

Melco Crown Profit of \$15.8 Million Beats Estimates on Second Macau Casino - Bloomberg

Written by Administrator

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[Melco Crown Entertainment Ltd.](#) , the venture between an Australian billionaire and the son of Macau gambling magnate

[Stanley Ho](#) , posted a profit in the third quarter, beating analysts' estimates, after a second casino boosted its share of China's gambling boom.

Net income was \$15.8 million, or 3 cents per American depositary receipt, compared with a loss of \$39.5 million, or 8 cents, a year earlier, the Hong Kong-based company said today in a regulatory [filing](#) . Analysts had predicted a loss excluding some items of 1 cent, the average of seven [estimates](#) compiled by Bloomberg. It was Melco Crown's first net profit in 10 quarters.

Chief Executive Officer [Lawrence Ho](#) and partner [James Packer](#) 's [Crown Ltd.](#) , Australia's biggest casino owner, opened their second Macau casino, City of Dreams, on the Cotai Strip in June 2009 and renamed and rebranded their smaller Crown Macau as Altira. Macau, the world's biggest gambling hub, is the only Chinese city in which casinos are legal.

"We have turned the corner in being able to more consistently deliver solid quarterly results," Ho said today on a conference call. "Macau is firing on all cylinders, and we are fully participating in this growth. In fact we are taking share."

Macau-wide [casino gambling revenue](#) jumped 59 percent in the first 10 months of this year to 152 billion patacas (\$19 billion) from a year earlier, government data showed yesterday. The economy of mainland China, where most of Macau's visitors come from, will probably grow 10 percent this year, according to the median forecast of 17 economists surveyed by Bloomberg.

Shares Rise

[Melco Crown's ADRs](#) rose 30 cents, or 4.6 percent, to \$6.82 at 10:56 a.m. in Nasdaq Stock Market trading, after reaching \$7.13, the highest intraday price in more than a year. They gained 94 percent this year through yesterday.

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Melco's sales climbed 45 percent in the third quarter to \$727 million, beating the \$629.5 million that analysts estimated.

Adjusted earnings before interest, taxes, depreciation and amortization, a measure of cash flow, more than doubled to \$136.3 million, beating the \$100.1 million analysts' estimate.

Melco Crown has said it makes higher profit margins from mass-market gamblers than high rollers brought in by junket operators. Macau casinos pay junket agencies a capped 1.25 percent of the total betting chips purchased by the so-called VIP gamblers they bring in, or a percentage of revenue.

Management Shift

The company has hired a recruitment firm to find a new chief financial officer after [Simon Dewhurst](#) left in August. In July, Ho said he would restructure management to make executives responsible for companywide functions, instead of individual properties, as Melco Crown shifted focus to resort operations from development.

Melco Crown is one of six licensed Macau casino operators. It competes with U.S.-based rivals Las Vegas Sands Corp.'s Sands China Ltd., Wynn Resorts Ltd.'s Wynn Macau Ltd., MGM Resorts International's joint venture with [Pansy Ho](#), as well as Asia-based Stanley Ho's SJM Holdings Ltd. and Galaxy Entertainment Group Ltd.

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