



THE STAR

## ASX Announcement

16 February 2016

### HALF YEAR RESULTS PRESENTATION

Attached is the presentation regarding the financial results of The Star Entertainment Group Limited (***The Star Entertainment Group***) for the half year ended 31 December 2015, to be presented by Matt Bekier, Managing Director and Chief Executive Officer, and Chad Barton, Chief Financial Officer.

The presentation and a link to an audio webcast of the presentation will be available on The Star Entertainment Group's website at [www.starentertainmentgroup.com.au](http://www.starentertainmentgroup.com.au) from 10:00am (Sydney time) today.

The information contained in this announcement should be read in conjunction with today's announcement of The Star Entertainment Group's half year results.

**Paula Martin**  
**Group General Counsel & Company Secretary**



**THE STAR ENTERTAINMENT GROUP  
HALF YEAR 2016 RESULTS  
PRESENTATION**

16 FEBRUARY 2016

THE STAR

# THE STAR ENTERTAINMENT GROUP

## THE STAR ENTERTAINMENT GROUP LIMITED (ASX: SGR)

### BASIS OF PREPARATION AND NON-IFRS INFORMATION

- Information in this presentation is provided as at the date of the presentation unless specified otherwise. It should be read in conjunction with The Star Entertainment Group Limited's financial report for the half year ended 31 December 2015 and other disclosures made via the Australian Securities Exchange
- The Star Entertainment Group results are reported under International Financial Reporting Standards (IFRS). This presentation may include certain non-IFRS measures including normalised results, which are used internally by management to assess the performance of the business
- Non-IFRS measures and current trading 2H FY2016 results to date have not been subject to audit or review
- 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% on actual turnover. For the FY2016 results, normalised results will be adjusted using an average win rate of 1.35% of actual turnover
- Normalised EBIT (Underlying Earnings) and Normalised EBITDA are calculated based on normalised gross revenue and normalised taxes. Significant items are excluded from the normalised results
- Queensland results referred to in this presentation relate to the Jupiters and Treasury segments as reported in the statutory accounts

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# THE STAR ENTERTAINMENT GROUP

## AGENDA

1. OVERVIEW

MATT BEKIER – CEO

2. FINANCIALS

CHAD BARTON – CFO

3. OUTLOOK AND PRIORITIES

MATT BEKIER – CEO

4. Q&A

# OVERVIEW

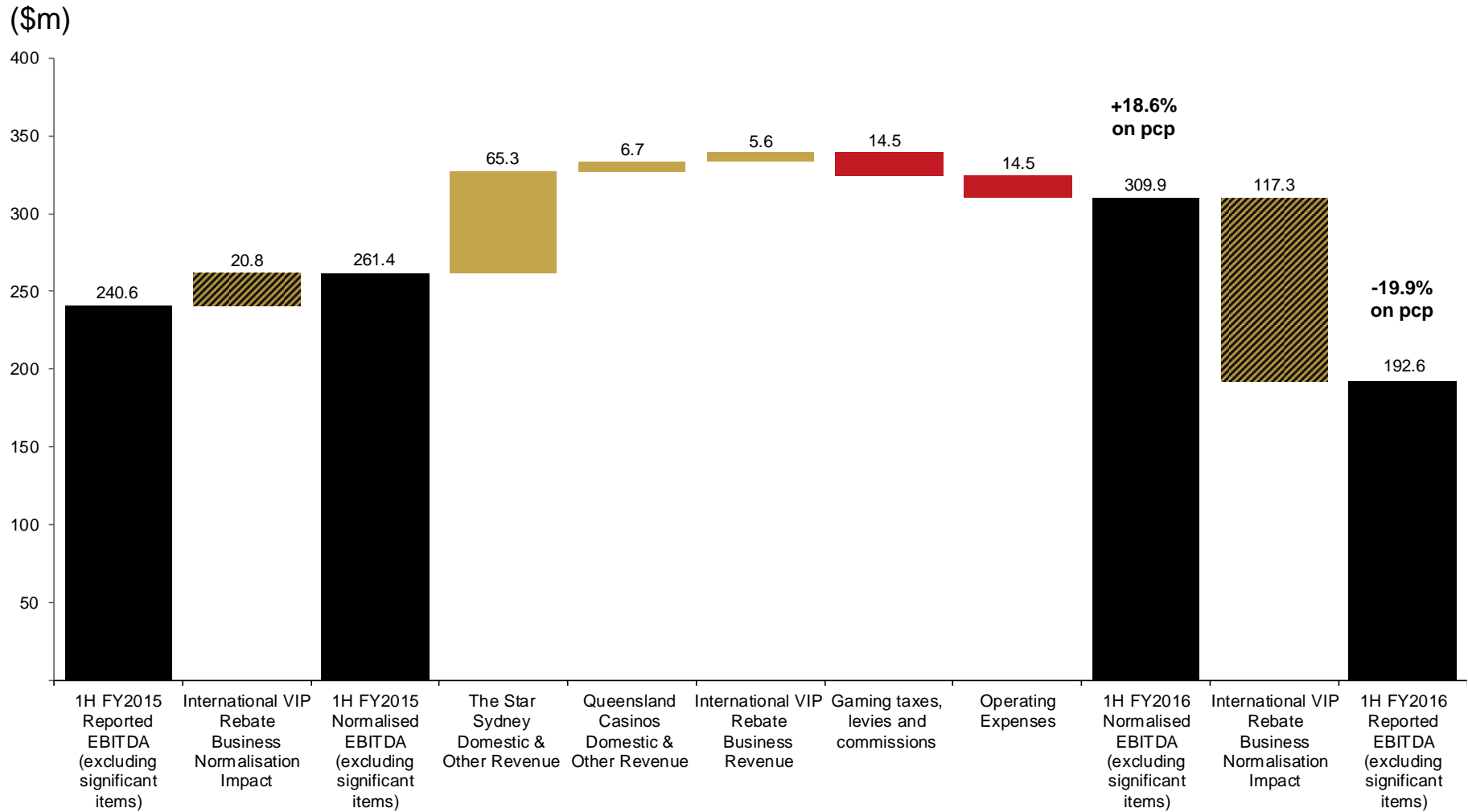
## HALF YEAR FY2016 RESULTS

- Strong first half on all key operating fundamentals:
  - Domestic tables revenue up 12.3% across the Group
  - Slots revenue up 7.4%
  - Non-gaming cash revenue up 1.1%
  - Operating costs well controlled up 3.2%
- International VIP Rebate business volumes solid on a poor actual win rate
  - Turnover of \$23.6bn, up 1.5%
  - Normalised revenue<sup>1</sup> of \$338m, up 1.7%
  - Actual win rate of 0.88% down on prior period of 1.33% and normalised rate of 1.43%
- Actual EBITDA (excluding significant items) of \$193m, down 19.9% on pcp due to win rate, normalised EBITDA of \$310m, up 18.6% on pcp
- Actual NPAT of \$60m, down 37.9% on pcp (Normalised NPAT of \$142m, up 26.1% on pcp)
- In light of the historic average win rate for the International VIP Rebate business falling below 1.43%, the normalisation rate will be reduced to 1.35% for the 2016 full year results. At a 1.35% win rate, normalised EBITDA would be \$293m and normalised NPAT would be \$130m
- Interim dividend per share of 5.5 cents fully franked reflects the strong underlying momentum that is continuing into early 2H FY2016
- Good progress made on other strategic priorities

Note: <sup>1</sup> 1H FY2016 results have been normalised for a 1.43% win rate on International VIP Rebate business turnover

# OVERVIEW

## KEY DRIVERS OF HALF YEAR FY2016 RESULTS



Note: 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% on actual turnover. Jupiters Townsville sale was completed on 1 October 2014, 1H FY2015 earnings include Jupiters Townsville earnings from 1 July 2014 to 30 September 2014

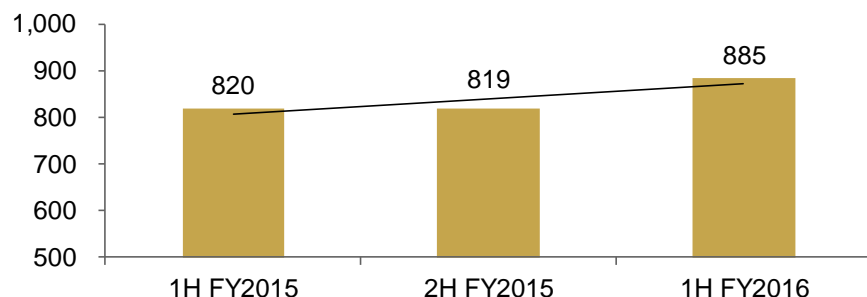
# OVERVIEW

## KEY DRIVERS – THE STAR SYDNEY

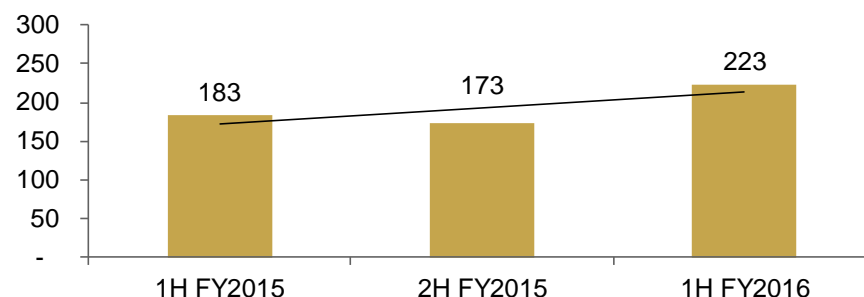
Normalised gross revenue of \$885m, up 7.9% versus pcp (actual gross revenue of \$738m, down 7.2%).  
Normalised EBITDA of \$223m, up 21.7% (actual EBITDA of \$91m, down 43.7%):

- Solid revenue growth across all lines of business other than International VIP Rebate business – Slots +12.4%, Domestic Tables +14.9%, Non-gaming +7.9%
- Domestic revenue growth driven by an increase in visitation (+4.1%) and spend per visitor (+8.6%). Growth across both loyalty base members and unrated customers
- International VIP Rebate business turnover down 0.4% to \$22.4bn, impacted by a strong prior comparable period (International VIP Rebate business turnover growth of 104.6% in 1H FY2015). Actual win rate of 0.77% for 1H FY2016 (1.32% for 1H FY2015)
- Non-gaming cash revenue up 7.9% despite disruption from buffet and hotel refurbishments
- Operating costs of \$297m, up 5.8% for the period as a result of increased domestic volumes
- 1H FY2016 average non-rebate gaming tax rate of 31.6% (top marginal tax rate of 50.0%) versus 29.9% in 1H FY2015 (top marginal tax rate of 44.5%) – \$8m EBITDA impact from the increase in tax rate

**Normalised Gross Revenue (\$m)**



**Normalised EBITDA (\$m)**



Note: 1H FY2016 results have been normalised for a 1.43% win rate on International VIP Rebate business turnover. Adjusting for a 1.35% win rate, normalised EBITDA would be \$206.9m, up 23.8% on the pcp on a like for like basis

# OVERVIEW

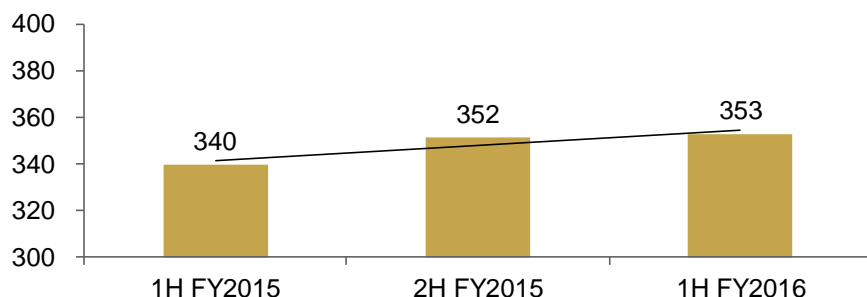
## KEY DRIVERS – QUEENSLAND CASINOS

Normalised gross revenue of \$353m, up 3.8% versus pcp (actual gross revenue of \$370m, up 8.2%).

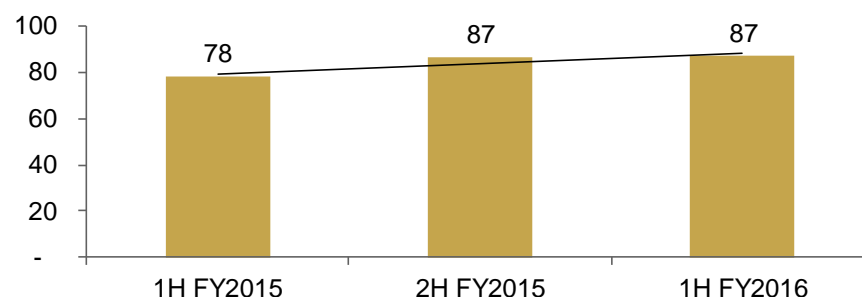
Normalised EBITDA of \$87m, up 11.2% (actual EBITDA of \$102m, up of 28.1%):

- Solid revenue growth across gaming lines of business – Slots +2.9%, Domestic Tables +6.0%, International VIP Rebate business normalised +59.6% (+174.5% actual)
- Domestic revenue growth driven by an increase in spend per visitor (+4.6%) with visitation levels consistent to prior period despite disruption from capital works at Jupiters Gold Coast. Growth across both loyalty members and unrated customers
- International VIP Rebate business turnover of \$1.2bn, up 59.6%, with an actual win rate of 2.88% for 1H FY2016 (1.68% for 1H FY2015)
- Non-gaming business cash revenue down 7.6% due to the disruption in non-gaming facilities throughout the period at Jupiters Gold Coast and the impact of 3 months of Jupiters Townsville revenues in the prior period
- Operating costs of \$173m across the Queensland properties, down 1.0%

**Normalised Gross Revenue (\$m)**



**Normalised EBITDA (\$m)**



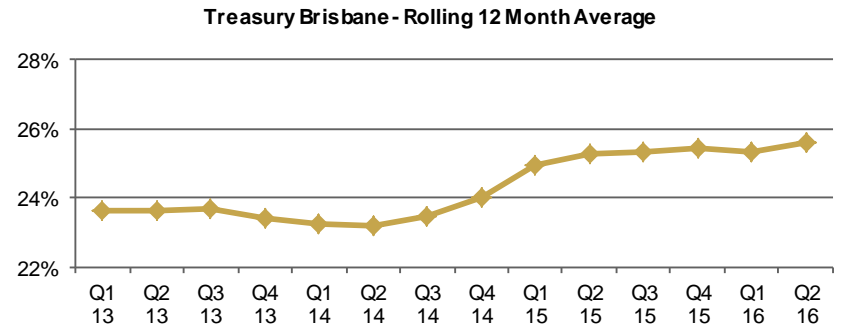
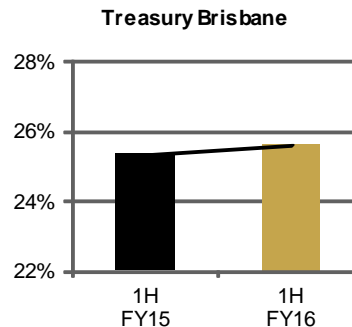
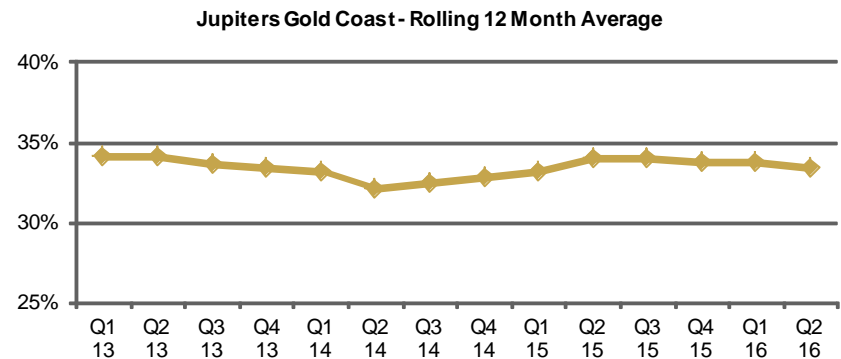
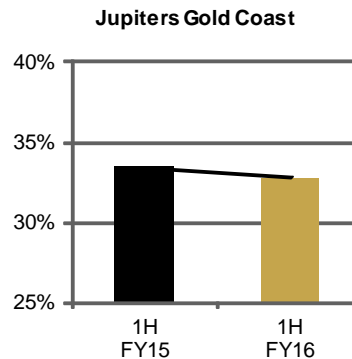
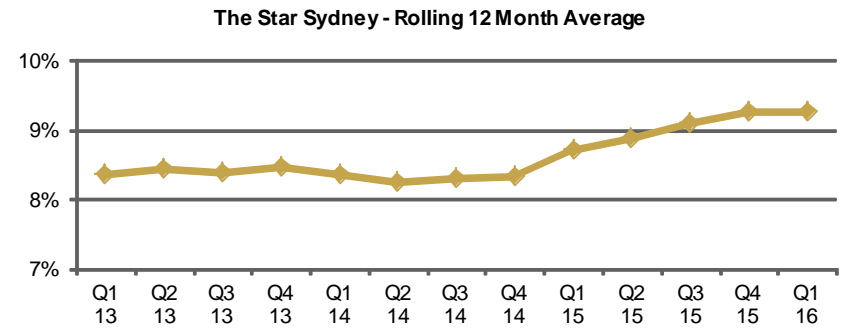
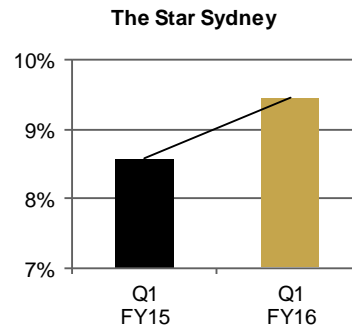
Note: 1H FY2016 results have been normalised for a 1.43% win rate on International VIP Rebate business turnover. Adjusting for a 1.35% win rate, normalised EBITDA would be \$86.0m, up 10.9% on the pcp on a like for like basis  
Jupiters Townsville sale was completed on 1 October 2014, 1H FY2015 earnings include Jupiters Townsville earnings from 1 July 2014 to 30 September 2014



# OVERVIEW

## EGM MARKET SHARE

- EGM revenue growth across the Group for 1H FY2016 was up 10.7% versus pcp, with The Star Sydney up 12.8% and Queensland properties up 8.4%
- The Star Sydney market share for Q1 FY2016 was 9.5% versus 8.6% in Q1 FY2015 (Q2 FY2016 market data not currently available)
- Queensland market share for 1H FY2016 was 28.6%, flat on 1H FY2015, with Treasury Brisbane's solid performance in Q2 FY2016 offset by softness at Jupiters Gold Coast which was impacted by disruption from capital works
- Properties continued to benefit from enhanced product, continued traction of the loyalty program, targeted marketing campaigns and jackpot strategy

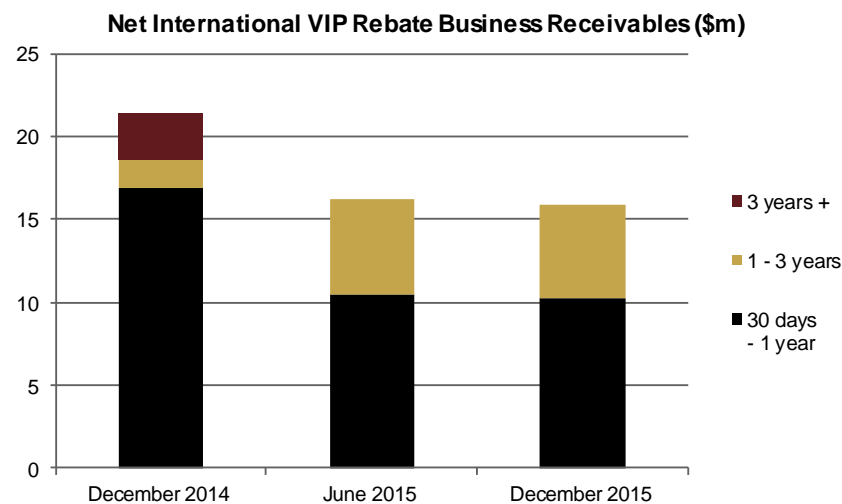
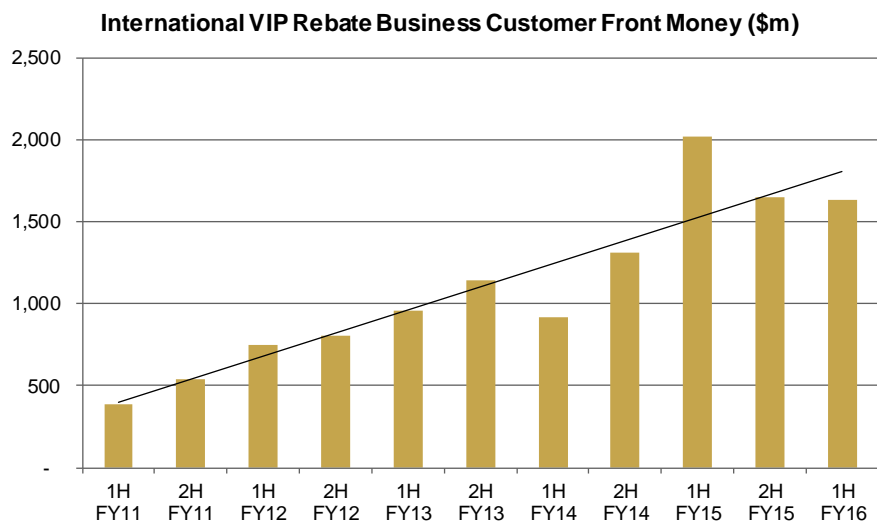


Source: Independent Liquor and Gaming Authority – NSW Government, Office of Liquor and Gaming Regulation – Queensland Government and The Star Entertainment Group data  
 Note: Market share data for The Star is inclusive of both slots and MTGMs. Market share data for Queensland properties is inclusive of both slots and MTGMs, however excludes Rapid product

# OVERVIEW

## INTERNATIONAL VIP REBATE BUSINESS PERFORMANCE

- International VIP Rebate business turnover of \$23.6bn, up 1.5% versus pcp
- Normalised gross revenue of \$338m, up 1.7% (actual gross revenue of \$207m down 32.9%) versus pcp
- Actual win rate of 0.88% below prior period of 1.33% and normalised rate of 1.43%
- In light of the historic average win rate for the International VIP Rebate business falling below 1.43%, the normalisation rate will be reduced to 1.35% for the 2016 full year results
- Junket business represented 78% of actual turnover in 1H FY2016 (84% in 1H FY2015)
- Low win rate experienced in 1H FY2016 on revenue share junket commissions. Adjusting commissions on revenue share agreements to an assumed 1.43% win rate would increase reported commissions by \$7.4m
- Net receivables past due not impaired greater than 30 days of \$16m consistent with levels at 30 June 2015<sup>1</sup>



Note: <sup>1</sup> Net trade receivables based on receivables excluding 0-30 days

# OVERVIEW

## GOOD PROGRESS – DELIVERING TO PLAN

- Progress made during 1H FY2016 on all priorities:
  - Completed the corporate brand change to The Star Entertainment Group Limited, and set the future brand direction and platform for the Group
  - Improved operational performance at all properties
  - Reached contractual close with the Queensland Government on the Queen's Wharf project
  - Delivered on tranches of the Jupiters Gold Coast and The Star Sydney expansion projects
  - Improved staff engagement across all properties and business segments
  - Established masterplan to position The Star Entertainment Group's properties across Brisbane, Sydney and Gold Coast as large scale regionally competitive Integrated Resorts
  - Worked with Queen's Wharf partners Chow Tai Fook Enterprises (CTF) and Far East Consortium (FEC), to explore additional joint venture opportunities in or around The Star Entertainment Group's properties in Sydney and the Gold Coast
- Loyalty program maintaining momentum – release of program enhancements planned for later this calendar year
- Solid leadership in place and strengthened operational capability. Additional senior hires made across gaming, sales, marketing and corporate



# THE STAR ENTERTAINMENT GROUP

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# FINANCIALS

## PROFIT AND LOSS

(\$m)	1H FY2015 Actual	1H FY2016 Actual	Growth %	1H FY2015 Normalised <sup>2</sup>	1H FY2016 Normalised <sup>2</sup>	Growth %
Domestic Gaming Revenue	697.1	768.2	10.2%	697.1	768.2	10.2%
International VIP Rebate (Gross)	309.1	207.5	( 32.9%)	332.2	337.8	1.7%
Non-gaming & Other Revenue	130.9	131.8	0.7%	130.9	131.8	0.7%
<b>Gross Revenue <sup>1</sup></b>	<b>1,137.1</b>	<b>1,107.5</b>	<b>( 2.6%)</b>	<b>1,160.2</b>	<b>1,237.8</b>	<b>6.7%</b>
Gaming taxes, levies and commissions	( 440.9)	( 444.8)	( 0.9%)	( 443.2)	( 457.8)	( 3.3%)
Operating expenditure	( 455.6)	( 470.1)	( 3.2%)	( 455.6)	( 470.1)	( 3.2%)
<b>EBITDA (before significant items)</b>	<b>240.6</b>	<b>192.6</b>	<b>( 19.9%)</b>	<b>261.4</b>	<b>309.9</b>	<b>18.6%</b>
Depreciation and amortisation	( 78.0)	( 82.7)	( 6.1%)	( 78.0)	( 82.7)	( 6.1%)
<b>EBIT (before significant items)</b>	<b>162.6</b>	<b>109.9</b>	<b>( 32.4%)</b>	<b>183.4</b>	<b>227.2</b>	<b>23.9%</b>
Net interest	26.3	23.4	11.0%	26.3	23.4	11.0%
Tax (before sig items) <sup>3</sup>	38.4	26.2	31.7%	44.4	61.8	( 39.2%)
<b>NPAT (before significant items)</b>	<b>97.8</b>	<b>60.3</b>	<b>( 38.3%)</b>	<b>112.6</b>	<b>142.1</b>	<b>26.1%</b>
Significant Items (after tax) <sup>4</sup>	( 0.7)	-				
<b>Statutory NPAT</b>	<b>97.1</b>	<b>60.3</b>	<b>( 37.9%)</b>			
<b>Earnings Per Share (cents)</b>	<b>11.8</b>	<b>7.3</b>	<b>( 38.1%)</b>			
<b>Total dividend per share (cents)</b>	<b>5.0</b>	<b>5.5</b>	<b>10.0%</b>			

Notes:

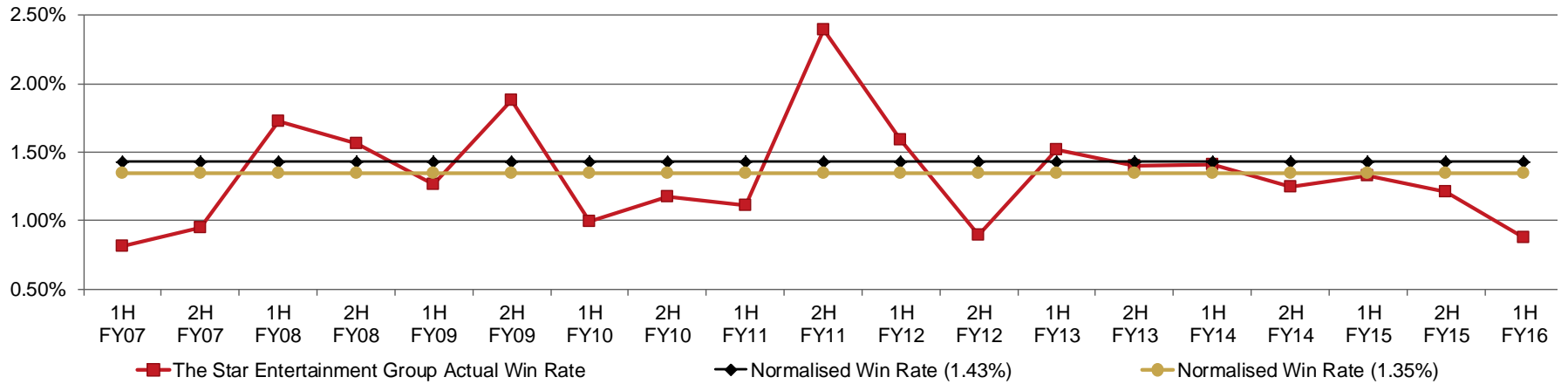
- 1 Revenue is shown as the net gaming win, but gross of rebates and commissions paid to players and third parties
- 2 Normalised results reflect the underlying performance of the business as they remove the inherent volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.43% on actual turnover.
- 3 Tax before significant items is calculated for actual and normalised purposes based on the statutory effective tax rate paid in the period (1H FY2016 30.3%, 1H FY2015 28.2%)
- 4 1H FY2015 significant items include the gain on the sale of Jupiters Townsville (a pre-tax gain of \$8.0m) and the costs incurred in connection with the Queen's Wharf Brisbane competitive bid process (\$9.0m)

# FINANCIALS

## INTERNATIONAL VIP REBATE BUSINESS NORMALISATION

- Normalised International VIP Rebate business win rate of 1.43% was set in FY2014 based on the historical average win rate
- The average win rate for the International VIP Rebate business has now fallen below the rate of 1.43%. Given the reduced win rate over the last two years, the normalised win rate will be adjusted down to 1.35% for the 2016 full year results, in line with our win rate experience and consistent with the Australia and New Zealand market practice

Historical Actual Win Rate Comparison (%)



# FINANCIALS

## BALANCE SHEET

\$m	December 2014	June 2015	December 2015
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	196.6	196.6	146.8
Trade and other receivables	116.2	110.5	128.3
Inventories	7.9	7.3	8.8
Derivative financial instruments	7.9	12.1	14.0
Other assets	96.2	26.2	36.4
<b>Total current assets</b>	<b>424.8</b>	<b>352.7</b>	<b>334.3</b>
<b>Non current assets</b>			
Property, plant and equipment	1,911.1	1,974.2	2,055.7
Intangible assets	1,838.3	1,840.0	1,833.9
Derivative financial instruments	165.5	207.4	237.0
Investment in associate	-	-	5.0
Other assets	18.2	17.1	15.7
<b>Total Non current assets</b>	<b>3,933.1</b>	<b>4,038.7</b>	<b>4,147.3</b>
<b>TOTAL ASSETS</b>	<b>4,357.9</b>	<b>4,391.4</b>	<b>4,481.6</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	212.1	233.9	251.8
Interest bearing liabilities	150.0	-	-
Income tax payable	20.6	39.8	6.4
Provisions	54.1	55.2	56.5
Derivative financial instruments	15.1	16.7	16.3
Other liabilities	26.6	21.2	31.0
<b>Total current liabilities</b>	<b>478.5</b>	<b>366.8</b>	<b>362.0</b>
<b>Non current liabilities</b>			
Interest bearing liabilities	647.0	744.2	830.6
Deferred tax liabilities	164.7	174.8	172.4
Provisions	10.2	14.7	13.8
Derivative financial instruments	63.3	55.5	54.7
<b>Total non current liabilities</b>	<b>885.2</b>	<b>989.2</b>	<b>1,071.5</b>
<b>TOTAL LIABILITIES</b>	<b>1,363.7</b>	<b>1,356.0</b>	<b>1,433.5</b>
<b>NET ASSETS</b>	<b>2,994.2</b>	<b>3,035.4</b>	<b>3,048.1</b>
<b>EQUITY</b>			
Share capital	2,580.5	2,580.5	2,580.5
Retained earnings	431.4	462.3	473.1
Reserves	(17.7)	(7.4)	(5.5)
<b>TOTAL EQUITY</b>	<b>2,994.2</b>	<b>3,035.4</b>	<b>3,048.1</b>

- Cash conversion of EBITDA 99%
- Trade and other receivables of \$128m up \$18m reflecting strong activity in the International VIP Rebate business in December
- International VIP Rebate business net receivables past due not impaired greater than 30 days of \$16m consistent with levels at 30 June 2015
- 1H FY2016 net debt of \$504m increased by \$104m from 30 June 2015<sup>1</sup> driven by higher capex and low International VIP Rebate business win rate
- Gearing levels conservative with net debt to actual 12 month trailing EBITDA of 1.3x
- Movement of derivative financial instruments under non current assets relate to cross currency swap movements on USPP debt

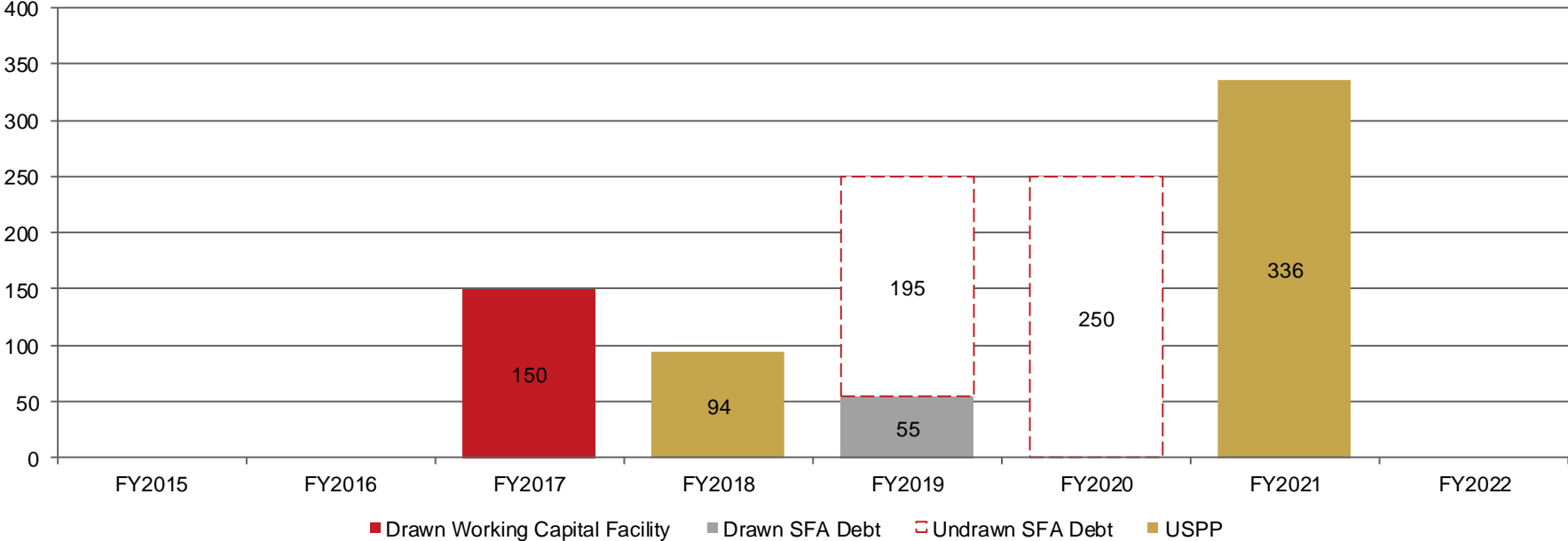
Note: <sup>1</sup> Net debt shown as interest bearing liabilities less cash and cash equivalents less the net impact of derivatives financial instruments

# FINANCIALS

## FUNDING

- 1H FY2016 net debt of \$504m (June 2015 \$400m)<sup>1</sup>
- Undrawn bank facilities of \$445m and average drawn debt maturity of 3.7 years
- 1H FY2016 statutory net finance costs of \$23m
- FY2016 statutory net finance costs expected to be approximately \$50m on constant interest rates (consistent with prior estimate)

**Debt Maturity Profile 31 December 2015 (\$m)**



Note: <sup>1</sup> Net debt shown as interest bearing liabilities less cash and cash equivalents less the net impact of derivatives financial instruments



# FINANCIALS

## CAPITAL EXPENDITURE

- 1H FY2016 capital expenditure of \$158m, up \$82m on pcp, due to execution of expansion plans at Jupiters Gold Coast and The Star Sydney
- FY2016 capital expenditure expected to be between \$275m - \$325m, in line with prior guidance, excluding equity payments, capex and payments to the Queensland Government for Queen's Wharf
- Queen's Wharf capex of \$10m and payment of \$77m expected in 2H FY2016
- D&A for 1H FY2016 of \$83m, up 6.1% on pcp, with expected D&A of \$165m - \$175m for FY2016, in line with prior guidance

Project	Expected Start	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	Expected Completion
<b>The Star Sydney</b>						
The Darling VIP Gaming Salons	Q4 FY2015	■	■			Completed
Buffet Refurbishment	Q1 FY2016	■	■			Completed
MGF Expansion	Q3 FY2016			■	■	FY2017
Oasis Expansion	Q1 FY2016	■	■	■	■	Q4 FY2016
Astral Tower and Residences Refurbishment	Q1 FY2016	■	■	■	■	FY2017
<b>Jupiters Gold Coast</b>						
New restaurant/bar (Garden Kitchen)	Q1 FY2016	■	■			Completed
Level 21 VIP Gaming Salons	Q4 FY2015	■	■			Completed
External Arrival Experience and Lighting	Q2 FY2016		■	■		Q3 FY2016
MGF refurbishment	Q3 FY2016			■	■	Q4 FY2016
Expansion of the F&B offering	Q1 FY2016	■	■	■	■	FY2017
Existing Hotel Refurbishment	Q1 FY2016	■	■	■	■	FY2017
New VIP Suite Hotel	Q1 FY2016	■	■	■	■	FY2017

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# OUTLOOK AND PRIORITIES

## 2H FY2016 PRIORITIES AND TRADING UPDATE

- Priorities for 2H FY2016 are a continuation of the plan advanced in FY2015:
  1. Improve earnings across the Group through a focus on operations and improved efficiency
  2. Deliver on the next stage of the capital program
    - Queen’s Wharf Brisbane development
    - Jupiters Gold Coast development
    - The Star Sydney development
  3. Secure additional development opportunities at the Sydney and Gold Coast properties in partnership with CTF and FEC
  4. Implement the next stage of the brand and loyalty program strategy
  5. Commence implementation of a customer service improvement program
- Trading in early stages of 2H FY2016 unchanged from prior months:
  - Gross revenue, excluding International VIP Rebate business, showing consistent volume levels to those experienced in 1H FY2016
  - International VIP Rebate business performance year to date is tracking in line with management’s expectations – growth comparison to prior year difficult given the timing of Chinese New Year
- Costs associated with the brand and loyalty strategy, as well as the customer service improvement program to increase in 2H FY2016
- Disruption from capital investment works across the gaming and non-gaming business will have some impact on revenues and earnings as works progress at The Star Sydney and Jupiters Gold Coast throughout 2H FY2016

# OUTLOOK AND PRIORITIES

## QUEEN'S WHARF BRISBANE

- Contractual close with the Queensland Government on the Queen's Wharf project reached in November 2015
- Construction expected to commence early 2017, with completion of the Integrated Resort expected to take approximately five and a half years
- Total capex for the Integrated Resort expected to be around \$2bn, with The Star Entertainment Group's share around \$1bn (excluding Treasury repurposing costs)
- Investment supported by long-dated casino licence with attractive terms and joint venture arrangements which provide The Star Entertainment Group with confidence the investment will deliver appropriate returns
- Project to be funded through existing and new debt facilities and free cash flow generated by the business



# OUTLOOK AND PRIORITIES

## JUPITERS GOLD COAST DEVELOPMENT PLANS

- Previously announced \$345m Gold Coast redevelopment underway with existing hotel refurbishment, new 6-star suite hotel, gaming and F&B expansion progressing to plan
- Additional developments under consideration in the Gold Coast, subject to planning and other approvals:
  - Around \$100m for a proposed new sports theatre, additional MGF capacity, F&B and retail
  - Around \$400m for a new 200 metre hotel and residential tower in planning proposed to be developed in a joint venture with CTF and FEC
- Total incremental net capital contribution of The Star Entertainment Group for additional developments to be around \$100m over 5 years (after revenues generated through the sale of residences and development partner contributions) if all approvals obtained to proceed
- Investment expected to be funded through existing and new debt facilities and free cash flow generated by the business
- Total scale of the Gold Coast property would be materially expanded if all works were undertaken, to have approximately 1,400 hotel rooms and residences, significant world class gaming facilities, over 20 restaurants and bars, and substantial resort facilities and attractions



Concept image only



Concept image only



# OUTLOOK AND PRIORITIES

## THE STAR SYDNEY DEVELOPMENT PLANS

- Previously announced \$500m Sydney works underway to expand F&B and gaming, upgrade private gaming rooms, upgrade hotel rooms and improve access and customer flow
- Additional developments under consideration with new \$500m tower and ribbon development in planning, proposed to be developed in a joint venture with CTF and FEC. Proposed development to include:
  - Hotel and residential tower with luxury VIP villas
  - Expanded gaming capacity
  - Additional F&B, retail, function and event space, as well as other resort facilities and attractions
- Total net capital contribution of The Star Entertainment Group subject to planning approvals and will be reduced through development partner contributions and revenues generated through the sale of residences
- Investment expected to be funded through existing and new debt facilities and free cash flow generated by the business



# THE STAR ENTERTAINMENT GROUP

## AGENDA

1. OVERVIEW

MATT BEKIER – CEO

2. FINANCIALS

CHAD BARTON – CFO

3. OUTLOOK AND PRIORITIES

MATT BEKIER – CEO

4. Q&A

# THE STAR ENTERTAINMENT GROUP

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# APPENDIX

## 1H FY2016 ACTUAL RESULTS

Actual \$m	The Star Sydney			Queensland Casinos			Total		
	1H FY2015	1H FY2016	fav/ (unfav) on pcp	1H FY2015	1H FY2016	fav/ (unfav) on pcp	1H FY2015	1H FY2016	fav/ (unfav) on pcp
Slots	142.2	159.8	12.4%	159.1	163.7	2.9%	301.3	323.5	7.4%
Domestic Tables	282.3	324.4	14.9%	113.5	120.3	6.0%	395.8	444.7	12.3%
Non-Gaming	71.9	77.6	7.9%	55.3	51.1	(7.6%)	127.3	128.8	1.1%
Total Domestic	496.4	561.9	13.2%	327.9	335.1	2.2%	824.4	897.0	8.8%
International VIP Rebate (Gross)	296.9	174.0	(41.4%)	12.2	33.5	174.5%	309.1	207.5	(32.9%)
Other Revenue	1.9	1.7	(9.1%)	1.8	1.3	(24.0%)	3.7	3.1	(16.2%)
Total Gross Revenue	795.2	737.6	(7.2%)	341.9	369.9	8.2%	1,137.1	1,107.5	(2.6%)
Gaming taxes, levies and commissions	(353.7)	(350.0)	1.0%	(87.2)	(94.7)	(8.6%)	(440.9)	(444.8)	(0.9%)
Operating expenses	(280.7)	(297.0)	(5.8%)	(174.9)	(173.1)	1.0%	(455.6)	(470.1)	(3.2%)
<b>EBITDA</b>	<b>160.8</b>	<b>90.6</b>	<b>(43.7%)</b>	<b>79.7</b>	<b>102.1</b>	<b>28.1%</b>	<b>240.6</b>	<b>192.6</b>	<b>(19.9%)</b>
Depreciation and Amortisation	(47.0)	(50.9)	(8.5%)	(31.0)	(31.8)	(2.6%)	(78.0)	(82.7)	(6.1%)
<b>EBIT</b>	<b>113.8</b>	<b>39.6</b>	<b>(65.3%)</b>	<b>48.8</b>	<b>70.3</b>	<b>44.3%</b>	<b>162.6</b>	<b>109.9</b>	<b>(32.4%)</b>
<b>Statutory Reconciliation</b>									
Significant Items	-	-		(1.0)	-		(1.0)	-	
<b>Statutory EBIT</b>	<b>113.8</b>	<b>39.6</b>	<b>(65.3%)</b>	<b>47.8</b>	<b>70.3</b>	<b>47.1%</b>	<b>161.6</b>	<b>109.9</b>	<b>(32.0%)</b>
Net interest expense (income)							26.3	23.4	11.0%
Tax							38.2	26.2	31.2%
<b>Statutory NPAT</b>							<b>97.1</b>	<b>60.3</b>	<b>(37.9%)</b>
EBITDA/Revenue %	20.2%	12.3%		23.3%	27.6%		21.2%	17.4%	
VIP Rebate Front Money \$m	1,902.8	1,529.3	(19.6%)	119.2	104.8	(12.0%)	2,022.0	1,634.1	(19.2%)
VIP Rebate Turnover \$m	22,483.8	22,390.0	(0.4%)	728.4	1,162.3	59.6%	23,212.2	23,552.3	1.5%
VIP Rebate Win rate	1.32%	0.77%		1.68%	2.88%		1.33%	0.88%	

Note: Jupiters Townsville sale was completed on 1 October 2014, 1H FY2015 earnings include Jupiters Townsville earnings from 1 July 2014 to 30 September 2014

# APPENDIX

## 1H FY2016 NORMALISED RESULTS

Normalised <sup>1</sup> \$m	The Star Sydney			Queensland Casinos			Total		
	1H FY2015	1H FY2016	fav/ (unfav) on pcp	1H FY2015	1H FY2016	fav/ (unfav) on pcp	1H FY2015	1H FY2016	fav/ (unfav) on pcp
Slots	142.2	159.8	12.4%	159.1	163.7	2.9%	301.3	323.5	7.4%
Domestic Tables	282.3	324.4	14.9%	113.5	120.3	6.0%	395.8	444.7	12.3%
Non-Gaming	71.9	77.6	7.9%	55.3	51.1	(7.6%)	127.3	128.8	1.1%
Total Domestic	496.4	561.9	13.2%	327.9	335.1	2.2%	824.4	897.0	8.8%
International VIP Rebate (Gross)	321.8	321.2	(0.2%)	10.4	16.6	59.6%	332.2	337.8	1.7%
Other Revenue	1.9	1.7	(9.1%)	1.8	1.3	(24.0%)	3.7	3.1	(16.2%)
Total Gross Revenue	820.2	884.8	7.9%	340.1	353.0	3.8%	1,160.2	1,237.8	6.7%
Gaming taxes, levies and commissions	(356.2)	(364.7)	(2.4%)	(87.1)	(93.0)	(6.9%)	(443.2)	(457.8)	(3.3%)
Operating expenses	(280.7)	(297.0)	(5.8%)	(174.9)	(173.1)	1.0%	(455.6)	(470.1)	(3.2%)
<b>Normalised EBITDA</b>	<b>183.3</b>	<b>223.1</b>	<b>21.7%</b>	<b>78.1</b>	<b>86.9</b>	<b>11.2%</b>	<b>261.4</b>	<b>309.9</b>	<b>18.6%</b>
Depreciation and Amortisation	(47.0)	(50.9)	(8.5%)	(31.0)	(31.8)	(2.6%)	(78.0)	(82.7)	(6.1%)
<b>Normalised EBIT</b>	<b>136.3</b>	<b>172.1</b>	<b>26.3%</b>	<b>47.1</b>	<b>55.1</b>	<b>16.9%</b>	<b>183.4</b>	<b>227.2</b>	<b>23.9%</b>
Net interest expense (income)							26.3	23.4	11.0%
Tax							44.4	61.8	(39.2%)
<b>Normalised NPAT</b>							<b>112.6</b>	<b>142.1</b>	<b>26.1%</b>
EBITDA/Revenue %	22.3%	25.2%		23.0%	24.6%		22.5%	25.0%	
VIP Rebate Front Money \$m	1,902.8	1,529.3	(19.6%)	119.2	104.8	(12.0%)	2,022.0	1,634.1	(19.2%)
VIP Rebate Turnover \$m	22,483.8	22,390.0	(0.4%)	728.4	1,162.3	59.6%	23,212.2	23,552.3	1.5%
VIP Win rate	1.43%	1.43%		1.43%	1.43%		1.43%	1.43%	

Note: <sup>1</sup> 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% on actual turnover. Jupiters Townsville sale was completed on 1 October 2014, 1H FY2015 earnings include Jupiters Townsville earnings from 1 July 2014 to 30 September 2014.

# APPENDIX

## NORMALISED RESULTS ADJUSTED FOR 1.35% WIN RATE

Normalised <sup>1</sup> \$m	The Star Sydney			Queensland Casinos			Total		
	1H FY2015	1H FY2016	fav/ (unfav) on pcp	1H FY2015	1H FY2016	fav/ (unfav) on pcp	1H FY2015	1H FY2016	fav/ (unfav) on pcp
Slots	142.2	159.8	12.4%	159.1	163.7	2.9%	301.3	323.5	7.4%
Domestic Tables	282.3	324.4	14.9%	113.5	120.3	6.0%	395.8	444.7	12.3%
Non-Gaming	71.9	77.6	7.9%	55.3	51.1	(7.6%)	127.3	128.8	1.1%
Total Domestic	496.4	561.9	13.2%	327.9	335.1	2.2%	824.4	897.0	8.8%
International VIP Rebate (Gross)	303.8	303.3	(0.2%)	9.8	15.7	59.6%	313.7	319.0	1.7%
Other Revenue	1.9	1.7	(9.1%)	1.8	1.3	(24.0%)	3.7	3.1	(16.2%)
Total Gross Revenue	802.2	866.9	8.1%	339.5	352.1	3.7%	1,141.7	1,219.0	6.8%
Gaming taxes, levies and commissions	(354.4)	(362.9)	(2.4%)	(87.0)	(93.0)	(6.8%)	(441.4)	(455.9)	(3.3%)
Operating expenses	(280.7)	(297.0)	(5.8%)	(174.9)	(173.1)	1.0%	(455.6)	(470.1)	(3.2%)
<b>Normalised EBITDA</b>	<b>167.1</b>	<b>206.9</b>	<b>23.8%</b>	<b>77.6</b>	<b>86.0</b>	<b>10.9%</b>	<b>244.7</b>	<b>293.0</b>	<b>19.7%</b>
Depreciation and Amortisation	(47.0)	(50.9)	(8.5%)	(31.0)	(31.8)	(2.6%)	(78.0)	(82.7)	(6.1%)
<b>Normalised EBIT</b>	<b>120.1</b>	<b>156.0</b>	<b>29.9%</b>	<b>46.6</b>	<b>54.3</b>	<b>16.4%</b>	<b>166.7</b>	<b>210.3</b>	<b>26.1%</b>
Net interest expense (income)							26.3	23.4	11.0%
Tax							39.6	56.7	(43.1%)
<b>Normalised NPAT</b>							<b>100.8</b>	<b>130.2</b>	<b>29.2%</b>
EBITDA/Revenue %	20.8%	23.9%		22.9%	24.4%		21.4%	24.0%	
VIP Rebate Front Money \$m	1,902.8	1,529.3	(19.6%)	119.2	104.8	(12.0%)	2,022.0	1,634.1	(19.2%)
VIP Rebate Turnover \$m	22,483.8	22,390.0	(0.4%)	728.4	1,162.3	59.6%	23,212.2	23,552.3	1.5%
VIP Win rate	1.35%	1.35%		1.35%	1.35%		1.35%	1.35%	

Note: <sup>1</sup> Normalised results reflect the underlying performance of the business as they remove the inherent volatility of the International VIP Rebate business. Normalised results above have been adjusted using an average win rate of 1.35% on actual turnover. 1H FY2015 normalised results have been restated to a win rate of 1.35% on actual turnover to reflect a consistent win rate between periods

Jupiters Townsville sale was completed on 1 October 2014, 1H FY2015 earnings include Jupiters Townsville earnings from 1 July 2014 to 30 September 2014

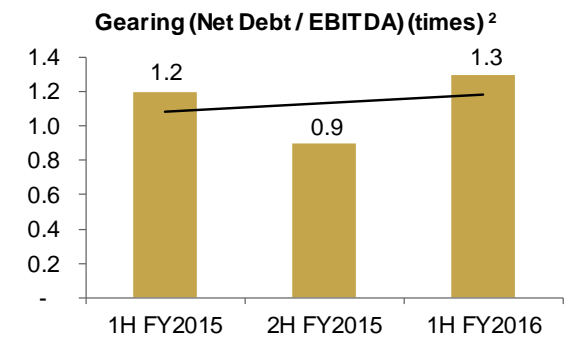
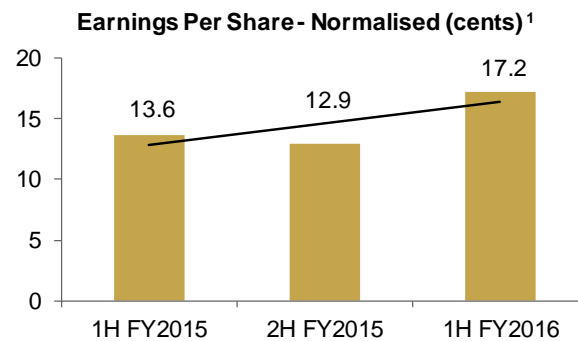
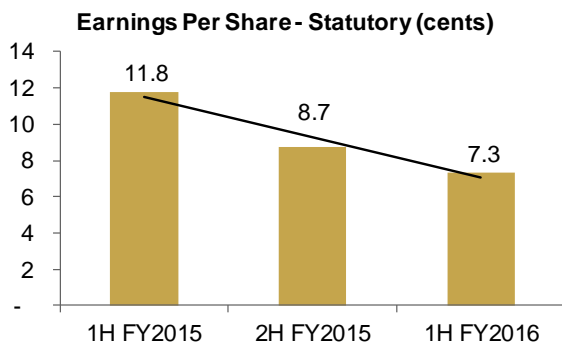
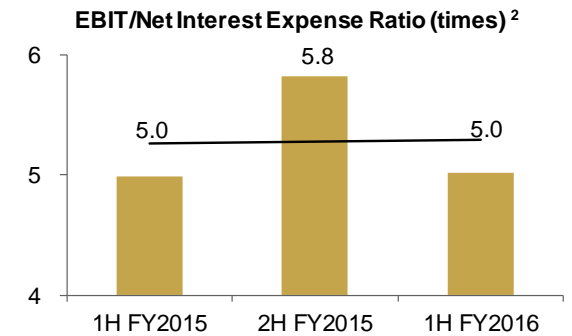
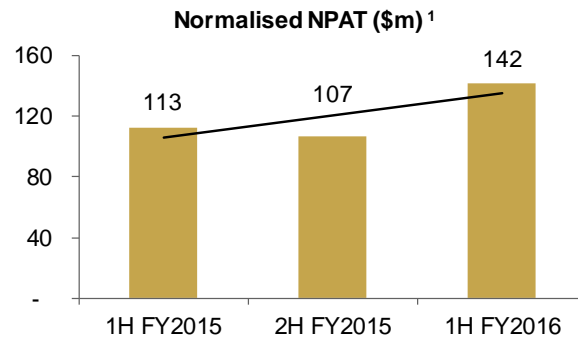
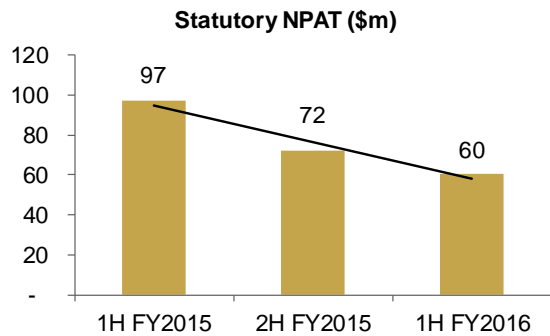
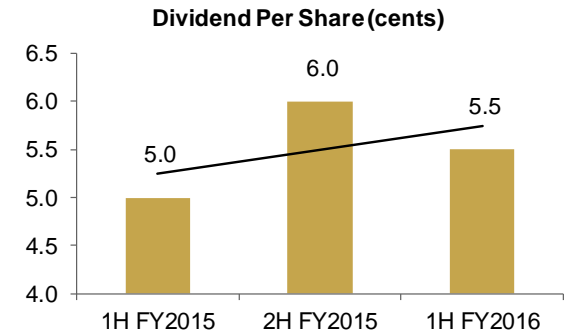
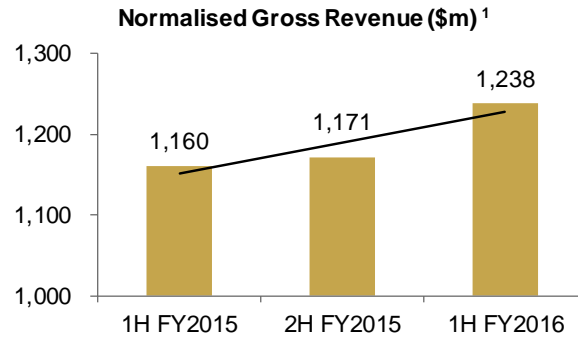
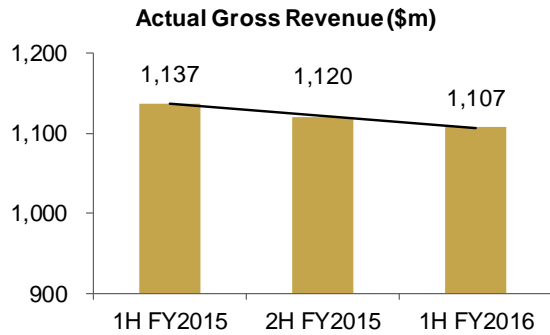
# FINANCIALS

## INTERNATIONAL VIP REBATE BUSINESS NORMALISATION

1H FY2016 Results Comparison \$m	1H FY2016 Actual	Change vs Actual	1H FY2016 Norm @ 1.43%	Change vs Actual	1H FY2016 Norm @ 1.35%	Variance 1.43% vs 1.35%
Total Domestic	897.0	-	897.0	-	897.0	-
International VIP Rebate (Gross)	207.5	130.3	337.8	111.5	319.0	( 18.8)
Other Revenue	3.1	-	3.1	-	3.1	-
<b>Total Gross Revenue</b>	<b>1,107.5</b>	<b>130.3</b>	<b>1,237.8</b>	<b>111.5</b>	<b>1,219.0</b>	<b>( 18.8)</b>
Gaming taxes, levies and commissions	( 444.8)	( 13.0)	( 457.8)	( 11.1)	( 455.9)	1.9
Operating expenses	( 470.1)	-	( 470.1)	-	( 470.1)	-
<b>EBITDA</b>	<b>192.6</b>	<b>117.3</b>	<b>309.9</b>	<b>100.3</b>	<b>293.0</b>	<b>( 17.0)</b>
Depreciation and Amortisation	( 82.7)	-	( 82.7)	-	( 82.7)	-
<b>EBIT</b>	<b>109.9</b>	<b>117.3</b>	<b>227.2</b>	<b>100.3</b>	<b>210.3</b>	<b>( 17.0)</b>
Net interest expense (income)	23.4	-	23.4	-	23.4	-
Tax	26.2	35.6	61.8	30.4	56.7	5.1
<b>NPAT</b>	<b>60.3</b>	<b>81.7</b>	<b>142.1</b>	<b>69.9</b>	<b>130.2</b>	<b>( 11.8)</b>
EBITDA/Revenue %	17.4%		25.0%		24.0%	
VIP Rebate Front Money \$m	1,634.1		1,634.1		1,634.1	
VIP Rebate Turnover \$m	23,552.3		23,552.3		23,552.3	
VIP Win rate	0.88%		1.43%		1.35%	

# APPENDIX

## FINANCIAL METRICS



Note: <sup>1</sup> Normalised results above are adjusted using an average win rate of 1.43% on actual turnover. <sup>2</sup> Based on 12 months trailing actual Earnings Per Share (EPS) calculated on the basis of weighted average number of shares of 825.7m

# APPENDIX

## OPERATIONAL BENCHMARKS

Operational Benchmarks	The Star Sydney		Queensland Casinos	
	1H FY2015	1H FY2016	1H FY2015	1H FY2016
Slots Revenue (\$m) NMR/machine/day	142 520	160 583	159 272	164 293
MTGMs Revenue (\$m) NMR/machine/day	43 534	49 542	9 285	18 291
Table Games (Excl Rebate and MTGMs) Revenue (\$m) Hold %	230 18%	266 18%	104 17%	100 18%
International VIP Rebate business (Actual) Front Money (\$m) Turnover (\$m) Turns Win rate	1,903 22,484 11.8 1.32%	1,529 22,390 14.6 0.77%	119 728 6.1 1.68%	105 1,162 11.1 2.88%
Hotels Occupancy Cash Revenue (\$m) Average Cash Rate	87% 16 280	94% 16 281	89% 16 184	93% 13 187
Restaurants Cash Revenue (\$m) Gross Revenue (\$m)	19 29	22 33	16 28	18 29
Bars Cash Revenue (\$m) Gross Revenue (\$m)	22 41	22 44	13 25	13 27
Actual EBITDA/Revenue % (Excl Significant items)	20.2%	12.3%	23.3%	27.6%
Normalised EBITDA/Revenue % (Excl Significant items)	22.3%	25.2%	23.0%	24.6%
Employee Costs/Revenue % (Excl Significant items)	19.4%	21.9%	29.5%	26.9%

- Electronic gaming revenues (slots and MTGMs) up strongly, +12.8% at The Star Sydney and +8.4% across Queensland casinos:
  - MTGMs in QLD increasing (+174 units on average in 1H FY2016 vs pcp) with NMR also rising, demonstrating market capacity
  - Reduction in slot units in QLD (-142 units on average in 1H FY2016 vs pcp) impacted by addition of MTGM units and limited gaming floor area
- Growth in domestic table games (excluding Rebate and MTGMs) at The Star Sydney (+15.7% vs pcp) driven by higher activity levels, hold rates slightly up on pcp
- Queensland domestic table games (excluding Rebate and MTGMs) down on pcp, largely Gold Coast impacted by capital works disruption and MTGM expansion
- Hotel occupancy strong across the Group, Queensland impacted by renovation works with an average of 137 rooms out of order for 1H FY2016 vs pcp

# APPENDIX

## CASH COLLECTION RATIO

Category \$m	Dec-14	Dec-15
<b>Cash flows from operating activities before interest and income tax</b>		
Net cash receipts in the course of operations	1,118.4	1,097.5
Payments to suppliers, service providers and employees	(607.9)	(645.4)
Payment of government levies, gaming taxes and GST	(246.1)	(261.4)
<b>Net cash inflows from operating activities before interest and income tax</b>	<b>264.4</b>	<b>190.7</b>
<b>Profit before net finance costs and income tax</b>	161.6	109.9
Add back depreciation and amortisation	(78.0)	(82.7)
<b>EBITDA</b>	<b>239.6</b>	<b>192.6</b>
<b>Cash collection</b>	<b>110%</b>	<b>99%</b>

# APPENDIX

## INTERNATIONAL VIP REBATE BUSINESS RECEIVABLES

International VIP Rebate Business Receivables (Before provisions)	0 - 30 days	30 days - 1 year	1 - 3 years	3 years +	Total
<b>December 2015 (\$m)</b>					
Not yet due	100.5	-	-	-	100.5
Past due not impaired	3.0	10.3	5.6	-	18.9
Considered impaired	-	0.7	11.8	-	12.5
<b>Total</b>	<b>103.5</b>	<b>11.0</b>	<b>17.4</b>	<b>-</b>	<b>131.9</b>
<b>June 2015 (\$m)</b>					
Not yet due	82.0	-	-	-	82.0
Past due not impaired	-	10.5	5.7	-	16.2
Considered impaired	-	5.3	4.1	-	9.4
<b>Total</b>	<b>82.0</b>	<b>15.8</b>	<b>9.8</b>	<b>-</b>	<b>107.6</b>

- Increase in trade receivables largely driven by cheques received not yet due
- Net receivables past due not impaired greater than 30 days of \$15.9m consistent with levels at 30 June 2015, but down \$5.5m versus pcp
- Continued reduced receivables exposure demonstrates improved credit risk management and collection processes and benefits of more conservative provisioning policy



# APPENDIX GLOSSARY

Term	Definition
CAGR	Compound Annual Growth Rate
Capital expenditure (capex)	Unless otherwise stated, capital expenditure is presented on an accruals basis and excludes investments in associates and equity acquisitions
D&A	Depreciation and Amortisation
DBC	Destination Brisbane Consortium
Domestic tables	Domestic tables includes main gaming floor table games, private gaming room table games, domestic rebate table games and MTGMs
EGM	Electronic gaming machine – includes both slots and MTGMs
F&B	Food and Beverage
International VIP Rebate business customer front money	Deposits of funds in relation to International VIP Rebate business at the casino cage that the player intends to use as security for casino play. Front money deposits enable a player to draw upon funds by signing markers at the table games up to the amount of the deposit
MOU	Memorandum of Understanding
MTGM	Multi-terminal gaming machine or electronic table game
NMR	Net revenue per machine
Normalised revenue	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
pcp	Prior comparable period
Rebate	International VIP Rebate business and Domestic Rebate business
Significant items	Significant items are items of income or expense which are, either individually or in aggregate, material to The Star Entertainment Group and: <ul style="list-style-type: none"> <li>➤ Outside the ordinary course of business (e.g. gains or losses on the sale or termination of operations, the cost of significant reorganisations or restructuring); or</li> <li>➤ Part of the ordinary activities of the business but unusual due to their size and nature</li> </ul>