



## Half Year Results for six months ended 30 June 2007



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# GEG – Financial Overview



# 2007 Half Year Results - Highlight



	<b>FY2007</b> HK\$ mm	<b>FY2006</b> HK\$ mm	<b>Change</b> HK\$ mm	<b>Change</b> %
Revenue	6,332	1,306	+ 5,026	+ 385%
EBITDA	737	186	+ 551	+ 300%
Loss Attributable to Shareholders	(268)	(734)	- 466	- 65%

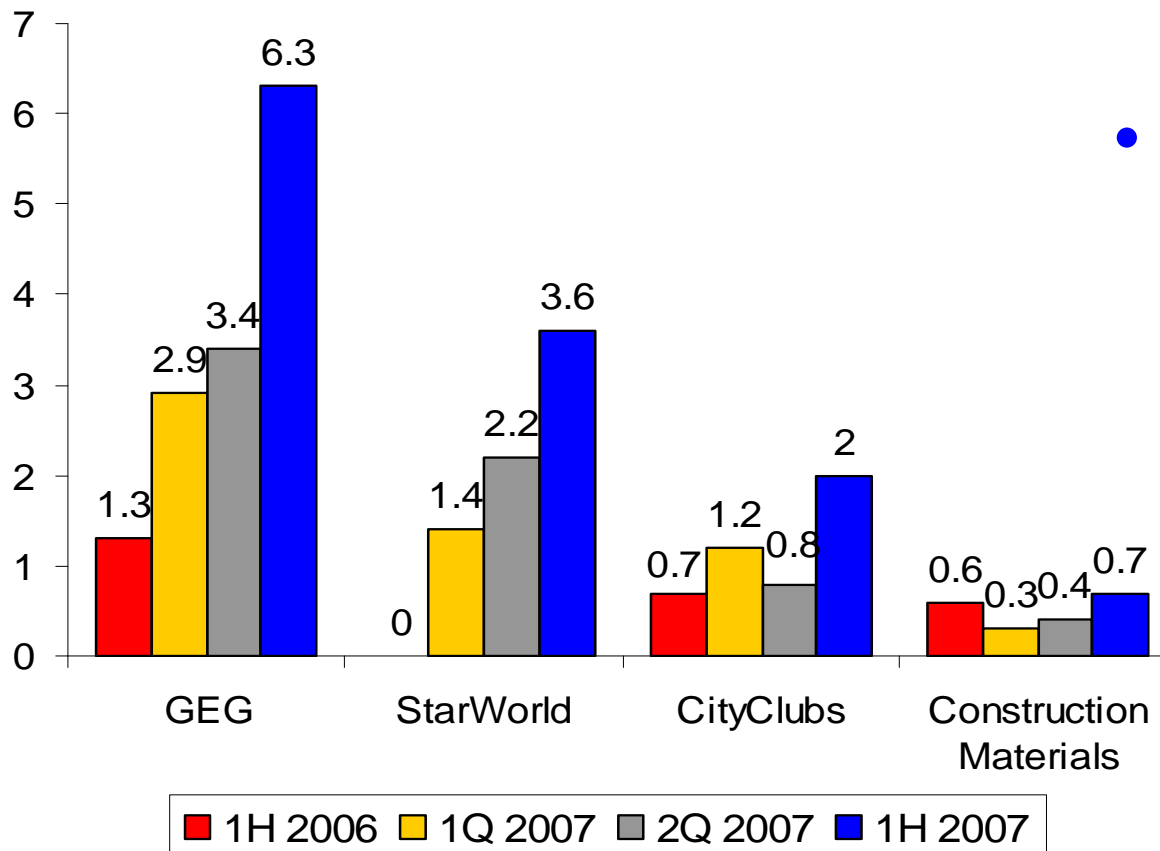
# Financial Performance

6 months ended 30 Jun, 2007



## Gross Revenues

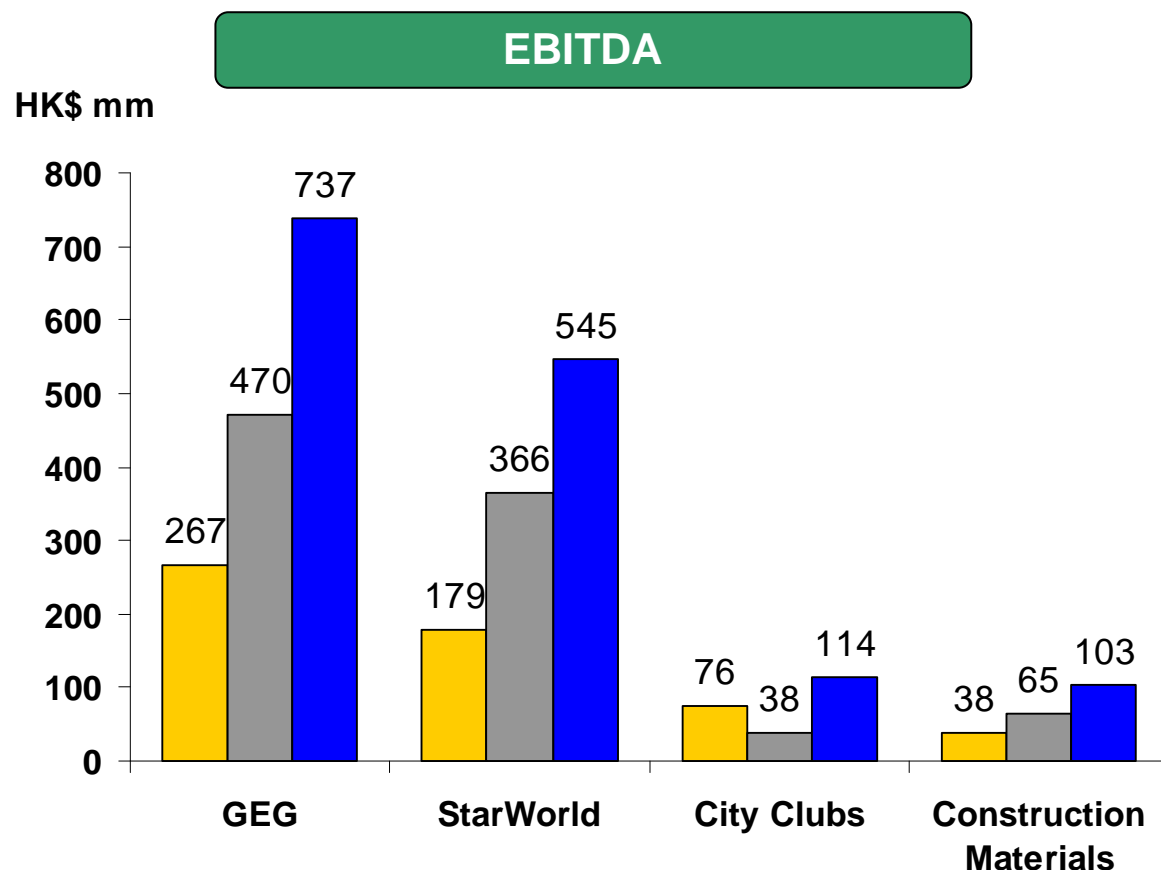
HK\$ bn



- GEG revenue rises 385% YoY
- GEG revenue rises 19% for Q1 to Q2
  - StarWorld revenue rises 54% QoQ
  - City Clubs revenues softer by 28% QoQ
  - CM revenue rises 29% QoQ

# Financial Performance

6 months ended 30 Jun, 2007



- GEG EBITDA up 300% YoY
- GEG EBITDA rises 75% QoQ
  - StarWorld EBITDA rises over 100% QoQ
  - City Clubs EBITDA fell 50% QoQ
  - CM EBITDA rises 70% QoQ

Corporate Costs for 1H07  
(HK\$m)

## Corporate Costs

Net Corp Costs	97
Interest Income Offset	72
Net EBITDA	(25)

EBITDA Margin(%)	9	14	12	13	17	15	7	5	6	12	16	14
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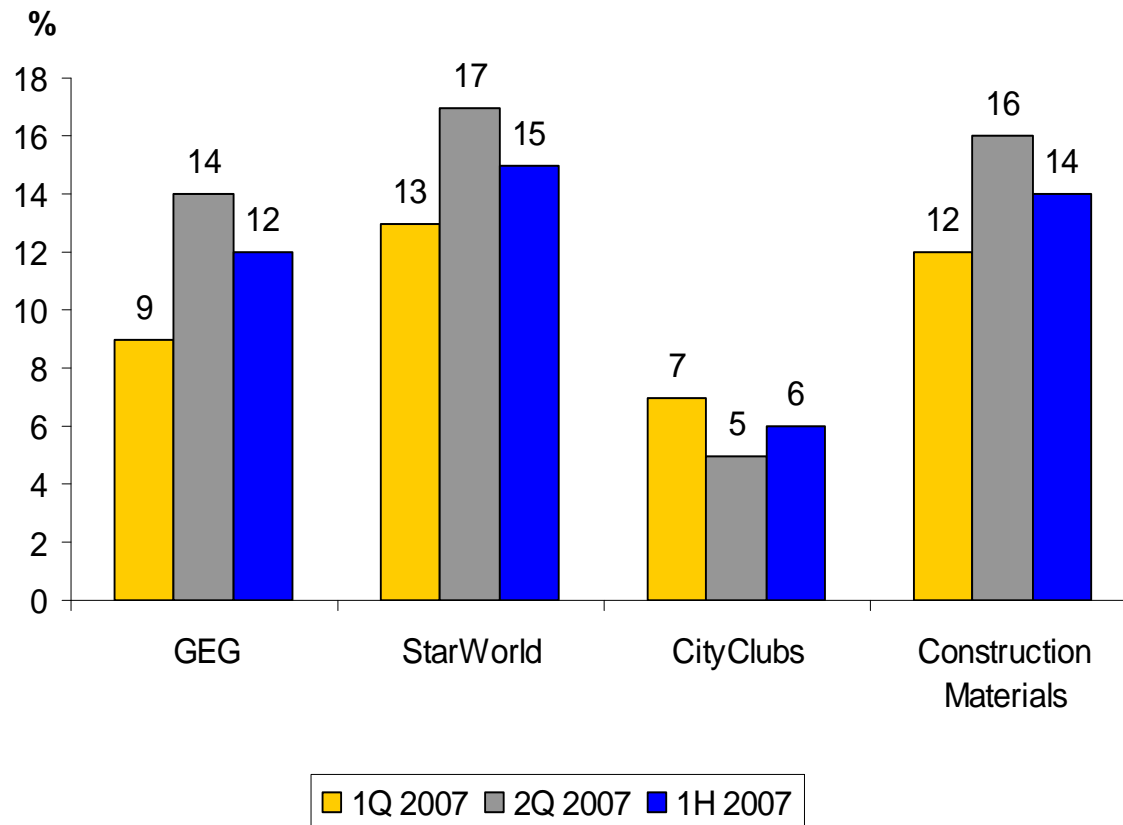
■ 1Q 2007 ■ 2Q 2007 ■ 1H 2007

# Financial Performance

6 months ended 30 Jun, 2007



## EBITDA Margin



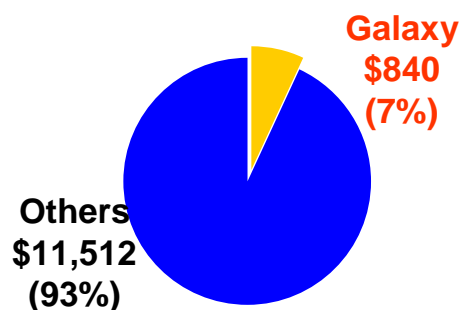
- StarWorld EBITDA margin rises from 13% to 17% QoQ
- Under USGAAP Q2 - 20%
- Increased efficiency GEG and StarWorld

# Market Share Growth

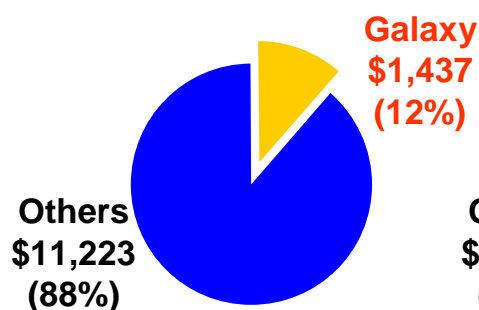
In HK\$ million



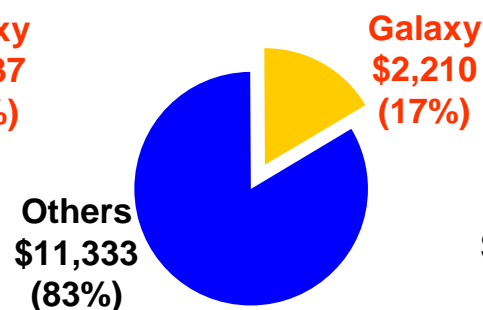
**Q1 2006**



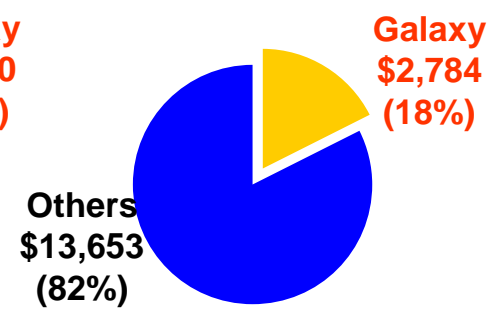
**Q2 2006**



**Q3 2006**

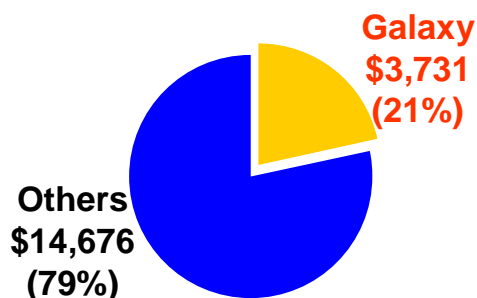


**Q4 2006**

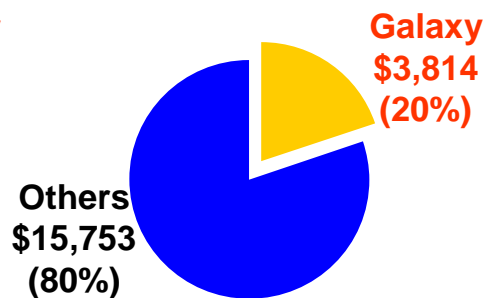


Total <sup>(1)</sup> = 100% = HK\$12,352    Total <sup>(1)</sup> = 100% = HK\$12,660    Total <sup>(1)</sup> = 100% = HK\$13,543    Total <sup>(1)</sup> = 100% = HK\$16,437

**Q1 2007**



**Q2 2007**



**Year-on-year 1H '06 to '07**

Macau market growth 52%

Galaxy growth 230%

Total <sup>(1)</sup> = 100% = HK\$18,407    Total <sup>(1)</sup> = 100% = HK\$19,567

(1) Macau SAR DICJ

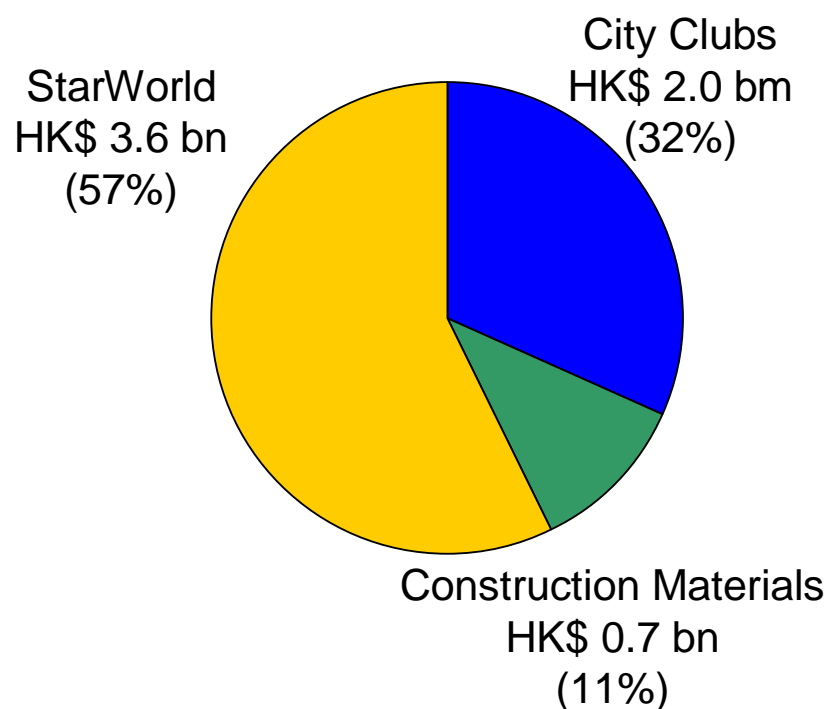


# Revenue & EBITDA Breakdown

6 months ended 30 June 2007

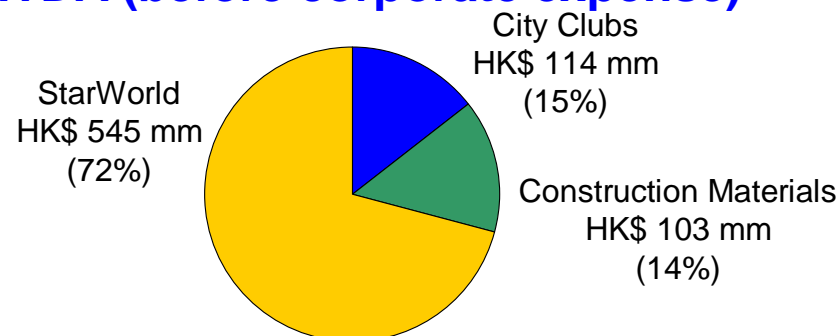


## Revenue



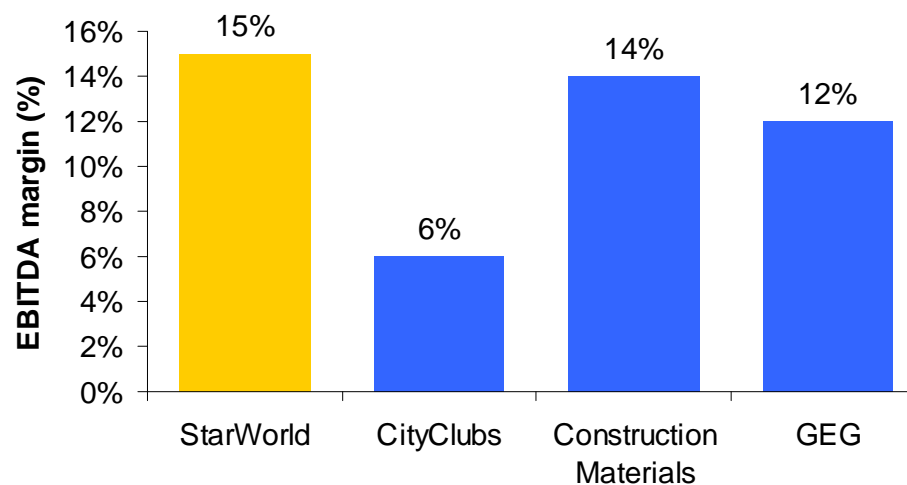
**Total revenue: HK\$6.3 bn**

## EBITDA (before corporate expense)



**Total EBITDA: HK\$ 737 mm**

## EBITDA margin (HK GAAP)



# StarWorld



# StarWorld Exceeds Expectations



- First half EBITDA of \$545 million – margin 15%
  - margin Q2 of 17% (20% under USGAAP)
- Enhanced product and offerings
  - Level 1 expands to 122 gaming tables
  - StarWorld now with 500 slot machines
  - VIP tables increase from 24 to 48, now 55 increasing to 77
  - Opening of Inagiku and Jade Garden
- Market share grows from 8% to 12%

# StarWorld – Overview

6 months ended 30 June 2007



## Key Financials (in HK\$ millions)

<b>Revenues</b>	<b>\$3,639</b>	
VIP	2,628	(72%)
Mass	823	(22%)
Slots	92	(3%)
Others <sup>(1)</sup>	96	(3%)

**EBITDA:**

**Q1**  
**\$179**

**Q2**  
**\$366**

**1H**  
**\$545**

**EBITDA  
margin:**

**13%**

**17%**

**15%**

**US GAAP:**

**15%**

**20%**

**18%**

**ROI  
(annualized)  
36%**

## VIP Operating Statistics

Turnover	HK\$92,536 mm
Gross Gaming Revenue	HK\$2,628 mm
Win %	2.8%
Win/Table/Day	
First Half 07 avg	HK\$338,000
Q2 07 avg	HK\$390,000

**VIP Tables (First Half 07 avg): 44**

**VIP Tables (Q2 07 avg): 48**

## Mass Gaming Operating Statistics

Mass Drop	HK\$5,034 mm
Mass Gaming Revenue	HK\$823 mm
Hold %	16.4%
Win/Table/Day	
First Half 07 avg	HK\$28,500
Q2 07 avg	HK\$30,500

**Mass Tables (First Half 07 avg): 159**

**Mass Tables (Q2 07 avg): 150**

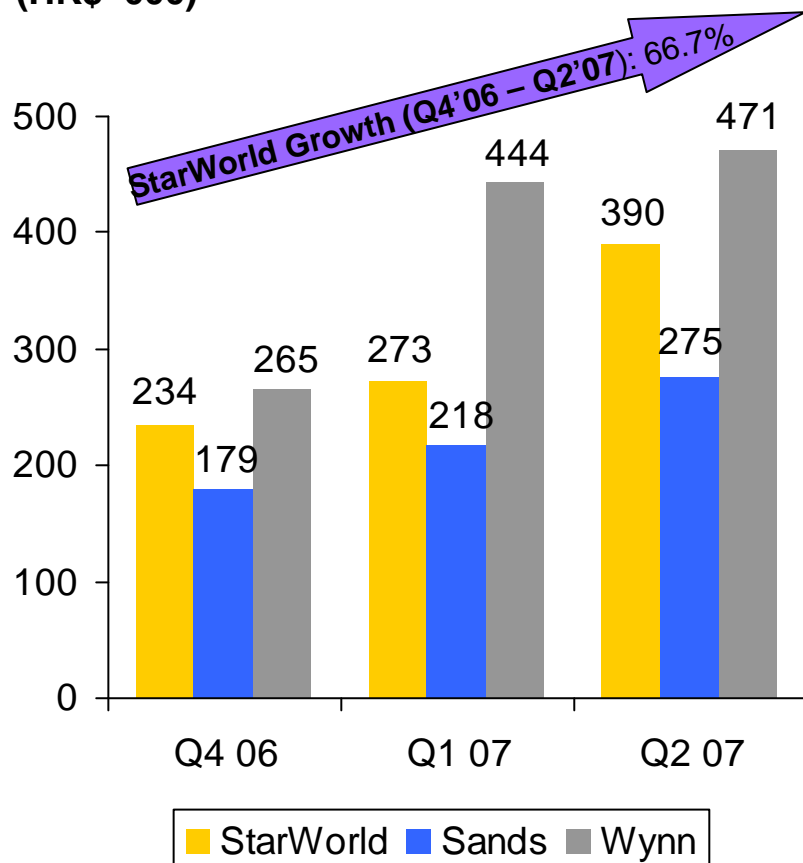
(1) Non gaming revenue

# StarWorld – Win/Table/Day Comparison



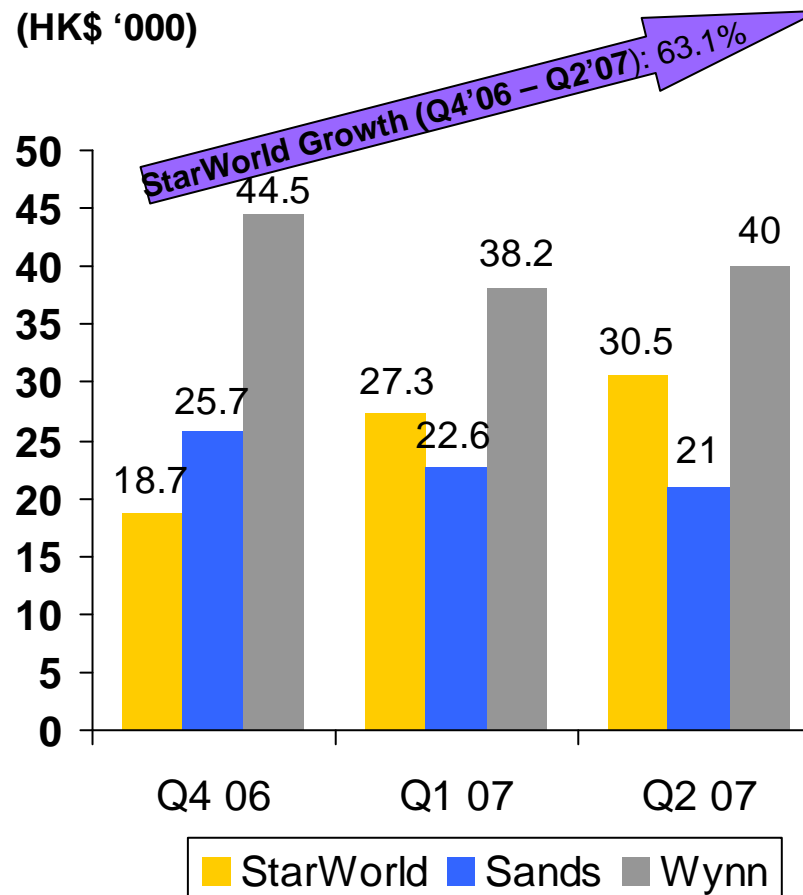
## VIP

(HK\$ '000)



## Mass

(HK\$ '000)

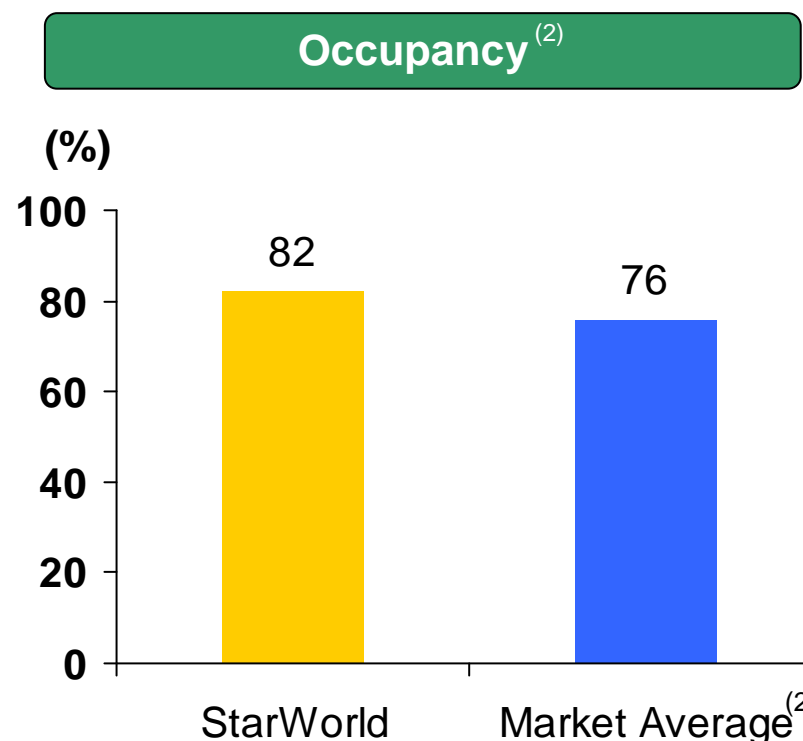
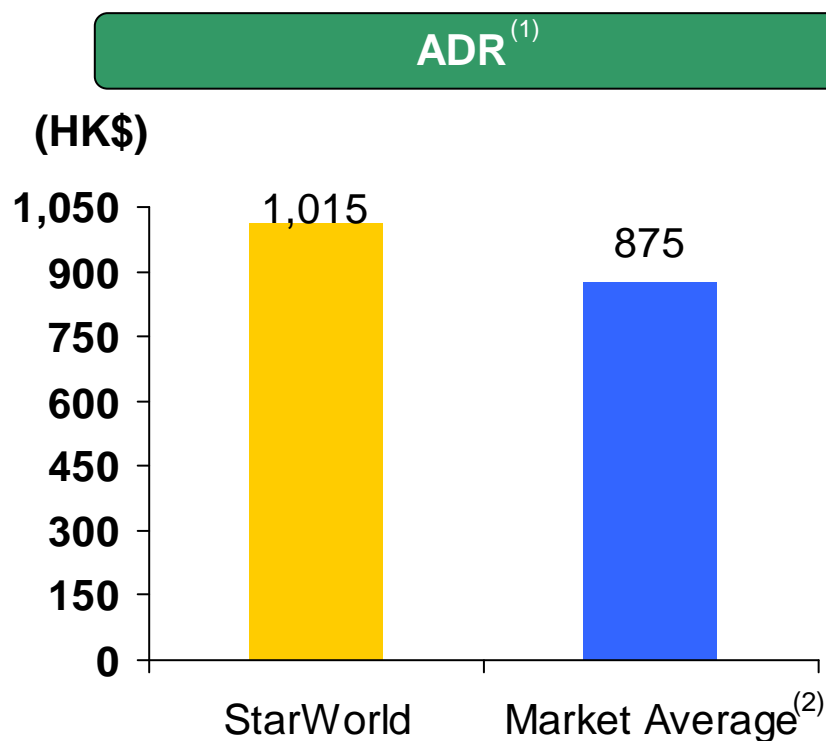


*StarWorld's Win/Table/Day statistics have been increasingly competitive vs. peers*

# StarWorld – Hotel



- 505 rooms currently opened
- Preferential room rate for VIP players
- Average Daily Rate: \$1,015 (non-gaming rate: \$1,115)
- Average Occupancy Rate: 82%



Note:

(1) ADR adjusted to take into account VAT

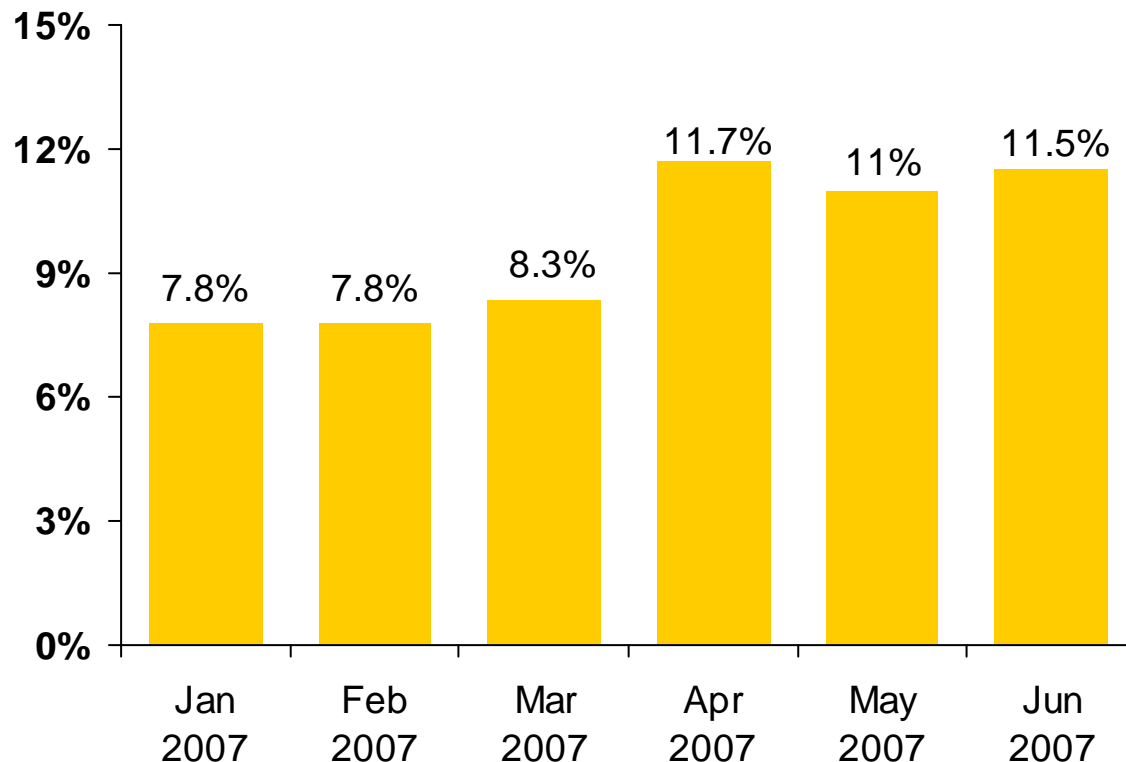
(2) Market average refers to average of 3, 4, 5 star hotels for Jan – Jun 2007

# StarWorld – Market Share

6 months ended June 30, 2007



## % Market Share



## Number of Tables (VIP / Mass)

Jan 2007	33 / 169
Feb 2007	39 / 166
Mar 2007	42 / 168
Apr 2007	46 / 154
May 2007	47 / 154
Jun 2007	48 / 154
Jul 2007*	55 / 184
...	
Oct 2007*	77 / 184

Source: \* Company estimates

***At June 2007, market share improved to a 11.5%. By Q3 2007, with additional gaming tables in operation, we expect StarWorld increase market share***

# StarWorld – Enhancements



## Business Expansion

- Re-allocate tables at Gaming Area:
  - Level 1 – 85 tables to 122 tables
  - Level 3 – 45 tables and 300 Slot Machines (total slots increase to 500) + Sports Book Area
  - VIP Levels – 47 tables to 55 tables & moving to 77

## Improve Foot Traffic

- New 500-seat Multi-Function Ballroom by November 2007
- Opening of additional Award Winning Restaurants – “Inagiku” and “Jade Garden”

## EBITDA Enhancement

- Opening of Jinmen – StarWorld’s premium gaming floor with 19 high limit gaming tables – opened in March 2007
- Enhanced labour management and efficiency
- Continuous improvement

- *The above enhancements are materially covered by Galaxy’s previously announced capex of US\$385mm*
- *New enhancement features require additional capex of US\$15mm*



# CityClubs



Galaxy Entertainment Group

## CityClubs overview

- An effective “management fee-style” business
- Provides instant market share for Galaxy and create key relationships with important VIP promoters
- CityClubs EBITDA for the 6 months ended Jun 30, 2007 was HK\$114 million
- Galaxy’s CityClubs require minimal investment – GEG’s total investment only HK\$202.8 million – leading to a ROI of greater than 100% p.a.
- The CityClubs were an effective training ground for casino employees in the past, and currently provide promotional opportunities for staff

*The CityClubs strategy effectively captures market share*

# GalaxyWorld Resort & Cotai Land



# GalaxyWorld Resort – “Palace in a tropical Paradise”



- Total gaming floor 320,000 s.q.ft.
  - Mass 250,000 plus VIP 70,000
  - 70 VIP tables – up to 120 table
  - 350 Mass tables – up to 700 table
  - 1,200 Slots – up to 4,000 slots
- Twin hotel towers with 2,500 hotel rooms, suites, villas
  - One tower operated by Galaxy (1,500 rooms)
  - The other run by international brand name operators
  - Standard room size ranging from 450 to 680 s.q. ft.
- Shopping, entertainment, floating villas, outdoor spa, F&B, theatres, rooftop garden, wave pool / cabanas

# Construction Update



- Overall design theme “Palace in a tropical Paradise”
  - Further developed, enhanced and reinforced in interior and exterior design
- First Tower and Casino – on track to be completed end 2008
  - “Services” being fitted internally (electricity, plumbing & air-conditioning)
  - Curtain wall (pre-fabricated exterior) is scheduled to arrive Friday 21 Sep, fitting will then commence immediately thereafter
  - The Casino podium structure is 80% complete and will be fully completed by end 2007. Interior fitting out works will then commence
- Second Tower – foundation and base are completed, the Tower is on track to be completed during 2009



# Galaxy's Future Growth in Cotai

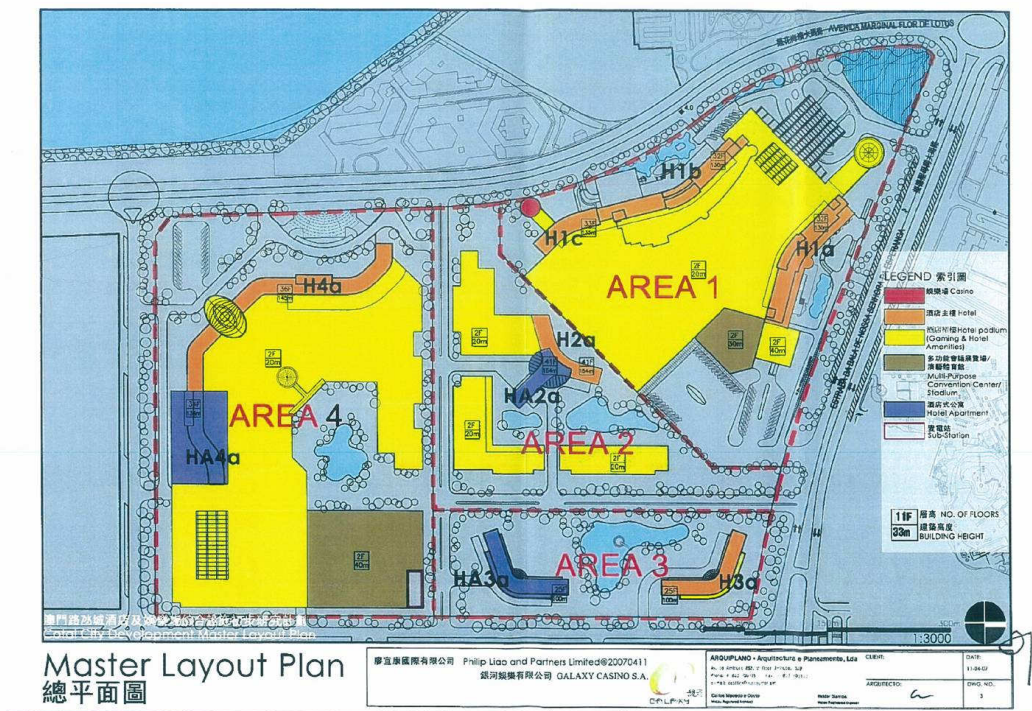


- A “Demand Driven” Approach to Development.

Areas 2,3 & 4 - an additional 10.4 m sq.ft. GFA

## Galaxy Master Plan includes:

- 380,000 sq ft. of additional gaming space
- 9 additional deluxe hotels/hotel-apartments with 6,000 guest rooms & suites and villas
- 1.4 million sq.ft. shopping mall/F&B with more than 50 restaurants/F&B outlets
- 750,000 sq.ft. convention and exhibition space
- Performance theatre and entertainment facilities



# Conclusion



# Galaxy Milestones - First Half 2007



- GEG Revenues increase to \$6.3 billion – up 385% YoY
  - 20% plus market share in rapidly expanding market
- GEG EBITDA increases to \$737 million up 300% YoY
  - EBITDA exceeds whole year of 2006 by 70%
- StarWorld:
  - First half EBITDA of \$545 million – EBITDA margin 15%
    - Q2 EBITDA up 100% on Q1
    - Q2 Margin of 17% (20% under USGAAP)
  - StarWorld market share grows from 8% to 12%
- Galaxy World Resort
  - Fully funded – on track for completion end 2008
  - Second hotel tower on track for completion during 2009
- Over \$6.5 billion in cash reserves
- Landbank of 10.4m sq. ft.GFA assures Galaxy's future growth
- Added strength and expertise to Management team



# Beginning of a New Era



**StarWorld grows from Strength to Strength.**

**- a leading player with a strong brand in the Macau gaming market**

**Strong Management provides additional momentum**

**GalaxyWorld Phase 1 (including Second Tower) on track, on budget and fully funded.**

**Future growth potential is assured with Galaxy's Cotai Landbank.**

**We have demonstrated successful execution of our proven strategy**

***We have delivered what we have promised and  
we will continue to deliver going forward***

The End



# Questions and Answers