



**CROWN  
RESORTS**

# **Crown Resorts Limited**

## **2017 Full Year Results Presentation**

*4 August 2017*

# Crown Resorts Limited Results Overview

## Crown Resorts Limited (Crown) performance:

- ◆ Normalised<sup>1</sup> NPAT attributable to the parent of \$343.1 million, down 15.5%
- ◆ Reported NPAT attributable to the parent of \$308.9 million, down 21.5% before significant items
- ◆ Reported NPAT attributable to the parent of \$1,866.1 million, up 96.7% after significant items
- ◆ Net gain from significant items attributable to the parent of \$1,557.2 million, the major component of which is the net gain on sale of shares in Melco Resorts & Entertainment Limited
- ◆ Final dividend of 30 cents per share declared (total full year dividend of 60 cents per share, excluding the interim special dividend of 83 cents per share)

## Australian resorts performance:

- ◆ Normalised revenue of \$2,824.9 million, down 12.7%
- ◆ Main floor gaming revenue of \$1,656.7 million, down 1.4%
- ◆ Non-gaming revenue of \$718.5 million, up 6.5%
- ◆ VIP program play turnover of \$33.3 billion, down 48.9%
- ◆ Normalised EBITDA of \$833.7 million, down 10.7%
- ◆ Reported EBITDA of \$828.0 million, down 12.8%

## Melco Resorts & Entertainment Limited (“MRE”) performance<sup>2,3</sup>:

- ◆ Crown’s share of MRE’s Normalised NPAT of \$42.4 million, down 27.0%
- ◆ Crown’s share of MRE’s Reported NPAT of \$37.9 million, down 11.3%

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, Crown Aspinalls and MRE) and significant items.

2. Melco Resorts & Entertainment Limited (MRE) was formerly known as Melco Crown Entertainment Limited (MCE).

3. Crown held a 34.3% interest in MRE for approximately 10 months and a 27.4% interest for approximately 2 months in the 2016 financial year. In the full year ended 30 June 2017, Crown held a 27.4% interest in MRE from 1 July to 20 December 2016 and a 24.6% interest from 21 December 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



	F17 Normalised \$m	F16 Normalised \$m	Variance F/(U)	F17 Actual \$m	F16 Actual \$m	Variance F/(U)
Australian Resorts EBITDA	833.7	933.2	(10.7%)	828.0	949.2	(12.8%)
Crown Aspinalls EBITDA	26.6	26.5	0.4%	(5.5)	16.0	N/A
Wagering and Online Social Gaming Operations EBITDA	14.8	(5.4)	N/A	14.8	(5.4)	N/A
Corporate costs	(47.1)	(98.5)	52.2%	(47.1)	(98.5)	52.2%
<b>EBITDA</b>	<b>828.0</b>	<b>855.8</b>	<b>(3.3%)</b>	<b>790.3</b>	<b>861.3</b>	<b>(8.3%)</b>
Depreciation & amortisation	(296.8)	(282.7)	(5.0%)	(296.8)	(282.7)	(5.0%)
<b>EBIT</b>	<b>531.2</b>	<b>573.1</b>	<b>(7.3%)</b>	<b>493.5</b>	<b>578.6</b>	<b>(14.7%)</b>
Net interest	(101.6)	(141.6)	28.3%	(101.6)	(141.6)	28.3%
Income tax	(135.1)	(87.2)	(55.0%)	(127.1)	(89.9)	(41.4%)
Equity accounted - MRE	42.4	58.1	(27.0%)	37.9	42.7	(11.3%)
- Other	1.3	(1.4)	N/A	1.3	(1.4)	N/A
<b>NPAT (pre non-controlling and significant items)</b>	<b>338.2</b>	<b>401.0</b>	<b>(15.7%)</b>	<b>304.0</b>	<b>388.4</b>	<b>(21.7%)</b>
Non-controlling interest	4.9	5.2	(6.1%)	4.9	5.2	(6.1%)
<b>NPAT (pre significant items)</b>	<b>343.1</b>	<b>406.2</b>	<b>(15.5%)</b>	<b>308.9</b>	<b>393.6</b>	<b>(21.5%)</b>
Significant items (net of tax)	-	-		1,557.2	555.2	180.5%
<b>Net Profit – attributable to the parent</b>	<b>343.1</b>	<b>406.2</b>	<b>(15.5%)</b>	<b>1,866.1</b>	<b>948.8</b>	<b>96.7%</b>

# Crown Melbourne and Crown Perth Results

## Normalised F17

	Crown Melbourne \$m	Variance F/(U)	Crown Perth \$m	Variance F/(U)	Australian Resorts \$m	Variance F/(U)
Main floor gaming	1,182.7	(0.1%)	474.0	(4.7%)	1,656.7	(1.4%)
VIP program play	340.3	(49.7%)	109.3	(46.1%)	449.7	(48.9%)
Non-gaming	471.8	4.2%	246.7	11.2%	718.5	6.5%
<b>Total Revenue (Normalised)</b>	<b>1,994.8</b>	<b>(13.7%)</b>	<b>830.1</b>	<b>(10.0%)</b>	<b>2,824.9</b>	<b>(12.7%)</b>
Gaming taxes, commissions & other	(522.9)	30.7%	(134.6)	42.7%	(657.5)	33.6%
Operating expenses	(883.1)	0.2%	(450.6)	(5.6%)	(1,333.7)	(1.7%)
<b>EBITDA</b>	<b>588.8</b>	<b>(12.5%)</b>	<b>244.8</b>	<b>(5.8%)</b>	<b>833.7</b>	<b>(10.7%)</b>
Depreciation & amortisation	(188.6)	2.8%	(79.6)	(19.1%)	(268.3)	(2.8%)
<b>EBIT</b>	<b>400.2</b>	<b>(16.5%)</b>	<b>165.2</b>	<b>(14.4%)</b>	<b>565.4</b>	<b>(15.9%)</b>
EBITDA / revenue %	29.5%	0.4%	29.5%	1.3%	29.5%	0.7%
Total revenue (actual)	2,056.2	(10.5%)	869.2	(11.3%)	2,925.4	(10.7%)
VIP turnover \$ billion	25.2	(49.7%)	8.1	(46.1%)	33.3	(48.9%)
VIP win rate (1.35% theoretical)	1.59%	0.27% <sup>1</sup>	1.83%	0.09% <sup>1</sup>	1.65%	0.23% <sup>1</sup>

1. Represents the difference in win rate compared to the pcp (the win rate at Crown Melbourne in the pcp was 1.32%, the win rate at Crown Perth in the pcp was 1.74% and the combined win rate in the pcp was 1.42%).

# Crown Aspinalls Results



	F17 Normalised \$m	F16 Normalised \$m	Variance F/(U)	F17 Actual \$m	F16 Actual \$m	Variance F/(U)
Total revenue	99.8	108.2	(7.8%)	56.1	83.4	(32.7%)
Total expenses	(73.2)	(81.7)	10.4%	(61.6)	(67.4)	8.6%
<b>EBITDA</b>	<b>26.6</b>	<b>26.5</b>	<b>0.4%</b>	<b>(5.5)</b>	<b>16.0</b>	<b>N/A</b>
Depreciation & amortisation	(0.9)	(1.2)	21.1%	(0.9)	(1.2)	21.1%
<b>EBIT</b>	<b>25.6</b>	<b>25.3</b>	<b>1.4%</b>	<b>(6.4)</b>	<b>14.8</b>	<b>N/A</b>
EBITDA / revenue %	26.6%	24.5%	2.1%	(9.7%)	19.2%	(28.9%)
VIP turnover \$ billion	11.1	12.1	(8.0%)	11.1	12.1	(8.0%)
VIP win rate <sup>1</sup>	0.89%	0.89%		0.50%	0.68%	

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

# Crown Digital

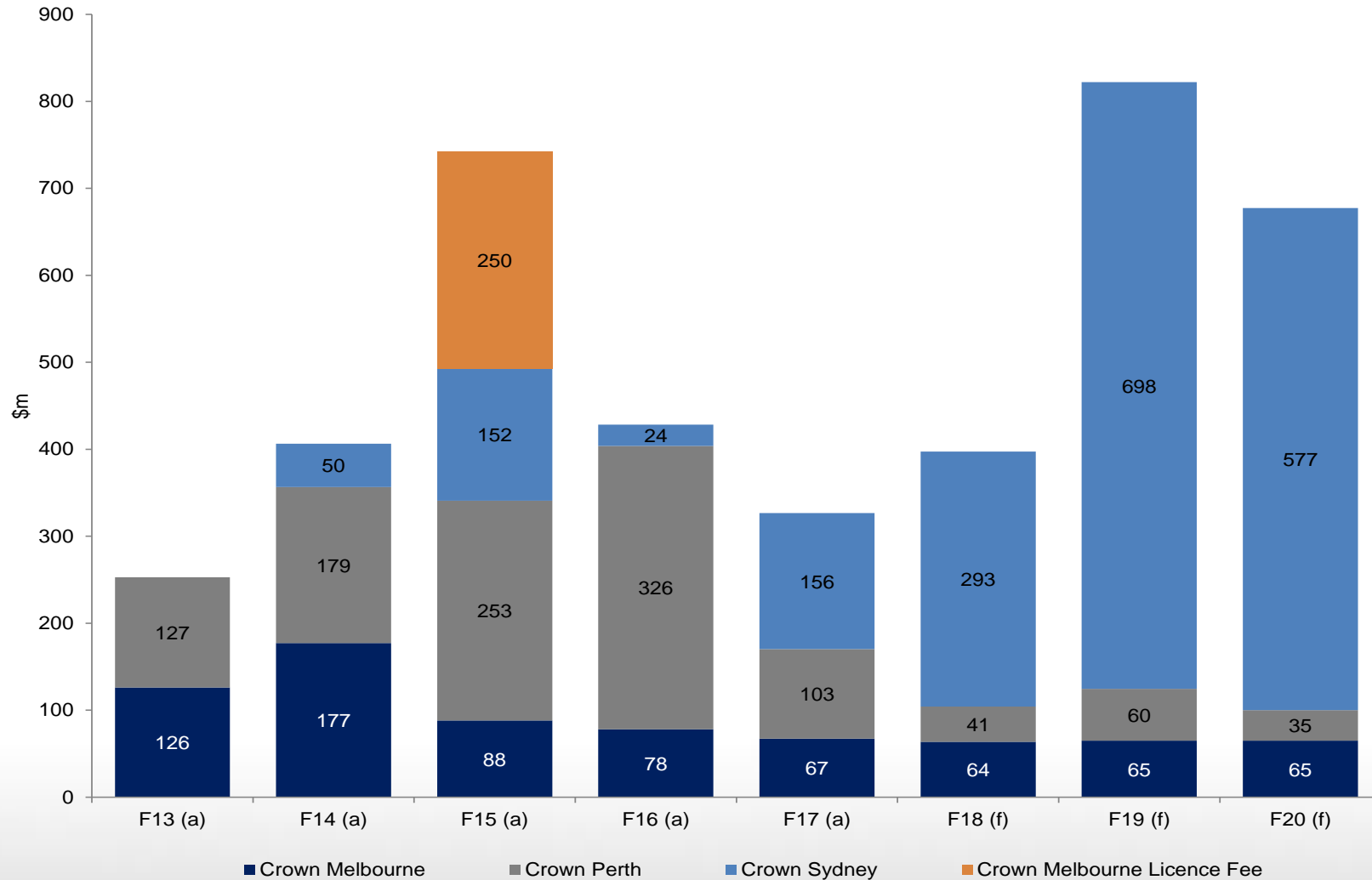


Crown Wagering and Online Social Gaming Operations	F17 \$m	F16 \$m	Variance F/(U)
Total revenue	303.3	229.9	31.9%
Total expenses	(288.5)	(235.3)	(22.6%)
<b>EBITDA</b>	<b>14.8</b>	<b>(5.4)</b>	<b>N/A</b>
Depreciation & amortisation	(22.3)	(15.8)	(41.0%)
<b>EBIT</b>	<b>(7.5)</b>	<b>(21.3)</b>	<b>64.7%</b>

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
- ◆ Equity accounted investments in Draftstars and Chill Gaming (not included above)
  - ◆ Chill Gaming is a 50/50 joint venture between Crown and New Gaming Pty Ltd, which is owned by the founders of Wymac Gaming Solutions, a manufacturer and developer of electronic gaming machines. Chill Gaming will focus on innovation and providing current gaming customers with new entertaining product options. Products are in the process of being developed and will be showcased at future gaming technology expos

# Investment in Australian Resorts



This chart excludes investment in the Alon Las Vegas JV, the Queensbridge Hotel JV with Schiavello, Crown Aspinalls and Crown Digital

# Crown Sydney Project



- ◆ Crown has commenced construction of the Crown Sydney Hotel Resort at Barangaroo. Crown Sydney will be Sydney's first six-star hotel and a landmark building of global significance on one of the world's most beautiful harbours
- ◆ The project is proceeding on schedule and is expected to be completed in 2021



# Proposed One Queensbridge Project



- ◆ Crown and the Schiavello Group received conditional planning approval in February 2017 for a new 388 room luxury six-star hotel and approximately 700 luxury apartments at 1-25 Queensbridge Street, Melbourne on a site adjacent to the Crown Melbourne complex
- ◆ The new hotel will be connected to the Crown Melbourne complex by a sculptural pedestrian bridge spanning Queensbridge Street
- ◆ The proposed One Queensbridge Project is a 50/50 joint venture between Crown and the Schiavello Group
- ◆ Crown has the right to acquire and manage the hotel on completion
- ◆ The project remains subject to financing and long-form agreements between Crown and the Schiavello Group
- ◆ The proposed One Queensbridge Project will cement Crown Melbourne's position as the largest single-site accommodation provider in Australia and create over 3,900 new jobs for Victoria

# Melco Resorts & Entertainment Limited (“MRE”)



- ◆ Crown’s share of MRE’s normalised NPAT for the full year to 30 June 2017 was an equity accounted profit of \$42.4 million, down \$15.7 million or 27.0% on the pcp<sup>1</sup>. After adjusting for the variance from theoretical, Crown’s share of MRE’s reported NPAT result for the year was an equity accounted profit of \$37.9 million, down \$4.8 million or 11.3% on the pcp
- ◆ Dividends received from MRE totalled \$62.1 million<sup>2</sup> which includes the special dividend paid in January 2017 of \$48.6 million
- ◆ As previously announced, Crown executed a series of transactions in relation to its MRE investment, including:
  - ◆ an underwriting agreement for the sale of 40.9 million MRE shares (equivalent to approximately 2.8% of MRE shares outstanding) for US\$5.33 per MRE share, completed on 20 December 2016
  - ◆ a bilateral agreement with Melco International Development Limited for the sale of 198 million MRE shares (equivalent to 13.4% of MRE shares outstanding) for US\$6.00 per MRE share, completed on 16 February 2017
  - ◆ a repurchase agreement with MRE for the sale of 165.3 million MRE shares (equivalent to 11.2% of MRE shares outstanding) for US\$7.04 per MRE share, completed on 16 May 2017(together, “the MRE sell-down transactions”)
- ◆ In addition, Crown Resorts entered into agreements to unwind each of the cash-settled equity swaps entered into in December 2016 (referencing approximately 82 million MRE shares outstanding with a price hedge of US\$5.33 per MRE share) and the cash-settled equity swap entered into in March 2017 (referencing approximately 36 million MRE shares outstanding with a price hedge of US\$6.02 per MRE share)
- ◆ As a result of the MRE sell-down transactions, Crown generated net proceeds of approximately \$3.1 billion and no longer holds an interest in MRE

1. Crown held a 34.3% interest in MRE for approximately 10 months and a 27.4% interest for approximately 2 months in the 2016 financial year. In the full year ended 30 June 2017, Crown held a 27.4% interest in MRE from 1 July to 20 December 2016 and a 24.6% interest from 21 December 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.

2. From 1 July to 31 December 2016, Crown equity accounted the results of MRE. During this period, dividends received from MRE totalled \$10.2 million. From 1 January to 16 May 2017, dividends received from MRE totalled \$51.9 million, which includes the special dividend of \$48.6 million. Given Crown no longer equity accounted the results of MRE during this period, the special dividend of \$48.6 million was included in significant items while the ordinary dividend of \$3.3 million was included in Crown’s revenue.

# Other Investments

- ◆ Crown's equity accounted result from investments other than MRE 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 and start-up costs of Draftstars. Crown's equity accounted share of NPAT across all these investments was \$1.3 million
- ◆ As previously announced, Crown has resolved not to proceed with the Alon project in Las Vegas at this time and is assessing options to optimise the value of Crown's investment in the project, including an outright sale. Crown has recognised an impairment loss relating to its investment in Alon in the current period, which has been classified as a significant item
- ◆ During the period, Crown received \$38.9 million from Cannery representing Crown's share of the sale proceeds from the disposal of its casino assets

# Capital Management Initiatives

## ***Further On-Market Share Buy-Back***

- ◆ As previously announced, Crown completed an approximately \$500 million on-market share buy-back in June 2017 (the “Initial Share Buy-Back”). Following the completion of the Initial Share Buy-Back, Crown’s shares on issue reduced by approximately 39.5 million to approximately 688.8 million
- ◆ In addition to the Initial Share Buy-Back, Crown intends to undertake a further on-market share buy-back of up to approximately 29.3 million shares (the “Further Share Buy-Back”), which together with the Initial Share Buy-Back represents no more than 10% of the smallest number of shares on issue during the last 12 months of approximately 688.8 million shares
- ◆ Crown may, at its discretion, vary, suspend or terminate the Further Share Buy-Back at any time. The necessary filings will be made in connection with the Further Share Buy-Back at the appropriate time

## ***Buy-Back of Subordinated Notes***

- ◆ As previously announced, the buy-back of the outstanding Subordinated Notes listed on ASX under the code "CWNHA" as announced to ASX on 6 March 2017 was suspended on 30 June 2017 pending the release of Crown’s full year results. The Subordinated Notes buy-back will recommence from 7 August 2017
- ◆ Crown may, at its discretion, vary, suspend or terminate the Subordinated Notes buy-back at any time

# Significant Items



	F17 \$m	F16 \$m
Net gain on sale of MRE	1,745.5	602.0
Net foreign currency gain on disposal of foreign operations	88.8	–
Special dividend received from MRE	48.6	–
Net asset (impairment) / reversal	(260.2)	35.4
Restructuring and other expenses	(89.6)	–
Early debt retirement costs	(32.4)	(57.7)
Net tax on significant items	20.3	(15.5)
Non-controlling interest	36.2	–
Proposed demerger related costs	–	(9.0)
<b>Net gain on significant items attributable to the parent</b>	<b>1,557.2</b>	<b>555.2</b>

- ◆ 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 due to their one-off nature and individual significance

# Debt Structure



Nature of Facility	30 Jun 17 \$m	31 Dec 16 \$m	30 Jun 16 \$m
Bank debt	58.4	77.4	75.6
Finance lease liability <sup>1</sup>	142.6	122.4	127.8
Capital market debt - EMTN	174.6	174.6	174.6
- AMTN <sup>2</sup>	559.1	750.0	750.0
- Subordinated Notes <sup>3</sup>	1,010.3	1,133.6	1,133.3
<b>Total Outstanding Debt</b>	<b>1,945.0</b>	<b>2,258.0</b>	<b>2,261.3</b>
Less available cash <sup>4</sup>	(1,636.5)	(492.1)	(298.6)
<b>Net Debt</b>	<b>308.5</b>	<b>1,765.9</b>	<b>1,962.7</b>

- ◆ Committed un-drawn bank facilities of \$414.8 million at 30 June 2017
- ◆ Group's current debt ratings (S&P/Moody's/Fitch) BBB/Baa2/BBB

1. Subsequent to 30 June 2017, Crown has provided early termination notices in relation to \$105.7 million of finance leases (maturing in June 2022), which are expected to be terminated in September 2017.

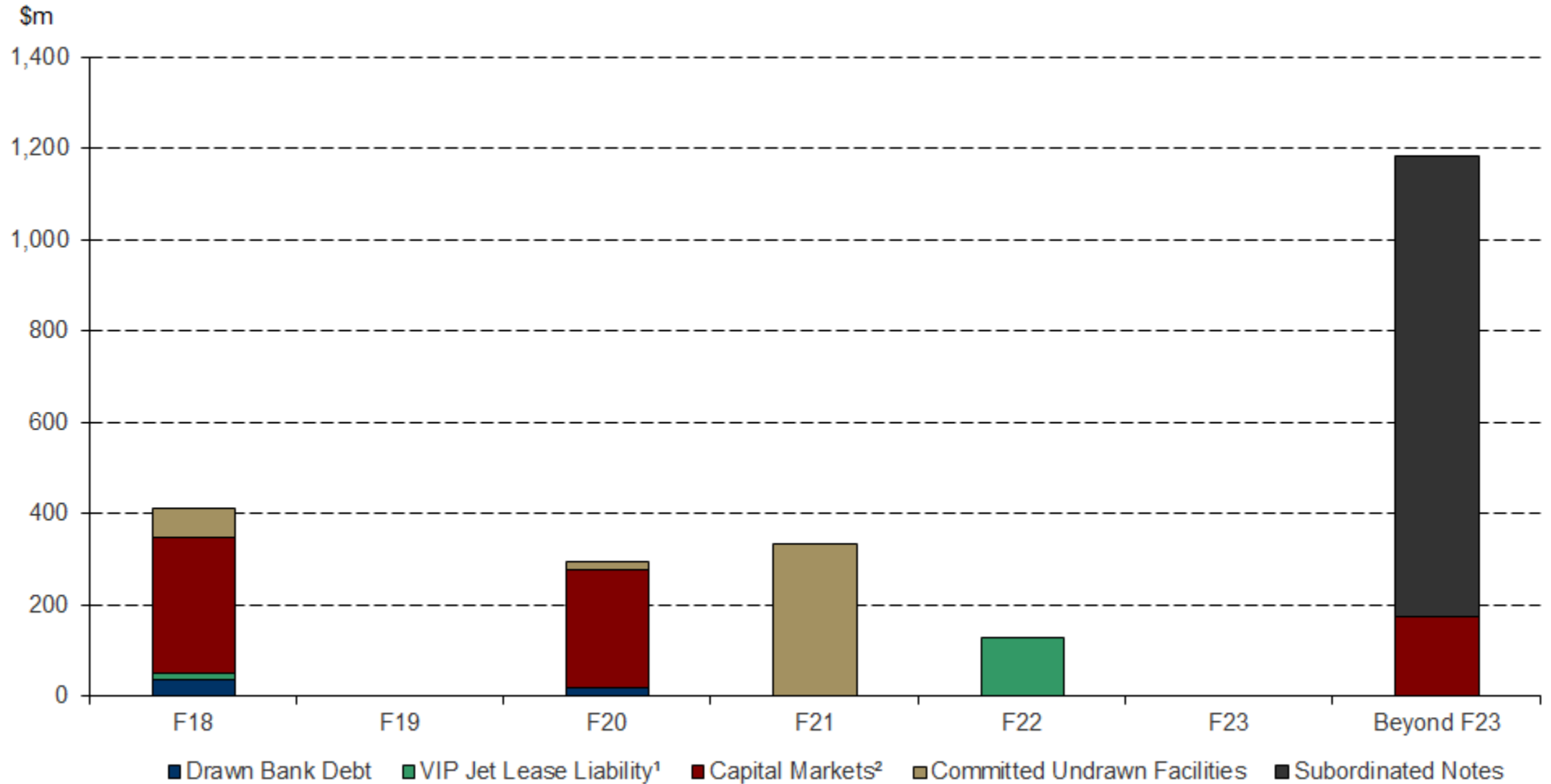
2. Subsequent to 30 June 2017, the \$300 million AMTN (maturing in July 2017) was repaid.

3. Net of unamortised transaction costs.

4. Available cash refers to the closing cash balance of \$1,771.2 million (Dec 2016: \$659.0 million, June 2016: \$449.7 million) less working capital cash of \$134.7 million (Dec 2016: \$166.9 million, June 2016: \$151.1 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 - 30 June 2017



1. Subsequent to 30 June 2017, Crown has provided early termination notices in relation to \$105.7 million of finance leases (maturing in June 2022), which are expected to be terminated in September 2017.  
 2. Subsequent to 30 June 2017, the \$300 million AMTN (maturing in July 2017) was repaid.

# Group Cash Flow

\$m	F17	F16
<b>Normalised EBITDA</b>	<b>828.0</b>	<b>855.8</b>
Win rate variance	(37.7)	5.5
<b>Reported EBITDA</b>	<b>790.3</b>	<b>861.3</b>
Working capital movements	(122.9)	9.7
<b>Cash Flow Generated by Operations</b>	<b>667.4</b>	<b>871.0</b>
Net interest	(164.4)	(238.6)
Dividends received	70.6	195.9
Income tax payments	(107.9)	(345.6)
<b>Operating Cash Flow</b>	<b>465.7</b>	<b>482.7</b>
Capital expenditure (net) <sup>1</sup>	(348.1)	(490.3)
Investments (net)	3,165.1	943.4
Net borrowings	(344.4)	(448.3)
Dividends paid	(1,110.8)	(378.8)
Share buy-back payments	(499.9)	-
Effect of exchange rates on cash	(6.1)	(0.0)
<b>Net increase / (decrease) in cash</b>	<b>1,321.5</b>	<b>108.7</b>
<b>Closing Cash</b> <sup>2</sup>	<b>1,771.2</b>	<b>449.7</b>

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

2. Includes \$134.7 million (Dec 2016: \$166.9 million, June 2016: \$151.1 million) of cash held on the Company's premises and cash held in bank accounts for the day-to-day operations of the businesses.



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# **Crown Resorts Limited**

## **2017 Full Year Results Presentation**

*4 August 2017*