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Riviera loss narrows despite decline at Strip property

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The parent company of the Riviera hotel-casino in Las Vegas said today it narrowed its loss in the third quarter.

Riviera Holdings Corp., Las Vegas, reported a loss of \$3.2 million, 91 cents a share, on revenue of \$49 million, compared with a loss of \$16.9 million, \$4.89 a share, on revenue of \$48.5 million in the same period a year ago for the quarter ended Sept. 30.

The loss was worse than Wall Street analysts' expectations. Analysts surveyed by Thomson/First Call projected a loss of 73 cents a share.

But Riviera shares were trading this morning at \$5.65 a share, up 6 cents a share from Monday's closing price, on the American Stock Exchange.

Jacques Cornet, an analyst with CIBC World Markets, New York, said the Riviera appears to be in a holding pattern, waiting out a potential boom on the north Strip with the opening of Wynn Las Vegas, formerly known as Le Reve, in early 2005.

Cornet said there also has been no movement in a bid by an Italian entrepreneur to acquire the company. In April, Fabrizio Boccardi, backed by French casino operator Groupe Partouche, made two separate unsolicited offers for the Riviera.

"The doubt at the time was whether he could get the deal financed," Cornet said. "But lately, there has been nothing out there and I haven't heard anything on it for a long time. It appears the company is waiting for Mr. Wynn for a couple of years, holding out hope for the rejuvenation of the north end of the Strip."

In addition to the Wynn Las Vegas, projects are under consideration at the Stardust and the New Frontier hotel-casinos across the street from the Riviera and the Fashion Show mall has undergone a renovation.

Cash flow at the Riviera Las Vegas, hurt by lower room revenue and other factors, fell 11.8 percent to \$5.1 million.

But officials were encouraged by gaming revenue increases at the Strip property and at the Riviera Black Hawk in Colorado.

"Las Vegas Strip gaming revenues were up 7 percent in July 2003, while Riviera Las Vegas gaming revenues were up 9.3 percent," said Bob Vannucci, president of Riviera Holdings. "Las Vegas Strip gaming revenues were down 10.4 percent in August 2003 and our gaming revenues were down 5.4 percent. Citywide visitor volumes, occupancy and convention attendance were up in both July and August 2003."

Ron Johnson, president of Riviera Black Hawk, said of the property he runs, "We are pleased that third quarter (cash flow) of \$3.6 million was up \$269,000 or 8.1 percent over last year."

"Gaming revenue, slot market share and EBITDA margins all increased compared to last year's third quarter. Changes in the focus of our marketing programs introduced in November of last year continue to strengthen our position in the Black Hawk market," Johnson said.

In addition to owning Las Vegas and Colorado properties, Riviera last year applied for a gaming license in Missouri to operate a riverboat casino in the St. Louis market and this year said it would compete for a license to operate in New Mexico.

In New Mexico, the company is partnering with the former owner of The Downs at Santa Fe to build a casino and horse racing track in Hobbs, near the Texas border. The Riviera group would compete with Shawn Scott, a Las Vegas businessman who formerly owned Delta Downs in Louisiana, as well as R.D. Hubbard, owner of Ruidoso Downs in New Mexico.

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