ECHO

MEDIA RELEASE

12 August 2015

Echo Entertainment Group Limited (ASX: EGP) today announced its full year results for the period ended 30 June 2015[1]. Key highlights include:

- Statutory NPAT of $169 million, up 59.3% on the prior comparable period **(pcp)**
- Normalised[2] NPAT before significant items[3] of $219 million, up 52.2% on the pcp
- Reported EBITDA of $451 million (including significant items), up 16.5% on the pcp
- Normalised EBITDA of $521 million, up 24.1% on the pcp driven by:
  - Normalised gross revenue of $2,331 million up 20.6% on the pcp
  - Domestic gaming revenues of $1,418 million up 14.6% on the pcp
  - Normalised International VIP Rebate business gross revenue up 53.0% to $662 million with turnover of $46,238 million, up 53.5% on the pcp
  - Operating expenses[4] of $922 million up 6.4% on the pcp, following the strong domestic and International VIP Rebate business volumes
- Strong credit risk management and collections performance, net International VIP Rebate business receivables[5] of $16 million, down 60.4% on prior period despite significant growth in International VIP Rebate business
- Final dividend of 6 cents per share fully franked
- Echo, along with its partners in the Destination Brisbane Consortium **(DBC)**, Chow Tai Fook Enterprises and Far East Consortium, on 20 July 2015 was selected as the preferred proponent for the Queen's Wharf Brisbane development
- Jupiters Townsville divestment completed for $70m, gain on sale of $8 million[6]

Chairman, John O'Neill AO, said "FY2015 has been a pleasing year for Echo with good results across the Group and progress made on all strategic priorities. We have declared total dividends of 11 cents per share for the financial year, up 37.5% on the prior period, reflecting the improved performance and financial position of the company.

"I welcome the Queensland Government's decision to progress the Destination Brisbane Consortium's proposal for the delivery of its vision for Queen's Wharf Brisbane. This exciting partnership with the Queensland Government to develop and operate arguably the most significant

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[1] This media release should be read in conjunction with Echo Entertainment Group Limited's Full Year 2015 Results Presentation and Directors' Report and Financial Report for the full year ended 30 June 2015.

[2] Normalised results reflect the underlying performance of the business as they remove the inherent volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.43% of actual turnover. FY2014 normalised results have been restated to a win rate of 1.43% to reflect a consistent win rate between periods.

[3] Significant operating expense items ($3.7 million) relate to the net of: 1) Gain on the sale of Jupiters Townsville (a pre-tax gain of $8.0m); 2) Costs incurred in connection with the Queen's Wharf Brisbane bid process ($11.7m).

[4] Operating expenses exclude gaming taxes, levies and commissions and significant items.

[5] Reflects level of receivables after provisioning, excluding unpresented cheques (returned cheques only) and credit not yet due.

[6] Jupiters Townsville sale was completed on 1 October 2014. FY2015 earnings include Jupiters Townsville for 1 July 2014 to 30 September 2014 with pcp including a full twelve months of Jupiters Townsville earnings.

new placemaking project in the history of the Brisbane CBD is an important strategic step for Echo and secures the company's position in the Brisbane market for the long-term.

"We look forward to progressing the development of this truly once in a generation opportunity and delivering on the substantial economic and other benefits it will present for Queensland, Echo and its consortium partners."

Performance overview

Every segment within Echo Entertainment Group's business contributed to earnings growth in FY2015.

Statutory revenue of $2,140 million was up 18.5% on the pcp, with the majority of the revenue growth generated in the domestic gaming businesses. Normalised revenues grew 20.6% for the year to $2,331 million for FY2015, up from $1,933 million in FY2014. Revenue growth was driven by a combination of improved marketing, loyalty program and sales activity, improved product offering and stronger macro-economic conditions in each of the Group's markets.

Operating expenses of $922 million were up 6.4% on the pcp, as a result of the increased volumes experienced across the Group. Significant operating expense items ($3.7 million) relate to the gain on the sale of Jupiters Townsville (a pre-tax gain of $8.0m) offset by costs incurred in connection with the Queen's Wharf Brisbane bid process ($11.7 million).

Depreciation and Amortisation expense of $164 million was up 12.4% reflecting the continuing capital investment in the Group, as well as acceleration of depreciation of some assets as the masterplanning and works continue at The Star Sydney and Jupiters Gold Coast. Finance costs of $50 million were down 43.5% on the pcp as a result of lower overall net debt and the impact of the partial interest rate swap restructure conducted in FY2014.

Normalised EBITDA (excluding significant items) of $521 million was up 24.1% on the pcp. EBITDA margin of 22.3% is up from 21.7% in the pcp as a result of fixed cost leverage across the Group, offset by higher average gaming taxes at The Star and a larger contribution from the lower margin International VIP Rebate business.

Normalised NPAT, excluding significant items, was $219 million, up 52.2% on the pcp.

Statutory Net Profit After Tax (NPAT) was $169 million, up 59.3% on the pcp.

Statutory Earnings Per Share were 20.5 cents, up 58.9% on the pcp. A final dividend per share of 6 cents fully franked was declared, taking the full year dividend to 11 cents, up 37.5% on the pcp and reflecting a payout ratio of 53.6% of statutory NPAT. Net debt[7] was $400 million (30 June 2014 $635 million) with $500 million in undrawn facilities and an average drawn debt maturity of 4.3

[7] Net debt is shown as interest bearing liabilities less cash and cash equivalents less net position of derivative financial instruments. Derivative financial instruments reflect the position of currency swaps entered into for the USPP debt and interest rate hedges.

years. Operating cash flow before interest and tax was $507 million (FY2014 $357 million) with an improved EBITDA to cash conversion ratio of 112%.

The Star

Normalised EBITDA was $356 million, up 25.5% (actual $268 million, up 2.9%) on the pcp.

Revenue performance at The Star was strong with normalised gross revenue of $1,639 million up 25.7% on the pcp (actual $1,541 million, up 20.7%). Domestic gross gaming revenue was up 17.7% on the pcp with strong growth across both tables and slots, up 20.1% and 13.0% respectively on the pcp. Electronic gaming machine market share (to Q3 FY2015) reached a record high of 9.2%. Non-gaming cash revenue was down 0.3% on the pcp as a result of increased complimentary rewards redemptions through the Absolute Rewards loyalty program (gross non-gaming revenue up 11.4% on the pcp). Taxes, levies, rebates and commissions of $697 million were up 40.9% on the pcp driven by increased volumes across the domestic and International VIP Rebate businesses as well as a higher average gaming tax rate at The Star. The Star's average non-rebate tax and levies was 31.4%, up from 28.9% in the pcp (top marginal tax rate of 50.0%), equivalent to an incremental increase of $21 million. Operating expenditure of $576 million (up 10.3% on the pcp) reflects the increased activity across the business. Normalised EBITDA margin was broadly flat on prior period with strong revenues offset by higher expenses, higher average gaming taxes and a larger contribution from the lower margin International VIP Rebate business.

Queensland casinos (Jupiters Gold Coast and Treasury Brisbane)

Normalised EBITDA was $165 million, up 21.5% on the pcp (actual $187 million, up 47.1%).

Queensland revenue performance for FY2015 was good with normalised gross revenue up 9.9% to $692 million (actual $717 million, up 15.5%) on the pcp. The domestic gaming business saw growth in all main segments of the business with combined growth of 9.9% on the pcp. Non-gaming revenue was impacted by disruption as a result of the Jupiters Gold Coast development works, increased complimentary rewards redemptions and the sale of Jupiters Townsville. Taxes, levies, rebates and commissions were up 23.5% on the pcp for the Queensland business driven by increased gaming volumes. Operating expenditure of $346 million across the Queensland properties was up 0.5% on the pcp. Normalised EBITDA margin of 23.8% for FY2015 (21.5% for FY2014) was the result of good revenue growth across the domestic and International VIP Rebate businesses, as well as good expense management throughout the year.

International VIP Rebate business

The results of the International VIP Rebate business are embedded in the segment results above. Normalised gross revenue of $662 million was up 53.0% (actual $588 million, up 48.4%) on the pcp. International VIP Rebate business customer front money was up 64.3% on the pcp to $3,668 million, the highest on record for the business. International VIP Rebate business turnover of $46 billion was up 53.5% versus pcp, also a record. International VIP Rebate business actual win rate of 1.27% (FY2014 1.32%) was below the pcp and normalised rate of 1.43%. Past due not impaired receivables of $16 million were down from $41 million in June 2014 despite significantly increased International VIP Rebate business volumes, reflecting a strong credit risk management and collections performance as well as a conservative policy on provisioning for bad and doubtful debts. Gross trade receivables (before provisions) of $108 million were up 13.5% from the $95 million at 30 June 2014 due to player activity late in the year.

Trading update and outlook for 1H FY2016

Domestic gaming revenues in July 2015 continue to benefit from the momentum built over the course of FY2015. Gross revenue, excluding International VIP Rebate business is showing more moderate growth on the pcp in July as comparables become more difficult. Disruption from capital investment works across the gaming and non-gaming business will impact revenues and earnings as works progress at The Star and Jupiters Gold Coast throughout FY2016. The International VIP Rebate business performance year to date is tracking in line with management's expectations.

Capital expenditure for FY2016 is expected to be in the range of $275 million - $325 million, excluding any Queen's Wharf Brisbane project related payments, with the majority of growth and maintenance activities occurring at The Star and Jupiters Gold Coast.

Managing Director and Chief Executive Officer, Matt Bekier said: "The financial year is off to a reasonable start with FY2016 continuing to benefit from momentum built up over FY2015.

Echo has the following five priorities for the financial year 2016: First to continue to improve earnings across the Group. Second, to deliver on the capital program for the Jupiters Gold Coast property redevelopment. Third is to commence and deliver the first stages of The Star masterplan strategy. Fourth, continue to evolve the brand and loyalty program strategy. And fifth, to work with the Queensland Government and our consortium partners to progress the Queen's Wharf Brisbane project."

The full 2016 financial year result may be impacted by a number of factors (which may be material in nature) including general macro-economic conditions, potential hold and win rate volatility in the private gaming room and International VIP Rebate business, level of debt or provisions, success of the company's marketing programs and any uncertainty related to the regulatory environment.

For more information:

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Echo Entertainment Group full year results to 30 June 2015	

Statutory	
Statutory revenue	$2,140.3 million, up 18.5%
EBITDA	$450.8 million, up 16.5%
EBIT	$287.1 million, up 18.9%
NPAT	$169.3 million, up 59.3%
Earnings Per Share	20.5 cents, up 58.9%
Normalised (Underlying)	
Revenue	$2,331.0 million, up 20.6%
- The Star	$1,639.2 million, up 25.7%
- Queensland	$691.8 million, up 9.9%
EBITDA	$520.7 million, up 24.1%
- The Star	$356.0 million, up 25.5%
- Queensland	$164.7 million, up 21.5%
EBIT	$357.0 million, up 30.4%
- The Star	$257.4 million, up 32.8%
- Queensland	$99.5 million, up 24.8%
NPAT	$219.3 million, up 52.2%
Dividend per share	
Final dividend (fully franked)	6 cents
Full year dividends (fully franked)	11 cents
Balance sheet	
Gross Debt	$744.2 million
Net Debt	$400.3 million
Net Debt/EBITDA[8] (actual)	0.9x (based on 12 month trailing EBITDA)

[8] EBITDA excludes significant items