

# Lawrence's dream for Melco's future

A strong relationship with the government and a new direction for the Crown Macau is upholding the confidence of Melco PBL Entertainment's CEO, Lawrence Ho, in the company's future in Asia's Las Vegas.

Earlier this month Melco PBL announced a USD 142 million loss for the nine months ending September 30. The third quarter saw the company lose USD 45.2 million, five times the loss sustained in the same period last year.

While the poor result was blamed on license and opening costs, the company is confident a high-roller strategy will move it into the black.

Crown Macau is in the process of reverting to an almost totally VIP-focused casino, with some 187 tables to be dedicated to VIP gamers and a maximum of 60 for the mass market.

It is not so much a new idea but a reversion back to the original plan, according to Mr Ho.

"That was the original vision three years back and when it opened we kind of went away from that," he said.

"I think in hindsight, the original vision that I had was completely right and that's why we're going back to the original track."

Market revenue from VIP Baccarat tables continued to climb last quarter to 13.668 billion patacas or a 67 percent share of the games of fortune revenue.

The next earner for casinos is mass market baccarat that pulled in just over 4 billion patacas for the nine months

until September 30.

Contracts with some 20 junket operators, who will bring VIP gamers to the casino and finance their high stake betting, is the basis of Crown Macau's strategy.

At a cheque presentation ceremony yesterday for a 1.4 million patacas donation to the International School of Macao, Mr Ho said plans for the City of Dreams Cotai project were also now on track.

"We have received the contract from the government (for the land) and have agreed to it and now we are waiting for the gazettal," he said.

Although not receiving the land that was originally asked for, Mr Ho hopes the company's investment in Macau will help with future negotiations.

"Melco PBL Entertainment, you could make an argument, other than SJM who have been here for 40 years, have invested probably the most in Macau," he said.

"If you look at what we had to invest in the gaming license, we bought it for 900 million, we're putting close to 3 billion dollars into City of Dreams, we put about 550 million into Crown Macau so we hope that we have more opportunities and the government gives us opportunities."

Melco PBL are targeting a March 2009 opening date for phase one of the City of Dreams project, which will include a 420,000 square foot casino and approximately 145,000 square feet of retail space, as well as the 370-room Hard Rock Hotel and Crown Towers Hotel, Cotai, with approximately 300 rooms, suites and villas.

The company will be hoping its relationship with the government will help the development of its first peninsula site, tentatively named Trinity.

The company pushed back a HKD 1.5 billion land purchase from July this year until mid 2008, and reportedly is targeting a 2010 opening for the HKD 5.8 billion resort-casino.

Yesterday Mr Ho said plans were not concrete and the company was assessing the effect of the first Cotai project on the peninsula.

“We’re 100 percent committed to building it (Trinity project),” he said.

“We want to see how the market plays out. Obviously the Venetian is a big draw away from the Peninsula so we just want to study that.”