

20 August 2007



SKYCITY DELIVERS \$98.4 MILLION PROFIT

SKYCITY Entertainment Group today announced an after tax net profit of \$98.4 million for the year ended 30 June 2007.

The result was down on FY06 but in line with the company's profit guidance of 22 May.

Total revenue was up \$52 million to \$816 million, an increase of just under 7% on the prior year.

Executive Director Elmar Toime said that FY07 had been a challenging year for the SKYCITY Group but expressed confidence in a robust business model moving forward into FY08.

"Over the past months we have undertaken a comprehensive review and restructure of our business operations and put plans in place to ensure improved performance," Mr Toime said.

"We are on track to deliver cost reductions totalling \$33 million throughout FY07/08 by focusing on labour cost management, procurement initiatives and ensuring a culture of tight cost control."

A review of assets has been completed and the company has announced today that it will enter into a process to test the sale value of its cinema assets. The board has emphasised however that this will not involve a sale at any price and that offers will need to exceed the company's internal view of value for a sale to proceed.

A strategic development plan has been completed for SKYCITY Adelaide which has verified the value of this business and established the path for delivering incremental shareholder value from this property.

Throughout this process, enquiries have been received from a range of parties expressing an interest in the Adelaide property. Given the level of interest being expressed in the company's Adelaide asset, the board considers it owes shareholders the opportunity to realise value should any of these parties wish to proceed to binding offers. Any sale of the Adelaide property will only proceed should offers exceed the company's own valuation.

The major project to refurbish the main gaming floor at SKYCITY Auckland has impacted FY07 revenues. Reaction to those components of the refurbishment that have been completed to date provides encouragement that the upgrade will generate a good revenue response from customers. March 2008 remains as the scheduled completion date.

With Auckland's FY07 EBITDA (excluding international rebate business) down 2.9% on prior year, the performance of the Group's flagship site has been disappointing.

Focus will remain firmly on Auckland throughout FY08 to ensure that the investment in this property delivers on expectations. Capitalising on the gaming expertise within the Group, a peer review of the Auckland gaming performance and strategy has been undertaken and plans put in place to actively address opportunities.

Enhancing the experience for all customers, particularly the high value customer segments that are critical to the overall business success, will provide a strong platform for growth.

Recruitment of a new Chief Executive is progressing, with an appointment expected to be made by the end of October. That appointment will then be subject to regulatory approval processes in each of the company's three regulatory jurisdictions.

The board expects to make offers of appointment to two new director candidates within a matter of a few weeks, but as with the Chief Executive appointment, these offers will be subject to the regulatory approvals processes.

90% of profits distributed to shareholders

Investors continue to share in SKYCITY's performance with 90% of profit returned to shareholders through a final distribution of 12 cents per share with a total distribution for 2007 of 21 cents. The entitlement date for the final distribution will be 10 September 2007, with payment on 5 October 2007.

The board has determined that the strong uptake rate by shareholders for the company's profit distribution plan means that the 2.5% discount is no longer necessary and it is being discontinued.

2007 – Not without its highlights

There were strong performances across the Group during FY07:

- SKYCITY Auckland's revenue performance was bolstered by strong non-gaming revenues which increased by just under \$10 million with a reduction in expenses of \$2.3 million.
- SKYCITY Hamilton delivered a strong revenue performance in all sectors leading to a 12% increase in its FY07 EBITDA.
- SKYCITY Darwin casino license extension approved by Northern Territory Government.
- SKYCITY Darwin increased revenues and managed costs to deliver a 7% increase in its EBITDA result.
- There was continued positive engagement with regulators in all locations.
- A continuing and developing commitment to host responsibility and customer welfare across all sites ensures that SKYCITY continues to provide leadership in providing a safe and enjoyable experience for all customers.

Business blueprint is in place

"There is no doubt that FY07 has been one of critical review and adjustment, however, our blueprint is in place - the business is focused on the actions it needs to take to achieve improved results," said Mr Toime.

"We have, or are in the process of, putting in place the systems, resources and people to enable us to enhance our vision of being the most popular entertainment destination in every community in which we operate.

"Most importantly, we are now positioned to ensure that this delivers incremental value to our shareholders and a sustainable future for our people," Mr Toime said.

Strategic Outlook for FY08

Profit guidance for FY08 is for growth in reported NPAT of 10-12%, based on the current business model and taking account of:

- a gradual recovery of Auckland gaming revenues as the main gaming floor refurbishment is completed and the Auckland business capitalises on the outcomes of its peer review
- smoking ban impact in Adelaide (from 1 November 2007) is expected to be similar to that experienced in New Zealand in calendar 2005 and into 2006, and
- achievement of the savings identified in the cost reduction programme.

Underpinning all activity is an improved understanding of our customers to ensure that SKYCITY develops and delivers experiences in a way that maximises satisfaction for customers across all customer segments at all times.

"A strong commitment to host responsibility and harm minimisation is inextricably linked to all that we do to ensure that the business, at all sites, continues to provide a safe and enjoyable environment for all customers and in turn, sustainable value for our shareholders," said Mr Toime.

ENDS

For further information please contact:

Joanna Bleasdale, Acting Corporate Communications Manager

Phone: +64 9 363 6025

Mobile: +64 (0)21 669 413

OR

Morag Ingram, Communications Manager NZ Operations

Phone: +64 9 363 6409

Mobile: +64 (0)21 220 3650

E-mail: morag.ingram@skycity.co.nz

SKYCITY Entertainment Group

Federal House 86 Federal Street PO Box 6443 Wellesley Street Auckland New Zealand
Ph +64 (0)9 363 6141 Fax +64 (0)9 363 6140 www.skycity.co.nz