



**ASX / MEDIA RELEASE  
FOR IMMEDIATE RELEASE  
19 February 2015**

## **CROWN ANNOUNCES 2015 HALF YEAR RESULTS**

**MELBOURNE: Crown Resorts Limited (ASX: CWN)** today announced its results for the half year ended 31 December 2014:

• **Crown Resorts Limited performance:**

- Normalised<sup>1</sup> NPAT attributable to the parent of \$322.4 million, up 2.3%
- Reported NPAT of \$262.4 million, down 31.4% before significant items
- The half year result was also impacted by asset impairments of \$61.3 million
- Reported NPAT attributable to the parent of \$201.8 million, down 47.2% after significant items
- Normalised EBITDA of \$450.2 million, up 14.8%
- Reported EBITDA of \$404.6 million, down 15.5%
- Normalised EBIT of \$322.2 million, up 19.7%
- Reported EBIT of \$276.6 million, down 22.3%
- Interim dividend of 18 cents per share declared

• **Australian resorts performance:**

- Normalised revenue of \$1,626.7 million, up 16.1%
- Main floor gaming revenue of \$784.2 million, up 3.5%
- Non-gaming revenue of \$341.9 million, up 2.4%
- VIP program play turnover of \$37.1 billion, up 61.4%
- Normalised EBITDA of \$478.2 million, up 20.6%
- Reported EBITDA of \$456.8 million, down 5.6%

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

- Weak market conditions in Macau adversely impacted MCE's performance
- Crown's share of MCE's Normalised NPAT of \$110.4 million, down \$30.2 million or 21.5%
- Crown's share of MCE's Reported NPAT of \$85.3 million, down \$62.2 million or 42.2%

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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, pre-opening costs from MCE and significant items (see Attachment A for further information). 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.

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

“The performance of the Australian business was satisfactory, given the subdued level of consumer sentiment. Compared to the prior comparable period, normalised EBITDA was up 26.1% in Crown Melbourne and up 7.7% in Crown Perth with main floor gaming revenue up 3.5% across Crown Melbourne and Crown Perth. VIP program play turnover experienced strong growth towards the end of the period with record monthly turnover levels being achieved in November and December at Crown Melbourne, resulting in overall turnover growth of 61.4% for the half year. However, this was achieved at a lower win rate than the prior year.”

“The decline in MCE’s result was attributable to weak market conditions in Macau which worsened over the six month period with a 30.4% decline in gross gaming revenue across the Macau market in December 2014 compared to December 2013. The deterioration in the Macau market has continued into the second half.”

“Overall, normalised NPAT was slightly higher over the half year compared to the prior corresponding period.”

## **CROWN MELBOURNE**

Normalised EBITDA from Crown Melbourne was \$351.2 million, up 26.1% on the prior comparable period (pcp). Reported EBITDA for the period was \$321.2 million, up 0.3% on the pcp. This reported EBITDA result takes into account an adverse variance from the theoretical VIP program play result which had a negative EBITDA impact of \$30.0 million. This compares to a positive EBITDA impact of \$41.8 million in the pcp.

Normalised revenue of \$1,164.2 million was up 22.5% on the pcp. During the half year, main floor gaming revenue was \$532.3 million, up 3.4% on the pcp.

Normalised VIP program play revenue was \$408.7 million, up 86.4% on the pcp with turnover of \$30.3 billion.

Non-gaming revenue grew 3.2% to \$223.2 million. Crown Towers Melbourne hotel occupancy was 96.2% with an average room rate of \$349. Crown Metropal Melbourne achieved hotel occupancy of 93.0% with an average room rate of \$257. Crown Promenade Melbourne hotel occupancy was 94.2% with an average room rate of \$220. These high occupancy rates reflect the strong demand for luxury hotel accommodation in Melbourne.

The overall normalised operating margin improved from 29.3% to 30.2%.

## **CROWN PERTH**

Normalised EBITDA from Crown Perth was \$127.0 million, up 7.7% on the pcp. Reported EBITDA for the period was \$135.6 million, down 17.2% 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 \$8.6 million. This compares to a positive EBITDA impact of \$45.9 million in the pcp.

Normalised revenue of \$462.5 million was up 2.4% on the pcp. During the half year, main floor gaming revenue was \$251.9 million, up 3.7% on the pcp.

Normalised VIP program play revenue was \$91.9 million, up 1.2% on the pcp with turnover of \$6.8 billion. In December 2014, the Western Australian Government announced a reduction in the tax rate applicable to the international commission business (ICB) from 12% to 9% (inclusive of the Burswood Park Board levy) to improve the international tax competitiveness of the Crown Perth VIP business. Crown has provided certain guarantees in relation to the minimum tax to be paid to the Western Australian Government in relation to the ICB.

Non-gaming revenue grew 0.9% to \$118.7 million. Crown Metropal Perth hotel occupancy was 90.4% with an average room rate of \$312. Hotel occupancy at Crown Promenade Perth was 91.8% with an average room rate of \$220.

The overall normalised operating margin improved from 26.1% to 27.5%.

## **CROWN ASPINALL’S**

Normalised EBITDA from Crown Aspinall’s was \$20.7 million, up 17.6% on the pcp. Reported EBITDA for the period was negative \$3.5 million, due to a low win rate.

## **MELCO CROWN ENTERTAINMENT: Macau (34.3% equity interest)**

Crown's share of MCE's normalised NPAT for the half year to 31 December 2014 was an equity accounted profit of \$110.4 million, down \$30.2 million or 21.5% on the pcp. After adjusting for a below theoretical win rate and pre-opening costs, Crown's share of MCE's reported NPAT result for the half year was an equity accounted profit of \$85.3 million, down \$62.2 million or 42.2% on the pcp.

Weak market conditions in Macau adversely affected all casino operators, however MCE's relatively stronger performance resulted in MCE once again taking share, in a disciplined manner, in the mass market table games segment.

MCE's development pipeline is progressing. City of Dreams Manila<sup>2</sup> conducted a successful grand opening in February 2015. The resort offers a world-class collection of brands and attractions, including three hotels with a combined 950 hotel rooms under the Crown Towers, Nobu and Hyatt hotel brands, a family entertainment centre in collaboration with Dreamworks, exciting nightlife including Pangaea and Chaos nightclubs and live performances, numerous food and beverage outlets, retail offerings and market-leading gaming facilities including approximately 270 gaming tables and 1,700 gaming machines.

Studio City<sup>3</sup>, MCE's second large-scale resort in Cotai, remains on track to open later in 2015, representing the next standalone property to open in Macau. The iconic fifth tower at City of Dreams is progressing as planned. The new hotel tower will focus on the premium end of the market, when it opens in early 2017.

MCE has implemented a stock repurchase program, in which Crown and Melco have not participated, and, as a result, Crown's ownership of MCE has increased to 34.3% as at January 2015.

## **OTHER INVESTMENTS**

**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 2014 was £71.5 million.

**Wagering** - Crown acquired Betfair Group plc's 50% equity interest in Betfair Australasia in August 2014 for consideration of \$10 million. In December 2014 Crown and BetEasy announced a Joint Venture (67% owned by Crown) which involved the combination of BetEasy's sports book business with the sports book business of Betfair. EBITDA from BetEasy / Betfair was negative \$5.2 million.

**Cannery** – Crown continues to hold a 24.5% equity share in Cannery. Due to the financial position of Cannery and the uncertainty surrounding the proposed sale of The Meadows, the carrying value of Crown's investment in Cannery has been written down to nil, resulting in a US\$45.6m (A\$55.9m) impairment charge which has been reported as a significant item. During the period, Crown did not receive a distribution of any profits or recognise any earnings from Cannery.

## **CROWN MELBOURNE LICENCE REFORM**

On 3 November 2014, the Victorian Commission for Gambling and Liquor Regulation amended the Melbourne Casino Licence to give effect to the agreement reached between Crown Melbourne and the Victorian Government, the terms of which were announced on 22 August 2014. The amendments to the Melbourne Casino Licence included:

- The removal of 'Super Tax' on VIP program play at Crown Melbourne effective from 1 July 2014;
- An increase in gaming product permitted to be operated at Crown Melbourne;
- An extension of the Melbourne Casino Licence to 2050; and
- A new regulatory certainty regime which entitles Crown Melbourne to compensation in certain circumstances.

In return, Crown Melbourne agreed to make a series of payments to the Victorian Government, the first of which, being \$250 million, was paid following the amendment to the Melbourne Casino Licence.

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<sup>2</sup> The operator of City of Dreams Manila is owned by Melco Crown (Philippines) Resorts Corporation which is a 68.8% owned subsidiary of MCE

<sup>3</sup> Macau Studio City is 60% owned by Melco Crown Entertainment

## **CROWN MELBOURNE - NEW FIVE-STAR HOTEL JOINT VENTURE**

Crown and the Schiavello Group are in the process of negotiating joint venture arrangements and finalising designs to develop and construct a new luxury five-star hotel and apartment complex on a site in Queensbridge Street, Melbourne, adjacent to the Crown Melbourne complex. It has been agreed in principle that Crown has the right to acquire and manage the hotel on completion and that the Schiavello Group has the right to acquire an office and showroom area within the complex. The parties will share the apartment development 50:50. It is not intended that any gaming operations will be conducted in the new building. The development remains subject to negotiation of a joint venture agreement, financing arrangements and a construction contract with a builder as well as planning and other government approvals. To that end, on 12 December 2014, Crown announced that it had made an initial investment of \$50 million to acquire a 50% share of the land. The other 50% owner is the Schiavello Group.

## **CROWN SYDNEY PROJECT**

The Independent Liquor and Gaming Authority issued a restricted gaming licence to Crown on 8 July 2014. The Crown Sydney project is conditional upon receipt of planning approval as well as negotiating final agreements with the Barangaroo Delivery Authority and Lend Lease, the appointed developer of Barangaroo South. The lodgement of the applications to the NSW Department of Planning and finalisation of agreements are awaiting completion of amendments to the Barangaroo South masterplan by the Barangaroo Delivery Authority and Lend Lease.

It is currently expected that all outstanding matters will be resolved shortly and that the necessary planning applications can then be lodged and the agreements finalised and signed.

## **QUEEN'S WHARF BRISBANE PROJECT**

Crown together with its consortium partner, Greenland Group, lodged a bid in October 2014 in response to the Queensland Government's Request for Detailed Proposals for the Queen's Wharf Brisbane site. It is likely that the original timetable for completion of the assessment process has been impacted by the Queensland election and the subsequent change in Government.

## **CASH FLOW AND DEBT**

Net operating cash flow for the period of \$285.8 million compared to last year's cash flow of \$304.1 million. After net capital expenditure of \$324.5 million, licence fee payments of \$345.0 million, dividend payments of \$138.4 million, net investment payments of \$206.0 million, cash injections from non-controlling interests of \$72.4 million and the effect of exchange rates, the Group's net debt position (excluding working capital cash of \$156.2 million) at 31 December 2014 was \$2,437.8 million, consisting of total debt of \$2,680.8 million and cash (excluding working capital cash) of \$243.0 million.

At 31 December 2014, total liquidity, excluding working capital cash of \$156.2 million, was \$993.5 million, represented by \$243.0 million in available cash and \$750.5 million in committed undrawn facilities.

Crown has undertaken a number of significant refinancing tasks to maintain liquidity and extend maturities:

- In November 2014, Crown issued \$450 million of Medium Term Notes maturing in November 2019; and
- During the period Crown increased one of its syndicated bank facilities from \$375 million to \$500 million and extended the maturity date from July 2019 to July 2020.

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 including a potential issuance of ASX-listed hybrid capital securities.

## **CORPORATE COSTS**

During the period corporate costs were \$43.5 million which was \$21.8 million above the pcp. These costs include costs associated with the Queen's Wharf Brisbane project, the Crown Resorts Foundation, Crown's share of the costs of the production of a short advertising film and other business development costs.

## **INTEREST EXPENSE**

The total net interest expense for the half year was \$51.8 million, an increase of \$0.8 million on the pcp.

## **SIGNIFICANT ITEMS**

Significant items of \$61.3 million during the period consist of asset impairments relating primarily to Crown's investment in Cannery and costs associated with the proposed project in Sri Lanka, which has now been discontinued.

## **DIVIDEND**

Crown has declared an interim dividend on ordinary shares of 18 cents per share, franked to 50%, payable to shareholders registered at 5.00pm on Friday 27 March 2015. The dividend is due to be paid on Friday 10 April 2015. 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 – 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](http://www.crownresorts.com.au)



**CROWN RESORTS GROUP RESULT  
Six Months ended 31 December 2014**

Normalised Results <sup>(1)</sup>				Actual Results <sup>(2)</sup>		
6 mths ended Dec 2014	6 mths ended Dec 2013	% movement on Normalised		6 mths ended Dec 2014	6 mths ended Dec 2013	% movement on Actual
\$ M	\$ M			\$ M	\$ M	
<u>1,710.3</u>	<u>1,460.9</u>	17.1%	OPERATING REVENUE <sup>(3)</sup>	<u>1,697.1</u>	<u>1,555.5</u>	9.1%
450.2	392.3	14.8%	EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & SIGNIFICANT ITEMS	404.6	479.0	(15.5)%
<u>(128.0)</u>	<u>(123.1)</u>		Depreciation & Amortisation	<u>(128.0)</u>	<u>(123.1)</u>	
322.2	269.2	19.7%	EARNINGS BEFORE INTEREST, TAX & SIGNIFICANT ITEMS	276.6	355.9	(22.3)%
<u>(51.8)</u>	<u>(51.0)</u>		Net Interest Income / (Expense)	<u>(51.8)</u>	<u>(51.0)</u>	
270.4	218.2	23.9%	PROFIT BEFORE TAX & SIGNIFICANT ITEMS	224.8	304.9	(26.3)%
<u>(59.1)</u>	<u>(42.0)</u>		Taxation	<u>(47.7)</u>	<u>(68.1)</u>	
211.3	176.2	19.9%	PROFIT AFTER TAX & BEFORE SIGNIFICANT ITEMS	177.1	236.8	(25.2)%
<u>110.4</u>	<u>138.8</u>		Equity Accounted Profit / (Loss)	<u>85.3</u>	<u>145.7</u>	
321.7	315.0	2.1%	NET PROFIT AFTER TAX	262.4	382.5	(31.4)%
<u>0.7</u>	<u>0.0</u>		Non-controlling interest	<u>0.7</u>	<u>0.0</u>	
322.4	315.0	2.3%	NET PROFIT ATTRIBUTABLE TO PARENT BEFORE SIGNIFICANT ITEMS	263.1	382.5	(31.2)%
<u>322.4</u>	<u>315.0</u>		Significant items net of tax <sup>(4)</sup>	<u>(61.3)</u>	<u>0.0</u>	
			NET PROFIT ATTRIBUTABLE TO PARENT	<u>201.8</u>	<u>382.5</u>	(47.2)%

(1) Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play, pre-opening costs from Melco Crown and significant items. The difference between reported NPAT before significant items of \$263.1 million and normalised NPAT of \$322.4 million is due to a below theoretical result on VIP program play in Crown's Australian casinos of \$15.0 million, a below theoretical result at Crown Aspinall's of \$19.2 million and an adjustment to the equity accounted share of NPAT from MCE of \$25.1 million to exclude the impact of a below theoretical win rate 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) The significant items consist of asset impairments relating primarily to Crown's investment in Cannery.