



# **Crown Resorts Limited**

## **2022 Half Year Results Presentation**

*17 February 2022*

# Blackstone Transaction<sup>1</sup>

- ◆ On 14 February 2022, Crown announced that it had entered into a scheme implementation deed with a company on behalf of funds managed and advised by Blackstone Inc., and its affiliates (together, Blackstone), under which Blackstone will acquire all of the shares in Crown by way of a scheme of arrangement (Scheme) at a price of \$13.10 cash per share (Blackstone Transaction)
- ◆ The price of \$13.10 cash per share:
  - Values Crown's equity at approximately \$8.9 billion and represents an increase in equity value of more than \$845 million to the price of \$11.85 cash per share initially offered by Blackstone in March 2021; and
  - Represents a premium of c.32% to the closing price of Crown shares on 18 November 2021 of \$9.90 (being the last trading day prior to Crown receiving an acquisition proposal from Blackstone at a price of \$12.50)
- ◆ The Blackstone Transaction is subject to various conditions including:
  - The Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interests of Crown shareholders
  - Approval from the Foreign Investment Review Board (FIRB)
  - Approval from Crown's various gaming regulatory authorities and counterparties to Framework Agreements
  - Certain agreed Gaming Regulatory Events in respect of Crown's key licences in Victoria, Western Australia and New South Wales having not occurred
  - No Material Adverse Change having occurred
  - Approval from Crown's shareholders
- ◆ Full details of the conditions to the Scheme and other agreed terms are set out in the scheme implementation deed, a copy of which was attached to Crown's announcement on 14 February 2022
- ◆ The Crown Board unanimously recommends that shareholders vote in favour of the Blackstone Transaction in the absence of a superior proposal, and subject to an independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Crown shareholders
- ◆ Subject to the expected timing of regulatory approvals, the Scheme Meeting is expected to be held in the second quarter of calendar year 2022

1. Unless otherwise defined, capitalised terms on this slide have the meaning given to them in the scheme implementation deed, a copy of which was attached to Crown's announcement on 14 February 2022.

# Crown Resorts Limited Results Summary<sup>1</sup>

- ◆ Statutory revenue of \$778.6 million, up 34.0% on the prior comparable period (pcp)
- ◆ Reported NPAT attributable to the parent a loss of \$196.3 million, which compared to a loss of \$120.9 million in the pcp
- ◆ Reported EBITDA a loss of \$47.5 million, down from a profit of \$4.4 million in the pcp
- ◆ Theoretical<sup>2</sup> NPAT attributable to the parent before Closure Costs<sup>3</sup> and Significant Items<sup>4</sup> a loss of \$112.5 million, down from a loss of \$17.9 million in the pcp
- ◆ Theoretical EBITDA before Closure Costs and Significant Items of \$28.8 million, down 79.6% on the pcp
- ◆ Closure Costs<sup>3</sup> of \$79.2 million (net of tax), which includes costs incurred at Crown Melbourne, Crown Perth and Crown Sydney whilst the properties were closed due to Government direction<sup>5</sup>
- ◆ Net Significant Items expense of \$2.7 million (net of tax) relating to Crown Sydney pre-opening costs, contribution towards class action settlement, restructuring costs, and goodwill impairment on DGN, partly offset by the profit on disposal of Crown Sydney apartments and other non-current assets<sup>6</sup>
- ◆ No interim dividend declared

1. This presentation includes certain non-IFRS measures, including theoretical results, EBITDA, Significant Items and Closure Costs, which are used internally by management to assess the performance of the business. Non-IFRS measures and recent trading results have not been subject to audit or review.
2. Theoretical results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play. The theoretical win rate is the expected hold percentage on VIP program play over time. The theoretical result gives rise to adjustments to VIP program play revenue, operating expenses and income tax expense. Crown believes that theoretical results are the relevant measure of viewing performance of the business as it removes the inherent volatility in VIP gaming revenue.
3. Costs incurred at Crown's properties whilst the properties were closed due to Government direction (Closure Costs). Refer to note 3 to the financial statements contained in the Appendix 4D released on the same date as this announcement for further information.
4. Transactions that are not in the ordinary course of business or are material and unexpected due to their size and nature. Refer to slide 15 for further information.
5. Closure Costs of \$58.1 million (net of tax) were recorded in the pcp relating to Crown Melbourne and Crown Aspinalls.
6. Net Significant Items expense of \$42.0 million (net of tax) were recorded in the pcp relating to Crown Sydney pre-opening costs, one-off allowance for expected credit losses and a reassessment of DGN contingent consideration.

# Crown Resorts Limited Results Overview



- ◆ Crown's first half performance reflects the continued challenging operating conditions as a result of COVID-19 as well as the impact of ongoing regulatory matters
- ◆ Crown Melbourne was closed for 96 days in the first half. Operations recommenced in October 2021, with improving trends in the business towards the end of the reporting period as restrictions eased
- ◆ Similarly, Crown Sydney's non-gaming operations were closed for 102 days in the period. The business showed improving trends upon re-opening, however operational constraints and limited domestic and international travel continue to weigh on overall financial performance. Whilst no official opening date has been confirmed in relation to the opening of gaming in Sydney, Crown is targeting to be in a position to announce the opening of the gaming floor shortly
- ◆ Crown Perth delivered a solid result, with stable performance following a short-term closure to begin the half. On an underlying basis, EBITDA was down around 20% as the business cycled the strong performance in the prior year
- ◆ Crown is carrying an inflated cost base, with corporate costs approximately \$50 million higher than the pcp, primarily relating to higher legal and consulting fees associated with various regulatory processes. Corporate costs are expected to be lower in the second half following the conclusion of the Victorian Royal Commission and evidentiary hearings of the Perth Casino Royal Commission
- ◆ Significant investment in resourcing and remediation is continuing, with the current cost of the Financial Crime, Risk, Compliance and Responsible Gaming teams across Melbourne and Perth almost \$30 million higher than the equivalent cost in F19
- ◆ Trading performance to begin the calendar year has been subdued, with the emergence of the Omicron variant impacting patronage and operational capacities in Melbourne and Sydney. Perth has been similarly affected, with increased uncertainty from COVID-19 and the recent imposition of new restrictions impacting patronage to the property
- ◆ Crown is focused on selling all remaining Crown Sydney apartments by 30 June 2022, with receipt of the final approximately \$275 million in expected settlement proceeds subject to timing of the sales
- ◆ At 31 December 2021, Crown's net debt position was approximately \$950 million (excluding working capital cash), and total liquidity was approximately \$700 million
- ◆ Based on Crown's performance against the applicable financial ratios for the six months ended 31 December 2021, a 'Mandatory Deferral Event' now exists in relation to the Crown Subordinated Notes II

# Crown Resorts Limited Group Result



\$m	1H F22 Theoretical	1H F21 Theoretical	Variance F/(U)	1H F22 Actual	1H F21 Actual	Variance F/(U)
<b>EBITDA before Closure Costs and Significant Items</b>						
Crown Melbourne	7.1	5.8	21.5%	7.1	0.7	800.6%
Crown Perth	109.6	162.7	(32.6%)	109.6	162.9	(32.7%)
Crown Sydney	(4.3)	(0.7)	(511.0%)	(4.3)	(0.7)	(511.0%)
Crown Aspinalls	(3.2)	(5.3)	38.6%	(5.5)	(4.7)	(14.9%)
Crown Digital	14.3	23.2	(38.4%)	14.3	23.2	(38.4%)
Corporate costs	(94.7)	(44.2)	(114.3%)	(94.7)	(44.2)	(114.3%)
<b>EBITDA before Closure Costs and Significant Items</b>	<b>28.8</b>	<b>141.5</b>	<b>(79.6%)</b>	<b>26.5</b>	<b>137.2</b>	<b>(80.7%)</b>
Depreciation & amortisation	(155.1)	(138.0)	(12.4%)	(155.1)	(138.0)	(12.4%)
<b>EBIT before Closure Costs and Significant Items</b>	<b>(126.3)</b>	<b>3.5</b>	<b>N/M</b>	<b>(128.6)</b>	<b>(0.8)</b>	<b>N/M</b>
Net interest income / (expense)	(35.8)	(7.3)	(390.4%)	(35.8)	(7.3)	(390.4%)
Income tax	42.3	(6.5)	746.5%	42.7	(5.1)	930.9%
Equity accounted investments <sup>1</sup>	7.3	(7.3)	200.0%	7.3	(7.3)	200.0%
Non-controlling interest (NCI)	–	(0.3)	100.0%	–	(0.3)	100.0%
<b>NPAT attributable to the parent before Closure Costs and Significant Items</b>	<b>(112.5)</b>	<b>(17.9)</b>	<b>(530.7%)</b>	<b>(114.4)</b>	<b>(20.8)</b>	<b>(451.0%)</b>
Closure Costs (net of tax)				(79.2)	(58.1)	(36.3%)
Significant Items (net of tax)				(2.7)	(42.0)	93.6%
<b>NPAT attributable to the parent</b>				<b>(196.3)</b>	<b>(120.9)</b>	<b>(62.4%)</b>
<b>EBITDA after Closure Costs and Significant Items<sup>2</sup></b>	<b>(45.2)</b>	<b>8.7</b>	<b>(619.5%)</b>	<b>(47.5)</b>	<b>4.4</b>	<b>N/M</b>

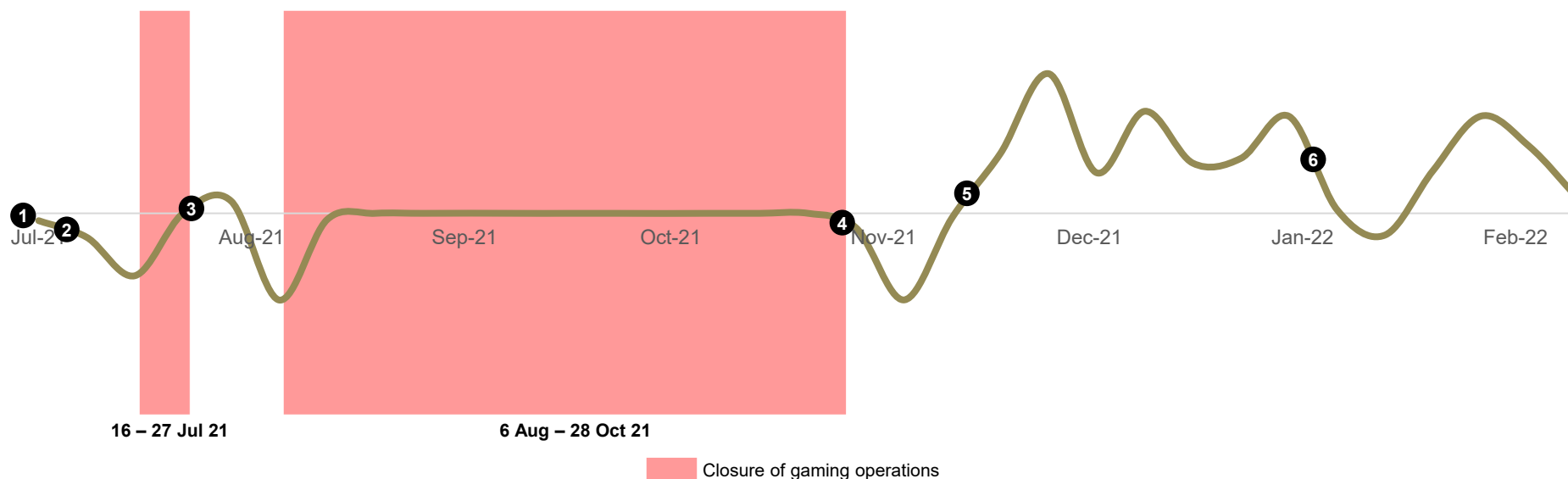
1. During 1H F22, Crown's equity accounted result was comprised of its net equity accounted share of NPAT from Nobu and Chill Gaming. Previously Crown also equity accounted its result of Aspers (which was classified as held for sale during 1H F22).

2. Significant Items in 'EBITDA after Closure Costs and Significant Items' includes EBITDA related Significant Items only.

# Crown Melbourne Operating Conditions

- ◆ As a result of the COVID-19 pandemic, Crown Melbourne's gaming activities were required to close by Government order for 96 days during the first half
- ◆ Whilst open, various operating restrictions applied, including patron capacity and density limits and physical distancing protocols
- ◆ Certain restrictions were re-introduced on 6 January 2022

## Weekly EBITDA performance whilst open<sup>1</sup>



- 1 Each indoor space limited to 300 patrons or 1 person per 4m<sup>2</sup>. Every second gaming machine deactivated. Masks compulsory
- 2 8-Jul-21 – Each indoor space limited to 300 patrons or 1 person per 2m<sup>2</sup>. Every second gaming machine deactivated. Masks compulsory
- 3 28-Jul-21 – Reopening of gaming facilities. Each indoor space limited to 100 patrons or 1 person per 4m<sup>2</sup>. Every second gaming machine deactivated. Masks compulsory
- 4 29-Oct-21 – Reopening of gaming facilities. Each indoor space limited to 500 patrons or 1 person per 4m<sup>2</sup>. Every second gaming machine deactivated. Fully vaccinated patrons and staff only<sup>2</sup>
- 5 19-Nov-21 – Capacity and density limits removed. Every second gaming machine no longer required to be deactivated. Fully vaccinated patrons and staff only
- 6 6-Jan-22 – Density limit of 1 person per 2m<sup>2</sup> and compulsory masks reintroduced. Fully vaccinated patrons and staff only

1. Weekly theoretical EBITDA excluding Closure Costs and other adjustments.  
2. Select non-gaming operations re-opened on 22 October 2021.

# Crown Melbourne Result



\$m	1H F22 Theoretical	1H F21 Theoretical	Variance F/(U)	1H F22 Actual	1H F21 Actual	Variance F/(U)
Table games (non-program play)	115.2	30.3	280.6%	115.2	30.3	280.6%
Gaming machines	72.4	23.4	208.9%	72.4	23.4	208.9%
Main floor gaming (total)	187.6	53.7	249.3%	187.6	53.7	249.3%
VIP program play <sup>1</sup>	–	3.7	(100.0%)	–	(1.9)	100.0%
Non-gaming	77.4	39.7	95.2%	77.4	39.7	95.2%
<b>Total revenue</b>	<b>265.0</b>	<b>97.1</b>	<b>172.9%</b>	<b>265.0</b>	<b>91.5</b>	<b>189.6%</b>
<b>EBITDA before Closure Costs and Significant Items<sup>2</sup></b>	<b>7.1</b>	<b>5.8</b>	<b>21.5%</b>	<b>7.1</b>	<b>0.7</b>	<b>800.6%</b>
Closure Costs <sup>3</sup>	(94.5)	(80.4)	(17.5%)	(94.5)	(80.4)	(17.5%)
Profit on disposal of other non-current assets	11.4	–	N/A	11.4	–	N/A
Restructuring costs	(3.6)	–	N/A	(3.6)	–	N/A
One-off allowance for expected credit losses	–	(8.1)	100.0%	–	(8.1)	100.0%
<b>EBITDA after Closure Costs and Significant Items</b>	<b>(79.6)</b>	<b>(82.7)</b>	<b>3.7%</b>	<b>(79.6)</b>	<b>(87.8)</b>	<b>9.3%</b>
Depreciation & amortisation	(82.2)	(88.2)	6.8%	(82.2)	(88.2)	6.8%
<b>EBIT</b>	<b>(161.8)</b>	<b>(170.9)</b>	<b>5.3%</b>	<b>(161.8)</b>	<b>(176.0)</b>	<b>8.1%</b>
EBITDA <sup>4</sup> / revenue %	2.7%	6.0%	(3.3%) <sup>5</sup>	2.7%	0.9%	1.8% <sup>5</sup>
VIP turnover \$ billion	–	0.3	(100.0%)	–	0.3	(100.0%)
VIP win rate	N/A	1.35%	N/A <sup>6</sup>	N/A	(0.67%)	N/A <sup>6</sup>

1. From 1 July 2021, interstate VIP program play revenue is included in main floor revenue, and no longer adjusted for any variance from theoretical win rate. Theoretical interstate VIP program play revenue in 1H F21 was \$3.7 million.

2. Includes \$15.7 million in payroll subsidies under the Commonwealth Government's JobKeeper scheme in 1H F21.

3. Net of \$11.4 million in payroll subsidies under the Commonwealth Government's JobKeeper scheme in 1H F21.

4. Before Closure Costs and Significant Items.

5. Represents the difference in EBITDA margin compared to the pcp.

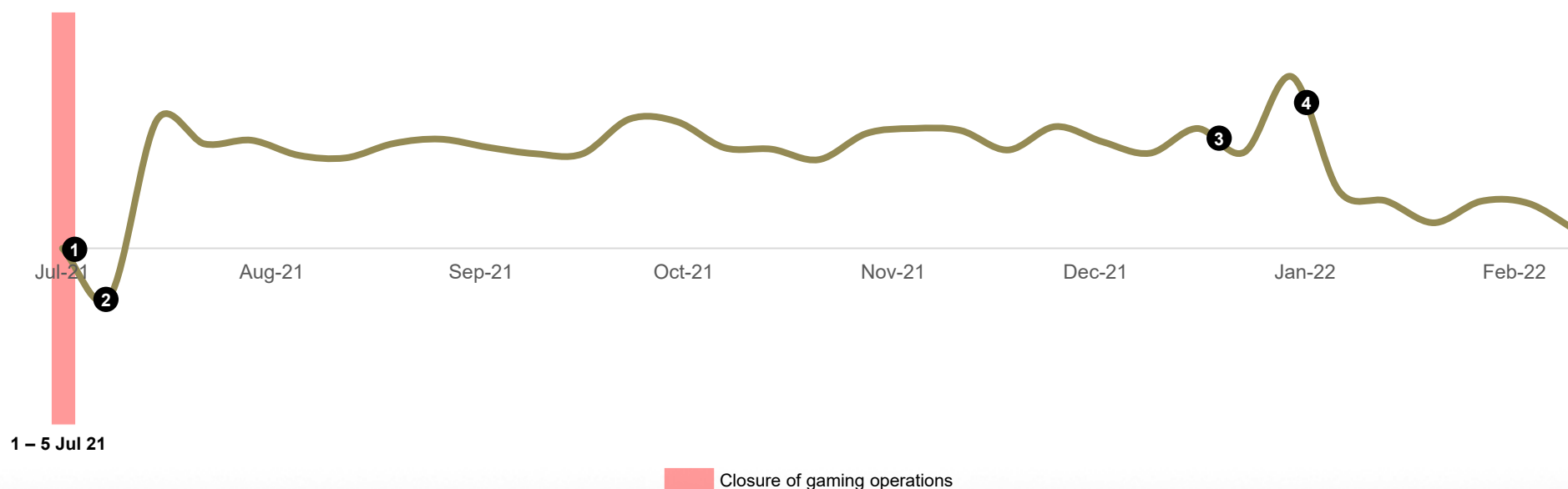
6. Represents the difference in win rate compared to the pcp.



# Crown Perth Operating Conditions

- ◆ Following a short-term lockdown to begin the first half, on 6 July 2021, Crown Perth recommenced trading of gaming and non-gaming operations at a reduced capacity, whilst from 12 July 2021, Crown Perth recommenced trading of all gaming and non-gaming operations, with restrictions transitioning to pre-COVID-19 conditions
- ◆ Performance to begin the second half has been below first half trends, with uncertainty from COVID-19 and the reintroduction of compulsory mask wearing and proof of vaccination significantly impacting patronage to the property

## Weekly EBITDA performance whilst open<sup>1</sup>



- ① **6-Jul-21** – Recommencement of gaming activities limited to 150 patrons in a designated VIP gaming room
- ② **12-Jul-21** – Reopening of remaining gaming facilities (including main gaming floor). Remaining restrictions begin transitioning to pre-COVID conditions
- ③ **23-Dec-21** – Introduction of new restrictions including compulsory mask requirement
- ④ **4-Jan-22** – Introduction of State Government mandatory vaccination requirement to enter gaming areas. Masks compulsory

1. Weekly theoretical EBITDA excluding Closure Costs and other adjustments.



# Crown Perth Result



\$m	1H F22 Theoretical	1H F21 Theoretical	Variance F/(U)	1H F22 Actual	1H F21 Actual	Variance F/(U)
Table games (non-program play)	79.3	103.5	(23.4%)	79.3	103.5	(23.4%)
Gaming machines	157.2	171.6	(8.4%)	157.2	171.6	(8.4%)
Main floor gaming (total)	236.5	275.1	(14.1%)	236.5	275.1	(14.1%)
VIP program play <sup>1</sup>	–	0.4	(100.0%)	–	0.6	(100.0%)
Non-gaming	166.4	133.5	24.7%	166.4	133.5	24.7%
<b>Total revenue</b>	<b>402.9</b>	<b>409.0</b>	<b>(1.5%)</b>	<b>402.9</b>	<b>409.2</b>	<b>(1.6%)</b>
<b>EBITDA before Closure Costs and Significant Items<sup>2</sup></b>	<b>109.6</b>	<b>162.7</b>	<b>(32.6%)</b>	<b>109.6</b>	<b>162.9</b>	<b>(32.7%)</b>
Closure Costs	(3.8)	–	N/A	(3.8)	–	N/A
One-off allowance for expected credit losses	–	(0.7)	100.0%	–	(0.7)	100.0%
<b>EBITDA after Closure Costs and Significant Items</b>	<b>105.8</b>	<b>162.0</b>	<b>(34.7%)</b>	<b>105.8</b>	<b>162.2</b>	<b>(34.8%)</b>
Depreciation & amortisation	(37.2)	(38.8)	4.3%	(37.2)	(38.8)	4.3%
<b>EBIT</b>	<b>68.6</b>	<b>123.2</b>	<b>(44.3%)</b>	<b>68.6</b>	<b>123.4</b>	<b>(44.4%)</b>
EBITDA <sup>3</sup> / revenue %	27.2%	39.8%	(12.6%) <sup>4</sup>	27.2%	39.8%	(12.6%) <sup>4</sup>
VIP turnover \$ billion	–	0.0	(100.0%)	–	0.0	(100.0%)
VIP win rate	N/A	1.35%	N/A <sup>5</sup>	N/A	2.41%	N/A <sup>5</sup>

1. Crown Perth no longer offers VIP program play.

2. Includes \$24.7 million in payroll subsidies under the Commonwealth Government's JobKeeper scheme in 1H F21.

3. Before Closure Costs and Significant Items.

4. Represents the difference in EBITDA margin compared to the pcp.

5. Represents the difference in win rate compared to the pcp.

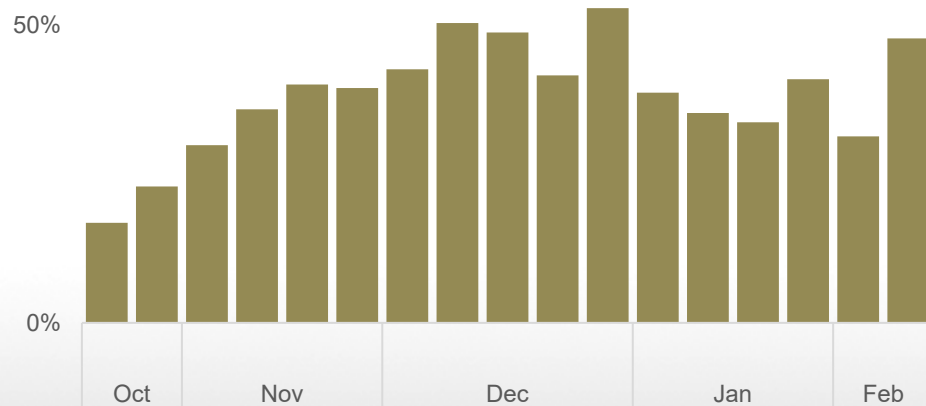
# Crown Sydney Operating Conditions and Project Update



## Operating Conditions

- ◆ During the period, Crown Sydney faced significant disruption as a result of COVID-19, and was closed for a period of 102 days
- ◆ Non-gaming operations re-opened to fully vaccinated guests and staff on 11 October 2021, with operations showing improving trends
- ◆ Upon re-opening in October 2021, hotel occupancy averaged nearly 40%, with higher occupancy on weekends and strong average room rates

## Weekly hotel occupancy whilst open (%)



## Project Update

- ◆ Gaming areas are yet to commence operation as Crown continues to work through the consultation process with ILGA
- ◆ Crown are in frequent discussions with ILGA and the independent monitor, and while no official opening date has been confirmed by the regulator, Crown is targeting to be in a position to announce the opening of the gaming floor shortly
- ◆ Opening is expected to occur on a staged basis given current staffing levels, with further recruitment for gaming-related roles required ahead of a full commencement of gaming operations
- ◆ Sales of the Crown Sydney apartments continue to progress, with almost \$1.2 billion in gross sales and pre-sale commitments (inclusive of GST) to date. Based on current progress, Crown is focused on selling all remaining apartments by 30 June 2022
- ◆ As at 31 December 2021, approximately \$975 million in sale proceeds (net of GST) had been received (including deposits previously released), with receipt of the final approximately \$275 million in expected settlement proceeds (net of GST) subject to timing of the sales
- ◆ Only limited spend remains on the total project cost of approximately \$2.2 billion. The expected net project cost following completion of all apartment sales, net of tax attributable to the gain on sale of apartments, remains approximately \$1.1 billion

# Crown Sydney Result



\$m	1H F22 Actual	1H F21 Actual	Variance F/(U)
Non-gaming	36.1	0.9	N/M
<b>Total revenue</b>	<b>36.1</b>	<b>0.9</b>	<b>N/M</b>
<b>EBITDA before Closure Costs and Significant Items</b>	<b>(4.3)</b>	<b>(0.7)</b>	<b>(511.0%)</b>
Closure Costs	(14.8)	–	N/A
Profit on disposal of apartments	74.9	–	N/A
Pre-opening costs <sup>1</sup>	(20.1)	(25.3)	20.6%
<b>EBITDA after Closure Costs and Significant Items</b>	<b>35.7</b>	<b>(26.0)</b>	<b>237.4%</b>
Depreciation & amortisation	(25.1)	(1.9)	N/M
<b>EBIT</b>	<b>10.6</b>	<b>(27.9)</b>	<b>137.9%</b>
EBITDA <sup>2</sup> / revenue %	(11.8%)	(82.1%)	70.3% <sup>3</sup>

1. Primarily payroll and other ancillary operating costs incurred before the opening of Crown Sydney, including Gaming relating costs that continue to be incurred prior to the opening of gaming areas.

2. Before Closure Costs and Significant Items.

3. Represents the difference in EBITDA margin compared to the pcip.

# Crown Aspinalls Result



\$m	1H F22 Theoretical	1H F21 Theoretical	Variance F/(U)	1H F22 Actual	1H F21 Actual	Variance F/(U)
VIP program play	7.4	1.2	506.2%	5.1	1.9	163.2%
Non-gaming	0.5	0.1	724.6%	0.5	0.1	724.6%
<b>Total revenue</b>	<b>7.9</b>	<b>1.3</b>	<b>517.2%</b>	<b>5.6</b>	<b>2.0</b>	<b>181.5%</b>
<b>EBITDA before Closure Costs and Significant Items<sup>1</sup></b>	<b>(3.2)</b>	<b>(5.3)</b>	<b>38.6%</b>	<b>(5.5)</b>	<b>(4.7)</b>	<b>(14.9%)</b>
Closure Costs <sup>2</sup>	–	(2.2)	100.0%	–	(2.2)	100.0%
One-off allowance for expected credit losses	–	(16.1)	100.0%	–	(16.1)	100.0%
<b>EBITDA after Closure Costs and Significant Items</b>	<b>(3.2)</b>	<b>(23.6)</b>	<b>86.3%</b>	<b>(5.5)</b>	<b>(23.0)</b>	<b>76.3%</b>
Depreciation & amortisation	(2.2)	(2.3)	7.0%	(2.2)	(2.3)	7.0%
<b>EBIT</b>	<b>(5.4)</b>	<b>(25.9)</b>	<b>79.2%</b>	<b>(7.7)</b>	<b>(25.3)</b>	<b>70.0%</b>
EBITDA <sup>3</sup> / revenue %	(40.5%)	(407.0%)	366.5% <sup>4</sup>	(97.3%)	(238.4%)	141.1% <sup>4</sup>
VIP turnover \$ billion	0.5	0.1	477.5%	0.5	0.1	477.5%
VIP win rate <sup>5</sup>	1.49%	1.42%	0.07% <sup>6</sup>	1.01%	2.23%	(1.21%) <sup>6</sup>

- ◆ Crown Aspinalls continued to face challenging operating conditions during the period as a result of COVID-19
- ◆ The property was required to close for certain periods of time due to operational constraints, and when open, performance was impacted by subdued international travel, staff shortages and reduced operating hours

1. Net of \$0.9 million in Coronavirus Job Retention Scheme payments under the employee retention scheme in operation in the UK in 1H F21.

2. Net of \$1.7 million in Coronavirus Job Retention Scheme payments under the employee retention scheme in operation in the UK in 1H F21.

3. Before Closure Costs and Significant Items.

4. Represents the difference in EBITDA margin compared to the pcg.

5. Crown Aspinalls theoretical VIP win rate based on the mix of play during the period.

6. Represents the difference in win rate compared to the pcg.

# Crown Digital Result<sup>1</sup>



\$m	1H F22 Actual	1H F21 Actual	Variance F/(U)
Total revenue	69.5	79.5	(12.7%)
Total expenses	(55.2)	(56.3)	2.0%
<b>EBITDA</b>	<b>14.3</b>	<b>23.2</b>	<b>(38.4%)</b>
Depreciation & amortisation	(7.0)	(5.4)	(29.9%)
Goodwill impairment – DGN	(31.8)	–	N/A
Reassessment of contingent consideration - DGN	–	(2.0)	N/A
<b>EBIT</b>	<b>(24.5)</b>	<b>15.8</b>	<b>(255.0%)</b>
EBITDA / revenue %	20.6%	29.2%	(8.6%) <sup>2</sup>

- ◆ Revenues across both Betfair and DGN were lower as both businesses cycled strong performance in the pcg
- ◆ Expenses did not decline to the same extent as both businesses continue to invest to drive longer term growth, resulting in an overall decline in margin

1. Crown equity accounts its investment in Chill Gaming (not included above).

2. Represents the difference in EBITDA margin compared to the pcg.

# Closure Costs

- During the mandated closure periods, whilst Crown did not generate any gaming revenues, Crown continued to incur expenses to maintain its operations and corporate responsibilities. Crown has separately identified these costs in reporting its results<sup>1</sup>

\$m	1H F22	1H F21
Crown Melbourne <sup>2</sup>	(94.5)	(80.4)
Crown Perth <sup>3</sup>	(3.8)	–
Crown Sydney <sup>4</sup>	(14.8)	–
Crown Aspinalls <sup>5</sup>	–	(2.2)
<b>Closure Costs included in EBITDA</b>	<b>(113.1)</b>	<b>(82.6)</b>
Tax effect of Closure Costs	33.9	24.5
<b>Closure Costs included in NPAT</b>	<b>(79.2)</b>	<b>(58.1)</b>

- Refer to note 3 to the financial statements contained in the Appendix 4D released on the same date as this announcement for further information.
- During 1H F22, Crown Melbourne's gaming operations were closed for the periods 16 July to 27 July 2021 and 6 August to 28 October 2021. During 1H F21, Crown Melbourne's gaming operations were closed for the period 1 July to 11 November 2020.
- During 1H F22, Crown Perth's gaming operations were closed for the period 1 July to 5 July 2021.
- Whilst Crown Sydney is yet to commence gaming operations, the costs incurred during Crown Sydney's mandated closure have been recorded as Closure Costs. During 1H F22, Crown Sydney was closed for the period 1 July to 10 October 2021.
- During 1H F21, Crown Aspinalls was closed for the period 1 July to 14 August 2020 and 5 November to 31 December 2020.

# Significant Items

- ◆ The following have been classified as Significant Items<sup>1</sup>:

\$m	1H F22	1H F21
Profit on disposal of Crown Sydney apartments	74.9	–
Profit on disposal of other non-current assets	11.4	–
Crown Sydney pre-opening costs	(20.1)	(25.3)
Contribution towards class action settlement	(20.0)	–
Restructuring costs	(7.1)	–
One-off allowance for expected credit losses	–	(24.9)
<b>Significant Items included in EBITDA</b>	<b>39.1</b>	<b>(50.2)</b>
Goodwill impairment – DGN	(31.8)	–
Reassessment of contingent consideration – DGN	–	(2.0)
Tax effect of significant items	(10.0)	10.2
<b>Significant Items included in NPAT</b>	<b>(2.7)</b>	<b>(42.0)</b>

1. Transactions that are not in the ordinary course of business or are material and unexpected due to their size and nature. Refer to note 4(e) to the financial statements contained in the Appendix 4D released on the same date as this announcement for further information.



# Group Cash Flow

\$m	1H F22	1H F21
<b>Theoretical EBITDA before Closure Costs and Significant Items</b>	<b>28.8</b>	<b>141.5</b>
Win rate variance	(2.3)	(4.3)
Closure Costs included in EBITDA	(113.1)	(82.6)
Significant Items included in EBITDA <sup>1</sup>	39.1	(50.2)
<b>Reported EBITDA</b>	<b>(47.5)</b>	<b>4.4</b>
Non-operating income	(86.3)	-
Working capital movements	(39.5)	146.9
<b>Cash Flow Generated by Operations</b>	<b>(173.3)</b>	<b>151.3</b>
Net interest	(57.8)	(39.4)
Dividends received	6.5	-
Income tax payments	21.1	(39.6)
<b>Operating Cash Flow</b>	<b>(203.5)</b>	<b>72.3</b>
Capital expenditure	(69.0)	(330.8)
Proceeds from disposal of property, plant and equipment	252.8	-
Investments	(1.2)	(0.8)
Net borrowings	291.4	567.5
Dividends paid	-	-
Effect of exchange rates on cash	0.5	(1.4)
<b>Net increase / (decrease) in cash</b>	<b>271.0</b>	<b>306.8</b>
<b>Closing Cash<sup>2</sup></b>	<b>747.0</b>	<b>593.7</b>

1. Includes EBITDA related Significant Items only.

2. Includes \$116.3 million (December 2020: \$114.6 million) of cash held on the Company's premises and cash held in bank accounts for the day-to-day operations of the businesses.

# Funding Update

- ◆ With the ongoing impacts of the COVID-19 pandemic on Crown's operations and the various regulatory investigations to which Crown is subject, Crown has been proactively engaging with lenders to provide additional financial flexibility
- ◆ During the period, Crown reached agreement with its relationship banks regarding a series of modifications to Crown's existing financing arrangements, including:
  - An extension of near-term maturities by amending and aligning the maturity date of all of the \$560 million in bilateral facilities to October 2023
  - A waiver of financial covenants in relation to the 31 December 2021 testing date
  - A waiver of certain events of default that would otherwise arise from cancellation or suspension (for a certain period of time) of any of Crown's Australian casino licences. In the event such a licence event occurs, Crown has agreed to a review process providing it with a period of time to negotiate with lenders or otherwise refinance the facilities
- ◆ As part of the arrangements agreed with lenders, Crown agreed not to declare or pay dividends in respect of the half year ending 31 December 2021 or where a review event is triggered as a result of a cancellation or suspension of any of Crown's Australian casino licences
- ◆ Crown has also reached agreement with its lenders regarding an amendment to its financial covenants for the 30 June 2022 testing date, which will now be tested by reference to EBITDA for the six month period ending on 30 June 2022, annualised on a straight-line basis. As a condition of that amendment, Crown has agreed not to declare or pay dividends in respect of the financial year ending 30 June 2022 if any of those financial covenants would not have been met without the benefit of this amendment. Crown will continue to monitor performance against the June 2022 financial covenants and liaise further with key lenders as required
- ◆ In addition, Crown entered into the following new debt facilities during the period:
  - A new facility provided by one of Crown's relationship banks under which debt funding of up to \$250 million (based on the value of unsold Crown Sydney apartments) is available to partly fund any required redemption of Crown's Euro Medium Term Notes and associated make whole premium or, in certain circumstances, for general corporate purposes. The facility remained undrawn at 31 December 2021
  - Two new \$150 million unsecured term loan facilities which mature in October 2023. The facilities were fully drawn at 31 December 2021
- ◆ Based on Crown's performance against the applicable financial ratios for the six months ended 31 December 2021, a 'Mandatory Deferral Event' now exists in relation to the Crown Subordinated Notes II, resulting in the interest payments scheduled to be paid on 14 March 2022 and 14 June 2022 being subject to mandatory deferral and payable at a later date

# Debt Structure

## At 31 December 2021

\$m	31 Dec 21	30 Jun 21	31 Dec 20
Bank debt	420.0	420.0	851.7
Non-bank debt <sup>1</sup>	293.4	-	-
Lease liabilities and other loans	70.5	72.5	77.1
Capital markets debt - EMTN <sup>2</sup>	174.6	174.6	174.6
- Subordinated Notes <sup>1</sup>	616.1	615.9	615.7
<b>Total Outstanding Debt</b>	<b>1,574.6</b>	<b>1,283.0</b>	<b>1,719.1</b>
Less cash (excluding working capital cash) <sup>3</sup>	(630.7)	(390.1)	(479.1)
<b>Net Debt / (Net Cash)</b>	<b>943.9</b>	<b>892.9</b>	<b>1,240.0</b>

### ◆ At 31 December 2021:

- Committed undrawn bank facilities of \$420.7 million
- Total liquidity of \$694.9 million<sup>4</sup>

### ◆ Crown's current issuer credit ratings are:

- S&P – BBB (Negative outlook)
- Moody's – Baa3 (review for downgrade)
- Fitch – BBB (Rating Watch Negative)

1. Net of unamortised transaction costs.

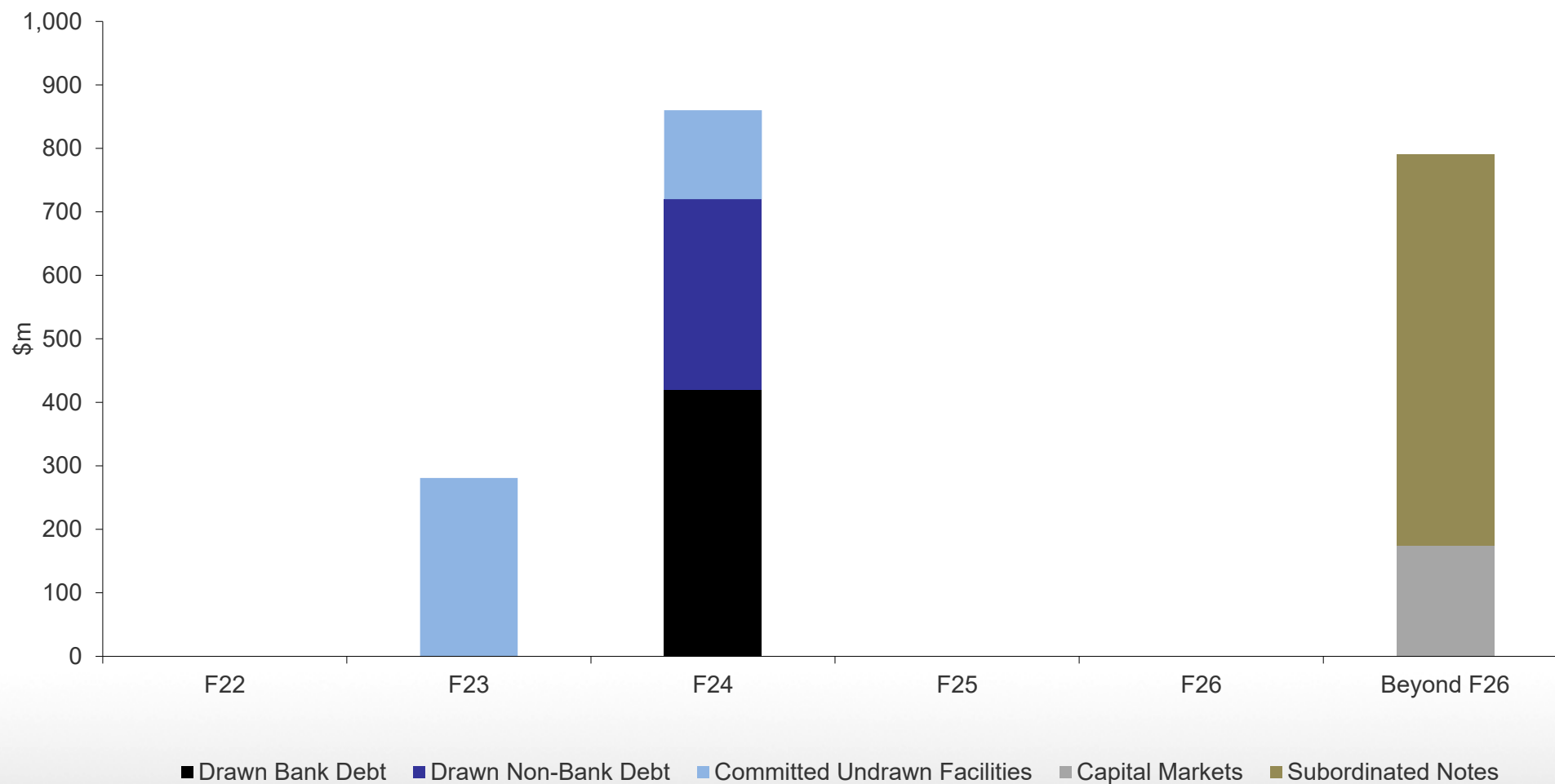
2. The Euro Medium Term Notes (EMTN) are stated at the AUD amount repayable at maturity under a cross currency swap. The EMTN included in the Statement of Financial Position of \$179.5 million at 31 December 2021 are based on the spot exchange rate.

3. Refers to the closing cash balance of \$747.0 million (Jun 2021: \$476.0 million, Dec 2020: \$593.7 million) less working capital cash of \$116.3 million (Jun 2021: \$85.9 million, Dec 2020: \$114.6 million). Working capital cash refers to cash held on the Company's premises and cash held in bank accounts for day-to-day operations of the businesses.

4. Comprises available cash of \$524.2 million (comprising the closing cash balance of \$747.0 million less working capital cash of \$116.3 million and restricted cash of \$106.5 million) and undrawn bank facilities available for general corporate purposes of \$170.7 million (which excludes the new \$250 million debt facility which was only available to partly fund any required redemption of the EMTN and associated make whole premium at 31 December 2021).

# Debt Maturity Profile<sup>1</sup>

At 31 December 2021



1. Debt maturity profile excludes lease liabilities and other loans.

# Regulatory and Litigation Update

## AUSTRAC

- ◆ AUSTRAC enforcement investigations into Crown Melbourne and Crown Perth are ongoing
- ◆ At this stage it is not possible to reliably estimate the amount that Crown Melbourne and/or Crown Perth may ultimately be required to pay if civil penalty proceedings are commenced. Accordingly, no provision has been raised in respect of these matters

## Victorian Royal Commission and Legislation

- ◆ Phase 1 legislation (the *Casino and Gambling Legislation Amendment Bill 2021*), which gave effect to the Victorian Government's nine priority recommendations of the Victorian Royal Commission and established the new regulator, the VGCCC, passed in December 2021
- ◆ The Special Manager and the VGCCC commenced on 1 January 2022
- ◆ The second tranche of legislation is expected to be introduced by the Victorian Government this year

## Perth Casino Royal Commission

- ◆ Hearings and submissions have now concluded – the final report is due to be delivered to the Western Australian Government by 4 March 2022 and is expected to be publicly released shortly thereafter

## Zantran Class Action Update

- ◆ Crown has reached agreement to settle the shareholder class action commenced against it on 4 December 2017 in the Federal Court of Australia (Zantran Pty Limited v Crown Resorts Limited)
- ◆ The expected total settlement amount is \$125 million, of which Crown contributed \$20 million in 1H F22
- ◆ Settlement subject to Federal Court approval and other conditions, with the approval hearing set down for 28 April 2022

# Recent Trading Update

- ◆ The outbreak of the Omicron variant of COVID-19 in Victoria and New South Wales has adversely impacted trading performance at Crown Melbourne and Crown Sydney to begin the calendar year, with a number of staff required to isolate impacting operating capacities, and reduced patronage to the properties
- ◆ Similarly, operating performance at Perth to begin the calendar year is well down on performance during the first half of F22, with increased uncertainty from COVID-19 and the recent imposition of new restrictions including compulsory mask wearing and proof of vaccination significantly impacting patronage to the property
- ◆ For the first six weeks of the calendar year, average weekly revenue of:
  - Crown Melbourne is down 16% on the prior six-week period
  - Crown Perth is down 23% on the average weekly revenue performance during the first half whilst the property was substantially open
  - Crown Sydney is down 20% on the average weekly revenue performance during the first half whilst the property was substantially open
- ◆ From 1 January to 13 February 2022, revenue from Betfair and DGN is down approximately 13% on the previous year, with both businesses continuing to cycle strong performance in the prior year

# Outlook



- ◆ Crown continues to operate in an uncertain external environment given the emergence of the Omicron variant of COVID-19 and resultant impact on recent business performance
  - The timing and impact surrounding the opening of the Western Australian border is expected to create further uncertainty on business performance in the second half
- ◆ A number of regulatory and litigation processes are ongoing – the outcomes of which remain uncertain
- ◆ Crown is progressing its wide-ranging remediation plan, helping it to build a stronger and more transparent company and set the business on a path towards industry-leading governance, compliance and risk management
- ◆ Investment in resourcing and remediation, as well as the cost of regulatory oversight, driving higher costs for the business, particularly in Melbourne
- ◆ Corporate costs to be lower in the second half, with full year corporate costs expected to be around \$150 million
- ◆ Improving trends in Melbourne and Sydney prior to the end of the reporting period highlights the resilience of the business as restrictions eased, providing encouragement for the medium-term
- ◆ Well positioned to leverage world-class assets to take advantage of the pent-up demand from both domestic and international customers as conditions for the tourism and hospitality sectors improve
- ◆ Continuing to work hard to earn the continued trust of our regulators and communities as a responsible operator of outstanding integrated resorts



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