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ASX / MEDIA RELEASE
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CROWN ANNOUNCES 2020 HALF YEAR RESULTS

MELBOURNE: Crown Resorts Limited (ASX: CWN) (Crown) today announced its results for the half year ended 31 December 2019:

- **Crown Resorts Limited performance:**
  - Normalised[1] NPAT attributable to the parent of $172.7 million, down 11.0%
  - Reported NPAT attributable to the parent before significant items[2] of $218.8 million, up 25.1%
  - Reported NPAT attributable to the parent after significant items[2] of $218.2 million, up 24.8%
  - Normalised EBITDA of $381.3 million, down 9.0%
  - Reported EBITDA of $446.8 million, up 14.0%
  - Normalised EBIT of $239.2 million, down 14.1%
  - Reported EBIT of $304.7 million, up 21.2%
  - Interim dividend of 30 cents per share declared
- **Australian resorts performance:**
  - Normalised revenue of $1,457.5 million, down 5.2%
  - Main floor gaming revenue of $872.9 million, up 0.6%
  - VIP program play turnover of $13.1 billion, down 34.2%
  - Non-gaming revenue of $408.2 million, up 1.8%
  - Normalised EBITDA of $390.4 million, down 9.7%
  - Reported EBITDA of $453.9 million, up 11.0%

The Chief Executive Officer of Crown, Mr Ken Barton, said:

“Crown’s 2020 first half result reflected mixed trading conditions across our various businesses.

“Crown Melbourne’s main floor gaming and non-gaming revenues were broadly flat on the prior year, with gaming machines revenue up 4.4%, whilst table games revenue was down 2.5%.

“Crown Perth’s local performance was encouraging, with main floor gaming revenue up 2.2% and non-gaming revenue up 5.7% on the prior year. This reflects the success of recent marketing initiatives and continued strong visitation to the property, however we are continuing to see softness in table games, particularly at the premium end.

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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, 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 statutory audit or review.

2 Significant items of $0.6 million (net of tax) were recorded during the period relating to Crown Sydney pre-opening costs. There were no events or transactions classified as significant items in the prior comparable period (pcp).

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"VIP program play turnover at our Australian resorts was down 34.2% on the prior year, with the business impacted by a continuation of softer market conditions, exacerbated by recent negative publicity. However, during the period we benefited from an above theoretical win rate on VIP program play turnover, with actual VIP program play revenue up 9.2% on the prior year.

"Crown has been closely monitoring the novel coronavirus (Covid-19) outbreak and continues to follow guidelines from relevant health authorities. Crown has recently experienced softer trading conditions as a result of travel restrictions and general community uncertainty in response to Covid-19, particularly over the Lunar New Year period.

"Crown continues to review and improve its governance structures. Having regard to feedback from proxy advisers and shareholders, Crown will shortly commence a competitive tender process to appoint a new statutory auditor of Crown. Any appointment of a new auditor would be subject to approval by shareholders at the 2020 Annual General Meeting.

"In addition, Crown is cooperating fully in relation to the various regulatory inquiries underway, including the New South Wales ILGA Inquiry. We operate in one of the most highly regulated industries and Crown is committed to improving our processes and systems in every respect. We look forward to working with regulators on any recommendations that may follow.

"I am very proud of Crown and its employees' response to the tragic bushfires which have impacted many Australians and Australia's wildlife. The Crown Resorts Foundation, together with the Packer Family Foundation, donated $5 million to the Australian bushfire relief. Crown was also involved in a number of other initiatives which raised more than $550,000 for various charities and causes. These initiatives included personal donations from over 1,500 Crown employees that were matched dollar for dollar by Crown, hosting of benefit concerts and providing 115 room nights to bushfire evacuees."

CROWN MELBOURNE

Normalised revenue of $1,025.6 million was down 8.3% on the pcp.

Main floor gaming revenue was $630.8 million, flat on the pcp, which comprises table games (non-program play) revenue of $387.5 million (down 2.5% on the pcp) and gaming machine revenue of $243.3 million (up 4.4% on the pcp).

Normalised VIP program play revenue was $140.9 million, down 39.6% on the pcp, with turnover of $10.4 billion. Actual VIP program play revenue was $239.6 million, up 35.8% on the pcp, with an above theoretical win rate on VIP program play turnover during the period.

Non-gaming revenue was $253.9 million, down 0.4% on the pcp.

Overall hotel occupancy across Crown Melbourne's three hotels was approximately 93%, with Crown Towers hotel occupancy 94.6%, Crown Metropol hotel occupancy 92.7% and Crown Promenade hotel occupancy 92.7%.

Normalised EBITDA from Crown Melbourne was $268.7 million, down 14.7% on the pcp. Reported EBITDA for the period was $333.5 million, up 22.9% 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 $64.8 million. This compares to a negative EBITDA impact of $43.6 million in the pcp.

The overall normalised operating margin decreased from 28.1% to 26.2%. The decline in margin is largely due to the decline in revenues combined with an increase in labour and other costs.

Crown recently opened two new premium gaming areas, Mahogany Lounge (formerly the space occupied by JJs) and Mahogany Suite (formerly Club 23), which have been well received by customers.

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CROWN PERTH

Normalised revenue of $431.9 million was up 3.4% on the pcp.

Main floor gaming revenue was $242.1 million, up 2.2% on the pcp, which comprises table games (non-program play) revenue of $97.9 million (down 1.5% on the pcp) and gaming machine revenue of $144.2 million (up 4.9% on the pcp).

Normalised VIP program play revenue was $35.5 million, up 1.8% on the pcp, with turnover of $2.6 billion. Actual VIP program play revenue was $14.6 million, down 74.2% on the pcp, with a below theoretical win rate on VIP program play turnover during the period.

Non-gaming revenue was $154.3 million, up 5.7% on the pcp.

Overall hotel occupancy across Crown Perth's three hotels was approximately 86%, with Crown Towers hotel occupancy 80.1%, Crown Metropol hotel occupancy 90.3% and Crown Promenade hotel occupancy 91.3%.

Normalised EBITDA from Crown Perth was $121.7 million, up 3.4% on the pcp. Reported EBITDA for the period was $120.4 million, down 12.5% 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 $1.3 million. This compares to a positive EBITDA impact of $20.0 million in the pcp.

The overall normalised operating margin of 28.2% was broadly flat on the pcp. This reflects growth in revenues in line with operating costs.

CROWN ASPINALLS

Normalised EBITDA from Crown Aspinalls was $3.6 million, down 42.2% on the pcp. This reflects continued difficult trading conditions across the London high-end casino market. Reported EBITDA for the period was $5.6 million, up 97.5% 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 $2.0 million. This compares to a negative EBITDA impact of $3.4 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 $14.1 million, up 87.5% on the pcp. The improved EBITDA result was driven by DGN which benefited from lower marketing expenses and a decision to redirect resources into new product development, the costs of which are capitalised.

CORPORATE COSTS

During the period, corporate costs were $26.8 million, $0.6 million below the pcp.

Corporate costs are expected to be higher in the second half as a result of an increase in insurance costs, costs associated with regulatory inquiries and Crown's support for Australians impacted by the recent bushfires.

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 $6.1 million.

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CROWN SYDNEY PROJECT

Construction of the Crown Sydney Hotel Resort is progressing on schedule.

The tower elevator core structure is expected to be topped out during the first week of March 2020 with the balance of the floor slabs expected to be completed by June 2020. The hotel fit-out is progressing from floors 6 to 22 with rooms on the lower floors substantially complete. The façade glazing on the hotel tower is currently being installed on level 45 with residential fit out activities advancing closely behind. The podium structure and façade is substantially complete with interior fit out activities progressing well across all areas of the podium.

Sales are well advanced for the residential component of the project, “One Barangaroo”, with approximately $650 million in sales and commitments achieved to date, with strong interest from local buyers.

The project is expected to open progressively from December 2020, with grand opening celebrations planned for early in 2021. The project cost remains unchanged, with the gross project cost expected to be approximately $2.2 billion and the net project cost expected to be approximately $1.4 billion.

ONE QUEENSBRIDGE DEVELOPMENT SITE

As previously announced, on 8 November 2019, Crown completed the purchase of the Schiavello Group’s 50% ownership interest in the One Queensbridge development site as well as all pre-development assets for approximately $80 million.

Crown now wholly owns the One Queensbridge development site and continues to assess various options for the site.

The One Queensbridge site could accommodate a fourth Crown hotel which would deliver significant economic and tourism benefits to Victoria, including additional employment and training opportunities. The purchase represents Crown’s continued investment in Victoria and the Southbank arts and entertainment precinct.

CASH FLOW AND DEBT

Net operating cash flow for the period of $419.1 million compared to net operating cash flow of $382.3 million in the pcp. Other material cash flow items incurred during the period included capital expenditure of $426.3 million and dividend payments of $203.1 million.

During the period, Crown redeemed its Australian Medium Term Notes (AMTN) which expired in November 2019. This reduced Crown’s gross debt by approximately $259 million.

At 31 December 2019, Crown’s net debt position was $371.2 million (excluding working capital cash of $151.4 million). This consisted of total debt of $871.8 million and cash (excluding working capital cash) of $500.6 million.

At 31 December 2019, total liquidity, excluding working capital cash, was $701.3 million, represented by $500.6 million in available cash and $200.7 million in committed undrawn facilities.

NET INTEREST

Net interest income for the period was $1.6 million, which compared to a net interest expense of $8.6 million in the pcp, which reflects the repayment of the AMTN in November 2019, lower market interest rates and increased capitalised interest associated with the construction of the Crown Sydney project.

INCOME TAX EXPENSE

Normalised income tax expense for the period was $73.7 million, $9.7 million below the pcp.

During the period, Crown reached agreement with the Australian Taxation Office to settle a tax dispute in relation to the tax treatment of some of the financing for Crown’s investment in Cannery Casino Resorts in North America for the financial years ended 30 June 2009 to 30 June 2016 and related issues arising in respect of the financial years ended 30 June 2015 to 30 June 2018.

The terms of the settlement agreement are confidential. The settlement does not result in material impacts to Crown’s current or future year financial results.

DIVIDEND

Crown has declared an interim dividend on ordinary shares of 30 cents per share, franked to 25%, with the unfranked portion of the dividend declared to be conduit foreign income. The interim dividend is payable to shareholders registered at 5.00pm on Friday, 20 March 2020 and is due to be paid on Friday, 3 April 2020.

ENDS

This announcement was authorised for release by the Crown Board.

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

Investor and Analyst Enquiries – Matthew Young, 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

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CROWN GROUP RESULT
Six Months ended 31 December 2019

Normalised Results [1]				Actual Results [2]		
6 months ended Dec 2019 $ M	6 months ended Dec 2018 $ M	% movement		6 months ended Dec 2019 $ M	6 months ended Dec 2018 $ M	% movement
1,548.8	1,636.2	(5.3)%	OPERATING REVENUE [3]	1,523.3	1,462.7	4.1%
381.3	418.8	(9.0)%	EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AMORTISATION & SIGNIFICANT ITEMS	446.8	391.8	14.0%
(142.1)	(140.4)		Depreciation & Amortisation	(142.1)	(140.4)	
239.2	278.4	(14.1)%	EARNINGS BEFORE INTEREST, TAX & SIGNIFICANT ITEMS	304.7	251.4	21.2%
1.6	(8.6)		Net Interest Income / (Expense)	1.6	(8.6)	
240.8	269.8	(10.7)%	PROFIT BEFORE TAX & SIGNIFICANT ITEMS	306.3	242.8	26.2%
(73.7)	(83.4)		Taxation	(93.1)	(75.6)	
167.1	186.4	(10.4)%	PROFIT AFTER TAX & BEFORE SIGNIFICANT ITEMS	213.2	167.2	27.5%
6.1	7.2		Equity Accounted Profit / (Loss)	6.1	7.2	
173.2	193.6	(10.5)%	NET PROFIT AFTER TAX BEFORE SIGNIFICANT ITEMS	219.3	174.4	25.7%
(0.5)	0.5		Non-controlling interest	(0.5)	0.5	
172.7	194.1	(11.0)%	NET PROFIT ATTRIBUTABLE TO PARENT BEFORE SIGNIFICANT ITEMS	218.8	174.9	25.1%
			Significant items net of tax [4]	(0.6)	0.0	
			NET PROFIT ATTRIBUTABLE TO PARENT	218.2	174.9	24.8%

(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 $218.8 million and normalised NPAT of $172.7 million is due to above theoretical results in Crown's Australian casinos of $44.5 million and at Crown Aspinalls of $1.6 million.

(2) Actual results reflect revenues and expenses at actual win rates.

(3) Operating revenue excludes interest revenue.

(4) Significant items relate to Crown Sydney pre-opening costs.