



**ASX / MEDIA RELEASE  
FOR IMMEDIATE RELEASE  
4 August 2017**

## **CROWN ANNOUNCES 2017 FULL YEAR RESULTS**

**MELBOURNE: Crown Resorts Limited (ASX: CWN)** ("Crown") today announced its results for the full year ended 30 June 2017:

• **Crown Resorts Limited 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 from the sale of shares in Melco Resorts & Entertainment Limited
- Normalised EBITDA of \$828.0 million, down 3.3%
- Reported EBITDA of \$790.3 million, down 8.3%
- Normalised EBIT of \$531.2 million, down 7.3%
- Reported EBIT of \$493.5 million, down 14.7%
- 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")<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%

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<sup>1</sup> 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 (see Attachment A for further information). 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.

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

<sup>3</sup> 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.

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

“Crown’s Australian operations’ full year result reflected difficult trading conditions. Total normalised revenue across Crown’s Australian resorts declined by 12.7%. This decline was due primarily to the reduction in VIP program play revenue in Australia, which was down 48.9% on the prior comparable period (“pcp”). Main floor gaming revenue also decreased by 1.4%, with Melbourne flat and softness in Perth.”

“The Group result also includes a net gain from the sale of Crown’s interest in MRE of approximately \$1.7 billion, which is reported as a significant item,” Mr Alexander said.

## **CROWN MELBOURNE**

Normalised EBITDA from Crown Melbourne was \$588.8 million, down 12.5% on the pcp. Reported EBITDA for the period was \$570.6 million, down 14.0% 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 \$18.2 million. This compares to a negative EBITDA impact of \$9.9 million in the pcp.

Normalised revenue of \$1,994.8 million was down 13.7% on the pcp. This decline was due primarily to the 49.7% reduction in VIP program play revenue. Main floor gaming revenue was \$1,182.7 million, down 0.1% on the pcp, and non-gaming revenue grew 4.2% to \$471.8 million.

Normalised VIP program play revenue was \$340.3 million, down 49.7% on the pcp with turnover of \$25.2 billion.

Crown Towers Melbourne hotel occupancy was 96.7% with an average room rate of \$375. Crown Metropol Melbourne achieved hotel occupancy of 92.2% with an average room rate of \$268. Crown Promenade Melbourne hotel occupancy was 93.4% with an average room rate of \$233. These high occupancy rates reflect the very strong demand for luxury hotel accommodation in Melbourne.

The overall normalised operating margin increased from 29.1% to 29.5%. Margin improvement was achieved through a significant program of productivity and efficiency improvements, particularly in the second half, as well as a change in the mix of business.

## **CROWN PERTH**

Normalised EBITDA from Crown Perth was \$244.8 million, down 5.8% on the pcp. Reported EBITDA for the period was \$257.3 million, down 10.0% 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 \$12.5 million. This compares to a positive EBITDA impact of \$25.9 million in the pcp.

Normalised revenue of \$830.1 million was down 10.0% on the pcp. This decline was due primarily to the 46.1% reduction in VIP program play revenue, with main floor gaming revenue also down 4.7% on the pcp.

Normalised VIP program play revenue was \$109.3 million, down 46.1% on the pcp with turnover of \$8.1 billion.

Non-gaming revenue was up 11.2% to \$246.7 million. Hotel occupancy at Crown Towers Perth, which officially opened on 15 December 2016, was 58.0% with an average room rate of \$332. Crown Metropol Perth hotel occupancy was 85.2% with an average room rate of \$275. Hotel occupancy at Crown Promenade Perth was 91.4% with an average room rate of \$193.

The overall normalised operating margin increased from 28.2% to 29.5%. This improvement includes the impact of benefits from significant productivity and efficiency improvements as well as a change in the mix of business.

## **CROWN ASPINALLS**

Normalised EBITDA from Crown Aspinalls was \$26.6 million, up 0.4% on the pcp. Reported EBITDA for the period was a loss of \$5.5 million, a decrease of \$21.5 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 \$32.1 million. This compares to a negative EBITDA impact of \$10.5 million in the pcp.

## CROWN DIGITAL

EBITDA from Crown's wagering and online social gaming operations was \$14.8 million, compared to a loss of \$5.4 million in the pcp. Crown's wagering and online social gaming operations include CrownBet (a 62% owned, online wagering business), Betfair Australasia (a 100% owned, online betting exchange) and DGN Games (a 70% owned, online social gaming business based in Austin, Texas).

Crown equity accounts its investments in Draftstars and Chill Gaming. 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.

## 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>4</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>5</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:

1. 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;
2. 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; and
3. 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.

## 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.

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<sup>4</sup> 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.

<sup>5</sup> 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.

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.

### **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.

### **CASH FLOW AND DEBT**

Net operating cash flow for the period of \$465.7 million compared to net operating cash flow of \$482.7 million in the pcp. After net proceeds received from the sale of investments of \$3,165.1 million, net capital expenditure of \$348.1 million, share buy-back payments of \$499.9 million and dividend payments of \$1,110.8 million, the Group's net debt position (excluding working capital cash of \$134.7 million) at 30 June 2017 was \$308.5 million, consisting of total debt of \$1,945.0 million and cash (excluding working capital cash) of \$1,636.5 million.

At 30 June 2017, total liquidity, excluding working capital cash of \$134.7 million, was \$2,051.3 million, represented by \$1,636.5 million in available cash and \$414.8 million in committed undrawn facilities.

Subsequent to 30 June 2017, Crown repaid \$300 million of Australian Medium Term Notes (AMTNs, maturing in July 2017) and 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.

### **CORPORATE COSTS**

During the period corporate costs were \$47.1 million, \$51.4 million below the pcp.

### **FINANCE COSTS EXPENSED**

Normalised net interest expense for the year was \$101.6 million, \$40.0 million below the pcp, which reflects lower net debt levels.

### **INCOME TAX EXPENSE**

Normalised income tax expense for the year was \$135.1 million, \$47.9 million above the pcp.

## 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

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. A summary of the Significant Items are as follows:

	\$m
Net gain on sale of MRE	1,745.5
Net foreign currency gain on disposal of foreign operations	88.8
Special dividend received from MRE	48.6
Net asset impairment	(260.2)
Restructuring and other expenses	(89.6)
Early debt retirement costs	(32.4)
Net tax on significant items	20.3
Non-controlling interest	36.2
<b>Net gain on significant items attributable to the parent</b>	<b><u>1,557.2</u></b>

## DIVIDEND

As previously announced, Crown Resorts has adopted a new dividend policy to pay 60 cents per share on a full year basis, subject to Crown's financial position.

Crown has declared a final dividend on ordinary shares of 30 cents per share. The dividend is franked to 60% and payable to shareholders registered at 5.00pm on Friday, 22 September 2017. The dividend is due to be paid on Friday, 6 October 2017. No part of the unfranked portion of the dividend will consist of conduit foreign income.

## ENDS

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

Investor and Analyst Enquiries – Clinton Cahn, 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](http://www.crownresorts.com.au)



**CROWN GROUP RESULT  
Twelve Months ended 30 June 2017**

Normalised Results <sup>(1)</sup>				Actual Results <sup>(2)</sup>		
12 months ended June 2017 \$ M	12 months ended June 2016 \$ M	% movement		12 months ended June 2017 \$ M	12 months ended June 2016 \$ M	% movement
<u>3,231.3</u>	<u>3,584.9</u>	(9.9)%	OPERATING REVENUE <sup>(3)</sup>	<u>3,288.1</u>	<u>3,602.9</u>	(8.7)%
828.0	855.8	(3.3)%	EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & SIGNIFICANT ITEMS	790.3	861.3	(8.3)%
<u>(296.8)</u>	<u>(282.7)</u>		Depreciation & Amortisation	<u>(296.8)</u>	<u>(282.7)</u>	
531.2	573.1	(7.3)%	EARNINGS BEFORE INTEREST, TAX & SIGNIFICANT ITEMS	493.5	578.6	(14.7)%
<u>(101.6)</u>	<u>(141.6)</u>		Net Interest Income / (Expense)	<u>(101.6)</u>	<u>(141.6)</u>	
429.6	431.5	(0.4)%	PROFIT BEFORE TAX & SIGNIFICANT ITEMS	391.9	437.0	(10.3)%
<u>(135.1)</u>	<u>(87.2)</u>		Taxation	<u>(127.1)</u>	<u>(89.9)</u>	
294.5	344.3	(14.5)%	PROFIT AFTER TAX & BEFORE SIGNIFICANT ITEMS	264.8	347.1	(23.7)%
<u>43.7</u>	<u>56.7</u>		Equity Accounted Profit / (Loss)	<u>39.2</u>	<u>41.3</u>	
338.2	401.0	(15.7)%	NET PROFIT AFTER TAX	304.0	388.4	(21.7)%
<u>4.9</u>	<u>5.2</u>		Non-controlling interest	<u>4.9</u>	<u>5.2</u>	
<u>343.1</u>	<u>406.2</u>	(15.5)%	NET PROFIT ATTRIBUTABLE TO PARENT BEFORE SIGNIFICANT ITEMS	<u>308.9</u>	<u>393.6</u>	(21.5)%
			Significant items net of tax <sup>(4)</sup>	1,521.0	555.2	
			Non-controlling interest on significant items	36.2	0.0	
			NET PROFIT ATTRIBUTABLE TO PARENT	<u>1,866.1</u>	<u>948.8</u>	96.7%

- (1) Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play, significant items and pre-opening costs (in the prior year). The difference between reported NPAT before significant items of \$308.9 million and normalised NPAT of \$343.1 million is due to a below theoretical result at Crown Aspinalls of \$25.7 million, a below theoretical result in Crown's Australian casinos of \$4.0 million and an adjustment to the equity accounted share of NPAT from MRE of \$4.5 million to exclude the impact of the variance from theoretical win rate on VIP play.
- (2) Actual results reflect revenues and expenses at actual win rates and include significant items.
- (3) Operating revenue excludes interest revenue and significant item revenue.
- (4) Current year significant items consist of a net gain on sale of MRE shares, a special dividend from MRE and a net foreign currency gain on disposal of foreign operations, partially offset by restructuring costs, early debt retirement costs and net asset impairments, predominately relating to Alon.