

Investors will get another chance to roll the dice on the world's biggest casino operator next week. It may be a risky bet,

according to some observers.

Harrah's Entertainment Inc. — which will change its name to Caesars Entertainment Corp. by the time its initial public offering closes — plans to raise as much as \$532 million.

Its shares will start trading at a financially precarious time for the casino business. Like the rest of the industry, Harrah's and other casino companies hit a wall during the recession as people opted to save their extra cash rather than gamble it. Results for the first nine months of this year suggest casino visitors aren't yet ready to spend the way they used to.

In a recent securities filing, the company said it lost \$634.4 million during the nine months that ended Sept. 30. Revenue over the same period totaled \$6.7 billion, down from \$6.8 billion in the first nine months of 2009.

For the quarter, It lost \$165 million. But its revenue edged up about 0.4 percent including results from its February acquisition of Planet Hollywood.

Harrah's, which owns or manages more than 50 casinos in 12 states and seven countries, is burdened with close to \$20 billion in debt. A lot of it was piled on by the two private equity firms — Apollo Management Group and Texas Pacific Group — that took the company private three years ago and that plan to keep majority control of it after the IPO.

Francis Gaskins, president of the research firm IPOdesktop, said Harrah's is spending 22 percent of its revenue on interest payments.

On the other hand, investors looking to bet that the worst is past for the casino business may have an opportunity.

"It's going to be the hot stock in this sector," said IPOfinancial's David Menlow.

He said Harrah's has been smart to look beyond the traditional casino business, moving into online gambling in countries where it is legal and building up the World Series of Poker brand. Also, the company's latest quarterly results suggest its business has at least begun to stabilize. Apollo and Texas Pacific's \$30.7 billion takeover deal in 2007 ranked as one of the biggest leveraged buyouts ever. The company's revenue, which peaked the year of the buyout at \$10.8 billion, tumbled 6 percent to \$10.1 billion in 2008.

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