

ASX : DNA

asx release



30 January 2024

Donaco records positive EBITDA of \$5.06m in Q2 FY2024

Summary

- Donaco reports solid financial results in line with previous quarter (September Quarter), resulting in Group net revenue of A\$9.73m (September Quarter: A\$9.71m) and EBITDA of A\$5.06m (September Quarter: A\$5.73m).
- Stable visitation numbers following reduced border restrictions and government tourism campaigns.
- Aristo achieved improved revenue of A\$3.61m (September Quarter: A\$2.48m) and property level EBITDA of A\$2.24m (September Quarter: A\$1.22m).
- Further earnings growth expected in the near and long term, flowing from increased tourism activities in both regions.
- Cash position of A\$25.12 million as of 31 December 2023.

Donaco International Limited (“Donaco” or the “Company”) provides the following trading update for the quarter ended 31 December 2023 (**December Quarter**).

The December Quarter represented a period of stability for Donaco with group earnings and EBITDA in line with the September Quarter. Donaco’s visitation numbers have remained stable following increased tourism from China.

Solid results were reported in the December Quarter, with group net revenue of A\$9.73 million (September Quarter: A\$9.71m) and EBITDA of A\$5.06 million, slightly below the September Quarter’s A\$5.73 million.

DNA Star Vegas (**Star Vegas**) located in Cambodia, recorded net revenue of A\$6.12 million (September Quarter: A\$7.24m) and property level EBITDA of A\$3.61m (September Quarter: A\$5.11m) due to lower visitation.

Aristo International Hotel (**Aristo**) located in Vietnam near the Chinese border, continued to see an increase in revenue and EBITDA following the influx of tourism from China. Aristo recorded net revenue of A\$3.61 million, a 45% increase from the September Quarter’s A\$2.48 million and property level EBITDA of A\$2.24 million, an increase of 83% from the A\$1.22 million from the September Quarter.

Donaco has seen an increase in tourism for Aristo over the past 12 months as the borders with China have now fully reopened. This has allowed the Company to capitalise on increased daily visitation numbers to the region, with tourism expected to grow even further over the next 12 months.

The Company has maintained a rigorous approach to cost management and ended the period with a cash position of A\$25.12 million.

Payments to related parties of the entity and their associates were made during the December Quarter. In total, approximately A\$198k was paid to Directors and their associates for salaries and contracted services.

Donaco’s Non-Executive Chairman, Mr Porntat Amatavivadhana, commented:

“The December Quarter for Donaco represented a period of stringent financial management as the Company continues to report robust financial and visitation numbers.

Aristo outperformed expectations, resulting in considerable net revenue and property level EBITDA growth, and high levels of tourism coming back to the region following the reopening of borders between China and Vietnam.

The tourism campaign recently launched by the Cambodian Government has also been successful, leading to increased visitation from Thailand over the past three months.

After a promising first half of FY2024, I am optimistic about the remainder of the financial year as our operations continue to strengthen over the coming months. I am confident that Donaco will continue to leverage the rise in tourism to the region, and that our turnaround strategy will deliver solid results.”

Outlook

Donaco has continued to navigate challenges and improve its financial stability. The Company’s balance sheet remains robust and Donaco is well positioned for growth over the next 12 months.

The Company is seeing stable visitation numbers from international tourism at its operations, strategically situated near the Chinese and Cambodia-Thailand borders.

Aristo is set to see increased tourism in 2025 following the opening of the Sapa airport in Lao Cai, located near the Aristo operation. Once opened, the airport is projected to increase visitation to the region by up to 1.5 million passengers annually, providing an influx of tourism.

The major tourism campaign launched by the Cambodian Government has positively impacted operations at Star Vegas, with stable visitation numbers over the quarter.

Corporate

Donaco’s Annual General Meeting was held on 24 November 2023 in Sydney. All resolutions were successfully carried by way of a poll at the meeting.

Financial Performance

The following update compares the December Quarter to the September Quarter, as well as the quarter ended December 2022, and is based on unaudited management accounts and quoted in Australian dollars.

DNA Star Vegas

DNA Star Vegas, situated on the Cambodia-Thailand border, has performed in line with the September quarter.

DNA Star Vegas	December Quarter 2023	September Quarter 2023	December Quarter 2022
Rolling Chip VIP Turnover	AUD 17.49m	AUD 41.78m	AUD 11.44m
Net Revenue	AUD 6.12m	AUD 7.24m	AUD 5.12m
Operating expenses	AUD 2.51m	AUD 2.13m	AUD 2.43m
Property level EBITDA	AUD 3.61m	AUD 5.11m	AUD 2.69m
Average daily visitation	861 players	920 players	841 players
VIP win rate	2.36%	3.87%	6.72%

Currency Conversions: December Quarter 2023 1.5323AUD/USD; September Quarter 2023 1.5279AUD/USD; December Quarter 2022 1.4914 AUD/USD.

Aristo International Hotel

Aristo, based in Vietnam, and situated near the border with China, benefitted from international tourism in the period.

Aristo International Hotel	December Quarter 2023	September Quarter 2023	December Quarter 2022
Rolling Chip VIP Turnover	AUD 307.66m	AUD 287.74m	AUD 11.08m
Net Revenue	AUD 3.61m	AUD 2.48m	AUD 0.19m
Operating expenses	AUD 1.37m	AUD 1.25m	AUD 0.46m
Property level EBITDA	AUD 2.24m	AUD 1.22m	(AUD 0.27m)
Average daily visitation	258 players	242 players	8 players
VIP win rate	2.23%	1.73%	3.40%

Currency Conversions: December Quarter 2023 1.5323AUD/USD; September Quarter 2023 1.5279AUD/USD; December Quarter 2022 1.4914 AUD/USD.

Group Summary

DNA Group	December Quarter 2023	September Quarter 2023	December Quarter 2022
Rolling Chip VIP Turnover	AUD 325.15m	AUD 329.52m	AUD 22.52m
Net Revenue	AUD 9.73m	AUD 9.71m	AUD 5.30m
Operating expenses	AUD 3.88m	AUD 3.38m	AUD 2.89m
Property level EBITDA	AUD 5.85m	AUD 6.33m	AUD 2.41m
Corporate Costs	AUD 0.79m	AUD 0.60m	AUD 0.63m
Group EBITDA	AUD 5.06m	AUD 5.73m	AUD 1.78m

Currency Conversions: December Quarter 2023 1.5323AUD/USD; September Quarter 2023 1.5279AUD/USD; December Quarter 2022 1.4914 AUD/USD.

[ENDS]

Authorised for release by the Board.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Donaco International Limited

ABN

28 007 424 777

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	11,322	22,158
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(2,165)	(3,606)
(c) advertising and marketing	(144)	(328)
(d) leased assets		
(e) staff costs	(3,172)	(4,294)
(f) administration and corporate costs	(2,346)	(4,194)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	(457)	(1,010)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	3,038	8,726
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(59)	(84)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(59)	(84)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	513	1,034
3.6	Repayment of borrowings	(513)	(1,034)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	22,020	16,724
4.2	Net cash from / (used in) operating activities (item 1.9 above)	3,038	8,726
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(59)	(84)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
4.5	Effect of movement in exchange rates on cash held	123	(244)
4.6	Cash and cash equivalents at end of period	25,122	25,122

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	25,122	25,122
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	25,122	25,122

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	198
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	18,713	17,763
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		950
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	<p>Lender 1 (unsecured loan) Name: Lee Bug Huy Interest rate: 6.00% Maturity term: 22 July 2027</p> <p>Lender 2 (unsecured loan) Name: Lee Bug Huy Interest rate: 6.00% Maturity term: 13 May 2026</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	3,038
8.2 Cash and cash equivalents at quarter end (item 4.6)	25,122
8.3 Unused finance facilities available at quarter end (item 7.5)	950
8.4 Total available funding (item 8.2 + item 8.3)	26,072
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 January 2024

Authorised by: Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.