

# Crown Resorts Limited Annual General Meeting

16 October 2014



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# Presentation Outline

1. F14 Year in Review
2. Recent Trading Update
3. Investment in Australian Resorts
4. Crown Resorts - Building a Global Luxury Brand
5. The Rising Asian Middle Class
6. Crown's Economic and Social Contribution to Australia
7. Conclusion



# **F14 Year in Review**

# Crown Resorts Limited Group Result

	F14 Normalised \$m	F13 Normalised \$m	Variance F/(U)	F14 Actual \$m	F13 Actual \$m
<b>EBITDA</b>	<b>782.7</b>	<b>758.3</b>	<b>3.2%</b>	<b>878.2</b>	<b>751.9</b>
Depreciation and amortisation	(244.9)	(238.1)	(2.9%)	(244.9)	(238.1)
<b>EBIT</b>	<b>537.8</b>	<b>520.2</b>	<b>3.4%</b>	<b>633.3</b>	<b>513.8</b>
Net interest	(99.0)	(120.4)	17.8%	(99.0)	(120.4)
Income tax	(86.6)	(77.4)	(11.9%)	(116.0)	(75.9)
Equity accounted - Melco Crown Entertainment	291.2	152.3	91.2%	287.6	175.0
- Betfair	(3.4)	(1.5)	(126.7%)	(3.4)	(1.5)
<b>Net Profit before significant items</b>	<b>640.0</b>	<b>473.2</b>	<b>35.2%</b>	<b>702.5</b>	<b>491.0</b>
Significant items	-	-		(46.7)	(95.2)
<b>Net Profit after significant items</b>	<b>640.0</b>	<b>473.2</b>	<b>35.2%</b>	<b>655.8</b>	<b>395.8</b>



# Crown Melbourne and Crown Perth Results

## Normalised F14



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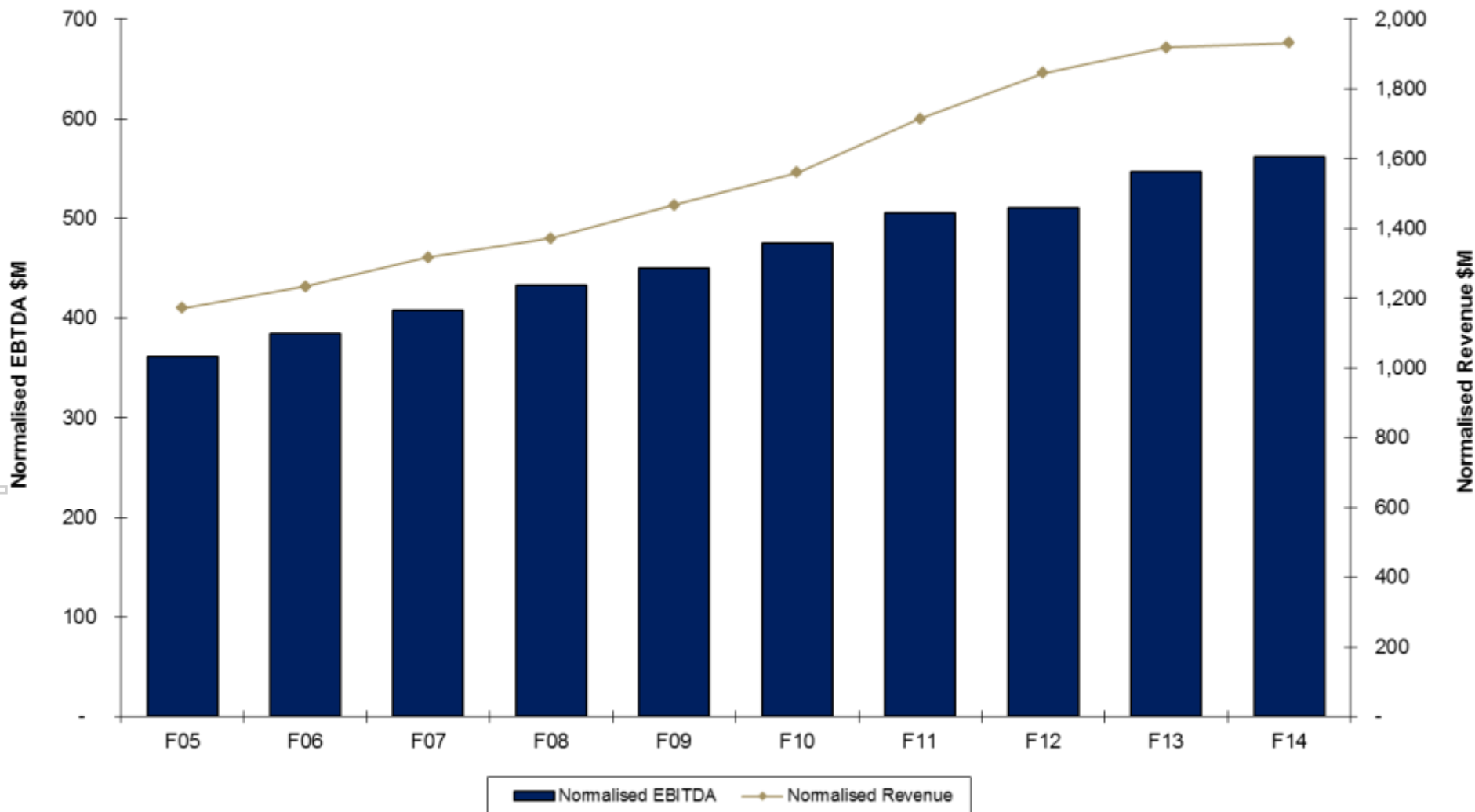
	Australian Casinos \$m	Variance F/(U)
Main floor gaming	1,505.7	1.4%
VIP program play	674.3	(1.5%)
Non-gaming	634.8	4.5%
<b>Total Revenue (Normalised)</b>	<b>2,814.8</b>	<b>1.4%</b>
Gaming taxes, commissions and other	(815.5)	(0.7%)
Operating expenses	(1,195.9)	(1.4%)
<b>EBITDA</b>	<b>803.4</b>	<b>2.0%</b>
Depreciation & amortisation	(240.5)	(2.7%)
<b>EBIT</b>	<b>562.9</b>	<b>1.7%</b>
EBITDA / revenue %	28.5%	0.2%
Total revenue (actual)	2,966.0	6.9%
VIP turnover \$ billion	49.9	(1.5%)
VIP win rate (1.35% theoretical)	1.65%	0.30% <sup>1</sup>
Variance from theoretical win rate	105.6	\$105.2m

1. Represents the difference in win rate compared to the pcg

# Crown Melbourne - Normalised Revenue and EBITDA Performance

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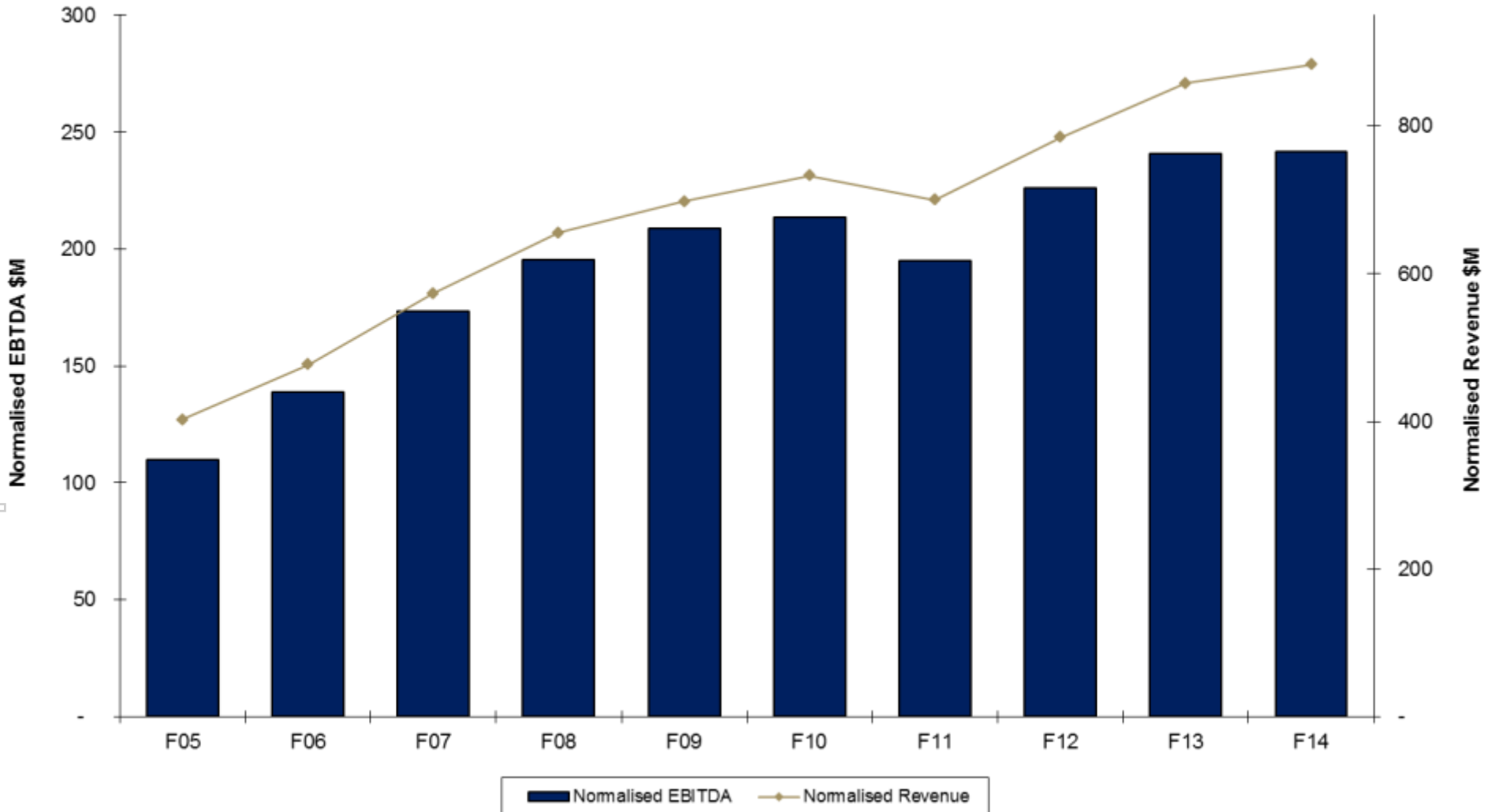
Crown Melbourne Normalised Revenue and EBITDA Performance



# Crown Perth - Normalised Revenue and EBITDA Performance

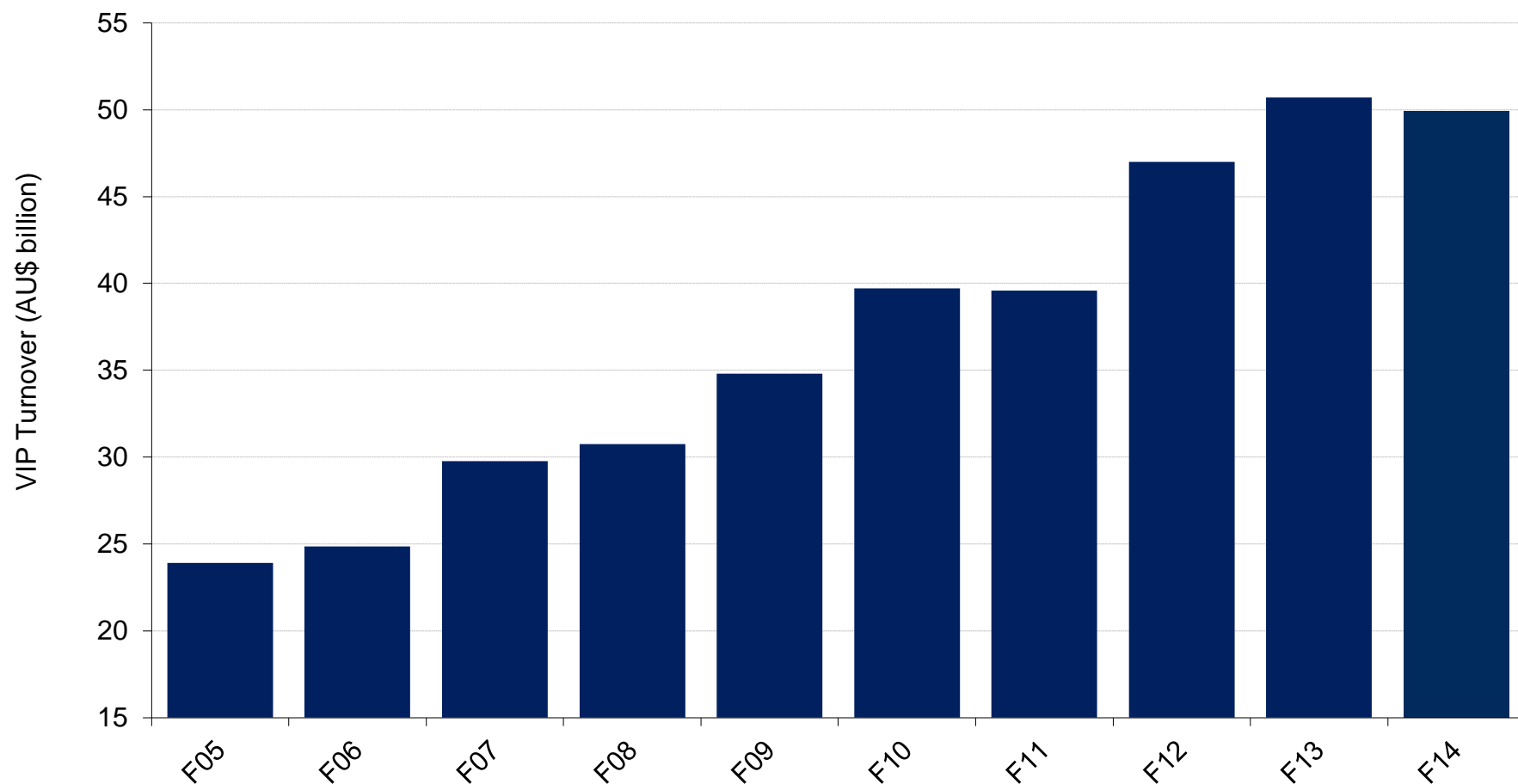
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Crown Perth Normalised Revenue and EBITDA Performance



# Crown Melbourne and Crown Perth VIP Turnover

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# Crown Aspinall's Results

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	F14 Normalised \$m	Variance F/(U)
Total revenue	120.6	5.1%
Total expenses	(85.4)	(4.8%)
<b>EBITDA</b>	<b>35.2</b>	<b>5.7%</b>
Depreciation & amortisation	(1.2)	(8.5%)
<b>EBIT</b>	<b>34.0</b>	<b>5.6%</b>
EBITDA / revenue %	29.2%	0.2%
VIP turnover \$ billion	10.5	22.9%
VIP win rate <sup>1</sup>	1.14%	

1. Crown Aspinall's normalised VIP win rate based on the mix of play during the period.

- Crown's share of MCE's normalised NPAT result for the full year to June 2014 was \$291.2 million, up 91.2% on the pcp
- After adjusting for an above theoretical win rate and pre-opening costs, Crown's share of MCE's reported NPAT result for the period was an equity accounted profit of \$287.6 million, up 64.3% on the pcp
- MCE's result was attributable to solid underlying financial performance, driven primarily by its mass market table games business at City of Dreams. However, market conditions across Macau weakened during the fourth quarter
- During the year Crown has received dividends of \$94.4 million from MCE, of which \$68.6 million was from the special dividend in respect of 2013 and \$25.8 million in respect of the result for the quarter ending 31 March 2014

# Crown Resorts Limited - Dividend



- Crown Resorts paid a final dividend of 19 cps, franked to 50%
- Total full year dividend of 37 cps
- The Crown Resorts Board has reviewed its dividend policy and has adopted a revised policy
- The revised dividend policy is to pay an annual dividend of the higher of 37 cents per share and 65% of normalised NPAT (excluding profits from associates but including dividends received from associates), subject to the company's financial position

# Reform of the Crown Melbourne Licence

Crown has reached agreement with the Victorian Government on a number of reforms to the Crown Melbourne Licence. The agreement includes:

- “Super Tax” on VIP program play will be removed from FY15
- Crown will be entitled to install an additional 40 table games, 50 fully automated table game terminals and 128 gaming machines
- The Melbourne Casino Licence will be extended from 2033 to 2050
- A regulatory certainty / compensation regime will apply in the event of certain adverse regulatory events
- Crown will make a series of payments to the State

The necessary legislative amendments have been passed by the Victorian Parliament and implementation of the agreement will occur on the issue of an amended licence by the VCGLR

## Recent Trading Update

## 1 July to 12 October 2014 (Australian Resorts Combined)

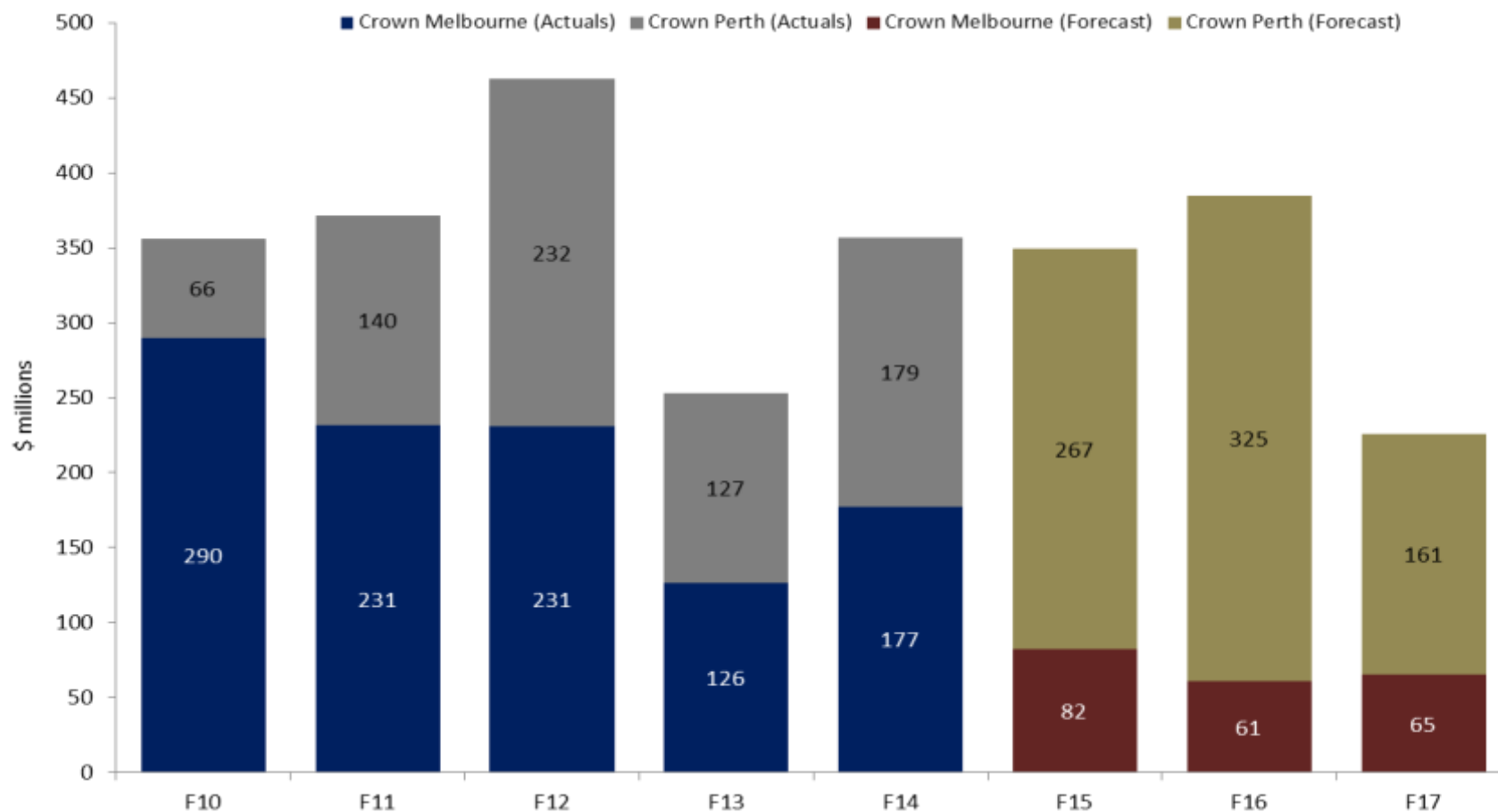
- Main floor gaming revenue increased by 2% on the pcp
- Non gaming revenue increased by 2% on the pcp
- Local trading impacted by general softness in consumer sentiment
- VIP program play was in line with the pcp, however at a low win rate



# Investment in Australian Resorts

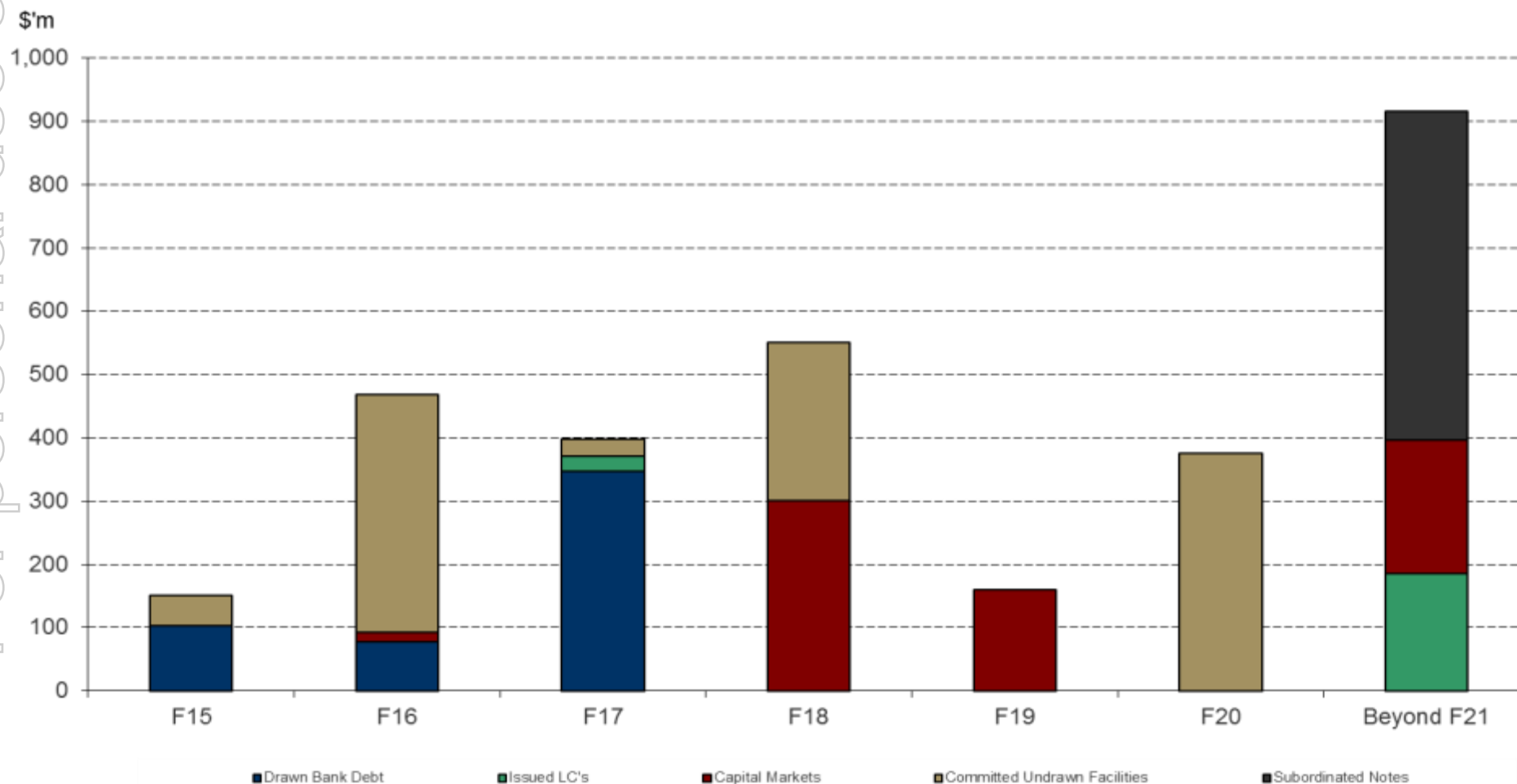
# Investment in Resorts and Attractions

From F10 to F17 Crown will have undertaken over \$2.8 billion of capital expenditure projects on the Melbourne and Perth properties



# Debt Maturity Profile

Crown Resorts Limited Debt Maturity Profile - 30 June 2014



# Crown Perth - Silks

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# Crown Melbourne – Restaurant Update



- Heston Blumenthal's three Michelin star restaurant, The Fat Duck, will temporarily relocate to Crown Melbourne in early 2015 for a six month visit before returning home to the UK
- After The Fat Duck closes Heston and his culinary team will open Dinner by Heston Blumenthal, securing lasting ties with Australia
- Another new restaurant, Gradi a modern interpretation of a classic Italian pizzeria featuring specialties from Chef Johnny Di Francesco (winner of the 2014 Pizza World Championship in Italy), opened in October 2014





# Exclusive VIP Service and Facilities

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# **Crown Resorts**

## **Building a Global Luxury Brand**

# **Crown Resorts**

## **Asia's Most Exciting Integrated Resort Pipeline**

# Crown Towers Perth - Expected to Open Late 2016

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# Crown Sydney Project – Expected to Open November 2019

- In November 2013, the New South Wales Parliament passed legislation to permit the issue of a restricted gaming licence for Crown Sydney, a six-star luxury hotel resort to be located at Barangaroo South in Sydney. The Independent Liquor and Gaming Authority issued a restricted gaming licence to Crown on 8 July 2014
- Crown Sydney will feature approximately 350 luxury hotel rooms and suites, world-class VIP gaming facilities, luxury apartments, signature restaurants, bars, luxury retail outlets, pool and spa facilities, conference rooms
- The development remains conditional on the granting of all necessary planning approvals and the finalisation of certain agreements





# MCE - City of Dreams Manila, Philippines - Expected to Open Late 2014

- MCE, through its 68.8% owned subsidiary, Melco Crown (Philippines) Resorts Corporation is expected to open City of Dreams Manila in late 2014
- 950 Rooms, 3 International hotel brands
- Locally orientated mass market gaming facilities
- Premium VIP & signature entertainment experiences
- Resort pools, spas and convention facilities



# MCE - Studio City – Expected to Open Mid 2015

- Studio City, MCE's second large-scale resort in Cotai, remains on track to open in mid-2015, representing the next standalone integrated property to open in Macau
- 1,640 rooms, luxury spa, casino, meeting and convention facilities, extensive pool and resort amenities
- World-class entertainment attractions, TV Studio and 5,000 seat multi-purpose arena
- Signature restaurants and bars



Macau Studio City Overall View.



# MCE - City of Dreams Phase 3 – Expected to Open in 2017

- Expanding the City of Dreams integrated resort in Cotai
- The fifth hotel tower is expected to open in 2017
- Designed by award winning architect Zaha Hadid
- Approximately 800 ultra luxurious rooms, suites and VIP villas
- Additional gaming and food and beverage offerings
- Luxury retail offering



# Las Vegas Site Acquisition

- On 4 August 2014, Crown announced that a majority-owned subsidiary had acquired a 34.6 acre vacant site on Las Vegas Boulevard, which was formerly occupied by the New Frontier casino.
- The development plans for the site and the capital structure of the ownership entity are not yet finalised
- However it is expected that Crown will have majority ownership and Crown's total equity investment will be approximately US\$400 million to US\$500 million with a total project budget of approximately US\$1.6 billion to US\$1.9 billion.



# **Future Opportunities**

# Queen's Wharf Brisbane

- Crown has entered into an agreement with a subsidiary of the international Chinese diversified property group, Greenland Holdings Group, to jointly prepare a detailed proposal to bid for the development of the Queen's Wharf precinct in Brisbane
- Under the agreement, Crown will combine its experience and expertise in developing and operating large scale luxury integrated resorts with Greenland's vast commercial and residential property development experience to form a consortium
- The consortium is finalising a detailed proposal for an integrated resort at the Queen's Wharf site to submit to the Queensland Government





# Proposed Integrated Resort in Sri Lanka

Projected opening 2018, Sri Lanka's first integrated resort

- 450 luxury rooms
- Signature restaurants and bars
- Luxury spa and pool
- Thematic lake water feature

It is anticipated that, should it proceed, the total project cost would be approximately US\$400 million





# Exploring Opportunities Throughout Japan

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- Melco Crown Entertainment is currently exploring opportunities throughout Japan

# **The Rising Asian Middle Class**

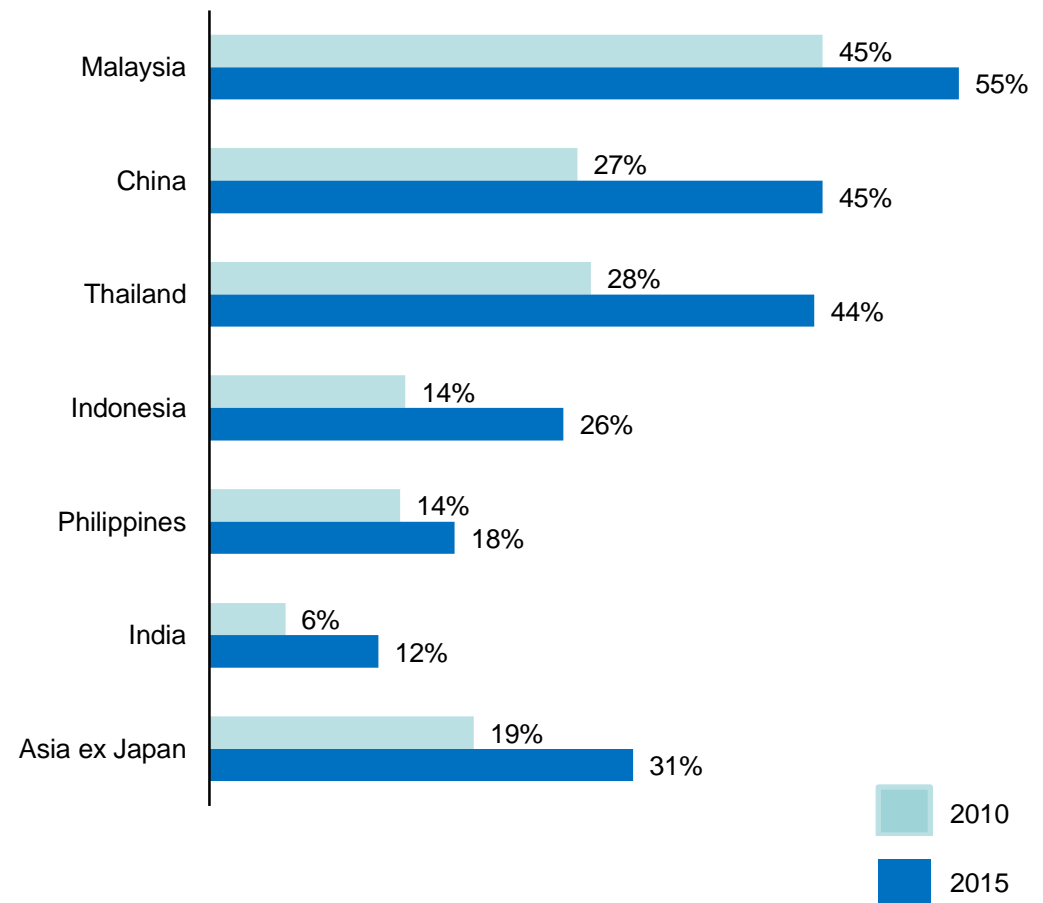
# By 2030 Two Thirds of Middle Class Will Come From Asia

## The rise of the great Asian middle class

- By 2030, two thirds of global middle class will come from Asia Pacific, up from just under one third in 2009
- There are over 300 million middle class consumers in China alone - equal to the entire population of the USA
- By 2030, China is expected to have 1.4 billion middle class consumers compared to 365 million in the USA and 414 million in Western Europe
- India currently has approx. 170 million middle class consumers and is expected to grow to approx. 600 million by 2030

## Between 2010 and 2015, 10% more of Asia's population will move into the middle class bracket

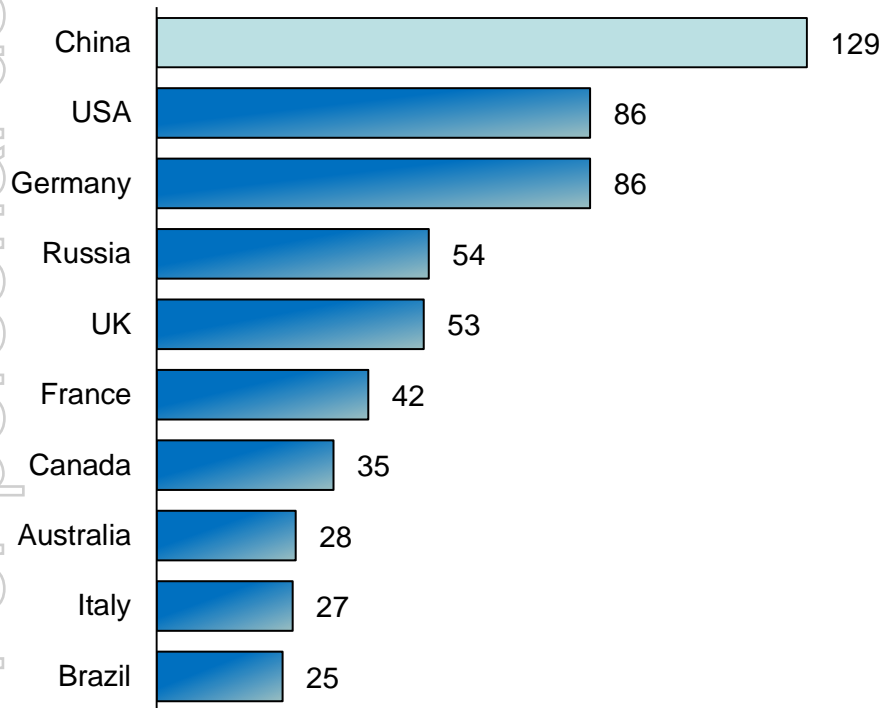
% of population in the middle class by country, 2010 vs 2015



# Wealth Effect Translating To Tourism Spend

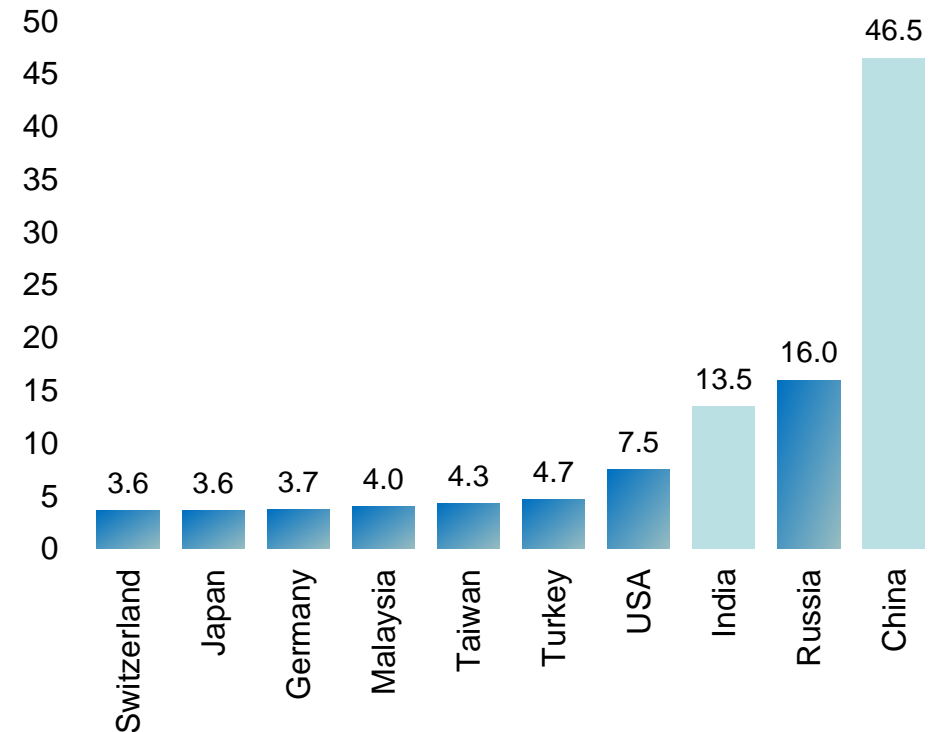
**China is the world leader in tourism expenditure by far, having grown spend 10x from US\$13b in 2000 to US\$129b in 2013**

2013 data in US dollar billions



**Looking ahead, 5 of top 10 fastest growing outbound travel markets will be from Asia with the largest increase in visits coming from China**

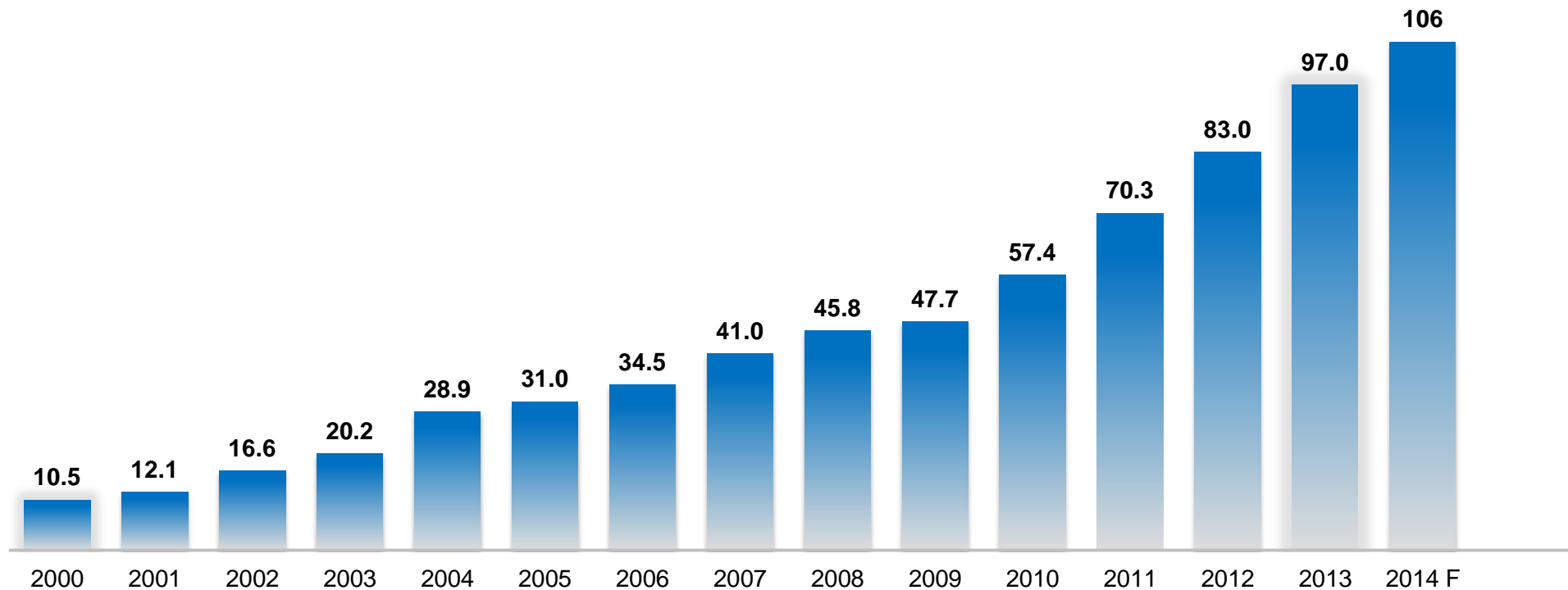
increase in outbound visits 2012 to 2017 in million persons



# China's Outbound Travel Fastest Growing in the World

China outbound travel grew 9x from 10m in 2000 to 97m in 2013. Forecast to exceed 100m in 2014

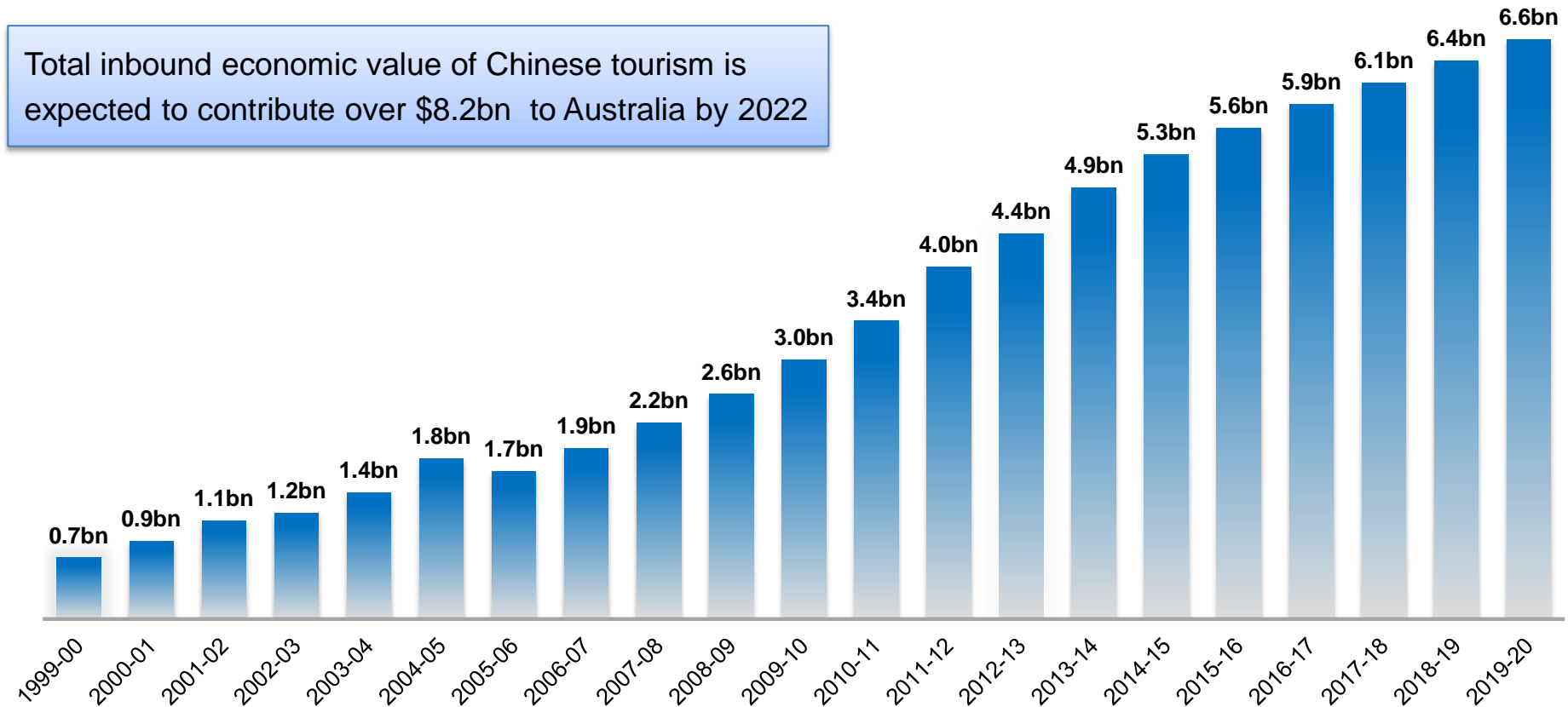
China outbound travel volume in million persons, 2000-2014F





# China is Australia's Most Valuable Tourist Market

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Total inbound economic value of China tourism to Australia in A\$ billions, 2000-2020F

# Crown Endorsed By Tourism & Research Bodies

## The Boston Consulting Group

BCG's submission to the 'Australia in the Asian Century White Paper', identified and profiled 13 Australian companies, one of which was Crown. Of these companies the report said:

*"They are part of a vanguard of companies leading the way based on observable competitive advantages, understandable patterns of Asian needs and constant innovation of their customer propositions and business models."*

Source: The Boston Consulting Group, 'Imagining Australia in the Asian Century' (September 2012)

## Tourism Australia

Former Managing Director Andrew McEvoy

*"Shopping, dining and entertainment are what the Crown complexes are all about and that is what Asian tourists want."*

Source: Herald Sun (29 Aug 2012)

*Crown has a relentless focus on customer experience. Through its training facilities and hiring practices Crown aims to ensure its Australian staff members are Asia-literate. Multi-lingual staff members assist customers with their needs and casino services are offered with the Asian customer in mind."*

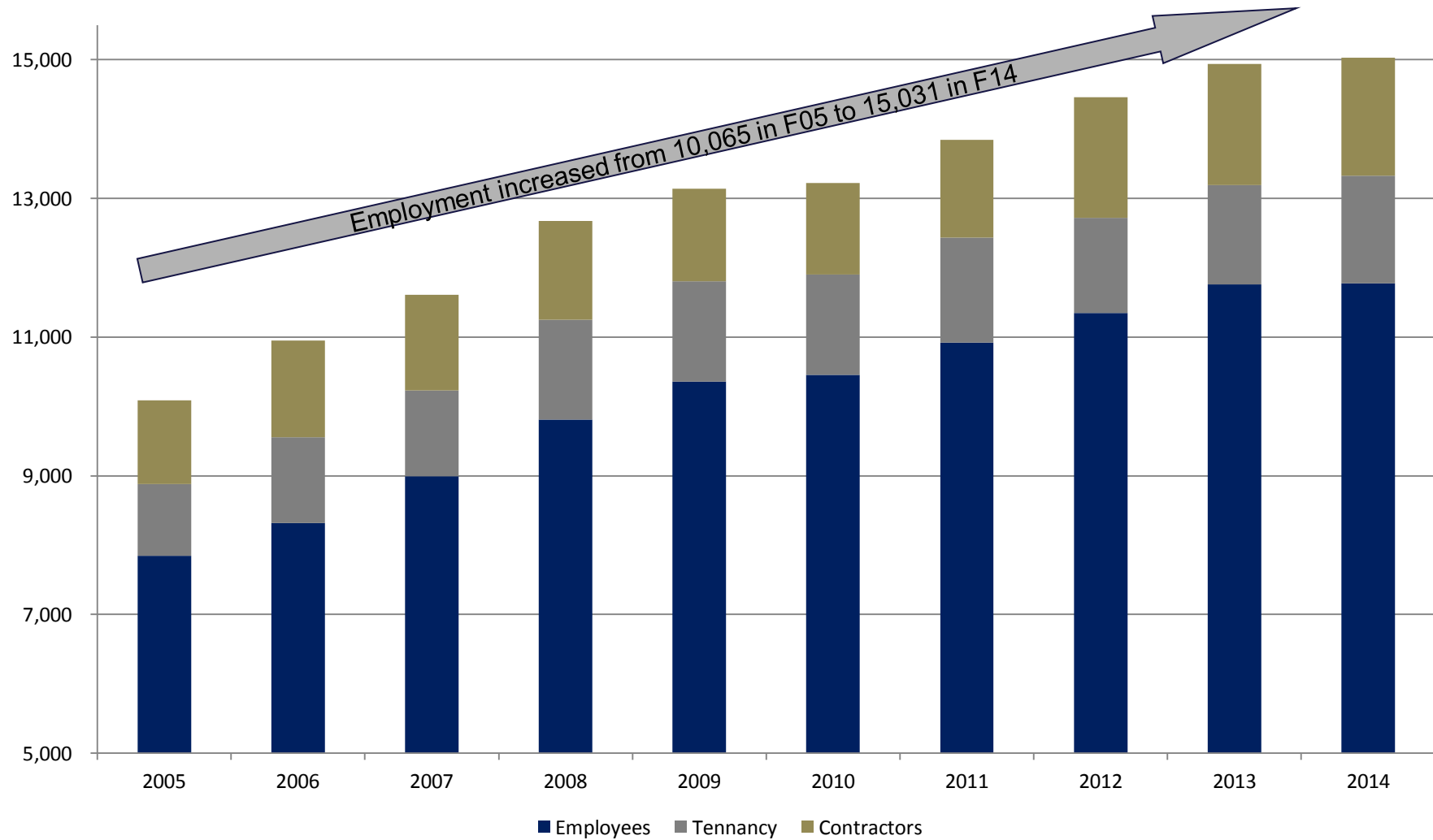
Source: The Boston Consulting Group, 'Imagining Australia in the Asian Century' (September 2012)

# **Crown's Economic and Social Contribution to Australia**

# Crown's Australian Resorts are Significant Employers

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Headcount on-site at Crown Melbourne and Crown Perth



# Employment and Training Achievements

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- 2014 Australian Business Awards – Employer of Choice
- 2013 Australian Training Awards - Australian Employer of the Year 2013
- Victorian Government's Training Awards 2013 - Victorian Employer of the Year Award 2013
- 2013 Victorian Tourism Award for Education and Training
- Victorian Government's Training Awards 2012 – Apprentice Development Award 2012
- Victorian Government's Training Awards 2012 - Employer Award for Apprentice Development 2012
- Learning and Technology Impact Awards 2012 – Organisational and Staff Development Award 2012

*“The aspect of our Australian businesses I am most proud of is that we have been awarded Employer of the Year twice in the last 4 years” James Packer*





# Crown Is Supporting Australia's Economic Growth



ACIL Allen Consulting estimated the **economic contribution<sup>1</sup> to Australian real GDP of Crown's Australian resorts is up to \$4.5 billion** with Crown Melbourne contributing up to \$3.1 billion and Crown Perth contributing up to \$1.4 billion

**Direct and indirect full time employment impact estimated<sup>1</sup> to be up to 26,000 people** associated with Crown's Australian resorts with up to 17,100 people at Crown Melbourne and up to 8,900 at Crown Perth

**Crown contributes two-thirds of its pre-tax profits to governments<sup>2</sup>**

**Approx. \$1.1 billion of Crown's \$3.0 billion revenue in FY14** (approximately 37%) was estimated to be generated from international visitors

1. ACIL Allen Consulting 2014

2. Taxes paid to Australian governments on Australian profits

# Crown Resorts Foundation

- The Crown Resorts Foundation, announced in September 2013, formalised Crown's community involvement program and aggregated the range of community initiatives already being undertaken at Crown Melbourne and Crown Perth
- The Foundation will engage with and provide financial support to programs with demonstrated success in the areas of community welfare, education and the arts

## **\$200 million National Philanthropic Fund**

- In July 2014, the Crown Resorts Foundation and the Packer Family Foundation announced a joint \$200 million National Philanthropic Fund to be allocated through:
  - \$100 million National Arts Fund
  - \$100 million Community Partnerships and Indigenous Education Fund



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## Conclusion



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