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# Crown Limited

## Half Year Results 2008



Melco PBL Entertainment  
新濠博亞娛樂



Fontainebleau

betfair.com



## **Normalised NPAT: \$211.4million**

- Solid earnings growth from Crown Melbourne and Burswood
- Equity accounted loss of \$22.5m – principally due to Crown Macau start up
- Net interest income of \$63.9m
  - Capital reduction mid December will impact interest income in H2 FY08

## **Reported NPAT: \$3,622.5 million**

- Artificially inflated by discontinued operations and non recurring items as required by Australian Accounting Standards
- Adversely impacted by below theoretical win rate on VIP play

## **Interim dividend 25cps**



## Highlights of Last Six Months

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- Australian casinos deliver 8.8% earnings growth
- Construction has started on the third hotel in Crown Melbourne
- Refurbishment of Crown and Burswood main gaming floors progressing steadily
- Listing of Crown Limited following completion of the PBL de-merger
- Completion of the Gateway acquisition in November
- Announcement of the Cannery Casinos acquisition (scheduled to close end 2008)
- MPEL raised a further US\$560 million from public equity and closed a US\$1.75 billion debt facility to fully fund the City of Dreams development
- The successful launch of the operations of AMA, a junket aggregator, in mid December has repositioned Crown Macau as the premier VIP casino in Macau



# Australian Casino Properties

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## Melbourne Australia

- 2,500 slots
- 350 table games
- Two hotels with 950 rooms
- Third hotel with 658 rooms under construction
- "The Palms" a 900 seat showroom
- 2,000 seat Palladium Ballroom
- Access to Private Golf Course



## Perth Australia

- 1,750 slots
- 170 gaming tables
- Two hotels with over 700 rooms
  - 21,000 seat Burswood Dome and Convention Centre



# Crown Melbourne & Burswood

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\$m	Normalised Results 6 Months 31 Dec 2007	Normalised 6 Months Results 31 Dec 2006	% Change
Gaming Revenue	992.7	931.7	6.5%
Operating Expenses	(676.1)	(640.6)	5.5%
EBITDA	316.6	291.1	8.8%
EBITDA / Revenue %	31.9%	31.2%	



# Crown Melbourne & Burswood – Solid Growth

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## **Normalised revenue up: both properties strong**

- Normalised revenue increased 6.5% to \$992.7m
- Below theoretical win rate of 1.29% on VIP Program Play with turnover decreasing slightly to \$12.8bn for the half
- Following Chinese New Year, VIP turnover is now up YTD and the YTD win rate is above theoretical

## **Costs**

- Cost growth principally due to increased activity and uplift in marketing

## **Normalised Margins**

- Up slightly to 31.9%

## **EBITDA before corporate expenses allocation**

- Normalised EBITDA increased 8.8% to \$316.6m
- Reported EBITDA increased 13.0% to \$310.1m



# Crown Melbourne & Burswood – Property Update

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## **Crown Melbourne**

- Work has started on third hotel and it remains on track for completion in mid 2010
- Refurbishment of main gaming floor has commenced with minimal patron disruption
- Nobu opened during the period and two further first class restaurants will open in the coming months

## **Burswood**

- Upgrade to the Burswood main gaming floor continues
- Opening of the Riviera Room (High limit local gaming room) in July
- Opening of MINQ (New York Style Loft Bar) in August
- Opening of Carbon Sports Bar in December (includes new Keno lounge and TAB)



# Crown Melbourne: Third Hotel

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# Burswood Gaming Upgrade

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## Corporate Expenses

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\$m	6 Month 31 Dec 2007	6 Months 31 Dec 2006
Corporate Expenses	13.8m	-

- Represents an allocation costs incurred in Crown corporate office
- Run rate will increase in second half as the Crown Corporate structure evolves.
- These costs were previously included in PBL unallocated cost line so no meaningful comparison available



# Crown Equity Accounted Investments



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**Macau**  
**37.9% owned**

Crown Macau. 250 slots and 220 tables  
City of Dreams targeted to open in 2009. 2,500 slots and 450 tables  
Mocha Slots 1,000 slots  
Macau Peninsula site under contract subject to conditions



**Canada**  
**50% owned**

Post development of two new properties and expansion projects Gateway will comprise 9 casinos with a total of 200 tables and 5,400 slots



**United Kingdom**  
**50% Owned**

Current properties: Aspinalls Club, Swansea and Newcastle; Properties under development at Bournemouth and Northampton



**Australia / New Zealand**  
**50% owned**

Internet betting exchange which provides a forum for sports betting in Australia and New Zealand.



Melco PBL Entertainment  
新濠博亞娛樂

## **MPEL – Six months trading to December 31, 2007**

- Crown's share of MPEL loss was \$27.8m
- MPEL loss due to:
  - Opening inefficiencies at Crown Macau and low mass market patronage
  - Below theoretical VIP win rate
  - Disruption to Crown Macau through repositioning to VIP casino
- The successful launch of the operations of AMA, a junket aggregator, in mid December has repositioned Crown Macau as the market leading VIP casino in Macau

## **Crown Macau – Six week trading to mid February**

- January VIP turnover AUD\$14.3bn (HK\$50bn of non-negotiable chip roll)
- Above theoretical win rate
- Crown Macau market share is estimated to have increased further in February (to 18%)

## **City Of Dreams**

- The main podium superstructure works are approximately 95% complete
- MPEL has secured US\$1.75 billion of senior secured debt facilities and US\$560m of public equity to be utilised to finance construction of City of Dreams



# MPEL City of Dreams Construction Update

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# Gateway Casinos: the Business

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- Business partnership model with the Provincial Government
  - Government acquires the slot machines and tables
  - Gateway collects an agreed % share of GGR;
    - BC; 25% of slots and 40% of tables
    - Alberta; 15% of slots and 50% of tables
  - In BC, Gateway capex is reimbursed by the Government
  
- Expansions and upgrades planned for the next twelve months are expected to increase gaming positions in the Gateway portfolio to approximately 5,400 slots and over 200 table games

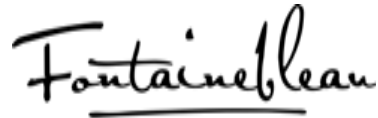


## Opportunity to strongly grow earnings

- One of the largest casino operators in Western Canada; seven casinos in British Columbia (BC) and two in Edmonton, Alberta
- Under serviced market, low gaming machine penetration, many venues operating at high utilisation
- Development pipeline allows additional slots and tables
- Opportunities to improve earnings through improved product offering, better marketing and customer segmentation

## Crown impacts

- Crown investment of AUD\$223m structured as:
  - AUD\$75m equity
  - AUD\$149m subordinated inter-co debt
- Interest income on inter co debt 13%
- Highly leveraged structure (interest exposure fixed)
- Equity accounted earnings expected to grow post FY2009 as growth capex and Crown strategies 'kick in'



**USA**  
**19.6% owned**

Cost USD\$275m or AUD\$333m (includes AUD\$30m of debt instrument)

Fontainebleau Las Vegas, 1,700 slots, 125 tables and 3,889 hotel rooms, which is due to open in the last quarter of 2009

Fontainebleau Resort Miami, 1,500 hotel rooms, which is due to open in mid 2008.



**USA**  
**37.5% owned**

Cost AUD\$36m

LVTI has an option over a 27 acre site immediately next door to Fontainebleau Las Vegas



**2.5% minority equity stake.**

Cost USD\$150m or AUD\$175m

Expected to generate solid earnings over the long term.

Potential to lead to further strategic opportunities



**4.9% fully diluted minority equity stake.**

Cost USD\$200m or AUD\$242m

Expected to generate solid earnings over the long term.

Potential to lead to further strategic opportunities



# Cannery Casino Resorts

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## **Acquisition price USD\$1.75 bn (no debt)**

- Expected to close early 2009, subject to regulatory approval

## **Properties in growth "locals" market in Las Vegas**

- Cannery Casino, North Las Vegas
- Rampart Casino, Summerlin, Las Vegas
- East Side Cannery Casino, Boulder Strip, Las Vegas, scheduled to open September 2008

## **Casino in Pittsburgh with restricted regional competition**

- The Meadows Racetrack & Casino, Pittsburgh, Pennsylvania
- 1,816 slots in the temporary facility
- At least 3,150 slots will be in operation in the permanent facility due to open April 2009
- Licence may permit up to 5,000 slots



# Cannery Casino Resorts

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## **Forward (CY'09) acquisition multiple very attractive**

- Opportunity for Crown to add value
- Strong cash flow model post acquisition
- Casinos are high quality new or near new facilities without exposure to construction risk and with comparatively low on going capex requirements
- Mid 20% margins possible

## **Establishes a significant “footprint” in US Gaming market**

**Upon full build out, CCR will have a total of approximately 8,350 slots and 73 tables**

- CY10 first full year of build out



# Cannery Casino Resorts: East Side Cannery

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# Crown Limited Group Result

\$m	Results for the six months to 31 Dec 2007
EBITDA normalised before corporate expenses	316.7
Below theoretical win rate	(6.6)
EBITDA before corporate expenses (at actual win rates)	310.1
Corporate expenses	(13.8)
<b>EBITDA (at actual win rates)</b>	<b>296.3</b>
Depreciation and Amortisation	(63.2)
<b>EBIT</b>	<b>233.1</b>
Net Interest Income	63.9
Income Tax Expense	(67.6)
Equity Accounted (Loss)	(33.1)
<b>Net Profit before discontinued operations and non recurring items</b>	<b>196.3</b>
Discontinued operations and non recurring items	3,426.2
<b>Net Profit</b>	<b>3,622.5</b>



# Crown Limited Group Result

## Summary of Discontinued Operations and Non Recurring Items

<b>\$m</b>	<b>Results for the six months to 31 Dec 2007</b>
Gain on demerger of CMH	2,420.2
Gain on disposal of PBL Media	873.7
Gain on disposal of Ticketing and Events	79.7
Loss on disposal of Hoyts	(5.2)
New Regency write down	(17.0)
Other discontinued operations	74.7
<b>Profit from discontinued operations and non recurring items (net of tax)</b>	<b>3,426.2</b>



# Operating Cash Flow

\$m	ASX	Crown
	"4D"	Pro-forma
<b>Normalised EBITDA</b>	302.9	302.9
(Less) Plus win rate variance	(6.6)	(6.6)
<b>Reported EBITDA</b>	296.3	296.3
Dividends Received	66.7	-
Working Capital Movements (1)	(59.7)	6.0
<b>Cash Flow Generated by Business</b>	303.3	302.3
Interest Income	54.9	54.9
Income Tax Payments (2)	(26.3)	(26.3)
<b>Operating Cash Flow</b>	331.9	330.9

- (1) ASX "4D" Primarily reflects payment of de merger costs which were accrued in PBL June 07 result  
 (2) Includes \$24 million of tax refunds for the half



## Net Group Cash Flow

(\$m)	31 Dec 2007 ASX  "4D"	31 Dec 2007 Crown  Pro-forma
<b>Operating Cash Flow</b>	<b>332.1</b>	<b>330.9</b>
Capital Expenditure	(98.6)	(92.0)
Investments (net)	344.2	(335.0)
<b>Free Cash Flow</b>	<b>577.8</b>	<b>(96.1)</b>
Dividends Paid	(169.1)	(169.1)
Distribution to shareholders (net)	(2,053.9)	-
Transfer to CMH	(85.8)	-
<b>Net Group Cash Flow</b>	<b>(1,731.0)</b>	<b>(265.2)</b>



# Balance Sheet

\$m	Crown Limited as at 31 DEC 07	PBL as at 30 June 07
Total current assets excl cash	355.1	575.0
Cash and cash equivalents	2,566.7	2,227.7
Licences	670.6	674.3
Other intangibles	192.8	210.5
Property plant & equipment	1,811.4	1,831.1
Investment in Associates	1,228.9	915.2
Other non current assets	1,110.0	746.0
Total assets	7,935.5	7,179.7
Total liabilities excluding debt	831.9	985.3
Gross debt	2,389.2	329.1
Shareholder funds	4,714.4	5,865.3



# Crown Net Debt Position

<b>\$m</b>	<b>Drawn</b>	<b>Available (1)</b>	<b>Expiry Date</b>
Bank Debt	(2,090)	276	Sept 2010
Capital Market Debt – MTN	(125)		March 2011
- USPP (Yen)	(175)		July 2036
Cash on Hand	2,567		
Net Cash On Hand 31 December 2007	177		

(1) Committed bank lines available for draw-down (after letters of credit drawn against total committed bank lines)



## **Increase Shareholder Value whilst maintain Investment Credit Rating**

### **Leveraging off Crown's Major Strengths**

#### **Local Gaming**

- Expertise in product optimisation, loyalty programs, direct marketing and key non gaming drivers
- Understanding and management of key stakeholder issues – government relations and regulators

#### **VIP "High Roller" Gaming**

- Extensive network of VIP players and representatives through the Asian region
- Experience and reputation in providing the highest level of service to Asian "High Rollers"

#### **Diversified Portfolio of Gaming Assets**

- Developing a diverse portfolio of gaming assets primarily with exposure to stable 'locals' market
- Leveraging the Crown brand where appropriate to add value to VIP gaming operations



## Crown: Options Created for Growth

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- Crown Melbourne and Burswood to expected continue to deliver strong trading results with further momentum post growth capex in 2010
- North American market (US/Canada) exposure planned to provide footprint from which to expand “locals” gaming operations
- Gateway development / expansion program over the next two years increasing number of gaming positions
- MPEL expected to grow contribution post opening of City of Dreams in 2010
- Cannery expected to contribute to earnings immediately post close with low on going capex requirements
- Quality investment portfolio should deliver above average returns
- Crown continues to develop and strengthen its management team to support its growth program



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