

ECHO

ASX ANNOUNCEMENT

31 October 2014

ECHO ENTERTAINMENT GROUP LIMITED
ACN 149 629 023

ANNUAL GENERAL MEETING
FRIDAY 31 OCTOBER 2014 (9.30AM, GOLD COAST / 10.30AM, SYDNEY)

CHAIRMAN'S ADDRESS

Agenda

Ladies and gentlemen, welcome to Echo Entertainment Group Limited's fourth Annual General Meeting. It will be the second held here at Jupiters Hotel and Casino on Queensland's beautiful Gold Coast. As you will have noticed on the way in this morning, we are well underway with the plans unveiled at last year's meeting to refresh and expand the facilities here at Jupiters - an icon of the Gold Coast for almost 30 years. I will leave it to Managing Director and CEO, Matt Bekier to talk more about these plans shortly.

Before handing over to Matt, I would like to first take a moment reflect on the progress made against an important commitment given to you, our shareholders, this time last year. That is, the commitment to build on the foundations established to deliver better operational and financial performance to position the company for future growth. Following this, I will hand to Matt to speak in more detail to the company's performance in FY14, the priority areas on which we are focusing to drive ongoing business improvement, as well as the refurbishment and redevelopment plans underway at our properties across the group.

Building on Solid Foundations

The 2014 financial year was a year of implementation, building on the stable foundations established from the second half of FY13 and extending from the Board through to executive management and onto operational teams.

Let me start briefly with the Board. Approximately two years ago we progressively welcomed well-credentialed directors Katie Lahey, Richard Sheppard and Gerard Bradley as Non-Executive Directors. On 31 July this year, we were pleased to announce the proposed appointment of an additional Non-Executive Director, Sally Pitkin, further adding to the depth and strength of the Board. It gives me great pleasure to welcome Sally, who is here today, and who will join the Board as a director following receipt of the required regulatory approvals in New South Wales and Queensland. Sally is a highly experienced company director and lawyer who brings extensive expertise as a Non-Executive Director, and board member, across a wide range of industries in the private and public sectors. Her current portfolio of board roles includes ASX-listed companies such as Super Retail Group Limited and Billabong International Limited. Sally has highly developed skills in corporate governance, as well as in risk management, strategy and business planning and organisational culture. Sally also has relevant gaming industry experience drawn from previous Non-Executive Director positions held with Aristocrat Leisure Limited and Golden Casket Lottery Corporation. Along with her complementary skillset and experience, Sally will bring another

Queensland-based perspective to our Board, consistent with the continuing prioritisation of the Queensland properties in the company's future aspirations.

As announced in conjunction with Sally's appointment, Non-Executive Director and Deputy Chair Ms Anne Brennan will step down from the Board following the conclusion of today's meeting. Anne steps down after three years of committed service to the company. On behalf of all of the directors and executive management team, I would like to thank Anne for her dedicated and strong contribution to the Board as a member, Deputy Chair and also Chair of the Remuneration and Nomination Committee.

FY14 In Review and Trading Trends

Moving onto the business operations.

A lot has been accomplished in the last 12 months.

During the second half of the financial year, Matt Bekier made a seamless transition from Chief Financial Officer and Executive Director into the role of Managing Director and CEO, taking the reins from John Redmond, who had set a solid and stable foundation for the company's operations in 2013. The nature of this transition has really provided for the stability and continuity that the business has needed, and is benefitting from. Matt has since bolstered the executive management team to support the next vital stage of the company's growth, making key appointments including - Chad Barton as Chief Financial Officer and Greg Hawkins as Managing Director of The Star.

Exceptional casino management and leadership expertise is now in place across the board.

Key initiatives and strategic priorities have continued, and are continuing, to be delivered through the consistent focus on delivering optimal operational and financial performance. This shone through in the FY14 full year financial results, which exceeded market expectations and showed particularly strong momentum in the second half.

We reported statutory Net Profit After Tax of \$106.3 million, up 27.3% on the prior year and statutory Earnings Before Interest, Tax, Depreciation and Amortisation of \$387.1 million, up 15.7% on FY13. Normalised EBITDA of \$439.1 million was up 12.2% when applying the same normalisation rates as in FY13. This made FY14 the second successive year of substantial earnings growth, with statutory earnings per share up 27.7%.

As many of you may have seen, yesterday we made a further very pleasing announcement to shareholders. We provided an update on trading so far in this financial year and provided the market with earnings guidance for 1H FY15 in the range of \$245m - \$260m normalised EBITDA. This is an increase of 23% - 31% on the prior comparable period and is clear evidence of much improved operational performance producing improved financial performance. This is being driven by the international VIP rebate and also the domestic electronic gaming businesses, but I will leave that for Matt to explain.

The Board's confidence in the business' momentum, which was building in FY14, was behind the declaration of interim and final dividends totalling 8 cents per share, fully franked, marginally above the Company's target payout ratio of 50% of statutory NPAT.

Matt will talk in more detail to the specific drivers of these results. Needless to say, the Board has ongoing confidence in the value of the three long-term casino licences held as well as the opportunities that they present for not only the prosperity of the Company, but also the

communities in which the Company's properties are located through employment, gaming taxes and broader positive economic contributions. The Board remains focussed upon maximising these opportunities.

Positioning for Growth Through Partnerships and Investing in Communities

The future growth of the Company's business is underpinned by the attractive licences it holds and we are continuing to invest in these.

At The Star, our Sydney property, we have a particular focus on premium gaming areas and hotel suite product to enable The Star to continue to compete as one of the best integrated resorts in the Asia Pacific region.

The most exciting of our current expansion plans, however, are the plans that we have for right here on the Gold Coast – a \$345 million investment to bring this property back to its premium and luxurious iconic status in time for the 2018 Commonwealth Games showcasing the Gold Coast.

Finally, we remain committed, along with our consortium partners Chow Tai Fook and Far East Consortium, to the opportunity presented through the Queen's Wharf site in Brisbane and look forward to the Queensland Government's assessment of the detailed proposals submitted earlier this week.

In terms of Echo's contribution to the Australian, New South Wales and Queensland economies, the impact is significant:

- Over \$380 million in gaming taxes and levies were paid in FY14 alone.
- Significant ongoing investment in tourism infrastructure runs to hundreds of millions of dollars spent in the construction industry each year even before major projects.
- Over 16 million visitors came through our doors in FY14.
- Over 8000 team members are employed.

Through working in partnership with government and other stakeholders, we continue to be a key driver of broad economic contribution in the States in which we operate. We can all be truly proud of this significant economic contribution to the local communities of The Star, Treasury Brisbane and Jupiters Gold Coast.

Echo Entertainment's long-standing commitment to the communities in which our properties operate span some 30 years in Sydney and here on the Gold Coast and 20 years in Brisbane.

To name just one examples of long-standing local charitable initiative – this year Jupiters Gold Coast celebrated 20 years of proud support for Surf Life Saving Queensland.

Closing

I am pleased to be reporting that we have come a long way in the last 12 months. The current outlook continues to present the Company with an extraordinary range of opportunities and the Board and management remain focussed on prioritising and optimising those opportunities in our ever- evolving competitive markets.

I will now pass over to our Managing Director and Chief Executive Officer, Matt Bekier.

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER'S PRESENTATION

Introduction

Thank you John and welcome to all shareholders who have found their way here despite the hoardings and construction work that is around us. I apologise for any inconvenience this may have caused, but I am pleased to report that the development program at Jupiters is on track - but more on that later.

The Chairman has set out the bigger picture for the Company. I would like to focus my address on the financial results for FY14, the drivers and initiatives behind those results, and how we are trading at the end of the first quarter of FY15. I'll close by covering our shorter term priorities including the exciting plans underway here at Jupiters and the status of the Queen's Wharf development proposal in Brisbane.

Before I start my report on the financial results, I would like to take a moment to share with you the recent achievements of Jupiters Hotel and Casino at this month's Queensland Hotel Association (QHA) Annual Awards for Excellence. Jupiters shone at the awards, taking out three of the highest honours in the Queensland hotel industry, namely the titles of:

- Best Employee (Awarded to an Assistant Sous Chef from Jupiters Gold Coast);
- Most Outstanding Community Service & Achievement (For an organisation with 100+ Employees); and
- Responsible Serving – Gaming.

These awards recognise our Company's commitment to creating exceptional guest experiences and our culture of social responsibility, ethical behaviour and community engagement. They are a great honour and a credit to all team members.

FY14 in Review – Full Year Financial Results

Let me now move to the financial results for FY14.

The Company's financial results for the 2014 financial year were released via the Australian Securities Exchange in August and are included in our Annual Report sent to shareholders last month.

We reported actual group revenue growth of 3.9% to \$1.8 billion, with all of that growth in the second half. In the first half of FY14, actual group revenue was down 7.3% compared with the prior comparable period whereas actual group revenue for the second half was up 13.8%. Adjusting for variations in the win rate in the VIP Rebate business (that is, normalisation), gross revenue grew 3.8% to \$1.973.1 billion.

We reported statutory EBITDA of \$387.1 million for the group, representing growth of 15.7% and statutory NPAT of \$106.3 million, up 27.3% on the prior year. FY14 NPAT after normalising for win rate and excluding significant items was \$158.2 million.

FY14 Review – Key Drivers

Looking at the drivers of these results, the first is the continued effective cost management that has followed on from the cost reduction program initiated in mid-2012. It delivers appropriate operating margins, setting up a platform for profitable growth.

In addition to cost discipline, we started to deliver broad-based revenue growth in the latter part of the year. The Star in Sydney delivered the majority of the revenue growth during FY14, with the Queensland properties continuing to be impacted by the constrained consumer environment and by the lack of new facilities.

At The Star, we are now seeing the beneficial impact of having new, high-quality facilities and taking them to market with a more energetic and outward facing sales and marketing approach. We believe similar benefits can be achieved in the years ahead, as the same two drivers become available to us in the Gold Coast, and, we hope, Brisbane.

Each of the three properties exhibited growth in electronic gaming market share with revenue up 5.1% to \$544.9 million. This was primarily driven by sustained domestic marketing efforts; the relaunch of the Absolute Rewards loyalty program and the regulatory changes made in Queensland relating to electronic gaming.

In relation to Absolute Rewards, we have been experiencing greater traction with customers more recently, particularly amongst the higher membership tiers. But we know that there is a lot more that we can do to get the full benefit from the loyalty system and we are focussed on improving this in FY15.

In Queensland, the properties benefited from the implementation of regulatory changes in electronic gaming that has created more of a level playing field when compared with other states in Australia. In this revived market, we captured share in the second half, most evidently in Brisbane.

The international VIP Rebate business also had a solid year, with a strong second half and continued gain in market share. Revenue was up 2.5% or up 6.9% on a normalised basis on the prior period, while net trade receivables remained steady. Most of our VIP business today goes to Sydney, but we believe that a significant opportunity also exists for Echo in Queensland when the properties have been upgraded to global standards.

Finally, the solid operating result during FY14 allowed us to buy out a number of old interest rate swaps that were out of the money and restructure lending arrangements, thereby reducing underlying interest cost for future years.

FY14 Key Achievements

A great deal of work was done in FY13 to prepare the business for improved financial performance in the future. In FY14, we started to see some benefits of that work.

First, I am pleased that we have built up a highly capable and experienced executive team. In addition to the appointment of Chad Barton as Chief Financial Officer and Greg Hawkins as Managing Director of The Star, a number of other executives have joined us. We now have a competitive and experienced leadership in place who is determined to drive the business forward.

Second, we have moved to a single casino management system and loyalty program across all of our properties. Our goal is to make Absolute Rewards the most rewarding entertainment-focused loyalty program in Australia. This move to a single platform enables more focussed marketing efforts and has provided a foundation for implementation of the regulatory changes related to electronic gaming in Queensland.

Third, we have expanded our interstate and international sales teams to grow domestic and international tourism traffic to our integrated resort destinations, thereby continuing to increase our contribution to the New South Wales' and Queensland visitor economies.

Fourth, we completed the sale of Jupiters Townsville for \$70 million. We can now focus on our larger properties where we believe we can add value more effectively. We thank the management team and employees from Jupiters Townsville for the contribution they have made to the Company over the years, and we wish the new owners all the best – they have purchased a great business that just didn't fit our portfolio.

Finally, we have completed plans for the refresh and expansion of Jupiters Gold Coast and we have commenced work in multiple areas, as you can see today.

Our plans leverage the existing property and infrastructure at Jupiters Gold Coast as you will see, but bring it to a level that the Gold Coast can proudly promote as a world class, must visit destination.

I will now spend a moment on our updated plans for this property. They basically come in two parts:

Jupiters Gold Coast Development – Update

First, we have started to refresh the existing site. This work covers:

- Upgrading the rooms in the existing hotel – the first of the stylish new design hotel rooms will be ready by Christmas, and then we'll work through all of the remaining 592 rooms over the following 12 months
- Refurbishing the pool area to create a new poolside experience, which will open next month
- Refreshing the outside of the existing hotel and casino structures. This will be completed this summer
- Creating two new restaurants and bars by this Christmas, one will be an Italian with al fresco options, the other one will be a high end modern Japanese restaurant run by the highly acclaimed Chase Kojima who runs Sokyō in Sydney.

The second part of the development covers the construction of a 6 star hotel and high end gaming facilities. We are on track to commence work after the Christmas period and be concluded by 2017.

But let me now play a brief video in which we show you some of these developments.

[Video]

I hope you agree with me that these are very exciting developments – I certainly can't wait for the work to complete so we can accelerate the growth of the property.

Trading Update – Year to 27 October 2014

I will turn now to the group trading update. As John highlighted earlier, it is very pleasing to see that the positive momentum created in the second half of FY14 is continuing to drive results to date in FY15.

For the year to date period to 27 October, we experienced good demand in all properties, especially in domestic electronic gaming. Across the group, year to date normalised gross revenue

grew by 27% on the prior comparable period (up 26% on an actual basis). In the domestic business, excluding the VIP Rebate business, revenues grew 13% on the prior comparable period. Aggregate normalised revenues in Sydney are up 36% on the pcp and 8% in Queensland respectively.

The VIP Rebate business has had a very strong start to the year with actual turnover of \$16 billion and actual gross revenues of \$216 million, up 78% on the prior comparable period. Normalised, the revenues are up 78% on a like for like basis.

It is reassuring to see that the work we are putting into customer segmentation, loyalty and customer service continues to gain traction. This is now allowing us to generate returns on the investments we have made in the past.

We are looking forward to a busy trading period over the upcoming festive season and our focus remains on driving earnings through both effective management of expenses and revenue driving initiatives.

Priorities For the Next 12 Months

This is a very exciting time for Echo Entertainment with significant business growth opportunities presenting themselves, which will also provide flow on increases in tourist visitation and economic benefits in the States in which we operate.

Our priorities for the next 12 months are therefore clear. They are to:

1. Drive operating performance across the Company's businesses
2. Deliver on the expansion you see underway around you here at Jupiters Gold Coast
3. Put our best foot forward in Brisbane, with our partners Chow Tai Fook Enterprises and Far East Consortium.

In terms of the operating performance and the development here at Jupiters, today's announcements hopefully give you confidence in the direction we are taking.

In terms of the Brisbane bid, we can't yet disclose the details of what we are proposing to build, or the scale of the tourism, economic or job-creation benefits to Queensland. But let me assure you that we have put forward a responsible offer that delivers a truly iconic precinct.

And we have done so in partnership with two large and diverse Asian based companies who bring not only balance sheet strength, but also a truly compelling set of complementary capabilities to our bid.

It is appropriate to take a moment to share a little more about Chow Tai Fook Enterprises Limited (CTF) and Far East Consortium International Ltd (FEC) so that you can understand why Echo has chosen these organisations as partners in this very important Brisbane project.

Chow Tai Fook Enterprises Limited is a Hong Kong-based private company whose principal activities are large scale property development and investment, hotel investment and other consumer and retail businesses.

CTF is owned by the Cheng family which is also the controlling shareholder of Chow Tai Fook Jewellery Group, the world's largest jewellery retailer – bigger than Tiffany's - with a market capitalisation of A\$15.6 billion.

CTF controls New World Development Company Limited, one of the leading property developers listed on the Stock Exchange of Hong Kong with a market capitalisation of approximately A\$12 billion and ~ 50,000 employees worldwide.

They are very strongly credentialed in hotel management and own one of the most luxurious hotel brands in the world called the Rosewood Hotel Group. Rosewood just last week opened up a 6 star hotel in Beijing. CTF and Rosewood own or operate more than 60 hotels covering more than 13,000 rooms around the world including iconic hotels like the Beverly Wilshire Hotel, Rosewood London and The Carlyle in New York.

Their property development projects are extensive and include the \$1.2 billion Hong Kong Convention and Exhibition Centre and the \$3.3 billion Trump Place in New York.

Far East Consortium International Ltd is an international property development company with a strong Australian presence. Founded in 1960, FEC is one of Asia's largest property developers and is a public company listed on the Stock Exchange of Hong Kong.

Since commencing operations in Australia in 1994, the group has contributed significantly to Melbourne's skyline through 12 landmark urban renewal redevelopments. FEC is currently developing the A\$1bn Upper West Side development which is one of the largest inner city developments in Australia with 2,600 apartments over 4 towers and 30 retail outlets. They are concurrently developing a major new mixed use development in Perth, featuring a new Ritz Carlton hotel.

FEC also owns Care Park Group, one of the largest car park operators in Australia, and Dorsett Hospitality Group, a hotel group listed on the Stock Exchange of Hong Kong with hotels in the mainland China, Hong Kong, Singapore, Malaysia, and the United Kingdom.

So as you can see, we have chosen two partners that provide incredible depth and experience across Asian tourism, hospitality and global property development that complements our skills in running and managing integrated gaming resorts in Australia.

As a business with its historical roots very much in Queensland, perhaps the most gratifying aspect of developing our proposal with CTF and FEC has been the unique opportunity that this provides for Echo to make truly significant and enduring contributions to the future appeal and prosperity of Brisbane, as well as the Gold Coast, for locals and tourists alike.

Our long term leases on the Treasury and Lands Administration buildings mean that we have ongoing control over a very significant piece of the greater Queen's Wharf footprint. This means that we can move the current casino into a new, fit-for-purpose location, and repurpose those important heritage buildings so that they can play a much more effective role in opening up and connecting Queen's Wharf into the rest of South Bank and Brisbane. The control of this site and the proximity to Jupiters Gold Coast also means we have a credible long-term presence in Brisbane should the competing bid be selected.

And while today's numbers have shown that we are succeeding in creating a very successful international VIP business in Australia, our partners Chow Tai Fook and Far East Consortium add massive genuine Asian hospitality capability to our bid. I believe we have put our best foot forward.

Close

In closing, I would like to acknowledge that it will be our most important assets, our people, delivering on these priorities, and extend my thanks to the management team and all employees

for their ongoing efforts. While I have spoken today about our properties and the improvements that we are making to them, providing superior guest experiences is every bit about excellent services as it is about the facilities. And we know that we have more work to do on both.

In handing back to John, I would also like to acknowledge the stability and consistency that his Chairmanship has provided, and acknowledge how important the operating environment is to the momentum that we have begun to develop. On a personal level, I continue to be very grateful for John's ongoing support through my transition into the CEO role this year.

I will now pass back to John for the formal business of today's meeting.