

Bloomberry Q1 best quarter with P3.7B net profit, up 71% YoY New record volumes, revenues, EBITDA, profitability

Highlights

- Solaire generated its highest quarterly mass table drops and electronic gaming machine (EGM) coin-ins growing 17% and 23%, respectively
- VIP gross gaming revenues (GGR) grew 39% year-on-year to its highest level of P7.11 billion with a VIP hold rate of 3.61
- Gross gaming revenues (GGR) rose 28% year-on-year and 33% quarter-on-quarter to a record P13.747 billion with mass table and EGM increasing to record levels of 17% and 22%, respectively
- Total expenses up 21.5% year-on-year to P7.829 billion mainly due to increase in variable expenses such as gaming taxes, other taxes and licenses, advertising and promotion and cost of sales associated with higher revenues
- Reported EBITDA grew 44% year-on-year and 115% sequentially to P4.537 billion, the highest reported in a quarter
- Net profit of P3.691 billion, a P1.537 billion or 71% increase from the P2.153 billion net profit in the previous year

Bloomberry Resorts Corporation (BLOOM PM), owner and operator (through its subsidiaries) of the Solaire Resort & Casino and Jeju Sun Hotel & Casino, recently reported unaudited consolidated financial results for the quarter ended March 31, 2018, with new record mass table drops and EGM coin-ins, all-time high revenues across all gaming segments as well as a record P3.691 billion in net profit.

Enrique K. Razon Jr., Bloomberry chair and CEO, says: “We are off to a good start. Our fundamentals are solid, our cost optimization initiatives are working, so we should be on track to making this a banner year.”

In 1Q2018, mass table drop and EGM coin-in generated strong year-on-year growth rates of 17% and 23%, respectively, to also hit new record quarterly highs. Even on a sequential basis, Solaire’s mass gaming segment continued to post positive growth with mass table drop and EGM coin-in growing one percent and eight percent, respectively, from the previous quarter.

Solaire’s VIP volumes was down 12% year-on-year but achieved the highest reported VIP gross gaming revenue (GGR) of P7.11 billion, a 39% year-on-year

growth. VIP hold rate for 1Q2018 was 3.61, up from 2.31% in year prior.

The higher than normal VIP hold rate and strong year-on-year growth in mass table drop and EGM coin-in pushed the growth of the Company's GGR by 28% year-on-year and 33% quarter-on-quarter to a record P13.747 billion.

Jeju Sun continued to feel the effects of competition and was also negatively affected by the decline in Chinese tourist arrivals in Jeju, Korea. Notwithstanding these challenges, Jeju Sun managed to generate P51 million of GGR, down 13% from last year.

Solaire's promotional allowances and contra accounts grew by only 5% year-on-year to P3.044 billion, much slower than the 29% year-on-year increase in GGR. In addition, the Company's Korean operations reduced its promotional allowances by 77% on a year-on-year basis.

Non-gaming revenues in the quarter grew four percent to P816 million on a year-on-year basis due to higher retail and other income that came from additional rental income from new outlet stores at TheShoppes@Solaire.

The Company's 1Q2018 total expenses increased by 21.5% year-on-year to P7.829 billion, but on a sequential basis, declined six percent as a result of foreign exchange gains generated during the quarter. The increase in expenses is mainly due to higher gaming taxes, other taxes and licenses, advertising and promotion and cost of sales as a result of higher revenues.

As of end-1Q2018, Bloomberry's gross receivables balance amounted to P2.718 billion, four percent higher than at the beginning of the year. Receivables over 90 days remained essentially flat quarter-on-quarter at P307 million, and continue to remain fully provided for with a current allowance for doubtful accounts on the balance sheet. The Company did not make any provisions for bad debts in the quarter.

The Company reported an all-time high quarterly EBITDA of P4.537 billion, 44% higher than the P3.157 billion generated in the same period last year and more than twice the previous quarter's P2.111 billion. Solaire's EBITDA of P4.661 billion was reduced by the negative EBITDA of Korea Operations that amounted to P125 million. Jeju Sun's negative EBITDA increased by P24 million year on year.

On a hold-normalized basis, Bloomberry's EBITDA should have declined 11% year-on-year to P3.477 billion from P3.892 billion in the same period last year. Due to the above normal VIP hold rate of 3.61% in 1Q2018, the hold-normalized EBITDA is 23% lower than the reported EBITDA of P4.537 billion.

Bloomberry reported P3.691 billion in net profits for the quarter, a significant increase in profitability of P1.537 billion from the P2.153 billion net income in the same period last year. The Company's remarkable performance in 1Q2018 was the result of all-time high GGR registered across all segments and lower promotional allowance and contra account margin. In addition, the P738 million in foreign exchange gains further enhanced Bloomberry's profitability.

Bloomberry reported Earnings per Share (EPS) of P0.336, a substantial increase from the P0.195 in the same period last year.

Solaire's Sky Tower was again given the Forbes Travel Guide Star Awards five-star rating last February 2018. This is the second consecutive year that the award was given to the Sky Tower.

Bloomberry Resorts Corporation is the owner and operator (through its subsidiaries) of the Solaire Resort & Casino and Jeju Sun Hotel & Casino. Solaire was the first property to open in PAGCOR's Entertainment City. Solaire became the first Integrated Resort in Entertainment City with the opening of Sky Tower last November 2014. Aside from a 312-key all-suite five-star hotel, Sky Tower features other amenities such as 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 gaming facilities. Solaire's high-end retail area, The Shoppes@Solaire, has recently rolled out the following luxury boutiques: Louis Vuitton, Prada, Bvlgari, Salvatore Ferragamo and Givenchy.