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Conference Call

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PRESENTATION

Operator

Good morning. And thank you for your -- for participating in the Q1 2014 earnings conference call from Melco Crown Entertainment Limited. (Operator Instructions). Today's conference is being recorded.

I would now like to turn the call over to Geoffrey Davis, Chief Financial Officer of Melco Crown Entertainment Limited. Over to you, sir.

Geoffrey Davis - Melco Crown Entertainment Limited - CFO

Thank you, operator. And thank you, everyone, for joining us today for our first quarter of 2014 earnings call. On the call with me today are Lawrence Ho, Ted Chan, and Ross Dunwoody.

Before we get started, please note that today's discussions may contain forward-looking statements made under the safe harbor provision of federal securities laws. Our actual results could differ from our anticipated results.

I will now turn the call over to Lawrence.

Lawrence Ho - *Melco Crown Entertainment Limited - co-Chairman & CEO*

Thanks, Geoff. Hi, everyone. I'm pleased to report another strong quarter, with property EBITDA expanding 31% year over year on a reported basis, and 26% year over year on a luck-adjusted basis, driven, once again, by the success of our impressive flagship property, City of Dreams.

Despite no new additional supply in Macau, the market has performed strongly, growing almost 20% during the first quarter of the year, with the mass market table games segment expanding almost 40%.

As part of our ongoing table optimization strategy, we have shifted a meaningful number of tables to the mass market floor at City of Dreams during the first quarter, building on the table movements in the fourth quarter of last year. This proactive approach in moving tables demonstrates our commitment in driving table yields, and ultimately profitability, across our Group.

We also continued to make numerous enhancements to our amenities at City of Dreams, including our extremely well received premium slot area, which opened before May golden week, as well as other upgrades to our gaming floor layouts and F&B offerings.

While temporarily disruptive, we anticipate that these improvements at City of Dreams, together with our table optimization strategy, will position this unique property to compete strongly, both in the near and longer term; enabling us to further extend our leadership position in mass table yields across Macau.

Given our market-leading premium offering at City of Dreams, we are confident we will continue to take market share in the mass market segment in Macau.

In terms of our development pipeline, City of Dreams Manila is due to open later this year. Studio City is to open in mid-2015. And our fifth and final hotel tower at City of Dreams is due to open in early 2017.

The opening of City of Dreams Manila will mark our formal entrance as a regional entertainment and gaming player. The development of the property progresses well, and upon opening will bring an exciting mix of gaming and non-gaming amenities not yet available in Manila.

The integrated resort is designed to feature a collection of world-class brands, which will target a multi-tiered local, international customer.

Our hotel brands, including Crown Towers, Nobu, and Hyatt Hotels, together with our family entertainment center, nightclub, and various other non-game amenities, will cater to a broad range of customers' tastes and preferences.

Studio City remains on track to be the next standalone integrated resort in Macau. Upon opening in mid-2015, this cinematically themed resort will bring a new level of entertainment to Macau; significantly broadening the appeal of Macau as a multi-faceted entertainment proposition. We expect to top off the hotel tower in the summer of this year, and begin the major stages of fit-out in the coming months.

We also recently announced details of our fifth and final tower, City of Dreams Macau. In collaboration with the internationally acclaimed Dame Zaha Hadid, this exciting development will be a truly iconic statement for Macau, cementing City of Dreams' position as the leading premium-focused, integrated resort in the region. The new tower is expected to open in early 2017, with development currently underway.

With that, I'll turn the call back to Geoff.

Geoffrey Davis - *Melco Crown Entertainment Limited - CFO*

Thanks, Lawrence. We reported property EBITDA of approximately \$388 million in the first quarter of 2014, versus \$295 million in the first quarter of last year.

Our property EBITDA margin in the first quarter of 2014 was approximately 28.8%, compared to 26% in the first quarter of 2013, and 28.5% in the fourth quarter of last year.

On a luck-adjusted basis, assuming a VIP win rate of 2.85% across our entire rolling chip business, our approximate first quarter 2014 property EBITDA was \$380 million; in line with the previous quarter, and approximately 26% over the first quarter of 2013.

Driven by an increasing contribution from the mass market segment, our first quarter 2014 luck-adjusted property EBITDA margin increased almost 350 basis points on a year-over-year basis to 29.3%; and up from 28.6% in the fourth quarter of 2013.

The EBITDA contribution from our non-VIP segments represents approximately 80% of luck-adjusted EBITDA at City of Dreams, and over 75% of our luck-adjusted EBITDA on a Group-wide basis.

As we normally do, we'll give you some guidance on non-operating line items for the upcoming quarter. Total depreciation and amortization expense is expected to be approximately \$95 million to \$100 million.

Corporate expense is expected to come in at around \$24 million to \$26 million.

And consolidated net interest expense is expected to be approximately \$31 million to \$33 million, which includes finance lease interest of \$10 million; and interest on Philippine notes of \$6 million relating to City of Dreams Manila and approximately \$17 million of interest expense associated with Studio City, net of approximately \$19 million capitalized interest, relating primarily to Studio City and City of Dreams Manila.

That concludes our prepared remarks. Operator, back to you for Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). David Bain.

David Bain - *Sterne, Agee & Leach - Analyst*

Lawrence, just given (inaudible) press reports on everything from junkets to UnionPay at Visa, is there anything that you would consider making a change of stance for your gross gaming revenue projection for this year?

Lawrence Ho - *Melco Crown Entertainment Limited - co-Chairman & CEO*

David, no. I think so far, the first quarter of the year is up 20%. And even year to date, after factoring in April, the market is still up over 17%. I think at the end of last year we had predicted that the market will grow at mid-teens. So I think so far the market is growing very healthy, and we continue to be very pleased and impressed with the growth.

I think with regards to the junkets' explosion, and UnionPay, and all those Visa issues, I think sometimes news stories in the industry here gets too polarized. And I think, at the same time, you and your colleagues in the financial research community also do a very good job in explaining it.

So I think, all in all, we're pleased with the growth. And I think ultimately the -- it's a long-term secular story in Macau, and it's growing right along.



David Bain - *Sterne, Agee & Leach - Analyst*

Okay, great. And then, maybe, if we can get your deeper thoughts on a potential share repurchase authorization. Given some of the issues that have caused MPEL and others to go lower recently, it seems it's more, like you say, kind of press or Wall Street-oriented, rather than Macau-market oriented. Is there anything in particular stopping you from having something in place when these events occur?

Lawrence Ho - *Melco Crown Entertainment Limited - co-Chairman & CEO*

So, I think we are discussing that at the Board. We recently announced our maiden dividend, so we are strongly committed to returning capital to our shareholders. And like I've said on many occasions previously, I think between myself, Melco, and Crown, the founding shareholders of the Company, we're totally aligned with all shareholders on that front.

But at the same time, we want to be conservative in that we do have some serious CapEx this year. If anything, I'm sure Geoff can add more color, but this is our heaviest CapEx year, as we have discussed in the past.

And at the same time, I think with some of the recent positive news coming out of Japan, hopefully, legislation will move forward in the very near future as well.

So I think the Board takes a position that we want to really analyze the CapEx spend over the next few years. But given where the market is right now, and the sentiment in the market, I think we have a very dynamic Board, and we have a Board meeting coming up soon and this will definitely be a topic of discussion.

David Bain - *Sterne, Agee & Leach - Analyst*

Okay, great. Thank you very much.

Lawrence Ho - *Melco Crown Entertainment Limited - co-Chairman & CEO*

Thanks, David.

Operator

Billy Ng.

Billy Ng - *Bank of America Merrill Lynch - Analyst*

I have two questions. One is I just want to ask about your premium mass segment. You guys, obviously, is a leader in the segment and used to be having a very strong growth. First quarter number's still good, but we start to see a little bit of slowdown, or deceleration, in terms of growth.

And I can't think of anything structural here, but can you give us some color why? Maybe it's just a quarter-over-quarter thing, we should not pay too much attention, but just want to see any particular reasons? Or in the medium/longer term, is there any change of the strategy in this segment?

Lawrence Ho - *Melco Crown Entertainment Limited - co-Chairman & CEO*

Okay, Billy, I'll let Ted give more color. I think, ultimately, with City of Dreams positioning, and if you look at where we're spending money to continually improving on the property with the new tower, and the various projects we're working on.



Then also, don't forget, in the first quarter, and part of this quarter, we've had some serious disruptive works on the floor at City of Dreams to, again, for the longer term, improve the experience for high limit floor area, and also some food and beverage offerings that we're fixing up.

So I think, all in all, the positioning longer term remains. I think our competitors have also done a very good job. We are in an ultra competitive market. But at the same time, we are committed to be on top of the premium mass markets.

So, maybe I'll let Ted shed a more color.

Ted Chan - *Melco Crown Entertainment Limited - COO, Gaming & Non-Gaming*

Yes, Billy, in the first quarter, we did some of the renovation on the casino floor, particularly in the premium mass area. Inevitably, there is a little bit of disruption in terms of the business. However, we are quite confident with the current strategies in terms of table optimization, and we continue to pull resources from VIP or Altira to the more lucrative or high margin mass business in CoD; and also, with the strategy with a high growth area, particularly in the premium mass area.

And also, if you look at the markets, we don't see, currently, any evidence of competition in terms of marketing or pricing. It's all about competing on services and amenities, or environment enhancements to our customer experience.

So what we're doing now is actually improving the premium mass area with a little bit disruption. But I think the second quarter, I think, we have a good momentum. So that's what we are experiencing.

Billy Ng - *Bank of America Merrill Lynch - Analyst*

Thanks. And just a second question, more like a number question, can you give us some update on the spread between the EBITDA from VIP and mass? We get a sense that's below 35% at some point, but I just want to see what's the latest from the VIP contribution?

Geoffrey Davis - *Melco Crown Entertainment Limited - CFO*

Billy, as I mentioned in the prepared remarks, about 8% of our EBITDA at City of Dreams is non-VIP. And on a consolidated basis, about 75% is non-VIP.

Billy Ng - *Bank of America Merrill Lynch - Analyst*

75% for the whole Company, right? Okay. All right, thanks.

Operator

Karen Tang.

Karen Tang - *Deutsche Bank - Analyst*

Thanks my questions have been answered thank you.

Operator

Anil Daswani.



Anil Daswani - *Citi - Analyst*

Just a quick one on Altira. You continue to move tables, as we can see here, from Altira across to CoD. Have you got to the level now where it's probably very difficult to move even more, given you're now down to, what, about 130/140 tables left at Altira? So that's my first question.

And the second question, clearly, I know this was asked earlier about trying to comment on some of these UnionPay/initiatives. Did you guys have any issues with any of these UnionPay terminals across at CoD, as well? Or was this just centered around one or two specific casinos?

Lawrence Ho - *Melco Crown Entertainment Limited - co-Chairman & CEO*

Anil, again, let me answer the first part of the question. I think on Altira, we're agnostic to where the business comes from within the Company.

We do think that longer term Altira has its value, and that ultimately we will continue to move tables away from it, if we get high yielding tables at City of Dreams. So we're totally agnostic to it, and we'll continue to analyze what's best for the Company, and then what's best for, ultimately, EBITDA, cash flow, and shareholder value.

Regarding UnionPay, we haven't -- I think if you read the UnionPay press release carefully, and I think a lot of you guys have already highlighted it, it's targeted towards to these illegal mobile units.

And whereas -- UnionPay is not saying that people shouldn't be sending money with their UnionPay card in Paris, Milan, or even in jewelry shops in Macau. They're saying there shouldn't be these illegal units that are masquerading as if they were in China, but really just taking place overseas, such as Macau.

So we haven't seen any of that. I think, if anything, we think it's going to be positive, going forward.

Anil Daswani - *Citi - Analyst*

Totally agree. Thanks, Lawrence.

Operator

Bryan Maher.

Bryan Maher - *Craig-Hallum Capital - Analyst*

Two questions. One: could you be a little bit more specific as it relates to the timing of the opening in Manila?

And then secondarily, can you draw down a little bit deeper with respect to your outlook for Japan; what location you might want to be in, and whether you would be agreeable to partnering with a local entity over there?

Lawrence Ho - *Melco Crown Entertainment Limited - co-Chairman & CEO*

In terms of Manila, we continue to -- we're planning for around the middle of the year, the second half of the year.



Again, I think we don't want to open a property that we're not ready to. We've learned that lesson the hard way in Macau before. So we really want to make sure that, given this is a new jurisdiction for us, and it's a new property, we want to be 100% ready. So, again, we're going to keep the opening date very close to our chest.

But I think one thing that I can give you some color on is the fact that we've already hired around 3,000 people, out of the 5,000 people that we need. So we're getting there. But, again, because we want to make sure that this is a very smooth opening in a new market, we will announce the date much closer to the actual opening day.

With regards to Japan, we continue to lobby, and have met up with a whole bunch of local partners. I think even back 8, 10 years ago when we first started the Japanese initiatives and the lobbying effort, we've always maintained that we believe Japan will need a local partner. We're very respectful to their local cultures, and so I think, ultimately, we're very amenable to a local partner.

I think similar to other global gaming companies, we are interested in the bigger cities. Because, ultimately, if you look at what Melco Crown has done with our integrated resort push is we don't go into every single market. I think we only go into markets where we think we can make a difference, and in markets where we can have a substantial investment in.

So I think, ultimately, similar to other global gaming companies operating in Macau and Asia, we would be looking at one of the bigger cities.

Bryan Maher - *Craig-Hallum Capital - Analyst*

Okay, thank you very much.

Operator

Aaron Fischer.

Aaron Fischer - *Analyst*

I had a question on the Philippines. I was actually down in Manila a few weeks ago and I was having a look around property and was quite impressed, and that we're very excited about the opening. But can you just talk a little bit about whether you think you can grow the market substantially; whether you need to cannibalize some other properties; or what strategies you have in place to try and attract overseas visitors? That's the first question.

And then secondly, in terms of table allocation, what's your latest thoughts in terms of the number of tables that you should receive at Studio City, bearing in mind that I think Steve Wynn was talking about 550 tables for Wynn, eventually? Thanks.

Lawrence Ho - *Melco Crown Entertainment Limited - co-Chairman & CEO*

Aaron, on Manila, we continue to be very encouraged by what's happening in that market. If you look at some of our competitors recent quarters' results, they do show that the market is growing, and both on the local domestic front, and also on the international visitation front.

I think a major difference for us is that when we open we will be the second property to open in the Entertainment City on Manila Bay area. And based on the experience that we've seen in Macau, for instance, when Venetian first opened, and then City of Dreams opened, you have a lot more synergies between the two properties and you really do start building some scale within that area. So we are very encouraged on that front.



And I think Philippines, working together with some of the foreign direct investments and companies like us, we are gradually removing some of the past perception of the market. And I think even a lot of our customers and the junkets that we've spoken to so far are very interested in that market as an additional market in South East Asia.

And we still maintain the point that it's geographically located in a very beneficial area. It's located directly in between, for instance, Singapore and most of North Asia. So I think we are looking forward to that opening, and looking forward to the growth of that market.

With regard to --

Aaron Fischer -- Analyst

Sorry, Lawrence, on the Philippines, is there anything you can do in terms of leveraging some customer base in Macau? Because I think the problem that Bloomsbury had initially was that they didn't have a customer base outside the Philippines they could leverage, so do you have any specific strategies that you can implement to do that?

Lawrence Ho - Melco Crown Entertainment Limited - co-Chairman & CEO

Yes. I think, so far, the local property operations and management team are working very closely with the Macau operational team, and there will be a lot of cross-selling and cross-referrals. And at the same time, a lot of the success factors that we have in Macau, such as the Signature Club and some of our famous food and beverage restaurants, are also going to be down there.

At the same time, our international marketing, and also on our premium mass marketing units, are also sharing a lot of data. So on top of the database that we benefit from our local partner in the Philippines, which is SM, we are also making full use of the database.

As you know, over the last couple of years the premium positioning of City of Dreams has only gone up further. So this is a great opportunity for us to open up part of the database that we haven't really been able to accommodate and give them a fantastic experience in the Philippines.

So, yes, a lot of that is part of the planning. And together with some of the infrastructure improvements in the Philippines, we are highly encouraged.

Aaron Fischer -- Analyst

And the second question, on the tables for Studio City?

Lawrence Ho - Melco Crown Entertainment Limited - co-Chairman & CEO

And in terms of tables, I know -- yes, I heard Steve Wynn's call as well. I think, ultimately, if he can get 552 tables that would be great for us, and for the other operators, because I don't look at this as a zero-sum game.

Because I think if you look at the positioning of the properties and the contribution by the various companies in the Macau market, and what the government wants, which is diversification and investment in non-gaming amenities, I don't think anybody has done more than Melco Crown. So if Steve can get 552 tables, I'm very confident that we'll get our fair share.

Aaron Fischer -- Analyst

Okay. Thanks a lot, Lawrence.

Lawrence Ho - *Melco Crown Entertainment Limited - co-Chairman & CEO*

Thanks, Aaron.

Operator

Lawrence Haverty.

Lawrence Haverty - *Analyst*

A couple of infrastructure questions. What's the status of the new ferry terminal? And how much is actually going to be finished in Hengqin Island by the time Studio City opens? (multiple speakers) on the bridge from Hong Kong?

Lawrence Ho - *Melco Crown Entertainment Limited - co-Chairman & CEO*

I think the ferry terminals, the government, the latest announcement out of the Macau Government is that they do continue to look forward to opening at the end of this year, so which would be great timing for Studio City and the next wave of integrated resorts to open on Cotai.

With regards to Hengqin Island, as you know, the Chimelong oceanic resort has opened its Phase I and I think are gradually opening up more phases. But I think even with what it is right now, it's very substantial. They get a lot of visitations. If anything, it was beyond their expectations in the visitations during some of the recent holiday periods.

And with regards to the Hong Kong--Zhuohai--Macau Bridge, again, that's a China-led initiative. So far, if you are in Macau and you travel to Macau the way I do, all the supporting structure is already out of the water; and right now, it's on schedule for some time at the end of 2016.

Lawrence Haverty - *Analyst*

Great. Thanks a lot

Operator

Grant Govertsen.

Grant Govertsen - *Analyst*

Most of my questions have been asked, but let me ask a follow up on Aaron Fischer's. In the Philippines, sounds like there may have been some positive moves on the taxation front of late. Could you give us your thoughts there?

And then back in Macau, if you could provide us the current split between VIP and mass tables, if you can. Thank you.

Lawrence Ho - *Melco Crown Entertainment Limited - co-Chairman & CEO*

All right, Grant, let me answer the first one, the Philippines, before I hand it over to Geoff and Ted.

I think, on the Philippines, yes, as we've been waiting for PAGCOR, and also the local Philippines Government, to make the ruling, I think, based on what we've heard from PAGCOR today, they are going to have an announcement imminently.



And we are highly -- I think over the last year we have been in active dialog with PAGCOR over this CIR issue, the income tax issue, so I think we're confident that it's going to be a very positive outcome for us, and so finally put an end to that chapter.

So I think on the Macau split, Ted?

Ted Chan - *Melco Crown Entertainment Limited - COO, Gaming & Non-Gaming*

Yes, I can give you on the profit level. Altira, in VIP we have 110 tables, and 30 in mass. In CoD, we have 194 VIP tables, and 290 mass tables.

Grant Govertsen - *Analyst*

Perfect. Thanks, guys.

Operator

Simon Cheung.

Simon Cheung - *Goldman Sachs - Analyst*

Two questions. Just a follow up on the UnionPay card. I am just trying to understand -- I understand, Lawrence, you said that the crackdown is really on the illegal mobile devices.

How important is this Union card to you for your, I guess, the premium mass segment, the growth of the premium mass segment? And I'm trying to ask the question because I trying to understand if there's any further crackdown in the UnionPay card how would that affect your business. That's the first question.

The second question is on the CapEx. If, Geoff, maybe you can provide some CapEx breakdown, maybe, in the coming quarters. Thank you.

Lawrence Ho - *Melco Crown Entertainment Limited - co-Chairman & CEO*

Simon, let me answer the first part of the question on UnionPay. I think, ultimately, UnionPay is not a Macau phenomenon, because UnionPay is the most commonly used kind of credit/debit card system out of China.

So whether you're in Paris, Milan, Hong Kong, or Macau, UnionPay is widely used. So whether you go into Hermes or Chanel in Paris, UnionPay is always the most popular form of payment. So if there were any type of crackdown on it, it's really going to be a global phenomenon. That's going to affect the global economy. I think given the state of geo-politics right now, I don't anticipate that to be a major factor.

I think in terms of how much, I don't think there is a real statistics. And the biggest of all -- and on these calls we don't want to give you guestimates, or best guess. There is no real legitimate statistics that tells you how much of it, because, ultimately, people are buying goods in Macau and so how much of that goods is being returned or exchanged is very hard to measure.

Simon Cheung - *Goldman Sachs - Analyst*

Okay. Thank you.



Geoffrey Davis - *Melco Crown Entertainment Limited - CFO*

Simon, from a CapEx perspective, in the second quarter we're looking to spend in the order of \$375 million. In the third and fourth quarter, it's about \$475 million apiece.

Simon Cheung - *Goldman Sachs - Analyst*

And do you have, perhaps, a breakdown of that numbers? How much would be for Studio to come, which would be for maybe the new tower?

Geoffrey Davis - *Melco Crown Entertainment Limited - CFO*

For Studio City, about \$120 million in the second quarter; \$250 million in the third quarter; \$350 million in the fourth. And for the fifth hotel tower, about \$40 million to \$45 million per quarter for the second, third, and fourth quarter.

Simon Cheung - *Goldman Sachs - Analyst*

Great, perfect. Thanks a lot, guys. Thanks.

Operator

Sachin Kewalramani.

Sachin Kewalramani - *Analyst*

Thanks for the call. Look, just I wanted to go back, quickly, to this UnionPay and just the general, Lawrence, as you pointed out, polarized news flow.

This is clearly driving the stocks, much as we'd like to focus on the underlying fundamentals. So I wanted to understand, actually, when exactly did this UnionPay action that's been referred to start, or take place? And have you seen any material impact on the business on the ground?

And then the second is this is so far (technical difficulty). Do you have a sense of how prevalent those machines (technical difficulty) on your property, or in general?

And then just last, (technical difficulty) bit of a broader crackdown on --

Geoffrey Davis - *Melco Crown Entertainment Limited - CFO*

Sachin, you're coming in and out. Could you repeat the last question?

Sachin Kewalramani - *Analyst*

Yes. So the last thing, the UnionPay crackdown on these mobile machines, this action, when exactly did it start? And have you seen any material, or any, impact on your business?

And then I was just going to follow up. Lawrence, you pointed out that the news flow does get polarized on Macau. It seems to be painting a picture of a broader crackdown on money laundering in China. Do you get the sense that this is actually part of a bigger move to control some of these loopholes in foreign exchange movements?

Lawrence Ho - *Melco Crown Entertainment Limited - co-Chairman & CEO*

Well, why don't I answer the last question first, and I'll hand it over to Ted and Geoff on the details of UnionPay. So, no, I don't sense that there is an overall more Draconian view from China of Macau. To be honest, again, I think it's really news flow that is driving this. And I think during more positive sentiment, these news stories aren't as widely communicated.

But then, these -- ultimately, the UnionPay thing, to be honest, personally, I've actually never seen a UnionPay mobile unit myself. So I think all these UnionPay transactions that take place on City of Dreams, whether it's at Gucci or a jewelry store, I've never seen a mobile unit. So it's always at the store, and so that's quite similar to what happens worldwide.

But I think one thing that I can very confidently say is that we haven't seen any negative impact with regards to business. If anything, we've had a great start to Q2. I think I'll let Ted elaborate on that a bit further. But I think in April, which is seasonally a slower month, we had a great month, and I think we gained share on our competitors. And golden week was phenomenal, as usual.

So I don't know; Ted, do you have more color on UnionPay or --?

Ted Chan - *Melco Crown Entertainment Limited - COO, Gaming & Non-Gaming*

Yes, Lawrence, what I can confirm is, actually, I think all the UnionPay stores in CoD are legally established. That's something that I could confirm. All our tenants in CoD are using the UnionPay units are legally averaged; that's the only thing that I can confirm here.

In terms of the business, I don't see also any evidence that show any slowdown because of current news about UnionPay [deals].

Sachin Kewalramani - - *Analyst*

Got it. Okay, thanks, guys. That's very helpful.

Operator

Richard Huang.

Richard Huang - - *Analyst*

My question has been answered. Thank you.

Operator

Praveen Choudhary.

Praveen Choudhary - *Morgan Stanley - Analyst*

Thanks for taking the question. I have two questions. The first one is relating to VIP business. There are two news: one was in terms of junket liquidity that could come under pressure after a couple of news of one of the agents or junkets run away with \$1 billion. And the second one was recent one: transit Visa, basically clamping down from July onwards, from seven days to three days, which should actually impact all the agents and junkets more than the normal visitors.



The question is basically what do you guys think about the VIP business and outlook in the next several months? And then I have a follow-up question. Thank you.

Ted Chan - *Melco Crown Entertainment Limited - COO, Gaming & Non-Gaming*

In terms of liquidity and the incident that's reported in media, we can confirm that in that incident we do not have any credit exposure to that particular junket (inaudible).

Also, if you look at the previous couple of weeks, or let's say in the last few months, in terms of the liquidity -- in terms of credit productivity in our portfolio, there is no evidence showing any deterioration in terms of liquidity. Of course, in terms of the current happening, we will monitor the situation very closely on that particular issue.

In terms of the Visa shortening from seven days to two, three days, I think today the Macau police or government already deny that they will implement something that shortens from seven days to two, three days.

Praveen Choudhary - *Morgan Stanley - Analyst*

Okay, thanks for that. I still think that the question was not related to whether your exposure to the credit to that junket was there, or not.

But, clearly, the individual investors who were investing with these junkets will become cautious and they will not invest with them at a very high rate of, let's say, 1.5% per month. That will impact the overall market and the junkets' ability to raise money to run these businesses, and whether there will be an impact, or not.

April number was 1% year-over-year growth; clearly, lower than the first quarter numbers. So there is a slowdown, but it's just in one-month data. What I want to understand, if you are seeing in your business, or broader market, anything that concerns you on the VIP side?

Ted Chan - *Melco Crown Entertainment Limited - COO, Gaming & Non-Gaming*

As you say, it could be too short in terms of the data points. But April, you're right. But in terms of May 1, holiday, we see some great momentum as well in these few days. So it's too early to say so. But we are monitoring our credit productivity very closely and so far, we didn't see any evidence in seeing this sort of deterioration at the moment.

Praveen Choudhary - *Morgan Stanley - Analyst*

Okay, great. And then I have last question on -- a follow up on the older question about Wynn's ability to claim that they can get 552 tables. I'm just wondering, because you're going to open before them, as per the current deal, what's the number that you are telling us? And how do you get comfort around that number? I'm just trying to understand the confidence level here of pinpointing on a certain number.

And then related to that is construction delays. Do you see anything, [delays in] (corrected by company after the call) building the casino? At the same time, obviously, all of them are mega casinos, takes like huge amount of construction workers, so can you talk about that, too? Thank you very much.

Lawrence Ho - *Melco Crown Entertainment Limited - co-Chairman & CEO*

Praveen, in terms of Studio City, we continue to -- we're good corporate citizens, and we'll continue work with Macau Government. And we have capacity of up to over 500 to 550 tables capacity at Studio City.

To be honest, I think the government's going to, much closer to the actual date, that's when they will work out the allocation. So we'll see what happens on that front.

But in terms of construction, we cannot be more happy with the construction. Studio City is progressing very well, is up to around the 15th floor. Like I said in the prepared remarks, we hope to -- we target to top out the top of the building sometime during the summer. We have already started moving into -- the podium is topped out, and we are doing a lot of work within the podium already.

I think, frankly, given the start time of the project, and the amount of time we had to design and fine-tune it, we will probably be one of the projects that will get the best value out of the budget. Since we are probably a year or so away, we are reviewing the budget at this point in time to see whether we can improve on it further.

Praveen Choudhary - *Morgan Stanley - Analyst*

Great. Thanks so much, again. Have a good evening.

Operator

Billy Ng.

Billy Ng - *Bank of America Merrill Lynch - Analyst*

Sorry, I do have follow-up questions on Praveen's questions regarding the Visa change, like transit Visa policy change. I don't know whether you have done a study, or if there's such a change, and we don't know the exact new policy yet, but how much business will be impacted in terms of mass or VIP? Even a very rough estimate will be fine, or if -- how do you see this impacting your business?

Ted Chan - *Melco Crown Entertainment Limited - COO, Gaming & Non-Gaming*

Billy, we see a trend in our database, looking at our previous three years, in terms of premium mass customer. The higher the ADT, the longer stay of this customer; and also, you see a lot of them are coming from the non-Guangdong provinces.

So I guess, with the traditional IVS program they're coming over to Macau, Visa, those customers -- these are -- those, we are targeting these customers.

I don't believe the transit Visa -- I don't believe that most of our premium customers are going to step out of their route at all. What I can see is actually a change of a demand from (technical difficult).

Billy Ng - *Bank of America Merrill Lynch - Analyst*

Thanks. And can I ask, how often do they come, normally? Three times a year, 10 times a year? How many trips do they usually come?

Ted Chan - *Melco Crown Entertainment Limited - COO, Gaming & Non-Gaming*

Billy, I think it really depends on what type of customer we're referring to. As I said, the higher ADT, or higher end of customer, the longer they stay and the more frequent they come. So they don't really rely too much on the gray area in terms of Visa applications, a more legitimate way in terms of traveling to Macau in our database.



Billy Ng - *Bank of America Merrill Lynch - Analyst*

Right. I'm trying to see your typical customers, are they very frequent customers in terms of traveling to Macau, visiting your properties, like 10 times a year, 20 times a year? Is that typical numbers? Or we don't have a typical customer, so called?

Lawrence Ho - *Melco Crown Entertainment Limited - co-Chairman & CEO*

Billy, the beauty of Macau is it's just so big. We have so many customers that it's very hard to put customers into -- there are people that come more frequent, and there are others who are less frequent. So -- but I think, on average, we've always said people do come four times, five times a year; those are the best customers.

Billy Ng - *Bank of America Merrill Lynch - Analyst*

All right. Thanks. Thanks a lot. Very helpful, thanks.

Operator

Robin Farley.

Robin Farley - *Analyst*

Most of my questions have been answered. Just one follow up. When you were talking about the allocation of tables for Studio City, I guess, I wanted to ask what, in your view, will be the determining factor there?

Do you -- are you under the impression that it's directly related to the investment dollars that you make in that property, or that it's related to the size of the properties? Or, I guess, what do you think is going to be the biggest determining factor in that allocation over the resort's opening?

Lawrence Ho - *Melco Crown Entertainment Limited - co-Chairman & CEO*

Robin, I think what the government has been very consistent with us, the Macau Government, over the last few years is talking about -- and even when they talk about license renewal and some of the other longer-term issues, the common theme has always been diversification and investing in non-gaming areas.

And so, again, we feel it has been a significant point of differentiation for us. I think that's an area that we've done well in with City of Dreams. But furthermore, there is even more of these attractions at Studio City. So I think no matter how you skin it, the way we look at it, we're very well positioned.

Robin Farley - *Analyst*

Great. Thank you.

Operator

I would now like to hand the call back to Mr. Geoffrey Davis.

Geoffrey Davis - *Melco Crown Entertainment Limited - CFO*

Thanks, operator. And thanks, everyone, for joining us today. We'll see you in three months. Thank you.

Operator

Ladies and gentlemen, that does conclude our conference for today. Thank you for participating. You may all disconnect.

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