



SUCCESS UNIVERSE GROUP LIMITED

(Stock code: 00487)

2014 Annual Results



Forward looking statements

This material is for information purposes only. This presentation may contain forward-looking statements based on current assumptions and forecasts made by the management of SUCCESS UNIVERSE GROUP LIMITED.

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Operational highlights

- Turnover from continuing operations achieved approximately HK\$1,304.7 million for 2014
- Gross profit from continuing operations increased by approximately 168% to approximately HK\$82.7 million for 2014 which was mainly due to the improved performance of the Group's lottery business
- Profit attributable to owners of the Company realised approximately HK\$96.9 million, representing a substantial increase of approximately 420% year-on-year
- Earnings per share from continuing operations was 1.48 HK cents for 2014
- Adjusted EBITDA* of the flagship investment project Ponte 16 increased by approximately 19% year-on-year to approximately HK\$461.0 million. Shared profit relating to Ponte 16 amounted to approximately HK\$88.1 million, representing approximately 73% year-on-year growth
- Stimulated by the FIFA World Cup 2014, the Group's lottery business achieved an encouraging result. Its revenue increased by approximately 185% year-on-year to approximately HK\$201.1 million for 2014 and a segment profit of approximately HK\$24.5 million for 2014 was recorded, representing a turnaround from a loss in 2013

Key financials

	For the year ended 31 December		
HK\$'000	2014	2013	Change
Turnover from continuing operations	1,304,669	1,500,782	-13.1%
Lottery business	201,125	70,600	+184.9%
Travel business	1,103,544	1,430,182	-22.8%
Shared profit of the associates relating to Ponte 16	88,047	51,014	+72.6%
Profit for the year from continuing businesses	73,470	11,770	+524.2%
Profit for the year from discontinued business*	44,312	475	N.A.
Profit attributable to owners of the Company	96,890	18,644	+419.7%
Earnings per share from continuing and discontinued operations	1.97 HK cents	0.42 HK cents	+369.0%
Earnings per share from continuing operations	1.48 HK cents	0.41 HK cents	+261.0%

Financial performance by segment

For the year ended 31 December			
HK\$'000	2014	2013	Change
Continuing operations			
Travel			
Revenue	1,103,544	1,430,182	-22.8%
Segment (loss)	(27,400)	(16,108)	–
Lottery			
Revenue	201,125	70,600	+184.9%
Segment profit/(loss)	24,506	(13,422)	-ve to +ve
Ponte 16			
Adjusted EBITDA* of Ponte 16	461,000	387,300	+19.0%
Shared profit of the associates relating to Ponte 16	88,047	51,014	+72.6%
Discontinued operation – Cruise ship			
Revenue	56,113	84,000	-33.2%
Profit for the year	44,312	475	N.A.

Intense competition resulted in financial difficulties in downstream agencies, which resulted in bad debts for the Group

 *Turnaround driven by FIFA World Cup 2014 and extensive sales coverage*

 *Targeted the growing mass market and outperformed the market*

Gain on disposal of approximately HK\$45.2 million

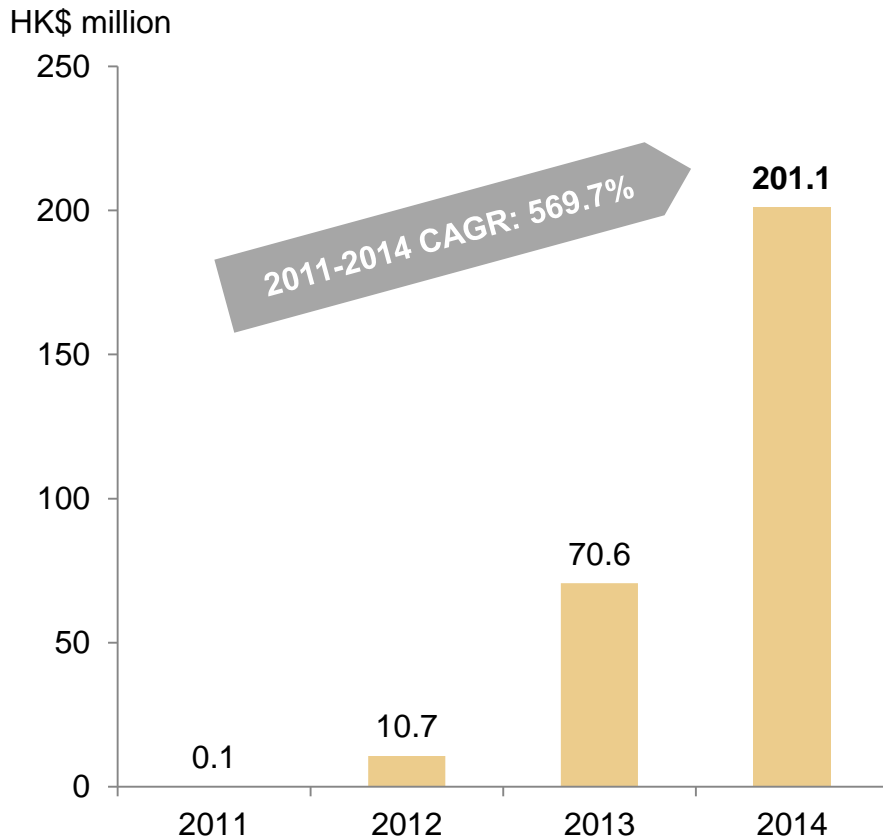


Lottery business

Business review and prospects

Progressive development with a turnaround achieved in 2014

Lottery sales performance



Business review

- Well-established sports lottery sales agency services network
- Reliable technological service platform to handle heightened traffic during FIFA World Cup 2014
- Turnover grew by approximately 184.9% year-on-year, outperforming market growth of approximately 32.8% year-on-year
- Achieved a turnaround by recording a segment profit of approximately HK\$24.5 million

Prospects

- 1 Venture into welfare lottery, new technology service platform for welfare lottery is expected to be completed in the first half of 2015
- 2 Expand coverage to more provinces and cities in China

Ponte 16 Resort Macau

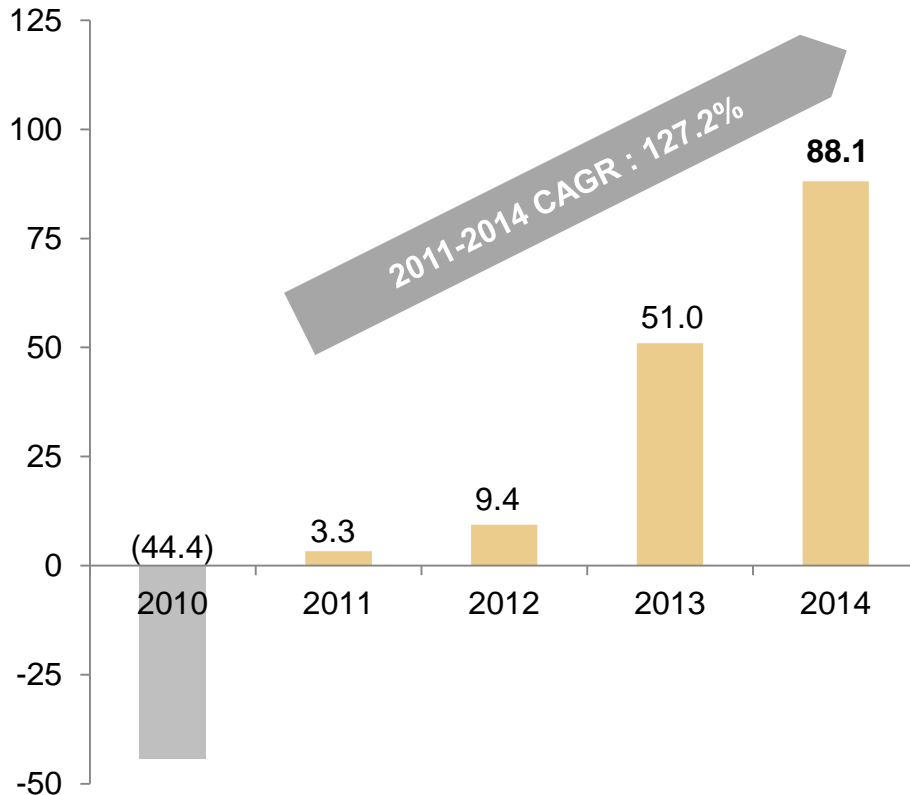
Business review and prospects

Vision

- Cater the needs of emerging middle class from China and Southeast Asia in search of new and comprehensive experience
- Offer diversified gaming and non-gaming elements with a focus on the mass market

Continuous growth in shared profits relating to Ponte 16

HK\$ million



Business review

- Timely implemented effective strategies to capture the growing mass market, which comprised China's emerging middle class and the new generation travellers from the Asia-Pacific region
- Outperformed the market by achieving an Adjusted EBITDA* of approximately HK\$461.0 million, an increase of approximately 19% year-on-year
- Shared profit of the associates relating to Ponte 16 increased by approximately 72.6% year-on-year to approximately HK\$88.1 million

Prospects

- 1 Offer versatile amenities and programmes to accommodate different needs from travellers around the world
- 2 Enrich non-gaming elements
 - Pier 16 Macau 3D World
 - Indoor Taiwanese food hall



*Adjusted EBITDA: Earnings Before Interest, Taxation, Depreciation and Amortisation (and excluded interest income from the pledged bank deposit)

Travel business

Business review and prospects

Business review

- Increased effective beneficial interests in **Jade Travel**, one of the largest travel agencies in North America, from 80% to approximately 85% in March 2014
- Turnover of the segment recorded approximately HK\$1,103.5 million for 2014 (2013: approximately HK\$1,430.2 million)
- Loss in this segment posted approximately HK\$27.4 million (2013: approximately HK\$16.1 million) including an impairment loss on intangible assets of approximately HK\$16.4 million and bad debts written off of approximately HK\$2.2 million (2013: impairment loss recognised on certain assets of approximately HK\$2.8 million and bad debts written off of approximately HK\$0.4 million)



Prospects

- Put more weight on travel packages and arrangements to the USA and Canada targeting the high-end MICE* and FIT**
- Utilise cross-selling opportunities with Ponte 16



Appendix



Consolidated Statement of Profit or Loss

For the year ended 31 December

HK\$'000	2014	2013
Turnover from continuing operations	1,304,669	1,500,782
Cost of sales	(1,221,959)	(1,469,905)
Gross profit	82,710	30,877
Other revenue and gains	30,013	110,000
Administrative expenses	(95,407)	(94,124)
Selling expenses	(13,697)	(2,579)
Other operating expenses	(16,380)	(74,872)
Loss from operations	(12,761)	(30,698)
Finance costs	(2,162)	(9,086)
Share of results of joint ventures	346	367
Share of results of associates	88,047	51,014
Profit before taxation	73,470	11,597
Taxation	–	173
Profit for the year from continuing operations	73,470	11,770
Profit for the year from discontinued operation	44,312	475
Profit for the year attributable to Owners of the Company	96,890	18,644
Non-controlling interests	20,892	(6,399)
Profit for the year	117,782	12,245
Earnings per share from continuing and discontinued operations – Basic and diluted	1.97 HK cents	0.42 HK cents
Earnings per share from continuing operations – Basic and diluted	1.48 HK cents	0.41 HK cents



Consolidated Statement of Financial Position

	As at 31 December	
HK\$'000	2014	2013
Non-current assets	980,806	1,060,215
Property, plant and equipment	26,097	74,885
Goodwill	–	1,313
Intangible assets	15,327	34,527
Interests in associates	937,820	947,774
Interests in joint ventures	1,562	1,716
Current assets	224,931	139,092
Inventories	–	1,522
Trade and other receivables	142,954	45,962
Tax recoverable	7	381
Pledged bank deposits	10,396	10,804
Cash and cash equivalent	71,574	80,423
Current liabilities	59,045	60,075
Trade and other payables	38,317	33,265
Deferred income	135	875
Profit guarantee liabilities	–	5,308
Bank loans – due within one year	598	608
Financial guarantee contract	19,995	19,995
Finance lease liabilities – current portion	–	24

Consolidated Statement of Financial Position

(cont.)

HK\$'000	As at 31 December	
	2014	2013
Non-current liabilities	57,125	129,683
Deferred income	–	146
Bank loans – due after one year	9,746	11,148
Loans payables	16,896	17,766
Financial guarantee contract	29,995	49,990
Finance lease liabilities	–	107
Deferred tax liabilities	488	526
Loan from a director and controlling shareholder	–	50,000
Net assets	1,089,567	1,009,549
Capital and reserves		
Share capital	49,265	49,265
Reserves	1,028,937	935,459
Total equity attributable to Owners of the Company	1,078,202	984,724
Non-controlling interests	11,365	24,825
Total equity	1,089,567	1,009,549

Thank you

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