



Paradise



Paradise Entertainment Limited



1180.HK

26 March 2019

2018 Annual Results

Is Electronic Gaming Equipment Revolutionising the Mass Market?

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PART ONE

Company Overview

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01

Paradise Entertainment

CORPORATE STRUCTURE



01

Paradise Entertainment

HOW DID WE ARRIVE HERE?

2007 Paradise



- 2007
• Company name changed to "Paradise Entertainment Limited"

- 2008
• Granted casino service management license and initiated casino management business at Casino Kam Pek Paradise

- 2010
• LMG's Macau patent injected into the company: a starting point in transferring into a high-tech business

2008 - 2010



2011 - 2013

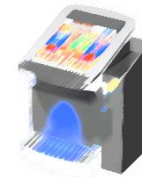
- 2011
• Successfully sold the first flagship product, the LMG machine, to casinos in Macau for the first time; Patent applied in US the same year

- 2012
• LMGs US patent approved and injected into Paradise



- 2014
• Granted another casino service management license and started casino management business in Casino Waldo

- 2016
• Strategic partnership with IGT and assigned to IGT 15 years' exclusive global rights (except Macau) to develop, manufacture and distribute ETG, a milestone to enter into the US & international market



2014 - 2016



2017 - 2018

- 2017
• Accumulatively deployed a total of over 5,000 LMGs worldwide
- 2018
• Replacement cycle for LMGs is accelerated following the enactment of the new technical standards by DICJ
- Slots and other ETGs were tested & approved and were ready to be commercialised

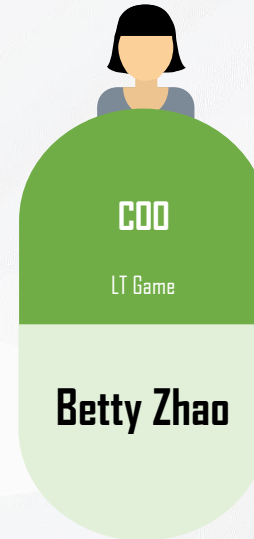
2019+



01

Paradise Entertainment

EXECUTIVE TEAM



Mr. Jay Chun

Chairman and Managing Director

- Chairman and Managing Director of Paradise Entertainment
- Founder & Chairman of the Macau Gaming Equipment Manufacturers Association
- Member of the Shandong Provincial Committee of the Chinese People's Political Consultative Conference of the PRC
- Member of the Economic Development Council of the Macau SAR Government



PART TWO

Business Strategy

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02

Paradise Entertainment

BUSINESS SEGMENTS



E

LECTRONIC GAMING EQUIPMENT & SYSTEMS



C

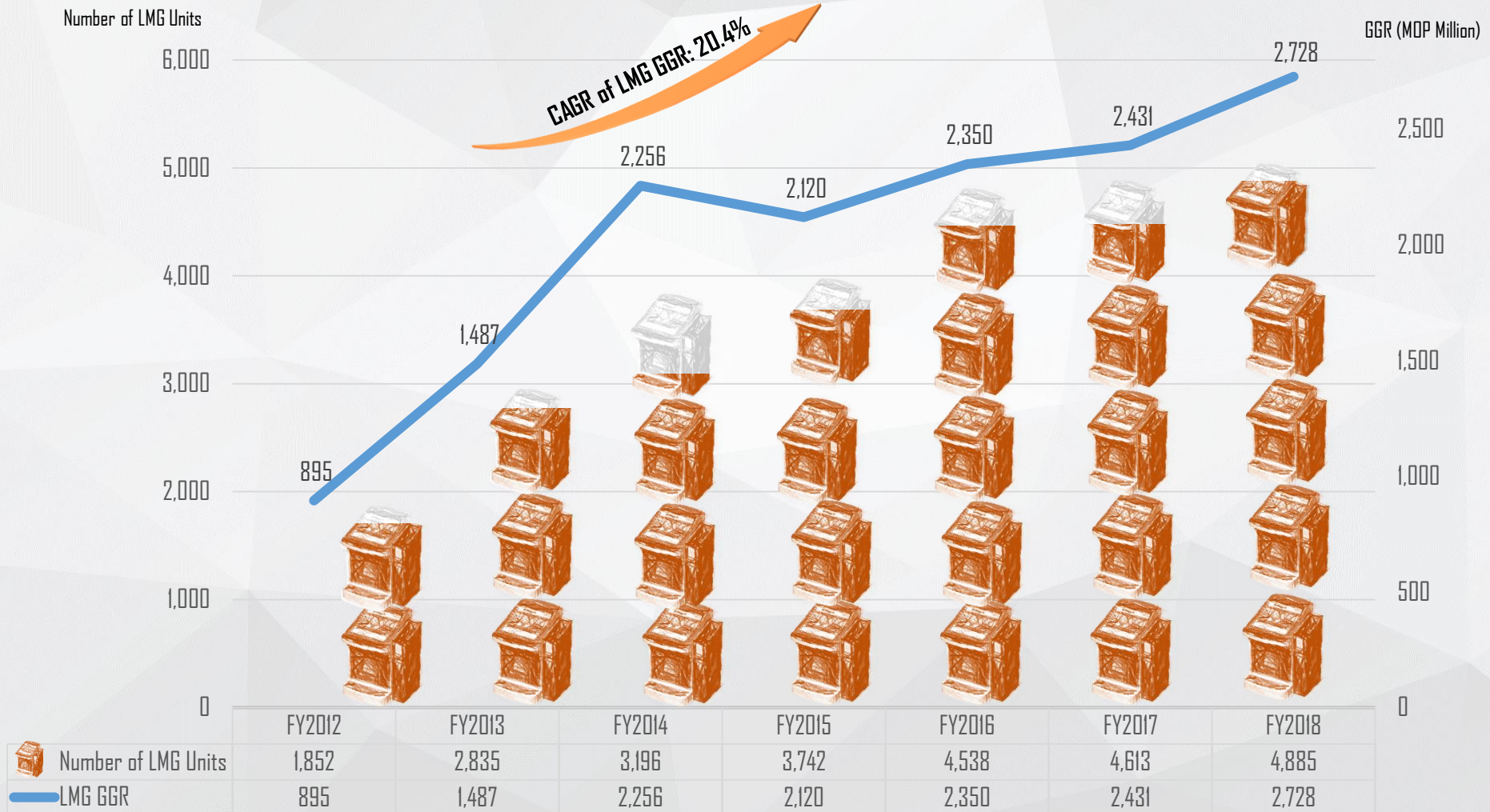
ASINO MANAGEMENT SERVICES



02

Electronic Gaming Equipment and Systems

HOW ARE WE LEADING IN LMG IN MACAU?



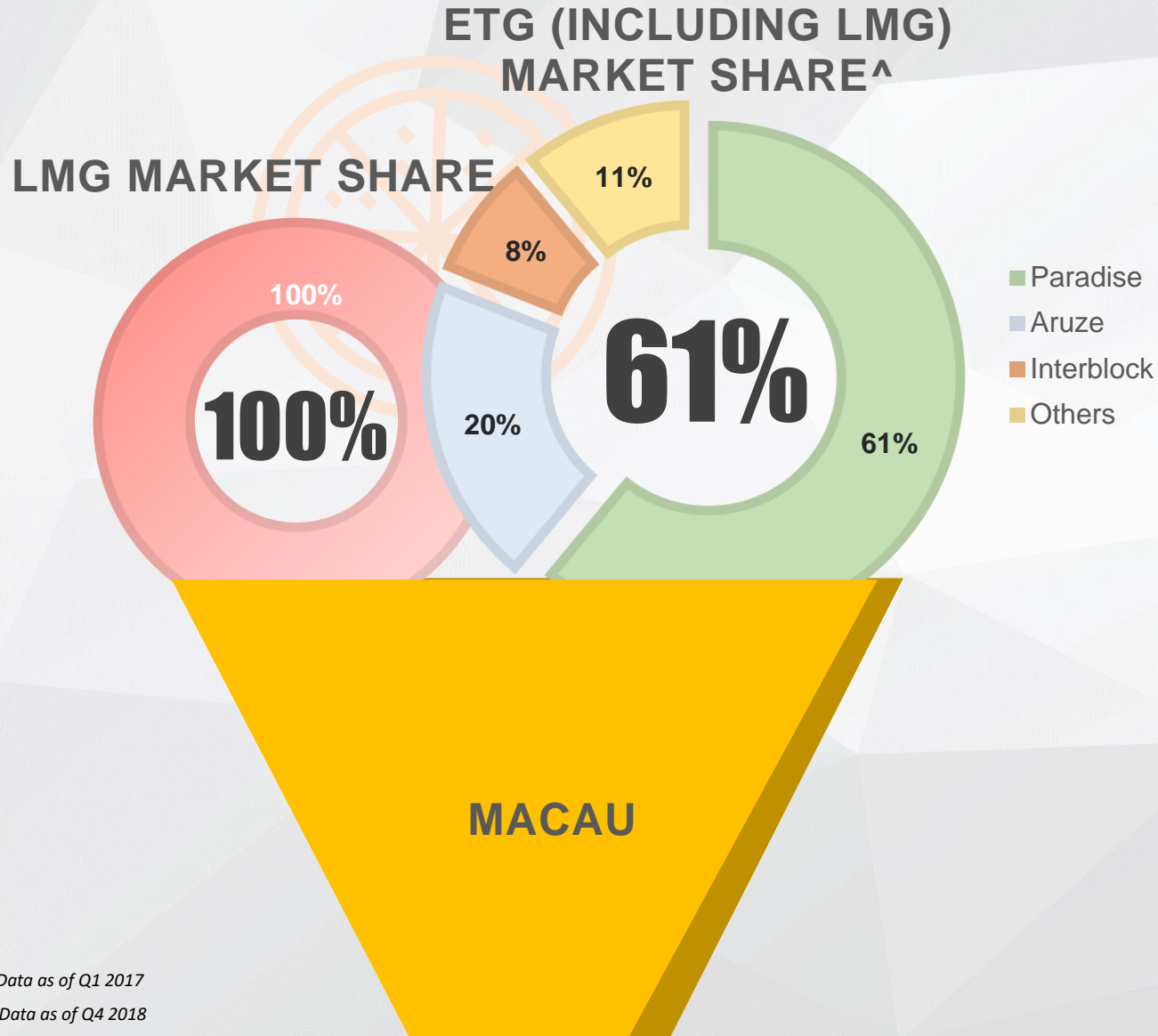
Source: Company Data for number of LMG machines; DICJ for GGR Data



02

Electronic Gaming Equipment and Systems

HOW ARE WE LEADING IN LMG IN MACAU?



Average Daily Net win of
#HK\$157,000
Per LMG table in Casino Kam Pek Paradise



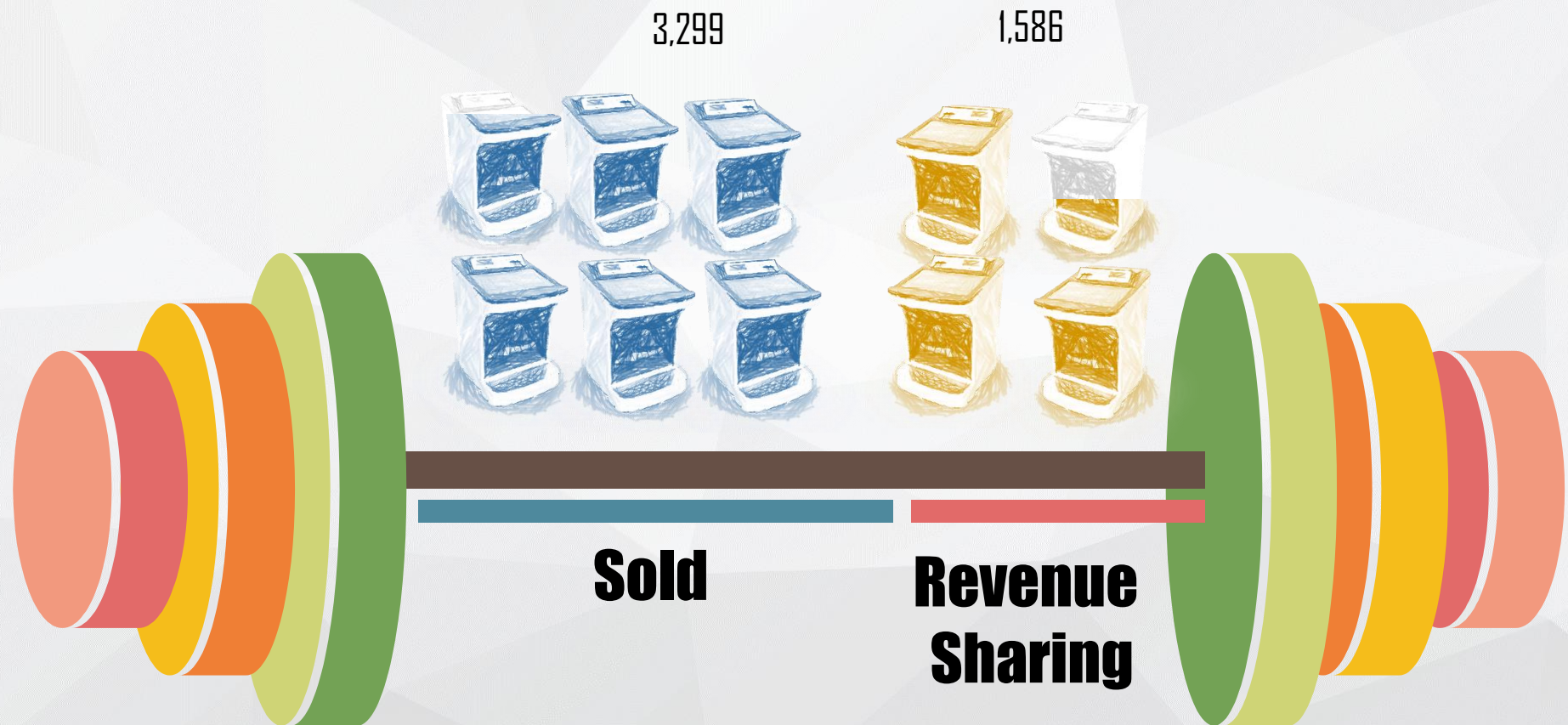
[^]Source: Union Gaming, Data as of Q1 2017

[#]Source: Company Data, Data as of Q4 2018

02

Electronic Gaming Equipment and Systems

BUSINESS MODEL – LMG MACHINES IN MACAU



02

Electronic Gaming Equipment and Systems

WHO IS USING OUR LMG MACHINES IN MACAU?



of casinos

which deploy LMG machines

Number of Overseas Casinos

15

Number of Macau Casinos

24



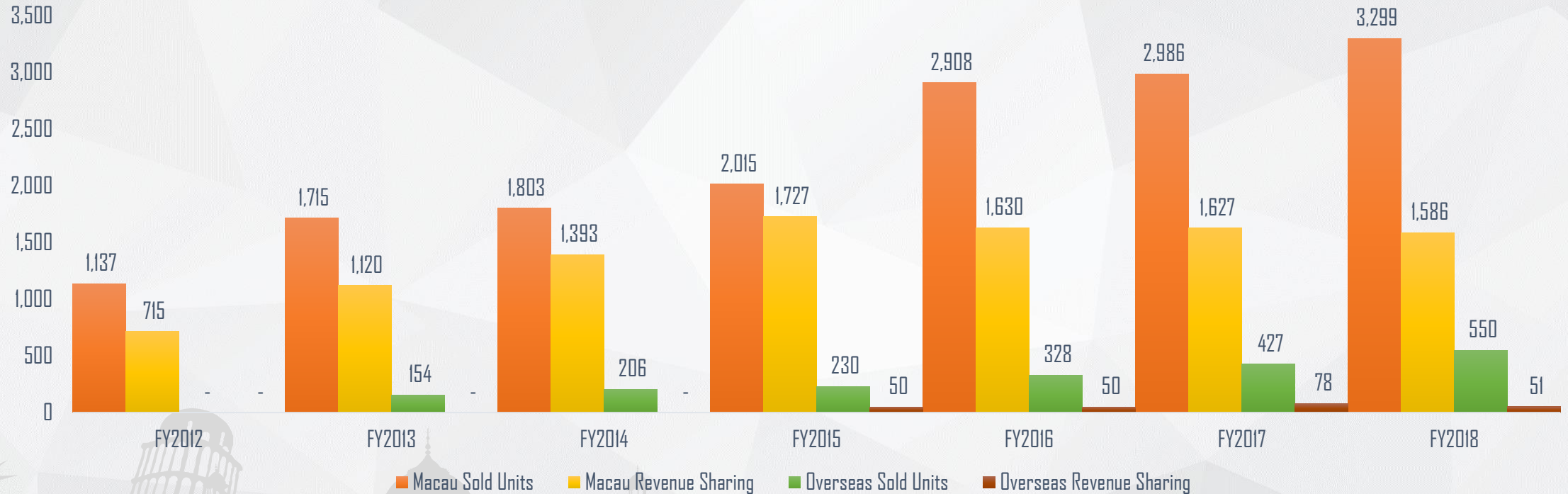
02

Electronic Gaming Equipment and Systems

WHO IS USING OUR LMG MACHINES GLOBALLY?

Accumulative number of LMG machines deployed in Macau and Overseas Markets

Number of Units



**Major Overseas
Casinos
with LMG**



Palazzo



Venetian



Crown

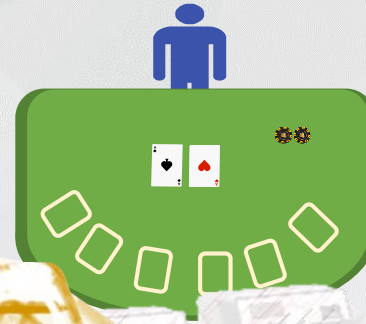
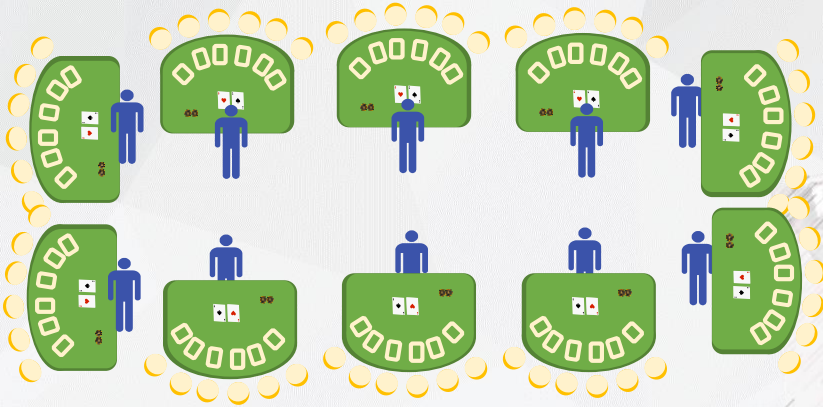


Sugar House Casino



02

Electronic Gaming Equipment and Systems WHY LMGs IN CASINOS?



Traditional Mass Tables	
Single Shift	Single Day
1 pit manager	39 staff
2 supervisors	
10 dealers	
Tables required	10 tables
Customers Served	
Maximum number of customers (Seats)	Max 60 - 80

LMG stadium	
Single Shift	Single Day
1 supervisor	12 staff
3 dealers	
Tables required	1 table, 2 games simultaneously
Customers Served	
Maximum number of customers (Seats)	Max 100

WIN

WIN

WIN

Table Machine Ratio
In Casino Kam Pek Paradise

1:100

Total LMG GGR in Macau
FY2018

MOP 2.7 bn

Total number of
LMG terminals deployed globally

5,000+

Note: One pit 10 tables set up floor space can fit 80-seater LMG stadium gaming

02

Electronic Gaming Equipment and Systems INTERNATIONAL PARTNERS



LMG Machine

Slot Machine






02

Casino Management Services




WHERE THE GROSS GAMING REVENUE \$\$\$ COMES FROM



Casino KAM PEK PARADISE

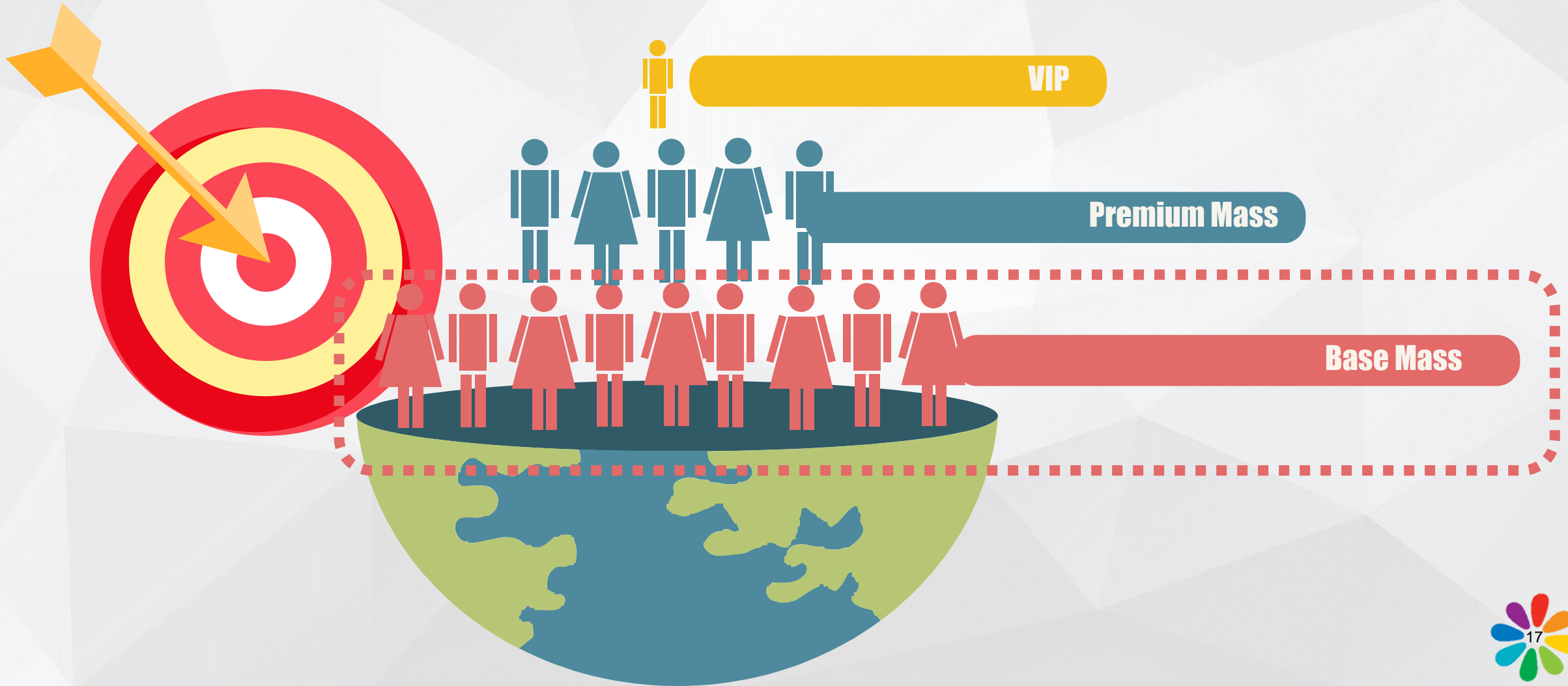
TOTAL	49	X	
Traditional	39	X	
LMG  / Terminal	10	X	1,000 
Slot Machines	194	X	

Casino WALDO

TOTAL	30	X	
Traditional	25	X	
LMG  / Terminal	5	X	423 
Slot Machines	176	X	

02

Casino Management Services OUR TARGET MARKET



PART THREE

Financial Summary

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03

Paradise Entertainment

FINANCIAL SUMMARY – 2018 ANNUAL RESULTS

Total GGR from the
2 casinos under management

HK\$ **1.94** billion



Adjusted EBITDA

HK\$ **120.7** million



Reported Revenue

HK\$ **1.16** billion



Net Profit

HK\$ **53.2** million



03

Paradise Entertainment

FINANCIAL SUMMARY - HIGHLIGHTS



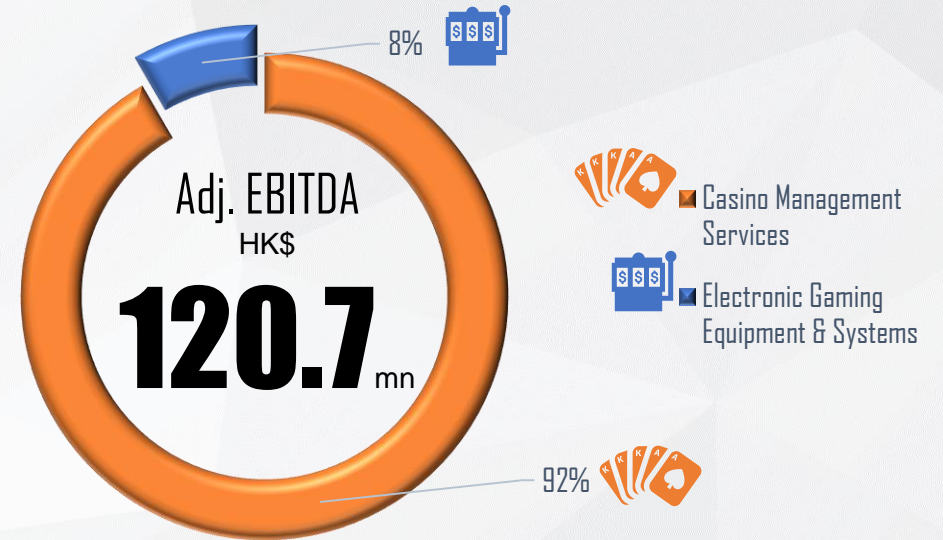
2018 Total GGR

Casino Kam Pek Paradise & Casino Waldo:

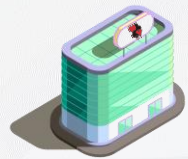
HK\$ **1.94** billion



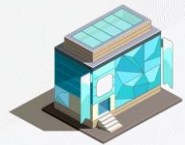
Reported Revenue: HK\$1.16 billion



GGR Contributed by:



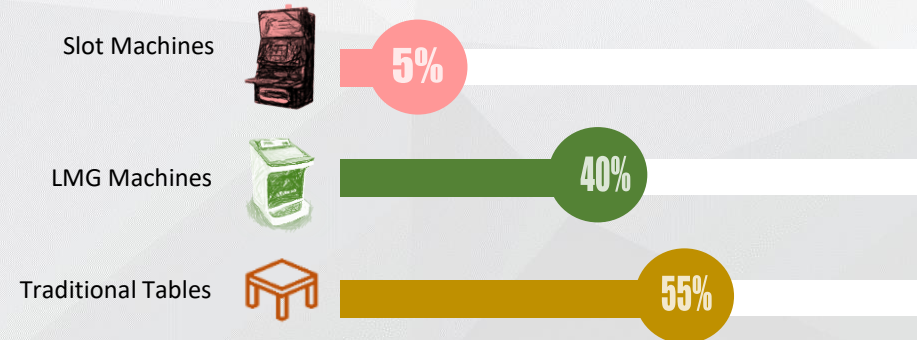
Casino Kam Pek Paradise
74%



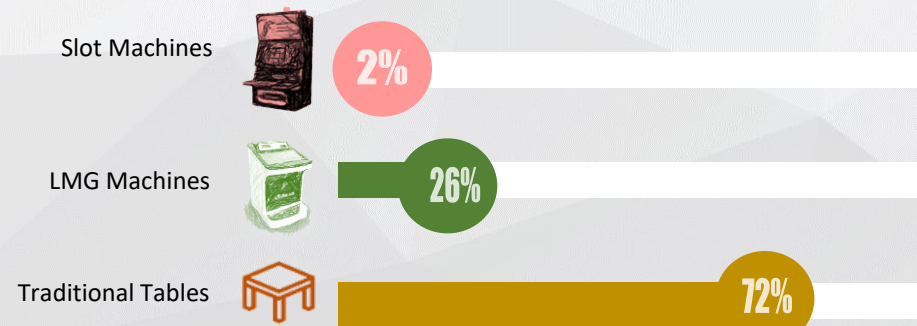
Casino Waldo
26%



GGR Contribution in Casino Kam Pek Paradise



GGR Contribution in Casino Waldo



03

Paradise Entertainment

FINANCIAL SUMMARY – KPIs for the 2 casinos under management

金碧匯彩娛樂場
KAMPEK PARADISE CASINO












**Casino
KAM PEK PARADISE**

華都娛樂場
Waldo Casino



Casino WALDO

		<u>FY2018</u> HK\$	<u>FY2017</u> HK\$
Traditional Tables (GGR per table/day)		\$55,700	\$50,700
LMG Tables			
GGR per table/day	 	\$157,000	\$136,400
GGR per terminal/day		\$1,570	\$1,405
Blended Table (GGR per table/day)		\$76,400	\$68,600

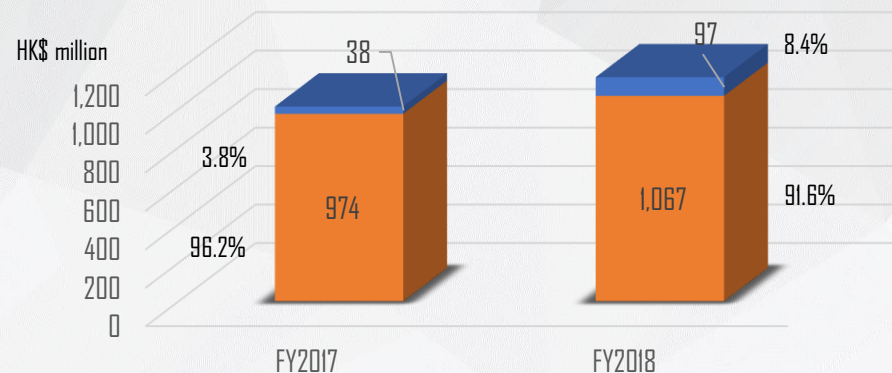
		<u>FY2018</u> HK\$	<u>FY2017</u> HK\$
Traditional Tables (GGR per table/day)		\$40,100	\$42,900
LMG Tables			
GGR per table/day		\$71,400	\$61,900
GGR per terminal/day		\$844	\$967
Blended Table (GGR per table/day)		\$45,300	\$46,100

03

Paradise Entertainment

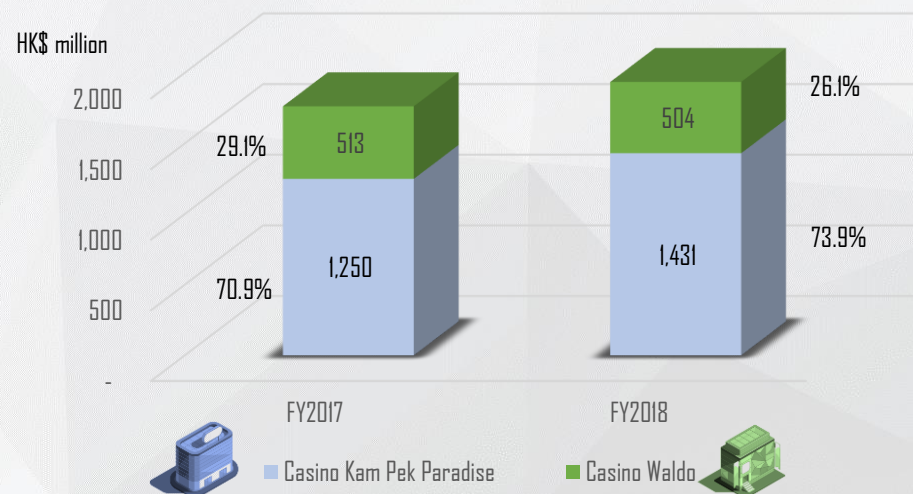
FINANCIAL SUMMARY- REVENUE & ADJUSTED EBITDA

Reported Revenue by Segment



Casino under Management Electronic Gaming Equipment & Systems

GGR by Casino



Casino Kam Pek Paradise Casino Waldo

Adjusted EBITDA by Properties / Nature

HK\$ Million	2018	2017
Casinos under management:		
• Casino Kam Pek Paradise	221.8	154.1
• Casino Waldo	(24.2)	(22.0)
Subtotal	197.6	132.1
Electronic gaming equipment and systems:		
• Sale	10.5	(35.2)
• Leasing	2.8	8.5
• R&D and other costs	(66.6)	(46.9)
• ETG distribution from IGT	2.6	(3.3)
Subtotal	(50.7)	(76.9)
Other expenses	(26.2)	(32.4)
Group Adjusted EBITDA	120.7	22.8

PART FOUR

Growth Opportunity

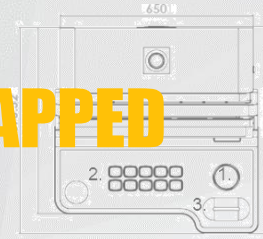
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04

Growth Reason 1

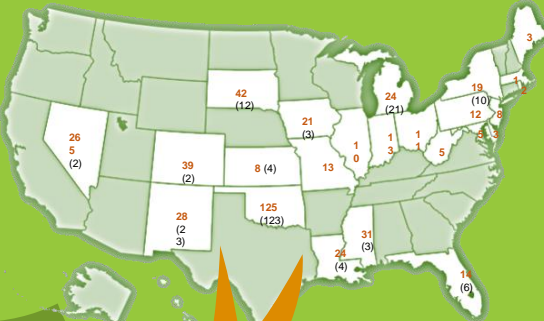
SLOT MACHINE MARKET PREVIOUSLY UNTAPPED



1. Push Button
2. Bets/ Credits Buttons
3. Arm Rest
4. Membership Card Slot
5. Cash Slot
6. Playing Screen

39%

of market share originated from the AMERICAS in 2017.



The market will be ACCERLERATING growing to a CAGR

16%

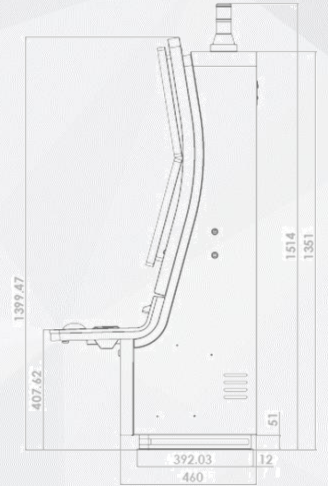
2022

US \$24bn globally

APAC Region has a **HIGHER** growth than the EMEA region

2017

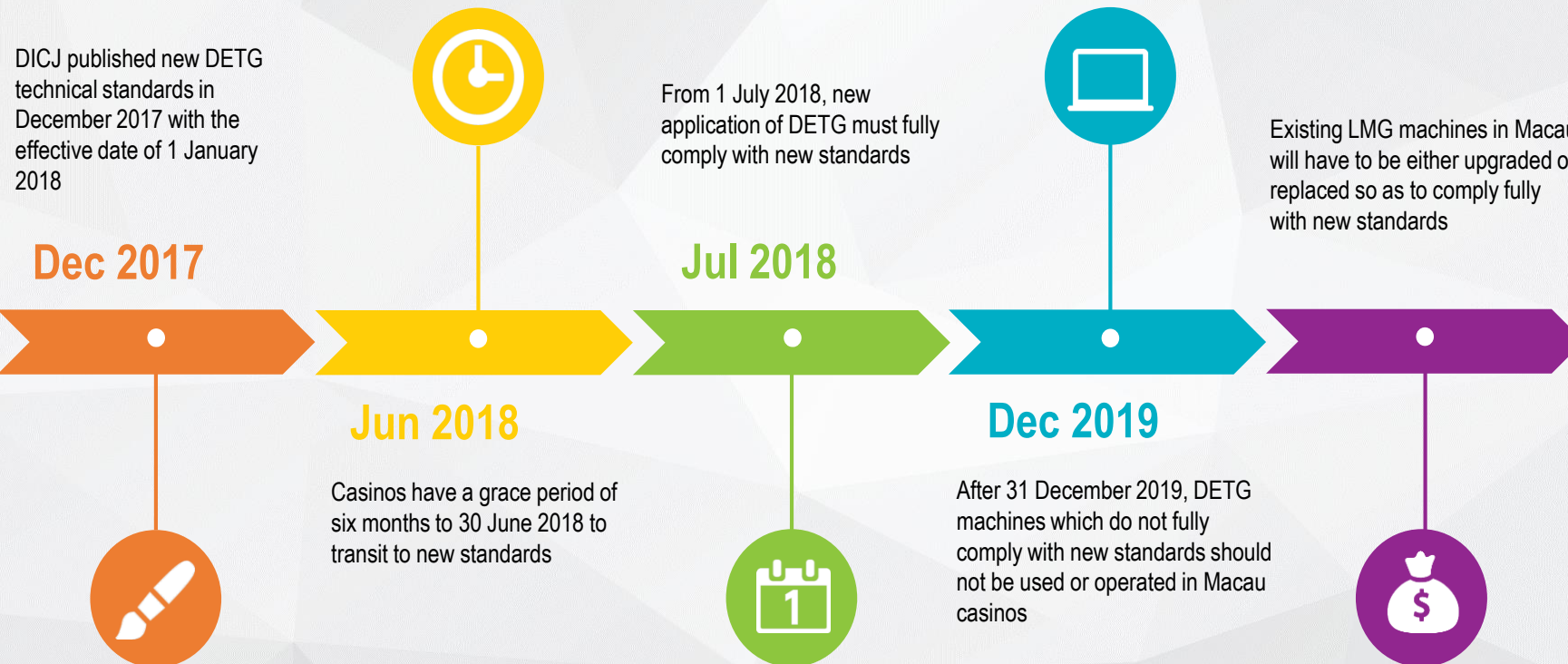
INCREMENTAL GROWTH of US \$12.5bn to



04

Growth Reason 2

LMG REPLACEMENT CYCLE IS ONGOING



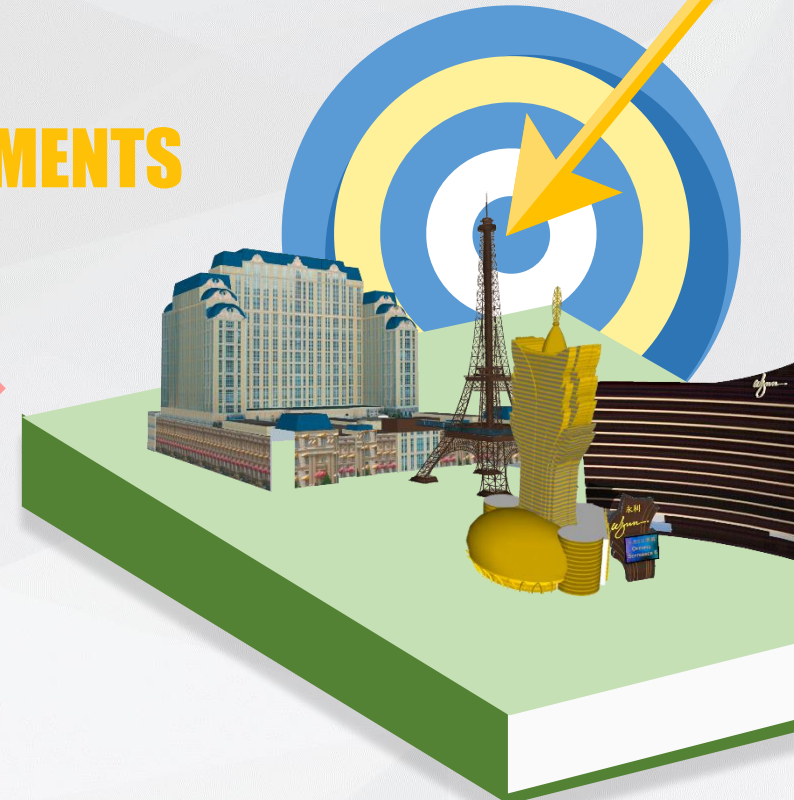
04

Growth Reason 3 NEW PRODUCTS PIPELINE



04

Growth Reason 4 SYNERGY BETWEEN THE TWO BUSINESS SEGMENTS



Casino Under Management



Electronic Gaming Equipment R&D Centre



PART FIVE

Summary – Our Key Differentiators

5



05

Paradise Entertainment

SUMMARY CONSIDERATIONS – KEY DIFFERENTIATORS

Inventor, Patent Owner & Sole Supplier



Monopolises the entire LMG Machine Market. Proven Experience in gaming equipment

Global Footprint



Leveraging International partnerships and expanding own sales team, especially in the US and in South East Asia

Fully Tested and Approved by Regulators



Independent third-party labs fully tested and verified our machines; Now certain slots and ETGs are approved by DICJ and are ready to be deployed

Professional Gaming Technological Support



Provide gaming technological support & advisory service to markets in Macau & overseas; Key participant of the annual MGS Entertainment Show

Favorable Industry Dynamics



Focus on the mass gaming market. Improving Infrastructure such as the Zhuhai-Hong Kong-Macau Bridge & the LRT brings in visitors

Synergy from Gaming Equipment segment



The two segments we operate in are synergistic

Low Valuation but Orders are Coming In



Listed in HK
Low current market cap while
Orders are coming in

Experienced Management

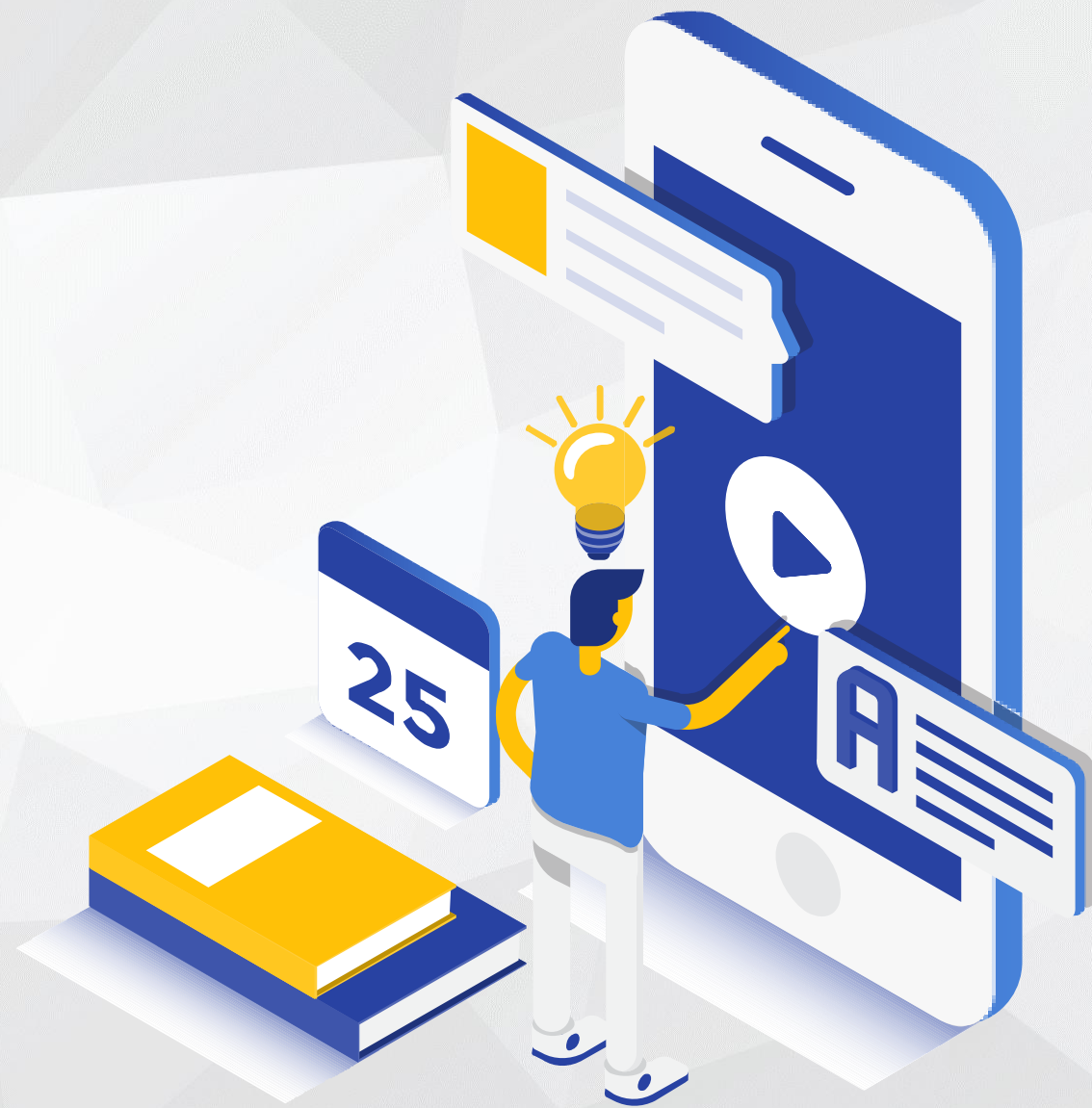


Prior experience in other casinos and gaming equipment suppliers

PART SIX

Photo Gallery

6





Latest Slot Titles



Latest Slot Machines



Latest Slot Machines

wins more
Free Games

substitutes for
any symbol in
the payable



Malfunction Voids All Pays and Plays. 机器故障时, 所有下注和派彩均无效。

CREDIT 889021608
\$8,890,216.08

BET 880
\$8.80

WIN 0
\$0.00

swaps other symbols randomly

DEMO

88 LINES

88 LINES



Play 88 Lines. Bet Multiplier 10

Game Over

1¢



Horse Racing Machines



Innovative Casino Equipment



Automatic Baccarat



Multi-Roulette

MINIMUM BET: HK\$ 10 TABLE 2 MAXIMUM BET: HK\$ 9,999,999



HITS IN LAST 100 SPINS

ODD	51%	49% EVEN
1-18	47%	53% 19-36
RED	43%	50% BLACK

HOT NUMBERS: 0, 32, 24, 29, 28

COLD NUMBERS: 1, 36, 4, 14, 16

MINIMUM BET: HK\$ 10 TABLE 3 MAXIMUM BET: HK\$ 9,999,999



MULTI ROULETTE

PLACE YOUR BETS

HITS IN LAST 100 SPINS

ODD	50%	50% EVEN
1-18	52%	48% 19-36
RED	44%	54% BLACK

HOT NUMBERS: 35, 21, 10, 3, 23

COLD NUMBERS: 27, 30, 1, 9, 11

MINIMUM BET: HK\$ 10 TABLE 4 MAXIMUM BET: HK\$ 9,999,999



MULTI ROULETTE

PLACE YOUR BETS

HITS IN LAST 100 SPINS

ODD	41%	59% EVEN
1-18	46%	54% 19-36
RED	53%	46% BLACK

HOT NUMBERS: 34, 14, 28, 27, 22

COLD NUMBERS: 35, 0, 3, 11, 12



Automatic Chips & Cash Exchange



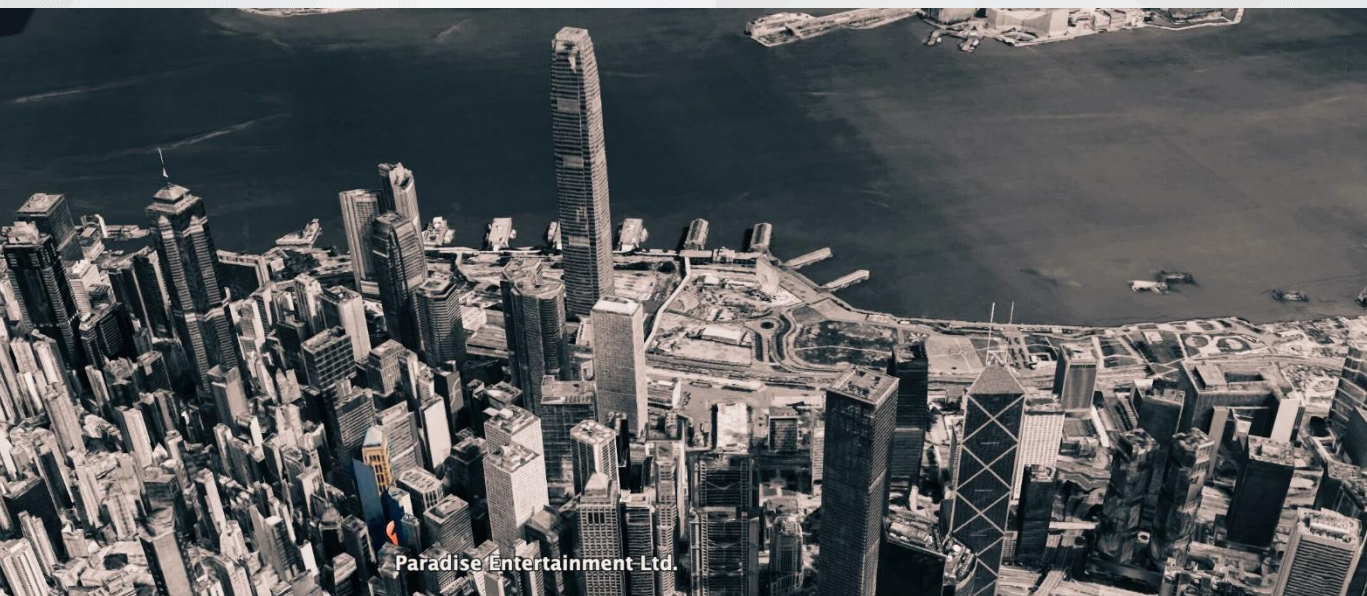
LMG Machines in Casino Kam Pek Paradise



LMG Machines in Casino Waldo



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