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After wild ride, stocks of casino companies up

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Gaming stocks on Friday recovered some of their value that was lost the previous day when both Nevada and Atlantic City reported disappointing monthly gaming revenues, panicking an already jittery investment community.

Wynn Resorts Ltd. took shareholders on a wild ride Friday, a day after the company surprised the market by revealing preliminary second-quarter earnings and telling Wall Street it wanted to buy back \$500 million worth of its stock.

Analysts weighed in on Wynn's announcement before the markets opened Friday, saying they were disappointed by the company's Las Vegas performance but encouraged by the casino operator's prospects in Macau.

"This was clearly a strategic move in response to the softness in the company's share price," Stifel Nicolaus Capital Markets gaming analyst Steven Wieczynski told investors, saying Wynn's shares had fallen 26 percent in the past three weeks.

"We believe the company is trying to illustrate to investors that it is flourishing in Macau despite the large increase in supply, while Las Vegas is holding up despite the perceived notion that it is collapsing," Wieczynski said.

More than 9.5 million shares of Wynn Resorts were traded Friday on the Nasdaq National Market, almost five times the average daily volume, with the stock price closing at \$78.12, up \$8.20, or 11.72 percent. There was a more than \$7.70 swing for Wynn Resorts shares Friday between the company's high and low prices.

On Thursday, Wynn Resorts shares fell to their lowest price since 2006.

Gaming stocks fell to historical lows on Thursday after Nevada said May's gaming revenue decline of 15.2 percent was the highest percentage decrease since the state began keeping monthly statistics in 1984. Strip gaming revenues, the barometer of the gaming industry's financial health, fell 16.4 percent, compared to revenues in May 2007.

Later Thursday, Atlantic City said gaming revenues fell 11 percent in June.

The sagging national economy has hampered the gaming industry with customers either not traveling to casino destinations or spending less when they do make the trip.

Wynn Resorts, which has had its stock price fall 37 percent in the last 12 months, said its Macau casino was flourishing.

"We believe Wynn, which caters to the affluent customer with greater disposable consumer spending, should be somewhat insulated in the event of a further downturn in the economy (and Las Vegas)," Deutsche Bank gaming analyst Andrew Zarnett said in a note to investors. "However, we do caution that they are not entirely immune to a deceleration in the economy and a reduction in consumer spending."

Other gaming analysts said Wynn's pre-earnings announcement was done to ease nervous investors.

"Although management's indications of confidence in the stock near term and the strong Macau results are encouraging, we believe the market remains broadly conservative on casino stocks," Oppenheimer gaming analyst David Katz said.

Wynn Resorts' price-per-share ride Friday brought along other casino operators, too.

Shares of Las Vegas Sands Corp. rose 8 cents, or 0.24 percent, to close at \$34.09. MGM Mirage closed at \$24.55, up \$1.41 or 6.09 percent.

Boyd Gaming Corp. closed at \$9.06, down 22 cents or 2.37 percent. Penn National Gaming was down \$2.59, or 9.57 percent, to close at \$24.47.

Slot machine makers were mixed. International Game Technology closed at \$23.89, up 23 cents or 0.97 percent, while Bally Technologies closed at \$26.50, down \$1.18, or 4.26 percent, also on the NYSE.

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