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GALAXY ENTERTAINMENT GROUP

**RECORD HALF YEAR GROUP ADJUSTED EBITDA
OF \$5.8 BILLION, UP 23% YEAR-ON-YEAR**

**NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS
GREW 35% TO \$4.6 BILLION**

**FURTHER STRENGTHENED LIQUID BALANCE SHEET WITH 35%
REDUCTION IN BORROWINGS**

**PHASE 2 OF GALAXY MACAU™ ON SCHEDULE AND ON BUDGET
TO COMPLETE AS THE NEXT MAJOR PROJECT IN MACAU BY MID-2015**

Hong Kong, 20 August 2013 – Galaxy Entertainment Group Limited (“GEG” or “the Group”) (HKEx stock code: 27) today reported unaudited results for the three and six month periods ended 30 June 2013.

HIGHLIGHTS

GEG: Record half year revenue, Adjusted EBITDA and NPAS

- Half year revenue increased 9% year-on-year to \$30.8 billion
- Half year Adjusted EBITDA of \$5.8 billion, up 23% year-on-year
- Second quarter Adjusted EBITDA of \$3.02 billion, a year-on-year increase of 18%
- Net profit attributable to shareholders increased by 35% year-on-year to \$4.6 billion

GEG: Recognition and strategic acquisition

- Included as a constituent of the benchmark Hang Seng Index effective from 17 June 2013
- Completed strategic \$3.25 billion acquisition of the Grand Waldo Complex on 17 July 2013

Galaxy Macau™: Quarterly Adjusted EBITDA grew for the 8th consecutive quarter

- Half year revenue climbed 13% to \$18.1 billion and Adjusted EBITDA rose 40% to \$4 billion
- Second quarter Adjusted EBITDA of \$2.1 billion increased 34% year-on-year
- Achieved the latest twelve months (LTM) Return on Investment (ROI*) of 45%
- Construction of Phase 2 is on budget and on schedule to complete by mid-2015
- Plans for phases 3 & 4 are well advanced; construction targeted to commence by the end of 2013 / early 2014

StarWorld Macau: Improving momentum with second best quarter of Adjusted EBITDA

- Half year revenue increased 2% year-on-year to \$11.6 billion
- Half year Adjusted EBITDA of \$1.7 billion (H1 2012: \$1.8 billion)
- Second quarter Adjusted EBITDA of \$885 million, the second best quarter
- Achieved LTM ROI* of 92%

Balance Sheet: Remains healthy with significant reduction in leverage

- Cash on hand at 30 June 2013 of \$18.1 billion, up from \$15.6 billion at 31 December 2012
- Subsequently prepaid \$3.5 billion of debt in early Q3 2013, which reduced borrowings by approximately 35% from \$10.3 billion as of 30 June 2013 to \$6.8 billion
- Gearing ratio remains at zero at 30 June 2013

** ROI calculated based on the total Adjusted EBITDA for the latest twelve months divided by gross book value through 30 June 2013 including allocated land cost.*



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

“We are very pleased to report improving financial results across the business and that Phase 2 of Galaxy Macau™ remains on schedule. The Group also expanded its existing Cotai landbank with the strategic purchase of the Grand Waldo Complex. We also strengthened our balance sheet by prepaying a significant portion of our bank borrowings. I am particularly delighted that the half year culminated in the Group being included as a constituent of the Hang Seng Index.

Looking into the future, Macau’s prospects for the remainder of 2013 and beyond continue to be bright. We believe that our development pipeline for Phases 2, 3 and 4 plus the Grand Waldo Complex on Cotai position us well for continued growth.”

Market Overview

The Macau gaming market experienced another robust period of growth as total gaming revenue increased by 15% year-on-year to \$166.5 billion. Revenue in the second quarter grew by 16% year-on-year to an all-time record \$83.7 billion. Visitor arrivals in the first six months were 14.1 million, an increase of 4% on the first half of 2012. Visitation from Mainland China grew at a faster rate of 10%, with Mainland Chinese now accounting for 63% of total visitor numbers.

The evolution in the market toward the mass segment continued in the first half of the year, with higher margin mass revenue growing 30% year-on-year to \$47.1 billion. The Group expects the ongoing major improvements in infrastructure and transport links over the coming years such as the expansion of the Zhuhai Gongbei border gate and the Macau Taipa Ferry Terminal, the construction of Macau’s Light Rail and the Hong Kong-Zhuhai-Macau Bridge, to dramatically improve access and boost visitation.

The VIP segment, which accounts for 68% of the total gaming revenue, registered year-on-year growth of 10% to \$112.5 billion, with over three consecutive quarters of sequential growth indicating an improving trend.

Group Financial Results

The Group delivered a good performance in the first half of the year, generating revenue of \$30.8 billion and Adjusted EBITDA of \$5.8 billion, an increase of 9% and 23% respectively year-on-year. As of 30 June 2013, LTM Group Adjusted EBITDA increased by 26% to \$10.9 billion. Galaxy Macau™’s 40% growth in Adjusted EBITDA was the key contributing factor to the uplift in Group earnings. All parts of the business delivered year-on-year revenue growth for the half year.

Of the gaming segments, mass once again recorded the fastest rate of growth as Galaxy Macau™’s mass net win improved from \$3.3 billion in H1 2012 to \$4.8 billion in H1 2013, an increase of 45%. StarWorld Macau also achieved excellent growth, with net win rising 50% from \$1.1 billion in H1 2012 to \$1.7 billion in H1 2013. The VIP performance at both properties was solid.



As of 30 June 2013, cash on hand increased to \$18.1 billion from \$15.6 billion at 31 December 2012, including restricted cash of \$2.2 billion. Subsequent to period end, we reduced our borrowings by almost 35% by prepaying \$3.5 billion of bank debt where total debt declined from approximately \$10.3 billion to \$6.8 billion on a pro forma basis.

Galaxy Macau™

In the first half of this year management focused on refining all elements of Galaxy Macau™'s product offer with a view to yielding the floor space more efficiently.

Galaxy Macau™'s status as the Group's growth engine was again exemplified by it recording revenue of \$18.1 billion, an increase of 13% against the same period last year. Quarterly Adjusted EBITDA surged 34% to \$2.1 billion, representing the 8th consecutive quarter of growth for the property.

Galaxy Macau™'s performance continues to improve with LTM ROI of 45%.

Adjusted EBITDA margin under HK GAAP rose from 18% in H1 2012 to 22% in H1 2013, and from 26% to 31% under US GAAP.

VIP Gaming Performance

Total VIP rolling chip volume for the period was \$346 billion. This translated to revenue of \$11.9 billion (H1 2012: \$11.4 billion). Volumes in Q2 increased by 6% over Q1 2013.

VIP Gaming

HK\$'m	Q2 2012	Q2 2013	YoY%	1H 2012	1H 2013	YoY%
Turnover	186,442	178,196	-4%	357,835	346,210	-3%
Net Win	6,287	5,965	-5%	11,407	11,875	4%
Win %	3.4%	3.3%	n/a	3.2%	3.4%	n/a

Mass Gaming Performance

Revenue in the mass market segment was \$4.8 billion, up 45% on H1 2012. Second quarter revenue increased by 48% year-on-year to \$2.5 billion, and was up 12% sequentially. These excellent growth rates are especially impressive in light of additional new capacity in Cotai.

Mass Gaming

HK\$'m	Q2 2012	Q2 2013	YoY%	1H 2012	1H 2013	YoY%
Table Drop	6,041	6,845	13%	11,912	13,539	14%
Net Win	1,717	2,538	48%	3,310	4,799	45%
Hold %	28.4%	37.1%	n/a	27.8%	35.4%	n/a



Electronic Gaming Performance

Electronic gaming revenue rose 30% year-on-year to \$742 million. Second quarter revenue increased 41% year-on-year and 7% quarter-on-quarter.

Electronic Gaming

HK\$'m	Q2 2012	Q2 2013	YoY%	1H 2012	1H 2013	YoY%
Slots Handle	4,385	7,781	77%	8,731	13,968	60%
Net Win	271	383	41%	569	742	30%
Hold %	6.2%	4.9%	n/a	6.5%	5.3%	n/a

Non-Gaming Performance

Customers continued to utilise the property's wide range of retail, dining and accommodation options. Year-on-year revenue increased by 4% to \$720 million. Hotel occupancy rate at the resort's three five star hotels remained very high averaging 97% in the first six months of 2013.

Cotai Development Update

Construction of the 450,000 square metre Phase 2 of Galaxy Macau™ remains on budget and on schedule where we expect to complete as the next major project in Macau by mid-2015.

Planning for Phases 3 & 4 is almost finalised and construction targeted to commence by the end of 2013 / early 2014. The project will double the footprint of the first two phases and is targeted to complete in stages between 2016-2018. Phases 3 & 4 will consist of a 10,000 seat arena for world class entertainment and sporting events, a 50,000 square metre convention centre for up to 5,000 guests and an additional 5,500 luxury hotel rooms and suites. GEG expects it to prove instrumental in securing a significant share of new visitors for the Group and Macau.

Strategic Acquisition of the Grand Waldo Complex

On 5 May 2013, GEG announced the \$3.25 billion acquisition of the Grand Waldo Complex. Located adjacent to Galaxy Macau™ and the Group's Cotai landbank, the Grand Waldo Complex is strategically important to GEG for continuing its development pipeline. The transaction subsequently completed in Q3 2013.

StarWorld Macau

StarWorld Macau's half year revenue was \$11.6 billion, up 2% year-on-year, and Adjusted EBITDA was in line with the same period last year at \$1.7 billion.

The improving momentum of the business displayed in the first quarter of this year carried through into the second quarter as mass continued to outperform the wider market and VIP strengthened.



StarWorld Macau continues to generate a LTM ROI in excess of 90% with 92%.

Adjusted EBITDA margin under HK GAAP was 15% in H1 2013 (H1 2012: 16%), and 25% under US GAAP (H1 2012: 26%).

VIP Gaming Performance

StarWorld Macau reported VIP rolling chip volume of \$311 billion in the first six months of 2013 (H1 2012: \$339 billion), which translated into revenue of \$9.6 billion.

Positive signs of increased demand in the VIP market were evidenced by volumes and win in both Q1 and Q2 of this year returning to their highest levels since Q2 2012. Initiatives to re-energise the offer to ensure the property delivers the very best quality VIP products and services in an aspirational environment are ongoing.

VIP Gaming

HK\$'m	Q2 2012	Q2 2013	YoY%	1H 2012	1H 2013	YoY%
Turnover	162,971	161,913	-1%	339,088	311,353	-8%
Net Win	5,115	4,807	-6%	9,869	9,612	-3%
Win %	3.1%	2.9%	n/a	2.9%	3.1%	n/a

Mass Gaming Performance

Mass gaming in the first half of the year grew by 50% year-on-year to \$1.7 billion on volume of \$5.3 billion.

Mass Gaming

HK\$'m	Q2 2012	Q2 2013	YoY%	1H 2012	1H 2013	YoY%
Table Drop	2,374	2,663	12%	4,766	5,327	12%
Net Win	545	856	57%	1,109	1,658	50%
Hold %	22.5%	32.2%	n/a	22.9%	30.9%	n/a

Electronic Gaming Performance

StarWorld Macau's electronic gaming generated revenue of \$112 million in the first half of 2013, broadly in line with the same period last year.

Electronic Gaming

HK\$'m	Q2 2012	Q2 2013	YoY%	1H 2012	1H 2013	YoY%
Slots Handle	835	777	-7%	1,762	1,675	-5%
Net Win	60	48	-20%	122	112	-8%
Hold %	7.2%	6.1%	n/a	6.9%	6.7%	n/a



Non-Gaming Performance

Non-gaming revenue in the period was \$181 million. StarWorld Macau remains one of Macau's premier luxury hotels with hotel room occupancy at near capacity throughout the period at 99%.

City Clubs

During the first half of 2013, City Clubs generated \$94 million of Adjusted EBITDA, an increase of 15% year-on-year.

The Grand Waldo casino operations were subsequently suspended for renovation as part of GEG's acquisition of the Grand Waldo Complex.

Construction Materials Division

Construction Materials Division continues to deliver a solid performance in the first half of 2013. Revenue for the period grew 8% year-on-year to \$1,013 million. First half Adjusted EBITDA was \$191 million, a decrease of \$37 million or 16% on H1 2012. The decrease in earnings was due primarily to the softening selling price for cement and ground granulated blast-furnace slag in some provinces in Mainland China.

Outlook

GEG has achieved a number of milestones in 2013, including record half year net profit attributable to shareholders and record quarterly Group Adjusted EBITDA exceeding \$3 billion driven by strong performances at Galaxy Macau™ and StarWorld Macau. In parallel to this, considerable progress has been made in our future development including the construction of Phase 2 of Galaxy Macau™, continued preparation of Cotai Phases 3 & 4 and the strategic acquisition of the Grand Waldo Complex. We are especially proud that GEG has been recognised by our inclusion as a constituent to the Hang Seng Index. Further, the balance sheet improved with the prepayment of bank debt and remains very liquid.

Looking ahead, the prospects for Macau and GEG for the rest of 2013 and beyond are encouraging. GEG fully expects the shift in the market to mass to continue, driven by major infrastructure and transport improvement, and VIP to remain robust. Equipped with a clear roadmap for growth that includes optimising our operational performance, and further out, developing our unparalleled landbank in Cotai, GEG is confident that it can substantially build its customer base and generate further value for both its stakeholders and shareholders.

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About Galaxy Entertainment Group Limited (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 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 Hotel and Casino, 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 metres. Upon its targeted completion by mid-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 construction by the end of 2013 / early 2014 with a targeted phased opening between 2016 and 2018.

Additionally, GEG operates City Club Casinos in Macau and a Construction Materials Division.

For more information, please visit www.galaxyentertainment.com.