MONTE-CARLO
SOCIÉTÉ DES BAINS DE MER

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ET DU CERCLE DES ETRANGERS A MONACO

Société anonyme monégasque au capital de 24 516 661 €.
Siège social : Monte-Carlo - Place du Casino, Principauté de Monaco.
R.C.S. : Monaco 56 S 523 - Siren : 775 751 878.

Consolidated income 2016/2017

(Period from 1 April 2016 to 31 March 2017)

- **Consolidated revenue of €458.8 million compared with €461.4 million in the previous year**
  - **gaming revenue down 6%, with an unfavourable trend in table games and, to a lesser extent, in slot machines**
  - **hotel sector holding up well, despite the reduced capacity of the Hotel de Paris during construction work**
  - **leasing revenue up 9%, due in particular to the leasing of new commercial spaces**
- **Operating loss of €32.8 million compared with €31 million during the previous year, due to decreased activity in the gaming sector combined with the impact of renovation work at the Hotel de Paris and the costs involved in the new table game and slot machine collective agreements**
- **Net consolidated loss of €36.4 million compared to a loss of €29.1 million for the fiscal year 2015/2016 with:**
  - **a deterioration in Betclic Everest Group's revenue resulting in a share in the Group's net loss of €4.2 million for the fiscal year compared with a share in net profit of €2 million last year**

At its meeting held on June 13, 2017, the Board of Directors of the Société des Bains de Mer approved the annual accounts for fiscal year 2016/2017, prepared in accordance with international accounting principles IFRS.

In millions of euros	2015/2016	2016/2017
Consolidated revenue	461.4	458.8
Operating income	- 31.0	- 32.8
Financial result	0	0.7
BEG equity method & minority interests	1.9	- 4.3
Net result (Group share)	- 29.1	- 36.4

- **Operating loss of €32.8 million compared to a deficit of €31 million during the previous year, due to decreased activity in the gaming sector combined with the impact of renovation work at the Hotel de Paris and the costs involved in the new table game and slot machine collective agreements**

During the fiscal year 2016/2017, the Group reported consolidated revenue of €458.8 million compared to €461.4 million in 2015/2016. The decline in activity observed in the gaming sector was partially offset by the increase in the hotel and leasing sectors. It is worth noting that the hotel sector is still significantly impacted by the loss of revenue resulting from the renovation work at the Hotel de Paris.

The **gaming** sector reported revenue of €201.7 million compared with €213.6 million in 2015/2016, a decrease of 6%. This trend is primarily due to a decrease in table game, with cumulated revenues which fell by 9% over the year. Despite increase in the number of players for table games, a reduction in bettings was noted for cumulated establishments. Revenue from slot machines also fell by 3%. This trend contrasts with the increase of 11% recorded in 2015/2016 and is the result of a payout ratio more favourable to players.

Hotel revenue was €218.5 million compared to €213.2 million in 2015/2016. The hotel sector has thus demonstrated good resilience, despite the reduced capacity of the Hotel de Paris during renovation work and the impact of the tragic events which occurred in Nice. This favourable trend, despite reduced results in August, particularly in terms of visitor numbers, is due to improved activity at the Monte-Carlo Bay Hotel and the Hotel de Paris. In addition, the impact of the change to a fixed compensation for several restaurant employees, who previously received a percentage of the service charge, resulted in a nearly €4 million increase in revenue.

The **leasing** sector, which combines boutiques and office leasing together with the activities of the Monte-Carlo Bay and Balmoral residences and the new villas du Sporting, reported consolidated revenue of €39.4 million, an increase of 9% compared to previous year. This increase is the result of leasing out new spaces.

Finally, other activities reported consolidated revenue of €14.3 million, compared to €13.6 million last year.

S.B.M. Group **operating result** is a deficit of €32.8 million compared to a loss of €31 million during the previous fiscal year.

This deficit is still primarily linked to the Hotel de Paris renovation project, which had an unfavourable impact on operating income of nearly €17 million over the fiscal year, equals to that in 2015/2016. The operating losses due to the reduced accommodation capacity are, however, in accordance with forecasts, which projected operating losses exceeding €50 million over the total duration of the works.

Operating income also continues to be affected by the impact of new table game and slot machine collective agreements, which resulted in additional costs of €10.1 million during 2016/2017, compared to €11.3 million the previous year.

Furthermore, the unfavourable trend in gaming sector revenue has been reflected in reduced income from this sector which has not been entirely offset by improved operating income in the leasing sector and other activities.

- **Financial result was positive, but share in Betclic Everest Group's net loss**

Financial result for the fiscal year 2016/2017 was €0.7 million, compared with a balanced financial result in 2015/2016.

Equity-accounting consolidation of Betclic Everest Group, an on-line gaming group in which the Group has a 50% stake, requires the recognition 50% of its net income for the period in question, resulting in a loss of €4.2 million compared to a positive share of €2 million last year. While Betclic Everest Group benefitted from an increase in gross gaming revenue of 16%, with the opening of new markets and the favourable impact of the European Football Championship, the substantial increase in taxes and the significant marketing costs involved for previous mentioned event led to a reduced net income compared to previous year.

- **Net result**

Net consolidated loss (Group share) was -€36.4 million compared to -€29.1 million for fiscal year 2015/2016.

- **Financial structure and capital expenditure**

In terms of financial structure, the equity - Group share amounted to €639.2 million as of March 31, 2017, compared to €655.8 million at the end of the previous fiscal year.

At the end of March 2017, the Group's cash position net of financial indebtedness was positive at €94, compared to a positive position of €187 million as of March 31, 2016.

In order to ensure the financing of its two major investment projects – full renovation of the Hotel de Paris and the One Monte-Carlo real estate project – the Group secured bank financing on January 31. Totalling €230 million, these credit facilities allow the Group to withdraw funds in instalments until January 31, 2019. The sums used by that date will then be repaid over time, with the final repayment set for January 31, 2024. As of 31 March 2017, no funds had been withdrawn through these facilities.

The pursuit of the capital expenditure program represented a cash outflow of €111.9 million over the fiscal year compared to €77.8 million in 2015/2016.

Additionally, the Group received €10.5 million for leasehold rights relating to the future boutique spaces planned as part of its real estate development in the heart of Monte-Carlo..

- **Trends in activity for the first two months of 2017/2018 fiscal year**

The activity observed since April 1, 2017 has seen a slight increase compared with the trends noted last year.

It should be noted that the gaming sector recorded a difficult beginning to the fiscal year last year, notably due to table game activity, which a lower number of players and events below expectations. Table game revenue was therefore up during the first two months of the new fiscal year, and slot machine receipts have also increased.

Overall, revenue in the hotel sector is very close to the good level of activity recorded at the same time last year, and should benefit from the gradual reopening of rooms in the Rotonde and Alice wings of the Hotel de Paris over the coming months.

However, the random and seasonal natures of activities do not permit to give forecasts for the entire financial year.

Audit of the accounts at the time of this press release

Audit procedures on the consolidated accounts have been completed. The certification report will be issued following verification of the management report and finalisation of the procedures required regarding publication of the annual financial report.

Monaco, June 13, 2017

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