



## FANTINI'S GAMING REPORT<sup>©</sup>

*More Important Than Your Morning Coffee...  
... And Now More Important Than Ever™*

### Special Reporting Service

April 8, 2020

Frank Fantini – *Publisher*

Ashley Diem – *Associate Publisher and Executive Editor*

Blake Weishaar – *Editor*

### *Fantini's COVID-19 Gaming Daily*

#### INDEX

FERTITTA OFFERING HIGH INTEREST

TRUMP WILL LOOK AT PPP

ANALYSTS: EVRI, SKC, WYNN

COMPANIES: AGYS, BYD, KAMAGAMES, KAMBI, PARTOUCHE, SCOUT, SJM, WMH

IMPACT ON TRIBAL GAMING

OSAKA PUSHED BACK AGAIN?

FURLOUGHS

CLOSINGS, EXTENSIONS, CANCELLATIONS

US: MI

INTERNATIONAL: IRELAND

DOING GOOD: SUNLAND

RELIEF FUNDS: MGM, PENN, SGMS, WMH

CONVENTIONS, TRADE SHOWS, CONFERENCES, EXPOS

**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.*

#### FERTITTA OFFERING HIGH INTEREST

Golden Nugget casinos and Landry's restaurant owner Tilman Fertitta is offering potential lenders interest rates of at least 15 percent for a \$250 million loan to raise cash while his businesses are closed, Bloomberg reported.

The interest rate would be the highest ever in the US loan market excluding companies in bankruptcy and is part of Fertitta's efforts to show debt investors his confidence in the strength of the company, Bloomberg said.

The loan, which would mature in 2023, is seen as an expensive insurance policy in the event that restaurants and casinos don't reopen before year-end, Bloomberg said.

The high-yield bond market reopened last week to companies seeking to strengthen balance sheets and credit and is likely to recover quicker than the typical debt market, Bloomberg added.

Fertitta is floating his idea on the day after Wynn priced a \$600 million senior note offer at 7.75 percent interest.

## TRUMP WILL LOOK AT PPP

During his evening COVID-19 press conference, President Donald Trump said he will look at opening up the Paycheck Protection Program to casinos.

Casinos have been omitted from the \$350 billion program intended to save jobs at companies under 500 employees because of a long-standing Small Business Administration rule barring aid to companies that get a third or more of their revenues from gaming.

American Gaming Association CEO Bill Miller has called the ban a relic of an earlier time and is asking Trump to intervene.

Miller's letter: <https://www.americangaming.org/wp-content/uploads/2020/04/AGA-Letter-to-POTUS-re-SBA-4-8-20Final.pdf>.

Meanwhile, aid for casinos isn't popular with the public, according to a poll reported by CNBC Wednesday. The survey showed only 10 percent of respondents favor including casinos in relief bills. That was the lowest among industries in the poll, and just half of the 20 percent support for the next-lowest industry, cruise lines.

## ANALYSTS: EVRI, SKC, WYNN

- EVERI. Colin Mansfield of Fitch downgraded EVRI's long-term issuer default rating to B, the senior secured credit facility to BB and the unsecured notes to CCC+.

He also assigned a BB rating to the proposed \$125 million loan with a negative outlook.

EVRI's debt-to-EBITDA is expected to rise this year but return to lower levels next year when the effects of COVID-19 normalize.

- SKYCITY is likely to report a loss in the fiscal first half due to casino closings, Asia Gaming Brief quoted Craigs Investment Partners.

EBITDA is estimated to be NZ\$166 million this year while profit after tax is expected to be \$37 million.

Craig estimates SKC will spend \$35 million per month while its eight casinos are closed.

It will likely take two years for visitation to recover, Craig said.

- WYNN RESORTS. Stephen Grambling of Goldman Sachs estimates WYNN has a strong enough balance sheet to last through the year without raising additional funds if casinos remain closed.

The successful issuance of WYNN's proposed \$600 million notes would also allow the company to avoid selling its real estate if properties remain closed, Grambling said.

COMPANIES: AGYS, BYD, KAMAGAMES, KAMBI, PARTOUCHE, SCOUT, SJM, WMH

- AGILYSYS does not expect revenue and profit to be impacted by COVID-19 this fiscal year thanks to the competitive advantages it has built in the last few years, CEO Ramesh Srinivasan said.

However, AGYS expects to miss guidance for the fiscal fourth quarter due to some virus impacts.

Srinivasan will not take a salary for the next six months and pay will be reduced for other senior executives.

The company has no bank debt and ended the fourth quarter with \$46 million in cash.

- BOYD is confident that it has a strong enough balance sheet and resources to sustain itself until casinos are able to reopen.

The company is implementing unpaid furloughs as a last resort in order to mitigate the impacts of the virus.

All non-furloughed staff will take salary cuts.

- GROUPE PARTOUCHE furloughed more than 95 percent of its employees at casinos in France.

- KAMAGAMES. The Ireland-based social casino operator said that new users have increased 30 percent in markets with COVID-19 quarantines.

Otherwise, operations have not been negatively impacted by the virus.

KamaGames expects to launch additional games in the second quarter and add features to target new customers worldwide.

The first quarter was the company's most successful to date with revenue up 37 percent to \$29.5 million, KamaGames said.

The number of unique paying users was up 20 to 30 percent each month in the quarter.

- KAMBI noted that sports betting could begin turning around as soccer leagues including the English Premier League and German Bundesliga are preparing to resume play in the next few months.

The company has put cost-cutting measures in place including reductions in salaries, travel and marketing.

Kambi expects to spend €7 million to €9 million in cash each quarter if live sporting events remain at current levels.

The company expects to save 10 to 20 percent on operating costs and 20 to 30 percent on development expenses in the second quarter.

Kambi anticipates first quarter revenue of €27.5 million to €28 million with operating profit of €6 million to €7 million.

Cash was €45 million to €47 million at the end of the quarter.

- SCOUT GAMING GROUP. The Swedish fantasy sports supplier expects sports to resume during this summer which will then raise revenue. The cancellation of sporting events lowered revenue since mid-March.

The company had a strong start to the year prior to those cancellations, expecting to report first quarter revenue of \$815,000 to \$865,000, representing year-over-year growth of 134 to 149 percent.

The cancellation of sporting events cut first quarter revenue by \$100,000 to \$150,000.

- SJM's Casino Taipa at the Regency Art Hotel in Macau suspended operations for deep cleaning and maintenance, GGRAsia reported.

The hotel portion of the property was being used for quarantine.

- WILLIAM HILL. CEO Ulrik Bengtsson will forgo a pay increase and bonus this year.

## IMPACT ON TRIBAL GAMING

Tribal casino closings have led to \$631 million in lost taxes and revenue sharing received by states, according to Meister Economic Consulting.

More than 500 casinos in 29 states have closed as a result of COVID-19, forcing 728,000 employees out of work.

Full report: <http://www.meistereconomics.com/coronavirus-impact-on-tribal-gaming>.

## OSAKA PUSHED BACK AGAIN?

Osaka's request-for-proposal process, and subsequently the opening of a casino, will be pushed back a second time due to COVID-19, according to Mayor Ichiro Matsui.

A casino opening could now come by March 2027 rather than 2025 as originally intended.

MGM Resorts is the sole candidate for an Osaka casino.

## FURLOUGHS

- THREE RIVERS CASINO in Oregon has furloughed a majority of its employees as it was only able to pay wages through April 5.

## CLOSINGS, EXTENSIONS, CANCELLATIONS

### US: MI

- MICHIGAN. Gun Lake casino extended its closing indefinitely.

### INTERNATIONAL: IRELAND

- IRELAND. The International Association of Gaming Advisors' Summit in Northern Ireland has been canceled.

## DOING GOOD: SUNLAND

- SUNLAND PARK donated \$2 million to a New Mexico State Fund that assists residents hit the hardest by coronavirus.

## RELIEF FUNDS: MGM, PENN, SGMS, WMH

- MGM RESORTS. Contributions to the MGM Resorts Foundation Emergency Relief Fund have reached \$11 million in part due to donations from MGM's entertainers.

Contributions can be made at <http://www.mgmresortsfoundation.org/>.

- PENN NATIONAL employee relief fund contributions can be made at [www.pnggaming.com/community](http://www.pnggaming.com/community).

- SCIENTIFIC GAMES donations for the Hardship Relief Fund for employees can be sent to Scientific Games, 6601 Bermuda Road, Las Vegas, NV 89119.

- WILLIAM HILL US. Donations to the employee relief fund can be made at <https://donorbox.org/covid-19-donations-for-impacted-william-hill-us-employees>.

## 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.*

## SUBSCRIBER RIGHTS AND CONDITIONS:

*Copyright©: Fantini's Gaming Report© and Fantini Research are divisions of Morning Report Research, Inc. All rights reserved. Our reports and content are protected by copyright and we reserve all rights except for as granted in this paragraph, and subject to the conditions stated below. We grant each subscriber and secondary recipient the right to receive, read, and utilize the reports and report contents for their individual use only. Your Subscriber Rights and Conditions give subscribers and secondary recipients the right to receive, read, and utilize the copyrighted reports and report contents for their individual use only. This right of individual use does not authorize providing whole or partial copies to others (even in your company) in any way, such as forwarding, posting, printing, file sharing, scanning, making photocopies, circulating, selling, publishing or otherwise. The right does not authorize any use by a person before he or she becomes a subscriber or secondary recipient. Any other right must be granted in writing by Morning Report Research, Inc. You agree to inform paid subscribers and recipients of the conditions on their use, and you authorize us, in our discretion, to employ tracking services to check their compliance. Unauthorized copying or distribution violates copyright law and may carry serious consequences.*

## SUBSCRIPTIONS:

*Subscriptions to Fantini's Gaming Report are available for \$7,099 a year for the Full Service Suite, \$1,999 for the Enhanced Service, and \$1,099 for the Basic level. Subscriptions are limited to one primary subscriber who may, with permission, add a secondary recipient at the same company and URL at no additional charge, with Morning Report Research, Inc. first giving you written permission to do so. Affordable multi-user licenses are available and can be customized for any number of designated recipients. See Subscriber Rights and Conditions above. For additional information, call +1-302-730-3793. Subscriptions can be ordered by phone or online at <http://www.FantiniResearch.com>. Credit card payments and bank transfers are available or send*

payment to Morning Report Research, Inc., P.O. Box 1676, Dover, DE, USA 19903-1676.

T040320/ds

## **STAFF/CONTACT US:**

Frank Fantini, publisher. [FFantini@FantiniResearch.com](mailto:FFantini@FantiniResearch.com)

Ashley Diem, associate publisher and executive editor. [ADiem@FantiniResearch.com](mailto:ADiem@FantiniResearch.com)

Dee Wild-Shyver, associate editor and VP of Virtual Trade Show. [DWild@FantiniResearch.com](mailto:DWild@FantiniResearch.com)

Laura Briggs, public policy editor. [LBriggs@FantiniResearch.com](mailto:LBriggs@FantiniResearch.com)

Blake Weishaar, editor. [BWeishaar@FantiniResearch.com](mailto:BWeishaar@FantiniResearch.com)

Hannah Wilmarth, writer. [HWilmarth@FantiniResearch.com](mailto:HWilmarth@FantiniResearch.com)

Alex Capitle, marketing specialist. [ACapitle@FantiniResearch.com](mailto:ACapitle@FantiniResearch.com)

Cindy Konowitz, office manager. [CKonowitz@FantiniResearch.com](mailto:CKonowitz@FantiniResearch.com)

Dylan Kaplan, writer and project team member. [DKaplan@FantiniResearch.com](mailto:DKaplan@FantiniResearch.com)

Subscription inquiries: [Subscriptions@FantiniResearch.com](mailto:Subscriptions@FantiniResearch.com)

Analyst notes to: [Analysts@FantiniResearch.com](mailto:Analysts@FantiniResearch.com)

News releases to: [Editor@FantiniResearch.com](mailto:Editor@FantiniResearch.com)