



# **GALAXY ENTERTAINMENT GROUP**

## **REPORTS INTERIM RESULTS FOR 1H 2015**

**GROUP REVENUE OF \$25.4 BILLION  
DOWN 34% YEAR-ON-YEAR**

**GROUP ADJUSTED EBITDA OF \$4.2 BILLION  
DOWN 43% YEAR-ON-YEAR**

**SUCCESSFULLY OPENED GALAXY MACAU™ PHASE 2 AND  
BROADWAY MACAU™ ON TIME AND ON BUDGET ON 27 MAY 2015**

**ANNOUNCED A SPECIAL DIVIDEND OF \$0.14 PER SHARE**

Hong Kong, 19 August 2015 – 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 2015.

### **HIGHLIGHTS**

#### **GEG: Credible Results in a Challenging Market**

- Half year revenue of \$25.4 billion, down 34% year-on-year
- Half year Adjusted EBITDA of \$4.2 billion, down 43% year-on-year
- Second quarter Adjusted EBITDA of \$1.9 billion, down 46% year-on-year
- Half year Net profit attributable to shareholders (“NPAS”) of \$2.0 billion, a decrease of 66% year-on-year including \$1.0 billion of non-recurring charges
- Half year Adjusted NPAS of \$3.0 billion declined 51% year-on-year after adjusting for non-recurring charges
- Played unlucky in gaming operations which reduced profitability by approximately \$265 million for the first half and \$335 million in the second quarter
- Paid special dividend of \$0.28 per share on 22 May 2015

#### **Galaxy Macau™: Successful opening of expanded integrated resort on May 27 reflects only 35 days of operation**

- Half year revenue of \$17.2 billion, down 31% year-on-year; Half year Adjusted EBITDA of \$3.2 billion, down 41% year-on-year, as opening costs and bad luck impacted earnings particularly in the second quarter
- Second quarter Adjusted EBITDA of \$1.4 billion, down 47% year-on-year
- Played unlucky in Q2 2015 which reduced Adjusted EBITDA by approximately \$300 million
- Hotel occupancy for Q2 across the five hotels was 97%

#### **StarWorld Macau: Respectable performance given market conditions**

- Half year revenue of \$7.1 billion and Half year Adjusted EBITDA of \$1.1 billion, both down 42% year-on-year
- Second quarter Adjusted EBITDA of \$509 million, down 38% year-on-year
- Played unlucky in Q2 2015 which reduced Adjusted EBITDA by approximately \$30 million
- Hotel occupancy for Q2 was 99%

#### **Broadway Macau™: Successful opening of Broadway Macau™ as Macau’s new landmark for family entertainment**

- Second quarter revenue of \$64 million, reflecting only 35 days of operation
- Second quarter Adjusted EBITDA of \$(2) million including playing unlucky by \$5 million in the quarter
- Continue to ramp up operations and open the remaining facilities
- Hotel occupancy for the 35 days of operation was 99%

#### **Development Update: Well defined medium and long term pipeline in Macau**

- Cotai Phases 3 & 4 – Site investigation works scheduled to commence in later part of 2015/early 2016
- Hengqin – Continuing with concept plans for the 2.7 sq km land parcel
- International – Continuously exploring opportunities in overseas markets

#### **Balance Sheet: Continues to be very strong and liquid**

- Cash on hand of \$9.4 billion as at 30 June 2015 with net cash of \$4.6 billion
- Debt of \$4.8 billion as at 30 June 2015 primarily reflects ongoing treasury yield management initiative

#### **Subsequent Events: Strategic Minority Investment and Special Dividend**

- Announced strategic minority investment of approximately 5% of Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco (SBM)
- Declared a special dividend of \$0.14 per share to be paid on or about 30 October 2015



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

*“Market conditions within Macau remain challenging; however GEG today announced credible financial results for the first half, after the successful on time and on budget opening of Galaxy Macau™ Phase 2 and Broadway Macau™. The expansion was only operational for 35 days within the reporting period and we continue to ramp up the performance and open additional facilities to further boost the appeal to the mass market.*

*As anticipated, customers’ spending behavior across the market remains cautious, resulting in lower year-on-year revenues for the Group. As a result, earnings at GEG in the second quarter were partially impacted by lower revenues and the opening preparation costs of Galaxy Macau™ Phase 2 and Broadway Macau™, including the additional staff costs in the lead up to the grand opening. Management has and will continue to focus on driving efficiencies, exercising rigorous cost controls and adapting our product offering to meet evolving market conditions.*

*The launch of Galaxy Macau™ Phase 2 and Broadway Macau™ has been well received and the majority of the resort’s amenities were launched on the opening date. A majority if not all of the remaining gaming, retail and F&B outlets are expected to be opened by year end. We continue to execute operationally and ramp up the property with a focus on the mass market.*

*In terms of the market, the fundamental drivers for long-term growth - such as increasing domestic consumption, a fast growing affluent middle class in China and planned major infrastructure improvements - remain unaltered, and should drive a new wave of visitors to Macau in the coming years. The strength of our existing offer, unique development pipeline and financial resources, position us well to capture this opportunity.*

*We are passionate about our Chinese heritage where we are focused on supporting Chinese brands and local Macanese SMEs as well as promoting the best of traditional and contemporary Chinese and Asian culture and arts. We are committed to supporting Macau to become the “World Center of Tourism and Leisure”.*

*On 22 May, we paid a special dividend of \$0.28 per share, and reflecting our continued confidence in the long term outlook for Macau and our commitment of returning capital to shareholders, we are pleased to announce another special dividend of \$0.14 per share to be paid in October.*

*I am also pleased to announce the strategic investment into SBM which owns and operates a number of world-class, iconic branded hotels and casinos in the Principality of Monaco. We very much look forward to working with them and building upon this strategic relationship.*

*Finally, I would like to thank all of our team members at GEG for their hard work in enabling the Group to achieve these credible results, successfully launching Galaxy Macau™ Phase 2 and Broadway Macau™ and delivering our renowned ‘World Class, Asian Heart’ service to our guests.”*



## **Successful Opening of the Mass Market focused Galaxy Macau™ Phase 2 and the Family Friendly Broadway Macau™**

The expanded mass market focused Galaxy Macau™ Phase 2 and the brand new family friendly Broadway Macau™ both opened simultaneously on time and on budget on 27 May 2015, bringing GEG's total investment in Cotai to \$43 billion.

### *Galaxy Macau™*

It is one of the world's largest destination resorts ever built, and consists of new signature features such as: the new Skytop Adventure Rapids which complements the largest skytop wave pool in the world; five world class hotels; the Promenade, which includes more than 160 outlets, from high-street brands and flagship stores to designer boutiques, first-to-Macau brands including Alexander Wang, Moncler and Qeelin; flagship stores for Burberry, H&M and T-Galleria Beauty by DFS and international luxury brands Bottega Veneta, Bvlgari, Lanvin, Louis Vuitton and many more; and finally; more than 80 food & beverage outlets, offering everything from authentic pan-Asian cuisine to world class dining experiences from Michelin starred chefs.

### *Broadway Macau™*

Is a unique family friendly, street entertainment and food resort, consisting of: 3,000 seat Broadway Theatre; the vibrant Broadway street entertainment district celebrating the best of Macanese and Chinese culture; Broadway Hotel; 20 retail outlets and 40 mainly local SMEs food & beverage outlets.

Visitors and residents of Macau alike have embraced both new properties, with daily visitor volumes surging significantly.

## **Market Overview**

As expected, the macro challenges of 2014, in particular anti-corruption measures and softening macro-economic conditions in China, carried through into 2015. Total gaming revenue decreased by 37% year-on-year to \$118.1 billion. Second quarter revenue of \$55.2 billion was lower by the same percentage. Visitation of 14.8 million in the first half of 2015 declined slightly by 3% compared to the same period in 2014. Visitors from mainland China now represent 65% of total visitation.

The VIP segment was most impacted by macro conditions, with half-year revenue for Macau as a whole falling 42% to \$67.2 billion (1H 2014: \$116.2 billion). It is still the largest segment of the market, accounting for 57% of total gaming revenue.

The evolution of the market to mass continued, as Macau diversified its offer by adding MICEE, recreational, dining, retail and entertainment options including Galaxy Macau™ Phase 2 and Broadway Macau™ in late May 2015. Mass revenue in Macau as a whole declined by 29% to \$45.2 billion in the first six months of the year but increased its share of the total market to 38% from 34%. Major planned infrastructure such as the Taipa Ferry Terminal, the Hong Kong-Zhuhai-Macau Bridge, the extension of the railway network from Gongbei to Lotus Bridge and the Macau Light Rail Transit, will dramatically improve access to Macau and connectivity within Macau itself, driving visitors to the territory in the future. It is recognized that in the short term, Macau is experiencing some bottlenecks in infrastructure development and completion delays in certain projects.



Electronic gaming revenue was \$5.7 billion in the period (1H 2014: \$7.3 billion). This segment accounts for 5% of the total gaming revenue.

## **Smoking Update**

We are pleased that the Macau Government has indicated some flexibility and are open-minded to consider the retention of smoking lounges. The enabling legislation for the smoking ban is in the committee stage, and could be held up for another year. Allowing smoking lounges would be viewed as a positive for the market. The gaming concessionaires continue to work together for a pragmatic solution.

## **Group Financial Results**

### ***First Half of 2015***

The Group's results for the first half of 2015 include only 35 days of operation of Galaxy Macau™ Phase 2 and Broadway Macau™ which opened on time and on budget on 27 May 2015. The Group posted revenue of \$25.4 billion and Adjusted EBITDA of \$4.2 billion in the first half of 2015. As of 30 June 2015, the latest twelve months Adjusted EBITDA was \$10.0 billion. Net Profit Attributable to Shareholders was \$2.0 billion including \$1.0 billion of non-recurring charges such as \$0.7 billion of pre-opening costs. Galaxy Macau™'s Adjusted EBITDA was \$3.2 billion, a decrease of 41% year-on-year. StarWorld Macau's Adjusted EBITDA decreased 42% year-on-year to \$1.1 billion. Broadway Macau™'s Adjusted EBITDA was \$(2) million, which included \$5 million of bad luck for its first 35 days of operation.

During the first half of 2015, GEG experienced bad luck in gaming operations which reduced Adjusted EBITDA and NPAS by approximately \$265 million, where the majority occurred at Galaxy Macau™.

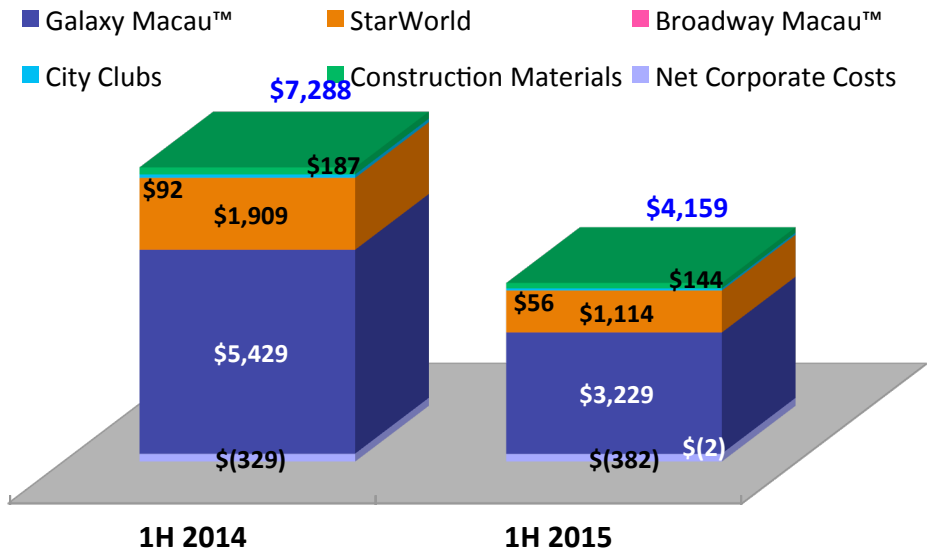
The Group's total gaming revenue on a management basis<sup>1</sup> in the first half of 2015 decreased 36% year-on-year to \$24.5 billion as total mass table revenue decreased 17% year-on-year to \$8.2 billion and total VIP revenue dropped 43% year-on-year to \$15.5 billion.

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<sup>1</sup> The primary difference between statutory revenue and management basis revenue is the treatment of City Clubs revenue where fee income is reported on a statutory basis and gaming revenue is reported on a management basis.



## First Half 2015 - Group Adjusted EBITDA (HK\$'m)



### Second Quarter of 2015

The Group posted revenue of \$11.7 billion and Adjusted EBITDA of \$1.9 billion in the second quarter of 2015. Galaxy Macau™'s Adjusted EBITDA was \$1.4 billion, a decrease of 47% year-on-year. StarWorld Macau's Adjusted EBITDA decreased 38% year-on-year to \$509 million. Broadway Macau™'s Adjusted EBITDA was \$(2) million.

During the second quarter of 2015, GEG experienced bad luck in gaming operations which reduced Adjusted EBITDA by approximately \$335 million, where the majority occurred at Galaxy Macau™.

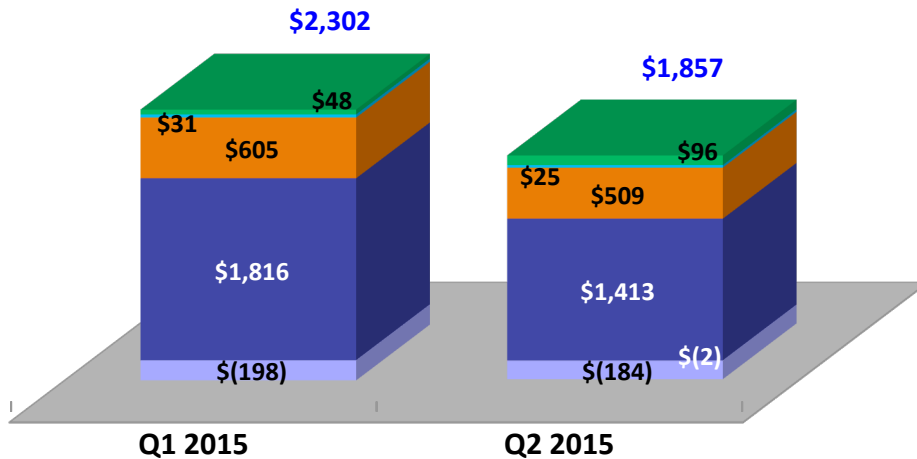
The Group's total gaming revenue on a management basis<sup>2</sup> in the second quarter of 2015 decreased 38% year-on-year to \$11.2 billion as total mass table revenue decreased 19% year-on-year to \$3.9 billion and total VIP revenue dropped 47% year-on-year to \$6.9 billion.

<sup>2</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.



## Second Quarter 2015 - Group Adjusted EBITDA (HK\$m)

- Galaxy Macau™
- StarWorld
- Broadway Macau™
- City Clubs
- Construction Materials
- Net Corporate Costs



### *Accelerating Efficiency after Effective Opening*

Consistent with the successful opening of all new large projects, and to ensure absolute operational readiness on the opening day of Galaxy Macau™ Phase 2 and Broadway Macau™, GEG recruited significant additional staff prior to opening. Inevitably this created a short-term mismatch of revenues and costs. This was an anticipated front-loaded investment to ensure that GEG's customers received the outstanding service and exceptional standards for which GEG is renowned. GEG is now focused on driving economies of scale and moving the property up the efficiency curve as it opens additional facilities to optimize its mass market appeal and revenues.

### *Cost Control Initiatives*

Given the current challenging trading environment we have actively engaged in a review of our cost structures and implemented a number of cost saving initiatives while simultaneously opening two major resorts – Galaxy Macau™ Phase 2 and Broadway Macau™. These initiatives are designed to align our costs with current revenues without compromising customer service standards where, as an example, we have implemented a salary freeze for all senior executives.

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

The Group's balance sheet remains healthy. As of 30 June 2015, cash on hand stood at \$9.4 billion and net cash was \$4.6 billion. Total debt increased from \$2 billion at 31 March 2015 to \$4.8 billion at 30 June 2015 due solely to a treasury management exercise where interest income on cash holdings exceeds corresponding borrowing costs. Following the successful launch of Galaxy Macau™ Phase 2 and Broadway Macau™, the Group will pay another special dividend of \$0.14 per share on or about 30 October 2015.



## Galaxy Macau™

Galaxy Macau™ is the most important contributor to the Group revenue and earnings. In the first half of 2015, Adjusted EBITDA decreased 41% year-on-year to \$3.2 billion, on the back of a 31% year-on-year reduction in revenue to \$17.2 billion. Second quarter Adjusted EBITDA decreased 47% to \$1.4 billion and reflects 35 days of operation of the expanded resort where we continue to ramp up and drive efficiencies. The Group expects to leverage economies of scale across the business as we open all outstanding gaming areas, hotel rooms, retail and F&B outlets. We also experienced bad luck in our gaming operations which reduced Adjusted EBITDA by approximately \$250 million in the first half and \$300 million in the second quarter.

Adjusted EBITDA margin for the first half calculated under HKFRS was 19% (1H 2014: 22%), or 25% under US GAAP (1H 2014: 31%). Adjusted EBITDA margin calculated under HKFRS for the second quarter was 18% (Q2 2014: 22%), or 24% under US GAAP (Q2 2014: 31%). Bad luck reduced margin by approximately 100 basis points for the first half and 250 basis points in the second quarter.

### VIP Gaming Performance

Total VIP rolling chip volume in the first half of the year was \$294 billion. This translated to revenue of \$10.3 billion, 40% down year-on-year. Second quarter volume of \$137.2 billion was 48% lower year-on-year and 12% down sequentially.

#### VIP Gaming

HK\$m	Q2 2014	Q1 2015	Q2 2015	QoQ%	YoY%	1H 2014	1H 2015	YoY%
<b>Turnover</b>	264,340	156,645	<b>137,222</b>	-12%	-48%	517,174	<b>293,867</b>	-43%
<b>Net Win</b>	8,364	5,623	<b>4,659</b>	-17%	-44%	17,061	<b>10,282</b>	-40%
<b>Win %</b>	3.2%	3.6%	<b>3.4%</b>			3.3%	<b>3.5%</b>	

### Mass Gaming Performance

Half-year mass revenue was \$5.4 billion, down 15% year-on-year. Second quarter revenue was \$2.5 billion, down 13% sequentially.

#### Mass Gaming

HK\$m	Q2 2014	Q1 2015	Q2 2015	QoQ%	YoY%	1H 2014	1H 2015	YoY%
<b>Table Drop</b>	6,943	6,018	<b>6,542</b>	9%	-6%	14,311	<b>12,560</b>	-12%
<b>Net Win</b>	3,020	2,879	<b>2,496</b>	-13%	-17%	6,351	<b>5,375</b>	-15%
<b>Hold %</b>	43.5%	47.8%	<b>38.2%</b>			44.4%	<b>42.8%</b>	

### Electronic Gaming Performance

Electronic gaming revenue was \$694 million, 13% lower year-on-year. Second quarter revenue was \$378 million, up 20% sequentially.



### Electronic Gaming

HK\$'m	Q2 2014	Q1 2015	Q2 2015	QoQ%	YoY%	1H 2014	1H 2015	YoY%
Slots Handle	8,823	7,608	<b>9,579</b>	26%	9%	17,741	<b>17,187</b>	-3%
Net Win	384	316	<b>378</b>	20%	-2%	796	<b>694</b>	-13%
Hold %	4.4%	4.2%	<b>3.9%</b>			4.5%	<b>4.0%</b>	

### Non-Gaming Performance

Non-gaming revenue increased by 15% year-on-year to \$853 million.

Covering a range of price points, from the luxury of the Ritz Carlton Macau to Galaxy Hotel, the combined five hotels registered strong occupancy of 96% for the half year on available rooms and 97% for Q2. Occupancy across the five hotels for the month of June 2015 for the expanded resort was 97%.

Net Rental Revenue for the Promenade was \$156 million for 1H 2015, an increase of 86% compared to \$84 million in the corresponding period. The primary reason for the increase was the opening of the Promenade in late May 2015.

### Non-Gaming Revenue

HK\$'m	1H 2014	1H 2015	YoY%
Net Rental Revenue	84	156	86%
Hotel Revenue / F&B / Others	660	697	6%
Total	744	853	15%

### StarWorld Macau

StarWorld Macau reported 42% year-on-year reductions in revenue and Adjusted EBITDA of \$7.1 billion and \$1.1 billion, respectively, as strong headwinds impacted its VIP business in particular. Second quarter Adjusted EBITDA was \$509 million, 38% lower year-on-year and 16% sequentially. We also experienced bad luck in our gaming operations which reduced Adjusted EBITDA by approximately \$10 million in the first half and \$30 million in the second quarter.

Adjusted EBITDA margin in the half year under HKFRS increased slightly by 1% to 16% compared to the same period last year, and under US GAAP was lower by two percentage points at 23% in the same period.

Bad luck reduced adjusted EBITDA margin by approximately 100 basis points for both the first half and the second quarter.

### VIP Gaming Performance

StarWorld Macau reported VIP rolling chip volume of \$160 billion in the first half of the year, a decrease of 54% year-on-year. This translated to a 49% year-on-year reduction in revenue to \$5 billion. Second quarter revenue decreased 27% quarter-on-quarter to \$2.1 billion.





#### VIP Gaming

HK\$'m	Q2 2014	Q1 2015	Q2 2015	QoQ%	YoY%	1H 2014	1H 2015	YoY%
<b>Turnover</b>	168,460	88,491	<b>71,448</b>	-19%	-58%	348,673	<b>159,939</b>	-54%
<b>Net Win</b>	4,260	2,905	<b>2,112</b>	-27%	-50%	9,816	<b>5,017</b>	-49%
<b>Win %</b>	2.5%	3.3%	<b>3.0%</b>			2.8%	<b>3.1%</b>	

#### Mass Gaming Performance

StarWorld Macau half-year mass gaming revenue was \$1.9 billion, 16% lower year-on-year. Second quarter revenue increased 1% sequentially to \$951 million.

#### Mass Gaming

HK\$'m	Q2 2014	Q1 2015	Q2 2015	QoQ%	YoY%	1H 2014	1H 2015	YoY%
<b>Table Drop</b>	2,874	2,330	<b>2,465</b>	6%	-14%	5,808	<b>4,795</b>	-17%
<b>Net Win</b>	1,094	939	<b>951</b>	1%	-13%	2,241	<b>1,890</b>	-16%
<b>Hold %</b>	37.6%	40.3%	<b>38.6%</b>			38.1%	<b>39.4%</b>	

#### Electronic Gaming Performance

StarWorld Macau's electronic gaming generated revenue of \$66 million. Second quarter net win was \$33 million.

#### Electronic Gaming

HK\$'m	Q2 2014	Q1 2015	Q2 2015	QoQ%	YoY%	1H 2014	1H 2015	YoY%
<b>Slots Handle</b>	727	497	<b>480</b>	-3%	-34%	1,724	<b>977</b>	-43%
<b>Net Win</b>	48	33	<b>33</b>	0%	-31%	100	<b>66</b>	-34%
<b>Hold %</b>	6.6%	6.6%	<b>7.0%</b>			5.8%	<b>6.8%</b>	

#### Non-Gaming Performance

Non-gaming revenue in the first six months of 2015 was \$154 million. Hotel room occupancy was 96% for the 1H of 2015 and was 99% in Q2 2015.

#### Broadway Macau™

Broadway Macau™ was only open for 35 days during the period and does not have a VIP gaming component. Revenue for the period was \$64 million while Adjusted EBITDA for the period was \$(2) million. We continue to ramp up the property and open the remaining facilities including additional food & beverage and retail outlets. As previously stated, bad luck in gaming operations reduced Adjusted EBITDA by approximately \$5 million in the second quarter.

#### Mass Gaming Performance

Broadway Macau™'s mass gaming revenue was \$37 million.



#### Mass Gaming

HK\$'m	Q2 2015	QoQ%	YoY%	1H 2015	YoY%
Table Drop	177	n/a	n/a	177	n/a
Net Win	37	n/a	n/a	37	n/a
Hold %	20.7%			20.7%	

#### Electronic Gaming Performance

Broadway Macau™'s electronic gaming revenue was \$4 million.

#### Electronic Gaming

HK\$'m	Q2 2015	QoQ%	YoY%	1H 2015	YoY%
Slots Handle	58	n/a	n/a	58	n/a
Net Win	4	n/a	n/a	4	n/a
Hold %	7.1%			7.1%	

#### Non-Gaming Performance

Non-gaming revenue for the 35 day period was \$23 million and hotel room occupancy was 99%.

#### City Clubs and Construction Materials Division

City Clubs' Adjusted EBITDA for 1H 2015 was \$56 million versus \$92 million in the same period last year. The Adjusted EBITDA for the second quarter 2015 was \$25 million versus \$44 million in the same period last year. Its performance tracked the market and was in line with management's expectations.

The Construction Materials Division reported Adjusted EBITDA of \$144 million versus 1H 2014 of \$187 million. Second quarter Adjusted EBITDA was \$96 million compared to \$114 million in the same period last year.

#### COTAI, HENGQIN AND INTERNATIONAL DEVELOPMENT UPDATE

##### Phases 3 & 4 on Cotai

GEG has an unrivalled development pipeline in Macau. It plans to expand its Cotai footprint by a further one million square meters in the coming years with the addition of Phases 3 & 4. We continue to develop our masterplan and site investigation works are expected to commence in the later part of 2015/early 2016.

##### Hengqin

GEG continues to advance its conceptual plans to develop a world class destination resort on a 2.7 square kilometer land parcel on Hengqin. The low rise, low density resort will complement the Group's high energy properties located in Macau.

##### International

GEG continues to actively explore development opportunities in overseas markets.



### Selected Major Awards in 1H 2015

	Award	Presenter
GEG	Casino Operator of the Year Australia / Asia	International Gaming Awards
	4th Outstanding Corporate Social Responsibility Award	The Mirror
	Best Investor Relations Company – Large Cap	Hong Kong Investor Relations Association
	Best Investor Relations Presentation Collaterals – Large Cap	
Galaxy Macau™	Casino VIP Room of the Year	International Gaming Awards
	World's Best Hotel 2014-2015	International Hotel Awards
	2014 Asia's Top Entertainment Complex	NOW Travel Asia
	Hurun Report Best of the Best Awards – Luxury Hotel Wedding in Macau Star Performer	Hurun Report
	TripAdvisor's Traveler Choice 2015 Winner – Top Hotel for Romance & Top Luxury Hotel (China)	TripAdvisor
	2015 Forbes Travel Guide – Five-Star Hotel (Banyan Tree Macau)	Forbes Travel Guide
	2015 Forbes Travel Guide – Five-Star Spa (Banyan Tree Spa Macau)	
	2014 Macao Green Hotel Award – Silver Award	DSPA – 2014 Macao Green Hotel
	LEED gold certification– Galaxy Macau Phase 2	United States Green Building Council
StarWorld Macau	Ranked as "Top Class Comfort" 2015	Michelin Guide Hong Kong Macau
	Top 10 Glamorous Hotels of China	China Hotel Starlight Awards
	Best Service Hotel of Asia	Golden Horse Award of China Hotel

### Subsequent Events – Strategic Minority Investment, Another Special Dividend and Resignation of Board Member

#### *Strategic Investment*

On 25 July 2015, GEG announced a strategic minority investment in Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco ("SBM") listed on the Euronext Paris.

SBM is a world renowned owner and operator of iconic luxury hotels and casinos in the Principality of Monaco. SBM's hotel properties include: Hôtel de Paris Monte-Carlo, Hôtel Hermitage Monte-Carlo, Monte-Carlo Beach, Monte-Carlo Bay Hotel & Resort, Villa La Vigie and Villas du Sporting, and its casino properties comprise: Casino de Monte-Carlo, Casino Café de Paris, Sun Casino and Monte-Carlo Bay Casino.

GEG is acquiring ordinary shares equivalent to approximately 5.00% of the issued share capital of SBM from an independent third party who is unconnected with GEG or its connected persons.

#### *Special Dividend*



GEG has healthy cash holdings and solid cash flows from operations. The Board of Directors has decided to announce a special dividend of \$0.14 per share, payable on or about 30 October 2015.

### *Board Resignation*

On 19 August 2015, Mr. Anthony Carter, Non-Executive Director of GEG advised the company of his resignation from the Board of GEG effective immediately. The Board would like to express its gratitude to Mr. Carter for his support and invaluable contribution to GEG during his term of appointment and offers its best wishes to him.

### **Outlook**

GEG performed credibly during the half considering continuing challenging market conditions. The highlight of the period was the successful opening, on time and on budget, of Galaxy Macau™ Phase 2 and Broadway Macau™. Their contribution to Macau is already being realized through the creation of significant additional jobs, the support they are providing to the development of small and local enterprises in the region, and the platform they have given to Asian and Chinese brands to showcase themselves to the world.

GEG will continue to effectively manage its properties through this challenging period of adjustment to a “new normal”, and will be well positioned to achieve sustainable growth as a result of its differentiated proposition and unparalleled development pipeline, when conditions improve.

We are pleased to see some indications of market stabilization and government support including signs of flexibility with the retention of smoking lounges and improvement in transit visas. We continue to manage our costs and drive operating efficiencies while continuing to invest in staff training and development, among others. We encourage everyone in Macau to harmoniously work together during these challenging times.

GEG is optimistic about the prospects for Macau and the Group in the medium to long term. We are focused on executing operationally, ramping up the mass market, driving cost controls and efficiencies and opening the remaining gaming, F & B and retail components of our expanded resort.

We look forward to the completion of major infrastructure works which will transform access to Macau and, the ongoing transformation of the Pearl Delta River region through the development of new entertainment, leisure, cultural and business venues which should drive increasing visitor numbers to the region for many years to come.

**- END -**



### **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 (27.HK) and is a member of the Hang Seng Index.

GEG is one of six gaming concessionaires in Macau with an exceptional 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 boutique 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 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](http://www.galaxyentertainment.com)