



Please note that we have constructed our acquisition landscape based on a variety of factors, including expressed interest/need, relative size, historical patterns, financial situation, apparent economic feasibility, market valuation and our own industry understanding.

Las Vegas: Exceeding Prior Peak Levels in 2018

Our outlook for Las Vegas remains positive as we continue to expect low-to mid-single-digit RevPAR and low-single digit GGR growth over the near term. While the recovery of Las Vegas is in its late innings, with several indicators (such as RevPAR and convention mix) reaching prior peaks we believe that limited new supply, healthy convention trends (attendance: +5.1% YTD, mix: 16.1% of total visitors), and a reinvigoration of domestic play should support further growth.

Modest GGR Gains. Factoring YTD results and our expectations for November and December, we estimate Las Vegas gaming operators should report gaming revenues of \$6.49 billion (+1.8% versus \$6.38 billion) in 2017 owing primarily to higher domestic play. We expect slot revenue to increase to \$3.18 billion (+1.7% versus \$3.12 billion). Meanwhile, we expect non-baccarat table win to rise to \$2.14 billion (+4.9% versus \$2.04 billion). We note that non-baccarat table win is benefitting from higher hold (+85bps YTD). We believe that higher hold relates to: (1) game mix towards higher hold games with added low-value wagers, (2) player-unfriendly rule changes, and (3) more leisure-oriented gaming patrons. Lastly, baccarat revenue is projected to decrease to \$1.18 billion (-2.9% versus \$1.21 billion). It is worth noting that results have been hurt on a YTD basis by unfavorable hold (-90bps).

Looking into 2018, we anticipate gaming revenue will increase to \$6.68 billion (+2.8% versus \$6.49 billion). On a segment basis, we estimate slot revenue to increase to \$3.23 billion (+1.7% versus \$3.18 billion). Meanwhile, we anticipate higher non-baccarat table play of \$2.23 billion (+4.4% versus \$2.14 billion). Lastly, we are forecasting baccarat revenue of \$1.21 billion (+3.9% versus \$1.18 billion).

Exhibit 9: Las Vegas Gross Gaming Revenue Forecast (\$ millions)

	Slots	Δ	Baccarat	Δ	Non-Baccarat	Δ	Total	Δ
Q1'16	771	0.8%	288	-11.6%	530	1.1%	1,589	-1.6%
Q2'16	771	0.7%	270	3.1%	470	-9.3%	1,511	-2.2%
Q3'16	776	3.2%	314	-5.7%	515	9.1%	1,605	3.1%
Q4'16	805	3.1%	340	-6.9%	526	8.4%	1,670	2.5%
2016	\$3,123	2.0%	\$1,213	-5.7%	\$2,040	2.1%	\$6,376	0.4%
Q1'17	802	3.9%	306	6.0%	570	7.5%	1,677	5.5%
Q2'17	793	2.9%	241	-11.0%	485	3.3%	1,519	0.5%
Q3'17	800	3.0%	318	1.2%	561	9.0%	1,679	4.6%
Q4'17E	780	-3.0%	313	-8.0%	523	-0.5%	1617	-3.2%
2017E	\$3,175	1.7%	\$1,177	-2.9%	\$2,139	4.9%	\$6,492	1.8%
Q1'18E	814	1.5%	307	0.5%	598	5.0%	1719	2.5%
Q2'18E	805	1.5%	262	9.0%	505	4.0%	1572	3.5%
Q3'18E	808	1.0%	329	3.5%	559	-0.4%	1696	1.0%
Q4'18E	804	3.0%	313	0.0%	572	9.4%	1689	4.5%
2018E	\$3,230	1.7%	\$1,211	3.9%	\$2,234	4.4%	\$6,676	2.8%
2019E	\$3,263	1.0%	\$1,220	1.0%	\$2,260	1.0%	\$6,743	1.0%

Source: Source: Nevada Gaming Control Board and Deutsche Bank