



# **GALAXY ENTERTAINMENT GROUP**

## **SELECTED UNAUDITED Q1 2018 FINANCIAL DATA**

**RECORD ADJUSTED EBITDA IN Q1 OF \$4.3 BILLION,  
UP 36% YOY AND 4% QOQ**

**RECORD NORMALIZED ADJUSTED EBITDA IN Q1 OF \$4.4 BILLION,  
UP 41% YOY AND 8% QOQ**

**9<sup>TH</sup> CONSECUTIVE QUARTER OF YOY EBITDA GROWTH**

**COMPLETED PASSIVE MINORITY INVESTMENT IN WYNN RESORTS**

**ACTIVELY PURSUING JAPAN WITH AN EXPANDING SENIOR TEAM**

**STRATEGICALLY EXPANDING BRAND WITH US\$300 TO \$500 MILLION  
ECO-FRIENDLY RESORT IN BORACAY**

**PAID A SPECIAL DIVIDEND OF \$0.41 PER SHARE ON 27 APRIL 2018**

Hong Kong, 3 May 2018 – Galaxy Entertainment Group (“GEG” or the “Group”) (HKEx stock code: 27) today reported selected unaudited financial data for the three month period ended 31 March 2018. (All amounts are expressed in Hong Kong dollars unless otherwise stated)

### **Q1 2018 RESULTS HIGHLIGHTS**

#### **GEG: Delivered Another Record Performance, Driven By Record Mass, Strong VIP And Operational Execution**

- Q1 Group Revenue of \$18.5 billion, up 32% year-on-year and up 3% quarter-on-quarter
- Q1 Group Adjusted EBITDA of \$4.3 billion, up 36% year-on-year and up 4% quarter-on-quarter
- Played unlucky in Q1 which decreased Adjusted EBITDA by approximately \$98 million, normalized Q1 Adjusted EBITDA of \$4.4 billion, up 41% year-on-year and up 8% quarter-on-quarter
- Latest twelve months Adjusted EBITDA of \$15.3 billion, up 38% year-on-year

#### **Galaxy Macau™: 9<sup>th</sup> Consecutive Quarter of YoY EBITDA Growth, Despite Playing Unlucky**

- Q1 Revenue of \$13.0 billion, up 27% year-on-year and down 2% quarter-on-quarter
- Q1 Adjusted EBITDA of \$3.3 billion, up 26% year-on-year and down 3% quarter-on-quarter
- Played unlucky in Q1 which decreased Adjusted EBITDA by approximately \$177 million, normalized Q1 Adjusted EBITDA of \$3.4 billion, up 37% year-on-year and up 7% quarter-on-quarter
- Hotel occupancy for Q1 across the five hotels was virtually 100%

#### **StarWorld Macau: 7<sup>th</sup> Consecutive Quarter of YoY EBITDA Growth Driven By Record Mass**

- Q1 Revenue of \$4.5 billion, up 45% year-on-year and up 22% quarter-on-quarter
- Q1 Adjusted EBITDA of \$1.0 billion, up 55% year-on-year and up 34% quarter-on-quarter
- Played lucky in Q1 which increased Adjusted EBITDA by approximately \$76 million, normalized Q1 Adjusted EBITDA of \$927 million, up 38% year-on-year and up 8% quarter-on-quarter
- Hotel occupancy for Q1 was virtually 100%

#### **Broadway Macau™: A Unique Family Friendly Resort, Strongly Supported By Macau SMEs**

- Q1 Revenue of \$142 million, versus \$135 million in prior year and \$147 million in Q4 2017
- Q1 Adjusted EBITDA of \$13 million, versus \$6 million in prior year and \$7 million in Q4 2017
- Played lucky in Q1 which increased Adjusted EBITDA by approximately \$3 million, normalized Q1 Adjusted EBITDA of \$10 million, versus \$7 million in prior year and \$3 million in Q4 2017
- Hotel occupancy for Q1 was virtually 100%

#### **Balance Sheet: Remains Well Capitalized, Liquid and Virtually Unlevered**

- Cash and liquid investments was \$41.8 billion and net cash of \$34.5 billion as at 31 March 2018
- Debt of \$7.3 billion as at 31 March 2018
- Paid the previously announced special dividend of \$0.41 per share on 27 April 2018



#### **Q1 2018 RESULTS HIGHLIGHTS (Continued)**

##### **Development Update: Robust Development Pipeline including Macau, Philippines, Japan and Hengqin**

- Cotai Phases 3 & 4 – Continue to move forward with Phases 3 & 4, with a strong focus on non-gaming, primarily targeting MICE (Meetings, Incentives, Conferences and Events), entertainment, family facilities, premium high end hotels and also including gaming
- Wynn Resorts – Completed passive minority investment
- Philippines – Continue to support the Philippines restoration of Boracay and the initial planning of a US\$300 to \$500 million premium quality eco-friendly beach resort on Boracay Island
- Japan – Continue to actively pursue Japan; enhanced and will continue to expand our development team including the appointment of Mr. Ted Chan as Chief Operating Officer - Japan Development
- Hengqin – Plans moving forward to develop a low-density integrated resort to complement our high-energy entertainment resorts in Macau, anticipate to disclose further details later in the year

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

*“I am very pleased to report that we have experienced a positive start to 2018, with all-time record quarterly Adjusted EBITDA of \$4.3 billion. This represents our 9<sup>th</sup> consecutive quarter of EBITDA growth despite competitive new capacity being added to the market.*

*We continue to drive each and every segment of our business with a particular focus on yielding our resorts. GEG’s renowned ‘World Class, Asian Heart’ service combined with our differentiated resorts offerings have delivered memorable customer experiences and resulted in our portfolio of hotels reporting virtually 100% occupancy.*

*Our balance sheet remains one of the strongest in global gaming with cash and liquid investments of \$41.8 billion and net cash of \$34.5 billion. Our strong balance sheet combined with substantial cash flow from operations allows us to return capital to shareholders through dividends and to fund our development pipeline and international expansion plans. These include Cotai Phases 3 & 4, Hengqin, Japan and the Philippines. On 28 February 2018 we announced another special dividend, which was paid on 27 April 2018. The dividend was \$0.41 per share which was a 58% increase compared to the previous April dividend.*

*The first quarter was a very productive one for GEG in terms of our development initiatives. In March 2018, we announced our plans to develop a premium quality, eco-friendly beach resort in Boracay, Philippines. We support President Duterte’s and the Philippine Government’s initiative to clean-up and restore the pristine isle of Boracay.*

*In March 2018, we also announced a passive minority equity investment in Wynn Resorts, Limited (“Wynn Resorts”) which we closed in early April 2018.*

*We continue to actively pursue Japan and subsequently announced that we enhanced and will continue to expand our team in Japan with the appointment of Mr. Ted Chan as Chief Operating Officer (“COO”) - Japan Development.*

*GEG is embarking on its next growth program with the construction of its Cotai Phases 3 & 4, which will include 4,500 hotel rooms, including family and premium high end rooms, significant MICE space, a 16,000-seat arena, F&B, retail and casinos, among others. GEG has the largest and the most well-defined development growth pipeline of any Macau concessionaire.*



*We are committed to continue to support the Macau Government's vision to develop Macau into a World Centre of Tourism and Leisure as demonstrated by GEG's Cotai Phases 3 & 4 and our planned development in Hengqin. Additionally, the Group supports the Central Government's Greater Bay Area integration program, as well as leveraging on the Belt & Road initiative by our proposed beach front resort development in the Philippine island of Boracay.*

*The continued growth in the rapidly emerging and underpenetrated middle-class in the Mainland and their demand for leisure and travel gives us great confidence in the longer term outlook for Macau. Additionally, the recent opening of new capacity in Macau and the soon to be launched Hong Kong-Zhuhai-Macau Bridge should further stimulate growth in visitations.*

*Last but not least, I would like to extend my sincere appreciation to all of our committed team members who deliver 'World Class, Asian Heart' service every day and contribute to the success of the Group."*

## **Macau Market Overview**

The positive momentum of 2017 has continued into 2018, supported by a solid economic performance in China and strong outbound tourism. Macau's gross gaming revenue for Q1 2018 was \$74.3 billion, up 6% quarter-on-quarter and up 21% year-on-year. This is the 7<sup>th</sup> reported consecutive quarter of YoY growth.

During the period, visitor arrivals to Macau were 8.5 million, up 9% year-on-year, in which visitors from Mainland China grew at a faster rate of 13%. In particular, overnight visitors grew 10% year-on-year, with the average length of stay rising by 0.1 day to 2.2 days, demonstrating new hotel capacity has successfully grown both the day trip and overnight visitation. This trend is very positive as overnight visitors have a higher spend per customer than day trippers.

## **Group Financial Results**

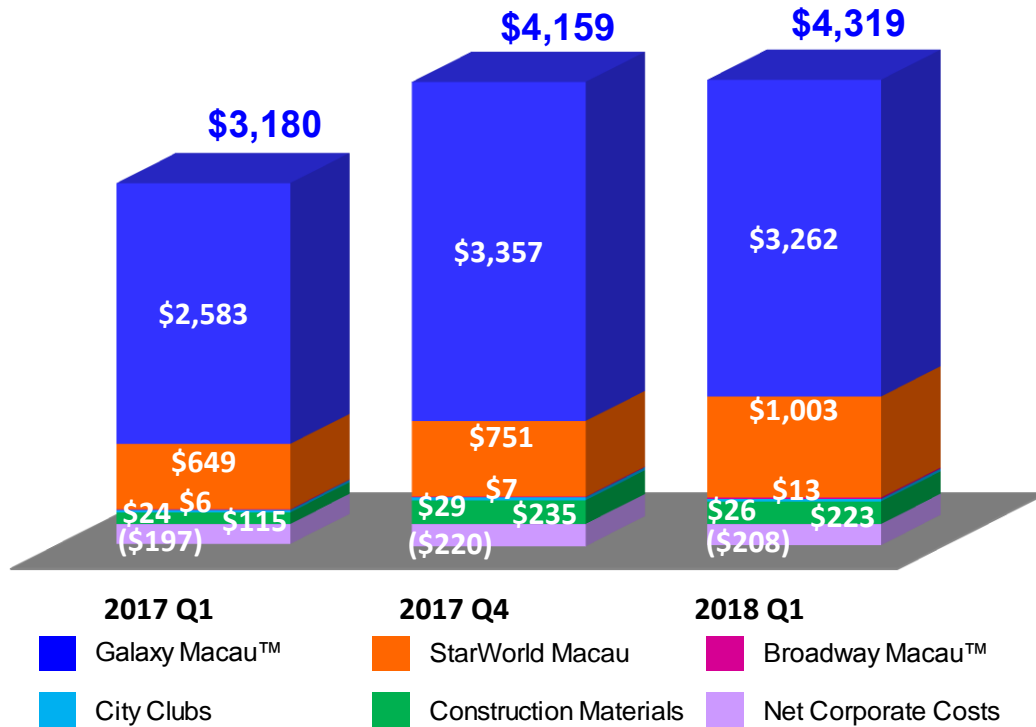
### **Q1 2018**

In Q1 2018, GEG posted Group revenue of \$18.5 billion, up 32% year-on-year and up 3% quarter-on-quarter. Adjusted EBITDA was \$4.3 billion, up 36% year-on-year and up 4% quarter-on-quarter. Galaxy Macau™'s Adjusted EBITDA was \$3.3 billion, up 26% year-on-year and down 3% quarter-on-quarter. StarWorld Macau's Adjusted EBITDA was \$1.0 billion, up 55% year-on-year and up 34% quarter-on-quarter. Broadway Macau™'s Adjusted EBITDA was \$13 million, versus \$6 million in prior year and \$7 million in Q4 2017. Latest twelve months Group Adjusted EBITDA was \$15.3 billion, up 38% year-on-year.

GEG played unlucky in its gaming operation which decreased its Adjusted EBITDA by approximately \$98 million in Q1 2018. Normalized Q1 Adjusted EBITDA was \$4.4 billion, up 41% year-on-year and up 8% quarter-on-quarter.



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



The Group's total gaming revenue on a management basis<sup>1</sup> in Q1 2018 was \$17.2 billion, up 31% year-on-year and up 3% quarter-on-quarter. Total VIP gaming revenue was \$9.9 billion, up 44% year-on-year and up 4% quarter-on-quarter. Total mass gaming revenue was \$6.7 billion, up 17% year-on-year and up 1% quarter-on-quarter. Total electronic gaming revenue was \$601 million, up 14% year-on-year and up 9% quarter-on-quarter.

#### Group Gaming in Q1 2018

HK\$'m	Turnover / Table Drop / Slots Handle	Net Win	Win % / Hold %
VIP Gaming	288,792	9,868	3.4%
Mass Gaming	15,977	6,715	42.0%
Electronic Gaming	17,829	601	3.4%

#### Group Gaming in Q1 2017

HK\$'m	Turnover / Table Drop / Slots Handle	Net Win	Win % / Hold %
VIP Gaming	197,764	6,841	3.5%
Mass Gaming	14,086	5,755	40.9%
Electronic Gaming	15,030	525	3.5%

<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. At the Group level the gaming statistics include Company owned resorts plus City Clubs.



### *Balance Sheet, Treasury Management and Special Dividend*

The Group's balance sheet remains healthy, liquid and virtually unlevered. As of 31 March 2018, cash and liquid investments were \$41.8 billion and net cash was \$34.5 billion. Total debt decreased from \$9.7 billion at 31 December 2017 to \$7.3 billion at 31 March 2018. Our strong balance sheet combined with substantial cash flow from operations allows us to return capital to shareholders via dividends and to fund our development pipeline and international expansion plans.

The Group paid the previously announced special dividend of \$0.41 per share on 27 April 2018, a 58% increase compared to April 2017.

### **Galaxy Macau™**

Galaxy Macau™ is the primary profit contributor to the Group. In Q1 2018, Galaxy Macau™'s revenue was \$13.0 billion, up 27% year-on-year and down 2% quarter-on-quarter. Adjusted EBITDA was \$3.3 billion, up 26% year-on-year and down 3% quarter-on-quarter. Adjusted EBITDA margin under HKFRS was 25% (Q1 2017: 25%).

Galaxy Macau™ played unlucky in its gaming operations which decreased its Adjusted EBITDA by approximately \$177 million in Q1 2018. Normalized Q1 Adjusted EBITDA was \$3.4 billion, up 37% year-on-year and up 7% quarter-on-quarter.

#### *VIP Gaming Performance*

VIP rolling chip volume for Q1 2018 was \$204.9 billion, up 56% year-on-year and up 7% quarter-on-quarter. This translated into revenue of \$7.2 billion, up 40% year-on-year and down 2% quarter-on-quarter.

#### **VIP Gaming**

HK\$m	Q1 2017	Q4 2017	Q1 2018	YoY%	QoQ%
<b>Turnover</b>	131,755	191,995	<b>204,938</b>	56%	7%
<b>Net Win</b>	5,113	7,263	<b>7,153</b>	40%	(2)%
<b>Win %</b>	3.9%	3.8%	<b>3.5%</b>	--	--

#### *Mass Gaming Performance*

Mass gaming revenue for Q1 2018 was \$4.5 billion, up 14% year-on-year and down 3% quarter-on-quarter.

#### **Mass Gaming**

HK\$m	Q1 2017	Q4 2017	Q1 2018	YoY%	QoQ%
<b>Table Drop</b>	8,839	10,121	<b>10,423</b>	18%	3%
<b>Net Win</b>	3,968	4,682	<b>4,524</b>	14%	(3)%
<b>Hold %</b>	44.9%	46.3%	<b>43.4%</b>	--	--

#### *Electronic Gaming Performance*

Electronic gaming revenue for Q1 2018 was \$509 million, up 12% year-on-year and up 9% quarter-on-quarter.



### Electronic Gaming

HK\$m	Q1 2017	Q4 2017	Q1 2018	YoY%	QoQ%
Slots Handle	11,385	11,782	<b>13,590</b>	19%	15%
Net Win	454	467	<b>509</b>	12%	9%
Hold %	4.0%	4.0%	<b>3.7%</b>	--	--

### Non-Gaming Performance

Non-gaming revenue for Q1 2018 was \$806 million, up 14% year-on-year and down 1% quarter-on-quarter. The combined five hotels registered occupancy was virtually 100% in Q1 2018.

Net rental revenue for The Promenade in Q1 2018 was \$293 million, up 32% year-on-year and up 17% quarter-on-quarter.

### Non-Gaming Revenue

HK\$m	Q1 2017	Q4 2017	Q1 2018	YoY%	QoQ%
Net Rental Revenue	222	250	<b>293</b>	32%	17%
Hotel / F&B / Others	485	561	<b>513</b>	6%	(9)%
Total	707	811	<b>806</b>	14%	(1)%

### StarWorld Macau

StarWorld Macau's revenue was \$4.5 billion, up 45% year-on-year and up 22% quarter-on-quarter in Q1 2018. Adjusted EBITDA was \$1.0 billion, up 55% year-on-year and up 34% quarter-on-quarter. Adjusted EBITDA margin under HKFRS increased to 22% (Q1 2017: 21%).

StarWorld Macau played lucky in its gaming operations which increased its Adjusted EBITDA by approximately \$76 million in Q1 2018. Normalized Q1 Adjusted EBITDA was \$927 million, up 38% year-on-year and up 8% quarter-on-quarter.

### VIP Gaming Performance

VIP rolling chip volume for Q1 2018 was \$82.3 billion, up 30% year-on-year and down 4% quarter-on-quarter. This translated into revenue of \$2.7 billion, up 57% year-on-year and up 26% quarter-on-quarter.

### VIP Gaming

HK\$m	Q1 2017	Q4 2017	Q1 2018	YoY%	QoQ%
Turnover	63,066	85,920	<b>82,293</b>	30%	(4)%
Net Win	1,703	2,116	<b>2,670</b>	57%	26%
Win %	2.7%	2.5%	<b>3.2%</b>	--	--

### Mass Gaming Performance

Mass gaming revenue for Q1 2018 was \$1.7 billion, up 32% year-on-year and up 17% quarter-on-quarter.



#### Mass Gaming

HK\$m	Q1 2017	Q4 2017	Q1 2018	YoY%	QoQ%
Table Drop	3,442	3,694	<b>3,691</b>	7%	0%
Net Win	1,291	1,467	<b>1,709</b>	32%	17%
Hold %	37.5%	39.7%	<b>46.3%</b>	--	--

#### Electronic Gaming Performance

Electronic gaming revenue for Q1 2018 was \$43 million, up 26% year-on-year and up 23% quarter-on-quarter.

#### Electronic Gaming

HK\$m	Q1 2017	Q4 2017	Q1 2018	YoY%	QoQ%
Slots Handle	1,594	1,640	<b>1,710</b>	7%	4%
Net Win	34	35	<b>43</b>	26%	23%
Hold %	2.1%	2.1%	<b>2.5%</b>	--	--

#### Non-Gaming Performance

Non-gaming revenue for Q1 2018 was \$53 million, up 4% year-on-year and down 12% quarter-on-quarter. Hotel occupancy was virtually 100% in Q1 2018.

#### Non-Gaming Revenue

HK\$m	Q1 2017	Q4 2017	Q1 2018	YoY%	QoQ%
Net Rental Revenue	12	13	<b>13</b>	8%	0%
Hotel / F&B / Others	39	47	<b>40</b>	3%	(15)%
Total	51	60	<b>53</b>	4%	(12)%

#### 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. Broadway Macau™'s revenue for Q1 2018 was \$142 million, up 5% year-on-year and down 3% quarter-on-quarter. Adjusted EBITDA was \$13 million, versus \$6 million in prior year and \$7 million in Q4 2017.

Broadway Macau™ played lucky in its gaming operations which increased its Adjusted EBITDA by approximately \$3 million in Q1 2018. Normalized Q1 Adjusted EBITDA was \$10 million, versus \$7 million in prior year and \$3 million in Q4 2017.

#### Mass Gaming Performance

Mass gaming revenue for Q1 2018 was \$73 million, down 3% year-on-year and down 3% quarter-on-quarter.

#### Mass Gaming

HK\$m	Q1 2017	Q4 2017	Q1 2018	YoY%	QoQ%
Table Drop	325	262	<b>257</b>	(21)%	(2)%
Net Win	75	75	<b>73</b>	(3)%	(3)%
Hold %	23.1%	28.5%	<b>28.4%</b>	--	--



### *Electronic Gaming Performance*

Electronic gaming revenue for Q1 2018 was \$10 million, up 25% year-on-year and up 11% quarter-on-quarter.

#### **Electronic Gaming**

<b>HK\$m</b>	<b>Q1 2017</b>	<b>Q4 2017</b>	<b>Q1 2018</b>	<b>YoY%</b>	<b>QoQ%</b>
<b>Slots Handle</b>	201	327	<b>409</b>	103%	25%
<b>Net Win</b>	8	9	<b>10</b>	25%	11%
<b>Hold %</b>	4.0%	2.7%	<b>2.4%</b>	--	--

### *Non-Gaming Performance*

Non-gaming revenue for Q1 2018 was \$59 million, up 13% year-on-year and down 6% quarter-on-quarter. Hotel occupancy was virtually 100% for Q1 2018.

#### **Non-Gaming Revenue**

<b>HK\$m</b>	<b>Q1 2017</b>	<b>Q4 2017</b>	<b>Q1 2018</b>	<b>YoY%</b>	<b>QoQ%</b>
<b>Net Rental Revenue</b>	10	11	<b>11</b>	10%	0%
<b>Hotel / F&amp;B / Others</b>	42	52	<b>48</b>	14%	(8)%
<b>Total</b>	52	63	<b>59</b>	13%	(6)%

### **City Clubs and Construction Materials Division**

In Q1 2018, City Clubs delivered Adjusted EBITDA of \$26 million, up 8% year-on-year and down 10% quarter-on-quarter. The Construction Materials Division posted Adjusted EBITDA of \$223 million, up 94% year-on-year and down 5% quarter-on-quarter.

### **Development Update**

#### *Cotai – The Next Chapter*

GEG is uniquely positioned for long term growth. We continue to move forward with Phases 3 & 4, which will include 4,500 hotel rooms, including family and premium high end rooms, 400,000 square feet of MICE space, a 16,000-seat 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 our Hengqin project. Hengqin will allow GEG to develop a leisure destination resort that will complement our high energy resorts in Macau.

#### *International*

Philippines – In March 2018, we announced our initial plans to develop a US\$300 to \$500 million, premium quality, eco-friendly, low density, low rise resort that would include a small casino with up to only 60 tables. We support the Philippine Government's decision to temporarily close Boracay and their restoration initiative for the Island. We continue to work with our local partner to seek further clarification.





Japan – We continue to actively pursue the development of an Integrated Resort (“IR”) in Japan with our partner Monte-Carlo SBM. We are encouraged by the recent tabling of the IR Implementation Bill with the Diet and we look forward to the outcome of the Diet debate. Recently we enhanced and will continue to expand our team in Japan with the appointment of Mr. Ted Chan as COO – Japan Development who is located full time in our Tokyo office, which was opened over three years ago.

### Subsequent Event

On 23 March 2018, GEG announced a passive minority equity investment in Wynn Resorts where GEG agreed to purchase 5.3 million shares of common stock in Wynn Resorts at US\$175 per share. The shares purchased represent approximately 4.9% of Wynn Resorts. Subsequently in early April, the Group paid a total of US\$927.5 million (approximately HK\$7.28 billion) to Wynn Resorts. The transaction closed in early April 2018.

### Selected Major Awards in Q1 2018

Award	Presenter
<b>GEG</b>	
Top 100 Hong Kong Listed Companies Award – Comprehensive Strength (6 <sup>th</sup> time)	QQ.com x Finet
<b>Galaxy Macau™</b>	
Integrated Resort of the Year (3 <sup>rd</sup> time)	International Gaming Awards
Best of the Best Macau Shopping Mall Star Performer 2018	Hurun Report
The Supreme Award of Asia’s Most Favored Tourism Integrated Resort by Parent-Child (3 <sup>rd</sup> time)	The 18 <sup>th</sup> Golden Horse Awards of China Hotel
100 Top Tables 2018 - 8½ <i>Otto e Mezzo BOMBANA</i> (3 <sup>rd</sup> time) - <i>Yamazato</i> (5 <sup>th</sup> time) - <i>Lai Heen</i> (3 <sup>rd</sup> time)	South China Morning Post
2018 Forbes Travel Guide  Five-Star Hotel - <i>The Ritz-Carlton, Macau</i> (2 <sup>nd</sup> time) - <i>Banyan Tree Macau</i> (5 <sup>th</sup> time)  Five-Star Spa - <i>ESPA</i> (2 <sup>nd</sup> time) - <i>Banyan Tree Spa Macau</i> (5 <sup>th</sup> time)	Forbes Travel Guide
<b>StarWorld Macau</b>	
The Supreme Award of Asia’s Best F&B Service Hotel (2 <sup>nd</sup> time)	The 18 <sup>th</sup> Golden Horse Awards of China Hotel
100 Top Tables 2018 - Feng Wei Ju (3 <sup>rd</sup> time)	South China Morning Post



<b>Construction Materials Division</b>	
Caring Company Scheme – 15 Years Plus Caring Company Logo	The Hong Kong Council of Social Service
Hong Kong Green Organisation Certification - Wastewi\$e Certificate - Excellence Level	Environmental Campaign Committee
2017/18 Airport Safety Recognition Scheme - Corporate Safety Performance Awards	Airport Authority Hong Kong

## **Outlook**

We remain confident in the longer term outlook for Macau in general, and GEG specifically. Our confidence is supported by unchanged fundamentals including: the Chinese economy continues to perform solidly; the tourist markets in Mainland China and Asia remain underpenetrated and offer substantial potential for growth in tourism, leisure and travel and new Macau property openings in 2018 will further stimulate tourism demand.

We also look forward to the continued progress in infrastructure. The opening of the Hong Kong-Zhuhai-Macau Bridge will eventually improve accessibility for international travelers who arrive by air via Hong Kong. Other infrastructure including the Guangzhou-Zhuhai Intercity MRT's extended train line to Hengqin and the expansion of the Macau International Airport which will further enhance the appeal and accessibility to Macau for both Chinese and international visitors.

GEG is uniquely positioned to capitalize on future growth potential having the largest development pipeline in Macau with Phases 3 & 4. In addition, we believe the Greater Bay Area integration plan will further facilitate the flow of people, logistics and capital within Macau, Hong Kong and the nine Southern Guangdong cities of Mainland China. GEG supports and will leverage on the plan by enhancing the competitiveness of our resort portfolio, including our development plans on Hengqin.

We also look forward to international expansion opportunities, such as Boracay Island in the Philippines and an IR in Japan. We will continue to prudently seek opportunities to strategically expand our brand and serve guests with our “World Class, Asian Heart” philosophy.

As we enter Macau's seasonally high summer months, Galaxy Macau™ with its unique and highly differentiated Grand Resort Deck, complete with the world's largest Skytop Wave Pool and the world's longest Skytop Adventure Rapids is ideally positioned to capture above market share of customers seeking a more holistic holiday experience in Macau. We will continue to focus on driving profitable volumes, yielding our resorts and attracting higher spending customers.

However, we do acknowledge that we face increased competition both in Macau and regionally and a tightening regulatory environment. There are a number of geo-political events occurring globally that may also impact consumer sentiment in the short term.

GEG is committed to invest in Macau's economic diversification and support the Macau Government's vision of becoming a World Centre of Tourism and Leisure. We also support the Central Government's Belt & Road initiative and the Greater Bay Area initiative that will support further economic development between nine cities of southern Guangdong Province, Hong Kong and Macau.

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About Galaxy Entertainment Group (HKEx stock code: 27)

Galaxy Entertainment Group (“GEG” or the “Group”) is one of the world’s leading resorts, hospitality and gaming companies. It primarily develops and operates a large portfolio of integrated resort, retail, dining, hotel and gaming facilities in Macau. The Group is listed on the Hong Kong Stock Exchange and is a constituent stock of the Hang Seng Index.

GEG is one of the three original concessionaires in Macau with a successful track record of delivering innovative, spectacular and award-winning properties, products and services, underpinned by a “World Class, Asian Heart” service philosophy, that has enabled it to consistently outperform and lead the market in Macau.

GEG operates three flagship destinations in Macau: on Cotai, Galaxy Macau™, one of the world’s largest integrated destination resorts, and the adjoining Broadway Macau™, a unique landmark entertainment and food street destination; and on the Peninsula, StarWorld Macau, an award winning premium property.

The Group has the largest undeveloped landbank of any concessionaire in Macau. When The Next Chapter of its Cotai development is completed, GEG’s resorts footprint on Cotai will double to more than 2 million square meters, making the resorts, entertainment and MICE precinct one of the largest and most diverse integrated destinations in the world. GEG is also planning to develop a world class leisure and recreation destination resort on a 2.7 square kilometer land parcel on Hengqin adjacent to Macau. This resort will complement GEG’s offerings in Macau, and at the same time differentiate it from its peers while supporting Macau in its vision of becoming a World Centre of Tourism and Leisure.

In July 2015, GEG made a strategic investment in Société Anonyme des Bains de Mer et du Cercle des Etrangers à Monaco (“Monte-Carlo SBM”), a world renowned owner and operator of iconic luxury hotels and resorts in the Principality of Monaco. GEG continues to explore a range of international development opportunities with Monte-Carlo SBM including Japan.

GEG is committed to delivering world class unique experiences to its guests and building a sustainable future for the communities in which it operates.

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

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