



# **GALAXY ENTERTAINMENT GROUP**

## **Q4 & ANNUAL RESULTS 2018**

**FULL YEAR ADJUSTED EBITDA OF \$16.9 BILLION, UP 19% YOY**

**Q4 ADJUSTED EBITDA OF \$4.3 BILLION, UP 4% YOY & UP 12% QOQ**

**ANNOUNCED ANOTHER SPECIAL DIVIDEND OF \$0.45 PER SHARE**

Hong Kong, 28 February 2019 – Galaxy Entertainment Group (“GEG”, “Company” or the “Group”) (HKEx stock code: 27) today reported results for the three months and twelve months periods ended 31 December 2018. (All amounts are expressed in HKD unless otherwise stated)

### **Q4 & FULL YEAR 2018 RESULTS HIGHLIGHTS**

#### **GEG : Delivered Solid Performance, Proceeding On A \$1.5 Billion Property Enhancement Program For Galaxy Macau™ And StarWorld Macau**

- Full Year Group Net Revenue\* of \$55.2 billion, up 14% year-on-year
- Full Year Group Adjusted EBITDA of \$16.9 billion, up 19% year-on-year
- Full Year net profit attributable to shareholders (“NPAS”) of \$13.5 billion, an increase of 29% year-on-year including \$0.6 billion of non-recurring charges
- Full year Adjusted NPAS of \$14.1 billion, up 28% year-on-year after adjusting for non-recurring charges
- Q4 Group Net Revenue\* of \$14.2 billion, up 2% year-on-year and up 9% quarter-on-quarter
- Q4 Group Adjusted EBITDA of \$4.3 billion, up 4% year-on-year, up 12% quarter-on-quarter
- Played lucky in Q4 which increased Adjusted EBITDA by approximately \$77 million, normalized Q4 Adjusted EBITDA of \$4.3 billion, up 4% year-on-year and up 1% quarter-on-quarter

#### **Galaxy Macau™: Continued Solid Performance Driven By Mass And Non-gaming**

- Full Year Net Revenue\* of \$39.5 billion, up 14% year-on-year
- Full Year Adjusted EBITDA of \$12.9 billion, up 16% year-on-year
- Q4 Net Revenue\* of \$10.4 billion, up 2% year-on-year and up 11% quarter-on-quarter
- Q4 Adjusted EBITDA of \$3.4 billion, up 2% year-on-year and up 16% quarter-on-quarter
- Played lucky in Q4 which increased Adjusted EBITDA by approximately \$191 million, normalized Q4 Adjusted EBITDA of \$3.2 billion, up 1% year-on-year and down 1% quarter-on-quarter
- Hotel occupancy for Q4 across the five hotels was virtually 100%

#### **StarWorld Macau: Continued Solid Performance Driven By Mass**

- Full Year Net Revenue\* of \$12.2 billion, up 18% year-on-year
- Full Year Adjusted EBITDA of \$3.8 billion, up 28% year-on-year
- Q4 Net Revenue\* of \$3.0 billion, up 12% year-on-year and up 2% quarter-on-quarter
- Q4 Adjusted EBITDA of \$893 million, up 19% year-on-year and down 4% quarter-on-quarter
- Played unlucky in Q4 which decreased Adjusted EBITDA by approximately \$115 million, normalized Q4 Adjusted EBITDA of \$1.0 billion, up 18% year-on-year and up 8% quarter-on-quarter
- Hotel occupancy for Q4 was virtually 100%

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

- Full Year Net Revenue\* of \$562 million, up 9% year-on-year
- Full Year Adjusted EBITDA of \$32 million versus \$10 million in FY 2017
- Q4 Net Revenue\* of \$144 million, down 1% year-on-year and down 1% quarter-on-quarter
- Q4 Adjusted EBITDA of \$8 million versus \$7 million in Q4 2017 and \$9 million in Q3 2018
- Played lucky in Q4 which increased Adjusted EBITDA by approximately \$1 million, normalized Q4 Adjusted EBITDA of \$7 million versus \$3 million in Q4 2017 and \$13 million in Q3 2018
- Hotel occupancy for Q4 was 98%

**Balance Sheet: Healthy Balance Sheet**

- Cash and liquid investments was \$45.8 billion and net cash was \$37.0 billion as at 31 Dec 2018
- Debt of \$8.8 billion as of 31 Dec 2018 primary reflects ongoing yield management initiative
- Paid two special dividends: \$0.41 per share on 27 April 2018 and \$0.50 per share on 26 October 2018
- Announced another special dividend of \$0.45 per share payable on or about 26 April 2019

**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, primarily targeting MICE, entertainment, family facilities and also including gaming
- Hengqin – Plans moving forward to develop a low-density integrated resort to complement our high-energy entertainment resorts in Macau
- International – Continuously exploring opportunities in overseas markets, including Japan

*\*Net Revenue is calculated in accordance with the new accounting standard and the Net Revenue in Q4 and full year 2017 is restated for comparison.*

**Dr. Lui Che Woo, Chairman of GEG said:**

*“I am pleased to provide an updated on our financial results for Q4 and full year 2018. At GEG, we continue to drive every segment of the business with a particular focus on the mass business and continue to allocate resources to their most efficient use. Our efforts are reflected in full year Adjusted EBITDA of \$16.9 billion. This was despite continuing competitive openings in both Macau and regionally and a number of geo-political and economic issues that impacted consumer sentiments. Our cash and liquid investments were \$45.8 billion and net cash was \$37.0 billion.*

*During the year, we purchased a minority equity stake of approximately 4.9% of Wynn Resorts.*

*We are pleased to announce another special dividend of \$0.45 per share to be paid on or about 26 April 2019. Additionally, the Group paid two special dividends of \$0.41 and \$0.50 per share in 2018. The Group will continue to focus on both our Macau development plans and international expansion ambitions.*

*During 2018, Macau experienced another strong typhoon in September which resulted for the first time in the closure of casinos for a modest period of time. Due to the careful planning by the Macau government, damage to Macau and properties was minimal and there were only minor personal injuries but more importantly there were no fatalities.*

*Finally, I would like to extend my sincere appreciation to all of our committed team members whom without their commitment we would not have been able to achieve these solid financial results. Our team members continue to deliver exceptional customer experiences and ‘World Class, Asian Heart’ service each and every day.”*

**Macau Market Overview**

Investor sentiment throughout 2018 experienced periods of volatility. This was a result of a number of geo-political and economic issues such as global trade tensions, the slowing Chinese economy, rising interest rates, currency fluctuations and also the introduction of smoking restrictions, to name a few. Despite the above, GGR for full year 2018 was \$294.0 billion, up 14% year-on-year. Quarterly GGR in Q4 2018 was \$76.5 billion, up 9% year-on-year and up 7% quarter-on-quarter.



In 2018, visitor arrivals to Macau were 35.8 million, up 10% year-on-year, in which visitors from Mainland China grew at a faster rate of 14% year-on-year. Overnight visitors accounted for 52% of total visitation. The average length of stay for overnight visitors increased 0.1 day year-on-year to 2.2 days. The visitation growth in 2018 was also assisted by the improvements in infrastructure, including the opening of the Hong Kong-Shenzhen-Guangzhou high speed train, the Hong Kong-Zhuhai-Macau Bridge and further relaxation of visas for Mainland Chinese to enter Macau.

### **Summary of Accounting Changes During 2018**

In accordance with the Hong Kong Institute of Certified Public Accountants (HKICPA), GEG adopted a new accounting standard in reporting revenue from gaming operation beginning from 1 January 2018. GEG's first mandatory full year reporting period is the twelve months period ended 31 December 2018. The main changes due to this reporting standard are that commission and incentives are to be deducted from the net wins from gaming operation to arrive at the net gaming revenue. In addition, GEG now also reports all complimentary provided to gaming customers at market rate. The comparative figures of revenue in 2017 have been restated to conform with the current period's presentation.

In summary the impact of these accounting changes will be lower reported gaming revenue, an increased Adjusted EBITDA margin, and an increase in non-gaming revenue such as hotels and F&B. There will be no change in the Adjusted EBITDA or NPAS.

### **Group Financial Results**

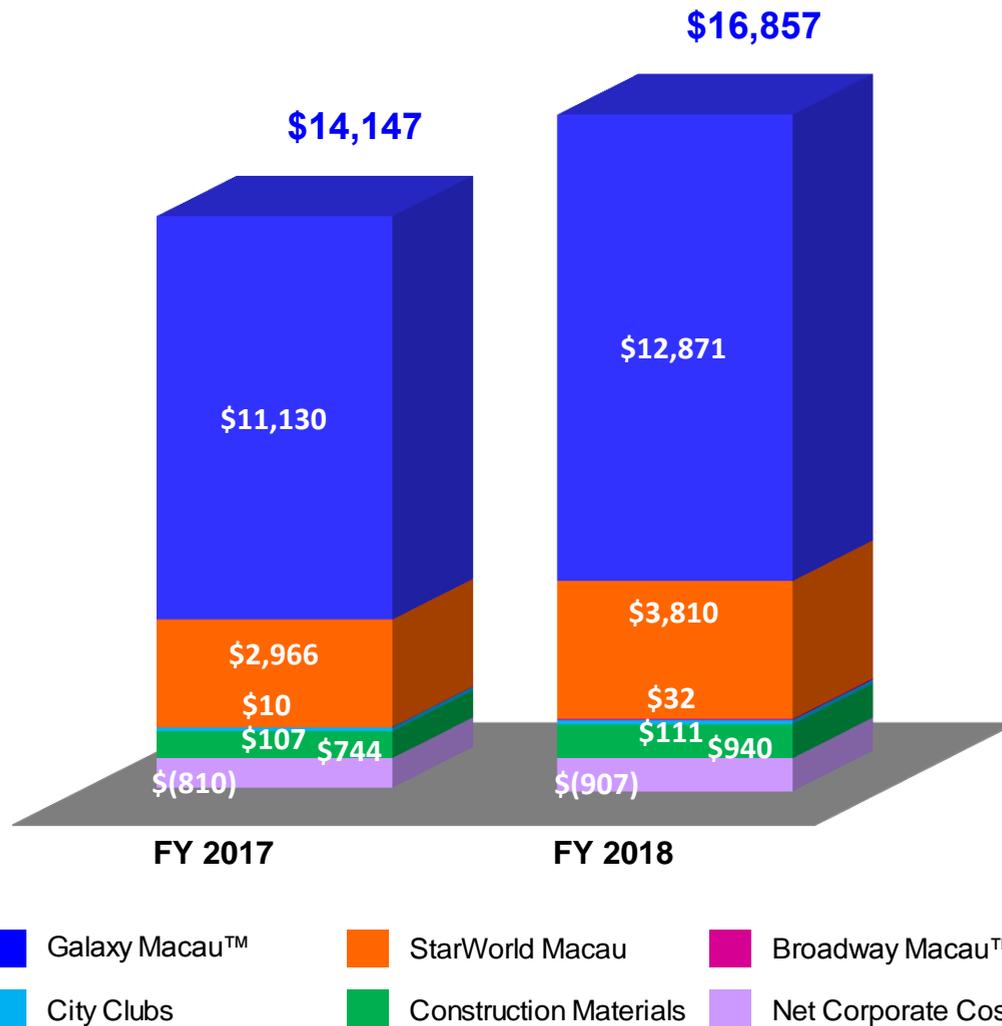
#### *Full Year 2018*

The Group posted net revenue of \$55.2 billion, up 14% year-on-year, and generating Adjusted EBITDA of \$16.9 billion, up 19% year-on-year in 2018. Net profit attributable to shareholders was \$13.5 billion, up 29% year-on-year. Galaxy Macau™'s Adjusted EBITDA was \$12.9 billion, up 16% year-on-year. StarWorld Macau's Adjusted EBITDA was \$3.8 billion, up 28% year-on-year. Broadway Macau™'s Adjusted EBITDA was \$32 million versus \$10 million in 2017.

GEG experienced bad luck in its gaming operation during 2018, which decreased its Adjusted EBITDA by approximately \$484 million. Normalized 2018 Adjusted EBITDA grew 22% year-on-year to \$17.3 billion.



**Full Year 2018 GEG Adjusted EBITDA (HK\$'m)**



The Group's total GGR on a management basis<sup>1</sup> in 2018 was \$67.2 billion, up 16% year-on-year. Total mass table GGR was \$27.5 billion, up 14% year-on-year. Total VIP GGR was \$37.3 billion, up 18% year-on-year. Total electronic GGR was \$2.5 billion, up 15% year-on-year.

<sup>1</sup>The primary difference between statutory gross revenue and management basis gross revenue is the treatment of City Clubs revenue where fee income is reported on a statutory basis and gross gaming revenue is reported on a management basis. At the group level the gaming statistics include Company owned resorts plus City Clubs.



### Group Key Financial Data

	FY2017 (Restated)	FY2018
Revenues: (HK\$m)		
Net Gaming	40,624	<b>47,025</b>
Non-gaming	4,949	<b>5,298</b>
Construction Materials	3,067	<b>2,888</b>
Total Net Revenue <sup>2</sup>	48,640	<b>55,211</b>
Adjusted EBITDA	14,147	<b>16,857</b>

<b>Gaming Statistics<sup>3</sup> (HK\$m)</b>		
	FY2017	FY2018
Rolling Chip Volume	912,147	<b>1,103,107</b>
Win Rate %	3.5%	<b>3.4%</b>
Win	31,600	<b>37,250</b>
Mass Table Drop <sup>4</sup>	100,252	<b>119,657</b>
Win Rate %	24.1%	<b>23.0%</b>
Win	24,208	<b>27,487</b>
Electronic Gaming Volume	61,847	<b>72,461</b>
Win Rate %	3.5%	<b>3.4%</b>
Win	2,161	<b>2,476</b>
Total GGR Win <sup>5</sup>	57,969	<b>67,213</b>

### Balance Sheet and Special Dividends

As of 31 December 2018, cash and liquid investments were \$45.8 billion and net cash was \$37.0 billion. Total debt was \$8.8 billion as at 31 December 2018, this was due solely to an ongoing treasury management exercise where interest income on cash holdings exceeds corresponding borrowing costs. Our balance sheet combined with cash flow from operations allows us to return capital to shareholders via dividends and to fund both our Macau development pipeline and international expansion ambitions.

In 2018, GEG returned capital to shareholders by paying two special dividends of \$0.41 per share and \$0.50 per share on 27 April 2018 and 26 October 2018, respectively. The Group announced another special dividend of \$0.45 per share to be paid on or about 26 April 2019.

<sup>2</sup> Total net revenue is reported under the new accounting standard and the corresponding figures for past periods are restated.

<sup>3</sup> Gaming statistics are presented before deducting commission and incentives.

<sup>4</sup> Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

<sup>5</sup> Total GGR win includes gaming win from City Clubs.

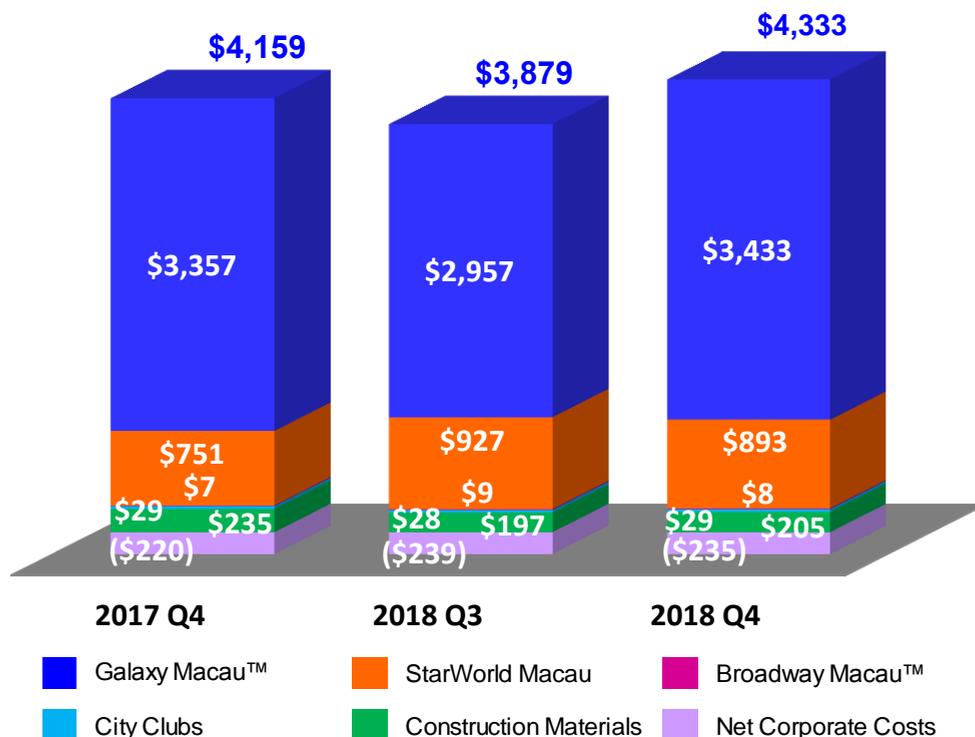


Q4 2018

During Q4 2018, the Group's net revenue increased 2% year-on-year and increased 9% quarter-on-quarter to \$14.2 billion. Adjusted EBITDA increased 4% year-on-year and increased 12% quarter-on-quarter to \$4.3 billion. Galaxy Macau™'s Adjusted EBITDA increased 2% year-on-year and increased 16% quarter-on-quarter to \$3.4 billion. StarWorld Macau's Adjusted EBITDA increased 19% year-on-year and decreased 4% quarter-on-quarter to \$893 million. Broadway Macau™'s Adjusted EBITDA was \$8 million versus \$9 million in Q3 2018 and \$7 million in Q4 2017.

During Q4 2018, GEG played lucky in its gaming operations which increased Adjusted EBITDA by approximately \$77 million. Normalized Q4 2018 Adjusted EBITDA grew 4% year-on-year and increased 1% quarter-on-quarter to \$4.3 billion.

**Q4 2018 GEG Adjusted EBITDA (HK\$'m)**



The Group's total GGR on a management basis<sup>6</sup> in Q4 2018 was \$17.0 billion, up 2% year-on-year and up 8% quarter-on-quarter. Total mass table GGR was \$7.3 billion, up 10% year-on-year and up 11% quarter-on-quarter. Total VIP GGR was \$9.0 billion, down 5% year-on-year and up 5% quarter-on-quarter. Total electronic GGR was \$681 million, up 24% year-on-year and up 10% quarter-on-quarter.

<sup>6</sup> The primary difference between statutory gross revenue and management basis gross revenue is the treatment of City Clubs revenue where fee income is reported on a statutory basis and gross gaming revenue is reported on a management basis. At the group level the gaming statistics include Company owned resorts plus City Clubs.



### Group Key Financial Data

(HK\$m)

	Q4 2017 (Restated)	Q3 2018	Q4 2018	FY2017 (Restated)	FY2018
Revenues:					
Net Gaming	11,630	11,068	<b>12,138</b>	40,624	<b>47,025</b>
Non-gaming	1,319	1,358	<b>1,369</b>	4,949	<b>5,298</b>
Construction Materials	921	569	<b>651</b>	3,067	<b>2,888</b>
Total Net Revenue <sup>7</sup>	13,870	12,995	<b>14,158</b>	48,640	<b>55,211</b>
Adjusted EBITDA	4,159	3,879	<b>4,333</b>	14,147	<b>16,857</b>

### Gaming Statistics<sup>8</sup>

(HK\$m)

	Q4 2017	Q3 2018	Q4 2018	FY2017	FY2018
Rolling Chip Volume	280,698	264,491	<b>260,505</b>	912,147	<b>1,103,107</b>
Win Rate %	3.4%	3.3%	<b>3.5%</b>	3.5%	<b>3.4%</b>
Win	9,481	8,604	<b>9,034</b>	31,600	<b>37,250</b>
Mass Table Drop <sup>9</sup>	27,375	29,923	<b>31,571</b>	100,252	<b>119,657</b>
Win Rate %	24.3%	22.1%	<b>23.2%</b>	24.1%	<b>23.0%</b>
Win	6,655	6,609	<b>7,328</b>	24,208	<b>27,487</b>
Electronic Gaming Volume	15,936	18,202	<b>18,191</b>	61,847	<b>72,461</b>
Win Rate %	3.5%	3.4%	<b>3.7%</b>	3.5%	<b>3.4%</b>
Win	551	621	<b>681</b>	2,161	<b>2,476</b>
Total GGR Win	16,687	15,834	<b>17,043</b>	57,969	<b>67,213</b>

### Galaxy Macau™

Galaxy Macau™ is the primary contributor to Group revenue and earnings. Net revenue in the year was up 14% year-on-year to \$39.5 billion. Adjusted EBITDA was up 16% year-on-year to \$12.9 billion. Adjusted EBITDA margin under HKFRS was 33% (2017: 32%).

Galaxy Macau™ experienced bad luck in its gaming operations which decreased its Adjusted EBITDA by approximately \$434 million in 2018. Normalized 2018 Adjusted EBITDA grew 19% year-on-year to \$13.3 billion.

In Q4 2018, Galaxy Macau™'s net revenue was \$10.4 billion, up 2% year-on-year and up 11% quarter-on-quarter. Adjusted EBITDA was \$3.4 billion, up 2% year-on-year and up 16% quarter-on-quarter. Adjusted EBITDA margin under HKFRS was 33% (Q4 2017: 33%).

<sup>7</sup> Total net revenue is reported under the new accounting standard and the corresponding figures for past periods are restated.

<sup>8</sup> Gaming statistics are presented before deducting commission and incentives.

<sup>9</sup> Mass table drop includes the amount of table drop plus cash chips purchased at the cage.



Galaxy Macau™ played lucky in its gaming operations which increased its Adjusted EBITDA by approximately \$191 million in Q4 2018. Normalized Q4 Adjusted EBITDA was \$3.2 billion, up 1% year-on-year and down 1% quarter-on-quarter.

The combined five hotels registered strong occupancy was virtually 100% for both the full year and Q4.

### Galaxy Macau™ Key Financial Data

(HK\$m)

	Q4 2017 (Restated)	Q3 2018	Q4 2018	FY2017 (Restated)	FY2018
Revenues:					
Net Gaming	9,001	8,181	<b>9,201</b>	30,500	<b>34,983</b>
Hotel / F&B / Others	864	888	<b>858</b>	3,279	<b>3,385</b>
Mall	250	268	<b>302</b>	906	<b>1,123</b>
Total Net Revenue <sup>10</sup>	10,115	9,337	<b>10,361</b>	34,685	<b>39,491</b>
Adjusted EBITDA	3,357	2,957	<b>3,433</b>	11,130	<b>12,871</b>
Adjusted EBITDA Margin %	33%	32%	<b>33%</b>	32%	<b>33%</b>

### Gaming Statistics<sup>11</sup>

(HK\$m)

	Q4 2017	Q3 2018	Q4 2018	FY2017	FY2018
Rolling Chip Volume	191,995	189,607	<b>172,378</b>	621,525	<b>775,429</b>
Win Rate %	3.8%	3.4%	<b>3.8%</b>	3.7%	<b>3.5%</b>
Win	7,263	6,354	<b>6,612</b>	23,060	<b>27,423</b>
Mass Table Drop <sup>12</sup>	16,135	17,650	<b>18,593</b>	59,041	<b>70,286</b>
Win Rate %	29.0%	25.1%	<b>27.8%</b>	28.2%	<b>26.7%</b>
Win	4,682	4,434	<b>5,178</b>	16,664	<b>18,746</b>
Electronic Gaming Volume	11,782	13,026	<b>12,851</b>	46,062	<b>52,778</b>
Win Rate %	4.0%	4.0%	<b>4.5%</b>	4.0%	<b>3.9%</b>
Win	467	527	<b>573</b>	1,842	<b>2,082</b>
Total GGR Win	12,412	11,315	<b>12,363</b>	41,566	<b>48,251</b>

### StarWorld Macau

StarWorld Macau's net revenue in the year was up 18% year-on-year to \$12.2 billion. Adjusted EBITDA was up 28% year-on-year to \$3.8 billion. Adjusted EBITDA margin under HKFRS increased to 31% (2017: 29%).

<sup>10</sup> Total net revenue is reported under the new accounting standard and the corresponding figures for past periods are restated.

<sup>11</sup> Gaming statistics are presented before deducting commission and incentives.

<sup>12</sup> Mass table drop includes the amount of table drop plus cash chips purchased at the cage.



StarWorld Macau experienced bad luck in its gaming operations which decreased its Adjusted EBITDA by approximately \$48 million in 2018. Normalized 2018 Adjusted EBITDA grew 30% year-on-year to \$3.9 billion.

In Q4 2018, StarWorld Macau's net revenue was \$3.0 billion, up 12% year-on-year and up 2% quarter-on-quarter. Adjusted EBITDA was \$893 million, up 19% year-on-year and down 4% quarter-on-quarter. Adjusted EBITDA margin under HKFRS increased to 30% (Q4 2017: 28%).

StarWorld Macau played unlucky in its gaming operations which decreased its Adjusted EBITDA by approximately \$115 million in Q4 2018. Normalized Q4 Adjusted EBITDA was \$1.0 billion, up 18% year-on-year and up 8% quarter-on-quarter.

Hotel occupancy was virtually 100% for both the full year and Q4.

### StarWorld Macau Key Financial Data

(HK\$m)

	Q4 2017 (Restated)	Q3 2018	Q4 2018	FY2017 (Restated)	FY2018
Revenues:					
Net Gaming	2,524	2,794	<b>2,839</b>	9,758	<b>11,659</b>
Hotel / F&B / Others	122	110	<b>121</b>	461	<b>449</b>
Mall	13	12	<b>13</b>	48	<b>51</b>
Total Net Revenue <sup>13</sup>	2,659	2,916	<b>2,973</b>	10,267	<b>12,159</b>
Adjusted EBITDA	751	927	<b>893</b>	2,966	<b>3,810</b>
Adjusted EBITDA Margin %	28%	32%	<b>30%</b>	29%	<b>31%</b>

### Gaming Statistics<sup>14</sup>

(HK\$m)

	Q4 2017	Q3 2018	Q4 2018	FY2017	FY2018
Rolling Chip Volume	85,920	73,750	<b>87,317</b>	278,575	<b>323,063</b>
Win Rate %	2.5%	3.0%	<b>2.7%</b>	2.9%	<b>3.0%</b>
Win	2,116	2,191	<b>2,386</b>	8,213	<b>9,654</b>
Mass Table Drop <sup>15</sup>	8,201	9,062	<b>9,620</b>	29,509	<b>36,375</b>
Win Rate %	17.9%	18.5%	<b>16.9%</b>	19.0%	<b>18.5%</b>
Win	1,467	1,680	<b>1,630</b>	5,609	<b>6,723</b>
Electronic Gaming Volume	1,640	1,945	<b>2,010</b>	6,472	<b>7,585</b>
Win Rate %	2.1%	2.1%	<b>2.1%</b>	2.3%	<b>2.3%</b>
Win	35	41	<b>42</b>	146	<b>172</b>
Total GGR Win	3,618	3,912	<b>4,058</b>	13,968	<b>16,549</b>

<sup>13</sup> Total net revenue is reported under the new accounting standard and the corresponding figures for past periods are restated.

<sup>14</sup> Gaming statistics are presented before deducting commission and incentives.

<sup>15</sup> Mass table drop includes the amount of table drop plus cash chips purchased at the cage.



## Broadway Macau™

Broadway Macau™ is a unique family friendly, street entertainment and food resort supported by Macau SMEs, it does not have a VIP gaming component. The property's net revenue in 2018 was up 9% year-on-year to \$562 million. Adjusted EBITDA was \$32 million for 2018 versus \$10 million in 2017. Adjusted EBITDA margin for 2018 calculated under HKFRS was 6% (2017: 2%).

Broadway Macau™ experienced bad luck in its gaming operations which decreased its Adjusted EBITDA by approximately \$2 million in 2018. Normalized 2018 Adjusted EBITDA was \$34 million versus \$12 million in 2017.

In Q4 2018, Broadway Macau™'s net revenue was \$144 million, down 1% year-on-year and down 1% quarter-on-quarter. Adjusted EBITDA was \$8 million, versus \$7 million in prior year and \$9 million in Q3 2018. Adjusted EBITDA margin under HKFRS increased to 6% (Q4 2017: 5%).

Broadway Macau™ played lucky in its gaming operations which increased its Adjusted EBITDA by approximately \$1 million in Q4 2018. Normalized Q4 Adjusted EBITDA was \$7 million, versus \$3 million in prior year and \$13 million in Q3 2018. Hotel occupancy was 97% for the full year and 98% in Q4.

### Broadway Macau™ Key Financial Data

(HK\$m)

	Q4 2017 (Restated)	Q3 2018	Q4 2018	FY2017 (Restated)	FY2018
Revenues:					
Net Gaming	75	65	<b>69</b>	258	<b>272</b>
Hotel / F&B / Others	60	69	<b>63</b>	216	<b>246</b>
Mall	11	11	<b>12</b>	40	<b>44</b>
Total Net Revenue <sup>16</sup>	146	145	<b>144</b>	514	<b>562</b>
Adjusted EBITDA	7	9	<b>8</b>	10	<b>32</b>
Adjusted EBITDA Margin %	5%	6%	<b>6%</b>	2%	<b>6%</b>

### Gaming Statistics<sup>17</sup>

(HK\$m)

	Q4 2017	Q3 2018	Q4 2018	FY2017	FY2018
Mass Table Drop <sup>18</sup>	377	368	<b>346</b>	1,456	<b>1,404</b>
Win Rate %	19.7%	16.9%	<b>18.9%</b>	18.0%	<b>18.4%</b>
Win	75	62	<b>65</b>	262	<b>259</b>
Electronic Gaming Volume	327	509	<b>574</b>	1,019	<b>2,008</b>
Win Rate %	2.7%	2.1%	<b>2.3%</b>	3.0%	<b>2.3%</b>
Win	9	11	<b>13</b>	31	<b>46</b>
Total GGR Win	84	73	<b>78</b>	293	<b>305</b>

<sup>16</sup> Total net revenue is reported under the new accounting standard and the corresponding figures for past periods are restated.

<sup>17</sup> Gaming statistics are presented before deducting commission and incentives.

<sup>18</sup> Mass table drop includes the amount of table drop plus cash chips purchased at the cage.



## City Clubs

City Clubs contributed \$111 million of Adjusted EBITDA to the Group's earnings for 2018 versus \$107 million in 2017. Q4 2018 Adjusted EBITDA was \$29 million, flat year-on-year, up 4% quarter-on-quarter.

### City Clubs Key Financial Data

(HK\$m)	Q4 2017	Q3 2018	Q4 2018	FY2017	FY2018
Adjusted EBITDA	29	28	29	107	111

<b>Gaming Statistics</b> <sup>19</sup>					
(HK\$m)	Q4 2017	Q3 2018	Q4 2018	FY2017	FY2018
Rolling Chip Volume	2,783	1,134	810	12,047	4,615
Win Rate %	3.7%	5.2%	4.4%	2.7%	3.7%
Win	102	59	36	327	173
Mass Table Drop <sup>20</sup>	2,662	2,843	3,012	10,246	11,592
Win Rate %	16.2%	15.2%	15.1%	16.3%	15.2%
Win	431	432	455	1,673	1,759
Electronic Gaming Volume	2,178	2,722	2,756	8,294	10,090
Win Rate %	1.8%	1.6%	1.9%	1.7%	1.7%
Win	40	42	53	142	176
Total GGR Win	573	533	544	2,142	2,108

## Construction Materials Division

The Construction Materials Division contributed Adjusted EBITDA of \$940 million in 2018, up 26% year-on-year. Q4 2018 Adjusted EBITDA was \$205 million, down 13% year-on-year and up 4% quarter-on-quarter.

## Development Update

### *Galaxy Macau™ and StarWorld Macau*

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

<sup>19</sup> Gaming statistics are presented before deducting commission and incentives.

<sup>20</sup> Mass table drop includes the amount of table drop plus cash chips purchased at the cage.



### *Cotai – The Next Chapter*

GEG is uniquely positioned for long term growth. We 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 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.

### *Hengqin*

We 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*

On 20 July 2018 the Japanese Diet passed the Integrated Resort (“IR”) Bill. We are very pleased with the recent passing of the IR Bill in Japan. 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.

### Selected Major Awards in 2018

Award	Presenter
<b>GEG</b>	
Asiamoney Asia’s Outstanding Companies Poll – Most Outstanding Company in Hong Kong – Consumer Discretionary Sector	Asiamoney
Most Honored Company Best Investor Relations Program (Overall) – First Place Best Corporate Governance (Overall) – First Place Best ESG SRI Metrics (Overall) – First Place Best Analyst Day (Overall) – First Place	Institutional Investor Magazine – 2018 All Asia Executive Team Survey
Sina 2018 Golden Lion Awards – Best Listed Companies	Sina
Best IR Company (Large Cap)	Hong Kong Investor Relations Association
Top 100 Hong Kong Listed Companies Award – Comprehensive Strength	QQ.com x Finet
Outstanding Corporate Social Responsibility Award	Mirror Post
<b>Galaxy Macau™</b>	
Integrated Resort of the Year	11 <sup>th</sup> International Gaming Awards
World’s Leading Casino Resort 2018 Asia’s Leading Casino Resort 2018	The 25 <sup>th</sup> World Travel Awards
Best Hospitality & Gaming Company 2018	APAC Hong Kong Business Awards 2018
Best Integrated Resort Award Best Gaming Floor Award	G2E Asia Awards



<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
Top Ten Charm City Hotels	The 13 <sup>th</sup> International Hotel Platinum Award
<b>Broadway Macau™</b>	
Business Awards of Macau 2018 - Excellence Award for Environmental Performance	Macau Business Magazine
<b>Construction Materials Division</b>	
Caring Company Scheme – 15 Years Plus Caring Company Logo	The Hong Kong Council of Social Service
Grand Award-Excellence in Environmental Disclosure	Hong Kong ESG Reporting Awards
Hong Kong Green Organization Certification – Wastewi\$e Certificate – Excellence Level	Environmental Campaign Committee
17 <sup>th</sup> Hong Kong OSH Award – Safety Performance Award - Other Industries – Safety Management System Award - Other Industries	Occupational Safety and Health Council
Sustainable Consumption Award Scheme – Certificate of Excellence – Sustainable Consumption Enterprise Award	Business Environment Council
Green Office Award Labeling Scheme – Certificate of Recognition Green Office and Eco – Healthy Workplace Awards Labeling Scheme - Green Office and Eco – Healthy Workplace	World Green Organization
Social Capital Builder Logo Award	Labour and Welfare Bureau – Community Investment & Inclusion Fund

## Outlook

In 2019, we will continue to focus on driving every segment of our business with a particular focus on the mass segment and we will continue to allocate resources to their highest and best use.

Our healthy balance sheet combined with our strong cash flow allows us to return capital to shareholders through special dividends and fund both our Macau development pipeline and international expansion opportunities. These include Cotai Phases 3 & 4, Hengqin and Japan.

Mainland China has significant demand for leisure, tourism and travel. GEG is uniquely positioned to capitalize on future growth potential having the largest development pipeline in Macau with Phases 3 & 4.

In addition, we believe the Greater Bay Area integration plan will further facilitate the flow of people, logistics and capital within Macau, Hong Kong and the nine cities of southern Guangdong. GEG will continue to support and leverage on the plan by enhancing the competitiveness of our resort portfolio, including our development plans on Hengqin.



We also look forward to the continued improvements in infrastructure. The opening of the Hong Kong-Shenzhen-Guangzhou high speed train and the Hong Kong-Zhuhai-Macau Bridge in 2018 will further enhance the appeal and accessibility to Macau for both Chinese and international visitors. In addition, the expected opening of the Light Rail Transport (LRT) in Taipa in the second half of 2019 will also help to enhance the ease of travel within Macau.

The recent developments in the United States and China trade discussions are certainly cause for optimism, having said that we expect to continue to experience geo-political and economic challenges that may have an impact on consumer confidence in 2019.

We remain confident in the longer term outlook for Macau in general, and GEG specifically. We look forward to celebrating the 20th anniversary of Macau's handover to China and continue to support the Central Government's Greater Bay Area Initiative. GEG is committed to invest in Macau's economic diversification and support the Macau Government's vision of becoming a World Centre of Tourism and Leisure.

- END -



## About Galaxy Entertainment Group (HKEx stock code: 27)

Galaxy Entertainment Group (“GEG” or the “Group”) is one of the world’s leading resorts, hospitality and gaming companies. It primarily develops and operates a large portfolio of integrated resort, retail, dining, hotel and gaming facilities in Macau. The Group is listed on the Hong Kong Stock Exchange and is a constituent stock of the Hang Seng Index.

GEG is one of the three original concessionaires in Macau with a successful track record of delivering innovative, spectacular and award-winning properties, products and services, underpinned by a “World Class, Asian Heart” service philosophy, that has enabled it to consistently outperform and lead the market in Macau.

GEG operates three flagship destinations in Macau: on Cotai, Galaxy Macau™, one of the world’s largest integrated destination resorts, and the adjoining Broadway Macau™, a unique landmark entertainment and food street destination; and on the Peninsula, StarWorld Macau, an award winning premium property.

The Group has the largest undeveloped landbank of any concessionaire in Macau. When The Next Chapter of its Cotai development is completed, GEG’s resorts footprint on Cotai will double to more than 2 million square meters, making the resorts, entertainment and MICE precinct one of the largest and most diverse integrated destinations in the world. GEG is also planning to develop a world class leisure and recreation destination resort on a 2.7 square kilometer land parcel on Hengqin adjacent to Macau. This resort will complement GEG’s offerings in Macau, and at the same time differentiate it from its peers while supporting Macau in its vision of becoming a World Centre of Tourism and Leisure.

In July 2015, GEG made a strategic investment in Société Anonyme des Bains de Mer et du Cercle des Etrangers à Monaco (“Monte-Carlo SBM”), a world renowned owner and operator of iconic luxury hotels and resorts in the Principality of Monaco. GEG continues to explore a range of international development opportunities with Monte-Carlo SBM including Japan.

GEG is committed to delivering world class unique experiences to its guests and building a sustainable future for the communities in which it operates.

For more information about the Group, please visit [www.galaxyentertainment.com](http://www.galaxyentertainment.com)

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