



## Crown Melbourne Limited

### Current Issues

#### Australian Resorts Marketing and HR Initiatives

- Crown Melbourne and Crown Perth Websites delivered strong results during June, driving 925k visits and tracking \$3.8m revenue in restaurants, tickets, hotels and gift sales. Traffic was up 16% year on year (YOY) in Melbourne and was temporarily down 9% YOY in Perth due to the high volume of Lion King visits in the prior corresponding period. Perth traffic volumes have since bounced back to double digit growth in July. Key drivers of traffic to the site remain Google SEO (Search Engine Optimisation) and paid advertising for Georgy Girl, San Antone and the Hotels Flash Sale 7-day offer.
- Crown's Social Media footprint now covers 372,000 users on Facebook (260,000 Melbourne and 112,000 Perth), with 36,100 followers on Instagram and 23,400 on Twitter. Social Media campaigns drove \$555k in revenue across the properties in June, predominantly driven in Melbourne by the Hotels Flash Sale and online bookings for Dinner by Heston. In Perth, it was similarly Hotels, supported by sales of the Theatre shows Georgy Girl and the Sound of Music.
- Crown Melbourne had a busy July calendar focused on a strong main floor promotion (Unlock the Treasure) to reinforce Crown's scale and broad offering to combat the increased competition from the local pub/club market. There was also a targeted guaranteed-win member promotion, where selected members had the chance to win a guaranteed prize on each day of the competition. The selected member group was defined using local government area and postcode data again to counter the local competition. Tactical jackpots including 15 Minute Frenzy and Crown Carnival were used across the gaming floor throughout the month and the VIP areas had a draw for the Luxury Car competition. This was flanked by key VIP events targeting local and interstate premium members.
- Crown Perth had a strong gaming propositions plan in place in July, including 4 Cars in 4 Weeks in the Meridian Room that included a daily instant win scratchie and the chance to win one of four Honda Civics with one car drawn each Tuesday night of the promotion. This delivered strong growth from Red and Gold tier Crown Club members. There was also great interest in the Pick a Prize promotion on the Casino Main Gaming Floor on Saturday nights giving the chance to win cash, televisions and smartphones. The premium segment in the Pearl Room featured the Lucky Time Jackpot and the Strike It Lucky (Accumulator-style) promotions being run on Friday nights across the month, and cash drawings on Saturday nights (the Choice Is Yours).
- The Crown Loyalty transformation project is on target for an October 2016 launch of a unified program, with further enhancements planned to follow. In summary:
  - The program name has been confirmed as Crown Rewards, with the creative surrounding the program in the final stages of development;
  - Technical development is well under way, utilising a combination of Crown and Onseo (third party IT contractor) teams. These developments will provide a new system to integrate the loyalty program across Melbourne, Perth and CrownBet, provide a staff interface into the system, enable online sign up with the ability to earn points immediately and the creation of an online member rewards hub.



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### Current Issues

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- Member launch and staff launch plans are drafted and being finalised, with staff and member communications planned from September.
- There are currently 111 people employed in the CROWNability program across both properties with 62 at Crown Perth and 49 at Crown Melbourne. To date, Crown has provided employment for 159 people under the CROWNability program.
- The Australian Human Rights Commission has conducted a National Inquiry into Employment Discrimination against Older Australians and Australians with Disability and the report into this inquiry, known as Willing to Work was released on 2 May. The report cites two “good practice examples” (pp 271 and 295 of the report) with direct reference to Crown’s CROWNability program. The report was launched in Sydney in June 2016 and was attended by the EGM HR Crown Perth (Damir Kucan) and the Group Manager CROWNability. A further launch was hosted at Crown Perth on 8 July 2016 at which Damir Kucan and two Crown Perth employees, who are members of the program, spoke and was also attended by the EGM HR Crown Melbourne, CROWNability Group Manager and a number of other employees.
- The Crown Indigenous Employment Program (IEP) has increased the number of Indigenous employees over the past two months to 188 with 102 at Crown Melbourne and 86 at Crown Perth. The total number of hires to date under the program is 573.
- Crown Resort Indigenous Supplier Diversity Program launched at Crown Perth on 5 July during NAIDOC week. Crown Resorts has selected six Indigenous owned businesses, to participate in a six month program aimed at assisting the businesses to acquire the appropriate skills to tender for opportunities at Crown and the wider private and Government sectors. The launch of the event attracted local Perth media with Minister, The Honourable Peter Collier, launching the program along with members of Crown Perth senior management and the Perth Indigenous community.
- The Crown Resorts Elevate Reconciliation Action Plan (RAP) continues its development with Melbourne and Perth having introduced community members to each of the RAP Steering committees. Having these Elders and community members participate directly in the RAP creates a closer community working relationship and a better flow of communication throughout the community. The new members are:
  - Perth: Uncle Terry Cornwall, Robyn Smith-Wally, Danny Ford;
  - Melbourne: Aunty Di Kerr, Karen Milward, Mark Thomson.
- During NAIDOC week 2016, Crown Melbourne and Perth both hosted the State NAIDOC Balls. These events gave Crown Resorts exposure as a chief supporter of the community.
- As a RAP Elevate partner, Crown Melbourne and the IEP hosted Reconciliation Australia’s 25 Year Dinner. Crown Resorts Limited Director, The Honourable Helen Coonan, spoke at the gala event, attended by significant figures of the reconciliation movement. Limited to 250 guests, Crown used the role of host and sponsor to ensure that 20 Crown employees attended to promote the IEP and to honour Crown employees with the experience of meeting leaders of the reconciliation movement.



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### Current Issues

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- EGM HR Crown Melbourne, Alicia Gleeson, has joined the Victorian Government's Victorian Aboriginal Economic Board as a Board Member.
- Additionally, the following key activities have occurred:
  - Crown Melbourne launched the first Indigenous Leadership Program with nine employees selected from different business units.
  - Crown Melbourne launched the first All-Indigenous Food & Beverage (F&B) Traineeship. Ten candidates with no prior F&B experience undertook five days of training culminating with an interview. Five candidates successfully became F&B Trainees and have created a close functioning Indigenous cohort. IEP aims to have three cohorts per year.
  - The first class of Melbourne Indigenous Transitional School students from the Bairnsdale and the Northern Territory attended a tour of Crown Melbourne, specifically Crown College to understand the opportunities post high school. The approach was to reinforce the values and skills that employers seek and aligning these with the demands of High School studies.
  - Crown continued to lead many corporate discussions on RAP and Indigenous programs. In May and July Crown spoke with RAP Elevate members at the Richmond Football Club and in July at a leadership and career pathways round table. Attendees included executives of Sodexo, Rio Tinto, KPMG, Qantas and Telstra.
  - For the third year running AMP Super supported the IEP with use of the corporate box for the *Dreamtime at the G* event. This annual event is used as the key acknowledgement of the outstanding employees within Crown's IEP. AMP executives and Crown employees were joined by Aunty Caroline Briggs who gave a Welcome to Country.
  - Group Manager Sean Armistead presented to a number of events and forums including Indigenous entrepreneurs and business owners at the 5th Murra Indigenous Master Class, NESAs Forum on "The direction of Indigenous Employment services in Australia".
- Crown has received the following awards:
  - Crown Resorts has been successful in the Australian Business Awards as an employer of Choice in the Community Contribution category.
  - Crown Resorts won the Victorian Property Council Awards for Diversity and Inclusion and was a finalist in the National awards.
  - Crown Melbourne has been named as a finalist in two categories in the 2016 Australian HR Awards, HR Team of the year and Best Leadership Development Program. Winners will be announced at the Star on Friday 9 September.



## Crown Melbourne Limited

### Current Issues

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- Learning and Development:
  - The 500 Training Places initiative continues at Crown Melbourne, with 203 enquiries received since August 2015. Crown has hosted information sessions for over 100 interested applicants and 53 have enrolled in the programs. Crown College has issued 25 qualifications. Six of these participants have gained employment at Crown, with 12 applicants currently in the recruitment process. Six other participants who successfully completed the qualification have gained employment in the relevant industry.
  - In relation to domestic students, Crown College in Melbourne has agreed to deliver the Certificate III in Hospitality (Housekeeping) to AHS employees as a fee for service model. AHS is a Crown contractor who has the contract to provide housekeeping across Crown Hotels both in Victoria and WA. Crown College has signed 85 AHS employees to the Certificate III in Hospitality Operations with a contract worth about \$300,000 in fees (revenue) to Crown.
  - Crown Melbourne and Perth currently have over 1,500 employees completing formal qualifications registered to Crown College RTO making Crown College one of the largest enterprise based RTOs in the Hospitality and Tourism sector. Crown College has also extended our scope of registration and added two Advanced Diploma Qualifications and Certificate IV in Commercial Cookery.
- The Crown Resorts LGBTI Steering Committee and employee network have commenced with 22 Melbourne employees and 12 Perth employees submitting applications to be part of each property employee network. The Steering Committee will be confirmed shortly to oversee both properties' plans.
- The Crown Resorts wholly owned businesses (Crown Melbourne, Crown Perth, Belfair and Aspinalls) have collectively achieved the minimum target of at least 45% female participation in Crown's leadership and development programs set as part of Crown Resorts' measurable objectives for diversity. This achievement was supported by the launch of the Women of Crown Management Program in March in Crown Melbourne, with 12 female participants across the business participating in the program. The participants are currently engaging in networking sessions, and other seminars to focus on the development of their careers. The program will be launched in Crown Perth this quarter.

### **Crown Melbourne**

#### *Performance Enhancement*

- Table Games had an encouraging start to the financial year with contribution of \$28.4m representing growth of \$0.8m or 3.0% on budget and \$1.5m or 5.6% on the pcp. A better than expected hold, primarily in Mainfloor Premium, accounted for good revenue performance with the July revenue result representing the third highest on record.
- Main Floor (excluding Poker and eTGs) had a softer start than expected. Table volumes were down on budget by 3.1% but up 3.5% on the prior year and a slightly weaker hold saw similar revenue performance, down 3.4% and up 2.5% respectively.



## Crown Melbourne Limited

### Current Issues

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- Electronic Table Games (eTG's) had a strong July. The performance at the back end of F16 continued through into the new financial year with volume growth of 6.7% on budget and 15.9% on the pcp being offset to a small degree by a slightly softer than expected hold. The movement of eTG's into the Atrium high-limit slots area has been positive and July also saw the latest new Aruze product, Virtual Roulette, on the floor.
- The recent Poker cash game performance continued unabated through July. An encouraging growth in patron hours to the pcp (up 5.2%) combined with operational efficiencies on the low-end product generated a revenue lift of 6.0% on budget and 13.8% on the pcp.
- Premium Table Games continued to show underlying strength. Total volumes of \$170.1m finished broadly in line with budget but up \$8.5m or +5.2% on the pcp. A better than expected hold in the Mainfloor Premium (MFP) business resulted in total revenue growth of \$1.8m or 5.2% on budget and \$3.4m or 10.5% on the pcp.
- MFP patron hours continued to grow, up 3.4% on the prior year. July also saw the commencement of the works in the Maple Room as the next stage of its expansion. There is no disruption expected and the works are on track to be completed by the end of October.
- A welcome return to the Mahogany Room of holidaying top tier Black customers provided a good boost to this business with volumes up slightly on budget albeit down 3.1% on the prior year. Mahogany Room daily volumes were up 13.7% on the Q4 F16 daily average. Some hold weakness was experienced in the Mahogany Room local segment which was offset to some degree by strength in the Interstate Standard hold.
- August will see continued works in the Maple Room redevelopment as well as the commencement of the Mahogany Room product expansion. The Mahogany expansion works will see the introduction of the BA16 air curtain table into Pit 25, with 16 current tables replaced by 24 of the smaller tables. These works will be completed by the end of Q1 F17.
- Gaming Machines July contribution of \$19.9m was \$0.3m or 1.7% below budget and \$1.2m or 5.8% below the pcp. Crown outperformed the network in F16 (2.9% vs 1.7%), increasing our market share by 0.2% from 15.1% to 15.3%.
- VIP player transition to Your Play continues, as do the discussions with the Department of Justice with reference to outtakes from Crown's research findings and proposed modifications to the system.
- Key VIP events for June included Queens Birthday cash Draw at the Palms, \$50k Exclusive Cash Draw, and a continuation of the focus on Ladies Weekends. The monthly Platinum Points Draw in the Palladium continues to attract strong volumes across a tier heavily targeted by our competitors. Overall Crown conducted over 80 events / initiatives for Q4 touching circa 5,000 members.
- Food & Beverage July contribution was \$0.2m or 5.1% above budget and \$0.6m or 16.4% above the pcp. Bars and Casual Restaurants performed strongly, while Premium Restaurants were slightly down. Events & Conferencing started the year solidly. The



## Crown Melbourne Limited

### Current Issues

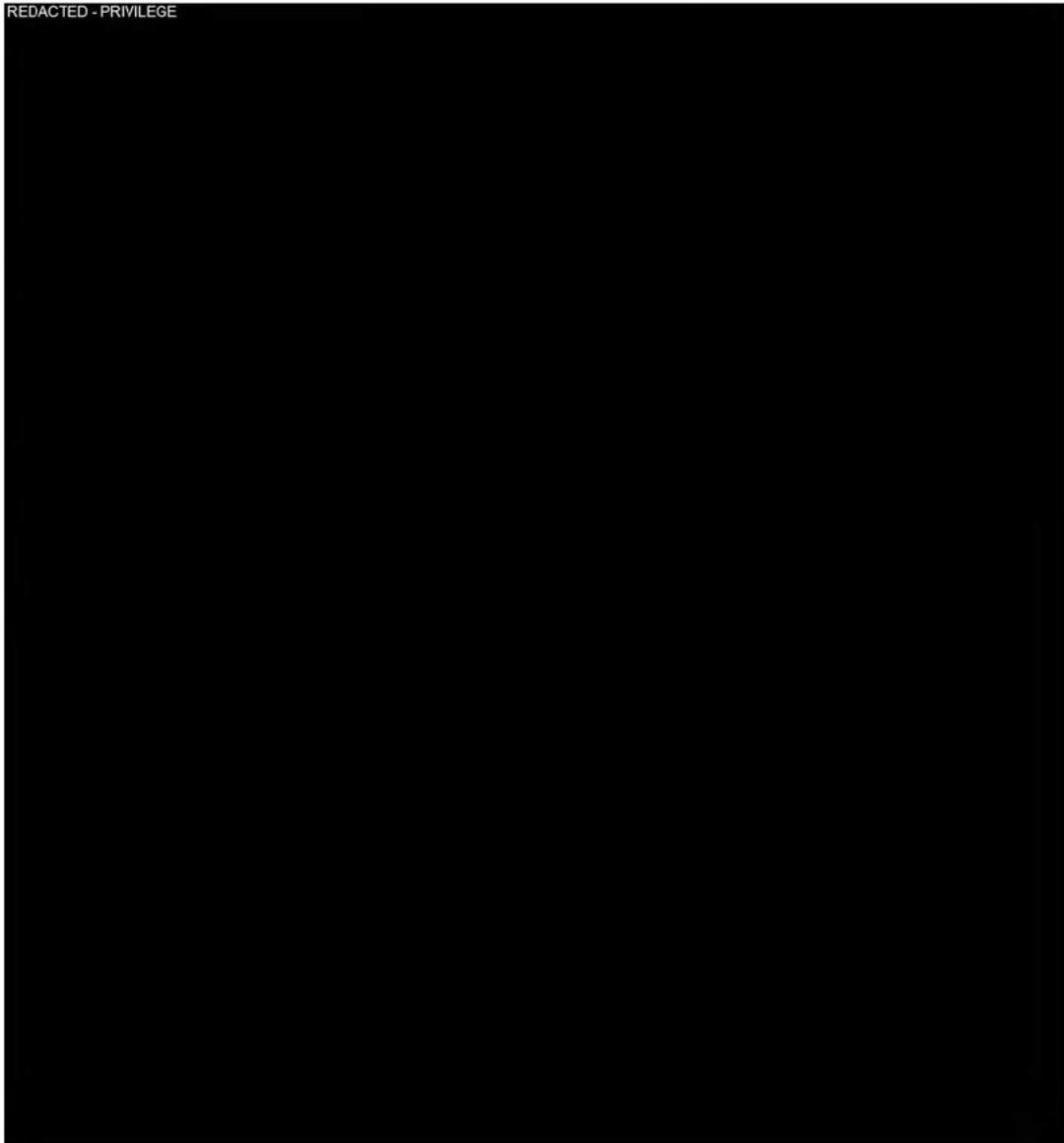
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ICC soccer tournament impact was much lower than last year, with weaker teams and lower attendances impacting general traffic and VIP junket business in the premium restaurants in particular.

- Hotels contribution was \$0.1m or 1.4% below budget and \$0.8m or 9.1% down on last year. Last year had record Groups and Conferencing activity, an extremely strong ICC (Real Madrid, Manchester City and Roma) and a record month in Villas (ICC, Qatar). Occupancy levels were still strong but rates in particular suffered due to the lack of interstate and overseas interest in the ICC.

#### *Other Issues*

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