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PRESENTATION

Operator

Good evening, and thank you for participating in the Q1 2015 earnings conference call of Melco Crown Entertainment Limited. (Operator Instructions). This conference is being recorded.

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

Geoffrey Davis - Melco Crown Entertainment Limited - CFO

Thank you for joining us today for our first quarter 2015 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 discussion 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

Thank you, Geoff. Hello everyone. In Macau, we continue to face challenges associated with the weak demand environment, which has impacted all segments of the market. In this environment, we're focused on managing the parts of the business we can control, including [investment] and other operating expenses in ensuring that we maintain the highest service standards through employee training and development, which in turn maximizes customer experience and loyalty.

Our disciplined approach to costs are highlighted by the fact that our property EBITDA margins in Macau have remained stable sequentially, despite a backdrop of declining revenues.

During the first quarter of 2015, we continued our strong relative trajectory in the rolling chip segment, taking meaningful market share once again.



In the mass market table games segment, we have implemented various growth initiatives in a cost disciplined manner, which are already starting to result in improved market share during April.

Our Company has always prided itself on taking a leadership role in the true diversification in Macau. While we are extremely proud of our numerous Forbes 5-star awards, which are the most of any operator in Macau, and our world-class hotel, food and beverage and gaming amenities, one area where we are without compare is in our relenting commitment to non-gaming entertainment.

Despite our peers' attempts to showcase their recent commitments in Macau's goal of diversifying the leisure and tourism experience in Macau, we have been committed to this diversification objective for several years now by delivering world-class must see experiences in Macau.

We began this commitment several years ago when designing and developing City of Dreams in Macau. The House of Dancing Water, which required an investment of \$300 million to build and produce is the leading show in Macau, and is unrivaled around the region. Over 3.2 million guests have enjoyed the show to date, which still enjoys high occupancy levels.

In addition to the House of Dancing Water, we also delivered Macau's largest nightclub, Club Cubic; Macau's only cabaret show, Taboo; Macau's largest family entertainment center, Kids' City. And we recently introduced SOHO, a diverse dining and entertainment precinct at City of Dreams.

Studio City, which remains on budget and on schedule, raises the bar again in terms of non-gaming diversification. The property brings to Macau a range of entertainment and non-gaming amenities that is unrivaled now and unlikely to be matched by any of the properties currently being developed or considered in Macau.

Our Hollywood-inspired, integrated resort, will include, among other expected attractions, Asia's highest and the world's first figure eight Ferris wheel; a Batman-themed digital ride; a DC Comics and Warner Brothers family entertainment center; a 5,000-seat multipurpose live entertainment center; the House of Magic; a TV studio production studio; and the world's largest nightclub brand, Pacha.

We are also proud to collaborate with some of the leading Hollywood icons to bring to Macau a once-in-a-lifetime short film event titled, The Audition. Featuring A-list stars, including Leonardo DiCaprio, Robert De Niro and Brad Pitt. And directed by Academy Award winner, Martin Scorsese.

No other operator can boast this type of true commitment to the government's long-term vision for Macau. And we are proud of this fact. Furthermore, our leading diversification approach also offers our employees unique career opportunities in fields which are generally not available at other concessionaires.

As a preferred employer with a strong heritage in Macau starting back to 2003, we have always maintained a long-term commitment to the development of our employees and the community. Our employees are our most important asset, and we invest heavily in career and personal development programs and initiatives.

Back in 2009, we established Macau's first in-house learning academy, offering approximately 200 courses across various gaming and non-gaming disciplines to all of our employees wanting to expand their knowledge base and further their career paths.

To date, we have had local participation of over 26,000 in these programs. As a sign of our support of the long-term diversification of Macau's economic (inaudible), we will be extending these exciting programs to employees of local businesses and SMEs.

Our Dare to Dream series offers Macau youths a once-in-a-lifetime opportunity to intern with international maestros including Franco Dragone, the creator of the House of Dancing Water show; legendary piano master, Yundi Li; and Dame Zaha Hadid, the world-renowned architect.

These youths were selected in partnership with various government and education departments. As a result of meticulous planning and structured development programs, approximately 72% of our management positions are now held by locals. A number that we will proactively increase through these various initiatives including the Foundation Acceleration program.



This year, we're going to be the largest new employer in Macau, offering locals an opportunity to join a dynamic and innovative company. We're also firmly committed to offering our current team members incredible promotion and career development opportunities, as evidenced in the over 18,000 internal promotions and transfers we have made to date.

(Technical difficulty) with Studio City. As an employer of choice as endorsed by the exceptional take-up of our longer-term retention program rather than the shorter-term focused summer bonus initiative. And also the exceptional attendance at our Studio City career fair where we received approximately 7,000 job applications to join our Company.

Our belief in Macau's long-term success is unwavering. We remain confident that Macau's geographic location, which is perfectly positioned to cater to the fastest-growing and largest consumer-led middle class in the world, together with the anticipated addition of multidimensional attractions and amenities will ensure a long term and sustainable economic growth model.

Moving to Manila, City of Dreams continues to gather momentum, particularly on the mass market and non-gaming segments. Property visitation levels and customer database sign-ups continue to be very strong. Hotel occupancy levels are already over 75%, despite only being in operation for a few months and our restaurant and entertainment attractions have been well received, both by local and international clientele.

We are in the process of ramping up our junket operations which we believe will see traction over the coming months as more major fixed room junkets open, and will be a meaningful contributor to the property's EBITDA and cash flow in the near future.

We're delighted that PAGCOR and the Philippines Government have awarded Melco Crown Philippines a regular license, the first to receive this in Entertainment City, despite being in operation for less than six months. We are excited about being a major contributor as the Philippines continues to develop into one of the leading tourist destinations in Asia.

With that, I turn the call back over to Geoff to go through some of the numbers.

Geoffrey Davis - Melco Crown Entertainment Limited - CFO

Thank you, Lawrence. We report property EBITDA of \$253 million in the first quarter of 2015 compared to \$388 million in the first quarter of last year.

Our property EBITDA margin in the first quarter of 2015, including City of Dreams Manila, was 24.3% compared to 28.8% in the first quarter of 2014, and 25.1% in the fourth quarter of 2014.

In Macau, our property EBITDA margin was 25.3% in the first quarter of 2015, in line with the fourth quarter of last year.

As Lawrence has mentioned, this result highlights our strong commitment to managing costs, including the player reinvestment rate and our fixed OpEx.

During the first quarter of 2015, we benefited by approximately \$12 million in EBITDA from a favorable win rate in our rolling chip business in Macau. This was partially offset by an unfavorable impact on EBITDA at City of Dreams Manila of approximately \$6 million.

The EBITDA contribution from our non-VIP segments represents over 85% of luck-adjusted EBITDA at City of Dreams and on a Macau-wide basis.

Despite Studio City's spectacular attractions and amenities, our design and construction budget of \$2.3 billion demonstrates extremely good value for money, particularly compared to other properties being developed in Macau which are meaningfully more expensive on a per square foot basis.

This budget reflects our forward-thinking, construction contracting strategy.

For those that follow City of Dreams Manila more closely, our building lease payment for the first quarter of 2015 was approximately \$7 million.

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 \$110 million to \$115 million. Corporate expense is expected to come in at approximately \$32 million. And consolidated net interest expense is expected to be approximately \$40 million, which includes finance lease interest of \$11 million relating to City of Dreams Manila, net of approximately \$37 million of total capitalized interest.

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

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). David Bain, Sterne, Agee.

David Bain - Sterne Agee & Leach and Citigroup - Analyst

Have you begun to think about strategic scenarios you could offer in case table allocations are less than expected at MSC? Or, how do you think we should view Galaxy's upcoming table allocation versus what MSC may receive? I agree that MPEL has shown commitment to non-gaming, but are there any other indicators that can help us analyze where we stand?

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

David, it's Lawrence here. I think, unfortunately, we are in the government's hand on this one. But we do believe that, unlike Galaxy which is really in expansion with additional hotel rooms, Studio City is really the first stand-alone integrated resort to open in the last three years and that given the amenities that we have, I think we've followed the government's instructions over the years to the T. And given the amount of national attractions that we have put in here, and the fact that we produced the short film really to help promote Macau becoming an even cooler place, that we certainly hope to be rewarded for that.

So I think, of course, the Galaxy table allocation when it does come out is a telling indication for what potential new properties will get but at the same time, we are hopeful that the Macau Government will really reward us with the contributions we have done over the years.

And we have had positive dialogs along the way. We understand the difficulties as well, but I think we are holding out hope. But at the same time, I think we have various planning, but at the same time, when we get a better indication of where the government is at, then we'll have a plan accordingly.

David Bain - Sterne Agee & Leach and Citigroup - Analyst

Okay. And then from an investor standpoint, at least, it seems as if the new Macau Government has made statements that may conflict with the overall success drivers in Macau such as visitation or recently adopted smoking restrictions on the mass floor, with lounges.

Do you get the sense when they get a clear cut picture of policies during more of the review session? Or can you provide some interpretive thoughts as to any policy adjustments that you may expect, or not expect?



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

Well you know, David -- it's Lawrence again. I think in terms of the government, as you know the Chief Executive started his second term in December, but all the key secretaries and ministers were changed in response to I think public demand.

And so I think a lot of these policies we are -- I think we are hearing it for the first time, but I think the positive thing for casino operators and concessionaires is that the government have engaged us. They have opened the dialog for us.

They understand that the gaming companies are some of the key stakeholders in terms of contributing to government tax and the fact that we do employ a big portion of the local workforce.

So we have had dialog with the government. I don't think the government has shut the door on any particular issue. I would -- I think like everybody else, we are looking forward to hearing how some of these policies are going to be implemented, rather a smoking ban, or the cap on total tourists.

David Bain - *Sterne Agee & Leach and Citigroup - Analyst*

Okay, well thank you, and good results on sequential in year over year versus peers.

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

Thanks a lot, David.

Operator

Aaron Fischer, CLSA.

Aaron Fischer - *CLSA - Analyst*

I think a couple of quick questions. First of all, your Macau is opting to come ahead of my expectations which I guess was due to the strict focus on cost control, but Manila was a little bit lighter than what I'd expected. I know you talked about still wrapping up the junket business. Is there anything else in the initial performance on the mass side or the non-gaming side that was a little bit weaker than what you had thought?

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

Aaron, maybe I'll take a stab at that and I'll pass it over to Geoff.

I think on Manila, we're quite pleased with how it's tracking because after all, we grand opened on February 2, so we really had half the quarter.

And at the same time, I think given the product that we're introducing into that new jurisdiction, we felt that we wanted to go in from a more conservative basis, in terms of sign ups and, at the same time, in terms of reinvestment.

I think Manila is a market that our competitors are much more aggressive in terms of the reinvestment, I think especially since we were opening up. I think over the last couple of months, we have seen that the giveaways and the promotions really tapered down quite a bit.

And so I think, like all new properties, and especially for the fact that City of Dreams Manila is really not first one to open in that market, we are ramping up. I think the junket VIP business is going to be a big component of it, and that's really just beginning to ramp up.



We have a big junket operator, fixed room junket operator, opening in Manila this weekend, so I think really you should look at the VIP contribution to start this month.

And at the same time, when we first opened like all property openings, we were -- we probably have more band strength than we need, so we're looking at the cost structure as well. But I think so far, we're pleased with where the trajectory of where Manila is going.

Aaron Fischer - CLSA - Analyst

Okay, excellent. Okay, thanks, Lawrence.

One other question is on the dividend. I guess most of the other operators have maintained a decent dividend, but then Wynn talked about cutting the dividend at the parent company level. What's your latest view on dividends?

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

I'll let Geoff talk about the details but I think from between the two founding shareholders and also the Melco Crown Board, we continue to want to return capital to shareholders. I think that was part of the reason why last year when we introduced our regular dividend policy, we wanted to do it at a level where we can withhold potential pipeline development, and also be able to weather a downturn in the gaming market.

So I think that decision was wise, and --

Geoffrey Davis - Melco Crown Entertainment Limited - CFO

I guess just to add, we were prudent in setting the initial dividend policy, and despite the pressure in the market, we're still comfortable maintaining that dividend.

Aaron Fischer - CLSA - Analyst

Okay, thanks very much.

Operator

Cameron McKnight, Wells Fargo.

Cameron McKnight - Wells Fargo Securities, LLC - Analyst

Just a question for Lawrence on the non-gaming side. You guys are one of the few that have made a show financially viable with the House of Dancing Water. Is your aim at Studio City to make the non-gaming independently financially viable, or are you looking at it all as one blended entity?

And then I have a few follow ups.



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

No, I think, Cameron, on Studio City I think the attractions are very different from City of Dreams, so I think we're even more confident that the non-gaming attractions in Studio City will have a positive standalone P&L. So as you know, we have rides and family entertainment centers, and magic show. I think we -- and a Ferris wheel, so we're projecting all those to be in the black.

Cameron McKnight - *Wells Fargo Securities, LLC - Analyst*

Got it, sure. And then just moving on, on the question of tables. Can you talk to table utilization across the week, across your properties? On the -- when we speak to investors, investors are almost in a lather over table allocations and who's getting 150 tables, or who's getting 100 tables.

When revenues are down 35% year on year, labor policy remains tight, and the government's encouraging a diversification away from tables. Should investors be so focused on the question of tables?

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

Let me hand the question over to Ted to address more the kind of EBITDA generation per table, and utilization per tables.

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

So in general, I think we are one of the very first properties -- I mean Company to focus much on the optimization of EBITDA rather than the top line. So over the last two years, we've focused a lot in both VIP, mass property-wise with Altira and CoD.

So if you look at the current EBITDA per table as overall compared to the five concessions there, I think we are still ranked in the first or second rank in terms of the EBITDA per table performance, which is the yield.

And also, if you look at the utilization perspective in -- I'm sure we should look at VIP in terms of the rolling ball and per month, and also the yield on that VIP segment.

I think for CoD, we're at par with the markets and probably Altira's gaining a little bit more than CoD at this stage, i.e., I think we're doing a little bit better than the Macau average in the VIP segments.

In the mass segment, we look at CoD, either look at the top 75 percentile or the lower 25 percentile, I think, in terms of that EBITDA contribution, we are ranging quite a high range in terms of all the properties in Macau. I mean major properties in Macau, even if you look at the 25 percentile of our performance in CoD.

So I think that's a general overview as a summary.

Cameron McKnight - *Wells Fargo Securities, LLC - Analyst*

Okay, great. Thanks very much. And then just one final follow up. Occupancy was pretty strong at 99% in the quarter, certainly better than some of your peers. Can you talk to what drove that and whether there were any changes in mix during the quarter, such as cash versus comped rooms? And that's it from me.



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

So this is Ted again. So if you compare the first quarter to Q4 last year, we do see some increase in the mid-tier premium mass segment. So in terms of our day-to-day database management, we have very high end premium mass and also in mid-tier.

In the middle of this first quarter, we started a strategy in focus more on the mid-tier premium mass segment, so you see some improvement during the course of the quarter.

And in general, I think in the later part of the first quarter, we comped in average 100 more hotel rooms to the mid-tier premium mass customers to make it a very strong occupancy. And with that, the EBITDA equilibrium point I think in the current gaming to non-gaming, we're over close to 90% gaming in average. Of course, during the weekend most of the rooms are occupied by the gamers.

Cameron McKnight - *Wells Fargo Securities, LLC - Analyst*

Okay, great. Thanks very much guys.

Operator

Billy Ng, Bank of America Merrill Lynch.

Billy Ng - *BofA Merrill Lynch - Analyst*

Congratulations on the solid results. I have two questions.

First one actually is regarding your long-term strategic option. One of the thinking is like you guys can buy back the 40% minority stake in Macau Studio City. So given the macro environment change, and given all the table allocation issues, have you changed your thought process for this option? Will we see it expedited or maybe slow down, or whatever options available regarding this opportunity?

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

It's Lawrence here. I think, as we have said on previous calls, it's always a conversation that we could have with our minority shareholders being New Cotai, and we have always been open to a discussion. And I think on and off, we've have had some discussion.

I think our commitment and our view about Macau hasn't changed. I think long term, Macau will get through the current downturn and it's still one of the best -- it is the best market in the whole world given how close it is to the Chinese population base and the biggest middle class in the whole world.

I think at this point in time, the main focus is really on just opening Studio City and opening it as perfectly and as well as we can. I think we'll take a look at it in terms of what happens in the next few months or next year or so.

Billy Ng - *BofA Merrill Lynch - Analyst*

Thanks. The second question is regarding the Philippines. Which quarter do you think is the fair quarter to judge the full potential of this property? I know this quarter is still ramping up, and then this weekend you mentioned there will be a big junket starting serving, but are we talking about Q3 or Q4, or maybe even next year 1Q as we will start to see the full potential?



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

Billy, it's Lawrence again. I think all I can say is, I think in looking at our competitors in the Philippines, because as you know, every jurisdiction is different in terms of how quickly you can ramp up the property. But in terms of the Philippines, our most successful competitor and the one that's across the street from us, I think took eight quarters to ramp up. So given our expertise, we certainly hope that we can ramp up much quicker than that.

Still, if you look at it that way, I can't give you an exact answer. We have very specific targets over the next two or three quarters but we're exactly in really the first full quarter that we've been open. So the goal is to significantly shorten that amount of time to ramp up, and given where we're tracking in terms of the non-gaming and also the mass gaming spend, I think we'll get there much sooner than some of our competitors.

Billy Ng - *BofA Merrill Lynch - Analyst*

Thanks a lot.

Operator

Karen Tang, Deutsche Bank.

Karen Tang - *Deutsche Bank Research - Analyst*

Well done on delivering the only [concession] (inaudible) results this quarter in Macau. Clearly, the focus is on the very good stable margin QonQ. My question is, how did you manage to do that? On, particularly, which part you managed to contain your costs? And being analysts, we're kind of greedy so we want to see if there are more of these cost savings we can expect in the next one or two quarters.

The second question is also probably for Ted, which is that I've noticed the mass hold rate have, again, slightly edged down this quarter, so should we be expecting this trend to come down?

And then my final question is probably on the financial side, which, there's a well-broadcast document talking about your Studio City loan covenant expecting 400 tables minimum by, I think, 2016. So, how do you plan to resolve this potential covenant difficulty? Thank you.

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

Karen, maybe I address your first question regarding how do we do it on a sequential basis from Q4 last year to Q1 in terms of margin. First of all, I think we identified the issue of the VIP decline during the course of Q4 and Q1, spreading to the very high end premium mass segments. So we further look at our database management and we further look at the next level in terms of segmentation, which is the mid-tier premium mass customers, so we focus a lot on that.

Although we are losing some of the shares during the course of first quarter, but I'm very happy to say that in April, we just finished the month, that we're back on one of the highest market shares that we have in mass over the last two-year time.

So I think the strategy paid off and that was the reason that we are doing a little better than the others.

In terms of the hold percentage, I think we are quite happy with the current premium segment. We do look at, not only on the table hold percentage, but also on patron approach, which means that no matter where we are, we attract the performance of customers. So we're quite happy with the premium mass hold percentage.

In terms of the declining hold from the third quarter to fourth quarter, I think it could be addressed by the fact that we have a smoking ban issue, since October last year. So it impacted pretty much on the mass gaming floor.

And sequentially in Q1, I'm sure you know that the hold percentage would be averaged down if you have a higher number of the lower average bet mix of your customers. So with the strategy shifting to a little bit more on the mid-size premium mass customer, then you have a little bit lower average bets which contribute to hold percentage.

But having said that, if we are able to increase the drop, which is the volume, which is customer-based, then we could be able to sustain the GGR, which is what we want. So I guess that is the basic of what's happening.

In my view, I think we should be able to sustain the hold percentage and I see some improvement already in April numbers. So maybe --.

Geoffrey Davis - *Melco Crown Entertainment Limited - CFO*

Yes, on the loan covenant, on tables, Karen, it's Geoff, we don't know the number and we don't want to speculate on that at this point. We're really not in a position to comment on this until we get a final decision from the government on the number of tables. And of course, our actions and how we move forward will depend on that number and prevailing conditions at the time.

But it's probably worth just mentioning and reminding people that Studio City and City of Dreams have their own non-recourse financing arrangements; they're distinct covenants, separate creditors, different equity ownership structures and no cross guarantees.

These factors may make it potentially difficult to move gaming tables between the two groups, and investors should not rely on that being done.

Karen Tang - *Deutsche Bank Research - Analyst*

Okay, that's interesting. Thank you.

Operator

Anil Daswani, Citigroup.

Anil Daswani - *Citigroup - Analyst*

My first question is with regards to the Philippines. You've clearly talked about one major junket that's opening this weekend. Have you got any other major junkets from Macau that are lined up for that property is it just really the first one?

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

It's Lawrence here. Maybe I'll let me let Ted go into the details, but the major junket opening this weekend is obviously a big one, but we've had one major junket open and slowly ramping up since early April. I think similar to our experience in Macau, in the VIP junket space, it's definitely quality over quantity, and I think we've gone through the tough days where there was Altira or City of Dreams where we had way too many junkets.

So to be honest, we've never, in the last few years, now that we've become older and wiser, we don't pride ourselves on having a lot of junkets, so it's really quality over quantity. I don't know Ted, do you want to address?

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

Yes, if you look at our junket portfolio planning for the Philippines market, we probably, after the weekends opening with this largest junket operator in Macau, we have two largest junket operator out of the five big -- top five in Macau. We are hoping that we will be able to add one more, which means the one that is also top five in that perspective, then we will eventually perhaps with three out of the top five junket operator operating in the Philippines in our property eventually.

And of course, you know we have quite a lot of casual junket operators overseas in Macau in our properties and we're able to introduce it to the Philippines as well in the next few months.

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

No, I think, Anil as well, knowing that in order to attract customers to the Philippines, we really have to deliver a better experience in many ways than even Macau, because in order for them to make the trip over there, it needs to be worthwhile.

I think for instance Dream Play, which is the DreamWorks family entertainment center, and a lot of the beach villas, pool villas and the big gigantic villas have only recently been completed. I think we completed most of the suites, but now that we really have a full selection of amenities to offer, we're much more confident of attracting the international VIPs.

So far, even our premium direct VIPs, the in-house VIPs we have had very, very favorable comments and people are visiting Manila for the first time. So I think while we're working out -- and at the same time, when we first opened, we had to work out some issues with the gaming regulators in terms of what is really in the best interests of the market and the city. So I think we've got a lot of those issues ironed out and we look forward to contribution from VIP much more significantly in quarters to come.

Anil Daswani - *Citigroup - Analyst*

My second question is obviously Galaxy is supposed to open in a few weeks' time. They still don't know how many tables they're going to get I'm guessing, but with that type of planning, when you get to Studio City, do you have to make a decision on what you're doing to your table allocation pretty much at the time of opening or when can this thing get resolved before the table issue is resolved?

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

Well, I think even with -- if you look back at 2009 when we opened City of Dreams, we actually got the table allocation I think even back then four to six weeks before opening. I know it's three weeks until Galaxy opens, but I think at the same time we just need to -- I think the good thing right now is we have a very large labor force and we can shift people very easily between properties.

I think from a physical table standpoint, regardless of how many tables that we get, from an ease of operation and efficiency standpoint, we're going to have at least a minimum amount of tables on the tables -- I mean on the floor. In terms of table positioning, all the cabling and surveillance, that's not so much an issue.

I think we're well equipped over the years, and with our shared services and centralized services, to be -- we'll be able to navigate through that and be nimble throughout the whole process.

Anil Daswani - *Citigroup - Analyst*

And, Lawrence, finally from me, any guidance on timing for the opening? I know you've said third quarter in the past but can you give us any more specific items?

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

Well, Anil, it's still -- we're targeting third quarter, but I think to be honest, with the way that the Macau market is trending, I think, like Geoff said early on, we got some of the best value for money prices in terms of per square foot construction cost because we started earlier than a lot of our competitors. But at the same time, we've done the song and dance quite a few times; whether it's City of Dreams, or Altira, or City of Dreams Manila, that we know contractors near the last mile, is going to try to extort money from us.

So given our cost focus, I think we're going to hold very firm and say look, if it's going to take a little bit longer, it's going to take a little bit longer. I think from a -- we would much rather open this property in an improved market, and also open it with as big of a wow as possible.

So we're still targeting Q3, but I think given the scale of these projects, we're not going to put a gun to our own heads.

Anil Daswani - *Citigroup - Analyst*

Absolutely. Well, congratulations Lawrence. It's a great result, given the environment. Thank you. That's it from me.

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

Thanks a lot, Anil.

Operator

Bryan Maher, Brean Capital.

Bryan Maher - *Brean Capital - Analyst*

Can we draw just a little bit more top line on the Philippines? When I was over there in February, and you guys have built quite an impressive property, and particularly when it comes to the VIP rooms. I think yours and Solaire's and their new Sky Tower are equally impressive to anything that's in Macau.

But can you talk about how big that market can grow? I think consensus is we're about a \$3 billion market, maybe headed to \$5 billion, when the other properties open. Can, Lawrence, you give me your view on how big do you think that market can grow, and what your opportunities are to expand your property over time?

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

Well, we are -- I think we're very happy and grateful to be in the Philippines market. I think if you look at the Asian gaming environment, Philippines is, in my opinion, going to be one of the fastest growing for the next -- for years to come. And I think that's underpinned by the growth in its local economy and the rise of its middle class -- upcoming rise of its middle class.

From an international VIP visitation standpoint, it can only get better, because infrastructure is improving. Philippines is -- I think people's perception of the Philippines, it's going to be hard to get them to go the first time. That's what we're experiencing. But at the same time, after they have visited, the feedback has been very positive, in terms of the service culture, in terms of the level of amenities that we're providing.

So I do think that Philippines in the next five years or so, when it gets built out with more critical mass, with the coming online of the other integrated resorts, it could rival the size of Singapore or Las Vegas.



And so I think geographic location is very important in our business, and I think the reason that Singapore was successful for ASEAN was because Singapore was kind of halfway between Australia and say southeast Asia. But if you look at it, Philippines is halfway between Singapore and the rest of southeast Asia. So I think geographically, and with infrastructure support coming online very soon, I am very optimistic about that market.

Bryan Maher - *Brean Capital - Analyst*

And I think that we all know that the images of the Philippines have, with lower cost structure, no smoking-related issues, and a much lower tax rate. But can you tell us if there's any kind of pushback you're getting or hearing from the junket operators, to get more mainland traffic over to the Philippines?

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

I think for that, let me hand over to Ted.

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

Yes, this is Ted. We've kicked off our in-house premium direct first, and then we also started our junket operation very softly last month. And then we have a big opening in the biggest junket operator in the weekend.

Over conversation with our junket operator, our players, I think the issue is more about do they know the Philippines, do they know Manila? And once they come and experience the same level of service and quality of property as we -- as they experience in Macau, they are happier about that, going there.

But as Lawrence mentioned earlier, the biggest obstacle is actually convincing the customer to have a look and, due to perhaps historical reasons, but with our property opening to the entertainment city, being two properties in the regions, we got higher chance that customer will be coming. And then we have a better experience with us.

I think that's the -- in our limited experience in the last two, three months, I think that's the only reasons.

Bryan Maher - *Brean Capital - Analyst*

Thank you.

Operator

As there are no further questions, I would now like to hand the call back to Geoffrey Davis for closing remarks. Please go ahead, sir.

Geoffrey Davis - *Melco Crown Entertainment Limited - CFO*

Great. Well thanks, everyone, for your time, appreciate it. Bye.

Operator

Thank you for joining today's conference. You may all disconnect. Thank you.



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