



Bloomberg Resorts Corporation

BLOOMBERRY RESORTS CORPORATION

(incorporated in the Philippines)

PSE: BLOOM

FOURTH QUARTER AND FULL YEAR 2018 RESULTS ANNOUNCEMENT

Bloomberg FY2018 profits reached P7.2 billion, up 18% YoY despite higher interest expenses

FULL YEAR 2018 HIGHLIGHTS:

- ⊕ Consolidated net revenues and EBITDA were P38.220 billion and P14.895 billion, representing YoY increases of 16% and 21%, respectively, due to higher revenues across all segments and effective cost containment initiatives
- ⊕ Despite the ramp-up of the newest player within Entertainment City, consolidated promotional allowances increased by only 10%, while the increase in cash operating expenses were tempered at 13%
- ⊕ Solaire's gross gaming revenues (GGR) were P50.972 billion, representing YoY growth of 14% driven by the property's strong performance in the mass tables and slots segments
- ⊕ Hold-normalized consolidated EBITDA of P16.049 billion was 17% higher YoY
- ⊕ Consolidated net profit of P7.166 billion grew 18% YoY

4Q2018 HIGHLIGHTS:

- ⊕ Consolidated EBITDA was P3.427 billion, representing an increase of 8% and 62% on a sequential and YoY basis, respectively
- ⊕ Hold-normalized consolidated EBITDA of P4.016 billion is 16% higher YoY and P589 million higher than the reported consolidated EBITDA
- ⊕ Solaire recorded GGR of P13.231 billion which is 29% higher compared to the same quarter last year
- ⊕ Solaire's VIP, mass tables and EGM GGR recorded YoY increases of 53%, 18%, and 10%, respectively

Bloomberg Resorts Corporation (Bloomberg, the Company), owner and operator (through its subsidiaries) of the Solaire Resort & Casino (Solaire) and Jeju Sun Hotel & Casino (Jeju Sun), reported audited consolidated financial results for the year ended December 31, 2018, with the Company reporting the highest levels of EBITDA and net profit since its flagship property Solaire opened in March 2013. Both EBITDA and net profit growth were supported by record levels of gaming volumes and gross gaming revenues (GGR) across the VIP, mass tables and electronic gaming machine (EGM) segments, non-gaming revenues, as well as effective cost containment initiatives.

Enrique K. Razon Jr., Bloomberry chair and CEO, says: “I am pleased to report that Bloomberry continues to be a trailblazer in the Philippine gaming and entertainment scene with our world-class integrated resort offering, Solaire Resort and Casino, delivering record revenues and profits in 2018. We look forward to 2019 and to sowing the seeds of our future growth, as we anticipate to break ground on our second integrated resort in Quezon City this year.”

Gaming Performance

In 2018, total GGR at Solaire was P50.972 billion, representing an increase of 14% YoY.

Solaire’s VIP volumes in 2018 were the highest ever for the property at P810.233 billion, increasing by 2% YoY despite the ramp-up of the newest player within Entertainment City. At a VIP win rate of 2.69%, VIP GGR was P21.817 billion, representing an increase of 5% YoY.

Full year mass table drop and EGM coin-in at Solaire also reached record highs of P44.894 billion and P211.887 billion, representing YoY growth of 22% and 15%, respectively. Growth in our mass gaming segments was supported by a 14% annual increase in property visitation to 6.649 million, robust domestic discretionary spending and the increasing participation of international gaming patrons. Mass table revenues were P15.258 billion, up by 27% YoY, while EGM revenue was P13.897 billion, higher by 18% compared to the previous year.

Higher VIP GGR at Solaire caused Bloomberry’s promotional allowances and contra accounts to increase by 10% YoY to P16.626 billion. However, promotional allowances and contra accounts as a percentage of GGR decreased to 32% from 34% in 2017.

In the fourth quarter of 2018, total GGR at Solaire was P13.231 billion, 29% higher than the GGR recorded in the same period in 2017. VIP, mass tables, and EGM GGR recorded YoY increases of 53%, 18%, and 10%, respectively

In Korea, despite the gambling prohibition on locals and meaningfully deteriorated tourist visitation, Jeju Sun reported a 19% YoY increase in annual gaming revenues to P484 million.

Strength in both the Philippines and Korea gaming segments enabled the Company to grow its consolidated gaming revenues to P48.232 billion, representing an increase of 14% against consolidated gaming revenues in 2017.

Non-gaming Revenues

In 2018, the Company recorded its highest ever consolidated non-gaming revenue of P6.615 billion, representing growth of 11% YoY. Growth was driven by higher hotel occupancies at both the Bay and Sky Towers, higher frequency of productions in the Theatre at Solaire, and increased rental income from new tenants at The Shoppes.

Hotel occupancy at Solaire in 2018 was 92.6%, representing a 1.9 percentage point increase from the 90.7% occupancy in 2017.

In 2018, Tumi, Transview, Eye Society, Lukfook Jewelry and The Coffee Bean and Tea Leaf opened outlets in The Shoppes at Solaire, increasing retail rental revenues for the year.

Net Revenues

Bloomberry’s net revenues grew 16% YoY to P38.220 billion as a result of the strong performance of Solaire’s gaming and non-gaming operations.

Expenses

Bloomberry has been diligent in managing its expenses by rolling out cost-containment initiatives and programs. In 2018, consolidated cash operating expenses increased by only 13% despite the 16% increase in net revenues. The increase in cash operating expenses was mainly due to higher gaming taxes as a result of record GGRs in Solaire's VIP, mass tables and EGM segments, salaries and wages, outside services and charges, and cost of sales.

EBITDA, Net Profit and Earnings Per Share

The Company's 2018 consolidated EBITDA was P14.895 billion, representing an increase of 21% YoY. Solaire contributed P15.135 billion to consolidated EBITDA, which was off-set by the P240 million negative EBITDA recorded at Jeju Sun.

Consolidated EBITDA in the fourth quarter was P3.427 billion, P244 million or 8% higher compared to the prior quarter and higher by P1.316 billion or 62% compared to the same quarter of the previous year.

On a hold-normalized basis, Bloomberry's consolidated EBITDA for 2018 was P16.049 billion, P1.155 billion higher than the reported consolidated EBITDA of P14.895 billion. Hold-normalized EBITDA in 2018 would have increased by 17% YoY. Hold-normalized EBITDA in the fourth quarter would have been P4.016 billion, up by 16% YoY.

The Company reported net profit of P7.166 billion for 2018. Net profit grew 18% YoY despite the unrealized FX losses from the Korea operations and higher interest expenses incurred resulting from the full drawdown of the P73.5 billion Syndicated Loan in the first half of 2018. The proceeds of the Syndicated Loan were used to retire previous debt facilities and finance the acquisition of land from PAGCOR where Solaire and its Phase 2 expansion area is located within Entertainment City.

Bloomberry reported Basic Earnings per Share (EPS) of P0.652, representing growth of 18% YoY.

Balance Sheet and Other Items

As of December 31, 2018, Bloomberry had a consolidated cash and cash equivalents balance of P36.466 billion. Total long-term debt was P69.119 billion, which represents the non-current portion of the P73.5 billion Syndicated Loan issued in 2018. Total equity was P36.561 billion.

As of December 31, 2018, Bloomberry had P3.121 billion in gross receivables, 19% or P497 million higher than at the beginning of the year mainly due to additional credit issuances. Receivables over 90 days decreased by P38 million from the previous quarter to P318 million. Accordingly, the Company did not make any additional provisions for bad debt in the fourth quarter of 2018. Total bad debt provisions for the year was P29.050 million.

Profile: Bloomberry Resorts Corporation

Bloomberry Resorts Corporation is the owner and operator (through its subsidiaries) of the Solaire Resort & Casino (Solaire) and Jeju Sun Hotel & Casino (Jeju Sun). Solaire was the first Integrated Resort property to open in PAGCOR's Entertainment City. In November 2014, Solaire opened the Sky Tower which added a 312-key all-suite five-star hotel and other amenities to Solaire's hospitality and entertainment portfolio. The Sky Tower features The Theatre, a 1,760-seat Broadway-style theatre; The Macallan, a luxury cigar and whisky bar; 1,000 sqm of meeting space in The Forum; an international KTV bar, as well as additional retail and gaming facilities. Solaire's high-end retail area, The Shoppes at Solaire, features the following luxury boutiques: Louis Vuitton, Prada, Bvlgari, Salvatore Ferragamo, Givenchy, Y-3 (Adidas) and Luk Fook Jewelry, among others. Solaire's Sky Tower was given the Forbes Travel Guide five-star rating for the third consecutive year last February 2019.