MEDIA RELEASE

ECHO ENTERTAINMENT GROUP

16 August 2011

Echo Entertainment Group full year results

Highlights

- Reported net profit after tax, including non-recurring items, $226 million
    - Statutory numbers below EBIT line not comparable to prior periods due to demerger
- Reported EBIT, including non-recurring items, $347 million, up 33.6% on prior period
    - Strong win rate in VIP business of 1.97% vs 1.24% last year
    - VIP front money up 32%
    - Result fully absorbs impact of Queensland floods
- Normalised EBIT (excluding NRI's) $305 million, up 6.0%
    - Revenues up 7.4%
    - Operating expenses up 5.2%
    - Excludes $9.2m of one-off pre-opening expenses
- Earnings per share of 32.8 c, largely generated pre-demerger, therefore distributed through Tabcorp Holdings Limited (TAH)
- Sound balance sheet, with Gross Debt/EBITDA at 2.4x
- The Star expansion on timetable
    - Most attractions opening up between 15 September 2011 and end of year
    - Events centre to be completed in 2H FY 2013
- Investment program in place. Above sector growth prospect on back of investments and anticipated concessions.

Group performance overview

Echo Entertainment Group today reported a statutory net profit after tax (NPAT), including non-recurring items, of $226 million for FY 2011. As Echo Entertainment was part of Tabcorp Holdings until its demerger, the NPAT is not comparable to previous years and includes interest and tax charges that are not reflective of future levels.

Reported earnings before interest and tax (EBIT) were $347 million, up 33.7% on prior period. This strong result benefited significantly from a VIP business that expanded significantly but also experienced win rates well above theoretical and historical levels.

Management estimates that underlying earnings for the business grew by 6.0% to $305 million. This analysis takes into account a new 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. In addition, expenses are adjusted by $9.2m relating to pre-opening. Under the previous approach to normalisation of win rate, EBIT would have been $278 million, up 0.8% on the pcp.[1]

Actual revenue was $1,648 million[2], up 13.5%. Echo Entertainment saw revenue grow in both states, despite the peak disruption to activities at The Star and the flood and cyclone events in Queensland.

Operating expenses (including one-off pre-opening expenses) were up 5.8%, in line with expectations which reflect the increased activity from the investment program.

Earnings per share were 32.8 cents. As indicated in the demerger scheme book, Echo Entertainment did not declare a separate dividend for FY 11 as the earnings were largely generated prior to the demerger from Tabcorp Holdings which will distribute these earnings to holders of Tabcorp shares per the record date.

Chairman John Story said: "Echo Entertainment's first stand alone financial result represents an encouraging outcome. It was pleasing that revenues grew in both states, despite construction and the weather. Importantly, the expansion program at The Star is making excellent progress. We are looking forward to the next 12 months with confidence and excitement as the new attractions become fully available to Sydney."

"The opportunities in Queensland continue to be developed in collaboration with the Government and the Regulator. We are committed to pursuing investment and growth in Queensland. Echo Entertainment has a strong balance sheet, a good growth profile and a conservative dividend policy that will allow us to fund these investments," Mr Story said.

---

[1] Echo Entertainment has changed its approach to normalisation of earnings. See the FY11 Full Year Results Presentation for more details on the new approach and reconciliation to the old approach.
[2] Revenue is shown as the net gaming win, but gross of commissions and rebates paid to third parties. In the prior year under Tabcorp, revenue was not grossed up for payments to third parties.

Segment performance

The segment results for the year to 30 June 2011 were:

- **The Star**: EBIT $229 million, up 42.1%. EBITDA $286 million, up 34.9%.

  EBITDA at The Star in Sydney increased 34.9% based on actual earnings (8.5% on a normalised basis). Revenues were up 18.3% (10.0% on a normalised basis) as the business expanded its product offering and opened new gaming areas on the Main Gaming Floor. Electronic gaming continued to perform very well, with year on year growth of 13.7% despite an unchanged number of EGMs. Tables were up 3.6%, despite the peak construction experienced in Q4. Non-gaming declined by 3.5% as facilities were closed for redevelopment.

  The $870[3] million expansion of The Star casino is progressing to plan with approximately 70% of the total project and 75% of the Main Gaming Floor completed. Most of the new gaming and non-gaming areas will open in Q2 of this financial year. A series of opening activities are scheduled from the middle of September (new harbourside entrance, large sections of the main gaming floor, signature restaurants, retail) to calendar year end (new hotel, spa, more restaurants, residual main gaming floor, VIP suites, nightclub). The events centre has now obtained the remaining outstanding approvals and will be completed in the second half of next financial year.

- **Queensland casinos[4]**: EBIT $119 million, up 20.1%. EBITDA $160 million, up 16.9%.

  The three Queensland properties showed a continued recovery in performance following a difficult year in 2010. Revenues increased 6.9% and EBITDA grew by 16.9% on an actual basis (or 3.8% and 5.0% on a normalised basis). All main lines of business showed positive revenue growth, despite the impacts of the Brisbane floods and cyclone Yasi in Townsville.

  In December 2010, the Group announced a proposed investment program of $625 million for its Queensland casinos. This investment will deliver world class entertainment destinations, and includes the construction of two new hotels over the next 5 years. The investment is supported by a number of gaming concessions, and

[3] Previous guidance of $960m reduced by $90m following decision to lease rather than purchase two jets. $870m Project Star capex also includes $100m license payment made to the NSW Government.
[4] Queensland is the combination of Jupiters and Treasury as per the Statutory accounts.

is expected to increase EBITDA by at least $90 million per annum upon completion. The planning of the Gold Coast investments 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. Stand-alone, the VIP business had a good year, with actual (Gross) revenues of $280 million, up 106.4%. Normalised for win rate and turns of front money, growth would have been 33.6%. Much of the growth was driven by the investments made into Echo Entertainment's marketing capabilities in the region and the addition of a private jet. This year's success bodes well for next financial year when the product at The Star will be strengthened by the addition of VIP gaming salons in the existing hotel, new VIP suites in the new hotel, an additional private jet, and a more diverse non-gaming offer at the property in Sydney.

Outlook for 2012

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

"We are now putting the finishing touches to the bulk of the investments at The Star. By the end of Q1, we will have opened most of the new areas on the main gaming floor which will mean there will be much less disruption to the core part of our property. From then on, we keep opening new facilities for 3 months," Mr Mullin said

"We have allowed $30m of expenses for pre-opening activities such as staff recruitment and training, special events, and marketing. We will get one opportunity to reposition the new Star, and we are very confident in the product we have coming on, so we are making the appropriate investment to let people know about it. As a result of these activities, we expect to see significant revenue uplift at Star in the 2nd half of this financial year."

Mr Mullin said that he expected 2012 to be a story of two halves: "In Q4, we saw a much more cautious consumer than earlier in the year across the board. Current trading for the start of FY12 has been solid and in line with expectations with revenue up 12.6% (8.2% on a normalised basis) from 1 July 2011 to 9 August 2011. We expect revenue at Star to pick up from Q2 as we open more facilities, and to accelerate significantly in H2. In Queensland, H1 performance will depend on the business climate and consumer confidence, as nothing else will change in our business. In the absence of severe weather events as we experienced this year, we expect the 2nd half to be stronger" he said.

For more information:

Financial analysts: Matt Bekier, Chief Financial Officer, 02 9657 7439

Media: Brad Schmitt, GM Group Corporate Affairs, 0407 995 505

MEDIA RELEASE

ECHO ENTERTAINMENT GROUP

Echo Entertainment full year results to 30 June 2011

- Reported
  - Revenue — $1,648 million, up 13.5%
  - EBITDA — $446 million, up 27.9%
  - EBIT — $347 million, up 33.6%
  - Net profit after tax — $226 million
  - Earnings Per Share — 32.8 cents

- Underlying
  - Revenue — $1,598 million, up 7.4%
    - The Star — Up 10.0%
    - Queensland — Up 3.8%
  - Earnings Before Interest and Tax — $305 million, up 6.0%
    - The Star — Up 7.3%
    - Queensland — Up 3.7%

- Dividend per share, fully franked
  - Dividend — None – covered by Tabcorp Holdings

- Balance sheet
  - Gross Debt — $1,071 million
  - Net Debt — $946 million
  - Gross Debt/EBITDA (actual) — 2.4x