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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 THIRD QUARTER ENDED 30 SEPTEMBER 2022**

This announcement is issued pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

#### **LETTER FROM THE CHAIRMAN OF GALAXY ENTERTAINMENT GROUP LIMITED (“GEG” or the “Company”)**

I appreciate the opportunity to update you on GEG’s most recent activities and financial results for the third quarter of 2022. We continue to remain very supportive of the Macau Government and actively promote public health and safety as well as economic and social stability. Further, we were encouraged by the 20th National Plenary Session where the “One Country, Two Systems” principle has been highlighted and will fully support the two SARs.

We have submitted our Macau gaming concession tender which has been formally accepted as a valid tender by the Macau Government. We are well positioned to support the long term development of Macau and its vision of becoming a World Centre for Tourism and Leisure.

Moving onto our Q3 2022 performance, the elevated COVID-19 related travel restrictions imposed in Q2 flowed into Q3 and even resulted in the closure of casinos for 12 days during the quarter. This impacted visitation, revenue and profitability. In Q3 2022, Group Net Revenue was HK\$2.0 billion, down 52% year-on-year and down 16% quarter-on-quarter. Group Adjusted EBITDA was HK\$(581) million, versus HK\$503 million in Q3 2021 and HK\$(384) million in Q2 2022.

Our balance sheet remains liquid and healthy. As of 30 September 2022, cash and liquid investments were HK\$22.5 billion and net cash was HK\$19.3 billion. Core debt remains relatively unchanged at HK\$0.3 billion. This provides us with valuable flexibility in managing operations and supporting our ongoing development initiatives.

Moving onto our development update, we continue to make ongoing progressive enhancements to our resorts to ensure that they remain competitive and appealing to our guests. We also continue to invest in Macau with our Cotai Phase 3 effectively completed and continue to move forward with Phase 4, our next generation integrated resort, which will complete our ecosystem in Cotai. As you can see, we remain confident about the future of Macau where Cotai Phases 3 & 4 will support Macau's vision of becoming a World Centre of Tourism and Leisure.

We are encouraged by Macau reopening its borders to 41 foreign countries on 1 September 2022 where visitors are required to undergo seven days of hotel quarantine upon entry. Furthermore, the resumption of E-visas was effective on 1 November 2022, and package tours to Macau are expected to resume shortly. It is anticipated that this will drive an increase in visitation and revenue for the market.

Going forward in the medium to longer term, we remain confident in the future of Macau. However, we do acknowledge that further potential outbreaks of COVID-19 may impact our future financial performance. Finally, I would again like to thank the Macau Government and the health and emergency personnel who have worked so hard to ensure the safety of Macau. I would also like to thank our staff for participating in our various voluntary community programs.

Thank you.

**Dr. Lui Che Woo**

*GBM, MBE, JP, LLD, DSSc, DBA*

*Chairman*

## Q3 2022 RESULTS

The Board of Directors (the “Board”) of GEG hereby announces certain selected unaudited key performance indicators of GEG and its subsidiaries (collectively referred to as the “Group”) for the third quarter ended 30 September 2022 as follows:

### Q3 2022 RESULTS HIGHLIGHTS

#### **GEG: Continues to be Impacted by COVID-19 and Travel Restrictions**

- Q3 Group Net Revenue of HK\$2.0 billion, down 52% year-on-year and down 16% quarter-on-quarter
- Q3 Group Adjusted EBITDA of HK\$(581) million, versus HK\$503 million in Q3 2021 and HK\$(384) million in Q2 2022
- Played unlucky in Q3 which decreased Adjusted EBITDA by approximately HK\$20 million, normalized exclude luck factor (“Normalized”) Q3 Adjusted EBITDA of HK\$(561) million, versus HK\$483 million in Q3 2021 and HK\$(408) million in Q2 2022
- Latest twelve months Adjusted EBITDA of HK\$653 million, down 81% year-on-year and down 62% quarter-on-quarter

#### **Galaxy Macau™: Continues to be Impacted by COVID-19 and Travel Restrictions**

- Q3 Net Revenue of HK\$1.1 billion, down 62% year-on-year and down 25% quarter-on-quarter
- Q3 Adjusted EBITDA of HK\$(299) million, versus HK\$454 million in Q3 2021 and HK\$(188) million in Q2 2022
- Played unlucky in Q3 which decreased Adjusted EBITDA by approximately HK\$20 million, Normalized Q3 Adjusted EBITDA of HK\$(279) million, versus HK\$442 million in Q3 2021 and HK\$(212) million in Q2 2022
- Hotel occupancy of available rooms for Q3 across the five hotels was 26%

#### **StarWorld Macau: Continues to be Impacted by COVID-19 and Travel Restrictions**

- Q3 Net Revenue of HK\$158 million, down 76% year-on-year and down 28% quarter-on-quarter
- Q3 Adjusted EBITDA of HK\$(169) million, versus HK\$25 million in Q3 2021 and HK\$(158) million in Q2 2022
- There was no luck impact on Q3 Adjusted EBITDA
- Hotel occupancy of available rooms for Q3 was 24%

#### **Broadway Macau™: Continues to be Impacted by COVID-19 and Travel Restrictions**

- Q3 Net Revenue of HK\$10 million versus HK\$14 million in Q3 2021 and HK\$15 million in Q2 2022
- Q3 Adjusted EBITDA of HK\$(16) million versus HK\$(19) million in Q3 2021 and HK\$(19) million in Q2 2022
- There was no luck impact on Q3 Adjusted EBITDA
- Hotel occupancy of available rooms for Q3 was 20%

#### **Balance Sheet: Maintain a Healthy and Liquid Balance Sheet**

- As at 30 September 2022, cash and liquid investments totaled HK\$22.5 billion and net cash equaled HK\$19.3 billion
- As at 30 September 2022, debt of HK\$3.2 billion primarily reflects ongoing treasury yield management initiatives with minimal core debt of HK\$0.3 billion

#### **Development Update: Continue Making Progress on Cotai Phases 3 & 4**

- Continue to make ongoing progressive enhancements to our resorts to ensure that they remain competitive and appealing to our guests
- Cotai Phases 3 & 4 – Phase 3 is effectively completed and our efforts are firmly focused on the development of Phase 4. Phases 3 & 4 have a strong focus on non-gaming, primarily targeting Meetings, Incentives, Conferences and Events (MICE), entertainment, family facilities and also include gaming
- Will align the opening of Raffles at Galaxy Macau with prevailing market conditions, followed by the opening of Galaxy International Convention Center (“GICC”) and Andaz Macau, while proceeding with the construction of remaining phases

## Market Overview

The performance of the tourism and gaming industry was adversely impacted by the elevated travel restrictions that were carried into Q3 2022. Based on DICJ reporting, Macau's Gross Gaming Revenue ("GGR") for Q3 2022 was HK\$5.4 billion, down 70% year-on-year and down 35% quarter-on-quarter.

The increased travel restrictions and quarantine rules impacted visitor arrivals to Macau which were 898,998 for the quarter, down 51% year-on-year and down 43% quarter-on-quarter. Visitor arrivals from the Mainland were 800,127, down 52% year-on-year and down 43% quarter-on-quarter. Overnight visitors were 460,481, down 46% year-on-year and down 24% quarter-on-quarter.

## Group Financial Results

In Q3 2022, the Group posted Net Revenue of HK\$2.0 billion, down 52% year-on-year and down 16% quarter-on-quarter. Adjusted EBITDA was HK\$(581) million versus HK\$503 million in Q3 2021 and HK\$(384) million in Q2 2022. Galaxy Macau™'s Adjusted EBITDA was HK\$(299) million versus HK\$454 million in Q3 2021 and HK\$(188) million in Q2 2022. StarWorld Macau's Adjusted EBITDA was HK\$(169) million versus HK\$25 million in Q3 2021 and HK\$(158) million in Q2 2022. Broadway Macau™'s Adjusted EBITDA was HK\$(16) million versus HK\$(19) million in Q3 2021 and HK\$(19) million in Q2 2022. Latest twelve months Adjusted EBITDA was HK\$653 million, down 81% year-on-year and down 62% quarter-on-quarter.

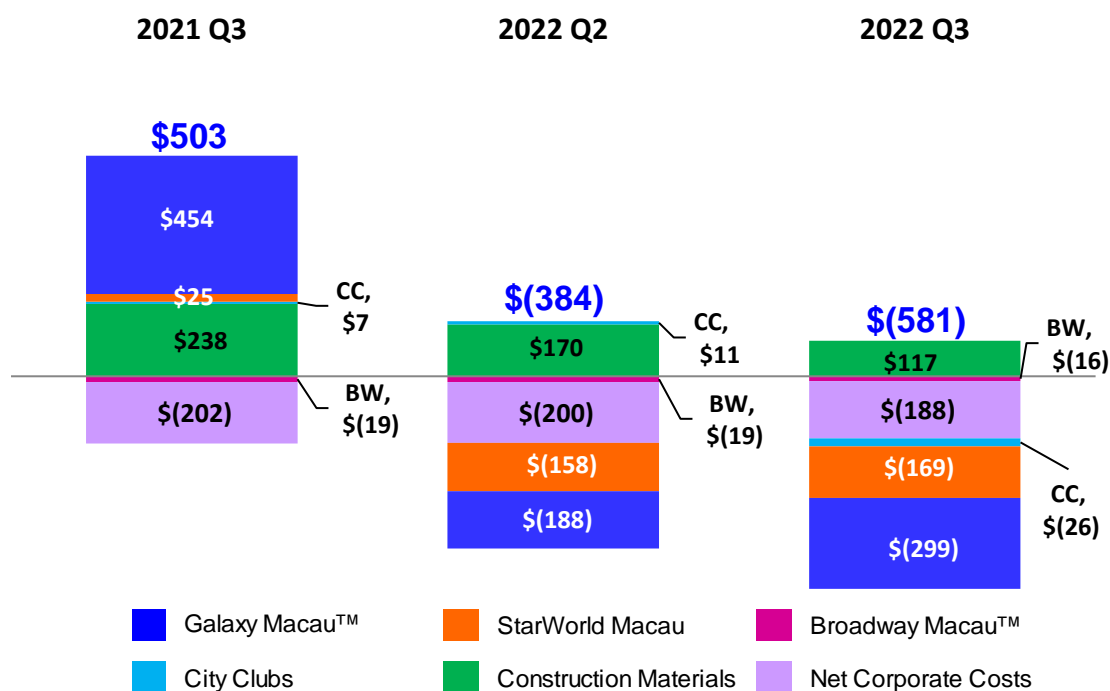
During Q3 2022, GEG played unlucky in its gaming operations which decreased Adjusted EBITDA by approximately HK\$20 million. Normalized Q3 2022 Adjusted EBITDA was HK\$(561) million, versus HK\$483 million in Q3 2021 and HK\$(408) million in Q2 2022.

### *Summary Table of GEG Q3 2022 Adjusted EBITDA and Adjustments:*

(HK\$m)	Q3 2021	Q2 2022	Q3 2022
<b>Adjusted EBITDA</b>	503	(384)	<b>(581)</b>
<i>Luck</i> <sup>1</sup>	20	24	<b>(20)</b>
<b>Normalized Adjusted EBITDA</b>	483	(408)	<b>(561)</b>

<sup>1</sup> Reflects luck associated with our rolling chip program.

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



The Group's total GGR on a management basis<sup>2</sup> in Q3 2022 was HK\$0.9 billion, down 75% year-on-year and down 34% quarter-on-quarter. Mass GGR was HK\$0.8 billion, down 65% year-on-year and down 32% quarter-on-quarter. VIP GGR was HK\$56 million, down 95% year-on-year and down 63% quarter-on-quarter. Electronic GGR was HK\$64 million, down 57% year-on-year and down 15% quarter-on-quarter.

<sup>2</sup> 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)

	Q3 2021	Q2 2022	Q3 2022
Revenues:			
Net Gaming	2,913	1,228	821
Non-gaming	608	456	438
Construction Materials	761	740	775
Total Net Revenue	4,282	2,424	2,034
Adjusted EBITDA	503	(384)	(581)

## Gaming Statistics<sup>3</sup>

(HK\$m)

	Q3 2021	Q2 2022	Q3 2022
Rolling Chip Volume	33,421 <sup>4</sup>	3,646 <sup>5</sup>	2,782 <sup>5</sup>
Win Rate %	3.7%	4.2%	2.0%
Win	1,234	153	56
Mass Table Drop <sup>6</sup>	10,099	4,610	3,301
Win Rate %	22.8%	25.3%	24.2%
Win	2,301	1,165	798
Electronic Gaming Volume	4,187	2,639	1,696
Win Rate %	3.6%	2.9%	3.8%
Win	150	76	64
Total GGR Win <sup>7</sup>	3,685 <sup>8</sup>	1,394 <sup>9</sup>	918 <sup>9</sup>

## Balance Sheet

The Group's balance sheet remains liquid and healthy. As of 30 September 2022, cash and liquid investments were HK\$22.5 billion and net cash was HK\$19.3 billion. Debt was HK\$3.2 billion which primarily reflects our ongoing treasury yield management initiatives where interest income on cash holdings exceeds corresponding borrowing costs. Core debt remained minimal at HK\$0.3 billion.

<sup>3</sup> Gaming statistics are presented before deducting commission and incentives.

<sup>4</sup> Represents sum of junket VIP and inhouse premium direct.

<sup>5</sup> Represents inhouse premium direct.

<sup>6</sup> Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

<sup>7</sup> Total GGR win includes gaming win from City Clubs.

<sup>8</sup> Q3 2021 GGR included 3 City Clubs.

<sup>9</sup> Q2 2022 GGR included 3 City Clubs only up to 26 June 2022 and Q3 2022 GGR only includes Waldo Casino.

## Galaxy Macau™

Galaxy Macau™ is the primary contributor to the Group's revenue and earnings. Net Revenue in Q3 2022 was HK\$1.1 billion, down 62% year-on-year and down 25% quarter-on-quarter. Adjusted EBITDA was HK\$(299) million versus HK\$454 million in Q3 2021 and HK\$(188) million in Q2 2022.

Galaxy Macau™ played unlucky in its gaming operations which decreased its Adjusted EBITDA by approximately HK\$20 million in Q3 2022. Normalized Q3 2022 Adjusted EBITDA was HK\$(279) million, versus HK\$442 million in Q3 2021 and HK\$(212) million in Q2 2022.

Hotel occupancy of available rooms for Q3 2022 across the five hotels was 26%.

### Galaxy Macau™ Key Financial Data

(HK\$m)

	Q3 2021	Q2 2022	Q3 2022
Revenues:			
Net Gaming	2,279	1,016	<b>663</b>
Hotel / F&B / Others	288	175	<b>171</b>
Mall	269	244	<b>238</b>
Total Net Revenue	2,836	1,435	<b>1,072</b>
Adjusted EBITDA	454	(188)	<b>(299)</b>
Adjusted EBITDA Margin	16%	NEG <sup>10</sup>	<b>NEG<sup>10</sup></b>

### Gaming Statistics<sup>11</sup>

(HK\$m)

	Q3 2021	Q2 2022	Q3 2022
Rolling Chip Volume	24,496 <sup>12</sup>	3,646 <sup>13</sup>	<b>2,782<sup>13</sup></b>
Win Rate %	3.7%	4.2%	<b>2.0%</b>
Win	907	153	<b>56</b>
Mass Table Drop <sup>14</sup>	6,592	3,317	<b>2,422</b>
Win Rate %	26.4%	27.6%	<b>26.4%</b>
Win	1,743	915	<b>641</b>
Electronic Gaming Volume	2,947	1,589	<b>1,021</b>
Win Rate %	4.1%	3.4%	<b>5.1%</b>
Win	122	54	<b>52</b>
Total GGR Win	2,772	1,122	<b>749</b>

<sup>10</sup> NEG represents negative margin.

<sup>11</sup> Gaming statistics are presented before deducting commission and incentives.

<sup>12</sup> Represents sum of junket VIP and inhouse premium direct.

<sup>13</sup> Represents inhouse premium direct.

<sup>14</sup> Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

## StarWorld Macau

StarWorld Macau's Net Revenue in Q3 2022 was HK\$158 million, down 76% year-on-year and down 28% quarter-on-quarter. Adjusted EBITDA was HK\$(169) million versus HK\$25 million in Q3 2021 and HK\$(158) million in Q2 2022.

There was no luck impact on StarWorld Macau's Adjusted EBITDA in Q3 2022.

Hotel occupancy of available rooms for Q3 2022 was 24%.

### StarWorld Macau Key Financial Data

(HK\$m)

	Q3 2021	Q2 2022	Q3 2022
Revenues:			
Net Gaming	627	198	<b>139</b>
Hotel / F&B / Others	30	17	<b>17</b>
Mall	7	5	<b>2</b>
Total Net Revenue	664	220	<b>158</b>
Adjusted EBITDA	25	(158)	<b>(169)</b>
Adjusted EBITDA Margin	4%	NEG <sup>15</sup>	<b>NEG<sup>15</sup></b>

### Gaming Statistics<sup>16</sup>

(HK\$m)

	Q3 2021	Q2 2022	Q3 2022
Rolling Chip Volume <sup>17</sup>	8,925	0	<b>0</b>
Win Rate %	3.7%	0	<b>0</b>
Win	327	0	<b>0</b>
Mass Table Drop <sup>18</sup>	2,825	982	<b>795</b>
Win Rate %	16.0%	20.6%	<b>18.2%</b>
Win	453	202	<b>144</b>
Electronic Gaming Volume	585	342	<b>228</b>
Win Rate %	2.4%	2.4%	<b>2.6%</b>
Win	14	9	<b>6</b>
Total GGR Win	794	211	<b>150</b>

<sup>15</sup> NEG represents negative margin.

<sup>16</sup> Gaming statistics are presented before deducting commission and incentives.

<sup>17</sup> Reflects junket VIP.

<sup>18</sup> 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. The property's Net Revenue in Q3 2022 was HK\$10 million, versus HK\$14 million in Q3 2021 and HK\$15 million in Q2 2022. Adjusted EBITDA was HK\$(16) million versus HK\$(19) million in Q3 2021 and HK\$(19) million in Q2 2022. There was no luck impact on Broadway Macau™'s Adjusted EBITDA in Q3 2022. Hotel occupancy of available rooms for Q3 2022 was 20%.

## **City Clubs**

In Q3 2022, City Clubs Adjusted EBITDA was HK\$(26) million, versus HK\$7 million in Q3 2021 and HK\$11 million in Q2 2022. Effective in June 2022, we ceased operations at Rio Casino and President Casino with the aim to optimize the Company's operational scale.

## **Construction Materials Division**

The Construction Materials Division contributed Adjusted EBITDA of HK\$117 million in Q3 2022, down 51% year-on-year and down 31% quarter-on-quarter this was due to higher coal prices and lockdowns in China that impacted demand.

## **Development Update**

### ***Galaxy Macau™ and StarWorld Macau***

We continue to make ongoing progressive enhancements to our resorts to ensure that they remain competitive and appealing to our guests.

### ***Cotai – The Next Chapter***

GEG is uniquely positioned for long term growth. Phase 3 is effectively completed and we look forward to welcoming the iconic Raffles at Galaxy Macau through an exclusive 450 all-suite tower. We will align the opening with prevailing market conditions. We intend to follow this with the opening of the GICC and Andaz Macau in anticipation of the recovery of the MICE and entertainment markets.

We are now firmly focused on the development of Phase 4, which is already well under way. We see the premium market evolving with this segment preferring higher quality and more spacious rooms. We continue to proceed with the construction of Cotai Phase 4, our next generation integrated resort, which will complete our ecosystem in Cotai.

Phases 3 & 4 combined will have approximately 3,000 high end and family rooms and villas, 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. As you can see, we remain highly confident about the future of Macau where Cotai Phases 3 & 4 will support Macau's vision of becoming a World Centre of Tourism and Leisure.

## Selected Major Awards in 2022

AWARD			PRESENTER
<b>GEG</b>			
Most Outstanding Company in Hong Kong – Casinos & Gaming Sector			Asiamoney
Top 10 Company in “The 2nd Hotel Business Sustainability Index” Top 20 Company in “The 7th Hong Kong Business Sustainability Index” Top 20 Company in “The 3rd Greater Bay Area Business Sustainability Index”			Centre for Business Sustainability, CUHK Business School
Charitable Community Award			International Gaming Awards 2022
<b>GALAXY MACAU™</b>			
EarthCheck Certified 2022 - Gold Certification – Banyan Tree Macau - Silver Certification – Galaxy Hotel™ - Silver Certification – Hotel Okura Macau			EarthCheck
Macao’s Best Resorts Spa 2022 – Banyan Tree Spa			World Spa Awards
Green Key – Hotel Okura Macau & Galaxy Hotel™			The Foundation for Environmental Education
Macao Green Hotel Award 2021 – Gold Award – Hotel Okura Macau			Environmental Protection Bureau (DSPA)
Michelin Guide Hotel Selection - Banyan Tree Macau - JW Marriott Hotel Macau - The Ritz-Carlton, Macau	Michelin One Star Restaurant - 8½ Otto e Mezzo BOMBANA - Lai Heen	Michelin Selected Restaurant - Terrazza Italian Restaurant - Yamazato - The Ritz-Carlton Café	Michelin Guide Hong Kong and Macau 2022
Forbes Travel Guide Five-star Hotel - The Ritz-Carlton, Macau - Banyan Tree Macau - Hotel Okura Macau	Forbes Travel Guide Five-star Restaurant - Lai Heen	Forbes Travel Guide Five-star Spa - The Ritz-Carlton Spa, Macau - Banyan Tree Spa Macau	Forbes Travel Guide
LEED V4 Gold Certificate – Galaxy Macau Phase 3 (MICE)			U.S. Green Building Council
Best Hotel for Business Travelers 2022			CNBC
<b>STARWORLD MACAU</b>			
Michelin Two Stars Restaurant – Feng Wei Ju			Michelin Guide Hong Kong and Macau 2022
South China Morning Post 100 Top Tables 2022 – Feng Wei Ju			South China Morning Post

<b>AWARD</b>	<b>PRESENTER</b>
<b>BROADWAY MACAU™</b>	
Macao Green Hotel Award 2021 – Silver Award – Broadway Hotel	Environmental Protection Bureau (DSPA)
<b>CONSTRUCTION MATERIALS DIVISION</b>	
BOCHK Corporate Environmental Leadership Awards 2021 – EcoPartner – 5 Years Plus EcoPioneer	Bank of China (Hong Kong) and Federation of Hong Kong Industries
Hong Kong Green Organization – Hong Kong Green Organization Recognition	Environmental Campaign Committee
Caring Company Logo 2021/22 – 20 Years Plus Caring Company Logo	The Hong Kong Council of Social Service

## **Outlook**

As stated previously we have submitted our Macau gaming concession tender. We are well positioned to support the long term development of Macau and its vision of becoming a World Centre for Tourism and Leisure.

We are pleased to see that Macau’s borders have been reopened to foreigners from 41 countries, where visitors still need to undergo hotel quarantine. Further, on 1 November 2022, E-visas were resumed and package tours to Macau are expected to resume shortly. We are encouraged by these decisions and view them as positive steps in the right direction to gradually resume normal economic activities and daily life. We do acknowledge that further flare ups of COVID-19 may result in sporadic travel restrictions which would impact visitation to Macau, associated revenue and effect our future financial performance.

The Macau concessionaires continue to work with the MGTO to actively promote Macau as a safe and high-quality destination and we have participated in a series of roadshows across the Greater Bay Area. Moreover, we continue to actively support a wide range of sports, arts, cultural events and tourism activities to promote Macau’s unique festive culture.

Our balance sheet continues to remain healthy and liquid with net cash of HK\$19.3 billion, our conservative financial management provides the Group with valuable flexibility in managing our ongoing operations and allows us to continue with our longer term development plans. These plans include the completion of Phase 3 and the continuing development of Phase 4. We continue our commitment to support the Macau government in its economic recovery and maintain the social stability of Macau. Notwithstanding the current economic environment, we continue with our disciplined approach to exploring opportunities within Mainland China with a particular focus on the Greater Bay Area.

We remain cautious on the outlook for the remainder of 2022. In the medium to longer term we still have great confidence in the future of Macau and believe that there remains significant demand for leisure, tourism and travel throughout Asia. Finally, we would like to thank all of our staff whom have worked hard to deliver GEG’s renowned “World Class, Asian Heart” service and support the company through these challenging times.

## 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, 10 November 2022

*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 Mrs. 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](http://www.galaxyentertainment.com)