

Gaming

Macau: January ahead of expectations; Las Vegas hot streak continues

Industry Overview

Exhibit 2: Las Vegas & Macau Monthly Heat map

Monthly trends for Macau, Las Vegas Strip, and Las Vegas Locals

| | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Macau GGR (B MOP) | 10.3 | 12.7 | 14.7 | 15.6 | 15.2 | 16.7 | 17.2 | 14.9 | 19.5 | 16.0 | 18.6 | 19.3 |
| vs. 2019 | -59% | -51% | -38% | -40% | -36% | -32% | -29% | -32% | -26% | -30% | -19% | -13% |
| ADR (M MOP) | 368.6 | 411.0 | 490.7 | 502.1 | 506.7 | 537.4 | 554.8 | 498.0 | 629.1 | 534.8 | 599.0 | 623.9 |
| Visitation vs. 2019 | -55% | -34% | -34% | -35% | -29% | -22% | -11% | -17% | -14% | -11% | -5% | |
| Las Vegas Y/Y | | | | | | | | | | | | |
| Strip GGR | 19% | -3% | 5% | -2% | -1% | 8% | 1% | 7% | 1% | 23% | 11% | |
| Strip RevPAR | 42% | 44% | -2% | 6% | 8% | 4% | 12% | 7% | 13% | 38% | 7% | |
| Locals GGR | 4% | -3% | -2% | 4% | | 6% | -1% | -6% | 6% | 1% | 7% | |
| Air Traffic | 25% | 16% | 13% | 8% | 4% | 2% | 0% | 0% | 6% | 6% | | |
| Visitation | 18% | 10% | 0% | 1% | 3% | 1% | 4% | -1% | 0% | 1% | 3% | |
| Las Vegas Absolute Values | | | | | | | | | | | | |
| Strip GGR | \$712 | \$725 | \$625 | \$716 | \$727 | \$835 | \$667 | \$741 | \$714 | \$821 | \$905 | |
| Strip ADR | \$188 | \$228 | \$183 | \$195 | \$176 | \$173 | \$168 | \$216 | \$251 | \$270 | \$199 | |
| Strip Occ. % | 85% | 91% | 87% | 87% | 89% | 88% | 84% | 85% | 90% | 85% | 83% | |

Source: Nevada Gaming Control Board, LVCVA, Macau DICJ

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Macau: January ahead of expectations

January gross gaming revenue (GGR) of 19.3B MOP was ahead of our estimate of ~18.3B MOP, with an average daily revenue (ADR) of 624M MOP up +4% M/M. The market was stronger than expected and did not see a typical slowdown ahead of Lunar New Year. For February, we expect Macau's ADR to be up +8% M/M to 672M MOP or 19.5B MOP, benefitting from Chinese New Year and an extra day in the month from Leap Year.

Earnings Implications: WYNN and MGM report in the next 2 weeks, and tone on Macau should be positive, esp. if MGM's est. share gains show through. Recall, [LVS's \(see report\)](#) was more constructive on both the promo environment and the macro. While early, Q1 is trending ahead of expectations and could lead to positive estimate revisions.

Las Vegas: Strip (+); Strip ex-baccarat (+); locals (+)

Las Vegas Strip GGR: GGR was a record high \$905M and +11% Y/Y in December. Baccarat is still the driver, up +50% Y/Y, and while Baccarat hold was favorable, drop was still +18% Y/Y. Ex-baccarat, Strip GGR was up +2.7%, bringing Q4 GGR ex-baccarat to +1.6% vs. -1.6% in Q3. **Strip RevPAR:** RevPAR was up +7% Y/Y. The Fontainebleau is included in the data for the first time this month, which grows supply 2% and could be a tailwind, though traffic data and press reports suggest a slow ramp. **Las Vegas Locals:** GGR was +7% Y/Y in Dec. vs. +1% Y/Y in November. Locals benefitted from 1) Durango opening 12/4, and 2) an extra weekend day + New Years timing. While early, if we assume the M/M bump was due to Durango, it implies incremental revenues that could be \$24-33M of gaming revenue vs. our total revenue of \$37-45M (incl. non-gaming).

Earnings Implications: As we highlighted in [our earnings preview \(see report\)](#), we expect the high end to outperform in Las Vegas and think MGM and WYNN will both beat street expectations. The strong December data could provide an additional upside over our above consensus estimates, and we raise our Q4 LV EBITDA estimates higher to \$853M/\$244M for MGM/WYNN to reflect the continued strong trends.

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Refer to important disclosures on page 5 to 8. Analyst Certification on page 4. Price Objective Basis/Risk on page 4.

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Key Terms:
GGR: Gross Gaming Revenue**ADR:** Average Daily Rate**MOP:** Macanese Patacas**RevPAR:** Revenue per Available Room
Exhibit 1: Summary of EBITDA estimates

We tweak our 2023 estimates to reflect recent trends

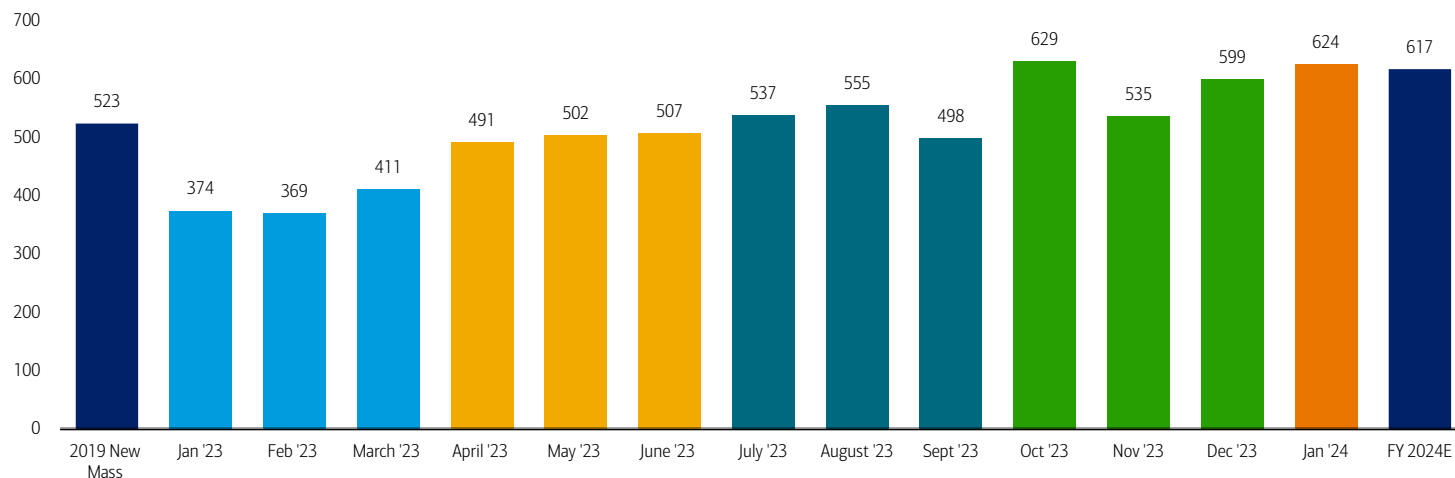
| | New | Old |
|------|-------|-------|
| MGM | 4,719 | 4,716 |
| WYNN | 2,060 | 2,057 |

Source: Company filings, BoFA Global Research
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Macau: January GGR & Forward Estimates

Exhibit 3: ADR Comparison: 2019 vs. 2023 (MOP M)

Converting GGR (MOP B) to ADR (MOP M) provides a daily run rate; December ADR was ~114% recovered vs. 2019's on mass + "direct" VIP basis and up 4% sequentially.

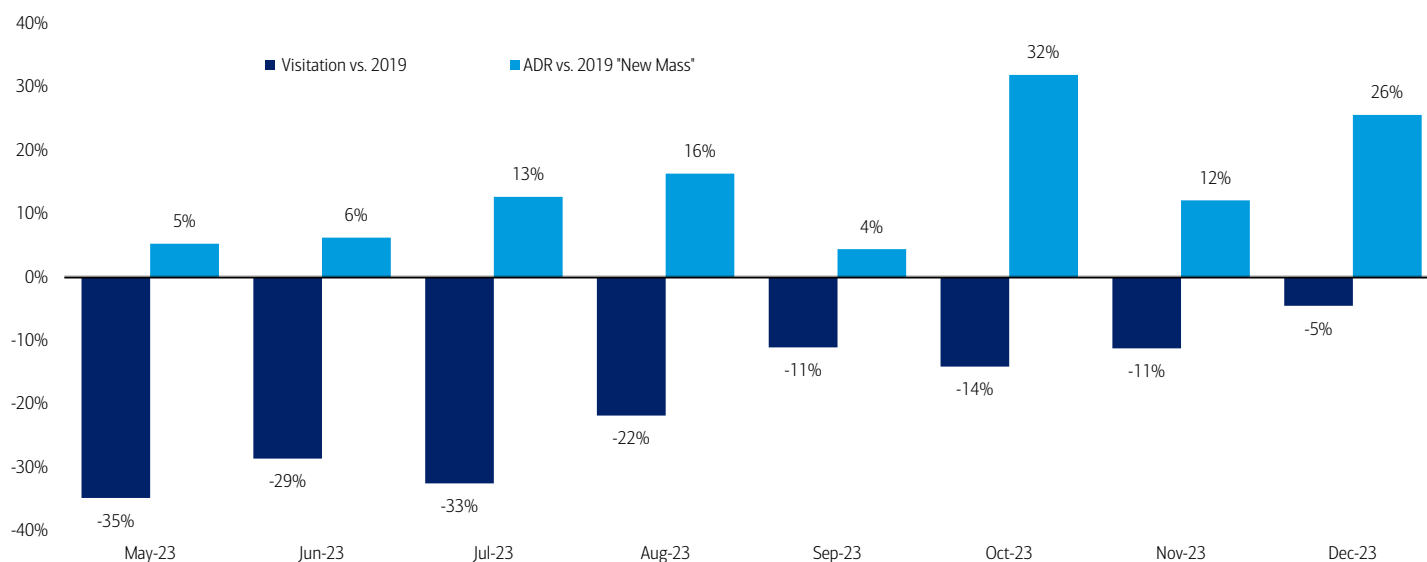


Source: Macau DICJ, BofA Global Research

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Exhibit 6: Macau Visitation vs. Average Daily Revenue (ADR) Recovery

ADR has recovered well ahead of visitation through December



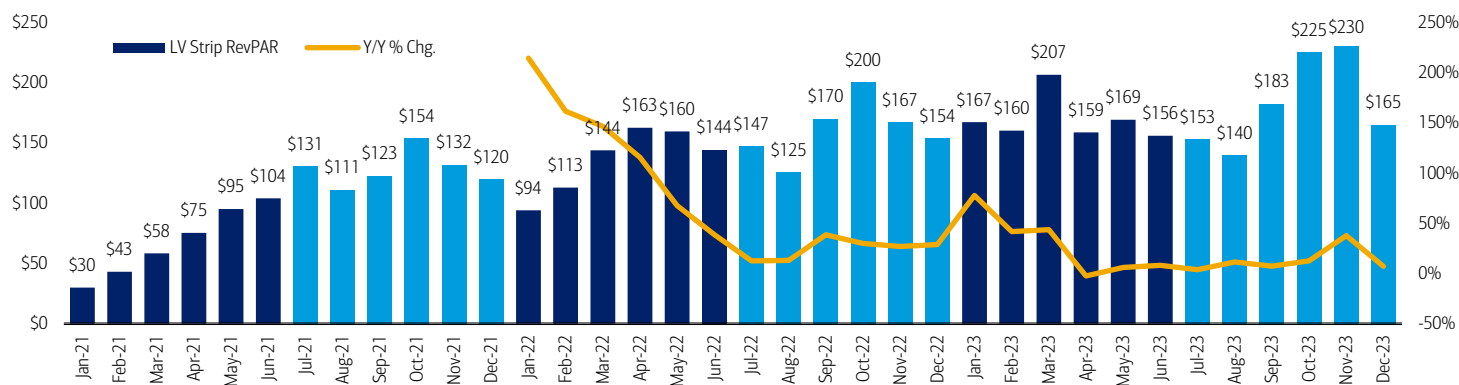
Source: BofA Global Research, Bloomberg

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Las Vegas: December Recap

Exhibit 4: Las Vegas Strip RevPAR

RevPAR was down sequentially following Formula 1, but was +7% Y/Y

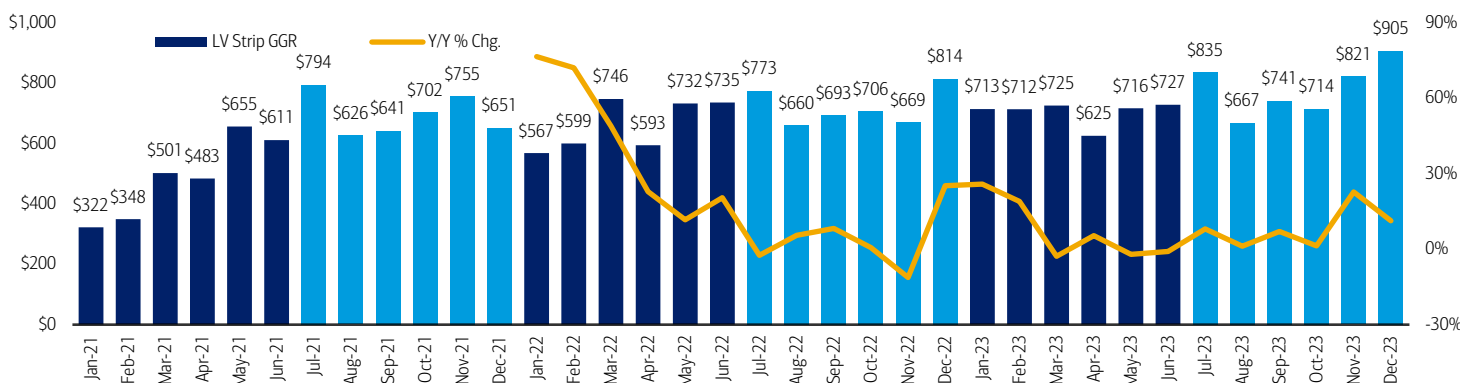


Source: BofA Global Research, LVCVA

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Exhibit 5: Las Vegas Strip GGR (\$M)

GGR improved sequentially to a record high of \$905M and up +11% Y/Y supported by Baccarat growth of +50%

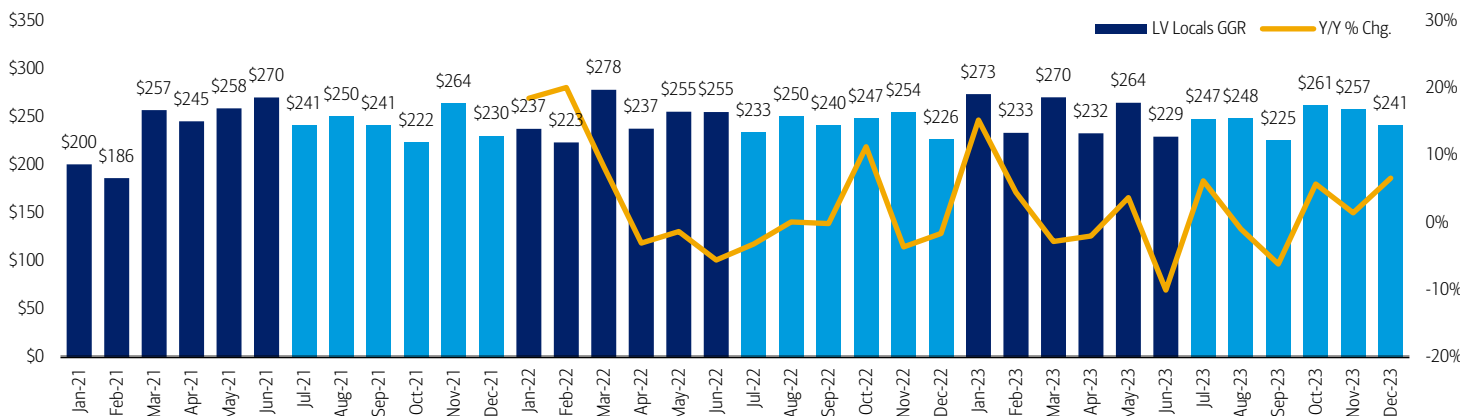


Source: BofA Global Research, Nevada Gaming Control Board

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Exhibit 6: Las Vegas Locals GGR (\$M)

GGR declined sequentially but was +7% Y/Y



Source: BofA Global Research, Nevada Gaming Control Board

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Price objective basis & risk

MGM Resorts International (MGM, \$44.25, C-2-9)

Our \$50 PO is based on approximately 7x our 2024 EBITDAR estimate. This multiple is a discount to MGM's historical average since 2010, due to the the company's evolving corporate structure.

Upside risks are: a stronger than anticipated recovery in Las Vegas, sports betting/iGaming ownership changes and improving consumer sentiment and its majority ownership stake in MGM China.

Downside risks are: execution risks related to sports betting and iGaming, increased Strip promotional competition, and a slower than expected recovery in the Macau market and US.

Wynn Resorts Ltd (WYNN, \$97.22, C-2-7)

Our \$105 PO is based on approximately 10x our 2024 EBITDAR estimate, roughly in line with its long term average, justified given Macau's recovery potential, strength in Las Vegas and stable regional trends.

Upside risks: faster than expected recovery in Macau and improvements on the LV Strip

Downside risks: slower than expected recovery in Macau and domestically, higher-than-expected operating leverage and increasing financial leverage.

Analyst Certification

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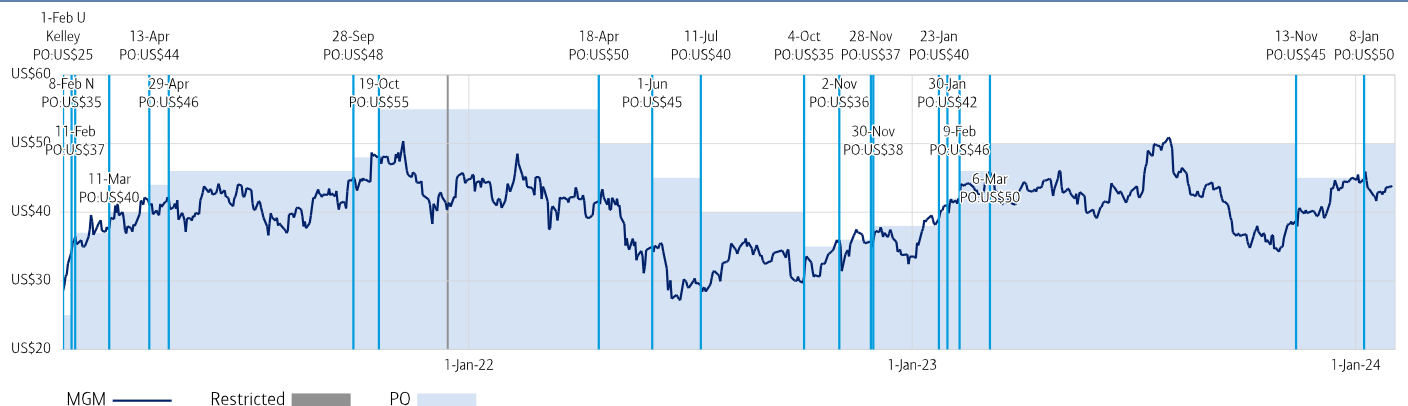
US - Gaming, Lodging and Leisure Coverage Cluster

| Investment rating | Company | BofA Ticker | Bloomberg symbol | Analyst |
|---------------------|-----------------------------------|-------------|------------------|-----------------|
| BUY | | | | |
| | Boyd Gaming Corp | BYD | BYD US | Shaun C. Kelley |
| | Choice Hotels International | CHH | CHH US | Dany Asad |
| | DraftKings, Inc. | DKNG | DKNG US | Shaun C. Kelley |
| | Hilton Worldwide | HLT | HLT US | Shaun C. Kelley |
| | Host Hotels & Resorts Inc. | HST | HST US | Shaun C. Kelley |
| | Hyatt Hotels | H | H US | Shaun C. Kelley |
| | Marriott International Inc. | MAR | MAR US | Shaun C. Kelley |
| | Penn Entertainment | PENN | PENN US | Shaun C. Kelley |
| | Ryman Hospitality Properties | RHP | RHP US | Shaun C. Kelley |
| | Soho House & Co Inc | SHCO | SHCO US | Shaun C. Kelley |
| | Vail Resorts, Inc | MTN | MTN US | Shaun C. Kelley |
| | VICI Properties | VICI | VICI US | Shaun C. Kelley |
| | Wyndham Hotels & Resorts, Inc. | WH | WH US | Dany Asad |
| NEUTRAL | | | | |
| | Apple Hospitality REIT Inc. | APLE | APLE US | Dany Asad |
| | Caesars Entertainment Inc | CZR | CZR US | Shaun C. Kelley |
| | Churchill Downs Incorporated | CHDN | CHDN US | Shaun C. Kelley |
| | Hilton Grand Vacations Inc | HGV | HGV US | Dany Asad |
| | Las Vegas Sands | LVS | LVS US | Shaun C. Kelley |
| | MGM Resorts International | MGM | MGM US | Shaun C. Kelley |
| | Park Hotels & Resorts Inc. | PK | PK US | Dany Asad |
| | Wynn Resorts Ltd | WYNN | WYNN US | Shaun C. Kelley |
| UNDERPERFORM | | | | |
| | DiamondRock Hospitality | DRH | DRH US | Dany Asad |
| | Gaming & Leisure Properties, Inc. | GLPI | GLPI US | Shaun C. Kelley |
| | Marriott Vacations Worldwide | VAC | VAC US | Shaun C. Kelley |
| | Pebblebrook Hotel Trust | PEB | PEB US | Shaun C. Kelley |
| | Playa Hotels & Resorts | PLYA | PLYA US | Shaun C. Kelley |
| | Red Rock Resorts, Inc. | RRR | RRR US | Shaun C. Kelley |
| | RLJ Lodging Trust | RLJ | RLJ US | Dany Asad |
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Important Disclosures

MGM Resorts (MGM) Price Chart

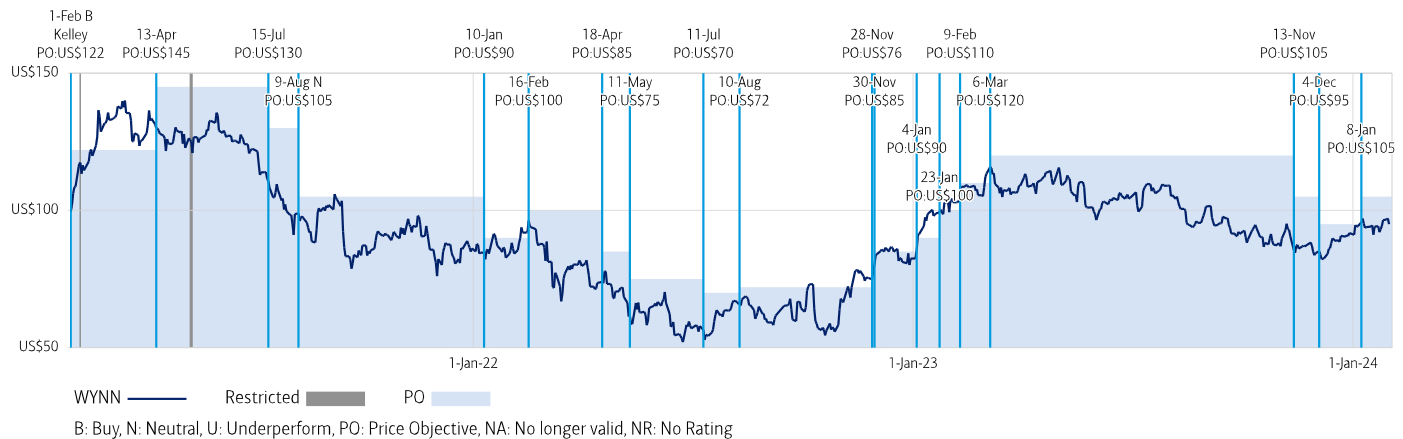


B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.



Wynn Resorts Ltd (WYNN) Price Chart



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Equity Investment Rating Distribution: Gaming Group (as of 31 Dec 2023)

| Coverage Universe | Count | Percent | Inv. Banking Relationships ^{R1} | Count | Percent |
|-------------------|-------|---------|--|-------|---------|
| Buy | 22 | 50.00% | Buy | 10 | 45.45% |
| Hold | 12 | 27.27% | Hold | 6 | 50.00% |
| Sell | 10 | 22.73% | Sell | 3 | 30.00% |

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|-------------------|-------|---------|--|-------|---------|
| Buy | 1895 | 53.62% | Buy | 1083 | 57.15% |
| Hold | 832 | 23.54% | Hold | 454 | 54.57% |
| Sell | 807 | 22.84% | Sell | 383 | 47.46% |

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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|-------------------|---|--|
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| Neutral | ≥ 0% | ≤ 30% |
| Underperform | N/A | ≥ 20% |

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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