



**ASX/MEDIA RELEASE  
FOR IMMEDIATE RELEASE  
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### **2020 AGM – CHAIRMAN AND CEO ADDRESSES**

**MELBOURNE: Crown Resorts Limited (ASX: CWN) (Crown)** attaches the Chairman and Chief Executive Officer addresses for the 2020 Annual General Meeting.

The 2020 Annual General Meeting, which is being held as a virtual meeting, will be webcast live from 10:00am (Melbourne time) today and the webcast will subsequently be made available on Crown's website.

For information on how to access the live webcast, please refer to the Crown AGM User Guide which is available at <https://www.crownresorts.com.au/Investors-Media/Annual-General-Meetings>.

### **ENDS**

This announcement was authorised for release by the Crown Board.

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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](http://www.crownresorts.com.au)

## **ADDRESS BY CHAIRMAN HELEN COONAN**

As a company, we are being challenged like never before.

The impact of COVID-19 on our resorts and the tourism industry has been devastating, and we had to make the difficult decision to stand down thousands of our wonderful employees.

The inquiry currently being conducted by the Independent Liquor and Gaming Authority (ILGA) in New South Wales (Inquiry) has raised serious and important issues.

In all of its history, Crown has never faced adversity like we are now – but I'd like to reassure all our investors, stakeholders and staff that the Board is determined and willing to learn from the past.

We are undertaking tough and wide ranging reforms to our management, structures, policies, procedures and culture to ensure we respond to these challenges and emerge a stronger and better organisation for it.

### **Governance and Culture**

I would like to start by addressing some of the matters raised by the Inquiry in New South Wales.

As one of Australia's leading tourism, hospitality and gaming companies, Crown has much to be proud of given the major contribution it makes to the Australian economy.

Due to the nature of our operations, the regulatory and community expectations of our conduct are understandably and rightfully high.

However, the Inquiry has heard evidence of certain governance and risk management failings which do not reflect our values and expectations.

Let me say clearly that I unreservedly apologise for these failings. As a Board we will take all the steps necessary to make sure we learn from these mistakes.

The Board has a deep respect and understanding of its obligations to provide good corporate stewardship. As a company, we are committed to ensuring we have the highest standards of governance and an organisational culture that is exemplary.

We acknowledge we have more to do to meet this objective, and over the past year the Board has actively pursued a range of improvements. Having a gaming licence is a privilege that we as an organisation do not take for granted.

As your new Chairman, I am focused on driving the necessary change to ensure that Crown has the highest standards of governance and compliance, and an organisational culture that meets community expectations.

### **Reform Agenda**

Crown Perth continues to operate. We hope, with the great sacrifices made by the people of Victoria, Crown Melbourne may be able to begin a phased opening in the near term. And as we announced to the market earlier this year, Crown Sydney is currently on track to be ready to open from December.

The Inquiry is due to report by 1 February 2021, and by that date the Board expects to have implemented a number of significant and wide-ranging reforms, many of which are already well underway. Needless to say, Crown will be engaging with the New South Wales Government and ILGA about the reforms it has implemented and about the findings and recommendations of the Inquiry.

The Board has determined to bring forward significant reforms aimed to address any shortcomings and reinstall full confidence in Crown's operations. These significant reforms can be broadly categorised into four key areas.

Firstly, strengthening accountability and transparency within Crown through a new structure.

The key feature of this new structure is to lift our compliance, risk, audit and AML functions to have direct reporting and accountability to the Board or a Board Committee. This will improve transparency and visibility to the Board in these areas.

We are enhancing compliance independence by extracting these roles from operational business units through the creation of a new Compliance and Financial Crimes department. This department will have full independence from any commercial or revenue considerations.

We are also undertaking a comprehensive review of functions across Crown's legal entity structures. This is to ensure there is clear responsibility and accountability for roles that are performed through central functions and those required to be performed at a property level.

Secondly, ensuring that a culture of compliance is thoroughly embedded and is being strictly upheld in all areas of Crown's business, noting in particular the issues which have been traversed in the Inquiry in connection with Crown's VIP International business.

The Board and senior management set the tone from the top. The Board is unanimous in its view that a uniform culture of full compliance across the organisation is the bedrock of how we will operate.

We must make our expectations clear to all our people. They must do the right thing and there will be no tolerance for those who fail to respond.

We have also reinforced the importance of compliance in senior executive remuneration. From 2021, up to 50% of short-term incentives for senior executives will be deferred for 12 months and subject to forfeiture in the event of adverse compliance issues arising within that period.

Thirdly, at all times proactively assessing and addressing money laundering risks, in a way that goes beyond our strict reporting obligations, and recognises our broader social licence to operate.

We must be ever vigilant and ready to detect and respond to potential money laundering. That means investing in our systems and people to stay one step ahead of anyone who would seek to exploit our operations.

Whilst Crown has been progressively implementing a range of improvements in this area, there is still more work to be done.

The implementation of a Joint AML/CTF Program has been steadily progressing, and we are on target for implementation by the end of the month. The Program will also be subject to an independent review by financial crime and fraud experts Promontory following its full implementation to identify and address any issues that arise.

And fourthly, enhancing Crown's systems, structures and expertise to protect against the risk that Crown's facilities and services might be exploited by criminal elements.

We have suspended relationships with all junket operators until June next year, and this will allow us sufficient time to consult widely and carefully consider the threshold question of whether we will recommence such relationships in the future.

We recognise that we must be a leader in this area, and that simply accepting the practice of other operators is not good enough.

Should we decide to work with junkets again, we will only do so after extensive consultation with regulators regarding significantly enhanced due diligence processes. These processes would incorporate all the recommendations of a recent review conducted by Deloitte, as well as lessons learned from the Inquiry and interactions with other regulators.

All of these reforms to strengthen accountability and transparency, uphold a uniform culture of compliance, proactively assess and address money laundering risks, and protect Crown from criminal elements are just the first steps.

I want to reiterate the Board's commitment and focus to drive the required change.

We accept that these changes are not the end of our journey. On an ongoing basis, we are committed to always acting in a way that meets all of our obligations and satisfies community expectations as they evolve.

We will continue to cooperate with and assist the ongoing Inquiry and will maintain our close engagement with other regulators and law enforcement agencies. We are mindful that some of our proposed reforms will require close consultation with governments and regulators.

We also want feedback from you, our shareholders, on other areas you believe would improve our culture and operations.

We will continue to work with our various regulators on any other recommendations they may have to improve any aspect of our business, including with respect to any recommendations which may flow from the Inquiry.

### **Board and Senior Executive Changes**

Earlier in the year I was appointed as the new Chairman of the Board and Ken Barton was appointed as Managing Director and Chief Executive Officer, bringing our structure more in line with contemporary governance practices of a Non-executive Chair and a separate CEO.

At the same time, we announced the appointment of Professor John Horvath as Deputy Chairman and the appointment of Non-executive Directors as Chairs of Crown Melbourne, Crown Perth and Crown Sydney.

As indicated in our Notice of Meeting, John Alexander will retire from the Board at the conclusion of today's Annual General Meeting. He took on the role of Executive Chairman at a difficult time for the company and I would like to thank him for his services to Crown for more than a decade. As previously disclosed, his executive role with the company will end early next year.

I believe these changes have been important steps in a new era of independent leadership at Crown.

However, we recognise that more needs to be done. In the area of Board renewal, the Board accepts that there needs to be an injection of new perspectives and expertise on our Board. These changes need to be undertaken in a considered and thoughtful manner to ensure an orderly transition.

I also recognise the importance of independent directors, and I will ensure the Board renewal process involves the recruitment of astute, qualified and fiercely independent Directors working in the best interest of all shareholders. CPH remains a significant shareholder, and I appreciate that this relationship needs to be appropriately managed.

I want to reassure our various stakeholders that we are listening, and changes will be made.

As evidenced by the separation of the Executive Chairman role and the proposed appointment of KPMG as the new statutory auditor, we have listened and will continue to listen to feedback on how we can be better.

I would like to thank all of those shareholders who have provided their feedback to us.

In that respect, based on the proxy positions received before the meeting, I would like to acknowledge the significant vote against those Directors up for re-election today, as well as the vote against the Remuneration Report.

Based on conversations with investors in the lead-up to today, I understand the vote on these resolutions reflects dissatisfaction with the performance of the Board and the Company, particularly in the context of evidence coming out of the ILGA Inquiry.

Shareholders have given a clear and powerful message that Board renewal is required, and the Board accepts this feedback. Changes will be made.

### **Support for Employees and the Community**

As I said earlier, 2020 has also been a challenging year for many other reasons.

The onset of the COVID-19 pandemic has had a significant impact on Crown's operations, our staff and the community more broadly.

Whilst Ken will take you through some of the detail of this shortly, I wanted to recognise the very real impact the closure of Crown's properties has had on our valued employees, and personally thank them for their resilience and understanding. We have put in place a number of programs to support our employees through this period, and we look forward to welcoming many more of you back to Crown as soon as possible.

Crown has a strong commitment to the responsible service of gaming. I want to acknowledge that this week is Gambling Harm Awareness Week in Victoria, Responsible Gambling Awareness Week in Western Australia

and GambleAware Week in New South Wales, which are important events in raising awareness in relation to responsible gambling and harm minimisation.

Crown also supports a number of charities and employee-led community programs, as well as a number of organisations through the Crown Resorts Foundation. These efforts are now more important than ever with the significant impact COVID-19 has had on our community.

As Chair of the Crown Resorts Foundation, I am very proud of the work being undertaken through the Foundation. The Crown Resorts Foundation remains committed to supporting organisations aligned to its core mission to provide opportunities for young Australians, primarily through education. To date, the Crown Resorts and Packer Family Foundations have allocated over \$105 million to 330 grant recipients.

2020 was also marked by the summer bushfires. In support of the relief effort, over 1,500 of Crown's employees reached into their own pocket to make personal donations that were matched dollar for dollar by Crown, and Crown also provided support in other ways such as the hosting of benefit concerts and the provision of 115 room nights to bushfire evacuees. Significantly, in recognition of the scale and damage inflicted by the bushfires, the Crown Resorts and Packer Family Foundations donated \$5 million to support the firefighting effort and recovery.

Crown also has a strong focus on environmental sustainability. Crown's environmental strategy has seen significant improvements in energy and water consumption, and carbon emissions intensity over recent years.

### **Conclusion**

Even though Crown will need to contend with a number of challenges in the short term, including the current closure of Crown Melbourne and the ongoing uncertainty caused by the COVID-19 pandemic, we remain enthusiastic about the opportunities that are ahead of us.

The Crown Sydney property remains on track to be ready to open from December this year. Crown Sydney will be a world-class luxury resort and demonstrates the long-term investments Crown makes into Australia's tourism infrastructure. We look forward to welcoming thousands of guests to the property, as well as the over 2,000 employees required to deliver the exceptional service standards for which Crown is known, with this added employment helping to support New South Wales' economic recovery.

Whilst the matters raised by the Inquiry have challenged our organisation and many of us personally, we believe these processes and the engagements with various governments and governmental agencies that will follow will provide an opportunity for us to grow and emerge a much stronger company – one where our people excel and the culture they adhere to is of the highest standard, and our governance and compliance frameworks continue to improve and deliver good corporate stewardship. That is what our staff, shareholders, and other stakeholders deserve.

In closing, I would also like to thank you, our shareholders, for your support.

I will now hand over to Ken to make some further remarks.

## ADDRESS BY CEO KEN BARTON

Thank you Helen.

I am honoured to be able to present to you today for the first time as Crown's Chief Executive Officer, albeit I wish it were in less trying circumstances.

### Improvements to Governance and Compliance Processes

Earlier, Helen briefly touched on the four key areas where we believe significant reforms are required to drive improvements to Crown's governance and compliance processes.

I wanted to take this opportunity to reiterate management's commitment to drive the required change and take you through some more detail around what we are doing in these areas.

Firstly, we are strengthening accountability and transparency within Crown by changing our organisational structure and reporting lines.

Beyond the changes the Chairman highlighted earlier and within the new structure, we have identified a number of new senior roles that we are currently seeking to fill to help deliver our cultural reform plan, including Head of Compliance and Financial Crimes, Head of Culture and Human Resources, Head of Internal Audit, and Head of VIP Operations.

The new structure will also no longer include a CEO – Australian Resorts role, with the Chief Operating Officers of each business to report directly in to me. As a result, Barry Felstead will step down from this role at the end of the year. Barry has agreed to assist the Company with a transition process as required. I would like to thank Mr Felstead for his services to the company over a significant period of time.

Secondly, we are reinforcing a culture of compliance and the need for Crown to uphold the highest standards in all areas of its business.

The right risk and compliance culture starts with senior leadership, who must set the example for the rest of the business. This is a clear focus of mine, and I will be working hard to ensure all levels of management drive a culture that is expected across our organisation. That is what all of our employees and stakeholders deserve. As our values outline, there is a clear expectation that all of Crown's employees act respectfully and do the right thing. The continuing and clear communication of this message throughout our business is a crucial element of our improvement program.

In addition, a key step in this process is improved measurement capabilities. We have developed a range of internal measurement tools identifying metrics that can give us a better insight into our current culture and provide ongoing feedback on our progress. We are also engaging with an external consultant to establish additional measurement tools to support and monitor the effectiveness of our program to reinforce the culture of compliance. Where gaps are identified, we will take the required steps to ensure that compliance comes before commercial outcomes in all areas of the business.

Thirdly, we must get better at proactively assessing and addressing money laundering risks.

We will continue to strengthen the role of anti-money laundering within the business by increasing capability and resourcing within the AML team, investing in new technology to increase automation, expanding training to all levels in the organisation, including to the Board, and increasing transparency in this area to the Board. In that regard, we have commenced a recruitment process for an executive with extensive experience in AML to lead the new Compliance and Financial Crimes department.

We are also working with external AML experts to review our processes and our capability to ensure we not only meet our obligations but also have enhanced processes to prevent transactions that represent AML risk to our business from occurring.

Across the organisation, we want to expand the AML training tools available to our staff. A revised online "Awareness" training module has been released, and business unit-specific training is under development and will be deployed to relevant team members commencing early November.

When it comes to anti-money laundering, all Crown management and staff must at all times be vigilant, not just in reporting suspicious incidents, but in proactively working to detect and prevent any risks of money laundering.

Finally, we must protect Crown from the risk that its facilities and services may be exploited by criminal elements.

In recognition that our historical due diligence processes relating to junket operators can be further strengthened and improved, we have suspended relationships with all junket operators until June next year. At a minimum, this will allow us the time we need to review and improve our processes around due diligence, and to consider what future regulatory regimes might be applied to junkets. These steps would enable us to apply enhanced processes before recommencing any relationships with junkets, if we do so at all.

Our new processes reflect input from external experts as well as the lessons learned from the Inquiry and interactions with other regulators. Going forward, there are a number of possibilities. One is that the ultimate decision about whether we enter into or continue a relationship with a junket operator will reside with the newly formed and independent Compliance and Financial Crimes department. Another possibility is that any such decision will require regulatory approval.

In recognition of the difficulties of obtaining hard facts and information in this area, we are investigating improved information sharing relationships with law enforcement bodies. To assist in this respect, we have appointed Nick Kaldas, the former Deputy Commissioner of the New South Wales Police, and are exploring the establishment of a national Casino Integrity Group.

As CEO, I will ensure that we engage regularly and openly with our regulators and other key stakeholders, not only on these reforms but more generally, to ensure transparent and constructive relationships.

In that regard, I note my answer to a particular question asked of me by a shareholder at last year's AGM regarding information provided to Mr Packer. I answered that question with reference to information provided to Crown's shareholder CPH under a Services Agreement, the existence of which had already been publicly disclosed. As has been discussed through the course of the Inquiry, there was another confidential arrangement that specifically related to information sharing with Mr Packer. It was never my intention to mislead or provide a "non-answer" in response to this question. My intention was simply to answer the question within the realms of information available to me that was in the public domain. In hindsight, I recognise that my response was not a complete answer to that question and I could have chosen a clearer way to answer this question.

I apologise for this.

As we announced last night, we have terminated the Controlling Shareholding Protocol and the Services Agreement with CPH.

### **Changed Operating Conditions**

Now I would like to turn to the impact of the COVID-19 pandemic on Crown's operations.

2020 was a challenging year for Crown, our staff and the community more broadly.

From early in the calendar year, Crown began to experience softer trading conditions associated with the COVID-19 pandemic. As the situation worsened, Crown was directed to modify its operating conditions and ultimately suspend gaming activities and other non-essential services in March at our Melbourne, Perth and London properties.

This is the first time in Crown's history we have been directed to close our properties for an extended period.

Unfortunately, Crown Melbourne remains closed. We are continuing to work with the Victorian Government and health authorities to determine how we can safely re-open when it is appropriate to do so. Based on the latest advice, we anticipate being able to recommence some limited food and beverage operations early next month, which represents the first step in welcoming back many of our employees and customers to Crown Melbourne. We hope to recommence the rest of our operations in the near term. However, our focus continues to be on the health and wellbeing of our employees and guests, as well as the community more broadly, and any re-opening will be undertaken with appropriate physical distancing and hygiene measures in place.

More encouragingly, gaming activities and the operation of the majority of food and beverage venues recommenced at Crown Perth in late June. This has enabled us to return the vast majority of employees at Crown Perth to full duties.

## Employee Support

Crown Melbourne and Crown Perth are significant employers in both Victoria and Western Australia. The closure of these properties during the year has had a substantial impact on our people, with 11,500 or around 95% of our workforce stood down for varying periods of time.

As a result of the impact of the closures on Crown's businesses, Crown Melbourne and Crown Perth qualified for the Commonwealth Government's JobKeeper program. This program has helped to financially support thousands of Crown's employees. Crown Perth ceased to qualify for the JobKeeper program at the end of September, however we welcome the extension of this program for Crown Melbourne, where many thousands of employees remain stood down given the ongoing closure of that property.

To provide further assistance to employees during this difficult period, Crown introduced a range of measures and support programs.

This included the provision of direct financial support through ex gratia payments to employees who were stood down and additional, targeted financial assistance to employees experiencing serious financial hardship as a result of COVID-19 through the establishment of a Hardship Fund.

In addition to financial support measures, Crown has established a range of other employee support programs such as the Crown Jobs Network to connect employees with employment opportunities outside of Crown, as well as ongoing access to Crown's assistance and wellness program.

I would very much like to thank our employees for their continued patience and support during this challenging time.

## Community Support

In addition to the support provided to Crown's employees, I am very proud of the efforts of Crown and its employees to support the community more broadly during this period.

Crown worked in close consultation with State and Commonwealth Governments to make its facilities available for other purposes during the COVID-19 pandemic.

To that end, Crown Melbourne continues to work with the Victorian Government and service providers to provide safe accommodation, at no cost, to those experiencing family violence. Crown has now provided over 900 room nights under this program.

In addition, Crown made its hotels available to assist both the Victorian and Western Australian Governments to quarantine returned travellers, with approximately 950 rooms in Melbourne and approximately 600 rooms in Perth made available under this program.

Crown also donated a significant amount of fresh produce to worthy causes in both Melbourne and Perth.

This work was in addition to the ongoing support Crown provides to the community more broadly, which Helen touched on earlier.

## 2020 Financial Performance

I would now like to briefly discuss Crown's financial results for the 2020 financial year.

The full details of Crown's 2020 financial results were provided in our full year results ASX 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.

As you can see on this slide, Crown's results for the 2020 financial year reflect the impact of the COVID-19 pandemic on Crown's operations.

Reported EBITDA was down approximately 41% to \$505 million and Reported NPAT was down approximately 80% to \$80 million.

On a Theoretical basis and adjusting for the costs incurred during the mandated closure of Crown's properties and Significant Items, EBITDA was down approximately 37% to \$504 million, whilst NPAT was down approximately 56% to \$161 million.

No final dividend was declared, bringing the total full year dividend to 30 cents per share.

### **Balance Sheet Management**

Coming into the COVID-19 pandemic, Crown had a strong balance sheet and was well placed to withstand an extended period of disruption.

Since the onset of the pandemic, Crown has been focused on liquidity management and being able to secure over \$1 billion in additional debt facilities since the closure of our properties is testament to this strong position. In April, Crown entered into a total of \$560 million of new bilateral facilities with relationship banks, and following financial year end, Crown entered into a \$450 million project finance facility to support the continued construction of Crown Sydney.

At year end, Crown had net debt of nearly \$900 million, with the increase on last year driven by the impact of the COVID-19 pandemic on Crown's operations and our continued investment in Crown Sydney.

Crown remains committed to maintaining a conservative level of gearing and an efficient capital structure, and our decision not to pay a final dividend is reflective of this commitment.

Whilst no waiver was required in relation to our banking covenants at 30 June 2020, Crown has secured agreement from its lenders for a waiver of banking covenants in relation to the 31 December 2020 testing date given the uncertainty surrounding the ongoing closure of Crown Melbourne.

I would once again like to acknowledge the support we have received from our relationship lenders during this uncertain period.

### **Recent Trading**

Now let me update you on more recent trading.

For the period 1 July to 18 October 2020, Crown Perth's main floor gaming revenue (excluding VIP program play revenue) was up approximately 16% on the prior corresponding period, while non-gaming revenue was down approximately 21%.

The initial trading performance across both the table games and gaming machines businesses has been encouraging given the operating restrictions that remain in place, particularly the limited product availability. Crown Perth's non-gaming businesses continue to be impacted by ongoing physical distancing requirements, including occupancy limits and reduced patronage to the property.

Over this period, Crown Perth's VIP program play turnover has been minimal due to the ongoing international border restrictions.

Crown's wagering and online social gaming revenue increased 34% on the previous period, with revenue growth driven by Betfair.

Trading at Crown Aspinalls has been subdued since it recommenced gaming activities on 15 August 2020, with social distancing restrictions and reduced operating hours currently in place.

### **Crown Sydney Update**

Despite the challenges of COVID-19, construction of the Crown Sydney hotel resort has continued throughout the year with a number of significant milestones having now been achieved.

In May, we celebrated the "Topping Out" milestone, marking the completion of vertical construction of the 275-metre tower. The building façade is now complete with finalisation of the external glass panel installation, and internal fit out activities nearing completion across all areas of the hotel resort. The building remains on track for construction completion in early December, ahead of handover to the operations team in preparation for opening.

Opening plans are progressing well, with recruitment activity under way. Almost 2,000 people are expected to be employed when Crown Sydney is fully operational, providing a significant boost to the New South Wales hospitality industry. The hotel resort is scheduled to open progressively from the middle of December and the first residents are scheduled to move into the building in March of next year.

Earlier this month also saw the opening of Waterman's Cove and the foreshore improvements in front of the building, providing increased open space and public areas on the harbour.

We will be liaising with all relevant stakeholders to discuss and manage the progressive opening of Crown Sydney from December 2020.

### **The Year Ahead**

I would like to conclude my address this morning by giving you a sense of our priorities as an organisation over the next 12 months.

Firstly, we are cooperating fully with the various regulatory processes underway and will continue to progress our engagement with regulators to ensure open and transparent relationships.

Secondly, it is critical that we faithfully implement our reform agenda to give confidence to all of our stakeholders that we have learnt from past issues and are committed to ensuring they do not arise again. There are a number of areas that we are acting upon immediately, but there is also more work to be done, including implementing any additional recommendations for improvement that may come from the various regulatory processes under way.

Thirdly, we are working very hard to navigate through this period of uncertainty caused by the COVID-19 pandemic. The maintenance of comprehensive physical distancing and hygiene programs is critical to minimise the risk of transmission, enabling us to get back to what we do best, which is creating memorable experiences for our patrons and colleagues.

Finally, we are on the cusp of completing Crown Sydney. This is a significant milestone for the company and the culmination of an enormous body of work. We are excited about the addition of this resort to our portfolio and the long-term benefits it will bring to Crown and the New South Wales economy more broadly.

Before I finish, I would like to once again thank all of our employees for their hard work and efforts throughout the course of a challenging year. You deserve the very best leadership and we are committed to delivering it.

Thank you all for joining today and I will now hand you back to Helen.