



## 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](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.

#### iDEA FLOATS NATIONWIDE IGAMING

With most US casinos shut down, online gaming group iDEA says it plans to talk to elected officials this week about options for opening nationwide iGaming to help the casino industry, according to Gaming Intelligence.

Golden Nugget iGaming VP Thomas Winter says Michigan and West Virginia, which have legalized iGaming, could outsource regulatory oversight to New Jersey and Pennsylvania gaming regulators, where iGaming already operates.

States that have legalized online sports betting but not yet launched could do the same.

Additionally, states that have not passed legislation could allow market access deals to operators in New Jersey and Pennsylvania, he said.

“We would need some form of executive order to allow any iGaming operator that is already licensed in Pennsylvania or New Jersey to take iGaming to any other state that opts in,” explained Winter. “These states could delegate the authority to license and enforce regulations to New Jersey or Pennsylvania.”

Full article: <https://www.gamingintelligence.com/products/casino/92167-us-gaming-industry-launches-nationwide-igaming-plan/>.

## GOLDMAN SACHS LOWERS TARGETS

Stephen Grambling of Goldman Sachs lowered targets on gaming operators to reflect the closure of casinos in the US and travel restrictions in Macau.

His estimates assume US casinos will be closed through May 1 based on MGM’s commentary that the company would begin taking new reservations after that date.

Grambling expects Macau to recover and surpass gaming revenues next year while US regional gaming should get back to 2019 levels next year too. Las Vegas will likely still be 10 percent below last year’s revenue next year, he said.

Las Vegas Strip RevPAR should fall 35 percent this year but rebound 41 percent next year. Las Vegas Sands and Wynn should take group market share in the second half of this year and next, Grambling said.

Regional gaming revenue should fall 29 percent this year and grow 35 percent next year, he said. However, lower household wealth and job losses could hurt a recovery, Grambling cautioned.

Macau revenue should fall 17 percent this year and grow 27 percent next year.

Grambling’s outlook:

	Target	Change	EBITDA		
			2020	2021	2022
Accel Entertainment	\$ 11	- \$ 5	\$53 million	\$90 million	\$103 million
Las Vegas Sands	\$ 68	- \$14	\$3.091 billion	\$5.164 billion	\$5.448 billion
MGM	\$ 18	- \$15	\$1.132 billion	\$2.710 billion	\$2.837 billion
Red Rock Resorts	\$ 13	- \$18			
Wynn	\$104	- \$69			

Red Rock Resorts	\$236 million	\$423 million	\$488 million
Wynn	\$1.004 billion	\$1.834 billion	\$2.009 billion

COMPANY UPDATES: BYD, CATENA, DNA, GAN, GOLDEN MATRIX, GOLDEN NUGGET

- BOYD suspended quarterly dividends and financial guidance until further notice.

The company will now hold its April 9 annual meeting online. Complete access instructions are at <http://boydgaming.investorroom.com/2020-03-25-Boyd-Gaming-Announces-It-Will-Hold-Its-Annual-Meeting-Of-Stockholders-Online>.

- CATENA MEDIA expects no negative long-term revenue impact from COVID-19, the company said in a trading update.

Online casino has been strong in March with higher than average traffic than January and February.

The company is working to convert sports bettors to casino sites as sports events are canceled or postponed.

Revenue through February rose 5.7 percent to €18 million year-over-year while adjusted EBITDA grew 19.9 percent to €8.9 million.

Online casino represented 59 percent of revenue in the first two months, sports betting 35 percent and financial services 5.

The company had cash of €19.2 million as of February 29 and interest-bearing debt of €162.5 million.

- DONACO. Star Vegas' visitation fell 15 percent to 53,463 through the first 22 days of March as a result of the virus, though rolling chip volume rose 9 percent to \$47 million.

The border crossing from Thailand is closed until April 5. As a result, Star Vegas is operating at minimal capacity.

DNA implemented unpaid leave for casino staff in March and April and deferred spending to reduce costs.

Aristo casino visitation is down too, DNA said.

- GAN should benefit from the shift to online gambling as brick-and-mortar casinos close, the company said.

GAN reiterated confidence in revenue growth for the year and is recommitted to listing on Nasdaq. Shareholders will vote on the move next Tuesday.

New Jersey operators should generate iGaming revenue of \$677 million this year, \$12 million more than the earlier estimate.

The number of daily new first-time depositors exploded 719 percent since Atlantic City's casinos closed March 16.

Value of daily deposits grew 57 percent in the same time period, GAN said.

Online sports betting is expected to generate \$255 million in New Jersey this year, down 14 percent from earlier projections, though the first quarter will beat expectations, GAN said.

In Italy, online bets have grown 17.6 percent following the February 23 closure of gambling venues. That trend should continue through April, GAN said.

GAN recently signed simulated gaming supply deals with Penn National and the Sault Tribe of Chippewa Indians in Michigan expecting to launch with PENN in August and with the tribe early next year.

Last year's earnings:

Revenue: \$30 million vs. \$14 million

Adjusted EBITDA: \$8.4 million vs. (\$1.7 million)

Balance sheet: Cash: \$10.1 million vs. \$7 million

- GOLDEN MATRIX. The social gaming provider expects to supply the GM-X social gaming platform to an additional 40 operators as customers shift to online amid land-based casino shutdowns.

The company has supplied the platform to 24 clients since closures began.

- GOLDEN NUGGET casinos are starting to furlough employees but CEO Tillman Fertitta is looking forward to reopening his restaurants and casinos.

"I think what we are doing with the shut-down is good but in a few weeks people will need to be around people," Fertitta told Bloomberg, suggesting that his properties might reopen at 30 to 40 percent capacity.

"Otherwise you are going to go into an economic crisis that is going to take us years to dig ourselves out of," Fertitta said.

ANALYSTS: CHDN, EVRI, MGM, PTEC, SGR

- CHURCHILL DOWNS. Keith Foley of Moody's downgraded CHDN's corporate family rating to Ba3 and speculative grade liquidity rating to SGL-2 with a negative outlook.

The downgrades are due to the closing of casinos, suspension of horse racing and potential negative impact on consumer wealth as a result of the virus.

- EVERI. Colin Mansfield of Fitch downgraded EVRI's senior secured credit facility to BB+ and senior unsecured notes to B+ with a negative outlook.

The long-term issuer default rating was lowered to B+.

- MGM RESORTS. Colin Mansfield of Fitch downgraded MGM's issuer default rating to BB- and the unsecured debt to BB- with a negative outlook.

The downgrade is due to MGM's decreased financial flexibility following the recent sale-leaseback transactions and virus impacts.

- PLAYTECH. Kristin Yeatman of Moody's downgraded PTEC's €530 million senior secured notes due 2023 and €350 million senior secured notes due 2026 to Ba3 with a negative outlook.

Additionally, the corporate family rating was downgraded to Ba3 and the probability of default rating was downgraded to Ba3-PD.

- STAR ENTERTAINMENT. Larry Gandler of Credit Suisse lowered his target to A\$3.9 because of casino closings.

However, he upgraded SGR to outperform noting his target is 140 percent above the current stock price.

He assumes SGR's casinos will be shut down for one month and then be operational at 75 percent of gaming capacity for the second quarter.

However, the company has a strong enough balance sheet to undergo a prolonged closure, Gandler said.

Next year should have some lingering softness for visitation while the new Crown Sydney takes some market share, too, he added.

Gandler's EBITDA estimates are \$465 million this year, \$531 million next year and \$542 million in 2022 with earnings per share of 16.38, 19.75 and 20.32.

## TCSJOHNHUXLEY WANTS G2E ASIA POSTPONED

UK-based gaming supplier TCSJOHNHUXLEY asking Reed Exhibitions to further postpone or cancel G2E Asia.

"To go ahead with the show under these circumstances is a ludicrous combination of sheer folly and corporate profiteering," Executive Chairman Tristan Sjöberg said.

July is far too soon for any exhibitors as trade shows take months of preparation. Many businesses are in lockdown for indefinite periods including travel restrictions, the company said.

Sjöberg is encouraging other exhibitors and industry professionals to advocate for the show to be moved to the end of the year at the earliest.

## MORE CLOSINGS

US, CANADA: ID, LA, SD, WV

- Idaho. The Shoshone-Bannock casino.
- Louisiana. Paragon casino.
- South Dakota casinos closed at noon Wednesday.
- West Virginia. Penn National stopped horse racing at Hollywood Charles Town.

INTERNATIONAL: INDIA, IRELAND, SOUTH AFRICA

- India. Gaming conference SPiCE India rescheduled to August 26.
- Ireland shut down all sporting events.
- South Africa. Sun International casinos closed and horse racing suspended.

## OTHER INTERNATIONAL DEVELOPMENTS: GAUSELMANN, OLV, SJM

- GAUSSLEMAN GROUP stopped production and sales across all businesses.
- OTHERLEVELS CEO Brendan O’Kane is waiving his salary for three months and senior employees are waiving bonuses. Travel, conference and marketing costs have also ceased.
- SJM will supply a hotel to the Macau government as a quarantine facility for coronavirus patients, GGRAsia reported.

Nine other hotels in Macau have been designated as medical observation venues.

## DOING GOOD: DRAFTKINGS, FOXWOODS, MGM, MOHEGAN, RRR

NOTE: During this time of crisis, gaming companies, though under stress themselves, are stepping up to help others. Below are examples. To report the good works your company is doing, send information to [Editor@FantiniResearch.com](mailto:Editor@FantiniResearch.com).

- DRAFTKINGS donated \$500,000 and aims to raise the same amount by asking fans to share rally cap photos under #DKRally and tagging three friends.
- FOXWOODS and MOHEGAN SUN donated food to the recently unemployed in Connecticut.
- MGM Resorts pledged \$1 million to Employee Emergency Grant Fund for company employees and their families and donated 480,000 pounds of food.

MGM Springfield also donated books to families with children in kindergarten through high school, WWLP-TV reported.

- RED ROCK RESORTS' Station Casinos donated 120 pallets of food to Three Square Food Bank.

#### **CORRECTION: EVRI LOWERS COSTS**

Everi reduced payroll costs to less than \$2 million per month via salary reductions and furloughs, not by less than \$2 million per month as originally 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 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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