

Boyd Gaming Corporation (BYD)

April 18, 2024

Consumer Discretionary – Casinos and Gaming

Stock Rating

BUY

Investment Thesis

We recommend a **BUY** rating for Boyd Gaming Corporation with a target price of \$77 (an upside of 20.9%). Despite underperforming the market over the past year, Boyd Gaming is positioned for growth, driven by its expansion into online gaming and management fee generation. The leveraging of the Boyd Interactive platform is a proactive approach to capturing the growing online gaming market, a sector that has experienced accelerated expansion post-pandemic. These growing revenue streams, combined with a recovering visitor base and the construction of a new property will fuel the company's upward trajectory.

Drivers of Thesis

- **Expansion into Online Gaming:** Boyd Gaming's entry into online gaming, backed by the Pala Interactive acquisition, and partnerships with FanDuel and MGM, opens new quickly growing revenue streams and markets.
- **Recovery in Visitation:** Ongoing recovery with visitation up nearly 8% and strong performance in the Las Vegas Locals segment indicate strong demand and customer loyalty.
- **New Facility Development:** The development of a land-based facility for the Treasure Chest Casino, slated for completion by spring 2024, signifies a significant investment in its existing operations, bolstering its market presence.

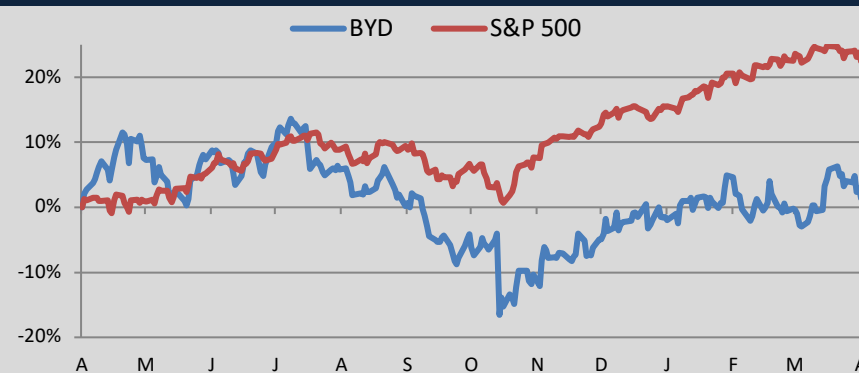
Risks to Thesis

- **Economic Sensitivities:** A cooling employment environment and rising inflation will negatively impact consumer spending and visitation patterns, affecting revenue.
- **Slowing Legalization:** If states refuse to legalize sports betting and online gambling it could potentially limit expansion opportunities and revenue growth in the online gambling and sports betting markets.
- **Rising Operational Expenses:** Boyd Gaming is contending with escalating costs across various operational fronts (operating margins decreased 3.5%), including labor, utilities, and insurance, which pose challenges to maintaining its profitability margins.

Earnings Estimates

Year	2021	2022	2023	2024E	2025E	2026E
EPS	\$4.07	\$5.87	\$6.12	\$6.32	\$6.74	\$7.18
HF est.				\$6.73	\$7.28	\$7.91
Growth	442.0%	44.28%	4.21%	10.06%	8.06%	8.67%

12 Month Performance



Target Price

\$ 74 - 78

Henry Fund DCF	\$77
Henry Fund DDM	\$48
Relative Multiple	\$72

Price Data

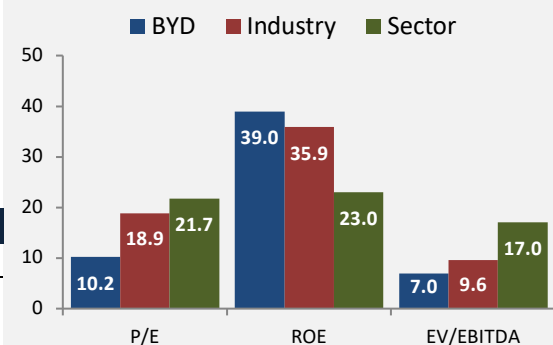
Current Price	\$63.69
52wk Range	\$52.42 – 73.00
Consensus 1yr Target	\$76.17

Key Statistics

Market Cap (B)	\$6.10
Shares Outstanding (M)	95.7
Institutional Ownership	69.01%
Beta	1.61
Dividend Yield	1.00%
Est. 5yr Growth	7.50%
Price/Earnings (TTM)	10.24
Price/Earnings (FY1)	9.35
Price/Sales (TTM)	1.70
Price/Book (mrq)	3.47

Profitability

Operating Margin	27.07%
Profit Margin	16.58%
Return on Assets (TTM)	9.47%
Return on Equity (TTM)	38.98%



Company Description

Boyd Gaming Corporation (BYD) is a diversified owner and operator of 28 gaming entertainment properties located in Nevada, Illinois, Indiana, Iowa, Kansas, Louisiana, Mississippi, Missouri, Ohio, and Pennsylvania. Founded in 1975, the company has grown to become one of the largest casino entertainment companies in the United States, offering a wide range of gaming products and hospitality services.

COMPANY DESCRIPTION

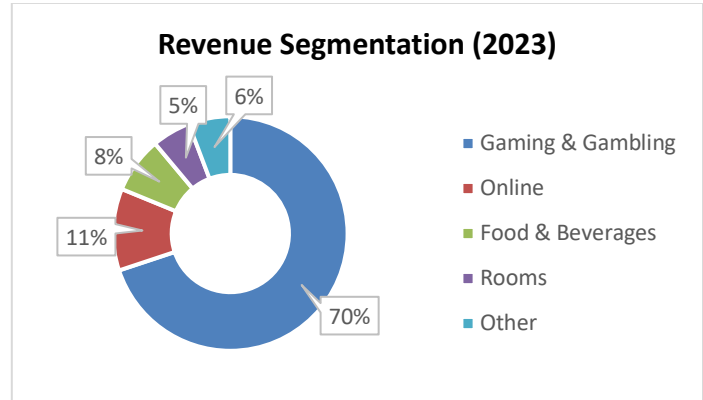
Boyd Gaming Corporation has significantly evolved since its inception in 1975, becoming a prominent player in the casino and gaming space. With its headquarters in Las Vegas, Nevada, the company now operates a portfolio of 28 gaming entertainment properties with a total of 10,405 hotel rooms and 1,711,201 square feet of casino space with 28,917 slot machines and 617 table games. Boyd Gaming operates under three main geographical segments, including Las Vegas Locals, Downtown Las Vegas, and Midwest and South, catering to a wide demographic across the United States.

Boyd Property Locations



Source: BYD – 10k⁹

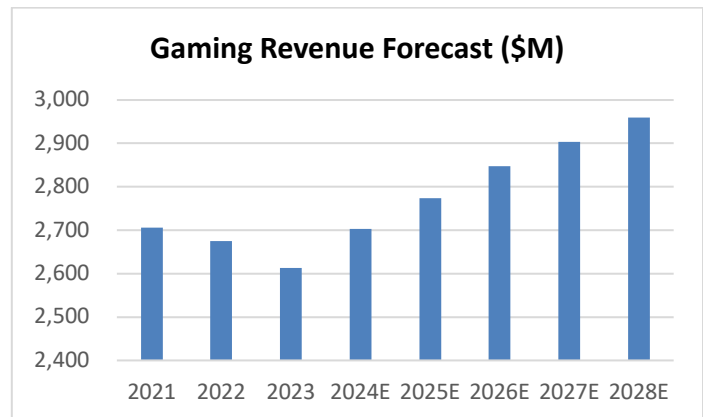
The company has also embraced the digital era, enhancing its online presence through partnerships and acquisitions, notably taking a 5% equity stake in FanDuel and purchasing Pala Interactive LLC, to bolster its position in the online gaming and sports betting markets. Along with its online revenue stream, the company has established management consulting and services as an additional piece of the mix. Boyd Gaming has seen increasing revenue growth from a management agreement with the Wilton Rancheria (a federally recognized tribe located in Northern California).



Source: BYD – 10k⁹

Gaming Operations Revenue

Gambling machines, particularly slot machines, stand as the cornerstone of revenue generation, as Boyd’s gaming revenues are primarily derived from net win from their slot machine operations. These machines not only represent the largest source of income but are also evolving with the introduction of cashless options (in jurisdictions that permit it). Like many casinos, Boyd’s gaming revenue took a slight hit on the year, down from \$2.67 to \$2.61 billion, a decrease of \$61.4 million (-2.3%). The revenue hit is primarily due to declines in table game hold (the difference between customer wagers and customer winnings), table game drop (the total amount deposited in table games drop boxes), and slot handle (the dollar amount wagered in slot machines) of 5.5%, 3.6%, and 2.7% respectively. However, management is optimistic as core customer play was up on the year across all three geographical regions. Leading us to anticipate an upward trajectory of gaming profits in the coming years, driven by a resurgence of visitors and the launch of the new Treasure Chest casino, translating to a CAGR of 2.35%.

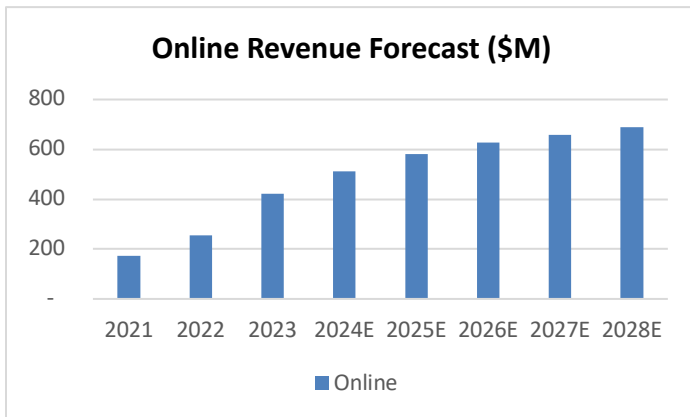


Source: Henry Fund Model

Online Gambling and Sports Betting Revenue

From 2022 to 2023, Boyd witnessed a substantial change in revenue streams, with online gambling and sports betting contributing increasingly to the company's overall revenue. Online revenue was up 66.2% to \$422.2 million, making it the second-highest contributor to revenue at Boyd behind casino gaming. Boyd Gaming has expanded its digital offerings by acquiring Pala Interactive LLC in November 2022, which provides a variety of online gaming options including real-money casino games and free-to-play social casino games, accessible via both desktop and mobile platforms. Pala Interactive enhances Boyd's services with advanced player management systems for personalized user experiences.

Another key driver of online growth is Boyd's partnership (and 5% equity stake) with FanDuel, a leader in the sports betting arena. This partnership leverages FanDuel's established platform and user base, providing Boyd with a significant foothold in the sports betting market and access to a broader demographic. Boyd is able to offer its customers an online sports betting experience that includes live betting, futures, and a variety of prop bets, all accessible from the convenience of a mobile app or website. Boyd Gaming's investment in online platforms like FanDuel and Pala Interactive is a key driver for revenue growth, tapping into the expanding online gambling and sports betting markets. We anticipate online gaming will have CAGR of 10.3%, continuing its strong trajectory and becoming a main revenue stream for Boyd.

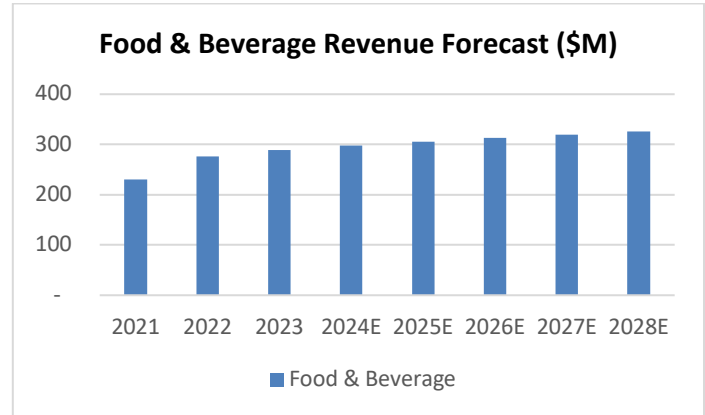


Source: Henry Fund Model

Food & Beverage Revenue

Food & beverage revenues for the firm increased \$12.4 million YOY (4.5%) from \$276 to \$288.5 million. This

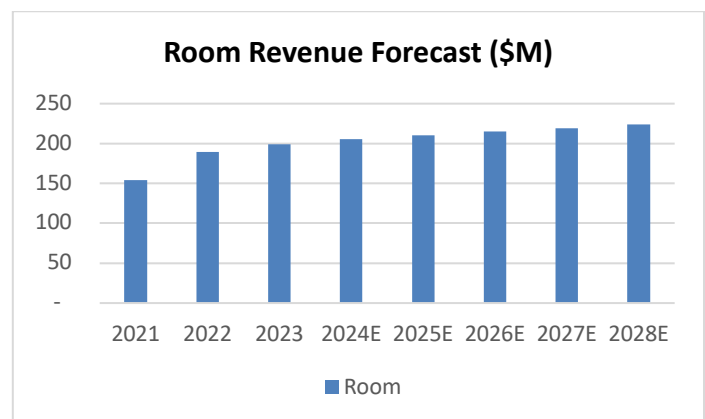
growth was due in part to the expanding portfolio as Boyd opened 8 new restaurants and bars in 2023. Additionally, another driver of revenue was an increase in average guest check (the average amount spent per customer per visit) of 5.4%. Margins stayed consistent, moving from 16.2% to 16.5%.



Source: Henry Fund Model

Room Revenue

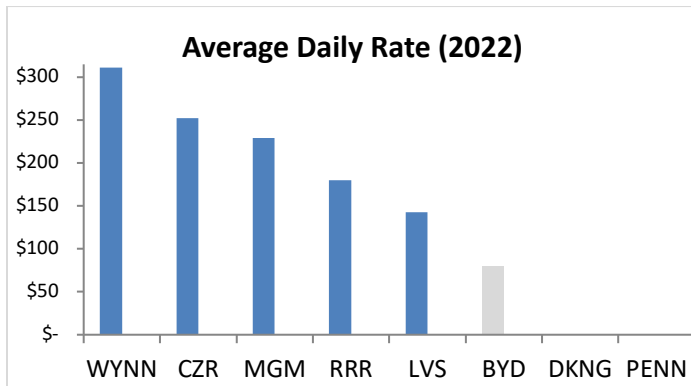
Boyd saw room revenues increase \$10 million YOY (5.3%) from \$189.1 to \$199.1 million. Management credited this growth primarily to the 1.5% increase in average daily rate (the average revenue earned for an occupied room) as room margins decreased slightly (63.8% to 63.1%). Room and beverage revenue growth at Boyd Gaming is attributed to higher room occupancy and the opening of new amenities, along with an uptick in the average guest expenditure (not just price adjustments).



Source: Henry Fund Model

Boyd Gaming's average daily rate (ADR) is noticeably lower than many of its peers in the industry. Unlike competitors such as WYNN, CZR, and MGM, which target a more

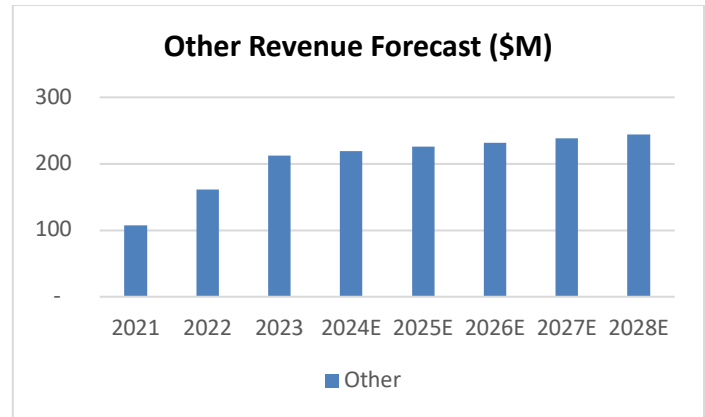
upscale market and tourist-heavy segments with premium pricing strategies, Boyd caters to more regional markets. This includes local markets and clients who visit their establishments for the broader entertainment experience rather than luxury accommodations. The trade-off for a lower ADR is higher volume of guests and increased cross-selling opportunities for other amenities, such as gaming, dining, and entertainment.



Source: Company 10-k's

Other Revenue

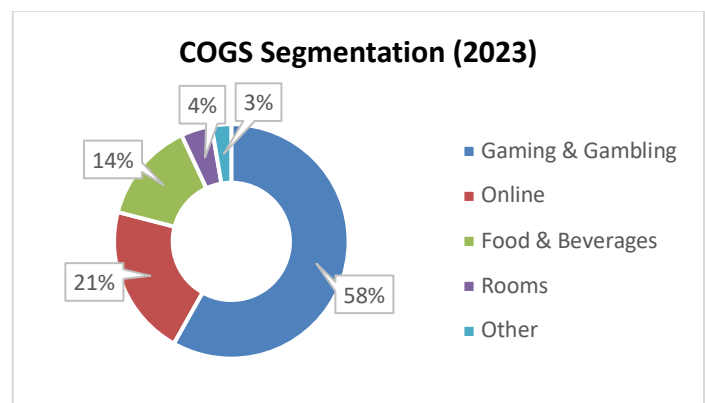
Boyd Gaming Corporation's other revenue streams have seen a significant boost, particularly through management fee revenues. In 2023, the company reported management fee revenues of \$76.9 million, a substantial increase from the \$26.9 million recorded in 2022. This growth is primarily attributed to Boyd's management agreement with Wilton Rancheria for the operation of the Sky River Casino in Northern California. The Sky River Casino, which opened its doors on August 15, 2022, has become an important asset for Boyd, contributing a full year of management fees in 2023 (compared to 5 months of operation in 2022). As Boyd is not currently planning to extend this particular service to other businesses in the near future, the revenue growth is expected to stabilize to a CAGR of roughly 2.5%.



Source: Henry Fund Model

Cost Structure Analysis

Boyd reports 13 different operating expense categories, with 5 main categories, gaming, online, food & beverage, room, and other. Boyd Gaming's operating expenses increased by 10.2% to \$2.84 billion for the year, with gaming, its largest cost area, accounting for \$1 billion. Administrative costs were substantial at \$389.9 million, followed closely by online-related expenses at \$359 million. The anticipated growth in online costs and expenses, reflect the company's increasing focus on online expansion (aligning with industry trends) and are expected to play a larger role in cost structure going forward. Operating margins are expected to decline over the near future to 24% as input costs rise, driven by higher wages and low margins for the quickly growing online segment.



Source: BYD - 10k⁹

Additional Company Analysis

Treasure Chest Casino

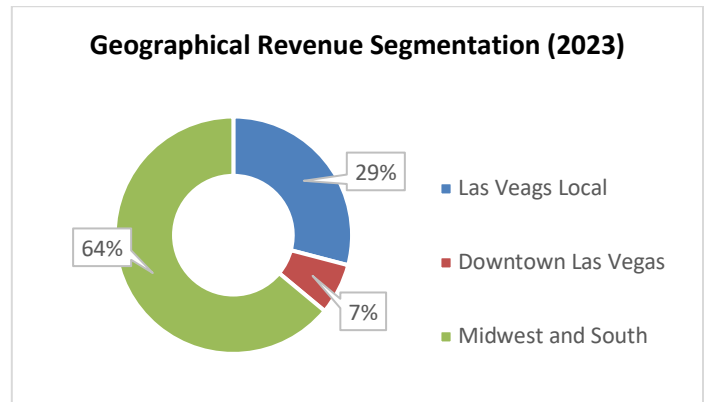
Boyd Gaming's Treasure Chest Casino is transitioning from its riverboat location to a new land-based facility in Kenner, New Orleans. The project is expected to be completed in spring 2024. This shift is part of a broader trend following Louisiana's 2018 legislative change which now allows riverboat casinos to move their locations onshore. The roughly \$200 million project will nearly double the casino's size to 47,000 square feet and include a FanDuel sportsbook, four new dining options, and convention spaces. While construction is underway, the existing casino remains operational. The new facility is expected to drive revenue growth in Midwest and South segment in the upcoming years.

Geographical Revenue Segmentation

Boyd Gaming Corporation exhibits a unique revenue model in the gaming industry, with a strong regional focus. Its geographical revenue segmentation highlights this with a substantial 64% of its revenue (non-online) that is derived from the Midwest and South segment. In the Midwest, Boyd operates in states like Illinois, Indiana, Iowa, Kansas, and Missouri. These venues often serve a mix of local residents and regional visitors. Moving South, Boyd's reach extends to states including Louisiana, Mississippi. This contrasts sharply with the industry standard, where gaming revenues are typically more skewed towards Las Vegas-centric operations. The Las Vegas Local market primarily consists of casinos and gaming facilities located away from the Las Vegas Strip, often in suburban areas. These venues are designed to be convenient for residents, offering a range of gaming and non-gaming amenities tailored to the local population. Downtown Las Vegas, the smallest revenue geographical segment, refers to the area of Las Vegas that is north of the Las Vegas Strip. While it does attract some locals, this area is more of a tourist destination compared to the suburban local market. Revenue from the Downtown segment is more sensitive to tourism trends.

In comparison to its peers, many of whom rely on the high-traffic Las Vegas Strip and international visitors, Boyd's geographical segmentation indicates its management favors less volatile markets. This approach helps cushion the company against economic and tourism-related downturns, specifically in Las Vegas, which can be more susceptible to macroeconomic pressures and global

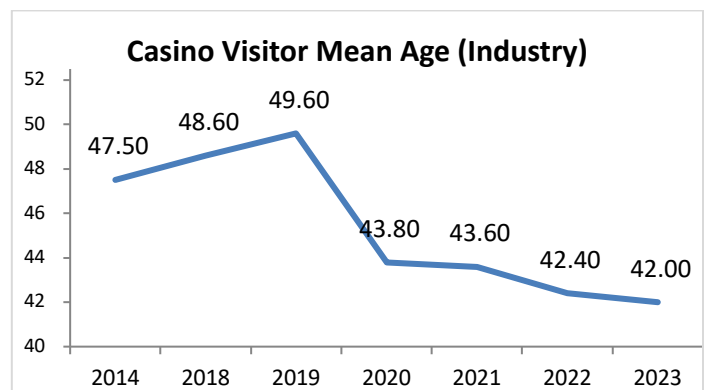
events. However, Boyd is limited to the upside potential that peers may see during tourism booms.



Source: BYD – 10k⁹

Consumer Breakdown

The under-30 age demographic has increased their participation, driven by online gambling and sports betting. This group is setting trends in social and casual online gambling, with growth expected as companies push user-friendly apps. The 30-59 age bracket (the majority of players) prefers physical location gambling, gravitating towards poker and casino games. However, with the legalization wave, they are increasingly favoring the convenience of online platforms. Meanwhile, consumers aged 60 and above, the second-largest segment, have significant disposable income and leisure time making them a key demographic for industry operators.¹²



Source: AGA²²

Debt Maturity Analysis

The company has annual maturities of \$44 million through 2026 at an average interest rate of 6.2%. These are a manageable service obligation given Boyd's operating cash

flows, assuming stable consumer casino market conditions. Looking ahead to the sizable 2027 debt maturity, Boyd may need to consider refinancing options to smooth out the repayment and mitigate liquidity risk. Refinancing could provide the company with more favorable repayment terms and potentially lower interest rates. Boyd Gaming holds a BB credit rating (in line with many of its peers) from S&P with a stable outlook, reflecting recent improvements in its financial health and a reasonable assurance of debt repayment capability. The recently upgraded rating, will aid Boyd in securing more favorable terms for potential refinancing. While Boyd's current operating cash flow and cash reserves appear adequate to cover upcoming maturities, the substantial debt due in 2027 will likely require refinancing.

Five-Year Debt Maturity Schedule	
Fiscal Year	Payment (\$mil)
2023	\$44.3
2024	44.4
2025	44.0
2026	44.0
2027	2011.8
Thereafter	900.0
Total	\$3,088.5

Source: *BYD – 10k*⁹

Capital Structure

Boyd Gaming current has 3.73 billion in debt, making its capital structure roughly 71% debt. The company is highly leveraged with a debt-to-equity ratio of 2.42, which indicates the company has a high reliance on debt, with over two dollars of debt for each dollar of shareholder equity. However, this level of leverage is not abnormal for the industry as the average ratio is 2.26. Additionally, Boyd Gaming's interest coverage ratio of 6.94 on a trailing twelve-month basis highlights that the company earns almost seven times its interest expenses. Indicating a solid ability to meet interest obligations from its current earnings. This suggests that while Boyd's leverage is significant, the company is generating more than enough earnings to cover its interest costs, speaking to a healthier leverage situation than the debt-to-equity ratio alone.

ESG Analysis

The industry's ESG profile is largely shaped by social factors, particularly the stigma associated with gambling. This contributes to the medium risk rating, with companies continually attempting to enhance responsible gaming programs. Gambling's reputation has evolved from a

frowned-upon vice to a more mainstream form of entertainment.

ESG Peer Comparison		
Company	Risk Score	Risk Rating
LVS	22.0	Medium
DKNG	N/A	N/A
MGM	24.7	Medium
WYNN	25.7	Medium
CZR	21.9	Medium
BYD	24.5	Medium
RRR	31.3	High
PENN	28.1	Medium
Average	25.5	Medium

Source: *Sustainalytics*¹⁸



Source: *Gallup*¹³

RECENT DEVELOPMENTS

Recent Earnings Announcement

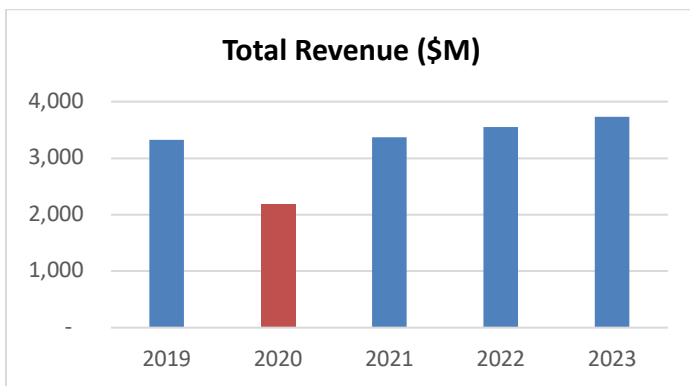
Boyd released full-year results on Feb 8, 2024, the full-year revenue for 2023 grew to \$3.7 billion from \$3.6 billion in 2022, and adjusted earnings reflected a slight decrease from the prior year, with \$6.31 per share in 2023 compared to \$6.07 per share in 2022. The company reported Q4 earnings per share (EPS) of \$1.66, which surpassed analyst's estimates of \$1.47.

The company experienced growth across its online and managed segments, while maintaining stable revenues in property operations. The company's online segment, bolstered by the launch of sports betting in Ohio, contributed significantly to the record revenues. The forward guidance for 2024 anticipates the Online segment to generate between \$60 million to \$65 million of EBITDAR, highlighting the company's expectation of continued growth for online gambling. In their operations review, Boyd noted consistent performance in the Las

Vegas Locals segment and a return to growth in the Midwest & South segment. The Downtown Las Vegas segment has shown remarkable revenue growth, which is expected to contribute positively to future earnings. From a shareholder returns perspective, Boyd returned substantial capital to shareholders with \$412 million share buyback in 2023.

COVID-19 Impact

One notable trend has been the industry's recovery from the impacts of the COVID-19 pandemic, which had led to widespread closures and a significant downturn in revenue and visitation. As restrictions eased, Boyd saw a resurgence in travel, driven by upgrades to gaming machines, the introduction of various non-gaming amenities, and a strengthening in disposable income and reduced unemployment rates. These factors combined to provide a boost to Boyd's revenue and greater returns than pre-pandemic.



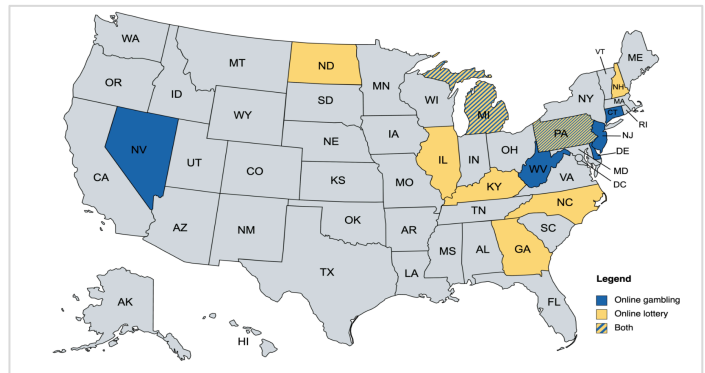
Source: BYD – 10k⁹

Online Gambling Legalization Updates

Currently, real money online casino gambling is legal in a limited number of states (7), including New Jersey, Pennsylvania, Michigan, West Virginia, Delaware, Nevada, and Connecticut. Maine, New York, California, Maryland, and New Hampshire are among the states showing interest in legalizing online casinos. Maine is looking into legislation that could bring online gambling to the state, with a focus on offering exclusive licenses to tribes based in Maine. New York lawmakers have previously attempted to legalize online poker and casino gaming. There is ongoing optimism for potential legislation in 2024. California is also on the radar, possibly moving towards legalizing sports betting first, which could pave the way for online casino legalization. Maryland has seen legislative

efforts to regulate online poker and casino gambling. New Hampshire had explored online casino gambling legislation; however, a bill was ultimately not passed.¹⁵ Analysts are optimistic about the expansion of the online casino market across the US, recognizing the potential for significant contributions to state revenues.

Online Gambling Legislation, by State

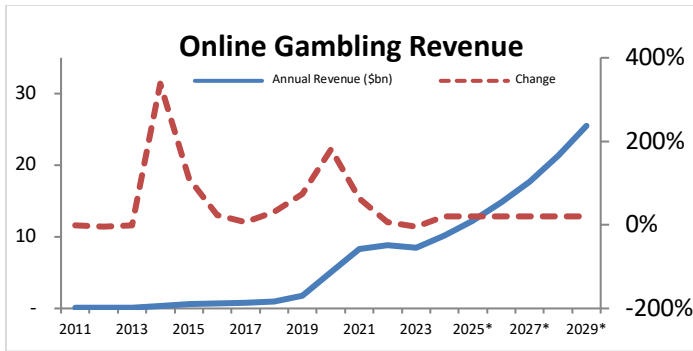


Source: AGA²²

INDUSTRY TRENDS

Tech Advancements

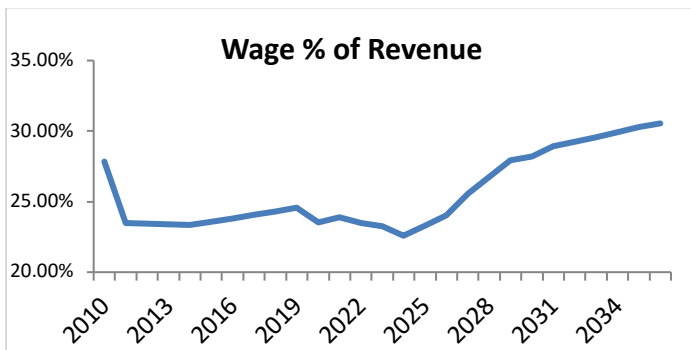
The industry has seen a notable shift towards the integration of technology, which significantly influence operations and customer experiences. The legalization of online gambling across many states has introduced both opportunities and challenges. On one hand, it has expanded the market, allowing customers to enjoy casino games from the comfort of their homes. On the other hand, it has increased competition for traditional casino hotels, placing downward pressure on their profit margins. The adoption of electronic gaming devices and ticket-voucher systems has reduced purchase costs, with purchases expected to represent 19.1% of revenue in 2023, down from 21.4% in 2018. The implementation of advanced gaming technologies and systems not only enhances the customer experience but also improves operational efficiencies.



Source: IBISWorld³

Focus on Quality Service

To differentiate themselves in a highly competitive market, casino hotels are increasingly focusing on providing high-quality service, which has led to a jump in wage expenses. Wages are expected to represent 27.9% of revenue in 2028, up from 23.4% in 2023. This trend highlights the industry's focus on enhancing the customer experience. This strategy requires a skilled workforce across all areas of operation, from gaming attendants to hospitality managers. The shift towards quality service aims not only to attract customers but also to foster loyalty and repeat business.



Source: IBISWorld³

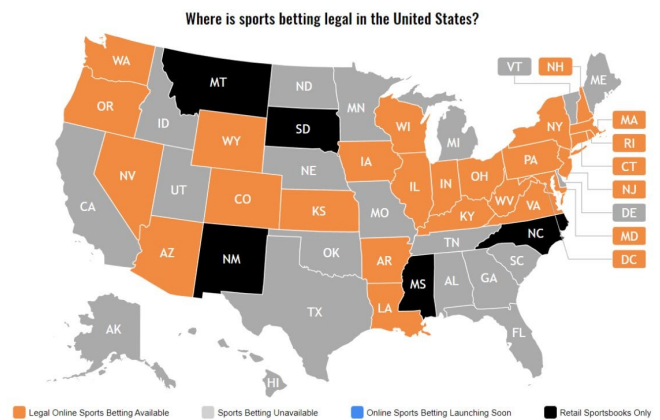
Legalization of Gambling

The landscape of sports betting in the United States has undergone a dramatic transformation following the Supreme Court's 2018 decision to overturn the Professional and Amateur Sports Protection Act (PASPA). PASPA had effectively limited legal sports betting to Nevada for over two decades. This landmark ruling granted individual states the ability to legalize and regulate sports betting within their borders. Since then, a wave of legislation has swept across the country, with numerous

states legalizing sports wagering in various forms, including retail sportsbooks located within casinos and online betting platforms.²¹

The response has been a rapidly expanding market, with over half of the states now offering legal sports betting. These changes reflect a significant shift in public and legislative attitudes towards gambling. The legalization of sports gambling has been a significant boost for the industry by allowing casino hotels to open sportsbooks within their establishments. This addition has provided another source of gambling revenue and diversifies the offerings of traditional casinos. The legal landscape for sports betting continues to evolve in the United States, with more states expected to legalize the activity in the coming years. This trend is forecasted to be driven by the increased public acceptance of sports betting, and the growing presence of online and mobile betting platforms.

Sports Betting Legislation, by State

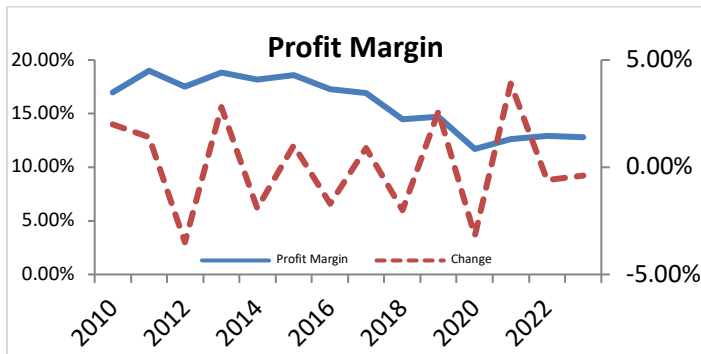


Source: American Gaming Association¹⁹

Shrinking Profit Margins

The competitive landscape of the casino and gaming industry is increasingly intense, with traditional casinos facing pressure from both online gambling platforms and international casino operators. This competition has led to a squeeze on profit margins, prompting establishments to find new ways to attract and retain customers. Casinos are enhancing their value proposition by offering incentives such as loyalty programs, promotional deals, and a broader range of entertainment options. However, these investments slash away at their bottom line and have led to less profitable quarters.

In the future, the industry’s focus is leveraging technology for operational efficiency with hopes of reducing costs and improving profit margins. This includes adopting data analytics to tailor marketing efforts, optimize the gaming floor layout, and personalize the customer experience.¹⁵



Source: IBISWorld³

MARKETS AND COMPETITION

Strengths

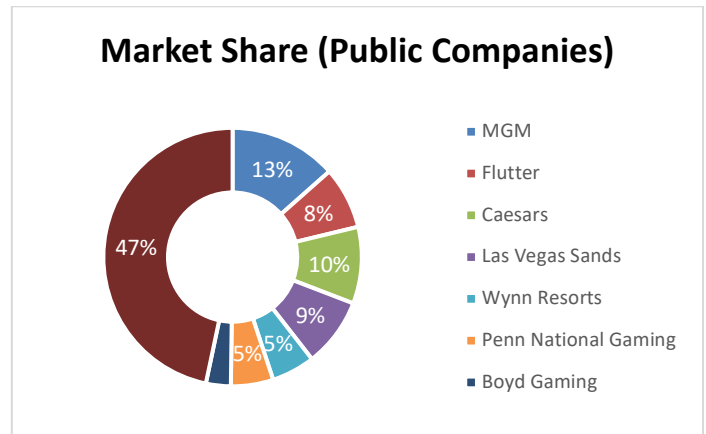
The industry possesses substantial strengths, including high barriers to entry due to regulatory and capital requirements. These high barriers safeguard existing operators from new competition. Even online gaming, while potentially facing lower physical and capital barriers, still requires substantial investment in technology, regulatory compliance, and customer acquisition efforts. The industry's ability to generate high revenue per employee indicates efficient operation and resource utilization. Furthermore, the sector typically enjoys higher profit margins compared to the broader hospitality sector. Lastly, the localized nature of casino hotels also protects them from foreign competition.

Weaknesses

Despite its strengths, the industry faces several weaknesses, such as intense competition within the sector and from online gambling platforms. The industry's revenue is highly volatile, influenced by economic conditions and consumer spending habits. There's a high concentration on high-stakes gamblers and discretionary spending. Additionally, the industry's reliance on gaming revenue can be risky if consumer preferences shift. Lastly, the substantial capital requirements for facility upgrades and compliance add financial strain.

Degree of Competition

The degree of competition within the Casino and Gaming industry is notably high for the sector, mainly due to a lack of differentiated offerings. Operators compete on various fronts, including gaming, hotel rooms, entertainment offerings, customer service, and promotional activities. The competition is not only from within the sector but also from online gambling platforms, which offer convenience and accessibility, challenging traditional casino hotels.



Source: IBISWorld³

Company	P/E (TTM)	EPS '23	EPS '24E	Market Cap (\$B)
LVS	34.22	1.89	2.69	41.26
DKNG	N/A	-1.73	-0.24	19.39
MGM	13.35	2.67	2.43	15.33
WYNN	16.84	4.10	4.89	11.76
CZR	11.44	3.64	1.16	9.36
BYD	10.51	6.32	6.54	6.27
RRR	19.61	1.71	1.99	5.75
PENN	N/A	-3.22	-0.53	3.28
GDEN	4.11	8.31	1.28	1.05
Industry	19.15			263.30

Source: FastSet

Boyd Gaming stands out with its comparatively lower P/E ratio of 10.51, suggesting potential undervaluation by the market. Despite the intense competition characterized by a mix of traditional and online platforms, Boyd Gaming is projected to see increases in EPS from 2023 to 2024. With a market capitalization of \$6.27 billion, Boyd Gaming occupies a significant, albeit not dominant, position in the market, smaller than giants like LVS and MGM but maintaining a solid stance above smaller players.

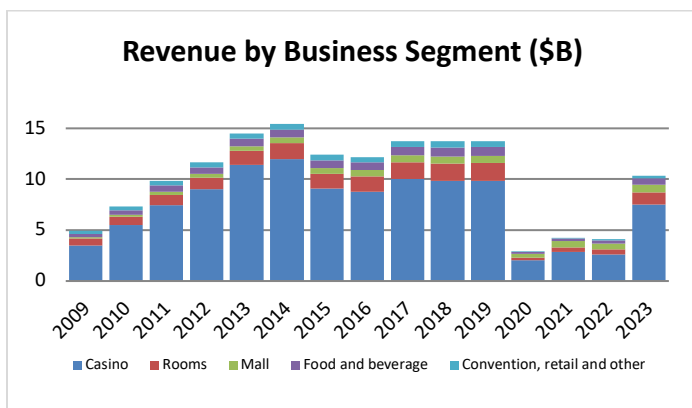
Peer Comparisons

Company	# of Properties	Square Ft. (Casino)	# of Hotel Rooms
LVS	6	6,500,000	14,000
MGM	31	2,560,000	45,859
WYNN	9	N/A	N/A
CZR	58	3,669,800	48,800
BYD	28	1,723,126	10,751
RRR	15	1,356,000	2,821
PENN	43	2,546,207	7,321

Source: Company 10k's

Las Vegas Sands Corp. (LVS): -2.14% YTD

Las Vegas Sands is the largest company (by market cap) in the casino and gaming industry, making up roughly 15% of the industry. LVS stands out in the industry for its focus on luxury resorts and casinos, primarily in Las Vegas, Macau, and Singapore. In its recent financial performance, management placed emphasis on international expansion in hopes of capturing a larger market share. Las Vegas Sands differentiates itself through high-end service, well known properties, and a diversified revenue stream that includes gaming, hospitality, and retail. Recent revenue segmentation indicates a shift towards diversifying income streams, reducing overreliance on gaming revenues. However, the pandemic's lingering effects on international travel directly impact LVS's recovery pace.

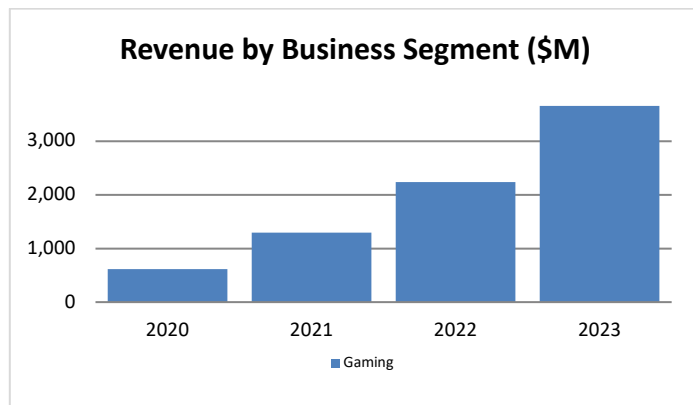


Source: LVS – 10k⁴

DraftKings Inc. (DKNG): 25.70% YTD

Although DraftKings is not a traditional brick-and-mortar casino operator, the company has emerged as a frontrunner in the online sports betting industry. Its aggressive expansion and user acquisition strategy have quickly increased its market share. However, this growth comes with high marketing and operational costs,

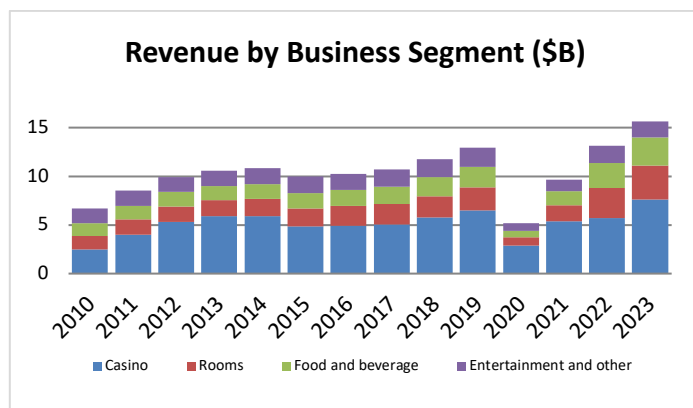
impacting profitability. The recent revenue segmentation shows an increased investment in technology to enhance user experience. The company's future success hinges on legislative developments, competitive differentiation, and its ability to maintain user engagement.



Source: DKNG – 10k⁵

MGM Resorts (MGM): -7.59% YTD

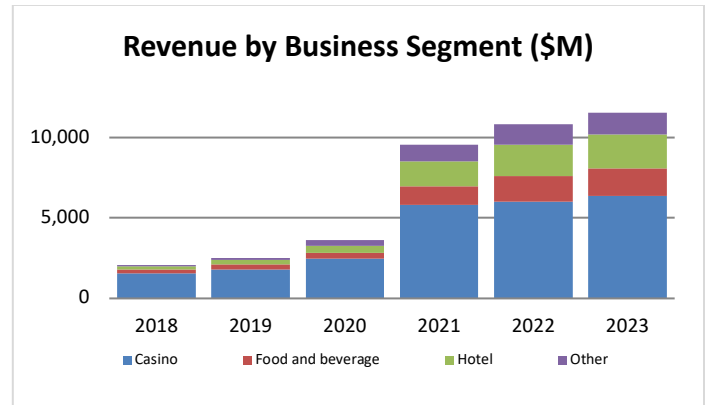
MGM Resorts International is a global entertainment company known for its diverse portfolio of destinations in the U.S. and abroad, with over 31 locations. Financially, MGM has shown resilience with a strong recovery in post-pandemic demand. Its growing revenue was supported by its investments in online gaming and sports betting. The company's market position benefits from its brand recognition, loyalty programs, and resort model. Future strategies focus on digital expansion and exploring international opportunities (particularly in Asia) to drive growth.



Source: MGM – 10k⁶

Wynn Resorts (WYNN): 3.04% YTD

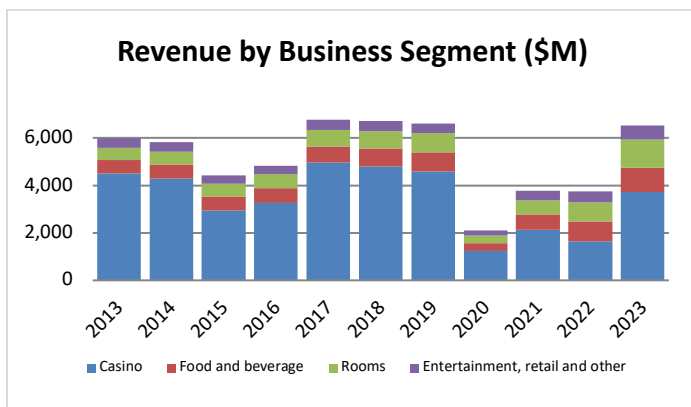
Wynn Resorts differs itself by providing more luxury-focused experiences in Las Vegas and Macau. Its financials reflect the high-end market's volatility but also its potential for high margins. Wynn's differentiation lies in its service quality, amenities, and exclusive gaming environments. The company looks to expand its online presence and leverage its brand to capture emerging tourism and gaming markets. The company's revenue segmentation shows a potential increase in non-gaming amenities, aiming to attract a broader demographic. However, Wynn's financial performance is heavily influenced by its Macau operations, where regulatory scrutiny and competition are intensifying.



Source: CZR – 10k⁸

Red Rock Resorts (RRR): 9.83% YTD

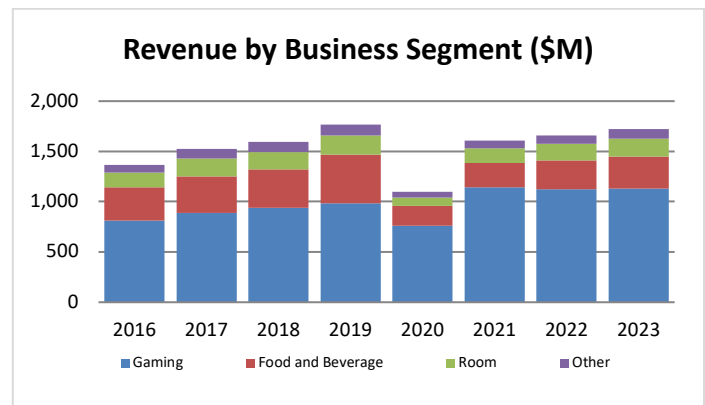
Red Rock Resorts focuses on serving the Las Vegas locals market, differentiating itself with tailored properties. The company plans to further expand in the locals market by leveraging land holdings for new developments, and explore online gaming avenues. Despite strong local patronage, RRR faces challenges in scaling its model and competing against larger national chains, especially in capturing the growing online betting market.



Source: WYNN – 10k⁷

Caesars Entertainment (CZR): -19.38% YTD

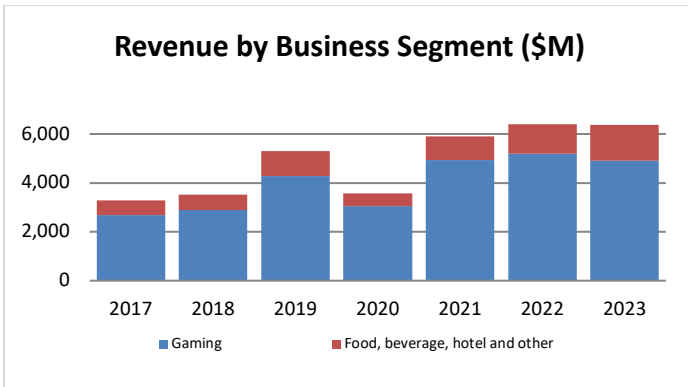
Caesars Entertainment is an American company founded and based in Nevada that operates more than 50 properties across 16 states. Caesars has grown its presence through strategic acquisitions and online sports betting. Financially, the company is navigating the issues from integrating new assets and reducing debt (stemming from the acquisitions), while investing in digital expansion. Caesars' competitive edge is its loyalty programs and brand recognition. Future growth will be driven by leveraging online gaming opportunities and expanding into new regions.



Source: RRR – 10k¹⁰

PENN Entertainment Inc (PENN): -37.51% YTD

PENN Entertainment offers entertainment, sports content, and casino gaming. PENN distinguishes itself by operating across numerous states, with a portfolio of 43 properties spread over 20 states and online operations in multiple jurisdictions. PENN is very geographically diverse with five different reportable segments, Northeast, South, West, Midwest and Interactive. Financially, the company is focused on integrating acquisitions and further expanding its online betting operations. PENN also boasts strong brand partnerships such as ESPN and Hollywood Casino.



Source: PENN – 10k ¹¹

Profitability Analysis

TTM (%)				
Company	Gross Margin	Operating Margin	Pretax Margin	Net Margin
LVS	39.1%	22.6%	17.1%	11.8%
DKNG	37.4%	-30.1%	-30.0%	-30.4%
MGM	47.9%	0.9%	7.3%	7.3%
WYNN	63.8%	11.6%	-0.3%	0.6%
CZR	53.9%	22.5%	-1.5%	6.2%
BYD	69.7%	27.9%	23.4%	18.9%
RRR	64.0%	34.9%	26.0%	12.5%
PENN	45.3%	12.3%	-0.6%	-1.7%
Industry	50.6%	23.4%	19.5%	15.1%
5 Year Avg. (%)				
Company	Gross Margin	Operating Margin	Pretax Margin	Net Margin
LVS	69.7%	-2.0%	-13.2%	-2.0%
DKNG	46.1%	-84.1%	-101.9%	-101.3%
MGM	44.4%	-3.5%	5.5%	3.2%
WYNN	59.5%	-5.7%	-20.3%	-24.4%
CZR	49.9%	15.1%	-10.7%	-11.1%
BYD	66.1%	19.8%	10.7%	8.3%
RRR	60.3%	24.0%	10.4%	8.8%
PENN	46.3%	14.8%	-0.2%	-0.1%
Industry	41.3%	-5.9%	-23.1%	-25.4%

Source: FactSet

The industry as a whole is working to reverse the 5-year trend of negative net margins caused by the pandemic shutdowns. Las Vegas Sands, despite a significant gross margin contraction over the five-year period, maintains a solid operating margin. In contrast, DraftKings shows persistent net losses, which raises some concerns over its profitability sustainability and aggressive attempts to grow. Caesars Entertainment and MGM Resorts have turned around their operating margins positively, indicating improved operational efficiency and pandemic recovery. Wynn Resorts posts a strong gross margin, though this does not fully translate to the bottom line, as high operational costs and other expenses impacting

profitability. Boyd Gaming demonstrates exceptional net margin performance, standing out for its operational efficiency. In summary, the industry shows a spectrum, from strong performers like BYD to those like DKNG and PENN, who are working towards reversing negative margins.

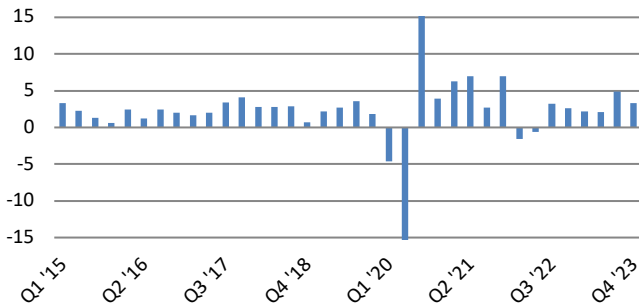
ECONOMIC OUTLOOK

As we approach the middle of 2024, the economic landscape remains complex. We believe market performance will likely continue to be driven by macroeconomic crosswinds of the Fed's battle with inflation. Reaching new all-time highs in March, the S&P 500 has finished its best first quarter since 2019 (total return of 3.2% in March). Investors' concerns about a recession have been mostly alleviated, as evidenced by the significant gains in the stock market (up by roughly 7% YTD) as strong company earnings continue to drive growth. Even though investors may be shifting their focus away from early recession fears, New York Fed's recession model still predicts a 58.3% chance of a U.S. recession sometime in the next 12 months. Nevertheless, markets and forecasters are anticipating a soft landing (where inflation slows and growth cools without sliding into recession) for the economy and Federal Funds rate cuts. If monetary policies manage to stabilize the economy without inducing a recession consumer confidence could strengthen, potentially buoying sectors like casinos and gaming. However, should the US economy fall into a recession, consumer discretionary sectors will likely experience significant strain. Additionally, the end of the pause on student loan repayments in October of '23 could further stress consumer finances.

Economic Growth Projections

The US economy stands at a crossroads, with real GDP growth expected to decelerate to a slower pace after a better-than-anticipated 2.8% in 2023. This anticipated soft landing suggests a delicate balance between growth and contraction, reflecting caution in consumer spending and a potential decrease in government fiscal contributions.

Real GDP Growth (%)

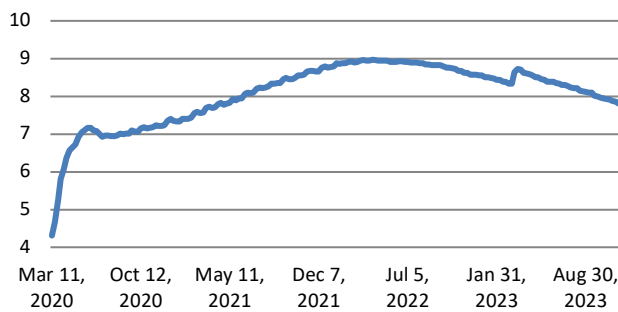


Source: FRED ¹⁴

Monetary & Fiscal Policy

The Federal Reserve's interest rate cycle is presumed to have peaked, with rates anticipated to hold at 5.25% - 5.50% until mid to late 2024. Assuming inflation continues to drop, rate normalization could occur with reductions starting in June, potentially easing the Fed Funds target range to 4.75% - 5.00% by year-end. The continued quantitative tightening at \$95 billion per month signals a significant withdrawal from the economy, shaping the fiscal landscape for the year.

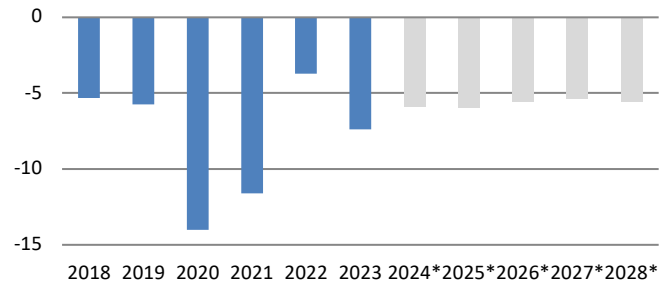
Federal Reserve's Balance Sheet (\$T)



Source: FRED ¹⁷

In 2023, the US fiscal deficit expanded to \$1.84 trillion, making up 7.4% of GDP, a sharp increase from the \$950 billion recorded in 2022 (indicating a higher outflow of government funds compared to revenue). For 2024, the deficit is projected to decrease to 5.9% of GDP, as the government is expected to tighten its fiscal spending, although this will be somewhat offset by increased interest payments on the national debt.

Fiscal Budget Balance (% of GDP)

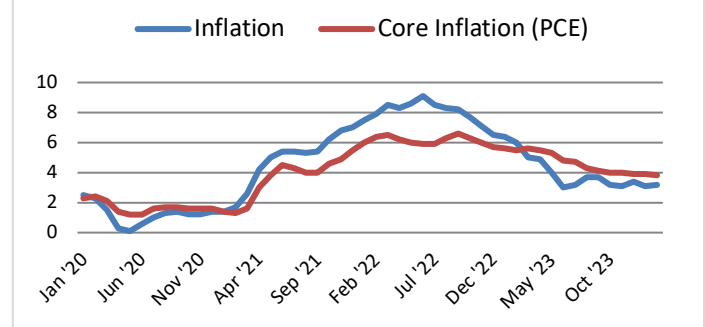


Source: Statista

Inflation Trends

With inflation having reached a peak in 2022, the subsequent cooling pattern is expected to continue into 2024. Core goods inflation has seen a significant reduction, and while core services inflation remains elevated, it is also on a downward trajectory. Inflation trends are expected to continue cooling but are likely to remain above the Federal Reserve's 2% target through 2024. Inflation's gradual cooling is expected to restore some consumer purchasing power. For Boyd, this would mean guests have more discretionary funds for entertainment, potentially translating into higher spend per visit.

Inflation Rate and Core Inflation Rate (%)



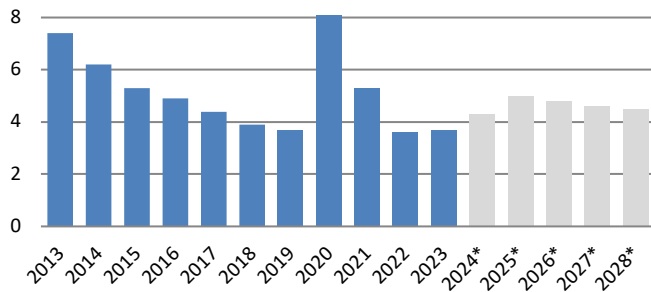
Source: Statista

Labor Markets

The labor market is showing signs of normalization as we closed out 2023, with a slight uptick in unemployment projected for 2024 (still remaining low by historical standards). The increase in labor supply due to higher immigration and labor force participation, coupled with signs of a cooling job market, points to a potential rise in unemployment rates. However, with the economy's

recovery from the pandemic, businesses may be hesitant to reduce their workforce rapidly, possibly leading to a gradual change in unemployment figures. While Boyd might benefit from an increased labor supply and potentially lower wage pressures, these advantages will be offset by potential wage suppression due to increased labor supply, which constrain growth in consumer spending.

U.S. Unemployment Rate (%)



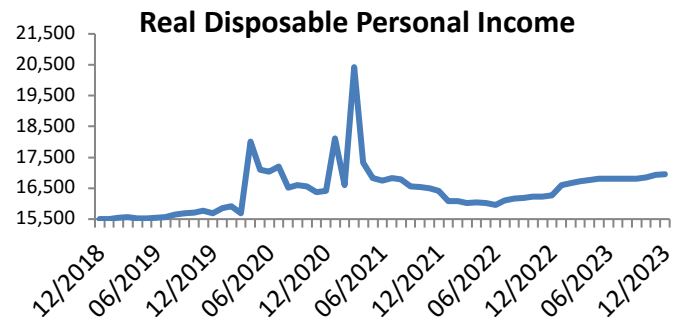
Source: Statista

Role of Consumer Spending

The casino and gaming industry's performance is closely linked to consumer spending patterns, which are influenced by a variety of economic factors. During periods of economic growth, consumers are more likely to have discretionary income available for entertainment and leisure activities. However, economic downturns or uncertainty can lead to a decrease in consumer spending on non-essential activities. Factors such as labor market conditions, taxation levels, and interest rates significantly impact consumers' willingness and ability to spend. The industry is sensitive to these macroeconomic indicators, as fluctuations in consumer confidence and spending can directly affect casino revenues.²⁰

The economic fluctuations of recent years have had a pronounced impact on consumer spending within the casino and gaming industry. The initial decline in disposable income in 2020, followed by a recovery buoyed by stimulus payments and tax breaks, created a volatile spending pattern among consumers. The Federal Reserve's interest rate hikes in 2022 further tightened consumer budgets, reducing disposable income and discretionary spending. Although 2023 saw a modest increase in disposable income, ongoing inflation and a high cost of living continue to constrain consumer spending

power. Looking ahead to 2024, expectations are cautiously optimistic, with income levels projected to rise further, albeit at a slower pace, outpacing inflation.



Source: FRED¹⁶

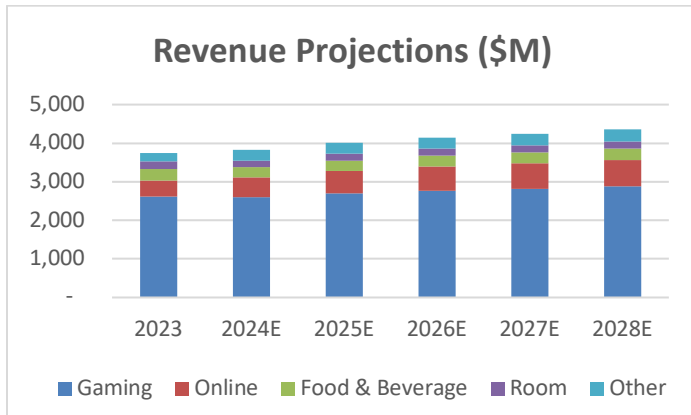
VALUATION

Revenue Decomposition

Boyd Gaming's revenue streams are categorized into three geographic segments: Las Vegas Locals, Downtown Las Vegas, and Midwest and South. Within these segments, revenues derive from gaming, online, food & beverage, room, and other. The integration of online gambling is anticipated to mitigate some of the stagnation experienced at the physical locations. As we move into 2024, we expect these segments to stabilize and begin to show recovery, influenced by the growing presence of Boyd Gaming in the online space. For 2024, we now project a softer contraction in the Las Vegas segments thanks to the bolstering effect of online gambling, which could help cushion the impact of reduced foot traffic in physical venues. The Midwest and South segment, which experienced sharper declines, is poised for a revitalized outlook due to the Treasure Chest facility's launch. This new establishment is anticipated to attract local patronage and enhance the segment's revenue.

The primary engine of growth for Boyd Gaming in the forecasted period is unequivocally its online segment, as the company embraces digital transformation within the gaming industry. The 2024 outlook projects robust expansion in this domain, driven by the company's successful ventures into online betting and gaming platforms, leading to a revenue CAGR of 3.4% over the next 5 years. These initiatives are not only capturing a new customer base but are also creating additional revenue channels that complement the traditional brick-and-mortar casino operations. With the integration of Boyd

Interactive and the partnership with FanDuel, Boyd Gaming is well-positioned to leverage the momentum of online gaming trends. Other revenues across the board are projected to maintain a growth trajectory, with a 27% increase in 2024, thanks to ongoing contributions from the management fee revenues. As we project forward, the emphasis on online gambling and the full operation of the Treasure Chest facility are expected to drive revenue growth, reaching a peak in 2026 before achieving a steady state of expansion.



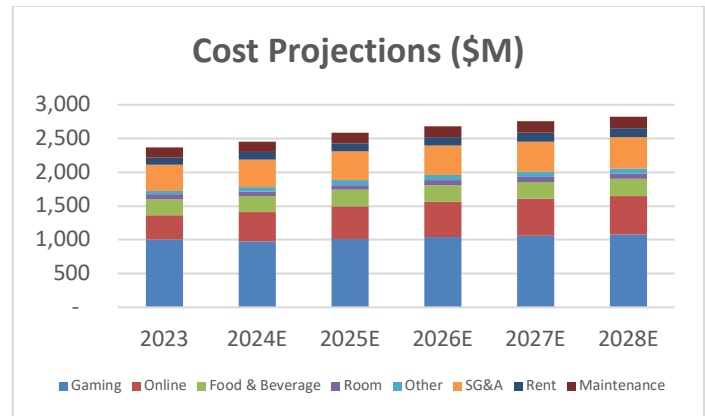
Source: Henry Fund Model

Cost Structure

Boyd Gaming's operating expenses are categorized into gaming, online, food & beverage, room, other, SG&A, master lease rent, maintenance & utilities, and corporate expenses. Projections for these expenses are based on a percentage of sales, with the exception of master lease rent, which is anticipated to increase annually by a factor of inflation ($\approx 2.5\%$). Gaming expenses, which represent the most significant cost category, are projected to persist as the highest expense for the company. The online costs and expenses category, reflecting significant growth parallel to the rapid expansion of the online revenue segment, has grown to become a notable part of the company's expenditure in 2023 and is projected to constitute a substantial portion moving forward. These costs are expected to slightly decrease from 2026 onwards, as Boyd Gaming anticipates scaling benefits and potentially higher operational efficiency in its online segment.

As of 2023, operating margins have undergone a contraction compared to the previous year, settling at 24.12%. This compression reflects the increased investment in the online gaming segment and other

operational expenses that have grown in relation to total revenues. Looking forward to 2024 and beyond, the operating margins are expected to experience marginal fluctuations but show a general trend of stabilization. Our forecast anticipates operating margins ticking upwards in 2024 and 2025 before holding around 24.5%. The stabilization in operating margins is due to the company's revenue streams yielding higher operational efficiencies and the maturing of the online segment.



Source: Henry Fund Model

Capital Expenditure Projections

Capital expenditures (CapEx) for BYD is defined by management as the expenditures required to perform on-going refurbishment and maintenance at their facilities. Projections for the model were based on the company's guidance for the near future CapEx (2024 – 2025) with later projections based on historical growth levels. In 2023, the company undertook a significant investment of \$374 million, which included an additional \$100 million allocated to the Treasure Chest project, a new physical location to replace an existing riverboat with a land-based facility. In 2024, Boyd Gaming's CapEx is projected to be \$355 million following another year of substantial investment related to the Treasure Chest development. As this project reaches completion in 2024, Boyd's CapEx is anticipated to normalize in 2025 to \$280 million. From 2026 onwards, we project a steady increase in CapEx, rising incrementally each year from \$284 in 2026 to \$350 million by 2033.

WACC

Boyd Gaming's Weighted Average Cost of Capital (WACC) has been found to be 8.97%. The equity portion of the capital structure is weighted at 63%, with the remaining

37% attributed to debt. The cost of equity, determined through the Capital Asset Pricing Model, is calculated at 11.42%, using a risk-free rate of 4.33% reflective of the current yield on a 10-year treasury bond, a beta of 1.42 (average of 1Y, 3Y, and 5Y beta measured weekly over the periods), and an equity risk premium of 5.00% based on Henry Fund estimates. The after-tax cost of debt is 4.85%, derived from the pre-tax cost of debt of 6.26% (from the yield to maturity on the company's outstanding bond due in 2031) and adjusted for a marginal tax rate of 23%.

DCF/EP Models

The Discounted Cash Flow (DCF) and Economic Profit (EP) valuation methods indicate a positive outlook for Boyd Gaming Corporation.

The DCF model centers around the projected free cash flows (NOPLAT minus change in invested capital), which are forecasted to steadily rise from 641,524 in 2024 to 917,352 in 2033 (CAGR of 3.4%). The present value of these cash flows, along with the continuing value, have been calculated and adjusted to present day to determine the value of the operating assets.

The EP valuation model is an approach that focuses on the wealth created for shareholders above and beyond the return on invested capital (ROIC). The difference between ROIC and WACC represents the additional return generated above the expected return of capital providers. Multiplying this spread by the beginning invested capital provides us with the EP for the period. After discounting the EP to present value for all forecasted periods, the sum of these present values is added to the invested capital at the fiscal year-end. This total represents the value of the operating assets of the firm.

Both of the models give the same value of the operating assets (\$11.4 billion) and upon adjusting for total debt, the present value of operating leases, other liabilities, and excess cash, the value of Boyd Gaming's equity is derived as 7.1 billion. With the total number of shares outstanding at 97,862, the intrinsic value per share is calculated to be \$76.51 indicating an upside of 20.14%.

Dividend Discount Model

The Dividend Discount Model (DDM) wasn't used for setting Boyd Gaming's price target because the company prioritizes share buybacks over dividend distributions.

Thus, valuation methods focusing on earnings or cash flow are likely more relevant for Boyd Gaming. With an implied price of \$48, the model gives an implied return of -26.2%.

Relative Valuation

The next valuation method utilized is the relative valuation approach, where Boyd Gaming was compared against a selected set of peer companies within the casino and gaming industry. The peer group shares a comparable operational framework with Boyd, offers a suite of services including gaming, accommodations, and dining, with an increasing number also venturing into the online space with sports betting and online gambling.

Boyd's P/E ratios for the years 2024 and 2025 are notably below the industry average, implying a more attractive valuation relative to its earnings potential. Despite an industry average P/E of 25.9 for 2024, Boyd stands at a P/E of 10.0. Another useful metric is the P/S ratio, which is a valuation metric that compares a company's stock price to its revenues. It's particularly useful when evaluating companies like Boyd Gaming, which operate in an industry characterized by minimal product differentiation. Boyd's P/S ratio of 1.68 being below the industry average of 1.96 suggests that investors are paying less for each unit of sales revenue compared to other companies in the industry. The next valuation metric we analyzed is the Enterprise Value to EBITDA (EV/EBITDA) ratio. This metric provides a look at a company's value, including its debt, relative to its core earnings before interest, taxes, depreciation, and amortization (EBITDA). Boyd's lower EV/EBITDA ratio of 7.08 compared to the industry average of 9.10 highlights a potential undervaluation of its operational profitability. This suggests that investors can acquire Boyd's EBITDA more cheaply than they can for other companies in the same industry.

Boyd Gaming may trade at a discount to its peers due to a variety of factors. One reason could be market perception, where investors might have concerns about the company's long-term growth potential and its ability to maintain profitability in an increasingly competitive environment. Additionally, firms like Boyd with a strong regional presence might be perceived as having limited growth opportunities compared to those that operate in prominent tourist destinations. Investors often value companies with potential for international or nationwide expansion more highly. However, we believe this view overlooks Boyd's efficient management and the growth

potential in its online revenue segment. In summary, Boyd Gaming's below-average P/E, P/S, and EV/EBITDA ratios collectively indicate a company that is undervalued relative to its earnings and operational profitability.

KEYS TO MONITOR

Catalysts for Growth

1. **Growth Indicators:** Monitor for consumer confidence rebound (Look for GDP growth surpassing the consensus forecasts) and monetary policy effectiveness leading to economic stabilization, potentially boosting discretionary spending.
2. **Increased Legalization:** Online gaming is currently permitted in a limited number of states, but as legalization expands, it is expected to generate increased revenue for both states and operators. Boyd Gaming is well-placed to capitalize on the broader adoption of online gambling.
3. **Share Buybacks:** If Boyd Gaming continues its aggressive share repurchase strategy, committing to a \$400 million buyback for the year, it could act as a catalyst for EPS and push it past analysts' expectations.

Risk to Thesis

1. **Economic Pressures:** Watch for the impact of student loan repayments and inflation rates staying above the 2% target, potentially reducing consumer spending.
2. **Labor Market Cooling:** Monitor unemployment rates exceeding 4.5% and signs of a slowing labor market as indicators of broader economic challenges.
3. **Inflation and Fiscal Policy:** Core PCE prices rising significantly above current rates or a widening fiscal deficit beyond projections would cause increased economic pressure and an unfavorable environment for the industry.

Conclusion

The company faces a cloud of uncertainty that is characteristic of the cyclical nature of the casino and gaming industry, as the federal government attempts to avoid the long-predicted recession. Nevertheless, Boyd is navigating a period of transition with promising growth avenues ahead. The ongoing legalization of sports betting and online casinos presents an opportunity for Boyd Gaming to leverage its established infrastructure and capture additional market share. Compared to its peers,

Boyd's geographical diversification serves as a hedge against economic and tourism-related downturns. Their growth into the online space, coupled with the company's stable and profitable physical operations, positions Boyd Gaming to be a great investment in the gaming industry. We recommend a **BUY** rating for Boyd Gaming Corporation with a target price of \$77 (an upside of 20.9%).

REFERENCES

1. [FactSet](#)
2. [Statista](#)
3. [IBISWorld – Casino Hotels](#)
4. [LVS – 10k](#)
5. [DKNG - 10k](#)
6. [MGM – 10k](#)
7. [WYNN – 10k](#)
8. [CZR – 10k](#)
9. [BYD – 10k](#)
10. [RRR – 10k](#)
11. [PENN – 10k](#)
12. [Shifting Age Demographics – Forbes](#)
13. [Acceptance of Gambling - Gallup](#)
14. [US Real GDP Growth – FRED](#)
15. [States and Legalizing Online Gaming – AP News](#)
16. [US Real Disposable Personal Income - FRED](#)
17. [US Federal Reserve Total Assets - FRED](#)
18. [ESG Scores - Sustainalytics](#)
19. [US Gambling Map - AGA](#)
20. [Consumer Spending/Confidence - Reuters](#)
21. [Gambling Revenues - WSJ](#)
22. [America Trends in Gambling - AGA](#)

DISCLAIMER

Henry Fund reports are created by graduate students in the Applied Securities Management program at the University of Iowa's Tippie College of Business. These reports provide potential employers and other interested parties an example of the analytical skills, investment knowledge, and communication abilities of our students. Henry Fund analysts are not registered investment advisors, brokers or licensed financial professionals. The investment opinion contained in this report does not represent an offer or solicitation to buy or sell any of the aforementioned securities. Unless otherwise noted, facts and figures included in this report are from publicly available sources. This report is not a complete compilation of data, and its accuracy is not guaranteed. From time to time, the University of Iowa, its faculty, staff,

students, or the Henry Fund may hold an investment position in the companies mentioned in this report.

Boyd Gaming Corporation
Sensitivity Tables

		Beta						
		1.1	1.2	1.3	1.4	1.5	1.6	1.7
Equity Risk Premium	76.51							
	4.50%	104.10	97.25	91.02	84.41	80.13	75.34	70.92
	4.60%	102.37	95.53	89.33	82.74	78.49	73.73	69.34
	4.85%	98.20	91.42	85.28	78.77	74.58	69.89	65.58
	5.00%	95.81	89.07	82.97	76.51	72.36	67.71	63.44
	5.15%	93.51	86.80	80.74	74.34	70.22	65.62	61.39
	5.30%	91.29	84.62	78.60	72.24	68.16	63.60	59.41
	5.50%	88.43	81.82	75.86	69.57	65.53	61.03	56.90

		Normal Cash						
		6.75%	7.00%	7.25%	7.52%	7.75%	8.00%	8.25%
Effective Tax Rate	76.51							
	21.75%	77.88	77.75	77.61	77.47	77.34	77.21	77.08
	22.00%	77.56	77.43	77.29	77.15	77.03	76.89	76.76
	22.25%	77.24	77.11	76.98	76.83	76.71	76.57	76.44
	22.50%	76.93	76.79	76.66	76.51	76.39	76.25	76.12
	22.75%	76.61	76.47	76.34	76.19	76.07	75.93	75.80
	23.00%	76.29	76.15	76.02	75.87	75.75	75.61	75.48
	23.25%	75.96	75.83	75.70	75.55	75.43	75.29	75.16

		CV NOPLAT Growth						
		1.75%	2.00%	2.10%	2.25%	2.50%	2.75%	3.00%
Risk Free Rate	76.51							
	3.25%	86.46	88.23	88.98	90.15	92.23	94.51	97.00
	3.50%	83.52	85.17	85.86	86.94	88.87	90.96	93.25
	3.75%	80.72	82.25	82.89	83.89	85.67	87.60	89.71
	4.00%	78.05	79.46	80.06	80.99	82.63	84.42	86.35
	4.25%	75.48	76.80	77.35	78.21	79.74	81.39	83.17
	4.33%	74.69	75.97	76.51	77.35	78.84	80.45	82.19
	4.50%	73.03	74.26	74.77	75.57	76.98	78.51	80.16

		CV Growth Online Revenue						
		2.00%	2.50%	3.00%	3.50%	4.00%	4.50%	5.00%
CV Online Expenses	76.51							
	72.50%	76.44	76.46	76.49	76.51	76.54	76.56	76.59
	75.00%	76.44	76.46	76.49	76.51	76.54	76.56	76.59
	77.50%	76.44	76.46	76.49	76.51	76.54	76.56	76.59
	80.00%	76.44	76.46	76.49	76.51	76.54	76.56	76.59
	82.50%	76.44	76.46	76.49	76.51	76.54	76.56	76.59
	85.00%	76.44	76.46	76.49	76.51	76.54	76.56	76.59
	87.50%	76.44	76.46	76.49	76.51	76.54	76.56	76.59

		CV NOPLAT Growth						
		1.50%	1.75%	2.10%	2.25%	2.50%	2.75%	3.00%
WACC	76.51							
	7.50%	101.90	104.34	108.14	109.92	113.12	116.67	120.61
	7.75%	96.12	98.27	101.59	103.15	105.94	109.01	112.40
	8.50%	81.25	82.74	85.02	86.08	87.96	90.00	92.23
	8.97%	73.49	74.69	76.51	77.35	78.84	80.45	82.19
	9.00%	72.99	74.17	75.97	76.80	78.26	79.85	81.56
	9.25%	69.26	70.32	71.92	72.65	73.95	75.35	76.86
	9.50%	65.77	66.71	68.14	68.79	69.95	71.18	72.51

		WACC						
		7.50%	7.75%	8.50%	8.97%	9.00%	9.25%	9.50%
CV ROIC	76.51							
	17.00%	107.03	100.56	84.16	75.74	75.21	71.20	67.45
	17.50%	107.40	100.90	84.45	76.00	75.46	71.44	67.68
	18.00%	107.75	101.23	84.72	76.24	75.70	71.66	67.90
	18.60%	108.14	101.60	85.02	76.52	75.97	71.92	68.14
	19.00%	108.39	101.83	85.22	76.69	76.14	72.08	68.29
	19.50%	108.68	102.11	85.45	76.89	76.35	72.28	68.48
	20.00%	108.96	102.37	85.67	77.09	76.54	72.46	68.65

Boyd Gaming Corporation
Revenue Decomposition

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Gaming revenues	2,705,523	2,674,730	2,613,288	2,676,177	2,744,605	2,816,684	2,876,927	2,933,618	2,989,176	3,045,805	3,103,526	3,162,361	3,222,330
% growth	52.39%	-1.14%	-2.30%	2.41%	2.56%	2.63%	2.14%	1.97%	1.89%	1.89%	1.90%	1.90%	1.90%
Food & beverage revenues	230,045	275,979	288,417	295,024	302,303	310,004	316,630	322,962	329,059	335,270	341,600	348,050	354,622
% growth	28.60%	19.97%	4.51%	2.29%	2.47%	2.55%	2.14%	2.00%	1.89%	1.89%	1.89%	1.89%	1.89%
Room revenues	154,180	189,071	199,117	203,110	207,732	212,714	217,181	221,525	225,623	229,798	234,051	238,383	242,795
% growth	46.88%	22.63%	5.31%	2.01%	2.28%	2.40%	2.10%	2.00%	1.85%	1.85%	1.85%	1.85%	1.85%
Online revenues	172,518	253,898	422,211	512,986	580,854	627,729	658,488	689,240	720,255	750,866	780,901	812,137	840,562
% growth	0.00%	47.17%	66.29%	21.50%	13.23%	8.07%	4.90%	4.67%	4.50%	4.25%	4.00%	4.00%	3.50%
Other revenues	107,544	161,699	212,459	217,840	223,935	230,360	236,429	242,482	248,515	254,713	261,082	267,625	274,350
% growth	-9.84%	50.36%	31.39%	2.53%	2.80%	2.87%	2.63%	2.56%	2.49%	2.49%	2.50%	2.51%	2.51%
Total revenues	3,369,810	3,555,377	3,735,492	3,905,137	4,059,429	4,197,491	4,305,655	4,409,827	4,512,628	4,616,453	4,721,160	4,828,555	4,934,658
% growth	54.69%	5.51%	5.07%	4.54%	3.95%	3.40%	2.58%	2.42%	2.33%	2.30%	2.27%	2.27%	2.20%
By Geographical Segment													
Las Vegas Locals													
Gaming revenue	695,635	700,230	684,661	692,877	705,002	719,102	733,484	748,154	761,247	774,569	788,124	801,916	815,949
Food & beverage revenue	74,771	88,219	90,182	91,264	92,861	94,719	96,613	98,545	100,270	102,024	103,810	105,627	107,475
Room revenue	71,586	87,726	96,157	97,311	99,014	100,994	103,014	105,074	106,913	108,784	110,688	112,625	114,596
Other revenue	44,062	54,555	57,118	57,803	58,815	59,991	61,191	62,415	63,507	64,619	65,749	66,900	68,071
Total revenue	886,054	930,730	928,118	939,255	955,692	974,806	994,302	1,014,188	1,031,937	1,049,996	1,068,371	1,087,067	1,106,091
% growth	57.66%	5.04%	-0.28%	1.20%	1.75%	2.00%	2.00%	2.00%	1.75%	1.75%	1.75%	1.75%	1.75%
Downtown Las Vegas													
Gaming revenue	105,539	139,115	143,899	146,777	149,713	152,707	155,761	158,876	161,656	164,485	167,364	170,293	173,273
Food & beverage revenue	28,149	41,578	42,252	43,097	43,959	44,838	45,735	46,650	47,466	48,297	49,142	50,002	50,877
Room revenue	15,042	24,950	24,986	25,486	25,995	26,515	27,046	27,587	28,069	28,561	29,060	29,569	30,086
Other revenue	7,076	9,689	11,270	11,495	11,725	11,960	12,199	12,443	12,661	12,882	13,108	13,337	13,571
Total revenue	155,806	215,332	222,407	226,855	231,392	236,020	240,740	245,555	249,853	254,225	258,674	263,201	267,807
% growth	64.87%	38.21%	3.29%	2.00%	2.00%	2.00%	2.00%	2.00%	1.75%	1.75%	1.75%	1.75%	1.75%
Midwest and South													
Gaming revenue	1,855,279	1,788,494	1,741,068	1,793,300	1,847,099	1,902,512	1,945,319	1,984,225	2,023,909	2,064,388	2,105,675	2,147,789	2,190,745
Food & beverage revenue	127,125	146,182	155,983	160,662	165,482	170,447	174,282	177,768	181,323	184,949	188,648	192,421	196,270
Room revenue	67,552	76,395	77,974	80,313	82,723	85,204	87,121	88,864	90,641	92,454	94,303	96,189	98,113
Other revenue	55,821	64,995	66,920	68,928	70,995	73,125	74,771	76,266	77,791	79,347	80,934	82,553	84,204
Total revenue	2,105,777	2,076,066	2,041,945	2,103,203	2,166,299	2,231,288	2,281,492	2,327,122	2,373,665	2,421,138	2,469,561	2,518,952	2,569,331
% growth	38.36%	-1.41%	-1.64%	3.00%	3.00%	3.00%	2.25%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Online													
Total revenue	172,518	253,898	422,211	512,986	580,854	627,729	658,488	689,240	720,255	750,866	780,901	812,137	840,562
% growth	0.00%	47.17%	66.29%	21.50%	13.23%	8.07%	4.90%	4.67%	4.50%	4.25%	4.00%	4.00%	3.50%
Other													
Gaming revenue	49,070	46,891	43,660	43,223	42,791	42,363	42,363	42,363	42,363	42,363	42,363	42,363	42,363
Management fee revenue	-	26,905	76,921	79,613	82,400	85,284	88,269	91,358	94,556	97,865	101,290	104,835	108,505
Other revenue	585	5,555	230	-	-	-	-	-	-	-	-	-	-
Total revenue	49,655	79,351	120,811	122,837	125,191	127,647	130,632	133,721	136,919	140,228	143,654	147,199	150,868
% growth	0.00%	59.80%	52.25%	1.68%	1.92%	1.96%	2.34%	2.36%	2.39%	2.42%	2.44%	2.47%	2.49%

Boyd Gaming Corporation
Income Statement

Scale: Thousands

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E
Gaming revenues	2,705,523	2,674,730	2,613,288	2,676,177	2,744,605	2,816,684	2,876,927	2,933,618	2,989,176
Food & beverage revenues	230,045	275,979	288,417	295,024	302,303	310,004	316,630	322,962	329,059
Room revenues	154,180	189,071	199,117	203,110	207,732	212,714	217,181	221,525	225,623
Online revenues	-	253,898	422,211	512,986	580,854	627,729	658,488	689,240	720,255
Other revenues	280,062	161,699	215,459	217,840	223,935	230,360	236,429	242,482	248,515
Total revenues	3,369,810	3,555,377	3,738,492	3,905,137	4,059,429	4,197,491	4,305,655	4,409,827	4,512,628
Gaming costs & expenses	999,528	1,005,830	1,000,240	1,024,311	1,050,502	1,078,090	1,101,148	1,122,847	1,144,112
Food & beverage costs & expenses	192,334	231,447	240,879	246,825	252,915	259,358	264,902	270,200	275,300
Room costs & expenses	57,627	68,383	73,490	74,780	76,482	78,316	79,960	81,560	83,069
Online costs & expenses	-	213,918	358,988	436,427	491,262	527,768	550,336	572,591	594,756
Other costs & expenses	182,991	45,626	46,323	54,151	55,666	57,263	58,772	60,277	61,776
Selling, general & administrative expenses	366,156	373,964	389,891	414,116	430,477	445,118	456,588	467,635	478,536
Master lease rent expense	104,702	106,616	108,398	111,108	113,886	116,733	119,651	122,642	125,708
Maintenance & utilities expenses	126,115	143,527	151,014	153,847	159,926	165,365	169,626	173,730	177,780
Depreciation & amortization expenses	267,787	258,179	256,780	247,085	261,946	267,102	272,675	278,652	285,023
Corporate expense	117,675	117,007	115,963	128,673	133,757	138,306	141,870	145,302	148,689
Project development, preopening & writedowns	31,815	(18,936)	(8,935)	2,246	2,334	2,414	2,476	2,536	2,595
Impairment of assets	8,200	40,775	107,837	-	-	-	-	-	-
Other operating items, net	14,776	(12,183)	(4,207)	7,413	7,706	7,968	8,173	8,371	8,566
Total operating costs & expenses	2,469,706	2,574,153	2,836,661	2,900,981	3,036,858	3,143,800	3,226,177	3,306,342	3,385,911
Operating income (loss)	900,104	981,224	901,831	1,004,156	1,022,572	1,053,691	1,079,478	1,103,485	1,126,717
Interest income	1,819	21,530	23,886	13,333	26,114	40,148	61,757	86,618	112,799
Interest expense, net of amounts capitalized	199,442	151,249	171,247	175,958	188,984	191,354	193,890	196,559	199,406
Gain (loss) on early extinguishments & modifications of debt	95,155	19,815	-	-	-	-	-	-	-
Other income (expense), net	(3,387)	(2,884)	(1,563)	(1,062)	(644)	(414)	(258)	(163)	(103)
Total other income (expense), net	(296,165)	(152,418)	(148,924)	(163,687)	(163,514)	(151,619)	(132,391)	(110,105)	(86,710)
Income (loss) before income taxes	603,939	828,806	752,907	840,469	859,058	902,073	947,087	993,380	1,040,007
Income tax provision (benefit)	140,093	189,429	132,884	189,106	193,288	202,966	213,094	223,511	234,002
Net income (loss)	463,846	639,377	620,023	651,363	665,770	699,106	733,992	769,870	806,006
Weighted average shares outstanding - basic	113,866	108,885	101,325	96,714	91,479	88,398	86,849	85,738	84,731
Year end shares outstanding	111,303	102,816	99,834	93,593	89,364	87,432	86,266	85,210	84,253

Boyd Gaming Corporation
Balance Sheet

Scale: Thousands

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E
Cash & cash equivalents	344,557	283,472	304,271	599,279	923,232	1,422,111	1,996,077	2,600,533	3,236,042
Restricted cash	12,571	11,593	3,659	3,817	3,983	4,155	4,335	4,523	4,719
Accounts receivable, net	89,483	109,053	137,892	115,836	120,412	124,508	127,716	130,806	133,855
Inventories	20,090	22,173	20,692	29,392	30,554	31,593	32,407	33,191	33,965
Prepaid expenses & other current assets	41,102	49,379	59,293	57,378	59,645	61,674	63,263	64,793	66,304
Income taxes receivable	-	2,558	3,508	837	856	899	944	990	1,036
Total current assets	507,803	478,228	529,315	806,540	1,138,682	1,644,938	2,224,742	2,834,835	3,475,920
Property & equipment, net	2,394,184	2,394,236	2,542,512	2,695,427	2,748,481	2,805,829	2,867,338	2,932,895	3,002,407
Operating lease right-of-use assets	884,241	830,345	793,335	841,049	857,603	875,497	894,690	915,145	936,835
Other assets, net	98,234	147,439	67,779	115,528	120,092	124,177	127,376	130,458	133,499
Intangible assets, net	1,368,420	1,427,135	1,392,844	1,377,198	1,361,552	1,345,946	1,330,340	1,314,734	1,299,128
Goodwill, net	971,287	1,033,744	947,341	947,341	947,341	947,341	947,341	947,341	947,341
Total assets	6,224,169	6,311,127	6,273,126	6,783,082	7,173,751	7,743,729	8,391,827	9,075,408	9,795,130
Accounts payable	102,031	129,946	124,668	135,362	140,711	145,496	149,245	152,856	156,420
Current maturities of long-term debt	41,673	44,275	44,275	44,399	44,000	44,000	2,011,800	128,571	128,571
Accrued liabilities	412,945	411,913	427,379	465,490	483,882	500,339	513,232	525,649	537,903
Total current liabilities	557,042	586,134	596,322	645,251	668,592	689,835	2,674,277	807,077	822,894
Other long-term debt	1,496	674	-	-	-	-	-	-	-
Total long term debt	3,031,594	3,049,409	2,915,498	3,128,405	3,162,156	3,198,126	3,235,629	3,275,659	3,318,263
Less: current maturities	41,673	44,275	44,275	44,399	44,000	44,000	2,011,800	128,571	128,571
Long-term debt, net of current maturities & debt issuance costs	2,989,921	3,005,134	2,871,223	3,084,006	3,118,156	3,154,126	1,223,829	3,147,088	3,189,691
Operating lease liabilities, net of current portion	815,974	758,440	711,387	766,964	782,061	798,379	815,880	834,534	854,313
Deferred income taxes	264,912	318,609	288,826	297,290	309,036	319,546	327,781	335,711	343,537
Other long-term tax liabilities	-	-	-	-	-	-	-	-	-
Other liabilities	57,574	52,185	61,266	56,125	60,687	64,183	69,282	75,081	81,197
Total long-term liabilities	4,128,381	4,134,368	3,932,702	4,204,385	4,269,940	4,336,233	2,436,772	4,392,414	4,468,738
Total liabilities	4,685,423	4,720,502	4,529,024	4,849,636	4,938,533	5,026,068	5,111,050	5,199,490	5,291,632
Common stock & additional paid-in capital	828,838	306,180	968	1,621	2,235	2,235	2,235	2,235	2,235
Retained earnings (accumulated deficit)	710,088	1,285,827	1,744,232	1,932,922	2,234,082	2,716,524	3,279,640	3,874,781	4,502,361
Accumulated other comprehensive income (loss)	(180)	(1,382)	(1,098)	(1,098)	(1,098)	(1,098)	(1,098)	(1,098)	(1,098)
Total Boyd Gaming Corporation stockholders' equity	1,538,746	1,590,625	1,744,102	1,933,445	2,235,218	2,717,660	3,280,777	3,875,918	4,503,498

2030E	2031E	2032E	2033E
3,904,294	4,606,474	5,344,182	6,117,951
4,923	5,136	5,359	5,591
136,935	140,041	143,226	146,374
34,746	35,534	36,342	37,141
67,829	69,368	70,946	72,505
1,084	1,134	1,185	1,239
4,149,812	4,857,687	5,601,240	6,380,799
3,075,799	3,153,015	3,234,010	3,318,757
959,736	983,829	1,009,102	1,035,545
136,571	139,668	142,846	145,985
1,283,522	1,267,916	1,252,310	1,236,704
947,341	947,341	947,341	947,341
10,552,780	11,349,456	12,186,849	13,065,130
160,018	163,648	167,371	171,048
128,571	128,571	128,571	128,571
550,279	562,760	575,561	588,208
838,868	854,979	871,503	887,828
-	-	-	-
3,363,489	3,411,295	3,461,726	3,514,599
128,571	128,571	128,571	128,571
3,234,918	3,282,724	3,333,155	3,386,028
875,197	897,168	920,214	944,328
351,441	359,412	367,588	375,665
-	-	-	-
87,636	94,414	101,542	109,034
4,549,192	4,633,718	4,722,499	4,815,056
5,388,060	5,488,697	5,594,002	5,702,884
2,235	2,235	2,235	2,235
5,163,584	5,859,623	6,591,710	7,361,109
(1,098)	(1,098)	(1,098)	(1,098)
5,164,720	5,860,759	6,592,847	7,362,246

Boyd Gaming Corporation
Historical Cash Flow Statement

Scale: Thousands

Fiscal Years Ending Dec. 31	2016	2017	2018	2019	2020	2021	2022	2023
Net income (loss)	418,003	189,193	115,048	157,636	(134,700)	463,846	639,377	620,023
Loss (income) on discontinued operations, net of tax	(212,530)	(21,392)	(347)	-	-	-	-	-
Depreciation & amortization	196,226	217,522	229,979	276,569	281,031	267,787	258,179	256,780
Amortization of debt financing costs & discounts on debt	14,870	9,845	9,158	9,227	12,095	11,172	8,551	7,761
Non-cash operating lease expense	-	-	-	31,524	55,578	45,599	65,204	78,811
Non-cash expected credit loss (income) on note receivable	-	-	-	-	-	-	(35,100)	(34,371)
Share-based compensation expense	15,518	17,413	25,379	25,202	9,202	37,773	34,066	32,379
Deferred income taxes	(199,051)	5,095	34,470	41,433	(31,643)	133,860	51,030	(29,842)
Non-cash impairment of assets	38,302	-	993	-	174,700	8,200	40,775	107,837
Loss (gain) on sale of assets	(6,288)	(1,027)	-	-	(13,888)	-	(13,407)	-
Loss (gain) on early extinguishments & modifications of debt	42,364	1,582	61	34,949	1,791	95,155	19,815	-
Other operating activities	1,625	(2,033)	887	2,645	4,183	10,356	9,517	1,665
Restricted cash	2,542	(7,687)	-	-	-	-	-	-
Accounts receivable, net	45	(9,937)	(772)	(315)	1,339	(36,027)	(16,761)	(28,810)
Inventories	884	565	1,699	(2,032)	(515)	2,526	(2,083)	1,481
Prepaid expenses & other current assets	1,691	4,957	4,224	(1,423)	5,892	(2,088)	(8,476)	(10,369)
Income taxes payable (receivable), net	-	-	(140)	(296)	5,592	401	(2,951)	(950)
Income taxes receivable	(1,064)	1,089	-	-	-	-	-	-
Other long-term tax assets, net	-	(5,183)	(292)	5,475	-	-	-	-
Other assets, net	(626)	2,318	(4,094)	(4,508)	(3,110)	(5,727)	(7,857)	1,307
Accounts payable & accrued liabilities	(11,824)	13,521	18,494	(1,052)	(29,639)	14,819	891	(10,345)
Operating lease liabilities	-	-	-	(31,524)	(55,578)	(45,599)	(65,204)	(78,811)
Other long-term tax liabilities	222	140	189	204	(3,840)	-	-	-
Other liabilities	1,972	(1,117)	(409)	5,278	10,542	8,358	545	(30)
Net cash flows from operating activities	302,881	414,864	434,527	548,992	289,032	1,010,411	976,111	914,516
Capital expenditures	(160,358)	(190,464)	(161,544)	(207,637)	(175,030)	(199,452)	(269,155)	(373,950)
Cash paid for acquisitions, net of cash received	(592,703)	(1,153)	(934,073)	(5,535)	(11,201)	-	(167,862)	-
Payments received on note received	-	-	-	-	-	-	-	113,555
Insurance proceeds received from hurricane losses	-	-	-	-	-	63,200	586	-
Proceeds received from disposition of assets	-	-	-	-	15,050	-	21,953	-
Advances pursuant to development agreement	-	(35,108)	-	-	-	-	-	-
Other investing activities	14,207	706	(39,710)	(18,259)	-	6,672	(7,834)	(3,935)
Net cash flows from investing activities	(738,854)	(226,019)	(1,135,327)	(231,431)	(171,181)	(129,580)	(422,312)	(264,330)
Borrowings under credit facilities	2,039,175	958,000	1,114,600	1,666,329	965,100	-	2,122,100	1,505,800
Payments under credit facilities	(1,466,362)	(1,119,485)	(964,322)	(2,132,024)	(1,374,548)	(28,288)	(1,802,197)	(1,647,300)
Borrowings under Peninsula bank credit facility	237,000	-	-	-	-	-	-	-
Payments under Peninsula bank credit facility	(899,750)	-	-	-	-	-	-	-
Proceeds from issuance of senior notes	750,000	-	700,000	1,000,000	600,000	900,000	-	-
Retirements of senior notes	(700,000)	-	-	(750,000)	-	(1,750,000)	(300,000)	-
Premium & consent fees	(15,750)	-	-	(25,785)	-	(77,736)	(12,939)	-
Debt financing costs	(42,220)	(3,430)	(14,215)	(15,500)	(17,390)	(14,457)	(16,682)	-
Share-based compensation activities	(1,295)	(7,711)	(5,344)	(5,776)	(5,360)	(5,704)	(15,082)	(19,312)
Shares repurchased & retired	-	(31,927)	(59,570)	(28,045)	(11,121)	(80,782)	(541,642)	(412,655)
Dividends paid	-	(11,286)	(24,730)	(28,949)	(7,808)	-	(48,162)	(63,609)
Other financing activities	(45)	503	(178)	(565)	(2,173)	(1,735)	(1,248)	(172)
Net cash flows from financing activities	(99,247)	(215,336)	746,241	(320,315)	146,700	(1,058,702)	(615,852)	(637,248)
Effect of foreign currency exchange rates on cash, cash equivalents & restricted cash	-	-	-	-	-	-	(10)	(73)
Cash flows from operating activities - discontinued operations	(27,796)	(514)	-	-	-	-	-	-
Cash flows from investing activities - discontinued operations	598,057	36,247	482	-	-	-	-	-
Net cash provided by discontinued operations	570,261	35,733	482	-	-	-	-	-
Change in cash, cash equivalents & restricted cash	35,041	9,242	45,923	(2,754)	264,551	(177,871)	(62,063)	12,865
Cash, cash equivalents & restricted cash, beginning of year	158,821	193,862	227,279	273,202	270,448	534,999	357,128	295,065
Cash, cash equivalents & restricted cash, end of year	193,862	203,104	273,202	270,448	534,999	357,128	295,065	307,930

Boyd Gaming Corporation
Forecasted Cash Flow Statement

Fiscal Years Ending Dec. 31	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Net income	651,363	665,770	699,106	733,992	769,870	806,006	843,371	882,038	922,069	963,503
Restricted Cash	(158)	(165)	(172)	(180)	(188)	(196)	(204)	(213)	(222)	(232)
Depreciation & amortization	247,085	261,946	267,102	272,675	278,652	285,023	291,779	298,911	306,415	314,286
Accounts receivable, net	22,056	(4,577)	(4,095)	(3,208)	(3,090)	(3,049)	(3,080)	(3,106)	(3,186)	(3,147)
Inventories	(8,700)	(1,161)	(1,039)	(814)	(784)	(774)	(781)	(788)	(808)	(799)
Prepaid expenses & other current assets	1,915	(2,267)	(2,029)	(1,589)	(1,531)	(1,510)	(1,525)	(1,538)	(1,578)	(1,559)
Accounts payable	10,694	5,348	4,786	3,749	3,611	3,563	3,599	3,629	3,723	3,678
Accrued liabilities	38,111	18,392	16,457	12,893	12,417	12,254	12,376	12,481	12,802	12,647
Deferred income taxes	8,464	11,746	10,510	8,234	7,930	7,826	7,904	7,971	8,176	8,077
Income taxes receivable	2,671	(19)	(43)	(45)	(46)	(46)	(48)	(50)	(51)	(53)
Net cash flows from operating activities	973,502	955,012	990,582	1,025,707	1,066,842	1,109,096	1,153,390	1,199,335	1,247,338	1,296,402
Capital Expenditure	(400,000)	(315,000)	(324,450)	(334,184)	(344,209)	(354,535)	(365,171)	(376,126)	(387,410)	(399,033)
Intangible assets	15,646	15,646	15,606	15,606	15,606	15,606	15,606	15,606	15,606	15,606
Operating leases right-of-use assets	(47,714)	(16,554)	(17,894)	(19,192)	(20,456)	(21,690)	(22,901)	(24,093)	(25,273)	(26,443)
Other assets, net	(47,749)	(4,565)	(4,084)	(3,200)	(3,082)	(3,041)	(3,072)	(3,098)	(3,177)	(3,139)
Net cash flows from investing activities	(479,816)	(320,473)	(330,823)	(340,970)	(352,140)	(363,660)	(375,537)	(387,711)	(400,254)	(413,009)
Cash from ESOP	652.96	613.79	-	-	-	-	-	-	-	-
Stock repurchases	(400,000)	(300,000)	(150,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Dividends	(62,673)	(64,611)	(66,664)	(70,875)	(74,729)	(78,426)	(82,149)	(85,999)	(89,981)	(94,104)
Current maturities, net of long-term debt	124	(399)	-	1,967,800	(1,883,229)	-	-	-	-	-
Other liabilities	(5,141)	4,563	3,495	5,100	5,798	6,116	6,439	6,779	7,128	7,492
Long-term debt, net of current maturities	212,783	34,151	35,969	(1,930,297)	1,923,259	42,603	45,227	47,806	50,431	52,873
Operating leases liabilities, net of current	55,577	15,096	16,318	17,502	18,654	19,779	20,883	21,971	23,047	24,114
Net cash flows from financing activities	(198,677)	(310,586)	(160,881)	(110,771)	(110,247)	(109,927)	(109,600)	(109,443)	(109,376)	(109,624)
Cash & cash equivalents (change)	295,008	323,953	498,878	573,967	604,455	635,509	668,252	702,180	737,708	773,769
Cash & cash equivalents (start of year)	304,271	599,279	923,232	1,422,111	1,996,077	2,600,533	3,236,042	3,904,294	4,606,474	5,344,182
Cash & cash equivalents (end of year)	599,279	923,232	1,422,111	1,996,077	2,600,533	3,236,042	3,904,294	4,606,474	5,344,182	6,117,951

Boyd Gaming Corporation
Common Size Income Statement

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Gaming revenues	80.29%	75.23%	69.90%	68.53%	67.61%	67.10%	66.82%	66.52%	66.24%	65.98%	65.74%	65.49%	65.30%
Food & beverage revenues	6.83%	7.76%	7.71%	7.55%	7.45%	7.39%	7.35%	7.32%	7.29%	7.26%	7.24%	7.21%	7.19%
Room revenues	4.58%	5.32%	5.33%	5.20%	5.12%	5.07%	5.04%	5.02%	5.00%	4.98%	4.96%	4.94%	4.92%
Online revenues	0.00%	7.14%	11.29%	13.14%	14.31%	14.95%	15.29%	15.63%	15.96%	16.27%	16.54%	16.82%	17.03%
Other revenues	8.31%	4.55%	5.76%	5.58%	5.52%	5.49%	5.49%	5.50%	5.51%	5.52%	5.53%	5.54%	5.56%
Total revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Gaming costs & expenses	36.94%	37.60%	38.28%	38.28%	38.28%	38.28%	38.28%	38.28%	38.28%	38.28%	38.28%	38.28%	38.28%
Food & beverage costs & expenses	83.61%	83.86%	83.52%	83.66%	83.66%	83.66%	83.66%	83.66%	83.66%	83.66%	83.66%	83.66%	83.66%
Room costs & expenses	37.38%	36.17%	36.91%	36.82%	36.82%	36.82%	36.82%	36.82%	36.82%	36.82%	36.82%	36.82%	36.82%
Online cost & expenses	0.00%	84.25%	85.03%	85.08%	84.58%	84.08%	83.58%	83.08%	82.58%	82.08%	81.58%	81.08%	80.58%
Other costs & expenses	65.34%	28.22%	21.50%	24.86%	24.86%	24.86%	24.86%	24.86%	24.86%	24.86%	24.86%	24.86%	24.86%
Selling, general & administrative expenses	10.87%	10.52%	10.43%	10.60%	10.60%	10.60%	10.60%	10.60%	10.60%	10.60%	10.60%	10.60%	10.60%
Master lease rent expense	3.11%	3.00%	2.90%	2.85%	2.81%	2.78%	2.78%	2.78%	2.79%	2.79%	2.80%	2.80%	2.81%
Maintenance & utilities expenses	3.74%	4.04%	4.04%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%
Depreciation & amortization expenses	7.95%	7.26%	6.87%	6.33%	6.45%	6.36%	6.33%	6.32%	6.32%	6.32%	6.33%	6.35%	6.37%
Corporate expense	3.49%	3.29%	3.10%	3.29%	3.29%	3.29%	3.29%	3.29%	3.29%	3.29%	3.29%	3.29%	3.29%
Project development, preopening & writedowns	0.94%	-0.53%	-0.24%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%
Impairment of assets	0.24%	1.15%	2.88%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating items, net	0.44%	-0.34%	-0.11%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%
Total operating costs & expenses	73.29%	72.40%	75.88%	74.29%	74.81%	74.90%	74.93%	74.98%	75.03%	75.08%	75.12%	75.17%	75.19%
Operating income (loss)	26.71%	27.60%	24.12%	25.71%	25.19%	25.10%	25.07%	25.02%	24.97%	24.92%	24.88%	24.83%	24.81%
Interest income	0.05%	0.61%	0.64%	0.34%	0.64%	0.96%	1.43%	1.96%	2.50%	3.04%	3.59%	4.14%	4.69%
Interest expense, net of amounts capitalized	5.92%	4.25%	4.58%	4.51%	4.66%	4.56%	4.50%	4.46%	4.42%	4.39%	4.36%	4.33%	4.31%
Gain (loss) on early extinguishments & modifications of debt	2.82%	0.56%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other income (expense), net	-0.10%	-0.08%	-0.04%	-0.03%	-0.02%	-0.01%	-0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total other income (expense), net	-8.79%	-4.29%	-3.98%	-4.19%	-4.03%	-3.61%	-3.07%	-2.50%	-1.92%	-1.35%	-0.77%	-0.19%	0.39%
Income (loss) before income taxes	17.92%	23.31%	20.14%	21.52%	21.16%	21.49%	22.00%	22.53%	23.05%	23.57%	24.11%	24.64%	25.19%
Income tax provision (benefit)	4.16%	5.33%	3.55%	4.84%	4.76%	4.84%	4.95%	5.07%	5.19%	5.30%	5.42%	5.54%	5.67%
Income (loss) from continuing operations, net of tax	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income (loss) from discontinued operations, net of tax	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income (loss)	13.76%	17.98%	16.58%	16.68%	16.40%	16.66%	17.05%	17.46%	17.86%	18.27%	18.68%	19.10%	19.53%

Boyd Gaming Corporation
Common Size Balance Sheet

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Cash & cash equivalents	10.22%	7.97%	8.14%	15.35%	22.74%	33.88%	46.36%	58.97%	71.71%	84.57%	97.57%	110.68%	123.98%
Restricted cash	0.37%	0.33%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.11%	0.11%	0.11%	0.11%
Accounts receivable, net	2.66%	3.07%	3.69%	2.97%	2.97%	2.97%	2.97%	2.97%	2.97%	2.97%	2.97%	2.97%	2.97%
Inventories	0.60%	0.62%	0.55%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Prepaid expenses & other current assets	1.22%	1.39%	1.59%	1.47%	1.47%	1.47%	1.47%	1.47%	1.47%	1.47%	1.47%	1.47%	1.47%
Income taxes receivable	0.00%	0.07%	0.09%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.03%
Total current assets	15.07%	13.45%	14.16%	20.65%	28.05%	39.19%	51.67%	64.28%	77.03%	89.89%	102.89%	116.00%	129.31%
Property & equipment, net	71.05%	67.34%	68.01%	69.02%	67.71%	66.85%	66.59%	66.51%	66.53%	66.63%	66.78%	66.98%	67.25%
Operating lease right-of-use assets	26.24%	23.35%	21.22%	21.54%	21.13%	20.86%	20.78%	20.75%	20.76%	20.79%	20.84%	20.90%	20.99%
Other assets, net	2.92%	4.15%	1.81%	2.96%	2.96%	2.96%	2.96%	2.96%	2.96%	2.96%	2.96%	2.96%	2.96%
Intangible assets, net	40.61%	40.14%	37.26%	35.27%	33.54%	32.07%	30.90%	29.81%	28.79%	27.80%	26.86%	25.94%	25.06%
Goodwill, net	28.82%	29.08%	25.34%	24.26%	23.34%	22.57%	22.00%	21.48%	20.99%	20.52%	20.07%	19.62%	19.20%
Other long-term tax assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total assets	184.70%	177.51%	167.80%	173.70%	176.72%	184.48%	194.90%	205.80%	217.06%	228.59%	240.40%	252.39%	264.76%
Accounts payable	3.03%	3.65%	3.33%	3.47%	3.47%	3.47%	3.47%	3.47%	3.47%	3.47%	3.47%	3.47%	3.47%
Current maturities of long-term debt	1.24%	1.25%	1.18%	1.14%	1.08%	1.05%	46.72%	2.92%	2.85%	2.79%	2.72%	2.66%	2.61%
Accrued liabilities	12.25%	11.59%	11.43%	11.92%	11.92%	11.92%	11.92%	11.92%	11.92%	11.92%	11.92%	11.92%	11.92%
Income tax payable	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total current liabilities	16.53%	16.49%	15.95%	16.52%	16.47%	16.43%	62.11%	18.30%	18.24%	18.17%	18.11%	18.05%	17.99%
Other long-term debt	0.04%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total long term debt	89.96%	85.77%	77.99%	80.11%	77.90%	76.19%	75.15%	74.28%	73.53%	72.86%	72.26%	71.69%	71.22%
Less: current maturities	1.24%	1.25%	1.18%	1.14%	1.08%	1.05%	46.72%	2.92%	2.85%	2.79%	2.72%	2.66%	2.61%
Long-term debt, net of current maturities & debt issuance costs	88.73%	84.52%	76.80%	78.97%	76.81%	75.14%	28.42%	71.37%	70.68%	70.07%	69.53%	69.03%	68.62%
Operating lease liabilities, net of current portion	24.21%	21.33%	19.03%	19.64%	19.27%	19.02%	18.95%	18.92%	18.93%	18.96%	19.00%	19.06%	19.14%
Deferred income taxes	7.86%	8.96%	7.73%	7.61%	7.61%	7.61%	7.61%	7.61%	7.61%	7.61%	7.61%	7.61%	7.61%
Other long-term tax liabilities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other liabilities	1.71%	1.47%	1.64%	1.44%	1.49%	1.53%	1.61%	1.70%	1.80%	1.90%	2.00%	2.10%	2.21%
Total long-term liabilities	122.51%	116.28%	105.19%	107.66%	105.19%	103.31%	56.59%	99.61%	99.03%	98.54%	98.15%	97.80%	97.58%
Common stock	24.60%	8.61%	0.03%	0.04%	0.06%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
Retained earnings (accumulated deficit)	21.07%	36.17%	46.66%	49.50%	55.03%	64.72%	76.17%	87.87%	99.77%	111.85%	124.11%	136.52%	149.17%
Accumulated other comprehensive income (loss)	-0.01%	-0.04%	-0.03%	-0.03%	-0.03%	-0.03%	-0.03%	-0.02%	-0.02%	-0.02%	-0.02%	-0.02%	-0.02%
Total Boyd Gaming Corporation stockholders' equity	45.66%	44.74%	46.65%	49.51%	55.06%	64.74%	76.20%	87.89%	99.80%	111.88%	124.14%	136.54%	149.19%
Noncontrolling interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total stockholders' equity	45.66%	44.74%	46.65%	49.51%	55.06%	64.74%	76.20%	87.89%	99.80%	111.88%	124.14%	136.54%	149.19%

Boyd Gaming Corporation

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:

Risk-Free Rate	4.33%
Beta	1.42
Equity Risk Premium	5.00%
Cost of Equity	11.42%

ASSUMPTIONS:

10-yr treasury bond
Average of 1Y, 3Y, 5Y weekly beta
HF estimate

Cost of Debt:

Risk-Free Rate	4.33%
Implied Default Premium	1.93%
Pre-Tax Cost of Debt	6.26%
Marginal Tax Rate	23%
After-Tax Cost of Debt	4.85%

10-yr treasury bond

YTM on company outstanding bond (2031)

Market Value of Common Equity:

Total Shares Outstanding	95,730,840
Current Stock Price	\$63.69
MV of Equity	6,097,097,200

MV Weights

62.70%

Market Value of Debt:

Short-Term Debt	
Current Portion of LTD	\$ 44,275,000
Long-Term Debt	\$ 2,871,223,000
PV of Operating Leases	\$ 711,387,000
MV of Total Debt	\$ 3,626,885,000

37.30%

Market Value of the Firm

\$ 9,723,982,200

100.00%

Estimated WACC

8.97%

Boyd Gaming Corporation

Relative Valuation Models

Ticker	Company	Price	EPS		P/E 24	P/E 25	Annual			EV/		
			2024E	2025E			Revenue	EBITDA	EV	P/S	EBITDA	
MGM	MGM RESORTS INTERNATIONAL	\$ 42.03	\$2.42	\$3.34	17.37	12.58	15,381	2,397	18,699	0.87	7.80	
CZR	CAESARS ENTERTAINMENT, INC.	\$ 38.52	\$1.10	\$2.29	35.02	16.82	11,524	3,949	20,683	0.72	5.24	
RRR	RED ROCK RESORTS, INC.	\$ 58.66	\$1.99	\$2.80	29.48	20.95	1,687	809	9,469	3.66	11.70	
PENN	PENN Entertainment, Inc.	\$ 16.26	(\$0.46)	\$1.13	(35.35)	14.39	6,553	922	4,249	0.38	4.61	
LVS	LAS VEGAS SANDS CORP.	\$ 50.23	\$2.69	\$3.08	18.67	16.31	10,372	4,085	50,704	3.61	12.41	
WYNN	WYNN RESORTS, LIMITED	\$ 97.48	\$4.89	\$5.51	19.93	17.69	5,696	1,904	25,456	1.92	13.37	
GDEN	Golden Entertainment, Inc.	\$ 33.49	\$1.28	\$1.81	26.16	18.50	1,102	223	1,623	0.88	7.28	
LNW	LIGHT & WONDER, INC.	\$ 88.47	\$3.51	\$4.96	25.21	17.84	2,813	1,104	11,453	2.83	10.37	
Average					24.55	16.89					1.86	9.10

BYD	Boyd Gaming Corporation	\$63.69	\$ 6.73	\$ 7.28	9.5	8.8	3,707	1,266	8,967	1.64	7.08
-----	-------------------------	---------	---------	---------	-----	-----	-------	-------	-------	------	------

Implied Relative Value:

P/E (EPS24)	\$ 165.33
P/E (EPS25)	\$ 122.89
P/S	\$ 71.91
EV/EBITDA	\$ 93.08

Boyd Gaming Corporation
Key Management Ratios

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Liquidity Ratios:													
Current Ratio (Current Assets / Current Liabilities)	0.912	0.816	0.888	1.250	1.703	2.385	0.832	3.512	4.224	4.947	5.682	6.427	7.187
Quick Ratio (Cash + Receivables + Investment Securities) / Current Liabilities	0.779	0.670	0.741	1.108	1.561	2.242	0.794	3.384	4.095	4.817	5.552	6.296	7.056
Cash Ratio (Cash / Current Liabilities)	0.619	0.484	0.510	0.929	1.381	2.062	0.746	3.222	3.933	4.654	5.388	6.132	6.891
Asset-Management Ratios:													
Total Asset Turnover (Revenue / Total Assets)	0.541	0.563	0.596	0.576	0.566	0.542	0.513	0.486	0.461	0.437	0.416	0.396	0.378
Net Working Capital Turnover (Revenue / Net Working Capital)	30.241	38.861	75.232	37.580	37.575	37.579	37.587	37.594	37.601	37.609	37.616	37.624	37.632
Receivables Turnover (Revenue / Net Receivable)	37.659	32.602	27.112	33.713	33.713	33.713	33.713	33.713	33.713	33.713	33.713	33.713	33.713
Financial Leverage Ratios:													
Debt to Equity (Total Liabilities / Total Shareholder's Equity)	2.683	2.599	2.255	2.175	1.910	1.596	0.743	1.133	0.992	0.881	0.791	0.716	0.654
Equity Multiplier (Total Assets / Total Equity)	4.045	3.968	3.597	3.508	3.209	2.849	2.558	2.341	2.175	2.043	1.937	1.848	1.775
Debt to Assets (Total Liabilities / Total Assets)	0.663	0.655	0.627	0.620	0.595	0.560	0.290	0.484	0.456	0.431	0.408	0.388	0.369
Profitability Ratios:													
Return on Equity (Net Income / Total Shareholder's Equity)	41.27%	41.55%	38.98%	37.35%	34.43%	31.28%	27.01%	23.47%	20.80%	18.73%	17.08%	15.73%	14.61%
Return on Assets (Net Income / Total Assets)	7.45%	10.13%	9.88%	9.60%	9.28%	9.03%	8.75%	8.48%	8.23%	7.99%	7.77%	7.57%	7.37%
Gross Profit Margin (Operating Income / Revenue)	26.71%	27.60%	24.12%	25.71%	25.19%	25.10%	25.07%	25.02%	24.97%	24.92%	24.88%	24.83%	24.81%
Payout Policy Ratios:													
Dividend Payout Ratio (Dividend/EPS)	0.00%	7.53%	10.26%	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%
Total Payout Ratio ((Divs. + Repurchases)/NI)	17.42%	92.25%	74.56%	71.03%	54.77%	30.99%	23.28%	22.70%	22.14%	21.60%	21.09%	20.60%	20.15%

Boyd Gaming Corporation*Present Value of Operating Lease Obligations*

Fiscal Years Ending Dec. 31	2016	2017	2018
Year 1	46.0	20.7	127.9
Year 2	18.5	17.8	124.9
Year 3	16.3	15.3	121.5
Year 4	14.1	14.3	114.3
Year 5	13.7	13.9	113.6
Thereafter	322.2	314.4	577.8
Total Minimum Payments	430.8	396.4	1180.0
Less: Cumulative Interest	213.6	204.5	318.3
PV of Minimum Payments	217.2	191.9	861.7
Implied Interest in Year 1 Payment		13.6	12.0
Pre-Tax Cost of Debt	6.26%	6.26%	6.26%
Years Implied by Year 6 Payment	23.5	22.6	5.1
Expected Obligation in Year 6 & Beyond	13.7	13.9	113.6
Present Value of Lease Payments			
PV of Year 1	43.3	19.5	120.4
PV of Year 2	16.4	15.8	110.6
PV of Year 3	13.6	12.8	101.3
PV of Year 4	11.1	11.2	89.7
PV of Year 5	10.1	10.3	83.9
PV of 6 & beyond	122.8	122.4	355.9
Capitalized PV of Payments	217.2	191.9	861.7

Boyd Gaming Corporation

Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares):	76,381.00
Average Time to Maturity (years):	1.94
Expected Annual Number of Options Exercised:	39.43

Current Average Strike Price:	\$ 16.56
Cost of Equity:	11.42%
Current Stock Price:	\$ 63.69

Fiscal Years Ending Dec. 31	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Increase in Shares Outstanding:	39.43	37.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Average Strike Price:	\$ 16.56	\$ 16.56	\$ 16.56	\$ 16.56	\$ 16.56	\$ 16.56	\$ 16.56	\$ 16.56	\$ 16.56	\$ 16.56
Increase in Common Stock Account:	652.96	613.79	-	-	-	-	-	-	-	-
Share Repurchases (\$)	-400,000	-300,000	-150,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000
Expected Price of Repurchased Shares:	\$ 63.69	\$ 70.32	\$ 77.65	\$ 85.74	\$ 94.67	\$ 104.53	\$ 115.42	\$ 127.44	\$ 140.72	\$ 155.37
Number of Shares Repurchased:	(6,280.42)	(4,265.95)	(1,931.76)	(1,166.34)	(1,056.31)	(956.66)	(866.41)	(784.68)	(710.65)	(643.61)
Shares Outstanding (beginning of the year)	99,834.00	93,593.00	89,364.11	87,432.36	86,266.01	85,209.70	84,253.04	83,386.62	82,601.95	81,891.29
Plus: Shares Issued Through ESOP	39.43	37.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Shares Repurchased in Treasury	-6,280.42	-4,265.95	-1,931.76	-1,166.34	-1,056.31	-956.66	-866.41	-784.68	-710.65	-643.61
Shares Outstanding (end of the year)	93,593.00	89,364.11	87,432.36	86,266.01	85,209.70	84,253.04	83,386.62	82,601.95	81,891.29	81,247.68

Boyd Gaming Corporation*Valuation of Options Granted under ESOP*

Current Stock Price	\$63.69
Risk Free Rate	4.33%
Current Dividend Yield	1.00%
Annualized St. Dev. of Stock Returns	52.68%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	23,431	11.57	0.90	\$ 51.99	\$ 1,218,234
Range 2	28,708	17.75	2.90	\$ 46.92	\$ 1,347,009
Range 3	24,242	19.98	1.80	\$ 44.47	\$ 1,077,949
Total	76,381	\$ 16.56	1.94	\$ 48.67	\$ 3,643,193