

Wynn Resorts' Profit Exceeds Estimates on Opening of Second Macau Casino - Bloomberg

Written by Administrator
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The Wynn Macau Ltd. hotel and casino in Macau, China. Photographer: Daniel J. Groshong/Bloomberg

Stephen "Steve" Wynn, chairman and chief executive officer of Wynn Resorts Ltd. Photographer: Daniel J. Groshong/Bloomberg

[Wynn Resorts Ltd](#) , owner of the Wynn and Encore casinos, reported fourth-quarter profit that beat analysts' estimates after opening a second resort in [Macau](#) .

Net income of \$114.2 million, or 91 cents a share, compared with a loss of \$5.22 million, or 4 cents, a year earlier, Las Vegas-based Wynn said today in a statement. Profit exceeded the 70-cent average of 21 analysts' estimates compiled by Bloomberg.

Macau is booming as Wynn's [Las Vegas](#) home market recovers from its steepest gambling and convention decline. The company opened Encore Macau in April, doubling its presence in the world's biggest casino market, where overall gambling revenue surged 58 percent last year.

"Macau, that market is very robust," founder and Chief Executive Officer [Steve Wynn](#) said today on a conference call. In Las Vegas, "I think '11 is better than '10. The indicators about visitation and room rate and convention bookings, which are very important for the midweek period, are pointing up."

Wynn said he has changed his mind about an earlier vow not to invest in any more projects in the U.S., without elaborating.

Fourth-quarter [cash flow](#) , measured as adjusted property earnings before interest, taxes, depreciation and amortization, or Ebitda, rose 86 percent to \$365.2 million, beating the \$289.2 million analysts estimated. Macau Ebitda more than doubled to \$296.8 million and Las Vegas gained 25 percent to \$68.3 million.

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“Everything is up in Macau and Las Vegas” so far in the first quarter, the CEO said. The company enjoyed a record Chinese New Year in Las Vegas, while it has recently played unlucky at its tables in Macau, he said.

Revenue Increase

Macau revenue climbed 79 percent, boosting total company sales 53 percent to \$1.24 billion and beating the \$1.14 billion analysts expected.

Gambling in the Chinese territory has surged since the government ended [Stanley Ho](#) 's 40-year monopoly and let other companies, including Wynn, Las Vegas Sands Corp. and MGM Resorts International, build resorts that attract mainlanders.

Wynn hopes to begin groundwork on its planned third Macau resort in the Cotai area as early as March, and the building's design is complete, the chief executive said. Macau's government has agreed to let Wynn, MGM and Ho's SJM Holdings Ltd. build Cotai resorts, he said.

Emerging From Slump

Las Vegas, the biggest U.S. casino city, is emerging from a slump that hurt room rates for more than two years. Total Strip gambling revenue rose 4.1 percent last year. Wynn said its Las Vegas average daily rate rose 7.1 percent in the fourth quarter, with occupancy of 81.8 percent.

Convention room night bookings will account for as much as 22 percent of the company's Vegas total this year, executives said on today's call. The rate was as low as 13 percent during the recession.

Opening new casinos CityCenter and Cosmopolitan in Vegas in the past year “dampened” the city's recovery by adding thousands of rooms, Wynn said.

Wynn Resorts declined 1.8 percent to \$118 at 6:16 p.m. New York time after the close of regular trading, after dropping \$1.38 to \$120.15 at 4 p.m. in Nasdaq Stock Market trading. The shares climbed 78 percent last year.

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Wynn Macau Ltd. fell 74 Hong Kong cents to HK\$17.96 in [Asia](#) . Wynn listed part of the Macau unit in October 2009.

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