**CZR IR 5.5.21**

**Q: Vegas is back! What are some of the outstanding restrictions here that could boost business even more when lifted?**

* Currently at 80% capacity on the casino side. 3 feet social distancing.
* 100% on June 1st. 3 feet social distancing still.
* Haven’t heard anything about the removal of masks.
* Not sure about entertainment.
* Think they can operate groups in the 2H of 2021. Groups are really looking good vs. 2019.
  + Typically do about 100K group room nights per month, which makes 1.2 mm a year. They have a total 8 mm room nights for the year, so it’s 15% of the mix. Thinks this will head higher with the Caesars forum that they think they will gain share with.
* Really like to see what they see with groups in the 2H.
  + Don’t know what they will see with attrition though (how many people actually show up. Usually 10-15% rate). They are being conservative in their assumptions.
* They use the term group and convention as synonymous.
* Don’t expect to see major improvement on occupancy from here, but the rate will start to go up.
  + Q1 Q2 2022 for RevPar to be fully recovered.
  + Q4 2021 fully recovered for occupancy.
* Have good visibility into 2022. At least half booked for 2022 groups.

**Q: The profitability vs. 2019 for the different segments is astounding. Is some portion of this due to unsustainable things like less advertising than normal? How much?**

* Have been really surprised by the profitability in Vegas. Can run nicely in the the low 40s. Mid 40s is doable.
  + There is a lot of flow through still missing with cash room revenues, entertainment and F&Bs that will be upside.
* For regionals, there will be some degradation in the April margin as they bring back table workers and other costs. But regional high 30s margin is fair.
* Advertising had been dramatically reduced even pre-pandemic, move to social etc. So this is not much of a factor.

**Q: Group and convention 15-20% above 2019 for 2H 2021-2022. That’s amazing. Do you expect that to be a lot of pent up demand that will then abate? How reliable do you think it is at this point?**

* Adding the Caesars forum means they should be up. That’s a big forum.
  + Opened March 2020.
  + Added about 30% capacity.
  + Costs of this are largely done.

**Q: Let’s discuss the closing of WH. Decision to rebrand. What level of investments are we talking about here? How soon do you expect kind of the transition to be over/should we start to see upwards movement in your market share? In your opinion, what is the TAM here?**

* Going to invest in digital. Want to be a leader. Expect them to lose money in online gaming.
  + Investing in marketing, promo, customer acquisition. Won’t be anywhere near DraftKings, FanDuel or MGM (that said $400 mm this year, for example). WH was not investing during the acquisition.
  + Promos could be $500, $1,000 or so per person at times.
  + Already at $700 mm a year – did $150 mm in 1Q. Will break out in future reporting.
  + Already doing a 35% EBITDA margin in iGaming, but reinvesting all of this and then some in online sports for an EBITDA loss in 2022.
  + Probably have 10% share in NJ in sports, 17% in sports. Lagged in MI and Pennsylvania, need to do better. Think’s MGM’s share target of 25% target is tough to put out there, there are a lot of players.
  + Thinks the Caesars brand is one of the best out there.
  + Football season this Fall is kind of “game time” for them. The tech Liberty will be rolled out. Doing fun stuff with ESPN, NFL.
  + Let’s say it’s a $30 bn TAM. If you could be 10-15% player at a 30+% margin, that is probably a LT attainable goal. Will need TX, CA in some form. NY will be a tough state to make money.
    - The $30 bn is in their Investor Presentation.
  + MI, PA and NJ alone probably do $3 bn.

**Q: I’m surprised Tom threw down the $4 bn EBITDA 2022 gauntlet at this stage in the game. As IR did that make you cringe?**

* Most sell side did not go there, so still some upside.
* This does not include online gaming investments!
* Don’t give formal guidance.