

## **Bloomberry off to a strong start**

### **P3.3 billion swing to profitability**

#### **Highlights**

- Solaire generated new quarterly record VIP volume, mass table drop and electronic gaming machine (EGM) coin-in
- Consolidated gross gaming revenues (GGR) rose 40 percent year-on-year and two percent quarter-on-quarter to P10.716 billion
- Total expenses fell two percent year-on-year and 15 percent quarter-on-quarter to P6.446 billion
- Cash operating expenses declined 5 percent quarter-on-quarter to P5.44 billion
- EBITDA rose 161 percent year-on-year and 17 percent sequentially to P3.157 billion
- EBITDA would have increased by 249 percent year-on-year using the adjusted gaming tax structure in effect in 1H2016
- Hold-normalized EBITDA grew 78 percent year-on-year to P3.892 billion and is 23 percent larger than reported EBITDA
- Net profit of P2.153 billion, a P3.309 billion swing from the P1.156 billion loss 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, 2017, with new record VIP volume, mass table drop and EGM coin-in, all-time high revenues as well as a significant P3.309 billion year-on-year swing to profitability.

Enrique K. Razon Jr., Bloomberry chair and CEO, says: “We are very pleased that the turnaround and headway we experienced in 2016 continued to be felt in the first quarter of the year. We are convinced that this trending will go on for the rest of the year. Our programs on fund management, cost containment and customer engagement across the entire organization are reverting to us with winning points.”

In 1Q2017, Solaire’s VIP volume grew 35 percent year-on-year to post a new all-time high. VIP gross gaming revenues (GGR) grew 60 percent year-on-year

to its second-highest level since 2Q2016. Despite the VIP hold rate in 1Q2017 going down to 2.31 percent from 2.85 percent in 4Q2016, the strong 27 percent sequential growth in VIP volume was able to grow VIP GGR by two percent quarter-on-quarter.

Mass table drop and EGM coin-in generated strong year-on-year growth rates of 24 percent and 26 percent, 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 four percent and eight percent, respectively, from the previous quarter.

The strong year-on-year growth in VIP volume, mass table drop and EGM coin-in grew the Company's GGR by 40 percent year-on-year to P10.716 billion. Despite a sequential drop in VIP hold rates from 2.85 percent to 2.31 percent, Bloomberry's 1Q2017 GGR still managed to grow two percent quarter-on-quarter. While the Company's Korea operations only contributed around one percent of total GGR, Jeju Sun was able to generate a 153 percent year-on-year increase in GGR from P23 million in 1Q2016 to P59 million in the present quarter.

Promotional allowances and contra accounts grew 17 percent year-on-year to P2.904 billion, much slower than the 40 percent year-on-year increase in GGR. As a result, promotional allowances and contra accounts as a percentage of gross gaming revenues fell to 27.1 percent in 1Q2017 from 32.3 percent in the same period last year. Furthermore, the Company's Korean operations were able generate more gaming revenues with less promotional allowances on a year-on-year basis.

Non-gaming revenues in the quarter grew 41 percent to P786 million on a year-on-year basis and 19 percent sequentially. The successful showing of musical *Wicked* at The Theatre at Solaire during the quarter was one of the strong drivers of Solaire's non-gaming revenues. Hotel occupancy continued to further improve to 92.6 percent from 88.9 percent in the previous quarter and 84.9 percent in 1Q2016.

The Company's 1Q2017 total expenses fell two percent year-on-year and 15 percent quarter-on-quarter to P6.446 billion mainly due to substantial reversals in its Korean operations owing to foreign exchange gains generated during the quarter.

Bloomberry continued to benefit from continuing cost-containment initiatives and programs. Cash operating expenses declined five percent on a sequential basis to P5.44 billion. On a year-on-year basis, the Company's 1Q2017 cash operating expenses grew 25 percent but this increase was mainly due to the reversion of the gaming tax to its original structure implemented at the beginning of 3Q2016.

As of end-1Q2017, Bloomberry has P4.069 billion in gross receivables, 13 percent lower than at the beginning of the year. Receivables over 90 days remained essentially flat quarter-on-quarter at P1.736 billion 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 debt in the quarter.

The Company reported a 1Q2017 EBITDA of P3.157 billion, 161 percent higher than the P1.21 billion generated in the same period last year and 17 percent higher than the previous quarter's P2.697 billion. The EBITDA would have increased by 249 percent year-on-year using the adjusted gaming tax structure in effect in 1H2016. Helping the growth in Bloomberry's EBITDA was the 49 percent year-on-year reduction in the drag from its Korean operations from a negative EBITDA of P198 million in 1Q2016 to P101 million in 1Q2017.

Bloomberry's hold-normalized EBITDA grew 78 percent year-on-year to P3.892 billion from P2.114 billion in the same period last year. The 1Q2016 hold-normalized EBITDA is based on the original gaming tax structure to make an accurate year-on-year comparison. Due to a below normal VIP hold rate of 2.31 percent in 1Q2017, the hold-normalized EBITDA is 23 percent higher than the reported EBITDA of P3.157 billion.

Bloomberry reported P2.153 billion in net profits for the quarter, a substantial P3.309 billion swing from the P1.156 billion loss in the same period last year and nearly triple the P732 million in profits in 4Q2016. The Company's Korean operations reported their first ever profitable quarter with P324 million in profits although this was mainly due to foreign exchange gains.

Bloomberry reported Earnings per Share (EPS) of P0.195, a substantial turnaround from the P(0.105) in the same period last year and more than

double the P0.068 reported in 4Q2016.

The Sky Tower of Solaire Resorts and Casino was named five-star by Forbes Travel Guide in its Official 2017 Star Rating Announcement. This is the most prestigious accolade Solaire has received since Sky Tower opened in 2014.

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.