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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.

MACAU EXPECTATIONS REMAIN WEAK

Praveen Choudhary of Morgan Stanley cut Macau casino operator EBITDA estimates this year due to COVID-19 and associated weak visitation.

He maintained targets for all operators saying free cash flow assumptions remain unchanged.

Second quarter Macau gaming revenue could be similar to the first quarter if the individual visa scheme restriction is partially lifted, he said.

Macau operators should report almost break-even EBITDA for the first quarter reflecting a strong January, Choudhary said.

Galaxy Entertainment and Sands China should report positive EBITDA due to rental income from shopping mall operations, which are less affected by casino closings, he added.

MGM China will likely report negative EBITDA due to higher fixed costs at MGM Cotai, which has yet to fully ramp up, he said.

SJM will also likely report negative EBITDA despite the benefit from satellite casinos.

Full-year EBITDA estimates in Hong Kong dollars unless noted:

	----- EBITDA (billions) -----	
	2020	2021
Sands China	US\$1.337	US\$2.626
Galaxy Ent	\$7.851	\$14.344
Wynn Macau	\$3.228	\$7.014
Melco Resorts	US\$0.598	US\$1.270
MGM China	\$2.076	\$4.533
SJM	\$1.182	\$4.746

Elsewhere:

- Macau's gross domestic product is expected to fall 29.6 percent this year then rebound 32 percent next year, the International Monetary Fund says.

The global economy will experience its worst recession since the Great Depression in what the IMF called the Great Lockdown.

- Macau's Tourist Price Index fell 1.05 percent to 136.47 in the first quarter due to lower hotel room rates but slightly offset by higher restaurant service charges.

The index reflects the price change of goods and services bought by visitors.

Full report: <https://bit.ly/34OjChP>.

- Chief Executive Ho Lat Seng is expected to provide details on the casino concession tendering process in his policy address on Monday, Inside Asia Gaming reported.

The six concessions expire in 2022.

NEVADA REOPENING NOT CLOSE

Nevada is nowhere near ready to begin easing restrictions, AP quoted Gov. Steve Sisolak.

He didn't give specifics on casinos reopening but noted that 300,000 people, including employees from casinos, have been seeking unemployment benefits.

Nevada's casinos closed March 17.

REVENUE DECLINES CONTINUE

US gaming revenue declines continue in March due to casino closures and sporting event cancellations.

Massachusetts' revenue fell 11.66 percent but plummeted 64.05 percent when excluding Wynn's Encore Boston, which opened in June of last year.

Excluding Encore, daily average revenue excluding Encore dropped 25.71 percent for the period casinos were open.

Mississippi was an outlier as revenue fell 47.93 percent for March but average daily revenue crept up 0.88 percent for the 16 days of operation this year vs. 31 days last year.

In New Jersey, iGaming soared 65.64 percent to a record month of \$64.822 million, accounting for 40 percent of total revenue, as gamblers shut out of casinos went to their computers to play. Online poker leaped more than 90 percent.

However, overall gaming revenues declined 44.39 percent as brick-and-mortar casinos closed March 16.

Average daily revenue was down 25.8 percent for the 16 days they were open.

Golden Nugget and Resorts generated more revenue online than land-based.

Sports betting generated \$13.181 million despite the suspension of sporting events halfway through the month. Hard Rock's betting revenue rose as the property only offered retail betting last year.

DEUTSCHE BANK ON EBITDA IMPLICATIONS

Current stock prices imply that EBITDAR next year will fall short of last year for most US gaming operators, Carlo Santarelli of Deutsche Bank calculated using historic valuations.

However, even then the implied EBITDAR numbers appear "ahead of what we believe to be realistic, in most instances... (that) furthers our view that market participants are willing, at present, to disregard valuation, until perhaps, fundamental trends are more clearly identifiable," Santarelli said.

Next year's implied EBITDAR as a percentage of last year's EBITDAR:

Caesars	105 percent
MGM	90
Wynn	85
Las Vegas Sands	82

Regional Operators Percentage

Penn National	94 percent
Eldorado Resorts	82
Golden Entertainment	73
Boyd	66
Red Rock Resorts	58

Gaming REITs Percentage

VICI Properties	92 percent
Gaming and Leisure	88
MGM Growth Properties	85

COMPANIES: ARENA, ESTORIL SOL, OKURA, SILVERTON

- ARENA RACING COMPANY will continue to financially support greyhound trainers at £5 a week per dog through April 27.
- ESTORIL SOL. The Portuguese casino operator will furlough employees and reduce work hours at its three properties Estoril, Lisbon and Póvoa de Varzim.
- OKURA HOLDINGS has closed its pachinko parlors in Japan. The company had kept its parlors open even after the government closed nonessential businesses.
- SILVERTON casino in Las Vegas has laid off employees and will end their health benefits Friday the Las Vegas Review-Journal reported.

The casino had furloughed 600 to 800 employees last month. These workers will continue to receive health benefits until the end of May or when the casino reopens, whichever comes first.

JURISDICTIONS

INTERNATIONAL: JAPAN, PORTUGAL

- JAPAN. Osaka expects the government's COVID-19 restrictions to negatively impact the recruitment of casino resort operators, Inside Asia Gaming reported.

Osaka had originally planned to collect proposals by the end of April, but that deadline was pushed back to the end of July after discussions with MGM, the lone applicant.

- PORTUGAL is limiting gambling advertising and spending following an 18 rise in online gambling since the nation declared a state of emergency.

CLOSURES

US: NV

- NEVADA. Lakeside Casino in Stateline at Lake Tahoe is permanently closing after 35 years as the property does not expect to recover from COVID-19.

INTERNATIONAL: CYPRUS, INDIA, PERU, S. AFRICA

- CYPRUS. Melco Resorts' satellite casinos will remain closed until the end of April, GGRAsia reported.

- INDIA casinos will be closed until May 3.

- PERU casinos will remain shuttered until July 31.

- SOUTH AFRICA horse racing will be closed through the end of the month.

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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