SOCIETE DES BAINS DE MER

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 2017/2018

(Period from 1 April 2017 to 31 March 2018)

- **2017/2018 revenues up to €474.6 million, compared to €458.8 million last year:**
  - **stability of the gaming revenue**
  - **increase of over 7% of the hotel revenue**
  - **increase of 4% of the rental revenue**
- **Operating loss of -€27.1 million compared to an operating loss of -€32.8 million during the previous year, i.e. an improvement of €5.7 million**
- **Significant improvement in consolidated net income, with a net consolidated loss of -€14.6 million compared to a net consolidated loss of -€36.4 million for the fiscal year 2016/2017, i.e. a reduction of €21.8 million of the consolidated net loss, thanks to a strong improvement in the performance of Betclic Everest Group, with a share in net profit of €12.5 million for the fiscal year, compared to a net loss of -€4.2 million last year**

At its meeting held on June 19, 2018, the Board of Directors of the Société des Bains de Mer approved the annual accounts for the fiscal year 2017/2018, prepared in accordance with international accounting principles IFRS.

In millions of euros	2016/2017	2017/2018
Consolidated Revenue	458.8	474.6
Operating income	- 32.8	- 27.1
Financial result	0.7	0.2
BEG equity method & minority interests	- 4.3	12.4
Net result (Group share)	- 36.4	- 14.6

- **Operating loss of -€27.1 million compared to an operating loss of -€32.8 million last year, an improvement of €5.7 million, but still impacted by the renovation work at the Hotel de Paris and the costs involved in the new table game and slot machine collective agreements**

Société des Bains de Mer and its subsidiaries reported consolidated revenue of €474.6 million for the fiscal year 2017/2018, compared to €458.8 million in 2016/2017, an improvement of 3%. The increase of €15.8 million is due to improved revenues in the hotel sector, and to a lesser extent in the rental sector.

The **gaming** sector reported revenue of €200.7 million, as compared to €201.7 million in 2016/2017. However, that overall stability hides varying trends between the different activities. Revenue from slot machines grew by 7% and revenue from table games at Casino Monte-Carlo by 21%, those increases offsetting the decline in revenue from table games at Casino Café de Paris and Sun Casino.

Hotel revenue was €234.7 million, compared to €218.5 million in 2016/2017. This favourable trend is due to improved activity at the Hotel de Paris, and continued better activity at the Monte-Carlo Bay Hotel & Resort and Le Meridien Beach Plaza.

The **rental** sector, which combines boutiques and office leasing together with the activities of the Monte-Carlo Bay and Balmoral and the new villas du Sporting, reported revenue of €40.9 million, an increase of 4% compared to previous year.

Finally, other activities reported consolidated revenue of €13.5 million, compared to €14.3 million last year.

S.B.M. Group **operating result** is a deficit of -€27.1 million compared to a loss of -€32.8 million during the previous financial year.

This deficit is still primarily linked to the Hotel de Paris renovation, which had an unfavourable impact of around €10 million compared to nearly €17 million over the two past fiscal year. 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 result of the gaming sector also continues to be impacted by the new table game and slot machine collective agreements, albeit to a lesser extent than in previous years. The gaming sector benefited from that positive development, and also from lower provisions for gaming receivables.

- **Positive financial result, and a strong improvement in the share of net income of Betclic Everest Group**

Financial result for 2017/2018 fiscal year was €0.2 million, compared to €0.7 million in 2016/2017.

Equity accounting consolidation of Betclic Everest Group, an online gaming group in which the Group has a 50% stake, requires the recognition of 50% of its net income for the period in question, resulting in a profit of €12.5 million, compared to a negative share of -€4.2 million last year. This improvement in net income notably reflects Betclic's good performance in the French market, with new mobile apps proving popular with players. BEG Group's results were also favourably impacted by the non-recurring marketing costs involved last year for European Football Championship.

- **Net income**

Net consolidated loss (Group share) was -€14.6 million, compared to a loss of -€36.4 million for the fiscal year 2016/2017.

- **Financial structure and capital expenditure**

In terms of financial structure, the equity - Group share amounted to €624.8 million as of March 31, 2018, compared to €639.6 million at the end of the previous fiscal year.

At the end of March 2018, the Group's cash position net of financial indebtedness was negative at -€50.9 million, compared to a positive position of €94 million as of March 31, 2017.

In January 2017, 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. Totaling €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 March 31, 2018, the Company had made several drawdowns on these lines of credit for a total amount of €126.8 million.

The pursuit of the capital expenditure program represented a cash outflow of €191.8 million over the fiscal year compared to €111.9 million in 2016/2017.

Additionally, the Group received €7.1 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 2018/2019 fiscal year**

The activity observed since April 1, 2018 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 lower than expected. Table game revenue was therefore up during the first two months of the new fiscal year, whereas revenues from slot machines are down slightly.

Hotel revenue is also up, notably thanks to improved activity at the Hotel de Paris, which has greater accommodation capacity than last year.

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

Audit of 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 finalization of the procedures required regarding publication of the annual financial report.

Monaco, June 19, 2018

www.montecarlosbm.com

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