



FANTINI'S GAMING REPORT[®]

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Special Reporting Service

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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.*

REPORT: NEVADA SHUTTING DOWN

Nevada will be shutting down all of its casinos, the Nevada Independent posted on its website Tuesday afternoon.

The Las Vegas Review-Journal had a slightly different take, saying Gov. Steve Sisolak would announce the closing of bars and restaurants and could include a limit on size crowds that would affect casinos.

An announcement was expected Tuesday evening, and we will send out a bulletin if it occurs.

Meanwhile, Las Vegas Sands' Venetian and Palazzo and the Cosmopolitan joined the growing list of Las Vegas Strip casinos announcing voluntary closings.

LVS added that it is not considering layoffs or furloughs.

As of Tuesday afternoon, Caesars was the only major operator with casinos still open on the Strip.

For the casinos that are still open throughout the state, the Nevada Gaming Control Board had said it would enforce social distancing guidelines including no more than three chairs per table game and that each gaming machine is to be sanitized every two hours.

STATEWIDE CLOSINGS

The majority of US casinos are now closed, with statewide closures in Colorado, Delaware, Kansas, Missouri and Mississippi having been announced Tuesday.

US, CANADA COMPANY CLOSINGS: ATLANTIC LOTTERY, ERI, GAMEHOST, KEENELAND, PENN

- ATLANTIC LOTTERY all VLTs in New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland and Labrador.
- ELDORADO RESORTS Isle Bettendorf and Isle Waterloo in Iowa.
- GAMEHOST all casinos in Alberta.
- KEENELAND's spring meet.
- PENN NATIONAL's Ameristar Council Bluffs in Iowa.

The company also halted construction on its satellite casinos in Pennsylvania.

US, CANADA DEVELOPMENTS: CZR, CHDN, MGM, SOUTH POINT

- CAESARS closed buffets companywide.
- CHURCHILL DOWNS postponed the Kentucky Derby until September.

- MGM RESORTS extended two weeks of pay to all furloughed part-time employees.
- SOUTH POINT scaled back hours of its restaurants to six hours maximum.

TRIBAL CLOSINGS

- Cherokee Nation's 10 casinos.
- Grand Traverse casino, Michigan.
- Ho-Chunk Gaming Madison, Wisconsin.
- Ojibwa tribe's casinos, Minnesota.
- Potawatomi Casino, Wisconsin.
- Puyallup, Washington.
- Seneca Gaming's three New York casinos.
- Suquamish, Washington.
- Soaring Eagle Casino, Michigan.
- Tulalip, Washington.

INTERNATIONAL CLOSINGS: IRELAND, MALAYSIA, PHILIPPINES, SWITZERLAND, UK

- IRELAND. All Irish Bookmaker Association's betting shops until March 29.
- MALAYSIA. Genting Malaysia's Resorts World Genting until March 31.
- PHILIPPINES. PAGCOR extended casino closings to the entire country from just Manila.
- SWITZERLAND is closing casinos until April 19, though land-based casinos may operate online with a license.
- UNITED KINGDOM. All horseracing has been suspended until the end of April.

OTHER INTERNATIONAL DEVELOPMENTS: AUSTRALIA, EUROPE, UK

- AUSTRALIA. Victoria's horseraces will be held without spectators.

The legal hearing for Crown and Melco Resorts has been postponed. The hearing will look into the MLCO's acquisition of a stake in Crown, licensing issues and the accusation that CWN fast-tracked visas for Chinese VIPs.

- EUROPE. The Euro soccer tournament scheduled for this summer was postponed until next year.
- UNITED KINGDOM. The Betting and Gaming Council called on the government for emergency assistance to help with employment costs and taxes.

The council warned that casinos face a crisis as customer levels drop despite there being no lockdown in effect as venues close and sporting events are canceled.

FINANCIAL IMPACTS

- GVC expects the UK horseracing suspension to cut EBITDA by £20 million to £25 million this year prior to any mitigation actions.

The company has a £550 million available in its revolver and a covenant of four times net debt-to-EBITDA.

- BETTER COLLECTIVE is expecting €2 million to €4 million less revenue this year as a result of the postponement of the Euro soccer tournament and another €4 million to €6 million due to other canceled events.

Estimates assume sport events will be back to normal schedules by the second half of the year.

- GENTING SINGAPORE expects significant visitation and revenue declines at Resorts World Sentosa.

The company has reduced first quarter pay for non-executive directors, base salary for executive directors by 18 percent and base salary for all managerial staff by 9 to 18 percent. The company is also encouraging employees to take no-pay leave.

- RANK GROUP expects net cash costs of £25 million due to the UK's recommendation to avoid leisure venues.

However, that is prior to any mitigation actions. Net cash costs would be £17 million with those actions factored in.

The company has net debt of £32 million, an undrawn revolver of £85 million and total cash of £163 million.

ANALYSTS ON BALANCE SHEETS

- MACAU. Edward Engel of Macquarie said he is comfortable that Macau casino operators have sufficient cash and EBITDA to withstand a prolonged economic downturn.

He believes Macau share prices already factor in a 30 percent EBITDA cut next year.

However, Engel still expects Chinese to continue gambling and traveling to Macau after the virus subsides.

Market-wide EBITDA should fall 48 percent this year then more than double next year. Revenue should fall 29.1 percent this year.

- OPERATORS. Thomas Allen of Morgan Stanley called Wynn best positioned among other gaming operators in terms of stock performance and available liquidity.

Regional gaming operators could experience average annual revenue declines of 10 percent before breaching financial covenants while large-cap operators would have to experience revenue declines of 30 percent or greater to breach the covenants, he said.

Allen's estimate of revenue declines before liquidity becomes an issue:

BYD	62 percent
ERI-CZR pro forma	41
LVS	137
MGM	97
PENN	31
WYNN	121

- WYNN, WYNN MACAU CORRECTION. Felicia Hendrix of Barclays corrected her previous note to say that Wynn and Wynn Macau have the most favorable liquidity profiles in her coverage.

She had previously said they had the highest risk of breaching financial covenants.

Wynn Macau's covenants stipulate that net debt-to-EBITDA must be below four times while WYNN's must be below 3.75 times, not three times as had been reported.

DRAWING CASH

Golden Entertainment drew the available \$200 million from its revolver as a precaution.

MITIGATION

- LEOVEGAS is focusing on online casino in light of the sports season cancellations.

Online casino accounted for 91 percent of the company's revenue last year and sports betting 9 percent.

The company is also asking staff to work from home and has implemented a travel ban for employees.

- AQUIS ENTERTAINMENT postponed all poker tournaments and reduced the number of chairs at gaming tables at Casino Canberra in Australia.

Table games have been spread throughout the gaming floor to create distance.

MACAU BARRING FOREIGN ENTRY

Macau is barring entry of non-residents for an undisclosed time after the first case of COVID-19 appeared in the city since February 4.

Exempted are residents of Mainland China, Hong Kong and Taiwan and people who hold Macau immigration status.

Macau has been considering easing entry from Mainland as COVID-19 cases decline there.

LV ROOM RATES PLUMMET

Las Vegas room rates for the week of NFL Draft have plummeted now that the draft has been moved to New York City.

Room rates have fallen to an average of \$65 from \$287 for the week of April 23.

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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