MontBleu and parent company report revenue gains

By Steve Green, Las Vegas Sun

Lower interest expenses drove a higher third-quarter profit for casino operator Tropicana Entertainment Inc. of Las Vegas, the company reported today.

Tropicana, which has casinos in smaller Nevada markets as well as in Atlantic City and around the country, said it earned $20.9 million in the quarter ended Sept. 30, up from $14.9 million in the year-ago quarter.

Interest expenses fell from $8.2 million to $3.7 million, thanks to a new $175 million credit facility cutting Tropicana Entertainment's main interest rate from 15 percent to 7.5 percent.

The previous high-interest debt was left over from the bankruptcy of the old Tropicana Entertainment Holdings LLC, which in 2010 saw its casinos nationwide spun off to different investment groups, including Tropicana Entertainment.

The profit improved even as net revenue fell from $175.4 million to $171.5 million amid difficult operating conditions in Atlantic City and at the company's Nevada casinos in Laughlin and Lake Tahoe.

Tropicana Entertainment said the Tropicana Atlantic City generated net revenue of $83.2 million, down from $86 million as the property was hit by the double whammy of a 1.8 percent decline in casino revenue citywide and the addition of a new competitor there, the Revel resort that opened in May.

Hurricane Sandy, which hit the East Coast this quarter, didn't affect third-quarter results. Tropicana said in Wednesday's report that its Atlantic City property likely didn't incur significant damage, but it so far is unable to estimate losses resulting from the five-day closure of all casinos in the city and the aftermath.

For Tropicana's three Nevada casinos, quarterly net revenue dipped from $33.2 million to $32.7 million. The Tropicana Laughlin and the River Palms in Laughlin saw net revenue decline $900,000 amid weak visitation trends to the city, while the MontBleu in Lake Tahoe played lucky at its table games and posted a net revenue gain of $300,000.

The company's Casino Aztar in Evansville, Ind., generated net revenue of $31.3 million, off slightly from last year. Tropicana's casinos elsewhere, including in Mississippi and Louisiana, produced $24.3 million in net revenue, again down just slightly from the 2011 quarter.

Overall, the company said, "uncertain economic conditions continue to adversely impact us and the gaming industry as a whole."

Tropicana Entertainment does not own the Tropicana Las Vegas, which is controlled by a separate group of investors. Investor Carl Icahn controls Tropicana Entertainment as well as the mothballed Fontainebleau resort project in Las Vegas.