

SKYCITY  
Entertainment  
Group Limited

# Half Year Result Presentation

Six months ending 31 December 2014  
11 February 2015





# SKYCITY Result 1H15

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# 1H15 Result Overview

	1H15	1H14	Movement	
	\$m	\$m	\$m	%
Normalised Revenue (incl Gaming GST)	510.0	467.0	43.0	9.2%
Normalised EBITDA	154.4	149.8	4.6	3.1%
Normalised NPAT	66.6	66.4	0.2	0.3%
<b>Normalised EPS</b>	<b>11.4 cps</b>	<b>11.5 cps</b>	<b>(0.1 cps)</b>	<b>(0.9%)</b>

	1H15	1H14	Movement	
	\$m	\$m	\$m	%
Reported Revenue (incl Gaming GST)	495.5	465.1	30.4	6.5%
Reported EBITDA	140.8	143.6	(2.8)	(1.9%)
Reported NPAT	54.6	61.1	(6.5)	(10.6%)
<b>Reported EPS</b>	<b>9.3 cps</b>	<b>10.6cps</b>	<b>(1.3 cps)</b>	<b>(12.3%)</b>

Interim Dividend NZ\$ cps	10.0 cps	10.0 cps	-	-
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- Average NZD/AUD cross-rate during 1H15 0.9147 and 1H14 0.8820
- Weighted average number of shares 1H15 = 584,692,624, 1H14 = 578,421,022



# Results Overview – Key Take Outs

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- Group normalised revenue (including gaming GST) was up 9.2% to \$510.0m. Normalised EBITDA was up 3.1% to \$154.4m and normalised Net Profit After Tax (“NPAT”) of \$66.6m was only up marginally on the previous corresponding period (“pcp”). Overall, the strong results of Auckland and IB were curtailed by the poor result of Adelaide
- SKYCITY Auckland, our flagship property, was again the standout performer across the group, with normalised revenue up 17.2% to \$302.5m and normalised EBITDA up 15.0% from \$108.1m to \$124.3m. This strong growth continues the positive momentum exhibited during 2H14, with growth across all business segments, delivering four consecutive quarters of EBITDA growth, on pcp
- SKYCITY’s International Business (“IB”) delivered record levels of activity during the period, with group turnover and normalised revenues up 83.6% to \$4.7bn and \$63.8m, respectively. Normalised IB EBITDA was up 133.9% to \$14.5m
- SKYCITY Hamilton returned to revenue and EBITDA growth in the period with a pleasing second quarter. Normalised revenue was up 1.2% for 1H15 to \$25.2m and normalised EBITDA was up 6.5% to \$9.8m
- As previously foreshadowed, the disruption to the Adelaide Casino continued throughout 1H15 while we completed the redevelopment works. This was completed on 22 January 2015 with the opening of Madame Hanoi. While normalised revenue increased 4.7% to A\$87.3m, primarily from IB, normalised EBITDA declined 27.4% from A\$18.6m to A\$13.5m, prior to branding project costs during the period
- SKYCITY Darwin achieved 2.9% EBITDA growth over the period, despite flat revenues in a challenging local market



# Results Overview – Key Take Outs

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- The combined performance of SKYCITY Queenstown and SKYCITY Wharf was disappointing. Normalised revenues were down 1.5% to \$6.6m and normalised EBITDA was down by \$0.5m to \$0.5m
- The actual IB win rate for the period was 1.04% versus the theoretical win rate of 1.35%. However, a strong performance from IB in January 2015 has resulted in the year-to-date win rate increasing back above theoretical to 1.50%
- January trading has seen a continuation of the momentum exhibited during 1H15. Strong Auckland and IB activity have delivered normalised revenues for the month of \$88.6m up 23.2% on pcp. Reported revenues for the month of \$111.6m were up 63.9% as a result of the strong win rate in IB. Pleasingly, Adelaide delivered both revenue and EBITDA growth for the month
- Constructive discussions with the Crown regarding funding the additional costs of the NZICC project over and above SKYCITY's contractual obligation of \$402m are continuing. SKYCITY remains committed to building, developing and operating the NZICC and we are committed to achieving a solution that preserves value for our shareholders
- SKYCITY is progressing various funding initiatives that will lock-in current interest rates, extend the debt maturity profile and maintain SKYCITY's current debt funding headroom of approximately \$300m

# Results Overview – Key Take Outs

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- SKYCITY has announced an interim dividend of 10 cents per share. The dividend will be 25% franked in Australia but not imputed in New Zealand. The Dividend Reinvestment Plan will not be available for this dividend, given the ongoing negotiations with the Crown over the NZICC funding



# 1H15 Revenue Summary by Business (incl Gaming GST)

		1H15 \$m	1H14 \$m	Movement	
				\$m	%
<b>New Zealand Casinos</b>					
▪ Auckland		302.5	258.0	44.5	17.2%
▪ Hamilton		25.2	24.9	0.3	1.2%
▪ Queenstown, Other		7.0	7.1	(0.1)	(1.4%)
Total New Zealand		334.7	290.0	44.7	15.4%
<b>Australian Casinos</b>					
▪ Adelaide	(A\$)	87.3	83.4	3.9	4.7%
▪ Darwin	(A\$)	73.1	72.9	0.2	0.3%
Total Australia	(A\$)	160.4	156.3	4.1	2.6%
Total Australia at LY fx rate 0.8820	(NZ\$)	181.9	177.0	4.9	2.6%
<b>Normalised Revenues at constant currency</b>					
		516.6	467.0	49.6	10.6%
Exchange rate impact at CY fx rate 0.9147		(6.6)	-		
<b>Normalised Revenues at actual currency</b>					
		510.0	467.0	43.0	9.2%
Adjust International Business to actual win rate		(14.5)	(1.9)	(12.6)	
<b>Reported Revenue at actual currency</b>					
		495.5	465.1	30.4	6.5%

- Revenue (including Gaming GST) is shown above to facilitate Australasian comparisons
- Normalised Revenue is adjusted for IB at theoretical win rate of 1.35%, versus actual 1.04% in 1H15 (1H14: 1.28%)
- Average NZD/AUD cross-rate during 1H15 0.9147 and 1H14 0.8820



# 1H15 EBITDA Summary by Business

		1H15 \$m	1H14 \$m	Movement	
				\$m	%
<b>New Zealand Casinos</b>					
▪ Auckland		124.3	108.1	16.2	15.0%
▪ Hamilton		9.8	9.2	0.6	6.5%
▪ Queenstown, Other		0.5	1.2	(0.7)	(58.3%)
Total New Zealand		134.6	118.5	16.1	13.6%
<b>Australian Casinos</b>					
▪ Adelaide	(A\$)	13.5	18.6	(5.1)	(27.4%)
▪ Darwin	(A\$)	21.6	21.0	0.6	2.9%
Total Australia	(A\$)	35.1	39.6	(4.5)	(11.4%)
Total Australia at LY fx rate 0.8820	(NZ\$)	39.7	44.7	(5.0)	(11.4%)
Corporate Costs		(16.4)	(13.4)	(3.0)	(22.3%)
Branding Project Costs		(2.1)	0.0	(2.1)	
<b>Normalised EBITDA at constant currency</b>		155.8	149.8	6.0	4.0%
Exchange rate impact at CY fx rate 0.9147		(1.4)	-		
<b>Normalised EBITDA at actual currency</b>		154.4	149.8	4.6	3.1%
Adjustments (Note 1)		(2.5)	(3.6)	1.1	
International Business adjustments (Note 1)		(11.1)	(2.6)	(8.5)	
<b>Reported EBITDA at actual currency</b>		140.8	143.6	(2.8)	(1.9%)

• Normalised EBITDA is adjusted for certain items and IB at theoretical

• Average NZD/AUD cross-rate during 1H15 0.9147 and 1H14 0.8820

Note 1: Adjustments are outlined on page 46



# 1H15 Property Updates





# 1H15 Property Update – SKYCITY Auckland

(page 1 of 2)

- Strong Revenue and EBITDA growth was achieved across all business segments. Normalised revenue increased 17.2% to \$302.5m and EBITDA increased 15.0% to \$124.3m. Excluding IB, Auckland revenues increased 9.3% to \$257.5m and EBITDA 8.6% to \$112.3m
- Auckland delivered record IB turnover of \$3.3bn up 101.1% on pcg from \$1.7bn
- Local tables performed strongly over the period with revenues up 11.0% on pcg, underpinned by improved customer segmentation and experiences delivered through Eight (our local VIP table games offering), our new Baccarat room and the success of our Federal Street restaurants
- Robust performance from gaming machines, delivering revenue growth of 3.8% over the period
- The revitalised Federal Street precinct and both SKYCITY Auckland hotels continue to go from strength-to-strength and reflect the benefits of being able to offer world-class integrated entertainment facilities to our local and international customers. We achieved a strong performance across our non-gaming businesses, namely:
  - Food & Beverage revenue was up 27.8%, underpinned by our 7 world-class restaurants
  - Hotel and Conventions revenue was up 9.3% with both the SKYCITY Hotel and SKYCITY Grand continuing to operate at industry-leading occupancy levels and achieving strong ADR growth
  - SKY Tower, Parking and Other revenues were up 12.7% on pcg

- SKYCITY Auckland is now benefiting and delivering returns on the capital investment made in the facilities over the past few years (including: ‘Horizon’ Villas and Salons, Eight, Baccarat Room, Black Room, Federal Street, 7 world-class restaurants and the Grand Presidential suites)
- The strong focus on cost management across the Auckland business continues to provide solid EBITDA leverage to revenue growth with pleasing and sustained margins
- The Auckland property continues to benefit from positive external influences which are supportive of sustained growth for the property across the medium-term, including:
  - A robust Auckland & New Zealand macroeconomic environment
  - Growth in in-bound tourism into New Zealand
  - A strong calendar of events driving visitation to Auckland, from both locals and tourists
  - Supportive underlying Auckland immigration and demographics
- We expect Auckland to continue to perform well for the remainder of FY15

# SKYCITY Auckland 1H15 – Normalised

	1H15 \$m	1H14 \$m	Movement	
			\$m	%
<b>Revenues</b>				
Machines	114.1	109.9	4.2	3.8%
Tables – Local	67.5	60.8	6.7	11.0%
Tables – IB (Normalised)	45.0	22.4	22.6	101.1%
<b>Normalised Gaming Revenue (incl GST)</b>	<b>226.6</b>	<b>193.1</b>	<b>33.5</b>	<b>17.3%</b>
Food and Beverage	31.7	24.8	6.9	27.8%
Hotels and Conventions	31.8	29.1	2.7	9.3%
Sky Tower, Parking and Other	12.4	11.0	1.4	12.7%
<b>Non-Gaming Revenue</b>	<b>75.9</b>	<b>64.9</b>	<b>11.0</b>	<b>16.9%</b>
<b>Total Normalised Revenue (incl gaming GST)</b>	<b>302.5</b>	<b>258.0</b>	<b>44.5</b>	<b>17.2%</b>
Gaming GST	(29.2)	(25.1)	(4.1)	(16.3%)
<b>Total Normalised Revenue (excl gaming GST)</b>	<b>273.3</b>	<b>232.9</b>	<b>40.4</b>	<b>17.3%</b>
Expenses	(121.8)	(110.0)	(11.8)	(10.7%)
Expenses – IB (Normalised)	(27.2)	(14.8)	(12.4)	(83.8%)
<b>Normalised EBITDA</b>	<b>124.3</b>	<b>108.1</b>	<b>16.2</b>	<b>15.0%</b>
<b>Normalised EBITDA Margin</b>	<b>41.1%</b>	<b>41.9%</b>		

- Gaming revenue figures as shown on this page is gaming win (inclusive GST). This facilitates Australasian comparisons
- Non-gaming revenue is net of GST
- Total revenue as shown is gaming win plus non-gaming revenue
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus non-gaming revenue - to facilitate Australasian comparisons



# 1H15 Property Update – Hamilton

- SKYCITY Hamilton returned to revenue and EBITDA growth in the period. Normalised revenue was up 1.2% to \$25.2m and normalised EBITDA increased 6.5% to \$9.8m. Normalised gaming revenues grew 3.9% to \$21.4m with non-gaming revenues falling 11.6% to \$3.8m
- A strong and improved second quarter resulted in the poor performance of the first quarter being turned around over the first half. The improved performance in gaming machine revenues, up 6.3% on pcp, a renewed focus on providing a better customer experience and loyalty programme, in addition to better product, facilities and cost management, have lead to the overall turnaround and an increased EBITDA margin from 36.9% to 38.9%
- A new management team is now in place, led by Michelle Baillie (General Manager) following her promotion from SKYCITY Queenstown. Hamilton is now being overseen by John Mortensen, who has been promoted to Chief Operating Officer – NZ
- Hamilton City Council's 'River Plan Project' is supportive of the long-tem growth of the property, given its ideal location and proximity to planned tourism infrastructure spend

# SKYCITY Hamilton 1H15 – Normalised

	1H15 \$m	1H14 \$m	Movement	
			\$m	%
<b>Revenues</b>				
Machines	17.0	16.0	1.0	6.3%
Tables – Local	4.4	4.6	(0.2)	(4.3%)
Tables – IB (Normalised)	0.0	0.0	0.0	91.9%
<b>Normalised Gaming Revenue (incl GST)</b>	<b>21.4</b>	<b>20.6</b>	<b>0.8</b>	<b>3.9%</b>
Food and Beverage	3.0	3.3	(0.3)	(9.1%)
Conventions, Parking and Other	0.8	1.0	(0.2)	(20.0%)
<b>Non-Gaming Revenue</b>	<b>3.8</b>	<b>4.3</b>	<b>(0.5)</b>	<b>(11.6%)</b>
<b>Total Normalised Revenue (incl gaming GST)</b>	<b>25.2</b>	<b>24.9</b>	<b>0.3</b>	<b>1.2%</b>
Gaming GST	(2.8)	(2.7)	(0.1)	(3.7%)
<b>Total Normalised Revenue (excl gaming GST)</b>	<b>22.4</b>	<b>22.2</b>	<b>0.2</b>	<b>0.9%</b>
Expenses	(12.6)	(12.9)	0.3	2.3%
Expenses – IB (Normalised)	0.0	(0.1)	0.1	100.0%
<b>Normalised EBITDA</b>	<b>9.8</b>	<b>9.2</b>	<b>0.6</b>	<b>6.5%</b>
<b>Normalised EBITDA margin</b>	<b>38.9%</b>	<b>36.9%</b>		

- Gaming revenue figures as shown on this page is gaming win (inclusive GST). This facilitates Australasian comparisons
- Non-gaming revenue is net of GST
- Total revenue as shown is gaming win plus non-gaming revenue
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus non-gaming revenue - to facilitate Australasian comparisons



- As previously foreshadowed, the overall performance of the Adelaide Casino was significantly impacted by the disruption of the final stages of the redevelopment works over this half
- Normalised revenue increased 4.7% to A\$87.3m but normalised EBITDA declined 27.4% to A\$13.5m, prior to the costs associated with the major property and brand re-launch campaign that went to air in January 2015
- The decline in EBITDA margins was primarily due to reduced visitation during the disruption, higher costs associated with the launch of new gaming and food & beverage facilities, increased marketing spend during the redevelopment phase and relatively high fixed labour costs over the period
- Although local table games revenue was up on pcp (both drop and hold), gaming machine revenue was slightly softer versus pcp. Gaming machine turnover grew by around 4%, but this was offset with a greater proportion of premium revenue which delivered a lower hold percentage. Overall this resulted in flat local gaming revenue
- Food & beverage revenue was down on the prior period for the majority of the half, whilst several outlets were closed for redevelopment, however returned to growth following the re-opening's to finish flat for the half overall. Our two new signature chef offerings in Sean's Kitchen by Sean Connelly (which successfully launched in October) and Madame Hanoi by Nic Watt (which opened on 22 January) are attracting strong visitation
- The revitalised property now offers a significantly improved main and premium gaming floor experiences for customers, new TITO and cashless gaming technologies and a greater variety of entertainment and hospitality options, including the two new signature restaurants



- The physical transformation of the existing Adelaide property is now complete
  - ~A\$50m of capex has been invested since late 2013 redeveloping the existing Adelaide Casino
  - Additionally, A\$20m was paid to the SA Government in February 2014 for the extension in licence exclusivity through to 2035
- With the completion of the redevelopment, the Adelaide Casino management team, led by Aaron Morrison, is now firmly focused on returning the property to sustainable revenue and EBITDA growth
- SKYCITY remains committed to transforming the Adelaide Casino into a world-class integrated entertainment and casino resort and continues to develop plans for the broader expansion of the property



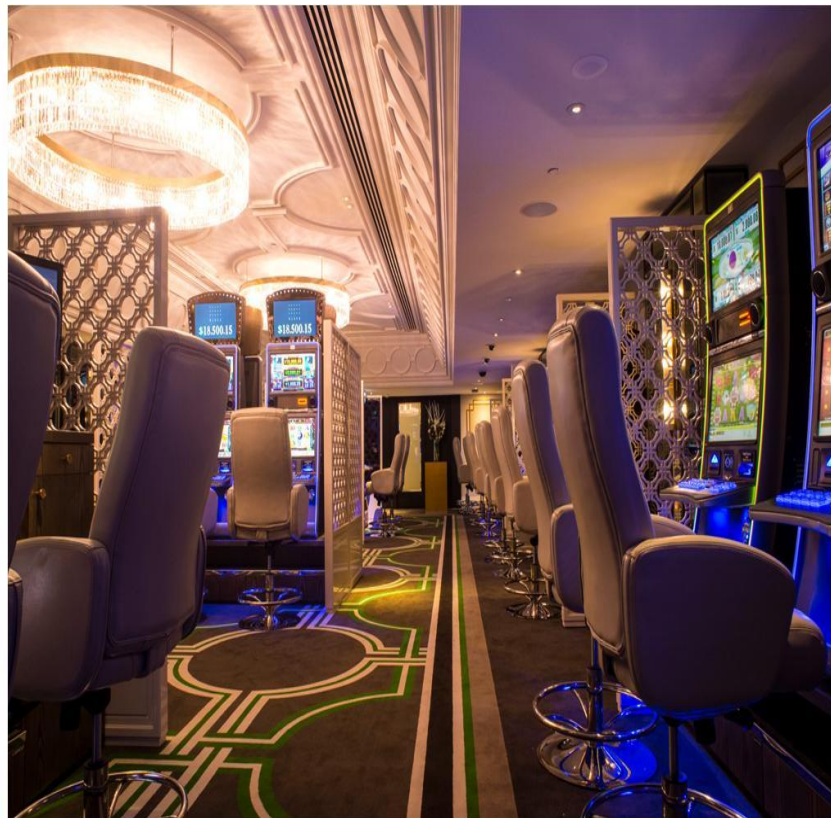


**Sean's Kitchen**  
Opened October 2014



**Madame Hanoi**  
Opened January 2015





**VIP Black Room**  
**Opened December 2014**

# Adelaide Casino 1H15 – Normalised

	1H15 A\$m	1H14 A\$m	Movement	
			A\$m	%
<b>Revenues</b>				
Machines	28.9	30.0	(1.1)	(3.7%)
Tables – Local	40.2	38.8	1.4	3.6%
Tables – IB (Normalised)	10.3	6.8	3.5	51.9%
Normalised Gaming Revenue (incl GST)	79.4	75.6	3.8	5.0%
Food and Beverage	7.1	7.1	0.0	0.0
Parking and Other	0.8	0.7	0.1	14.3%
<b>Total Normalised Revenue (incl gaming GST)</b>	<b>87.3</b>	<b>83.4</b>	<b>3.9</b>	<b>4.7%</b>
Gaming GST	(7.2)	(6.9)	(0.3)	(4.3%)
<b>Total Normalised Revenue (excl gaming GST)</b>	<b>80.1</b>	<b>76.5</b>	<b>3.6</b>	<b>4.7%</b>
Expenses	(59.2)	(53.4)	(5.8)	(10.9%)
Expenses – IB (Normalised)	(7.4)	(4.5)	(2.9)	(64.4%)
<b>Normalised EBITDA <sup>(1)</sup></b>	<b>13.5</b>	<b>18.6</b>	<b>(5.1)</b>	<b>(27.4%)</b>
<b>EBITDA margin</b>	<b>15.5%</b>	<b>22.3%</b>		

• (1) Excludes \$1.1m of project branding costs during the period

- Gaming revenue figures as shown on this page is gaming win (inclusive GST). This facilitates Australasian comparisons
- Non-gaming revenue is net of GST
- Total revenue as shown is gaming win plus non-gaming revenue
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus non-gaming revenue - to facilitate Australasian comparisons



# 1H15 Property Update – Darwin

- SKYCITY Darwin achieved EBITDA growth over the period despite modest revenue growth and a challenging local market. Normalised revenue increased marginally to A\$73.1m while EBITDA increased 2.9% to A\$21.6m
  - The performance was primarily driven by robust growth in local table games, significant growth in IB turnover and a strong focus on cost and subsidy management
  - IB in Darwin grew significantly over 1H15 with normalised revenues up 74.8% to A\$5.9m highlighting the potential of Darwin as an IB destination. This is a core focus for continued future growth
  - Excluding IB, Darwin's revenues decreased 3.4% to A\$67.2m while EBITDA increased 0.5% to A\$21.5m
- Despite strong local table games revenues, total local gaming revenue softened overall with local pubs & clubs being granted permission to operate bill acceptors on gaming machines. We expect that the introduction of TITO across the property will mitigate some of the softness experienced in 1H15
- The property is expected to benefit in the medium-term from the completion and opening of 'Aces' Sports Bar in April 2015, the completion of the soft refurbishment of the main gaming floor scheduled for June and the redevelopment of the Sunset Restaurant due to commence in 4Q15
- Under SKYCITY Darwin's Casino Operator Agreement ("COA"), the NT Government will review gaming tax rates toward the end of FY15 (and must be completed by 31 August 2015)
  - Gaming tax rates would apply for the next 10 years to June 2025
  - The COA outlines factors that the Minister must consider in his tax review, including the GST rate and the average tax rates for similar casinos in Australia

# SKYCITY Darwin 1H15 – Normalised

	1H15 A\$m	1H14 A\$m	Movement	
			A\$m	%
<b>Revenues</b>				
Machines	31.2	32.3	(1.1)	(3.4%)
Tables – Local	10.1	9.5	0.6	6.3%
Keno	8.8	9.4	(0.6)	(6.4%)
Tables – IB (Normalised)	5.9	3.3	2.6	74.8%
Normalised Gaming Revenue (incl GST)	56.0	54.5	1.5	2.8%
Food and Beverage	8.1	9.7	(1.6)	(16.5%)
Hotel	5.3	5.4	(0.1)	(1.8%)
Conventions and Other	3.7	3.3	0.4	12.1%
Non-Gaming Revenue	17.1	18.4	(1.3)	(7.1%)
<b>Total Normalised Revenue (incl gaming GST)</b>	<b>73.1</b>	<b>72.9</b>	<b>0.2</b>	<b>0.3%</b>
Gaming GST	(5.0)	(4.9)	(0.1)	(2.0%)
<b>Total Normalised Revenue (excl gaming GST)</b>	<b>68.1</b>	<b>68.0</b>	<b>0.1</b>	<b>0.1%</b>
Expenses	(41.1)	(43.5)	2.4	5.5%
Expenses – IB (Normalised)	(5.4)	(3.5)	(1.9)	(54.3%)
<b>Normalised EBITDA</b>	<b>21.6</b>	<b>21.0</b>	<b>0.6</b>	<b>2.9%</b>
<b>EBITDA Margin</b>	<b>29.5%</b>	<b>28.8%</b>		

- Gaming revenue figures as shown on this page is gaming win (inclusive GST). This facilitates Australasian comparisons
- Non-gaming revenue are net of GST
- Total revenue as shown is gaming win plus non-gaming revenue
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus non-gaming revenue - to facilitate Australasian comparisons



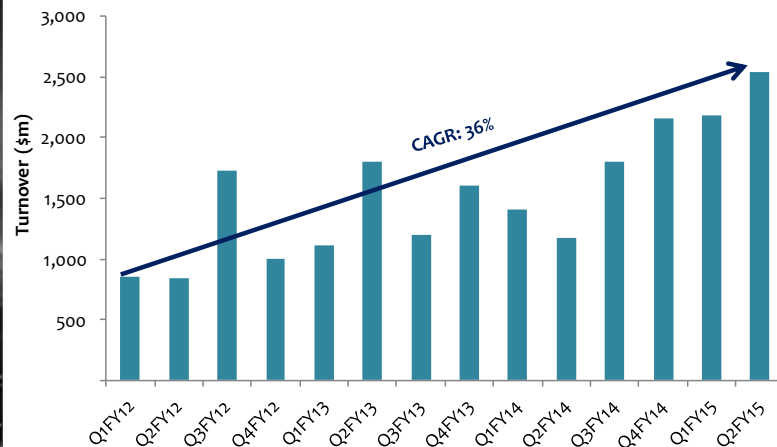
# 1H15 Update – Consolidated International Business

- SKYCITY's International Business delivered record activity during the period, with turnover across all properties nearly doubling to \$4.7bn
- Growth in IB turnover was underpinned by the success of our expanded sales and marketing team, increased recognition of our 'Horizon' brand and offering, higher table differential levels (NZ\$250k) introduced during FY14, a strong focus on direct relationships with our VIP customers and continued growth in the number of Asian VIP customers visiting New Zealand
- Across all properties, normalised IB revenue for 1H15 increased 83.6% to \$63.8m and normalised EBITDA increased 133.9% from \$6.2m to \$14.5m. Auckland normalised revenue was up over 100% to \$45.0m representing 70% of group IB
- The normalised EBITDA margin for the period was 22.7%, which is up from 17.8%, reflecting greater operating leverage across the business and with junket business representing less than 40% of turnover

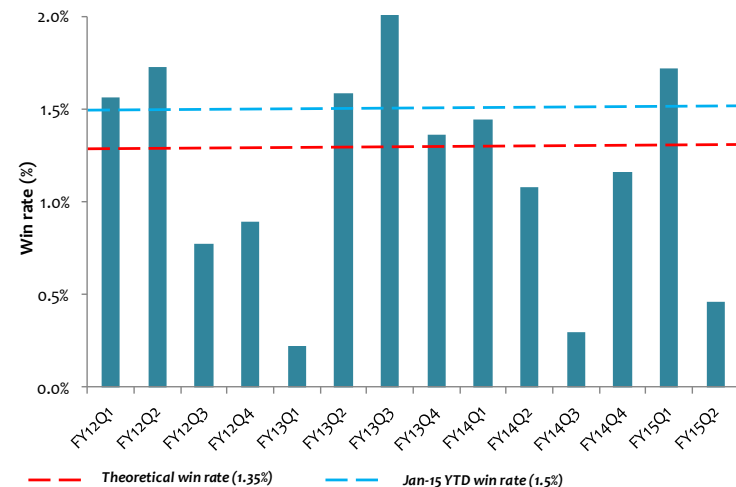


# 1H15 Update – Consolidated International Business

- Sustained turnover growth across IB, with a 36% CAGR since July 2012 and 1H15 up 83.6% on pcp
- An actual win % for 1H15 of 1.04% compared to theoretical of 1.35%, which, following a strong January result, has increased back to 1.50% (as at YTD 31 January 2015)



	1H15	1H14	Movement	
Turnover	\$m	\$m	\$m	%
Auckland (NZ\$)	3,335.6	1,658.7	1,676.9	101.1%
Hamilton	2.7	1.4	1.3	91.9%
Queenstown/Wharf	89.5	87.6	1.9	2.2%
Adelaide (AU\$)	758.2	499.0	259.2	51.9%
Darwin (AU\$)	437.4	250.3	187.1	74.8%
<b>Total Turnover (NZ\$)</b>	<b>4,726.6</b>	<b>2,575.1</b>	<b>2,151.5</b>	<b>83.6%</b>



- Adelaide and Darwin are shown in AUD. The totals in each section have Australian numbers converted at the relevant exchange rate each month
- Average NZD/AUD cross-rate during 1H15 0.9147 and 1H14 0.8820

# 1H15 Update – Consolidated International Business

	1H15	1H14	Movement	
Normalised Revenue (incl Gaming GST)	\$m	\$m	\$m	%
Auckland (NZ\$)	45.0	22.4	22.6	101.1%
Hamilton (NZ\$)	0.0	0.0	0.0	91.9%
Queenstown/Wharf (NZ\$)	1.2	1.2	0.0	2.2%
Adelaide (AU\$)	10.3	6.8	3.5	51.9%
Darwin (AU\$)	5.9	3.3	2.6	74.8%
<b>Total Normalised Revenue (NZ\$)</b>	<b>63.8</b>	<b>34.8</b>	<b>29.0</b>	<b>83.6%</b>
Reported Revenue (incl Gaming GST)	\$m	\$m	\$m	%
<b>Total Reported Revenue (NZ\$)</b>	<b>49.3</b>	<b>32.9</b>	<b>16.4</b>	<b>49.8%</b>
EBITDA	\$m	\$m	\$m	%
<b>Total Normalised EBITDA</b>	<b>14.5</b>	<b>6.2</b>	<b>8.3</b>	<b>133.9%</b>
<b>Total Normalised EBITDA margin</b>	<b>22.7%</b>	<b>17.8%</b>	<b>4.9%</b>	
<b>Total Reported EBITDA</b>	<b>3.4</b>	<b>3.6</b>	<b>(0.2)</b>	<b>(5.6%)</b>

1H15	1H14
Theoretical Win %	
1.35%	1.35%
1.35%	1.35%
1.35%	1.35%
1.35%	1.35%
1.35%	1.35%
1.35%	1.35%
Actual Win %	
1.04%	1.28%



# 1H15 Update – Normalised D&A, Interest, Tax and Other

- Depreciation & Amortisation was up \$5.0m due primarily to:
  - Recent capital investment in Auckland and Adelaide (resulting in an increase in Depreciation of \$2.4m)
  - Increased amortisation of the Adelaide Casino licence value (resulting in an increase in Amortisation of \$1.4m)
- Expect 2H15 Depreciation & Amortisation to be similar to that in 1H15 (\$43.2m)
- Interest costs (\$22.0m) and tax expense (\$22.6m) were both stable relative to the pcg
- Corporate costs were higher in 1H15 compared to the pcg mainly due to:
  - Increased sponsorship commitments
  - The reversal of employee incentive accruals in FY14
- As separately identified, branding project costs amounted to \$2.1m for the period, which included the Adelaide rebranding campaign (\$1.1m) and the New Zealand campaign commenced in January 2015 (\$1.0m)

# January 2015 Trading Update






# January 2015 – Trading Update

- January trading has seen a continuation of the momentum exhibited during 1H15. Strong Auckland and IB activity have delivered normalised revenue for the month of \$88.6m up 23.2% from \$71.9m in the pcp. Reported revenue for the month of \$111.6m was up 63.9% from \$68.1m in the pcp as a result of the strong win rate in IB
- For the seven month period to 31 January 2015, group normalised revenue is up 11.1% and reported revenue up 13.8%, both vs. pcp
- Auckland has continued to deliver good growth in January, with normalised revenues up 33.9% on pcp to \$56.5m, across all business segments. A favourable macro outlook for the next few months in Auckland with a large pipeline of events, in addition to Chinese New Year celebrations starting in late February, should underpin performance for the remainder of FY15
- IB turnover and normalised revenues for January increased 112.4% to \$925m and \$12.5m, respectively
  - Year-to-date to 31 January 2015 turnover of \$5.65 billion, up 87.7% on pcp
  - Actual win rate for the month of 3.84% resulting in a win rate of 1.50% for the seven months ended 31 January
- Adelaide starting to show early signs of recovery after completion of the redevelopment, with normalised revenue up 2.2% in January 2015 on pcp and margins lifting versus 1H15 with tighter cost controls and improved labour scheduling



# Interim Dividend





# Interim Dividend of 10 cents per share

	1H15	1H14	Movement	
<b>Dividend – NZ\$</b>	<b>10.0 cps</b>	<b>10.0 cps</b>	<b>0.0cps</b>	<b>0.0%</b>
<b>Dividend – A\$*</b>	<b>9.5 cps</b>	<b>9.3 cps</b>	<b>0.2cps</b>	<b>2.1%</b>

- The interim dividend of 10 cents per share is consistent with prior year
- The dividend is calculated in accordance with the previously announced policy
  - Corresponds to a payout ratio of 88% of Normalised NPAT
  - Based on a share price of NZ\$3.90, this represents an annualised cash dividend yield of 5.1%
- The interim 1H15 dividend will be 25% franked in Australia and not imputed in New Zealand
- The FY15 final dividend is proposed to be 25% imputed in New Zealand in order to reduce prepaid tax
- The Dividend Reinvestment Plan will not be available for the 1H15 dividend given the ongoing negotiations with the Crown over the NZICC funding
- The payment date is 2 April 2015 (entitlement / record date 20 March 2015)

\* For illustrative purposes, converting Interim Dividend cps to A\$, 1H15 converted at the 9<sup>th</sup> February 2015 rate of 0.9471 and 1H14 at 10<sup>th</sup> February 2014 rate of 0.9252




# Capital Projects Update



# New Zealand International Convention Centre

An aerial night photograph of Auckland, New Zealand. The Sky Tower is the central vertical element, its white structure and observation deck clearly visible against the dark, cloudy sky. The city below is a dense grid of illuminated buildings, with light trails from traffic on the roads. In the foreground, a large, modern building with a dark, angular roof and glass facade is highlighted, likely representing the proposed New Zealand International Convention Centre. The overall scene is a vibrant urban nightscape.



# NZICC – Update

- Significant progress on NZICC achieved in 1H15:
  - Completed Preliminary Design after working closely with the Crown’s design team and submitted to the Crown for approval in October 2014
  - Applied to Auckland Council for resource consent in December 2014 (currently under consideration)
- We have worked closely with the Crown to achieve the objective of a landmark development for Auckland that will generate significant economic benefits for the city and New Zealand
- Also announced plans for an adjacent five star 300-room SKYCITY hotel and pedestrian laneway which is to be developed separately
- As announced in December 2014:
  - Early estimates of full cost of NZICC development have been revised to \$470-530m depending on level of future construction cost inflation
  - SKYCITY and the Crown are working constructively to address the funding of costs above SKYCITY’s \$402m contractual obligation
  - SKYCITY and the Crown have extended the date for formally approving Preliminary Design until the end of February 2015
- SKYCITY is committed to achieving a solution which preserves value for shareholders



# Adelaide Redevelopment



THE  
SUGAR  
CLUB



# Proposed Adelaide Expansion

- SKYCITY initially outlined its high level concept plans for the Adelaide redevelopment in 2012 – comprising a casino expansion, new signature food & beverage offerings and a boutique 6 Star hotel, with an indicative cost of A\$350m
- Having subsequently reached formal agreement with the SA Government and commenced under a new regulatory and taxation framework in early 2014, SKYCITY has spent A\$20m extending the exclusivity of its licence and A\$50m significantly redeveloping its existing facilities
- SKYCITY remains committed to maximising the opportunity at the Adelaide Casino, consistent with our vision of transforming the property into a world-class integrated casino entertainment complex and achieving a satisfactory return for shareholders
- SKYCITY is currently exploring a range of different expansion options, including additional ‘Horizon’ VIP villas and suites and an expanded hotel, which would potentially increase the costs for the project over the indicative cost of A\$350m
- SKYCITY and Walker Corporation are finalising terms for the lease for up to 1,000 car park spaces in the adjacent Adelaide Festival Plaza development





# Capital Expenditure and Funding



# Capital Expenditure

- Maintenance capital expenditure (“capex”) of \$24.9m for 1H15 consistent with expectations – expect 2H15 to be similar to that in 1H15
- Project capex for 1H15 mainly related to Adelaide redevelopment and NZICC projects
- Other projects to be completed in FY15 include:
  - Auckland Grand Hotel refurbishment (1-2 floors)
  - Darwin Sports Bar, Sunset Restaurant and TITO installation
- Once negotiations are completed with the Crown regarding the NZICC funding we shall provide a further update on our long-term capex outlook

Capex Spend	1H15 \$m	2H14 \$m	1H14 \$m
NZICC	5.4	17.8	5.6
Adelaide development	20.1	48.1	4.7
Other Projects	10.6	15.1	24.6
<b>Total Project Capex</b>	<b>36.1</b>	<b>81.0</b>	<b>34.9</b>
Maintenance Capex	24.9	22.4	29.8
<b>Total NZ\$</b>	<b>61.0</b>	<b>103.4</b>	<b>64.7</b>
<b>Depreciation &amp; Amortisation <sup>(1)</sup></b>	<b>43.2</b>	<b>40.4</b>	<b>38.2</b>

(1) Normalised Depreciation and Amortisation

- Two upcoming debt maturities require refinancing:
  - \$88.2m of USPP senior notes maturing in March 2015
  - \$76.5m of NZ capital notes maturing in May 2015
- Progressing funding initiatives which will facilitate refinancing, lock-in current low interest rates, extend the maturity profile and maintain debt funding headroom of ~\$300m
- Credit approval received from existing banking syndicate to extend maturities of existing facilities but with lower margins
  - Mix of 4, 5 and 6-year maturities approved
  - Expect to be fully documented by end of February 2015
  - Annualised pre-tax interest cost reduction of approximately \$2m based on current utilisation of bank facilities
- Also planning a NZ senior bond issue in advance of the maturing capital notes, and considering options for further USPP issues
- SKYCITY has no further debt maturities until March 2017 (when US\$27m of USPP senior notes mature)

- SKYCITY is committed to maintaining its BBB- investment grade credit rating
- SKYCITY is committed to its current dividend policy for the foreseeable future
- Once negotiations are concluded with the Crown regarding the NZICC funding and the Adelaide expansion project is fully developed, we will provide a further update on long-term funding. As noted, in the meantime, SKYCITY will maintain its \$300m of debt funding headroom

# Conclusion








# Conclusion

- Continued growth across our core businesses, underpinned by a strong performance in Auckland and our International Business, delivering record activity levels, with good and sustained momentum into January
- Significant progress made on the transformation of the Adelaide property. With the completion of the redevelopment, the Adelaide Casino management team, led by Aaron Morrison, is now firmly focused on returning the property to sustainable revenue and EBITDA growth
- Significant progress achieved on the NZICC project during 1H15, and SKYCITY continues to have constructive discussions with the Crown regarding funding the additional costs of the NZICC project
- Management focus for the remainder of FY15:
  - Continue to optimise the operating performance of all business segments
  - Continue to actively manage the Adelaide transformation process
  - Achieve a solution with the Crown for funding the NZICC project which preserves value for shareholders



# Appendices and Financial Summaries

Six months ending 31 December  
2014

THE  
SUGAR  
CLUB

# 1H15 Results Overview – Normalised Results

Normalised	1H15 \$m	1H14 \$m	Movement	
			\$m	%
Normalised Revenue (including Gaming GST)	510.0	467.0	43.0	9.2%
Gaming GST	(46.1)	(41.7)	(4.4)	(10.6%)
<b>Normalised Revenue</b>	<b>463.9</b>	<b>425.3</b>	<b>38.6</b>	<b>9.1%</b>
Expenses	(309.5)	(275.5)	(34.0)	(12.3%)
<b>Normalised EBITDA</b>	<b>154.4</b>	<b>149.8</b>	<b>4.6</b>	<b>3.1%</b>
Depreciation and Amortisation	(43.2)	(38.2)	(5.0)	(13.1%)
<b>Normalised EBIT</b>	<b>111.2</b>	<b>111.6</b>	<b>(0.4)</b>	<b>(0.3%)</b>
Interest Cost	(22.0)	(22.6)	0.6	2.7%
<b>Normalised NPBT</b>	<b>89.2</b>	<b>89.0</b>	<b>0.2</b>	<b>0.2%</b>
Tax	(22.6)	(22.6)	(0.0)	(0.0%)
<b>Normalised NPAT</b>	<b>66.6</b>	<b>66.4</b>	<b>0.2</b>	<b>0.3%</b>
<b>Normalised EPS</b>	<b>11.4 cps</b>	<b>11.5 cps</b>	<b>(0.1 cps)</b>	<b>(0.9%)</b>

- Revenue (including Gaming GST) is shown above to facilitate Australasian comparisons
- Normalised NPAT adjusts for certain items and International Business (IB) at theoretical win rate of 1.35% versus actual 1.04% in 1H15 (1H14: 1.28%)
- Average NZD/AUD cross-rate during 1H15 0.9147 and 1H14 0.8820

# 1H15 Results Overview – Reported Results

Reported	1H15 \$m	1H14 \$m	Movement	
			\$m	%
Reported Revenue (including Gaming GST)	495.5	465.1	30.4	6.5%
Gaming GST	(44.0)	(41.6)	(2.4)	(5.8%)
<b>Reported Revenue</b>	<b>451.5</b>	<b>423.5</b>	<b>28.0</b>	<b>6.6%</b>
Expenses	(310.7)	(279.9)	(30.8)	(11.0%)
<b>Reported EBITDA</b>	<b>140.8</b>	<b>143.6</b>	<b>(2.8)</b>	<b>(1.9%)</b>
Depreciation and Amortisation	(43.2)	(39.2)	(4.0)	(10.2%)
<b>Reported EBIT</b>	<b>97.6</b>	<b>104.4</b>	<b>(6.8)</b>	<b>(6.5%)</b>
Interest Cost	(24.9)	(24.2)	(0.7)	(2.9%)
Profit from disposal of Christchurch Casino	0.0	0.9	(0.9)	(100.0%)
<b>Reported NPBT</b>	<b>72.7</b>	<b>81.1</b>	<b>(8.4)</b>	<b>(10.4%)</b>
Tax	(18.1)	(20.0)	1.9	9.5%
<b>Reported NPAT</b>	<b>54.6</b>	<b>61.1</b>	<b>(6.5)</b>	<b>(10.6%)</b>
<b>Reported EPS</b>	<b>9.3 cps</b>	<b>10.6 cps</b>	<b>(1.3 cps)</b>	<b>(12.3%)</b>
<b>Interim Dividend NZ\$ cps</b>	<b>10.0 cps</b>	<b>10.0 cps</b>	-	-

• Revenue (including Gaming GST) is shown above to facilitate Australasian comparisons

# 1H15 EBIT Summary by Business Unit

		1H15 \$m	1H14 \$m	Movement \$m %	
<b>New Zealand Casinos</b>					
▪ Auckland		101.0	86.9	14.1	16.2%
▪ Hamilton		7.6	7.2	0.4	5.6%
▪ Queenstown, Other		0.0	0.7	(0.7)	(100.0%)
Total New Zealand		108.6	94.8	13.8	14.6%
<b>Australian Casinos</b>					
▪ Adelaide	(A\$)	6.4	14.2	(7.8)	(54.9%)
▪ Darwin	(A\$)	15.4	14.9	0.5	3.3%
Total Australia	(A\$)	21.8	29.1	(7.3)	(25.1%)
Total Australia at LY fx rate 0.8820	(NZ\$)	24.7	32.8	(8.1)	(25.1%)
Corporate Costs		(19.3)	(16.0)	(3.3)	(20.6%)
Branding Project Costs		(2.1)	0.0	(2.1)	
<b>Normalised EBIT at constant currency</b>		111.9	111.6	0.3	0.3%
Exchange rate impact at CY fx rate 0.9147		(0.7)	-		
<b>Normalised EBIT at actual currency</b>		111.2	111.6	(0.4)	(0.4%)
Adjustments (Note 1)		(2.5)	(4.6)	2.1	
International Business adjustments (Note 1)		(11.1)	(2.6)	(8.5)	
<b>Reported EBIT at actual currency</b>		97.6	104.4	(6.8)	(6.5%)

• Normalised EBIT is adjusted for certain items and IB at theoretical  
 • Average NZD/AUD cross-rate during 1H15 0.9147 and 1H14 0.8820  
 Note 1: Adjustments are outlined on page 46



# SKYCITY Queenstown/Wharf 1H15 – Normalised

	1H15 \$m	1H14 \$m	Movement	
			\$m	%
<b>Revenues</b>				
Machines	2.1	2.0	0.1	5.0%
Tables – Local	1.3	1.6	(0.3)	(18.8%)
Tables – IB (Normalised)	1.2	1.2	0.0	2.2%
<b>Normalised Gaming Revenue (incl GST)</b>	<b>4.6</b>	<b>4.8</b>	<b>(0.2)</b>	<b>(4.2%)</b>
Food and Beverage	0.4	0.5	(0.1)	(20.0%)
<b>Total Normalised Revenue (incl gaming GST)</b>	<b>5.0</b>	<b>5.3</b>	<b>(0.3)</b>	<b>(5.7%)</b>
Wharf Casino	1.6	1.4	0.2	14.3%
<b>Total Normalised Revenue (incl Wharf Casino)</b>	<b>6.6</b>	<b>6.7</b>	<b>(0.1)</b>	<b>(1.5%)</b>
Gaming GST	(0.7)	(0.7)	0.0	0.0%
<b>Total Normalised Revenue (excl gaming GST)</b>	<b>5.9</b>	<b>6.0</b>	<b>(0.1)</b>	<b>(1.7%)</b>
Expenses	(4.4)	(4.3)	(0.1)	(2.3%)
Expenses – IB (Normalised)	(1.0)	(0.7)	(0.3)	42.9%
<b>Normalised EBITDA</b>	<b>0.5</b>	<b>1.0</b>	<b>(0.5)</b>	<b>(50.0%)</b>
<b>Normalised EBITDA margin</b>	<b>7.6%</b>	<b>14.9%</b>		

- Gaming revenue figures as shown on this page is gaming win (inclusive GST). This facilitates Australasian comparisons
- Non-gaming revenue is net of GST
- Total revenue as shown is gaming win plus non-gaming revenues
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus non-gaming revenue - to facilitate Australasian

# Reported and Normalised Earnings

	1H15				1H14			
	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m
<b>Normalised</b>	<b>510.0</b>	<b>154.4</b>	<b>111.2</b>	<b>66.6</b>	<b>467.0</b>	<b>149.8</b>	<b>111.6</b>	<b>66.4</b>
Adelaide redevelopment costs	-	(1.5)	(1.5)	(1.0)	-	(1.6)	(1.6)	(1.1)
NZICC interest and other costs	-	(0.3)	(0.3)	(2.3)	-	-	-	(1.1)
Strategic projects	-	-	-	-	-	(0.3)	(0.3)	(0.2)
Restructuring costs	-	(0.5)	(0.5)	(0.4)	-	(1.1)	(1.1)	(0.8)
Auckland project costs	-	(0.2)	(0.2)	(0.1)	-	(0.6)	(1.6)	(1.2)
Profit from sale of Christchurch	-	-	-	-	-	-	-	1.0
<b>Total Adjustments</b>	<b>-</b>	<b>(2.5)</b>	<b>(2.5)</b>	<b>(3.8)</b>	<b>-</b>	<b>(3.6)</b>	<b>(4.6)</b>	<b>(3.4)</b>
<b>Adjusted</b>	<b>510.0</b>	<b>151.9</b>	<b>108.7</b>	<b>62.8</b>	<b>467.0</b>	<b>146.2</b>	<b>107.0</b>	<b>63.0</b>
International Business at Theoretical	(14.5)	(11.1)	(11.1)	(8.2)	(1.9)	(2.6)	(2.6)	(1.9)
<b>Reported</b>	<b>495.5</b>	<b>140.8</b>	<b>97.6</b>	<b>54.6</b>	<b>465.1</b>	<b>143.6</b>	<b>104.4</b>	<b>61.1</b>

- Revenue includes GST inclusive gaming revenue and GST exclusive non-gaming revenue
- Normalised (underlying) earnings eliminates certain items and adjusts international VIP commission business win rate to theoretical



# Reported and Normalised Earnings

- SKYCITY's objective of producing normalised financial information is to provide data that is useful to the investment community in understanding the underlying operations of the Group
- Gaming Revenue figures reflect gaming win (inclusive of gaming GST). This facilitates Australasian comparisons and is consistent with the treatment adopted by major Australian casinos
- Non-gaming Revenues are net of GST
- Total Revenues are gaming win plus Non-gaming Revenues
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus Non-gaming Revenue – to facilitate Australasian and period on period comparisons



# Reported and Normalised Earnings

- Key Adjustments are:
  - Adelaide redevelopment costs – Structural redundancies and launch costs for new facilities (Sean's Kitchen, Black Room)
  - NZICC – Interest on purchase of New Zealand International Convention Centre (NZICC) land bank (calculated using the Group's average cost of debt of 6.7% on an average balance of \$83m) and other costs specific to this project
  - Strategic project costs - Brisbane, Gold Coast and other miscellaneous items
  - Restructuring costs – Costs associated with changing the staffing structures under an approved restructuring plan
  - Auckland project costs – Project, pre-opening and launch costs related to Auckland facilities such as the Federal Street launch. 1H14 includes Sugar Club, Fed Deli, Masu and the new gaming rooms
- IB win rate at 1.04% for 1H15 (1H14: 1.28%)
- Normalisation adjustments have been calculated in a consistent manner in 1H15 and 1H14

# Impact of Currency Fluctuations

	1H15 Actual	1H15 Constant Currency	1H14 Actual	Movement 1H15 Constant Currency v 1H14 Actual	
	\$m	\$m	\$m	\$m	%
Normalised Revenue (incl Gaming GST)	510.0	516.6	467.0	49.6	10.6%
Normalised EBITDA	154.4	155.8	149.8	6.0	4.0%
Normalised EBIT	111.2	111.9	111.6	0.3	0.3%
Normalised NPAT	66.6	66.9	66.4	0.5	0.8%
Reported Revenue (incl Gaming GST)	495.5	502.2	465.1	37.1	8.0%
Reported EBITDA	140.8	142.4	143.6	(1.2)	(0.8%)
Reported EBIT	97.6	98.5	104.4	(5.9)	(5.7%)
Reported NPAT	54.6	55.0	61.1	(6.1)	(10.0%)

- Average NZD/AUD cross-rate during 1H15 0.9147 and 1H14 0.8820
- Constant currency translates 1H15 Australian dollar results to NZ dollars at 0.8820





# Disclaimer

- *All information included in this presentation is provided as at 11 February 2015*
- *The presentation includes a number of forward-looking statements. Forward looking statements, by their nature, involve inherent risks and uncertainties. Many of those risks and uncertainties are matters which are beyond SKYCITY's control and could cause actual results to differ from those predicted. Variations could either be materially positive or materially negative*
- *This presentation has not taken into account any particular investors investment objectives or other circumstances. Investors are encouraged to make an independent assessment of SKYCITY*