

Crown Resorts profit up 97% on casino sale

Written by Administrator
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SYDNEY--Australian casino operator Crown Resorts Ltd. (CWN.AU) said its annual net profit rose by 97%, largely because proceeds from the sale of its stake in a Macau casino operator offset declines in VIP play following a crackdown by authorities in China.

Net profit totaled 1.87 billion Australian dollars (US\$1.49 billion) in the 12 months through June, and the company said the sale of the Macau stake was worth about A\$1.7 billion. Reflecting the weakness in VIP gaming, Crown said revenue from operations fell 7.5% to A\$3.34 billion, and VIP program play revenue at its Australian resorts was down 49%.

Before significant items including the Macau sale, net profit was down 21.5%, Crown said.

Crown, controlled by billionaire James Packer, declared a final dividend of 30 cents, compared to 39.5 cents during the same period last year. The company also said it would buy back another 29.3 million shares.

"Crown's Australian operations' full-year result reflected difficult trading conditions," said Executive Chairman John Alexander.

Investors were looking to Friday's results for a full accounting of how the crackdown in China had hit the business. In June, 19 current and former Crown employees were convicted of gambling crimes, including Jason O'Connor, the executive in charge of the international VIP program. Sixteen received jail sentences and were fined, though some have since been released.

The case against the Crown employees was widely watched in the global casino industry, where Chinese high-rollers had become a lucrative source of revenue. Much of that revenue disappeared after the employees were first arrested in October. Crown said in the first half of the fiscal year that VIP revenue in Australia was down 45%.

Gambling is illegal in mainland China and foreign casinos are not allowed to promote gambling,

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though they can market their destinations in general.

Since the arrests, Crown has pulled back on some of its international projects and refocused on its domestic Australian assets, including a new casino-resort being developed on Sydney's waterfront and a new hotel at its marquee facility in Melbourne. It pulled out of a Las Vegas casino project and sold off its stake in Macau casino operator Melco Resorts & Entertainment Ltd., which dropped Crown from its name.

Crown has kept shareholders happy, however, through a A\$500 million share-buyback program that it completed in June. Through Thursday, Crown shares are up roughly 10% on the year, last closing at A\$12.77.

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