



## **GALAXY ENTERTAINMENT GROUP REPORTS EXCEPTIONAL 2011 Q2 AND HALF YEAR RESULTS**

**Group Half Year EBITDA of \$1.8 billion, up 84% Year-on-Year**

**11<sup>th</sup> Consecutive Quarter of Group EBITDA Growth**

**StarWorld 12<sup>th</sup> Consecutive Quarter EBITDA Growth**

**All-Time Record Half Year EBITDA of \$1.3 billion, up 53% Year-on-Year**

**Galaxy Macau<sup>TM</sup> EBITDA of \$376 million for the 47 Day Operating Period**

Hong Kong, August 31, 2011 - Galaxy Entertainment Group Limited (“GEG” or “the Group”) (HKEx stock code: 27), today reported unaudited 2011 half year results.

### **HIGHLIGHTS**

#### **GEG:**

- Group EBITDA of \$1.8 billion in H1 2011, up 84% year-on-year
- All-Time Record EBITDA of \$1.1 billion in Q2, up 93% year-on-year
- 11<sup>th</sup> consecutive quarter of Group EBITDA growth
- Adjusted net profit attributable to shareholders more than doubled from HK\$0.6 billion to HK\$1.3 billion for the six months ended 30 June 2011 after adjusting for an one-off HK\$0.8 billion pre-opening expenses of Galaxy Macau<sup>TM</sup>, HK\$0.2 billion non-recurring non-cash charges from the change in fair value of derivative under the convertible notes and HK\$0.1 billion net loss on buyback of guaranteed notes

#### **StarWorld: ALL-TIME RECORDS**

- Half Year EBITDA of \$1.3 billion, up 53% year-on-year
- Half Year Total Revenue of \$10 billion
- 12<sup>th</sup> consecutive quarter of EBITDA growth with Q2 2011 EBITDA of \$685 million
- Q2 2011 VIP Rolling Chip of \$158 billion
- Continuously improving ROI\* of 74% in Q2 2011

#### **Galaxy Macau<sup>TM</sup> Opened May 15, 2011**

- Property opened on time with a 7% increase in budget to \$16.5 billion due primarily to increased construction labour costs and will open the full complement of 2,200 rooms in Q4 2011
- The entertainment offering including the 3D-Cineplex is included within the project budget and will open in Q4 2011
- Delivered EBITDA of \$376 million for the first 47 days of operation

#### **Balance Sheet**

- Liquid with total cash on hand of \$6.7 billion as of June 30, 2011 (including restricted cash of \$1.6 billion)

*\* ROI calculated based on the total EBITDA for the latest twelve months (LTM) divided by the total investment, including land cost.*



**Dr. Che-woo Lui, Chairman of GEG said:** “The first half 2011 has produced very strong results. I am delighted with the opening of Galaxy Macau™ and the exceptional results of StarWorld. Across each of our divisions we have seen healthy growth and a positive contribution to the Group.

The opening of Galaxy Macau™ was extremely successful and in its 47 days of operation the resort has already provided positive EBITDA of \$376 million. Before year end Galaxy Macau™ will open up all 2,200 hotel rooms and unveil Macau’s first 3D Cineplex.

Once again StarWorld outperformed the market. The opening of Galaxy Macau™ enhanced StarWorld’s position and StarWorld posted a series of all-time records. StarWorld delivered one of the highest returns of any major casino in the world. Additionally, StarWorld received numerous awards in the first half of the year including the Five-Star Diamond Award, making it the most awarded hotel/casino in Macau.

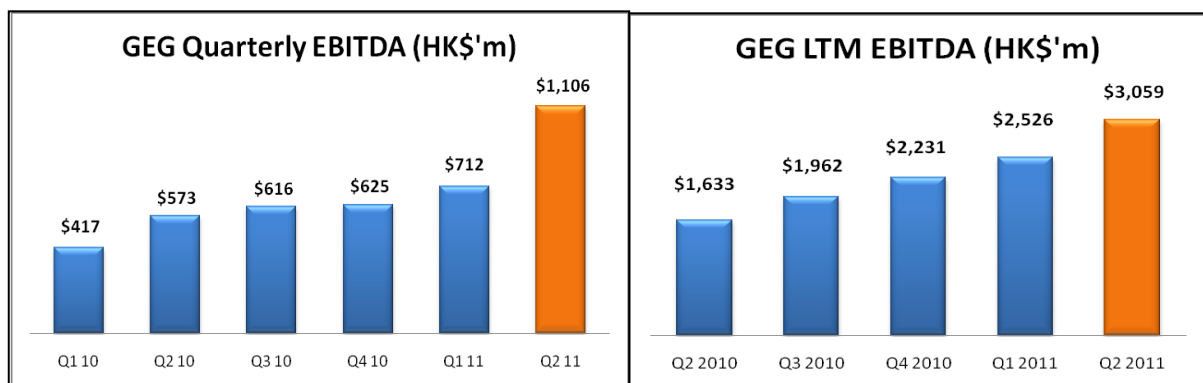
The growth of the company shows no signs of slowing and with the largest contiguous landbank in Cotai, GEG is well positioned to capitalize on the growth of Macau.”

### Group Financial Results

HK\$m	Q1 2010	Q2 2010	H1 2010	Q1 2011	Q2 2011	H1 2011	YoY%
Revenue	\$ 3,953	\$ 4,618	\$ 8,571	\$ 5,726	\$ 7,941	\$ 13,667	60%
EBITDA	\$ 417	\$ 573	\$ 990	\$ 712	\$ 1,106	\$ 1,818	84%

The Group reported strong growth in the first half of 2011, with the second quarter delivering the Group its 11<sup>th</sup> consecutive quarter of EBITDA growth. Spearheaded by StarWorld and the opening of Galaxy Macau™, the Group delivered revenue of \$13.7 billion in the first half of 2011, representing an increase of 60% over the first half of 2010. Quarter 2 revenue was \$7.9 billion up 72% year-on-year.

As of June 2011, Last Twelve Months (LTM) Group EBITDA reached \$3.1 billion.



All of GEG’s other businesses, including City Clubs and the Construction Materials Division, continued to perform solidly and made a valuable contribution to the Group’s strong results.



Adjusted net profit attributable to shareholders more than doubled from HK\$0.6 billion to HK\$1.3 billion for the six months ended 30 June 2011 after adjusting for an one-off HK\$0.8 billion pre-opening expenses of Galaxy Macau™, HK\$0.2 billion non-recurring non-cash charges from the change in fair value of derivative under the convertible notes and HK\$0.1 billion net loss on buyback of guaranteed notes.

### Galaxy Macau™



On May 15, 2011 GEG opened the doors to Macau’s first “Asian Centric” integrated resort and positioned the Group to capitalize on the future growth of Macau. In just 47 days, Galaxy Macau™ generated revenue of \$2.4 billion and EBITDA of \$376 million.

H1 2011	VIP Gaming (HK\$'M)	Mass Gaming (HK\$'M)	Electronic Gaming (HK\$'M)
Turnover	\$ 50,000	\$ 2,400	\$ 1,800
Net Win	\$ 1,780	\$ 410	\$ 114
Win %	3.5%	17.5%	6.3%

Galaxy Macau™’s EBITDA margin for the period under HK GAAP was 16%. Under US GAAP Galaxy Macau™ reported an EBITDA margin of 22%.



The 550,000 square meter resort offers the best in Asian service across three luxury hotels; the world renowned Banyan Tree Resort, Japan’s Legendary Okura Hotel, and the Five Star Galaxy Hotel. By providing Macau’s premiere “Asian Centric” resort, GEG has been extremely successful in expanding the market and attracting both local and international visitors. The resort reported occupancy of 88% for its first 47 days.

Galaxy Macau™ opened on time with a 7% increase in budget to \$16.5 billion and will open the full complement of 2,200 rooms in Q4 2011. The small variance to budget was primarily caused by an increase in construction labor cost and more construction workers associated with our accelerated rollout program, various enhancements to the Resort and small changes in scope.

Before year end Galaxy Macau™ will continue to ramp up operations to include:

- Opening all 2,200 rooms, suites, and floating villas
- Launching the entertainment offering, including Macau’s first 3D Cineplex
- Unveiling the live entertainment and private club “China Rouge”

### StarWorld Hotel & Casino

StarWorld once again delivered a record breaking performance and reported half year revenue of \$10 billion; a 37% increase year-on-year. StarWorld’s half year EBITDA grew 53% year-on-year to \$1.35 billion.

Q2 2011 Revenue was \$5.1 billion; up 29% year-on-year. Q2 EBITDA was an all-time record \$685 million up 33% year-on-year and its 12<sup>th</sup> consecutive quarter of EBITDA growth.

As of June 2011, LTM (latest twelve months) StarWorld EBITDA reached \$2.5 billion, an increase of 73% over a year ago.

StarWorld’s performance continued to be driven by the property’s strong reputation for quality, excellent location in the gaming hub of the Macau peninsula and its commitment to Asian Heart service.

VIP Gaming (HK\$)	Q1 2010	Q2 2010	H1 2010	Q1 2011	Q2 2011	H1 2011	YoY%
Turnover	\$102 b	\$129 b	\$231 b	\$151 b	\$158 b	\$309 b	34%
Win %	2.9%	2.8%	2.8%	2.9%	2.9%	2.9%	-
Net Win	\$2.9 b	\$3.6 b	\$6.5 b	\$4.4 b	\$4.5 b	\$8.9 b	37%



StarWorld's EBITDA margin for the first half of 2011 under HK GAAP was 13%. Under US GAAP StarWorld reported a healthy EBITDA margin of 23% for the first half of 2011. In industry terms this is an impressive margin given that StarWorld is a VIP centric property.

The property continues to deliver an improving annual ROI of 74% as of Q2 2011 – *(calculated based on the total EBITDA for the latest twelve months ended June 30, 2011 divided by the total investment, including land cost.)*

StarWorld's hotel room occupancy rate was 97% for the first half of 2011. As a leading luxury 5-Star hotel in Macau, StarWorld again received a number of industry awards in the first half of 2011, including the Five-Star Diamond Award for the fifth consecutive year.

### **City Clubs**

City Clubs continued to make a valuable contribution to the Group. EBITDA was \$106 million for the first half of 2011, compared to \$71 million in the first half of 2010. City Clubs ended Q2 with EBITDA of \$49 million a 20% increase over Q2 2010. GEG continues to prudently manage the business and drive steady growth from our City Clubs.

### **Construction Materials**

The Construction Materials Division (CMD) continues to benefit from its Ground Granulated Blast Furnace Slag Plant (SLAG) expansion strategy and joint ventures in Mainland China. The Division reported EBITDA of \$178 million for the first half of 2011. This is compared to \$163 million for the first half of 2010.

### **Balance Sheet and Financing**

The Group's balance sheet remains solid. As of June 30, 2011, the total cash on hand was \$6.7 billion (including restricted cash of \$1.6 billion).

As of December 31, 2010, the outstanding amount of the Group's zero yield, zero coupon convertible notes was US\$165 million, or approximately HK\$1,287 million. In the first quarter of 2011 all of the outstanding convertible notes were converted into approximately 173 million common shares. This has further strengthened the Balance Sheet and increased GEG's free-float of common shares.

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**About Galaxy Entertainment Group Limited (HKEx stock code: 27)**

Galaxy Entertainment Group Limited (“GEG”), through its subsidiary, Galaxy Casino, S.A., holds a Macau gaming concession. GEG is authorized to carry out casino games of chance in Macau, which is the only legal gaming location in China.

GEG currently owns and operates StarWorld Hotel and Casino - a luxury 5-Star property located on the Macau peninsula, and operates four City Club Casinos in Macau. GEG’s new flagship, Galaxy Macau™ Resort opened on May 15, 2011. This eagerly anticipated resort destination further expands the diversity of GEG’s businesses and enriches Macau’s tourism offerings to become a global center of tourism and recreation.

For more details, please visit [www.galaxyentertainment.com](http://www.galaxyentertainment.com).

**For Media Enquiries:**

**Galaxy Entertainment Group**

Mr. Peter J. Caveny  
Vice President, Investor Relations  
Tel: (+852) 3150 1111  
Email: [ir@galaxyentertainment.com](mailto:ir@galaxyentertainment.com)

Ms. Maria Xia  
Senior Manager, Investor Relations  
Tel: (+852) 3150 1111  
Email: [ir@galaxyentertainment.com](mailto:ir@galaxyentertainment.com)

Ms. Yoko Ku  
Assistant Manager, Investor Relations  
Tel: (+852) 3150 1111  
Email: [ir@galaxyentertainment.com](mailto:ir@galaxyentertainment.com)