

F18 Strategic Business Plan Executive Review

Program Play



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VIP INTERNATIONAL



Financials

VIP International



VIP INTERNATIONAL	MELBOURNE				PERTH			
	F17 Forecast (\$'000)	F18 Budget (\$'000)	Variance (\$)	Variance (%)	F17 Forecast (\$'000)	F18 Budget (\$'000)	Variance (\$)	Variance (%)
TURNOVER	21,701,352	25,000,000	3,298,648	15.2%	7,370,983	6,200,000	(1,170,983)	(15.9%)
Win / Revenue	303,819	350,000	46,181	15.2%	103,194	86,800	(16,394)	(15.9%)
Commission & Comps	169,750	198,922	(29,172)	(17.2%)	63,918	53,102	10,815	16.9%
Gaming Tax	30,384	35,000	(4,616)	(15.2%)	10,081	9,918	163	1.6%
DIRECT CONTRIBUTION	103,686	116,078	12,392	12.0%	29,195	23,780	(5,415)	(18.5%)
<i>% Turnover</i>	<i>0.48%</i>	<i>0.46%</i>			<i>0.40%</i>	<i>0.38%</i>		
<i>% Win</i>	<i>34.1%</i>	<i>33.2%</i>			<i>28.3%</i>	<i>27.4%</i>		
Debts	10,633	12,250	(1,617)	(15.2%)	3,611	3,038	573	15.9%
Overheads	63,476	57,334	6,142	9.7%	21,661	17,010	4,651	21.5%
NET CONTRIBUTION	29,576	46,494	16,918	57.2%	3,922	3,732	(190)	(4.9%)
<i>% Turnover</i>	<i>0.14%</i>	<i>0.19%</i>			<i>0.05%</i>	<i>0.06%</i>		
<i>% Win</i>	<i>9.73%</i>	<i>13.28%</i>			<i>3.80%</i>	<i>4.30%</i>		
<i>Adjustments</i>	<i>(10,922)</i>	<i>0</i>			<i>2,756</i>	<i>0</i>		
REPORTED NET CONTRIBUTION	40,498	46,494	5,996	14.8%	1,166	3,732	2,566	220.0%
<i>% Turnover</i>	<i>0.19%</i>	<i>0.19%</i>			<i>0.02%</i>	<i>0.06%</i>		
<i>% Win</i>	<i>13.33%</i>	<i>13.28%</i>			<i>1.13%</i>	<i>4.30%</i>		

Note: F17 adjustments relate to costs transferred to Crown Resorts and cost allocation between Melbourne and Perth

F18 Key Initiatives

VIP International



- In F18 the VIP International business targets to deliver a combined turnover of \$31.2b and net contribution of \$50.2m; 7.3% and 20.6% growth respectively
- The overarching strategic theme and focus moving forward is in rebuilding relationships with our customers using the business model we successfully adopted previously:
 - Smaller and focused sales team operating out of Hong Kong
 - Targeted marketing events initiatives to increase visitation
 - Increasing our private jets and Capital Golf course utilisation
 - Further enhancing and alignment of our service delivery across both properties

F18 Key Initiatives

VIP International



KEY INITIATIVES & DETAILS

Volume Recovery	<ul style="list-style-type: none"> • New Sales operating model with an emphasis to regenerate business <ul style="list-style-type: none"> • Smaller and focused sales team of 12 based in Hong Kong • Revision of the sales targets to encourage sales behavior aligned with business KPI's • Effective events marketing calendar to drive visitation to Melbourne and promote Perth as a destination <ul style="list-style-type: none"> • Cross-property Jingle Ball event; which has been a successful event in the past (Dec17) • New \$1m prize money Crown Masters event at Capital during LNY (Feb18) • \$0.5m prize money Baccarat tournament in Perth (Mar18) • Yacht experience and golf events during non-peak periods in Perth to continuously promote the property • Continue to invest in events unique to Melbourne and Australia e.g. Spring Racing Carnival, Australian Open, Grand Prix
Customer Profitability Improvements	<ul style="list-style-type: none"> • Rate card revision <ul style="list-style-type: none"> • Potentially reduce commission rates and other incentives in line with market conditions

F18 Key Initiatives

VIP International



KEY INITIATIVES & DETAILS

<p>Customer Profitability Improvements (cont.)</p>	<ul style="list-style-type: none"> • Rationalise discretionary spending based on value of customer to the overall business contribution <ul style="list-style-type: none"> • Re-educating the sales team on margins and increase accountability through inclusion in their performance targets • Tighten controls on discretionary expenses (approval process) • Increasing transparency through improvements in KPI reporting
<p>Operational Efficiencies</p>	<ul style="list-style-type: none"> • New Perth service and operations model to improve service delivery/alignment whilst reducing overheads costs <ul style="list-style-type: none"> • Lower but more effective fixed cost model – hosts to travel to Perth from Melbourne during customer visitation to Perth, providing consistent service across both properties

VIP INTERSTATE



F18 Strategies

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- Continue to grow visitation through acquisition of new customers and continuous reactivation of current database, using dedicated telesales resources to target and grow premium mass segment
- Maintain and consolidate the Jet strategy, targeting the use of 30 jets across the year
- Grow incremental visitation through an enhanced events and promotional calendar
- New business development from tactical activities, such as collaboration with luxury property and car groups for referrals and driving direct referrals from existing clients and local referral agents
- Continue to focus on margin improvement

VIP Interstate



- NSW patron [REDACTED] is forecast to achieve \$1.03bn of turnover in F17, being \$582m above the previous 5 year trend of a 'Super Player'
- Due to [REDACTED] being an historic outlier, his turnover will be normalised down to \$500m in F18

Financial Year	TO \$'000	Patron	State
F12	354,359		NSW
F13	566,678		NSW
F14	506,840		QLD
F15	576,889		QLD
F16	234,324		QLD
F12-F16 Ave	447,818		
F17	1,030,000		NSW
<i>Variance</i>	<i>582,182</i>		

Interstate Table Games	Budget	Forecast	Variance	
	F18	F17	\$'000	%
Turnover	500,000	1,030,000	(530,000)	(51.5%)
Theo Revenue	7,000	14,420	(7,420)	(51.5%)
Theo Contribution	2,450	5,047	(2,597)	(51.5%)
Contribution Margin	35.0%	35.0%		0.0%

Financials

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- F18 turnover decline across both Melbourne and Perth of 8.7% on F17, delivering a \$0.4m contribution decline to \$5.1m
- Normalising for [REDACTED] turnover growth would be 7.0% for a \$2.2m increase in contribution

Interstate Table Games Program Play	Budget	Forecast	Variance		Actual	Variance	
	F18	F17	\$'000	%	F16	\$'000	%
	\$'000	\$'000			\$'000		
Crown Melbourne							
Turnover	3,053,943	3,382,754	(328,811)	(9.7%)	2,176,766	1,205,988	55.4%
Theo Revenue	42,755	47,359	(4,603)	(9.7%)	30,475	16,884	55.4%
Theo Contribution	3,326	4,149	(824)	(19.8%)	1	4,148	100.0%
<i>Contribution Margin</i>	<i>7.8%</i>	<i>8.8%</i>		<i>(1.0%)</i>	<i>0.0%</i>		<i>8.8%</i>
Crown Perth							
Turnover	450,000	456,376	(6,376)	(1.4%)	427,955	28,421	6.6%
Theo Revenue	6,300	6,389	(89)	(1.4%)	5,991	398	6.6%
Theo Contribution	1,766	1,386	381	27.5%	1,522	(136)	(9.0%)
<i>Contribution Margin</i>	<i>28.0%</i>	<i>21.7%</i>		<i>6.3%</i>	<i>25.4%</i>		<i>(3.7%)</i>
Combined Total							
Turnover	3,503,943	3,839,130	(335,187)	(8.7%)	2,604,721	1,234,409	47.4%
Theo Revenue	49,055	53,748	(4,693)	(8.7%)	36,466	17,282	47.4%
Theo Contribution	5,092	5,535	(443)	(8.0%)	1,523	4,012	263.4%
<i>Contribution Margin</i>	<i>10.4%</i>	<i>10.3%</i>		<i>0.1%</i>	<i>4.2%</i>		<i>6.1%</i>



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