



donaco

INTERNATIONAL

30 June 2017

Full Year Results Presentation

29 August 2017

FY17 Results Highlights

- Underlying Net Profit after Tax (NPAT) of A\$54.6 million, in line with A\$54.6m in pcp
 - Strong second half performance at Star Vegas with continuing growth at Aristo
- Statutory NPAT of A\$31.0 million versus A\$78.7 million in FY16
 - Prior period included net non-recurring items of positive \$24.1 million, including the revaluation of Star Vegas offset by the vendor management fee
 - Current period includes net non-recurring items of negative \$23.6 million, including the final vendor management fee
- Aristo EBITDA up 40% to RMB 74.8 million, as this business continues to benefit from management initiatives to increase mass market visitation, while reducing exposure to the volatile VIP segment
- Star Vegas EBITDA down 6% to THB 2,108 million
 - Weaker consumer sentiment and economic conditions in Thailand, following the passing away of the late King of Thailand
 - Strong second half recovery, assisted by stronger VIP win rate for the full year of 3.54%, above 3.16% in pcp
 - Significant cost reductions implemented, particularly junket commissions and operating expenses
 - Further deals signed to increase international visitation, including marketing deal with Vivo Tower
- Corporate Costs reduced by A\$0.3 million, compared to pcp
- New capital management initiatives include more regular dividends, commencing with 0.5 cents per share payable in October 2017, and on-market buyback planned to launch at the same time

Group Financial Performance Summary

All figures in AUD (millions)	FY17	FY16 ¹
Group Revenue	136.4	143.4
<i>Star Vegas</i>	110.2	120.1
<i>Aristo International Hotel</i>	26.2	23.2
<i>Corporate Operations</i>	0.0	0.0
EBITDA	65.3	55.5
<i>Underlying EBITDA</i>	84.4	87.9
<i>Star Vegas</i>	80.2	87.1
<i>Aristo International Hotel</i>	14.7	11.7
<i>Corporate Operations</i>	(10.5)	(10.9)
Statutory NPAT	31.0	78.7
Underlying NPAT	54.6	54.6

- Results consistent with market guidance
- Higher revenue at Aristo offset by lower revenue at Star Vegas, and A\$ strengthening versus local currencies
- Underlying EBITDA margin improved to 62% due to tight cost control (was 61% in pcp)
- Star Vegas VIP win rate of 3.54% was higher than 3.16% in pcp²
- Aristo VIP win rate of 2.28%, higher than 2.20% in pcp
- Reduction of A\$0.3 million in corporate costs
- FY17 underlying NPAT excludes non-recurring amortisation and other costs associated with working capital facility and revaluation of warrants, and final Star Vegas management fee
- FY16 underlying NPAT excludes one-off merger & acquisition costs associated with the Star Vegas purchase, non-cash non-recurring amortization and revaluation of warrants, valuation uplift at Star Vegas, and initial management fee

1. Some variances to figures in FY16 presentation due to post-audit changes
 2. FY16 revised from 2.97% due to incorrect inclusion of Heng Sheng turnover

Non-Recurring Items

All figures in AUD (millions)	FY17	FY16 ¹
Valuation uplift of Star Vegas	nil	55.2
Merger & Acquisition costs	Nil	(11.8)
Management Fee	(19.0)	(20.5)
Warrant Revaluation	1.1	2.6
Working capital facility costs	(4.6)	(1.4)
Net Foreign Exchange Loss	(1.1)	0.0
Total	(23.6)	24.1

- FY17 includes the final management fee of A\$19.0 million payable to Thai partner, as Star Vegas exceeding its EBITDA target of USD 60 million
- A\$4.6 million non-recurring amortisation and other costs associated with working capital facility (\$1.4m in FY16), partially offset by \$1.1 million warrant revaluation income (\$2.6m in FY16)
 - Working capital facility has been repaid and no further costs will be incurred
- FY16 included Star Vegas valuation uplift of A\$55.2 million and M&A costs of A\$11.8 million associated with the Star Vegas acquisition

1. Some variances to figures in FY16 presentation due to post-audit changes

Group Balance Sheet

All figures in AUD (millions)	30 June 2017	30 June 2016	% Change
Cash and cash equivalents	66.0	78.2	-16%
PP&E	161.3	171.7	-6%
Intangibles (including licences)	389.1	403.0	-3%
Other Assets	22.7	29.8	-24%
Total Assets	639.2	682.7	-6%
Borrowings	108.5	151.8	-29%
Trade and other payables	41.8	47.8	-12%
Other liabilities	2.8	3.9	-27%
Net Assets	486.1	479.3	-1%

- Strong Cash position of A\$66.0 million at 30 June 2017
 - Available cash of A\$7 million after allowing for bank and working capital requirements
- Movements in PP&E and Intangibles reflect foreign exchange adjustments
- Reduction in borrowings reflects partial principal repayment of Mega Bank loan facility
 - Net Debt to equity of 8.7%, down from 15.4%

Cash flow

All figures in AUD (millions)	FY17	FY16
Cash flow from Operations	47.4	50.0
Cash flow from Investing	(5.7)	(336.3)
Cash flow from Financing	(53.5)	146.6
Net Increase (decrease)	(11.8)	(139.7)
Cash at end of half year	66.0	78.2

- Cash flow from operations broadly maintained, assisted by strong performance at Aristo and corporate cost savings
- Improvement in cash flow from investing, following the one-off payment for Star Vegas and associated acquisition expenses in FY16
- FY17 cash outflow from financing of (A\$53.5 million) reflects net repayment of borrowings of A\$44.2 million, payment for employee shares of A\$1.0m and dividends of A\$8.2 million
- Of total finance costs of (A\$20.6 million), cash interest paid was only (A\$11.9 million). The balance relates to non-cash items:
 - non-recurring amortisation and other costs associated with working capital facility (A\$4.2 million)
 - Amortisation of Mega Loan (A\$3.9 million)
 - Cash change in accrued interest (A\$0.6 million)

Star Vegas – Profit & Loss

All figures in Thai			
Baht (millions)	FY17	FY16 ¹	% Change
Total Revenue	2,896.9	3,107.2	-6.8%
- Net Gaming Revenue	2,747.6	2,993.8	-8.2%
- Non-Gaming Revenue	149.3	113.4	+31.7%
Operating Expenses	(789.0)	(858.8)	-8.1%
EBITDA	2,107.9	2,248.4	-6.3%
Normalised EBITDA	1,457.7	1,887.3	-22.8%
Property Level NPAT	1,465.7	1,580.8	-7.3%
VIP Gross Win rate	3.54%	3.16%	+12.1%

- Gaming revenue fell 7%, due to:
 - Reduction in visitation and turnover following the passing of the King of Thailand
 - Strong recovery in June half with revenue of THB 1,697 million versus THB 1,200 million in December half
 - Thai public holiday calendar tends to favour June half
- Junket commissions reduced by 10%
- Operating Expenses down 8%, reflecting tight cost management
- Property level EBITDA down 6%, reflecting lower turnover
 - June half EBITDA of THB 1,305 million versus THB 803 million in December half
- Normalised EBITDA down 22.8%, after adjusting for win rates

1. Some variances to figures in FY16 presentation due to post-audit changes and incorrect inclusion of Heng Sheng turnover

Star Vegas – Operational highlights



Key operational metrics		
(THB millions)	FY17	FY16 ¹
VIP Table Game Turnover	94,528	117,477
Gross Gaming Revenue – Table Games	3,853	4,259
Gross Gaming Revenue – Slot Machines	1,268	1,305
Net Gaming Revenue	2,747	2,993
Non-Gaming Revenue	149	113
VIP Gross Win Rate	3.54%	3.16%
Casino Visitors	1.46m	1.87m
Average Visitors / Day	3,995	5,114

1. Some variances to figures in FY16 presentation due to post-audit changes and incorrect inclusion of Heng Sheng turnover

Star Vegas – Results Commentary and Update

- EBITDA of USD 60.5 million was achieved over the 12 months to June 2017, with the final management fee of A\$19.0 million to be paid to the vendor (FY16 fee paid was A\$20.5 million)
- The contract with the vendor for the management of Star Vegas expired in accordance with its agreed terms on 30 June 2017, and management has been taken in-house by Donaco
 - As part of the management transition, Deputy CEO Att Asavanund will leave the business on 31 August 2017
 - Key management roles have been filled utilising the Group’s extensive experience in managing Asian casino operations
 - Kenny Bee appointed General Manager at Star Vegas – deep industry experience including senior roles at Wynn Macau and the Genting Group
 - New Thai junkets have commenced operations, with further deals signed for additional operators to commence from September 2017 onwards
 - Change over in junket operators will lead to lower VIP revenue in the September quarter, as announced
 - Main hall and slot machine revenues have remained solid in July and August to date, with VIP revenues rebuilding
- Star Paradise management fee income contributed A\$2.2 million of revenue over FY17
 - Future of Star Paradise gaming operations is under consideration
- Marketing agreement with Vivo Tower has led to the introduction of a number of new international junkets
 - Online operations due to commence in September 2017
 - New entertainment facilities funded by Vivo, including karaoke and café areas are set to open soon

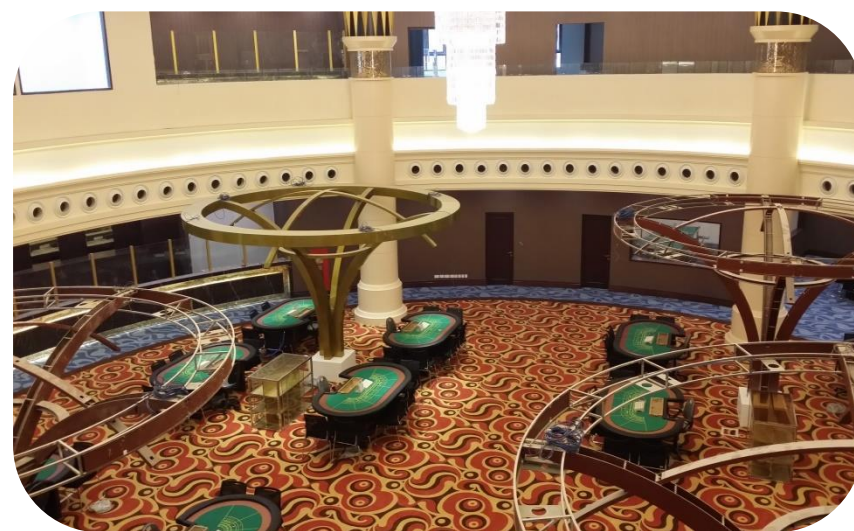
Aristo International Hotel – Profit & Loss

All figures in RMB			
(millions)	FY17	FY16 ¹	% Change
Total Revenue	133.6	106.7	+25.2%
- Net Gaming Revenue	80.0	58.7	+36.3%
- Non-Gaming Revenue	53.6	48.1	+11.6%
Operating Expenses	58.8	53.1	+10.7%
EBITDA	74.8	53.6	+39.6%
Normalised EBITDA	109.7	90.8	+20.8%
Property Level NPAT	31.8	13.8	+130.9%
VIP Gross Win rate	2.28%	2.20%	+3.6%

- Strong local currency performance, with gaming revenue up 36.3% and non-gaming revenue up 11.6%
 - Visitation up 18% to 174k patrons, due to successful marketing initiatives to target mass market and premium players
 - VIP business now rebased, with turnover up 9% even as management focussed on the mass market segment
 - Non-gaming revenue up strongly, following management initiatives to diversify revenue streams
- Property level EBITDA up 39% reflecting the strong uplift in both gaming and non-gaming revenue and tight cost control
- Property level NPAT up 131%

1. Some variances to figures in FY16 presentation due to reclassification of forex losses

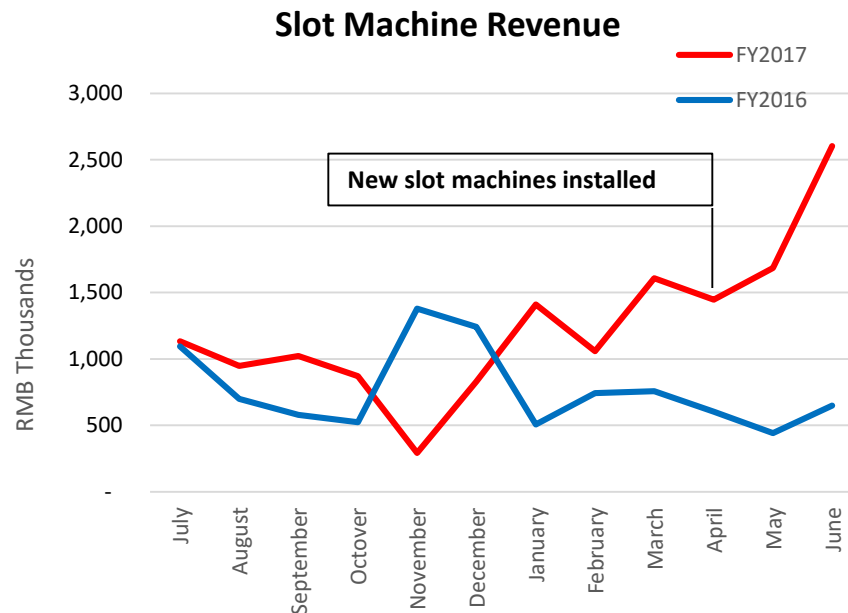
Aristo International Hotel – Operational highlights



Key operational metrics		
(RMB millions)	FY17	FY16
VIP Table Game Turnover	9,044	8,326
Main Hall Turnover	422	303
Gross Gaming Revenue – Table Games	248.9	228.4
Gross Gaming Revenue – Slot Machines	14.9	9.4
Net Gaming Revenue	80.0	58.7
Non-Gaming Revenue	53.6	48.3
VIP win rate	2.28%	2.20%
Casino Visitors	174,626	148,107
Average Visitors / Day	478	406

Aristo International Hotel – Results Commentary and Update

- Successful marketing strategies focussed on increasing the number of mass market visitors. Total casino visitors exceeded 174k, up from 148k in FY16
- Constant currency turnover increased 9%, driven by the strong increase in visitation during FY17 and rebasing of the VIP business
- An overall increase in constant currency revenue of 25% and EBITDA of 40% 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 utilization
 - Increase local visitation and spending in non-gaming areas
- Continued discussions taking place with the Vietnamese Government regarding options to participate in and benefit from the planned liberalisation of the gaming industry



- Slot machine revenue up 62% to RMB 14.9 million due to strong increase in visitation
- Management capitalised on strong demand by installing 10 new machines in April 2017

Capital Management

- New 3 year debt facility with improved terms from Mega Bank, drawn down on 28 August 2017, to refinance the existing USD57 million debt
- New facility reduces interest rate and allows more flexibility on capital management, although some restrictions remain until the loan balance falls below USD50 million
- The Board maintains its intention to actively employ prudent capital management strategies, including payment of regular dividends on a half yearly basis, combined with a further reduction in debt
 - Donaco intends to pay dividends at a rate consistent with a cash payout of 10-30% of NPAT
 - Planned dividend of A\$0.5 cents per share unfranked. Record date 6 October 2017, payable on 20 October 2017
- On-market buyback planned for launch in October 2017. Under the Mega Bank loan agreement, the buyback cannot be formally declared until the audited accounts are signed off at the end of September 2017
- Dividends and buybacks combined cannot exceed 30% of NPAT under the Mega Bank Loan agreement, until the balance falls below USD 50 million, expected to occur in February 2018

Outlook

- Star Vegas is now under Donaco management control which will allow greater flexibility in marketing and gaming activities
 - Key management appointments have been made using DNA's management depth and external talent
 - New Thai junkets have commenced operations, although VIP turnover is expected to be lower during the September quarter of FY18 as these changes take effect
 - Main hall and slot machine business remains robust
 - Visitation expected to improve after mourning period in Thailand ends in October 2017
 - Vivo Tower deal bringing in more international players, and improving non-gaming facilities
 - No further management fees are payable to the vendor
- 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
 - Further growth is anticipated in FY18
- The Board maintains its intention to actively employ prudent capital management strategies, including payment of regular dividends, buybacks and further debt reductions, in accordance with the new debt facility

APPENDIX – FY17 Financial performance



donaco

INTERNATIONAL

Venue Performance (Normalised and Actual)

	FY17 Normalised			FY17 Actual		
All figures in AUD (millions)	Star Vegas	Aristo	Total	Star Vegas	Aristo	Total
Total Revenue	85.3	32.9	118.2	110.2	26.2	136.4
- Net Gaming Revenue	79.6	22.4	102.1	104.5	15.6	120.1
- Non-Gaming Revenue	5.7	10.5	16.1	5.7	10.5	16.1
Operating Expenses	(30.0)	(11.5)	(41.4)	(30.0)	(11.5)	(41.4)
Property level EBITDA	55.3	21.4	76.8	80.2	14.7	94.9
Property level NPAT	31.0	12.8	43.8	55.4	6.9	62.3

Note: numbers may not add due to rounding

Currency Conversions:
FY17: 1 AUD = 0.755 USD; 26.34 THB

FY17 – Group Financial Performance Summary

All figures in AUD	NORMALISED RESULTS			ACTUAL RESULTS		
	Jun 17	Jun 16	% Change	Jun 17	Jun 16	% Change
Operating Revenue	118.2	137.3	-13.9%	136.4	143.3	-4.8%
Property Level EBITDA	76.8	92.0	-16.6%	94.9	98.7	-3.9%
Corporate Costs	(10.5)	(10.9)	-3.1%	(10.5)	(10.9)	-3.1%
= Group EBITDA	66.2	81.1	-18.4%	84.4	87.9	-4.0%
Net Interest income and Finance costs	(15.9)	(19.1)	-16.9%	(15.9)	(19.1)	-16.9%
Valuation uplift at Star Vegas	-	55.2		-	55.2	
Other income	0.0	2.6		0.0	2.6	
Non-recurring cost	(23.6)	(33.7)		(23.6)	(33.7)	
Depreciation & Amortisation	(10.1)	(9.9)	+1.8%	(10.1)	(9.9)	+1.8%
Income tax expense	(4.5)	(4.2)	+6.5%	(3.5)	(4.0)	-11.5%
Minority Interest	(0.2)	(0.1)		(0.2)	(0.1)	
= Net Profit After Tax (incl. non-recurring items)	11.9	71.8	-83.4%	31.0	78.7	-60.6%
= Net Profit After Tax (excl. non-recurring items)	35.6	47.7	-25.5%	54.6	54.6	+0.0%

Note: numbers may not add due to rounding

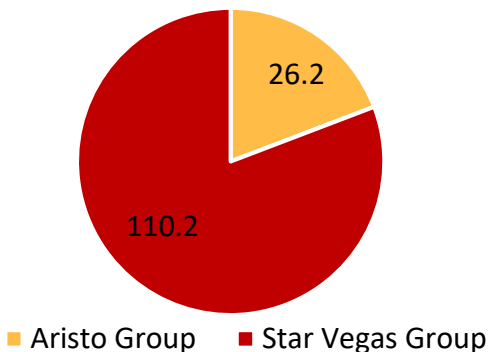
Currency Conversions:

FY17: 1 AUD = 0.755 USD; 26.34 THB

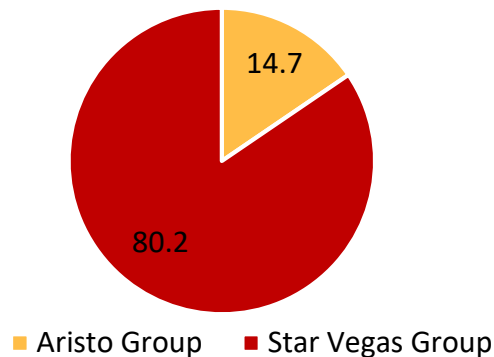
FY16: 1 AUD = 0.728 USD; 25.85 THB

Two strategically located leisure and entertainment businesses

FY17 Revenue (A\$ millions)



FY17 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
 - 1,522 Electronic Gaming Machines (EGMs), of which 288 are owned outright and 1,234 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
 - 68 electronic gaming machine positions, with 44 linked jackpot slot machines, and 24 electronic roulette seats, with license allowing up to 300 EGM's

Important notice and disclaimer

The following disclaimer applies to this presentation and any information provided in this presentation (the **Information**). You are advised to read this disclaimer carefully before reading or making any other use of this presentation or any Information.

Except as required by law, no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, reliability or correctness of the Information, opinions and conclusions, or as to the reasonableness of any assumption contained in this document. By receiving this document and to the extent permitted by law, you release Donaco International Limited (**Donaco**), and its officers, employees, agents and associates from any liability (including in respect of direct, indirect or consequential loss or damage or loss or damage arising by negligence) arising as a result of the reliance by you or any other person on anything contained in or omitted from this document.

The Information has been prepared based on information available to Donaco at the time of preparation. Statements contained in this material, particularly those regarding the possible or assumed future performance, costs, dividends, returns, prices, reserves, potential business growth, industry growth or other trend projections, and any estimated company earnings or other performance measures for Donaco, are or may be forward looking statements. Such statements relate to future events and expectations and as such involve known and unknown risks and uncertainties, many of which are outside the control of, and are unknown to, Donaco and its officers, employees, agents or associates. Actual results, performance or achievement may vary materially from any forward looking statements and the assumptions on which those statements are based, and such variations are both normal and to be expected.

The Information also assumes the success of Donaco's business strategies. The success of the strategies is subject to uncertainties and contingencies beyond Donaco's control, and no assurance can be given that the anticipated benefits from the strategies will be realised in the periods for which forecasts have been prepared or otherwise. Given these uncertainties, you are cautioned to not place undue reliance on any such forward looking statements. The Information may be changed at any time in Donaco's absolute discretion and without notice to you. Donaco undertakes no obligation to revise the forward looking statements included in this presentation to reflect any future events or circumstances.

In addition, Donaco's results are reported under International Financial Reporting Standards, or IFRS. This presentation may include references to EBITDA, EBITA, EBIT and NPAT. These references should not be viewed in isolation or considered as an indication of, or as an alternative to, measures reported in accordance with IFRS or as an indicator of operating performance or as an alternative to cash flow as a measure of liquidity.

The distribution of this Information in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions. This Information does not constitute investment, legal, accounting, regulatory, taxation or other advice and the Information does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and the market and for making your own independent assessment of the Information. You are solely responsible for seeking independent professional advice in relation to the Information and any action taken on the basis of the Information. No responsibility or liability is accepted by Donaco or any of its officers, employees, agents or associates, nor any other person, for any of the Information or for any action taken by you or any of your officers, employees, agents or associates on the basis of the Information.

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.

Contact Information

For further information please contact:



Joey Lim Keong Yew

Managing Director

joey.lim@donacointernational.com



Ben Reichel

Executive Director

ben.reichel@donacointernational.com



Chong Kwong Yang

Chief Financial Officer

chongkwongyang@donacointernational.com