

## Casino operator Pinnacle reverses quarterly net loss

Written by Administrator  
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Regional casino operator Pinnacle Entertainment reversed a net loss in the second quarter, crediting results from the Las Vegas-based company's Midwest properties.

Pinnacle, which announced this month it was selling the land and buildings associated with 14 of the company's casinos to a real estate investment trust in a \$4.1 billion transaction, reported a net income Thursday of \$15.8 million, or 34 cents per share for the quarter that ended June 30. A year ago, Pinnacle lost \$2.3 million, or 4 cents per share.

The company said net revenue grew 4.8 percent in the quarter to \$582 million, thanks to improved results at its casinos in Missouri and Indiana.

In a statement, Pinnacle CEO Anthony Sanfilippo said the deal with Gaming and Leisure Properties, which is expected to close next year, "unlocks significant embedded real estate value" in the company. Pinnacle will lease the casinos back from GLPI.

"Our operating company will be focused on maximizing the cash flow produced by its existing operating properties, while thoughtfully and prudently growing its asset base," Sanfilippo said. "We do not expect the transaction to have any impact on our operations."

Analysts were more interested in commentary on the REIT transaction, rather than the quarterly results, which were widely anticipated since regional gaming states had been reporting improved gaming revenue totals.

"Management noted that trends continued to improve throughout the portfolio," Wells Fargo Securities gaming analyst Cameron McKnight told investors.

Pinnacle owns two casino in the Northern Nevada community of Jackpot, near the border with Idaho. The properties are part of the company's West Division, which saw revenue increase 3.5 percent to \$57.2 million in the quarter. The company credited its Ameristar Black Hawk in Colorado, which was "able to attract new guests from the Denver metropolitan area."

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On a conference call with analysts, Sanfilippo said July was shaping up to be another strong month for the company's regional properties.

He said the L'Auberge Lake Charles in Louisiana continues to see increased visitation, primarily due to the opening last year of the neighboring Golden Nugget Lake Charles. However, spending by customers and hotel occupancy was down during June, which was blamed on flooding in East Texas. July's numbers, he said, have been much stronger.

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