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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. In addition, you may reach Editor Blake Weishaar at BWeishaar@FantiniResearch.com or by phone at +1 302 730 3793.

MORGAN STANLEY LOWERS GAMING OUTLOOK

Morgan Stanley analysts Thomas Allen and Praveen Choudhary lowered outlooks on the assumption that COVID-19 will have lasting effects on the gaming industry.

- Las Vegas. Thomas Allen expects Las Vegas gaming revenue to fall 30 percent this year and grow 20 percent next year and 5 percent in 2022.

He sees the first quarter down 50 percent, second down 72, third quarter 30 percent and the fourth down 6 percent, with year-over-year growth starting next March.

Social distancing protocols will likely remain in place for some time resulting in some properties operating below peak capacity. Some customers will be cautious about traveling.

- Regional gaming. Allen sees regional casinos recovering sooner than Las Vegas but thinks some customers may be cautious about entering crowded venues.

He forecasts a 20 percent revenue decline this year, and growth of 14 percent next year and 5 percent in 2022.

Allen's outlook:

Company	Target	Change	Rating	---- EPS/AFFO/share ----		
				2020	2021	2022
Boyd	\$20	- \$17	Overweight	(\$0.07)	\$1.23	\$1.76
Caesars	\$10	- \$ 3	Equal weight	(\$1.05)	(\$0.46)	(\$0.38)
Eldorado Resorts	\$21	- \$47	Overweight	(\$3.52)	(\$0.07)	\$0.89
Gaming & Leisure	\$35	- \$17	Overweight	\$1.86	\$3.46	\$3.54
Las Vegas Sands	\$50	- \$19	Equal weight	\$0.79	\$2.60	\$3.19
MGM	\$18	- \$16	Equal weight	\$0.65	(\$0.39)	\$0.11
MGM Growth Prop.	\$26	- \$9	Equal weight	\$2.39	\$2.48	\$2.54
Penn National	\$19	- \$20	Overweight	\$1.62	\$1.73	\$2.58
VICI Properties	\$20	- \$10	Overweight	\$1.67	\$1.87	\$1.91
Wynn	\$85	- \$59	Equal weight	(\$3.70)	\$2.36	\$4.42

Company	----- EBITDA -----		
	2020	2021	2022
Boyd	\$588.3 million	\$797.3 million	\$880.6 million
Caesars	\$1.529 billion	\$2.050 billion	\$2.136 billion
Eldorado Resorts	\$1.537 billion	\$3.164 billion	\$3.301 billion
Gaming & Leisure	\$685 million	\$1.034 billion	\$1.050 billion
Las Vegas Sands	\$2.328 billion	\$4.227 billion	\$4.852 billion
MGM	\$1.453 billion	\$2.521 billion	\$2.896 billion
MGM Growth Prop.	\$902 million	\$913 million	NA

Penn National	\$1.268 billion	\$1.593 billion	\$1.730 billion
VICI Properties	\$1.120 billion	\$1.273 billion	\$1.283
Wynn	\$666.1 million	\$1.462 billion	\$1.745 billion

• Macau. Praveen Choudhary expects year-over-year revenue declines to stop in October, resulting in a 35 percent full-year decline then 40 percent growth next year.

Industry-wide EBITDA should fall 37 percent this year and 18 percent next year due to fixed costs and rising debt, he said.

Most companies have strong balance sheets, Choudhary said.

Wynn Macau, Galaxy Entertainment and SJM will likely reduce or suspend dividends this year, he added.

Choudhary's outlook, with figures in Hong Kong dollars, unless otherwise noted:

Company	Target	Change	Rating	----- EPS -----		
				2020	2021	2022
Galaxy Ent	\$50	- \$ 6	Equal weight	\$0.87	\$2.20	\$2.84
Melco Resorts	US\$16	- \$ 8	Overweight	(\$0.95)	\$0.41	\$1.17
MGM China	\$11	- \$ 6	Overweight	(\$0.42)	\$0.29	\$0.72
Sands China	\$33	- \$44	Equal weight	\$0.06	\$0.20	\$0.25
SJM	\$11.50	- \$0.70	Overweight	\$0.05	\$0.35	\$0.59
Wynn Macau	\$14	- \$ 6	Overweight	(\$0.09)	\$0.47	\$0.80

Company	----- EBITDA (in billions) -----		
	2020	2021	2022
Galaxy Ent	\$8.359	\$14.623	\$18.197
Melco Resorts	US\$0.547	\$ 1.219	\$ 1.522
MGM China	\$2.021	\$ 4.462	\$ 6.010
Sands China	\$1.505	\$ 2.651	\$ 3.090
SJM	\$1.182	\$ 4.746	\$ 6.068
Wynn Macau	\$3.999	\$ 6.878	\$ 8.337

MACQUARIE LOWERS ESTIMATES

Chad Beynon lowered earnings estimates on US casino operators assuming no revenues in April or May and that it will be flat in June.

He expects casino re-openings as early as mid-April though there could be some delays on cautious outlooks due to COVID-19.

He expects second quarter industry-wide gaming revenue to fall 65 percent and third quarter revenue to fall 5 percent.

Beynon is most bullish on MGM, Century Casinos, Monarch Casino and Red Rock Resorts, saying they have strong enough balance sheets to withstand the shutdowns.

Penn National continues to find ways to create value such as the Barstool and Tropicana deals to prove that it too can weather the closures, he said.

Company	Target	Rating	EPS		
			2020	2021	2022
Boyd	\$25	Neutral	\$0.13	\$1.92	\$2.32
Century Casinos	\$ 7	Outperform	(\$2.42)	(\$0.48)	(\$0.40)
Full House	\$ 3	Outperform	(\$0.43)	\$0.19	\$0.25
Golden Entertainment	\$18	Outperform	(\$3.00)	(\$0.31)	\$0.23
MGM	\$30	Outperform	(\$0.42)	\$1.29	\$1.59
Monarch	\$43	Outperform	\$1.15	\$2.89	\$3.28
Penn National	\$26	Outperform	(\$0.38)	\$2.35	\$2.69
Red Rock Resorts	\$21	Outperform	(\$0.35)	\$0.71	\$0.92

Company	EBITDA		
	2020	2021	2022
Boyd	\$673 million	\$920 million	\$964 million
Century Casinos	\$54.5 million	\$83 million	\$85.8 million
Full House	\$7.8 million	\$25.5 million	\$27.1 million
Golden Entertainment	\$123.755 million	\$198.008 million	\$208.537 million
MGM	\$2.081 billion	\$3.350 billion	\$3.546 billion
Monarch	\$51 million	\$95 million	\$104 million
Penn National	\$1.281 billion	\$1.701 billion	\$1.755 billion
Red Rock Resorts	\$380 million	\$509 million	\$538 million

SLOT, TABLE SALES TO DECLINE

North American slot sales are expected to decline 30 percent to 59,800 units this year but should rebound 9.4 percent to 65,400 next year, Todd Eilers of Eilers & Krejcik Gaming said.

He estimates 472 table games will be added to existing table game counts this year and 400 next year.

Last year slot sales increased 7.1 percent to 86,000 machines and 166 table games were also added.

The Slot & Table Forecast Post Fourth Quarter Update is available from Alex Capitle at ACapitle@FantiniResearch.com.

FANTINI AND GROS CHAT

Fantini Research CEO Frank Fantini and Roger Gros, publisher of Global Gaming Business Magazine recently discussed the outlook of the gaming industry and the what to expect due to COVID-19.

Listen to their podcast at <https://www.fantinisgamingshow.com/exhibitors/1685-ceo-frank-fantini-talks-with-roger-gros-of-ggb-magazine-regarding-covid-19-and-his-take-on-whats-to-come.html>.

COMPANY UPDATES: INSE, SGMS

- **INSPIRED.** Demand for virtual sports and gaming businesses is growing for INSE as gamblers turn to online, CEO Lorne Weil said.

However, INSE is still reducing operating costs in order to offset retail losses, he said.

The company drew down \$24.9 million from its revolver to provide additional financial capabilities.

- **SCIENTIFIC GAMES** is implementing cost-saving plans to ensure stability for staff and to protect the operations of the company.

Hours and pay are being reduced in order to preserve as many jobs as possible and furloughs are being implemented.

Top executives have volunteered for 50 percent pay cuts and CEO Barry Cottle is foregoing pay.

OSAKA PUSHES BACK CASINO CHOICE

Osaka is delaying its selection of a casino developer to September from June as COVID-19 has delayed the selection process, Inside Asian Gaming reported.

The prefecture originally hoped to open the casino before the 2025 World Expo.

MGM is the only casino operator candidate.

MACAU OCCUPANCY FALLS

Hotel and guestroom occupancy in Macau plummeted 76.9 percent to 15 percent in February.

The number of guests swooped down 85.4 percent to 157,000, with those from Mainland China down 86.3 percent to 106,000 and from Hong Kong 81 percent to 21,000.

Full report:

<https://www.dsec.gov.mo/Statistic/TourismAndServices/PackageToursAndHotelOccupancyRate/2020%e5%b9%b42%e6%9c%88%e6%97%85%e8%a1%8c%e5%9c%98%e5%8f%8a%e9%85%92%e5%ba%97%e5%85%a5%e4%bd%8f%e7%8e%87.aspx>.

Mainland China needs to resume issuing individual visas to people with lower risk of spreading COVID-19 to boost casino visitation, Macau Association of Gaming and Entertainment Promoters President Kwok Chi Chung told GGRAsia.

Neighboring province Guangdong requires a 14-day quarantine for anyone wishing to enter from Macau or Hong Kong. Most casino tourists come from the province.

Chung expects some smaller junkets to close. The number of licensed junkets was reduced by 5 percent to 95 compared to last year.

CLOSINGS AND POSTPONEMENT UPDATES

US: CA, MI, MO, NY, OK

- California. Jamul Casino extended its closure until April 12 and Chumash by 30 days.
- Michigan. The Four Winds Casinos are now closed indefinitely.
- Missouri casinos will remain closed until April 6.
- New York. Rush Street's Rivers Schenectady postponed show dates to the second half of the year.
- Oklahoma. Desert Diamonds casinos will stay closed until April 23 and the River Bend and Lucky Turtle through April.

INTERNATIONAL: BET-AT-HOME, CAMBODIA, CIRSA, NEW ZEALAND, NORWAY, SWEDEN

- bet-at-home.com's annual meeting has been postponed.
- Cambodia's casinos were ordered closed as of April 1. Prime Minister Hun Sen said the finance ministry will work on tax exemptions while the casinos are closed.
- Cirsa shut down all operations except online.
- New Zealand suspended all in-store lottery sales.
- Norway extended bingo hall closings until April 13.
- Sweden. Svenska Spel closed all four Cosmopol casinos.

OTHER INTERNATIONAL DEVELOPMENTS: AQUIS, MACAU, POLAND

- AQUIS laid off 90 percent of its employees at Casino Canberra and its executive team is taking salary cuts.
- MACAU. Half of Las Vegas Sands' 4,000-room Sheraton Grand Macau at Sands Cotai Central will be used for quarantining patients.
- POLAND's sportsbook association is calling for temporary tax reductions.

DOING GOOD: CHUKCHANSI, DEL NORTH, PENN

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.

- CHUKCHANSI GOLD RESORT in California will become an official food distribution center for Madera County.
- DELAWARE NORTH's Southland Casino in West Memphis, Arkansas, donated food to local food pantries.
- PENN NATIONAL. Greektown casino is offering free stays to Detroit first responders who are concerned about spreading the virus to loved ones.

RELIEF FUNDS: PENN, SGMS, WMH

- PENN NATIONAL employee relief funds contributions can be made at www.pnggaming.com/community.
- SCIENTIFIC GAMES launched the Hardship Relief Fund for employees.
- WILLIAM HILL US employee relief fund donations can be sent to: William Hill USA Foundation, 6325 S. Rainbow Blvd, Suite 100, Las Vegas, NV 89117.

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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