

The Star bets big on 'pleasing' Queensland, high-roller business

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A booming tourism market has helped push up international VIP numbers for casino and resort operator Star Entertainment Group, which has reported a strong increase in revenue since January.

Star also announced a big increase in the scope of the transformational revamp and expansion of its Queens Wharf project in Brisbane, including a 25 per cent rise in the gross area that will increase its project costs to \$2.4 billion from a previously announced \$1.8 billion.

The company said in a market update yesterday that the integrated resort, which includes a new casino, five hotels, retail space and apartments in partnership with joint venture partners Chow Tai Fook Enterprises and Far East Consortium, will now include increased gaming, food and beverage, retail and hotel facilities.

"This is an important step forward for us, and every step forward de-risks the projects that little bit more," said Star chief executive Matt Bekier.

"So we are very excited about this." The Star said there has been pleasing growth in Queensland, where it owns casinos in Brisbane and on the Gold Coast, and in the international VIP rebate business, both of which had helped push up normalised gross revenue by 16.4 per cent since January 1, compared with the previous corresponding period.

Turnover in the international VIP rebate business, which relates to the company's high-roller business, in which foreign gamblers receive incentives such as hospitality and cash rebates in return for agreeing to gamble particular amounts, was up 63.7 per cent compared with the same time last year.

The group's normalised profits are based on a 1.35 per cent theoretical win rate and The Star said the rate so far this year was below that figure.

Total revenue from domestic gamblers and guests was up 2.6 per cent compared with last year and Mr Bekier told *The Australian Financial Review* he was reasonably happy with the company's performance in the past few months and that the increase in VIP cus-

tomers was pleasing, due to "the increasing diversification of our customers".

"We are getting good growth from south-east Asia and also Macau and Hong Kong. This is really a tourism story for us."

The Star revamped and rebranded its facility on the Gold Coast ahead of the Commonwealth Games there in April, but Mr Bekier admitted the big event, which attracted thousands of sports fans to the precinct, had been a mixed story for his company.

"It was very successful in terms of visitation numbers and we had some very good results in food and beverage sales. But it was not so good for gaming. The visitors there were not necessarily from countries that are really interested in gaming ... but the exposure we got for the brand - and it was when it was changing the name of the brand [from Jupiters to The Star] - was great. The TV viewers numbers were huge, so it was good exposure."

Shares in The Star fell by 17¢ or about 3.1 per cent during trading on Monday afternoon and are down about 15 per cent since January 1.