

SKYCITY Entertainment Group Limited

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

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Client Market Services
NZX Limited
Level 1, NZX Centre
11 Cable Street
WELLINGTON

Copy to:

ASX Market Announcements
Australian Stock Exchange
Exchange Centre
Level 6
20 Bridge Street
Sydney NSW 2000
AUSTRALIA

Dear Sir/Madam

**RE: SKYCITY ENTERTAINMENT GROUP LIMITED (SKC)
ANNUAL MEETING OF SHAREHOLDERS**

Please find **attached** the following prepared announcements that will be delivered at the company's annual meeting of shareholders to be held at 10.00am (NZ time) in Auckland today:

- (a) Chairman's Address; and
- (b) Interim Chief Executive Officer's Address.

Copies of these announcements will be available from SKYCITY's website later today.

A video presentation showcasing the company's highlights from its properties across Australia and New Zealand throughout the year will also be played at the annual meeting and can be viewed on SKYCITY's website at www.skycityentertainmentgroup.com/investor-centre/financial-information/reports-presentations/2016.

Yours faithfully



Jo Wong
Company Secretary

Chairman's Address: Chris Moller

Introduction

We will now move to my Chairman's Address for 2016.

Results

I am pleased to report that SKYCITY continued to build on its record results from last year by posting a number of new records in 2016.

This is the culmination of 6 years of solid investment, with those investments continuing to deliver positive returns across the Group.

SKYCITY achieved record normalised revenue and earnings for the Group for the full year.

Normalised net profit after tax was \$153m, up 14% on the previous year.

SKYCITY Auckland, which this year celebrated its 20th birthday, continued to deliver record results, with capital investments over the past few years continuing to drive visitation and increased spend at the property.

Strong growth has been achieved across all business activities, including the award-winning Federal Street dining precinct and through both hotels continuing to outperform local competitors in terms of occupancy and average room rates.

Gaming has also continued to perform well both in the local market and through our International Business offering.

The activation of the new gaming concessions and extension of our main gaming floor has been a welcome addition, allowing us to better cope with high demand during peak periods.

Our investment in our Auckland property has continued, with the completion of a major refurbishment of the main atrium, the opening of Andy's Burgers and Bar and a new world-class Cantonese restaurant scheduled to open in 2017.

With a robust New Zealand economy further driven by increased construction activity across the Auckland region and favourable macro-economic conditions, it is pleasing to note that all of our New Zealand properties have performed well.

Hamilton and Queenstown both achieved record earnings, with the momentum shown in the previous financial year continuing at those two locations.

SKYCITY Hamilton's opening of its new City Co-Op food and beverage hub, solid gaming revenue growth, favourable local economic conditions and cost savings have all contributed to this record result.

SKYCITY Queenstown and the SKYCITY Wharf Casino also delivered record results, with improved local gaming revenue and a number of cost savings leading to increased margins.

Moving to Australia, it was pleasing to see an improved performance by the Adelaide Casino aided by an increase in International Business activity and an improved performance across the food and beverage outlets, including its two high-performing signature restaurants, Madame Hanoi by Nick Watt of Masu fame and Sean's Kitchen by Sean Connolly, who is the inspiration behind The Grill and Gusto here in Auckland.

The focus for Adelaide is now on growing local gaming revenues in what is currently a soft market, reflecting the subdued economic environment in South Australia.

SKYCITY Darwin's result for the year was disappointing, with the property adversely impacted by challenging trading conditions in the Northern Territory.

Weaker hotel demand, reduced food and beverage coverage and increased competition from local pubs and clubs, have all contributed to Darwin's disappointing performance.

However, SKYCITY remains confident with the medium term outlook for Darwin given the business' strong local position, as well as the potential for growth in the property's International Business offering, given its excellent location being in such close proximity to Asia.

Once again, SKYCITY's International Business continued to deliver record activity with Group wide turnover up 33% to \$12.4b.

However shareholders are likely to be aware of the problems now faced by Crown in China.

That said, there is very little information that we can provide to you.

The only information we have is from the media reports and indeed Crown at its Annual Meeting in Perth yesterday provided virtually no information on this matter.

The Interim Chief Executive will deal with this matter in his address.

Dividends and Capital Raising

As a consequence of the Group's record results, this year's final dividend was 10.5 cents per share, an increase on last year.

Combining the final and interim dividends, investors have received a total dividend of 21 cents per share or over \$130m.

Based on the current share price of \$4.30, this represents a cash yield of 4.9%.

In May and June of this year, SKYCITY was successful in raising \$263m of new equity, which involved a 1 for 10 entitlement offer of ordinary shares to our existing shareholders.

Under the offer 80% of shareholders subscribed for additional shares in the Company, which is a truly excellent result.

This provides SKYCITY with sufficient headroom to fund the Company's major growth projects, maintain our BBB- credit rating and to continue to invest prudently in the business.

Accordingly the Board and Management sincerely thank shareholders for their confidence and support.

Key Project Update

The Board is pleased to report that significant progress has been made on the New Zealand International Convention Centre and the Hobson Street Hotel projects over the past year, with Prime Minister, John Key, turning the first sod in February.

We are also pleased to note that we are making progress on the Adelaide Casino expansion and new hotel development, signing an early works agreement with the South Australian Government in May.

This project, which will be showcased shortly, along with the NZICC and the Hobson Street hotel developments, as part of the virtual tour, will fundamentally transform Adelaide's Riverbank precinct into a true entertainment zone, helping to drive increased local visitation and boasting luxurious VIP facilities along with outstanding accommodation and dining experiences to attract visitors to Adelaide.

Corporate Social Responsibility

Notwithstanding all of these achievements, the organisation remains firmly focussed on corporate social responsibility as evidenced by the contents of the video reel that we featured at the opening of this meeting.

It highlighted the support that SKYCITY provides to great causes and our communities nationwide.

We also recognise that harm minimisation is a fundamental tenant of our business and is critical to retaining our social license to operate.

Chief Executive

In April of this year, Nigel Morrison resigned after 8 years as Managing Director having made a significant contribution to SKYCITY over that period.

The Board appointed Spencer Stuart, an internationally renowned Executive Search firm based in Sydney, to undertake a global search for a top notch Chief Executive, who had entertainment, and preferably gaming, experience.

Spencer Stuart identified and approached a number of highly qualified candidates that met this brief.

The Directors are encouraged by the quality and calibre of the persons, who are interested in taking on the role.

The Board has interviewed a number of candidates for the position this week and is hopeful of making an appointment in the near future.

Governance

At yesterday's Directors' meeting, Richard Tsiang advised the Board of his intention to stand down as a Director effective 1 January 2017.

Richard is the first non-Executive Director to join the Board with gaming experience and having that capability around the table has been very valuable.

As this will be the last Annual Meeting that Richard will attend, the Directors wish to publicly thank him for his contribution to the Board and wish him well for the future.

Conclusion

In conclusion I would also like to acknowledge my fellow Directors for their hard work and commitment over the past year.

In addition and on behalf of the Board, I would like to take this opportunity to thank John Mortensen, his executive team and all SKYCITY staff for their contribution in achieving another record year of results and their ongoing commitment to delivering an unrelenting focus on both our customers and team work.

It is greatly appreciated.

I now invite our Interim Chief Executive, John Mortensen, to address the meeting.

Interim Chief Executive Officer's Address: John Mortensen

Thank you Chris and good morning everyone.

As many of you will know, I stepped in as Interim Chief Executive of SKYCITY Entertainment Group following Nigel Morrison's departure in late April, having previously held the position of Chief Operating Officer for SKYCITY's New Zealand properties and General Manager SKYCITY Auckland and I have been with the company since mid 2013.

It's a pleasure to be addressing you here today.

Following on from Chris' comments, SKYCITY Entertainment Group is in good shape, as we continue to celebrate record financial performances and make progress on our major growth projects.

With strong leadership across the Group and with a number of further opportunities identified for growth across the business, I am confident SKYCITY is in a strong position to continue to grow earnings and deliver excellent returns in the future.

Our New Zealand properties have performed very well, with strong external factors also supporting our growth in these areas, with New Zealand experiencing a robust economy and favourable trading conditions. The Australian economic landscape remains challenging, although it was pleasing to see Adelaide returning to growth in the last financial year. I am confident that in the medium term, Darwin's location, adjacent to Asia and the strong market position of our local business will hold us in good stead.

I'd now like to provide shareholders with a short trading update for the first quarter of the 2017 financial year, from 1 July to 30 September, 2016.

Despite the strength of our financial performance in the 2016 financial year, the company has made a slightly disappointing start to the 2017 financial year with normalised revenue down 5.7% to \$262.1m on the prior period. Key drivers of this revenue decrease were below-trend Auckland gaming activity and International Business turnover, ongoing difficult trading conditions in Darwin and appreciation of the NZ dollar vs. the Australian dollar.

In New Zealand, Auckland revenue was slightly down on the prior period primarily due to weaker gaming revenue offset by growth in non-gaming revenue. Gaming revenue in Auckland was weaker due to lower-than-expected gaming visitation, coupled with lower table gaming hold and reduced activity from premium players. However, pleasingly, our Hamilton property continues to go from strength-to-strength, with revenue up 11.1% underpinned by increased gaming activity and the strong macroeconomic environment in the Waikato region and of course the positive performance and attraction of the "City Co-Op" bars and restaurants.

Going across the Tasman to our Australian properties, difficult trading conditions have persisted during the period, in-line with our expectations when we announced our full-year results in August 2016. Adelaide Casino revenue, in the first quarter, was flat on the prior period, with no material change in local gaming revenue.

In Darwin, the economic environment remains subdued whilst the property continues to experience increased competition from pubs & clubs due to a 30% increase in gaming machines in the greater Darwin area. As a result, revenue for the quarter was down 7.2% for the property on the prior period. The appreciation of the NZ dollar vs. the Australian dollar during the period had a \$5m negative impact when translating our Australian revenue, which represented approximately 30% of the group's normalised revenue reduction during the period. Excluding this currency effect, revenue was down 4%.

Turnover and normalised revenue in our International Business was down approximately 20% during the period reflecting a fewer number of trips from our larger VIP customers. However, I would highlight that activity in our International Business can be quite volatile from period-to-period reflecting a smaller number of larger customers which can influence the business based on the timing of their trips.

You will no doubt be aware of the recent events in China, where 18 Crown employees were detained. It would be pertinent to comment about how this impacts the SKYCITY business.

SKYCITY does not have any staff in China, but we do use independent contractors there. We are very confident these contractors comply with all relevant laws and regulations. We have been in contact with these contractors over the weekend, and none have been detained or are involved in this situation. Like other Australasian casino operators, SKYCITY is continuing to monitor developments closely.

The impact of recent events in China remains uncertain.

However and as previously outlined to the market, I think it is important to highlight that whilst International Business is an important part of SKYCITY's overall business activities, we operate entertainment destinations which provide activities for the benefit of our local populations. Our International Business represents approximately 15% of normalised group revenue (and 10% of our normalised EBITDA), with the balance of revenue coming mainly from local customers in each of our jurisdictions. Similarly, in FY16 our share of the total International Business market in Australasia was 9%, with approximately 50% of our customers coming from China. Accordingly we consider ourselves to be a relatively small player relative to our peers, and to have less exposure to economic conditions or changes of policy in China and broader Asia which may impact our International Business.

Pleasingly we continue to make good progress on our major growth projects in Auckland and Adelaide. Excavation of the NZICC and Hobson St hotel is around 35% complete, with the project remaining on-budget. In Adelaide the early works programme overseen by the South Australian Government to lower

Festival Drive, separate pedestrian and vehicle access and preparations to the broader precinct for development has officially commenced and we continue to make progress on the detailed design for our main construction works.

I am also delighted to announce the appointment of Luke Walker to the position of General Manager for the Adelaide property. Luke is currently the Executive General Manager Gaming Machines at Crown Melbourne. He has almost 20 years' casino and club gaming experience.

Prior to his position at Crown, Luke was the Chief Executive at West Leagues Club Group Illawarra, the General Manager of Parramatta Leagues Club, as well as holding senior positions at Star Casino in Sydney.

Luke will begin as Adelaide General Manager in May 2017.

In terms of outlook for the remainder of FY17 we expect Auckland to return to growth and Hamilton to continue in trade strongly. In Australia, we expect Adelaide to remain stable but the economic environment to continue to curtail growth at Darwin. Finally, as mentioned, we expect International Business turnover to weaken further following recent events in China.

The company is well led and we have a very passionate, committed and talented leadership team across the Group, helping drive key projects and positive results for the company.

I would now like to share with you a video showcasing SKYCITY's highlights from its properties throughout the year. The video will also take you through the plans and progress we've made on our two major growth projects: the New Zealand International Convention Centre and Adelaide Casino redevelopment.

The aim of the video is to provide shareholders with an interactive visual experience of all SKYCITY's properties, so you can experience what we are offering our customers across Australia and New Zealand and understand the progress that has been made at each property. As Chris mentioned, we would welcome your feedback on this new format to our Annual Meeting and we hope you enjoy our new approach.

Thank you.