



## ***Q2 & Interim Results 2019***

**13 August, 2019**

# Executive Summary

## GEG: Solid Mass Performance, Challenging VIP Segment

### **Q2 2019**

- Q2 Group Net Revenue of \$13.2 billion, down 5% year-on-year and up 1% quarter-on-quarter
- Q2 Group Adjusted EBITDA of \$4.3 billion, flat year-on-year and up 9% quarter-on-quarter
- Played lucky in Q2 which increased Adjusted EBITDA by approximately \$349 million, normalized Q2 Adjusted EBITDA of \$4.0 billion, down 11% year-on-year and up 3% quarter-on-quarter

### **1H 2019**

- 1H Group Net Revenue of \$26.2 billion, down 7% year-on-year
- 1H Group Adjusted EBITDA of \$8.3 billion, down 4% year-on-year
- 1H Net Profit Attributable to Shareholders (“NPAS”) of \$6.7 billion, decreased 7% year-on-year

# Executive Summary

## Galaxy Macau™: Solid Mass Performance, Property Enhancement Program on Track

### Q2 2019

- Q2 Net Revenue of \$9.5 billion, down 4% year-on-year and up 3% quarter-on-quarter
- Q2 Adjusted EBITDA of \$3.2 billion, flat year-on-year and up 7% quarter-on-quarter
- Played lucky in Q2 which increased Adjusted EBITDA by approximately \$253 million, normalized Q2 Adjusted EBITDA of \$3.0 billion, down 11% year-on-year and flat quarter-on-quarter
- Hotel occupancy for Q2 across the five hotels was virtually 100%

### 1H 2019

- 1H Net Revenue of \$18.8 billion, down 5% year-on-year
- 1H Adjusted EBITDA of \$6.3 billion, down 3% year-on-year

# Executive Summary

## StarWorld Macau: Solid Mass Performance, Property Enhancement Program on Track

### Q2 2019

- Q2 Net Revenue of \$2.8 billion, down 10% year-on-year and down 8% quarter-on-quarter
- Q2 Adjusted EBITDA of \$943 million, down 4% year-on-year and down 1% quarter-on-quarter
- Played lucky in Q2 which increased Adjusted EBITDA by approximately \$92 million, normalized Q2 Adjusted EBITDA of \$851 million, down 14% year-on-year and down 3% quarter-on-quarter
- Hotel occupancy for Q2 was virtually 100%

### 1H 2019

- 1H Net Revenue of \$5.7 billion, down 8% year-on-year
- 1H Adjusted EBITDA of \$1.9 billion, down 5% year-on-year

# Executive Summary

## Broadway Macau™: A Unique Family Friendly Resort, Strongly Supported By Macau SMEs

### Q2 2019

- Q2 Net Revenue of \$147 million versus \$131 million in Q2 2018 and \$151 million in Q1 2019
- Q2 Adjusted EBITDA of \$6 million versus \$2 million in Q2 2018 and \$15 million in Q1 2019
- Played lucky in Q2 which increased Adjusted EBITDA by approximately \$4 million, normalized Q2 Adjusted EBITDA of \$2 million versus \$4 million in Q2 2018 and \$11 million in Q1 2019
- Hotel occupancy for Q2 was virtually 100%

### 1H 2019

- 1H Net Revenue of \$298 million versus \$273 million in 1H 2018
- 1H Adjusted EBITDA of \$21 million versus \$15 million in 1H 2018

# Executive Summary

## Balance Sheet: Maintains a Healthy and Liquid Balance Sheet

- Cash and liquid investments were \$50.4 billion and net cash of \$43.9 billion as at 30 June 2019
- Debt of \$6.5 billion as at 30 June 2019 primarily associated with treasury yield management program

## GEG Special Dividends

- Paid the previously announced special dividend of \$0.45 per share on 26 April 2019
- Subsequently announced another special dividend of \$0.46 per share to be paid on or about 25 October 2019

# Executive Summary

## Development Update: Continue to Pursue Development Opportunities

- Continue to progress with the previously announced \$1.5 billion renovation enhancement program in both Galaxy Macau™ and StarWorld Macau, short term this has caused some disruption
- Cotai Phases 3 & 4 – Continue with development works for Phases 3 & 4, with a strong focus on non-gaming, primarily targeting MICE, entertainment, family facilities and also including gaming
- Hengqin – Refining our plans for a lifestyle resort to complement our high-energy entertainment resorts in Macau
- International – Continuously exploring opportunities in overseas markets, including Japan



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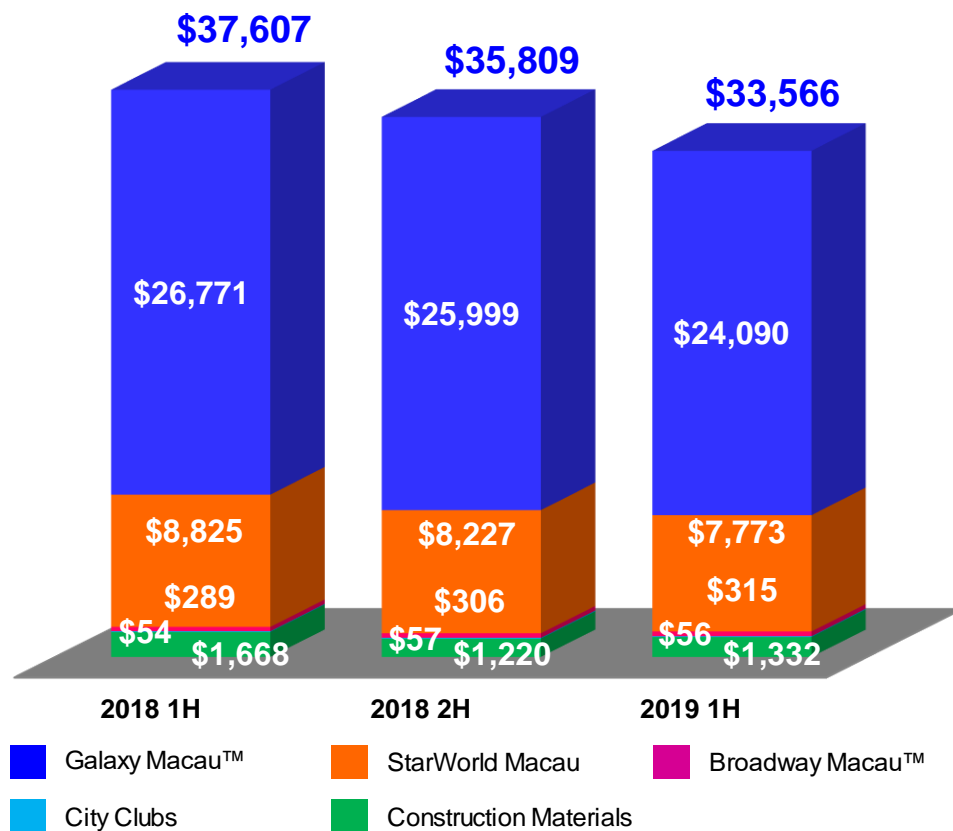
# Interim Results 2019



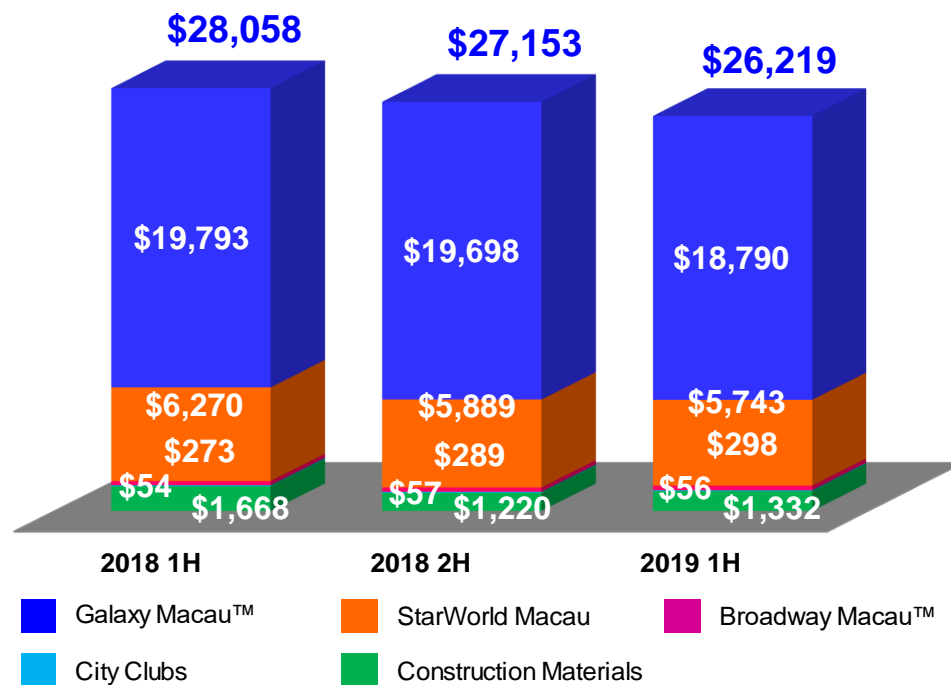
# GEG Revenue Summary 1H 2019

Group Net Revenue in the first half of 2019 was down 7% YoY to \$26.2 billion

GEG Gross Revenue (HK\$'m)



GEG Net Revenue (HK\$'m)



# GEG Revenue Summary 1H 2019

Group Net Revenue in the first half of 2019 was down 7% YoY to \$26.2 billion

**YoY**

	<i>Gross Revenue</i>	<i>Net Revenue</i>
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<b>GEG Total</b>	(11)%	(7)%
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<b>Galaxy Macau™</b>	(10)%	(5)%
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<b>StarWorld</b>	(12)%	(8)%
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<b>Broadway Macau™</b>	+9%	+9%
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<b>City Clubs</b>	+4%	+4%
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<b>Construction Materials</b>	(20)%	(20)%
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**HoH**

	<i>Gross Revenue</i>	<i>Net Revenue</i>
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<b>GEG Total</b>	(6)%	(3)%
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<b>Galaxy Macau™</b>	(7)%	(5)%
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<b>StarWorld</b>	(6)%	(2)%
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<b>Broadway Macau™</b>	+3%	+3%
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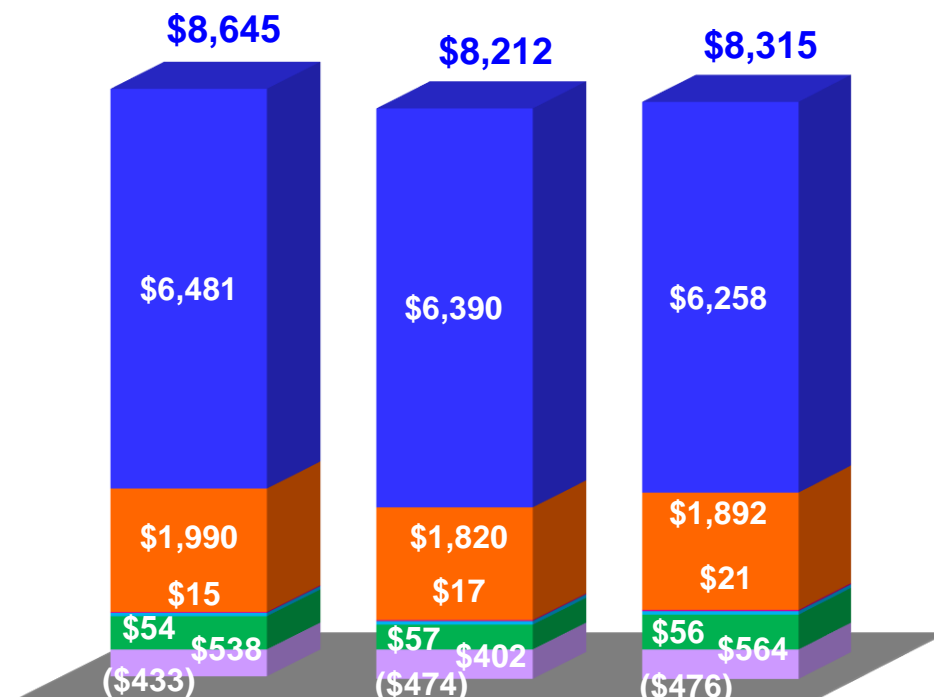
<b>City Clubs</b>	(2)%	(2)%
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<b>Construction Materials</b>	+9%	+9%
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# GEG Adjusted EBITDA Summary 1H 2019

Group Adjusted EBITDA was down 4% YoY to \$8.3 billion in the first half of 2019

GEG Adjusted EBITDA (HK\$'m)



	YoY	HoH
GEG Total	(4)%	+1%
Galaxy Macau™	(3)%	(2)%
StarWorld Macau	(5)%	+4%
Broadway Macau™	+40%	+24%
City Clubs	+4%	(2)%
Construction Materials	+5%	+40%

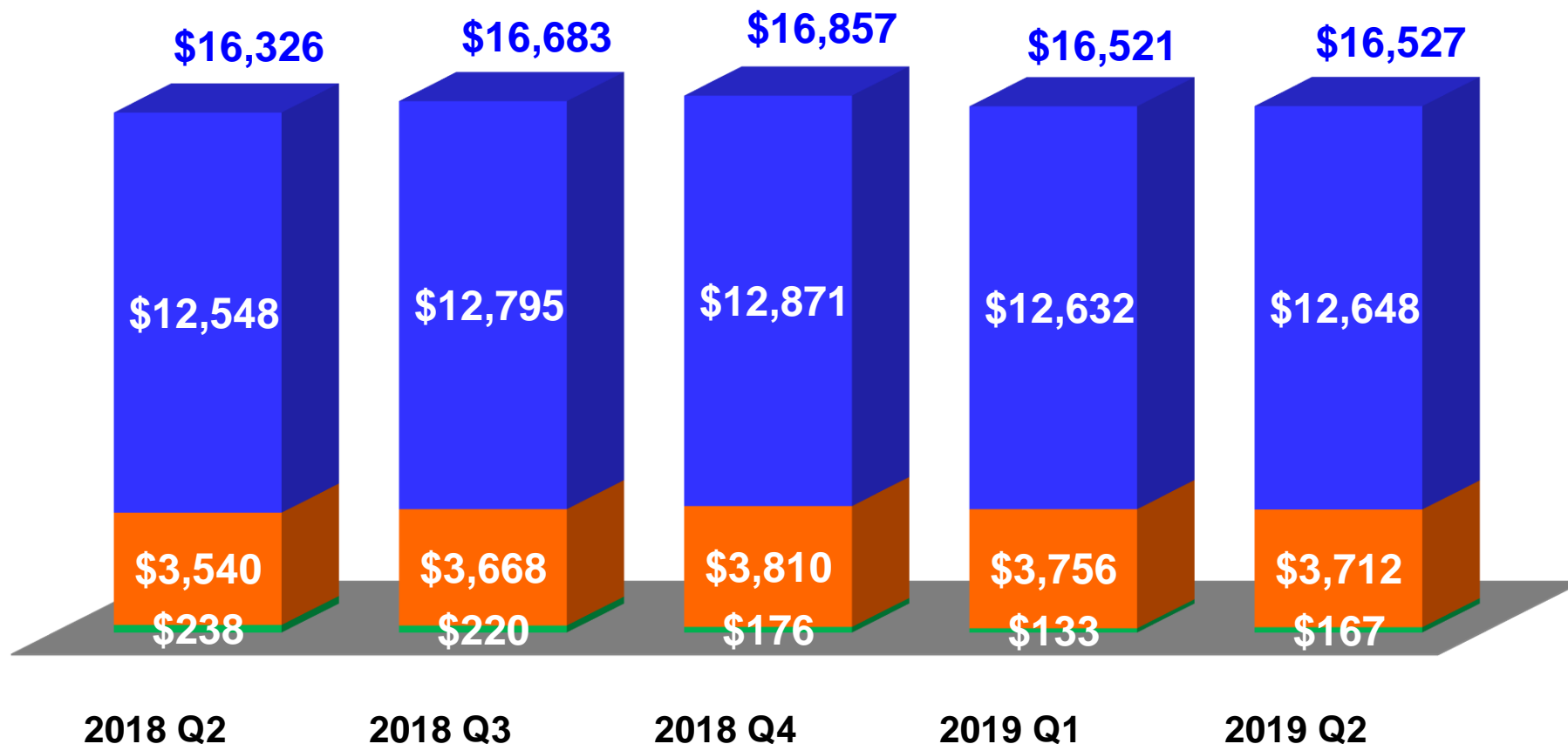
■ Galaxy Macau™   
 ■ StarWorld Macau   
 ■ Broadway Macau™  
■ City Clubs   
 ■ Construction Materials   
 ■ Net Corporate Costs

# GEG LTM Adjusted EBITDA Summary

Last twelve months Adjusted EBITDA ended June 30, 2019 grew 1% YoY to \$16.5 billion

## GEG EBITDA (HK\$'m)

■ Broadway Macau™ & Others 
 ■ StarWorld Macau 
 ■ Galaxy Macau™



# GEG 1H 2019 NPAS

1H 2019 NPAS decreased 7% YoY to \$ 6.7 billion including \$460 million of net non-recurring items

	(in HK\$m)	1H18	1H19	YoY
<b>Net Revenue</b>	\$	28,058	\$ 26,219	-7%
<b>Adjusted EBITDA</b>	\$	8,645	\$ 8,315	-4%
<b>Net Profit attributable to shareholders (NPAS)</b>	\$	7,206	\$ 6,680	-7%
Non-recurring Expenses	\$	128	\$ 460	
Non-recurring Gains	\$	(142)	\$ -	
<b>Pro Forma Net Profit attributable to shareholders (Adjusted NPAS)</b>	\$	7,192	\$ 7,140	-1%



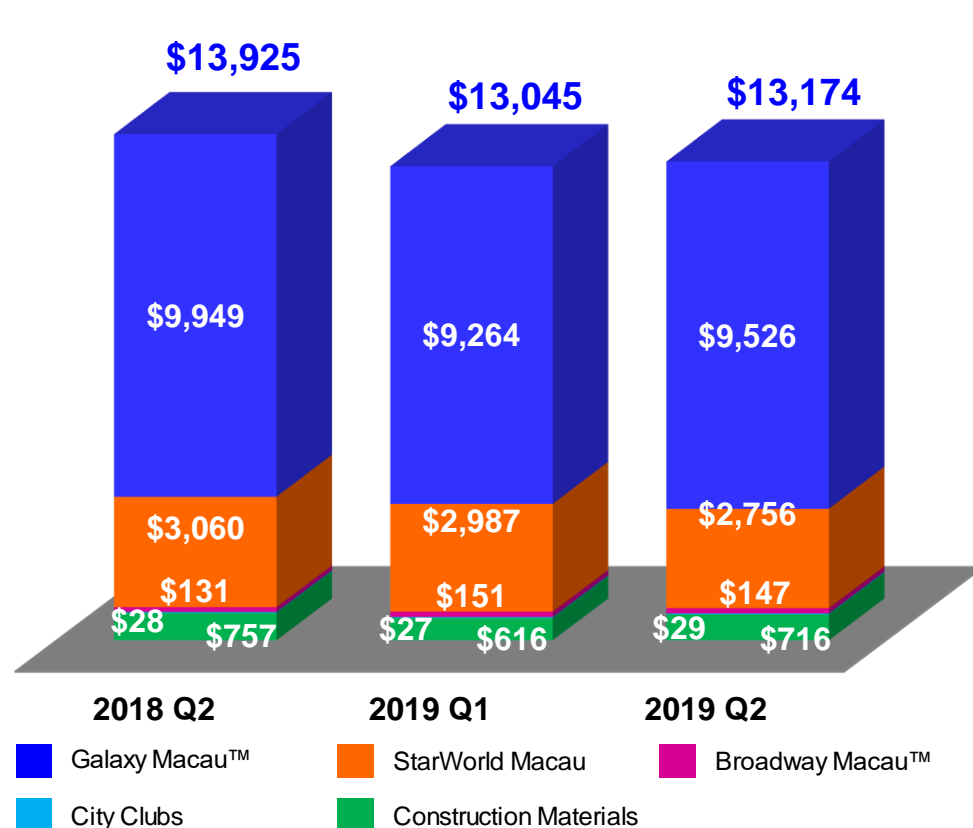
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# Q2 2019 Results

# GEG Revenue Q2 2019

Group Net Revenue in Q2 2019 decreased 5% YoY and grew 1% QoQ to \$13.2 billion

GEG Net Revenue (HK\$'m)



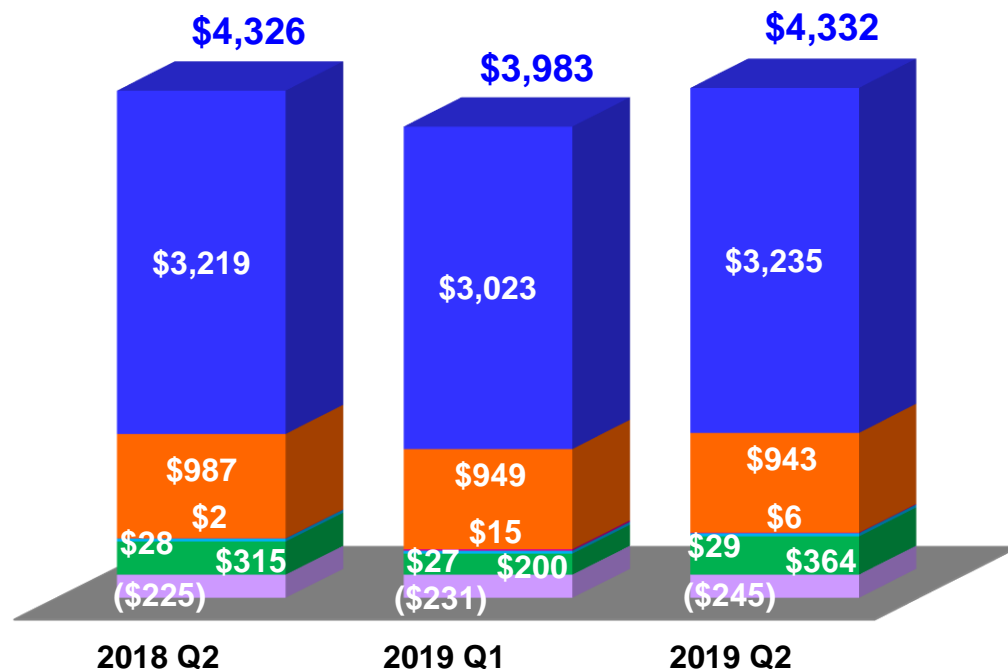
	YoY	QoQ
GEG Total	(5)%	+1%
Galaxy Macau™	(4)%	+3%
StarWorld Macau	(10)%	(8)%
Broadway Macau™	+12%	(3)%
City Clubs	+4%	+7%
Construction Materials	(5)%	+16%

# GEG Adjusted EBITDA Q2 2019

**Group Adjusted EBITDA in Q2 2019 was flat YoY and grew 9% QoQ to \$4.3 billion**

- Played lucky which increased EBITDA by approx. \$349 million
- Normalized EBITDA decreased 11% YoY and grew 3% QoQ to \$4.0 billion

GEG Adjusted EBITDA (HK\$'m)



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

	YoY	QoQ
<b>GEG Total</b>	0%	+9%
<b>Galaxy Macau™</b>	0%	+7%
<b>StarWorld Macau</b>	(4)%	(1)%
<b>Broadway Macau™</b>	+200%	(60)%
<b>City Clubs</b>	+4%	+7%
<b>Construction Materials</b>	+16%	+82%





## Galaxy Macau™ Q2 2019 Adjusted EBITDA was flat YoY and grew 7% QoQ to \$3.2 billion

### Net Revenue of \$9.5 billion decreased 4% YoY and grew 3% QoQ

- VIP win decreased 25% YoY and grew 5% QoQ to \$5.5 billion
- Mass win grew 8% YoY and decreased 1% QoQ to \$5.0 billion
- Non-gaming revenue grew 4% YoY and decreased 1% QoQ to \$1.1 billion, including \$289 million of net rental revenue
- Hotel occupancy for Q2 across the five hotels was virtually 100%

### Adjusted EBITDA of \$3.2 billion was flat YoY and grew 7% QoQ

- Played lucky which increased Adjusted EBITDA by approx. \$253 million
- Normalized Adjusted EBITDA decreased 11% YoY and was flat QoQ to \$3.0 billion
- HKFRS Adjusted EBITDA Margin of 34%

Galaxy Macau™	YoY	QoQ
Total Gross Revenue	(10)%	+1%
Total Net Revenue	(4)%	+3%
Adjusted EBITDA	0%	+7%

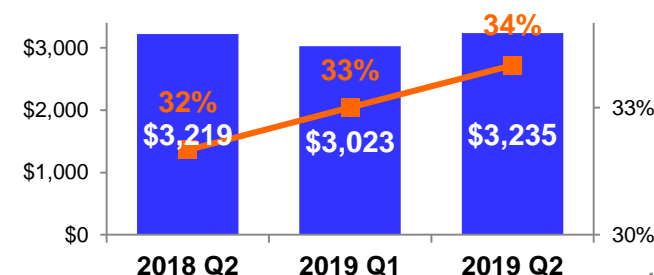
### Gaming (Gross)

VIP Win #	(25)%	+5%
Mass Win	+8%	(1)%
Slots Win	+8%	+2%
Total Gaming Revenue	(11)%	+2%

# includes Jinmen

Non-Gaming Revenue	+4%	(1)%
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**Galaxy Macau™ Adjusted EBITDA (HK\$m)**  
**and Adjusted EBITDA Margin (%)**







## StarWorld Macau Q2 2019 Adjusted EBITDA decreased 4% YoY and 1% QoQ to \$943 million

**Net Revenue of \$2.8 billion decreased 10% YoY and 8% QoQ**

- VIP win decreased 26% YoY and 17% QoQ to \$1.8 billion
- Mass win grew 2% YoY and decreased 1% QoQ to \$1.7 billion
- Non-gaming revenue grew 1% YoY and decreased 5% QoQ to \$123 million, including \$13 million of net rental revenue
- Hotel occupancy in Q2 2019 was virtually 100%

**Adjusted EBITDA of \$943 million decreased 4% YoY and down 1% QoQ**

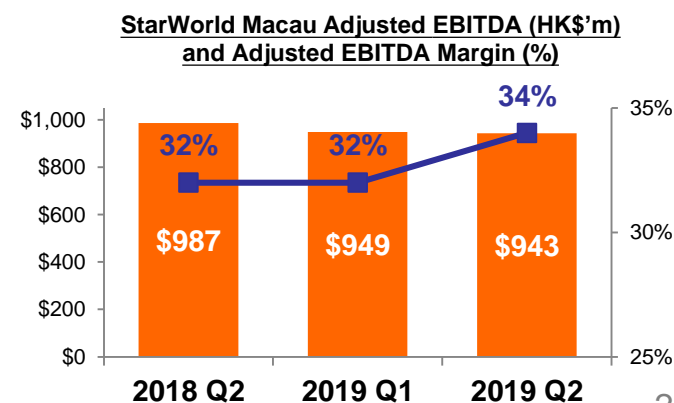
- Played lucky which increased Adjusted EBITDA by approx. \$92 million
- Normalized Adjusted EBITDA decreased 14% YoY and 3% QoQ to \$851 million
- HKFRS Adjusted EBITDA Margin of 34%

StarWorld Macau	YoY	QoQ
Total Gross Revenue	(14)%	(10)%
Total Net Revenue	(10)%	(8)%
Adjusted EBITDA	(4)%	(1)%

### Gaming (Gross)

VIP Win	(26)%	(17)%
Mass Win	+2%	(1)%
Slots Win	(13)%	(13)%
Total Gaming Revenue	(14)%	(10)%

Non-Gaming Revenue	+1%	(5)%
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## Broadway Macau™ Q2 2019 Adjusted EBITDA of \$6 million, versus \$2 million in Q2 2018

Net Revenue of \$147 million, versus \$131 million in prior year and \$151 million in Q1 2019

- Mass win of \$73 million grew 24% YoY and grew 4% QoQ
- Revenue mix was approx. 48% non-gaming and 52% gaming
- Hotel occupancy for Q2 was virtually 100%

Adjusted EBITDA of \$6 million versus \$2 million in prior year and \$15 million in Q1 2019

- Played lucky which increased Adjusted EBITDA by approx. \$4 million

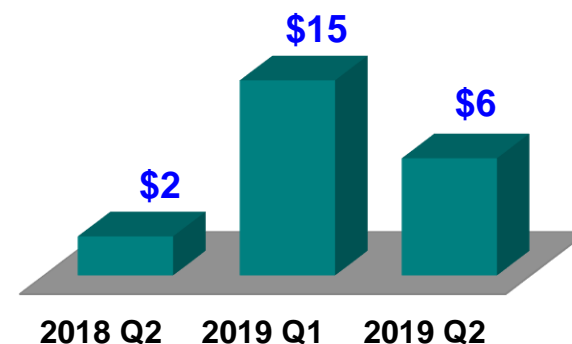
Broadway Macau™	YoY	QoQ
Total Gross Revenue	+12%	(3)%
Total Net Revenue	+12%	(3)%
Adjusted EBITDA	+200%	(60)%

### Gaming (Gross)

Mass Win	+24%	+4%
Slots Win	(8)%	(27)%
Total Gaming Revenue	+18%	(1)%

Non-Gaming Revenue	+4%	(5)%
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**Broadway Macau™**  
**Adjusted EBITDA (HK\$m)**



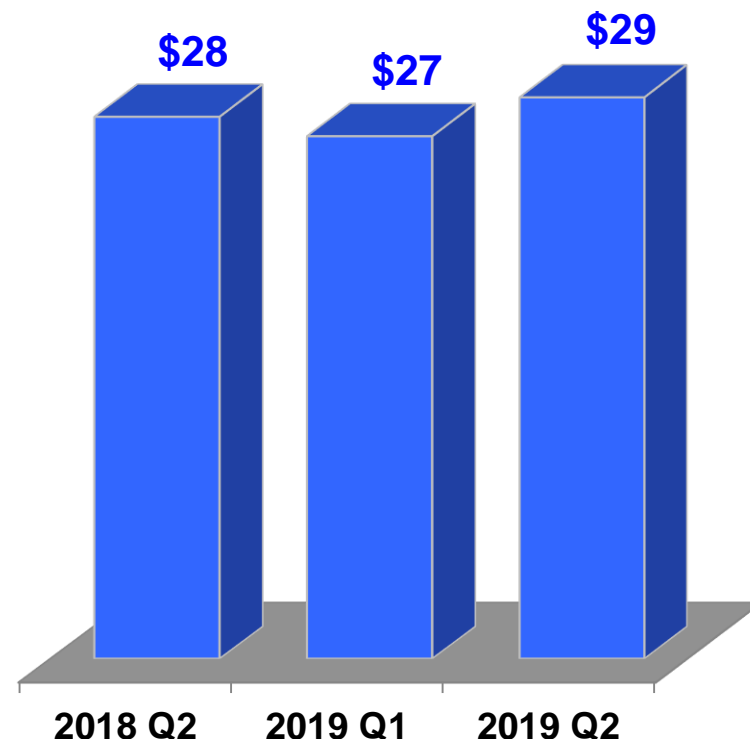


# City Clubs Q2 2019

City Clubs Q2 2019 Adjusted EBITDA grew 4% YoY and 7% QoQ to \$29 million



**City Clubs**  
Adjusted EBITDA (HK\$'m)

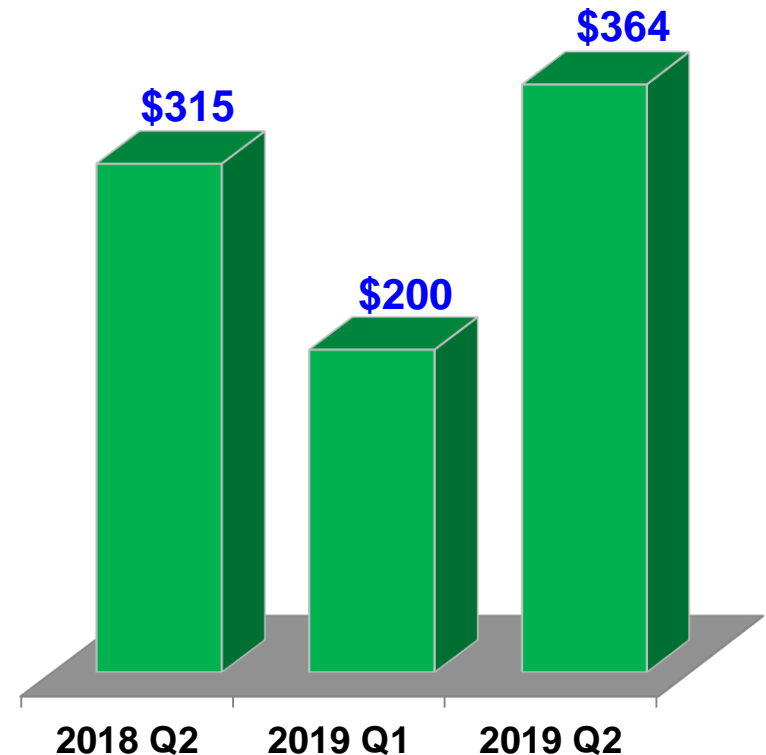


# Construction Materials Q2 2019

Q2 2019 Adjusted EBITDA grew 16% YoY and 82% QoQ to \$364 million



Construction Materials  
Adjusted EBITDA (HK\$'m)





# Selected Awards in 1H 2019

	Award	Presenter
<b>GEG</b>	❖ Casino Operator of the Year Australia & Asia	❖ 12th International Gaming Awards
	❖ 3 Years IR Awards Winning Company - Certificate of Excellence	❖ Hong Kong Investor Relations Association
<b>Galaxy Macau™</b>	❖ Integrated Resort of the Year	❖ 12 <sup>th</sup> International Gaming Awards
	❖ Best Integrated Resort Award ❖ Best Gaming Floor Award	❖ G2E Asia Awards 2019
	❖ Asia's Most Popular Parent-Child Travel Resort City Supreme Award	❖ The 19 <sup>th</sup> Golden Horse Awards of China
	❖ 2018 Macau Green Hotel Awards - Gold Award for Hotel Okura Macau	❖ Environmental Protection Bureau and Macau Government Tourism Office
<b>StarWorld Macau</b>	❖ Asia's Best Catering Service Hotel Supreme Award	❖ The 19 <sup>th</sup> Golden Horse Awards of China
	❖ TOP 10 City-Nova Hotels of China	❖ The 14 <sup>th</sup> China Hotel Starlight Awards
<b>Broadway Macau™</b>	❖ Environmental Performance Silver Award	❖ Macau Environmental Bureau
<b>Construction Materials Division</b>	❖ The 14th Occupational Health Award - Joyful @ Healthy Workplace Best Practices Award - Excellence Award	❖ Hong Kong Occupational Safety and Health Council

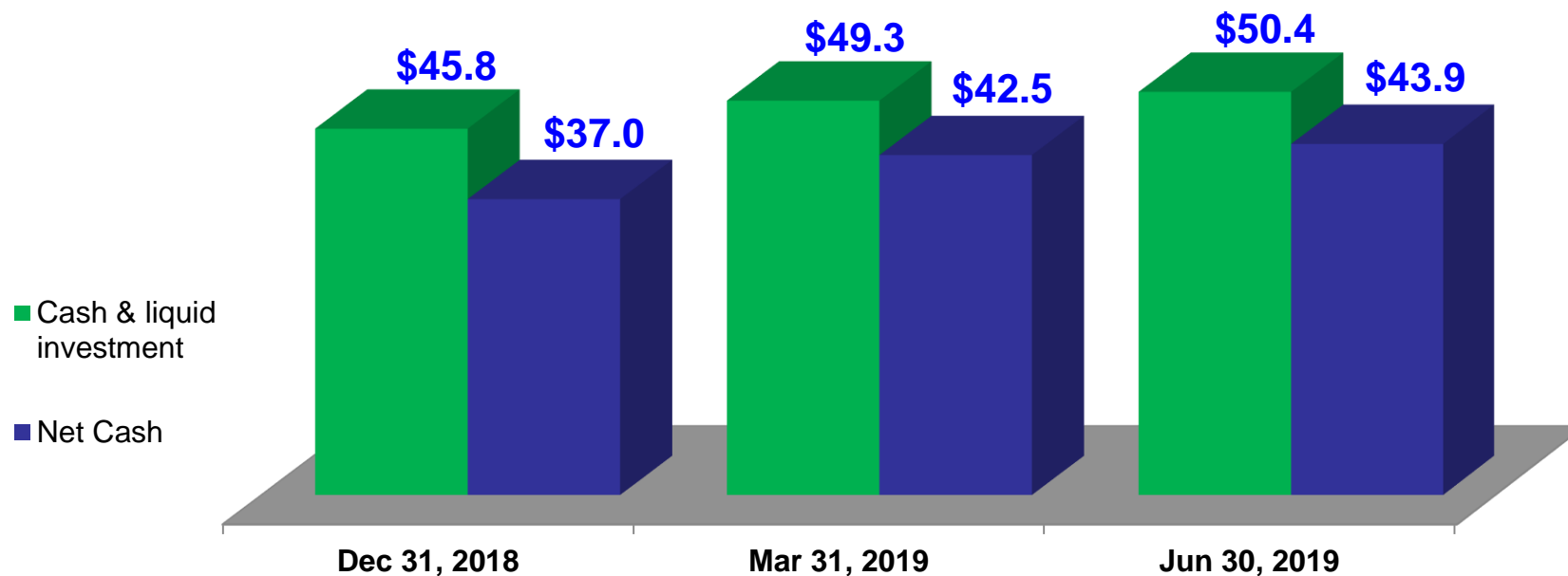
# Cash and Debt Update

## Healthy Balance Sheet

- GEG continues to remain well capitalized with Cash and Liquid Investments of \$50.4 billion and net cash position of \$43.9 billion as at 30 June 2019
- Debt of \$6.5 billion as at 30 June 2019 primarily reflects ongoing treasury yield management initiative with virtually no core debt

**Cash\* & Net Cash\* on Hand (HK\$ billion)**

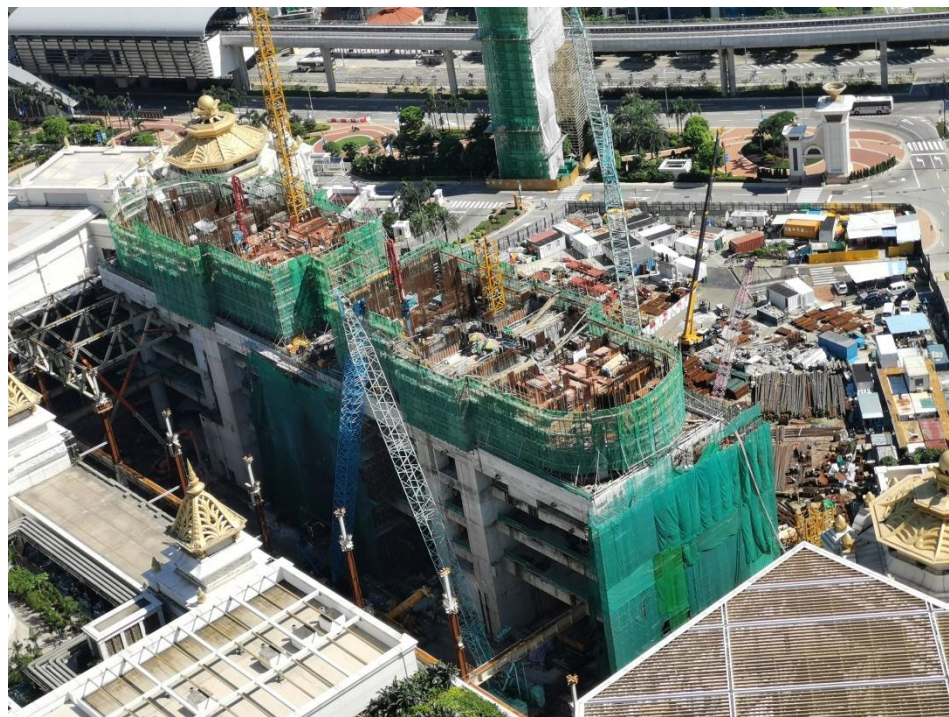
\* Include liquid investment



# GEG Development Update

## Cotai - The Next Chapter

- GEG is uniquely positioned for long term growth
- We continue with development works for Phases 3 & 4, which will include approximately 4,500 hotel rooms, including family and premium high end rooms, 400,000 square feet of MICE space, a 500,000 square feet 16,000-seat multi-purpose arena, F&B, retail and casinos, among others
- We look forward to formally announcing our development plans in the future



# GEG Development Update

## Galaxy Macau™ and StarWorld Macau

- To maintain our resorts competitive position, we are proceeding with a \$1.5 billion property enhancement program for Galaxy Macau™ and StarWorld Macau
- This program not only enhances our resorts attractiveness, but also includes preparation works for the effective future integration and connectivity of Phases 3 & 4

## Hengqin

- We continue to make progress with our concept plan for a lifestyle resort on Hengqin that will complement our high energy resorts in Macau

## International

- Our Japan based team continues with our Japan development efforts
- We view Japan as a great long term growth opportunity that will complement our Macau operations and our other international expansion ambitions
- GEG, together with Monte-Carlo SBM from the Principality of Monaco and our Japanese partners, look forward to bringing our brand of World Class IRs to Japan



# Summary

## Corporate

- 1H Group Adjusted EBITDA of \$8.3 billion, down 4% YoY
- Q2 Group Adjusted EBITDA of \$4.3 billion, flat YoY and up 9% QoQ
- Paid a special dividend of \$0.45 per share on 26 April 2019
- Subsequently, the Group will pay another special dividend of \$0.46 per share payable on or about 25 October 2019

## Operations

- Galaxy Macau™ reports \$18.8 billion of Net Revenue and \$6.3 billion of Adjusted EBITDA in 1H19, down 5% and 3% YoY respectively; Q2 Adjusted EBITDA of \$3.2 billion, flat YoY
- StarWorld Macau reports \$5.7 billion of Net Revenue and \$1.9 billion of Adjusted EBITDA in 1H19, down 8% and 5% YoY respectively; Q2 Adjusted EBITDA of \$943 million, down 4% YoY
- Broadway Macau™ reports \$298 million of Net Revenue and \$21 million of Adjusted EBITDA in 1H19; Q2 Adjusted EBITDA of \$6 million

## Financing

- Cash and liquid investments of \$50.4 billion and net cash of \$43.9 billion at 30 June 2019
- Debt of \$6.5 billion as at 30 June 2019

## Development Pipeline

- Proceeding on a \$1.5 billion enhancement program for Galaxy Macau™ and StarWorld Macau
- Cotai Phases 3 & 4 – Continue with development works for Phases 3 & 4, with a strong focus on non-gaming, primarily targeting MICE, entertainment, family facilities and also including gaming
- Hengqin – Continue to make progress with our concept plan for a lifestyle resort on Hengqin that will complement our high energy resorts in Macau
- International – Continuously exploring opportunities in overseas markets, including Japan

# Positioned for Growth

- **GEG 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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## ***Q2 & Interim Results 2019***

**13 August, 2019**