

Investment Proposal

Las Vegas Sands (NYSE: LVS)

October 31, 2014

Agenda

Overview

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Growth

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Company Overview

Las Vegas Sands Corp. is a developer of destination properties that feature accommodations, gaming, entertainment, retail, convention and exhibition facilities, celebrity chef restaurants and other amenities.

Macau



Singapore



Las Vegas



Bethlehem



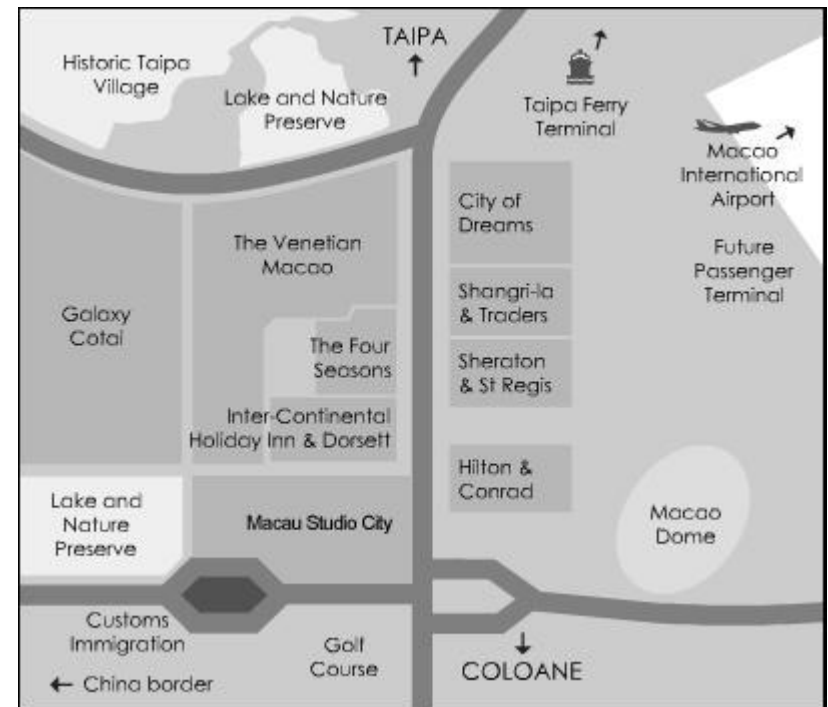
Operations: Macau

Las Vegas Sands principal operations are based in Macau and Singapore. They earn 88% of their revenue in these two locations, of which 77% is from gaming operations.

Limited Land Availability



Vast Land Holdings

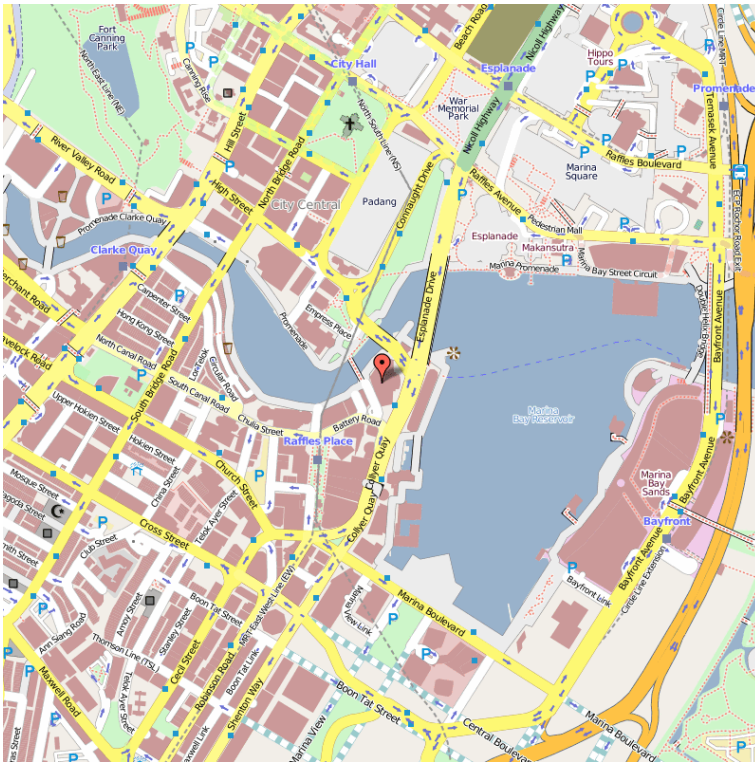


Operations: Singapore

The Marina Bay Sands is a de-facto monopoly in Singapore, contributing over 5 billion of yearly revenue.

Limited Land Availability

Exclusive Gaming License



Growth: Hong Kong-Macau-Zhuhai Bridge

Scheduled to open in late 2015 the 26 mile long Hong Kong-Macau-Zhuhai Bridge will cross the Zhujiang River Estuary, reducing travel time between Hong Kong and Macao from 5 hours to 40 minutes

Current Inefficiency



Mass Market Access



Valuation

LVS is significantly undervalued due to recent market fears over Macau growth, particularly in the VIP segment.

LAS VEGAS SANDS DISCOUNTED CASH FLOW VALUATION					
Cost of Capital Assumptions		WACC Calculation		Implied Equity Value and Share Price	
Beta	2.08	% Equity	33.73%	Implied Equity Value	79,107,916,083
Equity Risk Premium	8.00%	% Debt	66.27%	Shares Outstanding	807,040,000
Risk Free Rate	1.00%	Cost of Equity	17.64%	Fully Diluted Shares	810,288,616
Cost of Equity	17.64%	After Tax Kd	2.00%		
Cost of Debt	3.08%	WACC	7.28%	IMPLIED SHARE PRICE:	\$ 97.63
Tax Rate	35%				
After Tax Kd	2.00%				

Free Cash Flow Calculation	2012	2013	2014P	2015P	2016P	2017P	2018P	2019P
EBIT	2,321,140,000	3,414,723,000	3,585,459,150	3,800,586,699	3,990,616,034	4,190,146,836	4,357,752,709	4,532,062,817
Less: Taxes	188,836,000	211,704,000	222,289,200	235,626,552	247,407,880	259,778,274	270,169,405	280,976,181
EBITAT	2,132,304,000	3,203,019,000	3,363,169,950	3,564,960,147	3,743,208,154	3,930,368,562	4,087,583,305	4,251,086,637
Less: CapEx	1,449,234,000	943,982,000	991,181,100	1,050,651,966	1,103,184,564	1,158,343,793	1,204,677,544	1,252,864,646
Less: Change in NWC	-1,043,755,000	531,183,000	557,742,150	591,206,679	620,767,013	651,805,364	677,877,578	704,992,681
Plus: D&A	892,046,000	1,007,468,000	1,057,841,400	1,121,311,884	1,177,377,478	1,236,246,352	1,285,696,206	1,337,124,054
Growth Rate	N/A	4.45%	5.00%	6.00%	5.00%	5.00%	4.00%	3.00%
Unlevered FCF	2,618,871,000	2,735,322,000	2,872,088,100	3,044,413,386	3,196,634,055	3,356,465,758	3,490,724,388	3,630,353,364

Discounted Cash Flows at WACC	2012	2013	2014P	2015P	2016P	2017P	2018P	2019P
Unlevered Free Cash Flow	2,618,871,000	2,735,322,000	2,872,088,100	3,044,413,386	3,196,634,055	3,356,465,758	3,490,724,388	3,630,353,364
Discounted Cash Flows	2,618,871,000	2,735,322,000	2,677,260,878	2,645,388,682	2,589,236,523	2,534,276,274	2,456,858,991	2,381,806,657

Terminal Value Sensitivity Analysis						Enterprise and Equity Value	
WACC	Terminal Growth Rate					Cumulative PV of FCF	PV of Terminal Value
	2.0%	2.5%	3.0%	3.5%	4.0%		
6.00%	90,758,834,098	103,724,381,826	121,011,778,797	145,214,134,557	181,517,668,196	13,276,882,347	75,994,759,736
6.50%	80,674,519,198	90,758,834,098	103,724,381,826	121,011,778,797	145,214,134,557	Implied Enterprise Value	89,271,642,083
7.28%	68,794,345,315	75,994,759,736	84,878,650,666	96,114,575,460	110,779,107,885	Less: Total Debt	11,929,105,000
7.50%	66,006,424,799	72,607,067,278	80,674,519,198	90,758,834,098	103,724,381,826	Less: Preferred Securities	0
8.00%	60,505,889,399	66,006,424,799	72,607,067,278	80,674,519,198	90,758,834,098	Less: Non-Controlling Interest	1,835,035,000
						Plus: Cash	3,600,414,000
						Implied Equity Value	79,107,916,083

Timing

At \$62 per share, Las Vegas Sands is trading just above its 52 week low. Market fears over Macau growth have affected the entire gaming industry, irrationally discounting LVS.

LVS: 1 Year Performance



LVS: 3 Month Performance



At \$62 per share, Las Vegas Sands is trading just above its 52 week low. Market fears over Macau growth have affected the entire gaming industry, irrationally discounting LVS.



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