

Charges drag Wynn to loss but revenue soars - MarketWatch

Written by Administrator

Tuesday, 02 November 2010 16:46 -

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By [William Spain](#) , MarketWatch

CHICAGO (MarketWatch) — Strong growth in Macau, coupled with a modest recovery in Las Vegas, powered Wynn Resorts' quarterly revenue growth but it wasn't enough to prevent the company from going into the red on a charge related to servicing its debt, the casino operator reported Tuesday.

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Wynn /quotes/comstock/15!*wynn/quotes/nls/wynn ([WYNN](#) **112.57**, +3.31,
+3.03%
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said it lost \$33.5 million, or 27 cents a share, in the third quarter vs. a profit of \$34.2 million, or 28 cents a share, in the year ago quarter. On an adjusted basis, the company would have earned 39 cents a share, up from 33 cents.

Analysts expected Wynn to earn 40 cents a share on revenue of \$990 million, according to a FactSet Research survey.

Separately, Wynn said that its board approved a cash dividend of \$8 per share payable on Dec. 7 to stockholders of record as of Nov. 23.

In after-hours trading, shares of Wynn were down 2.7% at \$109.49. In Tuesday's regular session when most stocks rallied, the shares closed 3% higher.

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Revenue soared to \$1 billion from \$773.1 million, due largely to a nearly 50% increase in revenue from Macau.

“I believe we have seen the bottom in Las Vegas,” Steve Wynn, chief executive, told investors on a conference call. “I don’t know how fast it is going to get better but it isn’t going to get any worse.”

Sin City has been hit especially hard by the economic downturn as visitation levels slip and the people who do go tend to spend less money. The local real estate market is also in freefall and the state of Nevada has some of the highest unemployment levels in the country.

But Wynn predicted that the town — and the country as a whole — “would see more consumer confidence after tonight,” following what is widely expected to be a Republican takeover of the House in the 2010 midterm elections.

Revenue in Macau jumped to \$671.4 million from \$448.5 million as higher gambling levels, room rates and other streams all increased. Table games turnover in the VIP segment hit \$21.7 billion, a 54% increase, while it rose almost 21% to \$605.1 million in the mass market segment. Slot machine handle rose 49% to \$1.1 billion with win per unit per day up 47.4% at \$538.

The property managed an average daily rate of \$287 for the quarter, up from \$263, even though occupancy slipped a bit to 87.6% from 89.2% as the company added 414 rooms and villas in April. Revenue per available room – a closely-watched industry metric known as RevPAR rose 7% to \$251.

In Las Vegas, revenue came in at \$334.5 million, a gain of 3.1%. Gambling revenue was actually down almost 4% at \$138.4 million as both table games and slot machines declined. But non-casino revenue rose 6.3% to \$239.4 million on the back of new nightclub operations.

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The average daily rate held steady at \$210 while occupancy increased from 83.9% to 87.8%.

William Spain is a MarketWatch staff writer in Chicago.

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