

## **Bloomberry 9M2018 profits reached P6.4 billion, up 8% YoY P1.1 billion 3Q2018 net income impacted by low VIP hold and higher interest charges**

### **9M2018 Highlights**

- Consolidated gross gaming revenues (GGR) of P38.038 billion was higher by 10% YoY
- Consolidated EBITDA increased by 12% to P11.468 billion from P10.236 billion
- Hold-normalized consolidated EBITDA of P12.034 billion was 16.5% higher YoY
- Consolidated net profit of P6.44 billion is highest reported nine-month earnings since property opening

### **3Q2018 Highlights**

- Solaire generated new quarterly record mass table drop and electronic gaming machine (EGM) coin-in
- VIP volume grew 10% YoY
- Consolidated GGR of P11.905 billion for the quarter was higher by 2% YoY and lower by 4% QoQ due to low VIP hold rate of 1.91%
- Consolidated cash operating expenses rose 8% YoY to P6.668 billion
- Consolidated EBITDA of P3.183 billion down 15% QoQ and 7% YoY
- Hold-normalized consolidated EBITDA of P4.435 billion is 29% higher YoY and P1.252 billion higher than the reported consolidated EBITDA
- Consolidated net profit of P1.134 billion is 39% lower YoY due to low VIP hold and higher interest charge

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 September 30, 2018, with Solaire reporting new record mass table drop and EGM coin-in and new all-time high GGR for Solaire's mass table and EGM gaming segments.

Enrique K. Razon Jr., Bloomberry chair and CEO, says: “I am heartened that we continually set new records in many aspects of our operation. It goes to show that we continuously try to outdo ourselves in our quest to make Solaire the country’s trendsetter for integrated resorts. I am confident of ending the year with similar stellar results.”

In 3Q2018, Solaire’s VIP volume is up by 10% YoY. Due to lower than normal 1.91% VIP hold rate compared to the prior year quarter’s 2.83%, Solaire’s VIP GGR of P3.983 billion was 26% lower YoY.

On a year-to-date basis, Solaire’s VIP volume was virtually flat at P592.753 billion while VIP GGR was down 6% to P15.759 billion.

Mass table drop and EGM coin-in posted strong YoY growth rates of 27% and 9%, respectively, to also hit new record quarterly highs. In 3Q2018, Solaire generated P12.266 billion and P54.314 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 12% and 2% respectively.

For 9M2018, Solaire’s mass table drop grew 22% to P32.998 billion while its EGM coin-in grew 17% to P159.543 billion.

The strong growth in Solaire’s 3Q2018 mass table drop and EGM coin-in enabled the Company to grow its consolidated GGR by 2% YoY to P11.711 billion despite the 26% YoY decline in VIP GGR. On a year-to-date basis, Solaire’s GGR had grown 10% to P37.741 billion.

The lower VIP GGR caused Bloomberry’s promotional allowances and contra accounts to contract by 2% year-on-year to P2.857 billion. As a percentage of gross gaming revenues, promotional allowances and contra accounts fell to 24.0% in 3Q2018 from 25% in the previous year.

For 9M2018, promotional allowances and contra accounts as a percentage of gross gaming revenues fell to 23% from 26.0% over the same period last year.

Non-gaming revenues in the quarter declined 10% to P803.5 million on a YoY basis and 12% lower QoQ mainly due to lower F&B covers. Solaire’s hotel occupancy in 3Q2018 was 91.7%, slightly lower than the previous quarter and

2.3 percentage points higher than the 89.4% posted in the same quarter last year.

In the first three quarters of this year, Bloomberry's non-gaming revenues grew 3% to P2.527 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 9M2018 was 92.8%, a 1.9 percentage point improvement from the 90.9% rate reported for the same period last year.

Bloomberry's 3Q2018 net revenues grew 3% YoY to P9.851 billion as a result of the robust performance of its mass gaming segments in Solaire and lower promo allowances and contra accounts.

For 9M2018, Bloomberry reported 14% growth in its net revenues to P31.981 billion with Solaire reporting the same net revenue growth of 14%.

Bloomberry has been consistent in controlling its expenses by rolling out cost-containment initiatives and programs. 3Q2018 consolidated cash operating expenses declined by 2% quarter-on-quarter to P6.668 billion. Compared to the same period last year, the Company's 3Q2018 cash operating expenses grew 8% mainly due to outside services and charges and higher gaming taxes coming from the mass gaming segments after registering record GGRs.

As of end-3Q2018, Bloomberry had P3.582 billion in gross receivables, 37% or P958 million higher than at the beginning of the year mainly due to additional credit issuances. Receivables over 90 days decreased by merely P19 million from the previous quarter to P356 million. Accordingly, the Company did not make any additional provision for bad debt in 3Q2018.

The Company's 3Q2018 consolidated EBITDA was P3.183 billion, 8% lower YoY, impacted by the low VIP hold rate of 1.91% for the quarter. For 9M2018, Bloomberry's consolidated EBITDA grew 12% to P11.468 billion.

On a hold-normalized basis, Bloomberry's 3Q2018 consolidated EBITDA was P4.435 billion, P1.252 billion higher than the reported consolidated EBITDA of P3.183 billion. Hold-normalized EBITDA would have increased by 8% and 29% on a sequential and YoY basis, respectively.

Bloomberry reported P1.134 billion in net profits for the quarter, 39% lower than the P1.852 billion reported in the same quarter last year due to lower EBITDA and a 159% increase in interest expense relating to the new Syndicated Loan. The proceeds of the new Syndicated Loan were used to retire previous debt facilities and finance the acquisition of land from PAGCOR where Solaire and its expansion area is located in Entertainment City.

Inclusive of the previous two quarter's results, Bloomberry reported P6.441 billion in profits, 8% higher than the P5.965 billion in profits reported in 9M2017.

Bloomberry reported Basic Earnings per Share (EPS) of P0.103, 39% lower YoY and 30% lower from the previous 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, features the following luxury boutiques: Louis Vuitton, Prada, Bvlgari, Salvatore Ferragamo, Givenchy, Y-3 (Adidas) and Luk Fook Jewelry.

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.