

Macau Gaming Sector

Rating: **Neutral**

Some casino operators resume telephone betting

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■ **Highlights**

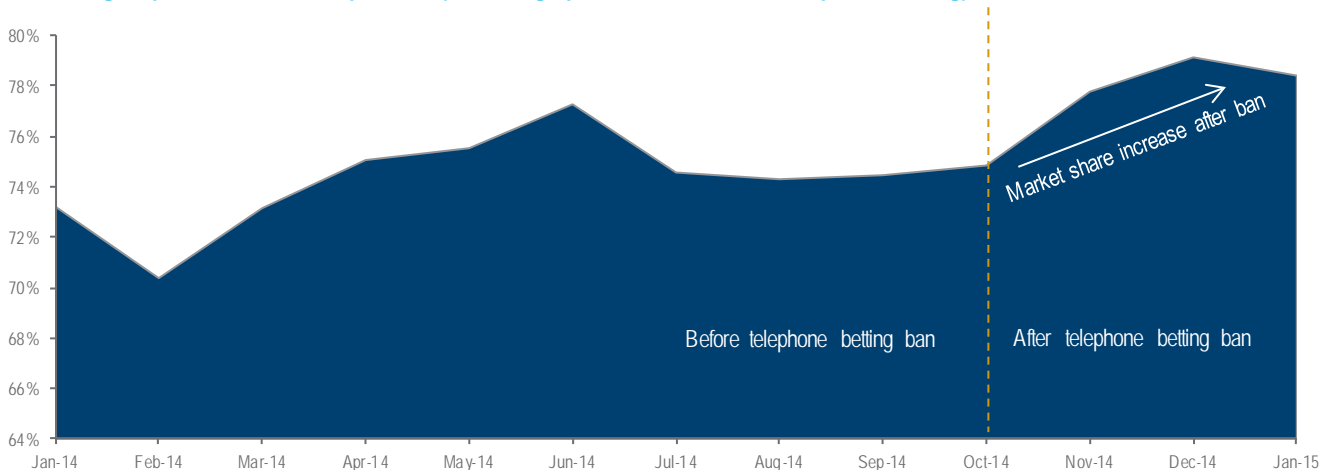
Based on our latest on-the-ground research, we have learned that at least one of the two operators in Macau that have previously banned telephone betting, including Wynn (see our flash note, [Casinos starting to ban phone betting](#), 4 November 2014), has recently begun to allow this activity on premise. The ban was formally implemented by two casino operators in Macau in October 2014.

Phone betting (also known as tele-betting) takes place in junket rooms and involves bets being placed by a player over the phone through a trusted proxy (usually a junket agent) who is physically at the gaming table. Junkets usually require phone betters to make their bets from a private table and require the player to commit a minimum of HKD1-3m in gaming capital. Based on our conversations with junkets and other industry participants, phone betting accounts for around 8% of annual VIP betting revenue in Macau. While phone betting is technically legal in Macau, it is illegal in some other jurisdictions, such as China.

■ **Implications.**

Since October 2014, we have seen VIP market-share movement shift away from the operators that have banned this activity; its resumption may have an influence over VIP market share in the coming months. We continue to prefer operators with a more defensive cost profile, such as SJM (880 HK, HKD12.60, Outperform [2]) and MGM (2282 HK, HKD17.68, Outperform [2]).

■ **VIP rolling chip market share of operators (excluding operators that banned telephone betting)**



Source: APG, Daiwa

In the interests of timeliness, this document has not been edited.

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