# 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 2020/2021

(Period from 1 Avril 2020 to 31 March 2021)

- **Revenue of €336.9 million compared with €619.8 million last year :**
  - **gaming revenue decreases of -€115 million, i.e -48%**
  - **hotel revenue decreases of -€175 million, i.e -62%**
  - **rental revenue increases of €10 million, i.e +11%**
- **The Covid-19 epidemic has a major impact on the S.B.M. Group's gaming and hotel/catering activity, particularly as the forced closures affecting its establishments came in the first half of the fiscal year, when business is traditionally strongest. All establishments were closed during the first lockdown. Only the Hôtel de Paris and Monte-Carlo Bay Hotel & Resort remained partially open to accomodate customers, mainly permanent guests, but the occupancy rates were low. Only from 2 June 2020 onwards did the Monegasque Government permit restaurants and casinos to re-open, with the S.B.M. Group's establishments gradually opening their doors with special health measures to guarantee maximum safety for clients and staff. The opening times for casinos and restaurants were then reduced once again from 1 November, under a succession of Government restrictions**
- **Operating loss of - €103.3 million, compared with an operating profit of €22.6 million during the previous year**
- **Consolidated net loss was –€79.1 million compared with a profit of €26.1 million for the fiscal year 2019/2020, with :**
  - **a negative financial result of -€7 million**
  - **the inclusion of results for Betclic Everest Group, with a share in net profit of €30.9 million compared with a positive contribution of €8.7 million**

At its meeting held on 27 May 2021, the Board of Directors of Société des Bains de Mer approved the financial statements for the fiscal year 2020/2021, prepared in accordance with international accounting principles IFRS.

| In millions of euros | 2019/2020 | 2020/2021 |
|---|---|---|
| Consolidated Revenue | 619.8 | 336.9 |
| Operating income/loss | 22.6 | -103.3 |
| Financial result | -5.1 | -7.0 |
| BEG Equity Accounting & Minority interests | 8.6 | 31.1 |
| Net Income/Loss (Group share) | 26.1 | -79.1 |

- **Operating loss of -€103.3 million, compared with a profit of €22.6 million last year**

Société des Bains de Mer and its subsidiaries reported consolidated revenue of €336.9 million for the fiscal year 2020/2021, compared with €619.8 million in 2019/2020, a decrease of 46% across the year as a whole.

This fall of €282.9 million in revenue is a direct consequence of the Covid-19 epidemic that has very significantly affected the S.B.M. Group's activity. If S.B.M. Group recorded higher revenue from its commercial and residential leasing activities, confirming that the diversification strategy adopted in recent years at developing its real estate assets and rental business was indeed justified, however the Covid-19 epidemic has significantly affected gaming and hotel/catering activities, particularly as the forced closures affecting the establishments came in the first half of the fiscal year, when activity is traditionally strongest.

The **gaming** sector reported revenue of €124.3 million, compared with €239.8 million in 2019/2020. Gaming revenue was substantially down across all activities (table games, slot machines). This was partly due to the temporary forced closure of establishments at the start of the fiscal year, and partly due to a lower attendance in establishments as a result of travel restrictions.

**Hotel** revenue was €109 million, compared with €284.3 million in 2019/2020. All establishments are subject to a decline in business in fiscal year 2020/2021 compared with 2019/2020. Owing to successive Government measures and travel restrictions introduced in response to the Covid-19 epidemic, the S.B.M. Group's establishments never operated normally in 2020/2021.

The **rental** sector, which combines boutiques and office leasing together with the activities of the Monte-Carlo Bay, the Balmoral, the Villas du Sporting and the One Monte-Carlo, reported revenue of €106.2 million, compared with €96 million previously, an increase of 11%. This increase is primarily the result of the gradual take-up of the residential leases at the One Monte-Carlo.

Finally, other activities accounted for annual consolidated revenue of €4.6 million, compared with €14.4 million last year, a decrease of -€9.8 million.

In this context, the S.B.M. Group has acted to drastically reduce its operating and investment expenses. When its establishments closed, the S.B.M. Group immediately took steps to adapt its organisation, with employees taking paid leave and being placed on furlough following the government support measures adopted by the Principality of Monaco.

The health crisis caused by the Covid-19 epidemic and resulting economic shock forced Société des Bains de Mer to accelerate the deployment of its global restructuring plan, in addition to the measures already taken since the beginning of the crisis.

This was made particularly necessary by the chronic losses recorded by its hotel and catering operations and casino sector, largely due to payroll expenses disproportionate to the revenues generated. The restructuring plan was implemented successfully.

On 4 March 2021, the S.B.M. Group announced the implementation its restructuring plan, materialized by:

- a voluntary redundancy plan, open to Group employees aged over 57 on the essential condition that they would not be replaced, with 234 employees already having signed up;

- a collective forced redundancy plan, currently limited to just two people, with most of the staff departures targeted at certain departments, for reasons of overstaffing or re-organisation to restore competitiveness, having been moved to alternative roles.

This restructuring plan has been recorded for a net cost of €25.3 million in fiscal year 2020/2021 results.

A cost of €7.5 million for the closure of the Sun Casino was also recorded in fiscal year 2020/2021. The S.B.M. Group has decided not to re-open this establishment, and provision has been recorded for all of the outstanding financial commitments.

Despite a 37% year-on-year reduction in operating expenses (excluding depreciation and amortisation and the restructuring plan), the S.B.M. Group recorded an **operating loss** of -€103.3 million, compared with a profit of €22.6 million last year, a decrease of -€125.9 million.

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

Financial result for 2020/2021 fiscal year was a loss of -€7 million, compared with a loss of -€5.1 million in 2019/2020.

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 €30.9 million, compared with a profit of €8.7 million last year. This variation is largely due to continued revenue growth despite the suspension of all sporting competitions at the beginning of the fiscal year as well as significantly reduced operating expenses. As a reminder, the last year results were impacted by a retroactive increase in taxes paid by Bet-At-Home.

- **Net income**

Net consolidated income (Group share) was a loss of -€79.1 million, compared with a profit of €26.1 million for the fiscal year 2019/2020, a decrease of -€105.2 million.

- **Financial structure and capital expenditure**

In terms of financial structure, shareholder's equity (Group share) amounted to €566.5 million as at 31 March 2021, compared with €649.4 million at the end of the previous fiscal year.

At the end of March 2021, the Group's indebtedness was at €129.9 million compared with an indebtedness of €137.1 million on 31 March 2020.

In addition to its €230 million bank financing, the first two repayments of which were made at the end of June and the end of December 2020 for €26.4 million each, the S.B.M. 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 €55 million as of 31 March 2021.

The S.B.M. Group has also reinforced the strict control of its investments. All investment projects have been revised and those deemed non-essential have been suspended. This has had the effect of bringing capital expenditure down to €43.2 million for the year, compared with €127.7 million in fiscal year 2019/2020.

**Forward-looking prospects**

Business activity

The S.B.M. Group's activity in 2021/2022 continues to be heavily impacted by the unprecedented nature of the health crisis. The easing of travels and other restrictions in the coming months will be largely dependent on the epidemic evolution and the continuing rollout of vaccination campaigns.

Cost-cutting and cash-saving measures

As indicated above, the S.B.M. Group has continued to maintain strict control of current operating and investment expenditure, and has deployed a global restructuring plan involving redundancies.

These redundancies are expected to yield annual savings of €18 million. These savings, along with other measures to bring costs more into line with seasonal fluctuations in activity, should enable the S.B.M. Group to reduce its annual operating costs by around €25 million. This will enable the S.B.M. Group to return to the level of profitability needed to make the long-term investments required, once the health crisis has passed.

Although there is no risk of the S.B.M. Group being unable to service its loan repayments, the substantial decline in business caused by the health crisis has significantly impacted its results, and certain gearing ratio commitments have fallen below the levels initially planned for. The S.B.M. Group has therefore sought and obtained a restructuring of its financial covenants from its banking partners.

Finally, as mentioned previously, to complete its short-term financial resources, the S.B.M. 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 S.B.M. 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 26 May 2021, the total amount of commercial paper issued under this program stands at €90 million.

With these financing arrangements, the S.B.M. Group has approximately €90 million in available cash, as of the date of this press release.

**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, 27 May 2021

**www.montecarlosbm.com**

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