



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth



Crown

Business Description

Crown Limited (CWN) is one of Australia's largest entertainment groups. It was previously part of Publishing and Broadcasting Ltd (PBL) but was demerged as part of a separation of the gaming division into a gaming listed entity. Core business activities and investments are focused in the gaming and entertainment sectors with ownership of gaming assets being acquired from PBL during 2007. CWN owns and operates the Crown Melbourne and Burswood casinos plus has 38% of Melco Crown.

Strategy Analysis

CWN wholly owns and operates two of Australia's leading gaming and entertainment complexes in addition to a portfolio of gaming investments that have been accumulated to complement existing core businesses in order to provide for future growth. The company is diversifying its gaming interests beyond Australia into the Macau and North American regions. CWN wrote down nearly all its North American Gaming assets. Melco Crown is targeting both the premium and mass Macau gaming market. Crown reported a statutory net loss of \$1.20bn for the year ended 30 June 2009, after write-downs and other non recurring items. The global financial crisis has had a major adverse impact on the North American casino industry leading to a requirement to write down the carrying value of Crown's investments in these markets. Revenues from ordinary activities were \$2.26bn, up 2% from last year. Diluted EPS was minus 166.89 cents compared to 514.57 cents last year. Net operating cash flow was \$382.44m compared to \$570.02m last year. The final dividend declared was 19 cents, taking the full year dividend to 37 cents compared with 54 cents last year. Looking ahead, the Company's principal efforts over the next twelve months will be to further enhance Crown's Australian operations and work closely with its JV partners to optimize the value of its Macau and other overseas investments.

28 July 2010

Recommendation

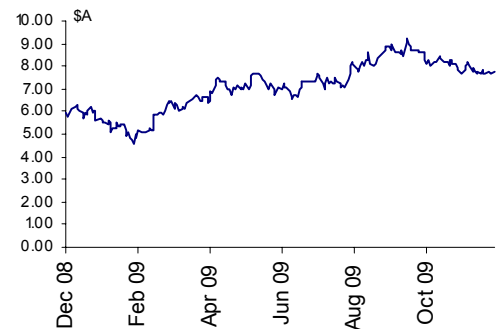
Recommendation: Outperform
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: CWN
Stock price: \$8.02
Market cap: \$6,082m

Y/E	30/06/2010	2010e	2011e	2012e	2013e
Reported e	\$m	252.1	305.1	368.6	446.1
Adjusted e	\$m	283.0	305.1	368.6	446.1
EPS adjusted	¢	37.3	40.2	48.6	58.8
EPS growth	%	10.6	7.8	20.8	21.0
PE	x	21.5	19.9	16.5	13.6
PE relative	x	1.5	1.8	1.6	1.5
DPS	¢	37.0	37.0	37.0	38.2
Yield	%	4.6	4.6	4.6	4.8
Franking	%	49.7	49.7	49.7	49.9

Share Price



Source: ASX and Company accounts

Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	11.0%
Gaming	100.0	10.9	24.6	3 year	0.0%
Total	100.0	10.9	24.6	5 year	0.0%
				10 year	0.0%
Results by Geography				Dividend Reinvestment Plan	
Australia	100.0	100.0	100.0	Shareholder	No
Total	100.0			Discounts	No

Company contact details:

Crown Limited
Level 3, Crown Tower, 8 Whiteman St
Southbank VIC 3006
Tel: (03) 9292 8888

www.crownlimited.com

If you have any queries regarding this Research information or with any aspect of your legalsuper account please call legalsuper on 1800 060 312 (freecall) or email mail@legalsuper.com.au

Disclaimer: This report is prepared for general circulation and does not have regard to the particular circumstances or needs of any specific person who may read it. The information contained herein is believed to be reliable, but its completeness and accuracy is not guaranteed. Opinions expressed may change without notice. No part of this report is to be construed as a solicitation to buy or sell any security. We do not accept any liability, whether direct or indirect arising from the use of information contained in this report. International investors are reminded of the risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. Any transaction by US persons in any security discussed in this report must be carried out through Macquarie Equities (USA) Inc which has distributed this report in the US. This report is issued in the UK by Macquarie Equities Limited, which is a member of the Securities and Futures Authority. The investments and investment services the subject of this report are not available to private customers in the UK. The material in this publication is copyright and may not be reproduced without consent of the copyright owner.