

For Immediate Release



NagaCorp Announces 2020 Interim Results

* * * * *

Gross Gaming Revenue (GGR) of US\$372 million

EBITDA of US\$89 million

Net Profit of US\$21 million

Dividend Payout Ratio of 60%

Hong Kong, 27 August 2020 – **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 robust financial and operating results for the six months ended 30 June 2020 (the “Period”).

1) Gross Gaming Revenue (“GGR”) of US\$372.0 million

2) Earnings Before Interest, Tax, Depreciation and Amortization (“EBITDA”) of US\$88.7 million

3) Net Profit of US\$20.6 million

4) VIP Market GGR of US\$270.9 million

5) Mass Market Tables GGR of US\$68.4 million

6) Mass Market Electronic Gaming Machines (“EGM”) GGR to US\$32.7 million.

The 1H2020 financial results of the Group were relatively stable, despite the impact of the temporary closure of the casino operation. The Group delivered an increase of 15% in GGR (in 1Q2020) and generated positive EBITDA and net profit during the Period. This was achieved while the Group had effectively only three months of gaming business operations during the Period, with the temporary suspension of casino operations due to the COVID-19 pandemic.

As of 30 June 2020, the Company's cash and deposits were US\$286 million. Taking into effect the Company's recent issuance of US\$350 million 7.95% senior notes due 2024 (the "2024 Senior Notes"), the Company's cash and deposits had increased to US\$623 million (as of 7 July 2020). The Company has sufficient cash reserve set aside to repay the existing US\$300 million 9.375% senior notes due 2021 (the "2021 Senior Notes"). Assuming full repayment of the existing 2021 Senior Notes, the Company will not have debt refinancing obligation until July 2024.

Operational Performance after Re-opening of Casino Businesses

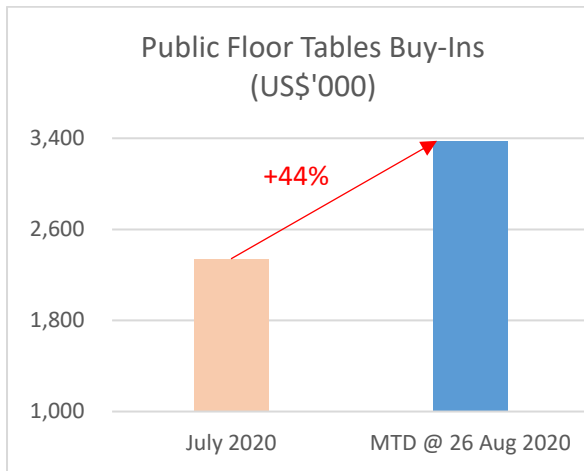
Since the re-opening of the Company's casino on 8 July 2020, the Group has recorded a steady increase in its gaming business volumes contributed by the patronage of mainly Chinese expatriates who have been currently living or conducting business activities in Cambodia and who are waiting to patronize the casino after 90 days of lockdown. Being the only integrated resort in the city of Phnom Penh has also helped to drive the operational performance of the Group, despite most cross border travel policies in the Asian region remain restrictive, as highlighted in the following table:–

Average Daily Volumes (US\$'000)	Pre-Closure 1Q2020⁽¹⁾	Post-Closure Period⁽²⁾	Post-Closure Recovery Percentage⁽³⁾
Public Floor Tables Buy-Ins	3,762	3,377	90%
EGM Bills-In	5,524	5,119	93%
VIP Rollings	106,519	104,016	98%

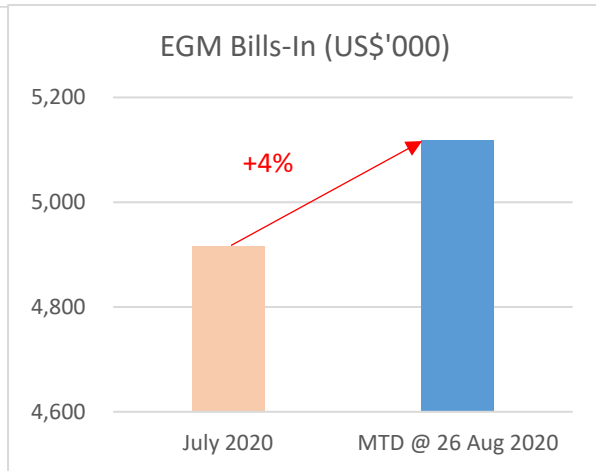
Notes:

1. Average daily volumes recorded during the pre-closure period of 1Q2020.
2. Average daily volumes recorded for the most representative post-closure period (from 1 August 2020 till 26 August 2020).
3. Average daily volumes for post-closure period (from 1 August 2020 till 26 August 2020) as a percentage of pre-closure period of 1Q2020.

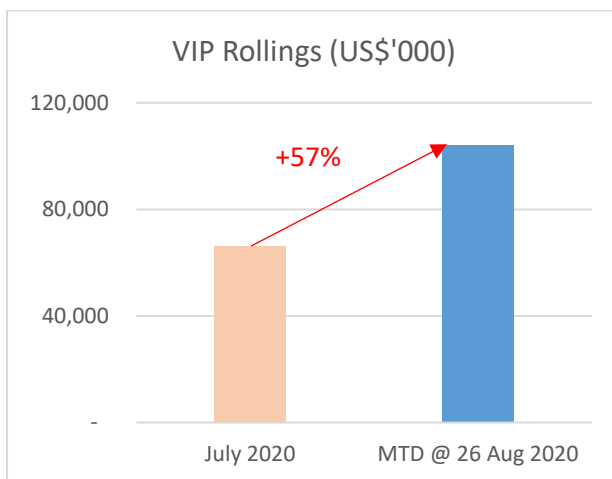
This is further explained by the following average daily gaming business volumes (from which revenues are derived based on the actual daily percentage win-rates recorded by the Group) since the reopening date: –



Average daily buy-ins increased by +44%



Average daily bills-in increased by +4%



Average daily VIP rollings increased by +57%

The Group remains confident that long-term business prospects remain good. The board of directors (the “Board”) of the Company has resolved to declare an interim dividend of 60% payout based on the net profit generated during the Period. Accordingly, an interim dividend of US cents 0.29 per ordinary share of the Company (or equivalent to HK cents 2.25 per share) has been declared. For each six month period, the Company shall review, assess and where appropriate, revise its dividend policy in accordance with the Company’s financial performance and business environment, as well as other factors.

BUSINESS REVIEW

The International Monetary Fund is projecting growth of Cambodia’s real gross domestic product at 6.1% in 2021 after the COVID-19 global pandemic in 2020, with a moderate inflation rate of 2.9% in 2021 (*Source: International Monetary Fund - World Economic Outlook Database April 2020*). Similarly, Moody’s Investors Service, Inc. is projecting Cambodia GDP to rebound by about 6% in 2021, as a result of strong fiscal buffers to counter disruptions to trade and growth rising from the COVID-19 pandemic. In addition, Cambodia’s latest credit profile reflected the country’s solid growth prospects and highly affordable debt burden (*Source: Moody’s Investors Service, Inc., 22 May 2020*).

Despite only three months of gaming business operations during the Period, the Group's 1Q2020 financial results were relatively stable, delivering an increase of 15% in GGR. The Group was able to operate without interruption of business in 1Q2020 despite the COVID-19 outbreak throughout most of Asia. The relatively stable financial results were attributed to the following:

- 1. COVID-19 Incidence Relatively Well Managed:** The number of COVID-19 cases in Cambodia is relatively well contained and has won praise and accolades worldwide. The total number of confirmed COVID-19 cases is 273 as of 26 August 2020, of which 249 cases (91%) are imported. 264 cases have been cured (97% recovery rate), with zero deaths (*Source: Cambodian Ministry of Health (the "MOH")*). The World Health Organization (the "WHO") has, via a letter dated 11 May 2020, commended the efforts of the Royal Government of Cambodia for successful prevention of the spread of COVID-19 pandemic.
- 2. Still Relatively Good Mix of Customer Base:** The Group saw a solid number of patrons visiting NagaWorld in 1Q2020. Many Chinese customers with businesses in Cambodia continued to stay in Cambodia due to the COVID-19 situation in China. The Company's customer mix benefited from this sizable group of expatriates (mainly Chinese) in Phnom Penh. Many of the Company's loyal South East Asian visitors also visited NagaWorld before the closure of their respective countries' borders, especially within the first two months of 1Q2020.
- 3. Business Visitation to Cambodia:** In 2019, international business-related travel into Cambodia increased by 100% to 1,371,363 visitors. The US-China trade war has driven some Chinese companies in the manufacturing sector to relocating in lower cost countries such as Cambodia. This has, in turn, driven the influx of foreign capital and expatriates into Cambodia, especially its capital city Phnom Penh (*Source: CICC, 19 July 2019*).
- 4. Cambodia's Open Door Policy and China's Belt-and-Road Initiative ("BRI"):** Given the close geopolitical relationship between China and Cambodia, the BRI has driven a relatively large number of business travellers to Cambodia, who have continued to stay in the country because of their established businesses and fear of COVID-19 in China.
- 5. The Company's Casino Precautionary Measures Against COVID-19:** The safety of NagaCorp's employees and guests is paramount. Since January 2020, the Company has implemented a series of precautionary measures, including body temperatures checked, scheduled disinfection, social distancing, etc., following the guidance of the MOH and the WHO. Respective hygiene and cleaning protocols are adhered to and continually enhanced.
- 6. Mass Market Business:** The Mass Market, which is the key focus of the Company's strategy, has continued to benefit from its monopoly position in Phnom Penh where there is a visible increase in wealth and a sizable expatriate community (mainly Chinese). Despite softer tourist arrivals due to the COVID-19 outbreak globally, visitation to NagaWorld was still solid before the temporary closure of casino operations.

- 7. VIP Business:** During 1Q2020, VIP GGR and VIP rollings increased by 25% and 18% respectively, generated mainly from players coming from North Asia and South East Asia. The increase was contributed partly by junket operators who have fixed-based operations in Naga 2 and who brought in VIP players, especially during the periods when casinos were closed in Macau, Philippines and Malaysia. NagaWorld was one of the few gaming destinations in the Asia Pacific region available to Chinese visitors before the imposition of the travel restrictions in Cambodia on 30 March 2020. Also, with the relatively low incidence of COVID-19 cases in Cambodia, especially during the first two and half months of 2020, the Company believes that VIP players felt more comfortable visiting NagaWorld. The Company's robust VIP performance was also contributed by the sizable group of expatriates (mainly Chinese businessmen based in Phnom Penh) and loyal customers from South East Asia (mainly Malaysians) during the first two months of 2020.
- 8. Effective Cost Control:** With improvements in operating efficiencies and rigorous financial discipline, the Group has been able to keep its operating costs reasonably low. In addition, the Company has implemented a series of operating cost-saving measures in response to the temporary closure of casino operations during the Period.
- 9. Robust Cash Flow and Financial Strength:** The Group's accumulated cash and deposits demonstrate management's continued ability to retain a strong cash position and raise external funding despite the COVID-19 pandemic. Furthermore, the Group's strong financial strength is reflected in the lower debt financing cost (the 2024 Senior Notes matures in July 2024) incurred to refinance the 2021 Senior Notes, which mature in May 2021. During 1Q2020, as disclosed in the relevant disclosure of interest filings, the controlling shareholder of the Company purchased about US\$41 million worth of shares of the Company from the secondary market during the downturn to support the Company's stock during a challenging global health crisis.
- 10. Naga 1 Upgrade:** The upgrading of Naga 1 hotel rooms was completed within budget and reopened with no visible disruption to the Group's business volume growth. The newly upgraded hotel rooms have been well-received by customers as the Group observed an increase in the average hotel room rate and yield from these upgraded hotel rooms. The Group believes that, subject to no further deterioration of COVID-19, the completion of the Naga 1 upgrade project will contribute positively towards the quality, standard and comfort of Naga 1, driving revenue of the Group.

PROSPECTS

We believe that the life span of COVID-19 is shorter than the duration of our monopoly, which lasts till 2045. This is in light of COVID-19 incidences being well managed in Cambodia, and surrounding countries starting to ease restrictions and reopen their economies. Considering the uniqueness of a casino monopoly in the heart of a capital city and after having operated successfully for the past 25 years in a region with

political stability, tourism and economic growth, the combined NagaWorld complex of NagaWorld 1 (Naga 1), NagaWorld 2 (Naga 2) and NagaWorld 3 (Naga 3) is expected to position the Group as a sizable gaming resort in the Asia Pacific region and is expected to generate steady recurrent revenue for the benefit of the Company and its Shareholders.

Despite COVID-19, the Group will continue the development of Naga 3. Its expected completion by 2025 (and/or such mutually agreed extended period) will at least double the capacity of the Group. It is currently expected that the combined NagaWorld complex of Naga 1, Naga 2 and Naga 3 will have about 5,000 hotel rooms, 1,300 gaming tables and 4,500 EGM and many other non-gaming attractions.

Before 30 March 2020, Cambodia was the only country with a border relatively porous to Chinese visitation without excessive restrictions. NagaWorld was the only casino in the Asia Pacific region where there was relative ease of entry to the casino without administrative difficulty, while having all necessary protective measures against COVID-19. The COVID-19 outbreak has caused economic and social chaos globally, and the temporary casino closure affected the Company's near-term growth trend. However, subject to the Cambodian government's ability to contain the spread of COVID-19, the Company expects its growth trajectory to continue growing in the short term, especially with COVID-19 relatively contained in China and Cambodia.

The Cambodian Ministry of Tourism expects that Chinese tourist arrivals (the primary tourist market) to rebound and that the number of foreign visitors to Cambodia to increase two or three-fold once COVID-19 subsides, which is expected to be within the next four or five months (*Source: Jian Hua Daily, 1 May 2020*). Air traffic from China and South East Asia to Phnom Penh is recovering, with expatriates and business travellers returning to Cambodia since early May 2020 (*Source: CICC report dated 7 July 2020; Centre for Asia Pacific Aviation*). Given the close geopolitical relationship between China and Cambodia, China's BRI has driven a strong number of business travellers to Cambodia who have continued to stay in Cambodia, with businesses already established there. The mutual cooperation between the two countries in the fight against COVID-19 has deepened bilateral trust. The bilateral trade volume between China and Cambodia stood at US\$9.4 billion in 2019, almost reaching the US\$10 billion target the two countries had set out to reach by 2023 (*Source: Jian Hua Daily, 29 April 2020; Xinhua News Agency, 16 May 2020*).

It is the intention of the Group to be perceived as a more comprehensive and quality integrated resort ("IR") developer with an emphasis on non-gaming as a source of revenue. The Company anticipates that non-gaming and gaming IRs can co-exist with each other in a mutually beneficial manner. It is the intention of the Group to explore viable and profitable IR development in the Siem Reap and Sihanoukville areas. At that time, the Company believes it will gain a foothold as a strategic, sizable and

comprehensive world-class IR developer to help promote tourism in the Kingdom of Cambodia.

The Company believes that the long-term prospects and outlook of the Group will remain stable.

DISCLAIMER

The average daily gaming business volumes (from which revenues are derived based on the actual daily percentage win-rates recorded by the Group) contained in this press release are for illustrative purposes only, and do not constitute forward looking statements or profit numbers. These business volumes are shown on a basis that is consistent with the presentation of such information in the Company's annual and interim reports.

The Company wishes to provide the shareholders and potential investors of the Company with a business update (post reopening of its casino businesses) and the information contained is based on a preliminary assessment of management accounts of the Group and the information currently available to the Company and is not based on any figure or information which has been audited or reviewed by the auditor of the Company.

#

ABOUT NAGACORP LTD.

NagaCorp Ltd. was listed on The Stock Exchange of Hong Kong Limited in October 2006 (SEHK stock code: 3918). Established in 1994, 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 (1995-2065), and exclusive gaming rights for a period of around 51 years (1995-2045). In 2011, NagaCorp was selected for inclusion in the Hang Seng Foreign Companies Composite Index. On 10 September 2018, the Group was included as a constituent of the Hang Seng Composite Large Cap & MidCap Index.

For further information, please contact Hill+Knowlton Strategies Asia

Ada Leung
+852 2894 6225
ada.leung@hkstrategies.com

Geffron Auyeung
+852 2894 6255
geffron.auyeung@hkstrategies.com