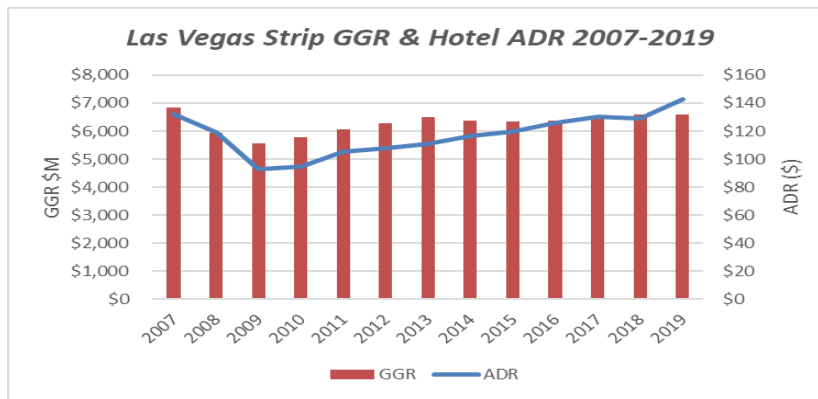
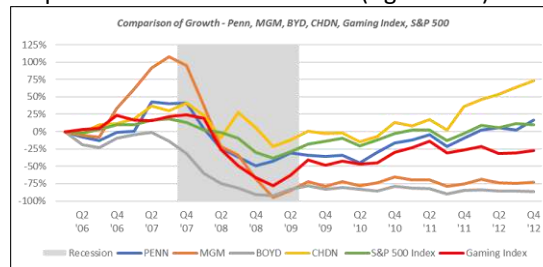
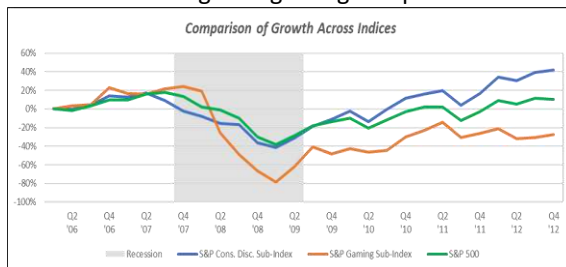


**Outlook for Gaming Valuations Post Covid-19:
What can be Learned from Prior Market Dislocations**

- I. **Catastrophic weather events were localized and recovery was quick**
 - o Worst case: casinos on MS Gulf Coast closed for two months - full recovery took just one year
- II. **September 11 / Tech Bubble had little impact on gaming due to then rapid growth of sector**
 - o No sustained impact to regional markets; two-year recovery in LV; the gaming stock index dropped for only one quarter; gaming declared **“Recession Resistant”**
- III. **The Great Recession proved otherwise, with gaming performing worse than “Consumer Discretionary” peers; 11+ Opc bankruptcies occurred by 2010: >\$15b debt with only ~40% recovery**
 - o LV was hardest hit due to being “ground zero” for mortgage foreclosures and casino overbuilding – Stations Casinos was largest BK at \$5.9b; it took 10 years for Strip hotel ADR to recover; GGR never fully recovered from the 2007 peak reflecting the changed business model of LV resorts



- IV. **Gaming stocks declined far more than the broad market; the consumer discretionary group overall outperformed the S&P in the recovery (left chart)**
 - o Regional gaming companies recovered far quicker than those LV-centric (right chart)



- V. **Positive trends around digital gaming and Esports suggests those areas will benefit from this crisis**
 - o NJ’s internet gaming industry increased 25% month-over-month in March; PA was up 27%
 - o Similar to i-gaming, Esports activity is enjoying a surge in activity and viewership – streaming viewership was up as much as 60% in March; a recent survey of sports bettors in the UK suggested that 3/10 were migrating to Esports betting during the absence of regular sports

NOTE: To track sports betting legislation in the US please visit our website: www.spectrumgamingcapital.com/us-sports-betting
To access gaming industry analytics please visit our website at www.spectrumgamingcapital.com/analytics (equity and debt comparisons for global gaming operators and technology companies, recent debt financings and M&A transactions, updated weekly)