LAS VEGAS SANDS CORP
Form 10-Q
April 19, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2019
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number 001-32373

LAS VEGAS SANDS CORP.
(Exact name of registration as specified in its charter)

Nevada	27-0099920
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3355 Las Vegas Boulevard South	
Las Vegas, Nevada	89109
(Address of principal executive offices)	(Zip Code)

(702) 414-1000
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No ¨
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ý No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	ý	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	¨
Emerging growth company	¨		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).   Yes ¨   No ý

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 16, 2019
Common Stock ($0.001 par value)	772,804,476 shares

Table of Contents

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
Table of Contents

Table of Contents

PART I FINANCIAL INFORMATION
ITEM 1 — FINANCIAL STATEMENTS
LAS VEGAS SANDS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2019	December 31, 2018
	(In millions, except par value)	
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$4,134	$ 4,648
Restricted cash and cash equivalents	14	13
Accounts receivable, net	737	726
Inventories	35	35
Prepaid expenses and other	135	144
Total current assets	5,055	5,566
Property and equipment, net	15,099	15,154
Deferred income taxes, net	359	368
Leasehold interests in land, net	1,333	1,198
Intangible assets, net	69	72
Other assets, net	398	189
Total assets	$22,313	$ 22,547
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$152	$ 178
Construction payables	190	189
Other accrued liabilities	2,189	2,435
Income taxes payable	275	244
Current maturities of long-term debt	111	111
Total current liabilities	2,917	3,157
Other long-term liabilities	485	179
Deferred income taxes	184	191
Deferred amounts related to mall sale transactions	399	401
Long-term debt	11,888	11,874
Total liabilities	15,873	15,802
Commitments and contingencies (Note 6)		
Equity:		
Preferred stock, $0.001 par value, 50 shares authorized, zero shares issued and outstanding	—	—
Common stock, $0.001 par value, 1,000 shares authorized, 832 shares issued, 773 and 775 shares outstanding	1	1
Treasury stock, at cost, 59 and 57 shares	(3,901)	(3,727)
Capital in excess of par value	6,700	6,680
Accumulated other comprehensive loss	(32)	(40)
Retained earnings	2,757	2,770
Total Las Vegas Sands Corp. stockholders' equity	5,525	5,684
Noncontrolling interests	915	1,061
Total equity	6,440	6,745
Total liabilities and equity	$22,313	$ 22,547

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2019	2018
	(In millions, except per share data) (Unaudited)	
Revenues:		
Casino	$2,661	$2,599
Rooms	450	445
Food and beverage	232	228
Mall	160	156
Convention, retail and other	143	151
Net revenues	3,646	3,579
Operating expenses:		
Casino	1,439	1,371
Rooms	110	110
Food and beverage	178	172
Mall	17	17
Convention, retail and other	80	84
Provision for (recovery of) doubtful accounts	4	(16)
General and administrative	369	345
Corporate	152	56
Pre-opening	4	1
Development	5	3
Depreciation and amortization	301	264
Amortization of leasehold interests in land	9	9
Loss on disposal or impairment of assets	7	5
	2,675	2,421
Operating income	971	1,158
Other income (expense):		
Interest income	20	5
Interest expense, net of amounts capitalized	(141)	(89)
Other expense	(21)	(26)
Loss on modification or early retirement of debt	—	(3)
Income before income taxes	829	1,045
Income tax (expense) benefit	(85)	571
Net income	744	1,616
Net income attributable to noncontrolling interests	(162)	(160)
Net income attributable to Las Vegas Sands Corp.	$582	$1,456
Earnings per share:		
Basic	$0.75	$1.85
Diluted	$0.75	$1.84
Weighted average shares outstanding:		
Basic	774	789
Diluted	775	790

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended March 31,	
	2019	2018
	(In millions) (Unaudited)	
Net income	$744	$1,616
Currency translation adjustment	5	28
Total comprehensive income	749	1,644
Comprehensive income attributable to noncontrolling interests	(159)	(155)
Comprehensive income attributable to Las Vegas Sands Corp.	$590	$1,489

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

	Las Vegas Sands Corp. Stockholders' Equity						
	Common Stock	Treasury Stock	Capital in Excess of Par Value	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interests	Total
	(In millions) (Unaudited)						
Balance at January 1, 2018	$1	$(2,818)	$6,580	$ 14	$2,709	$ 1,141	$7,627
Net income	—	—	—	—	1,456	160	1,616
Currency translation adjustment	—	—	—	33	—	(5)	28
Exercise of stock options	—	—	48	—	—	6	54
Stock-based compensation	—	—	8	—	—	1	9
Repurchase of common stock	—	(75)	—	—	—	—	(75)
Dividends declared ($0.75 per share) (Note 4)	—	—	—	—	(593)	(309)	(902)
Balance at March 31, 2018	$1	$(2,893)	$6,636	$ 47	$3,572	$ 994	$8,357
Balance at January 1, 2019	$1	$(3,727)	$6,680	$ (40)	$2,770	$ 1,061	$6,745
Net income	—	—	—	—	582	162	744
Currency translation adjustment	—	—	—	8	—	(3)	5
Exercise of stock options	—	—	12	—	—	2	14
Stock-based compensation	—	—	8	—	—	1	9
Repurchase of common stock	—	(174)	—	—	—	—	(174)
Dividends declared ($0.77 per share) (Note 4)	—	—	—		(595)	(308)	(903)
Balance at March 31, 2019	$1	$(3,901)	$6,700	$ (32)	$2,757	$ 915	$6,440

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2019	2018
	(In millions) (Unaudited)	
Cash flows from operating activities:		
Net income	$744	$1,616
Adjustments to reconcile net income to net cash generated from operating activities:		
Depreciation and amortization	301	264
Amortization of leasehold interests in land	9	9
Amortization of deferred financing costs and original issue discount	8	11
Amortization of deferred gain on mall sale transactions	(1)	(1)
Loss on modification or early retirement of debt	—	3
Loss on disposal or impairment of assets	5	5
Stock-based compensation expense	9	8
Provision for (recovery of) doubtful accounts	4	(16)
Foreign exchange loss	22	12
Deferred income taxes	1	(653)
Changes in operating assets and liabilities:		
Accounts receivable	(15)	47
Other assets	(4)	(14)
Accounts payable	(26)	(12)
Other liabilities	(237)	118
Net cash generated from operating activities	820	1,397
Cash flows from investing activities:		
Capital expenditures	(240)	(238)
Proceeds from disposal of property and equipment	—	4
Net cash used in investing activities	(240)	(234)
Cash flows from financing activities:		
Proceeds from exercise of stock options	14	54
Repurchase of common stock	(174)	(75)
Dividends paid	(903)	(902)
Proceeds from long-term debt (Note 2)	—	249
Repayments of long-term debt (Note 2)	(26)	(274)
Payments of financing costs	—	(29)
Net cash used in financing activities	(1,089)	(977)
Effect of exchange rate on cash, cash equivalents and restricted cash	(4)	24
Increase (decrease) in cash, cash equivalents and restricted cash	(513)	210
Cash, cash equivalents and restricted cash at beginning of period	4,661	2,430
Cash, cash equivalents and restricted cash at end of period	$4,148	$2,640
Supplemental disclosure of cash flow information:		
Cash payments for interest, net of amounts capitalized	$159	$74
Cash payments for taxes, net of refunds	$40	$40
Change in construction payables	$1	$(35)

The accompanying notes are an integral part of these condensed consolidated financial statements.

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1 — Organization and Business of Company

The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Annual Report on Form 10-K of Las Vegas Sands Corp. ("LVSC"), a Nevada corporation, and its subsidiaries (collectively the "Company") for the year ended December 31, 2018, and have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted pursuant to such rules and regulations; however, the Company believes the disclosures herein are adequate to make the information presented not misleading. In the opinion of management, all adjustments and normal recurring accruals considered necessary for a fair statement of the results for the interim period have been included. The interim results reflected in the unaudited condensed consolidated financial statements are not necessarily indicative of expected results for the full year.

On March 8, 2018, the Company entered into a purchase and sale agreement under which PCI Gaming Authority, an unincorporated, chartered instrumentality of the Poarch Band of Creek Indians, will acquire Sands Bethlehem for a total enterprise value of $1.30 billion. The closing of the transaction is subject to regulatory review and other closing conditions.

In April 2019, the Company paid 72 million Singapore dollars ("SGD," approximately $53 million at exchange rates in effect at the time of the transaction) to the Singapore Casino Regulatory Authority as part of the process to renew its gaming license at Marina Bay Sands, which gaming license now expires in April 2022.

Development Projects

The Company is constantly evaluating opportunities to improve its product offerings, such as refreshing its meeting and convention facilities, suites and rooms, retail malls, restaurant and nightlife mix and its gaming areas, as well as other anticipated revenue generating additions to the Company's Integrated Resorts.

Singapore

In April 2019, the Company’s wholly owned subsidiary, Marina Bay Sands Pte. Ltd. (“MBS”), and the Singapore Tourism Board (the “STB”) entered into a development agreement (the “Development Agreement”) pursuant to which MBS will construct a development, which will include a hotel tower with a rooftop attraction, convention and meeting facilities and a state-of-the-art live entertainment arena with a seating capacity of at least 15,000 persons (the “MBS Expansion Project”). The Development Agreement provides for a total project cost of approximately SGD 4.5 billion (approximately $3.3 billion at exchange rates in effect at the time of the transaction). The amount of the total project cost will be finalized as the Company completes design and development and begins construction. In connection with the Development Agreement, MBS entered into a lease with the STB for the parcels of land underlying the project. In April 2019, MBS provided various governmental agencies in Singapore the required premiums, deposits, stamp duty, goods and services tax and other fees in an aggregate amount of approximately SGD 1.54 billion (approximately $1.14 billion at exchange rates in effect at the time of the transaction).

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued an accounting standard update on leases, which requires all lessees to recognize right-of-use (“ROU”) assets and lease liabilities, measured at the present value of the future minimum lease payments, at the lease commencement date. Lessor accounting remains largely unchanged under the new guidance. The standard also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of cash flows arising from leases. The Company adopted the new standard on January 1, 2019, on a prospective basis, forgoing comparative reporting. The Company elected to utilize the transition guidance within the new standard, which allows the Company to carryforward the historical lease classification. The Company elected to not separate lease and non-lease components for all classes of underlying assets in which it is the lessee and made an accounting policy election to not account for leases with an initial term of 12 months or less on the balance sheet. Adoption of the standard resulted in the recording of additional

8

Table of Contents

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

ROU assets and lease liabilities for operating leases of $337 million as of January 1, 2019. The adoption of this guidance did not have an impact on net income. (See disclosures at "Note 8 — Leases.")

In June 2016, the FASB issued an accounting standard update that revises the methodology for measuring credit losses on financial instruments and the timing of when such losses are recorded. The guidance is effective for fiscal years beginning after December 15, 2019, including interim reporting periods within that reporting period, and should be applied on a modified retrospective basis, with early adoption permitted. The Company is currently assessing the effect the guidance will have on the Company's financial condition and results of operations, but does not expect it will have a material impact.

Note 2 — Long-Term Debt

Long-term debt consists of the following:

	March 31, 2019	December 31, 2018
	(In millions)	
Corporate and U.S. Related[1]:		
2013 U.S. Credit Facility — Extended Term B (net of unamortized original issue discount and deferred financing costs of $20 and $21, respectively)	$3,456	$ 3,464
HVAC Equipment Lease	11	12
Macao Related[1]:		
4.600% Senior Notes due 2023 (net of unamortized original issue discount and deferred financing costs of $13 and $14, respectively, and a positive cumulative fair value adjustment of $8 and $5, respectively)	1,795	1,791
5.125% Senior Notes due 2025 (net of unamortized original issue discount and deferred financing costs of $15 and $16, respectively, and a positive cumulative fair value adjustment of $9 and $5, respectively)	1,794	1,789
5.400% Senior Notes due 2028 (net of unamortized original issue discount and deferred financing costs of $20 and $21, respectively, and a positive cumulative fair value adjustment of $9 and $5, respectively)	1,889	1,884
Other	4	4
Singapore Related[1]:		
2012 Singapore Credit Facility — Term (net of unamortized deferred financing costs of $41 and $43, respectively)	3,050	3,041
	11,999	11,985
Less — current maturities	(111)	(111)
Total long-term debt	$11,888	$ 11,874

(1) Unamortized deferred financing costs of $44 million and $47 million as of March 31, 2019 and December 31, 2018, respectively, related to the Company's revolving credit facilities are included in other assets, net in the accompanying condensed consolidated balance sheets.

2013 U.S. Credit Facility

As of March 31, 2019, the Company had $1.15 billion of available borrowing capacity under the 2013 Extended U.S. Revolving Facility, net of outstanding letters of credit.

2018 SCL Credit Facility

As of March 31, 2019, the Company had $2.0 billion of available borrowing capacity under the 2018 SCL Revolving Facility.

Table of Contents

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

2012 Singapore Credit Facility

As of March 31, 2019, the Company had SGD 495 million (approximately $365 million at exchange rates in effect on March 31, 2019) of available borrowing capacity under the 2012 Singapore Revolving Facility, net of outstanding letters of credit.

In April 2019, in connection with the MBS Expansion Project, MBS entered into a banker's guarantee for SGD 153 million (approximately $113 million at exchange rates in effect at the time of the transaction). The amount available for borrowing under the 2012 Singapore Revolving Facility will be reduced by this amount until the expansion is complete.

Debt Covenant Compliance

As of March 31, 2019, management believes the Company was in compliance with all debt covenants.

Fair Value of Long-Term Debt

The estimated fair value of the Company's long-term debt as of March 31, 2019 and December 31, 2018, was approximately $12.20 billion and $11.65 billion, respectively, compared to its carrying value of $12.09 billion and $12.08 billion, respectively. The estimated fair value of the Company's long-term debt is based on level 2 inputs (quoted prices in markets that are not active).

Note 3 — Derivative Instruments

In August 2018, the Company entered into interest rate swap agreements (the “IR Swaps”), which qualified and were designated as fair value hedges, swapping fixed-rate for variable-rate interest to hedge changes in the fair value of the SCL Senior Notes. These IR Swaps have a total notional value of $5.50 billion and expire in August 2020.

The total fair value of the IR Swaps as of March 31, 2019, was $28 million. In the accompanying condensed consolidated balance sheet, $26 million was recorded as an asset in other assets, net with an equal corresponding adjustment recorded against the carrying value of the SCL Senior Notes. The fair value of the IR Swaps was estimated using level 2 inputs from recently reported market forecasts of interest rates. Gains and losses due to changes in fair value of the IR Swaps completely offset changes in the fair value of the hedged portion of the underlying debt; therefore, no gain or loss has been recognized due to hedge ineffectiveness. Additionally, for the three months ended March 31, 2019, the Company recorded a $2 million reduction to interest expense related to the realized amount associated with the IR Swaps.

Note 4 — Equity and Earnings Per Share

Common Stock

Dividends

On March 28, 2019, the Company paid a dividend of $0.77 per common share as part of a regular cash dividend program. During the three months ended March 31, 2019, the Company recorded $595 million as a distribution against retained earnings (of which $333 million related to the principal stockholder and his family and the remaining $262 million related to all other shareholders).

On March 30, 2018, the Company paid a dividend of $0.75 per common share as part of a regular cash dividend program. During the three months ended March 31, 2018, the Company recorded $593 million as a distribution against retained earnings (of which $324 million related to the principal stockholder and his family and the remaining $269 million related to all other shareholders).

In March 2019, the Company's Board of Directors declared a quarterly dividend of $0.77 per common share (a total estimated to be approximately $595 million) to be paid on June 27, 2019, to shareholders of record on June 19, 2019.

Table of Contents

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

Repurchase Program

In November 2016, the Company's Board of Directors authorized the repurchase of $1.56 billion of its outstanding common stock, which was to expire in November 2018. In June 2018, the Company's Board of Directors authorized increasing the remaining repurchase amount of $1.11 billion to $2.50 billion and extending the expiration date to November 2020. Repurchases of the Company's common stock are made at the Company's discretion in accordance with applicable federal securities laws in the open market or otherwise. The timing and actual number of shares to be repurchased in the future will depend on a variety of factors, including the Company's financial position, earnings, legal requirements, other investment opportunities and market conditions. During the three months ended March 31, 2019 and 2018, the Company repurchased 2,859,964 and 1,048,200 shares, respectively, of its common stock for $174 million and $75 million, respectively, (including commissions) under the program. All share repurchases of the Company's common stock have been recorded as treasury stock.

Noncontrolling Interests

On February 22, 2019, SCL paid a dividend of 0.99 Hong Kong dollars ("HKD") per share to SCL shareholders (a total of $1.02 billion, of which the Company retained $716 million during the three months ended March 31, 2019).

On February 23, 2018, SCL paid a dividend of HKD 0.99 per share to SCL shareholders (a total of $1.02 billion, of which the Company retained $717 million during the three months ended March 31, 2018).

During the three months ended March 31, 2019 and 2018, the Company distributed $2 million and $3 million, respectively, to certain of its noncontrolling interests.

Earnings Per Share

The weighted average number of common and common equivalent shares used in the calculation of basic and diluted earnings per share consisted of the following:

	Three Months Ended March 31,	
	2019	2018
	(In millions)	
Weighted-average common shares outstanding (used in the calculation of basic earnings per share)	774	789
Potential dilution from stock options and restricted stock and stock units	1	1
Weighted-average common and common equivalent shares (used in the calculation of diluted earnings per share)	775	790
Antidilutive stock options excluded from the calculation of diluted earnings per share	5	1

Note 5 — Income Taxes

The Company's effective income tax rate was 10.3% for the three months ended March 31, 2019, compared to (54.6)% for the three months ended March 31, 2018. The effective income tax rate for the three months ended March 31, 2018, would have been 9.5% without the discrete benefit of $670 million, as discussed further below. The effective income tax rate for the three months ended March 31, 2019, reflects a 17% statutory tax rate on the Company's Singapore operations, a 21% corporate income tax rate for its domestic operations and a zero percent tax rate on its Macao gaming operations due to the Company's income tax exemption in Macao.

In December 2017, the U.S. enacted the Tax Cuts and Jobs Act (the "Act"), which made significant changes to U.S. income tax laws, including transitioning from a worldwide tax system to a territorial tax system. This change in the

U.S. international tax system included the introduction of several new tax regimes effective as of January 1, 2018. One of the new taxes introduced is the Global Intangible Low-Taxed Income ("GILTI"), which effectively taxes the foreign earnings of U.S. multinational companies at 10.5%, half of the current corporate tax rate. During the three months ended March 31, 2018, the Company concluded how the foreign tax credits associated with this income, and allowed against the U.S. tax liability, would be utilized and the potential impact on the foreign tax credit deferred tax

Table of Contents

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

asset and related valuation allowance. As a result, the Company recorded a non-cash tax benefit of $670 million relating to the reduction of the valuation allowance on certain U.S. foreign tax credit assets generated prior to 2018 previously determined not likely to be utilized. In November 2018, the Internal Revenue Service issued guidance, which clarified the implementation of GILTI and other provisions, which impacted the foreign tax credit utilization and required an increase of a valuation allowance related to the Company's historical foreign tax credits. As a result, the Company recorded a non-cash expense of $727 million during the three months ended December 31, 2018.

In April 2019, Venetian Macau Limited ("VML") entered into an agreement with the Macao government, which is effective through June 26, 2022, and provides for an annual payment of 38 million patacas (approximately $5 million at exchange rates in effect on March 31, 2019) as a substitution for a 12% tax otherwise due from VML shareholders on dividend distributions paid from VML gaming profits.

Note 6 — Commitments and Contingencies

Litigation

The Company is involved in other litigation in addition to those noted below, arising in the normal course of business. Management has made certain estimates for potential litigation costs based upon consultation with legal counsel. Actual results could differ from these estimates; however, in the opinion of management, such litigation and claims will not have a material effect on the Company's financial condition, results of operations and cash flows.

Round Square Company Limited v. Las Vegas Sands Corp.

On October 15, 2004, Richard Suen ("Suen") and Round Square Company Limited ("Round Square") filed an action against LVSC, Las Vegas Sands, Inc. ("LVSI"), Sheldon G. Adelson and William P. Weidner in the District Court of Clark County, Nevada (the "District Court"), asserting a breach of an alleged agreement to pay a success fee of $5 million and 2.0% of the net profit from the Company's Macao resort operations to the plaintiffs, as well as other related claims. In March 2005, LVSC was dismissed as a party without prejudice based on a stipulation between the parties. On March 16, 2006, plaintiffs' fraud claims were dismissed with prejudice against all defendants, and all claims were dismissed against individual defendants Sheldon G. Adelson and William P. Weidner. The remaining claims were tried to verdict in May 2008, and the jury returned a quantum meruit verdict for Suen in the amount of $44 million. On June 30, 2008, a judgment was entered in this matter in the amount of $59 million (including pre-judgment interest). The Company appealed the judgment to the Nevada Supreme Court, which reversed the judgment and remanded the case to the District Court for a new trial. The remanded claims were tried to verdict in May 2013, and the jury returned a quantum meruit verdict in favor of Round Square in the amount of $70 million. On May 28, 2013, a judgment was entered in the matter in the amount of $102 million (including pre-judgment interest). The Company appealed that judgment to the Nevada Supreme Court, which affirmed the judgment of quantum meruit liability, but reversed the damages award and remanded for a new trial on damages. That retrial began on March 4, 2019, in the District Court.

On March 20, 2019, the parties entered into a confidential settlement through which Round Square dismissed all claims brought in the District Court against the Company and released all claims as of the settlement date in exchange for a payment from the Company. On March 26, 2019, the District Court entered a stipulation and order dismissing all remaining claims with prejudice. This matter is concluded.

Asian American Entertainment Corporation, Limited v. Venetian Macau Limited, et al.

On January 19, 2012, Asian American Entertainment Corporation, Limited ("AAEC") filed a claim (the "Macao action") with the Macao Judicial Court (Tribunal Judicial de Base) against VML, LVS (Nevada) International Holdings, Inc. ("LVS (Nevada)"), Las Vegas Sands, LLC ("LVSLLC") and Venetian Casino Resort, LLC ("VCR") (collectively, the "Defendants"). The claim is for 3.0 billion patacas (approximately $371 million at exchange rates in effect on March 31, 2019) as compensation for damages resulting from the alleged breach of agreements entered into between AAEC and LVS (Nevada), LVSLLC and VCR (collectively, the "U.S. Defendants") for their joint presentation of a bid in response to the public tender held by the Macao government for the award of gaming concessions at the end of 2001. On July 4, 2012, the Defendants filed their defense to the Macao action with the Macao Judicial Court. AAEC then filed a reply that included several amendments to the original claim, although the amount of the claim was not amended.

Table of Contents

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

On January 4, 2013, the Defendants filed an amended defense to the amended claim with the Macao Judicial Court. On September 23, 2013, the U.S. Defendants filed a motion with the Macao Second Instance Court, seeking recognition and enforcement of the U.S. Court of Appeals ruling in the Prior Action, referred to below, given on April 10, 2009, which partially dismissed AAEC's claims against the U.S. Defendants.

On March 24, 2014, the Macao Judicial Court issued a Decision (Despacho Seneador) holding that AAEC's claim against VML is unfounded and that VML be removed as a party to the proceedings, and the claim should proceed exclusively against the U.S. Defendants. On May 8, 2014, AAEC lodged an appeal against that decision. The Macao Judicial Court further held that the existence of the pending application for recognition and enforcement of the U.S. Court of Appeals ruling before the Macao Second Instance Court did not justify a stay of the proceedings against the U.S. Defendants at the present time, although in principle an application for a stay of the proceedings against the U.S. Defendants could be reviewed after the Macao Second Instance Court had issued its decision. On June 25, 2014, the Macao Second Instance Court delivered a decision, which gave formal recognition to and allowed enforcement in Macao of the judgment of the U.S. Court of Appeals, dismissing AAEC's claims against the U.S. Defendants. AAEC appealed against the recognition decision to the Macao Court of Final Appeal, which, on May 6, 2015, dismissed the appeal and held the U.S. judgment to be final and have preclusive effect. The Macao Court of Final Appeal's decision became final on May 21, 2015. On June 5, 2015, the U.S. Defendants applied to the Macao Judicial Court to dismiss the claims against them as res judicata. AAEC filed its response to that application on June 30, 2015. The U.S. Defendants filed their reply on July 23, 2015. On September 14, 2015, the Macao Judicial Court admitted two further legal opinions from Portuguese and U.S. law experts. On March 16, 2016, the Macao Judicial Court dismissed the defense of res judicata. An appeal against that decision was lodged on April 7, 2016, together with a request that the appeal be heard immediately. By a decision dated April 13, 2016, the Macao Judicial Court accepted that the appeal be heard immediately. Legal arguments were submitted May 23, 2016. AAEC replied to the legal arguments on or about July 14, 2016, which was three days late, upon payment of a penalty. The U.S. Defendants submitted a response on September 20, 2016. On December 13, 2016, the Macao Judicial Court confirmed its earlier decision not to stay the proceedings pending appeal. As of the end of December 2016, all appeals (including VML's dismissal and the res judicata appeals) were being transferred to the Macao Second Instance Court. On May 11, 2017, the Macao Second Instance Court notified the parties of its decision of refusal to deal with the appeals at the present time. The Macao Second Instance Court ordered the court file be transferred back to the Macao Judicial Court. Evidence gathering by the Macao Judicial Court commenced by letters rogatory. On June 30, 2017, the Macao Judicial Court sent letters rogatory to the Public Prosecutor's office, for onward transmission to relevant authorities in the U.S. and Hong Kong. On August 10, 2017, the Hong Kong Mutual Legal Assistance Unit, International Law Division, Hong Kong Department of Justice ("HKMLAU") responded to the Public Prosecutor and requested additional information. On August 18, 2017, the Public Prosecutor forwarded the HKMLAU request to the Macao Judicial Court. On November 14, 2017, the Public Prosecutor replied to the HKMLAU. The HKMLAU sent a further communication to the Public Prosecutor on November 29, 2017, again requesting the Macao Judicial Court provide further information to enable processing of the Hong Kong letter rogatory. On January 6, 2018, the Macao Judicial Court notified the parties accordingly. On February 10, 2018, the Macao Judicial Court notified the parties that a communication dated January 25, 2018, had been received from the U.S. Department of Justice. The Macao Judicial Court extended the time for processing the letters rogatory until the end of June 2018. On May 7, 2018, the Macao Judicial Court further extended the time for processing one of the letters rogatory until mid-September 2018, which was further extended until early 2019. On March 14, 2019, the outstanding letter rogatory was returned executed. The trial of this matter has been scheduled by the Macao Judicial Court for mid-September 2019.

On March 25, 2015, application was made by the U.S. Defendants to the Macao Judicial Court to revoke the legal aid granted to AAEC, accompanied by a request for evidence taking from AAEC, relating to the fees and expenses that they incurred and paid in the U.S. subsequent action referred to below. The Macao Public Prosecutor has opposed the action on the ground of lack of evidence that AAEC's financial position has improved. No decision has been issued in respect to that application up to the present time. A complaint against AAEC's Macao lawyer arising from certain conduct in relation to recent U.S. proceedings was submitted to the Macao Lawyer's Association on October 19, 2015. A letter dated February 26, 2016, has been received from the Conselho Superior de Advocacia of the Macao Bar

13

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

Association advising that disciplinary proceedings have commenced. A further letter dated April 5, 2016, was received from the Conselho Superior de Advocacia requesting confirmation that the signatories of the complaint were acting within their corporate authority. In a letter dated April 14, 2016, such confirmation was provided. On September 28, 2016, the Conselho Superior de Advocacia invited comments on the defense, which had been lodged by AAEC's Macao lawyer.

On July 9, 2014, the plaintiff filed another action in the U.S. District Court against LVSC, LVSLLC, VCR (collectively, the "LVSC entities"), Sheldon G. Adelson, William P. Weidner, David Friedman and Does 1-50 for declaratory judgment, equitable accounting, misappropriation of trade secrets, breach of confidence and conversion based on a theory of copyright law. The claim is for $5.0 billion. On November 4, 2014, plaintiff finally effected notice on the LVSC entities, which was followed by a motion to dismiss by the LVSC entities on November 10, 2014. Plaintiff failed to timely respond, and on December 2, 2014, the LVSC entities moved for immediate dismissal and sanctions against plaintiff and his counsel for bringing a frivolous lawsuit. On December 19, 2014, plaintiff filed an incomplete and untimely response, which was followed by plaintiff's December 27, 2014 notice of withdrawal of the lawsuit and the LVSC entities' December 29, 2014, reply in favor of sanctions and dismissal with prejudice. On August 31, 2015, the judge dismissed the U.S. action and the LVSC entities' sanctions motion. The Macao action is in a preliminary stage and management has determined that based on proceedings to date, it is currently unable to determine the probability of the outcome of this matter or the range of reasonably possible loss, if any. The Company intends to defend this matter vigorously.

As previously disclosed by the Company, on February 5, 2007, AAEC brought a similar claim (the "Prior Action") in the U.S. District Court, against LVSI (now known as LVSLLC), VCR and Venetian Venture Development, LLC, which are subsidiaries of the Company, and William P. Weidner and David Friedman, who are former executives of the Company. The U.S. District Court entered an order on April 16, 2010, dismissing the Prior Action. On April 20, 2012, LVSLLC, VCR and LVS (Nevada) filed an injunctive action (the "Nevada Action") against AAEC in the U.S. District Court seeking to enjoin AAEC from proceeding with the Macao Action based on AAEC's filing, and the U.S. District Court's dismissal, of the Prior Action. On June 14, 2012, the U.S. District Court issued an order that denied the motions requesting the Nevada Action, thereby effectively dismissing the Nevada Action.

Note 7 — Segment Information

The Company's principal operating and developmental activities occur in three geographic areas: Macao, Singapore and the U.S. The Company reviews the results of operations for each of its operating segments: The Venetian Macao; Sands Cotai Central; The Parisian Macao; The Plaza Macao and Four Seasons Hotel Macao; Sands Macao; Marina Bay Sands; Las Vegas Operating Properties; and Sands Bethlehem. The Company also reviews construction and development activities for each of its primary projects currently under development, in addition to its reportable segments noted above, which include the renovation, expansion and rebranding of Sands Cotai Central to The Londoner Macao, the suites within the tower also occupied by the St. Regis hotel and the Four Seasons Tower Suites Macao in Macao, and the Las Vegas Condo Tower (for which construction currently is suspended) in the United States. The Company has included Ferry Operations and Other (comprised primarily of the Company's ferry operations and various other operations that are ancillary to its properties in Macao) to reconcile to condensed consolidated results of operations and financial condition. The Company has included Corporate and Other (which includes the Las Vegas Condo Tower and corporate activities of the Company) to reconcile to the condensed consolidated financial condition. The Company's segment information as of March 31, 2019 and December 31, 2018, and for the three months ended March 31, 2019 and 2018 is as follows:

14

Table of Contents

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

	Casino	Rooms	Food and Beverage	Mall	Convention, Retail and Other	Net Revenues
Three Months Ended March 31, 2019	(In millions)					
Macao:						
The Venetian Macao	$740	$ 57	$ 22	$56	$ 22	$ 897
Sands Cotai Central	445	84	26	16	6	577
The Parisian Macao	387	32	18	12	5	454
The Plaza Macao and Four Seasons Hotel Macao	173	10	9	31	1	224
Sands Macao	139	4	7	1	1	152
Ferry Operations and Other	—	—	—	—	30	30
	1,884	187	82	116	65	2,334
Marina Bay Sands	544	102	53	43	25	767
United States:						
Las Vegas Operating Properties	113	157	90	—	111	471
Sands Bethlehem	120	4	7	1	5	137
	233	161	97	1	116	608
Intercompany eliminations[(1)]	—	—	—	—	(63)	(63)
Total net revenues	$2,661	$ 450	$ 232	$160	$ 143	$ 3,646
Three Months Ended March 31, 2018						
Macao:						
The Venetian Macao	$716	$ 57	$ 23	$53	$ 19	$ 868
Sands Cotai Central	418	82	29	14	6	549
The Parisian Macao	291	33	15	15	5	359
The Plaza Macao and Four Seasons Hotel Macao	142	9	8	31	1	191
Sands Macao	142	4	7	—	1	154
Ferry Operations and Other	—	—	—	—	39	39
	1,709	185	82	113	71	2,160
Marina Bay Sands	652	100	52	42	26	872
United States:						
Las Vegas Operating Properties	120	156	88	—	113	477
Sands Bethlehem	118	4	6	1	5	134
	238	160	94	1	118	611
Intercompany eliminations[(1)]	—	—	—	—	(64)	(64)
Total net revenues	$2,599	$ 445	$ 228	$156	$ 151	$ 3,579

(1) Intercompany eliminations include royalties and other intercompany services.

Table of Contents

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

	Three Months Ended March 31,	
	2019	2018
	(In millions)	
Intersegment Revenues		
Macao:		
The Venetian Macao	$ 1	$ 1
Ferry Operations and Other	6	6
	7	7
Marina Bay Sands	1	2
Las Vegas Operating Properties	55	55
Total intersegment revenues	$ 63	$ 64

	Three Months Ended March 31,	
	2019	2018
	(In millions)	
Adjusted Property EBITDA		
Macao:		
The Venetian Macao	$ 361	$ 348
Sands Cotai Central	212	201
The Parisian Macao	163	116
The Plaza Macao and Four Seasons Hotel Macao	85	73
Sands Macao	40	47
Ferry Operations and Other	(3)	4
	858	789
Marina Bay Sands	423	541
United States:		
Las Vegas Operating Properties	138	141
Sands Bethlehem	33	29
	171	170
Consolidated adjusted property EBITDA(1)	1,452	1,500
Other Operating Costs and Expenses		
Stock-based compensation(2)	(3)	(4)
Corporate	(152)	(56)
Pre-opening	(4)	(1)
Development	(5)	(3)
Depreciation and amortization	(301)	(264)
Amortization of leasehold interests in land	(9)	(9)

Loss on disposal or impairment of assets	(7)	(5)
Operating income	971	1,158
Other Non-Operating Costs and Expenses		
Interest income	20	5
Interest expense, net of amounts capitalized	(141)	(89)
Other expense	(21)	(26)
Loss on modification or early retirement of debt	—	(3)
Income tax (expense) benefit	(85)	571
Net income	$744	$1,616

Table of Contents

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

(1) Consolidated adjusted property EBITDA, which is a non-GAAP financial measure, is net income before stock-based compensation expense, corporate expense, pre-opening expense, development expense, depreciation and amortization, amortization of leasehold interests in land, gain or loss on disposal or impairment of assets, interest, other income or expense, gain or loss on modification or early retirement of debt and income taxes. Consolidated adjusted property EBITDA is a supplemental non-GAAP financial measure used by management, as well as industry analysts, to evaluate operations and operating performance. In particular, management utilizes consolidated adjusted property EBITDA to compare the operating profitability of its operations with those of its competitors, as well as a basis for determining certain incentive compensation. Integrated Resort companies have historically reported adjusted property EBITDA as a supplemental performance measure to GAAP financial measures. In order to view the operations of their properties on a more stand-alone basis, Integrated Resort companies, including Las Vegas Sands Corp., have historically excluded certain expenses that do not relate to the management of specific properties, such as pre-opening expense, development expense and corporate expense, from their adjusted property EBITDA calculations. Consolidated adjusted property EBITDA should not be interpreted as an alternative to income from operations (as an indicator of operating performance) or to cash flows from operations (as a measure of liquidity), in each case, as determined in accordance with GAAP. The Company has significant uses of cash flow, including capital expenditures, dividend payments, interest payments, debt principal repayments and income taxes, which are not reflected in consolidated adjusted property EBITDA. Not all companies calculate adjusted property EBITDA in the same manner. As a result, consolidated adjusted property EBITDA as presented by the Company may not be directly comparable to similarly titled measures presented by other companies.

(2) During the three months ended March 31, 2019 and 2018, the company recorded stock-based compensation expense of $9 million in each period, of which $6 million and $5 million, respectively, is included in corporate expense on the company's condensed consolidated statements of operations.

	Three Months Ended March 31,	
	2019	2018
	(In millions)	
Capital Expenditures		
Corporate and Other	$23	$49
Macao:		
The Venetian Macao	24	42
Sands Cotai Central	64	28
The Parisian Macao	8	42
The Plaza Macao and Four Seasons Hotel Macao	30	9
Sands Macao	2	4
	128	125
Marina Bay Sands	49	35
United States:		

Las Vegas Operating Properties	38	26
Sands Bethlehem	2	3
	40	29
Total capital expenditures	$240	$238

Note 8 — Leases

Management determines if a contract is or contains a lease at inception or modification of a contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Control over the use of the identified asset means the lessee has both (a) the right to obtain substantially all of the economic benefits from the use of the asset and (b) the right to direct the use of the asset.

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

Finance and operating lease ROU assets and liabilities are recognized based on the present value of future minimum lease payments over the expected lease term at commencement date. As the implicit rate is not determinable in most of the Company’s leases, management uses the Company’s incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The expected lease terms include options to extend or terminate the lease when it is reasonably certain the Company will exercise such option. Lease expense for minimum lease payments is recognized on a straight-line basis over the expected lease term.

The Company’s lease arrangements have lease and non-lease components. For leases in which the Company is the lessee, the Company accounts for the lease components and non-lease components as a single lease component for all classes of underlying assets (primarily real estate). Leases, in which the Company is the lessor, are substantially all accounted for as operating leases and the lease components and non-lease components are accounted for separately. Leases with an expected term of 12 months or less are not accounted for on the balance sheet and the related lease expense is recognized on a straight-line basis over the expected lease term.

Lessee

The Company has operating and finance leases for various real estate (including the Macao and Singapore leasehold interests in land) and equipment. Certain of our lease agreements include rental payments based on a percentage of sales over specified contractual amounts, rental payments adjusted periodically for inflation and rental payments based on usage. The Company’s leases include options to extend the lease term one month to 40 years. Land concessions in Macao generally have an initial term of 25 years with automatic extensions of 10 years thereafter in accordance with Macao law. The Company anticipates a useful life of 50 years related to the land concessions in Macao. The Company’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Leases recorded on the balance sheet consist of the following (excluding the Macao and Singapore leasehold interests in land assets):

Leases	Classification on the Balance Sheet	March 31, 2019 (In millions)
Assets		
Operating lease ROU assets	Other assets, net	$ 195
Finance lease ROU assets	Property and equipment, net[1]	$ 15
Liabilities		
Current		
Operating	Other accrued liabilities	$ 27
Finance	Current maturities of long-term debt	$ 13
Noncurrent		
Operating	Other long-term liabilities	$ 309
Finance	Long-term debt	$ 2

(1) Finance lease ROU assets are recorded net of accumulated depreciation of $25 million as of March 31, 2019.

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

Other information related to lease term and discount rate is as follows:

	March 31, 2019	
Weighted Average Remaining Lease Term		
Operating leases	32.1 years	
Finance leases	0.9 years	
Weighted Average Discount Rate		
Operating leases[1]	4.6	%
Finance leases	6.2	%

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(1) Upon adoption of the new lease standard, discount rates used for existing operating leases were established on January 1, 2019.

The components of lease expense are as follows:

	Three Months Ended March 31, 2019 (In millions)
Operating lease cost:	
Amortization of leasehold interests in land	$ 9
Operating lease cost	7
Short-term lease cost	4
Variable lease cost	2
Finance lease cost:	
Amortization of ROU assets	1
Total lease cost	$ 23

Supplemental cash flow information related to leases is as follows:

	Three Months Ended March 31, 2019 (In millions)
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows for operating leases	$ 7
Financing cash flows for finance leases	$ 1

Table of Contents

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

Maturities of lease liabilities are summarized as follows:

	Operating Leases	Finance Leases
	(In millions)	
Year ending December 31,		
2019 (excluding the three months ended March 31, 2019)	$29	$ 13
2020	28	1
2021	25	1
2022	24	—
2023	24	—
Thereafter	556	—
Total future minimum lease payments	686	15
Less — amount representing interest	(350)	—
Present value of future minimum lease payments	336	15
Less — current lease obligations	(27)	(13)
Long-term lease obligations	$309	$ 2

Lessor

The Company leases space at several of its Integrated Resorts to various third parties as part of its mall operations, as well as retail and office space that are recorded within convention, retail and other revenues. These leases are non-cancelable operating leases with remaining lease periods that vary from one month to 18 years. The leases include minimum base rents with escalated contingent rent clauses.

Lease revenue consists of the following:

	Three Months Ended March 31, 2019	
	Mall	Other
	(In millions)	
Minimum rents	$128	$ 4
Overage rents	7	1
	$135	$ 5

Future minimum rentals on non-cancelable leases are as follows:

	Mall	Other
	(In millions)	
Year ending December 31,		
2019 (excluding the three months ended March 31, 2019)	$351	$ 10
2020	384	12
2021	287	12
2022	197	8
2023	92	7
Thereafter	141	22

Total minimum future rentals	$1,452	$ 71

The total minimum future rentals do not include the escalated contingent rent clauses.

Table of Contents

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

The cost and accumulated depreciation of property and equipment the Company is leasing to third parties is as follows:

	March 31, 2019
	(In millions)
Property and equipment, at cost	$ 1,401
Accumulated depreciation	(501)
Property and equipment, net	$ 900

Table of Contents

LAS VEGAS SANDS CORP. AND SUBSIDIARIES

ITEM 2 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with, and is qualified in its entirety by, the condensed consolidated financial statements and the notes thereto, and other financial information included in this Form 10-Q. Certain statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" are forward-looking statements. See "Special Note Regarding Forward-Looking Statements."

Operations

We view each of our Integrated Resort properties as an operating segment. Our operating segments in the Macao Special Administrative Region ("Macao") of the People's Republic of China consist of The Venetian Macao; Sands Cotai Central; The Parisian Macao; The Plaza Macao and Four Seasons Hotel Macao; and the Sands Macao. Our operating segment in Singapore is Marina Bay Sands. Our operating segments in the U.S. consist of the Las Vegas Operating Properties, which includes The Venetian Resort Las Vegas and the Sands Expo Center, and Sands Bethlehem.

On March 8, 2018, we entered into a purchase and sale agreement under which PCI Gaming Authority, an unincorporated, chartered instrumentality of the Poarch Band of Creek Indians, will acquire Sands Bethlehem for a total enterprise value of $1.30 billion. The closing of the transaction is subject to regulatory review and other closing conditions.

In April 2019, our wholly owned subsidiary, Marina Bay Sands Pte. Ltd. (“MBS”), and the Singapore Tourism Board (the “STB”) entered into a development agreement (the “Development Agreement”) pursuant to which MBS will construct a development, which will include a hotel tower with a rooftop attraction, convention and meeting facilities and a state-of-the-art live entertainment arena with a seating capacity of at least 15,000 persons (the “MBS Expansion Project”). The Development Agreement provides for a total project cost of approximately 4.5 billion Singapore dollars (“SGD,” approximately $3.3 billion at exchange rates in effect at the time of the transaction). The amount of the total project cost will be finalized as we complete design and development and begin construction. In connection with the Development Agreement, MBS entered into a lease with the STB for the parcels of land underlying the project. In April 2019, MBS provided various governmental agencies in Singapore the required premiums, deposits, stamp duty, goods and services tax and other fees in an aggregate amount of approximately SGD 1.54 billion (approximately $1.14 billion at exchange rates in effect at the time of the transaction).

In April 2019, we paid SGD 72 million (approximately $53 million at exchange rates in effect at the time of the transaction) to the Singapore Casino Regulatory Authority as part of the process to renew our gaming license at Marina Bay Sands, which gaming license now expires in April 2022.

Critical Accounting Policies and Estimates

For a discussion of our significant accounting policies and estimates, please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" presented in our 2018 Annual Report on Form 10-K filed on February 22, 2019.

There were no newly identified significant accounting estimates during the three months ended March 31, 2019, nor were there any material changes to the critical accounting policies and estimates discussed in our 2018 Annual Report.

Recent Accounting Pronouncements

See related disclosure at "Item 1 — Financial Statements — Notes to Condensed Consolidated Financial Statements — Note 1 — Organization and Business of Company — Recent Accounting Pronouncements."

Operating Results

Key Operating Revenue Measurements

Operating revenues at The Venetian Macao, Sands Cotai Central, The Parisian Macao, The Plaza Macao and Four Seasons Hotel Macao, Marina Bay Sands and our Las Vegas Operating Properties are dependent upon the volume of customers who stay at the hotel, which affects the price that can be charged for hotel rooms and our gaming volume.

Table of Contents

Operating revenues at Sands Macao and Sands Bethlehem are principally driven by gaming patrons who visit the properties on a daily basis.

The following are the key measurements we use to evaluate operating revenues:

Casino revenue measurements for Macao and Singapore: Macao and Singapore table games are segregated into two groups: Rolling Chip play (composed of VIP players) and Non-Rolling Chip play (mostly non-VIP players). The volume measurement for Rolling Chip play is non-negotiable gaming chips wagered and lost. The volume measurement for Non-Rolling Chip play is table games drop ("drop"), which is net markers issued (credit instruments), cash deposited in the table drop boxes and gaming chips purchased and exchanged at the cage. Rolling Chip and Non-Rolling Chip volume measurements are not comparable as they are two distinct measures of volume. The amounts wagered and lost for Rolling Chip play are substantially higher than the amounts dropped for Non-Rolling Chip play. Slot handle ("handle"), also a volume measurement, is the gross amount wagered for the period cited.

We view Rolling Chip win as a percentage of Rolling Chip volume, Non-Rolling Chip win as a percentage of drop and slot hold (amount won by the casino) as a percentage of slot handle. Win or hold percentage represents the percentage of Rolling Chip volume, Non-Rolling Chip drop or slot handle that is won by the casino and recorded as casino revenue. Our win and hold percentages are calculated before discounts, commissions, deferring revenue associated with our loyalty programs and allocating casino revenues related to goods and services provided to patrons on a complimentary basis. Our Rolling Chip win percentage is expected to be 3.0% to 3.3% in Macao and Singapore, and our Non-Rolling Chip table games have produced a trailing 12-month win percentage of 25.9%, 22.0%, 21.8%, 25.5%, 18.3% and 20.8% at The Venetian Macao, Sands Cotai Central, The Parisian Macao, The Plaza Macao and Four Seasons Hotel Macao, Sands Macao and Marina Bay Sands, respectively. Our slot machines have produced a trailing 12-month hold percentage of 4.6%, 3.9%, 3.0%, 5.7%, 3.2% and 4.5% at The Venetian Macao, Sands Cotai Central, The Parisian Macao, The Plaza Macao and Four Seasons Hotel Macao, Sands Macao and Marina Bay Sands, respectively. Actual win and hold percentages may vary from our expected win percentage and the trailing 12-month win and hold percentages. Generally, slot machine play is conducted on a cash basis. In Macao and Singapore, 15.5% and 19.4%, respectively, of our table games play was conducted on a credit basis for the three months ended March 31, 2019.

Casino revenue measurements for the U.S.: The volume measurements in the U.S. are slot handle, as previously described, and table games drop, which is the total amount of cash and net markers issued deposited in the table drop box. We view table games win as a percentage of drop and slot hold as a percentage of handle. Our win and hold percentages are calculated before discounts, commissions, deferring revenue associated with our loyalty programs and allocating casino revenues related to goods and services provided to patrons on a complimentary basis. Based upon our mix of table games, our table games are expected to produce a win percentage of 18% to 26% for Baccarat and 16% to 24% for non-Baccarat. Table games at Sands Bethlehem have produced a trailing 12-month win percentage of 18.4%. Our slot machines have produced a trailing 12-month hold percentage of 8.3% and 6.4% at our Las Vegas Operating Properties and at Sands Bethlehem, respectively. Actual win and hold percentages may vary from our expected win percentage and the trailing 12-month win and hold percentages. Similar to Macao and Singapore, slot machine play is generally conducted on a cash basis. Approximately 60.5% of our table games play at our Las Vegas Operating Properties, for the three months ended March 31, 2019, was conducted on a credit basis, while our table games play in Pennsylvania is primarily conducted on a cash basis.

Hotel revenue measurements: Performance indicators used are occupancy rate (a volume indicator), which is the average percentage of available hotel rooms occupied during a period and average daily room rate ("ADR," a price indicator), which is the average price of occupied rooms per day. Available rooms exclude those rooms unavailable for occupancy during the period due to renovation, development or other requirements. The calculations of the occupancy rate and ADR include the impact of rooms provided on a complimentary basis. Revenue per available room ("RevPAR") represents a summary of hotel ADR and occupancy. Because not all available rooms are occupied, ADR is normally higher than RevPAR. Reserved rooms where the guests do not show up for their stay and lose their deposit, or where guests check out early, may be re-sold to walk-in guests.

Mall revenue measurements: Occupancy, base rent per square foot and tenant sales per square foot are used as performance indicators. Occupancy represents gross leasable occupied area ("GLOA") divided by gross leasable area ("GLA") at the end of the reporting period. GLOA is the sum of: (1) tenant occupied space under lease and (2) tenants no longer occupying space, but paying rent. GLA does not include space currently under development or not on the market for lease. Base rent per square foot is the weighted average base or minimum rent charge in effect at the end of the reporting period for all tenants that would qualify to be included in occupancy. Tenant sales per square foot is the

Table of Contents

sum of reported comparable sales for the trailing 12 months divided by the comparable square footage for the same period. Only tenants that have been open for a minimum of 12 months are included in the tenant sales per square foot calculation.

Three Months Ended March 31, 2019 Compared to the Three Months Ended March 31, 2018

Summary Financial Results

Net revenues for the three months ended March 31, 2019, increased 1.9% to $3.65 billion, compared to $3.58 billion for the three months ended March 31, 2018, and operating income decreased 16.1% to $971 million compared to $1.16 billion for the three months ended March 31, 2018. The increase in net revenues resulted from stronger operating performance in Macao due to an 8.1% increase in revenues. We experienced growth at each of our Macao properties on the Cotai Strip across our revenue streams. The decrease in operating income was primarily driven by lower Rolling Chip volume and win percentage in Singapore and a nonrecurring legal settlement. Net income decreased 54.0% to $744 million for the three months ended March 31, 2019, compared to $1.62 billion for the three months ended March 31, 2018. The decrease resulted from an increase in tax expense due to a nonrecurring non-cash income tax benefit of $670 million related to U.S. tax reform in 2018 (as discussed below) and the decrease in operating income. Adjusted property EBITDA for the three months ended March 31, 2019, decreased 3.2% to $1.45 billion, compared to $1.50 billion for the three months ended March 31, 2018.

Operating Revenues

Our net revenues consisted of the following:

	Three Months Ended March 31,		
	2019	2018	Percent Change
	(Dollars in millions)		
Casino	$2,661	$2,599	2.4 %
Rooms	450	445	1.1 %
Food and beverage	232	228	1.8 %
Mall	160	156	2.6 %
Convention, retail and other	143	151	(5.3)%
Total net revenues	$3,646	$3,579	1.9 %

Consolidated net revenues were $3.65 billion for the three months ended March 31, 2019, an increase of $67 million compared to $3.58 billion for the three months ended March 31, 2018. The increase was primarily driven by a $174 million increase from our Macao operations, primarily due to increased casino revenues. The increase was partially offset by a $105 million decrease at Marina Bay Sands, due to decreased casino revenues.

Table of Contents

Net casino revenues increased $62 million compared to the three months ended March 31, 2018. The increase was primarily attributable to a $175 million increase in Macao, primarily driven by an increase in Non-Rolling Chip win percentage. This was partially offset by a $108 million decrease at Marina Bay Sands, driven by a decrease in Rolling Chip win percentage and volume. The following table summarizes the results of our casino activity:

	Three Months Ended March 31,		
	2019	2018	Change
	(Dollars in millions)		
Macao Operations:			
The Venetian Macao			
Total net casino revenues	$740	$716	3.4 %
Non-Rolling Chip drop	$2,266	$2,244	1.0 %
Non-Rolling Chip win percentage	28.5 %	23.7 %	4.8 pts
Rolling Chip volume	$7,501	$7,866	(4.6)%
Rolling Chip win percentage	2.89 %	4.20 %	(1.31)pts
Slot handle	$891	$837	6.5 %
Slot hold percentage	5.0 %	5.1 %	(0.1)pts
Sands Cotai Central			
Total net casino revenues	$445	$418	6.5 %
Non-Rolling Chip drop	$1,699	$1,760	(3.5)%
Non-Rolling Chip win percentage	23.8 %	21.4 %	2.4 pts
Rolling Chip volume	$1,944	$2,407	(19.2)%
Rolling Chip win percentage	4.69 %	3.43 %	1.26 pts
Slot handle	$1,063	$1,276	(16.7)%
Slot hold percentage	4.1 %	4.0 %	0.1 pts
The Parisian Macao			
Total net casino revenues	$387	$291	33.0 %
Non-Rolling Chip drop	$1,140	$1,086	5.0 %
Non-Rolling Chip win percentage	23.1 %	20.2 %	2.9 pts
Rolling Chip volume	$3,917	$4,598	(14.8)%
Rolling Chip win percentage	4.63 %	2.77 %	1.86 pts
Slot handle	$1,124	$1,044	7.7 %
Slot hold percentage	3.3 %	2.7 %	0.6 pts
The Plaza Macao and Four Seasons Hotel Macao			
Total net casino revenues	$173	$142	21.8 %
Non-Rolling Chip drop	$356	$416	(14.4)%
Non-Rolling Chip win percentage	25.1 %	23.2 %	1.9 pts
Rolling Chip volume	$4,488	$3,055	46.9 %
Rolling Chip win percentage	3.36 %	3.25 %	0.11 pts
Slot handle	$149	$135	10.4 %
Slot hold percentage	4.9 %	6.7 %	(1.8)pts
Sands Macao			
Total net casino revenues	$139	$142	(2.1)%
Non-Rolling Chip drop	$663	$657	0.9 %
Non-Rolling Chip win percentage	17.8 %	18.2 %	(0.4)pts
Rolling Chip volume	$1,201	$897	33.9 %
Rolling Chip win percentage	1.86 %	2.78 %	(0.92)pts
Slot handle	$615	$640	(3.9)%
Slot hold percentage	3.5 %	3.1 %	0.4 pts

Singapore Operations:			
Marina Bay Sands			
Total net casino revenues	$544	$652	(16.6)%
Non-Rolling Chip drop	$1,343	$1,397	(3.9)%
Non-Rolling Chip win percentage	21.2 %	18.4 %	2.8 pts
Rolling Chip volume	$7,128	$7,375	(3.3)%
Rolling Chip win percentage	3.13 %	4.77 %	(1.64)pts
Slot handle	$3,560	$3,885	(8.4)%
Slot hold percentage	4.6 %	4.4 %	0.2 pts

Table of Contents

	Three Months Ended March 31,		
	2019	2018	Change
	(Dollars in millions)		
U.S. Operations:			
Las Vegas Operating Properties			
Total net casino revenues	$113	$120	(5.8)%
Table games drop	$419	$491	(14.7)%
Table games win percentage	22.8 %	22.7 %	0.1 pts
Slot handle	$668	$618	8.1 %
Slot hold percentage	8.4 %	8.3 %	0.1 pts
Sands Bethlehem			
Total net casino revenues	$120	$118	1.7 %
Table games drop	$274	$281	(2.5)%
Table games win percentage	20.2 %	18.2 %	2.0 pts
Slot handle	$1,193	$1,171	1.9 %
Slot hold percentage	6.3 %	6.6 %	(0.3)pts

In our experience, average win percentages remain fairly consistent when measured over extended periods of time with a significant volume of wagers, but can vary considerably within shorter time periods as a result of the statistical variances associated with games of chance in which large amounts are wagered.

Table of Contents

Room revenues increased $5 million compared to the three months ended March 31, 2018. During the three months ended March 31, 2019, there were approximately 10% fewer rooms available at The Parisian Macao compared to the three months ended March 31, 2018, after the room to suite conversions were completed in late 2018. The following table summarizes the results of our room activity:

	Three Months Ended March 31,		
	2019	2018	Change
	(Room revenues in millions)		
Macao Operations:			
The Venetian Macao			
Total room revenues	$57	$57	—
Occupancy rate	96.8 %	95.9 %	0.9 pts
Average daily room rate (ADR)	$228	$232	(1.7)%
Revenue per available room (RevPAR)	$221	$223	(0.9)%
Sands Cotai Central			
Total room revenues	$84	$82	2.4 %
Occupancy rate	97.3 %	93.5 %	3.8 pts
Average daily room rate (ADR)	$157	$158	(0.6)%
Revenue per available room (RevPAR)	$153	$148	3.4 %
The Parisian Macao			
Total room revenues	$32	$33	(3.0)%
Occupancy rate	98.6 %	94.5 %	4.1 pts
Average daily room rate (ADR)	$158	$151	4.6 %
Revenue per available room (RevPAR)	$156	$143	9.1 %
The Plaza Macao and Four Seasons Hotel Macao			
Total room revenues	$10	$9	11.1 %
Occupancy rate	89.7 %	88.7 %	1.0 pts
Average daily room rate (ADR)	$335	$322	4.0 %
Revenue per available room (RevPAR)	$300	$285	5.3 %
Sands Macao			
Total room revenues	$4	$4	—
Occupancy rate	99.9 %	98.8 %	1.1 pts
Average daily room rate (ADR)	$178	$165	7.9 %
Revenue per available room (RevPAR)	$177	$163	8.6 %
Singapore Operations:			
Marina Bay Sands			
Total room revenues	$102	$100	2.0 %
Occupancy rate	98.1 %	96.8 %	1.3 pts
Average daily room rate (ADR)	$454	$455	(0.2)%
Revenue per available room (RevPAR)	$446	$440	1.4 %
U.S. Operations:			
Las Vegas Operating Properties			
Total room revenues	$157	$156	0.6 %
Occupancy rate	94.9 %	95.8 %	(0.9)pts
Average daily room rate (ADR)	$263	$257	2.3 %
Revenue per available room (RevPAR)	$250	$246	1.6 %
Sands Bethlehem			
Total room revenues	$4	$4	—

Occupancy rate	92.3 %	88.2 %	4.1 pts
Average daily room rate (ADR)	$157	$159	(1.3)%
Revenue per available room (RevPAR)	$145	$140	3.6 %

Table of Contents

Mall revenues increased $4 million compared to the three months ended March 31, 2018. The increase was primarily due to increases of $3 million and $2 million at the Shoppes at Venetian and the Shoppes at Cotai Central, respectively, driven by an increase in base rent as well as additional retail space available at Sands Cotai Central. For further information related to the financial performance of our malls, see "Additional Information Regarding our Retail Mall Operations." The following table summarizes the results of our malls on the Cotai Strip in Macao and in Singapore:

	Three Months Ended March 31,		
	2019	2018	Change
	(Mall revenues in millions)		
Macao Operations:			
Shoppes at Venetian			
Total mall revenues	$56	$53	5.7 %
Mall gross leasable area (in square feet)	813,416	786,472	3.4 %
Occupancy	90.8 %	91.8 %	(1.0)pts
Base rent per square foot	$265	$261	1.5 %
Tenant sales per square foot	$1,732	$1,591	8.9 %
Shoppes at Cotai Central(1)			
Total mall revenues	$16	$14	14.3 %
Mall gross leasable area (in square feet)	519,666	424,388	22.5 %
Occupancy	92.2 %	94.0 %	(1.8)pts
Base rent per square foot	$108	$113	(4.4)%
Tenant sales per square foot	$880	$802	9.7 %
Shoppes at Parisian			
Total mall revenues	$12	$15	(20.0)%
Mall gross leasable area (in square feet)	295,915	300,238	(1.4)%
Occupancy	89.6 %	90.1 %	(0.5)pts
Base rent per square foot	$150	$213	(29.6)%
Tenant sales per square foot	$640	$623	2.7 %
Shoppes at Four Seasons			
Total mall revenues	$31	$31	—
Mall gross leasable area (in square feet)	241,548	258,291	(6.5)%
Occupancy	99.3 %	98.9 %	0.4 pts
Base rent per square foot	$458	$455	0.7 %
Tenant sales per square foot	$4,420	$3,896	13.4 %
Singapore Operations:			
The Shoppes at Marina Bay Sands			
Total mall revenues	$43	$42	2.4 %
Mall gross leasable area (in square feet)	601,226	608,571	(1.2)%
Occupancy	95.5 %	96.3 %	(0.8)pts
Base rent per square foot	$266	$256	3.9 %
Tenant sales per square foot	$1,918	$1,719	11.6 %

Note: This table excludes the results of our mall operations at Sands Macao and Sands Bethlehem.

(1) The Shoppes at Cotai Central will feature up to approximately 600,000 square feet of gross leasable area upon completion of all phases of Sands Cotai Central's renovation, rebranding and expansion to The Londoner Macao.

Table of Contents

Convention, retail and other revenues decreased $8 million compared to the three months ended March 31, 2018. The decrease was primarily attributable to a $10 million decrease in ferry operation revenues in connection with the opening of the Hong Kong-Macao-Zhuhai bridge in October 2018.

Operating Expenses

Our operating expenses consisted of the following:

	Three Months Ended March 31,		
	2019	2018	Percent Change
	(Dollars in millions)		
Casino	$1,439	$1,371	5.0 %
Rooms	110	110	— %
Food and beverage	178	172	3.5 %
Mall	17	17	— %
Convention, retail and other	80	84	(4.8)%
Provision for (recovery of) doubtful accounts	4	(16)	125.0 %
General and administrative	369	345	7.0 %
Corporate	152	56	171.4 %
Pre-opening	4	1	300.0 %
Development	5	3	66.7 %
Depreciation and amortization	301	264	14.0 %
Amortization of leasehold interests in land	9	9	— %
Loss on disposal or impairment of assets	7	5	40.0 %
Total operating expenses	$2,675	$2,421	10.5 %

Operating expenses were $2.68 billion for the three months ended March 31, 2019, an increase of $254 million compared to $2.42 billion for the three months ended March 31, 2018. The increase in operating expenses was primarily driven by an increase in corporate expense and an increase in casino expenses at our Macao operating properties due to increased casino revenues.

Casino expenses increased $68 million compared to the three months ended March 31, 2018. The increase was primarily attributable to a $76 million increase at our Macao operating properties, driven by an increase in gaming tax due to increased casino revenues. This was offset by a $12 million decrease at Marina Bay Sands, driven by a decrease in gaming tax due to decreased casino revenues.

The provision for doubtful accounts was $4 million for the three months ended March 31, 2019, compared to the recovery for doubtful accounts of $16 million for the three months ended March 31, 2018. The increase primarily resulted from collections of previously reserved customer balances during the three months ended March 31, 2018. The amount of this provision can vary over short periods of time because of factors specific to the customers who owe us money from gaming activities. We believe the amount of our provision for doubtful accounts in the future will depend upon the state of the economy, our credit standards, our risk assessments and the judgment of our employees responsible for granting credit.

General and administrative expenses increased $24 million compared to the three months ended March 31, 2018. The increase was primarily due to a $17 million increase at our Macao operating properties, driven by increases in payroll and marketing related costs. Additionally, there was a $7 million increase at Marina Bay Sands, resulting from increased property taxes and repairs and maintenance costs.

Corporate expenses increased in the three months ended March 31, 2019, due to a nonrecurring legal settlement.

Depreciation and amortization expense increased $37 million compared to the three months ended March 31, 2018. The increase was driven by a $35 million increase due to the acceleration of depreciation on certain assets to be replaced in conjunction with The Londoner Macao project.

Table of Contents

Segment Adjusted Property EBITDA

The following table summarizes information related to our segments (see "Item 1 — Financial Statements — Notes to Condensed Consolidated Financial Statements — Note 7 — Segment Information" for discussion of our operating segments and a reconciliation of consolidated adjusted property EBITDA to net income):

	Three Months Ended March 31,		
	2019	2018	Percent Change
	(Dollars in millions)		
Macao:			
The Venetian Macao	$361	$348	3.7 %
Sands Cotai Central	212	201	5.5 %
The Parisian Macao	163	116	40.5 %
The Plaza Macao and Four Seasons Hotel Macao	85	73	16.4 %
Sands Macao	40	47	(14.9)%
Ferry Operations and Other	(3)	4	(175.0)%
	858	789	8.7 %
Marina Bay Sands	423	541	(21.8)%
United States:			
Las Vegas Operating Properties	138	141	(2.1)%
Sands Bethlehem	33	29	13.8 %
	171	170	0.6 %
Consolidated adjusted property EBITDA [(1)]	$1,452	$1,500	(3.2)%

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(1) Consolidated adjusted property EBITDA, which is a non-GAAP financial measure, is used by management as the primary measure of the operating performance of our segments. Consolidated adjusted property EBITDA is net income before stock-based compensation expense, corporate expense, pre-opening expense, development expense, depreciation and amortization, amortization of leasehold interests in land, gain or loss on disposal or impairment of assets, interest, other income or expense, gain or loss on modification or early retirement of debt and income taxes. Consolidated adjusted property EBITDA is a supplemental non-GAAP financial measure used by management, as well as industry analysts, to evaluate operations and operating performance. In particular, management utilizes consolidated adjusted property EBITDA to compare the operating profitability of its operations with those of its competitors, as well as a basis for determining certain incentive compensation. Integrated Resort companies have historically reported adjusted property EBITDA as a supplemental performance measure to GAAP financial measures. In order to view the operations of their properties on a more stand-alone basis, Integrated Resort companies, including Las Vegas Sands Corp., have historically excluded certain expenses that do not relate to the management of specific properties, such as pre-opening expense, development expense and corporate expense, from their adjusted property EBITDA calculations. Consolidated adjusted property EBITDA should not be interpreted as an alternative to income from operations (as an indicator of operating performance) or to cash flows from operations (as a measure of liquidity), in each case, as determined in accordance with GAAP. We have significant uses of cash flow, including capital expenditures, dividend payments, interest payments, debt principal repayments and income taxes, which are not reflected in consolidated adjusted property EBITDA. Not all companies calculate adjusted property EBITDA in the same manner. As a result, our presentation of consolidated adjusted property EBITDA may not be directly comparable to similarly titled measures presented by other companies.

Adjusted property EBITDA at our Integrated Resorts is primarily driven by our casino, room and mall operations. Adjusted property EBITDA at our Macao operations increased $69 million compared to the three months ended March 31, 2018. The increase was driven by a $47 million increase at The Parisian Macao, due to increases in Rolling Chip win percentage and Non-Rolling Chip win percentage and drop, a $13 million increase at The Venetian Macao, resulting from an increase in Non-Rolling Chip win percentage, and a $12 million increase at The Plaza Macao and

30

Table of Contents

Four Seasons Hotel Macao, driven by an increase in Rolling Chip volume. The increase was partially offset by a decrease in our ferry operations, resulting from the opening of the Hong Kong-Macao-Zhuhai bridge in October 2018. Adjusted property EBITDA at Marina Bay Sands decreased $118 million compared to the three months ended March 31, 2018. As previously described, the decrease was primarily due to decreased casino revenues, driven by a decrease in Rolling Chip win percentage, and an increase in the provision for doubtful accounts, driven by collections on previously reserved customer balances during the three months ended March 31, 2018.

Interest Expense

The following table summarizes information related to interest expense:

	Three Months Ended March 31,	
	2019	2018
	(Dollars in millions)	
Interest cost (which includes the amortization of deferred financing costs and original issue discount)	$138	$85
Add — imputed interest on deferred proceeds from sale of The Shoppes at The Palazzo	4	4
Less — capitalized interest	(1)	—
Interest expense, net	$141	$89
Weighted average total debt balance	$12,103	$9,842
Weighted average interest rate	4.6%	3.5%

Interest cost increased $53 million compared to the three months ended March 31, 2018, resulting primarily from increases in our weighted average interest rate and weighted average total debt balance. The increase in our weighted average interest rate was due to the issuance of the SCL Senior Notes and increases in interest rates globally. Our weighted average total debt balance increased in connection with the issuance of the SCL Senior Notes in August 2018 and additional borrowings on our U.S. Credit Facility in June 2018 (see "Item 1 — Financial Statements — Notes to Condensed Consolidated Financial Statements — Note 2 — Long-Term Debt").

Other Factors Affecting Earnings

Other expense was $21 million for the three months ended March 31, 2019, compared to $26 million for the three months ended March 31, 2018. Other expense during the three months ended March 31, 2019, was attributable to $21 million of foreign currency transaction losses, driven by U.S. dollar denominated debt held by SCL and Singapore dollar denominated intercompany debt reported in U.S. dollars, resulting from the depreciation of the U.S. dollar versus the Singapore dollar during the period.

Our effective income tax rate was 10.3% for the three months ended March 31, 2019, compared to (54.6)% for the three months ended March 31, 2018. The effective income tax rate for the three months ended March 31, 2019, reflects a 17% statutory tax rate on our Singapore operations, a 21% corporate income tax for our domestic operations and a zero percent tax rate on our Macao gaming operations due to our income tax exemption in Macao. The tax rate for the three months ended March 31, 2018, was primarily driven by a non-cash tax benefit of $670 million due to the impact of the Tax Cuts and Jobs Act enacted in the U.S. in December 2017 on the valuation allowance related to certain of our tax attributes. The effective income tax rate for the three months ended March 31, 2018, would have been 9.5% without the discrete benefit of $670 million (see "Item 1 — Financial Statements — Notes to Condensed Consolidated Financial Statements — Note 5 — Income Taxes").

The net income attributable to our noncontrolling interests was $162 million for the three months ended March 31, 2019, compared to $160 million