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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 FIRST QUARTER ENDED 31 MARCH 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”). 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 first quarter ended 31 March 2020 on 14 May 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 first quarter ended 31 March 2020 on 14 May 2020 (the “**Melco Resorts’ earnings release**”). Extracts of the unaudited financial results of Melco Resorts are provided below.

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

Total operating revenues for the first quarter of 2020 were US\$0.81 billion, representing a decrease of approximately 41% from US\$1.38 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 temporary casino closure in Macau and enhanced quarantine and social distancing measures to mitigate the COVID-19 outbreak in the first quarter of 2020.

Operating loss for the first quarter of 2020 was US\$149.9 million, compared with operating income of US\$191.1 million in the first quarter of 2019.

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 others expenses and other non-operating income and expenses) was US\$75.3 million for the first quarter of 2020 compared to Adjusted property EBITDA of US\$413.5 million in the first quarter of 2019, representing a decrease of 82%.

Net loss attributable to Melco Resorts for the first quarter of 2020 was US\$364.0 million, or US\$0.76 per ADS, compared with net income attributable to Melco Resorts of US\$120.1 million, or US\$0.25 per ADS, in the first quarter of 2019. The net loss attributable to noncontrolling interests during the first quarter of 2020 was US\$42.0 million and the net income attributable to noncontrolling interests during the first quarter of 2019 was US\$1.9 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 first quarter of 2020 were US\$261.0 million, which mainly included other net non-operating expenses of US\$179.4 million primarily related to the fair value losses on investment securities and interest expenses, net of amounts capitalized of US\$78.2 million.

Depreciation and amortization costs of US\$162.3 million were recorded in the first quarter of 2020 of which US\$14.3 million related to the amortization expense for the 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 31 March 2020 aggregated to US\$1.22 billion, including US\$54.9 million of restricted cash, which was primarily related to Studio City. Total debt, net of unamortized deferred financing costs at the end of the first quarter of 2020 was US\$4.65 billion.

Capital expenditures for the first quarter of 2020 were US\$96.8 million, which primarily related to various projects at City of Dreams and the Phase 2 construction at Studio City.

Year to date, Melco Resorts has repurchased approximately 3 million ADSs, worth approximately US\$45 million, under the US\$500 million share repurchase program Melco Resorts announced in November 2018 and the maximum dollar value that may yet be purchased under this share repurchase program is approximately US\$299 million.

### **Dividend Suspension**

To preserve liquidity in light of the COVID-19 pandemic and to continue investing in Melco Resorts’ business, the board of directors of Melco Resorts has decided to suspend Melco Resorts’ quarterly dividend program.

### **Recent Developments**

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

Melco Resorts' Macau 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 nearly all visitors traveling to and from Macau. Additionally, health-related precautionary measures remain in place at all of Melco Resorts' properties, which could 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 was initiated on 16 March 2020 and was extended to 15 May 2020. On 12 May 2020, the Philippines government announced the implementation of a modified enhanced community quarantine, which is scheduled to take effect from 16 May 2020 to 31 May 2020, during which Melco Resorts' Philippines casino gaming operations will continue to remain closed.

Melco Resorts' Cyprus operations were closed with effect from 16 March 2020 as a result of measures imposed by the Cyprus government. While the government has announced a gradual relaxation of the measures designed to contain the spread of COVID-19, casino operations are currently not expected to resume until July 2020 at the earliest.

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 both 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, including the length of time before customers will resume travelling and participating in entertainment and leisure activities at high-density venues, all of which are highly uncertain.

### **Condensed Consolidated Statements of Operations and Condensed Consolidated Balance Sheets**

The condensed consolidated statements of operations for the three months ended 31 March 2020 and 31 March 2019 and the condensed consolidated balance sheets as at 31 March 2020 and 31 December 2019 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)

	<b>Three Months Ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
	(Unaudited)	(Unaudited) (As adjusted) <sup>(1)</sup>
Operating revenues:		
Casino	\$ 712,555	\$ 1,197,904
Rooms	44,821	84,069
Food and beverage	28,943	56,199
Entertainment, retail and other	<u>24,856</u>	<u>44,935</u>
Total operating revenues	<u>811,175</u>	<u>1,383,107</u>
Operating costs and expenses:		
Casino	(563,841)	(781,824)
Rooms	(17,941)	(22,493)
Food and beverage	(32,230)	(44,901)
Entertainment, retail and other	(20,324)	(21,814)
General and administrative	(131,297)	(131,470)
Payments to the Philippine Parties	(7,706)	(14,052)
Pre-opening costs	(395)	(3,510)
Development costs	(13,430)	(5,520)
Amortization of gaming subconcession	(14,323)	(14,186)
Amortization of land use rights	(5,709)	(5,655)
Depreciation and amortization	(142,233)	(139,178)
Property charges and other	<u>(11,672)</u>	<u>(7,432)</u>
Total operating costs and expenses	<u>(961,101)</u>	<u>(1,192,035)</u>
Operating (loss) income	<u>(149,926)</u>	<u>191,072</u>

Non-operating income (expenses):

Interest income	1,142	2,124
Interest expenses, net of amounts capitalized	(78,155)	(69,623)
Loan commitment fees	(1,244)	(283)
Foreign exchange losses, net	(3,311)	(14)
Other (expenses) income, net	(179,397)	6,727
Loss on extinguishment of debt	-	(3,721)
Costs associated with debt modification	<u>-</u>	<u>(579)</u>
Total non-operating expenses, net	<u>(260,965)</u>	<u>(65,369)</u>
(Loss) income before income tax	(410,891)	125,703
Income tax credit (expense)	<u>4,840</u>	<u>(3,691)</u>
Net (loss) income	(406,051)	122,012
Net loss (income) attributable to noncontrolling interests	<u>42,003</u>	<u>(1,948)</u>
Net (loss) income attributable to Melco Resorts & Entertainment Limited	\$ <u>(364,048)</u>	\$ <u>120,064</u>
Net (loss) income attributable to Melco Resorts & Entertainment Limited per share:		
Basic	\$ <u>(0.254)</u>	\$ <u>0.084</u>
Diluted	\$ <u>(0.254)</u>	\$ <u>0.083</u>
Net (loss) income attributable to Melco Resorts & Entertainment Limited per ADS:		
Basic	\$ <u>(0.761)</u>	\$ <u>0.251</u>
Diluted	\$ <u>(0.761)</u>	\$ <u>0.250</u>
Weighted average shares outstanding used in net (loss) income attributable to Melco Resorts & Entertainment Limited per share calculation:		
Basic	<u>1,435,762,261</u>	<u>1,435,552,852</u>
Diluted	<u>1,435,762,261</u>	<u>1,441,811,414</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 31 March 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 14 May 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)

	<b>31 March 2020</b>	<b>31 December 2019</b>
	(Unaudited)	(Audited)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,162,862	\$ 1,394,982
Investment securities	363,480	49,369
Restricted cash	54,762	37,390
Accounts receivable, net	230,929	284,333
Amounts due from affiliated companies	408	442
Inventories	43,160	43,959
Prepaid expenses and other current assets	95,290	84,197
Total current assets	1,950,891	1,894,672
Property and equipment, net	5,692,842	5,723,909
Gaming subconcession, net	127,718	141,440
Intangible assets, net	31,140	31,628
Goodwill	96,049	95,620
Long-term prepayments, deposits and other assets	170,209	176,478
Investment securities	-	568,936
Restricted cash	131	130
Deferred tax assets	5,641	3,558
Operating lease right-of-use assets	103,070	111,043
Land use rights, net	738,609	741,008
Total assets	\$ 8,916,300	\$ 9,488,422

## LIABILITIES AND SHAREHOLDERS' EQUITY

### Current liabilities:

Accounts payable	\$	16,274	\$	21,882
Accrued expenses and other current liabilities		1,176,811		1,420,516
Income tax payable		6,410		8,516
Operating lease liabilities, current		30,138		33,152
Finance lease liabilities, current		40,446		39,725
Current portion of long-term debt, net		-		146
Amounts due to affiliated companies		<u>1,415</u>		<u>1,523</u>
Total current liabilities		<u>1,271,494</u>		<u>1,525,460</u>
Long-term debt, net		4,648,260		4,393,985
Other long-term liabilities		17,997		18,773
Deferred tax liabilities, net		52,433		56,677
Operating lease liabilities, non-current		81,789		88,259
Finance lease liabilities, non-current		<u>259,074</u>		<u>262,040</u>
Total liabilities		<u>6,331,047</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; 1,430,447,188 and 1,437,328,096 shares outstanding, respectively		14,565		14,565
Treasury shares, at cost; 26,100,754 and 19,219,846 shares, respectively		(123,470)		(90,585)
Additional paid-in capital		3,175,020		3,178,579
Accumulated other comprehensive losses		(61,508)		(18,803)
Accumulated losses		<u>(1,087,952)</u>		<u>(644,788)</u>



Total Melco Resorts & Entertainment Limited shareholders' equity	1,916,655	2,438,968
Noncontrolling interests	<u>668,598</u>	<u>704,260</u>
Total shareholders' equity	<u>2,585,253</u>	<u>3,143,228</u>
Total liabilities and shareholders' equity	\$ <u>8,916,300</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](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, 14 May 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; two Non-executive Directors, namely Mr. Tsui Che Yin, Frank and Mr. Ng Ching Wo; and three Independent Non-executive Directors, namely Mr. John William Crawford, Mr. Chow Kwong Fai, Edward and Ms. Karuna Evelyne Shinsho.*