



THE STAR

ASX Announcement

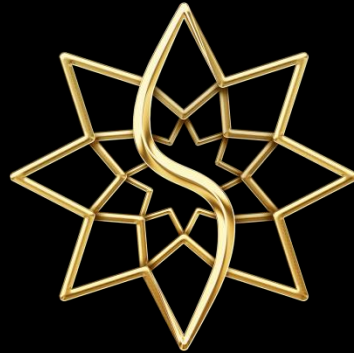
16 February 2018

HALF YEAR RESULTS PRESENTATION

Attached is the presentation regarding the financial results of The Star Entertainment Group Limited (***The Star Entertainment Group***) for the half year ended 31 December 2017, to be presented by Matt Bekier, Managing Director and Chief Executive Officer, and Chad Barton, Group Chief Financial Officer.

The presentation and a link to an audio webcast of the presentation will be available on The Star Entertainment Group's website at www.starentertainmentgroup.com.au from 10:00am (Sydney time) today.

The information contained in this announcement should be read in conjunction with today's announcement of The Star Entertainment Group's half year results.



THE STAR

ENTERTAINMENT
GROUP

THE STAR ENTERTAINMENT GROUP

HALF YEAR 2018 RESULTS PRESENTATION

FRIDAY
16 FEBRUARY
2018

THE STAR ENTERTAINMENT GROUP

THE STAR ENTERTAINMENT GROUP LIMITED (ASX: SGR)

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 The Star Entertainment Group Limited's financial report for half year ended 31 December 2017 and other disclosures made via the Australian Securities Exchange
- ◆ The Star 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 have not been subject to audit or review
- ◆ Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% on actual turnover
- ◆ Normalised EBIT and Normalised EBITDA are calculated based on normalised gross revenue and normalised taxes. Significant items are excluded from the normalised results
- ◆ Queensland results referred to in this presentation relate to The Star Gold Coast and Treasury Brisbane segments as reported in the statutory accounts

DISCLAIMER

- ◆ This presentation is prepared for information purposes only and does not take into consideration any individual investor's circumstances. The Star 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 The Star 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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THE STAR ENTERTAINMENT GROUP

AGENDA

1. OVERVIEW

MATT BEKIER – CEO

2. FINANCIALS

CHAD BARTON – CFO

3. OUTLOOK AND PRIORITIES

MATT BEKIER – CEO

4. Q&A

OVERVIEW

HALF YEAR 2018 HIGHLIGHTS

SOLID FINANCIAL RESULTS

	NORMALISED		STATUTORY	
		Vs pcp		Vs pcp
Gross Revenue	\$1,360m	15.9%	\$1,271m	3.3%
EBITDA	\$280m	11.8%	\$200m	(33.6%)
NPAT	\$120m	12.4%	\$33m	(76.8%)

- ◆ Record half year Gross Revenue
- ◆ Statutory results impacted by low actual International VIP Rebate business win rate and significant items from USPP debt restructuring costs

BROAD-BASED GROWTH

- ◆ Broad-based revenue growth as customers respond to investments and operational improvements
 - Revenue up on pcp in all segments at both Sydney and Queensland
 - Domestic revenue up 4.0% on pcp for Sydney, up 8.7% for Queensland
 - International VIP Rebate normalised revenue up 47.7%

CONTINUED EXECUTION OF STRATEGY

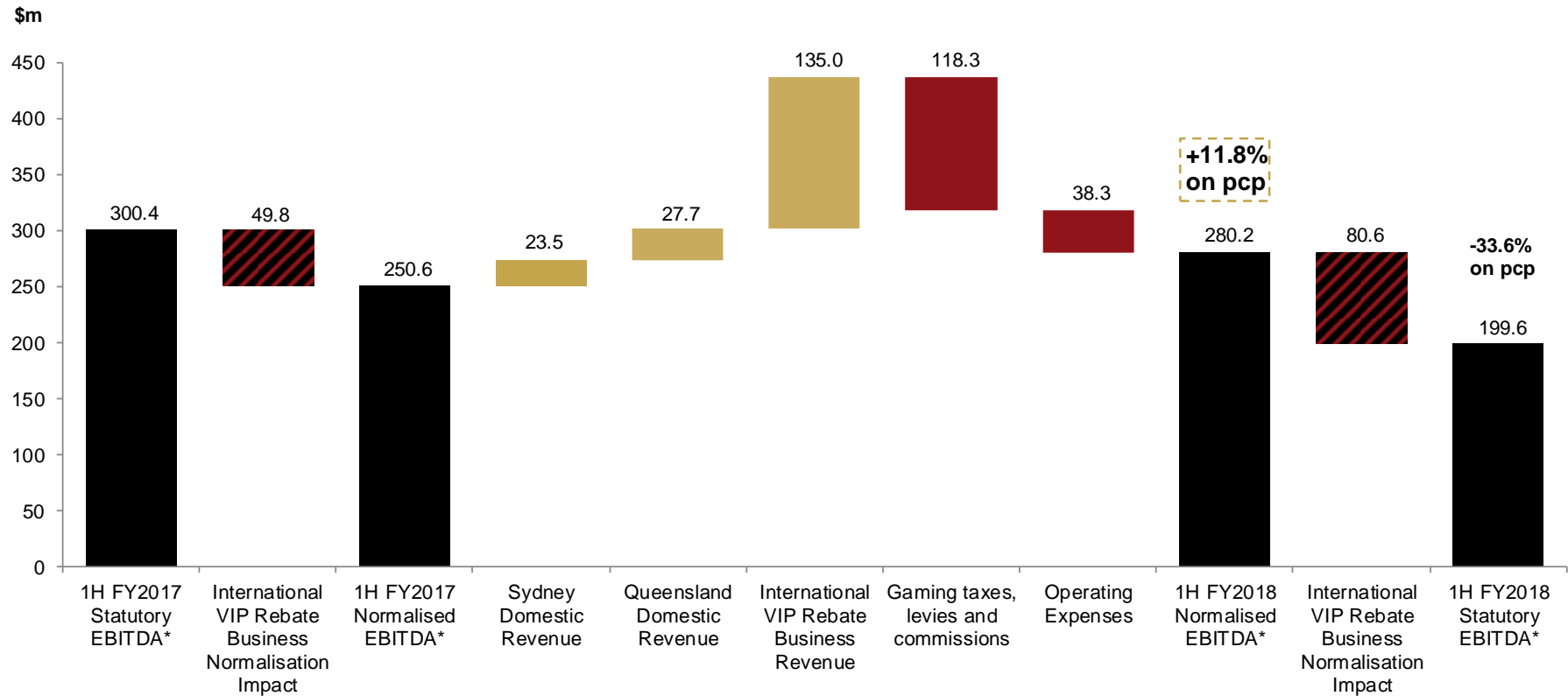
- ◆ Queen's Wharf Brisbane current works progressing well. Development approval received with flexibility for enlarged scope
- ◆ Opening of The Darling Gold Coast and MGF expansion proceeding to plan. Opening complete by end March 2018
- ◆ Sydney development approval received for upgrade and expansion to Sovereign Resort
- ◆ Continued diversification of International VIP business with strong growth ex North Asia

DIVIDENDS AND GEARING REFLECT STATUTORY RESULTS

- ◆ Interim dividend per share of 7.5 cents fully franked
- ◆ Gearing at 2.1 x Net Debt/ Statutory 12 month trailing EBITDA, impacted by low actual win rate

OVERVIEW

KEY DRIVERS OF HALF YEAR 2018 RESULTS

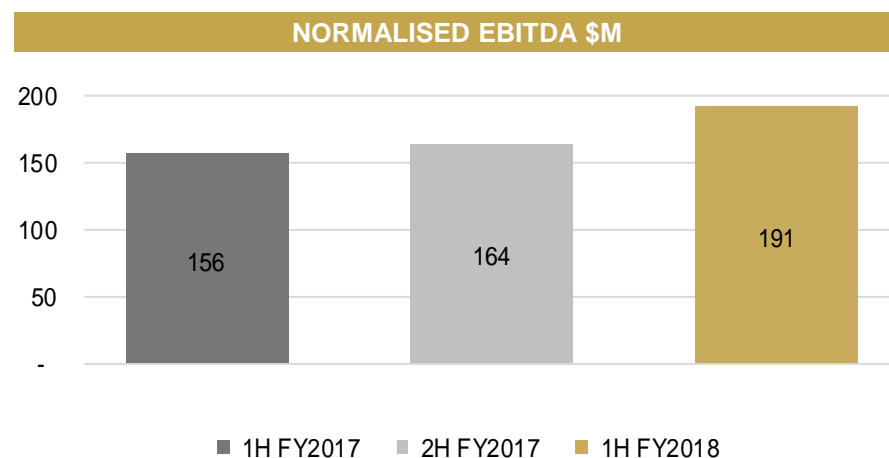
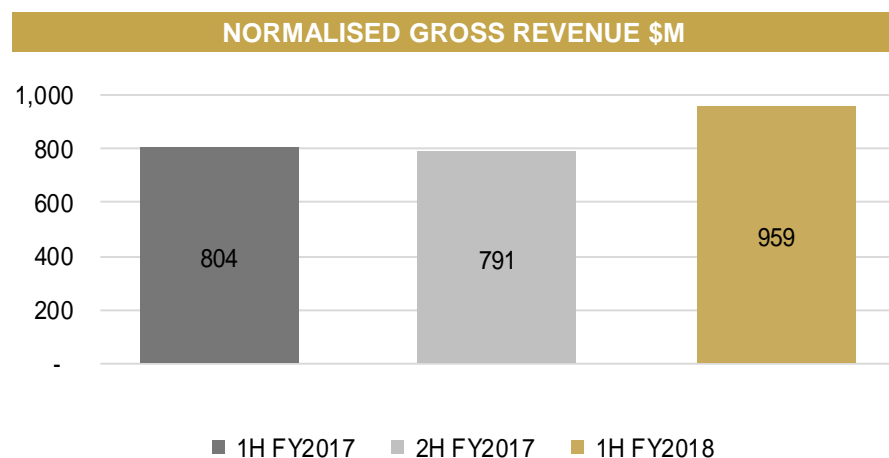


Note: Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% on actual turnover.
 * Excluding significant items.

OVERVIEW

KEY DRIVERS – SYDNEY

- ◆ Normalised gross revenue of \$959m (up 19.3% on pcp) and EBITDA* of \$191m (up 22.4% on pcp)
- ◆ Statutory gross revenue of \$866m (up 3.0% on pcp) and EBITDA* of \$108m (down 42.8% on pcp), impacted by low actual International VIP Rebate business win rate of 1.01% (1.56% in pcp)
- ◆ Sydney continues to grow as it prepares for the next round of expansion, with higher revenue on pcp in all segments
- ◆ Domestic revenue grew 4.0% on pcp driven by increased gaming visitation
 - Slots revenue up 5.6% on pcp, supported by solid PGR growth
 - Non-Gaming revenue up 12.1% on pcp. Hotel cash revenue up 61.6% on pcp, average hotel cash room rates up 16.4% on pcp
 - Visitation up 7.5% on pcp
- ◆ International VIP Rebate business turnover of \$27.3bn, up 56.6% on pcp
- ◆ Operating costs of \$325m, up 6.5% driven by increased domestic and international gaming volumes, strong non-gaming volume growth and higher wage rates, offset by continued cost management



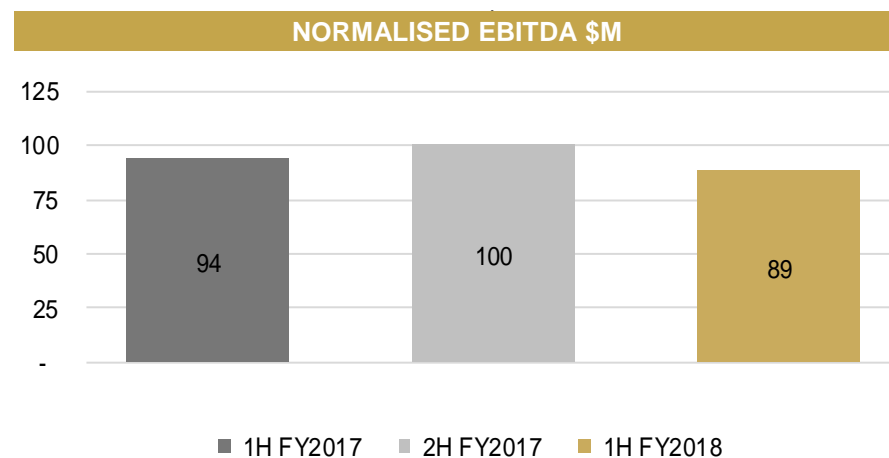
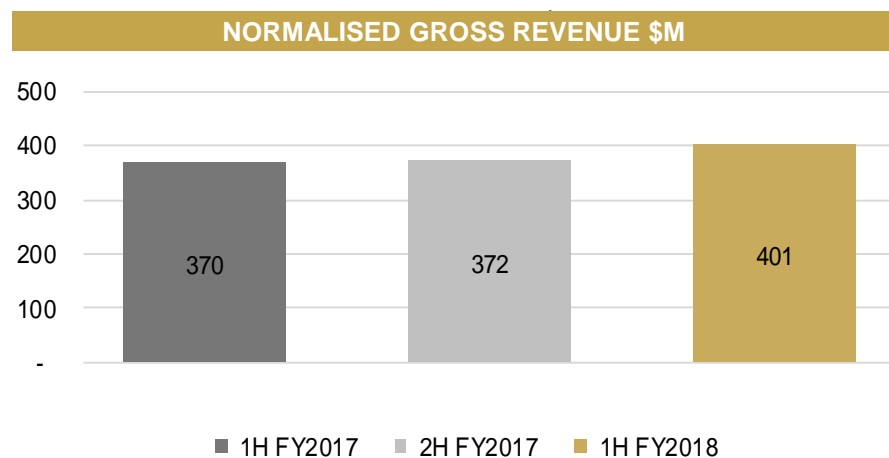
* Before equity accounted investments and significant items.

Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% on actual turnover.

OVERVIEW

KEY DRIVERS – QUEENSLAND

- ◆ Normalised gross revenue of \$401m (up 8.5% on pcp) and EBITDA* of \$89m (down 5.8% on pcp)
- ◆ Statutory gross revenue of \$405m (up 3.8% on pcp) and EBITDA* of \$92m (down 18.0% on pcp)
- ◆ Queensland delivered revenue growth on pcp across all business segments. Gold Coast momentum continued
- ◆ Domestic revenue grew 8.7% on pcp, driven by increased spend per visit
 - Gold Coast up 20.8% on pcp
 - Brisbane remediation activities to stabilise earnings underway – 2Q FY2018 up 2.3% on pcp
- ◆ International VIP Rebate business turnover of \$3.6bn (up 8.9% on pcp), following a strong pcp (1H FY2017 up 186% on pcp)
- ◆ 1H FY2018 EBITDA growth vs pcp impacted by win rate from International VIP revenue share deals and rebates (\$10m)
- ◆ Operating costs of \$198m up 10.2% on pcp driven by increased domestic and international volumes, new F&B outlets at Gold Coast and higher wage rates, offset by continued cost management



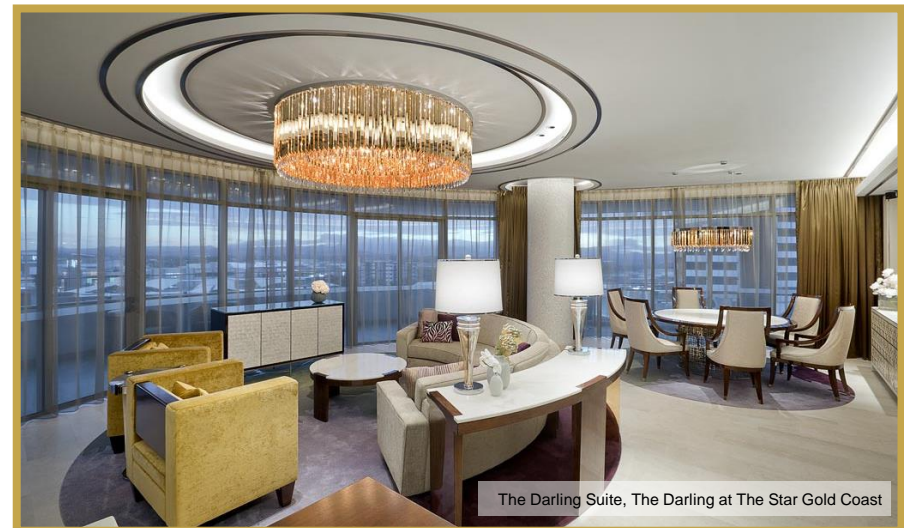
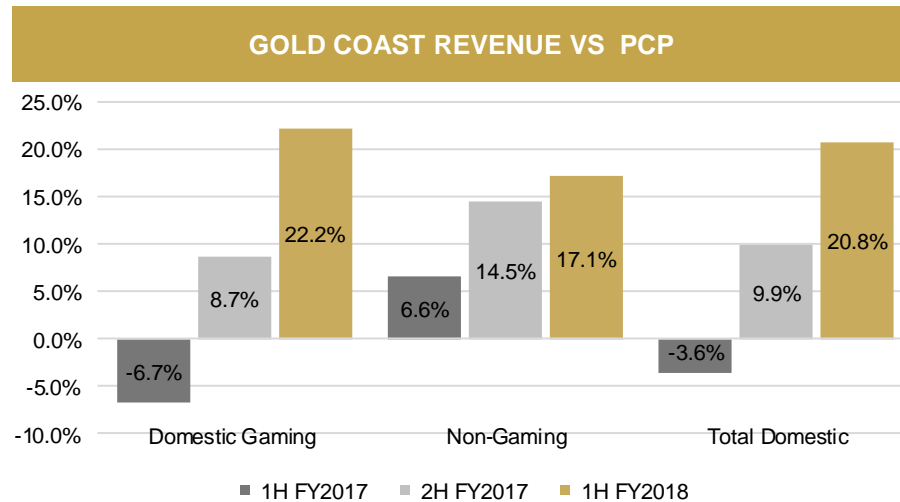
* Before equity accounted investments and significant items.

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OVERVIEW

KEY DRIVERS – GOLD COAST INVESTMENTS

- ◆ Strong and broad-based Gold Coast revenue performance in 1H FY2018 reflect positive response by customers to property investments
- ◆ The Darling Gold Coast opening and MGF expansion proceeding to plan
 - Part of MGF expansion and new domestic PGR (Sovereign Room) opened January 2018
 - Part of VIP suites and gaming salons open for Lunar New Year patrons
 - The Darling soft opening commenced January 2018
 - Further new facilities to open by end March 2018



OVERVIEW

GOLD COAST – WORKS DELIVERED

BEFORE



Jupiters Hotel & Casino

AFTER



The Star Gold Coast

BEFORE



J Bar

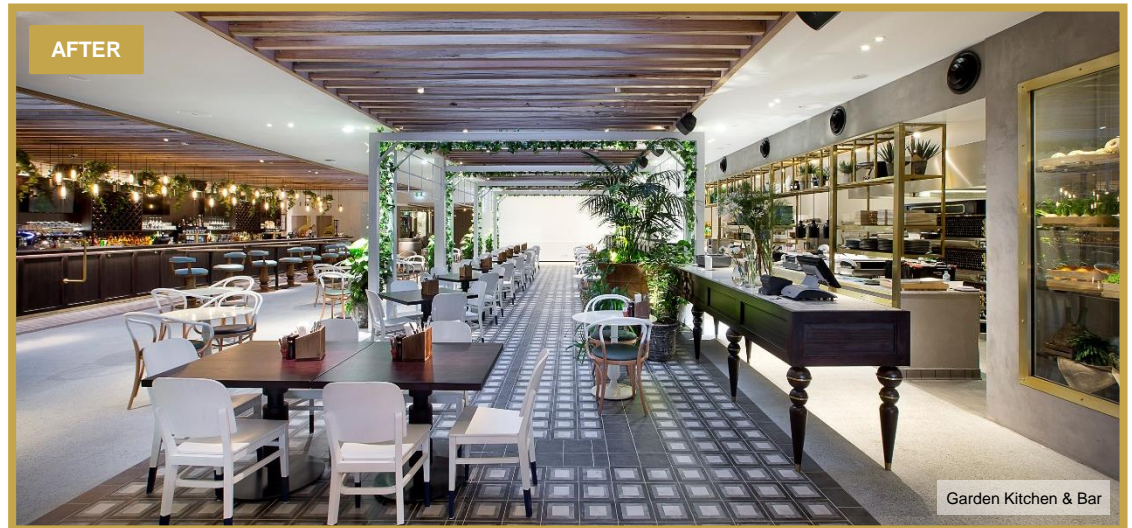
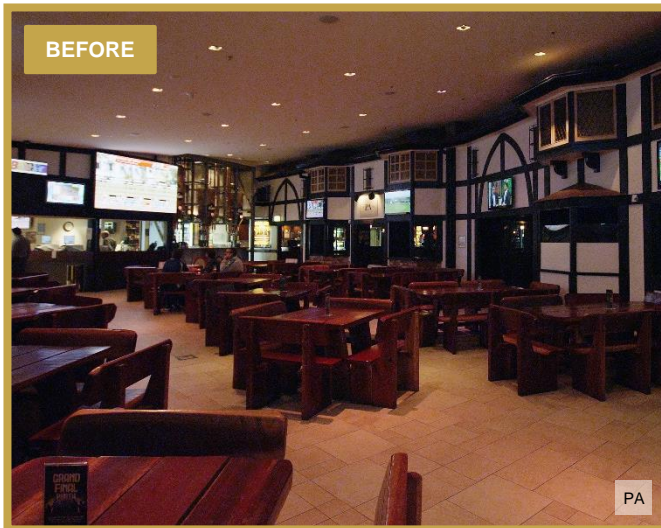
AFTER



Cherry Bar

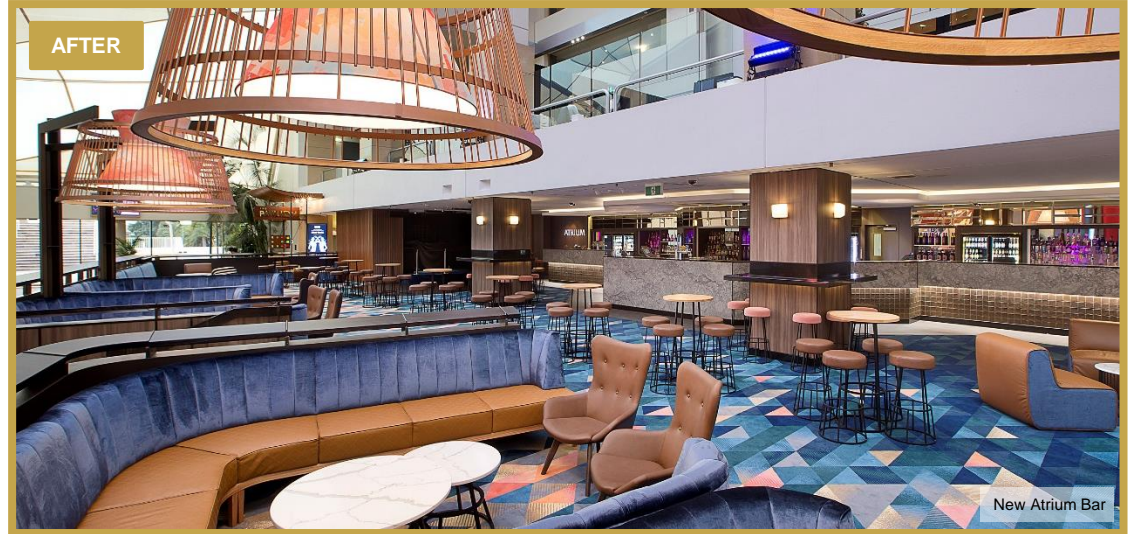
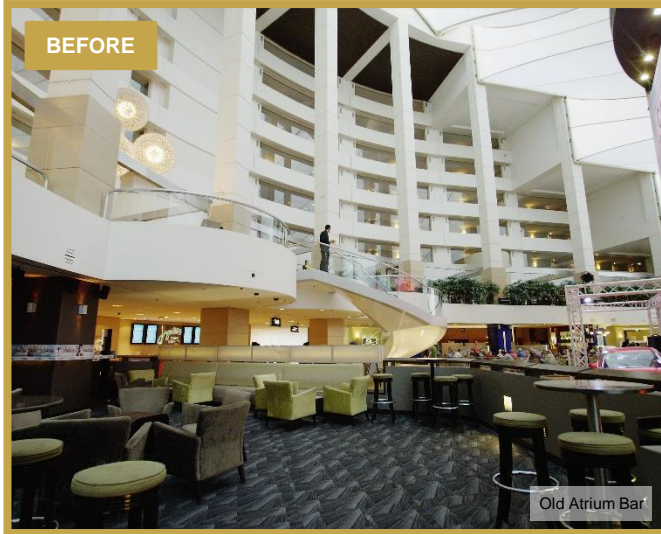
OVERVIEW

GOLD COAST – WORKS DELIVERED



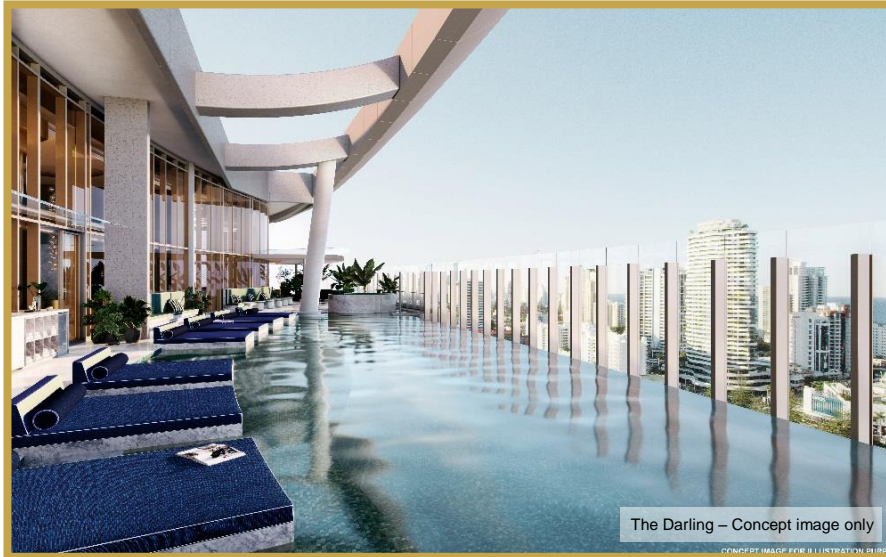
OVERVIEW

GOLD COAST – WORKS DELIVERED



OVERVIEW

GOLD COAST – WORKS COMPLETING END MARCH 2018



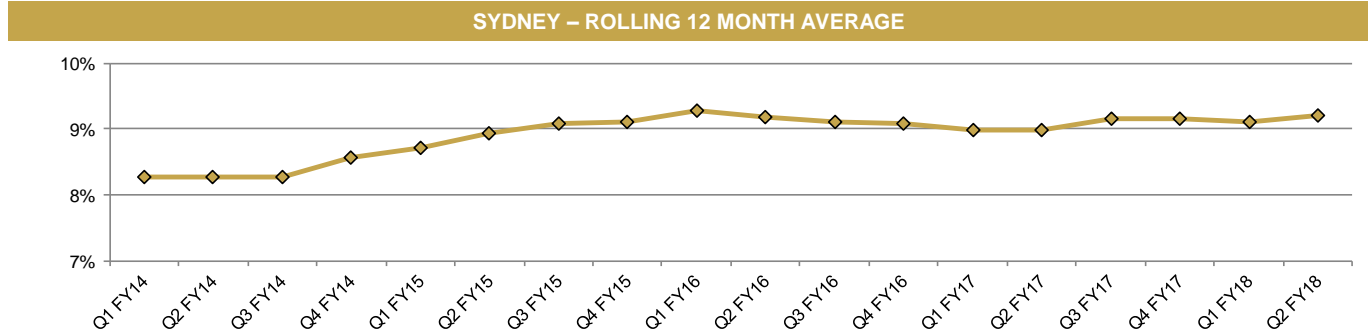
* Subject to planning and other approvals

OVERVIEW

EGM MARKET SHARE

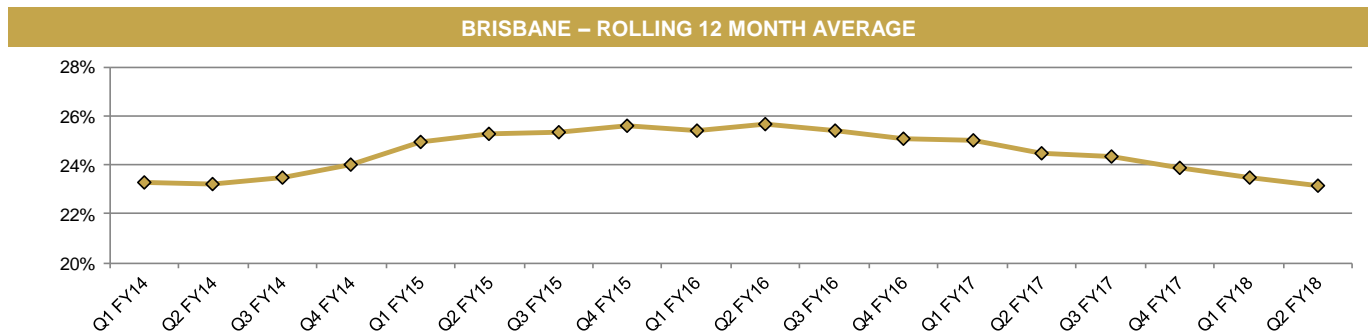
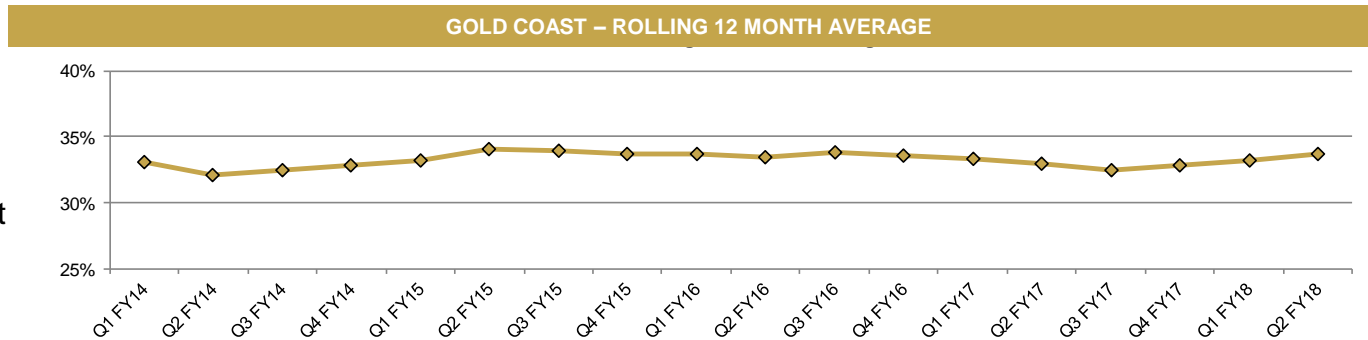
SYDNEY

- ◆ Market share has increased
- ◆ 2Q FY2018 market share of 9.3%, up on 2Q FY2017 of 9.0%



QUEENSLAND

- ◆ Overall flat Queensland market share
- ◆ Gold Coast increased market share with positive customer response to completed investments
- ◆ Brisbane market share declined in 1H FY2018. Remediation activities moderating share decline



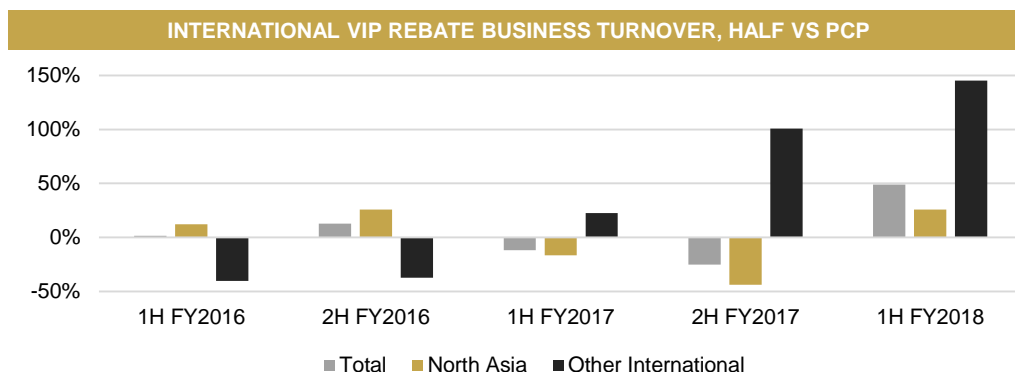
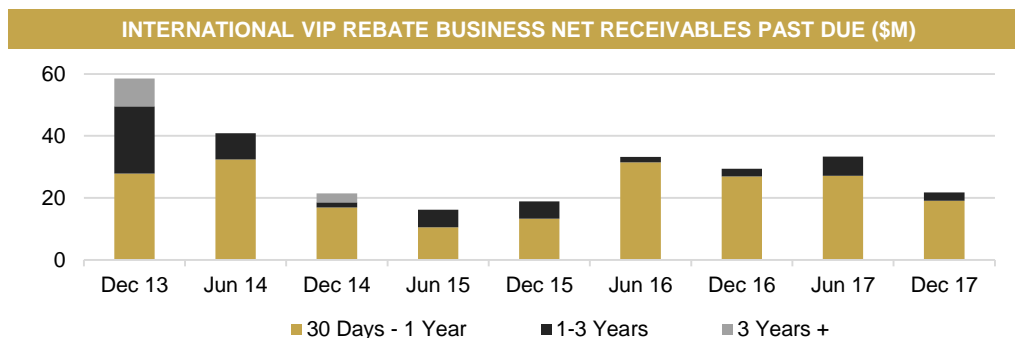
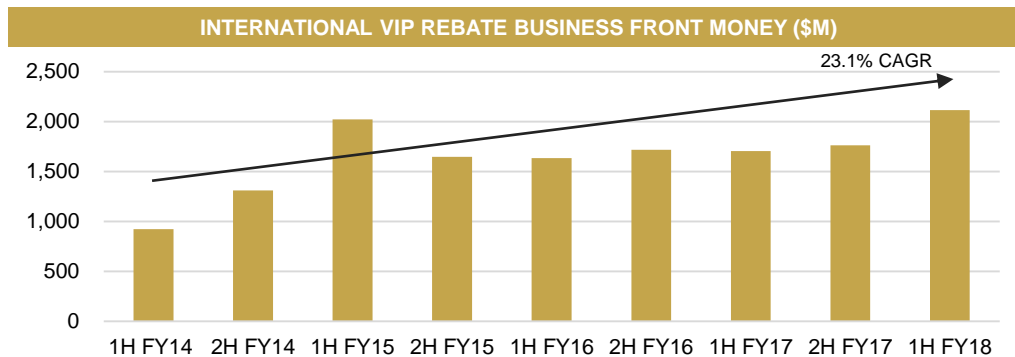
Source: Liquor and Gaming NSW, Office of Liquor and Gaming Regulation – Queensland Government, and The Star Entertainment Group data.

Note: Sydney market share data includes both slots and MTGMs. Queensland market share data includes slots and fully automated MTGMs (excludes hybrid product), unless otherwise noted.

OVERVIEW

KEY DRIVERS – INTERNATIONAL VIP REBATE BUSINESS

- ◆ Strong growth from all customer segments as market conditions return to normal. Diversification effective with continued higher growth from Other International than North Asia
 - VIP Rebate front money of \$2.1bn, up 25.0% on pcp
 - Turnover of \$30.9bn, up 49.0% on pcp
 - Turns of 14.3 x, higher than 12.2 x in pcp, reflecting low actual win rate of 1.06% (1.62% in pcp)
- ◆ Statutory revenue of \$329m (down 3.2% on pcp) driven by the low actual win rate. Normalised gross revenue of \$418m (up 47.7% on pcp)
 - Sydney turnover of \$27.3bn, up 56.6% on pcp
 - Queensland turnover of \$3.6bn, up 8.9% on pcp (1H FY2017 up 186.4% on pcp)
- ◆ Commissions were 0.84% of turnover
- ◆ Revenue share deals experienced high win rates in 1H FY2018. Adjusting commissions on revenue share agreements to an assumed 1.35% win rate would reduce commissions by \$9m
- ◆ Effective credit processes and collections with International VIP Rebate net receivables past due not impaired greater than 30 days of \$21.8m (88% of net receivables balance less than 1 year) as at 31 December 2017



Notes: Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% on actual turnover. Turnover and win rate from 1H FY2018 includes Premium Mass. Growth in turnover and normalised gross revenue differ as premium mass revenues only normalised from FY2018 onwards. Net trade receivables excludes debt not due (0-30 days).

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FINANCIALS

PROFIT AND LOSS

\$M	1H FY2018 STATUTORY	1H FY2017 STATUTORY	fav/(unfav)	1H FY2018 NORMALISED ²	1H FY2017 NORMALISED ²	fav/(unfav)
Domestic Gaming Revenue	796.8	763.1	4.4%	796.8	763.1	4.4%
International VIP Rebate (Gross)	328.5	339.4	(3.2%)	418.1	283.1	47.7%
Non-gaming & Other Revenue	145.2	127.7	13.8%	145.2	127.8	13.7%
Gross Revenue¹	1,270.5	1,230.2	3.3%	1,360.1	1,174.0	15.9%
Gaming taxes, levies and commissions	(548.7)	(445.8)	(23.1%)	(557.6)	(439.3)	(26.9%)
Operating Expenditure	(522.3)	(484.0)	(7.9%)	(522.3)	(484.0)	(7.9%)
EBITDA (before Significant items)³	199.6	300.4	(33.6%)	280.2	250.6	11.8%
Depreciation and Amortisation	(89.6)	(75.9)	(18.0%)	(89.6)	(75.9)	(18.0%)
EBIT (before Significant items)	110.0	224.5	(51.0%)	190.6	174.7	9.1%
Share of net (loss)/profit of associate	1.0	(0.3)	-	1.0	(0.3)	-
EBIT (before Significant items)	111.0	224.2	(50.5%)	191.6	174.4	9.9%
Net interest	(17.9)	(20.6)	13.0%	(17.9)	(20.6)	13.0%
Tax (before Significant items) ⁴	(28.3)	(61.8)	54.2%	(53.3)	(46.7)	(14.3%)
NPAT (before Significant items)	64.7	141.8	(54.4%)	120.4	107.1	12.4%
Significant items (after tax) ⁵	(31.8)	-	-			
Statutory NPAT	32.9	141.8	(76.8%)			
Earnings per share (cents)	4.0	17.2	(76.8%)			
Total Dividends per share (cents)	7.5	7.5	(0.0%)			

Notes:

- Revenue is shown as the net gaming win, but gross of rebates and commissions paid to players and third parties.
- Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. The normalisation rate is 1.35%. Normalised earnings excludes Significant items.
- Statutory EBITDA of \$199.6m is before equity accounted investments gain of \$1.0m and significant items loss of \$31.8m (after tax).
- Tax is calculated for statutory and normalised purposes based on the statutory effective tax rate paid in the period (1H FY2018 is 30.9%, 1H FY2017 was 30.3%).
- Significant items include costs relating to the restructuring of the USPP notes and related hedges, as well as pre-opening expenses in relation to The Darling Gold Coast.

FINANCIALS

BALANCE SHEET

\$M	DECEMBER 2017	JUNE 2017	DECEMBER 2016
ASSETS			
Current Assets			
Cash and cash equivalents	188.6	113.7	195.7
Trade and other receivables	258.3	192.7	102.2
Inventories	13.8	11.9	12.0
Income tax receivable	7.3	-	-
Derivative financial instruments	4.5	48.4	15.7
Other assets	60.2	60.9	48.0
Total current assets	532.7	427.6	373.6
Non current assets			
Property, plant and equipment	2,557.6	2,360.5	2,255.0
Intangible assets	1,848.5	1,851.8	1,843.6
Derivative financial instruments	42.6	151.1	235.3
Investment in associate and joint venture entities	246.4	212.4	145.5
Other assets	11.5	11.9	14.7
Total Non current assets	4,706.6	4,587.7	4,494.1
TOTAL ASSETS	5,239.3	5,015.3	4,867.7
LIABILITIES			
Current liabilities			
Trade and other payables	463.5	324.5	237.5
Interest bearing liabilities	30.5	130.0	-
Income tax payable	-	28.8	13.4
Provisions	65.9	66.5	55.9
Derivative financial instruments	5.2	18.4	17.8
Other liabilities	20.7	21.1	20.3
Total current liabilities	585.8	589.3	344.9
Non current liabilities			
Interest bearing liabilities	1,201.2	915.0	1,056.8
Deferred tax liabilities	178.1	188.2	191.6
Provisions	9.4	9.9	13.4
Derivative financial instruments	25.4	37.3	41.9
Total non current liabilities	1,414.1	1,150.4	1,303.7
TOTAL LIABILITIES	1,999.9	1,739.7	1,648.6
NET ASSETS	3,239.4	3,275.6	3,219.1
EQUITY			
Share capital	2,580.5	2,580.5	2,580.5
Retained earnings	665.0	702.3	641.7
Reserves	(6.1)	(7.2)	(3.1)
TOTAL EQUITY	3,239.4	3,275.6	3,219.1

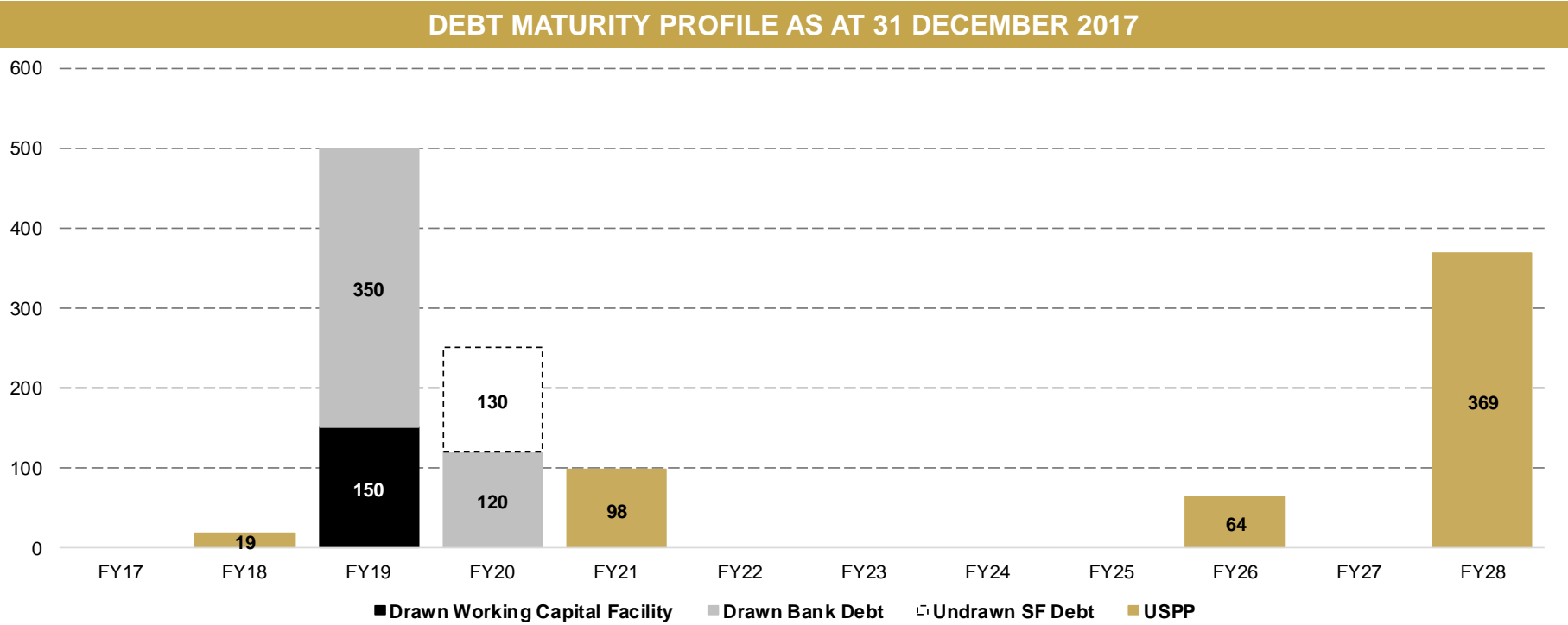
- ◆ Cash conversion of EBITDA increased to 129% due to timing of working capital payments (96% in 1H FY2017)
- ◆ Increase in trade and other receivables vs 30 June 2017 reflect increased International VIP activity
- ◆ Increase in property, plant and equipment due to capital expenditure (mainly Gold Coast redevelopment and Sydney MGF expansion)
- ◆ Increase in interest bearing liabilities due to capital expenditure and contributions into joint ventures. Movement in derivative financial instruments relate to the restructure of USPP
- ◆ Net debt of \$1,027m, up \$239m on 30 June 2017 due to increased capital expenditure and joint venture investment

Note: Net debt shown as interest bearing liabilities less cash and cash equivalents less the net impact of derivative financial instruments

FINANCIALS

FUNDING

- ◆ SGR successfully restructured its USPP notes and related hedges in early 1H FY2018 to increase overall debt tenor by almost 3 years and reduce interest expenses
- ◆ Undrawn bank facilities have increased to \$250m and average drawn debt maturity of 4.2 years at 16 February 2018
- ◆ SGR has put in place an additional \$100m facility. SGR has also commenced refinancing of some of its existing bank debt in early 2018 to increase tenor and capacity
- ◆ Expected FY2018 net finance costs (excluding one-off items from USPP restructure) of \$40-45m. 1H FY2018 interest cost of \$17.9m reflects capitalised interest for recently completed The Darling Gold Coast
- ◆ One-off loss of \$43m (\$30m after tax) included in statutory interest costs in 1H FY2018 as a result of restructure, in line with guidance at FY2017 results

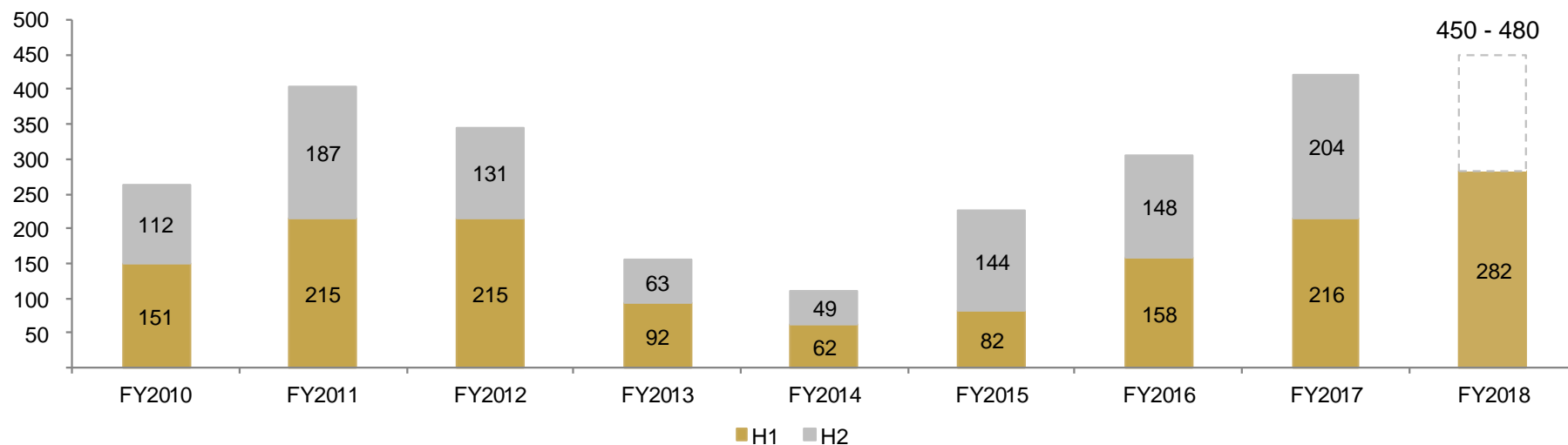


FINANCIALS

CAPITAL EXPENDITURE

- ◆ 1H FY2018 capital expenditure of \$282m (\$191m growth, \$91m maintenance (which includes aircraft purchase)), up \$66m on pcp primarily due to capital works at The Darling Gold Coast
- ◆ FY2018 capital expenditure of \$450-480m expected as projects progress. In addition, the Group will contribute approximately \$100m investment to Queen's Wharf Brisbane
- ◆ The Group's capital expenditure excluding contributions to joint venture projects is expected to peak in FY2018, based on current planned investments
- ◆ D&A for 1H FY2018 of \$90m, up 18.0% on pcp as new investments are commissioned. FY2018 D&A expected of \$180-190m per prior guidance

GROUP CAPITAL EXPENDITURE PROFILE (\$M)*

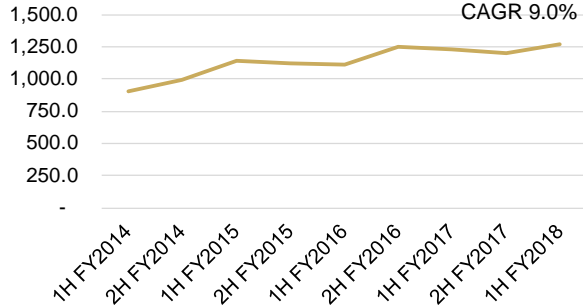


* Excludes contributions by the Group to DBC

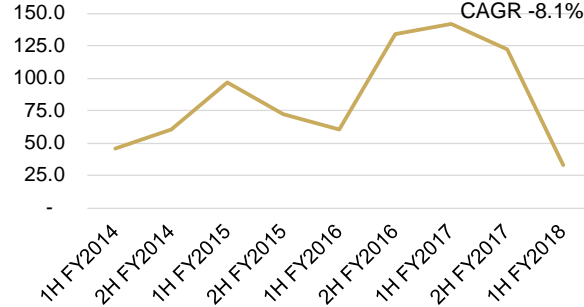
FINANCIALS

KEY METRICS

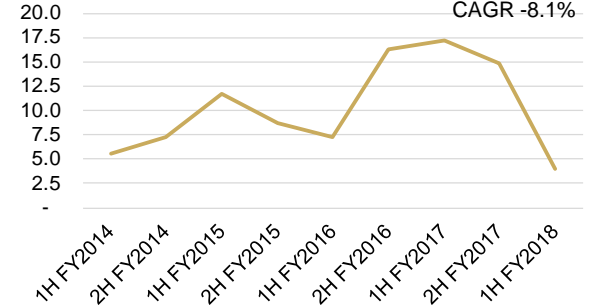
STATUTORY GROSS REVENUE (\$M)



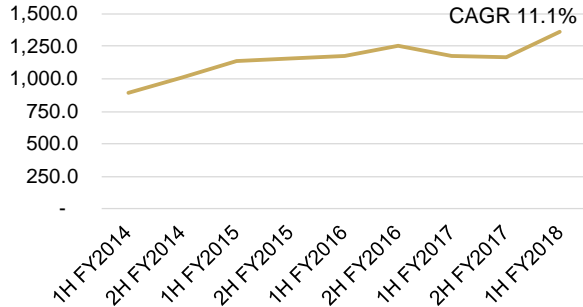
STATUTORY NPAT (\$M)



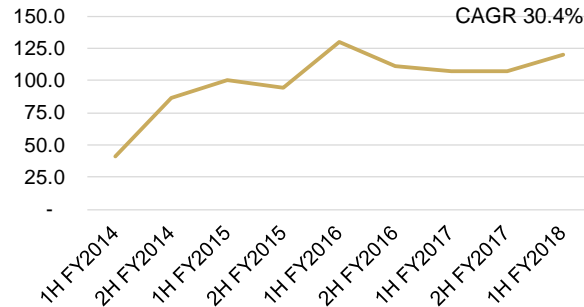
EARNINGS PER SHARE - STATUTORY (CENTS)



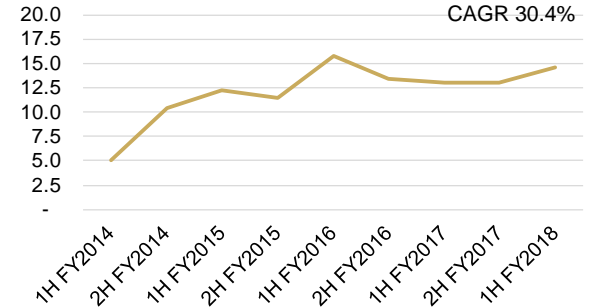
NORMALISED GROSS REVENUE (\$M)



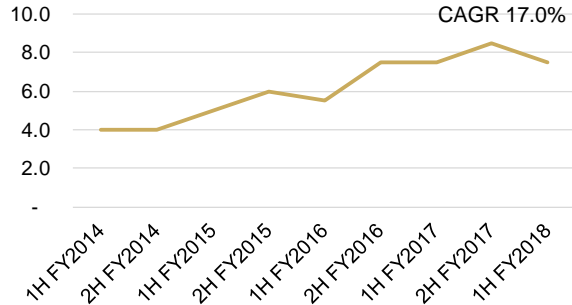
NORMALISED NPAT (\$M)



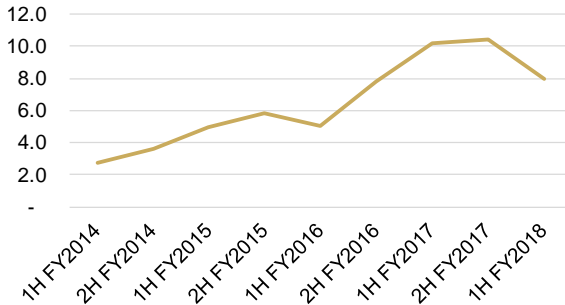
EARNINGS PER SHARE - NORMALISED (CENTS)



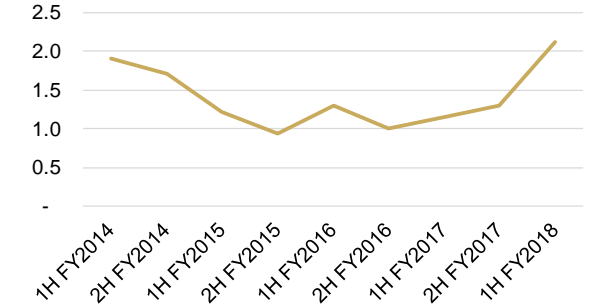
DIVIDEND PER SHARE (CENTS)



EBIT / NET INTEREST PER SHARE RATIO (TIMES)



GEARING (NET DEBT / EBITDA) (TIMES)



Note: EBIT/ Net Interest Expenses ratio and Gearing based on 12 month trailing statutory. Earnings Per Share (EPS) calculated on the basis of weighted average number of shares of 825.7m

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OUTLOOK AND PRIORITIES

2H FY2018 PRIORITIES AND TRADING UPDATE

- ◆ 2H FY2018 priorities remain focused on executing previously disclosed long-term strategy:
 1. Improve earnings across the Group
 - Sustain domestic growth through capital development program
 - Continue diversification of the Group's international revenue base into global VIP Rebate and Premium Mass
 - Yield assets through gains in customer engagement/ loyalty and operating efficiency
 - Efficient commissioning and monetising of investments
 2. Deliver on the next stage of the capital program
 - Sydney – commence Sovereign Resort upgrade preparations, progress lobby and Porte Cochere redevelopment
 - Gold Coast – complete current phase of Gold Coast expansion and leverage Commonwealth Games to successfully launch expanded and improved property
 - Queen's Wharf Brisbane – complete demolition, commence excavation, fine tune property plans
 - Progress JV developments with Chow Tai Fook and Far East Consortium in Sydney (The Ritz-Carlton Hotel) and the Gold Coast (Masterplan)
 3. Continue drive to differentiate customer value proposition at each property
 - Brand, loyalty, customer service, F&B and tourism
- ◆ The start to 2H FY2018 has been mixed. Direct comparisons with the pcp are difficult given the different timings of Lunar New Year and the relatively short period of trading. Performance in the Queensland properties is pleasing, with continued strength in the international business. Trading in Sydney has been softer than expected in the early parts of this year

OUTLOOK AND PRIORITIES

DESTINATIONAL INTEGRATED RESORTS OVERVIEW

THE STAR SYDNEY



Expand property to:

- ◆ ~1,000 premium hotel rooms and residences (including The Ritz-Carlton)
- ◆ ~50 F&B offerings
- ◆ Signature gaming
- ◆ Lyric theatre
- ◆ Multi-use event centre

THE STAR GOLD COAST

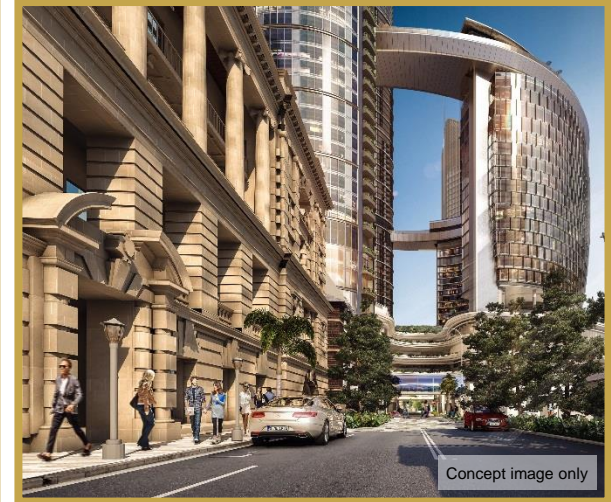


Expand property to:

- ◆ ~1,400 premium hotel rooms and residences
- ◆ Over 20 F&B offerings
- ◆ Signature gaming
- ◆ New resort facilities and retail outlets

Potential for further long-term growth with precinct masterplan

QUEEN'S WHARF BRISBANE*



New integrated resort with:

- ◆ ~1,100 premium hotel rooms over multiple brands
- ◆ Over 50 F&B offerings
- ◆ Signature gaming
- ◆ 12 football fields of public space
- ◆ Repurposed heritage buildings

Note: Images are concept only. Property capital projects are subject to all approvals. * The Star has a 50% ownership share in Queen's Wharf Brisbane and will operate the facility once complete (JV to pay The Star an operator fee)

OUTLOOK AND PRIORITIES SYDNEY – DEVELOPMENTS

- ◆ Received development approval for upgrade and expansion of Sovereign Resort
 - Works to commence 2H FY2018 for completion in late FY2020
 - Requires temporary relocation of existing Sovereign Resort
 - Capital expenditure of ~\$220m over CY2018-19
- ◆ Major capital works projects in progress include:
 - Astral lobby and porte cochere refurbishment
 - Preparatory works for Sovereign Resort upgrade and expansion
 - Vertical transportation upgrade
- ◆ Development Application for The Ritz-Carlton JV tower (~\$500m, 400 keys, The Star 1/3 share) to be submitted in 2H FY2018. Around 3 year construction period after all approvals and satisfactory apartment presales
- ◆ Funding provided through partner contributions, existing and new debt facilities, and free cash flow generation



THE STAR SYDNEY – KEY DATES*

2H FY2018	◆ Commence work to upgrade and expand Sovereign Resort
FY2019	◆ Complete Astral lobby and porte cochere
FY2020	◆ Complete Sovereign Resort expansion

* Subject to planning and other approvals

OUTLOOK AND PRIORITIES

SYDNEY – WORKS IN PROGRESS/ PLANNING



OUTLOOK AND PRIORITIES

GOLD COAST – DEVELOPMENTS AND MASTERPLAN

- ◆ Presales for new JV hotel and apartment tower progressing well, on track to achieve targets for external funding. Construction expected to commence early 1H FY2019 with ~3 year construction period
- ◆ Tower development costs of ~\$400m (The Star 1/3 share), ~\$50m equity contribution subject to funding
- ◆ Funding provided through partner contributions, existing and new debt facilities, and free cash flow generation

THE STAR GOLD COAST – KEY DATES*

By end Mar 2018	◆ Complete opening of The Darling Gold Coast and associated facilities
2H FY2018	◆ Achieve presales for new JV tower and associated facilities
1H FY2019	◆ Commence construction of new JV tower and associated facilities
FY2022	◆ Complete new JV tower and associated facilities

* Subject to planning and other approvals



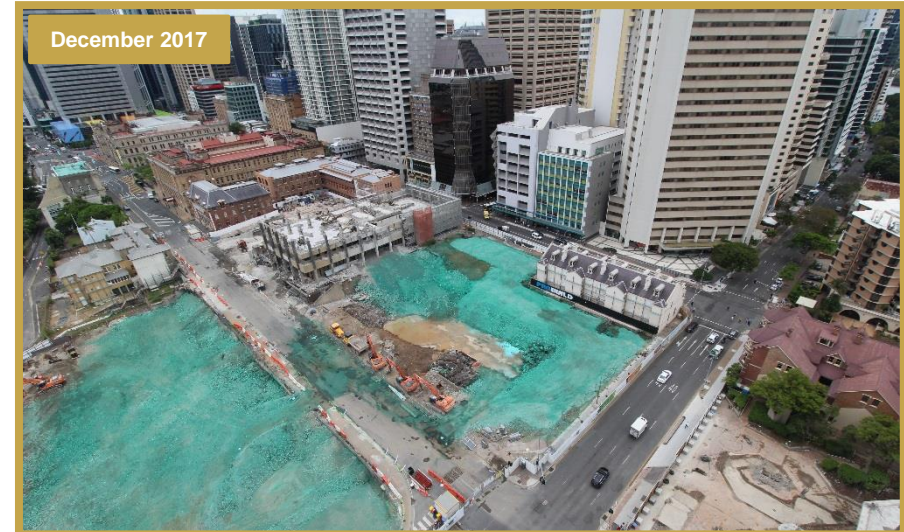
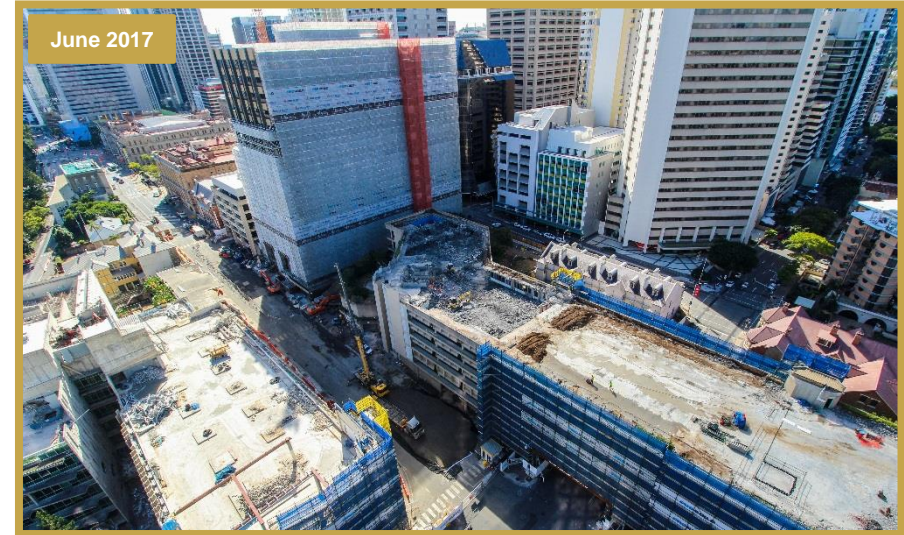
OUTLOOK AND PRIORITIES

GOLD COAST – WORKS IN PROGRESS (JV TOWER)



OUTLOOK AND PRIORITIES QUEEN'S WHARF BRISBANE

- ◆ Current works progressing well
 - Demolition work complete 3Q FY2018
 - Excavation contractors appointed, work commence 3Q FY2018
- ◆ Development approval received for Integrated Resort (including public realm). Approval provides flexibility to enlarge gross floor area to optimise returns from valuable long term licence
- ◆ DBC evaluating project scope based on approved permitted footprint
- ◆ Funding to be provided through partner contributions, existing and new debt facilities, and free cash flow generation



QUEEN'S WHARF BRISBANE – KEY DATES*

CY2018	Complete demolition and commence excavation
CY2019	Complete excavation and commence basement car park
CY2020	Construction progresses above ground
CY2021	Commence internal fit out of Integrated Resort
CY2022	Integrated Resort opens including public realm areas
CY2024	Expected opening of repurposed Treasury Building

* Subject to planning and other approvals

THE STAR ENTERTAINMENT GROUP

AGENDA

1. OVERVIEW

MATT BEKIER – CEO

2. FINANCIALS

CHAD BARTON – CFO

3. OUTLOOK AND PRIORITIES

MATT BEKIER – CEO

4. Q&A

THE STAR ENTERTAINMENT GROUP

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APPENDIX

SYDNEY AND QUEENSLAND RESULTS – STATUTORY

\$M	SYDNEY			QUEENSLAND			TOTAL		
	1H FY2018	1H FY2017	fav/(unfav)	1H FY2018	1H FY2017	fav/(unfav)	1H FY2018	1H FY2017	fav/(unfav)
Slots	164.3	155.6	5.6%	164.9	157.7	4.6%	329.3	313.3	5.1%
Domestic Tables	342.9	337.9	1.5%	124.7	111.9	11.4%	467.5	449.8	3.9%
Non-Gaming	80.6	71.9	12.1%	60.6	52.7	15.0%	141.2	124.6	13.3%
Total Domestic	587.8	565.4	4.0%	350.2	322.3	8.7%	938.0	887.7	5.7%
International VIP Rebate (Gross)	275.9	273.9	0.7%	52.6	65.5	(19.7%)	328.5	339.4	(3.2%)
Other Revenue	2.1	1.1	94.0%	1.9	2.0	(8.4%)	4.0	3.1	31.7%
Total Gross Revenue	865.8	840.4	3.0%	404.7	389.8	3.8%	1,270.5	1,230.2	3.3%
Gaming taxes, levies and commissions	(433.8)	(347.7)	(24.8%)	(114.8)	(98.1)	(17.0%)	(548.7)	(445.8)	(23.1%)
Operating expenses	(324.5)	(304.6)	(6.5%)	(197.8)	(179.4)	(10.2%)	(522.3)	(484.0)	(7.9%)
EBITDA	107.5	188.1	(42.8%)	92.1	112.3	(18.0%)	199.6	300.4	(33.6%)
Depreciation and Amortisation	(55.1)	(47.4)	(16.1%)	(34.5)	(28.5)	(21.1%)	(89.6)	(75.9)	(18.0%)
EBIT	52.4	140.7	(62.8%)	57.6	83.8	(31.2%)	110.0	224.5	(51.0%)
Share of net (loss)/profit of associate							1.0	(0.3)	-
Significant Items							(45.5)	-	-
EBIT	52.4	140.7	(62.8%)	57.6	83.8	(31.2%)	65.5	224.2	(70.8%)
Net interest expense							(17.9)	(20.6)	13.0%
Tax							(14.7)	(61.8)	76.2%
Statutory NPAT							32.9	141.8	(76.8%)
EBITDA/Revenue %	12.4%	22.4%		22.7%	28.8%		15.7%	24.4%	
VIP Rebate Front Money \$m	1,887.0	1,416.9	33.2%	245.0	288.4	(15.0%)	2,132.0	1,705.3	25.0%
VIP Rebate Turnover \$m	27,293.1	17,428.8	56.6%	3,624.9	3,328.5	8.9%	30,918.0	20,757.3	49.0%
VIP Rebate Win rate	1.01%	1.56%		1.45%	1.97%		1.06%	1.62%	

Note: Turnover and win rate from 1H FY2018 includes Premium Mass.

APPENDIX

SYDNEY AND QUEENSLAND RESULTS – NORMALISED

\$M	SYDNEY			QUEENSLAND			TOTAL		
	1H FY2018	1H FY2017	fav/(unfav)	1H FY2018	1H FY2017	fav/(unfav)	1H FY2018	1H FY2017	fav/(unfav)
Slots	164.3	155.6	5.6%	164.9	157.7	4.6%	329.3	313.3	5.1%
Domestic Tables	342.9	337.9	1.5%	124.7	111.9	11.4%	467.5	449.8	3.9%
Non-Gaming	80.6	71.9	12.1%	60.6	52.7	15.0%	141.2	124.6	13.3%
Total Domestic	587.8	565.4	4.0%	350.2	322.3	8.7%	938.0	887.7	5.7%
International VIP Rebate (Gross)	369.2	237.7	55.3%	48.9	45.4	7.9%	418.1	283.1	47.7%
Other Revenue	2.1	1.1	94.0%	1.9	2.0	(8.4%)	4.0	3.1	28.4%
Total Gross Revenue¹	959.1	804.2	19.3%	401.0	369.7	8.5%	1,360.1	1,173.9	15.9%
Gaming taxes, levies and commissions	(443.2)	(343.2)	(29.1%)	(114.5)	(96.1)	(19.1%)	(557.6)	(439.3)	(26.9%)
Operating expenses	(324.5)	(304.6)	(6.5%)	(197.8)	(179.4)	(10.2%)	(522.3)	(484.0)	(7.9%)
Normalised EBITDA	191.5	156.4	22.4%	88.7	94.2	(5.8%)	280.2	250.6	11.8%
Depreciation and Amortisation	(55.1)	(47.4)	(16.1%)	(34.5)	(28.5)	(21.1%)	(89.6)	(75.9)	(18.0%)
Normalised EBIT	136.4	109.0	25.2%	54.3	65.7	(17.4%)	190.6	174.7	9.1%
Share of net (loss)/profit of associate							1.0	(0.3)	-
Normalised EBIT after Share of net (loss)/profit of associate	136.4	109.0	25.2%	54.3	65.7	(17.4%)	191.6	174.4	9.9%
Net interest expense							(17.9)	(20.6)	13.0%
Tax							(53.3)	(46.7)	(14.3%)
Normalised NPAT							120.4	107.1	12.4%
EBITDA/Revenue %	20.0%	19.4%		22.1%	25.5%		20.6%	21.3%	
VIP Rebate Front Money \$m	1,887.0	1,416.9	33.2%	245.0	288.4	(15.0%)	2,132.0	1,705.3	25.0%
VIP Rebate Turnover \$m	27,293.1	17,428.8	56.6%	3,624.9	3,328.5	8.9%	30,918.0	20,757.3	49.0%
VIP Rebate Win rate	1.35%	1.35%		1.35%	1.35%		1.35%	1.35%	

Note: ¹ Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% on actual turnover. Turnover and win rate from 1H FY2018 includes Premium Mass. Growth in turnover and normalised gross revenue differ as premium mass revenues only normalised from FY2018 onwards.

APPENDIX

OPERATIONAL METRICS

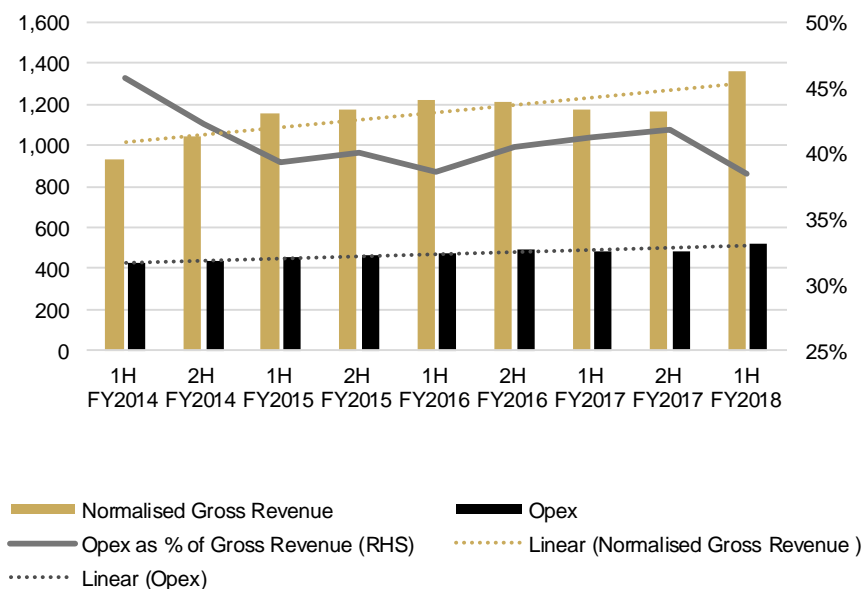
KEY METRICS

OPERATIONAL METRICS	SYDNEY		QUEENSLAND	
	1H FY2018	1H FY2017	1H FY2018	1H FY2017
Slots				
Revenue (\$m)	164.3	156	165	158
NMR/machine/day	599	565	284	279
MTGMs				
Revenue (\$m)	52	52	19	19
NMR/machine/day	448	589	307	318
Domestic Tables (excl. MTGMs)				
Revenue (\$m)	292	285	105	92
Hold %	19%	18%	20%	17%
VIP Rebate (Actual)				
Front Money (\$m)	1,887	1,417	245	288
Turnover (\$m)	27,293	17,429	3,625	3,328
Turns	14.5	12.3	14.8	11.5
Win Rate	1.01%	1.56%	1.45%	1.97%
Hotels				
Occupancy	95%	98%	87%	93%
Cash Revenue (\$m)	16	10	16	12
Average Cash Rate	344	296	238	243
Restaurants				
Cash Revenue (\$m)	24	23	22	20
Gross Revenue (\$m)	36	37	34	32
Bars				
Cash Revenue (\$m)	25	23	13	12
Gross Revenue (\$m)	52	49	27	26
Statutory EBITDA/Revenue %	12.4%	22.4%	22.7%	28.8%
Normalised EBITDA/Revenue %	20.0%	19.4%	22.1%	25.5%
Employee Costs/Statutory Revenue %	20.4%	19.9%	27.3%	25.7%

OPERATING EFFICIENCY

- ◆ Group operating costs have grown from \$425m 1H FY2014 to \$522m in 1H FY2018 (5.3% CAGR), whilst normalised gross revenue has grown from \$0.9bn to \$1.4bn over the same period (10.0% CAGR)
- ◆ Operating costs as share of normalised gross revenue has declined from 46% to 38% over 1H FY2014 to 1H FY2018

NORMALISED GROSS REVENUE AND OPERATING COST



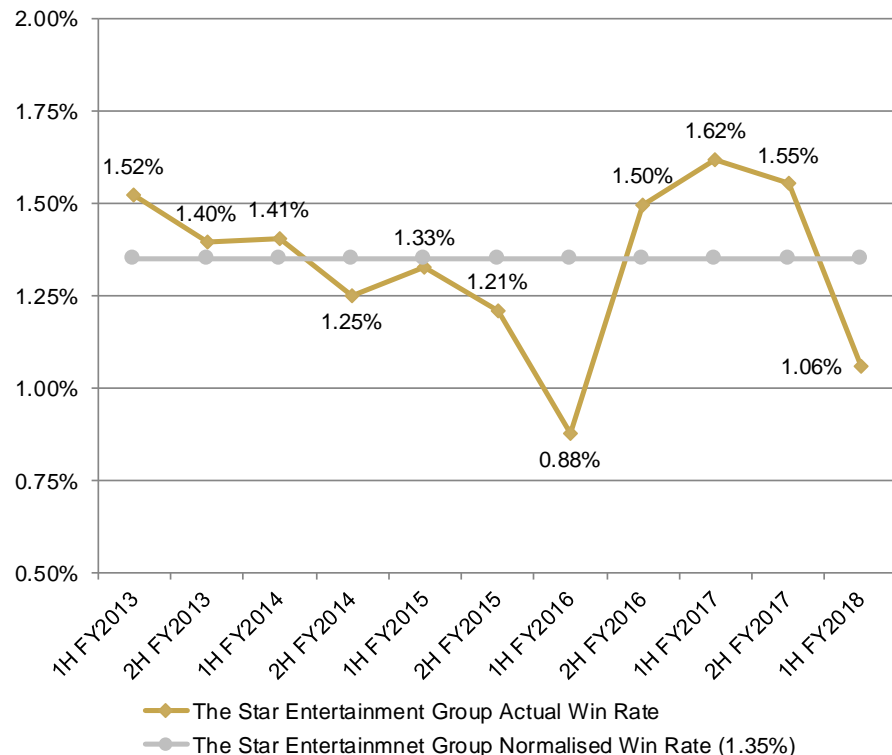
APPENDIX

INTERNATIONAL VIP REBATE BUSINESS NORMALISATION

ACTUAL WIN RATE VS THEORETICAL

- ◆ Normalised win rate of 1.35% is in line with the Group's win rate experience and consistent with the Australia and New Zealand market practice
- ◆ 1H FY2018 actual win rate of 1.06% includes Premium Mass

Historical Actual Win Rate Comparison (%)



Note: Normalisation adjustments only for win rate; does not include other adjustments such as commissions and doubtful debts

RECONCILIATION WITH ACTUAL

1H FY2018 RESULTS COMPARISON (\$M)	1H FY2018	CHANGE VS STATUTORY	1H FY2018 NORM @1.35%
Total Domestic	938.0	-	938.0
International VIP Rebate (Gross)	328.5	89.6	418.1
Other Revenue	4.0	-	4.0
Total Gross Revenue	1,270.5	89.6	1,360.1
Gaming taxes, levies and commissions	548.7	9.0	557.6
EBITDA	199.6	80.6	280.2
Depreciation and Amortisation	89.6	-	89.6
EBIT	110.0	80.6	190.6
Share of net (loss)/profit of associate	1.0	-	1.0
Significant items	45.5	(45.5)	-
Statutory EBIT	65.5	126.1	191.6
Net interest expense	17.9	-	17.9
Tax	14.7	38.6	53.3
Statutory NPAT	32.9	87.5	120.4
EBITDA/Revenue %	15.7%		20.6%
VIP Rebate Front Money \$m	2,132.0		2,132.0
VIP Rebate Turnover \$m	30,918.0		30,918.0
VIP Rebate Win rate	1.06%		1.35%

APPENDIX

INTERNATIONAL VIP REBATE BUSINESS RECEIVABLES

INTERNATIONAL VIP REBATE BUSINESS RECEIVABLES (BEFORE PROVISIONS)	0 - 30 DAYS	30 DAYS - 1 YEAR	1 - 3 YEARS	3 YEARS +	TOTAL
December 2017 (\$m)					
Not yet due	205.9	-	-	-	205.9
Past due not impaired	-	19.1	2.7	-	21.8
Considered impaired	-	7.1	13.9	-	21.0
Total	205.9	26.2	16.6	-	248.7
June 2017 (\$m)					
Not yet due *	123.2	-	-	-	123.2
Past due not impaired	-	27.1	6.2	-	33.3
Considered impaired	-	2.8	11.2	-	14.0
Total	123.2	29.9	17.4	-	170.5
December 2016 (\$m)					
Not yet due *	40.6	-	-	-	40.6
Past due not impaired	-	26.9	2.5	-	29.4
Considered impaired	-	8.9	12.8	-	21.7
Total	40.6	35.8	15.3	-	91.7

- ◆ 31 December 2017 net overdue receivables of \$21.8m, down from \$29.4m at 31 December 2016
- ◆ Receivables not yet due at 31 December 2017 increased substantially due to high volumes at the end of the period

* Excludes non-gaming debtors

APPENDIX

CASH CONVERSION

CATEGORY \$M	DEC-17	DEC-16
Cash flows from operating activities before interest and income tax		
Net cash receipts from customers (inclusive of GST)	1,214.2	1,216.1
Payments to suppliers and employees (inclusive of GST)	(726.1)	(655.6)
Payment of government levies, gaming taxes and GST	(232.4)	(273.4)
Net cash inflows from operating activities before interest and income tax	255.7	287.1
Profit before net finance costs and income tax	108.5	224.2
Add back depreciation and amortisation	89.6	75.9
EBITDA	198.1	300.1
Cash conversion	129%	96%

APPENDIX

GLOSSARY

TERM	DEFINITION
CAGR	Compound Annual Growth Rate
Capital expenditure (capex)	Unless otherwise stated, capital expenditure is presented on an accruals basis and excludes investments in associates and equity acquisitions
D&A	Depreciation and Amortisation
DBC	Destination Brisbane Consortium
DGC	Destination Gold Coast Consortium
Domestic Tables	Domestic Tables includes main gaming floor table games, private gaming room table games, domestic rebate table games
EGM	Electronic gaming machine – includes both slots and MTGMs
F&B	Restaurants and bars
JV	Joint Venture
MGF	Main gaming floor
MTGM	Multi-terminal gaming machine or electronic table game
NMR	Net revenue per machine
Normalised revenue	Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% of actual turnover
pcp	Prior comparable period
PGR	Private gaming room
Premium Mass	International loyalty program business (non-commission)
Significant items	Significant items are items of income or expense which are, either individually or in aggregate, material to The Star Entertainment Group and: <ul style="list-style-type: none"> ◆ Outside the ordinary course of business (e.g. the cost of significant reorganisations or restructuring); or ◆ Part of the ordinary activities of the business but unusual due to their size and nature (e.g. impairment of assets)
USPP	US Private Placement debt



THE STAR