



**ASX / MEDIA RELEASE
FOR IMMEDIATE RELEASE
20 February 2019**

CROWN ANNOUNCES 2019 HALF YEAR RESULTS

MELBOURNE: Crown Resorts Limited (ASX: CWN) (“Crown”) today announced its results for the half year ended 31 December 2018:

• **Crown Resorts Limited performance:**

- Normalised¹ NPAT attributable to the parent of \$194.1 million, up 0.9%
- Reported NPAT attributable to the parent of \$174.9 million, up 9.9% before significant items in the prior comparable period (“pcp”) or down 26.7% after significant items in the pcp²
- Normalised EBITDA of \$418.8 million, down 6.5%
- Reported EBITDA of \$391.8 million, down 2.1%
- Normalised EBIT of \$278.4 million, down 6.5%
- Reported EBIT of \$251.4 million, up 0.4%
- Interim dividend of 30 cents per share declared

• **Australian resorts performance:**

- Normalised revenue of \$1,536.7 million, down 1.2%
- Main floor gaming revenue of \$867.7 million, up 0.9%
- VIP program play turnover of \$19.9 billion, down 12.2%
- Non-gaming revenue of \$400.9 million, up 2.8%
- Normalised EBITDA of \$432.5 million, down 4.7%
- Reported EBITDA of \$408.9 million, up 0.5%

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

“Crown’s Australian operations’ first half result reflected mixed trading conditions. Total normalised revenue across Crown’s Australian resorts decreased by 1.2% on the prior comparable period. Main floor gaming revenue increased by 0.9%, with modest revenue growth in Melbourne offset by continued softness in Perth. VIP program play turnover across Crown’s Australian resorts of \$19.9 billion was down 12.2% after a soft November and December.”

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 in the prior year (see Attachment A for further information). 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, operating expenses and income tax expense. Crown believes that normalised results are the relevant 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 There were no events or transactions classified as significant items during the period. The pcp included a net gain from significant items attributable to the parent of \$79.4 million which related to the Alon asset impairment reversal, partially offset by restructuring costs and significant items relating to Crown’s equity accounted investments.

CROWN MELBOURNE

Normalised EBITDA from Crown Melbourne was \$314.9 million, down 3.2% on the pcp. Reported EBITDA for the period was \$271.3 million, up 3.5% 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 \$43.6 million. This compares to a negative EBITDA impact of \$63.1 million in the pcp.

Normalised revenue of \$1,118.9 million was down 0.8% on the pcp.

Main floor gaming revenue was \$630.7 million, up 2.0% on the pcp, which comprises table games (non-program play) revenue of \$397.7 million (up 2.7% on the pcp) and gaming machine revenue of \$233.0 million (up 0.9% on the pcp).

Normalised VIP program play revenue was \$233.3 million, down 11.2% on the pcp, with turnover of \$17.3 billion.

Non-gaming revenue was \$254.9 million, up 3.3% on the pcp.

Crown Towers Melbourne hotel occupancy was 96.5% with an average room rate of \$396. Crown Metropol Melbourne achieved hotel occupancy of 94.2% with an average room rate of \$267. Crown Promenade Melbourne hotel occupancy was 94.3% with an average room rate of \$240.

The overall normalised operating margin decreased from 28.8% to 28.1%. The decline in margin is largely due to an increase in labour costs.

CROWN PERTH

Normalised EBITDA from Crown Perth was \$117.6 million, down 8.6% on the pcp. Reported EBITDA for the period was \$137.6 million, down 4.9% 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 \$20.0 million. This compares to a positive EBITDA impact of \$15.9 million in the pcp.

Normalised revenue of \$417.7 million was down 2.3% on the pcp.

Main floor gaming revenue was \$236.9 million, down 1.9% on the pcp, which comprises table games (non-program play) revenue of \$99.4 million (down 5.2% on the pcp) and gaming machine revenue of \$137.5 million (up 0.7% on the pcp).

Normalised VIP program play revenue was \$34.8 million, down 18.5% on the pcp, with turnover of \$2.6 billion.

Non-gaming revenue was \$146.0 million, up 1.8% on the pcp.

Crown Towers Perth hotel occupancy was 75.9% with an average room rate of \$330. Crown Metropol Perth hotel occupancy was 85.5% with an average room rate of \$237. Hotel occupancy at Crown Promenade Perth was 88.8% with an average room rate of \$184.

The overall normalised operating margin decreased from 30.1% to 28.2%. This decline in margin is largely due to modest growth in labour and fixed costs as well as lower revenues.

CROWN ASPINALLS

Normalised EBITDA from Crown Aspinalls was \$6.2 million, down 36.4% on the pcp. This reflects continued difficult trading conditions across the London high-end casino market. Reported EBITDA for the period was \$2.8 million, down 70.2% 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 \$3.4 million. This compares to a negative EBITDA impact of \$0.2 million in the pcp.

CROWN DIGITAL

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

EBITDA from Crown's wagering and online social gaming operations was \$7.5 million, down 14.7% on the pcp. The pcp included the consolidated operating results of CrownBet, which was sold by Crown in February 2018.

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. Crown's net equity accounted share of NPAT across all these investments was \$7.2 million.

CROWN SYDNEY PROJECT

Construction of the Crown Sydney Hotel Resort is progressing on schedule with the tower elevator core structure having been constructed to level 28, the typical hotel floor structure completed to level 16 and the south podium structure complete.

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.

As announced on 14 December 2018, judgment in relation to proceedings against the Barangaroo Delivery Authority ("BDA") in connection with the Crown Sydney Hotel Resort was delivered in favour of Crown, with costs. On 15 February 2019, the BDA filed its summons seeking leave to appeal the judgment.

PROPOSED ONE QUEENSBRIDGE PROJECT

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

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 planning approval granted in 2017 requires construction to commence by March 2019. Crown and the Schiavello Group have formally applied to the Victorian Government for an extension to the construction commencement date.

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.

ON-MARKET SHARE BUY-BACK

On 9 August 2018, Crown announced its intention to undertake an on-market share buy-back of approximately \$400 million of shares. During the period, Crown bought back approximately \$131.4 million of shares (or approximately 10.3 million shares), which represents approximately one-third of the buy-back capacity.

Crown may, at its discretion, vary, suspend or terminate the on-market share buy-back at any time.

CASH FLOW AND DEBT

Net operating cash flow for the period of \$382.3 million compared to net operating cash flow of \$368.5 million in the pcp. Other material cash flow items incurred during the period included net capital expenditure of \$209.3 million, dividend payments of \$205.9 million and share buy-back payments of \$131.4 million.

In addition, during the period, Crown redeemed all of the outstanding Subordinated Notes listed on the ASX under the code "CWNHA" on the first call date of 14 September 2018. This reduced Crown's gross debt by approximately \$400 million.

At 31 December 2018, the Group's net cash position was \$7.5 million (excluding working capital cash of \$177.7 million). This consisted of total debt of \$1,091.2 million and cash (excluding working capital cash) of \$1,098.7 million.

At 31 December 2018, total liquidity, excluding working capital cash, was \$1,286.5 million, represented by \$1,098.7 million in available cash and \$187.8 million in committed undrawn facilities.

CORPORATE COSTS

During the period, net corporate costs were \$27.4 million, up \$2.6 million on the pcp.

FINANCE COSTS EXPENSED

Net interest expense for the half was \$8.6 million, \$19.3 million below the pcp, which reflects lower net debt levels and increased capitalised interest associated with the construction of the Crown Sydney project.

INCOME TAX EXPENSE

Normalised income tax expense for the half was \$83.4 million, flat on the pcp.

DIVIDEND

As set out above, Crown has declared an interim dividend on ordinary shares of 30 cents per share. The interim dividend is franked to 60% and payable to shareholders registered at 5.00pm on Thursday, 21 March 2019. The dividend is due to be paid on Thursday, 4 April 2019. The unfranked portion of the dividend has been declared to be conduit foreign income.

ENDS

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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
Six Months ended 31 December 2018

Normalised Results ⁽¹⁾				Actual Results ⁽²⁾		
6 months ended Dec 2018 \$ M	6 months ended Dec 2017 \$ M	% movement		6 months ended Dec 2018 \$ M	6 months ended Dec 2017 \$ M	% movement
<u>1,636.2</u>	<u>1,784.6</u>	(8.3)%	OPERATING REVENUE ⁽³⁾	<u>1,462.7</u>	<u>1,581.8</u>	(7.5)%
418.8	447.7	(6.5)%	EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & SIGNIFICANT ITEMS	391.8	400.3	(2.1)%
<u>(140.4)</u>	<u>(150.0)</u>		Depreciation & Amortisation	<u>(140.4)</u>	<u>(150.0)</u>	
278.4	297.7	(6.5)%	EARNINGS BEFORE INTEREST, TAX & SIGNIFICANT ITEMS	251.4	250.3	0.4%
<u>(8.6)</u>	<u>(27.9)</u>		Net Interest Income / (Expense)	<u>(8.6)</u>	<u>(27.9)</u>	
269.8	269.8	(0.0)%	PROFIT BEFORE TAX & SIGNIFICANT ITEMS	242.8	222.4	9.2%
<u>(83.4)</u>	<u>(83.4)</u>		Taxation	<u>(75.6)</u>	<u>(69.2)</u>	
186.4	186.4	(0.0)%	PROFIT AFTER TAX & BEFORE SIGNIFICANT ITEMS	167.2	153.2	9.1%
<u>7.2</u>	<u>2.5</u>		Equity Accounted Profit / (Loss)	<u>7.2</u>	<u>2.5</u>	
193.6	188.9	2.5%	NET PROFIT AFTER TAX	174.4	155.7	12.0%
<u>0.5</u>	<u>3.5</u>		Non-controlling interest	<u>0.5</u>	<u>3.5</u>	
<u>194.1</u>	<u>192.4</u>	0.9%	NET PROFIT ATTRIBUTABLE TO PARENT BEFORE SIGNIFICANT ITEMS	<u>174.9</u>	<u>159.2</u>	9.9%
			Significant items net of tax	0.0	93.8	
			Non-controlling interest on significant items	0.0	(14.4)	
			NET PROFIT ATTRIBUTABLE TO PARENT	<u>174.9</u>	<u>238.6</u>	(26.7)%

(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 of \$174.9 million and normalised NPAT of \$194.1 million is due to below theoretical results in Crown's Australian casinos of \$16.5 million and at Crown Aspinalls of \$2.7 million.

(2) Actual results reflect revenues and expenses at actual win rates and include significant items in the prior period. Actual revenue in the prior period has been restated following the adoption of AASB 15. Refer to note 2 of the Appendix 4D for further information.

(3) Operating revenue excludes interest revenue.