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Company – Results | Greater China

Thursday, 13 August 2026

Galaxy Entertainment Group (27 HK)

2Q26: Results In Line; Dividend A Positive Surprise

Highlights

- Galaxy's 2Q26 results are in line but the increased dividend payout came as a positive surprise. Looking ahead, we see further room for dividend improvement.
- Management noted that volumes rebounded quickly after the World Cup semi-finals, particularly in the VIP and premium segments, with momentum extending into early-August.
- Phase 4 remains on schedule for completion by end-27, with HK$5b-6b of project spending planned for 2026. At StarWorld, the gaming floor refurbishment has been completed, and full room completion is expected by 1Q27. Maintain BUY; cut target price by 2% to HK$47.00.

2Q26 Results

Year to 31 Dec (HK$m)	2Q19	2Q25	1Q26	2Q26	yoy chg (%)	qoq chg (%)
Net revenue	13,174	12,044	12,396	11,835	(1.7)	(4.5)
Adjusted EBITDA	4,332	3,569	3,576	3,380	(5.3)	(5.5)
EBITDA margin (%)	32.9	29.6	28.8	28.6	(1.1)	(0.3)
Normalised EBITDA	3,983	3,162	3,578	3,401	7.6	(4.9)
Normalised EBITDA margin (%)	30.2	26.3	28.9	28.7	2.5	(0.1)
Gross gaming revenue	15,198	12,009	12,728	12,043	0.3	(5.4)
VIP revenue	7,325	2,413	2,341	1,636	(32.2)	(30.1)
Mass revenue	7,266	8,811	9,602	9,473	7.5	(1.3)
Slot revenue	607	785	785	934	19.0	19.0
- VIP rolling chip volume	179,666	55,764	74,834	53,275	(4.5)	(28.8)
Win rate (%)	4.1	4.3	3.1	3.1	(1.3)	(0.1)
- Mass market chip drop	30,391	35,076	34,053	33,855	(3.5)	(0.6)
Hold rate (%)	23.9	25.1	28.2	28.0	2.9	(0.2)

Source: Galaxy Entertainment, UOB Kay Hian

Analysis

- **2Q26 results in line.** In 2Q26, Galaxy Entertainment Group (Galaxy) achieved a net revenue of HK$11,835m (-2% yoy, -5% qoq,). Adjusted EBITDA was HK$3,380m (-5% yoy, -5% qoq). Galaxy played slightly unlucky in 2Q26, which decreased its adjusted EBITDA by HK$21m. Thus, normalised adjusted EBITDA came in at HK$3,401m (+8% yoy, -5% qoq), and normalised EBITDA margin was 28.7% (+2.5ppt yoy, -0.1ppt qoq).

Key Financials

Year to 31 Dec (HK$m)	2024	2025	2026F	2027F	2028F
Net turnover	43,432	49,242	51,200	55,441	59,893
EBITDA	12,188	14,502	14,631	15,891	17,327
Operating profit	7,858	9,751	9,769	10,562	11,530
Net profit (rep./act.)	8,759	10,674	10,833	11,608	12,553
Net profit (adj.)	8,759	10,674	10,833	11,608	12,553
EPS (HK$ cent)	200.2	243.6	247.6	265.3	286.9
PE (x)	17.1	14.0	13.8	12.9	11.9
P/B (x)	2.0	1.8	1.7	1.7	1.6
EV/EBITDA (x)	11.0	9.5	9.7	9.1	8.5
Dividend yield (%)	2.9	4.4	5.4	5.8	6.3
Net margin (%)	20.2	21.7	21.2	20.9	21.0
Net debt/(cash) to equity (%)	(38.2)	(45.2)	(37.8)	(32.6)	(29.0)
ROE (%)	11.9	13.3	12.7	13.1	13.7
Consensus EBITDA	-	-	14,663.9	15,873.2	17,513.5
UOBKH/Consensus (x)	-	-	1.00	1.00	0.99

Source: Galaxy Entertainment, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	HK$34.20
Target Price	HK$47.00
Upside	+37.4%
Previous TP	HK$48.00

Stock Data

Sector	Consumer Discretionary
Bloomberg ticker	27 HK
Shares issued (m)	4,379.2
Market cap (HK$m)	149,770.0
Market cap (US$m)	19,086.0
3-mth avg daily t'over (US$m)	58.0

Price Performance (%)

52-week high/low				HK$44.22/HK$28.68
1mth	3mth	6mth	1yr	YTD
8.6	5.8	(22.1)	(13.5)	(10.8)

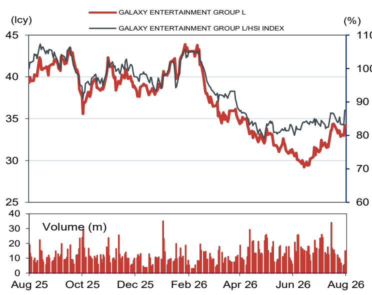
Major Shareholders (%)

City Lion Profits Crop	22.25
Lui Che Woo	9.14
Capital Group Cos Inc/The	4.78

Balance Sheet Metrics

FY26 NAV/Share (HK$)	19.78
FY26 Net Cash/Share (HK$)	7.37

Price Chart



Source: Bloomberg

Company Description

Galaxy Entertainment Group primarily develops and operates a large portfolio of integrated resort, retail, dining, hotel and gaming facilities in Macau. It 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 Hotel, an award-winning world-class five-star luxury hotel.

- Gross gaming revenue (GGR) was HK$12,043m in 2Q26 (flat yoy, -5% qoq), outperforming the industry's 7% qoq decline, and recovering to 79% of 2019's level (vs recovery rate of 83% in 1Q26). Of this, VIP/mass/slot GGR changed -30%/-1%/+19% qoq, representing 22%/130%/154% of 2019's level, respectively. We estimate that Galaxy's GGR market share increased 0.4ppt qoq to 20.3% in 2Q26.
- **Interim payout raised to 75%.** The company declared an interim dividend of HK$0.90 per share, raising the payout ratio to 75% (vs 64% in 2H25). Looking ahead, management emphasised that dividend decisions will depend on market conditions and the company's performance. However, they noted that owners' interests are aligned with those of shareholders, which, in our view, suggests further room for dividend improvement.
- **Swift post-World Cup recovery.** Management sees no structural concerns regarding a continued World Cup impact, noting that volumes rebounded quickly after the semi-finals, particularly in the VIP and premium segments, with momentum extending into early-August. On competition, management observed greater rationality emerging in the market, while Galaxy's 2Q26 reinvestment was flat to slightly down yoy.
- **Phase 4 construction on schedule.** Management noted that Phase 4 is on schedule for completion by end-27, with HK$5b-6b of project spending planned for 2026. At StarWorld, the renovation impacted EBITDA by HK$14m, but the company recovered HK$8m by relocating some high-value customers to Galaxy Macau. The gaming floor refurbishment has been completed and the focus has shifted to rooms, with around 40% of the room inventory currently out of service and full completion expected by 1Q27.

Earnings Revision/Risk

- **We lower our 2026/27 EBITDA forecasts both by 1% each.**

Valuation/Recommendation

- **Maintain BUY; cut target price by 2% to HK$47.00.** Our target price is based on 12.0x target 2026F EV/EBITDA ratio, and our target price is lowered by 2% to HK$47.00. The stock currently trades at 9.7x 2026F EV/EBITDA.

Individual Casino Performance

(HK$m)	2Q19	2Q25	1Q26	2Q26	qoq chg (%)	yoy chg (%)	% of 2Q19
GALAXY MACAU							
Net revenue	9,526	10,000	10,344	9,929	(0.7)	(4.0)	104.2
Property EBITDA	3,235	3,325	3,343	3,199	(3.8)	(4.3)	98.9
EBITDA margin (%)	34.0	33.3	32.3	32.2	(1.0)	(0.1)	-
VIP GGR	5,501	2,391	2,330	1,626	(32.0)	(30.2)	29.6
VIP rolling chip volume	125,051	54,859	74,240	52,395	(4.5)	(29.4)	41.9
VIP win rate (%)	4.4	4.4	3.1	3.1	(1.3)	(0.0)	-
Mass GGR	4,993	7,669	8,264	8,233	7.4	(0.4)	164.9
Mass drop volume	18,118	27,416	26,699	26,794	(2.3)	0.4	147.9
Mass win rate (%)	27.6	28.0	31.0	30.7	2.8	(0.2)	-
Slot GGR	512	611	640	790	29.3	23.4	154.3
Slot handle	11,235	18,435	20,074	19,479	5.7	(3.0)	173.4
Slot win rate (%)	4.6	3.3	3.2	4.1	0.7	0.9	-
STARWORLD MACAU							
Net revenue	2,756	1,171	1,342	1,222	4.4	(8.9)	44.3
Property EBITDA	943	303	383	303	0.0	(20.9)	32.1
EBITDA margin (%)	34.2	25.9	28.5	24.8	(1.1)	(3.7)	-
Mass GGR	1,730	1,112	1,338	1,240	11.5	(7.3)	71.7
Mass drop volume	8,877	7,501	7,354	7,061	(5.9)	(4.0)	79.5
Mass win rate (%)	19.5	14.8	18.2	17.6	2.7	(0.6)	-
Slot GGR	40	162	145	144	(11.1)	(0.7)	360.0
Slot handle	1,967	9,284	8,354	7,942	(14.5)	(4.9)	403.8
Slot win rate (%)	2.0	1.7	1.7	1.8	0.1	0.1	-
BROADWAY MACAU							
Net revenue	147	51	44	41	(19.6)	(6.8)	27.9
Property EBITDA	6	4	7	0	(100.0)	(100.0)	0.0

Source: Galaxy Entertainment, UOB Kay Hian

Profit & loss

Year to 31 Dec (HK$m)	2025	2026F	2027F	2028F
Net turnover	49,242.3	51,199.9	55,440.8	59,892.9
EBITDA	14,502.0	14,631.0	15,891.3	17,327.4
Deprec. & amort.	4,751.5	4,861.9	5,329.5	5,797.0
EBIT	9,750.5	9,769.1	10,561.9	11,530.4
Associate contributions	69.1	69.1	69.1	69.0
Net interest income/(expense)	1,109.2	1,254.1	1,254.1	1,254.1
Pre-tax profit	10,928.8	11,092.2	11,885.0	12,853.4
Tax	(208.8)	(212.0)	(227.1)	(245.6)
Minorities	(46.2)	(46.9)	(50.3)	(54.4)
Net profit	10,673.8	10,833.4	11,607.6	12,553.5
Net profit (adj.)	10,673.8	10,833.4	11,607.6	12,553.5

Balance Sheet

Year to 31 Dec (HK$m)	2025	2026F	2027F	2028F
Fixed assets	54,846.2	62,750.0	70,186.2	77,154.9
Other LT assets	24,925.2	24,682.1	24,439.0	24,195.9
Cash/ST investment	14,321.5	10,385.3	7,054.6	4,794.6
Other current assets	5,751.6	5,859.9	6,136.2	6,497.3
Total assets	99,844.5	103,677.3	107,816.0	112,642.7
ST debt	1,294.1	1,294.1	1,294.1	1,294.1
Other current liabilities	11,602.5	11,992.9	13,005.6	14,325.1
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	3,316.4	3,316.4	3,316.4	3,316.4
Shareholders' equity	83,143.5	86,538.9	89,614.7	93,067.6
Minority interest	488.0	534.9	585.2	639.5
Total liabilities & equity	99,844.5	103,677.3	107,816.0	112,642.7

Cash flow

Year to 31 Dec (HK$m)	2025	2026F	2027F	2028F
Operating	14,253.6	14,996.5	16,695.8	18,335.4
Pre-tax profit	10,928.8	11,092.2	11,885.0	12,853.4
Tax	(208.8)	(212.0)	(227.1)	(245.6)
Deprec. & amort.	4,751.5	4,861.9	5,329.5	5,797.0
Associates	(69.1)	(70.6)	(70.6)	(70.6)
Working capital changes	675.5	282.2	736.3	958.4
Non-cash items	(1,046.9)	(1,270.2)	(1,270.2)	(1,270.2)
Other operating cashflows	178.2	0.0	0.0	0.0
Investing	(10,332.4)	(11,494.7)	(11,494.7)	(11,494.7)
Capex (growth)	(3,439.7)	(11,494.7)	(11,494.7)	(11,494.7)
Investments	(41.7)	0.0	0.0	0.0
Proceeds from sale of assets	5.2	0.0	0.0	0.0
Others	(6,856.2)	0.0	0.0	0.0
Financing	(8,148.3)	(7,438.0)	(8,531.8)	(9,100.6)
Dividend payments	(5,263.2)	(7,438.0)	(8,531.8)	(9,100.6)
Issue of shares	0.1	0.0	0.0	0.0
Proceeds from borrowings	1,586.9	0.0	0.0	0.0
Loan repayment	(4,025.8)	0.0	0.0	0.0
Others/interest paid	(446.2)	0.0	0.0	0.0
Net cash inflow (outflow)	(4,227.1)	(3,936.2)	(3,330.7)	(2,259.9)
Beginning cash & cash equivalent	11,417.7	7,198.9	3,262.6	(68.1)
Other monetary funds	7,130.9	7,122.6	7,122.6	7,122.6
Ending cash & cash equivalent	14,321.5	10,385.3	7,054.6	4,794.6

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	29.5	28.6	28.7	28.9
Pre-tax margin	22.2	21.7	21.4	21.5
Net margin	21.7	21.2	20.9	21.0
ROA	11.5	11.5	12.0	12.7
ROE	13.3	12.7	13.1	13.7
Growth				
Turnover	13.4	4.0	8.3	8.0
EBITDA	19.0	0.9	8.6	9.0
Pre-tax profit	21.9	1.5	7.1	8.1
Net profit	21.9	1.5	7.1	8.1
Net profit (adj.)	21.9	1.5	7.1	8.1
EPS	21.7	1.6	7.1	8.1
Leverage				
Debt to total capital	1.6	1.5	1.4	1.4
Debt to equity	1.6	1.5	1.5	1.4
Net debt/(cash) to equity	(45.2)	(37.8)	(32.6)	(29.0)