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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 OF MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION

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 Melco Resorts and Entertainment (Philippines) Corporation (“MRP”), a subsidiary of Melco Resorts & Entertainment Limited (“Melco Resorts”), which has announced the unaudited financial results for the second quarter ended 30 June 2020 of MRP on 14 August 2020.

On 14 August 2020, Melco Resorts, a listed subsidiary of the Company, whose American depositary shares are listed on the Nasdaq Global Select Market in the United States, has furnished a Form 6-K (the “**Form 6-K**”) to the United States Securities and Exchange Commission in relation to the unaudited financial results of MRP, a subsidiary of Melco Resorts incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission, for the second quarter ended 30 June 2020 (“**MRP’s Quarterly Results**”). Extracts of MRP’s Quarterly Results are provided below.

MRP’s Quarterly Results

As a result of the Covid-19 outbreak and temporary closure, the net loss for the three months ended 30 June 2020 was Philippine Peso (“**₱**”) 2,408.0 million, compared to a net profit of ₱1,140.2 million for the three months ended 30 June 2019, which is primarily related to the drop in total net operating revenues as a result of the temporary closures of business and imposition of prohibition measures, partially offset by lower operating costs and expenses during the current period.

Revenues

Total net operating revenues were ₱387.2 million for the three months ended 30 June 2020, as compared to ₱9,171.6 million for the three months ended 30 June 2019. Affected by the temporary closure of business and other prohibitions, there was a decrease in both casino and non-casino revenues.

Operating Costs and Expenses

Total operating costs and expenses were ₱2,450.1 million for the three months ended 30 June 2020, as compared to ₱7,507.4 million for the three months ended 30 June 2019. The decrease in operating costs was mainly due to decreases in gaming tax and license fees, inventories consumed, other expenses, payments to the Philippine Parties (SM Investments Corporation, Belle Corporation and PremiumLeisure and Amusement, Inc.) as well as employee benefit expenses.

Non-operating Expenses, net

Interest income was ₱26.6 million for the three months ended 30 June 2020 as compared to ₱18.0 million for the three months ended 30 June 2019. The increase was due to more deposits being placed with the bank during the three months ended 30 June 2020 compared to the same period in 2019.

Interest expenses were ₱545.7 million for the three months ended 30 June 2020 as compared to ₱545.0 million for the three months ended 30 June 2019. No material fluctuations noted for the period.

Net foreign exchange gains were ₱0.5 million for the three months ended 30 June 2020 as compared to net foreign exchange losses of ₱0.2 million for the three months ended 30 June 2019, mainly arising from the translation of foreign currency denominated bank balances and payables at the period-end closing rate.

Net (Loss) Profit

As a result of the foregoing, MRP and its subsidiaries had a net loss of ₱2,408.0 million for the three months ended 30 June 2020, as compared to a net profit of ₱1,140.2 million for the three months ended 30 June 2019.

Adjusted EBITDA

Adjusted EBITDA is earnings before interest, taxes, depreciation, amortization, payments to the Philippine Parties (SM Investments Corporation, Belle Corporation and PremiumLeisure and Amusement, Inc.), pre-opening costs, share-based compensation, corporate expenses, property charges and other, and other non-operating income and expenses. Negative Adjusted EBITDA was ₱1,113.7 million for the three months ended 30 June 2020, whereas Adjusted EBITDA was ₱4,294.0 million for the three months ended 30 June 2019.

Liquidity and Capital Sources

Total equity decreased by 30% to ₱6,773.8 million as of 30 June 2020, from ₱9,691.2 million as of 31 December 2019. The decrease was primarily due to the net loss of ₱2,928.4 million during the six months ended 30 June 2020.

Other Financing and Liquidity Matters

As of 30 June 2020, MRP had a shareholder loan facility of US\$340 million (equivalent to ₱16.9 billion) and a bank credit facility of ₱2,350 million which remain available for future drawdowns, subject to certain conditions precedent.

As of June 30, 2020, MRP had capital commitments contracted for, but not provided, mainly for the acquisitions of property and equipment for City of Dreams Manila totaling ₱561.6 million.

Unaudited Condensed Consolidated Statements of Comprehensive Income and Condensed Consolidated Balance Sheets

The unaudited condensed consolidated statements of comprehensive income for the three months ended 30 June 2020 and for the six months ended 30 June 2020 of MRP and its subsidiaries are provided below:

Melco Resorts and Entertainment (Philippines) Corporation and Subsidiaries **Unaudited Condensed Consolidated Statements of Comprehensive Income** **(in thousands of Philippine Peso, except share and per share data)**

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2020	2019	2020	2019
Net operating revenues				
Casino	291,381	7,514,392	4,620,323	13,513,443
Rooms	58,619	790,572	718,784	1,506,429
Food and beverage	15,031	712,793	560,768	1,366,258
Entertainment, retail and other	22,217	153,842	135,827	291,819
Total net operating revenues	387,248	9,171,599	6,035,702	16,677,949
Operating costs and expenses				
Gaming tax and license fees	(88,819)	(2,352,350)	(1,659,740)	(4,490,310)
Inventories consumed	(9,091)	(235,271)	(185,294)	(451,610)
Employee benefit expenses	(771,621)	(1,148,435)	(2,007,323)	(2,131,274)
Depreciation and amortization	(868,293)	(1,026,370)	(1,752,209)	(2,072,582)
Other expenses	(854,203)	(1,543,104)	(2,246,336)	(3,099,190)
Payments to the Philippine Parties	141,904	(1,201,892)	(250,443)	(1,938,025)
Total operating costs and expenses	(2,450,123)	(7,507,422)	(8,101,345)	(14,182,991)
Operating (loss) profit	(2,062,875)	1,664,177	(2,065,643)	2,494,958
Non-operating income (expenses)				
Interest income	26,590	17,963	51,992	23,197
Interest expenses	(545,679)	(544,992)	(1,092,432)	(1,087,826)
Foreign exchange gains (losses), net	522	(210)	8,294	(13,238)
Total non-operating expenses, net	(518,567)	(527,239)	(1,032,146)	(1,077,867)
(Loss) profit before income tax	(2,581,442)	1,136,938	(3,097,789)	1,417,091
Income tax credit	173,410	3,278	169,402	9,892
Net (loss) profit	(2,408,032)	1,140,216	(2,928,387)	1,426,983
Other comprehensive income	-	-	-	-
Total comprehensive (loss) income	(2,408,032)	1,140,216	(2,928,387)	1,426,983
Basic (Loss) Earnings Per Share	(₱0.94)	₱0.20	(₱0.71)	₱0.25
Diluted (Loss) Earnings Per Share	(₱0.94)	₱0.20	(₱0.71)	₱0.25

The condensed consolidated balance sheets as of 30 June 2020 (unaudited) and 31 December 2019 (audited) of MRP and its subsidiaries are set out below:

Melco Resorts and Entertainment (Philippines) Corporation and Subsidiaries
Condensed Consolidated Balance Sheets
(in thousands of Philippine Peso)

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	9,240,777	11,931,260
Restricted cash	446,473	489,956
Accounts receivable, net	67,727	812,385
Inventories	379,220	359,188
Prepayments and other current assets	679,266	297,592
Amounts due from related parties	113	94
Income tax recoverable	37	-
Total current assets	<u>10,813,613</u>	<u>13,890,475</u>
Non-current assets		
Property and equipment, net	9,345,173	10,433,008
Right-of-use assets, net	9,594,386	9,900,650
Contract acquisition costs, net	681,547	707,594
Other non-current assets	1,266,550	1,138,413
Total non-current assets	<u>20,887,656</u>	<u>22,179,665</u>
Total assets	<u>31,701,269</u>	<u>36,070,140</u>
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	27,415	155,200
Accrued expenses, other payables and other current liabilities	5,021,207	7,344,503
Current portion of lease liabilities	2,885,495	2,173,185
Amounts due to related parties	2,363,570	1,756,529
Income tax payable	-	116
Total current liabilities	<u>10,297,687</u>	<u>11,429,533</u>
Non-current liabilities		
Non-current portion of lease liabilities	14,389,012	14,553,260
Retirement liabilities	223,192	195,933
Other non-current liabilities	17,560	28,107
Deferred tax liability, net	3	172,130
Total non-current liabilities	<u>14,629,767</u>	<u>14,949,430</u>
Equity		
Capital stock	5,688,765	5,688,765
Additional paid-in capital	22,145,368	22,143,394
Share-based compensation reserve	9,051	-
Equity reserve	<u>(3,613,990)</u>	<u>(3,613,990)</u>

Accumulated deficit	(17,455,379)	(14,526,992)
Total equity	6,773,815	9,691,177
Total liabilities and equity	31,701,269	36,070,140

The full text of the Form 6-K (comprising MRP's Quarterly Results) 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, 14 August 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.