

# Crown Limited 2013 Half Year Results Presentation

22 February 2013



# Crown Limited Results Overview



- Normalised<sup>1</sup> NPAT before significant items up 15.1% to \$243.5 million
- Reported NPAT before significant items down 15.2% to \$232.8 million
- Significant items after tax of \$52.0 million representing the mark-to-market loss on Crown's investment in Echo. Reported NPAT of \$180.8 million after significant items, down 34.1%
- Australian casinos' performance:
  - Normalised EBITDA up 7.5% to \$414.8 million
  - Reported EBITDA down 5.3% to \$416.2 million due to a lower win rate compared to last year
  - Normalised revenue up 7.5% to \$1,492.0 million
  - Main floor gaming revenue up 5.9%
  - VIP program play turnover up 12.3%
  - Non-gaming revenue up 5.3%
- Melco Crown Entertainment results were strong and a major contributor to the growth in normalised NPAT for the Group
  - Crown's equity accounted share of Melco Crown's normalised profit was \$64.5 million
- Aspinall's Club normalised EBITDA of \$21.1 million, reported EBITDA loss of \$2.9 million
- Interim dividend of 18 cps announced

1. Normalised Net Profit After Tax represents results which have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play and excludes significant items. 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 gaming revenue.

# Crown Limited Group Result



	1H13 Normalised \$m	1H12 Normalised \$m	Variance F/(U)	1H13 Actual \$m	1H12 Actual \$m	Variance F/(U)
Crown Melbourne EBITDA	291.9	269.4	8.4%	271.6	298.4	(9.0%)
Crown Perth EBITDA	122.9	116.6	5.4%	144.6	141.1	2.5%
Aspinall's Club EBITDA	21.1	9.7	117.5%	(2.9)	3.2	(190.6%)
Corporate costs (net)	(35.6)	(33.3)	(6.9%)	(35.6)	(33.3)	(6.9%)
<b>EBITDA</b>	<b>400.3</b>	<b>362.4</b>	<b>10.5%</b>	<b>377.7</b>	<b>409.4</b>	<b>(7.7%)</b>
Depreciation and amortisation	(118.6)	(108.3)	(9.5%)	(118.6)	(108.3)	(9.5%)
<b>EBIT</b>	<b>281.7</b>	<b>254.1</b>	<b>10.9%</b>	<b>259.1</b>	<b>301.1</b>	<b>(13.9%)</b>
Net interest	(59.6)	(47.1)	(26.5%)	(59.6)	(47.1)	(26.5%)
Income tax	(42.7)	(40.2)	(6.2%)	(37.4)	(54.5)	31.4%
Equity accounted - Melco Crown Entertainment	64.5	41.3	56.2%	71.1	71.4	(0.4%)
- Betfair	(0.4)	3.5	(111.4%)	(0.4)	3.5	(111.4%)
<b>Net Profit before significant items</b>	<b>243.5</b>	<b>211.6</b>	<b>15.1%</b>	<b>232.8</b>	<b>274.4</b>	<b>(15.2%)</b>
Significant Item – Echo mark-to-market (after tax)	-	-	-	(52.0)	-	N/A
<b>Net Profit after significant items</b>	<b>243.5</b>	<b>211.6</b>	<b>15.1%</b>	<b>180.8</b>	<b>274.4</b>	<b>(34.1%)</b>

# Crown Melbourne and Crown Perth Results

## Normalised 1H13 (\$m)



	Crown Melbourne \$m	Variance F/(U)	Crown Perth \$m	Variance F/(U)	Australian Casinos \$m	Variance F/(U)
Main floor gaming	515.9	3.7%	246.3	11.0%	762.2	5.9%
VIP program play	327.9	15.2%	89.1	2.8%	417.0	12.3%
Non-gaming	204.4	3.3%	108.4	9.3%	312.8	5.3%
<b>Total Revenue (Normalised)</b>	<b>1,048.2</b>	<b>6.9%</b>	<b>443.8</b>	<b>8.8%</b>	<b>1,492.0</b>	<b>7.5%</b>
Gaming taxes & commissions	(358.6)	(9.5%)	(107.1)	(2.4%)	(465.7)	(7.8%)
Operating expenses	(397.7)	(3.8%)	(213.8)	(14.6%)	(611.5)	(7.3%)
<b>EBITDA</b>	<b>291.9</b>	<b>8.4%</b>	<b>122.9</b>	<b>5.4%</b>	<b>414.8</b>	<b>7.5%</b>
Depreciation & amortisation	(89.0)	(5.3%)	(27.7)	(27.3%)	(116.7)	(9.8%)
<b>EBIT</b>	<b>202.9</b>	<b>9.7%</b>	<b>95.2</b>	<b>0.4%</b>	<b>298.1</b>	<b>6.5%</b>
EBITDA / revenue %	27.8%	0.3%	27.7%	(0.9%)	27.8%	0.0%
Total revenue (actual)	1,019.5	0.7%	467.5	7.6%	1,487.0	2.8%
VIP turnover \$ billion	24.3	15.2%	6.6	2.8%	30.9	12.3%
VIP win rate (1.35% theoretical)	1.23%		1.71%		1.33%	

# Aspinall's Club Results



	1H13 Normalised \$m	1H12 Normalised \$m	Variance F/(U)	1H13 Actual \$m	1H12 Actual \$m	Variance F/(U)
Total revenue	63.9	51.5	24.1%	18.9	38.6	(51.0%)
Total expenses	(42.8)	(41.8)	(2.4%)	(21.8)	(35.4)	38.4%
<b>EBITDA</b>	<b>21.1</b>	<b>9.7</b>	<b>117.5%</b>	<b>(2.9)</b>	<b>3.2</b>	<b>(190.6%)</b>
Depreciation & amortisation	(0.5)	(0.7)	28.6%	(0.5)	(0.7)	28.6%
<b>EBIT</b>	<b>20.6</b>	<b>9.0</b>	<b>128.9%</b>	<b>(3.4)</b>	<b>2.5</b>	<b>(236.0%)</b>
EBITDA / revenue %	33.0%	18.8%	14.2%	(15.3%)	8.3%	(23.6%)
VIP turnover (billion)	5.2	2.8	85.7%	5.2	2.8	85.7%
VIP win rate <sup>1</sup>	1.21%	1.79%		0.35%	1.34%	

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

# Property Update: Crown Melbourne

## Crown Towers Spa, Conservatory, Rosetta and West End



Crown Towers Spa



Conservatory



Rosetta



West End



# Property Update: Crown Perth

## Main Gaming Floor, Infinity Suites and Bistro Guillaume



Main Gaming Floor



Infinity Suite - Bedroom



Infinity Suite - Lounge



Bistro Guillaume



# Crown Towers Perth



- Crown Towers Perth will have approximately 500 rooms and include VIP gaming salons, restaurants, bars, resort and convention facilities
- It is expected the new hotel will be completed in 2016 and cost approximately \$568 million, inclusive of the land
- Work is progressing on the early stages of the project
- Approval received for 500 additional gaming machines and 100 additional gaming tables<sup>1</sup>



1. Gaming machines are to be phased in over five years and the additional tables are to be phased in over four years. The application for a further 30 tables will be considered by WA Regulators as part of the new VIP gaming salons in Crown Towers Perth.

# Crown Sydney Hotel Resort Update

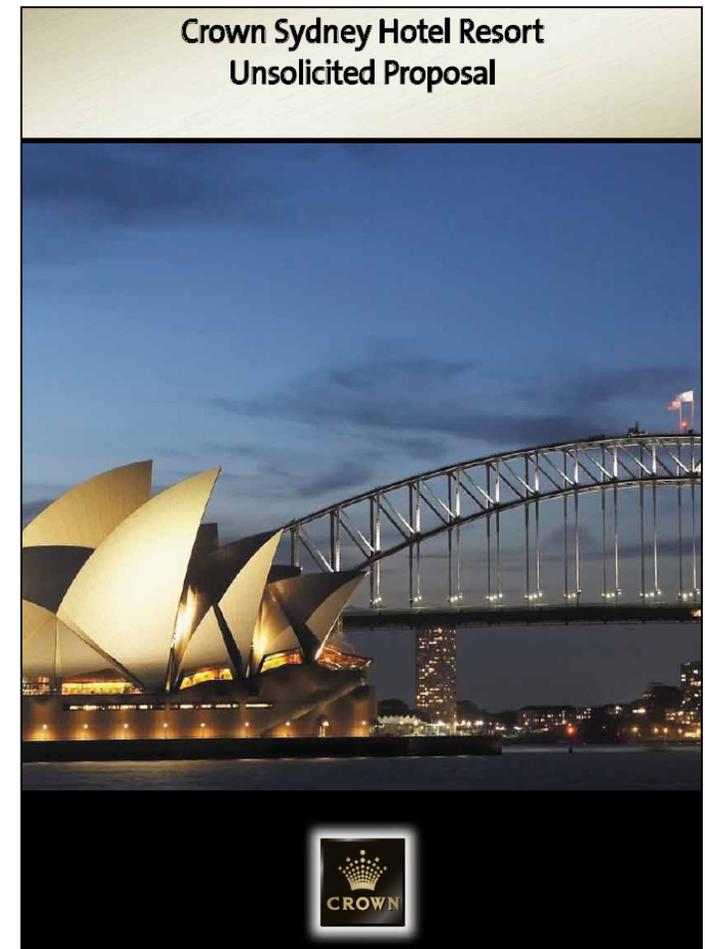


## Crown's Proposal

- Crown has proposed the development of an iconic six star hotel resort on Barangaroo South in Sydney
- The Crown Sydney Hotel Resort will consist of 350 hotel rooms, signature restaurants, luxury retail, roof top pool and spa, and VIP gaming facilities
- As previously announced, Crown signed an Exclusive Dealing Agreement with Lend Lease to jointly develop the plans for the hotel resort

## Status of proposal

- In October 2012, the NSW Government announced that Crown's proposal for the Crown Sydney Hotel Resort would progress to Stage 2 of the Unsolicited Proposal assessment process
- The NSW Government's Assessment Panel is currently undertaking a detailed assessment of Crown's proposal



# Melco Crown Entertainment (MCE)



- Crown's share of MCE's normalised profit for the half year to December 2012 was \$64.5 million. Crown's share of MCE's reported result for the period was an equity accounted profit of \$71.1 million
- MCE's recent Q4 results announcement showed meaningful improvements in operating fundamentals driven by stronger mass market revenues together with an ongoing commitment to control costs, partially offset by a lower group-wide rolling chip win rate and development costs for the Philippines project
- City of Dreams, MCE's flagship property, which is focussed on the increasingly important premium mass segment, continued to deliver impressive results
- MCE believes it is well positioned to take advantage of the continued growth of Macau's gaming market, especially the strength of the premium mass segment which is likely to drive long term profitability and shareholder value
- MCE has also successfully completed a US\$1.0 billion senior note offering at a 5.0% coupon, which will allow MCE to, among other things, refinance MCE's existing US\$600 million 10.25% senior notes
- As at 31 December 2012, MCE's net debt was approximately US\$70 million

# MCE Future Developments

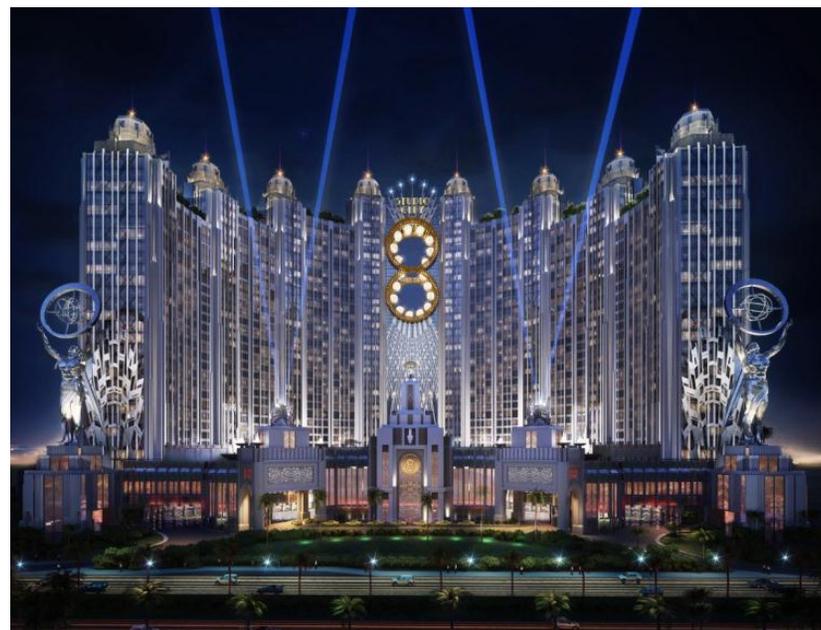


## Studio City, Cotai

- MCE has a 60% equity interest in Studio City – a new integrated resort project located on Cotai in Macau
- The project will be financed through a US\$1.4 billion senior secured facility and an US\$825 million senior note offering, as well as committed equity from Studio City shareholders
- Studio City remains on track to open in mid-2015

## Manila, Philippines

- MCE entered a joint venture development and operation of a premium casino resort in Manila, the Philippines
- The project is expected to open mid-2014



## Aspers Group

- The Aspers Group casino in Stratford, London, has been trading for more than a year and recent trading results have been encouraging following the disruptions arising from the staging of the London Olympics
- The fit out of a new casino in Milton Keynes, London, is underway and the casino is expected to open in the second half of 2013

## Betfair

- Crown's equity accounted share of Betfair's loss was \$0.4 million

## Cannery

- Crown continues to hold a 24.5% equity share in Cannery. Crown did not receive a distribution of any profits or recognise any earnings from Cannery during the period

## Echo

- The value of Crown's interest in Echo declined, resulting in an after-tax mark-to-market loss of \$52.0 million, representing the Group's exposure to the change in value of the shares

# Debt Structure



Nature of Facility	31 Dec 12 \$m	30 Jun 12 \$m	31 Dec 11 \$m
Bank debt	757.6	1,324.6	1,059.0
Capital market debt - EMTN	174.6	174.6	174.6
- USPP (\$US200m)	192.4	195.5	195.6
- AMTN	300.0	-	-
- Subordinated Notes <sup>1</sup>	517.9	-	-
<b>Total Outstanding Debt</b>	<b>1,942.5</b>	<b>1,694.7</b>	<b>1,429.2</b>
Less available cash <sup>2</sup>	(52.2)	(6.0)	(29.1)
<b>Net Debt</b>	<b>1,890.3</b>	<b>1,688.7</b>	<b>1,400.1</b>

- Committed un-drawn bank facilities of \$772.6 million at 31 December 2012
- Weighted Average Maturity : 5.1 years
- Group's current debt ratings (S&P/Moody's/Fitch) BBB/Baa2/BBB – all stable

1. Net of unamortised transaction costs.

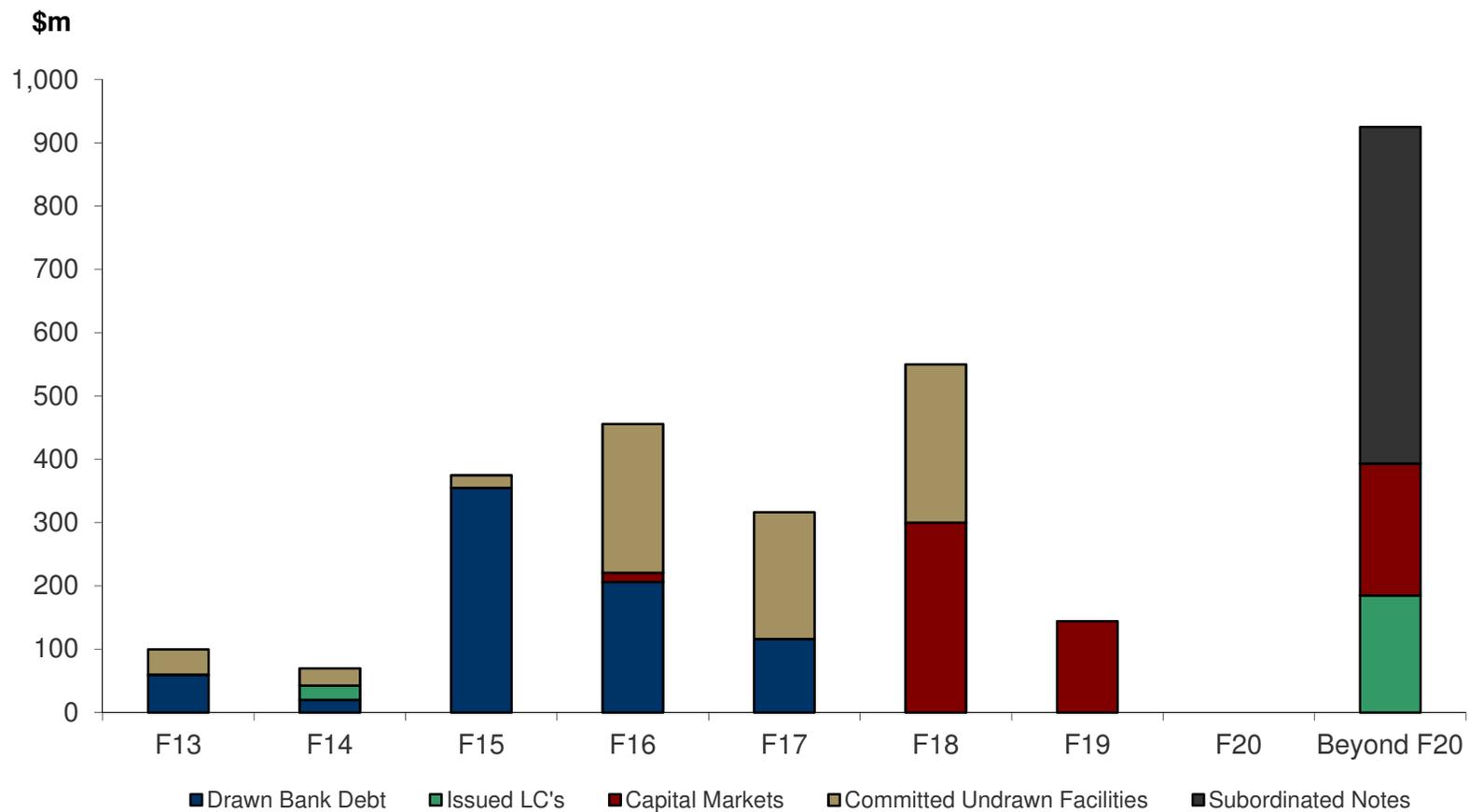
2. Available cash refers to the closing cash balance of \$205.9m (June 2012: \$149.4m, Dec 2011: \$188.7m) less working capital cash of \$153.7m (June 2012: \$143.4m, Dec 2011: \$159.6m). The working capital cash refers to cash held on the premises and in bank accounts for day-to-day operations of the businesses.

- Crown's capital management strategy targets an efficient capital structure with sufficient liquidity and flexibility to support its strategy and maintain its current investment grade credit ratings
- Crown has undertaken a number of significant refinancing tasks to maintain liquidity and extend maturities:
  - Crown completed a \$300 million five-year bond issue in August 2012
  - Crown raised \$532 million through a subordinated notes issue in September 2012
  - Crown completed the refinancing of its two bank facilities that were to mature in July 2013 into one new \$500 million syndicated facility in November 2012

# Debt Maturity Profile



## Maturity Profile Facility Utilisation – 31 December 2012



# Operating Cash Flow



\$m	1H13	1H12
<b>Normalised EBITDA</b>	<b>400.3</b>	<b>362.4</b>
Win rate variance	(22.6)	47.0
<b>Reported EBITDA</b>	<b>377.7</b>	<b>409.4</b>
Working capital movements	(86.1)	(27.0)
<b>Cash Flow Generated by Operations</b>	<b>291.6</b>	<b>382.4</b>
Net interest	(63.8)	(56.8)
Dividends received	-	4.6
Income tax payments	(62.4)	(46.6)
<b>Operating Cash Flow</b>	<b>165.4</b>	<b>283.6</b>

# Group Net Cash Flow



\$m	1H13	1H12
<b>Operating Cash Flow</b>	<b>165.4</b>	<b>283.6</b>
Capital expenditure (net) <sup>1</sup>	(153.2)	(268.5)
Investments (net)	(67.0)	(21.1)
<b>Cash Flow before Financing Activities</b>	<b>(54.8)</b>	<b>(6.0)</b>
Net borrowings	248.8	350.5
Share buy-back	-	(238.1)
Dividends paid	(138.4)	(141.6)
ESP proceeds received	-	39.3
Effect of exchange rates on cash	0.9	0.9
Net increase / (decrease) in cash	<b>56.5</b>	<b>5.0</b>
<b>Closing Cash</b> <sup>2</sup>	<b>205.9</b>	<b>188.7</b>

1. Net of proceeds from sale

2. Includes \$153.7 million (Dec 2011: \$159.6 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

## **Australian Casinos**

- The first half of F13 generated reasonable EBITDA growth at both properties
- The significant capital expenditure program has ensured Crown Melbourne and Crown Perth continue to be two of Australia's premier tourist destinations

## **Melco Crown Entertainment**

- MCE reported strong results for the six months to December 2012 particularly in premium mass market
- MCE believes the Studio City and Philippines projects provide a unique opportunity to further expand and diversify MCE's leisure and tourism offerings

## **Management Focus**

- Optimising the performance of the Australian casinos including cost control and margins
- Completing the final stages of the capital expenditure projects
- Managing Crown Towers Perth development and construction
- Progressing the Crown Sydney Hotel Resort proposal
- Assisting MCE with the Studio City and Philippines projects

# 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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