

For Immediate Release



NagaCorp Announces 2021 Annual Results

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Gross Gaming Revenue (GGR) of US\$223.5 million

Adjusted EBITDA of US\$22.4 million

Hong Kong, 7 February 2022 – **NagaCorp Ltd.** (“**NagaCorp**” or the “**Company**”, SEHK stock code: 3918), together with its subsidiaries (collectively referred to as the “**Group**”) which owns, manages and operates NagaWorld, the entertainment centre of the Mekong Region, today announced financial and operating results for the financial year ended 31 December 2021 (the “**Year**”).

1) Gross Gaming Revenue (GGR) of US\$223.5 million

2) Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) of US\$15.6 million. **Adjusted EBITDA** of US\$22.4 million

3) Mass Market Tables GGR of US\$66.5 million

4) Mass Market Electronic Gaming Machines (EGM) GGR of US\$44.0 million

5) Premium Mass Market GGR of US\$48.7 million

6) Referral VIP Market GGR of US\$64.4 million

The financial results of NagaCorp Ltd. for the financial year ended 31 December 2021 reflected the impact from the voluntary temporary suspension of its business operation in response to the COVID-19 situation in Cambodia. This impact has been mitigated by the gradual and satisfactory recovery of its business volume and revenues in the Mass Market segment since the resumption of its business operations on 15 September 2021, and the implementation of rigorous operating cost control. Despite the Group having only less than 6 months of business operations during the Year, the

Group maintained positive EBITDA with an Adjusted EBITDA (being EBITDA less non-recurring cost related to the employee mutual separation scheme) of US\$22.4 million during the Year.

During the fourth quarter of 2021 (after the resumption of business operation), the Group recorded 28.7%, 47.5% and 27.5% average month-on-month sequential growth of business volume in the Premium Mass, EGM and Mass Table segments respectively. Despite a longer business closure period in 2021 (about 6.5 months) as compared to 2020 (about 3.5 months), the Company witnessed a quicker recovery of business volume post the second re-opening. The daily average of the Premium Mass Rolling in December 2021 of US\$10.3 million exceeded the pre-second closure period (i.e. January 2021 and February 2021) as well as the FY2020's daily average of US\$8 million. Likewise, daily average of the EGM bills-in of US\$5.4 million in December 2021 also exceeded the pre-second closure period (i.e. January 2021 and February 2021) as well as the FY2020's daily average of US\$5.3 million. Daily average of the Mass Table buy-ins of US\$2.7 million in December 2021 has recovered about 87.2% of February 2021's number. This satisfactory recovery of the Mass Market and Premium Mass gaming business volume was largely contributed by a reasonably sized local captive expatriate community in Cambodia.

The Group continues to see the growth trajectory carried through January 2022. In particular, the daily average of the Mass Table buy-ins further improved to US\$2.9 million which is almost back to the same level as February 2021. Despite a significant drop in the Referral VIP business due to the travel restrictions in the region, the Group's Net Gaming Revenue ("**NGR**") was not adversely impacted as a result of the stable demand from the Premium Mass and Mass Market segments. The daily average of the NGR in January 2022 of US\$1.0 million has recovered more than 96% of February 2021's number. In addition, the Group's Gross Profit Margin has improved materially from 49% in FY2020 to 64% in FY2021. All of these indicators reinforced the Group's long-term focus on the Premium Mass and Mass Market segments.

Throughout the COVID-19 period (January 2020 to December 2021), the Group delivered the second highest absolute EBITDA among some peers. The Group generated a cumulative EBITDA of US\$281 million where the expected average of the Company's peers was only US\$19 million as per Bloomberg consensus on 25 January 2022. From the balance sheet perspective, the Company's net debt to equity ratio of about 16% as of 30 June 2021 was much lower than the average of the Company's peers of 114%. Both the Company's superior cumulative EBITDA and gearing ratio reflected the gradual recovery of the Company's business in a low cost operating environment, strong execution in cost saving and strict financial discipline of maintaining reasonable debt levels.

PROSPECTS

The Royal Government of Cambodia (the “**RGC**”) has taken steps to mitigate the economic and social impact of the pandemic. A high vaccination rate and loosening of restrictions will boost spending and investor confidence, while increased Foreign Direct Investment (“**FDI**”) should offer further support to the recovery of the Cambodian economy. In November 2021, China’s premier leader reaffirmed the bilateral bond between Cambodia and China by continuing to provide COVID-19 vaccines and medical assistance for an indefinite period of time, and to assist Cambodia with building a vaccine manufacturing factory (*Source: Khmer Times, 6 December 2021*). Despite the COVID-19 pandemic, Cambodia-China relations remain committed to strengthening comprehensive cooperation in development strategies (*Source: Phnom Penh Post, 16 November 2021*).

The bilateral trade volume between China and Cambodia saw a significant rise despite the global outbreak of COVID-19, reaching US\$11.1 billion in 2021, an increase of approximately 37.3% year-on-year, hitting the target of US\$10 billion (*Source: Khmer Times, 31 January 2022*). The two countries had previously committed to raising bilateral trade to US\$10 billion threshold by 2023 from US\$8.1 billion in 2020 (*Source: Khmer Times, 6 December 2021*). The Cambodia-China Free Trade Agreement (“**CCFTA**”) and the Regional Comprehensive Economic Partnership (“**RCEP**”), which aim to increase trade goods by reducing and eliminating tariffs and non-tariff barriers, and will eventually open more markets for Cambodia’s products, mainly agricultural products, to China. Also, the newly introduced Law on Investment and Cambodia-Republic of Korea Free Trade Agreement is expected to help attract FDI inflows to the country in the coming years (*Source: Phnom Penh Post, 16 November 2021*).

The implementation of RCEP will become a solid building block in advancing further trade liberalization, with the potential of attracting intraregional investment, FDI and global value chain activities, which could enhance investment opportunities in the long term. According to the Cambodian Ministry of Commerce, the CCFTA is a new milestone in the development of bilateral economic and trade relations of both countries, which is expected to become a driving force for Cambodia’s economic recovery.

The National Bank of Cambodia has forecast that the Cambodian economy will continue to grow at a rate of 5.0% in 2022 (*Source: Khmer Times, 3 January 2022*). In addition, the International Monetary Fund (“**IMF**”) has projected that Cambodia will be the second-fastest growing economy in Southeast-Asia in five years with an expanded gross domestic product of 6.6% (*Source: IMF – World Economic Outlook Database October 2021*). Also, the Chinese-invested Phnom Penh-Sihanoukville Expressway is 80% complete as of January 2022, despite the COVID-19 pandemic, according to the Cambodia Ministry of Public Works and Transport. The expressway is one of the Cambodia-China cooperation projects under the framework of the Belt and Road

Initiative and is the most important strategic route in Cambodia, which is projected to lead to substantial economic growth (*Source: Khmer Times, 2 February 2022*).

The Group continues to focus on the execution of its existing development projects. The development of Naga 3 is in progress. Naga 3's long term strategy is the continuation of Naga 2's success. The Company is committed to developing and completing the Naga 3 Project to stimulate and enhance Cambodia's tourism industry. Given the uniqueness of a casino monopoly in the heart of a capital city, the combined complex of NagaWorld is expected to position the Group as one of the most sizable riverine integrated resorts and entertainment centres in the Asia Pacific region.

Global economic conditions are expected to continue recovering with the progressive rollout of vaccination programs and booster shots. With the reopening of the Cambodian economy, domestic economic activity, including retail and wholesale, transportation, and domestic tourism is expected to increase steadily, while the international tourism, hotel and restaurant sector may recover more gradually. According to Fitch Ratings, the tourism sector is expected to rebound faster than business travel in the Asia Pacific region in 2022 in view of the improvement on the business operating environment. The ramping up of vaccines and availability of booster shots are likely paving the way of a return to normalcy in most Asian countries (*Source: Khmer Times, 25 November 2021*).

Looking forward, 2022 will remain challenging amid the fluidity of the COVID-19 situation and economic uncertainties. Nevertheless, with the easing of restrictions and the global economic recovery in sight, NagaWorld is expected to continue drawing tourists from South East Asia and East Asia, especially with incoming business migration inflows to Cambodia. The Company expects to continue its current growth recovery in a COVID-19 endemic world, and believes that the long-term business prospects and outlook of the Group will remain stable.

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ABOUT NAGACORP LTD.

NagaCorp Ltd. has been listed on The Hong Kong Stock Exchange since October 2006 (SEHK stock code: 3918). Established in 1995, NagaCorp's wholly owned subsidiary NagaWorld Ltd. owns, manages and operates the only world-class integrated entertainment and leisure complex in Phnom Penh, the capital of the Kingdom of Cambodia. It owns a casino license valid for 70 years, and exclusive gaming rights for a period of around 51 years (1995-2045). NagaCorp was selected for inclusion in the Hang Seng Foreign Companies Composite Index launched on 5 September 2011. On 10 September 2018, the Group was included as a constituent of the Hang Seng Composite Large Cap & Mid Cap Index.

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