



GALAXY ENTERTAINMENT GROUP

HALF YEAR GROUP ADJUSTED EBITDA OF \$4.7 BILLION, UP 159%

**15TH CONSECUTIVE QUARTER OF GROUP EBITDA GROWTH TO
\$2.6 BILLION IN Q2 2012**

HALF YEAR GROUP NPAS OF \$3.4 BILLION

GALAXY MACAUTM PHASE 2 ON SCHEDULE

Hong Kong, August 27, 2012 – Galaxy Entertainment Group Limited (“GEG” or “the Group”) (HKEx stock code: 27) today reported unaudited results for the three and six month periods ended 30 June 2012.

HIGHLIGHTS

GEG

- Half year revenue doubled year-on-year to \$28.3 billion
- Half year Group Adjusted EBITDA of \$4.7 billion, up 159% year-on-year
- Quarterly Group Adjusted EBITDA of \$2.6 billion in Q2, the 15th consecutive quarter of EBITDA growth
- Group Adjusted EBITDA on an LTM basis of \$8.6 billion
- Net Profit Attributable to Shareholders increased to \$3.4 billion

Galaxy MacauTM

- Half year revenue of \$16 billion and Adjusted EBITDA of \$2.9 billion up 14% and 30% sequentially from 2H 2011 to 1H 2012
- Second quarter revenue of \$8.8 billion and Adjusted EBITDA of \$1.6 billion up 21% and 20% sequentially from Q1 2012 to Q2 2012
- Mass market revenue of \$3.3 billion in the first half grew 36% sequentially
- Adjusted EBITDA margin improved by 12.5% year-on-year from 16% to 18%
- Achieved annualised Return on Investment (ROI) of 37%
- Phase 2 on schedule to complete in mid-2015

StarWorld

- Half year Adjusted EBITDA of \$1.8 billion, an increase of 30% year-on-year
- Quarterly Adjusted EBITDA of \$906 million, 16th consecutive quarter of EBITDA growth
- Achieved ROI of 98%

Balance Sheet

- Cash on hand at 30 June 2012 of \$11 billion, up from \$7.7 billion at 31 December 2011
- Gearing Ratio of 7% at 30 June 2012

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

"I am delighted to report another set of strong results based on years of commitment and hard work from everyone in the Galaxy family. The handsome returns achieved over many years are being reinvested wisely in the business to sustain long-term growth and enable GEG to deliver on its vision to become 'globally recognised as Asia's leading gaming and entertainment corporation'."

"Understanding the importance of building a long-term sustainable future for Macau, moving forward GEG strives to play an active role in promoting well-being of the community and safeguarding the environment, particularly through education, sports development and community services."

"We are confident that GEG will continue to deliver results. The accelerated construction of Galaxy Macau™ Phase 2 was announced in April 2012. Based on our 'World Class, Asian Heart' philosophy, we believe it will serve as a major catalyst for growth for GEG and Macau, attracting customers from across the region and the world."

Market Overview

The Macau gaming market sustained its growth momentum in the first half of the year, with total gaming revenue increasing by 20% to \$144 billion. Gaming revenue in the second quarter was \$72 billion, a record quarterly high. The total number of visitations to Macau was 13.6 million in the period, representing a 2.5% increase on the first half of 2011. Visitors from Mainland China for the first half of 2012 increased by 8.5% year-on-year to just over 8 million and now account for 60% of total visitors.

There are a number of new infrastructure projects due to complete in the near future, including the last four stations of the Guangzhou-Zhuhai Intercity Mass Transit Railway between Zhuhai North and Macau.

Group Financial Results

In the first six months of 2012 GEG achieved revenue of \$28.3 billion, generating Adjusted EBITDA of \$4.7 billion for a year-on-year increase of 159%. Revenue and Adjusted EBITDA in the comparable period last year were \$13.7 billion and \$1.8 billion respectively in which Galaxy Macau™'s contribution only counted from opening on 15 May 2011 to 30 June 2011. On a latest twelve months ("LTM") basis, Group Adjusted EBITDA increased by 182% to \$8.6 billion. Net profit attributable to shareholders grew to \$3.4 billion.

These increases in LTM performance reflect a full twelve month contribution from Galaxy Macau™ and a strong underlying performance from StarWorld. A key factor in the Group's improved earnings is the solid performance of both properties in the mass market. Galaxy Macau™ mass market revenue grew 36% from the second half of 2011 to \$3.3 billion in the first half of 2012. StarWorld registered a 52% increase year-on-year to just over \$1.1 billion.

GEG's two flagship properties continue to effectively cross sell, benefitting from increasingly sophisticated marketing initiatives and shared transport links. GEG's other businesses, including City Clubs and Construction Materials, also continued to perform solidly and made valuable contributions.

As a result of GEG's cash generation, the Group's balance sheet improved with cash on hand increasing from \$7.7 billion at the end of 2011 to just over \$11 billion at period end,

including restricted cash of \$1.9 billion. Further, we invested approximately \$1.4 billion into capital expenditure during the period.

Galaxy Macau™

In just over 12 months since opening, Galaxy Macau™ has firmly established itself in the Macau leisure and entertainment market. In the first half of 2012, GEG further enhanced its gaming and entertainment offering in Cotai by opening two new luxurious Sky casinos, the Pavilion High Limit Slots, an additional VIP room, and its private members club China Rouge, among others.

Galaxy Macau™'s reputation for providing customers with a unique, high quality Asian experience has incrementally grown quarter by quarter, and translated to a promising financial and operational performance in the first half of 2012. Revenue and Adjusted EBITDA climbed to \$16 billion and \$2.9 billion respectively.

The positive momentum in the business continued in the second quarter of 2012, with Adjusted EBITDA increasing by 20% over the first quarter to \$1.6 billion. Under HK GAAP, Adjusted EBITDA margins improved by 12.5% year-on-year from 16% to 18%, and under US GAAP rose from 22% in 1H 2011 to 26% in 1H 2012. This margin improvement reflected larger volumes, higher margin play and increased operational efficiencies. Annualised Q2 2012 Adjusted EBITDA of \$6.3 billion translates into an ROI* of 37%.

* ROI calculated based on the annualised Q2 2012 Adjusted EBITDA divided by gross investment to date including allocated land cost.

VIP Gaming Performance

Total VIP rolling chip volume in the period was \$358 billion, with revenue of \$11.4 billion. Growth accelerated from first quarter 2012 to second quarter 2012 with VIP rolling chip increasing by 9% to \$186 billion, and revenue increasing by 23% to \$6.3 billion.

VIP Gaming						
HK\$m	Q2 2011 [^]	Q2 2012	YoY%	1H 2011 [^]	1H 2012	YoY%
Turnover	50,000	186,400	273%	50,000	357,800	616%
Net Win	1,800	6,300	250%	1,800	11,400	533%
Win %	3.5%	3.4%	n/a	3.5%	3.2%	n/a

[^] Galaxy Macau™ opened on 15 May 2011, so the results for the second quarter and the first half of 2011 are the same which reflected 47 days for the period from opening to 30 June 2011.

Mass Gaming Performance

Revenue in the mass market segment was \$3.3 billion, representing an increase of 36% compared to the second half of 2011. Second quarter revenue increased by 8% quarter-on-quarter.

Mass Gaming						
HK\$m	Q2 2011 [^]	Q2 2012	YoY%	1H 2011 [^]	1H 2012	YoY%
Table Drop	2,400	6,000	150%	2,400	11,900	396%
Net Win	400	1,700	325%	400	3,300	725%
Hold %	17.5%	28.4%	n/a	17.5%	27.8%	n/a

Electronic Gaming Performance

Galaxy Macau™'s electronic gaming revenue in the first half of 2012 increased by 7% to \$569 million over the second half of 2011.

Electronic Gaming						
HK\$m	Q2 2011[^]	Q2 2012	YoY%	1H 2011[^]	1H 2012	YoY%
Slots Handle	1,800	4,400	144%	1,800	8,700	383%
Net Win	114	271	138%	114	569	399%
Hold %	6.3%	6.2%	n/a	6.3%	6.5%	n/a

Non-Gaming Performance

Non-gaming revenue increased from \$600 million in the second half of 2011 to \$695 million in the period, as Galaxy Macau™ attracted an ever increasing number of new customers, including families that aspire for a truly unique resort experience in Macau.

Galaxy Macau™ currently provides three unique hotel experiences in one resort; the five star Galaxy Hotel, Japan's legendary Hotel Okura Macau and the award winning ultra-exclusive Banyan Tree Macau. All three hotels continued to excel, providing impeccable, warm, attentive and gracious hospitality. By period end, the room occupancy rate stood at 94%. The hotels' in-house leisure amenities are complemented by Galaxy Macau™'s skytop wave pool, the largest in the world. It continues to be a major draw with thousands of visitors per week.

The property has a wide variety of Asian and international cuisine choices, comprising over 55 restaurants, cafes, bars and lounges, staffed by award winning chefs from across the world, it caters for all tastes ranging from family-friendly casual to exquisite fine dining.

During the period Galaxy Macau™ further reinforced its reputation as one of the prime entertainment hotspots in Macau. Its modern 3D cineplex, which opened amidst much fanfare with the world premiere of the eagerly anticipated Chinese film of the decade *The Flying Swords of Dragon Gate 3D*, continues to see attendance rise. Our private members club China Rouge has also been successful since it opened in March this year, featuring musical artists such as Laura Fygi and Hacken Lee.

The property's distinctive layout has been instrumental in growing revenue, as it facilitates a seamless navigation between the gaming areas and entertainment, retail and food & beverage outlets.

The future of Galaxy Macau™: Phase 2 and the land bank development

On 26 April 2012, GEG announced its plans for Phase 2 which virtually doubles the size of Galaxy Macau™. The accelerated rollout of Phase 2 is timed to coincide with the completion of major infrastructure developments in the greater Macau region, and we believe Phase 2 will be the next major project to complete in Macau in mid-2015. The development is expected to be significantly accretive to GEG's earnings and the investment will be made from GEG's existing reserves, cash from operations and debt.

At period end, the development work is on track with piling set to be completed by the end of the year. Phase 2 Galaxy Macau™ will include:

- Two new luxury hotels, including The Ritz-Carlton's first ever all-suite hotel and the world's largest JW Marriott with an aggregate of 1,300 rooms and suites for a grand total of over 3,600 rooms & suites across five luxury hotels
- Over 100,000 square metres of retail space with over 200 high end retail outlets
- An additional 45 food & beverage outlets to a total of over 100
- Expanded meeting, event and banquet space seating over 3,000 guests
- Greatly enhanced leisure amenities, with the world's largest skytop wave pool resort deck being expanded and further lush tropical gardens added
- Gaming capacity will be expanded by up to 500 tables and over 1,000 slots

StarWorld Hotel & Casino

StarWorld, the Group's flagship property on the Macau peninsula, once again achieved encouraging results by posting its 16th consecutive quarter of EBITDA growth in the second quarter of 2012. The property's competitive advantage lies in the fact that it offers high rollers convenience, exemplary service, and a unique gaming environment.

Adjusted EBITDA for the first half was up 30% to \$1.8 billion, on the back of a 13% increase in revenue to \$11.3 billion. Margins remained stable at 16% under HK GAAP and 26% under US GAAP. StarWorld reported annualised ROI** of 98%.

*** ROI calculated based on total Adjusted EBITDA for the latest twelve months (LTM) divided by gross book value through 30 June 2012 including land cost.*

VIP Gaming Performance

StarWorld achieved VIP rolling chip volume of \$339 billion, up 10% on the comparable period last year (1H 2011: \$309 billion). This resulted in revenue of \$9.9 billion (1H 2011: \$8.9 billion).

VIP Gaming							
HK\$m	Q1 2011	Q2 2011	1H 2011	Q1 2012	Q2 2012	1H 2012	YoY%
Turnover	151,000	158,000	309,000	176,100	163,000	339,100	10%
Net Win	4,400	4,500	8,900	4,800	5,100	9,900	11%
Win %	2.9%	2.9%	2.9%	2.7%	3.1%	2.9%	n/a

Mass Gaming Performance

Mass gaming revenue in the first half of the year grew by 52% year-on-year to a record \$1.1 billion on strong volume of \$4.8 billion (1H 2011: \$4 billion). Shared transport links with its sister casino Galaxy Macau™ continues to be an effective driver of visitations.

Mass Gaming							
HK\$'m	Q1 2011	Q2 2011	1H 2011	Q1 2012	Q2 2012	1H 2012	YoY%
Table Drop	1,900	2,100	4,000	2,390	2,370	4,760	19%
Net Win	362	366	728	564	545	1,109	52%
Hold %	18.1%	17.3%	17.7%	23.2%	22.5%	22.9%	n/a

Electronic Gaming Performance

StarWorld's electronic gaming generated revenue of \$122 million, marginally up on the same period last year.

Electronic Gaming							
HK\$'m	Q1 2011	Q2 2011	1H 2011	Q1 2012	Q2 2012	1H 2012	YoY%
Slots Handle	1,050	1,020	2,070	930	840	1,770	-14%
Net Win	70	49	119	62	60	122	3%
Hold %	6.7%	4.8%	5.8%	6.6%	7.2%	6.9%	n/a

Non-Gaming Performance

Non-gaming revenue in the period increased by 34% to \$207 million (1H 2011: \$154 million) and hotel room occupancy continued to remain at 98%.

City Clubs

City Clubs continue to perform as a boutique service provider to select and valued customers. In the first half of the year it contributed \$82 million to the Group's earnings (1H 2011: \$106 million).

GEG will continue to manage the business prudently to ensure its long term sustainability.

CONSTRUCTION MATERIALS DIVISION

The Construction Materials Division continued to deliver a solid performance from its integrated construction materials businesses in Hong Kong and Macau which was partially offset by the softening demand in the ground granulated blast-furnace slag and cement businesses in Mainland China. For the first half of 2012, revenue grew to \$940 million, representing an increase of 45% over the corresponding period last year. The Division's Adjusted EBITDA surged to \$228 million, representing an increase of 28% over the corresponding period last year.

The Division expects to benefit from ongoing infrastructure development projects in Hong Kong and from construction work linked to the gaming industry in Macau. It is also expanding slag production capacity to maintain its leadership position in Mainland China as well as cement production in Yunnan Province.

GROUP OUTLOOK

Despite the challenging global economic environment, GEG remains confident that the growth prospects for the industry and Macau as a whole are healthy. Our confidence stems from the positive impact we expect to see in Macau as a number of major infrastructure projects reach completion in the next few years including the Hong Kong-Zhuhai-Macau bridge set to open in 2016 and the Light Rail Transit connecting Macau, Taipa and Cotai due to open 2015-2016, among others, and the completion of complimentary projects in Hengqin Island such as the theme park. New infrastructure projects will continue to enlarge Macau's addressable customer base and drive Macau visitation ever higher.

The management team will continue to manage the business in a careful and prudent manner, and the Group's strong cash position, low debt to Adjusted EBITDA ratio and gearing ratio of 7% provides a real platform of strength from which the business can be developed to maximise returns for all stakeholders.

GEG's well-balanced portfolio of properties and businesses, the earnings potential of its Phase 2 expansion plans and ownership of the largest contiguous casino resort permitted land bank in Macau, position us well to realise our goal to be 'globally recognised as Asia's leading gaming and entertainment corporation'.

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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