



MGM Resorts International

# Investor Presentation

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**The MGM Resorts Investment Case**

### **Forward-Looking Statements**

Statements in this presentation that are not historical facts are forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995 and involve risks and/or uncertainties, including those described in the Company's public filings with the Securities and Exchange Commission. The Company has based forward-looking statements on management's current expectations and assumptions and not on historical facts. Examples of these statements include, but are not limited to, the Company's expectations regarding future results, the payment of any future cash dividends on the Company's common stock, its ability to generate future cash flow growth and to execute on future development and other projects (including the opening of MGM COTA1), and the Company's ability to execute its strategic plans and improve its financial flexibility. These forward-looking statements involve a number of risks and uncertainties. Among the important factors that could cause actual results to differ materially from those indicated in such forward-looking statements include effects of economic conditions and market conditions in the markets in which the Company operates and competition with other destination travel locations throughout the United States and the world, the design, timing and costs of expansion projects, risks relating to international operations, permits, licenses, financings, approvals and other contingencies in connection with growth in new or existing jurisdictions and additional risks and uncertainties described in the Company's Form 10-K, Form 10-Q and Form 8-K reports (including all amendments to those reports). In providing forward-looking statements, the Company is not undertaking any duty or obligation to update these statements publicly as a result of new information, future events or otherwise, except as required by law. If the Company updates one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those other forward-looking statements.

### **Market and Industry Data**

This presentation also contains estimates and information concerning the Company's industry and peers, including market position and fair share information, that are based on industry publications, reports and peer company public filings. This information involves a number of assumptions and limitations, and you are cautioned not to rely on or give undue weight to this information. The Company has not independently verified the accuracy or completeness of the data contained in these industry publications, reports or filings. The industry in which we operate is subject to a high degree of uncertainty and risk due to variety of factors, including those described in the "Risk Factors" section of the Company's public filings with the SEC.

### **Note Regarding Presentation of Non-GAAP Financial Measures**

This presentation includes certain "non-GAAP financial measures" as defined in Regulation G under the Securities Exchange Act of 1934, as amended, including Adjusted EBITDA, Adjusted Property EBITDA and Same-store Adjusted Property EBITDA. Schedules that reconcile the non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with Generally Accepted Accounting Principles in the United States are included in our earnings releases that have been furnished with the SEC and are available on our website at [www.mgmresorts.com](http://www.mgmresorts.com).





ABOUT MGM RESORTS INTERNATIONAL

MARKET OUTLOOK

CHANGING THE FABRIC OF OUR COMPANY

POSITIONED TO OUTPERFORM



**MGM RESORTS**  
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# MGM RESORTS, WHERE THE WORLD COMES TO PLAY

27

RESORT DESTINATIONS

48,000+

ROOMS & SUITES

3.9 MILLION SF

CONVENTION SPACE

18,000 +

CONVENTIONS / MEETINGS PER  
YEAR

2.0+ MILLION SF

CASINO SPACE

28,000+

SLOT MACHINES

1,800+

TABLE GAMES

470+

FOOD, BEVERAGE AND CLUB  
EXPERIENCES

330 +

RETAIL EXPERIENCES

25+

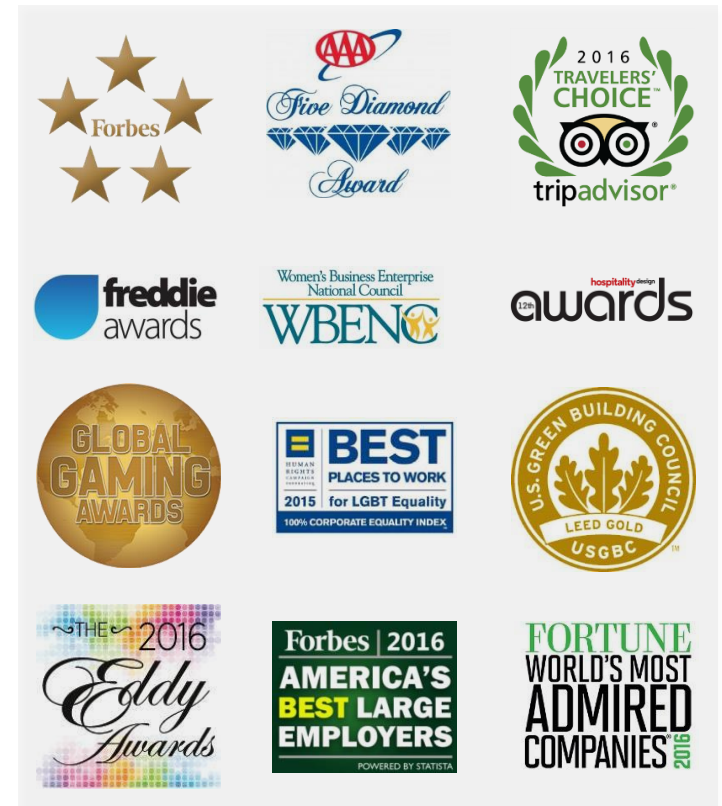
ARENA AND ENTERTAINMENT  
VENUES

7,700+

SHOWS PER YEAR



# RESORT DESTINATIONS, AWARD WINNING BRANDS

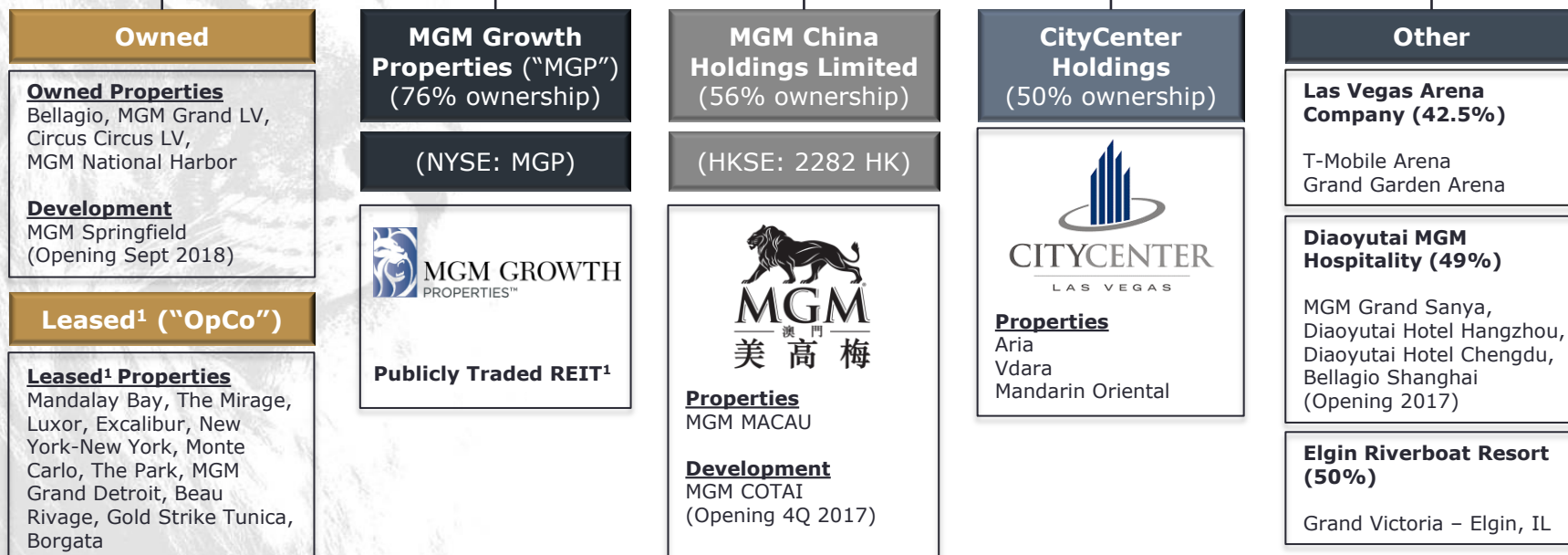


# MGM RESORTS ORGANIZATIONAL STRUCTURE

## MGM Resorts International

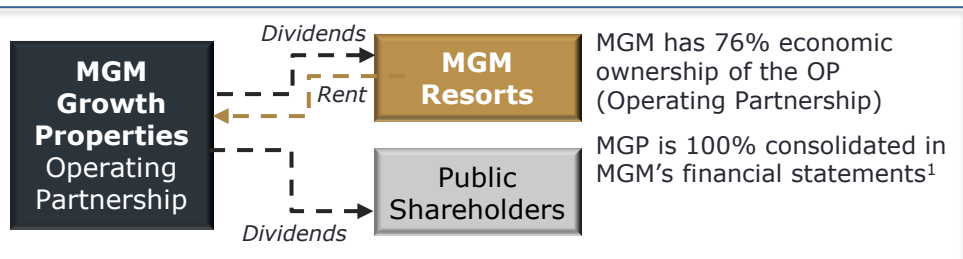
(NYSE: MGM)

2Q 2017 Diluted EPS: \$0.36



# MGM GROWTH PROPERTIES

## 1. Structure Today (76% ownership of OP)



## 2. Rationale

- Created in April 2016 to maximize MGM Resorts' real estate valuation
- Addressed MGM Resorts' near-term debt maturities
- Reduced MGM Resorts net leverage by almost a turn<sup>2</sup>
- MGM Resorts has generated significant value as a result of its ownership interest in MGP
  - MGP total shareholder return<sup>3</sup> of 51% since IPO

## 3. Long Term Strategy

- Maintain controlling ownership stake
  - Natural dilution as MGP grows via third party transactions
- Unique vehicle for growth given lower cost of capital / superior balance sheet
- Structure allows for transactions that are accretive for both MGM Resorts and MGP (e.g. Borgata)
- Potential for accelerated return on investment with ROFO<sup>4</sup> properties
  - MGM National Harbor
  - MGM Springfield
- Receipt of dividends from economic ownership mitigates rental expense



<sup>1</sup> As a result of our ownership of MGP's Class B share

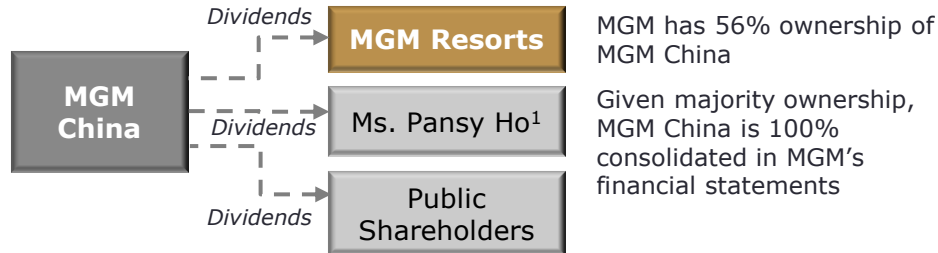
<sup>2</sup> Refer to 1Q 2016 Earnings Presentation dated 5/5/16: Consolidated net leverage from 5.5x to 4.7x (Pro Forma 3/31/16)

<sup>3</sup> Trailing stock performance as of 7/26/17 and includes dividends; Source: Bloomberg

<sup>4</sup> Right of first offer

# MGM CHINA HOLDINGS

## 1. Structure Today (56% ownership)



## 2. Rationale

- Limited opportunity for new participants with just six concessionaires
- 50/50 venture with Ms. Pansy Ho was formed in 2004, positioning MGM Resorts to participate in what has become the world's largest gaming market
- Opportunistically acquired 1% in 2011, allowing MGM Resorts to gain majority control

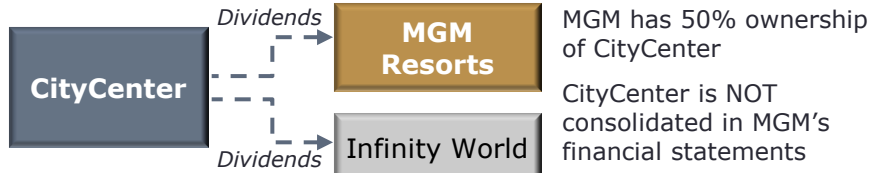
## 3. Long Term Strategy

- Opportunistically increase ownership in MGM China over time
- Acquired 5% in Sept 2016, increasing stake to 56%
  - Price of MGM China at close of transaction was HK\$11.98, which is well below recent closing price<sup>2</sup> of \$HK16.00
- Tripling our footprint<sup>3</sup> upon opening MGM COTAI in late 2017
- MGM China to continue executing on:
  - Providing consistent, quality service
  - Gaining market share, primarily in the mass segment
  - Strategically investing for growth
- Prioritize maximizing cash flow, prudently managing the balance sheet, and returning capital to owners



# CITYCENTER HOLDINGS

## 1. Structure Today (50% ownership)



## 2. Rationale

- Develop a world-class integrated resort for Las Vegas
  - ✓ 67 acre master planned mixed-use project including hotel, gaming, residential, retail, and entertainment
- 50/50 venture formed in 2007 to forge a strategic relationship with Infinity World
  - ✓ Structure resulted in premium valuation and accelerated return of capital to MGM Resorts, while mitigating remaining project risk

## 3. Long Term Strategy

- Continue to position CityCenter as a premier luxury destination
- Prudently manage the balance sheet and maximize value for owners
  - ✓ \$1.1 billion sale of Crystals in 2016 (~4% cap rate)
  - ✓ MGM Resorts dividends received to date: \$1.04 billion
  - ✓ MGM Resorts net investment: \$1.2 billion
- Continue to explore ways to consolidate Aria and Vdara into MGM Resorts portfolio
- Partners continue to explore ways to maximize real estate value

# OUR FUNDAMENTAL BELIEFS



We develop and create extraordinary experiences



We provide a consistent level of outstanding guest service



We build and sustain the communities in which we work and live



We are respectful, inclusive and responsible in all we do



# DRIVING EXCEPTIONAL PERFORMANCE (2012-2016)

MGM Resorts International remains focused on optimizing operations, maximizing free cash flow, enhancing the balance sheet, and investing in accretive capital opportunities to deliver strong, sustainable value to its shareholders.

**+8% CAGR**  
Adjusted Property EBITDA<sup>1</sup>

**+733 bps**  
Adjusted Property EBITDA  
Margin<sup>1</sup>

**+6% CAGR**  
Hotel RevPAR Growth<sup>2</sup>

**4.4x<sup>3</sup>**  
Net Leverage

## Strategic Opportunities:

Creation of MGM Growth Properties,  
Profit Growth Plan / Continuous Improvement culture,  
Maximizing capital returns at CityCenter,  
Expansion of Mandalay Bay Convention Center,  
T-Mobile Arena, Park Theater, Park MGM  
MGM National Harbor, MGM Springfield, MGM COTA



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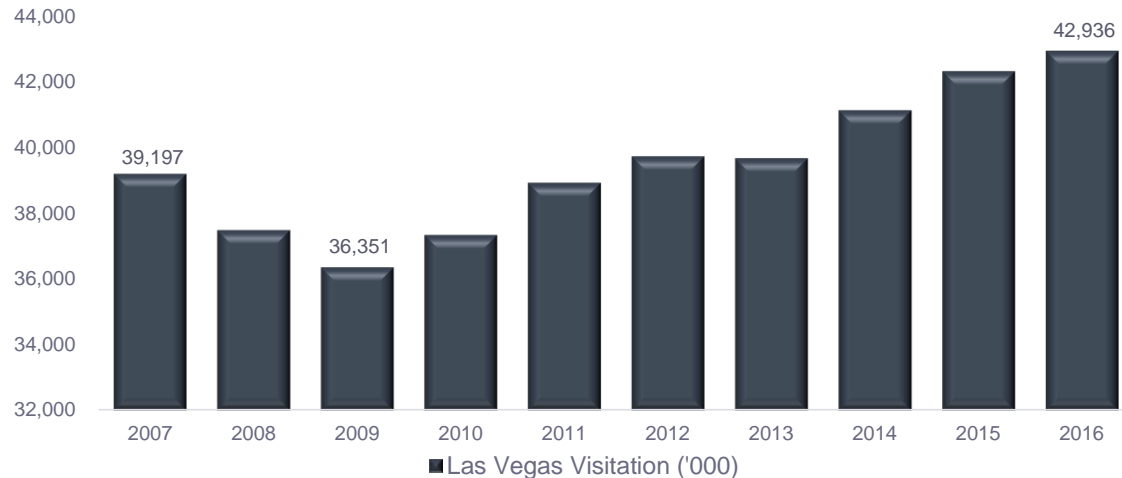
# LAS VEGAS MARKET SUMMARY

## **Las Vegas is positioned to outperform**

- Growth in visitation aided by continued diversification that defines Las Vegas as a leading entertainment destination
- Visitor trends aligned with continued market diversification
- With limited supply growth expected in the near-term, Las Vegas is positioned to continue to regain its RevPAR premium to U.S. lodging
- Taking advantage of diverse meeting and convention space platform and unique entertainment offerings

# LAS VEGAS VISITATION AHEAD OF PEAK LEVELS

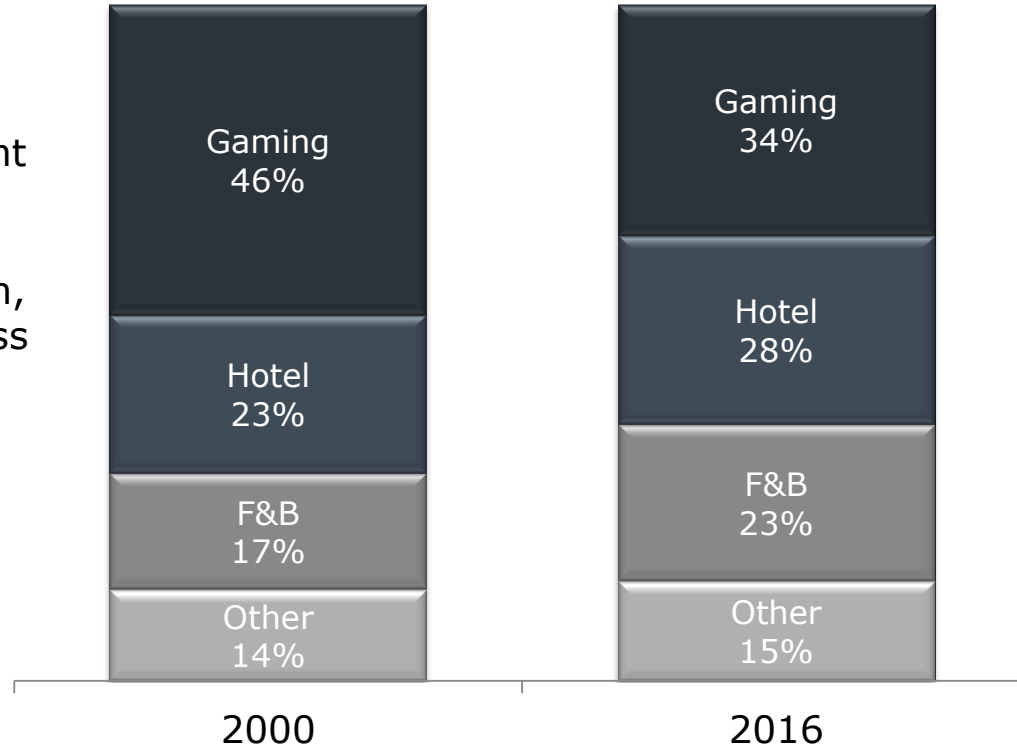
- 2016 visitation was 10% ahead of 2007's peak
- Las Vegas visitation trends continue to improve
  - ✓ Strong convention attendance
  - ✓ Increased airline seat capacity
  - ✓ Increased market attractiveness given recent citywide investments including T-Mobile Arena and future NHL and NFL teams



# LAS VEGAS CONTINUES TO REDEFINE THE GUEST EXPERIENCE

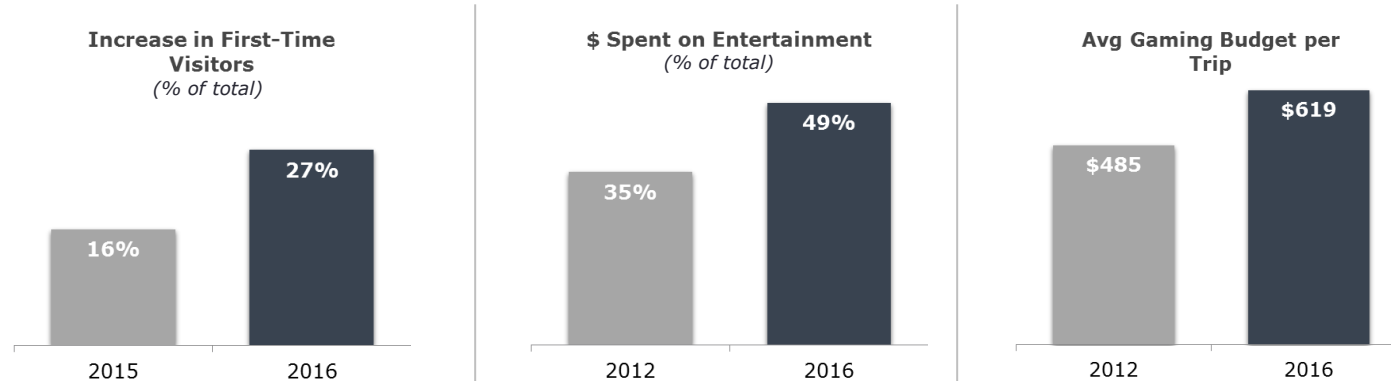
- The Las Vegas market continues to diversify its offerings, solidifying its position as a major U.S. entertainment destination
- MGM Resorts' leads this diversification, as a leading destination for world-class hotels, casinos, state-of-the-art meeting and conference space, incredible live and theatrical experiences and an inspiring array of restaurant and retail offerings

## Las Vegas Market – Total Revenue Mix



# LAS VEGAS VISITOR TRENDS

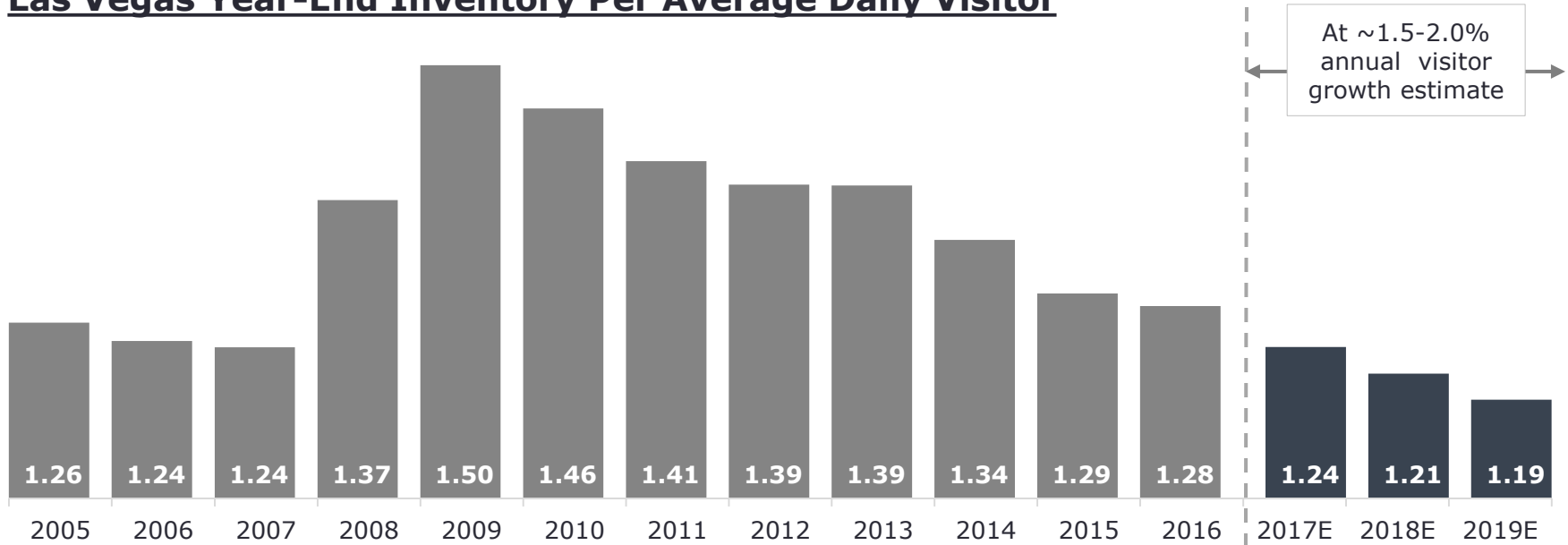
- Increase in first-time visitors
- Average age trends younger with an increase in Millennials
- Spend shifts towards Entertainment
- Proportion of visitors who gamble are on a slight downward trajectory; however, average gaming spend per trip has increased by a CAGR of 6.3% since 2012





# OPPORTUNITY FOR GROWTH WHEN ADJUSTED FOR ROOM SUPPLY

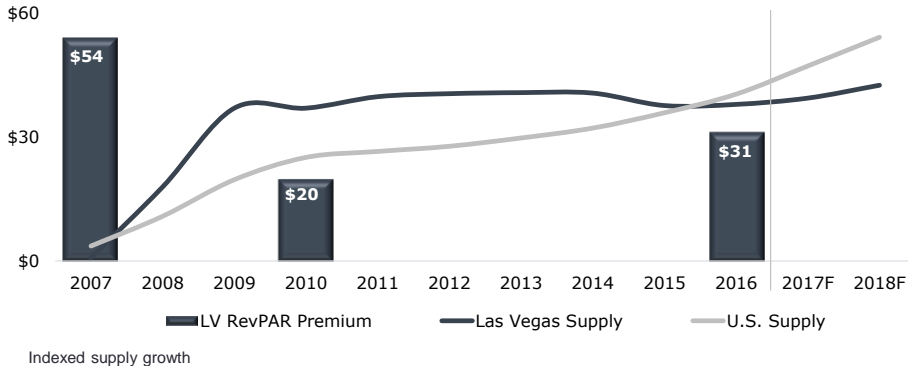
## Las Vegas Year-End Inventory Per Average Daily Visitor



**Assuming 1.5%-2.0% annual growth in visitation,  
Las Vegas is expected to get back to 2007 levels this year**

# LAS VEGAS CONTINUES TO REGAIN REVPAR SHARE

Since the peak of 2007, Las Vegas has regained almost 60% of its lost RevPAR premium to U.S. lodging



Las Vegas is well positioned to continue this trend of outperformance

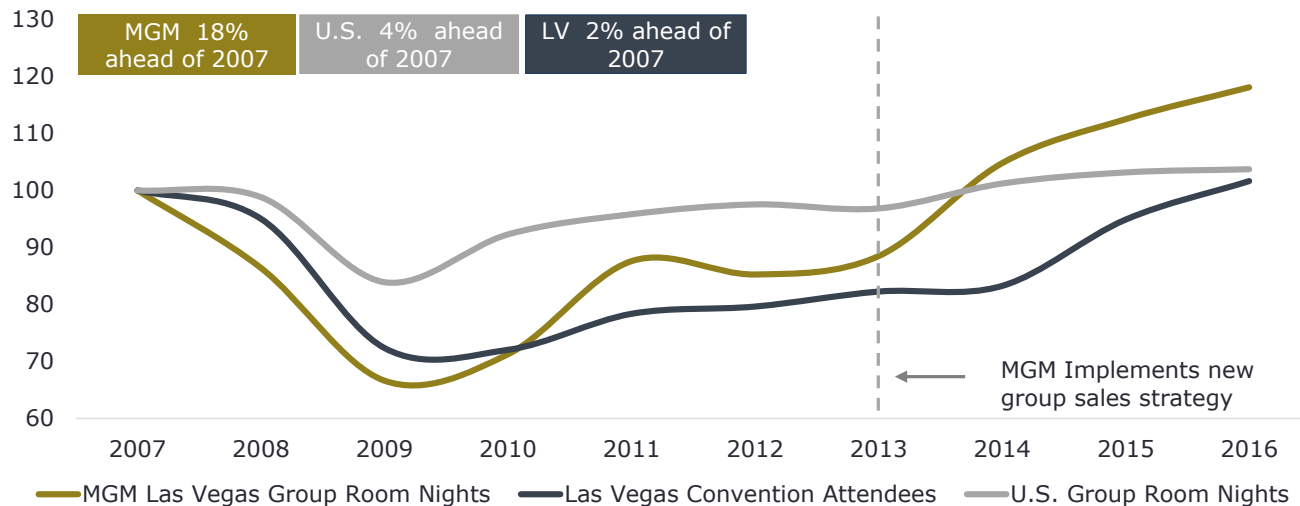
- Over the next several years, Las Vegas is expected to have limited room supply while U.S. lodging supply is expected to continue to grow
- The group segment continues to show positive trends. Given the majority of lodging supply has and will continue to be in the select service segment, Las Vegas is well positioned to take advantage of this group trend by leveraging its diverse meeting space platform
- Las Vegas has limited exposure to softening business transient demand

Potential RevPAR headwinds

- Further strengthening of the U.S. dollar
- Geopolitical uncertainty resulting in international travel restrictions

# LAS VEGAS' CONVENTION SEGMENT CONTINUES TO GROW

- MGM Resorts outperforms with the implementation of several key initiatives that have successfully shifted group mix
  - ✓ Optimization of group placement across a portfolio-wide platform
  - ✓ Global Sales Team to leverage key accounts on an enterprise-wide basis
  - ✓ Citywide group sales department – one-stop shop for all MGM properties



# U.S. REGIONAL MARKET SUMMARY

## Geographic diversification through market leading premium properties in stable markets

### Atlantic City, NJ

- 2016 GGR: \$2.4 bn
- **Borgata** is #1 in market
- After years of GGR declines and closures of 5 of 12 resorts due to regional increased competition, Atlantic City has stabilized.
- Borgata has gained significant market share growth since 2004 from 13% to ~30%<sup>1</sup> in 2016.
- Potential risk: Additional competition; Taj Mahal reopens as Hard Rock in 2018.

### Detroit, MI

- 2016 GGR: \$1.4 bn
- **MGM Detroit** is #1 in market
- Local economy continues its recovery from the Great Recession with moderate growth projected in 2017-2019.
- MGM Detroit continues to maintain its leadership position as one of the premier regional resorts with market share<sup>1</sup> of 43%.
- Potential risk: Offsite tribal gaming expansion

### Mississippi (Biloxi, Tunica)

- 2016 GGR:\$2.1 bn
- **Beau Rivage** is #1 in market
- A mature market that is challenged by increased supply and disproportionately impacted by the downturn in the energy sector.
- Even with increased competition, the Beau Rivage and Gold Strike Tunica continue to grow or maintain their market share<sup>1,2</sup> of 25% and 16% in 2016, respectively.

### Maryland/ WV/ Metro DC area

- 2016 GGR: \$1.6 bn
- **MGM National Harbor** is #1 in market
- The opening of MGM National Harbor has driven significant demand to the market and has helped position it as one of the top regional markets in the country.
- Potential risk: Highly competitive market that continues to evolve



# MGM NATIONAL HARBOR

**In its second full quarter of operations, MGM National Harbor is the market<sup>1</sup> leader**



- **MGM is outperforming its peers<sup>1</sup>**
  - ✓ MGM National Harbor's average market share is ~31% vs fair share<sup>2</sup> of ~23%
  - ✓ Property achieved record table games revenues in June, the highest single month by a property in the market since 2015
  - ✓ Healthy combination of growing the overall market and taking share
- **M life Rewards loyalty program seeing strong demand**
  - ✓ Approximately 320,000 M life signups at MGM National Harbor to date<sup>3</sup>

Sources: Maryland Gaming Commission and West Virginia Lottery reports

<sup>1</sup> D.C. Metro peer/ competitive set including MGM National Harbor, Maryland Live, Horseshoe Baltimore, Hollywood Perryville, Ocean Downs, Rocky Gap and Hollywood Charles Town

<sup>2</sup> Fair share is based on total table game and slot units for the D.C Metro peer/competitive set

<sup>3</sup> As of 2Q 2017



# MACAU MARKET SUMMARY

- **Macau remains the world's largest gaming market at US\$28 billion<sup>1</sup>**
  - ✓ Gross gaming revenue in 2Q 2017 grew 22% year-over-year
  - ✓ Visitation in 2Q 2017 grew 5% year-over-year
  - ✓ Focus on diversification and innovation to drive mass growth
- **MGM China continues to be a premium operator in Macau**
  - ✓ Solid and efficient execution
  - ✓ Maintain healthy margins
  - ✓ Building capabilities to drive customer traffic
  - ✓ Tripling our footprint<sup>2</sup> with the opening of MGM COTAI in late 2017



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# CHANGING THE FABRIC OF OUR COMPANY

MGM Resorts has permanently changed the way we do business by incorporating a disciplined approach that leverages our size and scale and expertise across its various entertainment offerings

- **Centers of Excellence**
  - ✓ Centralization of several core functions to drive efficiency, consistency and sustainability
  - ✓ Permanent change that optimizes MGM Resorts' operating model, revenues, cash flow, guest and employee experience
- **Diversification of workforce expertise**
  - ✓ Expertise transcends gaming
  - ✓ Attracting world-class talent in leadership roles from numerous industries that are leading the company's transformation
- **Aligning our guest service culture**
  - ✓ Consistent, exceptional guest experience across our portfolio of integrated resorts



# ENTERPRISE ANALYTICS CENTER OF EXCELLENCE

- Ensures a data-driven mindset and strategy
- Applying the art and science of analytics to optimize portfolio performance, guest experience and loyalty
- Keen focus on innovation and sustainability
- Business Intelligence and Data Governance to drive consistency and leverage data assets and technology solutions

## FROM

Siloed property resources with primarily Las Vegas-centric experience focused on basic reports. Inconsistent approaches & tools

Focus on historical performance

Individualized, varied approaches to underwriting capital investment projects

Fragmented Marketing approaches across divisions and properties

Focused on driving incremental change based on historical knowledge and experience

## TO

Top talent from diverse industries and markets with expertise across the lifecycle of analytics. Consistent utilization of MGM's data assets to drive insights & value.

Focus on proactive identification of opportunities and continual optimization through financial, operational and advanced / predictive analytics

Team of real estate valuation professionals applying consistent, disciplined underwriting methodologies

A holistic approach to the customer journey. Utilizing big data analytics and machine learning to optimize digital, direct and casino marketing strategies and initiatives

Focus on innovative solutions and transformative change based on data-driven analytics to ensure continual operational and real estate outperformance

# PROJECT MANAGEMENT OFFICE

- Centralized team focused on successful project implementation
- Focus on change management to ensure sustainability
- Work with cross-functional teams and stakeholders to drive enterprise-wide initiatives, ensuring consistent approaches and implementation plans

## FROM

Lack of a consistent approach to project evaluation, planning and execution

Siloed teams and functions focusing on individual goals and metrics, lack of focus on enterprise-wide opportunities

No Change Management function to ensure long-term successful / sustainable outcomes

Opportunities identified at the top and pushed down

Lack of holistic approach to new asset integration, resulting in lost opportunities in efficiency and sharing of best practices

## TO

Dedicated centralized team using consistent processes from the assessment to execution phase

Centralized team driving shared enterprise goals. Cross functional property and corporate project teams working together towards a shared vision / goal.

Dedicated centralized Change Management team with formalized process throughout the project lifecycle

Corporate and property partnerships, including front-line employee involvement in identification of opportunities

Centralized integration process and resource support to drive alignment, communication and agility

# GUEST SERVICE CULTURE

- A unified approach to creating a guest service culture that ensures consistent, exceptional guest experiences throughout MGM Resorts International
- Focused on creating “defining moments” for our guests
- Rollout will be completed the second half of 2017

## ONE COMPANY, ONE CULTURE

S

Smile and Greet

H

Hear their Story

O

Own the Experience

W

Wow! the Guest





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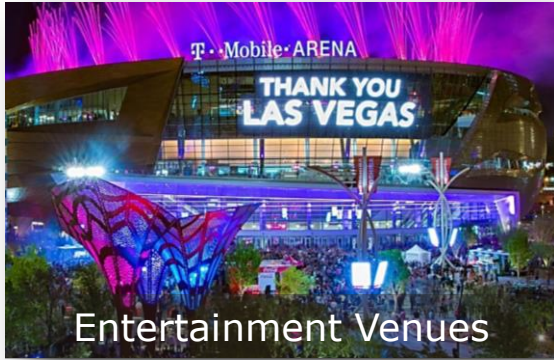
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# LEVERAGING MGM RESORTS' STRENGTHS

- Disciplined Capital Reinvestment
  - ✓ Aligned with evolving guest preferences
- Strategic Growth
  - ✓ Regional and international expansion; building brand awareness and providing for cross-marketing opportunities
  - ✓ Strategic partnerships leveraging other brands
  - ✓ Growing MGM Resorts' data assets to drive insights, performance and our customer database
  - ✓ Pursuing avenues to exploit significant equity value in brand portfolio through technology, social media, hospitality and sports
- Achievement of Financial Goals
- Successful Track Record of Return on Invested Capital
- Enhancing Balance Sheet and Financial Flexibility

# EVOLVING GUEST EXPERIENCES



# EXPANDING OUR BRANDS

## Geographic Expansion

### MGM National Harbor



### MGM Springfield



## Brand & Product Expansion

### Park MGM / Nomad



### MGM COTAI



## Partner Expansion

### Porto Island, Dubai



### T-Mobile Arena & UFC



# AWARD-WINNING M LIFE REWARDS PROGRAM

- Best Loyalty Program Global Gaming Awards over 3 consecutive years
- 4 Freddie Awards for the last 2 years
- Regional expansion will drive membership growth over the next several years
  - ✓ Approximately 320,000 M life signups at MGM National Harbor to date<sup>1</sup>
  - ✓ Launched M life program at Borgata in June 2017; Assigned M life to 2.5 million new members
- M life Rewards MasterCard launched summer 2016
  - ✓ Our first year was a success as we exceeded our expectations for new accounts and card spend

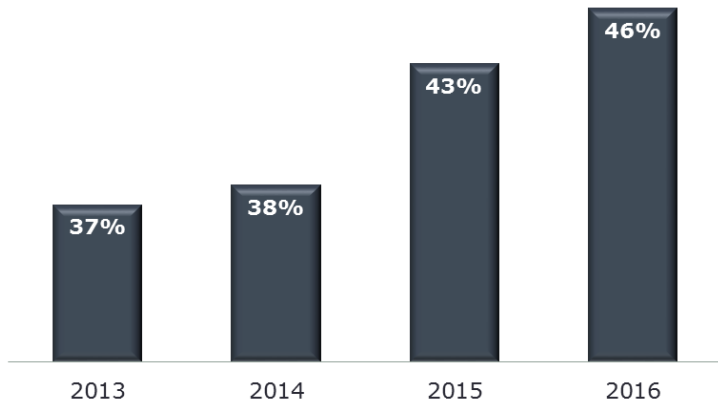




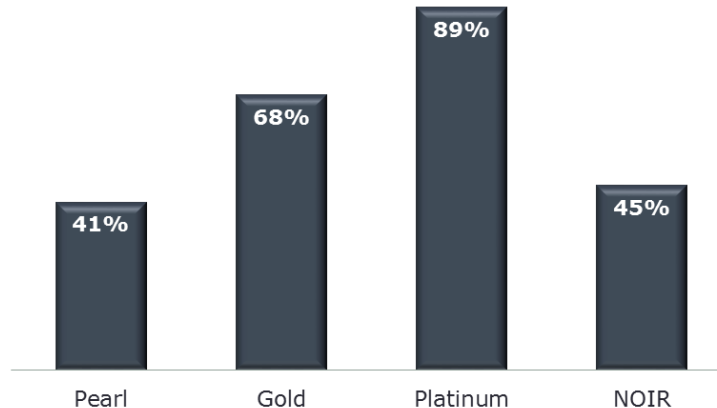
# AWARD-WINNING M LIFE REWARDS PROGRAM

- Our increased effectiveness at driving regional play to our Las Vegas properties bodes well for MGM Resorts continued regional expansion.
- Our diverse offerings are driving significant growth in non-gaming spend per active member for M life's Rewards elite membership tiers.

Percentage of Pearl+ Regional M life Members that Visit Las Vegas

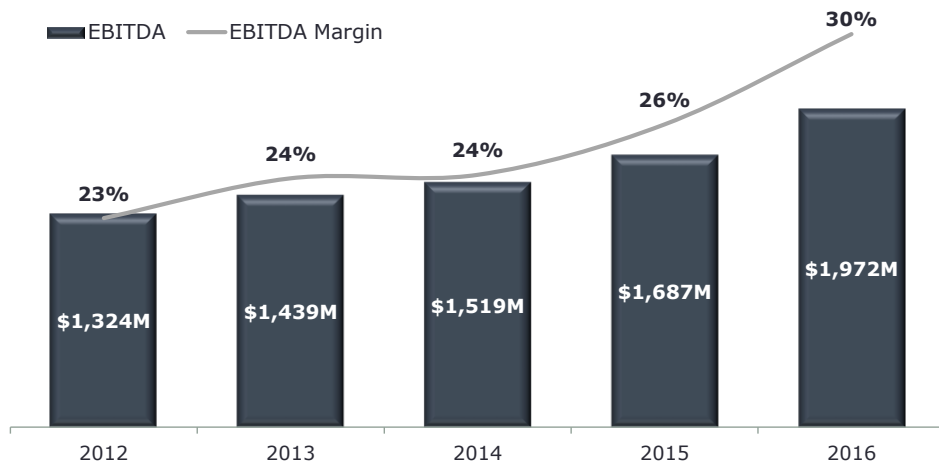


Increase in Non-Gaming Spend per Active M life Rewards Member (Portfolio Wide)  
(2012 vs 2016)



# ACHIEVEMENT OF FINANCIAL GOALS

- MGM Resorts' operational and cultural evolution has transformed how we do business.
  - ✓ Our keen focus on productivity improvements, optimization of operating expenses and revenue generation has driven an exceptional 10.5% Adjusted Property EBITDA CAGR and 685 basis points in Adjusted Property EBITDA margin from 2012 to 2016.



- These outstanding results were achieved by MGM's new collaborative approach of leveraging the expertise of its new centralized teams with the experience of property operators.

# STRONG FINANCIAL POSITION

- Pro forma consolidated net leverage of 4.2x<sup>1</sup>
  - ✓ Down over 2 turns since 2011
- Growing our free cash flow
- Prudent return of capital to shareholders
  - ✓ Initiated quarterly dividend policy in early 2017
- Path to Investment Grade
  - ✓ In 2016, MGM Resorts achieved upgrades from rating agencies
  - ✓ Goal of net leverage of 3 to 4 times by year end 2018