

Recommendation	BUY
Target (today's value)	\$59.00
Current Price	\$53.41
52 week range	\$34.88 - \$63.38

Services – Resorts and Casinos

Las Vegas Sands Corp.



Share Data	
Ticker:	LVS
Market Cap. (Billion):	\$42.97
Inside Ownership	54.5%
Institutional Ownership	40.9%
Beta	1.30
Dividend Yield	5.4%
Payout Ratio	137.1%
Consensus Long-Term Growth Rate	6.6%

	2014	2015	2016E	2017E	2018E
Sales (billions)					
Year	\$14.58	\$11.69	\$12.51	\$12.86	\$13.66
Gr %	4.9%	-26.1%	7.0%	2.8%	6.2%
Cons	\$14.65	\$11.79	\$11.51	\$114.8	\$11.51
EPS					
Year	\$3.52	\$2.47	\$2.75	\$2.88	\$3.28
Gr %	23.4%	-30.0%	11.3%	4.7%	14.1%
Cons	\$3.46	\$3.57	\$2.35	\$2.33	\$2.61

Ratio	2014	2015	2016E	2017E	2018E
ROE (%)	38.2%	28.0%	28.0%	23.9%	27.8%
Industry	21.2%	8.3%	8.3%	2521%	98.6%
NPM (%)	19.5%	16.8%	16.8%	14.9%	16.5%
Industry	4.3%	20.4%	20.4%	2.6%	6.7%
A. T/O	0.65	0.54	0.54	0.55	0.61
ROA (%)	12.6%	9.1%	9.1%	8.1%	10.0%
Industry	6.1%	7.2%	7.2%	4.6%	4.7%
A/E	2.48	2.49	2.39	2.41	2.41

Valuation	2015	2016E	2017E	2018E
P/E	16.3	30.3	22.7	20.3
Industry	20.0	42.0	23.9	22.0
P/S	2.34	4.45	3.70	3.40
P/B	5.2	7.7	5.6	5.6
P/CF	9.9	13.5	12.6	11.4
EV/EBIT	13.5	15.2	18.5	15.4

Performance	Stock	Industry
1 Month	-14.8%	-6.0%
3 Month	-7.2%	4.2%
YTD	21.8%	18.8%
52-week	21.4%	18.8%
3-year	-32.0%	-36.5%

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Las Vegas Sands Corp. (LVS)



Source: FactSet Prices

Summary:

I recommend a buy rating with a target of \$59. Continued expansion within the Asian markets will fuel Las Vegas Sands' growth in the coming years. LVS possesses a global growth business model that is hard to imitate. The firm is positioned well financially to enter into its target markets of Japan and South Korea with force, well ahead of its competition. The stock is undervalued based on DCF analysis. My price target of \$59 plus the current dividend yield (5.4%) of \$2.88 implies 15.65% upside.

Key Drivers:

- **Location:** Over 56% of LVS' revenues are derived from the Macau market, where the firm holds the most central properties on the Cotai Strip. The firm dominates the international space, consistently generating superior returns compared to its peer group.
- **Potential for Growth in Asian markets:** As the firm plans to further expand internationally, and I am forecasting \$1 billion in net fixed asset growth in 2016-17, and the firm just opened its Parisian expansion.
- **Macroeconomic Trends:** The gaming industry is economically sensitive and the stock outperforms during strong economies. Recently higher ISM readings and consumer confidence are positive developments.

Valuation:

LVS was valued using relative multiples and a three-stage discounting cash flow model. The firm is undervalued on an intrinsic basis (target is \$59). Las Vegas Sands appears to be undervalued compared to its peers based on a relative P/E valuation approach.

Risks: Threats to the firm include foreign currency fluctuations, declining international revenues, slow growth in Asian tourism market, government regulation, and a world economic slowdown. In addition, LVS faces political risks and the risk of exposure to the premium mass market.

Company Overview

Las Vegas Sands (LVS) is a world leading developer and operator of integrated resorts. Founded in 1988 by Sheldon G. Adelson, LVS operates on the four pillars of *green buildings, environmentally responsible operations, green meetings, and stakeholder engagement* as part of The Sands ECO360 Global Sustainability Program. LVS operates 10 properties worldwide, most recently opening the Parisian Macau in September 2016. With locations in the United States, Macau, and Singapore, Las Vegas Sands is the premier leader in the global gaming industry. The firm's properties are a destination for VIP, leisure, and business clients. Las Vegas Sands maintains a strict commitment to shareholders, returning more than \$14.3 billion to shareholders through dividends and share repurchases since going public in 2004. With a strong history of success both domestically and internationally, Las Vegas Sands is poised to continue its strategy of global growth in order to implement its integrated resorts worldwide. Las Vegas Sands generates its revenues from casino win, hotel and conference room rentals, food and beverage, and from mall operations.

Casinos

The main revenue generation for Las Vegas Sands occurs through the operation of its premier casinos. LVS holds operating leases on casino equipment, allowing for state of the art slot machines and table games to be employed on the gaming-room floors on a recurring basis. Mass and Premium Mass are the designations used by Las Vegas Sands to distinguish revenues derived through its clientele, the general populous and high-roller clients.

Hotel Room

Las Vegas Sands welcomes a wide range of guests, from the high-roller player to the mass market client. As such, LVS has cleverly designed its integrated resorts to meet the needs of each and every individual. In 2015, LVS room revenue was \$1.47 billion; consisting of 11.84% of total revenues before promotional allowances. Additional information regarding hotel room revenues, occupancy rates, and revenue per available room can be found in appendix 8: LVS hotel operations.

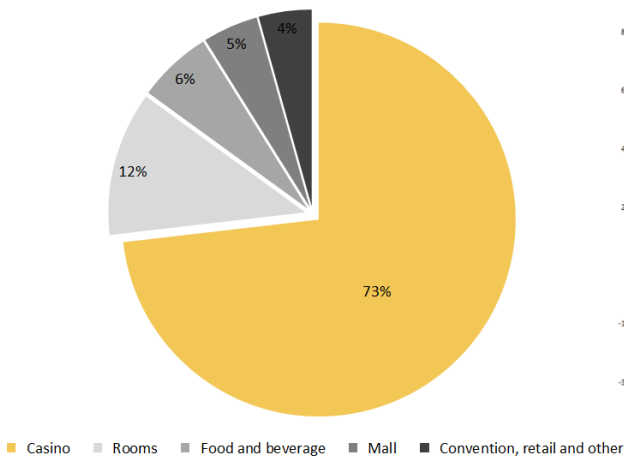
Retail Malls

LVS predominantly generates mall revenues through leases. Tenants are first selected by Las Vegas Sands, and are geared towards high-roller clients. Armani, Dior, Gucci, Prada, and Versace are a few of the iconic brands decorating more than 2.7 million square feet of retail space that Las Vegas Sands maintains across its properties worldwide.

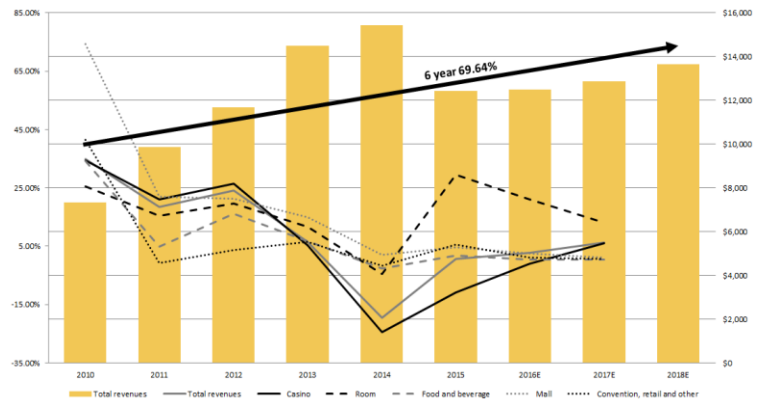
Food and Beverage

The firm's smallest segment consists of casino floor offerings to clients, and several banquet facilities. In 2015, the segment consisted of \$757.5 million of the \$12.4 billion in revenues, before promotional allowances.

Figures 1 and 2: Revenue sources for LVS, year-end 2015 (left) and Revenue history since 2010



Source: Las Vegas Sands 10-K



Source: Las Vegas Sands 10-K

Business/Industry Drivers

The future success of Las Vegas Sands is dependent on several company-specific and economic factors; the following are the most important business drivers:

- 1) Location
- 2) Competition
- 3) Potential for Growth in Asian markets
- 4) Shift from VIP to Mass market
- 5) Macroeconomic Trends
- 6) Increased Regulation

Location

In the gaming industry, location is critical to the success of any firm. Las Vegas Sands has been successful in its development of integrated resorts within its target markets of Macau, Singapore, and Las Vegas. In the Macau market, LVS holds an advantage to its competitors due to the intereconnectedness of its properties, which accomodates the hot and rainy summer season that the region experiences. One of the primary destinations in Macau, settled along the Cotai strip, is The Venetian Macau. Regarded as now the world’s ninth most expensive property,¹ valued at \$2.4 billion, the 39-story resort provides guests with the largest casino floor in the world. The 10.5 million sq. foot property is home to the Cotai Arena, as well as 800 gaming tables and more than 3,400 slot machines.

Las Vegas Sands recognizes that it has a strong advantage in the location of its casinos in the Macau gaming market. With transportation in the city of Cotai limited, and the addition of The Parisian by the firm, LVS is able to dominate the market by the proximity of its integrated resorts in relation to the Cotai Strip. With many gaming, mall, and dining options located within its properties, LVS is able to attract a large portion of the VIP and Mass Market.

¹ Alice Young, “The 10 most expensive buildings in the world,” <http://www.constructionglobal.com/top10/717/The-10-most-expensive-buildings-in-the-world>, (June 10, 2016)

Figures 3 and 4: Las Vegas Sands’ new Macau property, the Parisian, during the day (left) and at night



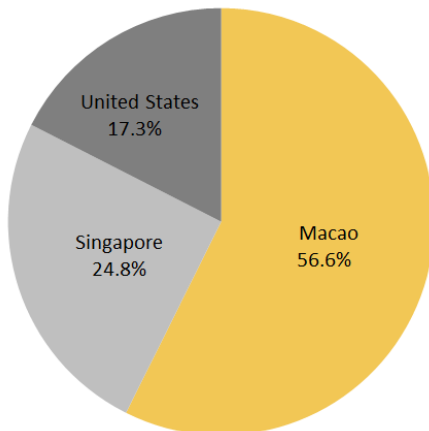
Source: Las Vegas Sands Investor Relations



Source: Las Vegas Sands Investor Relations

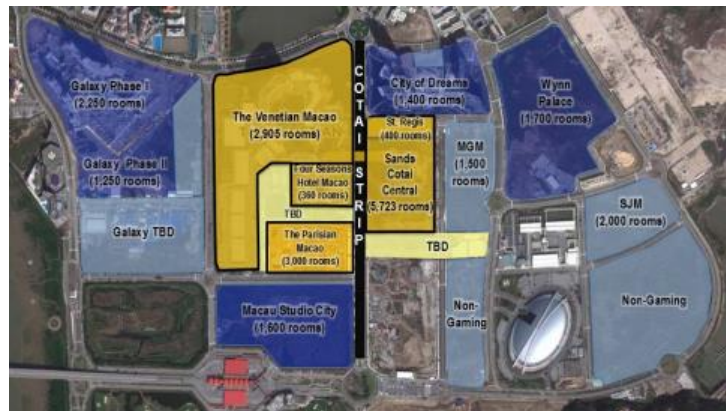
The firm’s newest Macau development, the Parisian, debuted on September 13, 2016. Figures 3 and 4 above are fitting of the Las Vegas Sands brand. Overtaking Wynn Resort in Las Vegas as the world’s seventh most expensive building, the \$2.8 billion integrated resort welcomes guests with a half-scale Eiffel Tower. With nearly 3,000 hotel rooms and 56,000 sq. feet of meeting space, the resort contains a theater, 170 shops and 14 restaurants.

Figure 5: 2015 revenue by region



Source: Las Vegas Sands 10-K

Figure 6: Macau properties



Source: Las Vegas Sands Investor Presentation, November 3, 2016

In Singapore, Las Vegas Sands’ secondary market, the firm operates one of the most iconic integrated resorts in the world – Marina Bay Sands. Valued at \$5.5 billion, the property is the most expensive resort ever built and is ranked as the second most expensive building in the world. Pictured in figure 7, the Marina Bay Sands property produces nearly 25% of all Las Vegas Sands revenue.

The revolutionary 3-tower structure, each consisting of 55 stories, contains more than 2,500 rooms. Marina Bay Sands is connected at the top by a sky-deck with rooftop bars including an infinity pool. With attractions including malls, shows, and an ice skating rink, the Marina Bay Sands resort is nothing short of spectacular. With 57% market share in the Singapore market, LVS operates the property against a single competitor, Genting Singapore.

Figures 7 and 8: Marina Bay Sands (left), The Venetian Macau



Source: Las Vegas Sands Investor Relations



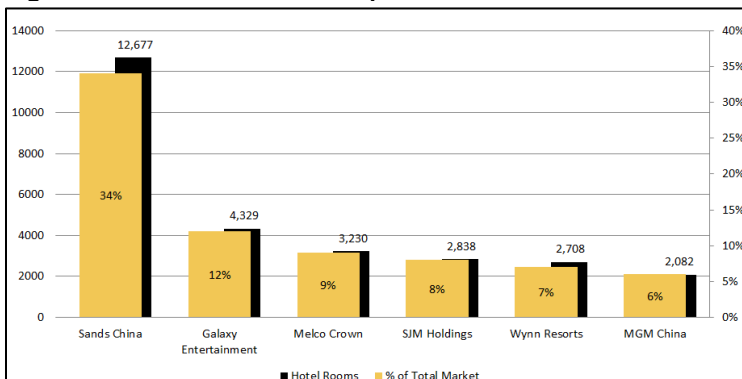
Source: Las Vegas Sands Investor Relations

Las Vegas Sands operates four properties in the United States; The Palazzo, The Venetian, the Sands Expo & Convention Center in Las Vegas, and Sands Bethlehem in Pennsylvania. Located on the corner of the Las Vegas Strip and Sands Avenue are the Palazzo and The Venetian. LVS has a premier location on the strip, and is directly diagonal to a large fashion mall. In Pennsylvania, LVS operates Sands Bethlehem as the only casino within a 45-mile radius. This segment accounted for \$549 million in 2015, making up 4.6% of total LVS revenue.

Competitor Analysis

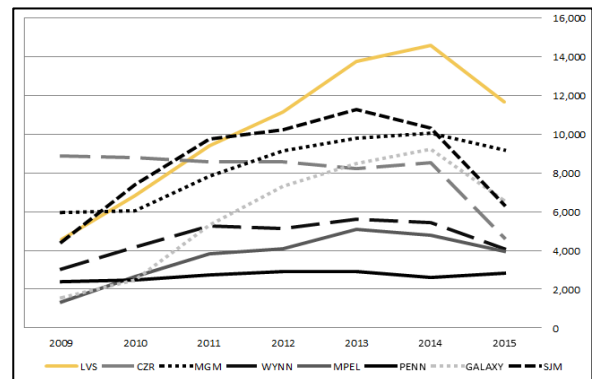
In each of the three markets where LVS operates, the firm faces intense competition for visitors and hotel guests, as well as business in its conference centers. LVS’ advantage in Macau market, which contributes nearly 60% of the firm’s revenue, is its number of hotel rooms. With the addition of the Parisian Macau, targeted towards the expansion of the mass market client, Las Vegas Sands holds 45% of the market share amongst gaming operators (12,677 rooms); constituting 35% of the total rooms in Macau.

Figure 9: Macau hotel room and percent of market share



Source: Las Vegas Sands 10-K

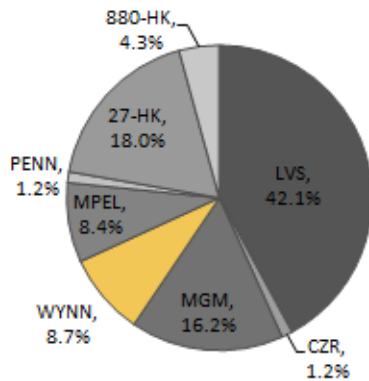
Figure 10: Competitor revenue



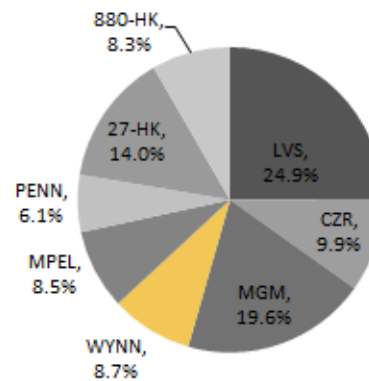
Source: Las Vegas Sands 10-K

Las Vegas Sands holds a strong competitive advantage in the Macau market by offering a diverse base of integrated resorts. With more than \$13 billion invested in Cotai, LVS appeals to a broad set of clients by providing concerts, sporting events, family-friendly entertainment, shopping, and numerous tourism attractions. As noted, competitor properties Wynn and Galaxy are further from the Cotai strip and focus primarily on the VIP experience. These competitors lack the capital required in order to expand at the magnitude in which Las Vegas Sands has, and will continue to utilize, to achieve its global growth strategy.

Figures 11 and 12: Comparison of LVS comps by market cap (left) and sales (right)



Source: Las Vegas Sands 10-K



Source: Las Vegas Sands 10-K

Although LVS faces strong competition in the international and domestic markets, the gaming industry is extremely capital-intensive, allowing for LVS to enter into new markets much quicker and more efficiently than its competition. Las Vegas Sands holds a size advantage with 42.1% of total market cap against its top seven competitors, while contributing nearly to nearly a quarter of total sales amongst its competitors. Its higher market cap percentage than its sales percentage reflects its better margins and opportunities.

Potential for Growth in Asian Markets

Both day-trip and overnight visitors to Macau continue to grow. As gambling in China is prohibited, this is an attractive destination. During the 2016 Chinese Golden Week, a seven-day holiday (October 1-October 7), the number of Macau visitors increased to 970,000 – a 6.9% increase year over year. With the addition of more non-gambling attractions, the Macau market presents a large potential for growth. The Chinese government recognizes the potential of the country to thrive as a tourist destination and continues to invest in the deployment of infrastructure. This is consistent with China’s strategy to transform its economy to be more consumer-driven, similar to that of the United States, through raising domestic wealth and consumption.

LVS founder Sheldon Adelson plans to further expand the Macau and Singapore markets. The firm has a single location in Singapore, Marina Bay Sands, positioned along the northern coast in downtown Singapore. Adelson hopes to bring an entertainment arena and an additional tower to the iconic city.

Shift from VIP to Mass market

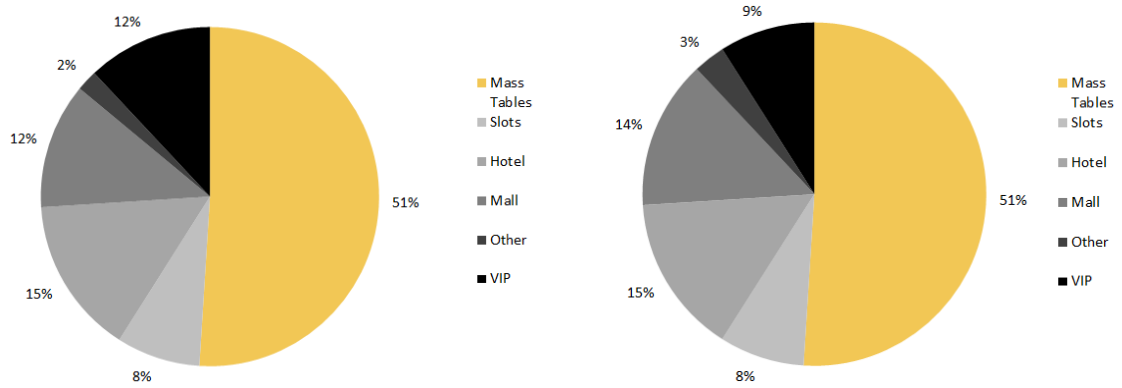
LVS has recognized that the mass market is more profitable than the VIP market. In 2Q16, 59% of the profits in Macau were associated with mass tables/slots and non-gaming. This grew 3% year over year, versus a decline in revenue from VIP tables.

The 2016 10-K notes that that high-end gaming is more volatile and variances in win-loss results have the potential to cause large fluctuations in cash flows from operations. As such, Las Vegas Sands is leading the transition to the mass market. VIP revenues shrunk from 12% of profit in 2Q2015 to 9% in 2Q2016. Figures 13 and 14 below highlight the small, yet significant changes to the profit contribution by segment within the Macau market. With strong capacity in the VIP space, transitioning to the more profitable Mass market will improve margins and revenues for LVS.

Adelson has discussed plans to add an additional tower to Marina Bay Sands

59% of LVS profits in Macau resulted from Mass table and slot operations

Figures 13 and 14: 2Q2015 and 2Q2016 Macau profit contribution by segment



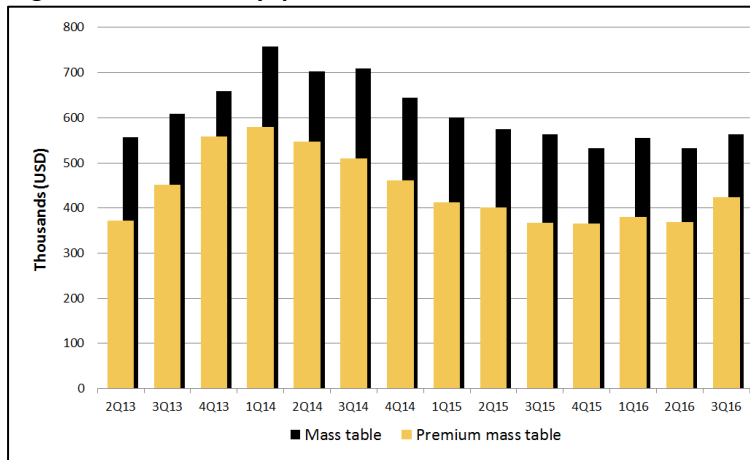
Source: Las Vegas Sands 10-K

Source: Las Vegas Sands 10-K

LVS has consistently delivered profit margins of 40-50% from Mass table operations

Boasting the deepest and broadest mass table offering in the Macau Market, LVS maintains a profit margin ranging from 40%-50%, in contrast to the 25%-40% offered by operating its premium mass tables. In the 2Q16 earnings call, management noted that mass gaming volumes and revenues in the Macau market increased year over year in June for the first time since September 2014. The Macau gaming market faced strong headwinds in 2014 and 2015, ultimately affecting the table revenues of LVS. The first two quarters of 2016 have shown positive signs of support, which is likely a signal that the market bottom has passed. It appears that LVS has found support after continued decline in Mass table and Premium mass table win.

Figure 15: Table win by quarter

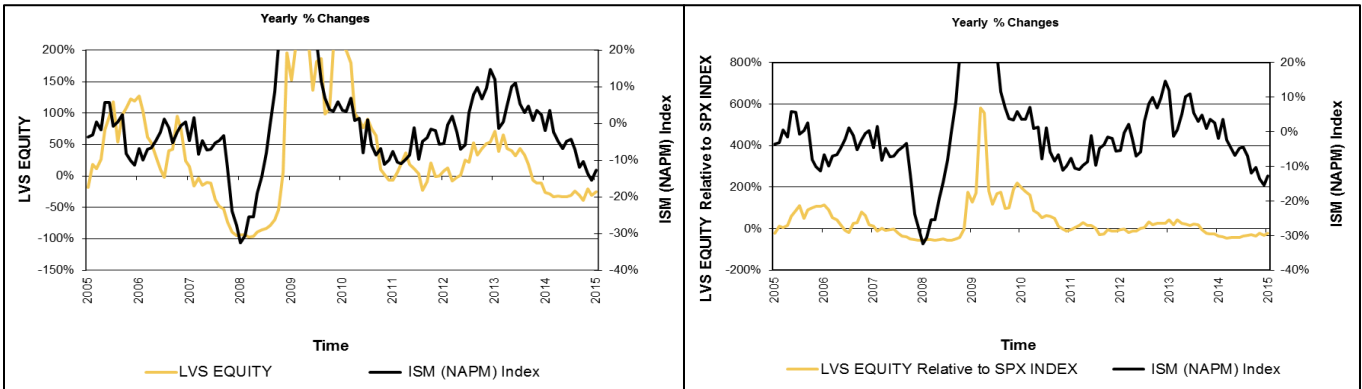


Source: Las Vegas Sands 10-K

Macroeconomic Trends

Changes in the macroeconomic environment affect the performance of Las Vegas Sands, both domestically and abroad. Revenues in the gaming industry are extremely sensitive to changes in consumer and corporate spending. The changes in price for LVS stock show a strong correlation to ISM indices for both China and the United States.

Figures 16 and 17: Absolute price of LVS versus ISM and relative price of LVS to SPX versus ISM

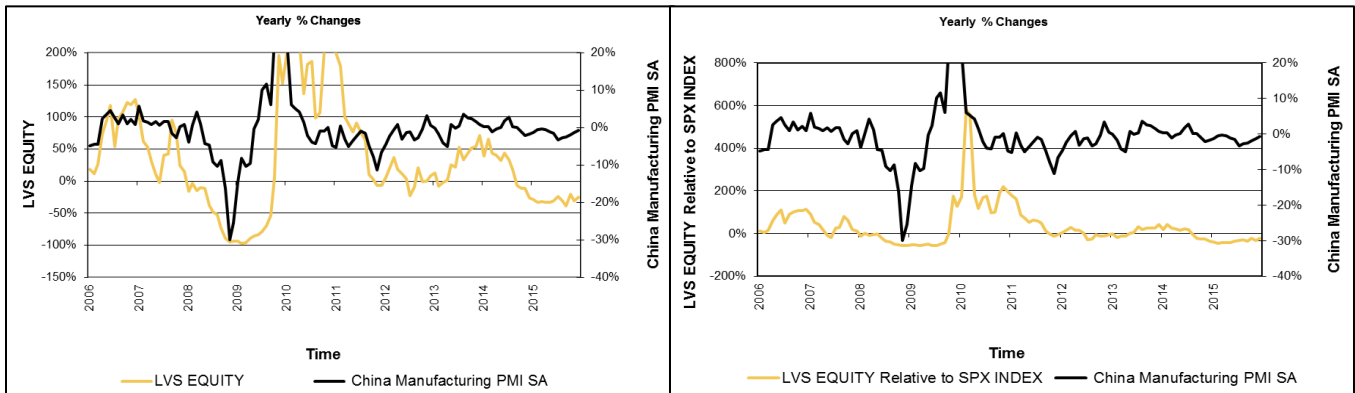


Source: Bloomberg, IMCP

Source: Bloomberg, IMCP

Using the ISM and PMI as barometers of economic activity, one can see that LVS does well on an absolute and relative basis to the S&P 500 when the economy is improving. The correlation with the ISM is 0.66 and 0.48 with the PMI in China.

Figures 18 and 19: Absolute price of LVS versus the China PMI and relative price of LVS to SPX versus China PMI

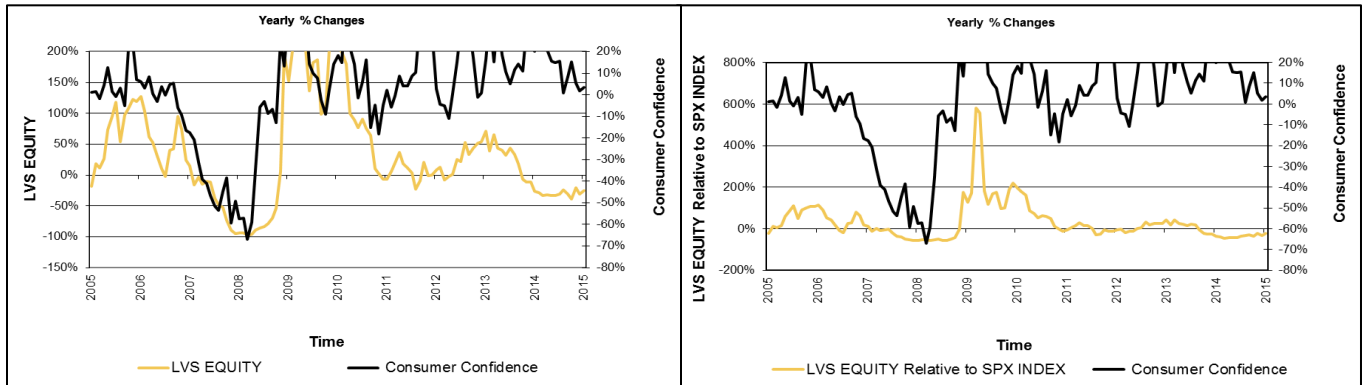


Source: Bloomberg, IMCP

Source: Bloomberg, IMCP

A cyclical industry by nature, the gaming industry is positively correlated (.60) to consumer confidence. LVS and its peers in the gaming space are particularly sensitive to declines in discretionary spending. It is imperative that Las Vegas Sands continues its expansionary endeavors with caution; a slowdown in the Asian markets abroad can be destructive to revenues, ultimately affecting shareholder return.

Figures 20 and 21: Absolute price of LVS versus Consumer Confidence and relative price of LVS versus ISM



Source: Bloomberg, IMCP

Source: Bloomberg, IMCP

Political Reform and Increased Regulation

The President of China, Xi Jinping, has developed a mission to end corruption within the Chinese political system. This campaign has the potential to negatively impact high-ticket industries such as gaming. The Chinese government has noted in its corruption probe that the economy will ultimately benefit from the more stringent policies. High-ticket industries, including the gaming industry, will be benefit less from public funds as a result of the new policies. President Jinping’s plan is geared towards investigation of, punishment for, prevention of, and reduced incentives for corruption.

As a result of his anti-corruption plan, the gaming industry has faced increased anti-money laundering regulation. Many Chinese officials believe that the gaming industry provides an outlet for high net-worth individuals to launder their money. The junket industry often facilitates trips for VIP high-rollers to Macau from China, working as an intermediary between the client and the casino, allowing the VIP to borrow money in order to gamble. Macau laws restrict the flow of cash into the region in order to prevent anti-money laundering amongst casinos and their client base. Casinos in the Macau market are subject to strict laws that are designed to keep the gaming industry honest. Firms face severe penalties, including expulsion from the country, should they fail to adhere to the policies outlined by the Macau gaming regulator and the Chinese government.

LVS is permitted to freely move tables between resorts to meet changing demand

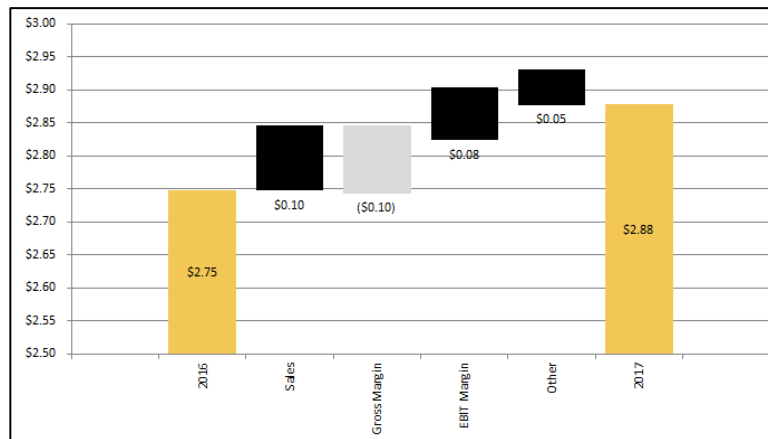
Most recently, the Macau gaming regulator implemented a ‘new table count limit’ for new casinos. According to the Gaming Inspection and Coordination Bureau of Macau, table limits have been set in order to cap growth in the gaming industry at 3% per year through 2023. The Macau gaming regulator wants to avoid a shock to the region should an unforeseen economic event occur, or if industry growth accelerates too quickly for the Cotai infrastructure. Las Vegas Sands has the advantage over its peers in the ability to allocate already in-use tables to the new Parisian or to other casinos that it operates. Another advantage is LVS has the ability to move legacy tables between its resorts. The new table limit set by the Macau gaming regulator excludes tables already being used by resorts in the city.

In order to continue operations in Macau, LVS must secure an extension of its subconcession, an agreement that permits the casino to operate in the region. The current agreement is set to expire in June, 2022. Should Las Vegas Sands fail to renew this subconcession, all of Venetian Macau Limited casino premises and gaming-related equipment immediately transfers to the Macau government, without compensation. While it is in the best interests of the Macau economy to grant an extension to the Las Vegas Sands subconcession agreement, the format of this international arrangement can be detrimental to the operations and future cash flows of the firm. Should the interests of the Chinese government change, the agreement can be cancelled, provided that Las Vegas Sands is given a one-year notice.

Financial Analysis

In FY 2016, I envisage EPS to increase to \$2.88 from \$2.75 in EOY 2015, driven in part by the opening of the Parisian Macau. With an uptick in Mass table and Premium table revenues during Q1 2016, LVS appears to have found support after weak 2015 table win results. While the firm faced market headwinds in 2015 due to challenges in the Macau and Singapore markets, I forecast that recovering revenues will result in a \$0.10 increase in EPS.

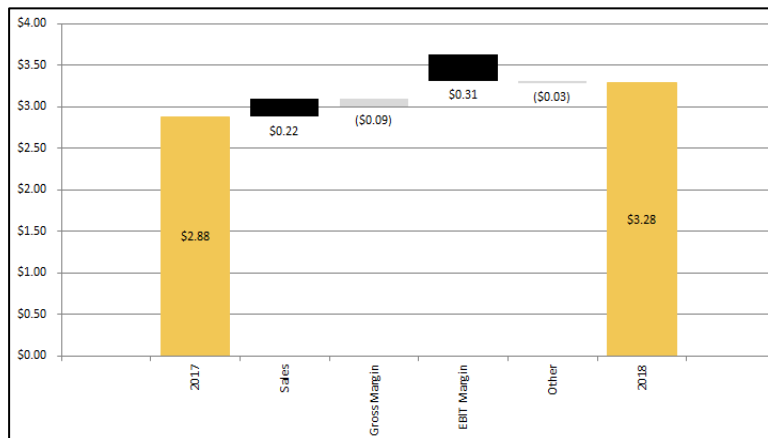
Figure 22: Quantification of 2017 EPS drivers



Source: Factset, IMCP

Although I forecast higher EBIT margins due to the aforementioned opening of the Parisian, my anticipation is that gross margins will fall slightly. The expected \$0.10 negative gross margin hit on EPS is due in part to foreign exchange rate challenges with the Singapore dollar, as well as lower than expected international performance. I expect other business operations to positively affect EPS by \$0.05.

Figure 23: Quantification of 2018 EPS drivers



Source: Factset, IMCP

I anticipate Las Vegas Sands will increase EPS \$0.40 in FY 2017 to \$3.28. Taking into account current market conditions in the United States, as well as the continued strength of the dollar, I expect that mean reversion will occur, which will favor foreign currency exchanges. LVS will improve revenues in the international markets resulting in a positive impact of \$0.22 on EPS.

Figure 24: Sales and EPS YoY estimates

	Sales	EPS
2017 Estimate	\$ 12,858	\$ 2.88
2017 Consensus	\$ 12,501	\$ 2.64
2018 Estimate	\$ 13,657	\$ 3.28
2018 Consensus	\$ 12,881	\$ 2.81

Source: Factset, IMCP

Overall, I am more optimistic than consensus estimates for 2016 and 2017. I expect net revenue growth of 2.8% in 2017 and 6.2% respectively, as international market conditions continue to improve. In addition, I anticipate that revenues from the Parisian Macau will support strong revenue numbers as the firm continues the transition to attract the mass market to its numerous integrated resorts in Cotai.

Figure 25: Growth statistics 2013-2018E

Growth Statistics	2013	2014	2015	2016E	2017E	2018E
Sales	23.7%	5.9%	-19.9%	7.0%	2.8%	6.2%
Direct Costs	17.1%	2.4%	-18.2%	7.4%	3.9%	7.2%
Gross Margin	37.6%	12.3%	-22.5%	6.2%	0.8%	4.4%
SG&A, R&D, and other	19.9%	-5.5%	-1.3%	5.7%	-1.9%	-12.4%
EBIT	47.3%	20.2%	-30.0%	6.5%	2.2%	12.3%
Interest	5.7%	-0.2%	-6.8%	8.8%	-14.3%	10.7%
EBT	52.4%	21.9%	-31.6%	6.3%	3.8%	12.5%
Taxes	4.5%	29.6%	-3.5%	5.6%	10.1%	18.4%
Continuing income	57.0%	21.4%	-33.5%	6.3%	3.1%	11.8%
Other	81.3%	15.2%	-43.9%	-17.2%	-6.7%	-4.3%
Net income	51.3%	23.2%	-30.8%	11.3%	4.7%	14.1%
Basic Shares	2.0%	-2.0%	-1.2%	0.0%	0.0%	0.0%
EPS	48.4%	25.7%	-30.0%	11.3%	4.7%	14.1%
DPS	-62.7%	42.9%	30.0%	10.8%	4.2%	3.3%

Source: Factset, IMCP

Return on Equity

LVS leads the industry in ROE

Las Vegas Sands has led the industry in ROE for many years, and I expect this trend to continue. I expect ROE to increase in FY 2017 by 1.5% to 27.7%, followed by a 3.9% increase in FY 2018. DuPont analysis shows that ROE is driven by EBIT margin and asset turnover. Over the next few years I expect ROE to continue growing as LVS prepares to enter into new target markets. With a strong financial position, Las Vegas Sands has the potential to reap intense profits from further international expansion.

Figure 26: Growth statistics 2013-2018E

5-stage DuPont ROE	2013	2014	2015	2016E	2017E	2018E
EBIT / sales	24.8%	28.1%	24.6%	24.5%	24.3%	25.7%
Sales / avg assets	0.61	0.65	0.54	0.61	0.65	0.68
EBT / EBIT	92.1%	93.5%	91.3%	91.1%	92.5%	92.6%
Net income / EBT	73.4%	74.1%	75.0%	78.6%	79.3%	80.5%
ROA	10.3%	12.6%	9.1%	10.7%	11.6%	13.1%
Avg assets / avg equity	2.47	2.43	2.49	2.44	2.40	2.41
ROE	25.4%	30.7%	22.6%	26.2%	27.7%	31.6%

Source: Factset, IMCP

Free Cash Flow

With the opening of the Parisian in September 2016, more than \$19 million in EBITDA was generated during the first 18 days of operation.

Las Vegas Sands' free cash flow has decreased significantly in 2015 to \$2 billion, but is projected to rise to \$3 billion in 2018. This cash flow is being used for dividends and share buybacks. The firm has a strong history of paying dividends, having increased payout to shareholders every year since 2013. It pays about \$2 billion (2015) to \$2.5 billion (2018) in dividends per year. Dividends are about 100% of EPS. Beginning in 2013, the firm implemented a share repurchase program. Since its inception, LVS has returned more than \$2.4 billion to shareholders.

Cash flows decreased in recent years due in part to a recent \$2.8 billion investment in the Parisian Macau. In 2015, LVS' capital expenditures towards investing activities totaled \$1.53 billion, \$1.29 billion of which was invested in Macau. The Parisian directly accounted for \$766.7 million of these expenditures. In 2017 and 2018, I predict FCF to rise as NOPAT increases as net capital growth in 2018 turns negative.

Figure 27: History of share repurchases

Quarter	Shares Repurchased	Value of	
		Shares Repurchased	Average Price (USD)
2Q13	883,046	\$46,548,403	\$52.71
3Q13	4,596,555	\$299,622,027	\$65.18
4Q13	3,090,680	\$224,220,887	\$72.55
1Q14	10,023,353	\$809,858,312	\$80.80
2Q14	4,179,725	\$319,983,773	\$76.56
3Q14	4,362,194	\$299,749,823	\$68.72
4Q14	3,841,383	\$235,015,968	\$61.18
1Q15			
2Q15	1,287,537	\$64,974,331	\$50.46
3Q15	1,748,584	\$79,999,787	\$45.75
4Q15	1,347,672	\$60,043,975	\$44.55
1Q16			
2Q16			
3Q16			
Total	35,360,729	\$2,440,017,286	\$61.85

Source: Factset, IMCP

Figure 28: Free Cash Flows 2012-2018E, excluding cash & debt

Free Cash Flow							
	2012	2013	2014	2015	2016E	2017E	2018E
NOPAT	\$2,114	\$3,208	\$3,839	\$2,613	\$2,785	\$2,828	\$3,159
Growth		51.7%	19.7%	-31.9%	6.6%	1.5%	11.7%
NWC*	(563)	(837)	(916)	(947)	(976)	(1,003)	(1,065)
Net fixed assets	17,686	17,209	17,164	17,378	17,867	18,369	18,209
Total net operating capital*	\$17,123	\$16,372	\$16,247	\$16,431	\$16,891	\$17,366	\$17,144
Growth		-4.4%	-0.8%	1.1%	2.8%	2.8%	-1.3%
- Change in NWC*		(274)	(79)	(31)	(29)	(27)	(62)
- Change in NFA		(477)	(45)	215	489	502	(160)
FCFF*		\$3,959	\$3,964	\$2,430	2,325	\$2,353	\$3,381
Growth			0.1%	-38.7%	-4.3%	1.2%	43.7%
- After-tax interest expense	232	253	251	228	248	211	232
FCFE**		\$3,706	\$3,712	\$2,202	\$2,077	\$2,142	\$3,148
Growth			0.2%	-40.7%	-5.7%	3.1%	47.0%
+ Net new debt/other cap		(470)	232	(525)	(1,136)	-	-
Sources of cash		\$3,236	\$3,945	\$1,677	\$941	\$2,142	\$3,148
Uses of cash							
Other expense		649	747	419	347	324	310
Increase cash and mkt sec		1,085	(94)	(1,319)	(1,714)	(573)	368
Dividends		1,151	1,612	2,072	2,295	2,390	2,470
Change in other equity		313	1,708	497	0	0	(0)
		\$3,197	\$3,974	\$1,669	\$928	\$2,142	\$3,148
Change in other liab		(39)	29	(8)	(13)	-	-
Total		\$3,236	\$3,945	\$1,677	\$941	\$2,142	\$3,148

Source: Factset, IMCP

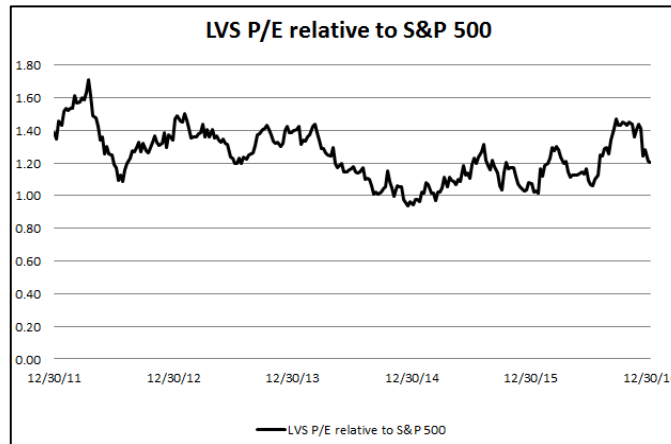
Valuation

Las Vegas Sands was valued using multiples and a 3-stage discounted cash flow model. The stock is undervalued relative to other firms, based on earnings multiples, and is worth \$59. A detailed DCF analysis also values LVS at \$59. Based on a relative valuation, LVS is undervalued compared to its peers.

Trading History

LVS is currently trading 16% below its 52 week high and priced 35% above its 52 week low. Las Vegas Sands' NTM PE is currently 23.95, compared to its five year average of 18.46. Its relative P/E is at a premium, but it is off its highs as the S&P 500 rallied at the end of 2016. In 2014-15, the relative P/E retreated as earnings fell, but it appears to have risen as people begin to anticipate a recovery.

Figure 29: LVS LTM



Source: Factset

Las Vegas Sands should trade at \$66.24 by the end of fiscal year 2017, assuming that the firm maintains a 23.0 LTM P/E. Presuming that LVS achieves this, holders of the stock will realize a return of 24.02%.

- Price = P/E x EPS = 23.0 x 2.88 = \$66.24

Discounting \$66.24 back to today at a 12.3% cost of capital yields a stock price of \$58.98. This valuation is reasonable given LVS' potential for continued growth and profitability.

Relative Valuation

On a TTM basis, LVS' is currently trading as the median of its peers with a P/E of 26.1, below the average of 32.4. Las Vegas Sands has maintained the strongest NPM (16.8% in 2015) and ROE (30.9% in 2015) amongst its competitors since 2009, which drives the premium that the stock trades at on a P/B and a P/S basis. Compared to its peers, Las Vegas Sands shares the highest Standard and Poor's debt rating with Wynn Resorts. LVS maintains the highest dividend yield (5.39%) amongst its peers, but its payout is 137.1% on LTM EPS. Going forward, payout is about 100%. A more thorough analysis of P/B and ROE is below.

Figure 30: LVS comparable companies

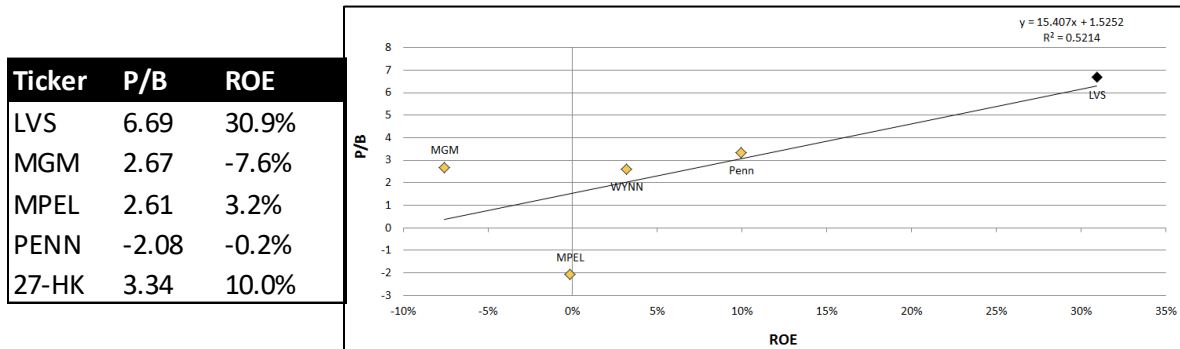
Ticker	Name	Current Price	Market Value	Price Change					Earnings Growth					LTG	NTM	2014	2015	2016	2017	Pst 5yr	Beta	LT Debt/Equity	S&P Rating	Yield	LTM Dividend Payout
				1 day	1 Mo	3 Mo	6 Mo	52 Wk	YTD	2013	2014	2015	2016												
LVS	LAS VEGAS SANDS CORP	\$53.41	\$42,450	(1.2)	(14.8)	(7.2)	22.8	21.4	21.8	6.6	24.9%	26.2%	-29.8%	-4.9%	12.3%	37.6%	1.78	151.2%	B	5.39%	137.1%				
CZR	CAESARS ENTERTAINMENT CORP	\$8.50	\$1,249	2.4	13.3	14.1	10.5	6.1	7.7			-98.5%	-14.5%	-305.5%	-142.0%	-96.2%	0.10	-256.0%	D	0.00%					
MGM	MGM RESORTS INTERNATIONAL	\$28.83	\$16,530	1.2	0.4	10.8	27.4	28.0	26.9	26.2	184.9%	-3.1%	164.5%	-239.0%	16.7%		1.68	206.5%	C	0.00%					
WYNN	WYNN RESORTS LTD	\$86.51	\$8,802	(0.8)	(15.2)	(11.2)	(4.6)	26.0	25.0	7.3	65.2%	0.1%	-73.3%	88.5%	18.5%	6.0%	1.85	-7045.5%	B	2.31%	85.5%				
MPEL	MELCO CROWN ENTMT LTD	\$15.90	\$8,644	0.4	(19.1)	(1.3)	26.4	(5.6)	(5.4)	11.9	64.1%	-4.1%	-82.3%	100.1%	25.6%		1.80	116.2%	C	4.52%	309.2%				
PENN	PENN NATIONAL GAMING INC	\$13.79	\$1,152	(0.6)	3.8	1.6	(1.1)	(15.0)	(13.9)	5.0	-21.1%	-77.0%	-100.4%	9900.0%	2.0%		1.76	-913.7%	C	0.00%					
27-HK	GALAXY ENTERTAINME	\$4.36	\$18,621	2.3	(12.2)	15.8	47.0	38.0	38.2	15.2	3.3%	-58.1%	38.5%	5.6%	33.8%		1.38			0.86%					
880-HK	SJM HOLDINGS LTD.	\$0.78	\$4,436	3.1	(3.2)	6.7	29.1	12.6	9.9	-2.7		-196.4%	379.9%	-100.1%	-40.0%	-8.8%	1.26			3.45%	59.4%				
Average			\$12,735	0.8	(5.9)	3.7	19.7	13.9	13.8	9.9	36.6%	-33.2%	-13.1%	1205.1%	-6.9%	17.1%	1.45	-1290.2%		2.07%	147.8%				
Median			\$8,723	0.8	(7.7)	4.1	24.6	17.0	15.9	7.3	44.5%	-3.6%	-65.7%	16.8%	8.9%	19.9%	1.72	-69.9%		1.58%	111.3%				
SPX	S&P 500 INDEX	\$2,239		(0.5)	1.8	3.3	6.7	8.5	9.5			7.6%	1.0%	7.7%	12.4%										

Ticker	Website	2015 ROE	P/B	P/E					2015 NPM	2015 P/S	OM	ROIC	EV/EBIT	P/CF	P/CF	Sales Growth			Book Equity		
				2013	2014	2015	TTM	NTM								2016	2017E	Current		5-yr	NTM
LVS	http://www.sands.com	30.9%	6.69	19.1	15.2	21.6	26.1	20.9	22.7	20.2	16.8%	3.63	22.8%	11.8%	15.2	12.5	11.3	11.7%	2.2%	11.3%	\$7.98
CZR	http://www.caesarscorporate.com	-224.3%	-0.47	-0.4	-0.4	0.2	-0.2	-12.5	-0.5	-13.3	127.2%	0.27	6.4%	116.2%	13.9	-0.1		146.0%	2.5%	-12.0%	-\$17.96
MGM	http://www.mgmresorts.com	-7.6%	2.67	-90.1	-93.0	-35.2	64.1	22.5	25.3	21.7	-5.1%	1.80	13.8%	-2.6%	23.9	8.7	8.0	18.6%	10.9%	8.8%	\$10.81
WYNN	http://www.wynnresorts.com	-145.8%	-65.68	12.1	12.0	45.1	37.0	22.4	23.9	20.2	4.8%	2.16	13.0%	2.4%	21.3	12.5	11.0	28.5%	2.1%	-0.5%	-\$1.32
MPEL	http://www.melco-crown.com	3.2%	2.61	13.8	14.4	81.6	68.4	41.7	40.8	32.4	2.7%	2.18	5.3%	1.3%	115.0	15.8	14.0	4.5%	4.6%	8.5%	\$6.10
PENN	http://www.pngaming.com	-0.2%	-2.08	-1.4	-5.9	1379.0	14.7	18.6	13.8	13.5	0.0%	0.41	18.1%	0.0%	12.9	3.1	5.7	1.1%	0.6%	2.9%	-\$6.64
27-HK	http://www.galaxyentertainment.com	10.0%	3.34	14.5	14.1	33.5		24.2	22.9	8.4%	2.83		10.3%	23.3	17.5	16.5		21.5%		\$1.31	
880-HK	http://www.sjmholdings.com	-11774.1%	1.45	0.1	-0.1	0.0	17.2		15.7	26.1	-9181.6%	1.13		9.6%	6.7	9.3	11.4		-3.1%		\$0.54
Average		-1513.5%	-6.43	-4.0	-5.5	190.7	32.4	18.9	20.7	18.0	-1128.4%	1.80	13.3%	18.6%	29.0	9.9	11.1	35.1%	3.8%	4.7%	
Median		-3.9%	2.03	6.1	6.0	27.6	26.1	21.6	23.3	21.0	3.7%	1.98	13.4%	6.0%	18.3	10.9	11.3	15.2%	2.4%	5.7%	
spx	S&P 500 INDEX			20.6	19.2	19.0				17.6	15.7										

Source: Factset

- Estimated P/B = Estimated 2017 ROE (27.7%) x 15.407 + 1.5252 = \$5.79
- Target Price: Estimated 2017 P/B (5.79) * Estimated BVPS (9.66) = \$55.96.

Figure 31: LVS P/B 2015 ROE



Source: Factset

I also compared Las Vegas Sands to its competitors based on several fundamental and valuation metrics. Each factor has been converted to a percent of the maximum for this analysis, as the metrics have different scales.

On a fundamental basis, a low weighting was placed on NTM earnings growth, with higher attention to the firm’s growth over the past 5 years. My valuation placed a strong emphasis on LTD/Equity as the industry is very capital-intensive. I also attributed 10% weight to dividend payout. NTM sales growth has received a 15% weight while past 5 year sales growth, though still significant, holds a lower weight.

In terms of valuation, I have a high weight on price to book and EV/EBIT. As the gaming industry relies heavily on debt, concentrating on the EV/EBIT multiple distinguishes firms with higher growth rates and lower risk. Both P/E and P/S have 20% weight. Based on this analysis, LVS falls below the regression line, which implies that it is undervalued.

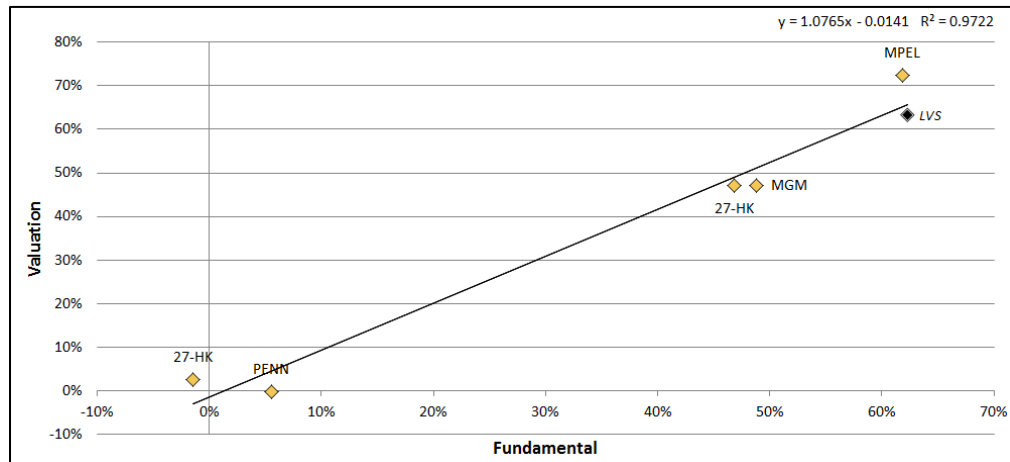
Figure 32: Composite valuation, % of range

Ticker	Name	Weight		Fundamentals						Valuation											
				5.0%		15.0%		50.0%		10.0%		15.0%		5.0%		20.0%		32.0%		20.0%	
		Fund	Value	Earnings Growth	NTM	Pst 5yr	1/(LTD/Equity)	1/Payout	Sales Growth	NTM	Pst 5yr	P/E	TTM	P/B	P/S	EV/EBIT					
LVS	LAS VEGAS SANDS CORP	62%	63%	13%	100%	77%	43%	8%	52%	38%	100%	100%	13%								
CZR	CAESARS ENTERTAINMENT CORP	-1%	3%	-53%	38%	-45%	60%	100%	-56%	0%	-7%	7%	12%								
MGM	MGM RESORTS INTERNATIONAL	49%	47%	100%	38%	56%	60%	13%	41%	94%	40%	50%	21%								
MPEL	MELCO CROWN ENTMT LTD	62%	72%	35%	38%	100%	19%	3%	40%	100%	39%	60%	100%								
PENN	PENN NATIONAL GAMING INC	6%	0%	-11%	38%	-13%	60%	1%	14%	21%	-31%	11%	11%								
27-HK	GALAXY ENTERTAINME	47%	47%	23%	90%	27%	60%	50%	100%	50%	50%	78%	20%								

Source: IMCP

LVS is undervalued using a relative valuation

Figure 33: Composite relative valuation



Source: IMCP

Discounted Cash Flow Analysis

Through the use of a three stage discounted cash flow model, I was able to value Las Vegas Sands.

Using the Capital Asset Pricing Model, I calculated the firm’s cost of equity to be 12.3%. The underlying assumptions used in calculating this rate are as follows:

- In my analysis, I expected a long term market rate of return of 10%, as the S&P 500 has historically produced returns of about 10%.
- A ten year beta of 1.30 was utilized as the company has higher risk than the market; however the company is the least risky of its peer group.
- The risk free rate, as represented by the ten year Treasury bond yield, is 2.40%.

I anticipate the cost of equity to be 12.3%, given the above expectations.
(Rf rate + 10 yr. Beta (Lt. Rm – Rf))

Stage One – For the first stage, the DCF model discounts free cash flow to equity (FCFE) for fiscal years 2017 and 2018 (\$2.69 and \$3.95). This results in a value of \$5.53 per share.

Stage Two – In the second stage, my DCF model focuses on fiscal years 2019 to 2023. FCFE is calculated based on the firm’s capital growth assumptions, NOPAT margin, and revenue growth. The resulting cash flows are then discounted at LVS’ 12.3% cost of equity. I anticipate 2.8% sales growth in 2017, with additional growth of 6.2% in 2018, before growing at 6% through 2023. While I forecast NOWC to sales to remain constant, I expect improvements in operations to cause NFA turnover from 0.70 in 2017 to rise to 0.80 in 2023. I predict that NOPAT margin for the firm will remain relatively constant, increasing from 22% in 2017 to 23.2% in 2023. Lastly, I predict a 6% increase in interest expense per year as the firm continues to take on additional debt in preparation for further expansion.

Figure 34: FCFE and Discounted FCFE, 2017-2023

	2017	2018	2019	2020	2021	2022	2023
FCFE	\$2.69	\$3.95	\$3.26	\$3.17	\$3.71	\$3.57	\$3.08
Discounted FCFE	\$2.39	\$3.13	\$2.30	\$1.99	\$2.08	\$1.78	\$1.37

Adding together, these discounted cash flows total \$9.53.

Stage Three – Net income for the years 2019 – 2023 is calculated based upon the stage two margin and growth assumptions that I used to determine FCFE. Finally, I anticipate that EPS for Las Vegas Sands will grow from \$2.88 in 2017 to \$4.93 in 2023.

Figure 35: FCFE and Discounted FCFE, 2017-2023

	2017	2018	2019	2020	2021	2022	2023
EPS	\$2.88	\$3.28	\$3.92	\$4.18	\$4.45	\$4.67	\$4.93

A 20 P/E is lower than the TTM P/E of 26.1 but still above the market. By 2023, growth opportunities may slow, so a lower P/E is warranted. However it is still above the market P/E as the firm may have above market growth opportunities for years to come and investors may pick up the stock now as they could be slow to recognize slowing growth.

Assuming that the terminal earnings per share for LVS are \$4.93, with a price to earnings ratio of 20, a terminal value of \$98.62 per share is calculated. Using a 12.3% cost of equity, this number is discounted back to \$43.84.

Total Present Value – given the above assumptions and utilizing a three stage discounted cash flow model, an intrinsic value of \$58.89 is calculated. Given LVS’s current price of \$53.41, this model indicates that the stock is slightly undervalued.

Scenario Analysis

Las Vegas Sands is a financially strong company that leads the competition in the gaming space. Revenues are based heavily on the health of the economies in which the firm operates. Sheldon Adelson, the founder of LVS, operates as the chairman and CEO. LVS was valued under three scenarios by changing key factors.

Figure 36: Composite relative valuation

Bull Case							
Expectations	2017	2018	2019	2020	2021	2022	2023
Beta	1.0						
Sales Growth	4.2%	9.3%	8.0%	8.0%	8.0%	8.0%	8.0%
Gross Margin	35.7%	35.1%					
Ebit Margin	24.3%	25.7%					
P/E	27						
Value (P/E) beginning of fiscal year 2017 =							\$90.40
Base Case							
Expectations	2017	2018	2019	2020	2021	2022	2023
Beta	1.3						
Sales Growth	3%	6%	6%	6%	6%	6%	6%
Gross Margin	35.7%	35.1%					
Ebit Margin	24.3%	25.7%					
P/E	20						
Value (P/E) beginning of fiscal year 2017 =							\$58.89
Bear Case							
Expectations	2017	2018	2019	2020	2021	2022	2023
Beta	1.6						
Sales Growth	1.0%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%
Gross Margin	26.8%	25.5%					
Ebit Margin	19.2%	21.4%					
P/E	12						
Value (P/E) beginning of fiscal year 2017 =							\$32.54

Source: Factset

A valuation of LVS stock was reached using the same DCF method as outlined in the previous section, resulting in the target prices shown in figure 36. The base case incorporated a P/E of 20, used as a conservative factor to estimate for the performance of the company. In all cases LVS will likely perform better than its competition as the firm leads the industry in ROE. The firm is expected to continue growing with expansionary plans to move to both the Japanese and Korean markets.

If that the foreign markets recover and currency fluctuations favor international markets where it operates, and the firm has continued success at the new Parisian location, I anticipate the firm to grow at 8%. In both the Macau and Singapore markets, tourism growth will spur improvements in the mass market table segment. With the opening of the Parisian, LVS will attract more business.

The future of Las Vegas Sands is heavily dependant on the economies in which the firm operates. In the case of an economic downturn, I expect LVS to grow at 2%. Further appreciation of the dollar and strength within the U.S. markets would weigh on the opportunity in the Macau and Singapore markets. With strong financials and fundamentals, I expect LVS to perform exceptionally well compared to its peers due to its market diversification, even in a poor economy.

Business Risks

Although I have an optimistic view on the future of the company, there are potential risks that could have a substantial impact to my target price for LVS:

1. Exposure to currency fluctuations
2. Revocation or failure to extend subconcession
3. Failure to expand into target markets
4. Regulation and compliance
5. Competitive marketplace

Exposure to currency fluctuations:

In 2015, 81.4% of LVS revenues were denominated in currencies other than the USD. Continued strength of the dollar against the Hong Kong dollar, as well as the Singapore dollar, has the potential to greatly reduce gross margins. The Macau pataca is pegged to the Hong Kong Dollar and does not pose any additional currency risk.

Revocation or failure to extend subconcession:

The subconcession agreement of LVS to operate in Macau expires on June 26, 2022. Failure to renew the subconcession would allow the Macau government to obtain all gaming-related equipment and casino premises. In addition, the Macau government may redeem the subconcession beginning on December 26, 2017. While the agreement states that the Macau government must provide at least one year notice before redemption, LVS is entitled to fair compensation or indemnity.

Furthermore, the Macau government reserves the right to cease operations, with the ability to obtain all gaming-related equipment, should it find that LVS failed to comply with basic obligations under the subconcession². In the event of a serious non-compliance as a result of operations, the firm would not receive compensation for properties or gaming-related equipment. As LVS leases the gaming equipment through numerous suppliers, the firm runs an additional risk, should a non-compliance event occur.

Failure to expand into target markets:

Las Vegas Sands has targeted the markets of South Korea and Japan as areas of interest for further business expansion. With current regulations in the aforementioned countries prohibiting the operation of casinos, LVS faces the risk of continuing business without the ability to integrate its business model into new markets of interest. Although LVS has planned further expansions in Macau

² Las Vegas Sands Corp., 2015 Annual Report, Dec. 31, 2015, p. 31, from Las Vegas Sands Corp. investor relations website, http://s1.q4cdn.com/133622603/files/doc_financials/2015/Q4/2015-10-K-Print-Copy.pdf, accessed January 1, 2017

and Singapore, the inability to expand into the target markets previously mentioned may impact the intrinsic value of the business.

Regulation and Compliance:

The firm faces extensive regulation in both domestic and foreign operations. Failure of LVS to comply with stated regulations could severely affect the reputation of the firm and its financial condition. In the event that LVS fails to comply with regulation and AML policies in Las Vegas, the Nevada Gaming Authority has the ability to revoke the gaming license of the firm. In Macau, failure to comply with stated regulations could warrant the termination of the subconcession. In both cases, LVS may be forced to discontinue operations.

Competitive marketplace:

For LVS, 17.3% of revenues for the firm were from operations in the Las Vegas market. Competition in this landscape is substantial, and this presents operational and financial risks. LVS will almost certainly experience a decline in mid-week occupancy rates in the Las Vegas market, if the trade show business slows down.

Troubling events to LVS would include a slowing of the Macau and Singapore markets. Although LVS is well positioned in terms of competitive space and the location of its integrated resorts in Macau, a decline in tourist visits to the region may intensify competition for customers and revenues.

Appendix 1: Income Statement

Income Statement (in thousands)						
	2013	2014	2015	2016E	2017E	2018E
Sales	\$13,770	\$14,584	\$11,688	\$12,507	\$12,858	\$13,657
Direct costs	8,842	9,052	7,403	7,954	8,268	8,863
Gross Margin	4,928	5,532	4,285	4,552	4,590	4,794
SG&A, R&D, and other	1,515	1,431	1,413	1,494	1,466	1,284
Earnings before interest & tax	3,413	4,101	2,872	3,058	3,125	3,510
Interest	269	268	250	272	233	258
Earnings before tax	3,144	3,833	2,622	2,786	2,891	3,252
Taxes	189	245	236	249	275	325
Income	2,955	3,588	2,386	2,537	2,617	2,926
Other	649	747	419	347	324	310
Net income	2,306	2,841	1,966	2,189	2,293	2,616
Basic Shares	822	806	797	797	797	797
Earnings Per Share	\$2.80	\$3.52	\$2.47	\$2.75	\$2.88	\$3.28
Dividends Per Share	\$1.40	\$2.00	\$2.60	\$2.88	\$3.00	\$3.10

Appendix 2: Balance Sheets

Balance Sheets (in thousands)							
Items	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18
ASSETS							
Cash	2,516	3,600	3,506	2,187	473	(99)	269
Operating assets ex cash	1,962	1,915	1,684	1,422	1,501	1,543	1,639
Operating assets	4,478	5,516	5,190	3,609	1,974	1,444	1,908
Operating liabilities	2,525	2,752	2,600	2,369	2,476	2,546	2,704
NOWC	1,952	2,763	2,590	1,240	(502)	(1,102)	(796)
NOWC ex cash (NWC)	(563)	(837)	(916)	(947)	(976)	(1,003)	(1,065)
NFA	17,686	17,209	17,164	17,378	17,867	18,369	18,209
Invested capital	\$19,639	\$19,972	\$19,754	\$18,619	\$17,364	\$17,267	\$17,413
Marketable securities	-	-	-	-	-	-	-
Total assets	\$22,164	\$22,724	\$22,354	\$20,987	\$19,841	\$19,813	\$20,117
LIABILITIES AND SHAREHOLDER EQUITY							
Short-term and long-term debt	\$10,230	\$9,760	\$9,993	\$9,468	\$8,332	\$8,332	\$8,332
Other liabilities	750	711	741	733	720	720	720
Debt/equity-like securities	-	-	-	-	-	-	-
Equity	8,658	9,501	9,021	8,418	8,313	8,215	8,361
Total supplied capital	\$19,639	\$19,972	\$19,754	\$18,619	\$17,364	\$17,267	\$17,413
Total liabilities and equity	\$22,164	\$22,724	\$22,354	\$20,987	\$19,841	\$19,813	\$20,117
Growth Statistics							
Cash		43.1%	-2.6%	-37.6%	-78.4%	-121.0%	-371.1%
Operating assets ex cash		-2.4%	-12.1%	-15.6%	5.6%	2.8%	6.2%
Operating assets		23.2%	-5.9%	-30.5%	-45.3%	-26.9%	32.2%
Operating liabilities		9.0%	-5.5%	-8.9%	4.5%	2.8%	6.2%
NOWC		41.5%	-6.3%	-52.1%	-140.5%	119.5%	-27.8%
NOWC ex cash (NWC)		48.6%	9.4%	3.4%	3.0%	2.8%	6.2%
NFA		-2.7%	-0.3%	1.3%	2.8%	2.8%	-0.9%
Invested capital		1.7%	-1.1%	-5.7%	-6.7%	-0.6%	0.8%
Marketable securities							
Total assets		2.5%	-1.6%	-6.1%	-5.5%	-0.1%	1.5%
Short-term and long-term debt		-4.6%	2.4%	-5.3%	-12.0%	0.0%	0.0%
Other liabilities		-5.2%	4.1%	-1.1%	-1.7%	0.0%	0.0%
Debt/equity-like securities							
Equity		9.7%	-5.1%	-6.7%	-1.3%	-1.2%	1.8%
Total supplied capital		1.7%	-1.1%	-5.7%	-6.7%	-0.6%	0.8%
Total liabilities and equity		2.5%	-1.6%	-6.1%	-5.5%	-0.1%	1.5%
Common Size							
Cash	11.4%	15.8%	15.7%	10.4%	2.4%	-0.5%	1.3%
Operating assets ex cash	8.9%	8.4%	7.5%	6.8%	7.6%	7.8%	8.1%
Operating assets	20.2%	24.3%	23.2%	17.2%	9.9%	7.3%	9.5%
Operating liabilities	11.4%	12.1%	11.6%	11.3%	12.5%	12.9%	13.4%
NOWC	8.8%	12.2%	11.6%	5.9%	-2.5%	-5.6%	-4.0%
NOWC ex cash (NWC)	-2.5%	-3.7%	-4.1%	-4.5%	-4.9%	-5.1%	-5.3%
NFA	79.8%	75.7%	76.8%	82.8%	90.1%	92.7%	90.5%
Invested capital	88.6%	87.9%	88.4%	88.7%	87.5%	87.1%	86.6%
Marketable securities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Short-term and long-term debt	46.2%	43.0%	44.7%	45.1%	42.0%	42.1%	41.4%
Other liabilities	3.4%	3.1%	3.3%	3.5%	3.6%	3.6%	3.6%
Debt/equity-like securities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity	39.1%	41.8%	40.4%	40.1%	41.9%	41.5%	41.6%
Total supplied capital	88.6%	87.9%	88.4%	88.7%	87.5%	87.1%	86.6%
Total liabilities and equity	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Appendix 3: Sales Forecast by Segment

Sales (in thousands)							
Items	2012	2013	2014	2015	2016E	2017E	2018E
Net Revenue	\$11,131	13,770	14,584	11,688	12,507	12,858	\$13,657
<i>Growth</i>		23.7%	5.9%	-19.9%	7.0%	2.8%	6.2%
Casino	9,008	11,387	12,004	9,083	8,101	8,019	8,501
<i>Growth</i>		26.4%	5.4%	-24.3%	-10.8%	-1.0%	6.0%
<i>% of sales</i>	80.9%	82.7%	82.3%	77.7%	64.8%	62.4%	62.2%
Rooms	1,154	1,381	1,540	1,470	1,904	2,304	2,604
<i>Growth</i>		19.6%	11.6%	-4.6%	29.6%	21.0%	13.0%
<i>% of sales</i>	10.4%	10.0%	10.6%	12.6%	15.2%	17.9%	19.1%
Food and Beverage	629	730	779	758	772	776	778
<i>Growth</i>		16.2%	6.6%	-2.7%	1.9%	0.5%	0.3%
<i>% of sales</i>	5.6%	5.3%	5.3%	6.5%	6.2%	6.0%	6.0%
Mall	397	481	554	564	590	605	612
<i>Growth</i>		21.3%	15.0%	2.0%	4.6%	5.0%	6.0%
<i>% of sales</i>	3.6%	3.5%	3.8%	4.8%	4.7%	4.7%	4.5%
Convention, Retail & other	497	515	549	540	570	577	581
<i>Growth</i>		3.7%	6.5%	-1.7%	5.6%	1.2%	0.7%
<i>% of sales</i>	4.5%	3.7%	3.8%	4.6%	4.6%	4.5%	4.3%
Promotional Allowances	(554)	(725)	(842)	(726)	570	577	581
<i>Growth</i>		30.9%	16.2%	-13.8%	-178.5%	1.2%	0.7%
<i>% of sales</i>	-5.0%	-5.3%	-5.8%	-6.2%	4.6%	4.5%	4.3%

Appendix 3: Ratios

Ratios						
Profitability						
Gross margin	35.8%	37.9%	36.7%	36.4%	35.7%	35.1%
Operating (EBIT) margin	24.8%	28.1%	24.6%	24.5%	24.3%	25.7%
Net profit margin	16.7%	19.5%	16.8%	17.5%	17.8%	19.2%
Activity						
NFA (gross) turnover	0.79	0.85	0.68	0.71	0.71	0.75
Total asset turnover	0.61	0.65	0.54	0.61	0.65	0.68
Liquidity						
Op asset / op liab	2.00	2.00	1.52	0.80	0.57	0.71
NOWC Percent of sales	17.1%	18.4%	16.4%	3.0%	-6.2%	-7.0%
Solvency						
Debt to assets	43.0%	44.7%	45.1%	42.0%	42.1%	41.4%
Debt to equity	102.7%	110.8%	112.5%	100.2%	101.4%	99.6%
Other liab to assets	3.1%	3.3%	3.5%	3.6%	3.6%	3.6%
Total debt to assets	46.1%	48.0%	48.6%	45.6%	45.7%	45.0%
Total liabilities to assets	58.2%	59.6%	59.9%	58.1%	58.5%	58.4%
Debt to EBIT	2.86	2.44	3.30	2.72	2.67	2.37
EBIT/interest	12.68	15.28	11.48	11.23	13.39	13.59
Debt to total net op capital	48.9%	50.6%	50.9%	48.0%	48.3%	47.8%
ROIC						
NOPAT to sales	23.3%	26.3%	22.4%	22.3%	22.0%	23.1%
Sales to IC	0.70	0.73	0.61	0.70	0.74	0.79
Total	16.2%	19.3%	13.6%	15.5%	16.3%	18.2%
Total using EOY IC	16.1%	19.4%	14.0%	16.0%	16.4%	18.1%
ROE						
5-stage DuPont ROE	2013	2014	2015	2016E	2017E	2018E
EBIT / sales	24.8%	28.1%	24.6%	24.5%	24.3%	25.7%
Sales / avg assets	0.61	0.65	0.54	0.61	0.65	0.68
EBT / EBIT	92.1%	93.5%	91.3%	91.1%	92.5%	92.6%
Net income / EBT	73.4%	74.1%	75.0%	78.6%	79.3%	80.5%
ROA	10.3%	12.6%	9.1%	10.7%	11.6%	13.1%
Avg assets / avg equity	2.47	2.43	2.49	2.44	2.40	2.41
ROE	25.4%	30.7%	22.6%	26.2%	27.7%	31.6%
3-stage						
Net income / sales	16.7%	19.5%	16.8%	17.5%	17.8%	19.2%
Sales / avg assets	0.61	0.65	0.54	0.61	0.65	0.68
ROA	10.3%	12.6%	9.1%	10.7%	11.6%	13.1%
Avg assets / avg equity	2.47	2.43	2.49	2.44	2.40	2.41
ROE	25.4%	30.7%	22.6%	26.2%	27.7%	31.6%
Payout Ratio	49.9%	56.8%	105.4%	104.8%	104.3%	94.4%
Retention Ratio	50.1%	43.2%	-5.4%	-4.8%	-4.3%	5.6%
Sustainable Growth Rate	12.7%	13.3%	-1.2%	-1.3%	-1.2%	1.8%

Appendix 4: Cash Flow Statement

Free Cash Flow							
	2012	2013	2014	2015	2016E	2017E	2018E
NOPAT	\$2,114	\$3,208	\$3,839	\$2,613	\$2,785	\$2,828	\$3,159
<i>Growth</i>		51.7%	19.7%	-31.9%	6.6%	1.5%	11.7%
NWC*	(563)	(837)	(916)	(947)	(976)	(1,003)	(1,065)
Net fixed assets	17,686	17,209	17,164	17,378	17,867	18,369	18,209
Total net operating capital*	\$17,123	\$16,372	\$16,247	\$16,431	\$16,891	\$17,366	\$17,144
<i>Growth</i>		-4.4%	-0.8%	1.1%	2.8%	2.8%	-1.3%
- Change in NWC*		(274)	(79)	(31)	(29)	(27)	(62)
- Change in NFA		(477)	(45)	215	489	502	(160)
FCFF*		\$3,959	\$3,964	\$2,430	2,325	\$2,353	\$3,381
<i>Growth</i>			0.1%	-38.7%	-4.3%	1.2%	43.7%
- After-tax interest expense	232	253	251	228	248	211	232
FCFE**		\$3,706	\$3,712	\$2,202	\$2,077	\$2,142	\$3,148
<i>Growth</i>			0.2%	-40.7%	-5.7%	3.1%	47.0%
FCFF per share		\$4.81	\$4.92	\$3.05	\$2.92	\$2.95	\$4.24
<i>Growth</i>			2.1%	-38.0%	-4.3%	1.2%	43.7%
FCFE per share		\$4.51	\$4.61	\$2.76	\$2.61	\$2.69	\$3.95
<i>Growth</i>			2.2%	-40.0%	-5.7%	3.1%	47.0%
FCFF per share		\$3.50	\$5.03	\$4.70	\$5.07	\$3.67	\$3.78
<i>Growth</i>			44.0%	-6.5%	7.7%	-27.6%	3.0%
FCFE per share		\$2.62	\$5.01	\$3.76	\$3.33	\$3.41	\$3.49
<i>Growth</i>			91.5%	-24.9%	-11.4%	2.2%	2.4%

Appendix 5: 3-stage DCF Model

First Stage		Second Stage					
Cash flows	2017	2018	2019	2020	2021	2022	2023
<i>Sales Growth</i>	2.8%	6.2%	6.0%	6.0%	6.0%	6.0%	6.0%
<i>NOPAT / Sales (S)</i>	22.0%	23.1%	23.3%	23.4%	23.5%	23.3%	23.2%
<i>S / NWC</i>	(12.82)	(12.82)	(12.82)	(12.82)	(12.82)	(12.82)	(12.82)
<i>S / NFA (EOY)</i>	0.70	0.75	0.77	0.78	0.80	0.81	0.80
<i>S / IC (EOY)</i>	0.74	0.80	0.82	0.83	0.85	0.86	0.85
<i>ROIC (EOY)</i>	16.3%	18.4%	19.1%	19.4%	20.1%	20.1%	19.8%
<i>ROIC (BOY)</i>		18.2%	19.7%	20.3%	20.7%	21.1%	21.3%
<i>Share Growth</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sales	\$12,858	\$13,657	\$14,476	\$15,345	\$16,266	\$17,241	\$18,276
NOPAT	\$2,828	\$3,159	\$3,373	\$3,591	\$3,822	\$4,017	\$4,240
<i>Growth</i>		11.7%	6.8%	6.5%	6.5%	5.1%	5.5%
- Change in NWC	-27	-62	-64	-68	-72	-76	-81
<i>NWC</i>	-1003	-1065	-1129	-1197	-1269	-1345	-1426
<i>Growth NWC</i>		6.2%	6.0%	6.0%	6.0%	6.0%	6.0%
- Change in NFA	502	-160	591	873	659	954	1559
<i>NFA EOY</i>	18,369	18,209	18,800	19,673	20,332	21,286	22,845
<i>Growth NFA</i>		-0.9%	3.2%	4.6%	3.3%	4.7%	7.3%
Total investment in operating capital	475	-222	527	805	587	878	1478
Total net operating capital	17366	17144	17671	18476	19063	19941	21419
FCFF	\$2,353	\$3,381	\$2,846	\$2,786	\$3,235	\$3,140	\$2,762
<i>% of sales</i>	18.3%	24.8%	19.7%	18.2%	19.9%	18.2%	15.1%
<i>Growth</i>		43.7%	-15.8%	-2.1%	16.1%	-3.0%	-12.0%
- Interest (1-tax rate)	211	232	246	261	277	293	311
<i>Growth</i>		10.1%	6.0%	6.0%	6.0%	6.0%	6.0%
FCFE w/o debt	\$2,142	\$3,148	\$2,599	\$2,525	\$2,958	\$2,846	\$2,450
<i>% of sales</i>	16.7%	23.1%	18.0%	16.5%	18.2%	16.5%	13.4%
<i>Growth</i>		47.0%	-17.4%	-2.9%	17.2%	-3.8%	-13.9%
/ Number of Shares	796.8	796.8	796.8	796.8	796.8	796.8	796.8
FCFE	\$2.69	\$3.95	\$3.26	\$3.17	\$3.71	\$3.57	\$3.08
<i>Growth</i>		47.0%	-17.4%	-2.9%	17.2%	-3.8%	-13.9%
* Discount factor	0.89	0.79	0.71	0.63	0.56	0.50	0.44
Discounted FCFE	\$2.39	\$3.13	\$2.30	\$1.99	\$2.08	\$1.78	\$1.37
Third Stage							
Terminal value P/E							
Net income	\$2,293	\$2,616	\$3,127	\$3,330	\$3,546	\$3,724	\$3,929
<i>% of sales</i>	17.8%	19.2%	21.6%	21.7%	21.8%	21.6%	21.5%
EPS	\$2.88	\$3.28	\$3.92	\$4.18	\$4.45	\$4.67	\$4.93
<i>Growth</i>		14.1%	19.5%	6.5%	6.5%	5.0%	5.5%
Terminal P/E							20.00
* Terminal EPS							\$4.93
Terminal value							\$98.62
* Discount factor							0.44
Discounted terminal value							\$43.84
Summary							
First stage	\$5.53	Present value of first 2 year cash flow					
Second stage	\$9.53	Present value of year 3-7 cash flow					
Third stage	\$23.07	Present value of terminal value constant growth					
Value (P/E)	\$58.89	= value at beginning of fiscal year 2017					

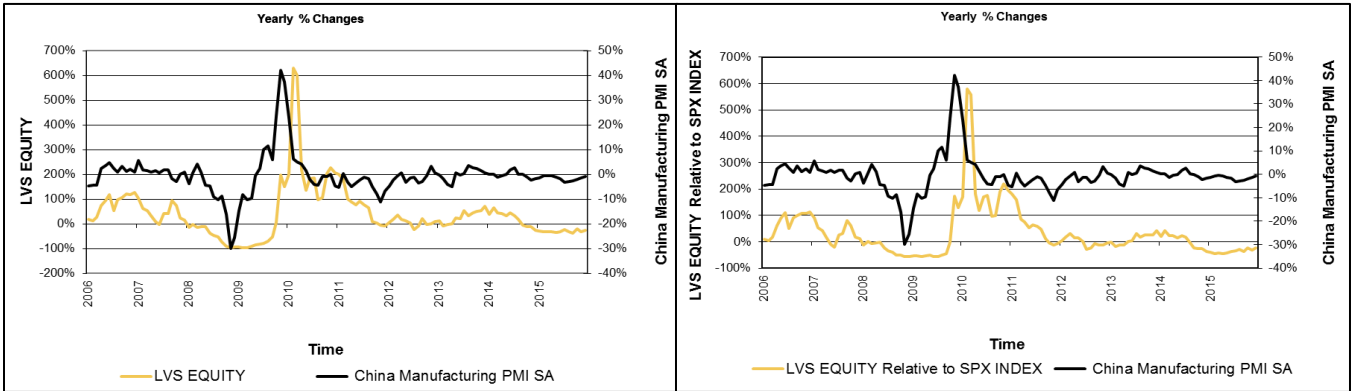
Appendix 6: LVS Comparable Companies

Ticker	Name	Current Price	Market Value	Price Change						Earnings Growth						LT Debt/Equity		S&P Rating	LTM Dividend			
				1 day	1 Mo	3 Mo	6 Mo	52 Wk	YTD	LTG	NTM	2014	2015	2016	2017	Pst 5yr	Beta		Yield	Payout		
LVS	LAS VEGAS SANDS CORP	\$53.41	\$42,450	(1.2)	(14.8)	(7.2)	22.8	21.4	21.8	6.6	24.9%	26.2%	-29.8%	-4.9%	12.3%	37.6%	1.78	151.2%	B	5.39%	137.1%	
CZR	CAESARS ENTERTAINMENT CORP	\$8.50	\$1,249	2.4	13.3	14.1	10.5	6.1	7.7		-98.5%	-14.5%	-305.5%	-142.0%	-96.2%		0.10	-256.0%	D	0.00%		
MGM	MGM RESORTS INTERNATIONAL	\$28.83	\$16,530	1.2	0.4	10.8	27.4	28.0	26.9	26.2	184.9%	-3.1%	164.5%	-239.0%	16.7%		1.68	206.5%	C	0.00%		
WYNN	WYNN RESORTS LTD	\$86.51	\$8,802	(0.8)	(15.2)	(11.2)	(4.6)	26.0	25.0	7.3	65.2%	0.1%	-73.3%	88.5%	18.5%	6.0%	1.85	-7045.5%	B	2.31%	85.5%	
MPEL	MELCO CROWN ENTMT LTD	\$15.90	\$8,644	0.4	(19.1)	(1.3)	26.4	(5.6)	(5.4)	11.9	64.1%	-4.1%	-82.3%	100.1%	25.6%		1.80	116.2%		4.52%	309.2%	
PENN	PENN NATIONAL GAMING INC	\$13.79	\$1,152	(0.6)	3.8	1.6	(1.1)	(15.0)	(13.9)	5.0	-21.1%	-77.0%	-100.4%	9900.0%	2.0%		1.76	-913.7%	C	0.00%		
27-HK	GALAXY ENTERTAINME	\$4.36	\$18,621	2.3	(12.2)	15.8	47.0	38.0	38.2	15.2		3.3%	-58.1%	38.5%	5.6%	33.8%	1.38			0.86%		
880-HK	SJM HOLDINGS LTD.	\$0.78	\$4,436	3.1	(3.2)	6.7	29.1	12.6	9.9	-2.7		-196.4%	379.9%	-100.1%	-40.0%	-8.8%	1.26			3.45%	59.4%	
Average			\$12,735	0.8	(5.9)	3.7	19.7	13.9	13.8	9.9	36.6%	-33.2%	-13.1%	1205.1%	-6.9%	17.1%	1.45	-1290.2%		2.07%	147.8%	
Median			\$8,723	0.8	(7.7)	4.1	24.6	17.0	15.9	7.3	44.5%	-3.6%	-65.7%	16.8%	8.9%	19.9%	1.72	-69.9%		1.58%	111.3%	
SPX	S&P 500 INDEX	\$2,239		(0.5)	1.8	3.3	6.7	8.5	9.5			7.6%	1.0%	7.7%	12.4%							
Ticker	Website	2015		P/E							2015			EV/EBIT		P/CF			Sales Growth			Book Equity
		ROE	P/B	2013	2014	2015	TTM	NTM	2016	2017E	NPM	P/S	OM	ROIC	EBIT	Current	5-yr	NTM	STM	Pst 5yr		
LVS	http://www.sands.com	30.9%	6.69	19.1	15.2	21.6	26.1	20.9	22.7	20.2	16.8%	3.63	22.8%	11.8%	15.2	12.5	11.3	11.7%	2.2%	11.3%	\$7.98	
CZR	http://www.caesarscorporate.com	-224.3%	-0.47	-0.4	-0.4	0.2	-0.2	-12.5	-0.5	-13.3	127.2%	0.27	6.4%	116.2%	13.9	-0.1		146.0%	2.5%	-12.0%	-\$17.96	
MGM	http://www.mgmresorts.com	-7.6%	2.67	-90.1	-93.0	-35.2	64.1	22.5	25.3	21.7	-5.1%	1.80	13.8%	-2.6%	23.9	8.7	8.0	18.6%	10.9%	8.8%	\$10.81	
WYNN	http://www.wynnresorts.com	-145.8%	-65.68	12.1	12.0	45.1	37.0	22.4	23.9	20.2	4.8%	2.16	13.0%	2.4%	21.3	12.5	11.0	28.5%	2.1%	-0.5%	-\$1.32	
MPEL	http://www.melco-crown.com	3.2%	2.61	13.8	14.4	81.6	68.4	41.7	40.8	32.4	2.7%	2.18	5.3%	1.3%	115.0	15.8	14.0	4.5%	4.6%	8.5%	\$6.10	
PENN	http://www.pngaming.com	-0.2%	-2.08	-1.4	-5.9	1379.0	14.7	18.6	13.8	13.5	0.0%	0.41	18.1%	0.0%	12.9	3.1	5.7	1.1%	0.6%	2.9%	-\$6.64	
27-HK	http://www.galaxyentertainment.com	10.0%	3.34	14.5	14.1	33.5			24.2	22.9	8.4%	2.83		10.3%	23.3	17.5	16.5			21.5%	\$1.31	
880-HK	http://www.sjmholdings.com	-11774.1%	1.45	0.1	-0.1	0.0	17.2		15.7	26.1	-9181.6%	1.13		9.6%	6.7	9.3	11.4			-3.1%	\$0.54	
Average		-1513.5%	-6.43	-4.0	-5.5	190.7	32.4	18.9	20.7	18.0	-1128.4%	1.80	13.3%	18.6%	29.0	9.9	11.1	35.1%	3.8%	4.7%		
Median		-3.9%	2.03	6.1	6.0	27.6	26.1	21.6	23.3	21.0	3.7%	1.98	13.4%	6.0%	18.3	10.9	11.3	15.2%	2.4%	5.7%		
spx	S&P 500 INDEX			20.6	19.2	19.0			17.6	15.7												

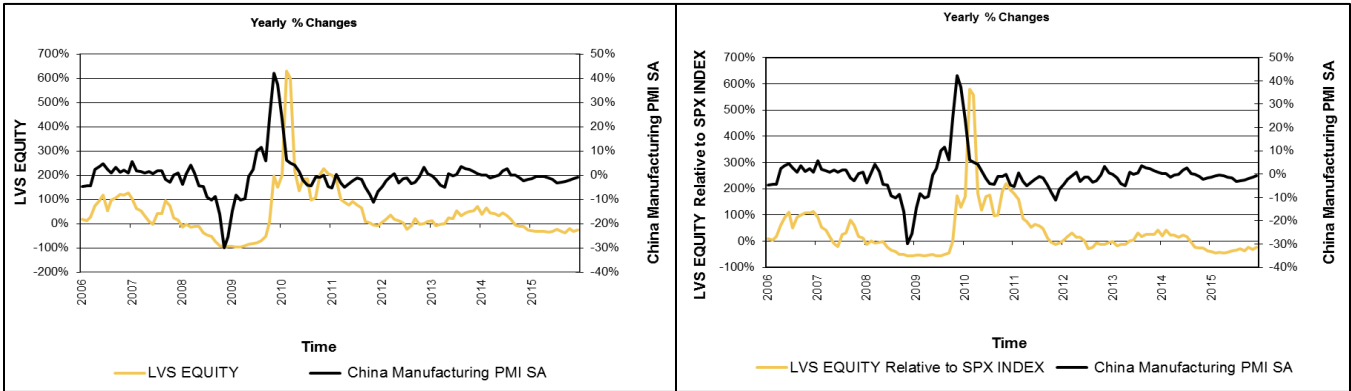
Appendix 7: LVS hotel operations

Macau Operations:			
	<u>2015</u>	<u>2014</u>	<u>Change</u>
The Venetian Macau			
Total room revenues	\$213,660	\$258,863	17.46%
Occupancy rate	84%	91.30%	7.30%
Average daily room rate	\$243	\$270	10.00%
Revenue per available room	\$204	\$246	17.07%
Sands Cotai Central			
Total room revenues	\$272,729	\$320,875	15.00%
Occupancy rate	83.10%	88.50%	6.10%
Average daily room rate	\$157	\$176	10.80%
Revenue per available room	\$131	\$156	16.03%
Four Seasons Macau			
Total room revenues	\$42,284	\$47,755	11.46%
Occupancy rate	82.00%	87.00%	5.75%
Average daily room rate	\$376	\$400	6.00%
Revenue per available room	\$308	\$348	11.49%
Sands Macau			
Total room revenues	\$22,735	\$24,066	5.53%
Occupancy rate	99.30%	98.60%	-0.71%
Average daily room rate	\$330	\$238	-38.66%
Revenue per available room	\$218	\$235	7.23%
Singapore Operations:			
Marina Bay Sands			
Total room revenues	\$359,332	\$383,954	6.41%
Occupancy rate	96.30%	99.00%	2.73%
Average daily room rate	\$404	\$431	6.26%
Revenue per available room	\$389	\$427	8.90%
U.S. Operations:			
Las Vegas Operating Properties			
Total room revenues	\$543,994	\$491,493	100.00%
Occupancy rate	91.80%	88.00%	-4.32%
Average daily room rate	\$233	\$222	3.60%
Revenue per available room	\$214	\$196	100.00%
Sands Bethlehem			
Total room revenues	\$15,140	\$13,414	99.99%
Occupancy rate	92%	83%	-9.71%
Average daily room rate	\$151	\$146	5.48%
Revenue per available room	\$138	\$122	100.00%

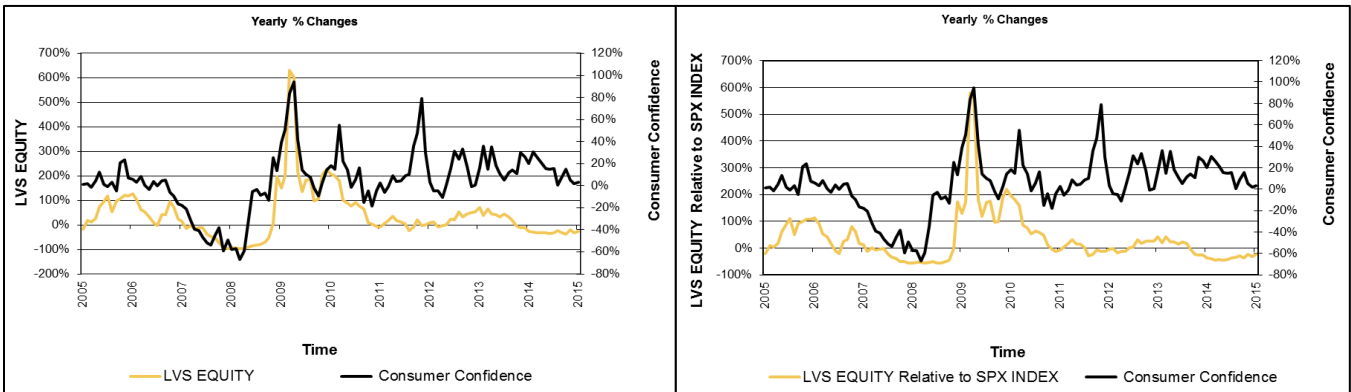
Appendices 8 and 9: Absolute price of LVS versus ISM and relative price of LVS to SPX versus ISM



Appendices 10 and 11: Absolute price of LVS versus the China PMI and relative price of LVS to SPX versus China PMI



Appendices 12 and 13: Absolute price of LVS versus Consumer Confidence (left) and relative price of LVS versus ISM



Appendix 14: Porter's 5 Forces**Threat of New Entrants – Very Low**

The barriers to entry in the hotel and gaming industry are very significant. Policies and regulations are the largest barrier to entry. Additionally, entering the gaming industry involves an extremely high startup costs. The cost of building properties, providing transportation, and establishing contracts to purchase and lease gaming systems from casino game equipment companies are some of the largest costs associated with entering into this market.

Threat of Substitutes – High

Domestically, there are many gaming companies vying for market share with very little product differentiation. The only benefits to these firms is brand recognition, client service quality, and the development of new hotels and casinos. While the Singapore market is limited to only two casino options, markets such as Las Vegas and Macau allow consumers to simply shift to other floors or casinos should they desire a different gaming experience.

Supplier Power – Moderate

There are a considerable amount of suppliers that provide for the resorts in the gaming industry. The most important suppliers in this industry are involved with consumer services. These companies are often holding companies that manage gaming rooms, as well as the gaming systems, in the hotels and casinos within the gaming market.

Buyer Power – High

The gaming industry is very competitive. As resorts compete for consumer business domestically, the buyers have the power to decide between a wide variety of locations, amenities, and services. While the resorts ultimately have the final say in determining room rates, offers and promotions from competitors in their space often impact the prices. Firms must provide games, entertainment, and amenities that appeal to their clients, while also differentiating their operations from competitors.

Intensity of Competition – Very High

In the United States, the competition among gaming peers is very significant. Many of the integrated resorts in the Las Vegas area compete for trade show and convention business. Hotel/casino facilities face reduction in average room rates should competitors expand/renovate facilities without an increase in demand.

Outside of the United States, specifically in the case of Las Vegas Sands, the intensity of competition is lower. Las Vegas Sands holds a large portion of the market share in both Macau and Singapore, which provide more than 85% of its revenues. With competitors expanding into its target markets, LVS's concentrated location could present substantial risk.

Appendix 15: SWOT Analysis of Las Vegas Sands**Strengths:**

- The firm maintains a large portion of the gaming market share in its target markets
- LVS has one of the best balance sheets in the industry, with low debt compared to its competitors
- LVS is the only firm among its comps with a “B” or better credit rating
- Las Vegas Sands is diversified in its geographic location
- In Singapore, the firm operates as a duopoly with Genting Singapore

Weaknesses:

- LVS has only one subconcession of the three provided by the Macau government. The Macau gaming commission has the opportunity to revoke the subcommission, within only a year notice
- The principal stockholder family owns 54% of the outstanding stock as of December 31, 2015
- The firm owns 70.1% of the issued and outstanding shares of its subsidiary, Sands China Limited (SCL). Certain officers and directors of LVS serve in management positions for SCL and may have conflicting fiduciary obligations to shareholders.

Opportunities:

- Significant potential for growth in both the tourism market and the Chinese economy provide the firm with a significant number of clients
- Las Vegas Sands has planned expansions into other Asian locations
- Further developments and addition of mass-market attractions and amenities may lead to further market share growth

Threats:

- The Macau government maintains the authority to revoke the LVS subcommission, or prevent LVS from renewing the agreement
- Legalization of casino gaming across the United States poses a threat to Las Vegas Sands, as does the increase in internet gambling