

ECHO

ASX ANNOUNCEMENT

4 November 2015

ECHO ENTERTAINMENT GROUP LIMITED
ACN 149 629 023

ANNUAL GENERAL MEETING
WEDNESDAY 4 NOVEMBER 2015

CHAIRMAN'S ADDRESS

Agenda

Ladies and gentlemen, welcome to the fifth Annual General Meeting of Echo Entertainment Group Limited. This year we return to The Star Event Centre, a venue completed two years ago as the final component in the \$870 million transformation of The Star. It's quite fitting that we are in this auditorium today because redevelopment of our properties – investing in our assets – is closely connected to what we've achieved over the past 12 months and where we're headed over the course of this current financial year and well into the future.

Managing Director and CEO, Matt Bekier, will provide more detail on the plans we have started to execute against in both Sydney and the Gold Coast. And, of course, there is the spectacular Queen's Wharf project that will be a game-changer for us . . . and Brisbane.

Importantly, the company is positioned for further growth. We have a strong balance sheet underpinning the scale of developments we are undertaking and a strategy designed to realise our vision to become Australia's leading integrated resorts operator by 2025.

In line with that strategy we are seeking approval today to change the company name from Echo Entertainment Group Limited to The Star Entertainment Group Limited. This would allow the seamless rebranding over time of our individual properties, where they too would carry The Star name to reflect the quality of the offering at each destination.

Financial Results

Reflecting briefly on the financial results for FY15 before handing over to Matt to provide some additional detail. A couple of significant highlights were – a 59% increase in statutory net profit after tax to \$169 million and total dividends declared of 11 cents per share, fully franked, up 38% on the previous year. Dividends were in line with the company's target payout ratio – 50% of statutory net profit. It's a policy that allows us to continue investing in the business to provide ongoing benefit for shareholders.

These were good results, and we experienced broad based growth across the company. Pleasingly, this was also a period of stable and established management at group and property level, and a time when the Board and Executive retained an unwavering focus on the delivery of key strategic priorities and better financial performance.

ECHO ENTERTAINMENT GROUP



ECHO ENTERTAINMENT GROUP LTD | ABN 85 149 629 023
WWW.ECHOENTERTAINMENT.COM.AU

It was, as I have outlined in the Annual Report, a result built on discipline under the executive leadership of Matt. This was his first full year as CEO, and I would like to take this opportunity to publically thank and congratulate him for his hard work and stewardship.

Sustained and Consistent Momentum

At last year's AGM, I referred to the need to build on the stable foundations established in the back half of FY13. Today, I am pleased to say we have continued to maintain the momentum and consistency and continue to look forward with a determined focus and ambitious expectations. All of our properties – in Sydney, on the Gold Coast and in Brisbane – are embarking on, or plan to embark on, significant developments and enhancements that will position them even more strongly within their respective locations. However, make no mistake. The key to success is eternal vigilance and we remain focussed as a Board and management on the delivery of strategic projects and priorities.

In mentioning the Board, let me welcome Greg Hayes, whose proposed appointment as a Non-Executive Director was announced subject to regulatory approvals on 19 November 2014. Having worked across a range of industries including energy, infrastructure and logistics, Greg brings to the Board skills and experience in the areas of strategy, finance, mergers and acquisitions, and strategic risk management.

I would also like to welcome Sally Pitkin to her first Echo Entertainment AGM as a Non-Executive Director. While her proposed appointment was announced on 31 July 2014, Sally joined the Board on 19 December last year following regulatory approvals. Sally is a highly experienced and respected company director and lawyer, with extensive expertise as a Non-Executive Director, and board member, across a wide range of industries in the private and public sectors.

FY15 Review ... Investment and Communities

Moving onto the business operations – the stability of management I mentioned earlier has been a significant factor in a period of sustained and consistent revenue growth, debt reduction and ongoing property transformations. While Matt has completed his first full year as CEO, the same applies for Chief Financial Officer Chad Barton and Managing Director at The Star, Greg Hawkins. Our industry expertise, our exceptional depth of management and the high regard in which our key management figures are held cannot be under-estimated as we look to further growth and expansion.

Further to those property developments, last year we outlined the plans for a \$345 million transformation at Jupiters on the Gold Coast. They included a refurbishment of all rooms in the existing hotel and the construction of a new 17-storey six-star all-suite hotel at the front of the property.

I am pleased to say the refurbishment is well underway and we have turned the first sod on that new tower, with Queensland Premier Anastacia Palaszczuk visiting the Gold Coast for the event and speaking to the job creation and economic stimulus the project will deliver.

Needless to say, in this period of significant development at Echo, the positive contributions to the broader community – as referenced by the Queensland Premier – will also be experienced in Sydney and, of course, Brisbane where we prepare to bring the Queen's Wharf integrated resort development online by 2022.

As a company we aim to support the communities in which we operate and in which our team members work and live. And over the past 12 months we have focussed on extending our interactivity within those communities.

Most importantly, we are proud in FY15 to have become the first official and major partner of the Gold Coast 2018 Commonwealth Games. The eyes of the world will be on the Gold Coast during the two weeks of the Friendly Games, and Jupiters – with its overall transformation complete and the new hotel tower operational – will help to showcase the city to an international audience. The Commonwealth Games will create a wonderful legacy for the Gold Coast, and our Gold Coast property and team will play a key role in that.

All these new partnerships, others we continue to be involved with, and the charitable organisations with whom we have built long standing relationships – they all illustrate our commitment and desire to be part of the fabric of the cities in which we are based.

The Board has ongoing confidence in the value of all our long-term casino licences – and the value they can help bring to the broader community in terms of employment, gaming taxes and other economic or community contributions.

In terms of Echo's impact on the Australian, New South Wales and Queensland economies: 61% of pre-tax profits were paid to Governments in FY15; we paid more than \$540 million in taxes and levies to all forms of Government; investment in tourism infrastructure continues with hundreds of millions of dollars spent in the construction industry each year – not including major projects; around 22 million visitors came through our doors in FY15; and more than 8,000 team members are employed today, with this number growing.

I have spoken about investment at the Gold Coast, and in Sydney, where we are now experiencing the rewards of the \$870 million transformation at The Star. The investment here continues with \$500 million of capital expenditure to take place over the next five years. However, there is also the Queen's Wharf development to consider, and the Destination Brisbane Consortium partners we are collaborating with on that transformational project. Chow Tai Fook and Far East Consortium – both Hong Kong based – will help us bring that integrated resort to life. I'm delighted we have the opportunity to work with partners of such calibre and expertise.

Chow Tai Fook has significant financial capacity to support large scale development, highly complementary VIP relationships in Greater China and Asia, hotel management and development expertise through the Rosewood brand and international project development expertise.

Far East Consortium has a strong property and hotel development record, its own Dorsett Hospitality hotels brand and relationships with The Ritz-Carlton, an experienced on the ground Australian development team having operated in this country for more than 20 years, and strong relationships in Chinese tourism-related distribution networks.

Closing

In closing, I am pleased to report we have enjoyed a strong 12 months and a period of sustained momentum. We have further opportunities to deliver on and explore. These include the Queen's Wharf redevelopment. It was a milestone date for this company when, on 20 July 2015, the Queensland Government awarded preferred proponent status to Echo to deliver on the Queen's Wharf vision.

In handing over to our Managing Director and Chief Executive Officer, Matt Bekier, please enjoy this video of the Queen's Wharf project. Thank you.

(Queen's Wharf Brisbane video)

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER'S PRESENTATION

Introduction

Queen's Wharf...it is certainly a wonderful opportunity for us, our DBC partners Chow Tai Fook and Far East Consortium, and also for the Queensland Government and Brisbane.

Ladies and Gentlemen, let me also welcome you to this year's AGM. In my review, I will first touch on the financial performance of the business, discuss a range of operational topics, before closing with a review of our current trading and our priorities.

Full Year Financial Results

Our financial results for FY15 were released in August.

We reported statutory EBITDA of \$451 million, up 17% on the prior year. Normalised EBITDA increased 24% to \$521 million – applying the same normalisation rate as in FY14. As the Chairman pointed out, statutory net profit after tax for the Group was \$169 million.

Revenue growth for FY15 was delivered across every gaming segment of the Group's business. Actual gross revenue across the Group grew 19% to \$2.26 billion, with The Star in Sydney – under the stewardship of Managing Director Greg Hawkins – growing 20.7%. The Queensland properties – under Managing Director Geoff Hogg – grew 15.5% for the year.

The International VIP Rebate business was strong in FY2015, with a record \$46 billion in turnover for the year. Actual revenue was up 48.4% to \$588.4 million for the year (up 53.0% to \$661.8 million on a normalised basis). International VIP Rebate net receivables past due of \$16.2 million decreased by \$24.7 million on FY2014 demonstrating the strong credit risk management and collections performance within the year.

Team and community

Our improving financial performance is delivered by a talented and committed team of people. We employ more than 8,000 team members who speak more than 70 languages and dialects, and over 320 team members enrolled in accredited training programs in FY15 alone. We continue to invest in our staff and seek to develop them to deliver better outcomes for shareholders and customers. For example, last year we established the Queensland Hotel and Hospitality School in partnership with TAFE Queensland, and were a founding partner in the Women in MBA program with the Macquarie Graduate School of Management.

I am also particularly proud of the work we are doing in the community. In FY15 we contributed more than \$13 million to charities, community groups and funding partnerships. We celebrated 21 years of support for Surf Life Saving Queensland and we pledged \$3 million over three years to Ronald McDonald House.

Our casinos have funded more than 50 gambling research projects since 1995 and we have more than 300 responsible gambling liaison officers who provide onsite responsible gambling support services.

We were also pleased to be recognised for our environmental sustainability efforts, winning two CitySwitch sustainability awards and being a finalist in the Best Environmental Practices category for Metropolitan Hotels at the NSW Tourism Accommodation Australia awards.

Tourism Opportunity

I would now like to touch briefly on tourism as we believe this represents a significant opportunity to us as a company, and in fact for all of Australia. The increasing wave of Asian tourism, particularly from China, has the potential to be our next mining boom. We are looking at a trend of long duration, driven by the rapid expansion of an affluent middle-class that is increasingly seeking to experience the world. And Australia is an exceptionally desirable destination for this segment of the population.

To capture our fair share of this opportunity, we need more tourism infrastructure – especially in the high end accommodation category.

At Echo, we want to maximise our share of domestic and international tourism. Continued expansion, refreshing and investment in our properties are keys to that ambition. If we are looking for evidence for this view, we need to look no further than this property. The Star was the first of our properties to be redeveloped, and it was our standout performer in FY15.

The quality of this venue, and the diversity of its offerings, has gained serious traction and provided significant stimulus to the business. Whether it is high-end accommodation or award winning restaurants or world class gaming facilities or quality entertainment here at the Events Centre or at the Lyric Theatre, this is a destination with multi-layered attractions.

This is reflected in the financials and our visitation numbers. Around 11 million people came to The Star in FY15. We promise those 11 million people a safe, enjoyable and thrilling experience. And we deliver that through a welcoming and safe environment supported by industry leading surveillance and security, specialist training for our staff – especially in the area of responsible service of alcohol, and through working with the regulator's office. As a leading international tourism destination, we are proud to ensure our guests enjoy a memorable time on every occasion they come through the doors.

Capital Investment

In FY15 our capital expenditure was largely focussed on expansion and refurbishment activities at Jupiters Gold Coast and The Star here in Sydney, as well as the acquisition of a third aircraft to support the growing International VIP Rebate business.

During FY16 Jupiters will open new VIP gaming salons and expanded food and beverage offerings. We have also started, in recent months, on the new 17-storey six-star all-suite hotel tower at the front of the property. It will be completed before the Gold Coast 2018 Commonwealth Games.

At The Star, the new VIP gaming salons at The Darling will be completed, along with a new 500-seat buffet restaurant. There will also be an ongoing upgrade and refurbishment of the Astral Tower and Residences at an overall cost of around \$130 million. As you can see today, there is a lot of work underway here.

Our revamped properties continue to receive wide-ranging recognition, with The Star winning 33 awards during FY15 for its restaurants, bars, the Event Centre and its hotels. Exciting new offerings also continue to emerge as part of the Jupiters Gold Coast redevelopment, with the launch in FY15 of Kiyomi and Cucina Vivo restaurants, and the opening of a redeveloped pool area.

As the Chairman touched on, we are also very excited about the opportunity to work with the Queensland Government to develop Queen's Wharf. The video showcased the types of facilities we will build. In addition, it will create more than 2,000 jobs in construction, there will be 8,000 jobs created once operational, and the Integrated Resort development will attract an estimated 1.39 million additional tourists per annum.

Rebranding

When you consider this transformational opportunity, the considerable investments we are making, and our ambition to become Australia's best integrated resort operator over the next ten years, the time is right to rethink how we move forward with a unified brand to leverage all these great developments more cohesively. This is the reason we have asked shareholders to approve the change of our company name from Echo Entertainment Group Limited to The Star Entertainment Group Limited.

That name change will allow us a seamless transition to, over time, rebrand our properties as The Star, Sydney; The Star, Gold Coast; and The Star, Brisbane.

To achieve our ambitious goals, we have to set impeccable standards, embrace clearly defined and relevant values and ensure gold-star delivery through our property offerings and guest services. These are both physical and cultural transformations. Some are already underway. Our rebranding is not just about a change in name and a new logo. It marks a step change in the way we intend to operate.

It is my pleasure this afternoon to give you a sneak preview of the logo that is proposed to be the base template for the properties and the Group and will symbolise the new standards which we are setting for ourselves.

(Unveil The Star logo)

Trading Update – Year to 31 October 2015

I will turn now to the Group trading update. It is pleasing to see that the positive momentum and focus on the domestic business created over the last 24 months is continuing to drive results into FY16.

For the year to date period to 31 October, we experienced good demand in all properties. Across the Group, year to date total domestic business, including non-gaming but excluding International VIP Rebate, grew by 8.7% on the prior comparable period which included revenue from the Townsville property for the first three months. On an actual basis we have experienced an abnormally low win rate for the International VIP Business in the early part of this financial year, an actual win rate of 1.0%, which has resulted in actual International VIP Rebate revenue being down 33.8% on prior year (8.1% down on a normalised basis).

The main driver of our continued growth is the solid expansion of our domestic gaming business, especially here at The Star. It is reassuring to see that the disruption from the expansion activity is being mitigated effectively, and that the work we are putting into customer segmentation, loyalty and customer service continue to resonate with our customers.

Operating costs remain well controlled across the Group and are rising in-line with the higher volumes being experienced across our properties.

We are looking forward to a busy trading period over the upcoming festive season and our focus remains on driving earnings through both effective management of expenses and revenue driving initiatives.

Priorities for FY16

Our priorities for the next 12 months are clear.

First, continue to improve earnings across the Group.

Second, deliver on the capital program for the Jupiters Gold Coast redevelopment.

Third, commence and deliver the first stages of The Star master plan strategy in Sydney.

Fourth, continue to evolve the brand and loyalty program.

Fifth, begin implementation of our guest service excellence program.

And, importantly, work with the Queensland Government and our Destination Brisbane Consortium partners to progress the Queen's Wharf Brisbane project.

Close

In closing, I would like to extend my appreciation to the Board, the management team and all team members for their valued contributions and commitment during last financial year.

The achievements of the Group would not have been possible without that support network across all levels of the business. I would also like to thank the more than 20 million guests who chose to visit our properties this year. We look forward to welcoming them back. I will now pass back to John for the formal business of today's meeting.