

## Wynn Resorts, Limited Posts Record Revenue and EBITDA for the Second Quarter of 2008

2008-07-25

Net revenues for the second quarter of 2008 were \$825.2 million, compared to \$687.5 million in the second quarter of 2007. The revenue increase was driven primarily by a 50.3% increase in revenues at Wynn Macau.

Consolidated adjusted property EBITDA(1) increased 14.0% to \$237.0 million for the second quarter of 2008, compared to \$208.0 million in the second quarter of 2007.

On a US GAAP (Generally Accepted Accounting Principles) basis, net income for the quarter was \$272.0 million, or \$2.42 per diluted share, compared to net income of \$89.6 million, or \$0.82 per diluted share in 2007. The increase resulted from higher earnings from Wynn Macau and a \$140.7 million deferred tax benefit recorded during the quarter. Adjusted net income in the second quarter of 2008 was \$124.3 million, or \$1.11 per diluted share (adjusted EPS)(2) compared to an adjusted net income of \$100.8 million, or \$0.92 per diluted share in the second quarter of 2007.

### **Wynn Las Vegas Second Quarter Results**

For the quarter ended June 30, 2008, Wynn Las Vegas generated adjusted property EBITDA of \$81.8 million, compared to \$115.3 million in the second quarter of 2007, with a 27.7% EBITDA margin on net revenue. The EBITDA decline was partially attributable to lower table hold percentage of 20.4% in the second quarter of 2008, compared to 24.2% in the comparable period in 2007.

Net casino revenues in the second quarter of 2008 were \$120.7 million, compared to \$159.4 million for the second quarter of 2007. Table games drop decreased 12.1% from the comparable period in 2007 to \$493.6 million. Slot machine handle of \$852.5 million was 12.7% below the comparable period of 2007 and win per unit per day was \$232, compared to a win per unit per day of \$269 in the second quarter of 2007.

Gross non-casino revenues for the quarter were \$211.9 million, a 0.3% increase from the second quarter of 2007. Hotel revenues were down 3.1% to \$72.1 million during the quarter, versus \$74.5 million in the second quarter of 2007. Wynn Las Vegas achieved an Average Daily Rate (ADR) of \$302 for the quarter, compared to \$311 in the second quarter of 2007. The property's occupancy was 96.5%, compared to 97.0% during the prior year period, generating revenue per available room (REVPAR) of \$292 in the 2008 period (3.0% below the second quarter of 2007).

Food and beverage revenues increased 2.6% to \$84.3 million in the quarter, and retail revenues declined 3.5% to \$22.1 million in the quarter. Entertainment revenues were approximately \$18.9 million compared to \$18.7 million in the second quarter of 2007. Spamalot closed on July 13, 2008 and we have begun the renovation of the theater which will feature Danny Gans in the Encore Theater commencing in February 2009.

### **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 includes a 2,034 all-suite hotel tower, 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. Encore is expected to open in December 2008. Our project budget is approximately \$2.3 billion for Encore and related capital improvements.

As of June 30, 2008, we had incurred approximately \$1.5 billion 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 2008, Wynn Macau generated Net Revenues of \$529.9 million compared to \$352.5 million for the second quarter of 2007. Adjusted property EBITDA increased 67.5% to \$155.2 million (with a 29.3% EBITDA margin on net revenue) compared to \$92.7 million in the second quarter of 2007. In December 2007, we completed the Wynn Macau expansion, adding approximately 75,000 square feet of gaming space and 20,000 square feet of retail space including 11 new boutiques.

The following table games results are segregated into two distinct reporting categories, the VIP segment and the mass market segment.

Table games turnover in the VIP segment increased 74.9% to \$16.3 billion for the period, compared to \$9.3 billion for the second quarter of 2007. VIP table games win as a percentage of turnover (calculated before discounts and commissions) was 2.96%, at the top end of the expected range of 2.7% to 3.0% and lower than the 3.25% in the comparable period of 2007.

Table games drop in the mass market category was approximately \$626.9 million during the period, a 24.7% increase from \$502.7 million in the second quarter of 2007. Mass market table games win percentage (calculated before discounts) of 18.9% was within the property's range of 18% to 20% and was higher than the 18.4% in the second quarter of 2007.

Slot machine win increased 89.6% compared to the second quarter of 2007. Win per unit per day was \$359, a 31.1% decline from the second quarter of 2007 due to the increase in the average number of slot machines from 457 to 1,258 slots.

Wynn Macau achieved an Average Daily Rate (ADR) of \$277 for the quarter, compared to \$258 in the second quarter of 2007. The property's occupancy was 87.9%, compared to 86.2% during the prior year period, generating revenue per available room (REVPAR) of \$244 in the 2008 period (9.9% higher than in 2007).

### **Encore at Wynn Macau**

Wynn Macau currently features approximately 600 hotel rooms and suites, 380 table games and 1,270 slot machines in 205,000 square feet of casino gaming space, five restaurants, a spa and salon, lounges, meeting facilities and 46,000 square feet of retail space. Encore at Wynn Macau will add approximately 400 luxury suites and four villas along with restaurants, additional retail and gaming space. We commenced construction of Encore at Wynn Macau in 2007, and expect the property to open in the first half of 2010. As of June 30, 2008, we have incurred \$114.1 million of an expected \$700 million budget associated with the construction of Encore at Wynn Macau.

### **Other Factors Affecting Earnings**

Interest expense, net of \$20.5 million in capitalized interest, was \$41.0 million for the second quarter of 2008. Depreciation and amortization expenses were \$63.8 million and Encore at Wynn Las Vegas pre-opening expenses were \$6.8 million during the quarter. Corporate expense and other was \$16.6 million in the second quarter, including \$5.1 million in stock based compensation. Property charges of \$5.3 million are primarily related to the abandonment of certain existing floor space to begin construction of a new restaurant at Wynn Macau.

During the quarter, the Company completed a study of the taxes, levies and obligations assessed on its Macau operations under Macau law and its Macau Gaming Concession. As a result, the Company recorded a \$140.7 million deferred tax benefit (net of valuation allowance) for foreign tax credits applicable to the earnings of Wynn Macau which were included in the Company's US tax expense in prior years.

### **Balance Sheet and Capital Expenditures**

Our total cash balances at the end of the quarter were \$1.4 billion, including unrestricted cash balances of \$1.3 billion and cash balances restricted for construction and development and stock repurchases of \$75 million. Total debt outstanding at the end of the quarter was \$3.9 billion, including approximately \$2.3 billion of Wynn Las Vegas debt, \$550 million of Wynn Macau related debt and \$1.0 billion at Wynn Resorts, Limited. Capital expenditures during the second quarter of 2008, net of changes in construction payables and retention, totaled approximately \$335 million, primarily attributable to Encore at Wynn Las Vegas.

On July 10, 2008, the Company's Board of Directors authorized an increase of up to \$500 million to the Company's previously announced \$1.2 billion equity repurchase program. The repurchase program may include repurchases from time to time through open market purchases or negotiated transactions, depending upon market conditions.

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