

SOCIÉTÉ DES BAINS DE MER
ET DU CERCLE DES ETRANGERS A MONACO

Ordinary General Meeting of Shareholders - September 18, 2015

Monaco, September 18, 2015

The Shareholders of the Société des Bains de Mer met on Friday September 18, in the Salon Eiffel of the Hôtel Hermitage for an Ordinary General Meeting to approve the financial statements for the 2014/2015 financial year.

The Shareholders present or represented at this meeting adopted all of the resolutions proposed.

ORDINARY GENERAL MEETING

Approval of financial statements for 2014/2015

During the 2014/2015 financial year, the Group reported consolidated revenue of €452.4 million versus €472.5 million in the previous financial year, for a decrease of 4%, which impacted the gaming and hotel sectors, whereas the leasing sector continued to develop. The Group posted an operating loss of - €31.5 million, compared to a loss of - €11.8 million the previous year. This decline was due to a drop in gaming revenue, the start-up of work at the Hôtel de Paris and its operation under a reduced capacity of 40 rooms, and the recognition of a non-recurrent charge of €7.6 million reported for this financial year to take into account the impacts of the new Table Game Collective Agreement with respect to pension commitments.

Concerning online gaming, Betclix Everest Group, in which the SBM Group holds a 50% stake, confirmed its recovery and for the first time, the Group recorded a share of profit of €0.4 million, compared to a negative share of €3.8 million during the previous financial year.

The Shareholders General Meeting approved the financial statements for the 2014/2015 financial year and the resolution on the allocation of profits/losses. Given the ongoing difficulty of the operational activities, the decision was taken not to pay out a dividend.

Authorisation to buyback Company shares

The Shareholders General Meeting renewed the authorisation given to the Board of Directors to buyback the Company's shares, up to a maximum of 5% of the value of the share capital, with a maximum purchase price not exceeding €60 per share, for a maximum amount of funds of €45 million. This authorisation is valid for a period of 18 months as from September 18, 2015.

Renewal of a Director and appointment of Directors

The Shareholders' General Meeting renewed the term of office of Mr Pierre Svava as Director, which will expire at the Ordinary General Meeting that will approve the financial statements for the financial year 2020/2021, in accordance with the Article 12 of the Bylaws.

Following the transfer by the Prince's Government of Monaco, Majority Shareholder of the Société des Bains de Mer, of part of its shares - in almost identical proportions, or approximately 5% of the Company's share capital - to each of the two groups of international standing, LVMH Moët Hennessy – Louis Vuitton and Galaxy Entertainment Group in Macau, each of the two new Shareholders had the right to propose the appointment of a Director to the General Meeting. The Shareholders General Meeting thus appointed Ufipar SAS (a fully-owned subsidiary of LVMH Moët Hennessy – Louis Vuitton), whose permanent representative is Mr Nicolas Bazire, and Mr Michael Mecca (representative of Galaxy Entertainment Group) as Directors. Their terms of office will expire at the Ordinary General Meeting of Shareholders that will approve the financial statements for the financial year 2020/2021, in accordance with Article 12 of the Bylaws.

OUTLOOK

Following the financial year 2014/2015 which was the first to be affected by the refurbishment of the Hôtel de Paris, the Group remains cautious with regard to anticipated results for the current financial year.

Whereas at the end of July, following four months of operation, observed activity was broadly in line with expectations, the table games sector experienced a particularly difficult month in August in terms of unfavorable events, with table games revenue of €1.7 million compared to €27 million in August 2014, despite similar attendance rate compared with the previous year. This situation, never experienced before during the summer period, has its origins in significant wins by several prestigious highrollers who regularly visit the Monte-Carlo Casino. Other activities kept the same trend which had been observed since the beginning of the financial year, with an increase in slot machines revenue and leasing activities. Although it continues to be impacted by the work on the Place du Casino, the hotel sector also enjoyed a good level of activity during the summer period, with more than expected Hotel de Paris' clients being transferred to the Group's other hotels, particularly Hôtel Hermitage. It should be noted that the Hôtel de Paris is only able to operate 40 rooms, instead of 182 previously.

On the basis of this analysis, the Group's operating result is likely to continue to show a significant loss for the 2015/2016 financial year.

In this context, the Group intends to continue to focus its efforts on the following priorities:

- the completion of the two Place du Casino projects at the level of excellence hoped for and in compliance with the announced timelines and budgets;
- the stimulation of the gaming activity through the continued training of our personnel to adapt to the changing demands of players, the intensification of our marketing policy, and the successful launch of the new Casino Cafe de Paris;
- the pursuit of a strict cost control policy.

These different projects are the priorities of the SBM Group's relaunch and development strategy.

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