

# FINANCIAL REVIEW

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HD **High rollers' lucky streak 'killing us', says Packer**  
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James Packer's Melbourne and Perth casinos have failed to shrug off poor consumer sentiment, while a lucky streak among VIP gamblers has seen them take more money than expected off the casino **billionaire**.

Mr Packer, who controls just over 50 per cent of Crown Resorts, told his fellow shareholders at the casino operator's annual meeting trading in the first 15 weeks of the year had been "mixed at best".

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Mr Packer said consumer sentiment at the Melbourne and Perth properties has been soft. But high-roller punters have had a lucky start to the year, with win rates at both casinos described by the chairman as "poor".

"Our VIP businesses are almost \$100 **million** below the theoretical result less than four months into the financial year due to an adverse win rate or put simply, bad luck," he said.

"The punters are killing us."

Mr Packer defended Crown's \$US1.9 **billion** (\$2.2 **billion**) foray into Las Vegas, telling a shareholder he was offended by any assertion that he had pushed through the decision. Australian Shareholders Association representative John Campbell had asked about the decision-making process that had **lead** Crown to return to Vegas. Crown's initial, ill-timed play into Vegas before the global financial crisis, led to \$2 **billion** in write-downs.

"I have made a lot of mistakes in my life but one thing I try not to do is make the same mistake twice," Mr Packer said. "We've got an absolute world-class management team in Las Vegas this time."

The Crown chairman said the total project would cost between \$US1.6 **billion** and \$US1.9 **billion**. The casino will sit on a 35-hectare site that Crown bought in a joint venture for \$US280 **million** in August. Crown's total **equity** investment will be between \$US400 **million** and \$US500 **million**.

The venture is with former Wynn Las Vegas senior executive Andrew Pascal, who will run the group, and hedge fund, Oaktree Capital Management, although Crown will own a majority **stake**.

Crown chief executive Rowen Craigie said so far this year from July 1 to October 12, "local trading continues to be impacted by the general softness in consumer sentiment".

The sluggish consumer spending kept revenue growth from main gaming floor tables and poker machines to 2 per cent, compared with the same period last year. Non-gaming revenue, from areas such as food, beverage and accommodation, also rose 2 per cent.

Mr Craigie also acknowledged that times have been tough in Macau, where Crown owns 33.6 per cent of joint venture Melco Crown alongside **Chinese** gaming heir, Lawrence Ho.

"Market conditions across Macau did weaken during the fourth quarter of F14," he told the meeting.

Domestic revenue rose marginally in the period, but the amount bet by Crown's domestic high-roller punters was flat compared with the previous corresponding period, Mr Craigie said.

Crown shares rose 1 per cent to \$13.64 on Thursday, but are down from January's 12-month high of \$18.00. Slow growth in Macau weighed on the share price, which has fallen 18 per cent in the past year.

Mr Packer defended the **company's** dividend policy to a shareholder question in Crown Perth's Astral Ballroom. Crown paid out total dividends of 37¢ a share in the 2014 financial year. Mr Packer's 50.1 per cent **stake** delivered a \$135 **million** payday. "I'd like the dividend to be higher as well," he said in response to the question. "The reality is we are re-investing in our business."

Crown began receiving dividends from Melco Crown this year. It took in \$68.6 **million** as a special dividend in respect of 2013 and \$25.8 **million** for the quarter ending on March 31.

As a result of the new cash stream, Crown recently revised its own dividend policy. In future it will pay out the higher of 37¢ or 65 per cent of net profit after tax, excluding profits, but including dividends from associates.

All resolutions passed at the meeting, although the re-election of director Rowena Danziger was not without protest. About 14 per cent of votes cast were against Ms Danziger's re-election. The former principal of elite Sydney girls' school, Ascham, has been a Crown director since 2007.

One of Mr Packer's long-time advisers and deputy chairman, John Alexander, was also re-elected, with a much smaller vote of 3 per cent against.

The remuneration report passed with 7 per cent of votes cast going against it.

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