

Date: 2/29/2013

Analyst Name: Matt Vague

## CIF Stock Recommendation Report (Fall 2012)

Company Name and Ticker: Wynn Resorts Ltd. (WYNN)

### Section (A) Summary

Recommendation Buy: Yes <b>No</b>		Target Price:	Stop-Loss Price:
Sector: Consumer Discretionary	Industry: Resorts and casinos	Market Cap (in Billions): 11.70 Billion	# of Shrs. O/S (in Millions): 74,955,534
Current Price: \$116.57	52 WK Hi: \$138.28	52 WK Low: \$90.11	EBO Valuation: \$33.95
Morningstar (MS) Fair Value Est.: \$190.00	MS FV Uncertainty: High	MS Consider Buying: \$95.00	MS Consider Selling: \$332.50
EPS (TTM):	EPS (FY1): 6.04	EPS (FY2): 6.75	MS Star Rating:
Next Fiscal Yr. End "Year": 2013 "Month": Dec	Last Fiscal Qtr. End: Less Than 8 WK: <b>Y</b> N	If Less Than 8 WK, next Earnings Ann. Date:	Analyst Consensus Recommendation: 2.12
Forward P/E: 17.32	Mean LT Growth: 10.90%	PEG: 0.9	Beta: 2.38
% Inst. Ownership: 74.99%	Inst. Ownership- Net Buy: <b>Y</b> N	Short Interest Ratio: 3.50	Short as % of Float: 7.70%
<b><u>Ratio Analysis</u></b>	<b><u>Company</u></b>	<b><u>Industry</u></b>	<b><u>Sector</u></b>
P/E (TTM)	22.3 (Morningstar) 24.45 (Reuters)	90.9 (Morningstar) 11.68 (Reuters)	14.25
P/S (TTM)	2.5	1.6	1.34
P/B (MRQ)	28.7 (Morningstar)	3.3 (Morningstar)	1.44
P/CF (TTM)	10.77	18.65	8.38
Dividend Yield	3.4	2.84	0.87
Total Debt/Equity (MRQ)		107.34	53.73
Net Profit Margin (TTM)	14.14	5.27	7.85
ROA (TTM)	7.55 (Morningstar)	2.41	8.35
ROE (TTM)	38.9 (Morningstar)	18.5 (Morningstar) 4.45 (Reuters)	14.10

<p><b><u>Investment Thesis</u></b></p> <p>There are a lot of conflicting signs when looking at Wynn corp. They seem to be positioned better than their competitors based on their multiples. LVS has recently started to perform better than Wynn in terms of stock performance. The institutional ownership gives bullish sentiment and the short interest is much better than competitors. It is very uncertain how the gaming industry as a whole will do in the near future. Macau is the largest gaming industry in the world and Wynn has had some recent declines in revenues there, but they are building a new Resort in the area which could help boost revenues. They are also going through some court battles with a former top owner who is suing over being forced to sell his shares for an extremely reduced price. There are also some investigations over whether any foul play involving them and the Chinese government occurred when they made a bid to build their resort in Macau. Overall it seems like we should wait and let their court issues play out and wait until they get closer to opening their new resort to reevaluate.</p>	<p><b><u>Summary</u></b></p> <p><b><u>Company Profile:</u></b> Wynn owns resorts in Las Vegas and Macau which are the 2 largest gaming markets in the world. They are also building another resort in Macau. They differentiate from competitors mainly with luxury.</p> <p><b><u>Fundamental Valuation:</u></b> The EBO implied price is extremely lower than the current price. The main reason for this is a very high discount rate due to Wynn's 2.38 beta.</p> <p><b><u>Relative Valuation:</u></b> The relative valuation shows that Wynn is overpriced compared to their competitors, but also gives some very skewed numbers to negative earnings estimates and 5 year ROE's by competitors.</p> <p><b><u>Revenue and Earnings Estimates:</u></b> There have been consistent downward trends when it comes to revenue and earnings estimates. Revenues have been down in Macau and that has caused analysts to make adjustments to their estimates going forward.</p> <p><b><u>Analyst Recommendations:</u></b> Analysts are still pretty bullish on this company. I believe this is based more on their long term growth potential. With a new resort being built there will be a boost in revenues when it opens. Also as a company they look more solid than their competitors.</p> <p><b><u>Institutional Ownership:</u></b> There is high institutional ownership and 5 owners of 5% or more. One of the top owners is the creator and CEO who has a strong history of success in the industry. There has also been a net gain which is a bullish sign.</p> <p><b><u>Short Interest:</u></b> the short interest has gone up in the last year but has stayed steady over the last 10 months. Also their short interest is much better than their main competitor LVS.</p> <p><b><u>Stock Price Chart:</u></b> the price charts show they did well compared to the S&amp;P 500 and LVS over the last year and 5 years, but the last 3 months have seen a reverse of fortune with both the S&amp;P 500 and LVS outperforming</p>
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## **Section (B) Company Profile (two pages maximum)**

### **Company Summary**

Wynn Resorts trades on the Nasdaq Global Select Market and is part of the S&P 500 and NASDAQ-100 Indexes. They develop and operate destination casino resorts in Las Vegas, Nevada and Macau. They own and operate 2 casino resorts in Las Vegas, the Wynn Las Vegas and Encore at Wynn Las Vegas. These include 4,750 hotel rooms and approximately 186,000 square feet of casino gaming space. The resort also includes 3 nightclubs; a beach club; Ferrari and Maserati automobile dealership; wedding chapels; golf course; 283,000 square feet of meeting space; and an Encore movie theater. The Macau resort has approximately 1,008 hotel rooms and suites. They also have approximately 265,000 square feet of casino gaming salons; 8 restaurants; 2 spas and 1 salon; lounges; meeting facilities; and approximately 54,200 square feet of retail space. In 2010 Encore Macau was opened as an expansion of Wynn Macau, and adds a fully-integrated luxury hotel with 414 spacious suites and villas along with restaurants, additional retail space, and gaming space.

Wynn Resorts is in essence a family business. Two of the top 5 stock owners are Stephen A. Wynn, founder, chairman and CEO, and Elaine P. Wynn, board director. They try to promote core values that enable each employee to be the best they can be. They have a Storyteller Program that celebrates personal accomplishments among employees.

### **Business Model, Competition, Environment and Strategy**

Wynn's strategy is basically just to be better than any other casino resorts. They believe Steve Wynn gives them a distinct advantage over other gaming enterprises because he is the premier designer, developer and operator of destination casino resorts. They integrate luxurious surroundings, including hotels, golf courses, fine dining, and premium retail outlets. They use database marketing techniques to market directly to gaming customers and then offer complete services that make it a leisurely stay for any guests. Gamers are offered traditional incentives to stay at Wynn Las Vegas or Macau, including reduced room rates and complimentary food and suites. They also have a reward system that offers discounted and complimentary meals, lodging and entertainment for guests. They also use social media, television, radio, etc. to market their resorts to the casual vacationers.

Competition in Las Vegas is extremely competitive. It is the largest gaming market in the United States and has taken a hit over the last several years due to economic disruptions.

Gaming and visitation statistics have begun to improve since 2011 but there is still a lot of uncertainty around the gaming industry. Competing on the Las Vegas strip means being compared to other hotel and casino resorts on the basis of overall atmosphere; range of amenities; level of service; price; location; entertainment; themes and size; among other things. Wynn attempts to differentiate itself by focusing on design, atmosphere, personal service, and luxury.

Macau was transferred from Portuguese to Chinese control in 1999 and has become the largest gaming market in the world. In 2011 the Macau gaming market generated approximately \$33.5 billion in gaming revenue, an increase of 42% over 2010. Originally the gaming industry in Macau was permitted as a government-sanctioned monopoly but in 2002 was liberalized and concessions were made to operate casinos in 3 concessionaires (including Wynn Macau). There is no limit to how many casinos each concessionaire is permitted to operate and there are currently 34 operating casinos in Macau. Wynn has been approved for a new casino in the Cotai district of Macau. The CEO of Wynn Resorts said that this is the single most important project in the company's history.

### Revenue and Earnings History

This information is available in **Reuters.com**, **"Financials"** tab. Copy/paste the quarterly revenue and earnings per share numbers for the most recent three years. Add the numbers over four fiscal quarters to get annual revenue and earnings. For the current fiscal year, go ahead add up as many quarters as are available. **NOTE:** revenue numbers are **"in millions"**.

**Discuss any pattern in revenue and earnings (e.g., increasing year over year; seasonal; etc.)**

#### REVENUE

Periods	2011	2012
March	1260.27	1313.5
June	1367.35	1253.21
September	1298.3	1298.49
December	1343.86	1289.08

Note: Units in Millions of U.S. Dollars

Totals	5,269.78	5,156.28
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There's no clear pattern when it comes to revenue. As you can see in 2011 there was no increase or decrease in revenue for even 2 quarters in a row. In 2012 the 2 best quarters were the 2 worst quarters from 2011. Overall there was a small drop in revenue from 2011 to 2012 which was due mainly to slightly lower revenues from the Casinos.

### EARNINGS PER SHARE

Periods	2011	2012
March	1.38632	1.23293
June	0.97059	1.36683
September	1.00956	1.11044
December	1.51643	1.10137
Totals	4.8829	4.8115

In 2011 they started off really well but dropped considerably in the 2<sup>nd</sup> quarter. The last 3 quarters of the year did see improvement to the earnings per share with a great 4<sup>th</sup> quarter. Going into 2012 there was a bit of a drop in the 1<sup>st</sup> quarter with a small improvement in the 2<sup>nd</sup> quarter, but the 2<sup>nd</sup> half of the year saw lower earnings per share. Overall even though 2012 saw slightly lower earnings per share it was much more consistent than in 2011. There were no huge jumps like in 2011 from the 1<sup>st</sup> to 2<sup>nd</sup> quarter and 3<sup>rd</sup> to 4<sup>th</sup> quarter.

**Include the following here:**

WYNN	PARAMETERS	FY1	FY2	Ltg													
	EPS Forecasts	6.04	6.75	10.90%	Model 1: 12-year forecasting horizon (T=12), and a 7-year growth period.												
	Book value/share (last fye)	16.70															
	Discount Rate	17.63%															
	Dividend Payout Ratio (POR)	8.45%			Please download and save this template to your own storage device You only need to input values to cells highlighted in 'yellow' The rest of the spreadsheet is calculated automatically Please read "Guidelines_for_FundamentalValuation_ProfLee_Spreadsheet" file carefully												
	Next Fisc Year end	2013															
	Current Fisc Mth (1 to 12)	2															
	Target ROE (industry avg.)	6.25%															
	Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024				
	Long-term EPS Growth Rate (Ltg)			0.1090	0.1090	0.1090	0.1090	0.1090									
	Forecasted EPS	6.04	6.75	7.49	8.30	9.21	10.21	11.32									
	Beg. of year BV/Shr	16.700	22.230	28.409	35.262	42.863	51.291	60.639									
	Implied ROE		0.304	0.263	0.235	0.215	0.199	0.187									
ROE	(Beg. ROE, from EPS forecasts)	0.362	0.304	0.263	0.235	0.215	0.199	0.187	0.162	0.137	0.112	0.087	0.063				
Abnormal ROE	(ROE-k)	0.185	0.127	0.087	0.059	0.038	0.023	0.010	-0.014	-0.039	-0.064	-0.089	-0.114				
growth rate for B	(1-POR)*(ROE-1)	0.000	0.331	0.278	0.241	0.216	0.197	0.182	0.171	0.148	0.125	0.103	0.080				
Compounded growth		1.000	1.331	1.701	2.112	2.567	3.071	3.631	4.252	4.882	5.494	6.059	6.543				
growth*AROE		0.185	0.170	0.148	0.125	0.099	0.070	0.038	-0.061	-0.192	-0.352	-0.539	-0.745				
required rate (k)	0.176	0.176	0.176	0.176	0.176	0.176	0.176	0.176	0.176	0.176	0.176	0.176	0.176				
Compound discount rate		1.176	1.384	1.628	1.915	2.252	2.649	3.116	3.666	4.312	5.072	5.966	7.018				
div. payout rate (k)	0.085																
Add to P/B	PV(growth*AROE)	0.16	0.12	0.09	0.07	0.04	0.03	0.01	-0.02	-0.04	-0.07	-0.09	-0.11				
Cum P/B		1.16	1.28	1.37	1.44	1.48	1.51	1.52	1.50	1.46	1.39	1.30	1.19				
Add: Perpetuity																	
beyond current yr	(Assume this yr's AROE forever)	0.89	0.69	0.52	0.37	0.25	0.15	0.07	-0.09	-0.25	-0.39	-0.51	-0.60				
Total P/B	(P/B if we stop est. this period)	2.05	1.98	1.89	1.81	1.73	1.66	1.59	1.41	1.21	0.99	0.79	0.59				
Implied price		35.27	33.95	32.46	31.05	29.73	28.47	27.30	24.19	20.72	17.09	13.50	10.14				
Check:																	
Beg. BV/Shr		16.70	22.23	28.41	35.26	42.86	51.29	60.64	71.00	81.53	91.76	101.18	109.27				
Implied EPS		6.04	6.75	7.49	8.30	9.21	10.21	11.32	11.49	11.17	10.29	8.84	6.83				
Implied EPS growth			0.118	0.109	0.109	0.109	0.109	0.109	0.015	-0.028	-0.079	-0.141	-0.227				

EPS forecasts (FY1 & FY2): 6.04% and 6.75%

Long-term growth rate: 10.90%

Book value /share (along with book value and number of shares outstanding):

Book value: 2,089

# of shares outstanding: 125.08

Book value / share: 16.70%

Dividend payout ratio: 8.45%

Next fiscal year end: 2013

Current fiscal month: 2

Target ROE: 6.25%

## Output

Above normal growth period chosen: 2 year

EBO valuation (Implied price from the spreadsheet): \$33.95

## Sensitivity Analysis

EBO valuation would be (you can include more than one scenario in each of the following):

\$32.46 if changing above normal growth period to 3 years

\$33.95 if changing growth rate from mean (consensus) to the highest estimate  
16%

\$33.95 if changing growth rate from mean (consensus) to the lowest estimate  
8%

\$62.86 if changing discount rate to 10%

\$33.95 if changing target ROE to 38.9

Compare the implied prices derived from various valuation metrics. Also compare those implied price to the stock's current price, and 52-week high and low.

The discount rate is very high due to the 2.38 beta but to get a price comparable to their current price I would have to lower the discount rate to around 5%. Adjusting the target ROE to where their current ROE instead of the much lower industry average ROE doesn't change the EBO price at all. Overall the implied prices are less than a third of the actual price. It's also less than half the 52 week low.

## Section (D) Relative Valuation

Copy/paste your completed relative valuation spreadsheet here

WYNN													
Mean FY2													
Earnings Estimate													
Ticker	Name	Mkt Cap	Current Price	(next fiscal year)	Forward	Mean LT	PEG	P/B	ROE	Value	P/S	P/CF	
					P/E	Growth Rate		(MRQ)	5 yr ave	Ratio	TTM	TTM	
1	LVS Las Vegas Sands Corp	\$ 41,971.00	\$ 51.49	\$ 3.11	16.56	12.10%	1.37	4.60	5.38%	0.86	3.90	14.4	
2	MG MGM Resorts Intl.	\$ 6,104.00	\$ 12.49	\$ (0.08)	-156.13	13.00%	-12.01	1.40	-10.13%	-0.14	0.67	5.9	
3	PENN Penn National Gaming	\$ 3,857.00	\$ 49.85	\$ 2.76	18.06	7.91%	2.28	1.71	-1.18%	-1.45	1.33	9.27	
4	BYD Boyd Gaming Corp	\$ 581.00	\$ 6.57	\$ 0.45	14.60	54.53%	0.27	0.48	-1.52%	-0.32	0.24	3.08	
	WYNN Wynn Resorts Ltd.	\$ 11,700.00	\$ 116.90	\$ 6.75	17.32	10.90%	1.59	28.70	14.37%	2.00	2.50	10.77	
Implied Price based on:					P/E		PEG	P/B		Value	P/S	P/CF	
1	LVS Las Vegas Sands Corp				\$111.75		\$100.67	\$18.74		\$50.05	\$182.36	\$156.30	
2	MG MGM Resorts Intl.				#####		-\$883.61	\$5.70		-\$8.09	\$31.33	\$64.04	
3	PENN Penn National Gaming				\$121.92		\$168.00	\$6.97		-\$84.82	\$62.19	\$100.62	
4	BYD Boyd Gaming Corp				\$98.55		\$19.70	\$1.96		-\$18.48	\$11.22	\$33.43	
	High				\$121.92		\$168.00	\$18.74		\$50.05	\$182.36	\$156.30	
	Low				#####		-\$883.61	\$1.96		-\$84.82	\$11.22	\$33.43	
	Median				\$105.15		\$60.19	\$6.33		-\$13.29	\$46.76	\$82.33	

### From the top panel

Discuss whether your stock and its competitors have very different multiples. Point out if any of the five stocks have multiple that is far off from the others. Make an attempt to explain why (you would want to read analyst research report in *Morningstar Direct*; you should also look for comments from other financial sites). **The discussions should address all of the following valuation metrics: forward P/E, PEG, P/B (MRQ), P/S (TTM), and P/CF (TTM).**

The multiples are generally pretty different among Wynn's competitors. To start 3 of their competitors have negative ROE 5 year averages. Wynn has quite a bit higher FY2 earnings estimates than the others and MGM even has a negative estimate. Their LT growth rates are pretty similar except for Boyd gaming which has a 54.53% Lt growth rate. Wynn has an extremely high P/B compared to their competitors but I got that number from Morningstar for them but the competitors I found on Reuters.com so I'm not sure why it is so high. The P/S and P/CF ratios are very comparable and point towards Wynn being more expensive than all but Las Vegas Sands Corp.

### From the bottom panel

Discuss the various implied prices of your stock derived from competitors' ("comparables") multiples. How different are the prices derived from the various valuation metrics? Note any valuation metrics that seem to yield outlier prices and explain why (**HINT:** is that because that particular valuation metrics is not very relevant for the industry? Do you best to provide convincing arguments).

Among the valuation metrics analyzed, **which ones do you think are most relevant as a valuation tool for your stock?**

The forward P/E gives the best comparison even though MGM has a negative forward P/E. it shows them just a little above the median implied price. P/S and P/CF are good to look at for this industry and the relative valuation shows that using these multiples Wynn is overpriced. PEG is thrown way off because MGM has a (-12.01) PEG and that caused a low implied price of (-\$883.61).



## Section (E) Revenue and Earnings Estimates

Copy/Paste the “Historical Surprises” Table from *Reuters.com*, “Analysts” tab (include both revenue and earnings; make note that revenues might be in “millions”)

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
<b>SALES (in millions)</b>				
Quarter Ending Dec-12	1,268.83	1,289.08	20.25	+1.60
Quarter Ending Sep-12	1,310.79	1,298.49	12.30	-0.94
Quarter Ending Jun-12	1,338.63	1,253.21	85.42	-6.38
Quarter Ending Mar-12	1,334.82	1,313.50	21.32	-1.60
Quarter Ending Dec-11	1,342.34	1,343.86	1.52	+0.11
<b>Earnings (per share)</b>				
Quarter Ending Dec-12	1.25	1.17	0.08	-6.31
Quarter Ending Sep-12	1.34	1.48	0.14	+10.49
Quarter Ending Jun-12	1.49	1.38	0.11	-7.44
Quarter Ending Mar-12	1.41	1.33	0.08	-5.67
Quarter Ending Dec-11	1.28	1.55	0.27	+20.88

Review recent trends in company’s reported revenue and earnings, and discuss whether (1) the company has a pattern of “surprising” the market with numbers different from analysts’ estimates; (2) Were they positive(actual greater than estimate) or negative (actual less than estimate) surprises? (3) Were surprises more notable for revenue or earnings? (4) Look up the stock chart to see how the stock price reacted to the “surprises. **NOTE:** Reuters does not put the sign on the surprise. **You need to put a “negative” sign when it is a negative surprise.**

You can easily see that the Earnings (per share) surprises were much bigger regardless of whether they were positive or negative. Sales are generally pretty close to estimates even when they do surprise, except the quarter ending June 2012 which was down 6.38%. The positive surprises for sales and earnings in the quarter ending Dec 2011 cause a rise in the stock price that continued until May of 2012. The quarter ending June 2012 had negative surprises for sales and earnings and did cause a drop in the stock price until about the beginning of September when it came back up. Overall 2012 was a very volatile year due to surprises that

were mostly negative with the exception of earnings in the quarter ending September and sales for the quarter ending December.

**Copy/paste the “Consensus Estimates Analysis” Table from *Reuters.com*, “Analysts” tab (include both revenue and earnings)**

	# of Estimates	Mean	High	Low	1 Year Ago
<b>SALES (in millions)</b>					
Quarter Ending Mar-13	19	1,358.69	1,440.00	1,271.90	1,415.76
Quarter Ending Jun-13	19	1,346.20	1,403.54	1,304.63	1,482.16
Year Ending Dec-13	23	5,369.42	5,519.88	5,200.56	5,856.34
Year Ending Dec-14	20	5,637.70	6,067.05	5,425.90	6,339.00
<b>Earnings (per share)</b>					
Quarter Ending Mar-13	21	1.51	1.68	1.31	1.68
Quarter Ending Jun-13	21	1.57	1.91	1.36	1.84
Year Ending Dec-13	25	6.04	6.81	5.12	6.78
Year Ending Dec-14	20	6.75	8.15	5.95	7.71
LT Growth Rate (%)	5	10.90	16.00	8.00	13.54

Review the range and the consensus of analysts’ estimates. (1) Calculate the % difference of the “high” estimate from the consensus (mean); (2) Calculate the % (negative) difference of the “low” estimate from the consensus; (3) Are the divergent more notable for the current or out-quarter, FY1 or FY2, revenue or earnings? (4) Note the number of analysts providing LT growth rate estimate. It that roughly the same as the number of analysts providing revenue and earnings estimates?

<u>Sales</u>	Divergent from “High” Estimate	Divergent from “Low” Estimate
QE Mar-13	5.98%	-6.39%
QE June-13	4.26%	-3.09%
YE Dec-13	2.8%	-3.14%
YE Dec-14	7.62%	-3.76%
<u>Earnings</u>		
QE Mar-13	11.26%	-13.25%
QE June-13	21.66%	-13.38%
YE Dec-13	12.75%	-15.23%
YE Dec-14	20.74%	-11.85%

For sales the divergence is greater for the current quarter than the out-quarter. The current year end has less divergence than FY2. For earnings the out-quarter is more divergent than current quarter. The divergence for FY1 and FY2 is pretty close to the same with the “high” divergence less for FY1 but the “low” divergence less for FY2. Overall the Divergences are much less for sales than for earnings. There were only 5 analysts that gave a LT growth estimate compared to at least 19 analysts giving estimates for revenue and earnings for any period.

**Copy/paste the “Consensus Estimates Trend” Table from *Reuters.com*, “Analysts” tab (include both revenue and earnings)**

	Current	1 Week Ago	1 Month Ago	2 Month Ago	1 Year Ago
<b>SALES (in millions)</b>					
Quarter Ending Mar-13	1,358.69	1,358.69	1,374.40	1,389.76	1,415.76
Quarter Ending Jun-13	1,346.20	1,346.20	1,347.52	1,354.91	1,482.16
Year Ending Dec-13	5,369.42	5,369.42	5,388.97	5,403.76	5,856.34
Year Ending Dec-14	5,637.70	5,637.70	5,671.67	5,670.37	6,339.00
<b>Earnings (per share)</b>					
Quarter Ending Mar-13	1.51	1.51	1.56	1.57	1.68
Quarter Ending Jun-13	1.57	1.57	1.58	1.58	1.84

Quarter Ending Dec-13	6.04	6.04	6.06	6.04	6.78
Quarter Ending Dec-14	6.75	6.75	6.88	6.82	7.71

Review recent trend of analysts' consensus (mean) estimates on revenue and earnings. (1) Are the consensus estimates trending up, down, or stay the same? (2) Is the trend more notable for the near- or out- quarter, FY1 or FY2, revenue or earnings?

For sales estimates the trend in the next 2 quarters is moving downward from a year ago. The trend for sales for the next 2 years is also going downward from a year ago. For earnings the trends are downward across the board as well. The trends seem more notable for the out-quarters and FY2. After doing very well in 2011 sales and earnings have gone down and aren't expected to go back up in the near future.

**Copy/paste the "Estimates Revisions Summary" Table from *Reuters.com*, "Analysts" tab (include both revenue and earnings)**

Number Of Revisions:	Last Week		Last 4 Weeks	
	Up	Down	Up	Down
<b>Revenue</b>				
Quarter Ending Mar-13	0	0	3	6
Quarter Ending Jun-13	0	0	5	4
Year Ending Dec-13	0	0	9	7
Year Ending Dec-14	0	0	7	6
<b>Earnings</b>				
Quarter Ending Mar-13	0	0	2	9
Quarter Ending Jun-13	0	0	3	7
Year Ending Dec-13	0	0	1	2
Year Ending Dec-14	0	0	5	9

Review the number of analysts revising up or down their estimates (both revenue and earnings) **in the last and last four weeks.** (1) Note whether there are more up or down revisions; (2) are the revisions predominantly one directional? (3) Any notable difference last week versus last four weeks, revenue versus earnings?

There were no revisions last week; I assume that is because earnings were announced on Thursday. The revisions 4 weeks ago were up for revenue for each period except the next quarter. For earnings it was almost exactly opposite, there were down revisions across the board. Overall there are clearly a lot more down revisions than up revisions, especially concerning the next fiscal quarter.

You will need to incorporate what you see here with Morningstar's analyst research report (you can access ***Morningstar Direct at the Financial Markets Lab.***) and other readings/analysis you found from various on-line financial sites. Discuss whether you think the company has a good chance of making or beating analyst consensus estimate, and why. Based on how the stock has been trading lately, do you think market has already anticipated strong or lackluster financial outlook from the company?

Based on analysis from Morningstar, yahoo.com/finance and other websites it does not look good for Wynn in the short term. Analysts aren't sure what the outlook is for the gaming industry and Wynn has gotten less revenues from their Macau casino resort over the last year. The outlook is very uncertain but it would be very surprising if they beat estimates by very much.

## Section (F) Analysts' Recommendations

Copy/paste the "Analyst Recommendations and Revisions" Table from *Reuters.com*, "Analysts" tab. NOTE: Make sure you copy the entire table including the "Mean Rating" at the bottom of the table.

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	5	5	4	5
(2) OUTPERFORM	12	12	11	11
(3) HOLD	8	9	11	10
(4) UNDERPERFORM	0	0	0	0
(5) SELL	0	0	0	0

No Opinion	0	0	0	0
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Mean Rating 2.12 2.15 2.27 2.19

Recommendation Trends				
	Current Month	Last Month	Two Months Ago	Three Months Ago
Strong Buy	3	1	2	2
Buy	15	14	13	14
Hold	8	11	11	10
Underperform	0	0	0	0
Sell	0	0	0	0

Revision Date	Upgrade or Downgrade	Current Recommendation	Previous Recommendation	Firm	Last Revision

I did not find any revisions for Wynn on cnbc.com

**Review the trend of analyst recommendations over the last three months. Is there a notable change of analyst opinions, turning more bullish or bearish? How many different ratings out of the five possible ones did the company receive currently, one, two, and three months ago? Is there a notable trend of opinion convergence or divergence? Is what you see here consistent to comments in Morningstar analyst's research report as well as various online financial sites you had researched on?**

**NOTE:** On a Five-point scale, Reuters assigns "1" to "Buy", the most bullish recommendation, and "5" to "Sell", the most bearish recommendation. **Some other online sites have opposite scale**, with their "1" being the most bearish and "5" being the most bullish recommendations.

Analyst's opinions have changed a couple times in the last 3 months. Two months ago their opinions became more bearish but then they became more bullish again over the last month. The mean rating right now is a 2.12 which is very close to yahoo's rating of 2.20. With the uncertainty that the industry faces I'm a little surprised with the bullishness of analysts. The

stock price has come down quite a bit over the last month so maybe analysts think it is more properly priced.

## Section (G) Institutional Ownership

Copy/paste the completed *"CIF Institutional Ownership" spreadsheet* here.

**WYNN**

Ownership Activity	# of Holders	% Beg. Holders	Shares	% Shares
Shares Outstanding			178,384,733	100.00%
# of Holders/Tot Shares Held	531	101.53%	133,770,711	74.99%
# New Positions	65	12.43%		
# Closed Positions	57	10.90%		
# Increased Positions	256	48.95%		
# Decreased Positions	222	42.45%		
Beg. Total Inst. Positions	523	100.00%	123,599,978	69.29%
# Net Buyers/3 Mo. Net Chg	34	53.56%	10,170,733	5.70%

Ownership Information	% Outstanding
Top 10 Institutions % Ownership	40.60%
Mutual Fund % Ownership	52.00%
Float %	56.07%

> 5% Ownership		
Holder Name	% Outstanding	Report Date
Waddell % Reed Investment Mgt Co.	14.90%	12/31/2012
Ivy Asset Strategy Fund	10.00%	12/31/2012

Wynn (Stephen A)	9.90%	12/31/2012
Wynn (Elaine P)	9.70%	12/31/2012
Marsico Capital Management L.L.C.	5.40%	12/31/2012

**Combine information provided in all three sections to discuss whether (1) institutions, on net basis, have been increasing or decreasing ownership and how significant, (2) the stock has sizable institution interests and support, (3) the extent of the (> 5%) owners, and (4) this could be a bullish or bearish indication of future stock price movement.**

Overall there has been increasing ownership. This stock has 75% institutional ownership with the top 10 owners accounting for 40.60%. There are 5 owners of over 5% although Elaine A. Wynn is going to be selling her shares at some point sooner rather than later. It will be interesting to see if 1 of the top 5 owners absorbs her shares. Stephen Wynn is the creator and CEO so it's not surprising he owns as much of the stock as he doesn't but it is a bullish sign that other institutions own so much of the company. I feel like the net gain in ownership is more of a sign of long term expectations than for the upcoming year. With a new resort being built they will certainly see more revenues in Macau once it is operational.

## **Section (H) Short Interest (two pages)**

From <http://www.nasdaq.com/> (NASDAQ's website)

Copy/paste or enter the data in the following table. You also need to copy/paste the chart to the right.

**Copy/paste or type the information from "short interest" table. You will start from the most recent release date, and go back for a year (some stocks may not have data go back for a year)**

### **Wynn Resorts Ltd.**

Settlement Date	Short Interest	Avg Daily Share Volume	Days To Cover
2/15/2013	4,775,872	1,625,338	2.938387
1/31/2013	5,151,572	1,283,435	4.013894
1/15/2013	4,687,729	1,580,387	2.966191



12/31/2012	4,113,264	1,191,224	3.452973
12/14/2012	4,565,109	1,540,648	2.963110
11/30/2012	4,021,061	1,266,226	3.175627
11/15/2012	4,446,001	1,625,797	2.734659
10/31/2012	4,597,173	2,293,270	2.004637
10/15/2012	4,314,821	1,365,878	3.159009
9/28/2012	3,807,776	1,617,570	2.354010
9/14/2012	4,007,099	2,293,554	1.747113
8/31/2012	4,602,229	1,436,258	3.204319
8/15/2012	5,341,375	1,579,476	3.381739
7/31/2012	4,611,100	2,504,038	1.841466
7/13/2012	3,853,026	2,460,407	1.566012
6/29/2012	3,636,639	2,171,119	1.675007
6/15/2012	4,205,906	2,449,681	1.716920
5/31/2012	3,346,360	2,465,879	1.357066
5/15/2012	3,078,722	2,962,596	1.039197
4/30/2012	3,153,209	2,296,983	1.372761
4/13/2012	3,259,098	1,649,002	1.976406
3/30/2012	2,106,030	1,829,691	1.151030
3/15/2012	2,829,034	3,692,731	1.000000

### Las Vegas Sands Corp.

Settlement Date	Short Interest	Avg Daily Share Volume	Days To Cover
2/15/2013	8,974,932	7,346,114	1.221725

1/31/2013	9,501,421	7,917,333	1.200078
1/15/2013	12,284,685	9,083,411	1.352431
12/31/2012	11,749,250	5,504,085	2.134642
12/14/2012	12,890,866	7,189,730	1.792956
11/30/2012	12,135,097	7,505,494	1.616829
11/15/2012	12,755,986	7,639,363	1.669771
10/31/2012	12,327,012	5,192,643	2.373938
10/15/2012	12,358,865	5,759,746	2.145731
9/28/2012	12,035,215	8,313,725	1.447632
9/14/2012	12,704,534	8,149,276	1.558977
8/31/2012	12,286,854	8,263,036	1.486966
8/15/2012	12,505,203	9,357,097	1.336440
7/31/2012	10,840,520	13,869,067	1.000000
7/13/2012	10,786,132	7,126,063	1.513617
6/29/2012	10,877,636	7,471,511	1.455882
6/15/2012	12,593,502	11,996,971	1.049723
5/31/2012	13,199,134	11,121,765	1.186784
5/15/2012	11,149,804	10,333,287	1.079018
4/30/2012	9,383,929	11,150,632	1.000000
4/13/2012	10,236,313	11,886,987	1.000000
3/30/2012	9,611,753	9,181,002	1.046918
3/15/2012	12,054,224	9,726,847	1.239274

## MGM Resorts International

Settlement Date	Short Interest	Avg Daily Share Volume	Days To Cover
2/15/2013	23,915,032	10,798,561	2.214650
1/31/2013	26,827,695	10,638,160	2.521836
1/15/2013	28,185,991	14,435,908	1.952492
12/31/2012	25,996,159	7,432,727	3.497526
12/14/2012	25,666,065	13,078,385	1.962480
11/30/2012	25,804,600	10,276,069	2.511135
11/15/2012	28,032,998	10,314,994	2.717694
10/31/2012	28,343,425	10,773,703	2.630797
10/15/2012	26,584,216	7,762,439	3.424725
9/28/2012	27,154,050	8,187,807	3.316401
9/14/2012	24,516,333	11,769,179	2.083096
8/31/2012	28,496,272	7,320,201	3.892826
8/15/2012	31,152,832	12,520,721	2.488102
7/31/2012	29,962,056	10,888,729	2.751658
7/13/2012	24,074,427	8,595,192	2.800918
6/29/2012	22,804,895	8,380,994	2.721025
6/15/2012	28,481,519	11,156,903	2.552816
5/31/2012	33,417,766	11,428,258	2.924135
5/15/2012	32,832,737	12,746,248	2.575875
4/30/2012	31,538,685	10,273,142	3.070014
4/13/2012	32,818,255	11,963,473	2.743205

3/30/2012	34,301,551	12,233,534	2.803896
3/15/2012	36,917,565	13,119,819	2.813878

From <http://finance.yahoo.com/>

Complete the following table with information from the “*share statistics*” table.

Avg Vol (3 month)	Avg Vol (10 day)	Shares Outstanding	Float
1,400,290	1,385,020	100.08M	79.61M
Shares Short (Most recent date)	Short Ratio (Most recent date)	Short % of Float (Most recent date)	Shares Short (2 weeks prior)
4.78M	3.50	7.70%	5.15M

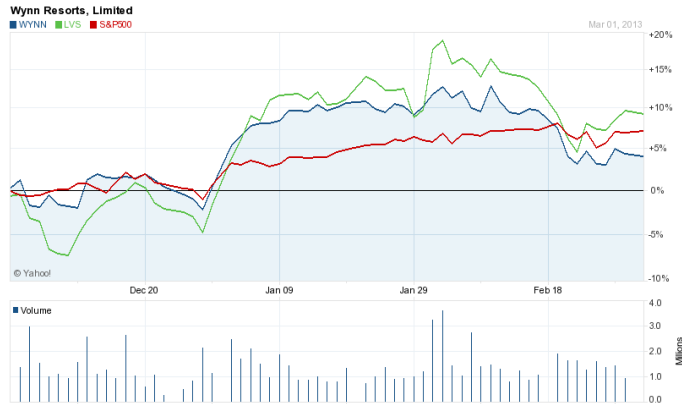
**Based on the short interest statistics and its recent trend, how is the market sentiment on the stock? Has the sentiment turned more bullish or bearish over the last year? How about in more recent month and why?**

The short interest is about double what it was a year ago but has stayed pretty consistent over the last 10 months. Their short interest is about half of their competitor Las Vegas Sands and way lower than MGM. MGM has negative expected growth over the next 5 years so their short interest is extremely high.

## Section (I) Stock Charts

### A three months price chart

Copy/paste the “3 Mos.” stock chart here



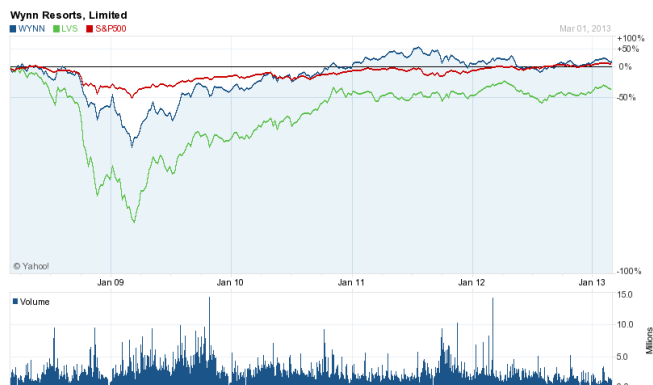
### A one year price chart

Copy/paste the “1 Yr” stock chart here



### A five year price chart

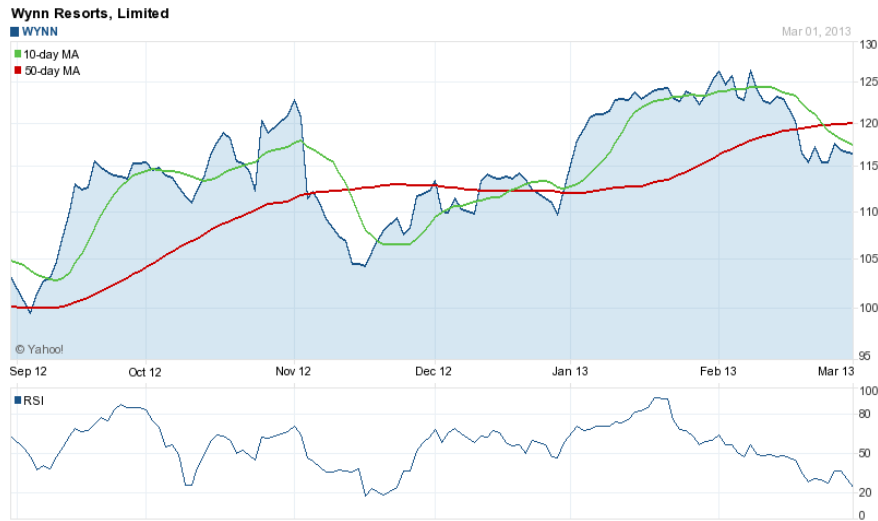
Copy/paste the “5 Yrs.” stock chart here



## Additional price chart

If you have other stock charts, feel free to copy/paste here

### 6 Month Tech Analysis



### 2 Year Tech Analysis



**Discuss what you observe from the stock charts. This should include comparing your stock to competitors, sector, and SP500 over the three different time horizons.**

When looking at the 1 and 5 year charts you can see that Wynn outperforms their closest competitor, Las Vegas Sands Corp (LVS). However, when you look at the 3 month chart LVS outperforms Wynn and so does the S&P 500. When looking at the Tech analysis you can see there are multiple death crosses in the 6 month and 2 year charts, including a very recent death cross.

### Sources

- <http://investing.businessweek.com/research/stocks/private/snapshot.asp?privcapId=3449701>
- <http://news.yahoo.com/wynn-macau-gets-ok-cotai-casino-development-022247200--finance.html>
- Wynn Resorts 2012 10K report
- <http://www.reuters.com/article/2013/01/31/us-wynn-results-idUSBRE90U1E220130131?type=companyNews>
- <http://seekingalpha.com/article/876001-casinos-and-resorts-2-buys-and-2-sells>