

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

Ordinary General Meeting of Shareholders, 24 September 2021

Monaco, 24 September 2021.

The Shareholders of Société des Bains de Mer convened on Friday 24 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 2020/2021

S.B.M. Group reported consolidated revenue of €3369 million for the fiscal year 2020/2021, compared to €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.

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 health crisis.

Announced on 4 March 2021, the restructuring plan was implemented successfully and is materialized by a voluntary redundancy plan with 234 employees having signed up and a collective forced redundancy plan, 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 to a profit of €22.6 million last year, a decrease of -€125.9 million.

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

Finally, equity accounting consolidation of Betclix 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 to 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.

The General Meeting of Shareholders approved the consolidated and financial statements for the financial year 2020/2021 and passed the resolution on the allocation of net income. Given the economic situation, it was decided that no dividend would be distributed.

Ratification of a Director and renewal of Directors

The General Meeting of Shareholders ratified Mrs. Boccone-Pagès' term of office, which would expire at the Ordinary General Meeting of Shareholders to be held to approve financial statements for the financial year 2025/2026.

The General Meeting of Shareholders also renewed the terms of office of Mr. Pierre Svara and UFIPAR SAS represented by Mr. Nicolas Bazire, which would expire at the Ordinary General Meeting of Shareholders to be held to approve financial statements for the financial year 2026/2027.

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 €90 per share and for a maximum total amount of €30 million. This authorisation is valid for a period of 18 months as from 24 September 2021.

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 2021) amounted to €110.9 million compared to €45.1 million the previous year, and increase of €65.7 million. However the activity remains 37% below the revenue of the first quarter in fiscal year 2019/2020.

The 2021 summer season seems to confirm a recovery of the activity. S.B.M. Group reported revenue during the July/August period up 53% compared to previous year. However this activity remains 19% below those two months in 2019.

Despite a marked expected improvement in financial performance compared to the previous fiscal year, a still significant impact is expected on the 2021/2022 activity, without being possible to ascertain the scale of the impact. A favorable epidemic evolution and the continuing rollout of vaccination campaigns are two key elements for the resumption of travels and the gradual lifting of restrictions.

Cost-cutting and cash-saving measures

In this context, the S.B.M. Group has strengthened strict measures to reduce operating costs. The health crisis caused by the Covid-19 epidemic and the 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. The departure of employees that started in January 2021 continues during the current fiscal year.

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.

The S.B.M. Group remains in close contact with its banking partners, who have made available credit facility which currently amounts to €150.8 million after a repayment of €26.4 million at the end of June, the next being at the end of December 2021 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 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 23 September 2021, the total amount of commercial paper issued under this program stands at €110 million.

Finally, beginning of July, S.B.M. Group received from BEG, its online gaming subsidiary, an issue premium refund and a dividend for a total amount of €30 million.

As of 23 September 2021, S.B.M. Group has more than €160 million in available cash.

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