



**CROWN
RESORTS**

Crown Resorts Limited

2017 Half Year Results Presentation

23 February 2017



Crown Resorts Limited Results Overview



Crown Resorts Limited (Crown) performance:

- ◆ Normalised¹ NPAT attributable to the parent of \$191.3 million, down 9.1%
- ◆ Reported NPAT attributable to the parent of \$182.8 million, down 10.8% before significant items
- ◆ Reported NPAT attributable to the parent of \$359.1 million, up 75.2% after significant items
- ◆ Net gain from significant items of \$176.3 million, the major component of which is the net gain on sale of shares in MCE
- ◆ Interim dividend of 30 cents per share and a special dividend of 83 cents per share declared

Australian resorts performance:

- ◆ Normalised revenue of \$1,483.5 million, down 12.5%
- ◆ Main floor gaming revenue of \$853.9 million, down 0.8%
- ◆ Non-gaming revenue of \$366.0 million, up 3.7%
- ◆ VIP program play turnover of \$19.6 billion, down 45.3%
- ◆ Normalised EBITDA of \$439.1 million, down 9.0%
- ◆ Reported EBITDA of \$452.1 million, down 11.3%

Melco Crown Entertainment Limited (MCE)² performance:

- ◆ Crown's share of MCE's normalised NPAT of \$42.4 million, up 14.0%
- ◆ Crown's share of MCE's reported NPAT of \$37.9 million, up 303.2%

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 Aspinalls and Melco Crown) and significant items.

2. Crown had a 34.3% interest in MCE for all of the half year reporting period to 31 December 2015. In the half year to 31 December 2016, Crown had a 27.4% interest from 1 July 2016 to 20 December and a 24.6% interest from 21 December to 31 December 2016.

Crown Resorts Limited Group Result



	1H F17 Normalised \$m	1H F16 Normalised \$m	Variance F/(U)	1H F17 Actual \$m	1H F16 Actual \$m	Variance F/(U)
Australian Resorts EBITDA	439.1	482.6	(9.0%)	452.1	509.5	(11.3%)
Crown Aspinalls EBITDA	18.2	10.3	76.7%	1.9	14.9	(87.2%)
Wagering and Online Social Gaming Operations EBITDA	(3.0)	(9.8)	69.4%	(3.0)	(9.8)	69.4%
Corporate costs	(51.7)	(58.7)	11.9%	(51.7)	(58.7)	11.9%
EBITDA	402.6	424.4	(5.1%)	399.3	455.9	(12.4%)
Depreciation and amortisation	(144.3)	(140.0)	(3.1%)	(144.3)	(140.0)	(3.1%)
EBIT	258.3	284.4	(9.2%)	255.0	315.9	(19.3%)
Net interest	(50.0)	(71.0)	29.6%	(50.0)	(71.0)	29.6%
Income tax	(63.8)	(45.0)	(41.8%)	(64.5)	(54.0)	(19.4%)
Equity accounted - MCE	42.4	37.2	14.0%	37.9	9.4	303.2%
- Other	(0.7)	0.4	(275.0%)	(0.7)	0.4	(275.0%)
NPAT (pre non-controlling and significant items)	186.2	206.0	(9.6%)	177.7	200.7	(11.5%)
Non-controlling interest	5.1	4.3	18.6%	5.1	4.3	18.6%
NPAT (pre significant items)	191.3	210.3	(9.1%)	182.8	205.0	(10.8%)
Significant items (net of tax)				176.3	-	N/A
Net Profit - attributable to the parent	191.3	210.3	(9.1%)	359.1	205.0	75.2%

Crown Melbourne and Crown Perth Results

Normalised 1H F17



	Crown Melbourne \$m	Variance F/(U)	Crown Perth \$m	Variance F/(U)	Australian Resorts \$m	Variance F/(U)
Main floor gaming	604.1	0.5%	249.8	(4.0%)	853.9	(0.8%)
VIP program play	191.1	(47.4%)	72.5	(38.6%)	263.6	(45.3%)
Non-gaming	247.4	4.3%	118.6	2.6%	366.0	3.7%
Total Revenue (Normalised)	1,042.6	(13.3%)	440.9	(10.7%)	1,483.5	(12.5%)
Gaming taxes, commissions & other	(280.9)	29.5%	(80.6)	43.2%	(361.5)	33.1%
Operating expenses	(458.2)	(1.6%)	(224.7)	(1.3%)	(682.9)	(1.5%)
EBITDA	303.5	(13.9%)	135.6	4.2%	439.1	(9.0%)
Depreciation & amortisation	(95.5)	1.1%	(35.1)	(4.9%)	(130.6)	(0.4%)
EBIT	208.0	(18.7%)	100.5	4.0%	308.5	(12.5%)
EBITDA / revenue %	29.1%	(0.2%)	30.7%	4.4%	29.6%	1.1%
Total revenue (actual)	1,120.4	(7.7%)	453.1	(11.1%)	1,573.5	(8.7%)
VIP turnover \$ billion	14.2	(47.4%)	5.4	(38.6%)	19.6	(45.3%)
VIP win rate (1.35% theoretical)	1.90%	0.51% ¹	1.58%	0.04% ¹	1.81%	0.38% ¹

1. Represents the difference in win rate compared to the pcp (the win rate at Crown Melbourne in the pcp was 1.39%, the win rate at Crown Perth in the pcp was 1.54% and the combined win rate in the pcp was 1.43%).

Crown Aspinalls Results



	1H F17 Normalised \$m	1H F16 Normalised \$m	Variance F/(U)	1H F17 Actual \$m	1H F16 Actual \$m	Variance F/(U)
Total revenue	62.2	49.2	26.3%	40.7	38.4	6.2%
Total expenses	(44.0)	(38.9)	(13.1%)	(38.8)	(23.5)	(65.1%)
EBITDA	18.2	10.3	76.7%	1.9	14.9	(87.2%)
Depreciation & amortisation	(0.5)	(0.6)	18.1%	(0.5)	(0.6)	18.1%
EBIT	17.7	9.7	83.6%	1.4	14.3	(90.2%)
EBITDA / revenue %	29.4%	20.9%	8.5%	4.7%	38.8%	(34.1%)
VIP turnover \$ billion	6.8	5.5	24.0%	6.8	5.5	24.0%
VIP win rate ¹	0.91%	0.89%		0.59%	0.70%	

1. Crown Aspinalls normalised VIP win rate based on the mix of play during the period.

Crown Wagering and On-line Social Gaming Operations



Crown Wagering and On-line Social Gaming Operations	1H F17 \$m	1H F16 \$m	Variance F/(U)
Total revenue	153.7	109.9	39.8%
Total expenses	(156.7)	(119.7)	(30.9%)
EBITDA	(3.0)	(9.8)	69.4%
Depreciation & amortisation	(10.6)	(6.9)	(52.3%)
EBIT	(13.6)	(16.7)	18.9%

Crown Wagering and On-line Social Gaming Operations includes:

- ◆ CrownBet, a 62% owned, on-line wagering business
- ◆ Betfair Australasia, a 100% owned, on-line betting exchange
- ◆ DGN Games, a 70% owned, on-line social gaming business based in Austin, Texas

Crown Towers Perth



- ◆ Crown Towers Perth officially opened on 15 December 2016
- ◆ Initial hotel occupancy and average room rate has been pleasing
- ◆ Crown Towers features 500 luxury hotel rooms and suites, villas, private gaming salons, restaurants, bars, a grand ballroom, convention centre, luxury retail outlets, resort pool and spa facilities
- ◆ Crown Towers is the largest hotel in Perth, taking the total number of guest rooms and suites at the resort to approximately 1,200



Crown Sydney Project

- ◆ On 23 December 2016, the legal challenge to the decision of the NSW PAC to approve the modification of the approved concept plan for Barangaroo (known as “Mod 8”) and for the construction of the Crown Sydney Hotel Resort at Barangaroo South was dismissed by the Land and Environment Court of NSW.
- ◆ Crown is pleased with the decision and looks forward to continue building an iconic, six-star hotel resort of which Sydney and Australia can be proud.
- ◆ It is expected that Crown Sydney will be completed in 2021.





Proposed Queensbridge Hotel Tower

- ◆ Crown and the Schiavello Group received conditional planning approval in February 2017, for a new 388 room luxury six-star hotel and approximately 700 luxury apartments at 1-25 Queensbridge Street, Melbourne on a site adjacent to the Crown Melbourne complex.
- ◆ The proposed Queensbridge Tower is a 50/50 Joint Venture between Crown and the Schiavello Group.
- ◆ Crown has the right to acquire and manage the hotel on completion.
- ◆ The project remains subject to financing and long form agreements between Crown and the Schiavello Group.
- ◆ Queensbridge Hotel Tower will cement Crown Melbourne's position as the largest single-site accommodation provider in Australia and create over 3,900 new jobs for Victoria.

Melco Crown Entertainment (MCE)



- ◆ Crown's share of MCE's normalised NPAT for the half year to 31 December 2016 was an equity accounted profit of \$42.4 million, up 14.0% on the pcp¹. After adjusting for the variance from theoretical, Crown's share of MCE's reported NPAT result for the half year was an equity accounted profit of \$37.9 million, up 303.2% on the pcp
- ◆ As previously announced, Crown has entered into the following arrangements in relation to its MCE investments:
 - ◆ An underwriting agreement for the sale of 40.9 million MCE shares (equivalent to approximately 2.8% of MCE shares outstanding) for US\$5.33 per MCE share, completed on 20 December 2016; and
 - ◆ A bilateral agreement with Melco International Development Limited ("Melco") for the sale of 198 million MCE shares (equivalent to 13.4% of MCE shares outstanding) for US\$6.00 per MCE share, completed on 16 February 2017;
 - ◆ In addition, a series of cash-settled equity swaps referencing approximately 82 million MCE shares (equivalent to just over 5.5% of MCE shares outstanding). This transaction provided Crown with a price hedge in respect of these MCE shares. The price hedge was set at US\$5.33 per MCE share.
- ◆ Crown's ownership interest in MCE is now 11.2%. As a result of the MCE sell down transactions, Crown will no longer equity account the results of MCE.

1. Crown had a 34.3% interest in MCE for all of the half year reporting period to 31 December 2015. In the half year to 31 December 2016, Crown had a 27.4% interest from 1 July 2016 to 20 December and a 24.6% interest from 21 December to 31 December 2016

Other Investments



Crown's equity accounted result from investments other than MCE is comprised of its share of equity accounted profits from Nobu and Aspers Group, offset by Crown's share of the equity accounted losses arising from the operating costs of Ellerston and start-up costs of Draftstars. Crown's share of NPAT across all these investments was a loss of \$0.7 million.

During the period, Crown received \$35.7 million from Cannery representing Crown's share of the sale proceeds from the disposal of its casino assets.

Debt Reduction and Capital Management Initiatives



At the time of entering into the MCE sell down transactions, Crown announced that it intended to use the proceeds from the MCE sell down transactions for a combination of debt reduction and capital management initiatives.

Following completion of these transactions, Crown now intends to:

- ◆ adopt a new dividend policy;
- ◆ declare a special dividend;
- ◆ undertake an on-market share buy-back of approximately \$500 million commencing following the receipt of regulatory approvals; and
- ◆ undertake a buy-back of Subordinated Notes listed on ASX under the code “CWNHA”.

Proposed Crown REIT IPO Will Not Proceed at This Time



- ◆ As a consequence of the completion of the MCE sell down transactions, Crown has determined not to proceed at this time with the proposed IPO of a 49% interest in some of its Australian hotels and associated retail property ("Crown REIT IPO").
- ◆ An important driver of the Board's decision to explore a potential Crown REIT IPO was the proceeds the transaction would generate which could be used to fund a combination of capital management and debt reduction initiatives.
- ◆ As detailed earlier, the proceeds generated by the MCE sell down transactions have provided Crown the opportunity to both materially reduce the Company's debt levels as well as undertake a range of capital management initiatives.
- ◆ As such, Crown has determined not to proceed at this time with the proposed Crown REIT IPO.

Significant Items



	1H F17 \$m	1H F16 \$m
Net gain on sale of MCE	166.9	-
Early debt retirements costs (net of tax)	(13.8)	-
Asset impairment reversal	35.7	-
Other (net of tax)	(12.5)	-
Significant items net of tax – income / (expense)	176.3	-

During the period, there were events or transactions arising that were unusual in terms of both their size and their nature. These items have been classified as Significant Items due to their one-off nature and individual significance.

Debt Structure



Nature of Facility	31 Dec 16 \$m	30 June 16 \$m	31 Dec 15 \$m
Bank debt	77.4	75.6	751.7
Finance Lease Liability	122.4	127.8	128.9
Capital market debt - EMTN	174.6	174.6	174.6
- USPP	-	-	254.3
- AMTN	750.0	750.0	750.0
- Subordinated Notes ¹	1,133.6	1,133.3	1,133.1
Total Outstanding Debt	2,258.0	2,261.3	3,192.6
Less available cash ²	(492.1)	(298.6)	(240.8)
Net Debt	1,765.9	1,962.7	2,951.8

- ◆ Committed un-drawn bank facilities of \$1,029.8 million at 31 Dec 2016
- ◆ Group's current debt ratings (S&P/Moody's/Fitch) BBB/Baa2/BBB

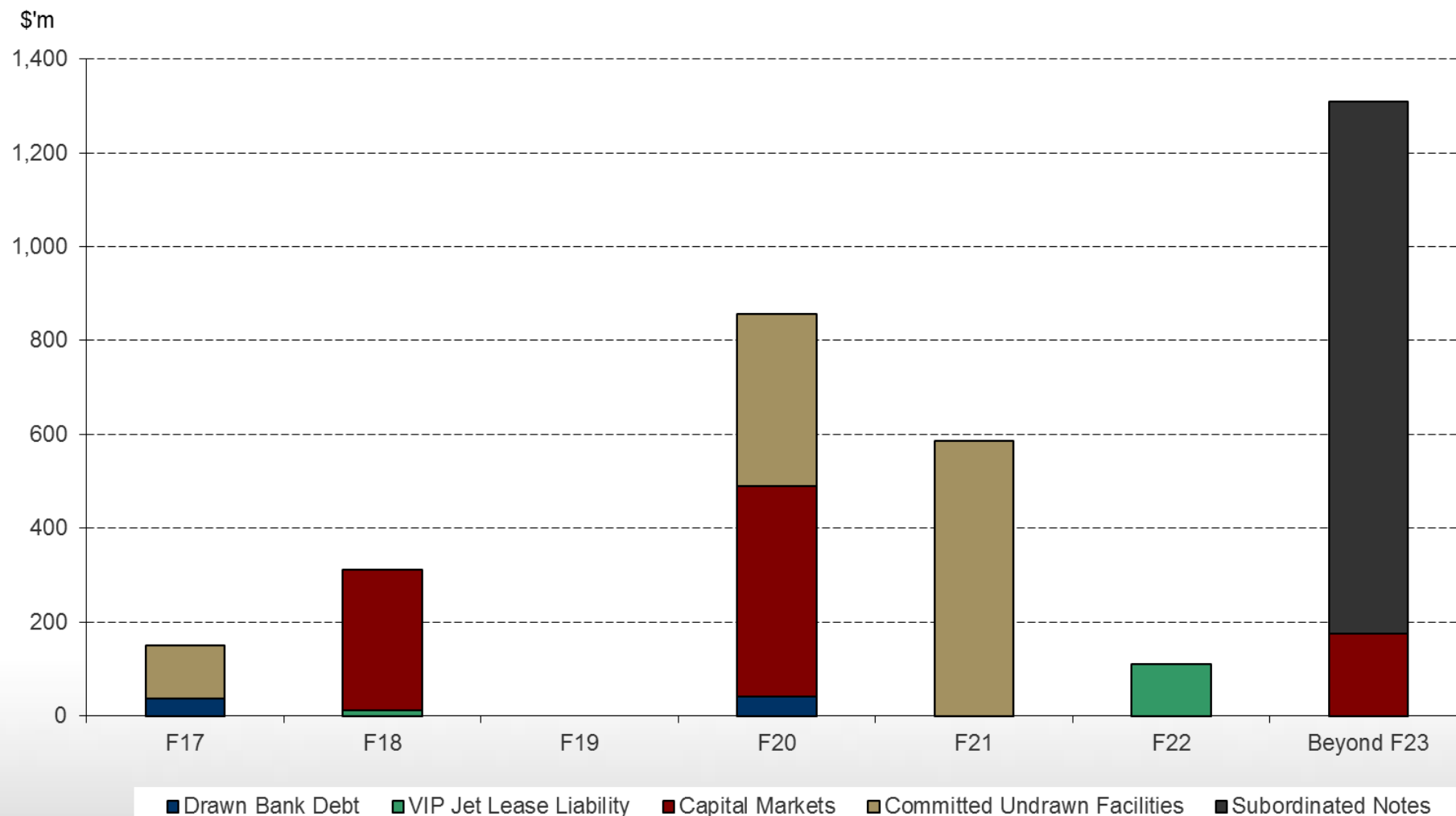
1. Net of unamortised transaction costs.

2. Available cash refers to the closing cash balance of \$659.0 million (June 2016: \$449.7 million, Dec 2015: \$397.5 million) less working capital cash of \$166.9 million (June 2016: \$151.1 million, Dec 2015: \$156.7 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 Profile - 31 December 2016



Group Cash Flow



\$m	1H F17	1H F16
Normalised EBITDA	402.6	424.4
Win rate variance	(3.3)	31.5
Reported EBITDA	399.3	455.9
Working capital movements	(41.5)	(5.2)
Cash Flow Generated by Operations	357.8	450.7
Net interest	(72.9)	(84.9)
Dividends received	13.9	8.3
Income tax payments	(68.8)	(173.2)
Operating Cash Flow	230.0	200.9
Capital expenditure (net) ¹	(189.8)	(237.3)
Investments (net)	463.1	(241.1)
Net borrowings	(5.3)	466.3
Dividends paid	(287.7)	(138.4)
Effect of exchange rates on cash	(0.8)	6.1
Net increase / (decrease) in cash	209.4	56.5
Closing Cash ²	659.0	397.5

1. Net of proceeds from sale

2. Includes \$166.9 million (June 2016: \$151.1 million, Dec 2015: \$156.7 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

Disclaimer



- ◆ 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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