

Bloomberry 1H2018 profits hit P5.3 billion, up 29% YoY Solaire 2Q2018 net income remained flat at P2.1 billion

1H2018 Highlights

- Consolidated gross gaming revenues (GGR) of P26.133 billion was higher by 14% YoY
- Consolidated EBITDA increased by 22% to P8.285 billion from P6.8 billion
- Hold-normalized consolidated EBITDA of P7.599 billion, 10.4% higher YoY
- Consolidated net profit of P5.306 billion is highest reported six-month earnings since opening

2Q2018 Highlights

- Solaire generated new quarterly record mass table drop and electronic gaming machine (EGM) coin-in
- Consolidated GGR for the quarter was slightly higher by one percent YoY and 10% lower quarter-on-quarter to P12.387 billion due to lower than normal VIP hold rate of 2.49%
- Consolidated cash operating expenses rose 10% YoY to P6.837 billion
- Consolidated EBITDA grew three percent YoY to P3.748 billion and declined 17% quarter-on-quarter
- Hold-normalized consolidated EBITDA of P4.121 billion is 38% higher YoY
- Consolidated net profit of P1.616 billion is 18% lower YoY due to P513 million net loss from Korea including foreign exchange loss of P387 million. Solaire 2Q2018 profits was virtually flat at P2.129 billion despite higher financing cost

Bloomberry Resorts Corporation (BLOOM PM), owner and operator (through its subsidiaries) of the Solaire Resort & Casino and Jeju Sun Hotel & Casino, reported unaudited consolidated financial results for the quarter ended June 30, 2018, with Solaire reporting new record mass table drop and EGM coin-in, new all-time high GGR for Solaire's mass table and EGM gaming segments.

Enrique K. Razon Jr., Bloomberry chair and CEO, says: “We continue to make progress towards establishing a solid enterprise. Our fundamentals remain strong, and we look forward to a busy second half and end 2018 with robust full year results.”

In 2Q2018, Solaire’s VIP volume grew five percent YoY. Due to a lower 2.49% VIP hold rate compared to the previous quarter’s 3.61%, Solaire’s VIP GGR of P4.666 billion was 25% lower YoY.

On a cumulative basis, Solaire’s VIP volumes declined four percent to P384.256 billion while GGR grew four percent to P11.78 billion.

Mass table drop and EGM coin-in posted strong YoY growth rates of 21% and 19%, respectively, to also hit new record quarterly highs. In 2Q2018, Solaire generated P10.984 billion and P53.202 billion of mass table drop and EGM coin-in, respectively. On a sequential basis, Solaire’s mass gaming segment was able to maintain its momentum with its mass table drop and EGM coin-in growing 13% and two percent, respectively.

For 1H2018, Solaire’s mass table drop grew 19% to P20.733 billion while its EGM coin-in grew even faster at 21% to P105.228 billion.

Despite the 25% YoY decline in VIP GGR, the strong growth in Solaire’s mass table drop and EGM coin-in enabled the Company to grow its consolidated GGR by one percent YoY to P12.387 billion. On a year-to-date basis, Bloomberry’s GGR had grown 14% to P26.13 billion driven by the strong growth in mass segments’ volume and higher hold rates across all gaming segments.

The lower VIP GGR resulted in Bloomberry’s promotional allowances and contra accounts to contract by 12% quarter-on-quarter to P2.68 billion. As a percentage of gross gaming revenues, promotional allowances and contra accounts fell to 21.6% in 2Q2018 from 22.2% in the previous quarter.

For 1H2018, promotional allowances and contra accounts as a percentage of gross gaming revenues fell to 21.9% from 26.4% in the same time period last year.

Non-gaming revenues in the quarter grew 15% to P908.6 million on a YoY basis and 11% higher quarter-on-quarter. Solaire's hotel occupancy in 2Q2018 was 93.2%, broadly in line with the previous quarter and 2.5 percentage points higher than the 90.7% posted in the same quarter last year.

In the first two quarters of this year, Bloomberry's non-gaming revenues grew 9.4% to P1.724 billion driven mainly by higher frequency of productions in the Theatre at Solaire, the opening of more retail outlets at The Shoppes as well as improved hotel occupancy in both the Bay and Sky Towers. Average hotel occupancy in 1H2018 was 93.4%, a 1.8 percentage point improvement from the 91.6% rate reported for the same period last year.

Due to the solid performance of both its gaming and non-gaming segments in Solaire, and further enhanced by lower promotional allowance and contra accounts, Bloomberry's 2Q2018 net revenues grew eight percent YoY to P10.615 billion.

For 1H2018, Bloomberry reported 20% growth in its net revenues to P22.13 billion with Solaire reporting revenue growth of 21%.

The Company's 2Q2018 total expenses grew 14% on a YoY basis mainly due to gaming taxes, employee related expenses, outside services and charges, additional interest expense related to the new Syndicated Loan and the P305 million increase in the unrealized foreign exchange losses reported by its Korean operations. The proceeds of the new syndicated loan were used to retire previous debt facilities and finance the acquisition of PAGCOR land where Solaire and its expansion area is located in Entertainment City.

Bloomberry has been consistent in controlling its expenses by rolling out cost-containment initiatives and programs. Consolidated cash operating expenses declined by two percent quarter-on-quarter to P6.837 billion and compared to the same period last year, the Company's 2Q2018 cash operating expenses grew only 10% mainly because of employee related expenses, outside services and charges and higher gaming taxes coming from the mass gaming segments after registering record GGRs.

As of end-2Q2018, Bloomberry had P3.231 billion in gross receivables, 23% or P607 million higher than at the beginning of the year mainly due to additional credit issuances for the quarter. Receivables over 90 days

increased by P68 million from the previous quarter to P374 million. With higher receivable balance, the Company made an additional provision for bad debt of P29 million in 2Q2018.

The Company reported a 2Q2018 consolidated EBITDA of P3.748 billion, three percent higher YoY. For 1H2018, EBITDA from Solaire grew 23% to P8.485 billion. Meanwhile, Bloomberry's 1H2018 consolidated EBITDA grew by 22% to P8.285 billion.

Bloomberry reported a 2Q2018 hold-normalized consolidated EBITDA of P4.121 billion, 10% higher than the reported EBITDA of P3.748 billion due to a low VIP hold rate of 2.49% for the quarter. On a sequential basis, the hold-normalized EBITDA would have increased by 19% due to an above normal 3.61% VIP hold rate in 1Q2018 and essentially should have grown 38% YoY due to a 3.49% VIP hold rate in the same time period last year.

Bloomberry reported P1.616 billion in net profits for the quarter, 18% lower than the P1.959 billion reported in the same quarter last year due to the 125% increase in interest expense and higher foreign exchange losses from Korea. Despite the higher financing cost, the Philippine operation was able to match the reported profits of last year.

Inclusive of the previous quarter's record results, Bloomberry reported P5.306 billion in profits, 29% better than the P4.113 billion in profits reported in 1H2017 and breaking the record of highest six-month net profit ever reported by the Company.

Bloomberry reported Basic Earnings per Share (EPS) of P0.148, 17% lower YoY and 56% lower from the previous record quarter.

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

at Solaire, has recently rolled out the following luxury boutiques: Louis Vuitton, Prada, Bvlgari, Salvatore Ferragamo and Givenchy.

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