

SOCIÉTÉ DES BAINS DE MER
ET DU CERCLE DES ÉTRANGERS À MONACO

Ordinary General Meeting of Shareholders, 25 September 2020

Monaco, 25 September 2020.

The Shareholders of Société des Bains de Mer convened on Friday 25 September at the One Monte-Carlo – Conference Center (Salle des Arts) at an Ordinary General Meeting.

The shareholders present or represented passed all of the resolutions tabled.

ORDINARY GENERAL MEETING

Approval of the financial statements for FY 2019/2020

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 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 with a very low occupancy rate. 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.

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 benefits 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 fell by €0.9 million due to those closures.

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 Betcltic 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, Betcltic 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 Betcltic Group's senior managers.

The General Meeting of Shareholders approved the consolidated and financial statements for the financial year 2019/2020 and passed the resolution on the allocation of net income. Given the economic situation, it was decided that no dividend would be distributed.

Renewal of Mr. Jean-Luc Biamonti's term of office as a Director

The General Meeting of Shareholders renewed Mr. Jean-Luc Biamonti's term of office, which would expire at the General Meeting of Shareholders to be held following 17 August 2025.

Authorisation to buyback Company shares

The General Meeting of Shareholders renewed the authorisation granted to the Board to buyback Company shares, up to a limit of 5% of the share capital, at a maximum price of €80 per share and for a maximum total amount of €30 million. This authorisation is valid for a period of 18 months as from 25 September 2020.

FORWARD-LOOKING PROSPECTS

Business activity

It is reminded that the activity observed over the first quarter of the current financial year (1 April to 30 June 2020) was down by 74% compared to last year.

The Covid-19 pandemic has had a severe impact on the S.B.M. Group's business. As indicated above, 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 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 with a very low occupancy rate.

However, the S.B.M. 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.

After the Monegasque Government gave the green light for restaurants and casinos to re-open from 2 June 2020, the S.B.M. Group's venues gradually opened their doors from that date onwards, introducing health measures to guarantee maximum safety for guests and staff. At the date of this press release, all of the S.B.M. Group's venues have resumed business, with the exception of Jimmy'z, the Sun Casino, and the Bay Casino.

Since 1 July, business has continued to be heavily impacted by the unprecedented nature of this health crisis, its repercussions on potential customer behaviour, and restrictions on transport and movements.

Thus, S.B.M. Group reported revenue during the July/August period down 47% compared with previous year.

The gaming sector has been the most affected with a decrease of 63%. Table games have been strongly affected by the absence of regular international customers, whereas the decrease of the slot machines is mitigated at 37%.

The hotel sector revenue has dropped by 44% for these two months, accomodation and catering activites following the same trend.

Rental sector revenue has increased by 7% over the same period.

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

Cost-cutting and cash-saving measures

The S.B.M. Group has strenghthen strict measures to control costs and investments. When its venues closed, the S.B.M. 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.

The S.B.M. Group remains in close contact with its banking partners, who have made available a €230 million credit facility, which first repayment of €26.4 million has been reimbursed at the end of June, the next being at the end of December 2020 for the same amount.

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 23 September 2020, the total amount of commercial paper issued under this program stands at €50 million, and S.B.M. Group has €90 million in available cash.

Given the highly concerning economic outlook, the S.B.M. Group needs, starting this autumn, to propose and negotiate structuring solutions with both short-term and long-term effects, to reduce constraints in terms of operating over-costs.

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