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Melco International Development Limited

(Incorporated in Hong Kong with limited liability)

Website : www.melco-group.com

(Stock Code : 200)

ANNOUNCEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2018, AMENDMENT OF DIVIDEND POLICY AND DECLARATION OF QUARTERLY DIVIDEND BY A LISTED SUBSIDIARY — MELCO RESORTS & ENTERTAINMENT LIMITED

This is not an announcement of financial results of Melco International Development Limited (the “Company”). This announcement is made by the Company pursuant to the requirements of Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) to provide shareholders of the Company with information of the financial results of a listed subsidiary of the Company, Melco Resorts & Entertainment Limited, which has announced its unaudited financial results for the second quarter ended 30 June 2018, amendment of its dividend policy and declaration of quarterly dividend on 24 July 2018.

Melco Resorts & Entertainment Limited, a listed subsidiary of the Company, whose American depositary shares are listed on the NASDAQ Global Select Market in the United States, has announced its unaudited financial results for the second quarter ended 30 June 2018, amendment of its dividend policy and declaration of quarterly dividend on 24 July 2018.

Melco Resorts & Entertainment Limited (“**Melco Resorts**”), a listed subsidiary of the Company, whose American depositary shares (“**ADSS**”) are listed on the NASDAQ Global Select Market in the United States, has announced its unaudited financial results for the second quarter ended 30 June 2018, amendment of its dividend policy and declaration of quarterly dividend on 24 July 2018. Extracts of the unaudited financial results of Melco Resorts are provided below:

The Second Quarter 2018 Results of Melco Resorts

Net revenue for the second quarter of 2018 was US\$1,228.6 million, representing a decrease of approximately 5% from US\$1,298.2 million reported for the comparable period in 2017. The decrease in net revenue was primarily attributable to higher commissions reported as a reduction in revenue upon Melco Resorts’ adoption of a new revenue recognition standard issued by the Financial Accounting Standards Board (the “**New Revenue Standard**”), partially offset by higher group-wide gross gaming revenues. Melco Resorts adopted the New Revenue Standard using the modified retrospective method from 1 January 2018. Results for the periods beginning on or after 1

January 2018 are presented under the New Revenue Standard, while prior year amounts are not adjusted and continue to be reported in accordance with the previous basis. Under the previous basis, before the adoption of the New Revenue Standard, net revenue for the second quarter of 2018 would have been US\$1,337.4 million, which would have represented an increase of approximately 3% from the US\$1,298.2 million for the comparable period in 2017.

Operating income for the second quarter of 2018 was US\$118.1 million, compared with operating income of US\$127.4 million in the second quarter of 2017, representing a decrease of 7%.

Adjusted property EBITDA (i.e. earnings before interest, taxes, depreciation, amortization, pre-opening costs, development costs, property charges and other, share-based compensation, payments to the Philippine parties under the cooperative arrangement (the “**Philippine Parties**”), land rent to Belle Corporation, corporate and other expenses and other non-operating income and expenses) was US\$355.5 million for the second quarter of 2018, as compared to Adjusted property EBITDA of US\$329.5 million in the second quarter of 2017, representing an increase of 8%. The year-on-year improvement in Adjusted property EBITDA was mainly attributable to the higher contribution from City of Dreams Manila and Altira Macau.

Net income attributable to Melco Resorts for the second quarter of 2018 was US\$57.3 million, or US\$0.12 per ADS, compared with US\$36.5 million, or US\$0.08 per ADS, in the second quarter of 2017. The net loss attributable to noncontrolling interests during the second quarters of 2018 and 2017 were US\$4.1 million and US\$8.0 million, respectively, which were related to Studio City and City of Dreams Manila.

Other Factors Affecting Earnings

Total net non-operating expenses for the second quarter of 2018 were US\$62.5 million, which mainly included interest expenses, net of capitalized interest, of US\$61.4 million. Melco Resorts recorded US\$10.0 million of capitalized interest during the second quarter of 2018 relating to the development of Morpheus at City of Dreams.

Depreciation and amortization costs of US\$131.8 million were recorded in the second quarter of 2018 of which US\$14.3 million was related to the amortization of Melco Resorts’ gaming subconcession and US\$5.7 million was related to the amortization of land use rights.

Financial Position and Capital Expenditures

Total cash and bank balances as of 30 June 2018 were US\$1.5 billion, including US\$25.0 million of bank deposits with original maturities over three months and US\$47.6 million of restricted cash, primarily related to Studio City. Total debt, net of unamortized deferred financing costs at the end of the second quarter of 2018, was US\$3.5 billion.

Capital expenditures for the second quarter of 2018 were US\$165.5 million, which predominantly related to Morpheus and other various projects at City of Dreams.

Amendment of Dividend Policy

To reaffirm Melco Resorts’ commitment to returning surplus capital to its shareholders, the board of directors of Melco Resorts, after evaluating Melco Resorts’ current liquidity position and future expected capital needs, has amended its quarterly dividend policy from one targeting a quarterly cash dividend payment of US\$0.045 per ordinary share (equivalent to US\$0.135 per ADS, each representing three ordinary shares) of Melco Resorts, to one targeting a quarterly cash dividend

payment of US\$0.04835 per ordinary share (equivalent to US\$0.14505 per ADS) of Melco Resorts.

The new dividend policy of Melco Resorts will take effect beginning with any dividends declared by the board of directors of Melco Resorts for the second quarter of 2018 and continue until amended or otherwise determined by the board of directors of Melco Resorts. Distribution of dividends under this new dividend policy is subject to Melco Resorts' accumulated and future earnings, cash availability and future commitments.

The board of directors of Melco Resorts will continue to review Melco Resorts' dividend policy from time to time as part of its commitment to maximizing shareholder value, taking into consideration the financial performance of Melco Resorts and market conditions.

Pursuant to the quarterly dividend declared by the board of directors of Melco Resorts for the second quarter of 2018 referred to below in this announcement, it is expected that the Company will receive an amount of approximately US\$37 million (equivalent to approximately HK\$285 million) from Melco Resorts, as compared to approximately US\$34 million (equivalent to approximately HK\$265 million) that would have been received under Melco Resorts' previous dividend policy, being an additional dividend income of approximately US\$3 million (equivalent to approximately HK\$20 million).

The amendment of Melco Resorts' dividend policy described above does not affect the Company's previously announced dividend policy, which was announced by the Company on 28 March 2014 and remains in effect. In accordance with the Company's dividend policy, as set forth in the Company's 28 March 2014 announcement, the Company intends to provide its shareholders with semi-annual dividends in an aggregate amount per year of approximately 20% of the Company's annual consolidated net income attributable to its shareholders, subject to the Company's capacity to pay from accumulated and future earnings, liquidity position and future commitments at the time of declaration of dividend and the other factors referred to in the Company's 28 March 2014 announcement.

Quarterly Dividend Declaration

On 24 July 2018, the board of directors of Melco Resorts considered and approved the declaration and payment of a quarterly dividend of US\$0.04835 per ordinary share (equivalent to US\$0.14505 per ADS) of Melco Resorts for the second quarter of 2018 (the "**Quarterly Dividend**"). The Quarterly Dividend will be paid on or about 15 August 2018 to the shareholders of Melco Resorts whose names appear on the register of members of Melco Resorts at the close of business on 6 August 2018, being the record date for determination of entitlements to the Quarterly Dividend.

Condensed Consolidated Statements of Operations and Condensed Consolidated Balance Sheets

The condensed consolidated statements of operations for the three months ended 30 June 2018 and six months ended 30 June 2018 and the condensed consolidated balance sheets as at 30 June 2018 of Melco Resorts and its subsidiaries are provided below:

Melco Resorts & Entertainment Limited and Subsidiaries
Condensed Consolidated Statements of Operations
(In thousands of U.S. dollars, except share and per share data)

	Three Months Ended 30 June		Six Months Ended 30 June	
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
OPERATING REVENUES				
Casino	\$ 1,069,525	\$ 1,213,968	\$ 2,223,278	\$ 2,402,977
Rooms	67,795	65,589	135,366	132,026
Food and beverage	46,582	43,684	94,830	88,510
Entertainment, retail and other	44,728	49,600	88,304	102,482
Gross revenues	1,228,630	1,372,841	2,541,778	2,725,995
Less: promotional allowances	-	(74,621)	-	(150,555)
Net revenues	1,228,630	1,298,220	2,541,778	2,575,440
OPERATING COSTS AND EXPENSES				
Casino	(710,665)	(844,698)	(1,464,714)	(1,647,431)
Rooms	(17,142)	(8,025)	(32,968)	(16,215)
Food and beverage	(36,950)	(13,622)	(74,037)	(28,242)
Entertainment, retail and other	(22,404)	(21,644)	(45,366)	(44,052)
General and administrative	(126,591)	(122,786)	(234,817)	(233,581)
Payments to the Philippine Parties	(23,617)	(13,822)	(34,994)	(29,261)
Pre-opening costs	(28,765)	(525)	(31,113)	(1,000)
Development costs	(3,018)	(3,068)	(6,907)	(4,085)
Amortization of gaming subconcession	(14,310)	(14,309)	(28,619)	(28,618)
Amortization of land use rights	(5,704)	(5,704)	(11,408)	(11,408)
Depreciation and amortization	(111,747)	(115,510)	(221,434)	(233,079)
Property charges and other	(9,637)	(7,063)	(16,183)	(12,527)
Total operating costs and expenses	(1,110,550)	(1,170,776)	(2,202,560)	(2,289,499)
OPERATING INCOME	118,080	127,444	339,218	285,941

NON-OPERATING INCOME
(EXPENSES)

Interest income	1,286	915	2,695	1,472
Interest expenses, net of capitalized interest	(61,383)	(65,377)	(120,119)	(131,220)
Other finance costs	(1,390)	(1,436)	(2,767)	(2,937)
Foreign exchange (losses) gains, net	(4,253)	689	371	9,398
Other income, net	3,257	729	1,451	1,388
Loss on extinguishment of debt	-	(31,459)	-	(31,459)
Costs associated with debt modification	-	(1,912)	-	(1,912)
Total non-operating expenses, net	<u>(62,483)</u>	<u>(97,851)</u>	<u>(118,369)</u>	<u>(155,270)</u>
INCOME BEFORE INCOME TAX	55,597	29,593	220,849	130,671
INCOME TAX (EXPENSE) CREDIT	<u>(2,458)</u>	<u>(1,136)</u>	<u>(4,396)</u>	<u>617</u>
NET INCOME	53,139	28,457	216,453	131,288
NET LOSS (INCOME) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	<u>4,134</u>	<u>8,020</u>	<u>(2,547)</u>	<u>18,635</u>
NET INCOME ATTRIBUTABLE TO MELCO RESORTS & ENTERTAINMENT LIMITED	\$ <u><u>57,273</u></u>	\$ <u><u>36,477</u></u>	\$ <u><u>213,906</u></u>	\$ <u><u>149,923</u></u>
NET INCOME ATTRIBUTABLE TO MELCO RESORTS & ENTERTAINMENT LIMITED PER SHARE:				
Basic	\$ <u><u>0.039</u></u>	\$ <u><u>0.025</u></u>	\$ <u><u>0.145</u></u>	\$ <u><u>0.102</u></u>
Diluted	\$ <u><u>0.038</u></u>	\$ <u><u>0.025</u></u>	\$ <u><u>0.144</u></u>	\$ <u><u>0.101</u></u>
NET INCOME ATTRIBUTABLE TO MELCO RESORTS & ENTERTAINMENT LIMITED PER ADS:				
Basic	\$ <u><u>0.117</u></u>	\$ <u><u>0.075</u></u>	\$ <u><u>0.436</u></u>	\$ <u><u>0.307</u></u>
Diluted	\$ <u><u>0.115</u></u>	\$ <u><u>0.074</u></u>	\$ <u><u>0.432</u></u>	\$ <u><u>0.304</u></u>

WEIGHTED AVERAGE
 SHARES OUTSTANDING
 USED IN NET INCOME
 ATTRIBUTABLE TO
 MELCO RESORTS &
 ENTERTAINMENT LIMITED
 PER SHARE
 CALCULATION:

Basic	<u>1,472,695,529</u>	<u>1,467,501,531</u>	<u>1,471,225,884</u>	<u>1,466,468,014</u>
Diluted	<u>1,485,815,747</u>	<u>1,479,331,486</u>	<u>1,484,794,529</u>	<u>1,477,811,276</u>

Note: Melco Resorts adopted the New Revenue Standard using the modified retrospective method from 1 January 2018. Results for the periods beginning on or after 1 January 2018 are presented under the New Revenue Standard, while prior year amounts are not adjusted and continue to be reported in accordance with the previous basis.

Melco Resorts & Entertainment Limited and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands of U.S. dollars)

	30 June 2018	31 December 2017
	<u>(Unaudited)</u>	<u>(Audited)</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,387,519	\$ 1,408,211
Investment securities	92,334	89,874
Bank deposits with original maturities over three months	24,987	9,884
Restricted cash	47,470	45,412
Accounts receivable, net	188,323	176,544
Amounts due from affiliated companies	5,766	2,377
Inventories	36,002	34,988
Prepaid expenses and other current assets	<u>73,999</u>	<u>77,503</u>
Total current assets	<u>1,856,400</u>	<u>1,844,793</u>
PROPERTY AND EQUIPMENT, NET	5,736,756	5,730,760
GAMING SUBCONCESSION, NET	227,464	256,083
INTANGIBLE ASSETS	4,220	4,220
GOODWILL	81,915	81,915
LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER ASSETS	187,567	189,645
RESTRICTED CASH	130	130
DEFERRED TAX ASSETS	81	11
LAND USE RIGHTS, NET	<u>776,091</u>	<u>787,499</u>
TOTAL ASSETS	<u>\$ 8,870,624</u>	<u>\$ 8,895,056</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$	21,953	\$	16,041
Accrued expenses and other current liabilities		1,522,002		1,563,585
Income tax payable		6,512		3,179
Capital lease obligations, due within one year		32,625		33,387
Current portion of long-term debt, net		191,147		51,032
Amounts due to affiliated companies		<u>14,026</u>		<u>16,790</u>
Total current liabilities		<u>1,788,265</u>		<u>1,684,014</u>

LONG-TERM DEBT, NET 3,337,943 3,506,530

OTHER LONG-TERM LIABILITIES 27,674 48,087

DEFERRED TAX LIABILITIES 54,781 53,994

CAPITAL LEASE OBLIGATIONS,
DUE AFTER ONE YEAR 248,772 265,896

AMOUNTS DUE TO AFFILIATED COMPANIES - 919

SHAREHOLDERS' EQUITY

Ordinary shares 14,830 14,784

Treasury shares (74) (90)

Additional paid-in capital 3,686,664 3,671,805

Accumulated other comprehensive losses (29,955) (26,610)

Accumulated losses (703,256) (772,338)

Total Melco Resorts & Entertainment Limited
shareholders' equity 2,968,209 2,887,551

Noncontrolling interests 444,980 448,065

Total equity 3,413,189 3,335,616

TOTAL LIABILITIES AND EQUITY \$ 8,870,624 \$ 8,895,056

The full text of Melco Resorts' unaudited financial results for the second quarter ended 30 June 2018, amendment of Melco Resorts' dividend policy and declaration of Quarterly Dividend has been posted on the Company's website at www.melco-group.com and on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk, as an overseas regulatory announcement, for the information of the Company's shareholders.

By Order of the Board of
Melco International Development Limited
Leung Hoi Wai, Vincent
Company Secretary

Hong Kong, 24 July 2018

As at the date of this announcement, the board of directors of the Company comprises three Executive Directors, namely Mr. Ho, Lawrence Yau Lung (Chairman and Chief Executive Officer), Mr. Evan Andrew Winkler (President and Managing Director) and Mr. Chung Yuk Man, Clarence; two Non-executive Directors, namely Mr. Tsui Che Yin, Frank and Mr. Ng Ching Wo; and two Independent Non-executive Directors, namely Mr. Chow Kwong Fai, Edward and Dr. Tyen Kan Hee, Anthony.