



# **GALAXY ENTERTAINMENT GROUP**

## **Q4 & ANNUAL RESULTS 2017**

### **DELIVERS RECORD ADJUSTED EBITDA DRIVEN BY MASS**

**Q4 2017 GROUP ADJUSTED EBITDA OF \$4.2 BILLION, UP 40% YOY & 18% QOQ**

**FULL YEAR 2017 GROUP ADJUSTED EBITDA OF \$14.1 BILLION, UP 37% YOY**

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

### **ACTIVELY PURSUING JAPAN AND THE PHILIPPINES**

### **SUBSEQUENTLY ANNOUNCED ANOTHER SPECIAL DIVIDEND**

**\$0.41 PER SHARE, UP 58% COMPARED TO APRIL 2017**

Hong Kong, 28 February 2018 – Galaxy Entertainment Group (“GEG”, “Company” or the “Group”) (HKEx stock code: 27) today reported results for the three months and twelve months periods ended 31 December 2017. (All amounts are expressed in Hong Kong dollars unless otherwise stated)

#### **Q4 & FULL YEAR 2017 RESULTS HIGHLIGHTS**

##### **GEG: Record Full Year and Q4 Adjusted EBITDA Driven by Record Mass, Improving VIP and Operating Efficiency**

- Q4 2017 Group Adjusted EBITDA increased by 40% year-on-year and increased by 18% quarter-on-quarter to \$4.2 billion
- Full year Group revenue increased by 18% year-on-year to \$62.5 billion
- Full year Group Adjusted EBITDA increased by 37% year-on-year to \$14.1 billion
- Full year net profit attributable to shareholders (“NPAS”) of \$10.5 billion, an increase of 67% year-on-year including \$0.5 billion of non-recurring charges
- Full year Adjusted NPAS of \$11.0 billion, up 61% year-on-year after adjusting for non-recurring charges
- Played lucky in Q4 2017 which increased Adjusted EBITDA by approximately \$52 million
- Normalized Q4 2017 Adjusted EBITDA grew 46% year-on-year and grew 13% quarter-on-quarter to \$4.1 billion

##### **Galaxy Macau™: Record Full Year and Q4 Adjusted EBITDA**

- Q4 2017 Adjusted EBITDA increased by 42% year-on-year and increased by 24% quarter-on-quarter to \$3.4 billion
- Full year revenue increased by 17% year-on-year to \$44.6 billion
- Full year Adjusted EBITDA increased by 31% year-on-year to \$11.1 billion
- Full year non-gaming revenue increased by 6% year-on-year to \$3.0 billion
- Hotel occupancy across the five hotels in Q4 2017 was virtually 100%
- Played lucky in Q4 2017 which increased Adjusted EBITDA by approximately \$154 million
- Normalized Q4 2017 Adjusted EBITDA grew 41% year-on-year and 12% quarter-on-quarter to \$3.2 billion

##### **StarWorld Macau: Strong Performance Despite Bad Luck**

- Q4 2017 Adjusted EBITDA increased by 18% year-on-year and decreased by 6% quarter-on-quarter to \$751 million
- Full year revenue increased by 20% year-on-year to \$14.2 billion
- Full year Adjusted EBITDA increased by 38% year-on-year to \$3.0 billion
- Hotel occupancy in Q4 2017 was virtually 100%
- Played unlucky in Q4 2017 which decreased Adjusted EBITDA by approximately \$106 million
- Normalized Q4 2017 Adjusted EBITDA grew 44% year-on-year and grew 14% quarter-on-quarter to \$857 million



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

- Q4 2017 Adjusted EBITDA was \$7 million Vs \$14 million in Q4 2016
- Full year revenue was \$514 million Vs \$676 million in 2016
- Full year Adjusted EBITDA was \$10 million Vs \$30 million in 2016
- Hotel occupancy in Q4 2017 was virtually 100%
- Played lucky in Q4 2017 which increased Adjusted EBITDA by approximately \$4 million
- Normalized Q4 2017 Adjusted EBITDA was \$3 million Vs \$8 million in Q4 2016

**Balance Sheet: Remains Well Capitalized and Liquid**

- Cash and liquid investments was \$41.4 billion and net cash was \$31.7 billion as at 31 Dec 2017
- Debt of \$9.7 billion as of 31 December 2017 primary reflects ongoing yield management initiative
- Paid two special dividends in the year: \$0.26 per share on 28 April 2017 and \$0.33 per share on 27 October 2017
- Subsequently announced another special dividend of \$0.41 per share payable on or about 27 April 2018, a 58% increase compared to April 2017

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

- Cotai Phases 3 & 4 – Continue to move forward with Phases 3 & 4, with a strong focus on non-gaming, primarily targeting MICE, entertainment, family facilities and also including gaming
- Hengqin – Plans moving forward to develop a low-density integrated resort to complement our high-energy entertainment resorts in Macau, anticipate to disclose further details later in the year
- International – Continuously exploring opportunities in overseas markets, including Japan
- Philippines – Exploring to develop a premium quality eco-friendly beach resort on Boracay Island

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

*“I am pleased to provide an update on our financial results for Q4 and full year 2017. 2017 was a year of sustainable and growing revenues with a continued commitment to delivering memorable customer experiences across our resorts. Our focus on operational execution in general and growing our mass and premium mass businesses specifically has been rewarded with the Group reporting full year revenue of \$62.5 billion, up 18% year-on-year and record full year Adjusted EBITDA of \$14.1 billion, up 37% year-on-year.*

*Our Q4 2017 Adjusted EBITDA outperformed the market by growing 40% year-on-year and 18% quarter-on-quarter to a record \$4.2 billion. This represents our 8<sup>th</sup> consecutive quarter of year-on-year EBITDA growth despite the opening of competitive new capacity.*

*On 23 August 2017, Macau experienced Typhoon Hato, the most devastating typhoon in more than 50 years and I am very proud of the fact that the GEG Foundation and the Lui Che Woo Foundation contributed a total of MOP60 million in support of individuals and organizations in need as a results of the typhoon. Additionally, many GEG team members contributed significant hours and effort to help support the community. Macau demonstrated its resilience with the entire community working together to rebuild the city.*

*During 2017, Macau experienced the first annual gaming revenue growth in recent years. Gross gaming revenue grew 19% year-on-year to \$258 billion. Total visitations were 32.6 million, up 5% year-on-year. More importantly, overnight visitors grew at a faster rate of 10% year-on-year.*

*During 2017, the Group paid two special dividends of \$0.26 and \$0.33 per share. Subsequently we announced another special dividend of \$0.41 per share to be paid on or about 27 April 2018, a 58% increase compared to April 2017. This confirms our commitment to return capital to*



*shareholders, whilst maintaining an exceptionally strong and liquid balance sheet to fund our growth development pipeline and international expansion ambitions.*

*Our balance sheet remains one of the strongest in global gaming with cash and liquid investments of \$41.4 billion and net cash of \$31.7 billion. Our stable cash flows combined with a strong balance sheet provides us with great flexibility in funding our development pipeline and international expansion opportunities. These include Cotai Phases 3 & 4, Hengqin, Japan and Boracay in the Philippines.*

*During the year, the Macau Government set new standards for financial reporting. We welcome these higher levels of reporting which will bring greater transparency and understanding to the Macau gaming market. Regionally, the Central Government's policy of the Belt and Road initiative and the Greater Bay Area integration plan will drive the macro economy and further increase visitation to Macau.*

*I am confident in the medium to longer term outlook for Macau and this confidence is based upon the continued solid economic performance of Mainland China and the significantly underpenetrated tourist markets in China and Asia. Additionally, the opening of new properties in Macau in 2018 and the launch of the Hong Kong-Zhuhai-Macau Bridge should stimulate growth in the shorter term period.*

*We are committed to continue to support the Macau Government's vision to develop Macau into a World Centre of Tourism and Leisure as demonstrated by GEG's Cotai Phases 3 & 4 and our planned development in Hengqin. Further we fully support the Central Government's Belt & Road initiative as evidenced by our proposed beach front resort development in Boracay, Philippines.*

*I would like to extend my sincere appreciation to all of our committed team members who continue to deliver exceptional customer experiences and 'World Class, Asian Heart' service every day."*

## **Market Overview**

Despite increased competition both in Macau and regionally, combined with a number of geo-political events occurring globally during 2017, we are encouraged to see that Macau is experiencing a continued market recovery. Gross gaming revenue for 2017 was \$258 billion, up 19% year-on-year. Q4 2017 gross gaming revenue was \$70.3 billion, up 20% year-on-year and up 8% quarter-on-quarter.

During 2017, visitation to Macau was 32.6 million, up 5% year-on-year. Visitors from Mainland were 22 million, up 9% compared to 2016. In particular, overnight visitors grew at a faster rate of 10% year-on-year. New hotel capacity has successfully grown overnight visitation. We view this trend as very positive as overnight visitors have a higher spend per customer than day trippers. The average length of stay of overnight visitors was 2.1 days in 2017.

Infrastructure continued to progress in 2017. The opening of the new Taipa Ferry Terminal and the additional train lines to Zhuhai added to the high speed train network help make it easier to visit Macau. We look forward to the opening of the Hong Kong-Zhuhai-Macau Bridge which will further enhance the appeal and accessibility to Macau for both Chinese and International visitors.



On the regulatory side, the Macau Government set new standards for financial reporting which helps to bring greater transparency. The revised smoking bill was passed in 2017 and operators will enhance standards of their smoking lounges on the main gaming floor and install smoking lounges into VIP rooms no later than 1 January 2019, thereby enhancing the work place environment.

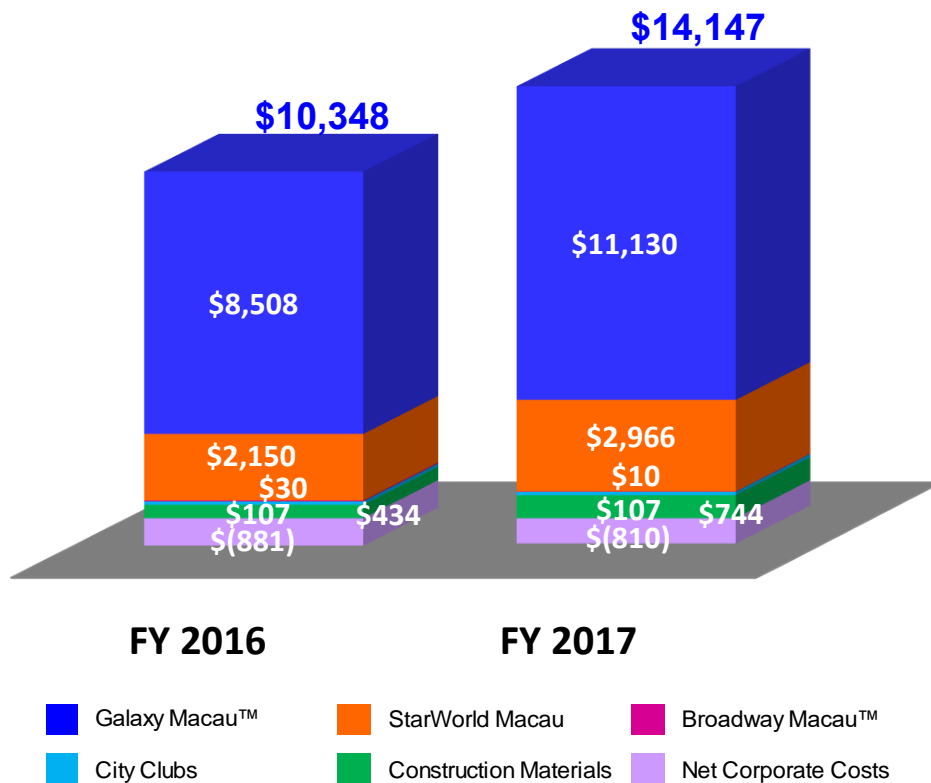
## Group Financial Results

### Full Year 2017

The Group posted revenue of \$62.5 billion, up 18% year-on-year, and generating Adjusted EBITDA of \$14.1 billion, up 37% year-on-year in 2017. Net profit attributable to shareholders was \$10.5 billion. Galaxy Macau™'s Adjusted EBITDA was \$11.1 billion, up 31% year-on-year. StarWorld Macau's Adjusted EBITDA was \$3.0 billion, up 38% year-on-year. Broadway Macau™'s Adjusted EBITDA was \$10 million Vs \$30 million in 2016.

GEG experienced bad luck in its gaming operation during 2017, which decreased its Adjusted EBITDA by approximately \$37 million. Normalized 2017 Adjusted EBITDA grew 44% year-on-year to \$14.2 billion.

**FY2017 GEG Adjusted EBITDA (HK\$'m)**





The Group's total gaming revenue on a management basis<sup>1</sup> in 2017 was \$58.0 billion, up 17% year-on-year as total mass table games revenue was \$24.2 billion, up 15% year-on-year and total VIP revenue was \$31.6 billion, up 19% year-on-year.

#### Group Gaming in 2017

HK\$m	Turnover / Table Drop / Slots Handle	Net Win	Win % / Hold %
VIP Gaming	912,147	31,600	3.5%
Mass Gaming	58,786	24,208	41.2%
Electronic Gaming	61,847	2,161	3.5%

#### Group Gaming in 2016

HK\$m	Turnover / Table Drop / Slots Handle	Net Win	Win % / Hold %
VIP Gaming	716,279	26,553	3.7%
Mass Gaming	52,451	20,977	40.0%
Electronic Gaming	56,342	1,966	3.5%

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

The Group's balance sheet remains liquid and healthy. As of 31 December 2017, cash and liquid investments were \$41.4 billion and net cash was \$31.7 billion. Total debt increased from \$5.9 billion at 31 December 2016 to \$9.7 billion at 31 December 2017. This was due solely to a treasury management exercise where interest income on cash holdings exceeds corresponding borrowing costs. Our strong balance sheet combined with substantial cash flow from operations allows us to return capital to shareholders via dividends and to fund our development pipeline and international expansion ambitions.

In 2017, GEG returned capital to shareholders by paying two special dividends of \$0.26 per share and \$0.33 per share on 28 April 2017 and 27 October 2017, respectively. Subsequently the Group announced another special dividend of \$0.41 per share to be paid on or about 27 April 2018, a 58% increase compared to April 2017.

#### **Q4 2017**

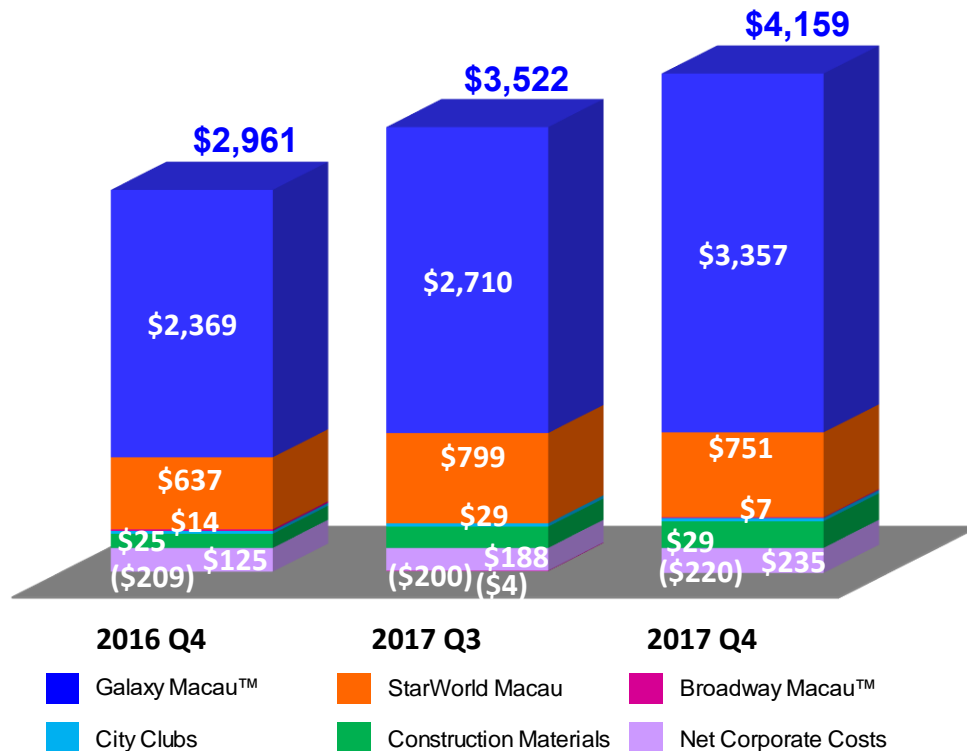
Finishing the year on a positive note, Q4 Group revenue increased 13% quarter-on-quarter to \$18 billion and Adjusted EBITDA increased 18% quarter-to-quarter to \$4.2 billion. Galaxy Macau™'s Adjusted EBITDA increased 42% year-on-year to \$3.4 billion. StarWorld Macau's Adjusted EBITDA increased 18% year-on-year to \$751 million in Q4. Broadway Macau™'s Adjusted EBITDA was \$7 million Vs \$14 million in 2016.

During Q4 2017, GEG experienced good luck in gaming operations which increased Adjusted EBITDA by approximately \$52 million. Normalized Q4 2017 Adjusted EBITDA grew 46% year-on-year and grew 13% quarter-on-quarter to \$4.1 billion.

<sup>1</sup> The primary difference between statutory revenue and management basis revenue is the treatment of City Clubs revenue where fee income is reported on a statutory basis and gaming revenue is reported on a management basis. At the Group level the gaming statistics include Company owned resorts plus City Clubs.



**Q4 2017 GEG Adjusted EBITDA (HK\$'m)**



The Group's total gaming revenue on a management basis<sup>2</sup> in Q4 2017 increased 25% year-on-year to \$16.7 billion as total mass table games revenue increased by 18% year-on-year to \$6.7 billion while total VIP revenue increased 32% year-on-year to \$9.5 billion.

**Group Gaming in Q4 2017**

HK\$'m	Turnover / Table Drop / Slots Handle	Net Win	Win % / Hold %
VIP Gaming	280,698	9,481	3.4%
Mass Gaming	15,612	6,655	42.6%
Electronic Gaming	15,936	551	3.5%

**Group Gaming in Q4 2016**

HK\$'m	Turnover / Table Drop / Slots Handle	Net Win	Win % / Hold %
VIP Gaming	190,746	7,194	3.8%
Mass Gaming	13,528	5,632	41.6%
Electronic Gaming	14,732	513	3.5%

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



## Galaxy Macau™

Galaxy Macau™ is the primary contributor to Group revenue and earnings. Revenue in the year was up 17% year-on-year to \$44.6 billion. Adjusted EBITDA was up 31% year-on-year to \$11.1 billion. Adjusted EBITDA margin under HKFRS was 25% (2016: 22%), or 32% under US GAAP (2016: 28%).

Galaxy Macau™ experienced bad luck in its gaming operations which decreased its Adjusted EBITDA by approximately \$35 million in 2017. Normalized 2017 Adjusted EBITDA grew 39% year-on-year to \$11.2 billion.

Q4 2017 Adjusted EBITDA was up 24% quarter-on-quarter to \$3.4 billion, which included approximately \$154 million of good luck. Q4 2017 Adjusted EBITDA margin under HKFRS increased to 25% (Q4 2016: 23%), or 34% under US GAAP (Q4 2016: 30%). Normalized Q4 2017 Adjusted EBITDA grew 41% year-on-year and grew 12% quarter-on-quarter to \$3.2 billion.

### VIP Gaming Performance

Total VIP rolling chip volume for the year was \$621.5 billion, up 27% year-on-year. This translated to revenue of \$23.1 billion, up 18% year-on-year. Q4 2017 revenue was \$192.0 billion, increased 50% year-on-year and increased 16% quarter-on-quarter.

#### VIP Gaming

HK\$m	Q4 2016	Q3 2017	Q4 2017	QoQ%	YoY%	FY2016	FY2017	YOY%
Turnover	127,814	164,876	191,995	16%	50%	490,694	621,525	27%
Net Win	5,057	5,854	7,263	24%	44%	19,540	23,060	18%
Win %	4.0%	3.6%	3.8%	--	--	4.0%	3.7%	--

### Mass Gaming Performance

Mass gaming revenue increased 19% year-on-year to \$16.7 billion for 2017. Q4 revenue increased 21% year-on-year to \$4.7 billion, and increased 12% quarter-on-quarter.

#### Mass Gaming

HK\$m	Q4 2016	Q3 2017	Q4 2017	QoQ%	YoY%	FY2016	FY2017	YOY%
Table Drop	8,375	9,619	10,121	5%	21%	32,046	37,509	17%
Net Win	3,860	4,169	4,682	12%	21%	13,969	16,664	19%
Hold %	46.1%	43.3%	46.3%	--	--	43.6%	44.4%	--

### Electronic Gaming Performance

Electronic gaming revenue was \$1.8 billion, an increase of 6% year-on-year. Q4 revenue was \$467 million, up 6% year-on-year and down 3% quarter-on-quarter.

#### Electronic Gaming

HK\$m	Q4 2016	Q3 2017	Q4 2017	QoQ%	YoY%	FY2016	FY2017	YOY%
Slots Handle	11,647	11,708	11,782	1%	1%	46,531	46,062	(1)%
Net Win	441	482	467	(3)%	6%	1,730	1,842	6%
Hold %	3.8%	4.1%	4.0%	--	--	3.7%	4.0%	--



### Non-Gaming Performance

Full year non-gaming revenue was \$3 billion, up 6% year-on-year. Q4 non-gaming revenue was \$811 million, up 7% year-on-year and up 5% quarter-on-quarter. The combined five hotels registered strong occupancy of 98% for the full year and virtually 100% in Q4.

Full year net rental revenue for The Promenade was \$906 million, up 16% year-on-year. Q4 net rental revenue for The Promenade was \$250 million, up 13% quarter-on-quarter and up 11% year-on-year.

#### Non-Gaming

HK\$m	Q4 2016	Q3 2017	Q4 2017	QoQ%	YoY%	FY2016	FY2017	YOY%
Net Rental Rev	225	222	250	13%	11%	782	906	16%
Hotel/F&B/Others	532	551	561	2%	5%	2,041	2,098	3%
<b>Total</b>	757	773	<b>811</b>	5%	7%	2,823	<b>3,004</b>	6%

### StarWorld Macau

StarWorld Macau's revenue in the year was up 20% year-on-year to \$14.2 billion. Adjusted EBITDA was up 38% year-on-year to \$3.0 billion. Adjusted EBITDA margin under HKFRS increased to 21% (2016: 18%), or 29% under US GAAP (2016: 25%).

There was no material luck impact for StarWorld Macau's Adjusted EBITDA in 2017.

Q4 2017 Adjusted EBITDA was down 6% quarter-on-quarter to \$751 million, which included approximately \$106 million of bad luck. Q4 Adjusted EBITDA margin under HKFRS was 20% (Q4 2016: 19%), or 28% under US GAAP (Q4 2016: 26%). Normalized Q4 2017 Adjusted EBITDA grew 44% year-on-year and grew 14% quarter-on-quarter to \$857 million.

### VIP Gaming Performance

VIP rolling chip volume for 2017 was \$278.6 billion, up 30% year-on-year. This translated to revenue of \$8.2 billion, up 24% year-on-year. Q4 revenue was \$2.1 billion, up 1% year-on-year and down 8% quarter-on-quarter.

#### VIP Gaming

HK\$m	Q4 2016	Q3 2017	Q4 2017	QoQ%	YoY%	FY2016	FY2017	YOY%
Turnover	60,149	66,891	85,920	28%	43%	215,040	278,575	30%
Net Win	2,087	2,292	2,116	(8)%	1%	6,637	8,213	24%
Win %	3.5%	3.4%	2.5%	--	--	3.1%	2.9%	--

### Mass Gaming Performance

Mass gaming revenue for 2017 increased by 15% year-on-year to \$5.6 billion. Q4 revenue was \$1.5 billion, up 17% year-on-year and up 3% quarter-on-quarter.





### Mass Gaming

HK\$m	Q4 2016	Q3 2017	Q4 2017	QoQ%	YoY%	FY2016	FY2017	YOY%
<b>Table Drop</b>	3,303	3,569	<b>3,694</b>	4%	12%	12,538	<b>14,206</b>	13%
<b>Net Win</b>	1,251	1,425	<b>1,467</b>	3%	17%	4,871	<b>5,609</b>	15%
<b>Hold %</b>	37.9%	39.9%	<b>39.7%</b>	--	--	38.8%	<b>39.5%</b>	--

### Electronic Gaming Performance

Electronic gaming revenue was \$146 million, an increase of 39% year-on-year. Q4 revenue was \$35 million, down 8% year-on-year and down 15% quarter-on-quarter.

### Electronic Gaming

HK\$m	Q4 2016	Q3 2017	Q4 2017	QoQ%	YoY%	FY2016	FY2017	YOY%
<b>Slots Handle</b>	1,399	1,570	<b>1,640</b>	4%	17%	2,878	<b>6,472</b>	125%
<b>Net Win</b>	38	41	<b>35</b>	(15)%	(8)%	105	<b>146</b>	39%
<b>Hold %</b>	2.7%	2.6%	<b>2.1%</b>	--	--	3.7%	<b>2.3%</b>	--

### Non-Gaming Performance

Full year non-gaming revenue was \$212 million, up 2% year-on-year. Q4 non-gaming revenue was \$60 million, up 9% year-on-year and up 18% quarter-on-quarter. Hotel occupancy was 99% for full year and virtually 100% in Q4.

### Non-Gaming

HK\$m	Q4 2016	Q3 2017	Q4 2017	QoQ%	YoY%	FY2016	FY2017	YOY%
<b>Net Rental Rev</b>	10	12	<b>13</b>	8%	30%	37	<b>48</b>	30%
<b>Hotel/F&amp;B/Others</b>	45	39	<b>47</b>	21%	4%	171	<b>164</b>	(4)%
<b>Total</b>	55	51	<b>60</b>	18%	9%	208	<b>212</b>	2%

### Broadway Macau™

Broadway Macau™ is a unique family friendly, street entertainment and food resort supported by Macau SMEs, it does not have a VIP gaming component. The property's revenue in 2017 was down 24% year-on-year to \$514 million. Adjusted EBITDA was \$10 million for 2017 Vs \$30 million in 2016.

Broadway Macau™ experienced bad luck in its gaming operations which decreased its Adjusted EBITDA by approximately \$2 million in 2017. Normalized 2017 Adjusted EBITDA was \$12 million Vs \$24 million in 2016.

Q4 2017 Adjusted EBITDA was \$7 million Vs \$14 million in Q4 2016, which included approximately \$4 million of good luck in Q4. Normalized Q4 2017 Adjusted EBITDA was \$3 million Vs \$8 million in Q4 2016.

### Mass Gaming Performance

Mass gaming revenue in 2017 was \$262 million, down 42% year-on-year. Q4 gaming revenue was \$75 million, down 25% year-on-year and up 56% quarter-on-quarter.



### Mass Gaming

HK\$m	Q4 2016	Q3 2017	Q4 2017	QoQ%	YoY%	FY2016	FY2017	YOY%
<b>Table Drop</b>	393	184	<b>262</b>	42%	(33)%	1,970	<b>1,062</b>	(46)%
<b>Net Win</b>	100	48	<b>75</b>	56%	(25)%	449	<b>262</b>	(42)%
<b>Hold %</b>	25.5%	26.1%	<b>28.5%</b>	--	--	22.8%	<b>24.6%</b>	--

### Electronic Gaming Performance

Electronic gaming revenue in 2017 was \$31 million, up 3% year-on-year. Q4 revenue was \$9 million, up 50% year-on-year and up 50% quarter-on-quarter.

### Electronic Gaming

HK\$m	Q4 2016	Q3 2017	Q4 2017	QoQ%	YoY%	FY2016	FY2017	YOY%
<b>Slots Handle</b>	103	183	<b>327</b>	79%	218%	522	<b>1,019</b>	95%
<b>Net Win</b>	6	6	<b>9</b>	50%	50%	30	<b>31</b>	3%
<b>Hold %</b>	5.9%	3.1%	<b>2.7%</b>	--	--	5.7%	<b>3.0%</b>	--

### Non-Gaming Performance

Full year non-gaming revenue was \$221 million, up 12% year-on-year. Q4 non-gaming revenue was \$63 million, up 19% year-on-year and up 24% quarter-on-quarter. Hotel occupancy was virtually 100% for the full year and Q4.

### Non-Gaming

HK\$m	Q4 2016	Q3 2017	Q4 2017	QoQ%	YoY%	FY2016	FY2017	YOY%
<b>Net Rental Rev</b>	13	9	<b>11</b>	22%	(15)%	57	<b>40</b>	(30)%
<b>Hotel/F&amp;B/Others</b>	40	42	<b>52</b>	24%	30%	140	<b>181</b>	29%
<b>Total</b>	53	51	<b>63</b>	24%	19%	197	<b>221</b>	12%

### City Clubs and Construction Materials Division

City Clubs contributed \$107 million of Adjusted EBITDA to the Group's earnings for 2017 Vs \$107 million in 2016. Q4 2017 Adjusted EBITDA was \$29 million, up 16% year-on-year.

The Construction Materials Division contributed Adjusted EBITDA of \$744 million in 2017 Vs \$434 million in 2016, up 71% year-on-year. Q4 2017 Adjusted EBITDA was \$235 million Vs \$125 million in Q4 2016, up 88% year-on-year and up 25% quarter-on-quarter.

### Development Update

#### *Cotai – The Next Chapter*

GEG is uniquely positioned for long term growth. We continue to move forward with Phases 3 and 4, and we look forward to formally announcing our development plans in the future.



### *Hengqin*

We continue to make progress with our concept plan for our Hengqin project. Hengqin will allow GEG to develop a leisure destination resort that will complement our high energy resorts in Macau.

### *International*

We are exploring opportunities in the Philippines to develop a premium quality eco-friendly beach resort on Boracay Island. We look forward to updating you on our progress as we move forward.

In July 2015, GEG made a strategic investment in Société Anonyme des Bains de Mer et du Cercle des Etrangers à Monaco (“Monte-Carlo SBM”), a world renowned owner and operator of iconic luxury hotels and resorts in the Principality of Monaco. GEG continues to explore a range of international development opportunities including in Japan. GEG was recently chosen for inclusion in the Nikkei Asia300 Investable Index – a newly created index of Asia’s biggest and fastest-growing companies. GEG is the only Macau gaming company to be included in the Nikkei Asia300.

### **Selected Major Awards in 2017**

<b>Award</b>	<b>Presenter</b>
<b>GEG</b>	
Best Gaming Operator	Asia Gaming Award 2017
Best IR Company – Large Cap Best IR Presentation Collaterals – Large Cap	Hong Kong Investor Relations Association
<b>Galaxy Macau™</b>	
Integrated Resort of the Year	International Gaming Awards
Best Integrated Resort	Asia Gaming Awards 2017
<b>Luxury Hotel</b> - The Ritz-Carlton, Macau - Banyan Tree Macau  <b>Top Class Comfort Hotel</b> - Galaxy Hotel™ - Hotel Okura Macau - JW Marriott Macau  <b>Michelin 1-Star Restaurant</b> - 8½ Otto e Mezzo BOMBANA - Lai Heen  <b>Michelin Plate</b> - Terrazza Italian Restaurant - Fook Lam Moon - Myung Ga	The Michelin Guide Hong Kong Macau 2018



<ul style="list-style-type: none"> <li>- The Ritz-Carlton Cafe</li> <li>- Yamazato</li> </ul> <p><b>Michelin Restaurants with Interesting Wine Lists</b></p> <ul style="list-style-type: none"> <li>- 8½ Otto e Mezzo BOMBANA</li> <li>- Terrazza Italian Restaurant</li> <li>- Fook Lam Moon</li> </ul>	The Michelin Guide Hong Kong Macau 2018
<b>StarWorld Macau</b>	
<p>Ranked as "Top Class Comfort" Hotel</p> <p>Michelin 2-Stars Restaurant – Feng Wei Ju</p> <p>Michelin Plate – Temptations</p>	The Michelin Guide Hong Kong Macau 2018
Best Gaming Property	Asia Gaming Awards 2017
Top 10 Glamourous Hotels of China	The 12 <sup>th</sup> China Hotel Starlight Awards
The Supreme Award of Asia's Best F&B Service Hotel	The 17 <sup>th</sup> Golden Horse Awards of China Hotel
<b>Broadway Macau™</b>	
Energy-Saving Concept Award - Hotel Group B - Champion	CEM & GDSE - Macau Energy Saving Contest 2017
<p><b>Michelin Plate</b></p> <ul style="list-style-type: none"> <li>- Dragon Portuguese Cuisine</li> <li>- Katong Corner</li> <li>- Wong Kun Sio Kung</li> <li>- Du Hsiao Yueh</li> </ul> <p>Michelin Recommended Street Food – Lei Ka Choi</p>	The Michelin Guide Hong Kong Macau 2018
<b>Construction Materials Division</b>	
Caring Company Scheme – 15 Years Plus Caring Company Logo	The Hong Kong Council of Social Service
Occupational Health Award 2016-2017 – Joyful @ Healthy Workplace Best Practices Award – Enterprise / Organization Category – Merit Award	Labour Department / Occupational Safety and Health Council
Hong Kong Green Organization Certification – Wastewi\$e Certificate - Excellence Level	Environmental Campaign Committee
HKCMA Directors' Awards for Health, Safety & Environmental Excellence 2016-2017 – Environmental Performance Award – Certificate of Merit	Hong Kong Construction Materials Association
World Green Organization – Green Office Awards Labelling Scheme (GOALS) – Green Office Label	
Sustainable Consumption Enterprise – Certificate of Recognition	Business Environment Council



## Outlook

We remain confident in our outlook for Macau. In the short term, the Mainland Chinese economy has been performing solidly while new Macau property openings in 2018 should further stimulate tourism demand. In addition, the opening of the Hong Kong-Zhuhai-Macau Bridge will significantly improve accessibility for international travelers who arrive by air via Hong Kong. In the medium to longer term, tourist markets in Mainland China and Asia remain dramatically underpenetrated, offering opportunities for significant growth in tourism, leisure and travel.

GEG is uniquely positioned to capitalize on this growth trend thanks to having the largest landbank and development pipeline in Macau with Phases 3 and 4. Additionally, GEG is the only concessionaire with plans for development on Hengqin. We also look forward to international opportunities, such as Boracay Island in the Philippines and an integrated resort in Japan. We will continue to offer guests a “World Class, Asian Heart” experience with a focus to drive profitable volumes, yield results, and attract higher spending customers.

The Macau Government’s initiative of building Macau into a World Centre of Tourism and Leisure continues to progress. New hotel capacity has increased overnight visitation to Macau who have a higher spend per customer than day trippers. Meanwhile, the Central Government’s Belt and Road initiative and the Greater Bay Area integration plan will further increase visitation to Macau and drive the macro economy. On the regulatory side, the Macau Government has set new standards for financial reporting that will help bring greater transparency and international understanding of the Macau gaming market. We are committed to invest in Macau’s economic diversification and support the Macau Government’s vision. We also support the Central Government’s Belt & Road initiative as demonstrated by our proposed development in Boracay, Philippines.

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## **About Galaxy Entertainment Group (HKEx stock code: 27)**

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

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

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

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

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

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

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

### **For Media Enquiries:**

Galaxy Entertainment Group - Investor Relations  
Mr. Peter J. Caveny / Ms. Yoko Ku / Ms. Joyce Fung  
Tel: +852 3150 1111  
Email: [ir@galaxyentertainment.com](mailto:ir@galaxyentertainment.com)