

Caesars' earnings less than expected

By Hannah Dreier, AP

LAS VEGAS – Casino operator Caesars Entertainment Corp. posted a smaller loss for its fiscal second quarter on Monday, but results still missed expectations, as slots and tables drew fewer gamblers.

Caesars runs more than 50 casinos, most of them in the U.S. and Britain. This includes Harrah's Lake Tahoe and Harveys in Stateline.

The company saw casino revenue decline by \$116.8 million, or 7.5 percent. CEO Gary Loveman said food and beverage sales may ultimately replace those dollars.

"Food and beverage revenues were up very meaningfully in a year when gaming revenues were weak, and we do think that trend is with us for a long time to come," he said during a conference call with analysts and investors. "We have visitors that are coming to Las Vegas principally for nongaming activities, though they may gamble a little while they're here."

Food and beverage revenue was essentially flat overall for the quarter, but rose 8.9 percent in Las Vegas, where gambling revenue was down 15.5 percent.

Caesars attributed the drop in gambling income to fewer patrons. The company also pointed to increased competition in regional markets, as states open the door to commercial gambling, and the elimination of some less profitable marketing strategies.

Loveman, a former Harvard professor, has made a name for

himself with innovative loyalty programs that encourage customers to keep coming back. But casino patrons, especially younger ones, are increasingly turning away from gambling, and Las Vegas moguls are attempting to make up the difference with lavish nightclubs, decadent restaurants and boutique hotels.

Caesars said that its net loss for the three months ended June 30 shrank 12 percent, to \$212.2 million, or \$1.69 per share, from \$241.7 million, or \$1.93 a share, last year. Revenue edged down to \$2.16 billion, from \$2.16 billion in the 2012 second quarter.

Analysts had expected a smaller loss of \$1.40 per share on higher revenue of \$2.18 billion, according to FactSet.

Caesars is the largest operator of casinos in the U.S.