

Ahead of the Bell: New Year's OK for Vegas casinos

New York (AP) – New Year's may have been better than expected in Las Vegas, which could bode well for some casino operators, an analyst said Monday.

KeyBanc Capital Markets' Dennis Forst said early assessments reveal that the holiday brought good crowds to Las Vegas, although spending at casinos and on food was a bit mild.

„At the high end properties, there was a strong international flavor and that would indicate that luck dictated the performance of the holiday at those casinos. This is likely better than had been envisioned and may be a catalyst to get investors' attention in the new year,“ he wrote in a note to clients.

Casino operators have struggled as consumers tighten discretionary spending due to the continued housing slowdown, diminishing credit, escalating food costs and unemployment concerns.

Forst also noted that while key Las Vegas Strip gaming figures for November have yet to be released, the data is likely not going to be as bad as October's 25 percent decline. The analyst predicts a single-digit drop in gaming win growth for November and a 20 percent December decline.

November also has a somewhat easy comparison to a year ago, when gaming win growth for the Las Vegas Strip was off 19 percent, Forst explained. „Win“ is a gross figure, with no operating costs or other expenses deducted, and represents casino revenue only – not hotel, restaurant or bar revenue.

The November figures are expected to be released on either Friday or Jan. 12.

Forst expects the better-than-anticipated New Year's holiday and November results will be favorable for Las Vegas-centered stocks such as Las Vegas Sands Corp., MGM Mirage and Wynn Resorts Ltd.

Forst said his favorite is MGM Mirage because „it produces 80 percent of its cash flow from Las Vegas, has financing and capital to complete City Center, has leading positions in Las Vegas, Biloxi, Detroit and Atlantic City, and should produce annual free cash flows in the USD 700 million range for 2008 and 2009 and possibly USD 1 billion in 2010.“