



## **GALAXY ENTERTAINMENT GROUP REPORTS 2014 ANNUAL RESULTS**

**GROUP ADJUSTED EBITDA UP 5% YEAR-ON-YEAR TO \$13.2 BILLION**

**NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS  
INCREASED BY 3% YEAR-ON-YEAR TO \$10.3 BILLION**

**GALAXY MACAU™ PHASE 2 AND BROADWAY AT GALAXY MACAU  
SET TO OPEN ON SCHEDULE AS THE NEXT MAJOR PROJECTS IN MACAU  
ON 27 MAY 2015**

**SUBSEQUENTLY ANNOUNCED ANOTHER SPECIAL DIVIDEND OF  
\$0.28 PER SHARE**

Hong Kong, 19 March 2015 – Galaxy Entertainment Group Limited (“GEG” or “the Group”) (HKEx stock code: 27) today reported results for the three months and twelve months periods ended 31 December 2014.

### **FULL YEAR & Q4 2014 HIGHLIGHTS**

#### **GEG: Solid Revenue and Earnings Amid Challenging Second Half of 2014**

- Full year Group revenue increased by 9% year-on-year to \$71.8 billion
- Full year Group Adjusted EBITDA of \$13.2 billion, an increase of 5% year-on-year
- Net profit attributable to shareholders grew 3% year-on-year to \$10.3 billion
- Fourth quarter Group Adjusted EBITDA decreased 25% year-on-year to \$2.7 billion

#### **Galaxy Macau™: Resilient Performance**

- Full year revenue increased by 18% year-on-year to \$46.9 billion and Adjusted EBITDA grew by 12% year-on-year to \$9.9 billion
- Fourth quarter Adjusted EBITDA decreased 19% year-on-year to \$2.0 billion

#### **StarWorld Macau: Decline in Full Year Revenue and Adjusted EBITDA Due to Worse than Expected Fourth Quarter**

- Full year revenue decreased by 4% year-on-year to \$22.6 billion and Adjusted EBITDA of \$3.5 billion, a decrease of 6% year-on-year
- Fourth quarter Adjusted EBITDA of \$645 million, a decrease of 38% year-on-year

#### **Development Update: Launch of Galaxy Macau™ Phase 2 and Broadway at Galaxy Macau**

- Galaxy Macau™ Phase 2 and Broadway at Galaxy Macau — On schedule to open 27 May 2015 as the next major projects in Macau, taking Cotai investment to \$43 billion of a total planned \$100 billion
- Cotai Phases 3 & 4 — Site investigation works expected to commence in 2015
- Hengqin — Plans to develop a world class destination resort on a 2.7 sq.km land parcel moving forward
- International — Continuously exploring opportunities in overseas markets

#### **Balance Sheet: Remains Well Capitalised and Return of Capital to Shareholders**

- Cash on hand of \$9 billion and a net cash position of \$8.2 billion, virtually debt free
- Subsequently announced another special dividend of \$0.28 per share payable on or about 22 May 2015



**Dr. Lui Che Woo, Chairman of GEG said:**

*“Marking our ten year anniversary in Macau, GEG achieved solid revenue and EBITDA growth of 9% and 5% respectively, despite facing challenging headwinds in the second half of the year. Our ‘World Class, Asian Heart’ service philosophy is imbedded in all aspects of our business and governs every interaction with the customer, enabling us to deliver spectacular and unique holiday experiences.*

*In the ten years since we made our debut in Macau, we have built and established world class, award winning hotels and resorts. Today our commitment to supporting Macau to become a World Centre of Tourism and Leisure is stronger than ever. Two ground breaking projects – Galaxy Macau™ Phase 2 and the rebranded Broadway at Galaxy Macau – are scheduled to open on 27 May 2015. Doubling our footprint to over one million square metres, they take our investment in Cotai to \$43 billion – well on the way to our target of investing \$100 billion once Phases 3 & 4 are completed. Furthermore, as a good corporate citizen, we always believe that ‘what is taken from the community is to be used for the good of the community’. We are confident that the recently announced \$1.3 billion GEG Foundation will reinforce GEG’s commitment to promoting a sustainable future for Macau and make a meaningful difference to the lives of young people in Macau and on the Mainland.*

*In parallel, reflecting our commitment to returning capital to shareholders, we paid two special dividends totalling \$4.9 billion in 2014 and subsequently announced another special dividend of \$0.28 per share.*

*There can be no doubt that the second half of 2014 was one of the most challenging periods in the history of Macau. It is therefore more important than ever that all stakeholders in the industry and Macau pull together in one direction to ensure Macau fulfils its vast economic and social development potential.*

*We remain optimistic about the future as the fundamental growth drivers for the market such as increasing domestic consumption in China, a rapidly growing affluent middle class and major planned infrastructure improvements, remain unaltered. Together with our clear roadmap for growth, strong balance sheet and powerful brand, we are confident that we can differentiate ourselves from our peers and attract a greater share of new visitors to Macau.*

*As always, I would like to thank our team of 17,000 staff for their tireless effort and contributions to the Group’s success.”*

**Market Overview**

2014 saw two very contrasting half year performances, with total gaming revenue in H1 increasing 13% year-on-year and registering an all-time monthly high in February of \$36.9 billion, up 40% year-on-year. However, a confluence of factors such as the FIFA World Cup, China’s soft economic landing, rising costs and the Chinese austerity program etc, weighed on the market in the second half resulting in 3% decline in full year total gaming revenue to \$341.3 billion. Encouragingly, visitor numbers to Macau grew faster than the previous year, increasing by 8% year-on-year to 31.5 million. Visitors from the Mainland increased at an even faster rate of 14% and now represent 67% of total visitors to Macau (2013: 64%).



Underscoring Macau's continuing appeal as a vibrant and dynamic tourism and leisure hub catering to a broader customer base, mass revenue increased by 16% year-on-year to \$120.9 billion, now accounting for approximately 35% of the Macau market. VIP revenue in the year decreased by 11% year-on-year to \$206.3 billion. It remains the largest segment of the market, accounting for approximately 60% of total gaming revenue.

GEG expects the structural shift in the market to mass to continue in the coming years as visitors are drawn to a number of major new projects in Macau that will greatly enhance its MICEE, recreational, dining, retail and entertainment offer, and nearby Hengqin undergoes a transformation into a new regional business and leisure hub. Major planned future infrastructure improvements such as the Taipa Ferry Terminal, the Macau Light Rail Transit and the Hong Kong-Zhuhai-Macau Bridge, are expected to facilitate greater visitor numbers by improving access to Macau and connectivity within the territory. GEG's complementary properties and Cotai development pipeline leave it well placed to cater for a new type of visitors looking for more holistic holiday and leisure experiences.

### **Group Financial Results**

Group revenue and Adjusted EBITDA for the full year climbed 9% year-on-year to \$71.8 billion and by 5% year-on-year to \$13.2 billion, respectively, despite a challenging second half of the year. Net profit attributable to shareholders increased 3% year-on-year to \$10.3 billion. The results were largely due to Galaxy Macau™ where Adjusted EBITDA grew 12% year-on-year. StarWorld Macau posted a 6% year-on-year decrease in Adjusted EBITDA as challenging market conditions impacted its VIP business in the second half of the year. City Clubs and the Construction Materials Division contributed Adjusted EBITDA of \$166 million and \$465 million, respectively.

A key contributing factor in the Group's earnings was the solid performance in the mass segment. Galaxy Macau™'s mass revenue increased from \$10.5 billion in 2013 to \$12.1 billion in 2014 (up 16%), with StarWorld Macau delivering growth of 12% year-on-year to \$4.3 billion. In addition, Galaxy Macau™ also achieved very healthy volume and revenue growth in the VIP segment, with the latter gaining 20% year-on-year to \$31.7 billion.

The Group's total gaming revenue for 2014 on a management basis<sup>1</sup> grew 9% year-on-year to \$71.0 billion driven by solid increases in VIP and Mass. Total Mass revenue increased 12% year-on-year to \$18.8 billion while VIP revenue climbed 8% year-on-year to \$50.4 billion. Electronic gaming revenue also grew 3% year-on-year to \$1.8 billion.

### *Balance Sheet and Special Dividends*

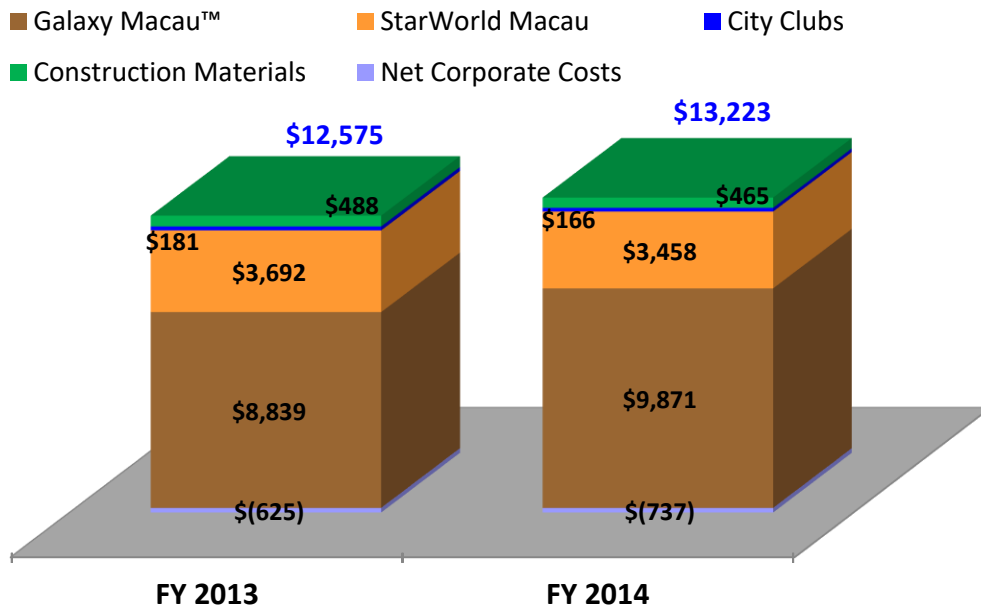
The Group's balance sheet remains well capitalised and liquid, with cash on hand of \$9 billion and a net cash position of \$8.2 billion as of 31 December 2014. The Group had debt of \$790 million. In the year, GEG returned capital to shareholders by paying two special dividends of \$0.70 per share and \$0.45 per share on 31 July 2014 and 31 October 2014, respectively. Subsequently we have announced another special dividend of \$0.28 per share payable on or about 22 May 2015. These dividends reflect management's confidence in continuing to build out the Group's development pipeline while generating significant cash flow from operations.

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<sup>1</sup> 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.



### Group Adjusted EBITDA (HK\$'m)



#### Galaxy Macau™

Galaxy Macau™ celebrated its third year anniversary in May 2014 and continues to be the growth engine of the Group. The property posted revenue of \$46.9 billion, up 18% on the prior year, which translated to a 12% increase in Adjusted EBITDA to \$9.9 billion. ROI<sup>2</sup> was 58% for 2014.

Adjusted EBITDA margin under HKFRS and under US GAAP fell by one percentage point year-on-year to 21% and 30%, respectively.

Fourth quarter Adjusted EBITDA was \$2.0 billion, a year-on-year reduction of 19%, as market conditions were worse than expected in the second half of the year.

#### VIP Gaming Performance

Total VIP rolling chip volume for the year was \$941.7 billion, up almost 22% on last year. This generated revenue of \$31.7 billion (2013: \$26.5 billion), an increase of 20% year-on-year. The property closed out the year with fourth quarter VIP net win of \$7.4 billion, down 10% year-on-year but up 2% sequentially.

<sup>2</sup> ROI calculated based on the total Adjusted EBITDA for the latest twelve months divided by gross book value through 31 December 2014 including allocated land cost.



#### VIP Gaming

HK\$'m	Q4 2013	Q3 2014	Q4 2014	QoQ%	YoY%	FY 2013	FY 2014	YoY%
Turnover	236,793	224,435	<b>200,070</b>	-11%	-16%	774,143	<b>941,679</b>	22%
Net Win	8,143	7,239	<b>7,369</b>	2%	-10%	26,491	<b>31,669</b>	20%
Win %	3.4%	3.2%	<b>3.7%</b>			3.4%	<b>3.4%</b>	

#### Mass Gaming Performance

Revenue in the mass segment increased by 16% year-on-year to \$12.1 billion (2013: \$10.5 billion). Fourth quarter revenue decreased by 8% year-on-year to \$2.7 billion.

#### Mass Gaming

HK\$'m	Q4 2013	Q3 2014	Q4 2014	QoQ%	YoY%	FY 2013	FY 2014	YoY%
Table Drop	7,345	6,842	<b>6,363</b>	-7%	-13%	27,896	<b>27,516</b>	-1%
Net Win	2,932	3,070	<b>2,704</b>	-12%	-8%	10,461	<b>12,125</b>	16%
Hold %	39.9%	44.9%	<b>42.5%</b>			37.5%	<b>44.1%</b>	

#### Electronic Gaming Performance

Electronic gaming revenue was \$1.6 billion, up 4% on 2013.

#### Electronic Gaming

HK\$'m	Q4 2013	Q3 2014	Q4 2014	QoQ%	YoY%	FY 2013	FY 2014	YoY%
Slots Handle	7,708	9,325	<b>8,515</b>	-9%	10%	30,051	<b>35,581</b>	18%
Net Win	371	419	<b>361</b>	-14%	-3%	1,515	<b>1,576</b>	4%
Hold %	4.8%	4.5%	<b>4.2%</b>			5.0%	<b>4.4%</b>	

#### Non-Gaming Performance

Non-gaming full year revenue increased by 6% year-on-year to \$1.5 billion, with fourth quarter revenue climbing 17% year-on-year to \$408 million. Hotel occupancy was 98%.

#### StarWorld Macau

StarWorld Macau generated revenue of \$22.6 billion and Adjusted EBITDA of \$3.5 billion in 2014, decreases of 4% and 6% year-on-year, respectively. Fourth quarter Adjusted EBITDA decreased 38% year-on-year to \$645 million. Strong prior year comparatives and challenging market conditions in the second half of the year were all factors impacting results.

Adjusted EBITDA margin in the year decreased by one percentage point year-on-year to 15% under HKFRS and remained at 25% under US GAAP in 2014. The property generated an ROI<sup>3</sup> of 96% for 2014.

<sup>3</sup> ROI calculated based on the total Adjusted EBITDA for the latest twelve months divided by gross book value through 31 December 2014 including allocated land cost.



### VIP Gaming Performance

StarWorld Macau reported VIP rolling chip volume of \$622.8 billion in 2014, down 6% on the previous year. This translated to revenue of \$17.8 billion (2013: \$19.1 billion). Fourth quarter revenue was lower 29% year-on-year.

#### VIP Gaming

HK\$'m	Q4 2013	Q3 2014	Q4 2014	QoQ%	YoY%	FY 2013	FY 2014	YoY%
<b>Turnover</b>	181,548	150,452	<b>123,628</b>	-18%	-32%	662,022	<b>622,753</b>	-6%
<b>Net Win</b>	4,964	4,412	<b>3,527</b>	-20%	-29%	19,076	<b>17,755</b>	-7%
<b>Win %</b>	2.7%	2.9%	<b>2.9%</b>			2.9%	<b>2.9%</b>	

### Mass Gaming Performance

Mass gaming revenue for 2014 increased by 12% year-on-year to \$4.3 billion (2013: \$3.9 billion). Fourth quarter revenue was down 19% year-on-year.

#### Mass Gaming

HK\$'m	Q4 2013	Q3 2014	Q4 2014	QoQ%	YoY%	FY 2013	FY 2014	YoY%
<b>Table Drop</b>	2,935	2,661	<b>2,421</b>	-9%	-18%	11,091	<b>10,890</b>	-2%
<b>Net Win</b>	1,193	1,116	<b>964</b>	-14%	-19%	3,863	<b>4,321</b>	12%
<b>Hold %</b>	40.2%	41.4%	<b>39.8%</b>			34.4%	<b>39.4%</b>	

### Electronic Gaming Performance

Electronic gaming generated revenue of \$181 million, down 13% on last year.

#### Electronic Gaming

HK\$'m	Q4 2013	Q3 2014	Q4 2014	QoQ%	YoY%	FY 2013	FY 2014	YoY%
<b>Slots Handle</b>	781	682	<b>531</b>	-22%	-32%	3,200	<b>2,937</b>	-8%
<b>Net Win</b>	53	45	<b>36</b>	-20%	-32%	209	<b>181</b>	-13%
<b>Hold %</b>	6.8%	6.6%	<b>6.9%</b>			6.5%	<b>6.2%</b>	

### Non-Gaming Performance

Non-gaming revenue increased by 3% year-on-year to \$373 million. Hotel occupancy remained at near capacity throughout the year at 98%.

### Developing Macau's Largest Development Pipeline

#### Launch of Galaxy Macau™ Phase 2 and Broadway at Galaxy Macau

Ten years after opening its first property in Macau, GEG's next chapter of growth is scheduled to begin with the official opening of Galaxy Macau™ Phase 2 and the rebranded Broadway at Galaxy Macau on 27 May 2015. They will take GEG's investment in Cotai to \$43 billion and double the existing footprint of the resort to 1.1 million square meters. They will offer an



unprecedented selection of amenities and attractions that will deliver a more diverse set of experiences for visitors.

Major highlights include:

- Six hotels providing approximately 4,000 rooms, suites and villas plus two spas, including The Ritz Carlton's first All-Suite hotel, The Ritz-Carlton, Macau with over 250 suites; Asia's largest JW Marriott, JW Marriott Hotel Macau with over 1,000 rooms and Broadway Hotel offering 320 well-appointed rooms, complemented by three existing world class hotels: Banyan Tree Macau, Hotel Okura Macau and Galaxy Hotel
- The Broadway Theater, comprising 3,000 seats and offering guests a unique up-close-and-personal family-friendly entertainment experience featuring the best of traditional and contemporary Asia culture as well as international shows and performances
- An expanded Grand Resort Deck complete with Skytop Adventure Rapids, featuring the world's longest skytop aquatic adventure ride at 575 meters long and the world's largest skytop wave pool
- The Broadway – a vibrant street and entertainment district showcasing Macanese culture through hawker-style vendors, live entertainers and world class performers, a first in the territory
- The Promenade, featuring over 200 luxury and lifestyle retail brands
- Over 120 food & beverage outlets, offering everything from authentic pan-Asian cuisine to world class dining experiences from Michelin starred chefs
- Portfolio of unique venues and experiences for meetings, incentives and banquets, catering for up to 3,000 guests

GEG believes the dramatically expanded Galaxy Macau™ and Broadway at Galaxy Macau will set a new benchmark in Asia leisure and tourism, creating unforgettable experiences for the whole family to enjoy.

#### *Cotai Phases 3 & 4*

Final plans for Phases 3 and 4 of GEG on Cotai are almost complete and site investigation works are expected to begin in 2015. Once these phases are operational, GEG will have realised its overall target of investing \$100 billion in Cotai and will have doubled its footprint in Cotai to 2 million square metres, adding thousands of new hotel rooms to the Group's portfolio.

#### *Hengqin*

In early 2014 GEG entered into a framework agreement for a 2.7 square kilometer land parcel to move forward with the proposed development of a world class, low density leisure and entertainment destination resort on Hengqin. Plans are moving apace and GEG expects the development to be highly complementary to its existing and planned portfolio.

#### *International*



GEG continues to actively explore development opportunities in overseas markets.

### City Clubs and Construction Materials Division

City Clubs delivered Adjusted EBITDA of \$166 million in 2014, a decrease of 8% year-on-year.

Construction Materials Division posted an Adjusted EBITDA of \$465 million, down 5% year-on-year.

### Community Reinvestment

To mark the Group's ten year anniversary in Macau and recognising the importance of giving back to the local community and rewarding its 17,000 team members for their valuable contribution to the business, GEG announced two important initiatives in 2014:

- The announced establishment of a \$1.3 billion GEG Foundation in July 2014 which will focus on educating and empowering the young people of Macau and Mainland China.
- An enhanced employee benefits package which reflects the importance of our team members and the critical role each and every member plays in our continued success.

Both initiatives are consistent with GEG's commitment to community reinvesting and being a responsible corporate citizen and employer.

### Selected Major Awards

	Award	Presenter
<b>GEG</b>	Best Managed Companies in Asia – Gaming	Euromoney Magazine
	Casino Operator of the Year Australia / Asia	International Gaming Awards
	Best Hotel Group Award	Robb Report China's 2014 Best of the Best
	Forbes Asia's Fabulous 50 Companies	Forbes Asia Magazine
<b>Galaxy Macau™</b>	Casino VIP Room of the Year	International Gaming Awards
	Best Resort of the Year (HK/Macau)	Travel Weekly Magazine and Events Magazine jointly organized – China Travel & Meetings Industry Awards
	Best Service Resort Asia	Golden Horse Award of China Hotel
	Top 10 Resort Hotels of China	China Hotel Starlight Awards
	Hurun Report Best of the Best Awards – Luxury Hotel in Macau Star Performer	Hurun Report





<b>StarWorld Macau</b>	<b>Best Service Hotel of the Year</b>	<b>Travel Weekly Magazine and Events Magazine jointly organized – China Travel &amp; Meetings Industry Awards</b>
	<b>Best Service Hotel of Asia</b>	<b>Golden Horse Award of China Hotel</b>
	<b>Top 10 Glamorous Hotels of China</b>	<b>China Hotel Starlight Awards</b>
	<b>Best Hotel Brand and Service</b>	<b>Exmoo</b>
	<b>2014 Asia’s Top Leisure Hotel</b>	<b>NOW Travel Asia Awards</b>

### **Group Outlook for 2015**

GEG is optimistic about the prospects for Macau and the Group in the medium to long term. This confidence is supported by two principal factors: unchanged fundamental drivers for growth such as increasing domestic consumption, a fast growing affluent middle class determined to expand their horizons through travel and planned major infrastructure improvements, all of which will drive visitors to Macau; and secondly, GEG’s substantial and unique development pipeline.

While the market remains challenging, encouragingly visitation to Macau continues to increase. GEG’s hotels are operating at near capacity, highlighting their strong ongoing appeal and robust market demand. Management will continue to focus on driving operational efficiencies, tailoring the offer to meet the evolving market and ensuring the best use of resources. These measures, combined with the opening of Galaxy Macau™ Phase 2 and Broadway at Galaxy Macau in late May, give us optimism that growth will resume in the second half of 2015.

Tourism and entertainment is the primary driver of employment creation and economic security for all residents of Macau. All constituents need to harmoniously work together in the current challenging period to ensure that the success that Macau has enjoyed over the past 10 years will continue into the future.

Looking to the future, GEG believes that its strong track record of building world class destination resorts, unique product and service offer and intimate understanding of Asian customers’ changing holiday desires and needs, will translate to sustainable growth in the years ahead.

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

Galaxy Entertainment Group Limited (“GEG”) is one of Asia’s leading gaming and entertainment corporations, and is a member of the Hang Seng Index.

GEG primarily develops and operates hotels, gaming and integrated resort facilities in Macau, the only legal gaming location in China and the largest gaming entertainment market in the world.

The two flagship properties of GEG include Galaxy Macau™, a world class integrated destination resort opened in May 2011 at Cotai, and StarWorld Macau, an award-winning property opened in 2006 on the Macau peninsula.

In April 2012, GEG announced the development of Galaxy Macau™ Phase 2 that will nearly double the size of the existing resort to one million square meters. Upon its scheduled opening in May 2015, Galaxy Macau™ Phase 2 will bring to Macau some of the most exciting entertainment, leisure, retail and MICE facilities. In December 2012, GEG outlined its concept plans for Phases 3 & 4 of its Cotai landbank and expects to commence site investigation works in 2015.

Broadway at Galaxy Macau will be a family oriented integrated resort, linked to Galaxy Macau™ with an air-conditioned sky-bridge.

GEG has entered into a framework agreement with the Hengqin authority to develop a 2.7 square kilometer land parcel for a world class destination resort in Hengqin. This project will complement GEG’s business in Macau and differentiate us from our peers, as well as play a key role in supporting Macau to become a World Center of Tourism and Leisure.

Additionally, GEG operates a Construction Materials Division.

For more information about the Group, please visit [www.galaxyentertainment.com](http://www.galaxyentertainment.com).

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