



THE STAR

ASX Announcement

21 February 2019

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 2018, 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 2019 RESULTS PRESENTATION

THURSDAY
21 FEBRUARY
2019

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 the half year ended 31 December 2018 (Financial Report) 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 and current trading 2H FY2019 results to date 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 and commissions
- ◆ Normalised EBIT and Normalised EBITDA are calculated based on normalised gross revenue, commissions 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 Financial Report
- ◆ The presentation of net revenue after player rebates and commissions also includes the restatement of 1H FY2018 for comparative purposes following the adoption of AASB 15 from 1 July 2018. Complimentary revenue is included within domestic gaming revenue. Refer to Note E of the Financial Report for a reconciliation of the 1H FY2018 movement to the new standard.

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

HIGHLIGHTS

RECORD EARNINGS

	STATUTORY		NORMALISED	
		vs pcp		vs pcp
Gross Revenue	\$1,334m	5.0%	\$1,277m	(6.1%)
Net Revenue	\$1,150m	14.9%	\$1,110m	0.9%
EBITDA	\$331m	65.9%	\$297m	2.6%
NPAT	\$149m	351.4%	\$124m	(2.4%)

- ◆ Record earnings – EBITDA (statutory and normalised), statutory NPAT
- ◆ High quality result, record cash generation

STRONG DOMESTIC PERFORMANCE

- ◆ Slots increased share in all EGM markets – group revenue up 6.3% on pcp, Sydney up 9.9%
- ◆ Solid tables growth – group revenue up 6.4% on pcp, Queensland up 10.6%
- ◆ Sydney Sovereign 1.5 – successful patron transition
- ◆ Gold Coast growth – normalised gross revenue up 22.6%

MIXED VIP PERFORMANCE

- ◆ Solid sales performance in slower market – visitation up 10% on pcp, front money flat
- ◆ High win/ low turn affects VIP – highest actual win rate (1.62%) and lowest turn (9.7x) over 5 years (13.0x 5 year average)
- ◆ Queensland delivers growth, Sydney underperforms
- ◆ EBITDA margin maintained despite lower volumes supported by rate card reductions

Statutory results impacted by high actual International VIP Rebate win rate 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 turnover and commissions and are before significant items.

EBITDA is before equity accounted investments profits/ losses and significant items. Normalised NPAT is after equity accounted investments profits/ losses and before significant items. Refer to Note A4 of the Financial Report for a reconciliation of significant items.

Net Revenue is after player rebates and commissions following the adoption of AASB 15 from 1 July 2018. 1H FY2018 comparatives have also been restated.

HIGHLIGHTS

EXECUTING TO OPTIMISE RETURNS

- ◆ New assets performing well. Gold Coast visitation up 11.8% on pcp
- ◆ Effective capital project management
 - Gold Coast expansion and Sydney Sovereign Resorts upgrade progressing to plan
 - QWB lump sum price contract expected 4Q FY2019 (means ~60% capex contracted)
- ◆ Capex reduced in line with guidance
- ◆ Chow Tai Fook/ Far East Consortium marketing initiatives underway

DIVIDEND INCREASED

- ◆ 10.5 cps fully franked interim dividend up 40% vs pcp
- ◆ Reflects business performance, planned investments, cash generation

TRENDS CONTINUE INTO 2H FY2019

- ◆ Positive domestic revenue growth trends continuing from 1H FY2019 into early 2H FY2019 across slots, tables and non-gaming
- ◆ VIP trends in early 2H FY2019 similar to 1H FY2019. Comparisons with pcp are difficult given relatively short time period and earlier timing of Lunar New Year in 2019

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SYDNEY

STRONG DOMESTIC PERFORMANCE

	STATUTORY		NORMALISED	
		vs pcp		vs pcp
Gross Revenue	\$803m	(7.3%)	\$812m	(15.4%)
EBITDA	\$171m	59.0%	\$190m	(6.3%)

- ◆ Record domestic revenue and EBITDA
- ◆ Effective cost management supports margin growth

DOMESTIC GAMING UP 6.5%

- ◆ Visitation up 1.7% on pcp
- ◆ Slots record market share – revenue up 9.9% on pcp driven by PGR
- ◆ Tables revenue up 4.9% on pcp driven by PGR
- ◆ Non-gaming down 1.7% on pcp – hotel operations cash revenue up 4.0%, offset by F&B refurbishments (average cash cheque up 5.9% on pcp)

EFFECTIVE MANAGEMENT OF SOVEREIGN UPGRADE

- ◆ Successful opening of Sovereign 1.5 (16 August 2018)
- ◆ 1H FY2019 PGR revenue growth vs pcp higher than overall property

LOW TURN AFFECTS VIP

- ◆ Front money down 20.0% on pcp (1H FY2018 up 32.9% on pcp), turnover down 49.0% on pcp (1H FY2018 up 55.5% on pcp)
- ◆ Low turn of 9.2x impacted by a few players (14.5x in pcp)

COSTS DECLINED

- ◆ Operating costs down 3.9% on pcp on increased domestic volumes and higher wages offset by lower international gaming volumes
- ◆ Investment in Sovereign 1.5 transition reducing

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 and commissions. Statutory EBITDA is before equity accounted investments profits/ losses and significant items.

THE STAR SYDNEY 1H FY2019 MILESTONES



**ASTRAL HOTEL RECEPTION
OPENED JULY 2018**



**SOVEREIGN 1.5
OPENED AUGUST 2018**



**FLYING FISH RESTAURANT
OPENED DECEMBER 2018**



**NEW BAR AND TEA HOUSE "G&TEA"
OPENED DECEMBER 2018**

QUEENSLAND

RECORD EBITDA

	STATUTORY		NORMALISED	
		vs pcp		vs pcp
Gross Revenue	\$531m	31.3%	\$466m	16.1%
EBITDA	\$160m	74.0%	\$107m	23.5%

- ◆ Record normalised and statutory gross revenue and EBITDA
- ◆ High quality result – all segments contributed to growth, EBITDA margin expansion

DOMESTIC GROWTH ABOVE SYSTEM

- ◆ Visitation up 5.0% on pcp
- ◆ Slots gained market share in Gold Coast and Brisbane, Queensland revenue up 2.9% on pcp
- ◆ Tables revenue up 10.6% on pcp with solid growth in Gold Coast and Brisbane, PGR hold lower vs pcp
- ◆ Non-gaming revenue up 5.8%

VIP TURNOVER UP 88%

- ◆ \$6.8bn VIP turnover, up 87.5% on pcp
- ◆ Growth from existing and new Gold Coast customers
- ◆ Effective commissioning of The Darling, improved service levels

INCREASED VOLUMES AND NEW CAPACITY DRIVE COSTS

- ◆ Operating costs up 7.5% on increased volumes (domestic and international gaming, non-gaming), newly commissioned assets and investment in initial service levels at the Gold Coast, higher wages
- ◆ Investment in service levels for new Gold Coast assets reducing. Brisbane costs well-managed

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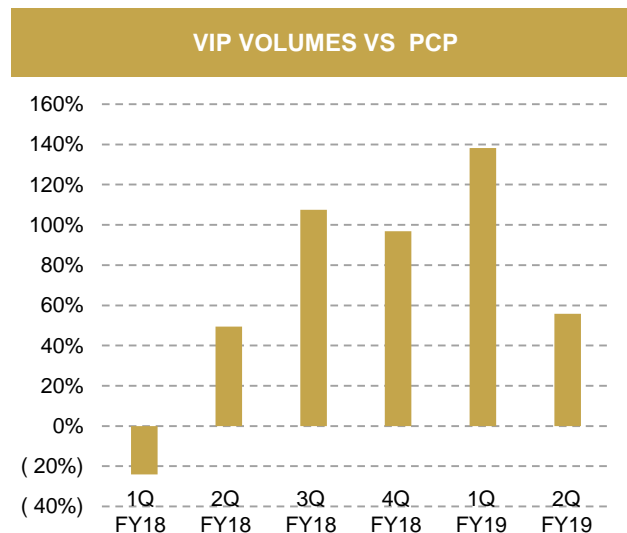
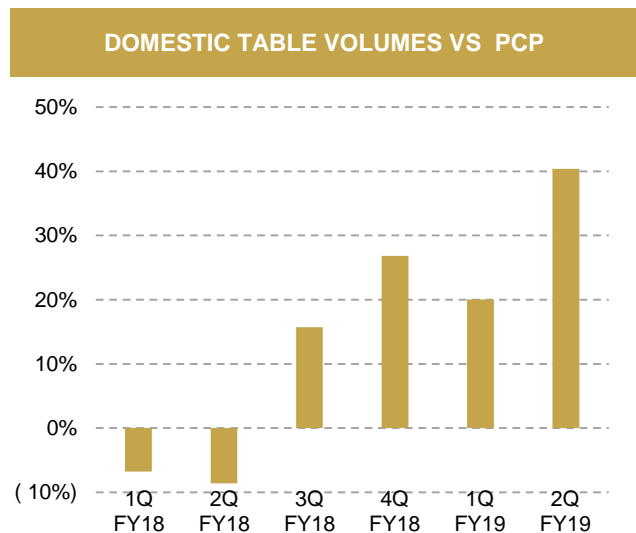
GOLD COAST

NEW ASSETS SUCCESSFULLY COMMISSIONED

- ◆ Refurbished Oasis PGR and Harvest Buffet opened December 2018 to plan
- ◆ Continued favourable response to newly commissioned assets – visitation up 11.8% on pcp
- ◆ Broad-based growth on pcp
 - Normalised gross revenue up 22.6%
 - Domestic table revenue up 8.3%, non-gaming revenue up 7.2%
 - VIP normalised turnover up 90.9%
 - F&B cash revenue up 9.7%

PREMIUM SEGMENTS PERFORMING

- ◆ Domestic PGR volume (Slots and Tables) growth above overall property in 1H FY2019 on pcp
- ◆ VIP growth from new and existing customers



THE STAR GOLD COAST 1H FY2019 MILESTONES



**DORSETT HOTEL AND RESIDENCES
GROUND BREAKING AUGUST 2018**



**MASTERPLAN APPROVAL
ANNOUNCEMENT NOVEMBER 2018**



**OASIS DOMESTIC PGR
OPENED DECEMBER 2018**



**HARVEST BUFFET
OPENED DECEMBER 2018**

EGM MARKET SHARE

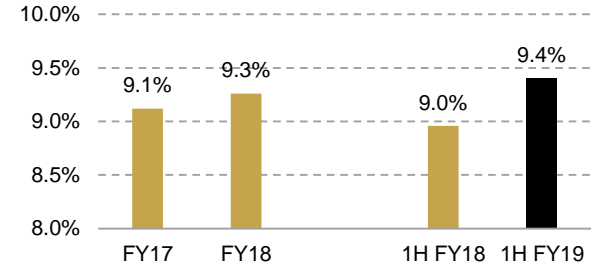
SYDNEY

- ◆ Continued execution focus delivers 9.9% revenue growth in 1H FY19 on pcp and record market share of 9.4%
- ◆ Solid NMR gains, particularly PGR through focus on high value guests (increased exclusive and high bet limit product, service levels)

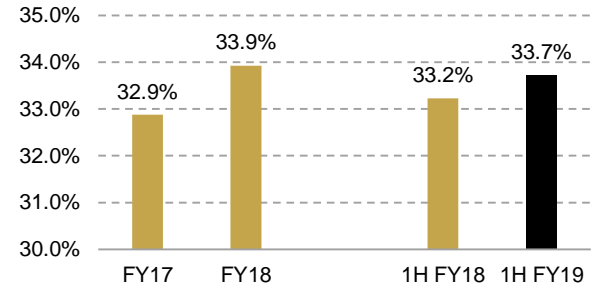
QUEENSLAND

- ◆ Combined South East Queensland market share increased
- ◆ Gold Coast market share increased 1H FY2019 on pcp
 - Solid NMR gains in PGR and MGF offset lower machine count from Oasis upgrade
 - Continued positive response to new facilities, service levels
- ◆ Brisbane market share increased 1H FY2019 on pcp
 - NMR gains in PGR and MGF
 - Continued operational improvements (incremental investments, service levels)

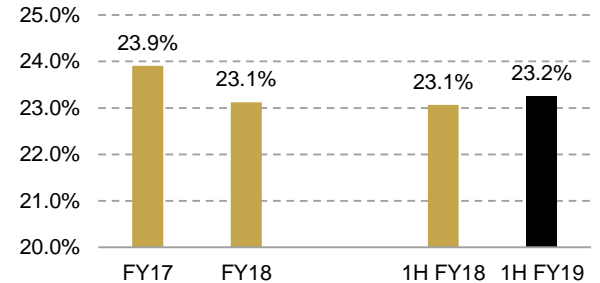
SYDNEY



GOLD COAST



BRISBANE



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

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.

INTERNATIONAL VIP REBATE

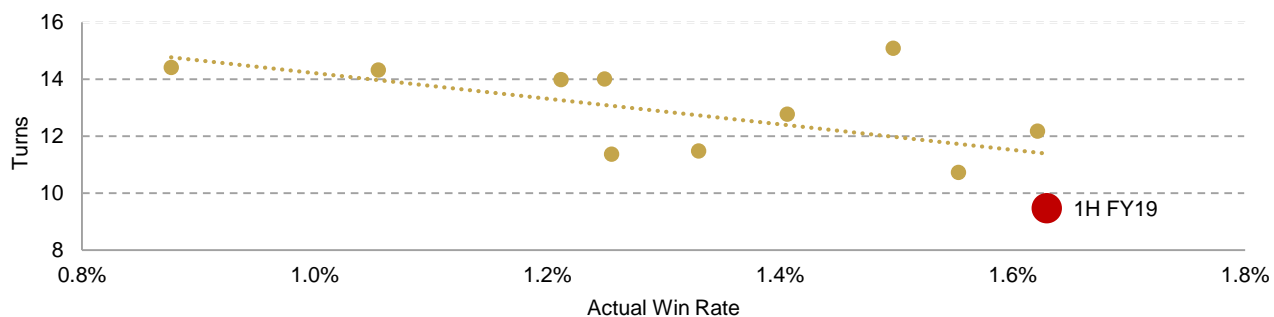
SOLID SALES PERFORMANCE

- ◆ Solid sales performance in slower market – unique customers up 10% on pcp
- ◆ \$2.1bn front money flat on pcp (1H FY2018 up 24.8%), \$20.7bn turnover down 33.0% on pcp (1H FY2018 up 47.6%)
- ◆ Strong Queensland performance – front money up 153.9% on pcp
- ◆ Sydney underperformed – front money down 20.0% on pcp

LOW TURN REDUCES NORMALISED RESULTS

- ◆ Normalised gross revenue of \$280.0m, down 33.0% vs pcp
- ◆ Inverse relationship between win rate and turns
 - 1.62% actual win rate – highest over last 5 years
 - 9.7x turn – lowest over last 5 years (13.0x average over FY2014-18)
- ◆ Adjusting 1H FY2019 turns to 11.5-13.0x implies additional \$60-100m normalised gross revenue

WIN RATE AND TURNS, 1H FY14 TO 1H FY19



MARGINS MAINTAINED

- ◆ Normalised EBITDA margins in line with long-term averages despite lower volumes
- ◆ 1H FY2019 normalised commissions of 0.74% of turnover (0.80% in pcp) including benefits from rate card adjustments

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INTERNATIONAL VIP REBATE

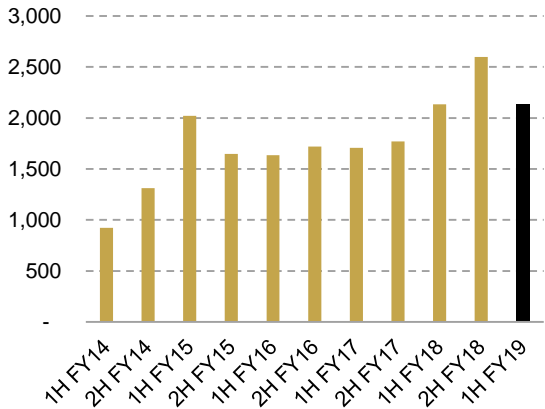
NORMALISATION OF COMMISSIONS

- ◆ From 1H FY2019 commissions normalised on revenue share deals
- ◆ Reflects increased share of turnover from revenue share deals – 40% in 1H FY2019, up from 26% in 1H FY2018 and 2% in 1H FY2014
- ◆ Normalising commissions on revenue share deals to 1.35% reduces commissions by \$16.8m in 1H FY2019 (\$9.3m reduction in 1H FY2018)
- ◆ Normalising commissions has low impact over time – equivalent profitability of turnover and revenue share programs

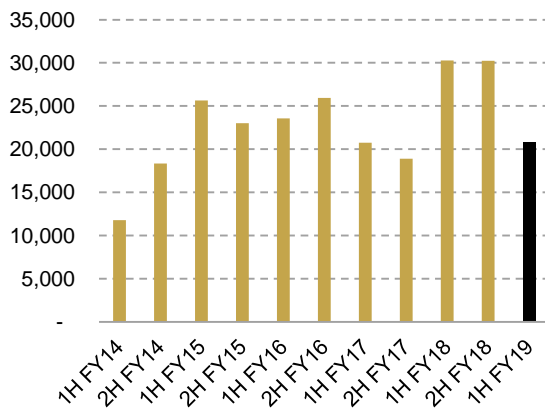
SOLID CREDIT PERFORMANCE

- ◆ Continuation of disciplined credit processes and collections
- ◆ Bad debts as percentage of net revenue consistent with FY2018
- ◆ Majority of 30 days to 1 year net receivables past due at December 2018 relate to small number of players

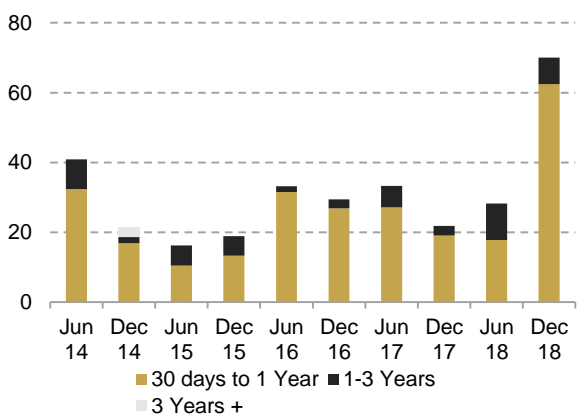
FRONT MONEY (\$M)



TURNOVER (\$M)



NET RECEIVABLES PAST DUE (\$M)



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 and commissions. Net trade receivables excludes debt not due (0-30 days).

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OVERVIEW

CAPITAL PROGRAMS ON TIME AND BUDGET

- ◆ \$166m 1H FY2019 capital expenditure (\$106m growth, \$60m maintenance) down \$116m on pcp
 - Growth largely Gold Coast (Oasis PGR) and Sydney (Sovereign Resorts)
 - Excludes \$41m JV contributions, largely Queen's Wharf Brisbane and first Gold Coast JV tower

BALANCE SHEET SUPPORTS GROWTH

- ◆ Conservative gearing to support investment plans
 - 1.3x Net Debt/ Statutory 12-month trailing EBITDA
 - At 31 December 2018, 4.3 years weighted average maturity available facilities of \$1.3bn

VIP WIN RATE IMPACTS CASH

- ◆ Strong cash generation of \$248m (net cashflow from operating activities) from domestic growth and high 1.62% actual win rate in VIP
- ◆ VIP net receivables down on pcp from good credit collection and lower volumes in December 2018 vs pcp

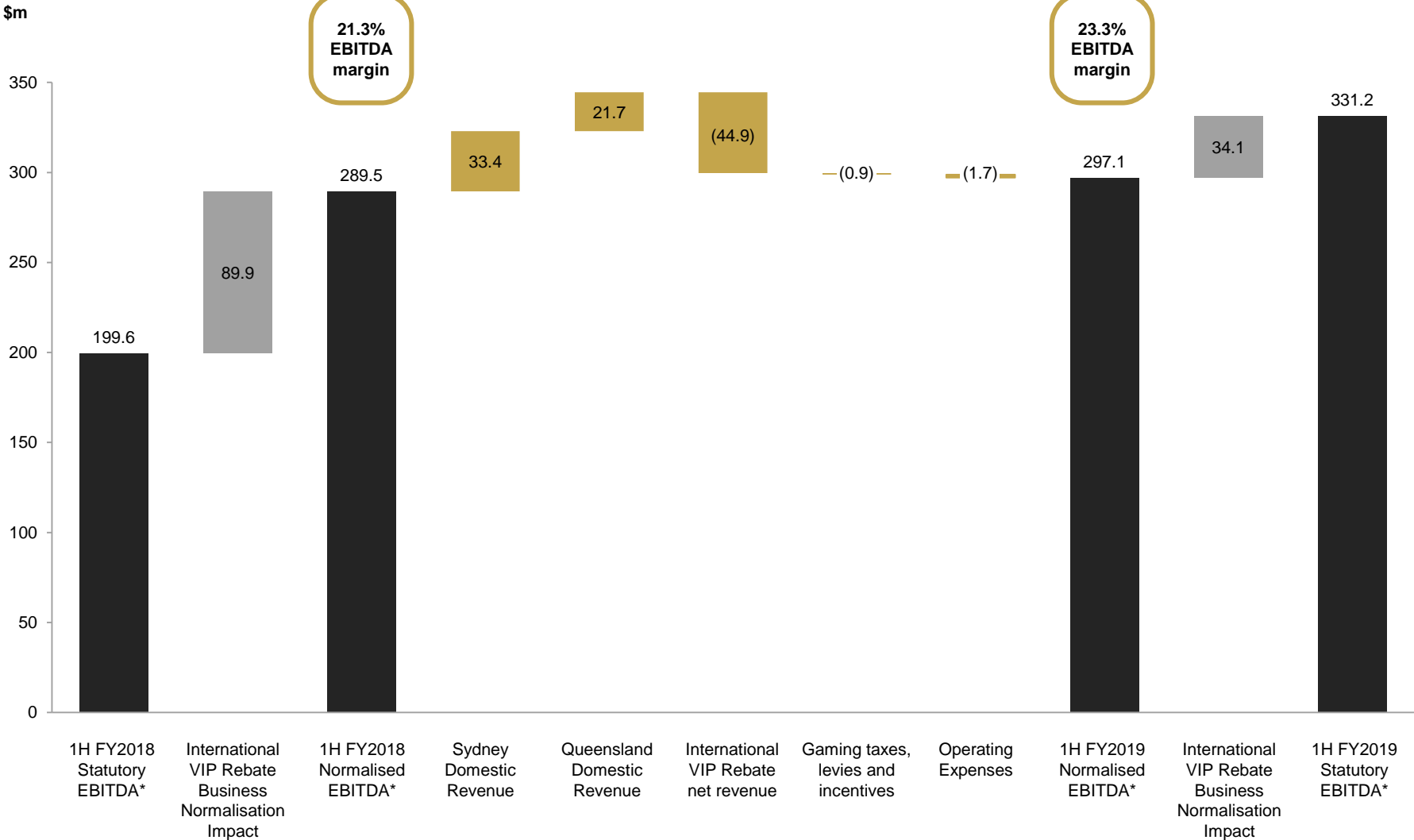
COSTS REFLECT VOLUMES AND ASSET GROWTH

- ◆ Operating costs up 0.3% on pcp
- ◆ Reflects solid domestic volumes growth, higher wages and higher interim service levels (new Gold Coast assets, Sydney Sovereign transition) offset by lower VIP volumes and cost management

FY2019 EXPECTATIONS UNCHANGED

- ◆ \$300-350m group capital expenditure with additional \$100-125m JV contributions
- ◆ \$200-210m D&A
- ◆ \$35-40m net funding costs

EBITDA BRIDGE



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 and commissions.

* Excluding equity accounted investments profits/ losses and significant items.

PROFIT AND LOSS

\$M	1H FY2019 STATUTORY		1H FY2019 NORMALISED	
		fav/(unfav) ¹		fav/(unfav) ¹
Domestic Gaming revenue	847.8	6.4%	847.8	6.4%
International VIP Rebate	336.6	2.5%	280.0	(33.0%)
Non-gaming and other revenue	149.3	2.8%	149.3	2.8%
Gross Revenue ²	1,333.7	5.0%	1,277.1	(6.1%)
Player rebates and commissions	(183.6)	31.8%	(166.8)	35.8%
Net Revenue ²	1,150.1	14.9%	1,110.3	0.9%
Gaming taxes and levies	(284.2)	(5.8%)	(278.5)	(0.3%)
Operating expenditure	(534.7)	(0.3%)	(534.7)	(0.3%)
EBITDA (before significant items) ⁴	331.2	65.9%	297.1	2.6%
D&A	(106.9)	(19.3%)	(106.9)	(19.3%)
EBIT (before significant items)	224.3	103.9%	190.2	(4.9%)
Share of net (loss)/profit of associate	0.5	50.0%	0.5	50.0%
Statutory EBIT (before significant items)	224.8	102.5%	190.7	(5.1%)
Net funding costs	(17.0)	5.0%	(17.0)	5.0%
Tax (before significant items) ⁵	(63.9)	(125.8%)	(49.9)	11.2%
NPAT (before significant items)	143.9	122.4%	123.8	(2.4%)
Significant items (after tax) ⁶	4.6	114.5%		
Statutory NPAT	148.5	351.4%		
Earnings per share (cents)	16.2	305.0%		
Total Dividends per share (cents)	10.5	40.0%		

- ◆ AASB 15 from 1 July 2018, restated comparables
- ◆ High actual 1.62% win rate drives difference between statutory and normalised results
- ◆ Reduction in player rebates and commissions reflects lower VIP turnover and rate card improvements
- ◆ Flat operating expenses reflects good leverage in the domestic business and reduced volumes in VIP
- ◆ Increased D&A from newly commissioned assets and \$9m accelerated depreciation
- ◆ Reduced funding costs reflects lower average drawn debt levels vs pcp
- ◆ Significant item from gain on disposal of land for Gold Coast JV tower offset by restructuring costs

Notes:

1 Restated comparables to reflect AASB 15.

2 Gross Revenue is shown as the net gaming win, but gross of rebates and commissions paid to players and third parties. Net Revenue is after player rebates and commissions following the adoption of AASB 15 from 1 July 2018. 1H FY2018 comparatives have also been restated. Complimentary revenue is included within domestic gaming revenue.

3 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 and commissions.

4 Statutory EBITDA of \$331.2m is before equity accounted investments and before significant items.

5 Tax before significant items is calculated for actual and normalised purposes based on the statutory effective tax rate paid in the period (1H FY2019 of 28.7%, 1H FY2018 of 30.9%).

6 1H FY2019 Significant Items include gain on disposal of land for first JV tower at The Star Gold Coast offset by restructuring costs. 1H FY2018 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. Refer to Note A4 of the Financial Report for a reconciliation of significant items.

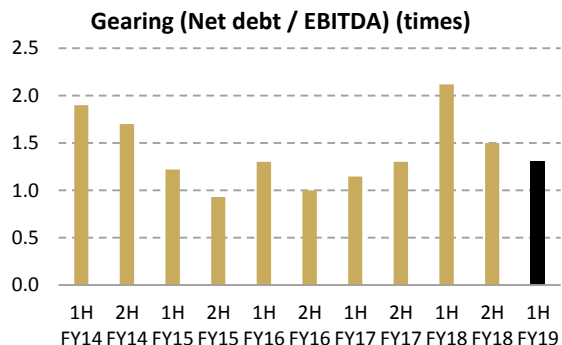
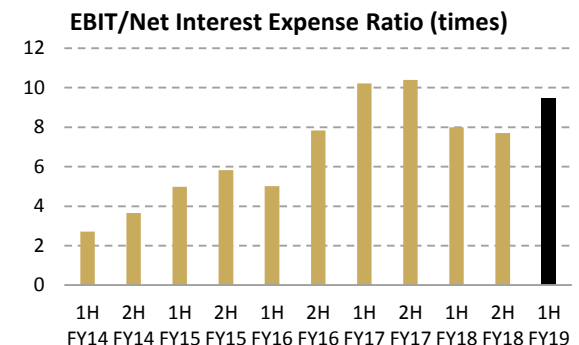
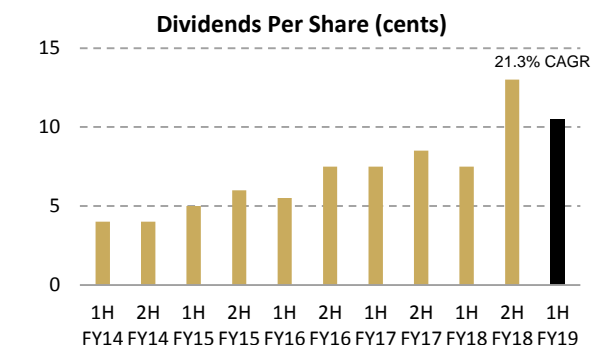
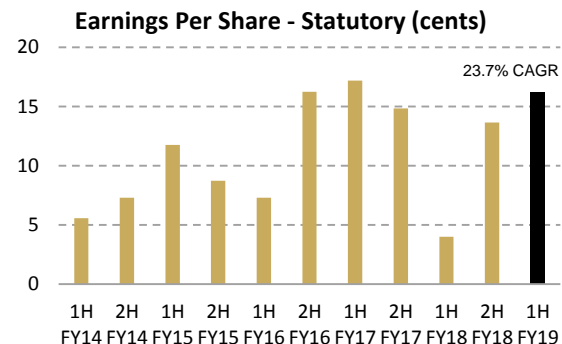
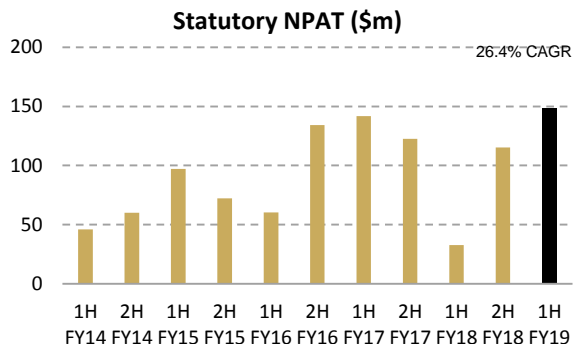
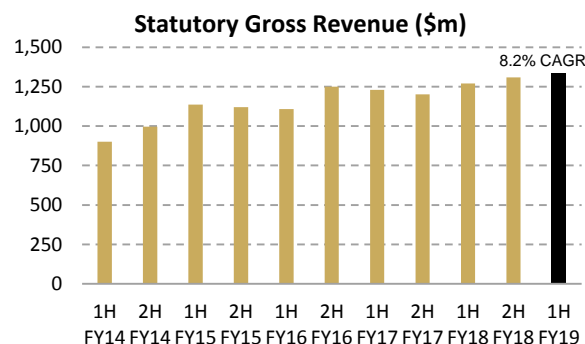
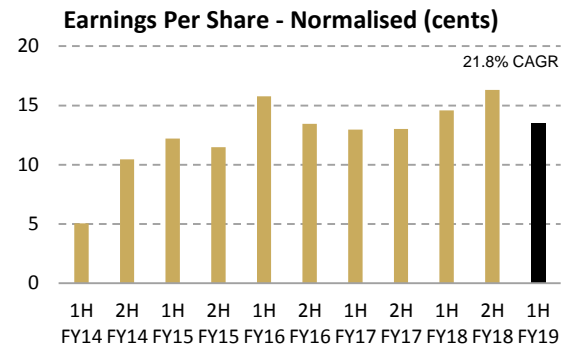
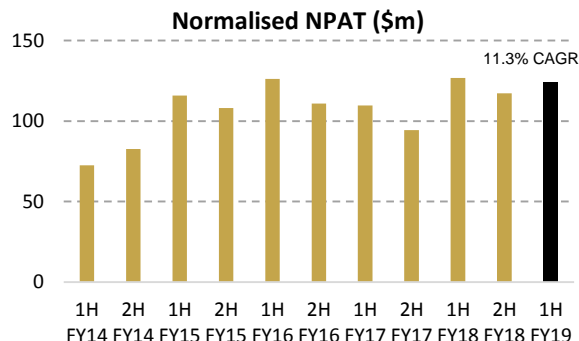
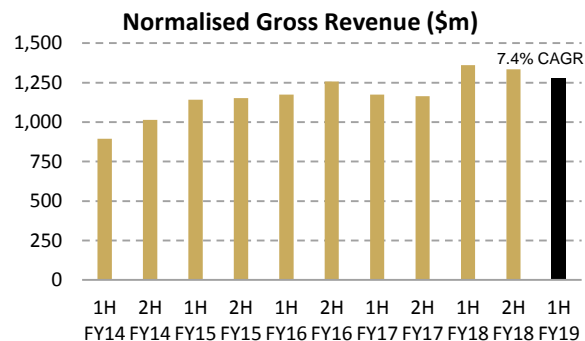
BALANCE SHEET

\$M	DEC 2018	JUN 2018	DEC 2017
ASSETS			
Current Assets			
Cash and cash equivalents	109.2	110.3	188.6
Trade and other receivables	173.0	221.5	258.3
Inventories	17.7	15.5	13.8
Income tax receivable	-	-	7.3
Derivative financial instruments	5.5	3.9	4.5
Other assets	48.8	44.8	60.2
Total current assets	354.2	396.0	532.7
Non current assets			
Property, plant and equipment	2,723.2	2,658.6	2,557.6
Intangible assets	1,857.8	1,858.7	1,848.5
Derivative financial instruments	75.5	57.4	42.6
Investment in associate and joint venture entities	321.5	288.9	246.4
Other assets	46.9	11.2	11.5
Total Non current assets	5,024.9	4,874.8	4,706.6
TOTAL ASSETS	5,379.1	5,270.8	5,239.3
LIABILITIES			
Current liabilities			
Trade and other payables	296.3	365.8	463.5
Interest bearing liabilities	16.6	133.8	30.5
Income tax payable	17.0	0.3	-
Provisions	66.3	64.5	65.9
Derivative financial instruments	4.1	4.2	5.2
Other liabilities	20.0	20.3	20.7
Total current liabilities	420.3	588.9	585.8
Non current liabilities			
Interest bearing liabilities	954.0	686.2	1,201.2
Deferred tax liabilities	180.0	175.9	178.1
Provisions	14.8	12.9	9.4
Derivative financial instruments	6.8	25.4	25.4
Other liabilities	7.3	-	-
Total non current liabilities	1,162.9	900.4	1,414.1
TOTAL LIABILITIES	1,583.2	1,489.3	1,999.9
NET ASSETS	3,795.9	3,781.5	3,239.4
EQUITY			
Share capital	3,063.0	3,070.2	2,580.5
Retained earnings	740.4	718.3	665.0
Reserves	(7.5)	(7.0)	(6.1)
TOTAL EQUITY	3,795.9	3,781.5	3,239.4

- ◆ Capital programs progressed
 - Increase in property, plant and equipment (mainly Gold Coast and Sydney)
 - Increase in investment in associate and joint venture entities (mainly Queen's Wharf Brisbane)
 - \$791m net debt, up \$113m vs 30 June 2018
- ◆ Trade and other receivables down on continued positive credit collection management and VIP volumes in December 2018 vs pcp
- ◆ Cash conversion of EBITDA of 86% (129% in 1H FY2018) impacted mostly by timing of working capital payments
- ◆ Movement in derivative financial instruments relate to hedged USPP debt

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

KEY METRICS



Note: EBIT/ Net Interest Expenses ratio and Gearing based on 12 month trailing statutory. 1H FY2019 Earnings Per Share (EPS) calculated on the basis of weighted average number of shares of 917m shares (1H FY18 826m shares, prior years 826m shares)

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

TRADING UPDATE AND PRIORITIES

TRENDS CONTINUE INTO 2H FY2019

- ◆ Positive domestic revenue growth trends continuing from 1H FY2019 into early 2H FY2019 across slots, tables and non-gaming
- ◆ VIP trends in early 2H FY2019 similar to 1H FY2019. Comparisons with pcp are difficult given relatively short time period and earlier timing of Lunar New Year in 2019

CY2019 FOCUSED ON EXECUTION

1

IMPROVE RETURNS ACROSS THE GROUP

2

DELIVER NEXT STAGE OF CAPITAL PLANS

3

**COMMERCIALISE EXPANDED CTF AND FEC
STRATEGIC PARTNERSHIP**

4

**FULLY IMPLEMENT OPERATING MODEL AROUND
CENTRES OF EXCELLENCE**

CENTRES OF EXCELLENCE TO OPTIMISE RETURNS

ORGANISE – AROUND CENTRES OF EXCELLENCE

- ◆ Created centres of excellence for core competencies
 - Gaming – led by Greg Hawkins, Chief Casino Officer
 - Marketing – led by George Hughes, Chief Marketing Officer
- ◆ Focused talent injection – industry leaders from local/ global gaming markets, and relevant industries
- ◆ Culmination of 12 month group wide project – whole of business approach, benchmarked to industry and relevant global comparators

RATIONALE – OPTIMISE RETURNS

- ◆ Strategy set – CY2019-CY2022 focused on executing growth projects
- ◆ Operating model enhanced for growth and returns on larger business
 - Leverage existing capabilities, invest in specialist areas
 - Drive revenue growth above system – customer acquisition and yield
 - Capture productivity improvements – improved processes over larger business
- ◆ Enhancements improve decision-making and category leadership
 - Specialist expertise – statistical gaming insights, customer insights, marketing investment mix, marketing performance measurement
 - Enabled by improved data capture, management and analysis
 - Shared group-wide learnings, property specific execution

POSITIVE EARLY SIGNS

- ◆ Positive early signs – enhancements supported above system domestic growth in 1H FY2019 on pcp

Refer to Note A4 of the Financial Report for a reconciliation of significant items.

SYDNEY

SOVEREIGN UPGRADE UNDERWAY

- ◆ Upgraded and expanded Sovereign Resort progressing in line with management plans
- ◆ Completion expected mid CY2020

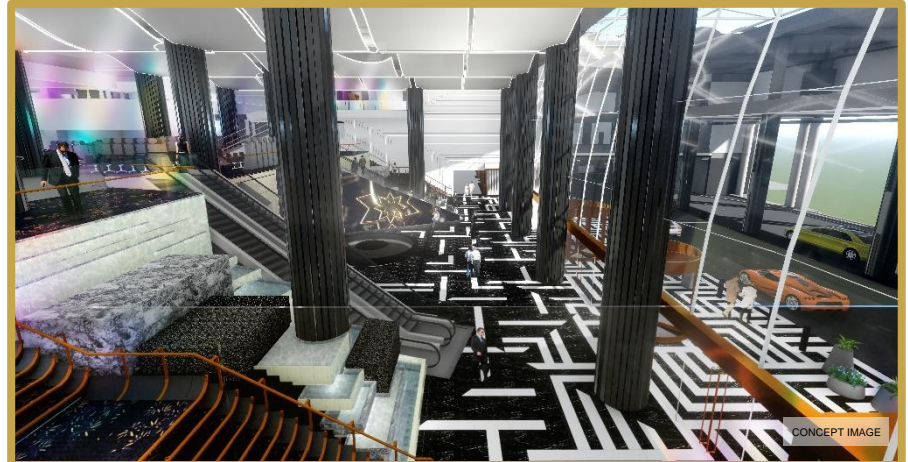
CAPITAL PROGRAM PROGRESSING TO PLAN

- ◆ All major capital works projects progressing to plan
 - Porte cochere – 3Q FY2019
 - Main entry foyer upgrade, new main gaming floor bar – 4Q FY2019
- ◆ The Ritz-Carlton JV tower (SGR 1/3 share) approval process continues
- ◆ Capital works funded by partner contributions, existing and new debt facilities, and free cash flow generation

KEY COMPLETION DATES*

4Q FY2019	◆ Main entry foyer upgrade ◆ New main gaming floor Bar
FY2020	◆ Sovereign Resorts expansion ◆ Major Services Infrastructure works
FY2021	◆ The Darling hotel refresh

* Subject to planning and other approvals



GRAND FOYER AND
MAIN GAMING FLOOR ENTRANCE



MAIN GAMING FLOOR
BAR AREA

GOLD COAST

FIRST JV TOWER UNDERWAY

- ◆ Construction of first JV tower (>700 keys, doubles property capacity) underway
- ◆ Lower estimated development cost of ~\$370m vs ~\$400m previously. ~\$30m equity requirement for 1/3 SGR share (before apartment sale proceeds)
- ◆ FY2022 expected completion

CAPITAL EFFICIENT MULTI-YEAR GROWTH

- ◆ Masterplan announced November 2018 with all Government approvals received
 - Up to 5 mixed-use JV towers – staged approach
 - Execution subject to satisfactory risk-adjusted returns, market conditions (including presales), regulatory conditions, Board and other approvals
 - The Star only (excluding JV) capex largely completed
- ◆ Capital works funded by partner contributions, existing and new debt facilities, and free cash flow generation

KEY DATES*

2H FY2019	◆ Construction of first JV tower, retail and associated facilities continues
FY2022	◆ Complete first JV tower, retail and associated facilities

* Subject to planning and other approvals



DORSETT HOTEL AND RESIDENCES
(JOINT VENTURE TOWER 1)



DORSETT HOTEL AND RESIDENCES
CONSTRUCTION UNDERWAY

QUEEN'S WHARF BRISBANE

WORKS PROGRESSING TO PLAN

- ◆ Excavation work commenced 3Q FY2018
 - Expected completion 2H CY2019 in line with project timetable
- ◆ Shell, core and façade tender underway
 - Lump sum terms
 - Expected 4Q FY2019
 - Results in ~60% of project costs under contract
- ◆ Funding from partner contributions, existing and new debt facilities, and free cash flow generation

KEY DATES*

2Q CY2019	◆ Commence foundations
3Q CY2019	◆ Complete excavation ◆ Commence basement
CY2020	◆ Construction progresses above ground
CY2021	◆ Commence internal fit out of Integrated Resort
Late CY2022	◆ Integrated Resort opening commences
CY2024	◆ Expected opening of repurposed Treasury Building

* Subject to planning and other approvals



AUGUST 2018



FEBRUARY 2019

QUEEN'S WHARF BRISBANE



**QUEEN'S WHARF BRISBANE
ROSEWOOD AND DORSETT HOTEL TOWER**



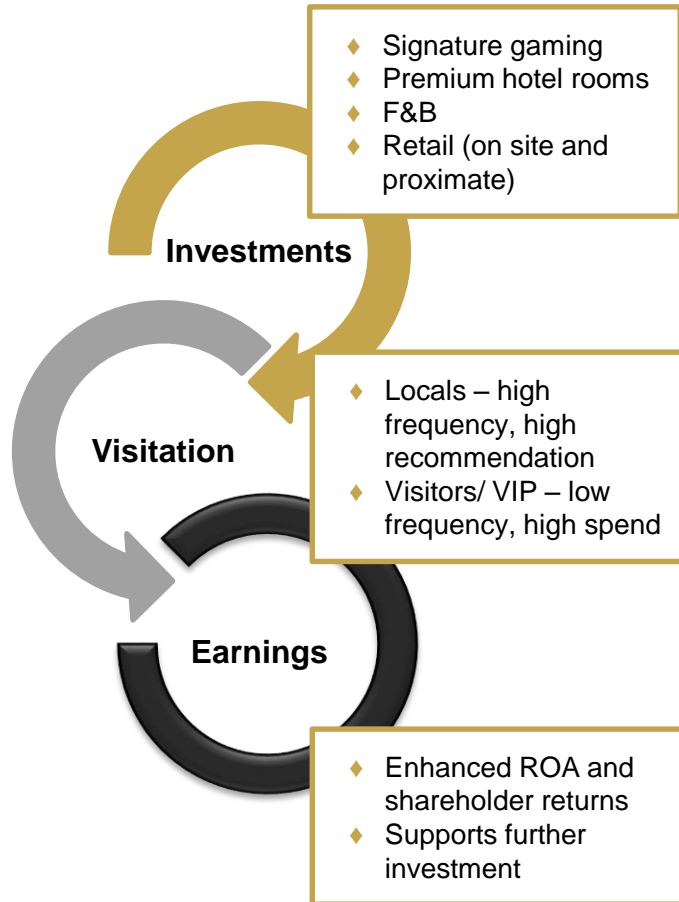
**QUEEN'S WHARF BRISBANE
BRISBANE STEPS PLAZA**



**QUEEN'S WHARF BRISBANE
INTEGRATED RESORT GEORGE STREET ENTRANCE**

RECAP: DELIVERING ON OUR STRATEGY

OUR STRATEGY



OUR DELIVERY

- 1 Continued above system growth in domestic gaming**
 - ◆ Slots market share gains at all properties
 - ◆ Solid tables growth
- 2 New assets performing well**
 - ◆ Gold Coast investments
 - ◆ Sydney domestic investments
- 3 Effective capital project management**
 - ◆ Sydney Sovereign 1.5 transition
 - ◆ Gold Coast investments
 - ◆ Queen's Wharf Brisbane
- 4 Focused on shareholder returns**
 - ◆ Strategic positioning – privileged assets and partnerships
 - ◆ Operational leadership – centres of excellence
 - ◆ Continuous cost management
 - ◆ Increased dividends

THE STAR ENTERTAINMENT GROUP

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APPENDIX

STATUTORY RESULTS

\$M	SYDNEY				QUEENSLAND				TOTAL			
	1H FY2019	1H FY2018	fav/(unfav)	fav/(unfav)	1H FY2019	1H FY2018	fav/(unfav)	fav/(unfav)	1H FY2019	1H FY2018	fav/(unfav)	fav/(unfav)
Slots	180.5	164.3	16.2	9.9%	169.7	164.9	4.8	2.9%	350.2	329.3	20.9	6.3%
Domestic Tables	359.7	342.9	16.8	4.9%	137.9	124.7	13.2	10.6%	497.6	467.5	30.1	6.4%
Non-gaming	79.2	80.6	(1.4)	(1.7%)	64.1	60.6	3.5	5.8%	143.3	141.2	2.1	1.5%
Total Domestic	619.4	587.8	31.6	5.4%	371.7	350.2	21.5	6.1%	991.1	938.0	53.1	5.7%
International VIP Rebate	179.2	275.9	(96.7)	(35.0%)	157.4	52.6	104.8	199.2%	336.6	328.5	8.1	2.5%
Other revenue	3.9	2.1	1.8	85.7%	2.1	1.9	0.2	10.5%	6.0	4.0	2.0	50.0%
Total Gross Revenue	802.5	865.8	(63.3)	(7.3%)	531.2	404.7	126.5	31.3%	1,333.7	1,270.5	63.2	5.0%
Player rebates and commissions	(125.0)	(239.1)	114.1	47.7%	(58.6)	(30.2)	(28.4)	(94.0%)	(183.6)	(269.3)	85.7	31.8%
Net Revenue	677.5	626.7	50.8	8.1%	472.6	374.5	98.1	26.2%	1,150.1	1,001.2	148.9	14.9%
Gaming taxes and levies	(185.5)	(184.9)	(0.6)	(0.3%)	(98.7)	(83.7)	(15.0)	(17.9%)	(284.2)	(268.6)	(15.6)	(5.8%)
Operating expenses	(321.1)	(334.3)	13.2	3.9%	(213.6)	(198.7)	(14.9)	(7.5%)	(534.7)	(533.0)	(1.7)	(0.3%)
EBITDA (before significant items)	170.9	107.5	63.4	59.0%	160.3	92.1	68.2	74.0%	331.2	199.6	131.6	65.9%
D&A	(65.8)	(55.1)	(10.7)	(19.4%)	(41.1)	(34.5)	(6.6)	(19.1%)	(106.9)	(89.6)	(17.3)	(19.3%)
EBIT (before significant items)	105.1	52.4	52.7	100.6%	119.2	57.6	61.6	106.9%	224.3	110.0	114.3	103.9%
Share of net profit of associate									0.5	1.0	(0.5)	(50.0%)
Significant items									0.5	(45.5)	46.0	101.1%
Statutory EBIT	105.1	52.4	52.7	100.6%	119.2	57.6	61.6	106.9%	225.3	65.5	159.8	244.0%
Net funding costs									(17.0)	(17.9)	0.9	5.0%
Tax									(59.8)	(14.7)	(45.1)	(306.8%)
Statutory NPAT									148.5	32.9	115.6	351.4%
EBITDA/Revenue %	21.3%	12.4%	8.9%		30.2%	22.7%	7.4%		24.8%	15.7%	9.1%	
International VIP Rebate Front Money \$m	1,509.3	1,887.0	(377.7)	(20.0%)	622.0	245.0	377.0	153.9%	2,131.3	2,132.0	(0.7)	(0.0%)
International VIP Rebate Turnover \$m	13,958.8	27,293.1	(13,334.3)	(49.0%)	6,789.8	3,624.9	3,164.9	87.5%	20,748.6	30,918.0	(10,169.4)	(33.0%)
International VIP Rebate Win rate	1.28%	1.01%	0.27%		2.32%	1.45%	0.87%		1.62%	1.06%	0.56%	

Net Revenue is after player rebates and commissions following the adoption of AASB 15 from 1 July 2018. 1H FY2018 comparatives have also been restated. Complimentary revenue is included within domestic gaming revenue. International VIP Rebate includes international Premium Mass.

APPENDIX

NORMALISED RESULTS

\$M	SYDNEY				QUEENSLAND				TOTAL			
	1H FY2019	1H FY2018	fav/(unfav)	fav/(unfav)	1H FY2019	1H FY2018	fav/(unfav)	fav/(unfav)	1H FY2019	1H FY2018	fav/(unfav)	fav/(unfav)
Slots	180.5	164.3	16.2	9.9%	169.7	164.9	4.8	2.9%	350.2	329.3	20.9	6.3%
Domestic Tables	359.7	342.9	16.8	4.9%	137.9	124.7	13.2	10.6%	497.6	467.5	30.1	6.4%
Non-gaming	79.2	80.6	(1.4)	(1.7%)	64.1	60.6	3.5	5.8%	143.3	141.2	2.1	1.5%
Total Domestic	619.4	587.8	31.6	5.4%	371.7	350.2	21.5	6.1%	991.1	938.0	53.1	5.7%
International VIP Rebate	188.3	369.2	(180.9)	(49.0%)	91.7	48.9	42.8	87.5%	280.0	418.1	(138.1)	(33.0%)
Other Revenue	3.9	2.1	1.8	85.7%	2.1	1.9	0.2	10.5%	6.0	4.0	2.0	50.0%
Total Gross Revenue	811.6	959.1	(147.5)	(15.4%)	465.5	401.0	64.5	16.1%	1,277.1	1,360.1	(83.0)	(6.1%)
Player rebates and commissions	(113.8)	(227.6)	113.8	50.0%	(53.0)	(32.4)	(20.6)	(63.6%)	(166.8)	(260.0)	93.2	35.8%
Net Revenue	697.8	731.5	(33.7)	(4.6%)	412.5	368.6	43.9	11.9%	1,110.3	1,100.1	10.2	0.9%
Gaming taxes and levies	(186.4)	(194.2)	7.8	4.0%	(92.1)	(83.4)	(8.7)	(10.4%)	(278.5)	(277.6)	(0.9)	(0.3%)
Operating expenses	(321.1)	(334.3)	13.2	3.9%	(213.6)	(198.7)	(14.9)	(7.5%)	(534.7)	(533.0)	(1.7)	(0.3%)
Normalised EBITDA	190.3	203.0	(12.7)	(6.3%)	106.8	86.5	20.3	23.5%	297.1	289.5	7.6	2.6%
D&A	(65.8)	(55.1)	(10.7)	(19.4%)	(41.1)	(34.5)	(6.6)	(19.1%)	(106.9)	(89.6)	(17.3)	(19.3%)
Normalised EBIT	124.5	147.9	(23.4)	(15.8%)	65.7	52.0	13.7	26.3%	190.2	199.9	(9.7)	(4.9%)
Share of net profit of associate									0.5	1.0	(0.5)	50.0%
Normalised EBIT after share of net profit of associate									190.7	200.9	(10.2)	(5.1%)
Net funding costs									(17.0)	(17.9)	0.9	5.0%
Tax									(49.9)	(56.2)	6.3	11.2%
Normalised NPAT									123.8	126.8	(3.0)	(2.4%)
EBITDA/Revenue %	23.4%	21.2%	2.3%		23.0%	21.6%	1.4%		23.3%	21.3%	2.0%	
International VIP Rebate Front Money \$m	1,509.3	1,887.0	(377.7)	(20.0%)	622.0	245.0	377.0	153.9%	2,131.3	2,132.0	(0.7)	(0.0%)
International VIP Rebate Turnover \$m	13,958.8	27,293.1	(13,334.3)	(49.0%)	6,789.8	3,624.9	3,164.9	87.5%	20,748.6	30,918.0	(10,169.4)	(33.0%)
International VIP Rebate Win rate	1.35%	1.35%			1.35%	1.35%			1.35%	1.35%		

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 and commissions. Normalised results excludes significant items. Refer to Note A4 of the Financial Report for a reconciliation of significant items.

Net Revenue is after player rebates and commissions following the adoption of AASB 15 from 1 July 2018. 1H FY2018 comparatives have also been restated. Complimentary revenue is included within domestic gaming revenue. International VIP Rebate includes international Premium Mass.

APPENDIX

OPERATIONAL METRICS

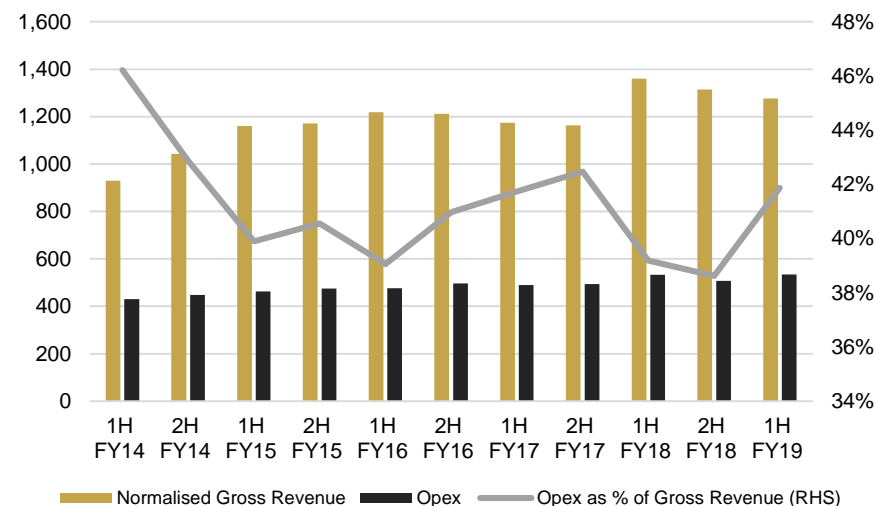
KEY METRICS

OPERATIONAL METRICS	SYDNEY		QUEENSLAND	
	1H FY2019	1H FY2018	1H FY2019	1H FY2018
Slots				
Revenue (\$m)	180	164	170	165
NMR/machine/day	659	599	303	284
MTGMs				
Revenue (\$m)	52	52	21	19
NMR/machine/day	494	448	309	307
Domestic Tables (excl. MTGMs)				
Revenue (\$m)	307	292	117	105
Hold %	19%	18%	19%	19%
VIP Rebate (Actual)				
Front Money (\$m)	1,509	1,887	622	245
Turnover (\$m)	13,959	27,293	6,790	3,625
Turns	9.2	14.5	10.9	14.8
Win Rate	1.28%	1.01%	2.32%	1.45%
Hotels				
Occupancy	94%	95%	81%	87%
Cash Revenue (\$m)	16	16	16	16
Average Cash Rate	337	344	249	238
Restaurants				
Cash Revenue (\$m)	24	24	24	22
Gross Revenue (\$m)	36	36	36	34
Bars				
Cash Revenue (\$m)	22	25	14	13
Gross Revenue (\$m)	53	52	32	27
Statutory EBITDA/Revenue %	21.3%	12.4%	30.2%	22.7%
Normalised EBITDA/Revenue %	23.4%	21.2%	23.0%	21.6%
Employee Costs/Statutory Revenue %	22.1%	20.4%	21.7%	27.3%

OPERATING EFFICIENCY

- ◆ Group operating costs have grown from \$430m in 1H FY2014 to \$535m in 1H FY2019 (4.5% CAGR), whilst normalised gross revenue has grown from \$0.9bn to \$1.3bn over the same period (6.5% CAGR)
- ◆ Operating costs as share of normalised gross revenue has declined from 46% to 42% over 1H FY2014 to 1H FY2019
- ◆ Operating costs increased 0.3% in 1H FY2019 on pcp. Operating costs as a percentage of Gross Revenue increased in 1H FY2019 on pcp due to increased domestic contribution

NORMALISED GROSS REVENUE AND OPERATING COST



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 and commissions.

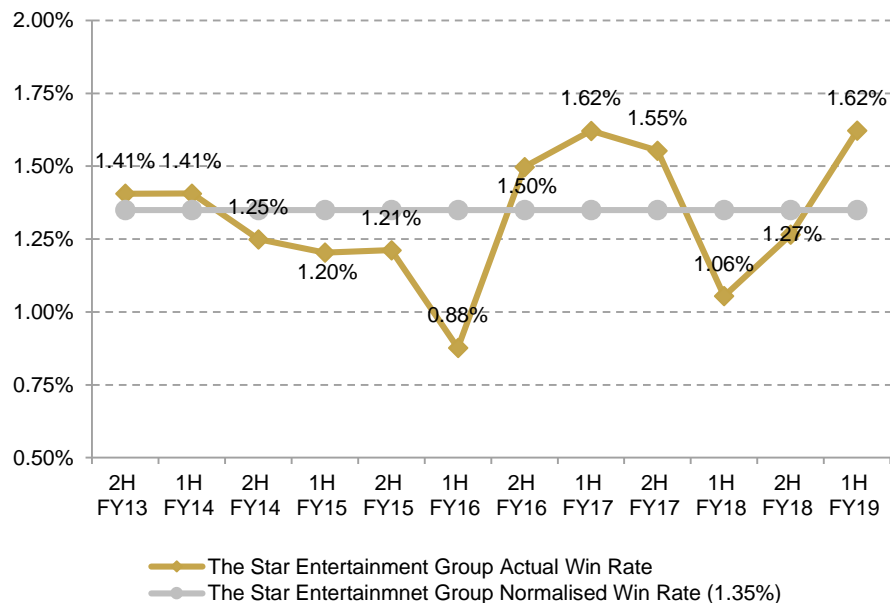
APPENDIX

INTERNATIONAL VIP REBATE 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 FY2019 actual win rate of 1.62% includes Premium Mass (1.63% excluding Premium Mass)

HISTORICAL ACTUAL WIN RATE (%)



RECONCILIATION WITH ACTUAL

1H FY2019 RESULTS COMPARISON (\$M)	1H FY2019	REVENUE NORMALISATION	REVENUE SHARE COMMISSION NORMALISATION	1H FY2019 NORM @1.35%
Total Domestic	991.1	-	-	991.1
International VIP Rebate (Gross)	336.6	(56.6)	-	280.0
Other revenue	6.0	-	-	6.0
Total Gross Revenue	1,333.7	(56.6)	-	1,277.1
Player rebates and commissions	(183.6)	-	16.8	(166.8)
Net Revenue	1,150.1	(56.6)	16.8	1,110.3
Gaming taxes and levies	(284.2)	5.7	-	(278.5)
Operating expenses	(534.7)	-	-	(534.7)
EBITDA (before significant items)	331.2	(50.9)	16.8	297.1
D&A	(106.9)	-	-	(106.9)
EBIT (before significant items)	224.3	(50.9)	16.8	190.2

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 and commissions. Normalised results excludes significant items. Refer to Note A4 of the Financial Report for a reconciliation of significant items.

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APPENDIX

INTERNATIONAL VIP REBATE NORMALISATION

ADJUSTED HISTORICAL NORMALISED REVENUE AND EBITDA

	1H FY17	2H FY17	1H FY18	2H FY18	1H FY19
International VIP Rebate Front Money (\$bn)	1.7	1.8	2.1	2.6	2.1
International VIP Rebate Turns (x)	12.3	11.0	14.5	11.6	9.7
International VIP Rebate Turnover (\$bn)	20.9	19.4	30.9	30.3	20.7
International VIP Rebate Win Rate (%)	1.62%	1.54%	1.06%	1.27%	1.62%
Group Normalised					
Revenue	1,173.9	1,163.5	1,360.1	1,314.0	1,277.1
EBITDA - Commissions not normalised	250.6	264.5	280.5	307.9	280.2
Normalising VIP Rebate commissions	3.8	(18.7)	9.3	(29.1)	16.8
EBITDA - Commissions normalised	254.4	245.9	289.5	278.7	297.1

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 and commissions.

APPENDIX

INTERNATIONAL VIP REBATE RECEIVABLES

INTERNATIONAL VIP REBATE BUSINESS RECEIVABLES (BEFORE PROVISIONS)	0 - 30 DAYS	30 DAYS - 1 YEAR	1 - 3 YEARS	3 YEARS +	TOTAL
December 2018 (\$m)					
Not yet due	53.2	-	-	-	53.2
Past due not impaired	6.2	62.4	7.6	-	76.2
Considered impaired	1.4	8.2	7.1	-	16.7
Total	60.8	70.6	14.7		146.1
June 2018 (\$m)					
Not yet due	145.1	-	-	-	145.1
Past due not impaired	0.5	17.8	10.4	-	28.7
Considered impaired	1.0	0.6	14.4	-	16.0
Total	146.6	18.4	24.8	-	189.8
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

- ◆ 31 December 2018 past due not impaired receivables down on pcp due to good credit collection and lower volumes in December 2018 vs pcp

Excludes non-gaming debtors

APPENDIX

CASH CONVERSION

CATEGORY \$M	Dec-18	Dec-17
Cash flows from operating activities before interest and income tax		
Net cash receipts from customers (inclusive of GST)	1,153.0	1,027.2
Payments to suppliers and employees (inclusive of GST)	(600.0)	(539.1)
Payment of government levies, gaming taxes and GST	(268.8)	(232.4)
Net cash inflows from operating activities before interest and income tax	284.2	255.7
Profit before net finance costs and income tax*	225.3	108.5
Add back depreciation and amortization	106.9	89.6
EBITDA*	332.2	198.1
Cash conversion	86%	129%

* Including share of net profit of associate and significant items

APPENDIX

JOINT VENTURE PROJECTS

PROJECTS

Queen's Wharf Brisbane



- ◆ New integrated resort
- ◆ Targeting ~\$2.4 bn total project cost*
- ◆ Construction underway
- ◆ Opening commences late CY2022

Gold Coast – Dorsett Hotel and Residences



- ◆ First joint venture mixed use tower**
- ◆ ~\$370m project cost (lump sum contract in place)
- ◆ Construction underway
- ◆ Completion expected late FY2022

Sydney – The Ritz-Carlton Hotel and Residences



- ◆ The Ritz-Carlton Tower
- ◆ In planning***
- ◆ Indicative ~\$500m project costs

SGR SHARE

- ◆ 50% equity share
- ◆ SGR receives ~60% of property EBITDA (inclusive of operator fee)
- ◆ 33% equity share
- ◆ 33% equity share

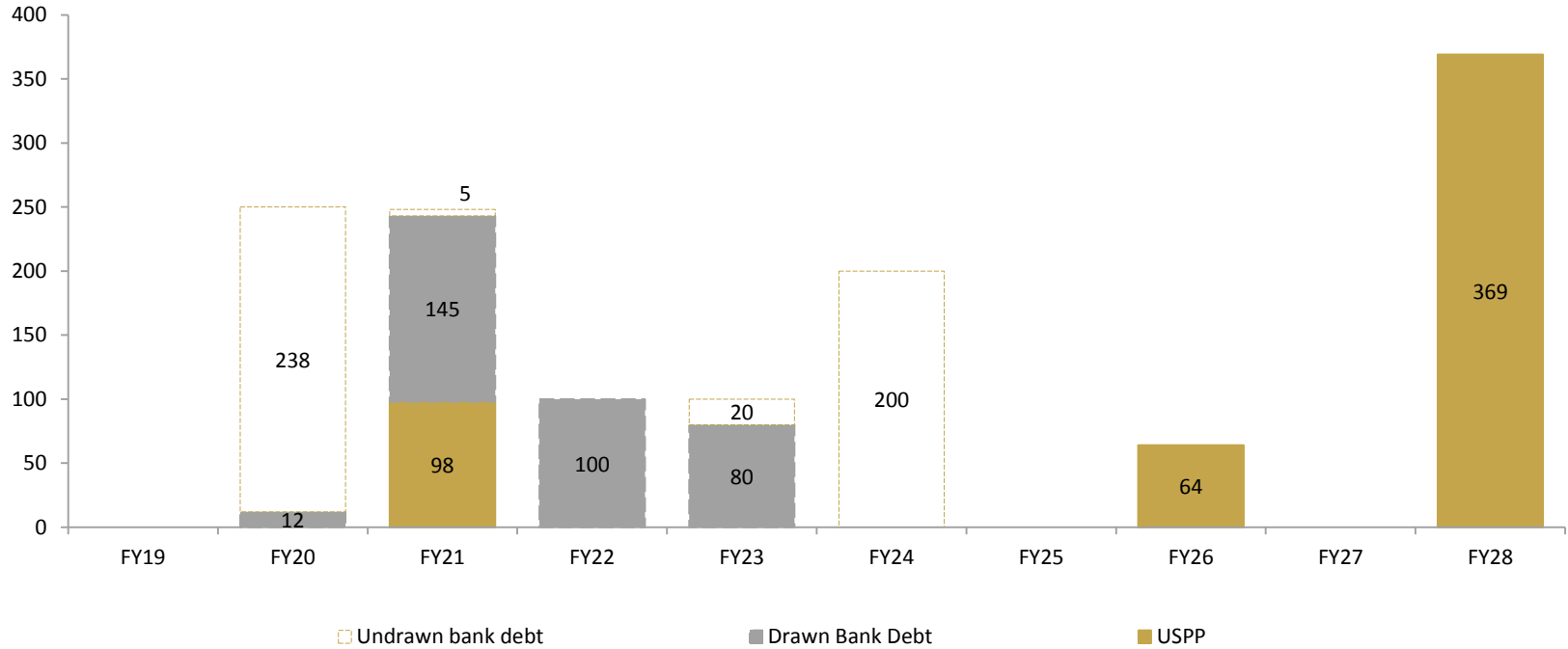
* Excludes Queensland Government payments and Treasury Brisbane repurposing costs

** Masterplan for up to four additional towers, subject to market and regulatory conditions and all approvals

*** Subject to market and regulatory conditions and all approvals

APPENDIX FUNDING

DEBT MATURITY PROFILE AS AT 31 DECEMBER 2018



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
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/ normalisation	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 and commissions
pcp	Prior comparable period
PGR	Private gaming room
Premium Mass	International loyalty program business (non-commission)
Significant items	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
VIP	International VIP Rebate business



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