

**Melco Resorts (2026 Q1)**  
**April 30, 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

- George Choi; Citigroup Investment Research; Analyst
- Karl Choi; Bank of America Merrill Lynch; Analyst
- DS Kim; J.P. Morgan; Analyst

**PRESENTATION**

**Operator:** Ladies and gentlemen, thank you for participating in the First Quarter 2026 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 Ms. Jeanny Kim, Senior Vice President, Group Treasurer of Melco Resorts & Entertainment Limited.

**Jeanny Kim:** Thank you, operator, and thank you, everybody, for joining us today for our First Quarter 2026 Earnings Call.

We apologize for the earnings release materials being later than usual. We had a bit of an IT issue, and we wanted to give all of you a little bit more time to review the materials that were released.

As usual, 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 provisions of federal securities law. 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. We delivered a strong first quarter, with both Group Property EBITDA and Macau Property EBITDA growing by 12% year-over-year. Our GGR in Macau increased by approximately 10% year-over-year with solid growth across all segments.

In March, we officially announced the upcoming launch of REM, our new luxury hotel at COD. We remain on track to begin a phased opening early in the third quarter of 2026. We expect REM to represent a meaningful enhancement to the COD product portfolio and to redefine contemporary luxury across Macau. At the same time, we have commenced a refresh of the retail areas at COD and have plans underway to enhance our food and beverage offerings, further elevating the guest experience and product quality.

Moving on to the Philippines, despite competitive pressures and broader industry headwinds that continued into 2026, Property EBITDA for the first quarter of 2026 grew 24% year-over-year, while GGR increased 9%. We continue to punch above our weight in the market and are expanding our marketing initiatives across Southeast Asia to drive additional growth.

City of Dreams Mediterranean and the satellite casinos in Cyprus were impacted by the conflicts in the Middle East that escalated in late February. With the recent developments in the region, we've seen significant improvements in occupancy, visitation, and play levels in April. We remain operationally flexible in preparation for a further recovery in travel demand.

Our casino operations in Sri Lanka recorded positive EBITDA in 1Q 2026. We remain focused on the progressive ramp of operations throughout the year.

And finally, we announced today that we purchased the subsidiary of Melco International that owns the trademarks that were subject to the Trademarks License Agreement. These trademarks are integral to Melco's business. This purchase gives us full control of the IP and allows us flexibility to expand our brand without any incremental costs.

With that, I turn the call over to Geoff.

**Geoffrey Davis:** Thank you, Lawrence. Our Group-wide Adjusted Property EBITDA for the first quarter of 2026 grew 12% year-over-year to approximately US\$381 million. Adjusted for VIP hold, our Property EBITDA was approximately US\$356 million. Favorable win rates at COD Macau and COD Manila had positive impacts on our Property EBITDA by approximately US\$20 million and US\$5 million, respectively.

Daily opex in Macau, excluding House of Dancing Water, for the first quarter of 2026 was approximately US\$3.2 million per day, in line with our prior guidance. Total opex per day,

including House of Dancing Water and residency concerts for the last four quarters, has been relatively stable, and we were able to see the benefits of operating leverage this quarter, with our Macau Property EBITDA margin increasing to approximately 28%. We continue to be focused on managing our costs to increase flow through and margins going forward.

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\$1.1 billion as of the end of the first quarter of 2026. Melco Resorts, excluding its operations at Studio City, the Philippines, Cyprus, and Sri Lanka, accounted for approximately US\$543 million of the consolidated cash on hand.

In the first quarter of 2026, we repaid US\$60 million in debt at Melco Resorts and US\$10 million in debt at Studio City. The group does not have any material debt maturities in 2026.

As of April 29, 2026, we repurchased approximately 2.5 million of our ADSs for total consideration of approximately US\$14 million year-to-date in 2026. We have been opportunistic in our share repurchases in the past, and we expect to continue to make opportunistic repurchases going forward. We believe our share price is meaningfully undervalued, especially when recent trading levels of our ADS imply a free cash flow yield of over 20%.

We also announced today that the board approved a new US\$500 million share repurchase program. This is incremental to the existing program and increases our share repurchase authorization to US\$710 million.

We remain focused on reducing debt and leverage and will continue to evaluate our capital allocation strategy in a disciplined manner, considering cash availability, prevailing market conditions, and our share price.

As Lawrence mentioned, we announced today the purchase of key trademarks from Melco International for US\$375 million. The transaction was the result of arms-length negotiations between the independent members of the two audit committees, and a professional valuation services firm was engaged to assist in the evaluation.

The trademark license fee for the first quarter of 2026 was approximately US\$13.4 million, implying a purchase price of just under 7x the annualized first quarter fee. This is in line with Melco's current trading multiple and below the trading multiples of our Macau peers.

The purchase of the trademarks provides Melco with full ownership and control of the trademarks and eliminates any uncertainty with respect to potential increases in fees at the end of the prior royalty fee arrangements. As a result of the purchase, we have an immediate increase in EBITDA and cash flow.

The purchase will be funded by a combination of a drawdown from our credit facility and internal funds, but the additional debt is immaterial to our credit profile. Debt to EBITDA post transaction is expected to increase by less than half a turn, and we expect our leverage to return back down to first quarter 2026 levels before the end of 2026.

And finally, as we normally do, we'll give you some guidance on non-operating line items for the upcoming second 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\$30 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 Cyprus 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). Your first question comes from George Choi with Citi. Please go ahead.

**George Choi:** Hi, good evening. Thank you very much for taking my question, and we appreciate -- I just want to say that we appreciate the purchase of the trademark license from Melco International. I think that's a very good deal.

But two questions from me, if that's all right. Firstly, perhaps for Lawrence or Evan, how do you view your current opex level, in particular, player reinvestments? And secondly, for the upcoming Labor Day holiday, which is a few hours away, if you can provide us with any color in terms of the upcoming holidays, that would be very much appreciated. Thank you very much.

**Lawrence Ho:** Hi, George. It's Lawrence. So, maybe I'll take the second question first and then let Evan and Geoff elaborate a little bit on the opex question.

For May Golden Week, if anything, I think with the conflict in the Middle East, we're seeing people travel shorter distance in China. So, I see there's -- I read somewhere that there's 10% cancellation of flights from China to international markets. So, if anything, that has really benefited us.

So, I think so far for May Golden Week, we're seeing both occupancy and player quality improve on a year-on-year basis, so we're quite happy about that and excited about tomorrow, effectively starting.

On opex, maybe I'll hand it off to Evan and Geoff to elaborate.

**Evan Winkler:** Sure. Why don't I start, and Geoff can join in?

I think from an opex perspective, we're fairly stable on where we are. Market remains very competitive, so we did see player reinvestment levels tick up.

I think Lawrence has set the tone to begin with, which is we're not leading the market up, but when you go through periods of intense competition, we obviously react to the market. And so, an environment where it's very competitive, we have seen some increase in player reinvestment levels. I think they're stable for now. We don't see anything on the horizon that would make them increase, but we also don't see anything on the near-term horizon that would decrease those levels.

As I look into the next quarter, we are seeing just our typical salary increase takes place on April 1, so we're going to see a tick up related to that. We have a little bit of enhancement in terms of some higher-level butler and other service amenities around our suite product.

As you know that within Macau, that's continued to be an area of customer focus. Some of our competitors have made some announcements of things that they're looking to do prospectively. I think luckily a lot of ours were already from a hardware position better, but from a software position, we will have a slight tick up there.

And then the biggest jump up is going to be in Q3 as we start to open REM. REM, we've probably got another US\$30,000 to US\$40,000 a day in operating expenses. I think we view that as a big positive. We've got 149 keys opening. Just walked the product today with Lawrence and Tim, and it looks spectacular. I think it's going to be highly differentiated in the market. We spent a lot of time on that property making sure that we had the right mix.

It's very heavily weighted towards the one-bedroom suite product, with some flexibility in terms of combining suites and combining rooms with lock-off rooms, so I think we feel like we're going to be hitting the market with a very good product here going into Q3. And we'll have some slight expense from that, but should receive, obviously, a pretty big revenue uplift as that ramps.

**George Choi:** Thank you very much. And if I can ask a follow-up question? So, given your purchase of the trademark license, any change in your capex for this year at all?

**Geoffrey Davis:** So, total capex for this year has come down from about US\$450 million to approximately US\$425 million. And with the amount spent in the first quarter, we've got approximately US\$350 million to go for the remainder of this year.

**George Choi:** Understood. That's very clear. Thank you very much.

**Operator:** (Operator Instructions). Our next question comes from Karl Choi with Bank of America. Please go ahead.

**Karl Choi:** Hi, good evening. Thanks for taking my question. Two questions here.

Number one is, can you discuss a little bit about the timing of resuming your dividend, the trademark purchase? Does that mean that we may be pushing back the timing of a resumption towards 2027?

And second part on competition, understanding that maybe the reinvestment rate for now, you expect it to be stable near term, but how much -- one of your largest competitors has been quite

vocal about stepping up service offerings and things like that. And so, do you feel like you still need to respond further beyond what you have said on the call? Thanks.

**Lawrence Ho:** Hey, Karl. So, maybe I'll -- it's Lawrence. So, let me -- I think our goal is still to resume the dividend at the end of this year, but I think maybe we'll let Geoff elaborate on our capital priorities.

**Geoffrey Davis:** Yes, so all things being equal, we would definitely like to resume the dividend by year end. That said, of course, we'll look at the opportunity set out there, and that would include our share price over the course of this year as well.

As you know, we've been opportunistic over time and thus far this year in buying back the stock when we think it's on sale, and we think it's on sale at these levels. So, it's all dependent on a variety of different variables, but we would like to recommence the dividend and think that the balance sheet should be in shape for that by the end of this year.

**Lawrence Ho:** And Karl, on your reinvestment question, I'm sure you guys are super smart and you can back out the fact that Melco is the most disciplined in terms of our reinvestment. And it's a constant internal discussion as well, which is an annoying one because we see our competitors keep picking it up. And as Evan mentioned earlier on, we don't want to lead that race. But I don't know, I'll let Evan elaborate on it further.

**Evan Winkler:** No, look, I think we feel good on where we are on a relative basis, sitting here today. I think, as you've remarked, a number of our competitors have done more aggressive things in the marketplace over the last few months than we've responded.

I don't get the sense that they're going to double down on that because I think they've experienced that you hit a point where the incremental benefit of that spend is very muted, and you end up having dilution, obviously, in profitability. So, that's why I say I feel like we've hit a stable point.

I don't see, in the near-term, a need for us to ratchet up. That being said, as Lawrence articulated, if one of our competitors did something relative to the status quo that was very, very aggressive and the market followed, we probably would reluctantly need to change our approach.

But again, I think we are fighting to be disciplined and obviously are encouraging our other competitors to compete in a healthy way in the marketplace. So, sitting here today, I think we feel like we're stable.

**Lawrence Ho:** Yes, and we respect the fact that Macau, being the biggest market in the world, is always going to be very competitive. But I think we've always encouraged that we should compete based on product and service and not rebates and commissions and stuff like that. But it's unfortunate that we can't -- this is out of our control.

But at the same time, I think on product and service standpoint, we've talked -- Evan talked quite a bit about REM. We're very excited about the all-new suite product. I think in due course, we're

happy to show it off with our phased opening in Q3 because it's a truly unique product in -- not only in Macau, but Macau, Hong Kong, probably the entire Asia.

It's probably something that's never been done before. And at the same time, we're also redoing our retail at City of Dreams. If anything, we've always felt that with our partnership with DFS ending, that was always an area of weakness. So, I think from a product offering standpoint, starting next year, we're going to have some exciting new brands that we're dealing directly with where we think we'll really complement the luxury proposition of City of Dreams.

**Karl Choi:** Got it. That's good to hear. If I may ask a follow-up question, I just want to go back to your GGR trends for a second. Good to hear about the good color about the upcoming May holiday. But just want to go back to April, there's some market chatter that I think for the sector overall, win rate was low. But more specifically, there was some chatter that VIP volume was also weak.

Just want to see if that's something you've seen. And also, if that's the case, is that really more transitory, nothing to be worried about, especially as you look forward, or that's something that we have to pay attention? Thanks.

**Evan Winkler:** It's harder for us to answer that market-wide. For us, it was probably not the strongest month. But to be fair, that is a business that we track almost player by player, given the concentration that exists in some of the large VIP play. And so, some of the players that had come in Q1 are due to be coming later in the quarter.

So, I don't know that April set the world on fire for VIP. At the same time, I don't think there was anything we saw that was concerning in terms of the future health of that business.

**Karl Choi:** That's good to hear. Thank you.

**Operator:** Your next question comes from DS Kim with J.P. Morgan. Please go ahead.

**DS Kim:** Thanks for taking my question, and good evening. And as George said earlier, I really appreciate also purchasing trademark at a reasonably, if not attractive valuation. Kudos to that.

But just wanted to check on very high-level stuff, if I may, because we and the market came across news or government announcement last month that they want to establish, I think, a \$20 billion MOP fund to support economic diversification. And they target to raise, if I'm not mistaken, up to \$9 billion MOP from private capital, private parties.

So, just wondering, has there been any discussion between or with the government as to if we need to or if we want to participate in that fund? And if that's the case, is it going to come out of our previous commitment for the non-gaming commitment at the license signing, or would there be additional burden or commitment that we need to do in the future?

**Lawrence Ho:** Hey, DS. And again, thank you for the question and thank you for the comment on the trademark.

On the Macau government fund, we really can't comment too much about it. But all I can say is that what we had committed as part of the license renewal back in -- at the end of 2022 remains, so that amount is not going to increase. So -- and just to remind everybody, we were lucky to have the lowest commitment among the six concessionaires, and there will be no change to that amount.

**DS Kim:** Thank you, sir. That's really reassuring, and congrats again on a strong quarter. Thank you.

**Operator:** Your next question comes from George Choi with Citi. Please go ahead.

**George Choi:** Thank you. Just a quick follow-up on the aforementioned refresh on COD's retail. How should we think about disruption, if any? Thanks very much.

**Even Winkler:** Maybe I'll take that one, and others can add.

So, if you've been by the property, we've already started. So, if you go into the front by the Cotai Strip in the luxury retail arc, the north section's already hoarded. We're already underway in terms of the remodel.

Tim and the team here have developed a very good phasing plan. So, we're not going to have any period where we think the property is going to be massively impacted, but we are going to be going zone by zone and really creating a brand new retail experience throughout that podium level. That's going to take place from now, and it's really going to go on for the next 10 to 12 months. We're zoning it very carefully, but there is going to be construction at various zones throughout that period.

We're also, again, going to go through a period with our tenants where we're keeping some old friends, but on a direct basis, we're making a lot of new friends with the new exciting names that we're glad are going to be joining us.

And during this next three to four quarters, we're working with them. And at various times as they're disrupted, obviously, providing relief to those tenants as they are committed to us and sticking with us during this transformational period.

I guess what I would say is we're very excited about where we're going to end up. I think there's going to be some work to do during the journey, but very proud of Tim and the construction team for really coming up with a really good, phased plan with some good ideas around hoarding and property activations that should minimize the disruption during that period.

**George Choi:** All right, thanks so much.

**Operator:** Thank you. There are no further questions at this time. I'll now hand back to Ms. Jenny Kim for closing remarks.

**Jeanny Kim:** Thank you, everybody, for joining the call again today, and we'll see you next quarter. Thank you.

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