



ASX : DNA

asx release

30 August 2024

Donaco records exceptional EBITDA Growth of 131% in FY24

Summary

- Donaco reported strong financial results, with Group revenue up 62%, reaching A\$39.53 million (FY23: A\$24.33m) and Group EBITDA by 131%, totalling A\$22.20 million (FY23: A\$9.61m).
- Star Vegas delivered a robust performance, resulting in net revenue of A\$25.67 million (FY23: A\$19.92m) and EBITDA of A\$16.67 million (FY23: A\$10.82m).
- Aristo outperformed following increased tourism to the region, facilitating the asset's growth of FY24 revenue of A\$13.86 million (FY23 revenue: A\$4.40m) and EBITDA of A\$8.44 million (FY23 EBITDA: A\$1.53m).
- While Donaco is pleased to report a strong recovery in earnings, the Company is actively evaluating potential disruptors, such as the proposed Integrated Entertainment Business Act in Thailand and separate Aristo tax audit, as it navigates Southeast Asia's evolving gaming industry.
- Cash position increased to A\$29.30 million as of 30 June 2024.

Donaco International Limited (**Donaco** or **Company**) announces its results for the financial year ended 30 June 2024 (**FY24**).

Donaco recorded strong growth in FY24 with net revenue of A\$39.53 million, a 62% increase from the previous financial year (FY23: A\$24.33m). Group EBITDA of A\$22.20 million was recorded for FY24, more than doubling the prior year's result (FY23: A\$9.61m).

DNA Star Vegas (**Star Vegas**) in Cambodia and Aristo International Hotel (**Aristo**) in Vietnam experienced significant growth over the past twelve months following prudent financial management. Star Vegas delivered net revenue of A\$25.67 million (FY23: A\$19.92m) and EBITDA of A\$16.67 million (FY23: A\$10.82m). Star Vegas recorded a substantial uplift in non-gaming revenue; while average daily visitation remained stable compared to the prior year.

Aristo, situated next to the Chinese border in Vietnam, saw exponential growth over FY24, recording revenue of A\$13.86 million (FY23: A\$4.40m) and EBITDA of A\$8.44 million, a significant increase from the previous year's A\$1.53 million figure.

Cash and cash equivalents increased to A\$29.30 million from the prior year's A\$16.72 million as a result of robust financial management.

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

“FY24 was a period of solid growth and financial performance for Donaco, as the Company continued to streamline its operations and attract more visitors. The success of local government initiatives aimed at boosting international tourism greatly benefitted our performance, leading to notable increases in visitation and gaming turnover, with Aristo significantly surpassing last year’s results.

While we are very pleased by the latest results and remain committed to executing our strategy, we are currently evaluating potential disruptors such as the proposed Integrated Entertainment Business Act in Thailand and the separate Aristo tax audit, as we navigate Southeast Asia’s evolving gaming landscape.”

Group Summary

Group performance	FY2024	FY2023
Rolling Chip VIP Turnover	AUD 1260.40m	AUD 644.27m
Net Revenue	AUD 39.53m	AUD 24.33m
Operating expenses	AUD 14.42m	AUD 11.99m
Property level EBITDA	AUD 25.11m	AUD 12.34m
Corporate Costs	AUD 2.91m	AUD 2.73m
Group EBITDA	AUD 22.20m	AUD 9.61m

Outlook

Donaco has experienced notable improvements in visitation numbers following a series of local government tourism campaigns. Additionally, the upcoming construction of Sapa Airport in Lao Cai, the regional area where Aristo is located, is set to boost tourism. With a projected annual capacity of 1.5 million passengers, the airport is advancing well and is envisaged to offer substantial economic potential to Donaco once it becomes operational in 2025.

The government of Thailand has recently proposed the Integrated Entertainment Business Act¹, to legalise gambling in large “entertainment complexes”, such as hotels, restaurants, convention centres, music venues, sports arenas and amusement parks. The potential legalisation of casinos in the region may impact Donaco’s Star Vegas operations and cross-border tourism in the region. Donaco is currently evaluating the possible effects this development could have on the business. At present, there is no impairment to Donaco’s financials. However, should the bill pass, future implications may require re-evaluation, especially considering that the majority of Star Vegas’s customers are from Thailand. Donaco will continue to monitor the situation closely and assess any potential impacts on its operations.

Additionally, as previously disclosed, Aristo has undergone a tax audit of unredeemed chips (chips customers deposit at Aristo) and the Vietnam General Department of Taxation has deemed the chips as Donaco’s revenue. This could amount to a potential tax payment of approx. USD 5.9 million. In July 2024, the Aristo tax appeal application was rejected by the General Department of Taxation, and Aristo has engaged a consultant to pursue further appeal with the People’s Court of Hanoi City in early September. This may potentially have an impact on Donaco’s financials.

While Donaco is pleased to report a strong recovery in earnings following the COVID-19 pandemic, the Company remains vigilant. It is actively evaluating potential disruptors as it navigates Southeast Asia’s evolving gaming industry.

[ENDS]

¹ Asia Gaming Brief, IR industry a boost to Thai tourism and foreign investment: Analysts, August 2024

Authorised for release by the Board of Directors.

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