



# SkyCity cautious on guidance

## ■ GAMBLING

Vanda Carson

THE new chief executive of the ailing Kiwi company behind casinos in Adelaide and Darwin is cautious about predicting how gambling revenues will hold up in coming months and has declined to give profit guidance.

Nigel Morrison, who took over the reins at SkyCity Entertainment nearly six months ago, would only say he was "satisfied with current trading".

"If New Zealand slips further into recession, things will be a little bit more challenging," Mr Morrison said. "We don't want to overpromise and underdeliver."

The company yesterday reported a profit of \$NZ112 million (\$91.42 million), up 19 per cent on last year, excluding a \$NZ60 million write-down for the company's cinema unit after a sale fell through in June.

Mr Morrison emphasised that he had just begun to turn around the company and that he recognised "we need to do better" to restore investor confidence.

The company, which also owns casinos at four New Zealand sites, has been in turmoil since a profit slump and the loss of its chief executive triggered a deal to sell the whole company, which later fell through.

Mr Morrison has an almost entirely new executive team with ambitious plans to revitalise the company's casinos.

In the 2007-08 fiscal year earnings at the company's biggest casino, the flagship SkyCity in Auckland, were flat at \$208.3 million.

An improvement at the Auckland casino is a top priority, especially since the main gaming floor was given a makeover earlier this year.

The main floor has new baccarat tables for "premium" players, but a similar area for top-shelf poker machine players is yet to receive a lick of paint.

Next month the company plans to rejig its gaming tables to entice more visitors to try their luck.

Darwin earnings were up 14 per cent for the year, a good performance given its poker machines and baccarat tables are "cramped" into a smaller space amid renovations, Mr Morrison said. Earnings are likely to be under pressure until the work is finished next year.

The Adelaide casino earnings, which were down 1 per cent to \$21 million, were also "knocked around a little bit" by smoking bans. "Hopefully we are not going to see any further downturn as a result of the smoking bans," Mr Morrison said.

Mr Morrison said that he had seen some early signs that his new ideas across all parts of the business including revamped jackpot structures and loyalty schemes were "gaining traction" and would soon flourish.

"My experience with casinos is they tend to 'step up', and spiked visitation does tend to lead to enhanced visitation," he said.

Mr Morrison was also pleased with the increased earnings from high-roller betting in the 2007-08

fiscal year, up from \$6.6 million to \$17.2 million.

While high rollers contribute only about 5 per cent of earnings, Mr Morrison hopes this can be lifted to 10 per cent.

Of the \$1.5 billion in total annual bets placed by international gamblers at the company's Auckland, Darwin and Adelaide casinos each year, more than \$700 million comes through Auckland and about \$500 million through Darwin.

Shares in the company closed down 2c to \$2.79 yesterday.



Flagship ... fiscal year earnings were flat at SkyCity in Auckland.