



**ASX / MEDIA RELEASE
FOR IMMEDIATE RELEASE
24 October 2019**

**CROWN RESORTS LIMITED
2019 ANNUAL GENERAL MEETING
EXECUTIVE CHAIRMAN'S ADDRESS
JOHN ALEXANDER**

Shareholders,

I am extremely proud to be the Executive Chairman of this company. Crown is one of Australia's largest entertainment groups and makes a major contribution to the Australian economy through its role in tourism, employment, training and its corporate responsibility programs.

Crown is an iconic Australian tourist destination. Over the last five years, Crown has invested over \$1.1 billion into its Melbourne and Perth properties to ensure they remain globally competitive. This is a significant investment and is in addition to the \$2.2 billion being spent to deliver Crown Sydney, of which over half has been spent to date. Crown Melbourne and Crown Perth attracted over 32 million visits last financial year, making them amongst Australia's most visited tourist attractions.

We are proud to be the largest single-site private sector employer in both Victoria and Western Australia with about 18,500 people working across our resorts in over 700 different roles. That is jobs for 18,500 people, that pays the rent and bills for thousands of families in Melbourne and Perth. At Crown Sydney, there are currently over 1,000 people working on site, and at its opening in little over a year it is expected to employ over 2,000 people. We look forward to welcoming these employees into the Crown community as we get closer to the opening of Crown Sydney.

At Crown we invest in our people. We are committed to helping our staff with meaningful learning and development opportunities. We have in place a number of leading employment programs, including CROWNability and the Indigenous Employment Program, which each employ a significant number of people. Crown also supports an ecosystem of indirect jobs, spending over \$900 million annually with about 4,000 local businesses in Victoria and Western Australia. This will grow as we expand into Sydney.

Crown continues to be a significant tax payer. In the latest financial year, Crown incurred over \$650 million in taxes to all levels of government in Australia. That represents about two-thirds of Crown's pre-tax profits.

Crown also recognises its responsibility to the communities in which it operates and is proud to support a number of charities and employee-led community programs. Crown also provides financial support to many worthwhile community groups and charities through the Crown Resorts Foundation.

Now I want to turn my attention to some of the recent media reporting about our business. There have been a number of sensationalist and unproven claims made, with many focussed on allegations from over five years ago.

Let me be clear – Crown does not tolerate any illegal activity by its employees or its patrons.

There are a number of interests and activists who continue to pursue an anti-Crown agenda.

Take for example one story from last week with more of these sensationalist claims. To give you a taste of the quality of this journalism, let me quote from the article itself – *"The Age and The Sydney Morning Herald have been unable to independently verify the material."*

As someone who has fifty years' experience in journalism and media management, and who was once Editor-in-Chief of both the Sydney Morning Herald and the Australian Financial Review, I have never seen a quality news organisation publish a story it openly admits it hasn't been able to verify.

So, let me share with you some of the facts that can be “independently verified”.

Crown operates in one of the most highly regulated and supervised industries in Australia.

Our business is subject to ongoing review and monitoring by multiple State gaming regulators and Federal agencies. Crown has undergone multiple formal assessments by AUSTRAC on its compliance with its AML and CTF Programs, both in Melbourne and Perth. Every year, we report many thousands of transactions to AUSTRAC in compliance with our obligations.

The CEO of AUSTRAC, Nicole Rose, recently said that Crown is, quote, “*very good at complying with what we require them to comply with, they’ve got good systems and good compliance for AML/CTF.*”

And just on Tuesday this week, the Secretary of the Department of Immigration and Border Protection, Mike Pezzullo, rejected allegations Crown was bypassing the visa process.

Giving evidence to a Senate estimates hearing, he said, quote, “*No-one can come to Australia without a visa, so the suggestion that people come uncredentialed is wrong.*”

Later, he went on to say, quote, “*The law is applied universally. So, when you ask if we have a double standard and carve out particular entities, the answer is no.*”

Crown is governed by more than 100 different pieces of legislation, regulations and government authorised policies. We have a strong record of cooperation with law enforcement bodies and regulators. Last year Crown received and responded to over 2,200 requests for information and footage from Commonwealth and State based agencies to assist in their investigations. As the media well knows, we are unable to comment about the specifics of those matters due to legal constraints including privacy laws and AML legislation.

Let me make this very clear – Crown has no interest in being used by those who seek to do the wrong thing. Crown has the greatest interest in implementing and maintaining good corporate governance practices. Our business and over 18,000 jobs rely on it.

Now I do acknowledge that these sensationalist allegations have raised some concerns amongst our stakeholders – be they shareholders, government, regulators, and the very people who visit our resorts. I can personally assure you we are taking these matters seriously. And to our valued employees – I know it may concern you to hear these claims, but you should continue to be proud to come to work at Crown every day.

The Victorian and New South Wales regulators have taken a decision to examine issues raised in recent media reports and, out of respect for those inquiries, I won’t, and can’t, go into any detail. We look forward to fully cooperating as we have always done and addressing these allegations.

The current reporting aside, Crown continues to progress the implementation of the 20 recommendations from the last five yearly review by the VCGLR. Crown remains on track to respond to all the recommendations within the timeframes agreed with that regulator.

Should any of the inquiries identify any opportunity to improve the effectiveness of our processes, we will welcome those recommendations, as we have done in the past. We are always striving to improve all aspects of our operations – that’s our commitment to you.

I would now like to touch on the 2019 financial results.

The full details of Crown’s results were provided in our ASX results release in August as well as in our Annual Report, which was sent to shareholders in September. Therefore, I will provide just an overview of the financial results today.

For the full year ended 30 June 2019, Crown announced normalised EBITDA of \$802 million, down 8.7% on the previous year, and normalised net profit after tax of \$369 million, down 4.7% on the previous year. This result reflected subdued market conditions, with a reduction in VIP program play revenue and continued softness in Perth partly offset by modest revenue growth in Melbourne’s local businesses.

Crown’s reported net profit after tax before significant items was \$402 million, up 23.0% on the previous year, which takes into account a favourable win rate experienced at Crown’s Melbourne and Perth resorts.

We were pleased to have grown visitation at both of our Australian resorts during the year, demonstrating that Crown remains an attractive entertainment and tourist destination. Subdued revenue growth across Crown's main floor businesses was largely driven by lower average customer spend, which was symptomatic of the consumer environment.

During the year, operating margins were impacted by increased costs across both properties, particularly labour costs.

Crown continues to deliver cash returns to shareholders. A final dividend of 30 cents per share was declared, bringing the total dividend for the year to 60 cents per share, in line with our dividend policy. During the year, Crown also bought back about \$131 million worth of shares under an on-market share buy-back.

Crown remains committed to maintaining an appropriate and efficient capital structure. At year end, Crown had net debt of \$87 million leaving its balance sheet well placed to deliver on its major focus areas, including the construction of Crown Sydney.

We have recently settled the dispute with the Australian Taxation Office in relation to the tax treatment of some of the financing for Crown's investment in Cannery Casino Resorts in North America. Whilst the terms of the settlement agreement are confidential, it does not result in material impacts to Crown's current or future year financial results.

Now let me update you on more recent trading.

Across our Australian resorts, for the period 1 July to 20 October 2019, revenue from main floor gaming (excluding VIP program play revenue) was up 2% on the prior corresponding period, while non-gaming revenue was broadly flat.

Crown Melbourne's main floor gaming revenue was up on the previous period while non-gaming revenue was down. Crown Perth's main floor gaming revenue and non-gaming revenue have each shown growth on the prior corresponding period.

VIP program play turnover at our Australian resorts decreased by 46% on the prior period, reflecting the difficult trading conditions in the international VIP market. The actual win rate experienced during the period was above theoretical.

Crown's wagering and online social gaming revenue declined 4% on the previous period, with revenue declining for both Betfair Australasia and DGN.

I will now discuss some of our major areas of focus for this financial year.

In Melbourne and Perth, Crown is continuing to work towards improving the underlying performance of its resorts through investments to restore top line performance as well as through the management of costs.

There are a range of projects being undertaken which have been designed to drive revenue growth. This includes investment into new premium gaming areas particularly at Crown Melbourne. We are also continuing to invest in new gaming product, as well as investigating ways to use technology to improve our marketing capability.

Crown is focussed on the delivery of Crown Sydney on time and on budget.

Construction of Crown Sydney is progressing on schedule. The tower elevator core structure has now reached level 52, whilst the fit-out of the hotel guestrooms and suites is well advanced. The podium structure and exterior glazing is substantially complete. The resort is taking shape and has already become an indelible part of the Sydney skyline.

Pre-opening activities have commenced and will escalate through the course of this financial year with a dedicated management team being formed and staff recruitment well underway in preparation for its opening in the first half of 2021.

We continue to progress sales for the residential component of the project "One Barangaroo" and were pleased to announce at our recent results that over \$450 million in sales had been contracted.

The Crown Sydney project cost remains unchanged, with the gross project cost expected to be about \$2.2 billion and the net project cost expected to be about \$1.4 billion.

Crown has recently settled the sight lines matter with Infrastructure New South Wales. Whilst the terms of the settlement remain confidential, we are satisfied with the outcome.

In Victoria, Crown has reached agreement to acquire our joint venture partner's interest in the One Queensbridge development site. Once completed, this acquisition will give Crown full ownership of this strategically located site adjacent to the Crown Melbourne entertainment complex. We will continue to investigate options for this site, including the opportunity to accommodate a fourth Crown hotel, having regard to market conditions and the Board's risk appetite.

Crown acknowledges its responsibility to create a safe and rewarding workplace for our people. I would briefly like to touch on some important accomplishments over the last 12 months.

During the year, Crown launched a purpose statement and set of values to guide our culture. Crown's purpose statement – *'Together we create memorable experiences'* – captures the belief that, as a team, Crown has the ability to create experiences that are worth remembering. In delivering those experiences, Crown adheres to its four key values: we act respectfully; we are passionate; we work together; and we do the right thing. These reflect Crown's values and will be further embedded into all employment practices to ensure that employees and customers are at the heart of everything Crown does.

Crown's commitment to inclusive employment practices has continued to strengthen. Crown will shortly be releasing its first Gender Action Plan which further demonstrates a longstanding commitment to gender equity.

The conclusion of the 2019 financial year marks the five-year anniversary of the National Philanthropic Fund of the Crown Resorts Foundation and the Packer Family Foundation.

To date, over \$83 million has been allocated to about 300 grant recipients. The Crown Resorts Foundation Board remains dedicated to identifying worthy organisations to support through the 10-year funding commitment and, in particular, to those aligned to its core mission to provide opportunities for young Australians, primarily through education.

I would like to thank the Honourable Helen Coonan, Chair of the Crown Resorts Foundation, and Gretel Packer, Chair of the Packer Family Foundation, for their efforts in pursuing the objectives of the Foundations, as well as both Foundation Boards.

Finally, we are announcing today that Mr Geoff Dixon will retire as a director of Crown at the conclusion of today's Annual General Meeting.

I would like to thank Geoff for his valuable contribution to Crown, having been on the Board since it was established as a separate listed entity in 2007. His experience and contribution has been invaluable.

Thank you, Geoff.

On behalf of the Board, I wish to sincerely thank all of our employees for their continued hard work and dedication. I would also like to thank you, as valued shareholders of Crown, for your ongoing support.

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