



FANTINI'S GAMING REPORT®

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Special Reporting Service

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Fantini's COVID-19 Gaming Daily – Weekend Update

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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.

DEUTSCHE BANK ON PENN-GLPI DEAL

Carlo Santarelli of Deutsche Bank said the Penn National-Gaming & Leisure Properties deal likely “alleviates some near-term challenges” for PENN while it “creates some ambiguity” for GLPI.

For PENN, the credit received from the sale amounts to five months of rent relief and should extend its cash until September, and with further cost cutting to December, Santarelli said.

However, it also leaves PENN with no real estate assets, he noted.

For GLPI, the motivation was to maintain the solvency of its largest tenant, though it is acquiring a property in the Tropicana that, while probably worth just over \$300 million, might not be readily salable to a third party given that PENN couldn't sell it after a year of trying in a better economy, Santarelli said.

Santarelli expects GLPI to maintain its cash dividend, although if by May casinos remain closed and reopening is not foreseeable, the company may choose to pay the dividend in equity, he said.

On the plus side, PENN is renewing early its leases on its Penn National and Pinnacle properties.

Santarelli cut GLPI's adjusted funds from operations forecast for this year to \$1.79 a share and nudged down next year's estimate by two cents to \$3.42. He maintains his \$46 target.

Santarelli sees GLPI's leverage ratio at 5.8 times at the next of next year assuming it doesn't sell the Trop.

POST SEES ERI-CZR DEAL RISK

The New York Post wrote a speculative piece saying Eldorado's \$17.3 billion purchase of Caesars could be threatened.

Regulators, with more pressing problems dealing with COVID-19, may not be in a hurry to approve the deal. Meanwhile, Eldorado casinos are shut down, the company has drawn down most of its \$500 million revolver and is now paying a \$2.5 million a day fee to Caesars shareholders as the deal was not consummated by last Wednesday, the Post said.

New York Post aside, other reports have been that the companies and bankers are firmly committed to the deal.

If it doesn't close, ERI could have to pay an \$873 million break-up fee, the Post noted.

Full story: <https://nypost.com/2020/03/27/delay-in-caesars-eldorado-merger-could-mean-deal-totally-craps-out/>.

US, CANADA MARKETS: MO, SK

- MISSOURI. What state legislators and gaming regulators have not been able to do, health officials have done – shut down unregulated slot machines.

The Department of Health and Senior Services has ordered the shutdown of the machines in gas stations and truck stops.

Manufacturer Torch Electronics says it will abide by the order, the St. Louis Post-Dispatch reported.

- SASKATCHEWAN. SaskGaming is laying off its 500 employees at the provincial corporation's casinos in Regina and Moose Jaw.

INTERNATIONAL COMPANIES: JUMBO

- JUMBO TECHNOLOGY. The Taiwanese slot manufacturer said it will continue to release new games to celebrate its 20th anniversary despite COVID-19 impacting sales worldwide.

MEGA JACKPOTS ARE VICTIMS TOO

Even inter-state lotteries are being affected.

MegaMillions and Powerball are halving their jackpots because of COVID-19.

Powerball's next jackpot will start at \$20 million rather than \$40 million as soon as the current \$160 million jackpot is won.

US CASINO CLOSINGS: AZ, CA, KS, RI

- Arizona. The closing of the four Desert Diamond casinos has been extended to April 23.
- California. Agua Caliente casinos in Palm Springs and Rancho Mirage extended closings to April 13.
- Kansas closings are now indefinite.
- Rhode Island. Twin River's two casinos are now closed indefinitely.

RELIEF FUNDS: PENN, WMH

- PENN NATIONAL employee relief funds contributions can be made at www.pnngaming.com/community.
- WILLIAM HILL US employee relief funds donations can be sent to: William Hill USA Foundation, 6325 S. Rainbow Blvd, Suite 100, Las Vegas, NV 89117.

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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