



## 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](mailto:Editor@FantiniResearch.com). In addition, you may reach Editor Blake Weishaar at [BWeishaar@FantiniResearch.com](mailto:BWeishaar@FantiniResearch.com) or by phone at +1 302 730 3793.

#### NEVADA ISSUES REOPENING PROCEDURES

Though a reopening date has yet to be set, the Nevada Gaming Control Board issued a six-page list of procedures for casinos.

The plan mainly addresses compliance issues including:

- Notification of planned reopening dates and times, and specific areas of properties that will be reopened.
- A schedule for replenishing funds to all areas of casinos.
- Arrangements to extend expiration dates on payout receipts or vouchers that expired during closure.

- The board has extended required quarterly and semi-annual filing deadlines for 30 days after the governor authorizes the reopening of gaming.

The full list:

<https://gaming.nv.gov/modules/showdocument.aspx?documentid=16703>.

The procedures come a day after Gov. Steve Sisolak held a press conference where he stressed he won't offer a firm date or details for phase one reopening of the economy until there is a sustainable decrease in COVID-19 cases over a two-week period.

Sisolak said he will continue to follow federal guidance and health experts in determining how to move forward.

Press release: <https://nvhealthresponse.nv.gov/wp-content/uploads/2020/04/4.21-post-press-conference-release.pdf>.

Meanwhile, Las Vegas Mayor Carolyn Goodman continues to call on Sisolak to reopen the state right away.

Goodman doesn't have a plan for reopening casinos because it's up to private businesses to determine the safest way to reopen, she told CNN.

A day prior, Goodman told MSNBC "let the businesses open and competition will destroy that business if, in fact, they become evident that they have disease, they're closed down. It's that simple."

## LVS, MCRI RISE AFTER HOURS

LAS VEGAS SANDS stock shot up 8 percent in after-hours trading as the company issued an optimistic outlook in its first quarter earnings report.

LVS and Monarch Casino became the first companies to report and to look into the future. Both expressed optimism. MCRI shares rose 1.4 percent after hours.

LVS has the balance sheet strength to emerge from COVID-19 with its growth opportunities fully intact, CEO Sheldon Adelson said.

Those opportunities include the major expansions now under construction in Macau and Singapore, he said.

LVS says its \$2.6 billion in cash and current borrowing capacity allow it to operate for 18 months without revenue.

On the company's investor conference call, Adelson also said LVS will consider mergers and acquisitions as well as its historic growth method of developing projects.

While no market has been selected for acquisitions, Asia has been especially good for LVS, Adelson said.

MONARCH Casino will be able to manage COVID-19, prepare properties for re-opening and return to normal operations through its strong cash and modest debt-to-EBITDA, CEO John Farahi said.

MCRI was granted limited covenant waivers under its amended credit facility and is in discussions with lenders regarding additional steps MCRI could request if the virus worsens. Farahi credited what he called “our long-term, transparent relationship with our bank group and history of consistent performance” for the amendments, which included the waiver of a \$5 million payment of principal due March 31.

The expansion of Monarch Casino Black Hawk in Colorado has been slowed but MCRI still plans a phased opening of it. The company has only \$15 million to \$22 million left to spend on the project.

The company was generating strong financial results in the first two months of the quarter prior to casino shutdowns in March, with EBITDA up 26.1 percent and revenue up 14.2 percent.

## SUNTRUST LOWERS REIT TARGETS

Barry Jonas of SunTrust lowered targets on gaming REITs on reduced EBITDA expectations this year.

However, he maintained his buy ratings as he believes tenants can maintain rental payments, given REITs’ strong balance sheets and that they will keep dividends largely stable.

MGM Growth Properties and VICI Properties collected 100 percent of rent for April while Gaming and Leisure Properties collected 98.6 percent.

Jonas favors MGP in the near-term citing tenant MGM Resorts’ healthy balance sheet due to recent property sales. However, he expects business at regional casinos to recover quicker than at Las Vegas properties.

GLPI should benefit from geographic diversity and he expects all tenants except for Casino Queen, who has likely defaulted on rent, to maintain current obligations in the mid-term, Jonas said.

VICI should benefit from strong tenant balance sheets and because it has no rent resets until 2025, he said.

Jonas’ estimates on the number of months each REIT can go with zero revenue:

VICI	86 months
MGP	85
GLPI	23

His outlook, all with buy ratings:

Company	Target	Change	----- AFFO/share -----			---- EBITDA (in billions) ----		
			2020	2021	2022	2020	2021	2022
GLPI	\$30	-\$26	\$3.22	\$3.23	NA	\$0.997	\$1.019	NA
MGP	\$28	-\$ 9	\$2.14	\$2.17	\$2.38	\$0.959	\$0.97	\$0.993
VICI	\$19	-\$13	\$1.65	\$1.85	NA	\$1.123	\$1.274	NA

## BARCLAYS LOWERS LVS TARGET

Felicia Hendrix of Barclays lowered her target on Las Vegas Sands to \$73 on reduced estimates given uncertainty of casino re-openings.

However, she maintained her overweight rating saying LVS continues to be her top pick on its mass-market exposure and growth pipeline.

Revenue and EBITDA will likely return to normal levels in 2022 after ramping up this year and next, Hendrix said.

She expects an EBITDA loss of \$66 million this year turning to a positive \$2.850 billion next year and \$5.350 billion in 2022 with a loss per share of \$1.84 this year and earnings per share of 89 cents and \$3.34.

## COMPANIES: HARD ROCK, MGM

- HARD ROCK INTERNATIONAL's casinos could take a year to recover from the effects of the virus, CEO Jim Allen told CNBC.

Non-gaming hotel Hard Rock Hotel Shenzhen near Hong Kong has had 12 percent occupancy since reopening three weeks ago, he said.

Full interview: <https://www.cnbc.com/2020/04/22/coronavirus-hard-rock-jim-allen-casinos-to-take-a-year-to-recover.html>.

- MGM RESORTS will be operating differently when properties reopen including cleaning procedures, greeting guests and casino floor layouts, Acting CEO Bill Hornbuckle said in a video update.

Reopened casinos in Nevada could come with guests and employees being required to wear masks and gambling machines being constantly sanitized. Thermal cameras will check guests' temperatures.

Those changes will allow MGM to have the best resources to operate successfully until the company recovers, he said.

Hornbuckle's video: [https://www.linkedin.com/posts/bill-hornbuckle-7480041a5\\_it-is-not-easy-to-face-a-catastrophic-and-activity-6658509570090033152-IMeq/](https://www.linkedin.com/posts/bill-hornbuckle-7480041a5_it-is-not-easy-to-face-a-catastrophic-and-activity-6658509570090033152-IMeq/).

US: KY

- KENTUCKY. Keeneland race track will present plans to resume horse racing as soon as possible and has identified dates to host races this summer now that the spring meet has been canceled.

Keeneland is working with state health officials to establish protocols for the pandemic.

INTERNATIONAL: ARGENTINA, CHINA, JAPAN, PHILIPPINES, SO AFRICA

- ARGENTINA. Buenos Aires is considering a one-time gaming tax of 1 percent on gaming revenues over \$450,000 to fund efforts against COVID-19.

- CHINA only generated US\$141,000 in lottery sales in February compared to the \$3.3 billion last year as retailers closed.

Sales were generated through Sports Lottery instant game sales. The Welfare Lottery reported zero sales.

Retailers reopened on February 9 and sales were expected to recover in March.

- JAPAN is considering taking stronger action against pachinko parlor operators who have continued to operate despite Prime Minister Shinzo Abe's declaration of a state of emergency, Inside Asian Gaming reported.

Actions could include shutting businesses and publicizing their failure to heed warnings.

Elsewhere, Nagasaki Prefecture is delaying the request-for-proposal phase for a casino resort operator by a few months due to complications from the coronavirus, GGRAsia reported.

The RFP process was to have begun this spring.

- PHILIPPINES health experts are asking President Rodrigo Duterte to extend quarantines in Manila beyond April 30.

There are 20 casinos in Manila including the Entertainment City destination resorts.

FANTINI'S VIRTUAL TRADE SHOW

As COVID-19 has caused the cancellation of many trade shows, now is the time to turn to a virtual show to display and advertise all your product lines and news events too.

See products, demos, and news from exhibitors at [www.FantinisGamingShow.com](http://www.FantinisGamingShow.com).

To exhibit your company, contact Dee Wild-Shyver at [DWild@FantiniResearch.com](mailto:DWild@FantiniResearch.com).

## CONVENTIONS, TRADE SHOWS, CONFERENCES, EXPOS

Shows and conferences have been canceled or postponed due to the coronavirus outbreak. As new dates become available or for those that transition to webinars, they will be listed in our online calendar at <https://www.fantiniresearch.com/conventions.html>.

## 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 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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