



# SkyCity scores solid profit

## Venue to be 'home of the Warriors'

**Nick Krause**

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 that will see its logo on the back of the players' shirts.

SkyCity CEO Nigel Morrison said the venue would become the "home of the Warriors" and there were plans for a "great sports bar some time next year".

However, Auckland, 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 said yesterday.

The group reported a net profit of \$102 million for the year, down \$13.3m from 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're well positioned when the

economy recovers. They have 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 for completion in time for the 2011 Rugby World Cup.

It has also submitted a proposal to the Government for a national convention centre at its Hobson St site, linked by air bridge to the main complex.

In South Australia the group is in discussions with the state government about redeveloping its Adelaide casino, complementing the government's plans to redevelop the Adelaide waterfront.

Darwin's resort development is in its final planning stages to open mid-2012 at a cost of up to A\$45m. It is seen as having huge potential as a VIP gambling destination with its proximity to the southeast Asian markets.

Nachi Moghe, senior equities analyst at Morningstar, said underlying results were a little softer than he had anticipated. "My ebitda [earnings before interest, tax and depreciation] estimate was \$300m while the company reported normalised ebitda of \$296.9m. Auckland's performance was below my expectations. [The] second half was dreadful.

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

The Auckland casino had ebitda for the year of \$193.8m, down 5.2 per cent on a year ago.

In Darwin, smoking bans, which came

into force in January, as well as the late arrival of the dry season, affected business. The casino there had ebitda of A\$38.4m, down 3.8 per cent.

But Adelaide was up 7.1 per cent to A\$31.5m and Hamilton ahead 7.3 per cent to \$19.2m. Christchurch and Queenstown were together down 9.2 per cent at \$6.9m.

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.



**Game on:** Warriors hero Steve Price in action against the Broncos in an NRL clash. The team will sport SkyCity's logo in a three-year sponsorship deal.