

29 January 2019

December Quarter Trading Update

Donaco International Limited (ASX:DNA) provides the following trading update for the three month period ending December 2018.

As stated at the Annual General Meeting on 29 November 2018, the performance of both of Donaco's casino properties improved in November, and this continued into December. Accordingly, the December quarter results are significantly stronger than the four month results to the end of October, which were outlined at the AGM.

The following update compares the three months to the end of December to the four months reported at the AGM, and is based on unaudited management accounts.

DNA Star Vegas

	December Quarter 2018 (3 mths, Oct to Dec 2018)	AGM Trading update (4 mths, July to Oct 2018)
VIP Turnover	THB 17.1bn	THB 25.96bn
Net Revenue	THB 421.28m	THB 470.25m
Operating expenses	THB 240.24m	THB 300.89m
Property level EBITDA	THB 181.04m	THB 169.35m
Average daily visitation	4,352	4,806
VIP win rate	3.27%	2.47%

The VIP win rate in the month of November was 3.38%, and increased further in December to 3.81%. The overall VIP win rate for the December 2018 quarter was 3.27%, up substantially from 2.47% achieved during the four months to October 2018, and has now reached 2.81% for FY19 year to date. This compares to the theoretical win rate of 2.85%.

Net revenue for the December 2018 quarter was THB421.28 million, comparing favourably to the THB 470.25 million earned over the four months to October 2018.

Accordingly, the Star Vegas recorded earnings before interest, tax, depreciation and amortisation (EBITDA) of THB181.04 million for the December 2018 quarter, well above the EBITDA of THB169.35 million reported for the four months to October 2018.

The Company has become aware of increasing competition in the Poipet area, with a new casino rumoured to be opening soon. This increase in gaming supply may help to expand the overall market in Poipet, but may also lead to changes in market share. Management continues to monitor the competitive environment and manage its marketing and operational responses accordingly.

Aristo International Hotel

	December Quarter 2018 (3 mths, Oct to Dec 2018)	AGM Trading update (4 mths, July to Oct 2018)
Rolling Chip Turnover	USD 169.8m	USD 51.9m
Net Revenue	USD 3.45m	USD 2.9m
Operating expenses	USD 1.72m	USD 2.2m
Property level EBITDA	USD 1.73m	USD 0.7m
Average daily visitation	516 players	384 players
VIP win rate	1.95%	3.16%

The Aristo business continued its recovery in the month of December 2018, with overall rolling chip turnover reaching USD81.5 million, an increase of 45% from the previous month of November 2018. For the December 2018 quarter, overall rolling chip turnover totalled USD169.8 million, substantially up from the USD51.9 million achieved during the four months to October 2018. The recovery trend continues, with more junkets and players continuing to return to the property.

The Aristo recorded EBITDA of USD1.73 million for the December 2018 quarter, up significantly from USD0.7 million reported for the four months to October 2018, driven by the ongoing return of VIP players and junkets to the property in November and December.

Group Summary

	December Quarter 2018 (3 mths, Oct to Dec 2018)	AGM Trading update (4 mths, July to Oct 2018)
Net Revenue	AUD 22.48m	AUD 23.7m
Property Level EBITDA	AUD 10.00m	AUD7.98m
Corporate Costs	AUD 1.89m	AUD 2.76m
Group EBITDA	AUD 8.11m	AUD 5.22m

Summarising the overall results for the three months of the December 2018 quarter in Australian dollar terms, net revenue totalled AUD22.48 million, comparable to the AUD23.7 million recorded in the four months to October 2018.

Corporate costs continued to be incurred at a reduced rate, totalling AUD1.89 million, well below the AUD2.7 million reported in the four months to October 2018.

Group EBITDA for the three months of the December 2018 quarter was AUD8.11 million, substantially higher than the AUD5.2 million reported in the four months to October 2018.



These results include all non-recurring items, including the legal fees incurred in the dispute with the Thai vendor of the Star Vegas business. When the Company reports its half year results (see below), these fees will be separately identified as a non-recurring items.

December 2018 Half Year Results Announcement

The Company intends to release its results for the six months ending December 2018 on Wednesday 27 February 2019.

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
