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Q1 2024 Melco Resorts & Entertainment Ltd Earnings Call

EVENT DATE/TIME: APRIL 30, 2024 / 12:30PM GMT

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PRESENTATION

Operator

Ladies and gentlemen, thank you for participating in the First Quarter 2024 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. Please go ahead.

Jeanny Kim Melco Resorts & Entertainment Limited - Senior VP & Group Treasurer

Thank you, operator, and thank you for joining us today for our first quarter 2024 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 Melco Resorts & Entertainment Limited - Founder, Chairman & CEO

Thank you, Jeanny, and thank you all for joining us today. We have had an eventful year so far. We've had a shift in management, our sales force has been restructured, we've knocked down walls and started reconfiguring our gaming areas and opened several new retail outlets at Studio City, to name a few highlights. On the financing side, we paid down another \$250 million in debt, raised \$750 million in bonds and extended the maturity of our \$1.9 billion revolving credit facility, significantly reducing our refinancing risk in 2025.

We had a slow start in January, but we recovered in February, in part due to Chinese New Year, and the improvement in our performance in March and April reflects the steps that we've taken towards regaining our leadership position in premium mass. Melco Macau's first quarter the property EBITDA reached 89% of 2019. In March, both COD, Macau and Studio City recorded the highest mass table games drop ever. And in April, we continue to gain market share, recording the highest daily gaming revenue since Macau's reopening in January 2023.

We remain extremely optimistic about Macau's continued growth potential. Various initiatives recently announced by the Chinese government such as the multi-entry group tour visas between Macau and Hengqin, the new cities added to the IVS program in March, easier online visa application process for residents of China's 20 largest cities, as well as the proposed connection of Shenzhen to the Macau-Zhuhai bridge increases accessibility to Macau and enlarges our customer base. We are confident that we will maintain our market-leading position based on the quality of our properties and our continued efforts to enhance our services and offerings.

In the Philippines, City of Dreams Manila continues to generate solid results in mass table games and slots, but we had some bad luck in

VIP this past quarter. City of Dreams Mediterranean and our satellite casinos in Cyprus showed positive EBITDA and cash flow through the first quarter. We have been working on expanding our marketing efforts throughout Europe as well as the Middle East, and we're cautiously optimistic that we can continue to expand profitability despite the continued conflicts in the region.

Today, we announced that we are working with the John Keells' Group in Sri Lanka in relation to their new integrated resort development. The integrated resort will be rebranded as City of Dreams Sri Lanka and will be the first of its kind in Sri Lanka and South Asia. We will be responsible for the fit-out and operations of the casino, which we expect to open in mid-2025. While the City of Dreams Sri Lanka, Integrated Resort itself, is expected to open in the third quarter of 2024. This is a landmark development in Sri Lanka and we're thrilled to participate in this opportunity. This is a capital-light investment with an attractive return profile, allowing us to expand the City of Dreams brand and broaden our customer reach.

And finally, I'm excited to announce that we have hired Tim Kelly as Property President of City of Dreams Macau. Tim was most recently President at Atlantis Global for Kerzner International based in Dubai and has achieved great success in building the Atlantis brand since joining them in 2017. He has a unique blend of skills and experience that we believe positions him perfectly to lead this next chapter of City of Dreams, and I would like to welcome him to the Melco family.

With that, I turn the call over to Geoff to go through some of the numbers.

Geoffrey Stuart Davis Melco Resorts & Entertainment Limited - Executive VP & CFO

Thank you, Lawrence. Our group-wide adjusted property EBITDA for the first quarter of 2024 was approximately \$299 million. Luck-adjusted group-wide property EBITDA for the first quarter of 2024 came in at \$329 million. Unfavorable win rates negatively impacted our results at City of Dreams Macau and City of Dreams Manila by approximately \$33 million. Whereas a favorable win rate at Studio City had a slight positive impact of approximately \$2 million. Details of these adjustments can be found in the supplementary earnings slides posted on our Investor Relations website.

In April, we significantly reduced our refinancing risk in 2025 with a series of transactions that include the extension of our \$1.9 billion revolving credit facility to 2027, a \$750 million bond issuance and a \$100 million tender offer on the Studio City bonds due 2025. The proceeds from the \$750 million bond issue have been used to repay loans under the RCF and the extension of the RCF allows us to draw down again in 2025 to refinance the \$1 billion in bonds due at Melco.

We have always been prudent as well as opportunistic in managing our financing structure and maturities and we believe that the actions taken reduce our exposure to future market volatility. We now have \$300 million to refinance in Studio City by July 2025, and we are actively reviewing alternatives.

As of March 31, 2024, we had around \$1.3 billion of consolidated cash on hand. Melco, excluding its operations at Studio City, the Philippines and Cyprus accounted for around \$635 million. Of this, approximately \$125 million was restricted as collateral required for the concession-related guarantees issued to the Macau government. Pro forma for the recent bond issue, our undrawn and available credit lines for additional liquidity increased to \$1.8 billion.

As we normally do, we'll give you some guidance on non-operating line items for the upcoming second quarter of 2024. Total depreciation and amortization expense is expected to be approximately \$135 million to \$140 million. Corporate expense is expected to come in at approximately \$20 million and consolidated net interest expense is expected to be approximately \$120 million 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 \$6 million relating to City of Dreams Manila.

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

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). And now we're going to take your first question and it comes from the line of George Choi from Citi.

Shui Lung Choi *Citigroup Inc., Research Division - Director & Analyst*

I have a few questions, if I may. Firstly, given the recently announced Hengqin-Macau multi-entry visa arrangement. Would you please let us know what Melco will be doing specifically to capitalize on this, in particular with Studio City? And secondly, would you please give us an update on your adoption of smart gaming tables? And finally, would you please remind us your priorities in terms of cash deployment, I guess, specifically, is there any chance of a dividend resumption?

Lawrence Ho *Melco Resorts & Entertainment Limited - Founder, Chairman & CEO*

George, it's Lawrence. So maybe let me take the broader question, and then I'll let Evan and Kevin talk about the Studio City part. But I think, first of all, in terms from a cash deployment standpoint, we're -- our #1 focus continues to be debt reduction. So that is, by far, and away, our #1 focus, and I'm glad that maybe Geoff can supplement later on. Last year, we took down in the prepared remarks, more than \$1 billion of debt, and that will continue to be our goal.

The Sri Lankan opportunity is a very unique one - it is asset light. And I think that's why we still view ourselves as the balance sheet allowing to be a development company. And so we'll continue to look for developments that fit the balance sheet. And on the Macau and Hengqin multiple visa entry, I'll let Evan and Kevin talk about the details of what our strategy there. But I think naturally, so far year-to-date, there has been numerous positive China announcements, whether increasing the individual traveler cities, IVS cities to Xian and Qingdao to extending the Hong Kong-Zhuhai-Macau Bridge and then now with the most recent Hengqin-Macau news, and other -- and the so-called other visas that allow people to come to Macau multiple times. So I think on a long-term directional basis, it's all excellent news. And so maybe I hand it off to Evan and Kevin to talk about.

Evan Andrew Winkler *Melco Resorts & Entertainment Limited - President & Director*

I can start, and Kevin can supplement. I think on that issue, in particular, we've done some of the initial work. I think we -- obviously, if you look at where we're physically positioned at Studio City, we're well positioned to take advantage. We've evaluated some of the hard infrastructure we have in terms of a bus drop-off and things that would allow us to facilitate a greater tour volume going through into that point of entry into Macau. And I think that we have some opportunities there.

I would say in terms of concrete plans, we are early on in sort of exploratory discussions. So I think we believe that there may be an opportunity there, but we're going to spend time to make sure we're bringing the right groups on the property if that's the direction that we go. But as Lawrence indicated, I think it's a long-term positive.

Kevin Richard Benning *Melco Resorts & Entertainment Limited - Senior VP & Property General Manager of Studio City*

I think Evan summarized it well. We already have a very strong agent business with a lot of our current attractions, particularly with the water park. So we have a really strong relationship with a lot of the group tour operators. So we see a lot of upside as the visa scheme continues to evolve and we also have great connectivity from the train station that's being built on the other side right next to the current Macau Light Rail, so just a lot of positive opportunities.

Geoffrey Stuart Davis *Melco Resorts & Entertainment Limited - Executive VP & CFO*

In terms of smart tables. We are obviously prioritizing the adoption of smart table technology. We are getting delivery of our first set or a small set of tables this quarter. Although it will be a small enough number, it will really be more on a pilot or trial basis as we continue to do our learnings with full-scale adoption pacing out really over the next year until we have our full force of tables.

In the short term, we're looking at how we might deploy them within specific areas within the property, both to use them strategically and then also to enhance our learnings on how we're going to use this technology on a roll-forward basis. But approximately this time next year, we should be around at full implementation.

Operator

Now we take our next question. And the question comes from the line of Ricardo Chinchilla from Deutsche Bank.

Luis Ricardo Chinchilla *Deutsche Bank AG, Research Division - Research Analyst*

This is Ricardo from Deutsche. I was hoping if you could comment a little bit on the promotional environment. We keep hearing from your competitors that the competitive environment and promotional environment keeps being pretty intense? Have you seen a material difference between the fourth quarter and the first quarter? And if you could also comment a little bit on flow-through in this particularly promotional environment.

Evan Andrew Winkler *Melco Resorts & Entertainment Limited - President & Director*

Sure. Why don't I take that? I do think, again, we are seeing a fairly intense competitive environment over the last quarter and into this quarter. If you go to Macau and you walk around, you see evidence of that even if you just look on people's gaming floors in terms of the number of freebies that are going out to mass players. And if you see what's happening on the mass floor, that obviously is continuing on into our premium areas in terms of people competing for that premium mass player in improving their game in terms of product and services. I do think that there has probably been a little bit of a peak in terms of some of the player reinvestment programs where I don't think it's accelerating beyond where it was, and I think all of us are taking a look at what we're doing.

And so I would expect over time for it to stabilize and eventually come back down. But in the short term, as the market recovers, I think we've been in a little bit of a feeding frenzy trying to go after the highest value premium mass players, and that's probably taken up investment levels to probably as high as we'd like them to go. And I think we're probably getting to the peak and looking to have them taper and come back now.

Luis Ricardo Chinchilla *Deutsche Bank AG, Research Division - Research Analyst*

Got it. If I may follow up with a housekeeping item. Could you please provide some CapEx figures for the year as split between the Melco, Studio City, City of Dreams, Manila and the Mocha Clubs. And then for Studio City you own, that would be very helpful.

Geoffrey Stuart Davis *Melco Resorts & Entertainment Limited - Executive VP & CFO*

So including the recently announced Sri Lanka project, our total CapEx for 2024 is estimated to be approximately \$415 million, \$50 million of which would be Sri Lanka. So I think you were asking for a property-by-property breakdown. So at COD Macau, that's around \$140 million, Studio City is about \$75 million. Manila is in the range of \$40 million and COD Mediterranean is approximately \$20 million. And just to round that up, in addition to that, some -- in respect to project spending with some tail expenditures relating to Phase 2 and the Cyprus project, that constitutes approximately \$25 million for Studio City Phase 2 and about \$30 million remaining for the ICR in Cyprus.

Operator, please go ahead for the next question.

Operator

And the next question comes from line of John DeCree from CBRE.

John G. DeCree *CBRE Securities, LLC, Research Division - Director and Head of North America Equity & High Yield Research*

Maybe two or three questions on some of the changes that you've made in the quarter. Obviously, since new management started to roll up their sleeves, Lawrence, I think in your prepared remarks, you spoke about maybe moving some walls, updating some retail.

So curious if you could kind of elaborate a little bit on what you've done kind of there at the property level, Studio City and COD, I guess, specifically. And then a little bit more on maybe some of the early success or feedback that you're seeing from some of those developments. I think you mentioned a pretty strong mass market drop in March, but if there's anything else you could add, that would be great.

Lawrence Ho *Melco Resorts & Entertainment Limited - Founder, Chairman & CEO*

Sure, John. I think when we made the management change, there was also a bit of a culture change. I think that was quite important because over the years, the DNA of Melco was always in terms of providing the best services and the best product and we had the hardware built for that. And so I think changing up the team dynamics really helped us. I think in terms of the details, maybe in terms of the good work at both City of Dreams and Studio City I'll let Evan and Kevin talk about it.

In terms of the numbers, I think March was -- for the market itself, March was the best month since the pandemic. But for us, it was one of the best months we've ever had and April was shaping out to be another great month for us. Even though seasonality plays a factor, April tends to be a pretty slow month for the market. But I think for us, it's been a great month. But in terms of the nitty-gritty details of what we've done at COD and Studio City, well I'll let Evan and Kevin talk about it.

Evan Andrew Winkler Melco Resorts & Entertainment Limited - President & Director

Sure. Why don't I start, and I'll let Kevin chime in on Studio City. So when we went through our management shift, Lawrence has really directed the team to regain our leadership position within premium mass. And so we've been taking a look at really every aspect of our business from a customer-centric perspective to make sure that our product and service offerings and our gaming experience is commensurate with that leadership position. If you specifically go on to the floor at City of Dreams, you're going to see that already, we've moved the electronic product and consolidated that on the end of the floor by Hyatt. We've added tables where that was. We've opened up our previous carded pit to allow better flow of customers into a premium area.

We've added sort of free-flowing food and beverage. So we now have 24/7 snacks and beverages on the mass floor, there's an enhanced offering as you go into the higher limit area. And then there's a highly enhanced offering into our carded premium areas which is including free flowing multi and single malt scotch where we've actually had players staying after play and join themselves and then instead of where they would typically have left property to go eat and drink, they're staying within that environment, finishing and then going back and we're getting more play hours out of that player. So we're able to expand our patrons gaming day, which is obviously helping out for drop and for results.

In addition to that, we've been looking across our staffing in almost every area of the business. So this goes down to the number of people we have on the floor servicing the guests from a food and beverage standpoint, we're looking at butler service within our high-value and villa areas.

And so really, we're looking at all of the little pieces of the business and looking where we can invest in a way that we think is going to improve that experience. So we're either getting a gamer that's going to be playing longer or a better gamer or a better cash guest into the property. It's probably too early for us to declare victory on any of the initiatives, but I would tell you that we're looking at every little aspect, we're investing across the board. And what we've been seeing in March and April has been very, very positive indications in terms of what it means for our business after we made those investments. I'm going to let Kevin comment on Studio City.

Kevin Richard Benning Melco Resorts & Entertainment Limited - Senior VP & Property General Manager of Studio City

I think Evan's comment on becoming customer-centric and getting the properties refocused on the service experience summarizes the journey Studio City has been on and continuing to lean into the DNA of Studio City, which is it's a fun for all ages, cinema theme property. And we're creating a lot of fun activities for our guests when they come through there, both on the casino and non-gaming side. On the casino, we've really reviewed everything. We have a nice master plan around kind of how we're going to approach our casino floor, our layout. We -- similar to COD where they rearrange their floor. We're in the process of doing the same with Studio City, and we're seeing the traction, particularly with our revamped F&B offerings.

We've become extremely popular. We've actually seen the highest property visitation numbers in the -- since Studio City opened on the last day of March, which has been fantastic. And we're seeing that start to go into the casino. So before there is always the concern on how much of our nongaming traffic converts and we're starting to create the environment where people want to hang around Studio City and then continue to go inside. And it's been really nice as the property is activated. I think you're seeing all the hard work over the last couple of years come together with Phase 2 opening with our retail continuing to be fine-tuned, particularly with the opening of Don Don Donki we saw a 10% increase in visitation alone just from that. So a variety of things, but I think the customer-centric approach is where our main focus is.

John G. DeCree CBRE Securities, LLC, Research Division - Director and Head of North America Equity & High Yield Research

That's all really helpful color, especially someone who don't get the property as much as we'd like. Maybe to wrap it up, a question for Geoff. I think last quarter, we talked about a little bit of an OpEx increase, maybe \$200,000 a day or so, some of that later in the year

with the show reopening. But is that still the right -- given the changes you're making, is that still the right number for us to think about? Or might that be a little bit of a moving target given all the investment in the operations that you guys are thinking about?

Geoffrey Stuart Davis Melco Resorts & Entertainment Limited - Executive VP & CFO

Yes. I think moving target is probably a good way to describe it. So for the first quarter, we were at approximately \$2.7 million per day, the guidance that House of Dancing Water will add towards the end of the year, another 0.1 is still valid. Although with the assessments that we're making in the business and revenue-generating enhancements to the business. I think the -- directionally, we might see some increase in that for the remainder of the year. But why don't I hand it over to Evan for some additional color.

Evan Andrew Winkler Melco Resorts & Entertainment Limited - President & Director

And look, I want to contextualize this from an operating perspective because as we've gone through this shift. And the direction from Lawrence is, again, how do we regain our leadership position and our market-leading position and do it in a way where we continue to improve the profitability or EBITDA of the business. And so as we're going through that, I think what we have realized looking at the business is we were not saving our way to EBITDA. So in some of these areas where we felt good about, during COVID especially, pulling back on the operating expenses, in the recovered environment, we have opportunities where we can deploy against our guests and spend against our guests and have an EBITDA positive outcome by doing that.

And that applies in a lot of different areas across food and beverage, across all aspects in terms of service where we're able to drive the business through that spending. If you look back historically to 2019 before we did Studio City Phase 2, we were in the range of about \$3 million in OpEx before that occurred. I would not be terrifically surprised if we determine that between now and the end of the year, we got back into the ZIP code and felt that we could reinvest in the business in a profitable way where expenses would creep back up to that level.

What we're doing right now is we're deploying, we're evaluating the results and if we believe we're generating positive EBITDA, we're continuing on. If we don't, we're cutting off that and looking at different ways to invest in our guests. So again, we're going to be prudent in how we do it, but we definitely believe the expenses are going to creep up from where they were. The positive news is, I think, that we believe that in doing so, we're going to be driving EBITDA by reinvesting.

Operator

And the next question comes from the line of Praveen Choudhary from Morgan Stanley.

Praveen Kumar Choudhary Morgan Stanley, Research Division - MD

A couple of questions from me. First of all, on Sri Lanka, it's obviously a great idea to go asset light. So that's great. John Keells obviously, is a great player, they know the market. Could you tell us a little bit about the market size, how many players and license, et cetera? And if you can give some sense of the return that you're expecting out of \$125 million investment, that would be great? So that's the first question.

The second housekeeping question was you mentioned \$33 million of hold benefit, not benefit, but negative for COD and City of Dream Manila. Could you split that for me, please? And the third question was would you be able to give any rough idea about March and April, either market share or EBITDA share? Or anything that you can talk about March and April specifically?

Lawrence Ho Melco Resorts & Entertainment Limited - Founder, Chairman & CEO

Praveen, it's Lawrence. So let me talk about Sri Lanka first. So I think we've been looking at the region, not so much the country, for over a decade. And my view is that Sri Lanka can be to India, what Macau is to China. And I think having looked at the Indian gaming market, we just don't think -- I don't think, anything is really going to come of it for the next decade or so. And with the rising Indian economy and the wealth creation, Sri Lanka is by far and away the closest gaming jurisdiction to India.

And John Keells is one of the -- it is the biggest listed conglomerate in Sri Lanka with over 150 years of history. And the building that they've built is truly magnificent. I think when I first visited Sri Lanka over 10 years ago, and I heard about them trying to build that building, I thought it wasn't going to happen. But they've actually done it. It's a \$1 billion building.

So I think for us, \$125 million is a small bet for a potentially huge opportunity. In terms of -- I don't think there is any published data on the size of the gaming market. We've done a lot of bottom-up work I think so far, there's 3 -- 2 operators in the market with, I think, 4 casinos, but those are all very local, very local and casino is only not an integrated resort and not even attached to hotels. But -- so I think -- I don't know, maybe Geoff can...

Geoffrey Stuart Davis Melco Resorts & Entertainment Limited - Executive VP & CFO

Sure. So yes, we're very excited about the market. I think it's been currently sort of untapped essentially with a few local establishments. But we are, along with John Keells raising the bar significantly to a world-class standard with the integrated resort, world-class standard with the casino that we're fitting out and while I think it's a little too early to provide specific returns, we're anticipating returns that are very attractive, very shareholder-friendly, will drive shareholder value and probably returns, it will be difficult to attain in most mature markets. So we're very pleased with the opportunity there. I think it's a great way to tap into a market with tremendous potential in a capital-light way, and we're very happy to be going into business with the John Keells company. They're a great partner.

Praveen Kumar Choudhary Morgan Stanley, Research Division - MD

I had a couple more questions, sorry, on the numbers.

Geoffrey Stuart Davis Melco Resorts & Entertainment Limited - Executive VP & CFO

So I think the whole adjusted numbers, I guess, probably the easiest way just to direct you to the Investor Relations deck that's out there that gives very specific numbers for all the different adjustments there. And then I think there was a question on sort of the March, April trajectory of, not sure if it was market share or.

Evan Andrew Winkler Melco Resorts & Entertainment Limited - President & Director

Maybe just to give you some context for us, if we look at our mass business at COD and SC, March was the highest drop of any month historically for the company on the mass side. And April, which started off not surprisingly, a little bit soft, has finished fairly strong and looks like it will be probably the third best month for mass drop at COD and SC in the history of the company. And so again, I don't specifically have our market share versus everybody else. But March, we obviously had recovery in April, my suspicion is that we did fairly well, but we won't know how we came out on a market share basis for a little bit here yet but both have been very strong months. We're very pleased with what we're seeing right now.

Praveen Kumar Choudhary Morgan Stanley, Research Division - MD

Congratulations.

Operator

And the next question comes from the line of Vitaly Umansky from Seaport Research Partners.

Vitaly Umansky Seaport Research Partners - Senior Analyst

I had 2 questions. The first is related to the player reinvestment comment that I think Evan might have made earlier in the call, kind of seeing peak player reinvestment levels in premium mass and potentially coming down. I guess the question related to that is, what gives you guys confidence that this is actually going to happen? I think we all often see fits and starts about operators trying to be rational when it comes to player reinvestment and then often be running back to a more competitive environment. And the highlight in Macau has always been the junket commission kind of rewards in 2009, 2010, that led to very elevated junket commissions in the market, that number really came down.

And then the second question is related to, I guess, the smart digital tables. Obviously, they've been heavily talked about over the past couple of months, and these tables have been around for quite some time. And the development of these tables has improved over the last couple of years and MGM has kind of shown their worth. If you think about kind of you implementing these tables, can you talk a little bit about where you see more of the near-term benefit arising from these tables? And then how does that evolve over the next year

when you get the full implementation and if everyone has these tables in, let's say, a year, which it looks like they will, does that just really level the playing field across the board? Or do you think there's ways to kind of optimize these tables that other operators may not be doing?

Evan Andrew Winkler Melco Resorts & Entertainment Limited - President & Director

So why don't I take first on the peaking of player reinvestment. And you're right, which is none of us have a crystal ball. We obviously have a view on the market. We have general discussions with peers at other places. I think there's a general feeling among the group and competitors in terms of what is rational and irrational behavior. And so based on where we are, what we're seeing, what we ourselves are doing, I think we feel that's where we are. But there's not a money back guarantee that, that's what's going to actually occur. People can act irrationally, but I think the tone right now is that people understand where we are. And so I do think that we have a cautiously optimistic view here that that's where we are and that's where it's going.

In terms of the tables. Right now, from a near-term benefit standpoint, what it does is it's going to give early adopters insight into the actual player where you are able to more fully value a player, not just based on betting volumes, but betting by type and betting behavior, so that you can decide where you're going to invest your dollars and which players to go after. So there's a near-term competitive advantage. Longer term, what I think you get is everyone has better insight into your players. So that we can actually fine-tune across the board, our player reinvestment and processes.

So it should be an overall benefit to the industry with the technology even when the playing field has leveled and there are some efficiencies just in terms of how we will run table operations, how we supervise operations, how we free up labor to have better guest interaction and better guest involvement because a lot of the actions that are being done right now by supervisors get monitored by the table that will free them up to do better player interaction, better player interface and hopefully service more player ambassadors improving conditions for us and experience for us on the floor. And so I think that there will be across the board long-term benefits for the industry even after you sort of level the arms race, so to speak, by everyone having adopted the patents.

Vitaly Umansky Seaport Research Partners - Senior Analyst

That's helpful. Can I just ask one follow-up. It's kind of related to clearly investment, but I think it's more on the cost side of sales force. I think we've seen for certain operators an escalation of sales force expenditure relative to what we saw before COVID. And I know operators are trying to maintain costs, but is there a risk that we start getting into a kind of a competitive bidding war for a sales force in premium over the next year as everyone continues to try to gain market share advantage in that market? Or do you think we're kind of stabilized with the back and forth in hosts and compensation schemes?

Evan Andrew Winkler Melco Resorts & Entertainment Limited - President & Director

Again, I would say that my own view on where I sit is I am, again, optimistic that I think we've sort of hit a stasis point. Look, within our industry, if you're a salesperson who has a high-quality book of premium mass players, you're valuable everywhere. And so there'll always be some movement of hosts back and forth across systems, which we've seen in the past, we'll see in the future.

In terms of sort of mass movement where we go through that merry-go-round where everyone's getting another deal from somewhere else and we have rapidly escalating sales force costs. We're not seeing that right now. We're not participating in that to that degree, so to speak. So I don't see that on the horizon. But again, if you ever got to a hyper-competitive, hyper-promotional environment, it would obviously be a negative. And so I think us and everyone else are watching that to make sure that we don't do something irrational from an overall business perspective.

Lawrence Ho Melco Resorts & Entertainment Limited - Founder, Chairman & CEO

And Vitaly, it's Lawrence. I think you -- once everybody has the smart table, the so-called competitive advantage in terms of what some of the players with smart tables are doing in terms of giving out rebates and turning pretty much any taxi driver, prostitute and domestic helper into unlicensed junkets, I think those days are not healthy for the market. And so once everybody has the smart tables, I'm hoping that everybody will start being more rational and realize that the whole industry can do it and it's not healthy for the whole industry. So I do think when smart tables are adopted, it will neutralize some of this crazy behavior.

Operator

And the next question comes from the line of Ronald Leung from Bank of America.

Ronald Leung *BofA Securities, Research Division - VP & Research Analyst*

So most of the questions have been asked. I just have one follow-up question. Could you please tell us a bit more, how you have restructured your sales force? And also, how does that help you to gain market share in March and April?

Evan Andrew Winkler *Melco Resorts & Entertainment Limited - President & Director*

Look, so I think in the last call, Lawrence had articulated, we're restructuring everything around the customer. So prior to our latest management reshuffle, we had a sales team really focused on COD and a sales team focused on Studio City. And what we weren't doing was delivering the entire system and everything that we have to all of our players. And so by centralizing it under Scott Tang and having one person who's looking at the entire sales picture, we're doing a better job making sure we get the right experience for the right guest, irrespective of which property it's going to or if there's something that we can offer to a guest who's coming for a different type of trip.

So for example, if you're a COD player and you typically come and stay at Morpheus. But this time, it's a switch because you're going to come with your children and you'd like to go to the water park, we're flipping you over to Epic and providing you a premium experience, and we're doing that in a way where we're trying to make sure it's seamless for the guest.

So the early indications are that we're getting a little bit of crossover. It's early days, people still tend to be where they had started out from a property standpoint. But by getting the sales team oriented in this direction, we're sort of having everyone push together and push it once and we are seeing them work more effectively.

I think as we roll forward, we're going to get more and more where guests take advantage of both properties, which we're starting to see a little bit of and I think that's going to continue to drive results. So it's helped from sort of a centralization point, getting everyone focused in the right direction, getting everyone focused around the customer with the same mindset that's been dictated, all just changed in pushing. And I think more substantially by being able to deliver the whole system, we're starting to see some benefits that I think will continue on as we move forward.

Operator

And the next question comes from the line of Joe Greff from JPMorgan.

Joseph Richard Greff *JPMorgan Chase & Co, Research Division - MD*

I just have two quick questions here. With respect to your commentary on performance of COD and Studio City in April, you framed it nicely in terms of mass revenue performance. I was hoping you could maybe express that a little bit in terms of EBITDA performance, maybe on an EBITDA per day performance. How does April EBITDA per day at those 2 properties compare to April '19 levels? Are you at 100% of '19? Or what level are you at presently?

Evan Andrew Winkler *Melco Resorts & Entertainment Limited - President & Director*

I would say that EBITDA has improved or continue to improve. We're not at 2019 levels, but I don't think in this forum, we commented on an EBITDA per day basis for those months at this point.

Joseph Richard Greff *JPMorgan Chase & Co, Research Division - MD*

But that -- whatever that was so far in April per day is in excess of what March EBITDA per day was. Is that a fair commentary to interpret the totality of your comments on this call?

Evan Andrew Winkler *Melco Resorts & Entertainment Limited - President & Director*

Well, we -- there's a little bit -- remember, you've got a little bit of a mix and match there between the two because you have some holiday period where you're going through and you have some softness. But I would say as a general trend, the trends in April as we're heading out of April are stronger than they were in March.

Joseph Richard Greff JPMorgan Chase & Co, Research Division - MD

Great. And then with respect to China's new recent travel easing measures, I know they go into effect May 6, which is after Golden Week, unfortunately, so you're not getting the benefit for the holiday. Are you seeing increased levels of group or individual bookings in May? Or maybe put another way, is there less of a post-Golden Week below than normal because of these easing travel measures?

Lawrence Ho Melco Resorts & Entertainment Limited - Founder, Chairman & CEO

Joe, actually, our -- so far, our May bookings is -- I know we've read the sell side and people talked about how weak they are. But actually, when we looked at our bookings, they're all up from last year. And I think SC has more rooms and more bookings compared to 2019 and 2023. So -- and also the quality of the players that we are seeing for Golden Week is going to be better than Chinese New Year across the board. So I think all in all, we're quite pleased with the May Golden Week. And in terms of the long-term support from China, whether it starts May 1 or May 6, it doesn't really matter because again, I think it's a long-term direction that's what we care about.

Operator

And the next question comes from the line of Colin Mansfield from CBRE Institutional Research.

Colin Alexander Mansfield CBRE Securities, LLC, Research Division - Director of Credit Research & Lead Analyst

Just one follow-up from me on Studio City. The entity is delevering quite nicely, and you guys have been proactively paying down debt there, which has been great to see. Maybe just thinking a little bit more medium term, how do you guys see the capital structure there evolving further? There's a little bit left to go I think, on the '25 than the secured notes, I think they are callable right now. So just how are you guys thinking about sort of the medium-term trajectory on that balance sheet composition?

Geoffrey Stuart Davis Melco Resorts & Entertainment Limited - Executive VP & CFO

Yes. Thanks for the question. I think we've put ourselves in good shape to address the '25 maturities down to 300. I think that's very manageable; as we said in the prepared remarks, we are looking at a variety of different alternatives, secured, unsecured, potentially having a bank facility in place. I think we have a number of good alternatives and an ability to drive some incremental cash flow into the maturity. So feeling very comfortable about that and think that we are moving towards more of a normalized capital structure that eventually will include some sort of lending facility into the property in addition to our secured and unsecured notes.

So everything is on the table. And I think you've seen us address the capital markets in a very opportunistic way, and we will continue to do that on both sides, both Melco and over at Studio City. But we're feeling very good about the balance sheet holistically, particularly after the 3 transactions that we recently completed with the extension of the bank loan, the tender offer at Studio City and the recently completed high-yield issuance.

Colin Alexander Mansfield CBRE Securities, LLC, Research Division - Director of Credit Research & Lead Analyst

Great. And actually, one quick follow-up, if I may. Just going back to Sri Lanka. I understand the rationale, given the proximity to India. But I guess, what other source markets or feeder markets I think, are important in your guys' thesis there, whether it's local or other jurisdictions that are seeing a decent amount of inbound tourism. I guess how do you guys think about other feeder markets and the importance of those relative to just the proximity to India?

Geoffrey Stuart Davis Melco Resorts & Entertainment Limited - Executive VP & CFO

Well, I think India is definitely the most interesting feeder market. And I think there's very significant potential there. Of course, there is some level of domestic spending as well. But of course, our goal will be to address those feeder markets in India and more broadly in the region. But we think the market potential there significantly exceeds where we are today with the existing operators in the market. So a combination of local and domestic but very heavily skewed towards international when we think about where the growth can come going forward.

So in our view, the international market could probably be something like 2/3 to 1/3 in that ballpark of international to domestic and that we think that City of Dreams Sri Lanka from a GGR perspective, can be comfortably in the \$200 million to \$250 million of GGR on a run rate basis with Phase 1 of our casino development there. And the Phase 1 ties to the \$125 million of anticipated CapEx for the casino fit out.

Operator

Now we're going to take our next question and it comes from the line of George Choi from Citi.

Shui Lung Choi Citigroup Inc., Research Division - Director & Analyst

So now that you have set your foot in Sri Lanka, does it change or your interest level and the opportunity in Thailand?

Lawrence Ho Melco Resorts & Entertainment Limited - Founder, Chairman & CEO

George, it's Lawrence. So I think we're always on the look out for -- these opportunities are once in a lifetime. So we're looking at it. I think together with like the rest of the industry, I've always said for the past 28 years, the 2 greatest opportunities are Thailand and Japan. So we're looking at it, and we'll see what happens.

Geoffrey Stuart Davis Melco Resorts & Entertainment Limited - Executive VP & CFO

Maybe just to supplement, though, obviously, the way we address the Thailand market would track to where we are in terms of balance sheet repair. So still a focus on the balance sheet, but we do think we can address the balance sheet while still having a healthy development outlook as well, but just in a capital light manner for at least the near term and then over time, as we make progress towards balance sheet repair, we can think about more robust involvement in a market like Thailand, but we're very interested. We think it's a fantastic market, and we will be pursuing that opportunity aggressively.

Operator

There are no further questions for today. I would now like to hand the conference over to Jeanny Kim for any closing remarks.

Jeanny Kim Melco Resorts & Entertainment Limited - Senior VP & Group Treasurer

Thank you, operator, and thank you, everybody, for participating in the call today. We look forward to speaking with you again next quarter. Thank you.

Operator

That concludes our conference for today. Thank you for participation. You may now all disconnect. Have a nice day.

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