



Bloomberg Resorts Corporation

BLOOMBERRY RESORTS CORPORATION

(incorporated in the Philippines)

PSE: BLOOM

FIRST QUARTER 2019 UNAUDITED RESULTS ANNOUNCEMENT

Strong mass market drives Bloomberg's first quarter EBITDA to P4.5 billion, flat year-on-year despite lower VIP revenues

FIRST QUARTER 2019 HIGHLIGHTS:

- ⊕ Consolidated Gross Gaming Revenue (GGR) was P13.869 billion, representing growth of 3% and 1%, on a sequential and YoY basis, respectively. Solaire's GGR was P13.615 billion, representing sequential growth of 3%. Solaire's GGR declined by less than 1% compared to the same quarter last year due to lower VIP revenues which were off-set by robust mass table games and electronic gaming machine (EGM) performance
- ⊕ Consolidated net revenues were P10.768 billion, representing growth of 13% and 5%, on a sequential and YoY basis, respectively
- ⊕ Consolidated EBITDA was P4.501 billion, up 31% compared to P3.427 billion in the previous quarter. Consolidated EBITDA was lower by less than 1% compared to P4.537 billion in the same quarter last year despite lower VIP revenues
- ⊕ Solaire's VIP revenues decreased by 16% YoY to P5.980 billion as the win rate declined to 3.22% in the first quarter of 2019 from 3.61% in the first quarter of 2018. Mass table and EGM revenues grew by 23% YoY and 9% YoY, respectively
- ⊕ Hold-normalized consolidated EBITDA was P4.086 billion, higher by 18% YoY and P415 million lower than the reported consolidated EBITDA
- ⊕ Consolidated net profit was P2.203 billion representing a decline of 40% YoY due to meaningfully lower FX gains and higher interest expenses

Bloomberg Resorts Corporation (Bloomberg, the Company), whose subsidiaries own and operate Solaire Resort & Casino (Solaire) and Jeju Sun Hotel & Casino (Jeju Sun), reported unaudited consolidated financial results for the three months ended March 31, 2019.

Enrique K. Razon Jr., Bloomberg Chair and CEO, says: "We kicked-off 2019 with a solid set of results. Our Net Revenues and EBITDA were driven by our highly profitable mass gaming segments where our innovative customer experience and engagement programs continue to reward us with a database of loyal patrons."

Gaming Performance

In the first quarter of 2019, total GGR at Solaire was P13.615 billion, representing growth of 3% sequentially and a decrease of less than 1% YoY.

Solaire's VIP volumes were P185.900 billion, representing a YoY decline of 6%. VIP revenues decreased by 16% YoY to P5.980 billion as the hold rate declined to 3.22% in the first quarter of 2019 from 3.61% in the first quarter of 2018. VIP volumes and VIP GGR recorded sequential declines of 15% and 1%, respectively.

Mass table drop at Solaire was P11.379 billion, representing a 4% sequential decline and a 17% YoY increase. Mass table revenues were P3.997 billion, representing a 23% increase from P3.237 billion in the same quarter last year. Mass table revenues were higher by 9% sequentially.

EGM coin-in was P54.664 billion, up by 4% compared to the previous quarter and by 5% compared to the same quarter last year. EGM revenues grew by 9% to P3.639 billion from P3.349 billion in the first three months of 2018. EGM revenues were up by 4% compared to the prior quarter.

<i>Amounts in millions</i>	Q1 2019			Q1 2018			Change in Revenue	
	Volume	Revenue	Hold	Volume	Revenue	Hold	Amount	%
VIP tables	185,900	₱5,980	3.22%	197,019	₱7,110	3.61%	(₱1,130)	(15.9)
Mass tables	11,379	3,997	35.1%	9,749	3,237	33.2%	760	23.5
Slots	54,664	3,639	6.7%	52,026	3,349	6.4%	290	8.7
Total GGR		13,615			13,695		(80)	(0.6)

Our mass gaming segments in the Philippines continued to be supported by robust property visitation with about 1.6 million people setting foot in Solaire within the first quarter.

Despite the challenging competitive landscape in Korea, Solaire Korea reported a P202 million or 395% YoY increase in gaming revenues to P254 million as it continued to offer competitive casino programs.

Lower VIP GGR at Solaire caused consolidated promotional allowances and contra accounts to decrease by 18% sequentially and by 6% YoY to P4.001 billion. Consolidated promotional allowances and contra accounts as a percentage of GGR in the first quarter of 2019 was 29% compared to 37% and 31% in the fourth and first quarters of 2018, respectively.

Given the robust performance of the Philippine mass gaming business and improvement in the company's Korea operations, consolidated gaming revenues after promotional allowances reached P8.849 billion, representing an increase of 16% and 1% on a sequential and YoY basis, respectively.

Non-gaming Revenues

In the first three months of 2019, the Company reported consolidated non-gaming revenues of P1.919 billion, representing growth of 25% from P1.537 billion over the same period in 2018.

Non-gaming revenues at Solaire were P1.907 billion, higher by 27% YoY, driven higher rental income from recently opened boutiques at The Shoppes as well as incrementally higher hotel and F&B revenues.

Hotel occupancy at Solaire in the first three months was 87.8%, compared 93.6% in the same quarter last year. The decline in occupancy is due to the closure and planned conversion of the Grand Ballroom into a new gaming space resulting in fewer hotel bookings associated with conventions and other pre-booked events.

Solaire Korea's non-gaming revenues declined by 70% YoY to P13 million due to ongoing renovations in 80% of the property's hotel rooms and all four of its F&B outlets. The Company anticipates completion of renovation works by the fourth quarter of 2019.

Net Revenues

Bloomerry's consolidated net revenues were P10.768 billion, up by 5% from P10.304 billion in the same quarter last year and higher by 13% compared the previous quarter. Approximately 99% of net

revenues were generated in the Philippines and the remaining 1% was generated by the Group's Korea operations.

Expenses

The Company's consolidated cash operating expenses reached P6.237 billion, representing an increase of 2% and 8% on a sequential and YoY basis, respectively.

At Solaire, cash operating expenses were P5.955 billion, up by 7% on a YoY basis mainly due to higher cost of sales and outside services and charges.

In South Korea, higher gaming promotions increased cash operating expenses by P67 million YoY. Note that such increase was a result of the P202 million increase in gaming revenues.

EBITDA, Net Profit and Earnings Per Share

Bloomberry's consolidated EBITDA was P4.501 billion, representing an increase of 31% compared to the P3.427 billion reported in previous quarter and a decline of less than 1% from the P4.537 billion reported in the same quarter last year. Solaire contributed P4.633 billion to consolidated EBITDA, which was off-set by the P131 million negative EBITDA recorded at Solaire Korea.

On a hold-normalized basis, Bloomberry's consolidated EBITDA in the first quarter was P4.086 billion, P415 billion lower than the reported consolidated EBITDA of P4.501 billion. Hold-normalized EBITDA in the first quarter would have increased by 2% sequentially and by 18% YoY.

The Company reported consolidated net profit of P2.203 billion, 204% higher than the P725 million net profit recorded in the fourth quarter of 2018. Compared to the P3.691 billion recorded over the same period last year, net profit declined by 40% due to meaningfully lower foreign exchange gains and higher interest expenses incurred resulting from the full drawdown of the P73.5 billion Syndicated Loan. 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 P0.201, representing a decline of 40% YoY.

Balance Sheet and Other Items

As of March 31, 2019, Bloomberry had a consolidated cash and cash equivalents balance of P37.143 billion. Total debt was P70.669 billion, which represents the current and non-current portions of the P73.5 billion Syndicated Loan issued in 2018. Total equity was P37.107 billion.

As of March 31, 2019, Bloomberry had P3.253 billion in gross receivables, 4% or P131 million higher than at the beginning of the year due to additional credit issuances. Receivables over 90 days increased by P29 million from the end of the previous quarter to P347 million. The Company made P29 million of additional provisions for bad debt in the first quarter.

On February 11, 2019, Bloomberry announced that it signed an Omnibus Loan and Security Agreement with a syndicate of local banks for a P40 billion Loan Facility. The proceeds of this facility will be used to fund the construction, pre-operating, and pre-opening cash requirements of Solaire North, the Company's planned integrated resort in Quezon City. As of March 31, 2019, the company has not drawn on this facility.

On March 21, 2019, Bloomberry's Board of Directors approved and declared a fifteen-centavo (P0.15) per share cash dividend to stockholders on record as of April 5, 2019. The dividend was paid on April 16, 2019.

Profile: Bloomberg Resorts Corporation

Bloomberg Resorts Corporation whose subsidiaries own and operate 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: Versace, 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.