

ECHO ENTERTAINMENT GROUP LIMITED

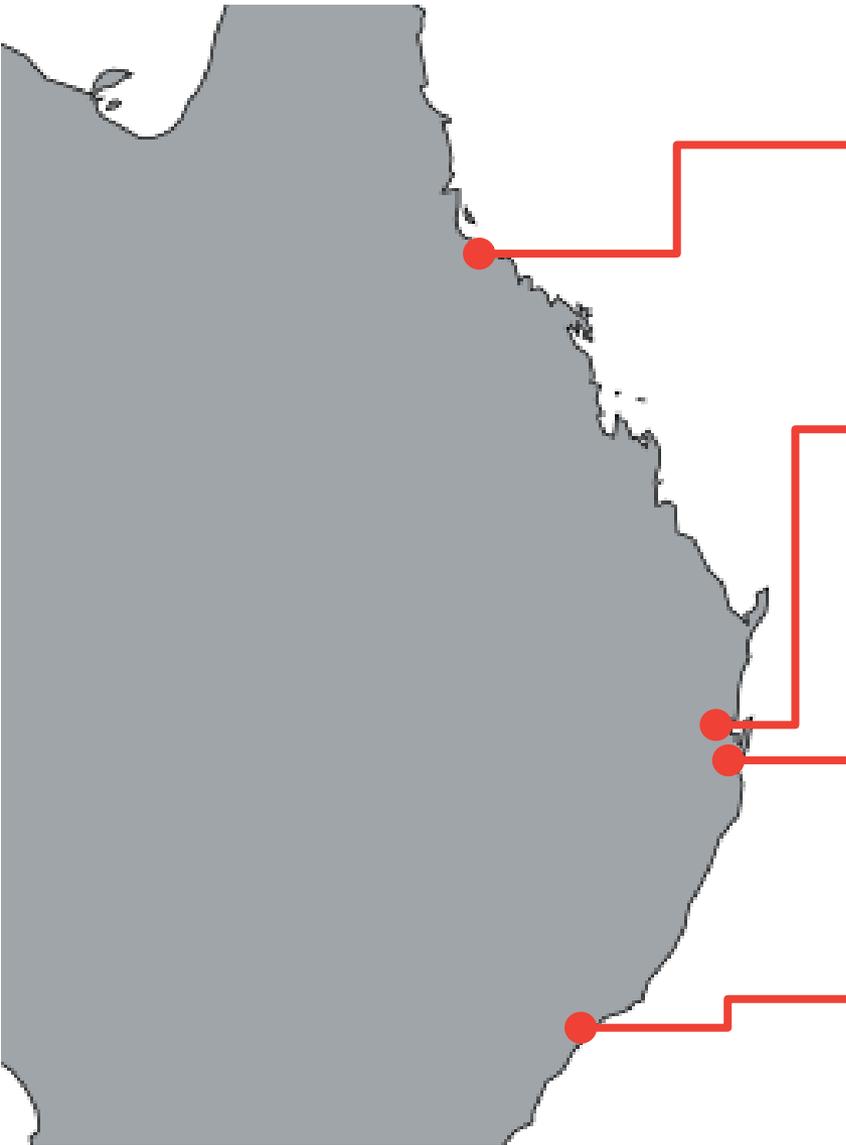
Macquarie Investor Conference

9 May 2014

Matt Bekier – Managing Director and Chief Executive Officer

Harry Theodore – Head of Strategy, Investor Relations and Group Reporting

ECHO ENTERTAINMENT GROUP PROFILE



Jupiters Townsville Hotel and Casino

- Established in 1986
- Perpetual licence
(Currently under sale agreement)



Treasury Casino and Hotel Brisbane

- Established in 1995
- Perpetual licence linked to the lease of the Treasury site that expires in 2070



Jupiters Hotel & Casino Gold Coast

- Established in 1985
- Perpetual licence



The Star Sydney

- Established in 1995
- 99 year licence expires in 2093
- Exclusivity until November 2019

RECAP OF STRATEGIC PRIORITIES

1. **Improve operational performance** at all properties

- Leveraging progress made on cost base over last 12 months
- Focus now turning to marketing, customer service enhancements and improvement in processes/systems
- Early signs of improving revenue momentum
- Continuing incremental investment program at The Star to further improve customer proposition

2. **Deliver Gold Coast Expansion**

- Intention is to expand and refresh Jupiters Gold Coast to restore the property's competitiveness in the region
- Modernisation of regulatory environment for EGMs and additional gaming product is supporting returns on investment
- Project underway now with first milestones to be delivered in FY 2015

3. **Participate in Queen's Wharf Brisbane Development Process**

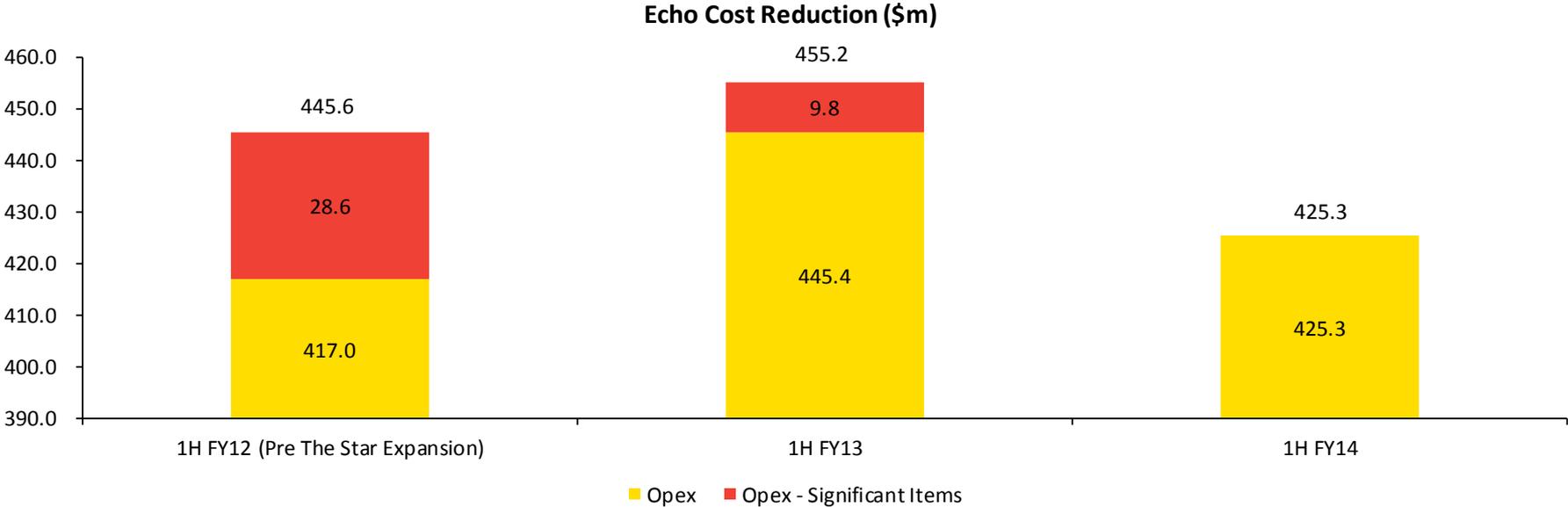
- Expression of Interest lodged in March for Queen's Wharf development
- Bid process expected to be completed by the end of 2014 with the winning bid to be selected early in 2015
- Given the confidential nature of the bid process, there is limited ability to provide information while engaged in the process

4. **Conclude Capital Options Review**

- Conclude review of capital funding options to ensure all projects are optimally funded, with superior returns to Echo shareholders delivered commensurate with risks

1. FOUNDATION OF IMPROVED PERFORMANCE – COST BASE

- Cost optimisation program initiated in April 2012 and completed in 1H14 – total cost saving initiatives expected to exceed guidance of \$60m for FY14
- 1H14 opex of \$425.3m was down \$20.1m on pcp (4.5%) – despite inflation and increased operating footprint in F&B
- Operating expenditure on track to be below \$880m in FY14, allowing for increased activity in 2H14
- EBA renegotiations at The Star and Treasury Brisbane concluded to reduce cost inflation pressures beyond FY14



OPERATIONAL ACTIONS TO SUPPORT IMPROVED PERFORMANCE

FOCUS AREA	KEY ACTIONS	STATUS
Revenues	<input type="checkbox"/> Conduct detailed market research	✓
	<input type="checkbox"/> Revamp Loyalty Program	✓
	<input type="checkbox"/> Identify positioning, target segments and define new offers	Underway
	<input type="checkbox"/> Business Intelligence and Customer Analytics focus	Underway
	<input type="checkbox"/> Review Partnerships	Underway
	<input type="checkbox"/> Recruit marketing talent and expertise	Underway
Cost	<input type="checkbox"/> Run cost optimisation program	✓
	<input type="checkbox"/> Renegotiate EBAs – The Star and Treasury Brisbane completed	✓
	<input type="checkbox"/> Establish headcount controls	✓
	<input type="checkbox"/> Manage roster productivity targets	✓
Customer Service	<input type="checkbox"/> Institute mystery shop program	✓
	<input type="checkbox"/> Redefine customer service standards and service norms	Just started
	<input type="checkbox"/> Redesign/re-engineer customer experience	Just started
	<input type="checkbox"/> Revamp feedback program	Underway
	<input type="checkbox"/> Introduce self service kiosks	Underway
	<input type="checkbox"/> Improve VIP Rebate settlement process	Underway
Processes and Systems	<input type="checkbox"/> Launch sustainability program	✓
	<input type="checkbox"/> Remediate, integrate and consolidate core applications	Underway
	<input type="checkbox"/> Build out full disaster recovery capability	Underway
	<input type="checkbox"/> Reengineer back of house processes	Underway
People and Structures	<input type="checkbox"/> Make key appointments	Underway
	<input type="checkbox"/> Reorganise marketing responsibilities	Underway
	<input type="checkbox"/> Simplify structures	Underway

REVENUE MOMENTUM

- Revenue momentum across the group is improving:

Growth on pcp

	1HFY14	3QFY14
Domestic revenue (excluding VIP Rebate)	- 3.5%	6.4%
Normalised group gross revenue*	- 4.8%	5.7%
Actual group gross revenue	- 7.3%	13.2%

- Revenue growth in 3QFY14 driven by growth in gaming, moderated by softer food and beverage revenues. Growth in overall revenue observed in every property
- April trading showed similar trends to those experienced in the March quarter

The full 2014 financial year result remains subject to a number of factors (which may be material in nature), which include general macro-economic conditions, significant items, potential hold and win rate volatility in the Premium Gaming Rooms and VIP Rebate business, level of debt provisions, success of the company's marketing programs and the impact of any regulatory changes

* Normalised VIP revenue is calculated using the following rates for both the first and second half of FY14: win rate 1.62% and average number of turns of front money 13.0 times.

2. DELIVERING ON GOLD COAST EXPANSION

- Development approval process for \$345m expansion and refresh of Jupiters Gold Coast progressing well
- Plans leverage existing asset and will result in Jupiters Gold Coast being transformed into a modern resort capable of competing with the best Integrated Resorts in the region:
 - New six star hotel
 - Upgrade of existing hotel
 - Significant expansion in food and beverage offering
 - New pool facilities
 - Private gaming rooms for domestic high rollers
 - Expansion of main gaming floor
 - New international VIP Rebate gaming facilities
 - Infrastructure refresh
- Works have commenced. Anticipated deliverables for FY 2015 include:
 - New pool facilities
 - Bulk of room upgrades in the existing hotel
 - One new restaurant and bar
 - Property refresh
- Returns on investment expected to exceed cost of capital

3. PARTICIPATE IN BRISBANE EOI

- Expression of Interest (EOI) for the development of the Queen's Wharf precinct in Brisbane lodged at the end of March 2014
- Indicative timeframe for next steps:
 - Release of shortlisted bidders in June 2014
 - Development proposals due in late 2014
 - Decision expected in late 2014 or early 2015
- Development of proposal continuing – current focus on partner selection
- Process governed by strict confidentiality provisions

ECHO BALANCE SHEET AND FUNDING

- 1H14 Net debt of \$765.8m (excluding cross currency swaps on USPP debt) – net debt of \$707.8m after adjusting for value of cross currency swaps
- Balance sheet conservatively geared - Net Debt to EBITDA below 2x in 1H14
- Close out of hedges undertaken to reduce future interest expense and provide additional balance sheet flexibility
- FY14 statutory net finance costs expected to be around \$65m (excluding one-off expenses associated with the close-out of the out of money swaps). Statutory net finance costs expected to be around \$87m for FY14
- FY15 statutory net finance costs expected to be around \$60m on constant assumptions – FY13 equivalent was \$79.4m
- \$150m working capital facility established to replace existing bridge facility. At year end, no current debt facilities anticipated

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