



FANTINI'S GAMING REPORT®

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Special Reporting Service

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CULINARY TO SUE CASINOS

The Culinary Union says it is suing unidentified Las Vegas Strip casino companies for what it calls hazardous working conditions.

The announcement comes as KLAS-TV reports that a Caesars employee died after testing positive for COVID.

The union, which represents 60,000 casino workers in Las Vegas and Reno, will announce its plans at a Monday press conference.

The Culinary says it is seeking injunctive relief under the Labor-Management Relations Act.

The suit alleges “casino hotels have not protected workers, their families, and their community from the spread of COVID-19, and that the current rules and procedures in place for responding to workers contracting COVID-19 have been wholly and dangerously inadequate.”

At Caesars, a small number of employees have been put on leave and are self-isolating, KLAS reported in relation to the employee who succumbed to COVID.

None of the employees has tested positive to its knowledge and they will not return to work until testing negative, CZR said.

CZR did not identify the property where the employee worked, KLAS said.

In downtown Las Vegas, two back-of-house employees at El Cortez have tested positive.

And how is Las Vegas taking to mandatory masks? Here’s the Las Vegas Review-Journal’s take: <https://www.reviewjournal.com/business/face-covering-mandate-being-followed-by-most-in-las-vegas-2062681/>.

INVESTMENT OPPORTUNITIES

There are M&A opportunities coming out of COVID-19 that will be developed over the next two years, according to the third of four white papers published by The Strategy Organization and Fantini Research.

The paper, Brick and Mortar Investment Opportunities, is included with this report release and is also available at <https://www.fantiniresearch.com/links/the-strategy-organization-fantini-research-white-paper.html>.

RE-OPENINGS:

SINGAPORE

Las Vegas Sands and Genting Singapore will be opening their Singapore casinos on Wednesday.

They will be limited to 25 percent capacity, and both companies are restricting entry to rewards club players with Marina Bay Sands limiting entry to Gold-rated players and above.

US, CANADA OPENINGS: BYD, CZR, CA, DETROIT, NY, PA, QC, VA

NOTE: An interactive map and list of casino openings and closings are at <https://www.fantiniresearch.com/gaming/fantini-s-covid-19-gaming-daily.html>.

- BOYD GAMING will open Par-A-Dice casino in Illinois on Wednesday.
- CAESARS reopen Caesars, Bally's and Harrah's in Atlantic City on July 3.

Elsewhere, CZR's Nobu hotel at Caesars Palace will open on Thursday.

- CALIFORNIA. Sherwood Valley Casino in Mendocino County has reopened.
- DETROIT's casinos will be limited to 15 percent capacity and customers will have to wear facemasks when the properties reopen.

A specific date has not been set, but Michigan Gov. Gretchen Whitmer has hinted at July 4.

- NEW YORK. Akwesasne Mohawk Casino will reopen August 1.
- PENNSYLVANIA. Philadelphia area casinos have reopened – Caesars' Harrah's, Boyd's Valley Forge and Greenwood's Parx.
- QUEBEC. Loto-Quebec is preparing to reopen Casino Lac Leamy and Hilton Lac-Leamy but has not announced a date.
- VIRGINIA. Colonial Downs will open its four Rosie's historical horse racing machine operations on Wednesday.

INTERNATIONAL OPENINGS: FLTR, KANGWON, PHILIPPINES, SCOTLAND, SKC, SOUTH AFRICA

- FLUTTER will open all 266 of its Paddy Power betting shops in Ireland on Monday and will open Scottish shops with limited hours.

Northern Ireland shops will open next Monday.

FLTR's English and Welsh shops opened earlier.

- KANGWON LAND is delaying its reopening to July 6. The casino closed February 23.
- PHILIPPINES. PAGCOR resumed casino operations at 50 percent capacity in the cities of Bacolor, Iloilo, General Santos and the province of Ilocos, GGRAsia reported.

PAGCOR did not confirm the number of reopened properties but said it is dependent on the classification of regional government.

Manila is under quarantine until at least Tuesday but is conducting dry runs at properties.

- SCOTLAND. Sportsbooks reopen Monday but with restrictions they want reconsidered, SBC News reported.

These include no racing broadcasts, operation of gaming machines and requirement that customers leave immediately after placing bets.

- SKYCITY will reopen Sky City Adelaide Monday to rewards members only.
- SOUTH AFRICA casinos reopen Monday.

STEPS BACK: CA, ID, MACAU, WI

- CALIFORNIA. An employee at Chumash Casino tested positive but said the virus was not contracted on site.

- IDAHO. Clearwater River and It'se Ye-Ye casinos on Sunday began requiring customers to wear facemasks because of a spike in COVID cases in the region.

- MACAU. Some junkets have temporarily closed and employees have been laid off, GGRAsia reported.

Five to six more VIP gaming rooms could close temporarily next month.

- WISCONSIN. The Ho-Chunk Nation has permanently laid off previously temporarily furloughed employees at its White Eagle casinos.

LV FLIGHTS INCREASING

Daily flights to McCarran International Airport will reach 280 next month from 145 in May and 200 in June.

Southwest Airlines will increase the number of daily flights by 79 percent from May to August to 156.

Delta's will increase to 32 from 10 and will add daily service from Boston, Cincinnati and New York. JetBlue will launch twice-daily service from Newark, New Jersey, in August.

Service from Canada and Mexico will return next week.

ANALYSTS

NO RECOVERY UNTIL 2022

Vitaly Umansky of Bernstein does not expect US gaming to reach last year's revenue levels until 2022.

Increased debt, casino shutdowns and bankruptcy could last through next year, he said.

Las Vegas will take longer to recover as it focuses on entertainment and conventions instead of gaming as a primary revenue driver, Umansky said.

- Caesars. Umansky cut his target to \$12 on lower earnings.
- Las Vegas Sands is rated outperform because of its Asian exposure but forecasts for Marina Bay Sands will likely be lowered as Singapore has not yet reopened.
- MGM Resorts. Umansky retains his market-perform rating but feels MGM should suffer a severe decline of domestic business this year.
- Wynn's outperform rating stays the same due to its exposure to gaming markets in Asia, though revenue will decline 44 percent this year.

Umansky's outlook:

Company	Target	Rating	EPS		
			2020	2021	2022
CZR	\$ 12	Market Perform	(\$2.22)	(\$0.45)	nil
LVS	\$ 63	Outperform	\$0.12	\$3.21	\$3.64
MGM	\$ 15.80	Market Perform	(\$1.97)	\$0.38	\$0.99
WYNN	\$122	Outperform	(\$9.35)	\$4.04	\$6.51

Company	EBITDA		
	2020	2021	2022
CZR	\$347 million	\$1.898 billion	\$2.319 billion
LVS	\$1.926 billion	\$5.277 billion	\$5.790 billion
MGM	(\$30 million)	\$1.994 billion	\$2.358 billion
WYNN	\$223 million	\$1.836 billion	\$2.137 billion

BARCLAYS: UNEVEN RECOVERY

The Las Vegas Strip has experienced pent-up demand but a smooth transition to normal is unlikely, Gregory Price of Barclays said.

Casino traffic has plateaued and even declined in some places, he said.

Barclays found regional casino traffic is down 31 percent and Las Vegas area is down 35 percent.

So far, the Strip outperformed the locals market as well as Louisiana and Mississippi, but there were few gains after the initial 14 days of reopening, he said.

Spending per visit in Louisiana provided meaningful EBITDA gains for operators, but this may not persist, he said.

SUN TRUST: TOO EARLY TO CALL

Barry Jonas of SunTrust expects Las Vegas room rates to be weak in July with a 4 percent decline week-over-week followed by stability in August but says it's too early to call a recovery.

Room rates quoted online are down 50 percent for July and 36 percent for August, and some are even lower than mid-quarantine rates, he said.

MACAU VISAS NOT NEAR

Don't expect the return of the visa issuances for Macau in July or EBITDA to break-even anytime soon as other travel restrictions must be lifted before visas are issued, Edward Engel of Macquarie said.

Gaming revenue recovery will be limited to 20 to 25 percent, though that should improve on the recent 5 percent recovery rate, Engel noted. It could be months before EBITDA breaks even, which requires a 40 percent revenue recovery, Engel said.

However, restrictions should be lifted for business travel between Hong Kong and Guangdong Province with border crossings limited to a few thousand per day and required enrolment in health-code systems, he said.

A few weeks after that, Hong Kong tourism and Guangdong international visas could be rolled out in phases, he said.

NEW JERSEY RELIEF NEARS

Legislation to allow casinos to deduct free play credits from sports betting revenue for tax purposes passed the New Jersey Senate Budget and Appropriations Committee.

S 2257 allows casinos to deduct up to \$12 million from online sports betting revenues and up to \$8 million from retail revenues.

SPO REVENUES HIT

- SPORTECH's trading has been in line with expectations but COVID-19 has severely impacted second quarter revenues.

SPO expects to have net cash of £8.9 million at the end of June. The company said it made significant cuts to operational costs and took cash management measures.

Mobile operations in Connecticut have remained operative and saw growth from a low base.

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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