

Wynn Resorts, Limited Reports Second Quarter Results

2007-08-07

Wynn Las Vegas Adjusted Property EBITDA of \$115.3 million - Wynn Macau Adjusted Property EBITDA of \$92.7 million

Wynn Resorts, Limited (Nasdaq: WYNN) reported financial results for the quarter ended June 30, 2007.

Net revenues for the second quarter of 2007 were \$687.5 million, compared to \$273.4 million in the second quarter of 2006. Results for this quarter include the operations of Wynn Macau, which opened on September 6, 2006. The revenue increase was driven by the opening of Wynn Macau and strong Wynn Las Vegas results.

Consolidated adjusted property EBITDA (2) was \$208.0 million for the second quarter of 2007, compared to \$73.2 million in the second quarter of 2006.

On a US GAAP (Generally Accepted Accounting Principles) basis, net income for the quarter was \$89.6 million, or \$0.82 per diluted share, compared to a loss of \$20.1 million, or (\$0.20) per diluted share in 2006. The significant increase in net income was due to the opening of Wynn Macau and strong operations from Wynn Las Vegas.

Adjusted net income in the second quarter of 2007 was \$100.8 million, or \$0.92 per diluted share (adjusted EPS)(1) compared to an adjusted net loss of \$4.9 million, or (\$0.05) per diluted share in the second quarter of 2006.

Wynn Las Vegas Second Quarter Results

For the quarter ended June 30, 2007, Wynn Las Vegas generated adjusted property EBITDA of \$115.3 million, a 57.6% increase from the second quarter of 2006, with a 34.4% EBITDA margin on net revenue.

Net casino revenues in the second quarter of 2007 were \$159.4 million, compared to \$113.5 million for the second quarter of 2006. Table games drop was \$561.8 million, with win per table per day (before discounts) of \$10,443, compared to drop of \$466.1 million and win per table per day of \$7,187 in the second quarter of 2006. Table games win percentage of 24.2% was slightly above the property's expected range of 21% to 24% and exceeded the 19.8% for the second quarter of 2006. Slot machine win per unit per day was \$269 on handle (volume) of \$976.3 million in the quarter, compared to a win per unit per day of \$240 on handle of \$907.0 million during the comparable period of 2006. Slot handle at Wynn Las Vegas increased 7.6% during the three months ended June 30, 2007 as compared to the same period in 2006, and the slot win percentage was within the expected range of 4.5% to 5.5%.

Gross non-casino revenues for the quarter were \$211.2 million, a 7.5% increase from the second quarter of 2006. Hotel revenues were up 7.6% to \$74.4 million during the quarter, versus \$69.2 million in the second quarter of 2006. Wynn Las Vegas achieved an Average Daily Rate (ADR) of \$311 for the quarter, compared to \$293 in the second quarter of 2006. The property's occupancy was 97.0%, compared to 95.7% during the prior year period, generating revenue per available room (REVPAR) of \$301 in the 2007 period (7.4% higher than in 2006).

Food and beverage revenues increased 5.7% to \$82.1 million in the quarter, compared to \$77.7 million in the second quarter of 2006. Retail revenues were \$22.9 million in the quarter, compared to \$19.3 million in the second quarter of 2006, an increase of 18.7%. Entertainment revenues were approximately \$18.7 million, compared to \$17.1 million in the second quarter of 2006 as Avenue Q closed in May 2006.

Encore at Wynn Las Vegas

We are constructing Encore on approximately 20 acres on the Las Vegas Strip, immediately adjacent to Wynn Las Vegas. Encore's current plans include a 2,034 all-suite hotel tower fully integrated with Wynn Las Vegas, an approximately 72,000 square foot casino, additional convention and meeting space, as well as restaurants, a nightclub, swimming pools, a spa and salon and retail outlets. We continue to refine the final design of Encore. Encore is expected to open in early 2009. Our project budget is currently estimated at approximately \$2.2 billion, consisting of approximately \$2.1 billion for Encore and approximately \$100 million for an employee parking garage on our Koval property, an associated pedestrian bridge and costs incurred in connection with the theatre remodeling and production of 'Monty Python's Spamalot' at Wynn Las Vegas, which opened in March 2007.

As of June 30, 2007, we had incurred approximately \$567 million of project costs related to the development and construction of Encore and related capital improvements.

Wynn Macau Second Quarter Results

In the second quarter of 2007, Wynn Macau generated net revenues (after discounts and commissions) of \$352.5 million and adjusted property EBITDA of \$92.7 million. Prior period comparisons are not available as we opened Wynn Macau on September 6, 2006. Our adjusted EBITDA includes \$3 million to \$4 million of expenses associated with the expansion.

Table games results in Macau are segregated into two distinct reporting categories, the VIP segment and the mass market segment.

Table games turnover in the VIP segment was \$9.3 billion for the period. VIP table games win percentage (calculated before discounts and commissions) was approximately 3.3%, above the expected range of 2.7% to 3.0%.

Table games drop in the mass market category was approximately \$502.7 million during the period. Mass market table games win percentage (calculated before discounts and incentives) was 18.4%, which is within the expected range of 17% to 19%.

Slot machine win per unit per day was \$522 on handle (volume) of \$382.7 million for the quarter.

For the quarter, Wynn Macau generated an average daily room rate (ADR) of \$258, with occupancy averaging 86.2%. Net non-casino revenues, consisting of rooms, food and beverage, retail and other, were \$20.1 million.

Wynn Macau Expansion

We opened Wynn Macau on September 6, 2006. The property currently features 248 table games and 443 slot machines in an approximately 110,000 square foot casino. The Company intends to open approximately 20,000 square feet of additional gaming space and one restaurant in the second phase in the third quarter of 2007. Further expansion areas are expected to open by Chinese New Year, 2008. After the completion of the expansion, Wynn Macau is expected to have a total of approximately 380 table games and 1,200 slot machines.

In addition, the Company continues to develop the plans for a further expansion of Wynn Macau, the Wynn Diamond Suites, which was first announced in November 2006. This further expansion will add a second fully-integrated resort hotel named 'Wynn Diamond Suites' to Wynn Macau, with approximately 400 luxury suites and villas, along with restaurants, additional retail space and additional VIP gaming space. In July, 2007, Wynn Macau issued a notice to proceed to the general contractor with respect to approximately \$347.8 million of construction costs relating to the construction of Wynn Diamond Suites. While the complete project budget is still being finalized, the Company expects total cost to be in the range of \$550 million to \$600 million. The Company expects Wynn Diamond Suites to open to the public in the first half of 2010.

Through June 30, 2007, the Company had incurred approximately \$1 billion of the approximate total \$1.2 billion of budgeted project costs for Wynn Macau (excluding Wynn Diamond Suites).

Cotai

The Company has submitted an application with the government of Macau for a concession of land in Cotai for future development. The Company recently reconfigured its site plans for 52 acres and is awaiting final approval.

Other Factors Affecting Earnings

Interest expense, net of \$9.2 million in capitalized interest, was \$35.5 million for the second quarter of 2007. Depreciation and amortization expenses were \$51.9 million and pre-opening expenses were \$0.9 million during the quarter. Corporate expense and other was \$16.0 million in the second quarter, including \$4.9 million in stock based compensation.

Balance Sheet and Capital Expenditures

Our total cash balances at the end of the quarter were \$879.1 million, including unrestricted cash balances of \$838.5 million and cash balances restricted for our construction and development projects of \$40.6 million. Total debt outstanding at the end of the quarter was \$2.5 billion, including approximately \$1.6 billion of Wynn Las Vegas debt, \$224.1 million of Convertible Debentures and \$549.2 million of Wynn Macau-related debt. Capital expenditures during the second quarter of 2007, net of changes in construction payables and retention, totaled approximately \$232 million, primarily attributable to Encore.

On June 7, 2007, our Board of Directors authorized an equity repurchase program of up to \$1.2 billion including purchases of both our common stock and our 6% Convertible Debentures due 2015. The repurchase program may include repurchases from time to time through open market purchases or negotiated transactions, depending upon market conditions.

On June 15, 2007, the Company announced that it had called for redemption on July 20, 2007, all of the outstanding principal amount of its 6% Convertible Subordinated Debentures due 2015. Prior to redemption in July 2007, all of the holders converted their Debentures into shares of the Company's common stock at a conversion price of \$23 per share (a conversion rate of approximately 43.4782 shares per \$1,000 principal amount of Debentures). Cash was paid in lieu of fractional shares. As a result, \$224.1 million principal amount of the debentures were converted into 9,744,680 shares of our common stock. Accordingly, in July 2007, long term debt has been reduced by \$224.1 million, equity has been increased by \$218.9 million, and deferred financing costs were reduced by approximately \$5.2 million.

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