



Sands China 2Q25: Customer Reinvestment Focus

Research 24 Jul 25, 01:18 PM Analysts: Nicholas Chen Analyst, Asia-Pacific Corporates
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Executive Summary

- **We maintain our Market perform recommendation on Sands China's (SANLTD) \$ bonds, and we continue to view the company as a solid hold for investors comfortable playing the Macau gaming space.**
- **Sands China's 2Q25 total net revenues and EBITDA eked out marginal YoY-growth largely thanks to the newly renovated Londoner, though partially offset by its other casinos; we expect further EBITDA contributions from the continued operational ramp up of The Londoner in 2H25, though EBITDA margin improvements will likely be limited by the company's customer reinvestment program.**
- **Gross and net leverage metrics were largely flat in 2Q25; we see room for marginal improvements in 2H25 from incremental EBITDA improvements on the back of the further operational ramp up at The Londoner.**
- **Sands China's revenue mix still skewed towards gaming; hotel occupancy rates largely improved YoY in 2Q25, and the company continues to lead in terms of hotel capacity market share.**

Relative Value

We maintain our Market perform recommendation on Sands China's (SANLTD) \$ bonds. Sands China posted a largely stable set of 2Q25 results, and we remain constructive on its operational outlook following the completed Londoner Grand refurbishment that is expected to drive topline and EBITDA growth in 2H25 and into 2026, though the company's EBITDA margin could see some pressure from the company's renewed (and 'aggressive') customer reinvestment focus. We also expect the company's free cash flow to remain positive in the near-term given the tapering capex needs for FY25 and over the next two years. We continue to view SANLTD as a solid hold for IG investors comfortable playing the Macau gaming space, and we would take the opportunity to add exposure where there are notable spread dislocations between the SANLTD and LVS \$ bond structures. For investors able to dip into the HY space, we continue to favor the additional yield offered by MGM China (O/P) — which has already recovered leverage below pre-pandemic levels and has notably improved both its market share and EBITDA profile vs pre-COVID levels.

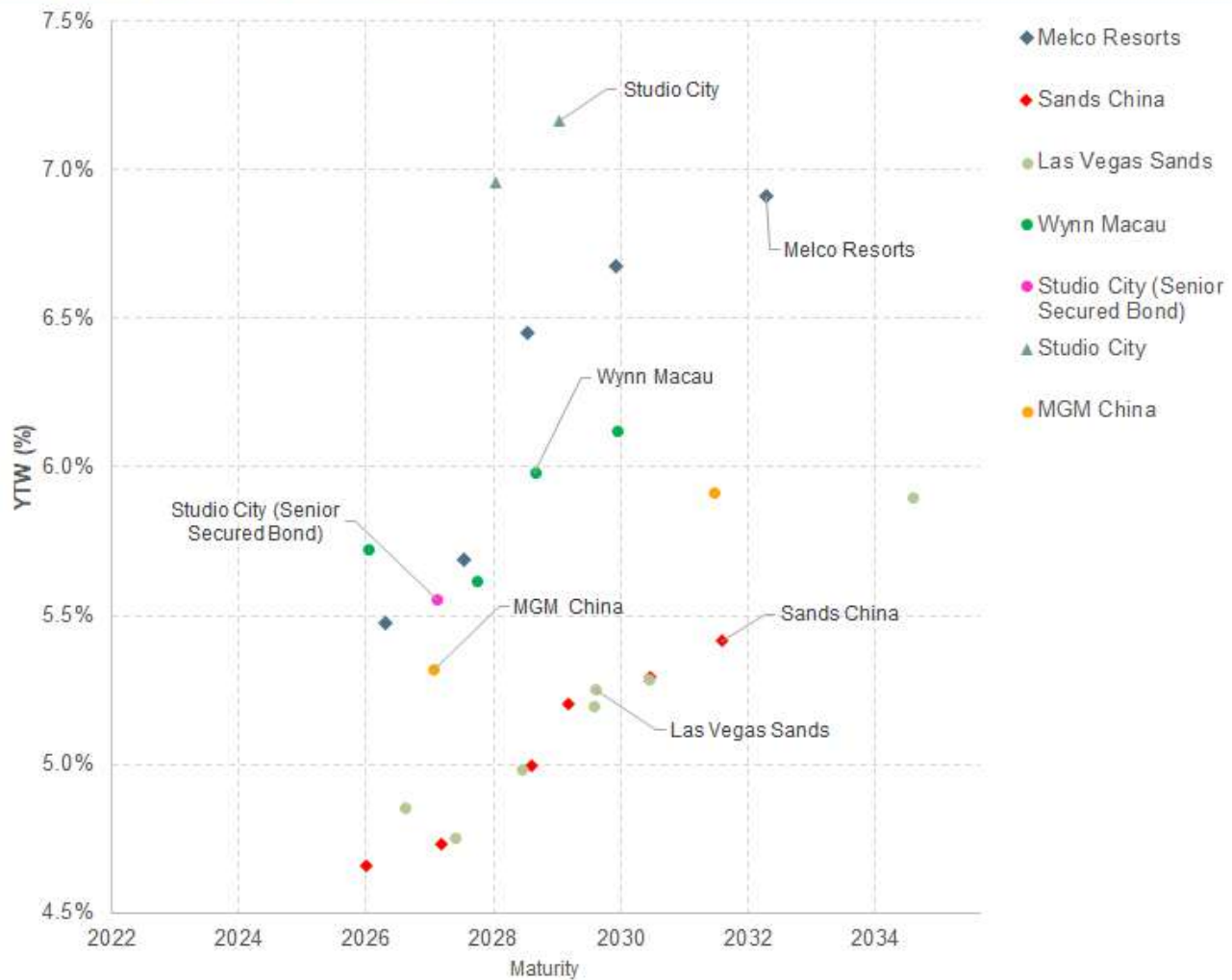
Macau Gaming: Major \$ Bonds Outstanding											
Issuer	Cpn	Maturity	Next Call Date	Amt. Out. (\$ mn)	Bond Ratings	Mid Price	T+ (bp)	OAS spd (bp)	G-spd (bp)	Mid YTW	Rec.
MGM China	5.875%	15-May-26	3-Aug-25	750	B+/B1/BB-	100.1	n.a.	n.a.	n.a.	2.91%	
MGM China	4.750%	1-Feb-27	3-Aug-25	750	B+/B1/BB-	99.2	143	125	135	5.32%	Outperform
MGM China	7.125%	26-Jun-31	26-Jun-27	500	B+/B1/BB-	104.2	197	158	202	5.91%	
Sands China	3.800%	8-Jan-26	8-Dec-25	800	BBB-/Baa2/BBB-	99.6	77	33	38	4.66%	
Sands China	2.300%	8-Mar-27	8-Feb-27	700	BBB-/Baa2/BBB-	96.3	84	81	78	4.73%	
Sands China	5.400%	8-Aug-28	8-May-28	1,900	BBB-/Baa2/BBB-	101.0	116	110	115	5.00%	Market perform
Sands China	2.850%	8-Mar-29	8-Jan-29	650	BBB-/Baa2/BBB-	92.3	126	132	133	5.20%	
Sands China	4.375%	18-Jun-30	18-Mar-30	700	BBB-/Baa2/BBB-	96.1	135	133	135	5.29%	
Sands China	3.250%	8-Aug-31	8-May-31	600	BBB-/Baa2/BBB-	89.0	147	133	136	5.42%	
Wynn Macau	5.500%	15-Jan-26	23-Aug-25	1,000	BB-/B1/BB-u	99.9	184	128	145	5.73%	
Wynn Macau	5.500%	1-Oct-27	3-Aug-25	750	BB-/B1/BB-u	99.8	173	111	174	5.62%	
Wynn Macau	5.625%	26-Aug-28	3-Aug-25	1,350	BB-/B1/BB-u	99.0	214	173	214	5.98%	Market perform
Wynn Macau ²	4.500%	7-Mar-29	Bullet	600	NR/NR/BB-u	104.1	n.a.	n.a.	n.a.	3.28%	
Wynn Macau	5.125%	15-Dec-29	3-Aug-25	1,000	BB-/B1/BB-u	96.2	218	211	221	6.12%	
Melco Resorts	5.250%	26-Apr-26	23-Aug-25	500	BB-/Ba3/NR	99.8	158	113	131	5.47%	
Melco Resorts	5.625%	17-Jul-27	23-Aug-25	600	BB-/Ba3/NR	99.9	180	108	180	5.69%	
Melco Resorts	5.750%	21-Jul-28	23-Aug-25	850	BB-/Ba3/NR	98.1	261	243	261	6.45%	Underperform
Melco Resorts	5.375%	4-Dec-29	23-Aug-25	1,150	BB-/Ba3/NR	95.1	273	270	276	6.68%	
Melco Resorts	7.625%	17-Apr-32	17-Apr-27	750	BB-/Ba3/NR	102.3	297	250	303	6.91%	
Studio City ¹	7.000%	15-Feb-27	25-Aug-25	350	B+/Ba3/NR	100.8	167	128	132	5.56%	Market perform
Studio City	6.500%	15-Jan-28	25-Aug-25	500	B+/B1/NR	99.0	311	282	309	6.95%	
Studio City	5.000%	15-Jan-29	25-Aug-25	1,100	B+/B1/NR	93.5	322	327	330	7.16%	Underperform
Las Vegas Sands	3.500%	18-Aug-26	18-Jun-26	1,000	BB+/Baa3/BBB-	98.6	96	80	79	4.85%	
Las Vegas Sands	5.900%	1-Jun-27	1-May-27	750	BB+/Baa3/BBB-	101.9	86	84	83	4.75%	
Las Vegas Sands	5.625%	15-Jun-28	15-May-28	1,000	BB+/Baa3/BBB-	101.7	114	112	113	4.98%	
Las Vegas Sands	3.900%	8-Aug-29	8-May-29	750	BB+/Baa3/BBB-	95.3	125	127	130	5.19%	Market perform
Las Vegas Sands	6.000%	15-Aug-29	15-Jul-29	500	BB+/Baa3/BBB-	102.7	130	133	136	5.25%	
Las Vegas Sands	6.000%	14-Jun-30	14-May-30	500	BB+/Baa3/BBB-	103.0	134	134	135	5.29%	
Las Vegas Sands	6.200%	15-Aug-34	15-May-34	500	BB+/Baa3/BBB-	102.1	150	156	159	5.90%	

Note 1: Senior secured.

Note 2: No meaningful data for this bond.

Source: Bloomberg, CreditSights. Note: Prices as at 24 July 2025.

Macau Gaming: Major \$ Bonds Outstanding



Source: Bloomberg, CreditSights. Note: Prices as at 24 July 2025.

See also:

[LVS 2Q25: Marina Bay Stands on Business](#)

[Macau Gaming: Casinos Trip Note \(May 2025\)](#)

[Macau Gaming Monitor: May 2025](#)

Financial Metrics

Sands China: Key Credit Metrics						
\$ mn	2018	2019	2023	2024	1Q25	2Q25
Operating Margin	24.9%	25.8%	18.7%	19.3%	n.a.	n.a.
EBITDA Margin	35.5%	36.3%	34.1%	32.9%	31.3%	31.5%
Total Debt/EBITDA	1.8x	1.8x	3.7x	3.5x	3.1x	3.1x
Net Debt/EBITDA	0.9x	1.0x	3.1x	2.7x	2.7x	2.6x
EBITDA/Interest Cover	21.5x	11.1x	5.0x	5.7x	n.a.	n.a.
Total Debt	5,562	5,608	8,328	8,159	6,947	6,924
Unrestricted Cash	2,676	2,471	1,361	1,970	920	985
Free Cash Flow	2,404	2,152	1,550	1,047	n.a.	n.a.

Note 1: Quarterly data based on preliminary disclosures by Las Vegas Sands; some line items such as interest expenses and free cash flow figures are not disclosed in the quarterly results.

Note 2: Figures for 2020 to 2022 during the COVID-19 pandemic not meaningful due to negative EBITDA generated.

Source: Company filings, CreditSights.

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2Q25 total net revenues and EBITDA managed to eke out marginal YoY-growths largely thanks to the newly renovated Londoner, though partially offset by its other casinos; we expect further EBITDA contributions from the continued operational ramp up of The Londoner in 2H25, though the EBITDA margin improvements will likely be limited by the company's customer reinvestment program.

Based on the preliminary 2Q25 results of its parent, Las Vegas Sands Corp (LVS), Sands China's total net revenues were up by 2% YoY to \$1.8 bn in 2Q25 (77% of 2Q19 levels; 1Q25: -6% YoY), driven mainly by the 45% YoY-jump in net revenues from The Londoner (36% of 2Q25 total net revenues) following the completion of renovations at the facility in mid-April, but dragged partially by Sands China's other casinos which saw lower net revenues YoY (The Venetian/The Parisian/Four Seasons Macao/Sands Macao: -3%/ -27%/ -22%/ -10% YoY). On a sequential basis, Sands China's overall topline reversed and posted a 5% QoQ-gain in 2Q25 (1Q25: -4% QoQ). Adjusted property EBITDA also managed to eke out a marginal 1% YoY-gain during the quarter to \$566 mn (1Q25: -12% YoY), thanks to better EBITDA generation at The Londoner which almost doubled to \$205 mn (36% of 2Q25 total EBITDA) but similarly crimped by the other casinos (The Venetian/The Parisian/Four Seasons Macao/Sands Macao: -10%/ -47%/ -34%/ -10% YoY). This brought the EBITDA margin slightly lower to 31.5% in 2Q25 (2Q24: 32.0%) or 31.3% on a hold normalised basis (2Q24: 32.1%).

During the 2Q25 earnings call, management stated that The Londoner was still in the early stages of its ramp up, and they expect the Londoner to drive further contributions to Sands China's topline and EBITDA in 2H25; the company is targeting \$1 bn in annualized EBITDA for the property (1H25: \$358 mn), though management did not give a specific timeline for this goal. Meanwhile, management also acknowledged the underperformance in Macao (Sands China's estimated GGR market share in 2Q25/2Q24: ~23%/24%), citing a shortfall in customer reinvestment amid intensifying market competition; the company subsequently implemented a more 'aggressive' customer reinvestment program across its properties in late April with the aim to increase its market share, though the specifics were also scarce. We see the potential for further downside pressure on Sands China's EBITDA margin from this initiative, as: (1) we would not rule out Sands China increasing premium offerings to attract more higher-spending punters, which had also driven the overall Macao GGR YoY-growth in 2Q25 (VIP: +23% YoY vs mass: +4% YoY); and (2) management appears more focused on EBITDA growth, rather than its margin.

Sands China: Property Level EBITDA and EBITDA margins								
\$ mn	2019	2020	2021	2022	2023	2024	2Q24	2Q25
The Venetian Macao	1,407	-53	297	-25	1,054	1,093	262	236
EBITDA margin	40%	-7%	24%	-4%	39%	39%	38%	36%
The Londoner Macao	726	-184	-84	-189	516	543	103	205
EBITDA margin	35%	-62%	-14%	-54%	29%	27%	23%	32%
The Parisian Macao	544	-131	-17	-103	269	297	83	44
EBITDA margin	33%	-51%	-5%	-55%	31%	31%	31%	23%
Four Seasons Macao	345	33	219	81	308	321	100	66
EBITDA margin	39%	12%	40%	26%	40%	37%	40%	34%
Sands Macao	175	-76	-69	-81	59	56	10	9
EBITDA margin	28%	-63%	-57%	-125%	18%	17%	13%	13%
Ferry and other operations	-8	-20	-8	-7	18	17	3	6
EBITDA margin	-7%	-71%	-29%	-24%	17%	14%	10%	18%

Source: Company filings, CreditSights.

Gross and net leverage metrics were largely flat in 2Q25; we see room for marginal improvements in 2H25 from incremental EBITDA improvements on the back of the further operational ramp up at The Londoner.

Sands China conducted an early redemption of its \$1.6 bn 5.125% Aug-25 notes in Jun-25, mainly by drawing down on its HKD 12.95 bn (~\$1.6 bn) unsecured term loan facility (entered into in Oct-24); as such, the company's total debt remained largely unchanged at \$6.9 bn as of 30 June 2025 (as of Mar-25: \$6.9 bn). Gross and net leverage (as measured by total debt/LTM EBITDA and net debt/LTM EBITDA) were largely flat at 3.1x/2.6x as of Jun-25, respectively (as of Mar-25: 3.1x/2.7x, respectively). Following the Aug-25 \$ bond refinancing, Sands China does not have any \$ bonds coming due in 2H25, with its next \$ bond maturity in Jan-26 (\$800 mn); the company has yet to announce any refinancing plans for the Jan-26 \$ bond maturity, though it is adequately covered by its existing cash and cash equivalents balance of \$985 mn. We see room for the company's debt metrics to post marginal improvements in 2H25 from incremental EBITDA improvements on the back of the further operational ramp up at The Londoner.

The company conducted \$138 mn of capex in 2Q25; we expect capex for 2H25 to be around \$315 mn, based on the guided FY25 capex figure of \$650 mn. Separately, the annual guided capex figures for FY26 and FY27 remained unchanged at \$325 mn for each year.

Revenue mix still skewed towards gaming; hotel occupancy rates largely improved YoY in 2Q25 while Sands China continues to lead in terms of hotel capacity market share.

The mix of gaming and non-gaming revenues within the overall topline was unchanged, with gaming operations still contributing the bulk of the total net revenues in 2Q25 (76%; 1Q25: 76%). At the property level, The Venetian Macao/The Londoner Macao/The Parisian Macao/Four Seasons Macao/Sands Macao generated 79%/77%/74%/63%/89% of their net revenues from the casinos.

Room revenues (12% of 2Q25 total net revenues) grew by 12% YoY, with hotel occupancy also improving YoY across the various properties in 2Q25, apart from The Londoner which saw a lower occupancy level YoY, likely due to the reduced room capacity earlier in the quarter prior to the completion of the upgrading works. We note that Sands China continues to lead in terms of hotel capacity market share (27% as of June-25, according to LVS), thanks to it having a larger property portfolio in Macau than its peers. Meanwhile, Sands China's retail mall revenues (7% of 2Q25 total net revenues) were also up by 8% YoY thanks to higher turnover rent from better tenant sales during the quarter.

Sands China: 2Q25 Revenue Mix and Hotel Occupancies of Casinos													
	2Q25						Hotel Occ. (%)	2Q24					
	Casino	Rooms	F&B	Mall	Others ¹			Casino	Rooms	F&B	Mall	Others ¹	Hotel Occ. (%)
The Venetian Macao	524	50	15	62	12		98.6%	556	50	16	55	9	96.4%
	79%	8%	2%	9%	2%			75%	13%	4%	5%	3%	
The Londoner Macao	495	95	27	21	4		93.3%	318	77	22	17	10	94.4%
	77%	15%	4%	3%	1%			72%	17%	5%	4%	2%	
The Parisian Macao	143	34	11	5	1		99.2%	207	32	17	7	2	95.7%
	74%	18%	6%	3%	1%			78%	12%	6%	3%	1%	
Four Seasons Macao	122	28	7	37	0		92.1%	178	25	8	38	1	88.2%
	63%	14%	4%	19%	0%			71%	10%	3%	15%	0%	
Sands Macao	63	4	3	0	1		99.4%	70	5	3	1	0	99.0%
	89%	6%	4%	0%	1%			89%	6%	4%	1%	0%	
Overall	1,347	211	63	125	18		n.a.	1,329	189	66	118	22	n.a.
	76%	12%	4%	7%	1%			77%	11%	4%	7%	1%	

Note 1: Others entail convention, retail and other.

Source: Company filings, CreditSights.



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