

SKYCITY Entertainment Group Limited

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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)
3Q17 TRADING UPDATE**

Please find **attached** the company's 3Q17 trading update.

For any investor or analyst queries, please contact Ben Kay, SKYCITY's Investor Relations & Corporate Development Manager, on either + 64 9 363 6067 or ben.kay@skycity.co.nz.

For any media queries, please contact Colin Espiner, General Manager Communications, on either +64 9 363 6467 or colin.espiner@skycity.co.nz.

Yours faithfully



Jo Wong
Company Secretary

SKYCITY Entertainment Group Limited

3Q17 Trading Update

28 April 2017



- All information included in this presentation is provided as at 28 April 2017
- This presentation includes a number of forward-looking statements. Forward-looking statements, by their nature, involve inherent risks and uncertainties. Many of those risks and uncertainties are matters which are beyond SKYCITY's control and could cause actual results to differ from those predicted. Variations could either be materially positive or materially negative
- This presentation has not taken into account any particular investors investment objectives or other circumstances. Investors are encouraged to make an independent assessment of SKYCITY

- Average NZ\$/A\$ cross-rate for 3Q17 of 0.935 (3Q16: 0.915)
- Revenue (incl Gaming GST), calculated as gaming win (incl GST) plus non-gaming revenue (excl GST), is shown to facilitate Australasian comparisons
- Normalised revenue is adjusted for International Business (“IB”) at the theoretical win rate of 1.35% versus an actual win rate of 1.27% in 3Q17 (3Q16: 1.54%)
- Totals, subtotals and percentages may not agree due to rounding
- The figures in this presentation are taken from management accounts and accordingly are unaudited and have not been reviewed by SKYCITY’s external auditors

3Q17 Update – Group Revenue By Business Unit

	3Q17 \$m	3Q16 \$m	Movement %	FY17 YTD \$m	FY16 YTD \$m	Movement %
New Zealand (excl IB)						
■ Auckland	141.8	144.0	(1.5%)	425.7	417.9	1.9%
<i>Auckland (on a like-for-like basis)⁽¹⁾</i>	141.8	140.1	1.2%	423.6	408.9	3.6%
■ Hamilton	14.3	13.5	5.7%	43.9	41.1	6.8%
■ Combined Queenstown / Other	2.8	3.2	(12.4%)	8.9	9.8	(9.2%)
Total New Zealand	158.9	160.7	(1.2%)	478.5	468.8	2.1%
<i>Total New Zealand (on a like-for-like basis)⁽²⁾</i>	158.9	156.9	1.3%	476.4	459.8	3.6%
Australia (excl IB)						
■ Adelaide (A\$)	36.0	36.6	(1.8%)	113.1	115.0	(1.7%)
■ Darwin (A\$)	23.2	24.4	(5.0%)	85.5	89.4	(4.4%)
Total Australia (A\$)	59.2	61.0	(3.1%)	198.6	204.4	(2.8%)
Total Australia (NZ\$)	63.3	66.8	(5.2%)	210.2	224.0	(6.2%)
Normalised IB Revenue	38.2	36.3	5.1%	97.5	132.9	(26.6%)
Group Normalised Revenue	260.3	263.8	(1.3%)	786.1	825.8	(4.8%)
<i>Group Normalised Revenue (on a like-for-like basis)⁽²⁾</i>	260.3	259.9	0.2%	784.0	816.8	(4.0%)
IB adjusted to actual win rate (%)	(2.3)	5.1		5.1	9.2	
Group Reported Revenue	258.1	268.9	(4.0%)	791.2	835.0	(5.3%)

(1) Auckland revenue (excl IB) presented on a like-for-like basis reflecting the cessation of the Air NZ Koru catering contract in 1Q17 (contract contributed ~NZ\$2.5-3.0m in revenue per quarter but only made a minor contribution to earnings) and an additional trading day in 3Q16 (due to the leap year)

(2) Total New Zealand revenue (excl IB) and group normalised revenue presented on a like-for-like basis consistent with the items in footnote (1)

Group

- 3Q17 normalised group revenue flat on the pcp on a like-for-like basis
- Key highlight of revenue performance was a 5.1% increase in IB turnover on the pcp
- Other main driver was slight growth in NZ revenue, offset by softer Australian revenue and a weaker A\$ vs. NZ\$

New Zealand – Revenue (excl IB) 1.3% (on a like-for-like basis)

- Auckland revenue up slightly (1.2%) on a like-for-like basis relative to a record pcp, with flat gaming revenue and modest growth in non-gaming revenue
- LTM gaming machine revenue growth at Auckland of 5.2% is consistent with growth achieved by Auckland pubs & clubs over the same period
- Hamilton continues to trade positively due to increased gaming activity and the new ten-pin bowling facility
- Slight margin increases achieved at both Auckland and Hamilton

Australia – A\$ Revenue (excl IB) (3.1%)

- Marginally weaker revenue in Adelaide, but further increases achieved in gaming machine market share on the pcp
- Darwin continues to be adversely impacted by challenging trading conditions and competitive pressures
- Margin reductions experienced at both Australian properties

International Business – Normalised Revenue 5.1%

- Turnover and normalised revenue higher on the pcp following strong activity over the Chinese New Year period
- Actual win rate of 1.27%, slightly below the theoretical win rate of 1.35%
- Improvement in margin consistent with increases in activity levels and reflective of operating leverage achievable in the business

Other Financial Results

- Previous guidance for FY17 corporate costs, net interest expense, D&A and effective tax rate is reaffirmed
- No change to previous market guidance for FY17 capex

Major Growth Projects

- NZICC and Hobson St hotel projects continue to progress on-budget and on-target for completion in Q1 2019
- Adelaide Casino expansion project remains subject to discussions with the SA Government and IGA regarding further gaming concessions

Board and Management

- Graeme Stephens has now commenced as CEO, and John Mortensen is now Group COO
- Luke Walker commenced as GM Adelaide in February, and Stewart Neish starts as IB President in early June
- Rob Campbell to be appointed as a non-executive director, subject to regulatory approvals

NZ

- Auckland still expected to achieve modest earnings growth on the pcp in 2H17, due to major events in 4Q17 and a slightly easier comparative period
- Disruption from capital works programmes across Auckland CBD expected to continue to impact the property, but is being proactively managed
- Hamilton expected to continue to deliver growth on the pcp for the remainder of 2H17

Australia

- Darwin expected to experience continued competitive pressures in the gaming machine business and ongoing difficult trading conditions in the NT
- Adelaide now expected to be weaker in 2H17 on the pcp due to flat revenue and increased margin pressure
- Minor disruption to Adelaide from early works programme is being proactively managed
- New GM Adelaide has commenced review to identify future operating improvements

IB

- IB turnover now expected to be consistent in 2H17 on the pcp following improved activity in 3Q17
- Improvements in debt collections expected – conservative approach to the extension of credit to VIP customers

