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Wynn Macau, Limited  
永利澳門有限公司\*

*(incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1128 and Debt Stock Code: 5983)**

## **INSIDE INFORMATION**

# **UNAUDITED RESULTS FOR THE SECOND QUARTER AND THE FIRST HALF OF FISCAL 2016 OF OUR CONTROLLING SHAREHOLDER, WYNN RESORTS, LIMITED**

This announcement is issued pursuant to Rule 13.09 and 37.47B of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited and under Part XIVA of the Securities and Futures Ordinance (Cap. 571).

Our controlling shareholder, Wynn Resorts, Limited has, on or about 9 August 2016 (1:04 p.m., Las Vegas time), released its unaudited results for the second quarter ended 30 June 2016.

This announcement is issued by Wynn Macau, Limited (“we” or our “**Company**”) pursuant to Rule 13.09 and 37.47B of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited and under Part XIVA of the Securities and Futures Ordinance (Cap. 571).

Our Company’s controlling shareholder, Wynn Resorts, Limited, is a company listed on the National Association of Securities Dealers Automated Quotations (“**NASDAQ**”) Global Select Market in the United States. As at the date of this announcement, Wynn Resorts, Limited beneficially owns approximately 72% of the issued share capital of our Company.

Reference is made to our announcement on 29 July 2016 (the “**WRL Earnings Release Announcement**”) in respect of the release by our controlling shareholder, Wynn Resorts, Limited, of its unaudited financial results for the second quarter ended 30 June 2016. Unless otherwise defined in this announcement, terms defined in the WRL Earnings Release Announcement have the same meaning when used in this announcement.

\* For identification purposes only.

Further to the WRL Earnings Release Announcement, Wynn Resorts, Limited has, on or about 9 August 2016, 1:04 p.m., Las Vegas time, released its quarterly report with unaudited financial results for the second quarter ended 30 June 2016. (“**WRL Quarterly Report**”). If you wish to review the WRL Quarterly Report prepared by Wynn Resorts, Limited and as filed with the U.S. Securities and Exchange Commission, please visit <https://www.sec.gov/Archives/edgar/data/1174922/000117492216000199/0001174922-16-000199-index.htm>. The WRL Quarterly Report contains segment financial information about Wynn Resorts, Limited’s Macau operations, which are owned by our Company. The WRL Quarterly Report is also available in the public domain.

The financial results of Wynn Resorts, Limited, including those contained in the WRL Quarterly Report, have been prepared in accordance with the Generally Accepted Accounting Principles of the United States (“**U.S. GAAP**”), which are different from the International Financial Reporting Standards (“**IFRS**”) that we use to prepare and present our financial information. As such, the financial information in the WRL Quarterly Report is not directly comparable to the financial results our Company discloses. In particular, Average Daily Rate (“**ADR**”) and Revenue Per Available Room (“**REVPAR**”) as presented in the WRL Quarterly Report are based on room revenues as reported under U.S. GAAP, which include associated promotional allowances within room revenues. Under U.S. GAAP, promotional allowances are deducted from gross revenues in presenting net revenue. Under IFRS, room revenues exclude such promotional allowances. Consequently, we offer no indication or assurance that the financial results of our Group for the second quarter ended 30 June 2016 will be the same as that presented in the WRL Quarterly Report. In the WRL Earnings Release Announcement, we announced our unaudited financial results for the second quarter ended 30 June 2016 prepared in accordance with IFRS.

To ensure that all shareholders and potential investors of our Company have equal and timely access to the information pertaining to our Company, set forth below are the key highlights of financial information and other information published by Wynn Resorts, Limited in the WRL Quarterly Report that relate to our Company and our operations in Macau (unless otherwise provided, all dollar amounts in the WRL Quarterly Report are denominated in United States dollars), some of which may constitute material inside information of the Company:

**“QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2016**

***Part I. FINANCIAL INFORMATION***

***Item 1. Financial Statements***

**WYNN RESORTS, LIMITED AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)**

***Note 2 — Summary of Significant Accounting Policies***

*Restricted Cash*

*At June 30, 2016 and December 31, 2015, the Company’s non-current restricted cash consisted of cash held in trust in accordance with the Company’s majority owned subsidiary’s share award plan.*

***Note 7 — Property and Equipment, net***

*Construction in progress consists primarily of costs capitalized, including interest, for the construction of Wynn Palace and Wynn Boston Harbor.*

## Note 8 — Long-Term Debt

Long-term debt consisted of the following (in thousands):

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
<b>Macau Related:</b>		
<b>Wynn Macau Credit Facilities:</b>		
Senior Term Loan Facility (as amended September 2015), due September 2021; interest at LIBOR or HIBOR plus 1.50%–2.25% (2.50% and 2.08% at June 30, 2016 and December 31, 2015), net of debt issuance costs and original issue discount of \$31,574 at June 30, 2016 and \$35,112 at December 31, 2015	\$2,274,736	\$2,272,200
Senior Revolving Credit Facility (as amended September 2015), due September 2020; interest at LIBOR or HIBOR plus 1.50%–2.25% (2.49% and 2.07% at June 30, 2016 and December 31, 2015)	581,329	431,172
5 1/4% Senior Notes, due October 15, 2021, net of debt issuance costs and original issue premium of \$7,311 at June 30, 2016 and \$7,896 at December 31, 2015	1,342,689	1,342,104

### Wynn Macau Credit Facilities

The Company's credit facilities include a \$2.27 billion equivalent fully funded senior secured term loan facility and a \$750 million equivalent senior secured revolving credit facility (the "Wynn Macau Senior Revolving Credit Facility"). As of June 30, 2016, the Company had \$168.7 million of available borrowing capacity under the Wynn Macau Senior Revolving Credit Facility.

## **Note 9 — Interest Rate Swaps**

*The Company seeks to manage its market risk, including interest rate risk associated with variable rate borrowings, through balancing fixed-rate and variable-rate borrowings with the use of derivative financial instruments. The Company currently has three interest rate swap agreements that convert a portion of its variable rate borrowings under the Wynn Macau Senior Term Loan Facility to a fixed rate. Under the agreements, the Company pays a fixed interest rate on notional amounts corresponding to borrowings in exchange for receipts on the same amount at a variable interest rate based on the applicable LIBOR or HIBOR at the time of payment. The fair value of the interest rate swaps are recognized as assets or liabilities at each balance sheet date, with changes in fair value affecting net income as these agreements do not qualify for hedge accounting. Accordingly, changes in the fair value of the interest rate swaps are presented in the accompanying Condensed Consolidated Statements of Income.*

## **Note 12 — Noncontrolling Interest**

*On April 27, 2016, WML paid a dividend of HK\$0.60 per share for a total of \$401.9 million.*

*On March 31, 2015, WML paid a dividend of HK\$1.05 per share for a total of \$702.6 million.*

## **Note 13 — Commitments and Contingencies**

### *Cotai Development and Land Concession Contract*

*In September 2011, Wynn Resorts (Macau) S.A. (“Wynn Macau SA”), an indirect subsidiary of WML, and Palo Real Estate Company Limited (“Palo”), a subsidiary of Wynn Macau SA, formally accepted the terms and conditions of a land concession contract from the Macau government for approximately 51 acres of land in the Cotai area of Macau. On May 2, 2012, the land concession contract was gazetted by the government of Macau evidencing the final step in the granting of the land concession. The initial term of the land concession contract is 25 years from May 2, 2012, and it may be renewed with government approval for successive periods. The total land premium payable, including interest as required by the land concession contract, is \$193.4 million. An initial payment of \$62.5 million was paid in December 2011, with eight additional semi-annual payments of approximately \$16.4 million each (which includes interest at 5%) due beginning November 2012. In April 2016, the Company made the final semi-annual payment. The Company also is required to make annual lease payments of \$0.8 million during the resort construction period and annual payments of approximately \$1.1 million once the development is completed.*

*On July 29, 2013, Wynn Macau SA and Palo, executed a guaranteed maximum price construction (“GMP”) contract with Leighton Contractors (Asia) Limited, acting as the general contractor. Under the GMP contract, the general contractor is responsible for both the construction and design of the Wynn Palace project. The general contractor is obligated to substantially complete the project in the first half of 2016 for a guaranteed maximum price of HK\$20.6 billion (approximately \$2.7 billion). The performance of the general contractor is backed by a full completion guarantee given by CIMIC Group Limited (formerly Leighton Holdings Limited), the parent company of the general contractor, as well as a performance bond for 5% of the guaranteed maximum price. We have assessed certain liquidated damages for the general contractor’s failure to complete certain milestones in accordance with the time prescribed in the GMP contract. The general contractor has requested the reversal of liquidated damages, additional compensation and extensions of time. We view our assessment of liquidated damages as fully supported by the terms of the GMP contract and we view the general contractor’s requests as unfounded and intend to adhere to the terms of the GMP contract as agreed with the general contractor.*

*As of June 30, 2016, the Company has incurred approximately \$3.9 billion of the approximately \$4.2 billion total project budget costs. The total project budget includes all construction costs, capitalized interest, pre-opening expenses, land costs and financing fees.*

#### *Litigation*

*In addition to the actions noted below, the Company and its affiliates are involved in litigation arising in the normal course of business. In the opinion of management, such litigation is not expected to have a material effect on the Company’s financial condition, results of operations or cash flows.*

#### *Litigation Commenced by Kazuo Okada*

##### *Macau Action:*

*On July 3, 2015, WML announced that the Okada Parties filed a complaint in the Court of First Instance of Macau (“Macau Court”) against Wynn Macau SA and certain individuals who are or were directors of Wynn Macau SA and or WML (collectively, the “Wynn Macau Parties”). The principal allegations in the lawsuit are that the redemption of the Okada Parties’ shares in Wynn Resorts was improper and undervalued, that the previously disclosed payment by Wynn Macau SA to an unrelated third party in consideration of relinquishment by that party of certain rights in and to any future development on the land in Cotai where Wynn Resorts is building Wynn Palace was unlawful and that the previously disclosed donation by Wynn Resorts to the University of Macau Development Foundation was unlawful. The plaintiffs seek dissolution of Wynn Macau SA and compensatory damages. The Okada Parties recently released one of the defendants from the lawsuit. The Macau Court has served the complaint on all of the remaining defendants and the Wynn Macau Parties filed their response on May 17, 2016.*

*The Company believes these actions commenced by the Okada Parties discussed above are without merit and will vigorously defend the Wynn Macau Parties against them. Management has determined that based on proceedings to date, it is currently unable to determine the probability of the outcome of these actions or the range of reasonably possible loss, if any.*

#### **Note 14 — Income Taxes**

*Wynn Macau SA has received a 5-year exemption from Macau's Complementary Tax on casino gaming profits through December 31, 2020. For the three months ended June 30, 2016 and 2015, the Company was exempt from the payment of \$9.6 million and \$10.1 million, respectively, in such taxes. For the six months ended June 30, 2016 and 2015, the Company was exempt from the payment of such taxes totaling \$20.9 million and \$23.9 million, respectively. The Company's non-gaming profits remain subject to the Macau Complementary Tax and casino winnings remain subject to the Macau Special Gaming tax and other levies together totaling 39% in accordance with its concession agreement.*

*In 2011, Wynn Macau SA entered into an agreement with the Macau Special Administrative Region that provides for an annual payment of 15.5 million Macau patacas (approximately \$1.9 million) to the Macau Special Administrative Region as complementary tax due by shareholders on dividend distributions. This agreement on dividends was effective through December 31, 2015. In August 2016, Wynn Macau SA received an extension of the agreement for an additional five years applicable to tax years 2016 through 2020. The extension agreement provides for an annual payment of 12.8 million Macau patacas (approximately \$1.6 million).*

*In April 2016, the Financial Services Bureau commenced an examination of the 2011 and 2012 Macau income tax returns of Palo. In June 2016, the Financial Services Bureau concluded its examination with no changes.*

#### **Note 15 — Segment Information**

*The Company reviews the results of operations for each of its operating segments. Wynn Macau and Encore at Wynn Macau are managed as a single integrated resort and have been aggregated as one reportable segment ("Macau Operations").*

The Company's projects under development are Wynn Palace and Wynn Boston Harbor. Other Macau primarily represents cash and cash equivalents held at the Company's Macau holding company. The following tables present the Company's segment information (in thousands):

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Net revenues</b>				
<i>Macau Operations</i>	\$639,315	\$616,952	\$1,247,558	\$1,322,309
<b>Adjusted Property EBITDA<sup>(1)</sup></b>				
<i>Macau Operations</i>	\$190,389	\$173,391	\$381,634	\$385,733

(1) "Adjusted Property EBITDA" is net income before interest, taxes, depreciation and amortization, pre-opening costs, property charges and other, management and license fees, corporate expenses and other (including intercompany golf course and water rights leases), stock-based compensation, loss on extinguishment of debt, change in interest rate swap fair value, change in Redemption Note fair value and other non-operating income and expenses, and includes equity in income (loss) from unconsolidated affiliates. Adjusted Property EBITDA is presented exclusively as a supplemental disclosure because management believes that it is widely used to measure the performance, and as a basis for valuation, of gaming companies. Management uses Adjusted Property EBITDA as a measure of the operating performance of its segments and to compare the operating performance of its properties with those of its competitors. The Company also presents Adjusted Property EBITDA because it is used by some investors as a way to measure a company's ability to incur and service debt, make capital expenditures and meet working capital requirements. Gaming companies have historically reported EBITDA as a supplement to financial measures in accordance with U.S. GAAP. In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including Wynn Resorts, Limited, have historically excluded from their EBITDA calculations pre-opening expenses, property charges, corporate expenses and stock-based compensation that do not relate to the management of specific casino properties. However, Adjusted Property EBITDA should not be considered as an alternative to operating income as an indicator of the Company's performance, as an alternative to cash flows from operating activities as a measure of liquidity, or as an alternative to any other measure determined in accordance with GAAP. Unlike measures of net income, Adjusted Property EBITDA does not include depreciation or interest expense and therefore does not reflect current or future capital expenditures or the cost of capital. The Company has significant uses of cash flows, including capital expenditures, interest payments, debt principal repayments, taxes and other non-recurring charges, which are not reflected in Adjusted Property EBITDA. Also, Wynn Resorts' calculation of Adjusted Property EBITDA may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

	<i>June 30,</i> <i>2016</i>	<i>December 31,</i> <i>2015</i>
<b>Assets</b>		
<i>Macau</i>		
<i>Macau Operations</i>	\$1,263,997	\$1,331,312
<i>Wynn Palace</i>	3,771,740	3,439,041
<i>Other Macau</i>	121,766	570,959
<i>Total Macau</i>	<u>5,157,503</u>	<u>5,341,312</u>

## **Note 16 — Subsequent Events**

### *Revolving credit facility*

*On July 18, 2016, the Company entered into a \$198.5 million cash-collateralized revolving credit facility (“WML Finance Credit Facility”) under which WML Finance I, Limited, an indirect subsidiary of WML, is the borrower. Borrowings under the WML Finance Credit Facility will be in Hong Kong dollars and will be used for working capital requirements and general corporate purposes.*

*The WML Finance Credit Facility matures in July 2018, at which time any outstanding borrowings must be repaid. The WML Finance Credit Facility will bear interest initially at 1.50% per annum, such rate calculated as the interest rate paid by the lender as the deposit bank for the cash collateral deposited and pledged with the lender plus a margin of 0.40%. Under terms of the agreement, mandatory repayment is required upon a Change in Control or Material Adverse Effect, as defined in the agreement.*

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

### **Overview**

*We are a developer, owner and operator of destination casino resorts (integrated resorts). In the Macau Special Administrative Region of the People’s Republic of China (“Macau”), we own 72% of Wynn Macau, Limited (“WML”) and operate Wynn Macau and Encore at Wynn Macau, which we refer to as Wynn Macau \ Encore or as our Macau Operations.*

*We are developing Wynn Palace, an integrated casino resort in the Cotai area of Macau, as well as Wynn Boston Harbor, an integrated casino resort in Everett, Massachusetts.*

## *Macau Operations*

*We operate Wynn Macau | Encore under a 20-year casino concession agreement granted by the Macau government in June 2002. We lease from the Macau government approximately 16 acres of land in downtown Macau's inner harbor where Wynn Macau | Encore is located.*

*Wynn Macau | Encore features the following as of July 15, 2016:*

- Approximately 284,000 square feet of casino space offering 24-hour gaming and a full range of games with 428 table games and 826 slot machines, private gaming salons, sky casinos and a poker pit;*
- Two luxury hotel towers with a total of 1,008 guest rooms and suites;*
- Casual and fine dining in eight restaurants;*
- Approximately 57,000 square feet of high-end, brand-name retail shopping, including stores and boutiques by Bvlgari, Cartier, Chanel, Dior, Dunhill, Ermenegildo Zegna, Ferrari, Giorgio Armani, Graff, Gucci, Hermes, Hugo Boss, Jaeger-LeCoultre, Loro Piana, Louis Vuitton, Miu Miu, Piaget, Prada, Roger Dubuis, Rolex, Tiffany, Vacheron Constantin, Van Cleef & Arpels, Versace, Vertu, and others;*
- Approximately 31,000 square feet of space for lounges and meeting facilities;*
- Recreation and leisure facilities, including two health clubs, spas, a salon and a pool; and*
- A rotunda show featuring a Chinese zodiac-inspired ceiling along with gold "prosperity tree" and "dragon of fortune" attractions.*

*In response to our evaluation of our Macau Operations and our commitment to creating a unique customer experience, we have made and expect to continue to make enhancements and refinements to this resort.*

## *Future Development*

*We are currently constructing Wynn Palace, an integrated resort containing a 1,700-room hotel, a performance lake, and a wide range of amenities, including meeting, retail, food and beverage, and casino spaces, in the Cotai area of Macau. We have a \$2.7 billion guaranteed maximum price ("GMP") contract for the project's construction costs. The total project budget, including construction costs, capitalized interest, pre-opening expenses, land costs and financing fees, is approximately \$4.2 billion. As of June 30, 2016, we have invested approximately \$3.9 billion in the project. Wynn Palace is scheduled to open on August 22, 2016.*

## **Key Operating Measures**

*Certain key operating measures specific to the gaming industry are included in our discussion of our operational performance for the periods for which Condensed Consolidated Statements of Income are presented. Below are definitions of these key operating measures discussed:*

- Table drop for our Macau Operations is the amount of cash that is deposited in a gaming table's drop box plus cash chips purchased at the casino cage.*
- Table drop for our Las Vegas Operations is the amount of cash and net markers issued that are deposited in a gaming table's drop box.*
- Turnover is the sum of all losing rolling chip wagers within our Macau Operations' VIP program.*
- Table games win is the amount of table drop or turnover that is retained and recorded as casino revenues.*
- Rolling chips are identifiable chips that are used to track turnover for purposes of calculating incentives.*
- Slot win is the amount of handle (representing the total amount wagered) that is retained by us and is recorded as casino revenues.*
- Average daily rate ("ADR") is calculated by dividing total room revenues, including the retail value of promotional allowances (less service charges, if any), by total rooms occupied including complimentary rooms.*
- Revenue per available room ("REVPAR") is calculated by dividing total room revenues, including the retail value of promotional allowances (less service charges, if any), by total rooms available.*
- Occupancy is calculated by dividing total occupied rooms, including complimentary rooms, by the total rooms available.*

*Below is a discussion of the methodologies used to calculate win percentage at our resorts.*

*In our VIP casino in Macau, customers primarily purchase non-negotiable chips, commonly referred to as rolling chips, from the casino cage and there is no deposit into a gaming table drop box from chips purchased from the cage. Non-negotiable chips can only be used to make wagers. Winning wagers are paid in cash chips. The loss of the non-negotiable chips in the VIP casino is recorded as turnover and provides a base for calculating VIP casino win percentage. It is customary in Macau to measure VIP casino play using this rolling chip method. We expect our win as a percentage of turnover in this segment to be within the range of 2.7% to 3.0%. In our mass market casino in Macau, customers may purchase cash chips at either the gaming tables or at the casino cage.*

The measurements in our VIP casino and the mass market casino are not comparable as the mass market casino tracks the initial purchase of chips at the table while the measurement method in our VIP casino tracks the sum of all losing wagers. Accordingly, the base measurement in the VIP casino is much larger than the base measurement in the mass market casino. As a result, the expected win percentage with the same amount of gaming win is smaller in the VIP casino when compared to the mass market casino.

## **Results of Operations**

### *Summary second quarter 2016 results*

Adjusted Property EBITDA increased by 5.8% for the three months ended June 30, 2016 when compared to the same period of 2015, largely due to casino revenue performance from our Macau Operations. Our Macau Operations experienced year-over-year increases in mass market table games win percentage and VIP win as a percentage of turnover, partially offset by a decrease in slot machine win.

Our results for the six months ended June 30, 2016 reflect continued year-over-year decline in table games volume from our Macau Operations, with decreases in VIP turnover of 22.5% and mass market table drop of 3.7%, when compared to the same period in 2015. VIP turnover continues to be impacted from the current economic and political conditions in Macau and China as well as the effect of regional economic factors on gaming promoters and our premium customers.

### **Financial results for the three months ended June 30, 2016 compared to the three months ended June 30, 2015.**

#### *Net revenues*

The following table presents net revenues from our Macau and Las Vegas Operations (dollars in thousands):

	<b>Three Months Ended June 30,</b>		<b>Percent Change</b>
	<b>2016</b>	<b>2015</b>	
<b>Net revenues</b>			
Macau Operations	\$639,315	\$616,952	3.6

The increase is primarily due to a \$30.2 million increase in casino revenues from our Macau Operations, partially offset by a \$10.0 million decrease in non-casino revenues from our Macau Operations and a \$4.5 million decrease in net revenues from our Las Vegas Operations.

## Casino revenues

The increase is primarily due to our Macau Operations, which experienced a year-over-year increase in casino revenues of 5.2% from \$579.5 million to \$609.8 million, primarily due to increased win percentages in both our mass market gaming operations and VIP gaming operations, partially offset by a decrease in slot machine win. Mass market table game win percentage increased from 17.5% for the three months ended June 30, 2015 to 20.0% for the same period of 2016 and VIP win as a percentage of turnover increased from 2.92% to 3.98%.

The table below sets forth our casino revenues and associated key operating measures for our Macau and Las Vegas Operations (dollars in thousands, except for win per unit per day):

	<b>Three Months Ended June 30,</b>		<b>Increase/ (Decrease)</b>	<b>Percent Change</b>
	<b>2016</b>	<b>2015</b>		
<b>Macau Operations:</b>				
Total casino revenues	\$609,755	\$579,519	\$30,236	5.2
Average number of table games	421	470	(49)	(10.4)
<b>VIP</b>				
Average number of table games	183	247	(64)	(25.9)
VIP turnover	\$11,841,200	\$15,537,003	\$(3,695,803)	(23.8)
Table games win	\$470,976	\$453,203	\$17,773	3.9
VIP win as a % of turnover	3.98%	2.92%	1.06	
Table games win per unit per day	\$28,239	\$20,177	\$8,062	40.0
<b>Mass market</b>				
Average number of table games	238	223	15	6.7
Table drop	\$1,173,234	\$1,193,916	\$(20,682)	(1.7)
Table games win	\$235,197	\$208,620	\$26,577	12.7
Table games win %	20.0%	17.5%	2.5	
Table games win per unit per day	\$10,853	\$10,274	\$579	5.6
<b>Slot machines</b>				
Average number of slot machines	775	707	68	9.6
Slot machine handle	\$806,453	\$1,027,557	\$(221,104)	(21.5)
Slot machine win	\$33,330	\$51,138	\$(17,808)	(34.8)
Slot machine win per unit per day	\$472	\$795	\$(323)	(40.6)

## Non-casino revenues

Room revenues increased 2.1% or \$2.9 million, to \$142.8 million for the three months ended June 30, 2016, from \$139.9 million for the same period of 2015. Our Las Vegas Operations experienced an increase of \$4.7 million driven by an ADR increase of 6.6%, partially offset by a 3.1 percentage point decrease in occupancy. In addition, our Macau Operations decreased \$1.8 million mainly due to a 4.9 percentage point decrease in occupancy.

The table below sets forth our room revenues and associated key operating measures for our Macau and Las Vegas Operations:

	<u>Three Months Ended June 30,</u>		<u>Percent Change<sup>(a)</sup></u>
	<u>2016</u>	<u>2015</u>	
<b>Macau Operations:</b>			
Total room revenues (dollars in thousands)	\$29,278	\$31,078	(5.8)
Occupancy	91.5%	96.4%	(4.9)
ADR	\$321	\$321	—
REVPAR	\$294	\$310	(5.2)

<sup>(a)</sup> Except occupancy, which is presented as a percentage point change.

Food and beverage revenues decreased 5.7%, or \$10.4 million, to \$170.6 million for the three months ended June 30, 2016, from \$181.0 million for the same period of 2015. We experienced decreases from our Las Vegas Operations and Macau Operations of \$8.2 million and \$2.2 million, respectively. Our Las Vegas Operations decreased primarily due to a decline in revenues from our nightclubs, while our Macau Operations was mainly from a decline in revenues at our restaurants.

Entertainment, retail and other revenues decreased 6.2%, or \$5.4 million, to \$82.0 million for the three months ended June 30, 2016, from \$87.5 million for the same period of 2015. The decrease is primarily due to a decline in revenue from retail shops at our Macau Operations.

## Operating costs and expenses

Casino expenses were relatively flat with \$470.4 million for the three months ended June 30, 2016 when compared to \$466.5 million in same period of 2015. The change was primarily due to higher gaming taxes from the 39.0% gross win tax incurred at our Macau Operations, partially offset by a decrease in payroll related expenses.

Entertainment, retail, and other expenses decreased 3.4%, or \$1.3 million, to \$37.7 million for the three months ended June 30, 2016, from \$39.0 million for the same period of 2015. The decrease was primarily attributable to the reduction in merchandise cost at our Macau Operations associated with the decline in retail shop revenues.

General and administrative expenses increased 5.1%, or \$5.8 million, to \$119.5 million for the three months ended June 30, 2016, from \$113.7 million for the same period of 2015. The increase was due to \$2.6 million and \$1.8 million increases at our Las Vegas Operations and our Macau Operations, respectively, as well as a \$1.4 million increase in corporate related expenses.

Pre-opening costs were \$45.9 million for the three months ended June 30, 2016, compared to \$16.9 million for the same period of 2015. During the three months ended June 30, 2016, we incurred pre-opening costs of \$39.3 million related to Wynn Palace, \$5.3 million related to Wynn Boston Harbor and \$1.4 million at Wynn Las Vegas. During the three months ended June 30, 2015, we incurred pre-opening costs of \$10.6 million and \$5.8 million related to Wynn Palace and Wynn Boston Harbor, respectively.

Depreciation and amortization decreased 2.6%, or \$2.2 million, to \$79.7 million for the three months ended June 30, 2016, from \$81.9 million for the same period of 2015. The decrease is primarily due to a change in estimated useful lives of buildings and improvements for Wynn Macau, which was effective September 1, 2015, to more accurately reflect the estimated periods during which these assets are expected to remain in service.

#### *Other non-operating income and expenses*

We incurred losses of \$1.0 million and \$1.1 million for the three months ended June 30, 2016 and 2015, respectively, from the change in the fair value of our interest rate swaps.

#### *Net income attributable to noncontrolling interest*

Net income attributable to noncontrolling interest was \$19.1 million for the three months ended June 30, 2016, compared to \$20.7 million for the three months ended June 30, 2015. These amounts represent the noncontrolling interest's share of net income from WML.

### **Financial results for the six months ended June 30, 2016 compared to the six months ended June 30, 2015.**

#### *Net revenues*

The following table presents net revenues from our Macau and Las Vegas Operations (dollars in thousands):

	<b>Six Months Ended June 30,</b>		<b>Percent Change</b>
	<b>2016</b>	<b>2015</b>	
<b>Net revenues</b>			
<i>Macau Operations</i>	\$1,247,558	\$1,322,309	(5.7)

The decline is primarily due to a \$62.3 million decrease in casino revenues from our Macau Operations.

## Casino revenues

The decline is primarily due to our Macau Operations, which experienced a year-over-year decrease in casino revenues of 5.0% from \$1.24 billion to \$1.18 billion. Our VIP gaming operations drove the Macau Operations casino revenues reduction, with \$25.31 billion in VIP turnover for the six months ended June 30, 2016, compared to \$32.66 billion for the same period of 2015, partially offset by an increase in VIP win as a percentage of turnover from 2.86% for the six months ended June 30, 2015 to 3.36% for the same period of 2016. In addition, our slot machine performance contributed to the decline in casino revenues from our Macau Operations with a 15.3% decrease in slot machine win driven by an 8.0% decrease in slot machine handle.

The table below sets forth our casino revenues and associated key operating measures for our Macau and Las Vegas Operations (dollars in thousands, except for win per unit per day):

	<b>Six Months Ended June 30,</b>		<b>Increase/ (Decrease)</b>	<b>Percent Change</b>
	<b>2016</b>	<b>2015</b>		
<b>Macau Operations:</b>				
Total casino revenues	\$1,181,525	\$1,243,839	\$(62,314)	(5.0)
Average number of table games	428	468	(40)	(8.5)
<b>VIP</b>				
Average number of table games	186	250	(64)	(25.6)
VIP turnover	\$25,311,139	\$32,664,669	\$(7,353,530)	(22.5)
Table games win	\$849,628	\$933,568	\$(83,940)	(9.0)
VIP win as a % of turnover	3.36%	2.86%	0.50	
Table games win per unit per day	\$25,052	\$20,665	\$4,387	21.2
<b>Mass market</b>				
Average number of table games	242	218	24	11.0
Table drop	\$2,383,334	\$2,474,260	\$(90,926)	(3.7)
Table games win	\$482,697	\$488,180	\$(5,483)	(1.1)
Table games win %	20.3%	19.7%	0.6	
Table games win per unit per day	\$10,974	\$12,339	\$(1,365)	(11.1)
Average number of slot machines	778	678	100	14.7
Slot machine handle	\$1,902,790	\$2,067,172	\$(164,382)	(8.0)
Slot machine win	\$83,771	\$98,916	\$(15,145)	(15.3)
Slot machine win per unit per day	\$591	\$806	\$(215)	(26.7)

## Non-casino revenues

Room revenues increased 2.4%, or \$6.5 million, to \$278.4 million for the six months ended June 30, 2016, from \$272.0 million for the same period of 2015. Our Las Vegas Operations experienced an increase of \$10.2 million driven by an ADR increase of 5.9%, partially offset by a 2.2 percentage point decrease in occupancy. In addition, our Macau Operations decreased \$3.8 million mainly due to a 3.8 percentage point decrease in occupancy.

The table below sets forth our room revenues and associated key operating measures for our Macau and Las Vegas Operations:

	<u>Six Months Ended June 30,</u>		<u>Percent Change<sup>(a)</sup></u>
	<u>2016</u>	<u>2015</u>	
<b>Macau Operations:</b>			
Total room revenues (dollars in thousands)	\$59,731	\$63,493	(5.9)
Occupancy	93.1%	96.9%	(3.8)
ADR	\$323	\$326	(0.9)
REVPAR	\$300	\$316	(5.1)

<sup>(a)</sup> Except occupancy, which is presented as a percentage point change.

Food and beverage revenues decreased 5.0%, or \$16.0 million, to \$301.1 million for the six months ended June 30, 2016, from \$317.0 million for the same period of 2015. We experienced decreases from our Las Vegas Operations and Macau Operations of \$11.7 million and \$4.3 million, respectively. Our Las Vegas Operations decreased primarily due to a decline in revenues at our nightclubs and the decrease from Macau Operations was mainly from a decline in revenues at our restaurants.

Entertainment, retail and other revenues decreased 7.8%, or \$13.8 million, to \$164.0 million for the six months ended June 30, 2016, from \$177.8 million for the same period of 2015. The decrease is primarily due to a decline in revenue from retail shops at our Macau Operations.

## Operating costs and expenses

Casino expenses decreased 6.8%, or \$67.7 million, to \$922.9 million for the six months ended June 30, 2016, from \$990.6 million for the same period of 2015, primarily due to lower gaming taxes from the 39.0% gross win tax incurred at our Macau Operations. The decline in gaming taxes was commensurate with the 5.0% decrease in casino revenues at our Macau Operations.

Entertainment, retail, and other expenses decreased 4.2%, or \$3.3 million, to \$76.0 million for the six months ended June 30, 2016, from \$79.3 million for the same period of 2015. The decrease is primarily attributable to the reduction in merchandise cost at our Macau Operations associated with the decline in retail shop revenues.

Provision for doubtful accounts decreased \$7.2 million to \$3.2 million for the six months ended June 30, 2016, compared to \$10.4 million for the same period of 2015. The change in the provision was primarily due to the collection of an account in Macau that resulted in a \$6.7 million reversal of the previously recorded allowance for doubtful accounts.

Pre-opening costs were \$79.7 million for the six months ended June 30, 2016, compared to \$33.0 million for the same period of 2015. During the six months ended June 30, 2016, we incurred pre-opening costs of \$65.6 million related to Wynn Palace, \$12.0 million related to Wynn Boston Harbor and \$2.1 million at Wynn Las Vegas. During the six months ended June 30, 2015, we incurred pre-opening costs of \$20.5 million and \$12.4 million related to Wynn Palace and Wynn Boston Harbor, respectively.

Depreciation and amortization decreased 4.3%, or \$7.1 million, to \$157.7 million for the six months ended June 30, 2016, from \$164.8 million for the same period of 2015. The decrease is primarily due to a change in estimated useful lives of buildings and improvements for Wynn Macau, which was effective September 1, 2015, to more accurately reflect the estimated periods during which these assets are expected to remain in service.

#### *Other non-operating income and expenses*

We incurred losses of \$2.9 million and \$5.7 million for the six months ended June 30, 2016 and 2015, respectively, from the change in the fair value of our interest rate swaps.

#### *Net income attributable to noncontrolling interest*

Net income attributable to noncontrolling interest was \$49.6 million for the six months ended June 30, 2016, compared to \$51.4 million for the six months ended June 30, 2015. These amounts represent the noncontrolling interest's share of net income from WML.

#### **Adjusted Property EBITDA**

We use Adjusted Property EBITDA to manage the operating results of our segments.

The following table summarizes Adjusted Property EBITDA (in thousands) for our Macau and Las Vegas Operations as reviewed by management and summarized in Item 1 — "Notes to Condensed Consolidated Financial Statements," Note 15 "Segment Information." That footnote also presents a reconciliation of Adjusted Property EBITDA to net income.

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<i>Macau Operations</i>	\$190,389	\$173,391	\$381,634	\$385,733

*Adjusted Property EBITDA at our Macau Operations increased 9.8% for the three months ended June 30, 2016 when compared to the same period of 2015, primarily due to casino revenue performance with year-over-year increases in VIP win as a percentage of turnover and mass market table games win percentage, partially offset by a decrease in slot machine win. Adjusted Property EBITDA at our Macau Operations decreased 1.1% for the six months ended June 30, 2016, compared to the same period in 2015, primarily due to the decline in casino revenues from VIP turnover.*

## **Liquidity and Capital Resources**

### **Operating Activities**

*Our operating cash flows primarily consist of our operating income generated by our Macau and Las Vegas Operations (excluding depreciation and other non-cash charges), interest paid and earned, and changes in working capital accounts such as receivables, inventories, prepaid expenses and payables. Our table games play both in Macau and Las Vegas is a mix of cash play and credit play, while our slot machine play is conducted primarily on a cash basis. A significant portion of our table games revenue is attributable to the play of a limited number of premium international customers that gamble on credit. The ability to collect these gaming receivables may impact our operating cash flow for the period. Our rooms, food and beverage, and entertainment, retail and other revenue is conducted primarily on a cash basis or as a trade receivable. Accordingly, operating cash flows will be impacted by changes in operating income and accounts receivables.*

### **Investing Activities**

*Net cash used in investing activities for the six months ended June 30, 2016 was \$605.8 million, compared to \$964.5 million for the same period in 2015. Capital expenditures, net of construction payables and retention, were \$548.9 million and \$967.8 million for the six months ended June 30, 2016 and 2015, respectively, primarily associated with Wynn Palace construction.*

### **Financing Activities**

*Net cash provided by financing activities for the six months ended June 30, 2016 was \$59.2 million, compared to \$84.1 million for the same the period of 2015. During the six months ended June 30, 2016, our net cash provided by financing activities was mainly due to borrowings of \$150.1 million under the Wynn Macau's \$750 million equivalent senior secured revolving credit facility and \$155.3 million under Wynn America's \$875 million senior secured term loan facility, primarily offset by dividends paid of \$212.8 million. Net cash provided by financing activities for the six months ended June 30, 2015 consisted primarily of \$1.8 billion provided upon issuance of 5 1/2% Senior Notes due 2025, offset by the purchase of \$1.49 billion of our 2020 Notes pursuant to a cash tender offer and subsequent redemption of the untendered 7 7/8% 2020 Notes, dividends paid of \$396.9 million, and payments of \$127.6 million in financing costs.*

### **Capital Resources**

*As of June 30, 2016, we had \$1.90 billion of cash and cash equivalents and \$303.3 million of available-for-sale investments in corporate bonds, commercial paper and U.S. governmental agency bonds.*

*Of these amounts, WML (of which we own 72%) and its subsidiaries held \$385.6 million in cash.*

*The Wynn Macau credit facilities consist of a \$2.27 billion equivalent fully funded senior secured term loan facility and a \$750 million equivalent senior secured revolving credit facility. Borrowings under the Wynn Macau credit facilities consist of both United States dollar and Hong Kong dollar tranches and were used to refinance Wynn Macau SA's existing indebtedness, and will be used to fund the construction and development of Wynn Palace and for general corporate purposes. As of June 30, 2016, we had \$168.7 million of available borrowing capacity under the senior secured revolving credit facility.*

*On July 18, 2016, we entered into a \$198.5 million cash-collateralized revolving credit facility ("WML Finance Credit Facility") under which WML Finance I, Limited, an indirect subsidiary of WML, is the borrower. The WML Finance Credit Facility matures in July 2018 at which time any outstanding borrowings must be repaid.*

### *Other Factors Affecting Liquidity*

*Wynn Resorts is a holding company and, as a result, our ability to pay dividends is highly dependent on our ability to obtain funds and our subsidiaries' ability to provide funds to us. Wynn Las Vegas, LLC, Wynn America, LLC and Wynn Macau SA debt instruments contain customary negative covenants and financial covenants, including, but not limited to, covenants that restrict our ability to pay dividends or distributions to any direct or indirect subsidiaries.*

*Similarly, we expect that our Macau Operations will fund Wynn Macau SA and WML's debt service obligations with existing cash, operating cash flow and availability under the Wynn Macau Credit Facilities. However, we cannot assure you that operating cash flows will be sufficient to do so. We may refinance all or a portion of our indebtedness on or before maturity. We cannot assure you that we will be able to refinance any of the indebtedness on acceptable terms or at all.*

*Legal proceedings in which we are involved also may impact our liquidity. No assurance can be provided as to the outcome of such proceedings.*

*New business developments or other unforeseen events may occur, resulting in the need to raise additional funds. We continue to explore opportunities to develop additional gaming or related businesses in domestic and international markets. There can be no assurances regarding the business prospects with respect to any other opportunity. Any new development would require us to obtain additional financing. We may decide to conduct any such development through Wynn Resorts or through subsidiaries separate from the Las Vegas or Macau-related entities.*

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

#### *Interest Rate Swap Information*

*We currently have three interest rate swap agreements intended to hedge a portion of the underlying interest rate risk on borrowings under our Wynn Macau Credit Facilities. Under two of the swap agreements, we pay a fixed interest rate (excluding the applicable interest margin) of 0.73% on notional amounts corresponding to borrowings of HK\$3.95 billion (approximately \$509.4 million) incurred under the Wynn Macau Senior Term Loan Facility in exchange for receipts on the same amount at a variable interest rate based on the applicable HIBOR at the time of payment. These interest rate swaps fix the all-in interest rate on such amounts at 2.23% to 2.98%. These interest rate swap agreements mature in July 2017.*

*Under the third swap agreement, we pay a fixed interest rate (excluding the applicable interest margin) of 0.68% on notional amounts corresponding to borrowings of \$243.8 million incurred under the Wynn Macau Senior Term Loan Facility in exchange for receipts on the same amount at a variable-rate based on the applicable LIBOR at the time of payment. This interest rate swap fixes the all-in interest rate on such amounts at 2.18% to 2.93%. This interest rate swap agreement matures in July 2017.*

*As of June 30, 2016, interest rate swaps of \$2.2 million were included in other long-term liabilities in the accompanying Condensed Consolidated Balance Sheet. As of December 31, 2015, interest rate swaps of \$0.7 million were included in other assets and \$0.1 million were included in other long-term liabilities in the accompanying Condensed Consolidated Balance Sheet.*

#### *Foreign Currency Risks*

*The currency delineated in Wynn Macau's concession agreement with the government of Macau is the Macau pataca. The Macau pataca, which is not a freely convertible currency, is linked to the Hong Kong dollar, and in many cases the two are used interchangeably in Macau. The Hong Kong dollar is linked to the U.S. dollar and the exchange rate between these two currencies has remained relatively stable over the past several years. However, the exchange linkages of the Hong Kong dollar and the Macau pataca, and the Hong Kong dollar and the U.S. dollar, are subject to potential changes due to, among other things, changes in Chinese governmental policies and international economic and political developments.*

*If the Hong Kong dollar and the Macau pataca are not linked to the U.S. dollar in the future, severe fluctuations in the exchange rate for these currencies may result. We also cannot assure you that the current rate of exchange fixed by the applicable monetary authorities for these currencies will remain at the same level.*

*Because many of Wynn Macau's payment and expenditure obligations are in Macau patacas, in the event of unfavorable Macau pataca or Hong Kong dollar rate changes, Wynn Macau's obligations, as denominated in U.S. dollars, would increase. In addition, because we expect that most of the revenues for any casino that Wynn Macau operates in Macau will be in Hong Kong dollars, we are subject to foreign exchange risk with respect to the exchange rate between the Hong Kong dollar and the U.S. dollar. Also, if any of our Macau-related entities incur U.S. dollar-denominated debt, fluctuations in the exchange rates of the Macau pataca or the Hong Kong dollar, in relation to the U.S. dollar, could have adverse effects on Wynn Macau's results of operations, financial condition, and ability to service its debt. To date, we have not engaged in hedging activities intended to protect against foreign currency risk. Based on our balances at June 30, 2016, an assumed 1% change in the dollar/Hong Kong dollar exchange rate would cause a foreign currency transaction gain/loss of approximately \$28.9 million.*

## **Part II. OTHER INFORMATION**

### **Item 1. Legal Proceedings**

#### *CCAC Information Request*

*In July 2014, Wynn Resorts (Macau) S.A. ("Wynn Macau SA"), an indirect subsidiary of Wynn Macau, Limited, was contacted by the Commission Against Corruption of Macau ("CCAC") requesting certain information related to its land in the Cotai area of Macau. Wynn Macau SA is cooperating with CCAC's request."*

This announcement contains forward-looking statements. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ from those expressed in any forward-looking statements made by us. The risks and uncertainties include, but are not limited to, competition in the casino/hotel and resorts industries, our Company's dependence on existing management, levels of travel, leisure and casino spending, general economic conditions, and changes in gaming laws or regulations. Additional information concerning potential factors that could affect our Company's financial results are included in our published interim and annual reports. We are under no obligation to (and expressly disclaim any such obligation to) update the forward-looking statements as a result of new information, future events or otherwise.

Our shareholders and potential investors are advised not to place undue reliance on the WRL Quarterly Report and to exercise caution in dealing in securities in our Company.

By order of the Board  
**Wynn Macau, Limited**  
**Stephen A. Wynn**  
Chairman

Hong Kong, 10 August 2016

*As at the date of this announcement, the Board comprises Stephen A. Wynn, Gamal Aziz, Ian Michael Coughlan and Linda Chen (as executive directors); Matthew O. Maddox (as non-executive director); and Allan Zeman, Nicholas Sallnow-Smith, Bruce Rockowitz and Jeffrey Kin-fung Lam (as independent non-executive directors).*