



**ASX / MEDIA RELEASE  
FOR IMMEDIATE RELEASE  
1 November 2018**

**CROWN RESORTS LIMITED  
2018 ANNUAL GENERAL MEETING  
EXECUTIVE CHAIRMAN'S ADDRESS  
JOHN ALEXANDER**

Shareholders,

It is a great pleasure to welcome you to the magnificent Crown Towers Perth. We believe that Crown Towers Perth is one of the most luxurious hotels in Australia and the region, and has set a new benchmark in six-star accommodation. Whilst this hotel opened during challenging economic conditions in Perth, we are confident in the long-term prospects for the property. We believe tourism has great potential to become one of Western Australia's leading industries and that Crown Perth will play a major part.

**GROUP RESULTS**

I would now like to briefly touch on last year's financial performance.

The full details of Crown's results for the 2018 financial year were provided in our ASX results release in August as well as in our Annual Report, which was sent to shareholders in September. Therefore, I will provide just an overview of the financial results today.

For the full year ended 30 June 2018, Crown announced normalised EBITDA of \$878.3 million, up 6.1% on the previous year, and normalised NPAT of \$386.8 million before significant items, up 12.7% on the previous year. This result reflects a solid performance from our local Melbourne operation, continued subdued trading in Perth and strong growth in VIP program play.

Crown's reported NPAT before significant items was \$326.7 million, up 5.8%, whilst reported NPAT after significant items was \$558.9 million, down 70.0% on the previous year, noting the F17 result included the net gain from the sale of Crown's interest in Melco Resorts & Entertainment Limited of approximately \$1.7 billion.

The net gain from significant items of \$232.2 million in F18 includes the reversal of an impairment of the Alon Las Vegas land and an associated net foreign currency gain, as well as net gains from the sales of CrownBet and Ellerston.

**CROWN MELBOURNE RESULTS**

Normalised revenue at Crown Melbourne was approximately \$2.3 billion in F18, up 14.2% on the previous year, with VIP program play up 73.9%, main floor gaming up 2.9% and non-gaming down 0.3%. The VIP program play result was a particularly pleasing outcome given the difficult trading conditions in the previous year.

Normalised EBITDA from Crown Melbourne was \$645.0 million, up 9.5% on the previous year. Reported EBITDA was \$586.0 million, up 2.7%, which takes into account an unfavourable variance from the theoretical VIP program play result.

## **CROWN PERTH RESULTS**

Normalised revenue at Crown Perth was \$844.5 million in F18, up 1.7% on the previous year, with main floor gaming down 2.1% and VIP program play down 5.8%. Non-gaming revenue was up 12.5%, primarily due to the full year impact of Crown Towers Perth which opened in December 2016.

Normalised EBITDA from Crown Perth was \$248.8 million, up 1.6% on the previous year. Reported EBITDA for the period was \$221.5 million, down 13.9%. The reported EBITDA result takes into account an unfavourable variance from the theoretical VIP program play result.

## **CROWN ASPINALLS RESULTS**

Normalised EBITDA from Crown Aspinalls was \$12.0 million, down 54.8% on the previous year. This reflects a softening in volumes across the London high-end casino market and disruption from refurbishment.

## **CROWN DIGITAL RESULTS**

Crown's wagering and online social gaming operations saw improved profitability during F18, with EBITDA of \$26.9 million, up 81.8% on the previous year. This includes CrownBet's consolidated result from 1 July 2017 to 28 February 2018.

During the year, Crown completed the sale of its interest in CrownBet, together with loans advanced by it to CrownBet, for \$150 million and no longer holds any interest in CrownBet.

## **RECENT TRADING UPDATE**

Now let me update you on more recent trading.

Across our Australian resorts, for the period 1 July to 28 October 2018, revenue from main floor gaming (excluding VIP program play revenue) was down 0.6% on the prior corresponding period (pcp), while non-gaming revenue grew by 3.5%.

Crown Melbourne's main floor gaming revenue was flat on the pcp while non-gaming revenue was up. Crown Perth's main floor gaming revenue was down while non-gaming revenue was up, reflecting the benefit from the ramp-up of Crown Towers Perth.

VIP program play turnover at our Australian resorts increased by 13% on the pcp.

Crown's current wagering and online social gaming businesses, Betfair Australasia and DGN Games, each showed revenue growth during the period.

## **CAPITAL MANAGEMENT**

Consistent with our objective to increase cash returns to shareholders, Crown's capital management, which included ordinary dividends, a special dividend and two on-market share buy-backs, exceeded \$2 billion in financial years 2017 and 2018 combined.

In F18, Crown declared a total dividend of 60 cents per share, franked to 60%. This is consistent with the dividend policy adopted by Crown in February 2017.

During the year, Crown bought back approximately 1.4 million shares under a share buy-back which expired in August 2018. At Crown's full year results, Crown announced its intention to undertake a new on-market share buy-back of approximately \$400 million of shares. In September 2018, Crown commenced buying back shares under the new on-market share buy-back and has bought back approximately 7 million shares to date, representing almost a quarter of the buy-back capacity. Crown may, at its discretion, vary, suspend or terminate the new on-market share buy-back at any time.

Crown has a long-dated debt maturity profile with limited near-term debt maturities. Following a number of significant asset sales which completed during the year, Crown's balance sheet at 30 June 2018 was in a net cash position of \$221 million (excluding working capital cash), and total liquidity (excluding working capital cash) was approximately \$1.9 billion, which includes approximately \$1.7 billion in available cash and \$176 million in committed undrawn bank facilities.

Subsequent to year end, 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.

## **MAJOR FOCUS AREAS**

We have maintained our strategy of focusing on our world-class Australian operations and development projects as well as maximising shareholder returns.

Our actions over the past year demonstrate our ongoing commitment to this strategy. In F18, we completed the sale of a number of significant assets including the Alon Las Vegas land for US\$300 million, our interest in CrownBet for \$150 million, our interest in Ellerston for \$62.5 million and our shares in Caesars Entertainment Corporation for US\$53.3 million.

Crown's balance sheet, with its net cash position, is well placed to fund our Australian development project pipeline, which I will provide an update on shortly.

Looking forward, our focus will be to continue to improve the underlying performance of Crown Melbourne and Crown Perth, execute on our development project pipeline and continue to grow our digital assets.

## **INVESTMENT IN AUSTRALIAN RESORTS**

Crown's continued investment in our Australian resorts has ensured that our portfolio includes some of the most valuable current and future tourism assets in Australia across Melbourne, Perth and Sydney.

Actual capex spent on Crown Melbourne, Crown Perth and Crown Sydney in the period F14 to F18 was approximately \$2.0 billion, which included development capex associated with the Crown Sydney Hotel Resort and the completion of Crown Towers Perth.

Approximately \$1.8 billion in capex is forecast to be spent from F19 to F21, around \$1.5 billion of which relates to the construction of the Crown Sydney Hotel Resort.

This is a very significant investment by Crown in large-scale Australian tourism attractions – a total of around \$3.8 billion between F14 and F21.

## **CROWN SYDNEY PROJECT**

In New South Wales, work continues on the delivery of the Crown Sydney Hotel Resort at Barangaroo. Crown Sydney promises to be Sydney's first six-star hotel and a landmark building of global significance with views of the Sydney Harbour Bridge and Sydney Opera House. We believe that Crown Sydney will become an international tourism icon and will help Sydney attract high net worth travellers from all parts of the world.

Construction of the Crown Sydney Hotel Resort is progressing on schedule with the podium rising on the Barangaroo foreshore and the tower elevator core structure having been constructed to Level 17. Almost all of this work is being undertaken by Australian businesses, with 96% of subcontracts awarded to Australian companies, creating thousands of construction jobs and benefiting the New South Wales economy.

The Crown Sydney Residences, which will be situated above the Crown Sydney Hotel Resort, have received strong interest from both domestic and international buyers.

The project remains on schedule for completion in the first half of calendar year 2021, with the total gross project cost expected to be approximately \$2.2 billion or approximately \$1.4 billion net of the expected proceeds from the Crown Sydney Residences.

## **PROPOSED ONE QUEENSBRIDGE PROJECT**

In Victoria, Crown and its joint venture partner, the Schiavello Group, were granted planning approval in February 2017 to construct the proposed One Queensbridge project. The project would include a new 388 room luxury six-star hotel and approximately 700 luxury apartments, which would be connected to Crown Melbourne by a sculptural pedestrian bridge.

The proposed One Queensbridge project would cement Crown Melbourne's position as the largest single-site accommodation provider in Australia with a combined total of approximately 2,000 hotel rooms, supporting Melbourne's tourism industry. The project remains subject to financing.

## **REVIEW OF THE MELBOURNE CASINO LICENCE**

Following the end of the 2018 financial year, the Victorian Commission for Gambling and Liquor Regulation (VCGLR) released its final report concerning the Sixth Review of the Casino Operator and Licence held by Crown Melbourne. The report concluded, among other matters, that Crown Melbourne remains a suitable person to continue to hold its licence to operate the Melbourne Casino and that it is in the public interest that the licence should continue in force.

The report also made 20 recommendations in relation to the operations of Crown Melbourne which Crown Melbourne has accepted, subject to the matters set out in Crown's response.

A number of these recommendations covered responsible gaming. Crown recognises the importance of responsible gaming measures to the future of the industry. Crown is proud of its responsible gaming program and its provision of responsible gaming initiatives, including the establishment of the world first Responsible Gaming Support Centre in 2002, which operates 24 hours a day, 7 days a week.

Crown continues to monitor its responsible gaming program and is committed to further engagement with relevant stakeholders to develop and refine that program, informed, as far as possible, by research, expert opinion and the VCGLR's recommendations.

## **CROWN'S ECONOMIC AND SOCIAL CONTRIBUTION TO AUSTRALIA**

Crown is one of Australia's largest entertainment groups and makes a major contribution to the Australian economy and to Australia's tourism, employment, training and social responsibility programs.

Crown, through its procurement activities, places significant importance on supporting Australian businesses, with over 4,000 local business suppliers across Victoria and Western Australia, and approximately 94% of all suppliers based in Australia.

A 2018 independent assessment by ACIL Allen Consulting found that the economic contribution from Crown's Australian resorts to Australian real GDP is up to \$4.4 billion, with Crown Melbourne contributing up to \$3.2 billion and Crown Perth contributing up to \$1.2 billion.

Crown also continues to be a significant tax payer, having incurred more than \$650 million in taxes to all levels of government in Australia in F18, representing over two thirds of Crown's profit before tax from its Australian operations.

## **EMPLOYMENT AND TRAINING ACHIEVEMENTS**

We are proud to be the largest single-site private sector employer in both Victoria and Western Australia with approximately 18,000 people working across our resorts in over 700 different roles. ACIL Allen Consulting estimates that Crown's Australian resorts contribute to the direct and indirect employment of up to 25,000 people.

Crown is committed to creating real opportunities through employment as demonstrated by our 20 year award-winning history in the training sector, specialising in hospitality, tourism, commercial cookery and management. Crown's dedicated training facility, Crown College, is a Registered Training Organisation which enables employees to receive on-site access to world-class training and development programs. In F18, over 640 employees were enrolled in Certificates III, IV and Diploma level qualifications, with over 8,500 apprentices and trainees graduating since the inception of Crown College.

Crown College International is an expansion of our training program and offers international students with vocational education and training across hospitality, tourism and management. Crown College International continues to grow with over 100 students currently enrolled. The College's innovative programs create pathways for students to graduate with skills that meet industry needs.

Crown's commitment to providing strong skills-based training and leadership development to our employees has again been recognised, with Crown College Perth being named by the Tourism Council of WA as the Gold winner for Tourism Education and Training for the second year in a row. This is Crown's fifth year in a

row to win this category in the combined state tourism awards, with Crown College Melbourne winning in 2013, 2014 and 2015 and receiving Hall of Fame status in 2015.

We have maintained our focus on diversity and inclusion through programs including the Indigenous Employment Program, CROWNability, Gender Equity, Crown Pride, the Family Support Network and the Cultural and Linguistic Diversity Employee Network. Through our Indigenous Employment Program, we have provided more than 800 Indigenous employment opportunities, while our CROWNability program has provided over 360 employment opportunities for people with disability. Our CROWNability program has been recognised with several accolades, including atWork Australia Employer of the Year for Innovation 2017, National Employer of the Year from OCTEC Employment Services and finalist at the National Employment Services Association Excellence Awards for Innovation 2017.

## **CROWN RESORTS FOUNDATION**

In partnership with the Packer Family Foundation, the Crown Resorts Foundation supports effective programs which provide young Australians with opportunities to engage in education and the arts and culture. The Foundations continue to partner with organisations that encourage and foster social cohesion, with support provided to more than 120 programs across Australia in F18.

The Foundations also continue to support organisations which provide education opportunities for Aboriginal and Torres Strait Islander Australians, with a second Indigenous education grants round undertaken in F18.

In addition, the Crown Resorts Foundation Employee Advisory Committee continues to deliver a creative employee focussed program providing opportunities for Crown employees to engage with the Foundations' partners and other charities.

I would like to thank the Honourable Helen Coonan, Chair of the Crown Resorts Foundation, and Gretel Packer, Chair of the Packer Family Foundation, for their efforts in pursuing the objectives of the Foundations, as well as both Foundation Boards.

## **CONCLUSION**

Before concluding, I would like to highlight Crown's ongoing commitment towards greater transparency. In response to a shareholder request at last year's AGM, Crown has now provided a breakdown of our main floor gaming revenue between gaming machines and table games revenue in our 2018 full year results. In addition, an audio recording of today's proceedings will be made available on Crown's website following the AGM. Commencing from next year, a live audio webcast of the AGM will be made available to shareholders who are unable to attend in person.

On behalf of the Board, I wish to sincerely thank you, as valued shareholders of Crown, for your support as we continue our strategy to maximise the performance of Crown Melbourne and Crown Perth and progress our Australian development projects.

I would also like to thank the management team and all our employees for their hard work and dedication over the past year. And finally, a thank you to our Board members for their continued support and guidance.

We will now resume the formal business of the meeting.

## **ENDS**

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

## **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)