



Crown Resorts Limited

2019 Half Year Results Presentation

20 February 2019

Crown Resorts Limited Results Overview

Crown Resorts Limited (“Crown”) 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
- ◆ 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%

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. 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 Resorts Limited Group Result



	1H F19 Normalised \$m	1H F18 Normalised \$m	Variance F/(U)	1H F19 Actual \$m	1H F18 Actual \$m	Variance F/(U)
Crown Melbourne EBITDA	314.9	325.3	(3.2%)	271.3	262.3	3.5%
Crown Perth EBITDA	117.6	128.7	(8.6%)	137.6	144.6	(4.9%)
Crown Aspinalls EBITDA	6.2	9.7	(36.4%)	2.8	9.5	(70.2%)
Wagering and Online Social Gaming Operations EBITDA	7.5	8.8	(14.7%)	7.5	8.8	(14.7%)
Corporate costs	(27.4)	(24.8)	(10.1%)	(27.4)	(24.8)	(10.1%)
EBITDA	418.8	447.7	(6.5%)	391.8	400.3	(2.1%)
Depreciation & amortisation	(140.4)	(150.0)	6.4%	(140.4)	(150.0)	6.4%
EBIT	278.4	297.7	(6.5%)	251.4	250.3	0.4%
Net interest	(8.6)	(27.9)	69.2%	(8.6)	(27.9)	69.2%
Income tax	(83.4)	(83.4)	(0.1%)	(75.6)	(69.2)	(9.3%)
Equity accounted investments	7.2	2.5	189.4%	7.2	2.5	189.4%
NPAT (pre non-controlling and significant items)	193.6	188.9	2.5%	174.4	155.7	12.0%
Non-controlling interest	0.5	3.5	(85.5%)	0.5	3.5	(85.5%)
NPAT (pre significant items) – attributable to the parent	194.1	192.4	0.9%	174.9	159.2	9.9%
Significant items (net of tax) – attributable to the parent	–	–	–	–	79.4	(100.0%)
Net Profit – attributable to the parent	194.1	192.4	0.9%	174.9	238.6	(26.7%)

Melbourne, Perth and Aspinalls Results

Normalised 1H F19

	Crown Melbourne \$m	Variance F/(U)	Crown Perth \$m	Variance F/(U)	Crown Aspinalls \$m	Variance F/(U)
Table games (non-program play)	397.7	2.7%	99.4	(5.2%)	–	–
Gaming machines	233.0	0.9%	137.5	0.7%	–	–
Main floor gaming (total)	630.7	2.0%	236.9	(1.9%)	–	–
VIP program play	233.3	(11.2%)	34.8	(18.5%)	34.7	(11.4%)
Non-gaming	254.9	3.3%	146.0	1.8%	0.6	3.7%
Total Revenue	1,118.9	(0.8%)	417.7	(2.3%)	35.3	(11.2%)
Operating expenses ¹	(804.0)	(0.2%)	(300.1)	(0.4%)	(29.1)	3.0%
EBITDA	314.9	(3.2%)	117.6	(8.6%)	6.2	(36.4%)
Depreciation & amortisation	(90.4)	0.3%	(43.9)	0.6%	(1.3)	(99.7%)
EBIT	224.5	(4.3%)	73.7	(12.8%)	4.9	(46.4%)
EBITDA / revenue %	28.1%	(0.7%) ²	28.2%	(1.9%) ²	17.5%	(6.9%) ²
VIP turnover \$ billion	17.3	(11.2%)	2.6	(18.5%)	3.6	(27.7%)
VIP win rate	1.35%	–	1.35%	–	0.97% ³	0.18% ⁴

1. Inclusive of normalised gaming taxes and commissions.

2. Represents the difference in EBITDA margin compared to the pcp.

3. Crown Aspinalls normalised VIP win rate based on the mix of play during the period.

4. Represents the difference in win rate compared to the pcp.

Melbourne, Perth and Aspinalls Results

Actual 1H F19

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	Crown Melbourne \$m	Variance F/(U)	Crown Perth \$m	Variance F/(U)	Crown Aspinalls \$m	Variance F/(U)
Table games (non-program play)	397.7	2.7%	99.4	(5.2%)	–	–
Gaming machines	233.0	0.9%	137.5	0.7%	–	–
Main floor gaming (total)	630.7	2.0%	236.9	(1.9%)	–	–
VIP program play	176.5	(25.1%)	56.3	(7.1%)	31.5	(28.6%)
Non-gaming	254.9	3.3%	146.0	1.8%	0.6	3.7%
Total Revenue	1,062.1	(3.5%)	439.2	(1.4%)	32.1	(28.2%)
Operating expenses ¹	(790.8)	5.6%	(301.6)	(0.3%)	(29.3)	16.9%
EBITDA	271.3	3.5%	137.6	(4.9%)	2.8	(70.2%)
Depreciation & amortisation	(90.4)	0.3%	(43.9)	0.6%	(1.3)	(99.7%)
EBIT	181.0	5.4%	93.7	(6.7%)	1.5	(83.0%)
EBITDA / revenue %	25.5%	1.7% ²	31.3%	(1.1%) ²	8.8%	(12.4%) ²
VIP turnover \$ billion	17.3	(11.2%)	2.6	(18.5%)	3.6	(27.7%)
VIP win rate	1.02%	(0.19%) ³	2.18%	0.27% ³	0.88%	(0.01%) ³

1. Inclusive of actual gaming taxes and commissions. Actual commissions across Crown Melbourne, Crown Perth and Crown Aspinalls totalled \$134.9 million in 1H F19.

2. Represents the difference in EBITDA margin compared to the pcp.

3. Represents the difference in win rate compared to the pcp.

Crown Digital



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Crown Wagering and Online Social Gaming Operations	1H F19 \$m	1H F18 ¹ \$m	Variance F/(U)
Total revenue	65.9	191.5	(65.6%)
Total expenses	(58.4)	(182.7)	68.1%
EBITDA	7.5	8.8	(14.7%)
Depreciation & amortisation	(3.0)	(11.8)	74.3%
EBIT	4.5	(3.0)	N/A

Crown Digital includes:

- ◆ EBITDA from Crown's wagering and online social gaming operations (shown above)¹
 - ◆ Betfair Australasia, a 100% owned, online betting exchange
 - ◆ DGN Games, an 85% owned, online social gaming business
- ◆ Equity accounted investment (not included above) in Chill Gaming

1. The prior comparable period 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

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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



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- ◆ 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

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Debt Structure



Nature of Facility	31 Dec 18 \$m	30 Jun 18 \$m	31 Dec 17 \$m
Bank debt	41.2	54.6	63.2
Finance lease liability and other loans	1.1	1.0	10.9
Capital market debt - EMTN	174.6	174.6	174.6
- AMTN	259.1	259.1	259.1
- Subordinated Notes ¹	615.2	1,003.4	1,009.6
Total Outstanding Debt	1,091.2	1,492.7	1,517.4
Less available cash ²	(1,098.7)	(1,713.7)	(1,267.5)
Net Debt / (Net Cash)	(7.5)	(221.0)	249.9

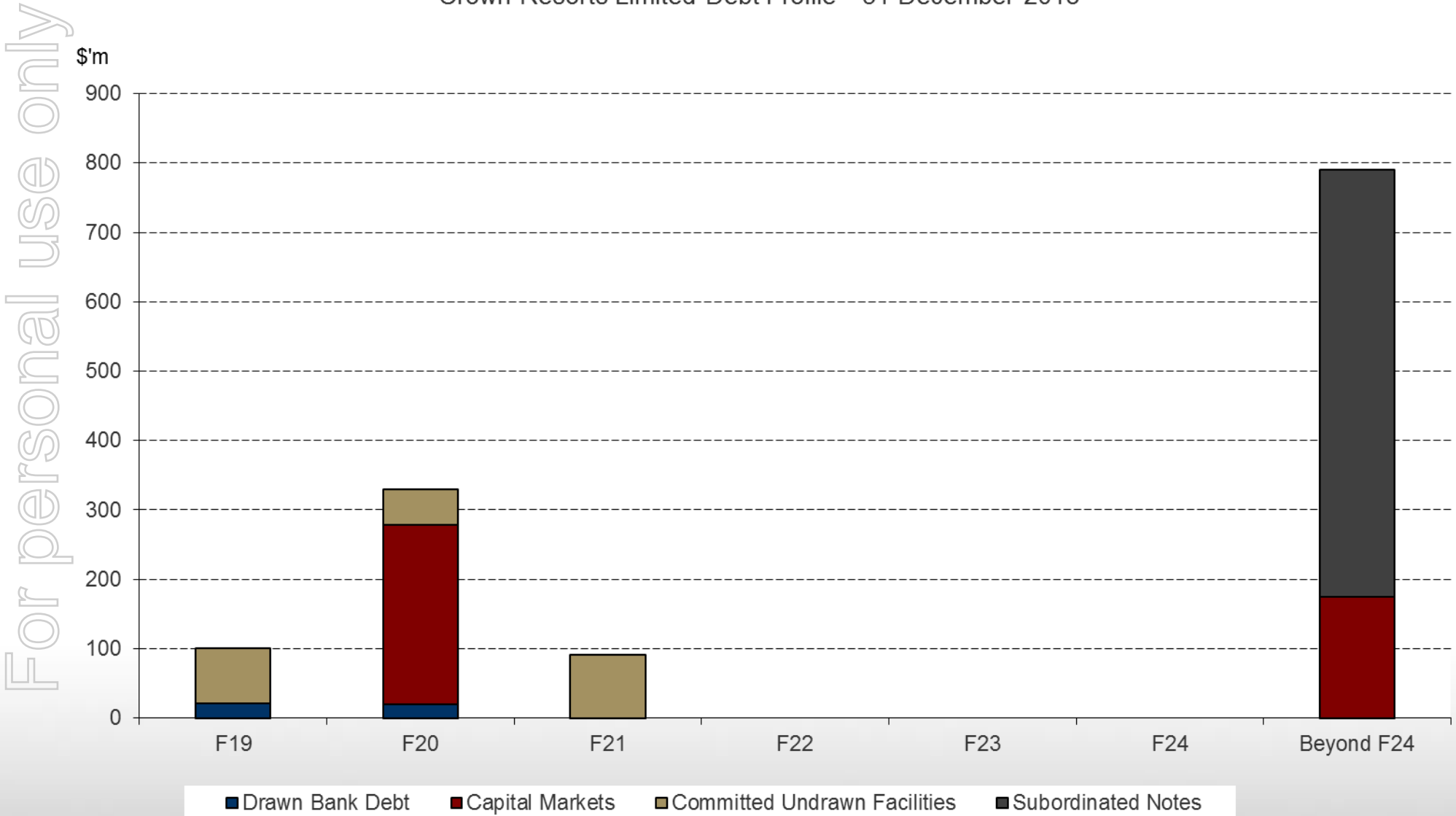
- ◆ Committed un-drawn bank facilities of \$187.8 million at 31 December 2018
- ◆ Group's current debt ratings (S&P/Moody's/Fitch) BBB/Baa2/BBB

1. Net of unamortised transaction costs. 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.

2. Available cash refers to the closing cash balance of \$1,276.4 million (Jun 2018: \$1,844.6 million, Dec 2017: \$1,435.9 million) less working capital cash of \$177.7 million (Jun 2018: \$130.9 million, Dec 2017: \$168.4 million). The working capital cash refers to cash held on the Company's premises and cash held in bank accounts for day-to-day operations of the businesses.

Debt Maturity Profile

Crown Resorts Limited Debt Profile - 31 December 2018



Group Cash Flow

\$m	1H F19	1H F18
Normalised EBITDA	418.8	447.7
Win rate variance	(27.0)	(47.4)
Reported EBITDA	391.8	400.3
Working capital movements	55.8	60.2
Cash Flow Generated by Operations	447.6	460.5
Net interest	(25.2)	(45.9)
Dividends received	3.9	3.9
Income tax payments	(44.0)	(50.0)
Operating Cash Flow	382.3	368.5
Capital expenditure (net) ¹	(209.3)	(166.9)
Investments (net)	6.9	95.8
Net borrowings	(411.7)	(402.5)
Dividends paid	(205.9)	(206.7)
Share buy-back payments	(131.4)	(0.1)
Cash accounted for as held for sale	-	(23.5)
Effect of exchange rates on cash	0.9	0.1
Net increase / (decrease) in cash	(568.2)	(335.3)
Closing Cash ²	1,276.4	1,435.9

1. Net of proceeds from the sale of property plant and equipment.

2. Includes \$177.7 million (Jun 2018: \$130.9 million, Dec 2017: \$168.4 million) of cash held on the Company's premises and cash held in bank accounts for the day-to-day operations of the businesses.

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