



Paradise

Paradise Entertainment Limited

(Incorporated in Bermuda with limited liability)

1180.HK

26 March 2020

2019 Annual Results

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PART ONE

Company Overview

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01

Paradise Entertainment

CORPORATE STRUCTURE



滙彩控股

Paradise entertainment

1180.HK

**ELECTRONIC
GAMING
EQUIPMENT &
SYSTEMS
SEGMENT**



**CASINO
MANAGEMENT
SERVICES
SEGMENT**

SYNERGIES BETWEEN OUR TWO BUSINESS SEGMENTS

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

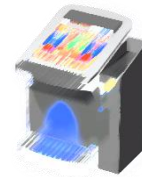
- 2011
Successfully sold the first flagship product, the LMG machine, to casinos in Macau for the first time; Patent applied in US in the same year

- 2012
LMG's US patent approved and injected into the Company



- 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 LMG and other products, 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 was 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 machines and games got approved and started to penetrate into Macau and global slot markets such as Americas and South East Asia.
- Started to invest in research and development of 5G, AI and other high-tech products and the latest debut including smart wear, smart home and 5G wireless terminal, etc.

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 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 new innovative ETG and accessories
- Dedicated to develop innovative high-tech gaming equipment and systems for worldwide gaming markets

- Provides casino management services 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

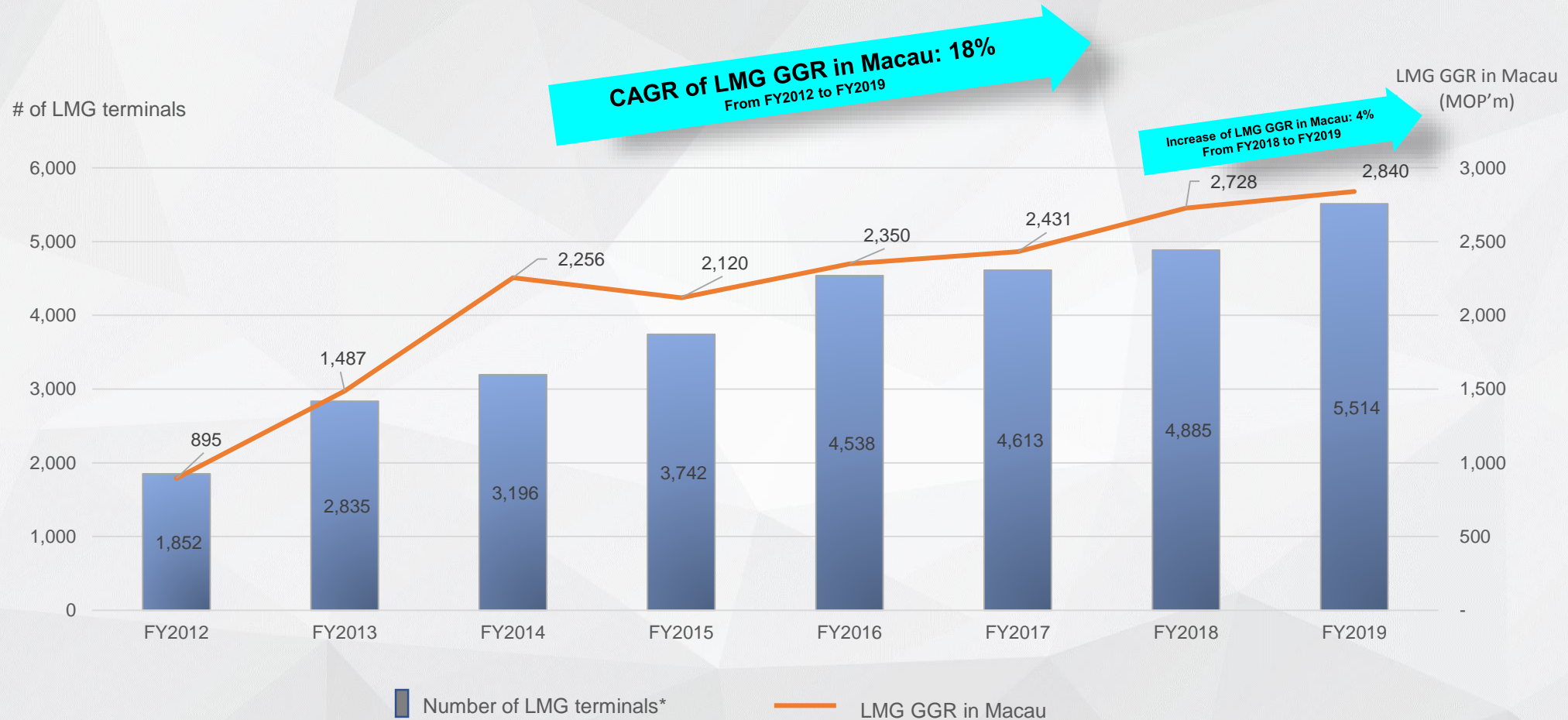
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ASINO MANAGEMENT SERVICES

02

Electronic Gaming Equipment and Systems

HOW ARE WE LEADING IN LMG IN MACAU?



- **In 2019, we sold a total of 799 LMG terminals and provided upgrade services to a total of 1,051 LMG terminals in Macau**

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

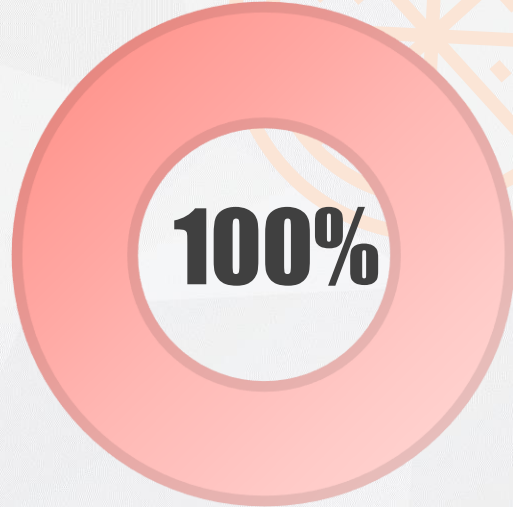
* Being accumulated sales of LMG terminals by the Group in Macau up to and number of LMG terminals of the Group under lease as at the end of every fiscal year

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**
- **Customers of our LMG machines include various major casino operators and satellite casinos in Macau**

Macau Deployment *

5500+



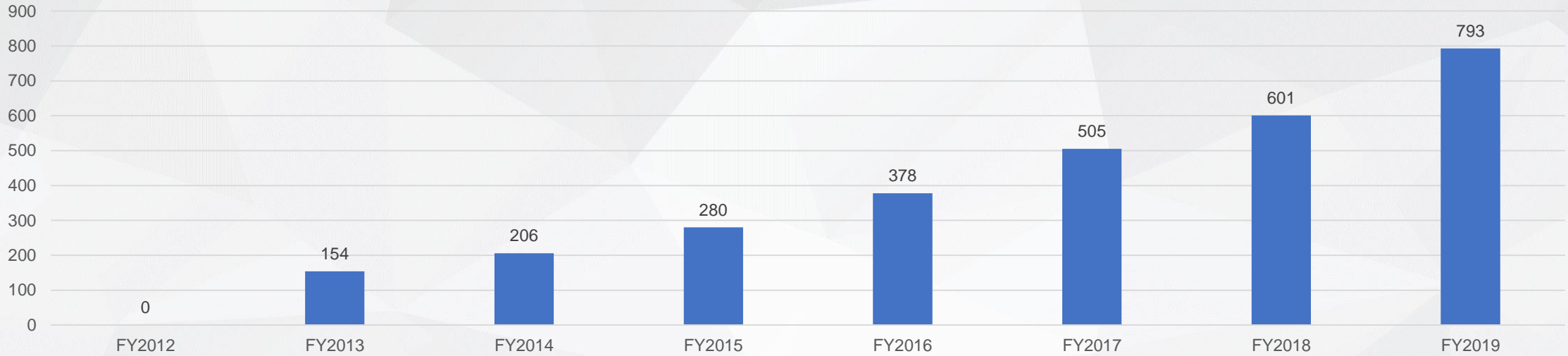
02

Electronic Gaming Equipment and Systems

WHO ARE CUSTOMERS OF LMG MACHINES OVERSEAS?

Number of terminals

LMG machines deployed in Overseas Markets



We entered into strategic partnership agreement with IGT in 2016

- Up to 31 December 2019, a total of 340 LMG terminals were sold by IGT
- As at 31 December 2019, there were 125 LMG terminals deployed by IGT under lease
- We accumulatively recognised a total royalty income of HK\$8.1 million from IGT up to 31 December 2019

**Major Overseas
Casinos
with LMG**



Palazzo



Venetian



Crown

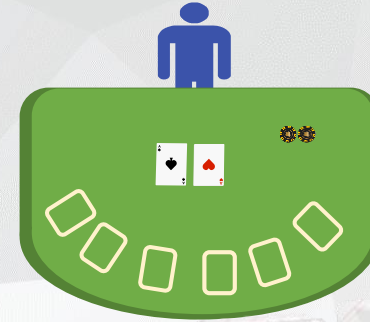
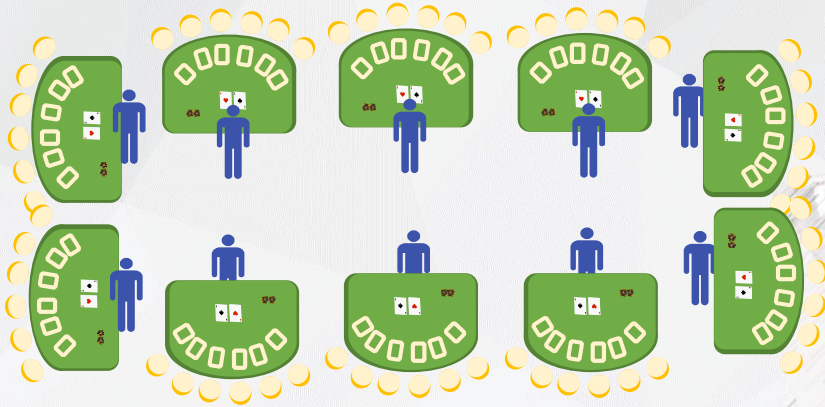


Sugar House Casino

Source: Company Data as of FY2019

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
- Mass gaming players can easily switch games on the screen of LMG terminals

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
FY2019

MOP 2.84^{bn}

Accumulative Global
Deployment

~6,300

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

FY2019 GGR:
HK \$1,270 million

(operate since Aug 2008)







華都娛樂場
Waldo Casino

FY2019 GGR:
HK \$547 million







(operated from Mar 2014 to Feb 2020*)



Casino KAM PEK PARADISE

TOTAL	49	
Traditional	39	
LMG  / Terminal	10  / 996	
Slot Machines	189	

Casino WALDO

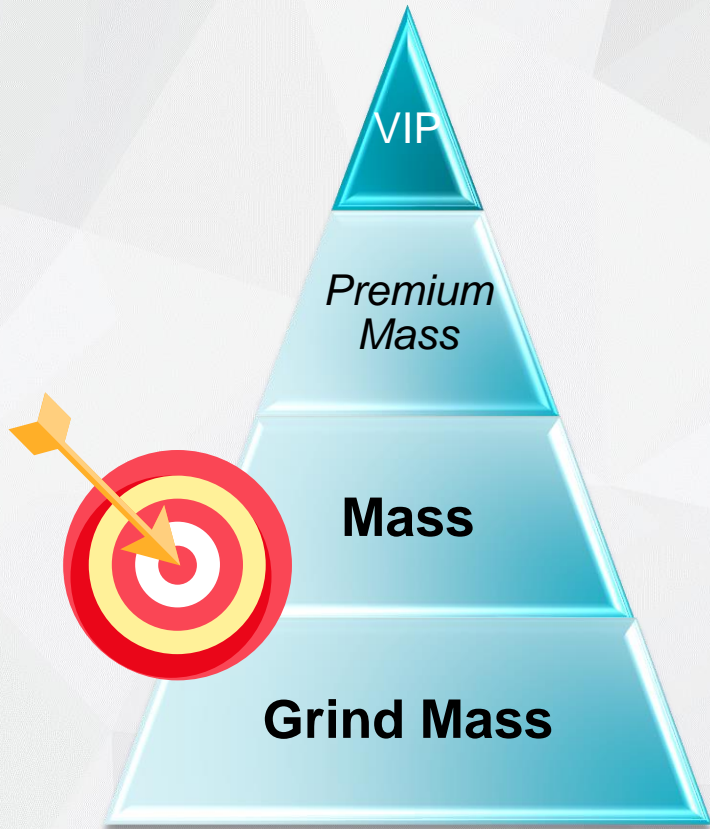
TOTAL	30	
Traditional	25	
LMG  / Terminal	5  / 432	
Slot Machines	167	

Source: Company Data as of FY2019

* Considering the recent requirement to invest further for additional monitoring system and equipment to Casino Waldo in compliance with new regulatory requirements which we considered that might be not recovered before end of the existing gaming concession, the relative high operating costs of the casino, and also the adverse impact from the recent outbreak of a respiratory illness, following the expiration of the related service contract on 29 February 2020, the Group decided to cease providing casino management services in Casino Waldo since 1 March 2020 and did not request for renewal or extension of the service contract

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 ANNUAL RESULTS

Total GGR from the
2 casinos under management

HK\$ **1,817** million



LMG Deployment
in Macau

Sold **799** units

Upgraded **1,051** units



Net Profit

HK\$ **10.6** million



Reported Revenue

HK\$ **1,182** million



Adjusted EBITDA

HK\$ **87.0** million



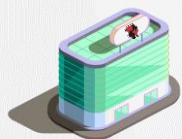
03

Paradise Entertainment

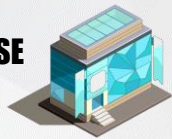
FINANCIAL SUMMARY – 2019 HIGHLIGHTS

CASINO MANAGEMENT SERVICES

ELECTRONIC GAMING EQUIPMENT & SYSTEMS



Casino KAM PEK PARADISE



Casino Waldo



GGR

HK\$ **1,270.2** million
69.9%

HK\$ **547.1** million
30.1%



GGR Contribution

- Traditional Tables 54%
- LMG 42%
- Slot Machines 4%

100%

72%
26%
2%

100%



Reported Revenue

HK\$ **692.7** million

HK\$ **311.5** million



Adjusted EBITDA (loss) HK\$ **141.5** million

HK\$ **(27.5)** million



Sales of LMGs

799 in Macau

Upgrade of LMGs

1,051 in Macau



Reported Revenue

HK\$ **177.6** million



R&D Costs

HK\$ **88.5** million



Adjusted EBITDA

HK\$ **5.4** million

03

Paradise Entertainment

FINANCIAL SUMMARY – KPIs for the 2 casinos under management

金碧匯彩娛樂場
KAMPEK PARADISE CASINO







華都娛樂場
Waldo Casino



Casino KAM PEK PARADISE

Casino Waldo

	<u>FY2019</u> HK\$	<u>FY2019</u> HK\$
Total GGR for the year	1,270 million	547 million
<u>GGR per unit per day:</u>		
Traditional Tables		
GGR per table/day	 48,100	43,400
LMG Tables		
GGR per table/day	 146,500	78,100
GGR per terminal/day	 1,471	904
Blended Table (GGR per table/day)	 68,200	49,200

* During FY2019, all the LMG terminals at the two casinos were upgraded for full compliance of the Technical Standards 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 2019 to certain extent.

PART FOUR

Growth Opportunity

4



04 SLOT MACHINE MARKET



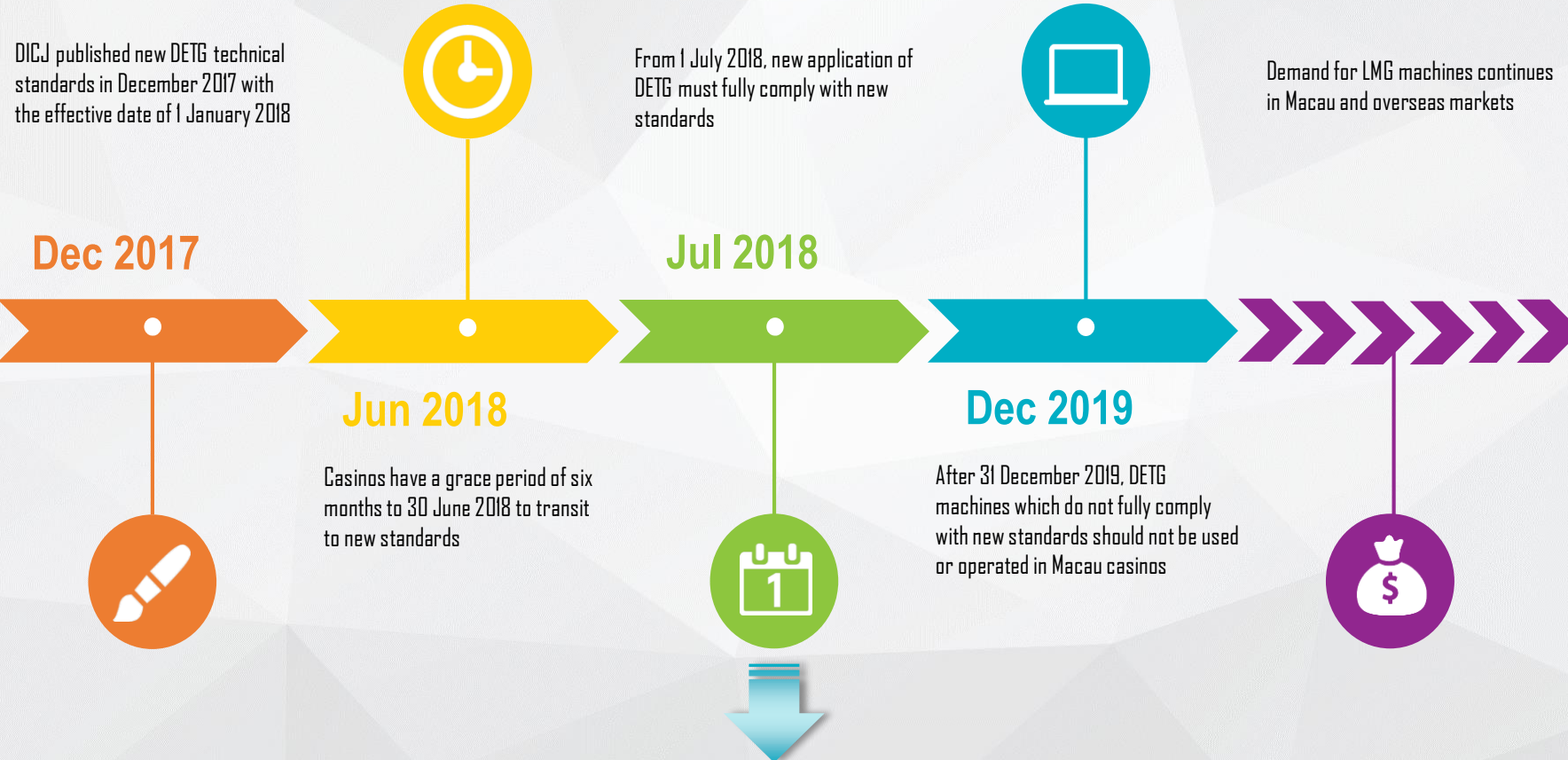
- Slot market much larger and more competitive than ETG market in Americas and Slot games have a limited life (3-18 months), need constant game updates to attract foot traffic and retain floor space
- Slot games have a shorter replacement cycles than ETG and we will continuously launch new slot games every year
- Penetrated to Global Market such as Americas and South East Asia in various casinos and gaming establishments. Leverage of sales network to distribute new slot machines in major gaming jurisdictions

Region	Market Overview	Business Opportunities
North America	Around 1,000,000 slot machines	Largest slot market, total replacement and new sales amount to around 80,000 units per year
Macau	Over 17,000 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



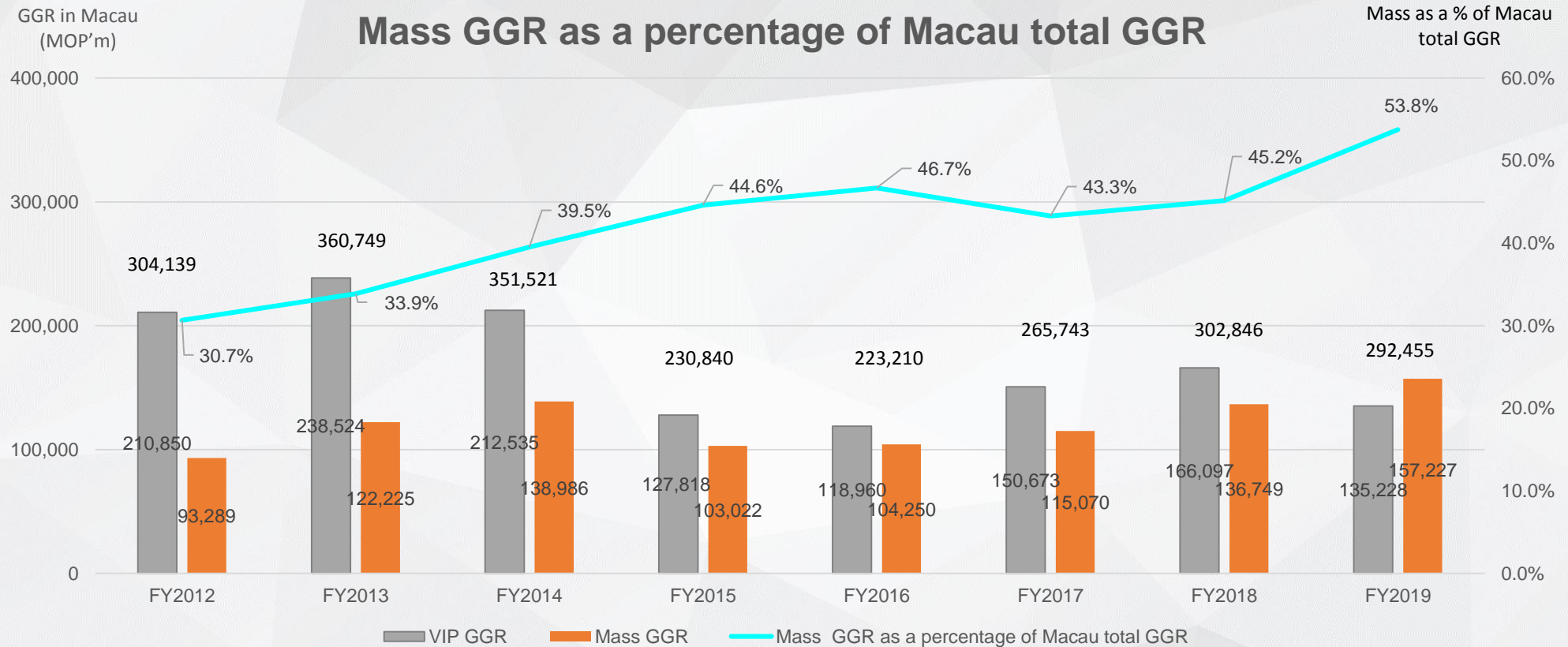
04

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 LMG GROWTH CONTINUES



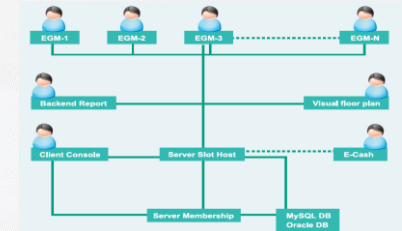
- In recent years VIP segment is shrinking and mass segment has steadily increased in Macau
- In 2019 mass GGR exceeds VIP GGR in Macau for the first time
- The costs of running traditional table games have been on the upside trend
- ETG machines have advantages for casino operators with lower operating costs
- In 2019 we sold 799 LMG terminals and upgraded 1,051 LMG terminals at various casinos in Macau

Continuous demand for Electronic Gaming Machines, Equipment and Systems

04

NEW PRODUCTS PIPELINE - Electronic gaming machines, equipment & systems

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



04

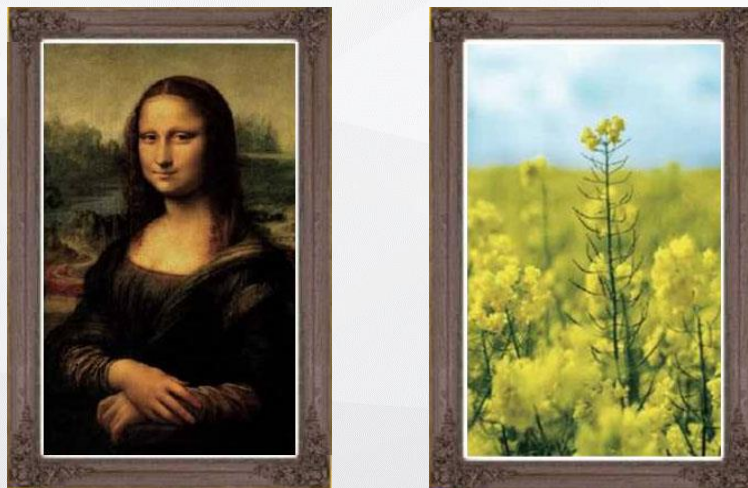
NEW PRODUCTS PIPELINE – 5G, AI and other high-tech products



High- tech smart wear wrist band products for sports lover and education



5G CPE (Customer Premise Equipment) enables strong 5G signal for customers



Electronic photo frame (smart home product) improves living qualities intelligently



Other high-tech 5G wireless terminals products to provide better signal coverage

- The debut of AI and 5G high-tech products in 2019, increasingly investment in R&D following the development of technology development
- Smart wear, smart home and 5G wireless terminal and other high-tech products being launched in the market

PART FIVE

Our Key Differentiators

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05

Paradise Entertainment

OUR 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; Certain slots were approved by DICJ and penetrated to North America and South East Asia markets

Professional Gaming Technological Support



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

Favorable Industry Dynamics



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

Synergies from Two Segments



Synergies between electronic gaming equipment & systems and casino management services

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 Cabinets



Latest Slot Games



Latest Slot Machines



Horse Racing Machines

INSPIRED | EVENT ID: 03020 | HORSES | EVENT START 14:00 | ACTIVATE

NO.	HORSE	ODDS	WIN
2	INSPIRED	5.50	5.75
8	INSPIRED	5.50	5.50
7	INSPIRED	16.75	5.50



INSPIRED

TABLE 11001

HORSE RACING

LTGame

INSPIRED | EVENT ID: 03020 | HORSES | EVENT START 14:00 | ACTIVATE

NO.	HORSE	ODDS	WIN
10	INSPIRED	5.50	5.50
2	INSPIRED	5.50	5.50
1	INSPIRED	5.50	5.50




INSPIRED

TABLE 11003

INSPIRED | EVENT ID: 03020 | HORSES | EVENT START 14:00 | ACTIVATE

NO.	HORSE	ODDS	WIN
5	INSPIRED	20.75	5.50
7	INSPIRED	12.75	5.50
6	INSPIRED	5.50	5.50

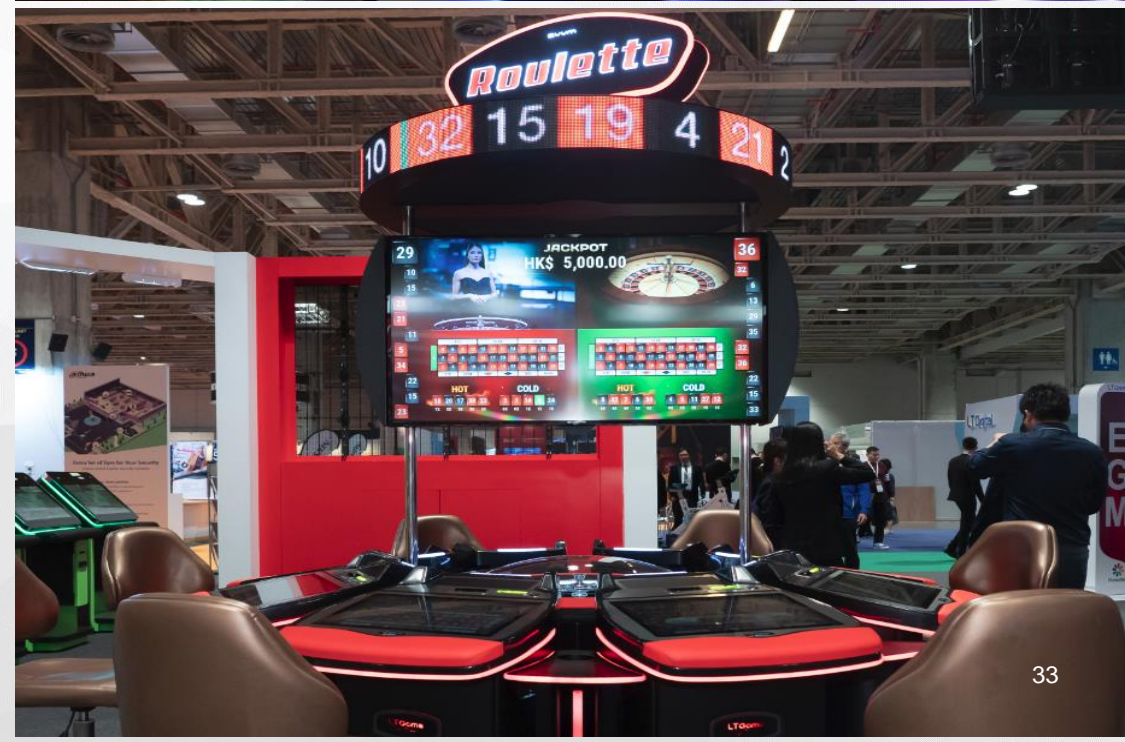


INSPIRED





Innovative ETG



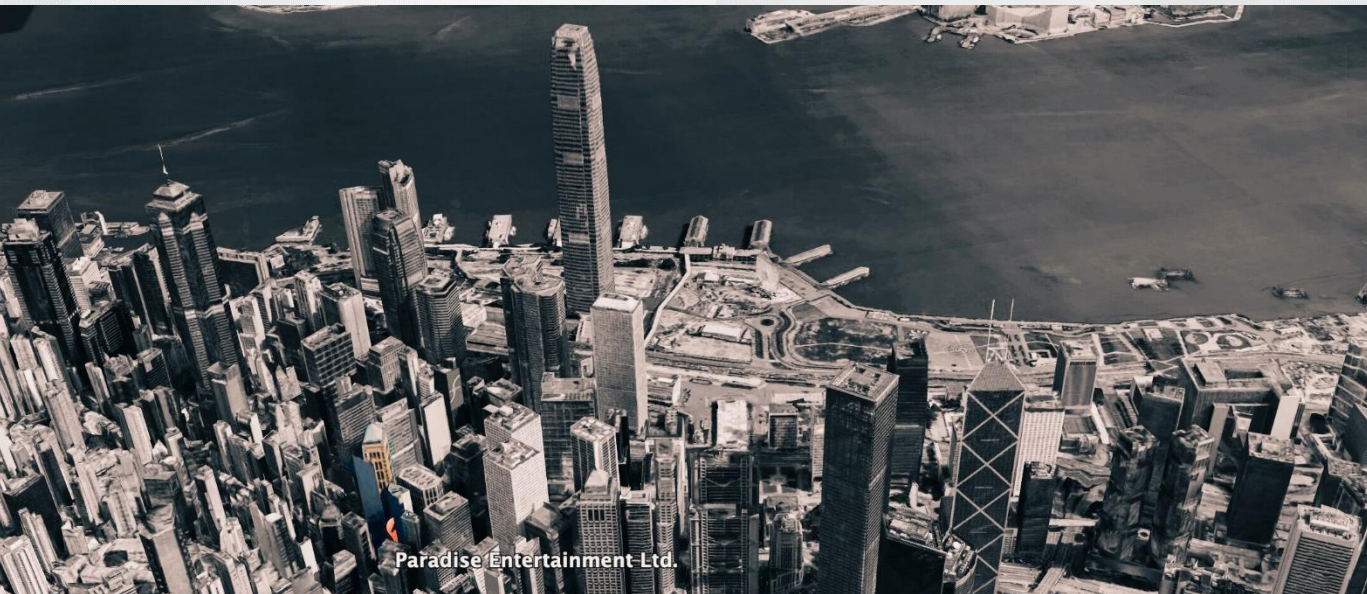
Automatic Chips & Cash Exchange



LMG Machines in Casino Kam Pek Paradise



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