



**ASX / MEDIA RELEASE
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CROWN ANNOUNCES 2018 FULL YEAR RESULTS

MELBOURNE: Crown Resorts Limited (ASX: CWN) (“Crown”) today announced its results for the full year ended 30 June 2018:

• **Crown Resorts Limited performance:**

- Normalised¹ NPAT attributable to the parent of \$386.8 million, up 12.7%²
- Reported NPAT attributable to the parent of \$326.7 million, up 5.8%² before significant items
- Reported NPAT attributable to the parent of \$558.9 million, down 70.0%² after significant items
- Net gain from significant items attributable to the parent of \$232.2 million, which 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
- Normalised EBITDA of \$878.3 million, up 6.1%
- Reported EBITDA of \$792.4 million, up 0.3%
- Normalised EBIT of \$592.4 million, up 11.5%
- Reported EBIT of \$506.5 million, up 2.6%
- Final dividend of 30 cents per share declared (total full year dividend of 60 cents per share)

• **Australian resorts performance:**

- Normalised revenue of \$3,123.6 million, up 10.6%
- Main floor gaming revenue of \$1,681.0 million, up 1.5%
- Non-gaming revenue of \$747.7 million, up 4.1%
- VIP program play turnover of \$51.5 billion, up 54.5%
- Normalised EBITDA of \$893.8 million, up 7.2%
- Reported EBITDA of \$807.5 million, down 2.5%

The Executive Chairman of Crown, Mr John Alexander, said:

“Crown’s full year result reflects a solid performance from our Melbourne operation and continued subdued trading in Perth. Total normalised revenue across Crown’s Australian resorts increased by 10.6% on the prior comparable period (“pcp”). Main floor gaming revenue increased by 1.5%, with modest growth in Melbourne offset by softness in Perth. VIP program play turnover in Australia of \$51.5 billion (up 54.5%) was a pleasing outcome, particularly at Crown Melbourne (up 73.9%), given the difficult trading conditions in the pcp.”

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 and Crown Aspinalls) and significant items. 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, and income tax expense. 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. Normalised results are a non-IFRS measure, which have not been subject to audit or review.

² The pcp includes Crown’s share of Melco Resorts & Entertainment’s (MRE) normalised NPAT of \$42.4 million and reported NPAT of \$37.9 million. The pcp also includes a net gain on the sale of Crown’s interest in MRE of \$1,745.5 million, which was recognised as a significant item. During the pcp, Crown held a 27.4% interest in MRE from 1 July 2016 to 20 December 2016 and a 24.6% interest from 21 December 2016 to 31 December 2016, following which it no longer equity accounted the results of MRE. Crown completed the sale of its remaining interest in MRE on 16 May 2017 and, as a result, no longer holds an interest in MRE.

CROWN MELBOURNE

Normalised EBITDA from Crown Melbourne was \$645.0 million, up 9.5% on the pcp. Reported EBITDA for the period was \$586.0 million, up 2.7% on the pcp. The reported EBITDA result takes into account an unfavourable variance from the theoretical VIP program play result which had a negative EBITDA impact of \$59.0 million. This compares to a negative EBITDA impact of \$18.2 million in the pcp.

Normalised revenue of \$2,279.0 million was up 14.2% on the pcp. During the period, main floor gaming revenue was \$1,217.0 million, up 2.9% on the pcp, and non-gaming revenue declined 0.3% to \$470.2 million.

Main floor gaming revenue comprises table games (non-program play) revenue of \$767.1 million, up 4.6% on the pcp, and gaming machine revenue of \$449.9 million, up 0.2% on pcp.

Normalised VIP program play revenue was \$591.8 million, up 73.9% on the pcp with turnover of \$43.8 billion.

Crown Towers Melbourne hotel occupancy was 96.3% with an average room rate of \$384. Crown Metropol Melbourne achieved hotel occupancy of 93.8% with an average room rate of \$262. Crown Promenade Melbourne hotel occupancy was 94.1% with an average room rate of \$234. These high occupancy rates reflect the very strong demand for luxury hotel accommodation in Melbourne.

The overall normalised operating margin decreased from 29.5% to 28.3%. The decline in margin is largely due to a change in the mix of business and the impact of higher fixed costs, including energy.

CROWN PERTH

Normalised EBITDA from Crown Perth was \$248.8 million, up 1.6% on the pcp. Reported EBITDA for the period was \$221.5 million, down 13.9% on the pcp. The reported EBITDA result takes into account an unfavourable variance from the theoretical VIP program play result which had a negative EBITDA impact of \$27.3 million. This compares to a positive EBITDA impact of \$12.5 million in the pcp.

Normalised revenue of \$844.5 million was up 1.7% on the pcp. During the period, main floor gaming revenue was \$463.9 million, down 2.1% on the pcp, and non-gaming revenue grew 12.5% to \$277.6 million, primarily due to the full year impact of Crown Towers Perth, which opened in December 2016.

Main floor gaming revenue comprises table games (non-program play) revenue of \$198.8 million, down 4.1% on the pcp, and gaming machine revenue of \$265.1 million, down 0.6% on pcp.

Normalised VIP program play revenue was \$103.0 million, down 5.8% on the pcp with turnover of \$7.6 billion.

Crown Towers Perth hotel occupancy was 76.9% with an average room rate of \$312. Crown Metropol Perth hotel occupancy was 86.1% with an average room rate of \$235. Hotel occupancy at Crown Promenade Perth was 89.8% with an average room rate of \$182.

The overall normalised operating margin was flat at 29.5%. This reflects the additional operating costs of the expanded property following the completion of Crown Towers Perth, offset by a favourable mix of business.

CROWN ASPINALLS

Normalised EBITDA from Crown Aspinalls was \$12.0 million, down 54.8% on the pcp. This reflects a softening in volumes across the London high-end casino market and disruption from refurbishment. Reported EBITDA for the period was \$12.4 million, an increase of \$17.9 million on the pcp. The reported EBITDA result takes into account a favourable variance from the theoretical VIP program play result which had a positive EBITDA impact of \$0.4 million. This compares to a negative EBITDA impact of \$32.1 million in the pcp.

CROWN DIGITAL

EBITDA from Crown's wagering and online social gaming operations was \$26.9 million, up 81.8% on the pcp. This includes CrownBet's consolidated result from 1 July 2017 to 28 February 2018.

As announced on 28 February 2018, Crown completed the sale of its 62% interest in CrownBet, together with loans advanced by it to CrownBet, for \$150 million and no longer holds any interest in CrownBet.

Crown's wagering and online social gaming operations now comprises Betfair Australasia (a 100% owned, online betting exchange) and DGN Games (an 85% owned, online social gaming business). During the

period, Crown increased its interest in DGN Games from 70% to 85% in exchange for an earn-out payment to the founders of US\$8.4 million.

EQUITY ACCOUNTED INVESTMENTS

Crown's equity accounted result 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 Chill Gaming. The result also includes Crown's share of the equity accounted losses arising between 1 July 2017 and 31 December 2017 from the operating costs of Ellerston and Draftstars, both of which were sold during the period.

Crown's net equity accounted share of normalised NPAT across all these investments was \$9.3 million.

CROWN SYDNEY PROJECT

Work continues on the delivery of the Crown Sydney Hotel Resort at Barangaroo South, Sydney's first six-star hotel and a landmark building with views of some of Australia's most celebrated icons, the Sydney Harbour Bridge and Sydney Opera House.

Construction of the Crown Sydney Hotel Resort is progressing on schedule with the podium rising on the Barangaroo foreshore and the tower core structure having been constructed to Level 6. Almost all of this work is being undertaken by Australian businesses, creating hundreds of construction jobs and benefiting the New South Wales economy.

The Crown Sydney Residences, which will be situated above the Crown Sydney Hotel Resort, has launched a marketing suite and has received strong interest from both domestic and international buyers. With stage 1 sales achieved, Crown has commenced its stage 2 international marketing campaign.

The project remains on schedule for completion in the first half of calendar year 2021 and the total gross project cost is expected to be approximately \$2.2 billion, with a net project cost of approximately \$1.4 billion.

Separately, Crown has today commenced proceedings against the Barangaroo Delivery Authority (BDA) in the Commercial List of the Supreme Court of New South Wales (Proceedings). The Proceedings seek injunctive relief and declarations against the BDA that, in substance, require the BDA to comply with a number of its contractual obligations under the Crown Development Agreement (CDA).

These obligations include consulting with Crown about any application for the proposed development of Central Barangaroo that differs from that provided for in the relevant Concept Plan for Central Barangaroo in existence at the time the CDA was entered into, and negotiating in good faith and agreeing with Crown and Lendlease any required changes to that application to ensure that sight lines from the Harbour Bridge to the Sydney Opera House are retained for the Crown Sydney Hotel Resort.

PROPOSED ONE QUEENSBRIDGE PROJECT

Crown and the Schiavello Group were granted planning approval in February 2017 for a new 388 room luxury six-star hotel and approximately 700 luxury apartments located on one of the last significant development sites adjacent to the Crown Melbourne complex.

The proposed project represents Crown's continued investment in the Southbank arts and entertainment precinct and would be connected to the Crown Melbourne complex by a sculptural pedestrian bridge spanning Queensbridge Street. This would result in Crown Melbourne offering a combined total of approximately 2,000 hotel rooms, which would support Melbourne's tourism industry.

The proposed project is a 50/50 joint venture between Crown and the Schiavello Group and remains subject to financing.

UPDATE ON TRANSACTIONS

As previously announced, during the period, Crown completed the sale of the following significant assets:

1. the Alon Las Vegas land to Wynn Resorts, Limited for US\$300 million. Crown's share of the proceeds (after taking into account minority interests) was approximately US\$264 million;
2. a 62% interest in CrownBet, together with loans advanced by Crown to CrownBet, for \$150 million;
3. approximately 4.2 million shares in Caesars Entertainment Corporation for US\$53.3 million; and
4. a 50% interest in Ellerston in the Hunter Valley for \$62.5 million.

CAPITAL MANAGEMENT INITIATIVES

Share Buy-Backs

The on-market share buy-back of up to approximately 29.3 million shares as announced to the ASX on 4 August 2017 (the "Current Share Buy-Back") was suspended on 29 June 2018 until 10 August 2018, being the day after the release of Crown's full year results. The Current Share Buy-Back will expire on 22 August 2018.

As Crown has only bought back approximately 1.43 million shares under the Current Share Buy-Back, Crown intends to undertake a new on-market share buy-back of approximately \$400 million of shares (the "New Share Buy-Back"), which is expected to commence on 30 August 2018. Based on the Company's closing share price of \$13.32 per share on 8 August 2018, a \$400 million buy-back represents the repurchase of approximately 30.0 million shares or approximately 4.4% of issued capital.

Crown may, at its discretion, vary, suspend or terminate the Current Share Buy-Back and/or the New Share Buy-Back at any time.

Subordinated Notes Buy-Back and Redemption

As previously announced, Crown bought back approximately 1.34 million Subordinated Notes listed on the ASX under the code "CWNHA" (the "CWNHA Notes"). The CWNHA Notes buy-back was cancelled on 29 June 2018.

As announced on 19 July 2018, Crown has elected to redeem all of the outstanding CWNHA Notes on the first call date of 14 September 2018 in accordance with the terms of the CWNHA Notes. This is expected to reduce Crown's gross debt by approximately \$400 million.

CASH FLOW AND DEBT

Net operating cash flow for the period of \$731.7 million compared to net operating cash flow of \$465.7 million in the pcp. After taking into account the net proceeds received from the sale of investments of \$256.0 million, net capital expenditure of \$55.1 million, net repayment of borrowings of \$428.5 million, dividend payments of \$413.4 million and share buy-back payments of \$18.8 million, the Group's net cash position at 30 June 2018 was \$221.0 million (excluding working capital cash of \$130.9 million). This consisted of total debt of \$1,492.7 million and cash (excluding working capital cash) of \$1,713.7 million.

At 30 June 2018, total liquidity (excluding working capital cash of \$130.9 million) was \$1,889.8 million. This consisted of \$1,713.7 million in available cash and \$176.1 million in committed undrawn bank facilities.

CORPORATE COSTS

During the period, net corporate costs were \$54.4 million, \$7.3 million above the pcp.

FINANCE COSTS EXPENSED

Normalised net interest expense for the year was \$46.0 million, \$55.6 million below the pcp, which reflects lower net debt levels.

INCOME TAX EXPENSE

Normalised income tax expense for the year was \$170.1 million, \$35.0 million above the pcp.

SIGNIFICANT ITEMS

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, a summary of which is as follows:

| | \$m |
|---|---------------------|
| Net asset impairment reversal | 122.3 |
| Net foreign currency gain on disposal of foreign operations | 76.9 |
| Net gain on sales of CrownBet and Ellerston | 93.4 |
| Restructuring and other expenses | (15.5) |
| Equity accounted investments (Crown's share) | (2.7) |
| Tax amounts in significant items | (26.7) |
| Non-controlling interest | (15.5) |
| Net gain on significant items attributable to the parent | <u>232.2</u> |

DIVIDEND

Crown has declared a final dividend on ordinary shares of 30 cents per share (total full year dividend of 60 cents per share). The final dividend is franked to 60% and payable to shareholders registered at 5.00pm on Friday, 21 September 2018. The dividend is due to be paid on Friday, 5 October 2018. The unfranked portion of the dividend has been declared to be conduit foreign income.

ENDS

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

Investor and Analyst Enquiries – Clinton Cahn, Investor Relations, 03 9292 8848.

COPIES OF RELEASES

Copies of previous media and ASX announcements issued by Crown are available at Crown's website at www.crownresorts.com.au



CROWN GROUP RESULT
Twelve Months ended 30 June 2018

| Normalised Results ⁽¹⁾ | | | | Actual Results ⁽²⁾ | | |
|-----------------------------------|---------------------------|------------|---|-------------------------------|---------------------------|------------|
| 12 months ended June 2018 | 12 months ended June 2017 | % movement | | 12 months ended June 2018 | 12 months ended June 2017 | % movement |
| \$ M | \$ M | | | \$ M | \$ M | |
| <u>3,485.3</u> | <u>3,231.3</u> | 7.9% | OPERATING REVENUE ⁽³⁾ | <u>3,467.0</u> | <u>3,288.1</u> | 5.4% |
| 878.3 | 828.0 | 6.1% | EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & SIGNIFICANT ITEMS | 792.4 | 790.3 | 0.3% |
| <u>(285.9)</u> | <u>(296.8)</u> | | Depreciation & Amortisation | <u>(285.9)</u> | <u>(296.8)</u> | |
| 592.4 | 531.2 | 11.5% | EARNINGS BEFORE INTEREST, TAX & SIGNIFICANT ITEMS | 506.5 | 493.5 | 2.6% |
| <u>(46.0)</u> | <u>(101.6)</u> | | Net Interest Income / (Expense) | <u>(46.0)</u> | <u>(101.6)</u> | |
| 546.4 | 429.6 | 27.2% | PROFIT BEFORE TAX & SIGNIFICANT ITEMS | 460.5 | 391.9 | 17.5% |
| <u>(170.1)</u> | <u>(135.1)</u> | | Taxation | <u>(144.3)</u> | <u>(127.1)</u> | |
| 376.3 | 294.5 | 27.8% | PROFIT AFTER TAX & BEFORE SIGNIFICANT ITEMS | 316.2 | 264.8 | 19.4% |
| <u>9.3</u> | <u>43.7</u> | | Equity Accounted Profit / (Loss) | <u>9.3</u> | <u>39.2</u> | |
| 385.6 | 338.2 | 14.0% | NET PROFIT AFTER TAX | 325.5 | 304.0 | 7.1% |
| <u>1.2</u> | <u>4.9</u> | | Non-controlling interest | <u>1.2</u> | <u>4.9</u> | |
| <u>386.8</u> | <u>343.1</u> | 12.7% | NET PROFIT ATTRIBUTABLE TO PARENT BEFORE SIGNIFICANT ITEMS | <u>326.7</u> | <u>308.9</u> | 5.8% |
| | | | Significant items net of tax ⁽⁴⁾ | 247.7 | 1,521.0 | |
| | | | Non-controlling interest on significant items | (15.5) | 36.2 | |
| | | | NET PROFIT ATTRIBUTABLE TO PARENT | <u>558.9</u> | <u>1,866.1</u> | (70.0)% |

- (1) Normalised results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play and significant items. The difference between reported NPAT before significant items of \$326.7 million and normalised NPAT of \$386.8 million is due to a below theoretical result in Crown's Australian casinos of \$60.4 million, partially offset by an above theoretical result at Crown Aspinalls of \$0.3 million.
- (2) Actual results reflect revenues and expenses at actual win rates and include significant items.
- (3) Operating revenue excludes interest revenue and significant item revenue (in the prior period).
- (4) Current year significant items consist of a net asset impairment reversal which predominately relates to the reversal of an impairment of the Alon Las Vegas land, a net foreign currency gain on disposal of foreign operations (previously recorded in reserves) and net gains from the sales of CrownBet and Ellerston, partially offset by restructuring & other expenses and significant items relating to Crown's equity accounted interests.