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16 November 2015

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)**

Please find attached our presentation for the UBS Investor Conference.

Yours faithfully



Peter Treacy  
Company Secretary



# Presentation for UBS Investor Conference

*Sheraton on the Park, Sydney*  
*16 November 2015*



# Introduction

## ■ Agenda for the conference

1

*Re-cap on key achievements during FY15*

2

*Current trading update for YTD period to 31 October 2015*

3

*Update on progress of major capital projects in Auckland (NZICC) and Adelaide*

4

*Key focus areas for management for the remainder of FY16*

# Key Highlights Of FY15 Result





# FY15 Result Overview (1 of 2)

- Record normalised revenue up 8.7% (over \$1.0bn for the first time) and solid earnings growth with normalised NPAT up 8.8% to \$134.1m
  - Continued strong growth in Auckland
  - Strong growth in group-wide International Business (“IB”)
  - Solid revenue and EBITDA growth in Hamilton
  - Disappointing performance for Adelaide
  - EBITDA growth achieved in Darwin
- Final dividend of 10 cents per share declared
- New gaming tax rates for Darwin Casino agreed with the NT Government
- Significant milestones achieved in the NZICC project
- Completed the refurbishment of the existing Adelaide Casino in January

# FY15 Result Overview (2 of 2)

	FY15	FY14	Movement	
	\$m	\$m	\$m	%
Normalised Revenue (incl Gaming GST)	1,007.7	927.3	80.4	8.7%
Normalised EBITDA	304.9	287.6	17.3	6.0%
Normalised NPAT	134.1	123.2	10.9	8.8%
<b>Normalised EPS</b>	<b>22.9 cps</b>	<b>21.3 cps</b>	<b>1.6 cps</b>	<b>7.5%</b>

	FY15	FY14	Movement	
	\$m	\$m	\$m	%
Reported Revenue (incl Gaming GST)	1,009.1	902.5	106.6	11.8%
Reported EBITDA	304.1	256.5	47.6	18.6%
Reported NPAT	128.7	98.5	30.2	30.7%
<b>Reported EPS</b>	<b>22.0 cps</b>	<b>17.0 cps</b>	<b>5.0 cps</b>	<b>29.4%</b>
<b>Final Dividend NZ\$ cps</b>	<b>10.0 cps</b>	<b>10.0 cps</b>	-	-

- Average NZD/AUD fx rate during FY15 0.9301 and FY14 0.9049
- Weighted average number of shares FY15 = 586,071,258 and FY14 = 579,706,028

# FY15 Recognition and Awards



**SKYCITY Auckland:**  
“Australasia’s  
Leading Casino  
Resort”

**SKYCITY Grand  
Hotel:**  
“New Zealand’s  
Leading Hotel  
Suite”



**SKY Tower:**  
“NZ number 1 Tourist  
Attraction &  
Landmark”

**SKYCITY Grand Hotel  
and SKYCITY Hotel:**  
“Trip Advisor Travellers’  
Choice Award &  
Certificates of  
Excellence”

**SKYCITY Hamilton:**  
“Trip Advisor  
Certificate of  
Excellence”

**Federal St Restaurants:**  
“Trip Advisor  
Certificate of  
Excellence”



**East Day Spa:**  
“Oceania’s Best  
Hotel SPA”



**Depot:**  
“Metro  
Restaurant of the  
Year Awards  
Supreme  
Winner”

**Gusto, The Grill,  
Fed Deli, The  
Sugar Club,  
Masu:**  
“Metro  
Restaurant of the  
Year Awards Top  
50”



**Restaurant & Bar  
Design Awards**

**SKYCITY Darwin:**  
“Best  
Entertainment  
Venue – NT”

**SKYCITY Darwin:**  
“Ministers Award  
for Responsible  
Service of  
Gaming”

**SKYCITY  
Adelaide, Sean’s  
Kitchen:**  
“Finalist for  
Australia’s Best  
Restaurant and  
Bar Design  
Awards”

**SKYCITY  
Adelaide, Sean’s  
Kitchen:**  
“The City  
Awards,  
Adelaide’s Best  
New Restaurant  
the Year”

# Trading Update

4 months to 31 October 2015





# Trading Update (1 of 4)

- Strong momentum in 2H15 has continued through the first 4 months of FY16
  - Normalised revenue up 11.1% to \$373.2m and normalised EBITDA up 20.5% to \$121.8m
  - Normalised EBITDA margins across all businesses have improved on the pcp, with sound cost-management and operating leverage being achieved
- Auckland continues to perform strongly, with normalised revenue up 6.2% to \$209.3m, and normalised EBITDA up 13.6% to \$89.6m, with growth across all business segments
- Hamilton and Queenstown continue to deliver improved performance
  - Hamilton normalised revenue up 11.3% to \$18.1m and normalised EBITDA up 27.9% to \$7.8m
  - Queenstown / other normalised revenue up 132.6% to \$10.7m and normalised EBITDA up 850.0% to \$1.9m, underpinned by significant growth in IB activity

# Trading Update (2 of 4)

- Significant progress made in improving performance at Adelaide Casino
  - Normalised revenue up 24.4% to A\$70.3m and normalised EBITDA up 77.2% to A\$14.7m
  - Significant cost-saving initiatives implemented across the property
  - Strong IB growth with turnover of A\$1.3bn in first four months of FY16 (vs. A\$1.5bn for full year in FY15)
  - F&B revenue more than doubled due to opening of Sean's Kitchen and Madame Hanoi
  - Local gaming remains soft with revenue down 4.0% in first four months of FY16 (similar to trends in pubs and clubs)
- Darwin continues to experience challenging trading conditions, with soft hotel occupancy and F&B revenue
  - Normalised revenue up 3.3% to A\$52.0m and normalised EBITDA up 7.8% to A\$16.6m
  - IB turnover up 51.8% in first four months of FY16
- IB continues to deliver strong growth with group-wide turnover up 50.7% to \$4.5bn, with a win-rate of 1.14% (comparable to the pcg of 1.13%, but below theoretical)

# Trading Update (3 of 4)

## (YTD Revenue to 31 October)

Normalised Revenue (including International Business)		FY16 YTD \$m	FY15 YTD \$m	Movement	
				\$m	%
<b>New Zealand Casinos</b>					
▪ Auckland		209.3	197.1	12.2	6.2%
▪ Hamilton		18.1	16.3	1.8	11.3%
▪ Queenstown / Other		10.7	4.6	6.1	132.6%
Total New Zealand		238.1	218.0	20.1	9.2%
<b>Australian Casinos</b>					
▪ Adelaide	(A\$)	70.3	56.5	13.8	24.4%
▪ Darwin	(A\$)	52.0	50.3	1.6	3.3%
Total Australia	(A\$)	122.3	106.8	15.4	14.4%
Total Australia	(NZ\$)	135.1	118.0	17.0	14.4%
<b>Normalised Revenue</b>		<b>373.2</b>	<b>336.0</b>	<b>37.2</b>	<b>11.1%</b>
<b>Reported Revenue</b>		<b>363.6</b>	<b>329.5</b>	<b>34.1</b>	<b>10.3%</b>
International Business turnover		4,520.3	2,999.2	1,521.1	50.7%
International Business win rate (%)		1.14%	1.13%	0.0%	0.9%

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

•Normalised revenue is adjusted for IB at theoretical win rate of 1.35%

•Totals may not sum due to rounding

•Average FY16 YTD NZD/AUD fx rate= 0.9063; Average FY15 YTD NZD/AUD fx rate= 0.9051

# Trading Update (4 of 4)

## (YTD EBITDA to 31 October)

Normalised EBITDA (including International Business)	FY16 YTD \$m	FY15 YTD \$m	Movement	
			\$m	%
<b>New Zealand Casinos</b>				
▪ Auckland	89.6	78.9	10.7	13.6%
▪ Hamilton	7.8	6.1	1.7	27.9%
▪ Queenstown / Other	1.9	0.2	1.7	850.0%
<b>Total New Zealand</b>	<b>99.3</b>	<b>85.2</b>	<b>14.1</b>	<b>16.5%</b>
<b>Australian Casinos</b>				
▪ Adelaide (A\$)	14.7	8.3	6.4	77.2%
▪ Darwin (A\$)	16.6	15.4	1.2	7.8%
Total Australia (A\$)	31.3	23.7	7.6	32.1%
<b>Total Australia (NZ\$)</b>	<b>34.5</b>	<b>26.2</b>	<b>8.3</b>	<b>32.1%</b>
<b>Corporate Costs</b>	<b>(12.0)</b>	<b>(10.3)</b>	<b>(1.7)</b>	<b>(16.5%)</b>
<b>Normalised EBITDA</b>	<b>121.8</b>	<b>101.1</b>	<b>20.7</b>	<b>20.5%</b>
<b>Reported EBITDA</b>	<b>107.2</b>	<b>94.1</b>	<b>13.1</b>	<b>13.9%</b>

•Normalised EBITDA is adjusted for IB at theoretical win rate of 1.35%

•Totals may not sum due to rounding

•Average FY16 YTD NZD/AUD fx rate= 0.9063; Average FY15 YTD NZD/AUD fx rate= 0.9051



# Capital Projects

NZICC



# Overall Project Update

- Fletcher Construction appointed as main contractor for the NZICC and Hobson St hotel projects following a competitive tender process
- Construction contracts for NZICC and Hobson St hotel signed on 11 November 2015, activating the gaming concessions under the NZICC Agreement
- Agreed commercial terms provide significant risk protection for SKYCITY
- Expect to commence construction of the NZICC by the end of 2015 and targeting completion of the NZICC and Hobson St hotel in Q1 2019
- No further resource consent or NZ Government approvals required to develop the NZICC and Hobson St hotel
- SKYCITY remains confident that the NZICC and Hobson St hotel projects will be value-enhancing for shareholders

# Total Project Costs

- Total project costs consistent with previous market guidance and include appropriate contingencies
- SKYCITY intends to complete the NZICC and Hobson St hotel within the project budget

NZ\$m	Spent to Date	Still to Spend	Total
NZICC	94	378	471
Laneway, Additional Car Parks, Other	10	64	73
<b>Total (excluding Hobson St hotel)</b>	<b>103</b>	<b>441</b>	<b>544</b>
Hobson St hotel	19	140	159
<b>Total (including Hobson St hotel)</b>	<b>122</b>	<b>581</b>	<b>703</b>

# Future Capital Expenditure Profile

- Total capital expenditure of \$635m over FY16 to FY20, including Hobson St hotel and activation of gaming concessions

NZ\$m	FY16	FY17	FY18	FY19	FY20	Total
NZICC, Laneway, Additional Car Parks, Other	37	107	192	100	5	441
Activation of Gaming Concessions	54	-	-	-	-	54
<b>Total (excl. Hobson St hotel)</b>	<b>91</b>	<b>107</b>	<b>192</b>	<b>100</b>	<b>5</b>	<b>495</b>
Hobson St hotel	2	34	81	21	2	140
<b>Total (incl. Hobson St hotel)</b>	<b>93</b>	<b>141</b>	<b>273</b>	<b>121</b>	<b>7</b>	<b>635</b>



# Activation of Gaming Concessions

- The gaming concessions under the NZICC Agreement became effective upon the signing of the NZICC building works contract on 11 November
- ~\$54m of capital expenditure allowed for activation of gaming concessions, which will be split into two stages

## Stage 1: By December 2015

- TITO, cashless, note acceptors, extension of gaming licence (to 2048) and gaming tax rate certainty (for 7 years) effective immediately
- 60% of new gaming product to be allocated to the existing gaming floor

## Stage 2: By June 2016

- New 'Horizon' suites and salons on level 7 of the Grand Hotel
- Conversion of 'Jade Dragon' to accommodate additional ATG product
- Infill of part of the main atrium to expand the gaming floor podium

## Gaming product activation plan (as at November 2015)

	Current	Stage 1	Sub-Total	Stage 2	Total
Gaming machines	1,608	269	1,877	0	1,877
ATGs	39*	0	39*	201	240
Tables	110	27	137	13	150
Ratio of machines & ATGs to tables	15.0:1		15.0:1		15.0:1

\*Currently included within definition of gaming machines

# Project Master Plan, Looking East





# Capital Projects

## Auckland Atrium Development



# Auckland Atrium Development

- SKYCITY is enhancing its Auckland property with a major upgrade of its main atrium
- SKYCITY has engaged internationally renowned architects YWS to design and deliver a world-class entry experience
- SKYCITY plans to spend ~\$24m on the improvements, with the programme split into two stages to be completed by mid-2016

## Stage 1: By December 2015

- New main escalator providing more direct access to main gaming floor
- Second new escalator will link levels two and three
- New wall claddings and light features
- New entry experience to main gaming floor
- New bathrooms on ground floor
- 'Andy's' gourmet burger bar, adding to choice of quality F&B offerings for customers

## Stage 2: By mid-2016

- Extension of main gaming floor through partial infill of atrium space
- Completion of entrance, foyer, flooring and wall treatments
- Development of new Cantonese restaurant



# Auckland Atrium Development – Main Foyer



# Capital Projects

## Adelaide Expansion





# Adelaide Expansion

- SKYCITY is well advanced in finalising the design for the expansion of the Adelaide Casino
- SKYCITY's latest design envisages:
  - ~80 room all-suite boutique hotel
  - 'Horizon' villas and suites for SKYCITY's growing International Business
  - Additional two signature restaurants
  - Expanded gaming podium, allowing for the staged rollout of the additional gaming product
- SKYCITY currently expects the total cost of the expansion to be around A\$300m
- The final timing to commence works is dependent on the finalisation of the site lease with the SA Government and co-ordination with the Government and Walker Corporation's plans for the broader development of the Riverbank precinct
- It is hoped that ground works on site will begin in the first-half of 2016
- Under the agreement with the SA Government, SKYCITY is required to complete its expansion by 30 June 2019, unless an extension is otherwise agreed between the parties

# Adelaide Expansion – At Night





# Funding Update



# Funding Update

- SKYCITY is well placed to fund the NZICC and Hobson St hotel projects from future operating cash flows and additional debt funding
- Following the recent \$125m NZ bond issue, SKYCITY now has over \$300m of committed undrawn bank facilities – sufficient headroom to fund the NZICC and Hobson St hotel projects
- SKYCITY will provide an update on its long-term funding plan once the Adelaide expansion project is finalised
  - Currently expect the Adelaide expansion project to cost around A\$300m
  - Expect to confirm details of the funding plan over the next 3-4 months
- As part of its long-term funding plan, SKYCITY continues to explore property-related funding options, including a potential sale of the Federal St car park and seeking external investors to fund and ultimately own the Hobson St hotel development
  - JLL appointed to secure external investors for the Hobson St hotel
  - Information Memorandum due to be released in November



# Outlook





# Management Focus For Remainder Of FY16

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- Continue to optimise the operating performance of all businesses
  - Continue to drive improved performance at the Adelaide Casino
  - Commence construction on the NZICC development by the end of 2015
  - Successfully activate the NZICC gaming concessions in Auckland
  - Continue to deliver growth in group-wide IB
  - Finalise plans for the Adelaide expansion
  - Conclude external investment to fund the Hobson St hotel
  - Finalise the group funding plan for the major projects
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# Disclaimer

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- All information included in this presentation is provided as at 16 November 2015
- The presentation includes a number of forward-looking statements. Forward-looking statements, by their nature, involve inherent risks and uncertainties. Many of those risks and uncertainties are matters which are beyond SKYCITY's control and could cause actual results to differ from those predicted. Variations could either be materially positive or materially negative
- This presentation has not taken into account any particular investors investment objectives or other circumstances. Investors are encouraged to make an independent assessment of SKYCITY
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