

13 February 2019

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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)
INTERIM RESULT FOR THE SIX MONTHS ENDED 31 DECEMBER 2018**

Please find attached the following information relating to SKYCITY Entertainment Group Limited's result for the six months ended 31 December 2018:

1. NZX Appendix 1 (as required by NZX Listing Rule 10.3.2) detailing the preliminary announcement;
2. 1H19 Result - Investor Presentation;
3. 1H19 financial statements and notes;
4. 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 15 March 2019 to those shareholders on the company's share register as at 5pm (NZ time) on 1 March 2019. The company's Dividend Reinvestment Plan will not be activated in respect of the interim dividend; and
5. a market announcement (for the purposes of NZX Listing Rule 7.6.2) concerning the company's intention to undertake an on-market share buy back programme from 18 February 2019 to 31 December 2019.

SKYCITY is hosting a conference call for investors and analysts today at 12.00 noon (NZ time) to discuss the 1H19 result. Details for this call were released on the NZX and ASX on 14 January 2019.

Yours faithfully



Rob Hamilton
Chief Financial Officer

SKYCITY Entertainment Group Limited	
Results for announcement to the market	
Reporting Period	1 July 2018 to 31 December 2018
Previous Reporting Period	1 July 2017 to 31 December 2017

Reported	Amount (millions)	Percentage change
Reported revenue including gaming GST from ordinary activities ²	NZ\$460.2	1.0%
Reported revenue from ordinary activities ^{1 2}	NZ\$411.4	0.3%
Reported profit (loss) from ordinary activities after tax attributable to security holders ²	NZ\$68.8	-18.9%
Reported net profit (loss) attributable to security holders ³	NZ\$82.8	-11.4%

Normalised ³	Amount (millions)	Percentage change
Normalised revenue including gaming GST from ordinary activities	NZ\$598.0	10.9%
Normalised revenue from ordinary activities	NZ\$541.2	10.4%
Normalised profit (loss) from ordinary activities after tax attributable to security holders	NZ\$97.0	11.4%
Normalised net profit (loss) attributable to security holders	NZ\$97.0	11.4%

Notes:

- 'Reported' information is per the unaudited 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 losses from associates

² Excludes Darwin operations treated as discontinued operations

³ Includes Darwin operations

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

Record Date	1 March 2019
Payment Date	15 March 2019

Comments:	<p>SKYCITY's 1H19 performance is set out in the Company's Investor 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 2018.</p> <p>The Investor Presentation will be available on the Company's website from 13 February 2019.</p>
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NTA Backing

	2018	2017
Net tangible asset backing per ordinary share	\$0.569	\$0.446

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 ⁴	12.3	-11.5%
Normalised	14.3	10.0%

Reported earnings per share from continuing operations for the six months to 31 December 2018 were 10.2 cents per share (31 December 2017: 12.6 cents per share). Normalised earnings per share for the six months to 31 December 2018 were 14.3 cents per share (31 December 2017: 13.0 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 2019 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 not be activated in respect of the interim dividend.

⁴ Includes both continuing and discontinuing operations on the Income Statement

Reconciliation between Reported and Normalised Financial Information

	1H19				1H18			
	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m
Reported	460.2	148.3	107.7	82.8	455.7	161.6	121.4	93.5
IB at theoretical win rate	28.0	23.4	23.4	16.8	(15.3)	(9.4)	(9.4)	(6.4)
ATO tax review				3.9				
Darwin depreciation			(1.8)	(1.8)				
Darwin deferred tax				(4.8)				
NZIFRS 15 – revenue adjustment	44.7				31.2			
Darwin – discontinued operation	65.1	17.4	12.6		67.8	19.0	12.1	
Normalised	598.0	189.1	141.9	97.0	539.4	171.2	124.1	87.0

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 FY18.

1H19 adjustments (from reported to normalised)

- Apply theoretical win rate of 1.35% for IB vs. actual win rate of 0.98%
- Remove one-off payment to the ATO following tax review (A\$3.5m)
- Eliminate benefit from ceasing Darwin depreciation following classification as discontinued operation (from November 2018)
- Eliminate benefit of reversing Darwin’s deferred tax liability following classification as discontinued operation (from November 2018)
- Reverse impact of NZIFRS 15 “Revenue from Contracts with Customers” which reduced both reported revenue and operating expenses within IB
- Include Darwin in revenue, EBITDA, EBIT and NPBT instead of treating as discontinued operation

1H18 adjustments (from reported to normalised)

- Apply theoretical win rate of 1.35% for IB vs. actual win rate of 1.70%

SKYCITY Entertainment Group Limited

1H19 Result – Investor Presentation

13 February 2019



- Average NZ\$ vs. A\$ cross-rate for 1H19 = 0.9291 and 1H18 = 0.9141
- Weighted average number of shares⁽¹⁾ for 1H19 = 676,386,477 and 1H18 = 665,907,545
- Revenue (incl Gaming GST), calculated as gaming win (incl GST) plus non gaming revenue (excl GST), is shown to facilitate Australasian comparisons
- NZIFRS 15 “Revenue from Contracts with Customers” has been adopted for FY19, with implications for reported revenue and operating expenses within IB
- Darwin has been treated as a discontinued operation from 8 November 2018
- Normalised revenue and earnings adjusted for IB at the theoretical win rate of 1.35% versus an actual win rate of 0.98% in 1H19 (1H18: 1.70%) NZIFRS 15, Darwin classification and certain other items (see pages 9-10 for more details)
- EBITDA margin is calculated as a % of revenue (incl Gaming GST) to facilitate Australasian comparisons
- Certain totals, subtotals and percentages may not agree due to rounding

⁽¹⁾ Excludes treasury shares

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1H19 Key Achievements

Strong financial performance for six-month period – normalised NPAT up 11.4%

Ongoing focus on efficient capital allocation – buy-back of up to 5% of total shares

Successfully progressed key strategic initiatives – sale of Darwin and Auckland car parks

Good progress on major projects in Auckland and Adelaide

Continue to enhance CSR initiatives – intention to go carbon neutral in NZ for FY19 (group by FY20)

New senior management appointments – property, online, IB Asian sales

^1H 19 Results

Results Overview⁽¹⁾

	1H19	1H18	Movement	
	\$m	\$m	\$m	%
Normalised Revenue (incl Gaming GST)	598.0	539.4	58.5	10.9%
Normalised EBITDA	189.1	171.2	18.0	10.5%
Normalised NPAT ⁽²⁾	97.0	87.0	10.0	11.4%
Normalised EPS	14.3cps	13.0cps	1.3cps	10.0%
Interim Dividend DPS	10.0cps	10.0cps	0.0cps	0.0%

	1H19	1H18	Movement	
	\$m	\$m	\$m	%
Reported Revenue (incl Gaming GST)	460.2	455.7	4.5	1.0%
Reported EBITDA	148.3	161.6	(13.3)	(8.2%)
Reported NPAT	82.8	93.5	(10.6)	(11.4%)
Reported EPS	12.3cps	13.9cps	(1.6cps)	(11.5%)

(1) See pages 9-10 for a reconciliation of normalised and reported results

(2) When adjusted for post-tax accounting impact of interest currently being capitalised on major projects, 1H19 Normalised NPAT up 9.7% on the pcg to \$86.9m (vs. \$79.2m in 1H18)

1H19 Revenue by Business⁽¹⁾

	1H19 \$m	1H18 \$m	Movement %
Properties (excl IB)			
Auckland	307.7	289.9	6.2%
Hamilton	31.6	30.6	3.1%
Queenstown/other	6.3	6.3	0.1%
Adelaide (A\$)	77.9	78.1	(0.2%)
Total Property Revenue (continuing operations) (excl IB)	429.5	412.3	4.2%
Normalised IB Revenue	103.3	59.3	74.3%
Total Normalised Revenue (continuing operations)	532.8	471.6	13.0%
Darwin (A\$) (excl IB)	60.4	62.0	(2.6%)
Normalised Revenue	598.0	539.4	10.9%
NZIFRS 15 – revenue adjustment ⁽²⁾	(44.7)	(31.2)	
Non-GAAP adjustments ⁽²⁾	(93.1)	(52.6)	
Reported Revenue	460.2	455.7	1.0%

(1) Including Gaming GST

(2) See pages 9-10 for more details

1H19 EBITDA by Business

	1H19 \$m	1H18 \$m	Movement %
Properties (excl IB)			
Auckland	138.0	131.0	5.3%
Hamilton	14.0	13.7	2.4%
Queenstown/other	1.2	1.0	18.0%
Adelaide (A\$)	12.4	13.0	(4.9%)
Total Property EBITDA (continuing operations) (excl IB)	166.5	159.9	4.1%
Normalised IB EBITDA	24.7	9.4	164.5%
Corporate Costs	(16.7)	(15.1)	(10.3%)
NZICC/Horizon Hotel Operating Costs	(2.0)	(1.2)	(62.4%)
Total Normalised EBITDA (continuing operations)	172.5	153.0	12.8%
Darwin (A\$) (excl IB)	15.4	16.7	(7.7%)
Normalised EBITDA	189.1	171.2	10.5%
Non-GAAP adjustments ⁽¹⁾	(40.8)	(9.6)	
Reported EBITDA	148.3	161.6	(8.2%)

(1) See pages 9-10 for more details

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 FY18
- **1H19 adjustments (from reported to normalised)**
 - Apply theoretical win rate of 1.35% for IB vs. actual win rate of 0.98%
 - Remove one-off payment to the ATO following tax review (A\$3.5m)
 - Eliminate benefit from ceasing Darwin depreciation following classification as discontinued operation (from November 2018)
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 - Reverse impact of NZIFRS 15 "Revenue from Contracts with Customers" which reduced both reported revenue and operating expenses within IB
 - Include Darwin in revenue, EBITDA, EBIT and NPBT instead of treating as discontinued operation
- **1H18 adjustments (from reported to normalised)**
 - Apply theoretical win rate of 1.35% for IB vs. actual win rate of 1.70%

Reported and Normalised Earnings (cont.)

	1H19				1H18			
	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m
Reported	460.2	148.3	107.7	82.8	455.7	161.6	121.4	93.5
IB at theoretical win rate	28.0	23.4	23.4	16.8	(15.3)	(9.4)	(9.4)	(6.4)
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Normalised	598.0	189.1	141.9	97.0	539.4	171.2	124.1	87.0

Group

- Strong financial performance for six-month period
- Normalised EBITDA growth of 10.5% (up 12.8% excl Darwin)
- Key drivers were strong results in IB and Auckland and positive performance in Adelaide on a like-for-like basis, offset by increase in corporate costs

New Zealand Properties

- Auckland: Record EBITDA with improved gaming activity (+6% vs. pcp), particularly in EGMs and a positive non-gaming performance
- Hamilton: Modest growth vs. strong pcp – record EBITDA with positive EGM performance (+7%)
- Queenstown: Positive EBITDA performance driven by increased table games activity and cost control

Australian Properties

- Adelaide: Adjusting for staff restructuring costs, EBITDA up 8% on a like-for-like basis despite construction disruption – stable local gaming activity and focus on cost control
- Darwin: Satisfactory performance in difficult trading conditions

International Business

- Record six-month turnover (\$7.7bn, +74%) and normalised EBITDA
- Actual win rate of 0.98% vs. theoretical of 1.35% (and 1.70% in pcg)
- Significant margin improvement due to operating leverage (from increased volumes) and low bad debts

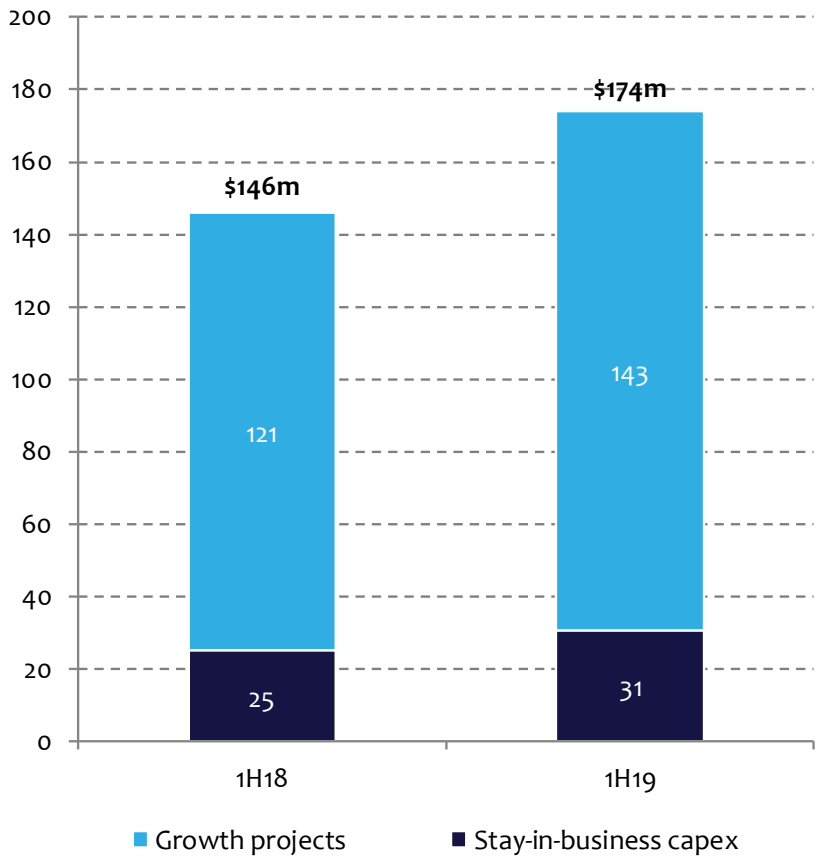
Corporate Costs and Other Expenses

- Higher corporate costs due to corporate bonus provisions (vs. low prior year)
- D&A flat due to increased capex offset by certain assets being fully depreciated
- Net interest expense slightly below pcg – capitalised interest of \$14m from major projects (\$11m in pcg)
- As previously flagged, changes to tax legislation increased effective tax rate to ~29% (was ~26%)

Dividends and Capital Management

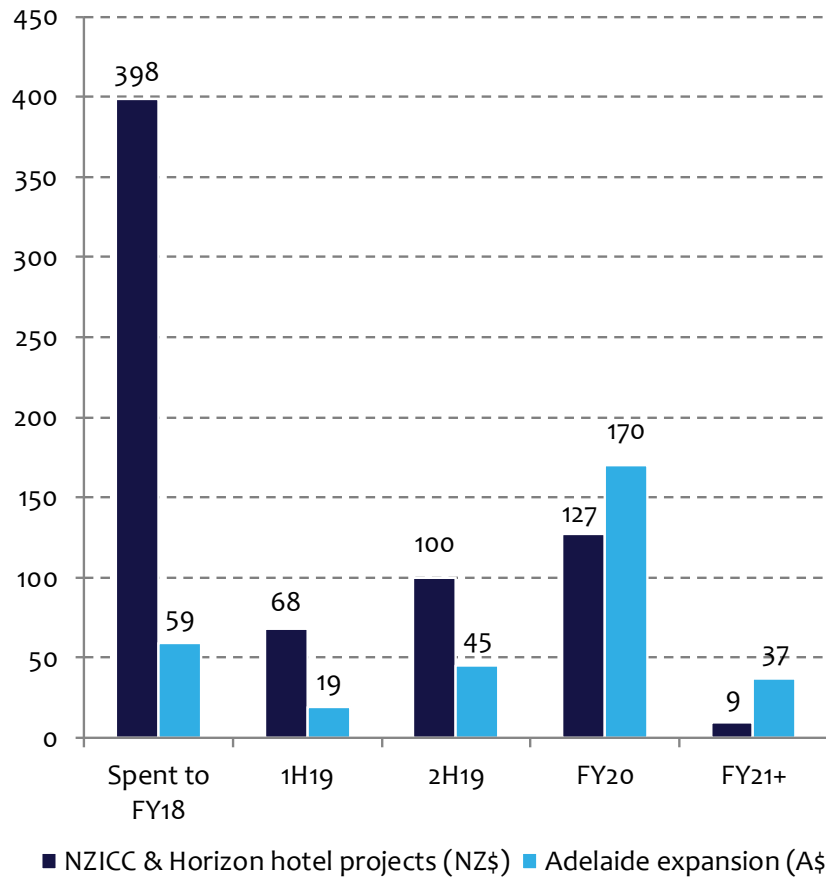
- Fully-imputed interim dividend of 10cps, payable 15 March 2019
- Dividend Reinvestment Plan currently not available for interim dividend (reliance on safe harbour provisions for Auckland car parks sale)
- Refreshed capital allocation framework agreed with the Board
- Plan to buy-back up to 5% of total shares (on NZX) during 2019

1H19 capital expenditure (NZ\$m)⁽¹⁾



- Growth capex primarily related to NZICC and Horizon Hotel project, Adelaide expansion and Auckland property acquisitions

Projected capex for major projects (\$m)

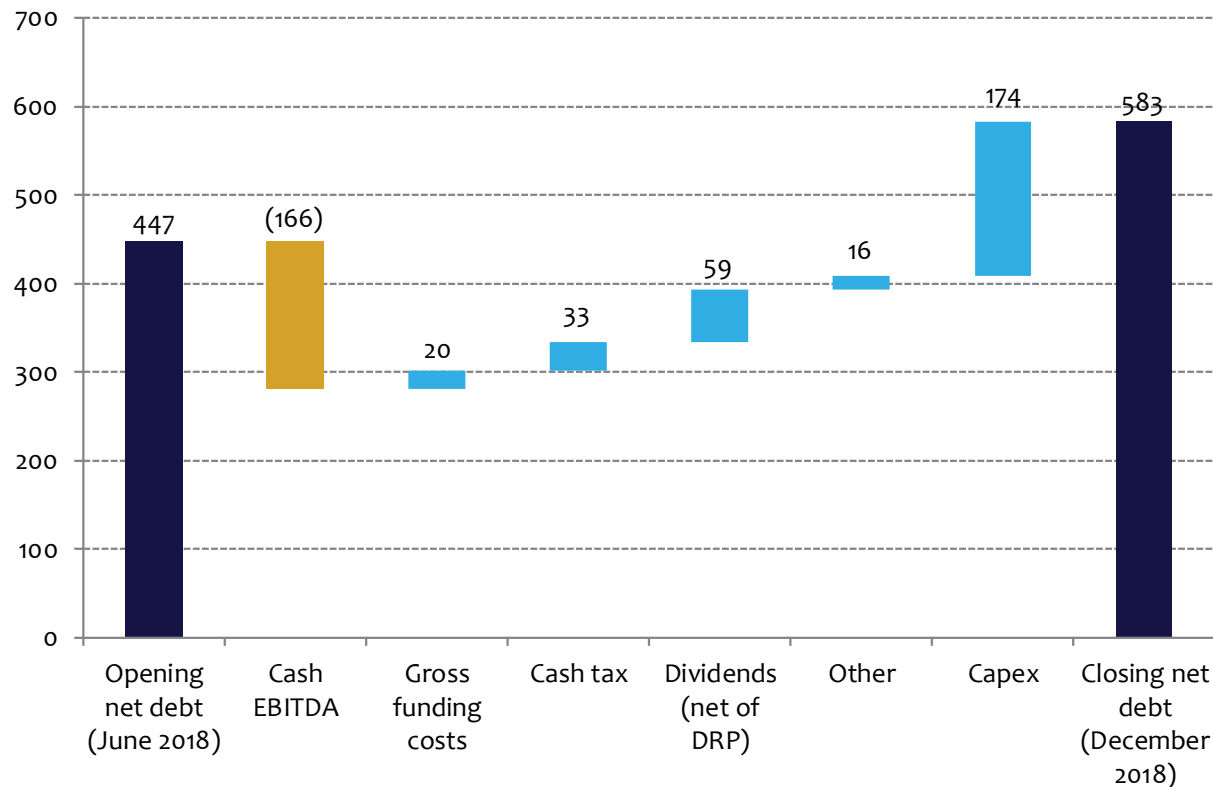


- Timing of capex on NZICC and Horizon Hotel project further delayed due to changes to construction programme

⁽¹⁾ Includes accruals for capital expenditure incurred, but not yet paid

Funding and Capital Structure

Movement in net hedged debt (NZ\$m)



- Gross hedged debt of \$601m at 31 December 2018
- Cash at bank of \$17m
- Net hedged debt up ~\$140m reflecting increased capex from major projects and Auckland property acquisitions
- Average interest rate of 6.08%, reflecting higher cost USPP debt issued in 2011 (down 13bps vs. FY18)

Capital Allocation Framework

Overview

- Refreshed capital allocation framework consistent with group strategy
- Committed to maintaining BBB- credit rating and current dividend policy
- Priorities for allocation of capital (in order) – stay-in-business capex, growth investments, debt repayments, dividends, capital returns
- Growth investments required to achieve internal return benchmarks – 12% post-tax IRR and 9% post-tax ROIC (year 3)

Share buy-back

- Significant capital to be sourced from asset sales during FY19 (change from prior years)
- Expect to have significant surplus cash by end of FY19 (aided by delayed capex on major projects)
- Future growth investments (i.e. Auckland, Hamilton, Queenstown) still being developed/evaluated
- Prudent to return some capital to shareholders
 - On-market buy-back (on NZX) for up to 5% of total shares during 2019
 - Buy-back to partially offset EPS dilution from asset sales and be value-enhancing for shareholders

Group	<ul style="list-style-type: none"> ▪ Expect to achieve around 5% growth in normalised group EBITDA in FY19 vs. pcg (assuming Darwin sale settles on 30 June 2019) ▪ Domestic and international economic environment becoming more challenging – 2H19 YTD trading slightly below expectations ▪ Growth rates in Auckland and IB expected to moderate in 2H19 due to stronger pcg ▪ Normalised group NPAT for FY19 expected to be slightly above pcg (previously slightly below) ▪ Plan to continue existing dividend policy with minimum annual dividend of 20cps ▪ Maintenance capex expected to be around \$80-\$85m
Properties	<ul style="list-style-type: none"> ▪ Combined NZ properties expected to achieve modest EBITDA growth in 2H19 – Auckland to perform well, Hamilton to remain capacity constrained ▪ Growth expected in Adelaide EBITDA in 2H19 – improved gaming activity, cost efficiencies and weaker pcg ▪ IB inherently difficult to predict but targeting turnover of \$13-\$14bn for FY19
Corporate/Other	<ul style="list-style-type: none"> ▪ Corporate costs expected to be around \$37m, in-line with previous guidance ▪ NZICC operating costs expected to be around \$5m ▪ Net interest expense expected to be around \$15m, with \$30m of capitalised interest ▪ D&A expected to be around \$100m ▪ Effective normalised tax rate expected to be around 29% (was 26.6% in FY18)

Group Strategy Update

VISION

To be the leader in gaming, entertainment and hospitality in our communities

BUSINESS GOALS



Improve our operating performance



Optimise our existing portfolio



Grow and diversify our business

CHARACTER & CULTURE GOALS



Offer a great and safe place to work

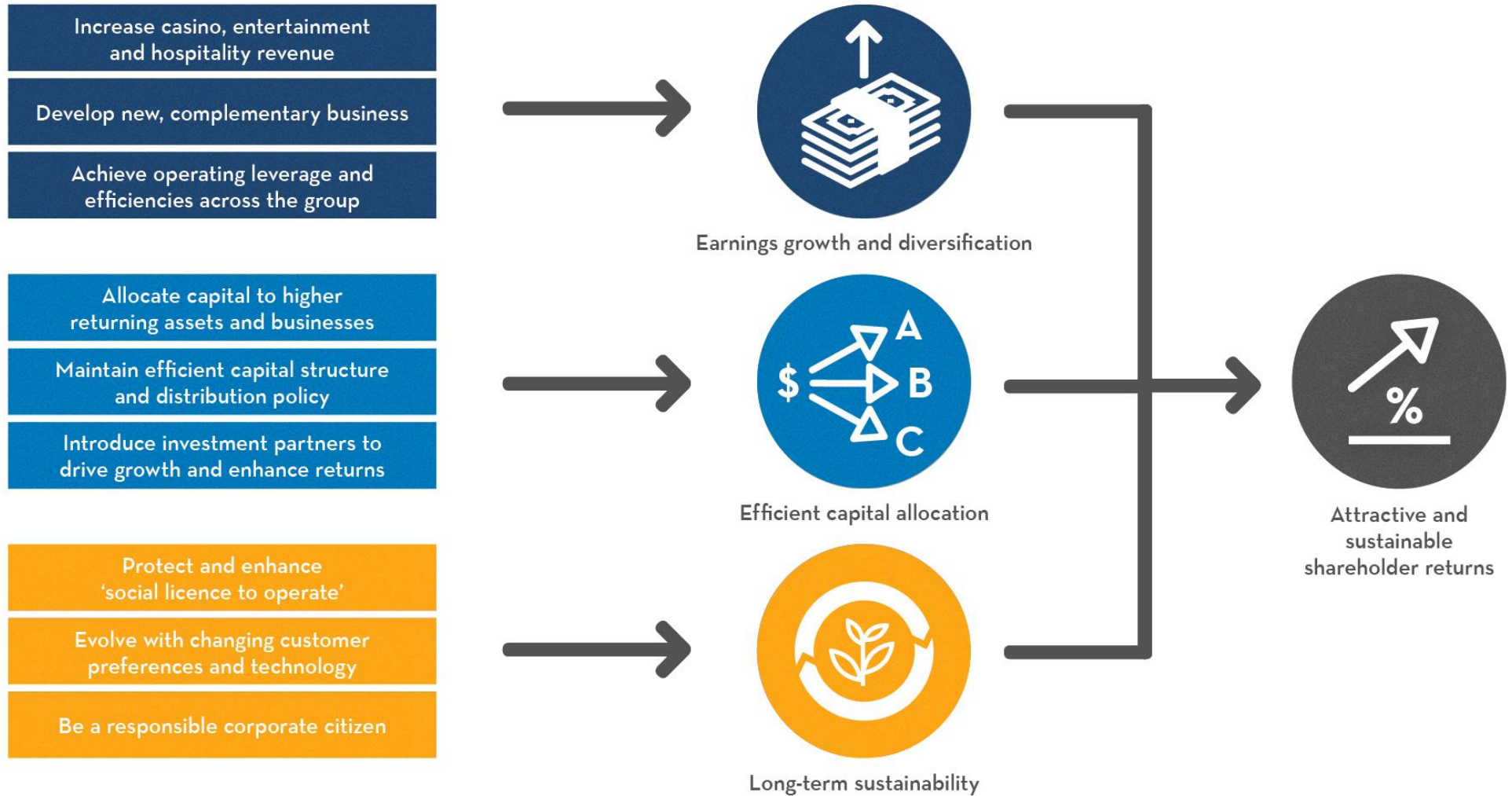


Always put customers first



Be responsible leaders in our communities

Creating Long-Term Value



Improve Our Operating Performance

- Improved marketing/promotions/events – visitation up at Auckland
- Ongoing investment in premium gaming across the group
 - IB/IS EGMs performance improving
 - Planning significant upgrade to Auckland premium gaming areas
- Benefits of new EGM product and changes to floor layouts being realised
- Ongoing investment in ICT and digital capability
- Group-wide review of brand completed – refreshed corporate brand and logo to be launched during 2019
- Ongoing focus on operating efficiencies to offset cost inflation in NZ
- Tables restructuring completed in Adelaide
- Managing construction disruption in Auckland and Adelaide



Optimise Our Existing Portfolio

- Federal St car park sale (\$40m) due to settle in April
- Potential sale of long-term concession over car parks in Auckland progressing well
 - Close to selecting preferred party
 - Expect to conclude a transaction by end of FY19
- Binding agreement to sell Darwin to Delaware North for A\$188m
 - Financing condition satisfied
 - Regulatory approval process for Delaware North progressing well
 - Expect transaction to settle by end of FY19
 - Little Mindil (A\$11m book value) being marketed for sale



Optimise Our Existing Portfolio (cont.)

- Ongoing concept development and feasibility analysis for Auckland master planning
 - Opportunities for further accommodation, F&B, new gaming spaces and entertainment
 - Intend to introduce development partners to unlock value in precinct
- Land acquired for future hotel development in Queenstown – OIO application submitted
- Progressing master plan in Hamilton to leverage riverbank opportunity
 - Includes potential hotel development, F&B and entertainment
 - EGM business capacity constrained during peak periods
 - Applied to Gambling Commission for change in product mix (3 tables for 60 EGMs)
- Chief Property Officer (Peter Alexander) commenced in January 2019



NZICC and Horizon Hotel Project

- Engaging positively with Fletcher Construction on project timing/potential claims/broader relationship
- First tranche of NZICC car parks (~600 spaces) completed and handed over in December 2018
- Contractual completion deadlines passed for both NZICC and Horizon Hotel
 - Expect Horizon Hotel to complete within 12 months
 - Expect NZICC to open in second half of 2020
- Remain comfortable with contractual position
 - \$30m of liquidated damages collected under NZICC contract
 - Horizon Hotel contract provides for \$9.5m of liquidated damages
- Removing all ACP from NZICC façade – additional cost of around \$25m
- Subject to resolving ACP, total project cost for SKYCITY (net of liquidated damages) not expected to be materially above original budget (\$703m)
- NZICC bookings scheduled for 2020 being reviewed due to completion delays



NZICC and Horizon Hotel development site (as at January 2019)

Adelaide Expansion

- Project on-time and on-budget
- Positive working relationship and collaboration with Hansen Yuncken
- Total project costs remain at A\$330m (including contingency)
- Expect car park to be opened contemporaneous with expansion in 1H21 (September 2020)
- SA Government regulatory review expected to be completed before end of FY19
- Master planning continues for existing building – new F&B venue to open in 2019



***Adelaide expansion development site
(as at January 2019)***

Grow and Diversify Our Business

- Progressing strategy to grow hotel business
 - Medium-term focus on existing casino precincts (i.e. Auckland, Hamilton, Queenstown)
 - Separate hotel brand being finalised
 - Remain keen to introduce investment partner for existing and new hotels
- Online casino strategy well progressed
 - In advanced discussions with preferred offshore partner
 - Support future regulation in NZ
 - Online Director (Steve Salmon) hired
- Non-gaming attractions/partnerships secured for Auckland (e.g. All Blacks, Weta)
 - To ensure long-term relevance and attract new customers (i.e. families, millennials)
 - Further opportunities for F&B and amusement being considered



Offer a great and safe place to work

- “Values” refresh underway with staff
- ACC Health & Safety review completed
- Move to \$20 minimum wage by 2020 in NZ commenced
- Upweighted focus on mental health/wellbeing
- Training programmes and employment initiatives being recognised
 - Deloitte top 200 award for Diversity & Inclusion
- Launch of new executive performance incentive plan

Always put customers first

- Investing in customer-focused digital initiatives (i.e. CXM, web & mobile)
- Good progress on review of loyalty programme
- Continued investment in host responsibility programme
 - Facial recognition technology near implementation
 - Digital tracking feasible when ICT rollout complete

Be responsible leaders in our communities

- Carbon footprint now accurately measured/audited
 - Science-based targets set
 - Going carbon neutral in NZ for FY19 (group by FY20)
- Good progress in reducing waste
 - In Auckland, 500 tonnes of food waste diverted from landfill
- Ongoing investment in youth development/employment initiatives

Appendices

1H19 Results Overview – Normalised

	1H19 \$m	1H18 \$m	Movement	
			\$m	%
Normalised Revenue (including Gaming GST)	598.0	539.4	58.5	10.9%
Gaming GST	(56.8)	(49.0)	(7.8)	(15.9%)
Normalised Revenue	541.2	490.4	50.8	10.4%
Expenses	(352.0)	(319.3)	(32.8)	(10.3%)
Normalised EBITDA	189.1	171.2	18.0	10.5%
Depreciation and Amortisation	(47.3)	(47.1)	(0.2)	(0.3%)
Normalised EBIT	141.9	124.1	17.8	14.4%
Net Interest	(5.9)	(6.2)	0.3	4.6%
Normalised NPBT	135.9	117.8	18.1	15.4%
Tax	(39.0)	(30.9)	(8.1)	(26.2%)
Normalised NPAT	97.0	87.0	10.0	11.4%
Normalised EPS	14.3cps	13.0cps	1.3cps	10.0%

1H19 Results Overview – Reported

	1H19 \$m	1H18 \$m	Movement	
			\$m	%
Reported Revenue (including Gaming GST)	460.2	455.7	4.5	1.0%
Gaming GST	(48.8)	(45.6)	(3.2)	(7.0%)
Reported Revenue	411.4	410.1	1.3	0.3%
Expenses	(263.1)	(248.5)	(14.6)	(5.9%)
Reported EBITDA	148.3	161.6	(13.3)	(8.2%)
Depreciation and Amortisation	(40.7)	(40.3)	(0.3)	(1.0%)
Reported EBIT	107.7	121.4	(13.7)	(11.2%)
Net Interest	(5.9)	(6.3)	0.3	4.8%
Reported NPBT	101.7	115.1	(13.4)	(11.6%)
Tax	(32.9)	(30.2)	(2.7)	(8.9%)
Profit from Continuing Operations	68.8	84.9	(16.1)	(18.9%)
Profit from Discontinued Operations	14.0	8.6	5.4	63.2%
Reported NPAT	82.8	93.5	(10.6)	(11.4%)
Reported EPS	12.3cps	13.9cps	(1.6cps)	(11.5%)
Interim Dividend DPS	10.0cps	10.0cps	0.0cps	0.0%

	1H19 \$m	1H18 \$m	Movement %
Revenue			
Gaming Machines	134.7	125.7	7.2%
Tables	85.0	81.1	4.8%
Gaming Revenue (incl GST)	219.6	206.7	6.2%
Non-Gaming Revenue	88.1	83.2	5.9%
Total Revenue (incl gaming GST) (excl IB)	307.7	289.9	6.2%
Gaming GST	(28.4)	(26.7)	(6.4%)
Total Revenue (excl gaming GST) (excl IB)	279.3	263.2	6.1%
Expenses	(141.3)	(132.2)	(6.9%)
EBITDA (excl IB)	138.0	131.0	5.3%
EBITDA Margin (excl IB)	44.8%	45.2%	-
Depreciation & Amortisation	(23.7)	(25.2)	-
EBIT (excl IB)	114.3	105.8	8.0%
Normalised EBITDA (incl IB)	159.6	136.7	16.7%

- Record EBITDA performance for six-month period
- Record local gaming revenue driven by:
 - Strong performance from EGMs continuing on from a positive 2H18
 - Positive tables performance – starting to see benefit from automated table games
- Positive non-gaming performance overall
 - Restaurant and bar covers up 4%
 - Sky Tower visitation up 4% – continues to be #1 Auckland attraction on Trip Advisor
 - Hotels continue to outperform peers despite flat RevPAR – 20% new rooms in CBD since 1H18
- Margins slightly weaker vs. pcg due to higher ICT costs and increased bonus provision

	1H19 \$m	1H18 \$m	Movement %
Revenue			
Gaming Machines	22.8	21.3	7.0%
Tables	4.3	4.8	(9.7%)
Gaming Revenue (incl GST)	27.1	26.1	3.9%
Non-Gaming Revenue	4.4	4.5	(1.6%)
Total Revenue (incl gaming GST) (excl IB)	31.6	30.6	3.1%
Gaming GST	(3.5)	(3.4)	(4.3%)
Total Revenue (excl gaming GST) (excl IB)	28.0	27.2	3.0%
Expenses	(14.0)	(13.6)	(3.6%)
EBITDA (excl IB)	14.0	13.7	2.4%
EBITDA margin (excl IB)	44.3%	44.6%	-
Depreciation & Amortisation	(2.3)	(2.1)	-
EBIT (excl IB)	11.7	11.5	1.6%
Normalised EBITDA (incl IB)	14.2	13.7	3.7%

- Record EBITDA performance for six-month period – supports plans for future development
- Growth rates broadly consistent with FY18
- Strong EGM performance offset by weaker tables activity
- New EGM product and improved floor layout well received by customers
- EGM business capacity constrained during peak periods – WPU average remains comparable to Auckland
- Non-gaming contribution up vs. pcg following closure of non-profitable outlets
- Margins slightly weaker vs. pcg due to higher ICT costs

SKYCITY Queenstown/Wharf Casino



	1H19 \$m	1H18 \$m	Movement %
Revenue			
Gaming Machines	3.3	3.3	(0.6%)
Tables	2.4	2.3	4.3%
Gaming Revenue (incl GST)	5.7	5.6	1.4%
Non Gaming Revenue	0.8	0.8	(0.5%)
Total Revenue (incl gaming GST) (excl IB)	6.5	6.4	1.2%
Gaming GST	(0.7)	(0.7)	2.2%
Total Revenue (excl gaming GST) (excl IB)	5.8	5.7	1.0%
Expenses	(4.6)	(4.7)	1.7%
EBITDA (excl IB)	1.2	1.0	13.6%
EBITDA margin (excl IB)	18.0%	16.1%	-
Depreciation & Amortisation	(0.5)	(0.5)	-
EBIT (excl IB)	0.6	0.5	28.4%
Normalised EBITDA (incl IB)	3.3	2.6	24.9%

- Improved performance driven by increased table games activity and cost control
- Continue to benefit from reduced operating hours at Wharf
- IB turnover up 18% vs. pcg (8% of group turnover) highlighting attractiveness of location for premium/VIP customers

Adelaide Casino

	1H19 A\$m	1H18 A\$m	Movement %
Revenue			
Gaming Machines	26.0	26.1	(0.2%)
Tables	41.3	40.8	1.3%
Gaming Revenue (incl GST)	67.3	66.8	0.7%
Non Gaming Revenue	10.6	11.3	(5.8%)
Total Revenue (incl gaming GST) (excl IB)	77.9	78.1	(0.2%)
Gaming GST	(6.1)	(6.1)	(0.8%)
Total Revenue (excl gaming GST) (excl IB)	71.8	72.1	(0.3%)
Expenses	(59.4)	(59.0)	(0.7%)
EBITDA (excl IB)	12.4	13.0	(4.9%)
EBITDA margin (excl IB)	15.9%	16.7%	-
Depreciation & Amortisation	(8.8)	(8.3)	-
EBIT (excl IB)	3.6	4.7	(23.4%)
Normalised EBITDA (incl IB)	13.1	14.6	(10.4%)

- EBITDA up 8% on like-for-like basis⁽¹⁾ despite construction disruption
- Stable local gaming performance
 - Improved premium activity (both EGMs and tables) offset by weaker main floor
 - EGM market share in SA consistent with pcp (at around 7.0%)
- F&B revenue weaker vs. pcp due to lack of key events and closure of certain outlets to accommodate expansion
- Margins improved on like-for-like basis⁽¹⁾ due to effective cost management and increased F&B contribution
- Regulatory review expected to be completed by end of FY19 – focus on ‘level playing field’ for SA vs. other states

(1) ~A\$1.7m of one-off restructuring costs incurred in 1H19 but not pcp

	1H19 A\$m	1H18 A\$m	Movement %
Revenue			
Gaming Machines	27.7	28.6	(3.3%)
Tables	9.1	9.6	(5.6%)
Keno	7.6	8.0	(4.6%)
Gaming Revenue (incl GST)	44.4	46.2	(4.0%)
Non-Gaming Revenue	16.0	15.8	1.4%
Total Revenue (incl gaming GST) (excl IB)	60.4	62.0	(2.6%)
Gaming GST	(4.0)	(4.1)	3.0%
Total Revenue (excl gaming GST) (excl IB)	56.4	57.9	(2.6%)
Expenses	(41.0)	(41.2)	0.5%
EBITDA (excl IB)	15.4	16.7	(7.7%)
<i>EBITDA Margin (excl IB)</i>	<i>25.6%</i>	<i>27.0%</i>	-
Depreciation & Amortisation	(6.1)	(6.3)	-
EBIT (excl IB)	9.3	10.5	(11.1%)
Normalised EBITDA (incl IB)	15.5	16.9	(8.6%)

- Satisfactory performance in difficult trading conditions
- Local gaming activity slightly weaker due to softer visitation and increased discounting by competitors
- Positive non-gaming activity driven by key events and effective marketing
- Hotels continue to trade positively and outperform peers
- Margins weaker due to operating leverage despite focus on cost control
- Property treated as discontinued operation for accounting purposes pending settlement of sale to Delaware North

Group International Business

	1H19	1H18	Movement
Turnover	\$bn	\$bn	%
Auckland	6.4	2.5	150.9%
Other NZ	0.7	0.5	17.7%
Adelaide (A\$)	0.5	0.8	(41.6%)
Darwin (A\$)	0.1	0.5	(72.9%)
Total Turnover	7.7	4.4	74.3%
Total Normalised Revenue (\$m)	103.3	59.3	74.3%
Total Reported Revenue (\$m)	75.3	74.5	1.0%

1H19	1H18
Actual Win %	
0.98%	1.70%

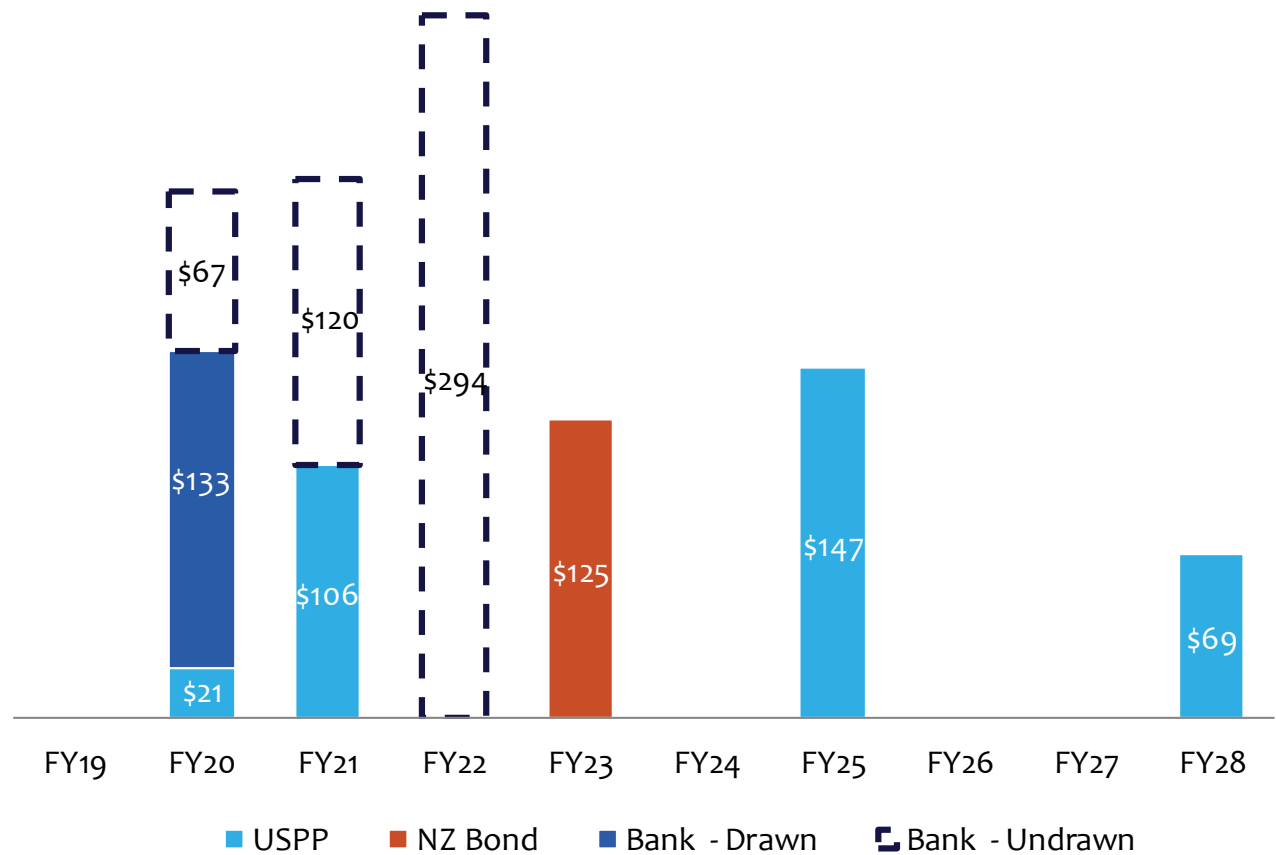
	1H19	1H18	Movement
Normalised EBITDA	\$m	\$m	%
Auckland	21.6	5.7	276.8%
Other NZ	2.3	1.6	31.8%
Adelaide (A\$)	0.8	1.8	(56.6%)
Darwin (A\$)	0.0	0.2	(79.6%)
Total Normalised EBITDA	24.7	9.4	164.5%
Total Reported EBITDA	1.4	18.8	(92.7%)

1H19	1H18
Margin %	
24.0%	15.8%

- Record six-month turnover and normalised EBITDA
- 1H19 turnover probably aided by win rate below theoretical
- Strong performance driven by:
 - Increased use of junkets
 - Repeat visits from major customers
 - Higher average spend per customer
 - Significant margin improvement due to operating leverage and low bad debts
- Low bad debts consistent with conservative approach to credit
- President Asia Sales and Commercial Strategy (John Chong) commenced in January 2019

Debt Maturity Profile

Hedged debt maturity profile as at 31 December 2018 (NZ\$m)



- Committed debt facilities (at hedged exchange rates) of \$1.1bn at 31 December, with \$601m currently drawn
- Net hedged debt/LTM normalised EBITDA of 1.7x
- Average debt maturity of 3.5 years

- All information included in this presentation is provided as at 13 February 2019
- 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



SKYCITY Entertainment Group Limited
Interim Financial Report
for the six month period ended
31 December 2018

For and on behalf of the Board:

A blue ink signature of Rob Campbell, consisting of a stylized 'R' followed by a series of loops and a final 'e'.

Rob Campbell
Chairman

A blue ink signature of Bruce Carter, featuring a large 'B' and 'C' followed by a stylized 'k' and 'r'.

Bruce Carter
Chairman of the Audit and Risk Committee

12 February 2019

SKYCITY Entertainment Group Limited
Income Statement
For the six month period ended 31 December 2018

	Unaudited 6 months 31 December 2018 \$'000	Restated Unaudited 6 months 31 December 2017 \$'000	Restated Audited 12 months 30 June 2018 \$'000
Notes			
Continuing operations			
Gaming win plus non-gaming revenue	458,599	455,334	905,614
Gaming GST	(48,815)	(45,591)	(91,786)
Total revenue	409,784	409,743	813,828
Other income	1,770	476	2,405
Share of losses from associates	(201)	(75)	(347)
Employee benefits expense	(146,497)	(134,915)	(278,246)
Other expenses	(46,266)	(44,291)	(86,373)
Directors fees	(591)	(692)	(1,273)
Gaming taxes	(19,457)	(19,613)	(38,422)
Direct consumables	(31,101)	(30,373)	(62,061)
Marketing and communications	(12,396)	(11,845)	(24,406)
Community contributions, levies and sponsorships	(6,707)	(6,801)	(14,260)
Fair value adjustment to investment property	-	-	(799)
Earnings Before Interest, Taxes, Depreciation and Amortisation Expenses (EBITDA)	148,338	161,614	310,046
Depreciation and amortisation expense	(40,669)	(40,277)	(80,861)
Earnings Before Interest and Taxes (EBIT)	107,669	121,337	229,185
Net finance costs	(5,957)	(6,260)	(12,526)
Profit Before Income Tax	101,712	115,077	216,659
Income tax expense	(32,888)	(30,193)	(57,827)
Profit from continuing operations	68,824	84,884	158,832
Profit from discontinued operations	14,000	8,576	10,687
Profit for the Period Attributable to Shareholders of the Company	82,824	93,460	169,519
Earnings per share for Profit Attributable to the Shareholders of the Company:			
	Cents	Cents	Cents
Attributable to continuing operations:			
Basic and diluted earnings per share	10.2	12.6	23.7
Attributable to discontinuing operations:			
Basic earnings per share (cents)	2.1	1.3	1.6

The above Income Statement should be read in conjunction with the accompanying notes.

SKYCITY Entertainment Group Limited
Statement of Comprehensive Income
For the six month period ended 31 December 2018

	Unaudited 6 months 31 December 2018 \$'000	Unaudited 6 months 31 December 2017 \$'000	Audited 12 months 30 June 2018 \$'000
Notes			
Profit for the period	82,824	93,460	169,519
Other Comprehensive Income			
Items that may be Reclassified Subsequently to Profit or Loss			
Exchange differences on translation of overseas subsidiaries	(9,988)	10,917	8,436
Cashflow Hedge Reserve			
- Cash flow hedges - revaluations	5,068	(4,604)	(18,241)
- Cash flow hedges - transfer to finance costs	(4,470)	569	8,376
- Cash flow hedges - income tax	(229)	1,179	2,855
Cost of Hedging Reserve			
- Cost of hedging reserve - costs incurred	442	(2,828)	(2,622)
- Cost of hedging reserve - transfer to finance costs	(233)	-	(135)
- Cost of hedging reserve - income tax	(58)	792	772
Other Comprehensive (Expense) / Income for the Period Net of Tax	(9,468)	6,025	(559)
Total Comprehensive Income for the Period	73,356	99,485	168,960

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

SKYCITY Entertainment Group Limited
Balance Sheet
As at 31 December 2018

		Unaudited 31 December 2018 \$'000	Restated Unaudited 31 December 2017 \$'000	Restated Audited 30 June 2018 \$'000
	Notes			
ASSETS				
Current Assets				
Cash and bank balances		59,940	115,774	75,955
Receivables and prepayments		30,597	21,279	23,379
Inventories		7,695	8,584	7,570
Current tax receivables		1,682	5,149	4,799
Derivative financial instruments		1,913	9,448	-
Assets classified as held for sale	13	32,987	-	22,175
Assets of discontinued operations held for sale	14	210,789	-	-
Total Current Assets		345,603	160,234	133,878
Non-Current Assets				
Property, plant and equipment		1,447,542	1,467,947	1,498,610
Investment properties		43,400	-	35,300
Intangible assets		788,632	831,681	831,833
Investment in associate		2,089	2,562	2,290
Derivative financial instruments		48,768	38,245	42,597
Total Non-Current Assets		2,330,431	2,340,435	2,410,630
Total Assets		2,676,034	2,500,669	2,544,508
LIABILITIES				
Current Liabilities				
Payables		171,956	180,571	193,725
Current tax liabilities		4,348	2,088	7,376
Derivative financial instruments		25	1,844	534
Interest bearing liabilities	8	-	105,678	-
Liabilities of discontinued operations held for sale	14	18,272	-	-
Total Current Liabilities		194,601	290,181	201,635
Non-Current Liabilities				
Interest bearing liabilities	9	643,482	403,643	508,453
Provisions		2,007	3,166	3,288
Deferred tax liabilities		79,904	84,922	84,547
Derivative financial instruments		26,870	26,232	28,770
Deferred licence value		555,269	562,274	560,835
Total Non-Current Liabilities		1,307,532	1,080,237	1,185,893
Total Liabilities		1,502,133	1,370,418	1,387,528
Net Assets		1,173,901	1,130,251	1,156,980
EQUITY				
Share capital	10	1,163,576	1,127,877	1,152,260
Reserves		(73,397)	(57,345)	(63,929)
Retained earnings		83,722	59,719	68,649
Total Equity		1,173,901	1,130,251	1,156,980

The above Balance Sheet should be read in conjunction with the accompanying notes.

SKYCITY Entertainment Group Limited
Statement of Changes in Equity
For the six month period ended 31 December 2018

	Notes	Share Capital \$'000	Cashflow Hedging Reserve \$'000	Foreign Currency Translation Reserve \$'000	Cost of Hedging Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance as at 1 July 2018 as previously reported		1,152,260	(21,491)	(40,453)	(1,985)	69,695	1,158,026
Adjustment on adoption of IFRS15		-	-	-	-	(1,046)	(1,046)
Restated balance at the beginning of the half-year		1,152,260	(21,491)	(40,453)	(1,985)	68,649	1,156,980
Total comprehensive income/(expense)		-	369	(9,988)	151	82,824	73,356
Dividends provided for or paid	6	-	-	-	-	(67,751)	(67,751)
Share rights issued for employee service	10	2,475	-	-	-	-	2,475
Share rights issued under Dividend Reinvestment Plan	10	8,591	-	-	-	-	8,591
Net issue of treasury shares	10	250	-	-	-	-	250
Balance as at 31 December 2018		1,163,576	(21,122)	(50,441)	(1,834)	83,722	1,173,901
Balance as at 1 July 2017 as previously reported		1,100,792	(14,481)	(48,889)	-	33,515	1,070,937
Adjustment on adoption of IFRS15		-	-	-	-	(1,046)	(1,046)
Restated balance at the beginning of the half-year		1,100,792	(14,481)	(48,889)	-	32,469	1,069,891
Total comprehensive income/(expense)		-	(2,856)	10,917	(2,036)	93,460	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
Restated balance as at 31 December 2017		1,127,877	(17,337)	(37,972)	(2,036)	59,719	1,130,251
Balance as at 1 July 2017 as previously reported		1,100,792	(14,481)	(48,889)	-	33,515	1,070,937
Adjustment on adoption of IFRS15		-	-	-	-	(1,046)	(1,046)
Restated balance at the beginning of the year		1,100,792	(14,481)	(48,889)	-	32,469	1,069,891
Total comprehensive income/(expense)		-	(7,010)	8,436	(1,985)	169,519	168,960
Dividends provided for or paid	6	-	-	-	-	(133,339)	(133,339)
Share rights issued under Dividend Reinvestment Plan	10	48,257	-	-	-	-	48,257
Share rights issued for employee service	10	2,983	-	-	-	-	2,983
Net issue of treasury shares	10	228	-	-	-	-	228
Restated balance as at 30 June 2018		1,152,260	(21,491)	(40,453)	(1,985)	68,649	1,156,980

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

SKYCITY Entertainment Group Limited
Statement of Cash Flows
For the six month period ended 31 December 2018

	Unaudited 6 months 31 December 2018 \$'000	Restated Unaudited 6 months 31 December 2017 \$'000	Restated Audited 12 months 30 June 2018 \$'000
Notes			
Cash flows from operating activities			
Receipts from customers	462,255	468,147	919,852
Payments to suppliers and employees	<u>(278,667)</u>	<u>(231,311)</u>	<u>(508,830)</u>
	183,588	236,836	411,022
Gaming taxes paid	(31,119)	(30,731)	(59,189)
Income taxes paid	<u>(32,707)</u>	<u>(41,530)</u>	<u>(62,744)</u>
Net cash inflow from operating activities	119,762	164,575	289,089
	16		
Cash flows from investing activities			
Purchase of property, plant and equipment	(162,262)	(146,438)	(206,466)
Payment for investment in associate	-	(2,637)	(2,637)
Payments for investment property	(8,100)	-	(36,099)
Payments for intangible assets	<u>(11,316)</u>	<u>(3,059)</u>	<u>(8,589)</u>
Net cash (outflow) from investing activities	(181,678)	(152,134)	(253,791)
Cash flows from financing activities			
Cash flows associated with derivatives	697	(7,697)	9,736
New borrowings	133,000	110,000	206,956
Repayment of borrowings	-	-	(112,459)
Net issue / (purchase) of treasury shares	250	-	228
Dividends paid to company shareholders	(59,160)	(40,614)	(85,082)
Interest paid	<u>(19,405)</u>	<u>(15,083)</u>	<u>(35,449)</u>
Net cash inflow / (outflow) from financing activities	55,382	46,606	(16,070)
Net Movement in cash and bank balances	(6,534)	59,047	19,228
Cash and bank balances at the beginning of the period	75,955	56,727	56,727
Cash and bank balance classified as discontinued operations	<u>(9,481)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of the period	59,940	115,774	75,955
	14		

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, convention, hospitality 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 12 February 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 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.

The same significant judgements, estimates and assumptions included in the notes to the financial statements for the year ended 30 June 2018 have been applied to these interim financial statements.

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

Other than the adoption of NZ IFRS 15, 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 2018 and the unaudited financial statements for the six months ended 31 December 2017.

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 2018.

In the current period the Darwin operations have been accounted for as a discontinued operation (note 14). As a result:

- The Income Statement has been adjusted (including prior periods) to disclose the results of the Darwin operations as a single line. Revenue and expenses are separately disclosed in note 14
- Assets and liabilities of the Darwin operations in the 31 December 2018 Balance Sheet have been adjusted to a single line in current assets and currently liabilities respectively. The prior period Balance Sheets have not been adjusted
- The Statement of Cash Flows includes the Darwin operations in all periods
- Income Statement and Balance Sheet notes are consistent with the relevant primary statement

(a) Changes in Accounting Policies

The following new standards impacting disclosures are mandatory for the first time for the financial period commencing 1 July 2018:

NZ IFRS 15, Revenue from Contracts with Customers

SKYCITY Entertainment Group Limited
Notes to the Financial Statements
For the six month period ended 31 December 2018
(continued)

NZ IFRS 15, 'Revenue from Contracts with Customers', deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. Revenue is recognised net of rebates to International Business customers. The standard replaced NZ IAS 18 'Revenue' and NZ IAS 11 'Construction contracts' and related interpretations.

The Group adopted NZ IFRS 15 from 1 July 2018. The Group used the full retrospective approach to applying the new standard.

As part of the impact of adopting NZIFRS 15, the Group reassessed how certain arrangements with International Business customers should be treated. As a result of adopting this new standard "Revenue" and "Other expenses" in the Income Statement and "Receipts from customers" and "Payments to suppliers and employees" in the Cash Flow Statement are all reduced by \$44.7 million, \$31.1 million and \$68.6 million for periods ending 31 December 2018, 31 December 2017 and 30 June 2018 respectively. Also, liabilities for loyalty points increased by \$1.0 million, with the adjustment being recognised in the 1 July 2017 opening retained earnings and payables.

3 SEGMENT INFORMATION

Accounting policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Chief Executive Officer (CEO).

SKYCITY Darwin has been treated as a discontinued operation within the financial statements. For internal management reporting purposes SKYCITY Darwin continues to be reported to the CEO on the same basis as previously and therefore the segment information note has been prepared on a consistent basis with prior periods.

Consistent with internal management reporting, revenue from external customers within the segment note does not include the impact of NZ IFRS 15.

Six Months Ended 31 December 2018	SKYCITY Auckland \$'000	Rest of New Zealand \$'000	SKYCITY Adelaide \$'000	SKYCITY Darwin \$'000	International Business \$'000	Corporate / Group \$'000	Total \$'000
Revenue from external customers and other income	279,298	33,845	77,320	60,789	65,819	-	517,071
Share of net profit / (losses) of associates	-	(201)	-	-	-	-	(201)
Expenses	(141,328)	(20,597)	(63,945)	(44,127)	(64,450)	(16,663)	(351,110)
Depreciation and amortisation	(23,666)	(2,818)	(9,435)	(4,804)	-	(4,751)	(45,474)
Segment profit / (loss) (Earnings before Interest and Tax)	<u>114,304</u>	<u>10,229</u>	<u>3,940</u>	<u>11,858</u>	<u>1,369</u>	<u>(21,414)</u>	<u>120,286</u>
Net finance costs (including discontinued operations)							(5,937)
Discontinued operations before tax (note 14)							<u>(12,637)</u>
Profit before income tax from continuing operations							<u>101,712</u>

Six Months Ended 31 December 2017	SKYCITY Auckland	Rest of New Zealand	SKYCITY Adelaide	SKYCITY Darwin	International Business	Corporate / Group	Total
Revenue from external customers and other income	263,150	32,845	78,832	63,331	66,466	-	504,624
Less	-	-	-	-	-	-	-
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) (Earnings before Interest and Tax)	<u>105,794</u>	<u>10,724</u>	<u>5,159</u>	<u>11,437</u>	<u>18,760</u>	<u>(18,420)</u>	<u>133,454</u>
Net finance costs (including discontinued operations)							(6,225)
Discontinued operations before tax (note 14)							<u>(12,152)</u>
Profit before income tax from continuing operations							<u>115,077</u>

SKYCITY Entertainment Group Limited
Notes to the Financial Statements
For the six month period ended 31 December 2018
(continued)

3 SEGMENT INFORMATION (continued)

Year Ended 30 June 2018	SKYCITY Auckland	Rest of New Zealand	SKYCITY Adelaide	SKYCITY Darwin	International Business	Corporate / Group	Total
Revenue from external customers and other income	531,028	65,348	149,396	112,398	139,017	-	997,187
Share of net profit / (losses) of associates	-	(347)	-	-	-	-	(347)
Expenses	(270,319)	(36,315)	(124,971)	(85,020)	(105,834)	(35,653)	(658,112)
Depreciation and amortisation	(50,385)	(5,401)	(18,287)	(13,515)	-	(6,789)	(94,377)
Segment profit / (loss) (Earnings before Interest and Tax)	<u>210,324</u>	<u>23,285</u>	<u>6,138</u>	<u>13,863</u>	<u>33,183</u>	<u>(42,442)</u>	<u>244,351</u>
Net finance costs (including discontinued operations)							(12,458)
Discontinued operations before tax (note 14)							<u>(15,234)</u>
Profit before income tax from continuing operations							<u>216,659</u>

4 REVENUE

	6 months 31 December 2018 \$'000	Restated 6 months 31 December 2017 \$'000	Restated 12 months 30 June 2018 \$'000
Gaming win plus non-gaming revenue	458,599	455,334	905,614
Gaming GST	(48,815)	(45,591)	(91,786)
Total revenue	<u>409,784</u>	<u>409,743</u>	<u>813,828</u>
Gaming	306,555	309,249	611,880
Non-gaming	103,229	100,494	201,948
Total revenue	<u>409,784</u>	<u>409,743</u>	<u>813,828</u>

Gaming win represents the gross cash inflows associated with gaming activities. "Gaming win plus non gaming revenue" does not represent revenue as defined by NZ IFRS 15 Revenue from Contracts with Customers". 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.

Revenue has been restated for the impact of NZ IFRS 15 and the sale of Darwin (note 14).

5 EXPENSES

	6 months 31 December 2018 \$'000	Restated 6 months 31 December 2017 \$'000	Restated 12 months 30 June 2018 \$'000
Utilities, insurance and rates	10,941	10,420	21,405
Property expenses	5,589	5,792	11,440
Other items	26,946	24,906	46,970
Lease payments relating to operating leases	2,194	2,336	4,870
Provision for bad and doubtful debts	596	837	1,688
Total other expenses	<u>46,266</u>	<u>44,291</u>	<u>86,373</u>

SKYCITY Entertainment Group Limited
Notes to the Financial Statements
For the six month period ended 31 December 2018
(continued)

5 EXPENSES (continued)

	31 December 2018 \$'000	31 December 2017 \$'000	30 June 2018 \$'000
Depreciation	34,548	34,298	68,913
Casino licence amortisation (Adelaide)	2,811	2,856	5,786
Computer software amortisation	3,310	3,123	6,162
Total depreciation and amortisation	40,669	40,277	80,861
Income tax expense	32,888	30,193	57,827

The 31 December 2018 income tax expense includes a A\$3.5 million adjustment following a review completed by the Australian Tax Office.

6 DIVIDENDS

	6 months 31 December 2018 \$'000	6 months 31 December 2017 \$'000	12 months 30 June 2017 \$'000
Prior year's final dividend	67,751	66,210	66,210
Interim dividend	-	-	67,129
Total dividends provided for or paid	67,751	66,210	133,339

Cents per share

Prior year's final dividend	10.0¢	10.0¢	10.0¢
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 2018 \$'000	6 months 31 December 2017 \$'000	12 months 30 June 2018 \$'000
Interest and finance charges	20,528	17,260	35,915
Exchange (gains) / losses	(67)	61	(136)
Interest income	(245)	(102)	(354)
Capitalised interest	(14,259)	(10,959)	(22,899)
Total net finance costs	5,957	6,260	12,526

8 CURRENT LIABILITIES - INTEREST BEARING LIABILITIES

	6 months 31 December 2018 \$'000	6 months 31 December 2017 \$'000	12 months 30 June 2018 \$'000
United States Private Placement (USPP) notes	-	105,678	-
Total current interest bearing borrowings	<u>-</u>	<u>105,678</u>	<u>-</u>

Refer note 9 for details of the USPP notes.

9 NON-CURRENT LIABILITIES - INTEREST BEARING LIABILITIES

	6 months 31 December 2018 \$'000	6 months 31 December 2017 \$'000	12 months 30 June 2018 \$'000
USPP notes	388,271	162,032	386,658
Syndicated bank facility	133,000	120,000	-
NZ bond	125,000	125,000	125,000
Deferred funding expenses	(2,789)	(3,389)	(3,205)
Total non-current interest bearing borrowings	<u>643,482</u>	<u>403,643</u>	<u>508,453</u>

(a) United States Private Placement 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 2020 and March 2028.

The movement in the amount of the USPP notes from 30 June 2018 relates to foreign exchange movements.

(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 2018, 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.

SKYCITY Entertainment Group Limited
Notes to the Financial Statements
For the six month period ended 31 December 2018
(continued)

10 SHARE CAPITAL

	31 December 2018 Shares	31 December 2017 Shares	30 June 2018 Shares	31 December 2018 \$'000	31 December 2017 \$'000	30 June 2018 \$'000
Opening balance of ordinary shares issued	680,342,108	667,376,523	667,376,523	1,152,260	1,100,792	1,100,792
Share rights issued for employee services	-	-	-	2,475	1,489	2,983
Net movement in treasury shares value	-	-	-	250	-	228
Shares issued under dividend reinvestment plan	2,104,431	6,959,092	12,965,585	8,591	25,596	48,257
	<u>682,446,539</u>	<u>674,335,615</u>	<u>680,342,108</u>	<u>1,163,576</u>	<u>1,127,877</u>	<u>1,152,260</u>

Included within the number of shares are treasury shares of 5,190,841 (31 December 2017: 5,515,841 and 30 June 2018: 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.

11 CONTINGENCIES

(a) Contingent liabilities

The Group has no contingent liabilities at 31 December 2018.

(b) Contingent assets

Included within the Fletcher Construction Company Limited (FCC) construction contracts for the New Zealand International Convention Centre and Horizon Hotel is the right to liquidated damages if certain milestones are not met. To date SKYCITY has withheld \$30.0 million from payments to FCC for liquidated damages. The amounts withheld have been recognised as part of current liabilities as ultimate recovery is not able to be considered virtually certain due to the fact that SKYCITY's right to retain these liquidated damages is disputed by FCC.

There are no other significant contingencies at 31 December 2018 (2017: nil).

12 COMMITMENTS

(a) Capital Commitments

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

	31 December 2018 \$'000	31 December 2017 \$'000	30 June 2018 \$'000
Property, plant and equipment	375,788	352,036	490,512

The majority of the capital commitments relate to the construction of the New Zealand International Convention Centre, Horizon Hotel and the Adelaide Redevelopment.

12 COMMITMENTS (continued)

(b) Operating Lease Commitments

31 December 2018 \$'000	31 December 2017 \$'000	30 June 2018 \$'000
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Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	4,685	4,666	4,947
Later than one year but not later than five years	12,860	12,359	13,150
Later than five years	328,101	338,818	329,068
Total commitments for minimum lease payments	345,646	355,843	347,165

13 ASSETS CLASSIFIED AS HELD FOR SALE

31 December 2018 \$'000	31 December 2017 \$'000	30 June 2018 \$'000
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Land	18,617	-	9,850
Buildings	14,334	-	12,292
Plant and equipment	36	-	33
Total assets classified as held for sale	32,987	-	22,175

Assets held for sale consist of the Auckland Federal Street carpark (\$22.2 million (31 December 2017: nil and 30 June 2018: \$22.2 million)) and the Darwin Little Mindil site (\$10.8 million (31 December 2017 and 30 June 2018: nil)).

14 DISCONTINUED OPERATIONS

(a) Sale of Darwin Operations

On 8 November 2018 SKYCITY announced the sale of the Darwin business to Delaware North. A sale and purchase agreement for A\$188 million has been signed subject to regulatory approval. Accordingly the Darwin business is reported as a discontinued operation within the 2019 interim financial statements.

Financial information relating to the discontinued operation is set out below.

As a result of the classification of the Darwin operations as discontinued operations:

- Depreciation and amortisation of Darwin assets ceased from 8 November 2018
- Deferred tax liability relating to Darwin was reversed to reflect the future realisation of the underlying assets and liabilities

At 31 December 2018, there was a \$27.4 million debit balance in the Foreign Currency Translation Reserve associated with SKYCITY Darwin.

14 DISCONTINUED OPERATIONS (continued)

(b) Financial performance

	6 months 31 December 2018 \$'000	6 months 31 December 2017 \$'000	12 months 30 June 2018 \$'000
Revenue	60,789	63,331	112,395
Expenses	(48,152)	(51,179)	(97,161)
Profit before income tax	12,637	12,152	15,234
Income tax expense	1,363	(3,576)	(4,547)
Profit after income tax of discontinued operations	14,000	8,576	10,687

(c) Carrying amounts of assets and liabilities

	31 December 2018 \$'000
Cash on hand	9,481
Receivables and prepayments	1,695
Inventories	979
Property, plant and equipment	163,238
Intangible assets	35,396
Total assets	210,789
Payables	(14,832)
Current tax liabilities	(3,440)
Total liabilities	(18,272)
Net assets	192,517

15 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

(a) Dividend

On 12 February 2019, the Board of Directors resolved to provide for an interim dividend to be paid in respect of the six months ended 31 December 2018. The unfranked, fully imputed dividend of 10 cents per share will be paid on 15 March 2019 to all shareholders on the company's register at the close of business on 1 March 2019.

(b) Announcement of share buy-back

On 12 February 2019, the Board of Directors resolved to undertake a share buy back programme to acquire up to 5% of the ordinary shares in the company (as at 18 February 2018) on market, at market value, during the period from 18 February 2019 to 31 December 2019.

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

	6 months 31 December 2018 \$'000	6 months 31 December 2017 \$'000	12 months 30 June 2018 \$'000
Profit for the period	82,824	93,460	169,519
Depreciation and amortisation (including discontinued operations)	45,474	47,123	94,377
Net finance costs (including discontinued operations)	5,937	6,225	12,458
Current period employee share entitlement	2,475	1,489	2,983
Fair value adjustment to investment property	-	-	799
Share of net loss of associate	201	75	347
Gain on sale of fixed assets	(580)	(644)	(1,071)
Change in operating assets and liabilities			
Change in receivables and prepayments	(7,218)	(3,916)	(6,016)
Change in inventories	(125)	(1,547)	(533)
Change in tax payable	(3,028)	(11,653)	(6,365)
Change in payables and accruals	(21,769)	42,955	56,109
Change in deferred tax liability	(4,643)	4,901	4,526
Change in net tax receivable - current	3,117	(3,081)	(2,731)
Change in provisions	(1,281)	223	345
Working capital relating to discontinued operations	15,598	-	-
Capital items included in working capital movements	2,780	(11,035)	(35,658)
Net cash inflow from operating activities	<u>119,762</u>	<u>164,575</u>	<u>289,089</u>



Independent review report

To the shareholders of SKYCITY Entertainment Group Limited

Report on the interim financial statements

We have reviewed the accompanying interim financial statements of SKYCITY Entertainment Group Limited (the Company) and its subsidiaries (the Group) on pages 1 to 14, which comprise the balance sheet as at 31 December 2018, 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 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 fair 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 control as the Directors determine is 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 Company, 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, executive remuneration benchmarking, and immigration advisory services. The provision of these other services has not impaired our independence.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2018, and of its financial performance and cash flows for the period then ended, 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 and the Company's shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

For and on behalf of:

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

Chartered Accountants
12 February 2019

Auckland

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

13 / 2 / 2019

Nature of event
Tick as appropriate

Bonus
Issue

☐

If ticked,
state whether:

Taxable

☐

/ Non Taxable

☐

Conversion

☐

Interest

☐

Rights Issue
Renounceable

☐

Rights Issue
non-renounceable

☐

Capital
change

☐

Call

☐

Dividend

☒

If ticked, state
whether:

☒

Interim

☒

Full

☐

Year

☐

Special

☐

DRP Applies

☐

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

Treatment of Fractions

Enter N/A if not
applicable

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

Supplementary
dividend
details -
NZSX Listing Rule 7.12.7

Amount per security
in dollars and cents

\$0.017647

Total monies

\$67,725,570

Date Payable

15 March, 2019

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 -

1 March, 2019

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.

15 March, 2019

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:





MARKET RELEASE

13 February 2019

SKYCITY TO UNDERTAKE ON-MARKET SHARE BUY BACK

SKYCITY advises that it intends to undertake an on-market share buy back programme to purchase up to 5% of its total ordinary shares on issue.

Under the share buy back programme SKYCITY will acquire shares only on the NZX Main Board. Shares may be acquired from 18 February 2019 until 31 December 2019 and all shares acquired will be cancelled.

SKYCITY Chairman Rob Campbell said that while the Board wishes to maintain capital flexibility for future growth investment opportunities, it considers that returning some capital to shareholders from announced and pending asset sales is a prudent allocation of capital. Furthermore, the Board considers that buying the company's shares at current prices is an efficient use of surplus funding capacity and will be value-enhancing for shareholders.

The SKYCITY Board has approved an initial share buy back of up to \$50 million and will consider the potential for increasing that amount following the completion of the proposed sale of the Auckland car park concession. SKYCITY is close to selecting a preferred bidder to acquire the Auckland car park concession and expects to announce further details on the proposed sale within the next month. Until that time, SKYCITY will not be acquiring any shares on-market as the outcome of the sale process is considered to be material information.

SKYCITY has consulted Standard & Poor's regarding the share buy back and remains committed to retaining its BBB- credit rating.

FNZC has been appointed to act as SKYCITY's broker for the share buy back

For more information, contact:

Ben Kay
GM, Corporate Development & Investor Relations
DDI: +64 9 363 6067
Email: ben.kay@skycity.co.nz