

Profits Fall for Atlantic City Casinos

Newark, New Jersey – Net income at Atlantic City's 11 casinos fell 34 percent in the second quarter, giving the industry its second consecutive quarterly drop, the state Casino Control Commission reported Friday.

Net revenues fell 6.1 percent and gross operating profit dropped 19 percent in the April-June period for the seaside gambling halls, which have been hurt by competition from new slot parlors in New York and Pennsylvania.

The results are further evidence that 2007 may be the first year that revenues fall since casino gambling started in Atlantic City in 1978.

„It's going to get worse before it gets better,“ said Jane Pedreira, a casino industry analyst for Lehman Brothers. He noted that the two slot parlors in Philadelphia have yet to deploy their full allotment of machines.

Gross operating profit, which excludes interest, taxes, depreciation and other charges, is considered a better comparison between casino properties than net income.

The 11 casinos had gross operating profit of USD 291.3 million for the three months ended June 30, compared with USD 359.4 million for the same period in 2006.

The 2006 numbers include those from the smallest property, the Sands Hotel & Casino, which closed Nov. 10 to make way for a larger casino hotel.

Net revenue, which does not include the value of some perks given patrons, fell to USD 1.19 billion for the quarter. Net income was USD 65 million, compared with USD 98.5 million a

year ago.

All 11 casinos saw declines in gross operating profit from the spring quarter a year ago, with the Atlantic City Hilton registering the largest drop, 44.9 percent, to \$ 8.7 million.

Quarterly gross operating profit for the remaining properties, compared to the second quarter of 2006: Trump Marina Hotel Casino, down 33.5 percent to USD 9.09 million; Bally's Atlantic City, down 32.2 percent to USD 37 million; Harrah's Atlantic City, down 21.3 percent to USD 36.4 million; Showboat Casino-Hotel, down 20.7 percent to USD 29.5 million; Tropicana Casino and Resort, down 17.7 percent to USD 29.1 million; Resorts Atlantic City, down 15.5 percent to USD 5.9 million; Trump Taj Mahal Casino Resort, down 12.3 percent to USD 26.8 million; Trump Plaza Hotel & Casino, down 11.4 percent to USD 10.2 million; Borgata Hotel Casino & Spa, down 4.8 percent to USD 55.4 million; and Caesars Atlantic City Hotel Casino, down 3.5 percent to USD 43.3 million.

For the first half of 2007, the 11 casinos had gross operating profit of USD 588.6 million, down 12.9 percent from the same period in 2006. Six-month net revenue of USD 2.35 billion was down 4.6 percent, while net income of USD 98.5 million declined 42.5 percent.