

ASX : DNA

asx release

28 October 2022



## **Donaco delivers positive EBITDA of \$1.5m as Star Vegas ramps up towards full operational capability**

### **Summary**

- Donaco records Group net revenue of \$4.5m and EBITDA of \$1.5m for the September quarter, underpinned by the successfully reopening of Star Vegas and continued prudent cost control at Aristo.
- The result marks Donaco's first EBITDA positive quarter since 1H FY21, with this momentum expected to grow in the current quarter and beyond.
- Star Vegas achieves EBITDA of \$2.2m for the September quarter and the operation is anticipated to gradually reach full capacity over the coming quarters.
- Aristo and Star Vegas casino operations were open for the entire September quarter, marking the first full quarter both operations have been open for business since the March 2021 quarter.
- Full Cambodia/Thailand border reopening being expedited presents further upside opportunity for Star Vegas and Aristo, as Vietnam/China tourism improves.
- Cash position of A\$10.9 million as at 30 September 2022.

Donaco International Limited ("**Donaco**" or "**the Company**") provides the following trading update for the three-month period ending 30 September 2022.

Donaco's strong operational base has positioned the Company to swiftly capitalise on improving tourism conditions in the regions it operates, in line with the impacts of COVID-19 ameliorating. During the September quarter, this was particularly evident at the Star Vegas Resort & Club (Star Vegas) in Cambodia.

Star Vegas resumed operations on 18 June 2022 following the Government of Cambodia lifting the temporary closure of casinos in the Banteay Meanchey province, where Star Vegas is located. The casino had been closed from 27 April 2021.

Operations at Star Vegas originally recommenced on a limited scale and progressively ramped up throughout the September quarter, with a view to achieve full operational capability over the coming quarters.

Star Vegas subsequently generated net revenue of A\$4.10 million (September quarter 2021: A\$0.05m) and EBITDA of A\$2.22 million (September quarter 2021: negative A\$0.62 million).

The Aristo International Hotel (Aristo) in Vietnam operated on a limited basis during the September quarter, as it has done so since 8 May 2020. This is because travel between Vietnam and China, which is the country from where the vast majority of Aristo's patrons originate from, remained heavily restricted during the period due to residual COVID-19 measures.

Donaco continued its cost control strategy at Aristo to minimise cash burn, whilst also ensuring the operation has the adequate capability to ramp up efficiently, with tourism conditions between the two countries expected to improve gradually and consistently moving forward.

As a result, Aristo delivered net revenue of A\$0.43 million (September quarter 2021: A\$0.71m) and EBITDA of negative A\$0.09 million (September quarter 2021: A\$0.30m).

Group revenue reached A\$4.53 million (September quarter 2021: A\$0.76m) with EBITDA of A\$1.50 million (September quarter 2021: negative A\$1.04m).

As at 30 September 2022, Appendix 4C, cash holdings were A\$10.9 million.

An amount of A\$201,150 was paid to related parties during the quarter, which is associated with salaries and fees to executive and non-executive directors.

## Outlook

As Star Vegas continues to ramp up towards full operation capability, Donaco is targeting further earnings growth in the near and longer term.

Additionally, Donaco is seeing an increasingly positive external environment for its Star Vegas operation, which is located next to the Thai border, with both the Government of Cambodia and the Government of Thailand implementing initiatives to increase travel flows between the two countries.

For example, late in the September quarter, the Cambodian and Thai Governments agreed to speed up the reopening of the last three border crossings that remain closed between the two countries.<sup>1</sup>

The Company also maintains a positive long-term outlook for Aristo. While the tourism activity rebound in Vietnam near the China border is expected to be more gradual, in a highly positive move late in the quarter the Chinese government agreed to expand trade and tourism flow with Vietnam.<sup>2</sup>

### **Donaco's Non-Executive Chairman, Mr Porntat Amatavivadhana, commented:**

"I am delighted to see Donaco achieve positive EBITDA for the first time in a quarter since early 2021 and importantly there is substantial further growth potential on the horizon.

Star Vegas has delivered a strong result so soon after reopening, which is a testament to the operational strategy Donaco has implemented and one which we anticipate will be sustainable.

We are confident of being able to replicate this strategy at Aristo in the future, which currently remains open on a limited basis.

As travel patterns in the region continue to improve, in tandem with the incoming Sapa Airport and Aristo's status as the only 5-star hotel in the Lao Cai province, the long-term future for this operation is very bright.

---

<sup>1</sup> <https://www.khmertimeskh.com/501153045/ministry-of-interior-plans-three-more-international-border-checkpoints-with-thailand/>

<sup>2</sup> <https://www.scmp.com/news/china/diplomacy/article/3193158/china-vows-expand-trade-and-travel-vietnam-effort-lift-ties>

Backed by a robust balance sheet position, Donaco is poised to build on this momentum in the coming quarters.

I would once again like to sincerely thank you, our shareholders, for your patience and loyalty during the challenging COVID-impacted period that we are now beginning to emerge from.”

### **Financial Performance**

The following update compares in AUD the three months to the end of September 2022 to the three months to the end of September 2021 and is based on unaudited management accounts.

#### **DNA Star Vegas**

DNA Star Vegas, situated in Cambodia on the border with Thailand, was temporarily closed from 27 April 2021 and reopened on 18 June 2022.

<b>DNA Star Vegas</b>	<b>September Quarter 2022</b>	<b>June Quarter 2022</b>	<b>September Quarter 2021</b>
Rolling Chip VIP Turnover	AUD 181.29m	AUD 10.93m	N/A
Net Revenue	AUD 4.10m	AUD 0.87m	AUD 0.05m
Operating expenses	AUD 1.87m	AUD 0.72m	AUD 0.67m
Property level EBITDA	AUD 2.22m	AUD 0.14m	(AUD 0.62m)
Average daily visitation	1,054 players	835	N/A
VIP win rate	-0.05%	4.11%	N/A

Currency Conversions: September Quarter 2022 1.4628 AUD/USD; June Quarter 2022 1.3777 AUD/USD; September Quarter 2021 1.3605 AUD/USD.

#### **Aristo International Hotel**

The Aristo business in Vietnam, located on the border with China, has been operating on a limited basis since May 2020. Travel between Vietnam and China, the country from where the vast majority of Aristo’s patrons originate, remains heavily restricted due to residual COVID-19 impacts.

<b>Aristo International Hotel</b>	<b>September Quarter 2022</b>	<b>June Quarter 2022</b>	<b>September Quarter 2021</b>
Rolling Chip VIP Turnover	AUD 1.94m	AUD 3.22m	AUD 22.06m
Net Revenue	AUD 0.43m	AUD 0.20m	AUD 0.71m

Operating expenses	AUD 0.53m	AUD 0.45m	AUD 0.41m
Property level EBITDA	(AUD 0.09m)	(AUD 0.25m)	AUD 0.30m
Average daily visitation	12 players	11 players	12 players
VIP win rate	6.41%	4.94%	5.56%

Currency Conversions: September Quarter 2022 1.4628 AUD/USD; June Quarter 2022 1.3777 AUD/USD; September Quarter 2021 1.3605 AUD/USD.

Group Summary

DNA Group	September Quarter 2022	June Quarter 2022	September Quarter 2021
Rolling Chip VIP Turnover	AUD 183.23m	AUD 14.15m	AUD 22.06m
Net Revenue	AUD 4.53m	AUD 1.07m	AUD 0.76m
Operating expenses	AUD 2.40m	AUD 1.17m	AUD 1.08m
Property level EBITDA	AUD 2.13m	(AUD 0.10m)	(AUD 0.32m)
Corporate Costs	AUD 0.63m	AUD 0.66m	AUD 0.72m
Group EBITDA	AUD 1.50m	(AUD 0.76m)	(AUD 1.04m)

Currency Conversions: September Quarter 2022 1.4628 AUD/USD; June Quarter 2022 1.3777 AUD/USD; September Quarter 2021 1.3605 AUD/USD.

**[ENDS]**

*Authorised for release by the Board.*

For further information contact:

Investors

Porntat Amatavivadhana  
Donaco International Limited  
[porntat@donacointernational.com](mailto:porntat@donacointernational.com)

Media

Shane Murphy  
FTI Consulting  
+61 420 945291  
[shane.murphy@fticonsulting.com](mailto:shane.murphy@fticonsulting.com)

Donaco International Limited

c/- Lumina, Level 43  
25 Martin Place  
Sydney, NSW 2000

[TEL] +61 (02) 9106 2149 [FAX] +61 (02) 9106 2106  
[ABN] 28 007 424 777

Donaco International Limited ACN 007 424 777