



March 25, 2005

Las Vegas Sands? You Bet

Recommendation – Overweight

Current Price: \$46.00

Target Price: \$56.47

52 Week Range: \$41.41-\$53.98

Market Cap: \$16.13 billion



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- **We are initiating coverage of Las Vegas Sands Corporation (LVS) at Overweight with a target price of \$56.47**

This price target is justified by four key investment points:

- **Management Team: A Solid Track Record.**
- **Capital Structure: Envy of the Industry.**
- **Las Vegas: A Convention Competitive Advantage.**
- **Macau: A True First Mover Advantage.**
- **Our valuation does not include long-term potential upside from Singapore bid, or Bethlehem, PA and U.K. license applications.**

Please see the disclaimer at back of this report for important information

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Investment Thesis

We are initiating coverage of shares of Las Vegas Sands on March 25, 2005 with an overweight rating at \$46.00. In an industry often preoccupied with growth-via-acquisition-and-mega-mergers and ego-driven executives, we believe that LVS represents a rare and under-recognized opportunity to invest in a seasoned, professional management team focused on organic growth. We believe that the 2008 EBITDA estimates and EV/EBITDA multiples underlying our target price are justified by four investment points that make the company a sustainable value proposition for the world's top two casino markets.

Key Investment Points

- **Management Team: A Solid Track Record.** LVS senior management averages more than 30 years of experience in the hotel, gaming, and convention industries. Most have been with the company since the Venetian opened in 1994. Founder/CEO Sheldon Adelson, a pioneer in the convention business, founded the Comdex Annual Computer Convention and used the \$500M proceeds from its sale to seed the Venetian. Three other senior managers earned recognition for turning the Sands Casino Atlantic City (no connection to LVS) from a negative cash-flow company to a market leader. This convention and turnaround experience, combined with a focus on ROIC and balance sheet strength, is uncommon among casino operators.
- **Capital Structure: Envy of the Industry.** Though investors are often simultaneously repelled by gaming companies' debt and attracted to their cash flow, LVS scores well on both counts. LVS has a very strong capital structure with low leverage relative to peers following its December 2004 IPO. End of year 2004 cash on hand was estimated at (\$1.3 billion), compared with total debt of \$1.8 billion.
- **Las Vegas: A Convention Competitive Advantage.** The luxury Venetian has the 2nd highest EBITDA on the strip, with convention/meeting demand increasingly driving returns by providing valuable mid-week revenue. The Venetian's mega-convention center (one of the largest in the US) is positioned to capture continued growth in convention traffic, aided by an increase in room base from the planned adjoining Palazzo casino.
- **Macau: A True First Mover Advantage.** The Chinese government seeks to make the former Portuguese colony of Macau, China the center for gaming, tourism, and conventions in Southeast Asia. Macau was projected to match the Las Vegas Strip in market size in 2004 (about \$5 billion), and gaming revenue over the next four years is projected to exceed \$10 billion—nearly equal to Atlantic City and the Las Vegas Strip combined. LVS is currently one of only three companies with a license to operate in Macau. In the nearby Cotai Strip, LVS has six land plots and earlier this week signed agreements with seven hotels to establish gaming facilities on their premises.

Valuation

We believe that investors should analyze LVS using full-year estimates for 2008, the first year in which all four Las Vegas and Macau properties are operating. We also assume the existence of smaller casinos on the Cotai strip. Shares of LVS currently trade at 7.8 EV/EBITDA multiple for projected 2008 EBITDA of \$2.2 billion. While other gaming companies typically trade at 7 to 8 times the projected EBITDA, it is our opinion that LVS warrants a premium multiple due to the key investment points stated above.

Risks to Our Rating

Our rating is subject to risks that include a deterioration of financial condition from a reduction in demand, construction delays and complications, lack of geographic diversity, regulations, high leverage, insurance costs and coverage, single shareholder holding the majority of voting rights, and competition.

Company Overview

Las Vegas Sands, Corporation is an owner and operator of resort casinos and convention centers in both the United States and China. Currently in operation are the Venetian Casino resort and the Sands Expo and Convention Center in Las Vegas and the Sands Macao Casino in Macau, China. Also under development are the Palazzo Casino Resort in Las Vegas and the Macau Venetian Casino Resort in Macau, both slated for a mid 2007 opening. Las Vegas Sands, Corp went public on December 20, 2004 at an IPO price of \$29.00 per share, with net proceeds from the offering of \$744.4 million.

Casino	Open	Rooms	Tables	Slots
The Venetian Casino & Resort	May 1999	4,027	139	2,000
Palazzo Casino Resort	May 2004	3,025	120	1,700
Sands Macao Casino	2Q 2007	53	368	850
Venetian Macao	2Q 2007	1,500 Initial (3,000 at completion)	585	5,000

Source: Company Reports and website

Las Vegas

The Las Vegas Strip absorbed \$5.2 billion in gaming revenues in 2004. This represents an 8.7% increase from 2003, and about half of the state's \$10.6 billion total. Visits to Las Vegas have increased steadily since the early 1990s, driven partly by development of large theme hotel/casinos. The number of passengers with Las Vegas as their destination city has increased from 7.7 million to 17.7 million from 1990 to 2004, a growth of 128% over 15 years.¹

As casinos expand and build in the Vegas area, more and more people are attracted to the city. 2004 saw a record number of visitors which matched it highest level of hotel rooms.

¹ Bureau of Transportation Statistics

The expansion of the Las Vegas strip has increased the market, but the money is being spread among more casinos. 2004 also saw record numbers of convention attendees and 2005 already has a stronger convention booking. As the number two convention location, Vegas has been able to find another stream of steady revenue and attraction.

The Venetian

The Venetian Casino and Resort is one of the most luxurious hotels on the Las Vegas Strip. Recently opened in 1999, the resort consists of about 4,000 suites, 116,000 ft² of gaming area which includes 139 tables and over 2,000 slot machines, a 650,000 ft² conference center, and 440,000 ft² of shopping and dining. Although the Grand Canal Shoppes were recently sold, the 35,000 visiting shoppers per day generate much foot traffic to the casino.² For year ended 2004, occupancy rate increased from 96% to 97%, Average Daily Rate (ADR) increased from \$204 to \$220, and Revenue per available room (REVPAR) from \$195 to \$213. 2004 Casino Revenue increased 17% to \$321 million according to company financial statements for the 4th Quarter.

Located next to the Venetian is the Sands Expo and Conference Center, one of the largest convention centers in the United States at 1.15 million square feet. Combining this with the 650,000 square feet of conference center in the hotel and the 4,000 suites, it comprises one of the largest hotel and meeting complexes in the world.³ The convention center generated \$57.7 million of net revenue in 2004 according to company financial statements for the 4th Quarter.

Palazzo

Construction began in August 2004 on the Palazzo Casino Resort situated across from the Venetian. When completed the luxury casino resort modeled after high end locales such as Beverly Hills and Rodeo Drive will have 3,025 suites, a 105,000 gaming facility, consisting of 1,700 slot machines and 120 table games, 450,000 ft² of conference space, and a 400,000 ft² dining and entertainment which will hold up to 80 high end shops.⁴

Macau

Macau, a special administrative region of China, is the only location in China that has legalized casino gambling. After a recent anti-trust ruling, the government broke down the 40 year monopoly and has granted three concessions to operate Macau casinos, which are held by Sociedade de Jogos de Macao, the Galaxy Casino Company Limited (a joint venture between Hong Kong investors and Las Vegas Sands) and Wynn Resorts, Ltd. In 2004, Macau generated over \$5 billion in gambling revenue, making the market very attractive for foreign investors. As the Chinese government continues to support the development of Macau as the premier resort location in Asia, including its loosening of travel restrictions allowing access to close to one billion people within a three hour flight, tourism and gaming revenue should see major increases. President and COO of the Las Vegas Sands, Bill Weidner “believes that gambling earnings in Macau will grow 20

² Corporate website

³ Corporate website

⁴ Corporate website

percent per year for the foreseeable future, after posting a record \$5 billion last year, and eventually outstrip the \$9 billion Nevada State casinos pull in each year.”⁵

Sands Macao

The Sands Macao Casino was successfully opened May 18, 2004. This \$265 million casino is the first Las Vegas style casino to enter the Macau market. With 328 table games and 670 slot machines, Sands Macao is able to grab a significant portion of the



popular gaming resort destination. Many believe this is the premier casino in the region with its new construction and emphasis on luxury, attracting the high end gamers and vacationers. An additional 13,000 ft² of the resort was converted to casino floor in early 2005, adding 40 tables and 180 slot machines.⁶ 2004 Net Revenue for the resort was \$397 million. Also to note is the higher drop per table in the Macau Casinos versus the Las Vegas Casinos. The average drop per table at the Sands Macao casino was \$36k per unit per day versus \$21k at the Venetian according to company financial statements for the 4th Quarter.

Developments in Macau:

The Macau Venetian

The Macau Venetian Casino and resort will be a high-end Venetian themed resort similar to the one currently in Las Vegas. “As the anchor property at the corner of entry to the Cotai Strip, the Macau Venetian Casino Resort is expected to include approximately 3,000 suites (with 1,500 suites fully completed at opening and another 1,500 suites to be completed at a future date depending upon market conditions and demand), 546,000 square feet of gaming facilities, 1.0 million square feet of gross retail space and 1.8 million square feet of meeting and convention facilities with the goal to develop in Macau a convention and tradeshow business similar to the one we have developed in Las Vegas. The Macau Venetian Casino Resort meeting and convention facilities will include a convention center of approximately 1,073,000 square feet, a congress center area of approximately 316,000 square feet and an event center area of approximately 430,000 square feet.”⁷

Cotai Strip plans

In addition to the Macau Venetian, Las Vegas Sands is sponsoring a development plan on the Cotai Strip. In connection with at least 7 hotel operators, a development plan has been submitted to the Macau government which would result in construction of an 80 hectares area in Cotai. The proposed plan will bring a strip like that in Las Vegas to the

⁵ LVS: Macau gaming to top \$6B in 2005 By MarketWatch Last Update: 5:28 AM ET March 18, 2005

⁶ Company reports

⁷ Corporate website

Asian Market. Partnering with heavy hitters such as Starwood, Marriott, Hilton and Four Seasons who will operate the hotels, Las Vegas Sands will lease and operate many of the casinos. Initial phases will be complete in 2007 with final completion in seven to ten years from now.⁸

Expansion into other markets

As evidenced by the recent success entering the Macau market, Las Vegas Sands will utilize its valuable experience as other markets loosen their gambling restrictions. They have submitted proposals to the Singapore government who is inquiring about possible casino construction. In addition, CEO Sheldon Adelson believes Japan will also eventually approve casinos and views it as a market with large potential.⁹

Valuation Overview

This analysis utilizes a “sum of the parts” valuation methodology, which we believe is the most appropriate approach to valuing LVS. A sum of the parts valuation is similar to a straight Enterprise Value/EBITDA analysis, but allows us to assign different valuation multiples and discount rates to individual property cash flows, taking into consideration construction in progress and other factors. It is also preferable to a DCF analysis in that it allows investors to impute value to non-cash flow producing assets such as real estate—an important consideration in the case of LVS. While this method is complicated by LVS’s construction in progress through 2008, we believe it will provide the most accurate valuation.

EBITDA Multiples

We believe investors should use 2008 estimates, the first full year in which all four properties are simultaneously operating and under the assumption that LVS will have two properties on the Cotai strip. We project total EBITDA to be \$2.215 billion in 2008. For property-level EBITDA multiples in Las Vegas, we use 12.0x, a slight premium from the 8.0x-11.0x historical range justified by US Casino stock returns. For Macau properties, we have increased the EBITDA multiples to 14.0x, factoring in the substantial potential for high returns (+4.0x) and country risk (-2.0x). The EV for each region is then discounted back to 2005 dollars using the country specific discount rates.

⁸ Stanley, Bruce “Macau Casino Project Is Picking Up Steam Eight Hoteliers, Investors To Help Las Vegas Sands Build Cotai Gambling Strip.” The Wall Street Journal. March 21, 2005.

⁹ Stanley, Bruce “Macau Casino Project Is Picking Up Steam Eight Hoteliers, Investors To Help Las Vegas Sands Build Cotai Gambling Strip.” The Wall Street Journal. March 21, 2005.

Discount Rates

Using a risk-adjusted company beta of 1.07 and other CAPM inputs, we arrived at a weighted average cost of capital of 6.25%. However, due to the potential risks identified in both markets, we increased the discount rate to 10% for Las Vegas properties and 15% for Macau properties (applying our own calculated risk premia of 3.75% and 8.75%, respectively).



Discount Rate Calculation

Peer Group Beta Comparison	
Caesar Entertainment	0.823
Mandalay Bay Group	0.643
MGM Mirage	0.709
Group average	0.87
Risk-adjusted	1.07

Risk free rate	5%
Equity risk premium	4.00%
Cost of equity	9.28%
Cost of debt	8%
D	1.79
D/E	3.411
E	0.52
V	2.31
D/V	0.77
E/V	0.23
Tc	35%

WACC	6.25%
Las Vegas risk premium	3.75%
Las Vegas discount rate	10.00%

WACC	6.25%
Macau risk premium	8.75%
Macau discount rate	15.00%

Key Model Assumptions

- *Las Vegas Market*
 - Casino Revenues: We project casino win, which grew by 9.7% in 2004, to increase to 10% in 2005 and then fall to 4% p.a. for 2006-08. We consider this a conservative projection, reflecting the potential impact of Wynn Resorts on both the Venetian and the Palazzo as well as possible cannibalization of the Venetian by the Palazzo opening.
 - Room Revenue: Our analyst team's interviews of Venetian customers indicate a high level of customer satisfaction. We project continued high occupancy in both properties (93-95% in 2008) due to this customer focus and to mid-week convention visitation. We also project a continued rise in average daily rates to \$267.41 for both properties, above inflation but consistent with recent trends and industry-wide expectations for the Strip.

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- EBITDA Margin: We project both Venetian and Palazzo to reach EBITDA margins of 31% by 2008 (a 3% increase from 2004 for Venetian) in line with the company's proven track record of consistently boosting operating performance.
 - *Macau Market:*
 - Casino Revenues: We project casino win, which grew by 49.6% in 2004, to grow at 25% p.a. in 2005 and 20% p.a. in 2006-08. We consider this a highly conservative estimate, based on regulatory risks and uncertainty in visitation growth.
 - Room Revenue: Because of the relatively low number of rooms and the large increase in visitation, we project that Sands Macao and the Venetian Macao will reach 100% and 85% occupancy, respectively, by 2008. We also project the ADR to increase to \$233.84 for both properties in 2008.
 - EBITDA Margin: We project Sands Macao and Venetian Macao to attain EBITDA margins of 26-27% (from 22% in 2004 for Sands). As discussed in the March analyst call, management is confident (and we are confident in management) that it will steadily boost margins in this new market as it executes its vision of making Macau "the Asian Las Vegas" over the next three years.

Target Price

Based on the method and assumptions detailed above, we have calculated a \$56.47 target price for LVS. We believe this price fairly estimates the current value of the future cash flows and growth potential of the company, while recognizing the increased competition on the Las Vegas Strip and the risk surrounding the uncertainty about Macau. As favorable developments in the Macau market continue to get public recognition, we believe the market will recognize the mispricing as well as reduce the risk premium, therefore raising the market value.

Sensitivity Analysis

Given the uncertainties and risks in valuing LVS, we have also performed a sensitivity analysis for various combinations of EV/EBITDA multiples and 2008 EBITDA relative to our projection. This analysis reveals a range in target price from \$33.43 (9.0x EV/EBITDA, -10% reduction from projected EBITDA) to \$69.57 (15.0x EV/EBITDA, 10% increase from projected EBITDA).

Valuation Sensitivity Analysis									
EV/EBITDA	Percent Change in 2008 EBITDA								
	-10%	-7.50%	-5%	-2.50%	0%	2.50%	5%	7.50%	10%
9.0x	33.43	34.40	35.37	36.34	37.30	38.27	39.24	40.21	41.18
10.0x	37.30	38.38	39.45	40.53	41.61	42.68	43.76	44.83	45.91
11.0x	41.18	42.36	43.54	44.72	45.91	47.09	48.27	49.46	50.64
12.0x	45.05	46.34	47.63	48.92	50.21	51.50	52.79	54.08	55.37
13.0x	48.92	50.32	51.71	53.11	54.51	55.91	57.31	58.71	60.10
14.0x	52.79	54.30	55.80	57.31	58.81	60.32	61.82	63.33	64.84
15.0x	56.66	58.27	59.89	61.50	63.11	64.73	66.34	67.95	69.57

**Sum of Parts Valuation
(\$MM)**

	2005	2006	2007	2008
Venetian (Las Vegas)	262.30	272.32	283.42	293.38
Multiple	12	12	12	12
Sands Macau	290.42	343.63	407.47	485.29
Multiple	14	14	14	14
Palazzo (Las Vegas)			204.13	253.00
Multiple			12	12
Venetian Macau			592.66	934.11
Multiple			14	14
Cotai Strip (Macau) & UK			100	250
Multiple			14	14
Total EBITDA	552.72	615.95	1,587.67	2,215.77
Enterprise Value	7,213.52	8,078.71	21,252.27	29,928.02

Discount Rates by Region

Las Vegas discount rate	10%	10%	10%	10%
Macau discount rate	15%	15%	15%	15%

Discounted EV by Region

Discounted LV EV	3,147.61	2,970.81	4,835.20	4,925.99
Discounted Macau EV	4,065.91	4,183.32	11,645.89	15,367.16
Total discounted EV	7,213.52	7,154.13	16,481.08	20,293.15

2004 YE Debt	1,790.00
2004 YE Cash	1,295.00

Discounted Equity Value	19,798.15
Shares outstanding	350.59
Target price	\$ 56.47

Investment Risks

Our valuation to determine the target price considered the following risks when projecting income and expenses as well as determining the discount factor. Some risks to our target price are considered common investment risks (e.g. competition, demand) and some are specific to Las Vegas Sands.

- **Reduction in Demand.** A reduction in demand due to lower discretionary spending due to an economic downturn or fear of an economic downturn, acts or fears of terrorism and war, change in consumer preference or a decrease in consumer confidence could all reduce the demand for the services offered by Las Vegas Sands and therefore reduce its financial conditions.
- **Decrease in Consumers' Willingness to travel.** Both Las Vegas and Macau properties are and will be heavily dependent on people's willingness to travel to those specific locations. People's willingness to travel can be depressed by actual or threatened terrorist attacks or health epidemics such as severe acute respiratory syndrome (SARS), which did reduce travel to Macau in 2003. Loss of business due to a reduction in willingness to travel could have severe repercussions for the financial condition of the company.
- **Development/construction.** The current monumental construction projects of the Macau Venetian and the Las Vegas Palazzo are scheduled to be completed in 2007. However the projects could become delayed due to weather, supply delays or other unforeseen circumstances in the geology or engineering. Costs could also exceed planned costs. The construction contracts for neither project currently include a fixed price or maximum price contract (company documents). Even barring unexpected circumstances and experienced internal construction/development management, the company must rely heavily on outside construction managers and general contractors for the on time on budget completion of the project.¹⁰
- **Lack of geographic diversity.** Currently LVS properties are only in Macau and Las Vegas, so they are particularly vulnerable to conditions in those areas relative to their competitors who have more geographically diverse properties. Conditions affecting demand include economic and competitive aspects, airfares to those destinations and weather/construction conditions affecting travel to the areas.
- **Regulations.** The lack of diversity also exacerbates the regulatory risks that were discussed in our industry report and that all gaming corporations face. For instance, if Nevada raises their tax rate, a significant portion of their earnings are subject to that tax. Additional regulatory risks include the possibility that Macau

¹⁰ Corporate Prospectus

grants additional licenses for development, thereby intensifying the competitive pressures there.

- **High leverage and terms of those contracts.** The company is highly levered with \$1.5 billion of debt as of February, 2005 according to company financial statements. Significant reduction of demand or pricing power can impair their ability to make requisite payments and threaten its solvency. Macau can revoke its license for certain reasons which include bankruptcy. Additionally, the debt covenants can limit LVS's operation abilities and finance opportunities.
- **Single shareholder owns more than 50%.** CEO Sheldon Adelson, his wife and a beneficial to Mr. Adelson own more than 50% of shares and therefore control voting rights. Mr. Adelson's interest may be in conflict with other shareholders. Mr. Adelson is a feisty, self-made billionaire who began working at the age of 12 selling newspapers. Given his previous success of developing and selling COMDEX, his big bet on Macau, and a healthy detestation of rival Steve Wynn¹¹, we are confident in his leadership and comfortable with his ownership position.
- **Competition.** Properties in Las Vegas and Macau face significant competition from their relative strips. In particular Wynn plans to open a Macau resort in 2006 as well as a two Las Vegas resorts, one of which is set to open on April 28th and the other in 2008. As Las Vegas consumers tend to flock to the latest theme hotel, new hotel openings pose a risk to LVS. Additionally competing with Native American casinos, other forms of gaming (online, tracks, racinos) and increasingly as poker has led to the mainstreaming of gaming, other forms of entertainment are competition.
- **Las Vegas specific risks.** The key risks for specifically the Las Vegas casinos include LVS's reliance on conventions such that a reduction of convention bookings could materially harm their net income; its reliance on extending credit to international individuals who LVS may be unable to collect debt; and the 2007 opening of the Palazzo could cannibalize revenues earned by the Venetian.
- **Macau specific risks.** Current competition and as previously mentioned, the potential for government to grant additional licenses, pose threats to the pricing power and demand for the LVS owned and leased in Macau. Additionally, a fixed exchange rate could limit the collection of the economic value of its services and the Macau currency pataca's limited market for exchange due to its small size and the prohibition of accepting renminbi, mainland China's currency.¹²

¹¹ Miller, Matthew. "The Gambler; Sheldon Adelson built a billion-dollar fortune in Las Vegas. His next act: building Macau, China into something even bigger than Vegas." *Forbes Global* 28 March 2005.

¹² Corporate prospectus

Appendices

Venetian Las Vegas	(\$MM)	2004	2005	2006	2007	2008
Casino Statistics						
YOY Casino win growth rate		9.70%	10.00%	4.00%	4.00%	4.00%
Days		366.00	365.00	365.00	365.00	366.00
Square footage		116,000.00	116,000.00	116,000.00	116,000.00	116,000.00
Total win (\$ mill)		321.53	353.66	367.43	381.55	397.95
Slots%total win		43.41%	43.29%	43.34%	43.40%	43.40%
Win/sqft/day		7.57	8.35	8.68	9.01	9.37
Slot win (\$ mill)		139.57	153.10	159.23	165.60	172.69
# slots		2001	2001	2001	2001	2001
Win/slot/day		190.57	209.63	218.01	226.73	235.80
Table win (\$ mill)		204.00	223.79	232.74	242.05	252.43
# tables		139	139	139	139	139
Win/table/day		4,010.00	4,411.00	4,587.44	4,770.94	4,961.78
Casino win		339.10	357.50	377.60	401.50	418.00
Casino player discounts		22.04	23.24	24.54	26.10	27.17
Gross Casino Revenues		317.06	334.26	353.06	375.40	390.83
Gross Food & Beverage Revenues		105.20	110.46	115.98	121.78	127.87
<i>assumed growth</i>		0.05	0.05	0.05	0.05	0.05
Room Revenue						
# rooms		4027	4027	4027	4027	4027
Occupancy		97.00%	96%	95.00%	94.00%	93.00%
Average Daily Rate (ADR)		220	231.00	242.55	254.68	267.41
<i>Assumed growth in ADR</i>		0.05	0.05	0.05	0.05	0.05
Revenue per Available Room (REVPAR)		213.40	221.76	230.42	239.40	248.69
Gross Room Revenue		314.53	325.96	338.69	351.88	366.54
Other Revenue (Includes convention ce		106.00	116.60	122.43	128.55	134.98
<i>Assumed growth</i>		0.1	0.1	0.05	0.05	0.05
Gross Revenue		842.78	887.28	930.16	977.61	1,020.22
Promotional Allowances		(54.78)	(57.67)	(60.46)	(63.54)	(66.31)
Net Revenue		788.00	829.60	869.70	914.07	953.91
Operating Expenses		(623.30)	(622.20)	(652.27)	(685.55)	(715.43)
Operating Income		164.70	207.40	217.42	228.52	238.48
Add back depreciation		56.30	54.90	54.90	54.90	54.90
EBITDA (\$ mill)		221.00	262.30	272.32	283.42	293.38
Operating Margin		20.90%	25.00%	25.00%	25.00%	25.00%
EBITDA Margin		28.05%	31.62%	31.31%	31.01%	30.76%
Casino Revenue % of Gross Revenue		37.62%	37.67%	37.96%	38.40%	38.31%
Food & Beverage % of Gross Revenue		12.48%	12.45%	12.47%	12.46%	12.53%
Rooms % of Gross Revenue		37.32%	36.74%	36.41%	35.99%	35.93%
Other % of Gross Revenue		12.58%	13.14%	13.16%	13.15%	13.23%
Total Revenue		100%	100%	100%	100%	100%
Allowances as % of Gross Revenue		6.50%	6.50%	6.50%	6.50%	6.50%

Palazzo Las Vegas	(\$MM)	2007	2008
Casino Statistics	(3Q)		
YOY Casino win growth rate		4.00%	4.00%
Days		365	366
Square footage	105,000	105,000	105,000
Total win (\$ mill)	349.65	364.64	364.64
Slots%total win	40.24%	40.24%	40.24%
Win/sqft/day	9.12	9.49	9.49
Slot win (\$ mill)	140.69	146.72	146.72
# slots	1700	1700	1700
Win/slot/day	226.73	235.80	235.80
Table win (\$ mill)	208.97	217.92	217.92
# tables	120	120	120
Win/table/day	4,770.94	4,961.78	4,961.78
Casino win	349.65	364.64	364.64
Casino player discounts	22.03	23.34	23.34
Gross Casino Revenues	327.63	341.30	
Gross Food & Beverage Revenues		85	100
Room Revenue			
# rooms	3025	3025	3025
Occupancy	72.80%	95.00%	95.00%
Average Daily Rate (ADR)	254.68	267.41	267.41
Revenue per Available Room (REVPAR)	185.41	254.04	254.04
Gross Room Revenue	204.71	281.26	
Gross Retail & Other Revenue		87.6	136.4
Gross Revenue	704.94	858.96	
Promotional Allowances	(44.41)	(54.97)	
Net Revenue	660.53	803.99	
Operating Expenses	(495.39)	(602.99)	
Operating Income	165.13	201.00	
Add back Depreciation	39.00	52.00	
EBITDA (\$ mill)	204.13	253.00	
Operating Margin	25.00%	25.00%	
EBITDA Margin	30.90%	31.47%	
Casino Revenue % of Gross Revenue	46.48%	39.73%	
Food & Beverage % of Gross Revenue	12.06%	11.64%	
Rooms % of Gross Revenue	29.04%	32.74%	
Other % of Gross Revenue	12.43%	15.88%	
Total Revenue	100%	100%	
Allowances as % of Gross Revenue	6.30%	6.40%	

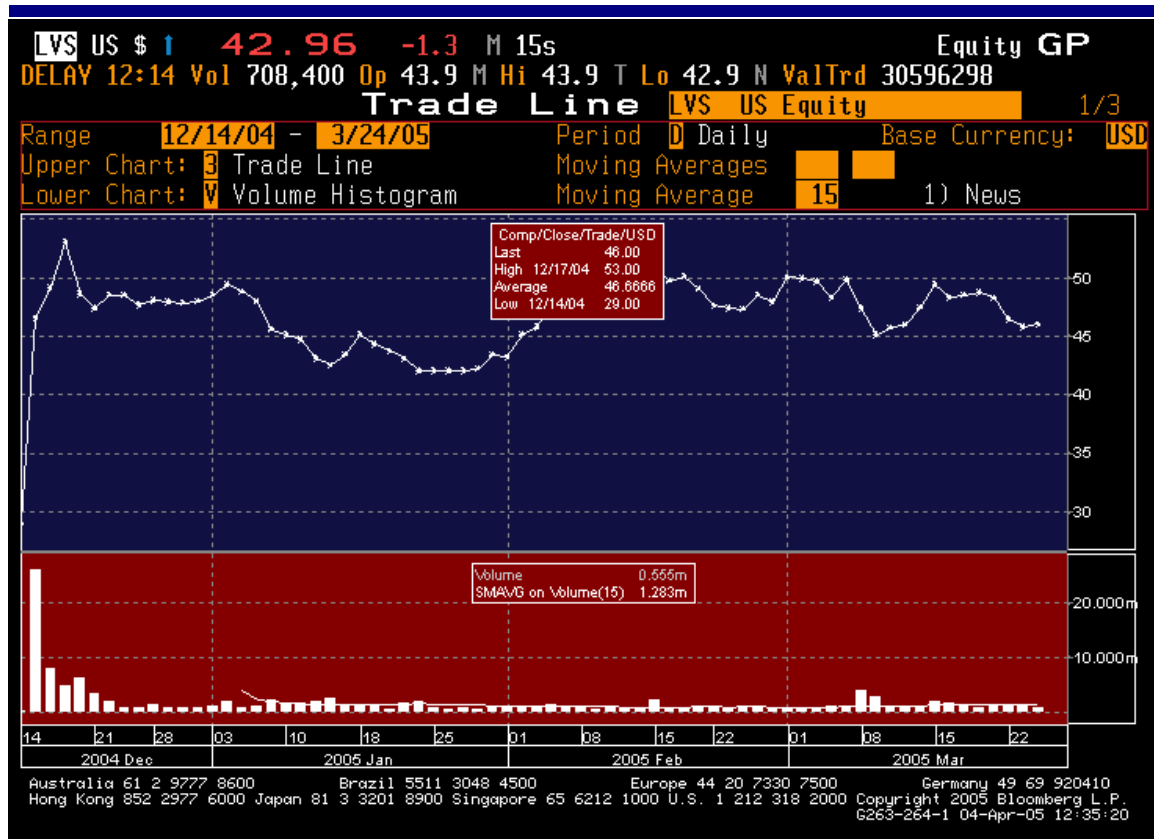
Sands Macau	(\$MM)	2004	2005	2006	2007	2008
Casino Statistics						
YOY Casino win growth rate		49.60%	25.00%	20.00%	20.00%	20.00%
Days		365	365	365	365	366
Square footage	116,808.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00
Total win (\$ mill)	407.40	1,107.10	1,328.52	1,594.22	1,918.30	
Slots%total win	5.50%	7.49%	7.49%	7.49%	7.49%	7.49%
Win/sqft/day	9.56	15.35	18.14	17.06	17.06	
Slot win (\$ mill)	22.40	82.91	99.49	119.39	143.66	
# slots	460	850	850	850	850	
Win/slot/day	213.78	267.23	320.67	384.80	461.76	
Table win (\$ mill)	385.00	1,024.19	1,229.03	1,474.83	1,774.65	
# tables	277	368	368	368	368	
Win/table/day	6,100.00	7,625.00	9,150.00	10,980.00	13,176.00	
Casino win	407.40	1,107.10	1,328.52	1,594.22	1,918.30	
Casino player discounts	8.96	33.21	39.86	47.83	57.55	
Gross Casino Revenues	398.44	1,073.88	1,288.66	1,546.39	1,860.75	
Gross Food & Beverage Revenues	15.2	21.28	25.536	30.6432	36.77184	
<i>assumed growth</i>		0.4	0.2	0.2	0.2	
Room Revenue						
# rooms	27	53	53	53	53	
Occupancy	50.40%	100.00%	100.00%	100.00%	100.00%	
Average Daily Rate (ADR)	101	202.00	212.10	222.71	233.84	
<i>Assumed growth in ADR</i>	0.05	1	0.05	0.05	0.05	
Revenue per Available Room (REVPAR)	101	202.00	212.10	222.71	233.84	
Gross Room Revenue	1	3.91	4.10	4.31	4.54	
Gross Retail & Other Revenue	0	3.7	3.89	4.08	4.28	
<i>Assumed growth</i>			0.05	0.05	0.05	
Gross Revenue	414.64	1,102.77	1,322.18	1,585.42	1,906.35	
Promotional Allowances	(9.30)	(33.08)	(39.67)	(47.56)	(57.19)	
Net Revenue	405.34	1,069.69	1,282.52	1,537.86	1,849.16	
Operating Expenses	(329.10)	(802.27)	(961.89)	(1,153.40)	(1,386.87)	
Operating Income	76.24	267.42	320.63	384.47	462.29	
Add back Depreciation	13.00	23.00	23.00	23.00	23.00	
EBITDA (\$ mill)	89.2372	290.42	343.63	407.47	485.29	
Operating Margin	18.81%	25.00%	25.00%	25.00%	25.00%	
EBITDA Margin	22.02%	27.15%	26.79%	26.50%	26.24%	
Casino Revenue % of Gross Revenue	96.09%	97.38%	97.46%	97.54%	97.61%	
Food & Beverage % of Gross Revenue	3.67%	1.93%	1.93%	1.93%	1.93%	
Rooms % of Gross Revenue	0.24%	0.35%	0.31%	0.27%	0.24%	
Other % of Gross Revenue	0.00%	0.34%	0.29%	0.26%	0.22%	
Total Revenue	100%	100%	100%	100%	100%	
Allowances as % of Gross Revenue	2.20%	3.00%	3.00%	3.00%	3.00%	

Venetian Macau	(\$MM)	
	2007	2008
Casino Statistics	(3Q)	
YOY Casino win growth rate	20.00%	20.00%
Days	365	366
Square footage	105000	105000
Total win (\$ mill)	2,296.48	3,666.14
Slots%total win	23.04%	23.05%
Win/sqft/day	59.92	95.40
Slot win (\$ mill)	529.09	845.03
# slots	3767	5000
Win/slot/day	384.80	461.76
Table win (\$ mill)	1,767.40	2,821.11
# tables	441	585
Win/table/day	10,980.00	13,176.00
Casino win	2,296.48	3,666.14
Casino player discounts	114.82	212.64
Gross Casino Revenues	2,181.66	3,453.51
Gross Food & Beverage Revenues	23	32.7
Room Revenue		
# rooms	1500	2000
Occupancy	52.70%	85.00%
Average Daily Rate (ADR)	222.71	233.84
Revenue per Available Room (REVPAR)	117.365535	198.76421
Gross Room Revenue	64.26	145.50
Gross Retail & Other Revenue	37	80
Gross Revenue	2,305.92	3,711.70
Allowances	(115.30)	(215.28)
Net Revenue	2,190.62	3,496.42
Operating Expenses	(1,642.97)	(2,622.32)
Operating Income	547.66	874.11
Add Back Depreciation	45.00	60.00
EBITDA (\$ mill)	592.66	934.11
Operating Margin	25.00%	25.00%
EBITDA Margin	27.05%	26.72%
Casino Revenue % of Gross Revenue	94.61%	93.04%
Food & Beverage % of Gross Revenue	1.00%	0.88%
Rooms % of Gross Revenue	2.79%	3.92%
Other % of Gross Revenue	1.60%	2.16%
Total Revenue	100%	100%
Allowances as % of Gross Revenue	5.00%	5.80%

Las Vegas Sands Corporation
Consolidated Statements of Operations
(in thousands)

	<u>2003</u>	<u>2004</u>	<u>2005E</u>	<u>2006E</u>	<u>2007E</u>	<u>2008E</u>
Revenues						
Casino	272,804	708,564	1,408,146	1,641,716	4,431,081	6,046,392
Rooms	251,397	312,003	329,863	342,791	625,155	797,836
Food and beverage	80,207	121,566	131,740	141,519	260,425	297,343
Grand Canal Shops	39,374	15,977	-	-	-	-
Retail	8,624	9,068	-	-	-	-
Other	<u>84,204</u>	<u>91,392</u>	<u>120,300</u>	<u>126,315</u>	<u>257,231</u>	<u>355,662</u>
Gross Revenue	736,610	1,258,570	1,990,049	2,252,341	5,573,892	7,497,234
Less-Promotional Allowances	<u>(44,856)</u>	<u>(61,514)</u>	<u>(90,756)</u>	<u>(100,126)</u>	<u>(270,815)</u>	<u>(393,757)</u>
Total Revenues	691,754	1,197,056	1,899,293	2,152,215	5,303,078	7,103,476
Operating Costs and Expenses						
Operating Expenses	<u>505,628</u>	<u>578,588</u>	<u>1,424,470</u>	<u>1,614,162</u>	<u>3,977,308</u>	<u>5,327,607</u>
Operating income	186,126	618,468	474,823	538,054	1,325,769	1,775,869
Interest cost, net of amounts capitalized	-122,442	-138,077	-120,000	-110,000	-100,000	-100,000
Interest income	2,125	7,740	7,740	7,740	7,740	7,740
Other income (expense)	825	-131	0	0	0	0
Loss on early retirement of debt	<u>0</u>	<u>-6,553</u>	<u>-6,553</u>	<u>-6,553</u>	<u>-6,553</u>	<u>-6,553</u>
Income before income taxes	66,634	481,447	356,010	429,241	1,226,956	1,677,056
Benefit for income taxes	<u>0</u>	<u>13,736</u>	<u>-53,402</u>	<u>-128,772</u>	<u>-368,087</u>	<u>-503,117</u>
Net Income	\$66,634	\$495,183	302,609	300,469	858,869	1,173,939
shares outstanding	324,658	326,486	350,590	350,590	350,590	350,590
EPS	0.21	1.52	0.86	0.86	2.45	3.35

Source: SEC, Form 8-K, March 8, 2005.



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