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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 FIRST QUARTER ENDED 31 MARCH 2019

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 first quarter ended 31 March 2019 as follows:

Q1 2019 RESULTS HIGHLIGHTS

GEG: Strong Mass Performance, Challenging VIP Segment

- Q1 Group Net Revenue of HK\$13.0 billion, down 8% year-on-year and down 8% quarter-on-quarter
- Q1 Group Adjusted EBITDA of HK\$4.0 billion, down 8% year-on-year, down 8% quarter-on-quarter
- Played lucky in Q1 which increased Adjusted EBITDA by approximately HK\$111 million, normalized exclude luck factor (“Normalized”) Q1 Adjusted EBITDA of HK\$3.9 billion, down 12% year-on-year and down 9% quarter-on-quarter
- Latest twelve months Adjusted EBITDA of HK\$16.5 billion, up 8% year-on-year, down 2% quarter-on-quarter

Galaxy Macau™: Solid Mass Performance while Maintaining Margin

- Q1 Net Revenue of HK\$9.3 billion, down 6% year-on-year and down 11% quarter-on-quarter
- Q1 Adjusted EBITDA of HK\$3.0 billion, down 7% year-on-year, down 12% quarter-on-quarter
- Played lucky in Q1 which increased Adjusted EBITDA by approximately HK\$39 million, Normalized Q1 Adjusted EBITDA of HK\$3.0 billion, down 13% year-on-year and down 8% quarter-on-quarter
- Hotel occupancy for Q1 across the five hotels was virtually 100%

StarWorld Macau: Solid Mass Performance while Maintaining Margin

- Q1 Net Revenue of HK\$3.0 billion, down 7% year-on-year and flat quarter-on-quarter
- Q1 Adjusted EBITDA of HK\$949 million, down 5% year-on-year, up 6% quarter-on-quarter
- Played lucky in Q1 which increased Adjusted EBITDA by approximately HK\$68 million, Normalized Q1 Adjusted EBITDA of HK\$881 million, down 5% year-on-year and down 13% quarter-on-quarter
- Hotel occupancy for Q1 was virtually 100%

Broadway Macau™: A Unique Family Friendly Resort, Strongly Supported by Macau SMEs

- Q1 Net Revenue of HK\$151 million, up 6% year-on-year and up 5% quarter-on-quarter
- Q1 Adjusted EBITDA of HK\$15 million, up 15% year-on-year, up 88% quarter-on-quarter
- Played lucky in Q1 which increased Adjusted EBITDA by approximately HK\$4 million, Normalized Q1 Adjusted EBITDA of HK\$11 million, up 10% year-on-year and up 57% quarter-on-quarter
- Hotel occupancy for Q1 was 95%

Balance Sheet: Healthy Balance Sheet

- Cash and liquid investments were HK\$49.3 billion and net cash was HK\$42.5 billion as at 31 March 2019
- Debt of HK\$6.8 billion as at 31 March 2019, primarily reflects ongoing treasury yield management initiative
- Paid the previously announced special dividend of HK\$0.45 per share on 26 April 2019

Development Update: Continue to Pursue Development Opportunities

- Cotai Phases 3 & 4 – Continue with development works for Phases 3 & 4, with a strong focus on non-gaming, primarily targeting Meetings Incentives Conferences and Events (MICE), entertainment, family facilities and also including gaming
- Hengqin – Refining our plans for a lifestyle resort to complement our high-energy entertainment resorts in Macau
- International – Continuously exploring opportunities in overseas markets, including Japan

Overall given the prevailing market conditions, we believe the Group delivered a solid financial result. During the first quarter, Macau experienced a number of events that impacted the market, most notably in the VIP segment. These included the introduction of the full smoking ban plus increased competition from both local and regional casinos that have a significant economic advantage compared to Macau.

We continue to progress with the previously announced HK\$1.5 billion renovation enhancement program in both Galaxy Macau™ and StarWorld Macau. Whilst there has been some disruption, we believe this enhancement program will make our resorts even more attractive to guests. We anticipate to complete this program in the early part of 2020.

In Q1 2019, GEG reported net revenue of HK\$13.0 billion, down 8% year-on-year and down 8% quarter-on-quarter. Adjusted EBITDA was HK\$4.0 billion, down 8% year-on-year and down 8% quarter-on-quarter.

We paid the previously announced special dividend of HK\$0.45 per share on 26 April 2019. Our balance sheet remains healthy and liquid with total cash and liquid investments of HK\$49.3 billion and net cash of HK\$42.5 billion as at 31 March 2019.

Macau has continued to see strong growth in visitor arrivals post the opening of the Hong Kong-Zhuhai-Macau Bridge and the continued buildout of the High Speed Rail Network. Visitor arrivals in the first quarter were 10.4 million, up 21% year-on-year.

We continue with our development works for Phases 3 & 4, and with our planning for a lifestyle resort in Hengqin. We also continue with our efforts in Japan where we have submitted numerous Requests For Information to selected Japanese cities and prefectures.

2019 is an important year for China and Macau with a particular focus on three major events. These include celebrating the 70th anniversary of the founding of the People's Republic of China, it is also the 20th anniversary of the return of Macau to China. Further, we look forward to the election of the next Chief Executive who will take office in 2019.

We remain confident in the medium to longer term outlook for Macau in general and GEG specifically given the continued growth in demand for tourism, leisure and travel from Mainland China. We also believe the integration of Macau into the Greater Bay Area will be positive for the development of Macau. We are committed to supporting the Macau Government's vision to develop Macau into a World Centre of Tourism and Leisure.

Macau Market Overview

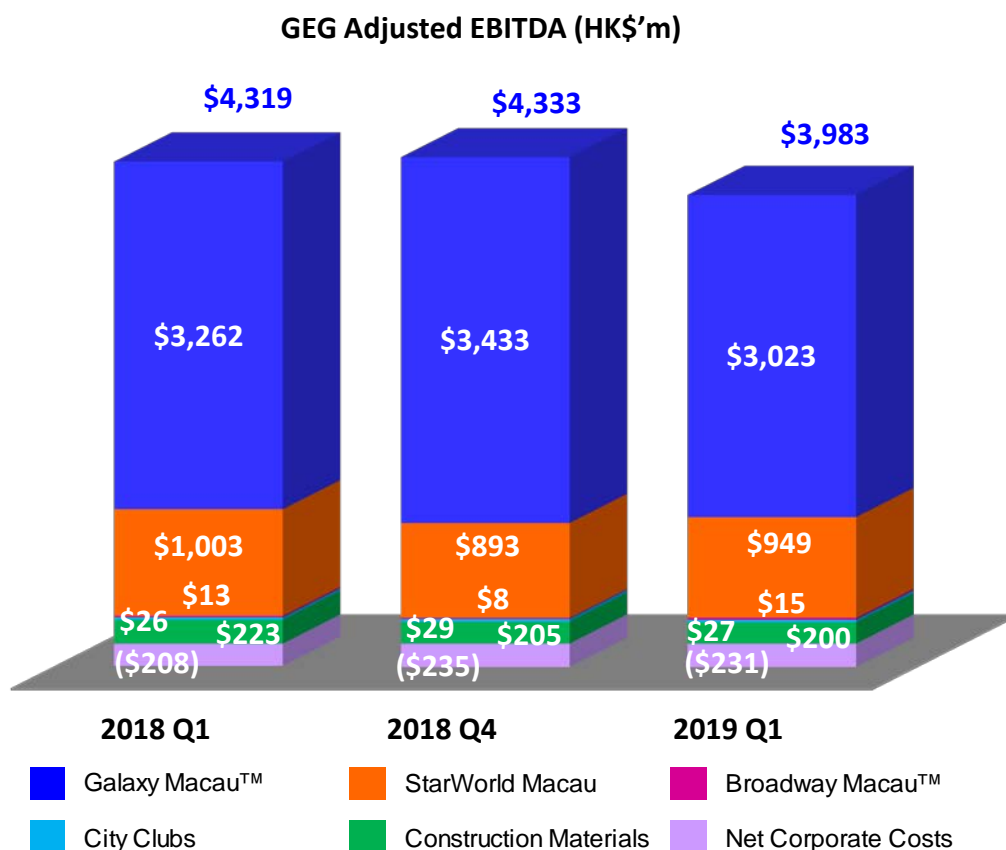
In the first quarter, Gross Gaming Revenue ("GGR") was impacted by the introduction of the full smoking ban and increased competition from both local and regional casinos. Macau GGR for Q1 2019 was HK\$73.9 billion, down 0.5% year-on-year and down 3% quarter-on-quarter. VIP GGR was HK\$36.1 billion, down 13% year-on-year and down 11% quarter-on-quarter.

In Q1 2019, visitor arrivals to Macau were 10.4 million, up 21% year-on-year. Visitors from Mainland China grew at a faster rate of 24% year-on-year. Overnight visitors were up 9% year-on-year and accounted for 46% of total visitation. The average length of stay for overnight visitors was 2.2 days. Meanwhile, visitors from the cities in the Greater Bay Area grew by 17% year-on-year to 1.4 million.

Group Financial Results

In Q1 2019, the Group posted net revenue of HK\$13.0 billion, down 8% year-on-year and down 8% quarter-on-quarter. Adjusted EBITDA was HK\$4.0 billion, down 8% year-on-year and down 8% quarter-on-quarter. Galaxy Macau™'s Adjusted EBITDA was HK\$3.0 billion, down 7% year-on-year and down 12% quarter-on-quarter. StarWorld Macau's Adjusted EBITDA was HK\$949 million, down 5% year-on-year and up 6% quarter-on-quarter. Broadway Macau™'s Adjusted EBITDA was HK\$15 million, up 15% year-on-year and up 88% quarter-on-quarter.

GEG played lucky in Q1 2019 which increased Adjusted EBITDA by approximately HK\$111 million. Normalized Q1 Adjusted EBITDA was HK\$3.9 billion, down 12% year-on-year and down 9% quarter-on-quarter.



The Group's total GGR on a management basis¹ in Q1 2019 was HK\$15.4 billion, down 10% year-on-year and down 10% quarter-on-quarter. Total mass table GGR was HK\$7.3 billion, up 9% year-on-year and flat quarter-on-quarter. Total VIP GGR was HK\$7.4 billion, down 25% year-on-year and down 18% quarter-on-quarter. Total electronic GGR was HK\$606 million, up 1% year-on-year and down 11% quarter-on-quarter.

¹ The primary difference between statutory gross revenue and management basis gross revenue is the treatment of City Clubs revenue where fee income is reported on a statutory basis and gross gaming revenue is reported on a management basis. At the group level the gaming statistics include Company owned resorts plus City Clubs.

Group Key Financial Data*(HK\$'m)*

	Q1 2018	Q4 2018	Q1 2019
Revenues:			
Net Gaming	11,921	12,138	11,091
Non-gaming	1,301	1,369	1,338
Construction Materials	911	651	616
Total Net Revenue	14,133	14,158	13,045
Adjusted EBITDA	4,319	4,333	3,983

Gaming Statistics²*(HK\$'m)*

	Q1 2018	Q4 2018	Q1 2019
Rolling Chip Volume ³	288,792	260,505	203,568
Win Rate %	3.4%	3.5%	3.6%
Win	9,868	9,034	7,429
Mass Table Drop ⁴	28,510	31,571	30,463
Win Rate %	23.6%	23.2%	24.1%
Win	6,715	7,328	7,345
Electronic Gaming Volume	17,829	18,191	16,178
Win Rate %	3.4%	3.7%	3.7%
Win	601	681	606
Total GGR Win ⁵	17,184	17,043	15,380

Balance Sheet and Special Dividend

As of 31 March 2019, cash and liquid investments were HK\$49.3 billion and net cash was HK\$42.5 billion. Total debt was HK\$6.8 billion, primarily reflects an ongoing treasury management exercise where interest income on cash holdings exceeds corresponding borrowing costs. GEG paid the previously announced special dividend of HK\$0.45 per share on 26 April 2019. Our balance sheet combined with cash flow from operations allows us to return capital to shareholders via special dividends and to fund both our Macau development pipeline and international expansion ambitions.

² Gaming statistics are presented before deducting commission and incentives.

³ Reflects junket rolling chip volume only.

⁴ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

⁵ Total GGR win includes gaming win from City Clubs.

Galaxy Macau™

Galaxy Macau™ is the primary contributor to Group revenue and earnings. In Q1 2019, Galaxy Macau™'s net revenue was HK\$9.3 billion, down 6% year-on-year and down 11% quarter-on-quarter. Adjusted EBITDA was HK\$3.0 billion, down 7% year-on-year and down 12% quarter-on-quarter. Adjusted EBITDA margin under HKFRS was 33% (Q1 2018: 33%).

Galaxy Macau™ played lucky in Q1 2019 which increased Adjusted EBITDA by approximately HK\$39 million. Normalized Q1 Adjusted EBITDA was HK\$3.0 billion, down 13% year-on-year and down 8% quarter-on-quarter.

Hotel occupancy for Q1 across the five hotels was virtually 100%.

Galaxy Macau™ Key Financial Data

(HK\$'m)

	Q1 2018	Q4 2018	Q1 2019
Revenues:			
Net Gaming	8,732	9,201	8,130
Hotel / F&B / Others	819	858	829
Mall	293	302	305
Total Net Revenue	9,844	10,361	9,264
Adjusted EBITDA	3,262	3,433	3,023
Adjusted EBITDA Margin	33%	33%	33%

Gaming Statistics⁶

(HK\$'m)

	Q1 2018	Q4 2018	Q1 2019
Rolling Chip Volume ⁷	204,938	172,378	135,344
Win Rate %	3.5%	3.8%	3.9%
Win	7,153	6,612	5,253
Mass Table Drop ⁸	16,754	18,593	17,906
Win Rate %	27.0%	27.8%	28.3%
Win	4,524	5,178	5,068
Electronic Gaming Volume	13,590	12,851	11,106
Win Rate %	3.7%	4.5%	4.5%
Win	509	573	502
Total GGR Win	12,186	12,363	10,823

⁶ Gaming statistics are presented before deducting commission and incentives.

⁷ Reflects junket rolling chip volume only.

⁸ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

StarWorld Macau

In Q1 2019, StarWorld Macau's net revenue was HK\$3.0 billion, down 7% year-on-year and flat quarter-on-quarter. Adjusted EBITDA was HK\$949 million, down 5% year-on-year and up 6% quarter-on-quarter. Adjusted EBITDA margin under HKFRS was 32% (Q1 2018: 31%).

StarWorld Macau played lucky in Q1 2019 which increased Adjusted EBITDA by approximately HK\$68 million. Normalized Q1 Adjusted EBITDA was HK\$881 million, down 5% year-on-year and down 13% quarter-on-quarter.

Hotel occupancy for Q1 was virtually 100%.

StarWorld Macau Key Financial Data

(HK\$m)

	Q1 2018	Q4 2018	Q1 2019
Revenues:			
Net Gaming	3,088	2,839	2,858
Hotel / F&B / Others	109	121	115
Mall	13	13	14
Total Net Revenue	3,210	2,973	2,987
Adjusted EBITDA	1,003	893	949
Adjusted EBITDA Margin	31%	30%	32%

Gaming Statistics⁹

(HK\$m)

	Q1 2018	Q4 2018	Q1 2019
Rolling Chip Volume ¹⁰	82,293	87,317	67,580
Win Rate %	3.2%	2.7%	3.2%
Win	2,670	2,386	2,165
Mass Table Drop ¹¹	8,547	9,620	9,265
Win Rate %	20.0%	16.9%	18.9%
Win	1,709	1,630	1,749
Electronic Gaming Volume	1,710	2,010	2,018
Win Rate %	2.5%	2.1%	2.3%
Win	43	42	46
Total GGR Win	4,422	4,058	3,960

⁹ Gaming statistics are presented before deducting commission and incentives.

¹⁰ Reflects junket rolling chip volume only.

¹¹ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

Broadway Macau™

Broadway Macau™ is a unique family friendly, street entertainment and food resort supported by Macau SMEs, it does not have a VIP gaming component. In Q1 2019, Broadway Macau™'s net revenue was HK\$151 million, up 6% year-on-year and up 5% quarter-on-quarter. Adjusted EBITDA was HK\$15 million, up 15% year-on-year and up 88% quarter-on-quarter. Adjusted EBITDA margin under HKFRS was 10% (Q1 2018: 9%).

Broadway Macau™ played lucky in Q1 2019 which increased Adjusted EBITDA by approximately HK\$4 million. Normalized Q1 Adjusted EBITDA was HK\$11 million, up 10% year-on-year and up 57% quarter-on-quarter.

Hotel occupancy for Q1 was 95%.

Broadway Macau™ Key Financial Data

(HK\$m)

	Q1 2018	Q4 2018	Q1 2019
Revenues:			
Net Gaming	75	69	76
Hotel / F&B / Others	56	63	64
Mall	11	12	11
Total Net Revenue	142	144	151
Adjusted EBITDA	13	8	15
Adjusted EBITDA Margin	9%	6%	10%

Gaming Statistics¹²

(HK\$m)

	Q1 2018	Q4 2018	Q1 2019
Mass Table Drop ¹³	368	346	342
Win Rate %	19.7%	18.9%	20.3%
Win	73	65	70
Electronic Gaming Volume	409	574	554
Win Rate %	2.4%	2.3%	2.7%
Win	10	13	15
Total GGR Win	83	78	85

¹² Gaming statistics are presented before deducting commission and incentives.

¹³ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

City Clubs

In Q1 2019, City Clubs contributed HK\$27 million of Adjusted EBITDA to the Group's earnings, up 4% year-on-year and down 7% quarter-on-quarter.

City Clubs Key Financial Data

(HK\$m)

	Q1 2018	Q4 2018	Q1 2019
Adjusted EBITDA	26	29	27

Gaming Statistics¹⁴

(HK\$m)

	Q1 2018	Q4 2018	Q1 2019
Rolling Chip Volume ¹⁵	1,562	810	644
Win Rate %	2.9%	4.4%	1.6%
Win	45	36	11
Mass Table Drop ¹⁶	2,841	3,012	2,950
Win Rate %	14.4%	15.1%	15.5%
Win	409	455	458
Electronic Gaming Volume	2,119	2,756	2,500
Win Rate %	1.9%	1.9%	1.7%
Win	40	53	43
Total GGR Win	494	544	512

Construction Materials Division

The Construction Materials Division contributed Adjusted EBITDA of HK\$200 million, down 10% year-on-year and down 2% quarter-on-quarter.

¹⁴ Gaming statistics are presented before deducting commission and incentives.

¹⁵ Reflects junket rolling chip volume only.

¹⁶ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

Development Update

Galaxy Macau™ and StarWorld Macau

To maintain our attractiveness and competitiveness, we are proceeding on a HK\$1.5 billion property enhancement program for Galaxy Macau™ and StarWorld Macau. This program not only enhances our attractiveness, but also includes preparation work for the effective future integration and connectivity of Phases 3 & 4.

Cotai - The Next Chapter

GEG is uniquely positioned for long term growth. We continue with development works for Phases 3 & 4, which will include approximately 4,500 hotel rooms, including family and premium high end rooms, 400,000 square feet of MICE space, a 500,000 square feet 16,000-seat multi-purpose arena, F&B, retail and casinos, among others. We look forward to formally announcing our development plans in the future.

Hengqin

We continue to make progress with our concept plan for a lifestyle resort on Hengqin that will complement our high-energy resorts in Macau.

International

Our Japan based team continues with our Japan development efforts. We view Japan as a great long term growth opportunity that will complement our Macau operations and our other international expansion ambitions. GEG, together with Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco (“Monte-Carlo SBM”) from the Principality of Monaco and our Japanese partners, look forward to bringing our brand of World Class Integrated Resorts to Japan.

Selected Major Awards in Q1 2019

Award	Presenter
GEG	
Gaming Operator of the Year Australia & Asia	12th International Gaming Awards
Galaxy Macau™	
Integrated Resort of the Year	12th International Gaming Awards
Best Wedding Venue	New Express Fashion Awards 2018
Asia's Most Popular Parent-Child Travel Resort City Supreme Award	The 19th Golden Horse Awards of China
2018 Platinum International Aquatic Safety Award - Grand Resort Deck	Jeff Ellis & Associates (E&A)
Romantic Wedding Venue - Integrated Resort of the Year	All About Wedding Awards 2018
StarWorld Macau	
Asia's Best Catering Service Hotel Supreme Award	The 19th Golden Horse Awards of China
Construction Materials Division	
Occupational Health Award 2018-19 - Joyful@Healthy Workplace Best Practices Award (Enterprise / Organisation Category) - Excellence Award	Occupational Safety and Health Council

Outlook

The first quarter proved to be demanding, particularly in the VIP segment. Growth in visitor arrivals is solid driven by the continued build out of infrastructure such as the Hong Kong-Zhuhai-Macau Bridge, the ongoing expansion of the High Speed Rail Network and the integration of Macau into the Greater Bay Area.

We continue with the construction works of Phases 3 & 4. These new developments will cater to the next wave of tourists and the resorts will be the only next generation products in Macau.

We continue to progress with the previously announced HK\$1.5 billion renovation enhancement program and expect this program to be completed in early 2020.

We also continue with planning for a lifestyle resort in Hengqin that will complement our high energy resorts in Macau. We are also progressing with our efforts in Japan and continue to actively build relationships with all stakeholders.

We are well positioned for future growth with a healthy and liquid balance sheet. This certainly allows us to continue with our development plans, international expansion ambitions and pay special dividends.

We would like to thank all of our hard working staff who contribute greatly to our success and we are actively supporting the Macau Government on achieving their vision of building Macau into a World Centre of Tourism and Leisure.

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, 16 May 2019

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 Directors of GEG are Dr. Charles Cheung Wai Bun and Mr. Michael Victor Mecca; 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