



Crown Resorts Limited

Chief Executive Officer's Report
August 2018

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1. Financial Summary by Segment

FY18

	Normalised Result						Adjustment	Actual Crown Group
	Crown Melbourne	Crown Perth	Crown Aspinalls	Wagering & Online	Unallocated	Crown Group		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating revenue								
Main floor tables	767,123	198,771	-	-	-	965,894	-	965,894
Main floor machines	449,946	265,146	-	-	-	715,092	-	715,092
VIP program play	616,764	106,851	63,425	-	-	787,039	(43,995)	743,044
Wagering & Non gaming	587,763	311,493	3,771	281,251	4,498	1,188,776	-	1,188,776
Operating revenue	2,421,596	882,261	67,196	281,251	4,498	3,656,802	(43,995)	3,612,807
Segment result								
Operating expenses	(1,761,435)	(630,372)	(55,178)	(254,400)	(58,867)	(2,760,251)	(60,134)	(2,820,386)
Earnings before interest, tax, depreciation and amortisation "EBITDA"	660,161	251,889	12,017	26,852	(54,369)	896,550	(104,129)	792,421
Depreciation and amortisation	(177,510)	(87,016)	(1,947)	(14,759)	(4,625)	(285,856)	-	(285,856)
Earnings before interest and tax "EBIT"	482,651	164,873	10,071	12,093	(58,995)	610,694	(104,129)	506,565
Equity accounted share of associates' net profit/(loss)						9,309	-	9,309
Net interest income/(expense)						(46,039)	-	(46,039)
Income tax benefit/(expense)						(175,621)	31,284	(144,337)
Profit/(loss) after tax						398,343	(72,846)	325,497
Non-Controlling Interest						1,246	-	1,246
Profit/(loss) attributable to equity holders of the Parent before Significant Items						399,588	(72,846)	326,743

The above table reflects Crown's F18 financial results by key operating segments. Normalised EBITDA is \$896.6m, with Actual EBITDA of \$792.4m. Crown's F18 normalised NPAT is \$399.6m, with Actual NPAT (before significant items) of \$326.7m.

2. July 2018 Estimated Results – Comparison to Budget and Last Year

	Estimate Jul-18 \$m	Budget Jul-18 \$m	July		Actual Jul-17 \$m	Variance	
			Variance			F/(U) \$m	F/(U) %
			F/(U) \$m	F/(U) %			
Total Revenue @ Theoretical							
Melbourne - Local	151.4	148.7	2.7	1.8%	151.3	0.1	0.0%
Melbourne - VIP Program	36.5	38.7	(2.2)	(5.6%)	31.0	5.5	17.8%
Crown Melbourne	187.9	187.4	0.5	0.3%	182.3	5.6	3.1%
Perth - Local	65.9	63.8	2.0	3.2%	64.1	1.8	2.8%
Perth - VIP Program	2.7	7.7	(4.9)	(64.2%)	3.4	(0.6)	(18.4%)
Crown Perth	68.6	71.5	(2.9)	(4.0%)	67.4	1.2	1.8%
Crown Aspinalls	12.2	6.9	5.2	75.7%	3.7	8.4	225.1%
Wagering & Online	8.8	8.8	0.0	0.5%	27.4	(18.6)	(67.7%)
Total revenue (incl comps)	277.5	274.6	2.9	1.1%	280.8	(3.3)	(1.2%)
EBITDA @ Theoretical							
Melbourne - Local	42.4	42.3	0.1	0.2%	45.0	(2.7)	(5.9%)
Melbourne - VIP Program	4.0	4.7	(0.7)	(15.0%)	4.2	(0.2)	(3.7%)
Crown Melbourne	46.4	47.0	(0.6)	(1.3%)	49.2	(2.8)	(5.7%)
Perth - Local	19.6	18.6	1.0	5.1%	19.8	(0.2)	(1.0%)
Perth - VIP Program	(1.2)	0.6	(1.9)	(298.2%)	(0.6)	(0.7)	(119.9%)
Crown Perth	18.3	19.2	(0.9)	(4.7%)	19.2	(0.9)	(4.5%)
Crown Aspinalls	4.2	1.2	3.0	242.0%	0.2	4.0	2648.8%
Wagering & Online	1.1	1.0	0.1	13.4%	2.3	(1.2)	(51.3%)
Corporate	(4.8)	(5.0)	0.2	4.0%	(5.1)	0.3	5.4%
TOTAL EBITDA @ Theoretical	65.2	63.5	1.8	2.8%	65.8	(0.6)	(0.8%)
Depreciation	(24.1)	(24.1)	0.0	0.0%	(25.7)	1.6	6.3%
Interest	(2.6)	(3.2)	0.6	17.5%	(5.4)	2.8	51.4%
Taxation	(11.1)	(10.8)	(0.4)	(3.4%)	(10.4)	(0.7)	(7.1%)
Equity Accounted Result	0.8	1.2	(0.4)	(35.0%)	(0.6)	1.3	242.7%
Minority Interest	0.1	0.1	(0.0)	(16.7%)	0.3	(0.2)	(65.5%)
Crown NPAT @ Theo	28.3	26.8	1.5	5.6%	24.0	4.3	17.8%
EBITDA @ Actual							
Crown Melbourne	39.5	47.0	(7.5)	(16.0%)	42.2	(2.8)	(6.5%)
Crown Perth	15.2	19.2	(4.0)	(20.8%)	25.9	(10.7)	(41.2%)
Crown Aspinalls	5.4	1.2	4.2	345.4%	5.4	0.1	1.1%
Wagering & Online	1.1	1.0	0.1	13.4%	2.3	(1.2)	(51.3%)
Corporate	(4.8)	(5.0)	0.2	4.0%	(5.1)	0.3	5.4%
TOTAL EBITDA @ Actual	56.5	63.5	(7.0)	(11.0%)	70.8	(14.3)	(20.2%)
Crown NPAT @ Actual	22.3	26.8	(4.5)	(16.8%)	28.0	(5.7)	(20.5%)

July normalised NPAT of \$28.3m is expected to be \$1.5m (6%) above budget and \$4.3m (18%) above last year. Reported NPAT is expected to be \$22.3m which is \$4.5m (17%) below budget due to unfavourable variances from theoretical at Melbourne and Perth, partially offset by an above theoretical result at Aspinalls.

Theoretical EBITDA of \$65.2m was \$1.8m (3%) above budget, but \$0.6m (1%) below last year. The main factors impacting the results were:

- In relation to the Australian businesses, **Crown Melbourne** EBITDA was \$0.6m (1%) below budget (Local +\$0.1m or +0.2%, VIP -\$0.7m or -15%) and \$2.8m (6%) below last year (Local -\$2.7m or -6%, VIP -\$0.2m or -4%). **Crown Perth** was \$0.9m (5%) below budget (Local +\$1.0m or +5%, VIP -\$1.9m or -298%) and \$0.9m (5%) below last year (Local -\$0.2m or -1%, VIP -\$0.7m or -120%).
 - In Melbourne, local contribution was \$0.1m (0.2%) above budget. Local Tables were \$0.5m (2%) above budget with a strong hold of 22.9% (budget 20.8%), partially offset by drop being 6% below budget. Slots contribution was \$0.8m (4%) below budget, with turnover 2% below budget and a win rate of 8.1% (budget of 8.1%). Mainstream machines performed very well for the month with VIP business off to a slow start which resulted in a higher gaming tax expense for the month. F&B was \$0.3m (8%) above budget, while Hotels were in line with budget. Room rate was above budget in all 3 hotels, with occupancy in line with budget in Towers and Metropol, but below budget in Promenade.
 - Melbourne VIP theoretical contribution of \$4.0m was \$0.7m (15%) below budget, with turnover of \$2.6b which was 6% below budget. A below theoretical win rate of 1.27% resulted in a \$6.9m unfavourable variance from theoretical.
 - In Perth, local contribution was \$1.0m (5%) above budget. Local Tables contribution was \$0.6m (8%) above budget, with drop 1% above budget and hold of 23.1% (budget of 21.9%). Above budget hold had a \$0.8m positive impact on contribution. Slots contribution was \$0.1m (1%) above budget, with turnover 1% above budget and a win rate of 8.6% (budget of 8.6%). F&B was \$0.1m (3%) above budget, while Conventions & Entertainment was in line with budget. Hotels contribution was \$0.1m (5%) above budget with above budget occupancy and rate at Towers. Metropol had above budget occupancy with below budget room rate, while Promenade had below budget room rate and occupancy.
 - Perth VIP theoretical contribution was \$1.9m (298%) below budget, with turnover of \$0.2b (64% below budget). A below theoretical win rate of 0.84% resulted in a \$3.1m unfavourable variance from theoretical.
- **Crown Aspinalls'** theoretical EBITDA of \$4.2m was \$3.0m (242%) above budget, with turnover of £688m which was 49% above budget. Actual EBITDA of \$5.4m was \$4.2m above budget with a win rate of 1.17%.
- **Wagering & Online** was \$0.1m (13%) above budget. Betfair's EBITDA of \$1.5m was slightly above budget and DGN's EBITDA of -\$0.3m was \$0.1m favourable to budget.
- **Corporate costs** of \$4.8m were \$0.2m below budget.
- **Net interest expense** of \$2.6m is expected to be \$0.6m (18%) below budget due to lower net debt levels.
- **Equity Accounted Results** of \$0.8m were \$0.4m below budget, due to below budget results at Aspers. Equity accounted results includes Aspers and Nobu profits, partially offset by costs in Chill.

3. FY18 Results

	FY18 FULL YEAR							
	Actual	Budget	Variance		Last Year	Variance		
	A\$'000	A\$'000	A\$'000	%	A\$'000	A\$'000	%	
EBITDA @ Theoretical								
Melbourne - Local	560,448	560,343	105	0.0%	552,623	7,825	1.4%	
Melbourne - VIP Program	99,713	49,819	49,894	100.2%	44,024	55,689	126.5%	
Crown Melbourne	660,161	610,162	50,000	8.2%	596,647	63,514	10.6%	
Perth - Local	241,576	241,540	35	0.0%	244,566	(2,991)	(1.2%)	
Perth - VIP Program	10,314	5,498	4,815	87.6%	3,354	6,959	207.5%	
Crown Perth	251,889	247,038	4,851	2.0%	247,921	3,968	1.6%	
Crown Aspinalls	12,017	30,004	(17,986)	(59.9%)	26,577	(14,560)	(54.8%)	
Wagering & Online	26,852	36,762	(9,910)	(27.0%)	14,791	12,061	81.5%	
Corporate	(54,369)	(63,862)	9,493	14.9%	(47,066)	(7,303)	(15.5%)	
TOTAL EBITDA @ Theoretical	896,550	860,103	36,447	4.2%	838,870	57,680	6.9%	
Depreciation	(285,856)	(293,607)	7,751	2.6%	(296,764)	10,908	3.7%	
Interest	(46,039)	(60,859)	14,820	24.4%	(101,551)	55,512	54.7%	
Taxation	(175,621)	(148,841)	(26,780)	(18.0%)	(138,409)	(37,212)	(26.9%)	
Equity Accounted Result (ex MRE)	9,309	15,157	(5,849)	(38.6%)	1,275	8,033	629.8%	
Minority Interest	1,246	1,236	10	0.8%	4,927	(3,681)	(74.7%)	
Crown NPAT @ Theo (ex MRE)	399,588	373,189	26,400	7.1%	308,348	91,240	29.6%	
Crown's share of MRE (Theo)	-	-	-	0.0%	42,418	(42,418)	(100.0%)	
Crown NPAT @ Theo	399,588	373,189	26,400	7.1%	350,766	48,822	13.9%	

EBITDA @ Actual							
Crown Melbourne	586,042	610,162	(24,119)	(4.0%)	570,641	15,401	2.7%
Crown Perth	221,492	247,038	(25,547)	(10.3%)	257,347	(35,855)	(13.9%)
Crown Aspinalls	12,405	30,004	(17,599)	(58.7%)	(5,454)	17,859	327.4%
Wagering & Online	26,852	36,762	(9,910)	(27.0%)	14,791	12,061	81.5%
Corporate	(54,369)	(63,862)	9,493	14.9%	(47,066)	(7,303)	(15.5%)
TOTAL EBITDA @ Actual	792,421	860,103	(67,683)	(7.9%)	790,258	2,163	0.3%
Crown NPAT @ Actual (ex MRE)	326,743	373,189	(46,446)	(12.4%)	271,036	55,707	20.6%
Crown's share of MRE (Actual)	-	-	-	0.0%	37,857	(37,857)	(100.0%)
Crown NPAT @ Actual before significant items	326,743	373,189	(46,446)	(12.4%)	308,893	17,850	5.8%

The group's FY18 normalised NPAT of \$399.6m is \$26.4m (7%) above budget and \$91.2m (30%) above last year (excluding MRE). FY18 reported NPAT before significant items of \$326.7m is \$46.4m (12%) below budget, but \$55.7m (21%) above last year (excluding MRE).

- Group theoretical FY18 EBITDA of \$896.6m is \$36.4m (4%) above budget and \$57.7m (7%) above last year. Crown Melbourne is \$50.0m (8%) above budget, Crown Perth \$4.9m (2%) above budget, Crown Aspinalls is \$18.0m (60%) below budget, Wagering & Online is \$9.9m (27%) below budget and Corporate Costs are \$9.5m (15%) favourable to budget.
- Crown Melbourne's** theoretical F18 result is due to an above budget VIP Program Play contribution (\$49.9m or 100%), and an above budget local contribution (\$0.1m). Program play turnover of \$43.8b is 56% above budget and 74% above last year. The above budget local result is attributable to above budget results in Table Games (\$1.9m or 1% above budget) and savings in Support Departments, partially offset by below budget results in Gaming Machines (\$3.1m or 1% below budget) and Food & Beverage (\$2.0m or 4% below budget). Hotels were in line with budget. The FY18 local result is impacted by poor Tables and Slots hold, which has had a \$15.0m adverse contribution impact. Crown Melbourne's theoretical FY18 result is \$63.5m (11%) above last year (Local +\$7.8m or +1%, VIP +\$55.7m or +127%).

- **Crown Perth's** theoretical FY18 result is due to an above budget VIP Program Play contribution (\$4.8m or 88%), with local contribution in line with budget. VIP turnover of \$7.6b is 15% above budget. The local result includes above budget results in Gaming Machines (\$3.8m or 2%), Food & Beverage (\$5.0m or 21%) and savings in Support Departments, offset by below budget results in Table Games (\$10.3m or 11%), Hotels (\$6.1m or 13%) and Conventions & Entertainment (\$1.4m or 19%). The FY18 local result is impacted by poor Tables hold, which had a \$5.7m adverse contribution impact. Crown Perth's theoretical FY18 result is \$4.0m (2%) above last year (Local -\$3.0m or -1%, VIP +\$7.0m or +208%).
- **Crown Aspinalls'** below budget theoretical result is due to below budget VIP Program turnover of £4.4b being £2.8b (39%) below budget. The FY18 favourable variance from theoretical is £0.2m at a win rate of 0.99%.
- **Wagering & Online's** below budget result is due to below budget results in CrownBet, which was disposed in February 2018 (\$10.1m or 67% unfavourable to budget) and DGN (\$2.6m or 28% below budget) due to higher marketing costs, partially offset by an above budget result in Betfair (\$2.6m or 18% above budget).
- **Corporate costs** of \$54.4m are \$9.5m (15%) favourable to budget due to savings in Jet and other corporate costs, partially offset by the CPH recharge which was not budgeted. F18 **net interest** expense of \$46.0m is \$14.8m (24%) below budget due to lower net debt levels.

F18 reported NPAT before significant items of \$326.7m is \$46.4m (12%) below budget and includes a net unfavourable normalisation adjustment of \$72.8m (net of income tax). The combined unfavourable variance from theoretical for the Australian casinos is \$73.2m (net of income tax), with win rates on VIP Program Play of 1.29% at Crown Melbourne and 1.32% at Crown Perth. Crown Aspinalls' favourable variance from theoretical is \$0.3m (net of income tax) at a win rate of 0.99%.

F18 reported NPAT after significant items of \$558.9m is \$185.7m (50%) above budget, but \$1,307.1m (70%) below last year. Significant items are summarised as follows:

Significant items - income / (expense)	2018	2017
	\$m	\$m
Net asset (impairment)/reversal	122.3	(260.2)
Net gain on CrownBet disposal	87.5	-
Net gain on Ellerston disposal	5.9	-
Net foreign currency gain on disposal of foreign operations	76.9	88.8
Restructuring & other significant expenses	(15.5)	(89.6)
Associates significant items	(2.7)	-
Net gain on sale of MRE	-	1,745.5
MRE special dividend	-	48.6
Early debt retirement costs	-	(32.4)
Tax amounts in significant items	(26.7)	20.3
Minority interest on significant items	(15.5)	36.2
	232.2	1,557.2

4. Current Issues

4.1. Review of Australian Resorts

Crown Melbourne

The focus in Melbourne continues to be on driving the local gaming market with the following initiatives designed to grow visitation, spend and market share whilst presenting opportunities for on-spend across the rest of the property:

- Crown's installation of the very popular Lightning Link and Dragon Link gaming machine product sits at 560 units and remains the largest single site installation in the world. Both products continue to produce very positive financial returns. In addition, IGT's latest product (Crystal Curve) was recently launched at Crown and has performed above expectations with the installation currently sitting at 55 machines.
- Carded Lucky Rewards continues to drive strong incremental revenue where selected members are awarded random prizes at defined jackpot intervals (based on individual targets). Players can monitor progression to their target via the service window which also delivers the bonus via an interactive game. The initiative was recently expanded to include Black Tier members and is producing promising returns.
- New marketing activities targeting identified opportunities: June saw the launch of multiple new test activities to the new opportunity groups by way of establishing how much of each opportunity is realisable and which activities are most effective. Initial tests went to approximately 50,000 members across the two properties and comprised 40+ offer types delivered to multiple customer segments. These test activities included promotions such as food & beverage vouchers, hotel rooms and gifts to inactive Gold to Black members, lower value food & beverage offers and a chance to win an ultimate Crown experience to mainstream segments. Initial results are encouraging with reactivation rates averaging 1.7% in Melbourne but ranging up to 10%+ for higher value segments with similar ranges in Perth.
- The "Chefs Harvest" food specials continue to be very popular across the Main Gaming Floor (MGF) food outlets with Riverside and Teak restaurants the most popular choices for Crown Rewards members.

The following initiatives are currently under development:

- Detailed scoping works continue on the project to introduce a Crown Resorts Wallet combining our multiple accounts into one for use within the property with a view to creating a cashless Crown. Crown is currently focusing on the technical, legal and compliance requirements and strategic options for implementation.
- Virtual Card Project development continues with the objective being to have a virtual card within the Crown Rewards App that will allow customers to use their phone to tap instead of the magnetic stripe card.
- The initiative to allow the electronic reserving of gaming machines is nearing completion and will shortly be available for Crown Rewards Members with a trial planned for September 2018. The

functionality will allow reserving of machines for specific time periods configurable by Crown Rewards tier, gaming floor area and / or timeframe.

Development of the Teak Room non-smoking gaming machine area of approximately 64 machines has started and is scheduled for completion in late September 2018.

Crown Perth

The focus remains on growing the customer base, for both core and non-traditional gaming segments, to drive revenue growth, whilst maintaining vigilance on costs, with key initiatives as follows:

- Leverage growth of Baccarat Room business into the Pearl Room member base;
- Develop the Pearl Room non-smoking offering which has now grown to over 35% of drop volumes, with particular relevance to the more recently upgraded members;
- Capitalise on the growing popularity of electronic table games with eTG numbers now totalling 280 terminals. On-going review of occupancy and performance will determine further expansion recommendations as revenue from this product continues to grow;
- Develop a fast track for key gaming products including Lightning Link, Service Window and Random Riches (expected roll-out is Q2 F19);
- Continue to drive Crown's Value Guarantee campaign, incorporating a refreshed look, above-the-line and digital / social media support, additional offers and continued high impact, on-site communication;
- Review and re-build the current customer segmentation model to deliver improved opportunity variables, given the softening 60+ market and local premium segments;
- Expand on the most successful gaming initiatives including:
 - Pre-game Silver tier and above offers and events;
 - Car promotional activations in the Baccarat Room (currently utilising a Mustang);
 - Attract increased interstate gaming guests through sales team, major events and access to corporate Stadium facilities;
 - Increasingly leverage supplier assets to create market leading promotional offers.
- Increase traditional advertising channel commitment as a result of the recent high correlation to gaming performance in the uncarded and peak period visitor categories;
- Support campaigns in the 25-50 segment, through the Stadium activations and the Value Enforcer and Influencer social media campaigns;
- Stadium focus continues including parking pricing and access strategies for both staff and customers, social media awareness campaigns, Value Guarantee off-site communication, in-stadium media channel usage and enhanced hotel and convention packaging;

Australian Resorts Marketing Initiatives

The first half of F18 saw a focus on a value message in Perth and the reengineering of promotional activities to improve impact and efficiency across both properties.

Development of a new marketing strategy commenced in January 2018 and implementation is progressing well. The strategy centres on using customer and market data to identify incremental revenue opportunities in market, creating new offers to realise these opportunities and taking them to market through new digital communication channels.

Progress across these three streams is summarised below:

Identifying new opportunities: Recent studies have revealed potential in inactive Rewards members and these opportunities are now being used to create and launch new, test activities to market (see below). The focus is now turning to investigate revenue upside opportunities in Crown's active member base.

New activities targeting identified opportunities: as described above, June saw the launch of multiple new test activities to the new opportunity groups by way of establishing how much of each opportunity is realisable and which activities are most effective.

Development of new channels: Crown's one-to-one communication with mass customers is currently largely limited to direct mail and email however data and digital capability in market will allow this to expand to multiple digital channels (especially display and social) which will greatly increase the reach and effectiveness of these communications. A new technology platform from Salesforce has been delivered to enable this, with user training currently underway. Test campaigns are being launched in August ahead of a broader roll out through Q2.

In addition to initial delivery of the initiatives above, the business has continued to maintain a full program of activity across the year with key points outlined below:

Loyalty - New member acquisition remains strong and work is progressing to improve the value the program brings to both members and the business. As part of this, a new member on-boarding process was launched in May 2018 comprising multiple trigger-based communications with early results showing a significant increase in engagement with this communication method versus the previous non-trigger based process. Mark Kelly has joined Crown as General Manager Rewards & Loyalty from ANZ where he headed up their Rewards & Loyalty program. Prior to this, Mark was Head of Marketing Operations & Loyalty at Woolworths after a long stint as General Manager of a loyalty & rewards agency where he designed and managed loyalty and rewards programs for, among others, The Body Shop, Topshop, Just Jeans, Sheridan, McDonalds, Virgin, Caltex, and Mobil.

Brand Tracking – In the context of a subdued economy Perth's Value Strategy for F18 has successfully made Crown Perth accessible for many by lifting perceptions of value for money amongst members and non-members. The Value Guarantee campaign performed strongly due to relevance of the offer. Advertising awareness and member consideration both increased during the key campaign periods. Lack of a discretionary entertainment budget remains within the top three barriers to visitation, indicating the value offers should remain longer term while the above the line investment could be diverted to brand building activity. Spontaneous awareness was maintained throughout F18, with Perth's Fun and Entertaining campaign successfully engaging audiences by showcasing the breadth of experiences available at Crown and boosting intentions to visit among non-members.

In Melbourne, key campaigns including World of Entertainment and Lunar New Year (LNY) have helped to maintain and boost key brand metrics of spontaneous brand awareness and consideration to visit. The LNY campaign strongly resonated with audiences, attracting attention and engaging all audiences. Importantly the campaign had a positive impact on Asian audiences with two thirds of Asian members likely to visit as a result of seeing the campaign and the campaign helping to lift perceptions of understanding ('Crown understands the Asian community') and driving visitation into the future ('because of Crown's LNY festivities, I am more likely to visit Crown in the months to come'). The World of Entertainment campaign helped to boost perceptions of Crown being 'fun and exciting' and having a 'great atmosphere' during the campaign period (key drivers of consideration to visit Crown). After consecutive tactical campaigns towards the end of F18, brand awareness has fallen to a lower point in June, indicating ongoing brand building activity is required through F19. Concerns around distance have continued to improve among members, a strong positive given the strong competition posed by local venues in the Melbourne market.

Digital & Social Media - Melbourne and Perth website traffic continues to grow, with almost 14 million visits in F18 – an 8.4% increase compared to F17. The main drivers of traffic to the site continue to be improvements in Google natural search rankings (SEO), paid Google adverts, display advertising, email and social media. A greater emphasis on our promotional strategy has also proven successful in F18, which has included branding activity (World of Entertainment), tactical offer advertising, cross-sell marketing, and proximity targeting such as advertising at the stadium in Perth. Key activity in June included both the 'Live for the Story' brand campaign, which reached over 1m in Melbourne and 600k users in Perth and the FIFA World Cup campaign which recorded a 500k reach in Melbourne and 1.2m in Perth. Crown's social media footprint now covers 440,000 users on Facebook, 52,000 followers on Instagram and 22,800 on Twitter.

Campaigns Melbourne – The F18 gaming marketing calendar included a mix of strong performing campaigns from prior years plus the introduction of some new initiatives. Across the mainstream areas of the Main Gaming Floor, Riverside and Teak Rooms, standout campaigns included the new Viva Italia promotion where a Vespa was guaranteed to be won every day and staples such as the Big Guaranteed Cash Giveaway and The Big Guaranteed Car Giveaway all of which generated solid ROI results.

Premium areas and patrons were supported by a range of exclusive promotions such as the Pure Gold promotion offering members the chance to win a range of gold related prizes ranging from gold bullion and gold Rolex watches through to gold plated iPhones and iPads, Lucky Bounce and the ever popular Luxury Car promotion which combined to drive strong contribution across these key customer groups.

Crown's Colossal Cash Jackpot returned to the main casino floor in May 2018 (following a successful introduction in January 2018) and was followed by Crown's Big Car Guarantee running across the complex from June through to July which saw 18 cars given away over six weeks, delivering strong engagement results with over 69,500 entries from 20,800 unique patrons representing solid growth of almost 2,000 entries over the previous Cash Guarantee iteration in April 2018.

Across May and June in the local VIP space, Mahogany and Teak both saw two key promotions in each room. Teak featured Million Point Sundays in May, followed by the all-new Lucky Bounce Wall promotion in June, while Mahogany saw the popular Big Cash Jackpot return to the Platinum & Black Salons, followed by the \$50k Odd-or-Even promotion all of which delivered solid ROI (ranging from 71% to 204%) and incremental revenue.

Food & beverage in F18 focussed on creating new reasons to come to property and leveraging the success of Crown's signature restaurants in winning key accolades and reviews, notably Dinner by Heston Blumenthal securing Number 25 at The Australia 100 Awards held in Sydney, Australia in 2017. Crown's 2018 Melbourne Food & Wine Festival activation delivered 13 innovative food experiences across our Premium Dining portfolio including Dinner by Heston Blumenthal, Nobu, Long Chim and Bistro Guillaume. Events were executed both in venue and on the Riverwalk and delivered record crowds, reaching 11 million people in earned media and 3.7 million people through the PR campaign. Across Crown's Casual Dining portfolio, the seasonally refreshed gaming meals campaign, "Taste the Season" continues to perform strongly delivering year on year growth with its Chef and produce led creative, driving Crown's culinary credentials as the key point of difference to local venues.

Crown's bar offering and in-venue experience continued to evolve delivering market first and industry leading consumer experiences with key beverage partners including the Heineken Melbourne Grand Prix, Carlton Draught Front Bar across the AFL season, the activation of the globally renowned sports activation, Robokeeper with Hahn Super Dry, Budweiser, XXXX, Moet and Piper Heidsieck during major events including World Cup, State of Origin, Spring Racing Carnival and the Christmas period.

June food & beverage activity centred around in-venue campaigns with increased media to drive foot traffic onto property using our key dining brands, the highlight of which was Bistro Guillaume 'Champagne Sundays' which drove a 24% increase in covers and 46% increase in revenue over the prior year. Following the success of the Nobu Champagne and Tacos promotion to capture the after work occasion, similar offers have launched across casual dining outlets such as San Antone, Merrywell and Gradi and are also proving successful.

The FIFA World Cup and State of Origin were hero campaigns across the bars portfolio in June which saw all of the bars come to life with theming and consumer promotions and helped support a strong revenue performance from these outlets through June and July.

Campaigns Perth - Perth Marketing for the year focused on the Value Guarantee brand campaign and associate offers, ensuring Crown Perth was positioned as an affordable and accessible integrated resort destination. The Value message was further supported by the key home of sports themes leveraging World Cup in June / July and also the launch of the Perth Optus Stadium from March 2018.

The main above the line campaign and key message in market continues to focus on the value proposition. Key offers supporting value have been refreshed leading into the winter season with a Winter Value Campaign including \$8 pints, Under \$20 menus, \$55 Ultimate Lunch and Dinner and \$299 Metropol stay which included \$100 credit and a bottle of sparkling. Brand health and campaign tracking continues to show that the value message is resonating with the Perth market.

Campaign activity to solidify Crown Sports Bar as the Home of Sport in Perth continues with a solid level of content supporting the positioning of Crown as the key entertainment destination pre and post-game Stadium days. The media partnership with Channel 7 for The Game, which broadcasts live from Sports Bar on Sunday stadium days, has been receiving exceptional reach with an average audience 120,000, peaking at 180,000 viewers for the Western Derby. KPIs on Stadium game days, with the exception of Gaming Machines volumes, show some positive movement when comparing against non-game days. Ranges vary significantly dependant on which team are playing at home and the time of the game. In order to arrest the negative impact seen with Gaming Machines, the business has implemented a number of protection initiatives to ensure high value customers

continue to visit Crown on game days, including complimentary breakfasts, hotel stays and additional jackpots. The other major sporting activation has been FIFA World Cup which has seen the best sales performance for Crown Sports Bar to date.

Gaming promotions over the period continued to be entertainment-led and interactive. These promotions were layered with Gaming Machine jackpots and various bonuses to showcase chances to win amongst members.

F18 Q4 saw campaign activity maintain brand awareness and consideration among members and non-members. Sustained Value Guarantee activity has been effective in boosting perceptions around value for money over the past few quarters and assisting to overcome the expense barrier to visitation, particularly for non-members. With the opening of Optus Stadium, perceptions of crowding and parking difficulties are increasingly becoming barriers to visitation and are being monitored closely.

Australian Resorts HR Initiatives

Crown Community Week

Crown Community Week was launched across both properties in June 2018 which provided an opportunity to celebrate the inclusion of all employees at Crown and to particularly showcase the specific focus areas for inclusion such as Indigenous employment, CROWNability, Gender Equity and Crown Pride for the LGBTI+ community and its allies.

Indigenous Employment Program (IEP)

There are currently a total of 199 employees in the Crown Indigenous Employment Program (IEP) as of 24 July 2018, 90 at Crown Perth and 109 at Crown Melbourne.

Crown Community Week provided an excellent introduction and reminder for the NAIDOC celebrations which was celebrated across both properties from 8 – 15 July. ‘Because of her we can’ was the overarching theme, paying homage to influential Indigenous women within the community and their contribution. Engagement from employees with the activities for NAIDOC week was extremely high and the events included a flag raising ceremony outside Crown Towers, a panel discussion with some young Aboriginal women leaders and a range of educational and celebratory activities outside IDs (staff cafeteria).

Additionally, Crown employees’ Jacinta Cubillo and Sharon Ninyette were invited to present at the National NAIDOC Aboriginal and Torres Strait Islander Woman’s Conference in Sydney on 12 July. The presentation encompassed Crown’s Indigenous Employment Program and both Jacinta’s and Sharon’s stories, which aligned with the NAIDOC theme for 2018 of “Because of her, we can”. From a community perspective the respective state NAIDOC Balls were held at both Crown Melbourne and Crown Perth.

Crown’s next RAP (Reconciliation Action Plan) is in development with both properties consulting closely with community Elders as well as within the business.

Workplace Gender Equity

An external pay gap validation review has been conducted by Mercer for all salaried roles below the Business Operations Team at Crown Melbourne and Crown Perth. The Mercer analysis utilised a validated predictive tool to analyse the pay data with consideration of all pay drivers to pinpoint any

gender pay gaps and determine where corrections may be necessary. The review found that no meaningful gender pay gap existed for any of the salaried roles within the scope of the review.

The Gender Advisory Groups (both Melbourne and Perth) continue to work on their initiatives, specifically focussing on finalising and launching the Gender Action Plan.

Activities were also held as part of Community Week including a meet and greet and discussion with AFLW footballer Daisy Pearce.

CROWNability

There are currently a total of 240 employees in the *CROWNability* program across both properties, encompassing 118 employees and 10 contractors at Crown Perth, with 102 employees and 10 contractors at Crown Melbourne. This represents a retention rate of 70% as at 17 July 2018.

As part of Crown Community week *CROWNability* hosted guests at the River Room for a special presentation from ambassador, Kurt Fernley who will continue to be the *CROWNability* ambassador for the next three years. Kurt shared his inspirational journey of winning Gold and Silver medals at the Commonwealth Games, followed by an event outside IDs with the team showcasing some of the latest technology in hearing and visual aids as well as a sign language stand.

CROWNability is currently working with Crown's digital team to develop accessibility tools and resources for implementation on Crown's websites.

Work has commenced on finalising a wireframe (mock-up page) that showcases a variety of tools to be considered for potential use online. This initiative forms part of *CROWNability's* continued goal of improving accessibility in all areas, with further development of the following three websites being considered:

- Crown Careers - Perth and Melbourne
- Crown College
- Crown Hotels

CROWNability pre-employment programs have proven successful in achieving outcomes for job-seekers with disability.

The pre-employment programs have been specifically designed for people with disability in the following business units:

- Housekeeping course in collaboration with AHS (external Housekeeping provider) and Crown's Food and Beverage department, with eight attendees having been placed into employment across Perth and Melbourne;
- Crown's Food and Beverage course, with seven attendees having been placed into employment across Perth and Melbourne.

CROWNability is now working closely with Learning and Development to develop a specific course for Hotels.

With the continued success and growth of the program, a *CROWNability* logo is currently being developed in line with a *CROWNability* style guide.

The CROWNability Group Manager is working closely with Crown's Property Development departments, to introduce accessible toilets and hoists for people with disability across both properties.

LGBTI Employee Network – Crown Pride

A number of events were held in Melbourne and Perth for Crown Pride Day, again as part of the Crown Community Week. In Melbourne, the day featured celebrities from the TV show *Gogglebox* as well as singer and performer Tim Campbell, a rainbow cake, Q&A with the guests, rainbow pins and lanyard giveaways and a stand with our partners Pride in Diversity. Alicia Gleeson has been accepted as an 'Executive Ally' in the Pride in Diversity formal external networking group. Whilst in Perth, the day featured drag queen performers in a specially built area in the staff dining room, a rainbow cake, and cup-cakes as well as the opportunity for employees to learn more about Crown Community in general with a focus on Crown Pride's purpose and initiatives. From a public perspective, Crown Metropol Perth was lit up in Rainbow Colours on 30 June as a fitting finale for pride month.

Crown College (CC)

Crown Melbourne and Crown Perth have 1,000 employees currently undertaking accredited training and 77 employees completing an apprenticeship. During F18, 667 employees completed a qualification and 681 employees commenced a qualification. During F18 Crown College traineeship, apprenticeship and fee for service programs generated over \$2.1 million in revenue.

Crown College Institute of Higher Education (CCIHE)

The formal process to establish the Governance and Strategic Council (the Council) has been finalised with three external and three internal members being appointed to the Council. Rowena Danziger has accepted the Chair position for the Council.

Career Expo

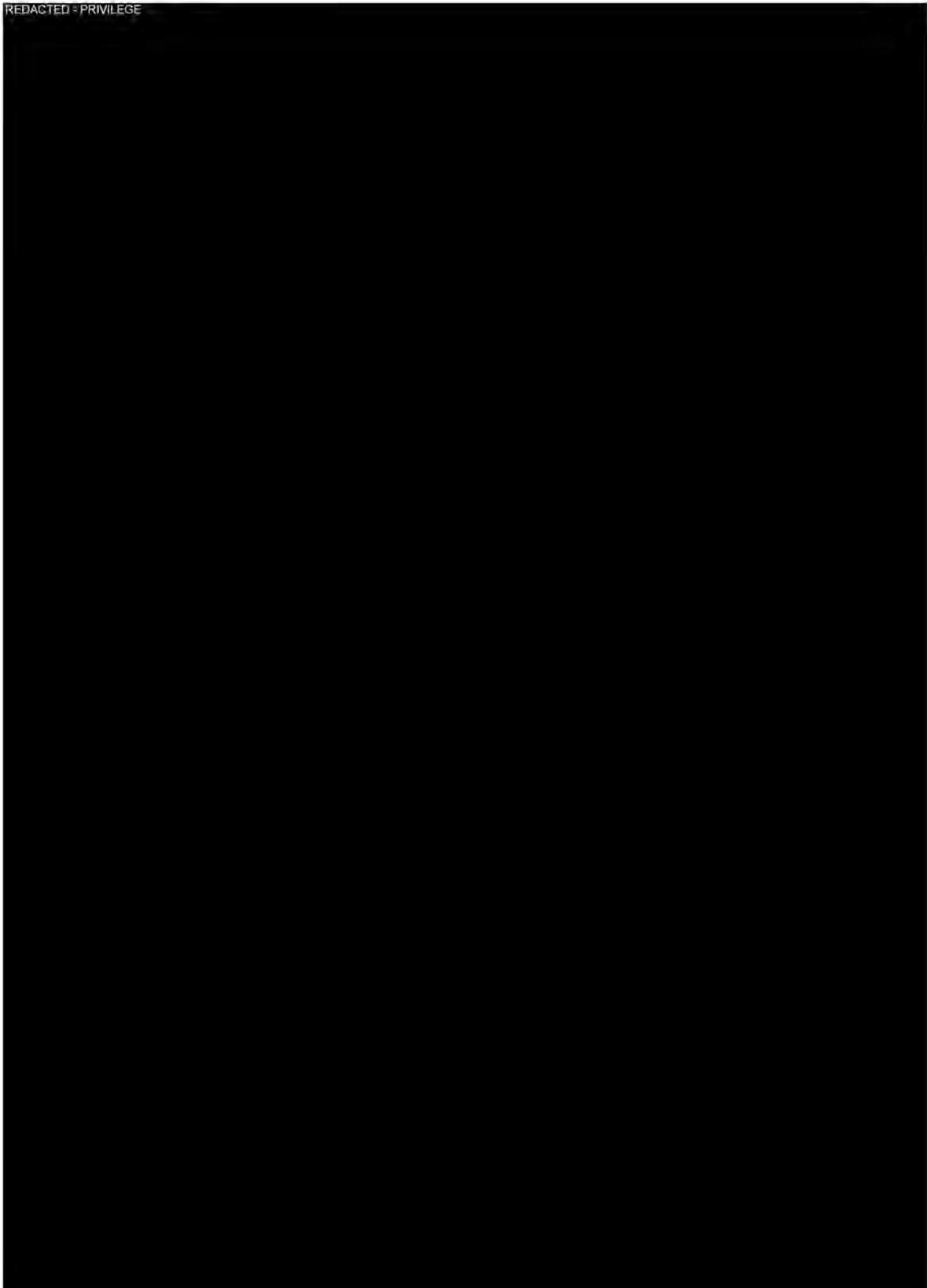
On Friday 13 July, Crown Melbourne held its inaugural, internal Careers Expo. The expo took place over two sessions to enable attendance of shift workers and employees across all business units who were invited to learn more about opportunities for progression within Crown. A large number of employees attended. The expo included assistance from the recruitment team through résumé reviews and included career advice and demonstrations coordinated through the Human Resources team, while managers and supervisors across all business units spoke of their personal development journeys at Crown.

Industrial Relations

Negotiation of the Crown Melbourne Ltd Enterprise Area Manager Agreement is continuing with in-principle agreement reached in relation to most non-monetary matters. Crown's offer is currently at 2.0% per year for each of three years.

Regulatory Update

REDACTED - PRIVILEGE



have been created and/or dormant audits reactivated. Crown will continue to manage the relationship and monitor the level of VCGLR activity.

AUSTRAC – Compliance Assessments

The two Compliance Assessments of 2017 have now been formally closed by AUSTRAC, with the earlier assessment (General and Junkets Assessment) closed on 18 May 2018, and the latter (EGMs Assessment) on 19 July 2018.

No non-compliances were identified by AUSTRAC in respect of the two assessments. There were however several recommendations made in each Assessment.

Crown Melbourne has made a number of changes to its AML/CTF Program to reflect AUSTRAC's recommendations from the General and Junkets Assessment and to reflect its ongoing compliance with the AML/CTF Act and AML/CTF Rules, which are currently being finalised for approval.

Crown Melbourne is currently working through implementing each of the recommendations from the EGMs Assessment. AUSTRAC has requested that we keep it abreast of any material changes to our Transaction Monitoring Program (TMP) as a result of the work currently underway by the specially-created project team on automation opportunities, as well as the results of the independent review that we will have conducted on our TMP - at AUSTRAC's recommendation - in advance of the contemplated joint program from Crown Perth and Crown Melbourne.

AUSTRAC Enquiry – Suncity

As previously reported, Crown Melbourne received an enquiry from AUSTRAC in May in relation to a large cash transaction involving the Suncity Room (Chau Cheok Wa junket (CCW)). It should be noted that AUSTRAC has previously (early to mid-2017) made enquiries with Crown regarding Suncity and CCW which we have responded to.

AUSTRAC's enquiry addressed, amongst other matters, Crown's relationship with Suncity, details as to CCW's junket representatives and what steps Crown had taken to address the suspicious activity in the room.

Crown has over a period of time and then more recently implemented a number of additional controls in respect of the Suncity Room, including all cash to be deposited at the Mahogany Cage, no more than \$300,000 cash per day to be deposited in the Cage on behalf of the CCW junket and the relocation of the junket from Pit 86 to Pit 38, a salon within the Mahogany Room.

We have had no further correspondence with AUSTRAC on this matter.

AUSTRAC Fintel Alliance

Crown has been advised that it will be formally invited to join AUSTRAC's Fintel Alliance, a private-public partnership between AUSTRAC, law enforcement / government agencies and invited major entities (the big four banks, Macquarie, PayPal, Western Union, HSBC and representatives of the Fintech sector).

At a practical level, membership will involve Crown working alongside its reporting entity peers, including by seconding (at times) an employee into AUSTRAC to assist AUSTRAC in addressing financial crime and ML/TF issues.

REDACTED - PRIVILEGE



AUSTRAC Joint Program

As previously reported, we continue to progress the work to align our Perth and Melbourne AML/CTF Programs into a joint program. The joint program will undergo an external review prior to being rolled out. The joint program will also include Crown Sydney in due course. AUSTRAC is supportive of this initiative.

Current Trading

Crown Melbourne

Table Games contribution for F18 of \$346.4m was above budget by \$1.9m or 0.6% and above last year by \$18.1m or 5.5%. Lower than expected hold negatively impacted contribution by \$6.8m for the year.

Main Gaming Floor (excluding Poker and eTGs) volumes for F18 were down 2.8% to budget and marginally up on the prior corresponding period (pcp). A period of hold weakness in the early part of the financial year was offset with a stronger H2, with the end result being a hold in line with the pcp and slightly up on expectations. The greatest challenge through the year was a decline in patron hours to both budget and the pcp.

Electronic Table Games (eTGs) turnover for F18 was down 8.3% on budget and 1.5% on the pcp. The business commenced the year in a robust fashion but some ensuing softness within the Premium customer set compounded by H2 weakness in the underlying broader patron hours had a detrimental impact on this section of the business. The lower turnover was partially offset by a slight improvement in the win rate (vs theoretical and pcp), with revenues 6.0% below budget but 1.6% above the pcp.

Poker cash and tournament play continued to enjoy strong growth on the foundations built through F17. The quality of Poker tournaments conducted by Crown, the appeal of the poker cash jackpot and the online poker ban that was applied in early 2017 certainly contributed to assist the business to exceed budget expectations with revenue finishing 4.3% above budget and 6.4% up on the pcp. The twenty-first Aussie Millions Poker Championship set a new record this year for entrants into the main event, for the first time hitting the 800 mark.

Premium Table Games volumes for F18 finished up 3.3% on budget and up 5.1% on the pcp. While the combined hold of 19.7% was up on the pcp (19.4%), the business still fell slightly short of expectations (20.0%). Notwithstanding, revenue finished 1.8% above budget and 6.8% up on the pcp.

Main Floor Premium (MFP) volumes for the financial year were up 0.6% on budget and 5.1% on the pcp. The MFP area commenced the year well from a volume perspective, had a period of relative softness through the midpoint of H1 but from Lunar New Year (LNY) onwards, has provided a very strong foundation for the overall business with periods of strong volume growth and higher than expected hold. MFP continues to defy the overall patron hour trend with strength in this metric on both expectations and the pcp.

Mahogany Room volumes for F18 finished 6.9% up on budget and 5.0% up on the pcp. The year started very strongly with significant wins generated from the same group of customers who had negatively impacted the room through F17. But once again, the Mahogany Room encountered significant periods of softer than expected hold, driven largely by play from top tier Black patrons and Interstate customers. While the Mahogany hold percentage finished at 16.8%, at the local customer level the hold percentage closed out at 17.5%.

Table Games Interstate play strengthened again through F18 on the back of robust Jet driven initiatives and greater sales penetration into NSW and Queensland. The F18 turnover of \$6.5b was a record for Crown Melbourne and was underpinned by 32 Jet trips through the year, notably to four key customers. The year saw a marked shift of business mix away from Standard play and into

Commission play, with the ratio shifting from 42/58 in F17 to 31/69 in F18. Theoretical contribution lifted 5.5% on the pcp and finished 9.6% up on budget.

Mainstream volumes and patron hours were both down 3% to budget while hold was almost 2 basis points below expectations. While the property has experienced increases in foot traffic, particularly through the recent World Cup games, this did not result in any discernible increase in gaming activity. Given both volumes and hold are currently softer, early F19 revenue is tracking 9% down on expectations although the conclusion of the World Cup has seen a more recent lift in both metrics.

Main Floor Premium started the year slowly, again on the back of the World Cup, but has recovered over the past week following the conclusion of this tournament. Volumes have followed a similar trend with the first fortnight very soft but stronger through week three.

Mahogany started the year extremely well with a massive day on July 1, but has become rather patchy of late. Volumes are down 8% to budget although a very strong hold of 26.5% is likely suppressing the overall volume number. A strong suite of customer event activity through the mid-month period provided a boost with patron hours broadly in line with expectations. A relay to Pit 26 has occurred realising additional Roulette product (+2 tables).

Interstate has commenced the year very strongly. The mid-July event activity noted above saw strong visitation from the broader Interstate group, while earlier than expected Jet visits from two top-end customers' generated significant activity. To date, turnover of \$594m is 91% above budget and 69% up on the pcp. Unfortunately, a poor win rate of 0.57% has impacted actual revenue.

Gaming Machines' F18 contribution of \$225.7m was \$3.1m or 1.4% below budget and \$1.4m or 0.6% below the pcp. Whilst turnover of \$5.6b was 1.4% above budget and 1.5% above the pcp, total revenue of \$449.9m was 1.4% below budget and a comparatively lower 0.2% above the pcp due to a softer than budgeted win rate (8.0% vs budget of 8.2%), costing \$8.3m in contribution versus budget. This result saw a full year decline in Crown's market share, with the Network improving 3.1% year-on-year, strongly supported by the Network cheque limit change from \$1k to \$2k on 13 December 2017.

Gaming Machines Local YTD turnover of \$4.8b was 0.8% above budget and 0.9% above the pcp, with strong growth from the Crown Rewards Black and Platinum tiers offset by softness in the Crown Rewards Gold and the infrequent unrated patron groups.

Gaming Machines Interstate and International business continues to outperform YTD expectations, with theoretical revenue of \$48.3m being 1.6% above budget and 3.3% above the pcp. International was the key performing market with both the number one and two players from North Asia driving the result.

The calendar of promotions and events for VIP Gaming Machine customers, both on and off venue, focused on driving increased visitation. Crown Melbourne and surrounding leisure assets continue to deliver memorable experiences through dinners, hotel stays, spa treatments and Capital Golf Days.

New member sign ups continue to focus on quality signups with a high majority over 80% opting in to digital marketing channels.

Customer service initiatives focused on seamless experiences across the property including Main Gaming Floor Drink Trolley service and coffee vending machines (over 1,300 vends per day) providing complimentary drinks to members. The focus on delivering premium room experiences across the MGF has proved popular and initiatives such as "Know Your Customer" (interacting with

Platinum and Black tiers on the Main Gaming Floor) and “Surprise and Delight” (beverage service to high denomination rooms), continue to deliver improved the customer experience.

Food & Beverage’s F18 result was \$2.0m or 3.6% below budget and \$4.1m or 8.2% above the pcp. The standout performance was from bars, growing \$1.5m or 4.7% on the pcp, while at an outlet level Koko, Bistro Guillaume, Silks and Nobu performed strongly. Events & Conferencing performed below expectations, with average spend on repeat business declining (mostly less attendees). July has started solidly, with the second half of the World Cup driving above-normal bar revenues. Events & Conferencing has started well, which has also provided solid on-spend in bars in particular.

Hotels’ F18 result was in line with budget and \$3.7m or 4.0% above the pcp. Occupancy levels In Towers, Metropol and Promenade were 96.3%, 93.8% and 94.1% respectively, while combined occupancy of 94.1% was slightly below budget but 0.9% up on the pcp. By comparison, the Melbourne premium hotel market declined 1% (from 88.4% to 87.4%). Average rate growth was difficult with 2.4%, -2.5% and 0.6% recorded in Towers, Metropol and Promenade respectively with Villas growing 8% year on year. Total room revenue grew 2.0% compared to a market decline of 0.8%. The revenue shortfall was offset by tight cost control throughout the year. July has started positively, with good group activity driving combined occupancy above 95% (budget 96%, pcp 94%) and average rates up 3% over budget and in line with last year.

Crown Perth

Local Table Games’ contribution for F18 was \$10.3m or 10.6% below budget and \$8.6m or 9.0% below the prior year. Soft hold in premium tables was the key factor for the shortfall year on year combined with soft premium table volumes driven by a decline in key players throughout H2. Whilst premium hold (23%) was below budgeted expectations (25%) the differential was compounded by strong hold in the corresponding period (26%).

Regular Table Games’ contribution for F18 was \$2.9m or 3.5% below budget however \$0.2m or 0.3% above last year. Solid growth in electronic tables and Baccarat Room continues to be the catalyst for year on year growth partially offset by declining Main Gaming Floor (MGF) traditional game volumes. Peak period casual visitation continues to be a strong focus via the complex wide Value Guarantee campaign and associated pricing efforts. As part of this campaign the Table Games message has leveraged the increased popularity of electronic table games and created greater awareness around the expanded low limit Blackjack and Roulette tables available. Analysis of the Value Campaign indicates that the messages have gained traction in market and are translating to growth in peak period Table Games and Gaming Machine results.

Gaming Machines’ F18 contribution was above budget by \$3.8m or 2.1% however below last year by \$1.8m or 1.0%. Weekly Gaming Machine turnover volumes had declined significantly through the back half of F17 averaging 6% down on the pcp. This shortfall closed to 0.5% for the full year F18 with H2 F18 delivering year on year growth, the first half to deliver growth since H1 F16.

Similar to Table Games and other areas of the business, recovering Gaming Machines casual customer visitation was a key focus throughout F18, with a review of applicable KPI’s, including unrated patron hours, indicating success in this area subsequent to the television commercial associated with the Value Guarantee. Strong messages targeting the mass market machines customer around lower denomination machines and price capped restaurant menus facilitated the rebound of peak period turnover for Gaming Machines.

The rated Gaming Machines membership base is delivering a stable level of visitation whilst the challenges of declining spend per visit across the customer base and the softening of the local premium market continue to prove difficult to counter. Increased visitation and, in some cases, re-engagement of customers from these tiers remains a priority via direct marketing, targeted VIP events and refining the experience in the premium gaming assets, including changes in entertainment to better align to the most valuable customer demographics.

Early F19 trade through July has recorded encouraging results in the mainstream businesses for both Table Games and Gaming Machines. The strength in regular table volumes has been eTG, Baccarat Room and MGF with the uplift seen in the form of strong patron hours and drop. Similarly for machines MGF hours and turnover have been strong. Premium businesses have, however, experienced softer volumes with the weekly average falling below prior year and budget. Absence of key customers continues to be the driver for soft volumes in the premium market.

Food & Beverage (F&B) contribution for F18 was \$5.0m (20.5%) above budget and \$4.7m (19.1%) above last year. The above budget result has mostly been delivered through the efficiency in operation of the Crown Towers outlets in their first full financial year of operation. The Premium outlets also performed well against last year when there was decline in the VIP / Junket spend in the premium space. The best performing outlets through F18 were Epicurean, The Waiting Room and Riverside Room.

Optus Stadium brought some good on-spend particularly post-event in the MGF Bars and Gaming Restaurants. Events included two Ed Sheeran concerts, the Australia vs England One Day International cricket, Perth Scorchers vs Hobart Hurricanes, the NRL Double Header, the WA AFL Derby and the West Coast Eagles vs Richmond game.

Other key events in F18 included the commencement of the 2018 FIFA World Cup, State of Origin Games 1 & 2, the opening of Optus Stadium, the Pacquiao vs Horn and Mayweather vs McGregor boxing matches and Eve Nightclub hosted Bow Wow, the RnB Fridays Official After party, Coolio, the Bruno Mars After party, Jay Sean plus the Choir Boys.

F&B is expected to deliver an above budget result through July which has been driven by some good events including the 2018 FIFA World Cup final series, AFL, school holidays and increased on-spend in the latter part of the month due to the commencement of Disney's 'Aladdin' in the Theatre.

Conventions' F18 contribution was \$0.2m (4.5%) above budget and \$1.0m (25.8%) above last year, which was mainly due to the increased number of events with the new Crown Towers Ballroom and additional meeting rooms this year. This financial year has brought a number of good conference events to Crown, running over numerous days, as well as good dinner events, both with high attendance levels.

Key events in F18 included the 2018 West Australian of the Year, Priceline Conference, Woodside Ball, Rafiki Ball, NAIDOC Perth Awards, Boobalicious Ball, HP APJ Retail Forum, RQCC Boxing, AIMS Conference, Salvation Army Oasis Ball, the Crown Perth Employee of the Year Award, ASHONS Annual Scientific Meeting, the Master Builder Housing Excellence Awards, Mortgage Choice 2018 Conference, Hopman Cup Ball, SUITED – New Year's Eve Ball, Crown Perth Christmas Extravaganza 2017, Pearl Room VIP Christmas Gaming event, Canalys Channels Forum, Melbourne Cup Luncheon, 2017 Asia Pacific Regional Conference, Ronald McDonald House Charities Ball, AHA Excellence Awards, Chevron NAIDOC Ball, Variety of Chef's 2017 Ball, Annual Royal Flying Doctors Service, AHA Accommodation Ball, McGellan Conference, RANZCR 2017 Conference, Parkerville Children and

Youth Care and 2017 HIA Awards. In addition, the Grand Ballroom held a very successful ticketed event for the Mayweather vs McGregor fight.

Conventions are likely to be slightly behind budget for the month of July which is mainly due to the postponement of a number of events into future months.

Entertainment's contribution for F18 was \$1.6m (57.4%) below budget and \$0.6m (33.3%) below last year. The result was mainly driven by lower than expected patronage at the bought Theatre shows 'Forever Crazy' in September and 'The Unbelievables' in January. The first half of the financial year saw a particular lack of good touring theatre events for Entertainment. However the second half finished stronger with the well-known musicals 'Rocky Horror' and 'Mamma Mia', of which the latter commenced in May and concluded on 1 July, with good attendance levels.

July has been strong with better than expected attendance at Disney's 'Aladdin', which commenced this month for a long running season.

The following are confirmed future events in the Theatre:

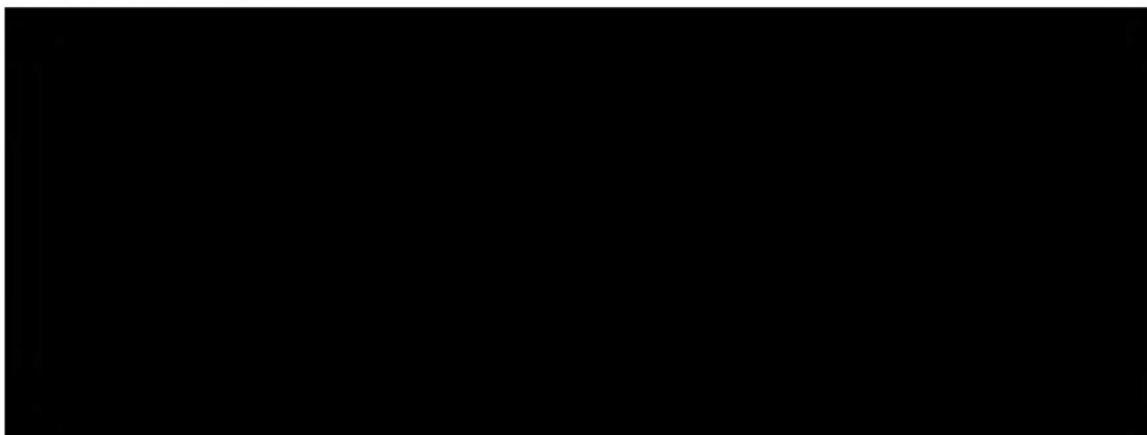
Aladdin	July – October
Buddys Back	November
Jimeoin	November

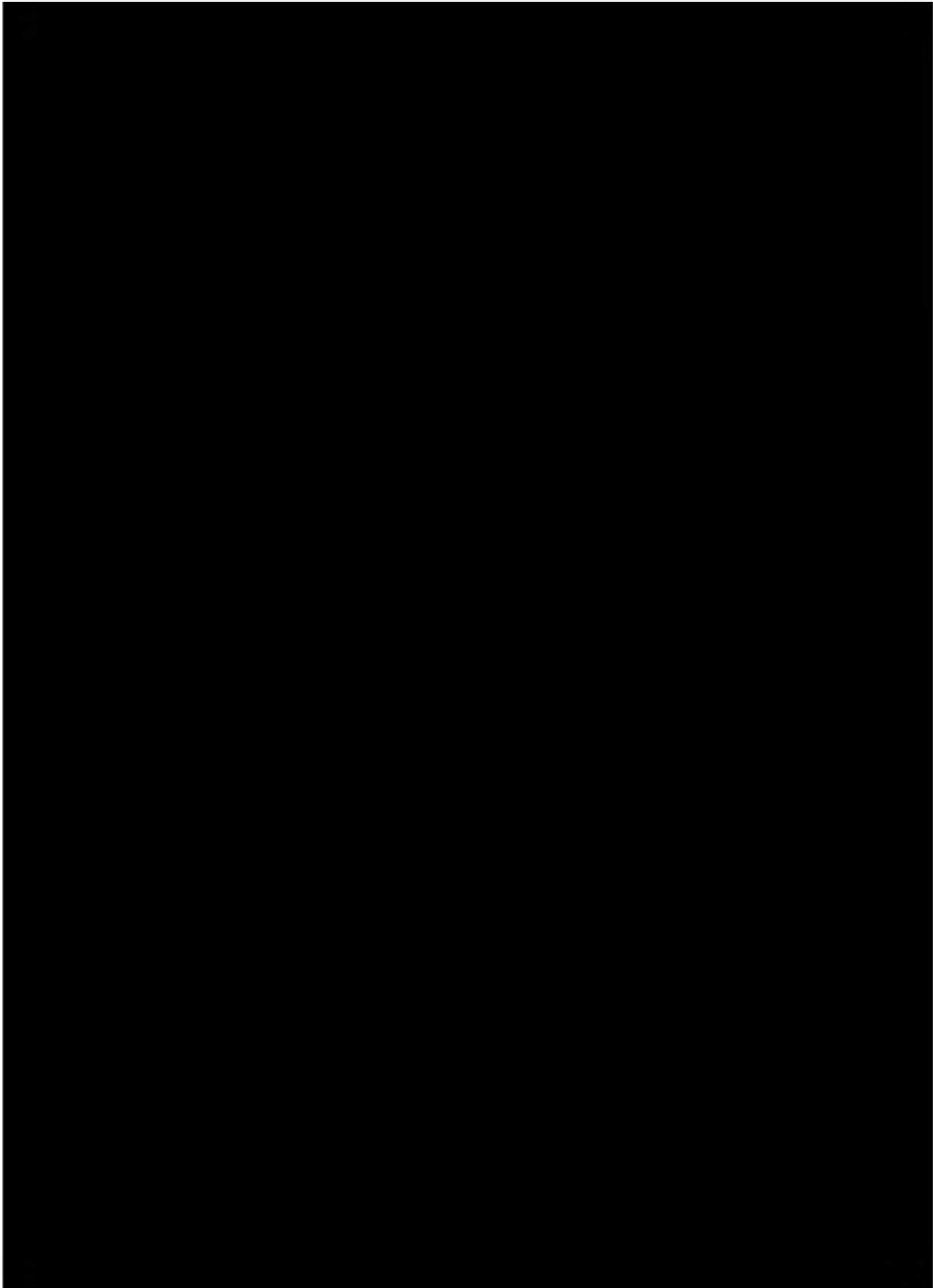
Hotels' F18 contribution was \$6.1m (12.8%) below budget however \$6.4m (18.3%) above the prior year. As has been the trend for the full year, market conditions stifled growth opportunities, with declining average rates the contributing factor. The addition of 800+ new rooms into the Perth market added additional pressure. Crown Perth Hotels continued to outperform the market and achieved positive volume growth year on year due largely to the Crown Towers Perth result.

Overall market conditions continue to remain weak however there are a number of important market segments such as corporate which are showing ongoing stability and improvement. Crown Perth Hotels are currently forecasting to be above budget in July. The first few weeks into the new financial year saw the hotels perform better than expected with forward bookings holding well. Premium is also expected to perform better with a number of high profile guests in-house.

Other Issues

Crown Melbourne





Crown Perth

EGM Continuous Play

As previously reported, the Regulator has sought details of the number and game type of electronic gaming machines which enable continuous play at Crown Perth. “Continuous Play” is “a *feature whereby the player can nominate to play games without having to manually activate each game play*”.

Crown Perth has finalised its response to the various questions raised by the Regulator, which include questions relating to whether or not Crown Perth makes available or permits any form of device such as a “plastic pick” to facilitate continuous play and issues multiple loyalty cards to players.

TAB

The Western Australian Government is currently investigating the potential sale of the state-owned TAB. As part of the sale process and to make the proposition more attractive they are looking to include Trackside (automated horse racing) for play within TAB outlets. As this is an approved game at Crown the WA Government have commenced preliminary discussions with Crown to permit the use of this product outside of Crown.

Roulette (Spreadbet) – Breach of Procedures

During the reporting period, Crown Perth received a letter from the Regulator in respect of multiple breaches of procedures relating to Roulette (Spreadbet). Crown Perth has responded to the Regulator lodging amended procedures, which have now been approved. The amended procedures related to the placement of the “dolly” following the announcement of the winning number.

The Regulator ultimately referred the matter to the Gaming and Wagering Commission of Western Australia (**Commission**) who determined to take no further action.

IGT Advantage System

On 15 May 2018 and 22 May 2018, there was an IGT Advantage System outage following upgrades undertaken by the IT Department. A subsequent investigation has identified that a number of patrons have not been correctly awarded various IGT Advantage System jackpots due to software faults. As a result, the Lucky Number Jackpot and Carded Lucky Rewards have been temporarily suspended from use by Crown Perth until a software patch has been developed and installed.

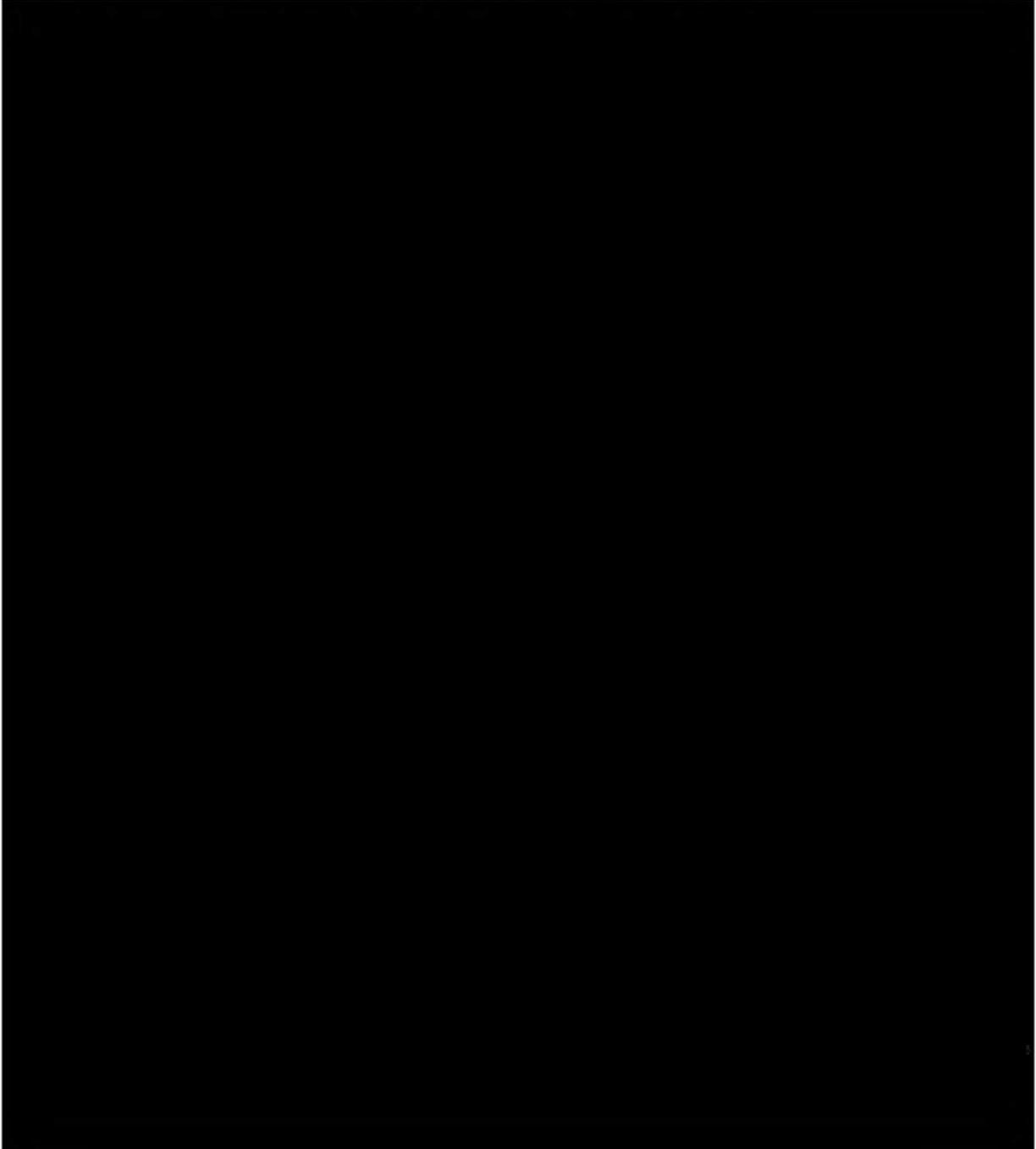
The IT and Gaming Product Team have assisted Legal Services preparing an interim report to the Regulator detailing the likely causes and action Crown Perth has taken to date. The Regulator is presently considering this report and it is likely that the matter will be escalated to the Commission.

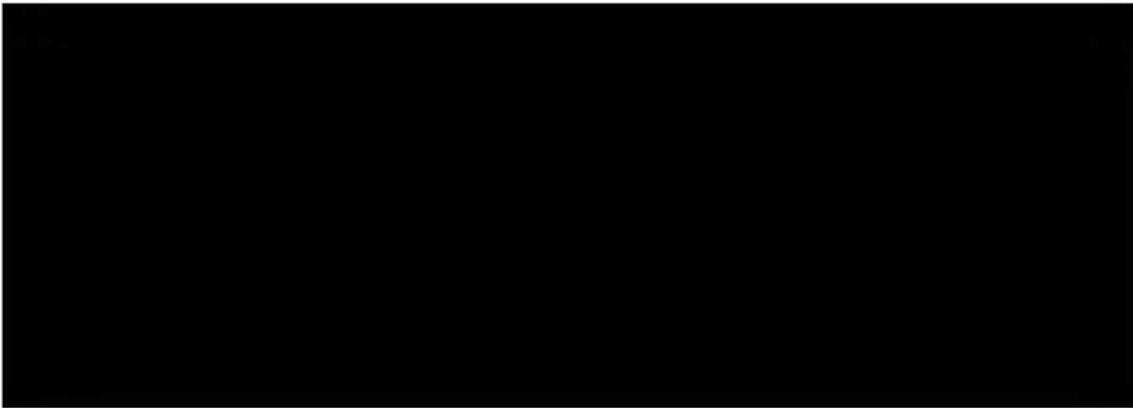
Public Building Assessment

The Environmental Health Services Branch of the Town of Victoria Park is presently performing a public building compliance inspection.

To date, the Convention Centre, Crown Metropool hotel including associated restaurants and bars, Crown Promenade hotel and International Gaming Facility (Pearl Room) have been inspected with minor non-compliance issues identified, which are in the process of being rectified.

The casino main building and Theatre are scheduled to be reviewed through July 2018.



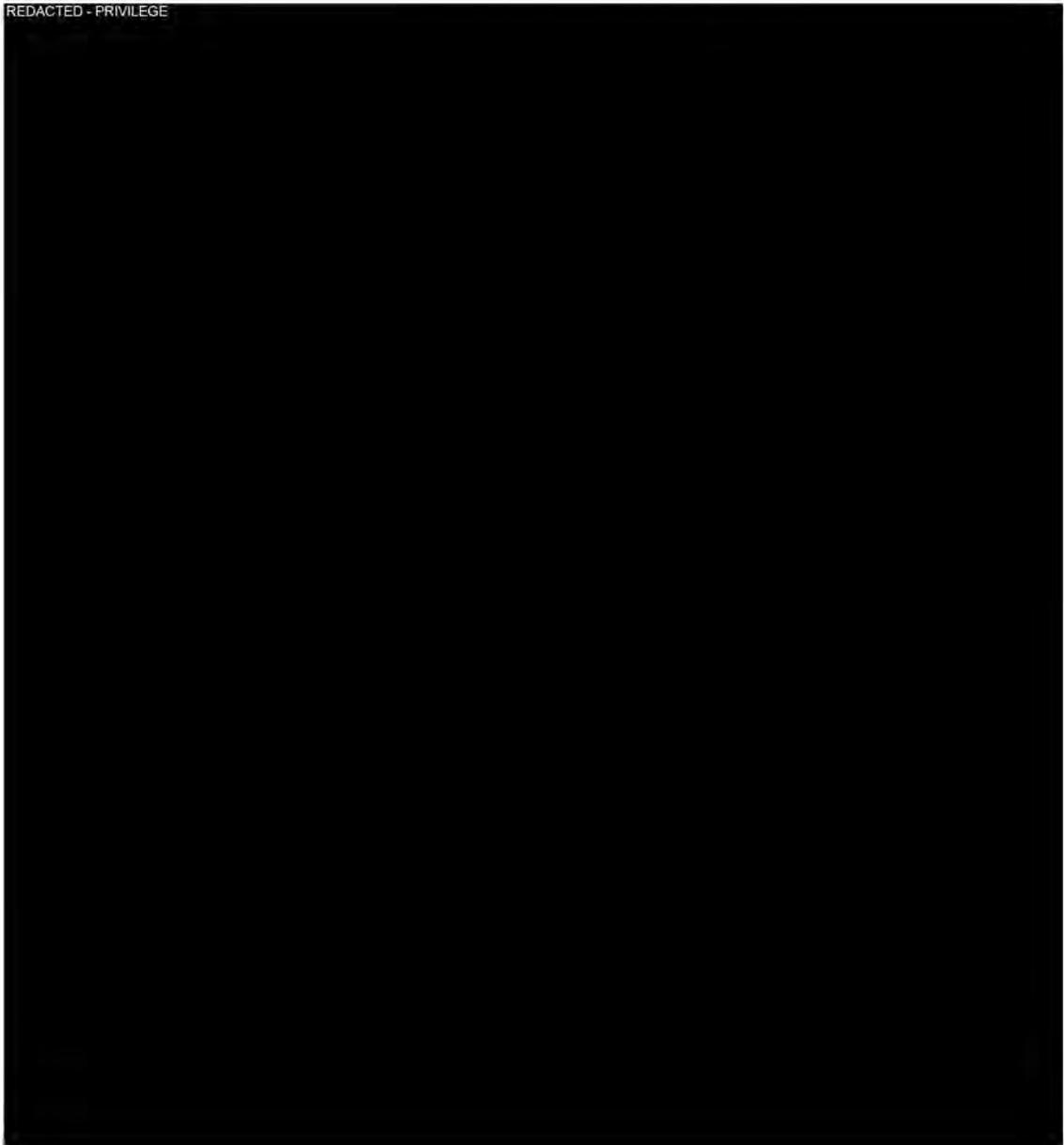


4.2. Crown Aspinall's and Aspers (UK)

Crown Aspinalls

In July 2018, Jeremy Wright was appointed Secretary of State for Digital, Culture, Media and Sport (Department responsible for casinos), replacing Matt Hancock after a series of resignations in Theresa May's cabinet after her decision of a "Soft Brexit" was reached. Matt Hancock was moved to become Secretary of State for Health and Social Care. Jeremy Wright's principal political interests are in justice, crime, health and education. Jeremy Wright has not spoken on gambling or issues relating to casinos. He does not have any casinos in his constituency.

REDACTED - PRIVILEGE



4.3. Wagering – Betfair

Revenue grew 12% YoY to \$5.6m in June. Exchange commission and growth across the broader customer base was 32% up YoY driven in part by the Football World Cup. The World Cup held over June and July exceeded our expectations achieving 45% on forecast. June also included some one-off adjustments that resulted in an overall neutral revenue position, being:

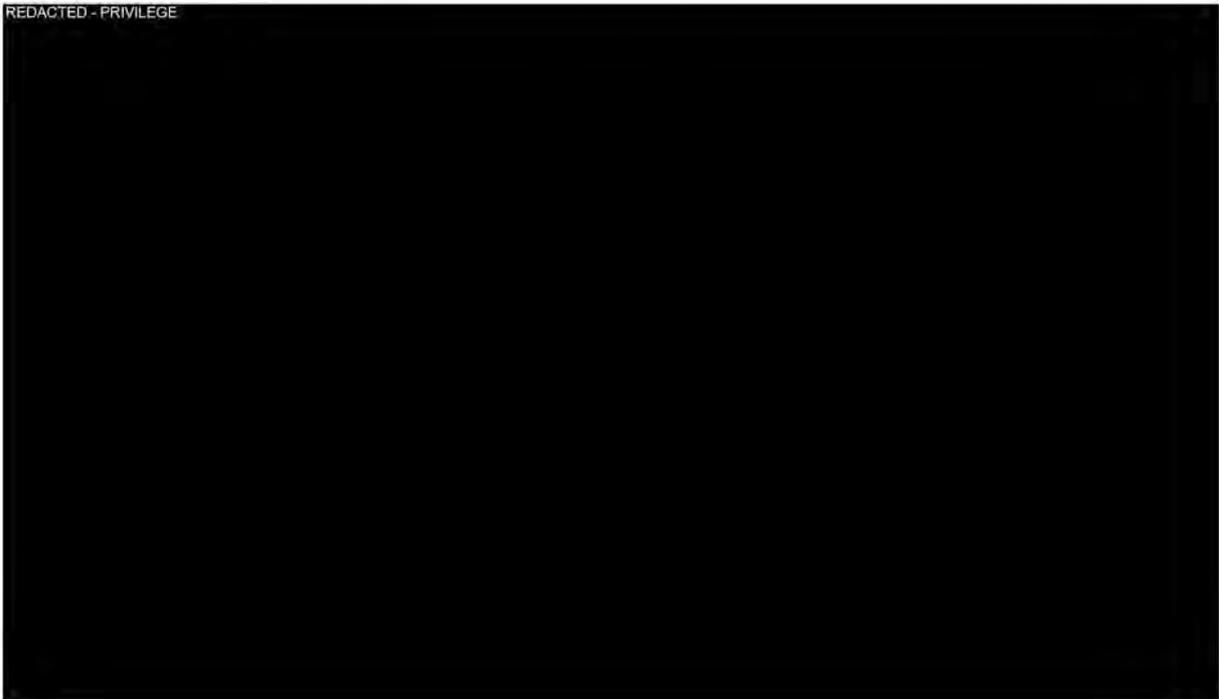
- A one-off positive adjustment for the recognition of revenue on a residency basis as opposed to account registration basis for the period FY15 – FY18 (post Reboot) of \$800k;
- Recognition of our number 1 customer's revenue for May and June (\$800k) who is now operating via a Paddy Power Betfair 'rest of world' account out of Guernsey. Betfair will be entitled this revenue for a three-year period through until April 2021.
- A negative adjustment to GST for FY17 and FY18 as advised by EY resulting in a \$1.6m adjusted against revenue.

Overall, full year results for Betfair were positive, with revenue finishing 14% ahead of last year and 4% ahead of budget. EBTIDA was \$17.1m, which represents 46% growth YoY and 18% growth on budget.

Looking ahead to FY19, a budget of \$79.8m has been set for revenue (+14% YoY growth), which is based on a combination of underlying growth and pricing changes to mitigate point of consumption (POC) taxes. The focus in July/August is developing and delivering the 2018 Spring Racing campaign, while bedding down wagering IQ projects to ensure growth can be achieved for the full year.

Legal and Regulatory

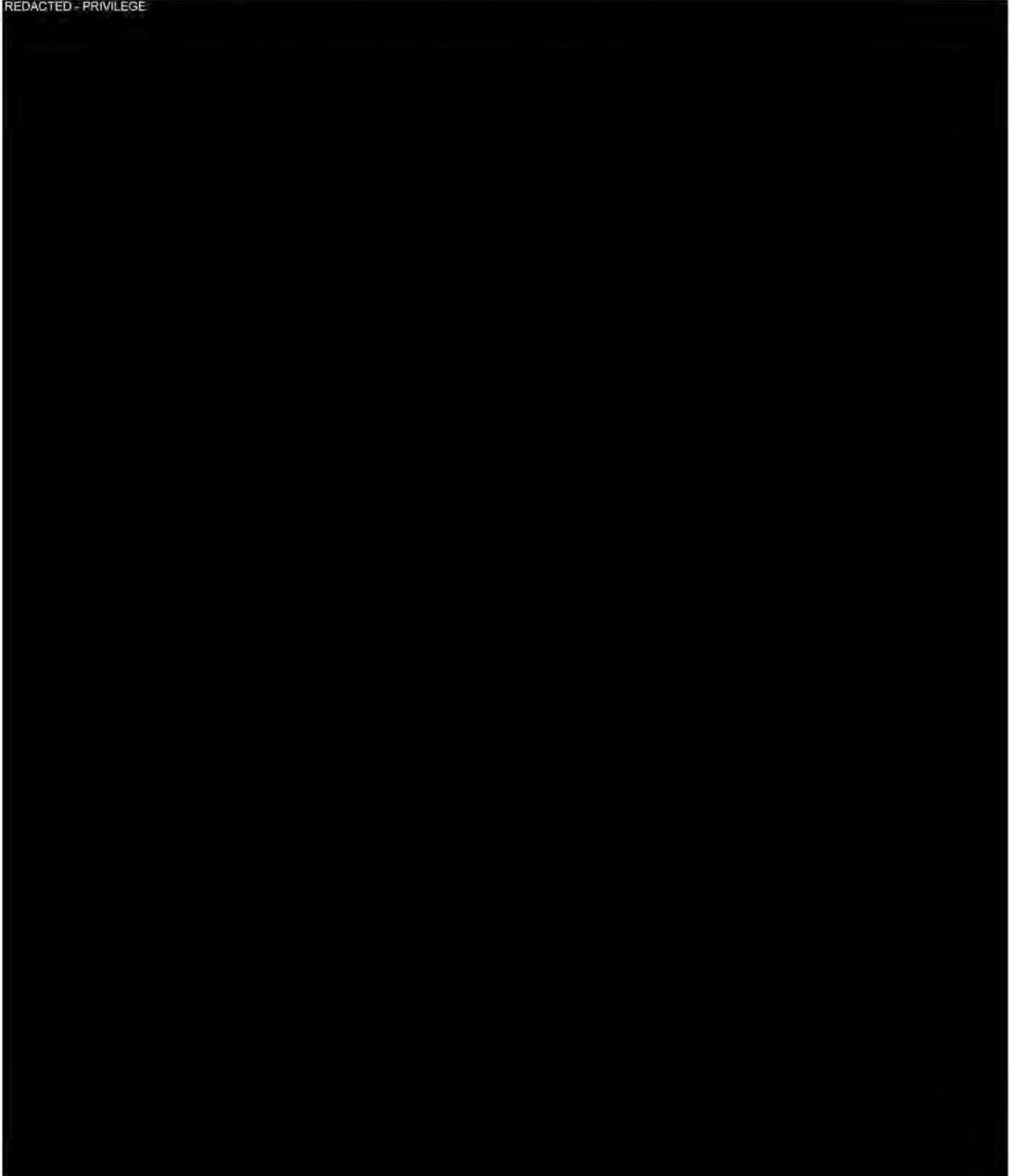
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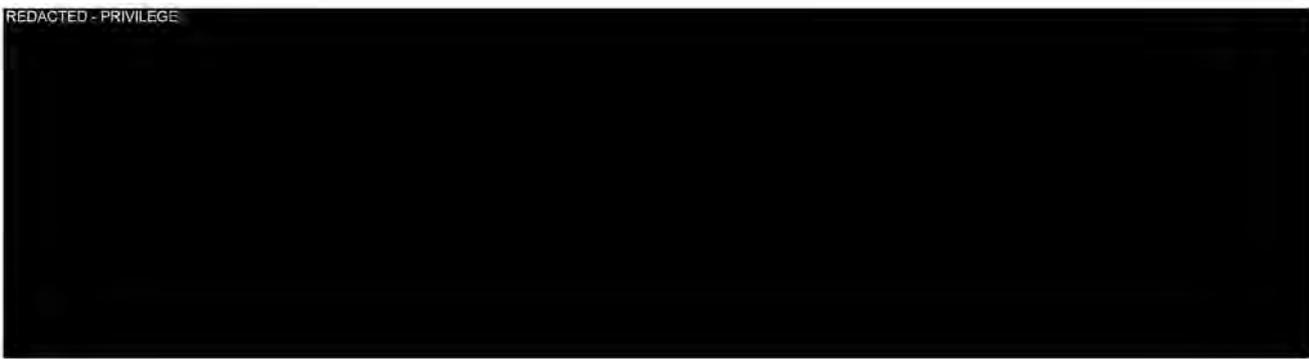
4.4. Crown Resorts Group

Updates on the Crown Sydney and One Queensbridge projects are included in the Development Update. An update on the Japan project is included in the Executive Summary. Other key Group issues are covered in separate papers included in the Board Pack.

REDACTED - PRIVILEGE



REDACTED - PRIVILEGE



5. Net Debt and Cash Flow

F18 Net Debt Roll Forward		
	\$M	\$M
Opening net debt		(308.5)
Melbourne EBITDA	660.2	
Melbourne theoretical adjustment	(74.1)	
Perth EBITDA	251.9	
Perth theoretical adjustment	(30.4)	
Aspinall's EBITDA	12.0	
Aspinall's theoretical adjustment	0.4	
Wagering and Online EBITDA	26.9	
Corporate	(54.4)	
Total EBITDA at theoretical		896.5
Total theoretical adjustment		(104.1)
Working capital		49.4
Capex		
Melbourne	(61.6)	
Perth	(29.2)	
Sydney	(241.9)	
Aspinall's	(6.7)	
Wagering and Online	(25.3)	(364.6)
Interest		(79.9)
Tax		(59.3)
Other (jets)		30.6
Dividends		(413.3)
Share Buy-Back		(18.8)
Net debt before investments		(372.0)
Investments		
Alon Las Vegas		332.2
Caesars		69.6
CrownBet		150.0
DGN Earn Out		(10.6)
Ellerston		60.4
Other Net		(8.6)
Closing net debt		221.0

Net cash at 30 June 2018 was \$221.0m (excluding working capital cash of \$130.9m), comprising closing available cash of \$1,713.7m and gross debt of \$1,492.7m. Net cash at 30 June 2018 was \$852.4m lower than budget.

The key reasons for closing net debt as at 30 June 2018 being lower than budget can be summarised as follows:

- F18 EBITDA was \$67.7m lower than budget due to below theoretical win rates at Crown Melbourne (\$74.1m) and Crown Perth (\$30.4m), lower theoretical EBITDA at Aspinalls (\$18.0m) and DGN (\$2.6m) and the removal of CrownBet from March 2018 (\$10.1m), partially offset by higher theoretical EBITDA at Crown Melbourne (\$50.0m) and Crown Perth (\$4.9m), higher EBITDA at Betfair (\$2.6m) and lower corporate costs (\$9.5m).

- Working capital cashflows were \$53.0m favourable to budget primarily due to favourable debtor working capital movements and an increase in gaming liabilities at Crown Melbourne and Crown Perth with the higher VIP volumes.
- Capital expenditure (excluding jets) was \$76.7m lower than budget, primarily due to lower Crown Sydney capital expenditure net of the receipt of deposits on apartment sales (\$51.2m), lower Crown Towers Perth expenditure (\$13.5m) and no CrownBet capital expenditure from March 2018 (\$9.5m).
- Corporate jet capital expenditure was \$30.6m favourable to budget due to the disposal of two aircraft:
 - In May 2017, Crown and CPH jointly entered into a finance lease arrangement with ANZ on a Bombardier Global Express aircraft. In September 2017, CPH took over Crown's lease, resulting in a \$25.0m reduction in gross debt with the removal of the finance lease (and removal of the aircraft asset).
 - In February 2018, Crown and CPH jointly entered into an arrangement with Harold Mitchell for the sale of the jointly leased Global Express aircraft for US\$8.7m, with Crown receiving 50% of the proceeds (US\$4.35m)
- Taxation payments were \$76.2m lower than budget primarily due to a tax refund received relating to the F17 tax return and a lower second half tax instalment rate following the lodgement of the F17 tax return.
- Interest payments were \$13.7m below budget, due to lower than budgeted net debt levels as a result of the delay in the commencement of the share buy-back and unbudgeted investing cashflow receipts (i.e. CrownBet, additional Alon proceeds).
- The budget assumed that Crown would sell the Alon land for US\$200m and receive US\$176m (A\$235.0m) for Crown's share of the disposal. In January 2018, Alon sold the land to Wynn for US\$300m, with Crown receiving US\$262.7m (A\$332.2m) from the land disposal, resulting in A\$97.2m of additional cash proceeds.
- The budget assumed a buy-back of 33.3m shares to be bought back at an average price of \$12.80 per share. In August 2017 Crown announced a buy-back of 29.3m shares, which commenced in April 2018. Crown bought back 1.426m shares at an average price of \$13.06 during F18, with the remaining shares forecast to now be bought in F19. The lower number of shares bought back has resulted in \$407.5m of lower share buy-back payments compared to budget.
- As a result of the lower number of shares bought back and the buyback occurring after Crown's half year results, Crown's dividend payments have increased by \$10m.
- Other investing cashflows were \$175.0m favourable to budget, primarily due to:
 - The receipt of \$150m resulting from the disposal of CrownBet in February 2018;
 - Removal of equity contributions for Queensbridge (\$16.0m);
 - Lower Alon holding costs (\$2.8m);
 - Receipt of distributions from Cannery (\$1.1m) and Gateway (\$1.7m);
 - Higher proceeds from the Caesars share sale (\$9.6m); partially offset by
 - Higher DGN earn-out payment (\$3.9m);

- Higher forecast Chill Gaming equity contributions (\$3.0m); and
- Unbudgeted equity contributions to Zengaming (\$0.8m).

Total liquidity at 30 June 2018 was \$1,889.8m taking into account available unused facilities of \$176.1m and available cash of \$1,713.7m (excluding \$130.9m of working capital cash).