

# Mixed fortunes for casino giants

Another Las Vegas-based gambling company, Wynn Resorts Ltd, announced a loss because of one-time charges it took in building a casino in Macau.

MGM, the world's second-largest casino company, said earnings grew to USD 97.8 million, or 33 cents per share, for the three months ended December 3, compared with a year ago. Revenue rose 65 percent to USD 1.75 billion.

Excluding non-operating and one-time items, MGM said it earned 35 cents per share, beating Wall Street expectations of 33 cents per share on revenue of USD 1.74 billion, according to Thomson Financial.

MGM Chief Executive Terry Lanni noted the strong performances at Strip properties such as Mandalay Bay and Luxor, which the company acquired when it bought Mandalay Resort Group last April.

„We've only had them as part of our company for about seven, eight months now and we think there can be continued improvements,“ he said.

Revenue per available hotel room rose 8 percent to USD 152 in the quarter, even as the company added 11 percent, or 160,000 more room nights, on the Strip. The figure multiplies rooms by available nights.

Executives said the Beau Rivage casino resort in Biloxi, Mississippi would be ready to reopen August 29, a year after Hurricane Katrina forced it to close. Revenue from the resort was USD 204,000 in the quarter, compared with USD 77.1 million a year earlier.

„The traffic is backed up. And the customers are wrapped around the corner to play,“ Mirage Resort chief executive Bobby Baldwin said. „We just need to get open. I expect to hit full throttle pretty quickly.“

Despite the better than expected results, MGM shares closed down \$ 1.61, or 4.1 percent, to USD 37.93 Thursday on the New York Stock Exchange.

Analysts suggested concerns about the growth of revenue per available room and the planned USD 7 billion Project CityCenter development in Las Vegas to be finished in late 2009 were weighing on the shares.

Dennis Forst of KeyBanc Capital Markets said Wall Street was hoping for even better results.

„Now that reality is setting in that this is going to be a normal year, it's not going to be 2004 and 2005 again, valuations are going to come in a little bit,“ he said.

MGM said it expects revenue per available room to rise in the first quarter, but did not say how much.

For the full year, MGM's earnings increased 8 percent to USD 443.3 million or USD 1.50 per share, from 2004's profit of \$ 412.3 million or USD 1.43 per share. Annual revenue rose 53 percent to USD 6.48 billion from USD 4.24 billion.

Meanwhile, Wynn Resorts, run by billionaire Steve Wynn, said it lost USD 11.4 million in the fourth quarter, as it booked one-time charges for its resort in Las Vegas and for another being built in Macau.

The result compared with a loss of USD 127.7 million in the same quarter of 2004.

Excluding USD 16.5 million in charges, the company earned \$ 5 million or 5 cents a share, compared with USD 12.8 million, 15 cents a share, the previous year.

Revenue for the period ending December 31, came in at USD 269.4 million, boosted by USD 131.9 million in net gambling revenue from the company's Wynn Las Vegas casino and USD 177.2 million in non-gambling sales.

The results fell short of analysts' expected adjusted earnings of 8 cents per share on anticipated sales of USD 277.2 million.

Shares fell 91 cents, or 1.4 percent to USD 66.50 on the Nasdaq Stock Market, then shed another USD 1.53 in after hours trading after the announcement.

Chairman and chief executive Steve Wynn said the Wynn Las Vegas resort, which opened in April 2005, „dominated“ other Strip properties in average room rate per night, win per slot machine and win per gambling table.

The average daily room rate was USD 278 in the quarter, up from USD 274 for all of April to December, with occupancy at 93 percent. Each slot machine took in USD 252 a day, while each gambling table brought in USD 8,842.

In comparison, MGM's average daily rate was USD 163, with 93 percent occupancy during the quarter, compared with USD 148 and 95 percent occupancy a year earlier.

The Wynn Macau resort is scheduled to open September 5, but its chief executive hinted that might be delayed.

„I would not hesitate to change that date by two, three or four weeks even if it would cost us another USD 7 million or USD 8 million if I were sure that I could enter the market with a better level of service than anybody has seen,“ Wynn said.

„Macau is our opening gambit in Asia. It's the beginning of our role as an Asian company and therefore the moment shouldn't be wasted or squandered,“ he said.

For the full year, the company reduced its losses to \$ 98.4 million or \$ 1 per share, from USD 205.6 million, or USD 2.37 per share, in 2004. Yearly revenue totaled USD 722 million in 2005.