



***Interim Results 2015***

**August 19, 2015**

# Executive Summary

## **GEG: Credible Results in a Challenging Market**

- Half year revenue of \$25.4 billion, down 34% year-on-year
- Half year Adjusted EBITDA of \$4.2 billion, down 43% year-on-year
- Second quarter Adjusted EBITDA of \$1.9 billion, down 46% year-on-year
- Half year Net profit attributable to shareholders (“NPAS”) of \$2.0 billion, a decrease of 66% year-on-year including \$1.0 billion of non-recurring charges
- Half year Adjusted NPAS of \$3.0 billion declined 51% year on year after adjusting for non-recurring charges
- Played unlucky in gaming operations which reduced profitability by approximately \$265 million for the first half and \$335 million in the second quarter
- Paid special dividend of \$0.28 per share on May 22, 2015

## **Galaxy Macau™: Successful opening of expanded integrated resort on May 27 reflects only 35 days of operation**

- Half year revenue of \$17.2 billion, down 31% year-on-year; Half year Adjusted EBITDA of \$3.2 billion, down 41% year-on-year, as opening costs and bad luck impacted earnings particularly in the second quarter
- Second quarter Adjusted EBITDA of \$1.4 billion, down 47% year-on-year
- Played unlucky in Q2 2015 which reduced Adjusted EBITDA by approximately \$300 million
- Hotel occupancy for Q2 across the five hotels was 97%

## **StarWorld Macau: Respectable performance given market conditions**

- Half year revenue of \$7.1 billion and Half year Adjusted EBITDA of \$1.1 billion, both down 42% year-on-year
- Second quarter Adjusted EBITDA of \$509 million, down 38% year-on-year
- Played unlucky in Q2 2015 which reduced Adjusted EBITDA by approximately \$30 million
- Hotel occupancy for Q2 was 99%

# Executive Summary

## **Broadway Macau™: Successful opening of Broadway Macau™ as Macau's new landmark for family entertainment**

- Second quarter revenue of \$64 million, reflecting only 35 days of operation
- Second quarter Adjusted EBITDA of \$(2) million, including playing unlucky by \$5 million in the quarter
- Continue to ramp up operations and open the remaining facilities
- Hotel occupancy for the 35 days in operation was 99%

## **Development Update: Well defined medium and long term pipeline in Macau**

- Cotai Phases 3 & 4 – Site investigation works scheduled to commence in later part of 2015 / early 2016
- Hengqin – Continuing with concept plans for the 2.7 sq km land parcel
- International – Continuously exploring opportunities in overseas markets

## **Balance Sheet: Continues to be very strong and liquid**

- Cash on hand of \$9.4 billion as at June 30, 2015 with net cash of \$4.6 billion
- Debt of \$4.8 billion as at June 30, 2015 primarily reflects ongoing treasury yield management initiative

## **Subsequent Events: Strategic Minority Investment and Special Dividend**

- Announced strategic minority investment of approximately 5% of Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco (S.B.M.)
- Declared a special dividend of \$0.14 per share to be paid on or about October 30, 2015

# Galaxy Macau™ & Broadway Macau™ Opening





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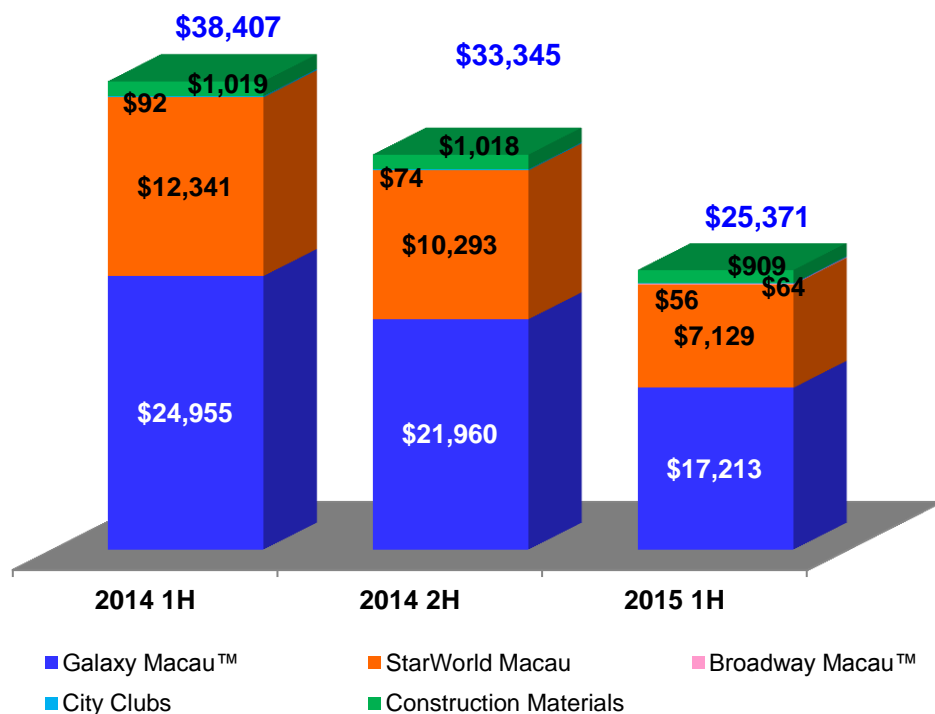
# Interim Results 2015



# GEG Revenue Summary 1H 2015

Revenue in first half 2015 declined 34% YoY to \$25.4 billion

GEG Revenue (HK\$m)



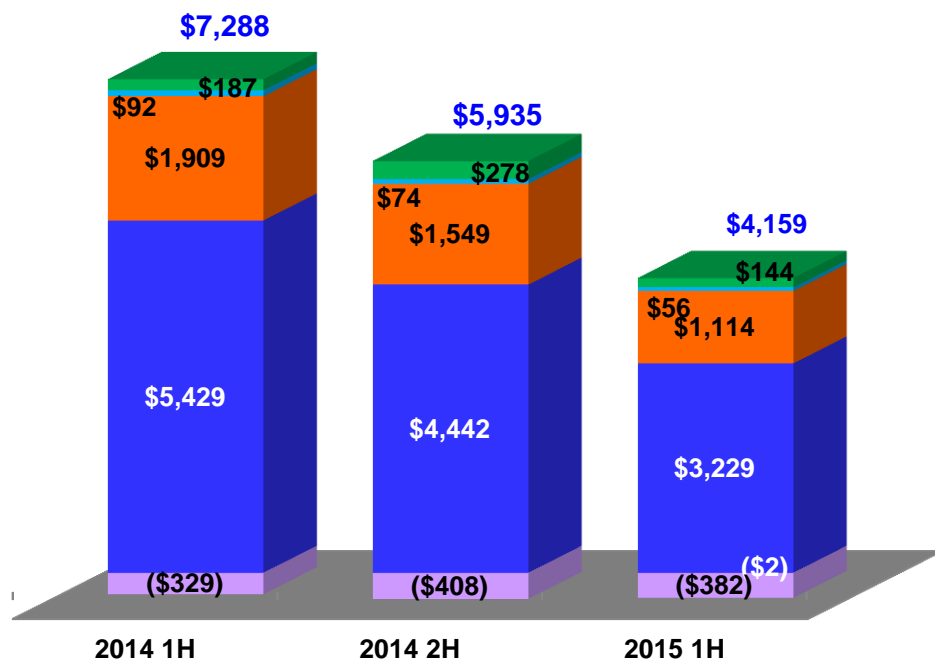
	1H 15' YoY	2H 14' to 1H 15'
GEG Total	(34)%	(24)%
Galaxy Macau™	(31)%	(22)%
StarWorld	(42)%	(31)%
Broadway Macau™	n/a	n/a
City Clubs	(39)%	(24)%
Construction Materials	(11)%	(11)%

# GEG EBITDA Summary 1H 2015

**Group EBITDA decreased 43% YoY to \$4.2 billion in the first half of 2015**

- Played unlucky in gaming operations which reduced profitability by approximately \$265 million for the first half and \$335 million in the second quarter

## GEG EBITDA (HK\$'m)



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

	1H 15' YoY	2H 14' to 1H 15'
GEG Total	(43)%	(30)%
Galaxy Macau™	(41)%	(27)%
StarWorld	(42)%	(28)%
Broadway Macau™	n/a	n/a
City Clubs	(39)%	(24)%
Construction Materials	(23)%	(48)%

# GEG 1H 2015 NPAS

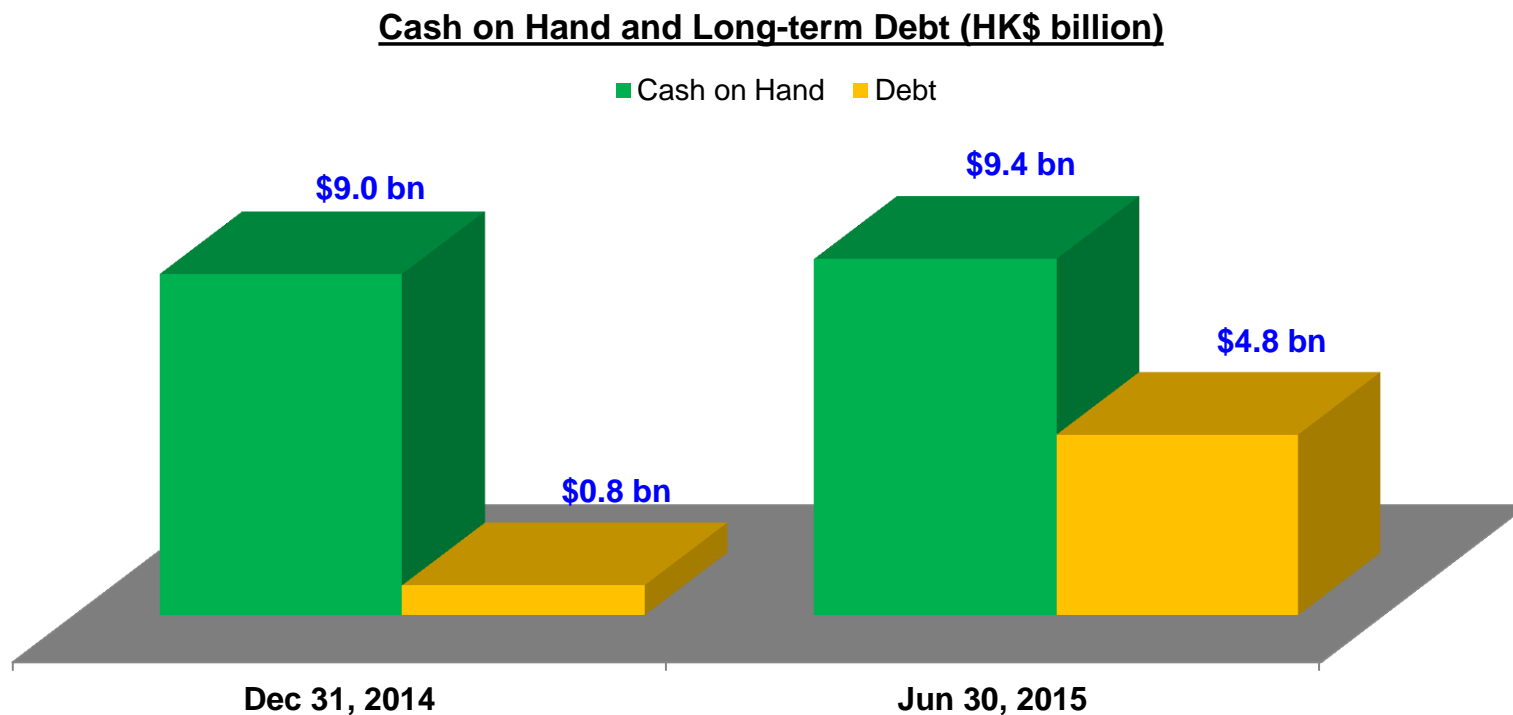
1H 2015 NPAS declined 66% to \$2.0 billion included approx. \$1.0 billion of non-recurring charges primarily from pre-opening expenses

	(in HK\$mn)	1H14	1H15	1H15 vs 1H14
Revenue		\$38,407	\$25,371	-34%
EBITDA		\$7,288	\$4,159	-43%
<b>Net Profit attributable to shareholders (NPAS)</b>		<b>\$5,971</b>	<b>\$2,030</b>	<b>-66%</b>
Non-recurring Expenses		\$ 275	\$ 1,026	
Non-recurring Gains		\$ (34)	\$ (30)	
<b>Pro Forma Net Profit attributable to shareholders (Adjusted NPAS)</b>		<b>\$6,212</b>	<b>\$3,026</b>	<b>-51%</b>



# Cash and Long-term Debt Update

GEG continues to remain well capitalized with Cash of \$9.4 billion at June 30, 2015 including restricted cash of \$1.8 billion and a “Net Cash” position of \$4.6 billion





銀娛 GEG

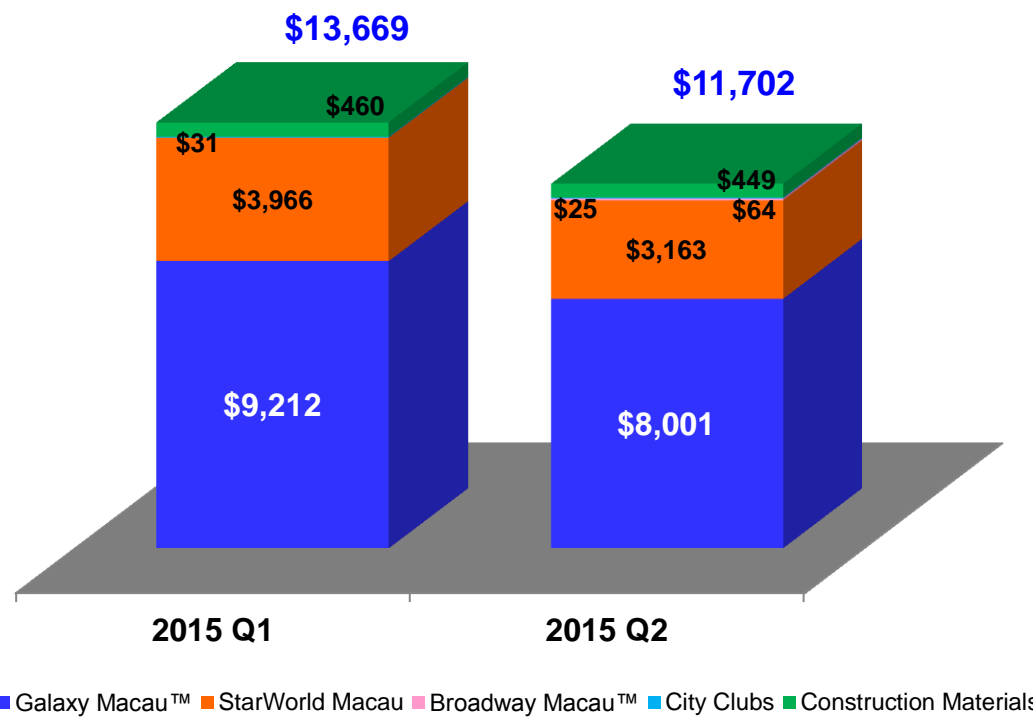
# Q2 2015 Results

# GEG Revenue Summary Q2 2015

Group revenue in Q2 2015 decreased 36% YoY to \$11.7 billion

	Q2 YoY	Q2 15' to Q1 15' QoQ
GEG Total	(36)%	(14)%
Galaxy Macau™	(34)%	(13)%
StarWorld	(42)%	(20)%
Broadway Macau™	n/a	n/a
City Clubs	(43)%	(19)%
Construction Materials	(14)%	(2)%

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



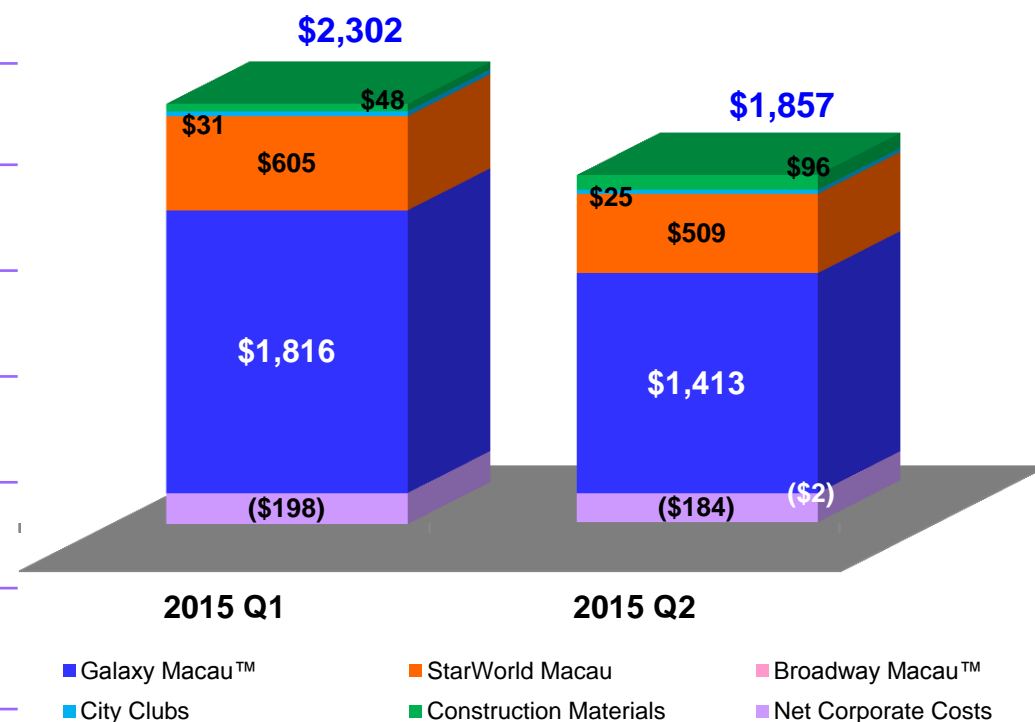
# GEG EBITDA Summary Q2 2015

## Group EBITDA in Q2 2015 decreased 46% YoY to \$1.9 billion

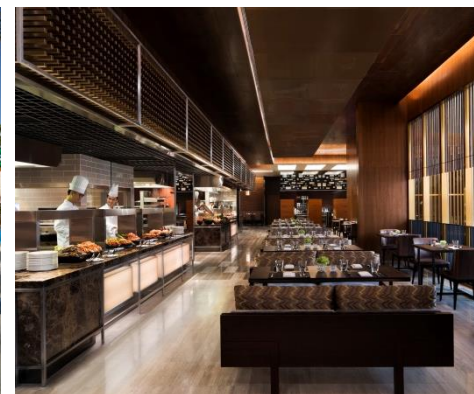
- Played unlucky in gaming operations which reduced profitability by approx. \$335 million

### GEG EBITDA (HK\$m)

	Q2 YoY	Q1 15' to Q2 15' QoQ
GEG Total	(46)%	(19)%
Galaxy Macau™	(47)%	(22)%
StarWorld	(38)%	(16)%
Broadway Macau™	n/a	n/a
City Clubs	(43)%	(19)%
Construction Materials	(16)%	+100%



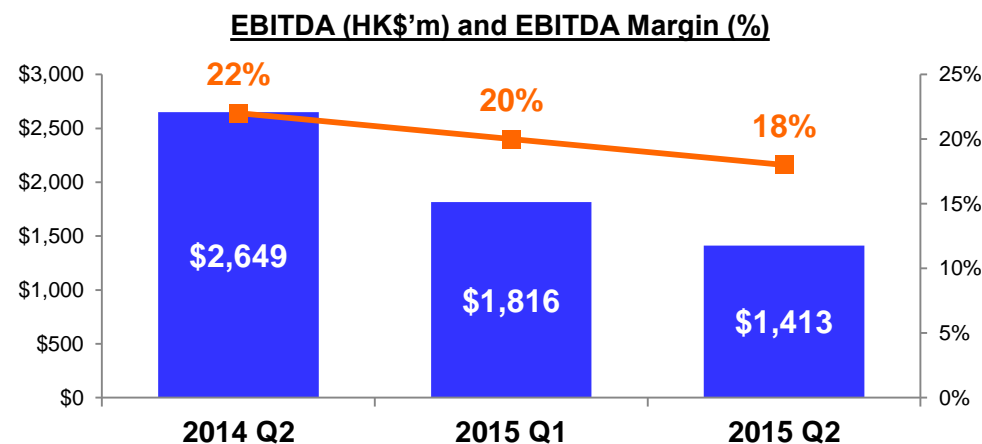




## Galaxy Macau™ Q2 2015 EBITDA declined 47% YoY to \$1.4 billion

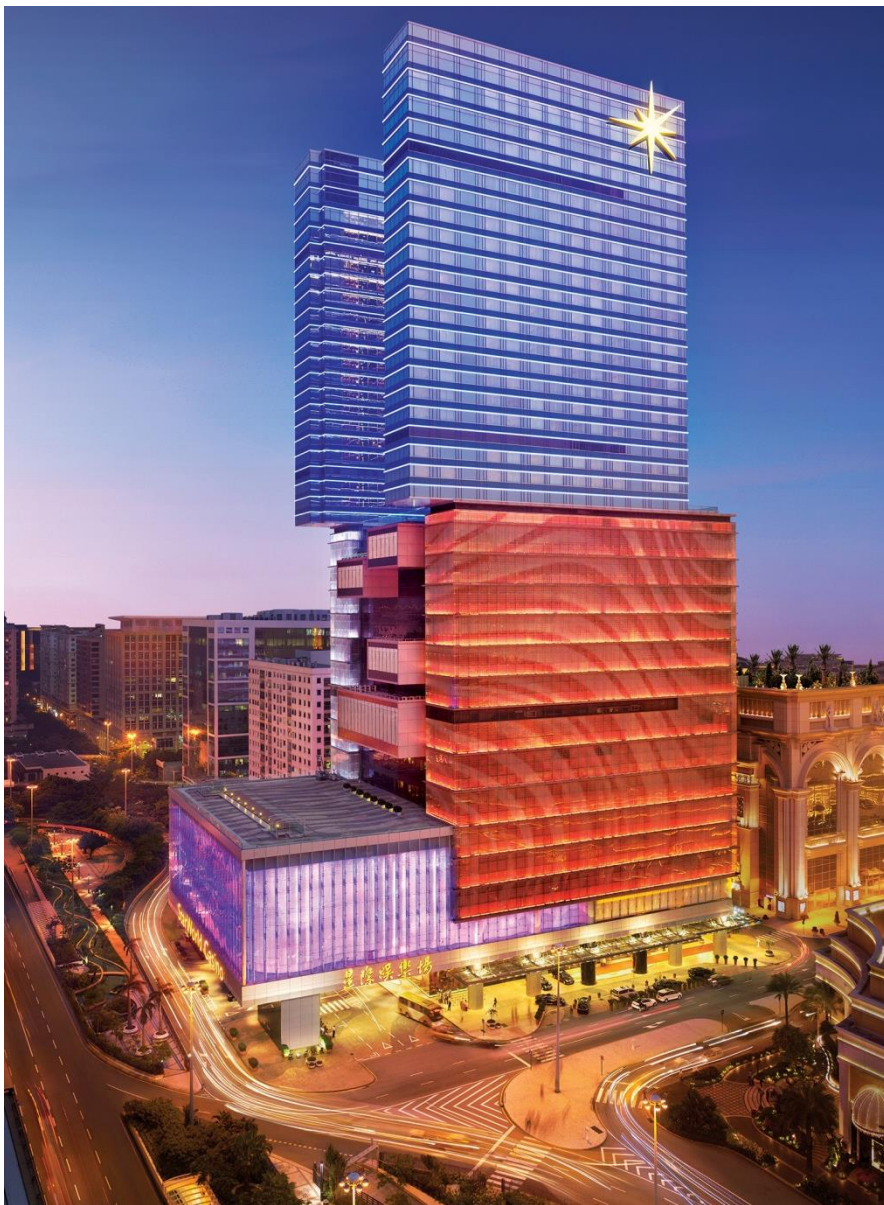
- Included only 35 days of operation of Phase 2
- Total revenue of \$8.0 billion decreased 34% YoY
- VIP revenue decreased 44% YoY to \$4.7 billion
- Mass revenue decreased 17% YoY to \$2.5 billion
- EBITDA of \$1.4 billion decreased 47% YoY including played unlucky which reduced EBITDA by approx. \$300 million on a pro forma basis
- Hotel occupancy of 97% for Q2 and 97% in the month of June
- HKFRS EBITDA Margin of 18% and US GAAP of 24%
- Bad luck reduced HKFRS EBITDA Margin by approx. 250 basis points

Revenue	Q2 YoY	Q1 15' to Q2 15' QoQ
Galaxy Macau™	(34)%	(13)%
VIP Gaming#	(44)%	(17)%
Mass Gaming	(17)%	(13)%
Slots	(2)%	+20%
Non-Gaming	+26%	+19%
<b>EBITDA</b>	<b>(47)%</b>	<b>(22)%</b>



# includes Jinmen



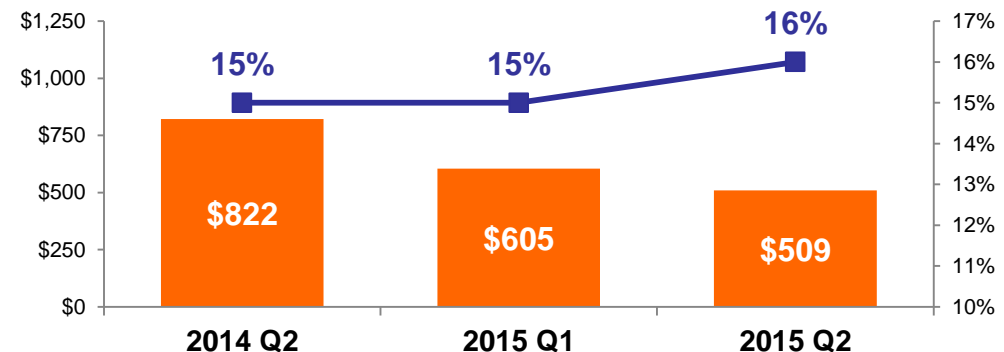


## StarWorld Macau Q2 2015 EBITDA declined 38% YoY to \$509 million

- Total revenue of \$3.2 billion declined 42% YoY
- VIP revenue declined 50% YoY to \$2.1 billion
- Mass win of \$0.95 billion declined 13% YoY
- EBITDA of \$509 million decreased 38% YoY including played unlucky which reduced EBITDA by approx. \$30 million
- Hotel occupancy of 99%
- HKFRS EBITDA Margin of 16% and US GAAP of 23%
- Bad luck reduced HKFRS EBITDA Margin by approx. 100 basis points

Revenue	Q2 YoY	Q1 15' to Q2 15' QoQ
StarWorld Total	(42)%	(20)%
VIP Gaming <sup>#</sup>	(50)%	(27)%
Mass Gaming	(13)%	+1%
Slots	(31)%	0
Non-Gaming	(25)%	(25)%
<b>EBITDA</b>	<b>(38)%</b>	<b>(16)%</b>

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



# Includes Jinmen





## Broadway Macau™ generated \$(2) million EBITDA and \$64 million revenue in 35 days of operation

- Opened on May 27, 2015
- Total revenue \$64 million
- EBITDA of \$(2) million including \$5 million of bad luck
- Non-gaming revenue was \$23 million
- 320-rooms Hotel reported strong occupancy of 99%
- Continue to ramp up the property and open the remaining facilities including additional F&B and retail outlets

# Acknowledgment of Excellence

	Award	Organization
GEG	<b>Casino Operator of the Year Australia / Asia</b> 年度最佳娛樂營運商 (澳洲/亞洲)	<b>International Gaming Awards</b> 國際博彩業大獎
	<b>4<sup>th</sup> Outstanding Corporate Social Responsibility Award</b> 第四屆傑出企業社會責任獎	<b>The Mirror</b> 《鏡報》月刊
	<b>Best Investor Relations Company – Large Cap</b> 最佳投資者關係公司 - 大型股	<b>Hong Kong Investor Relations Association</b> 香港投資者關係協會
	<b>Best Investor Relations Presentation Collaterals – Large Cap</b> 最佳投資者關係推介材料 - 大型股	
Galaxy Macau™	<b>Casino VIP Room of the Year</b> 年度最佳娛樂場貴賓廳	<b>International Gaming Awards</b> 國際博彩業大獎
	<b>World's Best Hotel 2014-2015</b> 2014-2015年度世界級酒店：澳門最佳度假酒店	<b>International Hotel Awards</b> 國際酒店大獎
	<b>2014 Asia's Top Entertainment Complex</b> 2014年亞洲頂級綜合娛樂城	<b>NOW Travel Asia Magazine</b>
	<b>2015 Forbes Travel Guide Five Star Hotel – Banyan Tree Macau</b> 2015 福布斯旅遊指南 — 五星酒店 (澳門悅榕莊)	<b>Forbes Travel Guide</b> 福布斯旅遊指南
	<b>2015 Forbes Travel Guide Five Star Spas – Banyan Tree Spa</b> 2015 福布斯旅遊指南 — 五星水療 (悅榕SPA)	
	<b>2014 Macao Green Hotel Award – Silver Award</b> 2014 澳門環保酒店獎 — 銀獎	<b>DSPA – 2014 Macao Green Hotel Award</b> DSPA — 2014 澳門環保酒店獎
	<b>LEED Gold Certification – Galaxy Macau Phase 2</b> 「領先能源與環境設計LEED」金級認證 (澳門銀河二期)	<b>United States Green Building Council</b> 美國綠色建築協會
StarWorld Macau	<b>Ranked as “Top Class Comfort” 2015</b> 被列為“高級舒適”2015 — 酒店獎項	<b>Michelin Guide Hong Kong Macau</b> 米芝蓮指南 香港 澳門
	<b>Best Service Hotel of Asia</b> 亞洲最佳卓越服務酒店	<b>Golden Horse Award of China Hotel</b> 中國飯店金馬獎
	<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



# GEG Development Update

## Cotai Phases 3 & 4

- Site investigation works scheduled to commence in later part of 2015 / early 2016

## Hengqin

- Continuing with concept plans for the 2.7 sq km land parcel

## International

- GEG continues to actively explore opportunities in overseas markets
- Announced strategic minority investment of approximately 5% of Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco (SBM)



**Hotel de Paris Monte-Carlo**



**Casino de Monte-Carlo**



**Hotel Hermitage Monte-Carlo**



**Casino Café de Paris**



**Monte-Carlo Bay Hotel & Resort**



**Monte-Carlo Bay Casino**



# Summary

## Corporate

- Galaxy Macau™ Phase 2 and Broadway Macau™ opened on time and on budget on May 27, 2015
- 2Q 2015 results reflects only 35 days of operations of Galaxy Macau™ Phase 2 and Broadway Macau™
- 2Q 2015 Group Revenue of \$11.7 billion, down 36% YoY
- 2Q 2015 Adjusted EBITDA of \$1.9 billion, down 46% YoY
- 1H 2015 NPAS of \$2.0 billion, a decrease of 66% YoY and declined 51% YoY after allowing for non-recurring charges
- Declared another special dividend of \$0.14 /sh payable on or about October 30, 2015. Previously announced special dividend of \$0.28 /sh paid on May 22, 2015

## Operations

- Galaxy Macau™ reports \$1.4 billion of EBITDA in 2Q15, down 47% YoY including \$300 million of bad luck
- StarWorld Macau reports \$509 million of EBITDA in 2Q15, down 38% YoY including \$30 million of bad luck
- Broadway Macau™ reports \$(2) million of EBITDA in 2Q15 including \$5 million of bad luck for 35 days of operations

## Financing

- Well capitalized and liquid with \$9.4 billion of cash at June 30, 2015. “Net Cash” position of \$4.6 billion at June 30, 2015

## Development Pipeline

- Well defined medium and long term growth pipeline in the world's most dynamic market
- Cotai Phases 3 & 4, plan to commence site investigation works in the later part of 2015 / early 2016
- Continuing with Hengqin concept plans for the 2.7 sq km land parcel
- Announced strategic minority investment in SBM of Monaco
- Continuously 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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