



**Crown Limited**

**2011 Half Year**

**Results Presentation**

**25 February 2011**

# Crown Limited Overview



- Normalised<sup>1</sup> revenue up 4.3% to \$1,253.5 million, normalised EBITDA up 2.4% to \$349.2 million, normalised NPAT up 13.9% to \$165.8 million
- Australian casinos' performance:
  - Main floor gaming revenue grew 6.6%
    - Solid performance by local premium gaming
  - VIP program play turnover down 8.0%
    - Impacted by the two new integrated resorts in Singapore
  - Non-gaming revenue grew 14.1%
    - Benefited from Crown Metropol opening in Melbourne.
- Melco Crown results pleasing and continuing to improve
- Reported NPAT \$153.1 million, up 32.8%
- Interim dividend 18 cps announced

1. Normalised results represent results which have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play and pre-opening costs in respect of City of Dreams.

# Crown Limited Group Result



	1H11 Normalised \$m	1H10 Normalised \$m	Variance F/(U)	1H11 Actual \$m	1H10 Actual \$m
Crown Melbourne EBITDA	259.7	243.6	6.6%	227.1	258.1
Burswood EBITDA	107.3	112.2	(4.4%)	95.3	85.8
Corporate Costs	(17.8)	(14.9)	(19.5%)	(17.8)	(14.9)
<b>EBITDA</b>	<b>349.2</b>	<b>340.9</b>	<b>2.4%</b>	<b>304.6</b>	<b>329.0</b>
Depreciation and Amortisation	(97.6)	(79.2)	(23.2%)	(97.6)	(79.2)
<b>EBIT</b>	<b>251.6</b>	<b>261.7</b>	<b>(3.9%)</b>	<b>207.0</b>	<b>249.8</b>
Net Interest	(32.9)	(37.1)	11.3%	(32.9)	(37.1)
Income Tax	(44.6)	(49.4)	9.7%	(31.3)	(45.8)
Equity Accounted <sup>1</sup>	(8.3)	(29.6)	72.0%	10.3	(51.6)
<b>Net Profit / (Loss)</b>	<b>165.8</b>	<b>145.6</b>	<b>13.9%</b>	<b>153.1</b>	<b>115.3</b>

1. Melco Crown's normalised equity accounted loss was \$6.8m (Dec 09: loss of \$26.1m) and reported equity accounted gain was \$11.8m (Dec 09: loss of \$48.1m). Betfair had a \$1.5m equity accounted loss (Dec 09: loss of \$3.5m).

# Crown Melbourne and Burswood Results



- Normalised revenue growth: Crown Melbourne 6.8%; Burswood (1.0%); combined 4.3%
  - Main floor gaming revenue growth: Crown Melbourne 7.7%; Burswood 4.3%; combined 6.6%
  - Non-gaming revenue: Crown Melbourne 21.3%; Burswood 0.8%; combined 14.1%
  - VIP program play turnover: Crown Melbourne (5.5%); Burswood (14.3%); combined (8.0%)
- Crown Melbourne VIP win rate of 1.11%; Burswood VIP win rate of 1.12%; combined win rate of 1.11% (compared to theoretical VIP win rate of 1.35%)
- Overall operating margin decreased slightly from 29.6% to 29.3%
- Normalised EBITDA growth: Crown Melbourne 6.6%; Burswood (4.4%); combined 3.1%

# Crown Melbourne and Burswood Results

## Normalised 1H11



\$m	Crown Melbourne	Variance F/(U)	Burswood	Variance F/(U)	Australian Casinos	Variance F/(U)
Main floor gaming	470.8	7.7%	211.2	4.3%	682.0	6.6%
VIP program play	212.5	(5.5%)	78.3	(14.3%)	290.8	(8.0%)
Non-gaming	193.4	21.3%	87.3	0.8%	280.7	14.1%
<b>Total Revenue (Normalised)</b>	<b>876.7</b>	<b>6.8%</b>	<b>376.8</b>	<b>(1.0%)</b>	<b>1,253.5</b>	<b>4.3%</b>
Gaming taxes, levies and commissions	(256.5)	(1.4%)	(92.0)	11.1%	(348.5)	2.2%
Operating expenses	(360.5)	(11.1%)	(177.5)	(7.6%)	(538.0)	(9.9%)
<b>EBITDA</b>	<b>259.7</b>	<b>6.6%</b>	<b>107.3</b>	<b>(4.4%)</b>	<b>367.0</b>	<b>3.1%</b>
Depreciation & amortisation	(78.2)	(29.8%)	(18.1)	(3.1%)	(96.3)	(23.8%)
<b>EBIT</b>	<b>181.5</b>	<b>(1.0%)</b>	<b>89.2</b>	<b>(5.7%)</b>	<b>270.7</b>	<b>(2.6%)</b>
EBITDA / Revenue %	29.6%		28.5%		29.3%	
Total Revenue (Actual)	838.6	0.0%	363.4	3.7%	1,202.0	1.0%
VIP Turnover \$ billion	15.7	(5.5%)	5.8	(14.3%)	21.5	(8.0%)
VIP Win Rate (1.35% theoretical)	1.11%		1.12%		1.11%	

# Capital Expenditure Update



- All projects are on, or ahead of, schedule
- The growth capital expenditure is progressively delivering benefits and is expected to be earnings and value accretive for shareholders



# Property Update: Crown Melbourne Mahogany Room



- Stage 1 of the Mahogany room opened in December 2010
- Expected completion of the project in its entirety is December 2011



# Property Update: Crown Melbourne Mahogany Room





# Property Update: Crown Melbourne

## Crown Villas



- Refurbishment of majority of villas completed before Chinese New Year 2011
- Initial feedback has been positive
- Remaining villas to be completed by mid-2011



# Property Update: Burswood InterContinental Hotel



- Atrium Restaurant & Lobby Lounge was completed in December 2010
- Foyer expected to complete by mid-2011



# Property Update: Burswood Rooftop Gaming Salon



- Construction commenced in September 2010
- Expected completion by mid-2011



# Property Update: Burswood New Restaurants



## 88 Noodle Bar

- Completed November 2010
- New 123-seat Asian restaurant on main gaming floor
- Positive customer response



## Rockpool Bar & Grill

- Completed end of January 2011
- New 240-seat restaurant
- Trading ahead of expectations

# Melco Crown Entertainment (MCE)



- MCE has reported significantly improved operating performance at City of Dreams and Altira Macau for the period
- Crown's share of MCE's reported profit for the period was \$11.8 million
- Crown's share of MCE's normalised result for the period was a loss of \$6.8 million
- The Macau gaming market continues to exhibit very strong growth





## **Betfair**

- Betfair's equity accounted loss of \$1.5 million – primarily due to increase in legal and product fees
- Betfair has lodged an application for leave to appeal to the High Court against the judgement of the Full Federal Court in its case against Racing NSW and Harness Racing NSW.

## **Cannery**

- Crown holds a preferred instrument in Cannery Casino Resorts (Cannery).
- Crown has now received the necessary regulatory approvals in Nevada and Pennsylvania and expects to be in a position to convert this preferred instrument to equity shortly.
- Upon conversion, Crown will hold a 24.5% share in Cannery.

## **Aspinalls**

- During the period, Crown provided additional funding of £6.0 million to reduce existing bank debt. Crown also provided an £11.8 million short-term loan to Aspinalls as a consequence of an unusually low hold rate at the Aspinalls Club during the period.

## **Gateway**

- Crown's equity and debt investments in Gateway had previously been written down to nil
- Gateway has finalised a restructure of its equity and debt so that Crown and its joint venture partner, Macquarie Group, now each own 1% of the restructured entity.
- Crown was not required to contribute any further capital and has been released from all obligations. The restructure has no material impact on Crown's financial results.

# Debt Structure



Nature of Facility	31 Dec 10	30 Jun 10
	\$m	\$m
Bank Debt:	479.8	320.0
Capital Market Debt - MTN	114.6	114.6
- EMTN	174.6	174.6
- USPP (US\$200 m)	196.0	238.1
<b>Total Outstanding Debt</b>	<b>965.0</b>	<b>847.3</b>
Less: Available Cash <sup>1</sup>	(6.2)	(69.7)
<b>Net Debt</b>	<b>958.8</b>	<b>777.6</b>

- Committed undrawn bank facilities of \$1.1 billion at 31 December 2010
- Weighted Average Maturity<sup>2</sup> : 5 years
- Group's current debt ratings (S&P/Moody's/Fitch) BBB/Baa2/BBB – All stable

1. Available cash refers to the closing cash balance of \$144.6m (Jun 10: \$196.4m) less working capital cash of \$138.3m (Jun 10: \$126.7m). The working capital cash refers to cash held on the premises and in bank accounts for day-to-day operations of the businesses

2. Weighted Average Maturity as at 31 January 2011 (post-refinancing). Crown's weighted-average maturity was 4.2 years at 31 December 2010.

# Debt Refinancing

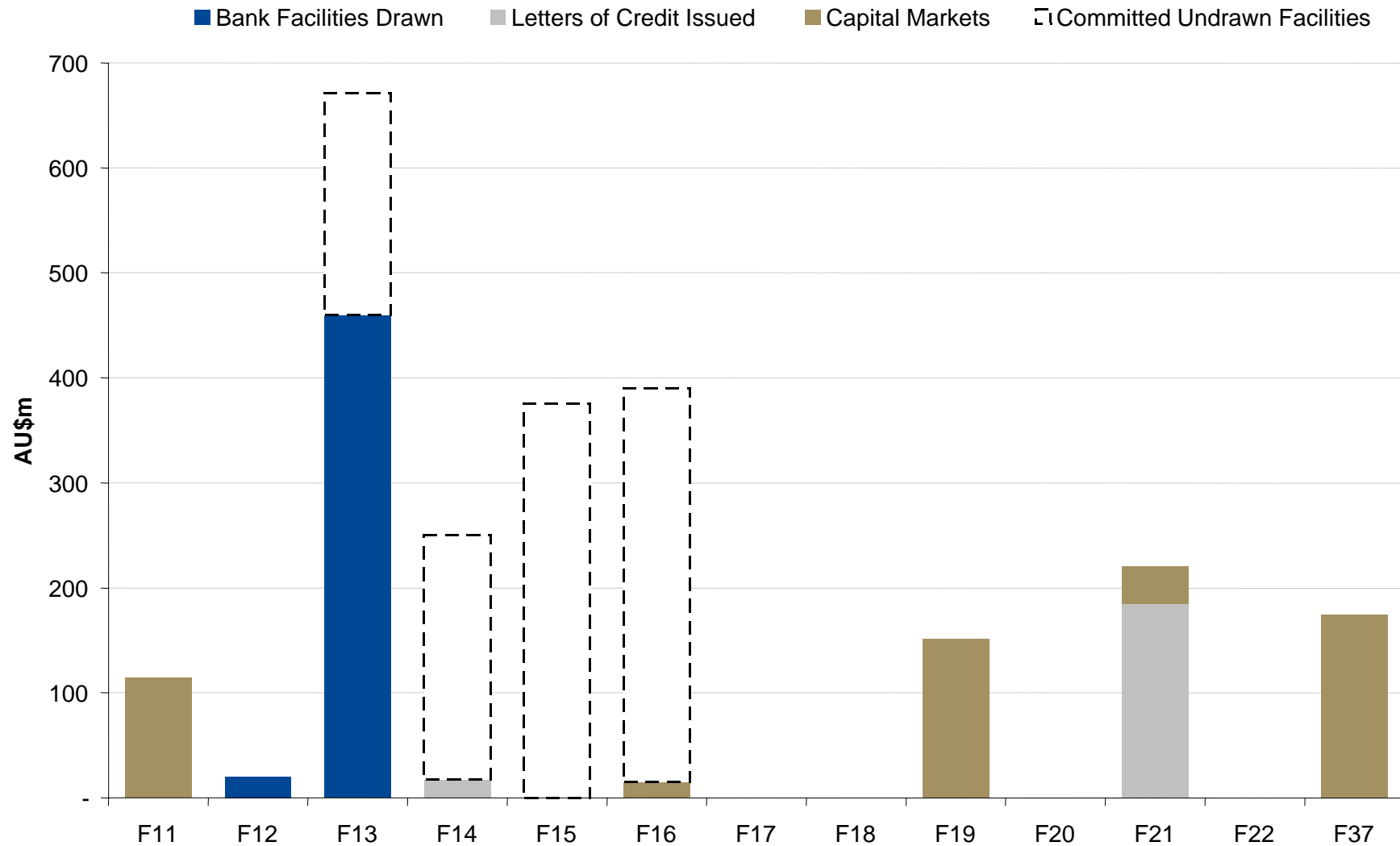


- In January 2011, Crown entered into a new \$750 million Syndicated Facility which:
  - Consists of two \$375 million tranches maturing in four and five years respectively;
  - Replaced the existing \$450 million Syndicated Facility that would have matured in August 2011; and
  - Consolidates a number of its Australian and US Dollar denominated Bilateral Facilities into this New Syndicated Facility to reduce costs and extend current maturities.
  
- Post-refinancing, Crown maintains committed undrawn bank facilities of \$1.2 billion and a weighted-average maturity of five years.
  
- No major debt refinancing requirements until June 2013.



# Debt Maturity Profile (Post-2011 Refinancing)

As at 31 January 2011



# Operating Cash Flow



\$m	1H11	1H10
<b>Normalised EBITDA</b>	<b>349.2</b>	<b>340.9</b>
Win rate variance	(44.6)	(11.9)
<b>Reported EBITDA</b>	<b>304.6</b>	<b>329.0</b>
Working Capital Movements	(36.3)	(23.1)
<b>Cash Flow Generated by Operations</b>	<b>268.3</b>	<b>305.9</b>
Net Interest	(34.7)	(40.3)
Income Tax Payments	(57.7)	(48.4)
<b>Operating Cash Flow</b>	<b>175.9</b>	<b>217.2</b>

# Group Net Cash Flow



\$m	1H11	1H10
<b>Operating Cash Flow</b>	<b>175.9</b>	<b>217.2</b>
Capital Expenditure (net) <sup>1</sup>	(188.2)	(199.4)
Payment in respect of licences <sup>2</sup>	(20.0)	-
Investment (net)	(43.2)	63.6
<b>Cash Flow Before Financing Activities</b>	<b>(75.5)</b>	<b>81.4</b>
Net Borrowings	160.0	-
Equity	6.8	2.9
Dividends Paid	(143.0)	(142.9)
Effect of Exchange Rates on Cash <sup>3</sup>	(0.1)	(25.4)
<b>Net increase / (decrease) in cash</b>	<b>(51.8)</b>	<b>(84.0)</b>
<b>Closing Cash <sup>4</sup></b>	<b>144.6</b>	<b>431.4</b>

1. Capital expenditure (net) includes sale of assets

2. Refers to Burswood's upfront fee payment to the Western Australian Government for extra gaming product

3. Prior period represents foreign exchange movements in USD cash which have been offset by a movement in USD borrowings

4. Includes \$138.3 million (Dec 09: \$154.4 million) of cash on the premises and cash held in bank accounts needed to run the day-to-day operations of the businesses



## **Australian Casinos' Performance**

- Overall performance:
  - Solid main floor gaming revenue growth
  - Decrease in VIP program play turnover primarily due to the opening of the two new Singapore casinos
  - Non-gaming revenue growth benefited from Crown Metropol opening in Melbourne
- Capital expenditure will reinforce Crown's position as a leading operator of integrated resorts in the region
- Crown expects this capital expenditure will be earnings and value accretive for shareholders

## **Macau**

- Melco Crown results pleasing and continuing to improve

## **Primary Management Focus**

- Continue to maximise the performance of Crown Melbourne and Burswood and manage the major capital expenditure programs underway
- Working with MCE to further build the value of MCE's Macau business

# Disclaimer



- All information provided in this presentation is provided as of the date stated or otherwise as of the date of the presentation.
- This presentation may include forward looking statements. Forward looking statements, by their nature, involve inherent risks and uncertainties. Many of those risks and uncertainties are matters which are beyond Crown's control and could cause actual results to differ from those predicted. Variations could either be materially positive or materially negative.
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