



**ASX / MEDIA RELEASE
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CROWN ANNOUNCES 2018 HALF YEAR RESULTS

MELBOURNE: Crown Resorts Limited (ASX: CWN) (“Crown”) today announced its results for the half year ended 31 December 2017:

• **Crown Resorts Limited 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
- Normalised EBITDA of \$447.7 million, up 11.2%
- Reported EBITDA of \$400.3 million, up 0.3%
- Normalised EBIT of \$297.7 million, up 15.2%
- Reported EBIT of \$250.3 million, down 1.8%
- 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%

The Executive Chairman of Crown, Mr John Alexander, said:

“Crown’s Australian operations’ first half result reflected mixed trading conditions. Total normalised revenue across Crown’s Australian resorts increased by 4.8% on the prior comparable period (“pcp”). Main floor gaming revenue increased by 0.7%, with modest revenue growth in Melbourne offset by softness in Perth. VIP program play turnover in Australia of \$22.6 billion (up 15.9%) was a pleasing outcome, particularly at Crown Melbourne (up 37.5%), given the difficult trading conditions in the pcp.”

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 (see Attachment A for further information). The theoretical win rate is the expected hold percentage on VIP program play over time. Accordingly, the normalised result gives rise to adjustments to VIP program play revenue, gaming taxes, commission and other expenses, and income tax expense. Crown believes that normalised results are the best measure of viewing performance of the business as it removes the inherent volatility in VIP gaming revenue. 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 MELBOURNE

Normalised EBITDA from Crown Melbourne was \$325.3 million, up 7.2% on the pcp. Reported EBITDA for the period was \$262.3 million, down 18.6% on the pcp. The reported EBITDA result takes into account an unfavourable variance from the theoretical VIP program play result which had a negative EBITDA impact of \$63.1 million. This compares to a positive EBITDA impact of \$18.6 million in the pcp.

Normalised revenue of \$1,127.7 million was up 8.2% on the pcp. During the period, main floor gaming revenue was \$618.2 million, up 2.3% on the pcp, and non-gaming revenue declined 0.3% to \$246.7 million.

Normalised VIP program play revenue was \$262.8 million, up 37.5% on the pcp with turnover of \$19.5 billion.

Crown Towers Melbourne hotel occupancy was 98.0% with an average room rate of \$382. Crown Metropol Melbourne achieved hotel occupancy of 95.4% with an average room rate of \$262. Crown Promenade Melbourne hotel occupancy was 96.0% with an average room rate of \$234. These high occupancy rates reflect the very strong demand for luxury hotel accommodation in Melbourne.

The overall normalised operating margin decreased slightly from 29.1% to 28.8%. The decline in margin is largely due to the impact of higher fixed costs, including energy, as well as a change in the mix of business.

CROWN PERTH

Normalised EBITDA from Crown Perth was \$128.7 million, down 5.1% on the pcp. Reported EBITDA for the period was \$144.7 million, up 11.3% on the pcp. The reported EBITDA result takes into account a favourable variance from the theoretical VIP program play result which had a positive EBITDA impact of \$15.9 million. This compares to a negative EBITDA impact of \$5.6 million in the pcp.

Normalised revenue of \$427.5 million was down 3.0% on the pcp. During the period, main floor gaming revenue was \$241.4 million, down 3.3% on the pcp, and non-gaming revenue grew 20.8% to \$143.4 million primarily due to the addition of Crown Towers Perth, which opened in December 2016.

Normalised VIP program play revenue was \$42.7 million, down 41.0% on the pcp with turnover of \$3.2 billion.

Crown Towers Perth hotel occupancy was 75.3% with an average room rate of \$306. Crown Metropol Perth hotel occupancy was 86.8% with an average room rate of \$238. Hotel occupancy at Crown Promenade Perth was 91.2% with an average room rate of \$183.

The overall normalised operating margin decreased from 30.7% to 30.1%. This decline in margin is largely due to the additional operating costs of the expanded property following the completion of Crown Towers Perth as well as the impact of lower levels of activity.

CROWN ASPINALLS

Normalised EBITDA from Crown Aspinalls was \$9.7 million, down 46.7% on the pcp. Reported EBITDA for the period was \$9.5 million, an increase of \$7.6 million on the pcp. The reported EBITDA result takes into account an unfavourable variance from the theoretical VIP program play result which had a negative EBITDA impact of \$0.2 million. This compares to a negative EBITDA impact of \$16.3 million in the pcp.

CROWN DIGITAL

EBITDA from Crown's wagering and online social gaming operations was \$8.8 million, compared to a loss of \$3.0 million in the pcp. Crown's wagering and online social gaming operations include CrownBet (a 62% owned, online wagering business), Betfair Australasia (a 100% owned, online betting exchange) and 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. At 31 December 2017, Crown classified its interest in CrownBet as an asset held for sale.

Crown equity accounts its investments 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.

TRANSACTIONS RELATING TO CROWN'S 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 ("CPH") 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.

Subsequent to the half year end, Crown entered into an agreement with a company controlled by Mr Harold Mitchell, a Director of Crown, in relation to the sale of its interest in an aircraft for US\$4.35 million. The aircraft, a 16 year old Bombardier Global Express, is subject to a lease which is due to expire in March 2018. The disposal of the aircraft has been approved by Crown's independent directors.

CROWN SYDNEY PROJECT

Crown is working diligently to deliver the Crown Sydney Hotel Resort at Barangaroo South, 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. Almost all of this work is being undertaken by Australian businesses, creating hundreds of construction jobs and benefiting the NSW economy.

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.

CASH FLOW AND DEBT

Net operating cash flow for the period of \$368.5 million compared to net operating cash flow of \$230.0 million in the pcp. After net proceeds received from the sale of investments of \$95.8 million, net capital expenditure of \$166.9 million and dividend payments of \$206.7 million, the Group's net debt position (excluding working capital cash of \$168.4 million) at 31 December 2017 was \$249.9 million, consisting of total debt of \$1,517.4 million and cash (excluding working capital cash) of \$1,267.5 million.

At 31 December 2017, total liquidity, excluding working capital cash of \$168.4 million, was \$1,679.4 million, represented by \$1,267.5 million in available cash and \$411.9 million in committed undrawn facilities.

CORPORATE COSTS

During the period, corporate costs were \$24.9 million, \$26.8 million below the pcp.

FINANCE COSTS EXPENSED

Normalised net interest expense for the half was \$27.9 million, \$22.1 million below the pcp, which reflects lower net debt levels.

INCOME TAX EXPENSE

Normalised income tax expense for the half was \$83.3 million, \$19.6 million above the pcp.

SIGNIFICANT ITEMS

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, a summary of which is as follows:

	\$m
Asset impairment reversal	121.8
Restructuring and other expenses	(16.0)
Equity accounted investments (Crown's share)	(2.7)
Net tax on significant items and other tax items	(9.3)
Non-controlling interest	(14.4)
Net gain on significant items attributable to the parent	79.4

DIVIDEND

As set out above, Crown has declared an interim dividend on ordinary shares of 30 cents per share. The interim dividend is franked to 60% and payable to shareholders registered at 5.00pm on Wednesday, 21 March 2018. The dividend is due to be paid on Wednesday, 4 April 2018. No part of the unfranked portion of the dividend will consist of conduit foreign income.

ENDS

Financial Media Enquiries – Ken Barton, Chief Financial Officer, 03 9292 8824.

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COPIES OF RELEASES

Copies of previous media and ASX announcements issued by Crown are available at Crown's website at www.crownresorts.com.au



CROWN GROUP RESULT
Six Months ended 31 December 2017

Normalised Results ⁽¹⁾				Actual Results ⁽²⁾		
6months ended Dec 2017 \$ M	6 months ended Dec 2016 \$ M	% movement		6months ended Dec 2017 \$ M	6 months ended Dec 2016 \$ M	% movement
<u>1,786.6</u>	<u>1,699.4</u>	5.1%	OPERATING REVENUE ⁽³⁾	<u>1,782.1</u>	<u>1,767.9</u>	0.8%
447.7	402.6	11.2%	EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & SIGNIFICANT ITEMS	400.3	399.3	0.3%
<u>(150.0)</u>	<u>(144.3)</u>		Depreciation & Amortisation	<u>(150.0)</u>	<u>(144.3)</u>	
297.7	258.3	15.2%	EARNINGS BEFORE INTEREST, TAX & SIGNIFICANT ITEMS	250.3	255.0	(1.8)%
<u>(27.9)</u>	<u>(50.0)</u>		Net Interest Income / (Expense)	<u>(27.9)</u>	<u>(50.0)</u>	
269.8	208.3	29.5%	PROFIT BEFORE TAX & SIGNIFICANT ITEMS	222.4	205.0	8.5%
<u>(83.3)</u>	<u>(63.8)</u>		Taxation	<u>(69.2)</u>	<u>(64.5)</u>	
186.4	144.5	29.0%	PROFIT AFTER TAX & BEFORE SIGNIFICANT ITEMS	153.2	140.5	9.1%
<u>2.5</u>	<u>41.7</u>		Equity Accounted Profit / (Loss)	<u>2.5</u>	<u>37.2</u>	
188.9	186.2	1.4%	NET PROFIT AFTER TAX	155.7	177.7	(12.4)%
<u>3.4</u>	<u>5.1</u>		Non-controlling interest	<u>3.4</u>	<u>5.1</u>	
<u>192.4</u>	<u>191.3</u>	0.6%	NET PROFIT ATTRIBUTABLE TO PARENT BEFORE SIGNIFICANT ITEMS	<u>159.2</u>	<u>182.8</u>	(12.9)%
			Significant items net of tax ⁽⁴⁾	93.8	176.3	
			Non-controlling interest on significant items	(14.4)	0.0	
			NET PROFIT ATTRIBUTABLE TO PARENT	<u>238.6</u>	<u>359.1</u>	(33.6)%

- (1) Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play and significant items. The difference between reported NPAT before significant items of \$159.2 million and normalised NPAT of \$192.4 million is due to a below theoretical result in Crown's Australian casinos of \$33.0 million and at Crown Aspinalls of \$0.2 million.
- (2) Actual results reflect revenues and expenses at actual win rates and include significant items.
- (3) Operating revenue excludes interest revenue and significant item revenue.
- (4) Current period significant items includes the Alon asset impairment reversal, partially offset by restructuring costs and significant items relating to Crown's equity accounted interests.