



銀河娛樂集團有限公司
Galaxy Entertainment Group Limited

二零零八年全年業績公佈
2008 Annual Results Announcement



2008 Annual Results
For the year ended Dec 31, 2008

& Selected Unaudited 2009 First Quarter Results

April 24, 2009

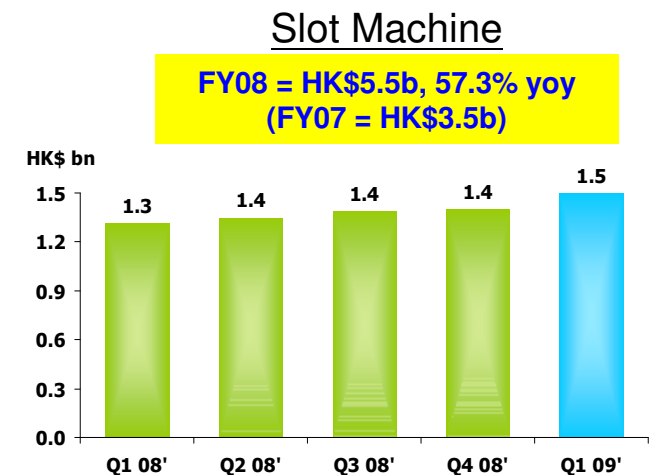
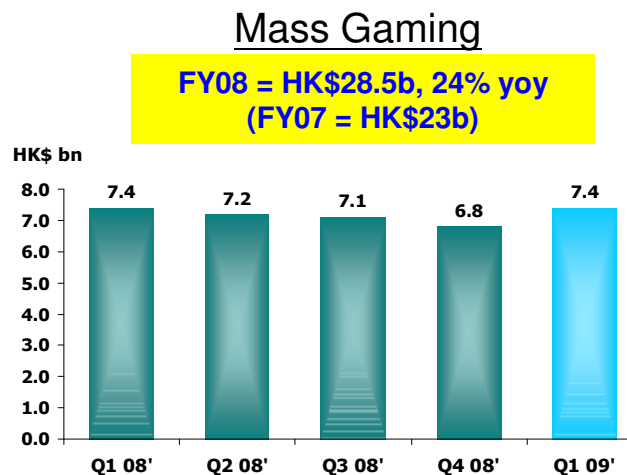
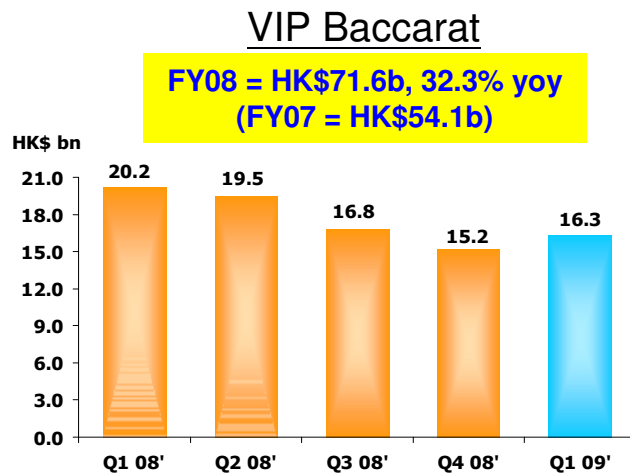
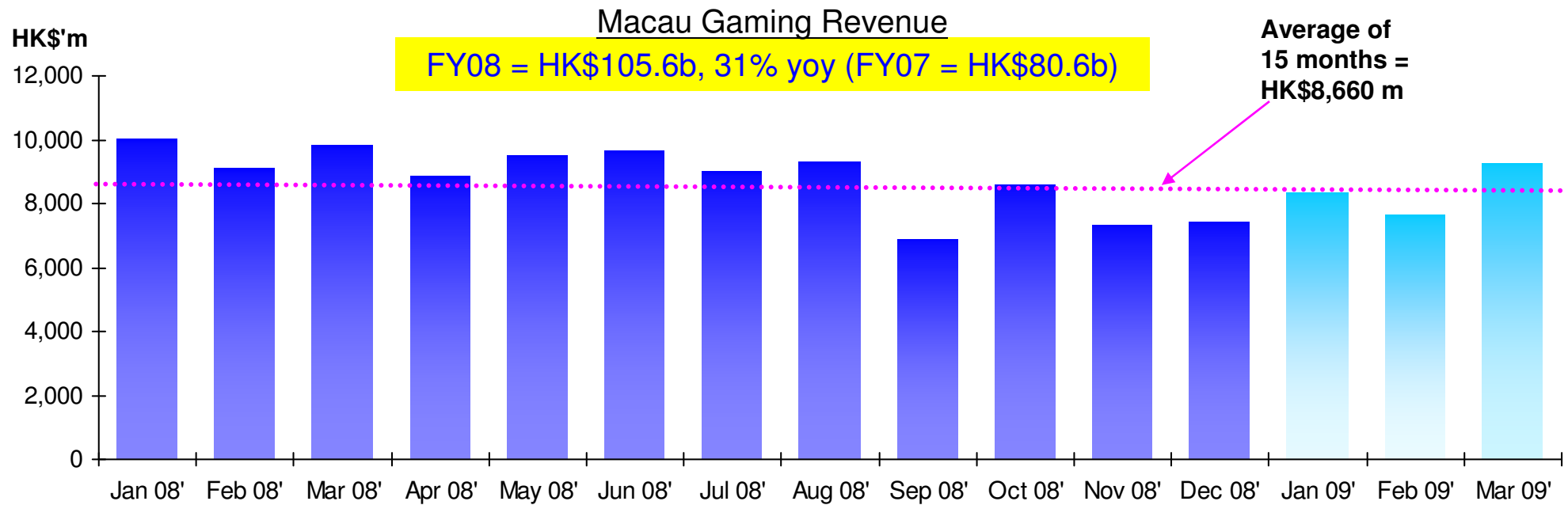
Executive Summary



- Strong finish in 2008, strong start to 2009
- 3 consecutive quarters of EBITDA growth at StarWorld
- StarWorld VIP turnover up 17% yoy at Q109, against a VIP market decline of 22%
- Successfully implementing \$200 million cost savings program
- City Clubs agreements restructured, properties resized, returned to profitability
- Construction Materials division, solid income, well positioned for growth
- Aligned opening of Cotai to improving market conditions
- Wrote-down the value of the intangible gaming license
- Successfully completed bond buyback programme, strengthen balance sheet, lowered interest charges, well capitalized with cash of \$4.7 billion
- Strengthened management team, with addition of Michael Mecca with 25 years industry experience

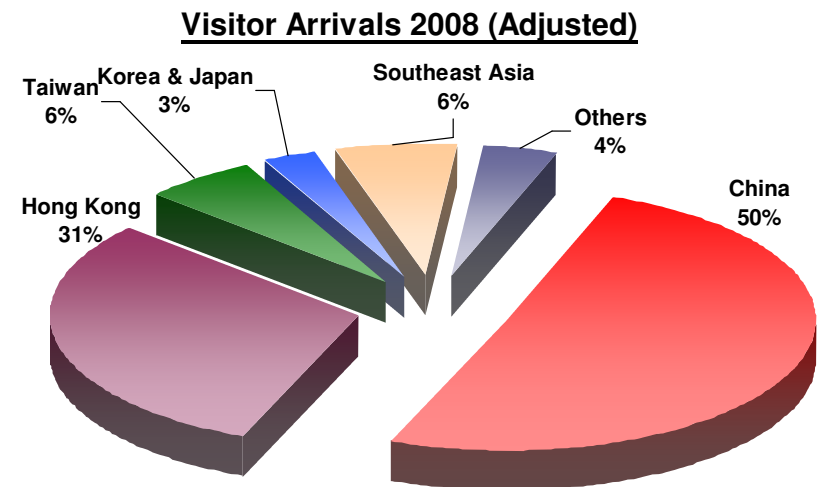
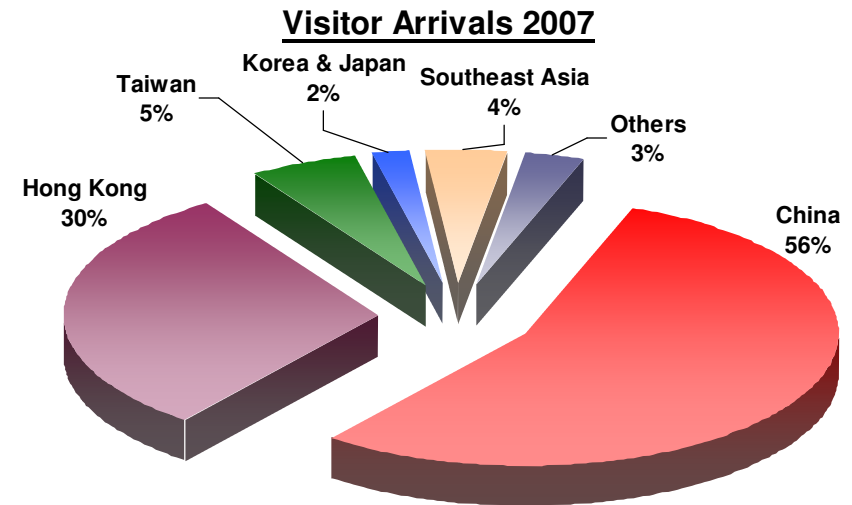
Macao Market Update

Market Outlook – Gaming Revenue



Market Outlook - Macau Visitation

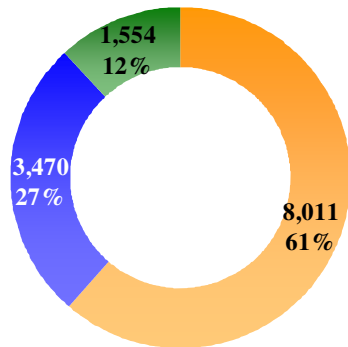
- FY08 Adjusted = 22.9 million
 - Macau government re-calculated visitations to segregate visitor arrivals & non-resident arrivals
 - Only 2008 visitations were re-calculated
 - FY08 without adjustment = 30.2 million, 11.8% yoy
- Mainland Chinese continues the key contributor; Visitors from Korea & Japan, Southeast Asia and international growing fast
- First 2 months 09' visitation = 3.6 million, decline 7.6% yoy
- Impacted by tightening IVS in Guangdong province since mid-08
- Visitation remains healthy with several potential catalysts for growth in 2009



Galaxy Entertainment Group

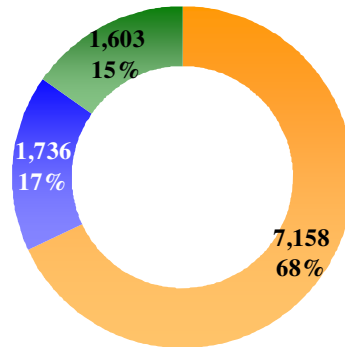
GEG Revenue Summary

FY2007

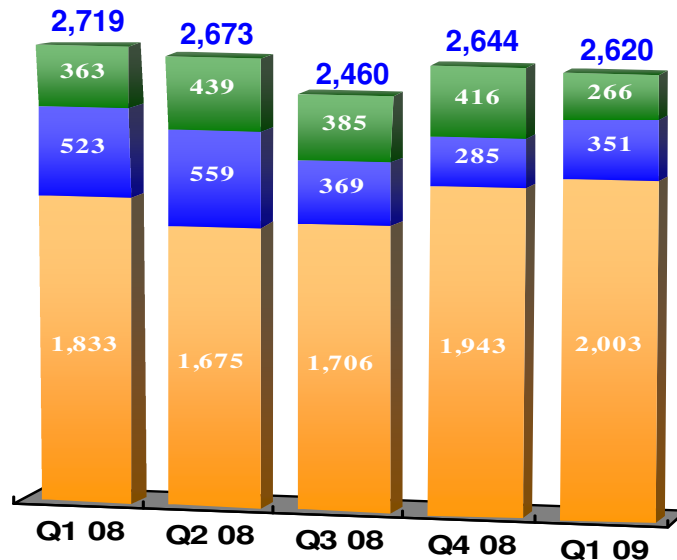


HK\$13,035 m

FY2008



HK\$10,497 m



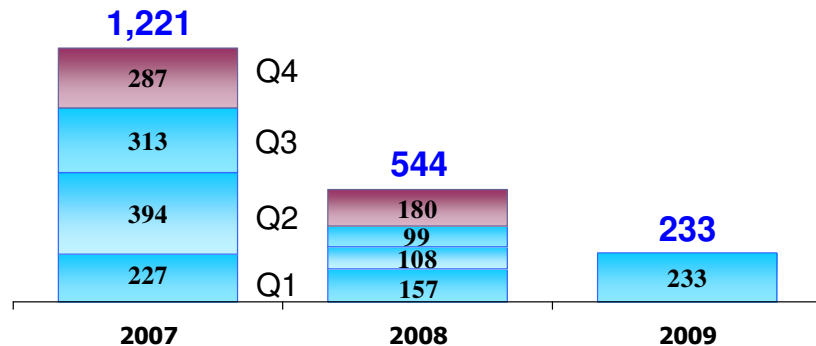
■ StarWorld ■ CityClubs ■ Construction Materials

	% Change Q4 yoy	% Change Full Year	% Change Q1 yoy
GEG Total	-23.6%	-19.5%	-3.6%
StarWorld	-14.6%	-10.7%	9.3%
City Clubs	-61.1%	-50%	-32.9%
Construction Materials	-7.5%	3.2%	-26.8%

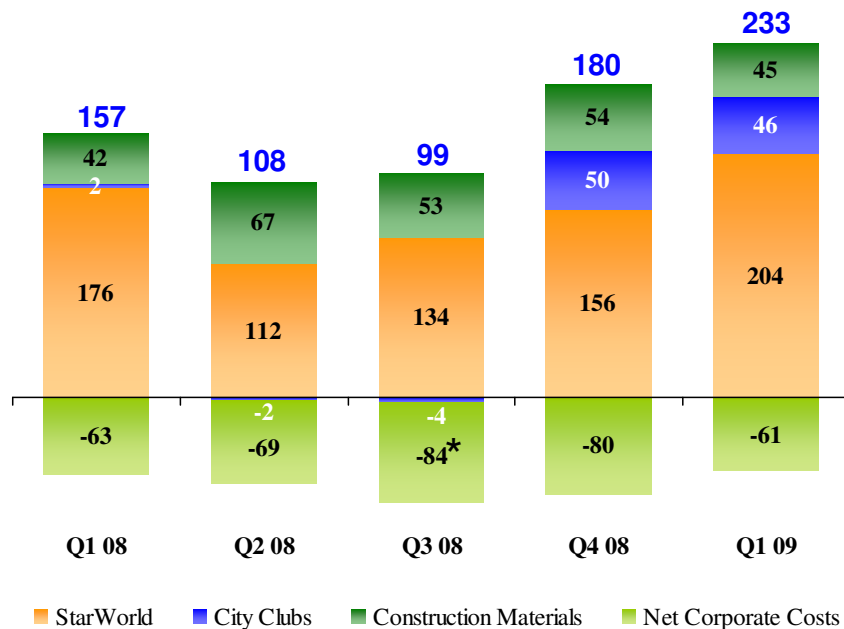
- GEG revenues trending positively despite 20% decline in 2008
- StarWorld gaining momentum with 3 consecutive quarters of growth
- City Clubs reflects realignment to more advantageous economic arrangements
- Construction Materials aligned with market

GEG EBITDA Summary

EBITDA (HK\$'m)



EBITDA (HK\$'m)



	% Change Q4 yoy	% Change Full Year	% Change Q1 yoy
GEG Total	-37.1%	-55.4%	48%
StarWorld	-41.7%	-45.2%	15%
City Clubs	88.2%	-73.1%	2020%
Construction Materials	-12.9%	2.7%	7%

- StarWorld maintains momentum in a declining market
- City Clubs reports profit after 2 quarters of losses
- Construction Materials weathering storm and well positioned for future growth

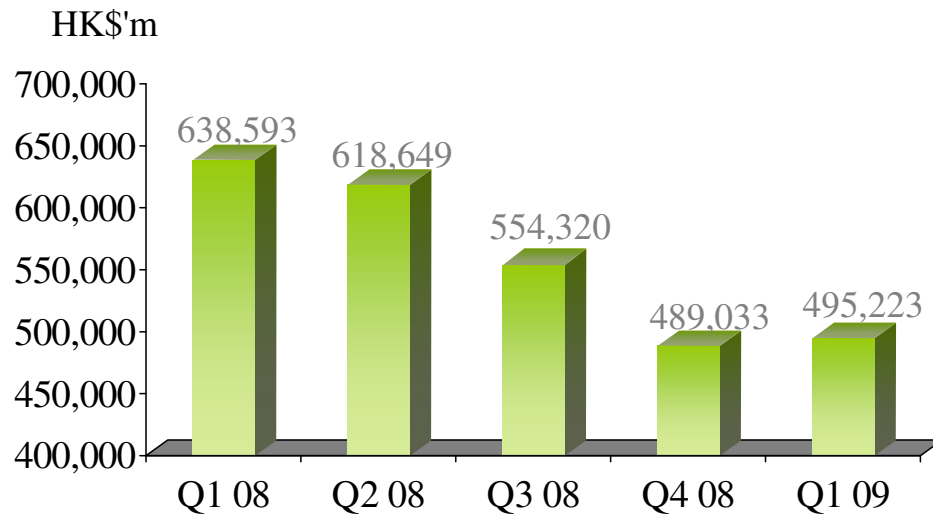
Statutory Profit and Loss Account Highlights (HK\$'m)



2007		2008	YoY % change
13,035	Revenue	10,497	-19%
1,221	EBITDA excluding interest Income & non-recurring items	544	-55%
0	Impairment on Intangible assets (non cash)	(12,330)	
(998)	Amortisation on Intangible assets (non-cash)	(707)	29%
39	Non-recurring gains/(losses)	(361)	-1025%
0	Gain from GCSA bond buyback	-	
0	Deferred tax credit on intangible assets impairment (non-cash)	1,511	
(502)	Net Profit / (Loss)	(11,555)	2202%

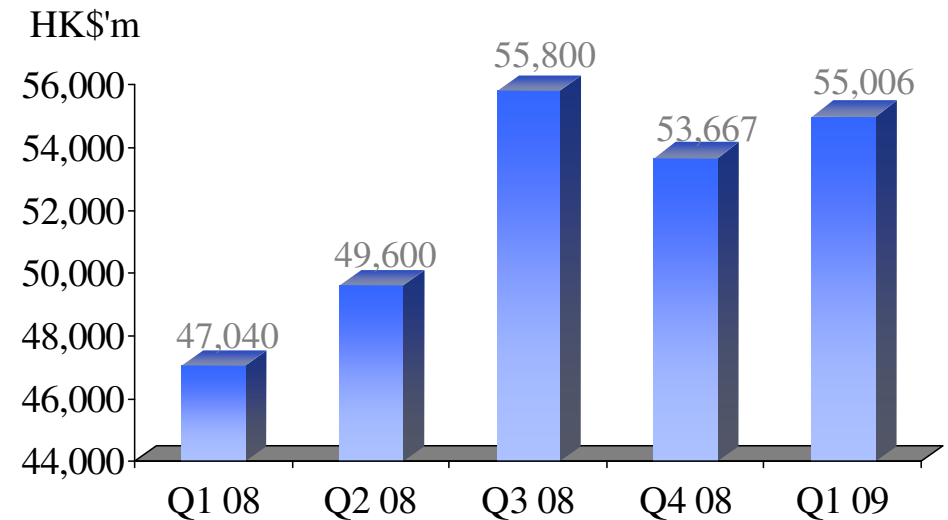
StarWorld Hotel & Casino

Macau VIP Gaming Rolling Chips



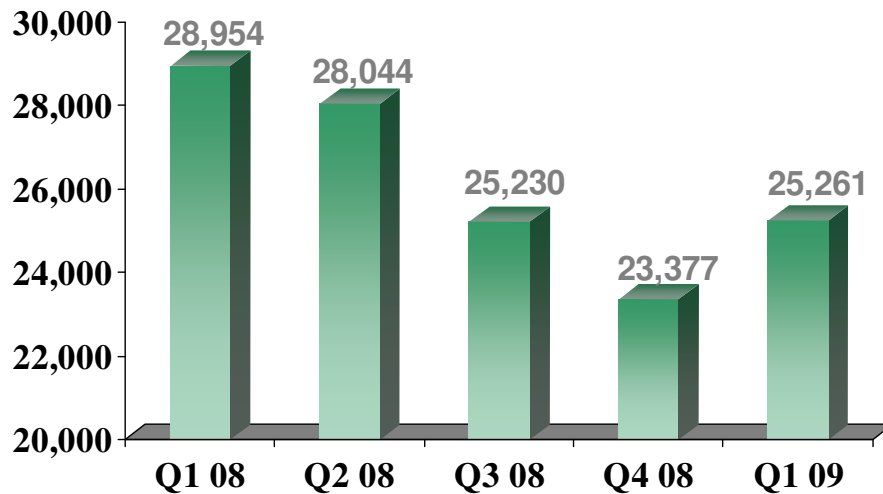
- Macau VIP volume decreased from HK\$ 639 billion to HK\$ 495 billion
- Declined 22%

StarWorld VIP Gaming Rolling Chips



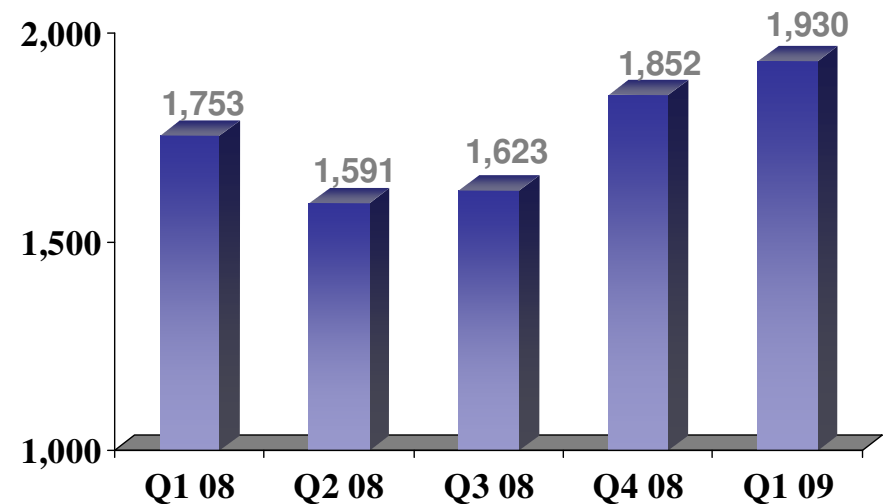
- StarWorld VIP volume grew from HK\$ 47 billion to HK\$ 55 billion
- Increased 17%

Macau Total Gaming Revenue (HK\$m)



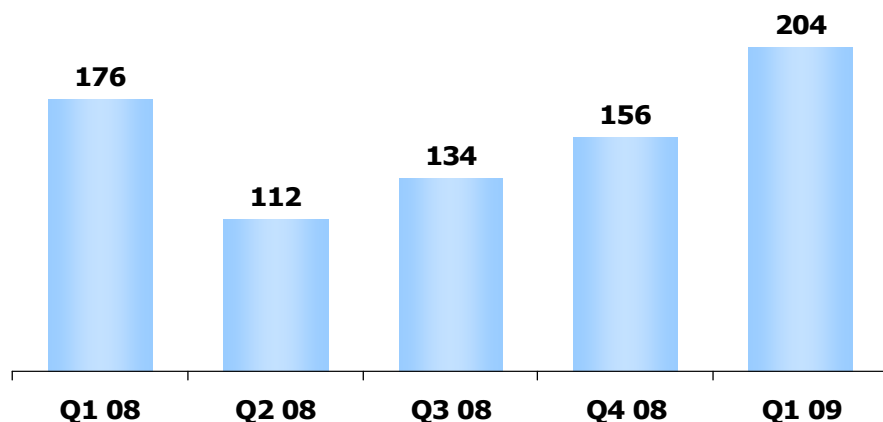
- Macau gaming revenue peaked at HK\$ 29 billion, Q1 2009 HK\$ 25 billion
- Decreased 13%

StarWorld Total Gaming Revenue (HK\$m)



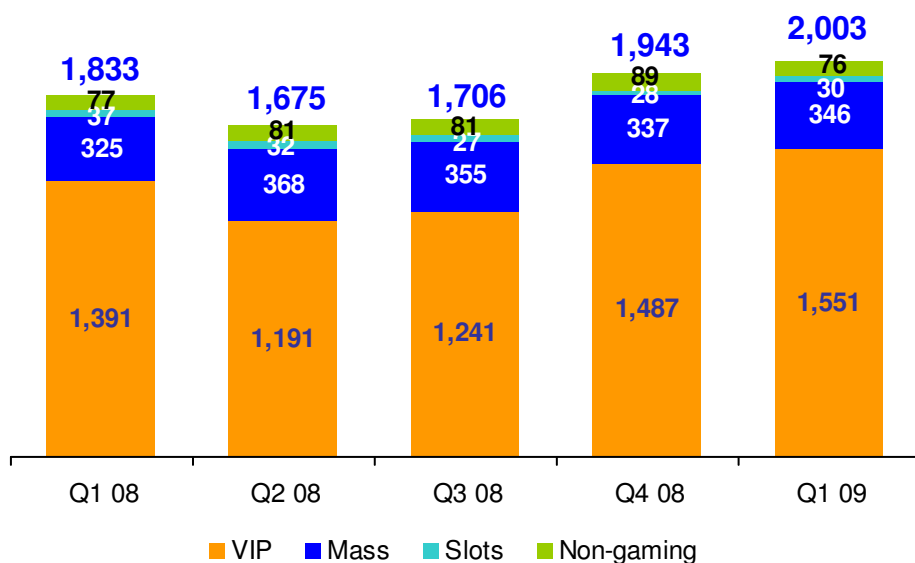
- StarWorld gaming revenue grew from HK\$ 1.7 billion to HK\$ 1.9 billion
- Increased 10%

StarWorld EBITDA (HK\$'m)



Revenue	% Change Q4 yoy	% Change Full Year	% Change Q1 yoy
StarWorld Total	-14.6%	-10.7%	9.4%
VIP Gaming	-16.4%	-11.9%	11.5%
Mass Gaming	-8.7%	-10.3%	6.7%
Slots Handling	-39.1%	-34.4%	-18.2%
Non-Gaming	12.7%	40.2%	-4.4%

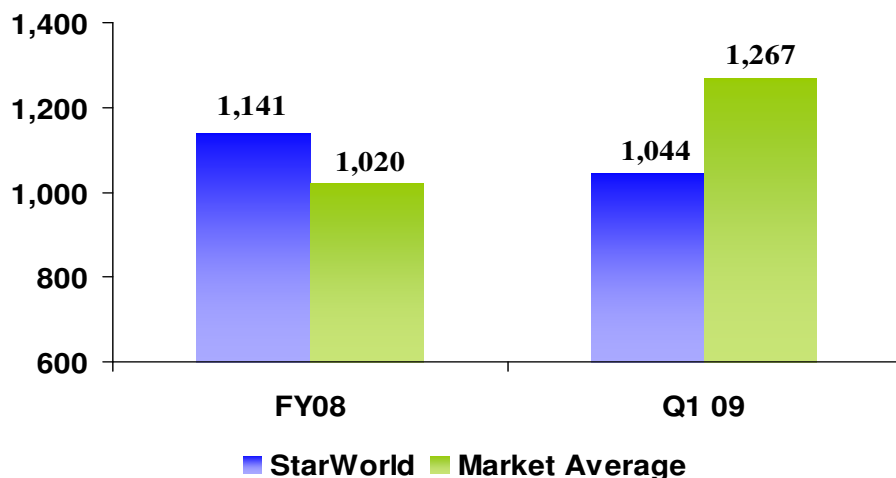
StarWorld Revenue (HK\$'m)



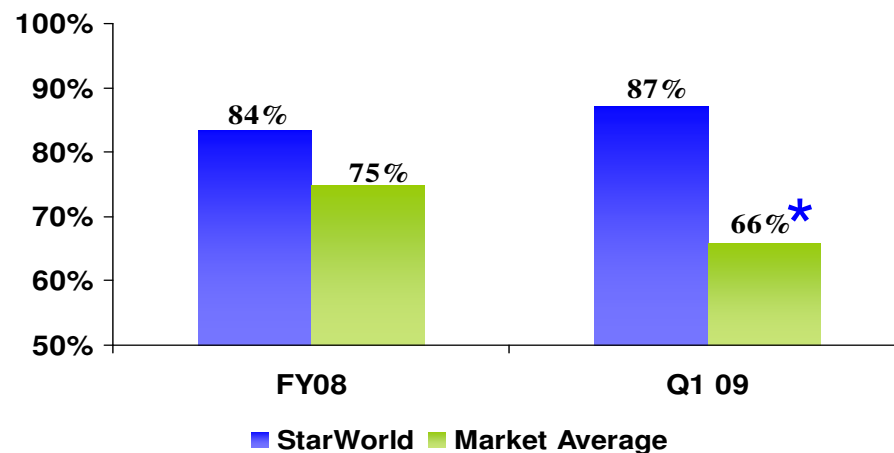
- **3 consecutive quarters of improving EBITDA**
- EBITDA driven by profitable volume
- Successfully implementing \$200 million operational efficiency programme
- Annualized ROI 19%

- FY08 non-gaming revenue grew 40% yoy to HK\$328 million
- Q4 2008 was HK\$89 million, +12.7% yoy
- Q1 2009 was HK\$76 million
- Occupancy at StarWorld consistently higher than overall market

ADR (HK\$)



Occupancy Rate



Note:

- StarWorld's ADR includes 10% Service Charge but excludes 5% tax
- Market average of ADR refers to the statistics by Macau Hotel Association on 5-Star hotels 2008 [HK\$1 = MOP\$1.03]
- StarWorld's occupancy is on available room nights base
- Market average of occupancy refers to statistics by DSEC (5-stars hotel)
- * Average of January and February 2009 Occupancy Rate, March figures shall be announced at mid-May

StarWorld Hotel Recognition



Date	Award	Association
2009	Best Casino Interior Design	International Gaming Awards
	Top 10 Leisure Hotels of China	Asia Hotel Forum's China Hotel Starlight Award
2008	5 Star Diamond Award	American Academy of Hospitality Sciences
	Top 100 Hotels of China	China Hotel Industry Summit
	Top 10 Business Hotels	China Hotel Industry Summit
	China Top 100 Hotels	Travel+Leisure Magazine
	Starlight Award	Asia Hotel Forum
2007	5 Star Diamond Award	American Academy of Hospitality Sciences
	High Flyers Award	Hong Kong Business Magazine

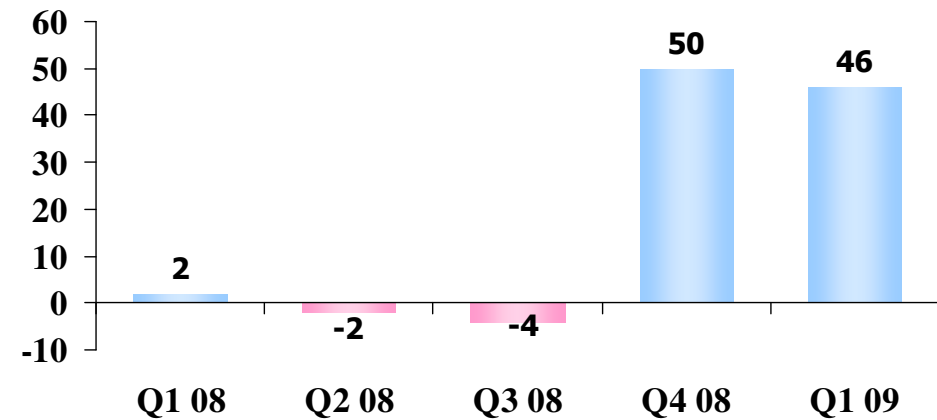


City Clubs

City Clubs

- Restructured agreement
- Resized properties
- Reduced costs
- Making a positive financial contribution

City Clubs EBITDA (HK\$'m)

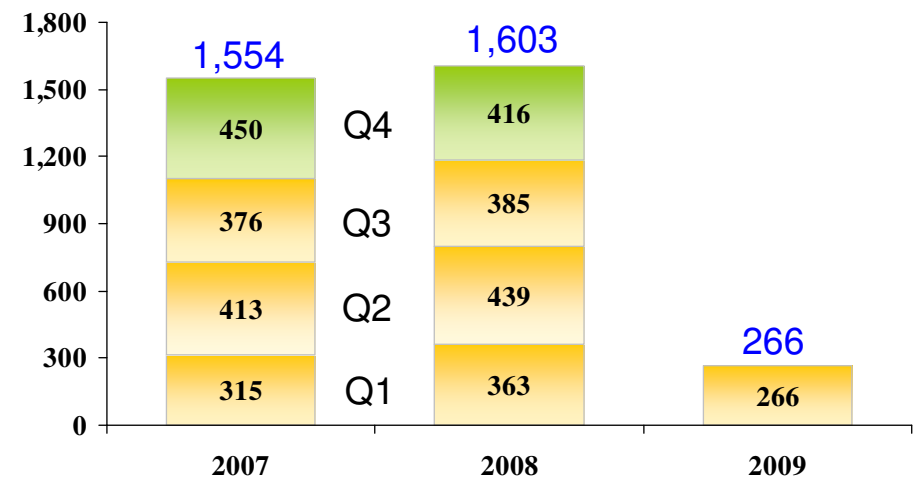


Construction Materials

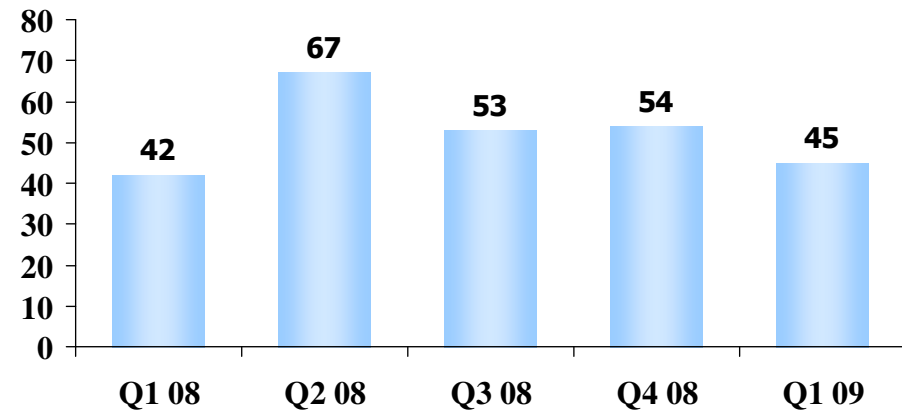
Construction Materials

- Reported 3% increase in revenue in 2008
- Solid EBITDA
- Well position to benefit in 2009/10 from China stimulus package on infrastructure investment
- Q1 2009 has additional HK\$40 million cash inflow from initial payment from sale of 50% interest in Huidong Quarry for \$177 million in addition to the EBITDA from normal operation of HK\$45 million

Construction Materials Revenue (HK\$'m)



Construction Materials EBITDA (HK\$'m)



Cotai Update

Cotai Update

- Strategic decision to slow the project in 2008
- Aligning the opening to improving economic environment
- Construction continues to proceed
- Anticipate savings from lower construction costs
- Anticipate acquiring land sometime in 2009

Cotai Update – Tower A



Photo taken at January 2008

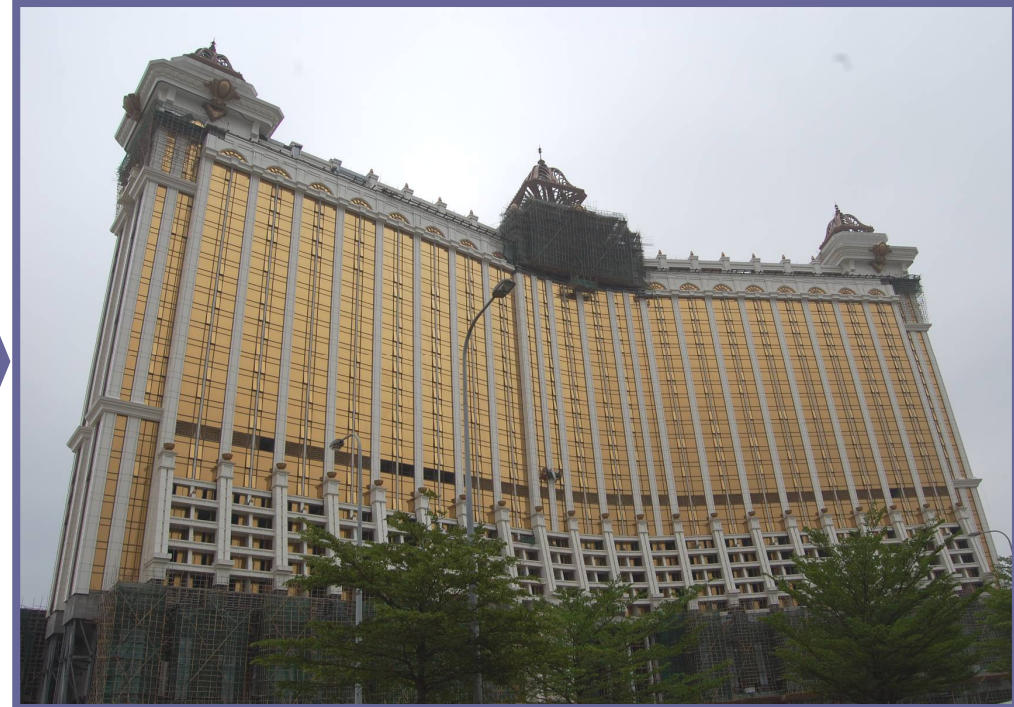


Photo taken at April 2009

Cotai Update – Tower B



Photo taken at March 2008



Photo taken at April 2009

Corporate Exercise Update

Gaming License Revaluation

- Non-cash write down of net HK\$ 11 billion
- No impact on our business operations
- No impact on our loan agreements
- Positive impact on future reported profits
- Reduces non-cash amortization from approximately \$1 billion to \$100 million going forward

Debt Buy Back Update

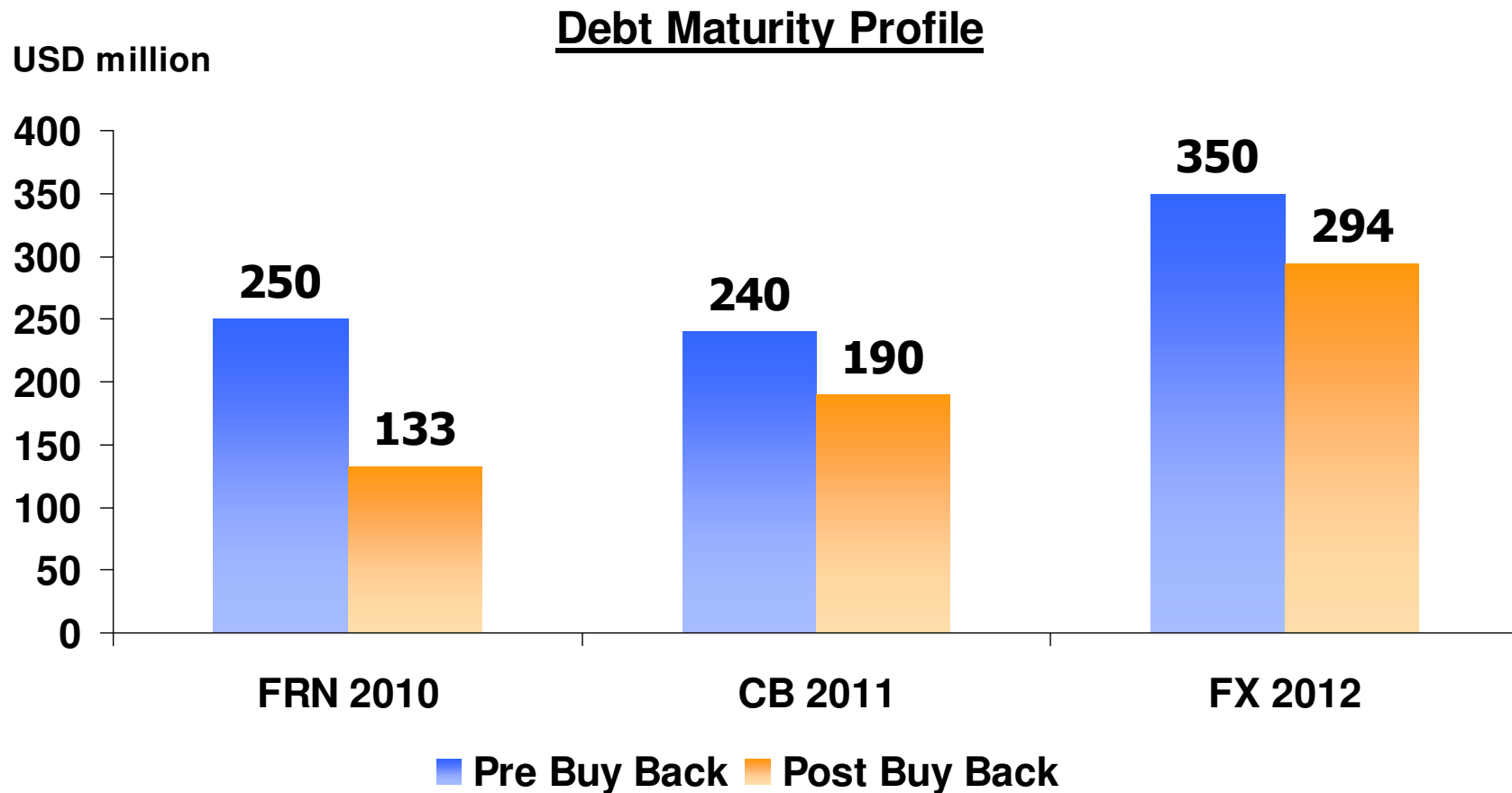
Debt repurchase program continues to yield positive results

- Purchased US\$ 223 million for US\$ 112 million or a 50% discount
- Reduced interest expense by US\$ 50 million over the life of the paper including cash interest of US\$ 40 million and imputed CB interest of \$10 million
- Tax free gain in 2009 approximately US\$ 100 million

Debt Buy Back Update



Enhanced debt maturity profile by reducing total debt of USD 840 million by 26% to USD 617 million



Actions taken

Operations

- Growing market share profitably
- Successfully restructuring City Clubs
- Driving operational efficiency
- Strengthened management team

Risk Management

- Remain liquid with over HK\$ 4.7 billion of cash
- Reduced leverage with buyback & reduced interest charges
- Revalued gaming license

Development

- Aligned the opening of Cotai development to market conditions

Positioned for Growth



- Focused Strategy
- Solid Operations
- Strong Balance Sheet
- Long Term Growth Potential

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