



**CROWN
RESORTS**

Crown Resorts Limited

2018 Half Year Results Presentation

22 February 2018

Crown Resorts Limited Results Overview

Crown Resorts Limited (Crown) performance:

- ◆ Normalised¹ NPAT attributable to the parent of \$192.4 million, up 0.6%²
- ◆ Reported NPAT attributable to the parent of \$159.2 million, down 12.9%² before significant items
- ◆ Reported NPAT attributable to the parent of \$238.6 million, down 33.6%² after significant items
- ◆ Net gain from significant items attributable to the parent of \$79.4 million, the major component of which is a reversal of an impairment on the Alon Las Vegas land
- ◆ Interim dividend of 30 cents per share declared

Australian resorts performance:

- ◆ Normalised revenue of \$1,555.3 million, up 4.8%
- ◆ Main floor gaming revenue of \$859.6 million, up 0.7%
- ◆ Non-gaming revenue of \$390.1 million, up 6.6%
- ◆ VIP program play turnover of \$22.6 billion, up 15.9%
- ◆ Normalised EBITDA of \$454.1 million, up 3.4%
- ◆ Reported EBITDA of \$406.9 million, down 10.0%

1. Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play (at Crown Melbourne, Crown Perth and Crown Aspinalls) and significant items. Normalised results are a non-IFRS measure, which have not been subject to audit or review.

2. The prior corresponding period (pcp) includes Crown's share of Melco Resorts & Entertainment's (MRE) normalised NPAT of \$42.4 million and reported NPAT of \$37.9 million. The pcp also includes a net gain on the sale of MRE of \$166.9 million, which was recognised as a significant item. During the pcp, Crown held a 27.4% interest in MRE from 1 July 2016 to 20 December 2016 and a 24.6% interest from 21 December 2016 to 31 December 2016, following which it no longer equity accounted the results of MRE. Crown completed the sale of its remaining interest in MRE on 16 May 2017 and, as a result, no longer holds an interest in MRE.

Crown Resorts Limited Group Result



	1H F18 Normalised \$m	1H F17 Normalised \$m	Variance F/(U)	1H F18 Actual \$m	1H F17 Actual \$m	Variance F/(U)
Australian Resorts EBITDA	454.1	439.1	3.4%	406.9	452.1	(10.0%)
Crown Aspinalls EBITDA	9.7	18.2	(46.7%)	9.5	1.9	398.7%
Wagering and Online Social Gaming Operations EBITDA	8.8	(3.0)	N/A	8.8	(3.0)	N/A
Corporate costs	(24.9)	(51.7)	51.9%	(24.9)	(51.7)	51.9%
EBITDA	447.7	402.6	11.2%	400.3	399.3	0.3%
Depreciation & amortisation	(150.0)	(144.3)	(3.9%)	(150.0)	(144.3)	(3.9%)
EBIT	297.7	258.3	15.2%	250.3	255.0	(1.8%)
Net interest	(27.9)	(50.0)	44.2%	(27.9)	(50.0)	44.2%
Income tax	(83.3)	(63.8)	(30.6%)	(69.2)	(64.5)	(7.2%)
Equity accounted - Melco Resorts & Entertainment	–	42.4	(100.0%)	–	37.9	(100.0%)
- Other	2.5	(0.7)	N/A	2.5	(0.7)	N/A
NPAT (pre non-controlling and significant items)	188.9	186.2	1.4%	155.7	177.7	(12.4%)
Non-controlling interest	3.4	5.1	(32.2%)	3.4	5.1	(32.2%)
NPAT (pre significant items) – attributable to the parent	192.4	191.3	0.6%	159.2	182.8	(12.9%)
Significant items (net of tax) – attributable to the parent	–	–		79.4	176.3	(55.0%)
Net Profit – attributable to the parent	192.4	191.3	0.6%	238.6	359.1	(33.6%)

Crown Melbourne and Crown Perth Results

Normalised 1H F18

	Crown Melbourne \$m	Variance F/(U)	Crown Perth \$m	Variance F/(U)	Australian Resorts \$m	Variance F/(U)
Main floor gaming	618.2	2.3%	241.4	(3.3%)	859.6	0.7%
VIP program play	262.8	37.5%	42.7	(41.0%)	305.5	15.9%
Non-gaming	246.7	(0.3%)	143.4	20.8%	390.1	6.6%
Total Revenue (Normalised)	1,127.7	8.2%	427.5	(3.0%)	1,555.3	4.8%
Gaming taxes, commissions & other	(339.8)	(21.0%)	(59.8)	25.8%	(399.6)	(10.5%)
Operating expenses	(462.6)	(0.9%)	(239.0)	(6.3%)	(701.6)	(2.7%)
EBITDA	325.3	7.2%	128.7	(5.1%)	454.1	3.4%
Depreciation & amortisation	(90.6)	5.1%	(44.2)	(26.1%)	(134.9)	(3.3%)
EBIT	234.7	12.9%	84.5	(15.9%)	319.2	3.5%
EBITDA / revenue %	28.8%	(0.3%)	30.1%	(0.6%)	29.2%	(0.4%)
Total revenue (actual)	1,100.4	(1.8%)	445.4	(1.7%)	1,545.8	(1.8%)
VIP turnover \$ billion	19.5	37.5%	3.2	(41.0%)	22.6	15.9%
VIP win rate (1.35% theoretical)	1.21%	(0.69%) ¹	1.91%	0.33% ¹	1.31%	(0.50%) ¹

1. Represents the difference in win rate compared to the pcp (the win rate at Crown Melbourne in the pcp was 1.90%, the win rate at Crown Perth in the pcp was 1.58% and the combined win rate in the pcp was 1.81%).

Crown Aspinalls Results



	1H F18 Normalised \$m	1H F17 Normalised \$m	Variance F/(U)	1H F18 Actual \$m	1H F17 Actual \$m	Variance F/(U)
Total revenue	39.7	62.2	(36.1%)	44.7	40.7	9.6%
Total expenses	(30.0)	(44.0)	31.6%	(35.2)	(38.8)	9.4%
EBITDA	9.7	18.2	(46.7%)	9.5	1.9	398.7%
Depreciation & amortisation	(0.7)	(0.5)	(30.4%)	(0.7)	(0.5)	(30.4%)
EBIT	9.0	17.7	(49.2%)	8.8	1.4	533.9%
EBITDA / revenue %	24.4%	29.4%	(5.0%)	21.2%	4.7%	16.6%
VIP turnover \$ billion	5.0	6.8	(26.9%)	5.0	6.8	(26.9%)
VIP win rate ¹	0.79%	0.91%		0.89%	0.59%	

1. Crown Aspinalls normalised VIP win rate based on the mix of play during the period.

Crown Digital



Crown Wagering and Online Social Gaming Operations	1H F18 \$m	1H F17 \$m	Variance F/(U)
Total revenue	191.5	153.7	24.6%
Total expenses	(182.7)	(156.7)	(16.6%)
EBITDA	8.8	(3.0)	N/A
Depreciation & amortisation	(11.8)	(10.6)	(11.9%)
EBIT	(3.0)	(13.6)	77.7%

Crown Digital includes:

- ◆ EBITDA from Crown's wagering and online social gaming operations (shown above)
 - ◆ CrownBet, a 62% owned, online wagering business
 - ◆ Betfair Australasia, a 100% owned, online betting exchange
 - ◆ DGN Games, a 70% owned, online social gaming business based in Austin, Texas
- ◆ As previously announced, Crown has entered into an agreement for the sale of its 62% interest in CrownBet, together with loans advanced by it to CrownBet, for \$150 million. The purchaser is an entity associated with other shareholders in CrownBet, including the CrownBet management team led by Matthew Tripp, or its nominee. Completion of the transaction is scheduled to occur on or before the end of February 2018 subject to the purchaser arranging satisfactory financing
- ◆ Equity accounted investments (not included above) in Chill Gaming and Draftstars

Equity Accounted Investments

- ◆ Crown's equity accounted result is comprised of its share of equity accounted profits from Nobu and Aspers Group, offset by Crown's share of the equity accounted losses arising from the operating costs of Ellerston, Draftstars and Chill Gaming. Crown's net equity accounted share of normalised NPAT across all these investments was \$2.5 million

Recent Transactions – Ongoing Debt Reduction Strategy



- ◆ As announced on 14 December 2017, Crown entered into an agreement with a subsidiary of Wynn Resorts, Limited to sell its interest in a 34.6 acre vacant site on Las Vegas Boulevard (the “Alon Land”) for US\$300 million. At 31 December 2017, Crown classified its investment in Alon as an asset held for sale and increased the carrying value of its investment in Alon from US\$200 million to US\$295 million, being the expected proceeds from the sale of the Alon Land net of sale costs. This impairment reversal of US\$95 million (\$121.8 million) has been classified as a significant item. Crown’s share of this gain is US\$83.8 million (\$107.4 million) after taking into account minority interests. As announced on 29 January 2018, Crown completed the sale of the Alon Land to Wynn Resorts for US\$300 million. Crown’s share of the proceeds (after taking into account minority interests) is approximately US\$264 million
- ◆ As announced on 14 December 2017, Crown entered into an agreement with Consolidated Press Holdings Pty Limited and an entity associated with Ms Gretel Packer to sell its interest in part of the property and operations at Ellerston in the Hunter Valley for \$62.5 million. At 31 December 2017, Crown classified its interest in Ellerston as an asset held for sale. On 2 February 2018, Crown completed the sale of its interest in Ellerston. Crown no longer holds an interest in Ellerston but will have ongoing access rights to the golf course and other facilities at Ellerston in line with its commitment to the NSW Government
- ◆ In December 2017, Crown completed the on-market sale of its approximately 4.2 million shares in Caesars Entertainment Corporation (“Caesars”) for US\$53.3 million. Crown no longer holds an interest in Caesars

Crown Sydney Project



- ◆ Crown Sydney Hotel Resort at Barangaroo South will be Sydney's first six-star hotel and a landmark building with views of some of Australia's most celebrated icons, the Sydney Harbour Bridge and Sydney Opera House
- ◆ Construction of the Crown Sydney Hotel Resort is progressing on schedule with the tower foundations complete, the main structure starting to rise, and approximately 75% of the total trade subcontract value awarded under fixed price contracts
- ◆ Crown has commenced stage one sales of the Crown Sydney Residences, which will be situated above the Crown Sydney Hotel Resort, with interest from both domestic and international buyers
- ◆ The project remains on schedule for completion in the first half of calendar year 2021 and the total gross project cost is expected to be approximately \$2.2 billion, with a net project cost of approximately \$1.4 billion

Proposed One Queensbridge Project



- ◆ As previously announced, Crown and the Schiavello Group received conditional planning approval for a new 388 room luxury six-star hotel and approximately 700 luxury apartments on a site adjacent to the Crown Melbourne complex
- ◆ The proposed One Queensbridge Project is a 50/50 joint venture between Crown and the Schiavello Group and remains subject to financing and long-form agreements

Capital Management Initiatives



On-Market Share Buy-Back

- ◆ Further to its announcement on 21 December 2017, Crown intends to implement the on-market share buy-back of up to approximately 29.3 million shares on or after 23 February 2018
- ◆ Crown may, at its discretion, vary, suspend or terminate the on-market share buy-back at any time

Buy-Back of Subordinated Notes

- ◆ As previously announced, Crown has bought back approximately 1.28 million Subordinated Notes listed on the ASX under the code "CWNHA". Crown intends to continue the Subordinated Notes buy-back
- ◆ Crown may, at its discretion, vary, suspend or terminate the Subordinated Notes buy-back at any time

Significant Items



	1H F18 \$m	1H F17 \$m
Asset impairment reversal	121.8	35.7
Restructuring and other expenses	(16.0)	(17.8)
Equity accounted investments (Crown's share)	(2.7)	–
Net gain on sale of MRE	–	166.9
Early debt retirement costs	–	(19.8)
Net tax on significant items and other tax items	(9.3)	11.3
Non-controlling interest	(14.4)	–
Net gain on significant items attributable to the parent	79.4	176.3

- ◆ During the period, there were events or transactions arising that were unusual in terms of both their size and their nature. These items have been classified as Significant Items

Debt Structure



Nature of Facility	31 Dec 17 \$m	30 Jun 17 \$m	31 Dec 16 \$m
Bank debt	63.2	58.4	77.4
Finance lease liability	10.9	142.6	122.4
Capital market debt - EMTN	174.6	174.6	174.6
- AMTN	259.1	559.1	750.0
- Subordinated Notes ¹	1,009.6	1,010.3	1,133.6
Total Outstanding Debt	1,517.4	1,945.0	2,258.0
Less available cash ²	(1,267.5)	(1,636.5)	(492.1)
Net Debt	249.9	308.5	1,765.9

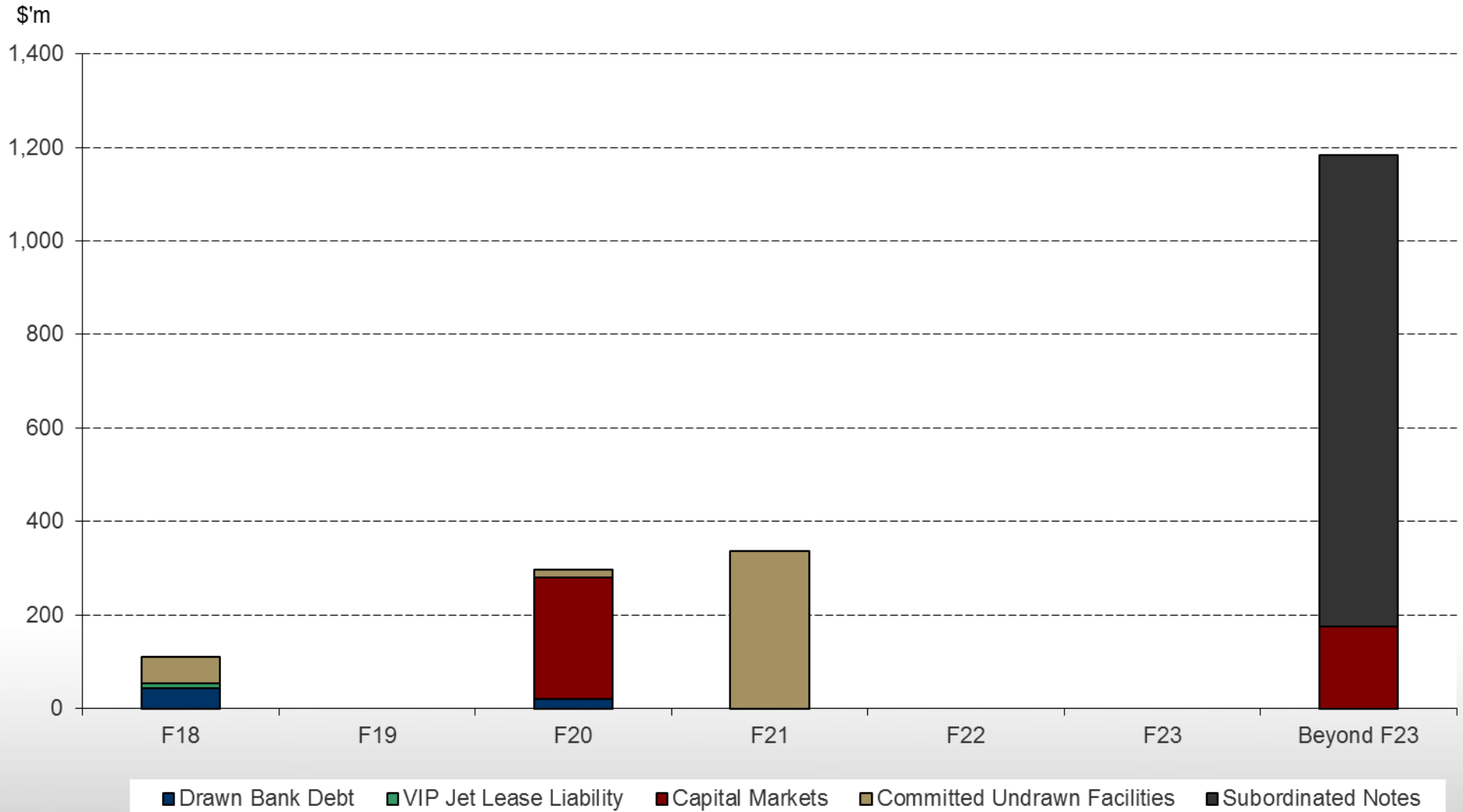
- ◆ Committed un-drawn bank facilities of \$411.9 million at 31 December 2017
- ◆ Group's current debt ratings (S&P/Moody's/Fitch) BBB/Baa2/BBB

1. Net of unamortised transaction costs.

2. Available cash refers to the closing cash balance of \$1,435.9 million (Jun 2017: \$1,771.2 million, Dec 2016: \$659.0 million) less working capital cash of \$168.4 million (Jun 2017: \$134.7 million, Dec 2016: \$166.9 million). The working capital cash refers to cash held on the Company's premises and cash held in bank accounts for day-to-day operations of the businesses.

Debt Maturity Profile

Crown Resorts Limited Debt Profile - 31 December 2017



Group Cash Flow

\$m	1H F18	1H F17
Normalised EBITDA	447.7	402.6
Win rate variance	(47.4)	(3.3)
Reported EBITDA	400.3	399.3
Working capital movements	60.2	(41.5)
Cash Flow Generated by Operations	460.5	357.8
Net interest	(45.9)	(72.9)
Dividends received	3.9	13.9
Income tax payments	(50.0)	(68.8)
Operating Cash Flow	368.5	230.0
Capital expenditure (net) ¹	(166.9)	(189.8)
Investments (net)	95.8	463.1
Net borrowings	(402.5)	(5.3)
Dividends paid	(206.7)	(287.7)
Share buy-back payments	(0.1)	–
Cash accounted for as held for sale	(23.5)	–
Effect of exchange rates on cash	0.1	(0.8)
Net increase / (decrease) in cash	(335.3)	209.4
Closing Cash ²	1,435.9	659.0

1. Net of proceeds from the sale of property plant and equipment.

2. Includes \$168.4 million (Jun 2017: \$134.7 million, Dec 2016: \$166.9 million) of cash held on the Company's premises and cash held in bank accounts for the day-to-day operations of the businesses.

Disclaimer

- ◆ All information provided in this presentation is provided as at the date stated or otherwise as at the date of this presentation.
- ◆ This presentation may include forward looking statements which can generally be identified by the use of forward looking terminology such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, or “anticipate”. Forward looking statements, by their nature, involve known and unknown risks, uncertainties and other factors. Many of those risks and uncertainties are matters which are beyond Crown’s control and could cause actual results, performance and achievements to differ materially from those contained in this presentation. Except as required by applicable laws and regulations, Crown does not undertake to publicly update or review any forward looking statements, whether as a result of new information or future events.
- ◆ Some information which has been included in this presentation has been provided by third parties. Those third parties have consented to the inclusion of that information and accordingly, Crown does not assume responsibility for the correctness or accuracy of the information.
- ◆ This presentation has not taken into account any particular investor’s investment objectives or other circumstances. Investors are encouraged to make an independent assessment of Crown.
- ◆ This presentation includes certain non-IFRS financial measures which have not been subject to audit or review.



**CROWN
RESORTS**

Crown Resorts Limited

2018 Half Year Results Presentation

22 February 2018