



GALAXY ENTERTAINMENT GROUP

REPORTS

RECORD BREAKING 2011 FINANCIAL RESULTS

RECORD Full Year Group Adjusted EBITDA of \$5.7 billion, up 158% on 2010 and 13th Consecutive Quarter of Adjusted EBITDA Growth of \$2.1 billion in Q4

**RECORD Full Year Net Profit Attributable to Shareholders TRIPLED to \$3 billion
Pro forma NPAS increased by 167% to \$4 billion**

Hong Kong, March 15, 2012 – Galaxy Entertainment Group Limited (“GEG” or “the Group”) (HKEx stock code: 27), one of the fastest growing entertainment companies in the world, today reported results for the three month and twelve month periods ended 31 December 2011.

HIGHLIGHTS

GEG: Another Historic Year with All-time Records

- Record full year Group revenue doubled to \$41 billion
- Record full year Group Adjusted EBITDA of \$5.7 billion, up 158% year-on-year
- Record fourth quarter Group Adjusted EBITDA of \$2.1 billion (2010: \$625 million), and the 13th consecutive quarter of Adjusted EBITDA growth
- Record net profit attributable to shareholders in the year tripled to \$3 billion
- Achieved global recognition and won Casino Operator of the Year Australia/Asia at the prestigious International Gaming Awards

Galaxy Macau™: Successfully Launched to Worldwide Acclaim in May 2011

- Revenue of \$16 billion and Adjusted EBITDA of \$2.6 billion in first seven and a half months
- Fourth quarter revenue of \$7.6 billion and Adjusted EBITDA of \$1.2 billion
- Fourth quarter mass market revenue increased by 31% quarter-on-quarter, significantly ahead of the market
- Acknowledged as The World’s Best Casino/Integrated Resort 2011 by the International Gaming Awards

StarWorld: All-time Records; 14th Consecutive Quarter of Adjusted EBITDA Growth

- Record full year Adjusted EBITDA of \$3 billion, an increase of 45% year-on-year
- Record fourth quarter Adjusted EBITDA of \$827 million, its 14th consecutive quarter of Adjusted EBITDA growth even after the opening of Galaxy Macau™
- Record Return on Investment (ROI*) of 86% in 2011, ranking among the highest return casinos in the world

Balance Sheet: Continued to Strengthen as a result of Strong Cash Generation

- Strong balance sheet with cash on hand at 31 December 2011 of \$7.7 billion, which included \$2 billion of restricted cash

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



Dr. Che-woo Lui, Chairman of GEG said:

“Our exceptional fourth quarter results completed another record year for Galaxy Entertainment Group, reflecting exemplary management, underpinned by our successful ‘World Class, Asian Heart’ philosophy.

The highlight of the year was the successful opening of Galaxy Macau™. We were particularly pleased to receive global recognition from the prestigious International Gaming Awards with Galaxy Macau™ being awarded The World’s Best Casino/Integrated Resort in 2011. We are extremely pleased that Galaxy Macau™ generated revenue of \$16 billion and Adjusted EBITDA of \$2.6 billion in just seven and a half months.

Not only has Asia’s newest and most exciting integrated resort been a game changer for Macau, but it has also elevated GEG to a whole new level of profitability and cash generation. This bodes well for the Group’s prospects this year and beyond as we roll-out our development strategy for Cotai’s largest contiguous casino resort permitted landbank.

I am also immensely proud of StarWorld’s continuing success. Our flagship property on the Macau Peninsula achieved another record year building on its already market leading ROI. It completed the year with its 14th consecutive quarter of Adjusted EBITDA growth, registered its highest ever VIP and mass gaming volumes and continues to grow after the opening of Galaxy Macau™. StarWorld’s growth was driven by its innovative and outstanding product and service offer, and was reinforced by synergies arising from the opening of Galaxy Macau™ and shared transport links.

GEG’s Construction Materials Division and City Clubs continue to perform solidly during the year and they remain important contributors to the Group’s business.

We have every confidence that the Group is uniquely well positioned to take advantage of Macau’s enormous growth potential and play a leading role in helping Macau achieve its goal of becoming one of the leading tourism destinations in Asia, and indeed, the world.”

Market Overview

The Macau gaming market experienced another year of excellent growth with total revenue climbing to \$260 billion, a year-on-year increase of 42%. Total visitations grew 12% to 28 million with visitors from Mainland China continuing to grow strongly, up 22% year-on-year to 16.2 million where they now represent close to 60% of all visitors. The market is evolving with mass market gaming becoming more prominent and experiencing accelerating growth. We expect this to continue to grow due to improved infrastructure and accessibility.

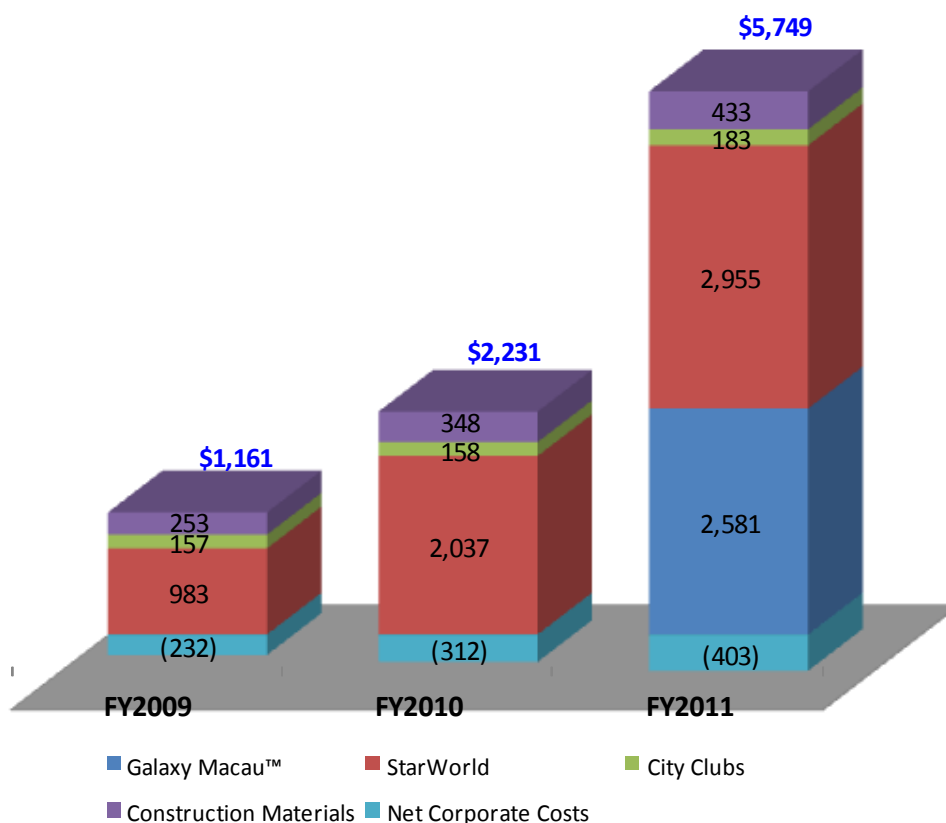


The opening of Galaxy Macau™ has been well timed as GEG looks to harness the opportunities from the fast growing mass market. Through shared transport links between our two casinos, we have been able to successfully drive additional mass market traffic into StarWorld. This resulted in it recording its best ever mass market volumes, and considerably ahead of the market. We believe this mass market trend will continue as major infrastructure projects come online in Mainland China, facilitating easier transit into Macau.

Group Financial Results

GEG's financial performance in 2011 was outstanding, with net profit attributable to shareholders increasing by three times to \$3.0 billion (2010: \$898 million). Revenue for the year climbed to \$41 billion, and Group Adjusted EBITDA increased 158% year-on-year to \$5.7 billion. This compares to revenue of \$19.3 billion and Adjusted EBITDA of \$2.2 billion in the previous year.

Group Adjusted EBITDA (HK\$m)





Group Adjusted EBITDA in the fourth quarter increased by more than three times year-on-year to \$2.1 billion, representing the Group's 13th consecutive quarter of Adjusted EBITDA growth. Fourth quarter Group revenue grew to \$14.2 billion against \$5.3 billion in the corresponding period last year.

Excluding non-recurring items such as Galaxy Macau™'s pre-opening expenses of \$0.8 billion, non-cash charges from the change in fair value of the derivative under the convertible notes of \$0.2 billion and net loss on buyback of guaranteed notes of \$0.1 billion, pro forma profit attributable to shareholders increased to \$4.0 billion in 2011 versus \$1.5 billion in 2010.

The significant uplift reflects in large part the contribution of Galaxy Macau™ which opened in May 2011, but also the strong underlying growth at StarWorld and the Group's ongoing progress in growing profitable and diverse revenue streams, while at the same time tightly controlling costs. GEG's City Clubs and the Construction Materials Division continued to perform solidly, achieving Adjusted EBITDA growth of 16% and 24% respectively compared to 2010.

The Group's balance sheet continues to be strong, with cash on hand at 31 December of \$7.7 billion, which included \$2.0 billion of restricted cash. Group net cashflow strengthened considerably during the fourth quarter and the full year as a result of GEG's excellent revenue growth, operational efficiency and prudent structuring of its long term financing. We are well positioned to capitalise on future growth opportunities.

Galaxy Macau™

The 550,000 square metre Galaxy Macau™ integrated resort opened 15 May 2011 to worldwide acclaim. Its vision, design and delivery have been extremely well received by guests, investors and the industry as a whole, all of whom appreciate its "World Class, Asian Heart" service philosophy. Its resounding success to date owes a lot to GEG's meticulous planning, testing and operational capabilities. During the second half, all 2,200 rooms, suites and floating villas were completed, three new VIP rooms were added and Macau's first 3D cineplex was opened. Its appeal lies in it arguably having the most diverse range of World Class Asian themed entertainment, accommodation and food of any casino resort in Macau.

All Galaxy Macau™'s business segments performed well during the seven and a half months from the launch to the year-end, and the Group is successfully driving significant operational efficiencies as the property matures.

Galaxy Macau™ Financial Performance

Revenue in the seven and a half months from launch to the year-end ("the period") increased to \$16.4 billion, with Adjusted EBITDA of \$2.6 billion. Fourth quarter



revenue was exceptionally strong at \$7.6 billion, generating significant Adjusted EBITDA of \$1.2 billion.

Non-Gaming Performance

Non-gaming revenue for the period totalled \$697 million. By the month of December hotel occupancy rates reached an impressive 90%.

VIP Gaming Performance

Total VIP rolling chip volume for the period was \$380 billion, which translated into revenues of \$12.2 billion. Three additional VIP rooms were added in the second half of the year bringing the total number to ten.

HK\$'m	Q1 2011	Q2 2011	Q3 2011	Q4 2011	FY 2010	FY 2011	YoY%
Turnover	n/a	50,000	163,000	167,000	n/a	380,000	n/a
Net Win	n/a	1,800	4,900	5,500	n/a	12,200	n/a
Win %	n/a	3.5%	3.0%	3.3%	n/a	3.2%	n/a

Mass Gaming Performance

Mass market revenue for the period was \$2.8 billion. Revenue in the fourth quarter increased quarter-on-quarter by 31% to \$1.4 billion, significantly ahead of the market which grew at 10%.

HK\$'m	Q1 2011	Q2 2011	Q3 2011	Q4 2011	FY 2010	FY 2011	YoY%
Table Drop	n/a	2,400	5,000	5,700	n/a	13,100	n/a
Net Win	n/a	400	1,000	1,400	n/a	2,800	n/a
Win %	n/a	17.5%	20.9%	24.1%	n/a	21.7%	n/a

Electronic Gaming Performance

Electronic gaming revenue was \$645 million for the period.

HK\$'m	Q1 2011	Q2 2011	Q3 2011	Q4 2011	FY 2010	FY 2011	YoY%
Slots Handle	n/a	1,800	4,000	4,300	n/a	10,100	n/a
Net Win	n/a	114	262	269	n/a	645	n/a
Win %	n/a	6.3%	6.5%	6.3%	n/a	6.4%	n/a

StarWorld Hotel & Casino

StarWorld's reputation as one of the most distinguished and popular casinos in Macau was further reinforced by another stellar 2011 performance. For the year as a whole, revenue increased by 36% to \$22.5 billion. This generated a 45% increase in full year Adjusted EBITDA of \$3.0 billion. This outstanding increase was driven by improved gaming revenue, strict cost controls and broadly normalised win rates.

On a fourth quarter basis, Adjusted EBITDA increased by almost 41% to \$827 million, with the growth rate ahead of the previous two quarters of the year. Revenue improved by 33% to \$6.1 billion. A very strong performance in mass gaming was a major contributing factor to this acceleration in growth.

The ROI generated by StarWorld in 2011 increased from 80% in the third quarter to 86% in the fourth quarter, further enhancing its position as one of the highest returning casinos in the world. Revenue in second half of 2011 grew by 25% to \$12.5 billion against first half revenue of \$10 billion, demonstrating that there has been no cannibalisation from the opening of StarWorld's sister casino Galaxy Macau™.

VIP Gaming Performance

Once again, StarWorld performed strongly in VIP gaming achieving an all-time high VIP rolling chip volume of \$664 billion in 2011 (2010: \$515 billion), which resulted in revenue of \$20.2 billion (2010: \$14.9 billion).

HK\$'m	Q1 2011	Q2 2011	Q3 2011	Q4 2011	FY 2010	FY 2011	YoY%
Turnover	151,000	158,000	180,000	175,000	515,000	664,000	29%
Net Win	4,400	4,500	5,900	5,400	14,900	20,200	36%
Win %	2.9%	2.9%	3.2%	3.1%	2.9%	3.1%	n/a

Mass Gaming Performance

Mass market revenue for the year was \$1.7 billion. Revenue in the fourth quarter increased quarter-on-quarter by 15% to \$0.5 billion, significantly ahead of the market which grew at 10%.

HK\$'m	Q1 2011	Q2 2011	Q3 2011	Q4 2011	FY 2010	FY 2011	YoY%
Table Drop	1,900	2,100	2,300	2,300	6,600	8,600	30%
Net Win	362	366	433	500	1,153	1,661	44%
Win %	18.1%	17.3%	18.9%	20.9%	16.8%	18.9%	n/a

Electronic Gaming Performance

Electronic gaming generated revenue of \$241 million in the year, an increase of 16% over 2010, reflecting the revamp of the electronic gaming area on level three.

HK\$'m	Q1 2011	Q2 2011	Q3 2011	Q4 2011	FY 2010	FY 2011	YoY%
Slots Handle	1,050	1,020	917	1,038	2,837	4,025	42%
Net Win	70	49	58	64	207	241	16%
Win %	6.7%	4.8%	6.3%	6.1%	7.3%	6.0%	n/a



Non-Gaming Performance

Non-gaming revenue increased from \$315 million in 2010 to \$360 million in 2011, an increase of 14%. Room occupancy was at near capacity throughout the year averaging 98%.

StarWorld 2011 Awards

Throughout 2011 StarWorld won numerous awards including the prestigious Five-Star Diamond Award for the 5th consecutive year; Best Service Hotel and Best Consumer Satisfaction Hotel at Golden Horse Award of China Hotel; Top Ten Glamorous Hotels of China at China Hotel Starlight Awards and Top Ten China Charming Hotel Brands at Continental Diamond Awards of World Hotel Association (China).

City Clubs

City Clubs has once again made a valuable contribution to Group profit, generating Adjusted EBITDA of \$183 million, an increase of almost 16% on the prior year. It has carved a niche for itself by focusing on providing a boutique service to selected VIP customers. Going forward, GEG will continue to prudently manage the business to ensure sustained profitability.

Construction Materials Division

The Division grew solidly in 2011, with revenue increasing by 27% to \$1.6 billion and Adjusted EBITDA surging to \$433 million, a 24% increase from \$348 million in 2010. This strong performance is a result of its continued strategy to expand its production and sales of Slag, a cement substitute construction material that continues to grow in popularity due to its environmentally friendly nature and its long term sustainability.

The Division has ambitious expansion plans in Mainland China to strengthen its leadership position in Slag production, and is well placed to benefit from a number of planned major infrastructure projects in Hong Kong, Macau and Mainland China.

Group Outlook for 2012

GEG has created an enviable position. It is the only operator with flagship properties in both the gaming hub of Macau's Peninsula and the rapidly emerging destination resort area of Cotai. The successful opening of Galaxy Macau™ has firmly established GEG as one of Asia's leading gaming and entertainment groups, and left us well positioned to take advantage of accelerating growth in the mass market.

Galaxy Macau™ is only the first stage of a multi-stage resort destination development where the property continues to ramp up after the successful initial seven and a half months of operation. We are focused on driving operating efficiencies and improving



margins. GEG has Macau's largest contiguous piece of land with an integrated resort permit. Additional phases will total approximately 1.5 million square metres, bringing the overall development to approximately 2 million square metres. The planning for the next phase of Galaxy Macau™ is progressing well and will be announced in due course. Upon completion, the expanded facility with additional offerings will further enhance the attractiveness and competitiveness of Galaxy Macau™.

GEG is well positioned to capitalise on the future growth of Macau. We expect the growth in demand for tourism and leisure travel in Mainland China to continue, fueled by major infrastructure improvements connecting Macau and Mainland China and through the growing appeal of Macau as a world class leisure and tourist destination through the creation of integrated resorts like Galaxy Macau™.

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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 recently opened its flagship integrated resort Galaxy Macau™ which is located in Cotai. GEG also owns and operates the luxury 5-Star property StarWorld Hotel and Casino which is located in the Macau peninsula. GEG is committed to expand and diversify its entertainment offerings and enrich Macau's tourism experience to become a global centre of tourism and recreation.

For more details, please visit www.galaxyentertainment.com.