

16 April 2018

March Quarter Trading Update

Donaco International Limited (“Donaco” or “the Company”) provides the following trading update for the March quarter and the 2018 financial year to date.

This period covers the Chinese New Year holiday celebrations, which are a major event at both of the Company’s casino hotels, the Star Vegas in Cambodia and the Aristo International Hotel in Vietnam. Last year, the holiday period extended from 26 January 2017 to 9 February 2017. This year, the holiday period extended from 14 February 2018 to 28 February 2018.

The figures below are based on unaudited management accounts.

Star Vegas

The Star Vegas business continues to rebuild, recovering from the damaging effect of the Thai vendor’s breaches of contract and the resulting illegal competition in the Poipet area. Management has been successful in signing up a number of new VIP junkets to replace those that left the property last year.

Across the March 2018 quarter, average daily visitation increased by 30% to 4,462 casino visitors per day, compared to 3,426 visitors per day last year. February month saw average daily visitation at 4,630 per day, an increase of 38% compared to 3,356 per day last year.

Total rolling chip turnover for the March quarter was THB18.52 billion, still 25% below last year’s total of THB24.78 billion. However this was a substantial improvement on the 64% decline seen in the December 2017 half year. With a major new VIP junket commencing operations on 9 February 2018, total VIP turnover in the month of February 2018 was THB8.56 billion, an increase of 13% compared to THB7.55 billion last year.

The VIP win rate for the quarter was 2.80%, close to the theoretical win rate of 2.85%. This was lower than last year’s very high VIP win rate of 3.83%.

Operating expenses remain lower under Donaco’s management than under the former Thai vendor, totaling THB172.5m for the quarter, a decrease of 13% compared to THB197.6m last year.

Due primarily to the differences in VIP turnover and win rate, total EBITDA for the business across the March quarter was USD8.4m, a decrease of 48% compared to USD16.2m last year.

For the financial year to date, EBITDA of THB749.29m is down by 45%, compared to THB1.369m last year. In US dollar terms, EBITDA of USD22.98m is down by 41%, compared to USD39.05m last year.



Aristo International Hotel

Casino visitation during the quarter was 2% higher than last year, at 413 people per day compared to 404 last year. Rolling chip turnover was also higher, reaching RMB2,494.7m, an increase of 1% compared to RMB2,472.8m last year.

The VIP win rate in the quarter was a solid 2.3%, but this was lower than last year's win rate of 2.6%.

Non-gaming revenue increased by 10% to RMB13.8m, driven by hotel room and food and beverage sales increases, due to higher visitation and more functions held at the property.

Operating expenditure was again well controlled, reaching RMB14.7m for the period, a decrease of 1% from last year at RMB14.8m.

Total EBITDA for the March quarter was USD2.3m, a decrease of 26% compared to USD3.1m last year. Again, this was primarily due to the difference in the win rate and the consequent reduction in table game revenue.

For the financial year to date, EBITDA of RMB47m is down by 25%, compared to RMB62.7m last year. In US dollar terms, EBITDA of USD7.1m is down by 23%, compared to USD9.3m last year.

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
