

## Boyd Gaming Group

Impressive, Broad-based Beat; Price Target to \$18 (+\$1); Staying Neutral, We'd Wait for a Pullback

BYD reported a very impressive 2Q15 beat that was broad based across most geographies, with revenues above and operating expenses below our respective estimates. Revenues grew \$19m year-over-year (+4%) while property level EBITDA (wholly-owned only and pre-corporate expense) increased \$22.8m year-over-year (+17%), implying flow-through of 119%. Looking ahead, we are upping our full year adjusted EBITDA to \$595m, at the higher end of guidance and primarily reflective of the 2Q15 beat, with 2H15 only adjusted modestly upward. At 9.1x 2015E EV/EBITDA, we'd wait for a better entry point to initiate positions in what feels to us to be a sustained regional gaming recovery. Based on our positive estimate revisions, our year-end 2015 price target goes to \$18, up \$1. We remain Neutral at current levels and continue to prefer PENN within the U.S. regional gaming sector given its robust development pipeline, solid free cash flow generation and balance sheet strength.

- 2Q15 recap.** BYD's 2Q15 adjusted EBITDA of \$162.9m was +11.4% ahead of our \$146.2m estimate. BYD's results in its regional segments were strong across the board, with year-over-year revenue and EBITDA growth at 11 of its 12 regional assets (nine properties were up double-digits). In the LV Locals segment, EBITDA was +15.3% year-over-year and 10% above our estimate. On a combined basis, the Midwest & South and Peninsula segment EBITDA was +15.4% year-over-year, +7.1% above our estimate. Borgata and Downtown LV were +6% and +32% ahead of our estimates, respectively.
- Property recap.** BYD's LV Locals net revenues of \$148.3m (versus our \$150.5m) increased 3.2% year-over-year. LV Locals EBITDA increased 15.3% year-over-year to \$42.2m and was \$3.8m above our \$38.4m estimate. Margins were 27.6%, up ~290 bps yoy and ~210 bps above our estimate. BYD noted strong performance in its LV Locals segment despite a disruption related to roadwork next to Suncoast, as gaming revenues increased year-over-year (particular growth in table games), while non-gaming revenues were also up year-over year (for the eight consecutive quarter). BYD's Downtown Las Vegas region generated EBITDA of \$12.3m, +44% year-over-year and \$3.0m ahead of our \$9.3m estimate.

### Boyd Gaming Group (BYD;BYD US)

FYE Dec	2013A	2014A	2015E (Prev)	2015E (Curr)	2016E (Prev)	2016E (Curr)
EPS (\$)						
Q1 (Mar)	0.02	(0.04)	0.13A	0.13A	0.13	0.14
Q2 (Jun)	(0.00)	0.05	0.09	0.24A	0.14	0.21
Q3 (Sep)	(0.08)	0.00	0.02	0.06	0.06	0.13
Q4 (Dec)	(0.24)	(0.00)	0.09	0.10	0.11	0.13
FY	(0.31)	0.01	0.33	0.42	0.45	0.61

Source: Company data, Bloomberg, J.P. Morgan estimates.

### See page 14 for analyst certification and important disclosures.

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## Neutral

BYD, BYD US

Price: \$16.82

▲ Price Target: \$18.00  
Previous: \$17.00

### Gaming

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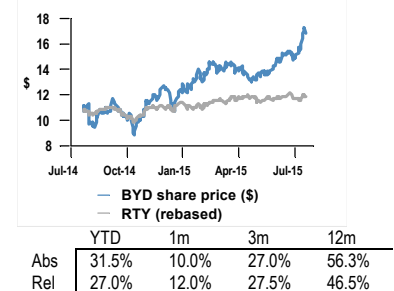
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### Price Performance



### Company Data

Price (\$)	16.82
Date Of Price	23-Jul-15
52-week Range (\$)	17.35-8.78
Market Cap (\$ mn)	1,708.91
Fiscal Year End	Dec
Shares O/S (mn)	102
Price Target (\$)	18.00
Price Target End Date	31-Dec-15

- **Property recap (continued).** BYD cited increased gaming revenues from Hawaiian customers, continued growth in pedestrian traffic on Fremont Street, and lower fuel costs at its Hawaiian charter service as reasons for the growth. BYD's Midwest and South segment generated EBITDA of \$51.8m, which was up 23% year-over-year and \$6.0m ahead of our \$45.7m estimate. Peninsula EBITDA of \$49.2m was up 9% year-over-year and came in \$1.2m above our \$47.9m estimate.
- **2015 guidance.** BYD updated its 2015 guidance and expects total adjusted EBITDA (including Peninsula and 50% of Borgata) to be in the range of \$575-595 million (up from its prior \$542 million to \$567 million). BYD expects 2H15 net revenues at a pace consistent with the 1H15, with 65-75% flow-through. BYD expects Las Vegas locals business to grow EBITDA by ~5% to 5.5% for the full year, with some negative impact from road construction through the summer at its Sun Coast and Sam's Town properties. BYD expects its LV Downtown full-year EBITDA to grow ~14% year-over-year, its Midwest and South and Peninsula segments to grow full year EBITDA on a combined basis by ~7% to 8%, and the Borgata to generate property level EBITDA (100%) of \$170m. BYD expects to spend \$115m of maintenance capex, \$45m to reposition non-gaming amenities within its properties (i.e., upgrading existing restaurants and room products), and \$10m to expanding its Delta Downs property (with \$35m to be spent here in 2016).
- **Price target goes to \$18 (+\$1).** Our year-end 2015 price target of \$18 is based on a 10.0x 2016E Locals EBITDA, 8.0x 2016E Downtown EBITDA, 8.5x 2016E Midwest & South EBITDA, 8.5x 2016E Peninsula EBITDA, and 8.0x 2016E Borgata EBITDA (adjusted for its 50% share), less corporate net debt as well as its proportionate share (50%) of Borgata net debt. Our target multiples are consistent with BYD's regional gaming peers.
- **Read on.** Our valuation work and detailed model are attached in the body of this note.

## 2Q15 Recap

BYD reported 2Q15 adjusted EBITDA of \$162.9 million, which was ~11.4% ahead of our \$146.2m estimate, driven by continued margin improvements across all segments. Similar to the reports from PENN earlier today, BYD's results in its regional segments were strong across the board, with year-over-year revenue and EBITDA growth in 11 of its 12 regional assets. On a combined basis, the MW&S and Peninsula segment EBITDA was +15% year-over-year, ahead of our +7% estimate. Property EBITDA results at the Borgata and the Downtown LV segments were +6% and +32% ahead of our estimates, respectively.

By segment, LV locals EBITDA was 10% above our forecast, Midwest and South EBITDA was 13% above, Peninsula was 3% above, Downtown LV was 32% above, and the Borgata was 6% above our forecast.

BYD's LV Locals net revenues of \$153.0m (versus our \$150.5m) increased 3.2% year-over-year. LV Locals EBITDA increased 15.3% year-over-year to \$42.2m and was \$3.8m above our \$38.4m estimate. Margins were 27.6%, up ~290 bps yoy and ~210 bps above our estimate. BYD noted its LV Locals segment was negatively impacted by "significant business disruption" caused by an extensive roadway project adjacent to the Suncoast and Sam's Town. More than offsetting these negative items, BYD noted that it experienced year-over-year growth in non-gaming revenues (for the eighth consecutive quarter), continued strength at The Orleans and Gold Coast as well as strong growth in table game revenues.

BYD's Downtown Las Vegas region generated EBITDA of \$12.3m, +44% year-over-year and \$3.0m ahead of our \$9.3m estimate. BYD cited increased gaming revenues from Hawaiian customers, continued growth in pedestrian traffic in downtown Las Vegas, and lower fuel costs at its Hawaiian charter service as reasons for the growth.

BYD's Midwest and South segment generated EBITDA of \$51.8m, which was up 22.7% year-over-year and \$6.0m ahead of our \$45.7m estimate. Peninsula EBITDA of \$49.2m was up 8.7% year-over-year and came in \$1.2m ahead of our \$47.9m estimate. The EBITDA growth in BYD's regional segments was broad-based, with revenue and EBITDA growth in 11 of the 12 of its regional properties (of which 9 posted double digit gains).

Borgata generated EBITDA of \$44.5m (of which BYD's 50% share is \$22.3m, which was 6% ahead of our \$21.0m estimate). The property increased its market share of gross gaming revenue by nearly 400 basis points year-over-year, to more than 27% of the Atlantic City market. BYD noted broad-based strength in both gaming and non-gaming revenues in the quarter, with growth in F&B revenues as well as room nights sold.

Figure 1: BYD 2Q15 Results Summary

\$ in millions

(\$MM, except per share data)	BYD Actual				JPM Estimates		
	2Q15	2Q14	YOY Chg		2Q15E	Variance	
<u>Net Revenues:</u>			\$	%		\$	%
Las Vegas Locals	153.0	148.3	4.8	3%	150.5	2.5	1.7%
Downtown	58.4	55.6	2.9	5%	56.7	1.8	3%
Midwest & South	217.8	209.1	8.7	4%	213.5	4.3	2%
Peninsula Gaming	130.6	127.8	2.9	2%	133.4	(2.8)	-2%
<b>Total Revenues</b>	<b>559.9</b>	<b>540.7</b>	<b>19.2</b>	<b>4%</b>	<b>554.0</b>	<b>5.9</b>	<b>1%</b>
<b>EBITDA:</b>							
Las Vegas Locals	42.2	36.6	5.6	15.3%	38.4	3.8	10%
Margin	27.6%	24.7%	2.9%		25.5%	2.1%	
Downtown	12.3	8.6	3.8	44%	9.3	3.0	32%
Margin	21.1%	15.4%	5.7%		16.5%	4.6%	
Midwest & South	51.8	42.2	9.6	23%	45.7	6.0	13%
Margin	23.8%	20.2%	3.6%		21.4%	2.4%	
Peninsula Gaming	49.2	45.3	3.9	9%	47.9	1.2	3%
Margin	37.6%	35.4%	2.2%		35.9%	1.7%	
<b>Wholly owned property EBITDA</b>	<b>155.4</b>	<b>132.6</b>	<b>22.8</b>	<b>17%</b>	<b>141.4</b>	<b>14.1</b>	<b>10%</b>
Corporate Expense	14.8	14.6	0.2	1%	16.1	(1.3)	-8%
<b>Wholly owned Adjusted EBITDA</b>	<b>140.6</b>	<b>118.0</b>	<b>22.7</b>	<b>19%</b>	<b>125.2</b>	<b>15.4</b>	<b>12.3%</b>
Margin	25.1%	21.8%	3.3%		22.6%	2.5%	
Borgata EBITDA (BYD's 50%)	22.3	21.3	1.0	5%	21.0	1.3	6%
<b>Adjusted EBITDA</b>	<b>162.9</b>	<b>139.3</b>	<b>23.6</b>	<b>17%</b>	<b>146.2</b>	<b>16.7</b>	<b>11.4%</b>
FAS 123 Expense	2.9	3.4	(0.5)	-14%	3.0	(0.1)	-2%
Depreciation and Amortization	52.0	51.8	0.2	0%	51.9	0.0	0%
Deferred rent and other	2.7	4.1	(1.4)	NM	3.9	(1.2)	NM
<b>Operating Income</b>	<b>98.2</b>	<b>72.8</b>	<b>25.4</b>	<b>35%</b>	<b>80.2</b>	<b>18.0</b>	<b>22%</b>
Interest expense, net	56.7	56.9	(0.2)	0%	56.3	0.4	1%
Other, net	32.2	1.6	30.6	NM	0.0	32.2	
Share of Borgata's non-opex	9.1	9.5	(0.4)	-4%	8.5	0.6	7%
<b>Pretax Income</b>	<b>0.2</b>	<b>4.8</b>	<b>(4.6)</b>	<b>NM</b>	<b>15.5</b>	<b>(15.3)</b>	<b>NM</b>
Income Tax Rate	NM	85.6%		NM	35.0%		NM
Income Taxes	6.6	4.1	2.5	NM	5.4	1.2	NM
Discontinued ops	0.0	0.0	0.0		0.0		
GAAP Net Income	(6.4)	0.7	(7.1)	NM	10.1	(16.5)	NM
Less: Non-controlling Interest	0.0	0.0	NM	NM	0.0	0.0	NM
<b>GAAP Net Income to BYD</b>	<b>(6.4)</b>	<b>0.7</b>	<b>(7.1)</b>	<b>NM</b>	<b>10.1</b>	<b>(16.5)</b>	<b>NM</b>
Add-back: Extraordinary Items	33.3	4.5	28.8	NM	0.0	33.3	NM
<b>Adjusted Net Income</b>	<b>26.9</b>	<b>5.2</b>	<b>21.7</b>	<b>NM</b>	<b>10.1</b>	<b>16.8</b>	<b>NM</b>
GAAP EPS	(\$0.06)	\$0.01	(0.06)	NM	\$0.09	(\$0.14)	NM
Non-Recurring Items per Share, net	0.29	0.04	0.25	NM	0.00	0.29	NM
<b>Adjusted EPS</b>	<b>\$0.24</b>	<b>\$0.05</b>	<b>0.19</b>	<b>408%</b>	<b>\$0.09</b>	<b>\$0.14</b>	<b>NM</b>
Diluted Shares Outstanding	113.0	110.8	2.2	2%	112.4	0.7	1%

Source: Company reports and J.P. Morgan estimates.

## 2015 Guidance

BYD updated its 2015 guidance and expects total adjusted EBITDA (including Peninsula and 50% of Borgata) to be in the range of \$575 million to \$595m (up from its prior \$542m to \$567m). Please see segment EBITDA color in Figure 2 below for both the 3Q15 and the full-year 2015.

In terms of 2015 capex, BYD previously guided ~\$45 million of capital expenditures to reposition non-gaming amenities within its properties (i.e., upgrading existing restaurants and room products), ~\$115m on maintenance capex (\$100m for Boyd, \$15m for Peninsula), and ~\$40m of capex at Borgata (\$25m recurring maintenance plus ~\$15m incremental capex for property enhancements). Additionally, in 2015 BYD will spend about \$10 million of a planned \$45 million Delta Downs hotel expansion (balance in 2016).

**Figure 2: Management Guidance and Summary of JPM Estimate Changes**

\$ in millions

(\$MM except per share)	2015			% Chg. Bet New & Old Estimates
	Guidance	JPM New	JPM old	
Revenue	NA	2,193	2,175	0.8%
Wholly owned property level EBITDA	NA	571	554	3.0%
Corporate Expense	NA	63	65	-2.4%
Borgata EBITDA	170	174	172	1.0%
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>575-595</b>	<b>595</b>	<b>575</b>	<b>3.3%</b>

(1) Includes 50% of Borgata EBITDA

**Guidance Assumptions/Notes:**

Peninsula: 2015 EBITDA +7-8% yoy

MW&S: 2015 EBITDA +7-8% yoy

Locals: 2015 EBITDA +5-5.5% yoy

Downtown: 2015 EBITDA +14% yoy

Borgata: 2015 EBITDA ~\$170m

Source: J.P. Morgan estimates.

Looking at the setup for 3Q, we note BYD's same-store sales comparisons get more difficult in the back half of the year. As for the calendar, we note that relative to the prior year period, July is favorable, August is unfavorable, and September is neutral.

Figure 3: BYD Same-Store Growth Comparisons

\$ in millions

2015 Calendar							
	2014	Weekdays		Weekend days		2015 Calendar Comment	2015 SS Growth
	SS Growth	2014	2015	2014	2015		
Jan	(4.7%)	22	21	9	10	Favorable	11.3%
Feb	(6.0%)	20	20	8	8	Neutral	0.7%
Mar	(5.5%)	22	23	9	8	Unfavorable	(0.1%)
Apr	(1.4%)	22	22	8	8	Neutral	1.1%
May	(0.2%)	21	21	10	10	Neutral	0.3%
Jun	(5.3%)	22	22	8	8	Neutral	5.4% <sup>1</sup>
Jul	(4.6%)	23	22	8	9	Favorable	
Aug	1.2%	21	22	10	9	Unfavorable	
Sep	(1.4%)	22	22	8	8	Neutral	
Oct	3.9%	22	21	9	10	Favorable	
Nov	0.1%	21	22	9	8	Unfavorable	
Dec	8.9%	23	23	8	8	Neutral	

2014 Calendar							
	2013	Weekdays		Weekend days		2014 Calendar Comment	2014 SS Growth
	SS Growth	2013	2014	2013	2014		
Jan	(7.9%)	23	22	8	9	Favorable	(4.7%)
Feb	(7.7%)	20	20	8	8	Neutral	(6.0%)
Mar	(1.9%)	21	22	10	9	Unfavorable	(5.5%)
Apr	(1.9%)	22	22	8	8	Neutral	(1.4%)
May	1.3%	22	21	9	10	Favorable	(0.2%)
Jun	(8.5%)	21	22	9	8	Unfavorable	(5.3%)
Jul	5.6%	23	23	8	8	Neutral	(4.6%)
Aug	4.8%	21	21	10	10	Neutral	1.2%
Sep	(8.9%)	22	22	8	8	Neutral	(1.4%)
Oct	3.6%	23	22	8	9	Favorable	3.9%
Nov	5.5%	20	21	10	9	Unfavorable	0.1%
Dec	(13.8%)	23	23	8	8	Neutral	8.9%

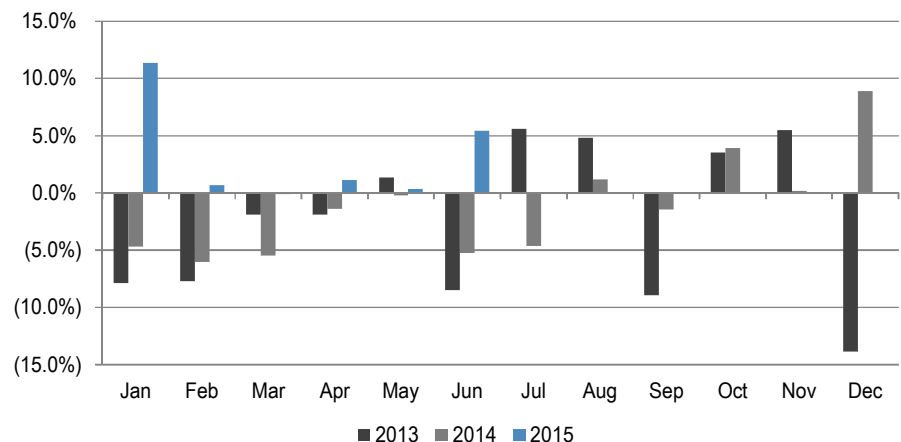
BYD's same-store growth comparisons get more difficult towards the back half of the year

(1) Note: Assumes 4% yoy growth at Kansas Star in June

Source: J.P. Morgan estimates.

Figure 4: BYD Same-Store Growth (2013-2015 YTD)

\$ in millions



(1) Note: Assumes 4% yoy growth at Kansas Star in June

Source: J.P. Morgan estimates.

## Investment Thesis, Valuation and Risks

### Boyd Gaming Group (Neutral; Price Target: \$18.00)

#### Investment Thesis

We remain Neutral on BYD. Despite what feels to us to be a sustained regional gaming recovery, at 9.1x 2015 EV/EBITDA, we would wait for a better entry point to initiate positions. While we could revisit on a pullback, within the U.S. regional gaming sector, we continue to prefer PENN, given its robust development pipeline, solid free cash flow generation, and balance sheet strength.

#### Valuation

At current levels, BYD trades at 9.1x 2015E EV/EBITDA and 8.5x 2016E EV/EBITDA (each adjusted for its 50% Borgata stake) relative to its historical EV/EBITDA range of 3.7x to 15.0x and above its historical average of 7.6x forward-year EBITDA.

Figure 5: BYD Valuation

Year	Market Cap.	Net Debt EOP		Share of Borgata Debt EOP	Adjusted Enterprise Value	EBITDA		Share of Borgata EBITDA	Adjusted EBITDA	Adjusted EV/EBITDA			
		Non Borgata	+			Non Borgata EBITDA	+						
2016E	1,901	+	3,050	+	270	=	5,220	525	+	89	=	614	8.5x
2015E	1,898	+	3,213	+	318	=	5,430	508	+	87	=	595	9.1x

Source: Company reports and J.P. Morgan estimates.

Our year-end 2015 price target of \$18 is based on multiples of 10.0x 2016E Locals EBITDA, 8.0x 2016E Downtown EBITDA, 8.5x 2016E Midwest & South EBITDA, 8.5x 2016E Peninsula EBITDA, and 8.0x 2016E Borgata EBITDA (adjusted for its 50% share), less corporate net debt as well as its proportionate share (50%) of Borgata net debt.

Figure 6: BYD Price Target Methodology

Region	2016E EBITDA		EBITDA Multiple	=	Firm Value
LV Locals	\$162	x	10.0x	=	\$1,625
Downtown LV	46	x	8.0x	=	370
Midwest and South Region & Other	198	x	8.5x	=	1,685
Peninsula	183	x	8.5x	=	1,555
Borgata (BYD's 50% Proportionate Share)	89	x	8.0x	=	713
<i>Sub-total</i>	679	x	8.8x	=	5,947
Corporate Expense	(65)	x	8.8x	=	(572)
<b>Sub-total</b>	<b>614</b>		<b>8.8x</b>		<b>5,375</b>
Less Year-end 2016E Non Borgata Net Debt					3,050
Less Year-end 2016E Net Debt At Borgata (BYD's Proportionate Share)					270
<b>Equals Equity Value</b>					<b>2,056</b>
Divided by Diluted Shares Outstanding					113
<b>Equals Year-end 2015 Price Target</b>					<b>\$18</b>
Share Price					\$16.82
<i>Upside / (Downside) Potential</i>					7%
Implied 2016E Free Cash Flow Yield at PT					7%
Implied 2016E Free Cash Flow Yield at current levels					7%
Implied per share value at a 20% free cash flow yield					\$6.17
Implied per share value at a 10% free cash flow yield					\$12.34
2016 Discretionary FCF					\$1.23

Source: Company reports and J.P. Morgan estimates.

### Risks to Rating and Price Target

Upside risks to our estimates and valuation multiples include, but are not limited to (1) less-than-expected negative impact from new competition, (2) positive legislative and/or regulatory developments related to in-state gaming and tax regulations and/or online gaming, and (3) better-than-expected recovery in the U.S. economy, lifting casino spend levels. Downside risks to our estimates and valuation multiples include, but are not limited to (1) a retrenching gaming consumer, which could cause casino spend to come in weaker than expected, (2) unforeseen or unexpected adverse gaming legislation, (3) generic industry risks such as a prolonged recession, war, or domestic acts of terrorism, (4) a volatile equity market, which could cause significant swings in valuation multiples, and (5) a smaller-than-expected size of the NJ online market, which could cause our assumptions for BYD's opportunity to be too high.



Figure 7: BYD EPS Model

\$ in millions

	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15E	4Q15E	2015E	2016E
<b>Net Revenues</b>												
Las Vegas Locals	591.4	151.4	148.3	141.2	151.7	592.7	150.3	153.0	144.7	154.8	602.8	614.9
<i>year-over-year growth</i>	0.0%	-0.9%	-0.9%	0.7%	2.1%	0.2%	-0.8%	3.2%	2.5%	2.0%	1.7%	2.0%
<i>2 year-over-year growth</i>	-2.2%	-2.2%	-0.5%	1.7%	2.0%	0.2%	-1.7%	2.2%	3.2%	4.1%	1.9%	3.8%
Downtown	222.7	55.7	55.6	53.4	59.6	224.3	56.6	58.4	55.5	62.6	233.1	236.6
<i>year-over-year growth</i>	-0.7%	3.1%	-1.0%	1.3%	-0.4%	0.7%	1.6%	5.2%	4.0%	5.0%	4.0%	1.5%
Midwest and South Region & Other	864.2	211.6	209.1	210.7	200.0	831.5	217.8	217.8	213.4	201.9	850.9	854.2
<i>year-over-year growth</i>	-6.9%	-7.6%	-6.8%	-1.9%	2.0%	-3.8%	2.9%	4.1%	1.3%	1.0%	2.3%	0.4%
Peninsula Gaming	520.3	122.3	127.8	123.6	120.2	493.9	125.9	130.6	126.6	123.2	506.3	506.3
<i>year-over-year growth</i>	NM	-8.7%	-5.9%	-5.5%	0.3%	-5.1%	3.0%	2.2%	2.4%	2.4%	2.5%	NM
<b>Total Revenues</b>	<b>2,198.7</b>	<b>541.1</b>	<b>540.7</b>	<b>528.9</b>	<b>531.6</b>	<b>2,142.3</b>	<b>550.6</b>	<b>559.9</b>	<b>540.3</b>	<b>542.5</b>	<b>2,193.2</b>	<b>2,212.0</b>
<i>year-over-year growth</i>		-5.1%	-4.5%	-1.8%	1.4%	-2.6%	1.8%	3.5%	2.1%	2.0%	2.4%	0.9%
<b>EBITDA</b>												
Las Vegas Locals	137.5	40.0	36.6	28.1	39.8	144.4	38.9	42.2	30.5	41.9	153.5	162.5
<i>Margin</i>	23.2%	26.4%	24.7%	19.9%	26.2%	24.4%	25.9%	27.6%	21.1%	27.1%	25.5%	26.4%
<i>year-over-year growth</i>	6.8%	2.0%	-5.5%	6.5%	19.7%	5.0%	-2.8%	15.3%	8.8%	5.3%	6.3%	5.9%
<i>2 year-over-year growth</i>	-5.7%	4.0%	5.9%	15.6%	26.4%	12.2%	-0.8%	8.9%	15.8%	26.1%	11.6%	12.5%
<i>Flow Through</i>	NM	NM	NM	185.8%	211.3%		99.0%	117.5%	70.0%	70.0%	88.9%	75.0%
Downtown	35.0	9.3	8.6	6.3	13.1	37.3	10.7	12.3	7.2	14.2	44.3	46.2
<i>Margin</i>	15.7%	16.7%	15.4%	11.8%	22.0%	16.6%	18.9%	21.1%	12.9%	22.6%	19.0%	19.5%
<i>Flow Through</i>	NM	134.3%	NM	110.8%	-10.0%	NM	155.2%	130.3%	40.0%	35.0%	79.0%	55.0%
Midwest and South Region & Other	170.7	44.1	42.2	43.6	40.1	170.0	51.0	51.8	43.2	44.3	190.3	198.2
<i>Margin</i>	19.7%	20.8%	20.2%	20.7%	20.0%	20.4%	23.4%	23.8%	20.2%	21.9%	22.4%	23.2%
Peninsula Gaming	185.3	44.8	45.3	42.9	42.2	175.1	46.4	49.2	44.1	43.3	182.9	182.9
<i>Margin</i>	35.6%	36.6%	35.4%	34.7%	35.1%	35.5%	36.8%	37.6%	34.8%	35.2%	36.1%	36.1%
<b>Wholly owned property level EBITDA</b>	<b>528.5</b>	<b>138.2</b>	<b>132.6</b>	<b>120.8</b>	<b>135.1</b>	<b>526.8</b>	<b>146.9</b>	<b>155.4</b>	<b>125.0</b>	<b>143.7</b>	<b>571.0</b>	<b>589.9</b>
Corporate Expense	46.6	14.2	14.6	13.8	16.8	59.4	16.6	14.8	16.0	16.0	63.4	65.3
<b>Wholly owned Adjusted EBITDA</b>	<b>481.9</b>	<b>124.0</b>	<b>118.0</b>	<b>107.0</b>	<b>118.3</b>	<b>467.3</b>	<b>130.3</b>	<b>140.6</b>	<b>109.0</b>	<b>127.7</b>	<b>507.6</b>	<b>524.5</b>
<i>Margin</i>	21.9%	22.9%	21.8%	20.2%	22.3%	21.8%	23.7%	25.1%	20.2%	23.5%	23.1%	23.7%
<i>year-over-year growth</i>		-8.2%	-10.8%	-1.6%	11.9%	-3.0%	5.0%	19.2%	1.9%	7.9%	8.6%	3.3%
Borgata share of EBITDA	59.6	10.2	21.3	28.5	18.0	78.0	18.9	22.3	27.2	18.5	87.0	89.1
<b>Adjusted EBITDA</b>	<b>541.5</b>	<b>134.2</b>	<b>139.3</b>	<b>135.5</b>	<b>136.4</b>	<b>545.4</b>	<b>149.2</b>	<b>162.9</b>	<b>136.2</b>	<b>146.2</b>	<b>594.5</b>	<b>613.6</b>
<i>year-over-year growth</i>		-10.1%	-4.8%	2.7%	19.6%	0.7%	11.1%	17.0%	0.5%	7.2%	9.0%	3.2%
FAS 123 Expense	18.8	6.5	3.4	1.5	7.2	18.7	3.4	2.9	3.0	3.0	12.4	12.4
Depreciation and Amortization	218.7	52.3	51.8	52.1	52.8	209.0	51.9	52.0	52.0	52.0	207.8	207.9
Deferred rent	4.3	0.9	0.9	1.0	0.9	3.7	0.9	0.9	0.9	0.9	3.4	3.4
Preopening expenses & other	9.1	2.8	3.2	22.9	45.8	74.7	2.1	1.8			3.9	
Share of Borgata's opex	36.1	6.8	7.2	6.4	7.4	27.8	7.2	7.2	6.4	7.4	28.2	28.2
<b>Operating Income</b>	<b>254.5</b>	<b>64.9</b>	<b>72.8</b>	<b>51.6</b>	<b>22.2</b>	<b>211.5</b>	<b>83.6</b>	<b>98.2</b>	<b>74.0</b>	<b>83.0</b>	<b>338.7</b>	<b>361.8</b>
Interest expense, net	260.8	57.3	56.9	57.1	56.7	228.0	56.5	56.7	54.9	58.8	226.8	231.5
Other, net	26.1	(0.1)	1.6	0.2	(0.0)	1.7	1.1	32.2			33.4	
Share of Borgata's non-opex	51.4	8.5	9.5	10.3	9.3	37.6	7.7	9.1	7.9	6.4	31.1	23.8
<b>Pretax Income</b>	<b>(83.8)</b>	<b>(0.8)</b>	<b>4.8</b>	<b>(16.0)</b>	<b>(43.7)</b>	<b>(55.7)</b>	<b>18.3</b>	<b>0.2</b>	<b>11.2</b>	<b>17.8</b>	<b>47.4</b>	<b>106.5</b>
<i>Book Tax Rate</i>	-9.2%	NM	85.6%	NM	25.8%	4.7%	-91.8%	NMF	35.0%	35.0%	-0.2%	35.0%
Book Taxes	7.7	5.4	4.1	(0.8)	(11.3)	(2.6)	(16.8)	6.6	3.9	6.2	(0.1)	37.3
Discontinued ops	12.8					0.0					0.0	0.0
<b>GAAP Net Income</b>	<b>(80.8)</b>	<b>(6.2)</b>	<b>0.7</b>	<b>(15.2)</b>	<b>(32.4)</b>	<b>(53.2)</b>	<b>35.1</b>	<b>(6.4)</b>	<b>7.2</b>	<b>11.6</b>	<b>47.5</b>	<b>69.2</b>
Less: Non-controlling Interest	0.4	0.0	0.0	0.0	0.0	0.0						
GAAP Net Income to BYD	(80.4)	(6.2)	0.7	(15.2)	(32.4)	(53.2)	35.1	(6.4)	7.2	11.6	47.5	69.2
Add-back: Extraordinary Items	46.8	2.1	4.5	15.4	32.3	54.3	(20.9)	33.3				0.0
Adjusted Net Income	(33.6)	(4.1)	5.2	0.2	(0.1)	1.1	14.3	26.9	7.2	11.6	59.9	69.2
GAAP EPS	(\$0.75)	(\$0.06)	\$0.01	(\$0.14)	(\$0.29)	(\$0.48)	\$0.31	(\$0.06)	\$0.06	\$0.10	\$0.42	\$0.61
Non-Recurring Items per Share, net	0.44	0.02	0.04	0.14	0.29	0.49	(0.19)	0.29			0.11	
<b>Adjusted EPS</b>	<b>(\$0.31)</b>	<b>(\$0.04)</b>	<b>\$0.05</b>	<b>\$0.00</b>	<b>(\$0.00)</b>	<b>\$0.01</b>	<b>\$0.13</b>	<b>\$0.24</b>	<b>\$0.06</b>	<b>\$0.10</b>	<b>\$0.53</b>	<b>\$0.61</b>
Diluted Shares Outstanding	97.2	109.8	110.8	110.8	110.4	110.4	112.4	113.0	113.0	113.0	112.9	113.0

Source: Company reports and J.P. Morgan estimates.

Figure 8: BYD Free Cash Flow & Balance Sheet Model

\$ in millions

	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15E	4Q15E	2015E	2016E
GAAP Net Income	(80.4)	(6.2)	0.7	(15.2)	(32.4)	(53.2)	35.1	(6.4)	7.2	11.6	47.5	69.2
Plus FAS 123 Expense	18.8	6.5	3.4	1.5	7.2	18.7	3.4	2.9	3.0	3.0	12.4	12.4
Plus Depreciation	218.7	52.3	51.8	52.1	52.8	209.0	51.9	52.0	52.0	52.0	207.8	207.9
Less Capex	(120.3)	(16.0)	(28.0)	(24.8)	(47.8)	(116.6)	(19.7)	(38.3)	(56.0)	(56.0)	(170.0)	(150.0)
<b>Equals Free Cash Flow</b>	<b>36.9</b>	<b>36.6</b>	<b>27.9</b>	<b>13.6</b>	<b>(20.2)</b>	<b>57.9</b>	<b>70.8</b>	<b>10.2</b>	<b>6.2</b>	<b>10.5</b>	<b>97.7</b>	<b>139.5</b>
Less Proj. Cap. Ex. & Other	(5.0)	(5.0)	(0.6)	(7.2)	(7.2)	(20.0)						
Plus/Less: Other		23.5	(26.1)	30.1	(15.6)		(27.7)	28.5				
<b>Equals Net FCF After Proj. Cap. Ex.</b>	<b>31.9</b>	<b>55.1</b>	<b>1.2</b>	<b>36.5</b>	<b>(43.0)</b>	<b>49.8</b>	<b>43.1</b>	<b>38.7</b>	<b>6.2</b>	<b>10.5</b>	<b>98.5</b>	<b>139.5</b>
<b>Balance Sheet</b>	<b>2013</b>	<b>1Q14</b>	<b>2Q14</b>	<b>3Q14</b>	<b>4Q14</b>	<b>2014</b>	<b>1Q15</b>	<b>2Q15</b>	<b>3Q15E</b>	<b>4Q15E</b>	<b>2015E</b>	<b>2016E</b>
Cash (Non-Borgata)	161	165	130	121	145	145	131	125	125	125	125	125
Debt (Non-Borgata)	3,613	3,562	3,525	3,480	3,461	3,461	3,404	3,359	3,356	3,338	3,338	3,174
Net Debt (Non-Borgata)	3,452	3,397	3,396	3,359	3,316	3,316	3,273	3,234	3,231	3,213	3,213	3,050
<i>Change in Net Debt</i>	<i>(486.2)</i>	<i>(55.1)</i>	<i>(1.2)</i>	<i>(36.5)</i>	<i>(43.0)</i>	<i>(135.8)</i>	<i>(43.1)</i>	<i>(38.7)</i>	<i>(3.2)</i>	<i>(18.0)</i>	<i>(103.0)</i>	<i>(163.5)</i>
Borgata Cash	38	29	33	27	36	36	29	35	35	35	35	35
Borgata Debt	813	809	794	766	755	755	733	711	685	672	672	575
<b>Borgata Net Debt</b>	<b>776</b>	<b>780</b>	<b>761</b>	<b>739</b>	<b>719</b>	<b>719</b>	<b>705</b>	<b>676</b>	<b>650</b>	<b>637</b>	<b>637</b>	<b>540</b>
<i>Change in Net Debt</i>		<i>4.4</i>	<i>(19.4)</i>	<i>(21.7)</i>	<i>(20.4)</i>	<i>(57.1)</i>	<i>(14.2)</i>	<i>(28.9)</i>	<i>(25.7)</i>	<i>(13.1)</i>	<i>(82.9)</i>	<i>(98.1)</i>
<b>Consolidated Balance Sheet Items:</b>												
Total Cash <sup>(1)</sup>				134	163	163	145	142	142	142	142	142
Total Debt <sup>(1)</sup>				3,863	3,839	3,839	3,770	3,714	3,698	3,674	3,674	3,461
Total Net Debt				3,729	3,675	3,675	3,625	3,572	3,556	3,531	3,531	3,319
<i>(1) Includes 50% of Borgata</i>												
Equity (adjusted for non-controlling interests)	470	471	476	463	438	438	479	472	480	491	491	561
<b>Credit Ratios (Consolidated)</b>												
EBITDA (TTM)	541	526	519	523	545	545	560	584	585	595	595	614
Interest Exp. (TTM)	261	244	234	229	228	228	227	227	225	227	227	232
Debt/EBITDA (TTM)	8.2x	8.3x	7.6x	7.4x	7.0x	7.0x	6.7x	6.4x	6.3x	6.2x	6.2x	5.6x
Net Debt/EBITDA (TTM)	7.8x	7.9x	7.3x	7.1x	6.7x	6.7x	6.5x	6.1x	6.1x	5.9x	5.9x	5.4x
EBITDA/Interest (TTM)	2.1x	2.2x	2.2x	2.3x	2.4x	2.4x	2.5x	2.6x	2.6x	2.6x	2.6x	2.7x
Debt/Total Book Capital	90%	90%	89%	89%	90%	90%	89%	89%	89%	88%	88%	86%

Source: Company reports and J.P. Morgan estimates.

Figure 9: Borgata Property Model

\$ in millions

	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15E	4Q15E	2015E	2016E
Slot Revenues	418	95	107	125	107	433	105	115	128	110	458	472
yoy % chg.	0.1%	-2.6%	5.8%	2.8%	9.1%	3.8%	10.5%	7.4%	3.0%	3.0%	5.7%	3.0%
Table Revenues ex Poker	176	46	46	51	46	190	48	43	53	47	191	197
yoy % chg.	2.2%	7.8%	6.6%	-0.1%	19.2%	7.8%	5.2%	-7.1%	3.0%	1.0%	0.6%	3.0%
Poker Revenues	20	-2	7	6	4	14	5	4	6	4	20	20
Online gaming revenues	2	8	7	6	7	28	7	11	7	7	32	28
Total Table Revenues	198	51	59	63	58	231	61	55	58	51	225	216
yoy % chg.	3.2%	5.8%	23.5%	12.9%	26.5%	16.9%	18.0%	-7.2%	-7.2%	-11.3%	-2.7%	-4.0%
Total Gaming Revenues	616	154	167	188	165	673	165	170	194	168	698	716
yoy % chg.	1.1%	5.5%	11.5%	6.0%	14.6%	9.2%	7.4%	2.2%	3.3%	2.2%	3.7%	2.7%
Non-Gaming Revenue	298	65	74	88	70	298	71	77	91	72	311	317
as a % of Gaming Revenue	48.4%	42.4%	44.4%	47.1%	42.7%	44.3%	42.7%	45.3%	47.0%	43.0%	44.6%	44.3%
yoy % chg.	1.1%	-6.6%	-0.6%	2.3%	4.8%	0.0%	8.3%	4.3%	3.0%	3.0%	4.5%	2.0%
<b>Gross Revenue</b>	<b>914</b>	<b>219</b>	<b>241</b>	<b>276</b>	<b>235</b>	<b>970</b>	<b>236</b>	<b>247</b>	<b>285</b>	<b>241</b>	<b>1,009</b>	<b>1,034</b>
yoy % chg.	1.1%	1.6%	7.5%	4.8%	11.5%	6.2%	7.7%	2.8%	3.2%	2.5%	3.9%	2.5%
Promotional Allowance	218	52	59	66	56	232	53	56	67	55	232	237
yoy % chg.	0.2%	3.6%	15.2%	4.2%	4.2%	6.6%	2.9%	-4.2%	1.4%	-0.9%	-0.2%	2.5%
As % of Revenues	23.8%	23.6%	24.4%	23.9%	23.8%	23.9%	22.5%	22.7%	23.5%	23.0%	23.0%	23.0%
<b>Net Revenues</b>	<b>696</b>	<b>167</b>	<b>182</b>	<b>210</b>	<b>179</b>	<b>738</b>	<b>183</b>	<b>191</b>	<b>218</b>	<b>185</b>	<b>777</b>	<b>796</b>
yoy % chg.	1.4%	1.0%	5.2%	4.9%	14.0%	6.1%	9.2%	5.1%	3.8%	3.5%	5.3%	2.5%
<b>EBITDA Margin</b>	<b>17.1%</b>	<b>12.2%</b>	<b>23.4%</b>	<b>27.1%</b>	<b>20.1%</b>	<b>21.1%</b>	<b>20.7%</b>	<b>23.3%</b>	<b>25.0%</b>	<b>20.0%</b>	<b>22.4%</b>	<b>22.4%</b>
<b>Total EBITDA</b>	<b>119</b>	<b>20</b>	<b>43</b>	<b>57</b>	<b>36</b>	<b>156</b>	<b>37.8</b>	<b>45</b>	<b>54</b>	<b>37</b>	<b>174</b>	<b>178</b>
yoy % chg.	1.9%	-28.0%	53.0%	22.1%	119.8%	30.8%	85.0%	4.5%	-4.2%	2.9%	11.5%	2.5%
D&A	60	14	14	14	15	57	15	15	15	15	59	59
Loss/(Gain) on asset disposals	12	0	0	-1	0	-1	0	0	0	0	-1	0
<b>Operating Income</b>	<b>47.1</b>	<b>7.0</b>	<b>28.2</b>	<b>44.1</b>	<b>21.3</b>	<b>100.5</b>	<b>23.4</b>	<b>30.2</b>	<b>39.7</b>	<b>22.3</b>	<b>115.5</b>	<b>119.0</b>
Share of Preopening Exp & other							0.5	1			1	
Amort Exp												
Interest Expense and Other	81.3	17.7	17.8	17.8	17.4	70.8	16.7	16.3	15.9	12.9	61.7	47.5
<b>Pretax Income</b>	<b>-60</b>	<b>-10.7</b>	<b>10.4</b>	<b>26</b>	<b>4</b>	<b>30</b>	<b>6</b>	<b>13.3</b>	<b>24</b>	<b>9</b>	<b>53</b>	<b>72</b>
Taxes	4.4	0.6	(1.1)	(2.7)	(0.4)	(3.6)	1.8	(1.4)	(2.9)	(1.1)	(3.5)	(8.6)
Tax Rate	7.3%	-6.0%	-10.2%	-10.3%	-11.7%	12.0%	29.5%	-10.3%	12.0%	12.0%	6.7%	12.0%
<b>Net Income</b>	<b>-55.7</b>	<b>-10.1</b>	<b>9.3</b>	<b>23.6</b>	<b>3.4</b>	<b>26.2</b>	<b>8.0</b>	<b>12.5</b>	<b>20.9</b>	<b>8.3</b>	<b>49.8</b>	<b>62.9</b>
<b>Free Cash Flow Calculation:</b>												
EBITDA	119	20	43	57	36	156	38	45	54	37	174	178
Less Capex	(22)	(2)	(7)	(3)	(7)	(19)	(5)	(10)	(10)	(10)	(35)	(25)
Less Interest Expense	(81)	(18)	(18)	(18)	(17)	(71)	(17)	(16)	(16)	(13)	(62)	(48)
Plus/Less Other					11	11	(2)	11	(3)	(1)	5	(9)
<b>Excess/(Deficit) FCF</b>					<b>23</b>		<b>14</b>	<b>29</b>	<b>26</b>	<b>13</b>	<b>82</b>	<b>97</b>
Cash EOP	38	29	33	27	36	36	29	35	35	35	35	35
Debt EOP	813	809	794	766	755	755	733	711	685	672	672	575
Net Debt	776	780	761	739	719	719	705	676	650	637	637	540
Chg	(1)	4	(19)	(22)	(20)	(57)	(14)	(29)	(26)	(13)	(82)	(97)
<b>Debt Structure:</b>												
\$400m 2018 notes				386.2	386.2	386.2	386.2	386.2	386.2	386.2	386.2	386.2
Interest Rate				9.875%	9.875%	9.875%	9.875%	9.875%	9.875%	7.000%	7.000%	7.000%
\$150m Secured Revolving Credit Facility				5.9								
Interest Rate				4.9%								
\$380m term loan				374.0	368.7	368.7	346.9	324.6	298.8	285.8	285.8	188.6
Interest Rate				6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%
<b>Total Debt</b>				<b>766.1</b>	<b>754.9</b>	<b>754.9</b>	<b>733.1</b>	<b>710.8</b>	<b>685.1</b>	<b>672.0</b>	<b>672.0</b>	<b>574.9</b>
Interest Rate				8.3%	8.3%	8.3%	8.4%	8.4%	8.5%	6.9%	6.9%	6.9%

Source: Company reports and J.P. Morgan estimates.

Figure 10: Midwest & South Region Property Model

\$ in millions

Midwest and South Region GGR Model	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15E	4Q15E	2015E	2016E
Sam's Town Tunica, Mississippi & Other	208.2	52.3	49.8	50.2	47.3	199.5	58.6	58.1	51.7	48.7	217.1	217.1
% yoy growth	-10.0%	-7.5%	-9.8%	-2.2%	4.8%	-4.1%	12.0%	16.8%	3.0%	3.0%	8.8%	0.0%
Blue Chip, Indiana	159.7	36.2	40.0	40.9	38.9	156.0	37.6	40.2	40.9	38.9	157.5	157.5
% yoy growth	-8.7%	-9.2%	-3.3%	0.5%	3.0%	-2.3%	3.9%	0.3%	0.0%	0.0%	1.0%	0.0%
Par-A-Dice, Illinois	107.3	24.0	24.1	23.7	22.3	94.0	23.9	23.3	23.7	22.3	93.2	93.2
% yoy growth	-7.8%	-14.2%	-11.8%	-14.2%	-8.6%	-12.3%	-0.3%	-3.2%	0.0%	0.0%	-0.9%	0.0%
Treasure Chest, Louisiana	101.0	25.2	25.2	23.9	24.2	98.5	26.1	27.3	25.1	24.7	103.2	103.2
% yoy growth	-6.7%	-5.6%	-6.9%	-4.0%	8.1%	-2.5%	3.7%	8.2%	5.0%	2.0%	4.7%	0.0%
Delta Downs Racetrack, Louisiana	189.4	48.8	48.1	48.8	45.2	190.9	48.6	47.7	48.8	45.2	190.4	193.7
% yoy growth	1.4%	-2.5%	0.1%	2.7%	3.2%	0.8%	-0.4%	-0.8%	0.0%	0.0%	-0.3%	1.7%
Sam's Town Shreveport, Louisiana	98.7	25.2	22.0	23.3	22.1	92.5	22.9	21.2	23.3	22.1	89.5	89.5
% yoy growth	-11.3%	-10.2%	-13.2%	2.1%	-2.0%	-6.3%	-8.9%	-3.4%	0.0%	0.0%	-3.2%	0.0%
<b>Reported Net Revenues</b>	<b>864.2</b>	<b>211.6</b>	<b>209.1</b>	<b>210.7</b>	<b>200.0</b>	<b>831.5</b>	<b>217.8</b>	<b>217.8</b>	<b>213.4</b>	<b>201.9</b>	<b>850.9</b>	<b>854.2</b>

Source: Company reports and J.P. Morgan estimates.

Figure 11: Peninsula Gaming Property Model

\$ in millions

Peninsula Gaming Net Revenue:	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15E	4Q15E	2015E	2016E
Diamond Jo, Dubuque Iowa GGR	66.0	14.8	16.1	16.3	15.5	62.7	15.2	17.0	17.1	15.9	65.2	65.2
% yoy growth	-3.6%	-8.6%	-5.9%	-7.3%	2.6%	-5.0%	2.3%	5.6%	5.0%	3.0%	4.0%	0.0%
Diamond Jo, Worth Iowa GGR	86.6	19.7	22.1	21.4	20.0	83.2	20.6	22.2	22.3	20.2	85.3	85.3
% yoy growth	-4.9%	-7.7%	-2.9%	-3.8%	-1.2%	-3.9%	4.7%	0.7%	4.0%	1.0%	2.6%	0.0%
Kansas Star, Kansas GGR	192.7	46.0	44.5	43.9	43.9	178.2	47.2	47.2	45.6	45.6	185.6	185.6
% yoy growth	5.2%	-12.3%	-10.0%	-6.9%	0.3%	-7.5%	2.7%	6.0%	4.0%	4.0%	4.2%	0.0%
Evangeline Downs, LA GGR	92.4	23.3	23.2	21.5	21.8	89.8	24.1	24.0	22.1	22.2	92.4	92.4
% yoy growth	-5.5%	-3.2%	-2.2%	-5.1%	-1.0%	-2.9%	3.1%	3.5%	3.0%	2.0%	2.9%	0.0%
Amelia Belle, LA GGR	52.7	13.2	12.4	12.1	12.1	49.9	13.4	12.9	12.3	12.3	50.8	50.8
% yoy growth	-0.6%	-4.3%	-10.2%	-5.4%	-1.4%	-5.4%	1.3%	3.7%	1.0%	1.0%	1.8%	0.0%
<b>Total GGR</b>	<b>490.4</b>	<b>117.0</b>	<b>118.3</b>	<b>115.2</b>	<b>113.2</b>	<b>463.7</b>	<b>120.4</b>	<b>123.3</b>	<b>119.4</b>	<b>116.2</b>	<b>479.3</b>	<b>479.3</b>
% yoy growth	-0.6%	-8.5%	-6.7%	-5.9%	-0.1%	-5.4%	2.9%	4.2%	3.6%	2.6%	3.4%	0.0%
<b>Total Non-GGR, Net</b>	<b>29.9</b>	<b>5.3</b>	<b>9.5</b>	<b>8.4</b>	<b>7.0</b>	<b>30.1</b>	<b>5.5</b>	<b>7.3</b>	<b>7.2</b>	<b>7.0</b>	<b>27.0</b>	<b>27.0</b>
As a % of GGR	6.1%	4.5%	8.0%	7.3%	6.2%	6.5%	4.6%	5.9%	6.0%	6.0%	5.6%	5.6%
% yoy growth												
<b>Total Net Revenue</b>	<b>520.3</b>	<b>122.3</b>	<b>127.8</b>	<b>123.6</b>	<b>120.2</b>	<b>493.9</b>	<b>125.9</b>	<b>130.6</b>	<b>126.6</b>	<b>123.2</b>	<b>506.3</b>	<b>506.3</b>
% yoy growth	-0.5%	-8.7%	-5.9%	-5.5%	0.3%	-5.1%	3.0%	2.2%	2.4%	2.4%	2.5%	0.0%
<b>Total Property Level EBITDA</b>	<b>185.3</b>	<b>44.8</b>	<b>45.3</b>	<b>42.9</b>	<b>42.2</b>	<b>175.1</b>	<b>46.4</b>	<b>49.2</b>	<b>44.1</b>	<b>43.3</b>	<b>182.9</b>	<b>182.9</b>
EBITDA Margin	35.6%	36.6%	35.4%	34.7%	35.1%	35.5%	36.8%	37.6%	34.8%	35.2%	36.1%	36.1%

Source: Company reports and J.P. Morgan estimates.

## Boyd Gaming Group: Summary of Financials

<b>Income Statement - Annual</b>	<b>FY13A</b>	<b>FY14A</b>	<b>FY15E</b>	<b>FY16E</b>	<b>Income Statement - Quarterly</b>	<b>1Q15A</b>	<b>2Q15A</b>	<b>3Q15E</b>	<b>4Q15E</b>
Net Revenues	2,199	2,142	2,193	2,212	Net Revenues	551A	560A	540	542
Other	(1,767)	(1,740)	(1,665)	(1,661)	Other	(420)A	(414)A	(419)	(412)
EBITDA	495	489	539	558	EBITDA	135A	149A	122	132
D&A	(131)	(134)	(134)	(134)	D&A	(33)A	(33)A	(33)	(33)
Operating income	364	355	405	424	Operating income	102A	116A	89	99
Net interest income / (expense)	-	-	-	-	Net interest income / (expense)	-	-	-	-
Other income / (expense)	(338)	(267)	(291)	(255)	Other income / (expense)	(65)A	(98)A	(63)	(65)
Pretax income	(84)	(56)	47	107	Pretax income	18A	0A	11	18
Income taxes	(8)	3	0	(37)	Income taxes	17A	(7)A	(4)	(6)
Net income - GAAP	(81)	(53)	47	69	Net income - GAAP	35A	(6)A	7	12
Diluted shares outstanding	108	115	113	113	Diluted shares outstanding	112A	113A	113	113
EPS - recurring	(0.31)	0.01	0.42	0.61	EPS - recurring	0.13A	0.24A	0.06	0.10
EPS - GAAP	(0.75)	(0.46)	0.42	0.61	EPS - GAAP	0.31A	(0.06)A	0.06	0.10
<b>Balance Sheet and Cash Flow Data</b>	<b>FY13A</b>	<b>FY14A</b>	<b>FY15E</b>	<b>FY16E</b>	<b>Ratio Analysis</b>	<b>FY13A</b>	<b>FY14A</b>	<b>FY15E</b>	<b>FY16E</b>
Cash and cash equivalents	161	145	125	125	Net Revenue growth	(11.6%)	(2.6%)	2.4%	0.9%
Total debt	3,613	3,461	3,338	3,174	EBITDA growth	15.4%	(2.6%)	14.2%	4.7%
Net Debt	3,452	3,316	3,213	3,050	EPS growth	8.2%	(103.2%)	4148.4%	45.6%
Shareholders' equity	470	438	491	561	EBIT margin	16.6%	16.6%	18.5%	19.2%
Net income (including charges)	(80)	(53)	47	69	EBITDA margin	16.6%	16.6%	18.5%	19.2%
D&A	219	209	208	208	Tax rate	(9.2%)	(4.7%)	0.2%	35.0%
Other	-	-	-	-	Net margin	(1.5%)	0.1%	2.2%	3.1%
Maintenance Capex	(120)	(117)	(170)	(150)	Net debt / EBITDA	697.5%	678.5%	596.6%	546.9%
Free cash flow	18	39	85	127	Interest coverage ratio	-	-	-	-
					Return on Average Equity (ROAE)	(8.7%)	0.3%	10.2%	13.2%
					FCF / Share	0.17	0.34	0.76	1.12
					P / E	NM	NM	40.0	27.5
					Enterprise value / EBITDA	10.5	10.4	9.2	8.6

Source: Company reports and J.P. Morgan estimates.

Note: \$ in millions (except per-share data). Fiscal year ends Dec

**Other Companies Discussed in This Report** (all prices in this report as of market close on 23 July 2015)

Penn National (PENN/\$19.04/Overweight)

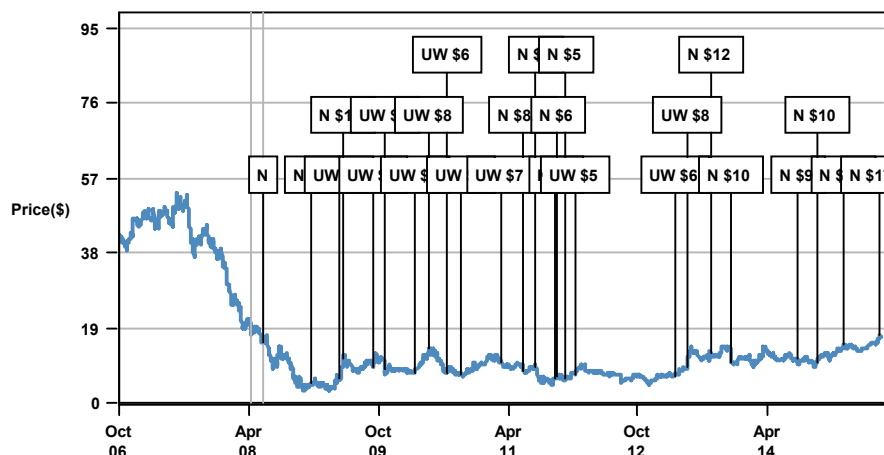
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Boyd Gaming Group (BYD, BYD US) Price Chart



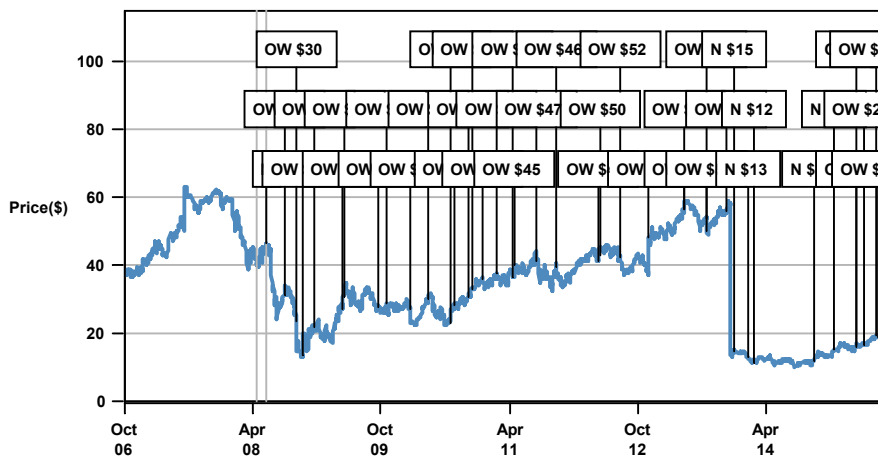
Date	Rating	Share Price (\$)	Price Target (\$)
02-Jun-08	N	15.45	-
19-Dec-08	N	4.92	5.00
14-Apr-09	UW	6.28	5.00
06-May-09	N	11.31	10.00
08-Sep-09	UW	9.32	7.00
27-Oct-09	UW	8.78	6.00
02-Mar-10	UW	7.67	5.00
04-May-10	UW	13.47	8.00
20-Jul-10	UW	7.67	6.00
16-Sep-10	UW	7.19	5.00
01-Mar-11	UW	9.91	7.00
06-Jun-11	N	8.34	8.50
25-Jul-11	N	9.34	9.00
18-Oct-11	N	5.91	5.00
25-Oct-11	N	6.57	6.00
29-Nov-11	N	5.86	5.00
06-Jan-12	UW	6.95	5.00
04-Mar-13	UW	6.46	6.00
24-Apr-13	UW	8.95	8.00

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends. Initiated coverage Jun 02, 2008.

31-Jul-13	N	12.85	12.00
31-Oct-13	N	10.32	10.00
31-Jul-14	N	11.00	9.00
22-Oct-14	N	10.01	10.00
12-Feb-15	N	14.59	14.00
16-Jul-15	N	17.15	17.00

Date	Rating	Share Price (\$)	Price Target (\$)
02-Jun-08	N	46.42	-
12-Aug-08	OW	31.53	39.00
03-Oct-08	OW	23.37	30.00
27-Oct-08	OW	13.35	21.00
19-Dec-08	OW	22.03	26.00
14-Apr-09	OW	27.09	31.00
23-Apr-09	OW	30.76	34.00
18-Sep-09	OW	27.72	32.00
21-Oct-09	OW	28.64	33.00
04-Feb-10	OW	27.21	30.00
22-Apr-10	OW	30.24	34.00
20-Jul-10	OW	23.15	30.00
06-Aug-10	OW	28.46	33.00
07-Oct-10	OW	30.76	36.00
21-Oct-10	OW	32.84	37.00
09-Dec-10	OW	35.69	38.00
03-Feb-11	OW	37.55	41.00
13-Apr-11	OW	36.74	42.00
21-Apr-11	OW	39.98	45.00
21-Jul-11	OW	41.11	47.00
20-Oct-11	OW	39.36	46.00
11-Apr-12	OW	41.12	47.00
19-Apr-12	OW	43.30	50.00
17-Jul-12	OW	42.34	52.00
16-Nov-12	OW	48.23	61.00
17-Apr-13	OW	56.70	63.00
18-Apr-13	OW	56.70	65.00
17-Jul-13	OW	53.62	63.00
23-Jul-13	OW	49.98	59.00
16-Oct-13	OW	55.90	64.00
14-Nov-13	N	14.50	15.00
14-Jan-14	N	12.98	13.00
06-Feb-14	N	11.30	12.00
21-Oct-14	N	11.76	13.00
20-Jan-15	N	15.10	16.00
17-Apr-15	OW	16.00	18.00
23-Apr-15	OW	16.68	19.00
20-May-15	OW	16.77	20.00
14-Jul-15	OW	19.50	21.00
23-Jul-15	OW	19.04	23.00

Penn National (PENN, PENN US) Price Chart



Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends. Initiated coverage Jun 02, 2008.

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IB clients*	51%	48%	38%
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IB clients*	71%	66%	57%

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