



GALAXY ENTERTAINMENT GROUP

Q4 & ANNUAL RESULTS 2015

FINISHED 2015 ON A POSITIVE NOTE

Q4 2015 REVENUE & ADJUSTED EBITDA INCREASED BY 8% AND 18% SEQUENTIALLY

CONTINUE TO DRIVE MASS REVENUE AND COST CONTROL

DELIVERED APPROXIMATELY \$500 MILLION OF OPERATIONAL COST SAVINGS TO DATE

DEVELOPMENT COST SAVINGS OF \$400-\$500 MILLION ON GALAXY MACAU™ PHASE 2

SUBSEQUENTLY ANNOUNCED ANOTHER SPECIAL DIVIDEND OF \$0.15 PER SHARE

Hong Kong, 25 February 2016 – 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 2015.

Q4 2015 & FULL YEAR HIGHLIGHTS

GEG: Continue to drive mass revenue and cost control

- Fourth quarter Group Adjusted EBITDA up sequentially by 18% to \$2.5 billion, decreased 7% year-on-year
- Full year Group revenue decreased by 29% year-on-year to \$51 billion
- Full year Group Adjusted EBITDA of \$8.7 billion, a decrease of 34% year-on-year
- Full year net profit attributable to shareholders (“NPAS”) of \$4.2 billion, a decrease of 60% year-on-year including \$1.2 billion of non-recurring charges
- Full year Adjusted NPAS of \$5.4 billion declined 49% year-on-year after adjusting for non-recurring charges
- Delivered approximately \$500 million of operational cost control savings in 2015 towards the \$800 million target

Galaxy Macau™: Improving quarter-on-quarter performance as Phase 2 ramped up

- Fourth quarter Adjusted EBITDA was up sequentially by 21% to \$2.0 billion, and in line with last year
- Full year revenue decreased by 24% year-on-year to \$35.5 billion; Adjusted EBITDA was 30% lower year-on-year at \$6.9 billion
- Non-gaming revenue up 52% year-on-year to \$2.3 billion; hotel occupancy across five hotels was 99%

StarWorld Macau: Successfully transitioning to the mass market

- Fourth quarter Adjusted EBITDA of \$557 million up 8% sequentially, down 14% year-on-year
- Full year revenue decreased by 42% year-on-year to \$13.0 billion; Adjusted EBITDA was \$2.2 billion, a decrease of 37% year-on-year
- Mass revenues increased sequentially every quarter in 2015; hotel occupancy was 99%

Broadway Macau™: Family friendly / Macau SME concept drives traffic across Cotai

- Seven months’ revenue of \$425 million and an Adjusted EBITDA of \$(7) million
- Hotel occupancy at virtually 100%

Development Update: Galaxy Macau™ Phase 2 under budget and first international investment

- Development cost savings of \$400-\$500 million on the \$19.6 billion Galaxy Macau™ Phase 2
- Completed strategic investment in SBM of Monaco
- Cotai Phases 3 & 4 – Site investigation works expected to commence in 2016
- Hengqin – Plans to develop a world class destination resort on a 2.7 sq.km land parcel moving forward

Balance Sheet: Continues to be very strong, liquid and virtually debt free

- Cash on hand of \$7.7 billion and a net cash position of \$6.5 billion, even after investing a majority of the \$25 billion in the development of Galaxy Macau™ Phase 2 and Broadway Macau™
- Paid two special dividends in the year totaling \$1.8 billion: \$0.28 on 22 May 2015 and \$0.14 on 30 October 2015
- Subsequently announced another special dividend of \$0.15 per share, totaling approximately \$650 million, payable on or about 29 April 2016



Dr. Lui Che Woo, Chairman of GEG said:

“2015 was another year of important milestones and considerable progress for GEG, despite widely reported macro headwinds continuing to impact the entire industry, dampening both customer spending and visitation to Macau. During the year, we delivered credible financial results; reshaped our product and services to seize the growing opportunity in the higher margin mass segment; made our first international investment by taking a strategic minority equity stake in SBM, the renowned luxury hotels and casino business based in the Principality of Monaco; and most notably, opened Galaxy Macau™ Phase 2 and Broadway Macau™ on time and under budget on a combined basis in May 2015.

Phase 2 of Galaxy Macau™ is a dramatic new landmark in Cotai and we are proud to have created such a high quality integrated resort. With the two new developments completed last year, we believe that we have significantly enhanced our mass and family offer and competitive positioning. Visitors and residents of Macau alike have embraced the new developments, with daily visitation to Galaxy Macau™ surging, all six hotels operating at virtually full occupancy and Broadway Theatre shows regularly selling out.

In light of market conditions, our focus in 2015 was on driving profitable volumes combined with cost control initiatives. Across our portfolio we successfully resized VIP areas and optimized areas with higher growth potential, such as premium direct and premium mass. We also realized almost \$500 million of operational cost savings, with a potential further \$300 million to be implemented in 2016 for a total of \$800 million. Whilst this focus on driving efficiencies will continue, we will ensure that any gains do not compromise our ‘World Class, Asian Heart’ service standards for which we have become renowned and we will not pursue any local labor redundancies.

As Macau has diversified, new capacity has come on stream and the customer profile has changed as the market has shifted to the mass segment. To match this ongoing market change, GEG has structurally shifted its business to address the mass segment by opening our two new mass focused projects and reallocating tables to their highest and best use. Mass and non-gaming business continue to account for the vast majority of our earnings.

During the year, we paid two special dividends of \$0.28 and \$0.14 per share, totaling \$1.8 billion. And I am pleased to announce today that we will pay another special dividend of \$0.15 per share this year, totaling approximately \$650 million on or about 29 April 2016. This will bring total dividends paid since 2014 to \$7.3 billion and demonstrates our confidence in Macau and our commitment to return surplus capital to shareholders.

As we look ahead, we are cautiously optimistic about the outlook for Macau and the market in the medium to long term. While it is too early to call a bottom to the market especially given the current volatile macro economic environment, sequential growth in Macau’s gaming revenue in the final quarter of 2015, coupled with healthy visitor numbers over the important 2016 Chinese New Year period, potentially signal market stabilization. Additionally, the easing of transit visas, greater clarity on addressing infrastructure limitations more rapidly, and the scheduled opening of new integrated resort capacity this year, are welcome developments that should promote the development of the industry. We acknowledged that the challenging global macro economic and political conditions could lead to a degree of continuing volatility in Macau. Despite this, we are a firm believer in the long term potential of Macau and GEG’s greatly enhanced offer on Cotai, exceptional development pipeline and strong balance sheet, position us well to continue to navigate the choppy macro waters and prosper when conditions turn more positive.”



Repositioning to the Mass Market – Opening of Galaxy Macau™ Phase 2 and Broadway Macau™

GEG achieved a major milestone in 2015 by opening its expanded mass market focused Galaxy Macau™ Phase 2 and new Broadway Macau™ on time and under budget, on a combined basis, on 27 May 2015. Bringing GEG's total investment in Cotai to \$43 billion, both properties have been well received by guests and have contributed to the diversification of Macau's economy. Subsequent to opening the budgeted \$19.6 billion Galaxy Macau™ Phase 2, the Group can confirm development cost savings in the range of \$400-\$500 million.

Galaxy Macau™

Galaxy Macau™ is one of the world's largest destination resorts ever built and offers an unparalleled selection of amenities, including:

- Five world class hotels, including The Ritz-Carlton Macau, Banyan Tree Macau, JW Marriott Hotel Macau, Hotel Okura Macau and Galaxy Hotel
- New signature features such as the world's longest skytop river ride Skytop Adventure Rapids, which complements the largest skytop wave pool in the world
- Approximately 160 retail outlets, offering many first-to-Macau designer and lifestyle brands, including: Alexander McQueen, Alexander Wang, Delvaux, Harry Winston, Maje, Moncler, Mulberry, Murano Art Glass, Proenza Schouler, Roger Vivier, Sandro and more. Visitors will also find flagship Macau shopping opportunities from luxury brands such as Louis Vuitton, Burberry, Dior, Prada, Tiffany, Bvlgari and many other lifestyle brands such as H&M, Nike, Adidas and DFS Beauty
- Approximately 80 food and beverage outlets, including Michelin 1-star restaurants 8 1/2 Otto e Mezzo BOMBANA and Terrazza Italian Restaurant; Michelin recommended restaurants such as Lai Heen, Gosto and The Ritz-Carlton Cafe. This is complemented by other highly rated restaurants such as Fook Lam Moon and popular food outlets such as Tsui Wah and Tim Ho Wan. GEG offers Macau's largest range of pan-Asian cuisine under one roof

Broadway Macau™

Broadway Macau™ is a unique family friendly, street entertainment and food resort. Facilities in Broadway Macau™ include:

- The 3,000 seat Broadway Theatre, showcasing the best in Asian entertainment, as well as events and Macau occasions
- A vibrant Food Street and entertainment district celebrating the best of Macanese and Asian culture and cuisine
- 320 room Broadway Hotel, well priced and complementing the luxury properties at Galaxy Macau™
- Approximately 20 retail outlets
- Approximately 40 mainly local SMEs food and beverage options



During the second half of 2015 additional facilities came on stream at both properties. This contributed to Galaxy Macau™'s performance strengthening as the year progressed and the Group reportedly securing the largest revenue market share in Macau in the final quarter.

The new developments have spurred strong growth in daily visitor traffic, hotel occupancy is at near capacity and use of amenities including the Grand Resort Deck, the Broadway Street Market and the UA Galaxy Cineplex continues to be strong.

Market Overview

Sentiment, market revenues and visitor numbers in 2015 continued to be impacted by well publicized macro factors, including: a Government led anti-corruption program in Mainland China; moderating growth in the Chinese economy; smoking restrictions in Macau; and concerns about liquidity and volatility in financial markets. Total gaming revenue decreased by 34% year-on-year to \$224 billion. Visitor numbers to Macau held up relatively well at 30.7 million, a reduction of just 3% on the prior year. Mainland China visitors now account for 66% of total visitation, a modest drop of 4% on 2014.

During 2015, there was significant consolidation within the VIP market due to falling VIP revenue, liquidity challenges and their internal control issues. This resulted in a reduction in the number of junkets operating within Macau and contributed to the reported 45% year-on-year decline in VIP revenue to \$112 billion.

Macau's structural shift to the mass segment, which has gathered momentum in recent years, continued as Macau diversifies by opening new integrated resorts. Mass and electronic gaming revenue in Macau in the year was \$112 billion, down 19% year-on-year. In the second half of 2015, the combined mass and slots revenue was reportedly around 50% of gaming revenue.

Government Support for the Industry and Potential Stabilization

While considerable challenges persist in 2016, GEG is encouraged by supportive comments made by the Government in relation to the industry, including greater clarity on the completion of the Taipa Ferry Terminal and Hong Kong-Zhuhai-Macau Bridge, due in 2016 and 2018, respectively. Further, GEG is cautiously optimistic that the market is at the early stages of stabilizing, as evidenced by modest final quarter sequential growth in Macau's gross gaming revenue and healthy visitor numbers during the 2016 Chinese New Year period.

Group Financial Results

Financial Year of 2015

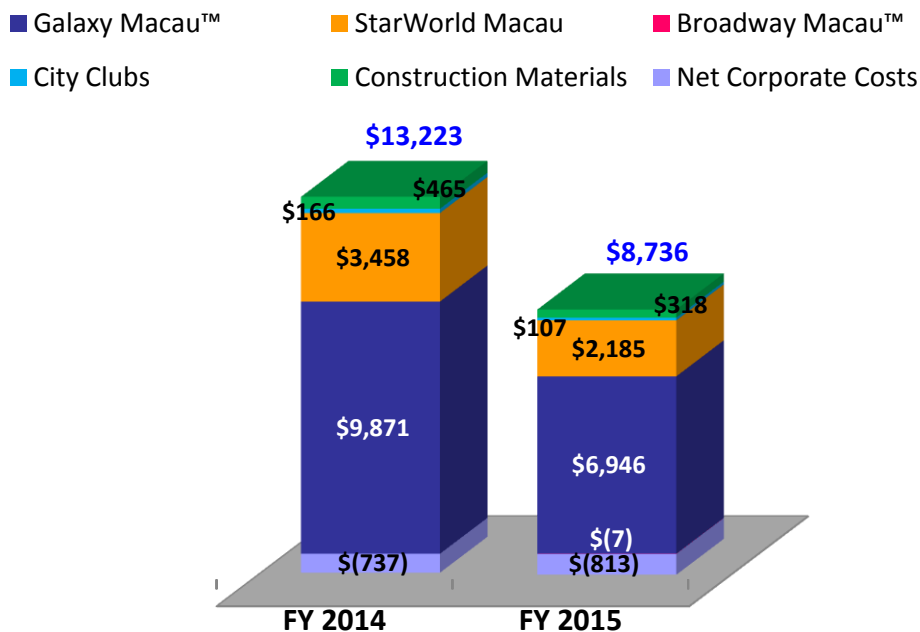
Group revenue and Adjusted EBITDA for the full year declined by 29% to \$51 billion and by 34% to \$8.7 billion, respectively. These results included a seven months contribution from Galaxy Macau™ Phase 2 and the new Broadway Macau™. Net profit attributable to shareholders was 60% lower year-on-year at \$4.2 billion, reflecting \$1.2 billion of non-recurring charges such as \$0.8 billion of pre-opening costs and a significant increase in depreciation and amortization post the opening of Galaxy Macau™ Phase 2 and Broadway Macau™. Galaxy Macau™'s Adjusted EBITDA was \$6.9 billion, a reduction of 30% year-on-year. StarWorld Macau's Adjusted EBITDA was \$2.2 billion, 37% lower year-on-year. Broadway Macau™ reported a small loss of \$7 million. GEG's Construction Materials Division and City Clubs made solid contributions of \$318 million and \$107 million, respectively.



GEG experienced bad luck in its gaming operation during 2015, which reduced its Adjusted EBITDA by approximately \$210 million.

The Group's total gaming revenue on a management basis¹ in 2015 decreased by 32% year-on-year to \$48.4 billion as total mass table games revenue decreased by 6% year-on-year to \$17.7 billion and total VIP revenue dropped 43% year-on-year to \$28.9 billion.

FY2015 Group Adjusted EBITDA (HK\$'m)



Fourth Quarter of 2015

Finishing the year on a positive note, fourth quarter Group revenue and Adjusted EBITDA increased sequentially by 8% to \$13.3 billion and by 18% to \$2.5 billion, respectively. Galaxy Macau™'s Adjusted EBITDA was the same as the corresponding period last year at \$2 billion. StarWorld Macau's Adjusted EBITDA decreased 14% year-on-year to \$557 million in the fourth quarter. Broadway Macau™'s Adjusted EBITDA was \$(4) million.

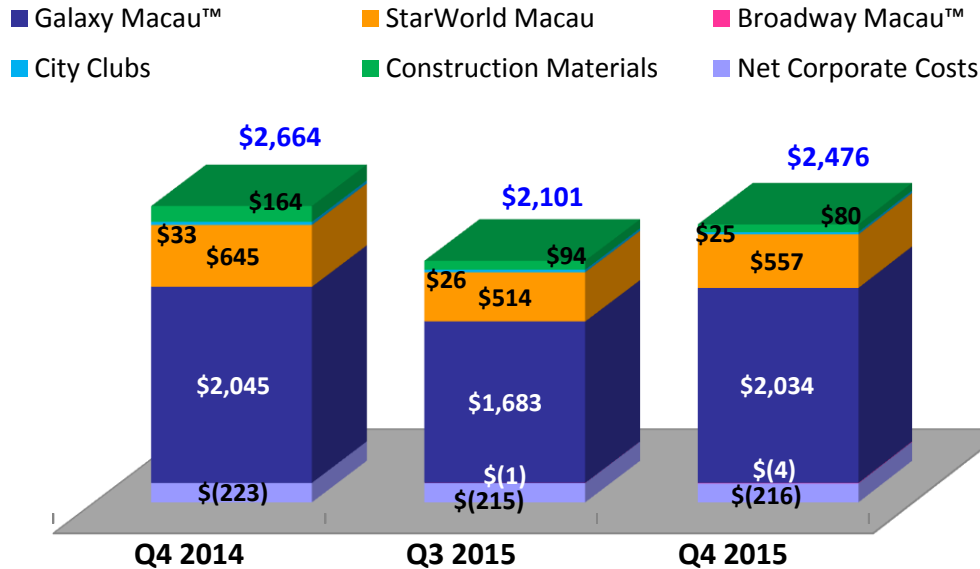
During the fourth quarter of 2015, GEG played lucky in gaming operations which increased Adjusted EBITDA by approximately \$130 million.

The Group's total gaming revenue on a management basis¹ in the fourth quarter of 2015 decreased 20% year-on-year to \$12.4 billion as total mass table games revenue increased by 18% year-on-year to \$4.9 billion while total VIP revenue dropped 37% year-on-year to \$7 billion.

¹ 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.



Q4 2015 Group Adjusted EBITDA (HK\$'m)



Driving Efficiencies and Cost Savings

To ensure absolute readiness on the opening day of Galaxy Macau™ Phase 2 and Broadway Macau™, GEG recruited additional staff prior to opening. This inevitably created a short term mismatch of revenues and costs, but was a necessary step in ensuring GEG’s customers received outstanding service and exceptional standards for which GEG is renowned.

During the second half of 2015, additional mass centric facilities were opened, resulting in GEG’s Cotai properties moving up the efficiency curve. Reallocating tables and hotel rooms to their highest and best use has been a key area of focus. GEG continued to derive the vast majority of its earnings from the higher margin mass segment.

In order to align costs with current revenues, the Group also implemented an \$800 million cost control program, which to date have resulted in savings of approximately \$500 million. GEG expects an approximate \$300 million of additional savings in 2016.

On top of the operational cost control initiatives outlined above, the Group can confirm development cost savings relating to Galaxy Macau™ Phase 2 of \$400-\$500 million, on a budget of \$19.6 billion for the project.

Balance Sheet and Special Dividends

The Group’s balance sheet is one of the strongest in the industry even after investing a majority of the \$25 billion in the development of Galaxy Macau™ Phase 2 and Broadway Macau™ and paying special dividends totaling \$1.8 billion during the year. At year-end cash on hand was \$7.7 billion and the Group’s net cash position was \$6.5 billion. The Group’s debt was \$1.2 billion.

In the year, GEG returned capital to shareholders by paying two special dividends of \$0.28 per share and \$0.14 per share, totaled \$1.8 billion, on 22 May 2015 and 30 October 2015, respectively. We also



announced today that we will pay another special dividend of \$0.15 per share, totaling approximately \$650 million, on or about 29 April 2016.

Galaxy Macau™

Revenue in the year was \$35.5 billion (2014: \$46.9 billion) and Adjusted EBITDA was \$6.9 billion (2014: \$9.9 billion). Adjusted EBITDA margin under HKFRS was 20% (2014: 21%), or 25% under US GAAP (2014: 30%).

Galaxy Macau™ experienced bad luck in its gaming operations which reduced its Adjusted EBITDA by approximately \$214 million in 2015.

Fourth quarter Adjusted EBITDA was up 21% quarter-on-quarter at \$2.0 billion, and in line with the same period last year, which included approximately \$90 million of good luck in the fourth quarter. Fourth Quarter Adjusted EBITDA margin under HKFRS was 21% (Q4 2014: 19%), or 26% under US GAAP (Q4 2014: 28%).

VIP Gaming Performance

Total VIP rolling chip volume for the year was \$555.1 billion, 41% lower than last year (2014: \$941.7 billion). This translated to revenue of \$19.9 billion (2014: \$31.7 billion). Fourth quarter revenue was \$5.2 billion, a decrease of 30% year-on-year but has increased 16% quarter-on-quarter.

VIP Gaming

HK\$'m	Q4 2014	Q3 2015	Q4 2015	QoQ%	YoY%	FY2014	FY2015	YoY%
Turnover	200,070	124,645	136,630	10%	-32%	941,679	555,142	-41%
Net Win	7,369	4,481	5,177	16%	-30%	31,669	19,940	-37%
Win %	3.7%	3.6%	3.8%			3.4%	3.6%	

Mass Gaming Performance

Revenue in the mass segment decreased by 4% year-on-year to \$11.6 billion (2014: \$12.1 billion).

Fourth quarter revenue increased by 19% year-on-year to \$3.2 billion, and was up 7% quarter-on-quarter.

Mass Gaming

HK\$'m	Q4 2014	Q3 2015	Q4 2015	QoQ%	YoY%	FY2014	FY2015	YoY%
Table Drop	6,363	7,014	7,410	6%	16%	27,516	26,984	-2%
Net Win	2,704	3,013	3,217	7%	19%	12,125	11,605	-4%
Hold %	42.5%	43.0%	43.4%			44.1%	43.0%	

Electronic Gaming Performance

Electronic gaming revenue was \$1.6 billion, an increase of 2% year-on-year. In the fourth quarter, Electronic gaming revenue was up 30% year-on-year and 6% quarter-on-quarter at \$468 million.



Electronic Gaming

HK\$'m	Q4 2014	Q3 2015	Q4 2015	QoQ%	YoY%	FY2014	FY2015	YoY%
Slots Handle	8,515	11,435	12,323	8%	45%	35,581	40,945	15%
Net Win	361	442	468	6%	30%	1,576	1,604	2%
Hold %	4.2%	3.9%	3.8%			4.4%	3.9%	

Non-Gaming Performance

Non-gaming full year revenue was \$2.3 billion, an increase of 52% on last year (2014: \$1.5 billion). Non-gaming revenue for the fourth quarter was \$742 million, up 82% year-on-year and flat quarter-on-quarter.

This impressive growth reflects the addition of two new hotels, The Ritz-Carlton Macau and the JW Marriott Hotel Macau, and a vastly improved selection of new retail, food and beverage, entertainment, leisure and MICE options. The combined five hotels registered strong occupancy of 99% for 2015.

Net rental revenue for the Promenade was \$661 million in the year compared to \$188 million in 2014. Net rental revenue for the fourth quarter was up 14% quarter-on-quarter at \$269 million. This was primarily due to the opening of the Promenade in late May 2015. At year-end, the Promenade was virtually fully operational.

To illustrate the success and popularity of our offer, during the peak summer season guest numbers to the expanded Grand Resort Deck surged to approximately 4,000 per day. The ten screen UA Galaxy Cineplex, which opened in December 2011, has also been very successful, achieving some of the highest volume ticket sales of any Cineplex in either Hong Kong or Macau.

Non-Gaming Revenue

HK\$'m	Q4 2014	Q3 2015	Q4 2015	QoQ%	YoY%	FY2014	FY2015	YoY%
Net Rental Revenue	54	236	269	14%	398%	188	661	252%
Hotel Revenue / F&B / Others	354	506	473	-7%	34%	1,350	1,676	24%
Total	408	742	742	0%	82%	1,538	2,337	52%

StarWorld Macau

StarWorld Macau generated annual revenue of \$13.0 billion and Adjusted EBITDA of \$2.2 billion, decreases of 42% and 37% respectively due to lower VIP volumes. Fourth quarter Adjusted EBITDA was up 8% quarter-on-quarter to \$557 million and down 14% year-on-year.

StarWorld Macau is in the process of transitioning to a mass centric property and this is exemplified by mass revenue growing in every quarter of 2015.

Adjusted EBITDA margin in the year improved by two percentage points year-on-year to 17% under HKFRS and under US GAAP decreased by one percentage point to 24%. Fourth Quarter Adjusted EBITDA margin under HKFRS was 19% (Q4 2014: 14%), or 25% under US GAAP (Q4 2014: 23%).

StarWorld Macau experienced good luck in its gaming operations which increased its Adjusted EBITDA by approximately \$18 million during 2015 and approximately \$50 million in the fourth quarter.



VIP Gaming Performance

StarWorld Macau reported VIP rolling chip volume of \$280.5 billion, a decrease of 55% on the previous year. This translated to a 52% year-on-year reduction in revenue to \$8.5 billion (2014: \$17.8 billion). Fourth quarter revenue decreased 52% year-on-year to \$1.7 billion, a decrease of 6% quarter-on-quarter.

VIP Gaming

HK\$'m	Q4 2014	Q3 2015	Q4 2015	QoQ%	YoY%	FY2014	FY2015	YoY%
Turnover	123,628	67,543	52,981	-22%	-57%	622,753	280,463	-55%
Net Win	3,527	1,795	1,692	-6%	-52%	17,755	8,504	-52%
Win %	2.9%	2.7%	3.2%			2.9%	3.0%	

Mass Gaming Performance

Mass gaming revenue for 2015 decreased by 4% to \$4.1 billion (2014: \$4.3 billion). Fourth quarter revenue increased 23% year-on-year to \$1.2 billion, an increase of 12% quarter-on-quarter.

Mass Gaming

HK\$'m	Q4 2014	Q3 2015	Q4 2015	QoQ%	YoY%	FY2014	FY2015	YoY%
Table Drop	2,421	2,642	2,887	9%	19%	10,890	10,324	-5%
Net Win	964	1,063	1,187	12%	23%	4,321	4,140	-4%
Hold %	39.8%	40.3%	41.1%			39.4%	40.1%	

Electronic Gaming Performance

StarWorld Macau's electronic gaming generated \$117 million in 2015 (2014: \$181 million). Fourth quarter electronic gaming revenue was \$24 million, down 33% year-on-year and 11% quarter-on-quarter.

Electronic Gaming

HK\$'m	Q4 2014	Q3 2015	Q4 2015	QoQ%	YoY%	FY2014	FY2015	YoY%
Slots Handle	531	558	467	-16%	-12%	2,937	2,002	-32%
Net Win	36	27	24	-11%	-33%	181	117	-35%
Hold %	6.9%	4.9%	5.1%			6.2%	5.9%	

Non-Gaming Performance

Non-gaming revenue for 2015 decreased by 26% to \$275 million and hotel occupancy rates remained high at 99%. Fourth quarter non-gaming revenue was up 2% quarter-on-quarter at \$61 million, and down 40% year-on-year.



Non-Gaming Revenue

HK\$m	Q4 2014	Q3 2015	Q4 2015	QoQ%	YoY%	FY2014	FY2015	YoY%
Net Rental Revenue	7	8	9	13%	29%	26	33	27%
Hotel Revenue / F&B / Others	95	52	52	0%	-45%	347	242	-30%
Total	102	60	61	2%	-40%	373	275	-26%

Broadway Macau™

Broadway Macau™, a new family friendly / Macau SME concept in Macau that caters for all price points, was open for seven months of the year under review. It does not have a VIP gaming component. The property recorded revenue of \$425 million and made an Adjusted EBITDA loss of \$7 million in 2015. Fourth quarter Adjusted EBITDA loss was \$4 million.

Broadway Macau™ experienced bad luck in its gaming operations which reduced its Adjusted EBITDA by approximately \$14 million during 2015 and by approximately \$7 million in the fourth quarter of 2015.

Mass Gaming Performance

Mass gaming revenue for the seven months in 2015 was \$285 million. Fourth quarter gaming revenue was \$124 million, flat quarter-on-quarter.

Mass Gaming

HK\$m	Q2 2015	Q3 2015	Q4 2015	QoQ%	FY2015
Table Drop	177	495	548	11%	1,220
Net Win	37	124	124	0%	285
Hold %	20.7%	25.1%	22.7%		23.4%

Electronic Gaming Performance

Electronic gaming revenue for the seven months in 2015 was \$20 million. Fourth quarter electronic gaming revenue was \$8 million, flat compared to last quarter.

Electronic Gaming

HK\$m	Q2 2015	Q3 2015	Q4 2015	QoQ%	FY2015
Slots Handle	58	122	131	7%	311
Net Win	4	8	8	0%	20
Hold %	7.1%	6.8%	5.6%		6.4%

Non-Gaming Performance

Non-gaming revenue for the seven months in the year was \$120 million and hotel occupancy was virtually 100%. Fourth quarter non-gaming revenue was \$40 million, down 30% quarter-on-quarter.



The property's unique selection of small and medium sized Macanese and Asian food & beverage and retail outlets has been well received by visitors. In addition, the 3,000 seat Broadway Theatre has virtually sold out every concert and is playing an important role in enhancing the overall appeal of GEG's Cotai portfolio.

Non-Gaming Revenue

HK\$'m	Q2 2015	Q3 2015	Q4 2015	QoQ%	FY2015
Net Rental Revenue	3	12	11	-8%	26
Hotel Revenue / F&B / Others	20	45	29	-36%	94
Total	23	57	40	-30%	120

City Clubs and Construction Materials Division

City Clubs contributed \$107 million of Adjusted EBITDA to the Group's earnings, a decrease of 36% year-on-year. The Construction Materials Division posted Adjusted EBITDA of \$318 million, down 32% year-on-year. Both businesses were affected by softer economic conditions in China.

First International Expansion

On 25 July 2015, GEG announced a strategic minority equity investment in the Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco ("SBM"), the Euronext Paris listed luxury hotels and casinos operator based in the Principality of Monaco.

This strategic stake in SBM is the first step in an exciting partnership with SBM and its other strategic partner, LVMH, which could result in these iconic brands being used in GEG's developments.

GEG will continue to actively explore on a case by case basis development opportunities in overseas markets.

Development Update – Cotai and Hengqin

Phases 3 & 4 on Cotai

GEG has the largest contiguous development landbank of any operator in Macau. Cotai Phases 3 & 4, which will add one million square meters to GEG's existing footprint, are expected to be more mass and family orientated, with a significant MICE component. Site investigation works are expected to begin this year.

Hengqin

GEG is excited by its potential for Hengqin to become another major business and leisure hub and is exploring the option to develop a world class destination resort on a 2.7 square kilometer land parcel on the island. This low rise, low density resort will complement the Group's existing properties in Macau.



Selected Major Awards

Award	Presenter
GEG	
Casino Operator of the Year Australia / Asia	International Gaming Awards
Best Managed Company – Gaming in Asia	Euromoney Magazine
Gaming and Lodging – Most Honoured Company	Institutional magazine Magazine – All Asia Executive Team Survey
Best Investor Relations – Second Place – Nominated by the Buy Side	
The Asset Corporate Awards 2015 – Titanium Award (Investor Relations)	The Asset Magazine
The Asset Corporate Awards 2015 – Best Investor Relations Team Award	
Macau Energy Saving Contest 2015 – Energy-Saving Concept Award	Companhia de Electricidade de Macau
Galaxy Macau™	
World's Leading Casino Resort	World Travel Awards 2015
The Best Commercial Development (Macau)	China Property Awards 2015
Best Hotel & Tourism Development Silver Award	MIPIM Asia
Ranked as "Top Class Comfort" Hotel	The Michelin Guide Hong Kong Macau 2016
Casino VIP Room of the Year	International Gaming Awards
World's Best Hotel 2014-2015 – Resort Hotel Macau	International Hotel Awards
Hurun Report Best of the Best Awards – Luxury Hotel Wedding in Macau Star Performer	Hurun Report
LEED gold certification – Galaxy Macau™ Phase 2	United States Green Building Council
StarWorld Macau	
2015 Asia's Top Leisure Hotel	NOW Travel Asia Awards
Ranked as "Top Class Comfort" Hotel	The Michelin Guide Hong Kong Macau 2016
Top 10 Glamorous Hotels of China	China Hotel Starlight Awards
Best Service Hotel of Asia	Golden Horse Award of China Hotel



Group Outlook for 2016

The challenges experienced last year have persisted so far into 2016. However, GEG is encouraged by early signs of market stabilization, in particular sequential quarterly growth in the fourth quarter 2015 in Macau's gross gaming revenue and healthy visitor numbers over the 2016 Chinese New Year period. However, we do acknowledge that the global economy is currently experiencing a wide range of challenges. This could result in less predictive trends and greater volatility in the shorter time horizon. Supportive comments from the Government towards the industry, greater clarity on when major infrastructure works will complete and planned major new integrated resorts opening this year, are also positive for the sector.

GEG has entered 2016 on a very secure footing. Despite the challenging market conditions, the Group's balance sheet is one of the strongest in the industry, the business has been successfully repositioned towards the higher margin mass segment and good progress is being made in optimizing efficiencies and streamlining the business to ensure its cost base and offer is aligned with the 'new normal' environment. In the near term, we continue to manage the business cautiously until more definitive business trends emerge.

Looking further ahead, GEG remains confident in the long term potential of China. Rising incomes and continuing urbanization are set to drive demand for tourism and travel, with Macau likely to be a major beneficiary. The Group's greatly expanded mass offer, unmatched development pipeline, financial strength and track record of executing operationally, affords management confidence that GEG can vie for market leadership as conditions turn more positive and visitors return to Macau in ever greater numbers.

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About Galaxy Entertainment Group (HKEx stock code: 27)

Galaxy Entertainment Group Limited (“GEG” or the “Group”) is one of the world’s leading hospitality and gaming companies. It primarily develops and operates hotels, gaming and integrated resort facilities in Macau. The Group is listed on the Hong Kong Stock Exchange and is a member of the Hang Seng Index.

GEG is one of six gaming concessionaires in Macau with a track record of delivering innovative, spectacular and industry leading properties, products and services, underpinned by a “World Class, Asian Heart” service philosophy, that has enabled it to consistently outperform the wider market.

GEG operates three flagship venues in Macau: on Cotai, Galaxy Macau™, one of the world’s largest integrated destination resorts, and the adjoining Broadway Macau™, a new hotel, entertainment and retail landmark destination; and on the Peninsula, StarWorld Macau, an award winning high end property.

The Group has the largest development pipeline of any concessionaire in Macau. When Phases 3 & 4 of its Cotai landbank are completed, GEG’s footprint on Cotai will double to more than 2 million square meters. GEG has also entered into a framework agreement to develop a low rise, low density world class destination resort on a 2.7 square kilometer land parcel on Hengqin adjacent to Macau. This resort will complement GEG’s offer in Macau, differentiate it from its peers and support Macau in its vision to become a World Centre of Tourism and Leisure. Additionally, we continue to explore international development opportunities.

GEG is committed to delivering unique ‘World Class, Asian Heart’ holiday experiences to its guests and building a sustainable future for Macau.

GEG also operates a Construction Materials Division.

For more information about the Group, please visit www.galaxyentertainment.com