



flow of \$251 million in 2018. Using our projected total debt of \$4.36 billion, we estimate Golden Nugget will end the year with leverage of 7.4x. Factoring consolidated cash of \$167 million, we estimate net leverage at 7.2x.

For 2018, we are projecting Golden Nugget will generate Adjusted EBITDA of \$640 million (+9.5% versus \$585 million) on revenues of \$3.48 billion (+3.5% versus \$3.37 billion). Factoring capital expenditures of \$135 million, cash interest of \$250 million and cash taxes of \$25 million, we project free cash flow of \$230 million in 2018. Using our projected total debt of \$4.13 billion and cash interest of \$250 million, we estimate Golden Nugget will end the year with leverage of 6.4x and coverage of 2.6x. Factoring consolidated cash of \$167 million, we estimate net leverage at 6.2x.

Exhibit 4: Golden Nugget (\$ Millions)

	2015 (A)	2016 (A)	LTM	2017 (E)	2018 (E)
Lake Charles	\$67	\$82	\$100	\$103	\$115
Biloxi	30	25	25	25	26
Downtown	61	70	79	82	86
Laughlin	11	12	11	12	13
Atlantic City	21	24	27	29	24
Restaurants	348	347	336	335	375
<b>Adjusted EBITDA</b>	<b>\$537</b>	<b>\$559</b>	<b>\$578</b>	<b>\$585</b>	<b>\$640</b>
Less: Capital Expenditures	251	151	125	183	135
Less: Cash interest	162	168	250	245	250
Less: Cash taxes	8	13	25	15	25
<b>Free Cash Flow</b>	<b>\$116</b>	<b>\$227</b>	<b>\$178</b>	<b>\$143</b>	<b>\$230</b>
Total Debt			\$4,356	\$4,356	\$4,126
Cash			65	167	167
<b>Leverage</b>			<b>7.5x</b>	<b>7.4x</b>	<b>6.4x</b>
<b>Net Leverage</b>			<b>7.4x</b>	<b>7.2x</b>	<b>6.2x</b>
<b>Coverage</b>			<b>2.3x</b>	<b>2.4x</b>	<b>2.6x</b>

Source: Company Filings and Deutsche Bank

Downside risks include increases in promotional activity in Golden Nugget's markets, the legalization of gaming in Texas, and a significant decline in the price of oil, which could have a negative impact on Texas and Louisiana.

**Mohegan Gaming.** We continue to expect Mohegan Gaming to further improve its balance sheet in preparation for the fierce competition that it will face from Resorts World Catskills, MGM Springfield and Wynn Boston Harbor. Further, we believe that the exposure by the company to South Korea is limited, as the \$200 million investment has already been funded and some of the cash still sits on the balance sheet as restricted cash (~\$148 million as of Q4'17). On November 21, the company indicated the opening of their South Korean casino has been delayed again to late 2020 or early 2021.

With this report, we are reaffirming our Buy rating on the MOHEGN 7.875% Senior Unsecured Notes 2024 (\$103.2, 7.1% YTW, 491bps STW), given our belief that these notes are attractive to investors, particularly those willing to tolerate higher risk in exchange for a higher yield.

For FY'18, we are projecting Mohegan will generate Adjusted EBITDA of \$375 million (+7.5% versus \$349 million) on revenues of \$1.39 billion (+0.5% versus \$1.38 billion). Factoring capital expenditures of \$194 million, cash interest of