

# MEDIA RELEASE

ECHO ENTERTAINMENT GROUP



THE STAR



17 September 2012

## Echo Entertainment Group FY13 trading update<sup>1</sup>

In the context of an international investor road show, Echo Entertainment Group Limited today provided a trading update for the first 10 weeks of the 2013 financial year to 9 September 2012.

Total gross revenue for the Group is up 11.1% (up 10.1% normalised) on the prior period (pcp) in the first 10 weeks to 9 September 2012.

Overall, the early positive FY13 revenue trends at The Star released with our FY12 results in August have continued, with total revenue now up 26.7% (up 20.7% normalised) on the pcp. Solid revenue growth is being experienced across all major lines of business, driven by new product openings and continued activation of gaming areas. Revenue excluding International Rebate business (IRB) at The Star is up 16.7% relative to the same period last year.

The operating conditions in Queensland continue to be soft. Total revenue for Echo's Queensland properties is down 11.5% (down 5.7% normalised) on the pcp in the FY13 year to 9 September 2012. Private Gaming Room (PGR) table games revenue in Queensland has been negatively impacted by an unfavourable win rate differential to the pcp. Volume, visitation and spend remain soft across all major lines of business.

Echo continues to see good activation of its VIP gaming facilities at The Star. IRB front money for the Group is up 34.9% on the pcp in the FY13 year to 9 September 2012.

| 09/09/2012 YTD                                      |              |                |              |
|-----------------------------------------------------|--------------|----------------|--------------|
| Gross PCP Revenue Growth %                          | The Star     | Queensland     | Echo Group   |
| EGM (excl MTGM)                                     | 3.9%         | (3.1%)         | <b>0.1%</b>  |
| Tables (incl MTGM) - MGF and PGR                    | 16.8%        | (5.2%)         | <b>9.6%</b>  |
| Non-gaming                                          | 59.4%        | (4.6%)         | <b>16.8%</b> |
| <b>Total Gross Revenue (excl IRB)</b>               | <b>16.7%</b> | <b>(4.1%)</b>  | <b>7.1%</b>  |
| IRB (actual)                                        | 59.9%        | (140.3%)       | <b>32.0%</b> |
| <b>Total Gross Revenue (actual)</b>                 | <b>26.7%</b> | <b>(11.5%)</b> | <b>11.1%</b> |
| IRB (normalised) <sup>2</sup>                       | 32.8%        | (44.5%)        | <b>25.3%</b> |
| <b>Total Gross Revenue (normalised)<sup>2</sup></b> | <b>20.7%</b> | <b>(5.7%)</b>  | <b>10.1%</b> |

<sup>1</sup> This release should be read together with Echo Entertainment Group Limited's Asia Investor Roadshow Presentation dated 17 September 2012.

<sup>2</sup> Normalised IRB rebate revenue for FY13 year to 9 September 2012 is calculated based on a 1.6% win rate and 14.0 turns of front money. FY12 IRB rebate revenue for year to 9 September 2011 is calculated based on 1.54% win rate and 15.6 turns.

# MEDIA RELEASE

ECHO ENTERTAINMENT GROUP



T H E | S T A R



Chief Executive Officer, Larry Mullin, said: "From mid-April on, revenue at The Star has built traction. Both gaming and non-gaming segments are now exhibiting solid growth in line with our expectations.

"The final piece in The Star's transformation into a world class entertainment precinct is the Events Centre, which is on track to open early in 2013. This will be a key mass market driver for the whole of The Star and we expect performance to continue to improve on the back of it," he said.

For more information:

Financial analysts: Matt Bekier, Chief Financial Officer, 02 9657 7545

Media: Brad Schmitt, GM Media, NSW Government Relations, 0407 995 505

# Echo Entertainment Group Profile

Asia Investor Roadshow – 17 September 2012

ECHO ENTERTAINMENT GROUP

Jupiters

Jupiters

THE STAR

THE TREASURY

# Summary

- Echo Entertainment Group Limited is a leading Australian entertainment and gaming company
- Echo operates under four long-term casino licences in attractive markets that provide substantial strategic value
- Echo has a solid growth profile over the next six years that is driven by major redevelopment of key assets:
  - The Star in Sydney – Development nearing completion with earnings upside to be realised from FY13
  - Queensland – Potential major redevelopments of South East Queensland properties. Discussions with Government continuing
  - VIP – Significant investment made in VIP offering to drive strong growth
- Redeveloped properties and a focus on entertainment will reposition current assets as world class entertainment destinations
- Business well positioned for growth as new product at The Star gains traction in the market and cost optimisation initiatives across the group improve margins
- Echo's strengthened balance sheet positions the business well to realise the significant growth potential

# Echo Entertainment Group Profile

- Former casinos division of Tabcorp, demerger effective June 2011
- Owns and operates four casinos in
  - Sydney (The Star)
  - Queensland (Jupiters Gold Coast, Treasury Brisbane and Jupiters Townsville)
- Long-dated casino licences with Sydney (licence to 2093 and exclusivity to November 2019), Gold Coast (perpetual), Brisbane (perpetual, property lease to 2070) and Townsville (perpetual)

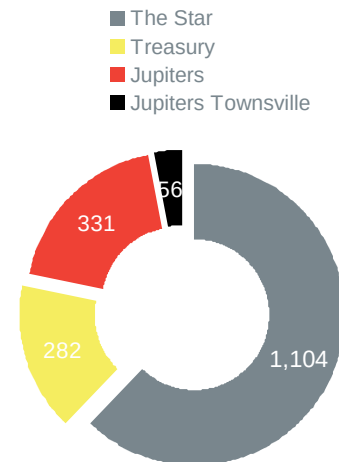
## Echo property profiles as at 30 June 2012

|                                 | The Star* | Jupiters Hotel & Casino | Treasury Hotel & Casino | Jupiters Townsville | Total for Echo |
|---------------------------------|-----------|-------------------------|-------------------------|---------------------|----------------|
| Tables^                         | 314       | 93                      | 86                      | 26                  | 519            |
| MTGMs^                          | 504       | 25                      | 34                      | 34                  | 597            |
| EGMs^                           | 1,500     | 1,426                   | 1,360                   | 333                 | 4619           |
| Restaurants                     | 9         | 6                       | 6                       | 3                   | 24             |
| Hotel rooms                     | 647       | 594                     | 130                     | 194                 | 1565           |
| Theatres                        | 1         | 1                       | n/a                     | n/a                 | 2              |
| Conference & Banquet facilities | N         | Y                       | Y                       | Y                   | Y              |
| Employees                       | 3,898     | 1883                    | 1,647                   | 473                 | 7901           |

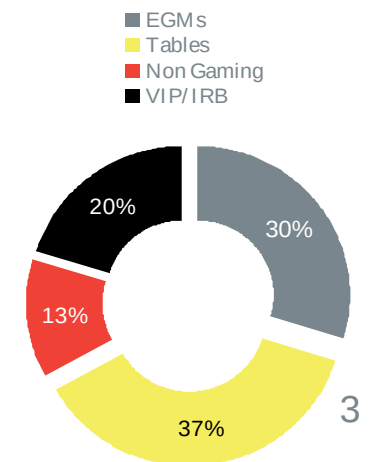
\* Star excludes events centre facilities scheduled to open January 2013

^ active as at 30 June 2012

### Gross Revenue by property FY12 (normalised \$m)



### Gross Revenue by Product FY12 (normalised)



# Strategic use of entertainment to leverage assets

- ***Secure long-term licences in attractive markets*** are Echo's most valuable assets – but can be better developed and better utilised by increasing customer traffic
- ***Real expansion opportunities*** at The Star, Queensland and VIP – to start being realised from FY13

## Tapping the potential of our underlying markets:

### 1. Securing enough gaming capacity to meet the potential demand in our markets

Gaming concessions at The Star secured to date provide significant capacity to grow into the future. In discussions with the Queensland government on appropriate capacity increases



### 2. Creating compelling reasons for customers to come to our properties to fully utilise that capacity

# Making The Star an entertainment destination

- \$870m investment to transform The Star to a world class entertainment destination nearing completion
- Gaming concessions secured (unlimited tables, re-classification of MTGMs) provide a strong base for investment - 60% expansion to MGF
- Transformational investment in non-gaming offering - entertainment now core to casino marketing strategy and a competitive advantage
- Over 90% of building mass completed – limited residual project execution risk
- First full year of earnings in FY14 – expect incremental growth over the next two years as revenue builds and operating margins are improved post opening phase
- Expected growth outlook post FY14 solid as property realises full potential of the underlying market

# The Star – Successive openings in 2012

Non-gaming

Gaming

- Significant new product opened over the course of FY12
- The Events Centre is planned to open in January 2013

| FY12                        |                |                  |                    |                      |                     |                    |  | FY13               |
|-----------------------------|----------------|------------------|--------------------|----------------------|---------------------|--------------------|--|--------------------|
| July                        | August         | September        | October            | November             | December            | 2H12               |  |                    |
| Vestibule                   | Gaming Area 5A | Pirrama Rd Entry | Sokyo              | Retail Phase 3       | Pymont St Entry     | Nightclub          |  | The Century        |
| Gaming Area 1C              | Gaming Area 5B | Black by Ezard   | Momofuku           | Signature Suites     | MGF Café            | Sovereign Lakes    |  | Events Centre      |
|                             |                | Balla            | Zumbo Patisserie   | MGF Area 3B          | Retail Phase 4      | VIP suites refurb  |  |                    |
|                             |                | Cherry Bar       | Spa                | MGF Area 7B          | Gaming Area 2       | Hotel room refurb  |  |                    |
|                             |                | Retail Phase 1   | The Darling        | Cage Area 3B         | Gaming Area 7C      | Oasis PGR          |  |                    |
|                             |                | SR Outdoor       | Retail Phase 2     | Baccarat Area 8A     | VIP salons          |                    |  |                    |
|                             |                | Cage Area 7      |                    |                      |                     |                    |  |                    |
|                             |                | Sports Theatre   |                    |                      |                     |                    |  |                    |
| <b>Additional product*:</b> |                |                  |                    |                      |                     |                    |  |                    |
|                             | 8 Tables       | 18 Tables        | 174 seats          | 3 outlets            | Access              | Up to 1,500 guests |  | 220 Seats          |
|                             |                | 81 MTGMs         | 12 treatment rooms | 14 hotel room suites | 1 outlet            | 10 gaming salons   |  | Up to 4,000 guests |
|                             |                | 346 seats        | 157 rooms          |                      | 45 tables           | 10 suites          |  |                    |
|                             |                | Access           | 3 outlets          |                      | 149 MTGMs           | 37 rooms           |  |                    |
|                             |                | 13 outlets       |                    |                      | 4 VIP gaming suites | 31 Tables          |  |                    |
|                             |                | 100 EGMs         |                    |                      |                     |                    |  |                    |

\* Additional product based on capacity deployed or expected to be deployed at 30 June 2012

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# The Star - Opened January 2012 – VIP salons





# The Star - Opened March 2012 – Marquee nightclub

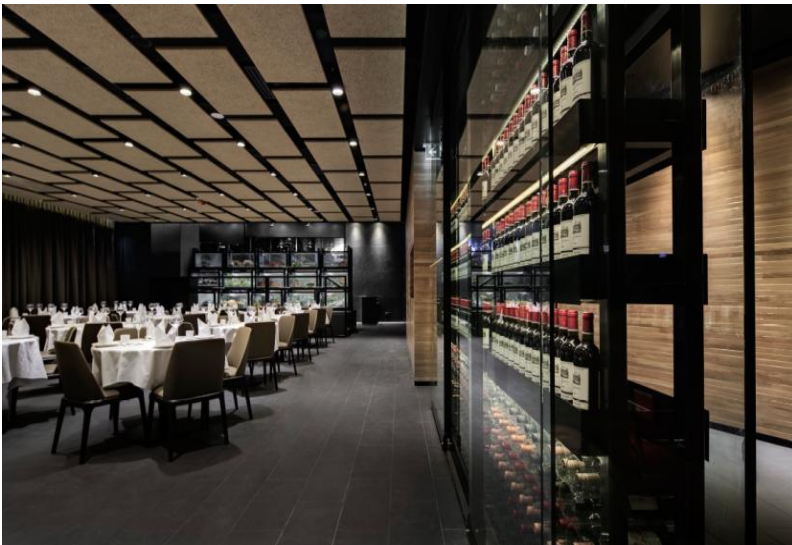




# The Star - Opened May 2012 – Oasis PGR



# The Star - Opened July 2012 – The Century





# The Star - to open in January 2013 – Events Centre





# The Star – Positive response to openings

## THE 60 BEST NEW HOTELS IN THE WORLD



ASIA & AUSTRALASIA  
Continued from page 94

AUSTRALIA  
**THE DARLING**  
Sydney

Conde Nast Traveller 2012  
May 2012

The winner: Momofuku Seiobo the hottest



Winner of our Hottest Restaurant award, Momofuku Seiobo in Sydney. Picture: Guy Bailey

Australian, Australia  
28 Jul 2012,

*Hot  
Tables*



CONDÉ NAST TRAVELER

**THE CHEF  
STEFANO MANFREDI  
HIS RESTAURANT  
Balla**

A baked chickpea tart finished with fresh pecorino is a terrific introduction to the cooking of Australia's godfather of contemporary Italian cuisine.

*2012 Hot  
List*

Conde Nast Traveller 2012, May  
2012

## Hottest eatery an odds-on winner

**HOT50  
RESTAURANT  
AWARDS 2012**

JOHN LETHLEAN  
NECIA WILDEN



JAMES CROUCHER

**Chef Ben Greeno** from Momofuku at Sydney's Star casino  
Australian, Australia  
24 Jul 2012, by JOHN LETHLEAN, NECIA WILDEN

## Brookfield's darling

Brookfield Multiplex has won the Best New Hotel Design and Construction prize at the 2012 Asia Pacific Hotel Awards, held in Kuala Lumpur, for The Darling Hotel. The Darling, built as part of an \$870 million redevelopment of Sydney's The Star casino, is the only five-star hotel to be built in the city in the past decade. The hotel was designed by Sydney architects Cox Richardson and its interiors by DBI Design. The project is now in the running for the global awards, to be held in London in November.

**Ainslie Chandler**  
Australian Financial Review, Australia  
02 May 2012

And the Winner is: The Darling Hotel and Spa Awarded Best New Hotel Construction and Design

EGlobal Travel Media, Australia / New Zealand / India / Asia / Japan / America,  
May 1, 2012

ECHO ENTERTAINMENT GROUP

# Update on FY13 YTD revenue growth

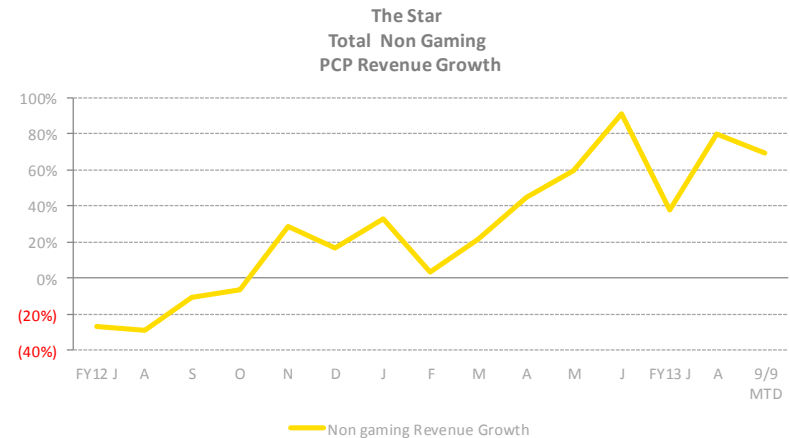
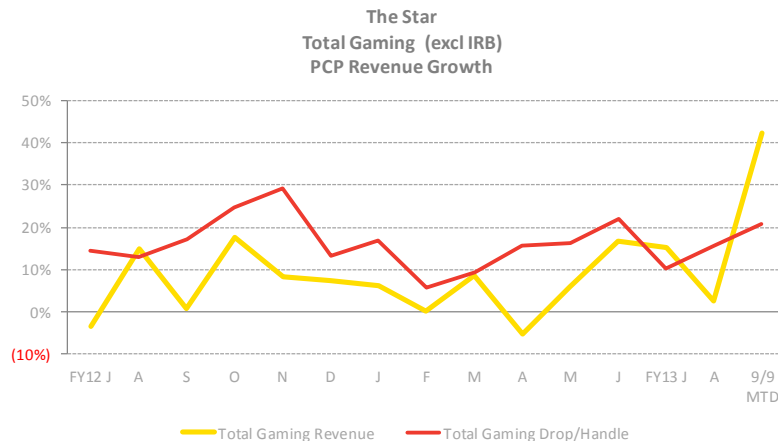
- Current trading for the start of FY13 has been solid. Gross Revenue for the Group up 11.1% (10.1% normalised) for 10 weeks to 9 September 2012
- Revenue growth at The Star strong driven by new product openings and continued activation of gaming areas. Revenue growth solid across all major lines of business
- Queensland revenues soft. PGR table games revenue impacted by unfavourable win rate differential to pcg, however volume weak across all major lines of business
- IRB front money up 34.9% on the pcg and normalised revenue up 25.3%

| 09/09/2012 YTD<br>Gross Revenue PCP Growth % | The Star     | QLD            | Echo Group   |
|----------------------------------------------|--------------|----------------|--------------|
| EGM (excl MTGM)                              | 3.9%         | (3.1%)         | 0.1%         |
| Tables (incl MTGM) - MGF and PGR             | 16.8%        | (5.2%)         | 9.6%         |
| Non-gaming                                   | 59.4%        | (4.6%)         | 16.8%        |
| <b>Total Gross Revenue (excl IRB)</b>        | <b>16.7%</b> | <b>(4.1%)</b>  | <b>7.1%</b>  |
| International Rebate (actual)                | 59.9%        | (140.3%)       | 32.0%        |
| <b>Total Gross Revenue (actual)</b>          | <b>26.7%</b> | <b>(11.5%)</b> | <b>11.1%</b> |
| International Rebate (normalised)            | 32.8%        | (44.5%)        | 25.3%        |
| <b>Total Gross Revenue (normalised)</b>      | <b>20.7%</b> | <b>(5.7%)</b>  | <b>10.1%</b> |

Note: Normalised IRB rebate revenue for FY13 year to 9 September 2012 is calculated based on a 1.6% win rate and 14.0 turns of front money. FY12 IRB rebate revenue for year to 9 September 2011 is calculated based on 1.54% win rate and 15.6 turns.

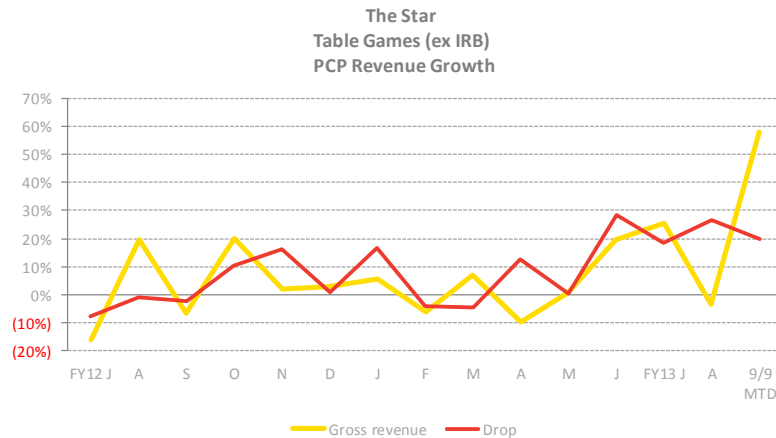
# The Star revenue momentum building

- Revenue growth retreated in 3Q12 due to events and poor publicity associated with the departure of the Managing Director in December
- From mid April, revenue across the business has built momentum
- Activation of new areas is now gaining traction as scale and more complete destination evolves
- Both gaming and non-gaming volumes are now exhibiting solid growth in line with expectations



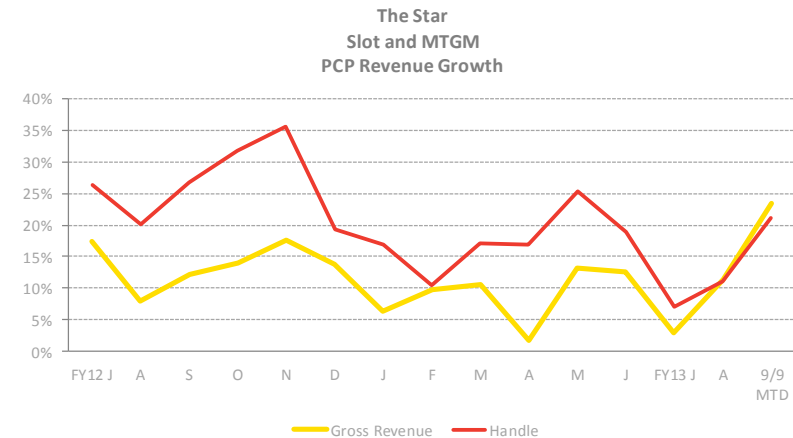


# The Star – Gaming revenue growth by month



## Tables

- ❑ MGF and PGR revenue has gained solid momentum post 3Q12
- ❑ New product has taken time to activate table game segment
- ❑ Key mass market driver (Events Centre) to come
- ❑ No cap on number of tables provides significant growth potential



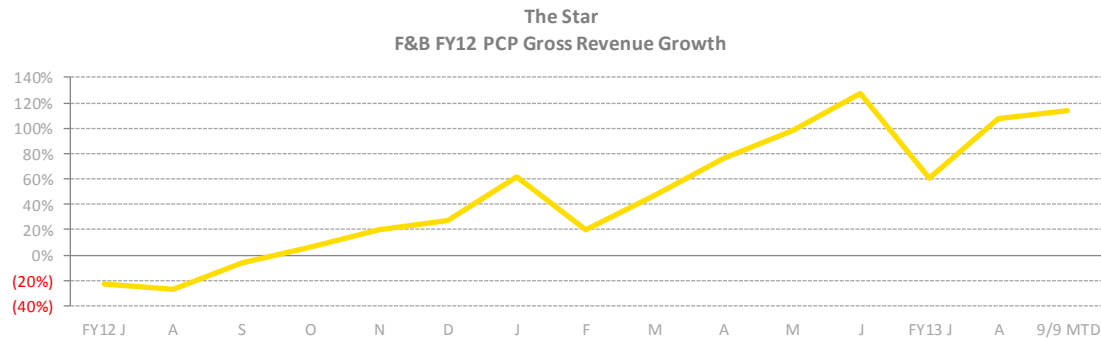
## Slots and MTGMs

- ❑ MTGM growth strong, driven by additional product
- ❑ Slot growth impacted by soft market, but showing improvement from 4Q12
- ❑ Some evidence of cannibalisation in slots from additional MTGM product
- ❑ Slot and MTGM share of Sydney market continues to improve

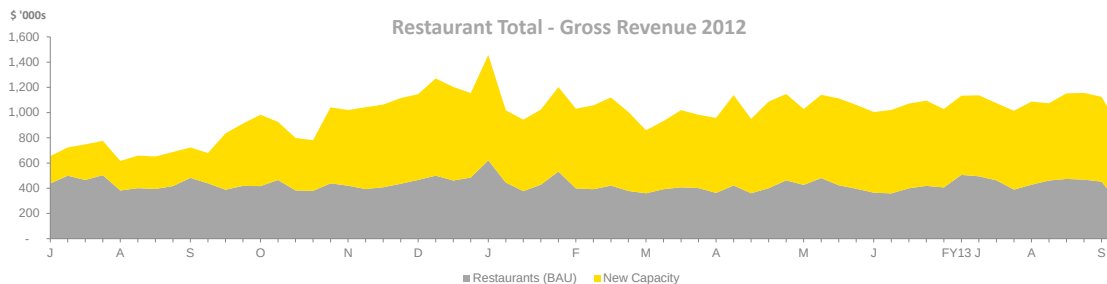
Note: June 2012 slots revenue adjusted for year end revenue adjustments to show underlying growth in the month. The net impact of revenue adjustments was \$3m on pcpc in June.

# The Star Food & Beverage growth on track

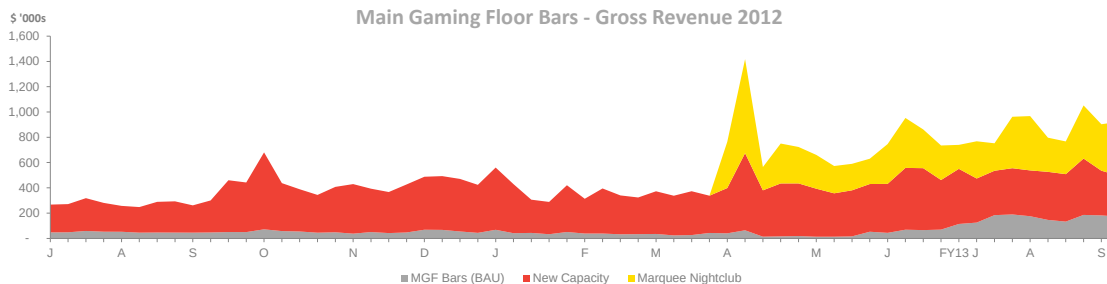
- Restaurant and bar revenue built momentum over FY12 with revenue up 99% on PCP on 4Q12



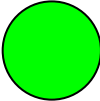
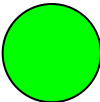
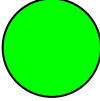
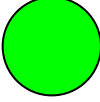
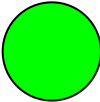
- Performance of the new signature restaurants and bars solid with limited cannibalisation evident in existing areas



- Evidence of improved performance as scale of destination grows with new product – Events Centre to drive further improvements



# Project Star – Update on progress

|                      | Status                                                                              | Comments                                                                                                                                                                                                                                                                                                     |
|----------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Capex                |    | <ul style="list-style-type: none"> <li>Project Star capex 91% spent, tracking on time and budget</li> </ul>                                                                                                                                                                                                  |
| Slots                |    | <ul style="list-style-type: none"> <li>Revenue CAGR of 10.2% since FY09</li> <li>Loyalty program significant driver of growth</li> <li>Expect continued growth with commissioning of traffic drivers</li> </ul>                                                                                              |
| MTGMs                |    | <ul style="list-style-type: none"> <li>Significant increase in product (504 seats at end of FY12)</li> <li>Demand has remained strong (FY12 NMR of \$344/day)</li> <li>Growth to be driven by product innovation and capacity</li> </ul>                                                                     |
| VIP                  |    | <ul style="list-style-type: none"> <li>Actual revenue CAGR of 12.9% (31.0% normalised) since FY09</li> <li>Full benefit of improved product and capacity still to come</li> </ul>                                                                                                                            |
| Non-gaming           |    | <ul style="list-style-type: none"> <li>Restaurant and bar covers strong with limited cannibalisation</li> <li>Early days for The Darling, but cash occupancy improving</li> </ul>                                                                                                                            |
| MGF and PGR tables   |  | <ul style="list-style-type: none"> <li>Trajectory starting to show improvements post openings although business still at low levels relative to market potential</li> <li>Key mass drivers (Events Centre and nightclub) to help growth</li> <li>Momentum expected to continue to build over time</li> </ul> |
| Visitation/ Activity |  | <ul style="list-style-type: none"> <li>Visitation and activity building post openings</li> <li>Mass market drivers and rebranding to drive visitation over time</li> </ul>                                                                                                                                   |

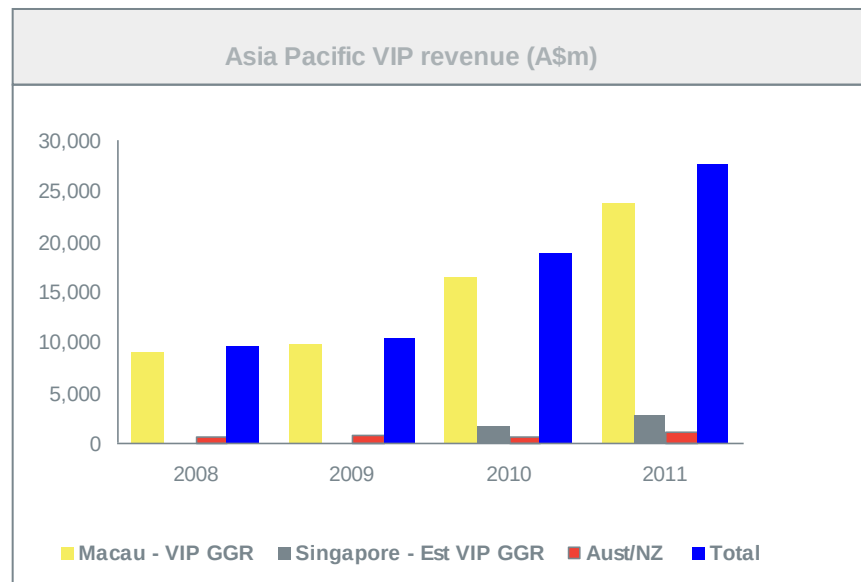


# Project Icon – Proposed expansion of Qld casinos

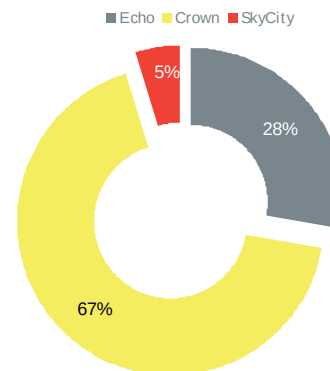
- Significant refurbishment of Echo's Queensland assets planned
- Gaming concessions that support an investment in the properties have been received – the exact nature and scope of the investment still being determined in discussions with the Queensland Government
- Revenue and earnings from both Treasury Brisbane (gross revenue of \$282m in FY12) and Jupiters Gold Coast (gross revenue of \$331m in FY12) remain below potential of underlying markets based on a combination of regulatory restrictions and lack of historic investment in product
- The potential redevelopment of Echo's Queensland casinos into truly world class integrated entertainment destinations represents a significant growth opportunity for both Echo and Queensland
- FY13 Project Icon capex relatively small - expected to be around \$20m primarily related to expansion of the VIP facilities at Jupiters Gold Coast
- Echo is focussed on working with the Queensland Government on its announcement to increase the casino industry's contributions to tax revenues, including implementation of a range of regulatory reform proposals, made with the release of the State Budget

# International rebate business growth opportunity

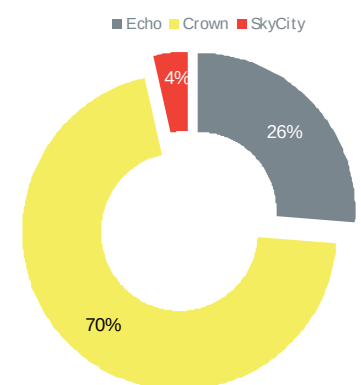
- VIP segment provides large growth opportunity both through improved share and underlying market growth
- Investment underway will make properties globally competitive
- Echo's share of the VIP market in Australia/NZ grew to 28% in FY12 – still below potential of markets Echo operates in
- Australia/NZ VIP market around A\$1.1bn in actual gross revenue in FY12 – a relatively small player on the world stage
- Echo has already seen strong growth off a low base with limited product – significantly improved product offering and capacity added during 2HFY12 to drive further growth



Share of Aust and NZ VIP Turnover FY12



Share of Aust and NZ VIP Revenue FY12 - Actual



# Summary

- Echo Entertainment is a leading Australian entertainment and gaming company
- Echo operates under four long-term casino licences in attractive markets that provide substantial strategic value
- Echo has a strong growth profile over the next six years that is driven by major redevelopment of key assets:
  - The Star in Sydney – Development nearing completion with earnings upside to be realised from FY13
  - Queensland – Potential major redevelopments of SE Queensland properties. Discussions with Government continuing
  - VIP – Significant investment made in VIP offering to drive strong growth
- Redeveloped properties and a focus on entertainment will reposition current assets as world class entertainment destinations
- Business well positioned for growth as new product at The Star gains traction in the market and cost optimisation initiatives across the group improve margins
- Echo's strengthened balance sheet positions the business well to realise the significant growth potential

# Basis of preparation and non-IFRS information

- Information in this presentation is provided as at the date of the presentation unless specified otherwise. It should be read in conjunction with Echo Entertainment Group Limited's financial report for the full year ended 30 June 2012 and other disclosures made via the Australian Securities Exchange
- Echo Entertainment Group results are reported under International Financial Reporting Standards (IFRS). This presentation may include certain non-IFRS measures including normalised results, which are used internally by management to assess the performance of the business.
- Non-IFRS measures and FY13 YTD results have not been subject to audit or review
- Normalised VIP revenue is calculated using the following rates in 1H13: average win rate 1.60% (1H12: 1.54%) and average number of turns of front money 14.0 times (1H12: 15.6 times) experienced over the preceding 5 years.
- FY12 results (particularly statutory results) have limited comparability to prior period due to the demerger from Tabcorp Holdings Limited in June 2011
- Queensland results referred to in this presentation relate to the Jupiters and Treasury segments as reported in the statutory accounts



# Glossary

|                             |                                                                                                                                                                                                                                |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Capital expenditure (capex) | Unless otherwise stated, capital expenditure is presented on an accruals basis and excludes intangible assets, investments in associates and equity acquisitions. It is shown gross of any fixed asset disposals proceeds      |
| Customer front money        | Deposits of funds at the casino cage that the player intends to use as security for casino play. Front money deposits enable a player to draw upon funds by signing markers at the table games up to the amount of the deposit |
| EGM                         | Electronic gaming machine – includes both slots and MTGM's                                                                                                                                                                     |
| IRB                         | International Rebate Business                                                                                                                                                                                                  |
| MGF                         | Main gaming floor                                                                                                                                                                                                              |
| MTGM                        | Multi-terminal gaming machine or electronic table game                                                                                                                                                                         |
| Normalised revenue          | Normalised revenue is calculated using an average win rate and average number of turns of front money experienced over the last 5 years in the IRB, calculated on a rolling basis ending 30 June<br>Net revenue per machine    |
| PCP                         | Prior comparable period                                                                                                                                                                                                        |
| PGR                         | Private gaming room                                                                                                                                                                                                            |

# Disclaimer

- This presentation is prepared for information purposes only and does not take into consideration any individual investor's circumstances. Echo Entertainment Group recommends investors make their own assessments and seek independent professional advice before making investment decisions.
- This presentation may include forward looking statements and references which, by their very nature, involve inherent risks and uncertainties. These risks and uncertainties may be matters beyond Echo Entertainment Group's control and could cause actual results to vary (including materially) from those predicted. Forward looking statements are not guarantees of future performance. Past performance information in this presentation is provided for illustration purposes only. It is not indicative of future performance and should not be relied upon as such.
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