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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 VISITATION RESTRICTIONS COULD EASE

Mainland China could ease individual visa restrictions next month if the number of cases of COVID-19 transmissions continues to remain low, Robin Farley of UBS said.

The number of COVID-19 cases in Macau has been at 45 for a number of days.

Visitation from Hong Kong will likely remain restrained as the number of cases there has continued to rise having reached 1,017 as of Thursday.

Elsewhere:

- Macau generated \$3.8 billion in gaming revenue in the first quarter, 59.88 percent below last year.

VIP revenue fell 60.1 percent to \$1.8 billion and mass-market dropped 59.7 percent to \$2 million.

Full report:

<http://www.dicj.gov.mo/web/en/information/DadosEstat/2020/content.html#n1>.

- Lowering gaming taxes on Macau casinos could save wages and jobs in the industry, according to gaming lawyer Óscar Madureira on the Rui Cunha Foundation's Webinar: Macau's Gaming Industry Beyond COVID-19.

High labor costs and the revenue crisis as a result of COVID-19 should force the government to intervene by extending current operator concessions or collect less taxes, the latter having an immediate effect, he said.

The government will prevent a layoff crisis for locals, but foreign executives and non-resident workers will suffer first allowing Macau to recover quicker than Las Vegas and other parts of the world, gambling consultant Alidad Tash said.

EXECS DISCUSSING LV REOPENING

Casino executives are discussing possibly reopening in Las Vegas following the model used in Macau, Bloomberg reported.

Practices would include testing employees and customers for COVID-19, opening one-third of hotel rooms and taking guests' temperatures at casino entrances.

Employees would wear masks and gloves and gamblers would be spaced apart at tables and slots.

The executives also discussed allowing small businesses off the Las Vegas Strip to reopen so that locals can go back to work.

An opinion on reopening from Joel Simkins of Sun Trust Bank says any recovery will be tied to the pace of McCarran International Airport resuming flights.

ANALYSTS: KOREA, MACAU, MGM, US

- KOREA. Jennifer Yu of Credit Suisse lowered her targets for South Korean casino operators on a more conservative outlook for visitation due to COVID-19.

Grand Korea Leisure and Paradise Co intend to reopen April 20 followed by Kangwon Land on May 4.

Revenue will continue to stay weak due to mandatory 14-day quarantines and travel restrictions with recoveries uncertain as it will depend on the timing and pace of easing restrictions, she said.

Yu's outlook in South Korean won:

Company	Target	Change	Rating	----- EPS -----	
				2020	2021
Grand Korea Leisure	17,000	- 2,800	Neutral	375.78	1,159
Kangwon Land	26,000	- 3,800	Neutral	1,396	1,948
Paradise Co	18,000	- 6,800	Outperform	(411.84)	229.72

• MACAU. Kenneth Fong of Credit Suisse raised targets and ratings on Macau casino operators, saying the individual visa scheme could reopen in May, leading to a recovery in gaming revenue and visitation.

VIP will likely recover quicker than mass-market due to pent-up demand from high spenders. Junkets will likely recover to 50 percent of levels prior to the virus once borders reopen and could fully recover in the third quarter, he said.

Mass-market should recover by year-end, he added.

He expects revenue to decline 40 percent this year but rebound 75 percent next year, with EBITDA expected to drop 43 percent this year and rise 5 percent next.

Wynn and SJM likely gained mass-market share in the first quarter while Las Vegas Sands probably lost share. In VIP, Melco Resorts is expected to be the biggest share gainer, due to contributions from Cyprus and City of Dreams Manila, he said.

Fong's outlook all carry an outperform rating. Figures shown in Hong Kong dollars unless otherwise noted:

Company	Target	Change	----- EPS -----		- EBITDA (in billions) -	
			2020	2021	2020	2021
Galaxy Ent	\$66.3	+\$13.9	\$0.95	\$3.18	\$6.369	\$17.030
MLCO	US\$26.6	+\$ 4.4	(\$0.65)	\$1.09	NA	NA
MGM China	\$12.9	+\$ 1.7	(\$0.45)	\$0.58	\$1.338	\$5.248
Sands China	\$43.3	+\$ 4.8	\$0.02	\$0.29	\$1.181	\$3.431
SJM	\$ 9.5	+\$ 1.3	(\$0.07)	\$0.43	\$1.193	\$5.345
Wynn Macau	\$18	+\$ 1.6	(\$0.21)	\$0.84	\$3.292	\$8.832

• MGM RESORTS. Vitaly Umansky of Bernstein lowered his target on MGM Resorts to \$15.80 and MGM China to HK\$12.25 on revised outlooks due to COVID-19.

MGM has no near-term balance sheet constraints and can go 12 months with casinos closed without needing to raise additional cash, he said.

MGM China can go 15 months if Macau casinos close again, he added.

Umansky expects a slow recovery in the US, with revenues growing to last year's levels by next year. Macau will likely recover faster, with 2021 to grow past last year's revenue, he said.

For MGM, he expects EBITDA of \$94 million this year, \$2.239 billion next year and \$2.524 billion in 2022 with a loss per share of \$2.19 this year and earnings per share of 4 and 52 cents in the next two years.

For MGM China, Umansky sees EBITDA of HK\$1.843 billion, \$5.581 billion and \$6.031 billion and a loss per share of 51 cents this year followed by earnings per share of 50 and 61 cents.

- US. Carlo Santarelli of Deutsche Bank said he expects the majority of casinos in the US to reopen by June.

However, it shouldn't be a one size fits all approach, and would rather be a phased reopening guided by state regulators, he said.

Santarelli reiterated his view that Macau will be first to recover followed by regional US casinos and then the Las Vegas Strip.

COMPANIES: CWN, SGR, VICI

- CROWN RESORTS expects to incur A\$20 million to \$30 million in monthly costs after furloughing 11,500 employees, or 95 percent of its staff, due to casino closings.

The company will continue to pay those employees for two weeks.

Executives and board members have taken a 20 percent salary reduction.

Cash stands at \$500 million. CWN recently entered into a \$560 million credit facility and a \$450 million project finance facility to support the continued construction of the \$2.2 billion Crown Sydney.

Crown Sydney remains on track to be completed by year-end.

- STAR ENTERTAINMENT expects monthly costs to be A\$10 million while capital spending for the year should be \$225 million comprised of spending on the Sydney Sovereign Resort which should be finished in May.

The company recently entered into a \$200 million debt facility that adds to \$700 million in cash and undrawn facilities.

SGR has also deferred its dividend in order to save on costs. Cash dividends will not be paid until net debt-to-EBITDA falls below 2.5 times from the current 3.6 times.

The company has furloughed 8,500 employees, director salaries have been reduced by 50 percent, CEO Matt Bekier's salary was reduced by 40 percent and other executives have agreed to pay cuts.

- VICI PROPERTIES withdrew guidance for the year due to the uncertainty presented by the virus.

The company had \$310 million in unrestricted cash and \$1 billion available in its revolver as of Thursday.

VICI also has access to \$1.3 billion from the Eldorado and Caesars merger expected to close this year and has no debt maturing until 2024.

VICI said it remains in discussions with tenants on how best to respond to the virus and as of yet, has had no requests for rent modifications.

CWN, SGR REACTION

- CROWN RESORTS. Larry Gandler of Credit Suisse raised his target to A\$12 on higher earnings expectations this year and next because of cost savings.

CWN should end this fiscal year with debt-to-EBITDA at 1.8 times, which is well below financial covenants and should allow the company to continue its dividend, he said.

Gandler assumes travel restrictions to Australia will be lifted by year-end and that Crown Sydney, which should be completed by then, will attract solid VIP interest.

He expects EBITDA of \$463 million this year, \$687 million next year and \$873 million in 2022 with earnings per share of 20.28, 36.73 and 54.47 cents.

David Fabris of Macquarie cut his target to \$11.40 on lower EBITDA estimates and the expectation that Australian casinos will be closed until July.

He expects debt-to-EBITDA to peak at four times in the first half next fiscal year.

The opening of Crown Sydney will likely face challenges in generating VIP earnings due to travel restrictions and border controls, he said.

His EBITDA forecasts are \$423 million, \$499.1 million and \$707.6 million and his earnings per share estimates are 17, 19.7 and 35.1 cents.

- STAR ENTERTAINMENT. Larry Gandler of Credit Suisse lowered his target to A\$3.75 on lower EBITDA expectations.

SGR can go into next calendar year with casinos closed and without the need to raise cash, he said.

Net debt-to-EBITDA should rise to 3.6 times by fiscal year-end and fall to 2.4 times by next year's fiscal year-end, he added.

He expects EBITDA of \$438 million this year, \$516 million next year and \$526 million in 2022 and earnings per share of 13.68, 18.09 and 18.62 cents.

PENNSYLVANIA GAMING REVS DROP

March gaming revenues in Pennsylvania dropped 50.34 percent as casinos closed mid-month.

Average daily revenue was down 3.79 percent for the 16 days of operation this year vs. 31 days last year.

Valley Forge benefited from strong sports betting and iGaming revenue, falling just 4.67 percent for the month. The casino revenue plunged 66.18 percent factoring out those new gaming options.

iGaming had a record month with \$24.266 million in revenue as gamblers moved online.

Fantasy contest revenue flopped 56.7 percent from February to \$723,942. DraftKings had 51.29 percent market share and Flutter's FanDuel followed at 47.4 percent.

Revenue from slots at truck stops fell 30.4 percent from February to \$934,003.

COMPANIES: HARRAH'S

- HARRAH'S NORTHERN CALIFORNIA will continue to pay staff through April 30.

STATES AND JURISDICTIONS: NV

- NEVADA's unemployment rate grew to 6.3 percent in March, up from 3.6 percent in February, reaching its highest rate since December 2015.

Full report:

http://nevadaworkforce.com/Portals/197/Labor%20Market%20Overview/Current_Release.pdf.

INTERNATIONAL: EUROPE, FINLAND, JAPAN, PHILIPPINES, UK

- EUROPE. The shutdown of land-based gambling options and suspension of sports seasons will lead to a decline in online gambling activity, iGaming Business quoted the European Gaming and Betting Association.

Sports betting makes up nearly half of online betting, the association said.

- FINLAND's state-owned gaming operator Veikkaus is furloughing 675 staff starting in May.

- JAPAN. Yokohama pushed back the publication of the casino resort policy and request-for-proposal application requirements to August, GGRAsia reported.

Genting Singapore said it will continue to pursue a Yokohama casino.

Genting's shareholders have approved a \$10 billion maximum investment for a casino.

Galaxy Entertainment, Melco Resorts and Las Vegas Sands have expressed interest in a Yokohama casino.

- PHILIPPINES iGaming operations will relaunch at the end of the month when the quarantine in Luzon is expected to be lifted.

- UNITED KINGDOM horse racing will relaunch in May.

US CLOSINGS: CA

- CALIFORNIA. Tachi Palace will remain closed indefinitely.

DOING GOOD: PHILIPPINES, SHOOTING STAR

- PHILIPPINES. Entertainment City's four casinos made donations to fight COVID-19:

- Bloomberry donated medical equipment and reconfigured areas at the Ninoy Aquino and Rizal Memorial stadiums in Manila for quarantine.

- Melco Resorts donated 125,000 packs of food.

- Resorts World Philippines donated 40,000 masks and other protective and medical equipment.

- Universal Entertainment's Okada Manila donated around \$492,000 to the Philippine Heart Center and the Lung Center of the Philippines.

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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