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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 Codes: 5279, 5280, 40102)

INSIDE INFORMATION

ANNUAL REPORT FOR THE FISCAL YEAR ENDED 31 DECEMBER 2019 OF OUR CONTROLLING SHAREHOLDER, WYNN RESORTS, LIMITED

This announcement is issued pursuant to Rules 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).

Our controlling shareholder, Wynn Resorts, Limited, has, on or about 28 February 2020 (1:32 p.m., Las Vegas time) released its annual report for the fiscal year ended 31 December 2019.

This announcement is issued by Wynn Macau, Limited (“we” or our “**Company**”) pursuant to Rules 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).

Our Company’s controlling shareholder, Wynn Resorts, Limited, is a company listed on the National Association of Securities Dealers Automated Quotations (“**NASDAQ**”) 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.

* For identification purposes only.

Reference is made to our announcement dated 7 February 2020 (the “**WRL Earnings Release Announcement**”) in respect of the release by our controlling shareholder, Wynn Resorts, Limited, of its unaudited financial results for the fourth quarter and year end of fiscal year ended 31 December 2019. Unless otherwise defined in this announcement, terms defined in the WRL Earnings Release Announcement have the same meaning when used in this announcement.

Further to the WRL Earnings Release Announcement, Wynn Resorts, Limited has, on or about 28 February 2020, 1:32 p.m., Las Vegas time, released its audited annual report for the fiscal year ended 31 December 2019 (the “**WRL Annual Report**”). If you wish to review the WRL Annual Report which has been filed with the U.S. Securities and Exchange Commission, please visit <https://www.sec.gov/Archives/edgar/data/1174922/000117492220000024/0001174922-20-000024-index.htm>. The WRL Annual Report contains segment financial information about Wynn Resorts, Limited’s Macau operations, which are owned by our Company.

The financial results of Wynn Resorts, Limited, including those contained in the WRL Annual 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 Annual Report is not directly comparable to the financial results our Company discloses. Consequently, we offer no indication or assurance that the financial results of our Group for the fourth quarter and year end of the fiscal year ended 31 December 2019 will be the same as that presented in the WRL Annual Report. In the WRL Earnings Release Announcement, we announced our unaudited financial results for the fourth quarter ended 31 December 2019 prepared in accordance with IFRS.

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

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

For the fiscal year ended December 31, 2019

Item 1. Business

Our Strategy

Our Commitment to Corporate Social Responsibility and Sustainability

In Macau and across the Greater Bay Area, which is the region encompassing Macau, Hong Kong, and southern Guangdong Province, we strive to drive reinvestment in our community, encourage volunteerism, and promote responsible gaming through our Wynn Care program. Since launching this program, we have centralized our community-focused initiatives under one umbrella and meaningfully increased our involvement in various volunteer activities and community events in Macau, the Greater Bay Area, and beyond. We are also fully committed to the sustainable development of Macau and endeavor to provide our guests with a premium experience while remaining environmentally conscious by monitoring and reducing inefficient consumption and embracing technologies that help us to responsibly use our resources. In addition, we provide our employees in Macau with numerous professional development and training opportunities to elevate core and leadership skills.

Executing on Our Strategy

Reflecting our strategic focus, our values, and our commitment to delivering world-class, five-star service within luxury integrated resorts, the Company has received the following recognition:

- Wynn Las Vegas and Encore have each earned Five-Star status on the 2020 Forbes Travel Guide (“FTG”) Star Rating list and are now the largest and second largest FTG Five-Star resorts in the world respectively. Wynn Palace, originally earning FTG Five-Star status in 2018, is the third largest.*
- Collectively, Wynn Resorts earned more FTG Five-Star awards than any other independent hotel company in the world in 2020.*
- Wynn Palace garnered seven individual FTG Five-Star awards in 2020.*
- Wynn Macau continues to be the only resort in the world with eight individual FTG Five-Star awards in 2020.*
- Wynn Macau and Wynn Palace are the most decorated integrated resort brands in Asia with fifteen FTG Five-Star awards combined.*

Our Resorts

We present the operating results of our four resorts in the following segments: Wynn Palace, Wynn Macau, Las Vegas Operations, and Encore Boston Harbor. We may experience fluctuations in revenues and cash flows from month to month, including from such factors as the timing of major conventions and holidays; however, we do not believe that our business is materially impacted by seasonality.

Wynn Palace

We opened Wynn Palace in August 2016, on Macau's Cotai Strip, conveniently located minutes from both Macau International Airport and the Macau Taipa Ferry Terminal and directly adjacent to a stop serviced by Macau's light rail system, which recently commenced operations in Cotai. The property features approximately 424,000 square feet of casino space with 323 table games and 1,011 slot machines, as well as private gaming salons and sky casinos. Wynn Palace also features a luxury hotel tower with a total of 1,706 guest rooms, suites, and villas, offering a health club, spa, salon, and pool. In addition, Wynn Palace offers 14 food and beverage outlets, approximately 106,000 square feet of high-end, brand-name retail space, and approximately 37,000 square feet of meeting and convention space. The property's signature public attractions and entertainment offerings include a performance lake, a gondola ride offering convenient street-level access, and an exceptional display of Western and Asian art.

We are in the preliminary planning and design stages of developing the Crystal Pavilion at Wynn Palace. We expect that the Crystal Pavilion will become a unique world-class cultural destination, incorporating art, theater and interactive installations, expansive food and beverage offerings, additional hotel rooms, and several signature entertainment features. We expect construction of the initial phase of the Crystal Pavilion will begin in late 2021.

Wynn Macau

We opened Wynn Macau in September 2006, and Encore, an expansion of Wynn Macau, in April 2010. Located in the heart of downtown Macau, the property features approximately 252,000 square feet of casino space with 322 table games and 838 slot machines, as well as private gaming salons, sky casinos, and a poker room. Wynn Macau also features two luxury hotel towers with a total of 1,010 guest rooms and suites, offering two health clubs, two spas, a salon and a pool. In addition, Wynn Macau offers 12 food and beverage outlets, approximately 59,000 square feet of high-end, brand-name retail space, and approximately 31,000 square feet of meeting and convention space. Wynn Macau's signature attractions include a rotunda show featuring a Chinese zodiac-inspired ceiling along with gold "tree of prosperity" and "dragon of fortune" features.

In November 2019, we opened the first phase of our Lakeside Casino expansion at Wynn Macau which features 44 mass market table games and a refurbished high-limit slot area. We expect to open the second phase, which will include two new restaurants and approximately 7,000 square feet of additional retail space, in the first half of 2020.

Market and Competition

The casino resort industry is highly competitive. We compete with other high-quality resorts located near our properties on the basis of the range of amenities, level of service, price, location, entertainment, themes and size, among other factors. We seek to differentiate our integrated resorts by delivering superior design and customer service.

Macau

Macau, located in the Greater Bay Area, is governed as a special administrative region of China and is located approximately 37 miles southwest of Hong Kong. The journey between Macau and Hong Kong takes approximately 15 minutes by helicopter, 30 minutes by road since the opening of the Hong Kong-Zhuhai-Macau Bridge in October 2018 and one hour by jetfoil ferry. Macau, which has been a casino destination for more than 50 years, consists principally of a peninsula on mainland China and two neighboring islands, Taipa and Coloane, between which the Cotai area is located. In 2002, the government of Macau ended a 40-year monopoly on the conduct of gaming operations by conducting a competitive process that resulted in the issuance of gaming concessions to three concessionaires (including Wynn Resorts (Macau) S.A., (“Wynn Macau SA”)) who in turn were permitted, subject to the approval of the government of Macau, to each grant one subconcession, resulting in a total of six gaming concessionaires and subconcessionaires. In addition to Wynn Macau SA, each of Sociedade de Jogos de Macau (“SJM”) and Galaxy Entertainment Group Limited (“Galaxy”) are primary concessionaires with Sands China Ltd. (“Sands”), Melco International Development Limited (“Melco”) and MGM China Holdings Limited (“MGM China”) operating under subconcessions. There is no limit to the number of casinos each concessionaire or subconcessionaire is permitted to operate, but each facility is subject to government approval. Currently, there are 41 casinos operating in Macau.

We believe that the Macau region hosts one of the world’s largest concentrations of potential gaming and tourism customers. Since the introduction of new casinos starting in 2004, the Macau market has experienced a significant increase in annual gaming revenue and has become the largest gaming market in the world. According to Macau Statistical Information, annual gaming revenues have grown from \$2.9 billion in 2002 to \$36.5 billion in 2019. In addition, we believe that Macau’s stated goal of becoming a world-class tourism destination will drive additional visitation to the market and create future opportunities for us to invest and grow.

Macau’s gaming market is primarily dependent on tourists. Gaming customers traveling to Macau typically come from nearby destinations in Asia. According to the Macau Statistics and Census Service Monthly Bulletin of Statistics, over 90% of the visitors to Macau in 2019 came from mainland China, Hong Kong, and Taiwan. Travel to Macau by citizens of mainland China requires a visa.

According to 2019 government statistics, Macau tourist arrivals increased 10.1%, to 39.4 million, from 35.8 million in 2018. Annual gaming revenues decreased to \$36.5 billion in 2019, from \$37.5 billion in 2018.

The Macau market has experienced tremendous growth in capacity since the opening of Wynn Macau in 2006. As of December 31, 2019, there were 38,300 hotel rooms, 6,739 table games and 17,009 slot machines in Macau, compared to 12,978 hotel rooms, 2,762 table games and 6,546 slot machines as of December 31, 2006. During 2016, we contributed to the new capacity in the market with the opening of Wynn Palace in the Cotai area. Several of the current concessionaires and subconcessionaires also opened additional facilities from 2016 through 2018 in the Cotai area and will open additional facilities over the next few years, which will further increase other gaming and non-gaming offerings in the Macau market.

Our Macau Operations face competition primarily from the 39 other casinos located throughout Macau in addition to casinos located throughout the world, including Singapore, South Korea, the Philippines, Vietnam, Cambodia, Malaysia, Australia, Las Vegas, cruise ships in Asia that offer gaming, and other casinos throughout Asia. Additionally, certain other Asian countries and regions have legalized or in the future may legalize gaming, such as Japan, Taiwan and Thailand, which could increase competition for our Macau Operations.

Regulation and Licensing

Macau

The Macau government has publicly commented that it is studying the process by which gaming concessions and subconcessions may be extended, renewed or issued. The current term of our gaming concession ends on June 26, 2022. The gaming concession or subconcession held by each of SJM, MGM China, Galaxy, Sands, and Melco also end on June 26, 2022.

In late 2015, the Macau government implemented enhanced accounting and financial procedures and requirements to be followed by gaming promoters. These enhanced procedures require gaming promoters to disclose more detailed financial and accounting information to the DICJ, including the disclosure of certain financial information on a monthly basis. Gaming promoters also must identify and nominate senior financial or accounting representatives to be available to the DICJ for any follow-up matters the DICJ may require.

Employees

As of December 31, 2019, we had approximately 30,200 employees (including approximately 13,800 in Macau and 16,400 in the United States).

Item 1A. Risk Factors

Risks Related to our Business

The outbreak of the novel coronavirus (“Coronavirus”) has had and will have an adverse effect on our results of operations.

In January 2020, an outbreak of a new strain of coronavirus, COVID-19, was identified in Wuhan, China. Currently, no fully effective vaccines have been developed and there can be no assurance that an effective vaccine can be discovered in time to protect against a potential pandemic.

In response, on February 4, 2020, the Macau government announced the closure of all casino operations in Macau, including those at Wynn Palace and Wynn Macau, for a period of 15 days. On February 20, 2020, our casino operations at Wynn Palace and Wynn Macau reopened on a reduced basis, and are expected to fully reopen by March 20, 2020 (the deadline set by the Macau government for Macau casinos to fully reopen). Since reopening, all casinos in Macau are subject to a number of government procedures which address the health and safety of staff and patrons, including limitations on the spacing of open tables and slot machines to ensure adequate distance between people, stopping patrons from congregating together, limiting the number of players and spectators at a table to three to four, temperature checks, mask protection, and health declarations.

Visitation to Macau has fallen precipitously since the outbreak of Coronavirus, driven by the Chinese government’s suspension of its visa and group tour schemes that allow mainland Chinese residents to travel to Macau, quarantines in certain cities in mainland China, and the suspension by the Hong Kong government of ferry service from Hong Kong to Macau until further notice.

The Coronavirus outbreak has had and will have an adverse effect on our results of operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the Coronavirus and around the imposition or relaxation of protective measures, we cannot reasonably estimate the impact to our future results of operations, cash flows, or financial condition.

We are subject to extensive state and local regulation, and licensing and gaming authorities have significant control over our operations. The cost of compliance or failure to comply with such regulations and authorities could have a negative effect on our business.

The operations of our resorts are contingent upon our obtaining and maintaining all necessary licenses, permits, approvals, registrations, findings of suitability, orders and authorizations in the jurisdictions in which our resorts are located. The laws, regulations and ordinances requiring these licenses, permits and other approvals generally relate to the responsibility, financial stability and character of the owners and managers of gaming operations, as well as persons financially interested or involved in gaming operations.

Our Macau Operations are subject to unique risks. Failure to adhere to the regulatory and gaming environment in Macau could result in the revocation of our Macau Operations' concession or otherwise negatively affect its operations in Macau. Moreover, we are subject to the risk that U.S. regulators could determine that Macau's gaming regulatory framework has not developed in a way that would permit us to conduct operations in Macau in a manner consistent with the way in which we intend, or the applicable U.S. gaming authorities require us, to conduct our operations in the United States.

Each of these regulatory authorities has extensive power to license and oversee the operations of our casino resorts and has taken action and could take action against the Company and its related licensees, including actions that could affect the ability or terms upon which our subsidiaries hold their gaming licenses and concessions, and the suitability of the Company to continue as a stockholder of those affiliates.

Ongoing investigations, litigation and other disputes could distract management and result in negative publicity and additional scrutiny from regulators.

The Company is subject to various claims related to our operations. These foregoing investigations, litigation and other disputes and any additional such matters that may arise in the future, can be expensive and may divert management's attention from the operations of our businesses. The investigations, litigation and other disputes may also lead to additional scrutiny from regulators, which could lead to investigations relating to, and possibly a negative impact on, the Company's gaming licenses and the Company's ability to bid successfully for new gaming market opportunities. In addition, the actions, litigation and publicity could negatively impact our business, reputation and competitive position and could reduce demand for shares of Wynn Resorts and WML and thereby have a negative impact on the trading prices of their respective shares.

We depend on the continued services of key managers and employees. If we do not retain our key personnel or attract and retain other highly skilled employees, our business will suffer.

Our ability to maintain our competitive position is dependent to a large degree on the services of our senior management team. Our success depends upon our ability to attract, hire, and retain qualified operating, marketing, financial, and technical personnel in the future. Given the intense competition for qualified management personnel in our industry, we may not be able to hire or retain the required personnel. The loss of key management and operating personnel would likely have a material adverse effect on our business, prospects, financial condition, and results of operations.

Our business is particularly sensitive to reductions in discretionary consumer and corporate spending as a result of global economic conditions.

Consumer demand for casino/hotel resorts, trade shows and conventions and for the type of luxury amenities that we offer is particularly sensitive to changes in the global economy, which adversely impact discretionary spending on leisure activities. Changes in discretionary consumer spending or consumer preferences brought about by factors such as perceived or actual general global economic conditions, high unemployment, weakness in housing or oil markets, perceived or actual changes in disposable consumer income and wealth, an economic recession and changes in consumer confidence in the global economy, perceived or actual health risks related to outbreaks of infectious disease, or fears of war and future acts of terrorism have in the past and could in the future reduce customer demand for the luxury amenities and leisure activities we offer, and may have a significant negative impact on our operating results.

Also, consumer demographics and preferences may evolve over time, which, for example, has resulted in growth in consumer demand for non-gaming offerings. Our success depends in part on our ability to anticipate the preferences of consumers and react to those trends and any failure to do so may negatively impact our operating results.

Demand for our products and services in Macau and Las Vegas may be negatively impacted by international relations, economic disruptions in mainland China, visa restrictions placed on citizens of mainland China, the anti-corruption campaign, restrictions on international money transfers or similar campaigns.

A significant amount of our gaming revenues in Macau and Las Vegas come from customers from mainland China. Economic disruption, international relations, contraction and uncertainty in China could impact the number of patrons visiting our Macau and Las Vegas properties or the amount they spend. In addition, policies adopted from time to time by governments, including any travel restrictions imposed on Chinese citizens such as restrictions imposed on exit visas or restrictions on United States visitor visas, could disrupt the number of visitors from mainland China to our properties. It is not known when, or if, policies restricting visitation by mainland Chinese citizens will be put in place and such policies may be adjusted, without notice, in the future. Furthermore, the Chinese government's continuing anti-corruption campaign has influenced the behavior of Chinese consumers and their spending patterns both domestically and abroad. That campaign, as well as mainland Chinese and Macau monetary outflow policies have specifically led to tighter monetary transfer regulations, real-time monitoring of certain financial channels, limitations on cash withdrawals from ATM machines by mainland China citizens, reduction of annual withdrawal limits from bank accounts while the account holder is outside of mainland China, and "know your client" protocols implemented on ATM machines. These policies may affect and impact the number of visitors and the amount of money they spend. The overall effect of the campaign and monetary transfer restrictions may negatively affect our revenues and results of operations.

Our business is particularly sensitive to the willingness of our customers to travel to and spend time at our resorts. Acts or the threat of acts of terrorism, outbreak of infectious disease, regional political events and developments in certain countries could cause severe disruptions in air and other travel and may otherwise negatively impact tourists' willingness to visit our resorts. Such events or developments could reduce the number of visitors to our facilities, resulting in a material adverse effect on our business and financial condition, results of operations or cash flows.

We are dependent on the willingness of our customers to travel. Only a small amount of our business is and will be generated by local residents. Most of our customers travel to reach our Las Vegas and Macau properties. Acts of terrorism or concerns over the possibility of such acts may severely disrupt domestic and international travel, which would result in a decrease in customer visits to Las Vegas and Macau, including our properties. Regional conflicts could have a similar effect on domestic and international travel. Disruptions in air or other forms of travel as a result of any terrorist act, outbreak of hostilities, escalation of war or worldwide infectious disease outbreak would have an adverse effect on our business and financial condition, results of operations and cash flows. In addition, governmental action and uncertainty resulting from U.S. and global political trends and policies, including potential barriers to travel, trade and immigration can reduce demand for hospitality products and services, including visitation to our resorts.

Our continued success depends on our ability to maintain the reputation of our resorts.

Our strategy and integrated resort business model rely on positive perceptions of our resorts and the level of service we provide. Any deterioration in our reputation could have a material adverse effect on our business, results of operations and cash flows. Our reputation could be negatively impacted by our failure to deliver the superior design and customer service for which we are known or by events that are beyond our control. Our reputation may also suffer as a result of negative publicity regarding the Company or our resorts, including as a result of social media reports, regardless of the accuracy of such publicity. The continued expansion of media and social media formats has compounded the potential scope of negative publicity and has made it more difficult to control and effectively manage negative publicity.

We are entirely dependent on a limited number of resorts for all of our cash flow, which subjects us to greater risks than a gaming company with more operating properties.

We are currently entirely dependent upon our Macau Operations, Las Vegas Operations and Encore Boston Harbor for all of our operating cash flow. As a result, we are subject to a greater degree of risk than a gaming company with more operating properties or greater geographic diversification. The risks to which we have a greater degree of exposure include the following:

- changes in local economic and competitive conditions;*
- changes in local and state governmental laws and regulations, including gaming laws and regulations, and the way in which those laws and regulations are applied;*

- *natural and other disasters, including the outbreak of infectious diseases;*
- *an increase in the cost of maintaining our properties;*
- *a decline in the number of visitors to Las Vegas, Macau or Boston; and*
- *a decrease in gaming and non-casino activities at our resorts.*

Any of the factors outlined above could negatively affect our results of operations and our ability to generate sufficient cash flow to make payments or maintain our covenants with respect to our debt.

We are a parent company and our primary source of cash is and will be distributions from our subsidiaries.

We are a parent company with limited business operations of our own. Our main asset is the capital stock of our subsidiaries. We conduct most of our business operations through our direct and indirect subsidiaries. Accordingly, our primary sources of cash are dividends and distributions with respect to our ownership interests in our subsidiaries that are derived from the earnings and cash flow generated by our operating properties. Our subsidiaries might not generate sufficient earnings and cash flow to pay dividends or distributions in the future. For example, if the Coronavirus outbreak continues to interrupt our gaming operations or visitation to Macau or if the outbreak escalates, it may have a material adverse effect on our subsidiaries' results of operations and their ability to pay dividends or distributions to us.

Our casino, hotel, convention and other facilities face intense competition, which may increase in the future.

The casino/hotel industry is highly competitive. We hold a concession under one of only three gaming concessions and three subconcessions authorized by the Macau government to operate casinos in Macau. The Macau government has had the ability to grant additional gaming concessions since April 2009. If the Macau government were to allow additional competitors to operate in Macau through the grant of additional concessions or subconcessions, we would face additional competition, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Several of the current concessionaires and subconcessionaires have opened facilities in the Cotai area over the past few years, which has significantly increased gaming and non-gaming offerings in Macau, with continued development and further openings in Cotai expected in the near future.

Our Macau Operations face competition from casinos located in Singapore, South Korea, the Philippines, Vietnam, Cambodia, and Malaysia. We also encounter competition from other major gaming centers located around the world, including Australia and Las Vegas, cruise ships in Asia that offer gaming, and other casinos throughout Asia. Additionally, certain other Asian countries and regions have legalized or in the future may legalize gaming, such as Japan, Taiwan and Thailand, which could increase competition for our Macau Operations.

Increased competition could result in a loss of customers, which may negatively affect our cash flows and results of operations.

Any violation of applicable Anti-Money Laundering laws, regulations or the Foreign Corrupt Practices Act or sanctions could adversely affect our business, performance, prospects, value, financial condition, and results of operations.

We deal with significant amounts of cash in our operations and are subject to various jurisdictions' reporting and anti-money laundering laws and regulations. Both U.S. and Macau governmental authorities focus heavily on the gaming industry and compliance with anti-money laundering laws and regulations. From time to time, the Company receives governmental and regulatory inquiries about compliance with such laws and regulations. The Company cooperates with all such inquiries. Any violation of anti-money laundering laws or regulations could adversely affect our business, performance, prospects, value, financial condition, and results of operations.

Further, we have operations, and a significant portion of our revenue is derived outside of the United States. We are therefore subject to regulations imposed by the FCPA and other anti-corruption laws that generally prohibit U.S. companies and their intermediaries from offering, promising, authorizing or making improper payments to foreign government officials for the purpose of obtaining or retaining business. Violations of the FCPA and other anti-corruption laws may result in severe criminal and civil sanctions as well as other penalties, and the SEC and U.S. Department of Justice have increased their enforcement activities with respect to such laws and regulations. The Office of Foreign Assets Control and the Commerce Department administer and enforce economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign states, organizations, and individuals. Failure to comply with these laws and regulations could increase our cost of operations, reduce our profits, or otherwise adversely affect our business, financial condition, and results of operations.

Internal control policies and procedures and employee training and compliance programs that we have implemented to deter prohibited practices may not be effective in prohibiting our directors, employees, contractors or agents from violating or circumventing our policies and the law. If we or our directors, employees or agents fail to comply with applicable laws or Company policies governing our operations, the Company may face investigations, prosecutions and other legal proceedings and actions, which could result in civil penalties, administrative remedies and criminal sanctions. Any such government investigations, prosecutions or other legal proceedings or actions could adversely affect our business, performance, prospects, value, financial condition, and results of operations.

Adverse incidents or adverse publicity concerning our resorts or our corporate responsibilities could harm our brand and reputation and negatively impact our financial results.

Our reputation and the value of our brand, including the perception held by our customers, business partners, other key stakeholders and the communities in which we do business, are important assets. Our business faces increasing scrutiny related to environmental, social and governance activities, and risk of damage to our reputation and the value of our brands if we fail to act responsibly in a number of areas, such as diversity and inclusion, environmental stewardship, supply chain management, sustainability, workplace conduct, human rights, philanthropy, and support for local communities. Any harm to our reputation could have a material adverse effect on our business, results of operations, and cash flows.

Compliance with changing laws and regulations may result in additional expenses and compliance risks.

Changing laws and regulations are creating uncertainty for gaming companies. These changing laws and regulations are subject to varying interpretations in many cases due to their lack of specificity, recent issuance and/or lack of guidance. As a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. In addition, further regulation of casinos, financial institutions and public companies is possible. This could result in continuing uncertainty and higher costs regarding compliance matters. Due to our commitment to maintain high standards of compliance with laws and public disclosure, our efforts to comply with evolving laws, regulations and standards have resulted in and are likely to continue to result in increased general and administrative expense. In addition, we are subject to different parties' interpretation of our compliance with these new and changing laws and regulations.

System failure, information leakage and the cost of maintaining sufficient cybersecurity could adversely affect our business.

We rely on information technology and other systems (including those maintained by third parties with whom we contract to provide data services) to maintain and transmit large volumes of customer financial information, credit card settlements, credit card funds transmissions, mailing lists and reservations information and other personally identifiable information. We also maintain important internal company data such as personally identifiable information about our employees and information relating to our operations. The systems and processes we have implemented to protect customers, employees and company information are subject to the ever-changing risk of compromised security. These risks include cyber and physical security breaches, system failure, computer viruses, and negligent or intentional misuse by customers, company employees, or employees of third-party vendors. The steps we take to deter and mitigate these risks may not be successful and our insurance coverage for protecting against cybersecurity risks may not be sufficient. Our third-party information system service providers face risks relating to cybersecurity similar to ours, and we do not directly control any of such parties' information security operations.

Despite the security measures we currently have in place, our facilities and systems and those of our third-party service providers may be vulnerable to security breaches, acts of vandalism, phishing attacks, computer viruses, misplaced or lost data, programming or human errors and other events. Cyber-attacks are becoming increasingly more difficult to anticipate and prevent due to their rapidly evolving nature and, as a result, the technology we use to protect our systems from being breached or compromised could become outdated due to advances in computer capabilities or other technological developments.

Any perceived or actual electronic or physical security breach involving the misappropriation, loss, or other unauthorized disclosure of confidential or personally identifiable information, including penetration of our network security, whether by us or by a third party, could disrupt our business, damage our reputation and our relationships with our customers or employees, expose us to risks of litigation, significant fines and penalties and liability, result in the deterioration of our customers' and employees' confidence in us, and adversely affect our business, results of operations and financial condition. Since we do not control third-party service providers and cannot guarantee that no electronic or physical computer break-ins and security breaches will occur in the future, any perceived or actual unauthorized disclosure of personally identifiable information regarding our employees, customers or website visitors could harm our reputation and credibility and reduce our ability to attract and retain employees and customers. As these threats develop and grow, we may find it necessary to make significant further investments to protect data and our infrastructure, including the implementation of new computer systems or upgrades to existing systems, deployment of additional personnel and protection-related technologies, engagement of third-party consultants, and training of employees. The occurrence of any of the cyber incidents described above could have a material adverse effect on our business, results of operations and cash flows.

Our business could suffer if our computer systems and websites are disrupted or cease to operate effectively.

We are dependent on our computer systems to record and process transactions and manage and operate our business, including processing payments, accounting for and reporting financial results, and managing our employees and employee benefit programs. Given the complexity of our business, it is imperative that we maintain uninterrupted operation of our computer hardware and software systems. Despite our preventative efforts, our systems are vulnerable to damage or interruption from, among other things, security breaches, computer viruses, technical malfunctions, inadequate system capacity, power outages, natural disasters, and usage errors by our employees or third-party consultants. If our information technology systems become damaged or otherwise cease to function properly, we may have to make significant investments to repair or replace them. Additionally, confidential or sensitive data related to our customers or employees could be lost or compromised. Any material disruptions in our information technology systems could have a material adverse effect on our business, results of operations, and financial condition.

If a third party successfully challenges our ownership of, or right to use, the Wynn-related trademarks and/or service marks, our business or results of operations could be harmed.

Our intellectual property assets, especially the logo version of "Wynn," are among our most valuable assets. We have filed applications with the PTO and with various foreign patent and trademark registries including registries in Macau, China, Hong Kong, Singapore, Taiwan, Japan, certain European countries and various other jurisdictions throughout the world, to register a variety of WYNN-related trademarks and service marks in connection with a variety of goods and services. These marks include "WYNN RESORTS," "WYNN DESIGN AND DEVELOPMENT," "WYNN LAS VEGAS," "WYNN MACAU," "WYNN PALACE," "ENCORE," and "ENCORE BOSTON HARBOR." Some of the applications are based upon ongoing use and others are based upon a bona fide intent to use the marks in the future.

A common element of most of these marks is the use of the surname “WYNN.” As a general rule, a surname (or the portion of a mark primarily constituting a surname) is not eligible for registration unless the surname has acquired “secondary meaning.” To date, we have been successful in demonstrating to the PTO such secondary meaning for the Wynn name, in certain of the applications, based upon factors including Mr. Wynn’s historical prominence as a resort developer, but we cannot assure you that we will be successful with the other pending applications.

Federal registrations are not completely dispositive of the right to such marks. Third parties who claim prior rights with respect to similar marks may nonetheless challenge our right to obtain registrations or our use of the marks and seek to overcome the presumptions afforded by such registrations.

Furthermore, due to the increased use of technology in computerized gaming machines and in business operations generally, other forms of intellectual property rights (such as patents and copyrights) are becoming of increased relevance. It is possible that, in the future, third parties might assert superior intellectual property rights or allege that their intellectual property rights cover some aspect of our operations. The defense of such allegations may result in substantial expenses, and, if such claims are successfully prosecuted, may have a material impact on our business. There has been an increase in the international operation of fraudulent online gambling and investment websites attempting to scam and defraud members of the public. We do not offer online gambling or investment accounts. Websites offering these or similar activities and opportunities that use our names or similar names or images in likeness to ours, are doing so without our authorization and possibly unlawfully and with criminal intent. If our efforts to cause these sites to be shut down through civil action and by reporting these sites to the appropriate authorities (where applicable) are unsuccessful or not timely completed, these unauthorized activities may continue and harm our reputation and negatively affect our business. Efforts we take to acquire and protect our intellectual property rights against unauthorized use throughout the world, which may include retaining counsel and commencing litigation in various jurisdictions, may be costly and may not be successful in protecting and preserving the status and value of our intellectual property assets.

Risks Associated with our Macau Operations

Our Macau Operations may be affected by adverse political and economic conditions.

Our Macau Operations are subject to significant political, economic and social risks inherent in doing business in an emerging market. The future success of our Macau Operations will depend on political and economic conditions in Macau and mainland China. For example, fiscal decline, international relations, and civil, domestic or international unrest in Macau, China or the surrounding region could significantly harm our business, not only by reducing customer demand for casino resorts, but also by increasing the risk of imposition of taxes and exchange controls or other governmental restrictions, laws or regulations that might impede our Macau Operations or our ability to repatriate funds.

Revenues from our Macau gaming operations will end if we cannot secure an extension or renewal of our concession, or a new concession, by June 26, 2022, or if the Macau government exercises its redemption right.

The term of our concession agreement with the Macau government ends on June 26, 2022. Unless the term of our concession agreement is extended or our concession is renewed, subject to any separate arrangement with the Macau government, all of our gaming operations and related equipment in Macau will be automatically transferred to the Macau government without compensation to us and we will cease to generate any revenues from these operations at the end of the term of our concession agreement. The Macau government has publicly commented that it is studying the process by which concessions and subconcessions may be renewed, extended or issued. Effective June 2017, the Macau government may redeem our concession agreement by providing us at least one year's prior notice. In the event the Macau government exercises this redemption right, we are entitled to fair compensation or indemnity. The amount of such compensation or indemnity will be determined based on the amount of revenue generated during the tax year prior to the redemption multiplied by the remaining years under our concession. We are considering various options to place us in a good position for the renewal, extension or application process; however, we may not be able to extend our concession agreement or renew our concession or obtain a new concession on terms favorable to us or at all. If our concession is redeemed, the compensation paid to us may not be adequate to compensate us for the loss of future revenues. The redemption of or failure to extend or renew our concession or obtain a new concession would have a material adverse effect on our results of operations.

The smoking control legislation in Macau could have an adverse effect on our business, financial condition, results of operations and cash flows.

Under the Macau Smoking Prevention and Tobacco Control Law, as of January 1, 2019, smoking on casino premises is only permitted in authorized segregated smoking lounges with no gaming activities and such smoking lounges are required to comply with the conditions set out in the regulations. The existing smoking legislation, and any smoking legislation intended to fully ban all smoking in casinos, may deter potential gaming customers who are smokers from frequenting casinos in Macau and disrupt the number of patrons visiting or the amount of time visiting patrons spend at our property, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Extreme weather conditions may have an adverse impact on our Macau Operations.

Macau's subtropical climate and location on the South China Sea are subject to extreme weather conditions including typhoons and heavy rainstorms, such as Typhoon Mangkhut in 2018 and Typhoon Hato in 2017. Unfavorable weather conditions could negatively affect the profitability of our resorts and prevent or discourage guests from traveling to Macau. The occurrence and timing of such events cannot be predicted or controlled by us and may have a material adverse effect on our business, financial condition, results of operations, and cash flows.

If our Macau Operations fail to comply with the concession agreement, the Macau government can terminate our concession without compensation to us, which would have a material adverse effect on our business and financial condition.

The Macau government has the right to unilaterally terminate our concession in the event of our material non-compliance with the basic obligations under the concession and applicable Macau laws. The concession agreement expressly provides that the government of Macau may unilaterally rescind the concession agreement of our Macau Operations if it:

- conducts unauthorized games or activities that are excluded from its corporate purpose;*
- suspends gaming operations in Macau for more than seven consecutive days (or more than 14 days in a civil year) without justification;*
- defaults in payment of taxes, premiums, contributions or other required amounts;*
- does not comply with government inspections or supervision;*
- systematically fails to observe its obligations under the concession system;*
- fails to maintain bank guarantees or bonds satisfactory to the government;*
- is the subject of bankruptcy proceedings or becomes insolvent;*
- engages in serious fraudulent activity, damaging to the public interest; or*
- repeatedly violates applicable gaming laws.*

If the government of Macau unilaterally rescinds the concession agreement, our Macau Operations will be required to compensate the government in accordance with applicable law, and the areas defined as casino space under Macau law and all of the gaming equipment pertaining to our gaming operations will be transferred to the government without compensation. The loss of our concession would prohibit us from conducting gaming operations in Macau, which would have a material adverse effect on our business and financial condition.

We depend upon gaming promoters for a significant portion of our gaming revenue. If we are unable to maintain, or develop additional, successful relationships with reputable gaming promoters, our ability to maintain or grow our gaming revenues could be adversely affected.

We may lose the clientele of our gaming promoters, who generate a significant portion of our gaming revenue. There is intense competition among casino operators in Macau for services provided by gaming promoters, which has intensified as additional casinos open in Macau. If we are unable to maintain, or develop additional, successful relationships with reputable gaming promoters, or lose a significant number of our gaming promoters to our competitors, our ability to maintain or grow our gaming revenues will be adversely affected and we will

have to seek alternative ways of developing relationships with VIP customers. In addition, if our gaming promoters are unable to develop or maintain relationships with our VIP customers, our ability to maintain or grow our gaming revenues will be hampered.

The financial resources of our gaming promoters may be insufficient to allow them to continue doing business in Macau which could adversely affect our business and financial condition. Our gaming promoters may experience difficulty in attracting patrons.

Economic and political factors in the region may cause our gaming promoters to experience difficulties in their Macau operations, including intensified competition in attracting patrons to come to Macau. Further, gaming promoters may face a decrease in liquidity, limiting their ability to grant credit to their patrons, and difficulties in collecting credit they extended previously. The inability to attract sufficient patrons, grant credit and collect amounts due in a timely manner may negatively affect our gaming promoters' operations, causing gaming promoters to wind up or liquidate their operations or resulting in some of our gaming promoters leaving Macau. Current and any future difficulties could have an adverse impact on our results of operations.

Increased competition for the services of gaming promoters may require us to pay increased commission rates to gaming promoters.

Certain gaming promoters have significant leverage and bargaining strength in negotiating operational agreements with casino operators. This leverage could result in gaming promoters negotiating changes to our operational agreements, including higher commissions, or the loss of business to a competitor or the loss of certain relationships with gaming promoters. If we need to increase our commission rates or otherwise change our practices with respect to gaming promoters due to competitive forces, our results of operations could be adversely affected.

Failure by the gaming promoters with whom we work to comply with Macau gaming laws and high standards of probity and integrity might affect our reputation and ability to comply with the requirements of our concession, Macau gaming laws and other gaming licenses.

The reputations and probity of the gaming promoters with whom we work are important to our own reputation and to our ability to operate in compliance with our concession, Macau gaming laws and other gaming licenses. We conduct periodic reviews of the probity and compliance programs of our gaming promoters. However, we are not able to control our gaming promoters' compliance with these high standards of probity and integrity, and our gaming promoters may violate provisions in their contracts with us designed to ensure such compliance. In addition, if we enter into a new business relationship with a gaming promoter whose probity is in doubt, this may be considered by regulators or investors to reflect negatively on our own probity. If our gaming promoters are unable to maintain required standards of probity and integrity, we may face consequences from gaming regulators with authority over our operations. Furthermore, if any of our gaming promoters violate the Macau gaming laws while on our premises, the Macau government may, in its discretion, take enforcement action against us, the gaming promoter, or each concurrently, and we may be sanctioned and our reputation could be harmed.

Unfavorable changes in currency exchange rates may increase our Macau Operations' obligations under the concession agreement and cause fluctuations in the value of our investment in Macau.

The currency delineated in our Macau Operations' concession agreement with the government of Macau is the Macau pataca. The Macau pataca is linked to the Hong Kong dollar, and the two are often 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 changes in Chinese governmental policies and international economic and political developments.

If the Hong Kong dollar and the Macau pataca are no longer linked to the U.S. dollar, the exchange rate for these currencies may severely fluctuate. The current rate of exchange fixed by the applicable monetary authorities for these currencies may also change.

Because many of our Macau Operations' payment and expenditure obligations are in Macau patacas, in the event of unfavorable Macau pataca or Hong Kong dollar rate changes, our Macau Operations' obligations, as denominated in U.S. dollars, would increase. In addition, because we expect that most of the revenues for any casino that we operate 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 our results of operations, financial condition and ability to service our debt.

Currency exchange controls and currency export restrictions could negatively impact our Macau Operations.

Currency exchange controls and restrictions on the export of currency by certain countries may negatively impact the success of our Macau Operations. For example, there are currently existing currency exchange controls and restrictions on the export of the renminbi, the currency of China. Restrictions on the export of the renminbi may impede the flow of gaming customers from China to Macau, inhibit the growth of gaming in Macau and negatively impact our Macau Operations.

Our Macau subsidiaries' indebtedness is secured by a substantial portion of their assets.

Subject to applicable laws, including gaming laws, and certain agreed upon exceptions, our Macau subsidiaries' debt is secured by liens on substantially all of their assets. In the event of a default by such subsidiaries under their financing documents, or if such subsidiaries experience insolvency, liquidation, dissolution or reorganization, the holders of such secured debt would first be entitled to payment from their collateral security, and then would the holders of our Macau subsidiaries' unsecured debt be entitled to payment from their remaining assets, and only then would we, as a holder of capital stock, be entitled to distribution of any remaining assets.

Conflicts of interest may arise because certain of our directors and officers are also directors of Wynn Macau, Limited.

Wynn Macau, Limited, an indirect majority owned subsidiary of Wynn Resorts and the developer, owner and operator of Wynn Macau and Wynn Palace, listed its ordinary shares of common stock on The Stock Exchange of Hong Kong Limited in October 2009. As of December 31, 2019, Wynn Resorts owns approximately 72% of Wynn Macau, Limited's ordinary shares of common stock. As a result of Wynn Macau, Limited having stockholders who are not affiliated with us, we and certain of our officers and directors who also serve as officers and/or directors of Wynn Macau, Limited may have conflicting fiduciary obligations to our stockholders and to the minority stockholders of Wynn Macau, Limited. Decisions that could have different implications for Wynn Resorts and Wynn Macau, Limited, including contractual arrangements that we have entered into or may in the future enter into with Wynn Macau, Limited, may give rise to the appearance of a potential conflict of interest.

The Macau government has established a maximum number of gaming tables that can be operated in Macau and has limited the number of new gaming tables at new gaming areas in Macau.

In connection with the opening of Wynn Palace, the DICJ authorized 100 new table games for operation at Wynn Palace, with 25 additional table games authorized for operation on January 1, 2017, and a further 25 new table games for operation on January 1, 2018, for a total of 150 new table games in the aggregate. In addition, we have and will continue to transfer table games between Wynn Palace and Wynn Macau, subject to the aggregate cap. As of December 31, 2019, we had a total of 323 table games at Wynn Palace and 322 at Wynn Macau. The mix of table games in operation at Wynn Palace and Wynn Macau changes from time to time as a result of marketing and operating strategies in response to changing market demand and industry competition. Failure to shift the mix of our table games in anticipation of market demands and industry trends may negatively impact our operating results.

Risks Related to our Indebtedness

We are highly leveraged and future cash flow may not be sufficient for us to meet our obligations, and we might have difficulty obtaining more financing.

We have a substantial amount of consolidated debt in relation to our equity.

Our indebtedness could have important consequences. For example:

- failure to meet our payment obligations or other obligations could result in acceleration of our indebtedness, foreclosure upon our assets that serve as collateral or bankruptcy and trigger cross defaults under other agreements;*
- servicing our indebtedness requires a substantial portion of our cash flow from our operations and reduces the amount of available cash, if any, to fund working capital and other cash requirements or pay for other capital expenditures;*
- we may not be able to obtain additional financing, if needed; and*
- rates with respect to a portion of the interest we pay will fluctuate with market rates and, accordingly, our interest expense will increase if market interest rates increase.*

Item 2. Properties

The following table presents our significant land holdings. We own or have obtained the right to use these properties. We also own or lease various other improved and unimproved properties associated with our development projects.

<i>Property</i>	<i>Approximate Acres</i>	<i>Location</i>
<i>Macau Operations</i> ⁽¹⁾		
<i>Wynn Palace</i>	<i>51</i>	<i>Located in the Cotai area of Macau.</i>
<i>Wynn Macau</i>	<i>16</i>	<i>Located in downtown Macau's inner harbor.</i>
	<i>67</i>	

(1) *The government of Macau owns most of the land in Macau. In most cases, private interests in real property located in Macau are obtained through long-term leases known as concessions and other grants of rights to use land from the government. Wynn Palace and Wynn Macau are built on land leased under land concession contracts each with terms of 25 years from May 2012 and August 2004, respectively, which may be renewed with government approval for successive periods.*

Item 3. Legal Proceedings

We are occasionally party to lawsuits. As with all litigation, no assurance can be provided as to the outcome of such matters and we note that litigation inherently involves significant costs. For information regarding the Company's legal proceedings see Item 1A — "Risk Factors" in this Annual Report on Form 10-K.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Through our approximately 72% ownership of WML, we operate two integrated resorts in the Macau Special Administrative Region of the People's Republic of China ("Macau"), Wynn Palace and Wynn Macau (collectively, our "Macau Operations").

Recent Developments

In January 2020, an outbreak of a new strain of coronavirus, COVID-19, was identified in Wuhan, China. Currently, no fully effective vaccines have been developed and there can be no assurance that an effective vaccine can be discovered in time to protect against a potential pandemic.

In response, on February 4, 2020, the Macau government announced the closure of all casino operations in Macau, including those at Wynn Palace and Wynn Macau, for a period of 15 days. On February 20, 2020, our casino operations at Wynn Palace and Wynn Macau reopened on a reduced basis, and are expected to fully reopen by March 20, 2020 (the deadline set by the Macau government for Macau casinos to fully reopen). Since reopening, all casinos in Macau are subject to a number of government procedures which address the health and safety of staff and patrons, including limitations on the spacing of open tables and slot machines to ensure adequate distance between people, stopping patrons from congregating together, limiting the number of players and spectators at a table to three to four, temperature checks, mask protection, and health declarations.

Visitation to Macau has fallen precipitously since the outbreak of Coronavirus, driven by the Chinese government's suspension of its visa and group tour schemes that allow mainland Chinese residents to travel to Macau, quarantines in certain cities in mainland China, and the suspension by the Hong Kong government of ferry service from Hong Kong to Macau until further notice.

The Coronavirus outbreak has had and will have an adverse effect on our results of operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the Coronavirus and around the imposition or relaxation of protective measures, we cannot reasonably estimate the impact to our future results of operations, cash flows, or financial condition.

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 the Consolidated Statements of Income are presented. These key operating measures are presented as supplemental disclosures because management and/or certain investors use these measures to better understand period-over-period fluctuations in our casino and hotel operating revenues. These key operating measures are defined below:

- Table drop in mass market 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.*
- Rolling chips are non-negotiable identifiable chips that are used to track turnover for purposes of calculating incentives within our Macau Operations' VIP program.*
- 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. Table games win is before discounts, 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. Table games win does not include poker rake.*
- Slot machine win is the amount of handle (representing the total amount wagered) that is retained by us and is recorded as casino revenues. Slot machine win is after adjustment for progressive accruals and free play, but before discounts and the allocation of casino revenues to rooms, food and beverage and other revenues for services provided to casino customers on a complimentary basis.*
- Poker rake is the portion of cash wagered by patrons in our poker rooms that is retained by the casino as a service fee, after adjustment for progressive accruals, but before the allocation of casino revenues to rooms, food and beverage and other revenues for services provided to casino customers on a complimentary basis. Poker tables are not included in our measure of average number of table games.*
- Average daily rate ("ADR") is calculated by dividing total room revenues, including complimentaries (less service charges, if any), by total rooms occupied.*
- Revenue per available room ("REVPAR") is calculated by dividing total room revenues, including complimentaries (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 percentages at our resorts.

In our VIP operations in Macau, customers primarily purchase rolling chips from the casino cage and can only use them to make wagers. Winning wagers are paid in cash chips. The loss of the rolling chips in the VIP operations is recorded as turnover and provides a base for calculating VIP win percentage. It is customary in Macau to measure VIP play using this rolling chip method. We expect our win as a percentage of turnover from these operations to be within the range of 2.7% to 3.0%.

In our mass market operations in Macau, customers may purchase cash chips at either the gaming tables or at the casino cage. The measurements from our VIP and mass market operations are not comparable as the measurement method used in our mass market operations tracks the initial purchase of chips at the table and at the casino cage, while the measurement method from our VIP operations tracks the sum of all losing wagers. Accordingly, the base measurement from the VIP operations is much larger than the base measurement from the mass market operations. As a result, the expected win percentage with the same amount of gaming win is lower in the VIP operations when compared to the mass market operations.

Results of Operations

Summary annual results

The decrease in operating revenues for the year ended December 31, 2019 was primarily driven by decreases of \$213.9 million, \$224.5 million, and \$32.1 million from Wynn Palace, Wynn Macau, and our Las Vegas Operations, respectively.

The decrease in Adjusted Property EBITDA for the year ended December 31, 2019 was driven by decreases of \$114.4 million, \$84.4 million, and \$53.4 million from Wynn Palace, Wynn Macau, and our Las Vegas Operations, respectively.

Financial results for the year ended December 31, 2019 compared to the year ended December 31, 2018.

Operating revenues

The following table presents our operating revenues (in thousands):

	<u>Years Ended December 31,</u>		<u>Increase/</u>	<u>Percent</u>
	<u>2019</u>	<u>2018</u>	<u>(Decrease)</u>	<u>Change</u>
Operating revenues				
Macau Operations:				
Wynn Palace	\$2,543,694	\$2,757,566	\$(213,872)	(7.8)
Wynn Macau	2,070,029	2,294,525	(224,496)	(9.8)
Total Macau Operations	4,613,723	5,052,091	(438,368)	(8.7)

Casino revenues

Casino revenues decreased primarily due to decreased VIP turnover and VIP table games win at our Macau Operations and decreased table drop and table games win at our Las Vegas Operations, partially offset by increased mass market table drop and mass market table games win at our Macau Operations and casino revenues from Encore Boston Harbor totaling \$243.9 million. The table below sets forth our casino revenues and associated key operating measures (dollars in thousands, except for win per unit per day):

	<u>Years Ended December 31,</u>		<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
	<u>2019</u>	<u>2018</u>		
Macau Operations:				
Wynn Palace:				
Total casino revenues	\$2,139,756	\$2,356,022	\$(216,266)	(9.2)
VIP:				
Average number of table games	109	114	(5)	(4.4)
VIP turnover	\$45,847,647	\$61,097,527	\$(15,249,880)	(25.0)
VIP table games win	\$1,519,225	\$1,874,189	\$(354,964)	(18.9)
VIP win as a % of turnover	3.31 %	3.07 %	0.24	
Table games win per unit per day	\$38,224	\$45,006	\$(6,782)	(15.1)
Mass market:				
Average number of table games	216	209	7	3.3
Table drop	\$5,122,897	\$4,926,347	\$196,550	4.0
Table games win	\$1,251,920	\$1,206,244	\$45,676	3.8
Table games win %	24.4 %	24.5 %	(0.1)	
Table games win per unit per day	\$15,902	\$15,834	\$68	0.4
Average number of slot machines	1,054	1,065	(11)	(1.0)
Slot machine handle	\$3,918,554	\$3,933,064	\$(14,510)	(0.4)
Slot machine win	\$195,367	\$203,568	\$(8,201)	(4.0)
Slot machine win per unit per day	\$508	\$524	\$(16)	(3.1)
Wynn Macau:				
Total casino revenues	\$1,796,209	\$1,994,885	\$(198,676)	(10.0)
VIP:				
Average number of table games	106	111	(5)	(4.5)
VIP turnover	\$35,426,483	\$57,759,607	\$(22,333,124)	(38.7)
VIP table games win	\$1,081,934	\$1,588,002	\$(506,068)	(31.9)
VIP win as a % of turnover	3.05 %	2.75 %	0.30	
Table games win per unit per day	\$27,864	\$39,113	\$(11,249)	(28.8)

	<i>Years Ended December 31,</i>		<i>Increase/ (Decrease)</i>	<i>Percent Change</i>
	<i>2019</i>	<i>2018</i>		
<i>Mass market:</i>				
<i>Average number of table games</i>	207	203	4	2.0
<i>Table drop</i>	\$5,410,439	\$5,058,332	\$352,107	7.0
<i>Table games win</i>	\$1,099,353	\$1,014,484	\$84,869	8.4
<i>Table games win %</i>	20.3 %	20.1 %	0.2	
<i>Table games win per unit per day</i>	\$14,519	\$13,698	\$821	6.0
<i>Average number of slot machines</i>	807	877	(70)	(8.0)
<i>Slot machine handle</i>	\$3,545,899	\$3,740,096	\$(194,197)	(5.2)
<i>Slot machine win</i>	\$170,358	\$161,384	\$8,974	5.6
<i>Slot machine win per unit per day</i>	\$578	\$504	\$74	14.7
<i>Poker rake</i>	\$20,835	\$20,980	\$(145)	(0.7)

Non-casino revenues

The table below sets forth our room revenues and associated key operating measures:

	<i>Years Ended December 31,</i>		<i>Increase/ (Decrease)</i>	<i>Percent Change</i>
	<i>2019</i>	<i>2018</i>		
<i>Macau Operations:</i>				
<i>Wynn Palace:</i>				
<i>Total room revenues (dollars in thousands)</i>	\$174,576	\$170,067	\$4,509	2.7
<i>Occupancy</i>	97.2 %	96.5 %	0.7	
<i>ADR</i>	\$269	\$265	\$4	1.5
<i>REVPAR</i>	\$262	\$255	\$7	2.7
<i>Wynn Macau:</i>				
<i>Total room revenues (dollars in thousands)</i>	\$110,387	\$113,495	\$(3,108)	(2.7)
<i>Occupancy</i>	99.2 %	99.2 %	—	
<i>ADR</i>	\$286	\$283	\$3	1.1
<i>REVPAR</i>	\$284	\$281	\$3	1.1

Room revenues increased \$52.4 million, primarily due to \$36.1 million from Encore Boston Harbor and higher ADR at Wynn Palace and our Las Vegas Operations, partially offset by rooms out of service for renovations at Wynn Macau during 2019. We completed our Encore tower room renovation at Wynn Macau in the fourth quarter of 2019.

Food and beverage revenues increased \$64.7 million, primarily due to \$61.1 million from Encore Boston Harbor and increased covers at our high-volume restaurants at our Macau Operations, partially offset by a decrease in Food and beverage revenues of \$8.3 million at our Las Vegas Operations primarily due to lower revenues from our nightclubs and banquets.

Entertainment, retail and other revenues decreased \$12.6 million primarily due to the closure of certain owned retail outlets at our Macau Operations and their conversion to leased outlets during 2019, the effect of which was partially offset by Entertainment, retail and other revenues of \$22.8 million from Encore Boston Harbor. During the third quarter of 2018, Wynn Palace and Wynn Macau recorded business interruption insurance proceeds of \$5.4 million and \$5.3 million, respectively, related to the full settlement of claims from Typhoon Hato in 2017.

Operating expenses

Casino expenses decreased commensurate with the decrease in casino revenues at our Macau Operations and Las Vegas Operations, partially offset by \$141.4 million of casino expenses from Encore Boston Harbor.

Food and beverage expenses increased primarily due to \$56.7 million from Encore Boston Harbor and increases of \$9.4 million, \$9.9 million, and \$8.8 million at Wynn Palace, Wynn Macau and our Las Vegas Operations, respectively. The increases at Wynn Palace and Wynn Macau were driven by incremental costs associated with opening new food and beverage outlets at Wynn Palace and increased cost of goods sold.

Entertainment, retail and other expenses decreased \$12.9 million, primarily due to the closure of certain owned retail outlets at our Macau Operations and their conversion to leased outlets during 2019.

General and administrative expenses increased primarily due to \$117.2 million from Encore Boston Harbor and increases of \$1.5 million, \$11.6 million, and \$3.0 million, at Wynn Palace, Wynn Macau, and our Las Vegas Operations, respectively. These increases were primarily attributable to increased payroll costs and property taxes at our Macau Operations and increased advertising costs at our Las Vegas Operations.

The provision for doubtful accounts increased \$11.2 million, \$1.3 million and \$1.4 million at our Las Vegas Operations, Wynn Palace, and Wynn Macau, respectively. The increases were primarily due to the impact of historical collection patterns and current collection trends, as well as the specific review of customer accounts, on our estimated allowance for the respective periods.

We also incurred asset abandonments and retirements of \$9.8 million, \$11.6 million, \$4.4 million, and \$9.3 million at Wynn Palace, Wynn Macau, our Las Vegas Operations, and Corporate and Other, respectively, during the year ended December 31, 2018.

Other non-operating income and expenses

We recorded a \$0.1 million net gain on extinguishment of debt for the year ended December 31, 2018, related to the repayment of the Redemption Note, Wynn Resorts' purchase of \$40.0 million of Wynn Las Vegas' 5 1/2% Senior Notes due 2025 and 5 1/4% Senior Notes due 2027 and the execution of the supplemental indenture related to Wynn Las Vegas' 4 1/4% Senior Notes due 2023, offset by a loss on debt extinguishment associated with the amendment of the Wynn Macau Credit Facilities.

We incurred a foreign currency remeasurement gain of \$15.2 million and loss of \$4.1 million for the years ended December 31, 2019 and 2018, respectively. The impact of the exchange rate fluctuation of the Macau pataca, in relation to the U.S. dollar, on the remeasurements of U.S. dollar denominated debt and other obligations from our Macau-related entities drove the variability between periods.

Income Taxes

Wynn Macau SA received a five-year exemption from the Macau Complementary Tax on casino gaming profits through December 31, 2020. For the years ended December 31, 2019 and 2018, we were exempt from the payment of \$77.7 million and \$96.8 million, respectively, in such taxes. Our 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 our concession agreement.

In August 2016, Wynn Macau SA received an extension of its agreement with the Macau government that provides for an annual payment of 12.8 million Macau patacas (approximately \$1.6 million) as complementary tax due by stockholders on dividend distributions through December 31, 2020.

Net income attributable to noncontrolling interests

Net income attributable to noncontrolling interests was \$188.4 million for the year ended December 31, 2019, compared to \$230.7 million for the year ended December 31, 2018. These amounts are primarily related to the noncontrolling interests' share of net income from WML.

Adjusted Property EBITDA

We use Adjusted Property EBITDA to manage the operating results of our segments. Adjusted Property EBITDA is net income 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 (including intercompany golf course and water rights leases), stock-based compensation, (loss) gain on extinguishment of debt, change in derivatives fair value, change in Redemption Note fair value and other non-operating income and expenses. Adjusted Property EBITDA is presented exclusively as a supplemental disclosure because we believe that it is widely used to measure the performance, and as a basis for valuation, of gaming companies. We use Adjusted Property EBITDA as a measure of the operating performance of our segments and to compare the operating performance of our properties with those of our competitors, as well as a basis for determining certain incentive compensation. We also present Adjusted Property EBITDA because it is used by some investors 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 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 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, income taxes and other non-recurring charges, which are not reflected in Adjusted Property EBITDA. Also, the Company's calculation of Adjusted Property EBITDA may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

The following table summarizes Adjusted Property EBITDA (in thousands) for Wynn Palace, Wynn Macau, Las Vegas Operations, and Encore Boston Harbor as reviewed by management and summarized in Item 8 — “Financial Statements and Supplementary Data,” Note 19, “Segment Information.” That footnote also presents a reconciliation of Adjusted Property EBITDA to net income attributable to Wynn Resorts, Limited.

	<u>Years Ended December 31,</u>		<u>Increase/</u>	<u>Percent</u>
	<u>2019</u>	<u>2018</u>	<u>(Decrease)</u>	<u>Change</u>
Wynn Palace	\$729,535	\$843,902	\$(114,367)	(13.6)
Wynn Macau	648,837	733,238	(84,401)	(11.5)

Adjusted Property EBITDA at Wynn Palace decreased 13.6% for the year ended December 31, 2019, primarily due to a decrease in VIP turnover and VIP table games win.

Adjusted Property EBITDA at Wynn Macau decreased 11.5% for the year ended December 31, 2019, primarily due to a decrease in VIP turnover and VIP table games win and increased general and administrative expenses.

Liquidity and Capital Resources

Operating Activities

During the year ended December 31, 2019, the decrease in net cash provided by operations was primarily driven by lower operating revenues at our Macau Operations and Las Vegas Operations, offset by operating revenues from Encore Boston Harbor.

During the year ended December 31, 2018, net cash provided by operations was impacted by a litigation settlement expense and a reduction in customer deposits at our Macau Operations.

Investing Activities

During the year ended December 31, 2019, we incurred capital expenditures of \$471.4 million at Encore Boston Harbor, primarily related to the construction of the resort which opened in June 2019; \$211.1 million related to the construction of the Meeting and Convention Expansion and the reconfiguration of the golf course; \$142.1 million at Wynn Macau primarily related to our Encore Tower room remodel and Lakeside Casino expansion; and \$66.5 million and \$96.9 million at Wynn Palace and our Las Vegas Operations, respectively, primarily related to maintenance capital expenditures.

Financing Activities

During the fourth quarter of 2019, we received net proceeds of \$990.2 million from the issuance of the WML 2029 Notes. Throughout the year ended December 31, 2019, we repaid \$273.9 million, net of amounts borrowed, on the Wynn Macau Revolver. In addition, we used cash of \$566.5 million for the payment of dividends, of which \$400.6 million was paid to Wynn Resorts shareholders and \$165.9 million was paid to WML shareholders, excluding Wynn Resorts.

During the year ended December 31, 2018, we borrowed \$623.9 million under the Wynn Macau Revolver, \$615.0 million under the Retail Term Loan, \$500.0 million under the Wynn Resorts Term Loan, and we used cash of \$569.8 million for the payment of dividends and \$305.4 million for distributions to noncontrolling interest holders of the Retail Joint Venture.

Capital Resources

The following table summarizes our unrestricted cash and cash equivalents and available revolver borrowing capacity.

The following table is presented by significant financing entity as of December 31, 2019 (in thousands):

	<u>Cash and Cash Equivalents</u>	<u>Revolver Borrowing Capacity</u>
Wynn Resorts (Macau) S.A. and subsidiaries	\$799,178	\$399,263
Wynn Macau, Limited and subsidiaries ⁽¹⁾	1,009,702	—

(1) Excluding Wynn Resorts (Macau) S.A. and subsidiaries.

Wynn Resorts (Macau) S.A. and subsidiaries. Wynn Resorts (Macau) S.A. (“Wynn Macau SA”) generates cash from our Macau Operations and utilizes its revolver to fund short term working capital requirements as needed. We expect to use this cash to service our existing Wynn Macau Credit Facilities, make distributions to WML, and fund working capital and capital expenditure requirements at our Macau Operations.

Wynn Macau completed its Encore Tower room remodel and opened a significant portion of its Lakeside Casino expansion in the fourth quarter of 2019; as such, we do not expect to incur significant ongoing capital expenditures for these projects. The Company is currently in the design phase for the Crystal Pavilion, an expansion of Wynn Palace. We do not expect to incur significant capital expenditures related to the construction of this project until late 2021.

In connection with WML’s issuance of the WML 2029 Notes described below, we expect to repay approximately \$1.0 billion of the Wynn Macau Term Loan over the next two years, subject to generating sufficient operating cash flow from our Macau Operations. In February 2020, Wynn Macau SA prepaid \$150.0 million of the Wynn Macau Term Loan, and the future contractual amortization payments were reduced on a pro-rata basis.

WML is dependent on Wynn Macau SA’s ability to make periodic distributions in order to facilitate its debt service requirements and to pay dividends to its shareholders, which includes Wynn Resorts. The Wynn Macau Credit Facilities contain customary negative and financial covenants, including, but not limited to, leverage ratio and interest coverage ratio tests (as defined in the Wynn Macau Credit Facilities) that could restrict its ability to make distributions to WML and incur additional indebtedness. Wynn Macau SA is required to maintain a leverage ratio of not greater than 4.75 to 1, 4.25 to 1, and 4.00 to 1 for the fiscal years ended December 31, 2018, December 31, 2019, and December 31, 2020 and thereafter, respectively, and an interest coverage ratio of not less than 2.00 to 1 at any time. For the years ended December 31, 2018 and 2019, Wynn Macau SA complied with these ratios.

Wynn Macau, Limited and subsidiaries. Wynn Macau, Limited (“WML”) primarily generates cash through distributions from Wynn Macau SA. We expect to use this cash to service our existing WML Notes, pay dividends to shareholders of WML (of which we own approximately 72%), and fund working capital requirements at WML.

In December 2019, WML issued at par \$1.0 billion of 5 1/8% senior unsecured notes due 2029 (the “WML 2029 Notes”). The Company expects to use an equivalent amount of the net proceeds from the WML 2029 Notes to facilitate the repayment of \$1.0 billion of the Wynn Macau Term Loan as described above.

On June 19, 2019 and September 16, 2019, WML paid cash dividends of HK\$0.45 per share each for a total of \$596.0 million. The Company’s share of these dividends was \$430.1 million with the remaining \$165.9 million paid to WML’s public shareholders.

Wynn Resorts Finance, LLC and subsidiaries. Wynn Resorts Finance, LLC (formerly known as Wynn America, LLC) (“WRF” or “Wynn Resorts Finance”) generates cash from distributions from its subsidiaries, which include our Macau Operations, Wynn Las Vegas, and Encore Boston Harbor, and contributions from Wynn Resorts, as required.

Contractual Commitments

The following table summarizes our scheduled contractual commitments as of December 31, 2019 (in thousands):

	<i>Payments Due By Period</i>				
	<i>Less Than 1 Year</i>	<i>1 to 3 Years</i>	<i>4 to 5 Years</i>	<i>After 5 Years</i>	<i>Total</i>
<i>Long-term debt obligations ⁽¹⁾</i>	\$323,876	\$2,478,896	\$1,937,500	\$5,775,000	\$10,515,272

(1) Includes \$150.0 million related to the prepayment of the Wynn Macau Term Loan paid in February 2020.

Critical Accounting Policies and Estimates

Allowance for Estimated Doubtful Accounts Receivable

The following table presents key statistics related to our casino accounts receivable (dollars in thousands):

	<i>December 31,</i>	
	<i>2019</i>	<i>2018</i>
<i>Casino accounts receivable</i>	\$304,137	\$229,594

As of December 31, 2019 and 2018, 61.0% and 57.9%, respectively, of our outstanding casino accounts receivable balance originated at our Macau Operations, the majority of which relates to advances to gaming promoters, which are settled within five days of period end.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Risks

The currency delineated in Wynn Macau SA'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.

We expect most of the revenues and expenses for any casino that we operate in Macau will be denominated in Hong Kong dollars or Macau patacas; however, a significant portion of our Wynn Macau, Limited and Wynn Macau SA debt is denominated in U.S. dollars. Fluctuations in the exchange rates resulting in weakening of the Macau pataca or the Hong Kong dollar in relation to the U.S. dollar could have materially adverse effects on our results, financial condition, and ability to service debt. Based on our balances as of December 31, 2019, an assumed 1% change in the U.S. dollar/Hong Kong dollar exchange rate would cause a foreign currency transaction gain/loss of \$26.8 million.

WYNN RESORTS, LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Organization and Business

Organization

On September 20, 2019, and concurrently with the Refinancing Transactions (as defined and discussed in Note 7, “Long-Term Debt”), Wynn Resorts contributed all of its equity interests in Wynn Group Asia, Inc. (“Wynn Asia”) to Wynn Resorts Finance, LLC, which was formerly known as Wynn America, LLC (“WRF”), making Wynn Asia a wholly owned subsidiary of WRF. WRF is an indirect wholly owned subsidiary of Wynn Resorts. Wynn Asia is a holding company that holds Wynn Resorts’ approximately 72% controlling interest in WML.

Macau Operations

Wynn Palace, which opened in August 2016, features a luxury hotel tower with 1,706 guest rooms, suites and villas, approximately 424,000 square feet of casino space, 14 food and beverage outlets, approximately 37,000 square feet of meeting and convention space, approximately 106,000 square feet of retail space, public attractions including a performance lake and floral art displays, and recreation and leisure facilities.

Wynn Macau features two luxury hotel towers with a total of 1,010 guest rooms and suites, approximately 252,000 square feet of casino space, 12 food and beverage outlets, approximately 31,000 square feet of meeting and convention space, approximately 59,000 square feet of retail space, a rotunda show and recreation and leisure facilities.

Subsequent Events

In January 2020, an outbreak of a new strain of coronavirus, COVID-19, was identified in Wuhan, China. Currently, no fully effective vaccines have been developed and there can be no assurance that an effective vaccine can be discovered in time to protect against a potential pandemic.

In response, on February 4, 2020, the Macau government announced the closure of all casino operations in Macau, including those at Wynn Palace and Wynn Macau, for a period of 15 days. On February 20, 2020, the Company’s casino operations at Wynn Palace and Wynn Macau reopened on a reduced basis, and are expected to fully reopen by March 20, 2020 (the deadline set by the Macau government for Macau casinos to fully reopen). Since reopening, all casinos in Macau are subject to a number of government procedures which address the health and safety of staff and patrons, including limitations on the spacing of open tables and slot machines to ensure adequate distance between people, stopping patrons from congregating together, limiting the number of players and spectators at a table to three to four, temperature checks, mask protection, and health declarations.

Visitation to Macau has fallen precipitously since the outbreak of Coronavirus, driven by the Chinese government's suspension of its visa and group tour schemes that allow mainland Chinese residents to travel to Macau, quarantines in certain cities in mainland China, and the suspension by the Hong Kong government of ferry service from Hong Kong to Macau until further notice.

The Coronavirus outbreak has had and will have an adverse effect on the Company's results of operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the Coronavirus and around the imposition or relaxation of protective measures, management cannot reasonably estimate the impact to the Company's future results of operations, cash flows, or financial condition.

Note 2 — Basis of Presentation and Significant Accounting Policies

Leases

Lessor Arrangements

The Company is the lessor under non-cancelable operating leases for retail and food and beverage outlet space at its integrated resorts, which represents approximately 100,000, 59,000, 140,000, and 35,500 square feet of space at Wynn Palace, Wynn Macau, Wynn Las Vegas, and Encore Boston Harbor, respectively.

Note 3 — Cash, Cash Equivalents and Restricted Cash

Cash, cash equivalents and restricted cash consisted of the following (in thousands):

	<i>December 31,</i>	
	<u>2019</u>	<u>2018</u>
<i>Restricted cash⁽³⁾</i>	6,388	4,322

(3) Restricted cash consists of cash collateral associated with obligations and cash held in a trust in accordance with WML's share award plan.

Note 6 — Intangible Assets, net

Intangible assets, net consisted of the following (in thousands):

	<i>December 31,</i>	
	<u>2019</u>	<u>2018</u>
<i>Finite-lived intangible assets:</i>		
<i>Macau gaming concession</i>	\$42,300	\$42,300
<i>Less: accumulated amortization</i>	<u>(36,348)</u>	<u>(33,965)</u>
	5,952	8,335

The Macau gaming concession is a finite-lived intangible asset that is being amortized over the 20 year life of the concession. The Company expects that amortization of the Macau gaming concession will be \$2.4 million each year in 2020 and 2021, and \$1.2 million in 2022.

Note 7 — Long-Term Debt

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

	December 31,	
	2019	2018
Macau Related:		
Wynn Macau Credit Facilities:		
Wynn Macau Term Loan, due 2022 ⁽¹⁾	\$2,302,540	\$2,296,999
Wynn Macau Revolver, due 2022 ⁽²⁾	350,232	623,921
WML 4 7/8% Senior Notes, due 2024	600,000	600,000
WML 5 1/2% Senior Notes, due 2027	750,000	750,000
WML 5 1/8% Senior Notes, due 2029	1,000,000	—

(1) Approximately \$1.31 billion and \$997.5 million of the Wynn Macau Term Loan bears interest at a rate of LIBOR plus 1.75% per year and HIBOR plus 1.75% per year, respectively. As of December 31, 2019 and 2018, the weighted average interest rate was approximately 3.95% and 4.17%, respectively.

(2) Approximately \$199.5 million and \$150.7 million of the Wynn Macau Revolver bears interest at a rate of LIBOR plus 1.75% per year and HIBOR plus 1.75% per year, respectively. As of December 31, 2019 and 2018, the weighted average interest rate was approximately 3.92% and 4.17%, respectively. As of December 31, 2019, the available borrowing capacity under the Wynn Macau Revolver was \$399.3 million.

Macau Related Debt

Wynn Macau Credit Facilities

In December 2018, Wynn Macau SA amended the Wynn Macau Credit Facilities by entering into the Amended Common Terms Agreement. The Wynn Macau Term Loan was previously repayable in graduating installments of between 2.50% to 7.33% of the principal amount on a quarterly basis commencing December 2018, with a final installment of 50% of the principal amount repayable in September 2021; and the final maturity of any outstanding borrowings from the Wynn Macau Revolver was previously repayable by September 2020. Following the execution of the Amended Common Terms Agreement, the Wynn Macau Term Loan is repayable in graduating installments of between 2.875% to 4.50% of the principal amount on a quarterly basis commencing September 30, 2020, with a final installment of 75% of the principal amount repayable in June 2022; and the final maturity of any outstanding borrowings from the Wynn Macau Revolver is in June 2022. The commitment fee required to be paid for unborrowed amounts under the Wynn Macau Revolver, if any, is between 0.52% and 0.79%, per annum, based on Wynn Macau SA's Leverage Ratio. The annual commitment fee is payable quarterly in arrears and is calculated based on the daily average of the unborrowed amounts.

The Company expects to repay the Wynn Macau Term Loan in an aggregate amount equivalent to the \$1.0 billion of gross proceeds from the issuance of the 2029 WML Notes, as defined below, over the next two years, subject to generating sufficient future operating cash flows from its Macau Operations. In February 2020, the Company prepaid \$150.0 million of the Wynn Macau Term Loan, and accordingly, has presented that amount as a current liability on the accompany Consolidated Balance Sheet as of December 31, 2019.

WML 4 7/8% Senior Notes due 2024 and 5 1/2% Senior Notes due 2027

On September 20, 2017, WML issued the \$600 million 4 7/8% Senior Notes due 2024 (the “2024 WML Notes”) and the \$750 million of 5 1/2% Senior Notes due 2027 (the “2027 WML Notes” and together with the 2024 WML Notes, the “WML Notes”). WML used the net proceeds from the WML Notes and cash on hand to fund the cost of extinguishing the 5 1/4% Senior Notes due 2021.

The 2024 WML Notes bear interest at the rate of 4 7/8% per annum and mature on October 1, 2024. The 2027 WML Notes bear interest at the rate of 5 1/2% per annum and mature on October 1, 2027. Interest on the WML Notes is payable semi-annually in arrears on April 1 and October 1 of each year, beginning on April 1, 2018.

At any time prior to October 1, 2020 and October 1, 2022, WML may redeem the 2024 WML Notes and 2027 WML Notes, respectively, in whole or in part, at a redemption price equal to the greater of (a) 100% of the principal amount of the WML Notes or (b) a “make-whole” amount as determined by an independent investment banker in accordance with the terms of the indentures for the WML Notes, dated as of September 20, 2017 (the “WML Indentures”). In either case, the redemption price would include accrued and unpaid interest. In addition, at any time prior to October 1, 2020, WML may use the net cash proceeds from certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2024 WML Notes and the 2027 WML Notes, at a redemption price equal to 104.875% of the aggregate principal amount of the 2024 WML Notes and 105.5% of the aggregate principal amount of the 2027 WML Notes, as applicable.

On or after October 1, 2020 and October 1, 2022, WML may redeem the 2024 WML Notes and 2027 WML Notes, respectively, in whole or in part, at a premium decreasing annually from 102.438% and 102.75%, respectively, of the applicable principal amount to 100% of the applicable principal amount, plus accrued and unpaid interest. If WML undergoes a change of control (as defined in the WML Indentures), it must offer to repurchase the WML Notes at a price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest. In addition, WML may redeem the WML Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest, in response to any change in or amendment to certain tax laws or tax positions. Further, if a holder or beneficial owner of the WML Notes fails to meet certain requirements imposed by any Gaming Authority (as defined in the WML Indentures), WML may require the holder or beneficial owner to dispose of or redeem its WML Notes.

Upon the occurrence of (1) any event after which none of WML or any of its subsidiaries have such licenses, concessions, subconcessions or other permits or authorizations as necessary to conduct gaming activities in substantially the same scope as it does on the date of the WML Notes issuance, for a period of ten consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of WML and its subsidiaries, taken as a whole, or (2) the termination, rescission, revocation or modification of any such licenses, concessions, subconcessions or other permits or authorizations which has had a material adverse effect on the financial condition, business, properties, or results of operations of WML and its subsidiaries, taken as a whole, each holder of the WML Notes will have the right to require WML to repurchase all or any part of such holders' WML Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest.

The WML Notes are WML's general unsecured obligations and rank pari passu in right of payment with all of WML's existing and future senior unsecured indebtedness, will rank senior to all of WML's future subordinated indebtedness, if any; will be effectively subordinated to all of WML's future secured indebtedness to the extent of the value of the assets securing such debt; and will be structurally subordinated to all existing and future obligations of WML's subsidiaries, including the Wynn Macau Credit Facilities and the WML Finance Credit Facility. The WML Notes are not registered under the Securities Act of 1933, as amended (the "Securities Act") and the WML Notes are subject to restrictions on transferability and resale.

WML 5 1/8% Senior Notes due 2029

On December 17, 2019, WML issued \$1.0 billion 5 1/8% Senior Notes due 2029 (the "2029 WML Notes") pursuant to an indenture (the "WML 2029 Indenture"). WML expects to use the net proceeds from the 2029 WML Notes to facilitate the repayment of \$1.0 billion of amounts outstanding under the Wynn Macau Term Loan, as described under Wynn Macau Credit Facilities. The 2029 WML Notes bear interest at the rate of 5 1/8% per annum and mature on December 15, 2029. Interest on the 2029 WML Notes is payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2020.

At any time prior to December 15, 2022, WML may use the net cash proceeds from certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2029 WML Notes at a redemption price equal to 105.125% of the aggregate principal amount of the 2029 WML Notes, plus accrued and unpaid interest, if any. At any time prior to December 15, 2024, WML may redeem the 2029 WML Notes in whole or in part at a redemption price equal to the greater of (a) 100% of the aggregate principal amount of the 2029 WML Notes to be redeemed, or (b) a make-whole amount as determined by an independent investment banker in accordance with the terms of the WML 2029 Indenture, in either case, plus accrued and unpaid interest.

In addition, on or after December 15, 2024, WML may redeem the 2029 WML Notes in whole or in part at a premium decreasing annually from 102.563% of the applicable principal amount to 100.000%, plus accrued and unpaid interest. If WML undergoes a Change of Control (as defined in the WML 2029 Indenture), it must offer to repurchase the 2029 WML Notes at a price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest. In addition, WML may redeem the 2029 WML Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest, in response to any change in or amendment to certain tax laws or tax positions. Further, if a holder or beneficial owner of the 2029 WML Notes fails to meet certain requirements imposed by any Gaming Authority (as defined in the WML 2029 Indenture), WML may require the holder or beneficial owner to dispose of or redeem its 2029 WML Notes.

Upon the occurrence of (a) any event after which none of WML or any subsidiary of WML has the applicable gaming concessions or authorizations in Macau in substantially the same manner and scope as WML and its subsidiaries are entitled to at the date on which the 2029 WML Notes are issued, for a period of ten consecutive days or more, and such event has a material adverse effect on WML and its subsidiaries, taken as a whole; or (b) the termination or modification of any such concessions or authorizations which has a material adverse effect on WML and its subsidiaries, taken as a whole, each holder of the 2029 WML Notes will have the right to require WML to repurchase all or any part of such holder's 2029 WML Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest.

The 2029 WML Notes are WML's general unsecured obligations and rank pari passu in right of payment with all of WML's existing and future senior unsecured indebtedness; will rank senior to all of WML's future subordinated indebtedness, if any; will be effectively subordinated to all of WML's future secured indebtedness to the extent of the value of the assets securing such debt; and will be structurally subordinated to all existing and future obligations of WML's subsidiaries, including WML's existing credit facilities. The 2029 WML Notes are not registered under the Securities Act of 1933, as amended (the "Securities Act"), and the 2029 WML Notes are subject to restrictions on transferability and resale.

The WML 2029 Indenture contains covenants limiting WML's (and certain of its subsidiaries') ability to, among other things: merge or consolidate with another company; transfer or sell all or substantially all of its properties or assets; and lease all or substantially all of its properties or assets. The terms of the WML 2029 Indenture contain customary events of default, including, but not limited to: default for 30 days in the payment when due of interest on the 2029 WML Notes; default in the payment when due of the principal of, or premium, if any, on the 2029 WML Notes; failure to comply with any payment obligations relating to the repurchase by WML of the 2029 WML Notes upon a change of control; failure to comply with certain covenants in the WML 2029 Indenture; certain defaults on certain other indebtedness; failure to pay judgments against WML or certain subsidiaries that, in the aggregate, exceed \$50 million; and certain events of bankruptcy or insolvency. In the case of an event of default arising from certain events of bankruptcy or insolvency, all 2029 WML Notes then outstanding in an amount up to \$1.0 billion will become due and payable immediately without further action or notice.

Note 8 — Stockholders' Equity

Noncontrolling Interests

On September 16, 2019, WML paid a cash dividend of HK\$0.45 per share for a total of \$298.0 million. The Company's share of this dividend was \$215.1 million with a reduction of \$82.9 million to noncontrolling interest in the accompanying Consolidated Balance Sheet.

On June 19, 2019, WML paid a cash dividend of HK\$0.45 per share for a total of \$298.0 million. The Company's share of this dividend was \$215.0 million with a reduction of \$82.9 million to noncontrolling interest in the accompanying Consolidated Balance Sheet.

On October 5, 2018, WML paid a cash dividend of HK\$0.75 per share for a total of \$496.6 million. The Company's share of this dividend was \$358.3 million with a reduction of \$138.3 million to noncontrolling interest in the accompanying Consolidated Balance Sheet.

On April 25, 2018, WML paid a cash dividend of HK\$0.75 per share for a total of \$497.1 million. The Company's share of this dividend was \$358.8 million with a reduction of \$138.3 million to noncontrolling interest in the accompanying Consolidated Balance Sheet.

On September 15, 2017, WML paid a dividend of HK\$0.21 per share for a total of \$139.4 million. The Company's share of this dividend was \$100.6 million with a reduction of \$38.8 million to noncontrolling interest in the accompanying Consolidated Balance Sheet.

On June 20, 2017, WML paid a dividend of HK\$0.42 per share for a total of \$279.9 million. The Company's share of this dividend was \$202.0 million with a reduction of \$77.9 million to noncontrolling interest in the accompanying Consolidated Balance Sheet.

Note 10 — Benefit Plans

Defined Contribution Plans

Wynn Macau SA also operates a defined contribution retirement benefit plan (the “Wynn Macau Plan”). Eligible employees are allowed to contribute 5% of their base salary to the Wynn Macau Plan and the Company matches any contributions. On July 1, 2019, the Company offered the option for the eligible Macau resident employees to join the non-mandatory central provident fund (the “CPF”) system. Eligible Macau resident employees joining the Company from July 1, 2019 onwards will enroll in the CPF system while the Company’s existing Macau resident employees who are currently members of the Wynn Macau Plan will be provided with the option of joining the CPF system or staying in the existing Wynn Macau Plan, which will continue to be in effect in parallel. The CPF system allows eligible employees to contribute 5% or more of their base salary to the CPF while the Company matches with a 5% of such salary as employer’s contribution to the CPF. The Company’s matching contributions vest to the employee at 10% per year with full vesting in ten years. The assets of the Wynn Macau Plan and the CPF are held separately from those of the Company in independently administered funds, and the assets of the CPF are also overseen by the Macau government.

Note 12 — Stock-Based Compensation

Wynn Macau, Limited

The Company’s majority-owned subsidiary, WML, has two stock-based compensation plans that provide awards based on shares of WML’s common stock. The shares available for issuance under these plans are separate and distinct from the common stock of Wynn Resorts’ share plan and are not available for issuance for any awards under the Wynn Resorts share plan.

WML Share Option Plan

WML adopted a stock incentive plan, for the grant of stock options to purchase shares of WML to eligible directors and employees of WML and its subsidiaries, on September 16, 2009 (the “Original Share Option Plan”) until it was terminated on May 30, 2019 upon the adoption of a new share option plan (the “WML Share Option Plan”) on May 30, 2019. The WML Share Option Plan is administered by WML’s Board of Directors, which has the discretion on the vesting and service requirements, exercise price, performance targets to exercise if applicable and other conditions, subject to certain limits.

Upon the adoption of the WML Share Option Plan, no further options may be offered or granted under the Original Share Option Plan but in all other respects the provisions of the Original Share Option Plan shall remain in full force and effect in respect of options which are granted during the life of the Original Share Option Plan and which remain unexpired immediately prior to the termination of the operation of the Original Share Option Plan.

The WML Share Option Plan was adopted for a period of 10 years commencing from May 30, 2019. The maximum number of Shares which may be issued pursuant to the WML Share Option Plan is 519,695,860 Shares. Except for the number of the options that may be granted and the expiration date of the WML Share Option Plan, the terms of the WML Share Option Plan and Original Share Option Plan are the same in all material respects. As of December 31, 2019, no options have been granted or are outstanding under the WML Share Option Plan.

The summary of stock option activity under the Original Share Option Plan for the year ended December 31, 2019 is presented below:

	<u>Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term (years)</u>	<u>Aggregate Intrinsic Value</u>
<i>Outstanding as of January 1, 2019</i>	10,558,400	\$2.49		
<i>Granted</i>	455,000	\$2.54		
<i>Exercised</i>	—	\$—		
<i>Outstanding as of December 31, 2019</i>	<u>11,013,400</u>	\$2.51	6.87	\$2,521,979
<i>Fully vested and expected to vest as of December 31, 2019</i>	<u>11,013,400</u>	\$2.51	6.87	\$2,521,979
<i>Exercisable as of December 31, 2019</i>	<u>5,212,000</u>	\$2.60	5.37	\$1,398,941

The following is provided for stock options under the Original Share Option Plan (in thousands, except weighted average grant date fair value):

	Years Ended December 31,		
	2019	2018	2017
Weighted average grant date fair value	\$0.55	\$0.57	\$0.56
Intrinsic value of stock options exercised	\$—	\$1,715	\$369
Cash received from the exercise of stock options	\$—	\$1,823	\$703

As of December 31, 2019, there was \$2.7 million of unamortized compensation expense related to stock options, which is expected to be recognized over a weighted average period of 3.57 years.

Share Award Plan

On June 30, 2014, the Company's majority-owned subsidiary, WML, approved and adopted the WML Employee Ownership Scheme (the "Share Award Plan"). The Share Award Plan allows for the grant of nonvested shares of WML's common stock to eligible employees. The Share Award Plan is administered by WML's Board of Directors and has been mandated under the plan to allot, issue and process the transfer of a maximum of 50,000,000 shares. The Board of Directors has discretion on the vesting and service requirements, exercise price and other conditions, subject to certain limits. As of December 31, 2019, there were 31,029,177 shares available for issuance under the Share Award Plan.

The summary of nonvested share activity under the Share Award Plan for the year ended December 31, 2019 is presented below:

	Shares	Weighted Average Grant Date Fair Value
Nonvested as of January 1, 2019	9,753,267	\$2.07
Granted	3,742,418	\$2.43
Vested	(2,420,915)	\$1.44
Forfeited	(1,408,607)	\$2.26
Nonvested as of December 31, 2019	<u>9,666,163</u>	\$2.36

The weighted average grant date fair value for shares granted during the year and the total fair value of shares vested under the Share Award Plan is presented below (in thousands, except weighted average grant date fair value):

	Years Ended December 31,		
	2019	2018	2017
Weighted average grant date fair value	\$2.43	\$3.07	\$2.22
Fair value of shares vested	\$5,139	\$12,442	\$6,884

As of December 31, 2019, there was \$13.3 million of unamortized compensation expense, which is expected to be recognized over a weighted average period of 2.38 years.

Option Valuation Inputs

The fair value of stock options granted under WML's Share Option Plan was estimated on the date of grant using the following weighted average assumptions:

	Years Ended December 31,		
	2019	2018	2017
Expected dividend yield	5.7%	5.7%	5.7%
Expected volatility	40.7%	40.2%	41.5%
Risk-free interest rate	1.4%	2.3%	1.1%
Expected term (years)	6.5	6.5	6.5

Note 13 — Income Taxes

Wynn Macau SA received a five year exemption from Macau's 12% Complementary Tax on casino gaming profits through December 31, 2020. Accordingly, for the years ended December 31, 2019, 2018 and 2017, the Company was exempt from the payment of such taxes totaling \$77.7 million, \$96.8 million, and \$63.0 million or \$0.73, \$0.90, and \$0.61 per diluted share, respectively. The Company's non-gaming profits remain subject to the Macau Complementary Tax and its casino winnings remain subject to the Macau special gaming tax and other levies in accordance with its concession agreement.

Wynn Macau SA also entered into an agreement with the Macau government that provides for an annual payment of MOP 12.8 million (approximately \$1.6 million) as complementary tax otherwise due by stockholders of Wynn Macau SA on dividend distributions through 2020. As a result of the stockholder dividend tax agreements, income tax expense includes \$1.6 million for each of the years ended December 31, 2019, 2018, and 2017.

On December 31, 2017, 2018 and 2019, the statute of limitations for the 2012, 2013, and 2014 Macau Complementary tax return expired, respectively. As a result of the expiration of the statute of limitations for the Macau Complementary Tax return, the total amount of unrecognized tax benefits decreased by \$3.8 million, \$4.7 million, and \$4.2 million, respectively.

In March 2017, the Financial Services Bureau commenced an examination of the 2013 and 2014 Macau income tax returns of Wynn Macau SA. In July 2018, the Financial Services Bureau issued final tax assessments for the Company for the years 2013 and 2014. While no additional tax was due, adjustments were made to the Company's tax loss carryforwards.

In July 2017, the Financial Services Bureau commenced an examination of the 2013 and 2014 Macau income tax returns of Palo. In February 2018, the Financial Services Bureau concluded its examination with no changes.

In January of 2020, the Financial Services Bureau commenced an examination of the 2015 and 2016 Macau income tax returns of Palo.

Note 15 — Leases

Ground Leases

Macau Land Concessions

Wynn Palace and Wynn Macau were built on land that is leased under Macau land concession contracts each with terms of 25 years from May 2012 and August 2004, respectively, which may be renewed with government approval for successive 10-year periods in accordance with Macau legislation. The land concession payments are expected to be \$1.6 million per year through 2024 and total payments of \$15.5 million thereafter through 2037. At December 31, 2019, the total liability associated with these leases was \$16.0 million.

At December 31, 2019, operating lease assets included \$188.6 million of leasehold interests in land related to the Wynn Palace and Wynn Macau land concessions. The Company expects that the amortization associated with these leasehold interests will be approximately \$12.2 million per year from 2020 through 2028 and approximately \$9.3 million per year thereafter through 2037.

Note 16 — Related Party Transactions

Home Purchase

In May 2010, the Company entered into an employment agreement with Linda Chen (“Ms. Chen”), who is the President and Chief Operating Officer of Wynn Macau SA. Under the terms of the employment agreement, the Company purchased a home in Macau for use by Ms. Chen and has made renovations to the home with a total cost of \$10.0 million. In addition, under the terms of the employment agreement, Ms. Chen has the option to purchase the home for no consideration through March 31, 2020.

Note 19 — Segment Information

The Company reviews the results of operations for each of its operating segments, and identifies reportable segments based upon factors such as geography, regulatory environment, and the Company’s organizational and management reporting structure. Wynn Macau and Encore, an expansion at Wynn Macau, are managed as a single integrated resort and have been aggregated as one reportable segment (“Wynn Macau”). Wynn Palace is presented as a separate reportable segment and is combined with Wynn Macau for geographical presentation. Other Macau primarily represents the assets for the Company’s Macau holding company.

The following tables present the Company’s segment information (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Operating revenues			
<i>Macau Operations:</i>			
<i>Wynn Palace</i>			
Casino	\$2,139,756	\$2,356,022	\$1,714,417
Rooms	174,576	170,067	121,710
Food and beverage	117,376	110,638	96,078
Entertainment, retail and other ⁽¹⁾	111,986	120,839	98,082
	2,543,694	2,757,566	2,030,287
<i>Wynn Macau</i>			
Casino	1,796,209	1,994,885	2,073,793
Rooms	110,387	113,495	95,871
Food and beverage	81,576	76,369	68,111
Entertainment, retail and other ⁽¹⁾	81,857	109,776	99,135
	2,070,029	2,294,525	2,336,910
Total Macau Operations	4,613,723	5,052,091	4,367,197

	Years Ended December 31,		
	2019	2018	2017
Adjusted Property EBITDA⁽²⁾			
<i>Macau Operations:</i>			
<i>Wynn Palace</i>	\$729,535	\$843,902	\$527,583
<i>Wynn Macau</i>	648,837	733,238	760,752
Total Macau Operations	1,378,372	1,577,140	1,288,335

(1) Includes lease revenue accounted for under lease accounting guidance. For more information on leases, see Note 15, “Leases”.

(2) “Adjusted Property EBITDA” is net income 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 (including intercompany golf course and water rights leases), stock-based compensation, (loss) gain on extinguishment of debt, change in derivatives fair value, change in Redemption Note fair value and other non-operating income and expenses. 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, as well as a basis for determining certain incentive compensation. The Company also presents Adjusted Property EBITDA because it is used by some investors 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 GAAP. In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including us, 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 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, income taxes and other non-recurring charges, which are not reflected in Adjusted Property EBITDA. Also, the Company’s calculation of Adjusted Property EBITDA may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

	<i>Years Ended December 31,</i>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Capital expenditures</i>			
<i>Macau Operations:</i>			
<i>Wynn Palace</i>	\$66,545	\$89,617	\$107,405
<i>Wynn Macau</i>	<u>142,112</u>	<u>62,542</u>	<u>43,510</u>
<i>Total Macau Operations</i>	208,657	152,159	150,915

	<i>December 31,</i>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Assets</i>			
<i>Macau Operations:</i>			
<i>Wynn Palace</i>	\$3,734,210	\$3,858,904	\$4,017,494
<i>Wynn Macau</i>	1,656,625	1,903,921	1,271,544
<i>Other Macau</i>	<u>1,023,411</u>	<u>68,487</u>	<u>174,769</u>
<i>Total Macau Operations</i>	6,414,246	5,831,312	5,463,807

	<i>December 31,</i>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Long-lived assets</i>			
<i>Macau</i>	\$4,321,970	\$4,387,051	\$4,613,950”

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, disruptions or reductions in travel, as well as in our operations, due to natural or manmade disasters, pandemics, epidemics, or outbreaks of infectious or contagious diseases, 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 Annual Report and to exercise caution in dealing in securities in our Company.

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

Hong Kong, 1 March 2020

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).