

SECURITIES &amp; EXCHANGE COMMISSION

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from                      to

Commission File No. 001-10362

MGM Resorts International

(Exact name of registrant as specified in its charter)

Delaware 88-0215232  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)  
3600 Las Vegas Boulevard South, Las Vegas, Nevada 89109

(Address of principal executive offices)

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(702) 693-7120

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files): Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act: Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

| Class                         | Outstanding at November 2, 2018 |
|-------------------------------|---------------------------------|
| Common Stock, \$.01 par value | 527,197,958 shares              |



MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

FORM 10-Q

I N D E X

|   | Page |
|---|------|
| PART I. <u>FINANCIAL INFORMATION</u>  |      |
| Item 1. <u>Financial Statements (Unaudited)</u>   | 1    |
| <u>Consolidated Balance Sheets at September 30, 2018 and December 31, 2017</u>  | 1    |
| <u>Consolidated Statements of Operations for the Three Months and Nine Months Ended September 30, 2018 and September 30, 2017</u>           | 2    |
| <u>Consolidated Statements of Comprehensive Income for the Three Months and Nine Months Ended September 30, 2018 and September 30, 2017</u> | 3    |
| <u>Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2018 and September 30, 2017</u>                            | 4    |
| <u>Consolidated Statements of Stockholders' Equity for the Nine Months Ended September 30, 2018 and September 30, 2017</u>                  | 5    |
| <u>Condensed Notes to Consolidated Financial Statements</u>   | 7    |
| Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>  | 28   |
| Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>   | 45   |
| Item 4. <u>Controls and Procedures</u>  | 45   |
| <u>OTHER INFORMATION</u>  | 46   |

PART II.

|          |  |    |
|----------|--|----|
| Item 1.  | <u>Legal Proceedings</u>   | 46 |
| Item 1A. | <u>Risk Factors</u>  | 46 |
| Item 2.  | <u>Unregistered Sales of Equity Securities and Use of Proceeds</u> | 47 |
| Item 6.  | <u>Exhibits</u>  | 47 |
|          | <u>SIGNATURES</u>  | 48 |

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## Part I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

(Unaudited)

|  | September<br>30,<br>2018 | December 31,<br>2017 |
|--|--------------------------|----------------------|
| <b>ASSETS</b>  |                          |                      |
| Current assets   |                          |                      |
| Cash and cash equivalents                                | \$ 1,302,677             | \$ 1,499,995         |
| Accounts receivable, net                                 | 546,646                  | 542,273              |
| Inventories  | 104,438                  | 102,292              |
| Income tax receivable                                    | 19,552                   | 42,551               |
| Prepaid expenses and other                               | 234,711                  | 189,244              |
| Total current assets                                     | 2,208,024                | 2,376,355            |
| Property and equipment, net                              | 20,733,381               | 19,635,459           |
| Other assets   |                          |                      |
| Investments in and advances to unconsolidated affiliates | 666,210                  | 1,033,297            |
| Goodwill   | 1,822,009                | 1,806,531            |
| Other intangible assets, net                             | 3,991,963                | 3,877,960            |
| Other long-term assets, net                              | 551,928                  | 430,440              |
| Total other assets                                       | 7,032,110                | 7,148,228            |
|  | \$ 29,973,515            | \$ 29,160,042        |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>              |                          |                      |
| Current liabilities                                      |                          |                      |
| Accounts payable   | \$ 301,008               | \$ 255,028           |
| Construction payable                                     | 372,744                  | 474,807              |
| Current portion of long-term debt, net                   | —                        | 158,042              |
| Accrued interest on long-term debt                       | 142,774                  | 135,785              |
| Other accrued liabilities                                | 2,161,064                | 2,114,635            |
| Total current liabilities                                | 2,977,590                | 3,138,297            |
| Deferred income taxes, net                               | 1,241,036                | 1,295,375            |
| Long-term debt, net                                      | 14,663,972               | 12,751,052           |
| Other long-term obligations                              | 251,399                  | 284,416              |
| Commitments and contingencies (Note 7)                   |                          |                      |

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|   |              |              |
|---|--------------|--------------|
| Redeemable noncontrolling interests   | 93,339       | 79,778       |
| Stockholders' equity  |              |              |
| Common stock, \$.01 par value: authorized 1,000,000,000 shares, issued and outstanding 531,937,096 and 566,275,789 shares | 5,319        | 5,663        |
| Capital in excess of par value  | 4,251,702    | 5,357,709    |
| Retained earnings   | 2,510,103    | 2,217,299    |
| Accumulated other comprehensive income (loss)   | 6,234        | (3,610 )     |
| Total MGM Resorts International stockholders' equity  | 6,773,358    | 7,577,061    |
| Noncontrolling interests  | 3,972,821    | 4,034,063    |
| Total stockholders' equity  | 10,746,179   | 11,611,124   |
|   | \$29,973,515 | \$29,160,042 |

The accompanying notes are an integral part of these consolidated financial statements.

## MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

|   | Three Months Ended<br>September 30, |             | Nine Months Ended<br>September 30, |             |
|---|-------------------------------------|-------------|------------------------------------|-------------|
|   | 2018                                | 2017        | 2018                               | 2017        |
| <b>Revenues</b>   |                                     |             |                                    |             |
| Casino  | \$1,465,380                         | \$1,283,049 | \$4,191,910                        | \$3,727,281 |
| Rooms   | 566,319                             | 572,994     | 1,669,670                          | 1,673,561   |
| Food and beverage   | 520,773                             | 503,623     | 1,470,992                          | 1,458,057   |
| Entertainment, retail and other   | 370,150                             | 368,128     | 1,063,142                          | 1,039,087   |
| Reimbursed costs  | 106,680                             | 102,381     | 314,520                            | 301,888     |
|   | 3,029,302                           | 2,830,175   | 8,710,234                          | 8,199,874   |
| <b>Expenses</b>   |                                     |             |                                    |             |
| Casino  | 819,334                             | 674,959     | 2,323,514                          | 1,969,255   |
| Rooms   | 206,406                             | 192,663     | 598,432                            | 568,448     |
| Food and beverage   | 391,091                             | 373,956     | 1,121,465                          | 1,090,129   |
| Entertainment, retail and other   | 263,915                             | 254,113     | 734,119                            | 721,338     |
| Reimbursed costs  | 106,680                             | 102,381     | 314,520                            | 301,888     |
| General and administrative  | 463,417                             | 402,023     | 1,319,760                          | 1,145,160   |
| Corporate expense   | 98,089                              | 88,506      | 301,036                            | 241,086     |
| Preopening and start-up expenses  | 46,890                              | 29,349      | 132,884                            | 65,508      |
| Property transactions, net  | (42,400 )                           | 7,711       | (19,532 )                          | 22,650      |
| NV Energy exit expense  | —                                   | —           | —                                  | (40,629 )   |
| Depreciation and amortization   | 300,472                             | 249,600     | 865,502                            | 744,123     |
|   | 2,653,894                           | 2,375,261   | 7,691,700                          | 6,828,956   |
| Income from unconsolidated affiliates   | 35,495                              | 37,790      | 115,201                            | 118,195     |
| Operating income  | 410,903                             | 492,704     | 1,133,735                          | 1,489,113   |
| <b>Non-operating income (expense)</b>   |                                     |             |                                    |             |
| Interest expense, net of amounts capitalized  | (205,573 )                          | (163,287 )  | (554,975 )                         | (511,404 )  |
| Non-operating items from unconsolidated affiliates                                    | (11,583 )                           | (8,825 )    | (31,661 )                          | (26,302 )   |
| Other, net  | (3,291 )                            | (30,138 )   | (11,588 )                          | (31,706 )   |
|   | (220,447 )                          | (202,250 )  | (598,224 )                         | (569,412 )  |
| Income before income taxes  | 190,456                             | 290,454     | 535,511                            | 919,701     |
| Benefit (provision) for income taxes  | (19,046 )                           | (114,710 )  | 42,623                             | (250,510 )  |
| Net income  | 171,410                             | 175,744     | 578,134                            | 669,191     |
| Less: Net income attributable to noncontrolling interests                             | (28,532 )                           | (27,381 )   | (88,035 )                          | (104,552 )  |
| Net income attributable to MGM Resorts International                                  | \$142,878                           | \$148,363   | \$490,099                          | \$564,639   |
| <b>Net income per share of common stock attributable to MGM Resorts International</b> |                                     |             |                                    |             |
| Basic   | \$0.26                              | \$0.26      | \$0.87                             | \$0.98      |
| Diluted   | \$0.26                              | \$0.26      | \$0.86                             | \$0.97      |



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Weighted average common shares outstanding

|                                     |         |         |         |         |
|-------------------------------------|---------|---------|---------|---------|
| Basic                               | 535,130 | 573,527 | 549,418 | 574,262 |
| Diluted                             | 540,396 | 580,676 | 555,521 | 580,941 |
| Dividends declared per common share | \$0.12  | \$0.11  | \$0.36  | \$0.33  |

The accompanying notes are an integral part of these consolidated financial statements.

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

|   | Three Months Ended<br>September 30, |            | Nine Months Ended<br>September 30, |            |
|---|-------------------------------------|------------|------------------------------------|------------|
|   | 2018                                | 2017       | 2018                               | 2017       |
| Net income  | \$ 171,410                          | \$ 175,744 | \$ 578,134                         | \$ 669,191 |
| Other comprehensive income (loss), net of tax:                      |                                     |            |                                    |            |
| Foreign currency translation adjustment                             | 12,210                              | (3,004 )   | (10,542 )                          | (41,313 )  |
| Unrealized gain (loss) on cash flow hedges                          | 4,028                               | 1,316      | 23,219                             | (2,641 )   |
| Other comprehensive income (loss)                                   | 16,238                              | (1,688 )   | 12,677                             | (43,954 )  |
| Comprehensive income  | 187,648                             | 174,056    | 590,811                            | 625,237    |
| Less: Comprehensive income attributable to noncontrolling interests | (35,299 )                           | (26,495 )  | (90,868 )                          | (85,600 )  |
| Comprehensive income attributable to MGM Resorts International      | \$ 152,349                          | \$ 147,561 | \$ 499,943                         | \$ 539,637 |

The accompanying notes are an integral part of these consolidated financial statements.

## MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

|   | Nine Months Ended<br>September 30, |             |
|---|------------------------------------|-------------|
|   | 2018                               | 2017        |
| Cash flows from operating activities  |                                    |             |
| Net income  | \$578,134                          | \$669,191   |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                    |             |
| Depreciation and amortization   | 865,502                            | 744,123     |
| Amortization of debt discounts, premiums and issuance costs                       | 30,713                             | 25,931      |
| Loss on retirement of long-term debt  | 2,193                              | 31,345      |
| Provision for doubtful accounts   | 32,651                             | 13,764      |
| Stock-based compensation  | 51,010                             | 46,306      |
| Property transactions, net  | (19,532 )                          | 22,650      |
| Income from unconsolidated affiliates   | (80,219 )                          | (91,893 )   |
| Distributions from unconsolidated affiliates                                      | 11,563                             | 10,450      |
| Deferred income taxes   | (58,762 )                          | 94,630      |
| Change in operating assets and liabilities:                                       |                                    |             |
| Accounts receivable   | (31,791 )                          | 13,951      |
| Inventories   | (1,457 )                           | (3,598 )    |
| Income taxes receivable and payable, net  | 22,997                             | (4,639 )    |
| Prepaid expenses and other  | (46,690 )                          | (50,253 )   |
| Prepaid Cotai land concession premium   | 5,158                              | (9,492 )    |
| Accounts payable and accrued liabilities  | 50,550                             | 5,887       |
| Other   | (16,554 )                          | (6,444 )    |
| Net cash provided by operating activities   | 1,395,466                          | 1,511,909   |
| Cash flows from investing activities  |                                    |             |
| Capital expenditures, net of construction payable                                 | (1,223,924)                        | (1,399,278) |
| Dispositions of property and equipment  | 575                                | 371         |
| Proceeds from sale of investment in unconsolidated affiliate                      | 163,616                            | —           |
| Acquisition of Northfield Park, net of cash acquired                              | (1,034,534)                        | —           |
| Investments in unconsolidated affiliates  | (2,503 )                           | (5,921 )    |
| Distributions from unconsolidated affiliates in excess of cumulative earnings     | 320,287                            | 300,000     |
| Other   | (22,209 )                          | (21,786 )   |
| Net cash used in investing activities   | (1,798,692)                        | (1,126,614) |
| Cash flows from financing activities  |                                    |             |
| Net borrowings under bank credit facilities – maturities of 90 days or less       | 778,101                            | 618,734     |
| Issuance of long-term debt  | 1,000,000                          | 350,000     |
| Debt issuance costs   | (64,808 )                          | (9,760 )    |
| Issuance of MGM Growth Properties Class A shares in public offering               | —                                  | 404,685     |
| MGM Growth Properties Class A share issuance costs                                | —                                  | (17,137 )   |

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|   |             |             |
|---|-------------|-------------|
| Dividends paid to common shareholders                                   | (197,295 )  | (189,726 )  |
| Distributions to noncontrolling interest owners                         | (149,526 )  | (139,670 )  |
| Purchases of common stock   | (1,133,334) | (327,500 )  |
| Retirement of debentures  | (2,265 )    | (502,669 )  |
| Other   | (23,476 )   | (28,937 )   |
| Net cash provided by financing activities                               | 207,397     | 158,020     |
| Effect of exchange rate on cash   | (1,489 )    | (3,208 )    |
| Cash and cash equivalents   |             |             |
| Net increase (decrease) for the period                                  | (197,318 )  | 540,107     |
| Balance, beginning of period  | 1,499,995   | 1,446,581   |
| Balance, end of period  | \$1,302,677 | \$1,986,688 |
| Supplemental cash flow disclosures                                      |             |             |
| Interest paid, net of amounts capitalized                               | \$516,868   | \$522,851   |
| Federal, state and foreign income taxes paid (received), net of refunds | (8,220 )    | 158,537     |

The accompanying notes are an integral part of these consolidated financial statements.

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands)

(Unaudited)

|   | Common Stock<br>Shares | Par<br>Value | Capital in<br>Excess of<br>Par Value | Retained<br>Earnings<br>(Accumulated<br>Deficit) | Accumulated<br>Other<br>Comprehensive<br>Income<br>(Loss) | Total<br>MGM Resorts<br>International<br>Stockholders'<br>Equity | Non-<br>Controlling<br>Interests | Total<br>Stockholders'<br>Equity |
|---|------------------------|--------------|--------------------------------------|--|---|--|----------------------------------|----------------------------------|
| Balances,<br>January 1, 2018                    | 566,276                | \$5,663      | \$5,357,709                          | \$2,217,299                                      | \$(3,610 )  | \$7,577,061  | \$4,034,063                      | \$11,611,124                     |
| Net income                                      | —                      | —            | —                                    | 223,444  | —   | 223,444  | 40,740                           | 264,184                          |
| Currency<br>translation<br>adjustment           | —                      | —            | —                                    | —  | (13,368 )   | (13,368 )  | (10,784 )                        | (24,152 )                        |
| Other<br>comprehensive<br>income - cash<br>flow |                        |              |                                      |  |   |  |                                  |                                  |
| hedges  | —                      | —            | —                                    | —  | 9,498   | 9,498  | 4,358                            | 13,856                           |
| Stock-based<br>compensation                     | —                      | —            | 14,742                               | —  | —   | 14,742   | 1,375                            | 16,117                           |
| Issuance of<br>common stock<br>pursuant to      |                        |              |                                      |  |   |  |                                  |                                  |
| stock-based<br>compensation<br>awards           | 493                    | 5            | (8,300 )                             | —  | —   | (8,295 )   | —                                | (8,295 )                         |
| Cash<br>distributions to<br>noncontrolling      |                        |              |                                      |  |   |  |                                  |                                  |
| interest<br>owners                              | —                      | —            | —                                    | —  | —   | —  | (9,791 )                         | (9,791 )                         |
| Dividends paid<br>to common<br>shareholders     | —                      | —            | —                                    | (67,999 )  | —   | (67,999 )  | —                                | (67,999 )                        |
| MGP dividend<br>payable to Class<br>A           |                        |              |                                      |  |   |  |                                  |                                  |
| shareholders                                    | —                      | —            | —                                    | —  | —   | —  | (29,777 )                        | (29,777 )                        |
| Issuance of<br>performance<br>share units       | —                      | —            | 3,609                                | —  | —   | 3,609  | 107                              | 3,716                            |

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|   |           |        |            |           |          |            |           |            |
|---|-----------|--------|------------|-----------|----------|------------|-----------|------------|
| Repurchase of common stock  | (10,000 ) | (100 ) | (362,300 ) | —         | —        | (362,400 ) | —         | (362,400 ) |
| Adjustment of redeemable non-controlling interest to redemption value | —         | —      | (4,598 )   | —         | —        | (4,598 )   | —         | (4,598 )   |
| Other   | —         | —      | (904 )     | —         | —        | (904 )     | (710 )    | (1,614 )   |
| Balances, March 31, 2018  | 556,769   | 5,568  | 4,999,958  | 2,372,744 | (7,480 ) | 7,370,790  | 4,029,581 | 11,400,371 |
| Net income  | —         | —      | —          | 123,777   | —        | 123,777    | 14,344    | 138,121    |
| Currency translation adjustment                                       | —         | —      | —          | —         | 583      | 583        | 817       | 1,400      |
| Other comprehensive income - cash flow                                | —         | —      | —          | —         | —        | —          | —         | —          |
| hedges  | —         | —      | —          | —         | 3,660    | 3,660      | 1,675     | 5,335      |
| Stock-based compensation  | —         | —      | 16,430     | —         | —        | 16,430     | 1,377     | 17,807     |
| Issuance of common stock pursuant to                                  | —         | —      | —          | —         | —        | —          | —         | —          |
| stock-based compensation awards                                       | 102       | 1      | (1,096 )   | —         | —        | (1,095 )   | —         | (1,095 )   |
| Cash distributions to noncontrolling interest owners                  | —         | —      | —          | —         | —        | —          | (24,287 ) | (24,287 )  |
| Dividends paid to common shareholders                                 | —         | —      | —          | (65,335 ) | —        | (65,335 )  | —         | (65,335 )  |
| MGP dividend payable to Class A shareholders                          | —         | —      | —          | —         | —        | —          | (30,492 ) | (30,492 )  |
| Repurchase of common stock  | (19,004 ) | (190 ) | (594,674 ) | —         | —        | (594,864 ) | —         | (594,864 ) |
| Adjustment of redeemable non-controlling interest to redemption value | —         | —      | (5,986 )   | —         | —        | (5,986 )   | —         | (5,986 )   |

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|  |          |         |             |             |          |             |             |              |
|--|----------|---------|-------------|-------------|----------|-------------|-------------|--------------|
| interest to redemption value             |          |         |             |             |          |             |             |              |
| Other                                    | —        | —       | (818 )      | —           | —        | (818 )      | (216 )      | (1,034 )     |
| Balances, June 30, 2018                  | 537,867  | 5,379   | 4,413,814   | 2,431,186   | (3,237 ) | 6,847,142   | 3,992,799   | 10,839,941   |
| Net income                               | —        | —       | —           | 142,878     | —        | 142,878     | 26,316      | 169,194      |
| Currency translation adjustment          | —        | —       | —           | —           | 6,706    | 6,706       | 5,504       | 12,210       |
| Other comprehensive income - cash flow   |          |         |             |             |          |             |             |              |
| hedges                                   | —        | —       | —           | —           | 2,765    | 2,765       | 1,263       | 4,028        |
| Stock-based compensation                 | —        | —       | 15,916      | —           | —        | 15,916      | 1,190       | 17,106       |
| Issuance of common stock pursuant to     |          |         |             |             |          |             |             |              |
| stock-based compensation awards          | 173      | 1       | (2,203 )    | —           | —        | (2,202 )    | —           | (2,202 )     |
| Cash distributions to noncontrolling     |          |         |             |             |          |             |             |              |
| interest owners                          | —        | —       | —           | —           | —        | —           | (17,618 )   | (17,618 )    |
| Dividends paid to common shareholders    | —        | —       | —           | (63,961 )   | —        | (63,961 )   | —           | (63,961 )    |
| MGP dividend payable to Class A          |          |         |             |             |          |             |             |              |
| shareholders                             | —        | —       | —           | —           | —        | —           | (31,024 )   | (31,024 )    |
| Repurchase of common stock               | (6,103 ) | (61 )   | (176,009 )  | —           | —        | (176,070 )  | —           | (176,070 )   |
| Adjustment of redeemable non-controlling |          |         |             |             |          |             |             |              |
| interest to redemption value             | —        | —       | (4,155 )    | —           | —        | (4,155 )    | —           | (4,155 )     |
| Other                                    | —        | —       | 4,339       | —           | —        | 4,339       | (5,609 )    | (1,270 )     |
| Balances, September 30,                  | 531,937  | \$5,319 | \$4,251,702 | \$2,510,103 | \$6,234  | \$6,773,358 | \$3,972,821 | \$10,746,179 |

2018

The accompanying notes are an integral part of these consolidated financial statements.

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MGM RESORTS INTERNATIONAL AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands)

(Unaudited)

|  | Common Stock |           | Capital in  | Retained     | Accumulated   | Total                |              |               |
|--|--------------|-----------|-------------|--------------|---------------|----------------------|--------------|---------------|
|  | Shares       | Par Value | Excess of   | Earnings     | Other         | MGM Resorts          | Non-         | Total         |
|  |              |           | Par Value   | (Accumulated | Comprehensive | Stockholders' Equity | Controlling  | Stockholders' |
|  |              |           |             | Deficit)     | Income        |                      | Interests    | Equity        |
|  |              |           |             |              | (Loss)        |                      |              |               |
| Balances, January 1, 2017  | 574,124      | \$5,741   | \$5,653,575 | \$ 518,456   | \$ 15,053     | \$ 6,192,825         | \$ 3,749,132 | \$ 9,941,957  |
| Net income   | —            | —         | —           | 206,412      | —             | 206,412              | 44,042       | 250,454       |
| Currency translation adjustment                                      | —            | —         | —           | —            | (7,352 )      | (7,352 )             | (5,581 )     | (12,933 )     |
| Other comprehensive loss - cash flow hedges                          | —            | —         | —           | —            | (484 )        | (484 )               | (150 )       | (634 )        |
| Stock-based compensation   | —            | —         | 14,946      | —            | —             | 14,946               | 1,020        | 15,966        |
| Issuance of common stock pursuant to stock-based compensation awards | 342          | 4         | (4,078 )    | —            | —             | (4,074 )             | —            | (4,074 )      |
| Cash distributions to noncontrolling interest owners                 | —            | —         | —           | —            | —             | —                    | (2,044 )     | (2,044 )      |
| Dividends paid to common shareholders                                | —            | —         | —           | (63,182 )    | —             | (63,182 )            | —            | (63,182 )     |
| MGP dividend payable to Class A shareholders                         | —            | —         | —           | —            | —             | —                    | (22,281 )    | (22,281 )     |
| Issuance of performance  | —            | —         | 9,648       | —            | —             | 9,648                | 95           | 9,743         |

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share units

|       |   |   |       |   |   |       |       |       |
|-------|---|---|-------|---|---|-------|-------|-------|
| Other | — | — | (34 ) | — | — | (34 ) | (11 ) | (45 ) |
|-------|---|---|-------|---|---|-------|-------|-------|

Balances,

|                |         |       |           |         |       |           |           |            |
|----------------|---------|-------|-----------|---------|-------|-----------|-----------|------------|
| March 31, 2017 | 574,466 | 5,745 | 5,674,057 | 661,686 | 7,217 | 6,348,705 | 3,764,222 | 10,112,927 |
|----------------|---------|-------|-----------|---------|-------|-----------|-----------|------------|

|            |   |   |   |         |   |         |        |         |
|------------|---|---|---|---------|---|---------|--------|---------|
| Net income | — | — | — | 209,864 | — | 209,864 | 29,446 | 239,310 |
|------------|---|---|---|---------|---|---------|--------|---------|

Currency

translation

|            |   |   |   |   |           |           |           |           |
|------------|---|---|---|---|-----------|-----------|-----------|-----------|
| adjustment | — | — | — | — | (14,018 ) | (14,018 ) | (11,358 ) | (25,376 ) |
|------------|---|---|---|---|-----------|-----------|-----------|-----------|

Other

comprehensive

loss - cash flow

|        |   |   |   |   |          |          |        |          |
|--------|---|---|---|---|----------|----------|--------|----------|
| hedges | — | — | — | — | (2,347 ) | (2,347 ) | (976 ) | (3,323 ) |
|--------|---|---|---|---|----------|----------|--------|----------|

Stock-based

compensation

|  |   |   |        |   |   |        |       |        |
|--|---|---|--------|---|---|--------|-------|--------|
|  | — | — | 13,787 | — | — | 13,787 | 1,226 | 15,013 |
|--|---|---|--------|---|---|--------|-------|--------|

Issuance of

common stock

pursuant to

|             |   |   |   |   |   |   |   |   |
|-------------|---|---|---|---|---|---|---|---|
| stock-based | — | — | — | — | — | — | — | — |
|-------------|---|---|---|---|---|---|---|---|

compensation

|        |     |   |          |   |   |          |   |          |
|--------|-----|---|----------|---|---|----------|---|----------|
| awards | 543 | 5 | (7,630 ) | — | — | (7,625 ) | — | (7,625 ) |
|--------|-----|---|----------|---|---|----------|---|----------|

Cash

distributions to

noncontrolling

|          |   |   |   |   |   |   |           |           |
|----------|---|---|---|---|---|---|-----------|-----------|
| interest | — | — | — | — | — | — | (42,822 ) | (42,822 ) |
|----------|---|---|---|---|---|---|-----------|-----------|

owners

|                |   |   |   |   |   |   |   |   |
|----------------|---|---|---|---|---|---|---|---|
| Dividends paid | — | — | — | — | — | — | — | — |
|----------------|---|---|---|---|---|---|---|---|

to common

|              |   |   |   |           |   |           |   |           |
|--------------|---|---|---|-----------|---|-----------|---|-----------|
| shareholders | — | — | — | (63,247 ) | — | (63,247 ) | — | (63,247 ) |
|--------------|---|---|---|-----------|---|-----------|---|-----------|

MGP dividend

payable to Class

|   |   |   |   |   |   |   |           |           |
|---|---|---|---|---|---|---|-----------|-----------|
| A | — | — | — | — | — | — | (22,777 ) | (22,777 ) |
|---|---|---|---|---|---|---|-----------|-----------|

|              |   |   |   |   |   |   |          |     |
|--------------|---|---|---|---|---|---|----------|-----|
| shareholders | — | — | — | — | — | — | (2,248 ) | 380 |
|--------------|---|---|---|---|---|---|----------|-----|

|       |   |   |          |   |   |          |       |     |
|-------|---|---|----------|---|---|----------|-------|-----|
| Other | — | — | (2,248 ) | — | — | (2,248 ) | 2,628 | 380 |
|-------|---|---|----------|---|---|----------|-------|-----|

Balances, June

|          |         |       |           |         |          |           |           |            |
|----------|---------|-------|-----------|---------|----------|-----------|-----------|------------|
| 30, 2017 | 575,009 | 5,750 | 5,677,966 | 808,303 | (9,148 ) | 6,482,871 | 3,719,589 | 10,202,460 |
|----------|---------|-------|-----------|---------|----------|-----------|-----------|------------|

|            |   |   |   |         |   |         |        |         |
|------------|---|---|---|---------|---|---------|--------|---------|
| Net income | — | — | — | 148,363 | — | 148,363 | 25,413 | 173,776 |
|------------|---|---|---|---------|---|---------|--------|---------|

Currency

translation

|            |   |   |   |   |          |          |          |          |
|------------|---|---|---|---|----------|----------|----------|----------|
| adjustment | — | — | — | — | (1,635 ) | (1,635 ) | (1,369 ) | (3,004 ) |
|------------|---|---|---|---|----------|----------|----------|----------|

Other

comprehensive

loss - cash flow

|        |   |   |   |   |     |     |     |       |
|--------|---|---|---|---|-----|-----|-----|-------|
| hedges | — | — | — | — | 834 | 834 | 482 | 1,316 |
|--------|---|---|---|---|-----|-----|-----|-------|

Stock-based

compensation

|  |   |   |        |   |   |        |       |        |
|--|---|---|--------|---|---|--------|-------|--------|
|  | — | — | 13,981 | — | — | 13,981 | 1,366 | 15,347 |
|--|---|---|--------|---|---|--------|-------|--------|

|  |     |   |          |   |   |          |   |          |
|--|-----|---|----------|---|---|----------|---|----------|
|  | 485 | 5 | (8,658 ) | — | — | (8,653 ) | — | (8,653 ) |
|--|-----|---|----------|---|---|----------|---|----------|

|  |           |         |             |           |             |             |             |              |   |
|--|-----------|---------|-------------|-----------|-------------|-------------|-------------|--------------|---|
| Issuance of common stock pursuant to stock-based compensation awards |           |         |             |           |             |             |             |              |   |
| Cash distributions to noncontrolling interest owners                 | —         | —       | —           | —         | —           | —           | (27,029 )   | (27,029 )    | ) |
| Dividends paid to common shareholders                                | —         | —       | —           | (63,298 ) | —           | (63,298 )   | —           | (63,298 )    | ) |
| MGP dividend payable to Class A shareholders                         | —         | —       | —           | —         | —           | —           | (28,004 )   | (28,004 )    | ) |
| Repurchase of common stock   | (10,000 ) | (100 )  | (327,400 )  | —         | —           | (327,500 )  | —           | (327,500 )   | ) |
| MGP Class A share issuance   | —         | —       | 35,029      | —         | 109         | 35,138      | 326,484     | 361,622      |   |
| Other  | —         | —       | (847 )      | —         | —           | (847 )      | (735 )      | (1,582 )     | ) |
| Balances, September 30, 2017   | 565,494   | \$5,655 | \$5,390,071 | \$893,368 | \$ (9,840 ) | \$6,279,254 | \$4,016,197 | \$10,295,451 |   |

The accompanying notes are an integral part of these consolidated financial statements.

MGM RESORTS INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 1 — ORGANIZATION

Organization. MGM Resorts International (together with its consolidated subsidiaries, unless otherwise indicated or unless the context requires otherwise, the “Company”) is a Delaware corporation that acts largely as a holding company and, through subsidiaries, owns and operates casino resorts.

The Company owns and operates the following integrated casino, hotel and entertainment resorts in Las Vegas, Nevada: Bellagio, MGM Grand Las Vegas, The Mirage, Mandalay Bay, Luxor, New York-New York, Park MGM (which was branded as Monte Carlo prior to May 2018), Excalibur and Circus Circus Las Vegas. Operations at MGM Grand Las Vegas include management of The Signature at MGM Grand Las Vegas, a condominium-hotel consisting of three towers. The Company operates and, along with local investors, owns MGM Grand Detroit in Detroit, Michigan, MGM National Harbor in Prince George’s County, Maryland, and MGM Springfield in Springfield, Massachusetts, which opened on August 24, 2018. The Company also owns and operates Borgata located on Renaissance Pointe in the Marina area of Atlantic City, New Jersey, and the following resorts in Mississippi: Beau Rivage in Biloxi and Gold Strike in Tunica. The Company owns and operates The Park, a dining and entertainment district located between New York-New York and Park MGM, Shadow Creek, an exclusive world-class golf course located approximately ten miles north of its Las Vegas Strip resorts, Primm Valley Golf Club at the California/Nevada state line and Fallen Oak golf course in Saucier, Mississippi.

MGM Growth Properties LLC (“MGP”), a consolidated subsidiary of the Company, is organized as an umbrella partnership REIT (commonly referred to as an UPREIT) structure in which substantially all of its assets are owned by and substantially all of its businesses are conducted through MGM Growth Properties Operating Partnership LP (the “Operating Partnership”), its subsidiary. MGP has two classes of authorized and outstanding voting common shares (collectively, the “shares”): Class A shares and a single Class B share. The Company owns MGP’s Class B share, which does not provide its holder any rights to profits or losses or any rights to receive distributions from operations of MGP or upon liquidation or winding up of MGP. MGP’s Class A shareholders are entitled to one vote per share, while the Company, as the owner of the Class B share, is entitled to an amount of votes representing a majority of the total voting power of MGP’s shares so long as the Company and its controlled affiliates’ (excluding MGP) aggregate beneficial ownership of the combined economic interests in MGP and the Operating Partnership does not fall below 30%. The Company and MGP each hold Operating Partnership units representing limited partner interests in the Operating Partnership. The general partner of the Operating Partnership is a wholly-owned subsidiary of MGP. The Operating Partnership units held by the Company are exchangeable into Class A shares of MGP on a one-to-one basis, or cash at the fair value of a Class A share. The determination of settlement method is at the option of MGP’s independent conflicts committee. As of September 30, 2018, the Company owned 73.3% of the Operating Partnership units and MGP held the remaining 26.7% of the Operating Partnership units.

Pursuant to a master lease agreement between a subsidiary of the Company (the “tenant”) and a subsidiary of the Operating Partnership (the “landlord”), the tenant leases the real estate assets of The Mirage, Mandalay Bay, Luxor, New York-New York, Park MGM, Excalibur, The Park, Gold Strike Tunica, MGM Grand Detroit, Beau Rivage, Borgata, and MGM National Harbor from the landlord.

On July 6, 2018, MGP completed its previously announced acquisition of the membership interests of Northfield Park Associates, LLC (“Northfield”), an Ohio limited liability company that owns the real estate assets and operations of the Hard Rock Rocksino Northfield Park from Milstein Entertainment LLC. Simultaneously with the close of the transaction, MGP entered into a new agreement with an affiliate of Hard Rock Café International (STP), Inc. to continue to serve as the manager of the property. Refer to Note 3 for additional information.

On September 18, 2018, the Company entered into an agreement with MGP to acquire all of the operating assets of Northfield from MGP. Northfield will be added to the existing master lease between the Company and MGP. The transaction is expected to close in the first half of 2019, subject to customary closing conditions and regulatory approvals. Refer to Note 3 for additional information.

On May 28, 2018, the Company entered into an agreement to acquire the real property and operations associated with the Empire City Casino's race track and casino ("Empire City"). The Company also entered into a definitive agreement with MGP whereby MGP will acquire the developed real property associated with Empire City from the Company. The transactions are expected to close in the first quarter of 2019, subject to regulatory approvals and other customary closing conditions. Refer to Note 3 for additional information.

The Company has an approximate 56% controlling interest in MGM China, which owns MGM Grand Paradise, S.A. (“MGM Grand Paradise”). MGM Grand Paradise owns and operates the MGM Macau resort and casino and the related gaming subconcession and land concessions as well as MGM Cotai, an integrated casino, hotel and entertainment resort located on the Cotai Strip in Macau that opened on February 13, 2018.

The Company owns 50% of and manages CityCenter Holdings, LLC (“CityCenter”), located between Bellagio and Park MGM. The other 50% of CityCenter is owned by Infinity World Development Corp, a wholly owned subsidiary of Dubai World, a Dubai, United Arab Emirates government decree entity. CityCenter consists of Aria, an integrated casino, hotel and entertainment resort; and Vdara, a luxury condominium-hotel. On August 30, 2018, a subsidiary of CityCenter completed the previously announced sale of the Mandarin Oriental Las Vegas and adjacent retail parcels. See Note 4 for additional information related to CityCenter.

The Company and a subsidiary of Anschutz Entertainment Group, Inc. (“AEG”) each own 42.5% of the Las Vegas Arena Company, LLC (“Las Vegas Arena Company”), the entity which owns the T-Mobile Arena, and Athena Arena, LLC owns the remaining 15%. The Company manages the T-Mobile Arena, which is located on a parcel of the Company’s land between Frank Sinatra Drive and New York-New York, adjacent to the Las Vegas Strip. The T-Mobile Arena is a 20,000 seat venue designed to host world-class events – from mixed martial arts, boxing, basketball and bull riding, to high profile awards shows and top-name concerts, and is the home of the Vegas Golden Knights of the National Hockey League. Additionally, the Company leases the MGM Grand Garden Arena, located adjacent to the MGM Grand Las Vegas, to the Las Vegas Arena Company. See Note 4 for additional information regarding the Company’s investment in the Las Vegas Arena Company.

On August 7, 2018, the Company, along with its joint venture partner, completed the previously announced sale of its 50% interest in Grand Victoria, a riverboat casino in Elgin, Illinois. See Note 4 for additional information regarding the Company’s investment in Grand Victoria.

The Company has two reportable segments: domestic resorts and MGM China. See Note 10 for additional information about the Company’s segments.

## NOTE 2 — BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation. As permitted by the rules and regulations of the Securities and Exchange Commission (“SEC”), certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) have been condensed or omitted. These consolidated financial statements should be read in conjunction with the Company’s 2017 annual consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's interim financial statements. The results for such periods are not necessarily indicative of the results to be expected for the full year.

**Principles of consolidation.** Management has determined that MGP is a variable interest entity ("VIE") because the Class A equity investors as a group lack the power through voting or similar rights to direct the activities of such entity that most significantly impact such entity's economic performance. The Company has determined that it is the primary beneficiary of MGP and consolidates MGP because (i) its ownership of MGP's single Class B share entitles it to a majority of the total voting power of MGP's shares, and (ii) the exchangeable nature of the Operating Partnership units owned provide the Company the right to receive benefits from MGP that could potentially be significant to MGP. The Company has recorded MGP's ownership interest in the Operating Partnership of 26.7% as of September 30, 2018 as noncontrolling interest in the Company's consolidated financial statements. As of September 30, 2018 and December 31, 2017, on a consolidated basis, MGP had total assets of \$11.0 billion and \$10.4 billion, respectively, primarily related to its real estate investments, and total liabilities of \$5.1 billion and \$4.3 billion, respectively, primarily related to its indebtedness.

**Property and equipment.** Property and equipment are stated at cost. A significant amount of the Company's property and equipment was acquired through business combinations and therefore recognized at fair value at the acquisition date. Gains and losses on dispositions of property and equipment are included in the determination of income or loss. Maintenance costs are expensed as incurred. As of September 30, 2018 and December 31, 2017, the Company had accrued \$35 million and \$28 million, respectively, for property and equipment within accounts payable, and \$2 million and \$34 million, respectively, related to construction retention within other long-term liabilities.

Revenue recognition. The Company's revenue contracts with customers consist of casino wager transactions, hotel room sales, food and beverage transactions, entertainment shows, and retail transactions.

The transaction price for a casino wager is the difference between gaming wins and losses ("net win"). In certain circumstances, the Company offers discounts on markers, which is estimated based upon historical business practice, and recorded as a reduction of casino revenue. Commissions rebated to gaming promoters and VIP players at MGM China are also recorded as a reduction of casino revenue. The Company accounts for casino revenue on a portfolio basis given the similar characteristics of wagers by recognizing net win per gaming day versus on an individual wager basis.

For casino wager transactions that include other goods and services provided by the Company to gaming patrons on a discretionary basis to incentivize gaming, the Company allocates revenue from the casino wager transaction to the good or service delivered based upon stand-alone selling price ("SSP"). Discretionary goods and services provided by the Company and supplied by third parties are recognized as an operating expense.

For casino wager transactions that include incentives earned by customers under the Company's loyalty programs, the Company allocates a portion of net win based upon the SSP of such incentive (less estimated breakage). This allocation is deferred and recognized as revenue when the customer redeems the incentive. When redeemed, revenue is recognized in the department that provides the goods or service. Redemption of loyalty incentives at third party outlets are deducted from the loyalty liability and amounts owed are paid to the third party, with any discount received recorded as other revenue. During the three and nine months ended September 30, 2018, commissions and incentives provided to gaming customers were \$594 million and \$1.7 billion, respectively. During the three and nine months ended September 30, 2017, commissions and incentives provided to gaming customers were \$535 million and \$1.5 billion, respectively. After allocating revenue to other goods and services provided as part of casino wager transactions, the Company records the residual amount to casino revenue.

The transaction price of rooms, food and beverage, and retail contracts is the net amount collected from the customer for such goods and services. The transaction price for such contracts is recorded as revenue when the good or service is transferred to the customer over their stay at the hotel or when the delivery is made for the food & beverage and retail & other contracts. Sales and usage-based taxes are excluded from revenues. For some arrangements, the Company acts as an agent in that it arranges for another party to transfer goods and services, which primarily include certain of the Company's entertainment shows as well as customer rooms arranged by online travel agents.

The Company also has other contracts that include multiple goods and services, such as packages that bundle food, beverage, or entertainment offerings with hotel stays and convention services. For such arrangements, the Company allocates revenue to each good or service based on its relative SSP. The Company primarily determines the SSP of rooms, food and beverage, entertainment, and retail goods and services based on the amount that the Company charges when sold separately in similar circumstances to similar customers.



**Contract and Contract-Related Liabilities.** There may be a difference between the timing of cash receipts from the customer and the recognition of revenue, resulting in a contract or contract-related liability. The Company generally has three types of liabilities related to contracts with customers: (1) outstanding chip liability, which represents the amounts owned in exchange for gaming chips held by a customer, (2) loyalty program obligations, which represents the deferred allocation of revenue relating to loyalty program incentives earned, as discussed above, and (3) customer advances and other, which is primarily funds deposited by customers before gaming play occurs (“casino front money”) and advance payments on goods and services yet to be provided such as advance ticket sales and deposits on rooms and convention space or for unpaid wagers. These liabilities are generally expected to be recognized as revenue within one year of being purchased, earned, or deposited and are recorded within “Other accrued liabilities” on the Company’s consolidated balance sheets.

The following table summarizes the activity related to contract and contract-related liabilities:

|                         | Outstanding Chip Liability |           | Loyalty Program |          | Customer Advances and Other |            |
|-------------------------|----------------------------|-----------|-----------------|----------|-----------------------------|------------|
|                         | 2018                       | 2017      | 2018            | 2017     | 2018                        | 2017       |
|                         | (in thousands)             |           |                 |          |                             |            |
| Balance at January 1    | \$597,753                  | \$227,538 | \$91,119        | \$88,379 | \$539,626                   | \$437,287  |
| Balance at September 30 | 550,041                    | 317,572   | 105,421         | 91,967   | 563,244                     | 429,710    |
| Increase / (decrease)   | \$(47,712 )                | \$90,034  | \$14,302        | \$3,588  | \$23,618                    | \$(7,577 ) |

**Reimbursed costs.** Costs reimbursed pursuant to management services are recognized as revenue in the period it incurs the costs as this reflects when the Company performs its related performance obligation and is entitled to reimbursement. Reimbursed costs relate primarily to the Company’s management of CityCenter.

Revenue by source. The Company presents the revenue earned disaggregated by the type or nature of the good or service (casino, room, food and beverage, and entertainment, retail and other) and by relevant geographic region within Note 10. Lease revenues earned by the Company from third-parties are classified within the line item corresponding to the type or nature of the tenant's good or service. During the three and nine months ended September 30, 2018, lease revenues include \$14 million and \$39 million recorded within food and beverage revenue, respectively, and \$22 million and \$65 million recorded within entertainment, retail, and other revenue for the same such periods, respectively. During the three and nine months ended September 30, 2017, lease revenues include \$14 million and \$40 million recorded within food and beverage revenue, respectively, and \$20 million and \$59 million recorded within entertainment, retail, and other revenue for the same such periods, respectively.

Recently issued accounting standards. In May 2014, the Financial Accounting Standards Board ("FASB") issued the Accounting Standards Codification ("ASC") 606, "Revenue from Contracts with Customers (Topic 606)", ("ASC 606"), which outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods and services.

The Company adopted ASC 606 on a full retrospective basis effective January 1, 2018. The most significant impacts of adoption of the new accounting pronouncement were as follows:

- **Promotional Allowances:** The Company no longer recognizes revenues for goods and services provided to customers for free as an inducement to gamble as gross revenue with a corresponding offset to promotional allowances to arrive at net revenues, and accordingly the promotional allowances line item has been removed. The majority of such amounts previously included in promotional allowances now offset casino revenues based on an allocation of revenues to performance obligations using stand-alone selling price. This change resulted in a reclassification of revenue between revenue line items;

• **Loyalty Accounting:** As discussed within Revenue Recognition above, the outstanding performance obligations of the loyalty program liability are now recognized at retail value of such benefits owed to the customer (less estimated breakage). This change resulted in a decrease to retained earnings as of January 1, 2015 of \$29 million, net of tax of \$15 million, with a corresponding increase primarily to other accrued liabilities, as a result of the initial application of the standard and did not have a significant impact to other balance sheet accounts or earnings;

• **Gaming Promoter Commission:** Commissions paid to gaming promoters under MGM China's incentive program are now fully reflected as a reduction in casino revenue. This change resulted in a decrease in casino expense and a corresponding decrease in casino revenue;

• **Gross versus Net Presentation:** Mandatory service charges on food and beverage and wide area progressive operator fees are recorded gross, that is, the amount received from the customer has been recorded as revenue with the corresponding amount paid as an expense. These changes resulted in an increase in revenue with a corresponding

increase in expense; and

Estimated Cost of Promotional Allowances: The Company no longer reclassifies the estimated cost of complimentary provided to the gaming patron from other expense line items to the casino expense line item. This change resulted in a reclassification between expense line items.

These changes, and other less significant adjustments that were required upon adoption, did not have an aggregate material impact on operating income, net income, or cash flows. The following tables show the increase/(decrease) to our 2017 quarters and full-year 2017, 2016, and 2015 income statement line items as follows:

|   | Three Months Ended  |                 |                  |                 | Twelve Months Ended |                 |                 |
|---|---------------------|-----------------|------------------|-----------------|---------------------|-----------------|-----------------|
|   | Dec 31,<br>2017     | Sep 30,<br>2017 | June 30,<br>2017 | Mar 31,<br>2017 | Dec 31,<br>2017     | Dec 31,<br>2016 | Dec 31,<br>2015 |
|   | Increase/(decrease) |                 |                  |                 |                     |                 |                 |
|   | (in thousands)      |                 |                  |                 |                     |                 |                 |
| <b>Revenues</b>   |                     |                 |                  |                 |                     |                 |                 |
| Casino  | \$(241,045)         | \$(260,644)     | \$(232,305)      | \$(233,915)     | \$(967,909)         | \$(828,364)     | \$(782,222)     |
| Rooms   | (2,987 )            | 8,518           | (715 )           | (3,455 )        | 1,361               | (20,814 )       | (42,152 )       |
| Food and beverage   | 16,296              | 21,967          | 18,552           | 24,867          | 81,682              | 87,895          | 72,990          |
| Entertainment, retail, and other  | (1,204 )            | (2,867 )        | (3,328 )         | (1,169 )        | (8,568 )            | (9,142 )        | (10,867 )       |
|   | (228,940)           | (233,026)       | (217,796)        | (213,672)       | (893,434)           | (770,425)       | (762,251)       |
| Promotional allowances  | 229,297             | 236,460         | 228,193          | 223,059         | 917,009             | 793,571         | 751,773         |
|   | 357                 | 3,434           | 10,397           | 9,387           | 23,575              | 23,146          | (10,478 )       |
| <b>Expenses</b>   |                     |                 |                  |                 |                     |                 |                 |
| Casino  | (147,081)           | (147,144)       | (135,898)        | (137,660)       | (567,783)           | (504,561)       | (519,569)       |
| Rooms   | 37,260              | 35,370          | 34,381           | 33,833          | 140,844             | 121,551         | 113,560         |
| Food and beverage   | 100,043             | 104,786         | 101,516          | 103,317         | 409,662             | 367,166         | 353,364         |
| Entertainment, retail, and other  | 10,220              | 11,779          | 11,676           | 10,718          | 44,393              | 41,401          | 39,306          |
| General and administrative  | (68 )               | (111 )          | (114 )           | (47 )           | (340 )              | (83 )           | 9               |
| Corporate expense   | (2 )                | —               | 40               | (41 )           | (3 )                | (69 )           | (71 )           |
|   | 372                 | 4,680           | 11,601           | 10,120          | 26,773              | 25,405          | (13,401 )       |
| Income from unconsolidated affiliates   | 25                  | 89              | 56               | 63              | 233                 | 671             | 471             |
| Operating income (loss)   | 10                  | (1,157 )        | (1,148 )         | (670 )          | (2,965 )            | (1,588 )        | 3,394           |
| Income (loss) before income taxes   | 10                  | (1,157 )        | (1,148 )         | (670 )          | (2,965 )            | (1,588 )        | 3,394           |
| Benefit (provision) for income taxes  | (6,310 )            | 405             | 401              | 235             | (5,269 )            | 556             | (1,189 )        |
| Net income (loss)   | (6,300 )            | (752 )          | (747 )           | (435 )          | (8,234 )            | (1,032 )        | 2,205           |
| Net income (loss) attributable to MGM Resorts International                           | \$(6,300 )          | \$(752 )        | \$(747 )         | \$(435 )        | \$(8,234 )          | \$(1,032 )      | \$2,205         |
| Net income (loss) per share of common stock attributable to MGM Resorts International |                     |                 |                  |                 |                     |                 |                 |
| Basic   | \$(0.01 )           | \$—             | \$(0.01 )        | \$—             | \$(0.01 )           | \$—             | \$—             |
| Diluted   | \$(0.01 )           | \$—             | \$—              | \$—             | \$(0.01 )           | \$—             | \$—             |

In February 2016, the FASB issued ASC 842 “Leases (Topic 842)”, which replaces the existing guidance in Topic 840, “Leases”, (“ASC 842”). ASC 842 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. ASC 842 requires a dual approach for lessee accounting under which a lessee would classify and account for its lease agreements as either finance or operating. Both finance and operating leases will result in the lessee recognizing a right-of-use (“ROU”) asset and a corresponding lease liability. For finance leases, the lessee will

recognize interest expense associated with the lease liability and depreciation expense associated with the ROU asset; and for operating leases, the lessee will recognize straight-line rent expense. The Company will adopt ASC 842 on January 1, 2019 utilizing the simplified transition method. The Company has established a global cross-functional implementation team to evaluate the impact of the new standard and is in the process of executing the implementation plan, which includes performing an assessment of its existing leasing arrangements. The Company currently expects that the most significant impact will be the recognition of ROU assets and lease liabilities for operating leases that exist at the Company on the date of adoption. The Company further expects the accounting for lease agreements where the Company is a lessor to be accounted for in the same manner as those agreements are accounted for under ASC 840.

In January 2018, the Company adopted ASU No. 2016-15, “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force),” (“ASU 2016-15”). ASU 2016-15 amends the guidance of ASC 230 on the classification of certain cash receipts and payments in the statement of cash flows. The primary purpose of ASU 2016-15 is to reduce the diversity in practice that has resulted from the lack of consistent principles, specifically clarifying the guidance on eight cash flow issues. The adoption of ASU 2016-15 did not have a material effect on the Company’s consolidated financial statements.

In March 2018, the FASB issued ASU No. 2018-05, “Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118,” (“ASU 2018-05”). ASU 2018-05 provides guidance on accounting for the tax effects of the U.S. Tax Cuts and Jobs Act (the “Tax Act”) pursuant to the Staff Accounting Bulletin No. 118, which allows companies to complete

the accounting under Topic 740 within a one-year measurement period from the Tax Act enactment date, which occurred in the financial statements for the year ended December 31, 2017. The Company continues to evaluate the tax effects of the Tax Act (see Note 6) and expects to finalize its provisional amounts in the fourth quarter of 2018.

### NOTE 3 — ACQUISITIONS

Northfield Acquisition. As discussed in Note 1, on July 6, 2018, MGP completed its acquisition of 100% of the membership interests of Northfield for a purchase price of approximately \$1.1 billion (“Northfield Acquisition”). MGP funded the acquisition through a \$200 million draw on the Operating Partnership’s term loan A and a \$655 million draw under the Operating Partnership’s revolving credit facility, with the remainder of the purchase price paid with cash on hand. The acquisition will expand MGP’s real estate assets and diversify MGP’s geographic reach.

MGP recognized 100% of the assets and liabilities of Northfield at fair value at the date of the acquisition. Under the acquisition method, the fair value was allocated to the assets acquired and liabilities assumed in the transaction. The Company estimated fair value using both level 2 inputs, which are observable inputs for similar assets, and level 3 inputs, which are unobservable inputs. The allocation of fair value for substantially all of the assets and liabilities is preliminary and may be adjusted up to one year after the acquisition.

The following table sets forth the preliminary purchase price allocation (in thousands):

|  |             |
|--|-------------|
| Fair value of assets acquired and liabilities assumed: |             |
| Property and equipment used in operations              | \$792,807   |
| Cash and cash equivalents                              | 35,831      |
| Gaming license   | 228,000     |
| Customer list  | 25,000      |
| Goodwill   | 17,915      |
| Other assets   | 9,598       |
| Other liabilities                                      | (38,786 )   |
|  | \$1,070,365 |

As discussed above, MGP recognized the identifiable intangible assets at fair value. The estimated fair values of the intangible assets were preliminarily determined using methodologies under the income approach based on significant inputs that were not observable. The goodwill is primarily attributable to the synergies expected to arise after the acquisition.

MGP recognized an indefinite-lived intangible asset for the gaming license acquired in the Northfield Acquisition and recognized an intangible asset related to Northfield's customer list, which is amortized on a straight-line basis over its estimated useful life of seven years.

Consolidated results. For the period from July 6, 2018 through September 30, 2018, Northfield's net revenue was \$66 million, operating income was \$17 million and net income was \$15 million.

Pro forma results of operations for the acquisition have not been presented because it is not material to the consolidated results of operations.

Purchase of Northfield operations from MGP. On September 18, 2018, the Company entered into an agreement with MGP to acquire all of the operating assets of Northfield ("Northfield OpCo") from MGP for approximately \$275 million, subject to customary purchase price adjustments. The real estate assets of Northfield will be leased to the Company pursuant to an amendment to the existing master lease between the tenant and the landlord, increasing the annual rent payment to MGP by \$60 million, prorated for the remainder of the lease year. Consistent with the master lease terms, 90 percent of this rent will be fixed and contractually grow at 2 percent per year until 2022. The transaction is expected to close in the first half of 2019, subject to regulatory approvals and other customary closing conditions. The transaction will be an intercompany transaction and, accordingly, the effect will be eliminated in the Company's consolidated financial statements.

Empire City Acquisition. On May 28, 2018, the Company entered into an agreement to acquire the real property and operations associated with the Empire City Casino's race track and casino ("Empire City") for total consideration of \$850 million, subject to customary working capital and other adjustments, including the assumption of debt, the issuance of approximately \$260 million of the Company's common stock, and the remaining balance in cash ("Empire City Acquisition"). If Empire City is awarded a license for live table games on or prior to December 31, 2022 and the Company accepts such license by December 31, 2024, the Company will pay additional consideration of \$50 million.

The Company and MGP have also entered into a definitive agreement whereby MGP will acquire the developed real property associated with Empire City from the Company for total consideration of approximately \$625 million, which will include the assumption of debt by MGP, with the balance through the issuance of operating partnership units to the Company. The real estate assets of Empire City will be leased to the Company pursuant to an amendment to the existing master lease between the Company and MGP, increasing the annual rent payment to MGP by \$50 million, prorated for the remainder of the lease year. Consistent with the master lease terms, 90 percent of this rent will be fixed and contractually grow at 2 percent per year until 2022. In addition, pursuant to the master lease, the Company will provide MGP a right of first offer with respect to certain undeveloped land adjacent to the property to the extent that the Company develops additional gaming facilities and chooses to sell or transfer the property in the future. The transactions are expected to close in the first quarter of 2019, subject to regulatory approvals and other customary closing conditions.

#### NOTE 4 — INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED AFFILIATES

Investments in and advances to unconsolidated affiliates consisted of the following:

|   | September<br>30,<br>2018 | December 31,<br>2017 |
|---|--------------------------|----------------------|
|   | (In thousands)           |                      |
| CityCenter Holdings, LLC – CityCenter (50%)   | \$573,885                | \$ 808,220           |
| Elgin Riverboat Resort–Riverboat Casino – Grand Victoria (50% at December 31, 2017) | —                        | 124,342              |
| Las Vegas Arena Company, LLC (42.5%)  | 72,450                   | 76,619               |
| Other   | 19,875                   | 24,116               |
|   | \$666,210                | \$ 1,033,297         |

The Company recorded its share of net income from unconsolidated affiliates, including adjustments for basis differences, as follows:

|  | Three Months<br>Ended<br>September 30,<br>2018 |          | Nine Months Ended<br>September 30,<br>2018 |           |
|--|--|----------|--|-----------|
|  | 2017   |          | 2017                                       |           |
|  | (In thousands)                                 |          |  |           |
| Income from unconsolidated affiliates              | \$35,495                                       | \$37,790 | \$115,201                                  | \$118,195 |
| Preopening and start-up expenses                   | —  | —        | (3,321 )                                   | —         |
| Non-operating items from unconsolidated affiliates | (11,583 )                                      | (8,825 ) | (31,661 )                                  | (26,302 ) |
|  | \$23,912                                       | \$28,965 | \$80,219                                   | \$91,893  |



Mandarin Oriental. On August 30, 2018, CityCenter closed the sale of the Mandarin Oriental Las Vegas (“Mandarin Oriental”) and adjacent retail parcels for approximately \$214 million. During the three and nine months ended September 30, 2018, CityCenter recognized a loss on sale of the Mandarin Oriental of \$6 million and \$133 million, respectively. During the three and nine months ended September 30, 2018, the Company recognized a \$12 million gain on sale related to the reversal of basis differences in excess of its share of the loss recorded by CityCenter, which is recorded within “Income from unconsolidated affiliates”.

CityCenter distributions. In September 2018, CityCenter paid a \$225 million dividend, of which the Company received its 50% share, or approximately \$113 million and in May 2018, CityCenter paid a \$400 million dividend, of which the Company received its 50% share, or \$200 million. In April 2017, CityCenter paid a \$600 million dividend, of which the Company received its 50% share, or \$300 million.

CityCenter credit facility. In May 2018, CityCenter repriced its term loan B facility to LIBOR plus 2.25% representing a 25 basis point decrease from the prior rate. All other material provisions of the existing credit facility remain unchanged. Concurrently, CityCenter completed the execution of a \$200 million incremental term loan which has the same terms as its existing term loan B facility.

Grand Victoria sale. On August 7, 2018, the Company, along with its joint venture partner, completed the sale of Grand Victoria, of which a subsidiary of the Company owned a 50% interest for \$328 million in cash. The Company recorded a gain of \$45 million related to the sale, which is recorded within “Property transactions, net”.

## NOTE 5 — LONG-TERM DEBT

Long-term debt consisted of the following:

|   | September<br>30,<br>2018 | December 31,<br>2017 |
|---|--------------------------|----------------------|
|   | (In thousands)           |                      |
| Senior credit facility  | \$ 228,125               | \$ 372,500           |
| Operating Partnership senior credit facility                        | 2,838,750                | 2,091,375            |
| MGM China credit facility   | 2,472,999                | 2,301,584            |
| \$850 million 8.625% senior notes, due 2019                         | 850,000                  | 850,000              |
| \$500 million 5.25% senior notes, due 2020                          | 500,000                  | 500,000              |
| \$1,000 million 6.75% senior notes, due 2020                        | 1,000,000                | 1,000,000            |
| \$1,250 million 6.625% senior notes, due 2021                       | 1,250,000                | 1,250,000            |
| \$1,000 million 7.75% senior notes, due 2022                        | 1,000,000                | 1,000,000            |
| \$1,250 million 6% senior notes, due 2023                           | 1,250,000                | 1,250,000            |
| \$1,050 million 5.625% Operating Partnership senior notes, due 2024 | 1,050,000                | 1,050,000            |
| \$1,000 million 5.75% senior notes, due 2025                        | 1,000,000                | —                    |
| \$500 million 4.50% Operating Partnership senior notes, due 2026    | 500,000                  | 500,000              |
| \$500 million 4.625% senior notes, due 2026                         | 500,000                  | 500,000              |
| \$350 million 4.50% Operating Partnership senior notes, due 2028    | 350,000                  | 350,000              |
| \$0.6 million 7% debentures, due 2036                               | 552                      | 552                  |
| \$2.3 million 6.7% debentures, due 2096                             | —                        | 2,265                |
|   | 14,790,426               | 13,018,276           |
| Less: Premiums, discounts, and unamortized debt issuance costs, net | (126,454 )               | (109,182 )           |
|   | 14,663,972               | 12,909,094           |
| Less: Current portion of long-term debt, net                        | —                        | (158,042 )           |
|   | \$ 14,663,972            | \$ 12,751,052        |

Debt due within one year of the September 30, 2018 and December 31, 2017 balance sheets was classified as long-term as the Company had both the intent and ability to refinance current maturities on a long-term basis under its revolving senior credit facilities, with the exception that \$158 million related to MGM China's term loan amortization payments in excess of available borrowings under the MGM China revolving credit facility were classified as current at December 31, 2017.

Senior credit facility. At September 30, 2018, the Company's senior credit facility consisted of a \$228 million term loan A facility and a \$1.25 billion revolving facility. The Company permanently repaid \$3 million and \$9 million of the term loan A facility in the three and nine months ended September 30, 2018, respectively, in accordance with the scheduled amortization. At September 30, 2018, the interest rate on the term loan A was 4.74%. At September 30, 2018, no amounts were drawn on the revolving credit facility. The Company was in compliance with its credit facility covenants at September 30, 2018.

Operating Partnership senior credit facility. At September 30, 2018, the Operating Partnership senior credit facility consisted of a \$470 million term loan A facility, a \$1.80 billion term loan B facility, and a \$1.35 billion revolving credit facility. In March 2018, the Operating Partnership repriced its term loan B interest rate to LIBOR plus 2.00% and extended the maturity of the term loan B facility to March 2025, effective in August 2018. In June 2018, the Operating Partnership amended its credit agreement to provide for a \$750 million increase of the revolving facility to \$1.35 billion, provide for a \$200 million increase on the term loan A facility, and extend the maturity of the revolving facility and the term loan A facility to June 2023. Additionally, the revolving and term loan A facilities were repriced to LIBOR plus 1.75% to 2.25% determined by reference to a total net leverage ratio pricing grid. In addition, the term loan A facility's repayment will start on the last business day of each calendar quarter beginning September 30, 2019, for an amount equal to 0.625% of the aggregate principal amount of the term loan A outstanding as of the amendment effective date. The Operating Partnership permanently repaid \$0 and \$4 million of the term loan A facility in the three and nine months ended September 30, 2018, respectively, in accordance with the scheduled amortization, and the Operating Partnership permanently repaid \$5 million and \$14 million of the term loan B facility in the three and nine months ended September 30, 2018, respectively, in accordance with the scheduled amortization. At September 30, 2018, \$565 million was drawn on the revolving credit facility. At September 30, 2018, the interest rate on the term loan A facility was 4.49%, the interest rate on the term loan B facility was 4.24%, and the interest rate on the revolving credit facility was 4.37%. The Operating Partnership was in compliance with its credit facility covenants at September 30, 2018.

The Operating Partnership is party to interest rate swaps to mitigate the interest rate risk inherent in its senior secured term loan B facility. As of September 30, 2018, the Operating Partnership pays a weighted average fixed rate of 1.844% on total notional amount of \$1.2 billion and the variable rate received resets monthly to the one-month LIBOR with no minimum floor. The fair values of the interest rate swaps were \$38 million and \$11 million as of September 30, 2018 and December 31, 2017, respectively. The interest rate swaps were valued in a net unrealized gain position and were recorded in “Other long-term assets, net” in the accompanying consolidated balance sheets.

MGM China credit facility. At September 30, 2018, the MGM China credit facility consisted of \$1.9 billion of term loans and a \$1.0 billion revolving credit facility, which bear interest at a fluctuating rate per annum based on HIBOR plus 1.375% to 2.50%, as determined by MGM China’s leverage ratio. On June 15, 2018, MGM China amended and restated its credit facility for a reduction in the total revolving credit commitments of \$450 million to \$1.0 billion and an increase in the total term loan commitments of \$450 million to \$2.0 billion (the aggregate amount of commitments remains unchanged). The final maturity date was also extended to June 2022, but no revolving credit loans or term loans shall remain outstanding after, and no revolving credit or term loan commitments shall be available after, March 31, 2022. Quarterly principal amortization payments of the term loan facilities were amended to be 5% of the original principal amount beginning in September 2018 through December 2021, with the remaining balance due in March 2022. The maximum total leverage ratio was amended to 5.50 to 1.00 at September 30, 2018, declining to 5.00 to 1.00 at December 31, 2018, and 4.50 to 1.00 at March 31, 2019 and thereafter. MGM China permanently repaid \$100 million and \$408 million of the term loan facilities in the three and nine months ended September 30, 2018, respectively, in accordance with the scheduled amortization. At September 30, 2018, \$580 million was drawn on the revolving credit facility. At September 30, 2018, the interest rates on the term loans was 4.48% and the revolving credit facility were 4.29%. MGM China was in compliance with its credit facility covenants at September 30, 2018.

Senior Notes. In June 2018, the Company issued \$1.0 billion in aggregate principal amount of 5.750% senior notes due 2025 for net proceeds of \$986 million.

Fair value of long-term debt. The estimated fair value of the Company’s long-term debt was \$15.0 billion and \$13.6 billion at September 30, 2018 and December 31, 2017, respectively. Fair value was estimated using quoted market prices for the Company’s senior notes and senior credit facilities.

#### NOTE 6 — INCOME TAXES

For interim income tax reporting the Company estimates its annual effective tax rate and applies it to its year-to-date ordinary income. The tax effects of unusual or infrequently occurring items, including changes in judgment about valuation allowances and effects of changes in tax laws or rates, are reported in the interim period in which they occur. The Company’s effective income tax rate was a provision of 10.0% and a benefit of 8.0% for the three and nine months ended September 30, 2018, respectively.

The Company recognizes deferred income tax assets, net of applicable reserves, related to net operating losses, tax credit carryforwards and certain temporary differences. The Company recognizes future tax benefits to the extent that realization of such benefit is more likely than not. Otherwise, a valuation allowance is applied.

The nine months ended September 30, 2018 included a \$72 million non-cash income tax benefit measurement period adjustment under SAB118 that was recorded during the first quarter for the tax effect of the Tax Act based upon additional information gathered and evaluated during the period. The adjustment primarily resulted from global intangible low-taxed income (“GILTI”) foreign tax credits (“FTCs”) treated as general basket income rather than GILTI basket income. Unless the Tax Act is amended or regulatory guidance is issued treating this income as GILTI basket income, the Company believes that it will utilize a greater amount of its existing FTCs during their 10-year carryforward period and has provided additional tax benefit accordingly. This additional tax benefit could be reversed in a future period should such guidance be issued, resulting in an increase in provision for income taxes in such period.

While no measurement period adjustments were recorded during the three months ended September 30, 2018, the Company continues to evaluate the impact of the Tax Act and may adjust provisional amounts in future periods as it gathers additional information and evaluates any future regulatory or other guidance on items that may impact the FTC benefit, including, but not limited to, the treatment of income resulting from GILTI FTCs described above and allocations of interest and other expenses among active, exempt and GILTI foreign source income.

MGM Grand Paradise has had an agreement with the Macau government to settle the 12% complementary tax that would otherwise be due by its shareholder, MGM China, on distributions of its gaming profits by paying a flat annual payment (“annual fee arrangement”) regardless of the amount of distributable dividends. Such annual fee arrangement was effective for distributions of profits earned through December 31, 2016. On March 15, 2018, MGM Grand Paradise executed an extension of the annual fee arrangement, which covers the distributions of gaming profits earned for the period of January 1, 2017 through March 31, 2020. It requires annual payments of approximately \$1 million for 2017 through 2019 and a payment of approximately \$300,000 for the first quarter 2020. The Company reversed the \$41 million of deferred taxes previously recorded on 2017 earnings, resulting in a reduction in provision for income taxes during the nine months ended September 30, 2018, partially offset by the 2017 annual payment amount.

## NOTE 7 — COMMITMENTS AND CONTINGENCIES

October 1 litigation. The Company and/or certain of its subsidiaries have been named as defendants in a number of lawsuits related to the October 1, 2017 shooting in Las Vegas. The matters involve in large degree the same legal and factual issues, in each case being filed on behalf of individuals who are seeking damages for emotional distress, physical injury, medical expenses, economic damages and/or wrongful death based on assertions that the Company and/or certain of its subsidiaries were negligent. The Company has also received letters from attorneys purporting to represent persons with claims related to the October 1, 2017 shooting. Lawsuits were first filed in October 2017 and include actions filed by multiple individuals in the District Court of Clark County, Nevada and in the Superior Court of Los Angeles County, California. Some of the original actions have been voluntarily dismissed, and plaintiffs' counsel indicate they anticipate re-filing the lawsuits in similar form. In June 2018, the Company has removed to federal court all actions that remained pending in California and Nevada state courts following the voluntary dismissals. Motions to remand have been filed in several cases, and the Company anticipates that there may be additional motions to remand filed in the future. The Company has also initiated declaratory relief actions in federal courts in various districts against individuals who had sued or stated an intent to sue. Additional lawsuits related to this incident may be filed in the future. The Company is meeting and conferring with lead plaintiffs' counsel concerning possible mediation and resolution of these matters, and while those discussions are occurring, the parties have filed stipulations asking the courts to stay the litigation.

The Company is currently unable to reliably predict the developments in, outcome of, and economic costs and other consequences of pending or future litigation related to this matter. The Company will continue to investigate the factual and legal defenses, and evaluate these matters based on subsequent events, new information and future circumstances. The Company intends to defend against these lawsuits and ultimately believes it should prevail, but litigation of this type is inherently unpredictable. Although there are significant procedural, factual and legal issues to be resolved that could significantly affect the Company's belief as to the possibility of liability, the Company currently believes that it is reasonably possible that it could incur liability in connection with certain of these lawsuits. The foregoing determination was made in accordance with generally accepted accounting principles, as codified in ASC 450-20, and is not an admission of any liability on the part of the Company or any of its affiliates. Given that these cases are in the early stages and in light of the uncertainties surrounding them, the Company does not currently possess sufficient information to determine a range of reasonably possible liability. In the event the Company incurs any liability, the Company believes it is unlikely it would incur losses in connection with these claims in excess of its insurance coverage. The insurance carriers have not expressed a reservation of rights or coverage defense that affects the Company's evaluation of potential losses in connection with these claims. In addition, the Company's general liability insurance coverage provides, as part of the contractual "duty to defend", payment of legal fees and associated costs incurred to defend covered lawsuits that are filed arising from the October 1, 2017 shooting in Las Vegas. Payment of such fees and costs is in addition to (and not limited by) the limits of the insurance policies and does not erode the total liability coverage available.

Other litigation. The Company is a party to various legal proceedings, most of which relate to routine matters incidental to its business. Management does not believe that the outcome of such proceedings will have a material adverse effect on the Company's financial position, results of operations or cash flows.

T-Mobile Arena senior credit facility. The Company is party to a repayment guarantee for the term loan B facility under the Las Vegas Arena Company's senior credit facility. As of September 30, 2018, the term loan B was \$50 million. As of September 30, 2018, the Company does not believe it is probable that it will need to perform on the guarantee.

Other guarantees. The Company and its subsidiaries are party to various guarantee contracts in the normal course of business, which are generally supported by letters of credit issued by financial institutions. The Company's senior credit facility limits the amount of letters of credit that can be issued to \$250 million, the Operating Partnership's senior credit facility limits the amount to \$75 million, and MGM China's credit facility limits the amount to \$100 million. At September 30, 2018, \$13 million in letters of credit were outstanding under the Company's senior credit facility. No amounts were outstanding under the Operating Partnership's senior credit facility or MGM China's credit facility at September 30, 2018. The amount of available borrowings under each of the credit facilities are reduced by any outstanding letters of credit.

## NOTE 8 — INCOME PER SHARE OF COMMON STOCK

The table below reconciles basic and diluted income per share of common stock. Diluted net income attributable to common stockholders includes adjustments for redeemable noncontrolling interests and the potentially dilutive effect on the Company's equity interests in MGP and MGM China due to shares outstanding under their respective stock compensation plans. Diluted weighted-average common and common equivalent shares include adjustments for potential dilution of share-based awards outstanding under the Company's stock compensation plan.

|   | Three Months Ended<br>September 30,<br>2018 |            | 2017       |            | Nine Months Ended<br>September 30,<br>2018 |  | 2017 |  |
|---|---|------------|------------|------------|--|--|------|--|
|   | (In thousands)                              |            |            |            |  |  |      |  |
| Numerator:  |   |            |            |            |  |  |      |  |
| Net income attributable to MGM Resorts International  | \$ 142,878                                  | \$ 148,363 | \$ 490,099 | \$ 564,639 |  |  |      |  |
| Adjustment related to redeemable noncontrolling interests                                   | (4,155 )                                    | (28 )      | (14,739 )  | (83 )      |  |  |      |  |
| Net income available to common stockholders - basic   | 138,723                                     | 148,335    | 475,360    | 564,556    |  |  |      |  |
| Potentially dilutive effect due to MGP and MGM China stock compensation plans               | (43 )                                       | (42 )      | (179 )     | (175 )     |  |  |      |  |
| Net income attributable to common stockholders - diluted                                    | \$ 138,680                                  | \$ 148,293 | \$ 475,181 | \$ 564,381 |  |  |      |  |
| Denominator:  |   |            |            |            |  |  |      |  |
| Weighted-average common shares outstanding - basic  | 535,130                                     | 573,527    | 549,418    | 574,262    |  |  |      |  |
| Potential dilution from share-based awards  | 5,266                                       | 7,149      | 6,103      | 6,679      |  |  |      |  |
| Weighted-average common and common equivalent shares - diluted                              | 540,396                                     | 580,676    | 555,521    | 580,941    |  |  |      |  |
| Antidilutive share-based awards excluded from the calculation of diluted earnings per share | 2,432                                       | 1,989      | 1,681      | 2,424      |  |  |      |  |



\$63 million quarterly dividend in each of March, June and September 2017, or \$0.11 per share.

Additionally, on October 30, 2018 the Company's Board of Directors approved a quarterly dividend of \$0.12 per share that will be payable on December 14, 2018 to holders of record on December 10, 2018.

MGM Resorts International stock repurchase program. In May 2018, the Company's Board of Directors authorized a \$2.0 billion stock repurchase program and completed the previously announced \$1.0 billion stock repurchase program. Under each stock repurchase program, the Company may repurchase shares from time to time in the open market or in privately negotiated agreements. Repurchases of common stock may also be made under a Rule 10b5-1 plan, which would permit common stock to be repurchased when the Company might otherwise be precluded from doing so under insider trading laws. The timing, volume and nature of stock repurchases will be at the sole discretion of management, dependent on market conditions, applicable securities laws, and other factors, and may be suspended or discontinued at any time.

During the three months ended September 30, 2018, the Company repurchased approximately 6 million shares at an average price of \$28.87 per share for an aggregate amount of \$176 million. During the nine months ended September 30, 2018, the Company repurchased approximately 35 million shares at an average price of \$32.29 for an aggregate amount of \$1.1 billion. Repurchased shares were retired. The remaining availability under the \$2.0 billion stock repurchase program was approximately \$1.5 billion as of September 30, 2018.

Subsequent to the quarter ended September 30, 2018, the Company repurchased approximately 6 million shares of its common stock at an average price of \$25.13 per share for an aggregate amount of \$150 million. Repurchased shares will be retired.

During the three and nine months ended September 30, 2017, the Company repurchased 10 million at \$32.75 per share for an aggregate amount of \$328 million. Repurchased shares were retired.

Accumulated other comprehensive income. Changes in accumulated other comprehensive income attributable to MGM Resorts International are as follows:

|  | Currency<br>Translation<br>Adjustments<br>(In thousands) | Cash<br>Flow<br>Hedges | Other   | Total     |
|--|--|------------------------|---------|-----------|
| Balance, January 1, 2018   | \$(11,450)   | \$6,668                | \$1,172 | \$(3,610) |
| Other comprehensive income (loss) before reclassifications                           | (10,542)   | 23,088                 | —       | 12,546    |
| Amounts reclassified from accumulated other comprehensive income to interest expense | —  | 131                    | —       | 131       |
| Other comprehensive income (loss), net of tax  | (10,542)   | 23,219                 | —       | 12,677    |
| Less: Other comprehensive (income) loss attributable to noncontrolling interest      | 4,463  | (7,296)                | —       | (2,833)   |
| Balance, September 30, 2018  | \$(17,529)   | \$22,591               | \$1,172 | \$6,234   |

#### NOTE 10 — SEGMENT INFORMATION

The Company's management views each of its casino resorts as an operating segment. Operating segments are aggregated based on their similar economic characteristics, types of customers, types of services and products provided, the regulatory environments in which they operate and their management and reporting structure. The Company's principal operating activities occur in two geographic regions: the United States and Macau S.A.R. The Company has aggregated its operations into two reportable segments based on the similar characteristics of the operating segments: domestic resorts and MGM China. The Company's operations related to investments in unconsolidated affiliates, MGP's Northfield casino, and certain other corporate operations and management services have not been identified as separate reportable segments; therefore, these operations are included in "Corporate and other" in the following segment disclosures to reconcile to consolidated results.

The Company's management utilizes Adjusted Property EBITDA as the primary profit measure for its reportable segments. Adjusted Property EBITDA is a measure defined as Adjusted EBITDA before corporate expense and stock compensation expense, which are not allocated to each property. Adjusted EBITDA is a measure defined as earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preopening and start-up expenses, NV Energy exit expense and property transactions, net.



The following tables present the Company's segment information:

|   | Three Months Ended<br>September 30,<br>20182017 |             | Nine Months Ended<br>September 30,<br>20182017 |             |
|---|---|-------------|--|-------------|
|   | (In thousands)                                  |             |  |             |
| Net revenue   |   |             |  |             |
| Domestic resorts  |   |             |  |             |
| Casino  | \$871,974                                       | \$867,526   | \$2,546,069                                    | \$2,463,904 |
| Rooms   | 533,629   | 559,509     | 1,586,144                                      | 1,633,481   |
| Food and beverage   | 482,776   | 491,627     | 1,384,113                                      | 1,423,206   |
| Entertainment, retail and other                           | 343,088   | 348,319     | 976,816  | 973,743     |
|   | 2,231,467                                       | 2,266,981   | 6,493,142                                      | 6,494,334   |
| MGM China   |   |             |  |             |
| Casino  | 536,650   | 414,235     | 1,584,140                                      | 1,260,382   |
| Rooms   | 32,690  | 13,484      | 83,526   | 40,080      |
| Food and beverage   | 31,606  | 11,997      | 80,447   | 34,851      |
| Entertainment, retail and other                           | 5,068   | 2,349       | 15,112   | 6,079       |
|   | 606,014   | 442,065     | 1,763,225                                      | 1,341,392   |
| Reportable segment net revenues                           | 2,837,481                                       | 2,709,046   | 8,256,367                                      | 7,835,726   |
| Corporate and other                                       | 191,821   | 121,129     | 453,867  | 364,148     |
|   | \$3,029,302                                     | \$2,830,175 | \$8,710,234                                    | \$8,199,874 |
| Adjusted Property EBITDA                                  |   |             |  |             |
| Domestic resorts  | \$626,948                                       | \$712,375   | \$1,869,035                                    | \$2,016,471 |
| MGM China   | 130,046   | 121,116     | 401,672  | 385,219     |
| Reportable segment Adjusted Property EBITDA               | 756,994   | 833,491     | 2,270,707                                      | 2,401,690   |
| Other operating income (expense)                          |   |             |  |             |
| Corporate and other                                       | (41,129 )                                       | (54,127 )   | (158,118 )                                     | (120,925 )  |
| NV Energy exit expense                                    | —   | —           | —  | 40,629      |
| Preopening and start-up expenses                          | (46,890 )                                       | (29,349 )   | (132,884 )                                     | (65,508 )   |
| Property transactions, net                                | 42,400  | (7,711 )    | 19,532   | (22,650 )   |
| Depreciation and amortization                             | (300,472 )                                      | (249,600 )  | (865,502 )                                     | (744,123 )  |
| Operating income  | 410,903   | 492,704     | 1,133,735                                      | 1,489,113   |
| Non-operating income (expense)                            |   |             |  |             |
| Interest expense, net of amounts capitalized              | (205,573 )                                      | (163,287 )  | (554,975 )                                     | (511,404 )  |
| Non-operating items from unconsolidated affiliates        | (11,583 )                                       | (8,825 )    | (31,661 )                                      | (26,302 )   |
| Other, net  | (3,291 )  | (30,138 )   | (11,588 )                                      | (31,706 )   |
|   | (220,447 )                                      | (202,250 )  | (598,224 )                                     | (569,412 )  |
| Income before income taxes                                | 190,456   | 290,454     | 535,511  | 919,701     |
| Benefit (provision) for income taxes                      | (19,046 )                                       | (114,710 )  | 42,623   | (250,510 )  |
| Net income  | 171,410   | 175,744     | 578,134  | 669,191     |
| Less: Net income attributable to noncontrolling interests | (28,532 )                                       | (27,381 )   | (88,035 )                                      | (104,552 )  |
| Net income attributable to MGM Resorts International      | \$142,878                                       | \$148,363   | \$490,099                                      | \$564.639   |

#### NOTE 11 — RELATED PARTY TRANSACTIONS

MGM China

Ms. Ho, Pansy Catilina Chiu King (“Ms. Ho”) is a member of the Board of Directors of, and holds a minority ownership interest in, MGM China. MGM Branding and Development Holdings, Ltd. (together with its subsidiary MGM Development Services, Ltd., “MGM Branding and Development”), an entity included in the Company’s consolidated financial statements in which Ms. Ho indirectly holds a noncontrolling interest, is party to a brand license agreement and a development services agreement with MGM China, for which the related amounts are eliminated in consolidation. Entities owned by Ms. Ho received distributions in connection with her ownership of a noncontrolling interest in MGM Branding and Development Holdings, Ltd. of \$4 million and \$17 million during the three and nine months ended September 30, 2018, respectively, and \$2 million and \$13 million during the three and nine months ended September 30, 2017, respectively.

## MGP

As described in Note 1, pursuant to the master lease, the tenant leases the real estate assets of The Mirage, Mandalay Bay, Luxor, New York-New York, Park MGM, Excalibur, The Park, Gold Strike Tunica, MGM Grand Detroit, Beau Rivage, Borgata, and MGM National Harbor from the landlord. In connection with the commencement of the third lease year on April 1, 2018, annual rent payments under the master lease increased to \$770 million from \$757 million. The master lease contains customary events of default and financial covenants. The Company was in compliance with all applicable covenants as of September 30, 2018.

All intercompany transactions, including transactions under the master lease, have been eliminated in the Company's consolidation of MGP. The public ownership of MGP's Class A shares is recognized as non-controlling interests in the Company's consolidated financial statements.

## NOTE 12 — CONDENSED CONSOLIDATING FINANCIAL INFORMATION

As of September 30, 2018, all of the Company's principal debt arrangements are guaranteed by each of its material domestic subsidiaries, other than MGP and the Operating Partnership, MGM Grand Detroit, MGM National Harbor, MGM Springfield, and each of their respective subsidiaries. The Company's international subsidiaries, including MGM China and its subsidiaries, are not guarantors of such indebtedness. Separate condensed financial statement information for the subsidiary guarantors and non-guarantors as of September 30, 2018 and December 31, 2017, and for the three and nine months ended September 30, 2018 and 2017 are presented below. Within the Condensed Consolidating Statements of Cash Flows, the Company has presented net changes in intercompany accounts as investing activities if the applicable entities have a net asset in intercompany accounts and as a financing activity if the applicable entities have a net intercompany liability balance.

Certain of the Company's subsidiaries collectively own Operating Partnership units and each subsidiary accounts for its respective investment under the equity method within the condensed consolidating financial information presented below. For these subsidiaries, such investment constitutes continuing involvement, and accordingly, the contribution and leaseback of the real estate assets do not qualify for sale-leaseback accounting. The real estate assets are reflected in the balance sheets of the applicable MGM subsidiaries. In addition, such subsidiaries recognized finance liabilities within "Other long-term obligations" related to rent payments due under the master lease and recognized the related interest expense component of such payments. These real estate assets are also reflected on the balance sheet of the MGP subsidiary that received such assets. The condensed consolidating financial information presented below therefore includes the accounting for such activity within the respective columns presented and in the elimination column.

## CONDENSED CONSOLIDATING BALANCE SHEET INFORMATION

At September 30, 2018

|  | Parent         | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries<br>MGP | Other        | Elimination     | Consolidated |
|--|----------------|---------------------------|--------------------------------------|--------------|-----------------|--------------|
|  | (In thousands) |                           |                                      |              |                 |              |
| Current assets   | \$70,531       | \$1,012,704               | \$65,249                             | \$1,065,314  | \$(5,774 )      | \$2,208,024  |
| Property and equipment, net                              | —              | 13,518,819                | 10,592,450                           | 6,436,901    | (9,814,789 )    | 20,733,381   |
| Investments in subsidiaries                              | 22,171,696     | 3,408,952                 | —                                    | —            | (25,580,648 )   | —            |
| Investments in the MGP                                   |                |                           |                                      |              |                 |              |
| Operating Partnership                                    | —              | 3,486,529                 | —                                    | 843,219      | (4,329,748 )    | —            |
| Investments in and advances to unconsolidated affiliates | —              | 636,544                   | —                                    | 4,666        | 25,000          | 666,210      |
| Intercompany accounts                                    | —              | 6,991,345                 | —                                    | —            | (6,991,345 )    | —            |
| Other non-current assets                                 | 58,703         | 972,334                   | 366,521                              | 5,011,749    | (43,407 )       | 6,365,900    |
|  | \$22,300,930   | \$30,027,227              | \$11,024,220                         | \$13,361,849 | \$(46,740,711 ) | \$29,973,515 |
| Current liabilities                                      | \$139,794      | \$1,480,122               | \$188,396                            | \$1,398,040  | \$(228,762 )    | \$2,977,590  |
| Intercompany accounts                                    | 6,833,245      | —                         | 402                                  | 157,698      | (6,991,345 )    | —            |
| Deferred income taxes, net                               | 981,445        | —                         | 31,392                               | 259,591      | (31,392 )       | 1,241,036    |
| Long-term debt, net                                      | 7,532,769      | 570                       | 4,684,717                            | 2,445,916    | —               | 14,663,972   |
| Other long-term obligations                              | 40,319         | 7,225,214                 | 204,110                              | 2,251,797    | (9,470,041 )    | 251,399      |
| Total liabilities  | 15,527,572     | 8,705,906                 | 5,109,017                            | 6,513,042    | (16,721,540 )   | 19,133,997   |
| Redeemable noncontrolling interests                      | —              | —                         | —                                    | 93,339       | —               | 93,339       |
| MGM Resorts International stockholders' equity           | 6,773,358      | 21,321,321                | 4,330,767                            | 4,367,083    | (30,019,171 )   | 6,773,358    |
| Noncontrolling interests                                 | —              | —                         | 1,584,436                            | 2,388,385    | —               | 3,972,821    |
| Total stockholders' equity                               | 6,773,358      | 21,321,321                | 5,915,203                            | 6,755,468    | (30,019,171 )   | 10,746,179   |
|  | \$22,300,930   | \$30,027,227              | \$11,024,220                         | \$13,361,849 | \$(46,740,711 ) | \$29,973,515 |

At December 31, 2017

|  | Parent         | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries<br>MGP | Other       | Elimination   | Consolidated |
|--|----------------|---------------------------|--------------------------------------|-------------|---------------|--------------|
|  | (In thousands) |                           |                                      |             |               |              |
| Current assets   | \$78,909       | \$1,015,802               | \$266,627                            | \$1,022,340 | \$(7,323 )    | \$2,376,355  |
| Property and equipment, net                              | —              | 13,521,221                | 10,021,938                           | 6,125,722   | (10,033,422 ) | 19,635,459   |
| Investments in subsidiaries                              | 21,040,147     | 3,304,768                 | —                                    | —           | (24,344,915 ) | —            |
| Investments in the MGP                                   |                |                           |                                      |             |               |              |
| Operating Partnership                                    | —              | 3,549,063                 | —                                    | 862,037     | (4,411,100 )  | —            |
| Investments in and advances to unconsolidated affiliates | —              | 1,002,903                 | —                                    | 5,394       | 25,000        | 1,033,297    |
| Intercompany accounts                                    | —              | 5,998,499                 | —                                    | —           | (5,998,499 )  | —            |

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|  |              |              |              |              |                |              |
|--|--------------|--------------|--------------|--------------|----------------|--------------|
| Other non-current assets                       | 49,142       | 913,602      | 62,555       | 5,134,220    | (44,588 )      | 6,114,931    |
|  | \$21,168,198 | \$29,305,858 | \$10,351,120 | \$13,149,713 | \$(44,814,847) | \$29,160,042 |
| Current liabilities                            | \$153,159    | \$1,445,031  | \$144,537    | \$1,609,110  | \$(213,540 )   | \$3,138,297  |
| Intercompany accounts                          | 5,783,578    | —            | 962          | 213,959      | (5,998,499 )   | —            |
| Deferred income taxes, net                     | 934,966      | —            | 28,544       | 360,409      | (28,544 )      | 1,295,375    |
| Long-term debt, net                            | 6,682,574    | 2,835        | 3,934,628    | 2,131,015    | —              | 12,751,052   |
| Other long-term obligations                    | 36,860       | 7,268,664    | 174,710      | 2,305,353    | (9,501,171 )   | 284,416      |
| Total liabilities                              | 13,591,137   | 8,716,530    | 4,283,381    | 6,619,846    | (15,741,754)   | 17,469,140   |
| Redeemable noncontrolling interests            | —            | —            | —            | 79,778       | —              | 79,778       |
| MGM Resorts International stockholders' equity | 7,577,061    | 20,589,328   | 4,443,089    | 4,040,676    | (29,073,093)   | 7,577,061    |
| Noncontrolling interests                       | —            | —            | 1,624,650    | 2,409,413    | —              | 4,034,063    |
| Total stockholders' equity                     | 7,577,061    | 20,589,328   | 6,067,739    | 6,450,089    | (29,073,093)   | 11,611,124   |
|  | \$21,168,198 | \$29,305,858 | \$10,351,120 | \$13,149,713 | \$(44,814,847) | \$29,160,042 |



## CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) INFORMATION

|   | Three Months Ended September 30, 2018 |                           |                                      |           |               | Consolidated |
|---|---------------------------------------|---------------------------|--------------------------------------|-----------|---------------|--------------|
|   | Parent<br>(In thousands)              | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries<br>MGP | Other     | Elimination   |              |
| Revenues  | \$—                                   | \$1,966,842               | \$282,221                            | \$996,987 | \$ (216,748 ) | \$3,029,302  |
| Equity in subsidiaries' earnings                                    | 332,621                               | 27,390                    | —                                    | —         | (360,011 )    | —            |
| Expenses  |                                       |                           |                                      |           |               |              |
| Casino and hotel operations   | 2,602                                 | 1,122,145                 | 43,331                               | 629,205   | (9,857 )      | 1,787,426    |
| General and administrative  | 2,417                                 | 323,253                   | 23,481                               | 127,980   | (13,714 )     | 463,417      |
| Corporate expense   | 33,767                                | 51,545                    | 13,703                               | 4,933     | (5,859 )      | 98,089       |
| Preopening and start-up expenses                                    | —                                     | 3,212                     | —                                    | 43,678    | —             | 46,890       |
| Property transactions, net  | —                                     | (42,345 )                 | 339                                  | (55 )     | (339 )        | (42,400 )    |
| Depreciation and amortization                                       | —                                     | 156,116                   | 66,578                               | 138,951   | (61,173 )     | 300,472      |
|   | 38,786                                | 1,613,926                 | 147,432                              | 944,692   | (90,942 )     | 2,653,894    |
| Income (loss) from unconsolidated affiliates                        | —                                     | 35,925                    | —                                    | (430 )    | —             | 35,495       |
| Operating income  | 293,835                               | 416,231                   | 134,789                              | 51,865    | (485,817 )    | 410,903      |
| Interest expense, net of amounts capitalized                        | (125,234 )                            | (95 )                     | (58,743 )                            | (21,501 ) | —             | (205,573 )   |
| Other, net  | 16,179                                | (104,534 )                | (857 )                               | (44,919 ) | 119,257       | (14,874 )    |
| Income (loss) before income taxes                                   | 184,780                               | 311,602                   | 75,189                               | (14,555 ) | (366,560 )    | 190,456      |
| Benefit (provision) for income taxes                                | (41,902 )                             | —                         | (5,266 )                             | 26,033    | 2,089         | (19,046 )    |
| Net income  | 142,878                               | 311,602                   | 69,923                               | 11,478    | (364,471 )    | 171,410      |
| Less: Net income attributable to noncontrolling interests           | —                                     | —                         | (19,484 )                            | (9,048 )  | —             | (28,532 )    |
| Net income attributable to MGM Resorts International                | \$142,878                             | \$311,602                 | \$50,439                             | \$2,430   | \$ (364,471 ) | \$142,878    |
| Net income  | \$142,878                             | \$311,602                 | \$69,923                             | \$11,478  | \$ (364,471 ) | \$171,410    |
| Other comprehensive income, net of tax:                             |                                       |                           |                                      |           |               |              |
| Foreign currency translation adjustment                             | 6,706                                 | 6,706                     | —                                    | 12,210    | (13,412 )     | 12,210       |
| Unrealized gain on cash flow hedges                                 | 2,765                                 | —                         | 4,736                                | —         | (3,473 )      | 4,028        |
| Other comprehensive income  | 9,471                                 | 6,706                     | 4,736                                | 12,210    | (16,885 )     | 16,238       |
| Comprehensive income  | 152,349                               | 318,308                   | 74,659                               | 23,688    | (381,356 )    | 187,648      |
| Less: Comprehensive income attributable to noncontrolling interests | —                                     | —                         | (20,747 )                            | (14,552 ) | —             | (35,299 )    |
| Comprehensive income attributable to MGM Resorts International      | \$152,349                             | \$318,308                 | \$53,912                             | \$9,136   | \$ (381,356 ) | \$152,349    |

|   | Nine Months Ended September 30, 2018 |              |               |              |               |              |
|---|--------------------------------------|--------------|---------------|--------------|---------------|--------------|
|   |                                      | Guarantor    | Non-Guarantor |              |               |              |
|   | Parent                               | Subsidiaries | MGP           | Other        | Elimination   | Consolidated |
|   | (In thousands)                       |              |               |              |               |              |
| Revenues  | \$—                                  | \$ 5,794,029 | \$ 718,450    | \$ 2,851,316 | \$(653,561 )  | \$ 8,710,234 |
| Equity in subsidiaries' earnings                                    | 970,222                              | 94,444       | —             | —            | (1,064,666)   | —            |
| Expenses  |                                      |              |               |              |               |              |
| Casino and hotel operations   | 7,879                                | 3,267,036    | 43,331        | 1,784,245    | (10,441 )     | 5,092,050    |
| General and administrative  | 7,175                                | 949,762      | 73,199        | 353,056      | (63,432 )     | 1,319,760    |
| Corporate expense   | 112,775                              | 155,604      | 34,930        | 15,477       | (17,750 )     | 301,036      |
| Preopening and start-up expenses                                    | —                                    | 11,891       | —             | 120,993      | —             | 132,884      |
| Property transactions, net  | —                                    | (20,120 )    | 18,851        | 588          | (18,851 )     | (19,532 )    |
| Depreciation and amortization                                       | —                                    | 471,516      | 203,043       | 388,539      | (197,596 )    | 865,502      |
|   | 127,829                              | 4,835,689    | 373,354       | 2,662,898    | (308,070 )    | 7,691,700    |
| Income (loss) from unconsolidated affiliates                        | —                                    | 115,851      | —             | (650 )       | —             | 115,201      |
| Operating income  | 842,393                              | 1,168,635    | 345,096       | 187,768      | (1,410,157)   | 1,133,735    |
| Interest expense, net of amounts capitalized                        | (350,323)                            | (388 )       | (157,249)     | (47,015 )    | —             | (554,975 )   |
| Other, net  | 47,307                               | (330,852 )   | (3,936 )      | (140,894 )   | 385,126       | (43,249 )    |
| Income (loss) before income taxes                                   | 539,377                              | 837,395      | 183,911       | (141 )       | (1,025,031)   | 535,511      |
| Benefit (provision) for income taxes                                | (49,278 )                            | —            | (7,760 )      | 97,572       | 2,089         | 42,623       |
| Net income  | 490,099                              | 837,395      | 176,151       | 97,431       | (1,022,942)   | 578,134      |
| Less: Net income attributable to noncontrolling interests           | —                                    | —            | (48,460 )     | (39,575 )    | —             | (88,035 )    |
| Net income attributable to MGM Resorts International                | \$490,099                            | \$837,395    | \$127,691     | \$57,856     | \$(1,022,942) | \$490,099    |
| Net income  | \$490,099                            | \$837,395    | \$176,151     | \$97,431     | \$(1,022,942) | \$578,134    |
| Other comprehensive income (loss), net of tax:                      |                                      |              |               |              |               |              |
| Foreign currency translation adjustment                             | (6,079 )                             | (6,079 )     | —             | (10,542 )    | 12,158        | (10,542 )    |
| Unrealized gain on cash flow hedges                                 | 15,923                               | —            | 27,372        | —            | (20,076 )     | 23,219       |
| Other comprehensive income (loss)                                   | 9,844                                | (6,079 )     | 27,372        | (10,542 )    | (7,918 )      | 12,677       |
| Comprehensive income  | 499,943                              | 831,316      | 203,523       | 86,889       | (1,030,860)   | 590,811      |
| Less: Comprehensive income attributable to noncontrolling interests | —                                    | —            | (55,756 )     | (35,112 )    | —             | (90,868 )    |
| Comprehensive income attributable to MGM Resorts International      | \$499,943                            | \$831,316    | \$147,767     | \$51,777     | \$(1,030,860) | \$499,943    |

## CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION

|  | Nine Months Ended September 30, 2018 |                           |                                      |           |             | Consolidated |
|--|--------------------------------------|---------------------------|--------------------------------------|-----------|-------------|--------------|
|  | Parent<br>(In thousands)             | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries<br>MGP | Other     | Elimination |              |
| Cash flows from operating activities   |                                      |                           |                                      |           |             |              |
| Net cash provided by (used in) operating activities                                      | \$(338,197 )                         | \$945,295                 | \$433,087                            | \$355,281 | \$—         | \$1,395,466  |
| Cash flows from investing activities   |                                      |                           |                                      |           |             |              |
| Capital expenditures, net of construction payable  | —                                    | (540,289 )                | (795 )                               | (682,840) | —           | (1,223,924 ) |
| Dispositions of property and equipment   | —                                    | 477                       | —                                    | 98        | —           | 575          |
| Proceeds from sale of business units and investment in unconsolidated affiliate          | —                                    | 163,616                   | —                                    | —         | —           | 163,616      |
| Acquisition of Northfield Park, net of cash acquired                                     | —                                    | —                         | (1,034,534)                          | —         | —           | (1,034,534 ) |
| Investments in unconsolidated affiliates   | —                                    | (2,503 )                  | —                                    | —         | —           | (2,503 )     |
| Distributions from unconsolidated affiliates in excess of cumulative earnings            | —                                    | 320,287                   | —                                    | —         | —           | 320,287      |
| Intercompany accounts  | —                                    | (992,845 )                | —                                    | —         | 992,845     | —            |
| Other  | —                                    | (13,416 )                 | —                                    | (8,793 )  | —           | (22,209 )    |
| Net cash used in investing activities  | —                                    | (1,064,673)               | (1,035,329)                          | (691,535) | 992,845     | (1,798,692 ) |
| Cash flows from financing activities   |                                      |                           |                                      |           |             |              |
| Net borrowings (repayments) under bank credit facilities – maturities of 90 days or less | (144,375 )                           | —                         | 747,375                              | 175,101   | —           | 778,101      |
| Issuance of long-term debt   | 1,000,000                            | —                         | —                                    | —         | —           | 1,000,000    |
| Debt issuance costs  | (14,414 )                            | —                         | (17,490 )                            | (32,904 ) | —           | (64,808 )    |
| Dividends paid to common shareholders  | (197,295 )                           | —                         | —                                    | —         | —           | (197,295 )   |
| Distributions to noncontrolling interest owners  | —                                    | —                         | (90,045 )                            | (59,481 ) | —           | (149,526 )   |
| MGP dividends paid to consolidated subsidiaries  | —                                    | —                         | (247,820 )                           | —         | 247,820     | —            |
| Purchases of common stock  | (1,133,334)                          | —                         | —                                    | —         | —           | (1,133,334 ) |
| Retirement of debentures   | —                                    | (2,265 )                  | —                                    | —         | —           | (2,265 )     |
| Intercompany accounts  | 859,461                              | 124,252                   | —                                    | 256,952   | (1,240,665) | —            |

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|   |           |           |            |           |            |             |
|---|-----------|-----------|------------|-----------|------------|-------------|
| Other                                     | (11,594 ) | (5,714 )  | —          | (6,168 )  | —          | (23,476 )   |
| Net cash provided by financing activities | 358,449   | 116,273   | 392,020    | 333,500   | (992,845 ) | 207,397     |
| Effect of exchange rate on cash           | —         | —         | —          | (1,489 )  | —          | (1,489 )    |
| Cash and cash equivalents                 |           |           |            |           |            |             |
| Net increase (decrease) for the period    | 20,252    | (3,105 )  | (210,222 ) | (4,243 )  | —          | (197,318 )  |
| Balance, beginning of period              | 26,870    | 311,043   | 259,722    | 902,360   | —          | 1,499,995   |
| Balance, end of period                    | \$47,122  | \$307,938 | \$49,500   | \$898,117 | \$—        | \$1,302,677 |

## CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) INFORMATION

|   | Three Months Ended September 30, 2017 |                           |                                      |           |              | Consolidated |
|---|---------------------------------------|---------------------------|--------------------------------------|-----------|--------------|--------------|
|   | Parent<br>(In thousands)              | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries<br>MGP | Other     | Elimination  |              |
| Revenues  | \$—                                   | \$2,067,543               | \$182,798                            | \$763,605 | \$(183,771 ) | \$2,830,175  |
| Equity in subsidiaries' earnings                                    | 417,895                               | 33,317                    | —                                    | —         | (451,212 )   | —            |
| Expenses  |                                       |                           |                                      |           |              |              |
| Casino and hotel operations   | 2,656                                 | 1,125,455                 | —                                    | 470,935   | (974 )       | 1,598,072    |
| General and administrative  | 2,210                                 | 310,308                   | 18,983                               | 89,505    | (18,983 )    | 402,023      |
| Corporate expense   | 31,352                                | 53,287                    | 4,113                                | (75 )     | (171 )       | 88,506       |
| Preopening and start-up expenses                                    | —                                     | 1,856                     | —                                    | 27,493    | —            | 29,349       |
| Property transactions, net  | —                                     | 6,855                     | 1,662                                | (2,058 )  | 1,252        | 7,711        |
| Depreciation and amortization                                       | —                                     | 163,880                   | 68,662                               | 85,720    | (68,662 )    | 249,600      |
|   | 36,218                                | 1,661,641                 | 93,420                               | 671,520   | (87,538 )    | 2,375,261    |
| Income (loss) from unconsolidated affiliates                        | —                                     | 38,640                    | —                                    | (850 )    | —            | 37,790       |
| Operating income  | 381,677                               | 477,859                   | 89,378                               | 91,235    | (547,445 )   | 492,704      |
| Interest expense, net of amounts capitalized                        | (112,061 )                            | (178 )                    | (45,544 )                            | (5,504 )  | —            | (163,287 )   |
| Other, net  | (16,170 )                             | (59,478 )                 | 1,354                                | (19,931 ) | 55,262       | (38,963 )    |
| Income before income taxes  | 253,446                               | 418,203                   | 45,188                               | 65,800    | (492,183 )   | 290,454      |
| Provision for income taxes  | (105,083 )                            | —                         | (1,488 )                             | (8,139 )  | —            | (114,710 )   |
| Net income  | 148,363                               | 418,203                   | 43,700                               | 57,661    | (492,183 )   | 175,744      |
| Less: Net income attributable to noncontrolling interests           | —                                     | —                         | (11,025 )                            | (16,356 ) | —            | (27,381 )    |
| Net income attributable to MGM Resorts International                | \$148,363                             | \$418,203                 | \$32,675                             | \$41,305  | \$(492,183 ) | \$148,363    |
| Net income  | \$148,363                             | \$418,203                 | \$43,700                             | \$57,661  | \$(492,183 ) | \$175,744    |
| Other comprehensive income (loss), net of tax:                      |                                       |                           |                                      |           |              |              |
| Foreign currency translation adjustment                             | (1,635 )                              | (1,635 )                  | —                                    | (3,004 )  | 3,270        | (3,004 )     |
| Unrealized gain on cash flow hedges                                 | 833                                   | —                         | 1,754                                | —         | (1,271 )     | 1,316        |
| Other comprehensive income (loss)                                   | (802 )                                | (1,635 )                  | 1,754                                | (3,004 )  | 1,999        | (1,688 )     |
| Comprehensive income  | 147,561                               | 416,568                   | 45,454                               | 54,657    | (490,184 )   | 174,056      |
| Less: Comprehensive income attributable to noncontrolling interests | —                                     | —                         | (11,506 )                            | (14,989 ) | —            | (26,495 )    |
| Comprehensive income attributable to MGM Resorts International      | \$147,561                             | \$416,568                 | \$33,948                             | \$39,668  | \$(490,184 ) | \$147,561    |

|   | Nine Months Ended September 30, 2017 |                           |                               |             |               |              |
|---|--------------------------------------|---------------------------|-------------------------------|-------------|---------------|--------------|
|   | Parent                               | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries |             |               |              |
|   | (In thousands)                       |                           | MGP                           | Other       | Elimination   | Consolidated |
| Revenues  | \$—                                  | \$5,900,717               | \$551,153                     | \$2,301,980 | \$(553,976 )  | \$8,199,874  |
| Equity in subsidiaries' earnings                                    | 1,244,945                            | 121,735                   | —                             | —           | (1,366,680)   | —            |
| Expenses  |                                      |                           |                               |             |               |              |
| Casino and hotel operations   | 7,781                                | 3,239,921                 | —                             | 1,406,179   | (2,823 )      | 4,651,058    |
| General and administrative  | 6,323                                | 874,287                   | 60,112                        | 264,550     | (60,112 )     | 1,145,160    |
| Corporate expense   | 86,233                               | 145,885                   | 9,797                         | (315 )      | (514 )        | 241,086      |
| Preopening and start-up expenses                                    | —                                    | 4,631                     | —                             | 60,877      | —             | 65,508       |
| Property transactions, net  | —                                    | 21,462                    | 19,104                        | 1,188       | (19,104 )     | 22,650       |
| NV Energy exit expense  | —                                    | (40,629 )                 | —                             | —           | —             | (40,629 )    |
| Depreciation and amortization                                       | —                                    | 486,981                   | 190,573                       | 257,142     | (190,573 )    | 744,123      |
|   | 100,337                              | 4,732,538                 | 279,586                       | 1,989,621   | (273,126 )    | 6,828,956    |
| Income (loss) from unconsolidated affiliates                        | —                                    | 119,139                   | —                             | (944 )      | —             | 118,195      |
| Operating income  | 1,144,608                            | 1,409,053                 | 271,567                       | 311,415     | (1,647,530)   | 1,489,113    |
| Interest expense, net of amounts capitalized                        | (358,359 )                           | (812 )                    | (134,998)                     | (17,235 )   | —             | (511,404 )   |
| Other, net  | 11,306                               | (287,665 )                | 1,601                         | (77,386 )   | 294,136       | (58,008 )    |
| Income before income taxes  | 797,555                              | 1,120,576                 | 138,170                       | 216,794     | (1,353,394)   | 919,701      |
| Provision for income taxes  | (232,916 )                           | —                         | (3,903 )                      | (13,691 )   | —             | (250,510 )   |
| Net income  | 564,639                              | 1,120,576                 | 134,267                       | 203,103     | (1,353,394)   | 669,191      |
| Less: Net income attributable to noncontrolling interests           | —                                    | —                         | (33,053 )                     | (71,499 )   | —             | (104,552 )   |
| Net income attributable to MGM Resorts International                | \$564,639                            | \$1,120,576               | \$101,214                     | \$131,604   | \$(1,353,394) | \$564,639    |
| Net income  | \$564,639                            | \$1,120,576               | \$134,267                     | \$203,103   | \$(1,353,394) | \$669,191    |
| Other comprehensive loss, net of tax:                               |                                      |                           |                               |             |               |              |
| Foreign currency translation adjustment                             | (23,005 )                            | (23,005 )                 | —                             | (41,313 )   | 46,010        | (41,313 )    |
| Unrealized loss on cash flow hedges                                 | (1,997 )                             | —                         | (2,992 )                      | —           | 2,348         | (2,641 )     |
| Other comprehensive loss  | (25,002 )                            | (23,005 )                 | (2,992 )                      | (41,313 )   | 48,358        | (43,954 )    |
| Comprehensive income  | 539,637                              | 1,097,571                 | 131,275                       | 161,790     | (1,305,036)   | 625,237      |
| Less: Comprehensive income attributable to noncontrolling interests | —                                    | —                         | (32,409 )                     | (53,191 )   | —             | (85,600 )    |
| Comprehensive income attributable to MGM Resorts International      | \$539,637                            | \$1,097,571               | \$98,866                      | \$108,599   | \$(1,305,036) | \$539,637    |

## CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION

|  | Nine Months Ended September 30, 2017 |                           |                                      |             |             | Consolidated |
|--|--------------------------------------|---------------------------|--------------------------------------|-------------|-------------|--------------|
|  | Parent<br>(In thousands)             | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries<br>MGP | Other       | Elimination |              |
| Cash flows from operating activities   |                                      |                           |                                      |             |             |              |
| Net cash provided by (used in) operating activities                                      | \$(492,009 )                         | \$1,064,548               | \$363,855                            | \$575,515   | \$—         | \$1,511,909  |
| Cash flows from investing activities   |                                      |                           |                                      |             |             |              |
| Capital expenditures, net of construction payable  | —                                    | (308,738 )                | —                                    | (1,090,540) | —           | (1,399,278 ) |
| Dispositions of property and equipment   | —                                    | 174                       | —                                    | 197         | —           | 371          |
| Investments in unconsolidated affiliates   | —                                    | (5,921 )                  | —                                    | —           | —           | (5,921 )     |
| Distributions from unconsolidated affiliates in excess of cumulative earnings            | —                                    | 300,000                   | —                                    | —           | —           | 300,000      |
| Intercompany accounts  | —                                    | (1,158,429)               | —                                    | —           | 1,158,429   | —            |
| Other  | —                                    | (9,982 )                  | —                                    | (11,804 )   | —           | (21,786 )    |
| Net cash used in investing activities  | —                                    | (1,182,896)               | —                                    | (1,102,147) | 1,158,429   | (1,126,614 ) |
| Cash flows from financing activities   |                                      |                           |                                      |             |             |              |
| Net borrowings (repayments) under bank credit facilities - maturities of 90 days or less | 290,625                              | —                         | (33,500 )                            | 361,609     | —           | 618,734      |
| Issuance of long-term debt   | —                                    | —                         | 350,000                              | —           | —           | 350,000      |
| Debt issuance costs  | —                                    | —                         | (5,381 )                             | (4,379 )    | —           | (9,760 )     |
| Issuance of MGP common stock in public offering  | —                                    | —                         | 404,685                              | —           | —           | 404,685      |
| MGM Growth Properties Class A share issuance costs                                       | —                                    | —                         | (17,137 )                            | —           | —           | (17,137 )    |
| Dividends paid to common shareholders  | (189,726 )                           | —                         | —                                    | —           | —           | (189,726 )   |
| Distributions to noncontrolling interest owners  | —                                    | —                         | (67,340 )                            | (72,330 )   | —           | (139,670 )   |
| MGP dividends paid to consolidated subsidiaries  | —                                    | —                         | (216,873 )                           | —           | 216,873     | —            |
| Intercompany accounts  | 1,165,419                            | 102,635                   | —                                    | 107,248     | (1,375,302) | —            |
| Purchases of common stock  | (327,500 )                           | —                         | —                                    | —           | —           | (327,500 )   |
| Retirement of debentures   | (502,669 )                           | —                         | —                                    | —           | —           | (502,669 )   |
| Other  | (20,354 )                            | —                         | —                                    | (8,583 )    | —           | (28,937 )    |

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|   |          |           |             |           |             |             |
|---|----------|-----------|-------------|-----------|-------------|-------------|
| Net cash provided by financing activities | 415,795  | 102,635   | 414,454     | 383,565   | (1,158,429) | 158,020     |
| Effect of exchange rate on cash           | —        | —         | —           | (3,208)   | —           | (3,208)     |
| Cash and cash equivalents                 |          |           |             |           |             |             |
| Net increase (decrease) for the period    | (76,214) | (15,713)  | 778,309     | (146,275) | —           | 540,107     |
| Balance, beginning of period              | 99,995   | 307,713   | 360,492     | 678,381   | —           | 1,446,581   |
| Balance, end of period                    | \$23,781 | \$292,000 | \$1,138,801 | \$532,106 | \$—         | \$1,986,688 |



## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This management's discussion and analysis of financial condition and results of operations contain forward-looking statements that involve risks and uncertainties. Please see "Cautionary Statement Concerning Forward-Looking Statements" for a discussion of the uncertainties, risks and assumptions that may cause our actual results to differ materially from those discussed in the forward-looking statements. This discussion should be read in conjunction with our historical financial statements and related notes thereto and the other disclosures contained elsewhere in this Quarterly Report on Form 10-Q, the audited consolidated financial statements and notes for the fiscal year ended December 31, 2017, which were included in our Form 10-K, filed with the Securities and Exchange Commission ("SEC") on March 1, 2018, and the audited consolidated financial statements and notes for the fiscal year ended December 31, 2017, as retrospectively recasted for the adoption of ASC 606, which were filed on Current Report on Form 8-K with the SEC on June 27, 2018. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods. MGM Resorts International together with its subsidiaries may be referred to as "we," "us" or "our." MGM China Holdings Limited together with its subsidiaries is referred to as "MGM China." MGM Growth Properties LLC together with its subsidiaries is referred to as "MGP."

### Description of our business and key performance indicators

Our primary business is the ownership and operation of casino resorts which offer gaming, hotel, convention, dining, entertainment, retail and other resort amenities. We own or invest in several of the finest casino resorts in the world and we continually reinvest in our resorts to maintain our competitive advantage. Most of our revenue is cash-based, through customers wagering with cash or paying for non-gaming services with cash or credit cards. We rely heavily on the ability of our resorts to generate operating cash flow to fund capital expenditures, provide excess cash flow for future development and repay debt financings. We make significant investments in our resorts through newly remodeled hotel rooms, restaurants, entertainment and nightlife offerings, as well as other new features and amenities. We also make investments in initiatives for sustained growth and margin enhancement by improving our data and digital technology, pricing strategy, and our guests' experience to increase cash flow and improve margins.

Key performance indicators related to gaming and hotel revenue at our domestic resorts are:

♦ Gaming revenue indicators – table games drop and slots handle (volume indicators); "win" or "hold" percentage, which is not fully controllable by us. Our normal table games hold percentage is in the range of 20% to 23% of table games drop and our normal slots hold percentage is in the range of 8.5% to 9.0% of slots handle; and

♦ Hotel revenue indicators – hotel occupancy (a volume indicator); average daily rate ("ADR," a price indicator); and revenue per available room ("REVPAR," a summary measure of hotel results, combining ADR and occupancy rate). Our calculation of ADR, which is the average price of occupied rooms per day, includes the impact of complimentary rooms. Complimentary room rates are determined based on standalone selling price. Because the mix of rooms provided on a complimentary basis, particularly to casino customers, includes a disproportionate suite

component, the composite ADR including complimentary rooms is slightly higher than the ADR for cash rooms, reflecting the higher retail value of suites.

Additional key performance indicators at MGM China are:

Gaming revenue indicators - MGM China utilizes “turnover,” which is the sum of nonnegotiable chip wagers won calculated as nonnegotiable chips purchased plus nonnegotiable chips exchanged less nonnegotiable chips returned. Turnover provides a basis for measuring VIP casino win percentage. Win for VIP gaming operations at MGM Macau is typically in the range of 2.7% to 3.0% of turnover. Win for main floor gaming operations is in the range of 16% to 22% of table games drop.

## Results of Operations

## Summary Financial Results

The following table summarizes our consolidated financial results for the three and nine months ended September 30, 2018 and 2017:

|  | Three Months Ended<br>September 30, |             | Nine Months Ended<br>September 30, |             |
|--|-------------------------------------|-------------|------------------------------------|-------------|
|  | 2018                                | 2017        | 2018                               | 2017        |
|  | (In thousands)                      |             |                                    |             |
| Net revenues   | \$3,029,302                         | \$2,830,175 | \$8,710,234                        | \$8,199,874 |
| Operating income                                     | 410,903                             | 492,704     | 1,133,735                          | 1,489,113   |
| Net income   | 171,410                             | 175,744     | 578,134                            | 669,191     |
| Net income attributable to MGM Resorts International | 142,878                             | 148,363     | 490,099                            | 564,639     |

## Summary Operating Results

Consolidated net revenues increased 7% and 6% for the three and nine months ended September 30, 2018, respectively, compared to the same periods in the prior year, due primarily to the opening of MGM Cotai on February 13, 2018 and the opening of MGM Springfield on August 24, 2018. See “Operating Results – Segment Information” below for additional information related to segment revenues.

Consolidated operating income was \$411 million for the three months ended September 30, 2018 compared to \$493 million for the prior year quarter. Operating income at our domestic resorts was \$435 million for the third quarter of 2018 compared to \$545 million for the third quarter of 2017. The decrease is reflective of \$31 million of preopening and start-up expenses related to the opening of MGM Springfield, disruption related to the rebranding of Park MGM and a decrease in casino and non-casino revenues at our Las Vegas Strip resorts. Operating income at MGM China was \$52 million for the third quarter of 2018 compared to \$38 million for the third quarter of 2017. Depreciation and amortization expense related to certain corporate assets at MGM China of \$41 million is included in corporate in our non-GAAP reconciliations included herein for the three months ended September 30, 2018. Income from unconsolidated affiliates was \$35 million for the three months ended September 30, 2018 compared to \$38 million in the prior year quarter. See “Operating Results – Income from Unconsolidated Affiliates” for additional information.

Consolidated general and administrative expense increased \$61 million for the three months ended September 30, 2018 compared to the prior year quarter due primarily to the opening of MGM Cotai and MGM Springfield. Corporate

expense, including share-based compensation for corporate employees, was \$98 million for the three months ended September 30, 2018, an increase of \$10 million compared to the prior year quarter, due primarily to an increase in transaction costs related to the Empire City acquisition, the formation of the MGM GVC Interactive LLC joint venture, and MGP's Northfield acquisition. Consolidated preopening expense increased \$18 million for the three months ended September 30, 2018 compared to the prior year quarter due primarily to the opening of MGM Springfield, partially offset by a decrease in preopening expense related to MGM Cotai. Property transactions, net decreased \$50 million for the three months ended September 30, 2018 compared to the prior year quarter due primarily to the \$45 million gain related to the sale of Grand Victoria. Depreciation and amortization expense increased \$51 million for the three months ended September 30, 2018 compared to the same period in the prior year due primarily to the opening of MGM Cotai.

Consolidated operating income was \$1.1 billion for the nine months ended September 30, 2018 compared to \$1.5 billion for the prior year period. Operating income at our domestic resorts decreased \$207 million for the nine months ended September 30, 2018, or 13%, compared to the prior year period. The nine months ended September 30, 2017 benefited from \$41 million related to a modification of the 2016 NV Energy exit fee as well as \$36 million related to Borgata's share of a property tax settlement from Atlantic City. The decrease is also reflective of \$31 million of pre-opening and start-up expenses related to the opening of MGM Springfield, disruption related to the rebranding of Park MGM, and a decrease in non-casino revenues at our Las Vegas Strip resorts. Operating income at MGM China was \$154 million for the nine months ended September 30, 2018 compared to \$159 million in the prior year period and was negatively impacted by \$61 million of preopening expenses in the current year period in connection with the opening of MGM Cotai, compared to \$45 million in the prior year period. Depreciation and amortization expense related to certain corporate assets at MGM China of \$125 million is included in corporate in our non-GAAP reconciliations included herein for the nine months ended September 30, 2018. Income from unconsolidated affiliates was \$115 million for the nine months ended September 30, 2018 compared to \$118 million for the prior year period. See "Operating Results – Income from Unconsolidated Affiliates" for additional information.

Consolidated general and administrative expense increased \$175 million for the nine months ended September 30, 2018 compared to the same period in the prior year due to the opening of MGM Cotai and MGM Springfield and an increase in payroll expense, marketing expense and repairs and maintenance expense at our domestic resorts. The prior year period benefited from the Borgata property tax settlement, as discussed above. Corporate expense, including share-based compensation for corporate employees was \$301 million for the nine months ended September 30, 2018, an increase of \$60 million compared to the prior year period, due primarily to an increase in expenses related to our corporate brand campaign of \$16 million, the inclusion of MGM China corporate expense of \$14 million, and an increase in transaction costs, as discussed above. Consolidated preopening expense increased to \$133 million for the current year period from \$66 million in the prior year period due primarily to the opening of MGM Cotai and MGM Springfield. Property transactions, net decreased \$42 million for the nine months ended September 30, 2018 compared to the prior year period due primarily to the \$45 million gain on the sale of Grand Victoria, as discussed above. Depreciation and amortization expense increased \$121 million for the nine months ended September 30, 2018 compared to the same period in the prior year due primarily to the opening of MGM Cotai, partially offset by a decrease at our domestic resorts due to certain assets becoming fully depreciated.

## Operating Results – Segment Information

The following table presents detailed consolidated net revenues and Adjusted EBITDA by segment. Management uses Adjusted Property EBITDA as the primary profit measure for its reportable segments. See “Non-GAAP Measures” for additional information:

|                                 | Three Months Ended<br>September 30,<br>20182017 |             | Nine Months Ended<br>September 30,<br>20182017 |             |
|---------------------------------|---|-------------|--|-------------|
|                                 | (In thousands)                                  |             |  |             |
| Net revenues                    |   |             |  |             |
| Domestic resorts                |   |             |  |             |
| Casino                          | \$871,974                                       | \$867,526   | \$2,546,069                                    | \$2,463,904 |
| Rooms                           | 533,629   | 559,509     | 1,586,144                                      | 1,633,481   |
| Food and beverage               | 482,776   | 491,627     | 1,384,113                                      | 1,423,206   |
| Entertainment, retail and other | 343,088   | 348,319     | 976,816  | 973,743     |
|                                 | 2,231,467                                       | 2,266,981   | 6,493,142                                      | 6,494,334   |
| MGM China                       |   |             |  |             |
| Casino                          | 536,650   | 414,235     | 1,584,140                                      | 1,260,382   |
| Rooms                           | 32,690  | 13,484      | 83,526   | 40,080      |
| Food and beverage               | 31,606  | 11,997      | 80,447   | 34,851      |
| Entertainment, retail and other | 5,068   | 2,349       | 15,112   | 6,079       |
|                                 | 606,014   | 442,065     | 1,763,225                                      | 1,341,392   |
| Reportable segment net revenues | 2,837,481                                       | 2,709,046   | 8,256,367                                      | 7,835,726   |
| Corporate and other             | 191,821   | 121,129     | 453,867  | 364,148     |
|                                 | \$3,029,302                                     | \$2,830,175 | \$8,710,234                                    | \$8,199,874 |
| Adjusted EBITDA                 |   |             |  |             |
| Domestic resorts                | \$626,948                                       | \$712,375   | \$1,869,035                                    | \$2,016,471 |

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|   |           |           |             |             |
|---|-----------|-----------|-------------|-------------|
| MGM China                                   | 130,046   | 121,116   | 401,672     | 385,219     |
| Reportable segment Adjusted Property EBITDA | 756,994   | 833,491   | 2,270,707   | 2,401,690   |
| Corporate and other                         | (41,129 ) | (54,127 ) | (158,118 )  | (120,925 )  |
|   | \$715,865 | \$779,364 | \$2,112,589 | \$2,280,765 |

Domestic resorts. The following table is a reconciliation of domestic resorts net revenues to domestic resorts same-store net revenues:

|  | Three Months Ended<br>September 30, |             | Nine Months Ended<br>September 30, |             |
|--|-------------------------------------|-------------|------------------------------------|-------------|
|  | 2018                                | 2017        | 2018                               | 2017        |
|  | (In thousands)                      |             |                                    |             |
| Domestic resorts net revenues            | \$2,231,467                         | \$2,266,981 | \$6,493,142                        | \$6,494,334 |
| Net revenues related to MGM Springfield  | (42,549 )                           | —           | (42,549 )                          | —           |
| Domestic resorts same-store net revenues | \$2,188,918                         | \$2,266,981 | \$6,450,593                        | \$6,494,334 |

The following table presents detailed net revenues at our domestic resorts:

|                                 | Three Months Ended<br>September 30,<br>2018 |             | Nine Months Ended<br>September 30,<br>2018 |             |
|---------------------------------|---|-------------|--|-------------|
|                                 | 2017  |             | 2017                                       |             |
|                                 | (In thousands)                              |             |  |             |
| Table games win                 | \$432,286                                   | \$457,814   | \$1,295,472                                | \$1,246,515 |
| Slots win                       | 806,506                                     | 759,166     | 2,271,879                                  | 2,174,757   |
| Other                           | 44,551                                      | 41,485      | 123,584                                    | 122,015     |
| Less: Incentives                | (411,369 )                                  | (390,939 )  | (1,144,866)                                | (1,079,383) |
| Casino revenue                  | 871,974                                     | 867,526     | 2,546,069                                  | 2,463,904   |
| Rooms                           | 533,629                                     | 559,509     | 1,586,144                                  | 1,633,481   |
| Food and beverage               | 482,776                                     | 491,627     | 1,384,113                                  | 1,423,206   |
| Entertainment, retail and other | 343,088                                     | 348,319     | 976,816                                    | 973,743     |
| Non-casino revenue              | 1,359,493                                   | 1,399,455   | 3,947,073                                  | 4,030,430   |
|                                 | \$2,231,467                                 | \$2,266,981 | \$6,493,142                                | \$6,494,334 |

The following table presents detailed domestic resorts same-store net revenues:

|                                 | Three Months Ended<br>September 30,<br>2018 |             | Nine Months Ended<br>September 30,<br>2018 |             |
|---------------------------------|---|-------------|--|-------------|
|                                 | 2017  |             | 2017                                       |             |
|                                 | (In thousands)                              |             |  |             |
| Table games win                 | \$422,315                                   | \$457,814   | \$1,285,501                                | \$1,246,515 |
| Slots win                       | 778,873                                     | 759,166     | 2,244,246                                  | 2,174,757   |
| Other                           | 43,701                                      | 41,485      | 122,734                                    | 122,015     |
| Less: Incentives                | (404,686 )                                  | (390,939 )  | (1,138,183)                                | (1,079,383) |
| Casino revenue                  | 840,203                                     | 867,526     | 2,514,298                                  | 2,463,904   |
| Rooms                           | 531,719                                     | 559,509     | 1,584,234                                  | 1,633,481   |
| Food and beverage               | 476,506                                     | 491,627     | 1,377,844                                  | 1,423,206   |
| Entertainment, retail and other | 340,490                                     | 348,319     | 974,217                                    | 973,743     |
| Non-casino revenue              | 1,348,715                                   | 1,399,455   | 3,936,295                                  | 4,030,430   |
|                                 | \$2,188,918                                 | \$2,266,981 | \$6,450,593                                | \$6,494,334 |

Domestic resorts casino revenue for the three months ended September 30, 2018 increased 1% compared to the prior year quarter, due primarily to the opening of MGM Springfield. Domestic resorts same-store casino revenue decreased 3% compared to the prior year quarter due primarily to a 15% decrease in table games win at our Las Vegas Strip resorts partially offset by an increase in slots and table games win at our other domestic resorts.

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Domestic resorts casino revenue for the nine months ended September 30, 2018 increased 3% compared to the prior year period, due primarily to the opening of MGM Springfield and an increase in table games win and slots win. Domestic resorts same-store casino revenue increased 2% compared to the prior year period due primarily to a 3% increase in same-store table games win at our domestic resorts and a 3% increase in same-store slots win at our domestic resorts primarily driven by a 25% increase in slots handle at MGM National Harbor.

The following table shows key gaming statistics for our Las Vegas Strip resorts:

|                   | Three Months<br>Ended<br>September 30,<br>2018 |  |         |  | Nine Months<br>Ended<br>September 30,<br>2018 |  |         |  |
|-------------------|--|--|---------|--|---|--|---------|--|
|                   | 2017   |  |         |  | 2017  |  |         |  |
|                   | (Dollars in millions)                          |  |         |  |   |  |         |  |
| Table Games Drop  | \$897  |  | \$1,003 |  | \$2,848                                       |  | \$2,868 |  |
| Table Games Win % | 25.4 %   |  | 26.8 %  |  | 25.5 %  |  | 24.5 %  |  |
| Slots Handle      | \$3,143  |  | \$3,211 |  | \$9,226                                       |  | \$9,267 |  |
| Slots Hold %      | 9.3 %  |  | 9.0 %   |  | 9.1 %   |  | 8.9 %   |  |



The following table shows key gaming statistics for our other domestic resorts:

|                   | Three Months Ended September 30, 2018 |   |         |   | Three Months Ended September 30, 2017 |   |         |   | Nine Months Ended September 30, 2018 |   |         |   | Nine Months Ended September 30, 2017 |   |          |   |
|-------------------|---------------------------------------|---|---------|---|---------------------------------------|---|---------|---|--------------------------------------|---|---------|---|--------------------------------------|---|----------|---|
|                   | (Dollars in millions)                 |   |         |   |                                       |   |         |   |                                      |   |         |   |                                      |   |          |   |
| Table Games Drop  | \$1,054                               |   | \$1,013 |   | \$2,945                               |   | \$2,914 |   | \$5,755                              |   | \$5,207 |   | \$15,942                             |   | \$14,788 |   |
| Table Games Win % | 19.4                                  | % | 18.6    | % | 19.3                                  | % | 18.7    | % | 9.0                                  | % | 9.1     | % | 9.0                                  | % | 9.1      | % |
| Slots Handle      |                                       |   |         |   |                                       |   |         |   |                                      |   |         |   |                                      |   |          |   |
| Slots Hold %      |                                       |   |         |   |                                       |   |         |   |                                      |   |         |   |                                      |   |          |   |

Domestic resorts rooms revenue and same-store domestic resorts rooms revenue decreased 5% for the three months ended September 30, 2018, primarily as a result of a 3.9% decrease in REVPAR at our Las Vegas Strip resorts when compared to the prior year quarter.

Domestic resorts rooms revenue and same-store domestic resorts rooms revenue decreased 3% for the nine months ended September 30, 2018, primarily as a result of a 1.9% decrease in REVPAR at our Las Vegas Strip resorts when compared to the same period in the prior year.

The following table provides key hotel statistics for our Las Vegas Strip resorts:

|                                     | Three<br>Months<br>Ended<br>September<br>30,<br>2018 |  | 2017  |  | Nine<br>Months<br>Ended<br>September<br>30,<br>2018 |  | 2017  |  |
|-------------------------------------|--|--|-------|--|---|--|-------|--|
| Occupancy                           | 93%  |  | 95%   |  | 92%   |  | 94%   |  |
| Average Daily Rate (ADR)            | \$157  |  | \$160 |  | \$162   |  | \$162 |  |
| Revenue per Available Room (REVPAR) | \$146  |  | \$152 |  | \$149   |  | \$152 |  |

Domestic resorts food and beverage revenue decreased 2% for the three months ended September 30, 2018. Same-store domestic resorts food and beverage revenue decreased 3% for the three months ended September 30, 2018, primarily driven by a decrease in catering and banquet revenue at our Las Vegas Strip resorts and closure of several outlets at our Las Vegas Strip resorts.

Domestic resorts food and beverage revenue and same-store domestic resorts food and beverage revenue decreased 3% for the nine months ended September 30, 2018, primarily driven by disruption related to the rebranding at Park MGM, a decrease in catering and banquet revenue at our Las Vegas Strip resorts and closure of several outlets at our Las Vegas Strip resorts.

The following table is a reconciliation of domestic resorts Adjusted Property EBITDA to domestic resorts Same-store Adjusted Property EBITDA:

|  | Three Months Ended<br>September 30,<br>2018 |           | September 30,<br>2017 |             | Nine Months Ended<br>September 30,<br>2018 |  | September 30,<br>2017 |  |
|--|---|-----------|-----------------------|-------------|--|--|-----------------------|--|
|  | (In thousands)                              |           |                       |             |  |  |                       |  |
| Domestic resorts Adjusted Property EBITDA            | \$626,948                                   | \$712,375 | \$1,869,035           | \$2,016,471 |  |  |                       |  |
| Adjusted Property EBITDA related to MGM Springfield  | (7,644 )                                    | —         | (7,644 )              | —           |  |  |                       |  |
| Domestic resorts Same-store Adjusted Property EBITDA | \$619,304                                   | \$712,375 | \$1,861,391           | \$2,016,471 |  |  |                       |  |

Adjusted Property EBITDA at our domestic resorts decreased 7% to \$1.9 billion during the nine months ended September 30, 2018 compared to the prior year period due primarily to a decrease in non-casino revenues at our Las Vegas Strip resorts and an increase in general and administrative expenses, as discussed above, as well as disruption related to the rebranding of Park MGM. The prior year period benefitted from \$36 million related to Borgata's share of a property tax settlement, as discussed above. Same-store Adjusted Property EBITDA decreased 8% compared to the prior year period and Same-store Adjusted Property EBITDA margin decreased by 219 basis points compared to the same prior year period to 28.9%.

MGM China. The following table presents detailed net revenues for MGM China:

|                                  | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |             |
|----------------------------------|-------------------------------------|-----------|------------------------------------|-------------|
|                                  | 2018                                | 2017      | 2018                               | 2017        |
|                                  | (In thousands)                      |           |                                    |             |
| VIP table games win              | \$303,924                           | \$274,038 | \$873,878                          | \$793,103   |
| Main floor table games win       | 339,898                             | 238,073   | 1,005,799                          | 750,232     |
| Slots win                        | 70,858                              | 46,154    | 208,697                            | 130,410     |
| Less: Commissions and incentives | (178,030)                           | (144,030) | (504,234 )                         | (413,363 )  |
| Casino revenue, net              | 536,650                             | 414,235   | 1,584,140                          | 1,260,382   |
| Non-casino revenue               | 69,364                              | 27,830    | 179,085                            | 81,010      |
|                                  | \$606,014                           | \$442,065 | \$1,763,225                        | \$1,341,392 |

For the three months ended September 30, 2018, net revenues for MGM China increased 37% compared to the prior year quarter, and benefitted from the opening of MGM Cotai, which contributed \$172 million of net revenues. Main floor table games win increased 43% compared to the prior year quarter due to the opening of MGM Cotai. VIP table games win increased 11% compared to the prior year quarter due primarily to an 8% increase in VIP table games win at MGM Macau.

For the nine months ended September 30, 2018, net revenues for MGM China increased 31% compared to the same period in the prior year, due primarily to the opening of MGM Cotai, which contributed \$441 million of net revenues. Main floor table games win increased 34% compared to the prior year period due to the opening of MGM Cotai. VIP table games win increased 10% compared to the prior year period due primarily to an 7% increase in VIP table games win at MGM Macau.

The following table shows key gaming statistics for MGM China:

| Three Months<br>Ended | Nine Months Ended |
|-----------------------|-------------------|
|-----------------------|-------------------|

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|                              | September 30,<br>2018 |   | September 30,<br>2017 |   | September 30,<br>2018 |   | September 30,<br>2017 |   |
|------------------------------|-----------------------|---|-----------------------|---|-----------------------|---|-----------------------|---|
|                              | (Dollars in millions) |   |                       |   |                       |   |                       |   |
| VIP Table Games Turnover     | \$9,419               |   | \$8,243               |   | \$29,618              |   | \$24,694              |   |
| VIP Table Games Win %        | 3.2                   | % | 3.3                   | % | 3.0                   | % | 3.2                   | % |
| Main Floor Table Games Drop  | \$1,882               |   | \$1,291               |   | \$5,532               |   | \$3,759               |   |
| Main Floor Table Games Win % | 18.1                  | % | 18.4                  | % | 18.2                  | % | 20.0                  | % |

MGM China's Adjusted Property EBITDA for the three months ended September 30, 2018 and 2017 was \$130 million and \$121 million, respectively. Adjusted Property EBITDA margin decreased 594 basis points to 21.5% in the current year quarter from 27.4% in the prior year quarter, due primarily to the ramp-up of operations at MGM Cotai. Excluding license fees of \$11 million in the current year quarter and \$8 million in the prior year quarter, Adjusted Property EBITDA increased 9%.

MGM China's Adjusted Property EBITDA for the nine months ended September 30, 2018 and 2017 was \$402 million and \$385 million, respectively. Adjusted Property EBITDA margin decreased 594 basis points to 22.8% in the current year period from 28.7% in the prior year period predominantly due to MGM Cotai and a decrease in win percentages for both main floor and VIP table games. Excluding license fees of \$31 million in the current year period and \$25 million in the prior year period, Adjusted Property EBITDA increased 5%.

Corporate and other. Corporate and other revenue includes revenue from corporate operations, management services and reimbursed costs revenue primarily related to our CityCenter management agreement and revenues from MGP's Northfield casino, subsequent to the acquisition in July 2018. Corporate and other Adjusted EBITDA for the three and nine months ended September 30, 2018 increased compared to the same periods in the prior year primarily due to the inclusion of \$22 million of Adjusted Property EBITDA related to MGP's Northfield casino and a \$45 million gain related to the sale of Grand Victoria in the current year periods, partially offset by an increase in corporate expense as described in "Summary Operating Results." See below for additional discussion of our share of operating results from unconsolidated affiliates.

## Operating Results – Income from Unconsolidated Affiliates

The following table summarizes information related to our income from unconsolidated affiliates:

|            | Three Months<br>Ended<br>September 30,<br>2018 |          | Nine Months Ended<br>September 30,<br>2018 |           |
|------------|--|----------|--|-----------|
|            | 2017   | 2018     | 2017                                       | 2018      |
|            | (In thousands)                                 |          |  |           |
| CityCenter | \$33,232                                       | \$34,673 | \$107,294                                  | \$109,757 |
| Other      | 2,263  | 3,117    | 7,907                                      | 8,438     |
|            | \$35,495                                       | \$37,790 | \$115,201                                  | \$118,195 |

During the quarter ended September 30, 2018, CityCenter closed the sale of Mandarin Oriental Las Vegas and adjacent retail parcels for \$214 million in cash. CityCenter recorded a loss on sale of \$133 million, the majority of which was recorded during the first quarter. For the three and nine months ended September 30, 2018, we recorded a \$12 million gain related to the reversal of basis differences in excess of our share of the loss recorded by CityCenter.

Our share of CityCenter's operating income, including certain basis difference adjustments, for the three months ended September 30, 2018 was \$33 million, including the gain on the sale of Mandarin Oriental Las Vegas, compared to \$35 million in the prior year quarter and was negatively impacted from a decrease in casino and rooms revenues. For the three months ended September 30, 2018, Aria's table games win decreased 20%, due to a 10% decrease in table games drop and a decrease in table games hold percentage to 20.9% in the current year quarter compared to 23.5% in the prior year quarter. Aria's slots win increased slightly compared to the prior year quarter due primarily to a 5% increase in volume, partially offset by a decrease in slots hold percentage. For the three months ended September 30, 2018, REVPAR decreased by 2% and 5% at Aria and Vdara, respectively, which led to a 3% decrease in CityCenter's rooms revenue compared to the prior year quarter.

Our share of CityCenter's operating income, including certain basis difference adjustments, for the nine months ended September 30, 2018 was \$107 million, compared to \$110 million in the prior year period which included a benefit of \$4 million of NV Energy exit fee modification in the prior period. The current year period benefited from an increase in non-casino revenues and the gain related to the sale of Mandarin Oriental Las Vegas, as discussed above, which was partially offset by a decrease in casino revenues, compared to the prior year period. For the nine months ended September 30, 2018 Aria's table games win decreased 2% due to a decrease in table games hold percentage to 23.7% in the current year period compared to 25.2% in the prior year period, partially offset by a 5% increase in table games drop. Aria's slots win increased 2% due to a 7% increase in slot volume, partially offset by a decrease in slots hold percentage. For the nine months ended September 30, 2018, REVPAR increased by 1% at Aria, which led to a 1% increase in CityCenter's rooms revenue compared to the prior year period.

## Non-operating Results

### Interest Expense

Gross interest expense for the three and nine months ended September 30, 2018 increased \$24 million and \$13 million, respectively, compared to the prior year periods due to an increase in the average debt outstanding for our senior notes, the Operating Partnership senior credit facility and the MGM China credit facility, and an increase in the weighted average interest rates in our senior credit facility, the Operating Partnership senior credit facility and the MGM China credit facility, partially offset by a decrease in amortization of debt issuance costs. Capitalized interest was \$11 million and \$48 million during the three and nine months ended September 30, 2018 compared to \$29 million and \$78 million during the three and nine months ended September 30, 2017, respectively. The decrease in capitalized interest was due primarily to the substantial completion of MGM Cotai in February 2018, partially offset by an increase related to the MGM Springfield project during the nine months ended September 30, 2018.

### Other, net

Other expense decreased in the three and nine months ended September 30, 2018 compared to the same periods in the prior year due to a \$30 million loss recorded in the third quarter of 2017 on the early retirement of debt related to the \$475 million principal amount of our 11.375% senior notes due 2018.

## Income Taxes

Our effective tax rate for the three months ended September 30, 2018 was a provision of 10.0% compared to a provision of 39.5% in the prior year quarter. Our effective tax rate for the nine months ended September 30, 2018 was a benefit of 8.0% compared to a provision of 27.3% in the prior year period. The effective tax rate for the three months ended September 30, 2018 was favorably impacted by the Tax Act's reduction of the U.S. corporate tax rate from 35% to 21% and income tax benefits recorded for deferred tax assets in Macau. The effective tax rate for the nine months ended September 30, 2018 was favorably impacted by the reduction in the U.S. corporate tax rate, income tax benefits recorded for deferred tax assets in Macau, income tax benefits recorded in the nine-month period for a measurement period adjustment for the Tax Act and the reversal of Macau shareholder dividend tax accruals resulting from extending the annual fee arrangement. The annual effective tax rate calculation for all periods is impacted by assumptions made regarding projected foreign tax credit usage and valuation allowance. See Note 6 in the accompanying consolidated financial statements for further discussion.

## Non-GAAP Measures

“Adjusted EBITDA” is earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preopening and start-up expenses, NV Energy exit expense and property transactions, net. “Adjusted Property EBITDA” is Adjusted EBITDA before corporate expense and stock compensation expense, which are not allocated to each property. “Same-store Adjusted Property EBITDA” is Adjusted Property EBITDA related to operating resorts which were consolidated by us for both the entire current and prior year periods presented. “Adjusted Property EBITDA margin” is Adjusted Property EBITDA divided by net revenues. “Same-store Adjusted Property EBITDA margin” is Same-store Adjusted Property EBITDA divided by same-store net revenues. Adjusted EBITDA information is presented solely as a supplemental disclosure to reported GAAP measures because management believes these measures are 1) widely used measures of operating performance in the gaming industry, and 2) a principal basis for valuation of gaming companies. Management presents Adjusted Property EBITDA on a “same-store” basis as supplemental information because management believes that providing performance measures on a “same-store” basis is useful for evaluating the period-to-period performance of our domestic casino resorts.

Management believes that while items excluded from Adjusted EBITDA, Adjusted Property EBITDA, Same-store Adjusted Property EBITDA, Adjusted Property EBITDA margin, and Same-store Adjusted Property EBITDA margin may be recurring in nature and should not be disregarded in evaluation of our earnings performance, it is useful to exclude such items when analyzing current results and trends compared to other periods because these items can vary significantly depending on specific underlying transactions or events that may not be comparable between the periods being presented. Also, management believes excluded items may not relate specifically to current operating trends or be indicative of future results. For example, preopening and start-up expenses will be significantly different in periods when we are developing and constructing a major expansion project and will depend on where the current period lies within the development cycle, as well as the size and scope of the project(s). Property transactions, net includes normal recurring disposals, gains and losses on sales of assets related to specific assets within our resorts, but also includes gains or losses on sales of an entire operating resort or a group of resorts and impairment charges on entire asset groups or investments in unconsolidated affiliates, which may not be comparable period over period. In addition, capital allocation, tax planning, financing and stock compensation awards are all managed at the corporate level. Therefore, management uses Adjusted Property EBITDA and Same-store Adjusted Property EBITDA as the primary measure of our operating resorts' performance.

Adjusted EBITDA, Adjusted Property EBITDA, Same-store Adjusted Property EBITDA, Adjusted Property EBITDA margin, and Same-store Adjusted Property EBITDA margin should not be construed as alternatives to operating income or net income, as indicators of our performance; or as alternatives to cash flows from operating activities, as measures of liquidity; or as any other measure determined in accordance with generally accepted accounting principles. We have significant uses of cash flows, including capital expenditures, interest payments, taxes and debt principal repayments, which are not reflected in Adjusted EBITDA, Adjusted Property EBITDA, Same-store Adjusted Property EBITDA, Adjusted Property EBITDA margin, or Same-store Adjusted Property EBITDA margin. Also, other companies in the gaming and hospitality industries that report Adjusted EBITDA, Adjusted Property EBITDA, Same-store Adjusted Property EBITDA, Adjusted Property EBITDA margin, or Same-store Adjusted Property EBITDA margin information may calculate Adjusted EBITDA, Adjusted Property EBITDA, Same-store Adjusted Property EBITDA, Adjusted Property EBITDA margin, or Same-store Adjusted Property EBITDA margin in a different manner.



The following table presents a reconciliation of net income attributable to MGM Resorts International to Adjusted EBITDA:

|   | Three Months Ended<br>September 30,<br>2018 |           | Nine Months Ended<br>September 30,<br>2017 |             |
|---|---|-----------|--|-------------|
|   | 2018  | 2017      | 2018                                       | 2017        |
|   | (In thousands)                              |           |  |             |
| Net income attributable to MGM Resorts International      | \$142,878                                   | \$148,363 | \$490,099                                  | \$564,639   |
| Plus: Net income attributable to noncontrolling interests | 28,532                                      | 27,381    | 88,035                                     | 104,552     |
| Net income  | 171,410                                     | 175,744   | 578,134                                    | 669,191     |
| Provision (benefit) for income taxes                      | 19,046                                      | 114,710   | (42,623 )                                  | 250,510     |
| Income before income taxes                                | 190,456                                     | 290,454   | 535,511                                    | 919,701     |
| Non-operating expense                                     |   |           |  |             |
| Interest expense, net of amounts capitalized              | 205,573                                     | 163,287   | 554,975                                    | 511,404     |
| Non-operating items from unconsolidated affiliates        | 11,583                                      | 8,825     | 31,661                                     | 26,302      |
| Other, net  | 3,291                                       | 30,138    | 11,588                                     | 31,706      |
|   | 220,447                                     | 202,250   | 598,224                                    | 569,412     |
| Operating income  | 410,903                                     | 492,704   | 1,133,735                                  | 1,489,113   |
| NV Energy exit expense                                    | —   | —         | —  | (40,629 )   |
| Preopening and start-up expenses                          | 46,890                                      | 29,349    | 132,884                                    | 65,508      |
| Property transactions, net                                | (42,400 )                                   | 7,711     | (19,532 )                                  | 22,650      |
| Depreciation and amortization                             | 300,472                                     | 249,600   | 865,502                                    | 744,123     |
| Adjusted EBITDA   | \$715,865                                   | \$779,364 | \$2,112,589                                | \$2,280,765 |

The following tables present reconciliations of operating income (loss) to Adjusted Property EBITDA and Adjusted EBITDA:

| Three Months Ended September 30, 2018 |                |                                 |  |                                  |                                     |                    |
|---------------------------------------|----------------|---------------------------------|--|----------------------------------|-------------------------------------|--------------------|
|                                       | Operating      | NV<br>Energy<br>Exit<br>Expense | Preopening<br>and Start-up<br>Expenses | Property<br>Transactions,<br>Net | Depreciation<br>and<br>Amortization | Adjusted<br>EBITDA |
|                                       | Income (Loss)  |                                 |  |                                  |                                     |                    |
|                                       | (In thousands) |                                 |  |                                  |                                     |                    |
| Bellagio                              | \$81,879       | \$ —                            | \$ —                                   | \$ 158                           | \$ 22,678                           | \$ 104,715         |
| MGM Grand Las Vegas                   | 100,254        | —                               | —                                      | 29                               | 16,364                              | 116,647            |
| Mandalay Bay                          | 36,102         | —                               | —                                      | 2                                | 22,545                              | 58,649             |
| The Mirage                            | 18,182         | —                               | —                                      | 54                               | 8,862                               | 27,098             |
| Luxor                                 | 22,062         | —                               | —                                      | 45                               | 9,878                               | 31,985             |
| New York-New York                     | 25,908         | —                               | —                                      | 28                               | 6,192                               | 32,128             |
| Excalibur                             | 23,393         | —                               | —                                      | 93                               | 4,992                               | 28,478             |
| Park MGM                              | (13,994 )      | —                               | 3,119                                  | 1,694                            | 10,584                              | 1,403              |
| Circus Circus Las Vegas               | 13,880         | —                               | —                                      | 144                              | 4,572                               | 18,596             |
| MGM Grand Detroit                     | 42,874         | —                               | —                                      | (92 )                            | 5,658                               | 48,440             |
| Beau Rivage                           | 22,651         | —                               | 51                                     | —                                | 6,736                               | 29,438             |
| Gold Strike Tunica                    | 12,357         | —                               | 41                                     | —                                | 2,270                               | 14,668             |
| Borgata                               | 46,543         | —                               | —                                      | 153                              | 14,110                              | 60,806             |
| MGM National Harbor                   | 31,979         | —                               | 48                                     | 33                               | 14,193                              | 46,253             |
| MGM Springfield                       | (29,467 )      | —                               | 31,333                                 | —                                | 5,778                               | 7,644              |
| Domestic resorts                      | 434,603        | —                               | 34,592                                 | 2,341                            | 155,412                             | 626,948            |
| MGM Macau                             | 100,188        | —                               | —                                      | 3                                | 18,020                              | 118,211            |
| MGM Cotai                             | (47,850 )      | —                               | 5,963                                  | —                                | 53,722                              | 11,835             |
| MGM China                             | 52,338         | —                               | 5,963                                  | 3                                | 71,742                              | 130,046            |
| Unconsolidated resorts                | 35,495         | —                               | —                                      | —                                | —                                   | 35,495             |
| Management and other operations       | 20,801         | —                               | —                                      | —                                | 7,177                               | 27,978             |
|                                       | 543,237        | —                               | 40,555                                 | 2,344                            | 234,331                             | 820,467            |
| Stock compensation                    | (16,618 )      | —                               | —                                      | —                                | —                                   | (16,618 )          |
| Corporate                             | (115,716)      | —                               | 6,335                                  | (44,744 )                        | 66,141                              | (87,984 )          |
|                                       | \$410,903      | \$ —                            | \$ 46,890                              | \$ (42,400 )                     | \$ 300,472                          | \$ 715,865         |

## Three Months Ended September 30, 2017

|                                 | Operating      | NV<br>Energy<br>Exit<br>Expense | Preopening<br>and Start-up<br>Expenses | Property<br>Transactions,<br>Net | Depreciation<br>and<br>Amortization | Adjusted<br>EBITDA |
|---------------------------------|----------------|---------------------------------|--|----------------------------------|-------------------------------------|--------------------|
|                                 | Income (Loss)  |                                 |  |                                  |                                     |                    |
|                                 | (In thousands) |                                 |  |                                  |                                     |                    |
| Bellagio                        | \$131,671      | \$ —                            | \$ —                                   | \$ 722                           | \$ 24,896                           | \$157,289          |
| MGM Grand Las Vegas             | 68,200         | —                               | (1 )                                   | 393                              | 17,338                              | 85,930             |
| Mandalay Bay                    | 62,370         | —                               | —                                      | 271                              | 21,371                              | 84,012             |
| The Mirage                      | 35,759         | —                               | —                                      | 96                               | 10,133                              | 45,988             |
| Luxor                           | 27,277         | —                               | —                                      | 308                              | 9,373                               | 36,958             |
| New York-New York               | 29,025         | —                               | (154 )                                 | 122                              | 6,741                               | 35,734             |
| Excalibur                       | 28,414         | —                               | —                                      | 161                              | 4,520                               | 33,095             |
| Park MGM                        | (5,793 )       | —                               | 1,855                                  | 4,013                            | 9,344                               | 9,419              |
| Circus Circus Las Vegas         | 21,270         | —                               | 2                                      | 30                               | 4,235                               | 25,537             |
| MGM Grand Detroit               | 36,581         | —                               | —                                      | —                                | 5,608                               | 42,189             |
| Beau Rivage                     | 20,849         | —                               | —                                      | 355                              | 6,326                               | 27,530             |
| Gold Strike Tunica              | 11,272         | —                               | —                                      | —                                | 2,268                               | 13,540             |
| Borgata                         | 60,182         | —                               | 153                                    | 91                               | 17,320                              | 77,746             |
| MGM National Harbor             | 17,770         | —                               | 24                                     | —                                | 19,614                              | 37,408             |
| Domestic resorts                | 544,847        | —                               | 1,879                                  | 6,562                            | 159,087                             | 712,375            |
| MGM China                       | 37,734         | —                               | 22,030                                 | 876                              | 60,476                              | 121,116            |
| Unconsolidated resorts          | 37,790         | —                               | —                                      | —                                | —                                   | 37,790             |
| Management and other operations | 1,927          | —                               | —                                      | —                                | 2,413                               | 4,340              |
|                                 | 622,298        | —                               | 23,909                                 | 7,438                            | 221,976                             | 875,621            |
| Stock compensation              | (14,978 )      | —                               | —                                      | —                                | —                                   | (14,978 )          |
| Corporate                       | (114,616)      | —                               | 5,440                                  | 273                              | 27,624                              | (81,279 )          |
|                                 | \$492,704      | \$ —                            | \$ 29,349                              | \$ 7,711                         | \$ 249,600                          | \$779,364          |

## Nine Months Ended September 30, 2018

|                                 | Operating<br>Income (Loss)<br>(In thousands) | NV<br>Energy<br>Exit<br>Expense | Preopening<br>and Start-up<br>Expenses | Property<br>Transactions,<br>Net | Depreciation<br>and<br>Amortization | Adjusted<br>EBITDA |
|---------------------------------|--|---------------------------------|--|----------------------------------|-------------------------------------|--------------------|
| Bellagio                        | \$304,099                                    | \$ —                            | \$ —                                   | \$ 832                           | \$ 66,785                           | \$371,716          |
| MGM Grand Las Vegas             | 249,062                                      | —                               | —                                      | 644                              | 49,140                              | 298,846            |
| Mandalay Bay                    | 126,571                                      | —                               | —                                      | (47 )                            | 67,891                              | 194,415            |
| The Mirage                      | 70,868                                       | —                               | —                                      | 1,674                            | 27,173                              | 99,715             |
| Luxor                           | 64,468                                       | —                               | —                                      | 279                              | 29,783                              | 94,530             |
| New York-New York               | 83,798                                       | —                               | —                                      | 180                              | 18,486                              | 102,464            |
| Excalibur                       | 69,199                                       | —                               | —                                      | 58                               | 14,849                              | 84,106             |
| Park MGM                        | (53,867 )                                    | —                               | 8,477                                  | 19,558                           | 35,608                              | 9,776              |
| Circus Circus Las Vegas         | 35,413                                       | —                               | —                                      | 359                              | 13,418                              | 49,190             |
| MGM Grand Detroit               | 130,406                                      | —                               | —                                      | (92 )                            | 16,652                              | 146,966            |
| Beau Rivage                     | 56,970                                       | —                               | 51                                     | 26                               | 19,859                              | 76,906             |
| Gold Strike Tunica              | 32,795                                       | —                               | 41                                     | 46                               | 6,595                               | 39,477             |
| Borgata                         | 110,955                                      | —                               | —                                      | 1,013                            | 42,987                              | 154,955            |
| MGM National Harbor             | 82,968                                       | —                               | 159                                    | 86                               | 55,116                              | 138,329            |
| MGM Springfield                 | (29,467 )                                    | —                               | 31,333                                 | —                                | 5,778                               | 7,644              |
| Domestic resorts                | 1,334,238                                    | —                               | 40,061                                 | 24,616                           | 470,120                             | 1,869,035          |
| MGM Macau                       | 310,186                                      | —                               | —                                      | 587                              | 53,086                              | 363,859            |
| MGM Cotai                       | (156,403 )                                   | —                               | 61,149                                 | 6                                | 133,061                             | 37,813             |
| MGM China                       | 153,783                                      | —                               | 61,149                                 | 593                              | 186,147                             | 401,672            |
| Unconsolidated resorts          | 111,880                                      | —                               | 3,321                                  | —                                | —                                   | 115,201            |
| Management and other operations | 37,425                                       | —                               | —                                      | —                                | 10,889                              | 48,314             |
|                                 | 1,637,326                                    | —                               | 104,531                                | 25,209                           | 667,156                             | 2,434,222          |
| Stock compensation              | (49,521 )                                    | —                               | —                                      | —                                | —                                   | (49,521 )          |
| Corporate                       | (454,070 )                                   | —                               | 28,353                                 | (44,741 )                        | 198,346                             | (272,112 )         |
|                                 | \$1,133,735                                  | \$ —                            | \$ 132,884                             | \$ (19,532 )                     | \$ 865,502                          | \$2,112,589        |

## Nine Months Ended September 30, 2017

|                                 | Operating<br>Income (Loss)<br>(In thousands) | NV<br>Energy<br>Exit<br>Expense | Preopening<br>and Start-up<br>Expenses | Property<br>Transactions,<br>Net | Depreciation<br>and<br>Amortization | Adjusted<br>EBITDA |
|---------------------------------|--|---------------------------------|--|----------------------------------|-------------------------------------|--------------------|
| Bellagio                        | \$334,935                                    | \$(6,970 )                      | \$ —                                   | \$ 845                           | \$ 69,041                           | \$397,851          |
| MGM Grand Las Vegas             | 206,838                                      | (7,424 )                        | 6                                      | 1,237                            | 53,357                              | 254,014            |
| Mandalay Bay                    | 168,230                                      | (8,524 )                        | —                                      | 261                              | 70,549                              | 230,516            |
| The Mirage                      | 121,537                                      | (4,043 )                        | —                                      | 213                              | 29,273                              | 146,980            |
| Luxor                           | 76,211                                       | (3,394 )                        | —                                      | 1,472                            | 28,416                              | 102,705            |
| New York-New York               | 82,410                                       | (2,025 )                        | (162 )                                 | 305                              | 22,282                              | 102,810            |
| Excalibur                       | 79,502                                       | (2,658 )                        | —                                      | 419                              | 13,309                              | 90,572             |
| Park MGM                        | 901  | (2,461 )                        | 2,904                                  | 14,003                           | 33,269                              | 48,616             |
| Circus Circus Las Vegas         | 47,238                                       | (3,130 )                        | 452                                    | 765                              | 12,395                              | 57,720             |
| MGM Grand Detroit               | 114,111                                      | —                               | —                                      | —                                | 17,081                              | 131,192            |
| Beau Rivage                     | 50,351                                       | —                               | —                                      | 360                              | 18,315                              | 69,026             |
| Gold Strike Tunica              | 34,229                                       | —                               | —                                      | (22 )                            | 6,881                               | 41,088             |
| Borgata                         | 178,321                                      | —                               | 1,430                                  | 1,311                            | 56,188                              | 237,250            |
| MGM National Harbor             | 45,972                                       | —                               | 251                                    | —                                | 59,908                              | 106,131            |
| Domestic resorts                | 1,540,786                                    | (40,629)                        | 4,881                                  | 21,169                           | 490,264                             | 2,016,471          |
| MGM China                       | 158,764                                      | —                               | 45,188                                 | 1,208                            | 180,059                             | 385,219            |
| Unconsolidated resorts          | 118,195                                      | —                               | —                                      | —                                | —                                   | 118,195            |
| Management and other operations | 17,746                                       | —                               | —                                      | —                                | 6,005                               | 23,751             |
|                                 | 1,835,491                                    | (40,629)                        | 50,069                                 | 22,377                           | 676,328                             | 2,543,636          |
| Stock compensation              | (45,188 )                                    | —                               | —                                      | —                                | —                                   | (45,188 )          |
| Corporate                       | (301,190 )                                   | —                               | 15,439                                 | 273                              | 67,795                              | (217,683 )         |
|                                 | \$1,489,113                                  | \$(40,629)                      | \$ 65,508                              | \$ 22,650                        | \$ 744,123                          | \$2,280,765        |

## Liquidity and Capital Resources

## Cash Flows

Our cash and cash equivalents at September 30, 2018 were \$1.3 billion, which included \$663 million at MGM China and \$50 million at MGP.

Operating activities. Trends in our operating cash flows tend to follow trends in operating income, excluding non-cash charges, but can be affected by changes in working capital, the timing of significant interest payments, tax payments or refunds, and by earnings and distributions from unconsolidated affiliates. Cash provided by operating activities was \$1.4 billion for the nine months ended September 30, 2018 compared to cash provided by operating activities of \$1.5 billion in the prior year period. Operating cash flows decreased in the current year period due primarily to a decrease in operating income at our domestic resorts. Cash paid for taxes decreased compared to the prior year period primarily

as a result of the Tax Act.

Investing activities. We made capital expenditures of \$1.2 billion for the nine months ended September 30, 2018, of which \$327 million related to MGM China, excluding development fees and capitalized interest on development fees eliminated in consolidation. Capital expenditures at MGM China included \$299 million related to the construction of MGM Cotai and \$27 million related to projects at MGM Macau. Capital expenditures at our domestic resorts and corporate entities of \$897 million included \$318 million related to the construction of MGM Springfield, \$178 million related to the Park MGM rebranding project, \$58 million related to a deposit for the purchase of an airplane, as well as expenditures relating to the expansion of the convention center at MGM Grand Las Vegas and various room, restaurant, and entertainment venue remodels. Most of the costs capitalized at our domestic resorts during the nine months ended September 30, 2018 related to construction materials, furniture and fixtures, and external labor costs.

We made capital expenditures of \$1.4 billion for the nine months ended September 30, 2017, of which \$744 million related to MGM China, excluding development fees and capitalized interest on development fees eliminated in consolidation. Capital expenditures at MGM China included \$711 million related to the construction of MGM Cotai and \$33 million related to projects at MGM Macau. Capital expenditures at our domestic resorts and corporate entities of \$654 million included \$170 million related to MGM National Harbor, \$172 million related to the construction of MGM Springfield, and \$128 million related to the Park MGM rebranding project as well as various room remodels, construction of the parking garage at Excalibur, a waterpark at Circus Circus, and restaurant and entertainment venue remodels. Most of the costs capitalized at our domestic resorts during the nine months ended September 30, 2017 related to construction materials, furniture and fixtures, and external labor costs.

Distributions from unconsolidated affiliates for the nine months ended September 30, 2018 consisted of our \$200 million share of a \$400 million dividend paid by CityCenter in May 2018, our \$113 million share of a \$225 million dividend paid by CityCenter in September 2018, and our \$8 million share of distributions from other unconsolidated affiliates during the period. Distributions from unconsolidated affiliates for the nine months ended September 30, 2017 consisted of our \$300 million share of a \$600 million dividend paid by CityCenter in April 2017.

During the nine months ended September 30, 2018, we received \$164 million related the sale of the Grand Victoria Casino. Additionally, we paid net cash of \$1.0 billion for the Northfield Acquisition (see Note 3 for additional detail).

Financing activities. In the nine months ended September 30, 2018, we borrowed net debt of \$1.8 billion which primarily consisted of the issuance of \$1.0 billion 5.750% senior notes due 2025, \$175 million of net borrowings on the MGM China credit facility, \$747 million of net borrowings on the Operating Partnership senior credit facility, and \$144 million of net repayments on the MGM senior credit facility. Additionally, we paid \$65 million of debt issuance costs related to the amendments of the Operating Partnership's senior credit facility in March and June 2018, the amendment of MGM China's credit facility in June 2018 and the issuance of the \$1.0 billion 5.750% senior notes.

In the nine months ended September 30, 2017, we borrowed net debt of \$466 million which primarily consisted of a \$300 million draw on our senior credit facility, a \$334 million draw on the MGM China credit facility, and a \$28 million draw on the MGM National Harbor credit facility, as well as MGP's issuance of \$350 million 4.50% senior notes due 2028 in connection with the MGM National Harbor transaction, partially offset by the redemption of our \$475 million 11.375% senior notes at a premium, as well as amortization payments on our term loan facilities. We paid \$10 million of debt issuance costs related to the issuance of MGP's senior notes and the amendments to the MGM China and Operating Partnership credit facilities.

We repurchased approximately 35 million shares for an aggregate amount of \$1.1 billion during the nine months ended September 30, 2018.

During the nine months ended September 30, 2017, we repurchased and retired \$328 million of our common stock pursuant to our stock repurchase plan.

As discussed further below, we paid dividends to common shareholders and made distributions to noncontrolling interests in each of 2018 and 2017.

#### Other Factors Affecting Liquidity

Anticipated uses of cash. We have significant outstanding debt and contractual obligations in addition to planned capital expenditures. At September 30, 2018, we had \$14.8 billion in principal amount of indebtedness, including \$228 million of borrowings outstanding under our \$1.5 billion senior secured credit facility, \$2.8 billion outstanding under the \$3.6 billion Operating Partnership credit facility, and \$2.5 billion outstanding under the \$2.9 billion MGM China credit facility. We have an estimated \$798 million of cash interest payments based on outstanding debt and applicable interest rates within the next twelve months. We expect to meet our debt maturities and planned capital

expenditure requirements with future anticipated operating cash flows, cash and cash equivalents, and available borrowings under our credit facilities.

Further, we anticipate funding the acquisitions of Northfield OpCo and Empire City through the assumption of debt, issuance of equity, cash and cash equivalents, and available borrowings under our credit facilities.

In addition, we have made significant investments through September 30, 2018 and we expect to make capital investments as described below during the remainder of 2018.

- Approximately \$115 million in capital expenditures at our domestic resorts and corporate entities, excluding MGM Springfield;
- Approximately \$85 million on the MGM Cotai project, excluding capitalized interest;
- Approximately \$80 million on the MGM Springfield project, excluding capitalized interest and land-related costs; and
  - Approximately \$20 million in other capital improvements at MGM China.



Our capital expenditures fluctuate depending on our decisions with respect to strategic capital investments in new or existing resorts and the timing of capital investments to maintain the quality of our resorts, the amounts of which can vary depending on timing of larger remodel projects related to our public spaces and hotel rooms. Future capital expenditures could vary from our current expectations depending on the progress of our development efforts and the structure of our ownership interests in future developments.

MGM Resorts International stock repurchase program. In May 2018, our Board of Directors authorized a \$2.0 billion stock repurchase program and completed the previously announced \$1.0 billion stock repurchase program. Under each stock repurchase program, we may repurchase shares from time to time in the open market or in privately negotiated agreements. Repurchases of common stock may also be made under a Rule 10b5-1 plan, which would permit common stock to be repurchased when we might otherwise be precluded from doing so under insider trading laws. The timing, volume and nature of stock repurchases will be at the sole discretion of management, dependent on market conditions, applicable securities laws, and other factors, and may be suspended or discontinued at any time. Repurchased shares are retired. The remaining availability under the \$2.0 billion stock repurchase program was approximately \$1.5 billion as of September 30, 2018.

Subsequent to the quarter ended September 30, 2018, we repurchased approximately 6 million shares of our common stock at an average price of \$25.13 per share for an aggregate amount of \$150 million. Repurchased shares will be retired.

MGM Resorts International dividends. During the nine months ended September 30, 2018 we paid dividends each quarter of \$0.12 per share, totaling \$197 million for the period. On October 30, 2018, our Board of Directors approved a quarterly dividend of \$0.12 per share that will be payable on December 14, 2018 to holders of record on December 10, 2018. Our intention is to pay a comparable quarterly dividend in each quarter of 2018, subject to our operating results, cash requirements and financial conditions, any applicable provisions of state law that may limit the amount of funds available to us, and compliance with covenants and financial ratios related to existing or future agreements governing the indebtedness at our subsidiaries and any limitations in other agreements such subsidiaries may have with third parties. During the nine months ended September 30, 2017, we paid dividends each quarter of \$0.11 per share, totaling \$190 million for the period.

Operating Partnership distributions and MGP dividends. The Operating Partnership paid the following distributions to its partnership unit holders during the nine months ended September 30, 2018 and 2017:

\$338 million of distributions paid in 2018, of which we received \$248 million and MGP received \$90 million, which MGP concurrently paid as a dividend to its Class A shareholders;

\$284 million of distributions paid in 2017, of which we received \$217 million and MGP received \$67 million, which MGP concurrently paid as a dividend to its Class A shareholders;

Additionally, the Operating Partnership paid a \$116 million distribution in October 2018, of which we received \$85 million and MGP received \$31 million, which MGP concurrently paid as a dividend to its Class A shareholders.

MGM China dividends. In the nine months ended September 30, 2018, MGM China paid dividends of \$78 million, of which we received \$44 million and noncontrolling interests received \$34 million. In the nine months ended September 30, 2017, MGM China paid dividends of \$134 million, of which we received \$75 million and noncontrolling interests received \$59 million.

#### Critical Accounting Policies and Estimates

A complete discussion of our critical accounting policies and estimates is included in our Form 10-K for the fiscal year ended December 31, 2017. There have been no significant changes in our critical accounting policies and estimates since year end.

#### Market Risk

In addition to the inherent risks associated with our normal operations, we are also exposed to additional market risks. Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates. Our primary exposure to market risk is interest rate risk associated with our variable rate long-term debt. We attempt to limit our exposure to interest rate risk by managing the mix of our long-term fixed rate borrowings and short-term borrowings under our bank credit facilities and by utilizing interest rate swap agreements that provide for a fixed interest payment on the Operating Partnership's term loan B facility. A change in interest rates generally does not have an impact upon our future earnings and cash flow for fixed-rate debt instruments. As fixed-rate debt matures, however, and if additional debt is acquired to fund the debt repayment, future earnings and cash flow may be affected by changes in interest rates. This effect would be realized in the periods subsequent to the periods when the debt matures. We do not hold or issue financial instruments for trading purposes and do not enter into derivative transactions that would be considered speculative positions.

As of September 30, 2018, variable rate borrowings represented approximately 29% of our total borrowings after giving effect to the \$500 million and \$700 million notional amount Operating Partnership interest rate swaps with weighted average fixed rates that we pay 1.764% and 1.901%, respectively. The following table provides additional information about our gross long-term debt subject to changes in interest rates excluding the effect of the Operating Partnership interest rate swaps discussed above:

|                       | Debt maturing in |       |         |         |         |            |         | Fair Value         |  |
|-----------------------|------------------|-------|---------|---------|---------|------------|---------|--------------------|--|
|                       | 2018             | 2019  | 2020    | 2021    | 2022    | Thereafter | Total   | September 30, 2018 |  |
|                       | (In millions)    |       |         |         |         |            |         |                    |  |
| Fixed-rate            | \$—              | \$850 | \$1,500 | \$1,250 | \$1,000 | \$ 4,651   | \$9,251 | \$ 9,505           |  |
| Average interest rate | N/A              | 8.6 % | 6.3 %   | 6.6 %   | 7.8 %   | 5.4 %      | 6.3 %   |                    |  |
| Variable rate         | \$107            | \$435 | \$441   | \$629   | \$1,208 | \$ 2,719   | \$5,539 | \$ 5,534           |  |
| Average interest rate | 4.5 %            | 4.5 % | 4.5 %   | 4.6 %   | 4.4 %   | 4.3 %      | 4.4 %   |                    |  |

In addition to the risk associated with our variable interest rate debt, we are also exposed to risks related to changes in foreign currency exchange rates, mainly related to MGM China and to our operations at MGM Macau and MGM Cotai. While recent fluctuations in exchange rates have not been significant, potential changes in policy by governments or fluctuations in the economies of the United States, China, Macau or Hong Kong could cause variability in these exchange rates. We cannot assure you that the Hong Kong dollar will continue to be pegged to the U.S. dollar or the current peg rate for the Hong Kong dollar will remain at the same level. The possible changes to the peg of the Hong Kong dollar may result in severe fluctuations in the exchange rate thereof. As of September 30, 2018, a 1% increase in the Hong Kong dollar (the functional currency of MGM China) to the U.S. dollar exchange rate would impact the carrying value of our cash balance by \$7 million and a 1% decrease in the exchange rate would impact the carrying value of our debt balance by \$25 million.

#### Cautionary Statement Concerning Forward-Looking Statements

This Form 10-Q contains “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects,” “will,” “may” and similar references to future periods. Examples of forward-looking statements include, but are not limited to, statements we make regarding expected market growth in Macau, our ability to generate significant cash flow and execute on ongoing and future projects, amounts we will spend in capital expenditures and investments, the opening of strategic resort developments, the estimated costs and components associated with those developments, our expectations with respect to future cash dividends on our common stock, dividends and distributions we will receive from MGM China, the Operating Partnership or CityCenter and impact of the Tax Act. The foregoing is not a complete list of all forward-looking statements we make.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. Therefore, we caution you against relying on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, regional, national or global political, economic, business, competitive, market, and regulatory conditions and the following:

- our substantial indebtedness and significant financial commitments, including the fixed component of our rent payments to MGP, could adversely affect our development options and financial results and impact our ability to satisfy our obligations;
- current and future economic, capital and credit market conditions could adversely affect our ability to service or refinance our indebtedness and to make planned expenditures;
- restrictions and limitations in the agreements governing our senior credit facility and other senior indebtedness could significantly affect our ability to operate our business, as well as significantly affect our liquidity;
- the fact that we are required to pay a significant portion of our cash flows as fixed and percentage rent under the master lease, which could adversely affect our ability to fund our operations and growth, service our indebtedness and limit our ability to react to competitive and economic changes;
- significant competition we face with respect to destination travel locations generally and with respect to our peers in the industries in which we compete;

the fact that our businesses are subject to extensive regulation and the cost of compliance or failure to comply with such regulations could adversely affect our business;

- the impact on our business of economic and market conditions in the jurisdictions in which we operate and in the locations in which our customers reside;

our ability to sustain continuous improvement efforts and achieve anticipated results;

our ability to pay ongoing regular dividends is subject to the discretion of our board of directors and certain other limitations;

a significant number of our domestic gaming facilities are leased and could experience risks associated with leased property, including risks relating to lease termination, lease extensions, charges and our relationship with the lessor, which could have a material adverse effect on our business, financial position or results of operations;

financial, operational, regulatory or other potential challenges that may arise with respect to MGP, as our sole lessor for a significant portion of our properties, may adversely impair our operations;

the fact that MGP has adopted a policy under which certain transactions with us, including transactions involving consideration in excess of \$25 million, must be approved in accordance with certain specified procedures;

restrictions on our ability to have any interest or involvement in gaming businesses in China, Macau, Hong Kong and Taiwan, other than through MGM China;

the ability of the Macau government to terminate MGM Grand Paradise's subconcession under certain circumstances without compensating MGM Grand Paradise, exercise its redemption right with respect to the subconcession, or refuse to grant MGM Grand Paradise an extension of the subconcession in 2020;

the dependence of MGM Grand Paradise upon gaming promoters for a significant portion of gaming revenues in Macau;

changes to fiscal and tax policies;

our ability to recognize our foreign tax credit deferred tax asset and the variability of the valuation allowance we may apply against such deferred tax asset;

extreme weather conditions or climate change may cause property damage or interrupt business;

the concentration of a majority of our major gaming resorts on the Las Vegas Strip;

the fact that we extend credit to a large portion of our customers and we may not be able to collect such gaming receivables;

the potential occurrence of impairments to goodwill, indefinite-lived intangible assets or long-lived assets which could negatively affect future profits;

the susceptibility of leisure and business travel, especially travel by air, to global geopolitical events, such as terrorist attacks, other acts of violence or acts of war or hostility;

the fact that co-investing in properties, including our investment in CityCenter, decreases our ability to manage risk;

the fact that future construction, development, or expansion projects will be subject to significant development and construction risks;

the fact that our insurance coverage may not be adequate to cover all possible losses that our properties could suffer, our insurance costs may increase and we may not be able to obtain similar insurance coverage in the future;

- the fact that a failure to protect our trademarks could have a negative impact on the value of our brand names and adversely affect our business;
- the risks associated with doing business outside of the United States and the impact of any potential violations of the Foreign Corrupt Practices Act or other similar anti-corruption laws;
  - risks related to pending claims that have been, or future claims that may be brought against us;
- the fact that a significant portion of our labor force is covered by collective bargaining agreements;
- the sensitivity of our business to energy prices and a rise in energy prices could harm our operating results;
- the potential that failure to maintain the integrity of our computer systems and internal customer information could result in damage to our reputation and/or subject us to fines, payment of damages, lawsuits or other restrictions on our use or transfer of data;
- the potential reputational harm as a result of increased scrutiny related to our corporate social responsibility efforts;
- the potential failure of future efforts to expand through investments in other businesses and properties or through alliances or acquisitions, such as the Empire City and Northfield acquisitions, or to divest some of our properties and other assets;
- increases in gaming taxes and fees in the jurisdictions in which we operate; and
- the potential for conflicts of interest to arise because certain of our directors and officers are also directors of MGM China, which is a publicly traded company listed on the Hong Kong Stock Exchange.

Any forward-looking statement made by us in this Form 10-Q speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law. If we update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements.

You should also be aware that while we from time to time communicate with securities analysts, we do not disclose to them any material non-public information, internal forecasts or other confidential business information. Therefore, you should not assume that we agree with any statement or report issued by any analyst, irrespective of the content of the statement or report. To the extent that reports issued by securities analysts contain projections, forecasts or opinions, those reports are not our responsibility and are not endorsed by us.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

We incorporate by reference the information appearing under “Market Risk” in Part I, Item 2 of this Form 10-Q.

### Item 4. Controls and Procedures

Our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer) have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (“the Exchange Act”)) were effective as of September 30, 2018 to provide reasonable assurance that information required to be disclosed in the Company’s reports under the Exchange Act is

recorded, processed, summarized and reported within the time periods specified in the SEC rules and regulations and to provide that such information is accumulated and communicated to management to allow timely decisions regarding required disclosures. This conclusion is based on an evaluation as required by Rules 13a-15(b) and 15d-15(b) under the Exchange Act conducted under the supervision and participation of the principal executive officer and principal financial officer along with company management.

During the quarter ended September 30, 2018, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Part II. OTHER INFORMATION

### Item 1. Legal Proceedings

October 1 litigation. We and/or certain of our subsidiaries have been named as defendants in a number of lawsuits related to the October 1, 2017 shooting in Las Vegas. The matters involve in large degree the same legal and factual issues, in each case being filed on behalf of individuals who are seeking damages for emotional distress, physical injury, medical expenses, economic damages and/or wrongful death based on assertions that we and/or certain of our subsidiaries were negligent. We have also received letters from attorneys purporting to represent persons with claims related to the October 1, 2017 shooting. Lawsuits were first filed in October 2017 and include actions filed by multiple individuals in the District Court of Clark County, Nevada and in the Superior Court of Los Angeles County, California. Some of the original actions have been voluntarily dismissed, and plaintiffs' counsel indicate they anticipate re-filing the lawsuits in similar form. In June 2018, we have removed to federal court all actions that remained pending in California and Nevada state courts following the voluntary dismissals. Motions to remand have been filed in several cases, and we anticipate that there may be additional motions to remand filed in the future. We have also initiated declaratory relief actions in federal courts in various districts against individuals who had sued or stated an intent to sue. Additional lawsuits related to this incident may be filed in the future. We are meeting and conferring with lead plaintiffs' counsel concerning possible mediation and resolution of these matters, and while those discussions are occurring, the parties have filed stipulations asking the courts to stay the litigation.

We are currently unable to reliably predict the developments in, outcome of, and economic costs and other consequences of pending or future litigation related to this matter. We will continue to investigate the factual and legal defenses, and evaluate these matters based on subsequent events, new information and future circumstances. We intend to defend against these lawsuits and ultimately believe we should prevail, but litigation of this type is inherently unpredictable. Although there are significant procedural, factual and legal issues to be resolved that could significantly affect our belief as to the possibility of liability, we currently believe that it is reasonably possible that we could incur liability in connection with certain of these lawsuits. The foregoing determination was made in accordance with generally accepted accounting principles, as codified in ASC 450-20, and is not an admission of any liability on the part of us or any of our affiliates. Given that these cases are in the early stages and in light of the uncertainties surrounding them, we do not currently possess sufficient information to determine a range of reasonably possible liability. In the event we incur any liability, we believe it is unlikely we would incur losses in connection with these claims in excess of our insurance coverage. The insurance carriers have not expressed a reservation of rights or coverage defense that affects our evaluation of potential losses in connection with these claims. In addition, our general liability insurance coverage provides, as part of the contractual "duty to defend", payment of legal fees and associated costs incurred to defend covered lawsuits that are filed arising from the October 1, 2017 shooting in Las Vegas. Payment of such fees and costs is in addition to (and not limited by) the limits of the insurance policies and does not erode the total liability coverage available.

Other. We and our subsidiaries are also defendants in various other lawsuits, most of which relate to routine matters incidental to our business. We do not believe that the outcome of such pending litigation, considered in the aggregate, will have a material adverse effect on us.



Item 1A. Risk Factors

A description of certain factors that may affect our future results and risk factors is set forth in our Annual Report on Form 10-K for the year ended December 31, 2017. There have been no material changes to those factors previously disclosed in our 2017 Annual Report on Form 10-K, except as discussed below.

Risks Related to Our Business

We may not be able to sustain our continuous improvement efforts. We have initiatives for sustained growth and margin enhancement which are focused on improving our data and digital technology, pricing strategy, and our guests' experience to increase cash flow and improve margins. While we believe these initiatives will result in financial benefit, our optimization efforts may fail to achieve expected results or we may not be able to sustain our historic efforts to produce continuous improvements.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information about share repurchases made by the Company of its common stock during the quarter ended September 30, 2018:

| Period                                 | Total<br>Number of<br>Shares<br>Purchased | Average<br>Price<br>Paid<br>per<br>Share | Total<br>Number<br>of Shares<br>Purchased<br>as<br>Part of a<br>Publicly<br>Announced<br>Program | Dollar<br>Value of<br>Shares that<br>May<br>Yet be<br>Purchased<br>Under the<br>Program<br>(In<br>thousands) |
|--|---|--|--|--|
| July 1, 2018 — July 31, 2018           | —   | \$ —                                     | —  | \$1,715,232  |
| August 1, 2018 — August 31, 2018       | 5,000,000                                 | \$ 29.24                                 | 5,000,000  | \$1,569,042  |
| September 1, 2018 — September 30, 2018 | 1,103,236                                 | \$ 27.20                                 | 1,103,236  | \$1,539,031  |

On May 10, 2018, the Company announced that its Board of Directors had adopted a \$2.0 billion stock repurchase program, and that the previously announced \$1.0 billion stock repurchase program had been completed. All repurchases under the stock repurchase program are made from time to time at the Company's discretion in the open market or in privately negotiated agreements. Repurchases of common stock may also be made under a Rule 10b5-1 plan, which would permit common stock to be repurchased when the Company might otherwise be precluded from doing so under insider trading laws. Repurchases under the program may be suspended or discontinued at any time. All shares repurchased by the Company during the quarter ended September 30, 2018 were purchased pursuant to the Company's publicly announced stock repurchase programs and have been retired.

## Item 6. Exhibits

4.1 Second Supplemental Indenture to the Indentures, dated as of July 10, 2018, among Northfield Park Associates LLC, Cedar Downs OTB, LLC, MGP Finance Co-Issuer, Inc., MGM Growth Properties Operating Partnership LP, the Subsidiary Guarantors named therein, and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 of the Quarterly Report on Form 10-Q of MGM Growth Properties LLC and MGM Growth Properties Operating Partnership LP, filed on November 6, 2018).

31.1 Certification of Chief Executive Officer of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a).

31.2 Certification of Chief Financial Officer of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a).

32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.

32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.

101 The following information from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 formatted in eXtensible Business Reporting Language: (i) Consolidated Balance Sheets at September 30, 2018 (unaudited) and December 31, 2017 (audited); (ii) Unaudited Consolidated Statements of Operations for the three and nine months ended September 30, 2018 and 2017; (iii) Unaudited Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2018 and 2017; (iv) Unaudited Consolidated Statements of Cash Flows for the nine months ended September 30, 2018 and 2017; (v) Unaudited Consolidated Statements of Stockholders' Equity for the nine months ended September 30, 2018 and 2017; and

(vi) Condensed Notes to the Unaudited Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MGM Resorts International

Date: November 7, 2018 By: /s/ JAMES J. MURREN  
James J. Murren  
Chairman of the Board and Chief Executive Officer (Principal Executive Officer)

Date: November 7, 2018 /s/ DANIEL J. D'ARRIGO  
Daniel J. D'Arrigo  
Executive Vice President and Chief Financial Officer (Principal Financial Officer)