

11 February 2015

Client Market Services  
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**WELLINGTON**

**SKYCITY Entertainment Group Limited**

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Dear Sir/Madam

**RE : SKYCITY ENTERTAINMENT GROUP LIMITED – SKC  
INTERIM RESULT (FOR THE SIX MONTHS TO 31 DECEMBER 2014)**

We supply herewith the financial information as required by Listing Rule 10.4 together with a copy of the company's FY15 Interim Result presentation and the SKYCITY Entertainment Group Limited financial statements for the six month period ended 31 December 2014.

Please find attached:

1. Appendix 1 (Rule 10.4.2) detailing the Preliminary Announcement for the six month period ended 31 December 2014.
2. FY15 Interim Result for the six month period ended 31 December 2014.
3. Appendix 7 (NZX Listing Rule 7.12.2) detailing the interim distribution of NZ\$0.10 cents per ordinary share to be paid on 2 April 2015 to those shareholders on the company's share register as at 5.00pm on 20 March 2015.
4. Financial statements and notes for the six month period ended 31 December 2014.
5. ASX Listing Rule 4.2A.2 declaration by directors in respect of the half year financial statements and notes.
6. Media release.

Yours faithfully



Rob Hamilton  
Chief Financial Officer

SKYCITY Entertainment Group Limited	
<b>Results for announcement to the market</b>	
Reporting Period	1 July 2014 to 31 December 2014
Previous Reporting Period	1 July 2013 to 31 December 2013

<b>Reported</b>	Amount (000s)	Percentage change
Reported revenue including gaming GST from ordinary activities	NZ\$495,514	6.5%
Reported revenue from ordinary activities <sup>1</sup>	NZ\$451,467	6.6%
Reported profit (loss) from ordinary activities after tax attributable to security holder	NZ\$54,559	-10.6%
Reported net profit (loss) attributable to security holders	NZ\$54,559	-10.6%

<b>Normalised</b>	Amount (000s)	Percentage change
Normalised revenue including gaming GST from ordinary activities	NZ\$510,012	9.2%
Normalised revenue from ordinary activities	NZ\$463,805	9.1%
Normalised profit (loss) from ordinary activities after tax attributable to security holder	NZ\$66,534	0.3%
Normalised net profit (loss) attributable to security holders	NZ\$66,534	0.3%

Note: Normalised results sets International Business win to theoretical win rate of 1.35% and adjust for certain revenue and expense items. Reconciliation between reported and normalised financial information is provided at the end of this document.

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<sup>1</sup> On the Income Statement this is the total of Revenue and Other Income

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

Record Date	20 March 2015
Payment Date	2 April 2015

Comments:	<p>SKYCITY's FY15 interim performance is set out in the Company's Result Presentation which is attached to this announcement. It provides detail and explanatory comment on operating and financial performance for each business unit and the Group as a whole and various other relevant aspects of the financial performance for the six months ended 31 December 2014.</p> <p>The Result Presentation will be available on the Company's website from 11 February 2015.</p>
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#### NTA Backing

	2014	2013
Net tangible asset backing per ordinary share	44.5¢	73.4¢
Net tangible asset backing per ordinary share – excluding Adelaide redevelopment accounting	70.4¢	73.4¢

Net tangible asset backing per ordinary share has declined as a result of the increase in the carrying value of the Adelaide Casino Licence (an intangible asset excluded from the calculation) and the associated Deferred Licence Value (treated as a liability). If these items are both excluded the Net tangible asset backing per ordinary share would be 70.4 cents per share.

#### 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 preliminary final report.

#### Earnings per share

	Amount (cents per share)	Percentage change
Reported	9.3	-12.3%
Normalised	11.4	-0.9%

Reported earnings per share for the six months to 31 December 2014 were 9.3 cents per share (31 December 2013: 10.6 cents per share). Normalised earnings per share for the six months to 31 December 2014 were 11.4 cents per share (31 December 2013: 11.5 cents per share). "Normalised" eliminates certain revenue and expense items and adjusts International VIP commission business win rate to theoretical.

## Dividends

25% of the April 2015 dividend will be franked for Australian purposes (unimputed for New Zealand).

## Reconciliation between reported and normalised financial information

	1H15				1H14			
	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m
<b>Normalised</b>	<b>510.0</b>	<b>154.4</b>	<b>111.2</b>	<b>66.6</b>	<b>467.0</b>	<b>149.8</b>	<b>111.6</b>	<b>66.4</b>
Adelaide redevelopment costs	-	(1.5)	(1.5)	(1.0)	-	(1.6)	(1.6)	(1.1)
NZICC interest and other costs	-	(0.3)	(0.3)	(2.3)	-	-	-	(1.1)
Strategic projects	-	-	-	-	-	(0.3)	(0.3)	(0.2)
Restructuring costs	-	(0.5)	(0.5)	(0.4)	-	(1.1)	(1.1)	(0.8)
Auckland project costs	-	(0.2)	(0.2)	(0.1)	-	(0.6)	(1.6)	(1.2)
Profit from sale of Christchurch	-	-	-	-	-	-	-	1.0
<b>Total Adjustments</b>	<b>-</b>	<b>(2.5)</b>	<b>(2.5)</b>	<b>(3.8)</b>	<b>-</b>	<b>(3.6)</b>	<b>(4.6)</b>	<b>(3.4)</b>
<b>Adjusted</b>	<b>510.0</b>	<b>151.9</b>	<b>108.7</b>	<b>62.8</b>	<b>467.0</b>	<b>146.2</b>	<b>107.0</b>	<b>63.0</b>
International Business at Theoretical	(14.5)	(11.1)	(11.1)	(8.2)	(1.9)	(2.6)	(2.6)	(1.9)
<b>Reported</b>	<b>495.5</b>	<b>140.8</b>	<b>97.6</b>	<b>54.6</b>	<b>465.1</b>	<b>143.6</b>	<b>104.4</b>	<b>61.1</b>

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.

Gaming revenue figures reflect gaming win (inclusive of gaming GST). This facilitates Australasian comparisons and is consistent with the treatment adoption by major Australian casinos

Non-gaming revenues are net of GST

Total revenues are gaming win plus non-gaming revenues

Key Adjustments are:

- Adelaide redevelopment costs – Structural redundancies and launch costs for new facilities (Sean's Kitchen, Black Room)
- NZICC – Interest on purchase of New Zealand International Convention Centre (NZICC) land bank (calculated using the Group's average cost of debt of 6.7% on an average balance of \$83m) and other costs specific to this project
- Strategic project costs - Brisbane, Gold Coast and other miscellaneous items
- Restructuring costs – Costs associated with changing the staffing structures under an approved restructuring plan
- Auckland project costs – Project, pre-opening and launch costs related to Auckland facilities such as the Federal Street launch. 1H14 includes Sugar Club, Fed Deli, Masu and the new gaming rooms

IB win rate at 1.04% for 1H15 (1H14: 1.28%).

Normalisation adjustments have been calculated in a consistent manner in 1H15 and 1H14.

SKYCITY  
Entertainment  
Group Limited

# Half Year Result Presentation

Six months ending 31 December 2014  
11 February 2015





# SKYCITY Result 1H15

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# 1H15 Result Overview

	1H15	1H14	Movement	
	\$m	\$m	\$m	%
Normalised Revenue (incl Gaming GST)	510.0	467.0	43.0	9.2%
Normalised EBITDA	154.4	149.8	4.6	3.1%
Normalised NPAT	66.6	66.4	0.2	0.3%
<b>Normalised EPS</b>	<b>11.4 cps</b>	<b>11.5 cps</b>	<b>(0.1 cps)</b>	<b>(0.9%)</b>

	1H15	1H14	Movement	
	\$m	\$m	\$m	%
Reported Revenue (incl Gaming GST)	495.5	465.1	30.4	6.5%
Reported EBITDA	140.8	143.6	(2.8)	(1.9%)
Reported NPAT	54.6	61.1	(6.5)	(10.6%)
<b>Reported EPS</b>	<b>9.3 cps</b>	<b>10.6cps</b>	<b>(1.3 cps)</b>	<b>(12.3%)</b>

Interim Dividend NZ\$ cps	10.0 cps	10.0 cps	-	-
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- Average NZD/AUD cross-rate during 1H15 0.9147 and 1H14 0.8820
- Weighted average number of shares 1H15 = 584,692,624, 1H14 = 578,421,022



# Results Overview – Key Take Outs

(page 1 of 3)

- Group normalised revenue (including gaming GST) was up 9.2% to \$510.0m. Normalised EBITDA was up 3.1% to \$154.4m and normalised Net Profit After Tax (“NPAT”) of \$66.6m was only up marginally on the previous corresponding period (“pcp”). Overall, the strong results of Auckland and IB were curtailed by the poor result of Adelaide
- SKYCITY Auckland, our flagship property, was again the standout performer across the group, with normalised revenue up 17.2% to \$302.5m and normalised EBITDA up 15.0% from \$108.1m to \$124.3m. This strong growth continues the positive momentum exhibited during 2H14, with growth across all business segments, delivering four consecutive quarters of EBITDA growth, on pcp
- SKYCITY’s International Business (“IB”) delivered record levels of activity during the period, with group turnover and normalised revenues up 83.6% to \$4.7bn and \$63.8m, respectively. Normalised IB EBITDA was up 133.9% to \$14.5m
- SKYCITY Hamilton returned to revenue and EBITDA growth in the period with a pleasing second quarter. Normalised revenue was up 1.2% for 1H15 to \$25.2m and normalised EBITDA was up 6.5% to \$9.8m
- As previously foreshadowed, the disruption to the Adelaide Casino continued throughout 1H15 while we completed the redevelopment works. This was completed on 22 January 2015 with the opening of Madame Hanoi. While normalised revenue increased 4.7% to A\$87.3m, primarily from IB, normalised EBITDA declined 27.4% from A\$18.6m to A\$13.5m, prior to branding project costs during the period
- SKYCITY Darwin achieved 2.9% EBITDA growth over the period, despite flat revenues in a challenging local market



# Results Overview – Key Take Outs

(page 2 of 3)

- The combined performance of SKYCITY Queenstown and SKYCITY Wharf was disappointing. Normalised revenues were down 1.5% to \$6.6m and normalised EBITDA was down by \$0.5m to \$0.5m
- The actual IB win rate for the period was 1.04% versus the theoretical win rate of 1.35%. However, a strong performance from IB in January 2015 has resulted in the year-to-date win rate increasing back above theoretical to 1.50%
- January trading has seen a continuation of the momentum exhibited during 1H15. Strong Auckland and IB activity have delivered normalised revenues for the month of \$88.6m up 23.2% on pcp. Reported revenues for the month of \$111.6m were up 63.9% as a result of the strong win rate in IB. Pleasingly, Adelaide delivered both revenue and EBITDA growth for the month
- Constructive discussions with the Crown regarding funding the additional costs of the NZICC project over and above SKYCITY's contractual obligation of \$402m are continuing. SKYCITY remains committed to building, developing and operating the NZICC and we are committed to achieving a solution that preserves value for our shareholders
- SKYCITY is progressing various funding initiatives that will lock-in current interest rates, extend the debt maturity profile and maintain SKYCITY's current debt funding headroom of approximately \$300m

# Results Overview – Key Take Outs

(page 3 of 3)

- SKYCITY has announced an interim dividend of 10 cents per share. The dividend will be 25% franked in Australia but not imputed in New Zealand. The Dividend Reinvestment Plan will not be available for this dividend, given the ongoing negotiations with the Crown over the NZICC funding



# 1H15 Revenue Summary by Business (incl Gaming GST)

		1H15 \$m	1H14 \$m	Movement	
				\$m	%
<b>New Zealand Casinos</b>					
▪ Auckland		302.5	258.0	44.5	17.2%
▪ Hamilton		25.2	24.9	0.3	1.2%
▪ Queenstown, Other		7.0	7.1	(0.1)	(1.4%)
Total New Zealand		334.7	290.0	44.7	15.4%
<b>Australian Casinos</b>					
▪ Adelaide	(A\$)	87.3	83.4	3.9	4.7%
▪ Darwin	(A\$)	73.1	72.9	0.2	0.3%
Total Australia	(A\$)	160.4	156.3	4.1	2.6%
Total Australia at LY fx rate 0.8820	(NZ\$)	181.9	177.0	4.9	2.6%
<b>Normalised Revenues at constant currency</b>					
		516.6	467.0	49.6	10.6%
Exchange rate impact at CY fx rate 0.9147					
		(6.6)	-		
<b>Normalised Revenues at actual currency</b>					
		510.0	467.0	43.0	9.2%
Adjust International Business to actual win rate					
		(14.5)	(1.9)	(12.6)	
<b>Reported Revenue at actual currency</b>					
		495.5	465.1	30.4	6.5%

- Revenue (including Gaming GST) is shown above to facilitate Australasian comparisons
- Normalised Revenue is adjusted for IB at theoretical win rate of 1.35%, versus actual 1.04% in 1H15 (1H14: 1.28%)
- Average NZD/AUD cross-rate during 1H15 0.9147 and 1H14 0.8820

# 1H15 EBITDA Summary by Business

		1H15	1H14	Movement	
		\$m	\$m	\$m	%
<b>New Zealand Casinos</b>					
▪ Auckland		124.3	108.1	16.2	15.0%
▪ Hamilton		9.8	9.2	0.6	6.5%
▪ Queenstown, Other		0.5	1.2	(0.7)	(58.3%)
Total New Zealand		134.6	118.5	16.1	13.6%
<b>Australian Casinos</b>					
▪ Adelaide	(A\$)	13.5	18.6	(5.1)	(27.4%)
▪ Darwin	(A\$)	21.6	21.0	0.6	2.9%
Total Australia	(A\$)	35.1	39.6	(4.5)	(11.4%)
Total Australia at LY fx rate 0.8820	(NZ\$)	39.7	44.7	(5.0)	(11.4%)
Corporate Costs		(16.4)	(13.4)	(3.0)	(22.3%)
Branding Project Costs		(2.1)	0.0	(2.1)	
<b>Normalised EBITDA at constant currency</b>		155.8	149.8	6.0	4.0%
Exchange rate impact at CY fx rate 0.9147		(1.4)	-		
<b>Normalised EBITDA at actual currency</b>		154.4	149.8	4.6	3.1%
Adjustments (Note 1)		(2.5)	(3.6)	1.1	
International Business adjustments (Note 1)		(11.1)	(2.6)	(8.5)	
<b>Reported EBITDA at actual currency</b>		140.8	143.6	(2.8)	(1.9%)

• Normalised EBITDA is adjusted for certain items and IB at theoretical  
 • Average NZD/AUD cross-rate during 1H15 0.9147 and 1H14 0.8820  
 Note 1: Adjustments are outlined on page 46


# 1H15 Property Updates



- Strong Revenue and EBITDA growth was achieved across all business segments. Normalised revenue increased 17.2% to \$302.5m and EBITDA increased 15.0% to \$124.3m. Excluding IB, Auckland revenues increased 9.3% to \$257.5m and EBITDA 8.6% to \$112.3m
- Auckland delivered record IB turnover of \$3.3bn up 101.1% on pcp from \$1.7bn
- Local tables performed strongly over the period with revenues up 11.0% on pcp, underpinned by improved customer segmentation and experiences delivered through Eight (our local VIP table games offering), our new Baccarat room and the success of our Federal Street restaurants
- Robust performance from gaming machines, delivering revenue growth of 3.8% over the period
- The revitalised Federal Street precinct and both SKYCITY Auckland hotels continue to go from strength-to-strength and reflect the benefits of being able to offer world-class integrated entertainment facilities to our local and international customers. We achieved a strong performance across our non-gaming businesses, namely:
  - Food & Beverage revenue was up 27.8%, underpinned by our 7 world-class restaurants
  - Hotel and Conventions revenue was up 9.3% with both the SKYCITY Hotel and SKYCITY Grand continuing to operate at industry-leading occupancy levels and achieving strong ADR growth
  - SKY Tower, Parking and Other revenues were up 12.7% on pcp





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- SKYCITY Auckland is now benefiting and delivering returns on the capital investment made in the facilities over the past few years (including: ‘Horizon’ Villas and Salons, Eight, Baccarat Room, Black Room, Federal Street, 7 world-class restaurants and the Grand Presidential suites)
  - The strong focus on cost management across the Auckland business continues to provide solid EBITDA leverage to revenue growth with pleasing and sustained margins
  - The Auckland property continues to benefit from positive external influences which are supportive of sustained growth for the property across the medium-term, including:
    - A robust Auckland & New Zealand macroeconomic environment
    - Growth in in-bound tourism into New Zealand
    - A strong calendar of events driving visitation to Auckland, from both locals and tourists
    - Supportive underlying Auckland immigration and demographics
  - We expect Auckland to continue to perform well for the remainder of FY15



# SKYCITY Auckland 1H15 – Normalised

	1H15	1H14	Movement	
	\$m	\$m	\$m	%
<b>Revenues</b>				
Machines	114.1	109.9	4.2	3.8%
Tables – Local	67.5	60.8	6.7	11.0%
Tables – IB (Normalised)	45.0	22.4	22.6	101.1%
<b>Normalised Gaming Revenue (incl GST)</b>	<b>226.6</b>	<b>193.1</b>	<b>33.5</b>	<b>17.3%</b>
Food and Beverage	31.7	24.8	6.9	27.8%
Hotels and Conventions	31.8	29.1	2.7	9.3%
Sky Tower, Parking and Other	12.4	11.0	1.4	12.7%
<b>Non-Gaming Revenue</b>	<b>75.9</b>	<b>64.9</b>	<b>11.0</b>	<b>16.9%</b>
<b>Total Normalised Revenue (incl gaming GST)</b>	<b>302.5</b>	<b>258.0</b>	<b>44.5</b>	<b>17.2%</b>
Gaming GST	(29.2)	(25.1)	(4.1)	(16.3%)
<b>Total Normalised Revenue (excl gaming GST)</b>	<b>273.3</b>	<b>232.9</b>	<b>40.4</b>	<b>17.3%</b>
Expenses	(121.8)	(110.0)	(11.8)	(10.7%)
Expenses – IB (Normalised)	(27.2)	(14.8)	(12.4)	(83.8%)
<b>Normalised EBITDA</b>	<b>124.3</b>	<b>108.1</b>	<b>16.2</b>	<b>15.0%</b>
<b>Normalised EBITDA Margin</b>	<b>41.1%</b>	<b>41.9%</b>		

- Gaming revenue figures as shown on this page is gaming win (inclusive GST). This facilitates Australasian comparisons
- Non-gaming revenue is net of GST
- Total revenue as shown is gaming win plus non-gaming revenue
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus non-gaming revenue - to facilitate Australasian comparisons

# 1H15 Property Update – Hamilton

- SKYCITY Hamilton returned to revenue and EBITDA growth in the period. Normalised revenue was up 1.2% to \$25.2m and normalised EBITDA increased 6.5% to \$9.8m. Normalised gaming revenues grew 3.9% to \$21.4m with non-gaming revenues falling 11.6% to \$3.8m
- A strong and improved second quarter resulted in the poor performance of the first quarter being turned around over the first half. The improved performance in gaming machine revenues, up 6.3% on pcp, a renewed focus on providing a better customer experience and loyalty programme, in addition to better product, facilities and cost management, have led to the overall turnaround and an increased EBITDA margin from 36.9% to 38.9%
- A new management team is now in place, led by Michelle Baillie (General Manager) following her promotion from SKYCITY Queenstown. Hamilton is now being overseen by John Mortensen, who has been promoted to Chief Operating Officer – NZ
- Hamilton City Council's 'River Plan Project' is supportive of the long-term growth of the property, given its ideal location and proximity to planned tourism infrastructure spend

# SKYCITY Hamilton 1H15 – Normalised

	1H15	1H14	Movement	
	\$m	\$m	\$m	%
<b>Revenues</b>				
Machines	17.0	16.0	1.0	6.3%
Tables – Local	4.4	4.6	(0.2)	(4.3%)
Tables – IB (Normalised)	0.0	0.0	0.0	91.9%
<b>Normalised Gaming Revenue (incl GST)</b>	<b>21.4</b>	<b>20.6</b>	<b>0.8</b>	<b>3.9%</b>
Food and Beverage	3.0	3.3	(0.3)	(9.1%)
Conventions, Parking and Other	0.8	1.0	(0.2)	(20.0%)
<b>Non-Gaming Revenue</b>	<b>3.8</b>	<b>4.3</b>	<b>(0.5)</b>	<b>(11.6%)</b>
<b>Total Normalised Revenue (incl gaming GST)</b>	<b>25.2</b>	<b>24.9</b>	<b>0.3</b>	<b>1.2%</b>
Gaming GST	(2.8)	(2.7)	(0.1)	(3.7%)
<b>Total Normalised Revenue (excl gaming GST)</b>	<b>22.4</b>	<b>22.2</b>	<b>0.2</b>	<b>0.9%</b>
Expenses	(12.6)	(12.9)	0.3	2.3%
Expenses – IB (Normalised)	0.0	(0.1)	0.1	100.0%
<b>Normalised EBITDA</b>	<b>9.8</b>	<b>9.2</b>	<b>0.6</b>	<b>6.5%</b>
<b>Normalised EBITDA margin</b>	<b>38.9%</b>	<b>36.9%</b>		

- Gaming revenue figures as shown on this page is gaming win (inclusive GST). This facilitates Australasian comparisons
- Non-gaming revenue is net of GST
- Total revenue as shown is gaming win plus non-gaming revenue
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus non-gaming revenue - to facilitate Australasian comparisons

- As previously foreshadowed, the overall performance of the Adelaide Casino was significantly impacted by the disruption of the final stages of the redevelopment works over this half
- Normalised revenue increased 4.7% to A\$87.3m but normalised EBITDA declined 27.4% to A\$13.5m, prior to the costs associated with the major property and brand re-launch campaign that went to air in January 2015
- The decline in EBITDA margins was primarily due to reduced visitation during the disruption, higher costs associated with the launch of new gaming and food & beverage facilities, increased marketing spend during the redevelopment phase and relatively high fixed labour costs over the period
- Although local table games revenue was up on pcp (both drop and hold), gaming machine revenue was slightly softer versus pcp. Gaming machine turnover grew by around 4%, but this was offset with a greater proportion of premium revenue which delivered a lower hold percentage. Overall this resulted in flat local gaming revenue
- Food & beverage revenue was down on the prior period for the majority of the half, whilst several outlets were closed for redevelopment, however returned to growth following the re-opening's to finish flat for the half overall. Our two new signature chef offerings in Sean's Kitchen by Sean Connelly (which successfully launched in October) and Madame Hanoi by Nic Watt (which opened on 22 January) are attracting strong visitation
- The revitalised property now offers a significantly improved main and premium gaming floor experiences for customers, new TITO and cashless gaming technologies and a greater variety of entertainment and hospitality options, including the two new signature restaurants

- The physical transformation of the existing Adelaide property is now complete
  - ~A\$50m of capex has been invested since late 2013 redeveloping the existing Adelaide Casino
  - Additionally, A\$20m was paid to the SA Government in February 2014 for the extension in licence exclusivity through to 2035
- With the completion of the redevelopment, the Adelaide Casino management team, led by Aaron Morrison, is now firmly focused on returning the property to sustainable revenue and EBITDA growth
- SKYCITY remains committed to transforming the Adelaide Casino into a world-class integrated entertainment and casino resort and continues to develop plans for the broader expansion of the property







**Sean's Kitchen**  
Opened October 2014



**Madame Hanoi**  
Opened January 2015





**VIP Black Room**  
*Opened December 2014*



# Adelaide Casino 1H15 – Normalised

	1H15 A\$m	1H14 A\$m	Movement	
			A\$m	%
<b>Revenues</b>				
Machines	28.9	30.0	(1.1)	(3.7%)
Tables – Local	40.2	38.8	1.4	3.6%
Tables – IB (Normalised)	10.3	6.8	3.5	51.9%
<b>Normalised Gaming Revenue (incl GST)</b>	<b>79.4</b>	<b>75.6</b>	<b>3.8</b>	<b>5.0%</b>
Food and Beverage	7.1	7.1	0.0	0.0
Parking and Other	0.8	0.7	0.1	14.3%
<b>Total Normalised Revenue (incl gaming GST)</b>	<b>87.3</b>	<b>83.4</b>	<b>3.9</b>	<b>4.7%</b>
Gaming GST	(7.2)	(6.9)	(0.3)	(4.3%)
<b>Total Normalised Revenue (excl gaming GST)</b>	<b>80.1</b>	<b>76.5</b>	<b>3.6</b>	<b>4.7%</b>
Expenses	(59.2)	(53.4)	(5.8)	(10.9%)
Expenses – IB (Normalised)	(7.4)	(4.5)	(2.9)	(64.4%)
<b>Normalised EBITDA <sup>(1)</sup></b>	<b>13.5</b>	<b>18.6</b>	<b>(5.1)</b>	<b>(27.4%)</b>
<b>EBITDA margin</b>	<b>15.5%</b>	<b>22.3%</b>		

• (1) Excludes \$1.1m of project branding costs during the period

- Gaming revenue figures as shown on this page is gaming win (inclusive GST). This facilitates Australasian comparisons
- Non-gaming revenue is net of GST
- Total revenue as shown is gaming win plus non-gaming revenue
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus non-gaming revenue - to facilitate Australasian comparisons



# 1H15 Property Update – Darwin

- SKYCITY Darwin achieved EBITDA growth over the period despite modest revenue growth and a challenging local market. Normalised revenue increased marginally to A\$73.1m while EBITDA increased 2.9% to A\$21.6m
  - The performance was primarily driven by robust growth in local table games, significant growth in IB turnover and a strong focus on cost and subsidy management
  - IB in Darwin grew significantly over 1H15 with normalised revenues up 74.8% to A\$5.9m highlighting the potential of Darwin as an IB destination. This is a core focus for continued future growth
  - Excluding IB, Darwin's revenues decreased 3.4% to A\$67.2m while EBITDA increased 0.5% to A\$21.5m
- Despite strong local table games revenues, total local gaming revenue softened overall with local pubs & clubs being granted permission to operate bill acceptors on gaming machines. We expect that the introduction of TITO across the property will mitigate some of the softness experienced in 1H15
- The property is expected to benefit in the medium-term from the completion and opening of 'Aces' Sports Bar in April 2015, the completion of the soft refurbishment of the main gaming floor scheduled for June and the redevelopment of the Sunset Restaurant due to commence in 4Q15
- Under SKYCITY Darwin's Casino Operator Agreement ("COA"), the NT Government will review gaming tax rates toward the end of FY15 (and must be completed by 31 August 2015)
  - Gaming tax rates would apply for the next 10 years to June 2025
  - The COA outlines factors that the Minister must consider in his tax review, including the GST rate and the average tax rates for similar casinos in Australia

# SKYCITY Darwin 1H15 – Normalised

	1H15	1H14	Movement	
	A\$m	A\$m	A\$m	%
<b>Revenues</b>				
Machines	31.2	32.3	(1.1)	(3.4%)
Tables – Local	10.1	9.5	0.6	6.3%
Keno	8.8	9.4	(0.6)	(6.4%)
Tables – IB (Normalised)	5.9	3.3	2.6	74.8%
<b>Normalised Gaming Revenue (incl GST)</b>	<b>56.0</b>	<b>54.5</b>	<b>1.5</b>	<b>2.8%</b>
Food and Beverage	8.1	9.7	(1.6)	(16.5%)
Hotel	5.3	5.4	(0.1)	(1.8%)
Conventions and Other	3.7	3.3	0.4	12.1%
<b>Non-Gaming Revenue</b>	<b>17.1</b>	<b>18.4</b>	<b>(1.3)</b>	<b>(7.1%)</b>
<b>Total Normalised Revenue (incl gaming GST)</b>	<b>73.1</b>	<b>72.9</b>	<b>0.2</b>	<b>0.3%</b>
Gaming GST	(5.0)	(4.9)	(0.1)	(2.0%)
<b>Total Normalised Revenue (excl gaming GST)</b>	<b>68.1</b>	<b>68.0</b>	<b>0.1</b>	<b>0.1%</b>
Expenses	(41.1)	(43.5)	2.4	5.5%
Expenses – IB (Normalised)	(5.4)	(3.5)	(1.9)	(54.3%)
<b>Normalised EBITDA</b>	<b>21.6</b>	<b>21.0</b>	<b>0.6</b>	<b>2.9%</b>
<b>EBITDA Margin</b>	<b>29.5%</b>	<b>28.8%</b>		

- Gaming revenue figures as shown on this page is gaming win (inclusive GST). This facilitates Australasian comparisons
- Non-gaming revenue are net of GST
- Total revenue as shown is gaming win plus non-gaming revenue
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus non-gaming revenue - to facilitate Australasian comparisons

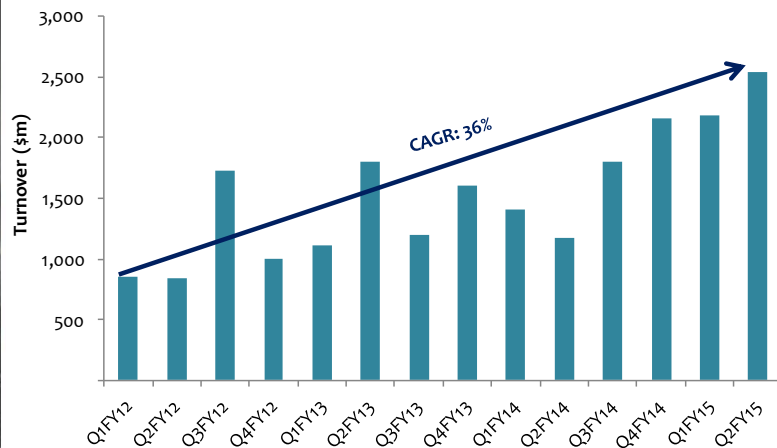


# 1H15 Update – Consolidated International Business

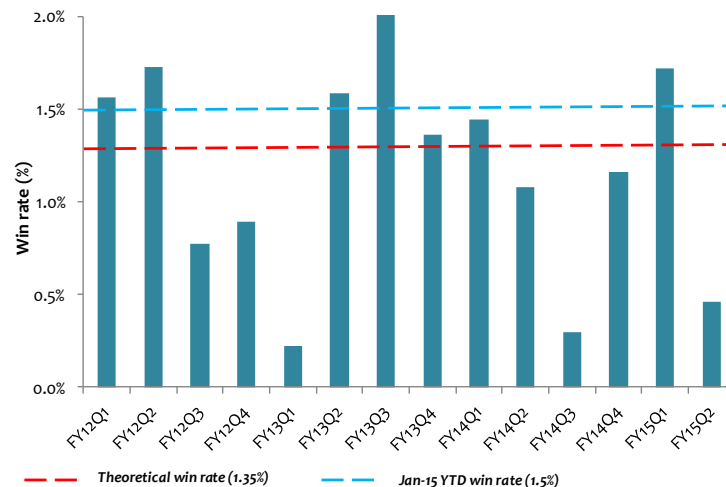
- SKYCITY's International Business delivered record activity during the period, with turnover across all properties nearly doubling to \$4.7bn
- Growth in IB turnover was underpinned by the success of our expanded sales and marketing team, increased recognition of our 'Horizon' brand and offering, higher table differential levels (NZ\$250k) introduced during FY14, a strong focus on direct relationships with our VIP customers and continued growth in the number of Asian VIP customers visiting New Zealand
- Across all properties, normalised IB revenue for 1H15 increased 83.6% to \$63.8m and normalised EBITDA increased 133.9% from \$6.2m to \$14.5m. Auckland normalised revenue was up over 100% to \$45.0m representing 70% of group IB
- The normalised EBITDA margin for the period was 22.7%, which is up from 17.8%, reflecting greater operating leverage across the business and with junket business representing less than 40% of turnover

# 1H15 Update – Consolidated International Business

- Sustained turnover growth across IB, with a 36% CAGR since July 2012 and 1H15 up 83.6% on pcp
- An actual win % for 1H15 of 1.04% compared to theoretical of 1.35%, which, following a strong January result, has increased back to 1.50% (as at YTD 31 January 2015)



	1H15	1H14	Movement	
Turnover	\$m	\$m	\$m	%
Auckland (NZ\$)	3,335.6	1,658.7	1,676.9	101.1%
Hamilton	2.7	1.4	1.3	91.9%
Queenstown/Wharf	89.5	87.6	1.9	2.2%
Adelaide (AU\$)	758.2	499.0	259.2	51.9%
Darwin (AU\$)	437.4	250.3	187.1	74.8%
<b>Total Turnover (NZ\$)</b>	<b>4,726.6</b>	<b>2,575.1</b>	<b>2,151.5</b>	<b>83.6%</b>



- Adelaide and Darwin are shown in AUD. The totals in each section have Australian numbers converted at the relevant exchange rate each month
- Average NZD/AUD cross-rate during 1H15 0.9147 and 1H14 0.8820

# 1H15 Update – Consolidated International Business

	1H15	1H14	Movement		1H15	1H14
<b>Normalised Revenue (incl Gaming GST)</b>	\$m	\$m	\$m	%	<b>Theoretical Win %</b>	
Auckland (NZ\$)	45.0	22.4	22.6	101.1%	1.35%	1.35%
Hamilton (NZ\$)	0.0	0.0	0.0	91.9%	1.35%	1.35%
Queenstown/Wharf (NZ\$)	1.2	1.2	0.0	2.2%	1.35%	1.35%
Adelaide (AU\$)	10.3	6.8	3.5	51.9%	1.35%	1.35%
Darwin (AU\$)	5.9	3.3	2.6	74.8%	1.35%	1.35%
<b>Total Normalised Revenue (NZ\$)</b>	<b>63.8</b>	<b>34.8</b>	<b>29.0</b>	<b>83.6%</b>	<b>1.35%</b>	<b>1.35%</b>
<b>Reported Revenue (incl Gaming GST)</b>	\$m	\$m	\$m	%	<b>Actual Win %</b>	
<b>Total Reported Revenue (NZ\$)</b>	<b>49.3</b>	<b>32.9</b>	<b>16.4</b>	<b>49.8%</b>	<b>1.04%</b>	<b>1.28%</b>
<b>EBITDA</b>	\$m	\$m	\$m	%		
<b>Total Normalised EBITDA</b>	<b>14.5</b>	<b>6.2</b>	<b>8.3</b>	<b>133.9%</b>		
<b>Total Normalised EBITDA margin</b>	<b>22.7%</b>	<b>17.8%</b>	<b>4.9%</b>			
<b>Total Reported EBITDA</b>	<b>3.4</b>	<b>3.6</b>	<b>(0.2)</b>	<b>(5.6%)</b>		



# 1H15 Update – Normalised D&A, Interest, Tax and Other

- Depreciation & Amortisation was up \$5.0m due primarily to:
  - Recent capital investment in Auckland and Adelaide (resulting in an increase in Depreciation of \$2.4m)
  - Increased amortisation of the Adelaide Casino licence value (resulting in an increase in Amortisation of \$1.4m)
- Expect 2H15 Depreciation & Amortisation to be similar to that in 1H15 (\$43.2m)
- Interest costs (\$22.0m) and tax expense (\$22.6m) were both stable relative to the pcp
- Corporate costs were higher in 1H15 compared to the pcp mainly due to:
  - Increased sponsorship commitments
  - The reversal of employee incentive accruals in FY14
- As separately indentified, branding project costs amounted to \$2.1m for the period, which included the Adelaide rebranding campaign (\$1.1m) and the New Zealand campaign commenced in January 2015 (\$1.0m)



A chef in a white uniform is shown from the chest up, with his arms raised in a celebratory gesture. He is looking upwards with a joyful expression. A large amount of white sugar powder is falling from above, creating a dramatic, sparkling effect against a dark background. The chef's uniform has a small logo on the left chest that reads "THE SUGAR CLUB".

# January 2015 Trading Update

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# January 2015 – Trading Update

- January trading has seen a continuation of the momentum exhibited during 1H15. Strong Auckland and IB activity have delivered normalised revenue for the month of \$88.6m up 23.2% from \$71.9m in the pcp. Reported revenue for the month of \$111.6m was up 63.9% from \$68.1m in the pcp as a result of the strong win rate in IB
- For the seven month period to 31 January 2015, group normalised revenue is up 11.1% and reported revenue up 13.8%, both vs. pcp
- Auckland has continued to deliver good growth in January, with normalised revenues up 33.9% on pcp to \$56.5m, across all business segments. A favourable macro outlook for the next few months in Auckland with a large pipeline of events, in addition to Chinese New Year celebrations starting in late February, should underpin performance for the remainder of FY15
- IB turnover and normalised revenues for January increased 112.4% to \$925m and \$12.5m, respectively
  - Year-to-date to 31 January 2015 turnover of \$5.65 billion, up 87.7% on pcp
  - Actual win rate for the month of 3.84% resulting in a win rate of 1.50% for the seven months ended 31 January
- Adelaide starting to show early signs of recovery after completion of the redevelopment, with normalised revenue up 2.2% in January 2015 on pcp and margins lifting versus 1H15 with tighter cost controls and improved labour scheduling

# Interim Dividend



# Interim Dividend of 10 cents per share

	1H15	1H14	Movement	
Dividend – NZ\$	10.0 cps	10.0 cps	0.0cps	0.0%
Dividend – A\$*	9.5 cps	9.3 cps	0.2cps	2.1%

- The interim dividend of 10 cents per share is consistent with prior year
- The dividend is calculated in accordance with the previously announced policy
  - Corresponds to a payout ratio of 88% of Normalised NPAT
  - Based on a share price of NZ\$3.90, this represents an annualised cash dividend yield of 5.1%
- The interim 1H15 dividend will be 25% franked in Australia and not imputed in New Zealand
- The FY15 final dividend is proposed to be 25% imputed in New Zealand in order to reduce prepaid tax
- The Dividend Reinvestment Plan will not be available for the 1H15 dividend given the ongoing negotiations with the Crown over the NZICC funding
- The payment date is 2 April 2015 (entitlement / record date 20 March 2015)

\* For illustrative purposes, converting Interim Dividend cps to A\$, 1H15 converted at the 9<sup>th</sup> February 2015 rate of 0.9471 and 1H14 at 10<sup>th</sup> February 2014 rate of 0.9252



# Capital Projects Update



A nighttime aerial view of a city skyline. The CN Tower is the central focus, illuminated against a dark sky with some clouds. In the foreground, a large, modern convention center building with a glass facade and a dark, angular roof is visible. The surrounding city is lit up with various building lights and streetlights, creating a vibrant urban scene. Light trails from traffic are visible on the roads in the foreground.

# New Zealand International Convention Centre

# NZICC – Update

- Significant progress on NZICC achieved in 1H15:
  - Completed Preliminary Design after working closely with the Crown’s design team and submitted to the Crown for approval in October 2014
  - Applied to Auckland Council for resource consent in December 2014 (currently under consideration)
- We have worked closely with the Crown to achieve the objective of a landmark development for Auckland that will generate significant economic benefits for the city and New Zealand
- Also announced plans for an adjacent five star 300-room SKYCITY hotel and pedestrian laneway which is to be developed separately
- As announced in December 2014:
  - Early estimates of full cost of NZICC development have been revised to \$470-530m depending on level of future construction cost inflation
  - SKYCITY and the Crown are working constructively to address the funding of costs above SKYCITY’s \$402m contractual obligation
  - SKYCITY and the Crown have extended the date for formally approving Preliminary Design until the end of February 2015
- SKYCITY is committed to achieving a solution which preserves value for shareholders



# Adelaide Redevelopment

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# Proposed Adelaide Expansion

- SKYCITY initially outlined its high level concept plans for the Adelaide redevelopment in 2012 – comprising a casino expansion, new signature food & beverage offerings and a boutique 6 Star hotel, with an indicative cost of A\$350m
- Having subsequently reached formal agreement with the SA Government and commenced under a new regulatory and taxation framework in early 2014, SKYCITY has spent A\$20m extending the exclusivity of its licence and A\$50m significantly redeveloping its existing facilities
- SKYCITY remains committed to maximising the opportunity at the Adelaide Casino, consistent with our vision of transforming the property into a world-class integrated casino entertainment complex and achieving a satisfactory return for shareholders
- SKYCITY is currently exploring a range of different expansion options, including additional ‘Horizon’ VIP villas and suites and an expanded hotel, which would potentially increase the costs for the project over the indicative cost of A\$350m
- SKYCITY and Walker Corporation are finalising terms for the lease for up to 1,000 car park spaces in the adjacent Adelaide Festival Plaza development

A basketball player is shown from the back, wearing a black jersey with 'SEATTLE SEA MONKS' and 'THE BREAKERS' in blue and white lettering. The number '4' is visible on the back. The player's arms are outstretched, and his head is tilted back with his mouth open in a shout or cheer. The background is dark with bright spotlights creating lens flares. A scoreboard is partially visible in the upper left corner.

# Capital Expenditure and Funding

# Capital Expenditure

- Maintenance capital expenditure (“capex”) of \$24.9m for 1H15 consistent with expectations – expect 2H15 to be similar to that in 1H15
- Project capex for 1H15 mainly related to Adelaide redevelopment and NZICC projects
- Other projects to be completed in FY15 include:
  - Auckland Grand Hotel refurbishment (1-2 floors)
  - Darwin Sports Bar, Sunset Restaurant and TITO installation
- Once negotiations are completed with the Crown regarding the NZICC funding we shall provide a further update on our long-term capex outlook

Capex Spend	1H15 \$m	2H14 \$m	1H14 \$m
NZICC	5.4	17.8	5.6
Adelaide development	20.1	48.1	4.7
Other Projects	10.6	15.1	24.6
<b>Total Project Capex</b>	<b>36.1</b>	<b>81.0</b>	<b>34.9</b>
Maintenance Capex	24.9	22.4	29.8
<b>Total NZ\$</b>	<b>61.0</b>	<b>103.4</b>	<b>64.7</b>
<b>Depreciation &amp; Amortisation <sup>(1)</sup></b>	<b>43.2</b>	<b>40.4</b>	<b>38.2</b>

(1) Normalised Depreciation and Amortisation

- Two upcoming debt maturities require refinancing:
  - \$88.2m of USPP senior notes maturing in March 2015
  - \$76.5m of NZ capital notes maturing in May 2015
- Progressing funding initiatives which will facilitate refinancing, lock-in current low interest rates, extend the maturity profile and maintain debt funding headroom of ~\$300m
- Credit approval received from existing banking syndicate to extend maturities of existing facilities but with lower margins
  - Mix of 4, 5 and 6-year maturities approved
  - Expect to be fully documented by end of February 2015
  - Annualised pre-tax interest cost reduction of approximately \$2m based on current utilisation of bank facilities
- Also planning a NZ senior bond issue in advance of the maturing capital notes, and considering options for further USPP issues
- SKYCITY has no further debt maturities until March 2017 (when US\$27m of USPP senior notes mature)

- SKYCITY is committed to maintaining its BBB- investment grade credit rating
- SKYCITY is committed to its current dividend policy for the foreseeable future
- Once negotiations are concluded with the Crown regarding the NZICC funding and the Adelaide expansion project is fully developed, we will provide a further update on long-term funding. As noted, in the meantime, SKYCITY will maintain its \$300m of debt funding headroom





# Conclusion





# Conclusion

- Continued growth across our core businesses, underpinned by a strong performance in Auckland and our International Business, delivering record activity levels, with good and sustained momentum into January
- Significant progress made on the transformation of the Adelaide property. With the completion of the redevelopment, the Adelaide Casino management team, led by Aaron Morrison, is now firmly focused on returning the property to sustainable revenue and EBITDA growth
- Significant progress achieved on the NZICC project during 1H15, and SKYCITY continues to have constructive discussions with the Crown regarding funding the additional costs of the NZICC project
- Management focus for the remainder of FY15:
  - Continue to optimise the operating performance of all business segments
  - Continue to actively manage the Adelaide transformation process
  - Achieve a solution with the Crown for funding the NZICC project which preserves value for shareholders



# Appendices and Financial Summaries

Six months ending 31 December  
2014

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# 1H15 Results Overview – Normalised Results

Normalised	1H15	1H14	Movement	
	\$m	\$m	\$m	%
Normalised Revenue (including Gaming GST)	510.0	467.0	43.0	9.2%
Gaming GST	(46.1)	(41.7)	(4.4)	(10.6%)
<b>Normalised Revenue</b>	<b>463.9</b>	<b>425.3</b>	<b>38.6</b>	<b>9.1%</b>
Expenses	(309.5)	(275.5)	(34.0)	(12.3%)
<b>Normalised EBITDA</b>	<b>154.4</b>	<b>149.8</b>	<b>4.6</b>	<b>3.1%</b>
Depreciation and Amortisation	(43.2)	(38.2)	(5.0)	(13.1%)
<b>Normalised EBIT</b>	<b>111.2</b>	<b>111.6</b>	<b>(0.4)</b>	<b>(0.3%)</b>
Interest Cost	(22.0)	(22.6)	0.6	2.7%
<b>Normalised NPBT</b>	<b>89.2</b>	<b>89.0</b>	<b>0.2</b>	<b>0.2%</b>
Tax	(22.6)	(22.6)	(0.0)	(0.0%)
<b>Normalised NPAT</b>	<b>66.6</b>	<b>66.4</b>	<b>0.2</b>	<b>0.3%</b>
<b>Normalised EPS</b>	<b>11.4 cps</b>	<b>11.5 cps</b>	<b>(0.1 cps)</b>	<b>(0.9%)</b>

- Revenue (including Gaming GST) is shown above to facilitate Australasian comparisons
- Normalised NPAT adjusts for certain items and International Business (IB) at theoretical win rate of 1.35% versus actual 1.04% in 1H15 (1H14: 1.28%)
- Average NZD/AUD cross-rate during 1H15 0.9147 and 1H14 0.8820



# 1H15 Results Overview – Reported Results

Reported	1H15 \$m	1H14 \$m	Movement	
			\$m	%
Reported Revenue (including Gaming GST)	495.5	465.1	30.4	6.5%
Gaming GST	(44.0)	(41.6)	(2.4)	(5.8%)
<b>Reported Revenue</b>	<b>451.5</b>	<b>423.5</b>	<b>28.0</b>	<b>6.6%</b>
Expenses	(310.7)	(279.9)	(30.8)	(11.0%)
<b>Reported EBITDA</b>	<b>140.8</b>	<b>143.6</b>	<b>(2.8)</b>	<b>(1.9%)</b>
Depreciation and Amortisation	(43.2)	(39.2)	(4.0)	(10.2%)
<b>Reported EBIT</b>	<b>97.6</b>	<b>104.4</b>	<b>(6.8)</b>	<b>(6.5%)</b>
Interest Cost	(24.9)	(24.2)	(0.7)	(2.9%)
Profit from disposal of Christchurch Casino	0.0	0.9	(0.9)	(100.0%)
<b>Reported NPBT</b>	<b>72.7</b>	<b>81.1</b>	<b>(8.4)</b>	<b>(10.4%)</b>
Tax	(18.1)	(20.0)	1.9	9.5%
<b>Reported NPAT</b>	<b>54.6</b>	<b>61.1</b>	<b>(6.5)</b>	<b>(10.6%)</b>
<b>Reported EPS</b>	<b>9.3 cps</b>	<b>10.6 cps</b>	<b>(1.3 cps)</b>	<b>(12.3%)</b>
<b>Interim Dividend NZ\$ cps</b>	<b>10.0 cps</b>	<b>10.0 cps</b>	-	-

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

# 1H15 EBIT Summary by Business Unit

		1H15 \$m	1H14 \$m	Movement	
				\$m	%
<b>New Zealand Casinos</b>					
▪ Auckland		101.0	86.9	14.1	16.2%
▪ Hamilton		7.6	7.2	0.4	5.6%
▪ Queenstown, Other		0.0	0.7	(0.7)	(100.0%)
<b>Total New Zealand</b>		<b>108.6</b>	<b>94.8</b>	<b>13.8</b>	<b>14.6%</b>
<b>Australian Casinos</b>					
▪ Adelaide	(A\$)	6.4	14.2	(7.8)	(54.9%)
▪ Darwin	(A\$)	15.4	14.9	0.5	3.3%
<b>Total Australia</b>	(A\$)	<b>21.8</b>	<b>29.1</b>	<b>(7.3)</b>	<b>(25.1%)</b>
<b>Total Australia at LY fx rate 0.8820</b>	(NZ\$)	<b>24.7</b>	<b>32.8</b>	<b>(8.1)</b>	<b>(25.1%)</b>
Corporate Costs		(19.3)	(16.0)	(3.3)	(20.6%)
Branding Project Costs		(2.1)	0.0	(2.1)	
<b>Normalised EBIT at constant currency</b>		<b>111.9</b>	<b>111.6</b>	<b>0.3</b>	<b>0.3%</b>
Exchange rate impact at CY fx rate 0.9147		(0.7)	-		
<b>Normalised EBIT at actual currency</b>		<b>111.2</b>	<b>111.6</b>	<b>(0.4)</b>	<b>(0.4%)</b>
Adjustments (Note 1)		(2.5)	(4.6)	2.1	
International Business adjustments (Note 1)		(11.1)	(2.6)	(8.5)	
<b>Reported EBIT at actual currency</b>		<b>97.6</b>	<b>104.4</b>	<b>(6.8)</b>	<b>(6.5%)</b>

- Normalised EBIT is adjusted for certain items and IB at theoretical
  - Average NZD/AUD cross-rate during 1H15 0.9147 and 1H14 0.8820
- Note 1: Adjustments are outlined on page 46



# SKYCITY Queenstown/Wharf 1H15 – Normalised

	1H15	1H14	Movement	
	\$m	\$m	\$m	%
<b>Revenues</b>				
Machines	2.1	2.0	0.1	5.0%
Tables – Local	1.3	1.6	(0.3)	(18.8%)
Tables – IB (Normalised)	1.2	1.2	0.0	2.2%
<b>Normalised Gaming Revenue (incl GST)</b>	<b>4.6</b>	<b>4.8</b>	<b>(0.2)</b>	<b>(4.2%)</b>
Food and Beverage	0.4	0.5	(0.1)	(20.0%)
<b>Total Normalised Revenue (incl gaming GST)</b>	<b>5.0</b>	<b>5.3</b>	<b>(0.3)</b>	<b>(5.7%)</b>
Wharf Casino	1.6	1.4	0.2	14.3%
<b>Total Normalised Revenue (incl Wharf Casino)</b>	<b>6.6</b>	<b>6.7</b>	<b>(0.1)</b>	<b>(1.5%)</b>
Gaming GST	(0.7)	(0.7)	0.0	0.0%
<b>Total Normalised Revenue (excl gaming GST)</b>	<b>5.9</b>	<b>6.0</b>	<b>(0.1)</b>	<b>(1.7%)</b>
Expenses	(4.4)	(4.3)	(0.1)	(2.3%)
Expenses – IB (Normalised)	(1.0)	(0.7)	(0.3)	42.9%
<b>Normalised EBITDA</b>	<b>0.5</b>	<b>1.0</b>	<b>(0.5)</b>	<b>(50.0%)</b>
<b>Normalised EBITDA margin</b>	<b>7.6%</b>	<b>14.9%</b>		

- Gaming revenue figures as shown on this page is gaming win (inclusive GST). This facilitates Australasian comparisons
- Non-gaming revenue is net of GST
- Total revenue as shown is gaming win plus non-gaming revenues
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus non-gaming revenue - to facilitate Australasian

# Reported and Normalised Earnings

	1H15				1H14			
	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m
<b>Normalised</b>	<b>510.0</b>	<b>154.4</b>	<b>111.2</b>	<b>66.6</b>	<b>467.0</b>	<b>149.8</b>	<b>111.6</b>	<b>66.4</b>
Adelaide redevelopment costs	-	(1.5)	(1.5)	(1.0)	-	(1.6)	(1.6)	(1.1)
NZICC interest and other costs	-	(0.3)	(0.3)	(2.3)	-	-	-	(1.1)
Strategic projects	-	-	-	-	-	(0.3)	(0.3)	(0.2)
Restructuring costs	-	(0.5)	(0.5)	(0.4)	-	(1.1)	(1.1)	(0.8)
Auckland project costs	-	(0.2)	(0.2)	(0.1)	-	(0.6)	(1.6)	(1.2)
Profit from sale of Christchurch	-	-	-	-	-	-	-	1.0
<b>Total Adjustments</b>	<b>-</b>	<b>(2.5)</b>	<b>(2.5)</b>	<b>(3.8)</b>	<b>-</b>	<b>(3.6)</b>	<b>(4.6)</b>	<b>(3.4)</b>
<b>Adjusted</b>	<b>510.0</b>	<b>151.9</b>	<b>108.7</b>	<b>62.8</b>	<b>467.0</b>	<b>146.2</b>	<b>107.0</b>	<b>63.0</b>
International Business at Theoretical	(14.5)	(11.1)	(11.1)	(8.2)	(1.9)	(2.6)	(2.6)	(1.9)
<b>Reported</b>	<b>495.5</b>	<b>140.8</b>	<b>97.6</b>	<b>54.6</b>	<b>465.1</b>	<b>143.6</b>	<b>104.4</b>	<b>61.1</b>

- Revenue includes GST inclusive gaming revenue and GST exclusive non-gaming revenue
- Normalised (underlying) earnings eliminates certain items and adjusts international VIP commission business win rate to theoretical



# 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
- Gaming Revenue figures reflect gaming win (inclusive of gaming GST). This facilitates Australasian comparisons and is consistent with the treatment adopted by major Australian casinos
- Non-gaming Revenues are net of GST
- Total Revenues are gaming win plus Non-gaming Revenues
- EBITDA margin is calculated as a % of gaming win (GST inclusive) plus Non-gaming Revenue – to facilitate Australasian and period on period comparisons



# Reported and Normalised Earnings

- Key Adjustments are:
  - Adelaide redevelopment costs – Structural redundancies and launch costs for new facilities (Sean’s Kitchen, Black Room)
  - NZICC – Interest on purchase of New Zealand International Convention Centre (NZICC) land bank (calculated using the Group’s average cost of debt of 6.7% on an average balance of \$83m) and other costs specific to this project
  - Strategic project costs - Brisbane, Gold Coast and other miscellaneous items
  - Restructuring costs – Costs associated with changing the staffing structures under an approved restructuring plan
  - Auckland project costs – Project, pre-opening and launch costs related to Auckland facilities such as the Federal Street launch. 1H14 includes Sugar Club, Fed Deli, Masu and the new gaming rooms
- IB win rate at 1.04% for 1H15 (1H14: 1.28%)
- Normalisation adjustments have been calculated in a consistent manner in 1H15 and 1H14

# Impact of Currency Fluctuations

	1H15 Actual	1H15 Constant Currency	1H14 Actual	Movement 1H15 Constant Currency v 1H14 Actual	
	\$m	\$m	\$m	\$m	%
Normalised Revenue (incl Gaming GST)	510.0	516.6	467.0	49.6	10.6%
Normalised EBITDA	154.4	155.8	149.8	6.0	4.0%
Normalised EBIT	111.2	111.9	111.6	0.3	0.3%
Normalised NPAT	66.6	66.9	66.4	0.5	0.8%
Reported Revenue (incl Gaming GST)	495.5	502.2	465.1	37.1	8.0%
Reported EBITDA	140.8	142.4	143.6	(1.2)	(0.8%)
Reported EBIT	97.6	98.5	104.4	(5.9)	(5.7%)
Reported NPAT	54.6	55.0	61.1	(6.1)	(10.0%)

- Average NZD/AUD cross-rate during 1H15 0.9147 and 1H14 0.8820
- Constant currency translates 1H15 Australian dollar results to NZ dollars at 0.8820



# Disclaimer

- *All information included in this presentation is provided as at 11 February 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*



**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)

Full name of Issuer **SKYCITY Entertainment Group Limited**

Name of officer authorised to  
make this notice

**Peter Treacy**

Authority for event,  
e.g. Directors' resolution

**Directors' resolution**

Contact phone  
number

**(09) 363 6000**

Contact fax  
number

**(09)363 6140**

Date

**11 / 2 / 2015**

**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

Enter N/A if not  
applicable

Treatment of Fractions

Strike price per security for any issue in lieu or date  
Strike Price available.

Tick if  
pari passu

OR  
provide an  
explanation  
of the  
ranking

**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

**\$0.000000**

Total monies

**\$58,747,274**

Date Payable

**2 April, 2015****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

**\$0.033000**

Imputation Credits  
(Give details)

**\$0.000000**

Foreign  
Withholding Tax

\$

FWP Credits  
(Give details)

**Timing**

(Refer Appendix 8 in the NZSX Listing Rules)

**Record Date 5pm**

For calculation of entitlements -

**20 March, 2015****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.

**2 April, 2015****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:



**SKYCITY Entertainment Group Limited**  
**Interim financial report**  
**for the six month period ended 31**  
**December 2014**

For and on behalf of the Board:



Chris Moller  
Chairman



Bruce Carter  
Chairman of the Audit and Financial Risk Committee

11 February 2015



## ***Independent Review Report***

to the shareholders of SKYCITY Entertainment Group Limited

### ***Report on the Interim Financial Statements***

We have reviewed the accompanying financial statements of SKYCITY Entertainment Group Limited (“the Group”) on pages 1 to 15 which comprise the consolidated balance sheet as at 31 December 2014, and the consolidated income statement, the statement of comprehensive income, the statement of cash flows and the consolidated statement of changes in equity for the period ended on that date, and a summary of significant accounting policies and selected explanatory notes.

### ***Directors’ Responsibility for the Financial Statements***

The Directors’ of the Group are responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (NZ IAS 34) and for such internal controls as the Directors’ determine are necessary to enable the preparation of 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 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 financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34. As the auditors of the Group, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of 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 financial statements.

Our firm carries out other services for the Group in the areas of accounting assistance, tax, and other advisory services. Appropriate safeguards were applied to reduce the threats to independence from the provision of other services to an acceptable level. The provision of these other services has not impaired our independence as auditors of the Group.



## ***Independent Review Report***

SKYCITY Entertainment Group Limited

### ***Conclusion***

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

### ***Restriction on Use of Our Report***

This report is made solely to the Group's shareholders, as a body. Our review work has been undertaken so that we might state to the Group'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 Group's shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

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

Chartered Accountants  
11 February 2015

Auckland



**SKYCITY Entertainment Group Limited**  
**Consolidated income statement**  
For the six month period ended 31 December 2014

	Notes	Unaudited 6 months 31 December 2014 \$'000	Unaudited 6 months 31 December 2013 \$'000	Audited 12 months 30 June 2014 \$'000
Total receipts including GST	4	509,552	478,053	928,228
Less non-gaming GST	4	<u>(14,832)</u>	<u>(13,546)</u>	<u>(26,694)</u>
Gaming win plus non-gaming revenue	4	494,720	464,507	901,534
Gaming GST	4	<u>(44,047)</u>	<u>(41,648)</u>	<u>(81,051)</u>
<b>Revenue</b>	4	<b>450,673</b>	<b>422,859</b>	<b>820,483</b>
 <b>Revenue</b>	4	 <b>450,673</b>	 <b>422,859</b>	 <b>820,483</b>
Other income	5	794	652	1,000
Employee benefits expense		(152,337)	(139,287)	(280,009)
Other expenses	6	(71,021)	(57,619)	(121,007)
Direct consumables		(37,880)	(33,942)	(68,028)
Gaming taxes and levies		(27,711)	(29,420)	(55,361)
Marketing and communications		(18,574)	(15,431)	(30,343)
Directors' fees		(578)	(565)	(1,130)
Depreciation and amortisation expense	6	(43,299)	(39,157)	(80,769)
Restructuring costs	6	(2,517)	(3,643)	(9,170)
Gain on disposal of associate		-	934	934
Finance costs - net	7	<u>(24,899)</u>	<u>(24,232)</u>	<u>(48,049)</u>
<b>Profit before income tax</b>		<b>72,651</b>	<b>81,149</b>	<b>128,551</b>
Income tax expense		<u>(18,092)</u>	<u>(20,088)</u>	<u>(30,014)</u>
<b>Profit for the period</b>		<b>54,559</b>	<b>61,061</b>	<b>98,537</b>
		<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit attributable to the shareholders of the company:</b>				
Basic earnings per share (cents)		<b>9.3</b>	10.6	17.0
Diluted earnings per share (cents)		<b>9.3</b>	10.4	17.0

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

**SKYCITY Entertainment Group Limited**  
**Statement of comprehensive income**  
**31 December 2014**

		Unaudited 6 months 31 December 2014 \$'000	Unaudited 6 months 31 December 2013 \$'000	Audited 12 months 30 June 2014 \$'000
<b>Profit for the period</b>		<b>54,559</b>	61,061	98,537
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to Profit and Loss</b>				
Exchange differences on translation of overseas subsidiaries	13	(4,994)	(24,116)	(27,102)
Movement in cash flow hedges	13	(2,263)	(1,455)	(4,546)
Income tax relating to components of other comprehensive income		638	465	1,375
<b>Other comprehensive (expenses)/income for the period</b>		<u>(6,619)</u>	<u>(25,106)</u>	<u>(30,273)</u>
<b>Total comprehensive income for the period, net of tax</b>		<u><b>47,940</b></u>	<u>35,955</u>	<u>68,264</u>

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

**SKYCITY Entertainment Group Limited**  
**Consolidated balance sheet**  
**As at 31 December 2014**

	Notes	Unaudited 31 December 2014 \$'000	Unaudited 31 December 2013 \$'000	Audited 30 June 2014 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances		60,428	68,038	54,052
Receivables and prepayments		23,188	20,575	18,810
Inventories		8,249	8,492	7,871
Tax prepayment		39,729	38,694	33,158
Derivative financial instruments	8	6,542	4,964	769
<b>Total current assets</b>		<u>138,136</u>	<u>140,763</u>	<u>114,660</u>
<b>Non-current assets</b>				
Tax prepayment		12,841	-	21,183
Property, plant and equipment		1,144,544	1,101,470	1,141,947
Intangible assets		522,321	364,558	537,648
Derivative financial instruments	8	44,060	21,203	15,889
<b>Total non-current assets</b>		<u>1,723,766</u>	<u>1,487,231</u>	<u>1,716,667</u>
<b>Total assets</b>		<u>1,861,902</u>	<u>1,627,994</u>	<u>1,831,327</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables		110,137	103,701	119,500
Derivative financial instruments	8	293	140	10,753
Senior Interest bearing liabilities	9	88,202	-	81,724
Subordinated debt - capital notes	11	76,447	-	76,441
<b>Total current liabilities</b>		<u>275,079</u>	<u>103,841</u>	<u>288,418</u>
<b>Non-current liabilities</b>				
Senior Interest bearing liabilities	9,10	538,753	554,496	498,935
Subordinated debt - capital notes	11	-	76,434	-
Deferred tax liabilities		81,248	77,273	75,715
Derivative financial instruments	8	31,144	25,424	28,833
Deferred licence value		151,689	-	165,541
<b>Total non-current liabilities</b>		<u>802,834</u>	<u>733,627</u>	<u>769,024</u>
<b>Total liabilities</b>		<u>1,077,913</u>	<u>837,468</u>	<u>1,057,442</u>
<b>Net assets</b>		<u>783,989</u>	<u>790,526</u>	<u>773,885</u>
<b>EQUITY</b>				
Share capital	12	757,752	728,537	737,546
Reserves	13(a)	(55,195)	(43,409)	(48,576)
Retained profits	13(b)	81,432	105,398	84,915
Parent entity interest		783,989	790,526	773,885
<b>Total equity</b>		<u>783,989</u>	<u>790,526</u>	<u>773,885</u>

*The above consolidated balance sheets should be read in conjunction with the accompanying notes.*

**SKYCITY Entertainment Group Limited**  
**Consolidated statement of changes in equity**  
**For the six month period ended 31 December 2014**

	Notes	Share capital \$'000	Hedging Reserves \$'000	Foreign Currency Translation Reserve \$'000	Retained profits \$'000	Total equity \$'000
<b>Balance as at 1 July 2014</b>		<b>737,546</b>	<b>(8,766)</b>	<b>(39,810)</b>	<b>84,915</b>	<b>773,885</b>
<b>Total comprehensive income/(expense)</b>		-	<b>(1,625)</b>	<b>(4,994)</b>	<b>54,559</b>	<b>47,940</b>
<b>Dividends</b>	14	-	-	-	<b>(58,042)</b>	<b>(58,042)</b>
<b>Shares issued under dividend reinvestment plan</b>	12	<b>19,254</b>	-	-	-	<b>19,254</b>
<b>Share rights issued for employee services</b>	12	<b>552</b>	-	-	-	<b>552</b>
<b>Net movement in treasury shares value</b>	12	<b>400</b>	-	-	-	<b>400</b>
<b>Balance as at 31 December 2014</b>		<b>757,752</b>	<b>(10,391)</b>	<b>(44,804)</b>	<b>81,432</b>	<b>783,989</b>
<b>Balance as at 1 July 2013</b>		<b>729,395</b>	<b>(5,595)</b>	<b>(12,708)</b>	<b>101,799</b>	<b>812,891</b>
<b>Total comprehensive income/(expense)</b>		-	<b>(990)</b>	<b>(24,116)</b>	<b>61,061</b>	<b>35,955</b>
<b>Dividends</b>	14	-	-	-	<b>(57,462)</b>	<b>(57,462)</b>
<b>Shares issued under dividend reinvestment plan</b>	12	<b>11,959</b>	-	-	-	<b>11,959</b>
<b>Share rights issued for employee services</b>	12	<b>821</b>	-	-	-	<b>821</b>
<b>Net movement in treasury shares value</b>	12	<b>(13,638)</b>	-	-	-	<b>(13,638)</b>
<b>Balance as at 31 December 2013</b>		<b>728,537</b>	<b>(6,585)</b>	<b>(36,824)</b>	<b>105,398</b>	<b>790,526</b>
<b>Balance as at 1 July 2013</b>		<b>729,395</b>	<b>(5,595)</b>	<b>(12,708)</b>	<b>101,799</b>	<b>812,891</b>
<b>Total comprehensive income/(expense)</b>		-	<b>(3,171)</b>	<b>(27,102)</b>	<b>98,537</b>	<b>68,264</b>
<b>Dividends</b>	14	-	-	-	<b>(115,421)</b>	<b>(115,421)</b>
<b>Shares issued under dividend reinvestment plan</b>	12	<b>20,126</b>	-	-	-	<b>20,126</b>
<b>Share rights issued for employee services</b>	12	<b>1,238</b>	-	-	-	<b>1,238</b>
<b>Net movement in treasury shares value</b>	12	<b>(13,213)</b>	-	-	-	<b>(13,213)</b>
<b>Balance as at 30 June 2014</b>		<b>737,546</b>	<b>(8,766)</b>	<b>(39,810)</b>	<b>84,915</b>	<b>773,885</b>

*The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.*

**SKYCITY Entertainment Group Limited**  
**Statement of cash flows**  
For the half year ended 31 December 2014

	Unaudited 6 months 31 December 2014 \$'000	Unaudited 6 months 31 December 2013 \$'000	Audited 12 months 30 June 2014 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers	447,124	423,616	820,259
Payments to suppliers and employees	<u>(294,555)</u>	<u>(257,297)</u>	<u>(501,268)</u>
	152,569	166,319	318,991
Dividends received	8	7	5
Gaming taxes paid	(23,514)	(25,816)	(48,206)
Income taxes paid	(9,757)	(13,796)	(40,017)
<b>Net cash inflow from operating activities</b>	18 <u>119,306</u>	<u>126,714</u>	<u>230,773</u>
<b>Cash flows from investing activities</b>			
Purchase of/proceeds from property, plant and equipment	(58,785)	(57,320)	(156,164)
Payments for intangible assets	(2,216)	(7,720)	(11,899)
Proceeds from sale of Christchurch Casinos Limited	-	-	1,440
<b>Net cash (outflow) from investing activities</b>	<u>(61,001)</u>	<u>(65,040)</u>	<u>(166,623)</u>
<b>Cash flows from financing activities</b>			
Cash flows associated with derivatives	(2,543)	(223)	9,202
New borrowings	14,700	40,000	67,193
Proceeds from sale of capital notes	-	-	20,000
Net issue/(purchase) of treasury shares	400	(13,638)	(13,213)
Dividends paid to company shareholders	(38,788)	(45,503)	(95,295)
Interest paid	(25,698)	(25,403)	(49,116)
<b>Net cash (outflows) from financing activities</b>	<u>(51,929)</u>	<u>(44,767)</u>	<u>(61,229)</u>
<b>Net increase in cash and bank balances</b>	6,376	16,907	2,921
Cash and bank balances at the beginning of the period	<u>54,052</u>	<u>51,131</u>	<u>51,131</u>
<b>Cash and cash equivalents at end of the period</b>	<u>60,428</u>	<u>68,038</u>	<u>54,052</u>

The above cash flow statements should be read in conjunction with the accompanying notes.



## 1 General information

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

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

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

These consolidated financial statements have been approved for issue by the board of directors on 11 February 2014.

## 2 Summary of significant accounting policies

These general purpose financial statements for the interim half year reporting period ended 31 December 2014 have been prepared in accordance with generally accepted accounting practice in New Zealand, International Accounting Standard 34 and NZ IAS 34 Interim Financial Reporting.

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

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

The Group has a negative working capital balance as the capital notes and some of the USPP debt matures within the next six months. The Group has significant available undrawn committed banking facilities totalling \$311 million as at 31 December 2014 (refer to note 10) and has the ability to fully pay all debts as they fall due.

The accounting policies that materially affect the measurement of the Income Statement, Balance Sheet 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 2014 and the unaudited financial statements for the six months ended 31 December 2013.

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 2014.

### (a) Changes in accounting policies

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

## 3 Segment information

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer/Managing Director that are used to make strategic decisions.

The Group is organised into the following main operating segments:

### *SKYCITY Auckland*

SKYCITY Auckland includes casino operations, hotels and convention, food and beverage, carparking, Sky Tower, and a number of other related activities.

### *Rest of New Zealand*

Rest of New Zealand includes the Group's interest in SKYCITY Hamilton, SKYCITY Queenstown Casino (including The Wharf) and Christchurch Casino (sold December 2012).

### 3 Segment information (continued)

*SKYCITY Adelaide*

SKYCITY Adelaide includes casino operations and food and beverage.

*SKYCITY Darwin*

SKYCITY Darwin includes casino operations, food and beverage and hotel.

*International Business*

International Business includes commission and complimentary play. The international business segment is made up of customers sourced mainly from Asia, and the rest of the world. The revenue is generated at all of SKYCITY's locations.

*Corporate / Group*

Head office functions including legal and regulatory, group finance, human resources and information technology, the Chief Executive's office and directors.

Half year ended 31 December 2014	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	234,105	27,626	77,299	68,621	43,842	-	451,493
Less							
Expenses	(121,837)	(17,106)	(65,895)	(45,124)	(40,440)	(20,242)	(310,644)
Depreciation and amortisation	(23,332)	(2,701)	(7,664)	(6,773)	-	(2,829)	(43,299)
Segment profit/(loss) (Earnings before Interest and Tax)	<u>88,936</u>	<u>7,819</u>	<u>3,740</u>	<u>16,724</u>	<u>3,402</u>	<u>(23,071)</u>	<u>97,550</u>
Finance costs - net							(24,899)
Profit before income tax							<u>72,651</u>
Half year ended 31 December 2013	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	213,498	27,539	79,832	73,719	28,923	-	423,511
Share of net profits of associate	-	934	-	-	-	-	934
Less							
Expenses	(110,124)	(17,499)	(60,544)	(49,467)	(25,319)	(16,954)	(279,907)
Depreciation and amortisation	(22,169)	(2,536)	(5,007)	(6,940)	-	(2,505)	(39,157)
Segment profit/(loss) (Earnings before Interest and Tax)	<u>81,205</u>	<u>8,438</u>	<u>14,281</u>	<u>17,312</u>	<u>3,604</u>	<u>(19,459)</u>	<u>105,381</u>
Finance costs - net							(24,232)
Profit before income tax							<u>81,149</u>
Year end ended 30 June 2014	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	430,519	53,949	150,504	130,704	55,807	-	821,483
Share of net profits of associate	-	934	-	-	-	-	934
Less							
Expenses	(226,366)	(35,426)	(118,465)	(90,298)	(58,083)	(36,410)	(565,048)
Depreciation and amortisation	(44,898)	(5,269)	(11,508)	(13,425)	-	(5,669)	(80,769)
Segment profit/(loss) (Earnings before Interest and Tax)	<u>159,255</u>	<u>14,188</u>	<u>20,531</u>	<u>26,981</u>	<u>(2,276)</u>	<u>(42,079)</u>	<u>176,600</u>
Finance costs							(48,049)
Profit before income tax							<u>128,551</u>

#### 4 Revenue

	<b>6 months 31 December 2014 \$'000</b>	6 months 31 December 2013 \$'000	12 months 30 June 2014 \$'000
Total receipts including GST	509,552	478,053	928,228
Less non-gaming GST	<u>(14,832)</u>	<u>(13,546)</u>	<u>(26,694)</u>
Gaming win plus non-gaming revenue	494,720	464,507	901,534
Less gaming GST	<u>(44,047)</u>	<u>(41,648)</u>	<u>(81,051)</u>
<b>Total revenue</b>	<b><u>450,673</u></b>	<b><u>422,859</u></b>	<b><u>820,483</u></b>
Gaming	342,793	323,205	626,339
Non-gaming	<u>107,880</u>	<u>99,654</u>	<u>194,144</u>
Total revenue	<b><u>450,673</u></b>	<b><u>422,859</u></b>	<b><u>820,483</u></b>

Included within gaming revenue is revenue relating to loyalty action points of \$653,000 (31 December 2013: \$697,000, 30 June 2014: \$1,342,000).

Included within non-gaming revenue is revenue relating to loyalty action points of \$279,000 (31 December 2013: \$265,000, 30 June 2014: \$728,000).

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

#### 5 Other income

	<b>6 months 31 December 2014 \$'000</b>	6 months 31 December 2013 \$'000	12 months 30 June 2014 \$'000
Net gain on disposal of property, plant and equipment	786	645	995
Dividend income	<u>8</u>	<u>7</u>	<u>5</u>
	<b><u>794</u></b>	<b><u>652</u></b>	<b><u>1,000</u></b>

## 6 Expenses

	6 months 31 December 2014 \$'000	6 months 31 December 2013 \$'000	12 months 30 June 2014 \$'000
<b>Profit before income tax includes the following specific expenses:</b>			
<i>Depreciation</i>			
Buildings	13,641	12,887	24,421
Plant and equipment	19,450	18,673	37,915
Furniture and fittings	4,894	4,026	9,516
Motor vehicles	232	206	403
Total depreciation	<u>38,217</u>	<u>35,792</u>	<u>72,255</u>
<i>Amortisation</i>			
Casino licence (Adelaide)	2,230	1,186	3,115
Software	2,852	2,179	5,399
Total amortisation	<u>5,082</u>	<u>3,365</u>	<u>8,514</u>
Total depreciation and amortisation	<u>43,299</u>	<u>39,157</u>	<u>80,769</u>
Utilities, insurance and rates	11,423	11,664	23,002
Community Trust donations	1,494	1,318	2,635
Operating leases payments	2,357	2,221	4,382
Other property expenses	7,139	7,346	14,035
Other items (including International commissions)	47,938	35,021	75,944
Provision for bad and doubtful debts	670	49	1,009
	<u>71,021</u>	<u>57,619</u>	<u>121,007</u>
Redundancy and other staff payments	500	1,113	2,303
Adelaide Redevelopment costs	1,468	1,588	4,262
Strategic projects and development costs	370	354	1,373
Auckland project costs	179	588	1,232
	<u>2,517</u>	<u>3,643</u>	<u>9,170</u>

## 7 Finance costs - net

	6 months 31 December 2014 \$'000	6 months 31 December 2013 \$'000	12 months 30 June 2014 \$'000
<i>Finance costs - net</i>			
Interest and finance charges	26,224	24,785	50,130
Exchange (gains)/losses	(140)	192	(125)
Interest Income	(1,185)	(745)	(1,956)
Total finance costs - net	<u>24,899</u>	<u>24,232</u>	<u>48,049</u>

## 8 Derivatives

The Group carries derivatives at fair value, all other financial instruments are carried at amortised cost.

All derivatives are fair valued using inputs other than quoted prices that are observable (level 2).

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments include:

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield and credit default swap curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value
- Other techniques, such as discounted cash flow analyses, are used to determine fair value for the remaining financial instruments.

## 9 Current liabilities - Senior interest bearing liabilities

	31 December 2014 \$'000	31 December 2013 \$'000	30 June 2014 \$'000
<b>Unsecured</b>			
United States Private Placement (USPP)	<u>88,202</u>	-	<u>81,724</u>
Total current interest bearing borrowings	<u>88,202</u>	-	<u>81,724</u>

Refer note 10 (Non-current liabilities) for details of the USPP.



## 10 Non-current liabilities - Senior interest bearing liabilities

	31 December 2014 \$'000	31 December 2013 \$'000	30 June 2014 \$'000
<b>Unsecured</b>			
US Private Placement	279,142	352,881	251,300
Syndicated bank facility	261,387	203,398	249,673
Deferred funding expenses	(1,776)	(1,783)	(2,038)
Total unsecured non-current interest bearing borrowings	<u>538,753</u>	<u>554,496</u>	<u>498,935</u>

### (a) United States Private Placement (USPP)

USPP non-current debt matures between March 2017 and March 2021.

Maturities of US\$47,000,000 and NZ\$28,169,000 in March 2015 are recognised as current liabilities.

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

The movement in the USPP amount from 30 June 2014 relates to foreign exchange movements.

### (b) Syndicated bank facility

	<u>Amount</u>	<u>Maturity</u>
Revolving credit	A\$200m	February 2019
Revolving credit	NZ\$200m	October 2018
Revolving credit	NZ\$85m	March 2020
Term Loan	A\$75m	March 2020

The syndicated bank facility is on an unsecured negative pledge basis. The syndicate of banks is comprised of ANZ (New Zealand and Australia), Commonwealth Bank of Australia, Bank of New Zealand, National Australia Bank and Westpac (New Zealand and Australia).

### (c) Fair value

Fair value of long term fixed rate USPP debt is estimated at NZ\$409 million compared to a carrying value of NZ\$367 million. Fair value has been calculated based on the present value of future principal and interest cash flows, using market interest rates and credit margins at balance date.

The carrying value of floating rate debt approximates its fair value.

Fair value is calculated using inputs other than quoted prices that are observable for the liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This is a level 2 valuation as defined in note 8.

## 11 Subordinated debt - Capital Notes

Capital notes are a current liability as at 30 June 2014 and 31 December 2014 and were a non-current liability as at 31 December 2013. The capital notes next election date (at which time SKYCITY may redeem) is 15 May 2015.

The capital notes are listed on the NZX. As at 31 December 2014 the closing price was \$1.016 per \$1 note. The capital notes are carried at amortised cost.

The total fair value is \$78m, and is a level 1 valuation, as they are listed on the NZX.

## 12 Share capital

	31 December 2014 Shares	31 December 2013 Shares	30 June 2014 Shares	31 December 2014 \$'000	31 December 2013 \$'000	30 June 2014 \$'000
Opening balance of ordinary shares issued	582,088,094	576,958,340	576,958,340	737,546	729,395	729,395
Share rights issued for employee services	-	-	-	552	821	1,238
Employee share entitlements issued	67,799	768,382	746,714	-	-	-
Treasury shares issued	(67,799)	(768,382)	(746,714)	-	-	-
Net movement in treasury shares value	-	-	-	400	(13,638)	(13,213)
Shares issued under dividend reinvestment plan	5,384,647	3,058,336	5,129,754	19,254	11,959	20,126
	<u>587,472,741</u>	<u>580,016,676</u>	<u>582,088,094</u>	<u>757,752</u>	<u>728,537</u>	<u>737,546</u>

Included within the number of shares are treasury shares of 6,708,778 (31 December 2013: 6,776,577 and 30 June 2014: 6,776,574) held by the company. The movement in treasury shares during the period related to the purchase of shares by an external trustee as part of the executive long term incentive plan. Treasury shares may be used to issue shares under the company's employee incentive plan or upon the exercise of share rights/options.

## 13 Reserves and retained profits

	6 months 31 December 2014 \$'000	6 months 31 December 2013 \$'000	12 months 30 June 2014 \$'000
<b>(a) Reserves</b>			
Hedging reserve - cash flow hedges	(10,391)	(6,585)	(8,766)
Foreign currency translation reserve	(44,804)	(36,824)	(39,810)
	<u>(55,195)</u>	<u>(43,409)</u>	<u>(48,576)</u>
<b>Hedging reserve - cash flow hedges</b>			
Balance at the beginning of the period	(8,766)	(5,595)	(5,595)
Revaluation (note 8)	29,952	(12,468)	(40,294)
Transfer to net profit	(32,215)	11,013	35,748
Deferred tax	638	465	1,375
Balance 31 December	<u>(10,391)</u>	<u>(6,585)</u>	<u>(8,766)</u>
<b>Foreign currency translation reserve</b>			
Balance at the beginning of the period	(39,810)	(12,708)	(12,708)
Exchange differences on translation of overseas subsidiaries	(4,994)	(24,116)	(27,102)
Balance 31 December	<u>(44,804)</u>	<u>(36,824)</u>	<u>(39,810)</u>

### (i) Hedging reserve - cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity. Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

### 13 Reserves and retained profits (continued)

*(ii) Foreign currency translation reserve*

Exchange differences arising on translation of the foreign operations are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when the net investment is disposed of.

**(b) Retained profit**

Movements in retained profit were as follows:

	<b>31 December 2014 \$'000</b>	31 December 2013 \$'000	30 June 2014 \$'000
Balance at the beginning of the period	84,915	101,799	101,799
Profit attributable to shareholders of the company	54,559	61,061	98,537
Dividends	<u>(58,042)</u>	<u>(57,462)</u>	<u>(115,421)</u>
Balance at the end of the period	<u>81,432</u>	<u>105,398</u>	<u>84,915</u>

### 14 Dividends

	<b>31 December 2014 \$'000</b>	31 December 2013 \$'000	30 June 2014 \$'000
Prior year's final dividend	58,042	57,462	57,462
Interim dividend	-	-	57,959
Total dividends provided for or paid	<u>58,042</u>	<u>57,462</u>	<u>115,421</u>

Subsequent to balance date the Board of Directors has resolved to pay a 25% franked interim dividend of 10 cents per share.

**Cents per share**

Prior year's final distribution/dividend	10.00¢	10.00¢	10.00¢
Interim distribution/dividend			10.00¢

## 15 Contingencies

There are no significant contingent liabilities or assets (31 December 2013 and 30 June 2014: none).

## 16 Commitments

### (a) Capital commitments

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

	<b>31 December 2014 \$'000</b>	31 December 2013 \$'000	30 June 2014 \$'000
Property, plant and equipment	16,345	19,382	17,084

### (b) Operating lease commitments

	<b>31 December 2014 \$'000</b>	31 December 2013 \$'000	30 June 2014 \$'000
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Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	6,861	6,436	5,561
Later than one year but not later than five years	16,873	13,850	15,813
Later than five years	<u>293,396</u>	<u>296,396</u>	<u>293,627</u>
	<b><u>317,130</u></b>	<b><u>316,682</u></b>	<b><u>315,001</u></b>

## 17 Events occurring after the balance date

### Dividend

On 11 February 2015, the directors resolved to provide for an interim dividend to be paid in respect of the six months ended 31 December 2014. The partially (25%) franked, unimputed dividend of 10 cents per share (total payment \$58.7m) will be paid on 2 April 2015 to all shareholders on the company's register at the close of business on 20 March 2015.

## 18 Reconciliation of profit after income tax to net cash inflow from operating activities

	6 months 31 December 2014 \$'000	6 months 31 December 2013 \$'000	12 months 30 June 2014 \$'000
Profit for the period	54,559	61,061	98,537
Depreciation and amortisation	43,299	39,157	80,769
Finance costs net	24,899	24,232	48,049
Current period employee share entitlement	552	821	1,238
Net (gain) on sale of associates	-	(934)	(934)
Gain on sale of property, plant and equipment	(786)	(645)	(995)
Change in operating assets and liabilities			
(Increase)/decrease in receivables and prepayments	(4,378)	757	1,081
(Increase) in inventories	(378)	(1,076)	(455)
(Decrease)/increase in payables and accruals	(9,363)	(1,698)	14,102
Increase/(decrease) in deferred tax liability	5,533	(10,330)	(11,888)
Decrease in net tax receivable	1,771	16,157	510
Capital items included in working capital movements	3,598	(788)	759
Net cash inflow from operating activities	<u>119,306</u>	<u>126,714</u>	<u>230,773</u>



**SKYCITY Entertainment Group Limited**

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www.skycitygroup.co.nz

11 February 2015

Company Announcements Office  
ASX Market Announcements  
Exchange Centre  
Level 6  
20 Bridge Street  
Sydney NSW 2000  
**AUSTRALIA**

Dear Sir/Madam

**Re: SKYCITY Entertainment Group Limited (SKC)  
Listing Rule 4.2A.2 - Details of Directors and Directors' Declaration in  
Respect of the Half Year Financial Statements and Notes**

This announcement is made pursuant to ASX Listing Rule 4.2A.2 and relates to, and should be read in conjunction with, the company's announcement of its result for the six months to 31 December 2014 dated 11 February 2015.

The directors of SKYCITY Entertainment Group Limited, at any time during or since the end of the half year ended 31 December 2014, were:

Mr Chris Moller	Chairman
Mr Bruce Carter	Deputy Chairman
Mr Nigel Morrison	Managing Director
Mr Richard Tsiang	Director (appointed 17 December 2014)
Mr Peter Cullinane	Director
Mr Richard Didsbury	Director
Mr Brent Harman	Director
Mr Rod McGeoch	Director (retired 16 October 2014)
Ms Sue Suckling	Director

Each of Mr Harman and Ms Suckling retired from the board by rotation at the company's 2014 Annual Meeting on 17 October 2014, but were both re-elected by shareholders at that Annual Meeting.

**Attached** is a declaration on behalf of the directors of the company in respect of the company's half year financial statements and notes for the six months to 31 December 2014.

Yours faithfully



P A Treacy  
General Counsel & Company Secretary

**SKYCITY Entertainment Group Limited**

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**SKYCITY ENTERTAINMENT GROUP LIMITED**  
**("Company")**

**Directors' Declaration in respect of the Group Financial Statements**  
**for the half year ended 31 December 2014**

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**Introduction**

It is a requirement of the Australian Stock Exchange Listing Rules that a declaration be given by the directors of the Company in respect of the financial statements for the Company and its subsidiaries and associates ("**SKYCITY**") for the half year ended 31 December 2014. This declaration must be filed with the Australian Stock Exchange.

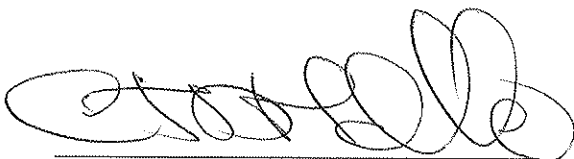
**Declaration**

The directors of the Company hereby declare that, in the directors' opinion:

- the SKYCITY financial statements for the half year ended 31 December 2014 and the notes to those financial statements comply with the accounting standards issued by the External Reporting Board of New Zealand;
- the SKYCITY financial statements for the half year ended 31 December 2014 and the notes to those financial statements give a true and fair view of the financial position and performance of the Company; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors dated 11 February 2015 and is signed for and on behalf of the board of directors by the board chairman.

**Signed**



**C J D Moller**  
**Chairman**

11 February 2015

**MEDIA RELEASE**

11 February 2015

**SKYCITY Entertainment Group Limited**

**Interim Results for six months to 31 December 2014**

**Result Highlights:**

- Normalised revenue up 9.2% to \$510.0 million, normalised EBITDA up 3.1% to \$154.4 million and normalised NPAT up 0.3% to \$66.6 million
- Continued strong growth in Auckland across all business segments, with normalised revenue up 17.2% and normalised EBITDA up 15.0%
- Strong growth in group-wide International Business with turnover and normalised revenues up 83.6% and normalised EBITDA up 133.9%
- Return to revenue and EBITDA growth in Hamilton
- Redevelopment of existing Adelaide Casino now complete, but as foreshadowed performance significantly impacted by disruption
- EBITDA growth achieved in Darwin despite challenging local market
- Momentum of 1H15 continues into January 2015, with group normalised revenues up 23.2% and International Business actual win rate back above theoretical
- Interim dividend maintained at 10 cents per share

SKYCITY Entertainment Group Limited (NZX:SKC) today announced its interim results for the six months ended 31 December 2014.

Normalised revenue (including gaming GST) was up 9.2% to \$510.0 million and normalised EBITDA up 3.1% to \$154.4 million. Normalised Net Profit After Tax (NPAT) of \$66.6 million was up marginally on the previous corresponding period.

Reported NPAT for the half year was \$54.6 million, down 10.6% on the previous corresponding period, primarily due to the below theoretical win rate in the International Business over the period of 1.04%. After a strong January 2015, the actual group-wide IB win rate is now above theoretical at 1.50%.

SKYCITY Chief Executive Nigel Morrison says that the interim results for FY15 are pleasing, with strong momentum in the Group's core businesses.

"We have continued to achieve strong growth in our Auckland and International Business. This reflects the investment in both businesses over the past few years, and it is exciting to see the returns now being achieved. We have also returned Hamilton to growth and continued to achieve EBITDA growth in Darwin, despite the challenging local market in the Northern Territory.

"Auckland continued the momentum of 2H14 and delivered strong growth across gaming and non-gaming businesses. The ongoing success of SKYCITY's widely-lauded restaurants on Federal Street, high average occupancies in our SKYCITY Hotel and Grand Hotel and significant growth in Sky Tower visitation and Convention Centre bookings have contributed to Auckland's pleasing results.

"As was foreshadowed at our Annual Meeting in October 2014, the disruption to trading from the redevelopment of the Adelaide Casino over this period has been significant, with normalised Adelaide EBITDA down 27.4%. As a result, EBITDA growth across the Group has been curtailed over this period. The A\$50 million redevelopment of the Adelaide Casino was finally completed with the opening of Madame Hanoi, and Adelaide management are now firmly focused on returning the property to growth."

Depreciation and amortisation was up \$5.0 million on a normalised basis due primarily to higher depreciation on recent capital investment in Auckland and Adelaide, and increased amortisation of the Adelaide Casino licence value. Corporate costs were also higher in the interim period due mainly to the reversal of executive incentive accruals in FY14, increased sponsorship commitments and the cost of the branding campaign in New Zealand. Interest costs and tax expense were both stable relative to the previous comparable period.

### **International Business**

SKYCITY's International Business delivered record activity during the interim period, with turnover across all properties nearly doubling to \$4.7 billion and normalised EBITDA up 133.9% to \$14.5 million.

Growth in International Business turnover was underpinned by the success of an expanded sales and marketing team, increased recognition of the Group's Horizon brand and offering, higher table differential levels introduced in FY14, a strong focus on direct relationships with the Group's VIP customers and continued growth in the number of Asian VIP customers visiting New Zealand.

Mr Morrison says SKYCITY is really starting to see the benefits of its significant investment in the Horizon product across the Group.

"There is potential for further significant growth in the International Business and hence SKYCITY will continue to invest prudently to provide better VIP customer experiences and also achieve attractive returns," he says.

The average actual win for the interim period was 1.04% versus the theoretical win rate of 1.35%. However, a strong performance from the International Business in January has resulted in the average year-to-date win rate increasing back above theoretical to 1.50% as at 31 January 2015.

### **Auckland**

SKYCITY Auckland, the Group's largest property, was again the standout performer, with normalised revenues rising 17.2% to \$302.5 million and normalised EBITDA up 15.0% to \$124.3 million over the period. This significant growth continues the positive momentum exhibited during 2H14, and means that Auckland has now delivered four consecutive quarters of EBITDA growth.

Revenue and EBITDA growth was achieved across all business activities. Notable improvements were achieved in the gaming business, driven by the continued appeal of the VIP rooms, including the new Baccarat and Black rooms, loyalty programmes and marketing initiatives.

In addition, the revitalised Federal Street precinct and both SKYCITY Auckland hotels continued to be very popular and reflected the benefits of being able to offer world-class integrated casino and entertainment facilities to local and international customers.

Mr Morrison says it is pleasing to see SKYCITY Auckland now starting to see the benefit and returns on the significant investment it has made in the facilities at Auckland over the past few years.

"The strong growth in Auckland is a direct result of continued good management, value-adding investment and positive external factors which remain supportive of our underlying business.

"Auckland continues to be an economic powerhouse, with the city recently achieving an annualised figure of two million visitors for the first time. Auckland is also benefitting from a substantial increase in major events such as the ASB Classic, Heineken Open, Auckland NRL Nines, Cricket World Cup, FIFA Under-20 World Cup and large music concerts. These appeal to both local residents and tourists and are hugely beneficial for the local economy and local businesses," he says.

## **Hamilton**

SKYCITY Hamilton returned to revenue and EBITDA growth in the interim period, with a strong second quarter. Normalised revenue was up 1.2% to \$25.2 million and normalised EBITDA increased 6.5% to \$9.8 million.

The improved performance achieved at SKYCITY's Hamilton property was underpinned by 6.3% growth in gaming machine revenues, and also benefitted from a revitalised marketing and loyalty programme, the success of new VIP gaming spaces and a strong focus on cost management.

SKYCITY Hamilton is well placed to benefit from the Hamilton City Council's River Plan Project, given the property's ideal location and proximity to the planned tourism infrastructure investment.

## **Queenstown**

The combined performance of SKYCITY Queenstown and SKYCITY Wharf was disappointing. Normalised revenues were down 1.5% to \$6.6 million and normalised EBITDA was down \$0.5 million to \$0.5 million.

The focus for Queenstown moving forward remains on growing International Business in this world-renowned tourist location.

## **Adelaide**

As previously advised the Adelaide Casino was significantly impacted by the disruption of the redevelopment works. Normalised revenue increased 4.7% to A\$73.1 million but normalised EBITDA (before branding project costs) declined 27.4% to A\$13.5 million.

The decline in EBITDA margins was primarily due to reduced visitation during the disruption, higher costs associated with the launch of new gaming and food and beverage facilities, increased marketing spend during the redevelopment phase, and relatively high fixed labour costs over the period.

The A\$50 million redevelopment of the existing Adelaide Casino has now been completed and the previous disruption has come to an end. The revitalised property now offers a significantly improved main gaming floor experience for customers, new cashless gaming technology and two signature restaurants – Sean Connolly's *Sean's Kitchen* and *Madame Hanoi*, with Nic Watt. Adelaide Casino also has outstanding new premium and VIP gaming facilities that will enable the property to compete with its regional peers for the first time.

Mr Morrison says the Adelaide Casino management team is now firmly focused on returning the property to sustainable growth heading in to 2H15.

“SKYCITY remains committed to transforming the Adelaide Casino into a world-class integrated casino and entertainment destination. We continue to develop plans for the broader expansion of the Adelaide Casino and look forward, as an essential first step, to reaching agreement with Walker Corporation, in the near term, on the lease of up to 1,000 car parks in the adjacent Festival Plaza development,” says Mr Morrison.

## **Darwin**

SKYCITY Darwin achieved EBITDA growth over the interim period despite modest revenue growth, Australian economic headwinds and a challenging local market. Normalised revenue was up 2.8% to A\$56.0 million and normalised EBITDA increased 2.9% to A\$21.6 million.

The performance was primarily driven by robust growth in local table games, significant growth in International Business turnover and a strong focus on cost and subsidy management.

While SKYCITY Darwin is facing increased competition from the local pubs and clubs due to recent regulatory changes, the outlook for the property remains positive. SKYCITY Darwin is an increasingly attractive destination for Asian VIP customers and further investments are also being made in the new ‘Aces’ Sports Bar, the soft refurbishment of the main gaming floor and the redevelopment of the Sunset Restaurant.

## **January 2015 Trading Update**

January trading has seen a continuation of the momentum exhibited during 1H15. Revenue and EBITDA growth was achieved in all properties, with strong performances from Auckland and International Business.

Auckland continued its strong growth across all business activities, with normalised revenues up 33.9% to \$56.5 million. With the construction now at an end at Adelaide Casino, the property is starting to show early signs of recovery with normalised revenue up 2.2% on the previous corresponding period and margins lifting relative to 1H15. International Business delivered turnover during the month of \$925 million at win rates well above theoretical.

Mr Morrison says that the outlook for SKYCITY remains positive. In particular, the macroeconomic outlook in Auckland continues to be favourable with a large pipeline of major events and Chinese New Year celebrations starting in late February.

## **NZICC**

Mr Morrison noted that SKYCITY continues to work closely with the New Zealand Government on the New Zealand International Convention Centre to build a landmark development for Auckland that will generate significant economic benefits for the city and for New Zealand.

“Constructive discussions with the Crown regarding funding the additional costs of the NZICC project over and above SKYCITY’s contractual obligation of \$402 million are continuing. SKYCITY remains focussed on building, developing and operating the NZICC and we are committed to achieving a solution that preserves value for our shareholders and allows us to move forward with this much needed facility,” Mr Morrison says.



## Debt Funding

SKYCITY is progressing various funding initiatives to refinance the upcoming maturity of \$88.2 million of US Private Placement senior notes in March 2015 and \$76.5 million of capital notes in May 2015.

SKYCITY has already received credit approval to extend the term of its bank facilities, and has achieved significant future interest savings in the process. Plans to undertake a New Zealand issue of senior bonds prior to the maturity of the existing SKYCITY capital notes are also well advanced.

These funding initiatives will also lock-in current interest rates, extend the debt maturity profile and maintain SKYCITY's current debt funding headroom of approximately \$300 million.

## Dividend

SKYCITY announced an interim dividend of 10 cents per share, which is payable on 2 April 2015. The dividend will be 25% franked in Australia but not imputed in New Zealand.

The Dividend Reinvestment Plan will not be available for this interim dividend given the ongoing negotiations with the Crown on the NZICC funding.

Mr Morrison also confirmed that SKYCITY is committed to its existing dividend policy for the foreseeable future. "We believe this dividend policy offers our shareholders an attractive yield and is sustainable going forward," he says.

## ENDS

### Notes to editors:

- *For the full interim results for 1H15 or to view CEO Nigel Morrison's presentation, please visit this link: <http://stagingconnections.org/fy15-interim-result>.*
- *All numbers in this media release are unaudited.*
- *Further information on adjustments between normalised and reported information is available in SKYCITY's investor presentation at: <http://ir.skycityentertainmentgroup.com>.*

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## Appendix

### Reconciliation between reported and normalised financial information

	1H15				1H14			
	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m
<b>Normalised</b>	<b>510.0</b>	<b>154.4</b>	<b>111.2</b>	<b>66.6</b>	<b>467.0</b>	<b>149.8</b>	<b>111.6</b>	<b>66.4</b>
Adelaide redevelopment costs	-	(1.5)	(1.5)	(1.0)	-	(1.6)	(1.6)	(1.1)
NZICC interest and other costs	-	(0.3)	(0.3)	(2.3)	-	-	-	(1.1)
Strategic projects	-	-	-	-	-	(0.3)	(0.3)	(0.2)
Restructuring costs	-	(0.5)	(0.5)	(0.4)	-	(1.1)	(1.1)	(0.8)
Auckland project costs	-	(0.2)	(0.2)	(0.1)	-	(0.6)	(1.6)	(1.2)
Profit from sale of Christchurch	-	-	-	-	-	-	-	1.0
<b>Total Adjustments</b>	<b>-</b>	<b>(2.5)</b>	<b>(2.5)</b>	<b>(3.8)</b>	<b>-</b>	<b>(3.6)</b>	<b>(4.6)</b>	<b>(3.4)</b>
<b>Adjusted</b>	<b>510.0</b>	<b>151.9</b>	<b>108.7</b>	<b>62.8</b>	<b>467.0</b>	<b>146.2</b>	<b>107.0</b>	<b>63.0</b>
International Business at Theoretical	(14.5)	(11.1)	(11.1)	(8.2)	(1.9)	(2.6)	(2.6)	(1.9)
<b>Reported</b>	<b>495.5</b>	<b>140.8</b>	<b>97.6</b>	<b>54.6</b>	<b>465.1</b>	<b>143.6</b>	<b>104.4</b>	<b>61.1</b>

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.

Gaming revenue figures reflect gaming win (inclusive of gaming GST). This facilitates Australasian comparisons and is consistent with the treatment adoption by major Australian casinos.

Non-gaming revenues are net of GST.

Total revenues are gaming win plus non-gaming revenues.

Key Adjustments are:

- Adelaide redevelopment costs – Structural redundancies and launch costs for new facilities (Sean's Kitchen, Black Room)
- NZICC – Interest on purchase of New Zealand International Convention Centre (NZICC) land bank (calculated using the Group's average cost of debt of 6.7% on an average balance of \$83m) and other costs specific to this project
- Strategic project costs - Brisbane, Gold Coast and other miscellaneous items
- Restructuring costs – Costs associated with changing the staffing structures under an approved restructuring plan
- Auckland project costs – Project, pre-opening and launch costs related to Auckland facilities such as the Federal Street launch. 1H14 includes Sugar Club, Fed Deli, Masu and the new gaming rooms

IB win rate at 1.04% for 1H15 (1H14: 1.28%).

Normalisation adjustments have been calculated in a consistent manner in 1H15 and 1H14.