

## **Bloomberry 2Q2017 profits surge 47% to P1.96 billion 1H2017 profits hit P4.1 billion --- highest on record**

### **Highlights**

- Solaire generated new quarterly record mass table drop and electronic gaming machine (EGM) coin-in
- Consolidated gross gaming revenues (GGR) rose 16 percent year-on-year and 14 percent quarter-on-quarter to P12.216 billion – the highest since opening
- Consolidated cash operating expenses rose 14 percent quarter-on-quarter to P6.225 billion, at par with growth in GGR
- Consolidated EBITDA rose 15 percent quarter-on-quarter to P3.64 billion and grew 14 percent year-on-year by applying the original gaming tax (final gaming tax) structure on the 2Q2016 EBITDA
- Consolidated EBITDA for 1H2017 would have increased by 77 percent using the final gaming tax structure on the 1H2016 EBITDA.
- Hold-normalized consolidated EBITDA of P2.993 billion, 18 percent lower than the reported EBITDA and 34 percent higher year-on-year
- Consolidated 2Q2017 net profit of P1.959 billion, 47 percent higher year-on-year due to a 34 percent year-on-year improvement from Solaire and lower losses from Korea
- Bloomberry reported P4.113 billion in 1H2017 profits, 24x larger YoY

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 June 30, 2017, with Solaire reporting new record mass table drop and EGM coin-in, new all-time high GGR for Solaire's VIP, mass table and EGM gaming segments as well as substantial improvements in Jeju Sun.

Enrique K. Razon Jr., Bloomberry chair and CEO, says: "We are gratified to see the continuing results of our efforts to level up Solaire's game. There will be no let-up in these efforts. We are on track, and we will continue to focus on surpassing our previous achievements."

In 2Q2017, Solaire's VIP volume grew 14 percent year-on-year to post the second-highest ever recorded since its opening in 2013. Due to a higher 3.49

percent VIP hold rate compared to the previous quarter's 2.31 percent, Solaire achieved a new quarterly VIP GGR record of P6.228 billion, 21 percent higher quarter-on-quarter and nine percent higher year-on-year. On a cumulative basis, Solaire's VIP volumes grew 25 percent to P401.192 billion. Coupled with a 2.83 percent VIP hold rate in 1H2017, its VIP GGR grew 27 percent to P11.36 billion.

Mass table drop and EGM coin-in generated strong year-on-year growth rates of 20 percent and 29 percent, respectively, to also hit new record quarterly highs. In 2Q2017, Solaire generated P9.059 billion and P44.643 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 eight and five percent, respectively. For 1H2017, Solaire's mass table drop grew 22 percent to P17.42 billion while its EGM coin-in grew even faster at 28 percent to P86.997 billion.

The strong year-on-year growth in Solaire's VIP volume, mass table drop and EGM coin-in as well as a 21 percent year-on-year increase in Jeju Sun's GGR to P114 million, grew the Company's consolidated GGR by 16 percent year-on-year to P12.216 billion --- a new quarterly record. While Solaire's 2Q2017 VIP volumes fell 20 percent quarter-on-quarter due to high base effects, a sequential improvement in its VIP hold rates from 2.31 percent to 3.49 percent, continued positive sequential growth from the mass gaming segment as well as Jeju Sun nearly doubling its GGR quarter-on-quarter, brought a 14 percent quarter-on-quarter increase in Bloomberry's consolidated GGR. On a year-to-date basis, Bloomberry's GGR had grown 26 percent to P22.932 billion with Jeju Sun's GGR growing 47 percent and contributing P173 million to the total.

Despite more competition in the Philippines, Bloomberry's promotional allowances and contra accounts grew just eight percent quarter-on-quarter to P3.14 billion, slower than the 14 percent sequential increase in GGR. As a result, promotional allowances and contra accounts as a percentage of gross gaming revenues fell to 25.7 percent in 2Q2017 from 27.1 percent in the previous quarter. Moreover, Jeju Sun's strong 93 percent sequential increase in its 2Q2017 GGR was achieved with essentially the same amount of promotional allowance. For 1H2017, promotional allowances and contra accounts as a percentage of gross gaming revenues fell to 26.4 percent from 28.4 percent in the same time period last year.

Non-gaming revenues in the quarter grew 40 percent to P790 million on a year-on-year basis but were flat quarter-on-quarter. Solaire's over-all hotel occupancy in 2Q2017 was 90.7 percent, 1.9 percentage points lower than the 92.6 percent reported in the previous quarter but 7.3 percentage points better than the 83.4 percent hotel occupancy posted in the same quarter last year. In the first two quarters of this year, Bloomberry's non-gaming revenues grew 40 percent to P1.576 billion driven mainly by new shows in the Theatre at Solaire, the opening of The Shoppes at Solaire as well as improved hotel occupancy in both the Bay and Sky Towers. Average hotel occupancy in 1H2017 was 91.6 percent, a significant 7.4 percentage point improvement from the 84.2 percent rate reported for the same time period last year.

Due to the strong performance of both its gaming and non-gaming segments in Solaire as well as substantial improvements in Jeju Sun, Bloomberry's 2Q2017 revenues grew 15 percent sequentially and 18 percent year-on-year to P9.866 billion. While accounting for only two percent of total consolidated revenues, Jeju Sun reported a very significant 80 percent quarter-on-quarter growth in its revenues to P181 million. For 1H2017, Bloomberry reported a 31 percent growth in its revenues to P18.463 billion with Solaire and Jeju Sun reporting revenue growth of 30 percent and 81 percent, respectively.

The Company's 2Q2017 total expenses grew 23 percent on a sequential basis mainly due to its Korean operations where there was a swing to an unrealized P82 million foreign exchange loss from an unrealized P489 million foreign exchange gain in the previous quarter.

Bloomberry has not let up in its on-going cost-containment initiatives and programs. Consolidated cash operating expenses grew just 14 percent quarter-on-quarter to P6.225 billion with the Korean operations reporting a slight one percent sequential decline and lower by 14 percent on a year-on-year basis. Compared to the same period last year, the Company's 2Q2017 cash operating expenses grew 46 percent but this increase was mainly due to the reversion of the gaming tax to its original structure (final gaming tax) implemented at the beginning of 3Q2016. Cumulatively, cash operating expenses rose 35 percent to P11.665 billion and the bulk of that increase came from the reversion of the gaming tax to its original structure (final gaming tax) while the Company's Korean operations reported a 14 percent decline in its cash operating expenses for 1H2017.

As of end-2Q2017, Bloomberry had P4.507 billion in gross receivables, four percent lower than at the beginning of the year. Receivables over 90 days further declined by seven percent from the previous quarter to P1.620 billion and continue to remain fully provided for with a current allowance for doubtful accounts on the balance sheet. Similar to the previous quarter, the Company did not make any provisions for bad debt in 2Q2017.

The Company reported a 2Q2017 consolidated EBITDA of P3.64 billion, 15 percent higher than the previous quarter's P3.157 billion but 11 percent lower than the all-time high of P4.11 billion reported in the same period last year. Consolidated EBITDA grew 14 percent year-on-year by applying the final gaming tax structure on the 2Q2016 EBITDA. The drag from the Korean operation on Bloomberry's EBITDA had continued to decline with it down to P17 million, significant 83 percent quarter-on-quarter and 85 percent year-on-year reductions. For 1H2017, EBITDA from Solaire grew 23 percent to P6.914 billion but due to the 62 percent reduction in the drag from Korea down to P118 million, Bloomberry's consolidated EBITDA grew by 28 percent to P6.796 billion. By applying the final gaming tax structure to the 1H2016's EBITDA for an apples-to-apples comparison, the P6.796 billion in EBITDA would have grown 77 percent year-on-year. Table below for reference:

<i>In billions, except % change data</i>	2Q2017	2Q2016	% Change	1H2017	1H2016	% Change
EBITDA as reported	3.64	4.11	(11%)	6.80	5.32	28%
EBITDA using final tax structure	3.64	3.20	14%	6.80	3.84	77%

Bloomberry reported a 2Q2017 hold-normalized consolidated EBITDA of P2.993 billion, 18 percent lower than the reported EBITDA of P3.64 billion due to a high VIP hold rate of 3.49 percent for the quarter. On a sequential basis, the hold-normalized EBITDA would have fallen by 23 percent due to a below normal 2.31 percent VIP hold rate in 1Q2017 and 34 percent higher year-on-year.

Bloomberry reported P1.959 billion in net profits for the quarter, 47 percent higher than the P1.33 billion reported in the same quarter last year due to a 34 percent increase in profitability in its Philippine operations and lower losses from Korea. The net profits were lower by 9 percent on a quarter-on-quarter basis mainly due to the unrealized foreign exchange losses in the Company's Korean operations. Inclusive of the previous quarter's results, Bloomberry reported P4.113 billion in profits, 24x larger than the P174

million in profits reported in 1H2016 and the highest 1H profit ever reported by the Company.

Bloomberry reported Basic Earnings per Share (EPS) of P0.179, 47 percent higher year-on-year and eight percent lower from the previous quarter.

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