

Melco Resorts (2025 Q4 Earnings)
February 12, 2026

Corporate Speakers

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

Participants

- Joe Stauff; Susquehanna; Analyst
- Timothy Chau; Citigroup; Analyst
- DS Kim; J.P. Morgan; Analyst
- John DeCree; CBRE Capital Advisors; Analyst

PRESENTATION

Operator: Ladies and gentlemen, thank you for participating in the Fourth Quarter of 2025 Earnings Conference Call of Melco Resorts & Entertainment Limited. At this time, all participants are in a listen-only mode. After the call, we will conduct a question-and-answer session.

Today's conference is being recorded. I would now like to turn the call over to Jeanny Kim, Vice President, Group Treasurer of Melco Resorts & Entertainment Limited. Please go ahead.

Jeanny Kim: Thank you, operator. And thank you all for joining us today for our fourth 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 turn the call over to Mr. Lawrence Ho.

Lawrence Ho: Thank you, Jeanny. And thank you all for joining us today. 2025 was a year of growth and recovery, supported by disciplined cost management, and margin expansion.

We recorded US\$1.4 billion in Group Property EBITDA for the full year of 2025, growing by 17% compared to 2024.

In Macau, our dedicated efforts to enhance the customer experience have proven to be a successful strategic focus, with fourth quarter Macau Property EBITDA growing 24% year-over-year, and full-year Macau Property EBITDA growing 25% compared to 2024.

We've had a strong start to 2026, with Macau market GGR up by 24% year-over-year, and our market share increasing so far in the first quarter of 2026. Chinese New Year looks strong, with higher yielding cash ADRs compared to 2025.

We have a pipeline of new initiatives that we're planning to implement in 2026 to further differentiate our offerings, with the largest project being the opening of the renovated Countdown Hotel. We are on track to progressively start opening in the third quarter of 2026. The completed hotel is expected to introduce a truly distinctive experience, and set a new benchmark in Macau. We have also started on a revamp of the retail area at COD, and have plans to upgrade our F&B offerings, continuing to further enhance our product quality.

In the Philippines, competitive pressures and industry headwinds continue to impact our performance in the fourth quarter of 2025. However, we're encouraged by the positive developments in that market, including visa-free travel for Chinese nationals, upgrades to the Manila airport to facilitate increasing international tourism and rationalization of the online gaming market.

We have also concluded our evaluation of the potential strategic alternatives for COD Manila. Although we considered various alternatives, we did not feel that any of those options would allow the value and potential of the property to be fully realized. We're confident that business will rebound, and we may re-evaluate the situation in the future.

Moving on to Cyprus, City of Dreams Mediterranean and the satellite casinos in Cyprus achieved 78% year-over-year growth in Property EBITDA to US\$21 million for the fourth quarter of 2025, despite seasonality typically being slower in these months.

And finally, in Sri Lanka, we continue to focus our efforts to progressively ramp up operations, and have seen promising green shoots so far in 2026.

With that, I turn the call over to Geoff.

Geoffrey Davis: Thank you, Lawrence.

Our Group-wide Adjusted Property EBITDA for the fourth quarter of 2025 grew 12% year-over-year to approximately US\$331 million. Adjusted for VIP hold, our Property EBITDA was approximately US\$323 million. Favorable win rates at COD Macau and COD Manila had positive impacts on our property EBITDA by approximately US\$7 million and US\$3 million, respectively.

As we had guided in the prior quarterly call, opex in Macau increased in the fourth quarter compared to the prior quarter, primarily due to events including the China National Games, Studio City's 10th Anniversary and the Macau Grand Prix. Excluding these fourth quarter events, as well as House of Dancing Water, Macau opex was approximately US\$3.1 million per day.

EBITDA in the fourth quarter of 2025 was also impacted by additional bad debt provisions that were taken as a result of a settlement that we reached with one of the previous junket operators. Adjusting for these event-driven costs, Macau's property EBITDA margin for the fourth quarter of 2025 would have been over 27% on an actual basis.

Looking forward to the first quarter of 2026, we expect Macau daily opex, excluding House of Dancing Water, to come in at approximately US\$3.2 million, given increased marketing activity around Chinese New Year and new brand campaigns across our Macau properties.

Turning to our balance sheet, our liquidity position remains robust. We had available liquidity of approximately US\$2.4 billion, with consolidated cash on hand of approximately US\$1.2 billion as of the end of 2025.

Melco, excluding its operations at Studio City, the Philippines, Cyprus, and Sri Lanka, accounted for approximately US\$550 million of the consolidated cash on hand.

In the fourth quarter of 2025, Melco redeemed the remaining US\$358 million of the senior notes due 2026. In addition, we repaid US\$210 million in debt at Melco and US\$32 million at Studio City.

In total, the Melco group paid down approximately US\$400 million of debt over the course of 2025, and we continue to reduce debt in 2026. Melco has repaid US\$35 million in debt in January and will repay a further US\$25 million this month. The group does not have any material amount of debt maturing in 2026.

Before we move on to the non-operating line items, we thought it would be helpful to a few minutes to provide information on the Trademarks License Agreement with Melco International. Melco International owns and manages certain trademarks utilized by Melco Resorts and its operations. The terms of the Trademarks License Agreement were negotiated on an arm's-length basis, factoring in the ranges of fees typically observed in the industry. The agreement has an initial term of 10 years, which commenced on January 1, 2024, and thereafter is automatically renewed for consecutive periods of 12 months unless either party gives prior notice of non-

renewal. Under the agreement, the Trademarks License fee payable is up to 1.5% of the gross revenues of City of Dreams Macau, excluding Grand Hyatt, unless agreed otherwise by the parties to the agreement. The Trademarks License fee was 1% in 2025 and will increase to 1.5% from the first quarter of 2026. The agreement does not include an annual cap, but the total fees for the full year of 2025 amounted to approximately US\$33 million, dramatically lower than those of our peers. The trademarks owned by Melco International are integral to the long-term strategy and brand identity of Melco Resorts, and the formalized agreement facilitates a standard approach as we continue to grow and expand the portfolio.

And finally, as we normally do, we'll give you guidance on non-operating line items for the upcoming first quarter of 2026.

Total depreciation and amortization expense is expected to be approximately US\$140 million to US\$145 million. Corporate expense is expected to come in at approximately US\$35 million. And consolidated net interest expense is expected to be approximately US\$115 million to US\$120 million. This includes finance liability interest of around US\$6 million relating to fees payable in relation to the Macau Gaming Concession and the Cypress Gaming License, and finance lease interest of approximately US\$5 million relating to City of Dreams, Manila.

That concludes our prepared remarks. Operator, back to you for the Q&A.

QUESTIONS AND ANSWERS

Operator: Thank you. (Operator Instructions). We do ask that you please limit yourself to one question. And today's first question comes from Joe Stauff at Susquehanna. Please go ahead.

Joe Stauff: Thank you. Good morning. I wanted to ask about the additional traffic obviously being generated by House of Dancing Water and kind of where you are with respect to being able to convert that additional daily visitation into both gaming and obviously other parts of your business. What is the opportunity from here as we think about that?

Lawrence Ho: Hi, Joe. It's Lawrence. So since we've opened House of Dancing Water in May last year, we've seen meaningful uptick in property visitation.

You know, the show is open pretty much twice a day for five days of the week. And during those days, it adds, each show is about 1,800, 1,900 people. So that drives additional headcount into the property.

I think we're seeing meaningfully good spend across non-gaming during and after the show. And even on our Mass drop, I think from pre-May to post-May, we had seen a decent uptick.

I think that's kind of a -- as with any non-gaming entertainment, concerts, attractions in Macau, how does that -- how can we directly track that scientifically? I don't think we have an answer for that. I'll maybe let Evan talk about it. But I think overall, we see it's driving traffic and energy into the building. And --

Evan Winkler: It's a little more -- as Lawrence has pointed out, it's a little more difficult from a direct drive standpoint. It's very helpful in activating the property. We do see a big uptick, obviously, in food and beverage spending on property during the show.

Generally, when people are coming from outside the property to the show for that initial event, sometimes they're coming with family and friends. So a very small percentage go from that directly to gaming.

The benefit we have is it does introduce thousands of more people with each show to the property and to COD, to our product, to food and beverage. And so I think over time, it's generating repeat visits back to the property. But it's hard to go from who exited the show that day to who comes back later on.

So, we don't have a direct formula that we can give you. Because if you look at, the individual people coming out of the show on the night that they go to show, to see the show, that's not a high number.

But overall, we're seeing uplift in the business.

Joe Stauff: Okay, I understand. Thanks, Lawrence, Evan.

Operator: Thank you. And our next question today comes from Timothy Chau at Citigroup. Please go ahead.

Timothy Chau: Hi, management. Excuse me, can you hear me clearly, please?

Lawrence Ho: Yes, we can hear you.

Timothy Chau: All right. Hi. Sorry. So a question for me. What is your view on the competitive intensity in Macau? And more specifically, what are your expectations on your EBITDA margins, particularly in Macau this year, please? Thank you.

Lawrence Ho: Hey, Timothy, it's Lawrence. So maybe I'll start and then I'll hand it over to Evan and Geoff.

You know, I think the competition is still very intense in Macau, but can be expected. I would say that we anticipate this level of competition to be what we will expect for the rest of the year.

In terms of, mass, it is still growing. So, I think we're comfortable with our margin. And I think we've been very, very disciplined throughout 2025 in terms of our reinvestment. And we've seen some of our competitors ratchet up throughout the year.

And so I think we're, I don't know, unless there's anything you want to supplement, Evan.

Evan Winkler: No, look, I think from where we're sitting coming out of Q4 and into this quarter, we're not seeing a ratchet up in terms of levels of spend directly on gaming programs from where we are now.

Competition remains, as Lawrence said, intense within the marketplace. We're not looking at any catalysts that would immediately bring that down. The hope that we always have is, you know, as people look at things that you have easing up among players.

So as Lawrence has said and I've said in the past, we don't ever drive up in the marketplace. We tend to be very disciplined. We'll make strategic moves at times when we need to look at market share or move around with individual segments. But we certainly would never lead the market up.

Based on what we're seeing now, I think we're stable. I don't see anything that's going to bring us down in the near term. But I also don't see anything that's going to ratchet it up.

Geoffrey Davis: And I think on, margin, we've done a pretty good job in terms of managing our operating costs throughout 2025. That's part of the company philosophy as well. So, I think you'll see that ongoing throughout 2026.

Timothy Chau: Thank you so much. Thank you for the call.

Operator: Thank you. (Operator Instructions). Our next question today comes from DS Kim at J.P. Morgan. Please go ahead.

DS Kim: Hi, everyone. Good evening and Happy New Year of the Horse.

My first question is regarding the operating expense. As Geoff mentioned earlier, I think we had quite a bit of non-recurring items this quarter, 10-year Anniversary, national games and even junk related. And can you help quantifying each of this in dollar term for us, if it's possible? And can I confirm the spending related to National Games and Grand Prix were included in opex operating expense above EBITDA line and not in the corporate expense?

Geoffrey Davis: Those expenses are in our property margins. The additional bad debt was approximately US\$5 million for the quarter, and we expect that to come back down to more normal levels going forward. And then we had about US\$6 million for the anniversary.

Operator: Thank you. And our next question today comes from John DeCree at CBRE. Please go ahead.

John DeCree: Hi, good evening, everyone. Maybe just one on capex. Geoff, I apologize if I missed it.

Did you give us the CapEx number for the year, and could you break it out for major projects, maybe by COD or Studio City at the property level, what we should expect?

Geoffrey Davis: Sure. So our total capex for this year, which reflects a little bit of carry forward from money we anticipated spending in 2025 that's pushed into 2026, the total is US\$450 million. The only material one that I would call out would be the Countdown Hotel, which is approximately US\$100 million for 2026, broken out by jurisdiction.

The total capex in Macau is roughly US\$375 million, US\$35 million to US\$40 million in Manila, US\$35 million to US\$40 million in Cyprus.

John DeCree: Perfect. Thanks, Geoff. I appreciate it.

Geoffrey Davis: You're welcome.

Operator: Thank you. And that concludes the question and answer session. I'd like to turn the conference back over to Jeanny Kim for any closing remarks.

Jeanny Kim: Thank you, operator, and thank you all for joining. We will see you next quarter.

Lawrence Ho: Thank you.

Operator: Thank you. That does conclude our conference for today. Thank you for participating. You may now disconnect.