

For Immediate Release



NagaCorp Announces 2024 Interim Results

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Gross Gaming Revenue (GGR) of US\$283.4 million

EBITDA of US\$55.5 million

Hong Kong, 27 August 2024 – **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 six months ended 30 June 2024 (the “**Period**” or “**1H2024**”).

- 1) **Gross Gaming Revenue (“GGR”)** increased by **12.3%** to US\$283.4 million
- 2) **Mass Market GGR** increased by **17.8%** to US\$192.0 million
- 3) **VIP Market GGR** increased by **2.3%**
- 4) **Gross Profit (net of gaming tax)** increased by **14.0%** to US\$231.0 million
- 5) **Mass Market segments** with gross profit margin of 89.0% (net of gaming tax) accounted for 67.7% of GGR and 73.9% of total gross profit
- 6) **Earnings Before Interest, Tax, Depreciation and Amortization (“EBITDA”)** amounted to US\$55.5 million

BUSINESS REVIEW

The overall financial results and performance of the Group were attributed to the following:

- 1. Steady Business Recovery and Growth Trajectory:** The Group recorded a steady business volumes recovery during the Period. This reflected the continued increase in leisure and business visitation to NagaWorld with the gradual recovery of tourism in Cambodia, together with a stable captive domestic market that has proven to be a self-sustaining business.

The average daily business volumes for the Mass Market saw a 5.7% Year-on-Year (“YoY”) increase from US\$10.0 million to US\$10.5 million, representing a recovery of 87.2% compared to the pre-pandemic financial year ended 31 December 2019 (“FY2019”). This growth was primarily attributable to the stable and improving headcount at NagaWorld and the increase in the average business volumes highlighted the resilience of the captive domestic market comprising a reasonably sized expatriate community, along with the recovery of international arrivals to Cambodia via the Phnom Penh International Airport, which has recovered to 76.9% of the pre-pandemic level in 1H2024 compared to the same period in 2019.

In 1H2024, the average rollings per Premium VIP player increased by about 11.6% YoY. The average daily rollings of the Premium VIP Market in 1H2024 recovered to 82.6% of the pre-pandemic level in FY2019. This performance was on the back of the return of business travellers to Cambodia and ongoing conversion of some previous Referral VIP players into direct Premium VIP players. The Group observed that business travellers typically have greater spending power and longer repeated stays.

Collectively, the Mass Market and Premium VIP Markets contributed approximately 89.0% and 93.4% of the Group’s total GGR and gross profit respectively during the Period.

Referral VIP Market revenue recorded a YoY growth of 17.6% during the Period, supported by an improved win rate of 3.8% despite softer rollings. Average daily rollings increased sequentially quarter-on-quarter (“QoQ”) by 33.3% to US\$5.1 million in the second quarter of 2024 (“2Q2024”). This can be attributed to the ongoing gradual return of both leisure and business travellers patronising NagaWorld in search for high quality entertainment offerings. The Group will continue its strategic efforts to pursue and work with reputable referral VIP agents.

- 2. Tourism Revival Fuels Cambodia's Economic Growth and Growing Global Appeal:** The revival of the tourism sector has been pivotal in Cambodia's economic resurgence, with the steady increase in international arrivals driving economic recovery and stimulating growth. The Royal Government of Cambodia (“RGC”) has been actively working to revitalise the tourism sector, enhance flight capacity recovery and transform Cambodia into a competitive, sustainable and inclusive global tourist destination. Cambodia’s Ministry of Tourism (the “MOT”) aims to reposition Cambodia as a leading global tourism destination. In July 2024, the

MOT has formed Cambodia Tourism Marketing and Promotion Board (“CTB”) (consists of 15 public and private institutions) tasked with spearheading international marketing efforts to attract tourists to Cambodia’s top destinations. Following the formation of the CTB, one of the initiatives by the RGC to promote tourism include the approval of US\$50 million budget in an effort to attract more international tourists into Cambodia in the next two years (*Source: Jianhua Daily, 13 July 2024*). The budget allocated will be used to promote Cambodia’s tourism resources, strengthen overseas marketing activities and further expand international tourism market (*Source: China News, 27 July 2024*). At the third Ministerial Meeting on tourism cooperation between Cambodia and Thailand in July 2024, five key collaborations have been agreed including the “Two Countries, One Destination” campaign, promoting quality tourism and tourism investments (*Source: Khmer Times, 2 & 20 July 2024*). On 28 February 2024, the MOT announced that Cambodia has once again been voted Asia’s leading cultural destination for 2023 by the prestigious World Travel Awards, underscoring its unique destination appeal. This remarkable achievement highlights the country’s exceptional contribution to culture and tourism (*Source: Khmer Times, 29 February 2024*).

The total international arrivals into Cambodia were 3.2 million in 1H2024. This was a result of the gradual return of leisure and business travellers, representing an encouraging recovery rate of 94.8% compared to the same period in 2019. Furthermore, international arrivals for 2Q2024 surpassed that of the second quarter of 2019 (“**2Q2019**”) (the peak pre-pandemic year) by 8.4%. In this regard, business travels saw a significant improvement, reaching 93.8% of the pre-pandemic level in 1H2024, driven mostly by cross-border business travel from Vietnam and Thailand. Whilst visitation from China is still lagging, there are signs of accelerated recovery as quarterly visitation from China recovered from 27.8% in the first quarter of 2024 of 189,961 arrivals (compared to the first quarter of 2019 of 683,436 arrivals) to 32.7% in 2Q2024 of 199,399 arrivals (compared to 2Q2019 of 609,050 arrivals) (*Source: MOT*).

Catering to rising travel demand, a majority of airlines have resumed services and introduced new direct flights into Cambodia. As of 15 August 2024, weekly international direct flights to Cambodia stood at 486, including 327 from Southeast Asia and 123 from Greater China cities such as Guangzhou, Shenzhen, Shanghai, Kunming, Xiamen, Beijing, Nanning, Chengdu, Changsha, Chongqing, Zhengzhou, Nantong, Haikou, Sanya, Macau, Taipei and Hong Kong (*Source: Cambodia airports, airline websites, Company internal data*). With more airlines entering the market (including 7 weekly direct flights from Dubai and Qatar respectively and 4 weekly direct flights from India) and existing operators expanding their operations, total direct weekly flights into Cambodia from Southeast Asia, South Korea and Greater China have recovered to about 72.3%, 66.7% and 29.6% respectively, compared to the pre-pandemic levels in 2019. These increased flights have resulted in international arrivals into the Phnom Penh International Airport recovering to 76.9% of the pre-pandemic level in 1H2024.

In 2024, some notable new international direct flights into Cambodia including those from Dubai, Qatar and India will reduce travel time, making trips more feasible and frequent. The introduction of direct flights leads to further fostering of relations between the countries and

boosting economic, tourism and trade ties (Source: *Khmer Times*, 21 May 2024).

NagaWorld, as the only integrated resort in Phnom Penh, continues to benefit from the ongoing recovery of tourism, resulting in increased customer footfall. As the economy continues to expand, NagaWorld is well-positioned to capitalise on the influx of both leisure and business travellers, enhancing its role as a premier destination for leisure and business activities.

- 3. Expansion of Foreign Direct Investment (“FDI”) and Global Trade Diversification Boosts Cambodia’s Economic Growth and Prosperity:** On 16 May 2024, Moody’s Ratings upgraded its outlook on Cambodia to stable, reflecting Cambodia’s improving external positioning amid narrowing trade deficits, gradual recovery in tourism and FDI inflows (Source: *Moody’s Ratings Credit Opinion*, 16 & 23 May 2024). Moreover, Moody’s Ratings and S&P Global revised the Company’s outlook to stable on 6 June 2024 and 6 August 2024 respectively (Source: *Moody’s Ratings Credit Opinion*, 6 June 2024; *S&P Global Credit Research*, 6 August 2024). Cambodia continues to be positioned as a prime emerging investment destination for foreign investors and businesses, with a growing economy, modern infrastructure and rapid urbanisation. According to FDI Standouts Watchlist 2024 by FDI Intelligence, Cambodia ranks first among the top 10 emerging markets carrying the strongest investment momentum into 2024 and is expected to be Southeast Asia’s fastest-growing economy. This ranking is attributed to Cambodia’s robust and consistent Gross Domestic Product (“**GDP**”) growth, low inflation rate and rapid expansion in FDI (Source: *Khmer Times*, 22 May 2024). According to the Council for Development of Cambodia, the country witnessed a surge in investment projects with the approval of new and expansion projects totaling US\$3.2 billion in 1H2024, nearly double the investment recorded in the same period of last year, of which China remained Cambodia’s largest trading partner, contributing 42.6% of total investment into the country (Source: *Khmer Times*, 8 July 2024).

The RGC has launched various initiatives to enhance bilateral trade with key countries, notably China, Thailand and South Korea. In recent years, Thailand emerged as a significant FDI contributor in Cambodia, following China’s lead. South Korea is also in talks to promote trade between the two countries as one of the top priorities following the signing of the Cambodia-Korea free trade agreement, making it easier for Korean investors to invest in the country (Source: *Khmer Times*, 18 May 2024). According to a recent article, South Korea believes that Cambodia is the most favourable country for investment among the Association of Southeast Asian Nations (“**ASEAN**”) countries (Source: *Khmer Times*, 20 May 2024). The increase in FDI from Thailand and South Korea aligns with a notable rise in leisure and business travels from both countries in 2023, which has surpassed pre-pandemic levels. Cambodia’s appeal as a top FDI destination in Asia Pacific can be attributed to its strategic geographic position, a skilled and continuously improving workforce and a liberal investment climate. The commitment to fostering robust bilateral relations between Cambodia and other countries in the region will encourage more businesses to expand in Cambodia, leading to an increase in business visitation and business migration.

Since joining the Regional Comprehensive Economic Partnership in January 2022, Cambodia continued to reap the benefits of free trade, greater market access and increased trade and FDI. These trade agreements have been crucial in strengthening diplomatic relations among member countries, fostering a more integrated and interconnected region and simplifying travel restrictions, thereby boosting business and leisure travels. Cambodia's diversification of export market destinations is in line with a substantial increase in trade volume, reaching US\$16.9 billion in 1H2024, an increase of 14.2% YoY (*Source: Khmer Times, 20 July 2024*). As Cambodia continues to leverage the benefits of these trade agreements, it is poised to further expand and diversify its market reach to support long-term economic growth by attracting new FDI and businesses seeking to strengthen their presence in the region.

- 4. Maintaining Sufficient Liquidity and Prudent Debt Management:** As of 30 June 2024, the Group's cash and deposits were US\$570.8 million. On 31 May 2024, the Company drew down US\$70 million of the shareholder's loan from ChenLipKeong Capital Limited (which is directly and wholly owned by SAKAI PRIVATE TRUST COMPANY PTE. LTD. ("**The Sakai Trustee**"), in its capacity as the trustee of The Sakai Trust, which is in turn a controlling shareholder of the Company) for the purpose of discharging the outstanding 2024 Senior Notes that matured on 6 July 2024. Subsequently, the Company fully repaid the outstanding principal amount of US\$472.2 million of the 2024 Senior Notes together with the interest accrued to the maturity date. Following the full repayment of the 2024 Senior Notes, the Company does not have any debt obligations, other than the outstanding shareholder's loan.
- 5. Increasing Shareholdings under Hong Kong Stock Connect Continue to Boost Stock Liquidity:** Since being added to Southbound Trading on 13 March 2023, the trading of the Company's shares through Shanghai Connect and Shenzhen Connect have been trending upward. As of 15 August 2024, total shareholdings held through the Stock Connect programme were 43.3 million shares, comprising 0.97% of the total shares issued. This indicates the success of the Stock Connect programme in attracting more Mainland China investors to trade the Company's stock on the Shanghai Stock Exchange and the Shenzhen Stock Exchange. As the only foreign gaming operator eligible for the Southbound trading, the Company believes its stock liquidity will continue to improve with access to a sizable pool of domestic investors in Mainland China.
- 6. Corporate Social Responsibility ("CSR") Initiatives and Corporate Level Performance:** NagaWorld's commitment to making a positive impact in the community is unwavering. NagaWorld Kind Hearts (the Company's CSR arm) is a grassroots initiative with long-term contribution towards the betterment of communities in Cambodia. Since 2014, NagaWorld has organised more than 688 activities, with the invaluable participation of about 37,000 dedicated employee hours focusing on education enhancement, community engagement, sports development and environmental care.

NagaWorld recognises that responsibility extends beyond its immediate communities, and is actively working towards achieving the United Nations Sustainable Development Goals in Cambodia. Through robust Environmental, Social and Governance ("**ESG**") initiatives, the Company has aligned its efforts with the RGC's vision for sustainable development.

NagaWorld remains steadfast in its commitment to creating a better future for all and looks forward to continued progress towards this important goal.

The Company believes that investing in education is investing in the future of a nation. NagaWorld Kind Hearts is committed to creating sustainable change in its communities through various CSR initiatives. NagaWorld Kind Hearts has initiated the stationery set distribution project at schools, NGOs and communities and also organised the “Trash or Treasure” station to create awareness among children about proper waste segregation. During the Period, there were over 700 students benefitting from this programme. Also, the Company’s Fire Safety Awareness initiative has attracted more than 288 participants from various communities and contributed about 9 fire extinguishers to bolster their safety measures.

NagaWorld has promoted awareness of environmental conservation as part of its continuing effort to create a tourist-friendly destination and to raise awareness about environmental issues. NagaWorld joined Earth Hour, the world’s largest grassroots movement, to draw public attention to the most important issues facing the planet. Since 2017, NagaWorld supported the “Soap for Hope” project to recycle used hotel soap by diverting the product from landfills, and in tandem, providing alternative livelihoods to marginalised communities and raising hygiene standards. To date, over 1,660kg of soap has been recycled and given to 725 families, promoting waste reduction, sustainability, and personal hygiene awareness.

NagaWorld clinched top honours in the Investment in People, Social Empowerment and Green Leadership categories at the 2024 Asia Responsible Enterprise Award (AREA). The Company was recognised for its commitment in employee development and engagement through its “Training for Success” and “Engaging for Growth” initiatives that have significantly enhanced employees’ lives at work. In the Social Empowerment and Green Leadership categories, NagaWorld Kind Hearts has been the driving force behind numerous initiatives, all aimed at making a meaningful impact under the motto “We Serve Cambodia”. The triple honours follow NagaWorld’s recent achievement of the Platinum Award for “Best in Cambodia” for the fourth consecutive year at the 16th Annual Global CSR & ESG Summit and Awards™. These accolades mark another significant milestone for NagaWorld, highlighting its steadfast commitment in human capital development and community empowerment through its CSR and ESG initiatives.

At the corporate level, in June 2024, the Company was awarded the coveted Most Honoured Company under the Small & Mid-Cap and Asia (ex-Mainland China) and an Honoured Company under the Asia (ex-Japan) by the renowned financial publication *Institutional Investor* for exceptional leadership and investor relations, including “Best Investor Relations”, “Best IR Team”, “Best CFO”, “Best IR Professional”, “Best Overall ESG” and “Best Company Board of Directors” in the Gaming & Lodging sector. This recognition is part of *Institutional Investor’s* 2024 Asia (ex-Japan) Executive Team rankings survey as voted by the buy-side and sell-side financial community, which are regarded globally as the financial industry’s benchmark for excellence.

The Company is committed to creating long-term value for all stakeholders and continuously

strives for excellence by ensuring the sustainable growth of business.

PROSPECTS

Cambodia's economy continues to demonstrate strong post-pandemic resilience driven by the continued growth of the service sector in tourism and the manufacturing sector, despite rising external challenges and risks from geopolitical tensions and the potential impact of global economic slowdown.

The tourism sector is one of the major contributors to GDP growth in Cambodia amidst the country's rapid economic growth and transformation. The ongoing recovery of tourism in Asia Pacific and the upswing of Chinese outbound tourism are key catalysts for boosting sustainable tourism and economic development. The RGC has been in talks with various countries to introduce direct flights and launch new routes between Cambodia and countries such as the Philippines, Turkey, Australia and several European nations (*Source: Khmer Times, 12 March 2024, 23 March 2024, 18 July 2024 & 9 August 2024*). The under-construction Phnom Penh Techo Takhmao International Airport is nearing completion and expected to be operational by 2025 with capacity for up to 13 million passengers annually during the first phase of operation, anticipating the ability to facilitate and drive more leisure and business travellers to Cambodia (*Source: Khmer Times, 25 June 2024*). This new airport is part of the RGC's roadmap aimed at turning Cambodia into a world-class tourist destination in the long-term, acting as a booster for the country's economic growth and infrastructure advancement with new routes and destinations. The RGC expects annual international arrivals to reach 7 million by 2025, surpassing the pre-pandemic level of 6.6 million arrivals in 2019 (*Source: Khmer Times, 5 July 2024*).

The RGC has been developing joint action plans and implementing several strategies to attract tourists. In addition to the "China Ready" strategy of targeting Chinese tourists, Cambodia is also actively participating in the ASEAN Tourism initiative, forming partnerships with countries such as Thailand and Vietnam to boost regional tourism (*Source: Khmer Times, 18 June 2024*). In order to make travel to Cambodia easier and attractive, the country has been improving its infrastructure and hospitality services. The launch of the "Year of People-to-People Exchanges" in the beginning of 2024 between China and Cambodia has been injecting stronger vitality into the development of bilateral relations in the areas of culture, tourism and economy. With these comprehensive and distinctive mechanisms, Cambodia remains optimistic that investment and tourism between the two countries will further improve, by attracting more Chinese tourists and investors (*Source: Khmer Times, 11 April 2024*).

The RGC is committed in facilitating more investment from Thailand through various potential opportunities, with a target of attaining bilateral trade of US\$15 billion by 2025 (*Source: Khmer Times, 6 February 2024*). This strong trade partnership will encourage more businesses to expand into Cambodia, leading to an increase in business visits. Similarly, with aims to elevate people-to-people ties, tourism and cultural relations between South Korea, the RGC also engaged with South Korea in proposing several initiatives to boost trade and tourism between the two countries by promoting direct flights between Siem Reap and major South Korea provinces such as Busan, Jeju and Incheon (*Source: Khmer Times, 20 May 2024*).

The RGC aims to become a high-middle-income country by 2030 and a high-income country by 2050 (Source: *Khmer Times*, 21 February 2024). The transition into a digitalization economy is necessary in achieving this goal with improved connectivity and digital literacy. In this regard, the need for data centers will continue to rise to support Cambodia's rapid socio-economic development, ensure reliable access to data and foster a conducive business environment. As part of the digitalization plan, Cambodia's National Data Centre, which is expected to be fully operational by 2025, aims to improve the country's administrative services (Source: *Asian Telecom*, 12 January 2024). Moreover, the strategic location of Cambodia in Southeast Asia makes the country an attractive location for regional data centers and an appealing destination for multinational corporations. Given the country's sustained political and social stability, the RGC's proactive measures to attract FDI, combined with efforts to improve digital infrastructure and ease of doing business, will encourage more international companies establishing operations in Cambodia, further contributing to the country's economic growth and development.

Looking ahead, the Group is optimistic about its long-term growth prospects and outlook with Cambodia's ongoing economic recovery and political stability. The Group is confident that the tourism sector will maintain its recovery momentum, driven by the return of international travel. NagaWorld, as the only integrated resort in Phnom Penh, will continue to benefit by attracting more visitors seeking entertainment and luxurious lifestyle offerings at competitive prices and value. The development of Naga 3 as a leading tourism asset for Cambodia aligns with the RGC's vision and commitment in bolstering the tourism sector. This initiative positions Naga 3 as a key contributor to the regional tourism landscape, showcasing a shared dedication to elevating the global presence of Cambodia's tourism.

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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. On 13 March 2023, the Group was listed as one of the eligible securities for southbound trading under Shanghai Connect and Shenzhen Connect.

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