

THE STAR

ENTERTAINMENT  
GROUP

## THE STAR ENTERTAINMENT GROUP

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PRESENTATION AT MORGANS CONFERENCE

WEDNESDAY  
10 OCTOBER  
2018

# THE STAR ENTERTAINMENT GROUP

## THE STAR ENTERTAINMENT GROUP LIMITED (ASX: SGR)

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- ◆ 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

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# GROUP OVERVIEW

## PRIVILEGED ASSETS WITH GROWTH

Today

**3 properties**  
Sydney, GC, Brisbane

**1,382**  
Premium Hotel Keys

**4,783**  
Slots cap

**Unlimited**  
Tables and MTGMs

Sheraton Grand Mirage Gold Coast (50% share), GCCEC (management rights)

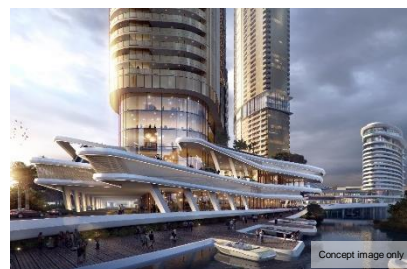
Projects Underway

Queen's Wharf Brisbane



◆ New integrated resort

The Star Gold Coast



◆ 1<sup>st</sup> JV mixed use tower  
◆ 4 additional towers\*

The Star Sydney



◆ Sovereign Resorts  
◆ The Ritz-Carlton Tower in planning\*

Capital Efficient Approach

周大福企業有限公司  
Chow Tai Fook Enterprises Limited



◆ Complementary assets  
◆ Mixed use developments

Customers

Domestic focus  
International diversification

\* Subject to market and regulatory conditions and all approvals

# GROUP PERFORMANCE

## DEMONSTRATED PERFORMANCE RECORD

### FY2018

Strong results – broad based growth, investments performing

**\$2.7bn**  
Normalised Revenue  
+15.3% vs pcp

**\$588m**  
Normalised EBITDA  
+14.2% vs pcp

**\$258m**  
Normalised NPAT  
+20.3% vs pcp

**20.5 cps**  
Total Dividends  
+28.1% vs pcp

### FY2014-18

Strong multi-year growth

**9.0%**  
Normalised Revenue  
CAGR

**19.2%**  
Normalised NPAT  
CAGR

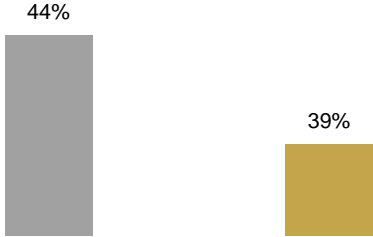
**18.5%**  
Normalised EPS  
CAGR

**26.5%**  
Dividend Per Share  
CAGR

Improved efficiency

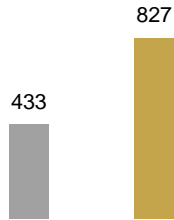
Strong VIP growth, winning share

Opex as % of Normalised Gross Revenue



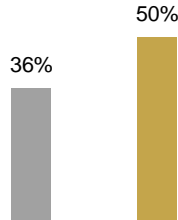
■ FY2014 ■ FY2018

Normalised VIP Revenue (\$m)



■ FY2014 ■ FY2018

SGR VIP Market Share of ANZ



■ FY2014 ■ FY2018

# OUR STRATEGY

## DE-RISKED EARNINGS GROWTH

### Attractive Markets

**\$24bn**  
Gambling Market

**\$42bn**  
F&B Market

**\$40bn**  
Inbound Tourism

**\$43bn**  
International VIP

### Privileged Assets

#### Assets

- ◆ Valuable long-term licences
- ◆ Properties in desirable locations
- ◆ Large catchments (locals, tourism)

#### Growth Projects

- ◆ Property transformations underway
- ◆ Enhanced gaming and traffic drivers
- ◆ Further growth identified

### Competitive Capabilities

#### Domestic

- ◆ Gaming leadership
- ◆ Loyalty
- ◆ Hospitality

#### Inbound/ Tourism

- ◆ Asian partners
- ◆ Third party hotel brands
- ◆ Hospitality

**Execution Focus: operational, development, commissioning**

### Complementary Partners

周大福企業有限公司  
Chow Tai Fook Enterprises Limited



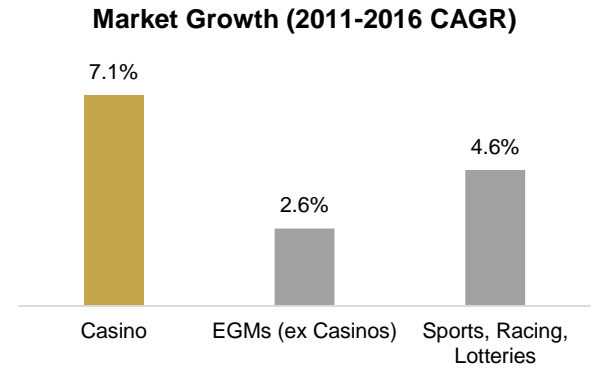
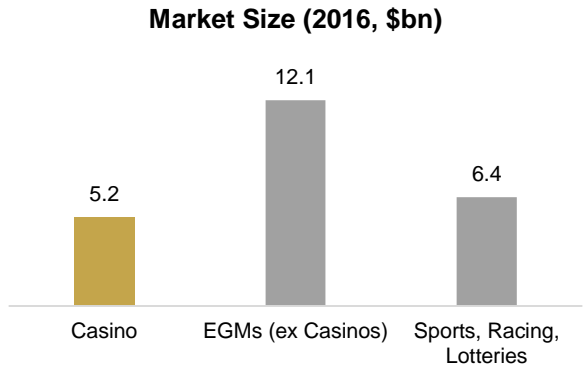
- ◆ Development
- ◆ Retail/ distribution
- ◆ Hospitality
- ◆ Capital

Source: Australian Gaming Statistics, Eating Out in Australia, Tourism Research Australia, DICJ Macau.

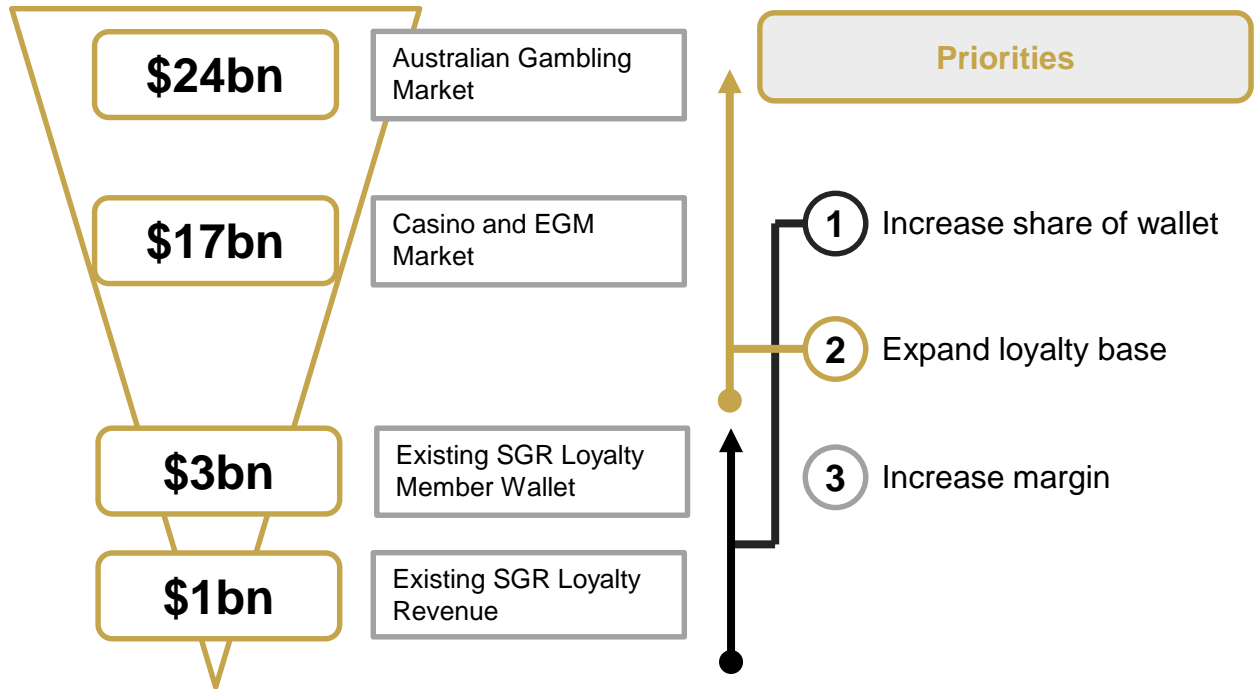
# DOMESTIC GAMBLING EXECUTING ON PRIORITIES

## \$24 bn Market

- ◆ Large, mature, fragmented
- ◆ Casinos winning share



## Clear Priorities



# TOURISM WELL POSITIONED

**Attractive Chinese Outbound**

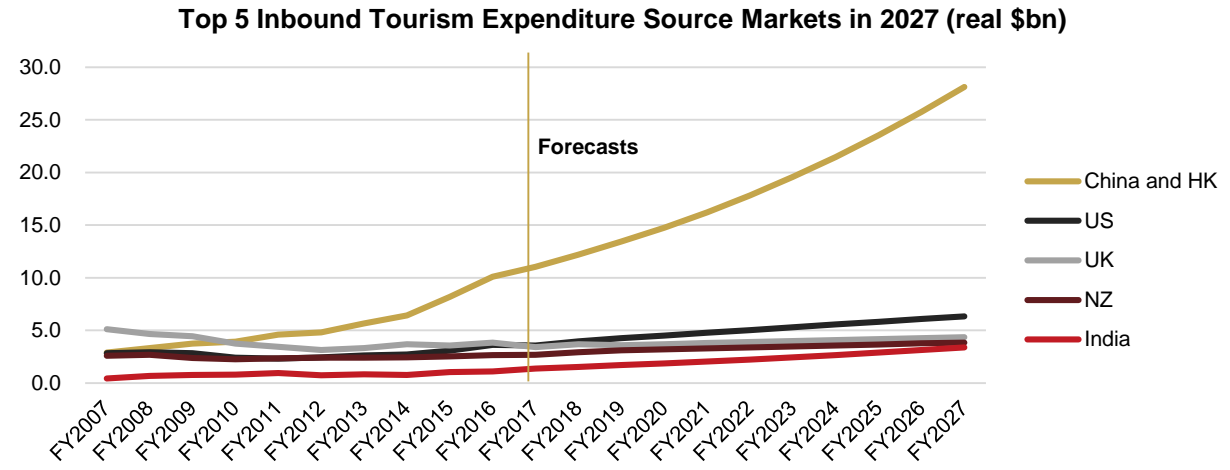
**Large, High Growth**

- ◆ 145m Chinese outbound 2017
- ◆ 15% CAGR 2014-16

**Premiumisation**

- ◆ Higher spending independent travellers winning share
- ◆ Beyond HK/ Macau, long-haul\* ~21% of 2016 outbound

**China Drives Growth**



**SGR Well Positioned**

**Sought After Destinations**

- ◆ Sydney and South East Queensland

**Privileged Distribution**

- ◆ CTF and FEC distribution networks

Source: TRA, UNWTO, COTRI, Nielson, broker reports. \* Long Haul (Australia, NZ, France, Germany, Italy, Switzerland, UK, Canada, US)

# PRIVILEGED ASSETS

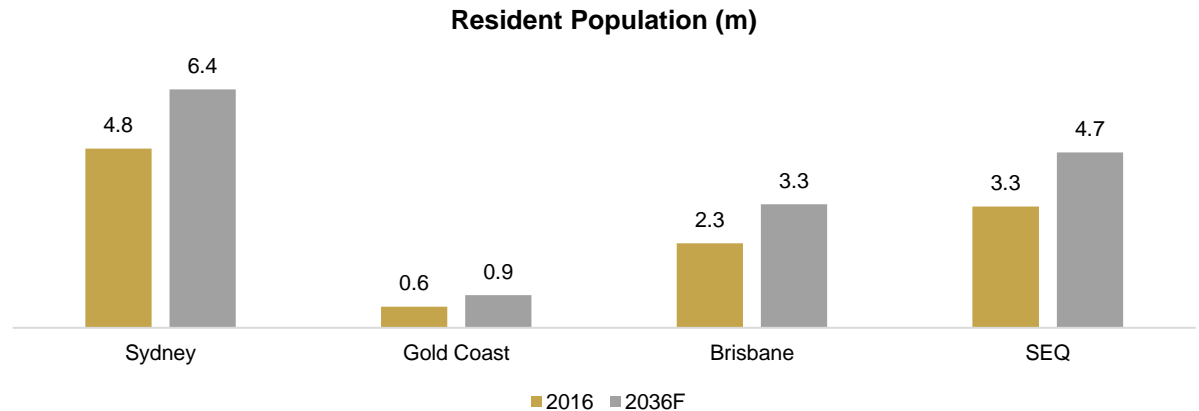
## VALUABLE LICENCES IN ATTRACTIVE DESTINATIONS

### Valuable Licences

- ◆ Long-dated licences – 2093 earliest expiry
- ◆ Product differentiation vs pubs/ clubs
  - Slots – no bet limits, except Sydney MGF
  - Tables – exclusive, unlimited
  - MTGMs – exclusive in Qld, pubs/ clubs capped in Sydney; unlimited

### Large Local Catchments

- ◆ >8 m locals
- ◆ >11 m locals (+38%) by 2036



### Sought After Destinations

- ◆ Sydney #1 and SEQ #3 largest visitor markets (domestic and international)
- ◆ Network effect – Sydney and SEQ “Best of Australia in 5 Days”



# STRATEGIC PARTNERS

## EXECUTING ON OPPORTUNITIES

### Complementary Capabilities

- ◆ Australian and global project development
- ◆ Access Asian high value consumer, 6m loyalty members
- ◆ Capital contributions

#### Development



新世界發展有限公司  
New World Development Company Limited

HK developer,  
HK\$437bn asset value



Far East  
Consortium

>\$2.8bn projects  
completed in Australia

#### Retail/ Distribution



CHOW TAI FOOK

HK jewellery group,  
>2,300 point of sales



K11

Department stores,  
malls

#### Hospitality

THE CARLYLE  
A ROSEWOOD HOTEL

BW  
BEVERLY WILSHIRE  
Beverly Hills  
A Rosewood Hotel



penta hotel

ROSEWOOD  
HOTELS & RESORTS

NEW WORLD  
HOTELS

DORSETT  
HOSPITALITY INTERNATIONAL  
帝盛酒店集團

Global reach, "Asian Wallet"  
strategy

### Aligned Interests

- ◆ Proven partnership – over \$3bn in planned investments
- ◆ Development Alliance – progress growth projects (Gold Coast, Sydney)
- ◆ Marketing Alliance – leverage CTF and FEC's networks
- ◆ Equity interest – CTF/ FEC 9.99% shareholding, seeking approval to increase

### Near-term Activities

- ◆ Customer segments identified
- ◆ Offers/ "reason to visit" underway
- ◆ Execution through pre-qualified distribution networks in planning

# DEVELOPMENT PIPELINE PROCEEDING TO PLAN

## The Star Sydney

### Sovereign 1.5 Open

- ◆ High quality facilities, product levels maintained, mitigation strategies in place
- ◆ \$220m upgrade commenced, to complete 2H FY2020

### Capital Program Progressing

- ◆ Astral lobby and porte cochere, main entry foyer upgrades complete 2H FY2019
- ◆ The Ritz-Carlton JV tower (SGR 33%) approval progressing

## The Gold Coast

### First JV Tower Commenced

- ◆ Construction commenced, FY2022 expected completion
- ◆ Development costs reduced from ~\$400m to ~\$370m
- ◆ Adds >700 keys, doubling capacity on property
- ◆ Modest equity required (~\$30m for SGR, pre apartment sales)

### Masterplan in Place

- ◆ 4 additional towers, subject to market and regulatory conditions

### Upgrades on Target

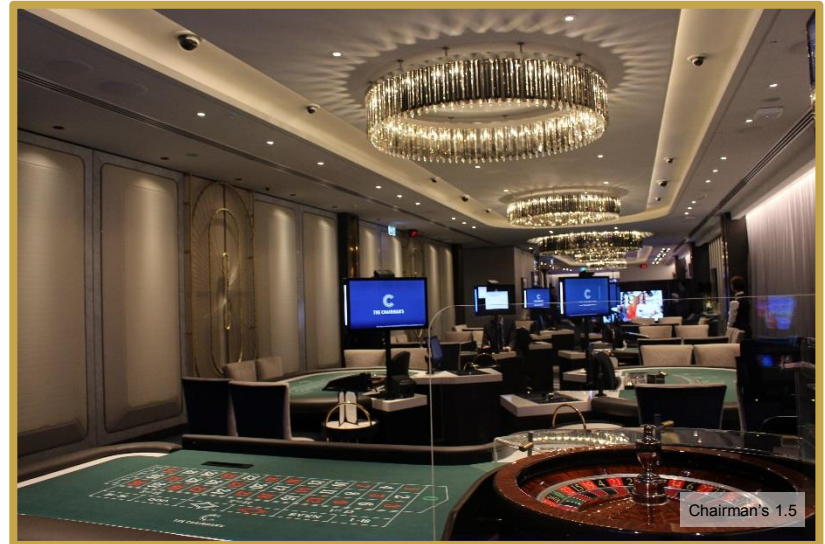
- ◆ Harvest Buffet and PGR (Oasis) upgrade complete 1H FY2019

## Queen's Wharf Brisbane

### Progressing to Plan

- ◆ Excavation commenced 3Q FY2018
- ◆ Shell, core and façade fixed price tender underway

# THE STAR SYDNEY SOVEREIGN 1.5 OPEN





# THE STAR GOLD COAST TOWER 1 AND WORKS IN PROGRESS





# QUEEN'S WHARF BRISBANE PROGRESSING TO PLAN



# DELIVERING ON OUR STRATEGY

## Our Strategy

- Signature gaming
- Premium hotel rooms
- F&B
- Retail (on site, nearby)

### Investments

- Locals
- Visitors
- International VIP

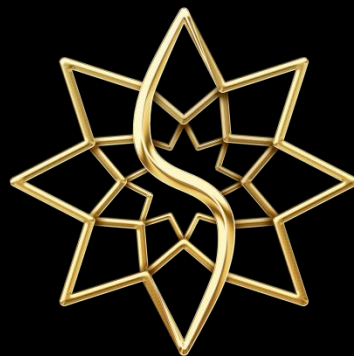
### Visitation

### Earnings

- Enhanced shareholder returns
- Supports further investment

## Our Delivery

- 1 Investment delivering above system growth**
  - ◆ Broad-based growth
  - ◆ Share gains in Slots (Sydney, Gold Coast), VIP
  - ◆ Effective cost management
- 2 Track record of on time, on budget delivery**
  - ◆ Gold Coast investments delivered on time, on budget
  - ◆ Effective contracting reduces and reinforces capex guidance
- 3 Partnership to support long-term growth opportunities**
  - ◆ Enhanced strategic partnership
  - ◆ QWB – larger resort, increased revenue diversity and growth
  - ◆ Gold Coast masterplan with multi-year growth, positive regulatory outcome (no additional slots)
- 4 Improving returns to shareholders**
  - ◆ Strategic positioning, network benefits
  - ◆ Earnings growth
  - ◆ Increased dividends – at least 70% of normalised NPAT



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**THANK YOU**