



THE STAR

ASX Announcement

24 August 2018

FULL YEAR RESULTS PRESENTATION

Attached is the presentation regarding the financial results of The Star Entertainment Group Limited (***The Star Entertainment Group***) for the year ended 30 June 2018, to be presented by Matt Bekier, Managing Director and Chief Executive Officer, and Chad Barton, Group Chief Financial Officer.

The presentation and a link to an audio webcast of the presentation will be available on The Star Entertainment Group's website at www.starentertainmentgroup.com.au from 10:00am (Sydney time) today.

The information contained in this announcement should be read in conjunction with today's announcement of The Star Entertainment Group's full year results.



THE STAR

ENTERTAINMENT
GROUP

THE STAR ENTERTAINMENT GROUP

FULL YEAR 2018 RESULTS PRESENTATION

FRIDAY
24 AUGUST
2018

THE STAR ENTERTAINMENT GROUP

THE STAR ENTERTAINMENT GROUP LIMITED (ASX: SGR)

BASIS OF PREPARATION AND NON-IFRS INFORMATION

- ◆ Information in this presentation is provided as at the date of the presentation unless specified otherwise. It should be read in conjunction with The Star Entertainment Group Limited's financial report for the year ended 30 June 2018 (Financial Report) and other disclosures made via the Australian Securities Exchange
- ◆ The Star Entertainment Group results are reported under International Financial Reporting Standards (IFRS). This presentation may include certain non-IFRS measures including normalised results, which are used internally by management to assess the performance of the business
- ◆ Non-IFRS measures and current trading 1H FY2019 results to date have not been subject to audit or review
- ◆ Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% on actual turnover
- ◆ Normalised EBIT and Normalised EBITDA are calculated based on normalised gross revenue and normalised taxes. Significant items are excluded from the normalised results
- ◆ Queensland results referred to in this presentation relate to The Star Gold Coast and Treasury Brisbane segments as reported in the Financial Report

DISCLAIMER

- ◆ This presentation is prepared for information purposes only and does not take into consideration any individual investor's circumstances. The Star Entertainment Group recommends investors make their own assessments and seek independent professional advice before making investment decisions
- ◆ This presentation may include forward looking statements and references which, by their very nature, involve inherent risks and uncertainties. These risks and uncertainties may be matters beyond The Star Entertainment Group's control and could cause actual results to vary (including materially) from those predicted. Forward looking statements are not guarantees of future performance. Past performance information in this presentation is provided for illustration purposes only. It is not indicative of future performance and should not be relied upon as such
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THE STAR ENTERTAINMENT GROUP

AGENDA

1. OVERVIEW

MATT BEKIER – CEO

2. FINANCIALS

CHAD BARTON – CFO

3. OUTLOOK AND PRIORITIES

MATT BEKIER – CEO

4. Q&A

HIGHLIGHTS

STRONG FINANCIAL RESULTS

	NORMALISED		STATUTORY	
		vs pcp		vs pcp
Gross Revenue	\$2,695m	15.3%	\$2,580m	6.1%
EBITDA	\$588m	14.2%	\$484m	(19.2%)
NPAT	\$258m	20.3%	\$148m	(44.0%)

- ◆ Record normalised and statutory Gross Revenue, record normalised EBITDA
- ◆ High quality result – broad-based growth, investments performing, 105% cash conversion
- ◆ Earnings momentum improved – 1H FY2018 normalised EBITDA up 11.8% vs pcp, 2H FY2018 up 16.4%

BROAD-BASED DRIVERS, MARKET SHARE GAINS

- ◆ Broad-based domestic growth – Slots, Queensland Tables, Non Gaming
- ◆ Share gains in key gaming segments – Slots (Sydney, Gold Coast), VIP
- ◆ VIP turnover up 54% – #1 market share, record low bad debts as % of revenue

RECORD DIVIDEND

- ◆ 13.0 cps fully franked final dividend up 53% on pcp (20.5 cps total dividend)
- ◆ Reflects business performance and enhanced dividend payout policy – minimum 70% of normalised NPAT from 2H FY2018

Statutory results impacted by low actual International VIP Rebate win rate and significant items. Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% on turnover and are before significant items. EBITDA is before equity accounted investments losses and significant items losses. Normalised NPAT is after equity accounted investments losses and before significant items losses. Refer to page 16 and 32 for further details, and Note A7 of the Financial Report for a reconciliation of significant items.

HIGHLIGHTS

EFFECTIVE PROJECT DELIVERY

- ◆ Gold Coast's The Darling and enlarged MGF opened on time and budget in 3Q FY2018
- ◆ Construction of the first joint venture tower commenced, fixed price contract below the quantity surveyor's estimates and previous guidance

EXPANDED PARTNERSHIPS

- ◆ Expanded strategic partnership announced with Chow Tai Fook and Far East Consortium
 - Marketing alliance with near term deliverables
 - Equity placement aligns interests to benefit all shareholders
 - Developments identified

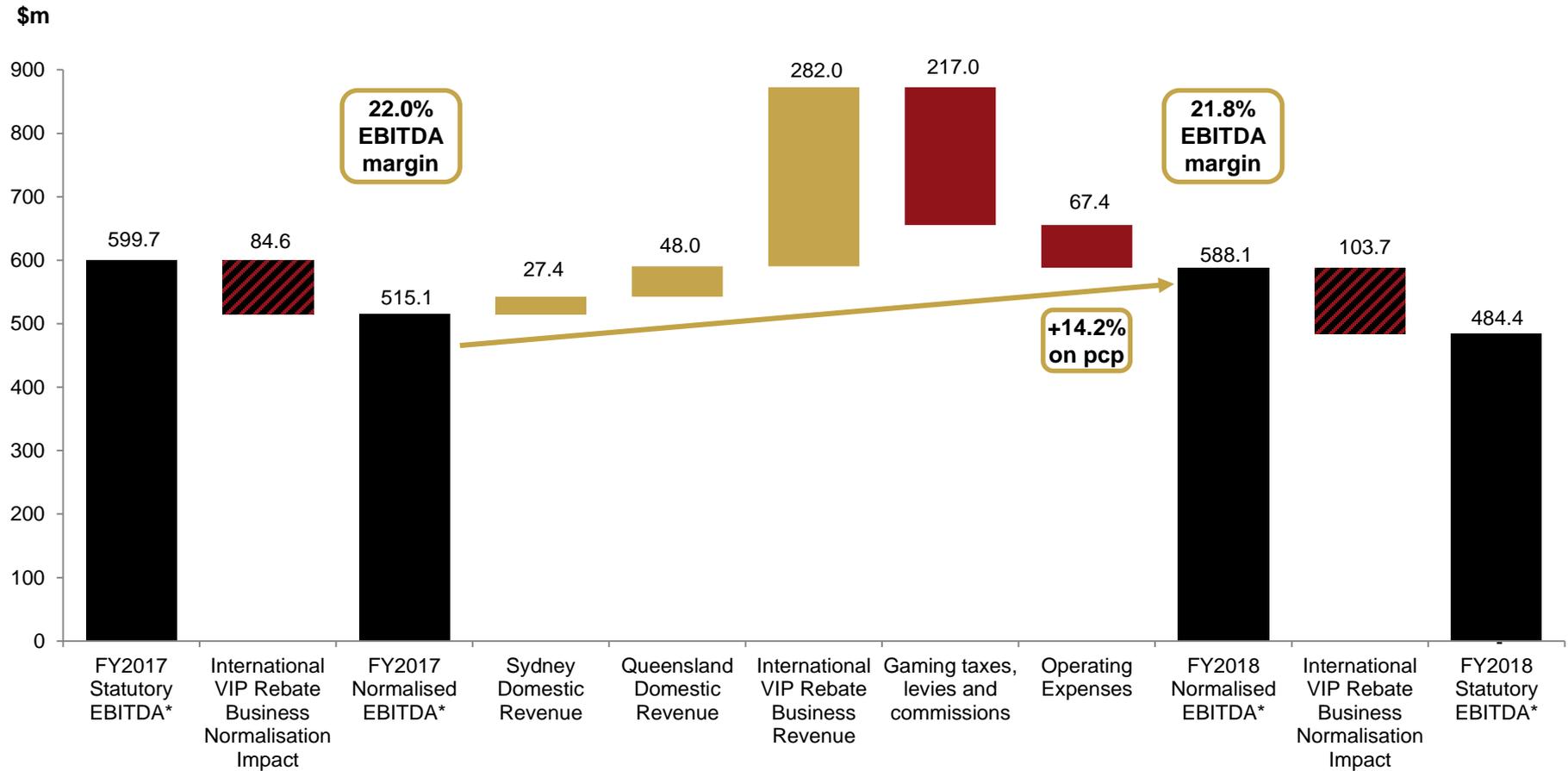
CAPEX REDUCING

- ◆ Group capex peaked in FY2018 – substantially lower over FY2019-21
- ◆ JV capex guidance for FY2019-21 lowered on positive contracting outcomes for first Gold Coast JV tower
- ◆ Gearing of 1.4x Net Debt/ Statutory FY2018 EBITDA supports investment plans

POSITIVE START TO 1H FY2019

- ◆ Broad-based revenue growth across the Group in early FY2019
- ◆ Improvement in domestic revenue growth trends from FY2018 into early FY2019, including strong Sydney PGR Table performance (higher hold and volumes) vs pcp
- ◆ Whilst a short period of time, VIP volumes continue to be pleasing

KEY DRIVERS



Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% on actual turnover.
 * Excluding equity accounted investments loss and significant items.

SYDNEY

OUTSTANDING UNDERLYING GROWTH

	NORMALISED		STATUTORY	
		vs pcp		vs pcp
Gross Revenue	\$1,875m	17.5%	\$1,737m	3.0%
EBITDA	\$410m	27.9%	\$286m	(28.7%)

- ◆ Record normalised and statutory Gross Revenue, record normalised EBITDA
- ◆ Normalised EBITDA margin growth from effective cost management
- ◆ Statutory results impacted by low actual International VIP Rebate win rate (1.09%)

VISITATION DRIVES DOMESTIC GROWTH

- ◆ Visitation up 11.4% on pcp
- ◆ Slots record market share – revenue up 5.3% on pcp supported by solid PGR growth
- ◆ Tables revenue down 1.8% due to unusually low PGR hold rate (up 1.5% at constant PGR hold rate)
- ◆ Non-Gaming revenue up 15.0% on pcp – hotel cash revenue up 59.5%, F&B cash revenue up 13.1%

VIP TURNOVER UP 57%

- ◆ \$52.5 billion International VIP Rebate turnover up 56.7% on pcp
- ◆ Reflects sales-driven diversification strategy, market normalisation
- ◆ Sydney #1 VIP resort by turnover in Australia/ NZ

COSTS WELL CONTROLLED

- ◆ Operating costs up 4.1% on increased domestic and international gaming volumes, strong non-gaming volume growth. Includes higher wage rates

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QUEENSLAND

GOLD COAST MOMENTUM, BRISBANE STABILISATION

	NORMALISED		STATUTORY	
		vs pcp		vs pcp
Gross Revenue	\$820m	10.5%	\$843m	12.9%
EBITDA	\$178m	(8.4%)	\$199m	(0.0%)

- ◆ Revenue growth across all segments, momentum improved as year progressed
- ◆ Successful relaunch of repositioned Gold Coast – Commonwealth Games, Logies
- ◆ Normalised EBITDA flat on pcp after adjusting commissions on revenue share agreements to assumed 1.35% International VIP business win rate

BROAD-BASED DOMESTIC GROWTH

- ◆ Domestic revenue up 7.4% on pcp
 - Slots revenue up 5.6% (Gold Coast up 7.4%). Gold Coast increased market share
 - Tables revenue up 6.3% (Gold Coast up 21.1%)
 - Non-Gaming revenue up 15.3% (Gold Coast up 18.9%)

VIP TURNOVER UP 41%

- ◆ International VIP Rebate turnover of \$8.7bn (up 40.9% on pcp, 2H FY2018 up 78.3% vs pcp)
- ◆ Reflects investments in facilities and customer service, diversification strategy

INCREASED VOLUMES AND NEW CAPACITY DRIVE COSTS

- ◆ Operating costs up 11.8% on increased volumes (domestic and international gaming, non-gaming), newly commissioned investments in ramp up (The Darling, enlarged MGF), higher wages
- ◆ Effective cost management continuing

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GOLD COAST

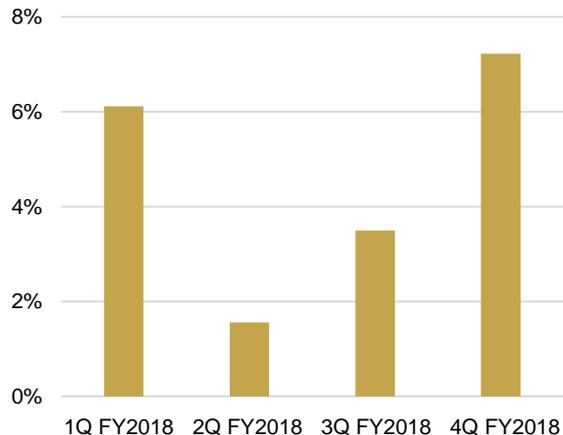
INVESTMENTS DELIVERED ON TIME, ON BUDGET

- ◆ The Darling Gold Coast and MGF expansion opened in 3Q FY2018 on time, on budget. Gaming capacity increased
 - The Darling – 57 all suite hotel, private gaming room (Sovereign Resorts), VIP salons, Level 19 dining and pool deck
 - MGF – enlarged MGF, Sports Stadium

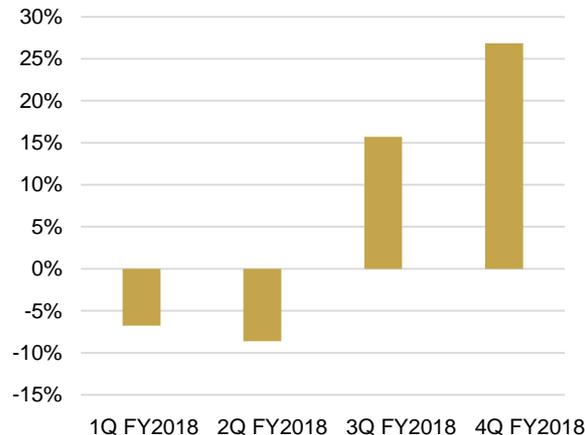
POSITIVE START TO MONETISATION OF INVESTMENTS

- ◆ Favourable response to newly commissioned investments
 - Domestic and VIP gaming volume growth trends improved over FY2018
 - Gold Coast increased EGM market share every month in FY2018
 - Gold Coast #3 VIP resort by turnover in Australia/ NZ
- ◆ Property investments performing to expectations

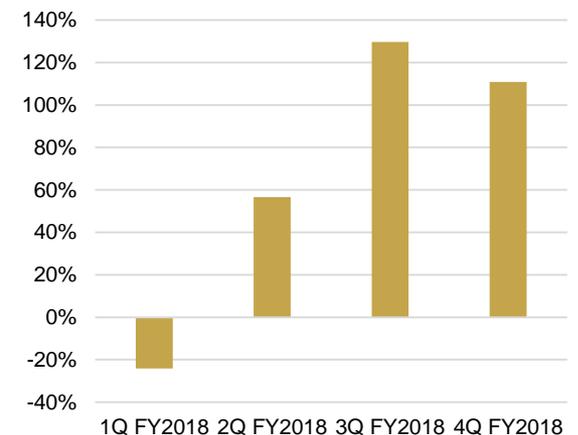
SLOTS VOLUMES VS PCP



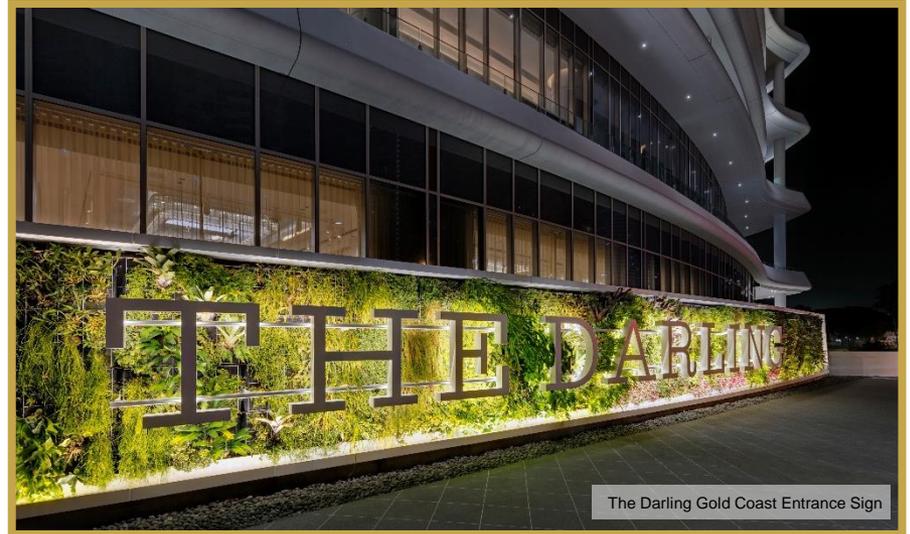
DOMESTIC TABLE VOLUMES VS PCP



VIP VOLUMES VS PCP



GOLD COAST WORKS DELIVERED



GOLD COAST WORKS DELIVERED



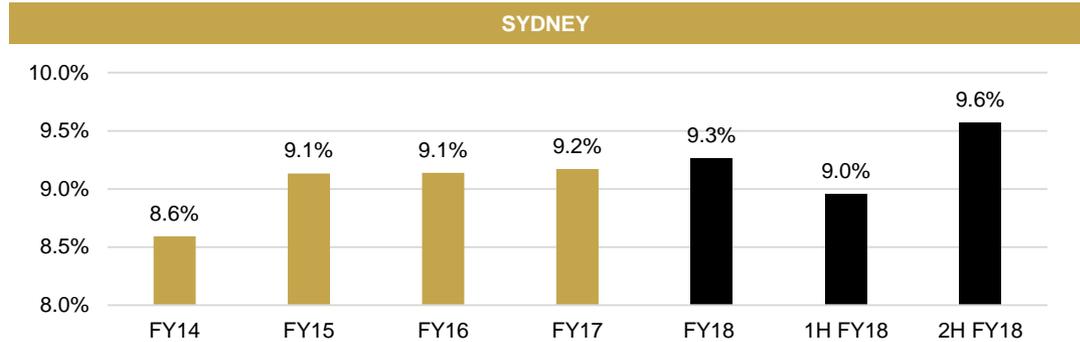
GOLD COAST EVENTS – COMMONWEALTH GAMES AND LOGIES



EGM MARKET SHARE

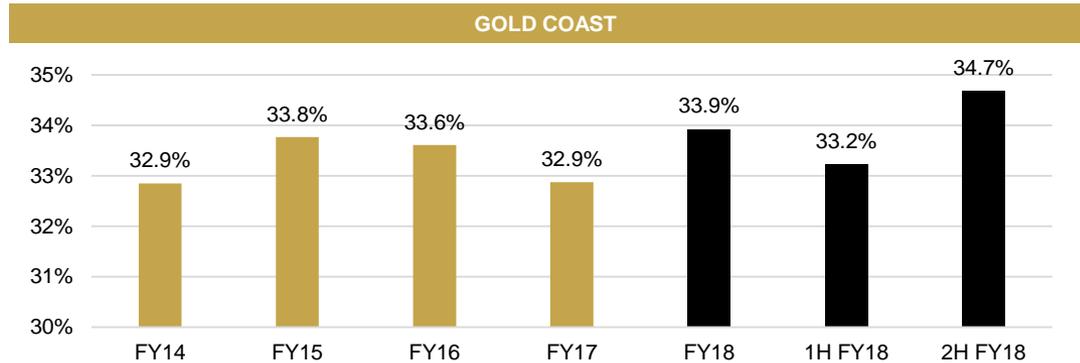
SYDNEY

- ◆ Execution focus delivered increased market share in FY2018 vs pcp
- ◆ Sydney revenue up 9.8% in Q4 FY2018 vs pcp driven by premium players

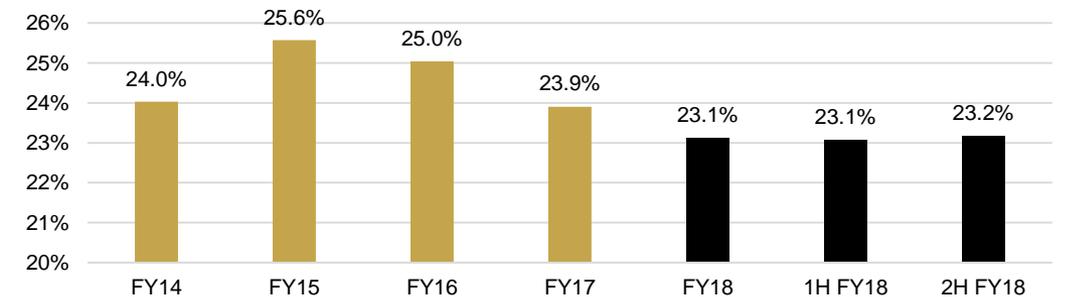


QUEENSLAND

- ◆ Stable Queensland market share for FY2018 – executing on growing Gold Coast and stabilising Brisbane
- ◆ Gold Coast increased market share in FY2018 vs pcp as customers responded positively to recently completed investments
- ◆ Brisbane market share declined in FY2018 vs pcp. Remediation activities holding share in 2H FY2018 vs pcp (share increased in Q4 FY2018 vs pcp)



BRISBANE



Source: Liquor and Gaming NSW, Office of Liquor and Gaming Regulation – Queensland Government, and The Star Entertainment Group data.

Sydney market share data includes both slots and MTGMs. Queensland market share data includes slots and fully automated MTGMs (excludes hybrid product), unless otherwise noted.

INTERNATIONAL VIP REBATE

**TURNOVER UP 54%,
#1 MARKET SHARE**

- ◆ Largest VIP business in Australia/ NZ
- ◆ Strong growth from all customer segments in FY2018 – sales-focused diversification strategy, market conditions returned to normal
 - VIP Rebate front money of \$4.7bn, up 36.4% on pcp
 - Turnover of \$61.2bn, up 54.3% on pcp
 - Normalised gross revenue of \$827m (up 51.8% on pcp)
 - Statutory revenue of \$712m (up 11.2% on pcp) driven by the low actual win rate in FY2018 (1.16%) and high actual win rate in pcp (1.59%)

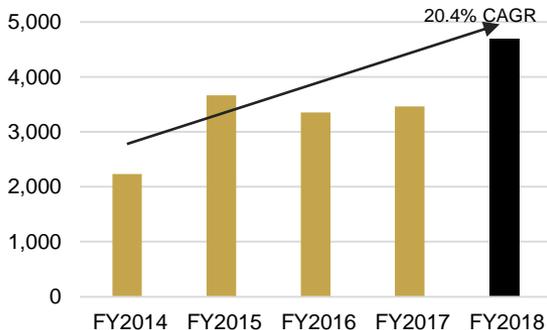
IMPROVED PROFITABILITY

- ◆ Operational improvements, scale and credit performance drive increased margins
- ◆ Commission as percentage of turnover flat in FY2018 on pcp. Adjusting commissions on revenue share deals to assumed 1.35% win rate would increase commissions by \$20.1m (\$14.9m in FY2017)

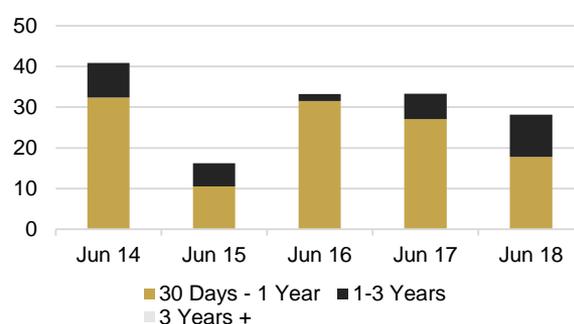
SOLID CREDIT PERFORMANCE

- ◆ International VIP Rebate net receivables past due not impaired greater than 30 days of \$28m (64% of net receivables balance less than 1 year) as at 30 June 2018
- ◆ Record low bad debts as % of revenue

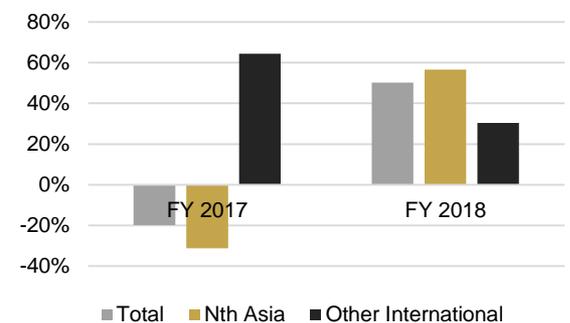
FRONT MONEY (\$M)



NET RECEIVABLES PAST DUE (\$M)



TURNOVER, CHANGE VS PCP



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PROFIT AND LOSS

\$M	FY2018	FY2017	fav/(unfav)	fav/(unfav)	FY2018	FY2017	fav/(unfav)	fav/(unfav)
	STATUTORY	STATUTORY			NORMALISED ²	NORMALISED ²		
Domestic Gaming Revenue	1,581.5	1,544.6	36.9	2.4%	1,581.5	1,544.6	36.9	2.4%
International VIP Rebate (Gross)	711.5	639.6	71.9	11.2%	826.7	544.7	282.0	51.8%
Non-gaming & Other Revenue	286.5	248.0	38.5	15.5%	286.5	248.0	38.5	15.5%
Gross Revenue ¹	2,579.5	2,432.2	147.3	6.1%	2,694.7	2,337.3	357.4	15.3%
Gaming taxes, levies and commissions	(1,056.9)	(861.7)	(195.2)	(22.7%)	(1,068.4)	(851.4)	(217.0)	(25.5%)
Operating Expenditure	(1,038.2)	(970.8)	(67.4)	(6.9%)	(1,038.2)	(970.8)	(67.4)	(6.9%)
EBITDA (before significant items) ³	484.4	599.7	(115.3)	(19.2%)	588.1	515.1	73.0	14.2%
Depreciation and Amortisation	(187.2)	(164.5)	(22.7)	(13.8%)	(187.2)	(164.5)	(22.7)	(13.8%)
EBIT (before significant items)	297.2	435.2	(138.0)	(31.7%)	400.9	350.6	50.3	14.3%
Share of net (loss)/profit of associate	(0.1)	(0.7)	0.6	85.7%	(0.1)	(0.7)	0.6	85.7%
Net interest	(34.3)	(41.7)	7.4	17.7%	(34.3)	(41.7)	7.4	17.7%
Tax (before significant items) ⁴	(78.0)	(119.5)	41.5	34.7%	(108.4)	(93.7)	(14.7)	(15.7%)
NPAT (before significant items)	184.8	273.3	(88.5)	(32.4%)	258.1	214.5	43.6	20.3%
Significant items (after tax) ⁵	(36.7)	(8.9)	(27.8)	(312.4%)				
Statutory NPAT	148.1	264.4	(116.3)	(44.0%)				
Earnings per share (cents)	17.5	32.0	(14.5)	(45.3%)				
Total Dividends per share (cents)	20.5	16.0	4.5	28.1%				

Notes:

- Revenue is shown as the net gaming win, but gross of rebates and commissions paid to players and third parties.
- Normalised results reflect the underlying performance of the business as they remove the inherent volatility of the International VIP Rebate business. The normalisation rate is 1.35%.
- Statutory EBITDA of \$484.4m is before equity accounted investments and before significant items.
- Tax before Significant Items is calculated for actual and normalised purposes based on the statutory effective tax rate paid in the period (FY2018 29.6%, FY2017 30.4%).
- FY2018 Significant Items include USPP restructuring costs, pre-opening and launch expenses for The Darling Gold Coast. FY2017 significant items include aircraft and labour costs associated with the International VIP Rebate business. Refer to Note A7 of the Financial Report for a reconciliation of significant items.

BALANCE SHEET

\$M	JUNE 2018	JUNE 2017
ASSETS		
Current Assets		
Cash and cash equivalents	110.3	113.7
Trade and other receivables	221.5	192.7
Inventories	15.5	11.9
Derivative financial instruments	3.9	48.4
Other assets	44.8	60.9
Total current assets	396.0	427.6
Non current assets		
Property, plant and equipment	2,658.6	2,360.5
Intangible assets	1,858.7	1,851.8
Derivative financial instruments	57.4	151.1
Investment in associate and joint venture entities	288.9	212.4
Other assets	11.2	11.9
Total Non current assets	4,874.8	4,587.7
TOTAL ASSETS	5,270.8	5,015.3
LIABILITIES		
Current liabilities		
Trade and other payables	365.8	324.5
Interest bearing liabilities	133.8	130.0
Income tax payable	0.3	28.8
Provisions	64.5	66.5
Derivative financial instruments	4.2	18.4
Other liabilities	20.3	21.1
Total current liabilities	588.9	589.3
Non current liabilities		
Interest bearing liabilities	686.2	915.0
Deferred tax liabilities	175.9	188.2
Provisions	12.9	9.9
Derivative financial instruments	25.4	37.3
Total non current liabilities	900.4	1,150.4
TOTAL LIABILITIES	1,489.3	1,739.7
NET ASSETS	3,781.5	3,275.6
EQUITY		
Share capital	3,070.2	2,580.5
Retained earnings	718.3	702.3
Reserves	(7.0)	(7.2)
TOTAL EQUITY	3,781.5	3,275.6

- ◆ Cash conversion of EBITDA of 105% (97% in FY2017)
- ◆ Increase in trade and other receivables vs 30 June 2017 reflect increased International VIP Rebate activity late in the period
- ◆ Increase in property, plant and equipment due to capital expenditure (mainly The Darling tower and enlarged MGF at the Gold Coast)
- ◆ Increase in share capital and reduction in interest bearing liabilities due to \$490 million equity placement in 2H FY2018 offset by capital expenditure and contributions into joint ventures. Movement in derivative financial instruments relate to the restructure of USPP
- ◆ Net debt of \$678m, down \$110m on 30 June 2017. Increased capital expenditure and JV investments offset by equity placement

Net debt shown as interest bearing liabilities less cash and cash equivalents less the net impact of derivative financial instruments

FUNDING AND CAPITAL EXPENDITURE

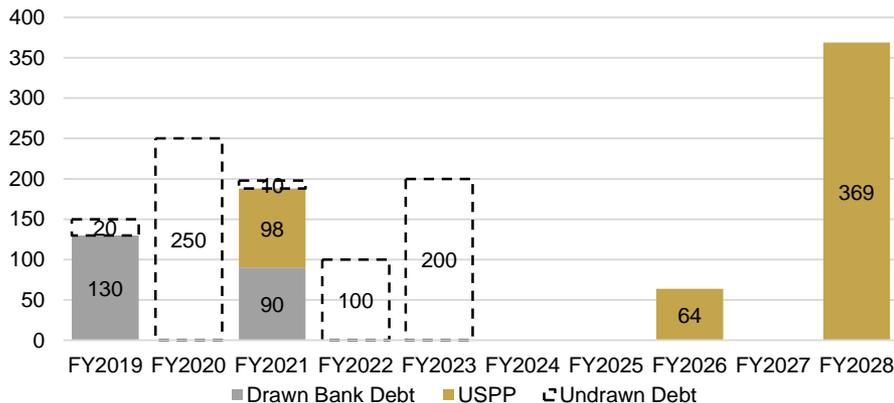
FUNDING

- ◆ Net interest expense of \$34.3m down \$7.4m (down 17.7%) on pcp despite 33% higher average net debt
 - Reduced interest expense driven by restructure of USPP notes and related hedges completed August 2017
- ◆ Total facilities increased to \$1,331m at 30 June 2018. Average drawn debt maturity of 5.95 years and significant undrawn capacity of \$580m
- ◆ Funding cost, tenor and available facilities significantly improved following refinancings conducted over the course of FY2018
- ◆ Net finance costs of \$35-40m expected in FY2019

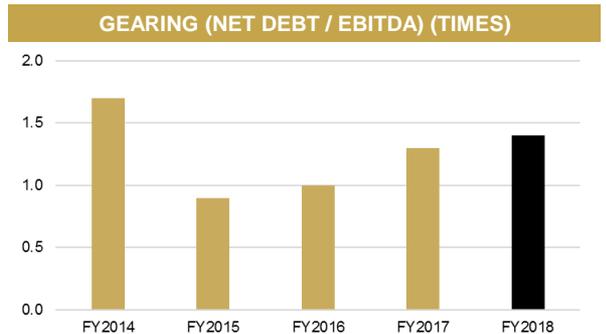
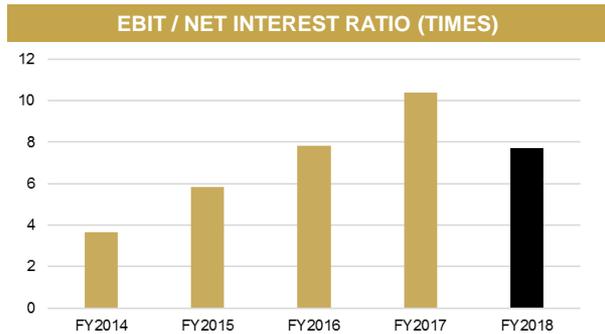
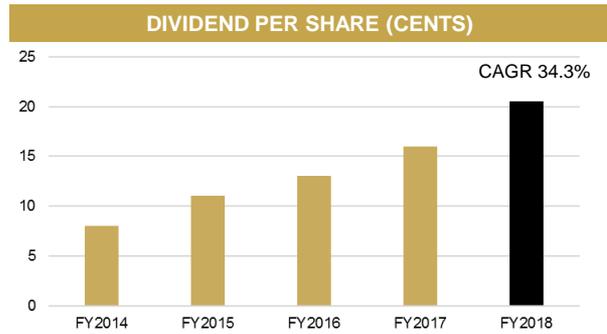
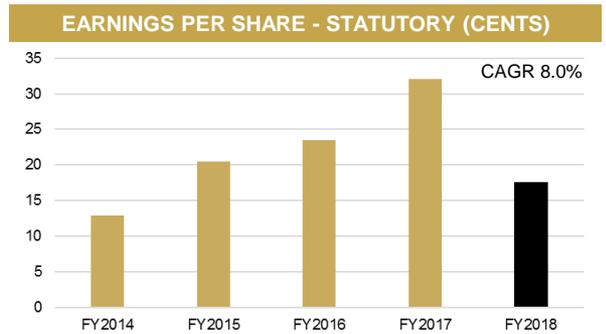
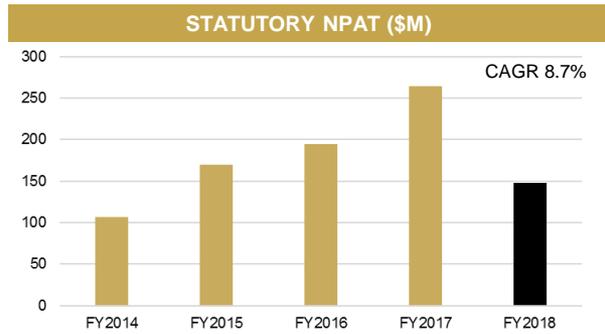
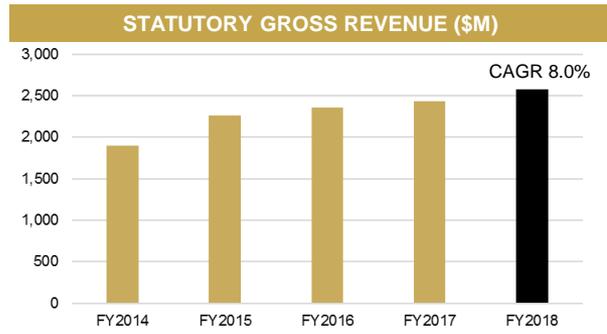
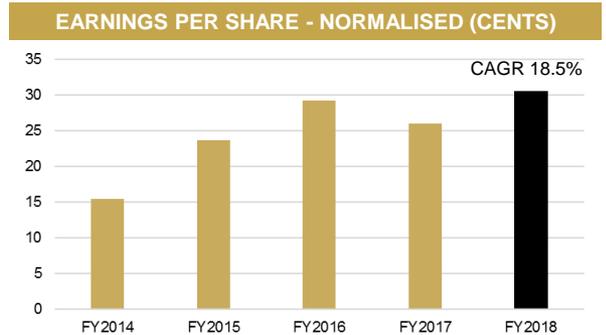
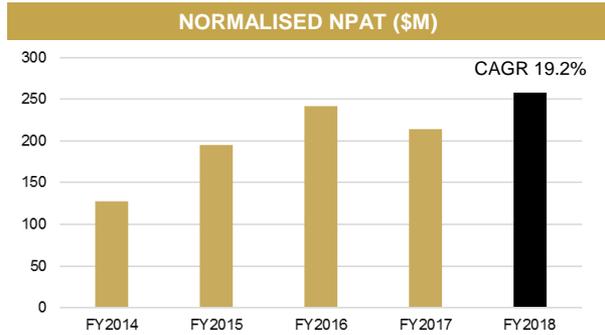
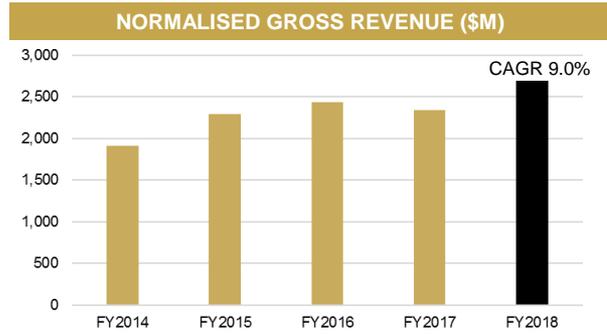
CAPITAL EXPENDITURE

- ◆ FY2018 capital expenditure of \$477m, consistent with prior guidance, up \$57m on pcp
 - \$287m growth, \$190m maintenance (includes aircraft purchase)
 - Growth capital expenditure largely related to the Gold Coast (The Darling tower, MGF expansion) and Sydney (preparatory works for Sovereign Resorts expansion)
 - Excludes \$72m investment for Queen's Wharf Brisbane (comprising equity contributions to Destination Brisbane Consortium) and \$9m for the first JV tower at Gold Coast (comprising equity contributions to Destination Gold Coast)
- ◆ D&A for FY2018 of \$187m (up 13.8% on pcp), consistent with prior guidance, as new investments commissioned
 - Includes \$12m accelerated depreciation as projects commenced
- ◆ Expected D&A for FY2019 of \$200-210m, including accelerated depreciation similar to FY2018

DEBT MATURITY PROFILE AS AT 30 JUNE 2018



KEY METRICS



Note: EBIT/ Net Interest Expenses ratio and Gearing based on 12 month trailing statutory. FY2018 Earnings Per Share (EPS) calculated on the basis of weighted average number of shares of 845m shares (prior years 826m shares)

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TRADING UPDATE AND PRIORITIES

POSITIVE START TO FY2019

- ◆ Broad-based revenue growth across the Group in early FY2019
- ◆ Improvement in domestic revenue growth trends from FY2018 into early FY2019, including strong Sydney PGR Table performance (higher hold and volumes) vs pcp
- ◆ Whilst a short period of time, VIP volumes continue to be pleasing

CLEAR FY2019 PRIORITIES, EXECUTION FOCUSED

1

Improve earnings across the Group

- ◆ Yield assets – customer engagement, operating efficiency, marketing
- ◆ Differentiate customer value proposition at each property – brand, loyalty, customer service, F&B and tourism
- ◆ Enhance operational leadership – marketing, gaming
- ◆ Manage disruption from capital programs
- ◆ Continue diversification of international revenue base
- ◆ Efficient commissioning and monetising of investments

2

Deliver next stage of capital plans

3

Commercialise expanded strategic partnership with CTF and FEC

- ◆ Progress JV developments
 - Sydney – obtain planning consents for The Ritz-Carlton Hotel
 - Gold Coast – progress construction of first JV tower
- ◆ Progress Marketing Alliance
 - Initiatives to leverage distribution networks

CAPITAL EXPENDITURE

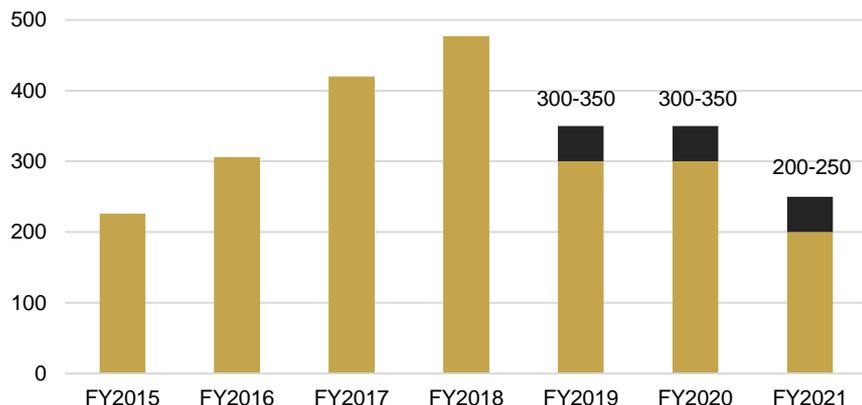
GROUP CAPEX HAS PEAKED

- ◆ Group capital expenditure excluding JV investments to decline from FY2018 levels
- ◆ FY2019-21 key elements:
 - Maintenance capital expenditure ~\$120m per annum
 - Sydney Sovereign Resorts ~\$220m, largely FY2019 and FY2020
 - Technology – system upgrades, other projects
 - Other gaming and non-gaming projects – subject to return hurdles

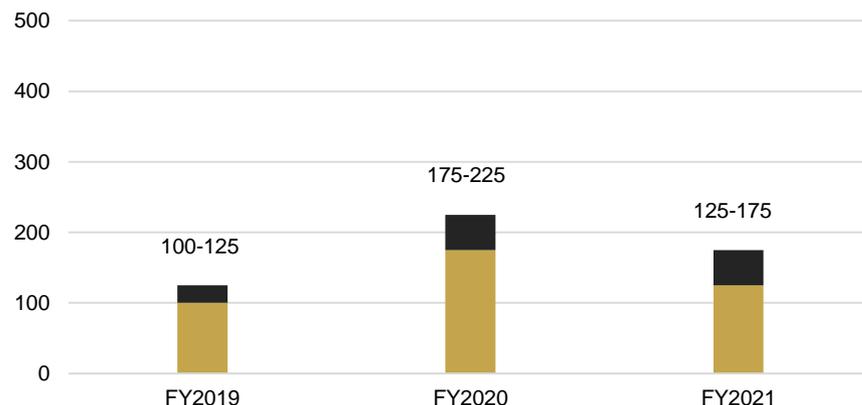
JV CAPEX GUIDANCE LOWERED

- ◆ JV capex lower than provided at Investor Day in May 2018. Driven by positive contracting outcome for first JV tower at Gold Coast (~8% lower than expected)
- ◆ Estimated \$100-125m in FY2019, \$175-225m in FY2020 and \$125-175m in FY2021
 - Queen’s Wharf Brisbane (equity in by end FY2021)
 - Gold Coast – first JV tower, capacity for proposed second and third JV towers
 - Sydney – The Ritz-Carlton tower, other projects

GROUP CAPITAL EXPENDITURE (EXCLUDING JV CONTRIBUTIONS) (\$M)



INVESTMENTS IN JV PROJECTS (\$M)



* Subject to all approvals, and market and regulatory conditions.

SYDNEY

SOVEREIGN 1.5 OPEN

- ◆ Sovereign 1.5 opened 16 August 2018 – premium guests hosted in high quality facilities
- ◆ Upgraded and expanded permanent Sovereign Resorts expected completion 2H FY2020
- ◆ Product levels maintained

SOVEREIGN MITIGATION STRATEGIES IN PLACE

- ◆ Member engagement – consulted on upgrade planning, ongoing engagement
- ◆ Enhanced member recognition – property wide
- ◆ Direct private access from carpark to Sovereign 1.5

CAPITAL PROGRAM PROGRESSING TO PLAN

- ◆ Other major capital works projects in progress include:
 - Astral lobby and porte cochere refurbishment
 - Main entry foyer upgrade
- ◆ The Ritz-Carlton JV tower (SGR 1/3 share) approval process continues
- ◆ Capital works funded by partner contributions, existing and new debt facilities, and free cash flow generation

KEY DATES*

FY2019	<ul style="list-style-type: none">◆ Complete Astral lobby and porte cochere◆ Complete main entry foyer upgrade
2H FY2020	<ul style="list-style-type: none">◆ Complete Sovereign Resorts expansion

* Subject to planning and other approvals

SYDNEY SOVEREIGN 1.5



GOLD COAST

FIRST JV TOWER COMMENCED

- ◆ Adds >700 keys, doubling capacity on property
- ◆ Presale targets achieved (over 85% sold)
- ◆ Construction of the first joint venture tower commenced at a preferred contractor price below the quantity surveyor’s estimates
 - Estimated development cost reduced to ~\$370m vs ~\$400m previously
 - ~\$30m equity requirement for SGR 1/3 share (before apartment sale proceeds)
- ◆ Early works construction commenced, FY2022 expected completion

MASTERPLAN WITH MULTI-YEAR GROWTH IN PROGRESS

- ◆ Masterplan being progressed subject to market and regulatory conditions
- ◆ Up to 5 mixed-use JV towers – staged approach, subject to presales
- ◆ Improved regulatory certainty – confirmed no additional slots in already concentrated market

CAPITAL PROGRAM PROGRESSING TO PLAN

- ◆ Upgrade to Harvest Buffet and PGR (Oasis) being progressed
- ◆ Capital works funded by partner contributions, existing and new debt facilities, and free cash flow generation

KEY DATES*	
1H FY2019	<ul style="list-style-type: none"> ◆ Construction of first JV tower and associated facilities commenced ◆ Complete Harvest Buffet and Oasis upgrades
FY2022	<ul style="list-style-type: none"> ◆ Complete first JV tower and associated facilities

* Subject to planning and other approvals

GOLD COAST WORKS IN PROGRESS



QUEEN'S WHARF BRISBANE

WORKS PROGRESSING TO PLAN

- ◆ Demolition work completed 3Q FY2018
- ◆ Excavation work commenced 3Q FY2018
- ◆ Shell, core and façade tender underway
- ◆ Target debt funding structure in place CY2019

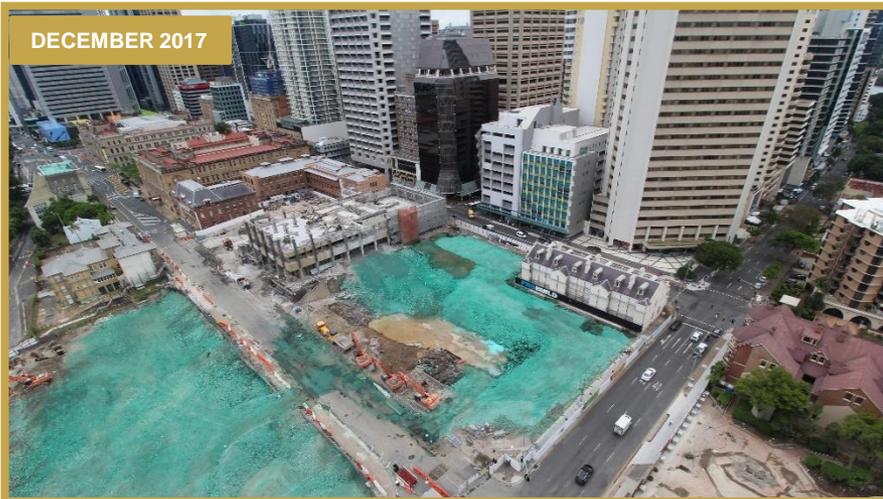
ENLARGED PROJECT TO OPTIMISE RETURNS

- ◆ Enlarged resort gross floor area requested to enhance revenue diversity and long term growth
- ◆ ~25% increase in resort gross floor area obtained – enlarged podium (gaming, F&B, retail), Sky Deck
- ◆ De-risked capital return expectations in line with business case at bid, above cost of capital
- ◆ Funding from partner contributions, existing and new debt facilities, and free cash flow generation

KEY DATES*

CY2019	Complete excavation and commence basement car park
CY2020	Construction progresses above ground
CY2021	Commence internal fit out of Integrated Resort
2H CY2022	Integrated Resort opening commences
CY2024	Expected opening of repurposed Treasury Building

DECEMBER 2017



AUGUST 2018



* Subject to planning and other approvals

DELIVERING ON OUR STRATEGY

OUR STRATEGY

- Signature gaming
- Premium hotel rooms
- F&B
- Retail (on site and proximate)

Investments

- Locals – high frequency, high recommendation
- Visitors/ International VIP Rebate business – low frequency, high spend

Visitation

Earnings

- Enhanced ROA and shareholder returns
- Supports further investment

OUR DELIVERY

- 1 Evidence of investment delivering above system growth**
 - ◆ Broad-based growth
 - ◆ Share gains in Slots (Sydney, Gold Coast), VIP
 - ◆ Effective cost management
- 2 Track record of on time, on budget delivery**
 - ◆ Gold Coast investments delivered on time, on budget
 - ◆ Effective contracting reduces and reinforces capex guidance
- 3 Partnership to support long-term growth opportunities**
 - ◆ Enhanced strategic partnership
 - ◆ QWB – larger resort, increased revenue diversity and growth
 - ◆ Gold Coast masterplan with multi-year growth, positive regulatory outcome (no additional slots)
- 4 Improving returns to shareholders**
 - ◆ Strategic positioning
 - ◆ Earnings growth
 - ◆ Increased dividends – at least 70% of normalised NPAT

THE STAR ENTERTAINMENT GROUP

AGENDA

1. OVERVIEW

MATT BEKIER – CEO

2. FINANCIALS

CHAD BARTON – CFO

3. OUTLOOK AND PRIORITIES

MATT BEKIER – CEO

4. Q&A

THE STAR ENTERTAINMENT GROUP

APPENDIX

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APPENDIX

STATUTORY RESULTS

\$M	SYDNEY				QUEENSLAND				TOTAL			
	FY2018	FY2017	fav/(unfav)	fav/(unfav)	FY2018	FY2017	fav/(unfav)	fav/(unfav)	FY2018	FY2017	fav/(unfav)	fav/(unfav)
Slots	335.6	318.6	17.0	5.3%	326.0	308.8	17.2	5.6%	661.6	627.4	34.2	5.5%
Domestic Tables	668.2	680.4	(12.2)	(1.8%)	251.7	236.8	14.9	6.3%	919.9	917.2	2.7	0.3%
Non-Gaming	156.3	135.9	20.4	15.0%	121.0	104.9	16.1	15.3%	277.3	240.8	36.5	15.2%
Total Domestic	1,160.1	1,134.9	25.2	2.2%	698.7	650.5	48.2	7.4%	1,858.8	1,785.4	73.4	4.1%
International VIP Rebate (Gross)	571.4	547.9	23.5	4.3%	140.1	91.7	48.4	52.8%	711.5	639.6	71.9	11.2%
Other Revenue	5.2	3.0	2.2	73.3%	4.0	4.2	(0.2)	(4.8%)	9.2	7.2	2.0	27.8%
Total Gross Revenue	1,736.7	1,685.8	50.9	3.0%	842.8	746.4	96.4	12.9%	2,579.5	2,432.2	147.3	6.1%
Gaming taxes, levies and commissions	(811.6)	(670.6)	(141.0)	(21.0%)	(245.3)	(191.1)	(54.2)	(28.4%)	(1,056.9)	(861.7)	(195.2)	(22.7%)
Operating expenses (before significant items)	(639.3)	(614.1)	(25.2)	(4.1%)	(398.9)	(356.7)	(42.2)	(11.8%)	(1,038.2)	(970.8)	(67.4)	(6.9%)
EBITDA (before significant items)	285.8	401.1	(115.3)	(28.7%)	198.6	198.6	(0.0)	(0.0%)	484.4	599.7	(115.3)	(19.2%)
Depreciation and Amortisation	(114.2)	(100.2)	(14.0)	(14.0%)	(73.0)	(64.3)	(8.7)	(13.5%)	(187.2)	(164.5)	(22.7)	(13.8%)
EBIT (before significant items)	171.6	300.9	(129.3)	(43.0%)	125.6	134.3	(8.7)	(6.5%)	297.2	435.2	(138.0)	(31.7%)
Share of net (loss)/profit of associate									(0.1)	(0.7)	0.6	85.7%
Significant Items									(52.4)	(12.8)	(39.6)	(309.4%)
Net interest (expense)/income									(34.3)	(41.7)	7.4	17.7%
Tax									(62.3)	(115.6)	53.3	46.1%
Statutory NPAT									148.1	264.4	(116.3)	(44.0%)
EBITDA/Revenue %	16.5%	23.8%	(7.3%)		23.6%	26.6%	(3.0%)		18.8%	24.7%	(5.9%)	
VIP Rebate Front Money \$m	3,934.9	2,896.5	1,038.4	35.9%	795.3	570.7	224.6	39.4%	4,730.2	3,467.2	1,263.0	36.4%
VIP Rebate Turnover \$m	52,483.6	33,482.5	19,001.1	56.7%	8,691.3	6,169.9	2,521.4	40.9%	61,174.9	39,652.4	21,522.5	54.3%
VIP Rebate Win rate	1.09%	1.62%	(0.53%)		1.61%	1.42%	0.19%		1.16%	1.59%	(0.43%)	

Turnover and win rate from FY2018 includes Premium Mass.

APPENDIX

NORMALISED RESULTS

\$M	SYDNEY				QUEENSLAND				TOTAL			
	FY2018	FY2017	fav/(unfav)	fav/(unfav)	FY2018	FY2017	fav/(unfav)	fav/(unfav)	FY2018	FY2017	fav/(unfav)	fav/(unfav)
Slots	335.6	318.6	17.0	5.3%	326.0	308.8	17.2	5.6%	661.6	627.4	34.2	5.5%
Domestic Tables	668.2	680.4	(12.2)	(1.8%)	251.7	236.8	14.9	6.3%	919.9	917.2	2.7	0.3%
Non-Gaming	156.3	135.9	20.4	15.0%	121.0	104.9	16.1	15.3%	277.3	240.8	36.5	15.2%
Total Domestic	1,160.1	1,134.9	25.2	2.2%	698.7	650.5	48.2	7.4%	1,858.8	1,785.4	73.4	4.1%
International VIP Rebate (Gross) ¹	709.4	457.6	251.8	55.0%	117.3	87.1	30.2	34.7%	826.7	544.7	282.0	51.8%
Other Revenue	5.2	3.0	2.2	73.3%	4.0	4.2	(0.2)	(4.8%)	9.2	7.2	2.0	27.8%
Total Gross Revenue ¹	1,874.7	1,595.5	279.2	17.5%	820.0	741.8	78.2	10.5%	2,694.7	2,337.3	357.4	15.3%
Gaming taxes, levies and commissions	(825.4)	(660.8)	(164.6)	(24.9%)	(243.0)	(190.6)	(52.4)	(27.5%)	(1,068.4)	(851.4)	(217.0)	(25.5%)
Operating expenses	(639.3)	(614.1)	(25.2)	(4.1%)	(398.9)	(356.7)	(42.2)	(11.8%)	(1,038.2)	(970.8)	(67.4)	(6.9%)
Normalised EBITDA	410.0	320.6	89.4	27.9%	178.1	194.5	(16.4)	(8.4%)	588.1	515.1	73.0	14.2%
Depreciation and Amortisation	(114.2)	(100.2)	(14.0)	(14.0%)	(73.0)	(64.3)	(8.7)	(13.5%)	(187.2)	(164.5)	(22.7)	(13.8%)
Normalised EBIT	295.8	220.4	75.4	34.2%	105.1	130.2	(25.1)	(19.3%)	400.9	350.6	50.3	14.3%
Share of net (loss)/profit of associate									(0.1)	(0.7)	0.6	85.7%
Normalised EBIT after share of net (loss)/profit of associate									400.8	349.9	50.9	14.5%
Net interest (expense)/income									(34.3)	(41.7)	7.4	17.7%
Tax									(108.4)	(93.7)	(14.7)	(15.7%)
Normalised NPAT									258.1	214.5	43.6	20.3%
EBITDA/Revenue %	21.9%	20.1%	1.8%		21.7%	26.2%	(4.5%)		21.8%	22.0%	(0.2%)	
VIP Rebate Front Money \$m	3,934.9	2,896.5	1,038.4	35.9%	795.3	570.7	224.6	39.4%	4,730.2	3,467.2	1,263.0	36.4%
VIP Rebate Turnover \$m	52,483.6	33,482.5	19,001.1	56.7%	8,691.3	6,169.9	2,521.4	40.9%	61,174.9	39,652.4	21,522.5	54.3%
VIP Rebate Win rate	1.35%	1.35%			1.35%	1.35%			1.35%	1.35%		

¹ Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% on actual turnover. Turnover and win rate from FY2018 includes Premium Mass. Growth in turnover and normalised gross revenue differ as Premium Mass revenues only normalised from FY2018 onwards. Normalised results excludes significant items losses. Refer to Note A7 of the Financial Report for a reconciliation of significant items.

APPENDIX

OPERATIONAL METRICS

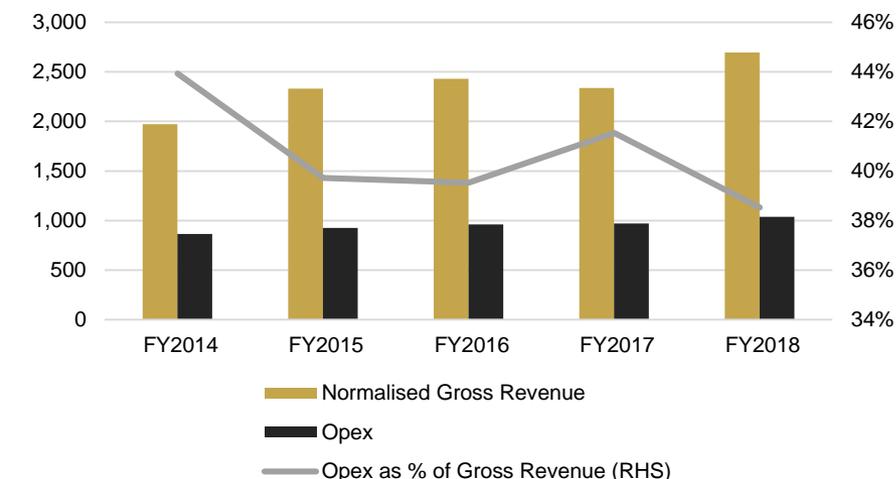
KEY METRICS

OPERATIONAL METRICS	SYDNEY		QUEENSLAND	
	FY2018	FY2017	FY2018	FY2017
Slots				
Revenue (\$m)	336	319	326	309
NMR/machine/day	616	583	282	270
MTGMs				
Revenue (\$m)	102	102	38	39
NMR/machine/day	448	504	278	318
Domestic Tables (excl. MTGMs)				
Revenue (\$m)	566	576	214	198
Hold %	17.9%	18.6%	19.0%	18.5%
VIP Rebate (Actual)				
Front Money (\$m)	3,935	2,897	795	571
Turnover (\$m)	52,484	33,482	8,691	6,170
Turns	13.3	11.6	10.9	10.8
Win Rate	1.09%	1.62%	1.61%	1.42%
Hotels				
Occupancy	95%	97%	83%	90%
Cash Revenue (\$m)	30	19	31	26
Average Cash Rate	336	301	245	237
Restaurants				
Cash Revenue (\$m)	48	44	46	41
Gross Revenue (\$m)	71	71	70	64
Bars				
Cash Revenue (\$m)	47	43	26	24
Gross Revenue (\$m)	103	98	55	50
Statutory EBITDA/Revenue %	16.5%	23.8%	23.6%	26.6%
Normalised EBITDA/Revenue %	21.9%	20.1%	21.7%	26.2%
Employee Costs/Statutory Revenue %	20.1%	19.9%	27.0%	27.1%

OPERATING EFFICIENCY

- ◆ Group operating costs have grown from \$867m in FY2014 to \$1,038m in FY2018 (4.6% CAGR), whilst normalised gross revenue has grown from \$2.0bn to \$2.7bn over the same period (8.1% CAGR)
- ◆ Operating costs as share of normalised gross revenue has declined from 44% to 39% over FY2014 to FY2018
- ◆ Operating costs increased 6.0% in 2H FY2018 vs pcp (7.9% in 1H FY2018 vs pcp). Domestic and international gaming volumes, and non-gaming experienced higher growth rates in 2H FY2018 (vs pcp) than in 1H FY2018

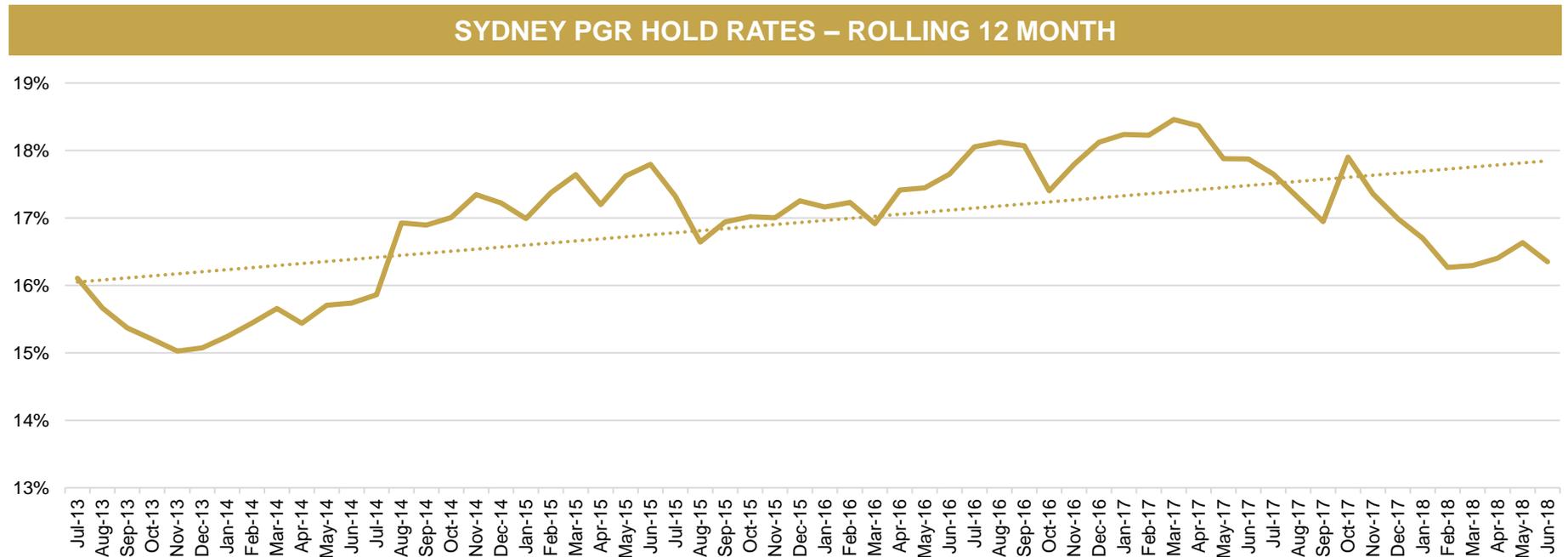
NORMALISED GROSS REVENUE AND OPERATING COST



APPENDIX

SYDNEY PGR HOLD RATES

- ◆ Sydney PGR table hold rates have increased over time
 - Reflects increased time spent by customers in the PGR
 - Driven by improvement to gaming facilities, service levels and marketing
- ◆ Over shorter periods of time, luck can have a significant impact on revenues
- ◆ Over FY2018, Sydney PGR tables experienced a win rate of 16.4%, down 8.5% on FY2017 (17.9%) and below long-term trends



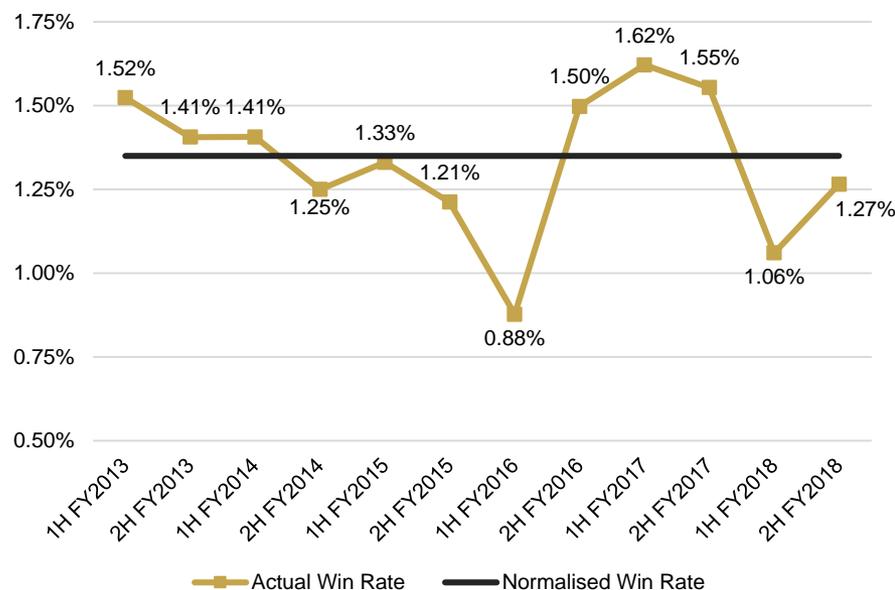
APPENDIX

INTERNATIONAL VIP REBATE NORMALISATION

ACTUAL WIN RATE VS THEORETICAL

- ◆ Normalised win rate of 1.35% is in line with the Group's win rate experience and consistent with the Australia and New Zealand market practice
- ◆ FY2018 actual win rate of 1.16% (1H FY2018 1.06%, 2H FY2018 1.27%) includes Premium Mass

HISTORICAL ACTUAL WIN RATE (%)



Normalisation adjustments only for win rate; does not include other adjustments such as commissions and doubtful debts

RECONCILIATION WITH ACTUAL

FY2018 RESULTS COMPARISON (\$M)	FY2018	CHANGE VS STATUTORY	FY2018 NORM @1.35%
Total Domestic	1,858.8	-	1,858.8
International VIP Rebate (Gross)	711.5	115.2	826.7
Other Revenue	9.2	-	9.2
Total Gross Revenue	2,579.5	115.2	2,694.7
Gaming taxes, levies and commissions	1,056.9	11.5	1,068.4
EBITDA (before significant items)	484.4	103.7	588.1
Depreciation and Amortisation	187.2	-	187.2
EBIT (before significant items)	297.2	103.7	400.9
Share of net (loss)/profit of associate	(0.1)	-	(0.1)
Significant items	52.4	(52.4)	-
Net interest expense	34.3	-	34.3
Tax	62.3	46.1	108.4
Statutory NPAT	148.1	110.0	258.1
EBITDA/Revenue %	18.8%		21.8%
VIP Rebate Front Money \$m	4,730.2		4,730.2
VIP Rebate Turnover \$m	61,174.9		61,174.9
VIP Rebate Win rate	1.16%		1.35%

APPENDIX

INTERNATIONAL VIP REBATE RECEIVABLES

INTERNATIONAL VIP REBATE BUSINESS RECEIVABLES (BEFORE PROVISIONS)	0 - 30 DAYS	30 DAYS - 1 YEAR	1 - 3 YEARS	3 YEARS +	TOTAL
June 2018 (\$m)					
Not yet due	163.7				163.7
Past due not impaired	0.5	17.8	10.4		28.7
Considered impaired	1.0	0.6	14.4		16.0
Total	165.2	18.4	24.8	0.0	208.4
June 2017 (\$m)					
Not yet due	129.3				129.3
Past due not impaired		27.1	6.2		33.3
Considered impaired		2.8	11.2		14.0
Total	129.3	29.9	17.4	0.0	176.6
June 2016 (\$m)					
Not yet due	77.2				77.2
Past due not impaired		31.5	1.7		33.2
Considered impaired		11.5	1.3		12.8
Total	77.2	43.0	3.0	0.0	123.2

- ◆ 30 June 2018 past due not impaired receivables of \$28.7m, down from \$33.3m at 30 June 2017
- ◆ Receivables not yet due at 30 June 2018 reflect increased volumes at the end of the period

Excludes non-gaming debtors

APPENDIX

CASH CONVERSION

CATEGORY	FY2018	FY2017
\$M		
Cash flows from operating activities before interest and income tax		
Net cash receipts from customers (inclusive of GST)	2,386.9	2,348.3
Payments to suppliers and employees (inclusive of GST)	(1,371.2)	(1,259.4)
Payment of government levies, gaming taxes and GST	(519.0)	(521.0)
Net cash inflows from operating activities before interest and income tax	496.7	567.9
Profit before net finance costs and income tax	287.6	421.7
Add back depreciation and amortisation	187.2	164.5
EBITDA	474.8	586.2
Cash conversion	105%	97%

APPENDIX

GLOSSARY

TERM	DEFINITION
CAGR	Compound Annual Growth Rate
Capital expenditure (capex)	Unless otherwise stated, capital expenditure is presented on an accruals basis and excludes investments in associates and equity acquisitions
D&A	Depreciation and Amortisation
DBC	Destination Brisbane Consortium
DGC	Destination Gold Coast Consortium
Domestic Tables	Domestic Tables includes main gaming floor table games, private gaming room table games, domestic rebate table games
EGM	Electronic gaming machine – includes both slots and MTGMs
F&B	Restaurants and bars
JV	Joint Venture
MGF	Main gaming floor
MTGM	Multi-terminal gaming machine or electronic table game
NMR	Net revenue per machine
Normalised revenue	Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% of actual turnover
pcp	Prior comparable period
PGR	Private gaming room
Premium Mass	International loyalty program business (non-commission)
Significant items	Items of income or expense which are, either individually or in aggregate, material to The Star Entertainment Group and: <ul style="list-style-type: none"> ◆ Outside the ordinary course of business (e.g. the cost of significant reorganisations or restructuring); or ◆ Part of the ordinary activities of the business but unusual due to their size and nature (e.g. impairment of assets)
USPP	US Private Placement debt



THE STAR