



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

September 2016 Results

	FY17		September		FY16		Variance	
	Actual	Budget	F/(U)	F/(U)	Actual	F/(U)	F/(U)	F/(U)
	\$m	\$m	\$m	%	\$m	\$m	%	%
Theoretical EBITDA								
Crown Melbourne	50.5	54.5	(4.0)	(7.4%)	54.0	(3.6)	(6.6%)	
Crown Perth	21.6	22.8	(1.2)	(5.1%)	19.2	2.4	12.5%	
Crown Aspinalls	5.9	2.4	3.5	141.3%	0.4	5.5	1,260.9%	
Wagering & online	(5.3)	(1.4)	(4.0)	(290.1%)	(4.1)	(1.2)	(30.6%)	
Corporate	(8.3)	(7.1)	(1.1)	(16.0%)	(7.8)	(0.5)	(6.3%)	
EBITDA	64.4	71.2	(6.8)	(9.5%)	61.8	2.6	4.2%	
D&A	(22.8)	(22.8)	(0.0)	(0.2%)	(23.5)	0.7	3.0%	
EBIT	41.6	48.4	(6.8)	(14.1%)	38.3	3.3	8.6%	
Tax expense	(6.7)	(8.0)	1.3	15.8%	(5.4)	(1.4)	(25.3%)	
Net interest	(8.0)	(8.6)	0.6	6.5%	(11.5)	3.5	30.2%	
Equity accounted results (ex MCE)	(0.6)	0.5	(1.1)	(214.6%)	-	(0.6)	N/A	
Minority interest	2.2	0.9	1.3	139.3%	1.3	0.9	71.0%	
Normalised NPAT (excluding MCE)	28.5	33.3	(4.8)	(14.4%)	22.7	5.8	25.4%	
MCE (Crown share)	3.6	3.2	0.4	12.4%	2.0	1.6	81.4%	
Normalised NPAT	32.1	36.5	(4.4)	(12.1%)	24.7	7.4	29.9%	
Win rate adjustment - Australia	(5.9)	-	(5.9)	N/A	12.0	(17.8)	(149.0%)	
Taxation on win rate adjustment - Australia	1.8	-	1.8	N/A	(3.6)	5.4	149.0%	
Win rate adjustment - UK	(9.7)	-	(9.7)	N/A	(7.4)	(2.2)	(29.9%)	
Taxation on win rate adjustment - UK	1.9	-	1.9	N/A	1.5	0.4	29.9%	
Win rate adjustment - Melco Crown	(3.7)	-	(3.7)	N/A	4.6	(8.3)	(181.6%)	
Melco Crown Pre Opening	-	-	-	N/A	(5.7)	5.7	100.0%	
Reported NPAT	16.5	36.5	(20.0)	(54.8%)	26.0	(9.6)	(36.8%)	

The table above shows the consolidated result for Crown Resorts for the month of September 2016 including the latest MCE management estimates.

September normalised NPAT of \$32.1m is \$4.4m (12%) below budget, but \$7.4m (30%) above last year. Reported NPAT is \$16.5m which is \$20.0m (55%) below budget, impacted by unfavourable variances from theoretical at Melbourne and Aspinalls, partially offset by a favourable variance from theoretical at Perth.

Australian Resorts (including Aspinalls)

Australian Resorts normalised NPAT (ie excluding MCE) for September of \$28.5m is \$4.8m (14%) below budget, but \$5.8m (25%) above last year. Reported NPAT (excluding MCE) of \$16.7m is \$16.6m (50%) below budget and \$8.5m (34%) below last year.

Theoretical EBITDA of \$64.4m was \$6.8m (10%) below budget, but \$2.6m (4%) above last year. The main factors impacting the results were:

- In relation to the Australian businesses, **Crown Melbourne** EBITDA was \$4.0m (7%) below budget (Local +\$1.7m or +4%, VIP -\$5.7m or -69%), and \$3.6m (7%) below last year (Local +\$4.2m or +10%, VIP -\$7.8m or -75%). **Crown Perth** was \$1.2m (5%) below budget (Local +\$0.1m or +1%, VIP -\$1.3m or -173%), but \$2.4m (13%) above last year (Local +\$1.9m or +9%, VIP +\$0.5m or +51%).
- In Melbourne, local contribution was \$1.7m (4%) above budget and \$4.2m (10%) above last year. Local Tables were \$1.2m (5%) above budget with drop 2% above budget, and a hold of 21.2% (vs budget of 20.8%). Slots contribution was \$0.1m (1%) below budget, with turnover 5% above budget and a win rate of 7.8% (budget



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

of 8.3%). F&B was \$0.5m (13%) above budget, with strong results in Bars, Premium Dining and Events & Conferencing. Hotels were \$0.1m (1%) above budget with above budget occupancy in Towers and Metropol. Room rate was above budget in Towers and Promenade, but below budget in Metropol.

- Melbourne VIP theoretical contribution of \$2.6m was \$5.7m (69%) below budget, with turnover of \$2.0b which was 45% below budget. A slightly below theoretical win rate of 1.37%, coupled with a high win rate on revenue share programs resulted in a \$9.0m negative variance from theoretical.
- In Perth, local contribution was \$0.1m (1%) above budget and \$1.9m (9%) above last year. Local Tables contribution was in line with budget, with drop 2% below budget and a hold of 23.8% (budget of 23.2%). Slots contribution was \$0.3m (2%) above budget, with turnover 2% below budget and a win rate of 8.5% (budget of 8.3%). F&B was \$0.1m (7%) below budget, while Conventions & Entertainment was \$0.1m above budget. Hotels contribution was in line with budget with above budget occupancy in both hotels, offset by below budget room rates.
- Perth VIP theoretical contribution was \$1.3m below budget, with turnover of \$0.8b which was 38% below budget. The win rate was 2.76%, resulting in a \$3.1m favourable variance from theoretical.
- **Crown Aspinall's** theoretical EBITDA of \$5.9m was \$3.5m (141%) above budget, but actual EBITDA was \$6.2m below budget with a win rate of -0.23%. Turnover of £0.9b was 69% above budget.
- **Wagering & Online** contribution of -\$5.3m was \$4.0m below budget for the month. CrownBet EBITDA was -\$4.9m, Betfair's EBITDA was \$0.6m and DGN's EBITDA was -\$0.9m. CrownBet's result was \$5.0m below budget due to below budget customer stakes and higher customer bonuses and loyalty points.

Melco Crown Entertainment (MCE)

Crown's share of MCE's normalised result of \$3.6m is expected to be \$0.4m (12%) above Crown's budget and \$1.6m (81%) above last year. The MCE estimate (normalised EBITDA US\$76.5m, normalised NPAT US\$9.8m, Crown share A\$3.6m) is based on MCE's DOR's and CY16 budget. COD and Altira reported win rates of 2.12% and 3.95% respectively, while Manila's win rate for the month was 3.13%, resulting in a net unfavourable variance from theoretical of US\$10.6m for MCE.

In comparison to MCE's CY16 budget, normalised EBITDA of US\$76.5m was US\$11.9m (14%) below budget, but US\$19.6m (34%) above last year.

- **COD's** theoretical EBITDA of US\$57.4m was US\$0.2m (0.4%) below budget with VIP roll 23% above budget. COD mass drop was in line with budget at a below budget hold of 35.2% (vs budget of 36.5%). COD's theoretical EBITDA was US\$1.6m (3%) below last year.
- **Altira's** theoretical EBITDA of US\$2.9m was \$0.4m (13%) below budget, with roll 19% below budget. Altira mass drop was 35% below budget at a below budget hold of 14.5% (vs budget of 18.0%). Altira's theoretical EBITDA was \$2.3m above last year.



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

- **Studio City** theoretical EBITDA of US\$11.3m was \$9.6m (46%) below budget. Studio City mass drop was 25% below budget at a below budget hold of 24.5% (vs budget of 26.4%). Gaming machines turnover was 35% below budget, with win 42% below budget.
- **COD Manila's** theoretical EBITDA of US\$11.3m was \$0.6m (5%) below budget, with roll 30% below budget. Mass drop was 19% above budget, with below budget hold of 26.0% (vs budget of 27.8%). COD Manila's theoretical EBITDA was \$5.2m (85%) above last year.
- **Mocha's** EBITDA of US\$2.1m was US\$0.7m (24%) below budget and US\$0.1m (6%) below last year.

Crown Resorts Group

Corporate costs are \$1.1m (16%) above budget due to demerger and REIT related costs. Depreciation and amortisation is in line with budget. Net interest expense of \$8.0m is expected to be \$0.6m (7%) below budget and \$3.5m (30%) below last year.

Reported NPAT for the month of \$16.5m is expected to be \$20.0m (55%) below budget. Crown Melbourne and Crown Perth reported win rates of 1.37% and 2.76% respectively, resulting in a combined unfavourable variance from theoretical of \$5.9m pre income tax, impacted by a high win rate on revenue share programs. Crown Aspinalls reported an unfavourable variance from theoretical of A\$9.7m pre income tax for the month with a win rate of -0.23%.

Normalised NPAT was \$7.4m (30%) above the prior corresponding period reflecting the net impact of the following factors:

- EBITDA increased by \$2.6m (4%) from last year with higher EBITDA at Crown Perth of \$2.4m (13%) and Crown Aspinalls of \$5.5m. Crown Melbourne had a lower EBITDA of \$3.6m (7%). Wagering & Online was \$1.2m (31%) below last year and Corporate Costs were \$0.5m higher than last year. At Crown Melbourne, Local contribution increased by \$4.2m (10%), but VIP Program Play contribution decreased by \$7.8m (75%). At Crown Perth, Local contribution increased by \$1.9m (9%) and VIP Program Play contribution increased by \$0.5m (51%).
- Crown's share of MCE's result was \$1.6m (81%) above last year due to the opening of Studio City and improved trading in Manila.
- Depreciation and amortisation was \$0.7m (3%) below last year.
- Net interest expense was \$3.5m (30%) below last year due to lower net debt levels.



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

F17 YTD Results and Full Year Forecast

	YTD		FY16 Actual \$m	Full Year		FY16 Actual \$m
	FY17 Actual \$m	FY17 Budget \$m		FY17 Forecast \$m	FY17 Budget \$m	
EBITDA						
Crown Melbourne	151.2	171.5	183.7	710.6	710.5	690.5
Crown Perth	70.7	70.0	62.1	286.7	286.7	264.5
Crown Aspinalls	15.0	10.3	7.8	38.6	34.0	26.5
Wagering & online	(4.9)	(2.1)	(10.7)	28.5	26.0	(5.4)
Corporate	(23.1)	(21.4)	(24.0)	(88.6)	(86.8)	(98.4)
EBITDA	208.9	228.3	218.9	975.8	970.4	877.6
D&A	(69.9)	(69.8)	(69.6)	(291.4)	(291.2)	(282.8)
EBIT	139.0	158.5	149.3	684.4	679.2	594.8
Tax expense	(22.8)	(26.2)	(22.7)	(114.3)	(111.3)	(93.7)
Net interest	(25.0)	(27.5)	(35.7)	(112.8)	(122.9)	(141.6)
Equity accounted results (ex MCE)	(1.1)	1.3	-	6.5	11.1	(1.4)
Minority interest	3.6	2.3	3.6	1.0	0.1	5.2
Normalised NPAT (excluding MCE)	93.6	108.4	94.5	464.9	456.3	363.3
MCE (Crown share)	19.2	20.0	25.0	98.3	99.0	58.1
Normalised NPAT	112.8	128.4	119.5	563.2	555.3	421.4
Win rate adjustment - Australia	21.2	-	(12.5)	21.2	-	(5.8)
Taxation on win rate adjustment - Australia	(6.4)	-	3.8	(6.4)	-	1.7
Win rate adjustment - UK	(5.4)	-	17.5	(5.4)	-	(10.5)
Taxation on win rate adjustment - UK	1.1	-	(3.5)	1.1	-	2.1
Win rate adjustment - Melco Crown	1.3	-	3.4	1.3	-	12.6
Melco Crown Pre Opening	-	-	(12.9)	-	-	(28.1)
Reported NPAT before Significant Items	124.6	128.4	115.2	575.0	555.3	393.6
Net gain on sale of MCE	-	-	-	-	-	602.0
Early debt retirement costs (net of tax)	-	-	-	-	-	(40.8)
Proposed demerger related costs	-	-	-	-	-	(9.0)
Aspers impairment reversal	-	-	-	-	-	35.5
Tax provision – amended assessments	-	-	-	-	-	(32.4)
Reported NPAT after Significant Items	124.6	128.4	115.2	575.0	555.3	948.8

The group's total YTD normalised NPAT of \$112.8m is \$15.5m (12%) below budget and \$6.7m (6%) below last year. YTD actual NPAT of \$124.6m is \$3.8m (3%) below budget, but \$9.4m (8%) above last year.

Australian Resorts (including Crown Aspinall's)

Australian Resorts normalised YTD NPAT (excluding MCE) of \$93.6m is \$14.8m (14%) below budget and \$0.9m (1%) below last year. Reported YTD NPAT (excluding MCE) of \$104.1m is \$4.3m (4%) below budget, but \$4.5m (5%) above last year.

- Group theoretical YTD EBITDA of \$208.9m is \$19.4m (9%) below budget. Crown Melbourne is \$20.3m (12%) below budget, Crown Perth \$0.7m (1%) above budget, Crown Aspinalls is \$4.7m (45%) above budget and Wagering & Online is \$2.7m (128%) below budget. Group theoretical EBITDA is \$10.1m (5%) below last year with Crown Melbourne below last year by \$32.5m (18%) mainly due to lower VIP contribution. Crown Perth is above last year by \$8.5m (14%), Crown Aspinalls is \$7.2m (92%) above last year, Wagering & Online is \$5.8m (54%) above last year and Corporate costs are \$0.9m lower than last year.
- Crown Melbourne's theoretical YTD result is due to a below budget VIP Program Play contribution (\$18.5m or 61% below budget) and a below budget Local contribution (\$1.7m or 1% below budget). Program play turnover of \$8.1b is \$4.4b



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

(35%) below budget and \$6.9b (46%) below last year. The below budget local result is attributable to below budget results in Gaming Machines (\$3.1m or 5% below budget) and Hotels (\$0.3m or 1% below budget), partially offset by Table Games (\$0.7m or 1% above budget) and Food & Beverage (\$0.8m or 6% above budget). Crown Melbourne's theoretical YTD result is \$32.5m (18%) below last year (Local - \$1.8m or -1%, VIP -\$30.7m or -72%).

- Crown Perth's theoretical YTD result is due to an above budget Local contribution (\$1.0m or 1% above budget), partially offset by a below budget VIP Program Play contribution (\$0.2m or 9% below budget). VIP turnover of \$3.4b is \$0.3b (7%) below budget. The above budget local result is due to above budget results in Table Games (\$0.8m or 3%), Gaming Machines (\$1.3m or 3%) and Hotels (\$0.1m or 1%), partially offset by below budget results in Food & Beverage (\$0.8m or 11%) and Conventions & Entertainment (\$0.5m or 32%). Crown Perth's theoretical YTD result is \$8.5m (14%) above last year (Local +\$4.6m or +7%, VIP +\$3.9m or +237%).
- Crown Aspinalls' above budget theoretical result is due to above budget VIP Program turnover of £2.9b being £0.6b (25%) above budget. The YTD win rate of 0.70% is below theoretical (budget of 0.78%), resulting in a £3.2m unfavourable variance from theo.

MCE

Crown's share of MCE's YTD normalised results of \$19.2m is \$0.8m (4%) below Crown's budget. COD theoretical YTD EBITDA is US\$11.8m (6%) below Crown's budget, Altira is US\$4.6m (36%) below budget, Mocha is US\$1.2m (15%) below budget, Studio City is \$16.7m (61%) above Crown's budget and COD Manila is \$2.5m (8%) above Crown's budget.

MCE YTD theoretical EBITDA is US\$52.1m (25%) above last year, with COD US\$11.3m (6%) below last year, Altira US\$3.5m (30%) below last year, Mocha US\$1.9m (22%) below last year and Manila is US\$15.5m (81%) above last year. Corporate costs are US\$2.7m below last year. Crown's share of MCE's normalised result is \$5.8m (23%) below last year, but actual results are \$4.9m (32%) above last year.

Crown Resorts Group

YTD corporate costs of \$23.1m are \$1.8m (8%) above budget primarily impacted by demerger and REIT related costs. YTD net interest expense of \$25.0m is \$2.5m (9%) below budget.

YTD reported NPAT of \$124.6m is \$3.8m (3%) below budget and includes a net favourable normalisation adjustment of \$11.8m (net of income tax). The combined favourable variance from theoretical for the Australian casinos is \$21.2m (pre-income tax), with the YTD win rate on VIP Program Play of 2.05% at Crown Melbourne and 2.21% at Crown Perth. Crown Aspinalls' unfavourable variance from theoretical is \$5.4m (pre income tax) at a win rate of 0.70%. Crown's share of MCE's favourable variance from theoretical is \$1.3m.

Crown's forecast F17 normalised NPAT is \$563.2m, reflecting results to September and a re-forecast for the remainder of the year. This compares to a budget F16 normalised NPAT of \$555.3m and a prior year normalised NPAT of \$421.4m. Crown Melbourne's full year EBITDA forecast is in line with budget and \$20.1m (3%) above last year. Crown



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

Perth's full year EBITDA forecast is in line with budget and \$22.1m (8%) above last year. Aspinalls is forecasting to be \$4.7m (14%) above budget, and Wagering & Online is forecasting to be \$2.5m (10%) above budget. Crown is forecasting its share of MCE's full year result to be \$0.8m (1%) below budget, but \$40.1m (69%) above last year.

Forecast F17 reported NPAT is \$575.0m. As at 10 October the YTD favourable variance from theoretical win rates for Crown Melbourne, Crown Perth and Crown Aspinalls combined is \$15.7m (pre income tax).

Current Issues

Australian Resorts Marketing and HR Initiatives

- Crown Melbourne and Crown Perth websites delivered strong results during September, driving 909,000 visits and tracking \$4.75m revenue in restaurants, tickets, hotels and gift sales. Web traffic was up 18% year on year (YOY) in Melbourne and up 17% YOY in Perth.
- Crown's social media footprint now covers 376,000 users on Facebook (261,000 Melbourne and 115,000 Perth), with 38,000 followers on Instagram and 24,000 on Twitter. Social Media campaigns drove \$395k in revenue across the properties in September, with key drivers being restaurants and hotels in Melbourne and theatre ticket sales in Perth.
- The Melbourne September calendar focused on a number of mid-Autumn festival promotions and events. With the aim of driving strong visitation from key Asian segments, key promotions included a numbers of customer dinners, a Tea Set Gift Offer, Mooncake Gift Offer and a Lucky Money Cash Draw. Other key premium promotions included the Ultimate Luxury promotion in the Teak Room, which offered luxury items and \$50k in cash, and the Black Rewards Earn and Get promotion, which for the first time ran exclusively for Black Tier members. The Ultimate Prize Jackpot launched towards the end of the month which will now partner the Member Money Jackpot as part of a big Thursday night offering. This concept offered members the chance to win a car with a new prize added to the pool each week in the event that it is not won. The Main Gaming Floor was supported by Footy Fever jackpots which were set up across the west end of the gaming floor with Riverside and Teak rooms also featuring Shop Shop Shop Jackpots in place.
- In September Crown Perth had a strong propositions plan in place that focussed on a successful launch of the new Riverside Room (mid-tier Gaming Machines room). This included Celebration Cash draws to launch the new room, followed by the \$300,000 Extravaganza that had 60 minute Lucky Time Jackpot promotions followed by barrel draws twice daily, running from Monday 12 September to Friday 30 September, and the Riverside Sunday Spectacular draws each Sunday night that involved a wheel spin for cash prizes. This was flanked by an extensive in-room entertainment calendar and the activity program drove high volumes of gaming machine led customers to the property. Early October has seen two strong promotions to start the month, in a Bus Frenzy and 4 Cars in 4 Weeks on Tuesday nights.
- In September, Alexandra Smith joined Crown in the new role of Group General Manager Public Relations from Ogilvy Public Relations Worldwide where she worked as Managing Director of their Melbourne office.



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

- Crown Rewards is on track to launch on 15 November 2016. Crown Rewards will provide Crown with a loyalty program that is unified across Melbourne, Perth and CrownBet and a platform for future integration into other Crown properties and businesses. Key updates as follows:
 - Existing loyalty program members were informed of the move to Crown Rewards (excluding any details on program changes) via the mandatory 'rules change notification' mailed in late September.
 - Invitations for members to re-card and become part of Crown Rewards are to be sent early November.
 - A number of briefing sessions were held in September across Melbourne and Perth to ensure all managers were updated on the new loyalty program, the strategy behind the changes and the implementation plan.
 - 176 Crown Rewards Champions have been selected across Melbourne, Perth and CrownBet and have undertaken in-depth training to provide the first line of support to customers and front line staff in support of the launch of the new program.
 - An online training module has also been made available to all staff.
 - Technical development is on target for 15 November launch date.
- There are currently 114 people employed in the *CROWNability* program across both properties with 62 at Crown Perth and 52 at Crown Melbourne, with a retention rate of 66.7% as at 30 September 2016.
- *CROWNability* continues to work towards achieving the goals set out in the *CROWNability* Action Plan with key items completed in F16 as follows:
 - Finalisation of the Crown Resorts Disability Employment Policy and Workplace Adjustment Procedure;
 - Establishment of the *CROWNability* Steering Committee;
 - Premises access audits for dignified access for people with disability;
 - Creation of a communications strategy to increase the profile of *CROWNability* through various media channels.
- Actions yet to be completed and rolled over into F17 include:
 - Implementation of Personal Emergency Evacuation Plans for *CROWNability* employees;
 - Development of an annual events calendar of Disability Awareness Sessions for all staff and delivery of Disability Confidence Training for managers;
 - Implementation of a mentoring / buddy program for new *CROWNability* employees.



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

- In March 2016 Crown Perth initiated the first meeting in WA of hospitality employers that may be interested in forming a Hospitality Disability Network (HDN) pilot in Perth. At this stage the group consists of the Chamber of Commerce & Industry, the Australian Hotels Association, Duxton Hotel and Programmed. The key objective of the HDN is to implement a collaborative industry strategy for the employment and career development of people with a disability. Formal confirmation of the HDN has been delayed due to the challenging economic conditions in WA. It is hoped that commitments from participants and formal launching of the group will be achieved in 2017.
- Crown Perth has engaged Perth Paralympian, Brant Garvey, to assist in raising awareness of the CROWNability program at a local level and promote employment possibilities for people with a disability. Brant is a professional triathlete and member of the elite Australian Paratriathlon team.
- The Australian Network on Disability has completed the process of conducting premises access audits in Melbourne and Perth to ensure that Crown is compliant with the Disability (Access to Premises - buildings) Standards 2010. An action plan incorporating a staged approach will be developed. A review of digital communications in line with Web Content Accessibility Guidelines is also underway to ensure that digital content, both external and internal, is more accessible to people with disability.
- Crown is one of five Australian companies to have been invited to attend an international summit on disability employment in December 2016, sponsored by the Harkin Institute in Washington DC. The host is former US Senator Tom Harkin (sponsor of the American Disabilities Act) and the purpose is to exchange ideas with other companies from around the world. This is the first of the annual international summits sponsored by the Harkin Institute. Other Australian organisations attending will be Woolworths, Westpac, Programmed and the National Disability Insurance Agency.
- The Crown Indigenous Employment Program (IEP) has increased the number of Indigenous employees over the past two months to 198 with 110 at Crown Melbourne and 88 at Crown Perth. The total number of hires to date under the program is 599.
- Crown Perth held a five day Food and Beverage Pre-employment Workshop delivered by Learning and Development. 16 participants undertook the training which was completed on 1 October. Of the 16 candidates, five interviewed immediately at the Crown Towers Assessment Centre, with all five Indigenous candidates progressing to the reference and compliance stage. IEP is confident that seven of the remaining 11 are a strong fit for Crown.
- Crown Perth, partnering South Metropolitan TAFE, will deliver the first Table Games training program in eight months with 10 candidates undertaking four weeks of training (two weeks at TAFE and two weeks at Crown College).
- Crown continues to deliver on its Elevate Reconciliation Action Plan (RAP) commitments, with continued success of key programs including the Indigenous Leadership Program (Melbourne) and the Indigenous Supplier Diversity Program (Perth). Both programs are scheduled to roll out at both sites in early 2017.



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

- EGM Human Resources, Alicia Gleeson, and Group Manager Indigenous Programs, Sean Armistead, will be presenting on behalf of Crown at the National Indigenous Economic Development conference in Darwin on 22 October.
- Crown is working with other RAP Elevate Partners in piloting an Indigenous Executive Leadership Program (working title), designed to leverage the expertise of organisations such as Crown, AFL, NAB and Broadspectrum to provide a career pathway for senior Indigenous managers.
- Awards update:
 - Dave Cooper - Table Games Dealer, was awarded the Victorian Trainee of the Year 2016 at the Victorian Training Awards and is now a finalist for the Australian Training Awards which will be held in Darwin on 17 November.
 - Crown Resorts has also been named as a direct entry finalist for the Australian Apprentices Employer of the Year Award which will be announced at the same event.
 - Crown Melbourne's Indigenous Employment Program has been announced as a finalist in the Melbourne Awards hosted by the City of Melbourne.
 - Crown Melbourne is a finalist in the category of Contribution to Environmental Sustainability by a Corporation in the City of Melbourne Awards and also in the Premier's Sustainability Awards.
 - Group Manager Indigenous Programs, Sean Armistead, is a finalist in the Victorian Aboriginal Education Association's Wurreker Awards to be awarded on 13 October.
- Learning and Development:
 - Crown Melbourne and Crown Perth currently have over 1,600 employees completing formal qualifications registered to the Crown College Registered Training Organisation (RTO) of which over 340 are participating in Leadership and Management programs.
 - Crown College hosted a tour for the Assistant Minister for Vocational Education and Skills, the Hon. Karen Andrews MP. Minister Andrews toured the college facilities and met with current trainees and apprentices. Minister Andrews also stayed for lunch service provided by the trainees and apprentices at the Culinarium.
 - Crown College RTO recently participated in a re-registration audit with the RTO regulatory authority ASQA. Crown College RTO received verbal confirmation of 100% RTO compliance. The official report will be received in the next few weeks.
 - Crown College RTO has commenced the fee for service, workplace based training and assessment of AHS Housekeeping employees in both Melbourne and Perth. Training is being conducted at all Crown hotels as well as various other hotel properties across both cities. Planning is underway to enroll new Housekeeping employees for the Crown Towers opening in Perth.



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

- The 500 Training Places initiative continues with 242 enquiries received since August 2015. We have hosted information sessions for 127 interested applicants and 65 have enrolled in the program. Crown College has issued 35 qualifications. Eight of these participants have gained employment at Crown, with 12 applicants currently in the recruitment process. Crown has coordinated the opportunity for the hospitality students to provide volunteer service shifts at the Salvation Army "Hamodava Café" in Bourke Street.
- Over the past few weeks, meetings have been held with suppliers for Toyota and Ford, the AMWU as well as Boshoku Toyota. The response has been positive and more than 70 participants have registered interest to participate in the program. Promotional posters have been created and distributed to Career Transition Centres and key contacts through the Department of Education. newspaper advertising has been developed and will be released shortly.
- The Crown Resorts LGBTI Steering Committee has been confirmed with Lonnie Bossi (COO Gaming Crown Perth) as Chair. Employee Advisory committees have also been appointed in both properties.
- Work towards a Gender Action Plan (GAP) has commenced to formalise Crown Resorts' commitment to Gender Equity. A Steering Committee across both properties is being finalised and this will be supported through Advisory Groups in each property.

Crown Melbourne

Performance Enhancement

- Table Games F17 YTD September performance was positive with contribution of \$84.6m above budget by \$0.7m or 0.9% and \$4.2m or 5.2% up on the prior corresponding period (pcp). Drop volumes of \$888m finished slightly short of budget by 0.4% but up 3.4% on the pcp.
- Main Floor (excluding Poker and eTGs) activity September YTD was marginally down on budget by 1.0% but up on the prior year by 3.2%. Activity improved through September after a soft start to the financial year. A slightly stronger hold (25.1% v budget of 25.0%) offset some volume weakness, with revenue finishing 0.9% below budget and 4.8% up on the pcp.
- Electronic Table Games (eTGs) had a mixed September quarter. While the overall performance was positive, a strong start was offset to some degree by weakness in patron hours and volumes through September. Turnover for September YTD finished 0.3% above budget and 6.9% up on the pcp. During September, a range of the older Classic (Vegas Star) terminals were upgraded to multi-game MOJO's and a new supplier, Interblock, will see its first Crown installation in October.
- The encouraging Poker performance from F16 has continued through the September quarter. An early start to Aussie Millions satellite tournaments and higher level cash games combined to bring revenue in 0.7% above budget and 3.3% up on the pcp. October will see the final Asia Pacific Poker Tour (APPT) event, the APPT Melbourne, being held from 6 to 18 October.



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

- Premium Table Games continued to show underlying strength through the September YTD period. Total volumes of \$515m were up 0.8% on budget and up 5.6% on the pcp. A slightly better than expected hold resulted in total revenue growth of \$2.2m or 2.2% on budget and \$7.5m or 7.8% on the pcp.
- Volumes in Mainfloor Premium (MFP) finished the September YTD period slightly down 0.8% on budget but up 8.2% to the pcp. This period did experience some disruption with the Maple Room expansion works underway through much of the quarter. The first stage of Maple Room's expansion saw four additional tables introduced to the room in the last week of September while the second tranche of four tables is due to come on line in early October.
- The Mahogany Room enjoyed a steady start to the financial year. The return of most key players in July supported volume growth in the period of 2.9% on budget and 2.2% up on the pcp. Revenue for the period finished down 4.4% on budget but 2.2% up on the pcp due to a softer than expected hold. A relay of Pit 25 to accommodate eight additional BA16 tables commenced late August and concluded mid-September.
- Table Games Interstate business had a slow start to the year but closed out the September period very strongly supported by the use of the Jets. Turnover for the period of \$664m was 16.1% up on budget and 35.1% up on the pcp.
- Gaming Machines September YTD contribution of \$58.4m was \$3.1m or 5.0% below budget and \$3.8m or 6.1% below the pcp. A slow start to the financial year has been offset by strong volumes in the last six weeks of the quarter.
- Signature Club has registered over 40,000 sign-ups YTD, up 7.5% on last year with the CrownBet opt-in rate of 65% the highest monthly percentage recorded.
- Key Gaming Machines VIP events for September included mid-Autumn dinners, VIP Video Star challenge and Capital Championship Series 5. The Platinum Points Draw in the Palladium attracted record volumes with close to 500 members and 750 people in total enjoying the event. The new Platinum Hosting team conducted a range of events including premium dinners and cocktail functions.
- Key jackpot and bonusing initiatives continue to be executed in both the mainstream and VIP markets including the new Showcase jackpot, an addition to the Member Money Jackpot on Thursdays. Other new initiatives planned for October, November and December, include a first-to-market jackpot labelled 'Slot Lotto,' an intelligent bonusing module, 'Random Riches' and a million dollar member draw on Sundays commencing in October.
- Food & Beverage September YTD contribution was \$0.8m or 6.4% above budget and \$2.0m or 17.9% above the pcp. Bars was the main driver of growth, supported by solid results in Premium Restaurants and Events & Conferencing.
- Hotels September YTD contribution was \$0.3m or 1.2% below budget and \$0.9m or 3.9% below last year. Occupancy levels have been steady but rate has been a little softer than expected in the first quarter. Gaming activity in Villas has also been subdued offset by increased selling to other segments.



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

Other Issues

- In preparation for the launch of Crown Rewards on 15 November all terms and conditions, collateral, benefits and sign up procedures under the revised Program have been reviewed, simplified and redrafted such that they are aligned to the Program requirements and objectives across both Crown Melbourne and Crown Perth. Opportunities to streamline business processes to improve and simplify offerings to customers and achieve flow on business improvements have and continue to be explored and prepared for implementation.

REDACTED - PRIVILEGE



- On 15 September 2016 Crown received correspondence from the Victorian Commission for Gambling and Liquor Regulation advising that Recommendation 5 (use of player data to identify potential problem gamblers) of the Section 25 Casino Review was now complete which now formally finalises all Recommendations of the Review. Planning for the next Review is expected to commence in the New Year.

REDACTED - PRIVILEGE





Crown Resorts

Chief Executive Officer's Report – 19 October 2016

REDACTED - PRIVILEGE

Crown Perth

Performance Enhancement

- Local Table Games' contribution for F17 YTD was \$0.8m or 3.0% above budget and \$3.6m above the prior year. Regular Tables drop exceeded the Q4 F16 performance driven by the combined strength of Baccarat volumes in the Riviera Room and Main Gaming Floor (MGF). Local Premium revenue was also strong against the previous quarter sustaining approximately 12% growth on Q4 F16.
- Regular Table Games' contribution YTD September was \$0.9m or 4.1% below budget but \$3.0m or 16.3% above last year. Softer hold on Blackjack and Progressive Poker impacted contribution performance against budget, with drop volumes marginally exceeding the budgeted expectations by 0.2%. Strong growth in electronic tables, Roulette and Baccarat has provided a counter balance to the growing macro challenges being faced by the broader business and local economy. In particular, Saturday results on the main floor have steadily recovered from the rapid decline experienced across January and February 2016.
- A reconfiguration of the MGF and Riviera Room was completed in late August. This resulted in additional Roulette and Baccarat product and has further leveraged the strength of these products.
- To capitalise on the growing popularity of eTGs a new multigame (semi-automated) stadium was installed on the MGF in late Q1, early performance of which has been positive. Further to this a fully automated version is planned for installation in December.
- Gaming Machines' F17 YTD September contribution was above budget by \$1.3m or 2.6% and above last year by \$3.0m or 6.3%. Weekly Machines turnover volumes recovered throughout the first quarter. The increase came on the back of an active marketing promotional calendar headlined by the giveaway of four cars in four weeks in July that was supported by a scratch and win style direct marketing offer which was well received by loyal customers. July results were complimented by strong September results on the back the new Riverside Room opening and associated promotional/events calendar.
- The new Riverside Room (expanding Gaming Machines into the space previously occupied by Yu Restaurant) opened in early September and has been very well



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

received by customers. Some product and environmental refinements have been made subsequent to opening, further enhancing the customer experience.

- The new Riverside Room replaced the former Meridian Room and the space previously occupied by the Meridian Room will be converted to MGF footprint. The expansion allows for additional gaming product but also delivers a new bar and additional smoking terrace to the MGF. The expansion is scheduled for completion early December providing an opportunity to yield the increased capacity across the Christmas and New Year period.
- Food & Beverage contribution September YTD was \$0.8m (10.8%) below budget and \$1.2m (14.2%) below last year. The below budget result has mainly been driven by a decline in beverage sales which has been impacted by bad winter weather, the WA AFL teams not performing as well this year and a general decline YOY in VIP/Junket spend. The theatre has also experienced average attendance numbers in August and September.
- Key events September YTD included the Ultimate Baccarat Championship Qualifiers, Soccer Ball Lucky Draw, various sporting events such as the Bledisloe Cup Games 1 and 2, WA AFL Derby and AFL Finals Series, UFC 202 Diaz vs McGregor, the Queen's Birthday Long Weekend as well as the opening of the new Riverside Room in September, whilst Eve Nightclub has also hosted 'Bow Wow' and 'A\$AP Ferg'.
- Conventions September YTD contribution was \$0.2m (14.6%) below budget and \$0.2m (13%) below last year with patron numbers at key events down on last year. Key events YTD included the Chevron NAIDOC Ball, Fremantle Dockers Ball, the Brainchild Ball WA, Variety of Chefs 2016 Ball, RAC Stars 2016, Altitude Ball, WA Aids Council Styleaid 2016, WACSSO Conference, the 2016 Youth Focus Ball, West Coast Eagles Luncheon and Automotive Brand Trade Expo.
- Entertainment's contribution September YTD was \$0.3m below budget and \$1.1m below last year. This has mainly been driven by below average patronage levels for Theatre show 'Georgy Girl' in July, although ticket sales improved for the season of the 'Sound of Music' through September/October.

The following are confirmed future events in the Theatre:

Buddy Holly	October
Dance Concerts (2 performances)	October
Kevin Bloody Wilson (2 performances)	October
Mix 94.5 Flashback Live!	November
The Royal Scots Dragon Guard (2 performances)	November
Elvis to the Max	November
Arj Barker	November
Avenue Q (17 performances)	November –
December	
Santa's Magical Kingdom – Crown Tent (40 performances)	December
Singin' In the Rain (37 performances)	December – January
ICEHOUSE 40 Years Live (2 performances)	February
Beatles Orchestrated	February
Matilda the Musical	March – May



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

In addition to the above Crown is in the process of installing a large tent on Car Park 4 licensed to accommodate 5,000 people with the potential to extend to 8,000, subject to further approvals. This project is part of a series of non-traditional initiatives aimed at driving business to Crown Perth. The first performance in the tent will be Santa's Magical Kingdom in December, which is currently in market with 9,000 tickets sold to date. Crown is also considering a major barbeque festival for the New Year and obtaining the current Perth festival known as Taste of Perth.

- Hotels' contribution YTD September was \$0.1m (0.7%) above budget and in line with previous year. Occupancy levels at both properties remained positive to budget and the previous year due to a consistent group business base. As has been the ongoing trend for the Perth accommodation market, average room rates continued to fall below prior years in both hotels however not as significantly as the respective competitor sets. The leisure market remained challenged in terms of visitation and rate, again driven largely by market conditions. This shortfall was offset by a steadying corporate market, coupled with the secure base of group business and Virgin airline crew.

Other Issues

- In September, a Crown Perth Enterprise Agreement negotiated with United Voice and workplace delegates received an 88% affirmative vote from eligible employees. The agreement, which covers approximately 3,500 employees, has now been lodged with the Fair Work Commission for approval and delivers yearly wage increases of 2.25%, 2.25% and 2.5%. The agreement also delivered strong productivity rostering concessions to Table Games which will see the actual cost to Crown reduce to circa 2.0%, 2.0%, 2.25% in each of the three years.
- The Department of Racing, Gaming and Liquor (DRGL) has advised Crown Perth representatives that the liquor licence for the Crown Towers Perth hotel and associated facilities is expected to be considered by the Gaming and Wagering Commission (Commission) at its October 2016 meeting. In anticipation of a favourable outcome from the Commission meeting, Crown Perth has commenced liquor premises inspections with the DRGL. The Commission has approved 30 additional gaming tables associated with Crown Towers and an increase of the casino gaming licensed area to incorporate the VVIP gaming salons, with the relevant licensing plans expected to be formally gazetted through October 2016.
- The Town of Victoria Park (Town) has not raised any further concerns regarding operational matters relating to Crown Towers Perth, including waste collection, odour control, light and noise pollution, cooling tower maintenance and public building approvals. The initial concerns relate largely to complaints received from the residential properties adjacent to Crown Towers Perth. Crown Perth representatives will continue to work with the Town regarding any operational impacts of the hotel.
- The Town has approved in principle the dedication of Camfield Drive, Resort Drive and Glenn Place as road reserves in favour of the Town and road works in and around Crown Perth, including the installation of a roundabout adjacent to the Crown Perth multi-level car park and repair works to Glenn Place. Crown Perth is presently preparing a submission to the Minister seeking excision of the relevant sections of Burswood Park Board land necessary for the dedication of the road reserves.



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

- Crown Perth has executed a Supplementary Agreement to Schedule 1 of the Casino (Burswood Island) Agreement Act 1985 (State Agreement) allowing certain cruise ships to conduct gaming as an ancillary service outside a distance of 12 nautical miles from a land-based destination. Importantly, the Supplementary Agreement includes a restricted definition of "cruise ship". The conduct of gaming on cruise ships other than as prescribed in the State Agreement (including gaming on cruise ships within 12 nautical miles of Perth) remains otherwise prohibited in the State.

MCE

City of Dreams Manila

- COD Manila continues to show yoy improvement in August in both the mass market and VIP segments. Property EBITDA of US\$21.4m in August (of which US\$15m is MCP's share before corporate costs) outperformed budget of \$12m on the back of record VIP win and record slot win.
- On 26 August 2016, a smoking ban policy in Philippines casinos was approved by the PAGCOR Board. All casinos are now required to establish a smoking ban policy in their areas of operation, which includes the installation of smoking lounges where guests intending to smoke can freely do so, but only in such lounges. On 19 September 2016, PAGCOR notified casino operators of the need to submit an implementation plan to be in compliance with newly mandated smoking ban including a proposed timeline for the execution of such plan.
- A new fixed room junket is to be rolled out by October with Tak Chun, which will comprise 6 to 8 tables.

City of Dreams Macau

- COD Macau will undertake several improvement and renovation works from Oct 2016 to March 2018, including some gaming and gaming area related improvements. The budgeted cost of the renovation project is US\$80 million.
- The new Zaha Hadid hotel tower at COD Macau is expected to open in April 2018. The original budget of US\$962m for the development and construction of this new hotel tower has been reforecast to US\$1,022m mainly driven by higher construction costs.

Studio City

- Studio City received feedback on alternatives to address its capital structure from two banks, Deutsche Bank and ANZ. Although there are differences in the views of the two banks, there are a number of overall observations which can be made:
 - While these banks have not been provided with the latest financial projections, they have used Wall Street consensus estimates to conclude that Studio City will have a difficult time meeting its financial covenants under its US\$1.3b Term Loan;
 - First covenant test date for the Term Loan starts at the end of Q1 2017;



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

- Although the equity cure mechanic may allow for Studio City to delay a breach of its covenants, this is temporary and Studio City should look for a more permanent solution;
- Studio City will need to de-lever its balance sheet in order to refinance its existing US\$1.3b Term Loan. This will likely require a pay down of between approximately US\$300m to US\$750m;
- Current strength in Asian debt markets makes it an optimal time for Studio City to pursue a refinancing of its Term Loan.

General

- The Macau gaming market showed improvement in August with market-wide GGR up 1.1% for the month, the first positive yoy change in the last 27 months. The Macau Government Tourist Office announced that visitor arrivals for the first five days of the Golden Week holiday showed 8% yoy growth.
- There is increased product supply with new property openings over the past two months - Wynn Palace opened in August and Parisian opened in September. Both were granted 150 new tables to be allocated in phases, comprising 100 tables on the opening and 25 tables each on 1 January of 2017 and 2018, respectively.

Crown Aspinall's and Aspers (UK)

- In response to a series of investigations by the UK Gambling Commission into the activities of junket operators at Mayfair casinos Crown Aspinall's has completed an internal review of its anti money laundering and anti money lending compliance processes as well as a review by an independent consultant. All recommended changes/improvements have now been implemented and the Commission was advised of these improvements. The Commission has subsequently advised that its investigation has concluded.

However, arising from these investigations, all Mayfair casinos (including Crown Aspinalls) have now ceased accepting funds from junket operators on behalf of other players. This will have an adverse impact on the junket business at Crown Aspinalls. Various mitigating options are currently being considered.

Wagering – CrownBet and Betfair

- CrownBet's revenue in September was up over 52% on the pcp, from an active customer base that was 43% larger than September last year. The active customer base is more 'retail' in nature generating a lower volume of stake, but generating revenue at a much higher margin. During September, CrownBet spent additional amounts in promotional marketing, earlier than anticipated in the budget to compete in the market and grow the active customer base. The YTD EBITDA loss at the end of September of \$4.8m was \$5.3m below the budgeted profit of \$0.5m, but \$9.9m better than the loss generated in the same period last year. CrownBet remains confident of generating positive EBITDA for the remaining months of the year.
- Late in September, CrownBet launched its new Loyalty based marketing campaign – featuring Ricky Ponting and using the tag line "Reward Yourself". The campaign has been positively received in the market, with sign-ups building since launch.



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

Importantly, it has also been positively received by regulators who have responded to the more indirect approach to marketing the product than that taken by CrownBet's competitors.

- During September, Draftstars (CrownBet's daily fantasy sports investment) issued shares to Seven West Media. This transaction diluted CrownBet's 50% interest in Draftstars to 33%. CrownBet recorded a \$651k accounting gain on this transaction.
- Betfair's Project Reboot was completed in September 2016 and Betfair now operates the betting exchange in Australia under a Northern Territory betting exchange licence. The migration from the Hobart betting exchange to the global betting exchange in Dublin occurred without material issue. There are significant commercial and customer benefits associated with these changes, which will begin to flow from Q2.
- Betfair revenue in September was up 7% YoY, but fell short of budget by 4% with strong cost management resulting in a positive EBITDA of 30% to budget. Premium charge growth buoyed top line performance, up 219% YoY and 113% to budget, however was offset by weak Australian markets activity. Exchange commission growth remains a key focus for management. Betfair's Q1 EBITDA is up 27% to budget and 17% YoY.
- September also saw the completion of the technology efficiency project. Betfair now utilises a third party managed services provider which is scalable and cost effective. Net payroll savings will come into effect from H2 F17.
- From 1 October 2016, non-resident suppliers of remote services to New Zealand residents are required to register for GST in New Zealand. This results in wagering businesses being required to pay 15% GST on amounts received from New Zealand residents less any prizes paid. This is expected to cost Betfair \$130k per annum and CrownBet \$120k per annum.
- The Department of Communications has released an exposure draft of the Interactive Gambling Amendment Bill to a selected group of stakeholders for review and comment. In line with Government's response to the O'Farrell Review, the Bill will amend the Interactive Gambling Act 2001 to implement the recommendations contained in the O'Farrell Review aimed at preventing offshore wagering and prohibiting "click to call". CrownBet's and Betfair's joint submission focussed on the advantages contained in the Bill for retail wagering operators over their online counterparts in terms of the breadth of in-play wagering services that can be offered and limiting the unintended consequences which would otherwise have resulted from the proposed drafting.
- The Department of Social Services has recently released a discussion paper on the proposed national consumer protection framework and consultation with industry will occur during the course of October 2016. Written submissions to the framework, which focuses on a national self-exclusion register, credit and harmonised advertising standards, are due in the first week of November.
- The private member's Bill regarding online wagering introduced by Senator Xenophon is presently under consideration by the Senate Environment and Economics Legislation Committee. Written submissions have previously been made



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

and public hearings (including oral testimony) will not be held. The Committee is required to finalise its report on the Bill to the Senate by 17 October 2016.

- Management continues to engage with the South Australian Government on its proposed point of consumption taxation regime. The legislation has passed the Lower House and is now in the Upper House. Industry continues to engage with the Government to mitigate the impact and consider alternative proposals, which would allow for greater deductions based on the contributions already made in South Australia.
- CrownBet's interactive and dedicated responsible gambling website, a first in the domestic wagering industry, has now launched. The site contains videos, interactive tools, tips and support to promote responsible gambling to CrownBet's customers. An above-the-line marketing campaign will launch for Responsible Gambling Awareness Week and coincide with a range of new tools for CrownBet customers to allow them to customise their experience and assist them to remain in control.

Crown Resorts Group

- The Crown Resorts Annual General Meeting will be held at Crown Perth at 10am on Thursday 20 October 2016. A separate paper on this item is included in the Board Pack.

- REDACTED - PRIVILEGE





Crown Resorts

Chief Executive Officer's Report – 19 October 2016

REDACTED - PRIVILEGE

- Crown is continuing to liaise with the Department of Planning and other public authorities (including the City of Melbourne) in relation to the application to the Victorian Minister for Planning to amend the City of Melbourne Planning Scheme to permit the development of the Queensbridge Hotel Tower and to declare the project one of State Significance.

Financing discussions with both domestic and Asian banks are ongoing. Detailed presentations have been made to three relationship banks (Bank of China, Westpac and ANZ) and indicative term sheets have been received from the three banks. The proposals from the banks largely meet Crown and Schiavello's objectives, however further negotiation and refinement of the terms has been deferred until the receipt of a planning approval for the project.

A preliminary 'awareness' campaign for the residential apartments has commenced with a web site operated by Knight Frank now live where potential purchasers can register their interest in the project.

Discussions with the Schiavello Group regarding the terms of the long form joint venture documentation are progressing. More detail is provided in the Development Update included with the Board Pack.

- In respect of the Alon Las Vegas project, Crown continues to work with Andrew Pascal to market the project to raise the estimated US\$600m needed to complete the equity funding. In recognition of the additional time needed to complete the project financing, the anticipated start date has been delayed to Q2 of 2017.

Alon has approximately US\$22m in cash on hand as of the end of September to fund pre-development activities associated with the project. Alon management has been directed to tightly manage the monthly expenditure in light of the protracted time line for the financing and is currently forecasting the remaining cash on hand to support the company through Q3 of 2017.

Alon management in collaboration with Deutsche Bank and Credit Suisse have prepared revised equity investment presentations which incorporate asset monetization and financing opportunities to address investor concerns. The revised financing structures outline the opportunity to deleverage the project through the sale of the retail and boutique hotel assets. These alternatives provide for the opportunity to recapitalise the project during the development cycle through the monetisation of non-core assets, which effectively serves to reduce the total project cost. Additional details regarding these alternatives are provided in the Alon Update included with the Board Pack.

As a part of the demerger, Crown is currently reviewing various alternatives relating to the financing of Alon and how the ultimate capital structure of the project could affect ownership percentages and consolidation

REDACTED - PRIVILEGE



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

REDACTED - PRIVILÉGE



- On 9 September 2016 Cannery completed its sale of The Meadows in Pittsburgh. Subsequently, Crown surrendered its Pennsylvania casino licence. Cannery's sale of its two Las Vegas properties to a subsidiary of Boyd Gaming for approximately US\$230 million is yet to complete and may be delayed until Q1 2017.



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

Net Debt and Cash Flow

CONSOLIDATED CASHFLOW AS AT 30 September 2016	September Actual	YTD Actual	F17 Forecast
OPENING NET DEBT (excl. WORKING CAPITAL CASH)	(1,910,743)	(1,962,704)	(1,962,704)
OPERATING CASHFLOW			
Crown Melbourne			
EBITDA at theoretical	50,451	151,212	710,570
Variance from theoretical	(8,953)	6,611	6,611
EBITDA at Actual	41,497	157,824	717,181
Working Capital Movement	10,187	5,984	(24,221)
CAPEX	(7,197)	(23,213)	(81,808)
Crown Perth			
EBITDA at theoretical	21,630	70,692	286,679
Variance from theoretical	3,086	14,559	14,559
EBITDA at Actual	24,716	85,251	301,238
Working Capital Movement	(10,693)	5,330	10,572
CAPEX	(11,375)	(52,713)	(137,087)
Crown Aspinalls			
EBITDA at theoretical	5,903	14,987	38,636
Variance from theoretical	(9,676)	(5,388)	(5,388)
EBITDA at Actual	(3,773)	9,598	33,248
Working Capital Movement	5,993	(19,523)	6,225
CAPEX	(236)	(526)	(6,668)
Wagering and Online			
EBITDA at Actual	(5,314)	(4,888)	28,496
Working Capital Movement	9,556	4,196	(3,778)
CAPEX	(2,014)	(5,935)	(27,546)
Corporate			
EBITDA at Actual	(8,256)	(23,119)	(88,563)
Working Capital Movement	(23,515)	(16,195)	(1,869)
Crown Sydney Capex	(4,805)	(18,024)	(223,155)
Operating Cashflows (pre interest & tax)	14,771	104,048	502,264
Net Interest	(21,277)	(35,539)	(147,155)
Tax	(12,883)	(44,910)	(135,756)
NET CASHFLOW FROM OPERATIONS	(19,388)	23,598	219,352
PROJECT ALON			
Crown Equity Contributions	0	0	(160,000)
Capital Expenditure	(2,039)	(15,132)	(48,949)
Foreign Exchange Movements	(963)	(1,528)	(1,528)
OTHER INVESTMENTS CASHFLOW			
Ellerston	(300)	(800)	(3,750)
Online Strategy	(50)	(50)	(50)
Cannery	0	0	30,674
Meco Crown Dividends	0	3,367	112,574
Caesars	0	0	53,744
Nobu Dividends	1,913	1,913	1,913
Chil Gaming	(225)	(405)	(1,000)
Queensbridge Hotel	0	(2,000)	(24,800)
NET INVESTMENTS CASHFLOW	(1,664)	(14,635)	(41,172)
CAPITAL MANAGEMENT			
Dividends	0	0	(513,744)
NET CAPITAL MANAGEMENT	0	0	(513,744)
NET CASHFLOW	(21,052)	8,963	(335,564)
FX Gain/(Losses)	25	(671)	(671)
Movement in Working Capital/Restricted Cash	(22,158)	483	(11,030)
NET DEBT (EXCL. WORKING CAPITAL/RESTRICTED CASH)	(1,953,928)	(1,953,928)	(2,309,968)
Working Capital Cash (Cage and Crown Securities)	150,558	150,558	151,041
NET DEBT (INCL. WORKING CAPITAL & RESTRICTED CASH)	(1,803,370)	(1,803,370)	(2,158,927)
CLOSING AVAILABLE CASH	286,049	286,049	30,350
Cash - AUD operations	249,368	249,368	26,507
Cash - US Operations (AUD equivalent)	32,837	32,837	0
Cash - UK operations (AUD equivalent)	3,844	3,844	3,844
BORROWINGS	(2,239,977)	(2,239,977)	(2,340,318)
NET DEBT (EXCL. WORKING CAPITAL/RESTRICTED CASH) - BUDGET	(2,079,614)	(2,079,614)	(2,086,344)
Variance to Budget		125,686	(223,624)
Consists of:			
Opening Net Debt Variance		(41,767)	(41,767)
EBITDA		(10,039)	21,217
Working Capital		56,270	8,569
Capex		13,232	(2,358)
Crown Sydney		93,293	(2,372)
Net Interest & Tax		423	(48,414)
Project Alon		10,540	4,255
Investment - other		3,921	55,324
Foreign Exchange		(671)	(671)
Dividends		0	(206,378)
Movement in Working Capital Cash		483	(11,030)



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

F17 Net Debt Roll Forward		
	\$M	\$M
Opening net debt		(1,962.7)
Melbourne EBITDA	710.6	
Melbourne theoretical adjustment	6.6	
Perth EBITDA	286.7	
Perth theoretical adjustment	14.6	
Aspinall's EBITDA	38.6	
Aspinall's theoretical adjustment	(5.4)	
Wagering and Online EBITDA	28.5	
Corporate	(88.5)	
Total EBITDA at theoretical		975.9
Total theoretical adjustment		15.8
Working capital		(24.2)
Capex		
Melbourne	(81.8)	
Perth	(137.1)	
Sydney	(223.2)	
Aspinall's	(6.7)	
Wagering and Online	(27.5)	(476.3)
Interest		(147.2)
Tax		(135.8)
Other (fx etc.)		(2.2)
Dividends		(513.8)
Net debt before investments		(2,270.3)
Investments		
Alon Las Vegas	(208.9)	
Melco Crown	112.6	
Cannery	30.7	
Ellerston	(3.8)	
Caesars	53.7	
Queensbridge Hotel	(24.8)	
Chill Gaming	(1.1)	
Nobu	1.9	
Closing net debt		(2,310.0)

Net debt at 30 September 2016 was \$1,953.9m (excluding working capital cash of \$150.6m), comprising closing available cash of \$286.0m and gross debt of \$2,240.0m. Net debt at month end was \$125.7m lower than budget. Forecast net debt at 30 June 2017 of \$2,310.0m is expected to be \$223.6m higher than budget.

The key reasons for forecast closing net debt as at 30 June 2017 being higher than budget can be summarised as follows:

- F17 opening net debt was \$41.8m higher than budget due to the deferral of the sale of Crown's stake in Caesars into F17 and lower than expected receipts from customers during May and June 2016. This is partially offset by above theoretical win rates during May and June 2016 and the deferral of capital expenditure for Crown Sydney and Crown Towers Perth into F17.
- F17 EBITDA is forecast to be \$21.2m higher than budget due to above theoretical win rates at Crown Melbourne (\$6.6m) and Crown Perth (\$14.6m), higher theoretical EBITDA at Crown Aspinalls (\$4.7m) and higher wagering / online EBITDA (\$2.5m). This is partially offset by below theoretical win rates at Crown Aspinalls (\$5.4m) and higher corporate costs (\$1.7m).



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

- Working capital cash inflows are forecast to be \$8.6m higher than budget due to the deferral of customer receipts from F16 into F17, and a lower gaming tax payment in July 2016 at Crown Aspinalls. This is partially offset by higher than forecast working capital cash (\$11.0m) due to higher patron funds held across the business.
- Interest payments are forecast to be \$9.0m lower than budget, primarily due to the assumed buy back of \$270m of Subordinated Notes in January 2017, resulting in a lower interest expense for the second half of F17.
- Taxation payments are forecast to be \$57.4m higher than budget, primarily due to the deferral of the sale of Crown's interest in Caesars, resulting in an anticipated refund of \$7.0m, (vs budget of \$45.5m). Also, a higher than budgeted instalment rate for F17 will result in higher second half tax payments.
- Capital expenditure payments are forecast to be \$4.7m higher than budget primarily due to:
 - Crown Sydney capital expenditure is forecast to be \$2.4m higher than budget due to the deferral of some expenditure from F16 into F17;
 - Crown Perth capital expenditure is forecast to be \$4.2m higher than budget due to the deferral of expenditure from F16 into F17;
 - Crown Melbourne capital expenditure is forecast to be \$2.6m lower than budget due to higher than forecast expenditure in May and June 2016 utilising some of the F17 budget in F16.
- Other investing cashflows are forecast to be \$55.3m favourable to budget due to:
 - The deferral of the Caesars disposal from F16 to F17 (A\$53.7m).
 - The unbudgeted receipt of Nobu distributions of A\$1.9m.
- Alon Las Vegas cash outflows are forecast to be \$4.3m lower than budget primarily due to higher than forecast expenditure in May and June 2016 utilising some of the F17 budget in F16.
- Crown's F17 dividend payments to shareholders are forecast to be \$206.5m higher than budget primarily due to the change in dividend policy from 65% of normalised NPAT to 100% of normalised NPAT.

Total liquidity at 30 September 2016 was \$1,335.8m taking into account available unused facilities of \$1,049.3m and available cash of \$286.5m (excluding \$150.6m of working capital and restricted cash).

Net debt, including working capital and restricted cash of \$150.6m at 30 September 2016 was \$1,802.9m, and \$1,953.5m excluding working capital cash, with leverage (Net Debt / theoretical EBITDA) of 2.08 times and 2.25 times respectively on a trailing 12 month basis.

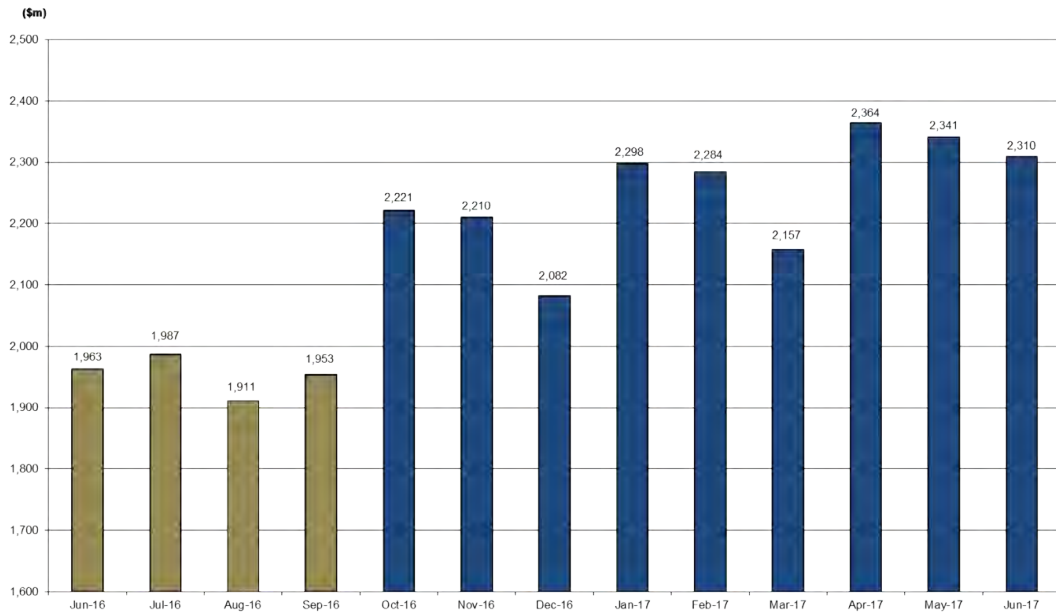
F17 forecast monthly net debt excluding working capital cash is shown in the chart below:



Crown Resorts

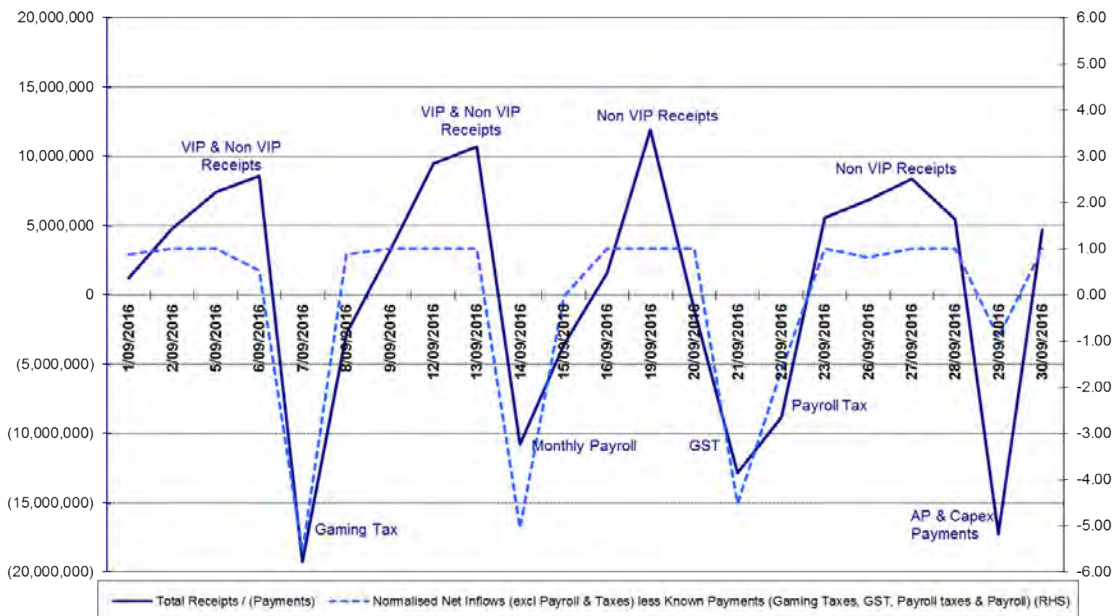
Chief Executive Officer's Report – 19 October 2016

Net Debt - F17



The below charts show daily net cashflows for Crown Melbourne and Crown Perth for September together with a “normalised” profile (average daily cashflow of previous twelve months) which assumes constant operating receipts and payments and expected timing of major outflows (payroll and taxes).

Crown Melbourne Daily Net Cashflows and Normalised Net Cashflows - September 2016



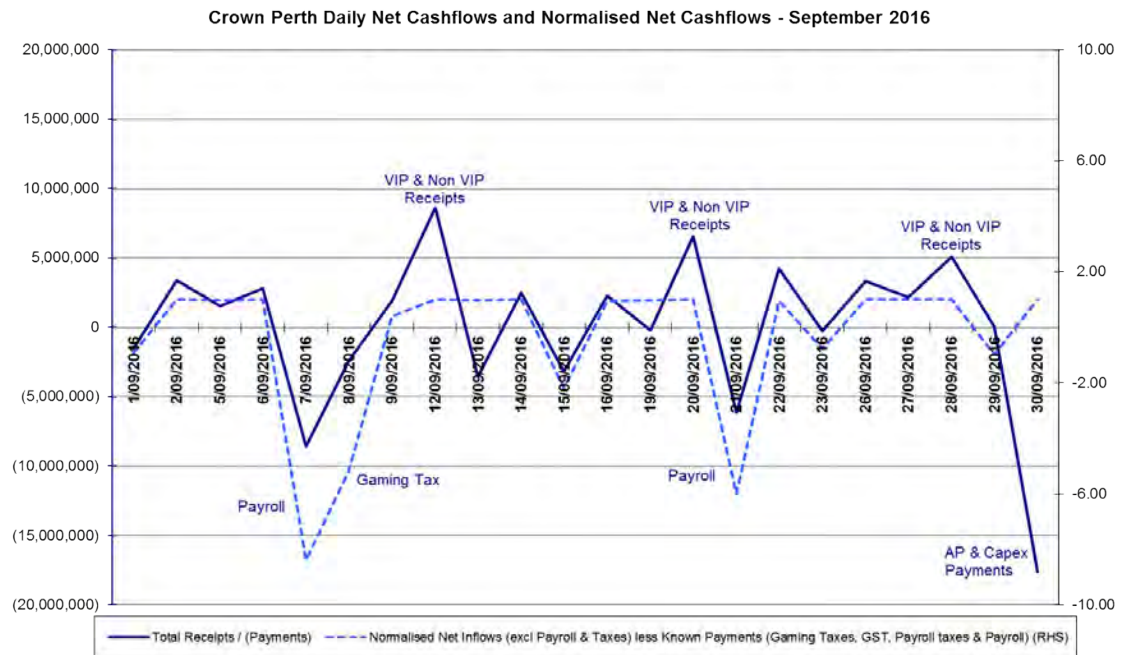
Total Crown Melbourne receipts of \$150.0m for the month consisted of net gaming receipts of \$101.8m and non-gaming receipts of \$48.2m. Crown Melbourne payments



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

for the month included capex (\$7.2m), gaming taxes (\$16.8m), GST (\$12.9m) and payroll related payments (\$59.3m).



Total Crown Perth receipts of \$79.5m for the month consisted of net gaming receipts of \$63.3m and non-gaming receipts of \$16.2m. Crown Perth payments for the month included capex (\$11.4m), gaming taxes (\$5.7m) and payroll related payments (\$24.0m).



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

Balance Sheet

Below is the Group Balance Sheet at 30 September, 2016.

Balance Sheet	Sep-16	Jun-16
	\$'000	\$'000
Assets		
Available Cash	286,049	298,622
Working Capital / Restricted Cash	150,558	151,041
Receivables	235,031	333,200
Other Current Assets	61,604	59,340
Total Current Assets	733,243	842,203
Property, Plant & Equipment	4,114,837	4,069,036
Investment in Melco Crown	1,353,196	1,373,702
Investment in Nobu	134,765	135,503
Investment in Ellerston	58,231	58,320
Investment in Aspers	35,850	35,465
Investment in Caesars	49,744	49,744
Investment in Other	12,676	13,914
Licences & Other Intangibles	1,711,415	1,722,477
Other Non Current Assets	578,042	548,281
Total Non Current Assets	8,048,755	8,006,440
Total Assets	8,781,998	8,848,644
Liabilities		
Current Liabilities (excluding borrowings)	1,037,836	795,977
Current Borrowings	66,522	85,715
Total Current Liabilities	1,104,358	881,692
Non Current Liabilities (excluding borrowings)	642,317	639,164
Non Current Borrowings	2,173,454	2,175,611
Total Non Current Liabilities	2,815,772	2,814,775
Total Liabilities	3,920,130	3,696,467
Net Assets	4,861,868	5,152,177
Share Capital	426,173	437,877
Reserves	744,037	796,630
Retained Earnings	3,482,725	2,878,995
Current Year Profit	124,582	948,823
Non Controlling Interest	84,350	89,852
Total Shareholders Equity	4,861,868	5,152,177



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

Wholly Owned Casinos September 2016

Crown Melbourne (September 2016 Results)

	Current Month			YTD			Full Year		
	Sep 16 Actual \$m	Sep 16 Budget \$m	Variance F/(U) \$m	FY17 Actual \$m	FY17 Budget \$m	Variance F/(U) \$m	FY17 Forecast \$m	FY17 Budget \$m	Variance F/(U) \$m
Main floor gaming	101.5	100.0	1.6	300.7	303.2	(2.5)	1,244.0	1,243.2	0.8
VIP commission program play	28.5	51.5	(22.9)	113.9	176.0	(62.1)	705.3	705.1	0.2
Non Gaming*	48.0	46.9	1.1	141.4	141.5	(0.1)	586.9	587.0	(0.1)
Total Revenue (Normalised)	178.1	198.3	(20.2)	556.0	620.7	(64.7)	2,536.2	2,535.3	0.9
Gaming taxes, commissions & other	43.3	59.3	16.1	152.0	192.6	40.6	779.4	778.5	(0.9)
Net operating expenses*	84.4	84.5	0.2	252.8	256.6	3.9	1,046.2	1,046.3	0.1
EBITDA	50.5	54.5	(4.0)	151.2	171.5	(20.3)	710.6	710.5	0.0
Depreciation & amortisation	15.5	15.5	(0.0)	47.3	47.3	(0.0)	190.6	190.6	(0.0)
EBIT	35.0	39.0	(4.0)	103.9	124.2	(20.3)	520.0	519.9	0.0
Reported EBITDA	41.5	54.5	(13.0)	157.8	171.5	(13.7)	717.2	710.5	6.6
EBITDA / Revenue %	28.3%	27.5%		27.2%	27.6%		28.0%	28.0%	
EBIT / Revenue %	19.7%	19.7%		18.7%	20.0%		20.5%	20.5%	
Total Revenue (Actual)	177.5	198.3	(20.8)	609.1	620.7	(11.6)	2,589.3	2,535.3	54.0
VIP Turnover \$ billion	2.0	3.7	(1.6)	8.1	12.6	(4.4)	50.4	50.4	0.0
VIP Win Rate	1.37%	1.40%		2.05%	1.40%		1.51%	1.40%	

* Includes comp revenues & expenses

September theoretical EBITDA of \$50.5m was \$4.0m (7%) below budget and \$3.6m (7%) below last year. The below budget EBITDA result was attributable to below budget VIP Program Play, partially offset by above budget Local contribution.

VIP Program Play contribution of \$2.6m (at theoretical) was \$5.7m (69%) below budget and \$7.8m (75%) below last year. Total turnover of \$2.0b was \$1.6b (45%) below budget and \$2.0b (50%) below last year.

Local Tables contribution of \$28.5m was \$1.2m (5%) above budget and \$3.3m (13%) above last year. Premium Tables were \$1.1m (7%) above budget, with drop \$0.8m (1%) below budget, but an above budget hold of 21.3% (budget of 20.0%). Main Floor Tables were \$0.1m (1%) above budget, with drop \$5.6m (5%) above budget, but a below budget hold of 21.0% (budget of 21.8%).

Gaming Machines contribution of \$20.2m was \$0.1m (1%) below budget, but \$0.4m (2%) above last year. Turnover was 5% above budget, with a win rate of 7.8% (budget of 8.3%), resulting in a WMD of \$491 (budget of \$497).

Food and Beverage reported a \$4.8m contribution which was \$0.5m (13%) above budget. Bars contribution was \$0.3m (13%) above budget with strong results in Atrium Bar and Therapy. Events and Conferencing was \$0.1m (5%) above budget. Casual dining was in line with budget, with Gradi, Kitchen Workshop, Merrywell, Emporio and Cotta above budget, offset by softer results in the remaining casual dining outlets. Premium dining was \$0.1m (23%) above budget, with Nobu the standout performer.

Hotels contribution of \$7.5m was \$0.1m (1%) above budget. Occupancy in Towers was 1% above budget, 1% above budget in Metropal and in line with budget in Promenade. Room rates were above budget in Towers (\$8 or 2%) and Promenade (\$2 or 1%), but below budget in Metropal (\$4 or 1%).

September theoretical revenue of \$178.1m was \$20.2m (10%) below budget and \$17.7m (9%) below last year. Total reported revenue of \$177.5m was \$20.8m (11%) below budget and \$23.8m (12%) below last year. The VIP Program Play win rate of



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

1.37% was below the theoretical win rate of 1.40% and below last year's win rate of 1.54%.

Reported EBITDA of \$41.5m was \$13.0m (24%) below budget and \$19.2m (32%) below last year. The variance from theoretical was negative \$9.0m (compared to positive \$6.7m in the prior year).

Crown Perth (September 2016 Results)

	Current Month			YTD			Full Year		
	Sep-16 Actual \$m	Sep-16 Budget \$m	Variance F/(U) \$m	Sep YTD Actual \$m	Sep YTD Budget \$m	Variance F/(U) \$m	FY17 Forecast \$m	FY17 Budget \$m	Variance F/(U) \$m
Main floor gaming	41.5	41.2	0.3	126.3	123.3	2.9	505.0	504.3	0.7
VIP commission program play	10.7	17.3	(6.6)	48.3	52.0	(3.8)	213.8	217.6	(3.8)
Non Gaming*	20.3	20.6	(0.3)	62.2	62.7	(0.5)	292.2	290.1	2.1
Total Revenue (Normalised)	72.5	79.2	(6.7)	236.8	238.1	(1.3)	1,011.0	1,011.9	(1.0)
Gaming taxes, commissions & other	12.3	17.1	4.8	49.3	51.2	1.9	210.3	212.4	2.1
Net operating expenses*	38.5	39.3	0.8	116.8	116.9	0.2	514.0	512.8	(1.1)
EBITDA	21.6	22.8	(1.2)	70.7	70.0	0.7	286.7	286.7	(0.0)
Depreciation & amortisation	5.2	5.2	0.0	16.3	16.3	0.0	74.3	74.3	0.0
EBIT	16.4	17.6	(1.2)	54.4	53.7	0.7	212.4	212.4	0.0
Reported EBITDA	24.7	22.8	1.9	85.3	70.0	15.3	301.2	286.7	14.6
EBITDA / Revenue %	29.9%	28.8%		29.9%	29.4%		28.4%	28.3%	
EBIT / Revenue %	22.6%	22.2%		23.0%	22.5%		21.0%	21.0%	
Total Revenue (Actual)	82.9	79.2	3.7	264.8	238.1	26.7	1,039.0	1,011.9	27.1
VIP Turnover \$ billion	0.8	1.2	(0.5)	3.4	3.7	(0.3)	15.3	15.5	(0.3)
VIP Win Rate (1.40% theoretical)	2.76%	1.40%		2.21%	1.40%		1.58%	1.40%	

* Includes comp revenues & expenses

September theoretical EBITDA of \$21.6m was \$1.2m (5%) below budget, but \$2.4m (13%) above last year's result. The below budget September result was attributable to below budget VIP Program Play (\$1.3m or 173%), partially offset by an above budget Local contribution (\$0.1m or 1%). The above budget Local contribution was due to above budget results in Gaming Machines (\$0.3m or 2%) and Conventions & Entertainment (\$0.1m or 11%), partially offset by below budget results in F&B (\$0.1m or 7%) and Other Non-Gaming Operations (\$0.1m or 27%).

Table Games contribution of \$8.6m was in line with budget, with drop \$1.2m (2%) below budget and a hold of 23.8% (budget of 23.2%). Regular Tables were \$1.0m (13%) below budget, with drop \$1.5m (2%) below budget and a hold of 22.0% (budget of 23.0%). Premium Tables were \$1.0m (76%) above budget, with drop \$0.3m (2%) above budget, and a hold of 32.8% (budget of 24.5%).

Gaming Machines contribution of \$16.6m was \$0.3m (2%) above budget and \$1.8m (12%) above last year. Turnover was 2% below budget with a hold of 8.5% (budget of 8.4%). WMD was \$352 (compared to budget WMD of \$350).

Hotels contribution of \$2.8m was in line with budget. Metropoli contribution was in line with budget with an average room rate of \$281 (budget of \$296) and occupancy on available rooms of 97.2% (budget of 91.7%). Promenade contribution was in line with budget with an average room rate of \$199 (budget of \$209) and occupancy on available rooms of 99.8% (budget of 98.6%).

Food and Beverage contribution of \$2.1m was \$0.1m (7%) below budget, mostly attributable to a decline in beverage sales which has been impacted by bad weather and the partial closure of Café Riverside and Riverside Room during the month. Conventions & Entertainment contribution of \$0.7m was \$0.1m (11%) above budget.



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

VIP Program Play contribution of -\$0.5m was \$1.3m below budget. Turnover of \$0.8b was 38% below budget, but 9% above last year.

Theoretical revenue of \$72.5m was \$6.7m (9%) below budget, but \$0.1m above last year. Total reported revenue of \$82.9m was \$3.7m (5%) above budget and \$5.5m (7%) above last year. Reported EBITDA of \$24.7m was \$1.9m (9%) above budget and \$0.2m (1%) above last year.

The VIP program play win rate of 2.76% was above the theoretical win rate of 1.40%, and above last year's win rate of 2.12%. The variance from theoretical was positive \$3.1m (compared to negative \$5.3m last year).

Crown Aspinall's (September 2016 Results)

Theoretical EBITDA of £3.4m was £2.1m (163%) above budget and £3.2m above last year. Turnover of £0.9b was £0.4b (69%) above budget.

The win rate of -0.23% was below budget of 0.84%. This resulted in an unfavourable variance from theoretical of £5.6m, with a reported EBITDA of -£2.2m. Drop for the month was £106.3m (budget of £60.6m), at a hold rate of -2.0% (vs a budgeted hold rate of 7.7%).

Wagering & Online

CrownBet (September 2016 Results)

Revenue for the month was \$18.3m and gross profit after COGS was \$7.3m. Operating expenses for the month were \$12.2m, resulting in EBITDA for the month of -\$4.9m. The win rate (gross margin) for the month was 11.4% compared to a budget of 10.8%, with total stakes of \$160 million (27% below budget).

CrownBet's F17 YTD EBITDA of -\$4.8m is \$5.2m below budget.

Betfair (September 2016 Results)

Revenue of \$4.8m for the month was \$0.2m (4%) below budget. September EBITDA of \$0.6m was 30% above budget, with savings in marketing and operating costs.

Betfair's F17 YTD EBITDA of \$1.7m is \$0.4m (27%) above budget.

DGN Games LLC (September 2016 Results)

DGN's EBITDA loss for the month of US\$0.7m was lower than the budgeted loss of US\$1.4m. Marketing cost savings of US\$2.6m were partially offset by a US\$1.9m (64%) revenue shortfall for the month.

F17 YTD EBITDA of -US\$0.9m, is favourable to the YTD budget of -US\$2.6m (66%).



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

Joint Venture Businesses

MCE – September 2016 Results

	MCE Estimate		Crown MCE Budget		Last Year			MCE CY16 Budget		
	Sep-16 US\$m	US\$m	Sep-16 US\$m	Variance	Sep-15 US\$m	Variance	US\$m	Sep-16 US\$m	Variance	
Normalised EBITDA										
COD	57.4	57.6	(0.2)	(0.4%)	59.1	(1.6)	(2.8%)	57.6	(0.2)	(0.4%)
Altira	2.9	3.3	(0.4)	(12.8%)	0.6	2.3	396.9%	3.3	(0.4)	(12.8%)
Studio City	11.3	5.5	5.8	106.2%	0.0	11.3	N/A	20.9	(9.6)	(45.7%)
COD Manila	11.3	11.9	(0.6)	(4.9%)	6.1	5.2	84.5%	11.9	(0.6)	(4.9%)
Mocha	2.1	2.8	(0.7)	(24.0%)	2.3	(0.1)	(6.2%)	2.8	(0.7)	(24.0%)
Corporate	(8.6)	(8.1)	(0.5)	(6.0%)	(11.1)	2.5	22.8%	(8.1)	(0.5)	(6.0%)
	<u>76.5</u>	<u>73.0</u>	<u>3.5</u>	<u>4.7%</u>	<u>56.9</u>	<u>19.6</u>	<u>34.4%</u>	<u>88.4</u>	<u>(11.9)</u>	<u>(13.5%)</u>
Non-Operating Expenses										
D&A	(47.5)	(47.5)	0.0	0.0%	(38.4)	(9.1)	(23.8%)	(47.5)	0.0	0.0%
Profit share & Owner's rent (Manila)	(3.3)	(3.1)	(0.1)	(3.6%)	(2.3)	(1.0)	(44.0%)	(3.1)	(0.1)	(3.6%)
Pre-opening costs	0.0	0.0	0.0	N/A	(1.1)	1.1	100.0%	0.0	0.0	N/A
Net Interest	(23.4)	(23.4)	0.0	0.0%	(8.9)	(14.5)	(164.0%)	(23.4)	0.0	0.0%
Other income	0.2	0.2	0.0	0.0%	(3.0)	3.3	108.2%	0.2	0.0	0.0%
Employee LTI	(1.3)	(1.3)	0.0	0.0%	(1.9)	0.6	33.5%	(1.3)	0.0	0.0%
Tax expense	(0.2)	(0.2)	0.0	0.0%	(1.4)	1.1	82.9%	(0.2)	0.0	0.0%
Development Costs	(0.0)	(0.0)	0.0	0.0%	0.0	(0.0)	(184.2%)	(0.0)	0.0	0.0%
Attrib to Minority Interests	8.8	10.9	(2.1)	(19.7%)	6.4	2.4	38.1%	4.8	4.0	84.1%
	<u>9.8</u>	<u>8.6</u>	<u>1.2</u>	<u>13.8%</u>	<u>6.3</u>	<u>3.5</u>	<u>55.1%</u>	<u>17.9</u>	<u>(8.0)</u>	<u>(45.0%)</u>
Normalised NPAT										
Win rate adjustment - COD	(15.5)	0.0	(15.5)	N/A	5.2	(20.7)	(399.2%)	0.0	(15.5)	N/A
Win rate adjustment - Altira	5.9	0.0	5.9	N/A	(0.1)	6.0	4492.1%	0.0	5.9	N/A
Win rate adjustment - COD Manila	(1.0)	0.0	(1.0)	N/A	6.5	(7.5)	(115.1%)	0.0	(1.0)	N/A
Minority Interest on Manila win rate adj	0.3	0.0	0.3	N/A	(2.1)	2.4	112.6%	0.0	0.3	N/A
Pre-opening costs (net of minority int)	0.0	0.0	0.0	N/A	(11.6)	11.6	100.0%	0.0	0.0	N/A
	<u>(0.5)</u>	<u>8.6</u>	<u>(9.2)</u>	<u>(106.2%)</u>	<u>4.1</u>	<u>(4.7)</u>	<u>(113.0%)</u>	<u>17.9</u>	<u>(18.4)</u>	<u>(103.0%)</u>
Crown Share	27.4%	27.4%			34.3%			27.4%		
Crown's share - Normalised (USD)	<u>2.7</u>	<u>2.4</u>	<u>0.3</u>	<u>13.8%</u>	<u>2.2</u>	<u>0.5</u>	<u>23.9%</u>	<u>4.9</u>	<u>(2.2)</u>	<u>(45.0%)</u>
Crown's share - Reported (USD)	<u>(0.1)</u>	<u>2.4</u>	<u>(2.5)</u>	<u>(106.2%)</u>	<u>1.4</u>	<u>(1.6)</u>	<u>(110.4%)</u>	<u>4.9</u>	<u>(5.0)</u>	<u>(103.0%)</u>

The commentary below is based on the Melco Crown CY2016 Budget.

Estimated theoretical EBITDA of US\$76.5m was US\$11.9m (14%) below budget.

COD's estimated theoretical EBITDA of US\$57.4m was US\$0.2m below budget. COD's estimated reported EBITDA of US\$41.9m was US\$15.7m (27%) below budget. COD's September VIP win rate of 2.12% was below theoretical resulting in an US\$15.5m unfavourable variance from theoretical, with roll 23% above budget. Mass drop was in line with budget for the month, at a below budget hold of 35.2% (budget of 36.5%).

Altira's estimated theoretical EBITDA of US\$2.9m was US\$0.4m (13%) below budget. Altira's estimated reported EBITDA of US\$8.8m was US\$5.5m (165%) above budget. Altira recorded a US\$5.9m favourable variance from theoretical, with a VIP win rate of 3.95%.

Studio City estimated theoretical EBITDA of US\$11.3m was \$9.6m (46%) below budget. Studio City mass drop was 25% below budget at a below budget hold of 24.5% (vs budget of 26.4%). Gaming machines turnover was 35% below budget, with win 42% below budget.

COD Manila's estimated theoretical EBITDA of US\$11.3m was US\$0.6m (5%) below budget, with roll 30% below budget. Mass drop was 19% above budget, with below budget hold of 26.0% (budget of 27.8%).

Mocha's estimated EBITDA of US\$2.1m was US\$0.7m (24%) below budget.



Crown Resorts

Chief Executive Officer's Report – 19 October 2016

Nobu – September 2016 Results (Preliminary results)

Nobu reported a US\$2.3m profit for the month (Restaurants US\$2.0m and Hospitality US\$0.3m). Crown's share is A\$0.6m.

Draftstars – September 2016 Results

Draftstars' September EBITDA of -\$4.0m was \$3.7m below budget.

Draftstars' F17 YTD EBITDA of -\$7.2m is \$5.4m below budget.

Crown's share of Draftstars NPAT for September is a loss of \$0.9m. Crown's share of Draftstars YTD NPAT is a loss of \$2.0m, which is \$1.4m below budget.

Ellerston – September 2016 Results

Crown's share of the Ellerston result for September is a loss of \$0.4m. Crown's share of the Ellerston's YTD result is a loss of \$1.3m.

Aspers – September 2016 Results

Aspers' September EBITDA of £0.9m was £0.6m below budget, with all properties reporting below budget results.

Aspers' F17 YTD EBITDA of £3.0m is £1.6m (34%) below budget and £1.3m (29%) below last year.

Crown share of the Aspers NPAT for September was \$0.2m (\$0.3m below budget). Crown's share of the Aspers YTD NPAT is \$0.6m (\$1.1m or 66% below budget).

At 30 September 2016 Aspers had a net debt balance of £68.4m, with leverage (net debt/LTM EBITDA) of 3.95x, compared against the bank covenant of 4.80x.