



ASX Announcement

16 February 2017

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 2016, 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 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

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GROUP

THE STAR ENTERTAINMENT GROUP

HALF YEAR 2017 RESULTS PRESENTATION

THURSDAY
16 FEBRUARY
2017

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 2016 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 FY2017 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 1.35% on actual turnover, with no adjustments to commissions, rebates or doubtful debts
- ◆ 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 Gold Coast and Brisbane segments as reported in the statutory accounts

DISCLAIMER

- ◆ This presentation is prepared for information purposes only and does not take into consideration any individual investor's circumstances. The Star Entertainment Group recommends investors make their own assessments and seek independent professional advice before making investment decisions
- ◆ This presentation may include forward looking statements and references which, by their very nature, involve inherent risks and uncertainties. These risks and uncertainties may be matters beyond The Star Entertainment Group's control and could cause actual results to vary (including materially) from those predicted. Forward looking statements are not guarantees of future performance. Past performance information in this presentation is provided for illustration purposes only. It is not indicative of future performance and should not be relied upon as such
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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

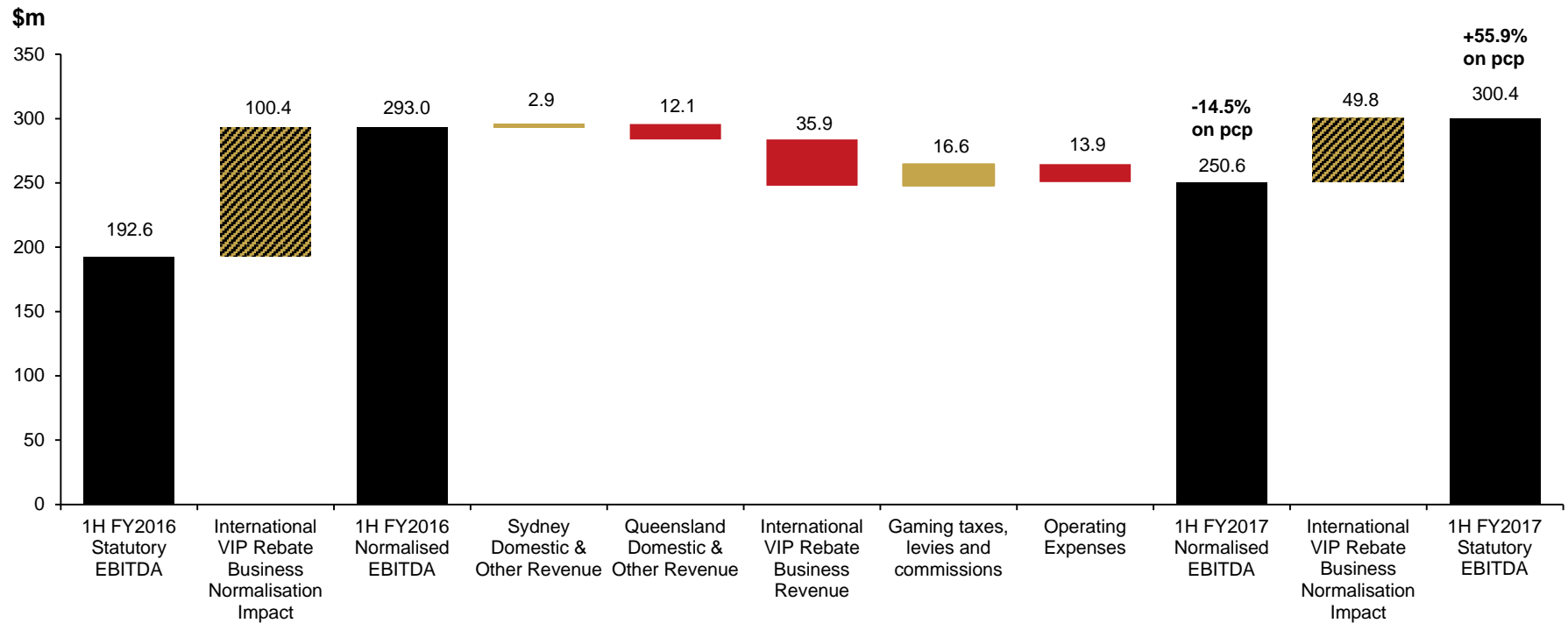
OVERVIEW

HALF YEAR 2017 HIGHLIGHTS

Strong actual results	<ul style="list-style-type: none"> ◆ Group statutory revenue of \$1,230m, up 11.1% on pcp (normalised \$1,174m, down 3.7%) ◆ Group statutory EBITDA of \$300m, up 55.9% on pcp (normalised \$251m, down 14.5%) ◆ Group statutory NPAT of \$142m, up 135.2% on pcp (\$107m normalised, down 17.7%) ◆ Effective cost management continued with operational expenses up 2.9%, including investments in marketing and loyalty relaunch
Significant investments progressed to deliver future earnings	<ul style="list-style-type: none"> ◆ Major capital works completed in 1H FY2017 within budget, with positive initial customer response <ul style="list-style-type: none"> • Sydney – MGF upgrade, new entry level PGR, upgrade to Astral Tower • Gold Coast – MGF upgrade, upgrade to hotel rooms and lobby, upgrade and launch of new F&B offerings ◆ Loyalty relaunched (November 2016) and investments made in Group capability
Resilience despite disruption from capital works and other factors	<ul style="list-style-type: none"> ◆ Domestic Gaming revenue down 0.7% on pcp ◆ Non-Gaming revenue down 3.2% on pcp ◆ International VIP Rebate business front money up 4.4% on pcp, turnover down 11.9% following the impact from Crown Resorts detentions and high actual win rate of 1.62%
Momentum returning	<ul style="list-style-type: none"> ◆ Domestic revenue up 11.4% on pcp over 1 January 2017 to 12 February 2017
Dividends increased reflecting strong actual results	<ul style="list-style-type: none"> ◆ Interim dividend per share of 7.5 cents fully franked, up 36.4% on pcp
Balance sheet strength supports continued growth	<ul style="list-style-type: none"> ◆ Strong balance sheet maintained – 1.1x Net Debt/ Statutory 12 month trailing EBITDA

OVERVIEW

KEY DRIVERS OF HALF YEAR 2017 RESULTS



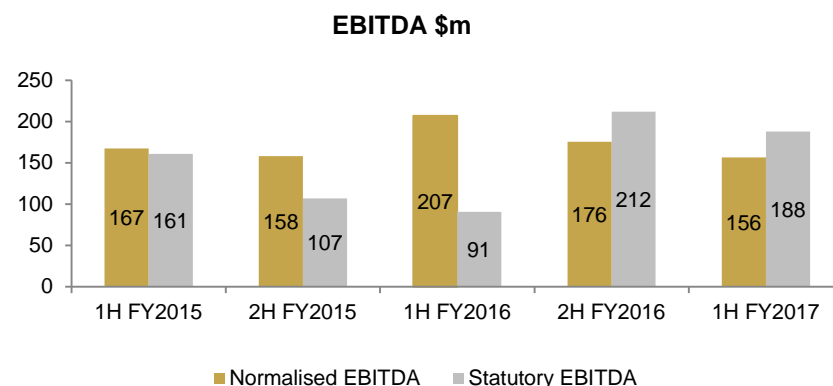
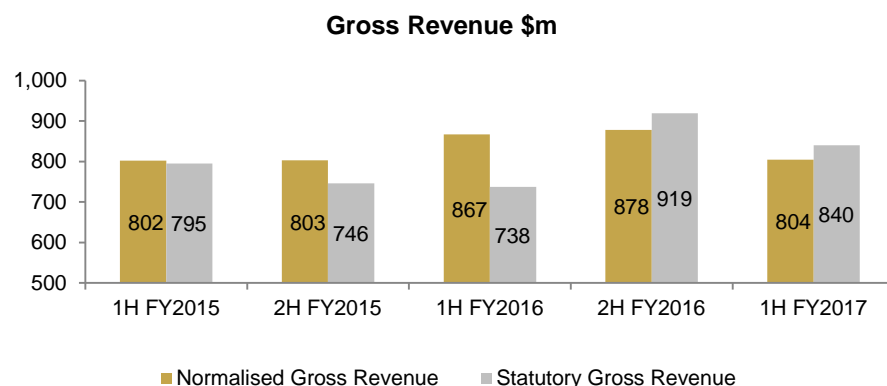
Note: Normalised results reflect the underlying performance of the business as they remove the inherent volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% on turnover.

OVERVIEW

KEY DRIVERS – SYDNEY

Statutory gross revenue of \$840m, up 13.9% on pcp (normalised gross revenue of \$804m, down 7.2% vs pcp). Statutory EBITDA of \$188m, up 107.5% on pcp (normalised EBITDA of \$156m, down 24.4%)

- ◆ Domestic revenue impacted by disruption from capital works (Northwest Gaming expansion, construction of the Vantage room) – Slots -2.6%, Domestic Tables +4.2%, Non-Gaming -7.4%
- ◆ Visitation up 2.8%, but spend per customer down 2.1%, due to shorter play length and lower hold rates in the domestic business
- ◆ Tables revenue up 4.2% with solid performance from private gaming rooms
- ◆ Non-Gaming cash revenue down 7.4% impacted by hotel refurbishment. Room availability down 21% vs pcp. F&B cash revenues flat vs pcp
- ◆ International VIP Rebate business turnover of \$17.4bn (down 22.2% vs pcp) impacted by the Crown Resorts detentions (with front money down 7.3%) and lower turns (high actual win rate of 1.56% impacted turns)
- ◆ Operating costs of \$305m, up 2.6% driven by higher domestic gaming volumes, wage indexation and investment in loyalty and marketing
- ◆ 1H 2017 average non-rebate gaming tax rate of 32.2% (top marginal tax rate of 50.0%) vs 31.6% in 1H FY16



Note: Results have been normalised for a 1.35% win rate on International VIP Rebate business turnover

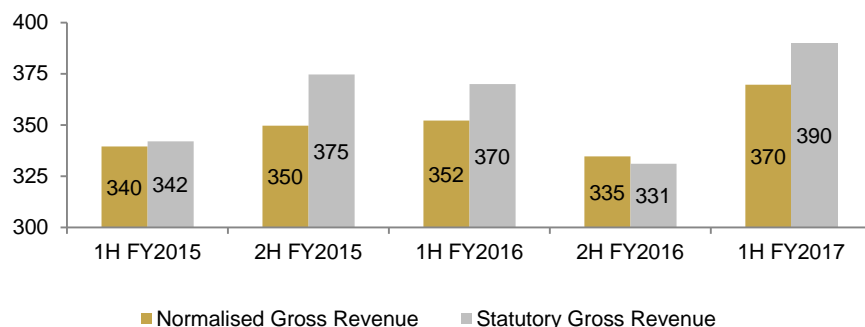
OVERVIEW

KEY DRIVERS – QUEENSLAND

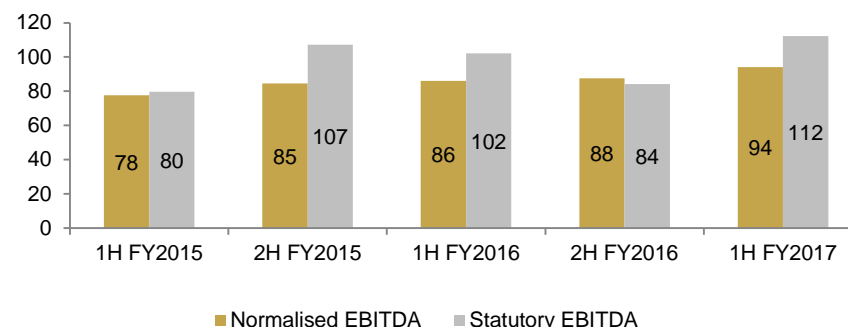
Statutory gross revenue of \$390m, up 5.4% (normalised gross revenue of \$370m, up 5.0% vs pcp). Statutory EBITDA of \$112m, up 10.0% (normalised EBITDA of \$94m, up 9.5%)

- ◆ Domestic gaming revenues impacted by recently completed capital works at the Gold Coast and competitor investments in Brisbane – Slots -3.7%, Domestic Tables -7.0%. Overall Queensland visitation down 6.6%, with spend per customer up 3.0%
- ◆ Domestic Table revenue down 7.0% vs pcp impacted by low hold and disruption at the Gold Coast, and lower volumes in Brisbane
- ◆ Non-Gaming revenue up 3.1% with expanded and improved F&B offerings and higher hotel cash rates, despite the impact from 18% fewer rooms due to hotel refurbishments
- ◆ International VIP Rebate business turnover of \$3.3bn, up 186% on pcp off a small base, reflecting an improved offering and increased investment. Actual win rate of 1.97% (2.88% in pcp)
- ◆ Operating costs of \$179m across the Queensland properties, up 3.6% driven by investments in International VIP Rebate business on the Gold Coast, investment in loyalty and marketing, and wage inflation

Gross Revenue \$m



EBITDA \$m

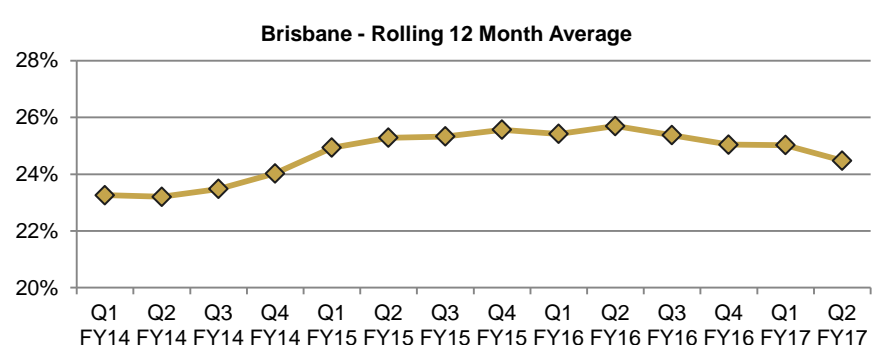
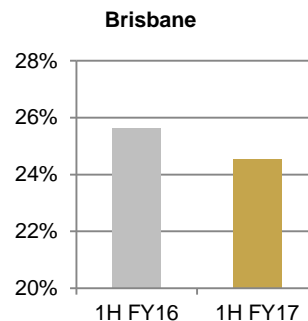
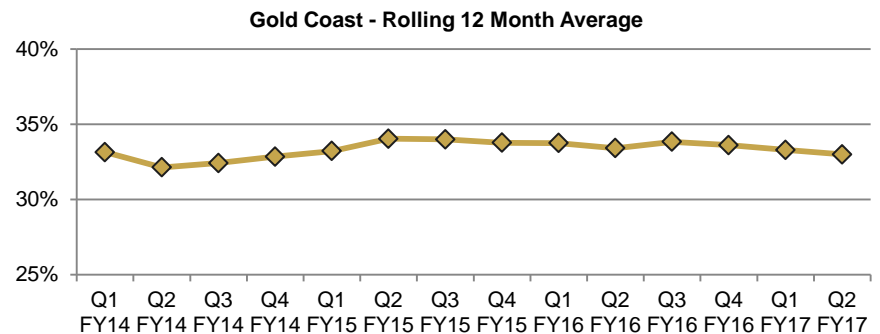
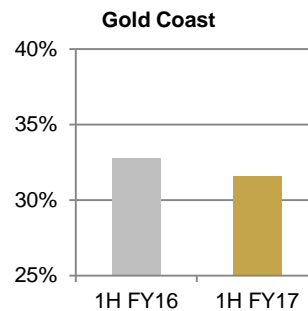
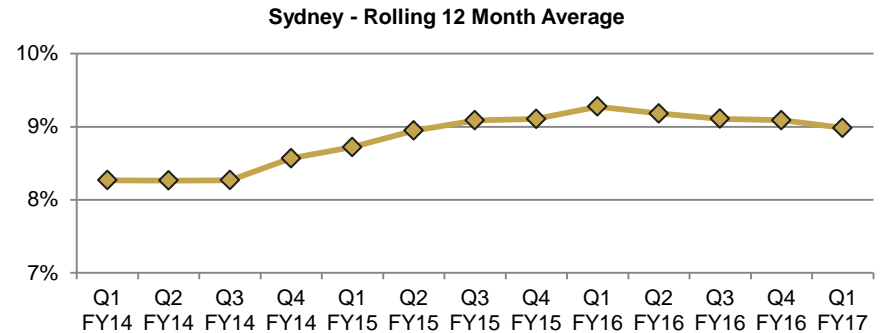
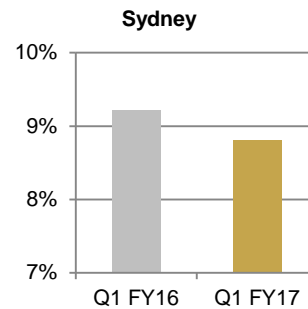


Note: Results have been normalised for a 1.35% win rate on International VIP Rebate business turnover

OVERVIEW

EGM MARKET SHARE

- ◆ Group EGM market share declined due to disruption and increased free play due to relaunch of loyalty program creating a temporary lift in redemptions
- ◆ Sydney market share of 8.8% for Q1 FY2017 down 0.7% vs Q1 FY2016 (9.5%), flat if increased free play included (Q2 FY2017 market data not available)
- ◆ In Sydney, 5% fewer machines available in Q1 FY2017 vs pcp as a result of product moves associated with capital works
- ◆ Queensland market share of 27.5% in 1H FY2017 declined from 28.6% in 1H FY2016, with Gold Coast market share down 1.2% and Brisbane market share down 1.1% (flat if increased free play and hybrids products included)
- ◆ Gold Coast was impacted by disruption during the half, with 3% fewer machines available than the pcp



Source: Independent Liquor and Gaming Authority – NSW Government, Office of Liquor and Gaming Regulation – Queensland Government and The Star Entertainment Group data

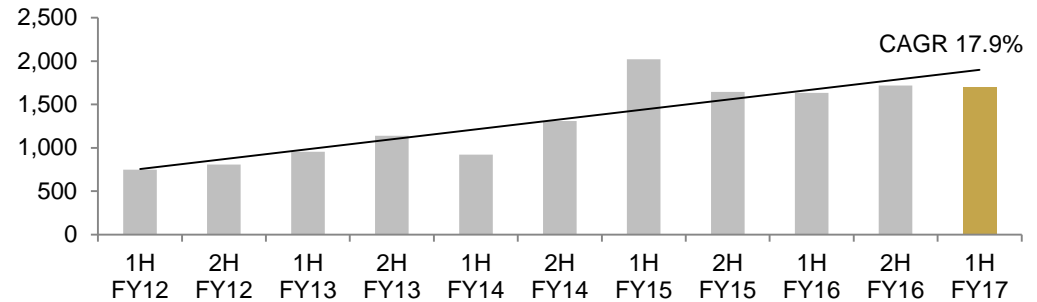
Note: Sydney market share data includes both slots and MTGMs (Q2 FY2017 market data not yet available). Adjustments to Sydney market share data to better reflect underlying market share. Queensland market share data includes slots and fully automated MTGMs (excludes hybrid product), unless otherwise noted

OVERVIEW

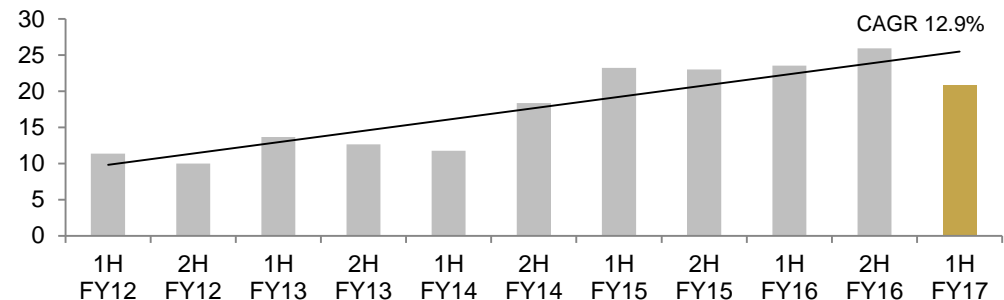
KEY DRIVERS – INTERNATIONAL VIP REBATE BUSINESS

- ◆ International VIP Rebate business front money increased 4.4% on pcp, with turnover of \$20.8bn down 11.9% on pcp. The high actual win rate impacted turnover with front money growth offset by lower turns (12.2 times vs 14.4 times in pcp)
- ◆ Following the detention of Crown Resorts employees in China in October 2016, turnover in November and December 2016 was down 27.0% on pcp, but down 4.2% in July-October 2016 on pcp
- ◆ Statutory gross revenue of \$339m up 63.6% on pcp (normalised gross revenue of \$283m, down 11.2%), with actual win rate of 1.62% above pcp of 0.88%
- ◆ Earnings contribution from International VIP Rebate business impacted by higher player rebates from the high win rate in 1H FY2017 on revenue share junket commissions, and investment in diversification from North Asia VIP (sales staff and marketing costs). Adjusting commissions on revenue share agreements to an assumed 1.35% win rate would reduce commissions by \$10.0m vs pcp (\$3.8m reduction in 1H FY2017, \$6.2m increase in 1H FY2016)
- ◆ Net receivables past due not impaired greater than 30 days of \$29.4m, down \$3.8m on June 2016, reflecting continued effective credit collections and appropriate provisioning

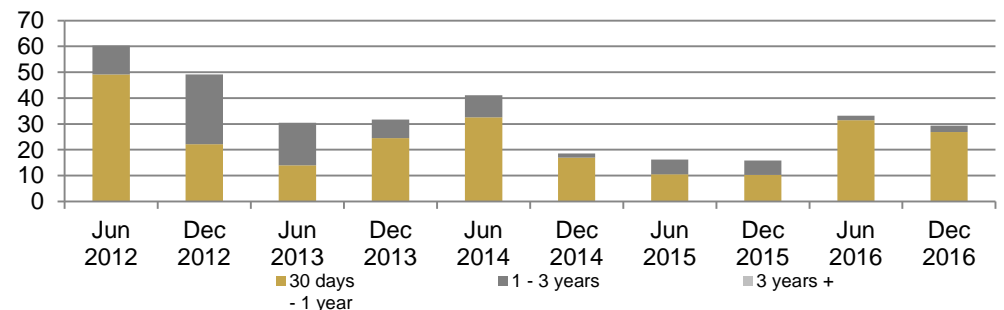
International VIP Rebate Business Front Money \$m



International VIP Rebate Business Turnover \$bn



Net International VIP Rebate Business Receivables \$m



Note: Net trade receivables based on receivables excluding 0-30 days

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FINANCIALS

PROFIT AND LOSS

\$m	1H FY2016 Statutory	1H FY2017 Statutory	Fav/(unfav)	Growth %	1H FY2016 Normalised ²	1H FY2017 Normalised ²	Fav/(unfav)	Growth %
Domestic Gaming Revenue	768.2	763.1	(5.1)	(0.7%)	768.2	763.1	(5.1)	(0.7%)
International VIP Rebate (Gross)	207.5	339.4	131.9	63.6%	319.0	283.1	(35.9)	(11.2%)
Non-gaming & Other Revenue	131.8	127.7	(4.1)	(3.2%)	131.8	127.7	(4.1)	(3.2%)
Gross Revenue ¹	1,107.5	1,230.2	122.7	11.1%	1,219.0	1,173.9	(45.1)	(3.7%)
Gaming taxes, levies and commissions	(444.8)	(445.8)	(1.0)	(0.2%)	(455.9)	(439.3)	16.6	3.6%
Operating Expenditure	(470.1)	(484.0)	(13.9)	(2.9%)	(470.1)	(484.0)	(13.9)	(2.9%)
EBITDA	192.6	300.4	107.8	55.9%	293.0	250.6	(42.4)	(14.5%)
Depreciation and Amortisation	(82.7)	(75.9)	6.8	8.2%	(82.7)	(75.9)	6.8	8.2%
EBIT	109.9	224.5	114.6	104.2%	210.3	174.7	(35.6)	(16.9%)
Share of net (loss)/profit of associate	-	(0.3)	(0.3)	-	-	(0.3)	(0.3)	-
Statutory EBIT	109.9	224.2	114.3	104.0%	210.3	174.4	(35.9)	(17.1%)
Net interest	(23.4)	(20.6)	2.8	11.9%	(23.4)	(20.6)	2.8	11.9%
Tax ³	(26.2)	(61.8)	(35.6)	(135.5%)	(56.7)	(46.7)	10.0	17.6%
Statutory NPAT	60.3	141.8	81.5	135.2%	130.2	107.1	(23.1)	(17.7%)
Earnings per share (cents)	7.3	17.2	9.9	135.2%				
Total Dividends per share (cents)	5.5	7.5	2.0	36.4%				

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. The normalisation rate is 1.35%

3 Tax is calculated for statutory and normalised purposes based on the statutory effective tax rate paid in the period (1H FY2017 is 30.3%, 1H FY2016 was 30.3%)

FINANCIALS

BALANCE SHEET

\$m	December 2015	June 2016	December 2016
ASSETS			
Current Assets			
Cash and cash equivalents	146.8	159.0	195.7
Trade and other receivables	128.3	130.3	102.2
Inventories	8.8	9.0	12.0
Derivative financial instruments	14.0	14.5	15.7
Other assets	36.4	38.5	48.0
Total current assets	334.3	351.3	373.6
Non current assets			
Property, plant and equipment	2,055.7	2,120.9	2,255.0
Intangible assets	1,833.9	1,836.7	1,843.6
Derivative financial instruments	237.0	242.0	235.3
Investment in associate and joint venture entities	5.0	29.3	145.5
Other assets	15.7	15.2	14.7
Total Non current assets	4,147.3	4,244.1	4,494.1
TOTAL ASSETS	4,481.6	4,595.4	4,867.7
LIABILITIES			
Current liabilities			
Trade and other payables	251.8	261.9	237.5
Income tax payable	6.4	20.8	13.4
Provisions	56.5	58.3	55.9
Derivative financial instruments	16.3	17.8	17.8
Other liabilities	31.0	20.9	20.3
Total current liabilities	362.0	379.7	344.9
Non current liabilities			
Interest bearing liabilities	830.6	813.5	1,056.8
Deferred tax liabilities	172.4	181.9	191.6
Provisions	13.8	14.6	13.4
Derivative financial instruments	54.7	58.0	41.9
Total non current liabilities	1,071.5	1,068.0	1,303.7
TOTAL LIABILITIES	1,433.5	1,447.7	1,648.6
NET ASSETS	3,048.1	3,147.7	3,219.1
EQUITY			
Share capital	2,580.5	2,580.5	2,580.5
Retained earnings	473.1	561.8	641.7
Reserves	(5.5)	5.4	(3.1)
TOTAL EQUITY	3,048.1	3,147.7	3,219.1

- ◆ Cash conversion of EBITDA at 96% (99% in 1H FY2016)
- ◆ Increase in cash and cash equivalents vs 31 December 2015 reflects funds on deposit associated with the Sheraton Grand Mirage Gold Coast acquisition
- ◆ Trade and other receivables of \$102m down \$26m on 31 December 2015 reflecting effective credit risk management processes
- ◆ Increase in property, plant and equipment reflects ongoing development at the Sydney and Gold Coast properties
- ◆ Increase in investment in associate and joint venture entities reflects investments in conjunction with Chow Tai Fook Enterprises (CTF) and Far East Consortium (FEC), primarily Queen's Wharf Brisbane
- ◆ Net Debt at 31 December 2016 of \$670m increased by \$196m on 30 June 2016 due to increased capital expenditure and Queen's Wharf Brisbane joint venture payments

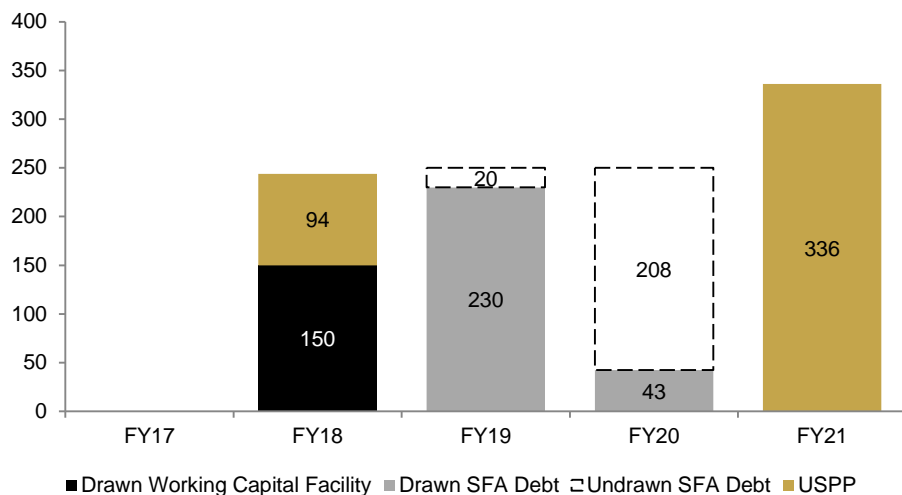
Note: Net debt shown as interest bearing liabilities less cash and cash equivalents less the net impact of derivatives financial instruments

FINANCIALS

BALANCE SHEET AND FUNDING

- ◆ 31 December 2016 Net Debt of \$670m (\$474m at 30 June 2016)
- ◆ Gearing levels remain conservative at 1.1 times 31 December 2016 Net Debt/ Statutory 12 month trailing EBITDA
- ◆ Undrawn bank facilities of \$228m and average debt maturity of 2.6 years
- ◆ 1H FY2017 statutory net finance costs of \$21m includes \$9m for out of the money interest rate swaps. FY2017 statutory net interest costs expected to be flat at constant interest rates vs pcg

Debt Maturity Profile as at 31 December 2016 (\$m)



Note: Net Debt shown as interest bearing liabilities less cash and cash equivalents less the net impact of derivatives financial instruments

Net Debt Calculation \$m

Assets

Cash and cash equivalents	196
Current derivative financial instruments	16
Non current derivative financial instruments	235
Total Assets	447

Liabilities

Current derivative financial instruments	(18)
Non current interest bearing liabilities	(1,057)
Non current derivative financial instruments	(42)
Total Liabilities	(1,117)

Net Debt (670)

Net Interest Expense Composition \$m

USPP coupon payments	(11)
Interest rate swap expense	(9)
Bank debt interest and other charges	(6)
Interest income	1
Net interest expense pre-capital interest	(25)
Capitalised interest	5
Net interest expense	(21)

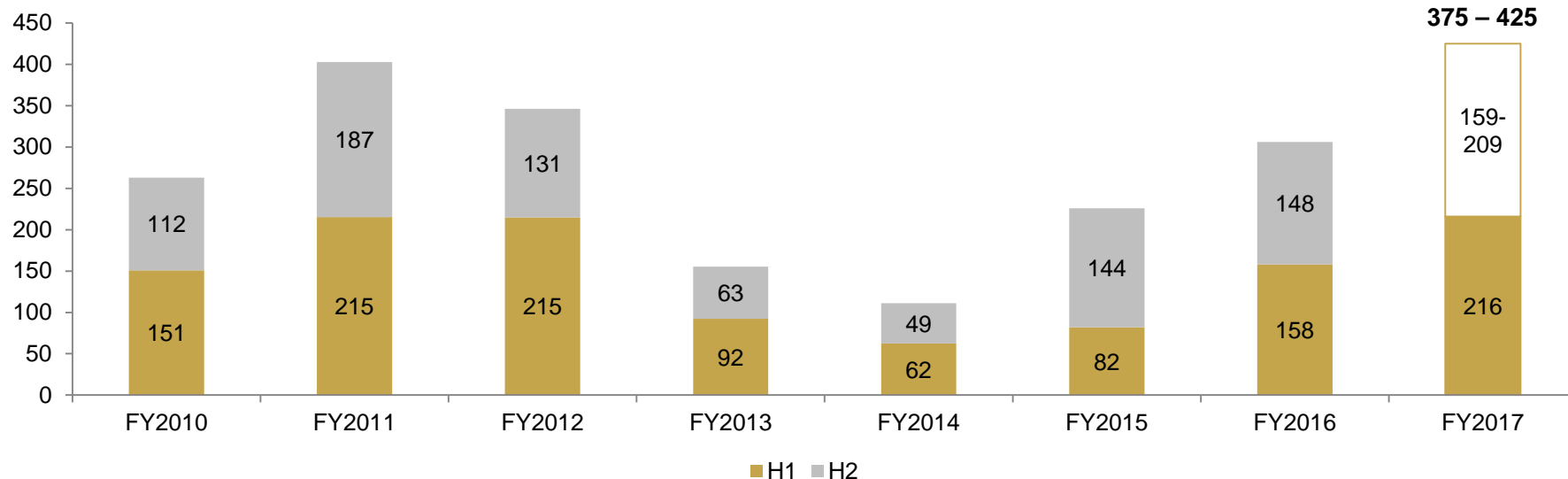
Note: Numbers may not add up due to rounding

FINANCIALS

CAPITAL EXPENDITURE

- ◆ 1H FY2017 capital expenditure of \$216m (\$158m growth and \$58m maintenance), up \$58m on pcp due to the Astral Tower & Residences refurbishment and the North West MGF expansion in Sydney, the Gold Coast Hotel and Atrium refurbishment and new all suite hotel on the Gold Coast
- ◆ FY2017 capital expenditure expected to be between \$375m - \$425m, excluding \$120m investment for Queen's Wharf Brisbane (comprising equity contributions to Destination Brisbane Consortium (DBC)), in line with prior guidance. The Group invested \$108m in relation to Queen's Wharf Brisbane in 1H FY2017, with payments to the Queensland Government comprising \$85m (including GST)
- ◆ D&A for 1H FY2017 of \$76m, down 8.2% on pcp which included accelerated depreciation of assets to be refurbished. D&A in FY2017 is expected to be \$165m - \$170m

Group Capital Expenditure Profile (\$m) *

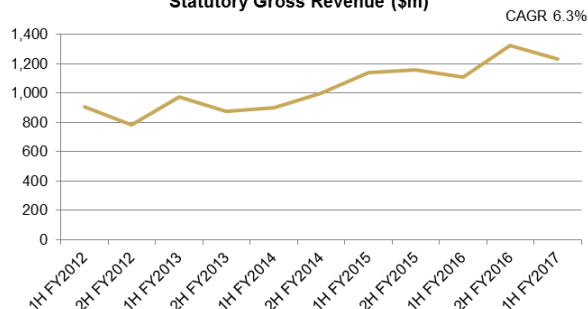


* Excludes contributions by the Group to DBC

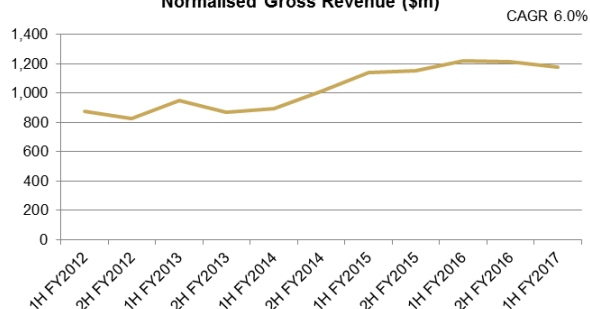
FINANCIALS

KEY METRICS

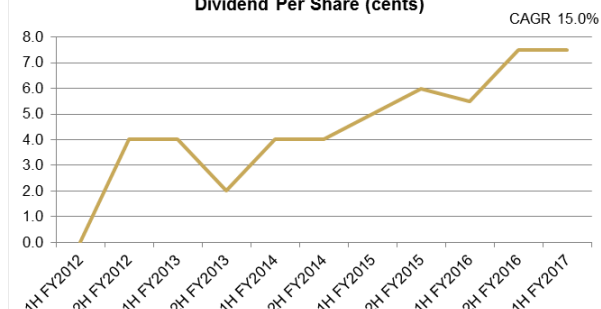
Statutory Gross Revenue (\$m)



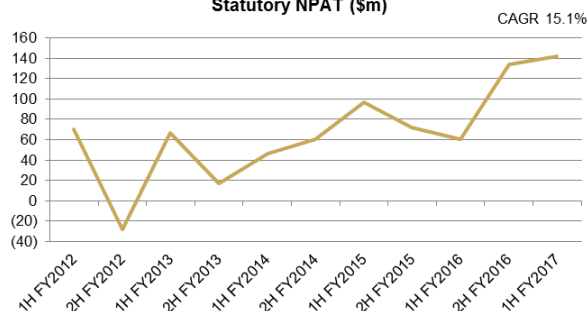
Normalised Gross Revenue (\$m)



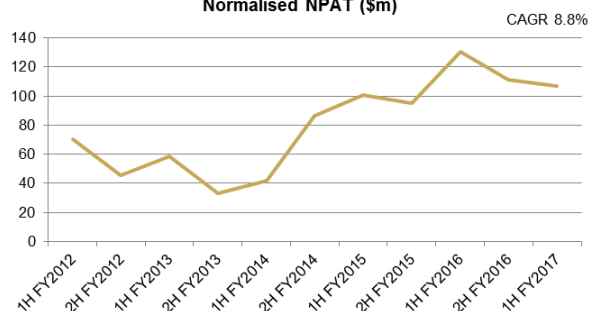
Dividend Per Share (cents)



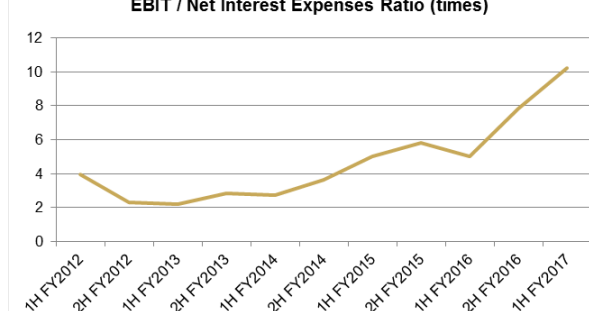
Statutory NPAT (\$m)



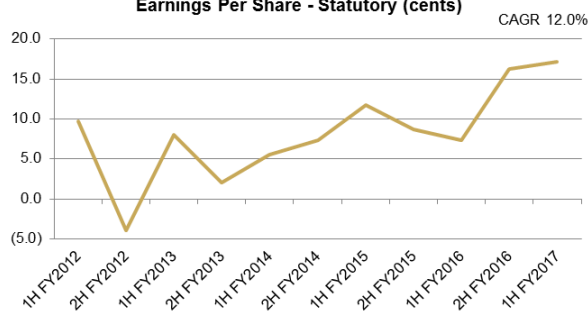
Normalised NPAT (\$m)



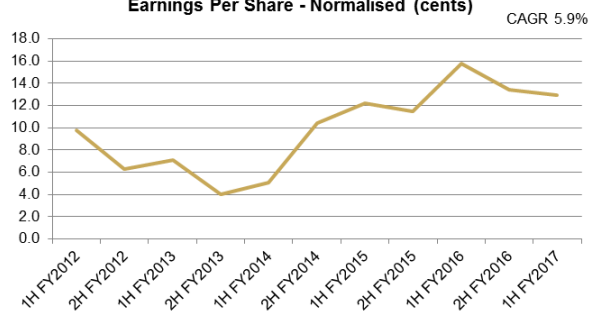
EBIT / Net Interest Expenses Ratio (times)



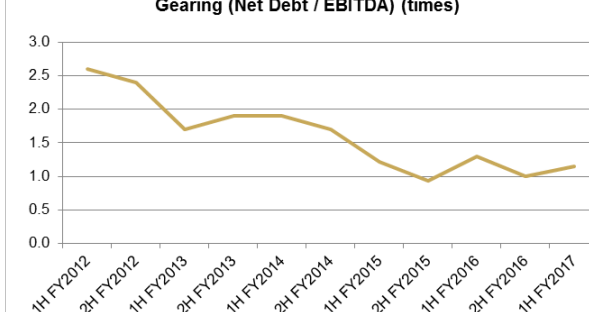
Earnings Per Share - Statutory (cents)



Earnings Per Share - Normalised (cents)



Gearing (Net Debt / EBITDA) (times)



Note: EBIT/Net Interest Expenses ratio and Gearing based on 12 month trailing statutory

Earnings Per Share (EPS) calculated on the basis of weighted average number of shares of 825.7m

2HFY2012 Gearing after adjusting for significant items and for cash and receivables related to entitlement offer completed in July 2012. 2HFY2013 after adjusting for significant items

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OUTLOOK AND PRIORITIES

2H FY2017 PRIORITIES AND TRADING UPDATE

- ◆ Priorities for 2H FY2017 remain focused on executing previously disclosed long-term strategy:
 1. Improve earnings across the Group through continued focus on operations and efficiency
 2. Deliver on the next stage of the capital program
 - Sydney development
 - Gold Coast development and masterplan
 - Queen's Wharf Brisbane development
 3. Progress planning approvals in Sydney and execute property development plans at the Gold Coast in partnership with CTF and FEC
 4. Continue diversification of the Group's international revenue base into South Asian VIP and Premium Mass
 5. Continue drive to differentiate value proposition at each property – including brand, loyalty, customer service, food & beverage
- ◆ Trading in early stages of 2H FY2017 exhibiting satisfactory growth on pcp, with improving momentum as capital projects continue to progress and more capacity becomes available:
 - Gross revenue, excluding International VIP Rebate business, up 11.4% on pcp from 1 January 2017 to 12 February 2017
 - International VIP Rebate business volume comparisons vs pcp are difficult to make given the timing of Lunar New Year and the relatively short time period, with end 1H FY2017 trends continuing into early 2H FY2017

OUTLOOK AND PRIORITIES

PROPERTIES AND CAPITAL PROJECTS UPDATE



SYDNEY **COMPLETED 1H 2017**

- ◆ MGF refresh, Vantage and Latitude Bar
- ◆ Astral Tower upgrade

2H 2017 PRIORITIES:

- ◆ Vantage Terrace
- ◆ Astral Residences upgrade
- ◆ Club Lounge
- ◆ Progress DA submission for The Ritz-Carlton hotel and apartment tower



GOLD COAST **COMPLETED 1H 2017**

- ◆ MGF refresh
- ◆ Hotel upgrade
- ◆ Atrium Bar, 2 new restaurants

2H 2017 PRIORITIES:

- ◆ 6 star hotel (including VIP salons, rooftop venue)
- ◆ Detailed planning of 700 key hotel and apartment tower
- ◆ Rebrand to The Star Gold Coast



QUEEN'S WHARF BRISBANE **2H 2017 PRIORITIES**

- ◆ Enabling works
- ◆ Demolition preparatory works
- ◆ Progress remaining development approvals

Note: Images are concept only. Property capital projects are subject to all approvals

OUTLOOK AND PRIORITIES

SYDNEY DEVELOPMENT

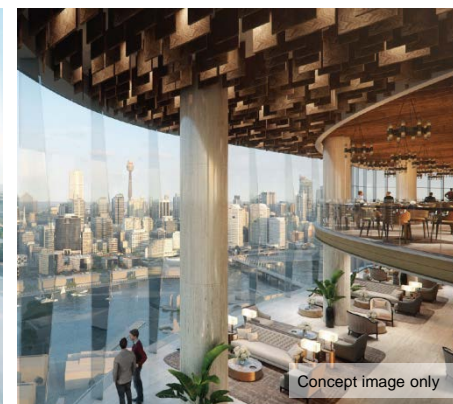
- ◆ Up to \$1bn planned investment to expand property to include ~1,000 premium hotel rooms and residences (including The Ritz-Carlton), around 50 F&B offerings, signature gaming offerings, Lyric theatre, multi-use event centre
- ◆ Plan to submit development approval for new tower in mid CY2017, in conjunction with CTF and FEC. Community engagement successfully concluded in 1H FY2017
- ◆ Significant capital works projects in progress include:
 - Astral Residences upgrade
 - Astral Club Lounge
 - Astral Lobby and Porte Cochere
- ◆ Significant capital works projects in planning and development include:
 - Sovereign Room expansion
 - \$500m, 400 key The Ritz-Carlton joint venture tower
- ◆ Funding provided through partner contributions, existing and new debt facilities, and free cash flow generation

KEY DATES *

Mid CY2017	Development Approval submitted for new tower **
1H FY2018	Hotel lobby and port cochere completed
FY2020	Sovereign Room completed

* Subject to planning and other approvals

** Tower expected to have a 3-4 year construction period, after DA approvals and apartment presales



OUTLOOK AND PRIORITIES

SYDNEY – COMPLETED PROJECTS



OUTLOOK AND PRIORITIES

GOLD COAST DEVELOPMENT AND MASTERPLAN

- ◆ \$845m planned investment to expand property to include ~1,400 premium hotel rooms and residences, over 20 F&B offerings, signature gaming facilities, new resort facilities and retail outlets
- ◆ Detailed planning for new \$400m, 700 key hotel and apartment tower underway, in conjunction with CTF and FEC
- ◆ Significant capital works projects in progress include:
 - 6 star hotel, including Sovereign PGR and VIP salons
 - MGF expansion
 - Services infrastructure upgrades
- ◆ Potential for further long-term growth with announcement of precinct masterplan
- ◆ Funding provided through partner contributions, existing and new debt facilities, and free cash flow generation

KEY DATES *

2H FY2017	Rebranding to The Star Gold Coast
1H FY2018	Pre-sales of apartments in new joint venture tower commences
2H FY2018	Complete “6 star” tower (before Commonwealth Games opens)
FY2021	Complete new residential and hotel tower and associated facilities

* Subject to planning and other approvals



OUTLOOK AND PRIORITIES

GOLD COAST – COMPLETED PROJECTS



OUTLOOK AND PRIORITIES

QUEEN'S WHARF BRISBANE

- ◆ Expected \$2bn budget for Integrated Resort, excluding Treasury repurposing and DBC partners' residential developments
- ◆ Full resort precinct comprises ~1,100 premium hotel rooms over 5 brands (including The Ritz-Carlton), over 50 F&B offerings, signature gaming facilities, 12 football fields of public space and repurposed heritage buildings
- ◆ Preparatory works for demolition of non-heritage buildings commenced. \$85m (Group share, including GST) paid to the Queensland Government in 1H FY2017
- ◆ Funding provided through partner contributions, existing and new debt facilities, and free cash flow generation

KEY DATES *

1 Jan 2017	Possession of site to commence demolition of non-heritage buildings and associated enabling works
CY2018	Commence foundations work
CY2019	Complete foundations and car park
CY2020	Construction progresses above ground
CY2021	Commence internal fit out of Integrated Resort
FY2022	Integrated Resort opens including public realm areas
CY2024	Expected opening of repurposed Treasury Building

* Subject to planning and other approvals



OUTLOOK AND PRIORITIES

SHERATON GRAND MIRAGE GOLD COAST

- ◆ The Star completed the acquisition of The Sheraton Grand Mirage in January 2017 in partnership with CTF and FEC. Equity investment of ~\$40m for The Star's 50% interest
- ◆ Only beachfront resort on the Gold Coast, with 295 five star rooms on 4 hectares of land
- ◆ Operated by Marriott under existing management agreement
- ◆ Acquisition complements and grows The Star's existing Gold Coast property and future Queen's Wharf Brisbane offering and tourism strategy
- ◆ Investment expected to generate adequate returns with further upside potential from repositioning, synergies and enhancements



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

SYDNEY AND QUEENSLAND RESULTS – STATUTORY

\$m	Sydney				Queensland				Total			
	HY2016	HY2017	fav/ (unfav)	fav/ (unfav)	HY2016	HY2017	fav/ (unfav)	fav/ (unfav)	HY2016	HY2017	fav/ (unfav)	fav/ (unfav)
Slots	159.8	155.6	(4.2)	(2.6%)	163.7	157.7	(6.0)	(3.7%)	323.5	313.3	(10.2)	(3.1%)
Domestic Tables	324.4	337.9	13.5	4.2%	120.3	111.9	(8.4)	(7.0%)	444.7	449.8	5.1	1.1%
Non-Gaming	77.6	71.9	(5.7)	(7.4%)	51.1	52.7	1.6	3.1%	128.8	124.6	(4.2)	(3.2%)
Total Domestic	561.9	565.4	3.5	0.6%	335.1	322.3	(12.8)	(3.8%)	897.0	887.7	(9.3)	(1.0%)
International VIP Rebate (Gross)	174.0	273.9	99.9	57.4%	33.5	65.5	32.0	95.6%	207.5	339.4	131.9	63.6%
Other Revenue	1.7	1.1	(0.6)	(35.7%)	1.3	2.0	0.7	52.7%	3.1	3.1	(0.0)	(0.3%)
Total Gross Revenue	737.6	840.4	102.8	13.9%	369.9	389.8	19.9	5.4%	1,107.5	1,230.2	122.7	11.1%
Gaming taxes, levies and commissions	(350.0)	(347.7)	2.3	0.7%	(94.7)	(98.1)	(3.4)	(3.6%)	(444.8)	(445.8)	(1.0)	(0.2%)
Operating expenses	(297.0)	(304.6)	(7.6)	(2.6%)	(173.1)	(179.4)	(6.3)	(3.6%)	(470.1)	(484.0)	(13.9)	(2.9%)
EBITDA	90.6	188.1	97.4	107.5%	102.1	112.3	10.2	10.0%	192.6	300.4	107.8	55.9%
Depreciation and Amortisation	(50.9)	(47.4)	3.5	6.9%	(31.8)	(28.5)	3.3	10.4%	(82.7)	(75.9)	6.8	8.2%
EBIT	39.6	140.7	101.1	255.4%	70.3	83.8	13.4	19.1%	109.9	224.5	114.6	104.2%
Statutory Reconciliation												
Share of net (loss)/profit of associate	-	-	-	-	-	-	-	-	-	(0.3)	(0.3)	-
Statutory EBIT	39.6	140.7	101.1	255.4%	70.3	83.8	13.4	19.1%	109.9	224.2	114.3	104.0%
Net interest expense (income)									(23.4)	(20.6)	2.8	11.9%
Tax									(26.2)	(61.8)	(35.6)	(135.5%)
Statutory NPAT									60.3	141.8	81.5	135.2%
EBITDA/Revenue %	12.3%	22.4%	10.1%		27.6%	28.8%	1.2%		17.4%	24.4%	7.0%	
VIP Rebate Front Money \$m	1,529.3	1,416.9	(112.4)	(7.3%)	104.8	288.4	183.6	175.1%	1,634.1	1,705.3	71.2	4.4%
VIP Rebate Turnover \$m	22,390.0	17,428.8	(4,961.2)	(22.2%)	1,162.3	3,328.5	2,166.2	186.4%	23,552.3	20,757.3	(2,795.0)	(11.9%)
VIP Rebate Win rate	0.77%	1.56%	0.79%		2.88%	1.97%	(0.91%)		0.88%	1.62%	0.74%	

Note: VIP Rebate Win rate of 1.62% in 1H FY2017 excludes the Premium Mass business (1.64% including Premium Mass).

APPENDIX

SYDNEY AND QUEENSLAND RESULTS – NORMALISED

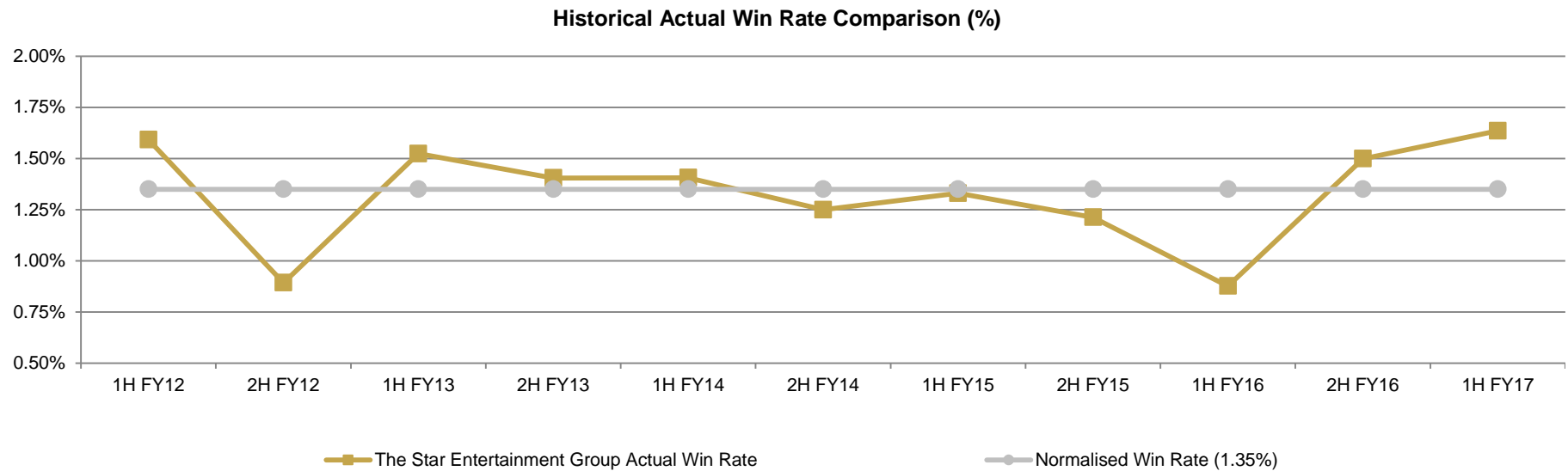
\$m	Sydney				Queensland				Total			
	HY2016	HY2017	fav/ (unfav)	fav/ (unfav)	HY2016	HY2017	fav/ (unfav)	fav/ (unfav)	HY2016	HY2017	fav/ (unfav)	fav/ (unfav)
Slots	159.8	155.6	(4.2)	(2.6%)	163.7	157.7	(6.0)	(3.7%)	323.5	313.3	(10.2)	(3.1%)
Domestic Tables	324.4	337.9	13.5	4.2%	120.3	111.9	(8.4)	(7.0%)	444.7	449.8	5.1	1.1%
Non-Gaming	77.6	71.9	(5.7)	(7.4%)	51.1	52.7	1.6	3.1%	128.8	124.6	(4.2)	(3.2%)
Total Domestic	561.9	565.4	3.5	0.6%	335.1	322.3	(12.8)	(3.8%)	897.0	887.7	(9.3)	(1.0%)
International VIP Rebate (Gross) ¹	303.3	237.7	(65.5)	(21.6%)	15.7	45.4	29.7	189.0%	319.0	283.1	(35.9)	(11.2%)
Other Revenue	1.7	1.1	(0.6)	(35.7%)	1.3	2.0	0.7	52.7%	3.1	3.1	(0.0)	(0.3%)
Total Gross Revenue	866.9	804.2	(62.7)	(7.2%)	352.1	369.7	17.6	5.0%	1,219.0	1,173.9	(45.1)	(3.7%)
Gaming taxes, levies and commissions	(362.9)	(343.2)	19.7	5.4%	(93.0)	(96.1)	(3.1)	(3.4%)	(455.9)	(439.3)	16.6	3.6%
Operating expenses	(297.0)	(304.6)	(7.6)	(2.6%)	(173.1)	(179.4)	(6.3)	(3.6%)	(470.1)	(484.0)	(13.9)	(2.9%)
Normalised EBITDA	206.9	156.4	(50.5)	(24.4%)	86.0	94.2	8.2	9.5%	293.0	250.6	(42.4)	(14.5%)
Depreciation and Amortisation	(50.9)	(47.4)	3.5	6.9%	(31.8)	(28.5)	3.3	10.4%	(82.7)	(75.9)	6.8	8.2%
Normalised EBIT	156.0	109.0	(47.0)	(30.1%)	54.3	65.7	11.4	21.0%	210.3	174.7	(35.6)	(16.9%)
Statutory Reconciliation												
Share of net (loss)/profit of associate	-	-	-	-	-	-	-	-	-	(0.3)	(0.3)	-
Statutory EBIT	156.0	109.0	(47.0)	(30.1%)	54.3	65.7	11.4	21.0%	210.3	174.4	(35.9)	(17.1%)
Net interest expense (income)									(23.4)	(20.6)	2.8	11.9%
Tax									(56.7)	(46.7)	10.0	17.6%
Normalised NPAT									130.2	107.1	(23.1)	(17.7%)
EBITDA/Revenue %	23.9%	19.4%	(4.4%)		24.4%	25.5%	1.1%		24.0%	21.3%	(2.7%)	
VIP Rebate Front Money \$m	1,529.3	1,416.9	(112.4)	(7.3%)	104.8	288.4	183.6	175.1%	1,634.1	1,705.3	71.2	4.4%
VIP Rebate Turnover \$m	22,390.0	17,428.8	(4,961.2)	(22.2%)	1,162.3	3,328.5	2,166.2	186.4%	23,552.3	20,757.3	(2,795.0)	(11.9%)
VIP Rebate Win rate	1.35%	1.35%			1.35%	1.35%			1.35%	1.35%		

Note: ¹ 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 1.35% on turnover

APPENDIX

INTERNATIONAL VIP REBATE BUSINESS NORMALISATION

- ◆ Normalised win rate of 1.35% is in line with the Group's win rate experience and consistent with the Australia and New Zealand market practice
- ◆ 1H FY2017 win rate of 1.62% excludes the Premium Mass business (1.64% including Premium Mass)



APPENDIX

INTERNATIONAL VIP REBATE BUSINESS NORMALISATION

1H Results Comparison (\$m)	1H FY2017	Change vs Statutory	1H FY2017 Norm @1.35%
Total Domestic	887.7		887.7
International VIP Rebate (Gross)	339.4	(56.3)	283.1
Other Revenue	3.1		3.1
Total Gross Revenue	1,230.2	(56.3)	1,173.9
Gaming taxes, levies and commissions	(445.8)	6.5	(439.3)
Operating expenses	(484.0)		(484.0)
EBITDA	300.4	(49.8)	250.6
Depreciation and Amortisation	(75.9)		(75.9)
EBIT	224.5	(49.8)	174.7
Share of net (loss)/profit of associate	(0.3)		(0.3)
Net interest expense (income)	(20.6)		(20.6)
Tax	(61.8)	15.1	(46.7)
Statutory NPAT	141.8	(34.7)	107.1
EBITDA/Revenue %	24.4%		21.3%
VIP Rebate Front Money \$m	1,705.3		1,705.3
VIP Rebate Turnover \$m	20,757.3		20,757.3
VIP Rebate Win rate	1.62%		1.35%

Note: VIP Rebate Win rate of 1.62% in 1H FY2017 excludes the Premium Mass business (1.64% including Premium Mass). Normalisation adjustments only for win rate; does not include other adjustments such as commissions and doubtful debts

APPENDIX

OPERATIONAL BENCHMARKS

Operational Benchmarks	Sydney		Queensland	
	1H FY2016	1H FY2017	1H FY2016	1H FY2017
Slots				
Revenue (\$m)	160	156	164	158
NMR/machine/day	583	565	293	279
MTGM's				
Revenue (\$m)	49	52	18	19
NMR/machine/day	542	589	291	318
Domestic Tables (excl. MTGM)				
Revenue (\$m)	275	285	102	92
Hold %	19%	18%	18%	17%
VIP Rebate (Actual)				
Front Money (\$m)	1,529	1,417	105	288
Turnover (\$m)	22,390	17,429	1,162	3,328
Turns	14.6	12.3	11.1	11.5
Win Rate	0.77%	1.56%	2.88%	1.97%
Hotels				
Occupancy	94%	98%	93%	93%
Cash Revenue (\$m)	16	10	13	12
Average Cash Rate	281	296	187	243
Restaurants				
Cash Revenue (\$m)	22	23	18	20
Gross Revenue (\$m)	33	37	29	32
Bars				
Cash Revenue (\$m)	22	23	13	12
Gross Revenue (\$m)	44	49	27	26
Statutory EBITDA/Revenue %	12.3%	22.4%	27.6%	28.8%
Normalised EBITDA/Revenue %	23.9%	19.4%	24.4%	25.5%
Employee Costs/Revenue %	21.9%	19.9%	26.9%	25.7%

- ◆ NMR per day at all three properties were impacted by lower hold rates and increased free play due to relaunch of loyalty program. Sydney and Gold Coast also impacted by disruption from capital works. Brisbane impacted by competitor investments
- ◆ Domestic Tables volumes were up for both MGF (+2.5%) and PGR (+5.5%), with revenues impacted by a low win rate of 17.6% for MGF (vs. 18.4% in pcp)
- ◆ Hotel room availability in Sydney and the Gold Coast down 21% and 18% respectively vs the pcp due to refurbishment. Good growth in average cash rates in Sydney and the Gold Coast for refurbished rooms
- ◆ Employee costs as percentage of revenue declined due to strong statutory results

APPENDIX

CASH CONVERSION

Category \$m	Dec-15	Dec-16
Cash flows from operating activities before interest and income tax		
Net cash receipts from customers (inclusive of GST)	1,097.5	1,216.1
Payments to suppliers and employees (inclusive of GST)	(645.4)	(655.6)
Payment of government levies, gaming taxes and GST	(261.4)	(273.4)
Net cash inflows from operating activities before interest and income tax	190.7	287.1
Profit before net finance costs and income tax	109.9	224.2
Add back depreciation and amortisation	82.7	75.9
EBITDA	192.6	300.1
Cash conversion	99%	96%

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
December 2016 (\$m)					
Not yet due	51.0	0.0	0.0	0.0	51.0
Past due not impaired	0.0	26.9	2.5	0.0	29.4
Considered impaired	0.0	8.9	12.8	0.0	21.7
Total	51.0	35.8	15.3	0.0	102.1

June 2016 (\$m)					
Not yet due	77.2	0.0	0.0	0.0	77.2
Past due not impaired	0.0	31.5	1.7	0.0	33.2
Considered impaired	0.0	11.5	1.3	0.0	12.8
Total	77.2	43.0	3.0	0.0	123.2

- ◆ Net receivables past due not impaired greater than 30 days of \$29.4m. 85% of net receivables balance less than 1 year
- ◆ Receivables balance less than 1 year impacted by good volumes over the last 12 months and high win rate of 1.62% in 1H FY2017

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
EGM	Electronic gaming machine – includes both slots and MTGMs
F&B	Restaurants and bars
MGF	Main gaming floor
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 1.35% of actual turnover
pcp	Prior comparable period
PGR	Private gaming room
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"> ◆ 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 ◆ Part of the ordinary activities of the business but unusual due to their size and nature