



## ***Q2 & Interim Results 2018***

**8 August, 2018**

# Executive Summary

## Q2 & Interim 2018 Results Highlights

- **Delivers Record Quarterly EBITDA**
- **Q2 2018 Group Adjusted EBITDA of \$4.3 Billion, Up 32% YoY**
- **10<sup>th</sup> Consecutive Quarter of YoY EBITDA Growth**
- **Driven by Record Quarterly Mass Performance**
- **Subsequently Announced Another Special Dividend of \$0.50 Per Share Payable on or about 26 October 2018**
- **Adopted required new accounting standard regarding revenue reporting**

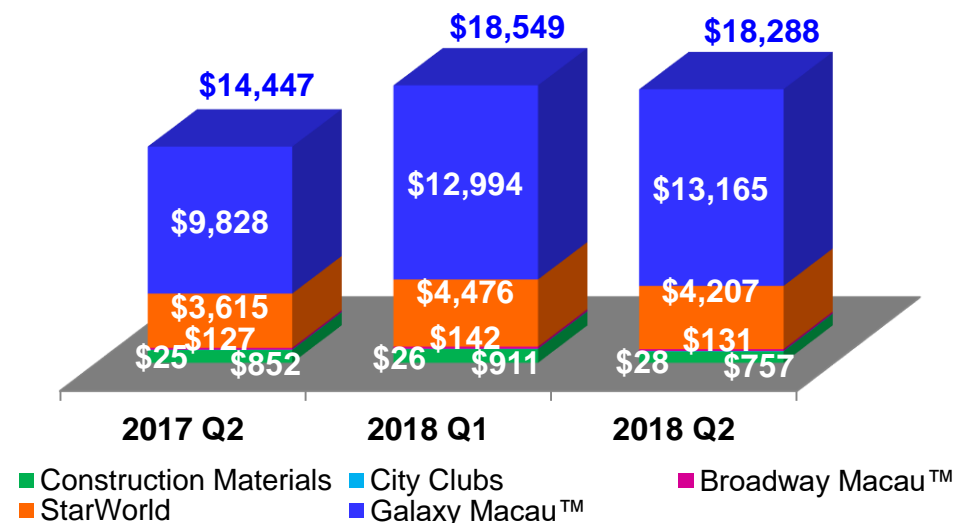
# Accounting Standard Change - Gross / Net Revenue

GEG required to adopt a new accounting standard in reporting revenue beginning 1 January 2018 in accordance with the HKICPA

- Reporting lower revenues by shifting from Gross Revenue to Net Revenue
  - Required to deduct all gaming commissions and incentives provided to gaming customers from gross gaming revenue to arrive at net gaming revenue
  - All complimentary provided to gaming customers are now reported at the market rate
  - Increases non-gaming revenue such as hotels and F&B
- NO change to Adjusted EBITDA and NPAS
  - Increases profit margins due to shift to reporting lower revenue from Gross to Net revenue

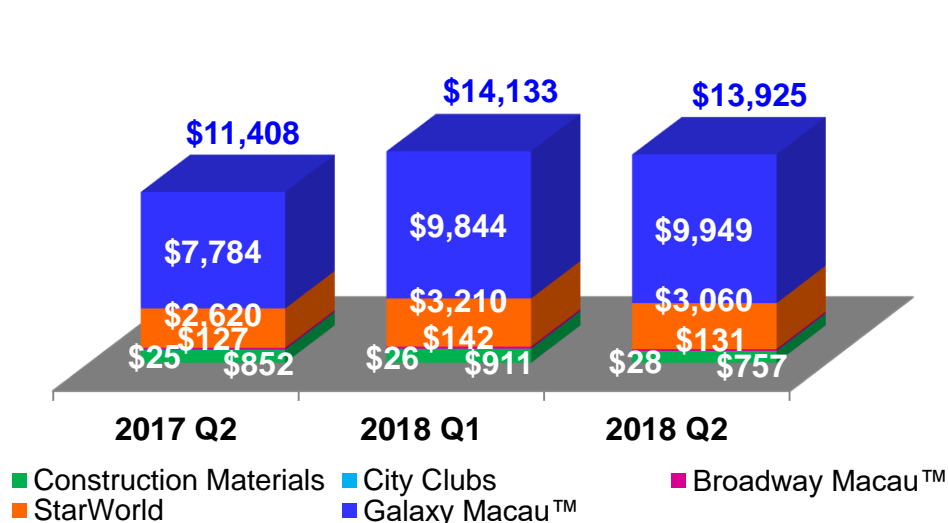
## Revenue under Previous Accounting Standard

### Gross Revenue (HK\$'m)



## Revenue under New Accounting Standard

### Net Revenue (HK\$'m)



# Executive Summary

## GEG: Delivered Record Performance, Driven by Record Mass, Strong VIP and Operational Execution

- 1H Group Net Revenue\* of \$28.1 billion, up 25% YoY
- 1H Group Adjusted EBITDA of \$8.6 billion, up 34% YoY
- 1H Net Profit Attributable to Shareholders (“NPAS”) of \$7.2 billion, up 56% YoY
- Q2 Group Net Revenue\* of \$13.9 billion, up 22% YoY and down 1% QoQ
- Q2 Group Adjusted EBITDA of \$4.3 billion, up 32% YoY and up modestly QoQ
- Played unlucky in Q2 which decreased Adjusted EBITDA by approximately \$131 million, normalized Q2 Adjusted EBITDA of \$4.5 billion, up 34% YoY and up 1% QoQ
- LTM Adjusted EBITDA of \$16.3 billion, up 35% YoY

### Notes

\* Net Revenue is calculated in accordance with the new accounting standard and the comparison percentage is over the restated Net Revenue in Q2 & 1H 2017 and Q1 2018.

# Executive Summary

## Galaxy Macau™: 10th Consecutive Quarter of YoY EBITDA Growth, despite Playing Unlucky

- 1H Net Revenue\* of \$19.8 billion, up 25% YoY
- 1H Adjusted EBITDA of \$6.5 billion, up 28% YoY
- Q2 Net Revenue\* of \$9.9 billion, up 28% YoY and up 1% QoQ
- Q2 Adjusted EBITDA of \$3.2 billion, up 30% YoY and down 1% QoQ
- Played unlucky in Q2 which decreased Adjusted EBITDA by approximately \$125 million, normalized Q2 Adjusted EBITDA of \$3.3 billion, up 29% YoY and down 3% QoQ
- Hotel occupancy for Q2 across the five hotels was virtually 100%

### Notes

\* Net Revenue is calculated in accordance with the new accounting standard and the comparison percentage is over the restated Net Revenue in Q2 & 1H 2017 and Q1 2018.

# Executive Summary

## StarWorld Macau: 8th Consecutive Quarter of YoY EBITDA Growth Driven by Near Record Mass

- 1H Net Revenue\* of \$6.3 billion, up 28% YoY
- 1H Adjusted EBITDA of \$2.0 billion, up 41% YoY
- Q2 Net Revenue\* of \$3.1 billion, up 17% YoY and down 5% QoQ
- Q2 Adjusted EBITDA of \$987 million, up 29% YoY and down 2% QoQ
- Played unlucky in Q2 which decreased Adjusted EBITDA by approximately \$4 million, normalized Q2 Adjusted EBITDA of \$991 million, up 44% YoY and up 7% QoQ
- Hotel occupancy for Q2 was virtually 100%

### Notes

\* Net Revenue is calculated in accordance with the new accounting standard and the comparison percentage is over the restated Net Revenue in Q2 & 1H 2017 and Q1 2018.

# Executive Summary

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

- 1H Net Revenue\* of \$273 million, up 4% YoY
- 1H Adjusted EBITDA of \$15 million versus \$7 million in 1H 2017
- Q2 Net Revenue\* of \$131 million, up 3% YoY and down 8% QoQ
- Q2 Adjusted EBITDA of \$2 million versus \$1 million in Q2 2017
- Played unlucky in Q2 which decreased Adjusted EBITDA by approximately \$2 million, normalized Q2 Adjusted EBITDA of \$4 million versus \$6 million in Q2 2017
- Hotel occupancy for Q2 was virtually 100%

### Notes

\* Net Revenue is calculated in accordance with the new accounting standard and the comparison percentage is over the restated Net Revenue in Q2 & 1H 2017 and Q1 2018.

# Executive Summary

## Balance Sheet: Exceptionally Strong Balance Sheet

- Cash and liquid investments was \$42.9 billion and net cash of \$34.3 billion as at 30 June 2018
- Debt of \$8.6 billion as at 30 June 2018
- Paid the previously announced special dividend of \$0.41 per share on 27 April 2018
- Subsequently announced another special dividend of \$0.50 per share to be paid on or about 26 October 2018

## Development Update: Continuing to Pursue Development Opportunities

- Cotai Phases 3 & 4 – Continue to move forward with Phases 3 & 4, with a strong focus on non-gaming by primarily targeting MICE, entertainment, family facilities and also including gaming
- Wynn Resorts – Completed passive minority investment
- Hengqin – Plans moving forward to develop a low-density integrated resort to complement our high-energy entertainment resorts in Macau
- International – Continue to move forward plans in Japan and Philippines





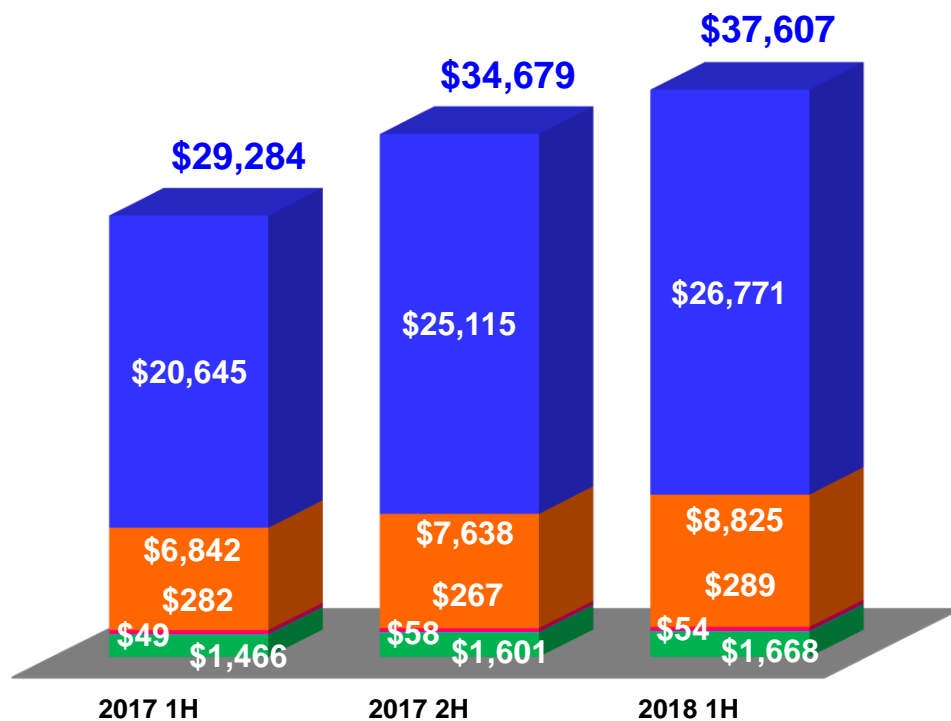
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# Interim Results 2018

# GEG Revenue Summary 1H 2018

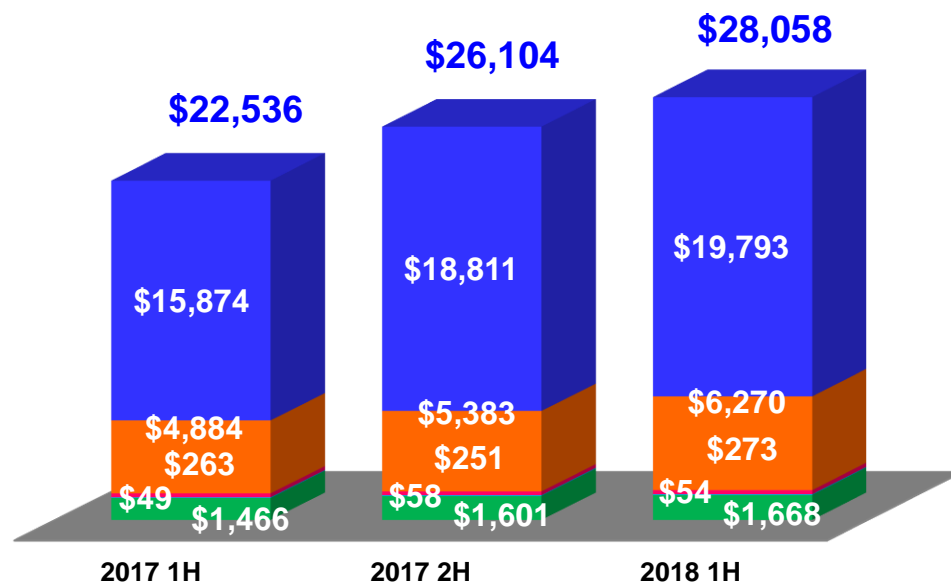
Group Net Revenue in the first half of 2018 grew 25% YoY to \$28.1 billion

GEG Gross Revenue (HK\$'m)



Galaxy Macau™  
 StarWorld Macau  
 Broadway Macau™  
 City Clubs  
 Construction Materials

GEG Net Revenue (HK\$'m)



Galaxy Macau™  
 StarWorld Macau  
 Broadway Macau™  
 City Clubs  
 Construction Materials

# GEG Revenue Summary 1H 2018

**Group Net Revenue in the first half of 2018 grew 25% YoY to \$28.1 billion**

**YoY**

	<i>Gross Revenue</i>	<i>Net Revenue</i>
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<b>GEG Total</b>	+28%	+25%
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<b>Galaxy Macau™</b>	+30%	+25%
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<b>StarWorld</b>	+29%	+28%
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<b>Broadway Macau™</b>	+2%	+4%
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<b>City Clubs</b>	+10%	+10%
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<b>Construction Materials</b>	+14%	+14%
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**HoH**

	<i>Gross Revenue</i>	<i>Net Revenue</i>
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<b>GEG Total</b>	+8%	+7%
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<b>Galaxy Macau™</b>	+7%	+5%
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<b>StarWorld</b>	+16%	+16%
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<b>Broadway Macau™</b>	+8%	+9%
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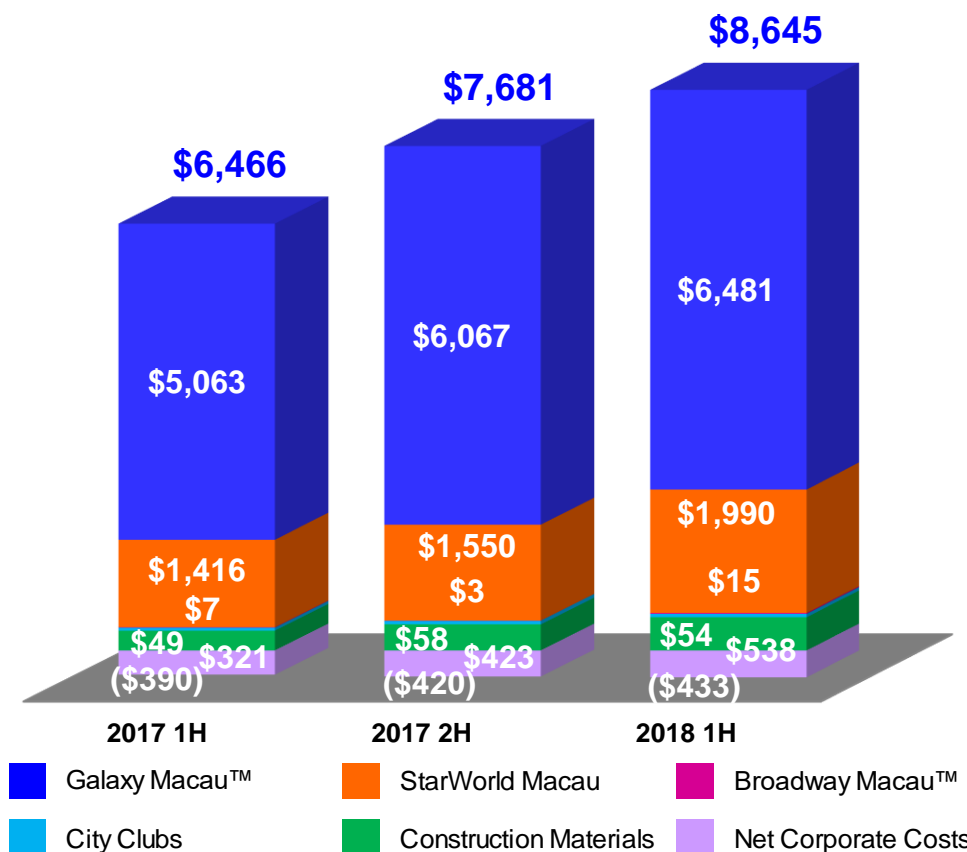
<b>City Clubs</b>	(7)%	(7)%
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<b>Construction Materials</b>	+4%	+4%
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# GEG Adjusted EBITDA Summary 1H 2018

Group Adjusted EBITDA increased 34% YoY to \$8.6 billion in the first half of 2018

## GEG Adjusted EBITDA (HK\$'m)



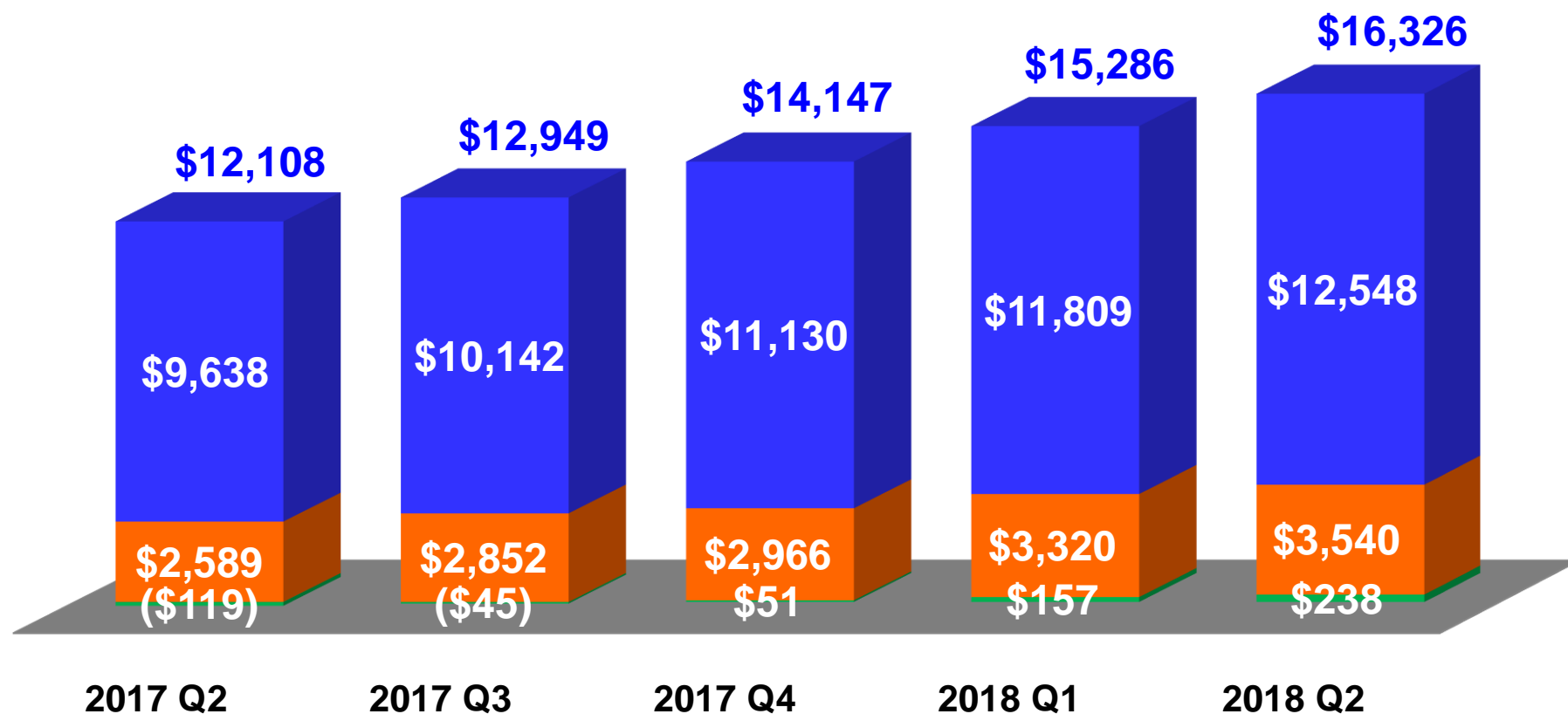
	YoY	HoH
GEG Total	+34%	+13%
Galaxy Macau™	+28%	+7%
StarWorld Macau	+41%	+28%
Broadway Macau™	+114%	+400%
City Clubs	+10%	(7)%
Construction Materials	+68%	+27%

# GEG LTM Adjusted EBITDA Summary

Last twelve months Adjusted EBITDA ended June 30, 2018 grew 35% YoY to \$16.3 billion

## GEG Adjusted EBITDA (HK\$'m)

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



# GEG 1H 2018 NPAS

**1H 2018 NPAS increased 56% to \$7.2 billion including \$14 million of net non-recurring items**

	(in HK\$m)	1H17	1H18	YoY
<b>Revenue</b> (with new Accounting Standard retrospective restatement)	\$	22,536	\$ 28,058	25%
<b>Adjusted EBITDA</b>	\$	6,466	\$ 8,645	34%
<b>Net Profit attributable to shareholders (NPAS)</b>	\$	4,631	\$ 7,206	56%
Non-recurring Expenses	\$	236	\$ 128	
Non-recurring Gains	\$	(30)	\$ (142)	
<b>Pro Forma Net Profit attributable to shareholders (Adjusted NPAS)</b>	\$	4,837	\$ 7,192	49%

# GEG Special Dividends

**Today, GEG announced another special dividend of \$0.50 per share to be paid on or about 26 October 2018**

- The Group paid a special dividend of \$0.41 per share on 27 April 2018
- Today, the Board is pleased to announce another special dividend of \$0.50 per share to be paid on or about 26 October 2018

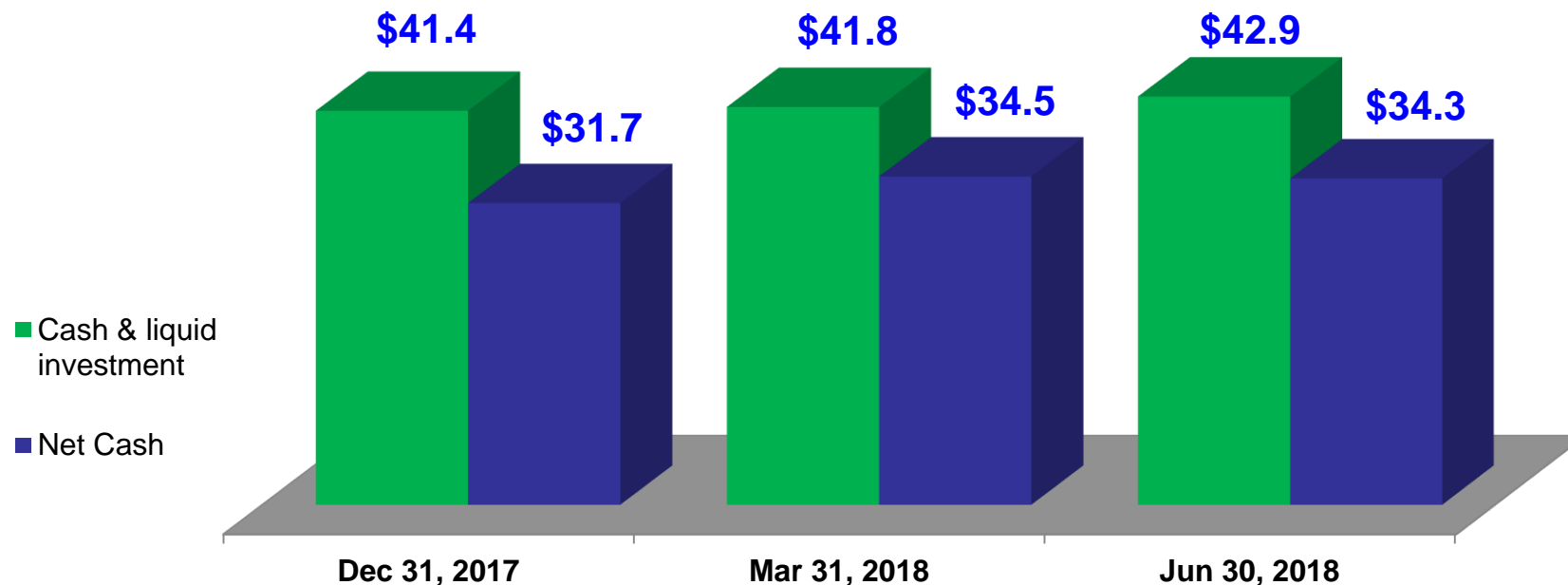
# Cash and Debt Update

## Balance Sheet: Exceptionally Strong Balance Sheet

- Cash and liquid investments was \$42.9 billion and net cash of \$34.3 billion as at 30 June 2018
- Debt of \$8.6 billion as at 30 June 2018

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

\* Include liquid investment







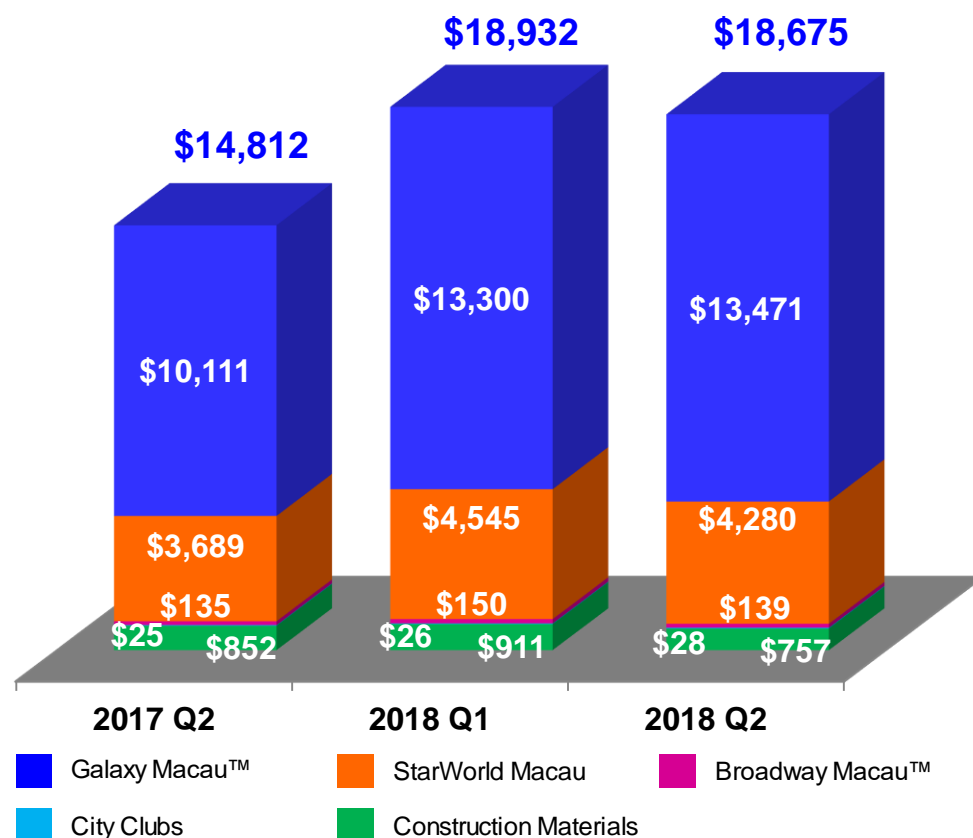
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# Q2 2018 Results

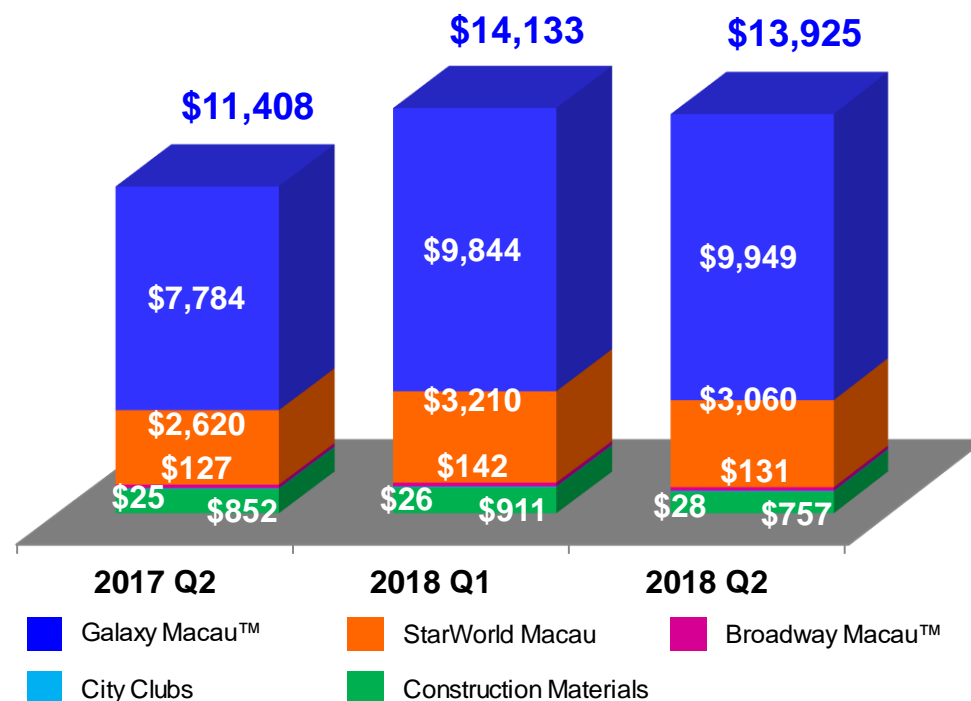
# GEG Revenue Q2 2018

Group Net Revenue in Q2 2018 grew 22% YoY and declined 1% QoQ to \$13.9 billion

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



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



# GEG Revenue Q2 2018

Group Net Revenue in Q2 2018 grew 22% YoY and declined 1% QoQ to \$13.9 billion

YoY	Gross Revenue	Net Revenue
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GEG Total	+26%	+22%
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Galaxy Macau™	+33%	+28%
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StarWorld	+16%	+17%
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Broadway Macau™	+3%	+3%
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City Clubs	+12%	+12%
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Construction Materials	(11)%	(11)%
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QoQ	Gross Revenue	Net Revenue
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GEG Total	(1)%	(1)%
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Galaxy Macau™	+1%	+1%
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StarWorld	(6)%	(5)%
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Broadway Macau™	(7)%	(8)%
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City Clubs	+8%	+8%
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Construction Materials	(17)%	(17)%
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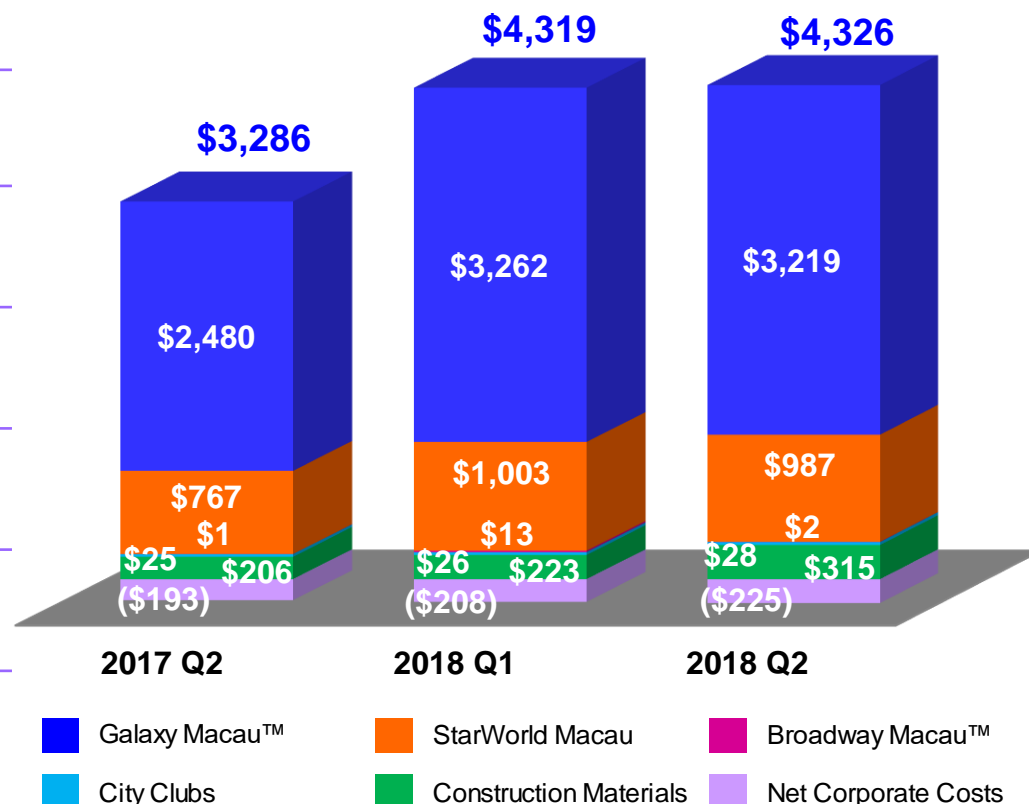
# GEG Adjusted EBITDA Q2 2018

**Group Adjusted EBITDA in Q2 2018 grew 32% YoY and modestly QoQ to a record \$4.3 billion**

- Played unlucky which reduced EBITDA by approx. \$131 million
- Normalized EBITDA grew 34% YoY and 1% QoQ to \$4.5 billion

	YoY	QoQ
<b>GEG Total</b>	+32%	0%
<b>Galaxy Macau™</b>	+30%	(1)%
<b>StarWorld Macau</b>	+29%	(2)%
<b>Broadway Macau™</b>	+100%	(85)%
<b>City Clubs</b>	+12%	+8%
<b>Construction Materials</b>	+53%	+41%

**GEG Adjusted EBITDA (HK\$m)**







## Galaxy Macau™ Q2 2018 Adjusted EBITDA grew 30% YoY and down 1% QoQ to \$3.2 billion

### Net Revenue of \$9.9 billion increased 28% YoY and 1% QoQ

- VIP revenue grew 51% YoY and 2% QoQ to \$7.3 billion
- Mass revenue grew 20% YoY and 2% QoQ to \$4.6 billion
- Non-gaming revenue grew 8% YoY and decreased 3% QoQ to \$1.1 billion, including \$260 million of net rental revenue
- Q2 hotel occupancy across the 5 hotels was virtually 100%

### Adjusted EBITDA of \$3.2 billion grew 30% YoY and declined 1% QoQ

- Played unlucky which decreased Adjusted EBITDA by approx. \$125 million
- Normalized Adjusted EBITDA grew 29% YoY and decreased 3% QoQ to \$3.3 billion
- HKFRS Adjusted EBITDA Margin of 32%

Galaxy Macau™	YoY	QoQ
Total Gross Revenue	+33%	+1%
Total Net Revenue	+28%	+1%
Adjusted EBITDA	+30%	(1)%

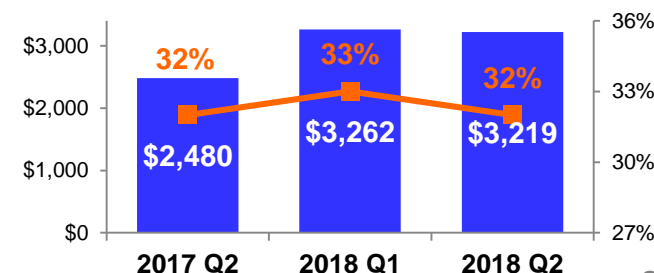
#### Gaming (Gross)

VIP Win #	+51%	+2%
Mass Win	+20%	+2%
Slots Win	+8%	(7)%
Total Gaming Revenue	+36%	+2%

# includes Jinmen

Non-Gaming Revenue	+8%	(3)%
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**Galaxy Macau™ Adjusted EBITDA (HK\$m)**  
**and Adjusted EBITDA Margin (%)**







## StarWorld Macau Q2 2018 Adjusted EBITDA grew 29% YoY and down 2% QoQ to \$987 million

**Net Revenue of \$3.1 billion, up 17% YoY and down 5% QoQ**

- VIP win increased 15% YoY and decreased 10% QoQ to \$2.4 billion
- Mass win increased 19% YoY and flat QoQ to \$1.7 billion
- Non-gaming revenue decreased 2% YoY and flat QoQ to \$122 million, including \$13 million of net rental revenue
- Hotel occupancy in Q2 2018 was virtually 100%

**Adjusted EBITDA of \$987 million grew 29% YoY and declined 2% QoQ**

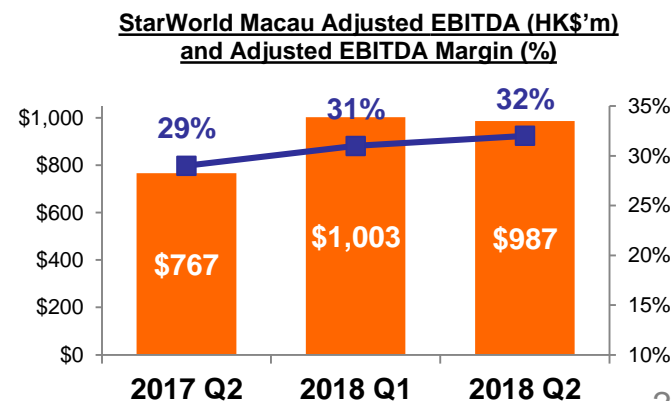
- Played unlucky which decreased Adjusted EBITDA by approx. \$4 million
- Normalized Adjusted EBITDA grew 44% YoY and 7% QoQ to \$991 million
- HKFRS Adjusted EBITDA Margin of 32%

StarWorld Macau	YoY	QoQ
Total Gross Revenue	+16%	(6)%
Total Net Revenue	+17%	(5)%
Adjusted EBITDA	+29%	(2)%

### Gaming (Gross)

VIP Win	+15%	(10)%
Mass Win	+19%	0%
Slots Win	+28%	+8%
Total Gaming Revenue	+17%	(6)%

Non-Gaming Revenue	(2)%	0%
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## Broadway Macau™ Q2 2018 Adjusted EBITDA of \$2 million, versus \$1 million in Q2 2017

**Net Revenue of \$131 million, versus \$127 million in prior year and \$142 million in Q1 2018**

- Mass win of \$59 million decreased 8% YoY and 19% QoQ
- Revenue mix was approx. 49% non-gaming and 51% gaming
- Hotel occupancy in Q2 2018 was virtually 100%

**Adjusted EBITDA of \$2 million versus \$1 million in prior year and \$13 million in Q1 2018**

- Played unlucky which decreased Adjusted EBITDA by approx. \$2 million

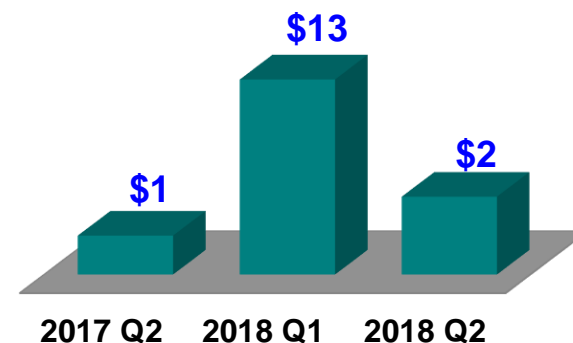
Broadway Macau™	YoY	QoQ
Total Gross Revenue	+3%	(7)%
Total Net Revenue	+3%	(8)%
Adjusted EBITDA	+100%	(85)%

### Gaming (Gross)

Mass Win	(8)%	(19)%
Slots Win	+50%	+20%
Total Gaming Revenue	(1)%	(14)%

Non-Gaming Revenue	+8%	+1%
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**Broadway Macau™  
Adjusted EBITDA (HK\$m)**



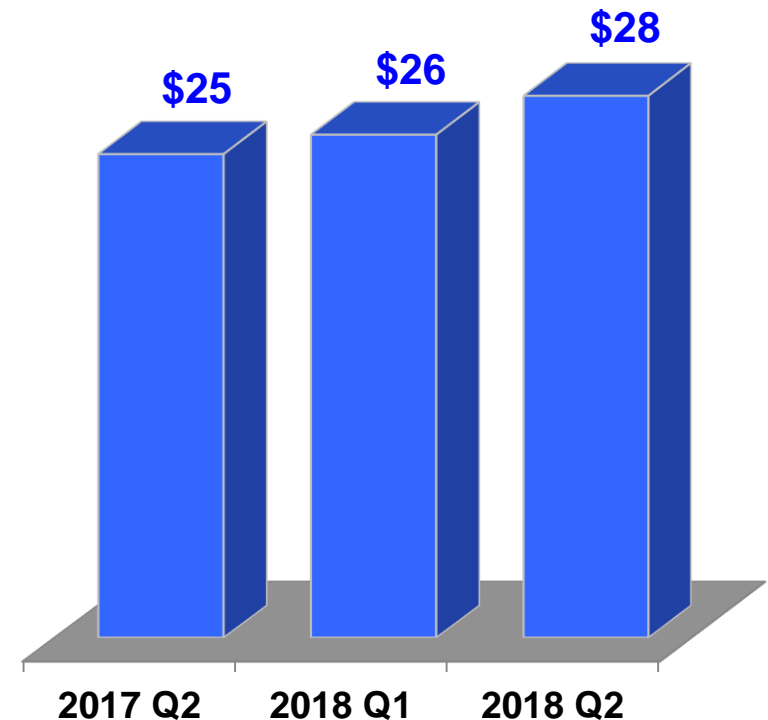


# City Clubs Q2 2018

City Clubs Q2 2018 Adjusted EBITDA was up 12% YoY and 8% QoQ to \$28 million



City Clubs  
Adjusted EBITDA (HK\$'m)

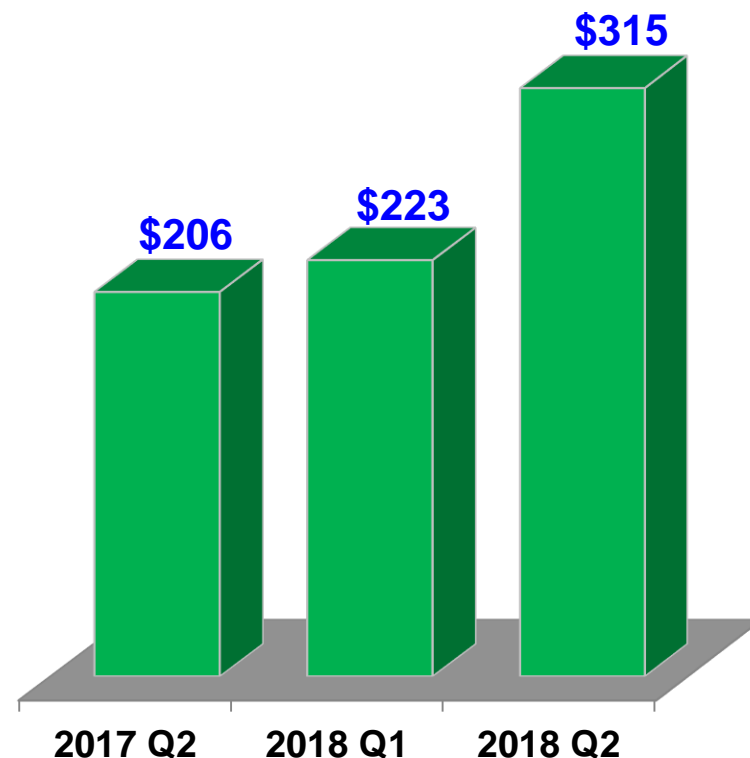


# Construction Materials Q2 2018

CMD Q2 2018 Adjusted EBITDA grew 53% YoY and 41% QoQ to \$315 million



Construction Materials  
Adjusted EBITDA (HK\$m)



# GEG Development Update

## Cotai - The Next Chapter

- Continue to move forward with 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 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

## Hengqin

- Continue to make progress with our concept plan for our Hengqin project. Hengqin will allow GEG to develop a low density leisure destination resort that will complement our high energy resorts in Macau

## International

- Our international development team remains active in pursuing international development opportunities, in particular Japan and the Philippines
- We are very pleased with the recent passing of the IR Bill in Japan on July 20 and view Japan as a great long term growth opportunity
- GEG, together with Monte-Carlo SBM from the Principality of Monaco and our Japanese partners, look forward to bringing our brand of World Class Integrated Resorts to Japan

# Selected 2018 Awards

	Award	Presenter
<b>GEG</b>	Best IR Company (Large Cap)	Hong Kong Investor Relations Association
<b>Galaxy Macau™</b>	Integrated Resort of the Year	11 <sup>th</sup> International Gaming Awards
	Best Integrated Resort Award Best Gaming Floor Award	G2E Asia Awards
	Best Hospitality & Gaming Company 2018	APAC Hong Kong Business Awards 2018
	The Supreme Award of Asia's Most Favored Tourism Integrated Resort by Parent-Child	The 18 <sup>th</sup> Golden Horse Awards of China Hotel
	Five-Star Hotel - Banyan Tree Macau - The Ritz-Carlton, Macau	Forbes Travel Guide 2018
<b>StarWorld Macau</b>	The Supreme Award of Asia's Best F&B Service Hotel	The 18 <sup>th</sup> Golden Horse Awards of China Hotel
	SCMP 100 Top Tables 2018 – Feng Wei Ju	South China Morning Post
	U Favorite Food Awards 2018 My Favorite Hotel Restaurant in Macau – Feng Wei Ju	U Magazine
<b>Construction Materials Division</b>	Caring Company Scheme – 15 Years Plus Caring Company Logo	The Hong Kong Council of Social Service
	Hong Kong Green Organization Certification – Wastewi\$e Certificate - Excellence Level	Environmental Campaign Committee
	BOCHK Corporate Environmental Leadership Award 2017 - Eco Partner	Federation of Hong Kong Industries / Bank of China (Hong Kong)
	Charter on External Lighting - Platinum Award	The Environment Bureau
	2017/18 Airport Safety Recognition Scheme - Corporate Safety Performance Awards	Airport Authority Hong Kong

# Q2 2018 Summary

## Corporate

- 1H Group Adjusted EBITDA of \$8.6 billion, up 34% YoY
- Q2 Group Adjusted EBITDA of \$4.3 billion, up 32% YoY and up modestly QoQ
- Paid a special dividend of \$0.41 per share on 27 April 2018
- Subsequently, the Group will pay another special dividend of \$0.50 per share payable on or about 26 October 2018

## Operations

- Galaxy Macau™ reports \$19.8 billion of Net Revenue and \$6.5 billion of Adjusted EBITDA in 1H18, increased 25% and 28% YoY respectively; Q2 Adjusted EBITDA of \$3.2 billion, up 30% YoY
- StarWorld Macau reports \$6.3 billion of Net Revenue and \$2.0 billion of Adjusted EBITDA in 1H18, up 28% and 41% YoY, respectively; Q2 Adjusted EBITDA of \$987 million, up 29% YoY
- Broadway Macau™ reports \$273 million of Net Revenue and \$15 million of Adjusted EBITDA in 1H18; Q2 Adjusted EBITDA of \$2 million

## Financing

- Cash and liquid investments of \$42.9 billion and net cash of \$34.3 billion at 30 June 2018
- Debt of \$8.6 billion as at 30 June 2018

## Development Pipeline

- Cotai Phases 3 & 4 – Continue to move forward with Phases 3 & 4
- Wynn Resorts – Completed passive minority investment
- Hengqin – Plans moving forward to develop a low-density integrated resort to complement resorts in Macau
- Philippines – Continue to work on development plans
- Japan – Excited with the passing of IR Bill on July 20, continue to move forward together with Monte-Carlo SBM

# Positioned for Growth



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- **GEG commenced with a vision**
- **“To be globally recognized as Asia’s leading gaming & entertainment corporation”**
- **We are delivering upon our vision**



# Appendix 1

## Adoption of New Accounting Standard

GEG	HK\$'m	1Q17	2Q17	1Q18	2Q18	YoY	QoQ	1H17	1H18	YoY
Previous Accounting Standard	Gross Revenue	14,097	14,447	18,549	18,288	27%	-1%	28,544	36,837	29%
New Accounting Standard	Net Revenue	11,128	11,408	14,133	13,925	22%	-1%	22,536	28,058	25%

Galaxy Macau™	HK\$'m	1Q17	2Q17	1Q18	2Q18	YoY	QoQ	1H17	1H18	YoY
Previous Accounting Standard	Gross Revenue	10,244	9,828	12,994	13,165	34%	1%	20,072	26,159	30%
New Accounting Standard	Net Revenue	8,090	7,784	9,844	9,949	28%	1%	15,874	19,793	25%

StarWorld Macau	HK\$'m	1Q17	2Q17	1Q18	2Q18	YoY	QoQ	1H17	1H18	YoY
Previous Accounting Standard	Gross Revenue	3,080	3,615	4,476	4,207	16%	-6%	6,695	8,683	30%
New Accounting Standard	Net Revenue	2,264	2,620	3,210	3,060	17%	-5%	4,884	6,270	28%

Broadway Macau™	HK\$'m	1Q17	2Q17	1Q18	2Q18	YoY	QoQ	1H17	1H18	YoY
Previous Accounting Standard	Gross Revenue	135	127	142	131	3%	-8%	262	273	4%
New Accounting Standard	Net Revenue	135	127	142	131	3%	-8%	262	273	4%



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## ***Q2 & Interim Results 2018***

**8 August, 2018**