



With this report we are reaffirming our Buy rating on the WYNNMAC 4.875% Senior Unsecured Notes due 2024 (\$100.3, 4.8% YTW, 264bps STW) and WYNNMAC 5.5% Senior Unsecured Notes due 2027 (\$101.1, 5.1% YTW, 273bps STW) given our belief that these notes are trading at attractive levels based on relative value.

For 2017, we are projecting Wynn Resorts will generate Adjusted EBITDA of \$1.64 billion (+44.5% versus \$1.14 billion) on revenues of \$6.16 billion (+38.0% versus \$4.47 billion). Factoring capital expenditures of \$790 million, cash interest of \$365 million, cash taxes of \$2 million, dividends of \$320 million, \$15 million towards the purchase of intangibles, share repurchases of \$20 million, \$20 million towards investments in securities and proceeds from dispositions of \$20 million, we project free cash flow of \$132 million in 2017. Using our projected total debt of \$9.93 billion and cash interest of \$365 million, we estimate Wynn Resorts will end the year with leverage of 6.0x and coverage of 4.5x. Factoring consolidated cash of \$2.83 billion, we estimate net leverage at 4.3x.

For 2018, we are projecting Wynn Resorts will generate Adjusted EBITDA of \$1.82 billion (+10.5% versus \$1.64 billion) on revenues of \$6.50 billion (+5.5% versus \$6.15 billion). Factoring capital expenditures of \$1.52 billion, cash interest of \$375 million, cash taxes of \$2 million, dividends of \$315 million, \$15 million towards the purchase of intangibles, share repurchases of \$20 million, we project total cash burn of \$427 million in 2018. Using our projected total debt of \$10.14 billion and cash interest of \$375 million, we estimate Wynn Resorts will end the year with leverage of 5.6x and coverage of 4.8x. Factoring consolidated cash of \$2.58 billion, we estimate net leverage at 4.1x.

Exhibit 8: Wynn Resorts (\$ Millions)

	2015 (A)	2016 (A)	LTM	2017 (E)	2018 (E)
Consolidated EBITDA	\$1,071	\$1,136	\$1,535	\$1,643	\$1,815
Less: Capital Expenditures	1,921	1,226	\$922	\$790	\$1,515
Less: Cash interest	291	265	367	365	375
Less: Cash taxes	3	2	2	2	2
Less: Purchase of intangibles	4	15	16	15	15
Less: Dividends paid	499	325	332	320	315
Less: Share Repurchases	12	22	16	20	20
Less: Investments in Securities	6	52	19	20	0
Plus: Dispositions	37	221	237	20	0
Free Cash Flow	(\$1,627)	(\$550)	\$98	\$132	(\$427)
Total Debt	\$9,213	\$10,324	\$9,926	\$9,926	\$10,139
Cash	2,195	2,627	2,679	2,827	2,613
Leverage	8.6x	9.1x	6.5x	6.0x	5.6x
Net Leverage	6.5x	6.8x	4.7x	4.3x	4.1x
Coverage	3.7x	4.3x	4.2x	4.5x	4.8x

Source: Company Filings and Deutsche Bank

Downside risks are deterioration of the Macau market, the need for cash at that entity, which may reduce liquidity.