

Trump Entertainment Resort plans to open a casino in Las Vegas

Perry, who was hired to turn around the company after it emerged from bankruptcy last May, also said the company begun by Donald Trump wants to have a Las Vegas casino by 2010 and would consider expanding abroad.

But first the company must bounce back from a long period of neglect in which maintenance of the three Atlantic City properties was delayed and management focused on increasing the quantity of guests rather than luring big spenders. „We’ll start to see improved margins and some very nice flow-through in the third quarter,“ Perry said at the Reuters Hotels and Casinos Summit in Los Angeles.

He said the company aims to reach an industry-average profit margin, in terms of earnings before interest, tax, depreciation and amortization, of about 26 percent by the second half of 2007, up from about 20 percent in the third quarter. He said the key to success is bringing customers to the city for attractions other than gambling, improving services and attracting higher-end customers.

He assured that the company traditionally has been driven by a business model that focused more on volume than quality, which drew low-end customers and left customer service wanting.

Trump Entertainment aims to change that through changing pay structures to reward employees for focusing on cleanliness, for instance, as well as capital improvements.

The company has said it plans to spend us\$ 110 million on renovating its Atlantic City properties – Trump Taj Mahal, Trump Marina and Trump Plaza – over the next two years, besides a planned hotel tower at the Trump Taj Mahal. Perry

said the company would also look for opportunities to leverage the Trump brand internationally, including in Macau, but said he would target 2008 or 2010 for a presence there.

Perry, who has suggested in the past that reorganization efforts could adversely impact revenues in the short term, said revenue growth should start exceeding the rate at which the market was growing in the second quarter of this year.

He said Trump had one of the industry's highest gaming cost of sales, which includes giveaways and promotional expenses to lure customers, and added that bringing those costs down could substantially improve margins. Still, the going remains tough for Trump Entertainment, as it faces rivals with much deeper pockets in several markets, such as Harrah's Entertainment.

Perry said the company should start to enjoy stronger revenues in March and April, resulting in improved profits later. Presidents Day weekend is traditionally a big revenue-generating weekend for Atlantic City. Competition for Atlantic City is also looming in Pennsylvania, where five slot parlors are scheduled to open.

Although Trump Entertainment has applied for a license to develop a USD 350 million casino in Philadelphia, it is only one of several bidders. Perry also said the company would like a presence in Las Vegas around 2010, which would be the earliest it could open a newly constructed full-service casino resort there. A joint venture project could come to fruition earlier than that.