



**Eilers & Krejcik**  
Gaming

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## **U.S. & Canada Gaming Revenue Brief – 3Q CY18**

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## Overview

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### Description

This quarterly report is designed to provide a quick glance at some top level casino gaming revenue trends, as well as some key slot machine and table game win per day metrics for the U.S. & Canada gaming market. Our report tracks Commercial Casinos, Tribal Casinos, Canadian Casinos, Route Operations, Card Clubs, & Cruise Ships.

### Methodology

To prepare this report we utilize publicly reported figures by various federal, state and provincial gaming agencies along with third party reports and our own proprietary estimates.

### Excel Data Sets

The excel data sets used to compile this report are available to Premium tier subscribers or available for one-time purchase. Please e-mail DJ Leary at [dleary@ekgamingllc.com](mailto:dleary@ekgamingllc.com) or call at (310) 743-6239.

## U.S. & Canada Gaming Revenue

Based on reported figures and our proprietary estimates, we estimate total U.S. & Canada Gaming Revenue increased +3.1% y/y to ~U.S. \$23.2 billion in 3Q18 on broad market growth.

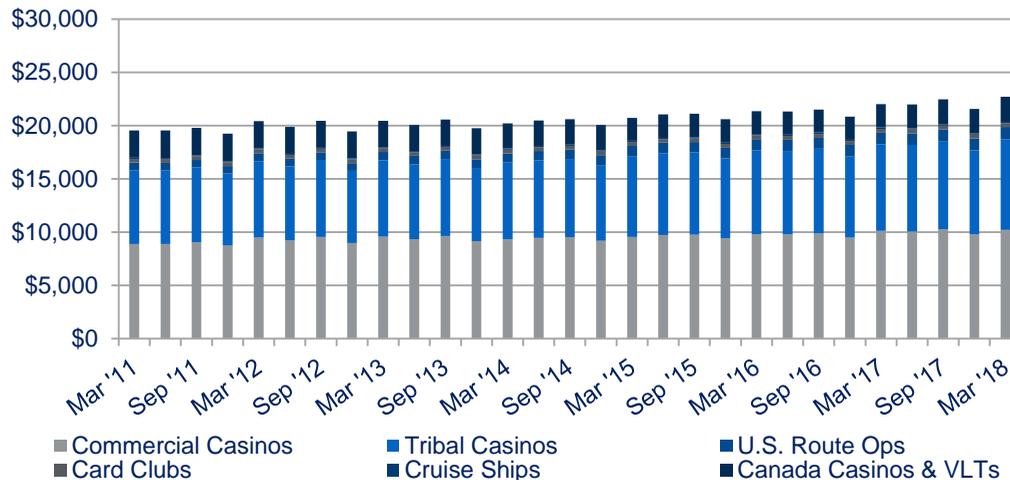
Gaming growth trends continue through 3Q18 due to both strong expansionary market growth as well as increased gaming spend across many existing properties. We believe a healthy macro-economic environment continues to positively influence same-store sales. In particular, the tightening labor market has resulted in both job growth and rising wages, which provides a direct push to discretionary income.

The U.S. Commercial Casino market is the largest gaming segment and represented ~45% of total N. America gaming revenue followed by the U.S. Tribal Casino market at ~37%, Canada Casinos & VLTs at ~10%, and the U.S. Route Ops market at ~5% for the quarter.

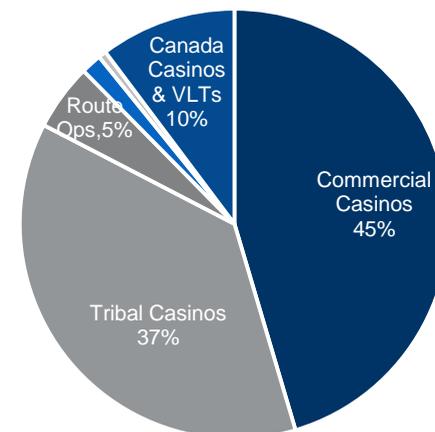
Slot Machine revenue represented ~80% of the total N. American gaming revenue while Table Game revenue was ~20% of the mix for both the quarter and the year.

iGaming revenue totaled \$74.8 million in the qtr. Pennsylvania iGaming may launch during the year, which should provide another boost to U.S. iGaming.

U.S. & Canada Quarterly Gaming Revenue, \$s in millions



U.S. & Canada Gaming Revenue by Market - 3Q18



Source: State & Provincial Gaming Agencies, NIGC, & Eilers & Krejcik Gaming estimates

## Total Slot Revenue Trends

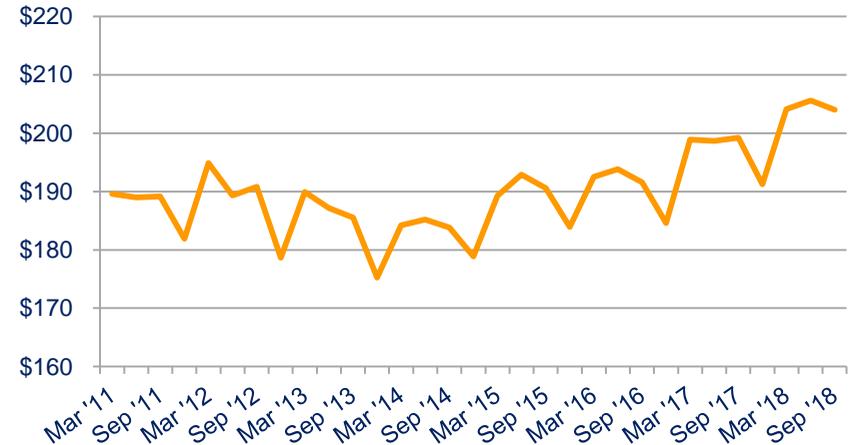
Total U.S. & Canada Slot Machine revenue increased +3.8% y/y to ~U.S. \$18.6 billion in 3Q18.

Slot revenue continues to show healthy growth into the 4<sup>th</sup> straight year of gains. Gains were seen in all markets most likely driven by stable positive economic trends as well as casino expansion in under-developed regions.

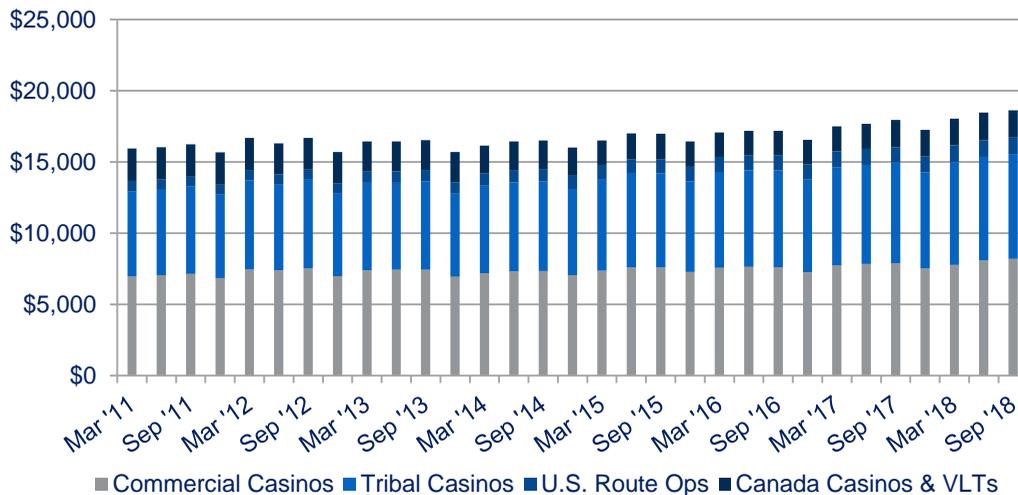
Avg. Slot Win per Day (WPD) increased +2.4% y/y to ~\$204 3Q18. We note WPD has increased steadily since the end of 2013 despite significant periods of unit growth across select markets.

We anticipate single digit growth in U.S. & Canada Slot Revenue to proceed through the remainder of the year and into CY19.

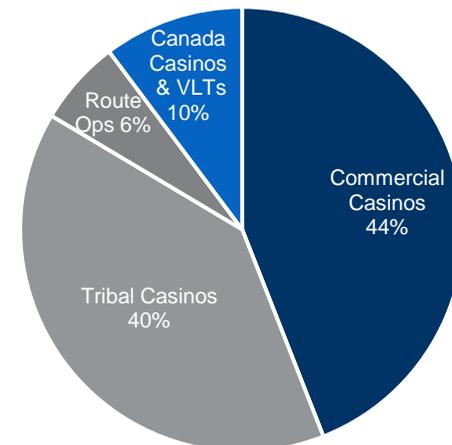
Total Quarterly U.S. & Canada Slot WPD



U.S. & Canada Quarterly Slot Revenue, \$s in millions



U.S. & Canada Slot Revenue by Market - 3Q18



Source: State & Provincial Gaming Agencies, NIGC, & Eilers & Krejcik Gaming estimates

## U.S. Commercial Slot Revenue

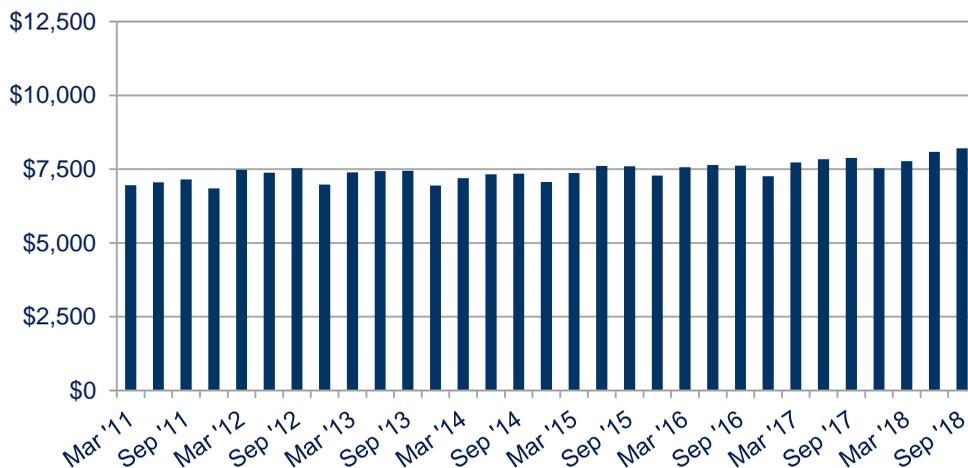
U.S. Commercial Slot Machine revenue increased +4.1% y/y to ~U.S. \$8.2 billion 3Q18.

Commercial slot revenue experienced another relatively strong period of growth. Quarterly revenue enjoyed a boost following significant expansionary activity over the past year, including resort openings in New York, New Jersey, and Massachusetts. With that said, slot player activity seemed to be strong across the country given the vast majority of commercial jurisdictions reported increases in slot win.

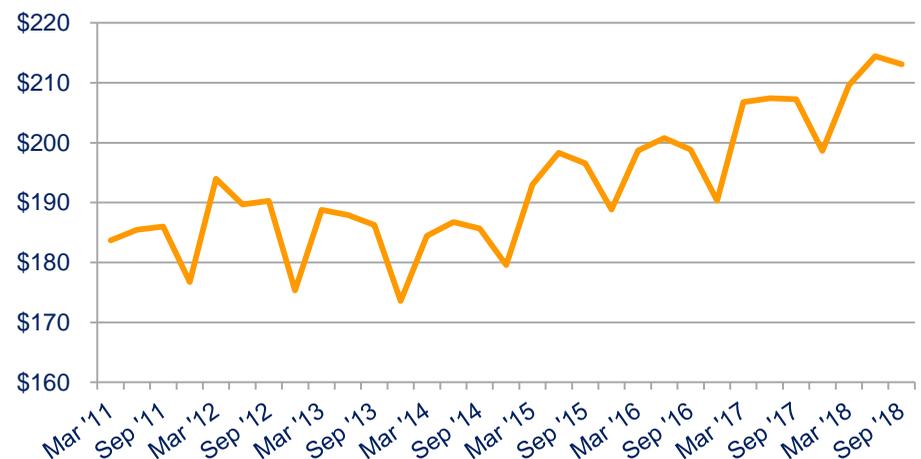
Avg. U.S. Commercial Slot Win per Day increased +2.8% y/y to ~\$213 in 3Q18, driven primarily by an increase in revenue which outpaced the moderate increase in slots installed. We highlight WPD has been increasing steadily since the end of 2013 and has reached historically high levels. We believe this contributed to the annual and sequential increase in Commercial units installed by the end of 3Q18.

We anticipate further low single digit growth in Commercial slot revenue through 4Q18 and into CY19.

U.S. Commercial Quarterly Slot Revenue, \$s, millions



U.S. Quarterly Commercial Slot WPD



Source: State & Provincial Gaming Agencies, NIGC, & Eilers & Krejcik Gaming estimates

## U.S. Tribal Slot Revenue

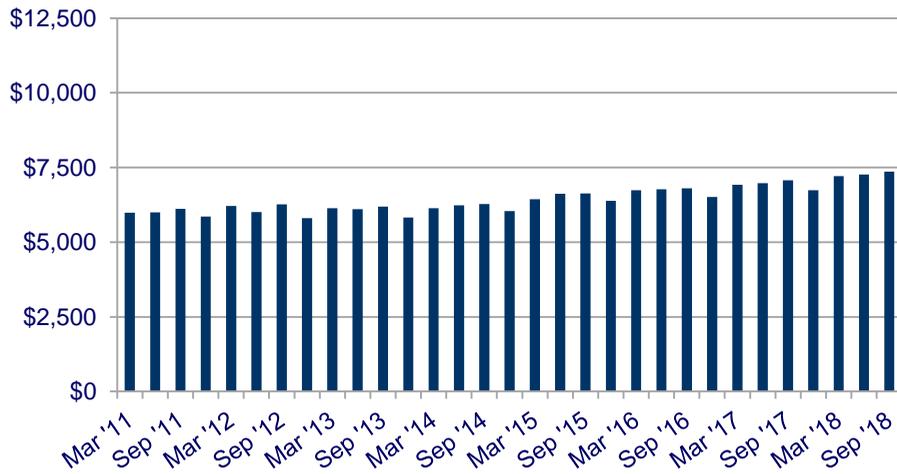
We estimate U.S. Tribal Slot Machine revenue increased +4.1% y/y for the quarter to ~U.S. \$7.4 billion in 3Q18.

Results were driven primarily by growth in key Tribal markets such as Oklahoma and California, the opening of the first Tribal casino in Indiana, as well as unit and WPD growth across most markets.

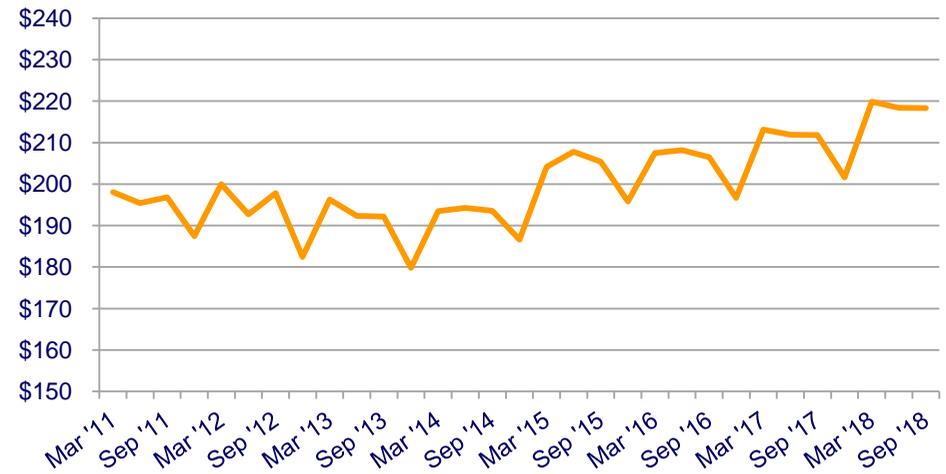
Avg. Tribal Slot Win per Day (WPD) increased +3.1% y/y for the quarter to ~\$218 in 3Q18.

We anticipate further stable low single digit growth in the Tribal slot market through the remainder of CY18 and into CY19.

U.S. Tribal Quarterly Slot Revenue, \$s in millions



U.S. Quarterly Tribal Slot WPD



Source: State & Provincial Gaming Agencies, NIGC, & Eilers & Krejcik Gaming estimates

## U.S. Route Ops Slot Revenue

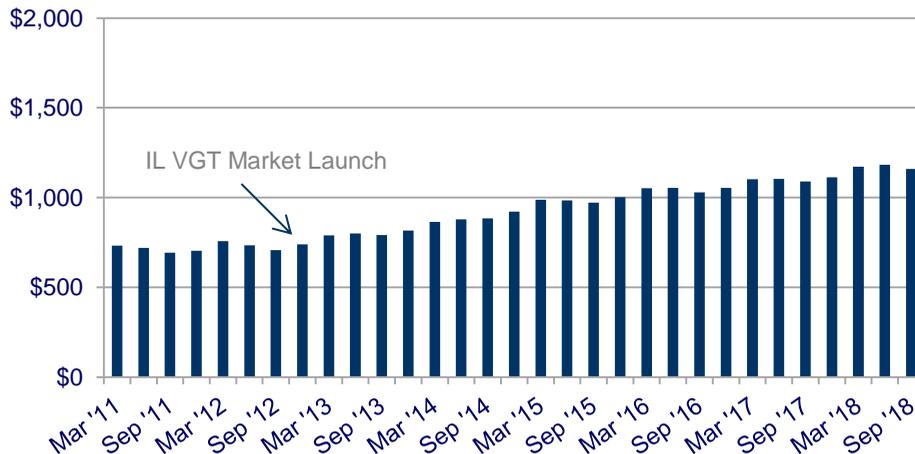
We estimate U.S. Route Ops Slot Machine revenue increased +6.3% y/y to ~U.S. \$1.2 billion in 3Q18.

The sustained expansion of the IL Video Gaming Terminal (VGT) market, along with stable increases in other jurisdictions drove Route Ops growth in the quarter.

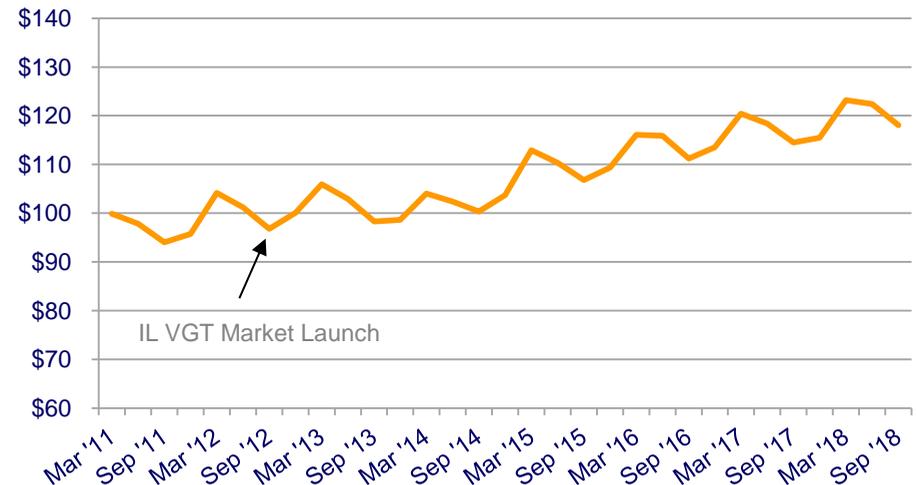
Avg. Route Ops Slot Win per Day (WPD) increased +3.1% y/y to ~\$118 in 3Q18.

We project low to mid single digit growth in Route Ops slot revenue in 4Q18 led by growth in the IL VGT market and stable growth among other jurisdictions. We anticipate further stable market growth into CY19 with a moderate boost from the launch of the Pennsylvania truck stop market.

**U.S. Route Ops Quarterly Slot Revenue, \$s in millions**



**U.S. Quarterly Route Ops Slot WPD**



Source: State & Provincial Gaming Agencies, NIGC, & Eilers & Krejcek Gaming estimates

## Canada Slot & VLT Revenue

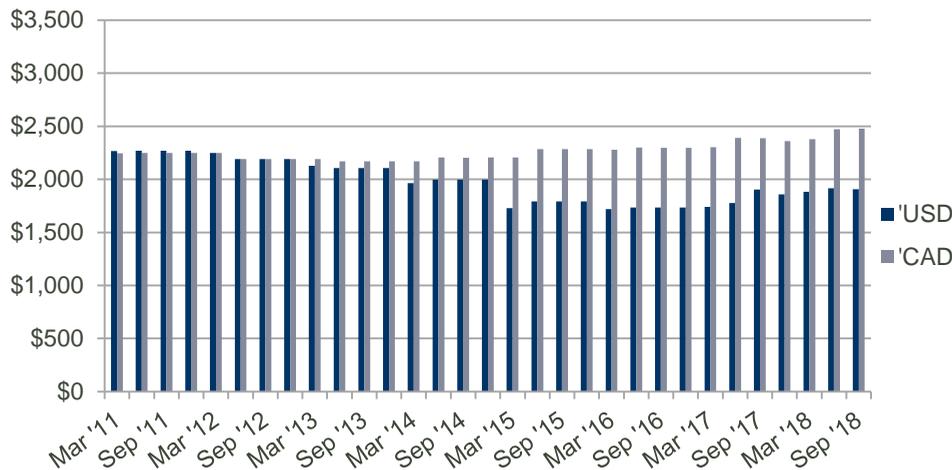
We estimate Canada Casino and VLT Slot Machine revenue increased +0.1% y/y to ~U.S. \$1.9 billion in 3Q18, led by growth among most jurisdictions which was offset by relatively weaker CAD to USD exchange versus the prior year. Excluding foreign exchange fluctuation, Canadian slot revenue increased +3.7% y/y.

Avg. Canada Slot Win per Day (WPD) decreased -1.4% y/y to ~U.S. \$205 in 3Q18. On a constant currency basis (CAD), we note WPD increased +2.1% y/y to ~Canada \$266 in 3Q18.

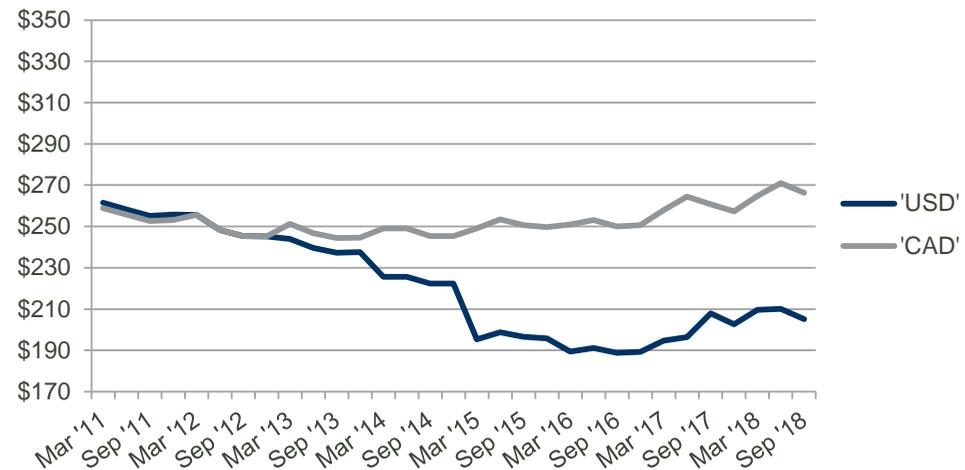
Our 3Q18 CAD/USD FX rate estimate was 0.77 for the quarter, which was roughly -3% y/y below the prior year.

We anticipate further low to mid-single digit growth for Canada slot revenue in 4Q18 and into CY19 led by expansionary casino development as well as stable gaming growth.

Canada Annual Slot Revenue, \$s in millions



Quarterly Canada Slot WPD



Source: State & Provincial Gaming Agencies, NIGC, & Eilers & Krejcik Gaming estimates

## Total Slot Revenue

Across all U.S. & Canada jurisdictions, Nevada generated the most slot revenue in the quarter including Commercial, Tribal and Route Operations machines. Interestingly, we note the California Tribal market generates more slot revenue than the Nevada Commercial market.

Given the recent approval of gaming expansion legislation, we would expect Pennsylvania to move up the charts in the coming years with the approval of 10 additional satellite casinos with up to 750 slot each.

Furthermore, look for Ontario’s slot revenue to also climb over the next few years given the significant levels of investment coming from large Canadian casino operators such as Great Canadian and Gateway Casinos.

### Top 10 U.S. & Canada Jurisdictions by Slot Revenue – 3Q18

Rank	Market	Commercial	Tribal	Route Ops	Canada	Total	% of Total
1	Nevada	\$1,923	\$12	\$158		\$2,094	11%
2	California		\$2,045			\$2,045	11%
3	Oklahoma		\$1,196			\$1,196	6%
4	New York	\$625	\$180			\$804	4%
5	Louisiana	\$533	\$98	\$143		\$774	4%
6	Florida	\$136	\$618			\$754	4%
7	Illinois	\$273		\$370		\$643	3%
8	Ontario				\$619	\$619	3%
9	Pennsylvania	\$602				\$602	3%
10	Michigan	\$286	\$308			\$594	3%

Source: State & Provincial Gaming Agencies, NIGC, & Eilers & Krejcik Gaming estimates

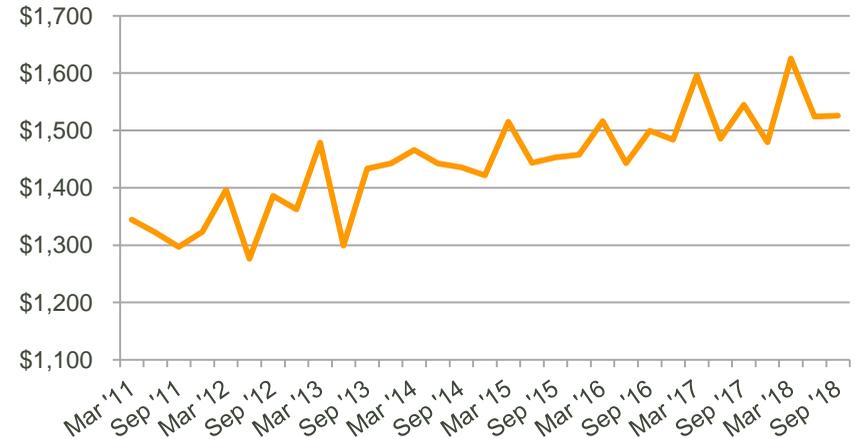
# Total Table Revenue

Total U.S. & Canada Table Revenue increased +0.9% y/y to ~U.S. \$4.5 billion in 3Q18 led by gains across many Tribal and Canadian markets.

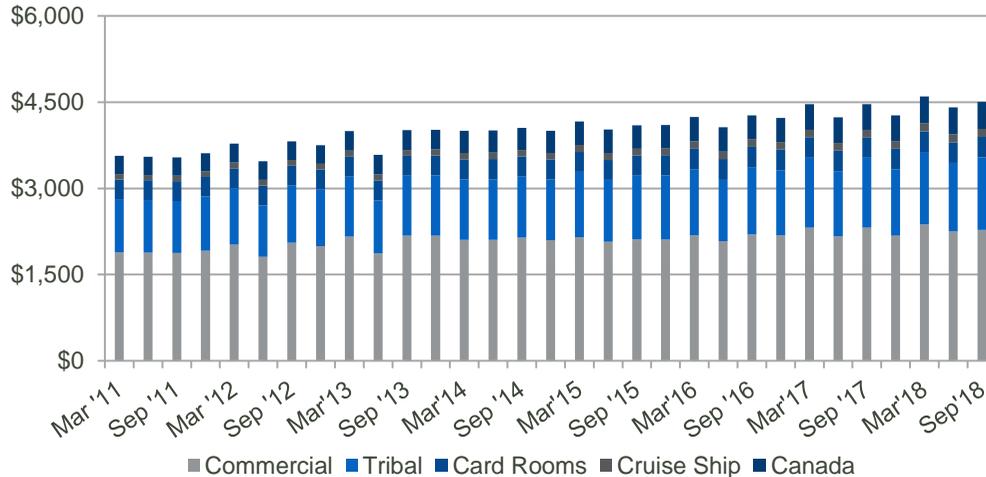
Avg. U.S. and Canada Table Game WPD decreased -1.2% y/y to U.S. ~\$1,526 in 3Q18.

We project U.S. & Canada Table Game revenue will increase in the low to mid-single digit range in 4Q18.

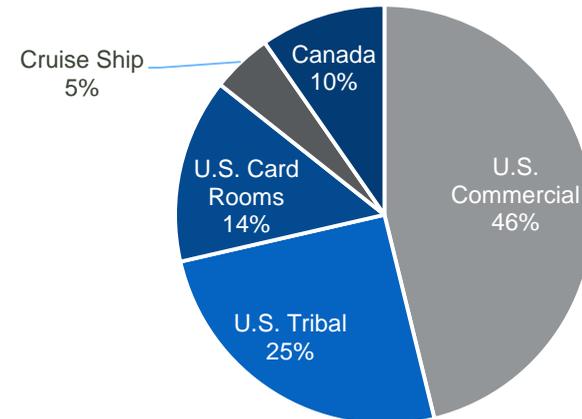
U.S. & Canada Qtrly Table Game WPD



U.S. & Canada Qtrly Table Game Revenue, \$s in millions



U.S. & Canada Table Segmentation - 3Q18

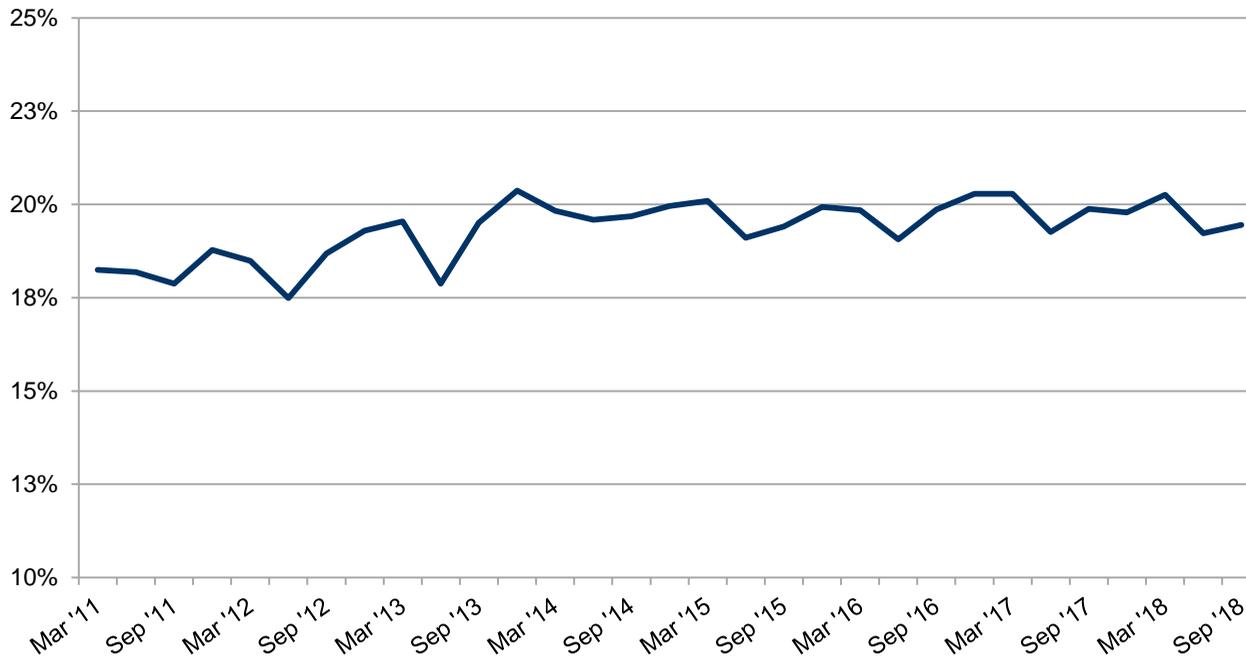


Source: State & Provincial Gaming Agencies, NIGC, & Eilers & Krejcik Gaming estimates

## Table Revenue

While U.S. & Canada Table Game revenue had been increasing as a percentage of total gaming revenue, that was not the case this quarter. The mix of table game to total revenue still increased in a few jurisdictions, however growth across most slot-only jurisdictions as well as faster slot revenue growth in other key markets, such as Nevada, caused slot revenue growth to outpace table revenue growth in the period.

**Table Game Revenue as % of Total Gaming Revenue**



Source: State & Provincial Gaming Agencies, NIGC, & Eilers & Krejcik Gaming estimates

## Table Revenue

In 3Q18, Nevada generated more table game revenue than any other jurisdiction in U.S. & Canada followed by California.

### Top 10 U.S. & Canada Jurisdictions by Slot Revenue – 3Q18

Rank	Market	Commercial	Tribal	Route Ops	Canada	Total	% of Total
1	Nevada	\$904	\$4			\$908	20%
2	California		\$335	\$154		\$489	11%
3	Pennsylvania	\$219				\$219	5%
4	New Jersey	\$217				\$217	5%
5	Washington		\$95	\$65		\$160	4%
6	Maryland	\$153				\$153	3%
7	Florida		\$113	\$40		\$153	3%
8	Connecticut		\$151			\$151	3%
9	Michigan	\$69	\$79			\$148	3%
10	Louisiana	\$107	\$28			\$135	3%

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