



FANTINI'S GAMING REPORT®

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Special Reporting Service

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Frank Fantini – *Publisher*

Ashley Diem – *Associate Publisher and Executive Editor*

Blake Weishaar – *Editor*

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.

SURVEY: REVENUE BEING IMPACTED

A survey that was conducted by Fantini Research had one respondent note that this year could be similar to the stock market crash in 2008.

Suppliers said that revenue was being impacted, with major entities holding back capital and delaying equipment deliveries for some of them.

Other supplier customers were said to have been canceling meetings.

The suppliers also indicated that cost-cutting measures are being implemented, including freezing new hires, pausing salary increases for C-level executives and requiring greater justification for promotions.

Other suppliers lowered travel and marketing budgets as a result of canceled meetings, travel and trade shows.

Respondents indicated they will not need to draw down lines of credit.

All survey respondents were kept anonymous.

WYNN CANCELS EVENTS

Wynn Resorts canceled all large gatherings including buffets, nightclubs and theaters in Las Vegas and Boston.

WYNN will use thermal cameras to screen guest and employee body temperatures and will implement mandatory distances between guests at table games, slots and dining tables.

Any person registering a temperature higher than 100.4 Fahrenheit will not be permitted inside the properties.

The company is also implementing paid sick days for employees that may require quarantine in addition to other changes including additional cleaning and sanitation.

The extra precautions were implemented after a visitor to Encore Boston Harbor tested positive for the virus.

Additionally, NBA player Donovan Mitchell, who also tested positive for the virus, was said to have visited the property on March 5 and gambled in the casino's high-limit area.

BYD CLOSES VALLEY FORGE

Boyd Gaming's Valley Forge casino in Pennsylvania will be closed until March 27 after Gov. Tom Wolf ordered the closing of all entertainment venues in Montgomery County as a precautionary measure.

There have not been any reported cases at the property.

All other Pennsylvania casinos remain open.

The suburban Philadelphia county has had the bulk of the state's infections.

LAS VEGAS HOTEL RATES, CANCELLATIONS

- Hotel room rates are declining as much as 74 percent over the next month compared to February 27, according to Barry Jonas of SunTrust.

Declines are continuing from April until late May on a worsening outlook for the market, he added.

Largest room rate declines for the next month:

CZR	- 74 percent
WYNN	- 61
MGM	- 59
LVS	- 47

- Cancellations continue to pile up with Las Vegas losing as many as 320,000 attendees.

MGM's Mandalay Bay confirmed closing three restaurants in addition to the property's buffet.

Drai's Beachclub at the Cromwell suspended operations until further notice.

The Las Vegas Review-Journal surveyed the Strip and took pictures. See them at https://www.reviewjournal.com/?p=1978551?itm_source=parsely-api.

RENO WORRIES

Local businesses in Reno are expressing concern over COVID-19's impact, Reno Gazette-Journal reported.

The biggest postponement in Reno is the US Bowling Congress' Open Championship, which will be rescheduled to May from March 21.

The tournament had 9,400 teams registered.

An official of the Reno-Tahoe Airport said airlines are getting more cancellations than bookings in what is normally the second busiest time of the year.

Grand Sierra Resort will postpone five shows originally taking place from March 13 through March 20 and including Mike Tyson and Criss Angel, the Reno Gazette-Journal reported.

The Mountain West basketball tournament and all sporting events have been suspended.

Northern Nevada's professional soccer team is postponing the home opener and games are on a 30-day hiatus.

ANALYSTS: GAMING INDUSTRY, GDEN, MCRI

- **GAMING INDUSTRY.** Keith Foley of Moody's lowered his outlook on the US gaming industry to negative, saying the virus will dampen customer and business activity this year.

He expects industry-wide EBITDA to fall 10 to 20 percent this year. He had previously estimated EBITDA growth of 3.5 percent.

Visits to casinos will likely be reduced from independent travelers and conferences at casinos are likely to be canceled too, he said.

Las Vegas is expected to take the biggest hit as travel plans and conventions are being canceled.

A recovery in gaming demand and containment of the virus would change Foley's outlook to stable, he said.

- **GOLDEN ENTERTAINMENT.** Carlo Santarelli of Deutsche Bank lowered his target to \$14 on the expectation that the company will face challenges this year due to COVID-19.

However, GDEN's lack of financial covenants and real estate ownership position the company well in the event that the virus outbreak worsens, he said.

It is likely that debt to EBITDA will be quickly reduced next year as GDEN has a strong free cash flow-generating business. This year will likely be tough on balance sheets, and not just GDEN, but for peers as well, he added.

Chad Beynon of Macquarie lowered his target to \$24, saying it is inevitable that the virus will hurt operations in some way.

However, he maintained his outperform rating, adding that GDEN's balance sheet is insulated despite exposure to regional markets.

David Katz of Jefferies is modeling a slower ramp up at the Strat and weak growth in the casino segment due to COVID-19.

- **MONARCH CASINO.** Brad Boyer of Stifel lowered his target on MCRI to \$35 to reflect near-term economic headwinds in relation to the virus and a conservative outlook for this year.

He maintained his hold rating, adding that the company has the cleanest balance sheet among peers with net debt to EBITDA expected to be 1.3 times at year-end, has \$50 million available in its revolver and is well positioned to benefit from the strong local economies in Reno and Black Hawk.

MCRI should benefit from locals' visitation in Reno, which makes up 55 percent of the company's business in that market, he said. Visitation to Reno from outside the market is expected to decline due to the virus.

COMPANIES: CNTY, GATEWAY, GDEN, HARD ROCK INT, MANSION

- **CENTURY CASINOS** noted that the virus has had no impact on operations in the US or Canada, though Poland revenues have declined 10 percent so far.

CNTY's North American casinos do not rely on meeting and convention businesses and very few customers travel by air to the properties, which should minimize the impact of the virus on the company, Co-CEO Peter Hoetzing said.

- GATEWAY CASINOS' Casino Rama postponed Frankie Vallie and The Four Seasons concerts scheduled March 21 and 22 and plans to host the show at a later date.

- GOLDEN ENTERTAINMENT. Business is holding up at The STRAT in Las Vegas and other properties, CEO Blake Sartini said on the company's fourth quarter investor conference call.

Sartini described a fully booked hotel for the coming weekend saying, "our properties are not ghost towns."

And CFO Charles Protell, discussing the steep slide in the stock since COVID-19 worries began, said he isn't "seeing any impact on our business that is remotely related to the loss of equity."

- HARD ROCK INTERNATIONAL. The World Poker Tour's stop at Seminole Hard Rock in Hollywood, Florida has been postponed.

It was to have taken place April 16 to May 5.

- MANSION GROUP. The Gibraltar-based gaming operator advised all employees to work from home and banned all work-related travel.

Anyone returning from personal travels will be required to work from home for two weeks.

Employees will return to the office on March 30.

AROUND THE COUNTRY: AR, AC, CA, MS, NV, OK, OR, QC

- ARKANSAS. Oaklawn will not admit fans to horse races this weekend, but the casino remains open until further notice.

- ATLANTIC CITY. Hard Rock canceled all entertainment events until April.

Harrah's also canceled all events at the Pool After Dark nightclub through March 25 while the World Series of Poker event at the property will no longer be held.

The cancellations follow New Jersey Gov. Phil Murphy's recommendation that all events of 250 or more people be canceled or postponed.

- CALIFORNIA. Morongo Casino is postponing major shows and events this month following direction from the California Department of Public Health.

- MISSISSIPPI. The PGA Championship canceled the Rapisan Systems Classic originally scheduled for March 27 just outside of Biloxi, the Sun Herald reported.

PGA events will be canceled through April 5.

- NEVADA is now under a state of emergency.

Gov. Steve Sisolak said the emergency "...is not a reason to panic..." but is a device to coordinate efforts and free up resources.

Nevada has 16 presumptive cases with nine confirmed in Clark County of COVID-19, Sisolak noted.

Jacobs Entertainment CEO Jeff Jacobs announced a \$150 million investment to renovate the Sands Regency and four downtown hotels and now fears it will get worse before it gets better.

Nevada Wolf Pack's athletic department and Mountain West basketball tournament suspended all sporting events.

Northern Nevada's professional soccer team is postponing the home opener and games are on a 30-day hiatus.

- OKLAHOMA. Winstar Casino is canceling all March concerts, which include Pitbull, Brad Paisley and Adam Sandler.

April shows are still on as planned.

- OREGON Lottery Commission canceled its March meeting over fears of the virus.

- QUEBEC. Four Loto-Québec-operated casinos shut down as part of the local government's plan to ban indoor meetings of more than 250 people.

The closures are implemented until April 12.

INTERNATIONAL: FINLAND, JAPAN, LATIN AMERICA, MALTA, NETHERLANDS

- FINLAND's state-owned gaming operator Veikkaus is shutting down all slots in order to reduce the risk of infection for customers, partners and staff.

The closure applies to slots at supermarkets, kiosks and restaurants.

Additionally, Casino Helsinki, Feel Vegas gaming venues and other gaming parlors will be closed until the end of March.

- JAPAN will close pachinko parlors for an undisclosed time at the request of Chief Cabinet Secretary Yoshihide Suga.

Pachinko parlors have already taken measures to improve sanitation but self-imposed closings will ensure that the virus will not continue to spread, Suga said.

The industry has also been asked to not advertise with the intention of encouraging visitors to visit the parlors.

- LATIN AMERICA. Paraguay casinos and gambling halls are shut down for 15 days.

In Argentina, Buenos Aires, casinos, bingo parlors and racetracks will be closed for 30 days.

- MALTA visitors will be required to undergo a 14-day quarantine.

Twelve virus cases have been confirmed so far.

- NETHERLANDS. Holland Casinos closed all 14 properties in the Netherlands until March 31.

Those closures mean the World Poker Tour Amsterdam will not take place in the scheduled location but will relocate to another casino.

ELSEWHERE: MLB, NASCAR

- MAJOR LEAGUE BASEBALL is the latest league throwing a damper on the sportsbooks just opening in the Midwest.

MLB is pushing back the start of its regular season to April 9 from March 26.

That postponement joins the cancellations of the NHL, NBA, MLS and collegiate basketball tournaments.

- NASCAR will hold its next two race weekends at Atlanta Motor Speedway in Georgia and Homestead-Miami Speedway in Florida without spectators.

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.

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STAFF/CONTACT US:

Frank Fantini, publisher. FFantini@FantiniResearch.com
Ashley Diem, associate publisher and executive editor. ADiem@FantiniResearch.com
Dee Wild-Shyver, associate editor and VP of Virtual Trade Show. DWild@FantiniResearch.com
Laura Briggs, public policy editor. LBriggs@FantiniResearch.com
Blake Weishaar, editor. BWeishaar@FantiniResearch.com
Hannah Wilmarth, writer. HWilmarth@FantiniResearch.com
Alex Capitle, marketing specialist. ACapitle@FantiniResearch.com
Cindy Konowitz, office manager. CKonowitz@FantiniResearch.com
Dylan Kaplan, writer and project team member. DKaplan@FantiniResearch.com

Subscription inquiries: Subscriptions@FantiniResearch.com

Analyst notes to: Analysts@FantiniResearch.com

News releases to: Editor@FantiniResearch.com