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澳門博彩控股有限公司 SJM HOLDINGS LIMITED

incorporated in Hong Kong with limited liability Stock Code : 880

ANNOUNCEMENT

The board of directors (the “**Board**”) of SJM Holdings Limited (the “**Company**”) hereby announces selected unaudited key performance indicators of the Company and its subsidiaries (collectively the “**Group**”) for the three months ended 30 September 2016 (“**Q3 2016**”) and the nine months ended 30 September 2016 to enable its shareholders, investors and the public to better appraise the position and business performance of the Group.

2016 THIRD QUARTER AND YEAR-TO-DATE HIGHLIGHTS (UNAUDITED)

- Gaming revenue of the Group in Q3 2016 was HK\$9,992 million, a decrease of 11.1% from Q3 2015 and for the nine months ended 30 September 2016, gaming revenue was HK\$30,876 million, a decrease of 17.8% from the first nine months of 2015.
- Adjusted EBITDA¹ of the Group in Q3 2016 was HK\$810 million, a decrease of 8.4% over Q3 2015 and for the nine months ended 30 September 2016, Adjusted EBITDA was HK\$2,443 million, a decrease of 22.3% from the first nine months of 2015.
- Adjusted EBITDA Margin² of the Group in Q3 2016 increased to 8.0% from 7.8% in Q3 2015 and for the nine months ended 30 September 2016 decreased to 7.8% from 8.3% in the first nine months of 2015.
- Profit attributable to owners of the Company in Q3 2016 was HK\$513 million, an increase of 80.2% over Q3 2015 and for the nine months ended 30 September 2016, profit attributable to owners of the Company was HK\$1,610 million, a decrease of 22.4% from the first nine months of 2015.
- Gaming revenue of the Group’s flagship Casino Grand Lisboa was HK\$3,130 million, a decrease of 11.6% from Q3 2015, whilst its Adjusted EBITDA was HK\$410 million, a decrease of 19.3%. For the nine months ended 30 September 2016, Casino Grand Lisboa’s gaming revenue was HK\$9,968 million, a decrease of 21.5% from the first nine months of 2015, whilst its Adjusted EBITDA was HK\$1,255 million, a decrease of 27.4%.
- The Group’s gaming revenues accounted for 18.7% of Macau’s casino gaming market during Q3 2016, as compared with 21.3% in Q3 2015 and 19.5% for the nine months ended 30 September 2016, as compared with 22.0% for the first nine months of 2015.
- The Group maintained a strong and liquid financial position, with HK\$13,983 million of cash, bank balances and pledged bank deposits and HK\$588 million of debt as at 30 September 2016.

¹ Earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, loss on disposal/write-off of property and equipment, share-based payments, and impairment loss on an available-for-sale investment and assets of a subsidiary. Adjusted EBITDA is adopted by management as a measure of the Group’s operating performance and to compare our operating performance with that of our competitors and should not be considered in isolation, construed as an alternative to reportable profit or operating profit prepared under the historical basis (except that certain financial instruments are measured at fair values) and Hong Kong Financial Reporting Standards.

² Adjusted EBITDA divided by total revenue

Adjusted EBITDA for the nine months ended 30 September 2016 decreased by HK\$703 million from the first nine months of 2015, being affected by a decrease in gaming revenue which is in line with the decrease in the Macau gaming market. Adjusted EBITDA of gaming segments decreased by HK\$754 million in the nine months ended 30 September 2016 when compared with the first nine months of 2015. The Group's Adjusted EBITDA Margin was 8.0% in Q3 2016, as compared with 7.8% in Q3 2015.

Profit attributable to owners of the Company decreased by HK\$466 million in the first nine months of 2016, mainly affected by decrease in gaming revenue. Profit attributable to owners of the Company increased by HK\$228 million in Q3 2016 over Q3 2015. The increase from Q3 2015 to Q3 2016 resulted from an impairment loss of HK\$250 million on an available-for-sale investment being incurred in Q3 2015, whilst a subsequent HK\$128 million unrealised gain was recognised in other comprehensive income and credited to investment revaluation reserve in Q3 2016.

During Q3 2016, the Group's VIP gaming revenue was HK\$4,403 million, a decrease of 19.1% from HK\$5,442 million in Q3 2015, mass market gaming revenue was HK\$5,317 million, a decrease of 3.8% from HK\$5,529 million, and slot machine (and Tombola) revenue was HK\$272 million, a decrease of 0.1% from HK\$272 million. The Group's total revenue during Q3 2016 of HK\$10,123 million included hotel, catering and related services revenue of HK\$131 million (Q3 2015: HK\$138 million).

During Q3 2016 the Group operated an average of 323 VIP gaming tables (Q3 2015: 458), 1,311 mass market gaming tables (Q3 2015: 1,263) and 2,748 slot machines (Q3 2015: 2,737) (average of three month-end counts).

Total VIP chips sales for the Group during Q3 2016 were HK\$152 billion (Q3 2015: HK\$160 billion), and the VIP gaming hold percentage (before commissions and discounts) was 2.89% (Q3 2015: 3.36%).

	Key Results for the Group's Casinos			
	Q3 2016		Nine months ended 30 September 2016	
	Gaming Revenue	Adjusted EBITDA	Gaming Revenue	Adjusted EBITDA
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Casino Grand Lisboa	3,130	410	9,968	1,255
Other Self-promoted Casinos ¹	1,346	168	4,459	476
Satellite Casinos ²	5,517	178	16,449	540
¹ Casino Lisboa, Casino Oceanus at Jai Alai and one Tombola hall				
² Fourteen third party-promoted casinos				

To be more comparable to casino companies reporting in the United States, commissions and discounts paid to players and promoters would be deducted from revenue before calculating Adjusted EBITDA Margin. Using this method, the Group's Adjusted EBITDA Margin for Q3 2016 was 12.3%. If the Group's revenue is further adjusted to include the net revenue of self-promoted casinos plus the net revenue contribution (after reimbursed expenses) of the Group's Satellite Casinos, the Group's Adjusted EBITDA Margin would be 24.1%. These alternative margin calculations are provided for the convenience of investors and other interested parties for the purpose of comparing the Group's results with other casino operating companies.

During Q3 2016, the Grand Lisboa Hotel achieved an average occupancy rate of 91.2% and average room rate of HK\$1,505 per night, as compared with average occupancy rate of 85.0% and average room rate of HK\$1,743 per night in Q3 2015.

Capital expenditure of the Group during Q3 2016 was HK\$1,922 million, which was primarily for construction in progress and furniture, fixtures and equipment. As at 30 September 2016, the Group had total cash, bank balances and pledged bank deposits of HK\$13,983 million and total debt of HK\$588 million.

IMPORTANT NOTE

Shareholders and potential investors should be advised that the above financial data relates only to certain parts of the Group's operations and is based on the Group's internal records and management accounts. The above financial data has not been reviewed or audited by independent auditors and is not a forecast of the performance of the Group as a whole. The Board cautions shareholders and potential investors not to rely unduly on such data and to exercise caution when dealing in the securities of the Company.

By order of the Board
SJM Holdings Limited
So Shu Fai

Executive Director and Chief Executive Officer

Hong Kong, 1 November 2016

As at the date of this announcement, the executive directors of the Company are Dr. Ho Hung Sun, Stanley, Dr. So Shu Fai, Mr. Ng Chi Sing, Dr. Rui José da Cunha, Mr. Fok Tsun Ting, Timothy, Deputada Leong On Kei, Angela and Mr. Shum Hong Kuen, David, the non-executive director of the Company is Dr. Cheng Kar Shun and the independent non-executive directors of the Company are Mr. Chau Tak Hay, Dr. Lan Hong Tsung, David, Hon. Shek Lai Him, Abraham and Mr. Tse Hau Yin.