PREMIUM
LEISURE CORP.

Presentation
to
Investors

MAY 2021

PREMIUM LEISURE CORP.

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Philippines: strong macroeconomic fundamentals

Young workforce with rising incomes

GDP Growth **-9.5%**	Per Capita GDP **USD3,330**	Median Age **23**
Consumption Driven **73.7%** of GDP	Per Capita GNI **USD3,596**	Population **105M** **+1.6% p.a.**

Inflation and interest rate environment

- Avg. Inflation rate: **4.5%** (Jan-Feb 2021)
- T-Bills (91-day): **1.0%** (Jan-Feb 2021)
- T-Bills (364-day): **1.5%** (Jan-Feb 2021)

Healthy fiscal and monetary system

- Debt/GDP: **54.5%**
- CAR: **17.2%**
- NPLs: **3.2%**

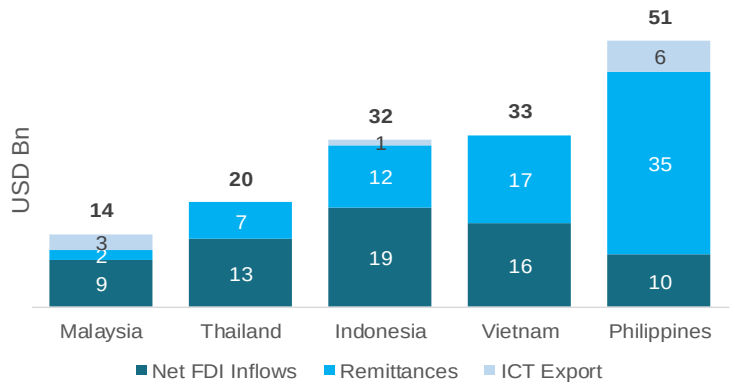
Current Credit Ratings	
S&P	BBB+ Stable
Moody's	Baa2 Stable
Fitch	BBB Stable

Source: BSP Selected Economic and Financial Indicators Release as of March 31, 2021

Opportunities

- Improved Infrastructure development
- Provincial growth – Luzon, Visayas, Mindanao
- Job creation and inclusive growth
- Agriculture, Manufacturing, Services
- Foreign Direct Investments

Foreign direct investments



Source: The World Bank, Most Recent Data (2019)

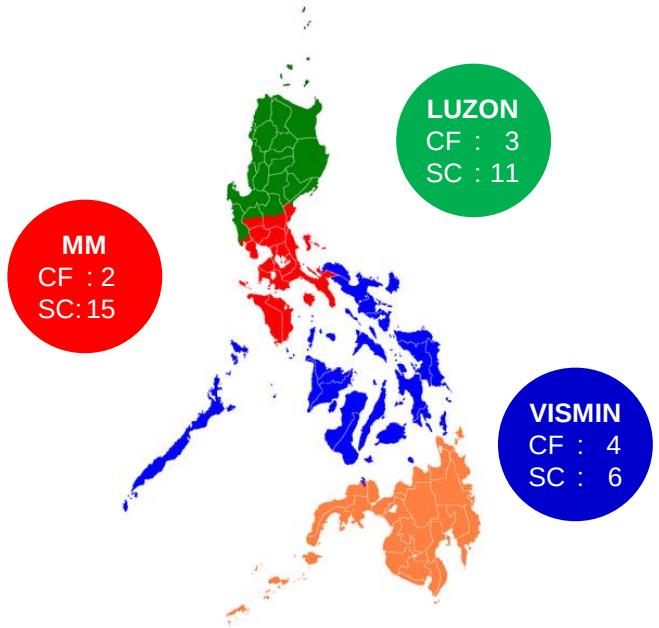
The Philippine gaming industry

Regulator : PAGCOR

- Since 1976, PAGCOR has been overseeing games of chance, particularly casino gambling
- Revenues generated augment the government's budget for socio-civic work and national development programs
- In 2008, the Philippine Congress allowed PAGCOR to grant licenses to operate integrated resorts to private sector companies

Operated casinos

9 Casino Filipino (CF);
32 Satellite casinos (SC)

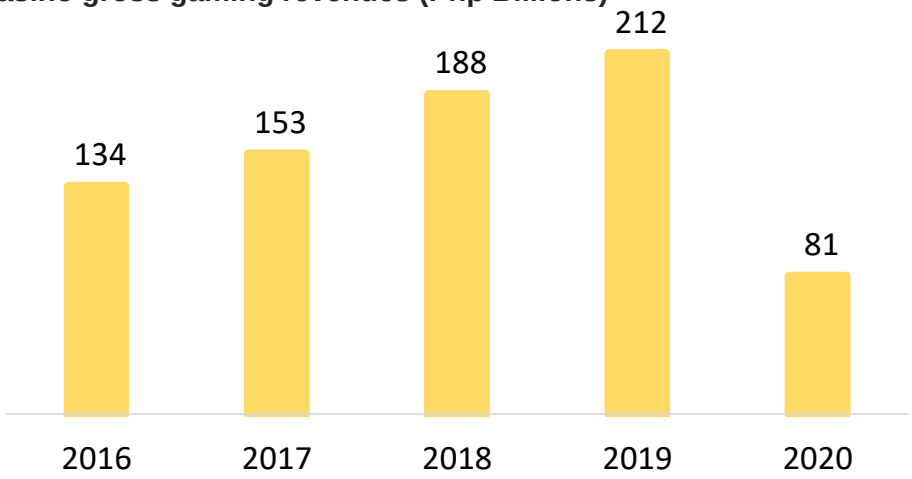


Source: PAGCOR

Rise of integrated resorts

- Since 2008, 5 integrated resort projects have been approved by PAGCOR for development at or near Entertainment City: with 4 already operating:
  - Resorts World Manila (in Newport City; opened 2009)
  - Solaire Resort & Casino (opened 2013)
  - City of Dreams Manila (opened 2014)
  - Okada Manila (opened 2017)
  - Resorts World Westside City (estimated opening in 4Q 2022)
- In 2012, Philippine casino gross gaming revenue was just Php56B. In 2019, it reached Php212B*
- 2020 Gross gaming revenues were adversely affected by community quarantines resulting from the COVID-19 pandemic.

Philippine casino gross gaming revenues (Php Billions)



* Figure excludes revenue from online gaming.
Source: PAGCOR, Credit Suisse

Integrated resorts: driving growth

In 2020, integrated resorts accounted for 80% of casino GGR.

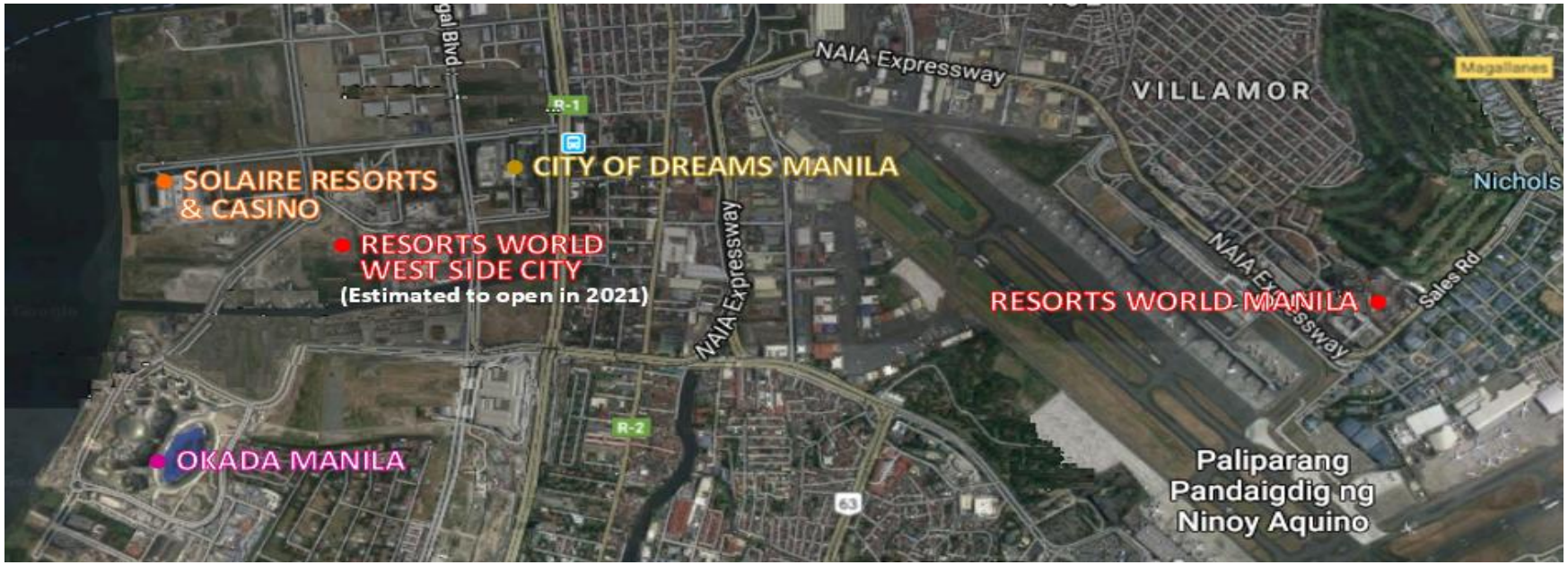
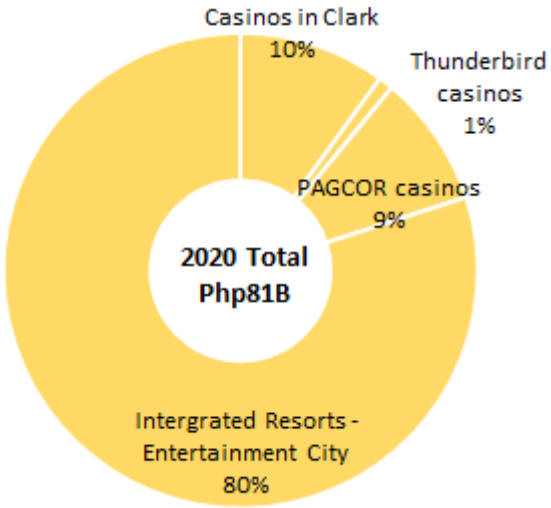


Image from Google maps

2020 Philippine casino gaming revenues by category



Source: PAGCOR

Integrated Resorts	Year Opened	Hotel Rooms
Resorts World Manila	2009	3,222
Solaire Resorts & Casino	2013	1,277
City of Deams Manila	**2014**	**939**
Okada Manila	2017	1,421
Resorts World West Side City	~ 2022	N/A

Source: Company Information and PAGCOR

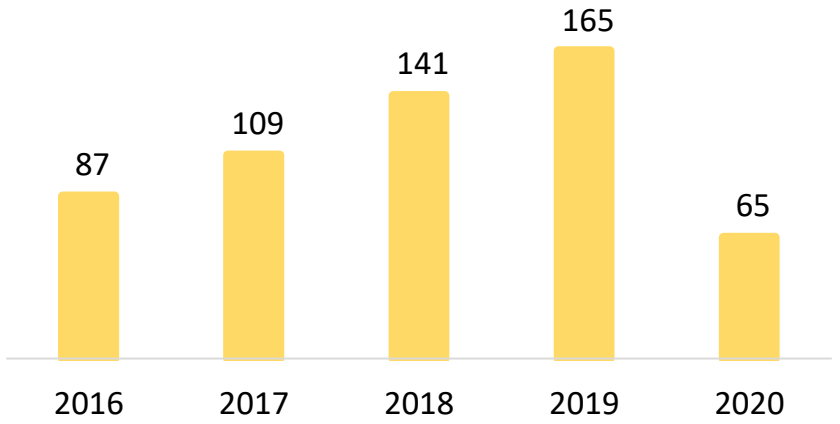
Gaming: a growth opportunity

Philippine gaming has been on a growth trajectory with integrated resorts leading the way. While this growth was interrupted in 2020 due to the COVID-19 pandemic, this extraneous event will eventually pass and the industry's growth is expected to resume thereafter.

Growth drivers:

- Tourist arrivals
- Easier travel documentary requirements
- VIP experience compared to other regional casinos
- Targeted marketing efforts aimed at local clientele
- Enhanced family-based entertainment propositions

Integrated resorts GGR (Php Billions)



Source: PAGCOR, Credit Suisse

About Premium Leisure Corp.

Premium Leisure Corp. (PLC) is an investment holding company that participates in gaming-related businesses in the Philippines.

Through its subsidiary, PremiumLeisure & Amusement, Inc. (PLAI), PLC has an interest in the operations of City of Dreams Manila, an integrated entertainment and gaming complex located at the PAGCOR Entertainment City in Parañaque by Manila Bay. PLAI has a partnership with Melco Resorts & Entertainment Limited, a leading developer and operator of integrated gaming resorts in Macau, to operate City of Dreams Manila (CODM).

PLC also owns a 50.1% stake in Pacific Online Systems Corporation (LOTO), a publicly listed company that leases lottery software and equipment to the Philippine Charity Sweepstakes Office.

PREMIUM LEISURE CORP.

100%

PREMIUMLEISURE & AMUSEMENT, INC.

- Unlisted HoldCo for PAGCOR license
- Operating agreement with Melco Philippines for share in CODM gaming revenue

50.1%

PACIFIC ONLINE SYSTEMS CORPORATION

- PSE listed (LOTO)
- Lease of Lottery and Keno equipment and software

Pacific Online (LOTO): Overview

Our business

- Provide technical and market expertise for the distribution of lottery products in the country in partnership with the state-run Philippine Charity Sweepstakes Office (PCSO)
- Since 1995, LOTO has been leasing to PCSO its online lottery systems for the Visayas and Mindanao regions

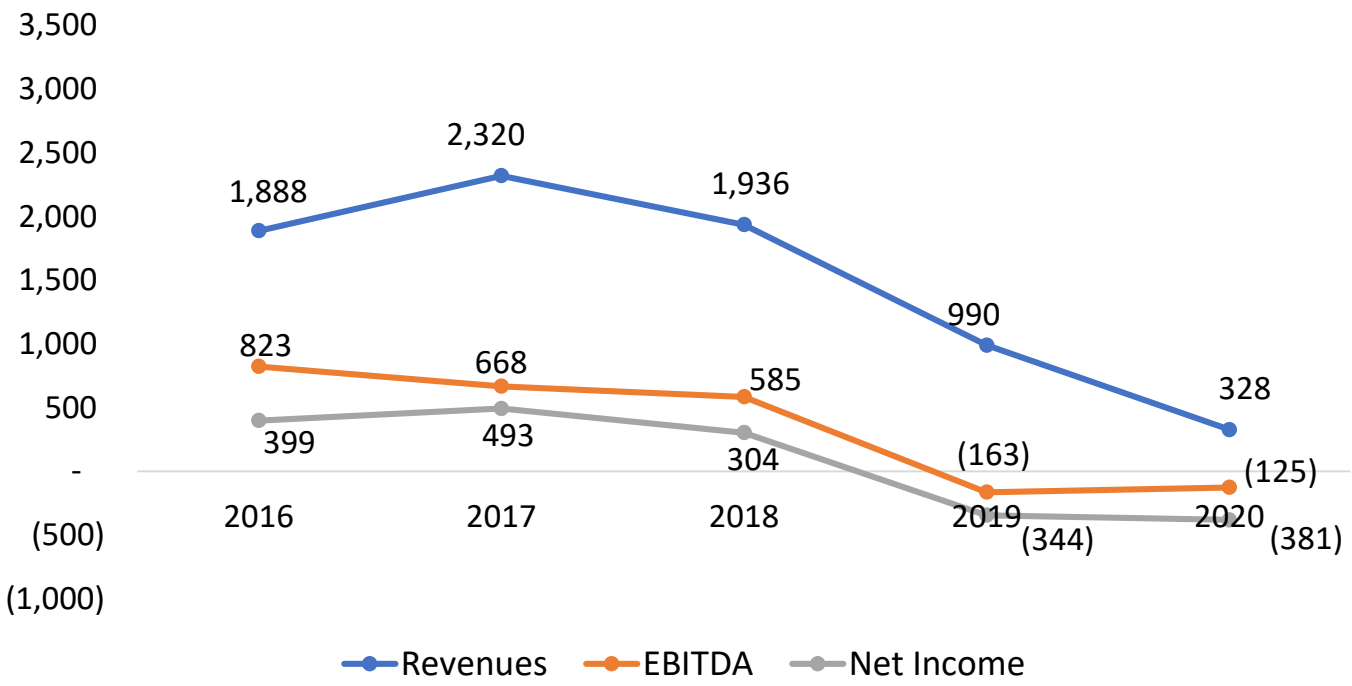
Key agreements with the PCSO

- Equipment Lease Agreement
  - Lottery
  - Keno
- Maintenance Repair Agreement

Major suppliers

- Scientific Games Worldwide Ltd., a global gaming and technology leader in lottery
- Intralot SA Integrated Lottery Systems & Services, a leading supplier of integrated gaming and transaction processing systems

LOTO operating highlights



	Lotto					Keno				
	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
PCSO Sales (Php B)	12.1	13.5	11.2	7.13	4.1	4.3	5.4	4.4	1.75	0.48
# of terminals	4,157	4,205	4,029	3,785	3,370	2,020	2,410	2,454	1,833	1,180

PremiumLeisure & Amusement, Inc. (PLAI): Overview

PAGCOR License

Co-terminus with PAGCOR charter

Operating partner : Melco Resorts & Entertainment (Philippines) Inc. (MRP)

- Affiliate of Macau and Hong Kong based Melco Resorts & Entertainment Ltd. (Melco), the only operator in Macau that is running an integrated resort in the Philippines
- Melco owns and operates three integrated resorts in Macau

Key agreements

- Cooperation Agreement (MRP, Belle, PLAI)
- Operating Agreement (MRP and PLAI)

City of Dreams

- ~30 ha. of total gross floor area
- Over 2 ha. of gaming space
- ~ 2 ha. of retail and restaurants
- 3 world class hotels
- Dreamplay – Dreamworks Animation inspired indoor theme park

NÜWA

NOBU HOTEL MANILA

HYATT REGENCY

DREAMWORKS DREAMPLAY PLAY • CREATE • LEARN

Melco Resorts & Entertainment Ltd. (Melco): A Strong Partner

Experienced operator

- Operator of award-winning integrated resorts in Macau:
  - City of Dreams Macau
  - Studio City
  - Altira Macau
- Able to leverage Macau knowhow for best practices in resort marketing and efficient operations

Broad customer base

- Proprietary access to regional gaming and tourism customers
- Has developed a sizable database of local customers since City of Dreams Manila opened in 2014

City of Dreams Manila – a world class product

- 2015: Won the prestigious International Gaming Awards Casino / Integrated Resort of the Year
- Multiple awards and recognition for each of the hotels in the resort complex

Revenue sharing with MRP

PLAI is entitled to the HIGHER of:

1. **50% of MRP's gaming EBITDA computed without deducting lease expenses but after deducting:**
   - Management allowance for 2% of Net Win, where "Net Win" is defined as:
     - For mass market = Net Gaming Revenue
     - For VIP = Net Gaming Revenue less commissions, marketing/ incentives and bad debts expenses
   - Incentive fee of 7% of EBITDA

   -OR-

2. **A percentage of Net Win as follows:**
   - For mass market – 15%; and
   - For VIP – 5%

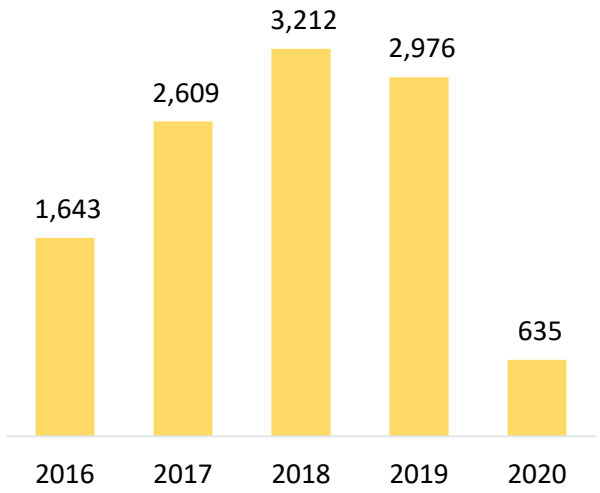
City of Dreams Manila EBITDA Sharing
Gross Gaming Revenue
Less: PAGCOR License Fees
Net Gaming Revenue
Less: Management allowance (2% of Net Win)
Less: Operating Expenses (excluding lease expenses paid to Belle)
Gaming EBITDA
Less: Incentive fee (7% of Gaming EBITDA)
Gaming EBITDA for sharing
PLAI share (higher of 50% of Gaming EBITDA or a percentage of Net Win)

PREMIUM LEISURE CORP.

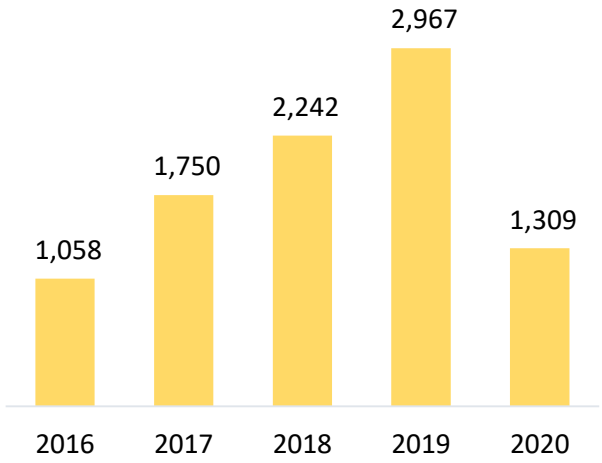
Positioned to benefit from growing gaming sector

- The operation of 3 world-class integrated resorts has legitimized Entertainment City as a worthwhile destination for tourists looking for games of chance
- Manila is an attractive destination for Asian gamers : only a few hours flight from Korea, China and Japan
- Favorable tax incentive in the Philippines (15% VIP tax vs 39% in Macau)

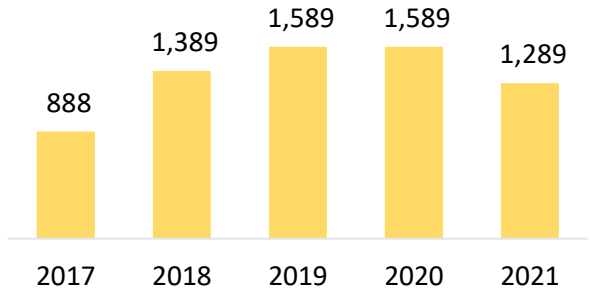
PLAI revenue (Php m)



PLAI net income (Php m)



PLC dividend history (Php m)



- It is PLC policy to declare dividends of at least 80% of prior year's unrestricted earnings

PLC: Strong Proxy for Gaming Sector

Income Satement	Three Months 2021	Three Months 2020	Full Year 2020	Full Year 2019	Full Year 2018
Revenues	554	625	964	3,966	5,148
EBITDA	404	450	551	2,605	2,655
Net Income	304	324	324	2,102	2,310
Net Margin (inc-NCI)	54.8%	51.8%	33.5%	53.0%	44.9%
ROE	1.8%	1.96%	1.95%	11.8%	13.3%

Figures in Php millions except percentages

- **Superior downside protection**
  - PLC, through PLAI, collects a gaming revenue share even when there are operating losses in City of Dreams Manila
  - Efficient ownership structure
- **Strong cash flow**
  - No capex requirements
  - No significant lease or interest payments
- **Healthy balance sheet**
  - No debt
  - Consolidated stockholders' equity of Php16.8 Billion as of March 31, 2021
- **Attractive dividend play**
  - Transparent dividend policy: At least 80% of unrestricted retained earnings to be paid out in the succeeding year

PREMIUM LEISURE CORP.

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PSE Ticker	PLC
Bloomberg Ticker	PLC:PM
Reuters Ticker	PLC:PS

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