



**Paradise Entertainment Limited**  
**匯彩控股有限公司**  
**(1180.HK)**

**Interim Results for the six months ended 30 June 2017**  
22 August 2017

# 2017 Interim Results Highlights



## ➤ **Group revenue recorded HK\$489.3 million (-5.9% yoy)**

- Casino services revenue recorded HK\$399.1 million (decreased by HK\$3.6 million or -0.9% yoy)
- Gaming systems revenue recorded HK\$90.2 million (decreased by HK\$26.9 million or -23.0% yoy)

## ➤ **Group Adjusted EBITDA turned positive to HK\$0.9 million**

- Casino services recorded adjusted EBITDA loss of HK\$28.4 million as compared to loss of HK\$36.2million in the corresponding period
- Gaming systems adjusted EBITDA recorded HK\$44.9 million (decreased by 4.2 million or -8.6% yoy)

## ➤ **Operating segments**

- Gaming systems: Sold 78 LMG terminals in 1H 2017 as compared to 120 LMG terminals in Macau for the corresponding period; and recurring income from revenue sharing of 1,658 LMG terminals recorded HK\$70.0 million in 1H 2017
- Casino services: Overall GGR at Casino Kam Pek Paradise decreased by 1.7% to HK\$587.7 million while overall GGR at Casino Waldo increased by 4.1% to HK\$249.0 million

# 2017 Interim Results Highlights



## ➤ **The Group entered into an Letter of Intend with China Star Entertainment Ltd on 29 June 2017 to acquire Hotel and Casino Lan Kwai Fong Macau**

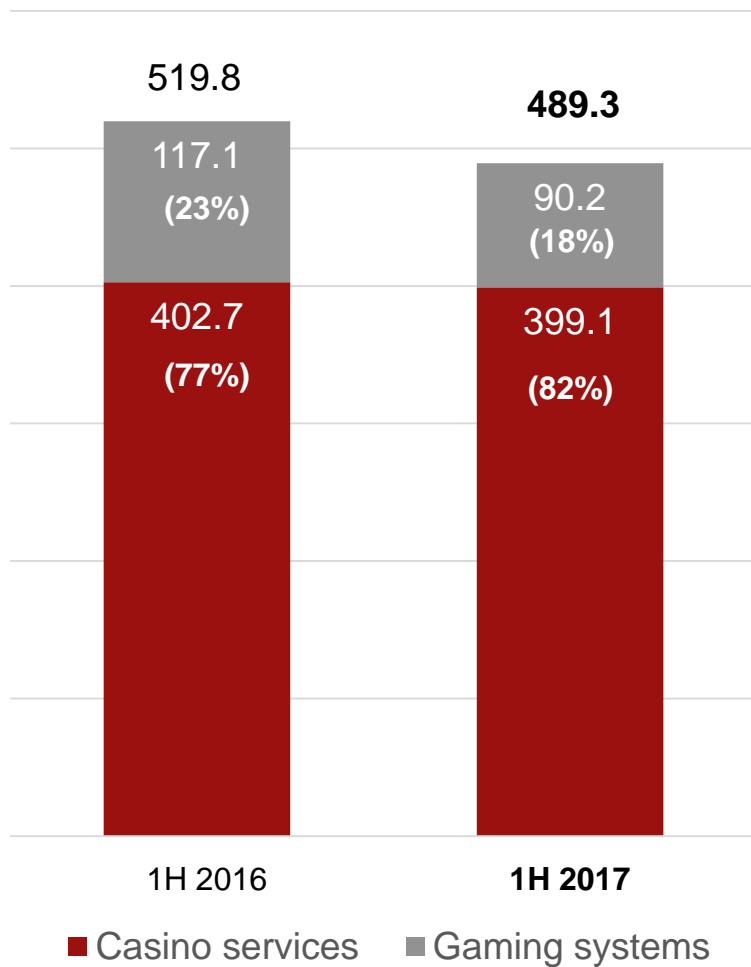
- The property has of 209 guest rooms, 84 gaming tables and a couple of restaurants and shops
- Proposed acquisition price is HKD2.38 billion (subject to adjustment), and acquisition financing shall be generated internally and externally at project level
- Effective cost synergies projected, including marketing, administrative and corporate overheads
- Total gaming table under management shall grow from 79 to 163

## ➤ **Healthy balance sheet**

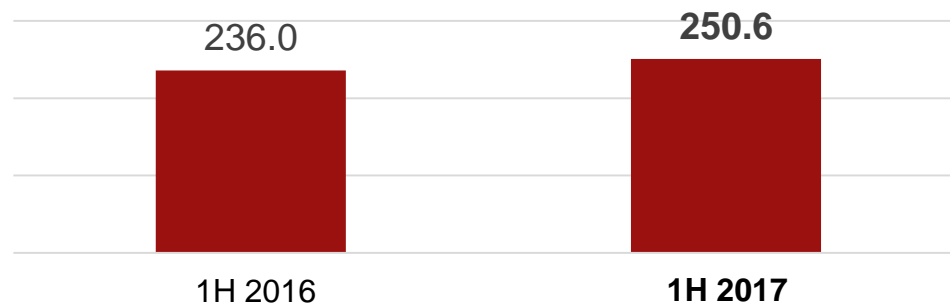
- Well-maintained cash position (bank balances and cash of HK\$200.0 million and chips on hand of HK\$51.6 million as at 30 June 2017, ~20% of market capitalization)

# At A Glance

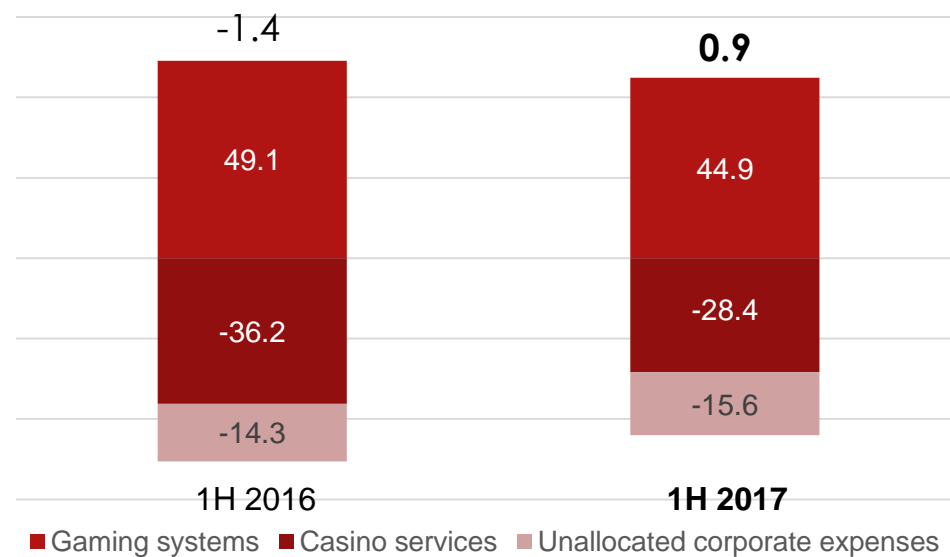
## Revenue (HK\$m)



## Net Cash (HK\$m)



## Segment Adj. EBITDA (HK\$m)



# 2017 Interim Results Analysis



(in HK\$m)	1H2016	1H2017	Remarks
Revenue	519.8	<b>489.3</b>	
Casino services	402.7	<b>399.1</b>	<i>Partly due to the change of the contractual arrangement of the Casino Macau Jockey Club</i>
Gaming systems	117.1	<b>90.2</b>	
EBITDA	-1.4	<b>0.9</b>	
Casino services	-36.2	<b>-28.4</b>	<i>Streamlining cost across casinos under management</i>
Gaming systems	49.1	<b>44.9</b>	<i>Stable contribution from revenue sharing but slow gaming machine demand</i>
Unallocated corporate expenses	-14.3	<b>-15.6</b>	
Loss on intangible assets	-334.8	<b>0.0</b>	<i>The one-off non-cash loss arising from assignment and license of ETG technology to IGT in April 2016</i>
Loss for the period	-410.5	<b>-35.3</b>	
EPS (Basic, HK cents)	-39.6	<b>-3.8</b>	
Capital expenditures	4.7	<b>8.6</b>	<i>Mainly adding more gaming machines in Casino Waldo</i>
	<b>FY2016</b>	<b>1H2017</b>	
Bank balances and cash	307.8	<b>200.0</b>	
Chips on hand	63.0	<b>51.6</b>	
Promissory notes	-88.0	<b>0.0</b>	
Amounts due to directors	-3.7	<b>-1.0</b>	
Net cash	279.1	<b>250.6</b>	<i>Net cash position remains healthy and retain flexibility to seek for potential opportunities</i>
Dividend (HK cents)	-	-	

# Casino Services – GGR Analysis



Casinos under management GGR Summary	1H 2016 (HK\$m)	1H 2017 (HK\$m)
Kam Pek Paradise	597.7	<b>587.7</b>
Waldo	239.1	<b>249.0</b>
Macau Jockey Club	19.9	n/a
<b>Total</b>	856.7	<b>836.7</b>

## Average no. of units for the period

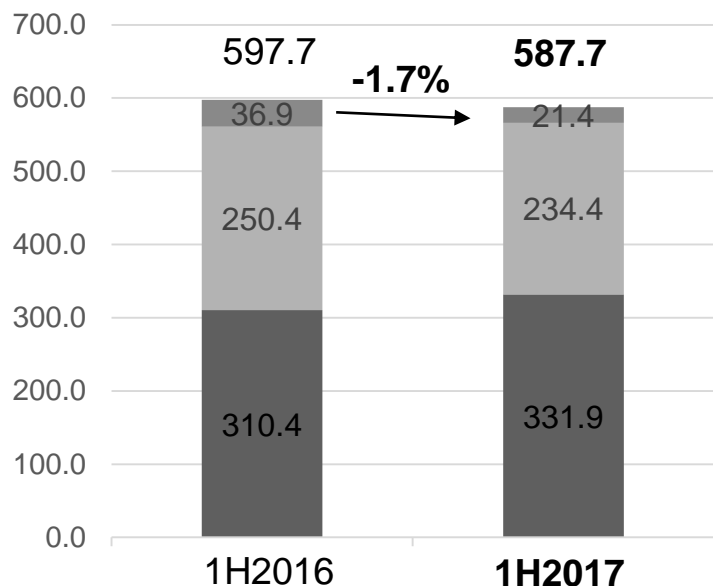
<i>No. of Mass gaming tables</i>	81	78
<i>No. of Traditional gaming tables</i>	63	<b>63</b>
<i>No. of LMG tables</i>	18	<b>15</b>
<i>No. of LMG terminals</i>	1,402	<b>1,252</b>
<i>No. of Slot machines</i>	374	<b>322</b>

*\*The Group changed the provision of casino management services to revenue sharing from LMG terminals at Casino Macau Jockey Club since 1/1/2017.*

# Casino Services – GGR Analysis



## Kam Pek Paradise GGR (HK\$m)

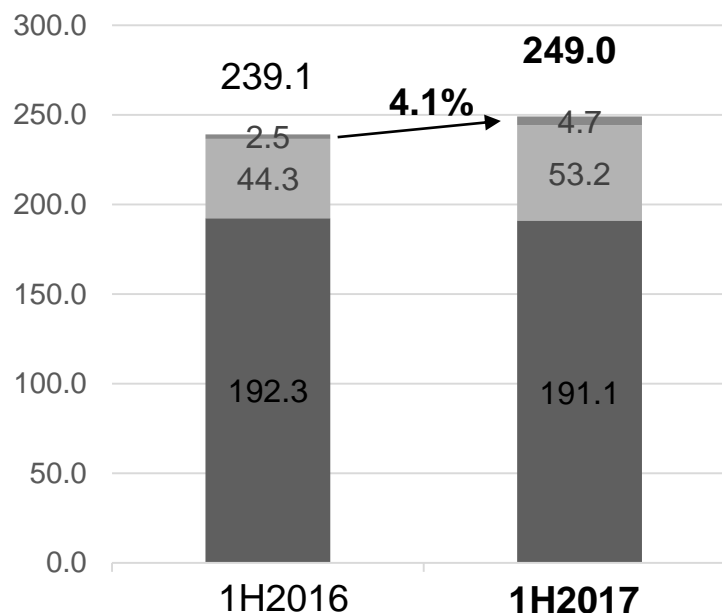


■ Traditional gaming tables ■ LMG terminals ■ Slot machines

### Average no. of units

Traditional gaming tables	37	<b>38</b>
LMG tables	10	<b>10</b>
LMG terminals	930	<b>946</b>
Slot machines	194	<b>162</b>

## Waldo GGR (HK\$m)



■ Traditional gaming tables ■ LMG terminals ■ Slot machines

### Average no. of units

Traditional gaming tables	26	<b>25</b>
LMG tables	4	<b>5</b>
LMG terminals	300	<b>306</b>
Slot machines	180	<b>160</b>

# Segment Analysis – Gaming Systems



*Virtual Horse Racing Terminal*



*LMG Terminal Setup*

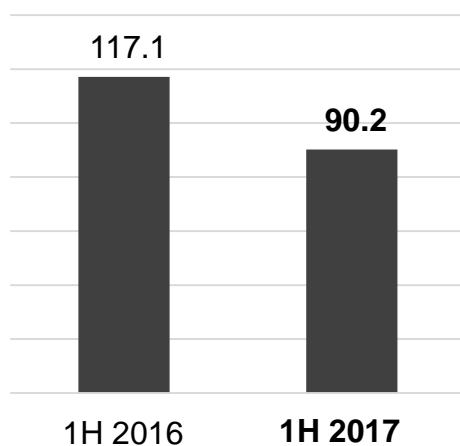


# Gaming Systems – Operating Performance

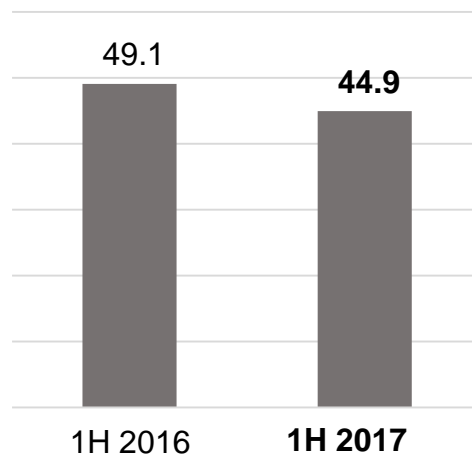


Gaming systems segment		1H 2016	1H 2017
Revenue from Sales of machines & accessories	(HK\$m)	43.5	<b>19.0</b>
<i>Gaming machine deployment</i>	<i>(Units)</i>	120	78
Revenue from Sharing from LMG Terminals	(HK\$m)	73.6	<b>70.0</b>
<i>GGR from LMG terminals</i>	<i>(HK\$m)</i>	335.8	<b>316.3</b>
<i>No. of LMG terminals</i>	<i>(Units)</i>	1,675	<b>1,658</b>
<i>Net win/terminal/day (HK\$)</i>	<i>(HK\$)</i>	1,102	<b>1,054</b>
<b>Segment EBITDA</b>	<b>(HK\$m)</b>	49.1	<b>44.9</b>

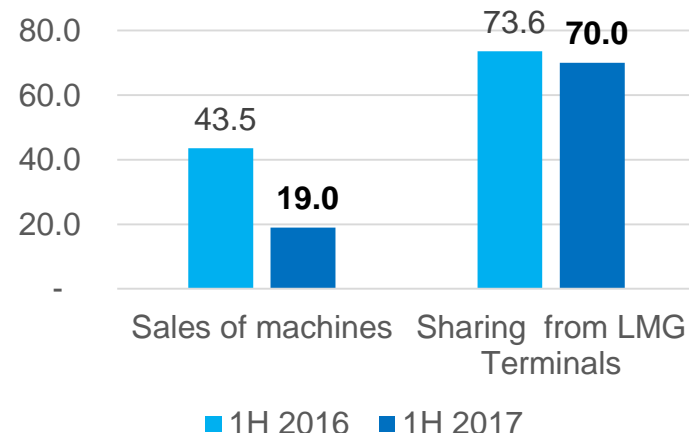
Gaming systems revenue (HK\$m)



Gaming systems EBITDA (HK\$m)



Gaming systems revenue breakdown (HK\$m)



# Outlook - Pronged growth strategies

- **Entered into a LOI in relation to the proposed acquisition of Hotel & Casino LKF Macau**
  - Highlights of the proposed acquisition
    - 5 stars standard with 209 guest rooms
    - Casino with 84 licensed gaming tables
    - Restaurants and other commercial outlets
  
- **Synergies among existing casino under management**
  - Streamlining back office and corporate overheads
  - Potential revenue synergies from patrons development
  
- **Infrastructure improving gaming demand growth**
  - Hong Kong-Zhuhai-Macao Bridge subsea tunnel enhances west and west coasts of the Pearl River region
  - Future improvement of border gates capacity on Macau Peninsula



Source: Company website

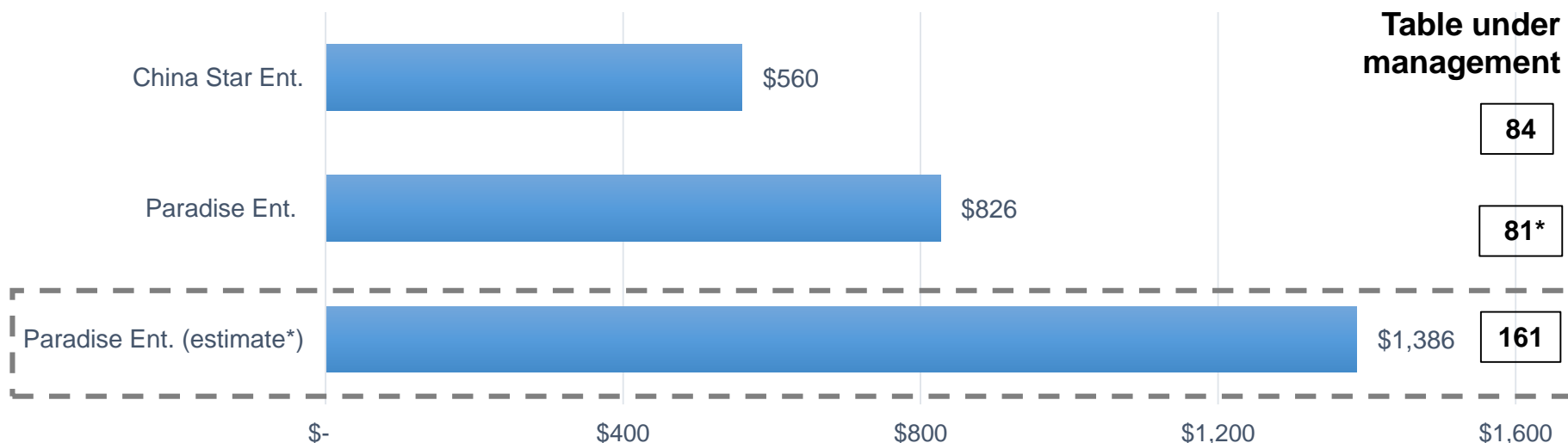
# Outlook - Pronged growth strategies



## ➤ Align with our long term growth strategy

- Increase table under management and market share
- Enlarge type of patrons with own hotel business
- Improve operational efficiency via repositioning market strategy, optimizing table and gaming machine ratio and improving foot traffic and profitability of casino floor

### Service income from casino management operations



(Source: Respective published annual reports for FY2016)

\* Included 4 gaming tables from Macau Jockey Club Casino which terminated service agreement on 1/1/2017

\*\*Upon successful completion of proposed acquisition of Casino LKF Macau

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