

February 27, 2015

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# Macau Gaming Monthly

## Chinese New Year Shows Continuing Declines

### Summary

**Slowing Revenue.** Our interviews with gaming employees in Macau suggests that the February holiday month over Chinese New Year delivered continuing declines in line with poor results over the past six months. In most Chinese New Years, revenue rises 20% to 30% as mainland Chinese take advantage of the holiday period to travel to Macau. However, our interview group witnessed this increase halving to 5% to 10%. Some interview subjects suggested there has been a bottoming out in overall revenue but it's probably too early to tell.

**Anti-corruption Still Strong.** In other points, we note that the anti-corruption policy in China continues to affect arrivals of VIP junkets. There is no indication of a change in policy in China that would allow for a rise in Macau arrivals. The healthy numbers for gambling revenue in other destinations in Australasia suggest otherwise. In addition, rumors of a crackdown on Zeng Qinghong, a former Vice President and ally of Jiang Zemin, indicates continuing pressure.

**Debate Over No Pay Leave.** The policy regarding leave without pay is an interesting development. At the turn of the year, the gaming companies encouraged employees to take short-term leave without pay. Our interviews suggest a significant number between 1% and 5% were forced to accept this proposal. However, there are rumors that the Macau government is going to force the companies to abandon this policy.

#### Key Catalysts for the industry

New hotels and other non-gaming components will be opened in 2015. This

#### Downside Risks

The Chinese government fight against corruption. The rich remain afraid of

may attract new clients both outside and inside China.	coming to Macau to gamble.
Some casino employees that there will not be any big decrease in revenue because the gambling industry has reached the bottom.	New rules by the Macau government against smoking. Most mainland visitors smoke, so they may not come to casinos.
A consolidation trend ultimately will eliminate the small, cash-flow short gambling institutions. This may build a stronger base for the future development of the Macau gambling industry.	Higher restriction on mainland people entering Macau. This reduces the number of visitors coming to Macau.

## Selected Casino Employee Interviews

*“Chinese New Year generally has higher revenue than other months, usually about 20%-30%. However, the revenue for 2015 Feb will only increase 5%-10% because of the Chinese government fight against corruption.”*

*“Casinos that serve the Premium Mass clients have started to decrease bet size to attract more people.”*

*“Nowadays, the market is eliminating the poorly managed, smaller gambling institutions. The gambling institutions that remain are the good, qualified institutions. This allows the stronger gambling intermediaries to grow.”*

*“There will not be any serious decrease in revenue. This is because revenue has reached the bottom and the market cannot afford further declines.”*

*“This down trend will not stop until new casinos are built, attracting more people who enjoy new and exciting services.”*

*“Some people say that the Labour Affairs Bureau does not allow employees to take leave without in the casinos anymore.” (The leave is designed to reduce expenses but the bureau is protecting workers’ rights).*

*“The main revenue of the casinos will change from VIP to mass floor in order to stay alive in this situation.”*

*“There will be new casinos in the second half of the year with increasing number of visitors. The future of Macau Gambling Industry is promising.”*

*“Gambling is the lead industry in Macau. The Macau government will not let it decline forever.”*

## **Industry Outlook – Casino Employee Interview Summary**

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1. Did January 2015 Revenue increase, decrease or remain the same?

	VIP Revenue	Main Floor	Non-gaming	Total
<b>Increase</b>				
<b>Slightly increase</b>	0%	20%	60%	20%
<b>Same as previous month</b>	0%	20%	20%	0%
<b>Slightly decrease</b>	40%	60%	0%	40%
<b>Decrease</b>	60%	0%	0%	20%
<b>Not sure</b>	0%	0%	20%	20%

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2. Did February 2015 revenue increase, decrease or remain the same?

	VIP Revenue	Main Floor	Non-gaming	Total
<b>Increase</b>	0%	0%	0%	0%
<b>Slightly increase</b>	0%	20%	80%	20%

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<b>Same as previous month</b>	<b>0%</b>	<b>40%</b>	<b>0%</b>	<b>0%</b>
<b>Slightly decrease</b>	<b>80%</b>	<b>40%</b>	<b>0%</b>	<b>40%</b>
<b>Decrease</b>	<b>20%</b>	<b>0%</b>	<b>0%</b>	<b>20%</b>
<b>Not sure</b>	<b>0%</b>	<b>0%</b>	<b>20%</b>	<b>20%</b>

3. Did 2015 full year revenue increase, decrease or remain the same?

	<b>VIP Revenue</b>	<b>Main Floor</b>	<b>Non-gaming</b>	<b>Total</b>
<b>Increase</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>Slightly increase</b>	<b>0%</b>	<b>20%</b>	<b>40%</b>	<b>20%</b>
<b>Same as previous year</b>	<b>20%</b>	<b>60%</b>	<b>20%</b>	<b>40%</b>
<b>Slightly decrease</b>	<b>80%</b>	<b>20%</b>	<b>20%</b>	<b>40%</b>
<b>Decrease</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>Not sure</b>	<b>0%</b>	<b>0%</b>	<b>20%</b>	<b>0%</b>

4. How many dealers were required to take leave without pay?

<b>0%</b>	<b>20%</b>
<b>1%-5%</b>	<b>40%</b>
<b>5%-10%</b>	<b>0%</b>
<b>Not sure</b>	<b>40%</b>

5. How many tables have to decrease the size of the bet to attract people?

<b>0%</b>	<b>20%</b>
<b>1%-5%</b>	<b>20%</b>
<b>5%-10%</b>	<b>0%</b>

<b>Not sure</b>	<b>60%</b>
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6. Did the casinos make any strategy to improve VIP Revenue?

<b>Yes and the strategy is effective.</b>	<b>0%</b>
<b>Yes, but the strategy is not effective.</b>	<b>100%</b>

**No.**

7. Did the casinos cut the expenditure or size of the VIP tables?

<b>0%</b>	<b>60%</b>
<b>1%-5%</b>	<b>0%</b>
<b>5%-10%</b>	<b>0%</b>
<b>Not sure</b>	<b>40%</b>

8. Did the proportion of non-gaming component increase?

<b>Yes and the ratio is increasing</b>	<b>100%</b>
<b>Yes, and the ratio is stable</b>	<b>0%</b>
<b>Yes, but the ratio is decreasing</b>	<b>0%</b>
<b>No.</b>	<b>0%</b>

9. Did the casinos try to find the clients outside of mainland China?

<b>Yes and the ratio is increasing</b>	
<b>Yes, and the ratio is stable</b>	<b>80%</b>
<b>Yes, but the ratio is decreasing</b>	<b>0%</b>
<b>No.</b>	<b>20%</b>

10. Did the casinos try to find the other VIP clients source?

<b>Still within Mainland China</b>	<b>20%</b>
<b>Asia (Korean/Singapore / Japan/...)</b>	<b>60%</b>
<b>Latin America</b>	<b>0%</b>
<b>No.</b>	<b>20%</b>

11. Number of VIP clients found by the Gambling Intermediaries?

<b>Increase</b>	
<b>Slightly increase</b>	<b>0%</b>
<b>Same as previous month</b>	<b>0%</b>
<b>Slightly decrease</b>	<b>60%</b>
<b>Decrease</b>	<b>20%</b>
<b>Not sure</b>	<b>20%</b>

12. How did you feel towards Macau gambling industry?

<b>Positive</b>	<b>40%</b>
<b>Neutral</b>	<b>40%</b>
<b>Negative</b>	<b>20%</b>

**END**



