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One Feather Reporter

ELIZABETH, Ind. – The Eastern Band of Cherokee Indians (EBCI) formally purchased Caesars Southern Indiana (CSI) Casino on Sept. 3, 2021, and according to tribal officials it is already outperforming projections.

Cory Blankenship, EBCI secretary of treasury, offered a breakdown of where the property is now and what it means for the Tribe after one year. The final purchase price for CSI was \$280 million. This secured the entire ownership of the business. That means management is under the purview of the Tribe, but the Caesars brand is still attached to the business. Secretary Blankenship said that initial estimates were that CSI would bring \$1.9 million in revenue directly back to the EBCI after year one.

Targets and Profit Dissemination

Secretary Blankenship was happy to report that profits back to the Tribe were actually \$4.1 million, a figure that was 116 percent higher than projections. He explained that the current contract is structured to where only 25 percent of profits from CSI are being directly sent back to the EBCI. The other 75 percent goes to EBCI Holdings, the company crafted by the Tribe in December 2020. Secretary Blankenship also sits on the EBCI Holdings Board.



Commercial Gaming vs. Indian Gaming

CSI has been the EBCI's first step into commercial gaming, but it certainly won't be the last. Just this year the Tribe has broken ground on two new ventures. The first came in August with the celebration of a partnership with Caesars for a \$650 million casino in Danville, Va. The second came this past Friday, Oct. 28 with the groundbreaking for 'Project Thoroughbred', a move into the Kentucky gaming market. An article detailing Project Thoroughbred is forthcoming.

What sets the CSI investment apart from Danville is management. EBCI Holdings has direct involvement in the decisions made at CSI, this will not be the case for Caesars Virginia.

Caesars Southern Indiana Casino: A one year review

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Continued Investment

The Indiana Gaming Commission published its annual report for fiscal year 2022 in September. It shows that Caesars Southern Indiana had a gross total win of \$244,287,795. Of this, \$71.2 went to Indiana state tax. This puts CSI at fifth in the state in total revenue. These figures, as well as monthly reports from each of Indiana's commercial casino operations, are available at <https://www.in.gov/igc>

Secretary Blankenship said that the acquiring of CSI was purely a financial play, and therefore the success of the property is based on profit and value of the company. To accurately generate value estimations, they use EBITDA – earning before interest, taxes, depreciation, and amortization.

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“Looking at how casino properties are valued, it’s on a multiple of EBITDA. So, the Eastern Band of Cherokee Indians paid six and a half times EBITDA for Caesars Southern Indiana. We’re seeing regional properties right now trade at nine times, 10 times. We saw a property go for 12 times. We’ve seen a bid on a property go for 16 times EBITDA. If you take the low end of that valuation, nine times EBITDA would put that property at \$422 million. Which is a \$142 million of positive valuation growth for EBCI. Of course, that just gets bigger and bigger as you go up to 10 times EBITDA or 12 times.”

Secretary Blankenship said that now they have seen early success at CSI, they feel confident in making additional investment into the property to increase the bottom line.

“When we looked at the performance of Caesars Southern Indiana, we set a target of 20 percent revenue growth. As we get in, as we make some changes to the customer experience, as we expand marketing, as we add amenities or upgrade amenities, we think that we can add 20 percent to the bottom line of Caesars Southern Indiana. That’s really a three-to-five-year play.”

Capital investments have already begun, and Blankenship said to expect more.

“Things like changing out the old legacy Binion Steakhouse for a Gordon Ramsay Steak, which is going to open later this year. So, I think there are more opportunities for us there to tap into that Louisville market, expand that player database and bring new customers into that property. We’ve planned some capital improvements on the floor, we’ve planned some capital improvements to the hotel. The steakhouse is the first big project that is being undertaken. So, I think you’ll see more and more of that.”

Establishing the Gordon Ramsay Steak required a \$5 million investment. It will be a 6,000-square foot restaurant, and they are hoping it can bring in new clientele and generate more revenue.

Caesars Southern Indiana Casino is the foundation of EBCI Holdings, which Secretary Blankenship says is already well ahead of schedule. The goal is to continue building a revenue generator that can fuel EBCI Holdings and establish the EBCI as a major player in commercial gaming. CSI will keep growing as the EBCI continues to hunt for more revenue sources

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throughout the country.

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