



ASX / MEDIA RELEASE
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CROWN ANNOUNCES 2021 HALF YEAR RESULTS

MELBOURNE: Crown Resorts Limited (ASX: CWN) (Crown) today announced its results for the half year ended 31 December 2020:

• **Summary of performance¹:**

- Statutory revenue of \$581.0 million, down 62.1%
- Reported NPAT attributable to the parent a loss of \$120.9 million, down 155.4%
- Reported EBITDA of \$4.4 million, down 99.0%
- Theoretical NPAT attributable to the parent before Closure Costs² and Significant Items a loss of \$17.9 million, down 110.4%
- Theoretical³ EBITDA before Closure Costs and Significant Items of \$141.5 million, down 62.9%
- Closure Costs of \$58.1 million (net of tax), which includes costs incurred during the mandated closure of Crown Melbourne⁴ and Crown Aspinalls⁵, and Significant Items of \$42.0 million (net of tax) relating to Crown Sydney pre-opening costs, one-off allowance for expected credit losses and a reassessment of DGN contingent consideration, were recorded during the period⁶
- No interim dividend declared

Crown's Executive Chairman, Helen Coonan, said:

"Despite the uncomfortable reading at times, Crown has welcomed the Commissioner's report of the NSW Independent Liquor and Gaming Authority Inquiry. We see it as an opportunity for a complete and comprehensive corporate re-set.

"We recognise the need for immediate and swift action and I would like to reiterate my commitment to driving the necessary 'root and branch' change that is required. Crown has committed to working constructively with ILGA to advance reforms necessary to allow it to give effect to the Restricted Gaming Licence in Sydney.

"Crown also continues to work cooperatively with the Victorian and WA regulators as it works to restore public and regulatory confidence in its operations.

"With Ken Barton stepping down from his role of CEO and Managing Director earlier this week, I assumed the role of Executive Chairman on an interim basis to provide leadership stability as we undertake a search for a new CEO and implement Crown's ambitious reform program. I want to be clear I do not see myself as Executive Chairman for an extended tenure. We have already commenced a global search for a new CEO.

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- 1 This announcement includes certain non-IFRS measures, including theoretical results, EBITDA, Significant Items and Closure Costs, which are used internally by management to assess the performance of the business. Non-IFRS measures and recent trading results have not been subject to audit or review.
 - 2 Costs incurred whilst Crown's properties were closed due to Government direction, excluding costs in relation to hotel quarantine services (Closure Costs).
 - 3 Theoretical 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). The theoretical win rate is the expected hold percentage on VIP program play over time. Accordingly, the theoretical result gives rise to adjustments to VIP program play revenue, operating expenses and income tax expense. Crown believes that theoretical results are the relevant measure of viewing performance of the business as it removes the inherent volatility in VIP gaming revenue.
 - 4 For the period 1 July 2020 to 11 November 2020.
 - 5 For the periods 1 July 2020 to 14 August 2020 and 5 November 2020 to 31 December 2020.
 - 6 Significant Items of \$0.6 million (net of tax) were recorded in the prior comparable period relating to Crown Sydney pre-opening costs.

“The resignations of Guy Jalland and Michael Johnston as Directors of Crown and the termination of the consultancy arrangement between CPH and John Poynton mean CPH is no longer separately represented on the Crown Board. Further, Andrew Demetriou has resigned as a Director of Crown.

“Their decisions have helped to accelerate our plans for Board renewal, which had already commenced with the appointment of Nigel Morrison subject to the receipt of regulatory approvals. Nigel will bring to the Board gaming industry experience throughout Australasia and Asia. Nigel’s appointment will also enhance our Board representation in Melbourne where he is based.

“I would like to thank Ken, Guy, Michael and Andrew for their contributions to Crown over a number of years. On behalf of the Board, I wish all of them well in their next endeavours.

“As interim Executive Chairman, I am determined to provide the leadership required to drive change. My job is to lead Crown to become a stronger company, a more transparent company and a more respected company. A better company.”

Crown’s Chief Financial Officer, Alan McGregor, said:

“Crown’s first half results reflect the severe impact on operations from the COVID-19 pandemic. In particular, Crown Melbourne was closed for most of the half.

“Crown Perth re-opened with restrictions towards the end of June 2020 and has traded above expectations despite ongoing COVID-19 restrictions, and limited marketing and promotional activity. The main gaming floor started strongly, with performance moderating across the half. Non-gaming revenues were adversely impacted by capacity constraints and reduced foot traffic to the property, but have shown improvement through the half, particularly over the summer holiday season, despite the restrictions which remain in place.

“Unfortunately the Perth metropolitan area was recently placed into lockdown following the detection of a new community case of COVID-19. In line with Western Australian Government directions, Crown Perth suspended gaming operations for a period of 14 days and the majority of non-gaming operations for a period of five days. On 14 February 2021, Crown Perth recommenced trading of all gaming and non-gaming operations under the same restrictions that were in place immediately prior to the introduction of the lockdown.

“Crown Melbourne has progressively recommenced operations from November, albeit with only limited initial access to the property. Since the easing of restrictions on 9 December, results had shown improvement but continued to be impacted by ongoing limitations on capacity.

“Following the introduction of a five day lockdown in Victoria on 12 February 2021, Crown Melbourne similarly suspended gaming operations and the majority of non-gaming operations in line with Victorian Government directions. Crown Melbourne has recommenced operations today under restriction.

“Crown is supportive of the measures taken by the Victorian and Western Australian Governments through the lockdown period, with our priority remaining the health and safety of our employees, customers and the community.

“Crown Sydney opened in a restricted capacity in late December and, while gaming operations are yet to commence, the non-gaming elements have seen encouraging property visitation. The overall contribution from the property continues to be impacted by the limited scale of operations.

“Good progress has been made in Crown Sydney apartment sales, with over \$870 million in gross sales and pre-sale commitments achieved to date. We expect settlement of the apartment sales to occur progressively from March through the balance of the calendar year, which will help to substantially de-lever Crown’s balance sheet.

“During the half, Crown Melbourne continued to qualify for the Commonwealth Government’s JobKeeper scheme, with all proceeds either paid in full to Crown’s employees that were stood down or subsidising wages of employees that worked in either a full or partial capacity. The scheme helped to support thousands of our employees during the extended Melbourne lockdown. Given the performance upon re-opening, Crown Perth ceased to qualify for the JobKeeper scheme in September at the conclusion of the initial program.”

2021 HALF YEAR FINANCIAL RESULTS

Detailed information on each reporting segment relating to the half year ended 31 December 2020 is provided below.

CROWN MELBOURNE

Operating Conditions

As a result of the COVID-19 pandemic, Crown Melbourne remained closed for the majority of the first half.

Non-gaming operations progressively recommenced trading from November, with select food and beverage outlets re-opening in a restricted capacity from 2 November 2020, Crown Towers re-opening to the public on 9 November 2020 and Crown Metropal re-opening on 1 December 2020. Following completion of the first half, Crown Promenade re-opened on 11 January 2021.

Restrictions on gaming operations were progressively lifted:

- On 12 November 2020, electronic gaming machines and electronic table games recommenced operation, limited to ten designated VIP areas, each with a maximum capacity of ten patrons. Patron activity was also restricted to 90-minutes per day.
- From 25 November 2020, revised restrictions on gaming operations allowed the recommencement of table games, removal of the patron activity restriction and a total capacity limit of 1,000 patrons on the gaming floor. A maximum capacity limit in each indoor space was limited to the lesser of 150 patrons or the number permitted by the density quotient of one person per four square metres.
- From 9 December 2020, the patron capacity limit on the gaming floor at any one time was increased to up to 50% of the maximum capacity for the facility stated in the occupancy permit, subject to a density limit of one person per four square metres.

Throughout this period, physical distancing protocols have remained in place, including the deactivation of every second electronic gaming machine and electronic table game, limits on the number of players at a table and minimum separation between tables.

Crown Melbourne qualified for the Commonwealth Government's JobKeeper scheme, including from the first extension date of 28 September 2020. During the half, Crown Melbourne recorded \$27.1 million in JobKeeper subsidies for employees who worked in either a full or partial capacity and \$82.9 million in JobKeeper amounts that were paid in their entirety to Crown's employees who were stood down.

Given the operating restrictions which remained in place, Crown Melbourne qualified for the second extension of the JobKeeper scheme, which commenced on 4 January 2021 and runs until 28 March 2021.

Financial Performance

Theoretical revenue of \$97.1 million was down 90.5% on the prior comparable period (pcp).

Main floor gaming revenue was \$53.7 million, down 91.5% on the pcp, which comprises table games (non-program play) revenue of \$30.3 million (down 92.2% on the pcp) and gaming machine revenue of \$23.4 million (down 90.4% on the pcp).

Theoretical VIP program play revenue was \$3.7 million, comprising entirely of interstate play, down 97.3% on the pcp, with turnover of \$0.3 billion. Actual VIP program play revenue was \$(1.9) million, with a negative win rate on VIP program play turnover during the period.

Non-gaming revenue was \$39.7 million, down 84.4% on the pcp.

Overall hotel occupancy across Crown Melbourne's three hotels was approximately 29%, with Crown Towers hotel occupancy 20.1%, Crown Metropal hotel occupancy 35.6% and Crown Promenade hotel occupancy 27.6%. These rates include hotel rooms that were made available to the Victorian Government for the purpose of quarantining returned travellers.

Theoretical EBITDA before Closure Costs and Significant Items was \$5.8 million, down 97.8% on the pcp, which includes \$15.7 million in payroll subsidies under the Commonwealth Government's JobKeeper scheme. Costs incurred during the mandated closure of Crown Melbourne were \$80.4 million for the period, which are net of \$11.4 million in JobKeeper payroll subsidies.

Reported EBITDA for the period was a loss of \$87.8 million, which compared to a profit of \$333.5 million in the pcp. The reported EBITDA result takes into account the variance from the theoretical VIP program play result which had a negative EBITDA impact of \$5.1 million. This compares to a positive EBITDA impact of \$64.8 million in the pcp.

The overall theoretical operating margin before Closure Costs and Significant Items decreased from 26.2% to 6.0%. The decline in margin was largely due to the impact of the operating restrictions on Crown Melbourne's business upon re-opening.

CROWN PERTH

Operating Conditions

During the half, Crown Perth maintained all gaming and non-gaming operations under COVID-19 related operating restrictions, which included:

- capacity limits at each venue based on a prescribed maximum density of one person per two square metres;
- physical distancing between patrons at electronic gaming machines and electronic table games, including the deactivation of every second electronic gaming machine and electronic table game terminal; and
- restricting the number of players at table games.

Early in the half, Crown Promenade was used exclusively to house AFL players and staff as part of the AFL's quarantine hub, and re-opened to the public on 23 September 2020.

Crown Perth qualified for the Commonwealth Government's JobKeeper scheme until 27 September 2020. During the half, Crown Perth recorded \$24.7 million in JobKeeper subsidies for employees who worked in either a full or partial capacity and \$9.0 million in JobKeeper amounts that were paid in their entirety to Crown's employees who were stood down.

Financial Performance

Theoretical revenue of \$409.0 million was down 5.3% on the pcp.

Main floor gaming revenue was \$275.1 million, up 13.6% on the pcp, which comprises table games (non-program play) revenue of \$103.5 million (up 5.7% on the pcp) and gaming machine revenue of \$171.6 million (up 19.0% on the pcp).

Theoretical VIP program play revenue was \$0.4 million, comprising entirely of interstate play, down 99.0% on the pcp, with international and interstate travel restrictions severely limiting activity.

Non-gaming revenue was \$133.5 million, down 13.5% on the pcp.

Overall hotel occupancy across Crown Perth's three hotels was approximately 63%, with Crown Towers hotel occupancy 70.2%, Crown Metropole hotel occupancy 71.1% and Crown Promenade hotel occupancy 39.3%.

Theoretical EBITDA before Significant Items was \$162.7 million, up 33.7% on the pcp, which includes \$24.7 million in payroll subsidies under the Commonwealth Government's JobKeeper scheme. Excluding these payroll subsidies, Theoretical EBITDA before Significant Items of \$138.0 million was up 13.4% on the pcp.

Reported EBITDA for the period was \$162.2 million, up 34.8% on the pcp. The reported EBITDA result takes into account the variance from the theoretical VIP program play result which had a positive EBITDA impact of \$0.2 million. This compares to a negative EBITDA impact of \$1.3 million in the pcp.

The overall theoretical operating margin increased from 28.2% to 39.8%. The increase in margin was driven by a favourable mix of business, lower marketing and promotional costs and the receipt of JobKeeper payroll subsidies during the period. Excluding the JobKeeper payroll subsidies, the theoretical operating margin increased to 33.7%.

CROWN SYDNEY

Project Update

After four years of construction, select non-gaming operations at Crown Sydney opened to the public for the first time in a restricted capacity from 28 December 2020. Crown is pleased to have welcomed over 2,500 employees and contractors to Crown Sydney, of which over 450 are employed in gaming roles, at a time when the hospitality industry has been severely impacted by COVID-19.

The hotel resort components of the project are largely complete, with only the final two villas and sky deck located at the top of the tower under construction. These final components of the resort will be completed progressively through April of this year. All gaming areas are complete and ready for opening, subject to the receipt of all regulatory approvals.

Construction of the residential component of the project, "One Barangaroo", is continuing in the upper portion of the tower, with final interior fit out of the apartments targeted to be complete by the end of March. Apartment sales are progressing well with over \$870 million in gross sales and pre-sale commitments achieved to date. Settlement of the apartment sales is expected to occur progressively from March through the balance of the calendar year, with proceeds initially being used to repay the \$450 million project finance facility.

Crown has invested approximately \$2.0 billion of the \$2.2 billion gross project budget to date. Crown expects a net project cost for Crown Sydney of approximately \$1.1 billion as a result of higher expected apartment sale proceeds given strong buyer interest in the Crown Sydney apartments.

Operating Performance

Since commencing operations, visitation to Crown Sydney has been encouraging, with nearly 11,000 guests having stayed at Crown Towers and approximately 100,000 covers served at Crown Sydney's restaurants since opening.

Hotel occupancy has continued to grow, with higher occupancy on weekends and strong average room rates. Food and beverage revenues have exceeded expectations but continue to be impacted by capacity constraints. The overall contribution from the property continues to be impacted by the limited scale of operations.

CROWN ASPINALLS

Operating Conditions

Gaming activities recommenced at Crown Aspinalls on 15 August 2020, but ceased again with effect from 5 November 2020 following the introduction of new Government restrictions in the United Kingdom and remain suspended.

While Crown Aspinalls was trading, performance was subdued given the constraints on international travel, social distancing restrictions and reduced operating hours.

Financial Performance

Theoretical EBITDA before Closure Costs and Significant Items was a loss of \$5.3 million, which includes \$0.9 million in Coronavirus Job Retention Scheme payments under the employee retention scheme in operation in the UK, and compares to a profit of \$3.6 million in the pcp. Costs incurred during the mandated closure of Crown Aspinalls were \$2.2 million for the period, which are net of \$1.7 million in Coronavirus Job Retention Scheme payments.

Reported EBITDA for the period was a loss of \$23.0 million, which compared to a profit of \$5.6 million in the pcp. The reported EBITDA result takes into account the variance from the theoretical VIP program play result which had a positive EBITDA impact of \$0.6 million. This compares to a positive EBITDA impact of \$2.0 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). These businesses continued to operate during the half.

EBITDA from Crown's wagering and online social gaming operations was \$23.2 million, up 64.8% on the pcp. The strong EBITDA result was driven by improved performance from both Betfair and DGN.

Performance is expected to be more subdued in the second half, with a softer revenue performance off the back of a strong first half result coupled with a decision by Betfair to increase marketing spend to drive long term growth which is expected to adversely impact profitability in the second half.

CORPORATE COSTS

During the period, corporate costs were \$44.2 million, \$17.4 million above the pcp.

The increase in corporate costs was driven by an increase in insurance costs and costs associated with regulatory inquiries.

Crown expects to incur a similar level of corporate costs in the second half.

EQUITY ACCOUNTED INVESTMENTS

Crown's equity accounted result is comprised of its net equity accounted share of NPAT from Nobu, Aspers Group and Chill Gaming. Crown's net equity accounted share of NPAT across all these investments was a loss of \$7.3 million, reflecting the impact of the COVID-19 pandemic on their operations.

SIGNIFICANT ITEMS

During the period, the following have been classified as Significant Items:

	\$m
Crown Sydney pre-opening costs	(25.3)
One-off allowance for expected credit losses	(24.9)
Reassessment of DGN contingent consideration	(2.0)
Tax amounts in Significant Items	10.2
Significant Items (net of tax)	(42.0)

CASH FLOW AND DEBT

Net operating cash flow for the period was \$72.3 million, which compared to net operating cash flow of \$419.1 million in the pcp. Other material cash flow items incurred during the period included capital expenditure of \$330.8 million which primarily relates to the continued construction of Crown Sydney.

In August 2020, Crown entered into a \$450 million project finance facility to support the construction of Crown Sydney.

At 31 December 2020, Crown's net debt position was \$1,240.0 million (excluding working capital cash of \$114.6 million and net of hedges). This consisted of total debt of \$1,719.1 million and cash (excluding working capital cash) of \$479.1 million.

At 31 December 2020, total liquidity, excluding working capital cash, was \$667.5 million, comprising \$479.1 million in available cash and \$188.4 million in committed undrawn facilities.

NET INTEREST

Net interest expense for the period was \$7.3 million, which compared to net interest income of \$1.6 million in the pcp. The increase in net interest expense reflected higher net debt levels and additional costs associated with new debt facilities, partially offset by increased capitalised interest associated with the construction of the Crown Sydney project.

Net interest expense is expected to be higher in the second half as Crown ceases to capitalise interest on the Crown Sydney project.

REGULATORY MATTERS

On 17 December 2020, the Victorian Minister for Consumer Affairs, Gaming and Liquor Regulation announced that she had requested the Victorian Commission for Gambling and Liquor Regulation (VCGLR) to bring forward the Seventh Casino Review into the Casino Operator and Licence (Crown Melbourne).

On 9 February 2021, the Commissioner's report of the inquiry under section 143 of the *Casino Control Act 1992* (NSW) (Inquiry Report) was released which stated that Crown Sydney Gaming Pty Ltd (Crown Sydney Gaming) is not a suitable person to continue to give effect to the Restricted Gaming Licence in New South Wales and Crown is not a suitable person to be a close associate of the Licensee. The Inquiry Report outlines a pathway towards suitability to allow Crown to give effect to the Restricted Gaming Licence.

The New South Wales Independent Liquor and Gaming Authority (ILGA) has since written to Crown stating that, having regard to the contents of the Inquiry Report, it presently considers that Crown Sydney Gaming is no longer a suitable person to give effect to the Restricted Gaming Licence in New South Wales and that Crown Sydney Gaming has breached clause 14(a) of the VIP Gaming Management Agreement (VIP GMA) and has given Crown a notice to this effect.

ILGA has commenced the consultation process contemplated under the VIP GMA and has invited Crown Sydney Gaming to address ILGA in relation to its present view.

On 16 February 2021, the Gaming and Wagering Commission of Western Australia (WA Commission) issued a statement that it will formally recommend that an independent inquiry under the *Casino Control Act 1984* (WA) be established under the direction of the Minister for Racing, Gaming and Liquor into matters uncovered by the NSW ILGA Inquiry specific to the operations of Crown Perth.

Crown is also subject to a number of other regulatory investigations, including by AUSTRAC and the VCGLR.

Crown will fully co-operate in relation to these matters and will continue to engage with regulators in relation to Crown's Reform Agenda and any further remedial steps identified.

JUNKET RELATIONSHIPS

As previously announced on 17 November 2020, the Board has determined that Crown will permanently cease dealing with all junket operators, subject to consultation with gaming regulators in Victoria, Western Australia and New South Wales. Crown will only recommence dealing with a junket operator if that junket operator is licensed or otherwise approved or sanctioned by all gaming regulators in the States in which Crown operates.

In light of the above and given the COVID-19 related impacts to Crown's customers, Crown undertook a review of all outstanding gaming debts. This resulted in a \$24.9 million one-off adjustment to the allowance for expected credit losses, which has been separately classified as a Significant Item.

RECENT TRADING

For the period 1 January to 12 February 2021, Crown Melbourne's main floor gaming revenue (excluding VIP program play revenue) was down approximately 26% on the pcp whilst non-gaming revenue was down approximately 33% on the pcp.

On the evening of 12 February 2021, Crown Melbourne ceased gaming activities and the majority of non-gaming operations following the introduction of a five day lockdown in Victoria due to COVID-19. During this five day lockdown period, Crown Melbourne employees continued to be paid according to their ordinary rostered hours.

Crown Melbourne recommenced operations today in accordance with Victorian Government restrictions, including a patron capacity limit on the gaming floor of 300 patrons in each indoor space, subject to a density limit of one person per four square metres.

For the period 1 January to 31 January 2021, Crown Perth's main floor gaming revenue (excluding VIP program play revenue) was up approximately 8% on the pcp whilst non-gaming revenue was up approximately 17% on the pcp reflecting strong holiday season trade.

On the evening of 31 January 2021, Crown Perth ceased gaming activities and the majority of non-gaming operations following the introduction of a five day lockdown of the Perth metropolitan area.

Non-gaming operations recommenced on 6 February 2021 in accordance with temporary restrictions imposed by the Western Australian Government including a prescribed maximum density of one person per four square metres up to a maximum of 150 persons per venue.

On 14 February 2021, Crown Perth recommenced trading of all gaming and non-gaming operations under the same restrictions that were in place immediately prior to the introduction of the lockdown, including capacity limits at each venue based on a prescribed maximum density of one person per two square metres and physical distancing between patrons.

During the five day lockdown period, Crown Perth employees continued to be paid according to their ordinary rostered hours. Following the extension of the casino closure on 5 February 2021, approximately 1,700 gaming floor employees were stood down for the period of the closure and continued to be financially supported, with Crown paying its employees, including casual staff, a discretionary payment similar to the amount they would have received on the JobKeeper scheme, despite Crown Perth not being eligible to participate in that scheme. Crown Perth also supported employees and their families affected by the Wooroloo and Hills bushfires through the provision of temporary accommodation at no cost.

VIP program play turnover at both Crown Melbourne and Crown Perth has been minimal to start the calendar year due to the ongoing international and interstate border restrictions.

For the period 1 January to 12 February 2021, Crown's wagering and online social gaming revenue was up approximately 15% on the pcp.

DIVIDEND

Having regard to the impact of the COVID-19 pandemic on Crown's business, the Board has determined not to declare an interim dividend on ordinary shares. Future dividends will be subject to the Board's assessment of Crown's financial position at the appropriate time.

CONFERENCE CALL

Crown's Executive Chairman, Helen Coonan, will host a conference call for investors and analysts at 12:00pm AEDT today to discuss this announcement.

A link to an audio webcast of the conference call will be available on Crown's website at <https://www.crownresorts.com.au/investors-media/investor-timetable>.

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