



**ASX / MEDIA RELEASE  
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## **CROWN ANNOUNCES 2012 HALF YEAR RESULTS**

**MELBOURNE: Crown Limited (ASX: CWN)** today announced its results for the half year ended 31 December 2011:

- Normalised NPAT<sup>1</sup> of \$211.6 million, up 27.6%
- Reported NPAT<sup>2</sup> of \$274.4 million, up 79.2%
- Normalised EBITDA<sup>3</sup> growth of 3.8% to \$362.4 million
- Reported EBITDA<sup>3</sup> growth of 34.4% to \$409.4 million
- Normalised EBIT growth of 1.0% to \$254.1 million
- Reported EBIT growth of 45.5% to \$301.1 million
- Australian casinos reported:
  - Normalised revenue growth of 10.7% to \$1,387.9 million
  - Main floor gaming generated revenue growth of 5.5%
  - Non-gaming revenue growth of 5.8%
  - VIP program play turnover of \$27.5 billion was up 27.7%, but at a lower margin
  - Normalised EBITDA growth of 5.2% to \$386.0 million
  - Reported EBITDA of \$439.5 million was up 36.3%
- Interim dividend of 18 cents per share announced

The Chief Executive Officer of Crown, Mr Rowen Craigie, said:

“Overall, the results for Crown’s wholly-owned Australian casinos, Crown Melbourne and Burswood, were reasonable given the challenging operating environment and the state of the consumer economy.”

“The results from Melco Crown Entertainment, our Macau joint venture, continue to improve and were the major contributor to the growth in NPAT for the Group,”

“Across the Crown Melbourne and Burswood properties, main floor gaming generated revenue growth of 5.5%. We are still seeing evidence of a softening in consumer sentiment, while the premium markets continue to exhibit strength. Some parts of the business continue to be impacted by the ongoing refurbishment programs at both properties.”

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<sup>1</sup> Normalised Net Profit After Tax represents results which have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play (see Attachments A and B for further information).

<sup>2</sup> The difference between reported NPAT of \$274.4 million and normalised NPAT of \$211.6 million is due to an above theoretical win rate on VIP program play in both of Crown’s Australian casinos of \$37.5 million and an adjustment to the equity accounted share of NPAT from Melco Crown Entertainment of \$30.1 million to exclude the impact of an above theoretical win on VIP play, partially offset by a below theoretical win rate at the Aspinall’s Club of \$4.8 million.

<sup>3</sup> Crown Group EBITDA includes net corporate costs of \$33.3 million.

“VIP program play turnover at our Australian casinos grew 27.7% in the first half compared with the first half of last year, albeit at a lower margin arising from a change within the VIP business mix and increased competition. The significant increase in Crown Melbourne’s and Burswood’s VIP turnover reflects, in part, the benefits from the completed redevelopment and refurbishment of these areas, in particular in Melbourne. We are continuing with our strategy to source new customers from China in order to offset the ongoing impact of the Singapore integrated resorts on our VIP business.”

“Crown Melbourne and Burswood benefited from an above theoretical win rate on their VIP turnover, with this above theoretical win rate contributing \$68.7 million to the Group’s after tax year-on-year profit growth. Crown considers that normalised earnings, which are calculated at theoretical win rates, are the best reflection of the underlying performance of the business.

“We are pleased with the activity at the Aspinall’s Club since Crown’s acquisition in May 2011. Trading has been ahead of expectations and the Aspinall’s Club generated a normalised EBITDA of \$9.7 million, albeit at a below theoretical win rate.”

“Significant progress has been made on the capital expenditure programs at both local properties. Across our Australian properties, Crown has spent approximately \$1.8 billion in total capital expenditure from financial year 2007 to December 2011. Crown Melbourne is already benefiting from the completion of the majority of its capital refurbishment projects. The upgrades to Burswood continue to be well-received as they are completed and we are endeavouring to minimise the disruption to customers.”

“On completion, Crown will have created two of Australia’s premier tourism assets and further enhanced Crown’s position as one of the leading operators of integrated resorts in the region.”

## **CROWN MELBOURNE**

Normalised EBITDA from Crown Melbourne was \$269.4 million, up 3.7% on the prior comparable period (pcp). Reported EBITDA for the period was \$298.4 million, up 31.4% or \$71.3 million on the pcp. This reflects an above theoretical win rate of 1.50% which generated a positive EBITDA variance of \$29.0 million, compared to a negative EBITDA variance of \$32.6 million in the pcp when the win rate was 1.11%.

Normalised revenue increased by 11.8% over the pcp to \$980.2 million. During the year, main floor gaming revenue grew 5.7% to \$497.5 million. Normalised VIP program play revenue increased 34.0% to \$284.8 million on turnover of \$21.1 billion but at a lower margin due to changes in business mix, higher super tax and increased competition. Crown’s strategy to source new customers from China, combined with the attraction of the exceptional world-class VIP facilities, have helped grow this business. Non-gaming revenue grew 2.3% to \$197.9 million.

Crown Towers hotel occupancy was 92.5% with an average room rate of \$291. Crown Promenade hotel occupancy was 87.2% with an average room rate of \$201. Refurbishment work at Promenade has reduced the number of rooms available and hotel occupancy based on available rooms was 91.7%. Crown Metropol achieved hotel occupancy of 81.5% with an average room rate of \$233.

The overall operating margin decreased from 29.6% to 27.5%. The margin decrease was principally due to an increase in costs associated with VIP program play, a change in revenue mix as a result of growth in VIP program play, the impact of the refurbishment disruption and the increase in gaming machine tax rate.

Significant progress has been made on the redevelopment of Crown Melbourne. The first half of financial year 2012 has seen the opening of the expanded Mahogany Room, Club 23 and stage 1 of the West End. The remaining works on the West End are on schedule and expected to be completed later this year. On completion, this area will host a new gaming, restaurant, cafe, bar and entertainment precinct which will utilise some of the increase in table games granted to Crown Melbourne under the licence arrangements approved by the Victorian Parliament in 2009. The refurbishment of the main gaming floor will continue over the next 18 months.

The capital expenditure program undertaken at Crown Melbourne has reinforced its position as a world class integrated resort, providing significant benefits to the Australian and Victorian tourism industries. The investment in growth capital expenditure is progressively delivering benefits and is expected to be earnings and value enhancing for shareholders.

## **BURSWOOD**

Normalised EBITDA from Burswood was \$116.6 million, up 8.7% on the pcp. Reported EBITDA for the period was \$141.1 million, up 48.1% or \$45.8 million on the pcp. This reflects an above theoretical win rate of 1.77% which generated a positive EBITDA variance of \$24.5 million, compared to a negative EBITDA variance of \$12.0 million in the pcp when the win rate was 1.12%.

Normalised revenue increased 8.2% over the pcp to \$407.7 million. During the year, main floor gaming revenue grew 5.1% to \$222.0 million. Normalised VIP program play revenue increased 10.6% to \$86.6 million on turnover of \$6.4 billion but at a lower margin. VIP program play revenue increased primarily as a result of the completion of VIP accommodation and Crown's strategy to source new customers from China.

Non-gaming revenue grew 13.5% to \$99.1 million primarily due to the improved trading in food and beverage as a result of the completion of a number of key refurbishment projects and improved trading in both hotels. Hotel occupancy at the InterContinental was 72.9% with an average room rate of \$265. The InterContinental hotel refurbishment program has reduced the number of rooms available and hotel occupancy based on available rooms was 93.4%. Hotel occupancy at the Holiday Inn was 93.5% with an average room rate of \$225.

The overall operating margin increased from 28.5% to 28.6% reflecting an improved margin in the local business which offset a decline in the margin for the VIP business.

Significant progress has been made on the redevelopment of Burswood (which will be rebranded later in 2012 as "Crown Perth"). The Sky Gaming Salon, located on the roof top of the InterContinental Hotel, is part of the revitalised VIP offering at Burswood. The Sky Gaming Salon has been exceptionally well received by our VIP customers since it opened at the end of October 2011.

The new VVIP Mansions were completed in time for Chinese New Year. These VVIP accommodation facilities are amongst the best in the world and allow Burswood to compete with the new wave of integrated resorts in Singapore and Macau. The new pool and spa facility, which opened earlier this month, is one of the premier facilities of its type in Australia and contributes another exceptional dimension to the integrated resort offering at Burswood. The InterContinental Hotel rooms' refurbishment program is 68% complete with 268 of the 395 rooms renovated.

The expansion of Burswood's gaming floor to accommodate new gaming product has commenced and is expected to be completed in the second quarter of financial year 2013.

The capital expenditure undertaken in upgrading and expanding the Burswood resort will progressively deliver benefits and is expected to be earnings and value enhancing for shareholders.

## **CURRENT TRADING AT AUSTRALIAN CASINOS**

Trading across both properties for the period from 1 January 2012 to 18 February 2012 (first seven weeks of the second half of financial year 2012), relative to the pcp, saw main floor gaming revenue grow by 5.7%. Non-gaming revenue grew by 5.3%.

VIP program play volumes have been reasonable.

## **ASPINALL'S CLUB**

Trading activity at the Aspinall's Club since Crown's acquisition in May 2011 has been ahead of expectations. Normalised EBITDA from Aspinall's Club was \$9.7 million. A below theoretical win rate generated a negative EBITDA variance of \$6.5 million which resulted in a reported EBITDA for the period of \$3.2 million.

## **MELCO CROWN ENTERTAINMENT ("MCE"): Macau (33.65% interest)**

MCE reported strong results for the six months to 31 December 2011.

Crown's share of MCE's normalised result for the period was a profit of \$41.3 million, after adjusting for an above theoretical win rate. Crown's share of MCE's reported result for the year was an equity accounted profit of \$71.4 million.

This pleasing result was primarily driven by improved operating performance in all major segments. Across the group there was an increase in gaming volumes, significant improvements in mass table games hold percentages, as well as increasing contributions from the hotel, food and beverage and entertainment segments.

In July 2011, MCE completed the acquisition of a 60% equity interest in Macau Studio City, a large scale integrated gaming, retail and entertainment resort to be developed in Macau jointly by MCE and New Cotai Holdings, LLC. MCE will focus on delivering innovative attractions based on the "Studio City" concept. When complete, Macau Studio City will meaningfully increase MCE's presence on Cotai. MCE is currently working through its financing plans for the construction of Macau Studio City.

On 30 November 2011, Crown and its joint venture partner Melco International Development Limited (Melco) each converted their MCE shareholder loans to equity in MCE. The conversion was undertaken at a price of US\$8.61 per ADS. Following the conversion, Crown's and Melco's direct interest in MCE increased to 33.65% each.

MCE completed a listing by introduction to the Stock Exchange of Hong Kong (SEHK) on 7 December 2011. As a result, MCE now has dual listing, with its ADSs listed on NASDAQ and its shares listed on SEHK.

The Macau gaming market as a whole has exhibited strong growth, with gross gaming revenues up 40.8% in the six months to December 2011. MCE maintains its confidence in the future of Macau. MCE believes it is well positioned to take advantage of the shifting gaming epicentre to Cotai, particularly in the mass market segments, driving long term profitability and shareholder value.

## **OTHER INVESTMENTS**

**Tabcorp Holdings Limited and Echo Entertainment Group Limited** – As previously reported, Crown acquired a 4.9% economic interest in Tabcorp Holdings Limited and Echo Entertainment Group Limited prior to the Tabcorp demerger. During the period, Crown's economic interest in the shares of both companies resulted in a mark-to-market loss of \$30.6 million, representing its exposure to the change in value of the underlying shares of each company.

**Betfair** – Crown's equity accounted share of Betfair's gain was \$3.5 million. The profit includes the benefit of a refund of overpaid GST as a result of a settlement with the Australian Tax Office (ATO). Betfair will receive the benefit of a GST credit over an extended period of time which will be reflected in future earnings.

Betfair has been granted special 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. The High Court heard the appeal at the end of August 2011, although no decision has yet been made.

**Cannery** – Crown continues to hold a 24.5% equity share in Cannery. Crown did not receive a distribution of any profits or recognise any earnings from Cannery during the period.

**Aspers Group** – As previously reported, the Aspers Group was successful in obtaining the licence for a new casino in Stratford, London, within the new Westfield shopping complex, which is adjacent to the 2012 Olympic Games site. Work on the new casino was completed in November and the official opening occurred on 1 December 2011. Early trading at the new casino has been encouraging.

## **CASH FLOW AND DEBT**

Operating cash flow for the period was \$283.6 million. After net capital expenditure of \$268.5 million, a share buy-back of \$238.1 million and dividend payments of \$141.6 million, total group debt was \$1,429.2 million as at 31 December 2011. Total cash and cash equivalents at 31 December 2011 was \$188.7 million, which consisted of cash maintained for working capital purposes of \$159.6 million, with the balance of \$29.1 million available for general purposes. Net debt, excluding working capital cash, at 31 December 2011 stood at \$1,400.1 million with no significant debt refinancing requirements until June 2013.

At 31 December 2011, total liquidity, excluding working capital cash of \$159.6 million, was \$699.6 million, represented by \$29.1 million in available cash and \$670.5 million in committed undrawn facilities.

In December 2011, Crown entered into a new £85 million syndicated facility which consists of two £42.5 million tranches maturing in four and five years respectively. This new facility replaced an existing £42.5 million facility that was due to mature in December 2012.

### **CORPORATE COSTS**

Corporate costs of \$33.3 million were \$15.5 million above last year, largely as a result of the mark-to-market loss on the Tabcorp and Echo Group swaps noted above, partially offset by realised foreign currency gains arising from the conversion of previously outstanding loans to MCE to equity.

### **INTEREST EXPENSE**

The total net interest expense for the half year was \$47.1 million, an increase of \$14.2 million on the pcp. The increase in net interest expense is due primarily to higher levels of net debt associated with development projects and the share buy-back concluded during the period.

### **DIVIDEND**

Crown is announcing an interim dividend on ordinary shares of 18 cents per share, franked to 50%, payable to shareholders registered at 5.00pm on 30 March 2012. The dividend is due to be paid on 17 April 2012. No part of the unfranked portion of the dividend will consist of conduit foreign income. The dividend is in line with Crown's previously announced dividend policy.

### **CAPITAL MANAGEMENT**

Crown completed a buy-back of 30 million shares at a cost of \$238.1 million in October 2011. The buy-back represented 4% of Crown's issued capital. The buy-back is expected to be earnings per share accretive.

### **ENDS**

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

Investor and Analyst Enquiries – John Bresnan, Investor Relations 03 9292 8851.

### **COPIES OF RELEASES**

Copies of previous media and ASX announcements issued by Crown are available at Crown's website at [www.crownlimited.com](http://www.crownlimited.com)



## CROWN GROUP RESULT

### Six Months ended 31 December 2011

Normalised Results <sup>(1)</sup>				Actual Results		
6 mths ended Dec 2010 \$ M	6 mths ended Dec 2011 \$ M	% movement on Normalised		6 mths ended Dec 2010 \$ M	6 mths ended Dec 2011 \$ M	% movement on Actual
<u>1,253.5</u>	<u>1,443.9</u>	15.2%	OPERATING REVENUE	<u>1,202.0</u>	<u>1,489.9</u>	24.0%
349.2	362.4	3.8%	EARNINGS BEFORE INTEREST, TAX & DEPRECIATION	304.6	409.4	34.4%
<u>(97.6)</u>	<u>(108.3)</u>		Depreciation & Amortisation	<u>(97.6)</u>	<u>(108.3)</u>	
251.6	254.1	1.0%	EARNINGS BEFORE INTEREST & TAX	207.0	301.1	45.5%
<u>(32.9)</u>	<u>(47.1)</u>		Net Interest Income / (Expense)	<u>(32.9)</u>	<u>(47.1)</u>	
218.7	207.0	(5.3)%	PROFIT BEFORE TAX	174.1	254.0	45.9%
<u>(44.6)</u>	<u>(40.2)</u>		Taxation	<u>(31.3)</u>	<u>(54.5)</u>	
174.1	166.8	(4.2)%	PROFIT AFTER TAX	142.8	199.5	39.7%
<u>(8.3)</u>	<u>44.8</u>		Equity Accounted Profit / (Loss) <sup>(2)</sup>	<u>10.3</u>	<u>74.9</u>	
<u>165.8</u>	<u>211.6</u>	27.6%	NET PROFIT	<u>153.1</u>	<u>274.4</u>	79.2%

(1) Adjusted to show underlying NPAT, ie. excluding the impact of the above theoretical win rate on VIP Program Play of \$32.7 million (\$47.0 million pre tax less income tax of \$14.3 million) in 1H12 and the below theoretical win rate of \$31.3 million (\$44.6 million pre tax less income tax of \$13.3 million) in 1H11.

(2) Normalised results include an adjustment to equity share of earnings from MCE to exclude the impact of an above theoretical win rate on VIP Play. The prior year adjustment included the impact of an above theoretical win rate on VIP Play and pre-opening costs.



**CROWN DIVISIONAL RESULTS**  
**Six Months ended 31 December 2011**

<b>Normalised Results<sup>(1)</sup></b>			<b>Actual Results</b>			
6 mths ended Dec 2010 \$ M	6 mths ended Dec 2011 \$ M	% movement on Normalised		6 mths ended Dec 2010 \$ M	6 mths ended Dec 2011 \$ M	% movement on Actual
			<b>REVENUE</b>			
1,253.5	1,439.3	14.8%	Gaming	1,202.0	1,485.3	23.6%
0.0	4.6	NA	Corporate	0.0	4.6	NA
<u>1,253.5</u>	<u>1,443.9</u>	15.2%		<u>1,202.0</u>	<u>1,489.9</u>	24.0%
			<b>EXPENDITURE</b>			
886.5	1,043.6	17.7%	Gaming	879.6	1,042.6	18.5%
17.8	37.9	112.9%	Corporate	17.8	37.9	112.9%
<u>904.3</u>	<u>1,081.5</u>	19.6%		<u>897.4</u>	<u>1,080.5</u>	20.4%
			<b>EBITDA</b>			
367.0	395.7	7.8%	Gaming	322.4	442.7	37.3%
(17.8)	(33.3)	87.1%	Corporate	(17.8)	(33.3)	87.1%
<u>349.2</u>	<u>362.4</u>	3.8%		<u>304.6</u>	<u>409.4</u>	34.4%
29.3%	27.5%		<b>GAMING EBITDA / REVENUE</b>	26.8%	29.8%	

(1) Adjusted to show underlying EBITDA ie. excluding any variance from the theoretical win rate on VIP Program Play at Crown, Burswood and Aspinall's Club