

Las Vegas Sands Posts Unexpected Loss as Gamblers Win

(Bloomberg) – Las Vegas Sands Corp., the world's largest casino company by market value, posted an unexpected third-quarter net loss after baccarat and blackjack players won more in Las Vegas and Macau.

The shares tumbled 15 percent in extended U.S. trading.

Las Vegas Sands said today it posted a net loss of USD 48.5 million, or 14 cents a share. Costs to open the Venetian Macao in August contributed to the loss.

Earnings before taxes and other items fell 39 percent at the Sands Macao. The company faces competition from new properties that have opened in China's only region where gambling is legal. Las Vegas Sands, run by billionaire Sheldon Adelson, is also expanding further in Macau with a complex at the Venetian including hotels with 20,000 rooms.

„The results from the properties were disappointing,“ said Matthew Jacob, an analyst with Majestic Research in New York. The gambling losses „made a bad quarter look worse. Expectations were sky high for Macau and they were in a situation where, coming out of the gate, it was tough to meet those expectations.“

Revenue rose 19 percent to USD 661 million, Las Vegas Sands said, less than the USD 710.1 million estimated by Felicia Hendrix, a New York-based analyst with Lehman Brothers Holdings Inc. She lowered the shares yesterday to „equal weight.“

Las Vegas Sands fell USD 19.30 to USD 106 at 7 p.m. after U.S.

markets had closed. Earlier they fell 5.8 percent to USD 125.30 in Nasdaq Stock Market composite trading. The shares climbed 49 percent this year before today.

Venetian Wins

At the Las Vegas Venetian, earnings dropped 19 percent to USD 58.3 million. The casino's winning percentage in baccarat, blackjack and other games was 14.7 percent, below its forecast range of 20 to 22 percent and last year's winning percentage of 23.4 percent. Gamblers also won more than forecast at the Sands Macao.

The lower winning percentage accounted for a USD 33.5 million shortfall in earnings before taxes and other costs, said Lawrence Klatzkin, an analyst at Jefferies & Co. in New York.

„This is the nature of the business we are in,“ Adelson said on a conference call with analysts. „Some quarters are good, some are not so good, but a quarter does not a trend make. There's nothing fundamental about it. It makes for a good opportunity for day traders and hedge funds. That's all it does.“

Pre-opening costs rose sixfold to USD 90.4 million for its projects in Las Vegas, Macau and Singapore, where it is building the USD 5 billion Marina Bay Sands. Interest expenses climbed to USD 72.6 million, from USD 45.3 million.

Analysts' Estimates

Excluding those costs, Las Vegas Sands earned 12 cents a share. Thirteen analysts surveyed by Bloomberg estimated average earnings, excluding some pre-opening and interest expenses, of 29 cents a share.

A year earlier, the company earned profit of USD 97.3 million, or 27 cents.

On Oct. 30, Wynn Resorts Ltd., which has casinos in Las Vegas

and Macau, reported revenue doubled to USD 653.4 million. Profit was boosted by earnings before taxes and other items of USD 92.8 million from the Wynn Macau.

MGM Mirage, which reported earnings the same day, said Las Vegas gambling revenue fell due to construction disruptions that sent customers to Wynn Las Vegas and the Venetian. MGM does not have a Macau casino.

Trump Entertainment Resorts Inc., which has three casinos in Atlantic City, New Jersey, reported today its first profit in four quarters. Net income rose 14 percent to USD 6.63 million. Revenue fell 2.5 percent as the number of gamblers at its casinos declined.