



# 1H FY21 Investor Presentation

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# 1H FY21 in Review

## Noticeable improvement with return to positive EBITDA

- Return to positive EBITDA of A\$2.7 million for the final three months of the year, leading to 1H FY21 EBITDA of \$0.2 million.
- Result was achieved by the execution of a number of strategic initiatives driven by the new Board and management team to weather the impact from COVID-19.
- Rigorous cost control strategy executed underpinned by strengthened balance sheet.
- Donaco remains vigilant on COVID-19 impact as DNA Star Vegas and Aristo International Hotel continue to operate on a limited basis.
- Positive long-term business outlook with proliferation of vaccines globally, and with vaccinations commencing in 2H FY21 across South-East Asia.

***Recent strategic initiatives resulted in three months of positive EBITDA for October, November and December 2020***

# 1H FY21 Achievements

## 1. Strategic initiatives and cost control executed to preserve Star Vegas and Aristo

- As a result of border closures and subsequent drop in foreign visitations, Donaco implemented a shift in customer targeting with renewed focus on clientele from the local region to reduce international staff expenses.
- Reached monthly cash burn target of approx. US\$800,000- US\$900,000 while the business is at limited operating capacity.
- Adjusted service provider agreements for improved outcomes; i.e. restructured gaming machine arrangements, introduced retail outlets and reorganised arrangements with junket operators.
- Conducted A\$14.41 million capital raise to provide immediate capital relief and facilitate repayments with Mega Bank.

## 2. Successful settlement of all legal cases with Thai Vendor in relation to Star Vegas

- Follows the approval received from Mega Bank.
- Settlement provides a stable platform for business continuity and long-term growth at Star Vegas.
- The settlement led to Donaco recording a non-cash income of A\$52.6 million.
- Outcome preserves shareholder value.

## 3. Mega Bank debt decreased

- Debt reduced to US\$7.8 million from US\$17.8 million at 30 June 2020.
- On track to pay down all remaining debt with Mega Bank in FY21.
- While reducing its debt, Donaco retained robust cash at bank of A\$12.7 million at 31 December 2020.

## 4. Completed Board and Executive team renewal strategy

- Highly experienced Board and Executive team in place.
- New CEO appointed to lead the business while advancing disciplined strategy.



# 1H FY21 Group Results

# 1H FY21 Group Result Summary

- Positive EBITDA in each of the final three months of the half year, equating to A\$2.7 million, and resulting in Group EBITDA of A\$0.2 million (1H FY20: A\$13.8 million)
- EBITDA improvement driven by strategic initiatives executed and proactive cost control strategy to navigate through the pandemic.
- Revenue of A\$6.3 million (1H FY20: A\$40.9 million) impacted by COVID-19 related border closures.
- Disciplined cost control management led to a reduction in operating expenses to A\$4.1 million (1H FY20: A\$24.6 million) and corporate costs to A\$2.0 million (1H FY20: A\$2.5 million).
- Statutory net profit after tax of A\$42.5 million in 1H FY21, as a result of the non-competition settlement in relation to Star Vegas, compared to A\$1.5 million loss in pcp.

All figures in AUD (millions)	1H FY21	1H FY20
<b>Group Revenue</b>	6.3	40.9
<i>Star Vegas</i>	5.7	30.6
<i>Aristo International Hotel</i>	0.6	10.3
<i>Corporate Operations</i>	0.0	0.0
<b>EBITDA</b>	0.2	13.8
<i>Star Vegas</i>	2.9	11.7
<i>Aristo International Hotel</i>	(0.7)	4.6
<i>Corporate Operations</i>	(2.0)	(2.5)
<b>Statutory NPAT</b>	42.5	(1.5)
<b>Underlying NPAT<sup>1</sup></b>	(5.7)	4.3

1. 1H21 Underlying NPAT excludes non-recurring items and net exchange losses.

# Non-Recurring Items

- 1H FY21 Non-recurring items include:
  - A\$52.6 million settlement proceeds relating to non-competition and non-solicitation clauses in the Share Sale Agreement.
  - A\$4.2 million interest expense on the settlement.
  - A\$0.2 million in non-recurring legal costs relating to litigation matters and loan refinancing.
  - A\$0.1 million write-off of trade & receivables.
  - A\$14,906 net foreign exchange loss.
  - DNA Star Vegas license was not impaired for 1HFY21.
- Non-cash income of A\$52.6 million from Star Vegas settlement, equating to a net positive outcome of A\$48.4 million.

All figures in AUD (millions)	1H FY21	1H FY20
Star Vegas license impairment	-	(4.0)
Settlement proceeds	52.6	-
Settlement interest	(4.2)	-
Legal costs	(0.2)	(1.1)
Trade & other receivables	(0.1)	(0.6)
Net Exchange Gain/(Loss)	(0.0)	(0.1)
<b>Total</b>	<b>48.2</b>	<b>(5.8)</b>

# Group Balance Sheet

- Cash position of A\$12.7 million as at 31 Dec 2020.
- Net debt to equity significantly reduced to -0.5% from 1.5% previously, with Mega Bank debt decreased to USD\$7.8 million as at 31 Dec 2020 (equivalent to A\$10.1 million), and cash and cash equivalents higher than borrowings resulting in negative net debt as at 31 Dec 2020.
- Mega Bank also waived the requirement to test interest cover and debt ratio covenants as at 31 December, and will only require testing as at 30 June. There are therefore no remaining effective interest cover and debt ratio covenants, assuming Donaco will make the last payment by June 2021.
- Continued cost control measures in place - with cash burn of approx. USD\$700,000 per month, in line with targeted range.
- Focus on balance sheet protection and rigorous capital management.

All figures in AUD (millions)	31 Dec 2020	30 June 2020	% Change
Cash and cash equivalents	12.7	12.6	0.8%
PP&E	175.8	165.8	6.0%
Intangibles (including licenses)	27.1	29.9	-9.4%
Other Assets	3.5	3.0	16.7%
<b>Total Assets</b>	<b>219.1</b>	<b>211.4</b>	<b>3.6%</b>
Borrowings	11.8	28.2	-58.2%
Trade and other payables	28.0	44.9	-37.6%
Other liabilities	0.1	0.4	-75.0%
<b>Net Assets</b>	<b>179.2</b>	<b>137.9</b>	<b>29.9%</b>

# Cash flow

- As a result of COVID-19 impacts, operating cash flow has reduced to A\$1.4 million compared to A\$7.6 million in pcp.
- Donaco continues to produce positive operating cash flow despite lower visitation at Star Vegas and Aristo.
- Cash outflow from financing of A\$0.7 million includes A\$14.4 million proceeds from share issue and A\$14.9 million repayment of borrowings (A\$13.8 million Mega Bank repayment and A\$1.1 million Lao Cai local bank loan repayment).

All figures in AUD (millions)	1H FY21	1H FY20
Cash flow from Operations	1.4	7.6
Cash flow from Investing	(0.2)	(0.9)
Cash flow from Financing	(0.6)	(8.9)
<b>Net Increase (decrease)</b>	0.7	(2.2)
<b>Cash at end of the financial half-year</b>	12.7	24.9





# Star Vegas – Profit & Loss

- Operating expenses continued to be tightly controlled while the casino was closed for almost six months (from April to September 2020). This resulted in net revenue decline of 81.4% compared to pcp.
- Average daily visitations reduced by 92.6% in 1H FY21 vs pcp, which cascaded through to VIP turnover declining by 87.1%, however, VIP Win Rate increased 1.25%.
- Donaco's proactive cost control measures led to a reduction in operational expenses by 85.3%.
- Facilitating positive EBITDA of AUD\$2.9 million.

All figures in AUD (millions)	1H FY21	1H FY20	% Change
<b>Total Revenue</b>	5.7	30.6	-81.4
- Net Gaming Revenue	5.6	25.4	-78.0
- Non-Gaming Revenue	0.1	5.2	-98.1
<b>Operating Expenses (excl. non-recurring items)</b>	(2.8)	(19.0)	-85.3
<b>EBITDA (excl. non-recurring items)</b>	2.9	11.7	-75.2
<b>Normalised EBITDA (excl. non-recurring items)</b>	0.2	4.6	-95.7
<b>Property Level NPAT</b>	(3.7)	6.8	-154.6
VIP Gross Win Rate	4.77%	3.52%	35%

# Star Vegas – Key operational metrics

- Star Vegas in Cambodia reopened on 25 September 2020 following Government approval after being closed from 1 April 2020.
- A COVID-19 outbreak around the broader regional area emerged in January 2021. Star Vegas remains open at limited capacity, with additional protocols in place to minimise the risk of the virus, but the outbreak has impacted visitation numbers, which the Company forecasts will subsequently affect revenue and EBITDA.
- Donaco anticipates the short-term impact will be outweighed by the positive long-term outlook, as the proliferation of COVID-19 vaccines rapidly grows globally during 2H FY21.



All figures in AUD (millions)	1H FY21	1H FY20
VIP Table Game Turnover	133.4	1,037.5
Gross Gaming Revenue – Table Games	7.1	43.9
Gross Gaming Revenue – Slot Machines	2.7	12.9
Net Gaming Revenue	5.6	25.4
Non-Gaming Revenue	0.1	5.2
VIP Gross Win Rate	4.77%	3.52%
Casino Visitors	0.05m	0.72m
Average Visitors / Day	289	3,914

## Aristo International Hotel – Profit & Loss

- The casino was affected by the drop in foreign visitors as the border with China remains closed.
- Average daily visitations reduced by 97.5%, VIP turnover by 96.2% and net revenue by 94.1%.
- As with Star Vegas, management implemented robust cost control measures which saw operating expenses decrease by 77.0% from pcp. The drop of revenue due from the significant fall in visitation numbers, resulted in an EBITDA loss.

All figures in AUD (millions)	1H FY21	1H FY20	%Change
<b>Total Revenue</b>	0.6	10.3	-94.1
- Net Gaming Revenue	0.4	5.5	-92.6
- Non-Gaming Revenue	0.2	4.7	-95.8
<b>Operating Expenses (excl. non-recurring items)</b>	(1.3)	(5.6)	-77.0
<b>EBITDA (excl. non-recurring items)</b>	(0.7)	4.6	-114.9
<b>Normalised EBITDA (excl. non-recurring items)</b>	(0.5)	8.3	-106.2
<b>Property Level NPAT</b>	(2.5)	1.9	-232.6
VIP Gross Win Rate	1.88%	2.15%	-12%

# Aristo International Hotel – Key operational metrics

- Following approval from the relevant government authorities, Aristo in Vietnam reopened on 8 May 2020 after being closed from 1 April 2020.
- The business continues to operate on a limited basis.



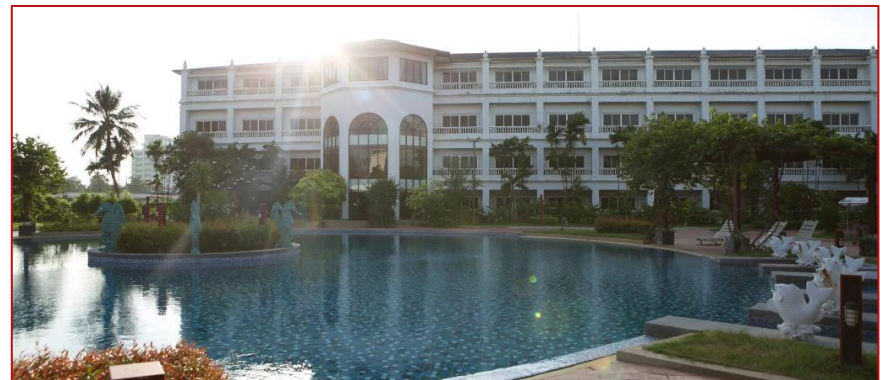
All figures in AUD (millions)	1H FY21	1H FY20
VIP Table Game Turnover	26.0	682.3
Main Hall Turnover	11.1	82.0
Gross Gaming Revenue – Table Games	1.1	19.5
Gross Gaming Revenue – Slot Machines	0.0	1.1
Net Gaming Revenue	0.4	5.5
Non-Gaming Revenue	0.2	4.7
VIP Gross Win Rate	1.88%	2.15%
Casino Visitors	2,175	89,787
Average Visitors / Day	12	488



# Outlook

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- Strategy for 2H FY21 will build on Donaco’s pragmatic initiatives, including the shift towards clientele from local region.
  - Conservative approach as casinos remain open at limited capacity.
  - Also proactively exploring alternative options to access the gaming market.
- Continued focus on balance sheet protection and cost control to mitigate the impacts from COVID-19.
  - On track to repay all remaining debt with Mega Bank in FY21.
- The COVID-19 outbreak around the broader regional area of Star Vegas in January 2021 will likely affect near term revenue and EBITDA.
- Donaco anticipates the short-term impact of COVID-19 will be outweighed by the positive long-term outlook, as vaccinations commence in South-East Asia during 2H FY21.
- Donaco has done everything to fix what had to be fixed and managed internally; and is now ready to move forward once the COVID-19 situation improves.





# Questions

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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.**