



THE STAR

ASX Announcement

16 August 2019

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 2019, to be presented by Matt Bekier, Managing Director and Chief Executive 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 2019 RESULTS PRESENTATION

FRIDAY
16 AUGUST
2019

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 full year ended 30 June 2019 (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 FY2020 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. Until FY2018, normalised results were adjusted using an average rate of 1.35% on actual turnover and taxes. From 1H FY2019 onwards, normalised results are adjusted using an average win rate of 1.35% on actual turnover, taxes and revenue share commissions. Normalising for revenue share commissions results in an increase in commissions of \$20m in FY2018
- ◆ Normalised EBIT and Normalised EBITDA are calculated based on normalised gross revenue, commissions 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
- ◆ The presentation of net revenue after player rebates and commissions also includes the restatement of FY2018 results for comparative purposes following the adoption of AASB 15 from 1 July 2018. Complimentary revenue is included within domestic gaming revenue. Refer to Note G of the Financial Report for a reconciliation of the FY2018 movement to the new standard

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

2. FINANCIALS

3. OUTLOOK AND PRIORITIES

4. Q&A

HIGHLIGHTS

1

SOLID DOMESTIC OFFSET BY VIP

- ◆ Results in line with guidance
- ◆ Domestic EBITDA up 5.4% with margin expansion, 88% of group EBITDA
- ◆ EGM share gains in Qld and consolidation in Sydney (group PGR up 9.1%). Tables up 4.0% (PGR up 6.9%)
- ◆ VIP normalised EBITDA down 35.6% impacted by market conditions. Unique VIP customers up 10% to record levels, lower spend per visit

2

RESTRUCTURE BENEFITS UNDERWAY

- ◆ ~\$40m annualised run rate to date, ~\$45m by end 1H FY2020
- ◆ Customer and employee risk management in place

3

CAPITAL PLANS ON SCHEDULE, DE-RISKED

- ◆ Queen's Wharf – ~60% under lump-sum contract, further ~28% by end FY2020
- ◆ Gold Coast – first JV tower construction commenced, second JV tower in presales stage
- ◆ Sydney – Sovereign Resort expansion and upgrade to complete 4Q FY2020

4

CAPITAL EFFICIENCY IMPROVED

- ◆ Growth strategy through capital efficient investments with partners intact (Queen's Wharf Brisbane, Gold Coast masterplan, Sydney)
- ◆ Capex optimised for returns – FY2020-21 plans down ~\$125m (excluding JV contributions)

5

DIVIDEND

- ◆ 10.0 cps fully-franked final dividend (92% of normalised 2H FY2019 NPAT)
- ◆ 20.5 cps total dividend (84% of normalised FY2019 NPAT)

HIGHLIGHTS

DOMESTIC GROWTH, VIP DECLINED

	STATUTORY VS PCP		NORMALISED VS PCP	
Net Revenue	\$2,158m	3.6%	\$2,161m	(0.9%)
EBITDA	\$553m	14.1%	\$557m	(2.0%)
NPAT (before Significant Items)	\$216m	17.1%	\$224m	(8.4%)
Significant Items	(\$18m)	49.9%		
Statutory NPAT	\$198m	33.7%		

- ◆ Solid growth in statutory earnings
- ◆ Continued domestic growth – revenue up 3.1%, EBITDA up 5.4%
- ◆ VIP declined – visitation up, spend per customer down
 - Unique VIP customers up 10%
 - International Premium Mass turnover up 19%
 - Normalised revenue down 30.7%, normalised EBITDA down 35.6%

TRADING IN EARLY 1H FY2020

- ◆ Domestic revenue in early 1H FY2020 continues to reflect a cautious consumer environment but has improved from 2H FY2019 levels
- ◆ VIP volumes are up on pcp, though comparisons are difficult given the short time period

Statutory results impacted by high 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 actual turnover, taxes and revenue share commissions and are before significant items.

EBITDA is before equity accounted investments profits/ losses and significant items. Normalised NPAT is after equity accounted investments profits/ losses and before significant items. Refer to Note A7 of the Financial Report for a reconciliation of significant items.

Net Revenue is after player rebates and commissions following the adoption of AASB 15 from 1 July 2018. FY2018 comparatives have also been restated.

SYDNEY

CONTINUED DOMESTIC GROWTH, VIP DECLINED

	STATUTORY VS PCP		NORMALISED VS PCP	
Net Revenue	\$1,308m	(0.5%)	\$1,375m	(4.0%)
EBITDA	\$308m	7.6%	\$367m	(5.7%)

- ◆ Continued domestic growth – revenue up 3.1%, EBITDA up 5.0%
- ◆ VIP normalised revenue declined 39.7%

DOMESTIC PGR DRIVES PERFORMANCE

- ◆ Overall visitation flat – PGR up 12.4%, MGF affected by capital works
- ◆ Slots revenue up 3.4% (PGR up 9.4%), market share consolidated
- ◆ Tables revenue up 4.0% (PGR up 8.6%)
- ◆ Non-gaming down 1.3%. Hotel operations cash revenue up 6.8%, offset by impact from F&B refurbishments (average cash cheque up, covers down)

VIP DECLINED

- ◆ Unique VIP customers down 2%. Spend per visitor declined
- ◆ Front money declined (down 15.9% on pcp, FY2018 up 35.9% on pcp) with unusually low turns (9.6x vs 13.3x in pcp). Turnover declined 39.7% on pcp (FY2018 up 56.7% on pcp). Win rate of 1.15% above 1.09% in pcp

COSTS DECLINED

- ◆ Operating costs down 2.9% on pcp, with increased domestic volumes and higher wages offset by lower international gaming volumes

DEVELOPMENTS ON SCHEDULE

- ◆ MGF, porte cochere and entrance lobby upgrades completed in 4Q FY2019
- ◆ Sovereign Resort 2.0 on schedule for 4Q FY2020 completion and opening

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THE STAR SYDNEY 2H FY2019 MILESTONES



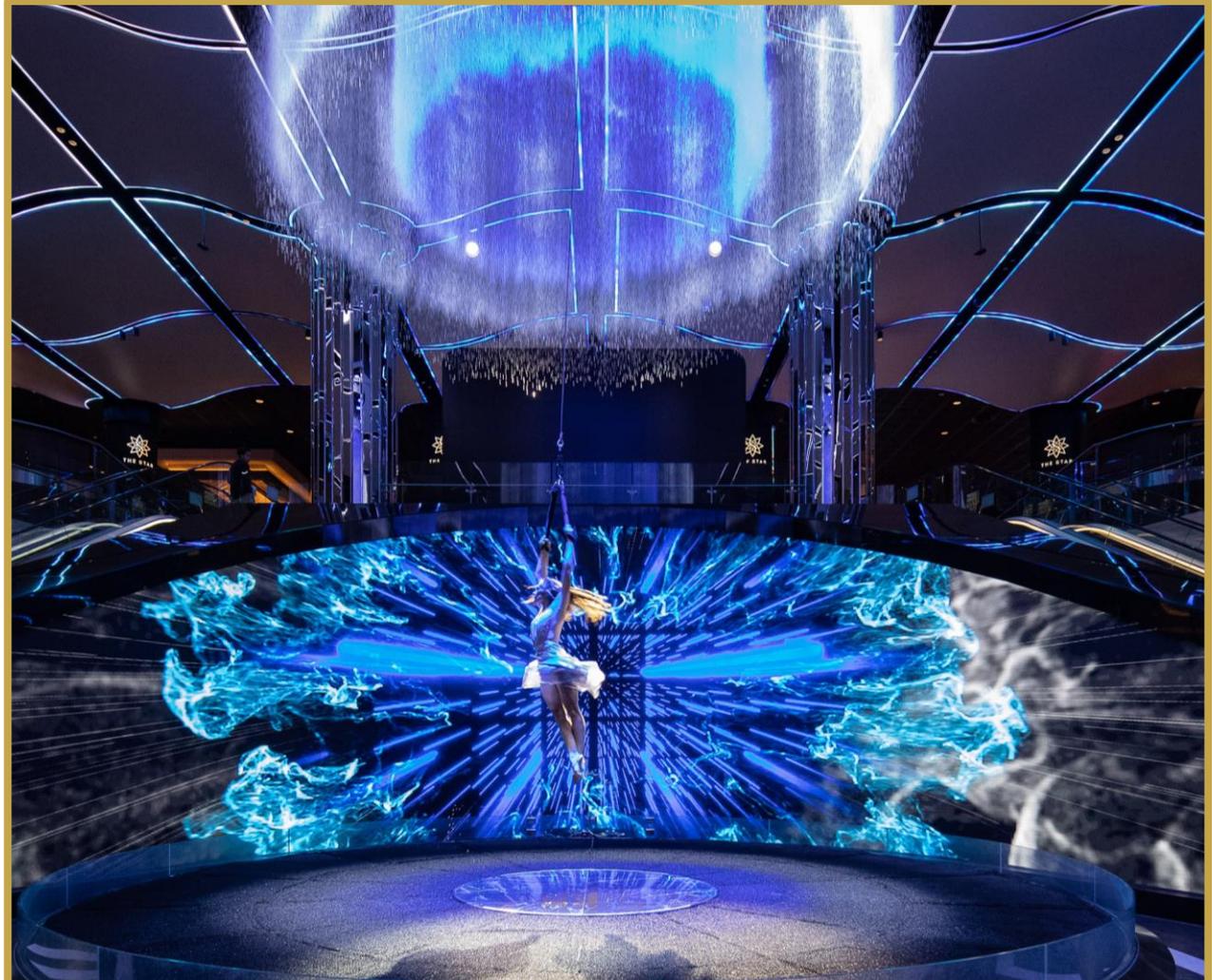
**JADE RABBIT – NEW MGF F&B
OPENED APRIL 2019**



**THE STAR LOBBY
OPENED MAY 2019**



**CHUUKA
OPENED JUNE 2019**



**GRAND FOYER
OPENED MAY 2019**

QUEENSLAND

CONTINUED GROWTH

	STATUTORY VS PCP		NORMALISED VS PCP	
Net Revenue	\$850m	10.5%	\$786m	5.2%
EBITDA	\$245m	23.5%	\$189m	5.9%

- ◆ Continued growth – normalised and statutory net revenue and EBITDA
- ◆ All segments contributed to growth. Gold Coast ramp up continuing

DOMESTIC GROWTH ABOVE SYSTEM

- ◆ Visitation up 1.3% (Gold Coast up 3.0%)
- ◆ Slots – revenue up 2.9% (PGR up 8.7%), Gold Coast and Brisbane market share gains
- ◆ Tables – revenue up 3.9% (PGR volumes up 5.8%, hold lower vs pcp)
- ◆ Non-gaming – revenue up 2.4%. Flat hotel cash revenue offset by F&B growth

VIP FRONT MONEY UP 36%

- ◆ Unique VIP players up over 100%. Lower spend per customer
- ◆ Front money increased (36.4% on pcp, FY2018 up 39.4% on pcp) with lower turns (9.9x vs 10.9x in pcp). Turnover increased 23.5% on pcp (FY2018 up 40.9% on pcp). Win rate of 2.06% above 1.61% in pcp

GOLD COAST RAMP UP COSTS MODERATED

- ◆ Operating costs up 4.9% on increased domestic and international gaming volumes, newly commissioned assets and investment in initial service levels at the Gold Coast, higher wages
- ◆ Investment in service levels for new Gold Coast assets reducing. Brisbane costs well-managed

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EGM MARKET SHARE

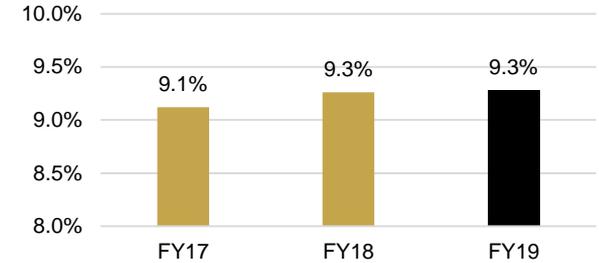
SYDNEY

- ◆ Sydney market share consolidated
 - PGR growth continued – high value patrons attracted to improved offer (exclusive and high limit product, customer service)
 - MGF impacted by disruption

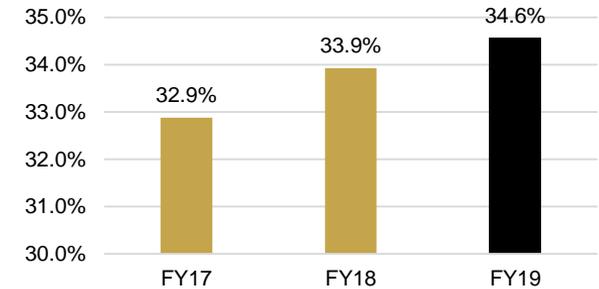
QUEENSLAND

- ◆ Combined South East Queensland market share increased
- ◆ Gold Coast increased market share on pcp
 - Solid NMR gains driven by PGR offset lower machine count from Oasis upgrade (opened December 2018)
 - New facilities still in ramp up
- ◆ Brisbane increased market share on pcp
 - Supported by PGR focus – higher NMR and machine count
 - Operational improvements (incremental investments, service levels) continued

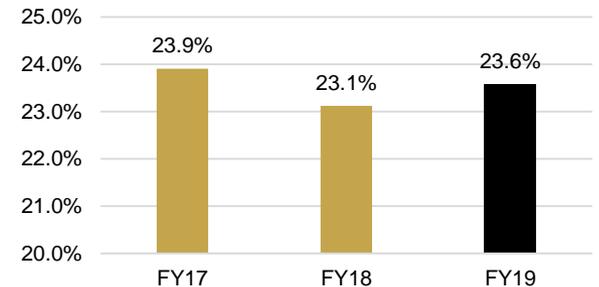
SYDNEY



GOLD COAST



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.

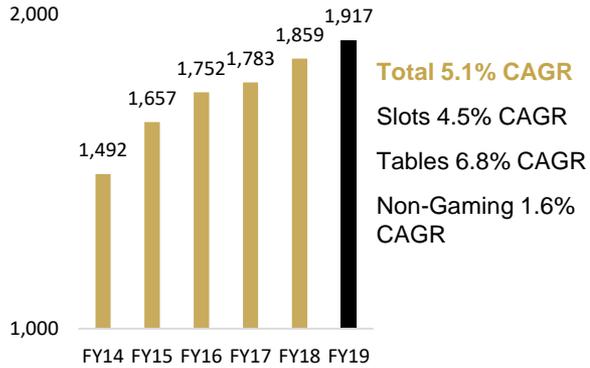
DOMESTIC PERFORMANCE

LONG-TERM GROWTH TRENDS

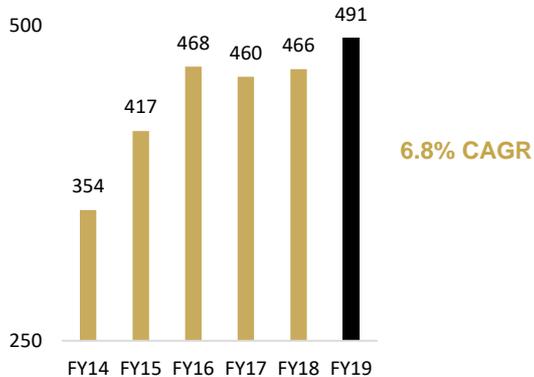
- ◆ Long-term domestic revenue and earnings growth
- ◆ Reflects investment in gaming and non-gaming offerings, service levels, loyalty

GROUP

Domestic Revenue

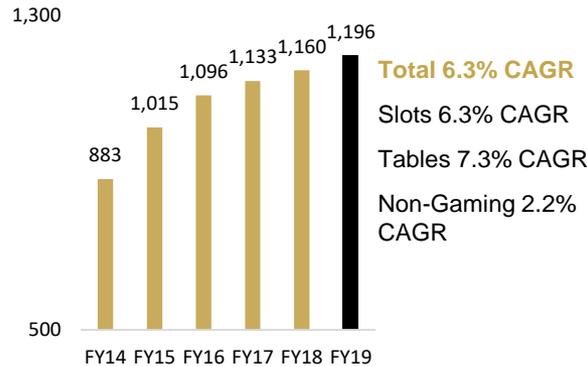


Domestic EBITDA

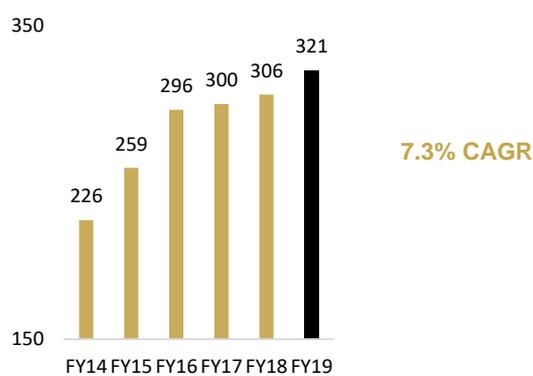


SYDNEY

Domestic Revenue

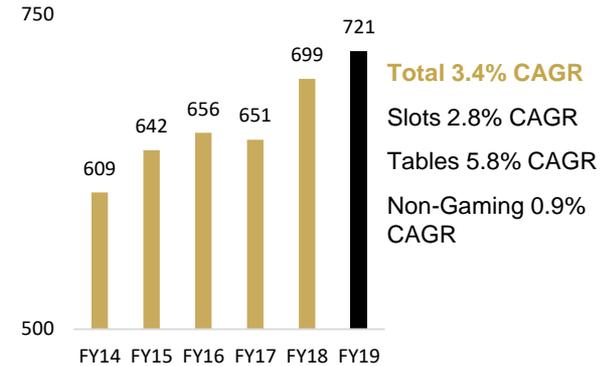


Domestic EBITDA

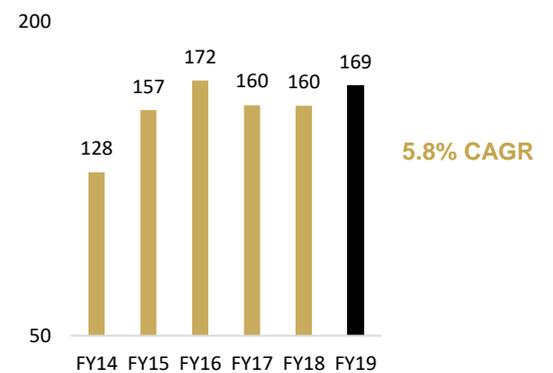


QUEENSLAND

Domestic Revenue



Domestic EBITDA



INTERNATIONAL VIP REBATE

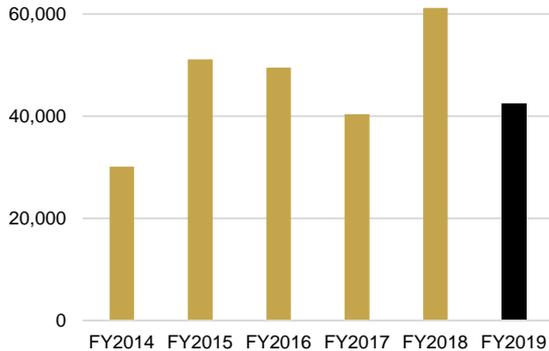
SOLID SALES IN SLOWER MARKET

- ◆ VIP unique customers up 10% on pcp
- ◆ Continued growth from International Premium Mass
 - Turnover up 19% on pcp (65% CAGR since FY2017)
 - Comprised 5% of FY2019 VIP turnover
- ◆ VIP \$4.4bn front money down 7.1% on pcp (FY2018 up 36.4%), \$42.4bn turnover down 30.7% on pcp (FY2018 up 54.3%)
- ◆ Sydney underperformed – front money down 15.9% on pcp (FY2018 up 35.9%)
- ◆ Strong Queensland performance – front money up 36.4% on pcp (FY2018 up 39.4%)

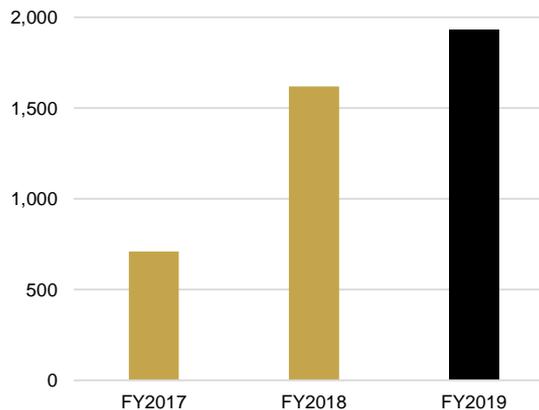
CREDIT DISCIPLINE MAINTAINED

- ◆ Credit discipline maintained in slower market
- ◆ Majority of net receivables past due 30 Days – 1 Year relate to small number of players

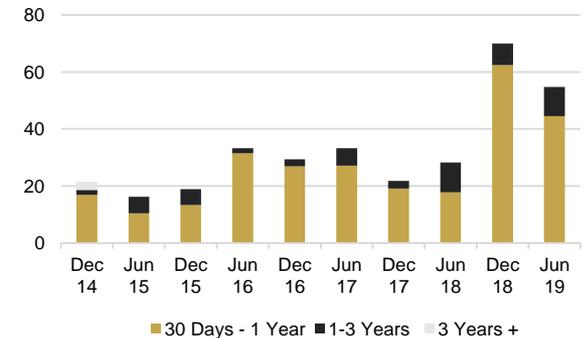
TOTAL TURNOVER (\$M)



INTERNATIONAL PREMIUM MASS TURNOVER (\$M)



NET RECEIVABLES PAST DUE (\$M)



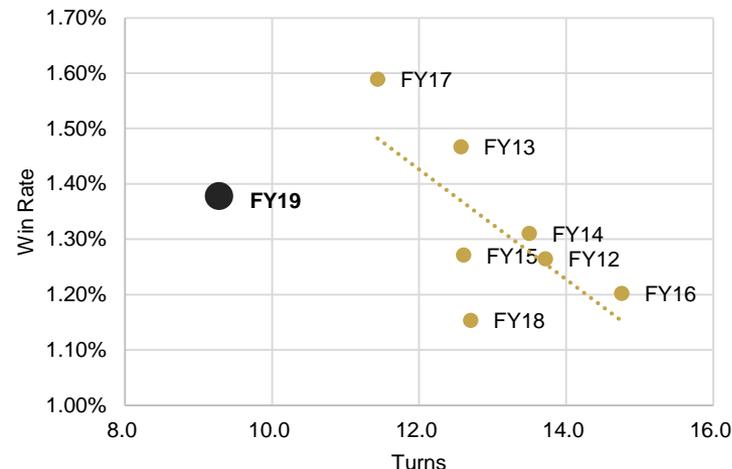
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INTERNATIONAL VIP REBATE

LOW TURN IMPACTS NORMALISED RESULTS

- ◆ Normalised gross revenue of \$573m down 30.7% vs pcp
- ◆ FY2019 turn of 9.6 times with 1.38% win rate well outside historical relationship
- ◆ Lower spend per visit per patron (~30% reduction in average VIP bet size)

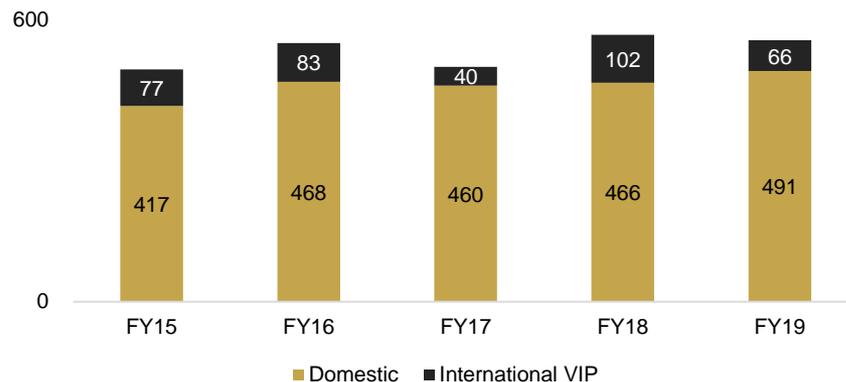
WIN RATE AND TURNS (FY12 TO FY19)



CONTROLLABLES MANAGED

- ◆ FY2019 normalised EBITDA margins similar to long-term averages
- ◆ Impact of higher visitation offset by operational improvements in service delivery and rate card
- ◆ Commissions as percentage of turnover declined in FY2019 on pcp, reflecting mix shift in VIP segments and rate card adjustments

VIP EBITDA SHARE 11.8% IN FY2019



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OVERVIEW

FLAT FY2019 COSTS, ~\$40M COST OUTS TO DATE

- ◆ Operating costs flat on pcp
- ◆ Domestic volumes growth, higher wages and higher interim service levels (new Gold Coast assets, Sydney Sovereign transition) offset by lower VIP volumes and cost management
- ◆ Cost management initiatives substantially delivered – ~\$40m annualised run rate to date, ~\$45m by end 1H FY2020
- ◆ Significant items of \$18m after tax – one-off restructuring costs offset by gain on disposal of land for first Gold Coast JV tower

CAPITAL PROGRAMS ON TIME AND BUDGET

- ◆ \$320m FY2019 capex (\$211m growth, \$109m maintenance) in line with guidance, down \$157m on pcp
- ◆ Growth capex largely Gold Coast (Oasis PGR, opened December 2018) and Sydney (Sovereign Resort, 4Q FY2020 planned opening)
- ◆ Excludes \$105m JV contributions, largely Queen's Wharf Brisbane and first Gold Coast JV tower

CAPEX REDUCED ~\$125M OVER FY2020-21

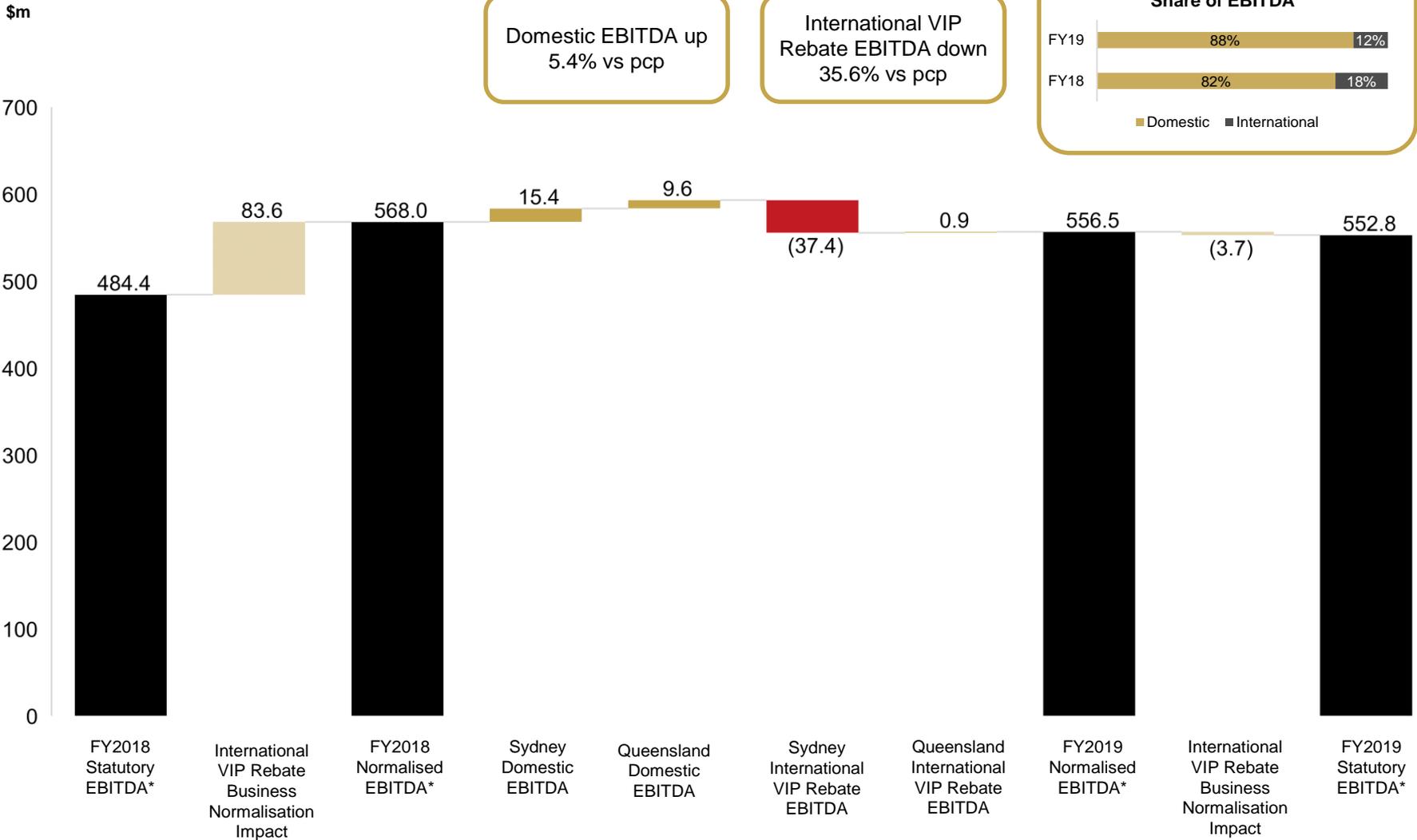
- ◆ Capex (excluding JV contributions) reduced ~\$125m over FY2020-21
- ◆ Expected D&A \$195-205m* in FY2020, \$200-210m in F2021*
- ◆ Expected net funding costs \$45-50m* in FY2020 (after \$6-8m capitalised interest), reflecting higher net debt and increased committed facilities

BALANCE SHEET SUPPORTS INVESTMENT

- ◆ Gearing supports investment plans – 1.9x Net Debt/ Statutory 12-month trailing EBITDA
- ◆ Debt facilities refinanced July 2019 – 5.3 years weighted average maturity (3.8 years at 30 June 2019), \$1.7bn committed facilities (\$1.3bn at 30 June 2019)

* Includes impact of change to AASB 16 from 1 July 2019, increasing FY2020 D&A by \$7-8m and net funding by around \$4m

EBITDA BRIDGE



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, taxes and revenue share commissions and are before significant items.

* Excluding equity accounted investments profits/ losses and significant items.

PROFIT AND LOSS

\$M	FY2019		FY2019	
	STATUTORY	fav/(unfav)	NORMALISED ²	fav/(unfav)
Domestic Gaming revenue	1,638.8	3.6%	1,638.8	3.6%
International VIP Rebate	586.0	(17.6%)	572.9	(30.7%)
Non-gaming and other revenue	289.2	0.9%	289.2	0.9%
Gross Revenue¹	2,514.0	(2.5%)	2,500.9	(7.2%)
Player rebates and commissions	(355.9)	28.2%	(340.4)	34.0%
Net Revenue	2,158.1	3.6%	2,160.5	(0.9%)
Gaming taxes and levies	(544.0)	(1.0%)	(542.7)	1.3%
Operating expenditure	(1,061.3)	(0.0%)	(1,061.3)	(0.0%)
EBITDA (before significant items)³	552.8	14.1%	556.5	(2.0%)
D&A	(205.8)	(9.9%)	(205.8)	(9.9%)
EBIT (before significant items)	347.0	16.8%	350.7	(7.9%)
Share of net (loss)/profit of associate	(0.6)	(500.0%)	(0.6)	(500.0%)
Statutory EBIT (before significant items)	346.4	16.6%	350.1	(8.0%)
Net funding costs	(35.3)	(2.9%)	(35.3)	(2.9%)
Tax (before significant items) ⁴	(94.7)	(21.4%)	(91.1)	10.9%
NPAT (before significant items)	216.4	17.1%	223.7	(8.4%)
Significant items (after tax) ⁵	(18.4)	49.9%		
Statutory NPAT	198.0	33.7%		
Earnings per share (cents)	21.6	23.4%		
Total Dividends per share (cents)	20.5	0.0%		

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 win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% on actual turnover, taxes and revenue share commissions and are before significant items
- Statutory EBITDA of \$552.8m 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 (FY2019 of 28.9%, FY2018 of 29.6%)
- FY2019 significant items include restructuring costs offset by gain on disposal of land for first JV tower at The Star Gold Coast. FY2018 significant items include costs relating to the restructuring of the USPP notes and related hedges, as well as pre-opening expenses in relation to The Darling Gold Coast. Refer to Note A7 of the Financial Report for a reconciliation of significant items

- ◆ AASB 15 from 1 July 2018, restated comparables
- ◆ Actual win rate drives difference between statutory and normalised results
- ◆ Reduction in player rebates and commissions largely reflects lower VIP turnover, as well as rate card improvements
- ◆ Flat operating expenses reflects leverage in the domestic business and reduced volumes in VIP
- ◆ Increased D&A from newly commissioned assets and \$9.0m accelerated depreciation
- ◆ Increased funding costs reflects higher average drawn debt levels vs pcp
- ◆ FY2019 significant items reflects restructuring costs partially offset by 1H FY2019 gain on disposal of land for the first Gold Coast JV tower

BALANCE SHEET

\$M	JUN 2019	JUN 2018
ASSETS		
Current Assets		
Cash and cash equivalents	114.3	110.3
Trade and other receivables	235.5	221.5
Inventories	17.5	15.5
Derivative financial instruments	7.9	3.9
Other assets	52.0	44.8
Total current assets	427.2	396.0
Non current assets		
Property, plant and equipment	2,779.8	2,658.6
Intangible assets	1,861.4	1,858.7
Derivative financial instruments	82.7	57.4
Investment in associate and joint venture entities	385.0	288.9
Other assets	47.6	11.2
Total Non current assets	5,156.5	4,874.8
TOTAL ASSETS	5,583.7	5,270.8
LIABILITIES		
Current liabilities		
Trade and other payables	340.9	365.8
Interest bearing liabilities	196.4	133.8
Income tax payable	12.2	0.3
Provisions	99.9	64.5
Derivative financial instruments	5.6	4.2
Other liabilities	18.8	20.3
Total current liabilities	673.8	588.9
Non current liabilities		
Interest bearing liabilities	965.9	686.2
Deferred tax liabilities	170.7	175.9
Provisions	16.9	12.9
Derivative financial instruments	9.6	25.4
Other liabilities	5.9	-
Total non current liabilities	1,169.0	900.4
TOTAL LIABILITIES	1,842.8	1,489.3
NET ASSETS	3,740.9	3,781.5
EQUITY		
Share capital	3,063.0	3,070.2
Retained earnings	693.5	718.3
Reserves	(15.6)	(7.0)
TOTAL EQUITY	3,740.9	3,781.5

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

- ◆ Capital programs progressed
 - Increased assets (property, plant and equipment), mainly by completed assets at Gold Coast and Sydney
 - Increased investment assets (associates and joint venture entities), mainly Queen's Wharf Brisbane
 - Funded by free cash flow generation of \$479m, partner contributions and debt facilities
- ◆ Trade and other receivables increase reflects International VIP Rebate business
- ◆ Net debt of \$973m, up \$295m vs 30 June 2018. Debt facilities refinanced after year end provides significant capacity to fund investments
- ◆ Cash conversion of EBITDA of 92% (105% in FY2018) impacted mostly by timing of working capital payments

COST MANAGEMENT RESTRUCTURE DRIVES BENEFITS

ENHANCED OPERATING MODEL

CENTRES OF EXCELLENCE

COST MANAGEMENT DRIVERS

- ◆ **Capability** – improved and consolidated (data capture, analytics, execution)
- ◆ **Processes** – updated and streamlined
- ◆ **Decision making** – improved (product placement, mix, pricing; marketing channel mix, customer investment)

- ◆ **Consolidation** – reduce duplication
- ◆ **Economies of scale** – leverage capabilities
- ◆ **Efficiency** – process improvements, automation, “red tape” reduction
- ◆ **Capital projects** – reduced capex over FY2020-21

SIGNIFICANT COST BENEFITS

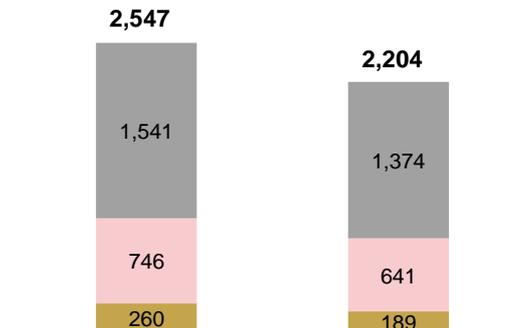
- ◆ ~\$40m annualised cost benefits to date (total remuneration and on-costs), most completed by end July 2019
- ◆ ~\$45m by end 1H FY2020

SALARIED STAFF

CUSTOMER SERVICE LEVELS MAINTAINED

- ◆ No staff on enterprise awards affected
- ◆ Management roles comprise 51% of reduction (~75% of costs)
- ◆ Team member reductions reflect consolidation, efficiency gains

Before (May 19) Current (Aug 19)



- Team Members
- Other Managers
- General Managers/ Senior Managers

COST MANAGEMENT

RISK MONITORING AND MITIGATION

RISK MITIGATION IN PLACE

Risk Area	Mitigation Strategies
Customer experience	<ul style="list-style-type: none"> ◆ Customer service levels maintained ◆ Customer engagement to manage small number of customer facing managers affected ◆ Customer satisfaction monitoring – no change to date
Staff engagement	<ul style="list-style-type: none"> ◆ Increased communications and engagement ◆ Weekly group-wide and property-specific senior leadership calls
Compliance	<ul style="list-style-type: none"> ◆ Engagement with regulators ◆ Continuing testing of key controls

IMPLICATIONS FOR COSTS GROWTH

- ◆ Structural change to operating model enables cost benefits to be delivered
- ◆ Future costs growth to reflect new assets, volume growth, EBA increases and inflationary impact

CAPITAL EXPENDITURE

FY2020-21 CAPEX OPTIMISED

- ◆ Significant growth and maintenance capital works completed by end FY2020
 - Sydney and Gold Coast repositioned and upgraded, including all gaming areas
 - Upgraded gaming areas provide capacity to leverage JV project demand drivers
- ◆ Funding of growth investments now increasingly focused on capital efficient JV projects
- ◆ SGR-only capital works further optimised - plans reduced ~\$125m versus prior guidance (excluding JV contributions)
 - Repurposing of Sydney Sovereign 1.5 enables all PGR tiers to receive upgrade for no additional capex
 - Reduced maintenance capex reflecting significant recent spend
- ◆ No change to major projects (Queen's Wharf Brisbane, Gold Coast masterplan, Sydney Sovereign Resort)
- ◆ Group capex and JV contributions expected decline from FY2021 levels over medium term

	Prior Guidance *	Updated Guidance	Change at Midpoint
Group capex (excluding JV contributions)	<ul style="list-style-type: none"> • FY2020: \$300-350m • FY2021: \$200-250m 	<ul style="list-style-type: none"> • FY2020: ~\$250m • FY2021: ~\$175m 	<ul style="list-style-type: none"> • ~\$75m • ~\$50m
JV contributions	<ul style="list-style-type: none"> • FY2020: \$175-225m • FY2021: \$125-175m 	<ul style="list-style-type: none"> • FY2020: \$175-200m • FY2021: Unchanged 	<ul style="list-style-type: none"> • ~\$13m • Nil

QUEEN'S WHARF CAPEX DE-RISKED

- ◆ Shell, core and façade contract executed July 2019. Means ~60% of project costs currently under lump sum contract in line with budget
- ◆ Further ~28% of project costs expected to be contracted by end FY2020

CAPITAL RECYCLING

- ◆ Potential opportunity to release capital from supporting assets (eg carparks and hotels serving non-premium guests) subject to all approvals and market conditions
- ◆ Process commenced to evaluate opportunity

* Provided at FY2018 results

THE STAR ENTERTAINMENT GROUP

AGENDA

1. OVERVIEW

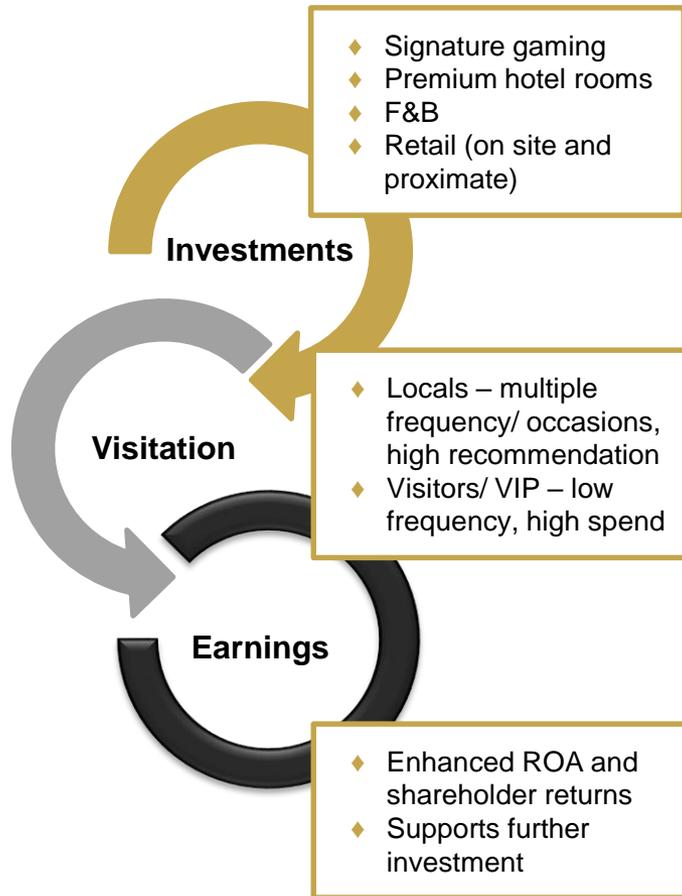
2. FINANCIALS

3. OUTLOOK AND PRIORITIES

4. Q&A

RECAP: DELIVERING ON OUR STRATEGY

OUR STRATEGY



OUR DELIVERY

- 1 Continued above system growth in domestic gaming**
 - ◆ Slots market share gains, consolidation at all properties
 - ◆ Solid tables growth
 - ◆ Continued PGR growth
- 2 Improve capital efficiency in low growth environment**
 - ◆ Capex reduced (group and JV contributions)
 - ◆ Process to release capital from supporting assets
- 3 Effective capital project management**
 - ◆ Sydney Sovereign Resort
 - ◆ Gold Coast investments
 - ◆ Queen's Wharf Brisbane
- 4 Focused on shareholder returns**
 - ◆ Strategic positioning – privileged assets and partnerships
 - ◆ Operational leadership – centres of excellence
 - ◆ Continuous cost management
 - ◆ Capital efficiency
 - ◆ Dividend yield

SYDNEY

SOVEREIGN RESORT UPGRADE PROGRESSING TO PLAN

- ◆ Upgraded and expanded Sovereign Resort progressing in line with management plans
- ◆ Completion expected 4Q FY2020. Limited impact on disruption to property expected prior to opening
- ◆ Strategies to address new entrant risks progressing to plan

CAPITAL PROGRAMS PROGRESSING

- ◆ The Ritz-Carlton JV tower (SGR 1/3 share) application process continues
- ◆ Capital works funded by partner contributions, existing and new debt facilities, and free cash flow generation

KEY COMPLETION DATES*

FY2020	◆ Major Services Infrastructure works
4Q FY2020	◆ Sovereign Resort upgrade and expansion
FY2022	◆ The Darling hotel refresh

* Subject to planning and other approvals



SOVEREIGN RESORT



SOVEREIGN RESORT

GOLD COAST

JV TOWERS PROGRESSING

- ◆ First JV tower construction commenced
 - >700 keys, doubles capacity
 - \$370m lump sum contract, below \$400m expectations
 - FY2022 expected completion
- ◆ Second JV tower presales commenced. Execution subject to presales and all other approvals

CAPITAL EFFICIENT MULTI-YEAR GROWTH

- ◆ The Star only (excluding JV) approved growth investments delivered
- ◆ Masterplan (with JV partners) announced November 2018, all Government approvals received
 - Up to 5 mixed-use JV towers – staged approach
 - Execution subject to satisfactory risk-adjusted returns, market conditions (including presales), regulatory conditions, Board and other approvals
- ◆ Capital works funded by partner contributions, existing and new debt facilities, and free cash flow generation

KEY DATES*

FY2022 ◆ Complete first JV tower, retail and associated facilities

* Subject to planning and other approvals



DORSETT HOTEL AND RESIDENCES (TOWER 1)
CONSTRUCTION UNDERWAY



TOWER 2 HOTEL AND RESIDENCES
CONCEPT

QUEEN'S WHARF BRISBANE

WORKS PROGRESSING TO PLAN

- ◆ Excavation work completed July 2019, in line with project timetable and budget
- ◆ ~60% of project costs under lump sum contract terms – shell, core and façade stage contracted July 2019
- ◆ Further ~28% of project costs under contract expected by end FY2020 (pedestrian bridge 1H FY2020, fit-out stage 2H FY2020)
- ◆ Funding from partner contributions, existing and new debt facilities, and free cash flow generation – committed debt funding in place in FY2020

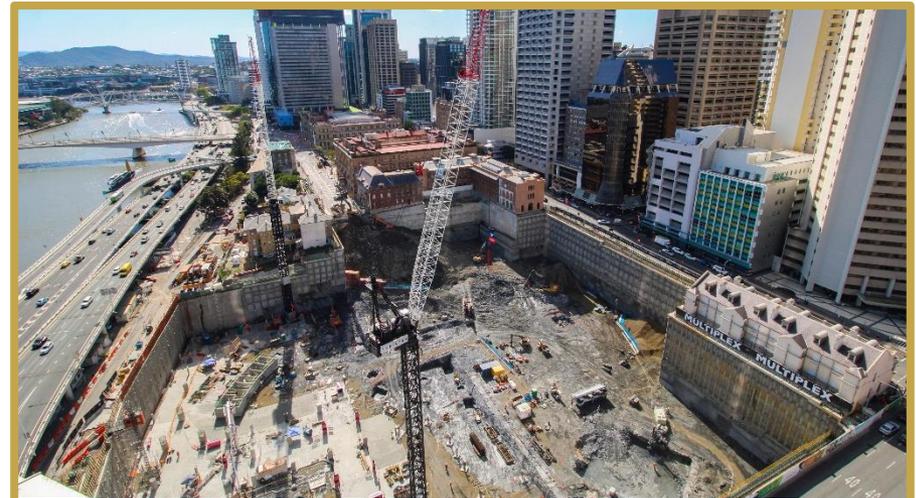
KEY DATES*

3Q CY2019	◆ Complete excavation
	◆ Commence shell, core and façade
FY2020	◆ Committed debt funding in place
CY2020	◆ Construction progresses above ground
1H FY2020	◆ Pedestrian bridge contracted
2H FY2020	◆ Fit-out stage contracted
CY2021	◆ Commence internal fit out of Integrated Resort
Late CY2022	◆ Integrated Resort opening commences
CY2024	◆ Expected opening of repurposed Treasury Building

* Subject to planning and other approvals



FEBRUARY 2019



AUGUST 2019

QUEEN'S WHARF BRISBANE



FRONT FACADE



PORTE COCHERE



GEORGE STREET VIEW



HARRIS LANE

PRIORITIES

IMPROVE AND DE-RISK RETURNS ACROSS THE GROUP

1

Execute on Centre of Excellence operating model

- ◆ Leverage improved capabilities
- ◆ Extract and retain efficiencies
- ◆ Build on solid PGR performance, improve MGF performance

2

Deliver on investment strategy

- ◆ Sydney
- ◆ Gold Coast masterplan
- ◆ Queen's Wharf Brisbane
- ◆ Chow Tai Fook/ Far East Consortium partnership

3

Manage competitive environment

- ◆ Sydney new entrant, fiscal arrangements
- ◆ Gold Coast casino market structure

4

Improve capital efficiency

- ◆ Reduce capital expenditure
- ◆ Potential capital recycling of supporting assets

THE STAR ENTERTAINMENT GROUP

AGENDA

1. OVERVIEW

2. FINANCIALS

3. OUTLOOK AND PRIORITIES

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THE STAR ENTERTAINMENT GROUP

APPENDIX

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APPENDIX

STATUTORY RESULTS

\$M	SYDNEY				QUEENSLAND				TOTAL			
	FY2019	FY2018	fav/(unfav)	fav/(unfav)	FY2019	FY2018	fav/(unfav)	fav/(unfav)	FY2019	FY2018	fav/(unfav)	fav/(unfav)
Slots	347.1	335.6	11.5	3.4%	335.4	326.0	9.4	2.9%	682.5	661.6	20.9	3.2%
Domestic Tables	694.8	668.2	26.6	4.0%	261.5	251.7	9.8	3.9%	956.3	919.9	36.4	4.0%
Non-gaming	154.3	156.3	(2.0)	(1.3%)	123.9	121.0	2.9	2.4%	278.2	277.3	0.9	0.3%
Total Domestic	1,196.2	1,160.1	36.1	3.1%	720.8	698.7	22.1	3.2%	1,917.0	1,858.8	58.2	3.1%
International VIP Rebate	364.5	571.4	(206.9)	(36.2%)	221.5	140.1	81.4	58.1%	586.0	711.5	(125.5)	(17.6%)
Other revenue	7.1	5.2	1.9	36.5%	3.9	4.0	(0.1)	(2.5%)	11.0	9.2	1.8	19.6%
Total Gross Revenue	1,567.8	1,736.7	(168.9)	(9.7%)	946.2	842.8	103.4	12.3%	2,514.0	2,579.5	(65.5)	(2.5%)
Player rebates and commissions	(259.5)	(421.9)	162.4	38.5%	(96.4)	(73.6)	(22.8)	(31.0%)	(355.9)	(495.5)	139.6	28.2%
Net Revenue	1,308.3	1,314.8	(6.5)	(0.5%)	849.8	769.2	80.6	10.5%	2,158.1	2,084.0	74.1	3.6%
Gaming taxes and levies	(360.0)	(368.9)	8.9	2.4%	(184.0)	(169.6)	(14.4)	(8.5%)	(544.0)	(538.5)	(5.5)	(1.0%)
Operating expenses	(640.7)	(660.1)	19.4	2.9%	(420.6)	(401.0)	(19.6)	(4.9%)	(1,061.3)	(1,061.1)	(0.2)	(0.0%)
EBITDA (before significant items)	307.6	285.8	21.8	7.6%	245.2	198.6	46.6	23.5%	552.8	484.4	68.4	14.1%
D&A	(123.6)	(114.2)	(9.4)	(8.2%)	(82.2)	(73.0)	(9.2)	(12.6%)	(205.8)	(187.2)	(18.6)	(9.9%)
EBIT (before significant items)	184.0	171.6	12.4	7.2%	163.0	125.6	37.4	29.8%	347.0	297.2	49.8	16.8%
Share of net profit of associate									(0.6)	(0.1)	(0.5)	(500.0%)
Significant items									(32.4)	(52.4)	20.0	38.2%
Net funding costs									(35.3)	(34.3)	(1.0)	(2.9%)
Tax									(80.7)	(62.3)	(18.4)	(29.5%)
Statutory NPAT									198.0	148.1	49.9	33.7%
EBITDA/Revenue %	19.6%	16.5%	3.1%		25.9%	23.6%	2.3%		22.0%	18.8%	3.2%	
International VIP Rebate Front Money \$m	3,307.5	3,934.9	(627.4)	(15.9%)	1,085.1	795.3	289.8	36.4%	4,392.6	4,730.2	(337.6)	(7.1%)
International VIP Rebate Turnover \$m	31,650.6	52,483.6	(20,833.0)	(39.7%)	10,730.8	8,691.3	2,039.5	23.5%	42,381.4	61,174.9	(18,793.5)	(30.7%)
International VIP Rebate Win rate	1.15%	1.09%			2.06%	1.61%			1.38%	1.16%		

Net Revenue is after player rebates and commissions following the adoption of AASB 15 from 1 July 2018. FY2018 comparatives have also been restated. Complimentary revenue is included within domestic gaming revenue. International VIP Rebate includes International Premium Mass. Refer to Note A7 of the Financial Report for a reconciliation of significant items.

APPENDIX

NORMALISED RESULTS

\$M	SYDNEY				QUEENSLAND				TOTAL			
	FY2019	FY2018	fav/(unfav)	fav/(unfav)	FY2019	FY2018	fav/(unfav)	fav/(unfav)	FY2019	FY2018	fav/(unfav)	fav/(unfav)
Slots	347.1	335.6	11.5	3.4%	335.4	326.0	9.4	2.9%	682.5	661.6	20.9	3.2%
Domestic Tables	694.8	668.2	26.6	4.0%	261.5	251.7	9.8	3.9%	956.3	919.9	36.4	4.0%
Non-gaming	154.3	156.3	(2.0)	(1.3%)	123.9	121.0	2.9	2.4%	278.2	277.3	0.9	0.3%
Total Domestic	1,196.2	1,160.1	36.1	3.1%	720.8	698.7	22.1	3.2%	1,917.0	1,858.8	58.2	3.1%
International VIP Rebate	428.1	709.4	(281.3)	(39.7%)	144.8	117.3	27.5	23.4%	572.9	826.7	(253.8)	(30.7%)
Other revenue	7.1	5.2	1.9	36.5%	3.9	4.0	(0.1)	(2.5%)	11.0	9.2	1.8	19.6%
Total Gross Revenue	1,631.4	1,874.7	(243.3)	(13.0%)	869.5	820.0	49.5	6.0%	2,500.9	2,694.7	(193.8)	(7.2%)
Player rebates and commissions	(256.9)	(442.5)	185.6	41.9%	(83.5)	(73.1)	(10.4)	(14.2%)	(340.4)	(515.6)	175.2	34.0%
Net Revenue	1,374.5	1,432.2	(57.7)	(4.0%)	786.0	746.9	39.1	5.2%	2,160.5	2,179.1	(18.6)	(0.9%)
Gaming taxes and levies	(366.4)	(382.6)	16.2	4.2%	(176.3)	(167.4)	(8.9)	(5.3%)	(542.7)	(550.0)	7.3	1.3%
Operating expenses	(640.7)	(660.1)	19.4	2.9%	(420.6)	(401.0)	(19.6)	(4.9%)	(1,061.3)	(1,061.1)	(0.2)	(0.0%)
Normalised EBITDA	367.4	389.5	(22.1)	(5.7%)	189.1	178.5	10.6	5.9%	556.5	568.0	(11.5)	(2.0%)
D&A	(123.6)	(114.2)	(9.4)	(8.2%)	(82.2)	(73.0)	(9.2)	(12.6%)	(205.8)	(187.2)	(18.6)	(9.9%)
Normalised EBIT	243.8	275.3	(31.5)	(11.4%)	106.9	105.5	1.4	1.3%	350.7	380.8	(30.1)	(7.9%)
Share of net profit of associate									(0.6)	(0.1)	(0.5)	(500.0%)
Normalised EBIT after share of net profit of associate									350.1	380.7	(30.6)	(8.0%)
Net funding costs									(35.3)	(34.3)	(1.0)	(2.9%)
Tax									(91.1)	(102.3)	11.2	10.9%
Normalised NPAT									223.7	244.1	(20.4)	(8.4%)
EBITDA/Revenue %	22.5%	20.8%	1.7%		21.7%	21.8%	(0.1%)		22.3%	21.1%	1.2%	
International VIP Rebate Front Money \$m	3,307.5	3,934.9	(627.4)	(15.9%)	1,085.1	795.3	289.8	36.4%	4,392.6	4,730.2	(337.6)	(7.1%)
International VIP Rebate Turnover \$m	31,650.6	52,483.6	(20,833.0)	(39.7%)	10,730.8	8,691.3	2,039.5	23.5%	42,381.4	61,174.9	(18,793.5)	(30.7%)
International VIP Rebate Win rate	1.35%	1.35%			1.35%	1.35%			1.35%	1.35%		

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, taxes and revenue share commissions and are before significant items. Refer to Note A7 of the Financial Report for a reconciliation of significant items.

Net Revenue is after player rebates and commissions following the adoption of AASB 15 from 1 July 2018. FY2018 comparatives have also been restated. Complimentary revenue is included within domestic gaming revenue. International VIP Rebate includes international Premium Mass.

APPENDIX

OPERATIONAL METRICS

OPERATIONAL METRICS	SYDNEY		QUEENSLAND	
	FY2019	FY2018	FY2019	FY2018
Slots				
Revenue (\$m)	347	336	335	326
NMR/machine/day	638	616	296	282
MTGMs				
Revenue (\$m)	102	102	41	38
NMR/machine/day	476	448	284	278
Domestic Tables (excl. MTGMs)				
Revenue (\$m)	592	566	220	214
Hold %	18%	18%	19%	19%
VIP Rebate (Actual)				
Front Money (\$m)	3,308	3,935	1,085	795
Turnover (\$m)	31,651	52,484	10,731	8,691
Turns	9.6	13.3	9.9	10.9
Win Rate	1.15%	1.09%	2.06%	1.61%
Hotels				
Occupancy	95%	95%	81%	83%
Cash Revenue (\$m)	32	30	30	31
Average Cash Rate	336	336	245	245
Restaurants				
Cash Revenue (\$m)	50	48	48	46
Gross Revenue (\$m)	73	71	73	70
Bars				
Cash Revenue (\$m)	41	47	26	26
Gross Revenue (\$m)	100	103	64	55
Statutory EBITDA/Revenue %	19.6%	16.5%	25.9%	23.6%
Normalised EBITDA/Revenue %	22.5%	20.8%	21.7%	21.8%
Employee Costs/Normalised Revenue %	21.6%	18.6%	26.7%	27.8%

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, taxes and revenue share commissions and are before significant items.

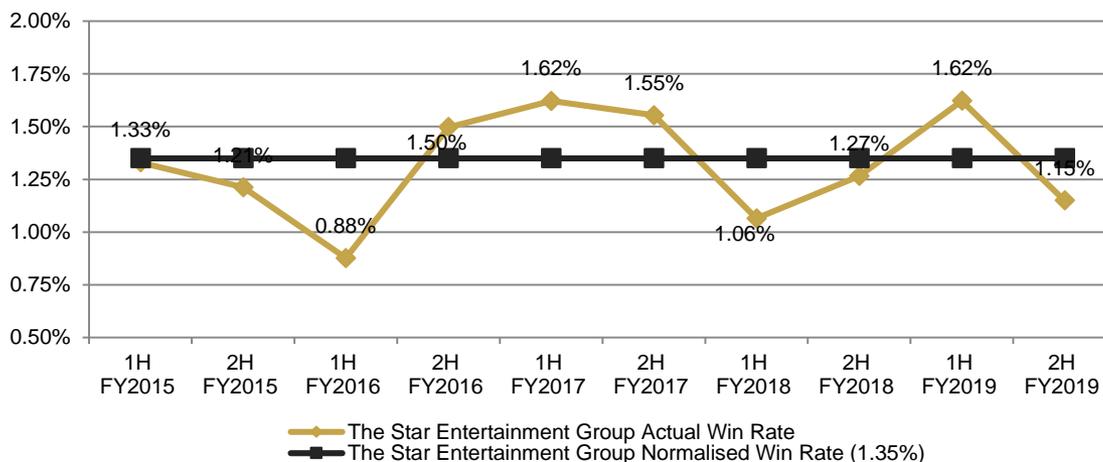
APPENDIX

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
- ◆ FY2019 actual win rate of 1.38% includes International Premium Mass (1.38% excluding International Premium Mass)

HISTORICAL ACTUAL WIN RATE (%)



RECONCILIATION WITH ACTUAL

FY2019 RESULTS COMPARISON (\$M)	FY2019	REVENUE NORMALISATION	REVENUE SHARE COMMISSION NORMALISATION	FY2019 NORM @1.35%
Total Domestic	1,917.0	-	-	1,917.0
International VIP Rebate (Gross)	586.0	(13.1)	-	572.9
Other revenue	11.0	-	-	11.0
Total Gross Revenue	2,514.0	(13.1)	-	2,500.9
Player rebates and commissions	(355.9)	-	15.5	(340.4)
Net Revenue	2,158.1	(13.1)	15.5	2,160.5
Gaming taxes and levies	(544.0)	1.3	-	(542.7)
Operating expenses	(1,061.3)	-	-	(1,061.3)
EBITDA (before significant items)	552.8	(11.8)	15.5	556.5
D&A	(205.8)	-	-	(205.8)
EBIT (before significant items)	347.0	(11.8)	15.5	350.7

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, taxes and revenue share commissions and are before significant items. Refer to Note A7 of the Financial Report for a reconciliation of significant items.

Net Revenue is after player rebates and commissions following the adoption of AASB 15 from 1 July 2018. FY2018 comparatives have also been restated. Complimentary revenue is included within domestic gaming revenue. International VIP Rebate includes International Premium Mass.

APPENDIX

INTERNATIONAL VIP REBATE NORMALISATION

IMPACT OF CHANGE IN NORMALISATION OF COMMISSIONS - ANNOUNCED 1H FY2019

	FY2017	FY2018	FY2019
GROUP			
EBITDA – VIP Commissions not normalised	515.1	588.1	541.0
Normalising VIP Commissions	(14.8)	(20.1)	15.5
EBITDA – VIP Commissions normalised	500.3	568.0	556.5
SYDNEY			
EBITDA – VIP Commissions not normalised	320.6	410.0	364.9
Normalising VIP Commissions	1.1	(20.5)	2.5
EBITDA – VIP Commissions normalised	321.7	389.5	367.4
QUEENSLAND			
EBITDA – VIP Commissions not normalised	194.5	178.1	176.1
Normalising VIP Commissions	(15.9)	0.4	13.0
EBITDA – VIP Commissions normalised	178.6	178.5	189.1

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, taxes and revenue share commissions and are before significant items

APPENDIX

INTERNATIONAL VIP REBATE RECEIVABLES

INTERNATIONAL VIP REBATE BUSINESS RECEIVABLES (BEFORE PROVISIONS)	0 - 30 DAYS	30 DAYS - 1 YEAR	1 - 3 YEARS	TOTAL
June 2019 (\$m)				
Not yet due	145.4	-	-	145.4
Past due not impaired	-	44.5	10.2	54.7
Considered impaired	2.8	1.3	7.2	11.3
Total	148.2	45.8	17.4	211.4
June 2018 (\$m)				
Not yet due	145.1	-	-	145.1
Past due not impaired	0.5	17.8	10.4	28.7
Considered impaired	1.0	0.6	14.4	16.0
Total	146.6	18.4	24.8	189.8
June 2017 (\$m)				
Not yet due	123.2	-	-	123.2
Past due not impaired	-	27.1	6.2	33.3
Considered impaired	-	2.8	11.2	14.0
Total	123.2	29.9	17.4	170.5

◆ 30 June 2019 past due not impaired receivables up on pcp reflecting a small number of players

Excludes non-gaming debtors

APPENDIX

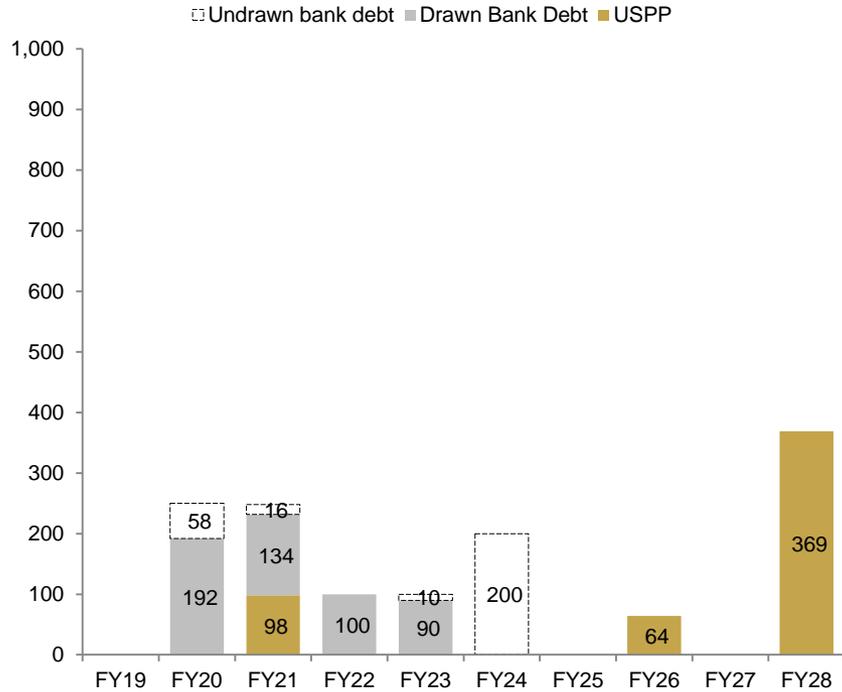
CASH CONVERSION

CATEGORY	Jun-19	Jun-18
\$M		
Cash flows from operating activities before interest and income tax		
Net cash receipts from customers (inclusive of GST)	2,162.7	2,084.4
Payments to suppliers and employees (inclusive of GST)	(1,158.8)	(1,068.7)
Payment of government levies, gaming taxes and GST	(525.1)	(519.0)
Net cash inflows from operating activities before interest and income tax	478.8	496.7
Profit before net finance costs and income tax*	314.0	287.6
Add back depreciation and amortisation	205.8	187.2
EBITDA*	519.8	474.8
Cash conversion	92%	105%

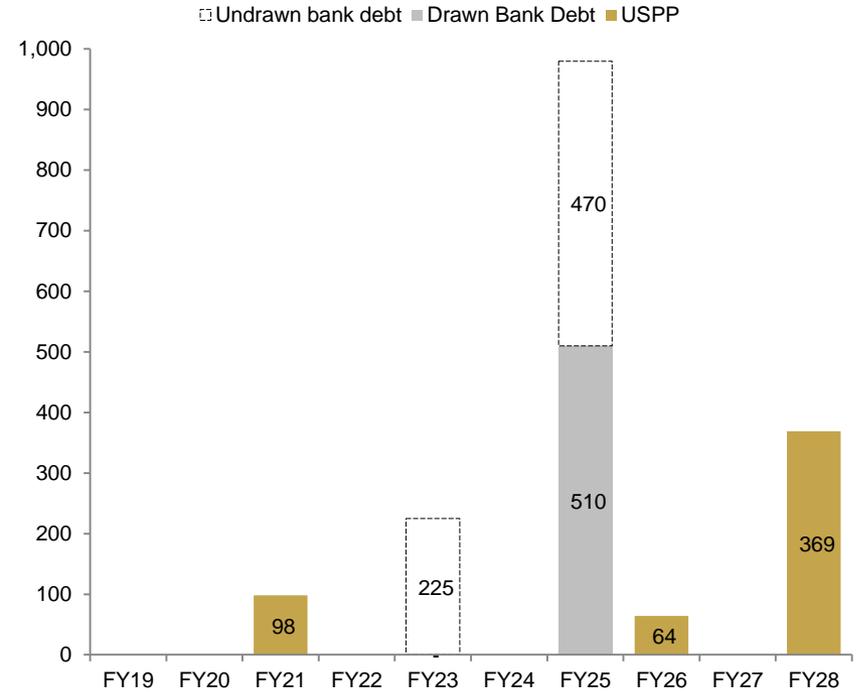
* Including share of net profit of associate and significant items
 Net Revenue is after player rebates and commissions following the adoption of AASB 15 from 1 July 2018

APPENDIX FUNDING

DEBT MATURITY PROFILE AT 30 JUNE 2019



DEBT MATURITY PROFILE AS AT 3 JULY 2019



APPENDIX

JOINT VENTURE PROJECTS

PROJECTS

Queen's Wharf Brisbane



- ◆ New integrated resort
- ◆ Targeting ~\$2.4 bn total project cost*
- ◆ Construction underway
- ◆ Opening commences late CY2022

Gold Coast – Dorsett Hotel and Residences



- ◆ First joint venture mixed use tower**
- ◆ ~\$370m project cost (lump sum contract in place)
- ◆ Construction underway
- ◆ Completion expected late FY2022

Sydney – The Ritz-Carlton Hotel and Residences



- ◆ The Ritz-Carlton Tower
- ◆ In planning***
- ◆ Indicative ~\$500m project costs

SGR SHARE

- ◆ 50% equity share
- ◆ SGR receives ~60% of property EBITDA (inclusive of operator fee)
- ◆ 33% equity share
- ◆ 33% equity share

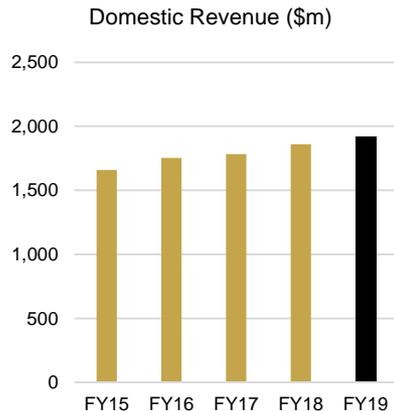
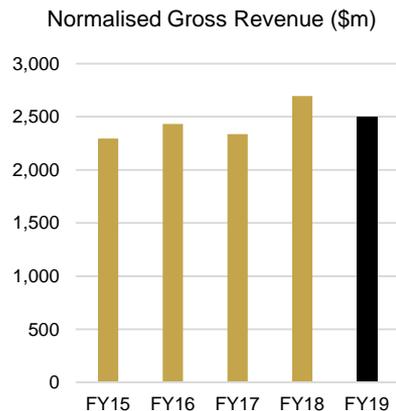
* Excludes Queensland Government payments and Treasury Brisbane repurposing costs

** Masterplan for up to four additional towers, subject to market and regulatory conditions and all approvals

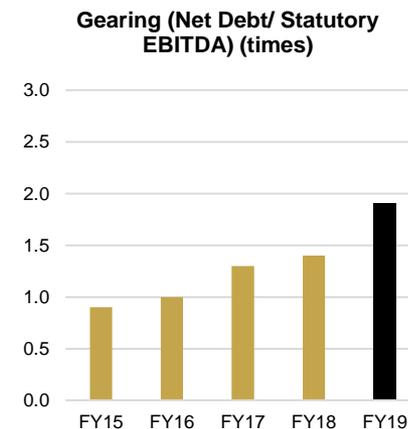
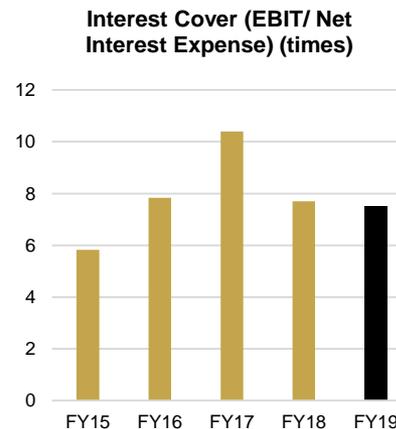
*** Subject to market and regulatory conditions and all approvals

KEY LONG-TERM METRICS

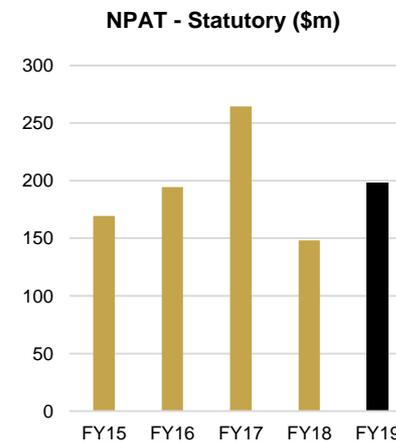
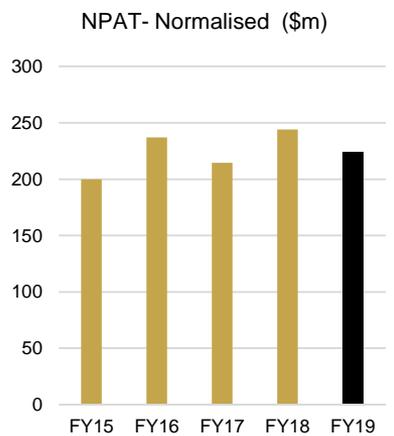
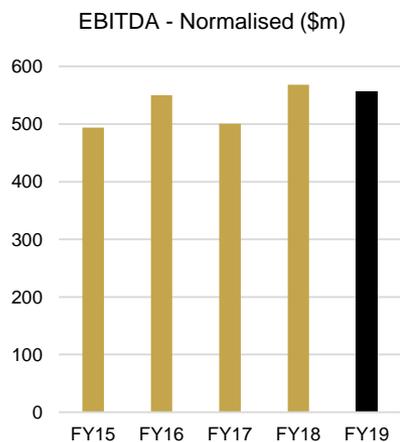
REVENUE



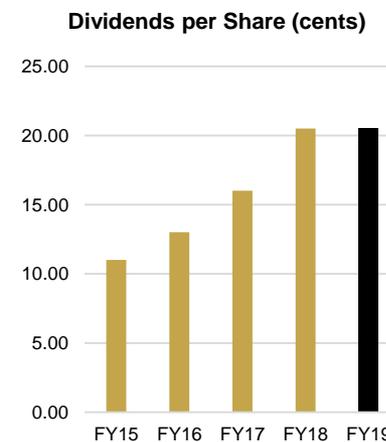
GEARING



EARNINGS



DIVIDEND



Note: EBIT/ Net Interest Expense ratio and Gearing based on 12 month trailing statutory. Normalised results are adjusted using an average win rate of 1.35% on actual turnover, taxes and revenue share commissions and are before significant items.

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
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/normalisation	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 and commissions
pcp	Prior comparable period
PGR	Private gaming room
International 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
VIP	International VIP Rebate business



THE STAR

ENTERTAINMENT
GROUP