

Wynn Resorts: How Much Confidence Belongs in the Al Marjan Strategy?

Internal ID: S&F-STR-598

Topic: Pricing Strategy, Risk Management, Operations Strategy

Industry: Casinos & Gaming

Source: Strategy & Finance

Publication date: 5 October 2026

License: Not specified

Case date and information cutoff: October 3, 2026

Role: Outside investor

Wynn Resorts has built a business around luxury integrated resorts: hotels, casinos, restaurants, entertainment, retail and meetings operated as parts of a single destination. The company is now developing Wynn Al Marjan Island in Ras Al Khaimah, United Arab Emirates, with local partners. As an outside investor, you are assessing how much confidence Wynn's operating record and project evidence should support in extending that model to a new market.

The question is difficult because Wynn's current properties do not tell one uniform story. Macau revenue grew sharply in the second quarter of 2026, while Las Vegas and Encore Boston Harbor produced lower Adjusted Property EBITDAR. Wynn Palace's mass-market table win grew much faster than its mass-market table drop, and property-level room statistics moved in different directions. At the same time, Al Marjan remains under construction, Wynn owns 40% of the unconsolidated project company, and the company's projected contribution is a management estimate rather than an operating result.

The resort model and a new market

Wynn operates Wynn Palace and Wynn Macau in Macau, Las Vegas Operations in Nevada, and Encore Boston Harbor in Massachusetts. Wynn Resorts owns approximately 72% of Wynn Macau Ltd. In the UAE, Wynn owns a 40% interest in Island 3 AMI FZ-LLC, an unconsolidated affiliate developing Wynn Al Marjan Island with Marjan and RAK Hospitality Holding. Wynn's 2026 interim filing expected the resort to open in September 2027; management described the opening date as a target, not a completed outcome.

Wynn announced on October 4, 2024 that the General Commercial Gaming Regulatory Authority (GCGRA) had granted a Commercial Gaming Facility Operator license to the entity developing the resort. The grant is part of the project's evidence base. It does not establish that construction is complete, that the resort is ready to open, or that every operating condition has been met. Wynn's Q2 2026 presentation reported that the tower had topped out in December 2025 and interior work was underway as of July 15, 2026. At quarter-end, the project had 425 employees, mostly executives, senior management and general/administrative staff.

Wynn's Q2 presentation estimated steady-state Al Marjan contribution attributable to Wynn at \$265 million in a low case, \$345 million in a midpoint case and \$460 million in a high case. The midpoint combines Wynn's projected 40% share of property Adjusted Property EBITDAR with management and license fees. These are management estimates, not current revenue, total project EBITDAR or realized returns. The company reported \$1.06 billion of cumulative contributions through June 30, 2026 and estimated a further \$525 million to \$650 million of 40%

pro-rata equity contributions for Al Marjan and Janu combined, including capitalized interest and fees. A project subsidiary is the borrower on an approximately \$2.4 billion delayed-draw facility; Wynn is not the borrower, but Wynn and Ras Al Khaimah have provided a completion guarantee.

Wynn's 40% interest also matters for governance. Its FY2025 annual report says the minority position can limit its ability to control strategic and operating decisions and identifies partner-resource, alignment and guarantee risks. Those disclosures identify possible constraints; they do not establish a current partner dispute.

What the second quarter showed

For the three months ended June 30, 2026, Wynn reported consolidated revenue of \$1.857 billion, up 6.9% from \$1.738 billion. Net income attributable to Wynn Resorts was \$140.1 million, compared with \$66.2 million. Adjusted Property EBITDAR was \$568.3 million, compared with \$552.4 million.

The net-income comparison includes a \$43.3 million fair-value gain on derivatives in Q2 2026, compared with a \$1.1 million loss a year earlier. Wynn attributed a \$33.0 million increase in operating income primarily to casino revenue, partly offset by casino expenses. Adjusted Property EBITDAR is a supplemental non-GAAP measure; Wynn says it is not a substitute for GAAP operating income or operating cash flow and omits important costs and cash uses, including capital spending, rent, interest and debt repayment.

Property performance

Property	Q2 revenue 2026 / 2025	Adjusted Property EBITDAR 2026 / 2025	Occupancy 2026 / 2025	ADR 2026 / 2025	RevPAR 2026 / 2025
Wynn Palace	\$653.4m / \$539.5m	\$201.5m / \$157.2m	98.9% / 98.7%	\$219 / \$232	\$216 / \$229
Wynn Macau	\$351.1m / \$343.8m	\$95.5m / \$96.5m	99.3% / 99.4%	\$209 / \$216	\$208 / \$215
Las Vegas Operations	\$643.2m / \$638.6m	\$215.2m / \$234.8m	87.1% / 89.2%	\$575 / \$548	\$501 / \$489
Encore Boston Harbor	\$209.3m / \$215.8m	\$56.1m / \$63.9m	92.7% / 92.9%	\$445 / \$405	\$412 / \$376

Source: [Wynn Q2 2026 Form 10-Q](#) and [Q2 results release](#). Company-reported values; totals may not sum due to rounding. ADR is room revenue, including complimentary rooms, less service charges per occupied room. RevPAR uses available rooms as its denominator.

Palace drove the strongest year-over-year growth in revenue and property EBITDAR. Wynn attributed most of its casino-revenue increase to mass-market table play and win. Mass-market table drop rose 3.0%, average tables increased 15.3%, and table win rose 36.9%; the table win percentage was 29.7%, versus 22.3% a year earlier. VIP turnover fell 32.0%, while VIP win declined to \$82.3 million from \$116.5 million. VIP hold was 2.97%, compared with 2.86% a year earlier and Wynn's stated expected range of 3.1%-3.4%.

The Q2 schedules also show variation across markets and gaming channels:

Property / measure	Q2 2026 vs. Q2 2025
Wynn Macau VIP turnover / VIP win	-56.4% / -67.0%; VIP hold 2.58% vs. 3.41%
Las Vegas casino revenue	+6.5%; table hold 23.9% vs. 21.8%; slots win -5.3%
Encore Boston casino revenue	-5.9%; table hold 18.1% vs. 21.3%

The company defines table games win before complimentary allocations. Table drop is not identical across markets: Macau reports cash plus cash chips purchased at the cage; Las Vegas reports cash and net markers; Encore Boston reports cash and gross markers. Gaming win reflects both play and hold.

Room indicators are mixed as well. Macau occupancy remained very high, but ADR and RevPAR declined at both Macau properties. Las Vegas and Encore Boston occupancy was lower year over year, while ADR and RevPAR increased. Because ADR and RevPAR include complimentary rooms, neither is a simple paid-room price or cash-yield measure.

For the first half of 2026, total revenue increased 8.0%; Macau revenue rose 14.0%, Las Vegas 3.3%, and Encore Boston declined 2.4%. H1 Adjusted Property EBITDAR declined at Wynn Macau, Las Vegas and Encore Boston, while Palace grew. Across the company, Q2 casino revenue increased 11.7%, while non-casino revenue declined 0.6%; H1 casino revenue grew 12.4%, compared with 1.1% growth in non-casino revenue. These totals do not reveal whether restaurants, hotels, entertainment and other amenities caused incremental gaming demand.

Financing and commitment

On September 22, 2026, Wynn subsidiaries issued \$900 million of 6.875% notes due in 2035. The filing says net proceeds plus cash on hand will redeem in full Wynn Las Vegas subsidiaries' 5.25% notes due in 2027 and pay fees and expenses. This is a refinancing of specified debt, not evidence that net debt rose by \$900 million. The new notes carry a higher stated coupon and a later maturity; the filing does not quantify the old principal redeemed, fees, cash-funded gap, net-debt change or total interest-cost change.

The Al Marjan commitments have a separate perimeter. The project financing is borrowed at the affiliate, while Wynn has equity contributions and completion guarantees. The company's remaining equity estimate is not the same as guaranteed debt exposure, and these amounts should not be added together as a certain cash outflow.

What research says about resort diversification

Academic work offers mechanisms to consider, not a return estimate for Wynn's UAE project.

Luo and Song (2025) studied all six Macau gaming licensees in a balanced 2010-2019 panel of 60 firm-years, using company reports and Macau regulator data. Their OLS models found positive associations between non-gaming revenue share and net profit margin, return on assets and Macau market profit share. The study is operator-level historical evidence; it is not a causal test of a Wynn property or a new UAE resort. The authors note the small sample and call for amenity-level research; the period excludes the pandemic.

Kang, Lee and Yang (2011) examined U.S. casino firms using a modified Herfindahl diversification measure, Tobin's Q, ROA and interactions among gaming, hotel and food-and-beverage growth. Their abstract reports an inverse-U relation between diversification and performance and complementarity between gaming and food-and-beverage operations. The full paper was not accessible in the research set, so detailed sample and coefficient claims are not made. The result cautions against assuming that every additional amenity improves returns.

Min, Lee and Blum (2019) report casino-performance data over 365 days. Their publisher abstract says non-gaming amenities had little effect on table-game volume, while restaurant and showroom measures were positively associated with slot volume. Full text was restricted. Volume associations do not establish incremental profit, customer acquisition or transfer to Wynn Al Marjan.

Investor assessment

You must decide how much confidence the available evidence warrants in Wynn's ability to extend its integrated-resort model to Al Marjan. The evidence supports multiple explanations. The operating record, brand and construction progress may indicate transferable capabilities. Alternatively, recent growth may reflect Macau-specific demand and hold, while the U.S. properties show a different pattern. Amenities may support gaming and retention without that cross-spend appearing in segment totals; their incremental returns also remain unproven. Project estimates, ownership, guarantees, licensing and financing must be considered separately from realized operating economics.

Discussion questions

1. What does Wynn's Q2 performance establish about the current operating model? What remains ambiguous about market demand, occupancy, rates, gaming hold and property costs?
2. How should an investor compare Macau with Las Vegas and Encore Boston? Which differences arise from market context, gaming mix, hold or expenses, and which cannot be isolated from the disclosures?
3. Which mechanisms in the academic studies are relevant to Al Marjan? What would be required before treating them as evidence of Wynn-specific returns?
4. How do the 40% ownership, contribution estimate, project borrowing, completion guarantee and September refinancing affect your assessment? Which figures describe different entities or obligations?
5. State your confidence in Wynn's strategy on a 1-5 scale. Identify three future disclosures or operating indicators that would change your assessment.

Sources

- Wynn Resorts Q2 2026 Form 10-Q, filed August 6, 2026, especially Notes 1, 15 and 17 and MD&A.
- Wynn Resorts Q2 2026 results release, August 4, 2026.
- Wynn Resorts Q2 2026 earnings presentation, August 4, 2026.
- Wynn Resorts FY2025 Form 10-K, filed March 2, 2026.
- Wynn Resorts September 22, 2026 Form 8-K, Item 1.01.
- Wynn Resorts October 4, 2024 announcement of GCGRA operator-license grant.
- Luo, Q. & Song, S. (2025), "Beyond the Tables: Measuring the Impact of Non-Gaming Diversification on Casino Profitability in Macau," *Tourism and Hospitality*, 6(2), 91. DOI.
- Kang, K. H., Lee, S. & Yang, H. (2011), "The effects of product diversification on firm performance and complementarities between products: A study of US casinos," *International Journal of Hospitality Management*, 30(2), 409-421. DOI.
- Min, J. H., Lee, H. & Blum, S. C. (2019), "Spillover Impact of Non-Gaming Amenities on Gaming Volumes," *Cornell Hospitality Quarterly*, 60(3), 262-269. Publisher abstract.

Information cutoff: October 3, 2026. The Oct. 4, 2026 GCGRA live registry is outside the case cutoff and is not used as case evidence. No later operating outcome is included.