

26 April 2019

## March Quarter Trading Update

Donaco International Limited (ASX:DNA) provides the following trading update for the three month period ending March 2019.

The overall group results were in line with the March 2018 quarter (the prior corresponding period or pcp). The result was driven by higher group revenues and tighter management of corporate costs. The performance of DNA Star Vegas was in line with the pcp at the revenue level, but was below at the EBITDA level, due primarily to higher staff and legal costs. At the Aristo, net gaming revenue and EBITDA was in line with the pcp in USD terms.

The following update compares the three months to the end of March 2019 to the three months to the end of March 2018, and is based on unaudited management accounts.

### DNA Star Vegas

	March Quarter 2019	March Quarter 2018
VIP Turnover	THB 20.3bn	THB 18.52bn
Net Revenue	THB 439.6m	THB 437.1m
Operating expenses	THB 242.1m	THB 172.5m
Property level EBITDA	THB 197.6m	THB 264.6m
Average daily visitation	4,237	4,462
VIP win rate	3.37%	2.80%

VIP turnover increased during the March 2019 quarter to THB20.3 billion, compared to THB18.52 billion in March 2018, driven by the addition of new junket groups as management rebuilt the VIP gaming business. Main hall turnover almost tripled to THB64.6 million over the same period, following the introduction of new mass market tour groups, primarily from Thailand.

The overall VIP win rate recorded for the March 2019 quarter was 3.37%, above the 2.80% achieved during the March 2018 quarter, and has now reached 3.01% for FY19 year to date.

Net revenue for the March 2019 quarter was THB439.6 million, slightly above the THB 437.1 million earned during the March 2018 quarter, as higher gross gaming revenue from table games was offset by higher junket commissions and profit sharing costs, and lower slot machine revenue.

Operating expenses increased to THB242.1 million during the March 2019 quarter, versus THB172.5 million in the pcp, due to higher legal costs caused by the dispute with the Thai vendor, and higher staff costs due to increased headcount and the impact of competition in the Poipet area. The online gaming business is currently being relaunched with a new software platform and new marketing partners, and is expected to go live in its new format in May 2019.

Accordingly, the Star Vegas recorded earnings before interest, tax, depreciation and amortisation (EBITDA) of THB197.6 million for the March 2019 quarter, below the EBITDA of THB264.6 million reported for the March 2018 quarter.

### **Aristo International Hotel**

	<b>March Quarter 2019</b>	<b>March Quarter 2018</b>
Rolling Chip Turnover	USD 294.1m	USD 368.1m
Net Revenue	USD 4.5m	USD 4.6m
Operating expenses	USD 2.1m	USD 2.3m
Property level EBITDA	USD 2.3m	USD 2.3m
Average daily visitation	513 players	414 players
VIP win rate	1.93%	2.31%

The Aristo business recorded a lower rolling chip turnover of USD 294.1 million over the March 2019 quarter, compared to USD368.1 million in the March 2018 quarter, as management continued to rebuild the VIP business from the soft start to FY19. Junket commissions were reduced by 40%, and accordingly net revenue of USD4.5 million was only slightly below the USD4.6 million achieved over the March 2018 quarter.

Overall, the Aristo recorded EBITDA of USD2.3 million for the March 2019 quarter, in line with the performance achieved in the March 2018 quarter, with the result driven by tight cost control.

### **Group Summary**

	<b>March Quarter 2019</b>	<b>March Quarter 2018</b>
Net Revenue	AUD 25.50m	AUD 23.65m
Property Level EBITDA	AUD 12.51m	AUD13.74m
Corporate Costs	AUD 1.69m	AUD 2.71m
Group EBITDA	AUD 10.82m	AUD 11.03m



Summarising the overall results for the three months of the March 2019 quarter in Australian dollar terms, net revenue totalled AUD25.50 million, above the AUD23.65 million recorded in the March 2018 quarter.

Corporate costs continued to be incurred at a reduced rate, totalling AUD1.69 million, well below the AUD2.71 million reported in the March 2018 quarter.

Group EBITDA for the three months of the March 2019 quarter was AUD10.82 million, slightly below the AUD11.03 million reported in the March 2018 quarter.

These results include all non-recurring items, including the legal fees incurred in the dispute with the Thai vendor of the Star Vegas business. When the Company reports its full year results, these fees will be separately identified as a non-recurring item.

### **Strategic review update**

Donaco has previously announced that a number of strategic options are under active consideration. The strategic review process was expected to complete in March, but has been delayed by shareholder matters, specifically the appointment of receivers over the shares formerly held by the Lim family. Accordingly the review is still in progress, and the outcome will be advised as soon as possible.

### **For further information:**

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#### **ABOUT DONACO INTERNATIONAL LIMITED (ASX: DNA)**

Donaco International Limited operates leisure and entertainment businesses across the Asia Pacific region.

Our major business is the Star Vegas Resort and Club, a successful casino and hotel complex in Poipet, Cambodia, on the border with Thailand. Star Vegas was established in 1999, and is the largest and highest quality of the Poipet casino hotels. The property has more than 100 gaming tables, more than 1400 slot machines, and 385 hotel rooms.

Our flagship business is the Aristo International Hotel, a successful boutique casino in northern Vietnam, located on the border with Yunnan Province, China. Established in 2002, the property has recently been expanded to a brand new five star resort complex with 400 hotel rooms. Donaco is a pioneer casino operator in Vietnam, and owns a 95% interest in the business, in a joint venture with the Government of Vietnam.

To learn more about Donaco visit [www.donacointernational.com](http://www.donacointernational.com)

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