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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 2020 BY A LISTED SUBSIDIARY — MELCO RESORTS & ENTERTAINMENT LIMITED

This is not an announcement of the financial results of Melco International Development Limited (the “Company”, together with its subsidiaries, the “Group”). 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 (the “Listing Rules”) 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 in respect of the financial results of a listed subsidiary of the Company, Melco Resorts & Entertainment Limited (“Melco Resorts”), which has announced its unaudited financial results for the second quarter ended 30 June 2020 on 20 August 2020.

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 2020 on 20 August 2020 (the “**Melco Resorts’ earnings release**”). Extracts of the unaudited financial results of Melco Resorts are provided below.

The Second Quarter 2020 Results of Melco Resorts

Total operating revenues for the second quarter of 2020 were US\$0.18 billion, representing a decrease of approximately 88% from US\$1.46 billion for the comparable period in 2019. The decrease in total operating revenues was primarily attributable to softer performance in all gaming segments and non-gaming operations as a result of the COVID-19 pandemic, which resulted in a significant decline in inbound tourism in the second quarter of 2020.

Operating loss for the second quarter of 2020 was US\$370.8 million, compared with operating income of US\$208.0 million in the second quarter of 2019.

Melco Resorts generated negative 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) of US\$156.3 million in the second

quarter of 2020, compared with Adjusted Property EBITDA of US\$448.0 million in the second quarter of 2019.

Net loss attributable to Melco Resorts for the second quarter of 2020 was US\$368.1 million, or US\$0.77 per ADS, compared with net income attributable to Melco Resorts of US\$101.8 million, or US\$0.21 per ADS, in the second quarter of 2019. The net loss attributable to noncontrolling interests during the second quarters of 2020 and 2019 were US\$58.7 million and US\$2.5 million, respectively, all of which were related to Studio City, City of Dreams Manila, and the Cyprus Operations.

Other Factors Affecting Earnings

Total net non-operating expenses for the second quarter of 2020 were US\$57.9 million, which mainly included interest expenses, net of amounts capitalized of US\$80.3 million, partially offset by other net non-operating income of US\$27.6 million, which was primarily attributable to the fair value gain from the investment in shares of Crown Resorts Limited during the second quarter of 2020.

Depreciation and amortization costs of US\$155.2 million were recorded in the second quarter of 2020, of which US\$14.4 million related to the amortization expense for gaming subconcession of Melco Resorts and US\$5.7 million related to the amortization expense for the land use rights.

Financial Position and Capital Expenditures

Total cash and bank balances as of 30 June 2020 aggregated to US\$1.17 billion, including US\$25.0 million of restricted cash, which was primarily related to Studio City. Total debt, net of unamortized deferred financing costs and original issue premiums, was US\$4.75 billion at the end of the second quarter of 2020.

Capital expenditures for the second quarter of 2020 were US\$82.5 million, which primarily related to various projects at City of Dreams and Studio City Phase 2 construction.

Recent Developments

The COVID-19 outbreak continues to have a material effect on Melco Resorts' operations, financial position, and prospects during the third quarter of 2020.

Commencing from 15 July 2020, certain travelers entering Guangdong from Macau were no longer subject to mandatory quarantine. On 12 August 2020, the Chinese authorities resumed the issuance of IVS visas for Zhuhai residents. According to the National Immigration Administration, issuance of IVS visas for Guangdong residents will resume on 26 August 2020, while the nationwide resumption of IVS visa issuance will commence on 23 September 2020. Despite these developments, Melco Resorts' operations continue to be impacted by significant travel bans, restrictions, and quarantine requirements imposed by the governments in Macau, Hong Kong, and certain provinces in China on visitors traveling to and from Macau. Additionally, health-related precautionary measures remain in place at Melco Resorts' properties in Macau, which could continue to impact visitation and customer spending.

Melco Resorts' Philippines casino gaming operations were closed due to the enhanced community quarantine for the entire island of Luzon, including Metro Manila, which began on 16 March 2020 and was extended to 31 July 2020. However, during the quarter, City of Dreams Manila was allowed by Philippine Amusement and Gaming Corporation ("PAGCOR") to

undertake a dry run/trial run of its gaming and hospitality operations for a limited period with only a limited number of participants strictly adhering to the new guidelines on social distancing and hygiene and sanitation procedures imposed by the government of the Philippines. The PAGCOR-sanctioned dry run/trial run aimed to address all potential operational concerns to achieve a seamless reopening for City of Dreams Manila.

The COVID-19 outbreak has also impacted the construction of the Studio City Phase 2 project and the progress of construction works at the City of Dreams Mediterranean project. Melco Resorts currently expects additional time will be needed to complete the construction of these projects.

As the disruptions from the COVID-19 outbreak are ongoing, any recovery from such disruptions will depend on future developments, such as the duration of travel and visa restrictions and customer sentiment and behavior, including the length of time before customers resume traveling and participating in entertainment and leisure activities at high-density venues and the impact of potential higher unemployment rates, declines in income levels and loss of personal wealth resulting from the COVID-19 outbreak on consumer behavior related to discretionary spending and traveling, all of which are highly uncertain.

Unaudited Condensed Consolidated Statements of Operations and Condensed Consolidated Balance Sheets

The unaudited condensed consolidated statements of operations for the three months ended 30 June 2020 and six months ended 30 June 2020 and the condensed consolidated balance sheets as at 30 June 2020 (unaudited) and 31 December 2019 (audited) of Melco Resorts and its subsidiaries are provided below:

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

	Three Months Ended		Six Months Ended	
	30 June		30 June	
	2020	2019	2020	2019
		(As adjusted) ⁽¹⁾		(As adjusted) ⁽¹⁾
Operating revenues:				
Casino	\$ 147,584	\$ 1,287,674	\$ 860,139	\$ 2,485,578
Rooms	7,223	86,411	52,044	170,480
Food and beverage	5,719	57,465	34,662	113,664
Entertainment, retail and other	15,324	32,847	40,180	77,782
Total operating revenues	175,850	1,464,397	987,025	2,847,504
Operating costs and expenses:				
Casino	(215,789)	(818,247)	(779,630)	(1,600,071)
Rooms	(8,383)	(21,845)	(26,324)	(44,338)
Food and beverage	(15,430)	(43,585)	(47,660)	(88,486)
Entertainment, retail and other	(15,213)	(26,433)	(35,537)	(48,247)

General and administrative	(113,932)	(146,407)	(245,229)	(277,877)
Payments to the Philippine Parties	2,771	(23,203)	(4,935)	(37,255)
Pre-opening costs	(226)	(603)	(621)	(4,113)
Development costs	(6,372)	(3,920)	(19,802)	(9,440)
Amortization of gaming subconcession	(14,363)	(14,209)	(28,686)	(28,395)
Amortization of land use rights	(5,726)	(5,664)	(11,435)	(11,319)
Depreciation and amortization	(135,085)	(142,544)	(277,318)	(281,722)
Property charges and other	<u>(18,892)</u>	<u>(9,774)</u>	<u>(30,564)</u>	<u>(17,206)</u>
Total operating costs and expenses	<u>(546,640)</u>	<u>(1,256,434)</u>	<u>(1,507,741)</u>	<u>(2,448,469)</u>
Operating (loss) income	<u>(370,790)</u>	<u>207,963</u>	<u>(520,716)</u>	<u>399,035</u>
Non-operating income (expenses):				
Interest income	1,153	1,448	2,295	3,572
Interest expenses, net of amounts capitalized	(80,269)	(75,922)	(158,424)	(145,545)
Loan commitment fees	(1,929)	(507)	(3,173)	(790)
Foreign exchange losses, net	(2,907)	(9,316)	(6,218)	(9,330)
Other income (expenses), net	27,590	(23,078)	(151,807)	(16,351)
Loss on extinguishment of debt	(1,236)	-	(1,236)	(3,721)
Costs associated with debt modification	<u>(310)</u>	<u>-</u>	<u>(310)</u>	<u>(579)</u>
Total non-operating expenses, net	<u>(57,908)</u>	<u>(107,375)</u>	<u>(318,873)</u>	<u>(172,744)</u>
(Loss) income before income tax	(428,698)	100,588	(839,589)	226,291
Income tax credit (expense)	<u>1,886</u>	<u>(1,298)</u>	<u>6,726</u>	<u>(4,989)</u>
Net (loss) income	(426,812)	99,290	(832,863)	221,302
Net loss attributable to noncontrolling interests	<u>58,683</u>	<u>2,490</u>	<u>100,686</u>	<u>542</u>
Net (loss) income attributable to Melco Resorts & Entertainment Limited	\$ <u><u>(368,129)</u></u>	\$ <u><u>101,780</u></u>	\$ <u><u>(732,177)</u></u>	\$ <u><u>221,844</u></u>
Net (loss) income attributable to Melco Resorts & Entertainment Limited per share:				
Basic	\$ <u><u>(0.257)</u></u>	\$ <u><u>0.071</u></u>	\$ <u><u>(0.511)</u></u>	\$ <u><u>0.154</u></u>
Diluted	\$ <u><u>(0.257)</u></u>	\$ <u><u>0.070</u></u>	\$ <u><u>(0.511)</u></u>	\$ <u><u>0.154</u></u>

Net (loss) income attributable to
Melco Resorts & Entertainment
Limited per ADS:

Basic	\$ <u>(0.772)</u>	\$ <u>0.213</u>	\$ <u>(1.533)</u>	\$ <u>0.463</u>
Diluted	\$ <u>(0.772)</u>	\$ <u>0.211</u>	\$ <u>(1.533)</u>	\$ <u>0.461</u>

Weighted average shares
outstanding used in
net (loss) income attributable to
Melco Resorts & Entertainment
Limited per share calculation:

Basic	<u>1,430,748,936</u>	<u>1,436,695,517</u>	<u>1,433,255,599</u>	<u>1,436,127,426</u>
Diluted	<u>1,430,748,936</u>	<u>1,444,897,243</u>	<u>1,433,255,599</u>	<u>1,443,357,571</u>

Notes:

- (1) In connection with Melco Resorts' acquisition of a 75% interest in ICR Cyprus Holdings Limited ("**ICR Cyprus**") from the Company on 31 July 2019, the prior period amounts presented in these unaudited condensed consolidated financial statements have been adjusted to include the financial results of the ICR Cyprus group in accordance with applicable accounting standards.
- (2) The negative Adjusted EBITDA for Studio City for the three months ended 30 June 2020 referred to in the Melco Resorts' earnings release is US\$8.7 million less than the negative Adjusted EBITDA of Studio City contained in the earnings release for Studio City International Holdings Limited dated 20 August 2020 (the "**Studio City earnings release**"). The Adjusted EBITDA of Studio City contained in the Studio City earnings release includes certain intercompany charges that are not included in the Adjusted EBITDA for Studio City contained in the Melco Resorts' earnings release. Such intercompany charges include, among other items, fees and shared service charges billed between Studio City International Holdings Limited and its subsidiaries and certain subsidiaries of Melco Resorts. Additionally, Adjusted EBITDA of Studio City included in the Melco Resorts' earnings release does not reflect certain costs related to the table games operations at Studio City Casino.

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

	30 June 2020	31 December 2019
	<u>(Unaudited)</u>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,144,673	\$ 1,394,982
Investment securities	24,494	49,369
Restricted cash	24,589	37,390
Accounts receivable, net	176,547	284,333
Amounts due from affiliated companies	334	442
Inventories	41,126	43,959
Prepaid expenses and other current assets	<u>110,093</u>	<u>84,197</u>
Total current assets	<u>1,521,856</u>	<u>1,894,672</u>
Property and equipment, net	5,656,967	5,723,909
Gaming subconcession, net	113,412	141,440
Intangible assets, net	30,523	31,628
Goodwill	86,568	95,620
Long-term prepayments, deposits and other assets	209,848	176,478
Investment securities	-	568,936
Restricted cash	406	130
Deferred tax assets	6,285	3,558
Operating lease right-of-use assets	100,538	111,043
Land use rights, net	<u>733,216</u>	<u>741,008</u>
Total assets	<u><u>\$ 8,459,619</u></u>	<u><u>\$ 9,488,422</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 9,254	\$ 21,882

Accrued expenses and other current liabilities	993,166	1,420,516
Income tax payable	7,704	8,516
Operating lease liabilities, current	28,431	33,152
Finance lease liabilities, current	53,264	39,725
Current portion of long-term debt, net	-	146
Amounts due to affiliated companies	<u>1,822</u>	<u>1,523</u>
Total current liabilities	<u>1,093,641</u>	<u>1,525,460</u>
Long-term debt, net	4,750,712	4,393,985
Other long-term liabilities	21,403	18,773
Deferred tax liabilities, net	49,329	56,677
Operating lease liabilities, non-current	80,106	88,259
Finance lease liabilities, non-current	<u>263,659</u>	<u>262,040</u>
Total liabilities	<u>6,258,850</u>	<u>6,345,194</u>
Shareholders' equity:		
Ordinary shares, par value \$0.01; 7,300,000,000 shares authorized; 1,456,547,942 and 1,456,547,942 shares issued; 1,430,797,219 and 1,437,328,096 shares outstanding, respectively	14,565	14,565
Treasury shares, at cost; 25,750,723 and 19,219,846 shares, respectively	(121,821)	(90,585)
Additional paid-in capital	3,185,874	3,178,579
Accumulated other comprehensive losses	(33,604)	(18,803)
Accumulated losses	<u>(1,456,081)</u>	<u>(644,788)</u>
Total Melco Resorts & Entertainment Limited shareholders' equity	1,588,933	2,438,968
Noncontrolling interests	<u>611,836</u>	<u>704,260</u>
Total shareholders' equity	<u>2,200,769</u>	<u>3,143,228</u>
Total liabilities and shareholders' equity	<u>\$ 8,459,619</u>	<u>\$ 9,488,422</u>

The full text of the Melco Resorts' earnings release 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.

Impact on Financial Results of the Company for the Six Months Ended 30 June 2020

Melco Resorts, a majority-owned subsidiary of the Group as at 30 June 2020, contributed a majority of the financial results for the Group.

According to the unaudited financial results of Melco Resorts prepared in accordance with the U.S. generally accepted accounting principles disclosed above, it recorded a net loss attributable to its shareholders of US\$732,177,000 for the six months ended 30 June 2020, and accordingly, the estimated share of the net loss of Melco Resorts which is attributable to the shareholders of the Company is approximately US\$408,555,000 (equivalent to approximately HK\$3,166,301,250), based on the Company's holding of approximately 55.8% of the issued share capital of Melco Resorts as of 30 June 2020. The final amount of such attributable share (prepared in accordance with HKFRS) will be included in the consolidated results of the Company for the first half of 2020.

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

Hong Kong, 20 August 2020

Translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = HK\$7.75. Percentages and figures expressed have been rounded.

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; one Non-executive Director, namely Mr. Ng Ching Wo; and three Independent Non-executive Directors, namely Mr. John William Crawford, Mr. Tsui Che Yin, Frank and Ms. Karuna Evelyne Shinsho.