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## **Melco International Development Limited**

*(Incorporated in Hong Kong with limited liability)*

Website: [www.melco-group.com](http://www.melco-group.com)

(Stock Code: 200)

### **ANNOUNCEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 third quarter ended 30 September 2020 on 5 November 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 third quarter ended 30 September 2020 on 5 November 2020 (the “**Melco Resorts’ earnings release**”). Extracts of the unaudited financial results of Melco Resorts are provided below.

#### **The Third Quarter 2020 Results of Melco Resorts**

Total operating revenues for the third quarter of 2020 were US\$0.21 billion, representing a decrease of approximately 85% from US\$1.44 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 third quarter of 2020.

Operating loss for the third quarter of 2020 was US\$275.0 million, compared with operating income of US\$175.2 million in the third quarter of 2019.

Melco Resorts generated negative Adjusted Property EBITDA (i.e. net income/loss 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\$76.7 million in the third quarter of 2020, compared with Adjusted Property EBITDA of US\$418.2 million in the third quarter of 2019.

Net loss attributable to Melco Resorts for the third quarter of 2020 was US\$331.6 million, or US\$0.70 per ADS, compared with net income attributable to Melco Resorts of US\$83.2 million, or US\$0.17 per ADS, in the third quarter of 2019. The net loss attributable to noncontrolling interests during the third quarter of 2020 was US\$55.3 million and the net income attributable to noncontrolling interests during the third quarter of 2019 was US\$8.9 million, 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 third quarter of 2020 were US\$110.3 million, which mainly included interest expenses, net of amounts capitalized of US\$91.9 million and loss on extinguishment of debt of US\$18.5 million.

Depreciation and amortization costs of US\$153.5 million were recorded in the third 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 September 2020 aggregated to US\$1.90 billion, including US\$150.0 million for a bank deposit with an original maturity over three months and US\$9.9 million of restricted cash. Total debt, net of unamortized deferred financing costs and original issue premiums, was US\$5.64 billion at the end of the third quarter of 2020.

Capital expenditures for the third quarter of 2020 were US\$116.8 million, which primarily related to various projects at City of Dreams, Studio City Phase 2 and City of Dreams Mediterranean construction.

### **Recent Developments**

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

Commencing from 15 July 2020, certain travelers entering Guangdong from Macau were no longer subject to mandatory quarantine, while from 12 August 2020, those entering China from Macau were generally no longer subject to mandatory quarantine. On 26 August 2020, the Chinese authorities resumed the issuance of Individual Visit Scheme ("IVS") visas for Guangdong residents, while the nationwide resumption of IVS visa issuance commenced on 23 September 2020. Despite these developments, operations of Melco Resorts 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, and such bans, restrictions and requirements have been, and may continue to be, modified by the relevant authorities from time to time as COVID-19 developments unfold. 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 community quarantine for the entire island of Luzon, including Metro Manila, which began on 16 March 2020 and was extended to 30 November 2020. However, as permitted by Philippine Amusement and Gaming Corporation ("PAGCOR"), since 19 June 2020, City of Dreams Manila has conducted a dry run/trial run of its gaming and hospitality operations with 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, which aims to address all potential operational concerns to achieve a seamless re-opening for City of Dreams Manila, is expected to continue until such time that PAGCOR provides formal notice that City of Dreams Manila can resume operations again on a regular basis in the future.

In Cyprus, commencing from 23 October 2020, the cities of Limassol and Paphos became subject to a 11 p.m. to 5 a.m. curfew. On 4 November 2020, the Cyprus government announced the curfew would be extended throughout the rest of Cyprus commencing from 5 November 2020 and the curfew is currently expected to be in place through 30 November 2020. As a result, Melco Resorts' operations in Cyprus are required to be closed during those hours while the curfew remains in place.

The COVID-19 outbreak has also impacted the construction of the Studio City Phase 2 project and the progress of construction work 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 September 2020 and nine months ended 30 September 2020 and the condensed consolidated balance sheets as at 30 September 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)**

	<b>Three Months Ended 30 September</b>		<b>Nine Months Ended 30 September</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Operating revenues:				
Casino	\$ 170,775	\$ 1,242,192	\$ 1,030,914	\$ 3,727,770
Rooms	15,184	88,438	67,228	258,918
Food and beverage	13,385	59,081	48,047	172,745

Entertainment, retail and other	<u>13,552</u>	<u>48,945</u>	<u>53,732</u>	<u>126,727</u>
Total operating revenues	<u>212,896</u>	<u>1,438,656</u>	<u>1,199,921</u>	<u>4,286,160</u>
Operating costs and expenses:				
Casino	(207,188)	(823,115)	(986,818)	(2,423,186)
Rooms	(8,573)	(22,887)	(34,897)	(67,225)
Food and beverage	(14,822)	(44,966)	(62,482)	(133,452)
Entertainment, retail and other	(9,378)	(24,792)	(44,915)	(73,039)
General and administrative	(80,985)	(145,123)	(326,214)	(423,000)
Payments to the Philippine Parties	(2,743)	(8,740)	(7,678)	(45,995)
Pre-opening costs	(428)	(525)	(1,049)	(4,638)
Development costs	(2,831)	(30,433)	(22,633)	(39,873)
Amortization of gaming subconcession	(14,364)	(14,206)	(43,050)	(42,601)
Amortization of land use rights	(5,726)	(5,663)	(17,161)	(16,982)
Depreciation and amortization	(133,439)	(140,640)	(410,757)	(422,362)
Property charges and other	<u>(7,426)</u>	<u>(2,372)</u>	<u>(37,990)</u>	<u>(19,578)</u>
Total operating costs and expenses	<u>(487,903)</u>	<u>(1,263,462)</u>	<u>(1,995,644)</u>	<u>(3,711,931)</u>
Operating (loss) income	<u>(275,007)</u>	<u>175,194</u>	<u>(795,723)</u>	<u>574,229</u>
Non-operating income (expenses):				
Interest income	1,437	3,597	3,732	7,169
Interest expenses, net of amounts capitalized	(91,864)	(80,123)	(250,288)	(225,668)
Loan commitment fees	(2,471)	(883)	(5,644)	(1,673)
Foreign exchange gains (losses), net	1,101	(79)	(5,117)	(9,409)
Other expenses, net	(50)	(3,815)	(151,857)	(20,166)
Loss on extinguishment of debt	(18,497)	-	(19,733)	(3,721)
Costs associated with debt modification	<u>-</u>	<u>-</u>	<u>(310)</u>	<u>(579)</u>
Total non-operating expenses, net	<u>(110,344)</u>	<u>(81,303)</u>	<u>(429,217)</u>	<u>(254,047)</u>
(Loss) income before income tax	(385,351)	93,891	(1,224,940)	320,182

Income tax (expense) credit	<u>(1,560)</u>	<u>(1,788)</u>	<u>5,166</u>	<u>(6,777)</u>
Net (loss) income	(386,911)	92,103	(1,219,774)	313,405
Net loss (income) attributable to noncontrolling interests	<u>55,330</u>	<u>(8,913)</u>	<u>156,016</u>	<u>(8,371)</u>
Net (loss) income attributable to Melco Resorts & Entertainment Limited	\$ <u>(331,581)</u>	\$ <u>83,190</u>	\$ <u>(1,063,758)</u>	\$ <u>305,034</u>
Net (loss) income attributable to Melco Resorts & Entertainment Limited per share:				
Basic	\$ <u>(0.232)</u>	\$ <u>0.058</u>	\$ <u>(0.743)</u>	\$ <u>0.212</u>
Diluted	\$ <u>(0.232)</u>	\$ <u>0.058</u>	\$ <u>(0.743)</u>	\$ <u>0.211</u>
Net (loss) income attributable to Melco Resorts & Entertainment Limited per ADS:				
Basic	\$ <u>(0.695)</u>	\$ <u>0.174</u>	\$ <u>(2.228)</u>	\$ <u>0.637</u>
Diluted	\$ <u>(0.696)</u>	\$ <u>0.173</u>	\$ <u>(2.230)</u>	\$ <u>0.634</u>
Weighted average shares outstanding used in net (loss) income attributable to Melco Resorts & Entertainment Limited per share calculation:				
Basic	<u>1,430,817,899</u>	<u>1,436,810,952</u>	<u>1,432,437,101</u>	<u>1,436,357,772</u>
Diluted	<u>1,430,817,899</u>	<u>1,443,031,676</u>	<u>1,432,437,101</u>	<u>1,443,251,443</u>

Note: The negative Adjusted EBITDA for Studio City for the three months ended 30 September 2020 referred to in the Melco Resorts' earnings release was US\$8.5 million less than the negative Adjusted EBITDA of Studio City contained in the earnings release for Studio City International Holdings Limited dated 5 November 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 intercompany 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)

	<b>30 September 2020</b>	<b>31 December 2019</b>
	(Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,743,183	\$ 1,394,982
Investment securities	25,003	49,369
Bank deposit with an original maturity over three months	150,000	-
Restricted cash	9,487	37,390
Accounts receivable, net	142,417	284,333
Amounts due from affiliated companies	403	442
Inventories	39,152	43,959
Prepaid expenses and other current assets	84,137	84,197
Total current assets	<u>2,193,782</u>	<u>1,894,672</u>
Property and equipment, net	5,658,837	5,723,909
Gaming subconcession, net	99,058	141,440
Intangible assets, net	30,288	31,628
Goodwill	86,576	95,620
Long-term prepayments, deposits and other assets	267,047	176,478
Investment securities	-	568,936
Restricted cash	406	130
Deferred tax assets	6,794	3,558
Operating lease right-of-use assets	97,708	111,043
Land use rights, net	<u>727,558</u>	<u>741,008</u>
Total assets	<u>\$ 9,168,054</u>	<u>\$ 9,488,422</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 6,308	\$ 21,882
Accrued expenses and other current liabilities	934,592	1,420,516
Income tax payable	8,474	8,516
Operating lease liabilities, current	27,811	33,152
Finance lease liabilities, current	67,099	39,725
Current portion of long-term debt, net	250,000	146
Amounts due to affiliated companies	1,706	1,523
Total current liabilities	<u>1,295,990</u>	<u>1,525,460</u>
Long-term debt, net	5,392,447	4,393,985
Other long-term liabilities	21,982	18,773
Deferred tax liabilities, net	49,980	56,677
Operating lease liabilities, non-current	79,453	88,259

Finance lease liabilities, non-current	269,500	262,040
Total liabilities	7,109,352	6,345,194
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; 1,430,857,414 and 1,437,328,096 shares outstanding, respectively	14,565	14,565
Treasury shares, at cost; 25,690,528 and 19,219,846 shares, respectively	(121,537)	(90,585)
Additional paid-in capital	3,196,685	3,178,579
Accumulated other comprehensive losses	(20,814)	(18,803)
Accumulated losses	(1,787,662)	(644,788)
Total Melco Resorts & Entertainment Limited shareholders' equity	1,281,237	2,438,968
Noncontrolling interests	777,465	704,260
Total shareholders' equity	2,058,702	3,143,228
Total liabilities and shareholders' equity	\$ 9,168,054	\$ 9,488,422

The full text of the Melco Resorts' earnings release has been posted on the Company's website at [www.melco-group.com](http://www.melco-group.com) and on the website of The Stock Exchange of Hong Kong Limited at [www.hkex.com.hk](http://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, 5 November 2020

*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.*