

9 February 2017

Client Market Services
NZX Limited
Level 1, NZX Centre
11 Cable Street
WELLINGTON

SKYCITY Entertainment Group Limited
Federal House 86 Federal Street
PO Box 6443 Wellesley Street
Auckland New Zealand
Telephone +64 (0)9 363 6141
Facsimile +64 (0)9 363 6140
www.skycitygroup.co.nz

Copy to:
ASX Market Announcements
Australian Stock Exchange
Exchange Centre
Level 6
20 Bridge Street
Sydney NSW 2000
AUSTRALIA

Dear Sir/Madam

**RE : SKYCITY ENTERTAINMENT GROUP LIMITED – SKC
INTERIM RESULT (FOR THE SIX MONTHS ENDED 31 DECEMBER 2016)**

Please find attached the following information relating to SKYCITY Entertainment Group Limited's interim result for the six months ended 31 December 2016:

1. NZX Appendix 1 (as required by NZX Listing Rule 10.3.2) detailing the preliminary announcement;
2. 1H17 Result Presentation;
3. NZX Appendix 7 (as required by NZX Listing Rule 7.12.2) detailing the interim dividend of NZ 10.0 cents per ordinary share to be paid on 17 March 2017 to those shareholders on the company's share register as at 5pm (NZ time) on 3 March 2017. The company's Dividend Reinvestment Plan (DRP) will be activated in respect of the interim dividend, with a 2% discount being offered;
4. Interim Report, including the financial statements and notes; and
5. Market Release.

Yours faithfully



Rob Hamilton
Chief Financial Officer

SKYCITY Entertainment Group Limited	
Results for announcement to the market	
Reporting Period	1 July 2016 to 31 December 2016
Previous Reporting Period	1 July 2015 to 31 December 2015

Reported	Amount (millions)	Percentage change
Reported revenue including gaming GST from ordinary activities	NZ\$533.1	-5.8%
Reported revenue from ordinary activities ¹	NZ\$484.2	-5.7%
Reported profit (loss) from ordinary activities after tax attributable to security holder	NZ\$83.8	18.0%
Reported net profit (loss) attributable to security holders	NZ\$83.8	18.0%

Normalised	Amount (millions)	Percentage change
Normalised revenue including gaming GST from ordinary activities	NZ\$525.8	-6.4%
Normalised revenue from ordinary activities	NZ\$477.9	-6.4%
Normalised profit (loss) from ordinary activities after tax attributable to security holder	NZ\$83.7	-2.0%
Normalised net profit (loss) attributable to security holders	NZ\$83.7	-2.0%

Notes:

- 'Reported' information is per the audited financial statements
- 'Normalised' results sets International Business win to theoretical win rate of 1.35% and adjusts for certain revenue and expense items. Reconciliation between reported and normalised financial information is provided at the end of this document
- 'EBITDA' = Earnings before interest, tax, depreciation and amortisation
- 'EBIT' = Earnings before interest and tax
- 'NPAT' = Net profit after tax
- Certain totals, subtotals and percentages may not agree due to rounding

¹ On the Income Statement this is the total of Revenue and Other Income

Interim Dividend	Amount per security	Imputed amount per security
	NZ\$ 0.10	-

Record Date	3 March 2017
Payment Date	17 March 2017

Comments:	<p>SKYCITY's FY17 interim performance is set out in the Company's Result Presentation which is attached to this announcement. It provides detail and explanatory comment on operating and financial performance for each business unit and the Group as a whole and various other relevant aspects of the financial performance for the six months ended 31 December 2016.</p> <p>The Result Presentation will be available on the Company's website from 9 February 2017.</p>
-----------	--

NTA Backing

	2016	2015
Net tangible asset backing per ordinary share	\$0.354	-\$0.164
Net tangible asset backing per ordinary share – excluding Adelaide redevelopment and NZICC accounting	\$1.191	\$0.775

Net tangible asset backing per ordinary share is impacted by the increase in the carrying values of the Adelaide casino licence and Auckland casino licence (intangible assets which are excluded from the calculation) and the associated deferred licence values (liabilities which are not excluded from the calculation). If the deferred licence values are also excluded the net tangible asset backing per ordinary share would be \$1.191 per share as at 31 December 2016.

The increase in net tangible asset backing per ordinary share from 31 December 2015 primarily relates to the issue of additional equity of \$263m in May and June 2016.

Auditors

This report is based on accounts that have been the subject of a review by the company's auditor. Their review report is provided with this preliminary final report.

Earnings per share

	Amount (cents per share)	Percentage change
Reported	12.7	5.8%
Normalised	12.7	-12.4%

Reported earnings per share for the six months to 31 December 2016 were 12.7 cents per share (31 December 2015: 12.0 cents per share). Normalised earnings per share for the six months to 31 December 2016 were 12.7 cents per share (31 December 2015: 14.5 cents per share). "Normalised" eliminates certain revenue and expense items and adjusts International VIP commission business win rate to theoretical.

Dividends

There are no imputation or franking credits attached to the 1H17 dividend.

The company's Dividend Reinvestment Plan will be activated in respect of the interim dividend, with a 2% discount being offered.

Elections to participate in the company's Dividend Reinvestment Plan for the interim dividend close at 5pm (NZ time) on Friday 3 March 2017.

Reconciliation between Reported and Normalised Financial Information

	1H17				1H16			
	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m
Normalised	525.8	168.9	121.6	83.7	562.0	178.2	132.3	85.4
IBat theoretical	7.3	0.1	0.1	0.1	4.1	(6.6)	(6.6)	(4.6)
IB adjustments	7.3	0.5	0.5	0.4	4.1	(6.6)	(6.6)	(4.6)
Asset write-offs	-	-	-	-	-	-	(10.4)	(9.8)
Total other adjustments	0.0	0.0	0.0	0.0	0.0	0.0	(10.4)	(9.8)
Reported	533.1	169.1	121.7	83.8	566.1	171.6	115.3	71.0

SKYCITY's objective of producing normalised financial information is to provide data that is useful to the investment community in understanding the underlying operations of the Group.

Total revenues are gaming win plus non-gaming revenues.

Application of the group's non-GAAP financial information policy is consistent with the approach adopted in FY16.

1H17 Adjustments

- Actual win rate on International Business of 1.52% vs. the theoretical win rate of 1.35%

1H16 Adjustments

- Actual win rate on International Business of 1.41% vs. the theoretical win rate of 1.35%
- Write-off of the Hamilton hotel project costs (\$2.8m of capitalised costs incurred over 2011 to 2014)
- Write-off of 101 Hobson St and the Nelson St car park to make way for the NZICC (\$7.6m book value)

Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10. For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one
(Please provide any other relevant details on additional pages)

Full name of issuer: **SKYCITY Entertainment Group Limited**

Name of officer authorised to make this notice: **Jo Wong** Authority for event, e.g. Directors' resolution: **Directors' resolution**

Contact phone number: **(09) 363 6000** Contact fax number: **(09)363 6140** Date: **9 / 2 / 2017**

Nature of event
Tick as appropriate

Bonus Issue If ticked, state whether: Taxable / Non Taxable Conversion Interest Rights Issue Renounceable

Rights Issue non-renounceable Capital change Call Dividend If ticked, state whether: Interim Full Year Special DRP Applies

EXISTING securities affected by this *If more than one security is affected by the event, use a separate form.*

Description of the class of securities: **Ordinary Shares** ISIN: **NZSKCE0001S2**
If unknown, contact NZX

Details of securities issued pursuant to this event *If more than one class of security is to be issued, use a separate form for each class.*

Description of the class of securities: ISIN:
If unknown, contact NZX

Number of Securities to be issued following event: Minimum Entitlement: Ratio, e.g. ① for ② for

Conversion, Maturity, Call Payable or Exercise Date: Treatment of Fractions:

Strike price per security for any issue in lieu or date Strike Price available: Tick if *pari passu* OR provide an explanation of the ranking:

Monies Associated with Event *Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.*

In dollars and cents

Amount per security (does not include any excluded income): **\$0.1000** Source of Payment: **Profit**

Excluded income per security (only applicable to listed PIEs):

Currency: **NZ Dollars** Supplementary dividend details - NZSX Listing Rule 7.12.7: Amount per security in dollars and cents: **\$0.000000**

Total monies: **\$66,146,256** Date Payable:

Taxation *Amount per Security in Dollars and cents to six decimal places*

In the case of a taxable bonus issue state strike price: \$ Resident Withholding Tax: **\$0.033000** Imputation Credits (Give details): **\$0.000000**

Foreign Withholding Tax: \$ FWP Credits (Give details):

Timing (Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm For calculation of entitlements - **3 March, 2017** **Application Date** Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week. **17 March, 2017**

Notice Date Entitlement letters, call notices, conversion notices mailed: **Allotment Date** For the issue of new securities. Must be within 5 business days of application closing date.

OFFICE USE ONLY
Ex Date:
Commence Quoting Rights:
Cease Quoting Rights 5pm:
Commence Quoting New Securities:
Cease Quoting Old Security 5pm:

Security Code:
Security Code:



MARKET RELEASE

9 February 2017

SKYCITY Entertainment Group Limited

Half-year results for the six months to 31 December 2016

SKYCITY Entertainment Group Limited (NZX/ASX:SKC) today announced its interim results for the six months ended 31 December 2016.

On the interim result, SKYCITY's Interim Chief Executive Officer John Mortensen commented:

"The main drivers of the 1H17 performance were solid growth in our combined New Zealand properties, offset by reduced turnover in our International Business, continued competitive and economic pressures in Darwin and a weaker Australian dollar. Pleasingly however, trading at our flagship property at SKYCITY Auckland improved significantly in 2Q17, with strong growth across all business segments," he says.

Result Highlights

- Reported NPAT was up 18.0% to \$83.8 million, reflecting a higher win rate for International Business for the period and one-off asset write-offs in the previous corresponding period. Reported EBITDA was down 1.5% to \$169.1 million and reported revenue down 5.8% to \$533.1 million.
- Normalised NPAT was \$83.7 million, down 2.0% on the previous corresponding period. Normalised EBITDA was down 5.2% to \$168.9 million and normalised revenue down 6.4% to \$525.8 million.
- Reported earnings per share was up 5.8% to 12.7 cents per share. Normalised earnings per share fell 12.4% to 12.7 cents per share, largely due to increased shares on issue during the period compared to the prior period.
- An interim dividend of 10.0 cents per share has been declared, consistent with our existing dividend policy.
- Excluding our International Business and adjusting for a constant currency, group EBITDA was up 5.0% on the previous corresponding period, highlighting the robust overall performance of our local businesses, especially in New Zealand.

Property Results in Summary

SKYCITY Auckland returned to growth in 2Q17 across all business segments. Local gaming revenue in 2Q17 was up 11.6% on the prior period and was underpinned by strategic initiatives that were successful in increasing both visitation across the property and customer spend per visit. This result was achieved despite various capital works programmes across the city impacting traffic flows and access to our precinct. Revenue (excluding International Business) was up 3.7% to \$283.9 million and EBITDA (excluding International Business) up 5.1% to \$130.6 million.

SKYCITY Hamilton continued to trade strongly during the period underpinned by increased gaming activity and robust local macroeconomic conditions. Revenue (excluding International Business) was up 7.3% to \$29.6 million and EBITDA (excluding International Business) up 15.1% to \$13.4 million.

Adelaide Casino achieved a stable gaming machines performance and an increased market share. However, this was offset by a lower table games hold percentage and a reduced food and beverage contribution. Revenue (excluding International Business) was down 1.7% to A\$77.1 million and EBITDA (excluding International Business) down 3.6% to A\$13.5 million.

SKYCITY Darwin continues to face increased competition from pubs and clubs and a difficult economic environment in the Northern Territory. Regulatory changes have seen the permitted number of gaming machines in Darwin (outside the casino) increase by 60% since 1 July 2015. Revenue (excluding International Business) was down 4.1% to A\$62.3 million and EBITDA (excluding International Business) down 13.5% to A\$18.0 million.

Our International Business was adversely impacted by increased restrictions on funds transfers and reduced visits by larger customers. Turnover was down 38.7% to \$4.4 billion and normalised EBITDA was down 68.6% to \$7.1 million. Operating margins in our International Business were negatively impacted by the fixed cost base required to support the business and increased bad debt provisions. Costs in this business are being reviewed by management to offset the recent decline in activity. SKYCITY continues to comply with all relevant laws in China and take a conservative approach to issuing credit to VIP customers.

Major Growth Projects

The New Zealand International Convention Centre and Hobson St hotel projects remain on-budget and on-target for completion in the first quarter of 2019. Excavation commenced in June 2016 and is now over 80% completed.

We also completed a range of developments at SKYCITY Auckland during the period, including the opening of the 'Grand Horizon' gaming salons, which have been well received by VIP customers, and the completion of a major refurbishment of the main atrium area. Development of a new Cantonese restaurant on the ground floor of the atrium is progressing well and expected to open in June 2017. The new restaurant will complement the world-class Federal St dining precinct and underpin further visitation to the property.

In Adelaide, the early works programme for the Riverbank Precinct redevelopment has commenced and our current expectation is that these works will be completed by late 2017. The proposed expansion of Adelaide Casino remains under consideration by the Board.

Non-Executive Director and Management Appointments

SKYCITY made a number of key director and management appointments during the first half of the financial year.

Jennifer Owen and Murray Jordan were appointed as non-executive directors on 5 December 2016 following receipt of the required regulatory approvals. Jennifer has significant experience in the equity capital markets where she focused on the casino and gaming industry. She has consulted independently to gaming and wagering companies and industry bodies extensively since 2012. Murray has held top level executive roles in

New Zealand and is a director of Chorus Limited, an NZX-listed telecommunications company, and Metcash Limited, an ASX-listed wholesale distributor.

Graeme Stephens was appointed as Chief Executive Officer. Graeme is currently Chief Executive Officer of Sun International, a casino, resorts and entertainment company listed on the Johannesburg Stock Exchange with interests in South Africa and Latin America. His extensive experience in the gaming, hospitality and leisure industries was the reason he was appointed by the Board to lead SKYCITY as we progress our major growth projects. We look forward to Graeme joining us by 1 May 2017.

Luke Walker was appointed General Manager Adelaide Casino. Luke is currently Executive General Manager – Gaming Machines at Crown Melbourne and has extensive experience in the casino and gaming industries across both single and multi-site venues. Luke commences with us on 16 February 2017, which is earlier than we had initially anticipated.

Our current Interim Chief Executive Officer, John Mortensen will step into the newly created role of Group Chief Operating Officer (upon Graeme Stephens' commencement) with oversight across all six New Zealand and Australian properties. The impact that John had on the Auckland property performance when he was originally appointed and subsequently on Hamilton and Queenstown gives the Board confidence that he will have a positive impact on the performance of the Adelaide and Darwin properties in his new role.

Interim Dividend

The Board has declared an interim dividend of 10.0 cents per share, payable on 17 March 2017. The Dividend Reinvestment Plan will be available for this dividend, with a 2% discount applying, in-line with prior periods. Elections to participate in the company's Dividend Reinvestment Plan for the interim dividend close at 5pm (NZ time) on 3 March 2017.

The interim dividend is in-line with our stated dividend policy of distributing at least 80% of normalised NPAT to shareholders each year, subject to a minimum of 20.0 cents per share per annum.

The Board advises that the payout calculation for future dividends from FY18 onwards will be adjusted to reflect the post-tax accounting impact of capitalised interest incurred on our major growth projects. This change will not impact other elements of our existing dividend policy and is considered prudent given the increasing amount of capitalised interest expected out to FY20. Further, this change is unlikely to have a material impact on actual dividends paid over this period.

We continue to believe that our dividend policy offers shareholders an attractive yield and is sustainable over the medium-term.

Outlook for Remainder of FY17

SKYCITY Auckland, which accounted for approximately 80% of Group EBITDA in the interim period, is expected to continue to deliver modest growth during the second half of FY17 on the previous corresponding period, driven by favourable macroeconomic drivers, new major events and ongoing initiatives to drive visitation. Disruption arising from various capital works programmes across the city is being proactively managed but will continue to impact the property.

SKYCITY Hamilton is expected to continue to deliver growth during the second half of FY17 on the previous corresponding period, underpinned by higher visitation and increased local gaming revenue.

Adelaide Casino is expected to remain stable in the second half of FY17 on the previous corresponding period. There is a risk of some disruption to the property from the early works programme, which commenced in late 2016.

Challenging trading conditions are expected to persist for SKYCITY Darwin during the second half of FY17 due to a soft local economy and increased gaming machine numbers in pubs and clubs.

Activity during the second half of FY17 is also expected to be weaker in our International Business on the previous corresponding period given reduced visits expected from larger VIP customers and recent developments in China. However, we have experienced favourable activity over the Chinese New Year period to-date.

ENDS

Notes to editors:

- *All numbers in this release are unaudited. Further information on adjustments between normalised and reported information is available in SKYCITY's investor presentation at: <http://www.skycityentertainmentgroup.com>.*

For more information please contact:

Media	Investors
<p>Kelly Armitage Group Communications Manager DDI: +64 9 363 6368 Mobile: +64 27 213 5625 E-mail: kelly.armitage@skycity.co.nz</p>	<p>Ben Kay Investor Relations & Corporate Development Manager DDI: +64 9 363 6067 E-mail: ben.kay@skycity.co.nz</p>

Normalised vs. reported results

	1H17				1H16			
	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m
Normalised	525.8	168.9	121.6	83.7	562.0	178.2	132.3	85.4
IB at theoretical	7.3	0.1	0.1	0.1	4.1	(6.6)	(6.6)	(4.6)
IB adjustments	7.3	0.1	0.1	0.1	4.1	(6.6)	(6.6)	(4.6)
Asset write-offs	-	-	-	-	-	-	(10.4)	(9.8)
Total other adjustments	0.0	0.0	0.0	0.0	0.0	0.0	(10.4)	(9.8)
Reported	533.1	169.1	121.7	83.8	566.1	171.6	115.3	71.0

SKYCITY's objective of producing normalised financial information is to provide data that is useful to the investment community in understanding the underlying operations of the group.

Application of the group's non-GAAP financial information policy is consistent with the approach adopted in FY16.

1H17 adjustments

- Actual win rate on International Business of 1.52% vs. the theoretical win rate of 1.35%.

1H16 adjustments

- Actual win rate on International Business of 1.41% vs. the theoretical win rate of 1.35%.
- Write-off of the Hamilton hotel project costs (\$2.8m of capitalised costs incurred over 2011 to 2014).
- Write-off of 101 Hobson St and the Nelson St car park to make way for the NZICC (\$7.6m book value).