



FANTINI'S GAMING REPORT®

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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.

MGM SHARE PURCHASES CONTINUE

MGM executives and investors continue to buy shares in the face of steep selloffs.

Prices paid per share were as much as 66 percent lower than MGM's 52-week closing high of \$34.54 hit back in January.

CEO Bill Hornbuckle bought 8,500 shares at \$11.76 each and now owns 148,730 shares directly and 236,384 shares indirectly.

He has added 49,800 shares this week.

Activist investor Corvex bought 2 million shares at prices ranging from \$10.97 to \$11.94 through a trading plan and now owns 22.538 million shares.

Corvex has added 2.5 million shares this week.

ANALYSTS: AGS, CWN, IGT, SGMS, WYNN

- AGS. Todd Eilers of Eilers & Krejcik Gaming lowered EBITDA and revenue estimates to reflect the impact of COVID-19.

He estimates US casinos will begin reopening in mid-May and that the majority of them will be open by July. Player demand will not immediately return to prior levels and will improve throughout the year, he said.

He assumes AGS will burn cash in the first half and grow free cash flow in the second half.

He expects EBITDA of \$108.6 million this year and \$139 million next year with revenue of \$234.9 million and \$296.2 million.

- CROWN RESORTS. With its low debt, CWN should weather the virus Fitch Ratings, said in reiterating its BBB rating with a stable outlook.

CWN has no bond maturities before fiscal 2025, but A\$230 million in committed credit facilities will mature within six months, Fitch said.

Cash spending will likely be reduced this year.

Net debt-to-EBITDA will likely rise to 1.8 times this year but decline next fiscal year if travel restrictions are lifted in July and demand recovers in the first half, Fitch said.

- IGT. Todd Eilers of Eilers & Krejcik Gaming lowered earnings estimates on IGT, saying the virus will continue to hurt the gaming industry in the first half before recovering through the second half.

Italy will likely feel the strongest impact of retail lottery shop closures. The country is one of IGT's biggest markets of operation.

He expects EBITDA to fall to \$1.234 billion this year and \$1.782 billion next year with revenue declines to \$3.554 billion and \$4.398 billion.

- SCIENTIFIC GAMES. Todd Eilers of Eilers & Krejcik Gaming lowered EBITDA and revenue estimates on the assumption casino operators will cut spending this year by 30 to 40 percent.

Retail lottery sales are expected to worsen in the second quarter after falling 5 to 10 percent in the last two weeks, he said.

Online and social gaming should be boosted by the lack of land-based gaming options, he added.

He expects EBITDA of \$1.089 billion this year and \$1.235 billion next year with revenue of \$2.838 billion and \$3.217 billion.

- WYNN. Carlo Santarelli of Deutsche Bank lowered his target to \$72 because of uncertainty over casino closings and how long ramping up will take when they reopen.

However, he maintained his buy rating calling WYNN a compelling long-term stock.

He expects Wynn Macau to pay a special dividend if conditions turn around. The company recently suspended its dividend to save costs.

Santarelli expects net debt-to-EBITDA of 6.5 to seven times by the end of next year, though financial covenants will not be an issue given their flexibility, he said.

His EBITDA estimates fall to just \$221 million this year and \$1.211 billion next year with a loss per share of \$8.77 and 82 cents.

COMPANY UPDATES: BETBY, CENTURY ENT, CWN, IGT, KINDRED, WYNN

- BETBY will now offer more than 1,000 live daily eSports events to offset the lack of sports to bet on due to COVID-19.

- CENTURY ENTERTAINMENT. The former Amax International and Hong-Kong listed table games operator says Cambodia's casino closings will temporarily affect operations but it is confident in the long-term.

- CROWN RESORTS is joining those companies deferring dividends this year.

CWN pushed its dividend of 30 Australian cents back to April 17 from April 3 and could defer the payment further until financing arrangements for ongoing construction projects are finalized.

- IGT is furloughing 320 employees in Rhode Island and reducing salaries for senior executives starting April 6.

- WYNN extended the pay period for all salaried, hourly and part-time staff through May 15.

MARKETS, STATES: LV, LA, RENO

- LAS VEGAS. The Convention and Visitors Authority canceled two-year marketing contracts with 14 international offices citing travel bans in most of the world, the Las Vegas Review-Journal reported.

International visitation brought in 6.7 million in 2017 from four million in 2008 when the contracts began.

- LOUISIANA. Legislation was introduced to temporarily waive video lottery operations fees due mandatory to COVID-19 closures.

- RENO Tahoe International Airport is only serving 731 passengers daily compared to the typical 8,000 with just 20 flights a day, KOLO 8 News reported.

UK WARNS ONLINE OPERATORS

COVID-19 is prompting the UK Gambling Commission to warn operators they could lose their licenses unless they take steps to protect gamblers now going online.

The commission plans to address incentives offered to VIPs and making advertising safer this year.

The commission will launch a board of experts to ensure that gamblers are fully informed on decisions by the commission.

Gambling Commission business plan:
<http://www.gamblingcommission.gov.uk/PDF/Business-Plan-2020-21.pdf>.

BALANCE SHEETS: ENJOY, GAMENET

- ENJOY. The Chilean casino operator called for a shareholder meeting to increase capital by US\$150 million as casinos remain closed.

- GAMENET increased its revolver to €85 million to provide additional financial flexibility.

US CLOSINGS: CA, NC

- California. The \$35.2 million Cahuilla casino opening was suspended until further notice.

- North Carolina. Harrah's Cherokee and Cherokee Valley will close through April 30.

INTERNATIONAL CLOSINGS: AUSTRALIA, IRELAND, ITALY

- Australia. Racing Tasmania is shut down for at least four weeks.
- Ireland has closed all of its casinos.
- Italy. Retail lottery sales are suspended indefinitely.

DOING GOOD: FBM GAMING, R. FRANCO

- FBM GAMING. The electronic bingo and slot manufacturer donated \$393,000 to four public health institutions in the Philippines through PAGCOR.

PAGCOR has distributed \$3.9 million in essential items from contributions from casino resorts and \$2.9 million in hospital supplies from iGaming operators.

- R. FRANCO donated 13,000 reusable masks in Spain.

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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