

## What You Need to Know -- The Motley Fool

Written by Administrator  
Friday, 30 March 2018 09:17 -

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Most people think of casinos as massive establishments primarily known for gambling. Yet as the word's Italian origin suggests, casinos have historically involved far more than the table games and slot machines with which they're associated today, and some casinos have never actually allowed games of chance to be played under their roofs.

[Today's casino resorts](#) almost invariably have gaming operations. But they also know that there's more than one way to make money from visitors, and so you'll also find top-notch entertainment at most casino resorts, as well as fine dining, shopping, and other tourist attractions. Although competition among casino companies is fierce, the industry has also found that conglomerating multiple establishments in a single general location can spur an influx of tourism, establishing a target destination that helps everyone make more money. Below, we'll take a closer look at casino stocks and how they make their money.

### Top casino companies

#### Stock

#### Key Casino

**Las Vegas Sands** ( [NYSE:LVS](#) )

Venetian Macao

**Melco Resorts and Entertainment** ( [NASDAQ:MLCO](#) )

City of Dreams Macau

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WinStar Resorts

WinStar World Casino and Resort, Oklahoma

**MGM Resorts International** ([NYSE:MGM](#) )

MGM Grand Macau

**Wynn Resorts** ([NASDAQ:WYNN](#) )

Wynn Palace, Macau

**Caesars Entertainment** ([NASDAQ:CZR](#) )

Caesars Palace, Las Vegas Strip

**Penn National Gaming** ([NASDAQ:PENN](#) )

Hollywood Casino, Pennsylvania

**Pinnacle Entertainment** ([NASDAQ:PNK](#) )

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River City Casino, St. Louis

**Boyd Gaming** ( [NYSE:BYD](#) )

Fremont, downtown Las Vegas

Source: Yahoo! Finance.

### What to expect in a big casino

Modern casinos will always have extensive gaming operations, letting patrons gamble in as many different ways as the local jurisdiction allows by law. Yet it's hard to distinguish casinos by their table games and slot machines, because you'll find many of the same choices in each of the casinos you visit worldwide. Some local variants of games are more popular in their home territories than elsewhere, and so you'll find more baccarat in Europe, more pai gow in Asia, and more craps in U.S. casinos. Yet most key gaming hubs cater to a worldwide audience, and so you can generally find all sorts of options available.

Yet patrons can do a lot more than gamble. The [Venetian Macao](#) offers an indoor arena for sporting events and concerts with seating for 15,000, as well as various smaller shows, restaurants, and shopping along a canal built in the style of Italy's Venice. City of Dreams has an aquarium, a dancing-water theater, and more than 20 food and beverage purveyors as well as extensive shopping options. Wynn Palace includes spas and a gondola-based transportation system as well as a performance lake and plenty of shopping and eating options.



Image source: Getty Images.

### Dominating areas

When gambling laws prevented casinos from opening in very many places, companies tended to gather in friendly jurisdictions. That's a big part of why Las Vegas and Atlantic City in the U.S., Monaco in Europe, and Macau in Asia became such popular destinations, as they were able to establish gaming operations that appealed to broad audiences.

More recently, especially in the U.S., more local options have been available. Companies like Penn National, Pinnacle, and Boyd have concentrated more on the markets that have filled in the space between Vegas and the East Coast, with riverboat gaming opening up the Mississippi Valley as a key area for new casinos. Native American reservations have also been able to open operations, and that's led to players like WinStar and the [Mashantucket Pequot Tribal Nation](#) establishing huge casinos in Oklahoma and eastern Connecticut, respectively.

### Investing trends in casino resorts

Lately, there's been a trend toward consolidation in the casino resort business. Penn National and Pinnacle hope to merge, and some now believe that Wynn Resorts could be up for sale after the recent [divestiture of founder Steve Wynn's stake](#) in his namesake global casino resort giant. The ability to create networks of affiliated casino resorts can add to the appeal of a given company, because companies can offer top patrons some fringe benefits that they can enjoy not just at the particular resort property that they're visiting at the time but also across their list of properties elsewhere.

Yet there's risk involved with investing in the hope of a merger. [Penn National's merger with Pinnacle](#) has run into a slightly longer process than expected in having the Federal Trade Commission evaluate potential antitrust considerations. With many casino companies using extensive debt financing to build new projects, the danger of a possible credit crunch -- as happened in 2008 and 2009 -- is always present as well.

Nevertheless, the one thing casino resorts have going for them is that they always seem to stay in style. Despite how much a good resort costs to build, the payoffs have thus far been enough to result in substantial profits for most of the biggest players in the industry. As every gambler knows, it pays to bet on the house, and that's what investing in casino resort stocks essentially entails in this lucrative industry.

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