SKYCITY ENTERTAINMENT GROUP

SKYCITY Entertainment Group Limited
Federal House 86 Federal Street
PO Box 6443 Wellesley Street
Auckland New Zealand
Telephone +64 (0)9 363 6141
Facsimile +64 (0)9 363 6140
www.skycitygroup.co.nz

9 February 2018

Client Market Services
NZX Limited
Level 1, NZX Centre
11 Cable Street
WELLINGTON

Copy to:
ASX Market Announcements
Australian Stock Exchange
Exchange Centre
Level 6
20 Bridge Street
Sydney NSW 2000
AUSTRALIA

Dear Sir/Madam

RE : SKYCITY ENTERTAINMENT GROUP LIMITED (SKC)
1H18 INTERIM RESULT (FOR THE SIX MONTHS ENDED 31 DECEMBER 2017)

Please find attached the following information relating to SKYCITY Entertainment Group Limited's interim result for the six months ended 31 December 2017:

1. NZX Appendix 1 (as required by NZX Listing Rule 10.3.2) detailing the preliminary announcement;

2. 1H18 Result - Investor Presentation;

3. NZX Appendix 7 (as required by NZX Listing Rule 7.12.2) detailing the interim dividend of NZ 10.0 cents per ordinary share to be paid on 16 March 2018 to those shareholders on the company's share register as at 5pm (NZ time) on 2 March 2018. The company's Dividend Reinvestment Plan will be activated in respect of the interim dividend, with a 2% discount being offered;

4. Interim Report, including the financial statements and notes; and

5. Market Release.

SKYCITY is hosting a conference call for equity analysts, institutional investors and fund managers at 12pm noon (NZ time) today where Graeme Stephens, CEO, and Rob Hamilton, CFO, will present the key information of the result and provide an overview of the status of SKYCITY's major growth projects in Auckland and Adelaide. Details for this call were released on the NZX and ASX on 15 January 2018.

Yours faithfully

Rob Hamilton
Chief Financial Officer

SKYCITY Entertainment Group Limited	
Results for announcement to the market	
Reporting Period	1 July 2017 to 31 December 2017
Previous Reporting Period	1 July 2016 to 31 December 2016

Reported	Amount (millions)	Percentage change
Reported revenue including gaming GST from ordinary activities	NZ$554.7	4.0%
Reported revenue from ordinary activities [1]	NZ$504.6	4.2%
Reported profit (loss) from ordinary activities after tax attributable to security holders	NZ$93.5	11.6%
Reported net profit (loss) attributable to security holders	NZ$93.5	11.6%

Normalised	Amount (millions)	Percentage change
Normalised revenue including gaming GST from ordinary activities	NZ$545.0	3.6%
Normalised revenue from ordinary activities	NZ$495.5	3.7%
Normalised profit (loss) from ordinary activities after tax attributable to security holders	NZ$90.3	7.9%
Normalised net profit (loss) attributable to security holders	NZ$90.3	7.9%

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Notes:
- ‘Reported’ information is per the financial statements
- ‘Normalised’ results sets International Business win to theoretical win rate of 1.35% and adjusts for certain revenue and expense items. Reconciliation between reported and normalised financial information is provided at the end of this document
- ‘EBITDA’ = Earnings before interest, tax, depreciation and amortisation
- ‘EBIT’ = Earnings before interest and tax
- ‘NPAT’ = Net profit after tax
- Certain totals, subtotals and percentages may not agree due to rounding

[1] On the Income Statement this is the total of Revenue, Other income and Share of net loss of associate

Interim Dividend	Amount per security	Imputed amount per security
	NZ$ 0.10	$0.038889

Record Date	2 March 2018
Payment Date	16 March 2018

Comments:	SKYCITY's FY18 interim performance is set out in the Company's Result Presentation which is attached to this announcement. It provides detail and explanatory comment on operating and financial performance for each business unit and the Group as a whole and various other relevant aspects of the financial performance for the six months ended 31 December 2017. The Result Presentation will be available on the Company's website from 9 February 2018.

NTA Backing

	2017	**2016**
Net tangible asset backing per ordinary share	$0.444	$0.354

Auditors

This report is based on accounts that have been the subject of a review by the company's auditor. Their review report is provided with this report.

Earnings per share

	Amount (cents per share)	Percentage change
Reported	13.9	9.4%
Normalised	13.5	6.3%

Reported earnings per share for the six months to 31 December 2017 were 13.9 cents per share (31 December 2016: 12.7 cents per share). Normalised earnings per share for the six months to 31 December 2017 were 13.5 cents per share (31 December 2016: 12.7 cents per share). "Normalised" eliminates certain revenue and expense items and adjusts International VIP commission business win rate to theoretical.

Dividends

100% of the March 2018 dividend will be imputed at the company's New Zealand tax rate of 28% and not franked for Australian purposes.

The company's Dividend Reinvestment Plan will be activated in respect of the interim dividend, with a 2% discount being offered.

Elections to participate in the company's Dividend Reinvestment Plan for the interim dividend close at 5pm (NZ time) on Friday 2 March 2018.

Reconciliation between Reported and Normalised Financial Information

	1H18				1H17			
	Revenue $m	EBITDA $m	EBIT $m	NPAT $m	Revenue $m	EBITDA $m	EBIT $m	NPAT $m
Normalised	**545.0**	**175.8**	**128.7**	**90.3**	**525.8**	**168.9**	**121.6**	**83.7**
IB at theoretical	9.7	4.7	4.7	3.2	7.3	0.1	0.1	0.1
Reported	**554.7**	**180.6**	**133.5**	**93.5**	**533.1**	**169.1**	**121.7**	**83.8**

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.

Total revenues are gaming win plus non-gaming revenues.

Application of the group's non-GAAP financial information policy is consistent with the approach adopted in FY17.

1H18 Adjustments

- Actual win rate on International Business of 1.55% vs. the theoretical win rate of 1.35%

1H17 Adjustments

- Actual win rate on International Business of 1.52% vs. the theoretical win rate of 1.35%

1H18 Results – Investor Presentation

9 February 2018

SKYCITY
ENTERTAINMENT GROUP

Disclaimer

- All information included in this presentation is provided as at 9 February 2018

- This 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

Important Information

- Average NZ$ vs. A$ cross-rate for 1H18 = 0.9141 and 1H17 = 0.9492
- Weighted average number of shares for 1H18 = 671,423,386 and 1H17= 659,565,210
- Revenue (incl Gaming GST), calculated as gaming win (incl GST) plus non gaming revenue (excl GST), is shown to facilitate Australasian comparisons
- Normalised revenue is adjusted for IB at the theoretical win rate of 1.35% versus an actual win rate of 1.55% in 1H18 (1H17: 1.52%)
- EBITDA margin is calculated as a % of revenue (incl Gaming GST) to facilitate Australasian comparisons
- Normalised EBITDA is adjusted for IB at the theoretical win rate of 1.35% (see page 33 for more details)
- Certain totals, subtotals and percentages may not agree due to rounding

Contents

Results Overview

	1H18	1H17	Movement	
	$m	$m	$m	%
Normalised Revenue (incl Gaming GST)	545.0	525.8	19.2	3.6%
Normalised EBITDA	175.8	168.9	6.9	4.1%
Normalised NPAT[(1)]	90.3	83.7	6.6	7.9%
Normalised EPS	13.5cps	12.7cps	0.8cps	6.3%
Interim Dividend NZ$cps	10.0cps	10.0cps	0.0cps	0.0%

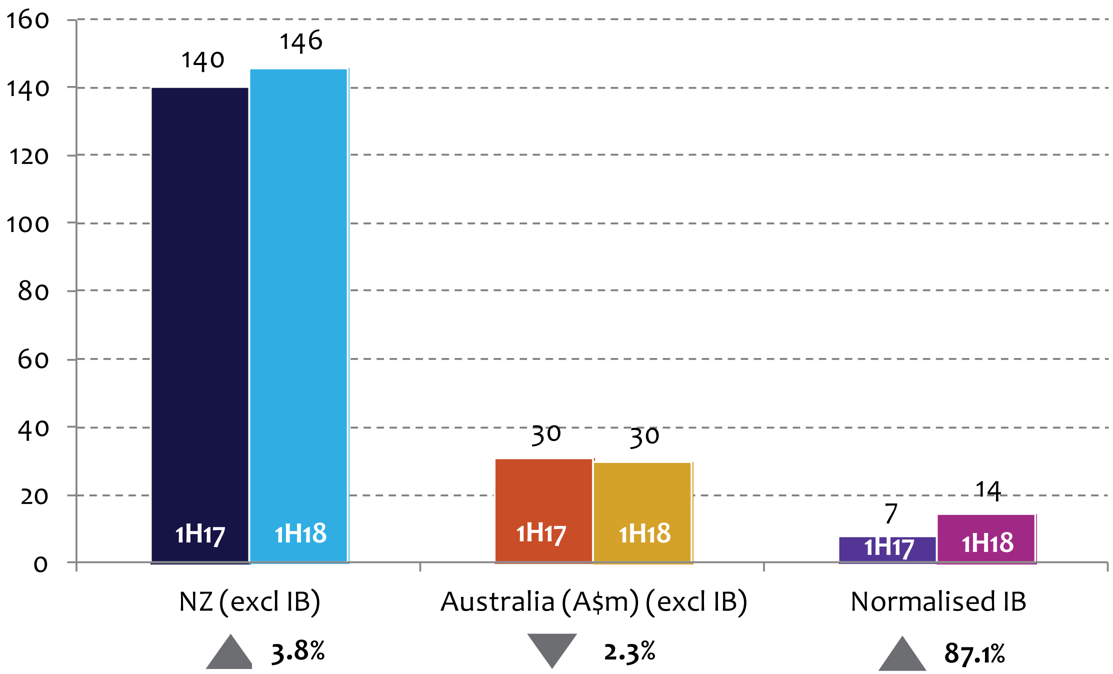
	1H18	1H17	Movement	
	$m	$m	$m	%
Reported Revenue (incl Gaming GST)	554.7	533.1	21.6	4.0%
Reported EBITDA	180.6	169.1	11.5	6.8%
Reported NPAT	93.5	83.8	9.7	11.6%
Reported EPS	13.9cps	12.7cps	1.2cps	9.4%

(1) When adjusted for post-tax accounting impact of interest currently being capitalised on major growth projects, 1H18 Normalised NPAT up 4.3% on the pcp to $82.5m (vs. $79.1m in 1H17)

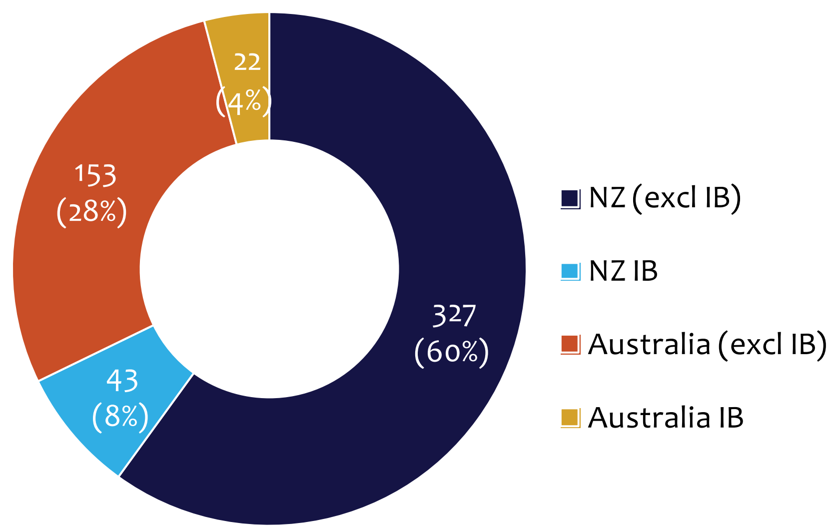
Geographic Performance

- 1H18 EBITDA (excl IB) increased 3.8% in NZ and 1.3% in Australia (down 2.3% in A$ terms) on the pcp
- SKYCITY Auckland represented 75% of 1H18 Group normalised EBITDA
- Group-wide IB represented 8% of 1H18 Group normalised EBITDA (6% for FY17)

1H18 EBITDA (pre corporate costs) (NZ$m unless stated otherwise)



1H18 Normalised Revenue (incl Gaming GST) (NZ$m) (% of total)



Key Highlights

Group

- Key drivers of performance were modest growth in combined NZ properties, growth in IB, stable performance from combined Australian properties, lower net interest expense due to increased capitalised interest on major growth projects and stronger A$ vs. NZ$

NZ – Revenue (excl IB) ▲ 2.3%; EBITDA (excl IB) ▲ 3.8%

- Auckland achieved modest earnings growth vs. a record pcp, despite reduced premium gaming activity during 2Q18 and the impact of required changes to smoking decks
- Hamilton continued to benefit from increased gaming activity and robust macroeconomic conditions, but with growth rates moderating due to stronger comparable periods

Australia – A$ Revenue (excl IB) ▲ 0.5%; A$ EBITDA (excl IB) ▼ 2.3%

- Adelaide achieved some growth during the period with new premium gaming concessions and cost efficiencies helping to offset the impact of disruption from the early works programme
- Darwin's earnings impacted by the Keno 10-spot won during the period, but flat on the pcp on a like-for-like basis – competitive pressures stabilising and lift in visitation to the property

IB – Normalised Revenue ▲ 9.4%; Normalised EBITDA ▲ 87.1%

- IB achieved growth during the period due to an increased focus on key customers – particularly strong activity over October (Golden Week holiday period) and November
- Operating margins significantly improved (21.6% vs. 12.6%) due to benefits of operational review and modest bad debt provisions vs. the pcp

Key Highlights

SKYCITY

Major Growth Projects

- Positive change in construction on-site for NZICC and Hobson St hotel projects over the past 6 months – Fletcher Construction targeting completion in mid-2019
- Tender process for Adelaide expansion construction contract well advanced and main construction works expected to commence by end of FY18

Funding

- Net hedged debt / LTM normalised EBITDA of 1.3x as at December 2017
- Reached agreement on US$150m of USPP debt in November – replaces US$75m of USPP debt maturing in March 2018
- Remain confident of retaining BBB- S&P credit rating during peak gearing periods in FY19 / 20

Dividend – DPS 10.0cps — No change

- Fully-imputed interim dividend of 10.0cps, in-line with existing payout policy
- Dividend Reinvestment Plan available, with 2% discount

New Board and Management Appointments

- Rob Campbell commenced as Chairman on 1 January, following retirement of Chris Moller
- Michael Ahearne commenced as Group COO (with direct responsibility for SKYCITY Auckland) during December, and Liza McNally as CMO during January (with responsibility for group-wide customer, loyalty & marketing initiatives and communications)

SKYCITY Auckland

	1H18 $m	1H17 $m	Movement %
Revenue			
Gaming Machines	125.7	124.4	1.0%
Tables	81.1	77.7	4.3%
Gaming Revenue (incl GST)	206.7	202.1	2.3%
Non-Gaming Revenue	83.2	81.8	1.7%
Total Revenue (incl gaming GST) (excl IB)	**289.9**	**283.9**	**2.1%**
Gaming GST	(26.7)	(26.0)	(2.7%)
Total Revenue (excl gaming GST) (excl IB)	**263.2**	**257.9**	**2.0%**
Expenses	(132.2)	(131.5)	(0.5%)
EBITDA (excl IB)	**131.0**	**126.4**	**3.6%**
EBITDA Margin (excl IB)	*45.2%*	*44.5%*	
Depreciation & Amortisation	(25.2)	(25.5)	1.2%
EBIT (excl IB)	**105.8**	**100.9**	**4.8%**
Normalised EBITDA (incl IB)	**137.6**	**131.3**	**4.8%**
Normalised EBITDA Margin (incl IB)	*42.3%*	*40.6%*	

- SKYCITY Auckland achieved modest earnings growth vs. a record pcp, in-line with previous guidance
- 2.3% growth in local gaming revenue with marketing and promotional initiatives helping to offset impact of reduced premium gaming activity in 2Q18 and required changes to smoking decks (implemented during 2H17)
- Non-gaming revenue up ~4.0% on a like-for-like basis[1] – hotels continue to trade strongly with RevPAR growth of ~10%
- Operating margins improved due to cost efficiencies and operating leverage
- Master planning exercise commenced – will incorporate opportunities for further accommodation, F&B and entertainment facilities in order to offer an integrated mixed-use entertainment precinct

(1) *Reflects loss of Air NZ Koru contract during 1Q17 which generated revenue of ~$2m per quarter but at a low margin*

SKYCITY Hamilton

	1H18 $m	1H17 $m	Movement %
Revenue			
Gaming Machines	21.3	20.9	2.2%
Tables	4.8	4.9	(2.1%)
Gaming Revenue (incl GST)	26.1	25.8	1.4%
Non-Gaming Revenue	4.5	3.9	16.0%
Total Revenue (incl gaming GST) (excl IB)	**30.6**	**29.6**	**3.3%**
Gaming GST	(3.4)	(3.4)	(1.0%)
Total Revenue (excl gaming GST) (excl IB)	**27.2**	**26.3**	**2.6%**
Expenses	(13.6)	(13.2)	(2.6%)
EBITDA (excl IB)	**13.7**	**13.1**	**4.6%**
EBITDA margin (excl IB)	*44.6%*	*44.1%*	
Depreciation & Amortisation	(2.1)	(2.2)	5.0%
EBIT (excl IB)	**11.5**	**10.8**	**6.6%**
Normalised EBITDA (incl IB)	**13.7**	**13.1**	**4.4%**
Normalised EBITDA margin (incl IB)	*44.6%*	*44.1%*	

- SKYCITY Hamilton delivered a solid performance during 1H18 vs. a record pcp, driven by:
  - Modest growth in gaming machines (with implementation of TITO and new products during 2Q18 having a positive impact), partially offset by lower hold on tables
  - Strong non-gaming revenue due to increased activity in ‘Bowl & Social’
  - Operating leverage and a focus on cost efficiencies
  - On-going favourable macroeconomic conditions in the Waikato region
- Growth rates moderating following consecutive years of record performances
- Master planning exercise commenced to review opportunities for enhancing existing property

SKYCITY Queenstown / Wharf Casino

	1H18 $m	1H17 $m	Movement %
Revenue			
Gaming Machines	3.3	2.8	16.8%
Tables	2.3	2.6	(10.8%)
Gaming Revenue (incl GST)	5.6	5.4	3.5%
Non Gaming Revenue	0.8	0.7	19.9%
Total Revenue (incl gaming GST) (excl IB)	**6.4**	**6.1**	**5.3%**
Gaming GST	(0.7)	(0.7)	(3.1%)
Total Revenue (excl gaming GST) (excl IB)	**5.7**	**5.4**	**5.6%**
Expenses	(4.7)	(4.5)	(2.7%)
EBITDA (excl IB)	**1.0**	**0.9**	**20.7%**
EBITDA margin (excl IB)	*16.1%*	*14.0%*	
Depreciation & Amortisation	(0.5)	(0.5)	(1.8%)
EBIT (excl IB)	**0.5**	**0.3**	**50.5%**
Normalised EBITDA (incl IB)	**2.7**	**1.3**	**106.3%**
Normalised EBITDA margin (incl IB)	*19.6%*	*14.0%*	

- Combined Queenstown operations returned to growth during the period, driven by:
  - Improved local visitation and increased IB / premium activity
  - Improvements in operating margins due to operating leverage and a focus on cost efficiencies
- Considering strategic options to better leverage the potential of the 2 casino licences and improve offering to appeal to a broader customer base

Adelaide Casino

	1H18 A$m	1H17 A$m	Movement %
Revenue			
Gaming Machines	26.1	27.0	(3.5%)
Tables	40.8	38.5	5.9%
Gaming Revenue (incl GST)	66.8	65.5	2.0%
Non Gaming Revenue	11.3	11.6	(3.0%)
Total Revenue (incl gaming GST) (excl IB)	**78.1**	**77.1**	**1.3%**
Gaming GST	(6.1)	(5.9)	(1.9%)
Total Revenue (excl gaming GST) (excl IB)	**72.1**	**71.2**	**1.2%**
Expenses	(59.0)	(58.4)	(1.1%)
EBITDA (excl IB)	**13.0**	**12.8**	**2.0%**
EBITDA margin (excl IB)	*16.7%*	*16.6%*	
Depreciation & Amortisation	(8.3)	(8.2)	(1.1%)
EBIT (excl IB)	**4.7**	**4.6**	**3.4%**
Normalised EBITDA (incl IB)	**14.7**	**14.1**	**3.9%**
Normalised EBITDA margin (incl IB)	*16.5%*	*15.8%*	

- Adelaide Casino achieved some growth during the period, in-line with previous guidance, driven by:
  - Increased visitation despite disruption from early works programme
  - Improved premium gaming activity following implementation of new gaming concessions
  - Solid growth in tables with hold rates normalising vs. the pcp
  - Stable operating margins due to cost efficiencies and a lower average gaming tax rate
- Total gaming machine market in SA down ~4% over LTM – casino market share stable at around 7% over same period
- Momentum building in premium gaming business
  - Increased visitation to premium gaming rooms during the period
  - Premium gaming rooms recently expanded to accommodate increased demand during peak periods

SKYCITY Darwin

	1H18 A$m	1H17 A$m	Movement %
Revenue			
Gaming Machines	28.6	29.0	(1.2%)
Tables	9.6	10.0	(3.7%)
Keno	8.0	8.3	(3.7%)
Gaming Revenue (incl GST)	46.2	47.2	(2.2%)
Non-Gaming Revenue	15.8	15.1	5.1%
Total Revenue (incl gaming GST) (excl IB)	**62.0**	**62.3**	**(0.4%)**
Gaming GST	(4.1)	(4.3)	3.3%
Total Revenue (excl gaming GST) (excl IB)	**57.9**	**58.0**	**(0.2%)**
Expenses	(41.2)	(40.3)	(2.1%)
EBITDA (excl IB)	**16.7**	**17.7**	**(5.4%)**
EBITDA Margin (excl IB)	*27.0%*	*28.4%*	
Depreciation & Amortisation	(6.3)	(6.6)	4.9%
EBIT (excl IB)	**10.5**	**11.1**	**(5.8%)**
Normalised EBITDA (incl IB)	**20.2**	**18.3**	**10.4%**
Normalised EBITDA margin (incl IB)	*28.3%*	*27.8%*	

- EBITDA impacted by Keno 10-spot won during the period (~A$1m reseed), but flat vs. the pcp on a like-for-like basis. Result driven by:
  - Impact of competitive pressures stabilising – no material change in number of gaming machines in NT pubs & clubs over the period
  - Increased visitation on the pcp with positive response to broadening on-site entertainment
  - Increased non-gaming revenue, helping to offset weaker local gaming activity
  - Stable operating margins on a like-for-like basis
- Casino licence extended to 2036 (with exclusivity for top 700kms in the NT)
- Continue to evaluate options for the property as part of strategic review which commenced in July 2017

Group International Business

	1H18	1H17	Movement		1H18	1H17
Turnover	**$bn**	**$bn**	**%**		**Actual Win %**	
Auckland	2.6	2.9	(10.1%)			
Other NZ	0.5	0.2	125.0%			
Adelaide (A$)	0.8	0.9	(12.3%)			
Darwin (A$)	0.7	0.3	162.8%			
Total Turnover	**4.8**	**4.4**	**9.4%**		**1.55%**	**1.52%**
Total Normalised Revenue ($m)	**64.8**	**59.3**	**9.4%**			

	1H18	1H17	Movement		1H18	1H17
Normalised EBITDA	**$m**	**$m**	**%**		**Margin %**	
Auckland	6.6	4.9	35.3%			
Other NZ	1.6	0.5	248.3%			
Adelaide (A$)	1.7	1.4	22.3%			
Darwin (A$)	3.5	0.6	445.1%			
Total Normalised EBITDA	**14.0**	**7.5**	**87.1%**		**21.6%**	**12.6%**
Total Reported EBITDA	**18.8**	**7.6**	**146.5%**			

- IB achieved growth in both turnover and EBITDA during the period, underpinned by:
  - Increased focus on key customers
  - Particularly strong activity over October (Golden Week holiday period) and November
  - Increased junket play vs. the pcp – junkets represented ~50% of total turnover during the period (up from ~40% in 1H17)
  - Significant improvement in operating margins due to benefits of operational review and reduced bad debt provisions vs. the pcp
- YTD win rate of 1.55%, slightly above the theoretical win rate of 1.35%
- New management team (led by Stewart Neish) making positive impact

Dividend

SKYCITY

Interim dividend per share

10.0cps

– No Change

Key dividend dates

Record date: 2 March 2018

DRP election date: 2 March 2018

Payment date: 16 March 2018

- Fully-imputed interim dividend of 10.0cps, in-line with existing payout policy
  - Represents a payout ratio of 82% of adjusted 1H18 NPAT(1)
  - Represents a cash dividend yield of 5.0%, based on a share price of NZ$4.03
- Dividend Reinvestment Plan available for the interim dividend, with a 2% discount
- Dividend policy continues to offer shareholders an attractive yield

(1) *Payout calculation for dividends adjusted for post-tax accounting impact of capitalised interest on major growth projects*

Corporate costs, D&A, interest and tax expense

SKYCITY

Corporate costs: $15.1m
▲ 49.8%

- Corporate cost reallocations (~$11m per annum) effective from start of FY18 (see appendix)
- On a like-for-like basis(1) corporate costs up 14% on the pcp due to investment in IT / innovation and new executive positions (consistent with previous guidance)
- Expect corporate costs for FY18 to be around $35m
- Cost savings from recent restructuring and management departures to be realised from FY19 – will more than offset recent executive hires

D&A: $47.1m
▼ 0.4%

- D&A flat on the pcp due to recent capex in Auckland (Huami development, refurbishment of Orbit), offset by certain group IT systems coming to end of life
- Expect D&A in 2H18 to be slightly higher than 1H18

Net interest expense: $6.2m
▼ 23.6%

- Net interest expense down significantly on the pcp, reflecting higher gross funding costs, offset by increased capitalised interest (~$11m) from major growth projects
- Expect net interest expense in 2H18 to be slightly higher than 1H18 due to higher average debt, offset by increased capitalised interest (~$13m)

(1) *Adjusting for $5.4m of cost reallocations and $2.4m increase in LTI accruals and bonus provisions (due to reversals in 1H17)*

Corporate costs, D&A, interest and tax expense

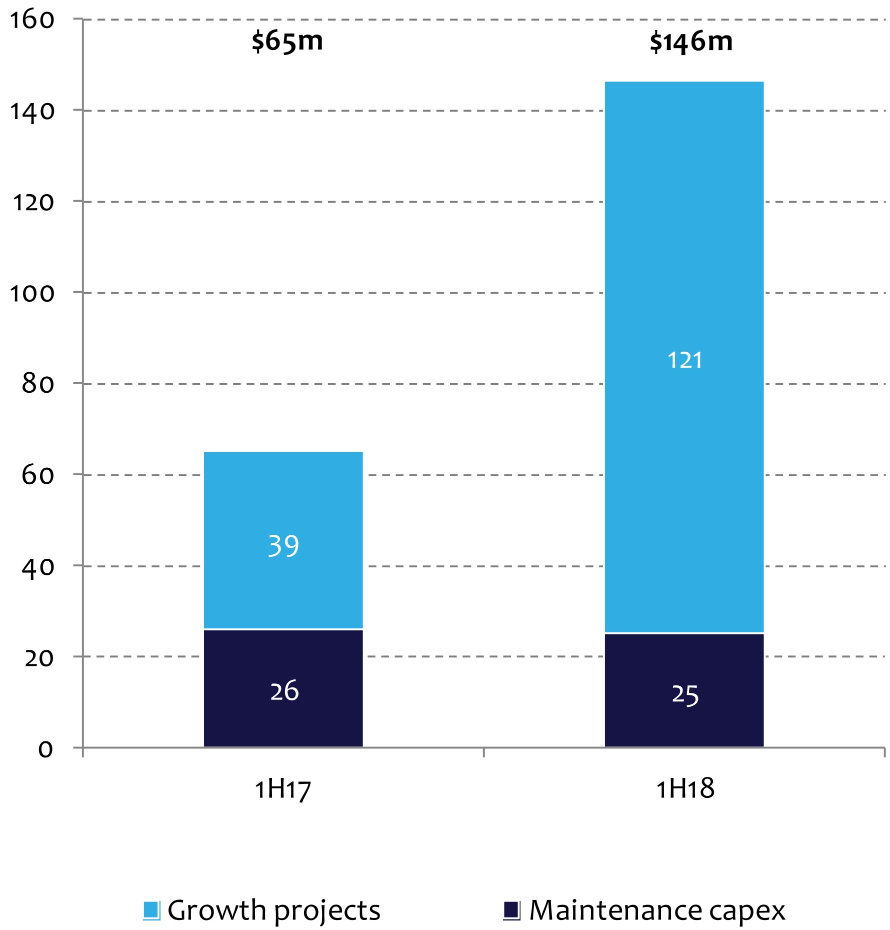
Normalised tax expense: $32.2m

▲ 8.0%

- Normalised tax expense up on the pcp due to higher profit before tax and stable effective tax rate (26.3%)
- Expect the effective tax rate in 2H18 to be broadly similar to that in 1H18
- Proposed changes to tax legislation in NZ and Australia would increase the effective tax rate in FY19, but largely offset from FY20 due to accounting treatment associated with completion of major growth projects

Capital Expenditure

1H18 capital expenditure (NZ$m)



1H18 capex

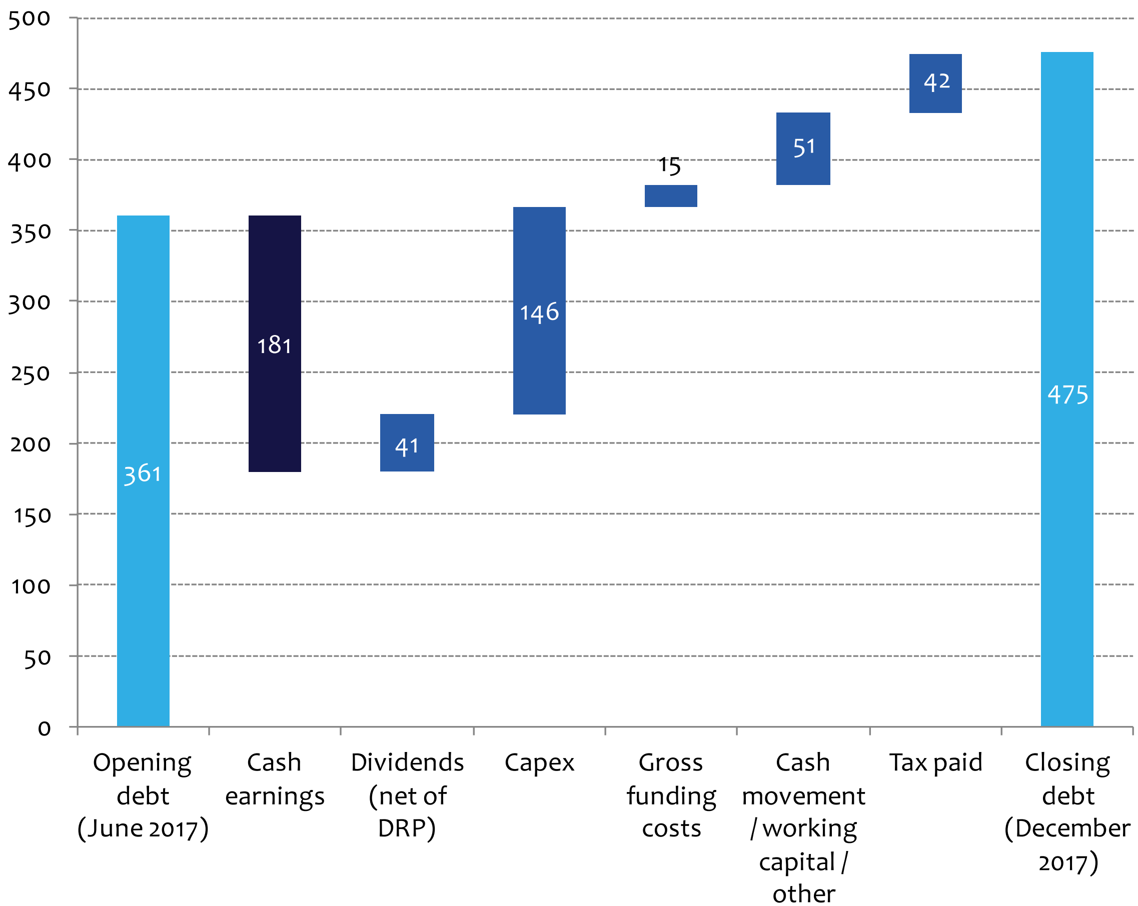
- Maintenance capex of $25m
- Growth project capex of $121m primarily related to the NZICC and Hobson St hotel projects, Adelaide Casino expansion and investment in Auckland precinct

Capex outlook

- FY18 maintenance capex expected to be ~$70m, in-line with previous guidance
- No change to prevous guidance on timing and quantum of future capex from major growth projects
- Potential for additional investment in Auckland precinct during 2H18 as part of Auckland master planning

Funding and Capital Management

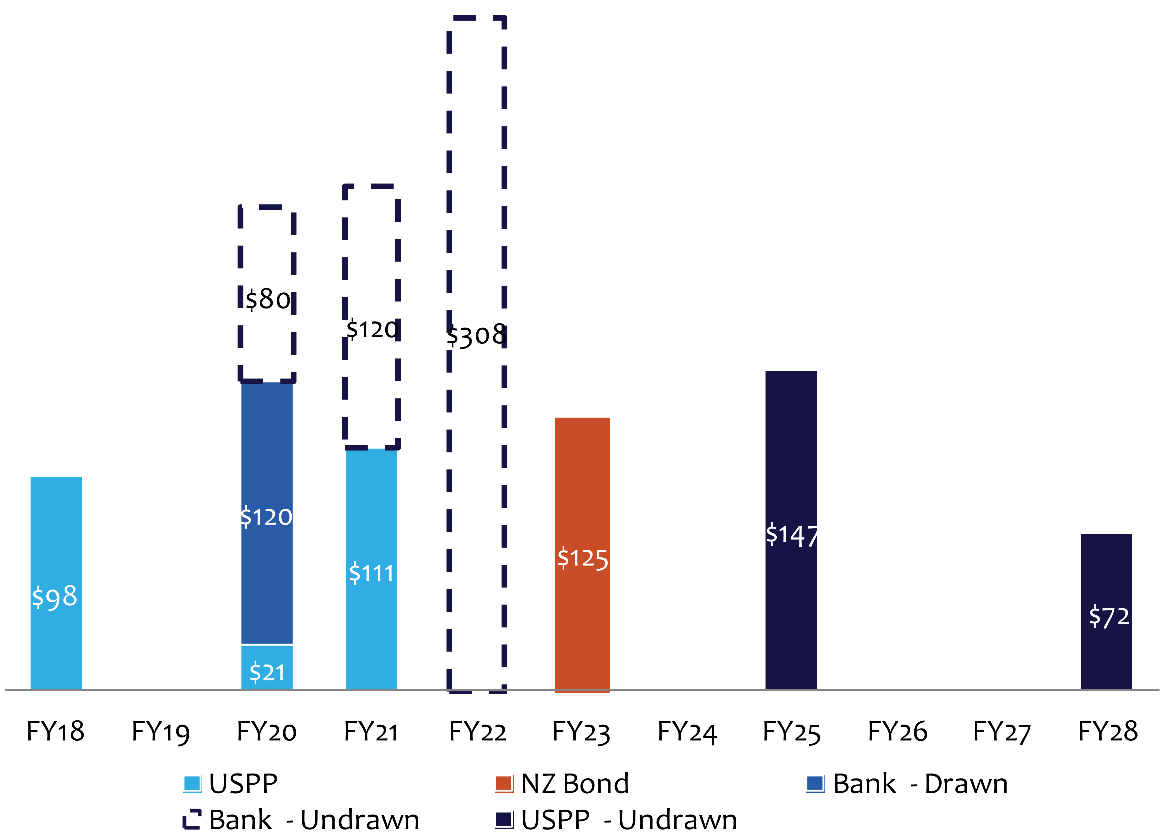
Movement in gross hedged debt (NZ$m)



- Gross hedged debt up ~$115m over the period primarily due to increased capex on major growth projects
- Expect total debt to peak during FY20 at around $1bn, in-line with previous guidance
- Considering opportunities to release capital from existing assets to repay debt and fund future growth opportunities
- Remain confident of retaining BBB- S&P credit rating during peak gearing periods in FY19 / 20

Debt Maturity Profile

Hedged debt maturity profile (as at December 2017) (NZ$m)



- Committed debt facilities (at hedged exchange rates) of $1.2bn as at December 2017, with $475m currently drawn
  - Average interest rate on existing debt is 6.4% (almost all fixed rate debt)
  - Net hedged debt / LTM normalised EBITDA of 1.3x as at December 2017
- Cash at bank of $62m as at December 2017
- Reached agreement on US$150m issue of USPP debt during November 2017
  - Extends average debt maturity out to 4.3 years from March 2018
  - Drawdown to coincide with $98m (US$75m) note maturing in March 2018

NZICC and Hobson St Hotel

- Positive change in construction on-site over the past 6 months – experienced Fletcher Construction team now in place
- Fletcher Construction still targeting completion in mid-2019 (~6 month delay from contracted dates)
- Construction contracts provide for liquidated damages which should mitigate losses to SKYCITY through delay
- Expect investment in the projects to be in-line with original budget
- Remain comfortable with contractual arrangements, but legal challenges from Fletcher Construction are possible
- Increased focus on marketing and promoting the NZICC – 6 major bookings confirmed for 2020
- First stage of NZICC car park (~600 spaces) due to be completed in 2H18

NZICC – view from Nelson St (looking east)

NZICC and Hobson St Hotel – Progress On Site

NZICC and Hobson St hotel site as at February 2018

Adelaide Casino Expansion

- Tender process for construction contract well advanced
- Total project costs expected to be ~A$330m (including appropriate contingency), in-line with previous guidance
- Main construction works to commence before end of FY18 following completion of early works by the SA Government
- Good progress being made by Walker Corporation on development of Festival Plaza – expect car park to be opened contemporaneous with expansion in early FY21

Expansion – view from Station Road

Festival Plaza rejuvenation

Adelaide Casino Expansion

Early works programme progress as at end of January 2018

Other Initiatives

SKYCITY

Auckland Car Parks

- Colliers appointed to sell Federal St car park
  - Considered non-core following opening of NZICC car parks
  - Expect to conclude process by end of FY18
- Evaluating options to monetise main site car parks in Auckland

Auckland Master Plan

- Acquired NPT's interest in the AA Centre for $47m in October 2017 (settlement in July 2018)
  - Acquisition consistent with intention to consolidate control over the Auckland precinct
  - To be funded from a combination of existing bank debt and proceeds from sale of Federal St car park
- Intention to introduce development partners to assist in unlocking value in the precinct

Entertainment

- All Blacks Experience to open at SKYCITY Auckland from 2019 – aligns SKYCITY with an iconic global brand and consistent with strategy to enhance entertainment experiences
- Acquired a 40% interest in Let's Play Live Media, NZ's leading e-sports entertainment and broadcasting company during October 2017 – broadcasting studio recently opened in SKY Tower which will provide an exposure to a new, exciting form of entertainment

Outlook

Group

- Based on YTD performance, remain on-track to achieve modest growth in Group EBITDA in FY18 on the pcp
- Key drivers of 2H18 performance to be growth in combined NZ properties, improved performance in combined Australian properties and on-going recovery in IB, offset by increased corporate costs (primarily IT investment)

NZ

- Auckland expected to deliver earnings growth in 2H18 on the pcp with a focus on new initiatives to improve the operating performance of the business and deliver efficiencies
- Hamilton expected to deliver modest earnings growth in 2H18 on the pcp

Australia

- Adelaide expected to deliver earnings growth in 2H18 on the pcp due to increased premium gaming activity, margin improvements and the property cycling a weaker comparative period. Disruption from early works and main construction works expected to continue to impact the property
- Darwin to deliver improved performance in 2H18 on the pcp due to the property cycling a weaker comparative period

IB

- IB inherently difficult to predict, however turnover expected to improve in 2H18 vs. the pcp with positive forward bookings for Chinese New Year period – continue to target $10bn in turnover for FY18
- Operating margins in 2H18 expected to be broadly consistent with 1H18

Key Focus Areas For Remainder Of FY18

Improve operating performance of all business segments (new Group COO has commenced)

Progress NZICC and Hobson St hotel projects in coordination with Fletcher Construction

Complete tender process for Adelaide expansion construction contract and commence main works

Complete strategic review of SKYCITY Darwin

Finalise and commence implementation of refreshed group strategy

Appendices

1H18 Results Overview – Normalised

	1H18 $m	1H17 $m	Movement $m	Movement %
Normalised Revenue (including Gaming GST)	545.0	525.8	19.2	3.6%
Gaming GST	(49.5)	(47.9)	(1.6)	(3.3%)
Normalised Revenue	**495.5**	**477.9**	**17.6**	**3.7%**
Expenses	(319.7)	(309.0)	(10.7)	(3.5%)
Normalised EBITDA	**175.8**	**168.9**	**6.9**	**4.1%**
Depreciation and Amortisation	(47.1)	(47.3)	0.2	0.4%
Normalised EBIT	**128.7**	**121.6**	**7.1**	**5.8%**
Net Interest	(6.2)	(8.1)	1.9	23.6%
Normalised NPBT	**122.5**	**113.5**	**9.0**	**7.9%**
Tax	(32.2)	(29.8)	(2.4)	(8.0%)
Normalised NPAT	**90.3**	**83.7**	**6.6**	**7.9%**
Normalised EPS	**13.5cps**	**12.7cps**	**0.8cps**	**6.3%**

1H18 Results Overview – Reported

	1H18 $m	1H17 $m	Movement $m	 %
Reported Revenue (including Gaming GST)	554.7	533.1	21.6	4.0%
Gaming GST	(50.1)	(48.9)	(1.2)	(2.5%)
Reported Revenue	**504.6**	**484.2**	**20.4**	**4.2%**
Expenses	(324.0)	(315.1)	(8.9)	(2.8%)
Reported EBITDA	**180.6**	**169.1**	**11.5**	**6.8%**
Depreciation and Amortisation	(47.1)	(47.3)	0.2	0.4%
Reported EBIT	**133.5**	**121.7**	**11.7**	**9.6%**
Net Interest	(6.2)	(8.1)	1.9	23.6%
Reported NPBT	**127.2**	**113.6**	**13.6**	**12.0%**
Tax	(33.8)	(29.8)	(4.0)	(13.3%)
Reported NPAT	**93.5**	**83.8**	**9.7**	**11.6%**
Reported EPS	**13.9cps**	**12.7cps**	**1.2cps**	**9.4 %**
Interim Dividend NZ$ cps	**10.0cps**	**10.0cps**	**0.0cps**	**0.0%**

1H18 Revenue Summary by Business (incl Gaming GST)

		1H18 $m	1H17 $m	Movement %
New Zealand Casinos (excl IB)				
▪ Auckland		289.9	283.9	2.1%
▪ Hamilton		30.6	29.6	3.3%
▪ Queenstown, Other		6.3	6.1	4.8%
Total New Zealand Revenue		**326.9**	**319.6**	**2.3%**
Australian Casinos (excl IB)				
▪ Adelaide	(A$)	78.1	77.1	1.3%
▪ Darwin	(A$)	62.0	62.3	(0.4%)
Total Australia	(A$)	140.2	139.4	0.5%
Total Australia Revenue at 1H17 exchange rate (NZ$)		**147.7**	**146.9**	**0.5%**
Normalised IB Revenue at 1H17 exchange rate (for A$ revenue)		**63.9**	59.3	**7.8%**
Normalised Revenue at constant currency		**538.5**	**525.8**	**2.4%**
Exchange rate impact at 1H17 exchange rate		6.5		
Normalised Revenue at actual currency		**545.0**	**525.8**	**3.6%**
Adjust International Business to actual win rate		9.7	7.3	
Reported Revenue at actual currency		**554.7**	**533.1**	**4.0%**

1H18 EBITDA Summary by Business

	1H18 $m	1H17 $m	Movement %
New Zealand Casinos (excl IB)			
▪ Auckland	131.0	126.4	3.6%
▪ Hamilton	13.7	13.1	4.6%
▪ Queenstown, Other	0.9	0.9	12.2%
Total New Zealand EBITDA	**145.6**	**140.3**	**3.7%**
Australian Casinos (excl IB)			
▪ Adelaide (A$)	13.0	12.8	2.0%
▪ Darwin (A$)	16.7	17.7	(5.4%)
Total Australia (A$)	29.7	30.5	(2.3%)
Total Australia EBITDA at 1H17 exchange rate (NZ$)	**31.3**	**32.1**	**(2.3%)**
Normalised IB EBITDA at 1H17 exchange rate (for A$ revenue)	**13.8**	**7.5**	**83.9%**
Corporate Costs	(15.1)	(10.1)	(49.8%)
NZICC operating costs	(1.2)	(0.9)	(32.3%)
Normalised EBITDA at constant currency	**174.4**	**168.9**	**3.2%**
Exchange rate impact at 1H17 exchange rate	1.5		
Normalised EBITDA at actual currency	**175.8**	**168.9**	**4.1%**
International Business adjustments	4.7	0.1	
Reported EBITDA at actual currency	**180.6**	**169.1**	**6.8%**

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
- Application of the Group's non-GAAP financial information policy is consistent with the approach adopted in FY17
- **1H18 adjustments**
  - Actual win rate on IB of 1.55% vs. the theoretical win rate of 1.35%
- **1H17 adjustments**
  - Actual win rate on IB of 1.52% vs. the theoretical win rate of 1.35%

	1H18				1H17			
	Revenue $m	EBITDA $m	EBIT $m	NPAT $m	Revenue $m	EBITDA $m	EBIT $m	NPAT $m
Normalised	**545.0**	**175.8**	**128.7**	**90.3**	**525.8**	**168.9**	**121.6**	**83.7**
IB at theoretical	9.7	4.7	4.7	3.2	7.3	0.1	0.1	0.1
Reported	**554.7**	**180.6**	**133.5**	**93.5**	**533.1**	**169.1**	**121.7**	**83.8**

Corporate Costs / Operating Expenses

- Certain intra-group costs have been reallocated from the start of FY18
- These costs primarily relate to IT and sponsorships, formerly included within Corporate
- Reallocation intended to allocate costs to the businesses receiving the associated benefits
- 1H17 corporate costs and property-by-property operating expenses have been restated on the following page to enable comparability to 1H17 investor presentation

Corporate Costs / Operating Expenses

		1H17 Reported[1] $m	1H17 After reallocations $m	Movement $m
New Zealand Casino Expenses (excl IB)				
▪ Auckland		(127.3)	(131.5)	(4.2)
▪ Hamilton		(12.9)	(13.3)	(0.4)
▪ Queenstown, Other		(5.3)	(5.4)	(0.1)
Total New Zealand Expenses		**(145.5)**	**(150.2)**	**(4.8)**
Australian Casinos Expenses (excl IB)				
▪ Adelaide	(A$)	(57.7)	(58.4)	(0.7)
▪ Darwin	(A$)	(40.0)	(40.3)	(0.3)
Total Australia	(A$)	(97.7)	(98.7)	(1.0)
Total Australia Expenses	**(NZ$)**	**(102.9)**	**(104.0)**	**(1.1)**
Normalised IB Expenses		**(44.8)**	**(44.4)**	**0.4**
Group Corporate Costs		**(15.5)**	**(10.1)**	**5.4**
Total Group Expenses (including Corporate Costs)		**(309.0)**	**(309.0)**	**0.0**

(1) As reported in the 1H17 investor presentation

SKYCITY
ENTERTAINMENT GROUP

APPENDIX 7 – NZSX Listing Rules

EMAIL: announce@nzx.com

Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10.
For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one (Please provide any other relevant details on additional pages): 1

Full name of Issuer	**SKYCITY Entertainment Group Limited**
Name of officer authorised to make this notice	**Jo Wong**
Authority for event, e.g. Directors' resolution	**Directors' resolution**
Contact phone number	**(09) 363 6000**
Contact fax number	**(09)363 6140**
Date	9 / 2 / 2018

Nature of event
Tick as appropriate

Bonus Issue	☐
If ticked, state whether: *Taxable*	☐
/ Non Taxable	☐
Conversion	☐
Interest	☐
Rights Issue Renouncable	☐
Rights Issue non-renouncable	☐
Capital change	☐
Call	☐
Dividend	X
If ticked, state whether: Interim	X
Full Year	☐
Special	☐
DRP Applies	X

EXISTING securities affected by this

If more than one security is affected by the event, use a separate form.

Description of the class of securities	**Ordinary Shares**
ISIN	**NZSKCE0001S2**

If unknown, contact NZX

Details of securities issued pursuant to this event

If more than one class of security is to be issued, use a separate form for each class.

Description of the class of securities	
ISIN (*If unknown, contact NZX*)	
Number of Securities to be issued following event	
Minimum Entitlement	
Ratio, e.g ① for ②	for
Conversion, Maturity, Call Payable or Exercise Date (*Enter N/A if not applicable*)	
Treatment of Fractions	
Tick if pari passu	☐
OR provide an explanation of the ranking	
Strike price per security for any issue in lieu or date Strike Price available.	

Monies Associated with Event

Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.

In dollars and cents

Amount per security (does not include any excluded income)	**$0.1000**
Source of Payment	**Profit**
Excluded income per security (only applicable to listed PIEs)	
Currency	**NZ Dollars**
Total monies	**$67,433,562**

Supplementary dividend details - NZSX Listing Rule 7.12.7

Amount per security in dollars and cents	**$0.017647**
Date Payable	**16 March, 2018**

Taxation

Amount per Security in Dollars and cents to six decimal places

In the case of a taxable bonus issue state strike price	$
Resident Withholding Tax	**$0.006944**
Imputation Credits (Give details)	**$0.038889**
Foreign Withholding Tax	$
FWP Credits (Give details)	

Timing (Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm *For calculation of entitlements -*	**2 March, 2018**
Application Date *Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week.*	**16 March, 2018**
Notice Date *Entitlement letters, call notices, conversion notices mailed*	
Allotment Date *For the issue of new securities. Must be within 5 business days of application closing date.*	

OFFICE USE ONLY
Ex Date:
Commence Quoting Rights:
Cease Quoting Rights 5pm:
Commence Quoting New Securities:
Cease Quoting Old Security 5pm:

Security Code:

Security Code:

NZX

INTERIM REPORT

FOR THE SIX-MONTH PERIOD
ENDED 31 DECEMBER 2017

SKYCITY
ENTERTAINMENT GROUP

CONTENTS

This interim report is dated 9 February 2018 and is signed on behalf of the Board of Directors of SKYCITY Entertainment Group Limited by:

Rob Campbell
Chairman

Bruce Carter
Chairman of the Audit and Financial Risk Committee

Unless otherwise stated, all dollar amounts in this interim report are expressed in New Zealand dollars. An electronic copy of the interim report and the FY18 interim result presentation are available in the Investor Centre section of the company's website at www.skycityentertainmentgroup.com.

Chief Executive Officer's Review

SKYCITY's FY18 interim results deliver growth on the prior year and are largely in-line with our expectations and previous market guidance. We continue to make progress on our current strategic initiatives and the significant developments underway in Auckland and Adelaide position the company for earnings growth and creation of shareholder value over the medium-term.

The executive leadership of the organisation has been restructured over the past few months and bolstered by key appointments to the Group Chief Operating Officer and Chief Marketing Officer roles. I believe we now have an energised team that represents a good balance of corporate memory and fresh ideas. The SKYCITY Board has also recently transitioned with the appointment of Rob Campbell as Chairman from 1 January 2018 and is closely engaged with management in setting the strategic direction for the next few years.

Although macro economic tailwinds which have supported the growth of our New Zealand properties have slowed over recent times and construction from capital works in both Auckland and Adelaide is disruptive in the near term, there is plenty happening internally that makes us confident that we can continue to deliver growth from our existing assets as well as the new projects in the pipeline.

GRAEME STEPHENS
CHIEF EXECUTIVE OFFICER

KEY FEATURES OF FY18 INTERIM RESULTS

- The key drivers of our performance over the interim period were growth from our combined New Zealand properties, a recovery in our International Business, stable performance from our combined Australian properties, a lower net interest expense due to increased capitalised interest from our major growth projects and a stronger A$ versus the NZ$.

- Normalised NPAT was $90.3 million up 7.9% on the previous corresponding period, normalised EBITDA up 4.1% to $175.8 million and normalised revenue up 3.6% to $545.0 million.
- Reported NPAT was up 11.6% to $93.5 million on the previous corresponding period due to a favourable win rate on International Business (1.55%) relative to the theoretical win rate (1.35%). Reported EBITDA was up 6.8% to $180.6 million and reported revenue up 4.0% to $554.7 million.
- Normalised earnings per share was up 6.3% to 13.5 cents per share with growth in net earnings offset by increased shares on issue during the period due to participation in the company's Dividend Reinvestment Plan. Reported earnings per share was 9.4% to 13.9 cents per share.
- A fully imputed interim dividend of 10 cents per share has been declared by the Board, which is consistent with our existing dividend policy.

PROPERTY RESULTS IN SUMMARY

SKYCITY Auckland achieved modest earnings growth relative to a record previous corresponding period, in-line with previous guidance. Revenue (excluding International Business) was up 2.1% to $289.9 million and EBITDA (excluding International Business) up 3.6% to $131.0 million on the previous corresponding period. 2.3% growth in local gaming revenue was achieved despite reduced premium gaming activity during 2Q18 and a reduction in (and other modifications to) our smoking areas implemented from late FY17. Non-gaming revenue was up 4.0% on a like-for-like basis over the period, with our hotels continuing to trade strongly and achieving ~10% growth in RevPAR (revenue per available room).

SKYCITY Hamilton delivered a solid performance, although growth rates have moderated following consecutive years of record performances. Revenue (excluding International Business) was up 3.3% to $30.6 million and EBITDA (excluding International Business) up 4.6% to $13.7 million. The positive result was primarily due to increased non-gaming activity (particularly from Bowl and Social, our tenpin bowling entertainment zone) and a focus on cost efficiencies.

Our combined Queenstown properties returned to growth during the period, but remain relatively immaterial to the Group's results.

Adelaide Casino achieved some growth during the period, in-line with previous guidance. Revenue (excluding International Business) was up 1.3% to A$78.1 million and EBITDA (excluding International Business) up 2.0% to A$13.0 million. New premium gaming concessions implemented during the period and cost efficiencies have helped to offset the impact of construction disruption from the early works programme. The premium gaming business continues to build with more visitors to the premium gaming rooms during the period and those rooms being expanded recently to accommodate increased demand during peak trading periods.

SKYCITY Darwin achieved a stable performance on the previous corresponding period on a like-for-like basis. Revenue (excluding International Business) was roughly flat at A$62.0 million and EBITDA (excluding International Business) down 5.4% to A$16.7 million, largely due to the A$1 million Keno 10-spot being won during the period. Overall, increased non-gaming revenue and visitation from broadening on-site entertainment helped to offset weaker gaming activity. Adjusting for the Keno 10-spot win, EBITDA would have been flat relative to the previous corresponding period.

Our International Business has recovered after a challenging FY17 and achieved growth during the period, with turnover up 9.4% to $4.8 billion and normalised EBITDA up 87.1% to $14.0 million. This performance was underpinned by an increased focus on key customers and a significant improvement in operating margins following an operational review during 2H17. We continue to believe in the long-term prospects for our International Business and our management team, now led by Stewart Neish, has been making a positive impact on the business.

MAJOR GROWTH PROJECTS

We have seen a positive change in construction on-site for the New Zealand International Convention Centre (NZICC) and Hobson Street hotel projects over the last six months. The overall programme is well advanced with the core of the Hobson Street hotel now up to the eighth floor (of thirteen) and the slab for the final floor in the NZICC nearing completion.

Fletcher Construction continues to target completion of the projects around the middle of 2019, which is a six-month delay from the contracted dates. We remain comfortable with our contractual arrangements, which provide for liquidated damages that should mitigate our losses through delay, but legal challenges from Fletcher Construction are possible. Overall, we expect our investment in the projects to be in-line with our original budget.

We continue to escalate our sales and marketing efforts to confirm the pipeline of convention bookings and, pleasingly, we have secured six major international conferences for 2020.

Our expansion of the Adelaide Casino precinct continues to progress well following the signing of our Development Agreement with the South Australian Government in late July 2017. The process for selecting a construction firm, via a competitive tender, is well advanced and the total budget expected for the project remains around A$330 million. The early works programme being delivered by Lend Lease on behalf of the Government is nearing completion. We expect to commence our main works before the end of FY18, with completion and operationalisation of the new facilities expected in early FY21. Walker Corporation's development of Festival Plaza remains on-track with its 1,500 car parks (of which we have agreement to lease 750 spaces for exclusive use) expected to be completed contemporaneously with our expansion. We remain excited by the medium-term potential for our Adelaide property and its prime location adjacent to key leisure, tourism and entertainment infrastructure throughout the broader Riverbank Precinct.

OTHER INITIATIVES

As I indicated at the time of our FY17 full-year results, in addition to our major growth projects, I can see the potential for us to further leverage our existing assets and strong market positions underpinned by long-term exclusive casino licences. To this end, we have commenced master planning work for both our Auckland and Hamilton properties – we believe both properties present future opportunities for development which will create value for shareholders. We also continue to evaluate strategic options in Queenstown with a view to better leveraging the potential of our two casino licences and improving our offering to appeal to a broader customer base.

Another area of focus for me continues to be ensuring that SKYCITY is well positioned to respond to changes in technological and digital platforms and the preferences of existing and new customer groups. We continue to invest in our IT infrastructure to ensure the customer experience at SKYCITY becomes best-in-class and that we can engage via digital and social media. We are excited by our recent investment in Let's Play Live Media which has seen the establishment of New Zealand's first esports broadcasting studio in the Sky Tower in Auckland. This is one of the fastest growing forms of entertainment globally with strong appeal for both millennial and Asian audiences. Similarly, we are looking forward to working with New Zealand Rugby and Ngāi Tahu Tourism to deliver the All Blacks Experience at SKYCITY Auckland from 2019. Having the All Blacks Experience at SKYCITY aligns us with an iconic global brand and will enhance the family and tourism entertainment experience on the precinct.

We are continuing to evaluate a range of options for our Darwin property as part of a strategic review which commenced in July 2017 following the impairment of the book value for the property. A full (or partial) sale of our interest in the property remains a possibility at the right price, but there is no urgent time pressure given that the property is profitable and cash generative – particularly with the recent stabilisation and slightly improved performance. Pleasingly, we have recently secured a five-year extension of our exclusive casino licence in Darwin out to 2036.

FUNDING

Total committed facilities as at 31 December 2017 were $1.20 billion (at hedged exchange rates), of which $475 million has been drawn. We reached agreement on US$150 million of USPP debt in November 2017 and plan to draw down this new debt in March 2018 to coincide with the maturity of existing USPP debt of US$75 million.

As previously flagged, we continue to evaluate opportunities to release capital from our existing assets to repay bank debt and/or fund strategic opportunities as they arise. To this end, we have recently appointed Colliers to manage the sale of our Federal Street car park in Auckland, which is considered non-core following the opening of the NZICC car parks. We are also evaluating options to monetise our main site car parks in Auckland.

We continue to believe that SKYCITY is well positioned to fund its major growth projects and retain its investment grade credit rating with Standard & Poor's during peak gearing periods. Consistent with previous guidance, we expect total debt to peak during FY20 at around $1.0 billion.

INTERIM DIVIDEND

The SKYCITY Board has declared a fully imputed interim dividend of 10 cents per share payable on 16 March 2018. The SKYCITY Dividend Reinvestment Plan will be available for this dividend with a 2% discount applying, in-line with prior periods. Elections to participate in the company's Dividend Reinvestment Plan for the interim dividend close at 5pm (NZ time) on 2 March 2018. The interim dividend is consistent with our existing policy which we believe continues to offer shareholders an attractive yield.

MANAGEMENT CHANGES

I continue to be impressed by the calibre and quality of the management team at SKYCITY and am pleased that we have been able to add to this capability during the period with the appointment of Michael Ahearne as Group Chief Operating Officer and Liza McNally as Chief Marketing Officer.

Michael joined us in December 2017 from Paddy Power Betfair in Ireland and brings a wealth of experience from senior operational roles in land-based casinos, gaming machine manufacturers and, more recently, online sports betting and gaming. In addition to his Group role, Michael has assumed direct responsibility for our key Auckland property. Liza joined us in January 2018 from NZME and will oversee our Group marketing and loyalty initiatives, in addition to being responsible for Group communications. We are delighted to have both Michael and Liza onboard and look forward to introducing them to shareholders in due course.

During the interim period, we announced the departures of John Mortensen, Group Chief Operating Officer, and Sonya Crosby, Chief Innovation Officer. In January 2018, we announced the departure of Peter Treacy, Group General Manager Corporate Affairs & Chief Risk Officer. We thank each of them for their significant contribution to the business and wish them all the best for their future endeavours.

OUTLOOK FOR REMAINDER OF FY18

Based on the financial performance during the interim period, we remain on-track to achieve modest growth in Group EBITDA for FY18 on the previous corresponding period, in-line with previous guidance.

Key contributors to this outlook during 2H18 are expected to be growth from our combined New Zealand properties, improved performance from our combined Australian properties and an on-going recovery in our International Business, offset by higher corporate costs as the company continues to invest in technology and returns to a more normal period of executive remuneration and incentive payments.

We expect Auckland to deliver growth in 2H18 on the previous corresponding period and note there will be a strong focus on new initiatives to improve the operating performance of the business and to deliver efficiencies.

SKYCITY Hamilton is expected to deliver modest earnings growth in 2H18 on the previous corresponding period.

Adelaide Casino is expected to deliver earnings growth in 2H18 on the previous corresponding period due to increased premium gaming activity, margin improvements and the property cycling a weaker comparative period. Disruption from the early works programme followed by our main construction works is expected to continue to impact the property.

Darwin is expected to deliver improved performance in 2H18 on the previous corresponding period due to the property cycling a weaker comparative period.

Whilst inherently difficult to predict, turnover in our International Business is expected to improve in 2H18 on the previous corresponding period with positive forward bookings secured for the Chinese New Year period during February 2018. We continue to target $10 billion in International Business turnover for FY18 for the Group. Operating margins in 2H18 are expected to be broadly consistent with 1H18.

CONCLUSION

In concluding, I would like to thank my Board, management and staff for all the extremely hard work that goes into making this business incrementally better every year. As a team, we are invigorated by the challenges and opportunities that lie ahead.

GRAEME STEPHENS
CHIEF EXECUTIVE OFFICER

FINANCIAL STATEMENTS & NOTES

FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2017

REPORT ON THE INTERIM FINANCIAL STATEMENTS

We have reviewed the accompanying interim financial statements of SKYCITY Entertainment Group Limited ("the Company"), including its subsidiaries ("the Group") on pages 12 to 25, which comprise the balance sheet as at 31 December 2017, and the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period ended on that date, and the notes to the financial statements which include a summary of significant accounting policies and selected explanatory notes.

DIRECTOR'S RESPONSIBILITY FOR THE INTERIM FINANCIAL STATEMENTS

The Directors are responsible on behalf of the Group for the preparation and presentation of these interim financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (NZ IAS 34) and for such internal controls as the Directors determine are necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

OUR RESPONSIBILITY

Our responsibility is to express a conclusion on the accompanying interim financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 Review of Financial Statements Performed by the Independent Auditor of the Entity (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34. As the auditors of the Group, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial statements.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of tax compliance, tax advisory, accounting assistance and executive remuneration benchmarking. The provision of these other services has not impaired our independence as auditor of the Group.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements of the Group are not prepared, in all material respects, in accordance with IAS 34 and NZ IAS 34.

WHO WE REPORT TO

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

For and behalf of:

PricewaterhouseCoopers

Chartered Accountants
Auckland
8 February 2018

PricewaterhouseCoopers, 188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
T: +64 9 355 8000, F: +64 9 355 8001, pwc.co.nz

FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2017	NOTES	CONSOLIDATED **UNAUDITED 6 MONTHS 31 DECEMBER 2017 $'000**	UNAUDITED 6 MONTHS 31 DECEMBER 2016 $'000	AUDITED 12 MONTHS 30 JUNE 2017 $'000
Total receipts including GST		**570,372**	548,461	1,052,145
Less non-gaming GST		**(16,227)**	(15,762)	(30,886)
Gaming win plus non-gaming revenue		**554,145**	532,699	1,021,259
Less gaming GST		**(50,096)**	(48,898)	(93,959)
Revenue	4	**504,049**	483,801	927,300
Other income		**650**	439	767
Share of net loss of associate		**(75)**	-	-
Employee benefits expense		**(158,062)**	(150,794)	(306,513)
Other expenses	5	**(85,123)**	(81,764)	(152,486)
Directors' fees		**(692)**	(558)	(1,161)
Gaming taxes		**(21,523)**	(21,870)	(41,860)
Direct consumables		**(35,253)**	(35,867)	(69,155)
Marketing and communications		**(13,459)**	(14,486)	(29,453)
Community contributions, levies and sponsorships		**(9,935)**	(9,840)	(20,429)
Earnings Before Interest, Taxes, Depreciation and Amortisation Expenses (EBITDA)		**180,577**	169,061	307,010
Depreciation and amortisation expense	5	**(47,123)**	(47,322)	(95,049)
Impairment of goodwill		**-**	-	(99,486)
Earnings Before Interest and Taxes (EBIT)		**133,454**	121,739	112,475
Net finance costs	7	**(6,225)**	(8,146)	(16,712)
Profit Before Income Tax		**127,229**	113,593	95,763
Income tax expense		**(33,769)**	(29,812)	(50,901)
Profit for the Period Attributable to Shareholders of the Company		**93,460**	83,781	44,862

Earnings per share for Profit Attributable to the Shareholders of the Company	**CENTS**	CENTS	CENTS
Attributable to continuing operations:			
Basic earnings per share	**13.9**	12.7	6.8
Diluted earnings per share	**13.9**	12.7	6.7

The above income statement should be read in conjunction with the accompanying notes.

FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2017	NOTES	CONSOLIDATED **UNAUDITED 6 MONTHS 31 DECEMBER 2017 $'000**	UNAUDITED 6 MONTHS 31 DECEMBER 2016 $'000	AUDITED 12 MONTHS 30 JUNE 2017 $'000
Profit for the Period		**93,460**	83,781	44,862
Other Comprehensive Income				
Items that may be Reclassified Subsequently to Profit or Loss				
Exchange differences on translation of overseas subsidiaries		**10,917**	(3,439)	2,154
Cashflow Hedge Reserve:				
- Cash flow hedges - revaluations		**(4,604)**	15,141	(11,092)
- Cash flow hedges - transfer to finance costs		**569**	(9,099)	10,952
- Cash flow hedges - income tax		**1,179**	(1,677)	89
Cost of Hedging Reserve:				
- Cost of hedging reserve - costs incurred		**(2,828)**	–	–
- Cost of hedging reserve - income tax		**792**	–	–
Other Comprehensive (Expense) / Income for the Period, Net of Tax		**6,025**	926	2,103
Total Comprehensive Income for the Period Attributable to Shareholders of the Company		**99,485**	84,707	46,965

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

AS AT 31 DECEMBER 2017	NOTES	CONSOLIDATED UNAUDITED 31 DECEMBER 2017 $'000	UNAUDITED 31 DECEMBER 2016 $'000	AUDITED 30 JUNE 2017 $'000
ASSETS				
Current Assets				
Cash and bank balances		**115,774**	100,450	56,727
Receivables and prepayments		**21,279**	25,302	17,363
Inventories		**8,584**	8,628	7,037
Current tax receivables		**5,149**	8,505	2,068
Derivative financial instruments		**9,448**	3,930	8,097
Total Current Assets		**160,234**	146,815	91,292
Non-current Assets				
Property, plant and equipment		**1,467,947**	1,255,528	1,324,577
Intangible assets		**831,681**	916,258	819,025
Investment in associate		**2,562**	-	-
Derivative financial instruments		**38,245**	69,553	43,417
Total Non-current Assets		**2,340,435**	2,241,339	2,187,019
Total Assets		**2,500,669**	2,388,154	2,278,311
LIABILITIES				
Current Liabilities				
Payables		**179,525**	130,225	136,570
Current tax liabilities		**2,088**	5,262	13,741
Derivative financial instruments		**1,844**	509	2,554
Interest-bearing liabilities	8	**105,678**	38,749	102,375
Total Current Liabilities		**289,135**	174,745	255,240
Non-current Liabilities				
Interest-bearing liabilities	9	**403,643**	394,108	289,404
Provisions		**3,166**	2,813	2,943
Deferred tax liabilities		**84,922**	87,787	80,021
Derivative financial instruments		**26,232**	24,606	24,307
Deferred licence value		**562,274**	553,676	555,459
Total Non-current Liabilities		**1,080,237**	1,062,990	952,134
Total Liabilities		**1,369,372**	1,237,735	1,207,374
Net Assets		**1,131,297**	1,150,419	1,070,937
EQUITY				
Share capital	10	**1,127,877**	1,076,864	1,100,792
Reserves		**(57,345)**	(64,547)	(63,370)
Retained earnings		**60,765**	138,102	33,515
Total Equity		**1,131,297**	1,150,419	1,070,937

The above balance sheet should be read in conjunction with the accompanying notes.

FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2017	NOTES	SHARE CAPITAL $'000	CASHFLOW HEDGING RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	RETAINED EARNINGS $'000	COST OF HEDGING RESERVE $'000	TOTAL EQUITY $'000
CONSOLIDATED							
Balance as at 1 July 2017		**1,100,792**	**(14,481)**	**(48,889)**	**33,515**	**-**	**1,070,937**
Total comprehensive income / (expense)		-	(2,856)	10,917	93,460	(2,036)	99,485
Dividends provided for or paid	6	-	-	-	(66,210)		(66,210)
Share rights issued for employee service	10	1,489	-	-	-	-	1,489
Share rights issued under Dividend Reinvestment Plan	10	25,596	-	-	-	-	25,596
Balance as at 31 December 2017		**1,127,877**	**(17,337)**	**(37,972)**	**60,765**	**(2,036)**	**1,131,297**
Balance as at 1 July 2016		**1,055,737**	**(14,430)**	**(51,043)**	**122,778**	**-**	**1,113,042**
Total comprehensive income / (expense)		-	4,365	(3,439)	83,781	-	84,707
Dividends provided for or paid	6	-	-	-	(68,457)	-	(68,457)
Share rights issued for employee service	10	288	-	-	-	-	288
Share rights issued under Dividend Reinvestment Plan	10	21,031	-	-	-	-	21,031
Net purchase of treasury shares	10	(192)	-	-	-	-	(192)
Balance as at 31 December 2016		**1,076,864**	**(10,065)**	**(54,482)**	**138,102**	**-**	**1,150,419**
Balance as at 1 July 2016		**1,055,737**	**(14,430)**	**(51,043)**	**122,778**	**-**	**1,113,042**
Total comprehensive income / (expense)		-	(51)	2,154	44,862	-	46,965
Dividends provided for or paid	6	-	-	-	(134,125)	-	(134,125)
Share rights issued for employee service	10	736	-	-	-	-	736
Share rights issued under Dividend Reinvestment Plan	10	44,511	-	-	-	-	44,511
Net purchase of treasury shares	10	(192)	-	-	-	-	(192)
Balance as at 30 June 2017		**1,100,792**	**(14,481)**	**(48,889)**	**33,515**	**-**	**1,070,937**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2017	NOTES	CONSOLIDATED **UNAUDITED 6 MONTHS 31 DECEMBER 2017 $'000**	 UNAUDITED 6 MONTHS 31 DECEMBER 2016 $'000	 AUDITED 12 MONTHS 30 JUNE 2017 $'000
Cash Flows from Operating Activities				
Receipts from customers		**499,296**	485,715	938,820
Payments to suppliers and employees		**(262,465)**	(291,096)	(567,951)
		236,831	194,619	370,869
Dividends received		**5**	5	-
Gaming taxes paid		**(30,731)**	(29,579)	(60,933)
Income taxes paid		**(41,530)**	(18,582)	(30,412)
Net Cash Inflow from Operating Activities	14	**164,575**	146,463	279,524
Cash Flows from Investing Activities				
Purchase of property, plant and equipment		**(146,438)**	(62,271)	(154,617)
Payment for investment in associate		**(2,637)**	-	-
Payments for intangible assets		**(3,059)**	(3,182)	(3,970)
Net Cash Outflow from Investing Activities		**(152,134)**	(65,453)	(158,587)
Cash Flows from Financing Activities				
Cash flows associated with derivatives		**(7,697)**	(7,832)	(5,028)
New borrowings		**110,000**	-	10,000
Repayment of borrowings		**-**	-	(38,972)
Net issue / (purchase) of treasury shares		**-**	(192)	(192)
Dividends paid to company shareholders		**(40,614)**	(47,426)	(89,614)
Interest paid		**(15,083)**	(15,419)	(30,713)
Net Cash Inflow / (Outflow) from Financing Activities		**46,606**	(70,869)	(154,519)
Net Movement in Cash and Bank Balances		**59,047**	10,141	(33,582)
Cash and bank balances at beginning of the period		**56,727**	90,309	90,309
Cash and Cash Equivalents at End of the Period		**115,774**	100,450	56,727

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 GENERAL INFORMATION

SKYCITY Entertainment Group Limited (SKYCITY or the company and its subsidiaries or the Group) operates in the gaming/entertainment, hotel and convention, hospitality, recreation, and tourism sectors. The Group has operations in New Zealand and Australia.

SKYCITY is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is Federal House, 86 Federal Street, Auckland. The company is dual listed on the New Zealand and Australian stock exchanges.

The interim financial statements of the Group have been prepared in accordance with the requirements of the Financial Reporting Act 2013, the Companies Act 1993 and the New Zealand Stock Exchange (NZX). SKYCITY Entertainment Group Limited is a company registered under the Companies Act 1993 and is an FMC Reporting Entity under part 7 of the Financial Markets Conduct Act 2013.

These financial statements have been approved for issue by the Board of Directors on 8 February 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with generally accepted accounting practice in New Zealand, International Accounting Standard 34 and NZ IAS 34 Interim Financial Reporting.

The preparation of interim financial statements in accordance with NZ IAS 34 Interim Financial Reporting requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain financial instruments (including derivative instruments). The Group is designated as a profit-oriented entity for financial reporting purposes.

The Group has a negative working capital balance which includes US$75 million of US private placement debt that matures in March 2018 (refer to note 8). The Group has significant available undrawn committed banking facilities totalling $508 million as at 31 December 2017 (refer to note 9) and has the ability to fully pay all debts as they fall due.

The accounting policies that materially affect the measurement of the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the Statement of Cash Flows have been applied on a basis consistent with those used in the audited financial statements for the year ended 30 June 2017 and the unaudited financial statements for the six months ended 31 December 2016.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017.

Changes in accounting policies

There have been no significant changes in accounting policies during the current period.

Certain comparative information within expenses has been reclassified, where required, for consistency with the current period's presentation.

3 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer that are used to assess performance and allocate resources.

The Group is organised into the following main operating segments:

SKYCITY Auckland

SKYCITY Auckland includes casino operations, hotels and convention, food and beverage, car parking, Sky Tower and a number of other related activities, and excludes International Business customers.

Rest of New Zealand

Rest of New Zealand includes the Group's operations at SKYCITY Hamilton, SKYCITY Queenstown and SKYCITY Wharf, and excludes International Business customers. The Group's interest in the New Zealand International Convention Centre and associates are also included here.

Adelaide Casino

Adelaide Casino includes casino operations and food and beverage, and excludes International Business customers.

SKYCITY Darwin

SKYCITY Darwin includes casino operations, food and beverage and hotel, and excludes International Business customers.

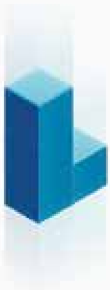
International Business

The International Business segment is made up of international customers sourced mainly from Asia. The revenue is generated at SKYCITY's Auckland, Darwin, Adelaide, Queenstown and Hamilton locations. The results of the segment include commission and complimentary play.

Corporate / Group

Head office and group-wide functions including legal and regulatory, group finance, human resources, information technology, innovation, the Chief Executive Officer's office and Directors.

	SKYCITY AUCKLAND $'000	REST OF NEW ZEALAND $'000	ADELAIDE CASINO $'000	SKYCITY DARWIN $'000	INTERNATIONAL BUSINESS $'000	CORPORATE/ GROUP $'000	TOTAL $'000
Six Months Ended 31 December 2017							
Revenue from external customers and other income	263,150	32,845	78,832	63,331	66,466	-	504,624
Expenses	(132,169)	(19,440)	(64,586)	(45,047)	(47,706)	(15,099)	(324,047)
Depreciation and amortisation	(25,187)	(2,681)	(9,087)	(6,847)	-	(3,321)	(47,123)
Segment profit / (loss) (EBIT)	105,794	10,724	5,159	11,437	18,760	(18,420)	133,454
Net finance costs							(6,225)
Profit before income tax							127,229
Six Months Ended 31 December 2016							
Revenue from external customers and other income	257,892	31,628	75,011	61,169	58,540	-	484,240
Expenses	(131,461)	(18,670)	(61,562)	(42,516)	(50,930)	(10,040)	(315,179)
Depreciation and amortisation	(25,502)	(2,777)	(8,650)	(6,923)	-	(3,470)	(47,322)
Segment profit / (loss) (EBIT)	100,929	10,181	4,799	11,730	7,610	(13,510)	121,739
Net finance costs							(8,146)
Profit before income tax							113,593
Year Ended 30 June 2017							
Revenue from external customers and other income	514,642	63,056	144,832	110,712	94,825	-	928,067
Expenses	(263,349)	(37,884)	(123,691)	(82,646)	(89,164)	(24,323)	(621,057)
Impairment of goodwill	-	-	-	(99,486)	-	-	(99,486)
Depreciation and amortisation	(50,817)	(5,690)	(17,809)	(13,809)	-	(6,924)	(95,049)
Segment profit/(loss) (EBIT)	200,476	19,482	3,332	(85,229)	5,661	(31,247)	112,475
Net finance costs							(16,712)
Profit before income tax							95,763



4 REVENUE

	6 MONTHS 31 DECEMBER 2017 $'000	6 MONTHS 31 DECEMBER 2016 $'000	12 MONTHS 30 JUNE 2017 $'000
Total receipts including GST	**570,372**	548,461	1,052,145
Less non-gaming GST	**(16,227)**	(15,762)	(30,886)
Gaming win plus non-gaming revenue	**554,145**	532,699	1,021,259
Less gaming GST	**(50,096)**	(48,898)	(93,959)
Total revenue	**504,049**	483,801	927,300
Gaming	**386,478**	369,590	704,854
Non-gaming	**117,571**	114,211	222,446
Total revenue	**504,049**	483,801	927,300

Gaming win represents the gross cash inflows associated with gaming activities. "Total receipts including GST" and "Gaming win plus non-gaming revenue" do not represent revenue as defined by NZ IAS 18 "Revenue". The Group has decided to disclose these amounts as they give shareholders and interested parties a better appreciation for the scope of the Group's gaming activities and is consistent with industry practice adopted by casino operations in Australia.

5 EXPENSES

	6 MONTHS 31 DECEMBER 2017 $'000	6 MONTHS 31 DECEMBER 2016 $'000	12 MONTHS 30 JUNE 2017 $'000
Other expenses includes:			
Utilities, insurance and rates	**12,555**	11,545	23,584
Property expenses	**7,262**	7,179	15,039
Other items (including International Business commissions)	**62,133**	51,417	101,616
Lease payments relating to operating leases	**2,336**	2,301	4,587
Provision for bad and doubtful debts	**837**	9,322	7,660
	85,123	81,764	152,486
Depreciation	**40,967**	41,027	82,766
Casino licence amortisation (Adelaide)	**2,856**	2,747	5,533
Computer software amortisation	**3,300**	3,548	6,750
Total depreciation and amortisation	**47,123**	47,322	95,049

6 DIVIDENDS

	6 MONTHS 31 DECEMBER 2017 $'000	6 MONTHS 31 DECEMBER 2016 $'000	12 MONTHS 30 JUNE 2017 $'000
Prior year's final dividend	**66,210**	68,457	68,457
Interim dividend	**-**	-	65,668
Total dividends provided for or paid	**66,210**	68,457	134,125
Cents per share			
Prior year's final dividend	**10.0**	10.5	10.5
Interim dividend			10.0

Subsequent to balance date the Board of Directors has resolved to pay an interim dividend of 10 cents per share.

7 NET FINANCE COSTS

	6 MONTHS 31 DECEMBER 2017 $'000	6 MONTHS 31 DECEMBER 2016 $'000	12 MONTHS 30 JUNE 2017 $'000
Finance costs			
Interest and finance charges	**17,260**	15,835	32,303
Exchange (gains) / losses	**61**	(578)	(534)
Interest income	**(137)**	(739)	(1,187)
Capitalised interest	**(10,959)**	(6,372)	(13,870)
Net finance costs	**6,225**	8,146	16,712

8 CURRENT LIABILITIES – INTEREST-BEARING LIABILITIES

	31 DECEMBER 2017 $'000	31 DECEMBER 2016 $'000	30 JUNE 2017 $'000
Unsecured			
United States Private Placement (USPP) notes	**105,678**	38,749	102,375
Total current interest-bearing borrowings	**105,678**	38,749	102,375

Refer to note 9 for details of the USPP notes.

9 NON-CURRENT LIABILITIES – INTEREST-BEARING LIABILITIES

	31 DECEMBER 2017 $'000	31 DECEMBER 2016 $'000	30 JUNE 2017 $'000
Unsecured			
USPP notes	**162,032**	272,275	157,627
Syndicated bank facility	**120,000**	–	10,000
NZ bond	**125,000**	125,000	125,000
Deferred funding expenses	**(3,389)**	(3,167)	(3,223)
Total unsecured non-current interest-bearing borrowings	**403,643**	394,108	289,404

(a) United States Private Placement (USPP) Notes

The USPP fixed rate US dollar borrowings have been converted to New Zealand and Australian dollar floating rate borrowings by using cross-currency interest rate swaps to eliminate foreign exchange exposure to the US dollar within the Income Statement.

USPP notes mature between March 2018 and March 2021.

The movement in the USPP amount from 30 June 2017 relates to foreign exchange movements.

In November 2017, agreement was reached with USPP investors to issue further USPP notes in March 2018 (delayed drawdown). These notes are composed of US$100.0 million maturing March 2025 and A$65.4 million maturing March 2028. As at 31 December 2017 these notes have not been issued so are not recognised on the Balance Sheet.

(b) Syndicated Bank Facility

The syndicated banking facility is provided by ANZ (New Zealand and Australia), Commonwealth Bank of Australia, Bank of New Zealand, National Australia Bank and Westpac (New Zealand and Australia).

As at 31 December 2017, SKYCITY had in place revolving credit facilities of:

- NZ$200.0 million maturing 30 June 2020
- NZ$120.0 million maturing 15 March 2021
- A$280.0 million maturing 31 March 2022

(c) New Zealand Bond

$125 million of unsubordinated, unsecured, redeemable fixed rate bonds were issued on 28 September 2015 with a maturity of seven years.

10 SHARE CAPITAL

	31 DECEMBER 2017 SHARES	31 DECEMBER 2016 SHARES	30 JUNE 2017 SHARES	**31 DECEMBER 2017 $'000**	31 DECEMBER 2016 $'000	30 JUNE 2017 $'000
Opening balance of ordinary shares issued	**667,376,523**	656,986,761	656,986,761	**1,100,792**	1,055,737	1,055,737
Share rights issued for employee services	**-**	-	-	**1,489**	288	736
Employee share entitlements issued	**-**	204,689	204,689	**-**	-	-
Treasury shares issued	**-**	(204,689)	(204,689)	**-**	-	-
Net movement in treasury shares value	**-**	-	-	**-**	(192)	(192)
Shares issued under Dividend Reinvestment Plan	**6,959,092**	4,475,798	10,389,762	**25,596**	21,031	44,511
	674,335,615	661,462,559	667,376,523	**1,127,877**	1,076,864	1,100,792

Included within the number of shares are treasury shares of 5,515,841 (31 December 2016: 5,515,841 and 30 June 2017: 5,515,841) held by the company. Treasury shares may be used to issue shares under the company's employee incentive plan or upon the exercise of share rights/options.

11 CONTINGENCIES

There are no significant contingent liabilities or assets (31 December 2016 and 30 June 2017: none).

12 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	31 DECEMBER 2017 $'000	31 DECEMBER 2016 $'000	30 JUNE 2017 $'000
Property, plant and equipment	**352,036**	441,663	390,912

The majority of the capital commitments relate to the construction of the New Zealand International Convention Centre, Hobson Street hotel and the purchase of the strata title interests in the AA Centre in Auckland.

(b) Operating lease commitments

	31 DECEMBER 2017 $'000	31 DECEMBER 2016 $'000	30 JUNE 2017 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
Within one year	**4,666**	4,569	4,266
Later than one year but not later than five years	**12,359**	12,701	11,754
Later than five years	**338,818**	288,365	329,565
	355,843	305,635	345,585

13 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Dividend

On 8 February 2018, the Directors resolved to provide for an interim dividend to be paid in respect of the six months ended 31 December 2017. The unfranked, fully imputed dividend of 10 cents per share will be paid on 16 March 2018 to all shareholders on the company's register at the close of business on 2 March 2018.

14 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	6 MONTHS 31 DECEMBER 2017 $'000	6 MONTHS 31 DECEMBER 2016 $'000	12 MONTHS 30 JUNE 2017 $'000
Profit for the period	**93,460**	83,781	44,862
Depreciation, amortisation and asset write-offs	**47,123**	47,322	95,049
Net finance costs	**6,225**	8,146	16,712
Current period employee share entitlement	**1,489**	288	736
Share of net loss of associate	**75**	-	-
Gain on sale of property, plant and equipment	**(644)**	(434)	(762)
Impairment of goodwill	**-**	-	99,486
Change in operating assets and liabilities:			
Change in receivables and prepayments	**(3,916)**	11,236	19,175
Change in inventories	**(1,547)**	(923)	668
Change in tax payable	**(11,653)**	5,262	13,741
Change in payables and accruals	**42,955**	(7,693)	(1,348)
Change in deferred tax liability	**4,901**	9,099	1,333
Change in net tax receivable - current	**(3,081)**	(1,590)	4,847
Change in provisions	**223**	(1,312)	(1,182)
Capital items included in working capital movements	**(11,035)**	(6,719)	(13,793)
Net Cash Inflow from Operating Activities	**164,575**	146,463	279,524

RECONCILIATION BETWEEN REPORTED AND NORMALISED FINANCIAL INFORMATION

	1H18				1H17			
	REVENUE $M	EBITDA $M	EBIT $M	NPAT $M	REVENUE $M	EBITDA $M	EBIT $M	NPAT $M
Normalised	**545.0**	**175.8**	**128.7**	**90.3**	**525.8**	**168.9**	**121.6**	**83.7**
International Business at Theoretical	9.7	4.7	4.7	3.2	7.3	0.1	0.1	0.1
Reported	**554.7**	**180.6**	**133.5**	**93.5**	**533.1**	**169.1**	**121.7**	**83.8**

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.

Total revenues are gaming win plus non-gaming revenues.

Application of the Group's non-GAAP financial information policy is consistent with the approach adopted in FY17.

Certain totals and subtotals may not agree due to rounding.

1H18 Adjustments

- Actual win rate on International Business of 1.55% vs. the theoretical win rate of 1.35%.

1H17 Adjustments

- Actual win rate on International Business of 1.52% vs. the theoretical win rate of 1.35%.

REGISTERED OFFICE

SKYCITY Entertainment Group Limited
Level 6
Federal House
86 Federal Street
PO Box 6443
Wellesley Street
Auckland
New Zealand

Telephone:
+64 9 363 6000
Facsimile:
+64 9 363 6140
Email: sceginfo@skycity.co.nz
www.skycityentertainmentgroup.com

Registered Office in Australia
c/o Finlaysons
81 Flinders Street
GPO Box 1244
Adelaide
South Australia

Telephone:
+61 8 8235 7400
Facsimile:
+61 8 8232 2944

AUDITOR

PricewaterhouseCoopers
188 Quay Street
Private Bag 92162
Auckland

SOLICITORS

Russell McVeagh
Vero Centre
48 Shortland Street
PO Box 8
Auckland

Bell Gully
Vero Centre
48 Shortland Street
PO Box 4199
Auckland

Webb Henderson
110 Customs Street West
PO Box 105-426
Auckland

SUPERVISOR FOR BONDS

The New Zealand Guardian Trust Company Limited
Dimension House
99-105 Customhouse Quay
PO Box 3845
Wellington

REGISTRARS

NEW ZEALAND

Computershare Investor Services Limited
Level 2
159 Hurstmere Road
Takapuna
Private Bag 92119
Auckland

Telephone:
+64 9 488 8700
Facsimile:
+64 9 488 8787
Email: enquiry@computershare.co.nz

AUSTRALIA

Computershare Investor Services Pty Limited
Level 4
60 Carrington Street
Sydney NSW 2000
GPO Box 7045
Sydney NSW 2000

Telephone:
+61 2 8234 5000
Facsimile:
+61 2 8234 5050
Email: enquiry@computershare.co.nz

SKYCITY

skycityentertainmentgroup.com

MARKET RELEASE

9 February 2018

SKYCITY Entertainment Group Limited

Interim results for the six months to 31 December 2017

SKYCITY Entertainment Group Limited (NZX/ASX:SKC) today announced its interim results for the six months to 31 December 2017. On the interim result, SKYCITY's Chief Executive Officer Graeme Stephens commented:

"SKYCITY's FY18 interim results deliver growth on the prior year and are largely in-line with our expectations and previous market guidance. We continue to make progress on our current strategic initiatives and the significant developments underway in Auckland and Adelaide position the company for earnings growth and creation of shareholder value over the medium-term. Despite ongoing disruption from capital works in Auckland and Adelaide and a slightly less favourable New Zealand economic environment, we remain confident we can continue to deliver growth from our existing assets as well as the new projects in the pipeline", he says.

Key Features Of Interim Result

- The key drivers of our performance over the interim period were growth from our combined New Zealand properties, a recovery in our International Business, stable performance from our combined Australian properties, a lower net interest expense due to increased capitalised interest from our major growth projects and a stronger A$ vs the NZ$.
- Normalised NPAT was $90.3 million up 7.9% on the previous corresponding period, normalised EBITDA up 4.1% to $175.8 million and normalised revenue up 3.6% to $545.0 million.
- Reported NPAT was up 11.6% to $93.5 million on the previous corresponding period due to a favourable win rate on International Business (1.55%) relative to the theoretical win rate (1.35%). Reported EBITDA was up 6.8% to $180.6 million and reported revenue up 4.0% to $554.7 million.
- Normalised earnings per share was up 6.3% to 13.5 cents per share with growth in net earnings offset by increased shares on issue during the period due to participation in the company's Dividend Reinvestment Plan. Reported earnings per share was up 9.4% to 13.9 cents per share.
- A fully imputed interim dividend of 10 cents per share has been declared by the Board, which is consistent with our existing dividend policy.

Property Results In Summary

SKYCITY Auckland achieved modest earnings growth relative to a record previous corresponding period, in-line with previous guidance. Revenue (excluding International Business) was up 2.1% to $289.9 million and EBITDA (excluding International Business) up 3.6% to $131.0 million on the previous corresponding period. 2.3% growth in local gaming revenue was achieved despite reduced premium gaming activity during 2Q18 and a reduction in (and other modifications to) our smoking areas implemented from late FY17. Non-gaming revenue was up 4.0% on a like-for-like basis over the period, with our hotels continuing to trade strongly and achieving ~10% growth in RevPAR (revenue per available room).

SKYCITY Hamilton delivered a solid performance, although growth rates have moderated following consecutive years of record performances. Revenue (excluding International Business) was up 3.3% to $30.6 million and EBITDA (excluding International Business) up 4.6% to $13.7 million. The positive result was primarily due to increased non-gaming activity (particularly from Bowl and Social, our tenpin bowling entertainment zone) and a focus on cost efficiencies.

Our combined Queenstown properties returned to growth during the period, but remain relatively immaterial to the Group's results.

Adelaide Casino achieved some growth during the period, in-line with previous guidance. Revenue (excluding International Business) was up 1.3% to A$78.1 million and EBITDA (excluding International Business) up 2.0% to A$13.0 million. New premium gaming concessions implemented during the period and cost efficiencies have helped to offset the impact of construction disruption from the early works programme. The premium gaming business continues to build with more visitors to the premium gaming rooms during the period and those rooms being expanded recently to accommodate increased demand during peak trading periods.

SKYCITY Darwin achieved a stable performance on the previous corresponding period on a like-for-like basis. Revenue (excluding International Business) was roughly flat at A$62.0 million and EBITDA (excluding International Business) down 5.4% to A$16.7 million, largely due to the ~A$1.0 million Keno 10-spot being won during the period. Overall, increased non-gaming revenue and visitation from broadening on-site entertainment helped to offset weaker gaming activity. Adjusting for the Keno 10-spot win, EBITDA would have been flat relative to the previous corresponding period.

Our International Business has recovered after a challenging FY17 and achieved growth during the period, with turnover up 9.4% to $4.8 billion and normalised EBITDA up 87.1% to $14.0 million. This performance was underpinned by an increased focus on key customers and a significant improvement in operating margins following an operational review during 2H17. We continue to believe in the long-term prospects for our International Business and our management team, now led by Stewart Neish, has been making a positive impact on the business.

Major Growth Projects

We have seen a positive change in construction on-site for the New Zealand International Convention Centre (NZICC) and Hobson Street hotel projects over the last six months. The overall programme is well advanced with the core of the Hobson Street hotel now up to the eighth floor (of thirteen) and the slab for the final floor in the NZICC nearing completion. Fletcher Construction continues to target completion of the projects around the middle of 2019, which is a six month delay from the contracted dates. We remain comfortable with our contractual arrangements, which provide for liquidated damages that should mitigate our losses through delay, but legal challenges from

Fletcher Construction are possible. Overall, we expect our investment in the projects to be in-line with our original budget. We continue to escalate our sales and marketing efforts to confirm the pipeline of convention bookings and, pleasingly, we have secured six major international conferences for 2020.

Our expansion of the Adelaide Casino precinct continues to progress well following the signing of our Development Agreement with the South Australian Government in late July 2017. The process for selecting a construction firm, via a competitive tender, is well advanced and the total budget expected for the project remains around A$330 million. The early works programme being delivered by Lend Lease on behalf of the Government is nearing completion. We expect to commence our main works before the end of FY18, with completion and operationalisation of the new facilities expected in early FY21. Walker Corporation's development of Festival Plaza remains on-track with its 1,500 car parks (of which we have agreement to lease 750 spaces for exclusive use) expected to be completed contemporaneously with our expansion. We remain excited by the medium-term potential for our Adelaide property and its prime location adjacent to key leisure, tourism and entertainment infrastructure throughout the broader Riverbank Precinct.

Other Initiatives

As indicated at the time of our FY17 full-year results, in addition to our major growth projects, we can see the potential to further leverage our existing assets and strong market positions underpinned by long-term exclusive casino licences. To this end, we have commenced master planning work for both our Auckland and Hamilton properties – we believe both properties present future opportunities for development which will create value for shareholders. We also continue to evaluate strategic options in Queenstown with a view to better leveraging the potential of our two casino licences and improving our offering to appeal to a broader customer base.

Another area of focus for the company continues to be ensuring that SKYCITY is well positioned to respond to changes in technological and digital platforms and the preferences of existing and new customer groups. We continue to invest in our IT infrastructure to ensure the customer experience at SKYCITY becomes best-in-class and that we can engage via digital and social media. Our recent investment in Let's Play Live Media, which has seen the establishment of New Zealand's first e-gaming studio in the Sky Tower in Auckland, provides an exposure to one of the fastest growing forms of entertainment globally with strong appeal for both millennial and Asian audiences. Similarly, we look forward to working with New Zealand Rugby and Ngāi Tahu Tourism to deliver the All Blacks Experience at SKYCITY Auckland from 2019. Having the All Blacks Experience at SKYCITY aligns us with an iconic global brand and will enhance the family and tourism entertainment experience on the precinct.

We are continuing to evaluate a range of options for our Darwin property as part of a strategic review which commenced in July 2017 following the impairment of the book value for the property. A full (or partial) sale of our interest in the property remains a possibility at the right price, but there is no urgent time pressure given that the property is profitable and cash generative – particularly with the recent stabilisation and slightly improved performance. Pleasingly, we have recently secured a five-year extension of our exclusive casino licence in Darwin out to 2036.

Funding

Total committed facilities as at 31 December 2017 were $1.20 billion (at hedged exchange rates), of which $475 million has been drawn. We reached agreement on US$150 million of USPP debt in November 2017 and plan to drawdown this new debt in March 2018 to coincide with the maturity of existing USPP debt of US$75 million.

As previously flagged, we continue to evaluate opportunities to release capital from our existing assets to repay bank debt and/or fund strategic opportunities as they arise. To this end, we have recently appointed Colliers to manage the sale of our Federal Street car park in Auckland, which is considered non-core following the opening of the NZICC car parks. We are also evaluating options to monetise our main site car parks in Auckland.

We continue to believe that SKYCITY is well positioned to fund its major growth projects and retain its investment grade credit rating with Standard & Poor's during peak gearing periods. Consistent with previous guidance, we expect total debt to peak during FY20 at around $1.0 billion.

Interim Dividend

The SKYCITY Board has declared a fully imputed interim dividend of 10 cents per share payable on 16 March 2018. The SKYCITY Dividend Reinvestment Plan will be available for this dividend with a 2% discount applying, in-line with prior periods. Elections to participate in the company's Dividend Reinvestment Plan for the interim dividend close at 5pm (NZ time) on 2 March 2018. The interim dividend is consistent with our existing policy which we believe continues to offer shareholders an attractive yield.

Outlook For Remainder Of FY18

Based on the financial performance during the interim period, we remain on-track to achieve modest growth in Group EBITDA for FY18 on the previous corresponding period, in-line with previous guidance.

Key contributors to this outlook during 2H18 are expected to be growth from our combined New Zealand properties, improved performance from our combined Australian properties and an on-going recovery in our International Business, offset by higher corporate costs as the company continues to invest in technology and returns to a more normal period of executive remuneration and incentive payments.

We expect Auckland to deliver growth in 2H18 on the previous corresponding period and note there will be a strong focus on new initiatives to improve the operating performance of the business and to deliver efficiencies. SKYCITY Hamilton is expected to deliver modest earnings growth in 2H18 on the previous corresponding period.

Adelaide Casino is expected to deliver earnings growth in 2H18 on the previous corresponding period due to increased premium gaming activity, margin improvements and the property cycling a weaker comparative period. Disruption from the early works programme followed by our main construction works is expected to continue to impact the property.

Darwin is expected to deliver improved performance in 2H18 on the previous corresponding period due to the property cycling a weaker comparative period.

Whilst inherently difficult to predict, turnover in our International Business is expected to improve in 2H18 on the previous corresponding period with positive forward bookings secured for the Chinese New Year period during February. We continue to target $10 billion in International Business turnover for FY18 for the Group. Operating margins in 2H18 are expected to be broadly consistent with 1H18.

ENDS

For more information please contact:

Media	**Investors & analysts**
Rebecca Foote Senior Communications Advisor DDI: + 64 9 363 7126 Mobile +64 2138 9150 E-mail: Rebecca.foote@skycity.co.nz	**Ben Kay** GM, Corporate Development & Investor Relations DDI: +64 9 363 6067 E-mail: ben.kay@skycity.co.nz

Notes to editors:

- Not all numbers in this release are audited. Further information on adjustments between normalised and reported information is available in SKYCITY's investor presentation at: http://www.skycityentertainmentgroup.com.

Reported vs. Normalised Results

	1H18				1H17			
	Revenue $m	EBITDA $m	EBIT $m	NPAT $m	Revenue $m	EBITDA $m	EBIT $m	NPAT $m
Normalised	545.0	175.8	128.7	90.3	525.8	168.9	121.6	83.7
IB at theoretical	9.7	4.7	4.7	3.2	7.3	0.1	0.1	0.1
Reported	554.7	180.6	133.5	93.5	533.1	169.1	121.7	83.8

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1H17 adjustments

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