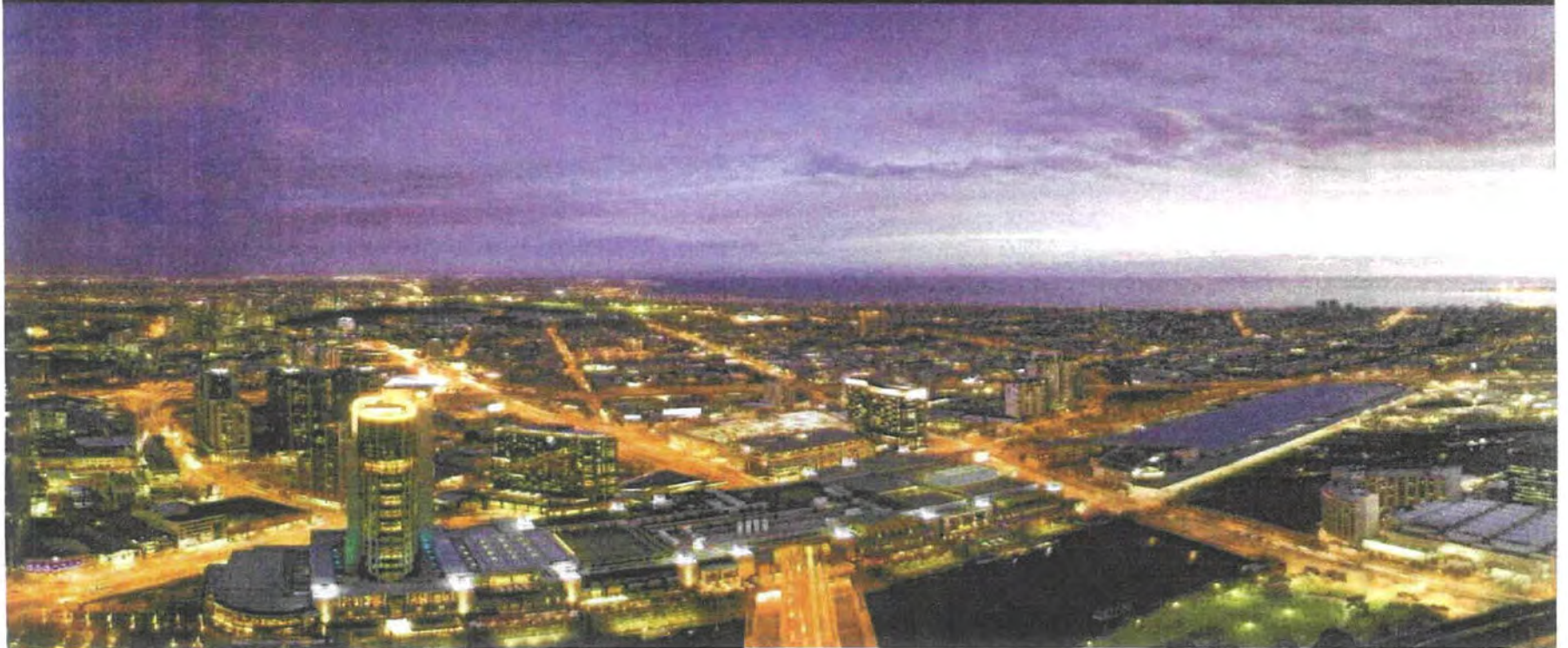


F13 Business Plan Gaming Machines

March 2012



Introduction & Agenda



AGENDA

- F12 Year to Date Performance
- F13 Business Strategies
- F13 Initiatives
- F13 Financial Summary

F13 Year To Date Performance to end Feb



Mainstream		1.0 % YoY Revenue
Local VIP		+8.0 % YoY Revenue
Interstate VIP		+10.7% YoY Revenue
International VIP		-15.8% YoY Revenue

Qld -19.6%, NSW +31.9%, Other +18.5

- 3.4% Revenue Growth YTD (1.7% behind budget)
- 1.6% Contribution Growth YTD (1.9% behind budget)
- 53.1% Margin (0.1% behind budget)
- \$242.3m Full year Contribution forecast (1.6% behind)

F13 Trends and Competitor Results



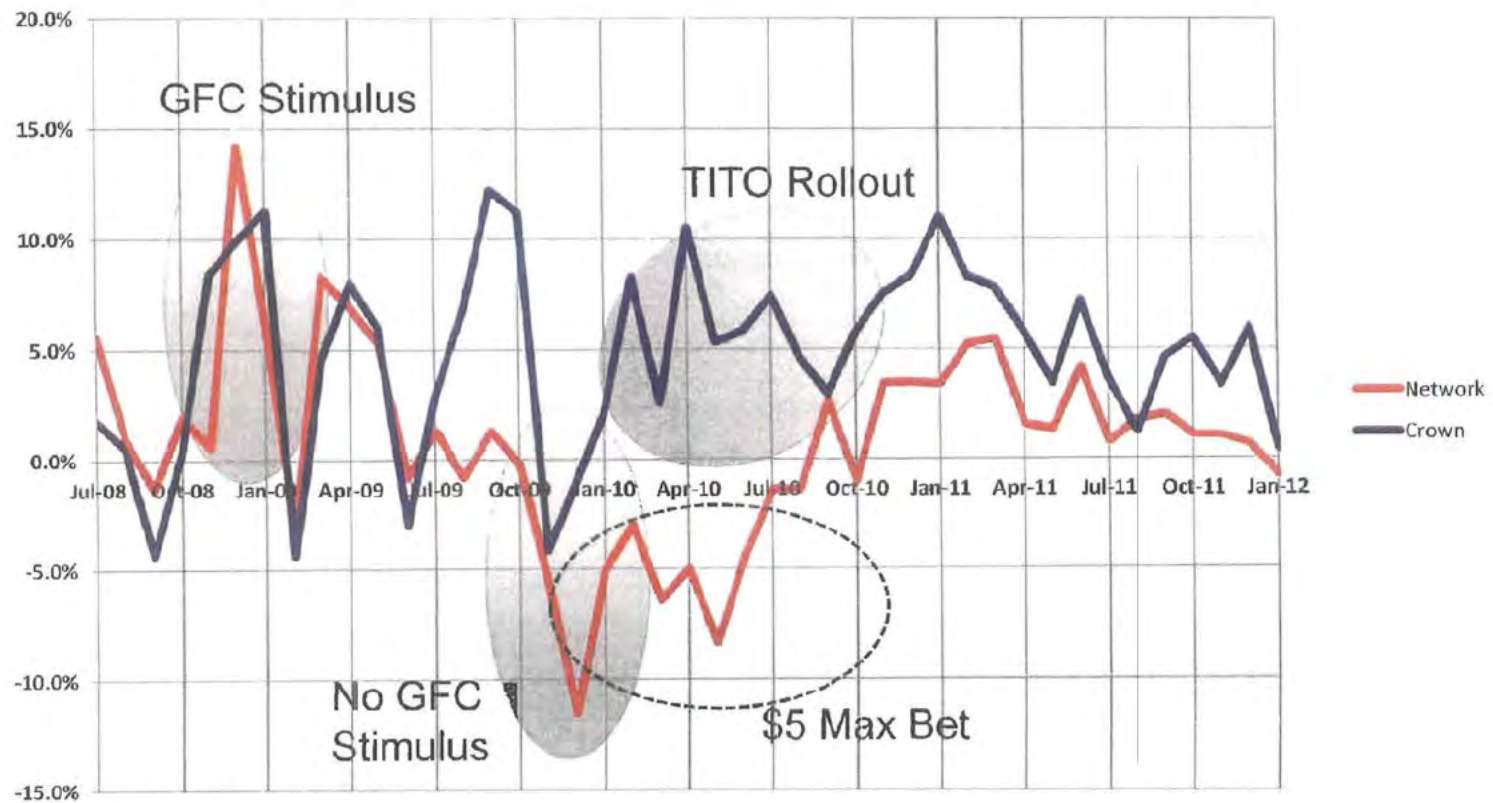
Victorian Market Growth



F13 Trends and Competitor Results



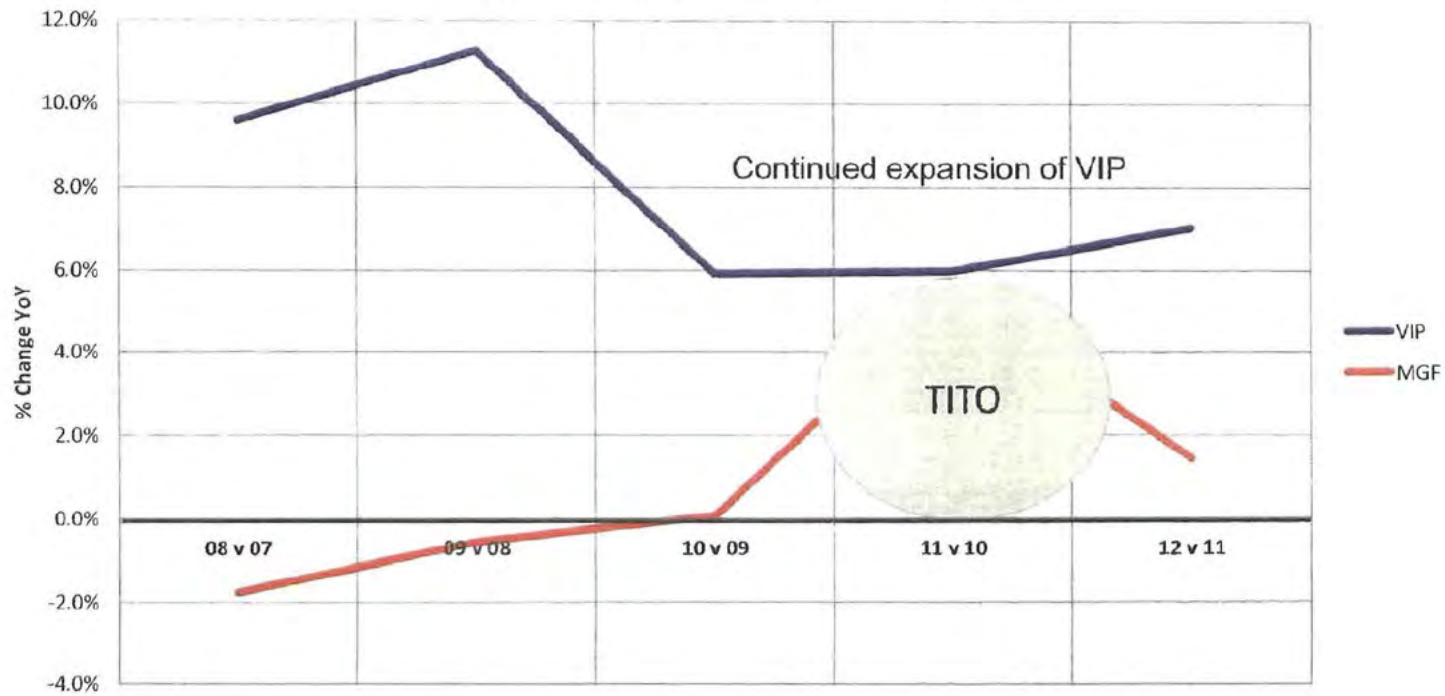
Comparative YoY Revenue Growth



F13 Trends and Competitor Results



Crown Historical Turnover Growth



F13 Key Strategic Themes

Crown Melbourne Limited



Responsible &
Sustainable
Operations

Manage a responsible
& sustainable operation

Increase
Visitation to
Crown

Increase visitation to Crown
from the right customer segments

Yield Crown
Assets

Yield Crown's assets to optimise
EBITDA (Revenue Management)

Grow Profit
Margin
(EBITDA)

Grow profit margin
(whilst growing EBITDA)

Crown Melbourne F13 Key Strategic Themes

Grow Team
Engagement
Levels

Grow the engagement level
of our team members across Crown

Take World
Class VIP
Experience to
Market

Take our world class VIP
experiences to the market

Improve
Customer
Experiences

Continue to raise the bar,
further Improve our
customer experiences

F13 Key Strategic Themes

Crown Melbourne Limited



F13 GM Business Strategies



- Attract, acquire & develop customers with a propensity to play gaming machines
- Protect grow and attract high value VIP customers in Victoria, Interstate and Internationally
- Build on existing Crown capabilities/assets
- Improve revenue efficiency and manage expenses
- Continuous improvement of staff engagement, clarity of role, service effectiveness
- Plan for regulatory and competitive changes while continuing to be market leaders in responsible gaming



Attract, acquire & develop
customers with a propensity to
play gaming machines



Main floor Excitement & Entertainment



Use Tactical Initiatives to Create Entertainment and Excitement:

- Gaming Machine Challenges
- Lucky Time Jackpots
 - Escape to Crown (Hotel Rooms)
 - Taste of Crown (F&B Vouchers)
 - Shop Shop Shop (Retail Vouchers)
 - Showcase (Variety – Points/Electrical Items)
- Re-introduce Entertainers into all Events eg Harry



First to Market / Latest Games



Major Product Launches

First to Market

Manufacturer support

Targeted player invitations

On-floor entertainment & promotion





Refresh Jackpots:

- *Win this Bike (Harley → BMW RR Superbike)*
- *Win this Car East (BMW 1 Series → New 3 Series)*
- *New West End Jackpot*
 - *Win This Car – Range Rover Evoque*



The Ultimate
Riding Machine



Destinational Marketing - Crown Bingo



Continued Focus on Volume Driving via Bingo Initiatives:

- *Victorian Bingo Championships*
- *Win this Car*
- *Golden Ball Bingo*
- *Regression Jackpots*

Create Efficiency through:

- *Number of Sessions per Day*
- *Start / End Times*

Trial other volume initiatives:

- *Eg Cards Games (Bridge Tournaments)*



Destinational Marketing with Tactical Support



Seafood Fiesta

Mystery Vault

Crown Carnivale



Tactical Marketing – DM & eDM



Movie Tickets

Gift Offers

Hotel/F&B Offers

Point Multipliers

Bonus Pokie Offers



Future / Future Proof Technology Projects



Key Projects in F13/14:

- Downloadable Gaming
 - *Technology Trial - possibility Q4 F13 Aristocrat and IGT*
- Cashless Upgrade
 - *Development / Testing and Approvals F13*
 - *Deployment Q1 F14*
- Bonusing System Upgrade
 - *Development, Testing and Approvals F13*
 - *Deployment Q1 F14*



Know Your Competitor



Game Change – August 2012

- OUT - Tabcorp and Tatts
- IN - ALH / RSL / AFL etc
 - Intralot Monitoring & Jackpots
 - Venue based loyalty



Predictions

- Good Operators will get better
- Bad Operators will get worse
- Venues gearing up for Capital Spend
- Third party gaming management companies offering services

Know Your Competitor



Team T.K.O

Total Knowledge Operation

What is Team T.K.O

- Highly engaged team with a common goal
- Highly mobile team with great reach
- Ability to maintain frequency
- Ability to gather strategic intelligence

Commitment

- At least 1 visit per month to your allocated venue
- Gather general venue information
- Respond to specific topic based question
- Subscribe to Venue e-mail, sms and/or direct mail list
- Complete and continually update your allocated Venue Profile Card
- Contribute to regular get togethers to discuss visits and progress



Protect grow and attract high
value VIP customers in Victoria,
Interstate and Internationally



“Ultra Black Experiences”



Concept

Deliver unforgettable experiences to top Signature Black patrons:

- built around our unique assets
- experiences are graded and cumulative
- designed to be dynamic

Earn > 1900 Membership Credits

- Metropol pool party
- Club 23 private party
- Backstage invitation at events
- 6 months free “Black”
- Spa weekend at Crown Towers

Earn > 4500 Membership Credits

- AFL Box party
- Private party in a Villa at Crown Towers
- Celebrity chef to do a private dinner
- 12 Golf lessons at Capital Golf Club

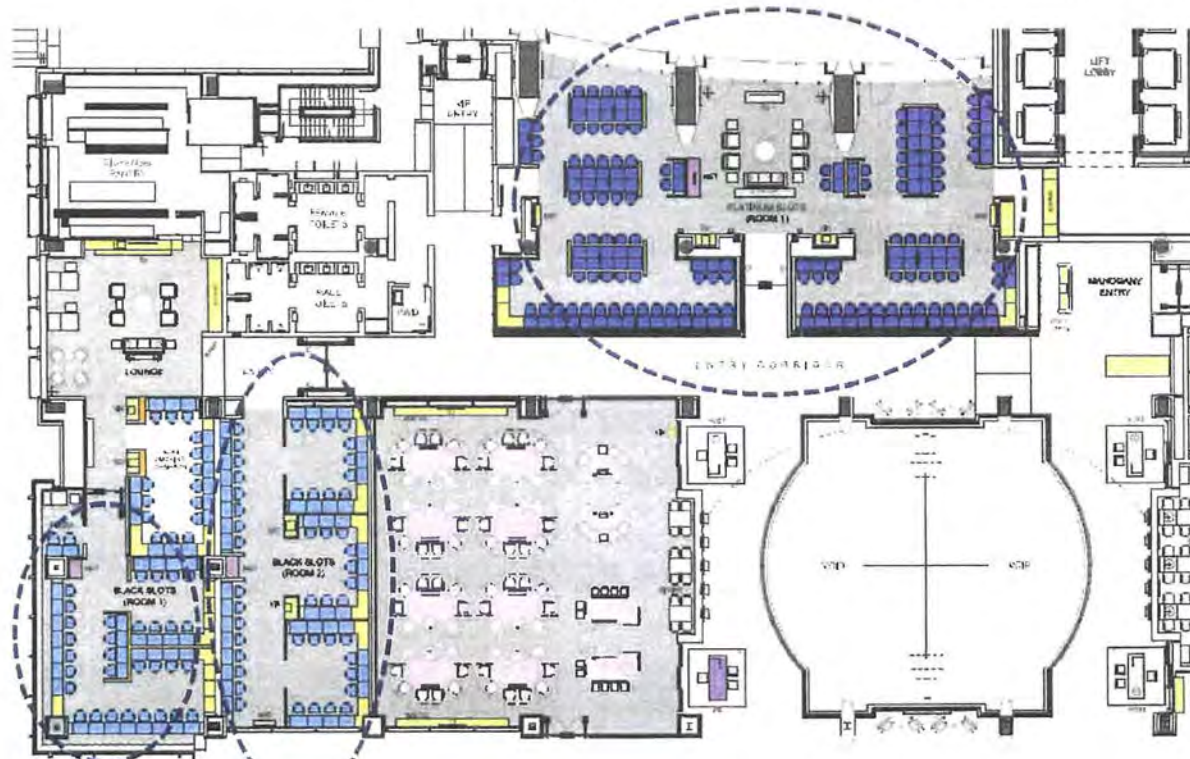
Earn > 8500 Membership Credits

- Dinner on the Burswood Yacht
- Luxury trip to Macau
- Dinner/meet & greet with James Packer
- Private table at the Logies

Expanded Mahogany Black Salon



Opportunity to promote top end Gold players



Creation of Top End Black private salon

Additional 47 machines, promote top end Platinum players

Ultimate VIP Experiences



Objective: Extend the value (to Crown) of money can't buy events

the ultimate royal ascot experience



Travel to Ascot with the Black Caviar Team

The ultimate masters experience

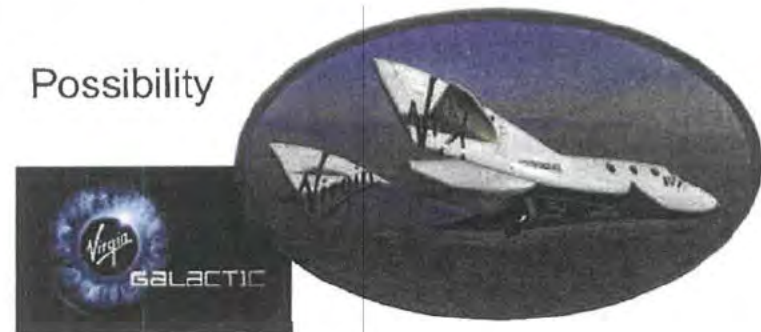


Norman / US Masters Experience

Run competition over long period (weeks/months)

Flexible entry criteria (visits, front money buy-in)

Possibility



Events & Offers

- Cash Draws
- Golf Tournaments
- Top X Dinners
- Hurdle Offers
- Point Multipliers
- Direct Mail campaigns



New Cash Draw Format



Objective:

- *Increase Prize Pool*
- *Increase Event Frequency*
- *Reduce Costs to Crown*

Format (Example):

- *Patron purchases Crown Package inclusive of:*
 - *Airfares*
 - *Accommodation*
 - *Dinner*
 - *Lucky Money (Free Credits / Points)*
 - *Free Entry into Cash Draw Event*
- ***Funds from package sale diverted to Total Prize Pool***



New Cash Draw Format - Examples



Package 1 - VIP

- 50 Packages
- \$5,000 per package

Guaranteed

1 in 50 Chance to win
\$250k

Package 2 – VIP

- 100 Packages
- \$10,000 per package

Guaranteed

1 in 100 Chance to win
\$1M

Package 3

- 1000 Packages
- \$10,000 per package

Guaranteed

1 in 1000 Chance to win
\$10M

Expanded VIP Player Development Team



Position	Top 10 Events	Key events (cash draws, golf)	Dinners	Personal Hosting Black	Personal Hosting Platinum	Personal Hosting Gold
EGM	✓	✓				
GM VIP Business Development	✓	✓				
VIP Slots Manager	✓	✓	✓	✓	✓	
Director, VIP Operations		✓	✓			
VIP Customer Relations Manager		✓	✓	✓	✓	✓

VIP Customer Relations Manager role was added in 2011 with great success and assists in department succession planning & training

More VIP Customer Relations Managers to be added

Referral Agents / Junkets



Concept	Expanded International VIP Slots marketing through the use of referral agents
Fee	Introducer fee payable on new customers (for 12 months). Sliding scale fee based on buy-in amount
Status	SOP's ready now No changes to Dacom Syco has been tested (using Travel Agent coding) Agreements have been drafted – sign off in March
Agents	Singapore Macau
Future	Leads to future development of Junket capability

Expanded Asia Marketing



- ASIA based Sales Manager
- Development of Asia Marketing Strategy
- Collaboration with VIP International & Hotel Teams
- Exploit opportunities through Crown's tourism efforts



Improve revenue efficiency and
manage expenses



3c Games - Strategy / Execution



Push

Product

- Reduce supply at 1c / 2c

Pull

Product

- Latest Games
- Unique jackpots at 3c

Marketing

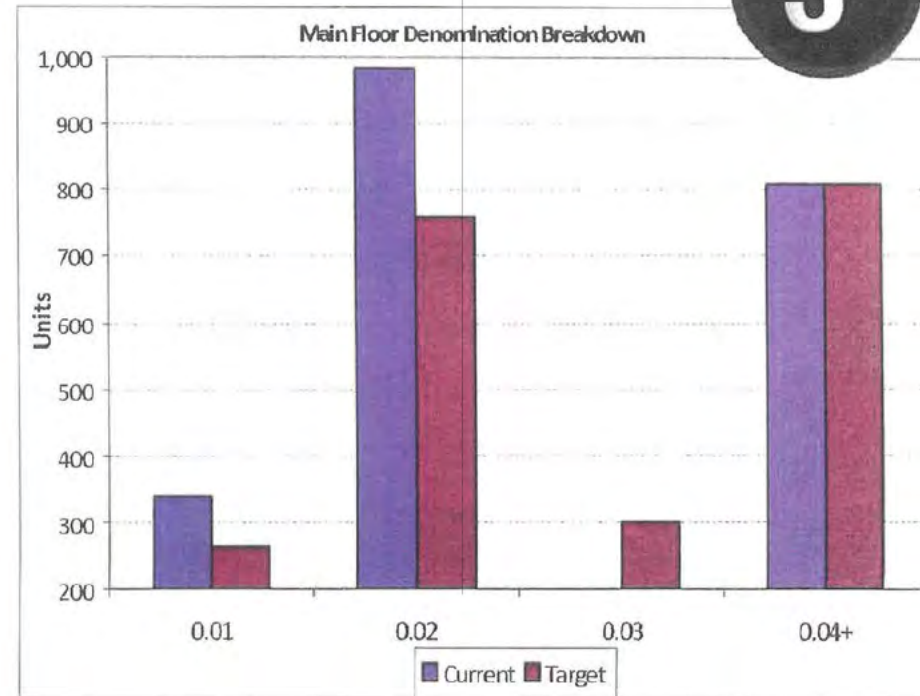
- DM at launch
- Denomination poles

Location

- Utilise Launch Pad
- Utilise entry point locations
- Make 2c product more destinational

Push / Pull Strategy

3c



VIK Bonus Registration



VIK Registration for Pokie Credits (Welcome Back)

- Currently:
 - *Member earns benefit on current visit*
 - *Member redeems on the next visit within 14 days*

- Changes to:
 - *Member earns benefit on current visit*
 - *Member activates bonus via VIK on next visit &*
 - *Redeems within 14 days*



Benefits:

- *Ensures member awareness of bonus reward*
- *Est Reduction in Pokie Credits of 10%*
- *Est Increase in Contributon of \$1.26m*



Food Program / Tax Changes



Concept

Change Gaming Machines Food Program to be controlled by the Linked Jackpot Equipment to reduce costs and increase profit/margin.



Proposed

- Allow the Gaming Machine Food Program Costs to be a Gaming Machine Tax Deduction
- Reduce:
 - Gaming Machines Total Revenue (\$6.8m in F13)
 - Reduce Marketing Costs (\$6.8 m in F13)
 - Reduce Tax (\$2m in F13)
- Increase:
 - Gaming Machines Profit (\$2m in F13)
 - Gaming Machines Margin

Beverage Program Changes



Concept	Replace free 'at-machine' soft drink service with tea/coffee served from an F&B outlet
Today	<p>Day time only service</p> <p>Reaches approx 33% of gaming machine players</p> <p>Annual cost approx \$860K (\$480K labour, \$380K product)</p> <p>Very high wastage levels</p>
Proposed	<p>Introduce "Bronze Plus" parallel membership tier concept (same card, 3 months qualifying period)</p> <p>Higher value Bronze members (playing where drinks are presently being served)</p> <p>Add daily Tea/Coffee/soft drink comp onto their card + free parking</p>
Impact	<p>Better value for customers</p> <p>Rewarding the right players</p> <p>Reduce annual operating costs by approx \$610K</p> <p>Potential revenue upside from more engaged members</p>



Patron Profitability Project



Objective

- Provide a profitability view in SYCO of costs and revenues directly associated with customers
- Increase profits via reduced costs or better targeted benefits thus improved revenue

Current Status:

- Business Requirements completed for:
 - Discretionary F&B, Hotel, Tickets and Events
- Business Requirements in progress for:
 - Discretionary Drinks (at device)
- Report Phase 1 due Q1 F13
- Report Phase 2 TBC





Continuous improvement of staff
engagement, clarity of role, service
effectiveness



Refinement of the role of an Attendant



Further refinement of the role of the Attendant

- Review of current functions of Attendants (transactions & customer service)
- Review all other operational Position Descriptions
- Review the EA PMS system and adjust for current duties
- Assess opportunities for expanded customer service role
- Base line measurement of Customer Service standards to be undertaken
- Customer service training for all Attendants

Customer Service Standards Rollout



The Crown Look

- Company wide launch in April 2012
- Silent audit of grooming standard complete with no issues
- New Gaming Machine attendant uniform

Crown IQ

- Monthly staff competitions have been in place since August 2011
- Emphasised in new staff training
- On-floor reinforcement

The Crown Welcome

- Room greetings completed
- Finalising variety of greetings for main gaming floor staff

The Crown Way

- Embedded into our training and on-job task monitoring



Training & Development



Use training and development as a vehicle to increase engagement

- Training across the entire department (FOH & BOH)
- Training aligned with the business strategies

<p><u>Health & Safety</u> 207 pax</p> <p>H&S for mgrs H&S Rep course New employees</p>	<p><u>Leadership & Development</u> 76 pax</p> <p>LDP Coaches Prog Next Gen Leaders Effectiveness Emotional Intelligence Project Mgt</p>	<p><u>Specialist</u> 264 pax</p> <p>Customer Service Technician Trg Sales Training Team Building Analyst Training Senior Mgt</p>	<p><u>Communication</u> 62 pax</p> <p>Conflict Mgt Complaints</p>
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Further Engagement Initiatives



Explore further opportunities in the areas of career development & role accomplishment

- Expanded VIP hosting & player development
- Area based Gaming Management Teams
- Expanded entertainment options

Continually monitor team engagement through focus groups

- Departmental focus groups
- Executive Management dinners
- Pulse Survey





Plan for regulatory and
competitive changes while
continuing to be market
leaders in
responsible gaming

Uncertain regulatory/competitive environment



React to & Influence the Pre-Commitment debate

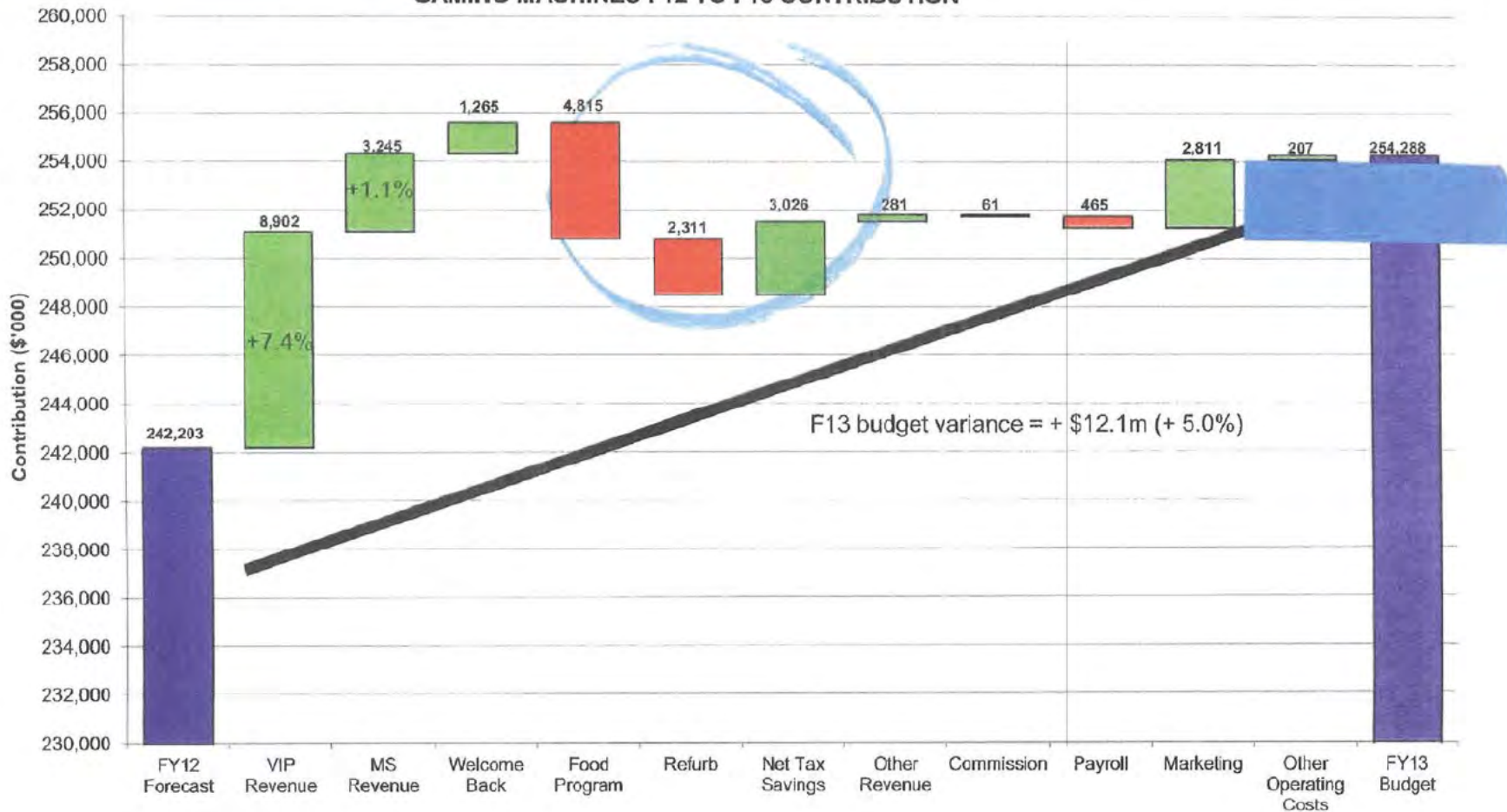
Expand Crown's Pre-Commitment program

Maintain awareness of RSG & other regulatory issues in all markets and plan, adapt & change accordingly

Waterfall view of F13 on F12



GAMING MACHINES F12 TO F13 CONTRIBUTION





Financials

Roll Forward Summary



Gaming Machines Roll Forward

	\$,000	
F12 Forecast	\$ 242,203	
Revenue	\$ 9,301	
Gaming Tax	\$ 291	← Health Care Levy ← Food Jackpots
Payroll	\$ (465)	← Allocation changes
Other Expenses	\$ 2,957	← Food Jackpots
F13 Budget	\$ 254,288	
EBITDA Growth \$	\$ 12,084	
EBITDA Growth %	5.0%	

Historical Impact of Main Gaming Floor Refurbishments



Project	Extent ¹	Dur (wks)	Comm	Finish	% Impact (Slots Area)		% Impact (Slots MGF)	
					Rev	TO	Rev	TO
Diamond Gaming Expansion	N, C, H, T, E	25	31/03/08	21/09/08	(12.3%)	(10.2%)	(2.5%)	(1.8%)
West End Refurbishment	N, C, H, T, E	42	16/06/08	05/04/09	(8.0%)	(7.2%)		
Burswood MGF Refurbishment	N, C, H, T, E	60	02/11/09	26/12/10				(1.2%)
Level 1 West End – Phase 1	N, C, H, T, E	15	08/11/10	20/02/11				
West End localised hoarding for ceiling works (15m radius impact)	N, C, H, T	8	28/02/11	24/04/11	(14.0%)	(18.8%)	(2.9%)	(1.2%)
Level 1 West End – Phase 2	N, C, H, T, E	19	20/06/11	01/11/11	(42.6%)	(42.5%)	(4.6%)	3.9%
Riverside localised hoarding for ceiling works	C, H	3	30/01/12	19/02/12	(8.3%)	(7.9%)		
Average					(17.0%)	(17.3%)	(3.3%)	(2.0%)

¹ Extent Key

- N = Loud Noise
- C = Construction works
- H = Hoarding
- T = Impacted Patron Traffic flows
- E = Extended Period (greater than 8 weeks)

Impact of Main Gaming Floor Refurbishment



Gaming Machine Offset

To maintain 2,500 operational gaming machines, an offset area(s) capable of housing in the order of 130 machines is required (50 machines will already be relocated from MGF to the East wide of Level 1). Nominated locations are as follows:

- 49 machines in Tia To space
- 20 additional machines in Teak Room
- 50 additional machines in Level 1 West End Casino

Positive Impact of Relocated Machines

Relocating 180 machines from the Two Up area into the new locations is expected to have a positive impact on contribution of \$600K in F13 and \$200K in F14 – principally on the back of additional machines into Teak.

Negative Impact as a result of MGF disruptions

Based on the phasing information provided by Projects and using the demonstrated historical impact figures (including a 15% proximity impact effect) it is expected that Gaming Machine contribution will reduce by \$2.9m in F13.

F13 Financials



	Current F12 Forecast		F13 Budget Excl 1.72% Tax Increase		F13 Budget Incl 1.72% Tax Increase		
	\$ (000's)	%	\$ (000's)	%	\$ (000's)	%	
Turnover							
VIP	2,182,814	7.0%	2,341,568	7.3%	2,341,568	7.3%	
RS & MS	2,990,377	1.4%	2,979,097	(0.4%)	2,979,097	(0.4%)	←
Total	5,173,191	3.7%	5,320,666	2.9%	5,320,666	2.9%	
Hold							
VIP	8.10%		8.07%		8.07%		
RS & MS	9.27%		9.20%		9.20%		
Total	8.77%		8.70%		8.70%		
Revenue							
VIP	176,753	8.8%	188,904	6.9%	188,904	6.9%	
RS & MS	277,172	2.0%	274,041	(1.1%)	274,041	(1.1%)	←
Other Revenue	2,347	-7.8%	2,628	12.0%	2,628	12.0%	
Total	456,272	4.5%	465,573	2.0%	465,573	2.0%	
Tax	136,960	10.8%	128,706	(6.0%)	136,669	(0.2%)	
Commission	894	2.2%	955	6.8%	955	6.8%	
Payroll	23,700	3.0%	24,165	2.0%	24,165	2.0%	
Marketing	43,320	2.1%	40,508	(6.5%)	40,508	(6.5%)	
Operations	9,196	0.5%	8,988	(2.3%)	8,988	(2.3%)	
Expenses (Excl Tax)	77,109	2.2%	74,617	(3.2%)	74,617	(3.2%)	
Contribution	242,203	1.9%	262,250	8.3%	254,288	5.0%	
Margin	53.1%		56.3%		54.6%		
WPM	\$496.09		\$507.34		\$507.34		←

Impact of
Cost
Initiatives

Focus, Teamwork & Partnership will
make this happen



5 Year Plan



5 Year Plan	F11	F12	F13	F14	F15	F16	F17
As at 1 July 2011	237.67	246.37	261.0	270.12	278.11	293.93	309.8
F13 Budget	237.67	242.20	254.29	267.27	277.40	297.40	317.88
Variance	-	(4.17)	(6.71)	(2.85)	(0.71)	3.47	8.08
Cumulative Variance	-	(4.17)	(10.88)	(13.73)	(14.44)	(10.97)	(2.89)

Roll Forward



Gaming Machines Roll Forward

F12 Forecast \$ 242,203

Revenue

Increase due to Volume Increases	\$ 17,317	
Increase due to Welcome Back effect	\$ 1,790	
Decrease due to Food Program shift from Marketing to Revenue	\$ (6,816)	
Decrease due to Refurbishment	\$ (3,271)	
Other Revenue - increase in extra credit redemptions	\$ 281	\$ 9,301

Gaming Tax

Increase due to base revenue growth	\$ (5,171)	
Increase due to Welcome back effect	\$ (526)	
Decrease due to Refurbishment	\$ 960	
Food program tax savings	\$ 2,001	
Increase in rate (1.72%)	\$ (7,808)	
Decrease due to Gaming machine levy removal	\$ 10,833	\$ 291

Roll Forward



Payroll

Rate increase - Salaried (4.0%)	\$	(562)	
Rate increase - EA (4%)	\$	(459)	
Net reduction in Salaried positions (-2.5 FTE)	\$	413	
Net reduction in EA positions - (-6 FTE)	\$	282	
Reduction due to 1 less day (Feb)	\$	31	
Net increase in other costs	\$	(169)	\$ (465)

Roll Forward



Other Expenses

Increase in program commission	\$ (61)	
Increase in complimentary beverages	\$ (1,066)	
Decrease due to Food Program shift to Revenue	\$ 6,816	
Increase in yoy growth - food program & discretionary comp food	\$ (169)	
Decrease due to beverage trolley program removal	\$ 111	
Net increase in other comps due to growth/CPI	\$ (248)	
Increase in loyalty costs due to growth	\$ (221)	
Increase in loyalty allocation	\$ (649)	
Increase in promotion allocation	\$ (383)	
Increase in GM promotions	\$ (536)	
Increase in direct mail relating to GM promotions	\$ (169)	
Increase in corporate box due to CPI	\$ (88)	
Net savings in other marketing costs	\$ 8	
Increase in meals, entertainment and travel – VIP Strategy	\$ (353)	
Increase in cleaning allocation due to more usage in lvl 1	\$ (110)	
Reductions in Wheel of Fortune machines	\$ 109	
Net increase in other costs	\$ (33)	\$ 2,957

Payroll Roll Forward



F12 Forecast		23,700	FTE's
Pay increase	Salaried	562	
	EA	459	
Reduced FTE's	Salaried (Team Richard, Loyalty, Direct Marketing Team)	(706)	4.85
	EA (BPA's, Technician)	(570)	10
Additional FTE's	Salaried (Commercial Mgr, VIP Customer Relations, Teak)	594	10.6
	EA (Attendant Cashiers, Recruiters)	287	4
Other	Teak / Mahogany Labour allocations (50% Teak Service Exec)	(195)	
		32	
F13 Budget		24,165	
Increase		2.0%	

Financials – Margin Improvement Projects



Project #	Project Name		Included in Business Plan Budget (Y/N)	Detail / Objective	Target Implementation	Total Annual Project Contribution Improvement \$'000	Once Off / Ongoing	F13 Contribution Improvement \$'000
1	Welcome Back effect	R - Revenue	YES	Change Bonusing System to require registration at VIK for each program based bonus offer, this will ensure that members are aware of the benefit not just identify a mystery bonus at a machine on commencement of the play. This initiative will reduce bonusing redemptions thus increase hold rates and in turn revenue. Expected contribution is the additional revenue at \$1.8m less tax.	Jul-2012	\$ 1,265,000	Ongoing	\$ 1,265,000
2	Food Program	C - Comp Loyalty Program	YES	Change Gaming Machines Food Program to be controlled by the Linked Jackpot Equipment to reduce costs and increase profit and margin. The cost will transfer to revenue, hence providing a tax saving. The estimated cost for F13 is \$6.7m. Revenue will reduce by this amount and tax will reduce by \$2m.	Jul-2012	\$ 2,000,000	Ongoing	\$ 2,000,000
3	Beverage Trolley	C - FOH Labour	YES	Complimentary beverage trolley to be removed. The saving is the cost of 9 FTEs (Beverage Program Assistants)	Jul-2012	\$ 480,000	Ongoing	\$ 480,000
4	Beverage Trolley	C - Comp Loyalty Program	YES	Complimentary beverage trolley to be removed. The saving is the cost of running the beverage trolley offset by the replacement scheme	Jul-2012	\$ 112,000	Ongoing	\$ 112,000

Financials – Capital Projects



BASE CAPEX

Business Unit Submission Number	Description of Item	Classification (EE or MB)	If EE Enter Payback Period (Years)	F13 Capital Expenditure \$
1	Gaming Machines Hardware	MB		\$ 262,562
2	Gaming Machines Software	MB		\$ 140,000
3	Gaming Machines Upgrades	EE	0.9	\$ 9,032,435
4	Bonusing Jackpots & Innovation	EE	2.1	\$ 573,250
5	Paging	EE	2.3	\$ 62,632
Total Capital Expenditure				\$ 10,070,879

MAJOR PROJECT CAPEX

Business Unit Submission Number	Description of Item	Classification (EE or MB)	If EE Enter Payback Period (Years)	F13 Capital Expenditure \$	Comments
1	Riverside Restaurant (Retail Entry)	EE	4.5	\$ 1,000,000	
2	BOH Refurbishments - Crown Towers - Level 2	MB		\$ 1,000,000	
3	Mahogany - Black Slots Expansion	EE	0.7	\$ 1,485,000	
4	Gaming Furniture & Signage (Gaming Machines only)	MB		\$ 1,640,848	Total Gaming Machines \$3.747m - F14 \$1,199,100 F15 - \$907,200
Total Capital Expenditure				\$ 5,125,848	