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 2019/2020

(Period from 1 Avril 2019 to 31 March 2020)

- **2019/2020 revenue up to €619.8 million compared with €526.5 million last year :**
  - **increase of 8% of the gaming revenue**
  - **increase of 12% of the hotel revenue**
  - **strong increase of the rental revenue (+ 85%)**
- **The Covid-19 pandemic has nonetheless impacted the Group's business since the start of March, and particularly since 15 March when all casinos and restaurants were ordered to close by the Government, with the Hôtel Hermitage and Le Méridien Beach Plaza also closing the week after. The negative impact on revenue is estimated at over €15 million for the last month of the financial year.**
- **Operating income of €22.6 million compared to an operating loss of –€9.6 million during the previous year, i.e an improvement of €32.3 million**
- **Consolidated net income was €26.1 million, compared with €2.6 million for financial year 2018/2019, with:**
  - **a negative financial result of -€5.1 million**
  - **the inclusion of results for Betclic Everest Group, with a share in net profit of €8.7 million owing to extraordinary expenses, compared with a positive contribution of €12.3 million**

At its meeting held on 27 May 2020, the Board of Directors of Société des Bains de Mer approved the financial statements for the fiscal year 2019/2020, prepared in accordance with international accounting principles IFRS.

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In millions of euros	2018/2019	2019/2020
Consolidated Revenue	526.5	619.8
Operating income	- 9.6	22.6
Financial result	0.1	-5.1
BEG Equity Accounting & Minority interests	12.1	8.6
Net Income (Group share)	2.6	26.1

- **Operating profit of €22.6 million, compared with a loss of -€9.6 million last year, an improvement of €32.3 million**

Société des Bains de Mer and its subsidiaries reported consolidated revenue of €619.8 million for the fiscal year 2019/2020, compared with €526.5 million in 2018/2019, an improvement of 18% across the year as a whole.

This increase of €93.3 million for the year is the result of higher revenues generated across all sectors until the end of February. However, the Covid-19 pandemic had a strong impact on the last month of the fiscal year.

All casinos and restaurants were closed in mid-March based on promulgation of regulations by the Government, with the Hôtel Hermitage and Le Méridien Beach Plaza following suit shortly after. Only the Hôtel de Paris and Monte-Carlo Bay Hotel and Resort have remained partially open to accommodate customers, notably permanent guests, but the occupancy rate is very low. The impact of the pandemic on business in the final month of the fiscal year 2019/2020 is estimated at over €15 million on revenue shortfall.

The **gaming** sector reported revenue of €239.8 million, compared with €222.7 million in 2018/2019. This growth is largely due to improved revenue from slot machines, which rose by 11% to €113.0 million for the financial year as a whole, compared with €101.9 million for the previous year. Revenue from table games also rose to €113.5 million for fiscal year 2019/2020, compared with €108.4 million last year, a growth of 5%. The positive trend observed over the first three quarters of the year continued until 15 March, when all casinos were closed on the orders of the Government, in response to the Covid-19 pandemic.

Hotel revenue was €284.3 million, compared with €253.7 million in 2018/2019. The sector benefit from the full opening of the Hôtel de Paris, and also from Coya's good activity. For the year as a whole, all of the Group's other revenues - with the exception of Jimmy'z - reported revenue growth until 15 March, from which point their business was heavily impacted by the consequences of the pandemic.

The **rental** sector, which combines boutiques and office leasing together with the activities of the Monte-Carlo Bay, the Balmoral and the Villas du Sporting, reported revenue of €96 million, compared with €51.9 million previously, an increase of 85%. This increase is primarily the result of leasing out new spaces at the Hôtel de Paris and in the One Monte-Carlo complex, and the gradual take-up of the residential leases at the One Monte-Carlo.

Finally, other activities accounted for annual consolidated revenue of €14.4 million, compared with €13.7 million last year.

S.B.M. Group **operating result** was a profit of €22.6 million, as compared with an operating loss of -€9.6 million during the previous financial year.

This favorable trend in operating income mainly concerns the rental sector, which generated an additional €34 million. This sector benefit from the leasing of new spaces at the Hôtel de Paris and in the One Monte-Carlo complex, and the gradual take-up of the residential leases at the One Monte-Carlo. Otherwise this sector is weakly impacted by the consequences of the Covid-19 pandemic, whereas other sectors' operating results – gaming and hotel – were heavily impacted by the March closures.

Nonetheless, the gaming sector recorded a €0.5 million improvement in its operating income, whereas the operating income of the hotel sector fall by €0.9 million due to those closures.

- **Negative financial result, and decline in the Betclic Everest Group's share of net income**

Financial result for 2019/2020 fiscal year was a loss of -€5.1 million, compared with a profit of €0.1 million in 2018/2019.

Finally, equity accounting consolidation of Betclic Everest Group, an online gaming group in which S.B.M. Group holds a 50% stake, requires the recognition of 50% of its net income for the period in question, resulting in a profit of €8.7 million, compared with a profit of €12.3 million last year. Although business continues to follow a positive trend, Betclic Everest Group's results were impacted by a retroactive increase in taxes paid by Bet-At-Home and the introduction of a long-term profit-sharing arrangement for the Betclic Group's senior managers.

- **Net income**

Net consolidated profit (Group share) was a profit of €26.1 million, compared with a profit of €2.6 million for the fiscal year 2018/2019, an improvement of €23.5 million.

- **Financial structure and capital expenditure**

In terms of financial structure, shareholder's equity (Group share) amounted to €649.4 million as at 31 March 2020, compared with €622.3 million at the end of the previous fiscal year.

At the end of March 2020, the Group's indebtedness was at €137.1 million compared with an indebtedness of €106.8 million on 31 March 2019.

In addition to its €230 million bank financing, the Group set up a NEU CP (Negotiable European Commercial Paper) program in July 2019, for a maximum of €150 million, used for an amount of €20 million as of 31 March 2020.

The pursuit of the capital expenditure program represented a cash outflow of €127.7 million over the fiscal year compared with €199.9 million in 2018/2019.

Impacts of the Covid-19 epidemic

Business activity

As indicated above, the Covid-19 pandemic has had a severe impact on the S.B.M. Group's business. All casinos and restaurants were closed in mid-March on the orders of the Government, with the Hôtel Hermitage and Le Méridien Beach Plaza following suit shortly after. Only the Hôtel de Paris and Monte-Carlo Bay Hotel and Resort have remained partially open to accommodate customers, notably permanent guests, but the occupancy rate is very low.

However, the Group retained most of its revenue from its commercial and residential rental activities. This serves to confirm that the diversification strategy adopted in recent years, to develop the Group's real estate assets and rental business, was indeed justified.

The first semester, covering the period from April to September, is generally the strongest time of the year in terms of business. It will therefore be heavily affected by the unprecedented nature of the current health crisis, its repercussions on potential customer behaviour when venues eventually reopen (at a date as yet unknown), as well as transport restrictions in the coming months as a result of European border closures.

Cost-cutting and cash-saving measures

The Group has implemented strict measures to control costs and investments. When its venues closed, the Group immediately took steps to adapt its organisation, with employees taking leave and being placed on short-time under the support package introduced by the Government of the Principality of Monaco.

All capital investment projects have been reviewed and budgets have been cut substantially, with nonessential investments suspended.

Furthermore, the Group is negotiating with its partners to smooth its financial commitments over time where possible. This includes, for example, an agreement with the Monegasque State to spread payment of the licencing fees on game receipts over a six-month period.

The Group remains in close contact with its banking partners, who have made available a €230 million credit facility, which first repayments, of €26.4 million each, are at the end of June and the end of December 2020.

Finally, as mentioned previously, to complete its short-term financial resources, the Group set up a NEU CP (Negotiable European Commercial Paper) program in July 2019, for a maximum of €150 million. At the same time, the Monegasque State undertook to buy up any commercial paper that the Group issues under this program and which fails to find an investor on the market for whatever reason, up to a total principal amount of €120 million. As of 28 May 2020, the total amount of commercial paper issued under this program stands at €35 million.

With these financing arrangements, the Group has €60 million in available cash, as of the date of this press release.

Return to business

Pending Government decisions on when casinos and restaurants will be permitted to reopen, the Group is working actively on plans to reopen its venues based on several different scenarios, all of which include strict measures to ensure the health and safety of the Group's customers and staff.

The S.B.M. Group expects its fiscal year 2020/2021 business to be significantly affected, with a substantial deterioration in financial performance compared with 2019/2020. However, given the rapidly evolving nature of the situation and the lack of visibility of the epidemic's effects on its activities, it is not currently possible to ascertain the scale of the impact.

Audit of accounts at the time of publication

Audit procedures of 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, 28 May 2020

www.montecarlosbm.com

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