

Gaming

Las Vegas ecosystem continues to get better; Raising PTs for CZR (to \$129) and MGM (to \$52)

We continue to like the trajectory and operating momentum for Las Vegas Strip operators. We see multiple catalysts ahead with these positive trends resulting in 2Q EPS beats, second half estimates increasing, leading us into the fall/football season, which should be a seasonally strong period for the U.S. sports betting operators across the board, particularly CZR (integration of William Hill should be done by then) and BetMGM (maintaining its current market share momentum). Given this momentum, we are raising our price targets on CZR and MGM, taking into account the potential for un-modeled EBITDA upside, in Las Vegas as well as other U.S. regional casinos.

In addition to the positive operating momentum, we have increased confidence in an LV Strip group recovery after spending time with asset heavy lodging REITs this week (HST, RHP) and their enthusiasm on the rate of group recovery. Following these conversations, we think Las Vegas will lead the group recovery given its appeal as a blend and intersection of leisure and group, the best of both worlds, in our view. Our CZR price target goes to \$129 (up \$9) and our MGM target goes to \$52 (up \$5) on higher multiples.

- **Caesars – strong operating momentum with an emerging OSB/iGaming business.** Near term results should benefit from strong demand trends with revenues, margins and profits all improving sequentially. In Las Vegas, the leisure consumer has come roaring back which should be supplemented by a 2H21 convention slate that is nicely ahead of 2019. On the regional front, we think it's noteworthy that recent record (or near record) GGR in many states has been driven by non-core customers. Equally important, margins should stay nicely above pre-COVID-19 levels; with Las Vegas expected to be above 50% and Regionals north of 40% for the foreseeable future. Additionally, an emerging OSB and iCasino opportunity, which CZR owns 100% of (brand, tech, first skin) is a nice addition to its core business.
- **MGM – strength in Las Vegas and impressive results at BetMGM.** We think that domestic casino momentum, particularly in Las Vegas (50% of 2019 property level EBITDAR) can drive positive estimate revisions. The removal of capacity limits and mask mandates in Las Vegas enables the addition of table seats, slots and non-gaming amenities. Airlift capacity is approaching 2019 this summer, a good sign for conventions, which we view as the next leg up for the market. This will help bridge the gap between midweek and weekend occupancy at high flow through. Assuming LV Strip revenues return to 2019 levels, there could be an incremental \$6 of equity value per share, not in our estimates.

Equity Ratings and Price Targets

Company	Ticker	Mkt Cap (\$ mn)	Price (\$)	Rating		Price Target			
				Cur	Prev	Cur	End Date	Prev	End Date
Caesars Entertainment, Inc.	CZR US	23,495.96	110.83	OW	n/c	129.00	Dec-21	120.00	n/c
MGM Resorts International	MGM US	21,546.38	43.54	OW	n/c	52.00	Dec-21	47.00	n/c

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. n/c = no change. All prices as of 09 Jun 21.

See page 27 for analyst certification and important disclosures.

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CZR, CZR US
Overweight
Price: \$110.83 (09-Jun)

Price Target: \$129.00 (Dec-21)

MGM, MGM US
Overweight
Price: \$43.54 (09-Jun)

Price Target: \$52.00 (Dec-21)

Gaming & Lodging

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- **Our Caesars price target goes to \$129 (up \$9)** on a higher value for CZR's core business. Our year-end 2021 price target is based on a SOTP method whereby we ascribe an 12.0x multiple to 2022E LV Strip EBITDAR (up 0.5x from prior), 9.0x to 2022E Regional EBITDA (up 0.5x from prior), and 12.0x to Managed/Int'l EBITDA (ex-CIE; unchanged), less capitalized corporate expense, year-end 2022E net debt, and rent capitalized at 8x. We value CZR's core/traditional gaming business at ~\$89 and its USSB/iGaming opportunity at \$38, plus \$1 per share credit for a sale of WMH's non-US operations.
- **Our MGM price target goes to \$52 (up \$5).** Our year-end 2021 price target is based on a SOTP analysis looking at MGM's respective segments: (1) LV Strip property level EBITDAR, (2) U.S. Regionals EBITDAR, (3) share of MGM's CityCenter JV EBITDAR, (4) its 56% stake in Macau SAR, (5) its 42.1% stake in MGM Growth Properties (MGP), and (6) the value of its 50% stake in its USSB/iGaming JV with GVC. On (1), we value its LV Strip EBITDAR at 11.5x 2022E EBITDAR (up 0.5x from prior), (2) U.S. Regionals EBITDAR at 9.0x (up 1 turn from prior), (3) CityCenter JV at 12.0x; (4) we use current market values to value MGM's stake in Macau; (5) we value MGM's stake in MGP, ascribing the value of the enterprise based on our current MGP price target; and (6) we ascribe \$8 per share to MGM's USSB/iGaming optionality. We subtract net debt and rent obligation capitalized at 8x.
- **Read on.**

Las Vegas positive commentary / outlook

We continue to like the trajectory and operating momentum for Las Vegas Strip operators. We see multiple catalysts ahead with these positive trends resulting in 2Q EPS beats, second half estimates increasing, leading us into the fall/football season, which is when we expect to see increased sports betting momentum. Furthermore, after spending the past two days with Lodging REIT management teams, we get the sense that the two segments with the most clarity and ongoing/immediate recoveries are leisure and group travel. In our view, Las Vegas presents the best of both worlds.

The Las Vegas recovery is well underway with spend levels that are already at pre-COVID-19 levels, despite visitation that is below. In April, LV Strip GGR/visitor was 47% above 2019 levels: visitation was 73% of 2019 levels – a nice improvement from just 37% in January, and 60% in March – and LV Strip GGR was 100% of 2019 GGR. As visitation continues to recover, combined with the removal of capacity limits and the return of group business, we expect GGR to continue to trend upwards.

Figure 1: Commentary from recent NDR's suggest a strong and sustainable recovery across the domestic casino landscape

CZR	
May 5th, 2021 roadshow	
Las Vegas	March occupancy was 72% ; April was 84% ; weekends in Las Vegas are sold out for the foreseeable future 2H21 group/convention +20% vs. 2H19
Regionals	Run rate EBITDA is >\$2.5b; regional drive-to markets are outperforming destination markets Destination markets starting to see improvement
OSB / iGaming	Caesars rewards is a game changer for a differentiated approach to customer acquisition and retention Efficient marketing, owning tech stack and all the licenses is key to being the highest EBITDA margin player No interest in creating helium in the stock with near term market share results
Overall	April preliminary consolidated EBITDA was over \$300m, more than 25% above 2019 Margins were >37% , up 1,000 bps over 2019 despite just 9% table hold April free cash flow was \$100 million

MGM	
May 17th, 2021 roadshow	
Las Vegas	55+ customer has started to return; increasing 41% m/m from February to March Capacity returning to 100% has enabled added rooms, seats at tables, restaurant seats, labor 30-60 day bookings have increased and business mix has started to resemble normal (ex. Group)
Regionals	Business performing at record EBITDAR and margins with a few properties at record revenues Working to retain customers attracted over the past 12 months via database/marketing
OSB / iGaming	BetMGM is posting strong revenues/market share and driving growth in the M life loyalty program Signed up 500k M life customers with BetMGM
Overall	Capital priorities are investing into the business and returning capital to shareholders; no meaningful capex If MGM owned 100% of BetMGM (as opposed to the 50/50 JV), results YTD likely wouldn't be different

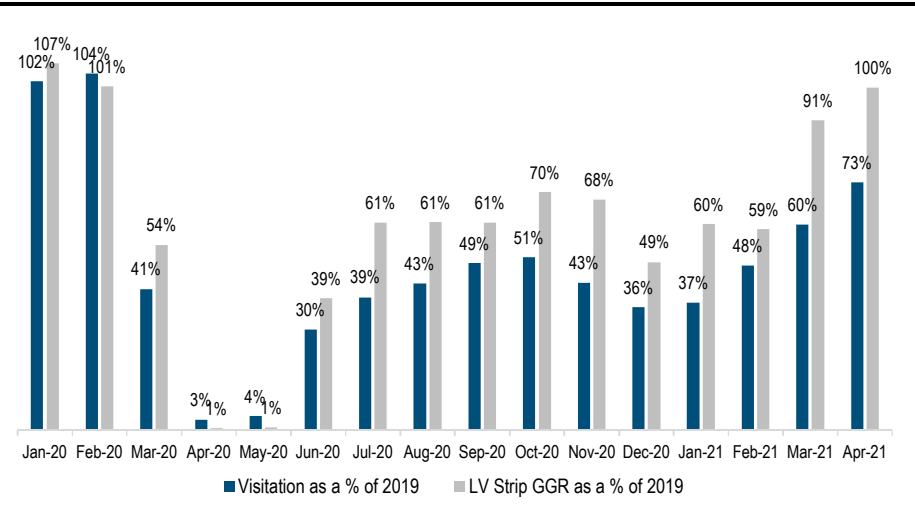
Source: J.P. Morgan.

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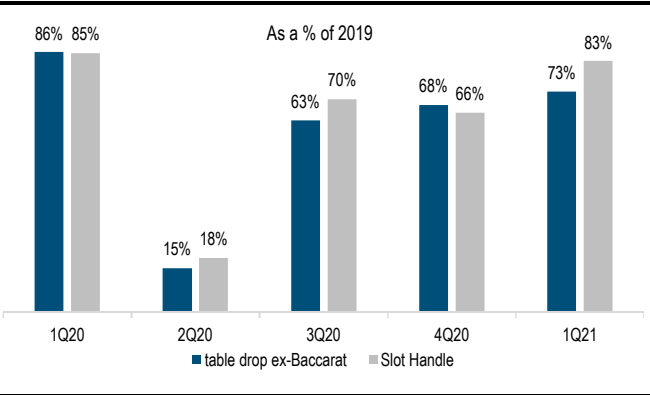
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Figure 2: GGR recovery has outpaced visitation, implying stronger spend trends



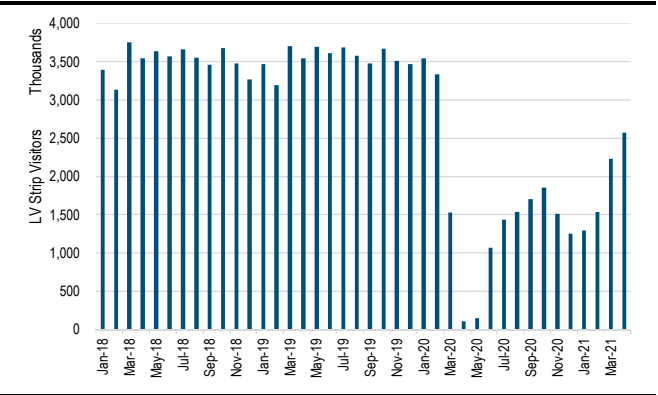
Source: Nevada Gaming Commission, LVCVA, J.P. Morgan.

Figure 3: Easing of capacity limits should accelerate the GGR recovery, particularly at tables



Source: Nevada Gaming Commission, J.P. Morgan.

Figure 4: LV Strip Visitation has been gradually recovering, with April '21 at ~75% of 2019



Source: LVCVA, J.P. Morgan.

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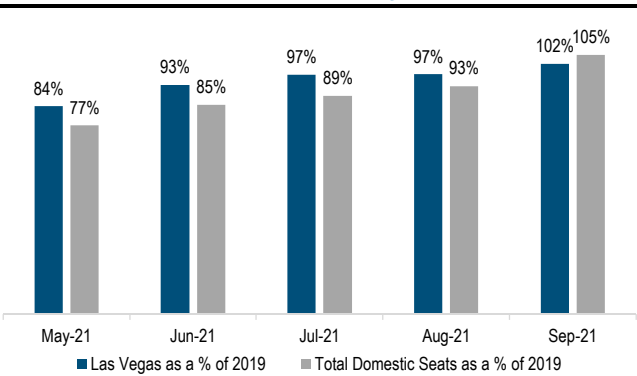
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Figure 5: Airline capacity (total seats) to McCarran Airport (LAS) is approaching pre-COVID levels in the summer and is above in the fall

	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	Estimates				
												May-21	Jun-21	Jul-21	Aug-21	Sep-21
Southwest Airlines	519,973	668,746	738,307	598,412	594,794	588,000	507,660	465,434	391,510	604,715	647,409	768,503	845,352	873,850	874,121	882,053
Spirit Airlines	54,655	214,498	183,383	142,556	181,832	213,892	198,052	197,950	177,174	205,316	199,182	237,667	237,052	281,239	285,499	327,677
Delta Air Lines	46,903	96,729	133,618	126,314	161,836	172,164	174,187	160,830	142,718	180,240	193,621	218,655	217,436	228,185	233,407	230,847
American Airlines	65,109	113,887	124,524	111,467	125,125	123,909	133,990	134,010	118,745	166,673	166,816	202,272	204,147	217,945	248,288	267,600
United Airlines	20,280	52,851	61,340	48,615	89,613	92,958	93,826	84,416	86,302	111,906	109,334	114,704	135,282	152,206	156,323	177,325
Frontier Airlines Inc.	51,708	93,728	106,138	140,466	166,922	154,822	132,804	101,116	106,480	191,952	188,682	208,512	213,270	232,086	228,762	185,078
Allegiant Air LLC	102,834	107,733	102,792	71,769	88,698	87,213	88,950	78,999	101,025	129,783	122,427	119,985	130,212	140,043	121,392	104,388
Alaska Airlines	25,663	27,701	36,857	49,579	62,929	59,886	63,450	57,985	62,951	75,953	70,656	71,512	66,546	67,290	82,736	97,418
JetBlue Airways Corporation	17,217	26,799	23,235	25,032	35,138	29,000	21,314	16,605	16,037	23,831	30,834	55,631	60,036	63,077	62,618	58,299
Hawaiian Airlines					3,402	6,394	10,564	16,680	15,568	11,120	11,676	16,046	24,141	24,419	25,453	24,619
Sun Country Airlines	8,928	11,718	14,136	14,136	17,670	17,298	11,532	8,184	12,462	13,020	19,902	19,716	15,438	15,624	15,996	21,018
Other	0	0	0	0	0	0	0	0	0	0	48	144	128	152	136	136
Total	913,270	1,414,390	1,524,330	1,328,346	1,527,959	1,545,536	1,436,329	1,322,209	1,230,972	1,714,509	1,760,587	2,033,347	2,149,040	2,296,116	2,334,731	2,376,458
Y/Y%	-60%	-40%	-36%	-43%	-38%	-31%	-35%	-44%	-44%	-30%	45%	199%	135%	62%	53%	79%
Las Vegas as a % of 2019								59%	61%	74%	78%	84%	93%	97%	97%	102%
Total Domestic Seats as a % of 2019								60%	61%	69%	73%	77%	85%	89%	93%	105%

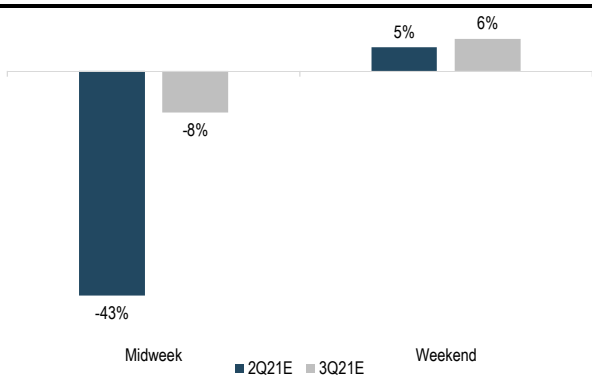
Source: OAG J.P. Morgan.

Figure 6: Recovery to McCarran is ahead of the total U.S. in the summer, and we expect additional capacity to be added in the fall



Source: OAG J.P. Morgan.

Figure 7: LV Strip room rates show sequential improvement in the 3Q21 (each looked at relative to 2019)



Source: Company reports, J.P. Morgan.

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CZR. Strong leisure demand in Las Vegas and Regionals with an emerging OSB & iCasino business and asset sales driving debt pay down

Near term results should benefit from strong demand trends with revenues, margins and profits all improving sequentially. In Las Vegas, the leisure consumer has come roaring back which should be supplemented by a 2H21 convention slate that is nicely ahead of 2019. On the regional front, we think it's noteworthy that recent record (or near record) GGR in many states has been driven by non-core customers. As vaccination rates have improved, the core 55+ customer has started to return, which after an extended period of higher savings rates and portfolio appreciation, gives us comfort that this strength is sustainable. Equally important, margins should stay nicely above pre-COVID-19 levels; with Las Vegas expected to be above 50% and Regionals north of 40% for the foreseeable future.

Additionally, an emerging online sports betting and iCasino opportunity, which CZR owns 100% of (brand, tech, first skin) is a nice addition to its core business. Positive free cash flow (potentially >\$100m per month) will likely be supplemented by strong trends and asset sales, supporting de-leveraging and driving growth in the OSB/iGaming.

Figure 8: We see a strong EBITDA recovery across segments...

	2019PF	2022E	as % of 2019
LV Strip	1,490	1,500	101%
Regionals	1,839	2,441	133%
Managed, Int'l, & CIE	81	60	74%
Property level EBITDAR	3,410	3,841	113%
Corporate	(302)	(164)	54%
Adj. EBITDAR	3,108	3,677	118%

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

Figure 9: ... with EBITDAR margins that are meaningfully above '19

	2019PF	2022E
LV Strip	38.0%	40.0%
<i>change (bps)</i>		<i>198 bps</i>
Regionals	27.3%	43.6%
<i>change (bps)</i>		<i>1629 bps</i>
Managed, Int'l, & CIE	13.8%	10.2%
<i>change (bps)</i>		<i>-366 bps</i>
Property level EBITDAR	30.3%	38.6%
<i>change (bps)</i>		<i>830 bps</i>

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

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Figure 10: We think positive recent momentum likely leads to a 2Q EPS beat that would revise Street estimates for the 2H21 higher

	JPMe vs. Consensus		JPMe vs. 2019		Consensus vs. 2019	
	2021E	2022E	2021E	2022E	2021E	2022E
Revenues						
Las Vegas Strip	10%	-2%	81%	96%	74%	98%
Total Regionals	0%	-9%	81%	83%	81%	92%
Managed, Intl, & CIE	3%	-8%	88%	100%	86%	109%
Other	5%	-6%	103%	103%	98%	110%
Total	4%	-7%	81%	88%	79%	95%
EBITDAR						
Las Vegas Strip	1%	-8%	77%	101%	76%	109%
Total Regionals	6%	3%	114%	133%	108%	129%
Managed, Intl, & CIE	13%	8%	39%	74%	34%	69%
Corporate	-2%	-2%	53%	54%	54%	56%
Total	0%	-5%	96%	118%	96%	125%

Source: Company reports, Consensus Metrix, J.P. Morgan estimates.

Figure 11: We expect USSB/iGaming momentum to pick up in the fall; we ascribe \$38 per share

Sports Betting and iGaming Value Per Share	
(\$ millions except per share values)	
iGaming	
iGaming US Industry Revs (2025E)	\$4,880
Market Share	15%
CZR iGaming Revenue	732
Sports Betting	
Sports Betting Industry Revs (2025E)	\$9,226
Market Share	10%
CZR USSB Revenue	923
Total USSB/iGaming Revenue (2025E)	1,655
EV/Sales (2025E)	7.5x
Implied Value (assumes no debt)	\$12,410
Discounted back to 2022E (at 15%/yr)	\$8,160
CZR Shares Outstanding	212
Value per CZR share for USSB & iGaming	\$38

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

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MGM. Positive momentum in Las Vegas and impressive market share results from BetMGM

We think that domestic casino momentum, particularly in Las Vegas (50% of total 2019 property level EBITDAR) can drive positive estimate revisions. The removal of capacity limits and mask mandates in Las Vegas enables the addition of table seats, slots and non-gaming amenities. Airlift capacity is approaching 2019 levels as soon as this summer, which is a good sign for the return of conventions, which we view as the next leg up for the market. This will help bridge the gap between midweek/weekend occupancy at a high flow through rate. Assuming LV Strip revenues return to 2019 levels, at a 30% margin could drive an incremental \$6 of equity value per share, not currently in our estimates.

On the OSB/iGaming side, we remain impressed with BetMGM's momentum and market share in recent states. In April, we estimate that BetMGM had mid-teens sports betting share on average in New Jersey, Indiana, and Michigan and ~35% average iGaming share in New Jersey and Michigan. Impressively, this represents top three share in sports betting and #1 share in iGaming.

Figure 12: Reaching 2019 peak LV Strip revenues could represent an additional \$6 of equity value per share, not in our forecasts

2019 peak LV Strip revenues	\$5,831
<i>Assumed Margin</i>	<i>30%</i>
Hypothetical EBITDA	\$1,749
<i>JPM 2022 EBITDA forecast</i>	<i>\$1,490</i>
Incremental EBITDA vs. JPM	\$259
<i>Assumed Multiple</i>	<i>11.0x</i>
Equity Value	\$2,852
shares outstanding	495
Incremental Equity Value per Share	\$6
<i>Current Price</i>	<i>\$43.86</i>
<i>Upside</i>	<i>13%</i>

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

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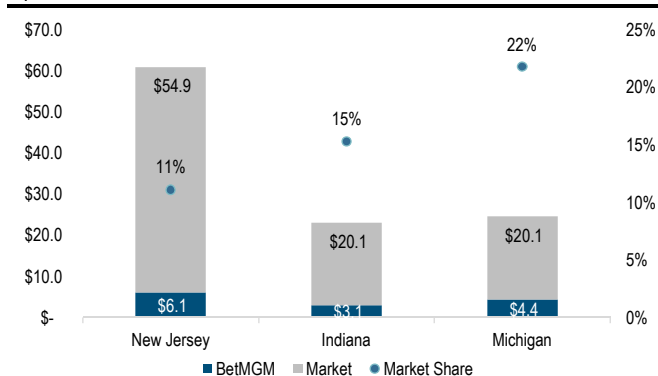
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Figure 13: Our 2021 estimates are nicely ahead of consensus with upside in both Las Vegas and Regionals

	JPMe vs. Consensus		JPMe vs. 2019		Consensus vs. 2019	
	2021E	2022E	2021E	2022E	2021E	2022E
Revenues						
Las Vegas Strip (100% owned)	16%	5%	68%	91%	59%	87%
U.S. Regional Properties	-1%	-4%	89%	96%	90%	100%
Macau (100%)	3%	-5%	63%	88%	61%	93%
Other	37%	14%	91%	91%	67%	80%
Total	8%	0%	74%	92%	68%	91%
EBITDAR						
Las Vegas Strip (100% owned)	5%	-4%	55%	91%	52%	94%
U.S. Regional Properties	5%	5%	116%	124%	110%	118%
Macau (100%)	-1%	-3%	39%	87%	39%	89%
Corporate / Other	-8%	-9%	153%	119%	166%	131%
Total	8%	0%	59%	97%	55%	97%

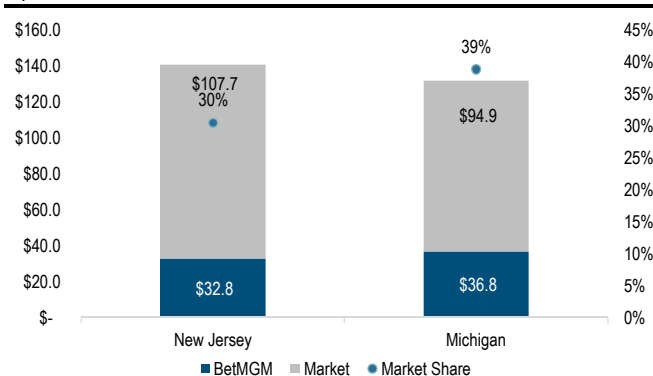
Source: Company reports, Consensus Metrix, J.P. Morgan estimates.

Figure 14: BetMGM has posted solid sports betting market share...
April results for NJ, IN, and MI



Source: State gaming commissions, J.P. Morgan estimates.

Figure 15: ... and more impressive iGaming market share in NJ & MI
April results for NJ and MI



Source: State gaming commissions, J.P. Morgan estimates.

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Overweight

Company Data	
Shares O/S (mn)	212
52-week range (\$)	113.46-29.06
Market cap (\$ mn)	23,495.96
Exchange rate	1.00
Free float(%)	95.3%
3M - Avg daily vol (mn)	3.90
3M - Avg daily val (\$ mn)	374.7
Volatility (90 Day)	51
Index	RUSSELL 2000
BBG BUY HOLD SELL	11 4 0

Caesars Entertainment, Inc. (CZR;CZR US)

Year-end Dec (\$)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue (\$ mn)	2,642	6,263	9,184	9,965	-
Gross margin	-	-	-	-	-
Adj. EBIT (\$ mn)	515	(378)	7,075	2,617	-
Adj. EBITDA (\$ mn)	746	809	8,135	3,677	-
Adj. EPS (\$)	2.37	(7.67)	18.04	(3.31)	-
BBG EPS (\$)	1.55	(9.85)	(2.50)	1.80	2.79
Reported EPS (\$)	2.37	(7.67)	18.04	(3.31)	-
Dividend yield	-	-	-	-	-
Adj. P/E	46.8	NM	6.1	NM	-
EV/EBITDA	9.7	57.4	5.7	11.8	-

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

Investment Thesis, Valuation and Risks

Caesars Entertainment, Inc. (Overweight; Price Target: \$129.00)

Investment Thesis

We think CZR continues to offer attractive exposure to many (positive) themes within the U.S. gaming sector: (1) near-term leisure/non-group recovery in Las Vegas (group later in 2021 and into 2022), (2) legs to a recovery in U.S. drive-to, regional markets, with our anticipation of a return of the 55+ year old customer, (3) permanently higher margins given operating marketing/labor efficiencies, relative to pre pandemic levels, and (4) growth in U.S. mobile sports betting and iGaming (CZR now controls 100% post the close of the William Hill acquisition). In addition, we see a path to accelerating positive net free cash flow and have only modeled one asset disposition (Horseshoe Hammond); we have not modeled a Las Vegas asset disposition, though we view this as likely in 2022.

Valuation

At current levels on adj. EV/EBITDAR, CZR trades at an implied 15.5x 2021E EBITDA and 11.8x on 2022E, while on a discretionary free cash flow basis, CZR's implied yield is 6% on 2022E. On a core basis (i.e., backing out the ~\$38 we ascribe to sports betting/iGaming), CZR trades at a 9% FCF yield on current levels and our price target assumes it can trade at an 7% yield.

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CZR Price Target Methodology

	2022E		Target		Firm
	EBITDAR		Multiple		Value
Las Vegas	\$1,500	x	12.0x	=	\$18,004
Regionals	\$2,441	x	9.0x	=	\$21,972
Managed and Int'l (ex CIE)	\$10	x	12.0x	=	\$120
<i>Sub-total</i>	\$3,952	x	10.1x	=	\$40,095
Less Corporate Expense	(\$164)	x	10.1x	=	(\$1,664)
Sub-totals	\$3,788		10.1x		\$38,431
Less Capitalized Rent at 8x					\$8,900
Less Year-End 2022E Net Debt (excludes convert)					\$10,601
Equals Equity Value					\$18,931
Divided by Diluted Shares Outstanding (includes convert)					212
Equals Equity Value Per Share - Core Business					\$89
Plus value per share for Sports Betting/iGaming					\$38
Plus value per share for WMH Retail/Online (Ex-US)					\$1
Equals Fair Value					\$129
Share Price					\$111.35
<i>Upside / (Downside) Potential</i>					16%
2022E Free Cash Flow per Share					\$6.66
Implied 2022E Free Cash Flow Yield at current levels					6%
Implied 2022E Free Cash Flow Yield at fair value above					5%

Source: J.P. Morgan estimates.

Valuation

Our Caesars price target goes to \$129 (up \$9) on a higher value for CZR's core business. Our year-end 2021 price target is based on a SOTP method whereby we ascribe an 12.0x multiple to 2022E LV Strip EBITDAR (up 0.5x from prior), 9.0x to 2022E Regional EBITDA (up 0.5x from prior), and 12.0x to Managed/Int'l EBITDA (ex-CIE; unchanged), less capitalized corporate expense, year-end 2022E net debt, and rent capitalized at 8x. We value CZR's core/traditional gaming business at ~\$89 and its USSB/iGaming opportunity at \$38, plus \$1 per share credit for a sale of WMH's non-US operations.

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CZR Current Valuation (Pro Forma)

Year	Shares Outstanding	Market Cap		Traditional Net Debt		Capitalized Leases		Enterprise Value	EBITDAR	Adj. EV/EBITDAR	Net Leverage (lease-adj.)
2022E	212.3	23,640	+	10,916	+	8,900	=	43,455	3,677	11.8x	5.4x
2021E	212.3	23,640	+	12,618	+	9,863	=	46,121	2,979	15.5x	7.5x

Year	Shares Outstanding	Discretionary FCF	FCF per share	FCF Yield
2022E	212.3	1,387	\$6.54	6%
2021E	212.3	560	\$2.64	

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

Downside risks to our estimates and valuation multiples include, but are not limited to: (1) CZR carries significant debt and higher than peer leverage levels; (2) In 2019, CZR generated 45% of its EBITDA from the Las Vegas Strip, a market where we expect a slow/prolonged demand recovery; (3) Over 60% of our estimated CZR EBITDA goes to fixed obligations such as rent and interest payments; (4) CZR may fail to execute and/or capitalize on what we believe is a significant sports betting and iGaming opportunity; (5) The COVID-19 virus has resulted in increased risks to the U.S. casino industry.

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Figure 16: CZR EPS Model

	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21E	3Q21E	4Q21E	2021E	2022E
Las Vegas Strip	3,919	822	109	391	447	1,769	497	727	924	1,038	3,187	3,751
YoY%	4.3%	-13.9%	-89.1%	-59.8%	-54.8%	-54.9%	-39.5%	566.8%	136.4%	132.3%	80.1%	17.7%
Total Regionals	6,746	1,345	311	1,353	1,077	4,086	1,263	1,469	1,435	1,293	5,460	5,605
YoY%	4.6%	-18.2%	-81.7%	-24.0%	-33.6%	-39.4%	-6.1%	372.9%	6.1%	20.0%	33.6%	2.7%
Managed, Intl, & CIE	586	127	57	92	106	382	100	131	141	145	517	588.3
YoY%	N/A	-13.0%	-62.7%	-34.8%	-27.4%	-34.8%	-21.3%	129.0%	53.5%	36.8%	35.3%	13.9%
Corporate & Other	20	7	7	5	7	26	4	6	6	6	21	21
Total Revenues (Pro Forma)	11,271	2,301	484	1,841	1,637	6,263	1,864	2,331	2,506	2,482	9,184	9,965
YoY%		-14%	-83%	-35%	-40%	-43%	-19%	NMF	36%	52%	47%	9%
Las Vegas Strip	1,490	221	(40)	60	90	331	162	247	333	405	1,147	1,500
Margin %	38.0%	26.9%	NMF	15.3%	20.1%	18.7%	32.6%	34.0%	36.0%	39.0%	36.0%	40.0%
Regionals	1,839	239	(34)	444	280	929	418	584	568	529	2,100	2,441
Margin %	27.3%	17.8%	NMF	32.8%	26.0%	22.7%	33.1%	39.8%	39.6%	40.9%	38.5%	43.6%
Managed, Intl, & CIE	81	1	0	6	18	25	7	7	7	11	32	60
Margin %	13.8%	0.8%	0.0%	6.5%	17.0%	6.5%	7.0%	5.1%	4.7%	7.8%	6.1%	10.2%
Unallocated Digital Investment								(50)	(50)	(40)	(140)	(160)
Property Level EBITDAR (Pro Forma)	3,410	461	(74)	510	388	1,285	587	788	858	905	3,138	3,841
Margin %	30.3%	20.0%	-15.3%	27.7%	23.7%	20.5%	31.5%	33.8%	34.2%	36.5%	34.2%	38.6%
Less: Corporate expense and other	(302)	(59)	(62)	(47)	(42)	(210)	(39)	(40)	(40)	(40)	(159)	(164)
Adjusted EBITDAR (Pro Forma)	3,108	402	(136)	463	346	1,075	548	748	818	865	2,979	3,677
Margin %	27.6%	17.5%	-28.1%	25.1%	21.1%	17.2%	29.4%	32.1%	32.6%	34.9%	32.4%	36.9%
Depreciation and Amortization		324	324	278	261	1,187	265	265	265	265	1,060	1,060
FAS 123				49	23	72	23	23	23	23	92	92
Other charges				634	145	779	13	0	0	2	15	0
Operating Income				(498)	(83)	(581)	247	460	530	575	1,812	2,525
Interest Expense, net			200	571	566	1,337	595	494	649	490	2,229	2,195
Loss on early retirement of debt, net					24	24						
Other					(177)	(177)						
Pretax Income				(1,069)	(496)	(1,565)	(348)	(34)	(120)	85	(417)	330
Book Tax Rate				8.2%	12.5%	-9.6%	21.6%	0.0%	0.0%	0.0%	-18.0%	0.0%
Provision (benefit) for income taxes				88	62	150	75	0	0	0	75	0
Net Income (loss)				(1,157)	(558)	(1,715)	(423)	(34)	(120)	85	(492)	330
Net Income from discontinued ops				3	(1)	2						
Net Income (loss) attributable to NCI				(61)	(2)	(63)						
Net Income (loss) attributable to CZR				(1,099)	(555)	(1,654)	(423)	(34)	(120)	85	(492)	330
EPS from Continuing Operations				(\$6.83)	(\$2.66)	(\$8.96)	(\$2.03)	(\$0.17)	(\$0.57)	\$0.41	(\$2.36)	\$1.59
Diluted Shares Outstanding				160.8	208.3	184.6	208.3	208.3	208.3	208.3	208.3	208.3
Diluted Shares Outstanding (including convert)					212.0	212.0	212.3	212.3	212.3	212.3	212.3	212.3

Source: J.P. Morgan estimates.

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Figure 17: CZR Free Cash Flow and Balance Sheet/ Debt Summary

	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21E	3Q21E	4Q21E	2021E	2022E
EBITDAR	3,108	402	(136)	463	346	1,075	548	748	818	865	2,979	3,677
Less Rent	0			(304)	(304)	(609)	(297)	(297)	(297)	(297)	(1,188)	(1,200)
Less Cash taxes												
Less Cash Interest Expense				(202)	(151)	(353)	(282)	(124)	(279)	(120)	(806)	(715)
Less Maintenance capex (ex. Escrow)	(638)			(78)	(69)	(147)	(53)	(124)	(124)	(124)	(425)	(375)
Equals Discretionary Free Cash Flow				(121)	(178)	(299)	(84)	203	117	324	560	1,387
Less Project capex					(15)	(15)			(40)	(80)	(120)	
Asset Sales/(Acquisitions)				230	146	376	10	(181)	250		80	315
Plus/Less Other					(6)	(6)	127					
Equals Cash Flow for Debt Reduction				109	(53)	56	53	22	327	244	647	1,702
Balance Sheet Items												
Cash			1,393	1,037	1,758	1,758	1,794	1,794	1,794	1,794	1,794	1,794
Debt			14,349	16,221	15,023	15,023	15,006	14,984	14,657	14,412	14,412	12,710
Net Debt			12,956	15,184	13,265	13,265	13,212	13,190	12,863	12,618	12,618	10,916
Change in Net Debt				NMF	(1,919.0)	N/A	(53)	(22)	(327)	(244)	(647)	(1,702)
Equity					5,034	5,034	4,630	4,596	4,476	4,561	4,561	4,892
Balance sheet metrics												
Lease adj. Gross Debt/EBITDAR				17.5x	22.8x	22.8x	20.4x	11.8x	10.0x	8.1x	8.1x	5.9x
Lease adj. Net Debt/EBITDAR				16.8x	21.2x	21.2x	18.9x	11.0x	9.2x	7.5x	7.5x	5.4x
Gross Debt/EBITDA				NMF	NMF	NMF	NMF	17.0x	11.9x	8.3x	8.3x	5.0x
Net Debt/EBITDA				NMF	NMF	NMF	NMF	15.0x	10.5x	7.2x	7.2x	4.3x
EBITDA/Interest Expense				0.3x	0.3x	0.3x	0.0x	1.2x	1.5x	2.2x	2.2x	3.6x

Source: J.P. Morgan estimates.

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Figure 18: CZR Regional Property Model

	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21E	3Q21E	4Q21E	2021E	2022E
Legacy ERI Properties												
Isle Boonville (MO)	77.8	15.9	5.9	17.5	16.8	56.1	21.9	24.1	24.1	22.9	93.1	96.3
YoY%	-2.7%	-17.6%	-69.9%	-13.9%	-9.9%	-27.9%	38.0%	NMF	37.7%	36.2%	65.9%	3.4%
Isle Bettendorf (IA)	63.3	13.1	6.3	14.2	15.5	49.1	19.2	21.2	21.2	20.1	81.7	84.4
YoY%	-8.7%	-17.7%	-59.7%	-11.8%	-1.3%	-22.5%	46.5%	NMF	49.1%	30.0%	66.5%	3.4%
Isle Waterloo (IA)	83.5	17.8	6.2	18.8	19.6	62.5	24.1	26.5	26.5	25.2	102.2	105.7
YoY%	-1.2%	-13.4%	-70.8%	-7.6%	-7.2%	-25.1%	35.0%	NMF	40.7%	28.3%	63.5%	3.4%
Eldorado Shreveport (LA)	108.5	20.9	7.6	18.3	16.5	63.3						
YoY%	-9.7%	-27.9%	-72.1%	-31.9%	-34.7%	NMF						
Lake Charles (LA)	93.4	18.4	9.3	10.2	0.0	37.9	0.0	0.0	0.0	0.0	0.0	125.0
YoY%	-9.9%	-28.6%	-61.7%	-54.3%	-100.1%	-59.4%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	70.0%
Isle Pompano Park (FL)	119.1	26.3	3.6	18.2	20.3	68.4	27.5	30.3	30.3	28.8	116.9	120.9
YoY%	-5.7%	-27.3%	-87.9%	-31.1%	-24.6%	-42.6%	4.6%	NMF	66.9%	41.5%	70.9%	3.4%
Belle of Baton Rouge (LA)	28.2	5.9	2.2	4.0	3.5	15.6	4.0	4.4			8.5	
YoY%	-36.5%	-28.5%	-70.4%	-37.9%	-42.3%	-44.6%	-31.4%	NMF			-45.8%	
Scioto Downs (OH)	183.5	38.9	8.1	50.3	42.2	139.5	53.8	59.1	59.1	56.2	228.2	236.0
YoY%	4.8%	-12.4%	-82.5%	7.9%	-8.6%	-24.0%	38.3%	NMF	17.6%	33.1%	63.6%	0.0%
Tropicana AC (NJ)	302.9	56.8	0.0	56.0	47.1	159.8	50.8	55.9	55.9	53.1	215.6	222.9
YoY%	-10.8%	-21.6%	-100.0%	-35.1%	-32.0%	-47.2%	-10.5%	NMF	-0.2%	12.8%	34.9%	3.4%
Casino Grand Victoria (IL)	156.0	28.9	0.0	28.3	13.9	71.1	25.4	27.9	27.9	26.5	107.8	111.5
YoY%	-2.9%	-22.4%	-100.0%	-28.8%	-64.2%	-54.4%	-12.0%	NMF	-1.4%	90.4%	51.6%	3.4%
Lumiere Place (MO)	155.8	33.9	13.0	34.9	35.4	117.3	46.1	50.7	50.7	48.1	195.5	202.2
YoY%	-7.0%	-16.4%	-68.1%	-7.5%	-3.5%	-24.7%	35.8%	NMF	45.1%	35.8%	66.7%	3.4%
Tropicana Evansville (IN)	148.0	32.7	6.7	31.5	27.1	98.0	32.0	35.2			67.1	
YoY%	-2.9%	-15.0%	-81.3%	-14.5%	-25.9%	-33.7%	-2.3%	NMF			-31.5%	
GGR Subtotal - ERI Legacy	1,789	324	73	302	258	957	305	335	296	281	1,217	1,305
Legacy CZR Properties												
Caesars Atlantic City	271.0	47.3	0.0	58.4	45.5	151.2	46.2	58.4	67.2	63.8	235.6	268.0
YoY%	-3.7%	-20.3%	-100.0%	-22.3%	-33.3%	-44.2%	-2.3%	NMF	15.0%	40.4%	55.8%	13.7%
Harrah's Atlantic City	312.0	59.7	0.0	62.2	44.0	165.9	47.5	62.2	71.6	68.0	249.4	285.6
YoY%	-6.1%	-17.2%	-100.0%	-28.8%	-41.6%	-46.8%	-20.4%	NMF	15.0%	54.5%	50.3%	14.5%
Harrah's Council Bluffs (IA)	71.9	15.7	0.0	10.2	12.2	38.1	16.1	17.7	17.7	16.8	68.2	70.5
YoY%	0.6%	-6.7%	-100.0%	-45.8%	-31.4%	-46.9%	2.1%	NMF	73.7%	37.4%	78.8%	3.4%
Harrah's Joliet (IL)	171.6	30.1	0.0	31.8	12.0	73.9	26.9	29.6	29.6	28.1	114.3	118.1
YoY%	-3.6%	-28.6%	-100.0%	-27.8%	-71.6%	-57.0%	-10.6%	NMF	-6.8%	134.7%	54.7%	3.4%
Harrah's Metropolis (IL)	68.4	13.4	0.0	15.5	5.6	34.4	10.9	12.0	12.0	11.4	46.3	47.9
YoY%	-4.4%	8.8%	-100.0%	-18.2%	-69.9%	-49.7%	-18.4%	NMF	-22.4%	104.6%	34.6%	3.4%
Harrah's New Orleans (LA)	289.7	61.5	5.6	38.5	45.2	150.8	53.1	58.4	58.4	55.4	225.2	232.9
YoY%	-0.3%	-17.1%	-92.2%	-43.2%	-40.1%	-47.9%	-13.7%	NMF	51.5%	22.7%	49.3%	3.4%
Harrah's North Kansas City (MO)	177.3	37.0	15.0	46.1	40.7	138.7	46.7	51.3	51.3	48.8	198.1	204.8
YoY%	3.4%	-13.3%	-67.6%	4.0%	-7.8%	-21.8%	26.1%	NMF	11.4%	19.9%	42.8%	3.4%
Harrah's Philadelphia (PA)	250.6	51.7	5.5	62.1	39.0	158.4	44.0	48.4	48.4	46.0	186.9	193.2
YoY%	-4.3%	-21.8%	-91.3%	3.3%	-36.3%	-36.8%	-14.9%	NMF	-22.0%	17.9%	18.0%	3.4%
Horseshoe Bossier City (LA)	182.0	36.7	19.3	34.6	40.0	130.5	39.0	42.9	42.9	40.7	165.5	171.1
YoY%	-4.1%	-19.1%	-56.1%	-22.7%	-16.6%	-28.3%	6.2%	NMF	24.0%	2.0%	26.8%	3.4%
Horseshoe Council Bluffs (IA)	173.0	37.6	13.9	41.9	39.0	132.4	46.5	51.2	51.2	48.6	197.6	204.3
YoY%	0.0%	-7.4%	-67.5%	-5.7%	-13.7%	-23.5%	23.9%	NMF	22.3%	24.8%	49.3%	3.4%
Horseshoe Hammond (IN)	396.1	89.0	19.9	88.9	89.4	287.3	94.8	104.3	104.3	99.1	402.6	416.2
YoY%	-0.8%	-8.8%	-79.5%	-11.3%	-11.9%	-27.5%	6.5%	NMF	17.3%	10.8%	40.1%	
Caesars Southern Indiana (IN)	214.8	52.0	10.0	53.2	49.1	164.3	50.4	55.4	53.2		159.0	
YoY%	-8.7%	2.2%	-81.4%	-0.1%	-13.4%	-23.5%	-3.1%	NMF	0.1%		-3.2%	
Hoosier Park (IN)	189.9	44.2	9.0	47.5	40.8	141.5	45.4	50.0	50.0	47.5	192.9	199.5
YoY%	5.0%	-4.2%	-81.3%	-2.5%	-13.4%	-25.5%	2.9%	NMF	5.1%	16.5%	36.4%	12.0%
Indiana Grand (IN)	257.1	62.2	13.0	68.6	57.4	201.2	65.3	71.9	71.9	68.3	277.3	286.7
YoY%	9.2%	-6.2%	-80.3%	7.6%	-5.9%	-21.7%	5.1%	NMF	4.8%	18.9%	37.8%	10.0%
GGR Subtotal - CZR Legacy	3,246	676	117	712	585	2,091	644	714	730	643	2,730	2,699
YoY%	5.1%	-13.7%	-85.6%	-14.6%	-28.0%	-35.6%	-4.7%	508.9%	2.4%	9.9%	30.6%	-1.2%
GGR Total	5,034	1,000	190	1,015	843	3,048	949	1,049	1,025	923	3,947	4,004
Other Properties & Contra Revenues as a % of GGR	1,712 34.0%	345 34.5%	120 63.1%	338 33.3%	234 27.8%	1,037 34.0%	314 33.0%	420 40.0%	410 40.0%	369 40.0%	1,513 38.3%	1,601 40.0%
Regional Gaming Net Revenues	6,746	1,345	311	1,353	1,077	4,086	1,263	1,469	1,435	1,293	5,460	5,605
YoY%	4.6%	-18.2%	-81.7%	-24.0%	-33.6%	-39.4%	-6.1%	372.9%	6.1%	20.0%	33.6%	2.7%
Less: Total Gaming Taxes	870	142	35	196	167	540	160	195	207	195	756	641
Other Opex As a % of Net Revenue	4,037 60%	964 72%	309 100%	713 53%	630 58%	2,617 64%	685 54%	690 47%	660 46%	569 44%	2,605 48%	2,522 45%
Total Opex	4,907	1,106	345	909	797	3,157	845	885	867	764	3,360	3,164
EBITDA	1,839	239	(34)	444	280	929	418	584	568	529	2,100	2,441
Margin	27.3%	17.8%	-10.9%	32.8%	26.0%	22.7%	33.1%	39.8%	39.6%	40.9%	38.5%	43.6%

Source: J.P. Morgan estimates.

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Figure 19: CZR Las Vegas Model

	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21E	3Q21E	4Q21E	2021E	2022E
Total Las Vegas Revenues	3,919	822	109	391	447	1,769	497	727	924	1,038	3,187	3,751
YoY%	4.4%	-13.9%	-89.1%	-59.8%	-54.8%	-54.9%	-39.5%	NMF	136.4%	132.3%	80.1%	17.7%
LV Strip Opex	2,429	601	149	331	357	1,438	335	480	592	633	2,040	2,250
YoY%	1.5%	2.0%	-75.5%	-45.9%	-42.5%	-40.8%	-44.3%	222.0%	78.7%	77.4%	41.8%	10.3%
Total Las Vegas EBITDAR	1,490	221	(40)	60	90	331	162	247	333	405	1,147	1,500
Margin %	38.0%	26.9%	NMF	15.3%	20.1%	18.7%	32.6%	34.0%	36.0%	39.0%	36.0%	40.0%
Flow Through %	77.6%	NMF	NMF	NMF	NMF	NMF					NMF	NMF

Source: J.P. Morgan estimates.

Figure 20: CZR – iGaming Model

(\$ millions)	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21E	3Q21E	4Q21E	2021E	2022E
NJ iGaming Revenues - Industry	482.7	171.9	250.8	260.2	284.7	967.6	311.3	311.3	311.3	311.3	1,245.0	1,338.4
YoY%		64.5%	122.0%	114.1%	98.2%	100.5%	81.1%	24.1%	19.6%	9.3%	28.7%	7.5%
Tropicana AC	44.8	13.4	18.7	18.7	19.4	70.1	20.8	23.3	23.3	23.3	90.8	97.7
Share %	11.5%	9.0%	10.7%	10.6%	8.9%	9.8%	8.3%	9.0%	9.0%	9.0%	8.8%	9.0%
NJ iGaming Revenues - CZR	100	28.8	45.6	46.4	44.6	165	46.5	56	56	56	215	241
YoY%		16.6%	79.9%	84.6%	78.6%	65.2%	61.7%	22.8%	20.7%	25.7%	29.8%	12.3%
CZR Market Share %	20.7%	16.7%	18.2%	17.8%	15.7%	17.1%	14.9%	18.0%	18.0%	18.0%	17.2%	18.0%
PA iGaming Revenues - Industry	33.6	58.3	149.0	166.0	191.1	564.4	255.9	261.0	261.0	210.3	988.2	1,087.0
YoY%		NMF	NMF	NMF	657.8%	NMF	338.7%	75.2%	57.2%	10.0%	NMF	10.0%
PA iGaming Revenues - CZR	0.0	0.0	1.9	2.3	3.6	7.8	4.4	5.2	5.2	4.2	19.1	21.7
YoY%		NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	14.1%
CZR Market Share %	0.0%	0.0%	1.3%	1.4%	1.9%	1.4%	1.7%	2.0%	2.0%	2.0%	1.9%	2.0%
Total iGaming Revenue	100	28.8	47.6	48.7	48.2	173	51	61	61	60	234	263
YoY%		16.6%	87.4%	93.7%	93.0%	73.0%	77.0%	28.8%	25.8%	25.1%	34.9%	12.4%
Total iGaming Revenue (ex-Trop)	55	15.4	28.8	30.0	28.8	103	30	33	33	32	129	142
YoY%		10.1%	105.7%	114.4%	116.1%	86.2%	95.5%	15.3%	10.8%	11.8%	25.0%	10.4%
Adj. EBITDA (estimate, ex-Trop)	19	5.4	10.1	10.5	10.1	36	11	12	12	11	45	50
Margin %	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%

Source: J.P. Morgan estimates.

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Overweight

Company Data	
Shares O/S (mn)	495
52-week range (\$)	44.40-14.65
Market cap (\$ mn)	21,546.38
Exchange rate	1.00
Free float(%)	83.2%
3M - Avg daily vol (mn)	8.15
3M - Avg daily val (\$ mn)	327.8
Volatility (90 Day)	43
Index	S&P 500
BBG BUY HOLD SELL	6 9 2

MGM Resorts International (MGM;MGM US)

Year-end Dec (\$)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue (\$ mn)	12,900	5,162	9,513	11,837	-
Gross margin	-	-	-	-	-
Adj. EBIT (\$ mn)	1,687	(1,359)	610	1,745	-
Adj. EBITDA (\$ mn)	2,992	(148)	1,772	2,907	-
Adj. EPS (\$)	0.68	(2.09)	(1.37)	0.43	-
BBG EPS (\$)	0.94	(3.83)	(1.71)	0.14	0.85
Reported EPS (\$)	3.89	(2.09)	(1.37)	0.43	-
Dividend yield	1.2%	0.4%	0.0%	0.0%	-
Adj. P/E	63.8	NM	NM	100.9	-
EV/EBITDA	9.7	NM	14.3	8.7	-

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

Investment Thesis, Valuation and Risks

MGM Resorts International (Overweight; Price Target: \$52.00)

Investment Thesis

We are upgrading MGM to Overweight for the following reasons: (1) an 11% pullback over the last month, or a reduction of ~\$2.5b in its market cap, providing an opportunity to buy with fundamentals continuing to inflect positively, (2) momentum at its domestic casinos, particularly in Las Vegas, where we think every week continues to build in terms of revenues and margin improvement, and a segment which can drive positive estimate revisions, (3) continued digital market share momentum with strong iCasino and sports betting share via its joint venture, BetMGM, and (4) current valuation that one can argue doesn't given much, if any credit, for its 50% interest in BetMGM and, overall, reflects a below peer valuation (i.e., versus CZR).

Valuation

Our MGM price target goes to \$52 (up \$5). Our year-end 2021 price target is based on a SOTP analysis looking at MGM's respective segments: (1) LV Strip property level EBITDAR, (2) U.S. Regionals EBITDAR, (3) share of MGM's CityCenter JV EBITDAR, (4) its 56% stake in Macau SAR, (5) its 42.1% stake in MGM Growth Properties (MGP), and (6) the value of its 50% stake in its USSB/iGaming JV with GVC. On (1), we value its LV Strip EBITDAR at 11.5x 2022E EBITDAR (up 0.5x from prior), (2) U.S. Regionals EBITDAR at 9.0x (up 1 turn from prior), (3) CityCenter JV at 12.0x; (4) we use current market values to value MGM's stake in Macau; (5) we value MGM's stake in MGP, ascribing the value of the enterprise based on our current MGP price target; and (6) we ascribe \$8 per share to MGM's USSB/iGaming optionality. We subtract net debt and rent obligation capitalized at 8x. At current levels, MGM trades at 11.3x 2022E EV/EBITDA.

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MGM Current Valuation

\$ in millions

Year	FD Shares Out	FD Mkt Cap	Net Debt EOP ⁽¹⁾	EV	EBITDA ⁽¹⁾	EV/EBITDA	Levg
2022E	494.9	20,624	3,901.9	24,526.0	2,162.7	11.3x	1.8x
2021E	492.7	20,535	4,478.0	25,013.0	1,163.8	21.5x	3.8x

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

MGM Price Target Methodology

\$ in millions

<u>Value of MGM's stake in MGM Growth Properties</u>	
Current Share Price	35.72
Shares Outstanding	264.7
Market Cap	9,455
MGM's Percentage Stake	42%
MGM's Value Related to MGP	3,981
<u>Sum-Of-The-Parts for MGM:</u>	
<u>Valuation Scenario for MGM's Non-Macau, non-MGP segment</u>	
	2022E
Las Vegas Strip Property Level EBITDAR	1,490
Target Multiple	11.5x
Property Value	17,136
U.S. Regionals Property Level EBITDAR	1,185
Fair Value Multiple	9.0x
Property Value	10,663
Share of CityCenter EBITDAR	183
Target Multiple	12.0x
Value	2,193
Sub-total Property Level	2,858
Implied Multiple	10.5x
Non-Macau, non-MGP Enterprise Value	29,992
Corporate Expense	(336)
Target Multiple	10.5x
Value	(3,526)
Total Enterprise Value	26,466
Less Year-end Net Debt (non-MGP, non-MGM China; inclusive of 50% CC)	1,093
Less: Rent (8x 2022 annual rent)	11,279
Plus Value of MGM China stake (market value of HK 2282)	3,058
Plus: Value of MGP Stake	4,304
Plus JPM's estimate equity value of MGM's BREIT stake	163
Plus 50% BetMGM Valuation credit (Sports betting/iGaming)	3,879
Equals Total Equity Value	25,498
Divided by Shares Outstanding	495
Equals Equity Value Per Share	\$52
Current Share Price	43.98
% Upside/Downside	17%

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

On the downside, risks to our price target and rating include: (1) investor sentiment toward Las Vegas remains negative, our estimates/expectations prove aggressive, and valuation multiples contract; (2) spending trends in MGM's gaming markets (LV Strip and regional U.S., primarily) soften and our forecasts prove aggressive; and (3) Macau performance and/or sentiment turns meaningfully negative, and expectations for the ramp at MGM's Cotai property are negatively impacted.

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Figure 21: EPS Model

\$ in millions

	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21E	3Q21E	4Q21E	2021E	2022E
Net Revenues												
Las Vegas Strip (100% owned)	5,831	1,134	151	481	480	2,246	545	1,010	1,156	1,257	3,968	5,322
yoy % growth	2.0%	-20.6%	-89.7%	-68.1%	-66.4%	-61.5%	-51.9%	570.0%	140.1%	162.1%	76.7%	34.1%
U.S. Regional Properties	3,550	726	89	557	595	1,967	711	828	829	795	3,163	3,402
yoy % growth	21.0%	-9.7%	-90.2%	-40.4%	-33.8%	-44.6%	-2.0%	827.3%	48.9%	33.6%	60.8%	7.5%
Other	613	121	17	41	114	292	95	155	155	155	560	560
Macau (100%)	2,905	272	33	47	305	657	296	362	555	608	1,821	2,554
yoy % growth	18.6%	-63.0%	-95.3%	-93.6%	-58.1%	-77.4%	9.0%	990.4%	1084.3%	99.4%	177.3%	40.2%
Total Consolidated Net Revenues	12,900	2,253	290	1,126	1,494	5,162	1,648	2,355	2,695	2,815	9,513	11,837
yoy % chg.	9.7%	-29.1%	-91.0%	-66.0%	-53.1%	-60.0%	-26.9%	712.6%	139.3%	88.5%	84.3%	24.4%
Property Level EBITDAR												
Las Vegas Strip (100% owned)	1,643	268	(104)	15	54	232	108	232	266	289	896	1,490
Margin	28.2%	23.6%	-69.3%	3.1%	11.2%	10.3%	19.8%	23.0%	23.0%	23.0%	22.6%	28.0%
yoy % growth	-3.7%	-33.7%	-125.0%	-96.6%	-85.8%	-85.9%	-59.6%	-322.5%	1657.5%	436.4%	285.7%	66.4%
U.S. Regional Properties	953	152	(112)	146	159	344	242	296	291	274	1,103	1,185
Margin %	26.9%	20.9%	NMF	26.2%	26.6%	17.5%	34.0%	35.7%	35.1%	34.5%	34.9%	34.8%
yoy % growth	25.6%	-26.6%	NMF	NMF	-30.5%	-63.9%	59.5%	-363.7%	99.6%	73.0%	220.6%	7.4%
Macau (100% and post Royalty)	729	(22)	(116)	(96)	41	(194)	5	29	109	141	283	630
Margin	25.1%	-8.1%	NMF	NMF	13.4%	-29.5%	1.6%	8.0%	19.6%	23.1%	15.6%	24.7%
yoy % growth	28.2%	-111.5%	NMF	NMF	NMF	-126.6%	NMF	NMF	NMF	NMF	-246.1%	122.6%
Consolidated Prop. Level EBITDAR	3,325	397	(333)	64	253	382	355	557	666	704	2,282	3,305
yoy % growth	9.6%	-50.4%	-139.4%	-92.7%	-68.0%	-88.5%	-10.7%	-267.3%	933.4%	177.9%	496.7%	44.9%
Unconsolidated Affiliates & Other	146	5	(65)	(37)	(51)	(148)	(54)	(33)	(28)	(24)	(138)	2
Total Property Level EBITDAR	3,471	403	(398)	28	202	235	301	524	638	680	2,144	3,307
Property Level EBITDA Margin	26.9%	17.9%	-137.4%	2.5%	13.5%	4.5%	18.3%	22.3%	23.7%	24.2%	22.5%	27.9%
yoy % growth	6.6%	-53.8%	NMF	-97.0%	-75.0%	-93.2%	-25.2%	NMF	NMF	NMF	813.6%	54.3%
Total Corporate Expense & Other	479	108	94	77	105	383	83	91	96	101	371	400
Adjusted EBITDA Ex. 1-time Items	2,992	295	(492)	(49)	97	(148)	218	433	542	579	1,772	2,907
Depreciation & Amortization	1,305	318	299	294	299	1,211	291	291	291	291	1,162	1,162
Operating Income as Reported	1,687	(23)	(791)	(343)	(201)	(1,359)	(73)	143	252	289	610	1,745
Non-Operating Expenses:												
Net Interest Expense	848	157	157	174	189	676	195	168	171	170	704	603
Non-Oper. items from Unconsolid. Affil.	62	33	24	24	24	104	21	20	20	20	81	77
Income from unconsolid affil re: RE Ventures		(24)	(42)	(42)	(42)	(148)	(42)	(42)	(42)	(42)	(167)	(167)
Triple Net operating lease & ground lease rent expense		142	190	190	190	711	190	190	190	190	758	758
Other, net incl. pre-opening exp.	(2,070)	(1,268)	87	(10)	1.1	(1,190)	(6)				(6)	0
Pre-tax Income	2,847	936.8	(1,207)	(679)	(563)	(1,511)	(431)	(194)	(88)	(49)	(761)	474
Book Taxes	632	262	(270)	(77)	(107)	(192)	(95)	(43)	(19)	(11)	(167)	104
Book Tax Rate	22.2%	28.0%	22.4%	11.3%	19.0%	12.7%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%
Reported Net Income from Continuing Ops	2,214	675	(936)	(602)	(456)	(1,320)	(336)	(151)	(68)	(38)	(594)	370
Less: Minority Interest	(165)	132	79	67	8	287	4	(10)	(40)	(35)	(81)	(156)
Reported Net Income	2,049	807	(857)	(535)	(448)	(1,033)	(332)	(161)	(108)	(73)	(675)	214
Avg. No. of Diluted Shares	526.8	497.0	493.5	493.5	494.2	494.5	494.9	492.3	491.9	491.9	492.7	494.9
GAAP/Reported EPS	3.98	1.62	(1.67)	(1.08)	(0.91)	(2.04)	(0.67)	(0.33)	(0.22)	(0.15)	(1.37)	0.43

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

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Figure 22: Free Cash Flow Model

\$ in millions

(\$MM, except per share data)	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21E	3Q21E	4Q21E	2021E	2022E
MGM (Non-Macau, Non-MGP)												
EBITDAR	2,311	328	(366)	55	67	84	221	413	443	449	1,526	2,317
Less Rent to MGP	(915)	(219)	(207)	(207)	(207)	(840)	(207)	(211)	(211)	(211)	(839)	(854)
Less Rent to BREIT (Bellagio)	(29)	(61)	(61)	(61)	(61)	(245)	(62)	(62)	(62)	(62)	(249)	(254)
Less Rent to BREIT/MGP JV		(36)	(73)	(73)	(73)	(255)	(74)	(74)	(74)	(74)	(295)	(302)
Less Cash interest	(460)	(73)	(74)	(79)	(82)	(308)	(84)	(84)	(84)	(84)	(334)	(334)
Less Cash Taxes	(141)	0	0	0	0	0	0	0	0	0	0	0
Less Maintenance / project capex	(585)	(31)	(42)	(70)	(57)	(200)	(49)	(70)	(80)	(90)	(289)	(600)
Less: Dividend	(267)	(74)	(1)	(1)	(1)	(78)	(1)	(1)	(1)	(1)	(5)	(5)
Plus Stock Comp Exp	60	17	15	21	27	80	16	16	16	16	64	64
Equals Discretionary Free Cash Flow	(26)	(150)	(810)	(414)	(388)	(1,763)	(239)	(72)	(53)	(57)	(421)	32
Plus Dividend from MGM China	35	0	23	0	0	23	0	23	0	0	23	23
Plus Dividend from MGP	372	92	86	84	80	343	69	55	55	55	235	221
Plus Dividend from CityCenter	(90)		51			51						
Less Project capex (Massachusetts)	(51)					0						
Less Share Repurchases	(1,032)	(354)				(354)	(119)	(55)			(174)	
Plus/Less Other net	4,918	1,845	782	55	691	3,373	1,087	(20)	(25)	(15)	1,027	(100)
Equals FCF for Non-Macau (net debt change)	4,126	1,433	132	(275)	383	1,673	798	(69)	(22)	(16)	690	176
Macau												
EBITDAR	729	(16)	(114)	(94)	41	(183)	5	29	109	141	283	630
Less Cash interest	(87)	(20)	(24)	(24)	(35)	(103)	(28)	(27)	(27)	(27)	(109)	(128)
Less Cash Taxes	0	0	0	0	0	0	0	0	0	0	0	0
Less Maintenance / project capex	(100)	(25)	(50)	(25)	(25)	(125)	(25)	(25)	(25)	(25)	(100)	(100)
Less Cotai Project capex	(250)											
Less Dividend	(62)	0	(41)	0	0	(41)	0	(41)	0	0	(41)	(41)
Plus/Less Other	(81)	(144)	(16)	75	(178)	(263)	(107)				(107)	
Equals FCF for Macau net (debt change)	149	(205)	(245)	(68)	(197)	(716)	(155)	(64)	57	89	(74)	361
MGP												
Equals AFFO	687	183	178	174	170	704	167	171	171	171	681	673
Less Dividends	(562)	(152)	(152)	(148)	(144)	(597)	(135)	(131)	(131)	(131)	(529)	(525)
Less: Other	383	1,884	(713)	4	(714)	461	(505)	0	0	0	(505)	
Equals FCF for MGP (net debt change)	508	1,914	(687)	29	(689)	568	(473)	40	40	40	(353)	148
Consolidated Net FCF (consolidated net debt change)	4,783	3,142	(800)	(314)	(503)	1,525	169	(93)	75	112	264	685

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

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Figure 23: Balance Sheet Model

\$ in millions

Balance Sheet:	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21E	3Q21E	4Q21E	2021E	2022E
Cash (Non Macau, Non-MGP)	1,708	3,873	3,816	3,543	4,130	4,130	4,939	4,870	4,848	4,831	4,831	5,008
Debt (Non Macau, Non-MGP)	4,758	5,490	5,300	5,301	5,506	5,506	5,521	5,521	5,521	5,521	5,521	5,521
Net Debt (Non Macau, Non-MGP)	3,050	1,617	1,484	1,758	1,375	1,375	582	651	673	689	689	513
<i>Chg in Net Debt</i>	<i>(4,126)</i>	<i>(1,433)</i>	<i>-133</i>	<i>274</i>	<i>(383)</i>	<i>(1,675)</i>	<i>(794)</i>	<i>69</i>	<i>22</i>	<i>16</i>	<i>(686)</i>	<i>(176)</i>
Cash, Macau	420	381	294	396	345	345	1,090	1,090	1,090	1,090	1,090	1,090
Debt, Macau	2,160	2,326	2,484	2,654	2,800	2,800	3,700	3,764	3,707	3,618	3,618	3,257
Net Debt, Macau	1,740	1,945	2,190	2,258	2,455	2,455	2,610	2,674	2,617	2,528	2,528	2,167
<i>Chg in Net Debt</i>	<i>(150)</i>	<i>205</i>	<i>245</i>	<i>68</i>	<i>197</i>	<i>715</i>	<i>155</i>	<i>64</i>	<i>(57)</i>	<i>(89)</i>	<i>73</i>	<i>(361)</i>
Cash, MGP	202	1,763	726	655	626	626	143	183	223	263	263	412
Debt, MGP	4,354	4,000	3,650	3,550	4,210	4,210	4,200	4,200	4,200	4,200	4,200	4,200
Net Debt, MGP	4,152	2,237	2,924	2,895	3,584	3,584	4,057	4,017	3,977	3,937	3,937	3,788
<i>Chg in Net Debt</i>	<i>(508)</i>	<i>(1,914)</i>	<i>687</i>	<i>(29)</i>	<i>689</i>	<i>(568)</i>	<i>473</i>	<i>(40)</i>	<i>(40)</i>	<i>(40)</i>	<i>353</i>	<i>(148)</i>
Consolidated Balance Sheet Items:												
Total Cash (100%)	2,330	6,017	4,836	4,594	5,102	5,102	6,172	6,143	6,161	6,185	6,185	6,509
Total Debt (100%)	11,272	11,816	11,434	11,505	12,516	12,516	13,421	13,485	13,428	13,339	13,339	12,978
Total Net Debt (100%)	8,942	5,799	6,598	6,911	7,414	7,414	7,249	7,341	7,267	7,154	7,154	6,469
<i>Chg in Net Debt</i>	<i>(4,784)</i>	<i>(3,143)</i>	<i>799</i>	<i>313</i>	<i>503</i>	<i>(1,528)</i>	<i>(165)</i>	<i>93</i>	<i>(75)</i>	<i>(112)</i>	<i>(260)</i>	<i>(685)</i>
Equity	7,727	8,174	7,375	6,861	6,505	6,505	6,172	6,009	5,899	5,825	5,825	6,033
Consolidated Gross Debt/EBITDA (TTM)	3.8x	4.6x	8.8x	NMF	NMF	NMF	NMF	19.3x	10.4x	7.5x	7.5x	4.5x
Consolidated Net Debt/EBITDA (TTM)	3.0x	2.3x	5.1x	NMF	NMF	NMF	NMF	10.5x	5.6x	4.0x	4.0x	2.2x
Interest Coverage (TTM)	3.5x	3.2x	1.8x	0.6x	-0.2x	-0.2x	-0.3x	1.0x	1.8x	2.5x	2.5x	4.8x

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

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Figure 24: LV Strip Model

\$ in millions

	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21E	3Q21E	4Q21E	2021E	2022E
Table Games Drop	3,526	841	149	498	512	2,000	529	831	831	831	3,023	3,173
Y/Y%	-8.6%	-13.1%	-82.5%	-40.9%	-40.8%	-43.3%	-37.1%	458.0%	67.0%	62.4%	51.2%	5.0%
Table Win %	22.4%	23.2%	32.5%	21.6%	23.2%	23.5%	24.1%	23.0%	23.0%	23.0%	23.2%	23.0%
Table Win	788	195	48	108	119	470	127	191	191	191	701	730
Y/Y%	-16.9%	-12.4%	-73.0%	-47.2%	-34.9%	-40.4%	-34.7%	294.9%	77.8%	61.0%	49.2%	4.1%
Q/Q %		6.9%	-75.2%	122.1%	10.4%		7.3%	50.0%	0.0%	0.0%		
LV Strip Industry Table Win	3,045	689	125	406	452	1,672	495					
MGM Market Share %	25.9%	28.3%	38.7%	26.5%	26.3%	28.1%	25.8%					
Y/Y%	-12.7%	4.6%	60.9%	-1.7%	3.9%	8.5%	-9.0%					
Q/Q %		-4.6%	-81.9%	224.5%	11.5%		9.4%					
Slot Handle	12,874	2,457	524	1,944	1,979	6,904	2,301	3,452	3,452	3,452	12,656	12,230
Y/Y%	2.4%	-19.5%	-83.2%	-40.7%	-42.1%	-46.4%	-6.3%	558.7%	77.5%	74.4%	83.3%	-3.4%
Slot Hold %	9.2%	9.4%	9.3%	9.4%	9.5%	9.4%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%
Slot Win	1,191	231	49	183	188	650	212	318	318	318	1,164	1,125
Y/Y%	4.4%	-16.8%	-83.4%	-40.7%	-39.5%	-45.4%	-8.3%	551.6%	73.8%	68.9%	79.0%	-3.4%
Q/Q %		-25.7%	-78.9%	275.0%	2.9%		12.6%	50.0%	0.0%	0.0%		
LV Strip Slot Win	3,442	759	113	580	550	2,002	661					
MGM Market Share %	34.6%	30.4%	43.1%	31.5%	34.2%	32.5%	32.1%					
Y/Y%	0.3%	-8.5%	23.7%	-12.0%	-0.7%	-6.1%	5.3%					
Q/Q %		-15.9%	-85.1%	413.0%	-5.1%		20.1%					
Gaming Revenues	1,979	426	97	290	307	1,120	339	509	509	509	1,865	1,855
Y/Y%	-5.3%	-15%	-79%	-43%	-38%	-43.4%	-20%	423.7%	75.3%	65.8%	66.5%	-0.6%
Other revenues	3,852	708	54	191	173	1,125	206	502	647	749	2,103	3,467
Y/Y%	6.2%	-23.7%	-94.6%	-80.8%	-81.5%	-70.8%	-70.9%	834.9%	238.5%	332.8%	86.8%	64.8%
Net Revenues	5,831	1,134	151	481	480	2,246	545	1,010	1,156	1,257	3,968	5,322
Y/Y%	2.0%	-20.6%	-89.7%	-68.1%	-66.4%	-61.5%	-51.9%	570.0%	140.1%	162.1%	76.7%	34.1%
Operating Expense	4,188	866	255	466	426	2,014	437	778	890	968	3,073	3,832
as % of net revenues	72%	76%	169%	97%	89%	90%	80%	77%	77%	77%	77%	72%
Y/Y%	4%	-15%	-76%	-56%	-59%	-52%	-50%	205%	91%	127%	53%	25%
EBIT DA	1,643	268	-104	15	54	232	108	232	266	289	896	1,490
Margin %	28.2%	23.6%	-69.3%	3.1%	11.2%	10.3%	19.8%	23.0%	23.0%	23.0%	22.6%	28.0%
Flow-Through %	-54.9%	46.2%	39.7%	41.5%	34.3%	39.3%	27.1%	39.2%	37.2%	30.3%	38.5%	43.9%

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

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Figure 25: Regional Model

\$ in millions

	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21E	3Q21E	4Q21E	2021E	2022E
Northfield Park (OH)	254	55	8	58	50	172	62	66	61	65	254	267
Y/Y%	-0.9%	-14.4%	-86.5%	-5.4%	-23.0%	-32.3%	13.5%	NMF	5.7%	29.8%	48.2%	5%
National Harbor (MD)	707	146	8	170	160	483	168	176	181	176	701	736
Y/Y%	0.3%	-15.8%	-95.5%	-6.3%	-9.2%	-32%	15%	NMF	7%	10%	45%	5%
MGM Springfield (MA)	252	52	0	47	39	138	53	56	55	57	222	233
Y/Y%	148.6%	-22.5%	-100.0%	-23.6%	-34.4%	-45%	3.1%	NMF	17.8%	44.9%	61%	5%
Borgata (NJ)	707	132	0	89	117	338	122	128	179	141	569	683
Y/Y%	-1%	-18%	-100%	-58%	-29%	-52.2%	-7.5%	NMF	101.7%	19.8%	68.5%	20%
MGM Grand Detroit (MI)	625	127	0	65	66	257	112	123	129	134	496	521
Y/Y%	0.9%	-20.2%	-100.0%	-57.2%	-58.1%	-58.8%	-11.8%	NMF	NMF	103.0%	93.1%	5%
Empire City (NY)	609	121	0	19	113	252	123	141	129	125	518	544
Y/Y%	1%	10%	-100%	-88%	-23%	-59%	1.7%	NMF	NMF	10.8%	105%	5%
GGR Subtotal	3,045	631	17	446	546	1,640	640	690	734	698	2,761	2,984
Y/Y%	42.6%	-5.6%	-97.9%	-45.3%	-29.2%	-46%	1.4%	4078%	64%	28%	68%	8%
Other/MS Props/Contra revenues	504	94	73	110	50	327	71	138	95	98	402	418
Y/Y%	-36.8%	-30.1%	-40.5%	-6.8%	-61.3%	-35%	-24.3%	90%	-14%	96%	23%	4%
As % of GGR	17%	15%	441%	25%	9%	20%	11%	20%	13%	14%	15%	14%
Total Revenues	3,550	726	89	557	595	1,967	711	828	829	795	3,163	3,402
Y/Y%	21.0%	-9.7%	-90.2%	-40.4%	-33.8%	-44.6%	-2.0%	NMF	48.9%	33.6%	60.8%	7.5%
Operational Expenses:												
Gaming Taxes												
Subtotal Gaming Taxes	935	199	5	121	178	504	206	226	223	219	874	924
Other Opex	1,661	375	196	290	259	1,120	263	306	315	302	1,187	1,293
As a % of Revenue	47%	52%	220%	52%	43%	57%	37%	37%	38%	38%	38%	38%
EBITDA	953	152	(112)	146	159	344	242	296	291	274	1,103	1,185
Margin %	27%	21%	NMF	26%	27%	17%	34%	36%	35%	35%	35%	35%
Flow Through %	32%	70%	45%	31%	23%	39%	-631%	55%	53%	58%	63%	34%

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

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Figure 26: Macau Model

\$ in millions

Aggregate Macau Summary	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21E	3Q21E	4Q21E	2021E	2022E
Mass Table GGR	1,916	188	11	25	243	467	230	252	375	411	1,268	1,838
Y/Y%	37.7%	-57.8%	-97.5%	-95.1%	-52.6%	-75.6%	22.6%	2129.2%	1415.5%	68.8%	171.5%	45.0%
Q/Q%		-63.5%	-94.0%	119.3%	882.5%		-50.8%	9.5%	49.1%	9.4%		
Slot GGR	288	29	6	8	30	72	30	39	55	60	185	268
Y/Y%	1.2%	-57.8%	-91.4%	-89.5%	-60.7%	-74.9%	5.4%	541.2%	617.3%	103.7%	155.8%	45.0%
Mass and Slot GGR	2,204	216	17	32	273	539	260	291	430	471	1,452	2,106
Y/Y%	31.5%	-57.8%	-96.7%	-94.3%	-53.6%	-75.5%	20.3%	1570.5%	1227.3%	72.6%	169.4%	45.0%
VIP Rolling Chip Volume	38,222	3,425	446	927	2,212	7,010	2,373	2,373	4,321	4,733	13,800	19,320
Y/Y%	-5.9%	-65.8%	-95.9%	-89.3%	-74.3%	-81.7%	-30.7%	432.0%	365.9%	114.0%	96.9%	40.0%
Q/Q%		-60.2%	-87.0%	107.9%	138.5%		-66.2%	0.0%	82.1%	9.5%		
Hold	3.24%	3.17%	2.61%	1.87%	3.38%	3.0%	3.29%	3.0%	3.0%	3.0%	3.1%	3.0%
VIP GGR	1,240	108	12	17	75	212	78	71	130	142	421	580
Y/Y%	0.4%	-68.3%	-95.9%	-94.5%	-74.5%	-82.9%	-28.0%	511.2%	646.1%	89.7%	98.2%	37.7%
Total GGR	3,444	325	29	50	348	752	339	362	560	613	1,873	2,686
Y/Y%	18.3%	-62.0%	-96.4%	-94.4%	-60.6%	-78.2%	4.2%	1146.0%	1024.4%	76.3%	149.3%	43.4%
Q/Q%		-63.1%	-91.1%	71.3%	598.5%		-55.0%	7.0%	54.6%	9.5%		
Less: Contra Revenues	(854)	(85)	(6)	(14)	(81)	(186)	(77)	(61)	(97)	(106)	(341)	(406)
As a % of VIP GGR	68.9%	78.4%	50.1%	77.9%	108.6%	87.4%	98.5%	85.0%	75.0%	75.0%	81.0%	70.0%
As a % of GGR	24.8%	26.2%	20.1%	27.2%	23.4%	-24.7%	22.7%	16.7%	17.4%	17.4%	18.2%	15.1%
Net Gaming Revenues	2,590	240	23	36	266	566	262	302	463	506	1,532	2,280
Plus Other/Non-Gaming Revenues	315	32	10	11	38	91	35	60	93	101	289	274
As a % of Net Gaming Revenues	12.2%	13.3%	42.9%	29.3%	14.4%	16.0%	13.3%	20.0%	20.0%	20.0%	18.9%	12.0%
MGM China Net Revenues	2,905	272	33	47	305	657	296	362	555	608	1,821	2,554
Y/Y%	18.6%	-63.0%	-95.3%	-93.6%	-58.1%	-77.4%	9.0%	990.4%	1084.3%	99.4%	177.3%	40.2%
Memo: Hold-Normalized Y/Y%	2,837	275	32	54	303	664	294					
		-61.0%	-95.6%	-92.3%	-56.9%		6.9%					
Opex												
Gaming Taxes	1,360	128	11	20	137	297	76	143	221	242	682	978
% of GGR	39.5%	39.5%	39.5%	39.5%	39.5%	39.5%	22.4%	39.5%	39.5%	39.5%	36.4%	36.4%
Contra Casino Revenues	854	85	6	14	81	186	77	61	97	106	341	406
Other	765	154	135	120	115	525	204	190	225	225	844	945
% of GGR	22.2%	47.5%	464.4%	242.0%	33.1%	33.1%	60.4%	60.4%	40.0%	36.0%	45.1%	32.0%
Sub-total	2,126	283	146	140	252	822	280	394	543	574	1,791	2,329
MGM China Property-level EBITDA	780	(11)	(113)	(93)	52	(165)	16	29	109	141	294	630
Margin	26.8%	-4.0%	NMF	NMF	NMF	-25.1%	5.4%	8.0%	19.6%	23.1%	16.2%	24.7%
Memo: Hold-Adjusted Margin %	707	-17	-118	-93	43	-185	5					
	24.9%	-6.2%	NMF	-172.2%	14.2%	-27.9%	1.7%					
Royalty Expenses	51	5	1	1	5	12	5	3	5	6	19	41
MGM China EBITDA - Net of Royalties	729	(16)	(114)	(94)	47	(177)	11	26	104	135	276	589

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

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Caesars Entertainment, Inc.: Summary of Financials

Income Statement - Annual						Income Statement - Quarterly					
	FY19A	FY20A	FY21E	FY22E	FY23E		1Q21A	2Q21E	3Q21E	4Q21E	
Revenue	2,642	6,263	9,184	9,965	-	Revenue	1,864A	2,331	2,506	2,482	
Adj. EBITDA	746	809	8,135	3,677	-	Adj. EBITDA	1,153A	1,961	2,944	4,513	
D&A	(231)	(1,187)	(1,060)	(1,060)	-	D&A	(265)A	(265)	(265)	(265)	
Adj. EBIT	515	(378)	7,075	2,617	-	Adj. EBIT	888A	1,696	2,679	4,248	
Net Interest	(282)	(1,337)	(2,229)	(2,195)	-	Net Interest	(595)A	(494)	(649)	(490)	
Adj. PBT	237	(1,565)	(417)	(690)	-	Adj. PBT	(348)A	(34)	(120)	85	
Tax	(51)	150	4,174	0	-	Tax	300A	600	1,112	2,162	
Adj. Net Income	186	(1,415)	3,757	(690)	-	Adj. Net Income	(48)A	566	992	2,247	
Reported EPS	2.37	(7.67)	18.04	(3.31)	-	Reported EPS	(0.23)A	2.71	4.76	10.79	
Adj. EPS	2.37	(7.67)	18.04	(3.31)	-	Adj. EPS	(0.23)A	2.71	4.76	10.79	
DPS	-	-	-	-	-	DPS	-	-	-	-	
Payout ratio	-	-	-	-	-	Payout ratio	-	-	-	-	
Shares outstanding	79	185	208	208	-	Shares outstanding	208A	208	208	208	
Balance Sheet & Cash Flow Statement						Ratio Analysis					
	FY19A	FY20A	FY21E	FY22E	FY23E		FY19A	FY20A	FY21E	FY22E	FY23E
Cash and cash equivalents	217	-	-	-	-	EBITDA margin	28.2%	12.9%	88.6%	36.9%	-
Total debt	2,922	-	-	-	-	EBIT margin	19.5%	(6.0%)	77.0%	26.3%	-
Net debt	2,705	-	-	-	-	Net profit margin	7.0%	(22.6%)	40.9%	(6.9%)	-
Shareholders' equity	-	-	-	-	-	ROE	-	-	-	-	-
Net income (including charges)	186	-	-	-	-	ROA	6.0%	(96.9%)	-	-	-
D&A	231	-	-	-	-	ROCE	13.0%	(28.4%)	-	-	-
Other	-	-	-	-	-	Net debt/equity	-	-	-	-	-
Maintenance Capex	(118)	-	-	-	-	Net debt/EBITDA (x)	3.6	-	-	-	-
Adj. Free cash flow to firm	285	54	1,366	1,275	-	P/E (x)	46.8	NM	6.1	NM	-
y/y Growth	95.4%	(81.2%)	2453.2%	(6.6%)	-	P/BV (x)	-	-	-	-	-
FCFF/share	3.63	0.29	6.56	6.12	-	EV/EBITDA (x)	9.7	57.4	5.7	11.8	-
						Dividend Yield	-	-	-	-	-
						Revenue y/y Growth	28.5%	137.1%	46.6%	8.5%	-
						EBITDA y/y Growth	44.3%	8.4%	905.6%	(54.8%)	-
						Tax rate	21.4%	(9.6%)	(1001.6%)	0.0%	-
						Adj. Net Income y/y Growth	95.5%	(860.0%)	(365.5%)	(118.4%)	-
						EPS y/y Growth	94.1%	(423.6%)	(335.3%)	(118.4%)	-
						DPS v/y Growth	-	-	-	-	-

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

Note: \$ in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

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MGM Resorts International: Summary of Financials

Income Statement - Annual						Income Statement - Quarterly					
	FY19A	FY20A	FY21E	FY22E	FY23E		1Q21A	2Q21E	3Q21E	4Q21E	
Revenue	12,900	5,162	9,513	11,837	-	Revenue	1,648A	2,355	2,695	2,815	
Adj. EBITDA	2,992	(148)	1,772	2,907	-	Adj. EBITDA	218A	433	542	579	
D&A	(996)	(902)	(854)	(854)	-	D&A	(213)A	(213)	(213)	(213)	
Adj. EBIT	1,687	(1,359)	610	1,745	-	Adj. EBIT	(73)A	143	252	289	
Net Interest	(848)	(676)	(704)	(603)	-	Net Interest	(195)A	(168)	(171)	(170)	
Adj. PBT	2,847	(1,511)	(761)	474	-	Adj. PBT	(431)A	(194)	(88)	(49)	
Tax	(632)	192	167	(104)	-	Tax	95A	43	19	11	
Adj. Net Income	359	(1,033)	(675)	214	-	Adj. Net Income	(332)A	(161)	(108)	(73)	
Reported EPS	3.89	(2.09)	(1.37)	0.43	-	Reported EPS	(0.67)A	(0.33)	(0.22)	(0.15)	
Adj. EPS	0.68	(2.09)	(1.37)	0.43	-	Adj. EPS	(0.67)A	(0.33)	(0.22)	(0.15)	
DPS	0.51	0.16	0.01	0.01	-	DPS	0.00A	0.00	0.00	0.00	
Payout ratio	13.0%	NM	NM	2.3%	-	Payout ratio	NMA	NM	NM	NM	
Shares outstanding	527	495	493	495	-	Shares outstanding	495A	492	492	492	
Balance Sheet & Cash Flow Statement						Ratio Analysis					
	FY19A	FY20A	FY21E	FY22E	FY23E		FY19A	FY20A	FY21E	FY22E	FY23E
Cash and cash equivalents	1,708	4,130	4,831	5,008	-	EBITDA margin	23.2%	(2.9%)	18.6%	24.6%	-
Total debt	4,758	5,506	5,521	5,521	-	EBIT margin	13.1%	(26.3%)	6.4%	14.7%	-
Net debt	7,302	4,955	3,509	3,332	-	Net profit margin	2.8%	(20.0%)	(7.1%)	1.8%	-
Shareholders' equity	4,740	4,740	4,740	4,740	-	ROE	7.6%	(21.8%)	(14.2%)	4.5%	-
Net income (including charges)	767	(1,310)	104	875	-	ROA	3.2%	(10.5%)	(6.6%)	2.1%	-
D&A	996	902	854	854	-	ROCE	11.7%	(15.5%)	7.3%	13.3%	-
Other	-	-	-	-	-	Net debt/equity	1.5	1.0	0.7	0.7	-
Maintenance Capex	(585)	(200)	(289)	(600)	-	Net debt/EBITDA (x)	2.4	-33.4	2.0	1.1	-
Adj. Free cash flow to firm	7,789	3,876	2,450	2,316	-	P/E (x)	63.8	NM	NM	100.9	-
y/y Growth	274.6%	(50.2%)	(36.8%)	(5.5%)	-	P/BV (x)	4.8	4.5	4.5	4.5	-
FCFF/share	14.79	7.84	4.97	4.68	-	EV/EBITDA (x)	9.7	NM	14.3	8.7	-
					-	Dividend Yield	1.2%	0.4%	0.0%	0.0%	-
					-	Revenue y/y Growth	9.7%	(60.0%)	84.3%	24.4%	-
					-	EBITDA y/y Growth	6.5%	(105.0%)	(1293.5%)	64.1%	-
					-	Tax rate	22.2%	(12.7%)	(22.0%)	22.0%	-
					-	Adj. Net Income y/y Growth	0.5%	(387.3%)	(34.6%)	(131.6%)	-
					-	EPS y/y Growth	4.7%	(406.0%)	(34.4%)	(131.5%)	-
					-	DPS y/y Growth	6.6%	(69.0%)	(93.6%)	(0.4%)	-

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

Note: \$ in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

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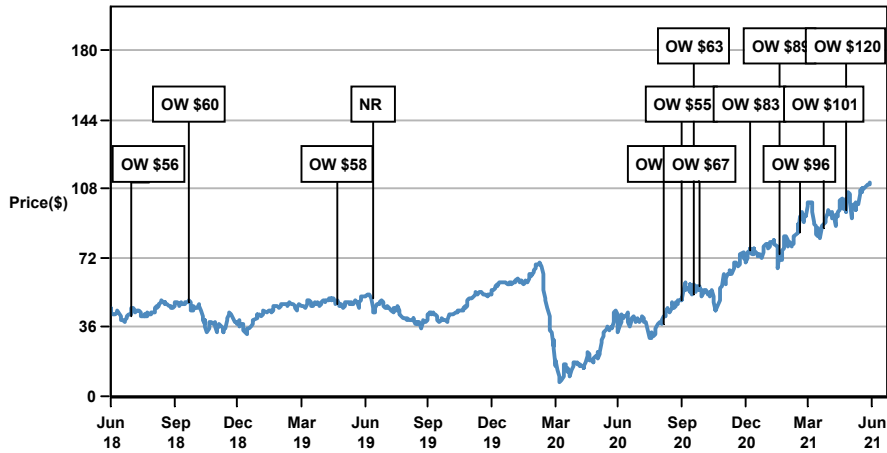
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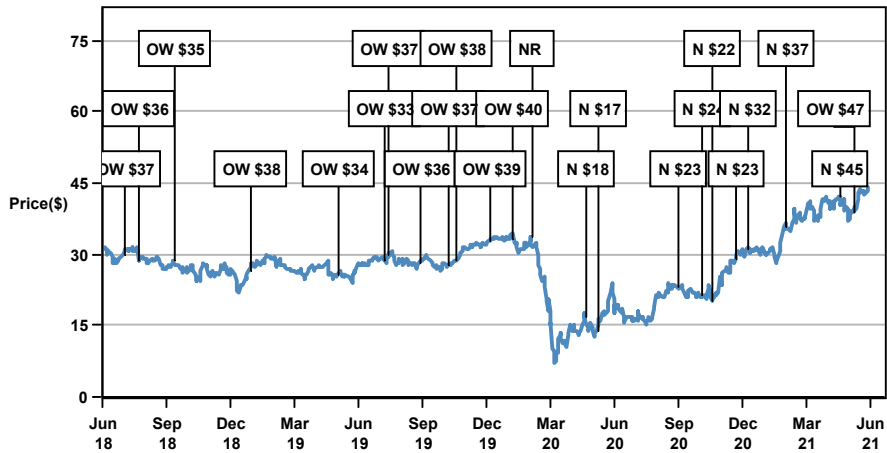
Caesars Entertainment, Inc. (CZR, CZR US) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Jul 20, 2017. All share prices are as of market close on the previous business day.

Date	Rating	Price (\$)	Price Target (\$)
09-Jul-18	OW	41.20	56
01-Oct-18	OW	48.60	60
03-May-19	OW	48.34	58
24-Jun-19	NR	51.22	--
13-Aug-20	OW	37.16	50
09-Sep-20	OW	49.94	55
25-Sep-20	OW	52.87	63
05-Oct-20	OW	56.83	67
17-Dec-20	OW	75.84	83
29-Jan-21	OW	73.74	89
26-Feb-21	OW	85.14	96
01-Apr-21	OW	87.45	101
04-May-21	OW	96.91	120

MGM Resorts International (MGM, MGM US) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Sep 25, 2002. All share prices are as of market close on the previous business day.

Date	Rating	Price (\$)	Price Target (\$)
11-Jul-18	OW	29.93	37
02-Aug-18	OW	28.51	36
21-Sep-18	OW	28.53	35
08-Jan-19	OW	26.51	38
13-May-19	OW	25.63	34
19-Jul-19	OW	28.76	33
25-Jul-19	OW	29.71	37
06-Sep-19	OW	27.98	36
16-Oct-19	OW	27.87	37
30-Oct-19	OW	28.53	38
16-Dec-19	OW	32.75	39
16-Jan-20	OW	33.09	40
13-Feb-20	NR	33.66	--
01-May-20	N	16.83	18
18-May-20	N	13.85	17
09-Sep-20	N	23.17	23
13-Oct-20	N	21.40	24
29-Oct-20	N	20.10	22
02-Dec-20	N	28.81	23
17-Dec-20	N	30.98	32
10-Feb-21	N	35.82	37
29-Apr-21	N	42.02	45
18-May-21	OW	38.75	47

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.

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IB clients**	54%	48%	38%
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