

MACAU: NO PICKUP HERE

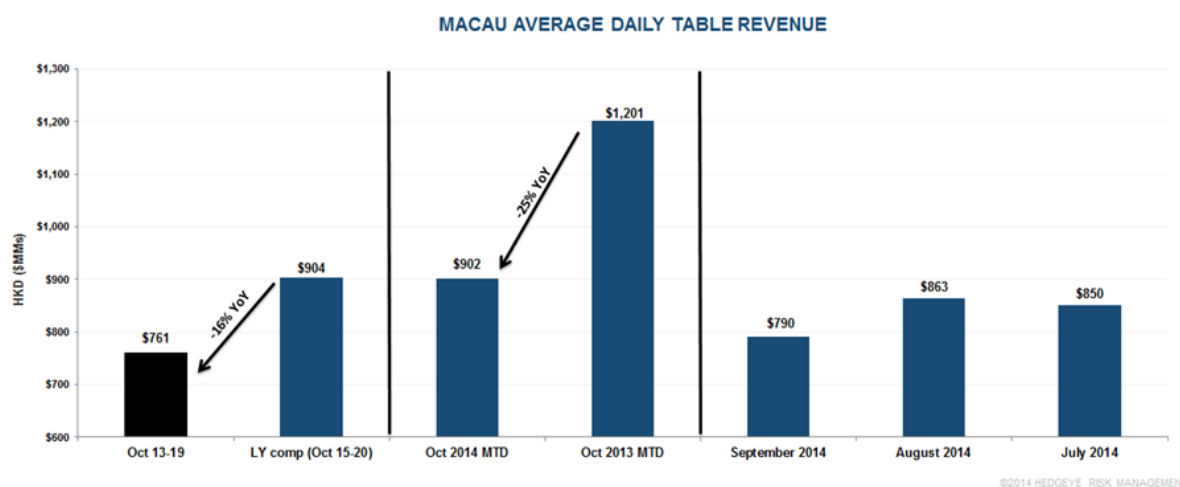
OCTOBER 21, 2014

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CALL TO ACTION

With no top line rebound in sight, we remain focused on margins, where we think the Street is too high. This past week, daily table revenues (DTR) fell again. While the YoY decline is improved from the hold impacted 1H of October 2014, the performance is not good enough for us to change our full month GGR growth forecast of down 20-25%.



MARKET SHARES

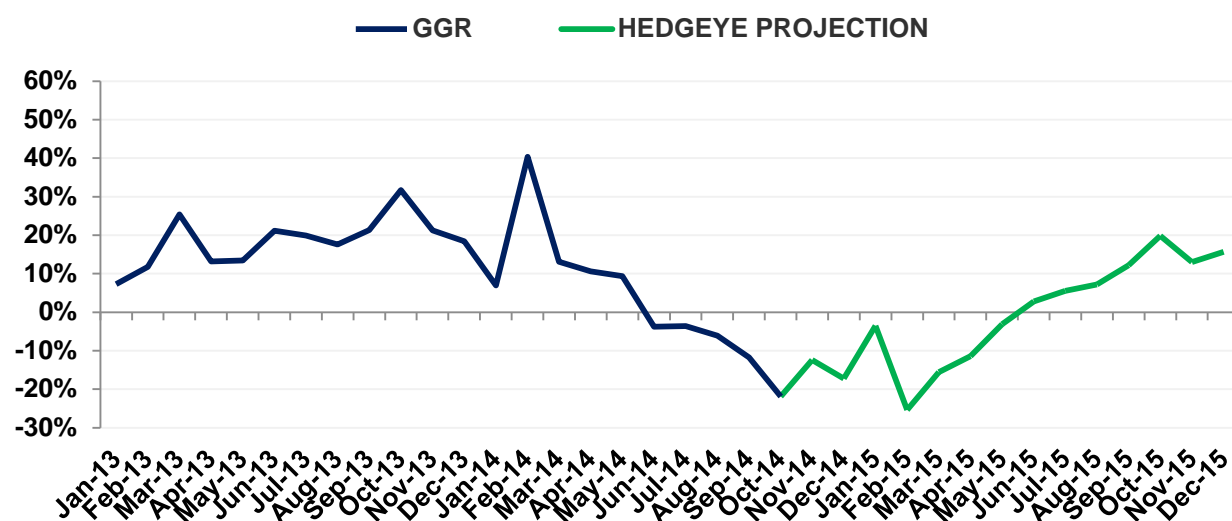
The Hong Kong companies seem to be benefiting from lady luck at least on a relative basis. Both MPEL and Galaxy displayed share well above trend, at the expense of Wynn and to a lesser extent, MGM. We think Wynn Macau may have held as low as 1% (2.85% is normal) on VIP during Golden Week.

MACAU OCTOBER TABLE MARKET SHARE

(in HK\$ millions)		OCT	Trailing			
	HK\$s	MTD	3-months	SEPT	AUG	JULY
SJM	3,940	23.0%	23.1%	21.3%	23.0%	24.8%
LVS	3,940	23.0%	22.9%	21.2%	24.3%	22.8%
WYNN	1,199	7.0%	10.5%	10.6%	10.0%	10.9%
MPEL	2,569	15.0%	12.4%	12.4%	12.8%	11.9%
GALAXY	3,940	23.0%	21.8%	23.4%	21.3%	21.0%
MGM	1,542	9.0%	9.4%	11.1%	8.6%	8.6%
TOTAL	17,130					

On a positive note, we are hearing that MPEL's City of Dreams (CoD) has been given DICJ approval to allow smoking in a room off the Grand Hyatt lobby. Currently, all the tables in that room are designated as Mass. However, CoD must "convert" the ~20 tables from premium mass to direct VIP to fit the new regulations, which means they pay the higher annual tax on those tables (HK\$291k per VIP table vs HK\$146k per Mass). The approval highlights the murky nature of the new regulations where requests are being evaluated by the DICJ on a case by case basis.

MACAU GAMING REVENUES YOY CHANGE



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CONCLUSION

We remain negative on the stocks overall as our forward estimates reside well below consensus. While we are certainly less optimistic regarding the timing of a top line rebound, we suspect most of the estimate differential stems from lower margin assumptions. Galaxy remains our favorite stock on the long side.

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