Written by Administrator
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CHICAGO

Fitch Ratings raised its rating outlook for MGM Resorts International to "positive" Thursday following the casino operator's recently announced stock offering.

Las Vegas-based MGM Resorts is aiming to raise as much as $595 million by selling 47 million shares at

$12.65. The company's largest investor, billionaire Kirk Kerkorian, plans to also sell 32 million shares at the same price, lowering his investment firm's stake in the casino company to 26.9 percent from 37 percent.

Fitch Ratings said its positive outlook reflects MGM's stronger liquidity profile after the stock sale. It also cited an offer MGM received to sell its Borgata casino at the high end of Fitch's expected range, and an expected $125 million loan repayment from its joint venture in Macau.

The ratings agency said MGM's refinancing and capital raising efforts in the last year and a half have left the company in a more sustainable position and that it expects MGM to be able to pay off debt as it matures at least through 2011.

Still, Fitch said its credit ratings for MGM continue to reflect a credit profile with "substantial credit risk."

"MGM's probability of default still displays a high sensitivity to an uninterrupted recovery in the Las Vegas market," Fitch said in a report.

The agency also noted MGM's obligation under the CityCenter development in Las Vegas. MGM announced a new writedown on CityCenter Wednesday that values the project at $2.28

billion -- far less than the $8.7 billion MGM says it cost to build. A portion of the money MGM raises in the stock offering is likely to go into City Center, and thus not be used to pay down debt.

Source: http://news.google.com/news/url?sa=t&fd=R&usg=AFQjCNGMXU2Ma9JrMaVrHXuAGUmThmTykQ&url=http://www.businessweek.com/ap/financialnews/D9IRRBD01.htm