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銀娛 GEG

## **GALAXY ENTERTAINMENT GROUP LIMITED**

### **銀河娛樂集團有限公司**

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 27)**

#### **ANNOUNCEMENT ON CERTAIN SELECTED UNAUDITED KEY PERFORMANCE INDICATORS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

This announcement is issued pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board of Directors (the “Board”) of Galaxy Entertainment Group Limited (“GEG”) is pleased to announce certain selected unaudited key performance indicators of GEG and its subsidiaries (collectively referred to as the “Group”) for the third quarter ended 30 September 2012 as follows:

#### **HIGHLIGHTS**

##### **GEG**

- Adjusted EBITDA of HK\$2.6 billion, up 46% year-on-year
- 16<sup>th</sup> consecutive quarter of Group EBITDA growth
- Latest twelve months (“LTM”) Group Adjusted EBITDA to 30 September 2012 increased by 123% to HK\$9.5 billion

##### **Galaxy Macau™**

- Adjusted EBITDA of HK\$1.8 billion, up 81% year-on-year and 12% sequentially, reflecting increase in Mass revenue
- Adjusted EBITDA margin improved year-on-year from 15% to 21% under HK GAAP, or from 23% to 29% under US GAAP
- Revenue increased year-on-year by 30% to HK\$8.3 billion as Mass revenue grew 79% year-on-year and 10% sequentially
- Achieved annualised Return on Investment (ROI) of 42%\*
- Hotel occupancy climbed to 97%
- Construction of Phase 2 on schedule

##### **StarWorld**

- Adjusted EBITDA of HK\$843 million, up 8% year-on-year and down 7% sequentially
- Mass revenue increased year-on-year by 43% and 13% sequentially
- Achieved ROI of 99%\*\*
- Implementing new growth initiatives with a target completion of Q2 2013

##### **Balance Sheet**

- Cash on hand of HK\$12.6 billion at 30 September 2012, including restricted cash of HK\$2 billion
- Net cash position of HK\$1.5 billion

\* ROI calculated based on the annualised Q3 2012 Adjusted EBITDA divided by gross investment to date including allocated land cost.

\*\* ROI calculated based on total Adjusted EBITDA for the LTM divided by gross book value through 30 September 2012 including land cost.

GEG delivered its 16<sup>th</sup> consecutive quarter of EBITDA growth in the third quarter of the year, reflecting another strong performance in the higher margin Mass segment at both of GEG's flagship properties, and solid contributions from City Clubs and Construction Materials businesses. The Group's ongoing success stems from it having an intrinsic understanding of Asian customer tastes and preferences. The innovative and spectacular properties, products and services, underpinned by a 'World Class, Asian Heart' service philosophy, have enabled GEG to perform consistently well.

As GEG looks to the future, it is excited by the growth prospects for Macau as major infrastructure projects near completion. With construction of Galaxy Macau™ Phase 2 on track to complete in 2015, GEG is well positioned to continue creating value for its shareholders and assist Macau to become a world class entertainment destination.

### **Group Financial Results**

GEG delivered another robust set of figures in the third quarter of 2012, achieving its 16<sup>th</sup> consecutive quarter of EBITDA growth at HK\$2.6 billion, an increase of 46% on the prior year period. On a LTM basis ended 30 September 2012 revenue grew by 76% to HK\$56.7 billion, with Adjusted EBITDA (as defined on Page 39 of Interim Report 2012) growing 123% to HK\$9.5 billion. Group revenue increased by 6% year-on-year to HK\$14 billion, driven to a large extent by Galaxy Macau™'s fifth full quarter of operation.

A key factor in the Group's improved earnings was the strong performance of both flagship properties in the Mass segment, with Galaxy Macau™ registering year-on-year growth of 79%, and StarWorld posting a gain of 43%.

City Clubs and the Construction Materials Division performed solidly, generating revenues and earnings in line with expectations.

As of 30 September 2012 cash on hand stood at HK\$12.6 billion, including restricted cash of HK\$2 billion. Total debt at period end was HK\$11.1 billion. As a result, GEG is in a net cash position of HK\$1.5 billion.

### **Galaxy Macau™**

In 17 months since opening, Galaxy Macau™ has transformed GEG's earnings profile and Macau's standing as a leisure and tourism destination. Its performance in the third quarter was its best yet, generating total revenue and Adjusted EBITDA of HK\$8.3 billion and HK\$1.8 billion, respectively. The positive momentum in Q2 2012 carried over into the third quarter with Adjusted EBITDA growing 12% sequentially which reflects continuously improving performance in the Mass segment and driving operational efficiency. Adjusted EBITDA margin for the period improved to 21% (Q3 2011: 15%) calculated under HK GAAP, or 29% under US GAAP (Q3 2011: 23%). Annualised Q3 2012 Adjusted EBITDA of HK\$7 billion translated into an ROI of 42%.

<b>VIP Gaming</b>			
<b>HK\$m</b>	<b>Q3 2011</b>	<b>Q2 2012</b>	<b>Q3 2012</b>
<b>Turnover</b>	\$162,824	\$186,442	\$173,295
<b>Net Win</b>	\$4,867	\$6,287	\$5,720
<b>Win %</b>	3.0%	3.4%	3.3%

<b>Mass Gaming</b>			
<b>HK\$m</b>	<b>Q3 2011</b>	<b>Q2 2012</b>	<b>Q3 2012</b>
<b>Table Drop</b>	\$5,041	\$6,041	\$6,297
<b>Net Win</b>	\$1,054	\$1,717	\$1,885
<b>Hold %</b>	20.9%	28.4%	29.9%

<b>Electronic Gaming</b>			
<b>HK\$m</b>	<b>Q3 2011</b>	<b>Q2 2012</b>	<b>Q3 2012</b>
<b>Slots Handle</b>	\$4,040	\$4,385	\$5,345
<b>Net Win</b>	\$262	\$271	\$313
<b>Hold %</b>	6.5%	6.2%	5.8%

### *Non-gaming Performance*

Non-gaming business continues to exceed expectations with revenue increasing by 89% year-on-year to HK\$391 million in Q3 2012 as the property had a higher occupancy rate of 97% and more rooms in service in Q3 2012 as compared to Q3 2011 when the property was ramping up.

### *Galaxy Macau™ Phase 2 Update*

In April 2012, GEG announced a new chapter in its success story: the launch of Galaxy Macau™ Phase 2. Construction is moving ahead to plan. Phase 2 will virtually double the size of the existing Galaxy Macau™ and GEG believes it will be the next major project to complete in Macau in mid-2015.

### **Starworld Hotel & Casino**

StarWorld, the Group's flagship property on the Macau peninsula, reported another good set of quarterly results. Adjusted EBITDA increased by 8% year-on-year to HK\$843 million, although this was 7% below the prior quarter which saw its VIP gaming earnings inflated by approximately HK\$100 million due to lucky play in the second quarter. Revenue for the quarter was HK\$5.2 billion. StarWorld's Adjusted EBITDA margin in the third quarter was 16% under HK GAAP or 26% under US GAAP, compared to 12% and 21% in Q3 2011, respectively.

StarWorld continues to improve its ROI with 99% in Q3 2012.

In terms of the gaming segments, VIP gaming revenue quarter-on-quarter declined by 14% to HK\$4.4 billion on more normalised win rates and lower volume. Mass performed well with revenue growth of 43% year-on-year and 13% sequentially. StarWorld is implementing new growth initiatives with a target completion of Q2 2013.

<b>VIP Gaming</b>			
<b>HK\$'m</b>	<b>Q3 2011</b>	<b>Q2 2012</b>	<b>Q3 2012</b>
<b>Turnover</b>	\$180,481	\$162,971	\$147,064
<b>Net Win</b>	\$5,855	\$5,115	\$4,416
<b>Win %</b>	3.2%	3.1%	3.0%

<b>Mass Gaming</b>			
<b>HK\$'m</b>	<b>Q3 2011</b>	<b>Q2 2012</b>	<b>Q3 2012</b>
<b>Table Drop</b>	\$2,254	\$2,374	\$2,627
<b>Net Win</b>	\$433	\$545	\$618
<b>Hold %</b>	18.9%	22.5%	23.1%

<b>Electronic Gaming</b>			
<b>HK\$'m</b>	<b>Q3 2011</b>	<b>Q2 2012</b>	<b>Q3 2012</b>
<b>Slots Handle</b>	\$917	\$835	\$882
<b>Net Win</b>	\$58	\$60	\$59
<b>Hold %</b>	6.3%	7.2%	6.7%

StarWorld's hotel room occupancy was 99% for the quarter.

### **City Clubs and Construction Materials Division**

City Clubs' Adjusted EBITDA in the third quarter was HK\$39 million, flat year-on-year. The team remains focused on managing it prudently to ensure its long term sustainability.

The Construction Materials Division recorded Adjusted EBITDA of HK\$113 million in the quarter, broadly in line with the same period last year.

### **Outlook**

The Macau gaming market continues to evolve with VIP gaming revenues moderating from historic highs and higher margin Mass revenues growing as a proportion of total gaming revenue.

Looking ahead, GEG remains very confident in the growth prospects for the industry and Macau as a whole as major infrastructure projects come on stream which improve access to Macau. For example, the scheduled completion in early 2013 of the last four stations of the Guangzhou-Zhuhai Intercity Mass Rapid Transit between Zhuhai North and Macau is just one of several important developments.

GEG's well-balanced portfolio of complementary properties is enabling it to effectively cater to a broader customer base that is focused on tourism, leisure and travel. After the completion of Galaxy Macau™ Phase 2 in 2015, GEG will be positioned for long term growth with the largest contiguous land bank in Macau. GEG continues to work on planning the next phases of its Cotai development. This unparalleled potential for growth sets us apart from other operators and gives us confidence that we can fulfill our ambition to become 'globally recognised as Asia's leading gaming and entertainment corporation'.

#### **CAUTION STATEMENT**

The Board wishes to remind shareholders and potential investors that the above financial data primarily relates only to a part of operations of the Group and is based on the Group's internal records and management accounts. The above financial data has not been reviewed or audited by independent auditors and is not a forecast of the performance of the gaming and entertainment division or of the Group as a whole. Shareholders and potential investors are cautioned not to unduly rely on such data and are advised to exercise caution when dealing in the shares of GEG.

By Order of the Board  
**Galaxy Entertainment Group Limited**  
**Jenifer Sin Li Mei Wah**  
*Company Secretary*

Hong Kong, 25 October 2012

*As at the date of this announcement, the executive Directors of GEG are Dr. Lui Che Woo (Chairman), Mr. Francis Lui Yiu Tung, Mr. Joseph Chee Ying Keung and Ms. Paddy Tang Lui Wai Yu; the non-executive Director of GEG is Mr. Anthony Thomas Christopher Carter; and the independent non-executive Directors of GEG are Mr. James Ross Ancell, Dr. William Yip Shue Lam and Dr. Patrick Wong Lung Tak.*

Website: [www.galaxyentertainment.com](http://www.galaxyentertainment.com)