

IT'S ALL IN THE NUMBERS WHEN TRYING TO DESCRIBE MACAU

By Marcus Prater

MACAU—It's a numbers game in Macau, and for Shuffle Master CEO Gavin Isaacs, lost sales numbers from the G2E Asia trade show turned out to be much better than a booking number in a Macanese jail.

Numbers dominate any discussions about Macau—from the simple 9 of winning at baccarat to the \$35 billion-plus in gaming revenue this small enclave will generate this year—but for Isaacs and the rest of the attendees of G2E Asia, numbers had to share top billing among show topics with an ugly patent fight.

The short version, for those who didn't catch the headlines from the show, is that Macau-based LT Game challenged that Shuffle Master was showing a particular product that infringed on Macanese patents held by LT Game. This dispute has simmered for years at this show and has also affected Alfastreet and Interblock, which, like Shuffle Master, recognize Asia as the epicenter of the electronic table game explosion. LT Game has been very successful placing hundreds of terminals in Macau that display action from a live baccarat table. With a live table game cap already affecting growth plans in the market, this "stadium" concept has been very successful.

The main problem for Isaacs is that beyond potential lost sales revenue, patent infringement is a criminal offense in Macau and even the smallest threat of being arrested was enough to test the jovial outlook that has made Isaacs one of gaming's most beloved figures. The day before the show opened, the exhibition hall at The

Venetian Macao was swarming with customs officials, lawyers from all sides, angry American Gaming Association officials and annoyed management from Reed Exhibitions.

It's ironic in a bizarre sort of way that China is known for producing knock-offs of just about every popular American product ever created, and now the Chinese are hassling an American

company that claims the Macanese courts have never ruled against Shuffle Master or its products. And if you thought patent law in the U.S. is a mess, you've never seen the Chinese in action, as they also factor in the Portuguese underpinnings that still shape such matters in Macau.

Ultimately, Shuffle Master took the fabric coverings off of the allegedly infringing products for the second day of the show, but this fight is far from over and the outcome uncertain. What is certain about our annual trip to Macau is this market shows no real sign of slowing down, even as Wall Street-types fret over spectacular year-over-year growth versus unbelievably spectacular year-over-year growth.

As I said, with Macau, it's all in the numbers (with many of these sourced to good pal Paulo Azevedo and his growing empire of news outlets, led by *Macau Business* magazine):



The G2E Asia show floor.

- 21.9% – The increase in year-over-year gross gaming revenue in April of this year.

- 2% – The unemployment rate in Macau for the three months ending in April, the lowest on record since statistics started being kept in 1992.

- 18.3% – The increase in year-over-year electricity consumption by the gaming sector in the first three months of 2012.

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- \$1,396 – Average monthly wage in U.S. dollars for March for hotel and restaurant workers in Macau.
- 383 to 1,131 – The increase in business jet traffic to Macau from 2005 to 2011.
- 9.3% – The year-over-year increase in the volume of garbage produced by the business sector in 2011.
- 2.4 million – The number of visitors to Macau in April.
- \$1.6 billion – The value in the first three months of this year of retail sales in Macau, led by watches, clocks and jewelry, an increase of 28 percent over the same period in 2011.
- 2,100 – The number of bids the Macau Transport Bureau received for the 200 new taxi licenses being offered.
- \$510 – The value in U.S. dollars of the average monthly residential rent in 2011.
- 64.4 – The percent score on the National Wellbeing Index, compiled by the Macau Business Quality of Life Report, the highest satisfaction level of residents in Macau since the index's inception in 2007.
- 18.4% – The growth of Macau's gross domestic product in the first quarter of 2012.
- 449.8% – The percentage increase in government investment in Macau that helped increase the gross domestic product in the first quarter of 2012.
- \$3.5 - \$4 billion – Steve Wynn's estimated budget to develop his first property on Cotai.
- 300 meters – The length of the planned lake in front of Wynn's property on Cotai, longer than the Bellagio lake in Las Vegas.
- \$90 million – The projected cost of the fountains to turn Wynn's new Cotai lake into an entertainment attraction.
- \$1 billion – Sales from the 4,800 square meters of retail at Wynn Macau in 2011, according to Wynn himself.
- \$2 billion – The projected cost of "phase two" of Galaxy Macau.
- 84,000 – The number of visitors to the new Sands Cotai Central in the first six hours of operation when the new property opened in April.
- 69.7% – The percentage increase in slot revenue from the first quarter of 2010 to the first quarter of 2012.
- 45 – The number of cases of casino crime involving croupiers during the period from March 2007 to March 2012, according to the Macau Gaming Industry Employees Association.
- 10 – The number of those cases that resulted in the suicide of the accused.
- 14 mph – The maximum speed of the Segway personal vehicles being pitched for city tours in Macau.
- 292 – The number of patent application in Macau in 2007, the largest annual number for the period from 2001 to March 2012.

Patent madness aside, these numbers, when clustered together, clearly show why Macau continues to be the most explosive gaming market in the world.



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