

**Melco Resorts & Entertainment (2025 Q1 Earnings)**  
**May 8, 2025**

**Corporate Speakers**

- Lawrence Ho; Melco Resorts & Entertainment Limited; Chairman and Chief Executive Officer
- Evan Winkler; Melco Resorts & Entertainment Limited; Board Director and President
- Geoff Davis; Melco Resorts & Entertainment Limited; Executive Vice President and Chief Financial Officer
- Jeanny Kim; Melco Resorts & Entertainment Limited; Senior Vice President, Group Treasurer

**Participants**

- George Choi; Citi; Analyst
- Ricardo Chinchilla; Deutsche Bank; Analyst
- Joe Stauff; Susquehanna; Analyst
- Praveen Choudhary; Morgan Stanley; Managing Director
- John DeCree; CBRE; Head of Institutional Investor Research

**PRESENTATION**

Operator^ Ladies and gentlemen, thank you for participating in the First Quarter 2025 Earnings Conference Call of Melco Resorts & Entertainment Limited. (Operator Instructions)

Today's conference is being recorded.

I would now like to turn the call over to Ms. Jeanny Kim, Senior Vice President, Group Treasurer of Melco Resorts & Entertainment Limited.

Jeanny Kim^ Thank you, Operator. And thank you all for joining us today for our first quarter 2025 earnings call.

On the call are Lawrence Ho, Geoff Davis, Evan Winkler, and our Property Presidents in Macau, Manila and Cyprus.

Before we get started, please note that today's discussion may contain forward-looking statements made under the safe harbor provision of federal securities laws.

Our actual results could differ from our anticipated results.

In addition, we may discuss non-GAAP measures. A definition and reconciliation of each of these measures to the most comparable GAAP financial measures are included in the earnings release.

Finally, please note that our supplementary earnings slides are posted on our Investor Relations website.

With that, I'll now turn the call over to Mr. Lawrence Ho.

Lawrence Ho^ Thank you, Jeanny. And thank you all for joining us today.

We have achieved a solid set of results for the first quarter of 2025 that demonstrates our strength and our growth prospects in Macau. Mass drop grew each month during the quarter and reached record highs at both City of Dreams and Studio City.

Our market share grew from 14.7% in 4Q 2024 to 15.7% in 1Q 2025 and remained stable at this level in April, despite new supply in the market.

Property visitation grew by 30% year-on-year during May Golden Week. Mass drop was stronger than 2024 with City of Dreams growing by more than 20%. Rated the win was also strong across our properties in Macau and across a broad range of customers, increasing by 12% year-on-year.

House of Dancing Water premiered last night and the event was a resounding success. We're excited to have relaunched this one-of-a-kind show which will help drive visitation to City of Dreams.

We're continuing work on a number of other initiatives to drive traffic including a revamp of our retail area and renovation of the main entrance to City of Dreams.

Studio City property EBITDA increased 20% quarter-to-quarter. Studio City experienced some disruption in 4Q 2024 because of the renovations of the hotel lobbies as well as the high limit areas. Most of these renovations were completed in January.

Studio City's main entrance area has seen a transformation with new lobbies for the Star and Celebrity Towers as well as the completion of the renovations at the high limit areas on the main casino floor and Epic Tower. The sequential growth in Studio City's property EBITDA demonstrates the impact of these initiatives.

We're firing on all cylinders in Macau. The ongoing strength that we are seeing in our business momentum is a direct result of the combined efforts and contributions of our teams.

We're focused on continuing to drive this momentum forward with the highest quality product offerings and a strategic marketing and sales framework.

In the Philippines, the heightened competitive environment has had an impact on performance in 1Q 2025. We're adjusting our cost structure and reviewing our marketing programs to enhance EBITDA contribution from the business.

City of Dreams Mediterranean in Cyprus achieved 10% year-over-year growth in property EBITDA for 1Q 2025, despite the continued noise in the region. The property is starting to ramp up and with forward bookings for the upcoming summer period materially higher than what we had this time last year, we are optimistic about the results that Cyprus can deliver over the rest of the year.

With that, I'll turn the call over to Geoff.

Geoff Davis^ Thanks, Lawrence.

Our group wide adjusted property EBITDA for the first quarter of 2025 was approximately \$341 million. Adjusted for VIP hold, our property EBITDA was approximately \$313 million.

We have been highly disciplined in managing our cost base. We brought OpEx down to \$3.1 million per day for the first quarter of 2025 compared to \$3.2 million in the fourth quarter of 2024. We are continuing to refine our cost base to identify areas to increase efficiency and flow through and as we had previously indicated, we target to exit the second quarter of 2025 with OpEx of \$3.0 million per day. This excludes costs related to House of Dancing Water and Studio City's residency concerts.

Turning to our balance sheet.

Our liquidity position remains robust. We had available liquidity of \$3.3 billion with consolidated cash on hand of approximately \$1.2 billion as of the end of the first quarter of 2025. Melco, excluding its operations at Studio City, the Philippines and Cyprus, accounted for approximately \$662 million of the consolidated cash on hand.

We have two bond maturities coming up this year, one in June at Melco and the other in July at Studio City. Both maturities are already covered and will be refinanced with drawdowns under the respective credit facilities and free cash on hand.

We have repurchased approximately \$165 million in MLCO ADSs in 2025 as of May 7. The dislocation in the equity markets has created a unique opportunity for us to repurchase shares at extremely low valuations. We will continue to review our capital allocation strategy based on our cash availability and market conditions and look to strike a balance between returning capital via buybacks and reducing debt. Our consolidated leverage has improved with the growth in EBITDA and we intend to continue to work on reducing our leverage through EBITDA growth and repayment of debt.

As we normally do, we'll give you some guidance on non-operating line items for the upcoming second quarter of 2025. Total depreciation and amortization expense is expected to be approximately \$135 million to \$140 million, corporate expense is expected to come in at approximately \$25 million to \$30 million, and consolidated net interest expense is expected to be approximately \$100 to \$125 million. This includes finance liability interest of around \$7 million relating to fees payable in relation to the Macau gaming concession and the Cyprus gaming license and finance lease interest of approximately \$5 million relating to City of Dreams Manila.

This concludes our prepared remarks.

Operator, back to you for the Q&A.

## QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Your first question comes from George Choi with Citi. Please go ahead.

George Choi^ Thanks, guys. Congratulations on a very solid set of results. I have a couple questions if I may.

Firstly, I guess this is for Lawrence. Ever since Londoner Grand fully opened in late April, do you guys feel any impact at City of Dreams? And do you feel any change in terms of competition intensity amongst the six operators?

Lawrence Ho^ Hi George, so maybe I'll start and maybe Evan and others can supplement.

But I think your question is like ever since Londoner Grand opened in April, have we seen any increased competition?

George Choi^ Yes.

Lawrence Ho^ No. Look, we're very happy with Q1 and as I mentioned in the prepared remarks, we've maintained our market share in April and during Golden Week mass drop at COD was up 20%.

So if anything I think our product has held up very well and I think with all the hard work between the teams at both City of Dreams and Studio City, Studio City successfully repositioning during and post-COVID and City of Dreams now reopening House of Dancing Water, I think we found our groove again and rediscover our identity.

And so I don't think there has been any cannibalization but I don't know maybe Evan can supplement.

Evan Winkler^ No. I think Lawrence said it well. I think we're feeling good in our own business and at least as of today, I don't think that we felt that there's been a material impact in terms of that opening and new supply cannibalize any of the business at City of Dreams.

We've had fairly good momentum since that period. So at least right now, it doesn't appear to have had an impact.

Lawrence Ho^ And I think George as well I think so far in the market, reinvestment has, as we mentioned on the past call and we hope this continues to hold, is more rational. Everybody's -- all the operators within Macau are more rational now than they were a year ago. And I think

that's why and together with our cost discipline, I think we over -- we exceeded what we had guided last quarter in terms of operating costs.

And as long as I think the whole market, everybody is behaving. I think we can continue to strive for a newer goal as well.

And I think post-COVID we started slow and then last year at a certain time I think even we were -- we've gone overboard with regards to the reinvestment. I think now that we've rediscovered our identity and we offer a premium product. And so we should never be the most competitive and most aggressive in terms of marketing schemes because at the end of the day we have probably the two best hotels in Macau at City of Dreams and Epic at Studio City is also an amazing new product.

And so having these great products, having House of Dancing Water, having the family water park and other non-gaming attractions at Studio City, those are in our opinion enough to attract a very broad customer base. So I think hopefully everybody will be disciplined and will continue to focus on improving our margin.

George Choi^ Thanks a lot for the color. I guess, switching gear over to Manila.

Could you please provide us with any update on the strategic review on City of Dreams Manila?

Geoff Davis^ Sure, George. So we continue to run the process with the advisors. Potential buyers are signing NDAs in the virtual data room and are working through a series of questions. And over time, we will whittle down that group to a short list for the bidding process.

But we remain in close dialogue with our advisors and we'll come back when there's something to announce.

George Choi^ Thank you very much. I'll jump back to the queue.

Operator^ Thank you. Your next question comes from Ricardo Chinchilla with Deutsche Bank. Please go ahead.

Ricardo Chinchilla^ Hi guys, thank you so much for taking the question. Congrats on the solid results.

I was hoping if you could give us a little bit of color on what are you seeing very recently on the gaming floor? Are you guys seeing any sign of weakness from any of the sets of your database or anything that would point out to other than something changing from the strong results that you guys commented on April?

Lawrence Ho^ Ricardo, did you -- at the last part, did you say that Trump -- was the Trump thing you said?

Ricardo Chinchilla^ No. I was not mentioning Trump. I was mentioning that if you -- it might be my phone, I apologize, that if you have seen any sort of weakness in the last couple of weeks or anything more recent given the macro concerns with regards to spending in your casino floors or any other indications in your booking patterns, anything that would point out to something changing from the strong results that you saw during the Golden Week in April?

Lawrence Ho^ Sorry, my bad. No. So as we said, April, I think post the trade war and all of the stuff, April was very strong for us and we were happy with the result. And as we mentioned, Golden Week, City of Dreams was up 20%.

But I think furthermore, what I didn't mention is the tail was longer this year than previous year during Golden Week. And so we're happy about that.

And right before this call like 10 minutes ago, I just walked our gaming floor City of Dreams, and for a Thursday night is really, really full.

So I don't know I think how much of it is an impact from the opening of House of Dancing Water, but I'm sure when we get House of Dancing Water up and running, that's two shows a day, 2,000 people per show, that's 4,000 additional heads driving into the box.

So I think all in all, we're quite happy with it. And even post the whole trade war thing in April, April held up stronger than we had expected. And as we've always said, Chinese policy is the most important thing to us, even more important than the Chinese economy. And Chinese policy right now has been super supportive and is now focusing on increasing domestic consumption, discretionary spending and domestic travel.

So these are all key criteria for us. So if anything, we're quite happy with what we're seeing in the past in addition to Q1 and so far in Q2, I don't know if there's anything anybody wanted to add.

Evan Winkler^ No. I think Lawrence said it well. We were pleasantly surprised. I think there was a question mark in terms of what would happen during Golden Week. And there were certainly rumors in the marketplace that some of the larger players or we might see some reduction in terms of volume.

We didn't see that. We had a very solid Golden Week. And as we move into the post Golden Week period, as Lawrence articulated, we can't specifically say what it is, but we're certainly not seeing that sort of pullback or kind of hangover effect that you get right after the holiday period. We've actually continued to have pretty strong drops here in the following days.

So I think we're feeling pretty good right now about the market.

Ricardo Chinchilla^ Perfect. Thank you so much.

For my follow up, could you please give us some guidance on CapEx for the balance of the year and any projects that we should be aware of with regards to CapEx for 2026?

Geoff Davis^ So for 2025, full year CapEx guidance remains unchanged at \$415 million. And as far as major projects, the only one I'd highlight would be the completion of Sri Lanka.

Ricardo Chinchilla^ Perfect. Thank you so much.

Lawrence Ho^ Thank you.

Operator^ Thank you. Your next question comes from Joe Stauff with Susquehanna. Please go ahead.

Joe Stauff^ Thank you. Good morning. Good evening.

I wanted to ask on just to follow up on the daily OpEx in Macau. I heard your comments, obviously that exiting the second quarter you think you'll be around \$3 million. And I just want to confirm that that would include say, the incremental OpEx from House of Dancing Water and any residual from residencies that you would have. And then essentially within -- so largely that obviously would be a third quarter number.

But for the second quarter, are we still expecting approximately \$3.2 million or is that going to be -- is that going to be maybe a touch higher?

Geoff Davis^ So let me take the first part of that. The OpEx guidance that we gave excludes both House of Dancing Water and the residency. So those costs would be incremental to the one that we gave and the one that was reported.

We had brought down OpEx to \$3.1 million per day, excluding those two items in this first quarter. And the guidance that we've given and reiterated is to bring that down to \$3.0 million, not \$3.2 million in the second quarter. And that's still where we're looking to take it.

Joe Stauff^ Got it. Thank you for clarifying that. And I wanted to ask essentially maybe quarter to-date you're seeing strength and wondering if that does include maybe any notable improvement in base mass that you've seen, whether it be in Studio City or elsewhere.

Lawrence Ho^ So I think just across the board we're getting, as articulated earlier, we're getting increasing drop numbers across the system. And so we're seeing some general strength.

I mean there are some pockets in week to week you have different sort of ups and downs within player categories within the database.

We tend to get a lot of our big players here obviously during holiday periods and then in some of the other periods, it's reverting to more of sort of that middle tier or mass-mass. But we're seeing general sort of solid results across in the market right now or across both properties.

Joe Stauff^ Got it. Thanks very much. Nice quarter.

Lawrence Ho^ Thank you.

Operator^ Thank you. Your next question comes from Praveen Choudhary with MS. Please go ahead.

Praveen Choudhary^ Thank you. Congratulations Lawrence, Geoff and everybody in the team. Amazing inaugural show of House of Dancing Waters and also very strong first quarter result.

I have two quick questions. The first one is, if we think about the market share and the strength that you have talked about in April and May and Golden Week has been strong and you're also working on sequentially taking down the cost, would it mean that hold adjusted EBITDA should be sequentially growing in Q2, assuming it doesn't fall off the cliff. Is that a fair assumption? That's the first question.

And the second question is on Sri Lanka. I just wanted to understand when do we expect potential implication to our P&L assuming it's opening sometime in third quarter. Thank you.

Lawrence Ho^ Well maybe the second question first. So we do see some impact to the P&L through pre-opening expense for Sri Lanka, but above the line, we'd anticipate seeing that starting in August of this year.

Geoff Davis^ And as far as your first question, yes, I mean obviously that's our intention. We're trying to be fairly disciplined in terms of our expense and reinvestment levels and assuming we can continue to keep the momentum that that would then translate into incrementally improved EBITDA.

Praveen Choudhary^ Great. I mean can I have a follow up on one other point that you mentioned? \$165 million, that's a lot of money that you used on buyback. Obviously we are hoping that deleveraging helps the stock price and equity value. Just to understand how and when you're going to use buyback versus deleveraging or paying up debt. How should we think about it please? Thank you.

Lawrence Ho^ Hi Praveen, maybe I'll start and then Geoff can touch on that.

But as we've stated, our main focus in the last couple of years has been on taking down debt and bringing down debt. But at these ridiculous share price levels, it's just kind of a once in a lifetime opportunity. We don't think we'll have this chance ever again to get to buy shares at these prices. So I think for us we're always thinking about how to maximize shareholder value.

So I think at the current five, and then it was even in the fours earlier for MLCO. But I think we're hoping that now that the market has turned a corner and hopefully people have more confidence in gaming stocks, in general.

So I don't know Geoff, you want anything to talk on that?

Geoff Davis^ So yes, the debt reduction is still the key priority, but we make specific capital allocation decisions based on a dynamic and changing environment. And right now, we've had, as Lawrence said, a tremendous opportunity to buy the shares and create shareholder value through share repurchase. And we'll continue to monitor that going forward. But we still do have a strong inclination to continue to pay down debt over time.

Praveen Choudhary^ Got it, very clear. So good result. Great opening of House of Dancing Water and buyback, everything going the right direction. Congratulations and thank you.

Geoff Davis^ Thank you, Praveen.

Operator^ Thank you. Your next question comes from John DeCree with CBRE. Please go ahead.

John DeCree^ Hi, everyone. I wanted to circle back to Golden Week and for us it was a surprise. I think visitation numbers that we've seen to the upside, obviously. So my first question is, curious you have certainly more visibility than we do, but if it was better than expected in terms of visitation to Macau more broadly.

And then the follow up you've mentioned the table drop at COD, the mass market table drop was quite strong. Curious if you could offer any insights during Golden Week into non-gaming spend, retail and some other things that we kind of look at to gauge the health of the consumer as well. So any additional color would be helpful. Thanks, guys.

Lawrence Ho^ Yes. Hi, John. So Golden Week was -- visitation was strong. It was up 40% year-over-year. But I think fundamentally the market has changed somewhat. And so I think that's why the attractions like people in China nowadays are very much into experiences and in terms of whether it's Little Red Book or having those memories and moments captured.

So I think House of Dancing Water together with the Studio City attractions makes a huge difference. And if anything, we're very happy with the fact that I think today we're dominating in Little Red Book from all the House of Dancing Water opening premiere and all of that stuff.

I think retail has kind of fundamentally changed in our part of the world, whether it's Hainan, Hong Kong or Macau. And so that's probably less compelling now.

But at the same time I think with all the non-gaming attractions that we have built years in advance, I think that will be great for us going forward.

Geoff Davis^ I think that's right. Look, the properties were very active during Golden Week across the board. So in terms of activity within the mall and with F&B strong, as Lawrence has already said, I think on a relative basis, Studio City from a retail standpoint, fares better in this environment just because of the retail mix in that property, which is mass focused and pretty affordable, more consumable type items.

In terms of COD, where it's really targeted at high end luxury retail, that category continues to struggle. I don't think that we're struggling more than other operators, but I think across the board, that area continues to be challenged this year, as Lawrence said.

John DeCree^ Great. Thanks, guys. I appreciate all that.

Geoff Davis^ Thank you.

Operator^ Thank you. There are no further questions at this time.

I'll now hand back to Jeanny Kim for closing remarks.

Jeanny Kim^ That concludes our conference call today. We look forward to speaking to you next quarter. Thank you.