

Vegas says Packer in Macau no threat

As James Packer prepares to showcase his first international casino venture – the AUD 760 million Crown Macau casino – on Wednesday, his biggest rival, Las Vegas Sands, has dismissed the threat of competition.

„I’ve got to tell you, we really don’t take Crown and its location and its product very seriously,“ said Las Vegas Sands executive vice-president Brad Stone of the six-star casino.

„There have been a lot tougher competitors open in the last couple of months. We have had our view of it and so we have no indication at least from our operational people, our marketing people that we believe Crown is going to really have any kind of effect on the Sands and certainly I think the Venetian will have lot of effect on it.

„So that would be my response to the Crown opening.“

Crown is jointly owned by Mr Packer and Melco’s Lawrence Ho – through Melco PBL.

This week’s Crown Macau opening fulfils a long-held ambition for Mr Packer of cracking the Asian market and represents a key step towards his being a global casino player.

Mr Stone’s comments came as Sheldon Adelson’s Las Vegas casino operator – which owns the Sands Macau and soon-to-be-opened AUD 3 billion Venetian Macau – reported a 25 per cent fall in first-quarter profit.

Forbes Magazine reported that the profit fall was due to higher than expected costs related to casino openings in Macau. It highlighted that intense competition from players such as Wynn Macau had forced the company to raise salaries to

keep the staff on board.

The weak profit result hit Melco PBL's shares, which are listed on the Nasdaq. The stock fell 3.35 per cent to USD 17.86 on Thursday and finished the week at USD 17.84.

Analysts have also expressed concern that the increased competition will squeeze margins in the future.

The past six months have seen the opening of Steve Wynn's Wynn Macau and the Star World casino hotel of the Hong Kong Galaxy Entertainment Group. Sands Macau has also expanded its VIP business in the casino.

Six new casinos opened in Macau over the past year, bringing the total number to 25.

Crown Macau chief Greg Hawkins told said that it was „confident“ Crown Macau would „fit in well here“.

Mr Packer is expected to fly over for the soft opening on Wednesday and gala event later in the week.

Mr Hawkins sees Crown Macau's competitive advantage as its „six-star experience“.

„For us the six-star experience is the keystone to our business strategy and extends through everything we do.“

Crown Macau will feature a 36-storey tower with about 220 gambling tables and more than 500 poker machines.

Mr Hawkins said Crown Macau would open with a „broad range of VIP programs“.

„We have a very well-established and loyal following in Asia for our two Australian properties, Crown Melbourne and Burswood in Perth.“

He declined to comment on when it was expected that Crown would be profitable and achieve a return on investment.