

**NZX / ASX / MEDIA RELEASE  
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## **SKYCITY Entertainment Group Limited First Half FY14 Outlook and Trading Update**

**AUCKLAND: SKYCITY Entertainment Group Limited (NZX: SKC / ASX: SKC) today provided the following Outlook and Trading Update for the first half of the 2014 Financial Year.**

### **First Half FY14 NPAT Outlook**

Normalised Net Profit after Tax (NPAT) for the six months ended 31 December 2013 (1H14) is anticipated to be in the range of NZ\$65 million to NZ\$68 million. This compares to NZ\$72 million in 1H13 (excluding Christchurch casino, which was sold in December 2012).

The result in this half year has been adversely impacted by the significant currency appreciation of the NZD against the AUD - up 18% from 0.78 to 0.92. This is expected to negatively impact SKYCITY's 1H14 Normalised NPAT by approximately NZ\$3 million.

### **ASX200**

As announced on 6 December 2013, following the S&P Dow Jones December quarterly review, SKYCITY will be included in the S&P / ASX 200 index, effective after the close of trading on 20 December 2013.

### **Trading Update**

#### **Auckland**

Auckland EGM revenues have firmed in Q2-14 and cost reduction initiatives across the business, particularly around marketing costs, are leading to an improved EBITDA margin in 1H14. Our new signature restaurants, Masu and The Sugar Club have been received well and complement the outstanding dining options now available at SKYCITY. We continue to refurbish the Grand Hotel rooms, are developing a new lobby bar and Italian restaurant within the Grand and transforming Federal Street into a newly paved pedestrian friendly precinct, all of which are causing some minor disruption. Overall, we expect Auckland to deliver modest EBITDA growth for the first half of FY14.

#### **Adelaide**

The South Australian economy has not shown any consistent signs of growth and, with the ongoing partial closure of the Adelaide Southern railway line due to electrification works, the property is experiencing a challenging trading environment. Having concluded the Agreements with the South Australian government earlier this year and in readiness for the launch of Premium gaming, TITO and cashless gaming, the main floor and VIP rooms are being significantly upgraded at a cost of circa \$40 million, with the development of the new premium Platinum and Pearl rooms and new Baccarat Pavillion, which will open from February 2014. These significant works are causing some short term disruption to the gaming floors. Encouragingly, despite this disruption, during the recent Ashes Test at the newly redeveloped Adelaide Oval, the Adelaide Casino benefited from a substantial uplift in visitation facilitated by the newly opened Torrens River bridge.

## **Darwin**

Darwin continues to show good non-gaming revenue growth, with high hotel occupancy and strong demand for the new Lagoon Resort. Local gaming revenues have been somewhat soft, albeit offset by an improvement in the International Business volumes in Darwin. There is some cost pressure in Darwin, which is expected to result in a softer EBITDA margin in 1H14.

## **Hamilton**

The softness experienced in the first quarter has shown some signs of improving in the second quarter, however the 1H14 result will be somewhat softer than 1H13.

## **Queenstown**

The management integration of SKYCITY's second casino in Queenstown (the Wharf) is now complete with both casinos being refurbished in this half. International Business growth continues to improve with higher Asian and Chinese visitation, following the opening of our first Horizon IB Salon in Queenstown.

## **International Business**

International Business experienced a strong first quarter, but volumes have been softer second quarter to date. Overall, IB turnover is expected to be flat (on a constant currency basis) for 1H14. Based on current win rates of just under theoretical (of 1.35%), 1H14 IB reported results are expected to improve on 1H13, which had a win rate of only 1.06%.

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