



**ASX / MEDIA RELEASE  
FOR IMMEDIATE RELEASE  
20 October 2016**

**CROWN RESORTS LIMITED  
2016 ANNUAL GENERAL MEETING  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER ADDRESSES  
ROBERT RANKIN AND ROWEN CRAIGIE**

I will now hand you over to the CEO Rowen Craigie to present a summary of Crown's financial results for 2016.

**ADDRESS BY CEO ROWEN CRAIGIE**

Thank you Rob and welcome everyone.

**CROWN RESORTS LIMITED GROUP RESULTS**

The full details of Crown's results for the 2016 financial year were provided in our ASX results release in August and in our Annual Report which was sent to shareholders last month. Therefore I will provide just an overview of the financial results today.

Normalised Net Profit After Tax (NPAT) attributable to the parent was \$406.2 million which was down 22.7% on the previous year.

Normalised Earnings Before Interest, Tax and Depreciation (EBITDA) was \$855.8 million, up 3.8% on the previous year.

Crown's share of Melco Crown Entertainment's (MCE) normalised NPAT was \$58.1 million, down \$103.2 million or 64.0%.

Significant items after tax of \$555.2 million includes the profit generated from the partial sale of Crown's shareholding in MCE.

Reported NPAT attributable to the parent of \$948.8 million was up 146.4% after significant items.

On 7 October, Crown paid a final dividend to its shareholders of 39.5 cents per share, franked to 70%, bringing the full year dividend to 72.5 cents per share.

**SHARE OF NPAT - AUSTRALIA v MACAU**

Overall, the F16 earnings were affected by challenging market conditions in Macau which impacted MCE's result. Crown's Australian operations delivered a solid performance.

**AUSTRALIAN RESORTS RESULTS**

Turning to our Australian resorts, main floor gaming generated revenue growth of 5.8% and non-gaming revenue grew by 1.5%. VIP program play revenue at our Australian resorts was down 8.0%.

Australian resorts EBITDA grew by 1.8% and the overall operating margin increased 0.3% to 28.9%.

## **AUSTRALIAN RESORTS NORMALISED REVENUE**

In F16, normalised revenue across our Australian resorts increased by 0.8% to \$3.2 billion.

Crown Melbourne's total revenue was up 3.5% compared to the prior comparable period and in Crown Perth total revenue was down 5.5%.

## **AUSTRALIAN RESORTS NORMALISED EBITDA**

In F16, normalised EBITDA in Australian resorts increased by 1.8% to \$933.2 million.

Crown Melbourne's normalised EBITDA was up 1.7% compared to the prior comparable period while at Crown Perth, normalised EBITDA was up 2.2%.

## **AUSTRALIAN RESORTS VIP TURNOVER**

In F16, VIP program play turnover in Australia of \$65.1 billion was down 8.0%, which was a reasonable outcome given the strong growth in the prior comparable period of 41.8% and the depressed nature of VIP gaming activity across Asia.

## **OTHER RESULTS**

Normalised EBITDA from our London business, Crown Aspinalls, was \$26.5 million, down 16.4% on the previous year.

EBITDA from Crown's wagering and online businesses, Betfair, CrownBet and DGN, was a loss of \$5.4 million. Overall, the wagering and online social gaming businesses were profitable in the second half and revenue growth was strong.

## **MELCO CROWN ENTERTAINMENT**

Let me move now to Crown's investment in Macau through MCE, in which Crown held a 27.4% stake at 30 June 2016.

Crown's share of MCE's normalised NPAT for the year to 30 June 2016 was an equity accounted profit of \$58.1 million, down \$103.2 million or 64.0% 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 year was an equity accounted profit of \$42.7 million, down \$79.3 million or 65.0% on the pcp.

Macau is currently experiencing a difficult period which has adversely affected all casino operators. Overall gross gaming revenue across the Macau market in the year to 30 June 2016 declined 22.5%.

## **SIGNIFICANT ITEMS**

As I mentioned earlier, the result includes significant items after tax of \$555.2 million which includes the profit generated from the partial sale in May of Crown's shareholding in MCE, which is reported as a significant item. The sale of 155 million ordinary shares in MCE gave rise to a net gain on sale of \$602.0 million.

## **RECENT TRADING UPDATE**

Now let me update you on more recent trading.

Across our Australian resorts, for the period 1 July to 16 October 2016, revenue from main floor gaming (excluding VIP program play revenue) grew by 1% on the pcp and non-gaming revenue grew by 5%.

VIP program play turnover has been softer than the prior year across both properties. These results are to the trading week ending last Sunday and as such do not reflect the impact of the detention of Crown's staff in China given the short time period that has elapsed.

Our wagering and online businesses are showing good revenue growth.

## **INVESTMENT IN AUSTRALIAN RESORTS**

Crown continues to invest significantly in its Australian properties so that they can remain competitive with the new integrated resorts emerging across Asia.

This slide provides an overview of Crown's actual capital expenditure from F12 to F16 and projected capital expenditure from F17 to F19.

Actual capex on Crown Melbourne in the period F12 to F16 was over \$700 million and a further \$233 million is forecast to be spent from F17 to F19, not including the proposed new One Queensbridge hotel tower.

Capex on Crown Perth in the period F12 to F16 was \$1,116 million and a further \$223 million is forecast to be spent from F17 to F19, which includes the completion of Crown Towers Perth.

Capex on Crown Sydney in the period F12 to F16 was \$226 million and a further \$1,220 million is forecast to be spent from F17 to F19.

This is a very significant investment by the company in large scale Australian tourism attractions and Rob will have more to say on this subject shortly.

## **DEBT MATURITY PROFILE**

The partial sale in May of Crown's shareholding in MCE, generated proceeds of \$1,067.1 million, combined with \$180.7 million in MCE dividends received during the year, and the group's net operating cash flows, has enabled Crown to reduce its net debt and to maintain a strong balance sheet and credit profile to fund existing Australian development projects. Crown's net debt position (excluding working capital cash) was \$2.0 billion, a reduction of 20.4% from 30 June 2015.

This slide provides you with Crown's debt maturity profile. As at 30 June 2016, Crown had committed undrawn bank facilities of \$1,289.3 million. It is important to note that Crown's capex projects all have staggered development time lines which can be funded from these undrawn facilities and ongoing cash flow. We are comfortable with Crown's financial position given the timing of Crown's capital projects.

Can I conclude by thanking the management team and all our employees for their hard work, enthusiasm and dedication over the past year. I would also like to thank all Board members for their continued guidance and support.

Thank you all for attending today and I will now hand you back to Rob.

Thank you, Rowen.

Shareholders,

Welcome to Crown Resort's 2016 Annual General Meeting.

We are pleased to be in Perth, truly one of Australia's best cities. Despite the slowdown in the resources sector, this city and this state have a bright future – a future that we are investing in at Crown Resorts.

I really want to commence today by first addressing the matter of our Crown staff currently detained in China. For the Board, management team and staff, our major shareholder, James Packer, and myself, our immediate concern is the welfare and safety of our colleagues. Our number one priority is to provide them and their families with all the support we can at this difficult time.

Given the current lack of information available, it is not possible for anyone to be able to provide any informed commentary on these detentions. Likewise, any assessment at this time as to any material impact on our business is both premature and speculative.

We continue to work closely with the Department of Foreign Affairs, Australian and Malaysian consular officials – as well as our legal representatives in China – to obtain more information, understand the reasons for the detention and, ultimately, resolve this situation.

I acknowledge that the detention of our employees has occurred in a foreign country and we are therefore subject to its legal system. We accept their jurisdiction and we respect their laws. However, at this time there

have been no formal charges laid against our staff, the investigation continues and they are of course entitled to a presumption of innocence.

While I know we all have many questions, we must be very cautious and measured in our commentary at this sensitive time in the process.

To reiterate, our immediate focus is the welfare of our staff and their families. I'm sure you would all want to join me in passing on our support.

## **CROWN'S CONTRIBUTION TO WESTERN AUSTRALIA**

Now I'd like to turn my remarks to Crown's AGM here in Perth. As I said earlier, we are excited to be here. Perth is a city with all the ingredients to become a truly great, global city: a high quality of life, access to quality education and healthcare and a rich, vibrant culture.

We firmly believe that Perth, given its geographic location, is as well placed as any city in the world to capitalise on the rise of the Asian middle class and the economic opportunities, especially in tourism and services more broadly, that this will provide.

The size and scale of this opportunity could not be made any clearer than by the fact that direct employment in the tourism industry has overtaken mining operations in Western Australia. In numeric terms, 64,000 people are now directly employed in WA's tourism industry versus 59,000 in mining operations, with over 30,000 tourism-related businesses operating in the State – and these are great jobs!

While resources will always be critically important here, we think Perth will also reflect the expansion of Australia's economy to encompass greater industry diversity and resilience. In particular, the growth of our service sector will lead the charge.

The Economist Magazine's Intelligence Unit argues that by 2050 Perth will be within a short flight of three of the five largest economies in the world at that time – Indonesia, India and China. To further emphasise this point, if the ASEAN community was a single country, it would already be the seventh-largest economy in the world. McKinsey predicts it will be the fourth-largest economy in the world by 2050.

Perth's tourism numbers are already beginning to tell this tale.

In Financial Year 2016 Perth saw visitor numbers from Singapore increase by 15.8 per cent, China increase by 15.7 per cent and Malaysia increase by 18.6 per cent.

Crown is confident that the growth of the Asian middle-class will provide significant economic benefits to Western Australia – and the country as a whole – through increased tourism for decades to come.

## **INVESTING IN PERTH'S INFRASTRUCTURE**

Turning to our Australian businesses, the Crown Perth Resort remains a critical piece of Western Australia's tourism infrastructure. It contributes \$1.4 billion dollars of economic value to the Western Australian economy every year and we are very proud to say that over 5,800 West Australians work here – making Crown the biggest single-site employer in the State.

We value the role we are playing in creating jobs in Perth and helping to build an even strong community.

The success of Crown Perth is due to the great partnerships we've been able to forge with governments and our suppliers and stakeholders, along with the talent and commitment of our staff. Over the past 10 years we have invested \$1.5 billion dollars in upgrading and opening new attractions to ensure Crown Perth remains the pre-eminent tourism destination in the State.

Crown Perth is now one of Australia's most visited tourism destinations, with 10 million visits a year and our hotels enjoy occupancy rates above 90 per cent year-round – a testament to the quality of our offering and the attractions of this dynamic State be it Western Australia's world class wine region or incredible beaches.

## **CROWN TOWERS PERTH**

And we're not standing still. In just over six weeks' time, on the 14th of December, we will be officially opening Perth's first luxury six-star hotel, Crown Towers Perth.

Crown Towers Perth will represent a new standard of luxury accommodation for visitors to Western Australia. It will be the largest hotel in Perth, featuring 500 hotel rooms and suites, villas, restaurants, bars, a grand ballroom, convention centre, luxury retail outlets, resort pool and spa facilities.

Simply put, this will be the most luxurious hotel in Perth. In fact, we believe, this will be one of the most luxurious hotels in Australia and the region and set a new benchmark in six-star accommodation.

When you combine the new Perth Stadium, due to open in 2018, with the our Crown Perth Resort, the Burswood Peninsula will be one of the best entertainment precincts in the world.

## **INVESTING IN AUSTRALIA'S TOURISM INFRASTRUCTURE**

As a leading Australian tourism and entertainment company, Crown Resorts remains committed to building a worldwide reputation for the best in luxury experiences, hotel accommodation, gaming, signature dining and retail.

There is no question that our properties remain among Australia's most attractive destinations for locals, as well as interstate and overseas visitors. Last year alone our Australian resorts generated more than 31 million visits.

Our experience has demonstrated, again, that Crown Resorts has a track record of delivering consistently strong results from its controlled operating businesses. In Financial Year 2016, as Rowen outlined earlier, we experienced sound results from our Australian operations balanced against materially softer conditions in Macau.

## **MAJOR INITIATIVES TO ENHANCE SHAREHOLDER VALUE**

One of Crown Resort's major objectives is to increase shareholder returns, and, in June, the Board endorsed a number of initiatives designed to achieve this.

### **Demerger**

The first initiative announced by the Board four months ago was a potential change in corporate structure through the demerger of certain international investments into a separately listed holding company.

Under the proposed demerger, Crown Resorts would continue to own and operate its wholly owned casino businesses Crown Melbourne, Crown Perth, Crown Sydney and Crown Aspinalls in the UK.

A separate company would own a number of Crown's international investments, providing exposure to the major gaming markets of Macau, Las Vegas and the UK. We are proposing that our shareholders receive new securities in the separate international holding company proportionate to their existing Crown Resorts shareholding.

By creating a structure that should allow Crown's wholly owned operations to be valued independently of its broader international equity investments, we believe it will be easier for investors to understand and value our various assets – and the initial response from the market was positive.

The demerger should increase transparency on the underlying quality of the assets and operations of the two entities and provide shareholders with greater investment choice and the ability to tailor their investment towards their preferred company.

The proposed demerger is subject to a number of approvals, consents and waivers from third parties, including gaming regulators and state governments. It is likely that overseas regulators may require longer lead times to provide their approvals. Final approval of the Crown Resorts Board is also required as well as approval by Crown Resorts shareholders under a Scheme of Arrangement.

### **Real Estate Investment Trust (REIT)**

Over the last four months Crown has been evaluating a potential Initial Public Offering of a Real Estate Investment Trust that would own a 49 per cent interest in some of our Australian hotels. Crown Resorts would retain 51 per cent.

Crown is fortunate to possess a number of great assets in our portfolio and we expect they would be valued as such by the market.

I am pleased to announce that the Crown Resorts Board has approved the implementation of this proposed Initial Public Offer and a separate announcement was released to the ASX earlier this morning.

Implementation of this proposed Initial Public Offering is subject to final approval from the Crown Resorts Board and approvals, consents and waivers from third parties.

We are excited to be able to provide detailed briefings to the investment community shortly.

## **BUILDING A PORTFOLIO OF LUXURY TOURISM ASSETS – PROJECT PIPELINE**

Ladies and gentlemen,

Our investment in Crown Towers Perth represents the next chapter in our commitment to build a portfolio of unique luxury tourism assets.

The Crown Towers Perth hotel will complement our existing six-star hotel, Crown Towers Melbourne, and new six-star Sydney hotel at Barangaroo on Sydney Harbour.

We have a continued commitment to building a global luxury brand epitomised by world-class service and attention to detail in everything we do.

### **CROWN SYDNEY**

In New South Wales, the Crown Sydney Hotel Resort will be Sydney's first six-star hotel.

When complete, Crown Sydney will become an iconic part of Australia's tourism landscape and one of this country's most recognisable buildings.

On 28 June 2016 the NSW Planning Assessment Commission approved – subject to a number of modifications and conditions – the modification to the Barangaroo concept plan and the Crown Sydney Resort Development Application. Preparatory construction work is now underway.

On 2 August 2016, Crown, Lendlease, the Barangaroo Delivery Authority, the Minister for Planning and the Sydney Harbour Foreshore Authority were served with legal proceedings challenging the validity of the decision of the Planning Assessment Commission. This matter is set to be heard by the NSW Land and Environment Court in mid-November.

You can be assured that Crown will defend these proceedings vigorously.

### **PROPOSED QUEENSBRIDGE HOTEL TOWER, ONE QUEENSBRIDGE**

Crown and our joint venture partner The Schiavello Group, have submitted a planning application, for a new luxury six-star hotel and residential complex in Queensbridge Street, Melbourne on a site adjacent to the Crown Melbourne complex.

The proposed One Queensbridge would comprise a 388 room six-star hotel and approximately 700 luxury apartments.

The development of the Queensbridge project remains conditional upon negotiation of final legal agreements with The Schiavello Group and financing arrangements.

If approved, One Queensbridge will cement Crown Melbourne's position as the largest single-site accommodation provider in Australia and create over 3,900 new jobs for Victoria.

### **ALON VEGAS PROJECT**

As previously announced, Crown, through a majority owned subsidiary, has acquired a 35-acre vacant site on the Las Vegas strip. Crown and its partners are continuing design work on the project.

Although we are encouraged by the progress being made in relation to the site entitlements, the project is subject to obtaining finance on terms that are acceptable to the Crown Board.

## **MACAU**

Turning to Macau, Rowen has already provided a report on the performance of the current year.

It was pleasing to note that Macau's gross gaming revenue increased by 7.3 per cent in September, following a modest increase in August – the first in a little over two years. Further, across Macau's 105 hotels more than 1 million guests visited in August – a 7.7 per cent year-on-year increase. This was reflected in overnight visitations generally, which showed continued growth reaching more than 1.4 million – a 3.7 per cent year-on-year increase and the highest single-month increase since January 2008.

It should be noted that Macau has been a tremendous investment for this company and that Lawrence Ho and his team continue to do a very good job. Since the formation of Melco Crown Entertainment, Crown has achieved cash returns equivalent to double the total cash it has invested in MCE.

## **EMPLOYMENT AND TRAINING ACHIEVEMENTS**

With more than 15,800 people working across our two resorts Crown, is committed to providing extensive career development and training opportunities to all employees and Crown College, our training school, continues to be recognised throughout Australia as one of the largest and most successful enterprise-based registered training organisations.

It is this commitment that has seen Crown recognised by the Federal Government as Employer of the Year three times in the past six years – a record that no other Australian company has achieved and one of which we are very proud.

This year alone, Crown employees undertook over 400,000 hours of career training, and, since inception, the college has graduated over 7,600 apprentices and trainees.

## **CROWN RESORTS FOUNDATION**

Experience has taught us that education is the key to creating employment opportunities. The Crown Resorts Foundation offers a unique opportunity to be able to provide more young Australians with access to a better education and to develop the self-esteem and confidence that will support them to build more fulfilled lives.

Today, on behalf of the Crown Resorts and Packer Family Foundations, I would like to announce significant funding for two outstanding Indigenous education programs which provide education opportunities for Aboriginal and Torres Strait Islander girls.

Over the next three years, the Foundations have committed \$1.5 million in funding to Role Models and Leaders Australia's Girls Academy and the Stars Foundation. Both organisations are focussed on ensuring that young Indigenous girls, aged 12 to 18, are provided with the education, opportunities and support necessary to live healthy and engaged lives.

With the addition of today's Indigenous education announcement, the Crown Resorts and Packer Family Foundations' \$200 million National Philanthropic Fund is currently providing multi-year support to over 85 community and not-for-profit organisations across Australia.

I would like to acknowledge the tireless work of both Foundations' partners and thank you for your dedication.

I would also like to thank the Chairs of the Foundations; the Honourable Helen Coonan and Gretel Packer, for their tireless efforts and that of both Foundation boards.

I would like to thank all of Crown's employees for getting behind the Foundations and for your commitment to the company during the year – our achievements would not be possible without your efforts and energy.

Finally, can I also sincerely thank you, our valued shareholders in Crown Resorts Limited, for your continued support.

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).