

GALAXY™  
MACAU  
澳門銀河

銀娛GEG

星際酒店  
StarWorld · Macau

# *Interim Results 2011*

August 31, 2011

# Executive Summary for Half Year 2011

## GEG

- Reported record first half results as EBITDA nearly doubles to \$1.8 billion due to StarWorld and the opening of Galaxy Macau™
- Adjusted NPAS more than doubles to \$1.3 billion

## StarWorld

- Reported **12<sup>th</sup>** consecutive quarter of EBITDA growth with \$685 million in Quarter 2, 2011
- Generated EBITDA of \$1.3 billion in the first six months of 2011, 53% growth yoy

## Galaxy Macau™

- Successfully opened on May 15<sup>th</sup> 2011 with positive feedback from public
- Generated EBITDA of \$376 million for the first 47 days of operation
- Entire resort be fully operational by year end
  - Open all 2,200 hotel rooms by late 2011
  - UA Galaxy Cinemas and China Rouge to open by late 2011

## Balance Sheet

- Remain well capitalized and liquid with Cash on Hand of \$6.7 billion at June 30, 2011



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# Q2 2011 REVIEW



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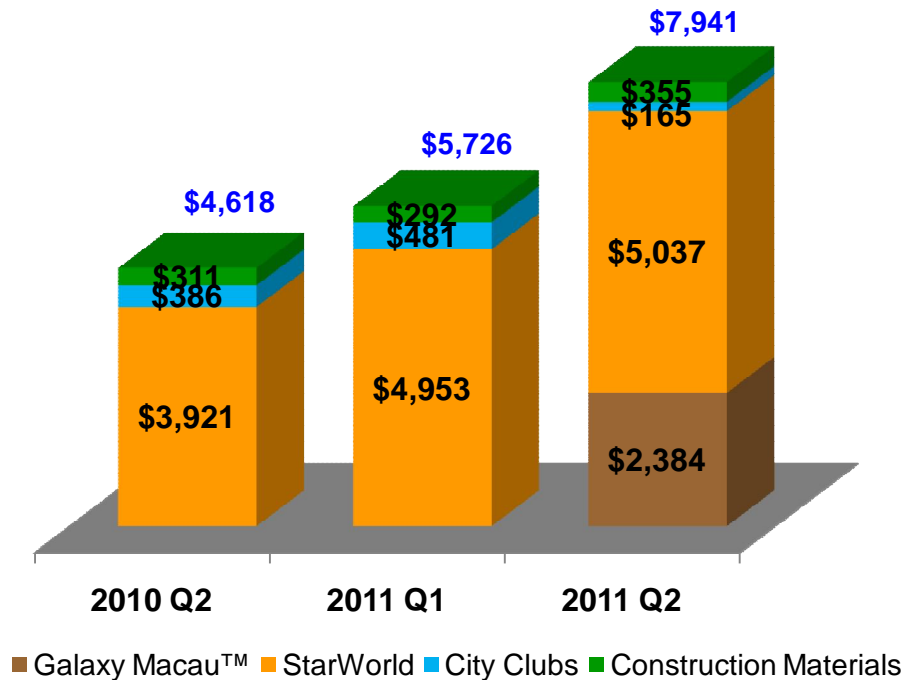
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# Galaxy Entertainment Group

# GEG Revenue Summary Q2 2011

Revenue in Quarter 2 grew 72% yoy driven by StarWorld & recently opened Galaxy Macau™

GEG Revenue (HK\$'m)



	% Change Q2 yoy	% Change Q1 to Q2 11 QoQ
GEG Total	+72%	+39%
Galaxy Macau™	n/a	n/a
StarWorld	+29%	+2%
City Clubs	(57)%	(66)%
Construction Materials	+14%	+22%

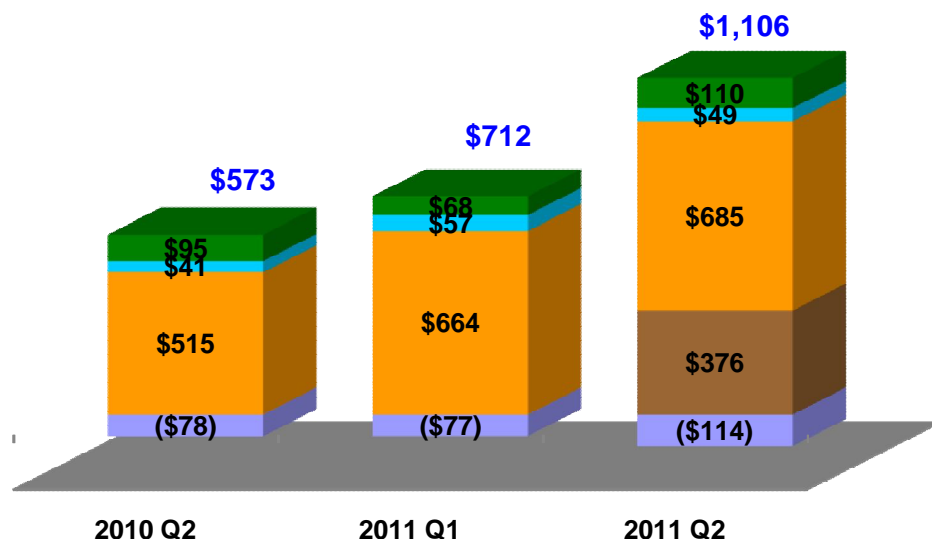
# GEG EBITDA Summary Q2 2011

**Group EBITDA grew 93% yoy in Q2 2011 to an all time record of \$1.1 billion**

- GEG reports **11<sup>th</sup>** consecutive quarter EBITDA growth in Q2 with \$1.1 billion
- StarWorld reports **12<sup>th</sup>** consecutive quarter of EBITDA growth with \$685 million
- Galaxy Macau™ contributes a healthy \$376 million for half a quarter

## GEG EBITDA (HK\$'m)

■ Galaxy Macau™  
 ■ City Clubs  
 ■ Net Corporate Costs  
 ■ StarWorld  
 ■ Construction Materials

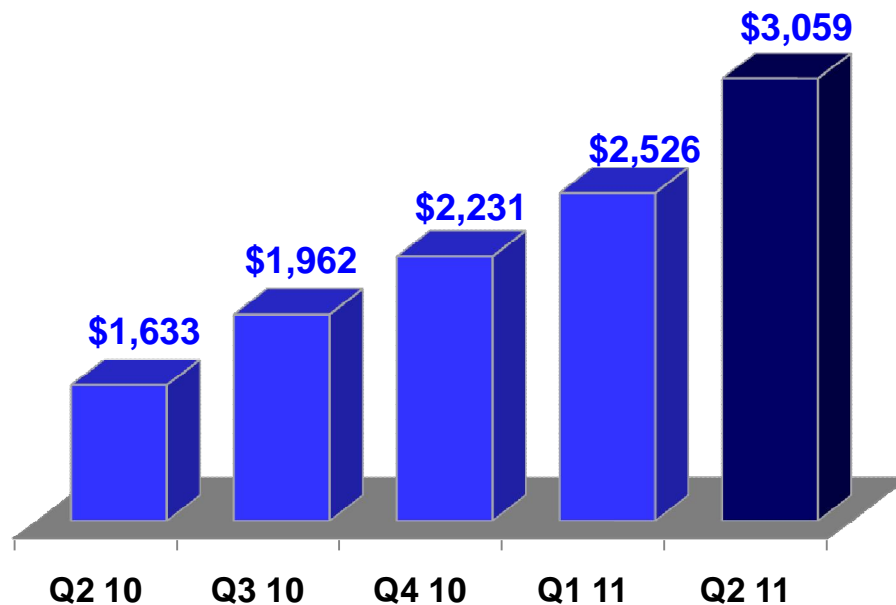


	% Change Q2 yoy	% Change Q1 to Q2 11 QoQ
GEG Total	+93%	+55%
Galaxy Macau™	n/a	n/a
StarWorld	+33%	+3%
City Clubs	+20%	(14)%
Construction Materials	+16%	+62%

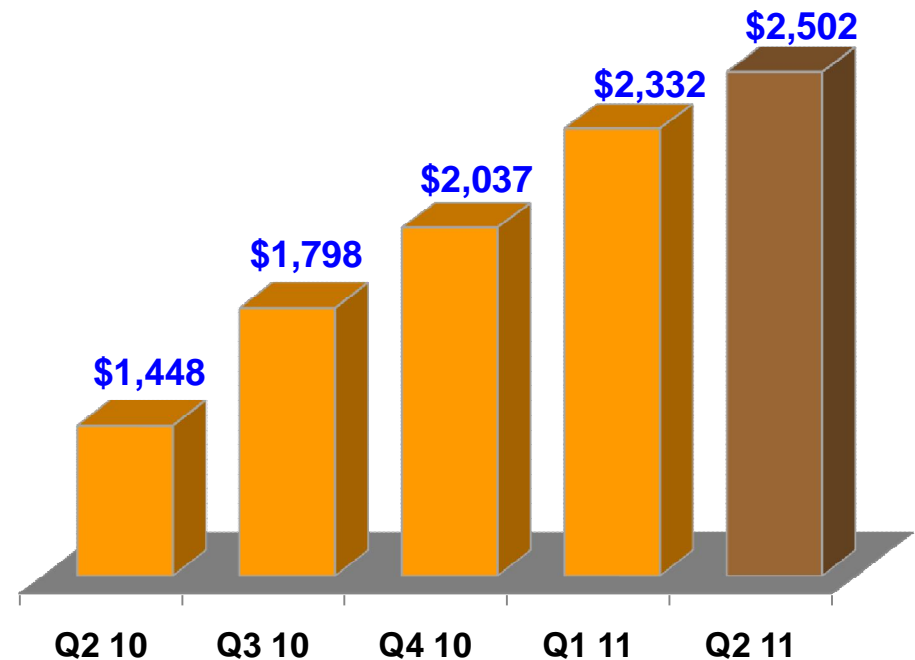
# GEG and StarWorld EBITDA- Latest 12 Months Summary

Generated LTM EBITDA ended June of \$3.1 billion

GEG (HK\$'m)



StarWorld (HK\$'m)





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





## Welcomed Galaxy Macau™'s first guest on May 15<sup>th</sup>, 2011

### Summary

- Recorded Revenue of \$2.4 billion and generated EBITDA of \$376 million for our first 47 days ended June 30<sup>th</sup>
- Reported strong occupancy of 88% for Q2 and finished with 92% for June
- Exceeding target daily visitation of 30K per day
- Staffed with over 7,500 team members delivering 'World Class, Asian Heart' service

### Development Update

- Expect total investment of \$16.5 billion, a 7% increase
- \$600 million entertainment annex remains on budget and will open in Q4 2011
- Announced UA will manage the UA Galaxy Cinemas
- Complete rollout of all 2,200 rooms by year end
- China Rouge scheduled to open by late 2011

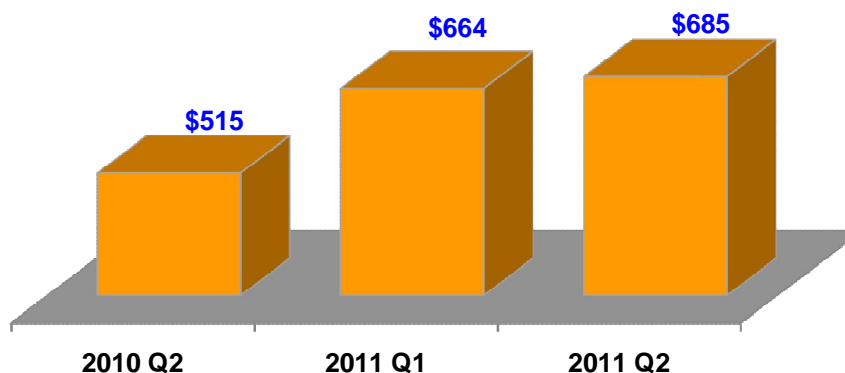
星際 ✨ 酒店  
StarWorld · Macau

## Reported 12<sup>th</sup> consecutive quarter of EBITDA growth in Q2 with \$685 million despite the opening of Galaxy Macau™

- Reported all time record revenue in Q2 with \$5.1 billion driven by record VIP volume and mass's best volume quarter in 4 years with over \$2.0 billion
- Opening of Galaxy Macau™ strengthens Starworld's position
- Reported strong occupancy of 98% in Q2
- Annualized ROI continues to improve with 74%\*

Revenue	% Change Q2 yoy	% Change Q1 to Q2 11 QoQ
StarWorld Total	+29%	+2%
VIP Gaming	+27%	+3%
Mass Gaming	+55%	+1%
Slots	+9%	(30)%

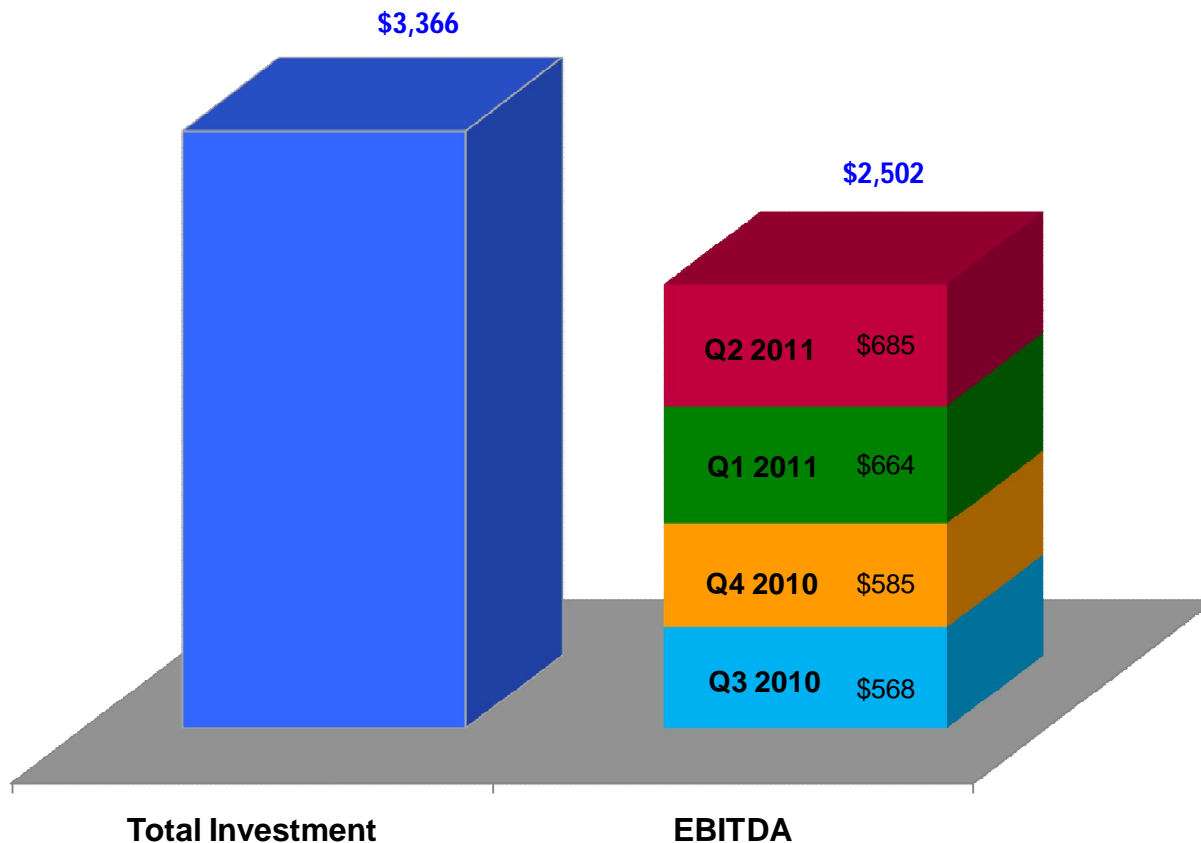
**StarWorld EBITDA (HK\$m)**





## StarWorld annualized ROI continues to improve with 74%\*

StarWorld Annualized ROI as at June 30, 2011 (HK\$m)

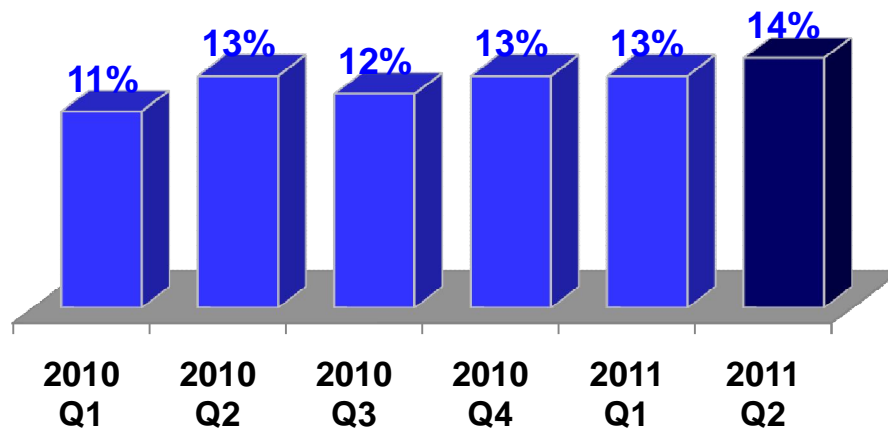


- StarWorld is one of the highest returning casinos in the world with a 74% ROI
- StarWorld's total investment cost was HK\$3,366 million. Over the past 12 months, StarWorld generated EBITDA of HK\$2,502 million

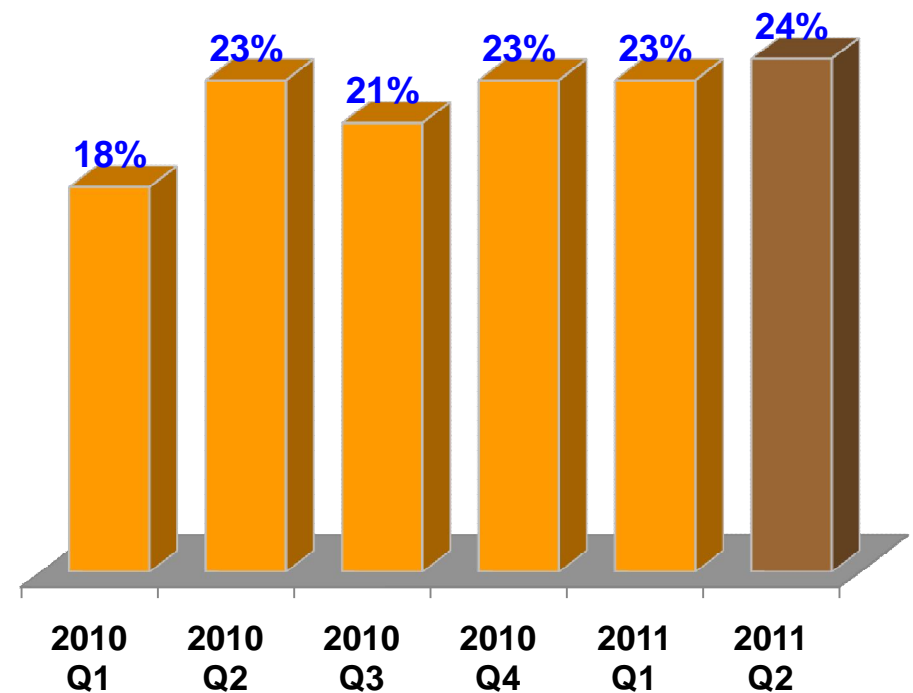
## StarWorld EBITDA Margin

Q2 2011 EBITDA margin of 24% reflects StarWorld's efficiency especially given VIP focus

HK GAAP



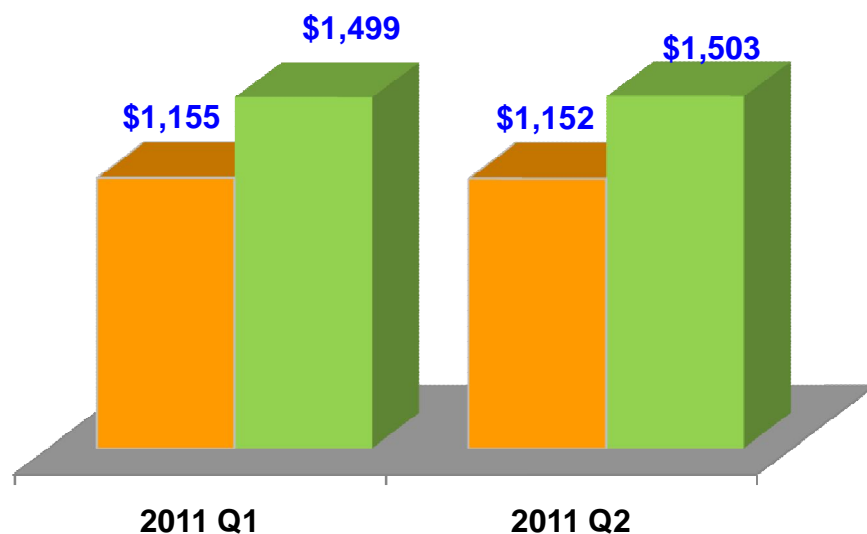
US GAAP



## Q2 2011 occupancy outpacing all other 5-star hotels in Macau

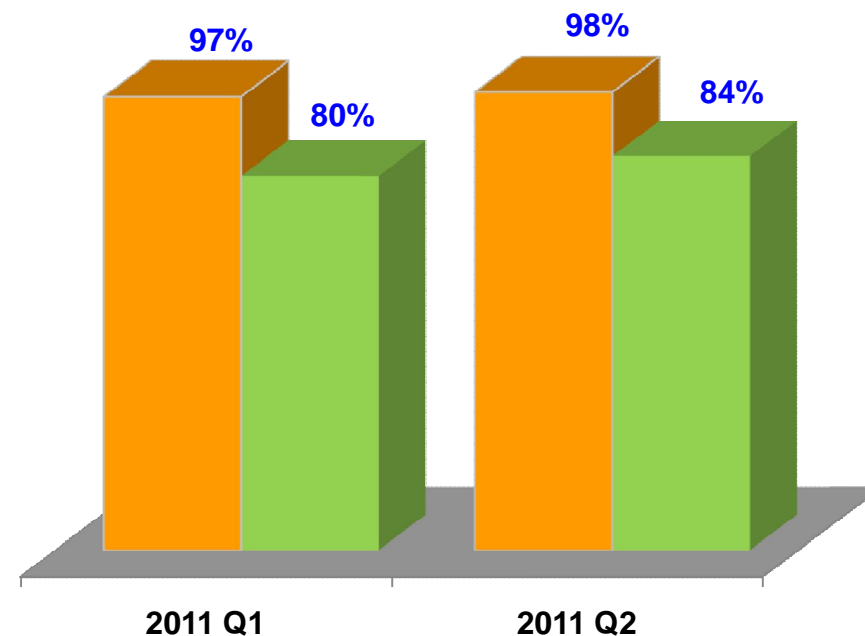
ADR (HK\$)

■ StarWorld ■ Average of 5-Star Hotel in the market



Occupancy Rate

■ StarWorld ■ Average of 5-Star Hotel in the market



*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
- Market average of occupancy refers to statistics by DSEC (5-star hotel)

# StarWorld Hotel Recognition

## HOTEL AWARDS

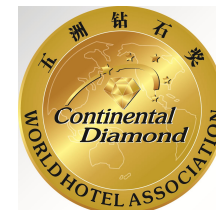


Award Name	Organization
Five-Star Diamond Award (2007 - 2011)	The American Academy of Hospitality Sciences
Best Service Hotel (2011)	Golden Horse Award of China Hotel
Best Consumer Satisfaction Hotel (2011)	Golden Horse Award of China Hotel
Top Ten Glamorous Hotels of China (2010-11)	China Hotel Starlight Awards
High-Flyers Award (2010) – Leading Hotel & Casino	Hong Kong Business Magazine
Top Ten Charming Hotels in China (2010)	Continental Diamond Awards of World Hotel Association (China)
Best Gaming Hotel China (2010)	Golden Horse Award of China Hotel
Best Business Hotel in Macao (2010)	The 7 <sup>th</sup> Golden Pillow Award of China Hotels

## FOOD AND BEVERAGE AWARDS



Award Name	Organization
All World Open Cup – Local Flairtending Cocktail Competition (Hong Kong, Macau and Mainland China ) first runner up (2011)	HOFEX
Bronze Medal of Hong Kong International Culinary Classic for Western Cuisine – Professional – Barramundi (2011)	HOFEX
Best Restaurant – Jade Garden (2011)	International Gaming Awards
One Star Restaurant (Macau) – Jade Garden (2010, 2011)	Michelin Guide Hong Kong and Macau
Listed in Michelin Guide – Inagiku (2011)	Michelin Guide Hong Kong and Macau
Listed in Michelin Guide – Laurel (2011)	Michelin Guide Hong Kong and Macau
Gold Meal of International Famous Chef Invitation Tournament for Chinese Cuisine (2010)	World Association of Chinese Cuisine
Listed in Macau's Best Restaurants – Jade Garden, Laurel, Temptations and Inagiku (2010)	Macau Tatler
Top Bars and Hotspots – Macau's Best Restaurants – Whisky Bar (2010)	Macau Tatler







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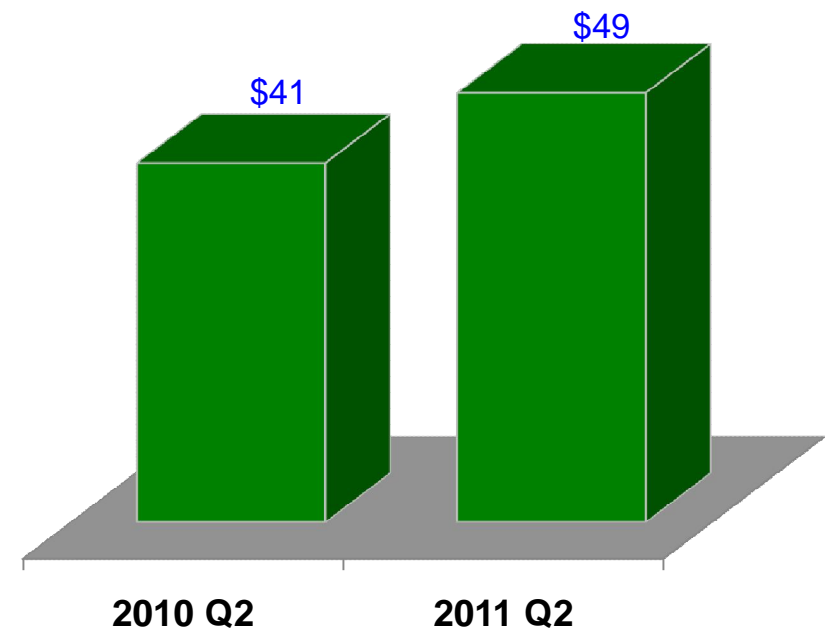
**CITY CLUBS**

# City Clubs

City Clubs' EBITDA grew a healthy 20% yoy to \$49 million



City Clubs EBITDA (HK\$'m)





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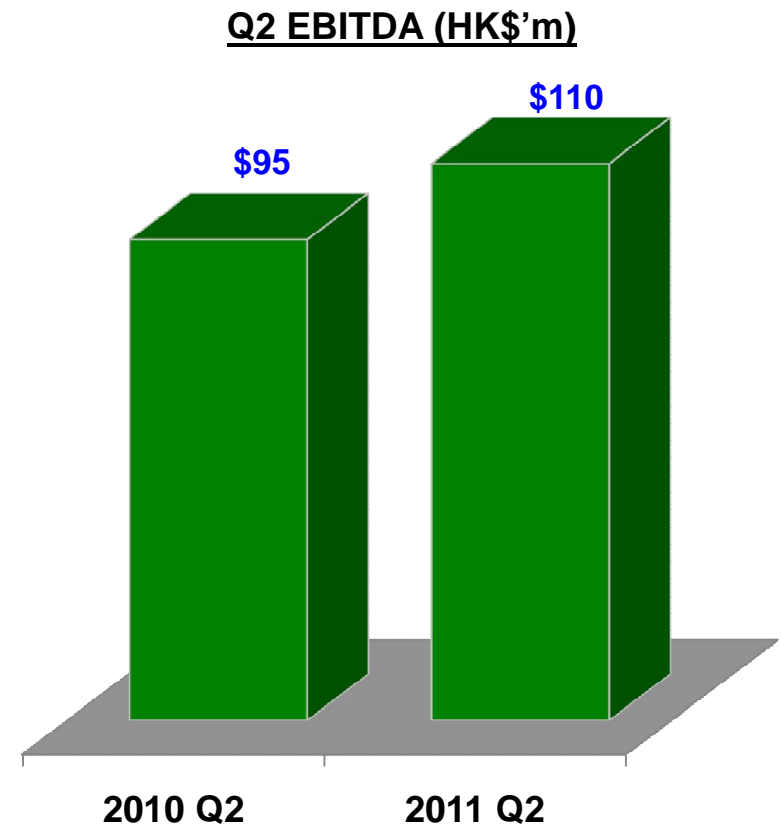


# Construction Materials

# Construction Materials

## EBITDA grew 16% yoy to \$110 million

- Solid performer with improving market conditions
- Successfully executing slag and cement expansion strategies and shifting business mix towards higher margin products primarily through Joint Ventures in Mainland China
- Well positioned for future growth





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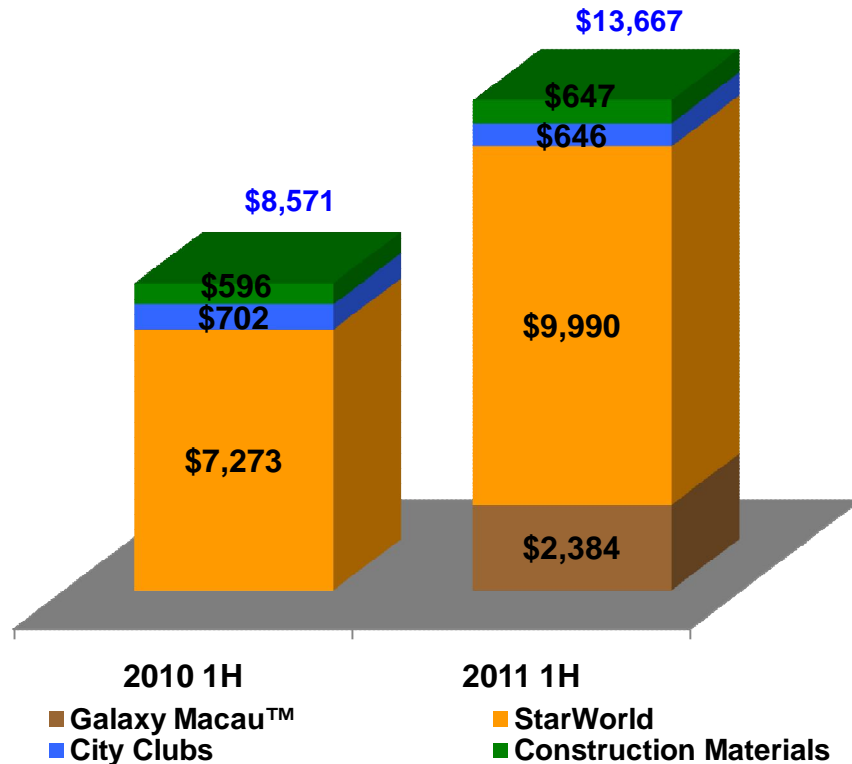
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# 1H 2011 REVIEW

# GEG 1H 2011- Revenue

Revenue in first half 2011 grew 60% yoy to a record \$13.7 billion driven by StarWorld & Galaxy Macau™

GEG Revenue (HK\$'m)

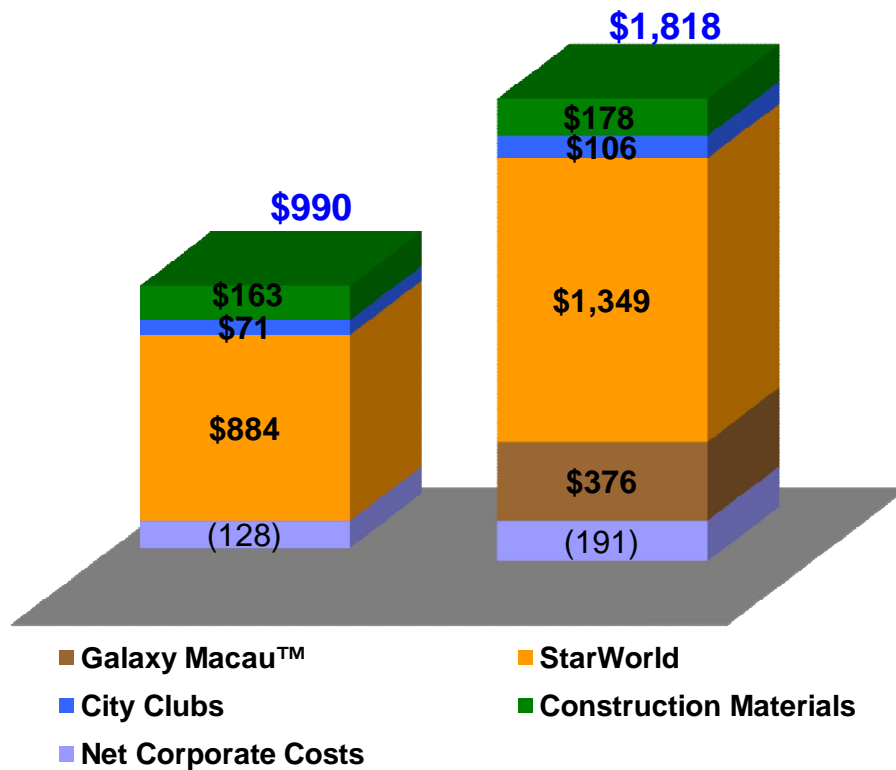


	% Change 1H yoy	% Change 2H10 to 1H11
GEG Total	+60%	+28%
Galaxy Macau™	n/a	n/a
StarWorld	+37%	+8%
City Clubs	(8)%	(16)%
Construction Materials	+9%	0

# GEG 1H 2011- EBITDA

Group EBITDA grew 84% yoy to a record \$1.8 billion in the first half of 2011 led by StarWorld and Galaxy Macau™

GEG EBITDA (HK\$'m)



	% Change 1H yoy	% Change 2H10 to 1H11
GEG Total	+84%	+46%
Galaxy Macau™	n/a	n/a
StarWorld	+53%	+17%
City Clubs	+49%	+22%
Construction Materials	+9%	(4)%

# GEG 1H 2011- NPAS

## Adjusted NPAS more than doubled to \$1.3 billion for the first half of 2011

- Adjusted NPAS for the first half of 2011 excluding non-recurring:
  - Pre-Opening expenses associated with Galaxy Macau™ of \$767 million
  - Non-cash charge from CB derivative component fair value change of \$165 million

<i>(in HK\$ mn)</i>	<b>1H 2010</b>	<b>1H 2011</b>	<b>Change</b>
<b>Total Revenue (Statutory Basis)</b>	<b>8,571</b>	<b>13,667</b>	<b>+60%</b>
<b>EBITDA</b>	<b>990</b>	<b>1,818</b>	<b>+84%</b>
Change in Fair Value of Derivative under CB	44	(165)	
Loss on redemption of 2012 notes	(133)	--	
Net Profit After Taxation	482	390	
<b>Net Profit Attributable to Shareholders</b>	<b>475</b>	<b>378</b>	<b>-20%</b>
Exclude Non-cash Change in Fair Value of Derivative under CB	<b>(44)</b>	<b>165</b>	
Add back Loss on redemption of 2012 notes	133	--	
Add back GM pre-opening expenses	44	767	
<b>Adjusted Net Profit Attributable to Shareholders</b>	<b>608</b>	<b>1,310</b>	<b>+115%</b>





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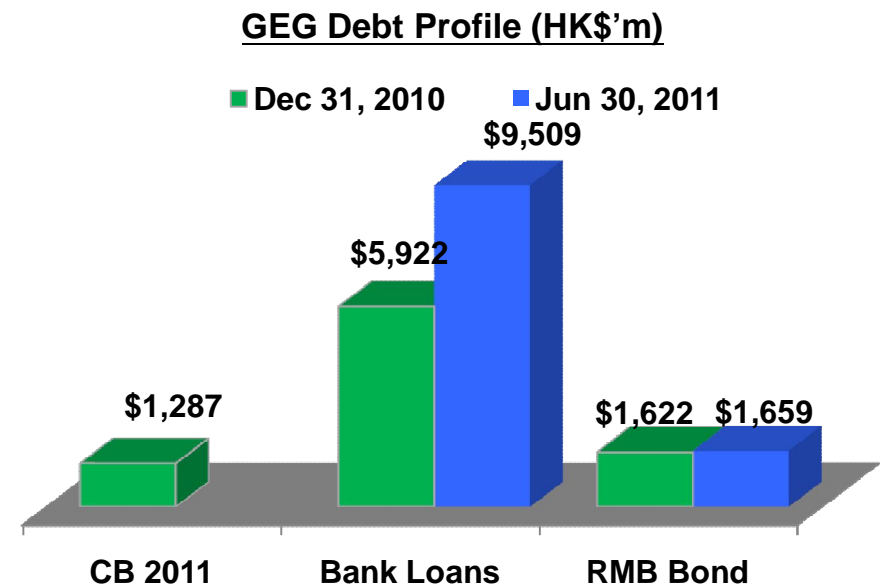
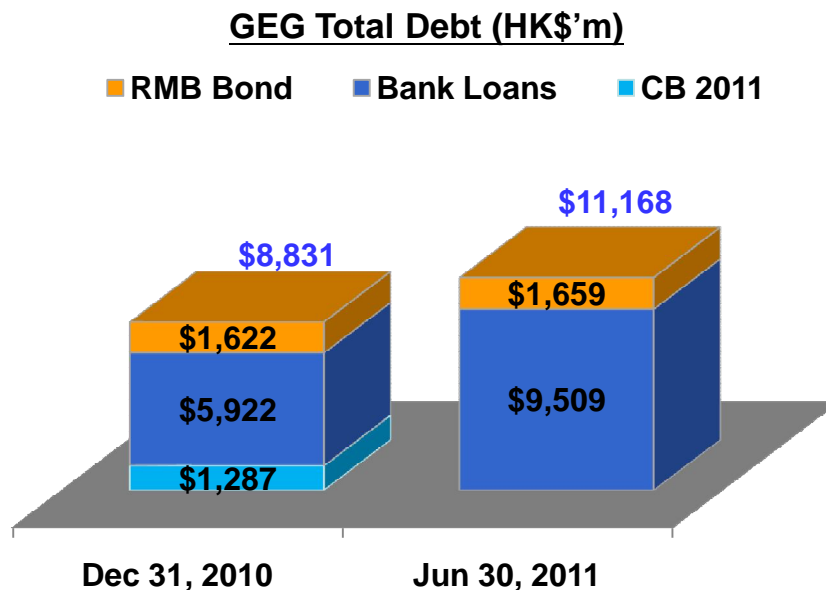
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# Liquidity and Financing Update

# Long-term Debt & Cash on Hand

**GEG remains well capitalized with significant cash of \$6.7 billion supported by strong operational performance**

- GEG remains liquid with total cash on hand of HK\$6.7 billion at June 30, 2011
- Strengthened Balance Sheet with full conversion of \$1.3 billion CB in March
- Debt maturity profile improved from average maturity of 2 years in December 2009 to approximately 4 years as of June 2011



# Summary

## Operations

- GEG reports **ELEVEN** consecutive quarters of EBITDA growth
- StarWorld reports **TWELVE** consecutive quarters of EBITDA growth
- Galaxy Macau™ generated \$376 million EBITDA in the first 47 days
- Latest twelve months Group and StarWorld EBITDA through June 2011 raised to \$3.1 and \$2.5 billion respectively
- StarWorld delivered a continuously improving ROI\* of 74% in Q2 2011

## Financing

- Liquid with \$6.7 billion of cash at June 30, 2011
- All CB fully converted in March which strengthened Balance Sheet
- Extended debt maturity profile from 2 to 4 years

## Development

- Galaxy Macau™ open successfully on May 15<sup>th</sup>, 2011
- Expanding Galaxy Macau™ with new entertainment offering in Q4 2011
- Well positioned for future growth with Macau's largest landbank

# Positioned for Growth



- **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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