



ASX/MEDIA RELEASE  
FOR IMMEDIATE RELEASE  
20 November 2020

### MOODY'S RATING UPDATE

**MELBOURNE: Crown Resorts Limited (ASX: CWN) (Crown)** has been informed by Moody's Investors Service (Moody's) that it has downgraded Crown's issuer rating from Baa2 to Baa3 and that the rating remains on review for downgrade. A copy of the Moody's Press Release is attached.

As a result of the downgrade, there will be an increase in the interest cost associated with Crown's Euro Medium Term Notes of approximately USD 1 million per annum.

A further downgrade would entitle the noteholder of Crown's Euro Medium Term Notes to elect to redeem the Notes with a make whole.

### ENDS

This announcement was authorised for release by the Disclosure Committee.

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

# MOODY'S

## INVESTORS SERVICE

### Rating Action: Moody's downgrades Crown Resorts' rating to Baa3 from Baa2, rating remains on review for downgrade

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20 Nov 2020

Sydney, November 20, 2020 -- Moody's Investors Service has downgraded the issuer rating of Crown Resorts Limited (Crown) to Baa3 from Baa2. At the same time, Moody's has downgraded the backed senior unsecured medium-term note (MTN) programme rating to (P)Baa3 from (P)Baa2, and the backed other short-term rating to (P)P-3 from (P)P-2 of Publishing and Broadcasting (Finance) Limited. The MTN program is guaranteed by Crown. At the same time, all the ratings remain on review for downgrade.

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The rating action follows the decision by the New South Wales Independent Liquor and Gaming Authority ("ILGA") to defer its consideration on a number of applications required for the opening of gaming operations at Crown Sydney until February 2021. Crown had previously planned for Crown Sydney's gaming and non-gaming operations to open progressively from December 2020.

"The downgrade reflects our opinion that there is an increasing likelihood of material downside implications from the escalating regulatory investigations Crown is facing. In particular, the review will focus on the potential for further material negative outcomes that could not only affect the license for Crown Sydney, but could also bring forth regulatory challenges to Crown's other licenses," says Maadhavi Barber, a Moody's Analyst.

#### RATINGS RATIONALE

Crown is currently being investigated by a number of Australian regulatory bodies and authorities, following negative media reports in July 2019 that accused it of knowingly breaching Chinese gaming laws, circumventing visa requirements, facilitating money laundering and using junket operators with links to organized crime.

Specifically, Moody's considers that adverse outcomes from these investigations could potentially result in large fines and/or changes to Crown's licensing conditions in Sydney, with license loss being the most severe, although still unlikely, outcome. Furthermore, the review will assess the potential for adverse regulatory actions in respect of Crown's operations in Victoria and Western Australia from December 2020.

Moody's expects Crown's earnings from its gaming operations will remain weak in the fiscal year ending June 2021 (fiscal 2021) due to the pandemic. The impact of job losses and asset price declines may continue to weigh on discretionary consumer spending even after current virus containment measures are phased out, and it remains uncertain how quickly consumers will again be confident to gather in public.

Nevertheless, despite these challenges, the company's leverage has remained low, registering at 1.6x as of 30 June 2020, well below the rating tolerance threshold of 3.0x, while its EBIT/interest was 4.9x, above the rating tolerance threshold of 4.0x. Various cost reduction initiatives -- including standing down staff, and a reduction in gaming taxes and commissions due to facility closures -- combined with apartment sales from the Crown Sydney project will help Crown to withstand a meaningful, but temporary, cash burn from its weakened operating performance.

Crown's liquidity is supported by its AUD286.9 million in cash on hand and deposits on call as of 30 June 2020, AUD401.3 million of undrawn facilities as of 30 June 2020, and an AUD450 million project finance facility for the completion of the Crown Sydney project.

#### FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

The outlook could be changed to stable if Crown is found to be suitable, or Crown can action recommendations made by the Commissioner for the NSW Inquiry and ILGA, to maintain its Sydney gaming license. Although a stabilization would also depend on the magnitude of any potential fines.

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The rating could be downgraded if Crown is unable to action recommendations by the Commissioner and ILGA, and/or the Sydney license is revoked. A downgrade could be multiple notches if this leads to Crown being deemed unsuitable to hold its other licenses.

#### ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CONSIDERATIONS

The ongoing inquiry has brought to light a number of governance and compliance shortfalls at Crown, which Moody's views as negatively impacting on the company's ongoing credit profile. Accordingly, governance risk considerations are a key factor in today's rating action.

Moody's regards the coronavirus outbreak as a social risk under its ESG framework, given the substantial implications for public health and safety. The rapid and widening spread of the coronavirus outbreak, deteriorating global economic outlook, falling oil prices, and asset price declines are creating a severe and extensive credit shock across many sectors, regions and markets. The combined credit effects of these developments are unprecedented. The gaming sector has been one of the sectors most significantly affected by the shock, given its sensitivity to consumer demand and sentiment.

Crown, like other casinos, is exposed to elevated social risks particularly in terms of evolving demographic and societal trends which may drive a change in demand away from traditional casino-style gaming.

The principal methodology used in these ratings was Gaming Methodology published in October 2020 and available at [https://www.moody's.com/researchdocumentcontentpage.aspx?docid=PBC\\_1244702](https://www.moody's.com/researchdocumentcontentpage.aspx?docid=PBC_1244702). Alternatively, please see the Rating Methodologies page on [www.moody's.com](http://www.moody's.com) for a copy of this methodology.

#### COMPANY PROFILE

Crown Resorts Limited is an Australian-based gaming company that owns the Crown Melbourne

Entertainment Complex, the Crown Perth Entertainment Complex and Crown Aspinalls in London. The company also operates a wagering and online segment.

#### REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: [https://www.moody's.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](https://www.moody's.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on [www.moody's.com](http://www.moody's.com).

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The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website [www.moody's.com](http://www.moody's.com).

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at [https://www.moody's.com/researchdocumentcontentpage.aspx?docid=PBC\\_1133569](https://www.moody's.com/researchdocumentcontentpage.aspx?docid=PBC_1133569).

At least one ESG consideration was material to the credit rating action(s) announced and described above.

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