

August 25 2008



**SKYCITY ANNOUNCES FULL YEAR RESULT**

**\$49.9 million Net Profit after Tax**

- **NPAT adjusted for Non-Recurring Items up 19% to \$111.9 million, in line with guidance**
- **Adjusted EBITDA (ex Cinemas) up 8% to \$306 million**
- **Increased distribution to 21.5 cents per share declared**
- **2008 result provides sound platform for growth in 2009**

SKYCITY Entertainment Group today announced Net Profit After Tax (NPAT) of \$49.9 million for the year ended 30 June 2008 and an NPAT adjusted for Non-Recurring Items (NRIs) of \$111.9 million. NRIs include the Cinemas write down of \$58.4 million (after tax) and other one-off items. The adjusted NPAT of \$111.9 million was a 19% increase on FY07 and in line with the company's guidance. EBITDA (ex Cinemas) was \$306 million, an increase of 8%.

An increased distribution of 21.5 cents per share (cps) for shareholders was confirmed with a final distribution of 10.5 cps. The Board reaffirmed that the existing distribution payout ratio of 90% remains unchanged.

Chief Executive Officer Nigel Morrison said: "We're cautiously encouraged by what we see as a sound result in a challenging economic environment. The Group recorded solid EBITDA growth together with good underlying cashflows. We retired \$92 million of debt, further strengthening our balance sheet, and undertook major renovations in two of our casinos.

**2009 Strategic Priorities**

"The results and progress achieved in 2008 provide a good platform upon which to build. Our shareholders have made it clear they want us to focus on maximising the performance of our existing assets, and this is exactly what we're doing.

"Our management team is concentrating on growing revenues, driving operational efficiencies and maximising EBITDA, whilst retaining tight control over capital expenditure.

Key priorities include:

- Delivering an improved customer experience across all properties
- Enhancing IT and systems capabilities and reinvesting in new technology and core operating systems
- Growing and diversifying the International VIP commission-based-play business
- Improving employee advocacy across all business operations

“We are budgeting for growth in the FY09 year,” said Mr Morrison.

## 2008 In Focus

### Sound Debt Structure

SKYCITY has a very strong liquidity position and sound capital and debt structure, as was reflected in Standard & Poor’s recent awarding of Investment Grade Rating (BBB-) with Stable Outlook. With approximately \$400 million of undrawn facilities and the first tranche of debt (\$124 million) not reaching maturity until May 2010, the business can clearly focus on enhancing its operating performance. Further debt retirement is anticipated in FY09.

### Cashflow

SKYCITY generated an underlying cash flow, after taxes and interest, of \$199 million - an increase of 15% on FY07 (\$177 million), further strengthening the capital structure of the Group.

### International Business

“We had a good result from our International Business, assisted by a favourable actual to theoretical win rate. FY08 win rate was 2.6% vs a theoretical rate of 1.3% (FY07 actual win rate of 1.2%). Our turnover of \$1.4 billion saw our earnings rise from \$6.6 million to \$17.2 million. The core management focus for this business is to increase our international VIP gaming turnover to build sustainable revenue and reduce our volatility,” said Mr Morrison.

### SKYCITY Auckland

The new Auckland main gaming floor has been well received by customers since opening in March and new gaming product and the re-layout of main floor tables and machines will further enhance the customer experience in 2009. Recent highlights indicate management strategies are gaining traction including the biggest gaming day in more than four years on 08/08/08, record Auckland Convention Centre revenues and occupancy in the Grand Hotel.

"We're pleased with the sound performance of our Auckland business in the current economic environment. We now have a strong focus on product mix, pricing, presentation, marketing, customer service and loyalty within our core businesses," said Mr Morrison.

### **SKYCITY Adelaide**

The impact of the November 2007 smoking ban was less significant than anticipated, with a minimal effect on the table games business. As the company confirmed last month, there are no plans to proceed with the Adelaide car park and costs incurred with this proposed development have been written off.

### **SKYCITY Darwin**

Growth across the business was achieved in Darwin, as the regional economic momentum continues. The A\$30 million redevelopment, which includes gaming floor expansion and refurbishment alongside new entertainment facilities, is on track for opening by March 2009.

"With its proximity to the Asian market, Darwin is a key focus for SKYCITY's international VIP business development. We are excited about the potential of the Little Mindil site and associated resort development which supports our international growth strategy, however no significant capex is expected to be incurred in FY09," said Mr Morrison.

### **SKYCITY Cinemas**

Our management team is confident opportunities exist to enhance the performance of this business. The team's focus is on greater customer value, increased facilities utilisation and greater diversity of movies aligned to market demographics. The opening of two new complexes in Albany (April 2008) and Manukau (scheduled for September 2008) sees the focus on driving the business forward and improving profitability via penetration in the important Auckland market.

"Our business plans for 2009 are predicated on growth and I'm confident we now have the team and plans in place to build on the sound results achieved in 2008," said Mr Morrison.

**ENDS**

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**Notes to editors:**

**FY08 SKYCITY Performance Highlights**

**Financial Highlights:**

- Adjusted Actual NPAT of \$111.9m up 19% on FY07 (\$93.8m).
- Results in line with February guidance of \$108 – 110m.
- Adjusted EBITDA (ex Cinemas) of \$306.4 up 8% on FY07 (\$284.5m).
- Underlying cashflow of \$199.1m up 15% on FY07 (\$173.0m).
- Retirement of \$92 million debt strengthened balance sheet, further reinforced by Investment Grade BBB- rating from S&P.

**Management and Operational Highlights:**

- Permanent CEO appointed in March 2008.
- New management opportunities significantly enhance operational expertise,
- Reorganisation of company to drive divisional profit focus and also reduce corporate overhead.
- Auckland casino refurbishment completed March 2008.
- Strong result from International VIP Commission Business.

**Outlook:**

- Business plans budget for growth for FY09 across all businesses.
- Satisfactory trading in FY09 YTD.
- Strong control to be maintained over capex.
- Distribution payout of 90% ratio reaffirmed.
- Further debt retirement anticipated in FY09.

**About SKYCITY Entertainment Group**

- SKYCITY Entertainment Group includes six casino and hotel complexes across New Zealand and Australia (Auckland, Hamilton, Christchurch, Queenstown, Adelaide, Darwin) and the SKYCITY Cinemas and Rialto cinema chains in New Zealand and Fiji.
- SKYCITY Entertainment Group employs more than 6,000 people throughout Australia and New Zealand.