



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: *As states are beginning to lessen restrictions and casinos are planning re-openings, we welcome all news and developments for these and anything COVID-19 related. Send your news releases to Editor@FantiniResearch.com. In addition, you may reach Editor Blake Weishaar at BWeishaar@FantiniResearch.com or by phone at +1 302 730 3793.*

SUNTRUST DOWNGRADES SUPPLIERS

Barry Jonas of SunTrust downgraded ratings and lowered targets on gaming suppliers to reflect the impact of COVID-19.

There is a significant downside to suppliers in the near term as casino operators will likely cut purchasing and leasing in order to lower costs, he said.

Jonas downgraded AGS and IGT to hold saying near-term revenues will be significantly hurt and their recovery is likely to take longer than for casino operators.

- AGS could benefit from its exposure to tribal gaming, which Jonas said could recover faster than commercial casinos.

Jonas also noted that he could see 23 percent owner Apollo taking AGS private again.

- Everi should be well positioned for recovery due to its research and development investment of recent years, Jonas said.

- IGT. He is positive on IGT's resilient lottery operations, though free cash flow will probably shrink as gaming taxes continue to rise in Italy.

Free cash flow will likely take two to three years to fully recover to prior levels, Jonas said.

- Scientific Games. Jonas maintained his buy rating saying iGaming and 80 percent owned SciPlay will likely benefit from land-based customers moving to online gaming.

He also expects a quicker ramp up for sports betting once sports resume.

Jonas' estimates on how many months each supplier can operate with zero revenue:

IGT	39 months
AGS	22
EVRI	15
SMGS	14

Jonas' outlook:

Company	Target	Change	Rating	----- EPS -----	
				2020	2021
AGS	\$ 4	- \$10	Hold	(\$2.71)	(\$1.42)
EVRI	\$ 6	- \$10	Buy	(\$0.79)	(\$0.64)
IGT	\$ 8	- \$ 8	Hold	(\$1.36)	(\$0.27)
SGMS	\$15	- \$17	Buy	(\$6.13)	(\$1.61)

Company	----- EBITDA -----	
	2020	2021
AGS	\$ 44.4 million	\$ 99 million
EVRI	\$ 87.5 million	\$184.8 million
IGT	\$918.7 million	\$1.293 billion
SGMS	\$719.5 million	\$1.116 billion

MGM FURLOUGHS COULD TURN INTO LAYOFFS

Furloughed employees by MGM Resorts may not be called back anytime soon.

MGM sent a letter to employees forecasting weak tourism for Las Vegas after casinos are allowed to reopen, noting that the drop could lead to layoffs, the Las Vegas Review-Journal reported.

Travel demand will significantly be decreased this year and possibly into early next year, MGM said.

Layoffs may last more than six months or become permanent, with the company not knowing how many employees will be laid off.

Meanwhile, more than 5,000 furloughed employees have tapped MGM's employee relief fund for \$1.8 million, VegasInc. Reported.

MGM has furloughed 63,000 employees since casinos began closing.

RE-OPENINGS: GRAND KOREA, NORTHERN QUEST, WASHINGTON

- GRAND KOREA LEISURE reopened its casinos becoming the first in South Korea to do so.

Grand Korea is implementing social distancing, temperature checks and requiring customers to wear masks.

Competitor Kangwon Land recently delayed its reopening until May 11.

- NORTHERN QUEST casino in Idaho was slammed with customers when it reopened, its management said.

They discuss opening day on this video interview with Raving:
<https://betravingknows.com/weekly-reports/gaming-news/2020/05/northern-quest-resort-casino-reopens/>.

- WASHINGTON. Four tribal casinos will reopen this month.

The Confederated Tribes of the Colville Reservation will open 12 Tribes Resort Casino in Omak, 12 Tribes Mill Bay in Manson and 12 Tribes in Coulee Dam on May 19.

As reported previously, Angel of the Winds Casino, around 50 miles north of Seattle, will open smoke-free on May 13.

The casinos will follow CDC and social distancing guidelines.

COMPANIES: SJM

- SJM has requested relief from financial covenants through the second quarter of next year on its US\$1.9 billion loan.

The company should have no problem with its request as other Macau operators have received relief, Vitaly Umansky of Bernstein said.

US: INDIAN COUNTRY, MI, MS

- **INDIAN COUNTRY.** The nation's 574 federally recognized Indian tribes will begin getting distributions from an \$8 billion federal relief package, AP reported.

Tribal governments were seeking \$20 billion to cover losses from shutting down casinos and other businesses due to COVID-19.

- **MICHIGAN.** Detroit's casinos won't fully reopen for months and will depend on the development of a COVID-19 vaccine, Detroit Mayor Mike Duggan told the Detroit News.

Casinos are currently closed until May 28.

- **MISSISSIPPI.** Casinos may not open by May 25 as COVID-19 cases continue to climb, the Biloxi Sun-Herald reported.

It is possible that casinos could open by then, with every other slot to be turned off, Gov. Tate Reeves said.

Table games may not open initially, he added.

INTERNATIONAL: GERMANY, MACAU, NZ

- **GERMANY.** Soccer leagues Bundesliga and Bundesliga 2 will return to play with no fans this month, with a match schedule to be confirmed Thursday.

- **MACAU** denies media reports that border restrictions with Mainland China could be lifted this week, Inside Asia Gaming reported.

Both governments are currently in negotiations.

- **NEW ZEALAND's** Racing Industry Transition Agency will lay off 30 percent of personnel at sports betting agency TAB.

It will also reduce spending and propose other changes on May 11.

- **NEW ZEALAND II.** Fifty percent of gamblers claimed to gamble online less than usual during lockdown with only 9 percent claiming to gamble online more than usual according to a survey by the government's Health Promotion Agency and research company Nielsen.

Of those surveyed, 39 percent have gambled since lockdown started and 8 percent used websites and apps for the first time.

DOING GOOD: ASIA PIONEER

- **ASIA PIONEER** donated preventative supplies of protective clothing, face masks and bleach to Caritas Macau.

FANTINI'S VIRTUAL TRADE SHOW

As COVID-19 has caused the cancellation of many trade shows, now is the time to turn to a virtual show to display and advertise all your product lines and news events too. To exhibit your company, contact Dee Wild-Shyver at DWild@FantiniResearch.com.

See products, demos, and news from exhibitors at www.FantinisGamingShow.com.

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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