



FANTINI'S GAMING REPORT[©]

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Special Reporting Service

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Fantini's COVID-19 Gaming Daily

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NOTE: We welcome all news and developments that companies and investors want to submit for this report. Send to Editor@FantiniResearch.com. In addition, you may reach Editor Blake Weishaar at BWeishaar@FantiniResearch.com or by phone at +1 302 730 3793.

MACAU REVENUE FORECAST HALVED

Macau is expected to generate US\$16.3 billion in gaming revenue this year, half of what had been estimated in November by the local government.

That would mean Macau would fall 55 percent compared to last year.

Forecasts are down due to impacts related to COVID-19.

Macau extended border entry restrictions to prevent non-resident workers from overseas. The ban does not apply to non-resident workers from mainland China, Hong Kong or Taiwan.

MOBILE GAME DOWNLOADS TO SOAR

Adam Krejcik of Eilers & Krejcik Gaming said he expects a surge in mobile game downloads and revenue to soar in the US starting this week as land-based casinos have been closed and sports seasons have been suspended.

These downloads should soar through this month, he said.

Average weekly mobile game downloads skyrocketed 80 percent in China in February vs. the entire year last year and rose 25 percent from January.

Italy had a record number of downloads and revenues for the week ended March 15 and was 41 percent over the prior two to three weeks.

Casino game downloads in Italy was the strongest in that same week, up 127 percent vs. the prior week.

For Krejcik's Mobile Gaming Coronavirus Early Impact report, contact Alex Capitle at ACapitle@FantiniResearch.com or +1 302 730 3793.

COMPANY UPDATES: BRAG, PTEC

- BRAGG GAMING says it is on track to generate record first quarter revenues and will not amend guidance for the year due to COVID-19.

BRAG generates the majority of revenue from online casino operators, which have been less affected than sports betting and land-based casino operators.

The company has an established presence and strong relationships in online casinos through supply deals with operators including LeoVegas and William Hill's Mr Green, BRAG said.

- PLAYTECH says it is working to protect cash flow by managing costs and identifying opportunities for savings that will not negatively impact the company in the long-term in light of tough trading conditions related to COVID-19.

B2B poker and bingo play has increased in recent days following brick-and-mortar casino closings worldwide.

Live casino operations could suffer from the virus as the gambling option requires a significant number of employees working in the same location, PTEC said. The company's live casino studio in the Philippines is now closed.

B2B sports betting has been significantly impacted by the suspension of major sporting events and seasons. However, the segment was expected to account for only 10 percent of PTEC's EBITDA this year.

Snaitech is expected to be impaired the most this year, with the majority of revenue coming from retail and online sports betting.

Snaitech is expected to generate a €3 million EBITDA loss per month prior to mitigation actions. The segment was expected to generate €13 million per month prior to the virus.

Retail B2C sports betting is expected to lose €500,000 in EBITDA per month as betting shops remain closed.

ANALYSTS: AGS, BYD, ERI, EVRI, GENTING MALAY, LVS, MGM, PENN, RRR, SGMS, WYNN

- **BANK OF AMERICA CUTS GAMING.** Shaun Kelley of Bank of America cut targets on US casino operators.

Company	Target	Change	Rating
Boyd	\$22	-\$16	Buy
Eldorado	\$15	-\$48	Neutral
Las Vegas Sands	\$61	-\$ 6	Buy
MGM Resorts	\$14	-\$21	Neutral
Penn National	\$12	-\$27	Buy
Red Rock Resorts	\$ 9	-\$18	Neutral
Wynn	\$85	-\$50	Buy

- **STIFEL: SELLING OVERDONE.** Brad Boyer of Stifel cut targets on AGS, Everi and Scientific Games, but said the sell-off of the stocks is over-done and he maintains his buy rating on all three.

Operating on certain expense cutting assumptions, Boyer thinks AGS has the financial resources to last 14 to 18 weeks in a no-revenue environment, EVRI 13 to 16 weeks, and SGMS could endure eight to 10 months of no revenue in its gaming division. That does not consider further cost cutting actions that can be taken, such as layoffs.

EVRI is his top pick among the group.

	Current price	New target	Old target
AGS	\$1.35	\$4	\$12
Everi	\$2.01	\$5	\$14
Scientific Games	\$4.71	\$9	\$30

- **GENTING MALAYSIA.** Danny Chan of Credit Suisse lowered his target to 3.60 ringgit as properties have been closed because of COVID-19.

However, he maintained his outperform rating, saying Genting has a strong balance sheet that will prove crucial during tough times like these.

He expects Resorts World Genting in Malaysia to fare better than sister company Genting Singapore's Resorts World Sentosa after the casinos are reopened as locals comprise 85 percent of Resorts World Malaysia's visitors.

However, potential travel declines could impact Genting M's operations in the US and UK, which would offset some gains in Malaysia, he added.

His EBITDA estimates fall to 2.186 billion this year, 2.963 billion next year and 3.128 billion in 2022 with earnings per share of 13, 26 and 29 sen.

Affin Hwang Capital says the expected loss of revenue is too significant to be mitigated by lower operating costs during the shutdown.

There could be a delay in construction on the outdoor theme park at Resorts World Genting.

The closures of Resorts World New York and Resorts World Catskill are not expected to have a material financial impact.

LV AIRLINE SERVICE CUT

Southwest and Allegiant airlines reduced operations at McCarran International Airport after an air traffic control tower closed due to a controller testing positive for COVID-19, the Las Vegas Review-Journal reported.

The closure resulted in Southwest canceling 36 flights to Las Vegas.

Hawaiian Airlines suspended nonstop flights between Maui and Las Vegas due to fewer passenger bookings.

DREW CONSTRUCTION HALTED

Construction on the Drew on the north end of the Las Vegas Strip has been halted.

However, the two other major casino projects, Circa in downtown and Genting Malaysia's Resorts World near Drew, continue.

CLOSURES CONTINUE

US AND CANADA: AZ, BC, CA, MN, MS, NY, OK, ON, WA, WY

The following properties have now closed:

- Arizona. Desert Diamond, Harrah's Ak-Chin and Casino del Sol.

- British Columbia Lottery Corporation's prize payout centers in Kamloops and Vancouver.
- California. Barona, Campo, Jamul, Eagle Mountain, Thunder Valley, Golden West, Soboba, Agua Caliente, Sycuan, Viejas and Valley View casinos.
- Minnesota. Shooting Star casinos.
- Mississippi. Pearl River.
- New York. Horse racing at Aqueduct Racetrack.
- Oklahoma. Kiowa, Indigo Sky, Osage and Buffalo Run casinos.
- Ontario. Fallsview and Casino Niagara.
- Washington. Ilani.
- Wyoming. Wind River casinos.

INTERNATIONAL: INDIA, MACAU, PHILIPPINES, UK

- INDIA. All casinos in the state of Sikkim have closed.

The state of Goa closed casinos earlier this week.

- MACAU. Casino Macau Jockey Club shut its doors.

- SJM's Casino Taipa at the Regency Art Hotel in Macau will close indefinitely as the hotel will be used to house persons being quarantined, GGRAsia reported.

This is the third hotel the government has designated as a quarantine location. The others are Golden Crown China and Pousada Marina Infante on Cotai.

- PHILIPPINES. iGaming operations on the island of Luzon have closed.
- UNITED KINGDOM. Soccer league suspensions have been extended to April 30.

OTHER INTERNATIONAL DEVELOPMENTS: JAPAN

- JAPAN. Yokohama's mayor Fumiko Hayashi expects the schedule for pursuing a casino resort to be affected by COVID-19, Asia Gaming Brief reported.

ABOUT THIS REPORT:

In Fantini's COVID-19 Gaming Daily report we consolidate all developments about the virus that have business and investment implications for the gaming industry. We will post them on our website 5 days per week (M-F) until further notice. Fantini's COVID-19 Gaming Daily is a Special Report that is included with all levels of Fantini's Gaming Report subscriptions.

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