



# Solid profit for SkyCity boosts bid for growth



**Steve Price**

Rugby league legend Steve Price was on hand to beef up SkyCity's annual results yesterday, although he was scarcely needed as the casino group ran in a solid profit.

The Warriors hero turned up at the company's Auckland stronghold with Warriors coach Ivan Cleary to mark SkyCity's three-year deal as a major sponsor, which will see its logo on the back of the players' shirts. SkyCity chief executive Nigel Morrison said the venue would become the "home of the Warriors" and said there are plans for a "great sports bar some time next year".

However, Auckland, the cornerstone of SkyCity's casino businesses, was off the pace for the year to June while Hamilton and Adelaide came through with strong figures, Mr Morrison announced yesterday.

The group reported net profit of \$102 million for the year, down \$13.3m from \$115.3m the year before. But that included an adjustment for changes to depreciation and company tax in the May Budget and SkyCity said its profit would have

been \$129.1m on a normalised basis.

Revenue fell 1 per cent to \$837.8m.

Forsyth Barr analyst Jeremy Simpson said the result met expectations. "It was pretty close to what we were going for ... \$128m [normalised net profit after tax] and it came in at \$129.1m," he said.

"I guess the disappointing factor was that Auckland was a little bit softer than what we were hoping for. International business though was stronger and offset that. Two-thirds of international business went through Auckland. They were up \$8.1m - more than 120 per cent - from \$6.4m to \$14.5m.

"They're well positioned when the economy recovers. There's no doubt about that. They've certainly got a lot of initiatives under way and plans to boost the overall business," Mr Simpson said.

Among those is the Federal St redevelopment with further restaurants, bars and entertainment.

Phase one is targeted to be ready for the 2011 Rugby World Cup.

It has also submitted a proposal to the Government for a national con-

vention centre at its Hobson St site, linked by airbridge to the main complex and gaming floor.

In South Australia the group is in discussions with the state government about redeveloping its Adelaide casino.

Darwin's resort development is in its final planning stages to open in mid-2012 at a cost of up to A\$45m.

Nachi Moghe, senior equities analyst at Morningstar, said underlying results were a little softer than he'd anticipated.

"My ebitda [earnings before interest, tax, depreciation and amortisation] estimate was \$300m while the company reported normalised ebitda of \$296.9m. Auckland's performance was below my expectations. [The] second half was dreadful," he said.

"Concern is that it might continue for a while given the unemployment situation."

A final dividend of 9.25c a share will be paid on September 17 taking the full year payout to 17.25c, up 11 per cent on last year's 15.5c. The dividend represents a payout of 70 per cent of profit.

SkyCity shares fell 10c to close at \$2.89 yesterday, valuing the company at \$1.7 billion. Fairfax