

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2015

This announcement is issued pursuant to Part XIVA of the Securities and Futures Ordinance and Rule 13.09 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 2015 as follows:

THIRD QUARTER HIGHLIGHTS

GEG : Delivering solid results in a potentially stabilizing market

- Revenue of HK\$12.3 billion, down 29% year-on-year, up 5% quarter-on-quarter
- Adjusted EBITDA of HK\$2.1 billion, down 36% year-on-year, up 13% quarter-on-quarter
- Played unlucky in the third quarter which reduced Adjusted EBITDA by approximately HK\$131 million
- Driving an HK\$800 million cost control program

Galaxy Macau™ : Continue to ramp up Phase 2 and open remaining facilities

- Revenue of HK\$8.7 billion, down 22% year-on-year, up 9% quarter-on-quarter
- Adjusted EBITDA of HK\$1.7 billion, down 30% year-on-year, up 19% quarter-on-quarter
- Played unlucky in the third quarter which reduced Adjusted EBITDA by approximately HK\$117 million
- Hotel occupancy across the five hotels was 99%
- Non-gaming revenue of HK\$742 million, up 92% year-on-year and 60% quarter-on-quarter

StarWorld Macau : Solid quarter focusing on operating efficiencies

- Revenue of HK\$2.9 billion, down 48% year-on-year, down 7% quarter-on-quarter
- Adjusted EBITDA of HK\$514 million, down 43% year-on-year, up 1% quarter-on-quarter
- Played unlucky in the third quarter which reduced Adjusted EBITDA by approximately HK\$11 million
- Hotel occupancy was 99%

Broadway Macau™ : Continue to ramp up and open remaining facilities

- Revenue of HK\$189 million for its first full quarter of operation
- Virtually broke even with Adjusted EBITDA of HK\$(1) million
- Played unlucky in the third quarter which reduced Adjusted EBITDA by approximately HK\$3 million
- Hotel occupancy was 99%

Development Update : Project planning continues and completed first international investment

- Galaxy Macau™ Phase 2 – Development cost savings of HK\$400-HK\$500 million
- Cotai Phases 3 & 4 – Site investigation works expected to commence in early 2016
- Hengqin – Continuing with concept plans for the 2.7 square kilometer land parcel
- International – Continuously exploring opportunities in overseas markets and completed the strategic investment in Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco (“SBM”)

Balance Sheet and Special Dividend : Well capitalized and virtually debt free

- Cash on hand of HK\$6.0 billion as at 30 September 2015 with net cash of HK\$4.8 billion
- Debt of HK\$1.2 billion as at 30 September 2015
- Another special dividend of HK\$0.14 per share as previously announced to be paid on or about 30 October 2015

Despite continuing headwinds in the Macau market, GEG achieved a very solid 5% increase in revenue and even more satisfactory 13% increase in Adjusted EBITDA in Q3 2015 when compared with the second quarter of 2015. During the quarter, we continued to build on the successful May 2015 launch of Galaxy Macau™ Phase 2 and Broadway Macau™ by opening most of the retail and hospitality facilities. The two new interconnected offerings in Cotai are driving significant visitation across the properties, making Galaxy Macau™ an even more compelling integrated resort.

Feedback from visitors and guests on Galaxy Macau™ Phase 2 and Broadway Macau™ has been positive and we are very proud to have delivered such a high quality integrated resort and enhanced our customer experience. The properties are still ramping-up, with additional new facilities opening through year-end. We are now focused on moving all of our operations up the efficiency curve as rapidly as possible, without compromising customer service. To that end we are driving a cost control program with the goal of delivering HK\$800 million in savings for the Group.

GEG's balance sheet remains strong with virtually no debt and generates solid free cash flow. Our resorts have proved to be successful and are well positioned to be even more competitive as the marketplace grows and develops. Given the encouraging results during Golden Week in early October and the positive supportive comments made by the Government we are cautiously optimistic that we are starting to see the market stabilize. Spending behavior in Macau remains cautious, but we are very confident in the longer term outlook and prospects for Macau and for GEG specifically and we are well positioned for the longer term success.

Finally, we would like to take this opportunity to thank all of our 22,000 staff for their commitment to delivering exceptional customer experiences through our renowned 'World-Class, Asian Heart' service philosophy each and every day.

Market Overview

The challenging market conditions that we have experienced over the past year have continued into Q3 this year. A number of factors are weighing on sentiment and these include: the widely publicized anti-corruption program, the slowing Chinese economy, the current smoking restrictions, concerns about liquidity and the fall of the A-Shares index to name a few. Total gaming revenue decreased by 36% year-on-year to HK\$171 billion for the first nine months of 2015. Third quarter revenue of HK\$53 billion declined a modest 4% sequentially and 34% year-on-year.

Group Financial Results

The Group posted quarterly revenue of HK\$12.3 billion and Adjusted EBITDA of HK\$2.1 billion. As of 30 September 2015, the latest twelve months Adjusted EBITDA decreased 37% year-on-year to HK\$8.9 billion. During the third quarter, GEG experienced bad luck in gaming operations which reduced its Adjusted EBITDA by approximately HK\$131 million, otherwise our Adjusted EBITDA would have been 6% higher on a normalized basis.

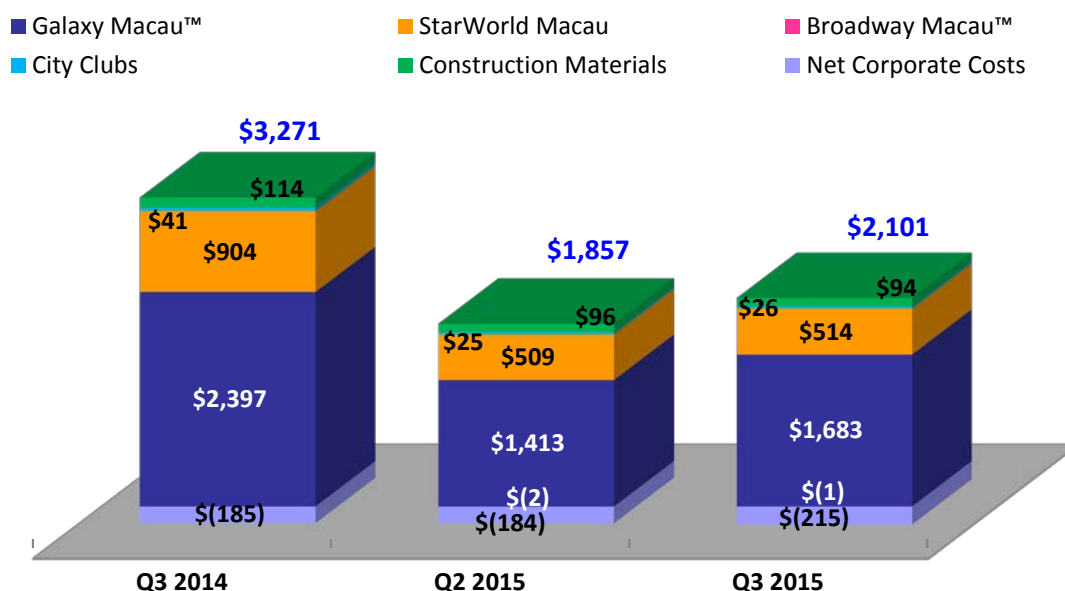
The Group's total gaming revenue on a management basis¹ in the third quarter of 2015 grew 3% quarter-on-quarter to HK\$11.5 billion but decreased 33% year-on-year.

GEG's balance sheet at 30 September 2015 remains well capitalized and liquid, with cash on hand of HK\$6.0 billion and net cash of HK\$4.8 billion. GEG's debt declined from HK\$4.8 billion at 30 June 2015 to HK\$1.2 billion at 30 September 2015 due primarily to repaying debt associated with the treasury management exercise.

Driving Mass Business in an Evolving Market

GEG continues to actively manage its business including its revenue and EBITDA mix consistent with the evolving Macau market trends towards mass. We have achieved this by continuing to grow our mass business including slots by significantly expanding our world class non-gaming amenities such as hotels, retail, entertainment and MICE. Our efforts have resulted in increasing our mass, slots and non-gaming revenue mix from approximately one third of total revenue in Q3 2014 to approximately one half in Q3 2015 on a management basis for our Macau operations with upside as we continue to ramp up our recent resort openings and add new amenities. As a result, mass, slots and non-gaming now accounts for a vast majority of EBITDA while our VIP business represents a much smaller portion of EBITDA despite being the market leader. We will continue to allocate our resources to their highest and best use on a profit contribution basis.

Group Adjusted EBITDA (HK\$'m)



¹ The primary difference between statutory revenue and management basis revenue is the treatment of City Clubs revenue where fee income is reported on a statutory basis and gaming revenue is reported on a management basis.

Galaxy Macau™

Galaxy Macau™'s revenue in the third quarter grew 9% quarter-on-quarter to HK\$8.7 billion but decreased by 22% year-on-year. Adjusted EBITDA increased 19% quarter-on-quarter to HK\$1.7 billion but decreased 30% year-on-year.

Adjusted EBITDA margin under HKFRS improved from 18% in Q2 2015 to 19% in Q3 2015 versus Q3 2014's 22%. Adjusted EBITDA margin under US GAAP also improved from 24% in Q2 2015 to 25% in Q3 2015 versus 29% in Q3 2014.

Galaxy Macau™ experienced bad luck in its gaming operations which reduced its Adjusted EBITDA by approximately HK\$117 million in the third quarter.

VIP Gaming Performance

Total VIP rolling chip volume in the third quarter was HK\$125 billion. This translated into revenue of HK\$4.5 billion, 38% down year-on-year and a more modest 4% versus Q2 2015.

VIP Gaming					
HK\$m	Q3 2014	Q2 2015	Q3 2015	QoQ%	YoY%
Turnover	224,435	137,222	124,645	(9%)	(44%)
Net Win	7,239	4,659	4,481	(4%)	(38%)
Win %	3.2%	3.4%	3.6%	n/a	n/a

Mass Gaming Performance

Third quarter mass revenue was HK\$3.0 billion, grew 21% sequentially but was down 2% year-on-year.

Mass Gaming					
HK\$m	Q3 2014	Q2 2015	Q3 2015	QoQ%	YoY%
Table Drop	6,842	6,542	7,014	7%	3%
Net Win	3,070	2,496	3,013	21%	(2%)
Hold %	44.9%	38.2%	43.0%	n/a	n/a

Electronic Gaming Performance

Electronic gaming revenue was HK\$442 million, up 17% quarter-on-quarter and 5% year-on-year.

Electronic Gaming					
HK\$m	Q3 2014	Q2 2015	Q3 2015	QoQ%	YoY%
Slots Handle	9,325	9,579	11,435	19%	23%
Net Win	419	378	442	17%	5%
Hold %	4.5%	3.9%	3.9%	n/a	n/a

Non-Gaming Performance

Non-gaming revenue increased by 92% year-on-year to HK\$742 million in the third quarter.

Occupancy across the five hotels was 99%.

Net Rental Revenue for the Promenade was HK\$236 million for the quarter, an increase of 372% compared to HK\$50 million in the corresponding period of 2014.

Non-Gaming Revenue					
HK\$m	Q3 2014	Q2 2015	Q3 2015	QoQ%	YoY%
Net Rental Revenue	50	100	236	136%	372%
Hotel Revenue / F&B / Others	336	364	506	39%	51%
Total	386	464	742	60%	92%

StarWorld Macau

StarWorld Macau reported a 7% sequential and 48% year-on-year reduction in revenue to HK\$2.9 billion in the third quarter 2015. Adjusted EBITDA was HK\$514 million, 43% lower year-on-year and up 1% sequentially.

Adjusted EBITDA margin under HKFRS improved from 16% in Q3 2014 and Q2 2015 to 17% in Q3 2015. Adjusted EBITDA margin under US GAAP also improved from 24% in Q3 2014 and 23% in Q2 2015 to 25% in Q3 2015.

StarWorld Macau experienced bad luck in its gaming operations which reduced its Adjusted EBITDA by approximately HK\$11 million in the third quarter.

VIP Gaming Performance

StarWorld Macau reported VIP rolling chip volume of HK\$68 billion in the third quarter, a decrease of 5% quarter-on-quarter and 55% year-on-year. This translated to a 15% quarter-on-quarter and 59% year-on-year reduction in revenue to HK\$1.8 billion.

VIP Gaming					
HK\$m	Q3 2014	Q2 2015	Q3 2015	QoQ%	YoY%
Turnover	150,452	71,448	67,543	(5%)	(55%)
Net Win	4,412	2,112	1,795	(15%)	(59%)
Win %	2.9%	3.0%	2.7%	n/a	n/a

Mass Gaming Performance

StarWorld Macau third quarter mass gaming revenue was HK\$1.1 billion, up 12% quarter-on-quarter but 5% lower year-on-year.

Mass Gaming					
HK\$m	Q3 2014	Q2 2015	Q3 2015	QoQ%	YoY%
Table Drop	2,661	2,465	2,642	7%	(1%)
Net Win	1,116	951	1,063	12%	(5%)
Hold %	41.4%	38.6%	40.3%	n/a	n/a

Electronic Gaming Performance

StarWorld Macau's electronic gaming generated revenue of HK\$27 million, 18% lower quarter-on-quarter and down 40% year-on-year.

Electronic Gaming					
HK\$m	Q3 2014	Q2 2015	Q3 2015	QoQ%	YoY%
Slots Handle	682	480	558	16%	(18%)
Net Win	45	33	27	(18%)	(40%)
Hold %	6.6%	7.0%	4.9%	n/a	n/a

Non-Gaming Performance

Non-gaming revenue in the third quarter of 2015 was HK\$60 million, down 9% quarter-on-quarter and 33% year-on-year. Hotel room occupancy was 99% during the period.

Broadway Macau™

Broadway Macau™ does not have a VIP gaming component. The third quarter 2015 is the first full quarter since we opened on 27 May 2015. Revenue was HK\$189 million while Adjusted EBITDA was virtually break even with HK\$(1) million for the period.

Broadway Macau™ experienced bad luck in its gaming operations which reduced Adjusted EBITDA by approximately HK\$3 million in the third quarter.

Mass Gaming Performance

Broadway Macau™'s mass gaming revenue was HK\$124 million.

Mass Gaming				
HK\$m	Q2 2015	Q3 2015	QoQ%	YoY%
Table Drop	177	495	180%	n/a
Net Win	37	124	235%	n/a
Hold %	20.7%	25.1%	n/a	n/a

Electronic Gaming Performance

Broadway Macau™'s electronic gaming revenue was HK\$8 million.

Electronic Gaming				
HK\$m	Q2 2015	Q3 2015	QoQ%	YoY%
Slots Handle	58	122	110%	n/a
Net Win	4	8	100%	n/a
Hold %	7.1%	6.8%	n/a	n/a

Non-Gaming Performance

Non-gaming revenue was HK\$57 million and hotel room occupancy was 99%.

City Clubs and Construction Materials Division

City Clubs' Adjusted EBITDA for the third quarter 2015 was HK\$26 million versus HK\$25 million in Q2 2015 and prior year's HK\$41 million.

The Construction Materials Division reported Adjusted EBITDA of HK\$94 million for the third quarter 2015 versus HK\$96 million in Q2 2015 and HK\$114 million in the same period in 2014.

Development Update: Cost Savings, Cotai, Hengqin and International

Galaxy Macau™ Phase 2 Cost Savings

We are presently finalizing our accounts for the development of Galaxy Macau™ Phase 2 and we expect to confirm development cost savings of HK\$400-HK\$500 million.

Phases 3 & 4 in Cotai

GEG has a strong development pipeline in Macau. It plans to expand its Cotai footprint by a further one million square meters in the coming years with the addition of Phases 3 & 4. We continue to develop our master plan and site investigation works are expected to commence in early 2016.

Hengqin

GEG continues to advance its conceptual plans to develop a world class destination resort on a 2.7 square kilometer land parcel on Hengqin. The low rise, low density resort will complement the Group's high energy properties located in Macau.

International

GEG continues to actively explore development opportunities in overseas markets. GEG recently completed its first international strategic investment in SBM.

Selected Major Awards (January to October 2015)

	Award	Presenter
GEG	Casino Operator of the Year Australia / Asia	International Gaming Awards
	Best Managed Company – Gaming in Asia	Euromoney Magazine
	Gaming and Lodging – Most Honoured Company	Institutional Investor Magazine – All Asia Executive Team Survey
	Best Managed Company in HK (6th Place)	FinanceAsia Magazine
	4th Outstanding Corporate Social Responsibility Award	The Mirror
	Best Investor Relations Company – Large Cap	Hong Kong Investor Relations Association
	Best Investor Relations Presentation Collaterals – Large Cap	
Galaxy Macau™	Casino VIP Room of the Year	International Gaming Awards
	World’s Best Hotel 2014-2015 – Resort Hotel Macau	International Hotel Awards
	2014 Asia’s Top Entertainment Complex	NOW Travel Asia Awards
	Hurun Report Best of the Best Awards – Luxury Hotel Wedding in Macau Star Performer	Hurun Report
	TripAdvisor’s Traveler Choice 2015 Winner – Top Hotel for Romance & Top Luxury Hotel (China) (Banyan Tree Macau)	TripAdvisor
	2015 Forbes Travel Guide – Five-Star Hotel (Banyan Tree Macau)	Forbes Travel Guide
	2015 Forbes Travel Guide – Five-Star Spa (Banyan Tree Spa Macau)	
	LEED gold certification – Galaxy Macau™ Phase 2	United States Green Building Council
	Hotel & Event Facilities of the Year	Asia Pacific MICE Awards 2015

Selected Major Awards (January to October 2015) (Cont'd)

	Award	Presenter
StarWorld Macau	Ranked as "Top Class Comfort" 2015	Michelin Guide Hong Kong Macau
	Top 10 Glamorous Hotels of China	China Hotel Starlight Awards
	Best Service Hotel of Asia	Golden Horse Award of China Hotel

Special Dividend

On 19 August 2015, we announced another special dividend of HK\$0.14 per share to be paid on or about 30 October 2015.

Outlook

The Group continues to believe in the long term potential of China and that rising incomes plus the continuing urbanization will drive long term demand for tourism and travel. GEG firmly believes that Macau will benefit from this growth in travel and tourism and remains well positioned to capture its share of this growth.

The opening of Galaxy Macau™ Phase 2 and Broadway Macau™ have attracted significantly more visitors, once again demonstrating the strength of demand in Macau for high quality products and offerings, in general, and GEG's ability to identify and capture this demand, specifically. Overall, the Group continues to refine its products and enhance its competitiveness as other new resorts open in due course and increase the overall attractiveness of Macau as a world class tourism destination. GEG is uniquely positioned with its high quality portfolio of resort properties and extensive development pipeline with Cotai Phases 3 and 4 and Hengqin.

GEG's balance sheet is exceptionally strong with modest debt and net cash of HK\$4.8 billion. The Group's focus is firmly on continuing to ramp up Galaxy Macau™ Phase 2 and Broadway Macau™, ensuring that all our properties achieve their full potential. We are actively managing costs with savings of up to HK\$800 million already identified. GEG remains committed to maintaining its high standards of customer service. In the shorter term we are encouraged by the performance during Golden Week and by the recent positive comments made by the Government indicating greater support for the industry and we remain very confident in the longer term outlook.

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 auditor 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, 15 October 2015

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 Dr. Charles Cheung Wai Bun; and the independent non-executive Directors of GEG are Mr. James Ross Ancell, Dr. William Yip Shue Lam and Professor Patrick Wong Lung Tak.

Website: www.galaxyentertainment.com