



***Interim Results 2016***

August 25, 2016

# Executive Summary

## **GEG: Continues to Drive Mass Business, Profitable Volumes and Control Costs**

- 1H Group Adjusted EBITDA of \$4.7 billion, up 13% YoY
- 1H Group Net Profit Attributable to Shareholders (“NPAS”) of \$2.6 billion, up 26 % YoY
- Q2 Group Adjusted EBITDA of \$2.3 billion, up 22% YoY and down 7% QoQ

## **Galaxy Macau™: Solid Performance Driven by Mass**

- 1H Revenue of \$18.5 billion, up 8% YoY; 1H Adjusted EBITDA of \$3.9 billion, up 22% YoY
- Q2 Adjusted EBITDA of \$1.9 billion, up 34% YoY and down 7% QoQ
- Hotel occupancy for Q2 across the five hotels was 97%

## **StarWorld Macau: Continues Transition to Mass**

- 1H Revenue of \$5.6 billion, down 22% YoY; 1H Adjusted EBITDA of \$977 million, down 12% YoY
- Q2 Adjusted EBITDA of \$465 million, down 9% YoY and down 9% QoQ
- Hotel occupancy for Q2 was 97%

# Executive Summary

## Broadway Macau™: Continues to Drive Visitations to our Cotai Portfolio

- 1H Revenue of \$350 million and 1H Adjusted EBITDA of \$9 million
- Q2 Adjusted EBITDA of \$6 million
- Hotel occupancy for Q2 was virtually 100%

## Cost Control: Achieved Initial \$800 million Target and Identified an Incremental \$300 million

- Previously announced an \$800 million cost control initiative
- Achieved \$650 million of the \$800 million by the end of Q1 2016 and delivered the remaining \$150 million during Q2 2016
- Identified an incremental \$300 million of additional cost control savings which will be delivered in 2016
- Importantly, achieved without any local labour redundancies or without compromising our renowned “World Class, Asian Heart” service standard

# Executive Summary

## Balance Sheet: Remains Well Capitalized, Liquid and Virtually Debt Free

- Cash and liquid investments stood at \$11.3 billion as at June 30, 2016, up 46% from December 31, 2015
- Virtually debt free with debt of \$1.2 billion and net cash of \$10.1 billion as at June 30, 2016

## Special Dividend Announced Today

- The Group paid a special dividend of \$0.15 (or 15 cents) per share on April 29, 2016
- Subsequently, the GEG Board is pleased to announce another special dividend today of \$0.18 (or 18 cents) per share to be paid on or about October 28, 2016

# Executive Summary

## Development Update: Advancing Plans for Cotai Phases 3 & 4 and Hengqin

- Cotai Phase 3 & 4 - Continue to move forward with Phase 3 with the potential to commence site preparation works in late 2016 and Phase 4 in 2017, with substantial floor area allocated to non-gaming and primarily targeting MICE, entertainment and family facilities. We expect to be able to provide additional information on our development plans in late 2016 or early 2017
- Hengqin - Plans moving forward to develop a low-density integrated resort to complement our high-energy entertainment resorts in Macau, anticipated to disclose further details later in the year
- International – Continuously exploring opportunities in overseas markets



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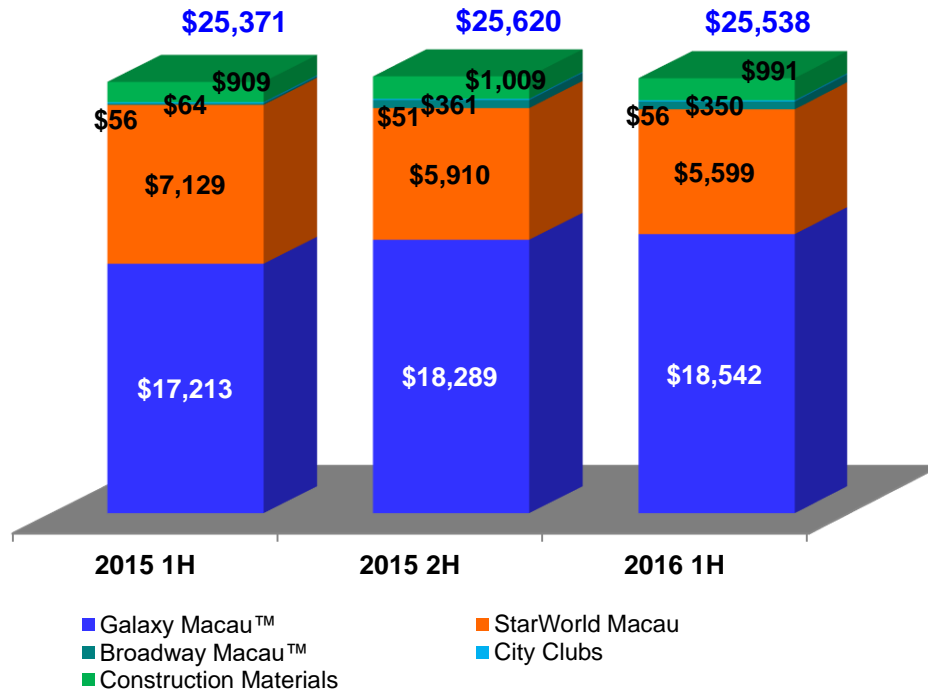
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# Interim Results 2016

# GEG Revenue Summary 1H 2016

Revenue in first half 2016 grew 1% YoY to \$25.5 billion

GEG Revenue (HK\$'m)

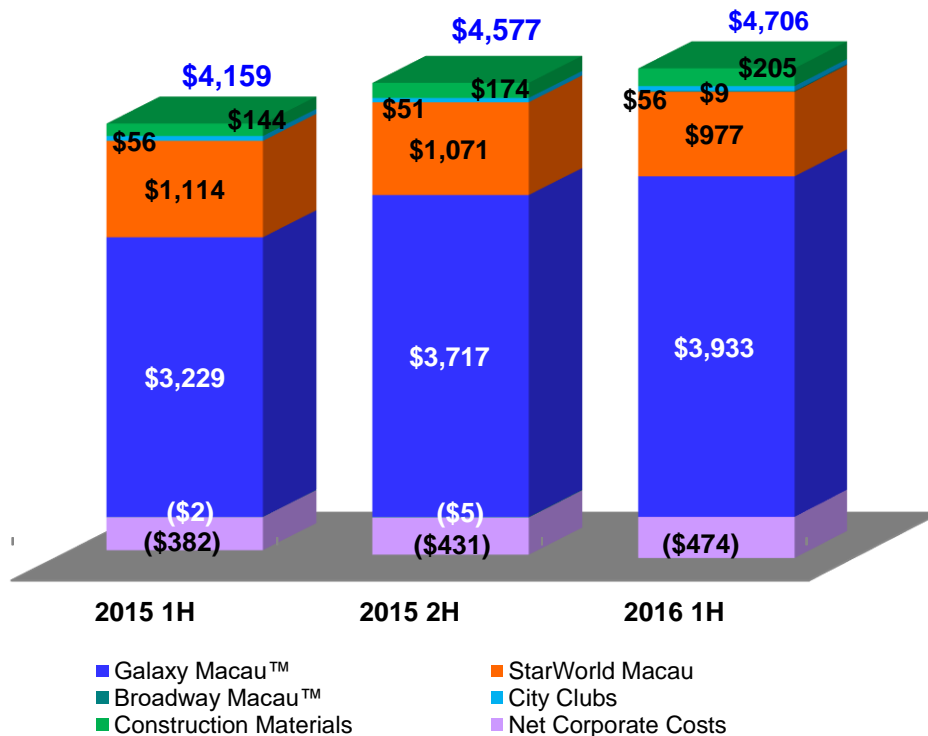


	1H 16' YoY	2H 15' to 1H 16'
GEG Total	+1%	0
Galaxy Macau™	+8%	+1%
StarWorld	(22)%	(5)%
Broadway Macau™	+447%	(3)%
City Clubs	0	+10%
Construction Materials	+9%	(2)%

# GEG EBITDA Summary 1H 2016

Group EBITDA increased 13% YoY to \$4.7 billion in the first half of 2016

**GEG EBITDA (HK\$'m)**



	1H 16' YoY	2H 15' to 1H 16'
GEG Total	+13%	+3%
Galaxy Macau™	+22%	+6%
StarWorld	(12)%	(9)%
Broadway Macau™	n/a	n/a
City Clubs	0	+10%
Construction Materials	+42%	+18%



# GEG 1H 2016 NPAS

**1H 2016 NPAS increased 26% to \$2.6 billion included \$350 million of non-recurring charges**

	(in HK\$m)	1H15	1H16	1H16 vs 1H15
Revenue		\$ 25,371	\$ 25,538	1%
EBITDA		\$ 4,159	\$ 4,706	13%
<b>Net Profit attributable to shareholders (NPAS)</b>		<b>\$ 2,030</b>	<b>\$ 2,558</b>	<b>26%</b>
Non-recurring Expenses		\$ 1,026	\$ 353	
Non-recurring Gains		\$ (30)	\$ (4)	
<b>Pro Forma Net Profit attributable to shareholders (Adjusted NPAS)</b>		<b>\$ 3,026</b>	<b>\$ 2,907</b>	<b>-4%</b>

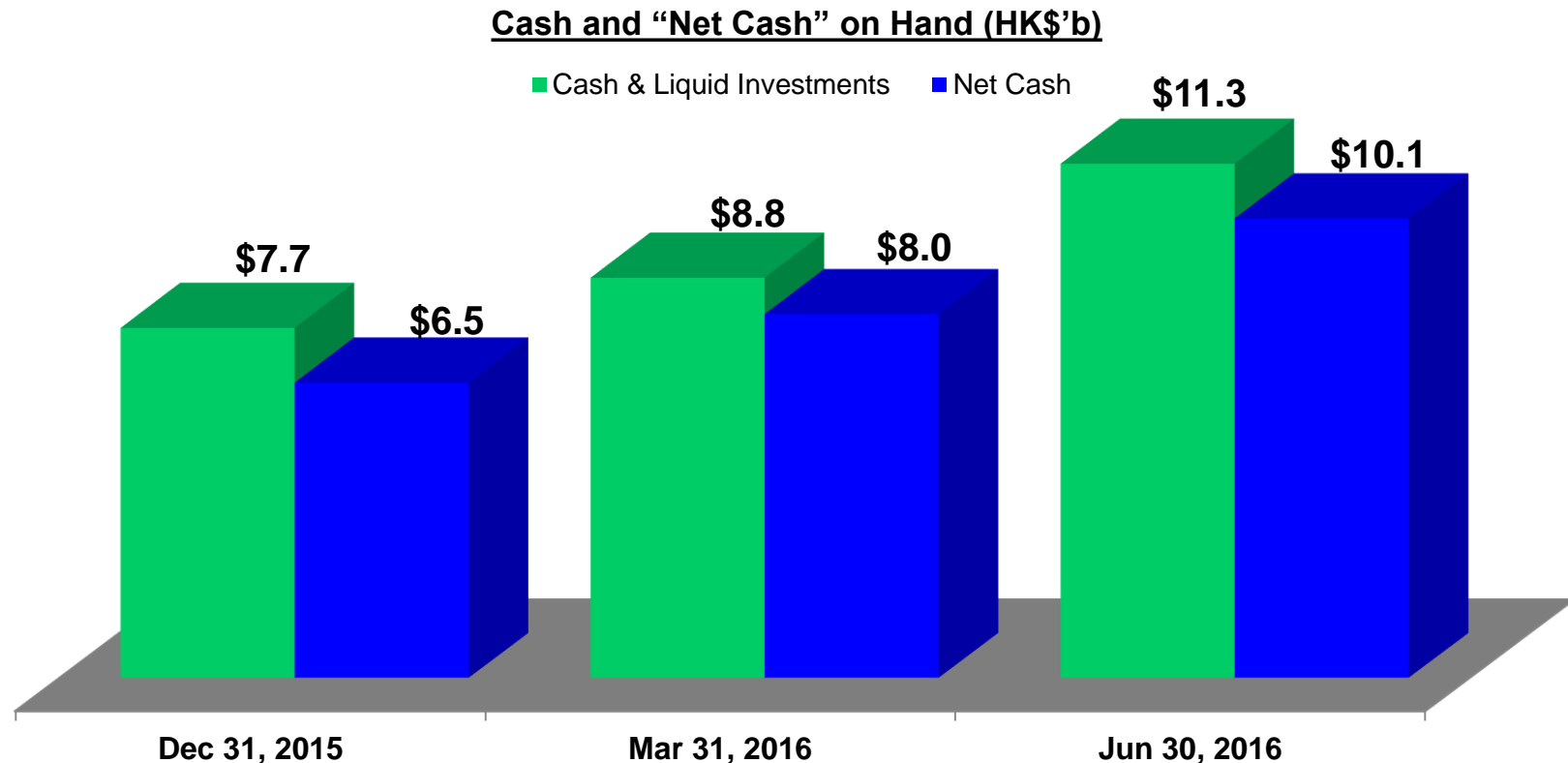
# GEG Special Dividends

**Today, GEG announced another special dividend of \$0.18 per share to be paid on or about October 28, 2016**

- The Group paid a special dividend of \$0.15 (or 15 cents) per share on April 29, 2016
- Today, the Board is pleased to announce another special dividend of \$0.18 (or 18 cents) per share to be paid on or about October 28, 2016

# Cash and Debt Update

GEG continues to remain well capitalized with Cash and Liquid Investments of \$11.3 billion at June 30, 2016 including restricted cash of \$0.5 billion, “Net Cash” position of \$10.1 billion and virtually debt free





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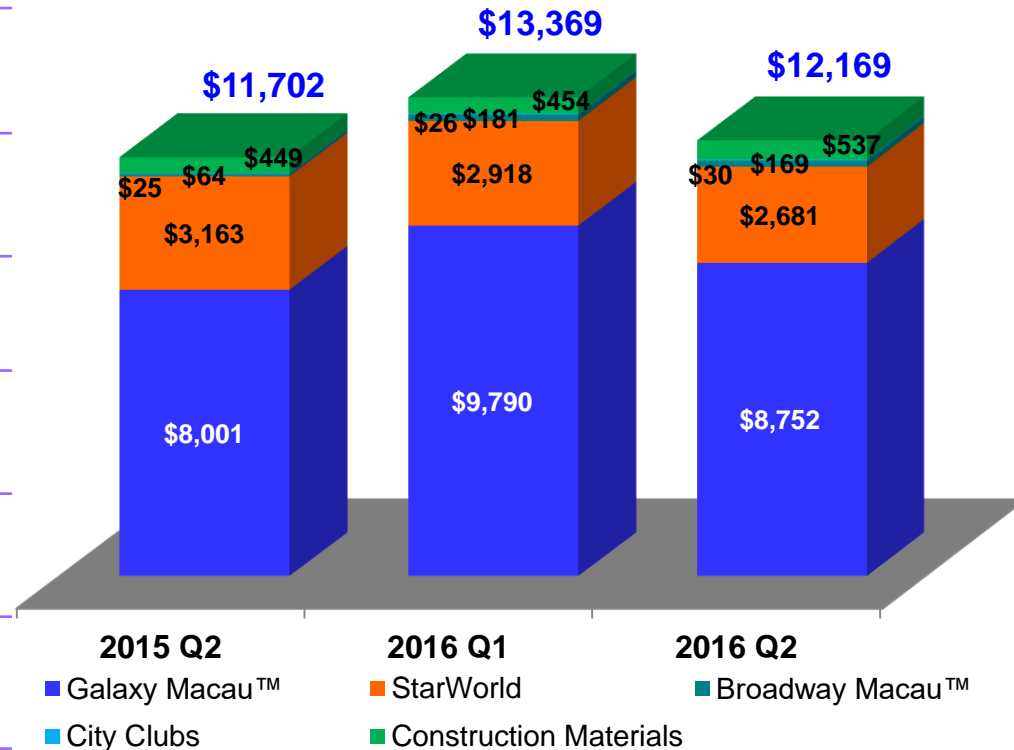
# Q2 2016 Results

# GEG Revenue Q2 2016

Group revenue in Q2 2016 grew 4% YoY to \$12.2 billion but declined 9% QoQ

	Q2 YoY	Q1 to Q2 16' QoQ
GEG Total	+4%	(9)%
Galaxy Macau™	+9%	(11)%
StarWorld	(15)%	(8)%
Broadway Macau™	n/a	(7)%
City Clubs	+20%	+15%
Construction Materials	+20%	+18%

**GEG Revenue (HK\$'m)**

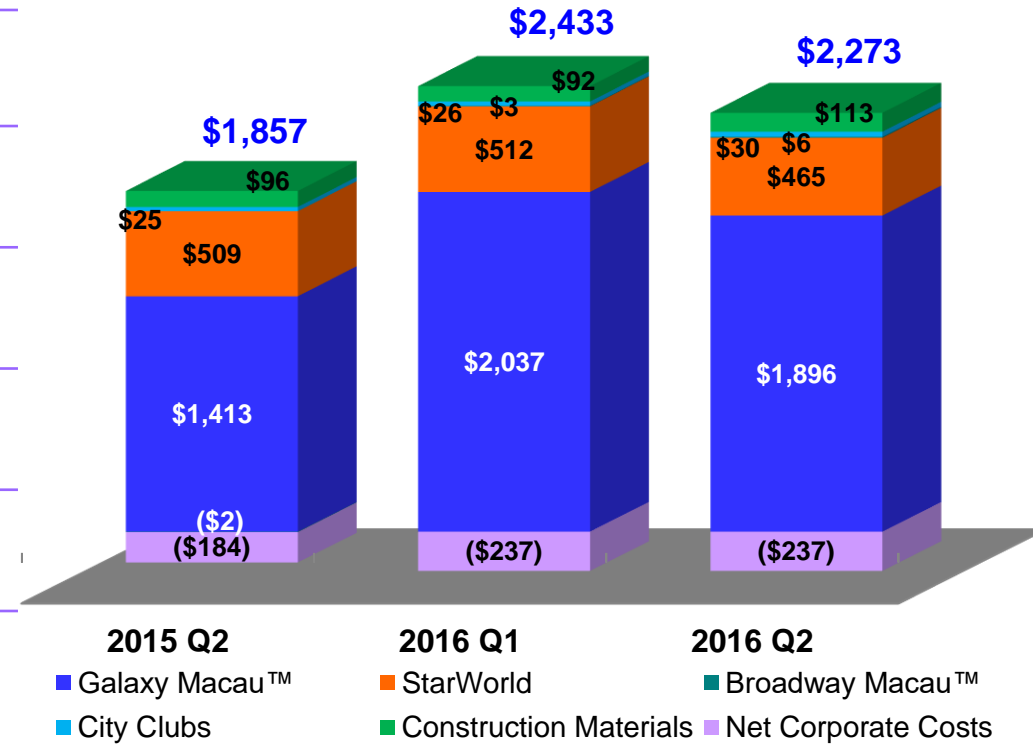


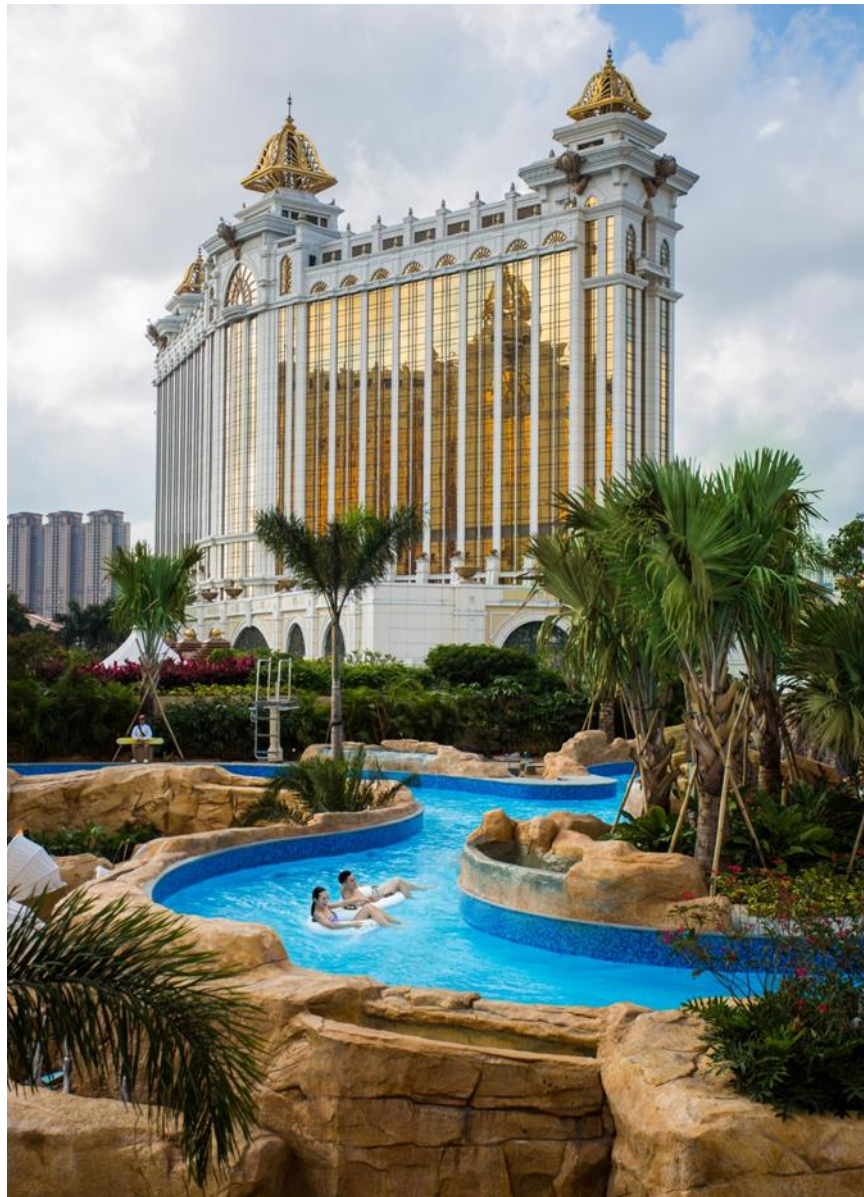
# GEG EBITDA Q2 2016

Group EBITDA in Q2 2016 up 22% YoY and down 7% sequentially to \$2.3 billion

	Q2 YoY	Q1 to Q2 16' QoQ
GEG Total	+22%	(7)%
Galaxy Macau™	+34%	(7)%
StarWorld	(9)%	(9)%
Broadway Macau™	n/a	+100%
City Clubs	+20%	+15%
Construction Materials	+18%	+23%

**GEG EBITDA (HK\$'m)**

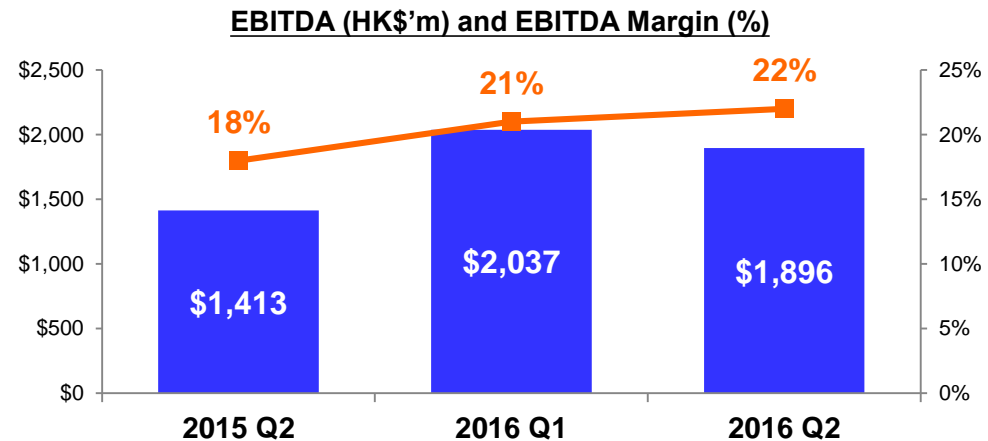




## Galaxy Macau™ Q2 2016 EBITDA grew 34% YoY and declined 7% QoQ to \$1.9 billion

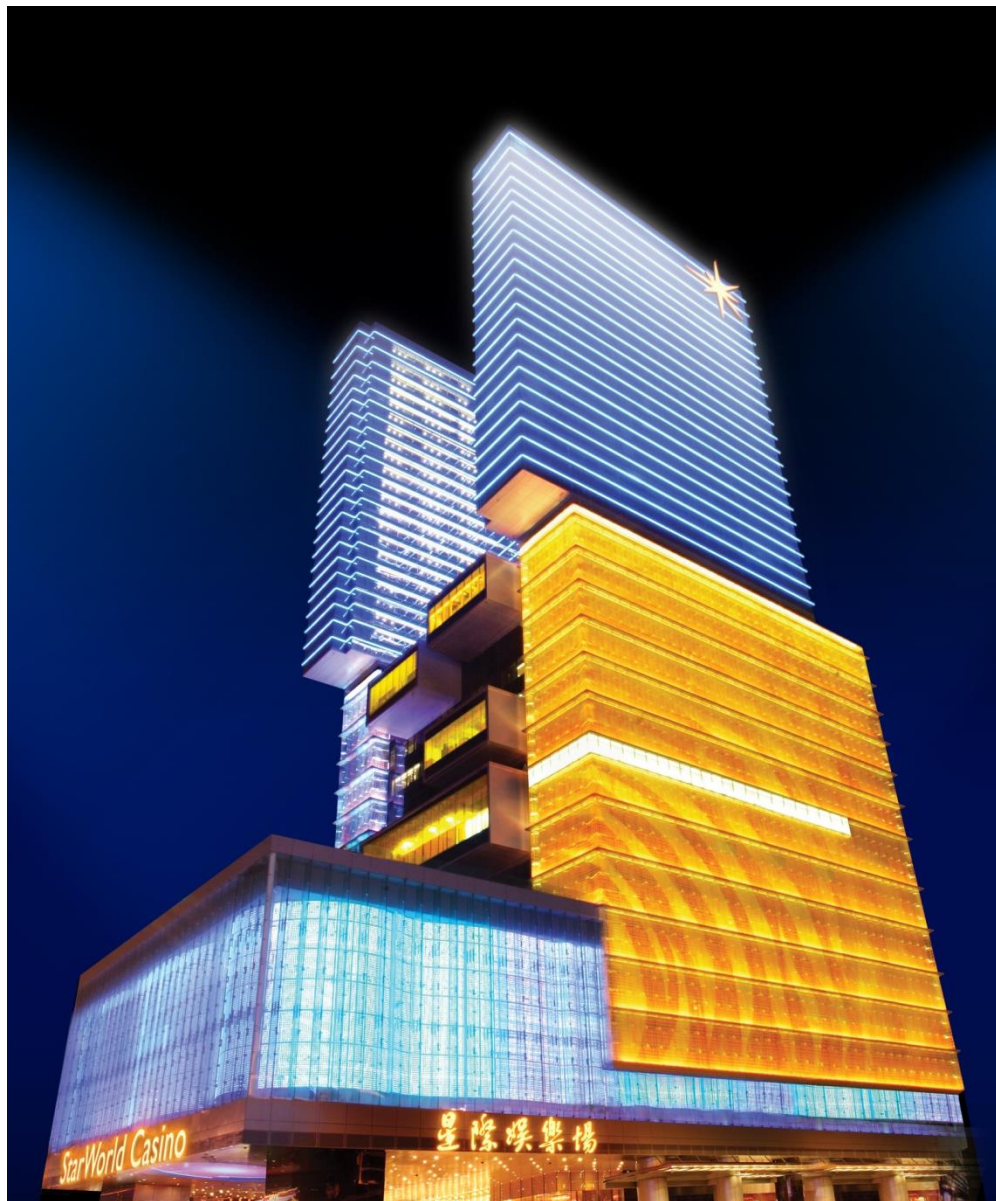
- Total revenue of \$8.8 billion grew 9% YoY but declined 11% QoQ
- VIP revenue declined 5% YoY and 19% QoQ to \$4.4 billion
- Mass revenue increased 30% YoY and declined 1% QoQ to \$3.3 billion
- EBITDA of \$1.9 billion, grew 34% YoY and declined 7% sequentially including good luck which increased EBITDA by approx. \$20 million
- Hotel occupancy of 97% across the 5 hotels
- HKFRS EBITDA Margin of 22% and US GAAP of 27%
- Non-gaming revenue was \$639 million included \$161 million of net rental revenue

Revenue	Q2 YoY	Q1 to Q2 16' QoQ
Galaxy Macau™	+9%	(11)%
VIP Gaming#	(5)%	(19)%
Mass Gaming	+30%	(1)%
Slots	+18%	+17%
Non-Gaming	+38%	(4)%
<b>EBITDA</b>	<b>+34%</b>	<b>(7)%</b>



# includes Jinmen



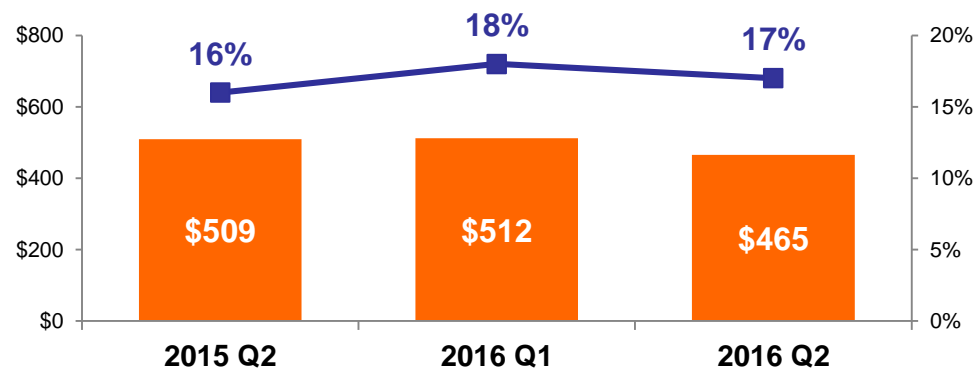


## StarWorld Macau Q2 2016 EBITDA declined 9% YoY and QoQ to \$465 million

- Total revenue of \$2.7 billion declined 15% YoY and 8% QoQ
- VIP revenue declined 30% YoY and 11% QoQ to \$1.5 billion
- Mass win of \$1.1 billion increased 20% YoY but decreased 3% QoQ
- EBITDA of \$465 million down 9% YoY and QoQ including bad luck which reduced EBITDA by approx. \$30 million
- Hotel occupancy of 97%
- HKFRS EBITDA Margin of 17% and US GAAP of 23%
- Non-gaming revenue was \$48 million included \$9 million of net rental revenue

Revenue	Q2 YoY	Q1 to Q2 16' QoQ
StarWorld Total	(15)%	(8)%
VIP Gaming	(30)%	(11)%
Mass Gaming	+20%	(3)%
Slots	(45)%	(25)%
Non-Gaming	(27)%	(14)%
<b>EBITDA</b>	<b>(9)%</b>	<b>(9)%</b>

**EBITDA (HK\$m) and EBITDA Margin (%)**

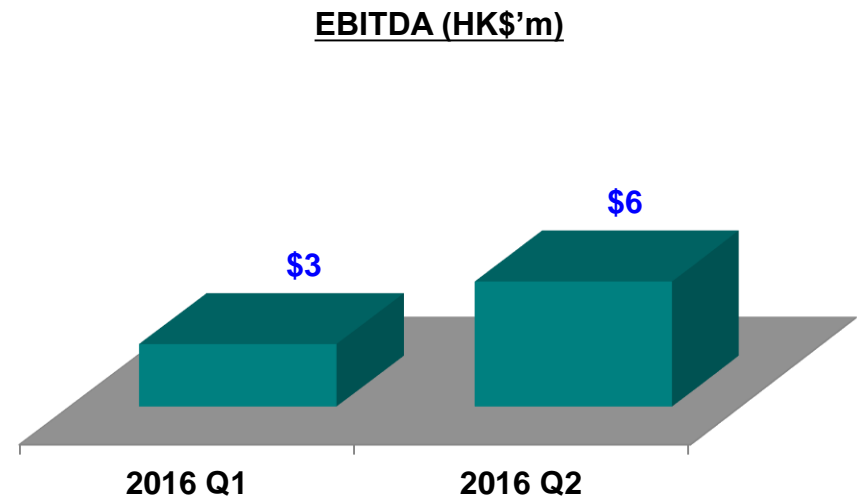




## Broadway Macau™ reported \$169 million revenue and \$6 million EBITDA for Q2 2016

- Total revenue \$169 million, decreased 7% sequentially
- Adjusted EBITDA of \$6 million including good luck which increased EBITDA by approximately \$2 million
- Revenue mix was approximately 73% gaming and 27% non-gaming
- Hotel occupancy was virtually 100%

Revenue	Q1 to Q2 16' QoQ
Broadway Total	(7)%
Mass Gaming	(12)%
Slots	+29%
Non-Gaming	+5%
<b>EBITDA</b>	<b>+100%</b>

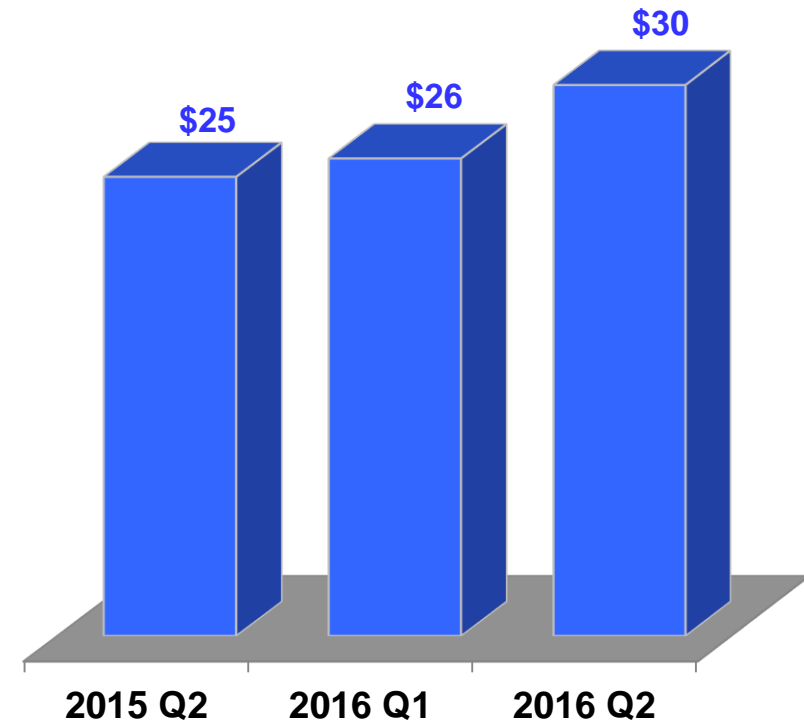


# City Clubs Q2 2016

City Clubs' Q2 2016 EBITDA of \$30 million, increased 20% YoY and 15% from Q1 2016



City Clubs EBITDA (HK\$m)

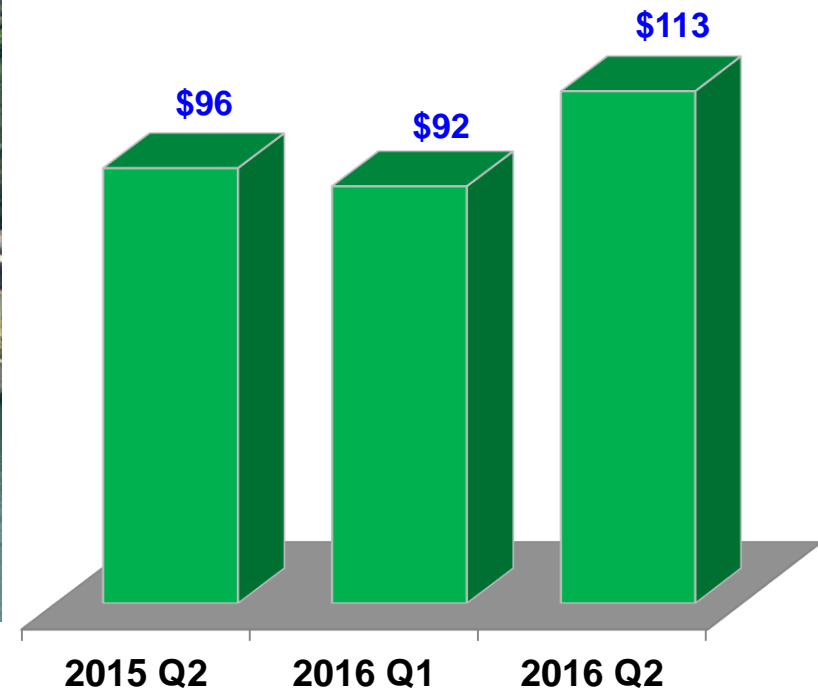


# Construction Materials Q2 2016

CMD's Q2 2016 EBITDA of \$113 million, increased 18% YoY and 23% QoQ



Construction Materials EBITDA  
(HK\$m)



# Selected Awards 2016

	Award	Organization
GEG	<b>The Most Generous Chinese of “Hurun Non-Mainland Chinese Philanthropy List 2016”</b> 「2016 胡潤港澳台及海外華人慈善榜」首善	<b>Hurun Report</b> 胡潤百富
	<b>Socially Responsible Operator</b> 負社會責任營運商	<b>International Gaming Awards</b> 國際博彩業大獎
Galaxy Macau™	<b>Best Integrated Resort</b> 最佳綜合性度假村	<b>Asia Gaming Awards</b> 亞洲博彩大獎
	<b>Macau Elite Service Award 2015 - The Best Integrated Resort and Hotel Service and Brand</b> 澳門優質服務品牌選舉 2015 - 最優質綜合渡假城及酒店業品牌	<b>Exmoo</b> 《力報》
	<b>The Most Popular Hotel in Macau – Galaxy Hotel</b> 澳門最受歡迎酒店 (銀河酒店)	<b>Top Magazine – 2016 Quality Life Awards</b> 《新知雜誌》- 2016 藝術生活大賞
	<b>2015-2018 Macao Green Hotel Award</b> 2015-2018年澳門環保酒店獎 - <b>Gold (Hotel Okura Macau)</b> 金獎 (澳門大倉酒店) - <b>Silver (Galaxy Hotel)</b> 銀獎 (銀河酒店)	<b>Macao Environmental Protection Bureau (DSPA)</b> 澳門環境保護局
StarWorld Macau	<b>Top 10 Glamorous Hotels of China</b> 中國十大最具魅力酒店	<b>China Hotel Starlight Awards</b> 中國酒店星光獎
	<b>Smiling Enterprise Award - StarWorld Hotel</b> 微笑企業大獎 - 星際酒店	<b>Smiling Enterprise Award</b> 微笑企業大獎
	<b>The Supreme Award for the Most Glamorous Hotel of Asia</b> 亞洲最具魅力酒店至尊大獎	<b>Golden Horse Award of China Hotel</b> 中國飯店金馬獎
Broadway Macau™	<b>The Supreme Award for the Most Local Experience Resort in Asia</b> 亞洲最地道體驗渡假勝地至尊大獎	<b>Golden Horse Award of China Hotel</b> 中國飯店金馬獎

# GEG Development Update



## Cotai Phases 3 & 4

- Continue to move forward with Phase 3 with the potential to commence site preparation works in late 2016 and Phase 4 in 2017, with substantial floor area allocated to non-gaming and primarily targeting MICE, entertainment and family facilities
- Expect to be able to provide additional information on our development plans in late 2016 or early 2017

## Hengqin

- Plans moving forward to develop a low-density integrated resort to complement our high-energy entertainment resorts in Macau, anticipated to disclose further details later in the year

## International

- Continuously exploring opportunities in overseas markets



# Summary

## Corporate

- 1H 2016 Revenue of \$25.5 billion and EBITDA of \$4.7 billion, up 1% and 13% YoY, respectively
- 2Q16 EBITDA of \$2.3 billion, up 22% YoY
- 1H 2016 NPAS of \$2.6 billion, up 26% YoY
- Special dividend of \$0.15/share paid on April 29, 2016. Subsequently announced another special dividend of \$0.18/share payable in Oct. 2016

## Operations

- Galaxy Macau™ reports \$18.5 billion of Revenue and \$3.9 billion of EBITDA in 1H16, increased 8% and 22% YoY respectively; Q2 EBITDA of \$1.9 billion, up 34% YoY
- StarWorld Macau reports \$5.6 billion of Revenue and \$977 million of EBITDA in 1H16, down 22% and 12% YoY, respectively; Q2 EBITDA of \$465 million, down 9% YoY
- Broadway Macau™ reports \$350 million of Revenue and \$9 million of EBITDA in 1H16; Q2 EBITDA of \$6 million

## Financing

- Well capitalized, liquid and virtually debt free with \$11.3 billion of cash and liquid investments at June 30, 2016, and “Net Cash” position of \$10.1 billion

## Development Pipeline

- Well defined medium and long term growth pipeline in the world’s most dynamic market
- Cotai Phases 3 & 4, potentially expect to commence site preparation work late 2016 / early 2017
- Plans to develop a world class destination resort on Hengqin moving forward
- Continue exploring opportunities in overseas markets

# Positioned for Growth



- **Galaxy commenced with a vision**
- **“To be globally recognized as Asia’s leading gaming & entertainment corporation”**
- **We are delivering upon our vision**

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