

For Immediate Release



NagaCorp Announces 2022 Annual Results

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Gross Gaming Revenue (GGR) Growth of 100%

EBITDA Growth of 1,477%

Net Profit Growth of 173%

Final Dividend Payout Ratio of 60%

Hong Kong, 8 February 2023 – **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 2022 (the “**Year**”).

- 1) **Gross Gaming Revenue (“GGR”) increased by 99.5%** to US\$445.9 million
- 2) **Net Profit increased by 173.0%** to US\$107.3 million
- 3) **Earnings Before Interest, Tax, Depreciation and Amortization (“EBITDA”) increased by 1,476.6%** to US\$245.4 million
- 4) **Mass Market Tables GGR** of US\$203.8 million
- 5) **Mass Market Electronic Gaming Machines (“EGM”) GGR** of US\$124.3 million
- 6) **Premium Market GGR** of US\$91.4 million
- 7) **Basic earnings per share** of US cents 2.45

- 8) 60% Dividend Payout Ratio:** The board of directors of the Company recommends a final dividend of US cents 0.75 per share (or equivalent to HK cents 5.81 per share) for the Year by way of scrip shares, representing a dividend payout ratio of approximately 60% based on the net profit generated for the second half of 2022

BUSINESS REVIEW

During the Year, the Group recorded Net Profit of US\$107.3 million and EBITDA of US\$245.4 million. The relatively stable financial results are attributed to the following:

- 1. Continuation of Business Recovery:** The Company continued to see growth trajectory in its business recovery during the Year and reported significant YoY growth for key financial metrics. Both Net Profit and EBITDA increased by 173.0% and 1,476.6% respectively YoY with gradual reopening in ASEAN and continued stringent cost control measures, resulting in a higher profit margin. Net Gaming Revenue and Gross Profit also grew by 152.9% and 161.9% YoY respectively.

Given the Company's key focus on the Mass Market segment, NagaWorld continued to benefit from the reasonably sized domestic captive market in Cambodia, as well as stable visitation to the property during the Year. The overall steady business recovery also has been supported by the gradual recovery of Cambodia tourism and visitation to the property in line with the easing of travel restrictions regionally.

Since the Company resumed its business operations in late 2021, the average daily business volumes for Mass Market and Premium Market in FY2022 have recovered by 76.8% and 66.7% respectively compared to FY2019 (peak pre-COVID-19 year). Both Mass Market and Premium Market collectively contributed about 94% of Company's total gaming revenue in FY2022.

This steady recovery of gaming business volumes reflects the resiliency of our earnings in spite of a challenging operating environment.

- 2. Gradual Increase in International Arrivals and Expansion in Direct Flights Connectivity Support Growth:** According to the Ministry of Tourism of Cambodia ("MOT"), Cambodia's tourism sector has significantly recovered and is showing signs of fast recovery from the global pandemic. The MOT has forecast 4 million international tourist arrivals into Cambodia in 2023 after China recently eased its pandemic control policies. The MOT also expects international tourist arrivals to reach the pre-pandemic level of approximately 7 million by end of 2025 (*Source: Khmer Times, 11 & 18 January 2023*). In order to attain these tentative targets, the Royal Government of Cambodia ("RGC") and private sector have developed more roads and set up more entertainment facilities and venues. Local communities have also undertaken Chinese-language-translation and yuan-payment initiatives to encourage Chinese tourists to travel to Cambodia (*Source: Phnom Penh Post, 8 January 2023*). Improved air connectivity across ASEAN with new flight paths being added, is indicating an upward trend for many

additional destinations (*Source: Khmer Times, 28 December 2022*). Construction of the new airport in Phnom Penh has passed the 43% completion mark, as Cambodia prepares for a return of tourism in increasingly large numbers (*Source: Phnom Penh Post, 16 January 2023*). Moreover, with the further easing of China travel restrictions, on 20 January 2023, China announced that Cambodia was included in the 20 nations selected for a pilot program allowing travel agencies to provide international group tours as well as flight and hotel packages to Chinese citizens, following a three-year ban, effective 6 February 2023, which is expected to increase flight frequency between the two nations. Data from Trip.com, a major tourism service supplier in China, showed that within half an hour after the release of the announcement, the search volume for outbound flight tickets and overseas hotels reached a three-year high (*Source: Khmer Times, 21 January 2023*). Cambodia is among the top five most sought after outbound travel destination by Chinese tourists (*Source: China Pengpai News, 20 January 2023*).

- 3. Positive Recovery Trajectory in Cambodia:** Cambodia's economy recovered well in 2022 with GDP growing by 5.5% in 2022 (*Source: Khmer Times, 3 January 2023*). In addition, according to the World Bank, despite a less favourable global outlook, the recovery in Cambodia has gained momentum on the back of continued resilient garment, travel goods, and footwear exports since the second quarter of 2022. Meanwhile, the services sector, in particular the travel and tourism industries, has also improved as the strategy of "living with COVID-19" introduced in late 2021 paid off. The tourism and hospitality industries are likely to accelerate further, with projected increases in international and domestic tourist arrivals. Total international tourist arrivals steadily improved throughout the Year, reflecting growing investor confidence and investment, including the return of foreign direct investment ("FDI") inflows that have helped to sustain economic recovery (*Source: World Bank - Cambodia Economic Update, December 2022*).
- 4. FDI Continues to Strengthen Cambodian Economy:** Notwithstanding multiple challenges in the global economy, Cambodia is on a trajectory of high growth backed by the continued recovery of tourism and ongoing positive government policies. Since the re-opening of the country on 1 November 2021, the resumption of all socio-economic activities has helped Cambodia's economic growth recover steadily and attract added investment in the country. The Ministry of Economy and Finance of Cambodia ("MOEF") has projected Cambodia's GDP would see a robust growth of 5.6% in 2023, attributed to strong external goods demand and the return of the domestic economy to normalcy. Cambodia's economy is on the path of recovery supported by the strength of the manufacturing and export sectors, the gradual recovery in tourism, as well as the recovery of economic activity and domestic consumption (*Source: Khmer Times, 25 January 2023*).

Cambodia remained resilient and continued to be an attractive destination for foreign investments due to its sound political and legal system as well as its liberal investment model. The country follows open market policies, where most sectors are open to foreign ownership through FDI. The swift reopening of the country's borders has not only boosted tourism but also allowed investors back in the country, leading to a surge in FDI. As at the end of 2022,

FDI remained robust with a growth rate of 7.5% or worth US\$4.7 billion as compared to 2021. This growth is attributed to investment from China, Japan, Cayman Islands, Thailand and Singapore (Source: *Khmer Times*, 7 January 2023). According to Investment Monitor's 2022 Inward FDI Performance Index, Cambodia performed impressively to place third for FDI into Asia-Pacific after Singapore and New Zealand in 2021 (Source: *Investment Monitor*, 28 October 2022).

- 5. Environmental, Social and Governance (ESG) Performance:** NagaWorld Kind Hearts (the Company's corporate social responsibility ("CSR")) is a grassroots initiative with long term contribution towards the betterment of communities in Cambodia. This CSR arm of NagaWorld has conducted more than 620 programmes to date focusing on education enhancement, community engagement, sports development and care of the environment. This year, NagaWorld's CSR initiatives were recognized and honored with eight regional and international awards, including the prestigious International Business Awards (Stevie® Awards) - which is considered to be the Oscars or Emmys of the corporate world.

At the corporate level, the Company clinched top honors and was awarded the coveted Most Honored Company by the renowned financial publication *Institutional Investor* for outstanding leadership and investor relations. Within the Gaming & Lodging sector, across all categories, the Company was ranked overall #1 under Small & Mid-Cap and Top 3 under Asia (ex-Japan) including "Best Investor Relations", "Best CEO", "Best CFO", "Best IR Professional", "Best IR Team" and "Best Overall ESG". This recognition is part of *Institutional Investor's* 2022 Asia (ex-Japan) Executive Team rankings which are regarded globally as the financial industry's benchmark for excellence. In addition, the Company was awarded "Best IR Company" (Mid-Cap) at the Hong Kong Investor Relations Association (HKIRA)'s 8th Investor Relations Awards 2022, reflecting high standards in investor relations to the investment community. Furthermore, *The Asset* has also honored the Company's issuance of the 2024 Senior Notes as the Best Bond (Cambodia) at *The Asset* Triple A Sustainable Capital Markets Country Awards 2021, which marked another corporate achievement and recognition from the bond market.

PROSPECTS

In light of China's easing of its COVID-19 restrictions including travel restrictions, global tourism is expected to be revitalized. Cambodia stands to benefit from this easing; in 2019, the country received more than 2.3 million Chinese visitors, accounting for 35.7% of international tourist arrivals (Source: *Khmer Times*, 11 January 2023). According to the Prime Minister of Cambodia, the reopening of China's borders will invigorate the kingdom's economy and tourism sector. Flight frequency between the two nations will increase and Cambodia is projecting 1 million Chinese tourists in 2023, a tenfold increase from 2022 (Source: *Khmer Times*, 11 January 2023). We believe the Company will benefit from the expected surge of Chinese business arrivals and tourists visiting Cambodia.

Despite the global economy facing unprecedented challenges, including geopolitical risks, high inflation and uncertainty in the financial market, the IMF expects Cambodia's economic growth to be robust in 2022, as well as the next few years, supported by various bilateral Free Trade Agreements ("FTAs") and high vaccination coverage (*Source: Khmer Times, 29 October 2022*). The National Bank of Cambodia ("NBC") has projected that Cambodia is expected to see around 6% economic growth in 2023 (*Source: Macroeconomic and Banking Sector Development in 2022 and Outlook for 2023, NBC, 6 January 2023*). Cambodia's economy recovered well from the impact of COVID-19 in 2022, with a better business operating environment expected for 2023, despite headwinds, thanks to rising global demand, foreign investor confidence, and a full reopening of borders. As Cambodia shows strong economic recovery, which is expected to continue to expand at a robust pace, the effect could result in increasing business migration to Cambodia with growing business opportunities and investment in Cambodia. The Company will be well positioned to capitalize on and benefit from this rising wave of business migration.

Since the Regional Comprehensive Economic Partnership ("RCEP") entered into force on 1 January 2022, it has helped promote the growth of commerce, trade and investment in the ASEAN region, as well as contributing to a sustainable and inclusive economic recovery. Cambodia is one of the global supply chains that boosted exports to RCEP countries, accounting for US\$6.3 billion in 2022, up 7% YoY (*Source: Khmer Times, 18 January 2023*). China is also a key trade partner of Cambodia with growing investment in fostering regional economic development. The trade volume between Cambodia and China was US\$11.7 billion in 2022, an increase of 4.4% YoY, representing 22.3% of Cambodia's total global merchandise trade for the Year, which was worth US\$52.4 billion (*Source: Khmer Times, 15 January 2023*). The solid relationship with China has provided impressive benefits to Cambodia's socio-economic development. Cambodia's ties with China for bilateral trade continue to be on a positive trajectory, with at least 10 important new agreements signed in 2022. Moreover, to strengthen the two nations' bilateral relations, the Prime Minister of Cambodia is scheduled to pay a state visit to China in February 2023 for talks on new infrastructure projects in Cambodia (*Source: Phnom Penh Post, 2 & 3 January 2023*). The Company believes that RCEP supports Cambodia's economy in the long term as it encourages more investments and business migration that resulted in an increase in foreign visitations to Cambodia. The relocation of foreign visitors to Cambodia is building up the local expatriate community living in Cambodia and visiting NagaWorld in search of entertainment. Moreover, Cambodia is viewed as having one of the fastest economic growth rates in the world for over two decades, coupled with a rising young population and is rapidly becoming an attractive investment destination.

The Group continues to focus on the execution of its development of Naga 3 project. It is expected that the combined complex of NagaWorld (Naga 1, Naga 2 and Naga 3) will have approximately 5,000 hotel rooms, 1,300 gaming tables, 4,500 EGMs and many other non-gaming attractions. Approximately 93% of Naga 3's gross floor area will feature non-gaming offerings, which is in line with the Group's long term strategy of offering a comprehensive suite of lifestyle products and services. 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 its 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.

Looking ahead, given the upward trajectory of recovery in Cambodia with the large influx of business migration and FDI into the country, as well as the government efforts of tapping into more bilateral FTAs, Cambodia is expected to attract more international tourist arrivals and business-related travelers, especially from China and ASEAN countries. The Company is optimistic about the recovery of the tourism sector and believes that the long term prospects and outlook 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.

For further information, please contact Hill+Knowlton Strategies Asia

Ada Leung

+852 2894 6225

ada.leung@hkstrategies.com