MEDIA RELEASE

ECHO ENTERTAINMENT GROUP

15 August 2012

Echo Entertainment Group 2012 full year results[1]

Highlights

- Reported NPAT, including significant items, $42.2 million[2]
  - Results negatively impacted by a number of previously advised significant items in the period
  - Statutory numbers below EBIT line not comparable to prior periods due to demerger from Tabcorp Holdings Limited
- Reported EBIT, excluding significant items, $217.9 million, down 38.9% on prior period
  - Soft consumer environment
  - Slower growth at The Star after launch
  - Lower win rate in VIP business of 1.39% vs 1.97% last year
  - Excludes significant items of $74.1m made up of write-downs related to the SilkStar, pre-opening expenses and charge taken for cost optimisation initiatives.
- Normalised EBIT, excluding significant items $271.3 million, down 11.2%
  - Normalised revenues up 11%, with strong VIP growth (front money up 68.6%)
  - Operating expenses up 10.2% reflecting expanded operations, notably The Star and VIP business
- Balance sheet strengthened post capital raising, now geared to accommodate further growth in VIP business

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[1] This media release should be read in conjunction with Echo Entertainment Group Limited's Full Year 2012 Results Presentation and Directors' Report and Financial Report for the year ended 30 June 2012.
[2] FY12 Net Profit After Tax (NPAT) not comparable to the pcp given demerger from Tabcorp Holdings Limited

- Earnings per share of 5.9c. No final dividend declared given 50% statutory NPAT target payout policy covered by the interim dividend payment of 4c paid on 28 March 2012
- The Star expansion on timetable and on budget
  - Significant new product opened between 15 September 2011 and the end of the financial year
  - Events Centre to be completed by January 2013
- VIP business continues strong momentum with normalised gross revenue up 56.6%
- Both gaming and non-gaming now exhibiting solid growth at The Star in line with expectations
- The Star revenue growth built momentum since April 2012 providing optimism for FY2013
- Completion of Section 143, Casino Control Act inquiry by Gail Furness SC with no adverse findings against Echo or The Star. Last outstanding issue relates to the potential penalty for late notification to the Regulator of the departure of The Star's Managing Director.

Group performance overview

Echo Entertainment Group Limited today reported a statutory Net Profit After Tax (NPAT), including significant items, of $42.2 million for FY 2012. As Echo Entertainment was part of Tabcorp Holdings Limited until its demerger, the NPAT is not comparable to previous years given interest and tax charges were not reflective of future levels in FY 2011.

Reported Earnings Before Interest and Tax (EBIT) were $143.8 million, down 58.6% on prior period. This result benefited from solid volume growth across the VIP business and the core business at The Star, however was offset by higher initial operating expenses associated with the opening phase of The Star, higher depreciation and amortisation as a result of the capital expenditure undertaken for Project Star and a VIP win rate below theoretical and historical levels during 2HFY12.

Normalised EBIT for the business fell by 11.2% to $271.3 million. This analysis takes into account an approach to normalisation which adjusts for fluctuations in win rate and turns of front money in the VIP business based on Echo's actual experience over a rolling five year period. Expenses are adjusted by $74.1m relating to a number of previously announced significant items that negatively impacted results during the period including $37.8m relating to pre-opening expenses, $30.3m relating to SilkStar and a $6.0m charge taken in relation to the cost optimisation program initiated in 2HFY12.

Normalised revenue was $1,773.3 million; up 11.0% (Actual revenue was $1,615.5million[3], up 0.2%). Echo Entertainment saw revenue grow in both NSW and Queensland despite a soft consumer environment and a lower win rate in the VIP business.

Operating expenses (excluding significant items) were up 10.2%. This increase reflects the expansion of operations from the investment program and higher initial operating expenses in new areas at The Star.

Earnings per share were 5.9 cents. No final dividend was declared based on Echo Entertainment's target payout ratio of 50% of statutory NPAT given the interim dividend of 4c equated to 65.2% of NPAT for the year.

The company repaid $443.0 million of its bank debt subsequent to the year end using proceeds raised from the Entitlement Offer announced on 14 June 2012. The revised capital structure is appropriate given the growth in the company's International Rebate Business.

Chairman John O'Neill AO said: "The expansion plans at The Star have now been substantially delivered, on time and on budget. It is pleasing to see The Star transform into a true world class entertainment destination and the addition of the Events Centre later this year will mark the completion of our transformational investment in Australia's largest city. With the period of openings now behind us, the attention of the Management team and the Board is now focused on maximising the revenue and optimising the operational efficiency of our largest asset. With the significant capacity and product improvements made at The Star, the business is well positioned to drive earnings that are more consistent with the potential of our valuable licence.

We continue to work with the Queensland Government to optimise the potential development opportunities in that market. While trading conditions generally remain tough,

[3] Actual revenue for statutory purposes is shown as the net gaming win, less player rebates and promotional allowances, but gross of commissions and rebates paid to third parties. Actual gross revenue, before player rebates and third party commissions was $1,689.3 million, up 2.5% on pcp.

we see the potential to invest in creating world class destinations in Queensland that will be valuable tourism generating assets and will complement the investment made at The Star" Mr O'Neill AO said.

Segment performance

The segment results for the year to 30 June 2012 were:

- **The Star**: EBIT $111.3 million, down 53.2%. EBITDA $188.3 million, down 36.4%.

  Revenue at The Star in Sydney was up 2.7% (up 16.8% on a normalised basis). EBITDA fell 36.4% on an actual basis and before significant items (down 2.9% on a normalised basis). Trading in the third quarter was negatively impacted by a soft consumer environment, the departure of the Managing Director and the subsequent negative media exposure around the section 143 Casino Control Act 1992 (NSW) inquiry. Revenue growth has accelerated since April as some of these issues were resolved. The company remains optimistic on the outlook for The Star and is committed to delivering the targeted earnings uplift.

  The $870[4] million expansion of The Star casino is rapidly progressing towards completion. The only part of the project to be commissioned is the Events Centre which is a multi-use entertainment facility catering for concerts, banquets and conventions. This will cap off a year of openings that between September and December, saw the launch of a new harbourside entrance, new sections of the main gaming floor, signature restaurants, retail, a new hotel, spa and VIP suites. The large international nightclub, Marquee, opened in March and a number of gaming and non-gaming spaces were commissioned over the second half of the year.

- **Queensland casinos**: EBIT $106.6 million, down 10.2%. EBITDA $144.3 million, down 9.6%.

  The three Queensland properties were impacted by a tough consumer environment. Revenue increased 2.2% (up 2.6% on a normalised basis) and EBITDA fell 9.6% on an actual basis (down 7.1% on a normalised basis).

[4] Previous guidance of $960m adjusted by $90m following decision to lease, rather than purchase, two jets. $870m Project Star capex includes $100m license payment made to the NSW Government.

> In December 2010, the Group announced a proposed investment program of $625 million for its Queensland casinos. The planning of the Gold Coast component of this investment is well advanced. Echo Entertainment continues to work with the Queensland Government and the Regulator through the various approvals required prior to committing the bulk of the targeted investment.

The VIP business results are imbedded in the divisional performance. Actual gross revenue of $275 million, down 1.8%, with strong volume growth (front money up 68.6% on the pcp) offset by a lower win rate than in the pcp (1.39% compared to 1.97% in the pcp). Normalised for win rate and turns of front money, revenue growth would have been 56.6%. The earnings from the VIP business were also impacted by the liquidation of SilkStar an international VIP business marketing group. Much of the revenue growth was driven by the investments made into Echo Entertainment's marketing capabilities in the region, the addition of two private jets and new VIP gaming salons added during FY12. This year's significant volume growth bodes well for next financial year with the product at The Star significantly strengthened.

Outlook for 2013

Chief Executive Officer, Larry Mullin, said that the coming financial year was an exciting time for Echo Entertainment as the company moves to reap the benefits of the capital investments made in Sydney over the last three years.

"FY12 was a transitional year for Echo and The Star as a significant amount of the $870m redevelopment was launched to the market on time and on budget. The investment program is nearing completion with the Events Centre expected to begin operations from January 2013. The transformation of The Star to a world class entertainment destination is now evident and the product launched to date has been well received by both existing and new customers.

The second half of FY12 was a challenging period for The Star. The removal of the Managing Director from December, announcement of the section 143 Casino Control Act 1992 (NSW) inquiry and subsequent sustained negative media campaign adversely impacted operations in the third quarter. Following the completion of the inquiry in April and the release of the report in May with no adverse findings against Echo Entertainment and The Star, we have seen revenue momentum consistently improve as the focus returns to our world class product.

We expect to see sustained revenue growth at The Star in FY13 driven by the new product and expansions. Operating margins will also improve as the business completes its launch phase and the benefits of the cost optimisation program launched in 2H12 come through.

We remain confident in the return metrics on Project Star and expect to see sustained revenue growth and improved operating leverage as we utilise the new product over the next few years.

The Queensland properties saw relatively flat revenue trends in FY12 driven by general macro-economic conditions in our core markets. We expect that the business is likely to trade in-line with general market conditions in FY13 and earnings will benefit from some of the general corporate and property specific cost optimisation initiatives implemented from 2H12. We remain excited about the development of our Queensland properties and are working with the Queensland Government to maximise those opportunities."

For more information:

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MEDIA RELEASE

ECHO ENTERTAINMENT GROUP

Echo Entertainment Group full year results to 30 June 2012

• Reported	
• Statutory revenue	$1,615.5 million, up 0.2%
• EBITDA	$265.9 million, down 40.4%
• EBIT	$143.8 million, down 58.6%
• Net profit after tax	$42.2 million
• Earnings Per Share	5.9 cents
• Normalised (Underlying)	
• Revenue	$1,773.3 million, up 11.0%
- The Star	$1,103.8 million, up 16.8%
- Queensland	$669.5 million, up 2.6%
• EBITDA	$386.0 million, down 4.5%
- The Star	$245.3 million, down 2.9%
- Queensland	$140.7 million, down 7.1%
• EBIT	$271.3 million, down 11.2%
- The Star	$168.3 million, down 13.6%
- Queensland	$103.0 million, down 7.0%
• Dividend per share	None – covered by interim dividend
• Balance sheet	
• Gross Debt	$1,317.8 million
• Net Debt[5]	$793.3 million
• Net Debt/EBITDA[6]	2.4x

[5] Net Debt is stated after adjusting for cash and cash equivalents and net proceeds received from the Entitlement Offer.

[6] EBITDA is stated after adjusting for significant items