



FANTINI'S GAMING REPORT[®]

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Special Reporting Service

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Fantini's COVID-19 Gaming Daily

INDEX

US CLOSINGS: CPHC, CNTY, CHDN, GC, PENN, MGM, WYNN

OTHER US COMPANY DEVELOPMENTS: CZR, GLXZ, MERUELO

US, CANADA JURISDICTIONS: AL, BC, CA, IL, LA, MI, MT, NM, NC, OK, ON, PA

INTERNATIONAL COMPANIES: INTERNATIONAL COMPANIES: CODERE,
CWN, IMPERIAL PACIFIC, KANGWON, OPAP, STAR, SUN CITY

INTERNATIONAL JURISDICTIONS: CHILE, GERMANY, INDIA, SPAIN, UK

MACAU TURNING AROUND?

FINANCIAL IMPACTS: ALL, FLTR, GVC, TSG, WMH, WYNN

ANALYSTS ON BALANCE SHEETS

DRAWING CASH: CZR, MGM, PENN

SUSPENDING DIVIDENDS: CPHC, WMH

LV CANCELLATIONS

INVESTOR EVENT CANCELLATIONS

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.

US COMPANY CLOSINGS: CPHC, CNTY, CHDN, GC, PENN, MGM, WYNN

Casino closings continue to mount with all casinos in New Jersey, New York and Connecticut being the latest major announcements.

MGM Resorts and Wynn, which closed all Las Vegas properties, plan to resume taking hotel reservations on May 1.

MGM also closed Beau Rivage and Gold Strike in Mississippi and its casinos in Detroit and Maryland.

Below are the latest closing announcements and other virus-related developments.

OTHER US, CANADA COMPANY CLOSINGS: CHPC, CNTY, CHDN, GC, PENN

- CANTERBURY PARK in Minnesota until further notice.
- CENTURY CASINOS in Poland.
- CHURCHILL DOWNS in Oxford, Maine, and Calder, Florida.

The company also closed Derby City in Louisville and simulcast betting for two weeks. It is expected to announce at 9 a.m. Tuesday on whether to postpone the Kentucky Derby.

- GREAT CANADIAN in Ontario, British Columbia, Nova Scotia and New Brunswick are all closed until further notice.
- PENN NATIONAL suspended operations at Zia Park in New Mexico, Greektown in Detroit and Hollywood in Maine.

OTHER US COMPANY DEVELOPMENTS: CZR, GLXZ, MERUELO

- CAESARS is reportedly starting layoffs, the Las Vegas Review-Journal reported.

A Planet Hollywood employee told the RJ an entire department has been laid off., although CZR did not comment, according to the article.

- GALAXY GAMING suspended billing to customers whose casinos are closed due to the virus.
- MERUELO GROUP began laying off staff at Sahara Las Vegas due to reduced business levels.

US, CANADA JURISDICTIONS: AL, BC, CA, IL, LA, MI, MT, NM, NC, OK, ON, PA

- ALABAMA. The Poarch Creek will close its three Wind Creek casinos in Alabama until March 30.
- BRITISH COLUMBIA shut down all casinos, community gaming centers and bingo halls until further notice.

- CALIFORNIA. Cache Creek, Chumash and Table Mountain casinos closed.
- ILLINOIS slot routes will be shut down until the end of March.

That means the closure of 7,307 route venues operating 35,483 slots.

- LOUISIANA's 20 casinos are required to shut down for 14 days.
- MICHIGAN. Firekeepers Casino has shut down.
- MONTANA. Glacier Peak and Lil Peaks casinos will close until March 30.
- NEW MEXICO. Sunland Park will close for three weeks. Santa Ana Star will close for 30 days.
- NORTH CAROLINA. The Eastern Band of Cherokee tribe closed their two Harrah's casinos.
- OKLAHOMA. The Chickasaw Nation closed all 24 of its casinos.
- ONTARIO. All casinos have been shut down.
- PENNSYLVANIA's 14 casinos and sportsbooks closed indefinitely. iGaming is still available in the state.

INTERNATIONAL COMPANIES: CODERE, CWN, IMPERIAL PACIFIC, KANGWON, OPAP, STAR, SUN CITY

- CODERE closed bingo halls in Italy and gaming venues in Spain, Argentina, Panama and Uruguay.
- CROWN RESORTS is shutting down every other slot and electronic table game at its casinos and is distancing seats at table games.

The number of players at stand-up table games will be restricted to five. The number of people at restaurants, banquets and conferences will be capped at 450.

- IMPERIAL PACIFIC on Saipan is closed for an undisclosed amount of time.
- KANGWON LAND extended its closure to March 23, meaning the casino will be closed for a full month.
- OPAP closed all retail points of sale and gaming halls in Greece for two weeks.
- STAR ENTERTAINMENT implemented similar distancing procedures as CWN by deactivating every other slot and electronic table game and reducing table capacity.

The number of people at theaters, conferences and banquets will be capped at 500.

- SUNCITY's recently acquired SunTrust Home Developers does not expect a significant impact from COVID-19, GGRAsia reported.

Sun recently signed a lease to develop and operate the casino at Westside City resort in Manila's Entertainment City in the Philippines.

While there will be an impact on tourism, it will not affect current business plans, which are in the preliminary stages, GGRAsia quoted Sun.

INTERNATIONAL JURISDICTIONS: CHILE, GERMANY, INDIA, NZ, SPAIN, UK

- CHILE's 27 casinos were ordered to close.

- GERMANY. All casinos in Lower Saxony, Bavaria and Baden-Württembergische Spielbanken closed until the end of the month.

- INDIA. All casinos in Goa were ordered to shut down through the end of March.

In Mumbai, the Royal Western India Turf Club canceled races indefinitely.

- NEW ZEALAND is requiring all travelers, except those from the Pacific Islands, to self-isolate for 14 days upon entering the country, a measure that is expected to impact casinos.

- SPAIN suspended all national lottery sales as citizens were ordered to stay indoors for at least the next two weeks.

- UK horseraces will be run without spectators with attendees restricted to stakeholders and owners.

MACAU TURNING AROUND?

Macau may be turning around as daily revenue for the week ended March 15 rose 18 percent to nearly \$26 million and there has been speculation that the market might fully reopen to Mainland China by April or May.

Andrew Lee of Jefferies said he thinks the worst has passed, though he still expects revenues down 76 to 80 percent this month.

However, the first case of COVID-19 appeared in Macau since February 4, which could delay the reopening, Vitaly Umansky of Bernstein said.

March could fall more than 80 percent if recently high VIP hold declines, Umansky said.

Gaming revenue through the first 15 days of March fell 77 percent.

FINANCIAL IMPACTS: ALL, FLTR, GVC, TSG, WMH, WYNN

- ARISTOCRAT. Every 1 percent decline in recurring revenue as North American casinos close will translate to a 0.6 percent decline in net profit before tax, Larry Gandler of Credit Suisse said.

Every 1 percent decline in slot yield would translate to a 0.4 percent decline, Gandler calculates.

ALL has 23,000 class III slots and 25,000 class II slots installed in North America.

- FLUTTER said EBITDA this year would fall £90 million to £110 million if US and Australian sports remain suspended until the end of August and if the Euro soccer tournament is canceled.

FLTR also expects EBITDA to fall £30 million monthly if horseracing is canceled in the UK, Ireland and Australia, resulting in the closure of FLTR's betting shops.

The company has a strong balance sheet with debt-to-EBITDA at 0.7 times, well below its covenant level of 3.5 times, FLTR said.

FLTR will continue to explore ways to mitigate the impact of sports cancellations.

- GVC expects EBITDA to fall £130 million to £150 million this year because of sports cancellations.

An additional £45 million to £50 million would be lost monthly if UK betting shops close, GVC said.

Business prior to the virus outbreak was strong with total revenue up 5 percent and online up 16 percent.

The company derived 45 percent of revenue from sports last year, with 43 percent of that coming online.

GVC's balance sheet remains strong with debt to EBITDA at 2.69 times and revolver of £550 million, the company said.

- THE STARS GROUP said revenue is slightly ahead of last year with strong results from the UK so far.

Employees are working remotely to ensure customers continue to enjoy TSG's offerings, CEO Rafi Ashkenazi said.

A sustained postponement or cancellation of major sporting events could materially reduce sports betting revenues in the near term, he added.

However, TSG is confident in its ability to grow revenue as 62 percent of revenue comes from online poker and gaming, Ashkenazi said.

- WILLIAM HILL expects a £100 million to £115 million EBITDA hit if sporting events are canceled until September.

Additional months of closures past that would cut EBITDA by £25 million to £30 million per month.

WMH generated 53 percent of revenue from sports betting last year.

The company has a £425 million undrawn revolver and is working on conducting mitigation activities to reduce costs and manage cash flows.

- WYNN. Luis Chinchilla of Deutsche Bank evaluated three scenarios for Wynn Las Vegas, all of which assume the postponement of room refurbishments.

If Wynn is closed for 15 days, has 60 days of critical operations, 90 recovery days and 201 normal days, full-year property EBITDA should turn out to be \$263 million, he said.

In case of 45 days of closure, 90 days of critical operations, 120 recovery days and 111 normal days, property EBITDA could be \$103 million.

A 90-day closure, 120 days of critical operations, 90 recovery days and 66 normal days, Wynn would be at a loss of \$43 million.

With a cash shortfall, Wynn would still have access to funding from the Wynn Resorts Finance revolver with an estimated \$484 million available, he said.

ANALYSTS ON BALANCE SHEETS

Analysts published reports with the mindset that investors will now focus on the strength of balance sheets.

Chad Beynon of Macquarie expects balance sheets to be tested assuming that casinos will be closed for up to two months.

Companies with net debt-to-EBITDA ratios under three times will likely be able to manage two months of no EBITDA generation, he said.

Those companies include Las Vegas Sands, Monarch, Everi, AGS, Inspired and SciPlay.

REITs should also be safe with contracted rents, though resets and escalators could be hurt medium-term, he said.

Beynon's debt-to-EBITDA ratio calculations assuming no EBITDA generation:

Company	Current	1-month impact	2-month impact
AGS	3.5 times	3.8 times	4.2 times

BYD	4.8	5.3	5.8
CNTY	4.1	4.5	4.9
EVRI	3.3	3.6	4.0
FLL	4.9	5.3	5.9
GLPI	5.5	5.5	5.5
GDEN	5.7	6.2	6.8
IGT	4.3	4.7	5.2
INSE	3.3	3.6	4.0
LVS	1.6	1.8	2.0
MGM	4.3	4.7	5.2
MGP	5.6	5.6	5.6
MCRI	2.2	2.4	2.6
PENN	5.5	6.0	6.6
RRR	5.7	6.2	6.8
SGMS	6.3	6.9	7.6
TSG	5.0	5.5	6.0
WYNN	4.5	4.9	5.4

• Felicia Hendrix of Barclays thinks Wynn Macau faces the highest risk of breaching covenants while Las Vegas Sands is the lowest.

However, that assumes LVS cuts its dividend by 50 percent, she added.

Rental payments for Boyd and Penn National to their REIT partners are safe, with cash shortfalls only to occur if PENN's revenues fall 25 percent for the full year and if BYD's fall 35 percent, she said.

Hendrix' estimates on how far revenue needs to decline this year for covenants to be breached:

Company	Debt to EBITDA Covenant	US Revenue Decline	Macau Revenue Decline
BYD	5.75 times	10 percent	N/A
LVS	4.0	10	35 percent
MGM	4.5	15	45
PENN	4.25	11	N/A
Sands China	4.0	N/A	40
WYNN	3.0	10	40
Wynn Macau	4.0	N/A	23

- Carlo Santarelli of Deutsche Bank's estimates of how many months regional casino operators can go before reaching critical points in their balance sheets after having fully used their credit capacity:

Company	Number of months
BYD	9.7
ERI	10.6
GDEN	9.4
PENN	4.7
RRR	13.3

DRAWING CASH: CZR, MGM, PENN

- CAESARS plans to draw \$1.15 billion from its unused lines of credit in what it calls a precautionary measure.

- MGM plans to draw down up to \$1.5 billion in backup loans, Bloomberg reported.

The company terminated an offer to buy back \$1.25 billion in shares last week.

- PENN NATIONAL plans to draw an additional \$430 million from its revolver in order to maintain ample financial flexibility. The company now has \$700 million outstanding in its revolver.

SUSPENDING DIVIDENDS: WMH, CPHC

William Hill is suspending its dividend until further notice.

Canterbury Park is also suspending its quarterly dividend.

LV CANCELLATIONS GROW

The NFL Draft in Las Vegas has been canceled and shifted to a televised event in New York City.

The three-day event was expected to attract 700,000 people.

Entertainment productions on the Las Vegas Strip including Penn & Teller, David Copperfield and Cirque du Soleil have been canceled for at least 30 days.

Fremont Street in downtown Las Vegas is also canceling live entertainment from its open stages, the Las Vegas Review-Journal reported.

The 700-attendee World Game Protection Conference postponed its event at Penn National's Tropicana until the fall.

INVESTOR EVENT CANCELLATIONS

Several tradeshow and conferences throughout the world have also been postponed or canceled. As new dates are announced, they will be added to 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 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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