



# FY20 AGM Presentation

21 December 2020

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# The Year in Review

## Business impact from COVID-19

- **Strong 1H FY20, followed by severe drop in 2H FY20 as a result of COVID-19 pandemic and consequent border closures.**
  - 1H FY20 EBITDA of A\$13.8 million (1H FY19: A\$12.9 million), as a result of operational improvements at Aristo and Star Vegas.
  - Overall, FY20 was significantly impacted by the onset of the COVID-19 pandemic during 2H FY20 and the subsequent restrictions on casino operations and border closures, which led to significantly reduced foreign visitations, resulting in a 40% drop in visitations for FY20 compared to FY19.
- **Both casinos closed from 1 April 2020 as per the respective Governments' restrictions.**
  - Aristo was allowed to reopen on 8 May 2020 but is operating on a limited basis, as the border with China, where most of its patrons originate, remains closed.
  - Star Vegas in Cambodia reopened on 25 September 2020.
    - The casino has experienced a positive trend since reopening with clientele from local region.
- **Tight control over operating costs implemented by the Board and Executive team.**

***Recent strategic initiatives resulted in two months of positive EBITDA (unaudited) for October and November 2020 with trend continuing***

# FY20 Achievements

## 1. Cost control strategy executed to preserve Aristo and Star Vegas

- A number of cost control and restructuring initiatives undertaken.
- Monthly cash burn target of approx. US\$800,000 to US\$900,000 while operations are at limited operating capacity.
- Adjusted service provider agreements; i.e. restructured gaming machine arrangements, introduced retail outlets, and reorganised arrangements with junket operators for improved outcomes.
- \$14.31 million capital raise post period end to provide immediate capital relief to the business.
  - Funds also used to make principal repayments to lender Mega Bank.

## 2. Successful settlement of all legal cases with Thai Vendor in relation to Star Vegas

- Disputes between shareholders have been settled.
- Settlement provides a stable platform for business continuity and long-term growth at Star Vegas.
- Outcome preserves shareholder value.

## 3. Mega Bank lender support received

- Deferral of payments and covenants to 31 December 2020, resulting in Balance Sheet protection at critical time.
- Donaco continues to work with lender and pay down its debt facility.

## 4. Completed Board and Executive team renewal strategy

- Highly experienced Board and Executive team in place.
- New CEO appointed to lead the business.





# FY20 Group Results

# FY20 Group Result Summary

- Group revenue of A\$53.49m (FY19 A\$86.3 million) impacted by COVID-19.
- Group EBITDA of A\$10.38 million (FY19: A\$29.6 million).
- EBITDA growth of 7% in 1H FY20 on the back of operational improvements at the casinos, offset in 2H FY20 by COVID-19 restrictions on casino operations and border closures.
- Donaco recorded a statutory net loss after tax of A\$58.89 million in FY20, a 70% improvement on the FY19 restated loss of A\$198.0 million.
- FY20 result primarily due to a non-cash impairment charge of the Star Vegas casino license. This included an impairment charge of A\$50.3 million, with the underlying loss before the impairment charge of A\$8.4 million driven by the lower business value of the casino based on valuation resulting from the pandemic.

All figures in AUD (millions)	FY20	FY19
<b>Group Revenue</b>	53.5	86.3
<i>Star Vegas</i>	39.7	64.7
<i>Aristo International Hotel</i>	13.7	21.6
<i>Corporate Operations</i>	0.0	0.0
<b>EBITDA</b>	10.4	29.6
<i>Star Vegas</i>	11.0	26.4
<i>Aristo International Hotel</i>	4.9	10.8
<i>Corporate Operations</i>	(5.5)	(7.7)
<b>Statutory NPAT</b>	(58.9)	(198.0)
<b>Underlying NPAT<sup>1</sup></b>	(6.3)	9.2

1. FY19 Underlying NPAT excludes Star Vegas casino license impairment, legal fees and net forex loss

# Non-Recurring Items

- FY20 Non-recurring items include:
  - A\$50.3 million Star Vegas impairment loss related to casino license following from COVID-19 reduction in earning capacity.
  - A\$2.0 million in non-recurring legal costs incurred in litigation process with Thai vendor.
  - A\$0.2 million write-off of trade & receivables.
  - A\$0.1 million net foreign exchange loss.
- FY19 Impairment on trade & other receivables of A\$13.8 million included a prior year adjustment of A\$4.0 million.

All figures in AUD (millions)	FY20	FY19
Star Vegas license impairment	(50.3)	(186.6)
Interactive gaming platform	-	(3.7)
Legal costs	(2.0)	(2.5)
Trade & other receivables	(0.2)	(13.8)
Net Exchange Gain/(Loss)	(0.1)	(0.6)
<b>Total</b>	<b>(52.6)</b>	<b>(207.2)</b>



# Strategy and Outlook



# December Trading Update

## Positive trend in 1H FY21

- The gradual easing of COVID-19 restrictions is improving the position of the business.
  - Q1 FY21 revenue of A\$0.3 million compared to A\$24.3 million in prior corresponding year as a result of COVID-19, has shifted to a noticeable improvement in Q2 FY21.
- Star Vegas is no longer making a loss since the limited reopening of the casino in late September, and the outlook for Aristo is also increasingly positive.
- Two months of positive EBITDA (unaudited) for the Group with October and November 2020 numbers of USD\$0.54 million (A\$0.71 million) and USD\$0.8 million (A\$1.05 million) respectively with trend continuing.
- Growth driven by a number of strategic initiatives, alongside continued cost control strategy.
  - Strategic shift in customer targeting – renewed focus on clientele from local region, to reduce the Company's international staff expenses.
  - Donaco is also proactively exploring alternative options to access the gaming market.





# Continued focus on Balance Sheet protection and cost control strategy

- **Reduced debt with Mega Bank.**
  - As at 11 December 2020, US\$7.8 million outstanding Mega Bank debt - from the initial \$100 million debt which is a notable result. The Company anticipates repaying the remaining debt in FY21.
  - Donaco is confident in securing approval from Mega Bank for the settlement with the Thai Vendor as part of the provisions of a Facility Agreement with the lender.
  - In talks with Mega Bank in relation to payments and covenants post 31 December 2020.
  - Further funding requirements will be needed in the short term for working capital purposes and to meet repayments and covenants under the Mega Bank facility.
- **Continued cost control measures in place - with cash burn of approx. USD\$700,000 per month, in line with targeted range.**



# Outlook

- Encouraging trend in 1H FY21 with two months of positive EBITDA (unaudited) - October and November 2020 – with trend continuing.
  - Driven by the implementation of strategic initiatives, including the shift towards clientele from local region.
- Gradual easing of COVID-19 restrictions across South East Asia, as the situation is expected to ameliorate in the region.
- Strategy for 2021 to build on Donaco’s pragmatic initiatives, underpinned by strengthened balance sheet and cost control strategy.
- Donaco is well positioned to deliver shareholder value in FY21.





Thank You



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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.**