



Paradise

Paradise Entertainment Limited

(Incorporated in Bermuda with limited liability)

1180.HK

22 August 2019

2019 Interim Results

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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

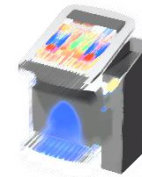
- 2012
LMGs US patent approved and injected into Paradise

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+



- 2019
Self-developed slot machine and games approved and started to deploy in global gaming markets

01

Paradise Entertainment

CHIEF EXECUTIVE



Mr. Jay Chun

Chairman and Managing Director

- Chairman and Managing Director of Paradise Entertainment Limited
- 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

Paradise Entertainment

Unique Position from the Two Operating Segments
Brings in Synergies to the Group



- Major local gaming equipment and systems provider in Macau
- Inventor, patent-owner and sole-supplier of our flagship product – LMG
- New slot machines, casino management system and other new innovative gaming equipment and systems
- Dedicated to research and develop new gaming equipment and systems

- Provides casino management services to two satellite casinos which generate stable and strong cash inflow to the Group
- Focus on mass gaming market in the Macau Peninsula with strong growth potential in GGR and visitation
- Platform for testing and deployment of our new innovative gaming equipment and systems.

E

LECTRONIC GAMING EQUIPMENT & SYSTEMS

C

ASINO MANAGEMENT SERVICES

02

Electronic Gaming Equipment and Systems

HOW ARE WE LEADING IN LMG IN MACAU?



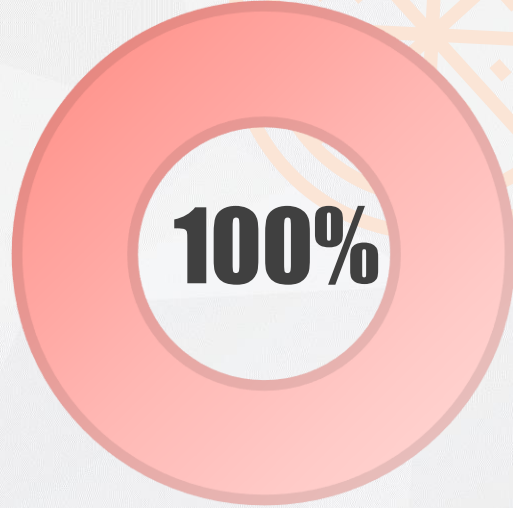
LMG GGR in Macau was MOP1,360 million in 1H2019

02

Electronic Gaming Equipment and Systems

HOW ARE WE LEADING IN LMG IN MACAU?

LMG MARKET SHARE



- Flagship product
- Patent-protected
- 100% market share of LMG in Macau
- 5,200+ LMG terminals installed in 24 casinos in Macau as at 30/06/2019

Macau Deployment

5,200+



Average Daily Net win of

HK\$136,500

Per LMG table in Casino Kam Pek Paradise



02

Electronic Gaming Equipment and Systems

WHO ARE CUSTOMERS OF OUR LMG MACHINES IN MACAU?



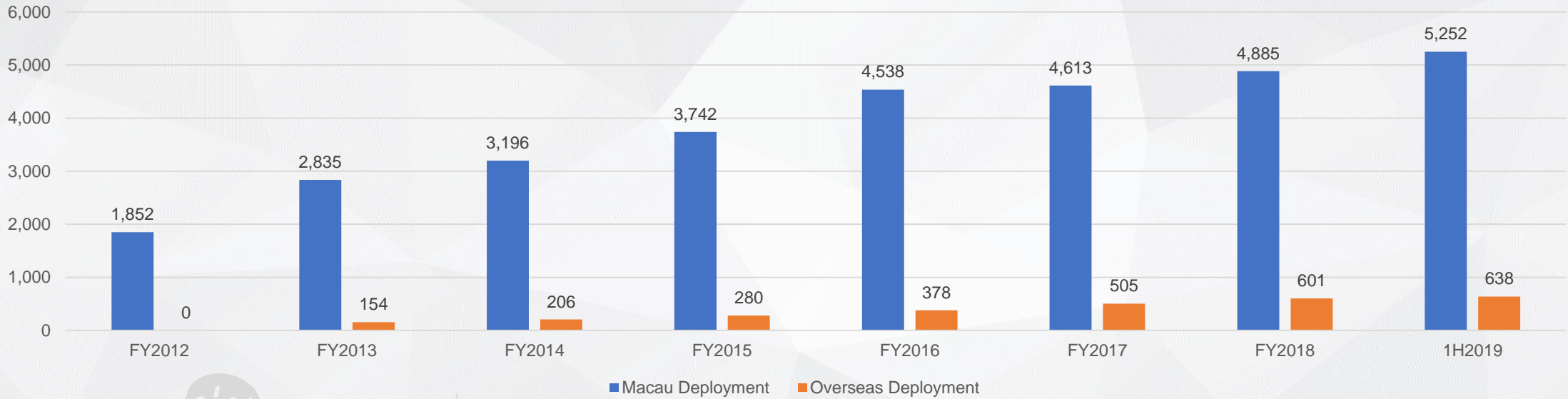
02

Electronic Gaming Equipment and Systems

WHO ARE CUSTOMERS OF OUR LMG MACHINES GLOBALLY?

Number of terminals

Accumulative number of LMG machines deployed in Macau and Overseas Markets



Major Overseas Casinos with our LMG



Palazzo



Venetian



Crown

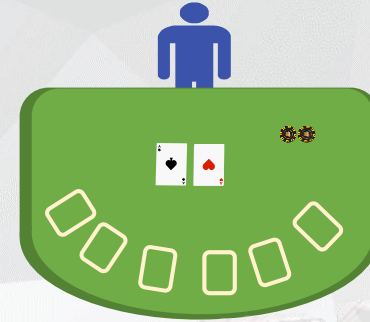
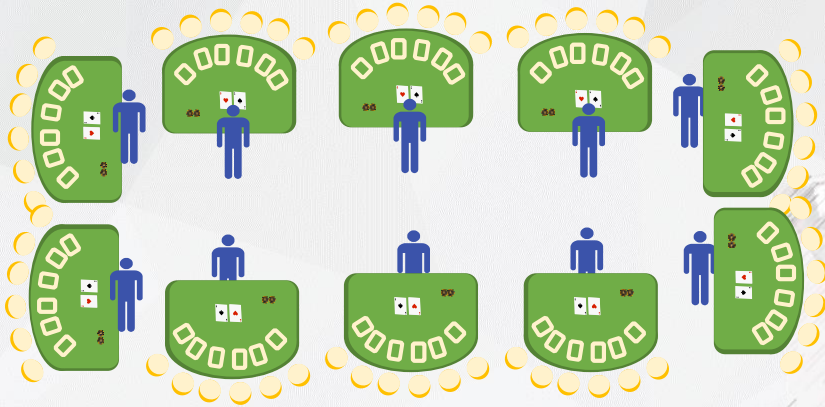


Sugar House Casino

Source: Company Data as of 1H2019

02

Electronic Gaming Equipment and Systems WHY LMGs IN CASINOS?



Advantages of LMG over traditional gaming tables:

- Improve gaming efficiency and reduce labor costs
- Increase game security and reliability
- Keep privacy of players with lower minimum wager
- Premium gaming experience for mass segment gaming players

Traditional Mass Tables	
Single Shift	Single Day
1 pit manager	39 staff
2 supervisors	
10 dealers	10 tables
Tables required	
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



Table Machine Ratio
In Casino Kam Pek Paradise

1:100

Total LMG GGR in Macau
1H2019

MOP 1.36_{bn}

Total number of
our LMG terminals deployed
globally

~5,900

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

02

Electronic Gaming Equipment and Systems INTERNATIONAL PARTNERS

- Strategic partnership with IGT
- Alliance with LT Game Japan and other leading gaming companies



02

Casino Management Services

WHERE THE GROSS GAMING REVENUE COMES FROM?



金碧匯彩娛樂場
KAMPEK PARADISE CASINO

1H2019 GGR:
HK\$637 million

(operate since Aug 2008)






華都娛樂場
Waldo Casino

1H2019 GGR:
HK\$267 million






(operate since Mar 2014)



Casino KAM PEK PARADISE

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

Casino WALDO

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

02

Casino Management Services OUR TARGET MARKET



Our Target Market



Our Latest Innovative ETG for Mass Market

PART THREE

Financial Summary

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03

Paradise Entertainment

FINANCIAL SUMMARY – 2019 INTERIM RESULTS

Total GGR from the
2 casinos under management

HK\$ **904** million



Adjusted EBITDA

HK\$ **63.3** million



Reported Revenue

HK\$ **592** million



Net Profit

HK\$ **23.8** million



03

Paradise Entertainment

FINANCIAL SUMMARY - HIGHLIGHTS



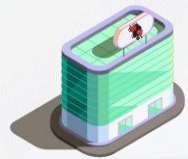
1H2019 Total GGR

Casino Kam Pek Paradise & Casino Waldo:

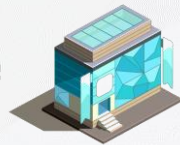
HK\$ **904** million



GGR Contributed by:



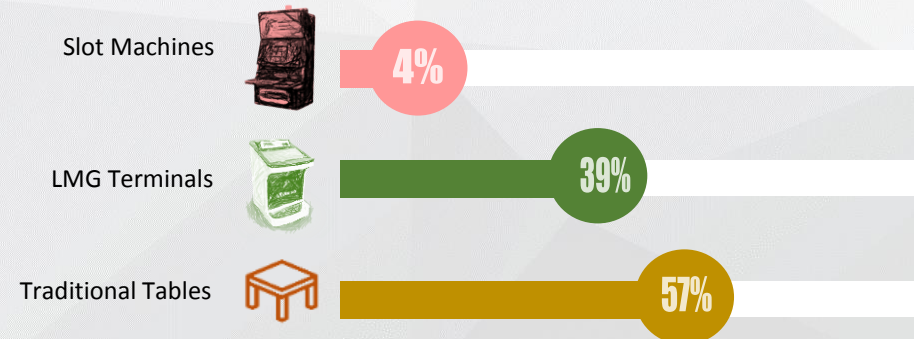
Casino Kam Pek Paradise
70.4%



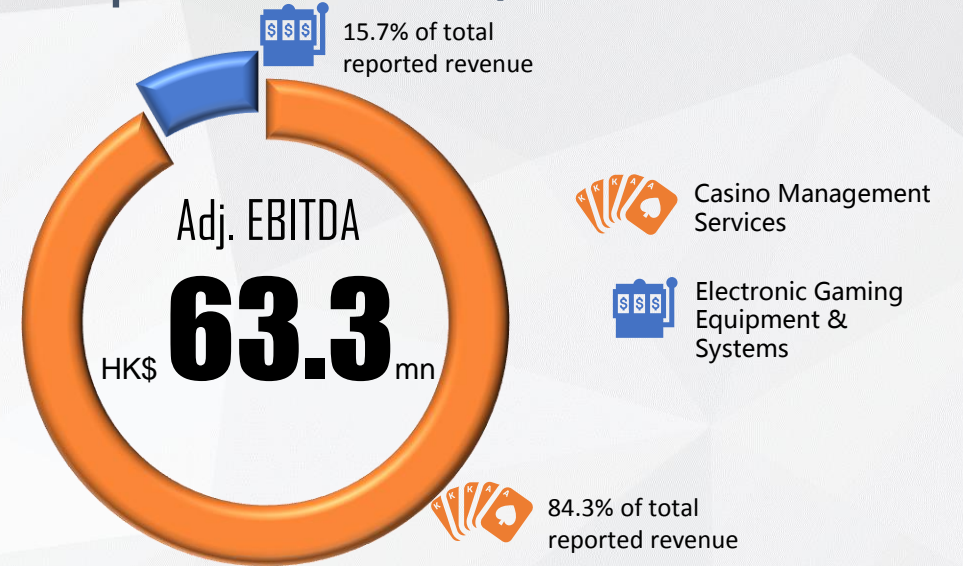
Casino Waldo
29.6%



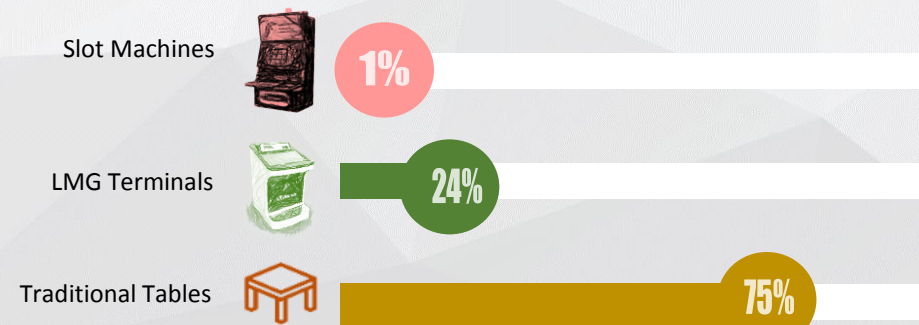
GGR Contribution in Casino Kam Pek Paradise



Reported Revenue: HK\$592 million



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

	<u>1H2019</u> HK\$	<u>1H2018</u> HK\$
Total GGR for the period	637 million	688 million
<u>GGR per unit per day:</u>		
Traditional Tables		
GGR per table/day	 51,400	52,600
LMG Tables		
GGR per table/day	 136,500	156,600
GGR per terminal/day	 1,365	1,566
Blended Table (GGR per table/day)	 68,700	73,900

Total GGR for the period

GGR per unit per day:

Traditional Tables

GGR per table/day

LMG Tables

GGR per table/day





GGR per terminal/day

Blended Table (GGR per table/day)

華都娛樂場
Waldo Casino



Casino WALDO

	<u>1H2019</u> HK\$	<u>1H2018</u> HK\$
Total GGR for the period	267 million	237 million
<u>GGR per unit per day:</u>		
Traditional Tables		
GGR per table/day	 44,400	38,500
LMG Tables		
GGR per table/day	 69,500	64,300
GGR per terminal/day	 804	773
Blended Table (GGR per table/day)	 48,500	42,800

Total GGR for the period

GGR per unit per day:

Traditional Tables

GGR per table/day

LMG Tables

GGR per table/day

GGR per terminal/day

Blended Table (GGR per table/day)

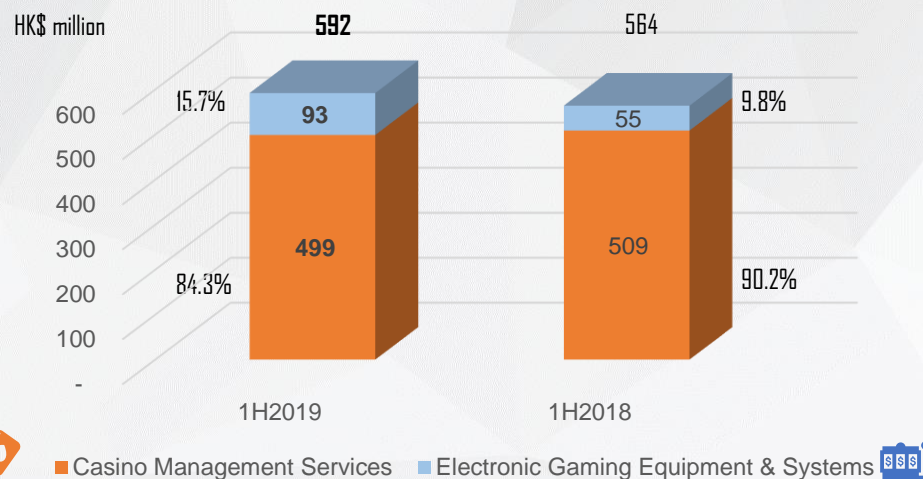
* During 1H2019, all the LMG terminals at the two casinos were upgraded for full compliance of new Technical Standard for DETG and installation of improved features. During the upgrade process, operation of the LMG terminals were temporarily suspended which affected the performance of the two casinos in the interim period to certain extent.

03

Paradise Entertainment

FINANCIAL SUMMARY- REVENUE & ADJUSTED EBITDA

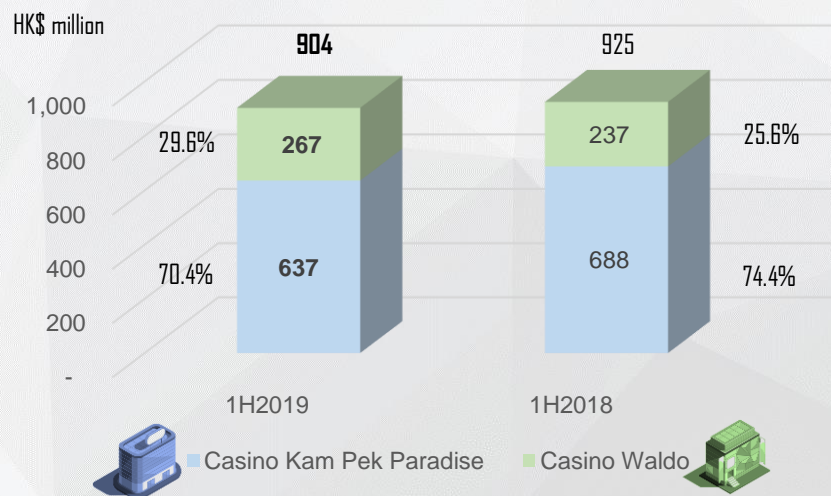
Reported Revenue by Segment



Adjusted EBITDA by Properties / Nature

HK\$ Million	1H2019	1H2018
Casino management services:		
• Casino Kam Pek Paradise	66.0	103.8
• Casino Waldo	0.3	(25.3)
Subtotal	66.3	78.5
Electronic gaming equipment and systems:		
• Sale	51.8	22.0
• Leasing	1.8	2.4
• R&D and other costs	(42.6)	(29.7)
• ETG distribution from IGT	1.1	0.9
Subtotal	12.1	(4.4)
Others	(15.1)	(14.4)
Group Adjusted EBITDA	63.3	59.7

GGR by Casino



PART FOUR

Growth Opportunity

4

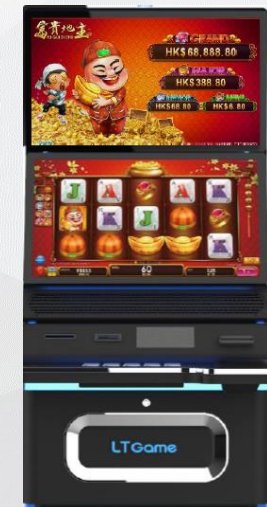


04 SLOT MACHINE MARKET



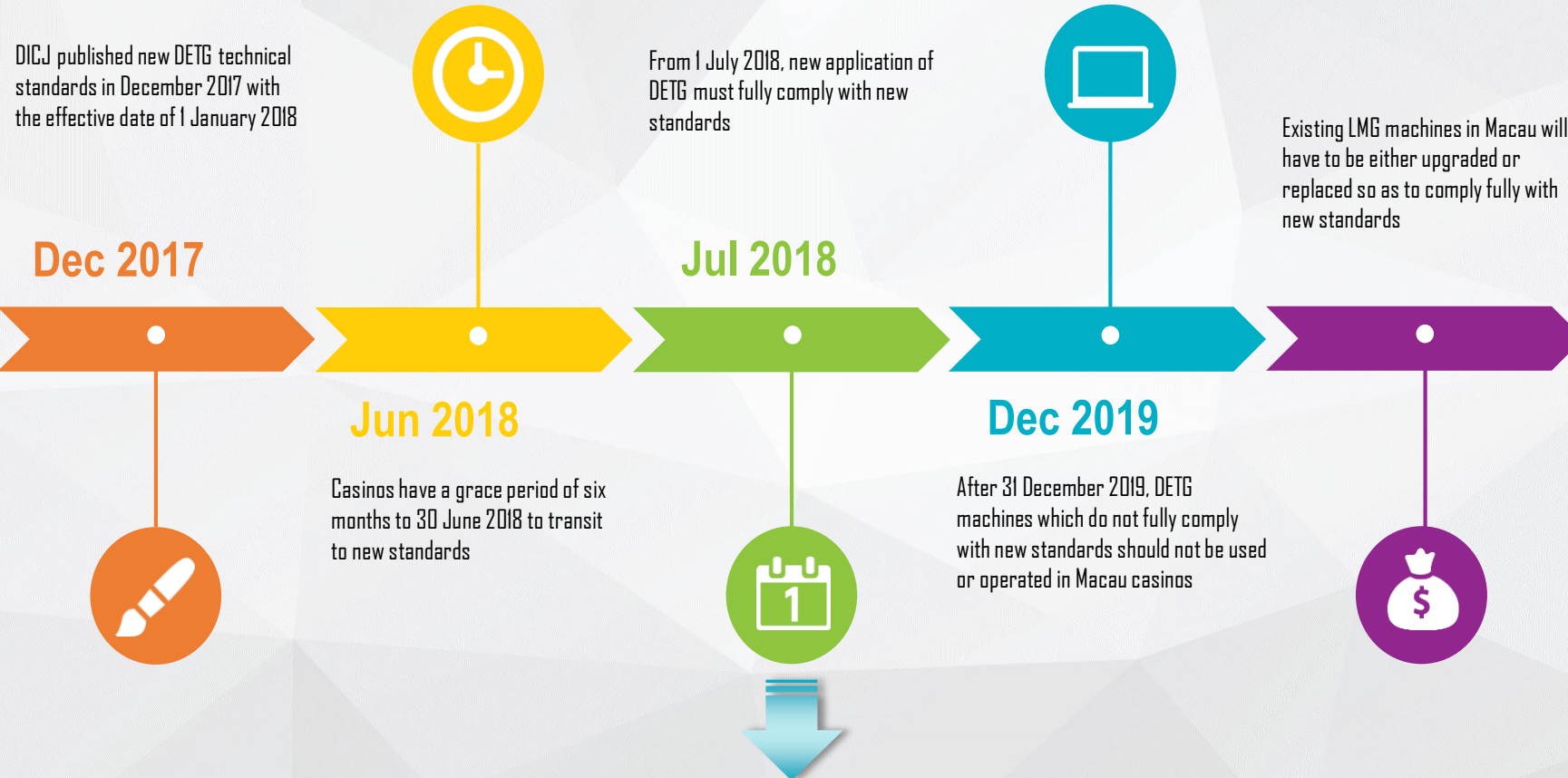
- **Slot games have a shorter replacement cycles than ETG**
- **Large potential market for slot machines globally**
- **Start to deploy our new slot machines in Americas and South East Asia etc.**

Region	Market Overview	Business Opportunities
North America	Around 1 million slot machines	Largest slot market, total replacement and new sales amount to around 80,000 units per year
Macau	Over 17,600 slot machines	Our hometown base, leverage from existing distribution network
South East Asia	Around 37,000 slot machines	Great potential market as new casinos are open
Other gaming markets	Australia over 20,000 slots; Europe over 100,000 slots, etc	We continue to explore overseas opportunities and alliance with our strategic partners of leading gaming companies worldwide



04

LMG GROWTH CONTINUES



Such replacement and upgrading of LMG terminals in Macau has accelerated LMG's replacement cycle which brings business opportunities to the Group

04

NEW PRODUCTS PIPELINE

Our new products are in the pipeline of being launched to markets in near term



PART FIVE

Summary – Our Key Differentiators

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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 North America 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

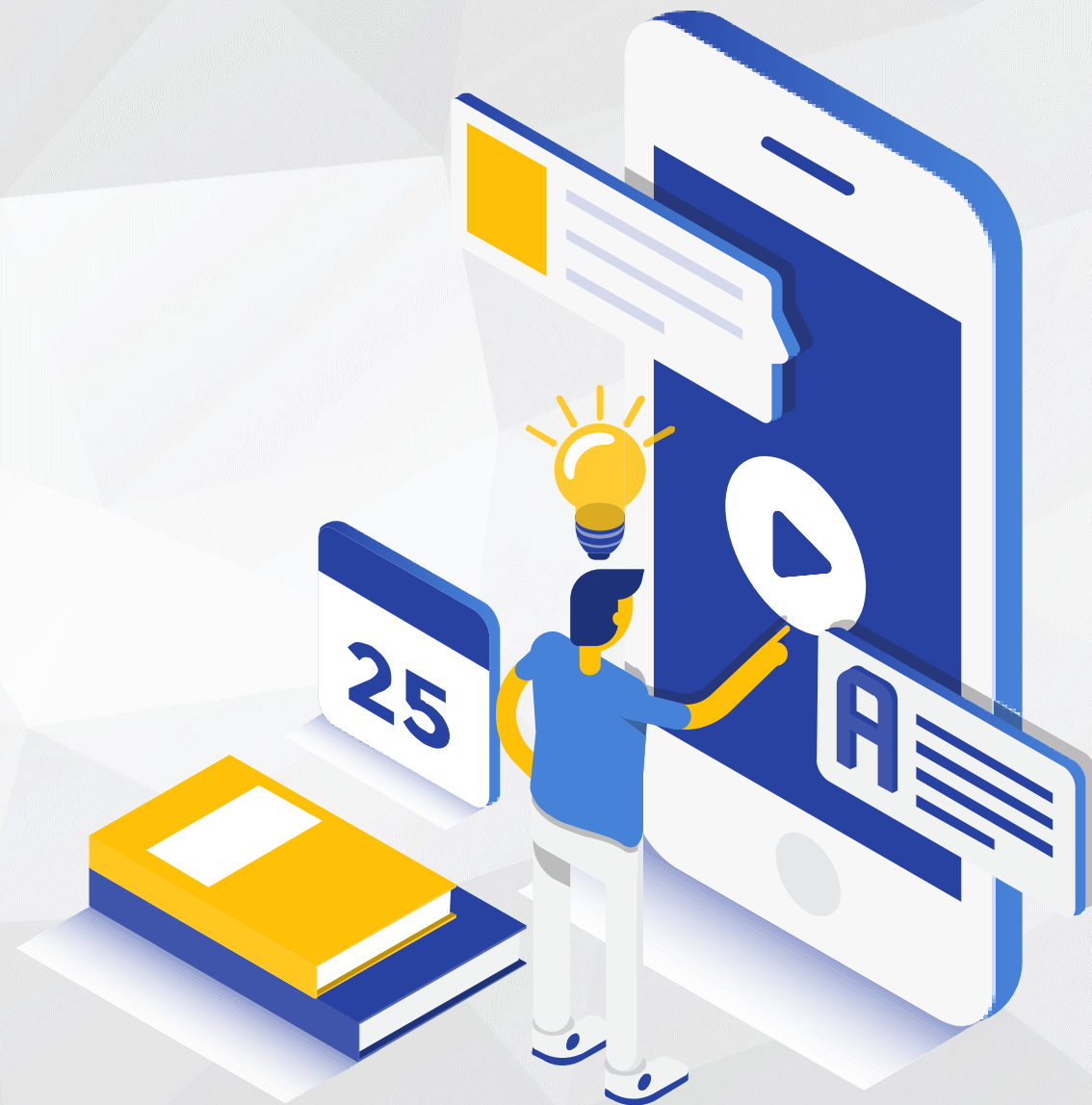


Prior experience in other casinos and gaming equipment suppliers

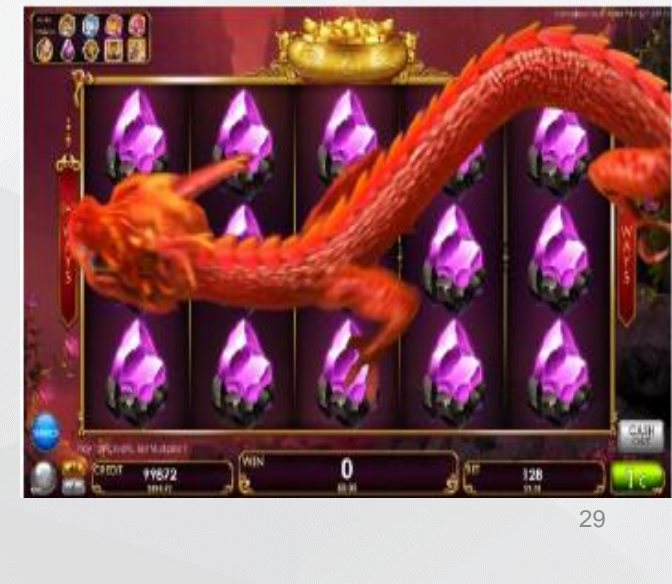
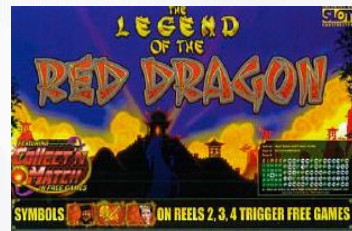
PART SIX

Photo Gallery

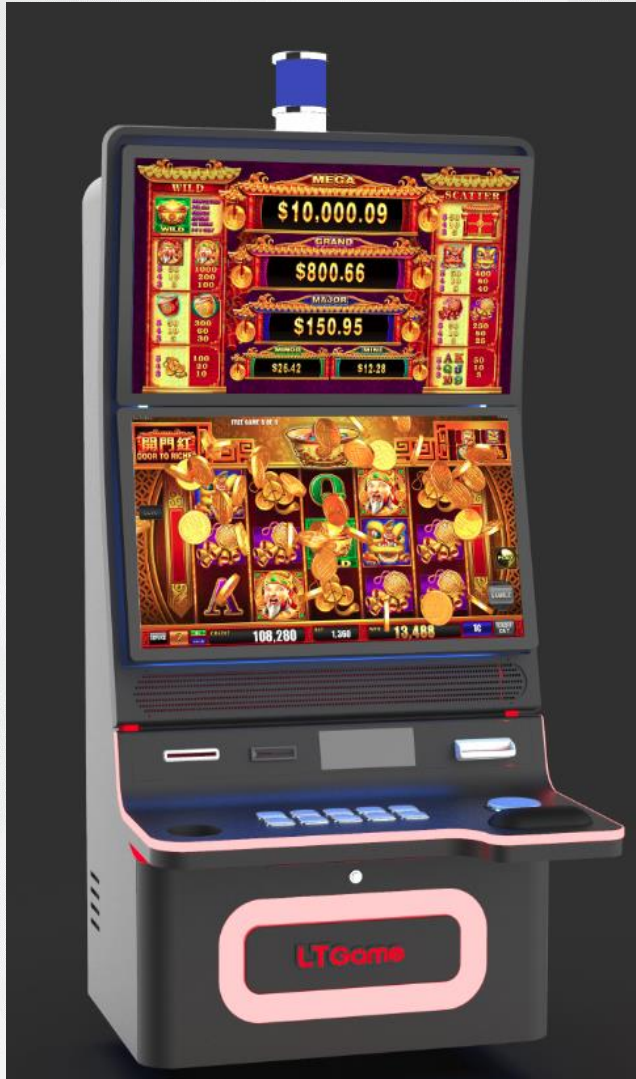
6



Latest Slot Games



Latest Slot Machines



Latest Slot Machines



Horse Racing Machines



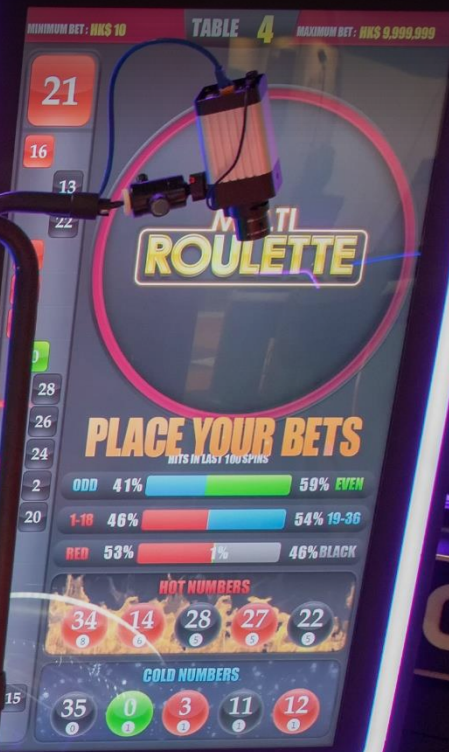
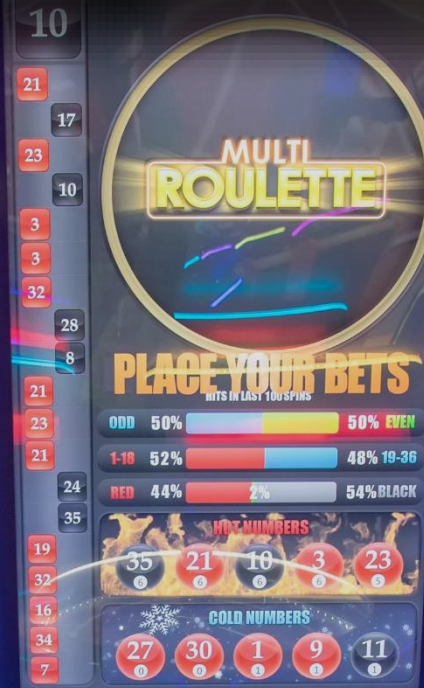
Innovative Casino Equipment



Automatic Baccarat



Multi-Roulette



Automatic Chips & Cash Exchange



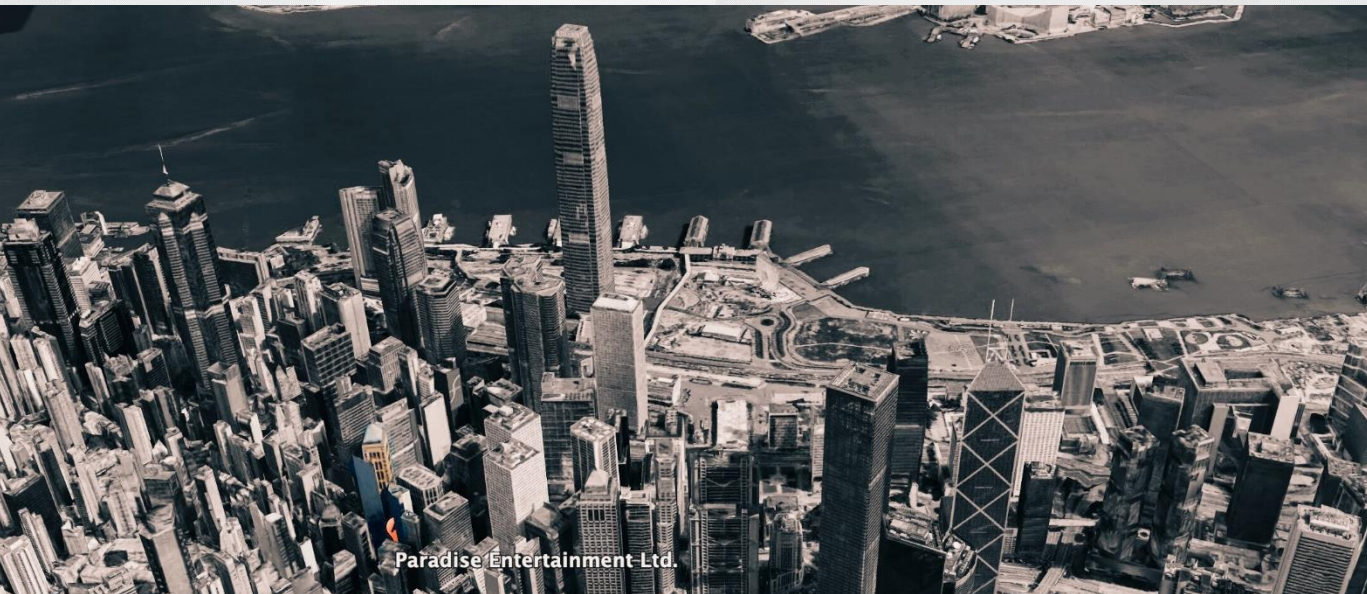
LMG Machines in Casino Kam Pek Paradise



LMG Machines in Casino Waldo



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