



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.

GAMERS LEFT OUT OF SBA RELIEF PROGRAM

Gaming companies are being left out of the government loan program intended to help companies with less than 500 employees maintain jobs.

Any company that derives more than one-third of gross annual revenue from legal gambling is excluded from the Paycheck Protection Program administered by the Small Business Administration.

However, gaming suppliers and other companies that serve casinos are eligible for the support.

The American Gaming Association is pleading with the Trump administration to extend eligibility to include gaming companies, CEO Bill Miller said.

One third of US gaming companies and hundreds of thousands of employees will miss out on the support provided by the program unless guidelines are amended, Miller wrote in his appeal.

It is critical that gaming companies and their employees can benefit from the program as Congress intended, he said.

Program guidelines: <https://content.sba.gov/sites/default/files/2020-04/PPP--IFRN%20FINAL.pdf>.

MGM PURCHASES CONTINUE

MGM executives and investors continue buying shares as the stock is down more than 60 percent from its January high of \$34.40.

Chairman Paul Salem bought 182,000 shares at \$10.87 each and now owns 1.322 million shares.

He bought 522,000 shares last week and has invested \$5.902 million in the same time frame.

MARYLAND GAMING REVENUE PLUMMETS

Maryland gaming revenue plummeted 57.95 percent in March to \$68.7 million as it becomes the first state to report the impact of COVID-19.

Maryland casinos closed March 16.

Average daily revenue fell 18.52 percent to \$4.3 million in the 16 days of operation vs. 31 days of operation last year as consumers began responding to the virus.

MACAU TO STAY OPEN

There is no plan to close Macau's casinos again and the government will ask Mainland China to resume individual visas as soon as the virus is under control, Secretary for Economy and Finance Lei Wai Nong said.

Macau is having record low visitation spurred by the quarantine of visitors from neighboring Guangdong Province.

It is important to keep casinos open because they employ more than 58,000 people, Nong said.

Macau's casinos had been ordered closed February 5 through 20 and then were ordered to reopen.

US TRAVEL CANCELLATIONS

Americans continue to cancel travel plans.

Thirty-one percent are canceling domestic trips, 58 percent are postponing them and 11 percent said they will still travel, according to a survey by Morgan Stanley.

Forty-four percent have canceled international travel.

LAYOFFS: AFFINITY, CAMBODIA, CZR, CIRSA, IGT, SEVEN FEATHERS, SKC

- AFFINITY GAMING is laying off 81 employees at St. Jo Frontier in Missouri, the St. Joseph News-Press reported.

- CAESARS plans to furlough 90 percent of its employees at US properties as well as from its corporate office.

The difficult but necessary decision will protect CZR's financial position and ability to recover when properties can reopen, CEO Tony Rodio said.

Furloughed employees are being paid for the first two weeks of casino closures. Employees can use available paid time off after that.

- CIRSA is laying off 5,300 staff in Spain, 84 percent of its Spanish workforce.
- IGT is furloughing 2,300 North American employees for an expected eight weeks.
- SEVEN FEATHERS casino in Oregon is laying off 500 employees.
- SKYCITY is laying off 200 employees and halting a majority of projects to reduce costs.

The company expects a revenue loss of US\$53 million per month while its five casinos are closed.

ANALYSTS: AGI, ARISTOCRAT, EVRI, VICI

- AINSWORTH, ARISTOCRAT, EVRI. Todd Eilers of Eilers & Krejcik Gaming lowered earnings estimates this year and next on casino closings in the second quarter from the expectation of less player demand upon reopenings.

Online and social gaming, however, should benefit from land-based closings, he said.

Eilers' forecasts:

- AINSWORTH: EBITDA of A\$5 million this fiscal year and \$4.9 million next fiscal year with nil earnings per share for both years.

- ARISTOCRAT: EBITDA estimates will fall to A\$1.33 billion this year and \$1.56 billion next year with earnings per share of \$1.04 and \$1.30.

- EVERI: EBITDA of \$172 million this year and \$216.9 million next year with a loss per share of 33 cents followed by earnings of 6 cents a share for 2021.

• VICI PROPERTIES. Stephen Grambling of Goldman Sachs lowered his target to \$20 as he sees the potential for slowing growth.

However, Grambling reiterated his buy rating noting that VICI has more than \$1 billion available for spending and dividends.

Additional property acquisitions could be completed through the issuance of rent credits instead of cash, just like the Tropicana Las Vegas deal with Penn National and Gaming and Leisure Properties, he said.

Rent credit acquisitions would likely grow adjusted funds from operations by strengthening the balance sheets of tenants, he added.

Grambling raised adjusted funds from operations per share forecasts on lower expected share counts to \$1.68 this year, \$1.82 next year and \$1.90 in 2022 with EBITDA unchanged at \$1.034 billion, \$1.128 billion and \$1.178 billion.

Felicia Hendrix of Barclays noted VICI management is confident the company can weather COVID-19 based on experience in navigating difficult economic environments.

VICI will benefit from the Eldorado and Caesars merger, which will add geographic diversity and an enhanced quality of credit, she said.

Management still believes that the merger is still likely to close in the first half.

Hendrix raised her estimates to account for VICI's fourth quarter earnings and the closing of the JACK Cleveland and Thistledown acquisitions.

She expects adjusted funds from operations per share of \$1.71 this year and \$1.86 next year and EBITDA of \$1.134 billion, \$1.267 billion and \$1.288 billion for this year through 2022.

COMPANIES: BTOBET, CWN, KANGWON

• BTOBET is offering betting on eSports, virtual sports and horse races that are still running, in light of sporting event cancellations due to COVID-19.

The company says it has improved virtual sports content and has a new tennis game with outcomes of more than a million matches.

- CROWN RESORTS. The investigation in CWN's suitability to hold a gaming license in Sydney, Australia, by the New South Wales gaming regulator was postponed due to the virus.

The investigation will resume once it is considered safe to hold public meetings.

CWN is being investigated on whether it breached gaming license standards on the VIP casino project Crown Barangaroo in Sydney.

- KANGWON LAND expects revenues to fall \$240 million as its casino closed February 23 and will not reopen until April 20.

US CLOSINGS: LV, MA, OR

- LAS VEGAS. Nellis Air Force Base has declared a public health emergency, meaning the base is closed to only essential personnel and its residents.

To date, 32 of Nellis' personnel have tested positive for COVID-19.

- LAS VEGAS II. Electric Daisy Carnival was postponed until October.
- MASSACHUSETTS casinos will now be closed until May 4.
- OREGON. Spirit Mountain casino has closed until further notice.

INTERNATIONAL: CAMBODIA, KANGWON, UK

- CAMBODIA. A worker's union is calling for casino owners to pay last month's wages to furloughed employees, the Khmer Times reported.

Casinos have not announced whether furloughed employees will be paid, but the union is calling for 50 percent of minimum wage to be paid during the closures.

The government is covering 20 percent of the minimum wage for furloughed workers in the hospitality and food and beverage industries.

- KANGWON LAND extended the closure of its namesake South Korean casino to April 20.

- UNITED KINGDOM. The English Premier League was suspended indefinitely.

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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