

Supreme Ventures shelves expansion plans – Five new gaming lounges on hold

Citing higher oil and food prices and softening of economic conditions, Supreme Ventures Limited (SLV) has shelved all expansion plans, and has replaced its capital-investment programme with a promise to pay big dividends to shareholders.

The company, whose retained earnings top JMD 648 million built on triple profits last year, paid no dividends in 2007.

Up to two months ago, SVL had said it was pressing ahead with plans to grow its gaming business in Jamaica – a side of the business that brings in only JMD 140 million or less than one per cent of revenue – and to pursue a partnership in Europe.

Plan put on hold

But last week, president of the lottery company, Brian George, said his plan to build out gaming lounges across five locations in Jamaica have been put on hold.

The company had not announced the amount to be invested in the lounges, but the last one opened in rented space in late 2007. Acropolis May Pen, was a JMD 125 million investment.

On that basis, the expansion programme would likely have topped JMD 600 million.

But as George sees it, food trumps gambling, especially when prices are rising and purchasing power is dampened by high inflation.

„It’s all about disposable income,“ George said to shareholders at the company’s annual general meeting.

„Food prices are going up and gas prices are going up. The society doesn't have an infinite capacity to spend and, therefore, we have to manage the supply side, which is how many lounges can be profitably opened.“

The firm, which on Thursday had only its second annual general meeting after its initial public offering in 2006, says that for this year, its focus would be on awarding high dividends to its shareholders.

The firm currently operates gaming lounges at Barbican and May Pen under the Acropolis brand, Coral Cliff entertainment in Montego Bay and slots at the Hilton in New Kingston.

Slow down expansion

„We have taken a decision to slow down the expansion slightly and generate the cash so we can pay shareholders increasing dividends,“ George said.

Plans to expand throughout the region have also been shelved.

The move to Trinidad fell victim to government policy when the Patrick Manning administration decided a few months ago to withhold new gaming licences.

George said Trinidad – the largest English-speaking Caribbean country beside Jamaica – would have been SVL's point of entry into the regional market.

„The major population centre that we wanted to go after was Trinidad, but the prime minister of Trinidad, a few months ago announced that he would stop the operation of gaming in Trinidad,“ George said.

Here at home, SVL faces new competition: casinos. But George said he is not concerned about the added competition, saying SVL's gaming lounges tend to be community based.

He predicts the Jamaican market will treat casinos as a

novelty, and will remain loyal to gaming establishments near to home.

The casino licences granted so far go to multibillion-dollar tourism projects Celebration Jamaica in Montego Bay and Harmony Cove, Trelawny.

Big profits

„People may go for that commodity on a weekend,“ he said.

„The people in Kingston are not going to be going down to Montego Bay to go and gamble tonight, they are going to the place closest to them ...“

SVL's gaming lounges tend to serve the communities in which they operate „and we expect that to continue,“ George said.

Supreme Ventures made JMD 405 million of net profit last year, off revenues of JMD 19 billion, and hopes to grow that by 80 per cent this year.

For its first quarter ending January 2008, the company reported net profit of JMD 215 million, which again was three times earnings in the similar 2007 period.