these results which demonstrate the long-term growth and sustainability of our business.

“We continue to enhance the most efficient platform for our retail partners to engage with their customers.

“The first six months of 2019 has been an active period for the Group as we focus on delivering what the customer wants. Annual customer visitation is more than 535 million and growing. Customers are staying for longer and visiting more frequently.

“Total annual sales have increased to \$24.4 billion and our platform accounts for more than 7% of all retail sales in Australia.

“An average specialty store in our portfolio generates annual in-store sales of more than \$1.5 million and this is growing.

“We have curated a major shift towards experience-based offerings, which now represent 42% of our portfolio.

“We have been able to achieve this whilst continuing to grow cashflow and distributions for our securityholders and maintain our strong financial position.”

During the half, the Group released \$2.1 billion of capital from the divestment of the Sydney Office Towers and the joint venturing of Westfield Burwood.

The capital realised from these transactions will be deployed into our business – through providing additional financial capacity for future activities and the security buy-back program of up to \$800 million.

Statutory profit was \$740 million for the half year. Scentre Group has total assets under management of \$54.6 billion.

The Group has a strong financial position with FFO to Debt at 11.3% and interest cover at 3.5 times. The Group has “A” grade credit ratings by S&P, Fitch and Moody’s.

Occupancy remains high at 99.3% with comparable net operating income increasing 2.3% for the first six months. During the half we introduced 118 new brands and 117 existing brands grew their store network with us. This recognises the central role of highly productive physical stores in acquiring and retaining customers, building brand advocacy and influencing sales both in-store and online.

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Scentre Group has total active developments underway of \$835 million (SCG Share: \$413 million). The NZ \$790 million (SCG Share: NZ \$400 million) development of Westfield Newmarket in Auckland is on track for completion in the fourth quarter with the first stage set to open on 29 August. Westfield Newmarket will set a new benchmark in retail, dining and entertainment bringing together the best local and international brands under one roof including a number of first-to-market and first-to-portfolio retail partners.

During the half, the Group opened the Bradley Street dining precinct at Westfield Woden, bringing six new restaurants to Canberra as part of a \$21 million (SCG share: \$10.5 million) project.

The Group commenced construction on the \$30 million (SCG share: \$15 million) rooftop dining, entertainment and leisure precinct at Westfield Doncaster, which is due for completion mid-2020.

At Westfield Carindale, we are pleased to announce Kmart will be introduced and will be located on the second level of the existing David Jones store. The fitout of the latest format David Jones store is progressing well and is on track to open in October 2019.

### **Outlook**

The Group forecasts FFO growth per security of approximately 0.7% including the impact of the transactions announced in the first half (3.0% excluding those transactions). The forecast does not take into account the expected positive earnings impact of the up to \$800 million security buy-back program.

The Group reconfirms the Distribution forecast for 2019 of 22.60 cents per security, an increase of 2%.

Scentre Group CEO Peter Allen said: “We are excited about the future of our business and our ability to generate long-term sustainable growth. We will continue to invest in deepening our understanding of the customer and maintain our relentless focus on what they want as we deliver on our purpose – *creating extraordinary places, connecting and enriching communities.*”

View Peter Allen’s HY19 results video highlights [here](#).

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Scentre Group (ASX Code: SCG) is the owner and operator of Westfield in Australia and New Zealand with interests in 41 centres, encompassing approximately 11,500 outlets and total assets under management of \$54.6 billion.

The financial information included in this release is based on the Scentre Group’s IFRS financial statements. Non IFRS financial information has not been audited or reviewed.

This release contains forward-looking statements, including statements regarding future earnings and distributions that are based on information and assumptions available to us as of the date of this presentation. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward looking statements. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this release. You should not place undue reliance on these forward-looking statements. Except as required by law or regulation (including the ASX Listing Rules) we undertake no obligation to update these forward-looking statements.