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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 and Debt Stock Code: 5279, 5280)**

## **INSIDE INFORMATION**

### **Wynn Resorts, Limited's Analyst and Investor Day**

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

Wynn Resorts, Limited, the controlling shareholder of Wynn Macau, Limited (“**we**” or our “**Company**”), convened an analyst and investor information day on 10 July 2019 at approximately 9:00 a.m. (Boston time) at Encore Boston Harbor, U.S.A. To ensure that all shareholders and potential investors have equal and timely access to the information pertaining to our Company and our Macau operations, we have included in this announcement certain pages from the presentation, some of which may constitute material inside information of the Company.

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

Wynn Resorts, Limited, our controlling shareholder, convened an analyst and investor information day on 10 July 2019 at approximately 9:00 a.m. (Boston time) at Encore Boston Harbor, U.S.A. As at the date of this announcement, Wynn Resorts, Limited beneficially owns approximately 72% of the issued share capital of our Company. Wynn Resorts, Limited is a company listed on the National Association of Securities Dealers Automated Quotations in the United States.

Mr. Matthew O. Maddox, the Chief Executive Officer of Wynn Resorts, Limited and our Company, and other members of the Wynn Resorts, Limited Global Leadership Team, including Mr. Ian Michael Coughlan, Ms. Linda Chen and Mr. Craig S. Billings, each a member of the Board of Directors of our Company, participated in a presentation containing financial and other information regarding Wynn Resorts, Limited's global operations, including its Macau operations, at the event (the “**Presentation**”). Wynn Resorts, Limited's Macau operations are owned and operated by our Company through our subsidiary, Wynn Resorts (Macau) S.A..

The Presentation is prepared and published by Wynn Resorts, Limited and includes, among other things, historical information, financial information, management commentary, forward-looking statements and other information regarding Macau and its casino/hotel and resorts industries and our resorts, performance, business activities, initiatives, community outreach programs and development plans in Macau.

To ensure that all shareholders and potential investors of the Company have equal and timely access to the information pertaining to our Company and our Macau operations, we have included in this announcement certain pages of the Presentation, some of which may constitute material inside information of the Company. The full copy of the Presentation is available in the public domain and on our website ([www.wynnmacaulimited.com](http://www.wynnmacaulimited.com)) under the section headed “Presentations”.

The financial information of Wynn Resorts, Limited is prepared in accordance with Generally Accepted Accounting Principles of the United States (“**U.S. GAAP**”), which are different from International Financial Reporting Standards (“**IFRS**”). Our Company uses IFRS to prepare and present our financial information. As such, the financial information prepared by Wynn Resorts, Limited in the Presentation is not directly comparable to the financial information our Company discloses as a company listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Presentation and this announcement contain forward-looking statements, which are, by their nature, subject to significant risks and uncertainties. Any targets and future proposals stated in the Presentation and this announcement are based on certain assumptions and estimates and on management’s judgements in light of currently available information and accordingly, shareholders and potential investors should not place undue reliance on such information.

In addition to the principal assumptions indicated at the relevant section of the Presentation, the targets and future proposals are based on certain assumptions, including that: there will be no material changes to general global and mainland Chinese economic conditions; there will be no material changes in currency control restrictions, applicable tax rates, inflation, interest rates and foreign currency exchange rates; there will be no abnormal material costs incurred during the relevant projected period; relationships with gaming promoters are maintained in line with current terms; operations will not be materially affected or interrupted by any unforeseeable events or factors that are beyond the reasonable control of Wynn Resorts, Limited or our Company; there will be no material changes in existing government policies or political or legal-related conditions in the regions in which Wynn Resorts, Limited or our Company operate; there will be no material changes to our operations and no material acquisitions, disposals and assets or investment transactions other than as currently disclosed; there will be no material changes in applicable accounting standards or financial reporting requirements which will have a significant impact on the forward-looking statements; Wynn Resorts, Limited and our Company are not materially and adversely affected by any risks and uncertainties previously disclosed.

Whether actual results will meet any of the targets and whether future plans will materialize will depend on, and be subject to, a large number of risks and uncertainties over which we may have limited or no control. Furthermore, the degree of uncertainty increases with the time in the future of any targets or proposals. Therefore, our actual results of operations may be materially lower than or different to the financial targets and the future proposals may change or not materialize. These risks and uncertainties include, but are not limited to general economic conditions in China and globally, volatility within the Company’s VIP, premium and mass gaming segments, the liquidity of gaming promoters and their ability to grant credit to their patrons, competition in the casino/hotel and resorts industries in Macau and elsewhere in Asia, the Company’s dependence on existing management, levels of travel, leisure and casino spending, and changes in gaming laws or regulations. Additional information concerning potential factors that could affect the Company’s operations and financial results are included in our published interim and annual reports. The materialization of future proposals will also be subject to obtaining the necessary government approvals.

Our shareholders and potential investors are advised not to place undue reliance on the information contained in the Presentation or this announcement and to exercise caution in dealing in securities in the Company.

Unless otherwise provided, all dollar amounts in the Presentation are denominated in United States dollars. Certain pages of the Presentation:



# ANALYST AND INVESTOR DAY

JULY 2019

# FORWARD-LOOKING STATEMENTS



*This presentation contains forward-looking statements regarding operating trends, future results of operations and the completion of new projects, based upon beliefs and assumptions of our management and on information currently available to us, all of which are subject to change. 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. Furthermore, the degree of uncertainty increases with the times span of any projections. Specifically, the assumptions and bases of any forward-looking statements are not based on a view or perception that net income or any other financial metrics will be “not less than” any particular figure. Additional information concerning potential factors that could affect the Company's financial results are included in the Company's Form 10-K for the year ended December 31, 2018 and the Company's other periodic reports filed with the Securities and Exchange Commission. The Company is under no obligation to (and expressly disclaims any such obligation to) update its forward-looking statements as a result of new information, future events or otherwise.*

*This presentation includes non-GAAP financial measures as defined in the Securities and Exchange Commission's Regulation G. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures is available on our website at [www.wynnresorts.com](http://www.wynnresorts.com) in the earnings release for the applicable periods.*



# WYNN MACAU - INVESTING IN THE FUTURE



- Renovating and updating the ~400 hotel rooms and suites at the Encore tower at Wynn Macau
- Repositioning the West Casino
  - Creating a unique, premium guest experience
  - Adding two new specialty restaurants adjacent to the casino
  - Expanding our retail esplanade by ~7,000 sq. ft.
- Wynn is the only operator making material investments in Macau's Peninsula district
  - Supporting Macau's transformation into a tourism and leisure destination through continued reinvestment
- All projects underway; completion expected in Q4 2019
- ~\$125 million project cost



# WYNN PALACE – “FIRST OF ITS KIND” CRYSTAL PAVILION EXPANSION



- Continuing to support Macau’s transition into a world center for tourism and leisure
- Crystal Pavilion is slated to be a “must-see” tourist destination in Macau
  - Features an innovative architectural design with an all glass structure
  - Two phased hotel towers with a total of ~1,300 luxury rooms and suites (~650 rooms / ~650 rooms)
  - One-of-a-kind public entertainment attractions
  - 270 degree fully immersive entertainment theater
  - Destination food hall that offers a wide variety of regional Asian cuisines

**Contributing to the Development of the Greater Bay Area**

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# A BRIEF HISTORY OF OUR MACAU OPERATIONS



June 2002:  
Wynn awarded 20  
year Macau  
concession

September 2006:  
Wynn Macau opens

April 2010:  
Encore Macau  
opens

August 2016:  
Wynn Palace opens

2019: Legacy of  
innovation and  
excellence continues

- Studied the market
- Collaborated with the Macau government to understand its goals
- Granted one of three concessions

- Macau's first true IR
- ~600 luxury rooms
- MICE space
- Forbes 5-Star restaurants
- Unique public entertainment
  - Performance Lake
  - Prosperity Tree
  - Dragon of Fortune

- Full integrated resort
- ~400 hotel suites
- Additional restaurants
- Premium casino space

- Raised the bar for non-gaming excellence
- 1,706 luxury hotel rooms
- MICE space
- Forbes 5-Star restaurants
- Unique public entertainment and art
  - Performance lake
  - Skycab (Gondola) ride
  - Unique floral sculptures
  - Art Gallery

- Legacy of pioneering development and innovation continues
  - Designing Crystal Pavilion
  - Wynn Macau Renovation
- 14 combined Forbes 5-Star Awards at Wynn Macau and Wynn Palace -- the most in Asia
  - Wynn Macau is the only Integrated Resort with 8 individual Forbes 5-star awards
  - Wynn Palace is the largest hotel in the world to receive a Forbes 5-Star Award



# WYNN MACAU – MACAU'S FIRST TRUE INTEGRATED RESORT



**Macau's first true integrated resort:** pioneered and set the benchmark for luxury services & facilities

**Most Forbes 5-Star Awards:** only resort with eight Five-Star awards in the world

**3 million SF** of total GFA

**1,008** luxurious hotel rooms and suites

**59,000 SF** of high-end, brand-name retail

**12 F&B outlets**

**31,000 SF** of Meeting and Convention space

**272,000 SF** casino

**Unique public entertainment** including the Tree of Prosperity, the Dragon of Fortune and the Performance Lake

**Continuous reinvestment:** ~\$125 million investment underway to renovate Encore Tower hotel rooms, the West Casino and expand our retail and F&B offerings





# WYNN PALACE – THE NEW BENCHMARK FOR HOSPITALITY



**Extending the “Wynn Premium”:** Raised the benchmark for luxury in Cotai. Platforming on the immense success of Wynn Macau and Encore

**Broadening Wynn’s exposure across all segments:**  
Gaining share across key gaming and non-gaming segments

**6 million SF of total GFA**

**1,706 luxury hotel rooms and suites**

**106,000 SF of the World’s top Retail brands**

**14 F&B outlets**

**37,000 SF of Meeting and Convention space**

**424,000 SF casino**

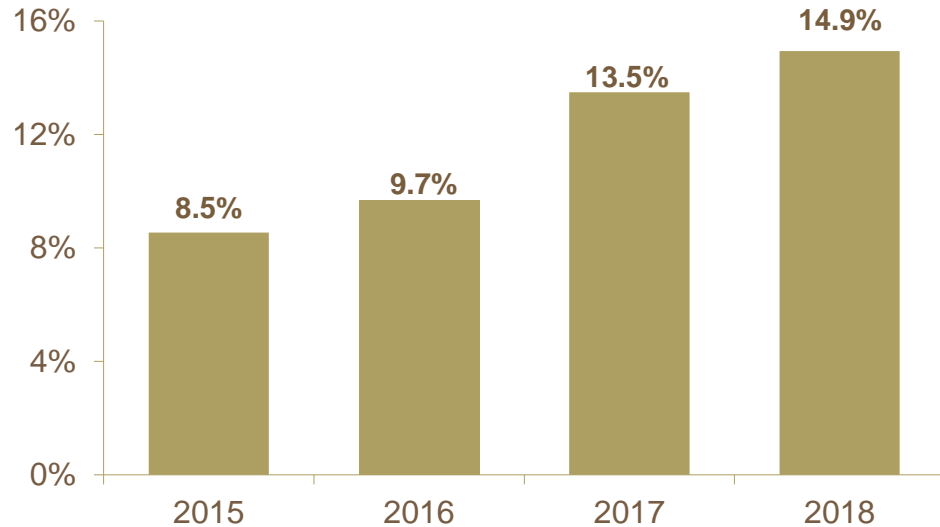
**Unique public entertainment** including a performance lake and gondola ride

**An exceptional collection of Asian and Western art** including the renowned 18th-century Buccleuch vases and ‘larger-than-life’ floral sculptures by Preston Bailey

# DRIVING MASS SHARE THROUGH UNIQUE EVENTS AND PRECISION MARKETING



Macau Operations Mass Table Market Share (DICJ)



- Record Mass Drop and Win at Palace in March 2019
- ~80% of rooms at Palace were comped in 1Q19 vs. ~70% in 1Q18
- Wynn Macau remains the leading premium destination on the Peninsula, meaningfully growing Mass win since the opening of Wynn Palace in August 2016

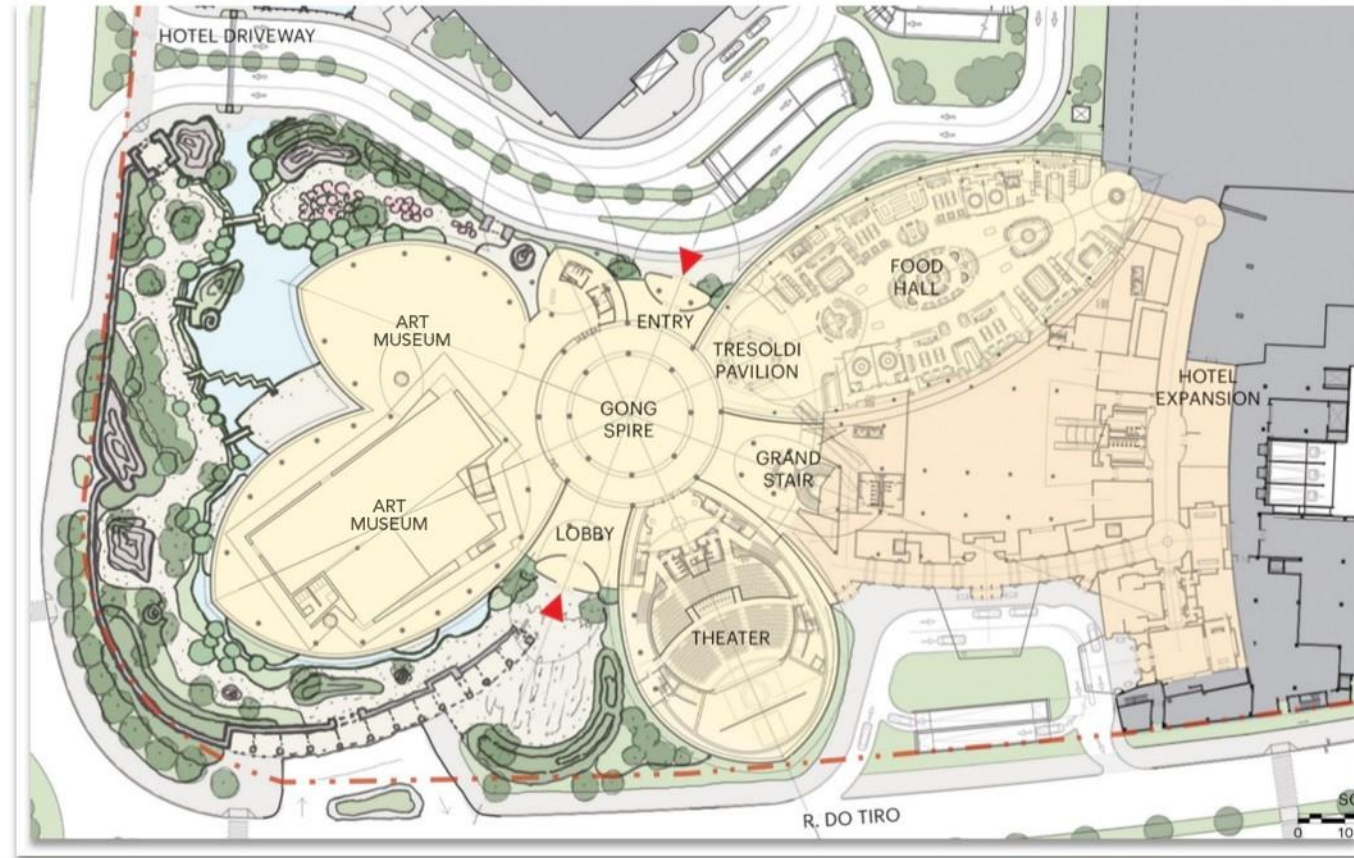
- Well equipped to succeed in all market environments
- Our business is primarily driven by Mass and non-gaming
  - Enhanced marketing capabilities through investing in our database
  - Tiered Red Card loyalty program
  - Talent hiring and incentivizing
  - Broadened our casual F&B offerings making our properties more accessible
  - Robust concert and events calendar
  - Customer and host-facing technology improvements



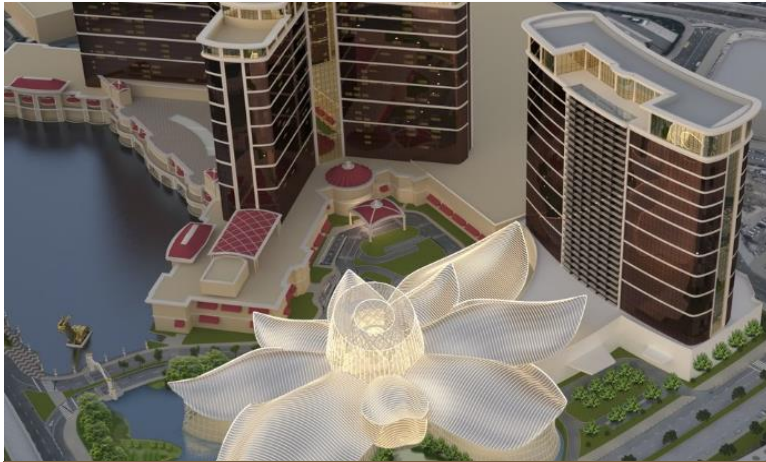
# THE CRYSTAL PAVILION – A MACAU ICON



- A glittering glass and steel structure, a feat of innovative design and engineering inspired by the shape and beauty of a water lily
- Conceptualized and developed by famed New York architects Robert A.M Stern, in collaboration with Wynn Design & Development
- A unique world-class entertainment and cultural attraction, on every visitor's list
- An iconic development, synonymous with Macau's drive to be a global center of tourism and leisure
- A multi-generational and "open-to-all" public amenity, that fits with our brand DNA



# WYNN - A “MODEL CITIZEN” OF THE GBA



## Investing in Macau

- Supporting Macau's goal to diversify the economy within the Greater Bay Area
  - ~\$7 billion of investment in Macau since 2002
  - Industry's best product and service offering
  - Crystal Pavilion furthering Macau's position as a high-end tourist destination



## Investing in our Employees

- Educating and mentoring Macau's next generation of Hospitality leaders & entrepreneurs
  - Leadership Acceleration Program
  - Career Advancement Program
- “Centers of Excellence” to develop and export intellectual capital
- Employer of choice for hospitality careers
- 70% of employees and 80% of management team are from Macau



## Investing in our Community

- Robust CSR program in Macau and broader PRC
- Focused on initiatives we can uniquely support
- “Wynn Care” program
  - “8 Directions” initiative drives reinvestment in our community, encourages volunteerism and promotes responsible gaming
- Committed to environmental sustainability



# “WYNN CARE”: THE EIGHT DIRECTIONS

- Youth and Education
- Small & Medium Enterprise Support
- Charitable Initiatives
- Volunteerism
- Sustainability Initiatives
- Responsible Gaming
- Government Relations
- Localization & Positive Social Impact



# MACAU: KEY TAKEAWAYS



- Having the best physical assets and the best hospitality workforce allows us to succeed in any market environment
  - The Mass and Non-Gaming segments are increasingly the primary drivers of our business
  - Macau's powerful long-term secular growth story is fully secure
- We are contributing to the development of the Greater Bay Area
  - *Investing in Macau*: Designing the Crystal Pavilion, a 'must-see' destination in the Greater Bay Area
  - *Investing in our Employees*: Growing, developing and exporting intellectual capital for Macau and the GBA
  - *Investing in our Community*: Expanding on our very successful "Wynn Care" Eight Directions strategy

# Looking Forward to 2021

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# OPERATING PERFORMANCE: KEY PUTS AND TAKES

## Macau

- Potential Upside Drivers
  - VIP recovery
  - Premium Mass share gains
  - Positive macro
  - “Neighborhood improvement” in Cotai drives Mass growth
- Potential Downside Drivers
  - Macro deteriorates
  - Premium customer softness

## Las Vegas

- Potential Upside Drivers
  - Baccarat business improves
  - F&B enhancements drive share gains
  - Domestic casino initiatives succeed
  - Sports (e.g., Raiders) drive increased visitation
  - Additional MICE space drives RevPAR
- Potential Downside Drivers
  - Inverted yield curve correctly forecasts recession
  - Macro drives continued suppression of Baccarat

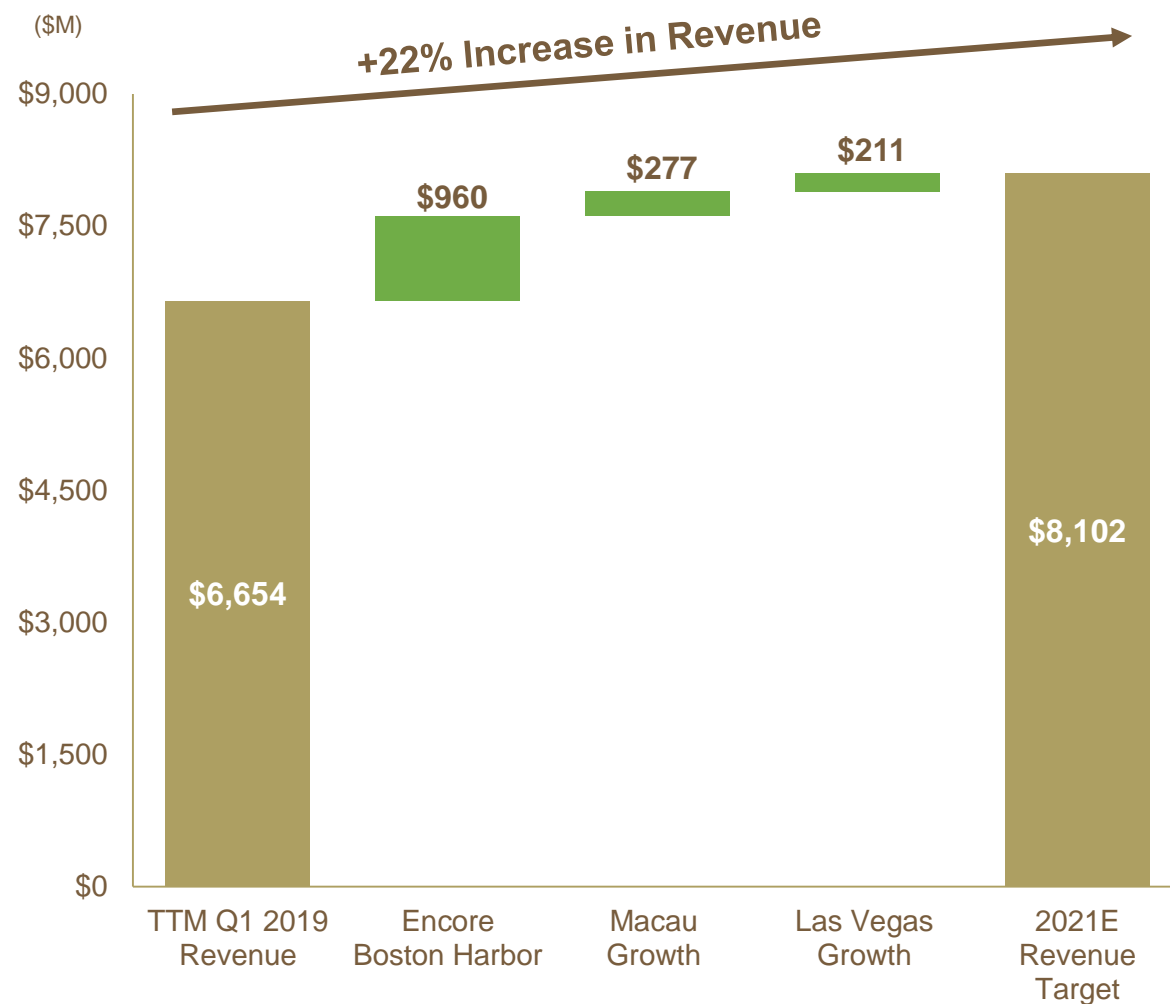
## Boston

- Potential Upside Drivers
  - Mid-week cash rooms
  - Slot business upside with WPUPD in-line with the top domestic regional properties
  - International play
- Potential Downside Drivers
  - Higher reinvestment needed to drive casino GGR
  - Inverted yield curve correctly forecasts recession

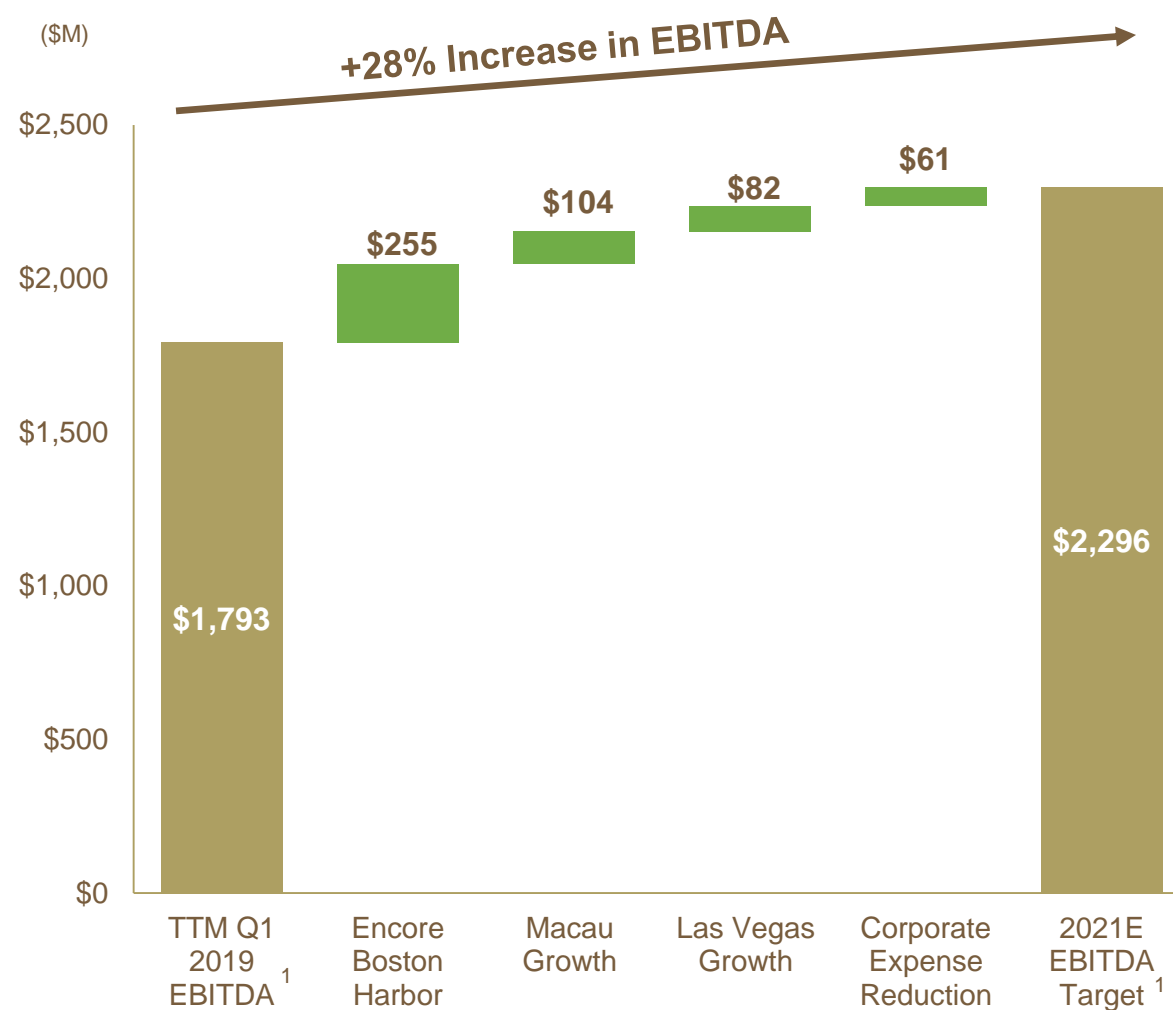
# STRONG, VISIBLE ADJUSTED PROPERTY EBITDA GROWTH TARGETED THROUGH 2021



## Wynn Resorts Revenue Bridge



## Wynn Resorts EBITDA Bridge<sup>1</sup>



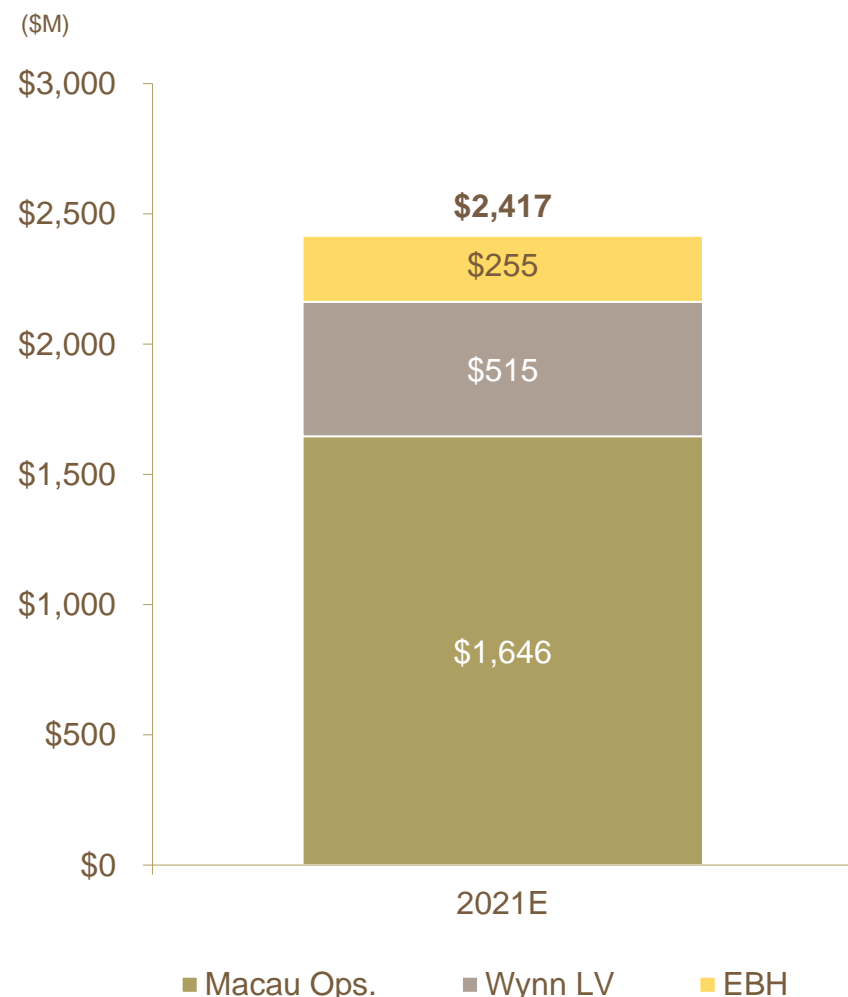
1. Reflects Consolidated Adjusted Property EBITDA after Corporate Expense as defined in our SEC filings



# 2021E ADJUSTED PROPERTY EBITDA TARGET BREAKDOWN AND KEY ASSUMPTIONS



## Wynn Resorts 2021E Adj. Property EBITDA Target<sup>1</sup>



## Wynn Resorts 2021E Target: Key Assumptions

### Macau:

- Market GGR grows at a 3.5% CAGR through 2021
  - Infrastructure improvement (bridge, rail)
- Market GGR growth driven by Mass; VIP stable
- ~16% combined GGR share, at the midpoint of 15-17% expected range
  - “Neighborhood improvement” on Cotai
  - Return of premium customer
  - West Casino expansion drives share gains at Wynn Macau in 2020

### Las Vegas:

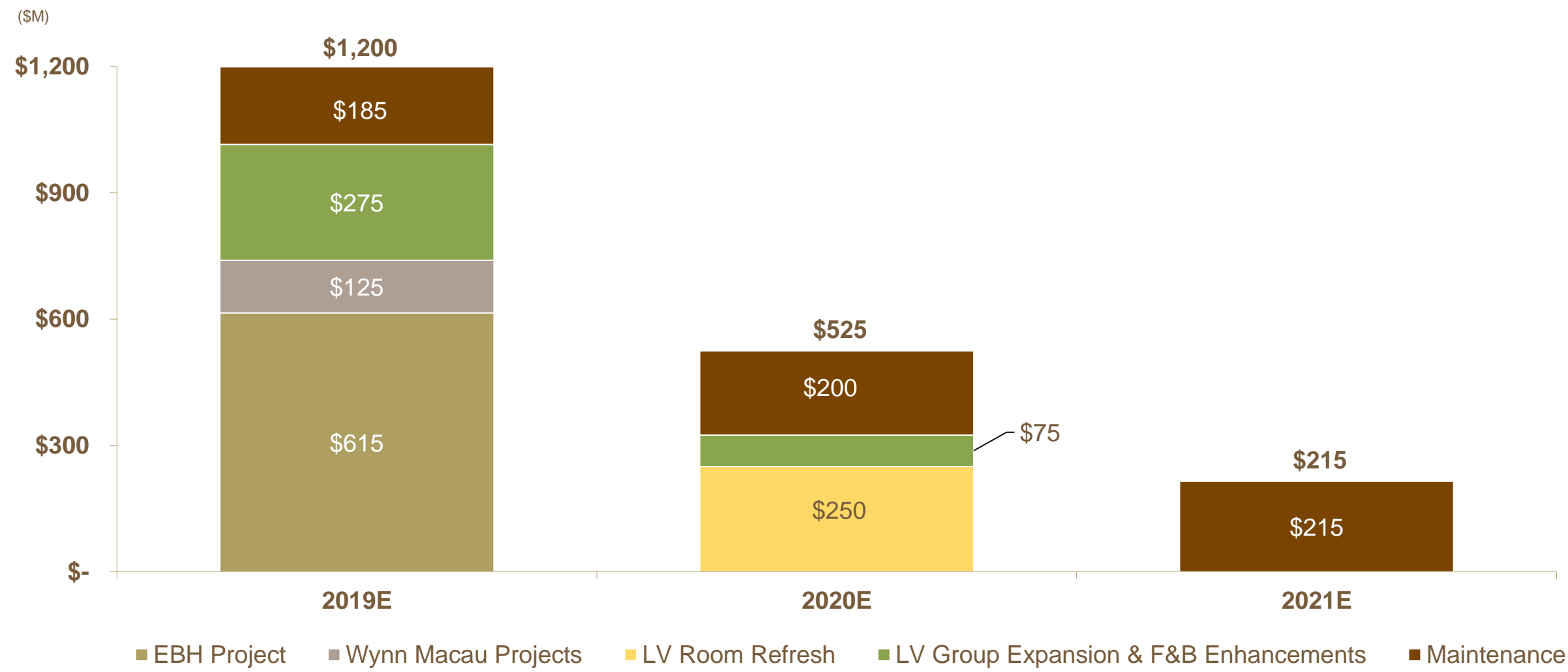
- Market GGR grows at a 2% CAGR through 2021
- Domestic casino growth; Baccarat “choppy” through 2020, modest recovery in 2021
- Non-gaming revenue grows at a 2.5% CAGR through 2021
  - Non-gaming investments successfully leverage our existing asset base
- MICE expansion drives 5 pt. increase in occupancy in 2021
  - 85,000-90,000 incremental room nights

### Encore Boston Harbor:

- Approach steady state EBITDA in 2021
- Casino WPUPD (slot and table) in-line with top-tier East Coast properties
- Ability to drive casino WPUPD premiums with lower reinvestment than typical regional casinos

1. Reflects 2021E Consolidated Adjusted Property EBITDA as defined in our SEC filings

# KEY CAPEX INVESTMENTS

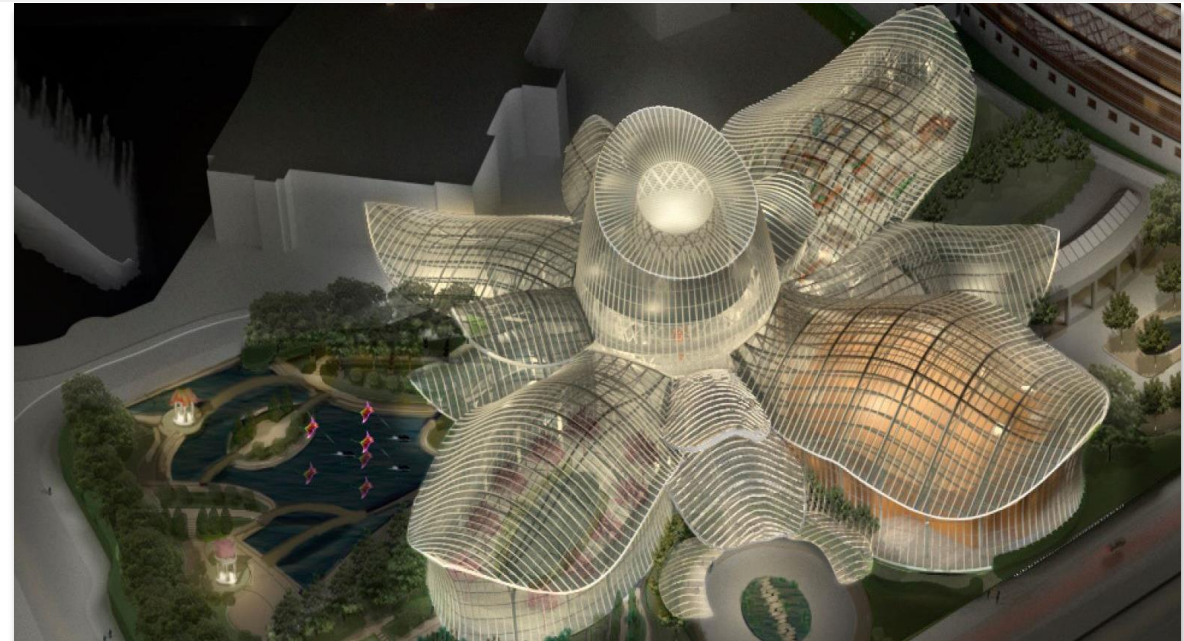


Note: The chart above excludes Crystal Pavilion capex

# CRYSTAL PAVILION – FINANCIAL OVERVIEW



- Initial estimate of US\$2.0 billion for Phase 1 South Parcel Pavilion and ~650 room hotel tower
  - Later phase (North Parcel hotel tower) cost TBD
- Targeted Adjusted Property EBITDA ROIC of ~15-20%
- 7 to 10 million visitors expected annually
- Phase 1 South Parcel construction is estimated to commence in late-2021 and is expected to take 36+ months
  - Later phase (North Parcel hotel tower) timing TBD

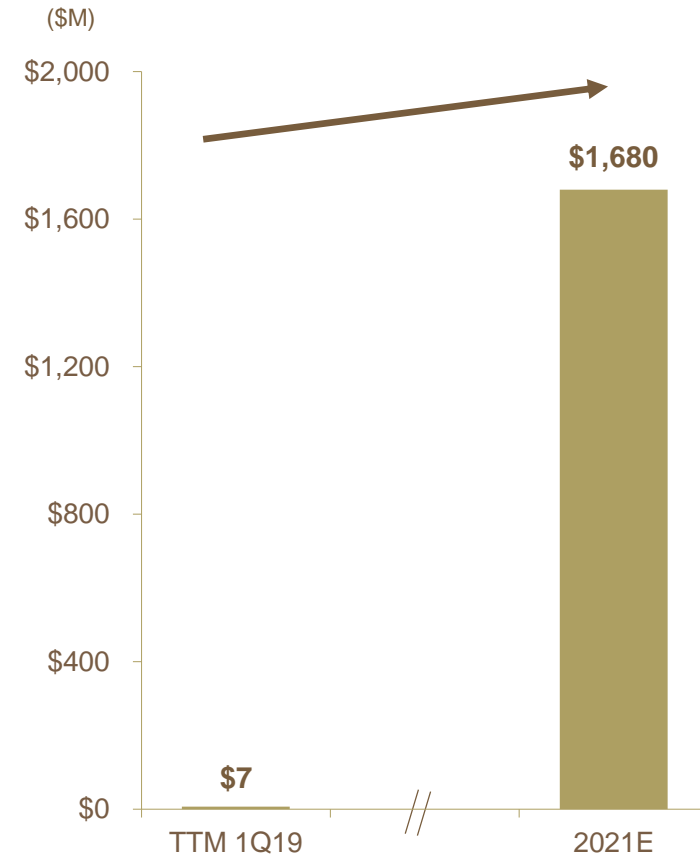


# FCF INFLECTION IS IMMINENT – POTENTIAL FOR \$16 PER SHARE IN DISCRETIONARY FCF

## Wynn Resorts Discretionary FCF Target<sup>1</sup> (\$M)

Adjusted Property EBITDA Target <sup>2</sup>	\$ 2,417
Less: Corporate Expense	(120)
Less: Cash Paid for Interest	(390)
Less: Cash Paid for Income Taxes & Other	(12)
Less: Capital Expenditures	(215)
<b>Discretionary FCF Target<sup>1</sup></b>	<b>\$ 1,680</b>
<b>Discretionary FCF per Share Target<sup>1,3</sup></b>	<b>\$ 16</b>
EBITDA to Discretionary FCF Conversion	70%

## Discretionary FCF Growth Target<sup>1</sup>



1. Discretionary Free Cash Flow is Adjusted Property EBITDA as defined in our SEC filings less non-discretionary outflows, including corporate expense, cash paid for interest, cash paid for income taxes and capital expenditures (excluding Crystal Pavilion). Discretionary Free Cash Flow and Discretionary Free Cash Flow per Share should not be considered 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
2. Adjusted Property EBITDA as defined in our SEC filings
3. Reflects Q1 2019 diluted share count of 107 million shares

# Our Capital Allocation Strategy

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# DRIVING LONG-TERM SHAREHOLDER VALUE CREATION



## Drive Strong Organic Free Cash Flow Growth

- Leverage the industry's best assets to drive fair share premiums vs. peers
- Completing current capex cycle
  - EBH successfully opened
  - Vegas convention expansion nearing completion
- Strong free-cash-flow inflection expected in 2020-2021
- Maintain strong balance sheet ahead of attractive new growth opportunities
  - De-lever through EBITDA / FCF growth in the absence of attractive growth projects
  - History of leveraging in-place EBITDA to drive high-ROI EBITDA growth
  - Maintain “dry powder” to fund project equity contributions



## Invest in High ROIC Growth Projects

- Putting capex in the ground is our highest and best use of capital
  - Reinvest in our existing assets
  - Selective greenfield opportunities
- Reprioritized capex to Asia
  - Macau
  - Potential Japan opportunity
- Targeted investments in Vegas
- Selectively evaluate M&A opportunities
  - Large scale, irreplaceable IRs in gateway cities
  - Drive equity value by leveraging database and non-gaming leadership



## Increase Return of Capital to Shareholders

- Growing our recurring dividend is the cornerstone of our capital return program
  - Quarterly dividend has doubled to \$1.00 per share from \$0.50 per share in Q4 2017
  - Focus on sustainable dividends over varying market conditions vs. annual payout ratio
- Share repurchases
  - “Opportunistic” approach rather than “programmatic”
  - Execute when meaningful disconnect with long-term intrinsic value
  - Repurchased \$157M in Q4 2018
- Selectively consider special dividends

The following terms used in the Presentations have the meanings set out below:

<b>“Adjusted Property EBITDA”</b>	: net income (loss) before interest, income taxes, depreciation and amortization, litigation settlement expense, pre-opening expenses, property charges and other, management and license fees, corporate expenses and other, stock-based compensation, gain on extinguishment of debt, change in derivatives fair value, change in redemption note fair value and other non-operating income and expenses;
<b>“Adjusted Property EBITDA ROIC”</b>	: Adjusted Property EBITDA divided by total project costs;
<b>“CAGR”</b>	: compound annual growth rate;
<b>“CSR”</b>	: corporate social responsibility;
<b>“DICJ”</b>	: The Gaming Inspection and Coordination Bureau of Macau;
<b>“Drop”</b>	: the amount of cash deposited in a gaming table’s drop box that serves as a repository for cash, plus cash chips purchased at the casino cage;
<b>“EBITDA”</b>	: net income (loss) before interest, income taxes, depreciation and amortization;
<b>“FCF”</b>	: free cash flow;
<b>“F&amp;B ”</b>	: food and beverage;
<b>“GAAP”</b>	: generally accepted accounting principles;
<b>“GBA”</b>	: Greater Bay Area, consisting of Macau, Hong Kong and nine cities within the Guangdong Province, China;
<b>“GDP”</b>	: gross domestic product;
<b>“GFA”</b>	: gross floor area;
<b>“GGR”</b>	: gross gaming revenue calculated as the difference between gaming wins and losses before any income taxes payable in respect of any gaming revenue;
<b>“IR”</b>	: integrated resorts;
<b>“Market-wide Property EBITDA”</b>	: the sum of Adjusted Property EBITDA generated in Macau as reported by the six Macau operators in their respective public filings for the respective dates;

- “PRC”** : the People’s Republic of China;
- “ROI”** : return on investment;
- “ROIC”** : return on invested capital;
- “SF” or “sq.ft.”** : square foot;
- “TTM”** : in respect of a date, the trailing twelve month period immediately preceding such date; and
- “Win”** : the amount of table drop or turnover that is retained and recorded as casino revenues. It is before commissions and the allocation of casino revenues to rooms, food and beverage and other revenues for services provided to casino customers on a complimentary basis.

By order of the Board  
**Wynn Macau, Limited**  
**Dr. Allan Zeman**  
*Chairman*

Hong Kong, 11 July 2019

*As at the date of this announcement, the Board comprises Matthew O. Maddox and Ian Michael Coughlan (as Executive Directors); Linda Chen (as Executive Director and Vice Chairman); Craig S. Billings (as Non-Executive Director); Allan Zeman (as Independent Non-Executive Director and Chairman); and Jeffrey Kin-fung Lam, Bruce Rockowitz, Nicholas Sallnow-Smith and Leah Dawn Xiaowei Ye (as Independent Non-Executive Directors).*