

**Interim Results 2010** 

**August 31, 2010** 

### **Executive Summary**



#### **Operational Highlights**

- Galaxy reports Half Year Record EBITDA \$990 million up 91% over 2009
- Galaxy Entertainment reports SEVEN consecutive quarters of EBITDA growth with \$573 million in Q2 2010
- StarWorld reports EIGHTH consecutive quarter of EBITDA growth with third consecutive all time quarterly EBITDA record of \$515 million in Q2 2010
- Reported strong hotel occupancy of 96% in Q2 and 95% for first half 2010
- City Clubs & Construction Materials continue to perform solidly
- Pro Forma NPAS grew 153% to \$608 million after adjusting for the one-time, non-recurring Bond Buyback gain and loss on redemption of 2012 Notes





#### **Development Highlights**

- Capitalizing on strong market performance by accelerating Galaxy Macau<sup>™</sup>
  rollout program and enhancing and expanding our resort facilities with a
  modest 5% increase in the budget to \$14.9 billion
- Remains on schedule to open in early 2011 and fully funded
- Actively building and recruiting world class management team to operate Galaxy Macau<sup>™</sup>

#### **Balance Sheet Highlights**

- Closed upsized \$9.0 billion Club Loan on June 14<sup>th</sup> with a consortium of Asia's leading banks
- Completed call of 2012 bonds in May with \$2.2 billion nominal value
- Remain liquid with Cash on Hand of \$1.6 billion at June 30



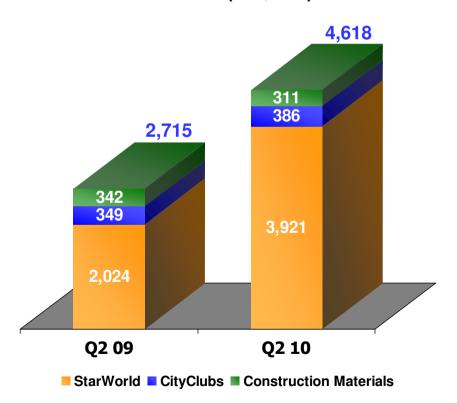
### **Galaxy Entertainment Group**



### **GEG Revenue Summary for Q2 2010**

#### Group revenue grew 70% over prior year led by StarWorld

#### Revenue (HK\$ mn)



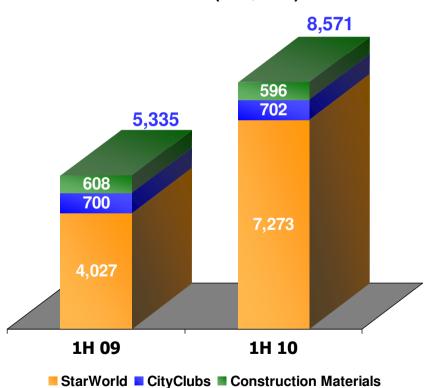
	% Change Q2 yoy	% Change Q2 to Q1 QoQ
GEG Total	70%	17%
StarWorld	94%	17%
City Clubs	11%	22%
Construction Materials	(9)%	9%



### GEG Revenue Summary for First Half 2010

#### Group revenue grew 61% over prior year led by StarWorld

#### Revenue (HK\$ mn)



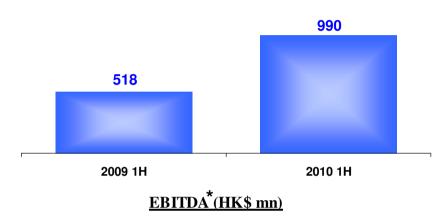
	% Change 1H yoy	% Change 1H10 to 2H09
GEG Total	61%	24%
StarWorld	81%	30%
City Clubs	0	9%
Construction Materials	(2)%	(6)%

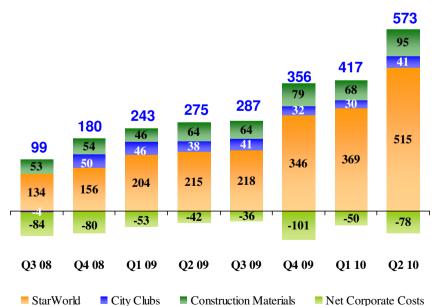
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# **GEG reports SEVENTH consecutive** quarters of **EBITDA** growth

- 1H10 Group EBITDA increased 91% yoy led by StarWorld<sup>™</sup> EBITDA increase of 111%
- Construction Materials seeing positive impact from Mainland stimulus package

	% Change Q2 yoy	% Change Q2 to Q1 QoQ	% Change 1H yoy
GEG Total	108%	37%	91%
StarWorld	140%	40%	111%
City Clubs	8%	37%	(16)%
Construction Materials	48%	40%	48%

#### Overview of First Half 2010 Results



- EBITDA grew 91% to HK\$990 million
- Pro Forma NPAS increased 153% to \$608 million
- Reported actual NPAS of HK\$475 million

(in HK\$ mn)	1H2009	1H2010	Change
Total Revenue (Statutory Basis)	5,335	8,571	61%
EBITDA	518	990	91%
Gain on bond buyback and loss on redemption of 2012 notes	819	-133	-
Net Profit After Taxation	1,065	482	-55%
Profit attributable to shareholders	1,059	475	-55%
Add back Gain on bond buyback and loss on redemption of 2012 notes	(819)	133	
Pro Forma profit attributable to shareholders	240	608	153%







### 星峰米泊為 StarWorld Hotel StarWorld Overview



#### 8 consecutive quarters of EBITDA growth

 3 consecutive all time record EBITDA quarters

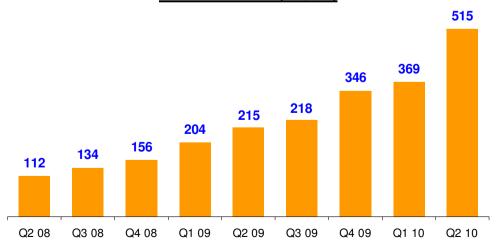
 1H10 EBITDA grew 111% over prior year to HK\$ 884 million

•	1H10 Rev	enue	up 81	% over
	prior year	to HK	(\$7.27	billion

Annualized ROI 43%

Revenue	% Change Q2 yoy	% Change Q2 to Q1 QoQ	% Change 1H yoy
StarWorld Total	94%	17%	81%
VIP Gaming	106%	21%	93%
Mass Gaming	27%	(18)%	19%
Slots	38%	(2)%	45%

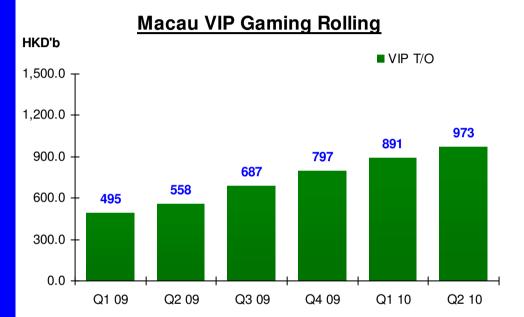
#### StarWorld EBITDA (HK\$ mn)

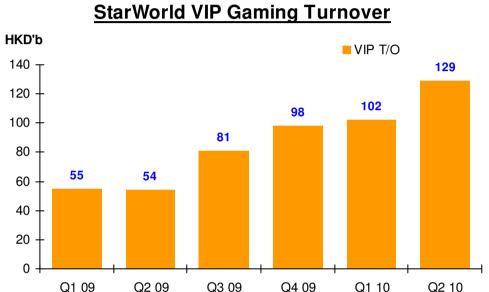




#### **StarWorld VIP Turnover**







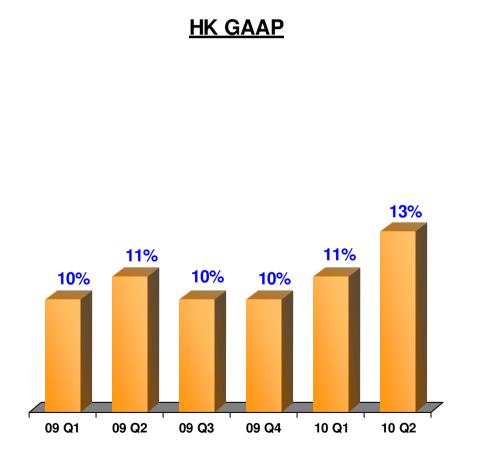
- Macau's VIP gaming rolling turnover
  - Up 77% from 1H09 to 1H10
  - Up 9% from 1Q to 2Q

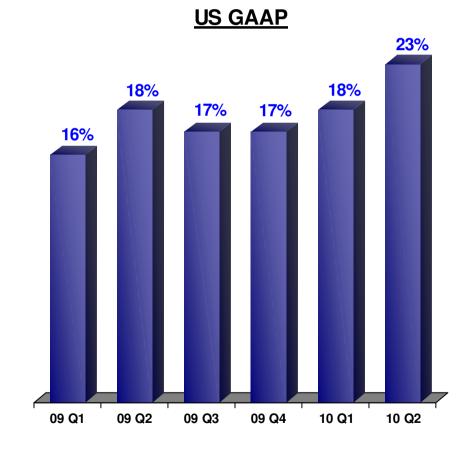
- StarWorld VIP rolling turnover
  - Up 112% from 1H09 to 1H10
  - Up 26% from 1Q to 2Q



### **StarWorld EBITDA Margin**

# Continue to grow business profitability with margin expansion to 23% in Q2 2010 (US GAAP)



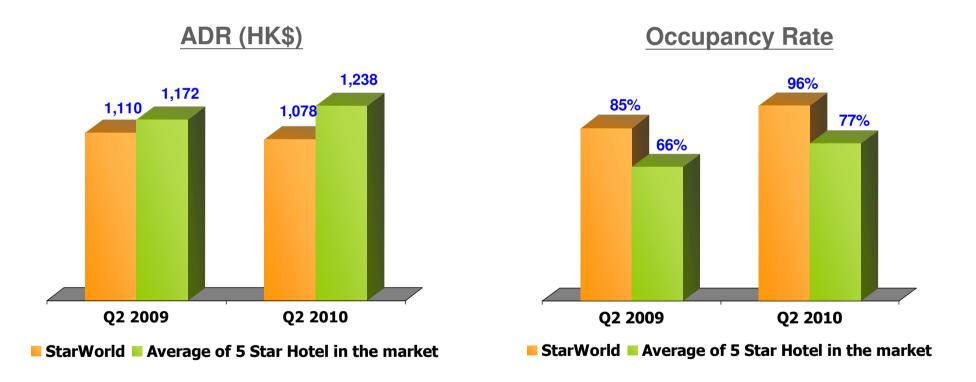








# Occupancy at StarWorld consistently higher than overall market with a focus driving gaming occupancy



#### 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 [HK\$1 = MOP\$1.03]
- StarWorld's occupancy is on available room nights base

### **StarWorld Hotel Recognition**













	Year	Award	Association
_	2010	World Hotel · Continental Diamond Awards – Top Ten Charming Hotels	World Hotel Association, China
		Best Business Hotel in Macau	7th Golden Pillow Award of China Hotels
		Best Entertainment and Gaming Theme	Golden Horse Award of China
_		Hotel	Hotel
		Top Ten Glamorous Hotels of China	China Hotel Starlight Awards
		5 Star Diamond Award	American Academy of Hospitality Sciences







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# **City Clubs**

### **City Clubs**

- CityClubs continue to make a valuable contribution
- Prudent management to ensure continuing profitability



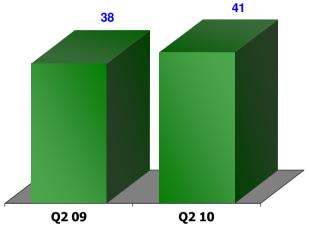




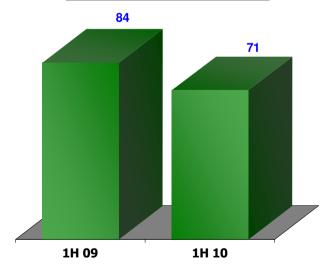


#### **Q2 2010 EBITDA (HK\$ mn)**





#### 1H 2010 EBITDA (HK\$ mn)





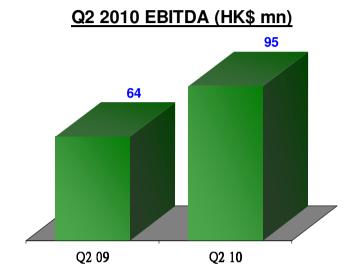
### **Construction Materials**



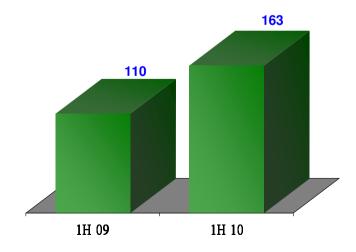
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#### **Construction Materials**

- Solid performer with improving market conditions
- Benefits from stimulus package materializing
- EBITDA improvement reflects shift in business mix towards higher value added products
- Joint Ventures do not consolidate revenue and report only EBITDA
- Well positioned for future growth







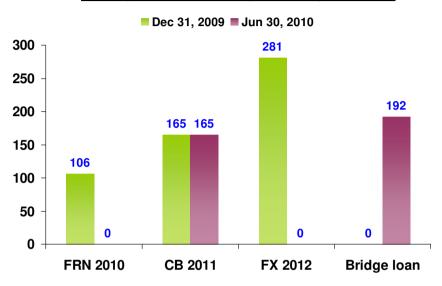


## **Liquidity Update**

### Cash on Hand & Long-term Debt



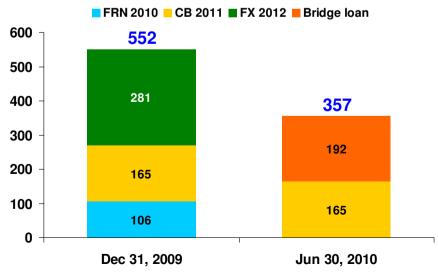
#### **Galaxy Debt Profile By Maturity (USD'm)**



Redeemed the outstanding 2010
 & 2012 bonds in January and
 May respectively

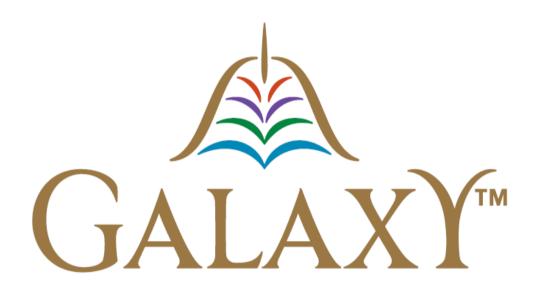
 Closed HK\$9 billion Club Loan to finance Galaxy Macau<sup>™</sup> in June 2010

#### **Galaxy Total Debt (USD'm)**



- HK\$1.5 billion bridge loan as at 30 June 2010 subsequently repaid with Club Loan in July
- Remain liquid with total cash on hand of HK\$1.6 billion at 30 June 2010





MACAU

澳 門 銀 河

"World Class, Asian Heart" 「傲視世界,情繫亞洲」



### Galaxy Macau™ Update

# Strengthening market conditions support accelerating rollout program and expanding scope with a modest increase in budget to \$14.9 billion

#### Fully funded and remain on schedule to open in early 2011

- Capitalizing on exceptional market performance Investing an additional \$800 million to accelerating rollout schedule and enhance / expand resort facilities
- Fully funded with closing of \$9.0 billion club loan
- Actively building world class pre-opening team and recruiting key personnel
- Substantial progress on interior fit out of entire property
- Successfully tendered virtually all construction contracts on favorable terms
- Target opening remains unchanged as "early 2011"/Q1 2011



# GALAXY Galaxy Macau TM





August 31, 2010

### **Summary**

#### **Operations**

- GEG reports SEVEN consecutive quarters of EBITDA growth
- StarWorld<sup>™</sup> reports EIGHT consecutive quarters EBITDA growth
- Building + recruiting world class management team

#### **Financing**

- Closed upsized club loan to \$9.0 billion to finance Galaxy Macau<sup>™</sup>
- Redeemed the outstanding FX 2012 bonds on May 24th
- Remain liquid with \$1.6 billion of cash at June 30<sup>th</sup>

#### **Development**

- Fully funded Galaxy Macau<sup>™</sup>
- Remain on schedule with a modest increase in budget to open in early 2011
- Well positioned for future growth

# Positioned for Growth Property 1988

 Galaxy commenced with a vision

 "To be Asia's Leading Gaming & Entertainment Corporation"

 We are delivering upon and realizing that vision

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