



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

MELBOURNE: Crown Resorts Limited (ASX: CWN) today announced its results for the half year ended 31 December 2015:

• **Crown Resorts Limited performance:**

- Normalised¹ NPAT attributable to the parent of \$210.3 million, down 34.8%
- Reported NPAT attributable to the parent of \$205.0 million, down 22.1% before significant items
- Reported NPAT attributable to the parent of \$205.0 million, up 1.6% after significant items
- Normalised EBITDA of \$424.4 million, down 5.7%
- Reported EBITDA of \$455.9 million, up 12.7%
- Normalised EBIT of \$284.4 million, down 11.7%
- Reported EBIT of \$315.9 million, up 14.2%
- Interim dividend of 33 cents per share declared²

• **Australian resorts performance:**

- Normalised revenue of \$1,695.7 million, up 4.2%
- Main floor gaming revenue of \$861.1 million, up 9.8%
- Non-gaming revenue of \$353.0 million, up 3.2%
- VIP program play turnover of \$35.7 billion, down 3.8%
- Normalised EBITDA of \$482.6 million, up 0.9%
- Reported EBITDA of \$509.5 million, up 11.5%

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

- Weak market conditions in Macau adversely impacted MCE's performance
- Crown's share of MCE's Normalised NPAT of \$37.2 million, down \$73.2 million or 66.3%
- Crown's share of MCE's Reported NPAT of \$9.4 million, down \$75.9 million or 89.0%
- MCE has announced the payment of a special dividend on or about 16 March 2016. Crown's share of the special dividend will be US\$120.0 million
- MCE has also announced a review of its current dividend payout ratio of 30% of net income

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 Aspinall's and MCE), pre-opening costs from MCE and asset impairments in the prior year. 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.

² 15 cents of the 33 cent dividend is subject to Crown receiving payment of the special dividend from MCE on or about 16 March 2016.

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

“The 2016 first half results across Crown’s portfolio of businesses were varied.”

“Main floor gaming revenue at our Australian resorts increased by 9.8% which was a solid performance. VIP program play turnover in Australia of \$35.7 billion (down 3.8%) was a reasonable outcome given the strong growth in the prior comparable period of 61.4% and the depressed nature of the VIP program play market 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 half year to 31 December 2015 declined by more than 30%. However the payment of a special dividend by MCE to Crown of US\$120.0 million, highlights MCE’s strong cash position and cash flow generating ability which has enabled MCE to return surplus capital to shareholders while still investing in MCE’s business.”

CROWN MELBOURNE

Normalised EBITDA from Crown Melbourne was \$352.5 million, up 0.4% on the prior comparable period (pcp). Reported EBITDA for the period was \$371.8 million, up 15.8% on the pcp. This reported EBITDA result takes into account a positive variance from the theoretical VIP program play result which had a positive EBITDA impact of \$19.3 million. This compares to a negative EBITDA impact of \$30.0 million in the pcp.

Normalised revenue of \$1,202.0 million was up 3.2% on the pcp. During the year, main floor gaming revenue was \$601.0 million, up 12.9% on the pcp.

Normalised VIP program play revenue was \$363.7 million, down 11.0% on the pcp with turnover of \$26.9 billion.

Non-gaming revenue grew 6.3% to \$237.3 million. Crown Towers Melbourne hotel occupancy was 98.0% with an average room rate of \$361. Crown Metropol Melbourne achieved hotel occupancy of 94.5% with an average room rate of \$268. Crown Promenade Melbourne hotel occupancy was 95.3% with an average room rate of \$225. These high occupancy rates reflect the very strong demand for luxury hotel accommodation in Melbourne.

The overall normalised operating margin decreased from 30.2% to 29.3%. The decline in margin is 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 \$130.1 million, up 2.4% on the pcp. Reported EBITDA for the period was \$137.7 million, up 1.5% on the pcp. This reported EBITDA result takes into account a favourable variance from the theoretical VIP program play result which had a positive EBITDA impact of \$7.6 million. This compares to a positive EBITDA impact of \$8.6 million in the pcp.

Normalised revenue of \$493.7 million was up 6.7% on the pcp. During the year, main floor gaming revenue was \$260.1 million, up 3.2% on the pcp.

Normalised VIP program play revenue was \$117.9 million, up 28.4% on the pcp with turnover of \$8.8 billion.

Non-gaming revenue was down 2.6% to \$115.7 million. Crown Metropol Perth hotel occupancy was 91.0% with an average room rate of \$305. Hotel occupancy at Crown Promenade Perth was 93.8% with an average room rate of \$214.

The overall normalised operating margin decreased from 27.5% to 26.3%. This reflects the change in business mix between main floor play and VIP program play, partially offset by productivity and efficiency improvements.

CROWN ASPINALLS

Normalised EBITDA from Crown Aspinalls was \$10.3 million, down 50.2% on the pcp. Reported EBITDA for the period was \$14.9 million, an increase of \$18.4 million on the pcp. This reported EBITDA result takes into

account a positive variance from the theoretical VIP program play result which had a positive EBITDA impact of \$4.6 million. This compares to a negative EBITDA impact of \$24.2 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 \$9.8 million.

Crown's wagering and on-line social gaming operations include CrownBet (a 62% owned, Northern Territory licensed on-line wagering business), Betfair Australasia (a 100% owned, Tasmanian licensed on-line betting exchange) and DGN Games (a 70% owned, on-line social gaming business based in Austin, Texas).

In July 2015, Crown acquired 60% of DGN Games LLC (DGN) for US\$32.5 million (A\$42.5 million). Subsequently in December 2015, Crown increased its shareholding in DGN to 70% by investing a further US\$15m (A\$20.8 million) in return for new units in the company. In December 2015, Crown through its majority owned subsidiary DGN, acquired 100% of Winners Club Limited (and subsidiaries) for US\$10 million (A\$13.8 million). Winners Club is a business which provides development and analytical services to on-line social gaming sites.

MELCO CROWN ENTERTAINMENT: Macau (34.3% equity interest)

Crown's share of MCE's normalised NPAT for the half year to 31 December 2015 was an equity accounted profit of \$37.2 million, down \$73.2 million or 66.3% on the pcp. After adjusting for an unfavourable variance from theoretical and pre-opening costs, Crown's share of MCE's reported NPAT result for the year was an equity accounted profit of \$9.4 million, down \$75.9 million or 89.0% on the pcp.

While the medium to long-term outlook for Macau remains positive, Macau continues to experience a challenging period which has adversely affected all casino operators. Overall gross gaming revenue across the Macau market in the half year to 31 December 2015 declined 31.1%. However, MCE has further expanded its market share in Macau and increased MCE's exposure to the more resilient and profitable mass market segments.

Studio City³, MCE's second large-scale resort in Cotai, opened on 27 October 2015. Studio City's unique Hollywood-theme and entertainment centric offering provides an ideal complement to MCE's current portfolio of assets in Macau, particularly the premium-focused integrated resort, City of Dreams, enabling MCE to cater to a greater breadth of customers seeking a multi-dimensional leisure and tourism experience.

In the Philippines, City of Dreams Manila⁴ continues to grow a more diversified revenue stream, with the continuing ramp up of the rolling chip business complementing its mass market gaming and non-gaming segments. MCE remains confident in the long term success of the Philippines gaming market given the country's anticipated economic growth and supportive demographics, together with an expanding and Government-supported inbound tourism market.

MCE has announced the payment of a special dividend on or about 16 March 2016. Crown's share of the special dividend will be US\$120.0 million. The special dividend highlights MCE's strong cash position and cash flow generating ability which has enabled MCE to return surplus capital to shareholders while still investing in MCE's business.

MCE has also announced that, as visibility regarding its operating and regulatory environment continues to improve, MCE remains committed to maximising cash distributions to its shareholders and that includes a review of its current dividend payout ratio of 30% of net income attributable to MCE.

OTHER EQUITY ACCOUNTED INVESTMENTS

During the period, Crown acquired a 20% ownership interest in the international restaurant and hotel company, Nobu, for US\$100 million (A\$136.4 million) and a 50% ownership interest in part of the property and operations at Ellerston in the Hunter Valley for \$59.1 million. These investments are both accounted for as Investments in Associates.

³ Macau Studio City is 60% owned by Melco Crown Entertainment

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

Crown's equity accounted result from other investments comprises its share of trading results from Nobu and Ellerston. Crown's share of NPAT was \$0.4 million.

CROWN SYDNEY PROJECT

The Independent Liquor and Gaming Authority issued a restricted gaming licence to Crown for Crown Sydney at Barangaroo South on 8 July 2014. On 27 May 2015, Crown finalised agreements with the Barangaroo Delivery Authority and Lend Lease, which give Crown the opportunity to develop the Crown Sydney site at Barangaroo South. The process for approving amendments to the Barangaroo South masterplan and for planning approval for the development of Crown Sydney is ongoing.

The proposed Crown Sydney hotel will be Sydney's first six-star hotel and a landmark building that will complement Sydney icons like the Sydney Harbour Bridge and the Sydney Opera House.

CROWN MELBOURNE – NEW FIVE-STAR HOTEL JOINT VENTURE

On 12 December 2014, Crown announced that it had made an initial investment of \$50 million to acquire a 50% share interest in land as part of a joint venture with the Schiavello Group. Designs are being finalised for an iconic world-class hotel and luxury apartment complex on the site in Queensbridge Street, Melbourne, adjacent to the Crown Melbourne Resort. The proposed hotel will be Crown Melbourne's fourth hotel and a very important addition to the resort, given Crown's existing hotels are running at almost full-capacity. The project is expected to provide Victoria with a major piece of tourism infrastructure as well as creating significant employment opportunities, both during construction and once operational.

The development remains subject to negotiation of joint venture agreements, financing arrangements and planning and other government approvals.

ALON LAS VEGAS PROJECT

On 4 August 2014, Crown announced that a majority owned subsidiary had acquired a 34.6 acre vacant site on the Las Vegas strip. Crown and its partners are continuing design work on the project as well as developing a number of funding options. Necessary permits have been applied for and a construction contract is being negotiated.

CASH FLOW AND DEBT

Net operating cash flow for the period of \$200.9 million compared to cash flow of \$285.8 million in the pcp. After net capital expenditure of \$237.3 million, acquisition of investments \$241.1 million, dividend payments of \$138.4 million, and the effect of exchange rates, the Group's net debt position (excluding working capital cash of \$156.7 million) at 31 December 2015 was \$2,951.8 million, consisting of total debt of \$3,192.6 million and cash (excluding working capital cash) of \$240.8 million.

At 31 December 2015, total liquidity, excluding working capital cash of \$156.7 million, was \$881.9 million, represented by \$240.8 million in available cash and \$641.1 million in committed undrawn facilities.

As part of Crown's ongoing capital management strategy, Crown will continue to explore both capital markets and bank markets to finance anticipated growth projects.

CORPORATE COSTS

During the period corporate costs were \$58.7 million which was \$15.2 million above the pcp. Notably, corporate costs included one-off transaction costs for investments made during the half.

INTEREST EXPENSE

The total net interest expense for the year was \$71.0 million, an increase of \$19.2 million on the pcp. This reflects higher net debt levels, partially offset by higher capitalised interest relating to Crown Towers Perth and Crown Sydney projects.

ASX PRICE QUERY

On 16 December 2015 Crown received a Price Query from the ASX which noted media speculation about a possible joint bid for Crown. Crown provided a response to the Price Query on 17 December 2015. Crown again confirms that it has not received any such proposal from any party. Crown is aware of its continuous

disclosure obligations and will update the market if required should relevant circumstances affecting Crown change.

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.

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.

DIVIDEND

Given the declaration of a special dividend by MCE payable on or about 16 March 2016, Crown has declared an interim dividend on ordinary shares of 33 cents per share⁵. The dividend is franked to 50% and payable to shareholders registered at 5.00pm on Wednesday 23 March 2016. The dividend is due to be paid on Wednesday 6 April 2016. The unfranked portion of the dividend has been declared to be conduit foreign income. This is in accordance with Crown's dividend policy of paying an annual dividend of the higher of 37 cents per share and 65% of normalised NPAT (excluding profits from associates but including dividends received from associates), subject to the company's financial position.

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

⁵ 15 cents of the 33 cent dividend is subject to Crown receiving payment of the special dividend from MCE on or about 16 March 2016.



**CROWN RESORTS GROUP RESULT
Six Months ended 31 December 2015**

Normalised Results ⁽¹⁾				Actual Results ⁽²⁾		
6 mths ended Dec 2015	6 mths ended Dec 2014	% movement on Normalised		6 mths ended Dec 2015	6 mths ended Dec 2014	% movement on Actual
\$ M	\$ M			\$ M	\$ M	
<u>1,854.8</u>	<u>1,710.3</u>	8.4%	OPERATING REVENUE ⁽³⁾	<u>1,871.8</u>	<u>1,697.1</u>	10.3%
424.4	450.2	(5.7)%	EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & SIGNIFICANT ITEMS	455.9	404.6	12.7%
<u>(140.0)</u>	<u>(128.0)</u>		Depreciation & Amortisation	<u>(140.0)</u>	<u>(128.0)</u>	
284.4	322.2	(11.7)%	EARNINGS BEFORE INTEREST, TAX & SIGNIFICANT ITEMS	315.9	276.6	14.2%
<u>(71.0)</u>	<u>(51.8)</u>		Net Interest Income / (Expense)	<u>(71.0)</u>	<u>(51.8)</u>	
213.4	270.4	(21.1)%	PROFIT BEFORE TAX & SIGNIFICANT ITEMS	244.9	224.8	8.9%
<u>(45.0)</u>	<u>(59.1)</u>		Taxation	<u>(54.0)</u>	<u>(47.7)</u>	
168.4	211.3	(20.3)%	PROFIT AFTER TAX & BEFORE SIGNIFICANT ITEMS	190.9	177.1	7.8%
<u>37.6</u>	<u>110.4</u>		Equity Accounted Profit / (Loss)	<u>9.8</u>	<u>85.3</u>	
206.0	321.7	(36.0)%	NET PROFIT AFTER TAX	200.7	262.4	(23.5)%
<u>4.3</u>	<u>0.7</u>		Non-controlling interest	<u>4.3</u>	<u>0.7</u>	
<u>210.3</u>	<u>322.4</u>	(34.8)%	NET PROFIT ATTRIBUTABLE TO PARENT BEFORE SIGNIFICANT ITEMS	205.0	263.1	(22.1)%
			Significant items net of tax ⁽⁴⁾	<u>0.0</u>	<u>(61.3)</u>	
			NET PROFIT ATTRIBUTABLE TO PARENT	<u>205.0</u>	<u>201.8</u>	1.6%

(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. The difference between reported NPAT before significant items of \$205.0 million and normalised NPAT of \$210.3 million is due to an above theoretical result on VIP program play in Crown's Australian casinos of \$18.8 million and an above theoretical result at Crown Aspinall's of \$3.7 million, partially offset by an adjustment to the equity accounted share of NPAT from MCE of \$27.8 million to exclude the impact of an unfavourable variance from theoretical on VIP play and pre-opening costs.

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

(3) Operating revenue excludes interest revenue.

(4) Prior year significant items consist of asset impairments relating primarily to Crown's investment in Cannery.