



30 June 2020 Full Year Results Presentation

31 August 2020

FY20 Overview

- **Pragmatic cost control strategy executed.**
 - Statutory loss of A\$58.95 million, a 70% improvement on the FY19 restated loss of A\$198.0 million. This includes an impairment charge of A\$50.5 million, with the underlying loss before the impairment charge of A\$8.4 million.
 - COVID-19 impacted FY20 resulting in revenue of A\$53.49 million (FY19: A \$86.3 million) and EBITDA of A\$10.34 million (FY19: A\$29.6 million).
 - EBITDA growth of 7% in H1 FY20 offset by COVID-19 travel restrictions during H2 FY20.
 - Casinos impacted by the significantly reduced foreign visitations due to border closures.
- **New Board and Executive team has executed a prudent cost control strategy to manage financial impacts from COVID-19.**
 - Non-Executive Chairman, two Executive Directors and two Non-Executive Directors joined the Board, bringing experience in business turnarounds, restructuring and performance management. In addition to new CFO appointed.
 - Operating expenses continue to be tightly controlled.
- **Successful settlement of all legal cases reached with Thai Vendor resulting in an outcome that preserves shareholder value.**
- **Support received from principal lender Mega Bank, with deferral of main repayments and waiver on covenants to December 2020.**
- **Aristo International Hotel is set to operate on a limited basis at management discretion for at least the short-term future as the Vietnam-China border remains closed, while DNA Star Vegas is currently closed as the Cambodia-Thailand border is closed.**
 - When COVID-19 conditions stabilise, Donaco will be ready for resumption of normal operations at Aristo and Star Vegas.
- **Balance Sheet protection.**
 - Successfully completed A\$14.41 million capital raising to provide immediate capital relief post-FY20.
 - Cash balance of A\$26.7 million pro forma post 30 June 2020.

Cost control strategy led by new Board and Executive team

- **Board Changes**

- Mel Ashton appointed Non-Executive Chairman, bringing over 37 years' experience across hospitality, property, banking and resources industries.
- Kurkye Wong and Leo Chan appointed as Executive Directors.
- Rod Sutton appointed Non-Executive Director, with over 25 years' experience in business advisory and management.
- Simon Vertullo appointed Non-Executive Director, bringing broad experience focusing on managing performance, risks and turnarounds.
- Following the completion of the capital raising post period end, Lee Bug Huy and Paul Porntat Amatavivadhana have joined as Non-Executive Directors.

- **Executive team**

- Gordon Lo appointed CFO. Prior to joining Donaco, Mr Lo held the CFO role at China Ruifeng Renewable Energy, a Hong Kong listed investment holding company.
- CEO search to replace Paul Arbuckle at final stages with appointment imminent.

FY20 Achievements

- **Successful settlement with Thai Vendor**

- On 17 April 2020, Donaco reached a pragmatic settlement with the Thai Vendor of the Star Vegas business in Cambodia.
- Settlement reached of all legal cases provides a stable platform for business continuity and long-term growth at Star Vegas.

- **Mega Bank – lender support received**

- On 12 June 2020, Donaco received a written waiver from Mega Bank deferring its US\$5 million principal payment due on 15 June 2020 to 31 December 2020.
- Mega Bank also granted a waiver on all June 2020 covenants until 31 December 2020, including that the aggregate amount of cash and cash equivalents investments of the Donaco group to not be less than AUD\$20 million at any time on or after 30 June 2020.
- The lender support received preserves shareholder value, secures agreeable lease terms and boosts Donaco's balance sheet at a critical time.

- **Internal controls and streamlining work processes**

- The Board and management team has continued to tighten control of operational and corporate expenses.

Capital raising to provide immediate business stabilisation

- **Financing**

- As a result of the border closure between China and Vietnam in January due to the outbreak of COVID-19, Donaco had to take measures in relation to its liquidity.
- To this extent, Donaco successfully completed a A\$14.41 underwritten rights issue post period end to provide immediate capital relief.
 - On the basis of 1 new share for every 2 existing shares at an issue price of \$0.035 per new share.
 - The funds were underwritten by Mr Lee Bug Huy and Lee Bug Tong who were able to provide the immediate capital needed.
 - This follows the successful settlement of all litigation matters with the Thai Vendor.
- **The financing provides Donaco with the ability to assist with the repayment of its US\$5 million principal payment to Mega Bank, and stabilise the Company's immediate financial position.**
 - The funds will also be used to make principal repayments of USD10 million (approximately AUD14.55 million) under the Company's facility with Mega Bank.
- **Further funding requirements will be needed in the short term for working capital purposes and to meet repayments and covenants under the Mega Bank facility.**
- **The capital injection bolster's Donaco cash position to A\$26.7 million pro forma post 30 June 2020.**
- **The Board and management will continue to tighten control over both operational and corporate expenses.**

Business impact from COVID-19

- **Operations**

- Donaco was severely affected by COVID-19 from the closure of the border between China and Vietnam limiting visitors to the casinos, which led to a drop in visitations by approx. 40% in FY20 compared to FY19:
 - Donaco posted a strong result for 1H FY20, with EBITDA of A\$13.8 million (1H FY19: A\$12.9 million), on the back of operational improvements at Aristo and DNA Star Vegas.
 - However, FY20 was significantly impacted by the onset of the COVID-19 pandemic during the second half and the subsequent restrictions on casino operations and border closures.
 - Star Vegas casino net revenue and EBITDA dropped 45% and 63% respectively in FY20 compared to the prior corresponding period.
 - Aristo net revenue fell 37% and EBITDA was down 54% in the FY20 compared to the prior corresponding period.
- **Both casinos were closed from 1 April 2020 as per the respective Governments' restrictions.**
 - Aristo has been allowed to reopen on 8 May 2020 but is operating on a very limited basis, as the border with China, where most of Aristo's patrons originate, remains closed.
 - The Star Vegas business in Cambodia is currently closed, as the border with Thailand, where most of the casino's patrons originate from is also currently closed.
 - The Board and management are focused on maintaining a tight control over operating costs whilst Chinese and overseas visitations remain reduced over coming months.

Current mitigating initiatives

- **Initiatives include:**

- Proactive cost control strategy at both casinos.
- Strict measures to reduce costs have included headcount redundancies.
- Monthly cash burn target of approx. US\$800,000 to US\$900,000 while the operations are at limited operating capacity.
- Once government restrictions are eased, and as visitations remain subdued, the casino businesses may need to operate at a level which is not at full operating capacity.
- Proper health and hygiene protocols are in place.
- Capital raise post period end provides immediate capital relief to the business.

Group Financial Performance Summary

All figures in AUD (millions)	FY20	FY19
Group Revenue	53.5	86.3
<i>Star Vegas</i>	39.7	64.7
<i>Aristo International Hotel</i>	13.7	21.6
<i>Corporate Operations</i>	0.0	0.0
EBITDA	10.3	29.6
<i>Star Vegas</i>	11.0	26.4
<i>Aristo International Hotel</i>	4.9	10.8
<i>Corporate Operations</i>	(5.5)	(7.7)
Statutory NPAT	(59.0)	(198.0)
Underlying NPAT¹	(6.3)	9.2

- Group revenue of A\$53.49m (FY19 A\$86.3 million).
- Group EBITDA of A\$10.34 million (FY19: A\$29.6 million).
- Donaco recorded a statutory net loss after tax of A\$58.95 million in FY20, a 70% improvement on the prior corresponding period.
- FY20's result was primarily due to a non-cash impairment charge of the Star Vegas casino license. This includes an impairment charge of A\$50.5 million, with the underlying loss before the impairment charge of A\$8.4 million driven by the lower business value of the casino based on valuation driven by the COVID-19 pandemic.

Non-Recurring Items

All figures in AUD (millions)	FY20	FY19
Star Vegas license impairment	(50.3)	(186.6)
Interactive gaming platform	-	(3.7)
Legal costs	(2.0)	(2.5)
Trade & other receivables	(0.2)	(13.8)
Net Exchange Gain/(Loss)	(0.1)	(0.6)
Total	(52.6)	(207.2)

- **FY20 Non-recurring items include:**
 - A\$50.3 million Star Vegas impairment loss related to casino license following from COVID-19 related reduction in earning capacity.
 - A\$2.0 million in non-recurring legal costs incurred in litigation process with Thai vendor.
 - A\$0.2 million write-off of trade & receivables
 - A\$0.1 million net foreign exchange loss.
- **FY19 Impairment on trade & other receivables A\$13.8 million included a prior year adjustment of A\$4.0 million.**

Group Balance Sheet

All figures in AUD (millions)	FY20	FY19	% Change
Cash and cash equivalents	12.6	26.6	-53%
PP&E	165.8	168.0	-1%
Intangibles (including licences)	29.9	77.6	-61%
Other Assets	3.0	5.5	-45%
Total Assets	211.4	277.6	-24%
Borrowings	28.2	35.9	-21%
Trade and other payables	44.9	47.5	-5%
Other liabilities	0.4	2.5	-84%
Net Assets	137.9	191.6	-28%

- Cash position of A\$26.7 million pro forma post 30 June 2020.
 - Borrowings reduced by 21%.
 - Support received from principal lender Mega Bank, with deferral of main repayments and waiver on covenants to December 2020.

Cash flow

All figures in AUD (millions)	FY20	FY19
Cash flow from Operations	(3.2)	25.6
Cash flow from Investing	(1.0)	(5.6)
Cash flow from Financing	(9.7)	(39.7)
Net Increase (decrease)	(13.9)	(18.9)
Cash at end of the year	12.6	26.6

- **Covid-19 impacted FY20 operating cash flow of (A\$3.2 million) compared to A\$26.5 million in FY19.**
 - Negative operating cash flow of A\$3.2 million mainly due to COVID-19 impact on H2 FY20 results
 - Aristo was temporarily closed from 1 April 2020 and has been allowed to open on 8 May 2020 although operating on a limited basis until conditions stabilise
 - DNA Star Vegas has been temporarily closed since 1 April 2020 and not likely to open soon depending on the reopening of borders
 - Cash outflow from financing of (\$9.7 million) relates to the Mega Bank principal repayment and interest on the Megabank loan.

Star Vegas – Profit & Loss

All figures in Thai Baht (millions)	FY20	FY19	% Change
Total Revenue	816.2	1,492.7	-45%
Net Gaming Revenue	747.8	1,368.5	-45%
Non-Gaming Revenue	68.4	124.2	-45%
Operating Expenses	(592.4)	(882.5)	-33%
EBITDA	223.8	610.2	-63%
Normalised EBITDA	52.3	741.8	-93%
Property Level NPAT	52.4	113.3	-54%
VIP Gross Win rate	3.45%	2.69%	

- VIP Turnover decreased by 45%, due to increased competition in Poipet and the emergence of unregulated gambling effecting the entire market.
- Improved junket and slot profit sharing arrangements put in place by new management were offset by lower visitation and turnover.
- Higher VIP win rate of 3.45% vs 2.69% in pcp.
- Gaming revenue fell 45%, due to impact from border closures from COVID-19
- Operating Expenses continued to be tightly controlled, down 33%.
- Property level EBITDA down 63%.
- The casino is currently closed as the Cambodia-Thailand border remains closed. When COVID-19 conditions stabilise, Donaco will be ready for resumption of operations at the casino.



(THB millions)	FY20	FY19
VIP Table Game Turnover	27,782	81,370
Gross Gaming Revenue – Table Games	1,162	2,595
Gross Gaming Revenue – Slot Machines	357	776
Net Gaming Revenue	748	1,369
Non-Gaming Revenue	68	124
VIP Gross Win Rate	3.45%	2.69%
Casino Visitors	0.95m	1.64m
Average Visitors / Day	3,471	4,494



- Star Vegas has been temporarily closed since 1 April 2020 in adherence to the Cambodian Government mandating the temporary closure of all casinos.
- The business is set to remain closed as the Cambodia-Thailand border remains closed.
- The closure caused a significant decrease in average daily visitations in FY20 compared to the prior corresponding period, which cascaded through to VIP turnover decreasing by 66% relative to FY19.
- Subsequently resulting in net revenue and EBITDA declining by 45% and 63% compared to the prior corresponding period.
- Operating expenses declined by 33% from FY19 as the Company proactively implemented cost reduction measures to minimise the COVID-19 financial impact.
- Donato will continue to carefully monitor the situation and local management will have discretion to tailor operations to local conditions.

Aristo International Hotel – Profit & Loss

All figures in RMB (millions)	FY20	FY19	% Change
Total Revenue	66.7	105.8	-37%
- Net Gaming Revenue	38.7	60.5	-36%
- Non-Gaming Revenue	28.0	45.3	-38%
Operating Expenses	42.5	52.5	-19%
EBITDA	24.2	52.2	-54%
Normalised EBITDA	40.8	81.5	-50%
Property Level NPAT	1.1	20.6	-95%
VIP Gross Win rate	2.32%	2.09%	

- Aristo was temporarily closed from 1 April 2020 in adherence to the Vietnam Government mandating the temporary closure of all casinos, and was allowed to reopen on 8 May 2020. However the casino operated through the rest of FY20 on a limited basis as the border with China remains closed.
- Average daily visitations in FY20 decreased by 40% visitors relative to FY19.
- Compared to the fiscal year prior, VIP turnover declined by 28%, net revenue by 37% and EBITDA by 54%.
- The COVID-19 impact on the FY20 result was mitigated by some extent as Aristo delivered a strong result for 1H FY20, with net gaming revenue up 42% and EBITDA up 71% compared to the prior corresponding period.
- Aristo remained cash flow positive from operations, as a result of the first half performance.
- As with Star Vegas, the Board and management team has implemented robust cost reduction measures which saw operating expenses fall by 19% from FY19.
- Aristo will continue to adapt to border changes with local management having the discretion to tailor operations to local conditions.

Aristo International Hotel – Key operational metrics



(RMB millions)	FY20	FY19
VIP Table Game Turnover	4,330	6,017
Main Hall Turnover	482	348
Gross Gaming Revenue – Table Games	128.3	175.1
Gross Gaming Revenue – Slot Machines	7.1	8.9
Net Gaming Revenue	38.7	60.5
Non-Gaming Revenue	28.0	45.3
VIP win rate	2.32%	2.09%
Casino Visitors	106,399	177,694
Average Visitors / Day	292	487

Outlook

- **Board and management continue to advance cost control strategy.**
 - Focus on maintaining a tight control over operating costs.
 - Donaco's operational and financial performance in FY21 will be closely aligned to the global COVID-19 condition.
 - New CEO appointment imminent to lead the business going forward.
- **Casinos are ready to reopen once the COVID-19 situation ameliorates.**
 - Star Vegas is anticipated to remain closed until the border with Thailand, where most of the casino's patrons originate from reopens.
 - Aristo to be managed tightly whilst Chinese visitation remains reduced over coming months.
 - The strong underlying earnings result for the first half of FY20 provides the Board with confidence that Donaco is pivoted for stabilisation of the business.
 - As borders across South East Asia reopen the situation is expected to improve in the region.
 - Donaco will continue to monitor the COVID-19 situation closely and implement measures to keep visitors and staff as safe as possible.
 - Donaco is ready to fully reopen when the situation ameliorates which will likely occur when borders reopen. The Company will update the market when there are significant changes to patron numbers which will likely be in conjunction with borders reopening.
- **Balance Sheet protection.**
 - Cash of A\$26.7 million pro forma post raise as of 30 June 2020, with capital raising conducted to provide immediate stabilisation of the business.



APPENDIX - FY20 Financial performance

Property Performance (Normalised and Actual)

All figures in AUD (millions)	FY20 Normalised			FY20 Actual		
	Star Vegas	Aristo	Total	Star Vegas	Aristo	Total
Total Revenue	30.7	17.3	48.0	39.7	13.7	53.4
- Net Gaming Revenue	27.4	11.7	39.1	36.4	8.1	44.5
- Non-Gaming Revenue	3.3	5.6	8.9	3.3	5.6	8.9
Operating Expenses	(29.4)	(8.9)	(38.3)	(29.4)	(8.9)	(38.3)
Property level EBITDA	2.0	8.5	10.5	11.0	4.9	15.9
Property level NPAT	(6.2)	3.1	(3.1)	2.8	0.2	3.0

Note: numbers may not add due to rounding

Currency Conversions:

1H19: 1 AUD = 0.7156 USD; 23.10 THB; 4.88 RMB

1H20: 1 AUD = 0.6714 USD; 20.83 THB; 4.72 RMB

FY20 – Group Financial Performance Summary

All figures in AUD	NORMALISED RESULTS			ACTUAL RESULTS		
	FY20	FY19	% Change	FY20	FY19	% Change
Operating Revenue	48.0	98.0	-51%	53.5	86.3	-28%
<u>Property Level EBITDA</u>	10.5	49.0	-79%	15.9	37.3	-57%
Corporate Costs	(5.5)	(7.7)	-29%	(5.5)	(7.7)	-29%
= Group EBITDA	4.9	41.2	-88%	10.3	29.6	-65%
Net Interest income and Finance costs	(4.0)	(6.4)	-38%	(4.0)	(6.4)	-38%
Non-recurring items	(52.6)	(207.2)	-75%	(52.6)	(207.2)	-75%
Depreciation & Amortisation	(10.2)	(10.1)	1%	(10.2)	(10.1)	1%
Income tax expense	(2.0)	(4.6)	-57%	(2.5)	(3.6)	-31%
Minority Interest	(0.0)	(0.2)	-100%	(0.0)	(0.2)	-100%
= Net Loss After Tax (incl. non-recurring items)	(63.9)	(183.3)	-66%	(59.0)	(198.0)	-70%
= Net Profit After Tax (excl. non-recurring items)	(11.3)	19.9	-157%	(6.3)	9.2	-169%

Notes:

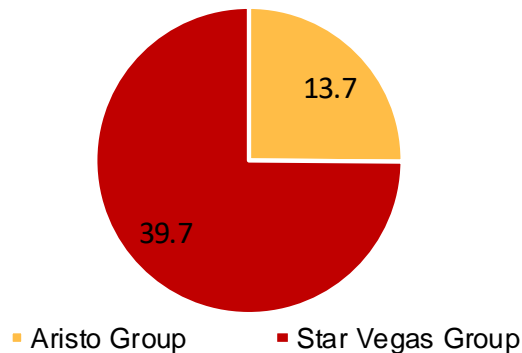
- numbers may not add due to rounding
 - non-recurring items of FY19 included a prior year adjustment of A\$4.0 million

Currency Conversions:

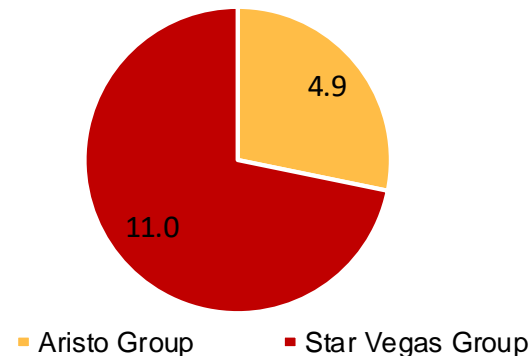
1H19: 1 AUD = 0.7156 USD; 23.10 THB; 4.88 RMB
 1H20: 1 AUD = 0.6714 USD; 20.83 THB; 4.72 RMB

Two strategically located leisure and entertainment businesses

FY20 Revenue (A\$ millions)



FY20 EBITDA (A\$ millions)



Star Vegas

- **Large and profitable Poipet casino hotel**
 - 385 guest rooms
 - Multiple restaurants, shops, health spa, pool
 - Non-gaming revenues growing
- **Substantial casino facilities**
 - 170 gaming tables, predominantly baccarat
 - 803 Electronic Gaming Machines (EGMs), of which 338 are owned outright and 465 under profit share deals
 - Wagering and online gaming licences

Aristo International Hotel

- **Five star luxury resort**
- **400 guest rooms; additional 28 rooms fitted out for recreational facilities (health spa and nightclub)**
- **Five restaurants, swimming pool, gym, spa, tennis courts**
- **Retail shop leases**
- **Boutique gaming facilities**
 - Multiple gaming tables, primarily baccarat
 - 44 electronic gaming machine positions, with 44 linked jackpot slot machines with license allowing up to 300 EGMs

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Normalised results adjust the revenue received from the VIP table games business, by applying a theoretical win rate of 2.85% to VIP rolling chip turnover. This provides a more accurate guide to the underlying operating performance of the VIP table games business, which can experience significant volatility over shorter periods. This is consistent with the practice of Asian listed gaming operators.