

SE Finance
HD **Third chief an Echo of the past MORE INSTABILITY AS CASINO COMPANY OVERHAULS QUEENSLAND ASSETS**
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ECHO Entertainment has pleaded for investors to be patient as it turns to a third chief executive in less than 18 months and launches an overhaul of its Queensland properties after a slump in first-half earnings.

Chief financial officer Matt Bekier, passed over for the job a year ago when John Redmond moved from the board to the chief executive suite, will take over from May 1 to oversee another overhaul of its management team and a renewed effort to lift the performance of the flagship casino, The Star in Sydney.

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Echo shares fell 14c to a record low of \$2.18 and have halved in value since the company was spun out of Tabcorp in June 2011 as investors fretted about another period of management instability, with a new CFO and chief executive of The Star still to be found.

Echo has gone through an extraordinary period of instability since its demerger, losing two Star chiefs -- one to a sexual harassment scandal and the other, Frederic Luvisutto, resigning before Christmas -- two chief executives, a chairman -- John Story -- and nearly half the board in a period also characterised by a bruising battle with billionaire and casino magnate James Packer.

Echo added HSBC Australia and Anglo American chairman Graham Bradley, former Macquarie Group deputy chief executive Richard Sheppard and former David Jones director Katie Lahey to beef up its ranks as it unsuccessfully battled Mr Packer to retain its monopoly Sydney casino licence beyond 2019.

Echo said Mr Redmond resigned for personal reasons and would return to the US with wife Carla after little more than a year in the top job. He will hand over to Mr Bekier from May. Mr Redmond said there was "never a perfect or ideal departure", and the company was in much better shape today.

Mr Redmond said much of his work in the past year had been rectification of past mistakes in the redevelopment of The Star -- including underinvestment in private gaming areas -- and planning for overhauls in Queensland, where no money had been spent on updating some facilities for as long as 17 years.

Chairman John O'Neill said the first-half result -- a 1.3 per cent rise in normalised net profit to \$71.3 million -- was "just OK" but there was more work to be done to improve the performance of The Star after an \$870m revamp completed in 2012 failed to deliver the expected returns.

"It is difficult to be precise but we need The Star to be firing on all cylinders while the remedial work is done on Brisbane and the Gold Coast," Mr O'Neill said.

Revenue and earnings were down across all operations at Echo's properties on both an actual and normalised basis, with the exception of non-gaming activities such as bars and restaurants and retail.

Net profit for the six months to December fell 30.5 per cent to \$46.1m after the \$22m cost of extinguishing a derivative contract used to manage the **company**'s interest costs, a lower win rate in the VIP business and increased taxes sparked by The Star revamp.

Revenue fell 4.9 per cent to

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\$867.8m, against market expectations for a 6.5 per cent rise to \$971.8m in what Mr O'Neill said ``continued to be a challenging year with soft underlying consumer sentiment across our major markets".

Results for January were strongly up on the previous corresponding period and signs for the **Chinese** New Year that began last Friday were positive, he said.

Mr Bekier, who joined Tabcorp in 2005 and moved to Echo at the split in 2011, was a candidate for the top job in late 2012 when Mr Redmond was appointed to replace Larry Mullin. Mr O'Neil said Mr Bekier had had gained further experience under Mr Redmond and was the ``right person" for the job. His riding instructions would include advancing development proposals for the Brisbane and **Gold** Coast casinos, further improvements at The Star and lifting returns to shareholders.

``There are good foundations laid by John," Mr O'Neill said.

``Matt's mandate from the board will be to build on those foundations."

Echo last month sold its Jupiters Casino in Townsville to Computershare founder Chris Morris's Colonial Leisure Group for \$70m so it could focus on the **Gold** Coast and Brisbane.

The Queensland government is considering issuing new licences and has invited proposals for an integrated casino and resort development on the riverfront in the CBD.

Malaysian casino group Genting has been sitting on a 5 per cent **stake** in the **company** since 2012.

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