



**ASX / MEDIA RELEASE
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21 August 2019**

CROWN ANNOUNCES 2019 FULL YEAR RESULTS

MELBOURNE: Crown Resorts Limited (ASX: CWN) (“Crown”) today announced its results for the full year ended 30 June 2019:

• **Crown Resorts Limited performance:**

- Normalised¹ NPAT attributable to the parent of \$368.6 million, down 4.7%
- Reported NPAT attributable to the parent of \$401.8 million, up 23.0% before significant items or down 28.1% after significant items²
- Normalised EBITDA of \$802.1 million, down 8.7%
- Reported EBITDA of \$849.7 million, up 7.2%
- Normalised EBIT of \$528.5 million, down 10.8%
- Reported EBIT of \$576.1 million, up 13.7%
- Final dividend of 30 cents per share declared (total full year dividend of 60 cents per share)

• **Australian resorts performance:**

- Normalised revenue of \$2,954.8 million, down 5.4%
- Main floor gaming revenue of \$1,689.3 million, up 0.5%
- VIP program play turnover of \$38.0 billion, down 26.1%
- Non-gaming revenue of \$752.1 million, up 0.6%
- Normalised EBITDA of \$811.3 million, down 9.2%
- Reported EBITDA of \$859.6 million, up 6.4%

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

“Crown’s Australian operations’ full year result reflected subdued market conditions. Total normalised revenue across Crown’s Australian resorts decreased by 5.4% on the prior comparable period. This decline was primarily due to the reduction in VIP program play revenue in Australia, which was down 26.1%. Main floor gaming revenue increased by 0.5%, with modest revenue growth in Melbourne offset by continued softness in Perth, particularly for the table games business.

“During the 2019 financial year, Crown again made a major contribution to the Australian economy through its role in tourism, employment, training and its corporate responsibility programs. Crown’s contributions risk being overshadowed by recent media reporting which has unfairly sought to tarnish Crown’s reputation.

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. 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, operating expenses and income tax expense. Crown believes that normalised results are the relevant 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 Significant items with a net \$nil value were recorded during the period, with an impairment charge of \$48.9 million recorded against DGN’s goodwill offset by a corresponding reduction to the contingent consideration associated with the acquisition of Winners Club Limited. The prior comparable period (“pcp”) included a net gain from significant items attributable to the parent of \$232.2 million, which includes the reversal of an impairment of the Alon Las Vegas land and associated net foreign currency gain, as well as net gains from the sales of CrownBet and Ellerston.

“Crown operates in one of the most highly regulated industries in Australia with our business subject to ongoing review and monitoring by State gaming regulators and Governmental agencies such as AUSTRAC.

“It comes as no surprise that various regulators and other agencies have launched inquiries given recent media reports and the sensationalist nature of the allegations raised. Crown has zero tolerance for criminal elements and we view these inquiries as an opportunity to continue our cooperation with regulators and other agencies.”

CROWN MELBOURNE

Normalised EBITDA from Crown Melbourne was \$589.5 million, down 8.6% on the pcp. Reported EBITDA for the period was \$615.0 million, up 4.9% 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 \$25.5 million. This compares to a negative EBITDA impact of \$59.0 million in the pcp.

Normalised revenue of \$2,155.4 million was down 5.4% on the pcp.

Main floor gaming revenue was \$1,235.1 million, up 1.5% on the pcp, which comprises table games (non-program play) revenue of \$772.4 million (up 0.7% on the pcp) and gaming machine revenue of \$462.7 million (up 2.8% on the pcp).

Normalised VIP program play revenue was \$441.4 million, down 25.4% on the pcp, with turnover of \$32.7 billion.

Non-gaming revenue was \$478.9 million, up 1.9% on the pcp.

Overall hotel occupancy across Crown Melbourne’s three hotels was approximately 94%, with Crown Towers hotel occupancy 95.4%, Crown Metropol hotel occupancy 93.4% and Crown Promenade hotel occupancy 93.6%.

The overall normalised operating margin decreased from 28.3% to 27.3%. The decline in margin is largely due to an increase in labour and other costs in an environment of subdued revenue growth.

CROWN PERTH

Normalised EBITDA from Crown Perth was \$221.8 million, down 10.8% on the pcp. Reported EBITDA for the period was \$244.6 million, up 10.4% 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 \$22.8 million. This compares to a negative EBITDA impact of \$27.3 million in the pcp.

Normalised revenue of \$799.4 million was down 5.3% on the pcp.

Main floor gaming revenue was \$454.2 million, down 2.1% on the pcp, which comprises table games (non-program play) revenue of \$186.8 million (down 6.0% on the pcp) and gaming machine revenue of \$267.4 million (up 0.8% on the pcp).

Normalised VIP program play revenue was \$72.0 million, down 30.1% on the pcp, with turnover of \$5.3 billion.

Non-gaming revenue was \$273.2 million, down 1.5% on the pcp.

Overall hotel occupancy across Crown Perth’s three hotels was approximately 81%, with Crown Towers hotel occupancy 76.3%, Crown Metropol hotel occupancy 83.6% and Crown Promenade hotel occupancy 86.9%.

The overall normalised operating margin decreased from 29.5% to 27.7%. This decline in margin is largely due to the decline in revenues combined with modest growth in labour and fixed costs.

CROWN ASPINALLS

Normalised EBITDA from Crown Aspinalls was \$6.4 million, down 46.5% on the pcp. This reflects continued difficult trading conditions across the London high-end casino market. Reported EBITDA for the period was \$5.7 million, down 54.3% 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 \$0.7 million. This compares to a positive EBITDA impact of \$0.4 million in the pcp.

CROWN DIGITAL

Crown's wagering and online social gaming operations comprise Betfair Australasia (a 100% owned, online betting exchange) and DGN Games (an 85% owned, online social gaming business).

EBITDA from Crown's wagering and online social gaming operations was \$26.1 million, down 2.7% on the pcp. The pcp included the consolidated operating results of CrownBet, which was sold by Crown in February 2018.

CORPORATE COSTS

During the period, net corporate costs were \$41.7 million, down \$12.7 million on the pcp.

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 Chill Gaming. Crown's net equity accounted share of NPAT across all these investments was \$13.3 million.

CROWN SYDNEY PROJECT

Construction of the Crown Sydney Hotel Resort is progressing on schedule.

The tower elevator core structure has been constructed to level 51, whilst the fit-out of the first hotel rooms on level 6 is well advanced. The podium structure is complete with exterior glazing and façade work well advanced, enabling fit out activities to be progressed in all areas of the podium.

Sales are well advanced for the residential component of the project, "One Barangaroo", with over \$450 million in contracted sales to date.

The project remains on schedule for completion in the first half of calendar year 2021. The project cost remains unchanged, with the gross project cost expected to be approximately \$2.2 billion and net project cost expected to be approximately \$1.4 billion.

As announced on 19 August 2019, Crown has settled its dispute with Infrastructure New South Wales (formerly the Barangaroo Delivery Authority) in connection with the Crown Sydney Hotel Resort. The terms of the settlement are confidential. Crown is satisfied with the outcome of the settlement and the retention of the sight lines across Central Barangaroo from the Harbour Bridge to the Sydney Opera House.

PROPOSED ONE QUEENSBRIDGE PROJECT

Crown holds a 50% ownership interest in the One Queensbridge development site which is strategically located adjacent to the Crown Melbourne entertainment complex, with the remaining 50% interest held by the Schiavello Group.

Crown has reached an agreement to purchase the Schiavello Group's 50% ownership interest in the site as well as all pre-development assets, including all intellectual property and designs for the project, for approximately \$80 million. The transaction remains subject to long-form agreements between Crown and the Schiavello Group.

The purchase represents Crown's continued investment in Victoria and the Southbank arts and entertainment precinct. The One Queensbridge site could accommodate a fourth Crown hotel which would deliver significant economic and tourism benefits to Victoria, including additional employment and training opportunities.

ON-MARKET SHARE BUY-BACK

During the year, Crown bought back approximately \$131.4 million of shares (or approximately 10.3 million shares) under the on-market share buy-back announced on 9 August 2018. The on-market share buy-back will expire on 29 August 2019.

Crown may, at its discretion, vary, suspend or terminate the on-market share buy-back at any time.

CASH FLOW AND DEBT

Net operating cash flow for the period of \$778.1 million compared to net operating cash flow of \$731.7 million in the pc. Other material cash flow items incurred during the period included net capital expenditure of \$538.5 million, dividend payments of \$409.0 million and share buy-back payments of \$131.4 million.

During the year, Crown redeemed all of the outstanding Subordinated Notes listed on the ASX under the code "CWNHA" on the first call date of 14 September 2018. This reduced Crown's gross debt by approximately \$400 million.

At 30 June 2019, Crown's net debt position was \$86.5 million (excluding working capital cash of \$133.9 million). This consisted of total debt of \$1,078.6 million and cash (excluding working capital cash) of \$992.1 million.

At 30 June 2019, total liquidity, excluding working capital cash, was \$1,192.5 million, represented by \$992.1 million in available cash and \$200.4 million in committed undrawn facilities.

FINANCE COSTS EXPENSED

Net interest expense for the year was \$10.1 million, \$35.9 million below the pc, which reflects the repayment of the Subordinated Notes in September 2018, lower market interest rates and increased capitalised interest associated with the construction of the Crown Sydney project.

INCOME TAX EXPENSE

Normalised income tax expense for the year was \$162.0 million, \$8.1 million below the pc.

REGULATORY MATTERS

As previously announced, on 8 August 2019, Crown was informed by the New South Wales Independent Liquor and Gaming Authority that it will be conducting an inquiry under s143 of the *Casino Control Act 1992* (NSW).

The Victorian Commission for Gambling and Liquor Regulation has also announced it will re-examine issues relating to Crown Melbourne that have been reported in the media recently.

Crown will fully co-operate in relation to these investigations.

Due to the ongoing nature of these investigations Crown will not be commenting further on these or related matters at this time.

DIVIDEND

Crown has declared a final dividend on ordinary shares of 30 cents per share (total full year dividend of 60 cents per share). Having regard to Crown's franking balance at 30 June 2019 and the uncertainty surrounding the outcome of the Cannery litigation, the final dividend is franked to 25%, with the unfranked portion of the dividend declared to be conduit foreign income. The final dividend is payable to shareholders registered at 5.00pm on Friday, 20 September 2019 and is due to be paid on Friday, 4 October 2019.

ENDS

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

Investor and Analyst Enquiries – Matthew Young, Investor Relations, 03 9292 8848.

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 2019

Normalised Results ⁽¹⁾				Actual Results ⁽²⁾		
12 months ended June 2019 \$ M	12 months ended June 2018 \$ M	% movement		12 months ended June 2019 \$ M	12 months ended June 2018 \$ M	% movement
<u>3,139.2</u>	<u>3,483.4</u>	(9.9)%	OPERATING REVENUE ⁽³⁾	<u>2,902.9</u>	<u>3,055.2</u>	(5.0)%
802.1	878.3	(8.7)%	EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & SIGNIFICANT ITEMS	849.7	792.4	7.2%
<u>(273.6)</u>	<u>(285.9)</u>		Depreciation & Amortisation	<u>(273.6)</u>	<u>(285.9)</u>	
528.5	592.4	(10.8)%	EARNINGS BEFORE INTEREST, TAX & SIGNIFICANT ITEMS	576.1	506.5	13.7%
<u>(10.1)</u>	<u>(46.0)</u>		Net Interest Income / (Expense)	<u>(10.1)</u>	<u>(46.0)</u>	
518.4	546.4	(5.1)%	PROFIT BEFORE TAX & SIGNIFICANT ITEMS	566.0	460.5	22.9%
<u>(162.0)</u>	<u>(170.1)</u>		Taxation	<u>(176.4)</u>	<u>(144.3)</u>	
356.4	376.3	(5.3)%	PROFIT AFTER TAX & BEFORE SIGNIFICANT ITEMS	389.6	316.2	23.2%
<u>13.3</u>	<u>9.3</u>		Equity Accounted Profit / (Loss)	<u>13.3</u>	<u>9.3</u>	
369.7	385.6	(4.1)%	NET PROFIT AFTER TAX	402.9	325.5	23.8%
<u>(1.1)</u>	<u>1.2</u>		Non-controlling interest	<u>(1.1)</u>	<u>1.2</u>	
<u>368.6</u>	<u>386.8</u>	(4.7)%	NET PROFIT ATTRIBUTABLE TO PARENT BEFORE SIGNIFICANT ITEMS	<u>401.8</u>	<u>326.7</u>	23.0%
			Significant items net of tax	0.0	247.7	
			Non-controlling interest on significant items	0.0	(15.5)	
			NET PROFIT ATTRIBUTABLE TO PARENT	<u>401.8</u>	<u>558.9</u>	(28.1)%

(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 of \$401.8 million and normalised NPAT of \$368.6 million is due to an above theoretical result in Crown's Australian casinos of \$33.8 million, partially offset by a below theoretical result at Crown Aspinalls of \$0.6 million.

(2) Actual results reflect revenues and expenses at actual win rates and include significant items. Actual revenue in the prior year has been restated following the adoption of AASB 15. Refer to note 7 of the Appendix 4E for further information.

(3) Operating revenue excludes interest revenue. Refer to note 1 of the Appendix 4E for further information.