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INTERNATIONAL

30 June 2016
Full Year Results Presentation

30 August 2016

FY16 Financial Results Highlights

Group Revenue A\$143.4m



Underlying¹ EBITDA A\$87.6m



Underlying¹ NPAT A\$54.4m



Operating Cashflow A\$48.7m



Maiden Dividend 1.00 cps



FY16 Results Highlights

- Strong operational results from Star Vegas and Aristo have driven Group EBITDA to A\$88 million (before non-recurring items)
- Adjusted Group EBITDA¹ of A\$97 million exceeded guidance of A\$90-95 million
 - Star Vegas achieved 21% increase in EBITDA in local currency terms to Thai Baht 2.2 billion
 - Star Vegas EBITDA of USD 63.3 million exceeded target of USD 60 million
 - Aristo achieved 62% increase in EBITDA in local currency terms to RMB 51 million
- Group Revenue of A\$143.4 million up from A\$20.4 million reflecting the contribution from Star Vegas
 - FY16 was the first full year to include revenue from Star Vegas (A\$120.1 million)
 - Aristo revenue increased 36% to A\$23.2 million (FY15: A\$17.1 million)

1. Adjusted to exclude non-recurring items and using normalised results from Aristo, and actual results from Star Vegas, consistent with the guidance provided in May 2016.

FY16 Results Highlights Contd.

- Reported NPAT of A\$77.2 million, compared to a loss of A\$2.9 million in FY15
- Reported NPAT includes:
 - Valuation uplift of A\$55.2 million for Star Vegas
 - Robust independent valuation by Colliers required for purchase price allocation, and annual impairment testing
 - Accounting standards require DNA to treat the acquisition as a bargain purchase, and book the valuation uplift as income
 - A\$20.5 million Management Fee payable to the venue manager triggered by strong performance of Start Vegas
 - Venue manager receives payment if Star Vegas achieves USD60m EBITDA in 2016 and 2017
 - A\$11.8 million of non-recurring M&A costs for acquisition of Star Vegas
- Well capitalised Balance Sheet
 - Gross Debt to Equity 32%, Net Debt to Equity 16%
- Maiden dividend of 1.00 cent per share

Group Financial Performance Summary

All figures in AUD (millions)	FY16	FY15
Group Revenue	143.4	20.4
<i>Star Vegas</i>	120.1	n/a
<i>Aristo International Hotel</i>	23.2	17.1
<i>Discontinued operations</i> ¹	n/a	1.3
<i>Corporate Operations</i>	0.1	2.0
EBITDA	55.3	1.6
Underlying EBITDA ²	87.6	0.6
<i>Star Vegas</i>	87.1	n/a
<i>Aristo International Hotel</i>	11.7	6.4
<i>Discontinued operations</i> ¹	n/a	0.0
<i>Corporate Operations</i>	(11.2)	(5.9)
Statutory NPAT	77.2	(2.9)
Underlying NPAT ²	54.3	(2.2)

- Underlying EBITDA margin of 61%, after paying all corporate costs
 - FY16 Corporate costs \$11.2 million, improved on guidance of \$12.0 million
- Corporate costs as a percentage of revenue expected to decline as the business scales

¹ The gaming technology businesses which were sold during FY15

² FY16 underlying EBITDA & NPAT exclude non-recurring items: valuation uplift at Aristo, management fee paid to Donaco's Thai Partner, and M&A costs

Non-Recurring Items

All figures in AUD (millions)	FY16	FY15
Valuation uplift of Star Vegas	55.2	nil
Merger & Acquisition costs	(11.8) ¹	nil
Management Fee	(20.5)	nil
Corporate activity and restructuring costs	nil	(0.7)
Total	22.9	(0.7)

- Star Vegas valuation uplift of A\$55.2 million following a robust independent valuation conducted in June 2016
- Merger & Acquisition costs of A\$11.8 million contributed to corporate costs during FY16
- Management Fee of A\$20.5 million paid to Thai partner because Star Vegas exceeded its EBITDA target of USD 60 million
 - A final payment to be made in FY17 if EBITDA exceeds target
- FY15 Restructuring costs of A\$0.7 million associated with the divestment of discontinued operations

1. Consisting of legal, advisory, accounting, audit and due diligence costs for the acquisition of the Star Vegas Resort & Club, amounting to 2.5% of the purchase price (A\$ 471m). Expensed in full in 1H16.

Strong Group Balance Sheet

All figures in AUD (millions)	30 June 2016	30 June 2015	% Change
Cash and cash equivalents	78.2	210.2	-63%
PP&E	171.7	82.0	+109%
Intangibles (including licences)	403.0	2.5	
Other Assets	29.2	15.6	+87%
Total Assets	682.1	310.3	+120%
Borrowings	154.8	16.2	+857%
Trade and other payables	47.1	16.0	+194%
Other liabilities	2.1	0.7	+200%
Net Assets	478.1	277.4	+72%

- Strong Cash position of A\$78.2 million at 30 June 2016
 - Available cash of A\$29.6 million after allowing for bank and working capital requirements
- Increase in PP&E and Intangibles reflect acquisition of Star Vegas
- Increase in Trade and other payables resulting from acquisition of Star Vegas
- Increase in borrowings reflects a USD 100 million loan facility for the Star Vegas acquisition
 - USD 10 million of principal was repaid during January 2016
 - USD 15 million of principal was repaid during July 2016
- USD 20 million working capital facility refinanced in July 2016

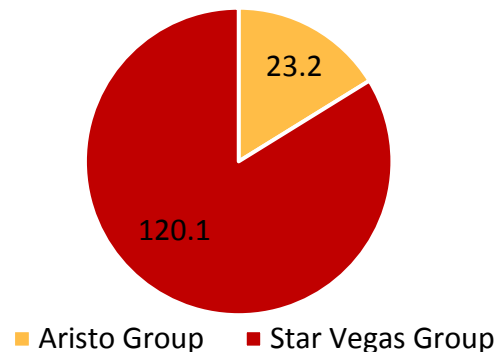
Cash flow

All figures in AUD (millions)	FY16	FY15
Cash flow from Operations	48.7	8.5
Cash flow from Investing	(330.1)	(32.0)
Cash flow from Financing	144.3	127.0
Net Increase (decrease)	(137.1)	103.6
Cash at end of financial year	78.2	210.2

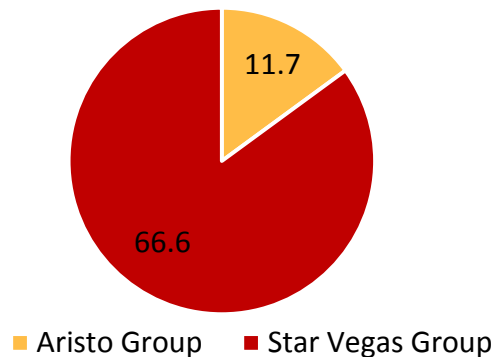
- Cash flow generated from operations reflects strong performance from the first 12 months of ownership of Star Vegas
 - Strong conversion of EBITDA into cash flow
- Cash flow from investing reflects mainly reflects the purchase of Star Vegas and other expenses associated with the acquisition
- FY16 Cash flow from financing reflects borrowings to purchase Star Vegas offset by share issue transaction costs

Star Vegas acquisition transformed the scale of Donaco's operations

FY16 Revenue (A\$ millions)



FY16 EBITDA (A\$ millions)



Star Vegas

- Most luxurious Poipet casino hotel
 - 385 guest rooms, Sports Bar with wagering licence (sports and racing)
 - Multiple restaurants, shops, health spa, pool
 - Non-gaming revenues growing
- Substantial casino facilities
 - 139 gaming tables, predominantly baccarat
 - 1,566 Electronic Gaming Machines (EGMs), of which 288 are owned outright and 1,278 under profit share deals

Aristo International Hotel

- A five star luxury resort
 - 400 guest rooms, additional 28 rooms fitted out for recreational facilities (health spa and nightclub)
 - Five restaurants, swimming pool, gym, spa, tennis courts
 - Retail shop leases
- Boutique gaming facilities
 - 40 gaming tables, primarily baccarat
 - 58 electronic gaming machine positions, with 34 linked jackpot slot machines, and 24 electronic roulette seats, with license allowing up to 300 EGMs

Star Vegas – Operational highlights



Key operational metrics

(Thai Baht millions)	FY16	FY15
Rolling Turnover	124,672	127,739
Gross Gaming Revenue – Table Games	4,259	4,027
Gross Gaming Revenue – Slot Machines	1,302	1,336
Net Gaming Revenue	3,015	2,603
Non-Gaming Revenue	113	87
VIP Gross Win Rate	2.97%	2.72%
Casino Visitors	1.87m	1.82m
Average Visitors / Day	5,114	4,996

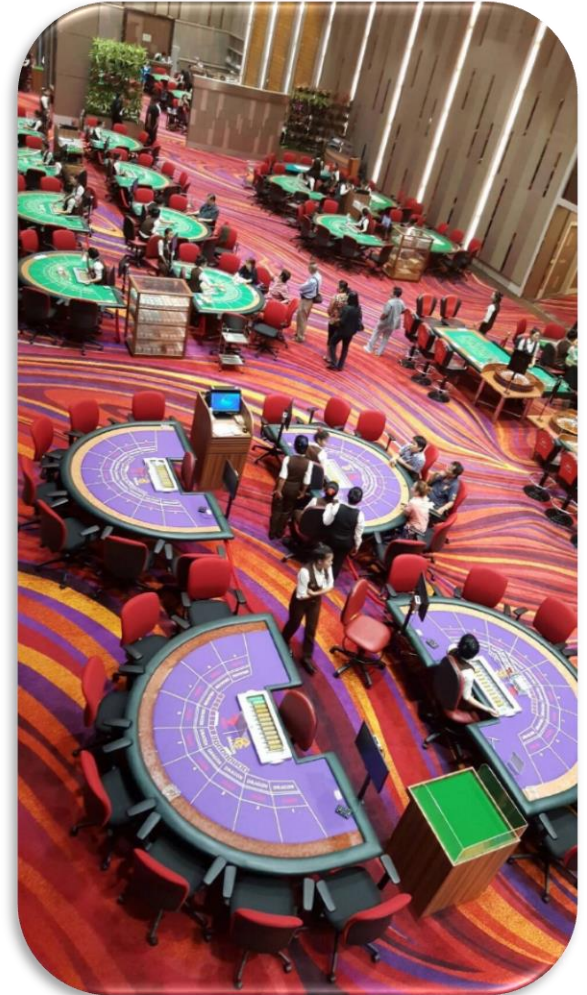
Star Vegas – Profit & Loss

All figures in Thai Baht (millions)			
	FY16	FY15	% Change
Total Revenue	3,128.3	2,690.4	+16.3%
- Net Gaming Revenue	3,014.9	2,603.2	+15.8%
- Non-Gaming Revenue	113.4	87.2	+30.0%
Operating Expenses	(882.8)	(836.8)	+5.5%
EBITDA	2,245.5	1,853.5	+21.1%
Property Level NPAT	2,103.2	1,724.0	+22.0%
VIP Gross Win rate	2.97%	2.72%	+9.2%

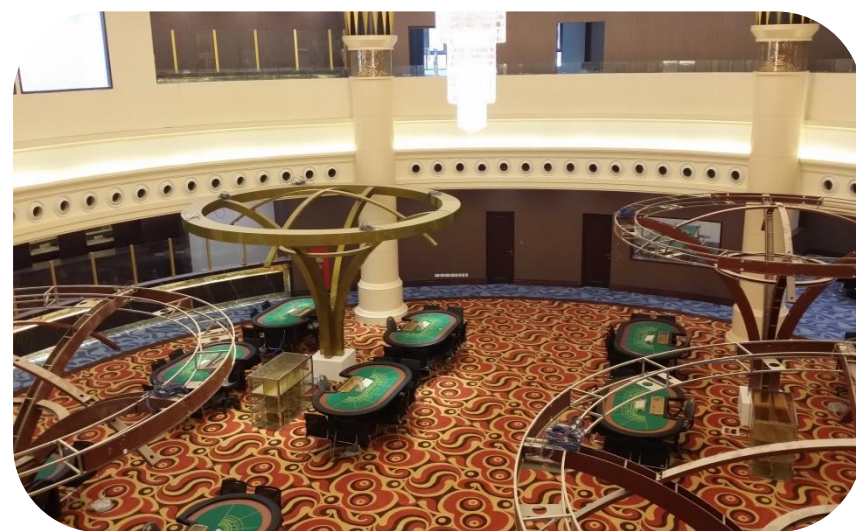
- Strong local currency performance, with gaming Revenue up 16%
 - VIP win rate of FY16 of 2.97% exceeded FY15 of 2.72% and is above the theoretical win rate of 2.85%
- Non-gaming revenue up strongly following management initiatives to diversify revenue streams
 - Higher rental achieved from leased retail space and increased hotel occupancy
- Property level EBITDA up 21% reflecting:
 - Increased visitation leading to a strong increase in revenue
 - Cost management initiatives

Star Vegas – Star Paradise deal highlights

- Donaco has successfully completed a deal to expand the Star Vegas gaming business into the adjoining Star Paradise property and will start earning fee income from 1 September
 - Additional capacity to allow for new Thai junkets and new players
 - Donaco will receive a monthly fee for managing the Star Paradise gaming area of Thai Baht 5 million (approximately AUD 2.3 million per annum), in addition to reimbursement of the operating costs incurred by Star Vegas for the venue
 - All costs and risks associated with the venue development to be borne by Donaco's Thai partner.
Nil capital expenditure required by Donaco
- Donaco is finalising an exclusive option to acquire the entire Star Paradise business
 - Any acquisition proposal will be subject to all applicable legal requirements, including shareholder approval



Aristo International Hotel – Operational highlights



Key operational metrics

(RMB millions)	FY16	FY15
VIP Table Game Turnover	8,326	10,773
Gross Gaming Revenue – Table Games	228.4	240.5
Gross Gaming Revenue – Slot Machines	9.4	11.2
Net Gaming Revenue	58.7	50.5
Non-Gaming Revenue	48.3	36.6
VIP Gross Win Rate	2.20%	1.92%
Casino Visitors	148,107	90,663
Average Visitors / Day	406	248

Aristo International Hotel – Profit & Loss

All figures in RMB			
(millions)	FY16	FY15	% Change
Total Revenue	106.7	87.1	+22.5%
- Net Gaming Revenue	58.7	50.5	+16.2%
- Non-Gaming Revenue	48.1	36.6	+31.4%
Operating Expenses	55.7	55.5	+0.4%
EBITDA	51.0	31.6	+61.4%
Property Level NPAT	13.8	-7.4	
VIP Gross Win rate	2.20%	1.92%	+14.6%

- Strong local currency performance, with revenue up 22% driven by improved win rate and growth in non-gaming revenue
 - FY16 win rate of 2.20% exceeded FY15 of 1.92%
 - Marketing initiatives are targeting mass market and premium market players, diversifying away from VIP players to reduce win rate volatility
 - Non-gaming revenue up strongly following management initiatives to diversify revenue streams
 - Hotel occupancy averaged 81.3% during FY16, compared to 65.2% in FY15
- Property level EBITDA up 62% reflecting the strong uplift in both gaming and non-gaming revenue and a reduction in General & Admin costs of RMB 2.7 million, offset by a higher exchange rate loss of RMB 2.6 million
 - Improved efficiencies and cost management programs underpinned the strong EBITDA improvement

Aristo International Hotel – Results Commentary

- Marketing strategies are focussed on increasing the number of mass market players visiting the property, to reduce the volatility in win rate and earnings
 - The final quarter of FY16 saw new record visitation numbers and an improved VIP win rate of 3.52% in May and 3.96% in June
 - The average bet size has declined due to a greater number of mass market players, resulting in a 23% decline in constant currency turnover
- An overall increase in constant currency revenue of 22% and EBITDA of 61% driven by improved VIP and main hall segments, as well as non-gaming revenues, with occupancy at 81%
- Management initiatives have focused on:
 - Controlling operating costs
 - Increasing property utilization
 - Increasing local visitation and spending in non-gaming areas

Capital Management

- Donaco's business produces strong cash flows and the company maintains a healthy balance sheet with net debt to equity of 16%
- FY16 finance expenses of A\$19.2 million comfortably covered by EBITDA of A\$55.3 million
 - Net debt / Underlying EBITDA of 0.88x
 - Recent refinancing of USD 20 million working capital facility will reduce financing costs over FY17 and FY18
 - Strong debt repayment capability provides scope to freshen / upgrade facilities to attract visitors
- The business remains in a growth phase and aims to retain sufficient cash to pursue growth opportunities and repay debt as priorities
- Due to the strong cash generated by the business, the Board is pleased to announce that it intends to declare a maiden dividend of AUD 1 cent per share
 - Intended record date for dividend 5 October 2016, payment date 19 October 2016
 - The Board expects to continue to reward shareholders via a sustainable dividend

Outlook

- Initiatives are in place to continue to drive growth during FY17 and beyond
 - Star Vegas to benefit from new markets and VVIP gaming growth
 - Star Paradise expansion to introduce new Thai junkets and players, to provide additional recurring revenue from FY17
 - Marketing strategies for Aristo continue to be focussed on increasing the number of mass market players visiting the property, to reduce the volatility in win rate and earnings

APPENDIX – FY16 Financial performance



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FY16 – Group Financial Performance Summary

All figures in AUD ¹	NORMALISED RESULTS		ACTUAL RESULTS	
	Jun 16	Jun 15	Jun 16	Jun 15
Operating Revenue (from continuing operations)²	148.7	30.8	143.4	17.1
<u>Property Level EBITDA</u>	102.4	19.6	98.8	6.4
EBITDA from discontinued operations ²	-	0.03	-	0.03
Corporate Costs	(11.2)	(5.9)	(11.2)	(5.9)
= <u>Group EBITDA</u> ³	91.2	13.7	87.6	0.6
Net Interest (income and expense)	(19.2)	0.4	(19.2)	0.4
Valuation uplift at Star Vegas	55.2	-	55.2	-
Other income	-	1.8	-	1.8
Non-recurring costs	(32.3)	(0.7)	(32.3)	(0.7)
Depreciation & Amortisation	(9.9)	(4.9)	(9.9)	(4.9)
Income tax expense	(5.0)	(2.7)	(4.0)	(0.03)
= Net Profit After Tax (incl. non-recurring items)	81.0	8.3	77.2	(2.2)
= Net Profit After Tax (excl. non-recurring items)	58.1	7.5	54.4	(2.9)

1. All figures converted to AUD at the average exchange rate during each financial year. 2. The former Gaming Technology businesses were sold in the December 2014 half, and are thus discontinued operations. In this summary, their EBITDA up to the date of sale has been listed separately, with gain on sale included in "Non-Recurring Items". 3. Non-Recurring Items have been excluded from the Group EBITDA line. They are set out in slide 6. Note: Numbers may not add due to rounding.

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Normalised results adjust the revenue received from the VIP table games business, by applying a theoretical win rate of 2.85% to VIP rolling chip turnover. This provides a more accurate guide to the underlying operating performance of the VIP table games business, which can experience significant volatility over shorter periods. This is consistent with the practice of Asian listed gaming operators.

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