

ASX : DNA

asx release

28 April 2023



Accelerated revenue and EBITDA as international travel resumes

Summary

- Favourable turnaround for Donaco, resulting in Group net revenue of A\$7.5m and EBITDA of A\$4.1m for the March quarter.
- Accelerated growth at DNA Star Vegas reaching full operational capacity, and travel flow at Aristo have significantly contributed to this success.
- Encouraging outlook mainly from China's reopening of its borders, leading to the gradual reopening of Aristo to full operations in the coming months.
- Capitalising on increased travel flow, Donaco is targeting further earnings growth in the near and long term.
- The Group maintains a solid cash position of A\$16.5 million as at 31 March 2023.

Donaco International Limited ("**Donaco**" or "**the Company**") provides the following trading update for the three-month period ending 31 March 2023.

The March quarter proved to be a highly accelerated period for Donaco with DNA Star Vegas (Star Vegas) returning to full operational capacity after more than a year of closure due to Covid-19 restrictions. The Company has swiftly leveraged on improving tourism conditions in the region where it operates, with visitor headcount increased in the quarter. This was reflected in the quarterly numbers with Star Vegas generating net revenue of A\$6.29 million (March Quarter 2022: A\$AUD 0.01m) and EBITDA of A\$4.17 million (March Quarter 2022: negative A\$0.43m).

Donaco's Aristo International Hotel (Aristo), located in Vietnam, began a gradual reopening with encouraging momentum in the quarter. This was driven by international travel flow recommencing as mainland China, the country where the vast majority of Aristo's patrons originate from, announced the full reopening of its borders from January 2023.

As part of its strategy to attract VIP visitors, Aristo implemented a change to the minimum monthly turnover to qualify as an active junket. The threshold was reduced from RMB 6 million to RMB 3 million, facilitating the return of junket operators and leading to the accelerated traction in VIP visitors. Additionally, Aristo began offering some complimentary services, such as room services and meals, to larger chip players in order to encourage player activity in the casino. This initiative proved successful in enhancing the overall guest experience and contributed positively to the Company's financial performance.

As a result, Aristo generated net revenue of A\$1.26 million (March Quarter 2022: A\$0.22m) and EBITDA of \$0.58 million (March Quarter 2022: negative A\$0.18m).

Group revenue reached A\$7.55 million (March Quarter 2022: A\$0.23m) with group EBITDA of A\$4.07 million (March Quarter 2022: negative A\$1.37m).

Donaco has kept its focus on disciplined cost control and as a result, cash holdings as at 31 March 2023, as reported in the Appendix 4C, were A\$16.55 million. The strong cash position is a testament to the Company's prudent financial management and accelerated recovery and provides a solid foundation for future growth initiatives.

Payments to related parties of the entity and their associates were made during the quarter. In total, approximately A\$202k was paid to Directors and associates for salaries and contracted services.

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

"The March quarter marks a significant turnaround for Donaco, with promising performance from DNA Star Vegas and early progress from the gradual reopening of Aristo.

After a long period of impact from the pandemic, we are pleased to see positive signs of recovery and a promising outlook for the business. The recommencement of international travel flow, particularly from Chinese tourists, is a trend that is expected to benefit our operations in Cambodia and Vietnam.

With a solid strategy, we are confident in our ability to capitalise on these favourable developments and continue delivering sustainable growth for our shareholders over the long term."

Outlook

Donaco is well-positioned to achieve sustainable earnings growth in both the near and long term, leveraging the gradual reopening of borders in key countries. Specifically, the recent reopening of Thailand's and Cambodia's international travel borders to fully vaccinated tourists is expected to continue benefiting the Company's operations in the coming months.

Donaco anticipates the performance at DNA Star Vegas to continue stabilising, resulting in increased visitor numbers. Moreover, the resumption of international travel from China since January 2023, presents a significant opportunity for the Aristo business. With a focus on scaling up while maintaining strict cost control, Aristo aims to resume full-scale operations in the coming months.

Looking further ahead, the construction of Sapa airport in Lao Cai, where Aristo is located, is envisaged to provide significant benefit once opened in 2025, with an annual capacity of 1.5 million passengers. Additionally, the recent recognition of Aristo as the only 5-star hotel in the Lao Cai province of Vietnam for five years, is a major opportunity for the business to attract new customers and enhance its reputation.

Financial Performance

The following update compares in AUD the three months to the end of March 2023 to the three months to the end of March 2022 and is based on unaudited management accounts.

DNA Star Vegas

Since its reopening on June 18, 2022, DNA Star Vegas, situated on the Cambodia-Thailand border, has made significant progress.

DNA Star Vegas	March Quarter 2023	December Quarter 2022	March Quarter 2022
Rolling Chip VIP Turnover	AUD 10.02m	AUD 11.44m	N/A
Net Revenue	AUD 6.29m	AUD 5.12m	AUD 0.01m
Operating expenses	AUD 2.11m	AUD 2.43m	AUD 0.44m
Property level EBITDA	AUD 4.17m	AUD 2.69m	(AUD 0.43m)
Average daily visitation	1,066 players	841 players	N/A
VIP win rate	4.09%	6.72%	N/A

Currency Conversions: March Quarter 2023 1.4814AUD/USD; December Quarter 2022 1.4914AUD/USD; March Quarter 2022 1.3710AUD/USD.

Aristo International Hotel

The Aristo business in Vietnam, situated near China, has seen a positive uptick in customer numbers since the reopening of China's international borders.

Aristo International Hotel	March Quarter 2023	December Quarter 2022	March Quarter 2022
Rolling Chip VIP Turnover	AUD 88.23m	AUD 11.08m	AUD 6.61m
Net Revenue	AUD 1.26m	AUD 0.19m	AUD 0.22m
Operating expenses	AUD 0.68m	AUD 0.46m	AUD 0.40m
Property level EBITDA	AUD 0.58m	(AUD 0.27m)	(AUD 0.18m)
Average daily visitation	119 players	8 players	12 players
VIP win rate	2.99%	3.40%	3.65%

Currency Conversions: March Quarter 2023 1.4814AUD/USD; December Quarter 2022 1.4914AUD/USD; March Quarter 2022 1.3710AUD/USD.

Group Summary

DNA Group	March Quarter 2023	December Quarter 2022	March Quarter 2022
Rolling Chip VIP Turnover	AUD 98.25m	AUD 22.52m	AUD 6.61m
Net Revenue	AUD 7.55m	AUD 5.30m	AUD 0.23m
Operating expenses	AUD 2.79m	AUD 2.89m	AUD 0.84m
Property level EBITDA	AUD 4.75m	AUD 2.41m	(AUD 0.61m)
Corporate Costs	AUD 0.68m	AUD 0.63m	AUD 0.76m
Group EBITDA	AUD 4.07m	AUD 1.78m	(AUD 1.37m)

Currency Conversions: March Quarter 2022 1.4814AUD/USD; December Quarter 2022 1.4914AUD/USD; March Quarter 2022 1.3710AUD/USD.

[ENDS]

Authorised for release by the Board.

For further information contact:

Investors

Porntat Amatavivadhana
Donaco International Limited
porntat@donacointernational.com

Media

Elodie Castagna
FTI Consulting
+61 432 120 061
elodie.castagna@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