

Gaming - Macau/China

Jan. GGR/visitor +7% MoM; watch for any long tail effect post CNY holiday

Industry Overview

Jan. visitation declined by 3% MoM; GGR/visitor +7% MoM

According to DSEC, total visitation to Macau declined by 3% MoM to 2.86mn in Jan-2024, representing 84% of 2019 level (vs. 95% in Dec-2023). The implied GGR/visitor increased by 7% MoM to MOP6,757 in Jan-2024 (or 93% of 2019 level), in line with our ground checks which suggested VIP outperformed with +18% MoM in Jan. Across different areas, visitations from South Korea/Japan/Mainland China increased by 35%/7%/5% MoM while visitations from HK/US declined by 20%/15% MoM. Across different cities/provinces in mainland China, visitations from Beijing/Tianjin/Shanghai increased by 39%/36%/29% MoM. Meanwhile, the number of overnight visitations declined by 5% MoM to 1.38mn, representing 48% of total visitation (vs. 49% in Dec-2023).

Melco appointed three new executives

Melco confirmed the departure of David Sisk who was the chief operating officer of its Macau resorts. At the same time, the company appointed three new executives to lead several key areas of its business in Macau including 1) Alidad Tash (managing director of consultancy 2NT) appointed as executive vice president of analytics and gaming operations for Macau; 2) Stefan Bollhalder (used to serve as general manager for Park Hyatt Japan) named as vice president of hotels and F&B for City of Dreams; 3) Linda Switzer (used to serve as vice president of retail at Wynn Macau) named as vice president of retail. We think these appointments came after some uneven execution by Melco in the past year, but it may take time to see any change in operational performance.

Watch for any long tail effect post CNY holiday

Historically, during the week after CNY holiday, ADR used to moderate to 60-70% of the CNY peak level (based on trend over 2017-2019). Assuming the long tail effect continues this year, we estimate ADR in the rest of the month (Feb 19 to Feb 29) at MOP617-720mn (60-70% of the peak level), bringing the full-month GGR to MOP19.3bn-MOP20.4bn vs. our full-month GGR estimate of MOP19.7bn. According to gaming news AGBrief, some operators benefited from a surge in VIP revenues in the final days of the 8-day CNY holiday, but the long tail effect may not be as significant nowadays given the decline in number of junkets, who were willing to provide more promotional activities to VIP customers after CNY holiday.

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GGR: gross gaming revenue

CNY: Chinese New Year

VIP: very important person

DSEC: Government of Macao Special Administrative Region Statistics and Census Service

F&B: Food and Beverage

ADR: average daily revenue

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