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INTERNATIONAL

**31 December 2016
Half Year Results Presentation**

23 February 2016

1H17 Results Highlights

- Statutory NPAT up 5% to A\$14.8 million
 - Current period includes \$3.7m of non-recurring expenses relating to non-cash amortization of warrants
 - Previous corresponding period included \$11.8 million of non-recurring expenses related to the Star Vegas acquisition
- Aristo EBITDA up 19% to RMB 42.6 million, as business benefits from management initiatives to increase mass market visitation and reduce exposure to VIP segment
- Star Vegas EBITDA THB 803m (down 17%), with normalised EBITDA of THB 854m (down 1.7%)
 - VIP win rate of 2.75%, lower than 3.01% in pcp
 - Significant reduction in costs, particularly junket commissions and operating expenses
 - Weaker consumer sentiment and economic conditions in Thailand, following the passing away of the late King of Thailand. Some recovery being seen in recent weeks
 - Online gaming launch imminent
- Corporate Costs reduced by A\$1m, compared to pcp
- Net debt reduced in line with management plans
 - Net Debt to Equity ratio reduced to 14.1%

Group Financial Performance Summary

All figures in AUD (millions)	1H17	1H16
Group Revenue	59.0	68.9
<i>Star Vegas</i>	45.3	55.5
<i>Aristo International Hotel</i>	13.7	13.4
<i>Corporate Operations</i>	0.1	0.0
EBITDA	33.3	39.1
<i>Star Vegas</i>	30.3	37.8
<i>Aristo International Hotel</i>	8.4	7.8
<i>Corporate Operations</i>	(5.4)	(6.5)
Statutory NPAT¹	14.8	14.1
Underlying NPAT²	18.5	26.0

¹ NPAT after non-controlling interests

² 1H17 underlying NPAT excludes A\$3.7m of amortization of warrants;
1H16 underlying NPAT excludes A\$11.8m of M&A costs

- Overall performance consistent with 4 month trading update provided at the November 2016 AGM
- Higher revenue at Aristo offset by lower revenue at Star Vegas, and A\$ strengthening versus local currencies
- Industry leading EBITDA margin of 56% maintained through tight cost control (was 57% in pcp)
- Star Vegas VIP win rate of 2.75% lower than pcp, when the win rate was above the theoretical win rate at 3.01%
- Strong Aristo win rate of 3.18%, significantly higher than 2.15% in pcp, as management actions to focus on mass market and improve profitability took effect
- Significant reduction of A\$1m in corporate costs
- 1H17 underlying NPAT excludes A\$3.7 million of non-cash, non-recurring amortization of warrants
- 1H16 underlying NPAT excludes A\$11.8 million of one-off merger & acquisition costs associated with the Star Vegas purchase

Group Balance Sheet and Capital Management

All figures in AUD (millions)	31 Dec 2016	30 June 2016	% Change
Cash and cash equivalents	68.9	78.2	-12%
PP&E	172.2	171.7	+0%
Intangibles (including licences)	413.3	403.0	+3%
Other Assets	13.6	29.8	-54%
Total Assets	668.0	682.7	-2%
Borrowings	138.7	151.8	-9%
Trade and other payables	31.4	47.8	-34%
Other liabilities	2.2	3.8	-42%
Net Assets	495.6	479.3	+3%

- Strong Cash position of A\$68.9 million at 31 December 2016
 - Available cash of A\$10 million after allowing for bank and working capital requirements
- Movements in PP&E and Intangibles reflect foreign exchange adjustments
- Reduction in borrowings reflects repayment of USD 15 million (A\$19.9 million) of the principal of a our Mega Bank loan facility
- Further USD 17.5 million (A\$23.2 million) repaid in January 2017
- Net Debt to Equity ratio declined to 14.1%, from 15.4% in pcp
- The Board maintains its intention to actively employ prudent capital management strategies, including payment of a dividend following the full year result, combined with a further reduction in debt

Cash flow

All figures in AUD (millions)	1H17	1H16
Cash flow from Operations	25.4	44.0
Cash flow from Investing	(3.5)	(326.2)
Cash flow from Financing	(32.4)	156.2
Net Increase (decrease)	(10.4)	(126.0)
Cash at end of half year	68.9	83.2

- Reduction in cash flow from operations reflects lower VIP win rate and lower turnover at Star Vegas
- Improvement in Cash flow from investing, following the one-off payment for Star Vegas and associated acquisition expenses in 1H16
- 1H17 Cash flow from financing of (A\$32.4 million) reflects repayment of borrowings of A\$23.1 million and dividends of A\$8.3 million
- Of total finance costs of (A\$12.2 million), cash interest paid was only (A\$6.0 million). The balance relates to non-cash items:
 - Amortisation of upfront fees (A\$2.5 million)
 - Non-recurring amortisation of warrants issued as part of the working capital facility (A\$3.7 million)

Star Vegas – Profit & Loss

All figures in Thai Baht (millions)			
	1H17	1H16	% Change
Total Revenue	1,200.4	1,426.1	-15.9%
- Net Gaming Revenue	1,131.8	1,350.4	-16.2%
- Non-Gaming Revenue	68.6	75.7	-9.4%
Operating Expenses	(397.0)	(454.5)	-12.7%
EBITDA	803.4	971.6	-17.3%
Normalised EBITDA	854.2	869.2	-1.7%
Property Level NPAT	724.6	902.0	-19.7%
VIP Gross Win rate	2.75%	3.01%	-8.7%

- Gaming revenue fell 16%, due to:
 - Lower VIP win rate of 2.75%, below 3.01% in pcp and the theoretical win rate of 2.85%
 - Lower turnover particularly for VIP segment, due to one additional VIP event held in pcp
 - Some VIP players moved to the main hall, where their turnover was not tracked, as no commission is payable
- Junket commissions reduced by 17%
- Operating Expenses down 13%, reflecting tight cost management
- Property level EBITDA down 17%, reflecting lower VIP win rate and turnover
- Normalised EBITDA down only 1.7%, after adjusting for win rates
 - 1H17 benefited from lower junket commissions and lower operating expenses
 - Fluctuations in VIP win rate are normal and to be expected

Star Vegas – Operational highlights



Key operational metrics

(THB millions)	1H17	1H16
VIP Table Game Turnover	50,836	61,515
Gross Gaming Revenue – Table Games	1,652	2,143
Gross Gaming Revenue – Slot Machines	666	638
Net Gaming Revenue	1,132	1,350
Non-Gaming Revenue	69	76
VIP Gross Win Rate	2.75%	3.01%
Casino Visitors	0.80m	0.95m
Average Visitors / Day	4,367	5,163

Star Vegas – Results Commentary

- Subdued consumer sentiment and economic climate in Thailand, following the passing of the late King of Thailand in October 2016
 - Thailand entered a period of mourning and this had flow-on effects in Poipet. Some VIP players chose to observe a 100 day mourning period, which has now ended
 - In recent weeks the business has begun to return to normal levels of activity
- Vendor earnings guarantee is in place for FY17. In the event that EBITDA is below USD60 million over the 12 months to June 2017, a cash payment equal to the difference will be received, and no management fee will be paid to the vendor (FY16 fee paid was A\$20.5 million)
- Star Paradise management fee contributed A\$900k of revenue in the December 16 half
 - Subject to demand from junkets increasing, we will continue to evaluate the option to acquire the business
- Donaco intends to launch online gaming operations at Star Vegas during the fourth quarter of FY17
 - In the final stages of testing and evaluating a software platform which supports live dealer tables and automated gaming
 - Planned commercial model involves joint venture with junkets, for an initial trial period

Aristo International Hotel – Profit & Loss

All figures in RMB			
(millions)	1H17	1H16	% Change
Total Revenue	69.4	60.3	+15.0%
- Net Gaming Revenue	43.1	38.5	+11.9%
- Non-Gaming Revenue	26.3	21.8	+20.6%
Operating Expenses	26.8	24.5	+9%
EBITDA	42.6	35.8	+19%
Normalised EBITDA	34.9	57.0	-38%
Property Level NPAT	17.7	13.2	+34%
VIP Gross Win rate	3.18%	2.15%	+47.9%

- Strong local currency performance, with gaming revenue up 11.9% and non-gaming revenue up 20.6%
 - Visitation up 63% to 100k patrons, due to successful marketing initiatives to target mass market and premium players
 - VIP turnover down 23% with significantly improved win rate, as management focussed on reducing volume and improving profitability from this segment
 - Non-gaming revenue up strongly, following management initiatives to diversify revenue streams
- Property level EBITDA up 19% reflecting the strong uplift in both gaming and non-gaming revenue and tight cost control
- Decline in normalised EBITDA due to:
 - Deliberate actions to focus on mass market, leading to reduced VIP turnover in the current period
 - Initiatives to improve win rate in the current period
- Property level NPAT up 34%

Aristo International Hotel – Operational highlights



Key operational metrics

(RMB millions)	1H17	1H16
VIP Table Game Turnover	3,517	4,534
Gross Gaming Revenue – Table Games	133.8	122.9
Gross Gaming Revenue – Slot Machines	5.1	5.5
Net Gaming Revenue	43.1	38.5
Non-Gaming Revenue	26.3	22.0
VIP win rate	3.18%	2.15%
Casino Visitors	100,174	61,617
Average Visitors / Day	544	335

Aristo International Hotel – Results Commentary

- Marketing strategies focussed on increasing the number of mass market players visiting the property were successful, resulting in a strong increase in visitation numbers. Total casino visitors exceeded 100k, up from 62k in 1H16
- Average bet size has declined, as a result of a greater number of mass market players, and accordingly constant currency turnover fell 23%
- An overall increase in constant currency revenue of 15% and EBITDA of 19% was driven by improved gaming results, as well as non-gaming revenues and tight cost control
- In line with strategy, management successfully implemented initiatives to:
 - Control operating costs
 - Increase property utilisation
 - Increase local visitation and spending in non-gaming areas
- Vietnamese Government has recently issued 2 decrees to liberalise the gaming industry, allowing for wider availability of sports betting, and a trial of allowing local Vietnamese to play in casinos
 - As a pioneer of casino gaming in Vietnam, Donaco is currently exploring its options to participate in and benefit from the planned liberalisation of the industry

Outlook

- Donaco is anticipating improved performance from both venues for the June half of FY17
- Operational performance has shown improving trends during recent weeks at Star Vegas, which should be reflected in June half performance as the Thai economy continues to improve
 - January 2017 rolling turnover up 8.4%, compared to last year
 - Major public holidays in Thailand typically result in the June half being stronger than the December half
 - Management is focused on attracting new junkets, and driving VIP gaming growth
 - Launch of online gaming at Star Vegas is imminent
 - Negotiations with Donaco's Thai partner remain on track to confirm his on-going involvement in the business beyond FY2017
- 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
 - Trading has been strong in the months of January and February 2017 to date, with visitation continuing to increase, and win rates remaining solid
- The Board maintains its intention to actively employ prudent capital management strategies, including payment of a dividend following the full year result, combined with a further reduction in debt

APPENDIX – 1H17 Financial performance



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1H17 – Group Financial Performance Summary

All figures in AUD	NORMALISED RESULTS			ACTUAL RESULTS		
	1H17	1H16	% Change	1H17	1H16	% Change
Operating Revenue	59.4	69.8	-14.9%	59.0	68.9	-14.3%
Property Level EBITDA	39.1	46.3		38.7	45.6	
Corporate Costs	(5.4)	(6.5)		(5.4)	(6.5)	
= Group EBITDA	33.7	39.9	-15.5%	33.3	39.1	-15.2%
Net Interest income and Finance costs	(8.5)	(7.4)		(8.5)	(7.4)	
Net exchange gains / (losses)	(0.6)	0.3		(0.6)	0.3	
Non-recurring items	(3.7)	(11.8)		(3.7)	(11.8)	
Depreciation & Amortisation	(5.1)	(4.4)		(5.1)	(4.4)	
Other income	1.5	0.0		1.5	0.0	
Income tax expense	(1.7)	(3.1)		(1.9)	(1.7)	
Minority interest	(0.2)	(0.2)		(0.2)	(0.2)	
= Net Profit After Tax (incl. non-recurring items)	15.4	13.4	+14.9%	14.8	14.1	+4.7%
= Net Profit After Tax (excl. non-recurring items)	19.1	25.3	-24.5%	18.5	26.0	-28.8%

Currency Conversions:

1H17: 1 AUD = 0.7546 USD; 5.0904 RMB; 26.4869 THB

1H16: 1 AUD = 0.7175 USD; 4.5901 RMB; 25.70694 THB

Note: numbers may not add due to rounding

Venue Performance (Normalised and Actual)

	1H17 Normalised			1H17 Actual		
All figures in AUD (millions)	Star Vegas	Aristo	Total	Star Vegas	Aristo	Total
Total Revenue	47.3	12.1	59.4	45.3	13.7	59.0
- Net Gaming Revenue	44.7	6.9	51.6	42.7	8.5	51.2
- Non-Gaming Revenue	2.6	5.2	7.7	2.6	5.2	7.7
Operating Expenses	(15.0)	(5.3)	(20.3)	(15.0)	(5.3)	(20.3)
Property level EBITDA	32.3	6.8	39.1	30.3	8.4	38.7
Property level NPAT	29.3	2.3	31.6	27.4	3.5	30.9

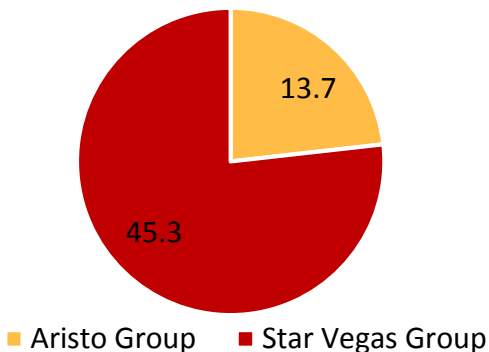
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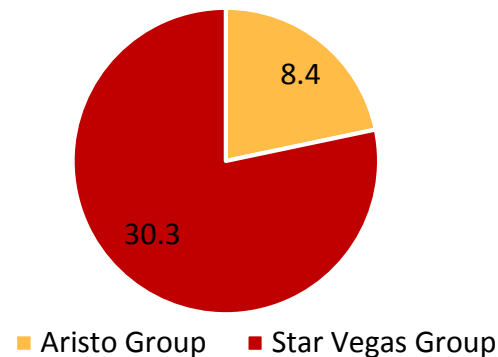
1H16: 1 AUD = 0.7175 USD; 4.5901 RMB; 25.70694 THB

Two strategically located leisure and entertainment businesses

1H17 Revenue (A\$ millions)



1H17 EBITDA (A\$ millions)



Star Vegas

- Largest and most profitable Poipet casino hotel
 - 385 guest rooms
 - Multiple restaurants, shops, health spa, pool
 - Non-gaming revenues growing
- Substantial casino facilities
 - 139 gaming tables, predominantly baccarat
 - 1,498 Electronic Gaming Machines (EGMs), of which 288 are owned outright and 1,210 under profit share deals
 - Wagering and online gaming licences

Aristo International Hotel

- 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 EGM's

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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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