



**ASX / MEDIA RELEASE
FOR IMMEDIATE RELEASE
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CROWN ANNOUNCES 2016 FULL YEAR RESULTS

MELBOURNE: Crown Resorts Limited (ASX: CWN) today announced its results for the full year ended 30 June 2016:

• **Crown Resorts Limited performance:**

- Normalised¹ NPAT attributable to the parent of \$406.2 million, down 22.7%
- Reported NPAT attributable to the parent of \$393.6 million, down 11.8% before significant items
- Reported NPAT attributable to the parent of \$948.8 million, up 146.4% after significant items
- Net gain from significant items of \$555.2 million, the major component of which is the net gain from the sale of shares in Melco Crown
- Normalised EBITDA of \$855.8 million, up 3.8%
- Reported EBITDA of \$861.3 million, up 10.7%
- Normalised EBIT of \$573.1 million, up 2.0%
- Reported EBIT of \$578.6 million, up 12.3%
- Final dividend of 39.5 cents per share declared (total full year dividend of 72.5 cents per share)

• **Australian resorts performance:**

- Normalised revenue of \$3,234.5 million, up 0.8%
- Main floor gaming revenue of \$1,680.6 million, up 5.8%
- Non-gaming revenue of \$674.6 million, up 1.5%
- VIP program play turnover of \$65.1 billion, down 8.0%
- Normalised EBITDA of \$933.2 million, up 1.8%
- Reported EBITDA of \$949.2 million, up 0.2%

• **Melco Crown Entertainment (MCE):**

- Weak market conditions in Macau adversely impacted MCE's performance
- Crown's share of MCE's Normalised NPAT of \$58.1 million, down \$103.2 million or 64.0%
- Crown's share of MCE's Reported NPAT of \$42.7 million, down \$79.3 million or 65.0%

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, Crown Aspinalls and MCE), pre-opening costs from MCE and significant items. 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, income tax expense and equity accounted share of associates' results. 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.

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

“The 2016 full year result reflects a solid performance from our Australian operations and continued subdued trading in Macau. The result also includes the profit generated from the partial sale of Crown’s MCE shareholding, which has been reported as a significant item.”

“At Crown’s Australian resorts, main floor gaming revenue increased by 5.8%, which was a solid performance. VIP program play turnover in Australia of \$65.1 billion (down 8.0%) was a reasonable outcome given the strong growth in the prior comparable period of 41.8% and the depressed nature of VIP gaming activity across Asia.”

“The decline in MCE’s result was attributable to weak market conditions in Macau. Overall gross gaming revenue across the Macau market in the full year to 30 June 2016 declined by more than 20%.”

“The sale of 155 million ordinary shares in MCE generated proceeds of \$1,067.1 million. This, combined with \$180.7 million in dividends received from MCE in the year, has enabled Crown to reduce Crown’s net debt and to maintain a strong balance sheet and credit profile to fund existing Australian development projects. Since the formation of MCE, Crown has achieved cash returns equivalent to double the total cash it has invested in MCE. Crown continues to hold a 27.4% interest in MCE valued at approximately \$2.3 billion at 30 June 2016.”

CROWN MELBOURNE

Normalised EBITDA from Crown Melbourne was \$673.3 million, up 1.7% on the prior comparable period (pcp). Reported EBITDA for the period was \$663.4 million, up 2.9% 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 \$9.9 million. This compares to a negative EBITDA impact of \$17.5 million in the pcp.

Normalised revenue of \$2,312.5 million was up 3.5% on the pcp. During the year, main floor gaming revenue was \$1,183.3 million, up 8.5% on the pcp.

Normalised VIP program play revenue was \$676.5 million, down 4.3% on the pcp with turnover of \$50.1 billion.

Non-gaming revenue grew 3.7% to \$452.7 million. Crown Towers Melbourne hotel occupancy was 97.1% with an average room rate of \$361. Crown Metropol Melbourne achieved hotel occupancy of 92.4% with an average room rate of \$268. Crown Promenade Melbourne hotel occupancy was 93.6% with an average room rate of \$227. These high occupancy rates reflect the very strong demand for luxury hotel accommodation in Melbourne.

The overall normalised operating margin decreased from 29.6% to 29.1%. The decline in margin is largely due to the change in the mix of VIP program play in favour of junket play versus direct premium play and the additional costs associated with that change in mix.

CROWN PERTH

Normalised EBITDA from Crown Perth was \$259.9 million, up 2.2% on the pcp. Reported EBITDA for the period was \$285.8 million, down 5.4% 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 \$25.9 million. This compares to a positive EBITDA impact of \$47.7 million in the pcp.

Normalised revenue of \$922.0 million was down 5.5% on the pcp. During the year, main floor gaming revenue was \$497.3 million, down 0.1% on the pcp.

Normalised VIP program play revenue was \$202.8 million, down 18.7% on the pcp with turnover of \$15.0 billion.

Non-gaming revenue was down 2.7% to \$221.9 million. Crown Metropol Perth hotel occupancy was 90.9% with an average room rate of \$300. Hotel occupancy at Crown Promenade Perth was 93.8% with an average room rate of \$205.

The overall normalised operating margin increased from 26.1% to 28.2%. This improvement includes the impact of the change in business mix between main floor play and VIP program play as well as benefits from productivity and efficiency improvements despite lower revenues.

CROWN ASPINALLS

Normalised EBITDA from Crown Aspinalls was \$26.5 million, down 16.4% on the pcp. Reported EBITDA for the period was \$16.0 million, an increase of \$61.3 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 \$10.5 million. This compares to a negative EBITDA impact of \$77.0 million in the pcp.

CROWN WAGERING AND ON-LINE SOCIAL GAMING OPERATIONS

EBITDA from Crown's wagering and on-line social gaming operations was a loss of \$5.4 million. Overall, the wagering and on-line social gaming businesses were profitable in the second half and revenue growth was strong. Crown's wagering and on-line social gaming operations include CrownBet (a 62% owned, on-line wagering business), Betfair Australasia (a 100% owned, on-line betting exchange) and DGN Games (a 70% owned, on-line social gaming business based in Austin, Texas).

MELCO CROWN ENTERTAINMENT (MCE): Macau (27.4% equity interest)

In May 2016 Crown entered into an agreement with MCE for the repurchase of 155 million ordinary shares in MCE which generated proceeds of \$1,067.1 million resulting in a net gain on sale of \$602.0 million, which is reported as a significant item. Crown continues to hold a 27.4% interest in MCE valued at approximately \$2.3 billion at 30 June 2016.

Crown's share of MCE's normalised NPAT for the full year to 30 June 2016 was an equity accounted profit of \$58.1 million, down \$103.2 million or 64.0% on the pcp². After adjusting for pre-opening costs and the variance from theoretical, Crown's share of MCE's reported NPAT result for the year was an equity accounted profit of \$42.7 million, down \$79.3 million or 65.0% on the pcp.

Macau continues to face challenges arising from softer gaming demand, which has adversely affected all casino operators. Overall, gross gaming revenue across the Macau market in the full year to 30 June 2016 declined 22.5%. However, MCE believes that revenue trends, particularly in the mass market segments, will improve as Macau further evolves into a multi-faceted, mass market-focused destination.

Studio City³, MCE's second integrated resort in Cotai, Macau, which opened in late 2015, is still in ramp-up phase.

City of Dreams Manila⁴ delivered an improvement in all gaming and non-gaming segments in the second quarter results of 2016 on a year-on-year basis. City of Dreams Manila provides MCE with a diversified earnings stream to complement MCE's operations in Macau.

Dividends received from MCE totalled \$180.7 million which includes the special dividend paid in March 2016 of \$168.3 million.

OTHER EQUITY ACCOUNTED INVESTMENTS

Crown's equity accounted result from other investments is comprised of its share of equity accounted profits from Nobu 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 share of NPAT across all these investments was a loss of \$1.4 million.

During the period, Crown acquired a 20% ownership interest in the international restaurant and hotel company, Nobu, for US\$100 million (\$136.4 million) and a 50% ownership interest in part of the property and

² Crown had a 34.3% interest for the full reporting period in financial year 2015, whereas, in financial year 2016, it had a 34.3% interest for approximately 10 months and a 27.4% interest for approximately 2 months

³ Macau Studio City is 60% owned by MCE

⁴ The operator of City of Dreams Manila is owned by Melco Crown (Philippines) Resorts Corporation which is a 72.2% owned subsidiary of MCE

operations at Ellerston in the Hunter Valley for \$59.1 million. A joint venture, Draftstars, was established between CrownBet and Fox Sports. Draftstars is the Official Daily Fantasy Sports Partner of the AFL.

Crown has a 50% interest in Aspers Group. In 2009, Crown's investment in Aspers Group was written down to zero. Aspers Group operates four casinos in the United Kingdom, in Newcastle, Stratford (London), Milton Keynes and Northampton (the latter in a joint venture with Kerzner UK Limited). As a result of recent strong operating results and a debt refinance, Crown has reversed the prior net impairment loss (after taking into account unbooked losses) of £19.8m (\$35.4m), which has been accounted for as a significant item.

CROWN SYDNEY PROJECT

On 28 June 2016 the NSW Planning Assessment Commission ("PAC") approved, subject to a number of substantial modifications and conditions, the applications for the modification of the approved concept plan for Barangaroo (known as "Mod 8") and for the construction of the Crown Sydney Hotel Resort at Barangaroo South. Subsequently, on 2 August 2016, Crown, Lendlease, the Barangaroo Delivery Authority, the Minister for Planning and the Sydney Harbour Foreshore Authority were served with legal proceedings challenging the validity of the decision of the PAC. Crown has indicated that it will defend these proceedings vigorously.

CROWN MELBOURNE – NEW SIX-STAR HOTEL JOINT VENTURE

Crown and the Schiavello Group have submitted a planning approval application for a new luxury six-star hotel and apartment complex at 1-25 Queensbridge Street, Melbourne on a site adjacent to the Crown Melbourne complex. The proposed Queensbridge Tower would comprise a 388 room six-star hotel with associated amenities and approximately 700 luxury apartments.

Crown made an initial investment of \$50 million to acquire a 50% share of the land in December 2014. Crown would have the right to acquire and manage the hotel on completion. The development of the Queensbridge project also remains conditional upon negotiation of final legal agreements with the Schiavello Group and financing arrangements.

ALON LAS VEGAS PROJECT

As previously announced, Crown, through a majority owned subsidiary, has acquired a 34.6 acre vacant site on the Las Vegas strip. Crown and its partners are continuing design work on the project. Necessary permits have been applied for and a construction contract is being negotiated. The capital structure of the ownership entity is yet to be settled.

CASH FLOW AND DEBT

Net operating cash flow for the period of \$482.7 million compared to cash flow of \$634.6 million in the pcp. After proceeds received from the repurchase of 155 million ordinary shares in Melco Crown of \$1,067.1 million, net capital expenditure of \$490.3 million, acquisition of investments of \$255.2 million, net repayment of loans from associates of \$131.5 million and dividend payments of \$378.8 million, the Group's net debt position (excluding working capital cash of \$151.1 million) at 30 June 2016 was \$1,962.7 million, consisting of total debt of \$2,261.3 million and cash (excluding working capital cash) of \$298.6 million.

At 30 June 2016, total liquidity, excluding working capital cash of \$151.1 million, was \$1,587.9 million, represented by \$298.6 million in available cash and \$1,289.3 million in committed undrawn facilities.

CORPORATE COSTS

During the period corporate costs were \$98.5 million which was \$8.8 million below the pcp.

FINANCE COSTS EXPENSED

Normalised net interest expense for the year was \$141.6 million, an increase of \$29.3 million on the pcp. This reflects higher net debt levels, partially offset by capitalised interest of \$43.4 million relating to the Crown Towers Perth and Crown Sydney projects.

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 into Significant Items due to the one-off nature and individual significance of the income/expenditure. A summary of the Significant Items are as follows:

	\$'m
Net gain on sale of MCE	602.0
Early debt retirements costs (net of tax)	(40.8)
Asset impairment reversal	35.4
Proposed demerger related costs	(9.0)
Tax provision – amended assessments	(32.4)
Net gain	<u>555.2</u>

INCOME TAX DISPUTE

On 15 February 2016, Crown received amended assessments and a notice of penalties from the Australian Taxation Office (ATO) for a total of approximately \$362 million, which comprises primary tax, interest and penalties.

The amended assessments are in respect of income tax paid for the financial years ending 30 June 2009 to 30 June 2014 (inclusive). The amended assessments relate to the tax treatment of some of the financing for Crown's investment in Cannery Casino Resorts and other investments in North America.

In order to avoid the continued accrual of interest and penalties and with no admission of liability to do so, Crown has paid approximately \$125 million to ATO.

Crown is a significant taxpayer in Australia and disputes the amended assessments. Crown considers that it has paid the correct amount of tax and intends to pursue all available avenues of objection (including, if necessary, court proceedings) to the amended assessments.

MAJOR INITIATIVES TO ENHANCE SHAREHOLDER VALUE

On 15 June 2016 Crown announced that it intends to:

- pursue a demerger of certain international investments to create a separately listed holding company;
- adopt a new dividend policy to pay 100% of normalised net profit after tax (before minorities and excluding profits from associates but including dividends received from associates), effective immediately; and
- explore a potential IPO of a 49% interest in a property trust which would own some of Crown Resorts' Australian hotels, with Crown Resorts retaining a 51% interest.

Work on the proposed demerger, in particular, to obtain all the necessary approvals, consents and waivers from third parties, including from Governments and gaming regulators, is ongoing.

Work also continues on evaluating the potential IPO of a 49% interest in a property trust which would own some of Crown Resorts' Australian hotels. Implementation of any proposed IPO would be subject to approval by the Crown Resorts Board.

The evaluation of any IPO is being progressed independently of the proposed demerger.

DIVIDEND

As outlined in the announcement on 16 June 2016 Crown Resorts has adopted a new dividend policy to pay 100% of normalised net profit after tax (before minorities and excluding profits from associates but including dividends received from associates).

Crown has declared a final dividend on ordinary shares of 39.5 cents per share. The dividend is franked to 70% and payable to shareholders registered at 5.00pm on Friday 23 September 2016. The dividend is due to be paid on Friday 7 October 2016. The unfranked portion of the dividend will be comprised entirely of conduit foreign income.

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.crownresorts.com.au



CROWN GROUP RESULT
Twelve Months ended 30 June 2016

Normalised Results ⁽¹⁾				Actual Results ⁽²⁾		
12 months ended June 2016	12 months ended June 2015	% movement		12 months ended June 2016	12 months ended June 2015	% movement
\$ M	\$ M			\$ M	\$ M	
<u>3,584.9</u>	<u>3,404.5</u>	5.3%	OPERATING REVENUE ⁽³⁾	<u>3,602.9</u>	<u>3,465.6</u>	4.0%
855.8	824.9	3.8%	EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & SIGNIFICANT ITEMS	861.3	778.1	10.7%
<u>(282.7)</u>	<u>(262.9)</u>		Depreciation & Amortisation	<u>(282.7)</u>	<u>(262.9)</u>	
573.1	562.0	2.0%	EARNINGS BEFORE INTEREST, TAX & SIGNIFICANT ITEMS	578.6	515.2	12.3%
<u>(141.6)</u>	<u>(112.3)</u>		Net Interest Income / (Expense)	<u>(141.6)</u>	<u>(112.3)</u>	
431.5	449.7	(4.0)%	PROFIT BEFORE TAX & SIGNIFICANT ITEMS	437.0	402.9	8.5%
<u>(87.2)</u>	<u>(92.2)</u>		Taxation	<u>(89.9)</u>	<u>(85.3)</u>	
344.3	357.5	(3.7)%	PROFIT AFTER TAX & BEFORE SIGNIFICANT ITEMS	347.1	317.6	9.3%
<u>56.7</u>	<u>161.3</u>		Equity Accounted Profit / (Loss)	<u>41.3</u>	<u>122.0</u>	
401.0	518.8	(22.7)%	NET PROFIT AFTER TAX	388.4	439.6	(11.6)%
<u>5.2</u>	<u>6.7</u>		Non-controlling interest	<u>5.2</u>	<u>6.7</u>	
<u>406.2</u>	<u>525.5</u>	(22.7)%	NET PROFIT ATTRIBUTABLE TO PARENT BEFORE SIGNIFICANT ITEMS	<u>393.6</u>	<u>446.3</u>	(11.8)%
			Significant items net of tax ⁽⁴⁾	555.2	(61.3)	
			NET PROFIT ATTRIBUTABLE TO PARENT	<u>948.8</u>	<u>385.0</u>	146.4%

(1) Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play, pre-opening costs and significant items. The difference between reported NPAT before significant items of \$393.6 million and normalised NPAT of \$406.2 million is due to a below theoretical result at Crown Aspinall's of \$8.4 million and an adjustment to the equity accounted share of NPAT from MCE of \$15.4 million to exclude the impact of the variance from theoretical win rate on VIP play and pre-opening costs, partially offset by an above theoretical result on VIP program play in Crown's Australian casinos of \$11.2 million.

(2) Actual results reflect revenues & expenses at actual win rates and include significant items.

(3) Operating revenue excludes interest revenue.

(4) Current year significant items consist of the net gain on sale of MCE shares and the Aspers impairment reversal, partially offset by proposed demerger related costs, early debt retirement costs and a tax provision adjustment relating to amended assessments. Prior year significant items consist of asset impairments relating primarily to Crown's investment in Cannery.