

# *Gaming Revenue Projections for the South-Central Gaming Zone of Kansas*

Presentation to Lottery Gaming Facility Review Board  
by Will Cummings / Cummings Associates

July 24, 2008

*Will E. Cummings*  
*Cummings Associates*

*Questions, Please!*  
*( at any time )*

# Overview

- Process (even more briefly)
- Cummings Projections
- Differences from the Applicants
- Key Difference: Spending vs. Distance
- Some Differences in Market Shares
- My Conclusion . . .

# *Gravity Model(s) Updated*

- Separate Slot / Table Models
- Precise Locations
- Precise Sizes
- Everything Else . . .

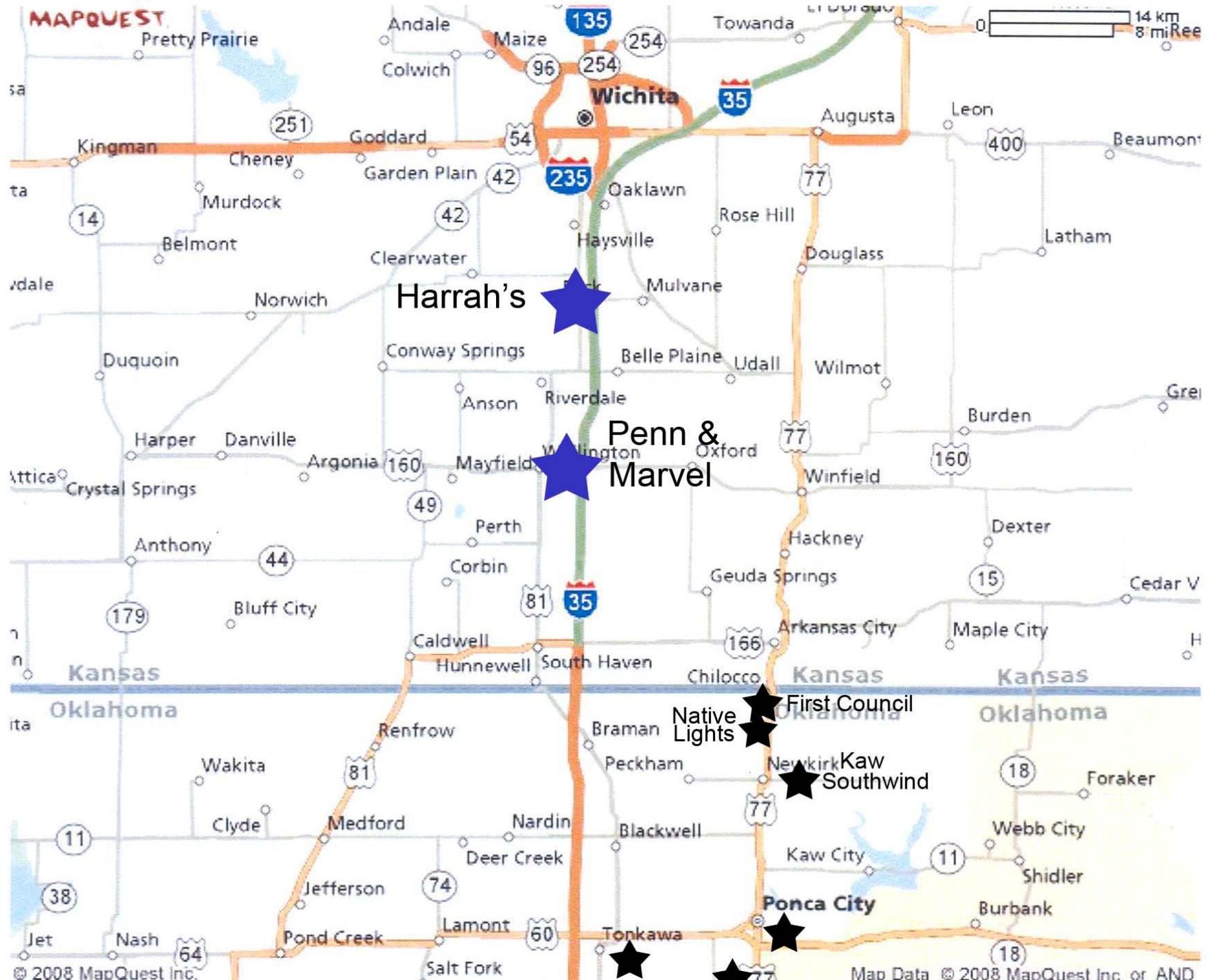
“Power Ratings”

# *South-Central Zone*

# *Summary of Projections (2013\$)*

|          | Proponent | Cummings |
|----------|-----------|----------|
| Harrah's | \$272     | \$202    |
| Marvel   | \$230     | \$151    |
| Penn     | \$214     | \$143    |

( all in \$ million )



Harrah's



Penn & Marvel



Native Lights



First Council

Newkirk

Kaw Southwind



Ponca City



# *Penn Sumner LLC*

# *Cummings Projections (2007\$)*

|          | 1,500 slots | 2,000 slots |
|----------|-------------|-------------|
| “High”   | \$141.7     | x           |
| Baseline | \$123.5     | \$132.9     |
| “Low”    | \$97.8      | x           |

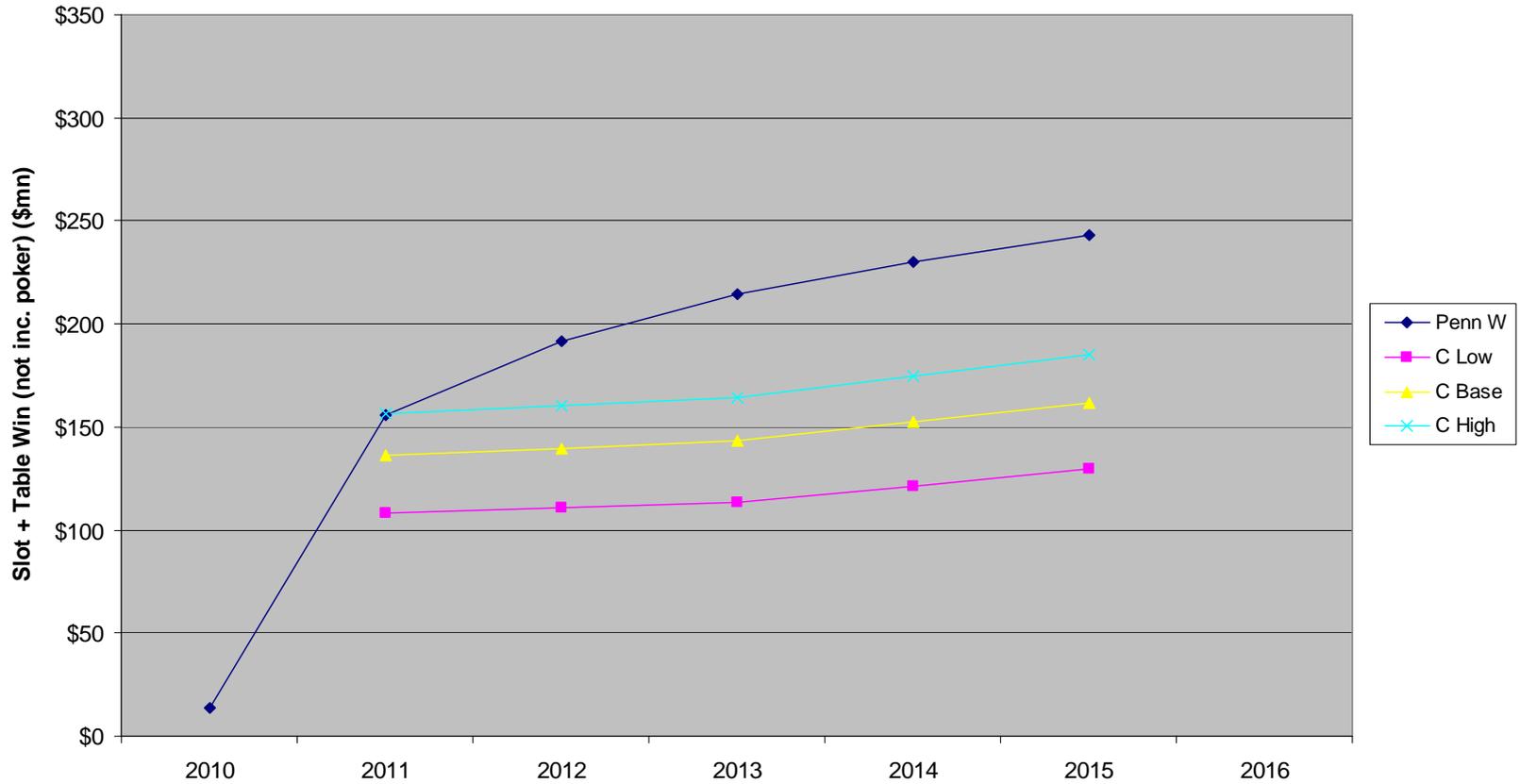
(all in 2007 \$ million for Penn National’s Hollywood Casino)

# *Cummings Projections (2013\$)*

|          | 1,500 slots | 2,000 slots |
|----------|-------------|-------------|
| “High”   | \$164.3     | x           |
| Baseline | \$143.2     | \$154.1     |
| “Low”    | \$113.4     | x           |

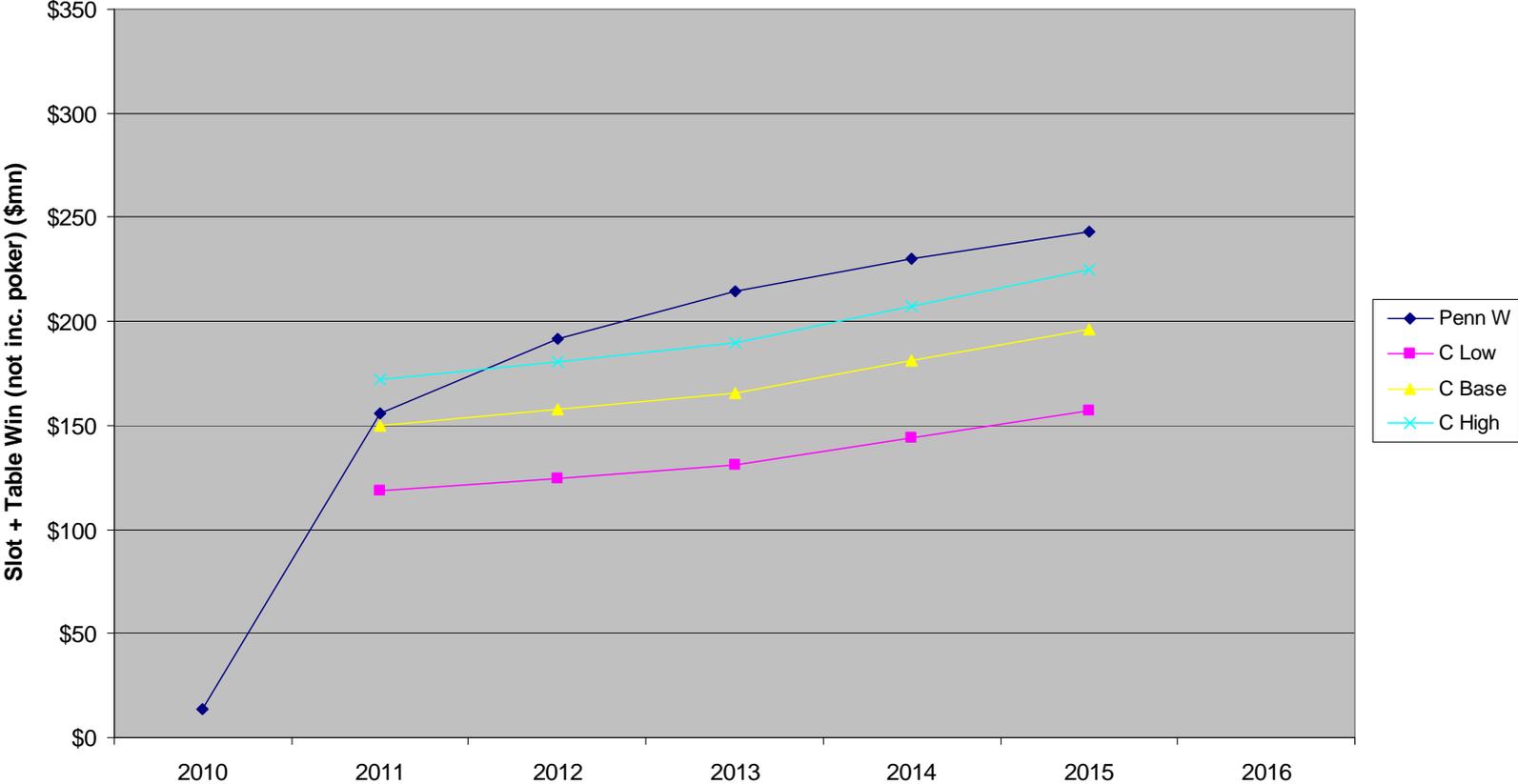
(all in 2013 \$ million for Penn National’s Hollywood Casino)

**Exhibit 4: Penn's Wellington Projections vs. Cummings's (2.5% escalation)**



Note: Cummings projections through 2013 are for 1,500-slot facility --  
for 2015, they are for a 2,000-slot facility (for 2014, intermediate)

**Exhibit 5: Penn's Wellington Projections vs. Cummings's (5% escalation)**



Note: Cummings projections through 2013 are for 1,500-slot facility -- for 2015, they are for a 2,000-slot facility (for 2014, intermediate)

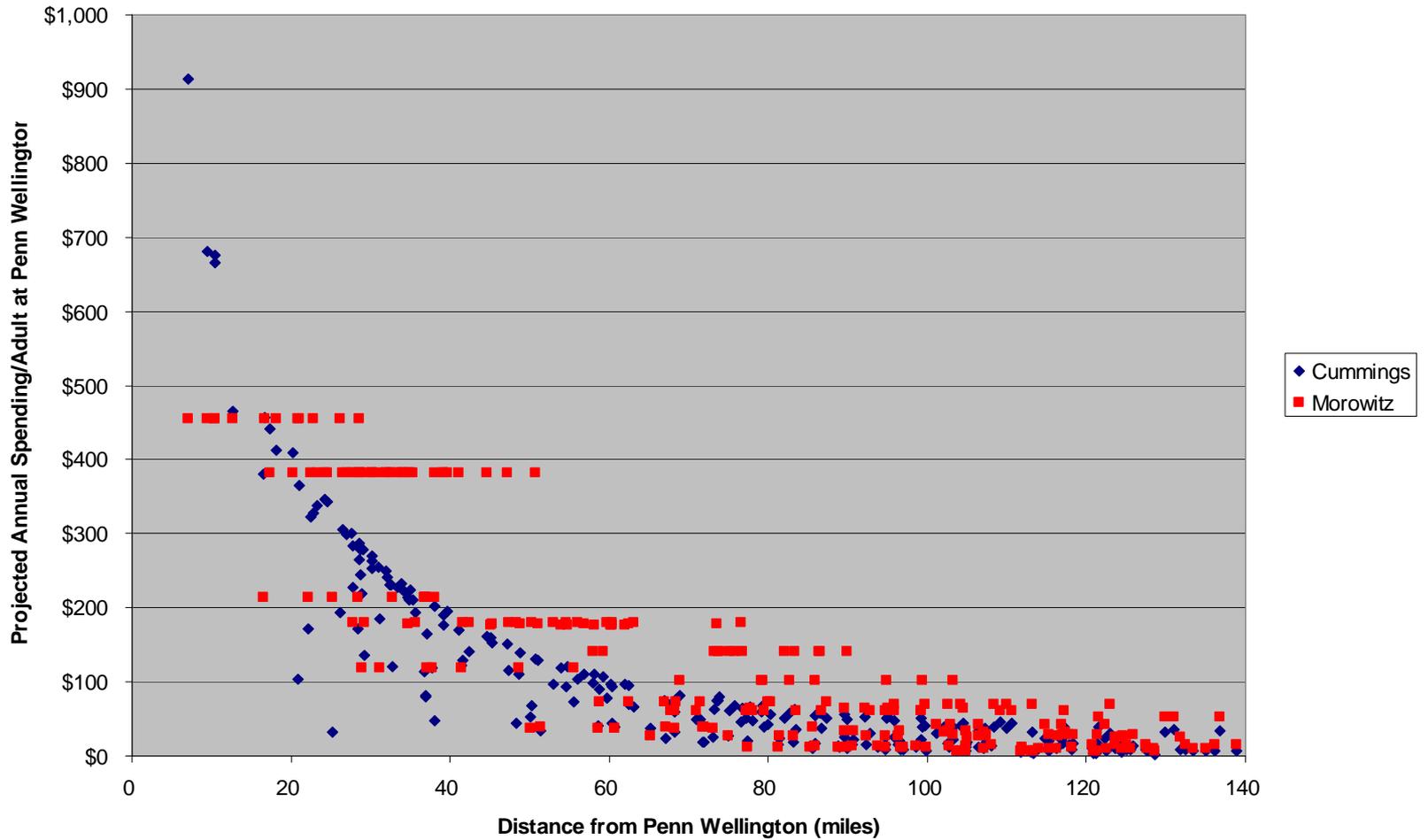
# Sources of Difference (2013\$)

|             | Cummings     | Morowitz             | Diff.         |
|-------------|--------------|----------------------|---------------|
| 0-100 miles | \$124.8      | <b>\$174.2</b>       | \$49.4        |
| 100+ miles  | \$11.6       | \$10.2               | (\$1.4)       |
| Drive-Bys   | \$6.8        | \$5.4                | (\$1.4)       |
| Hotel etc.  | <u>\$0.0</u> | <u><b>\$27.8</b></u> | <u>\$27.8</u> |
| Total       | \$143.2      | \$217.6              | \$74.4        |

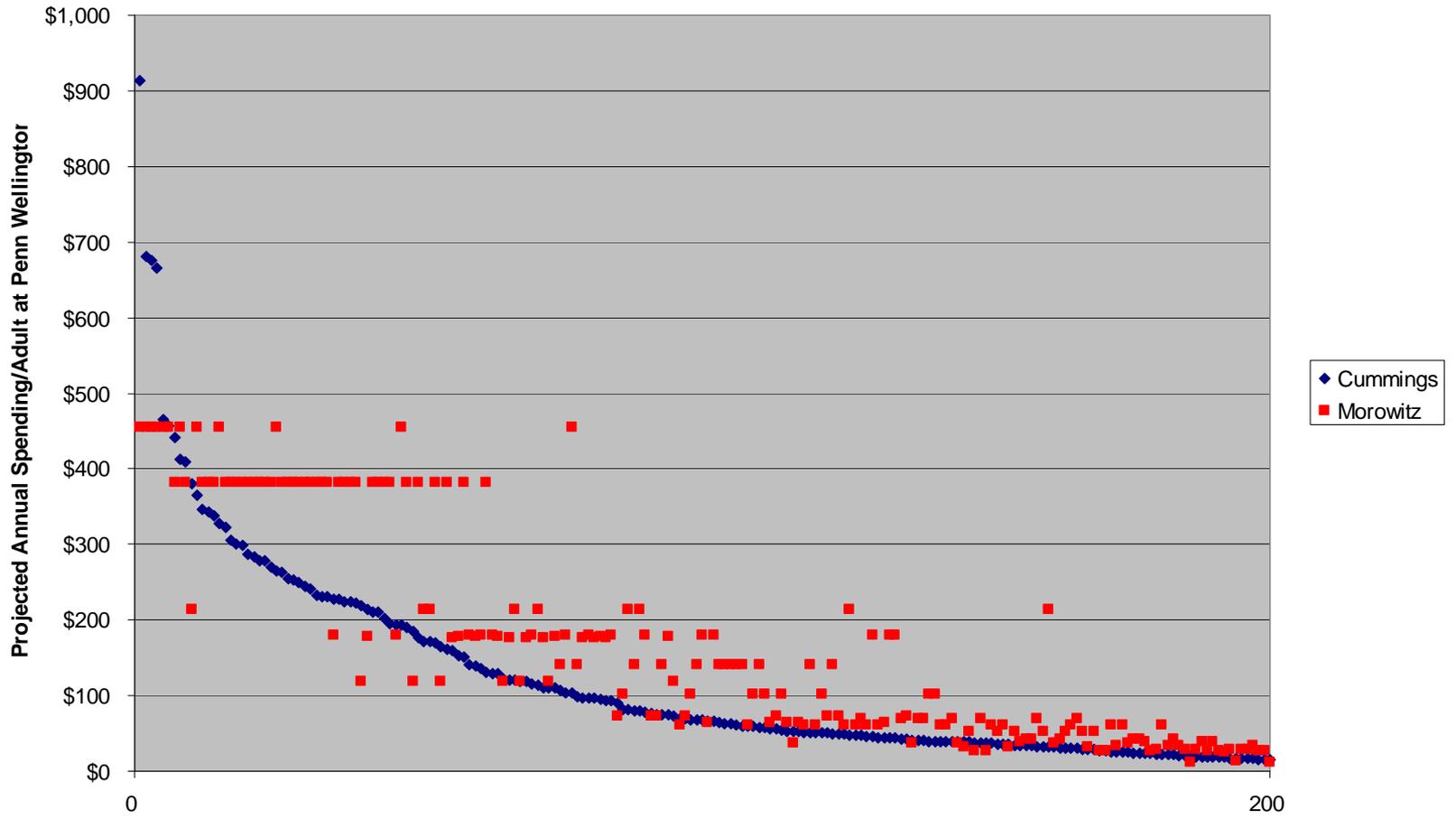
(all \$ million)

*[ differences in market shares  
do not appear material ]*

### Penn Wellington: Differences in Spending per Adult (Kansas only)

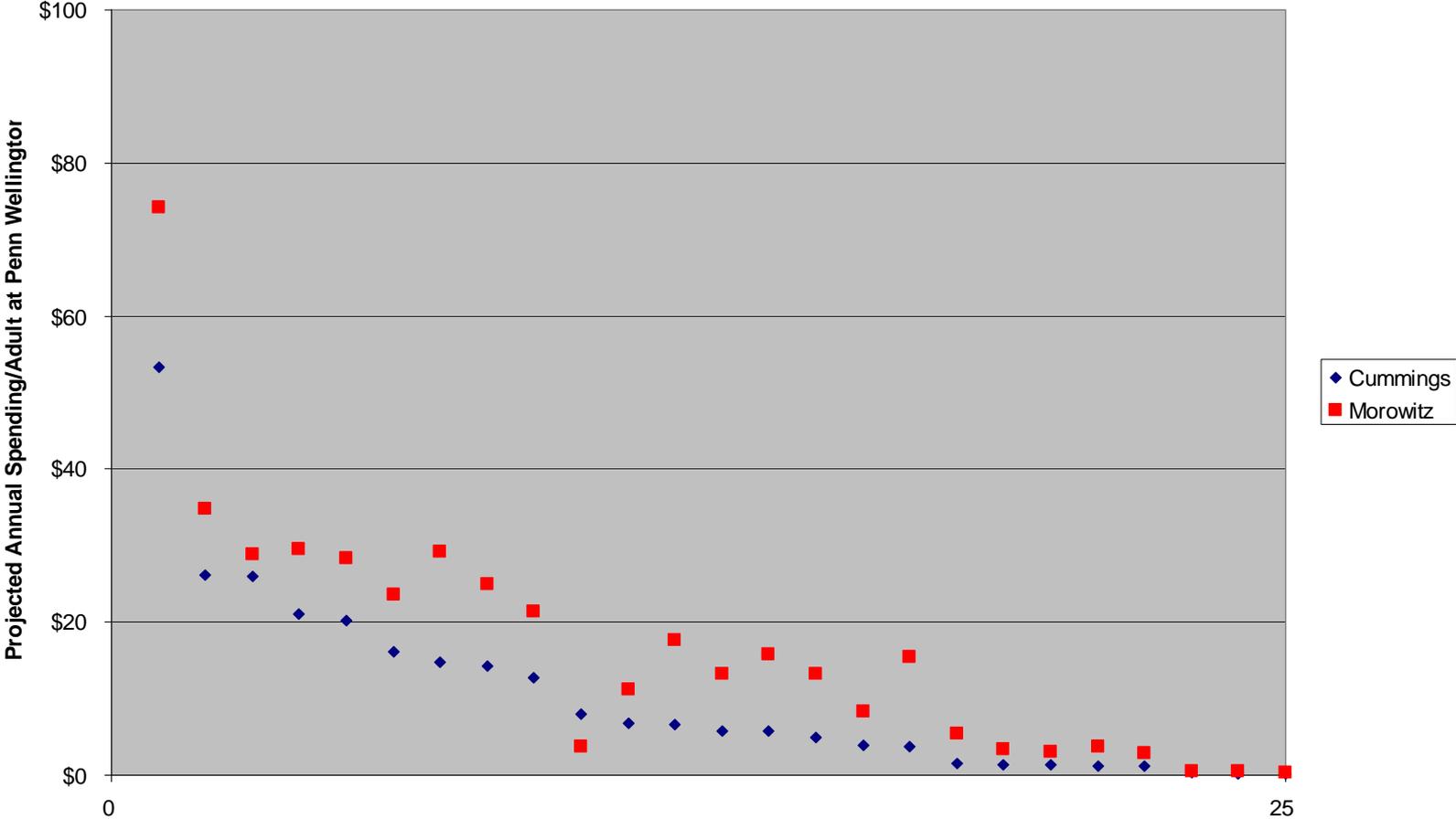


### Penn Wellington: Differences in Projected Spending per Adult (Kansas only)



( data sorted not by distance but by Cummings projection )

### Penn Wellington: Differences in Projected Spending per Adult (Oklahoma)



( data sorted not by distance but by Cummings projection )

# *Marvel / Trailhead*

# *Cummings Projections (2007\$)*

2,000 slots

“High” \$149.7

Baseline \$130.2

“Low” \$103.7

(all in 2007 \$ million for Marvel’s Trailhead Casino)

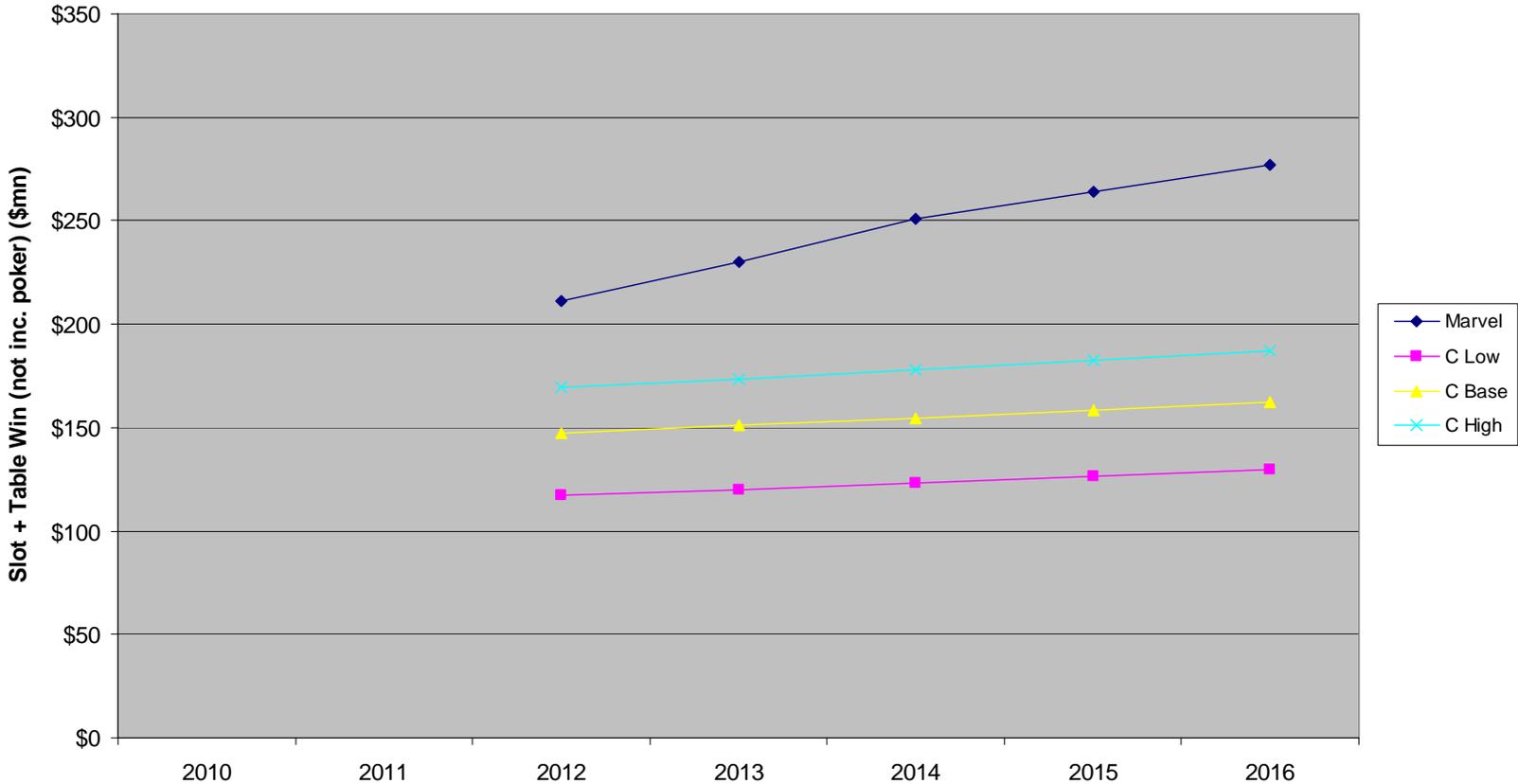
# *Cummings Projections (2013\$)*

2,000 slots

|          |         |
|----------|---------|
| “High”   | \$173.6 |
| Baseline | \$150.9 |
| “Low”    | \$120.3 |

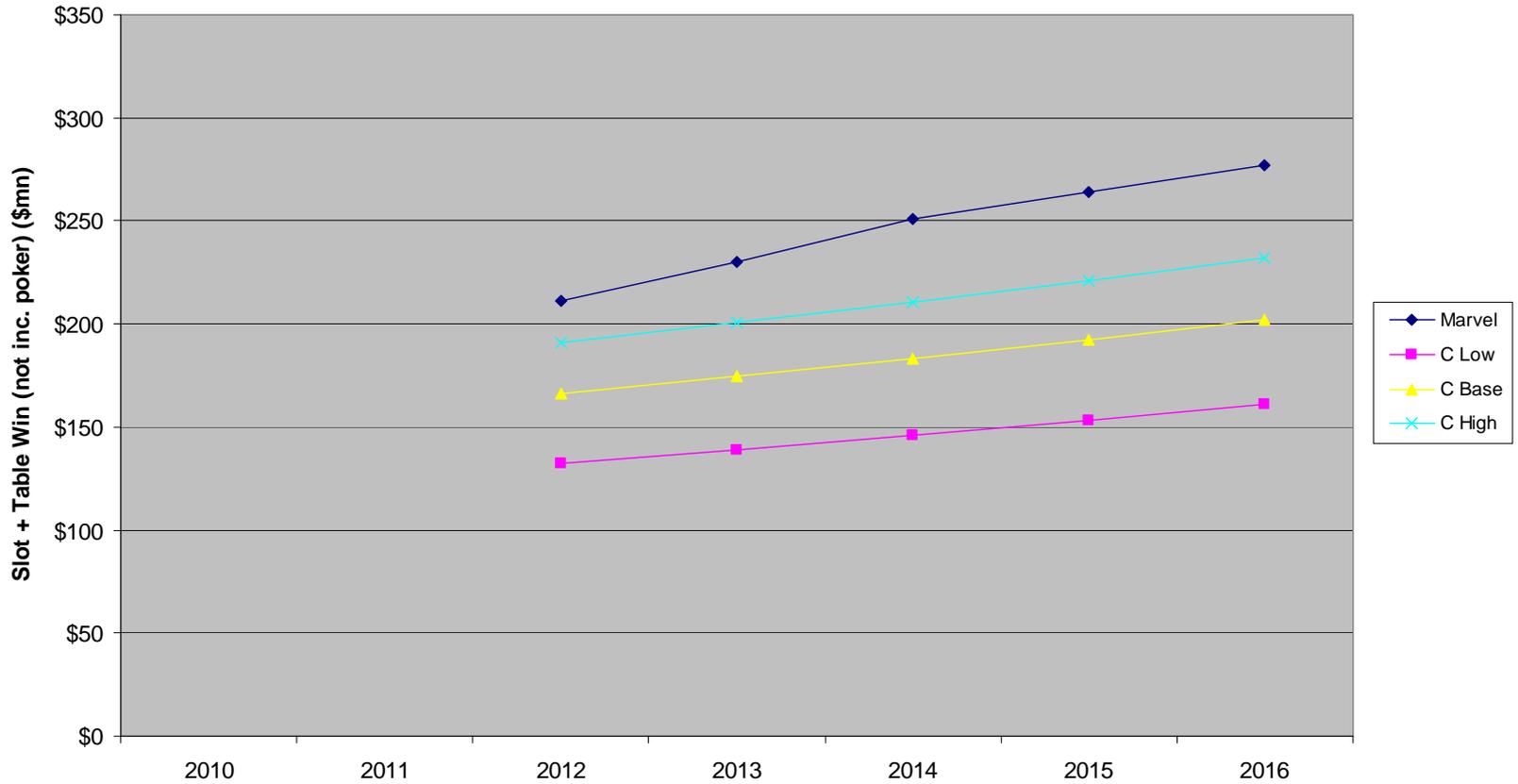
(all in 2013 \$ million for Marvel’s Trailhead Casino)

**Exhibit 4: Marvel's Wellington Projections vs. Cummings's (2.5% escalation)**



Note: Cummings projections are for "stabilized operations." Marvel's are for FY ending Sept. 30.

**Exhibit 5: Marvel's Wellington Projections vs. Cummings's (5% escalation)**



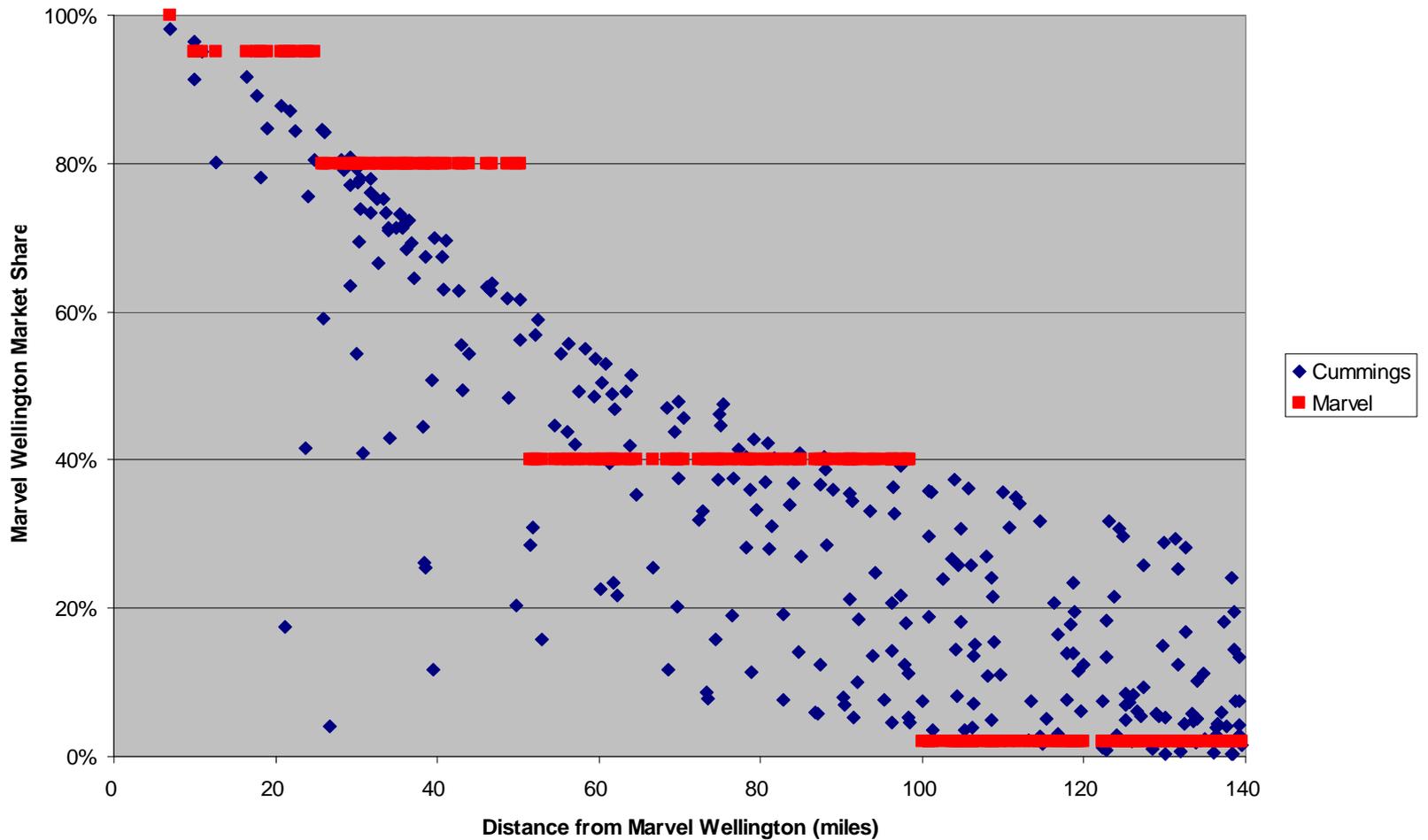
Note: Cummings projections are for "stabilized operations." Marvel's are for FY ending Sept. 30.

# Sources of Difference (2013\$)

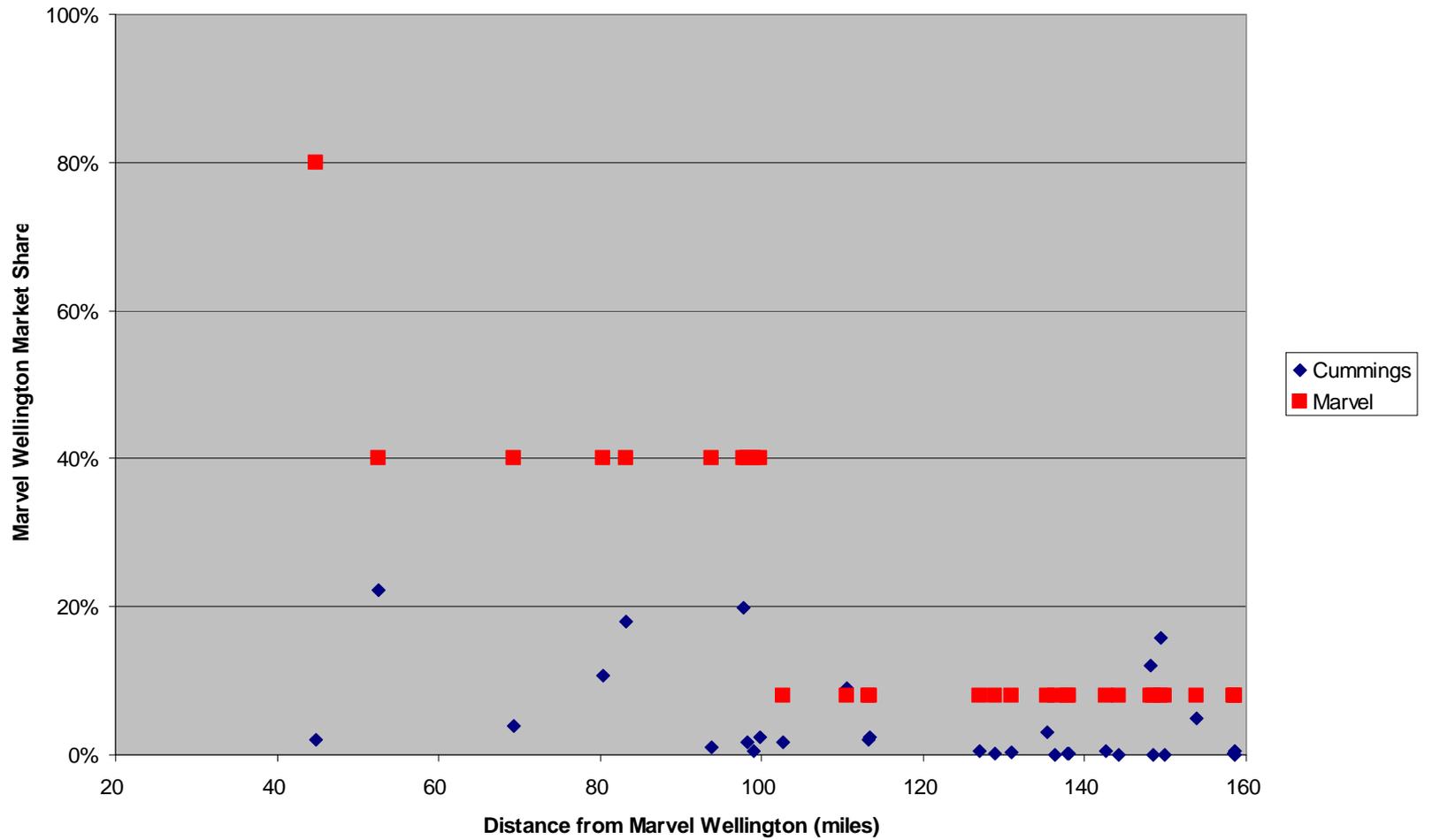
|             | Cummings     | Marvel       | Diff.        |
|-------------|--------------|--------------|--------------|
| 0-100 miles | \$128.7      | \$225.0      | \$96.3       |
| 100+ miles  | \$15.5       | \$26.9       | \$11.4       |
| Drive-Bys   | \$6.8        | \$1.2        | (\$5.4)      |
| VIP Guests  | <u>\$0.0</u> | <u>\$5.1</u> | <u>\$5.1</u> |
| Total       | \$150.9      | \$258.2      | \$107.3      |

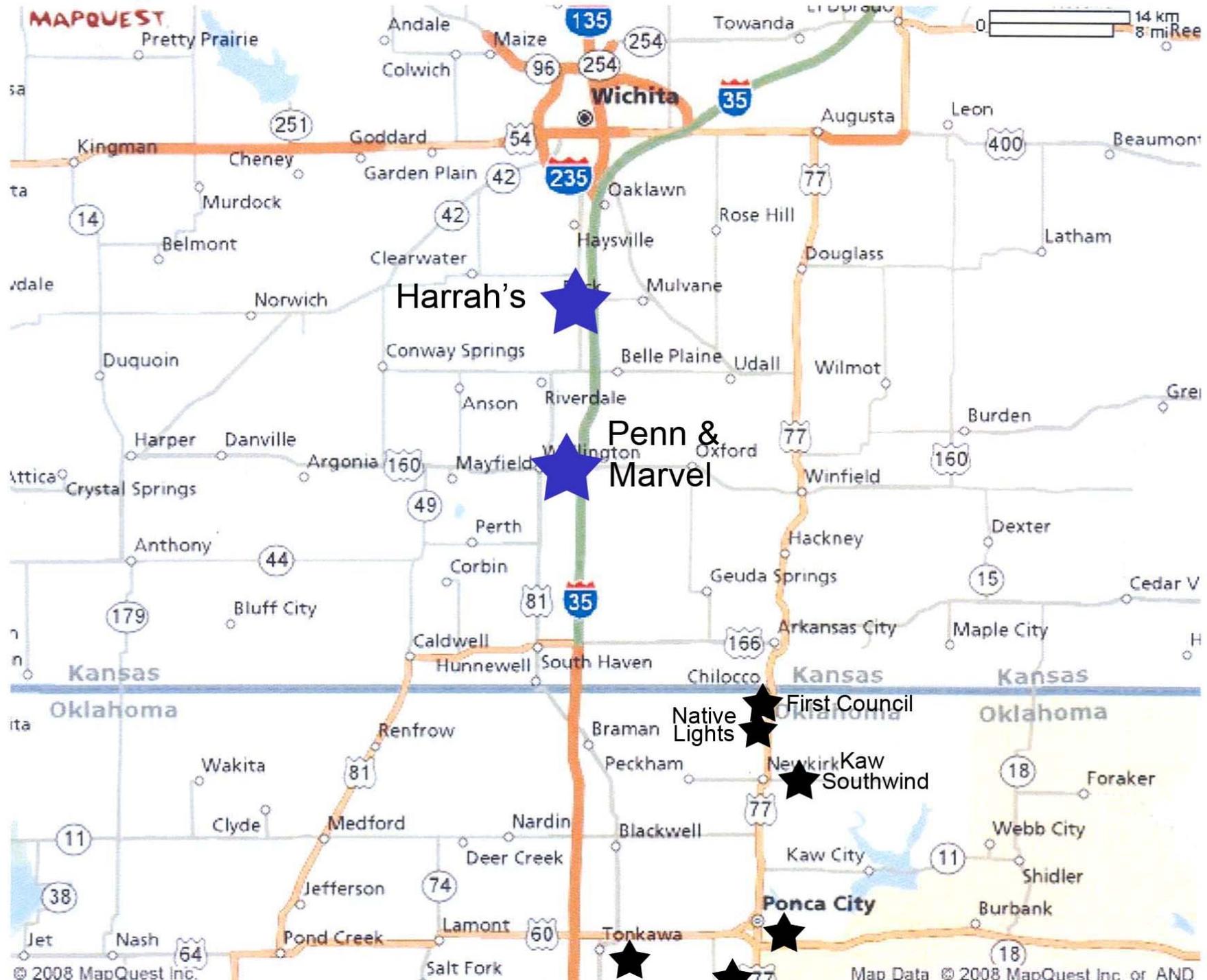
(all \$ million)

### Marvel: Modest Difference in Projections for Market Share -- in Kansas

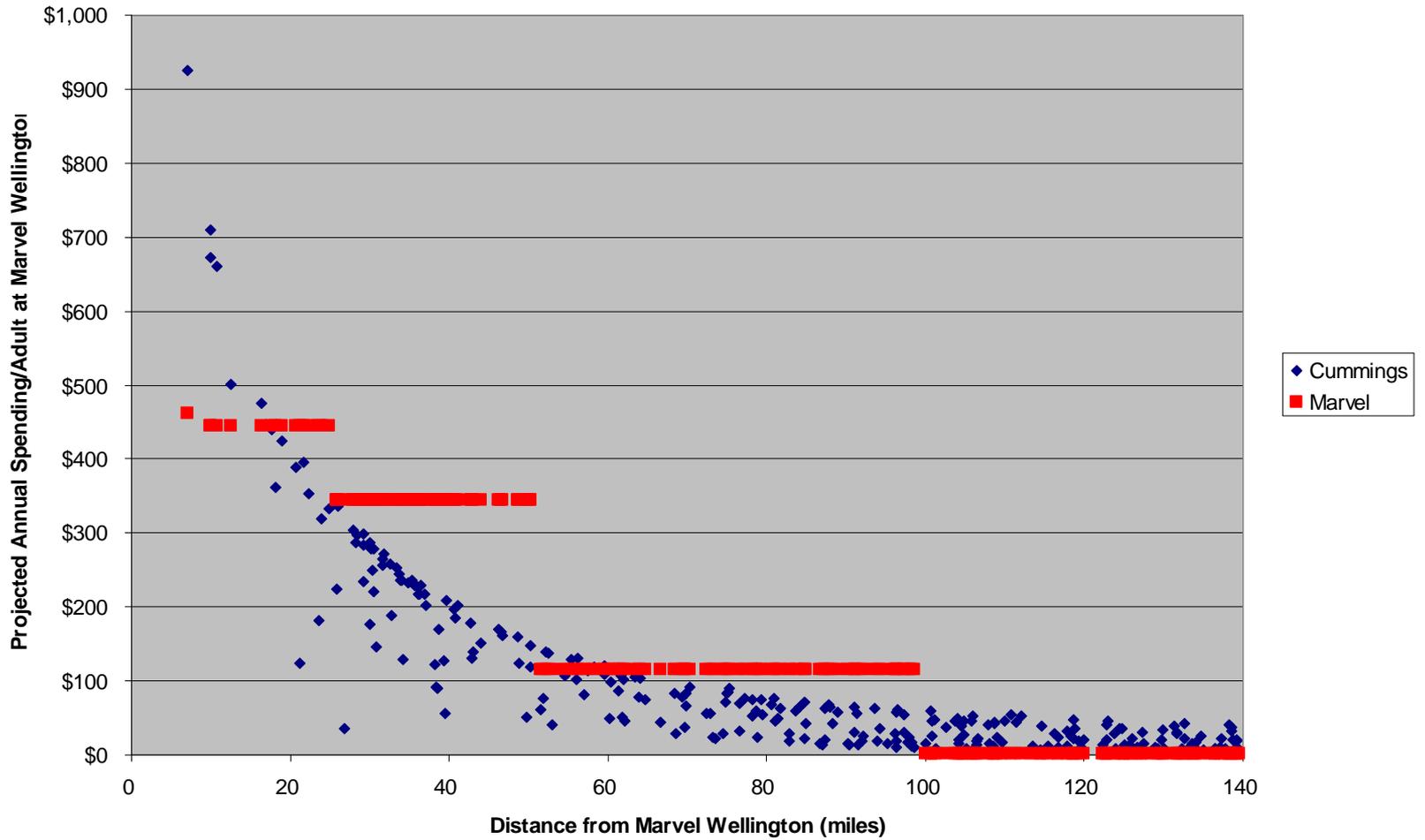


## Marvel: Substantial Differences in Market Share in Oklahoma

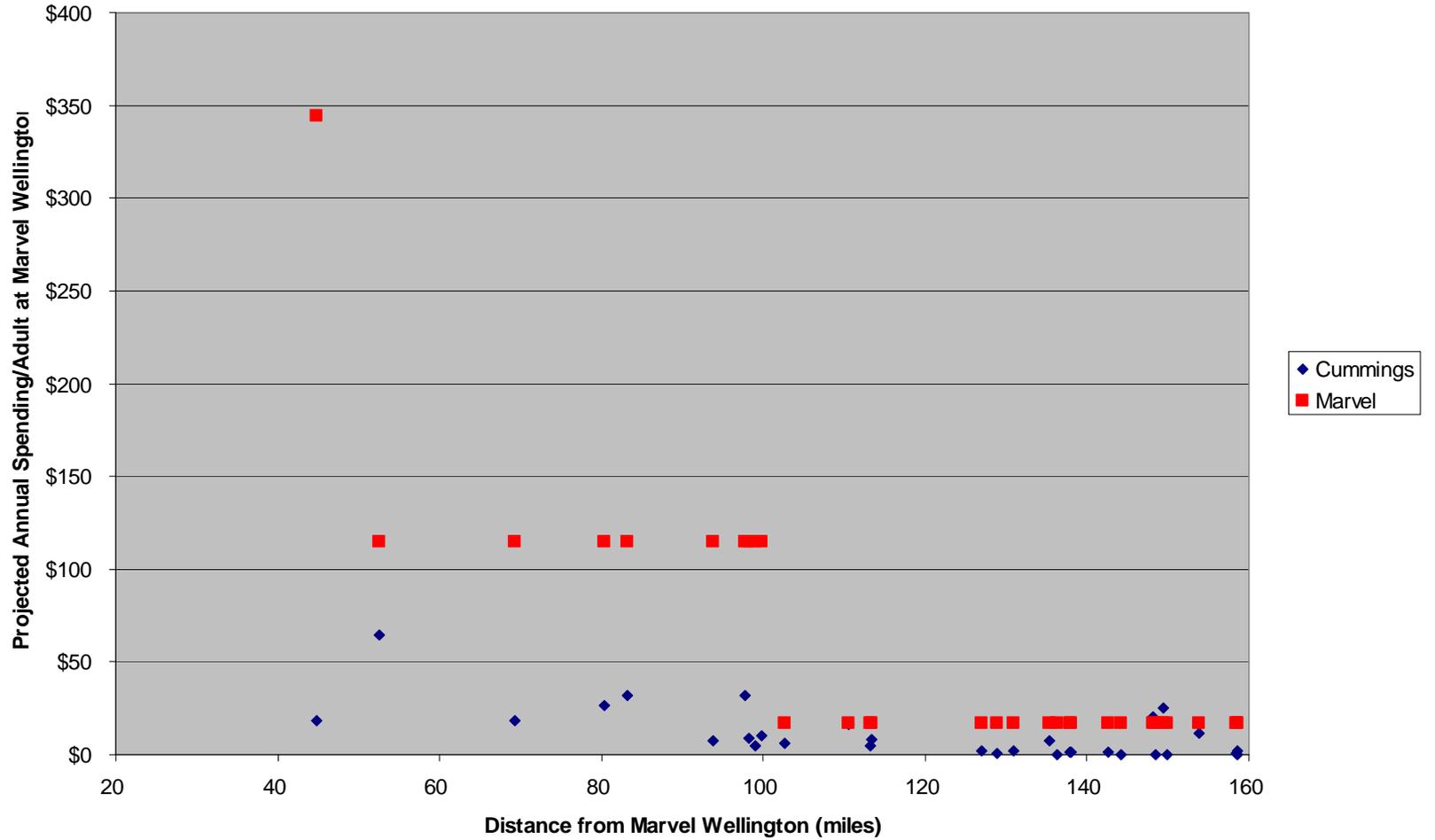




### Marvel: More Significant Differences in Projected Spending Per Adult (Kansas)



## Marvel: Very Large Difference in Projected Spending from Oklahoma



# *Harrah's Sumner Resorts*

# *Cummings Projections (2007\$)*

2,000 slots

|          |         |
|----------|---------|
| “High”   | \$194.0 |
| Baseline | \$174.2 |
| “Low”    | \$148.4 |

(all in 2007 \$ million for Harrah’s Sumner Resorts)

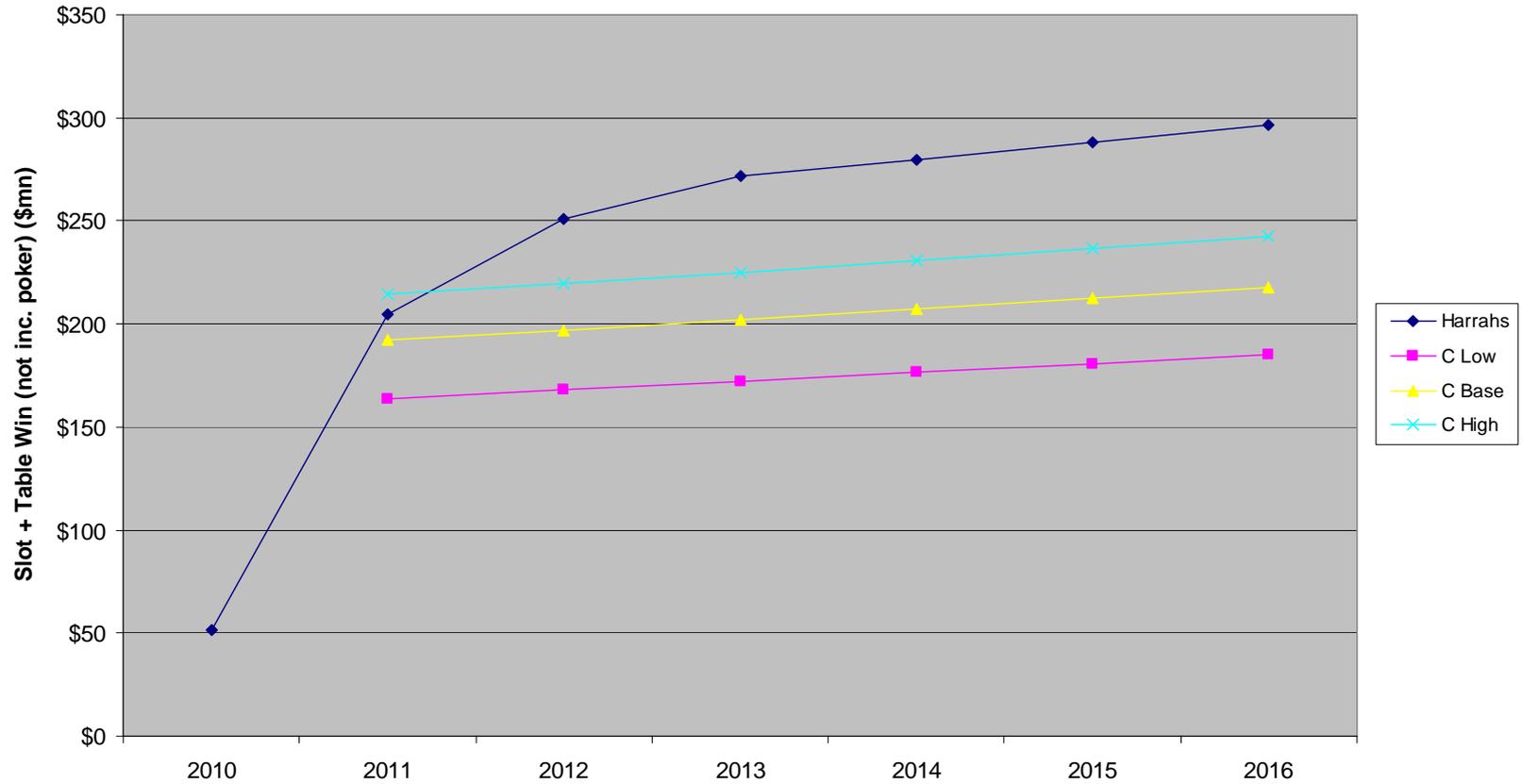
# *Cummings Projections (2013\$)*

2,000 slots

|          |         |
|----------|---------|
| “High”   | \$225.0 |
| Baseline | \$202.0 |
| “Low”    | \$172.0 |

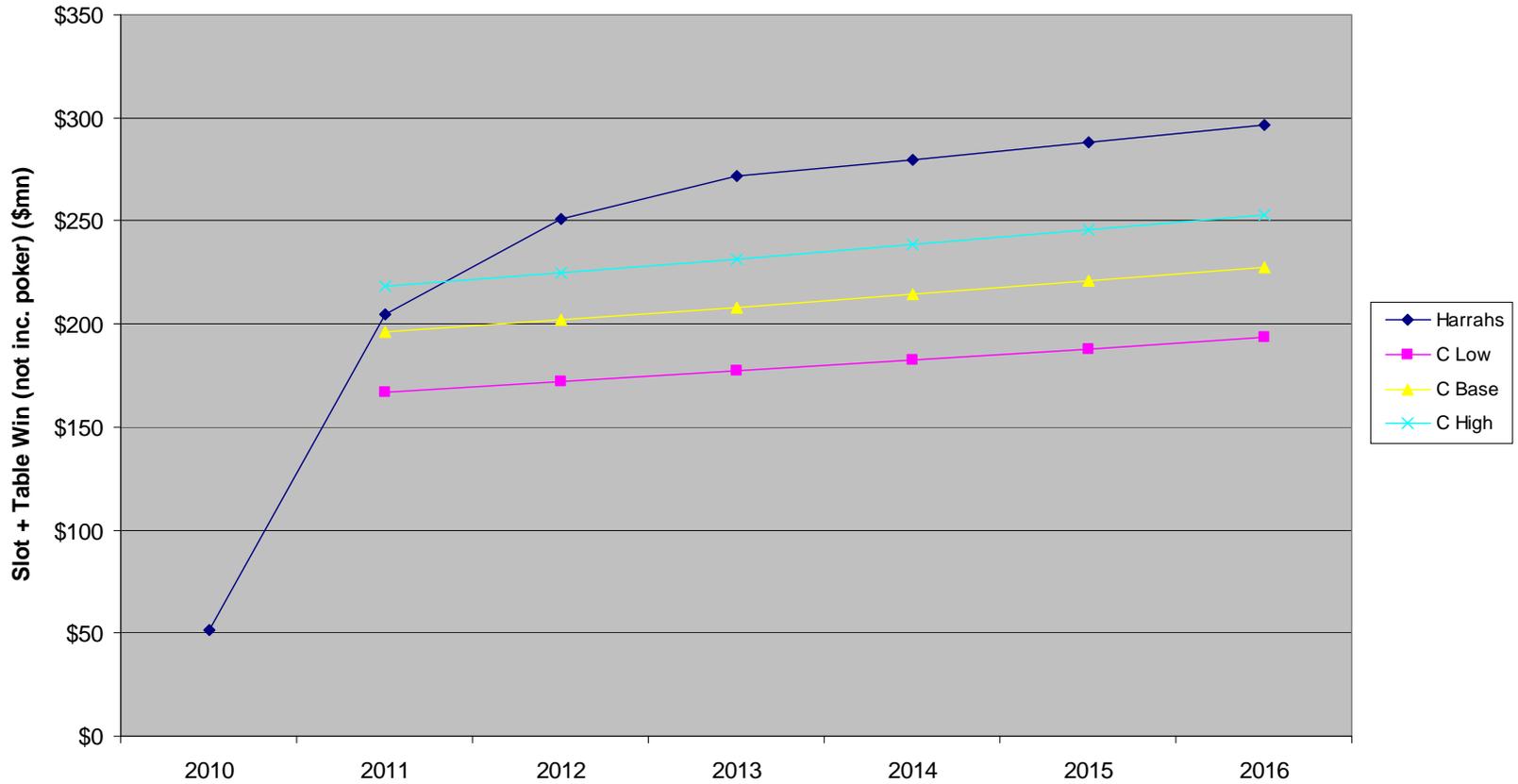
(all in 2013 \$ million for Harrah’s Sumner Resorts)

**Exhibit 4: Harrah's Mulvane Projections vs. Cummings's (2.5% escalation)**



Note: Cummings projections are for "stabilized operations"

Exhibit 5: Harrah's Mulvane Projections vs. Cummings's (3% escalation)



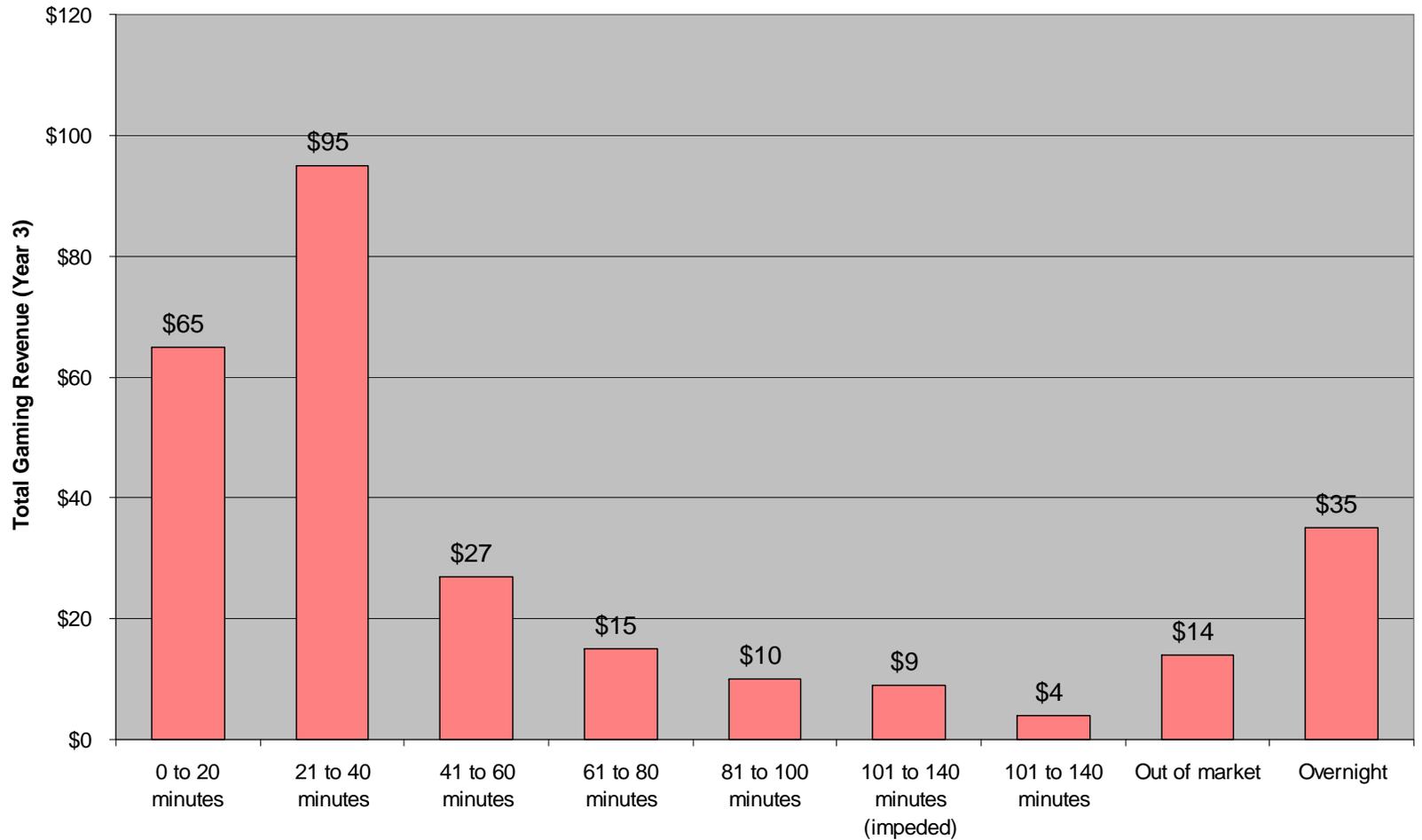
Note: Cummings projections are for "stabilized operations"

# Sources of Difference (2013\$)

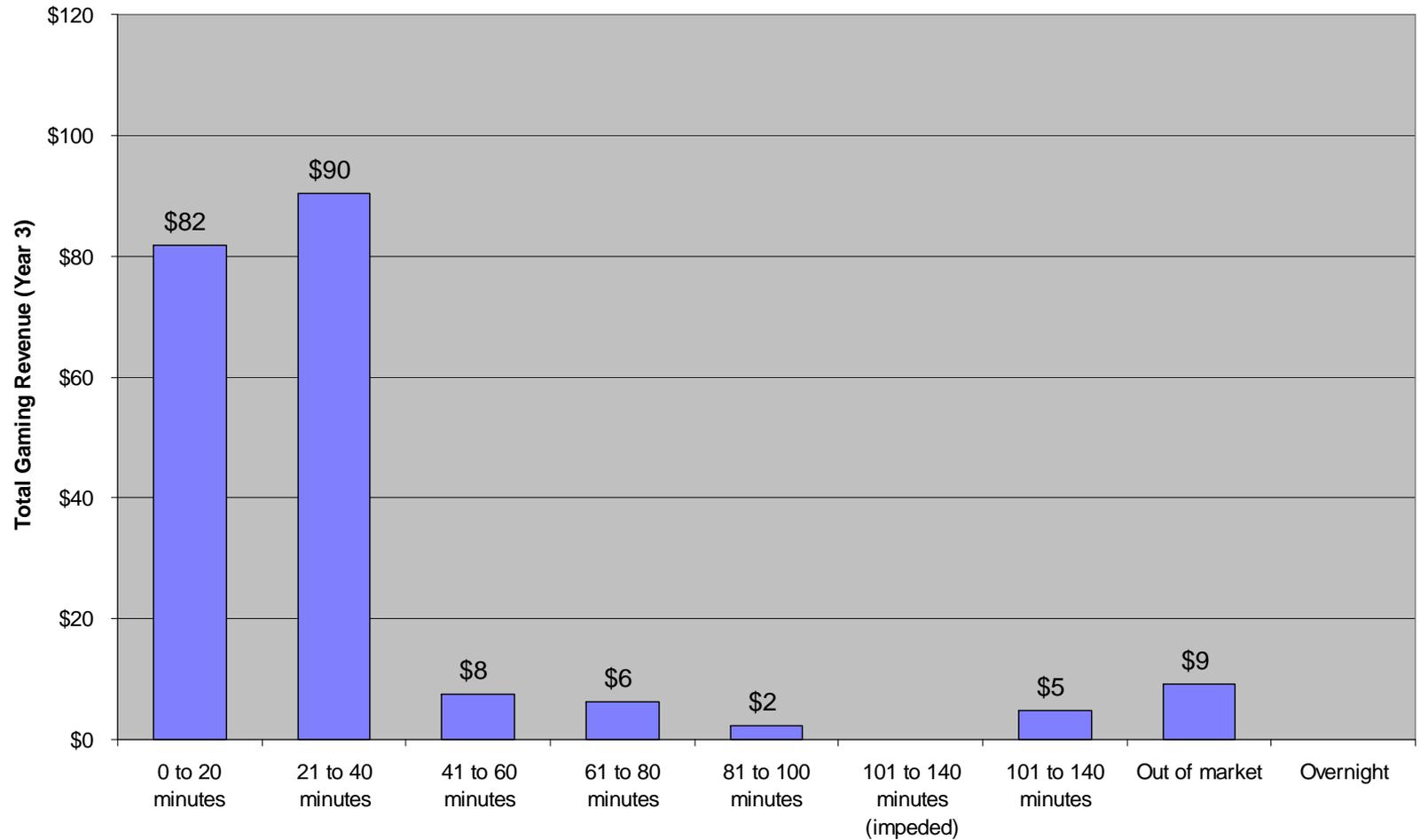
|              | Cummings   | Harrah's           | Diff.       |
|--------------|------------|--------------------|-------------|
| 0-40 min.    | \$172      | \$160              | (\$12)      |
| 41-100 min.  | \$16       | <b>\$52</b>        | \$36        |
| 101-140 min. | \$5        | \$13               | \$8         |
| Beyond       | <u>\$9</u> | <u><b>\$49</b></u> | <u>\$40</u> |
| Total        | \$202      | \$274              | \$72        |

(all \$ million)

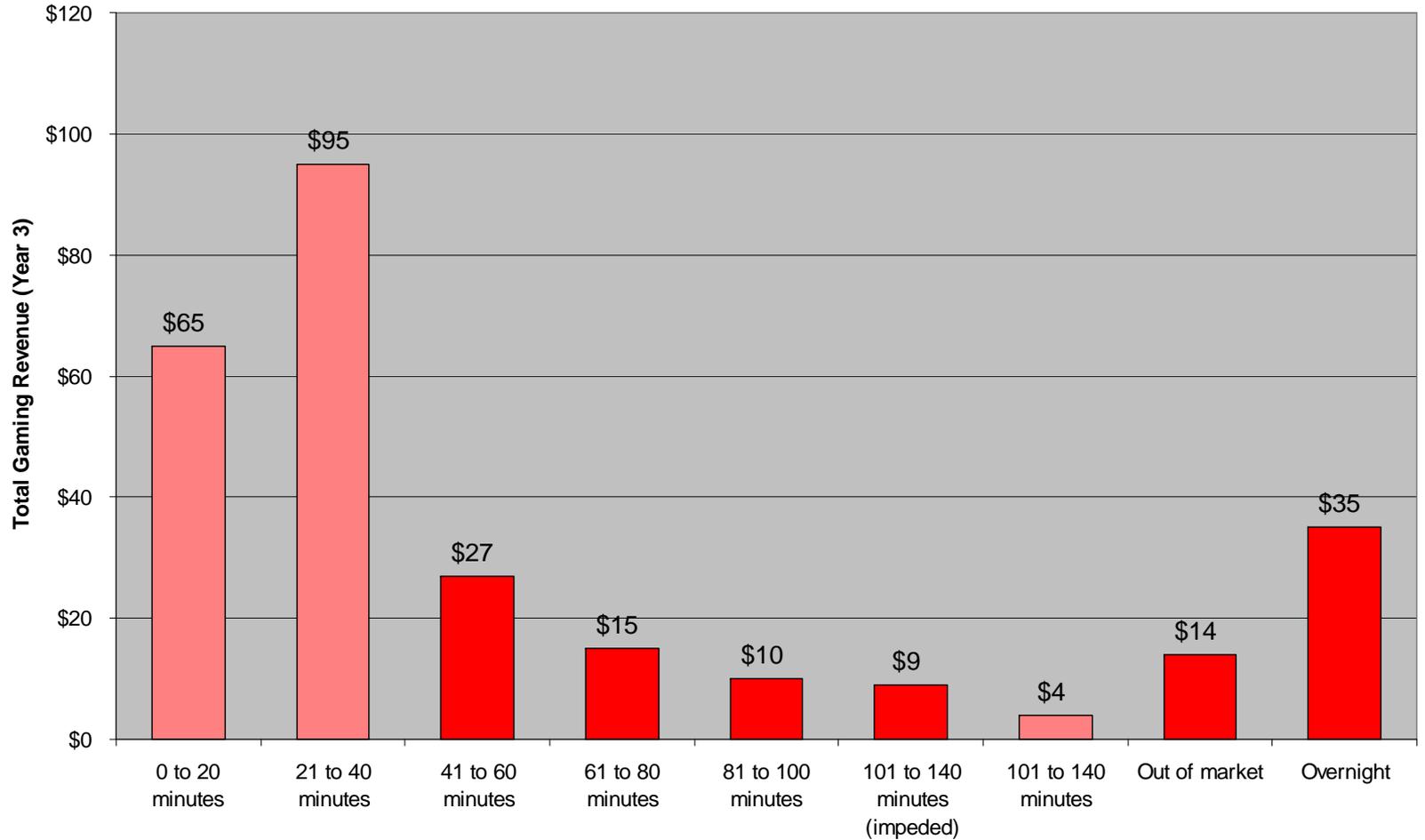
### Harrah's Projected Gaming Revenue by Time/Distance Zone (\$ million)



### Cummings Projections for Harrah's by Time/Distance Zone (\$ million)

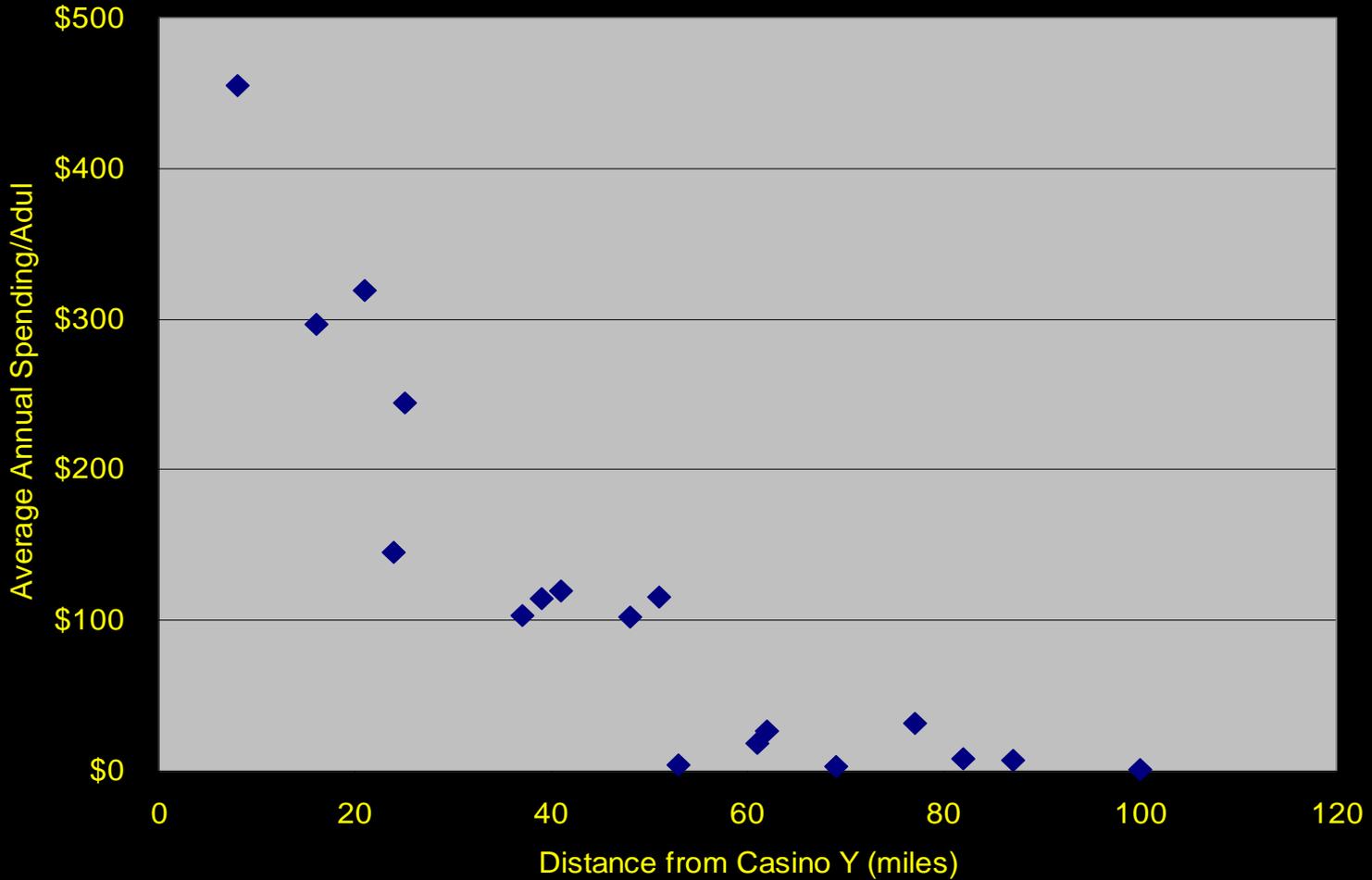


### Harrah's Projected Gaming Revenue by Time/Distance Zone (\$ million)

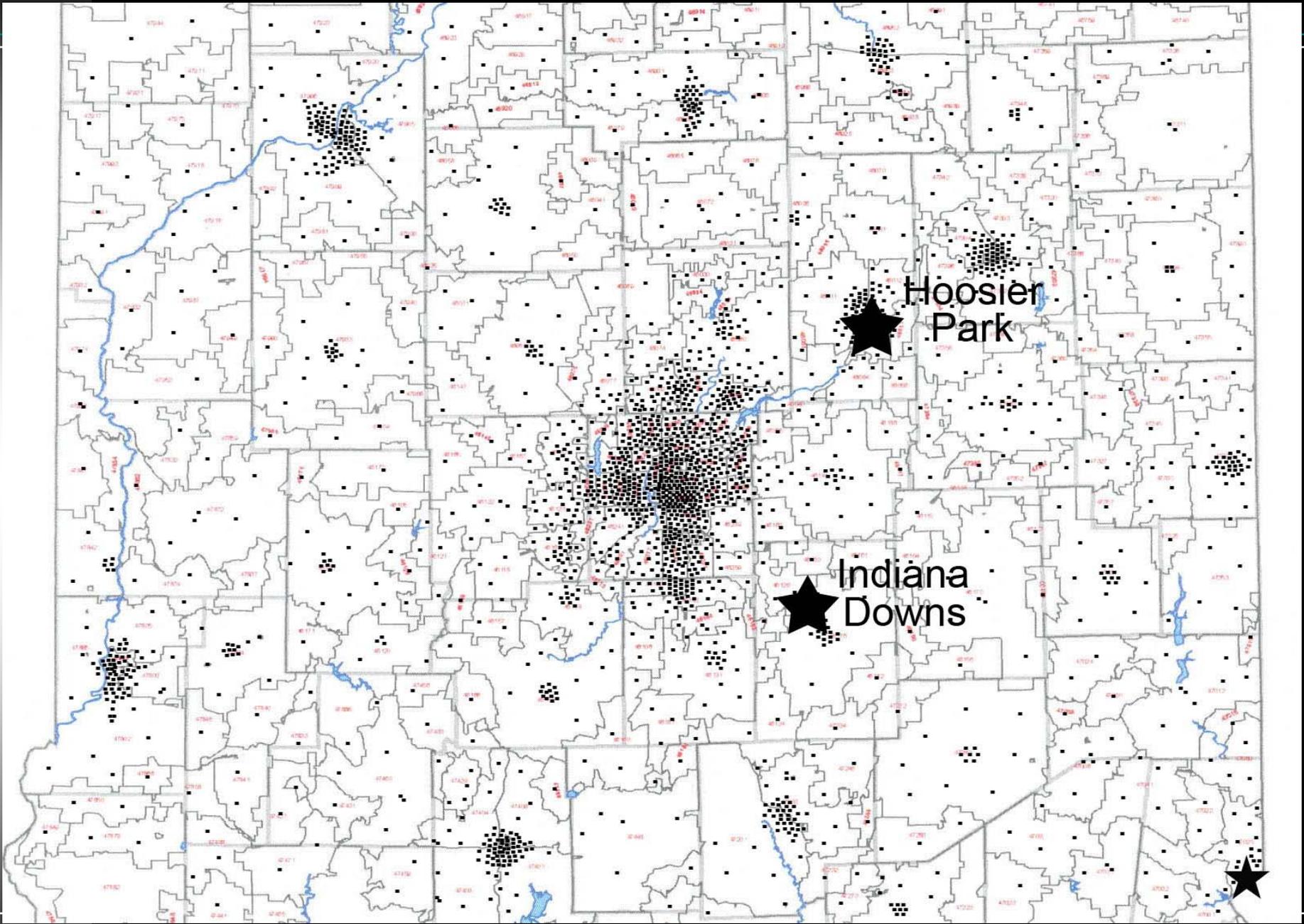


*Location I:  
The Closer, the Better  
=“Friction”*

# Casino Y: *players' club data*



*Hoosier Park &  
Indiana Downs*



Hoosier  
Park

Indiana  
Downs

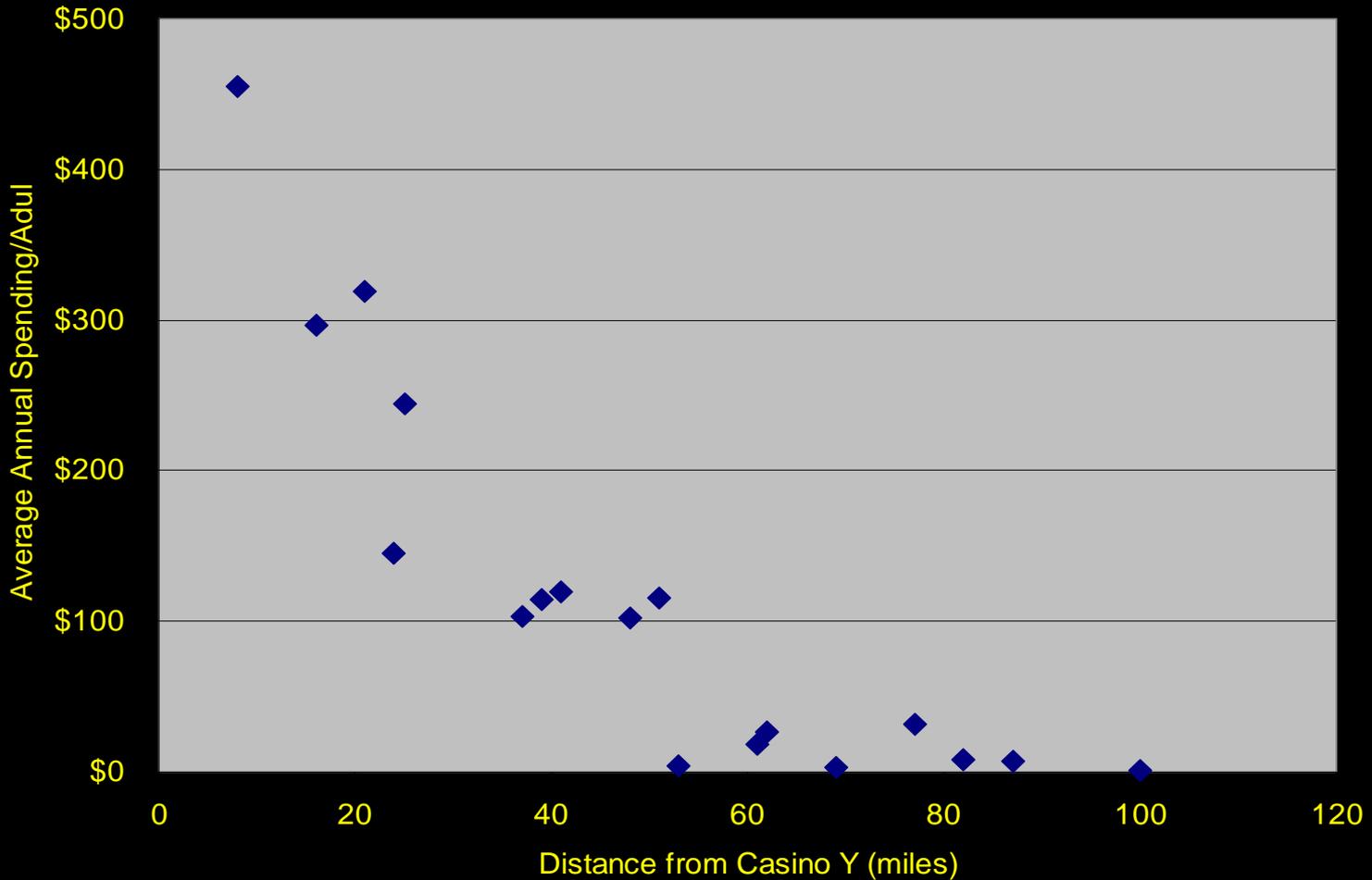
## *Win/Slot/Day:*

|               | Cummings<br>Projection* | June 2008<br>Actual |
|---------------|-------------------------|---------------------|
| Hoosier Park  | \$376                   | <b>\$267</b>        |
| Indiana Downs | \$357                   | <b>\$245</b>        |

\* From "Projections for . . .," September 8, 2007.

*Conclusion:*

# Casino Y: *players' club data*



# *Summary of Projections (2013\$)*

|          | Proponent | Cummings |
|----------|-----------|----------|
| Harrah's | \$272     | \$202    |
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| Penn     | \$214     | \$143    |

( all in \$ million )

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