

Crown Resorts Limited 2013 Half Year Results Presentation

21 February 2014



Crown Resorts Limited Results Overview



Crown Resorts Limited performance:

- Normalised¹ NPAT of \$315.0 million, up 29.4%
- Reported NPAT of \$382.5 million, up 64.3% before significant items, and up 111.6% after significant items
- Interim dividend of 18 cps declared

Australian resorts performance:

- Australian resorts were below expectations
- Normalised EBITDA of \$396.4 million, down 4.4%
- Reported EBITDA of \$484.1 million, up 16.3%
- Normalised revenue of \$1,401.7 million, down 6.1%
- Main floor gaming revenue of \$757.7 million, down 0.6%
- VIP program play turnover of \$23.0 billion, down 25.6%
- Non-gaming revenue of \$333.9 million, up 6.8%

Melco Crown Entertainment Limited (MCE) performance:

- MCE achieved record results and was the major contributor to the growth in Crown's normalised NPAT
- Crown's equity accounted share of MCE's normalised NPAT result was \$140.6 million, up 118.0%
- Crown's equity accounted share of MCE's reported NPAT result was \$147.5 million, up 107.5%

1. Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play and pre-opening costs from Melco Crown. Crown considers that normalised earnings, which are calculated at theoretical win rates, are the best reflection of the underlying performance of the business as it removes the inherent volatility in VIP program play revenue.

Crown Resorts Limited Group Result



	1H14 Normalised \$m	1H13 Normalised \$m	Variance F/(U)	1H14 Actual \$m	1H13 Actual \$m	Variance F/(U)
Crown Melbourne EBITDA	278.5	291.9	(4.6%)	320.3	271.6	17.9%
Crown Perth EBITDA	117.9	122.9	(4.1%)	163.8	144.6	13.3%
Crown Aspinall's EBITDA	17.6	21.1	(16.6%)	16.6	(2.9)	672.4%
Corporate costs (net)	(21.7)	(35.6)	39.0%	(21.7)	(35.6)	39.0%
EBITDA	392.3	400.3	(2.0%)	479.0	377.7	26.8%
Depreciation and amortisation	(123.1)	(118.6)	(3.8%)	(123.1)	(118.6)	(3.8%)
EBIT	269.2	281.7	(4.4%)	355.9	259.1	37.4%
Net interest	(51.0)	(59.6)	14.4%	(51.0)	(59.6)	14.4%
Income tax	(42.0)	(42.7)	1.6%	(68.1)	(37.4)	(82.1%)
Equity accounted - Melco Crown Entertainment	140.6	64.5	118.0%	147.5	71.1	107.5%
- Betfair	(1.8)	(0.4)	(350.0%)	(1.8)	(0.4)	(350.0%)
Net Profit before significant items	315.0	243.5	29.4%	382.5	232.8	64.3%
<u>Significant items</u>						
Echo mark-to-market (after tax)	-	-	-	-	(52.0)	100.0%
Net Profit after significant items	315.0	243.5	29.4%	382.5	180.8	111.6%

Crown Melbourne and Crown Perth Results

Normalised 1H14



	Crown Melbourne \$m	Variance F/(U)	Crown Perth \$m	Variance F/(U)	Australian Casinos \$m	Variance F/(U)
Main floor gaming	514.7	(0.2%)	243.0	(1.4%)	757.7	(0.6%)
VIP program play	219.3	(33.1%)	90.8	2.0%	310.1	(25.6%)
Non-gaming	216.2	5.8%	117.7	8.6%	333.9	6.8%
Total Revenue (Normalised)	950.2	(9.4%)	451.5	1.7%	1,401.7	(6.1%)
Gaming taxes & commissions	(276.0)	23.0%	(114.0)	(6.4%)	(390.0)	16.3%
Operating expenses	(395.7)	0.5%	(219.6)	(2.7%)	(615.3)	(0.6%)
EBITDA	278.5	(4.6%)	117.9	(4.1%)	396.4	(4.4%)
Depreciation & amortisation	(90.2)	(1.4%)	(30.7)	(10.9%)	(120.9)	(3.6%)
EBIT	188.3	(7.2%)	87.2	(8.4%)	275.5	(7.6%)
EBITDA / revenue %	29.3%	1.5%	26.1%	(1.6%)	28.3%	0.5%
Total revenue (actual)	996.2	(2.3%)	498.9	6.7%	1,495.1	0.5%
VIP turnover \$ billion	16.2	(33.1%)	6.7	2.0%	23.0	(25.6%)
VIP win rate (1.35% theoretical)	1.63%	0.40% ¹	2.06%	0.35% ¹	1.76%	0.43% ¹
Variance from theoretical win rate	41.8	62.1	45.9	24.2	87.7	86.3

1. Represents the difference in win rate compared to the pcp (the win rate at Crown Melbourne in the pcp was 1.23%, the win rate at Crown Perth in the pcp was 1.71% and the combined win rate in the pcp was 1.33%).

Crown Aspinall's Results



	1H14 Normalised \$m	1H13 Normalised \$m	Variance F/(U)	1H14 Actual \$m	1H13 Actual \$m	Variance F/(U)
Total revenue	59.2	63.9	(7.3%)	60.3	18.9	219.1%
Total expenses	(41.6)	(42.8)	2.8%	(43.7)	(21.8)	(100.5%)
EBITDA	17.6	21.1	(16.6%)	16.6	(2.9)	672.4%
Depreciation & amortisation	(0.6)	(0.5)	(9.8%)	(0.6)	(0.5)	(9.8%)
EBIT	17.0	20.6	(17.3%)	16.0	(3.4)	565.2%
EBITDA / revenue %	29.7%	33.0%	(3.3%)	27.4%	(15.3%)	42.7%
VIP turnover (billion)	4.7	5.2	(10.2%)	4.7	5.2	(10.2%)
VIP win rate ¹	1.25%	1.21%		1.27%	0.35%	

1. Crown Aspinall's normalised VIP win rate based on the mix of play during the period.

Property Update: Crown Perth Crown Towers Perth and Multi-Storey Car Park



Crown Sydney Hotel Resort Project

- Crown entered into agreements with the NSW Government for the development of Crown Sydney in November 2013
- The agreements between Crown and the NSW Government represented the outcomes of Stage 3 of the Unsolicited Proposal
- The NSW Parliament passed legislation in November 2013 to amend the Casino Control Act to permit the issue of a restricted gaming licence for Crown Sydney
- The development of Crown Sydney remains conditional on the issuing of a restricted gaming licence by the Independent Liquor and Gaming Authority, the granting of all necessary planning approvals and the finalisation of certain agreements with the Barangaroo Delivery Authority and the developer of Barangaroo South, Lend Lease
- It is envisaged that Crown Sydney will be operational from November 2019 when gaming under the restricted gaming licence (if issued) will be permitted to commence



- Crown's share of MCE's normalised NPAT result for the half year to December 2013 was \$140.6 million, up 118.0% on the pcp. After adjusting for an above theoretical win rate and pre-opening costs, Crown's share of MCE's reported NPAT result for the period was an equity accounted profit of \$147.5 million, up 107.5% on the pcp
- The growth in MCE's EBITDA was attributable to substantially higher group-wide revenues across both the VIP and mass market segments. Revenue growth was particularly strong within the premium mass customer segment at City of Dreams. MCE's ongoing commitment to control costs also contributed to the growth in EBITDA
- Macau continues its strong upward trajectory with total gaming revenues growing at approximately 19% in 2013 with strong growth in both the VIP and mass market segments
- The Macau and Mainland China Governments remain highly supportive of Macau's long term growth, as highlighted by the progress on their infrastructure and regional development blueprint
- MCE has announced that on 25 February 2014 its Board will consider payment of a special dividend as well as the implementation of a dividend policy. If approved by the MCE Board, a special dividend would also need MCE shareholder approval. Crown's share of the proposed special dividend would be US\$64.2 million. The proposed MCE dividend policy is to pay as a dividend on a quarterly basis 30% of MCE's annual consolidated net profit after tax

MCE Development Pipeline

Studio City, Cotai

- MCE has a 60% equity interest in Studio City, a new cinematically-themed integrated resort in Cotai
- Studio City, remains on budget and on track to open in mid-2015

Fifth Hotel Tower at City of Dreams in Macau

- An iconic fifth tower at City of Dreams in Macau is anticipated to open by early 2017

Manila, Philippines

- MCE, through a 76.4% owned subsidiary, has an interest in a consortium to develop and operate a casino resort City of Dreams Manila
- City of Dreams Manila is expected to open later this year and will include Crown Towers Hotel and the Nobu Hotel and food and beverage concepts



Aspers Group

- Crown continues to hold a 50.0% equity share in the Aspers Group. Crown did not receive a distribution of any profits or recognise any earnings from the Aspers Group during the period
- Total debt owed to Crown at 31 December 2013 was £70.3 million

Betfair

- Crown's equity accounted share of Betfair's loss was \$1.8 million

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

Capital Golf Course

- Crown acquired the shares of Capital Club Pty Ltd (the owner and operator of the Capital Golf Course and the Melbourne Golf Academy which are situated on approximately 103ha of freehold land) for a purchase price of \$67.6 million. This gives Crown 100% ownership and control of the Capital Golf Course, enabling Crown to better integrate the Capital Golf Course into its VIP operations

Caesars Growth Partners

- Crown exercised its rights to acquire an interest in a newly formed entity, Caesars Growth Partners (CGP), the owner of certain assets which were transferred to CGP from Caesars Entertainment Corporation (Caesars). These assets include a majority stake in Caesars Interactive Entertainment, the Planet Hollywood Resort in Las Vegas and a portfolio of bonds issued by Caesars
- The interest in CGP was acquired at a cost of US\$22.6 million

Debt Structure

Nature of Facility	31 Dec 13 \$m	30 Jun 13 \$m	31 Dec 12 \$m
Bank debt	523.6	412.3	757.6
Finance Lease Liability	11.1	11.4	-
Capital market debt - EMTN	174.6	174.6	174.6
- USPP (\$US200m)	224.4	218.9	192.4
- AMTN	300.0	300.0	300.0
- Subordinated Notes ¹	518.2	518.1	517.9
Total Outstanding Debt	1,751.9	1,635.3	1,942.5
Less available cash ²	(68.4)	(87.0)	(52.2)
Net Debt	1,683.5	1,548.3	1,890.3

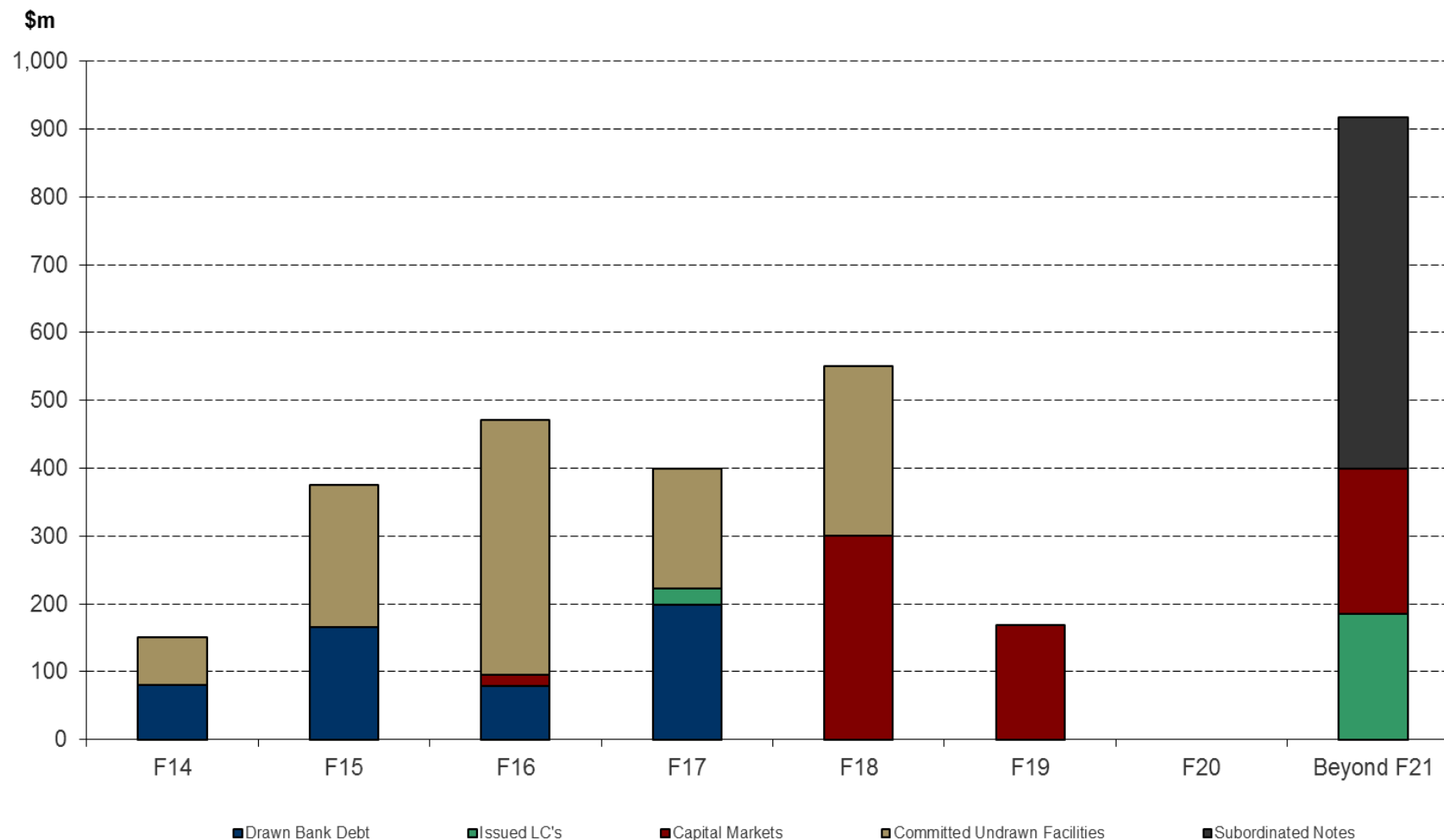
- Committed un-drawn bank facilities of \$1,080.3 million at 31 December 2013
- Weighted Average Maturity : 4.2 years
- Group's current debt ratings (S&P/Moody's/Fitch) BBB/Baa2/BBB – all stable

1. Net of unamortised transaction costs.

2. Available cash refers to the closing cash balance of \$192.7 million (June 2013: \$205.5 million, Dec 2012: \$205.9 million) less working capital cash of \$124.3 million (June 2013: \$118.5 million, Dec 2012: \$153.7 million). The working capital cash refers to cash held on the premises and in bank accounts for day-to-day operations of the businesses.

Debt Maturity Profile

Crown Resorts Limited Debt Maturity Profile - 31 December 2013



Group Cash Flow



\$m	1H14	1H13
Normalised EBITDA	392.3	400.3
Win rate variance	86.7	(22.6)
Reported EBITDA	479.0	377.7
Working capital movements	(77.8)	(86.1)
Cash Flow Generated by Operations	401.2	291.6
Net interest	(55.6)	(63.8)
Income tax payments	(41.5)	(62.4)
Operating Cash Flow	304.1	165.4
Capital expenditure (net) ¹	(172.2)	(153.2)
Licence payments	(5.0)	-
Investments (net)	(98.8)	(67.0)
Net borrowings	94.3	248.8
Dividends paid	(138.4)	(138.4)
Effect of exchange rates on cash	3.1	0.9
Net increase / (decrease) in cash	(12.9)	56.5
Closing Cash ²	192.7	205.9

1. Net of proceeds from sale

2. Includes \$124.3 million (June 2013: \$118.5 million) of cash on the company's premises and cash held in bank accounts needed to run the day-to-day operations of the businesses

Australian Resorts

- Overall, we have seen weak consumer sentiment that has adversely impacted trading at both Crown Melbourne and Crown Perth. The results for those resorts were below expectations and reflect the fact that their local economies are experiencing structural and cyclical challenges
- VIP program play turnover was well below expectations, particularly at Crown Melbourne, which was down 33.1% on the prior year, reflecting the competitive challenges facing Crown Melbourne

Melco Crown Entertainment

- MCE reported record results for the six months to December 2013 with substantial year on year growth in the VIP and mass market segments
- MCE is progressing the development of Studio City Macau, the fifth hotel tower in City of Dreams Macau and the City of Dreams Manila

Management Focus

- Improving the performance of the Australian resorts including revenue growth, cost control and margins
- Managing the Crown Towers Perth development and progressing the Crown Sydney Hotel Resort project
- Assisting MCE with its growth projects including Studio City, the fifth hotel tower at City of Dreams and City of Dreams Manila

- 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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