Eilers&Krejcik Gaming

Market Research

Gaming Equipment & Technology

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# EILERS: Slots & Tables Forecast – Post 2Q18 Update

*This quarterly report tracks replacement and new and expansionary slot machine demand as well as table game demand in the U.S. and Canada by jurisdiction. In addition to total demand, this report includes a detailed list of all new casino projects and major expansions under development and expected to be completed over the next three years. Finally, this report also includes a summary update on any new market expansion activity that has occurred within the quarter.*

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Note: The excel data used to compile our report is available for Premium Tier subscribers or available for one-time purchase. If you are interested, please contact DJ Leary at dleary@ekgamingllc.com or call at 310-743-6239.

# 1. Summary Highlights

- Based on reported figures and our own proprietary research, we estimate total U.S. & Canada slot machine sales increased +15.7% y/y and +16.1% q/q to ~20,700 total games sold in 2Q CY18.

- For the qtr, New and Expansionary slot machine sales increased +125% y/y in 2Q CY18 to ~5,400 games sold driven by significant new commercial development led by the opening of the Hard Rock and Ocean Resort casinos in New Jersey and the MGM Springfield in Massachusetts.

- Based on our tracking, slot replacement sales in 2Q CY18 decreased -1.1% y/y to ~15,300 games sold in the period. We note the current quarter included ~200 lease-to-sale conversions but did not include any unique market sales while last year's figure included ~100 lease-to-sale conversions and ~500 Canada & Oregon VLT sales. Excluding Lease conversions and Canada & Oregon VLTs, we estimate adjusted slot replacement sales were up +2.0% y/y.

- We now estimate total slot machine sales to increase +3.7% y/y in CY18 to ~75,700 games sold reflecting a moderate increase in the replacement market as well as a pickup in expansionary activity. Our CY18 estimates have decreased slightly by -650 units reflecting a modest reduction in new & expansionary demand and our replacement rate assumption.

- In CY19 we estimate slot machine sales to increase +6.1% y/y to 80,300 games sold driven by a pickup in both replacement sales and new and expansionary sales. Our anticipated CY19 sales also declined -900 units reflecting a moderate reduction in our replacement rate, as well as a slight reduction in our expansionary demand.

- While current VLT replacement activity is fairly light, we do anticipate both Canada and Oregon VLT replacement sales to pick up again in 2H18 and continuing to grow in CY19 and CY20 as the install base continues to age and previously purchased games in 2012-2014 have now become fully depreciated. It's also important to note that the traditional purchasing model in Canada is changing to include more of an annual replacement cycle for many provinces and in some cases there will be a move to a recurring revenue model vs. purchasing.

- We estimate there were roughly 428 table games added in 2Q18. In CY18 we now look for the addition of ~920 new table games to be added due to new openings across Commercial and Tribal jurisdictions in Massachusetts, New Jersey, Florida, California, and Wisconsin. Our CY19 estimate calls for the addition of ~700 new table games through new and expansionary activity across key markets such as Massachusetts, Pennsylvania, and California.

- In Oklahoma, our channel checks indicate there are multiple large scale expansion projects in the works in the Southern portion of the state slated to begin development in CY19, which could add ~6,000 new leased games in CY20/21. Note, this does not impact our sales forecast, but is noteworthy and is a very large growth opportunity for suppliers.

- In Pennsylvania, following the award of five satellite casinos, the first operator to win a bid has submitted their initial plan for the casino. Penn National's York County casino is expected to have ~500 slots and ~20 table games and will be completed in 12-18 months. We would expect plans for the remaining four issued licenses to be submitted by the end of the year with projects coming in at similar size and development timeline. Additionally, one of the existing casinos permitted to expand, Valley Forge, has announced intentions to quickly add ~250 slots.

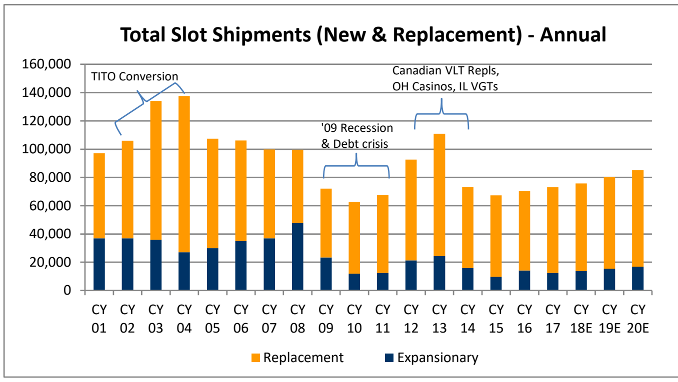
- In Massachusetts, one of the Tribal projects is moving forward while the other may be dead. The Mashapee Wampanoag's plan to construct a massive Tribal casino resort is unlikely to proceed following the BIA's recent issued judgement which ruled against the Tribe's Federal recognition. On the other hand, The Aquinnah Wampanoag received a positive ruling for their Tribal casino aspirations earlier in the year and has announced a partnership with the Chickasaw's gaming development company, Global Gaming Solutions, to construct and operate a Class II facility in Martha's Vineyard.

- In Arkansas, an expansionary gaming proposal has gained enough signatures to make it on the November ballot. Arkansas citizens will soon vote on whether to allow two new casinos in the state and allow the two existing race tracks to expand their gaming facilities.

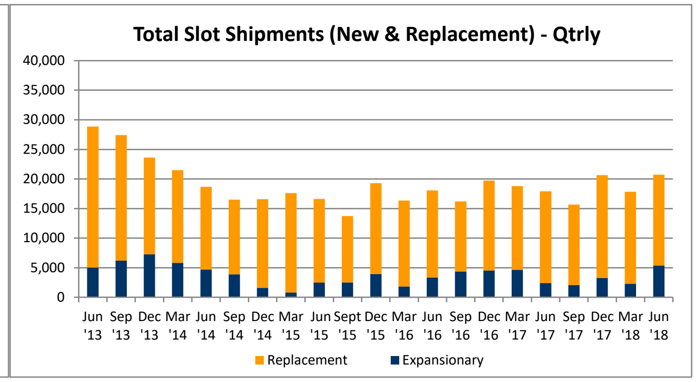
## 2. Total Slot Machine Unit Sales – U.S. & Canada

Based on reported figures and our own proprietary research, we estimate total U.S. & Canada slot machine sales increased +15.7% y/y and +16.1% q/q to ~20,700 total games sold in 2Q of CY18. Unlike the prior few quarters, total sales were driven by a +125% y/y increase in expansionary sales which more than offset the -1.0% y/y decrease in replacement sales.

Looking forward, we now project total slot machine sales to increase +3.7% y/y in CY18 to ~75,700 games sold reflecting both an improving replacement market, as well as a pickup in new openings and expansionary activity. In CY19 we estimate slot machine sales to increase another +6.1% y/y to 80,300 games sold driven by a pickup in both replacement sales and new and expansionary sales. Finally, in CY20 we expect a stable increase in replacement sales as well as growth in expansionary unit shipments to increase total unit sales +6.0% y/y to 85,100 games. We highlight total games sold including both replacements and expansionary units on an annual and qtrly basis below:




Source: Eilers & Krejcik Gaming, LLC & Company reports




Source: Eilers & Krejcik Gaming, LLC & Company reports

### *Key Changes to our estimates*

Our CY18 unit sales forecast were revised down moderately by ~650 games due to a moderate revision in our replacement rate assumption as well as a marginal decrease in our expansion assumption. Our CY19 unit sales forecast decreased by -900 games reflecting a marginally lower replacement rate assumption as well as a slight reduction in the new and expansionary sales.

Our CY20 unit sales forecast remains roughly unchanged as a moderate reduction in our replacement sales was offset by a +1,300 unit increase in the new and expansionary demand driven by increased development of Instant Racing machine venues in Kentucky as well as increased Tribal expansion activity in southern Oklahoma. We also highlight the summary changes to our previous estimates by category below:

**Summary Changes vs. Prior Estimates**

| | New Estimates | | | Previous Est | | | *Change* | | |
|---|---|---|---|---|---|---|---|---|---|
| **Slot Demand - Sales** | **CY18** | **CY19** | **CY20** | **CY18** | **CY19** | **CY20** | **CY18** | **CY19** | **CY20** |
| Replacements | 61,939 | 64,898 | 68,226 | 62,453 | 65,429 | 69,147 | *(514)* | *(531)* | *(921)* |
| New & Expansionary | 13,766 | 15,414 | 16,920 | 13,902 | 15,811 | 15,645 | *(136)* | *(397)* | *1,275* |
| **Total** | **75,705** | **80,312** | **85,146** | **76,355** | **81,240** | **84,792** | ***(650)*** | ***(928)*** | ***354*** |

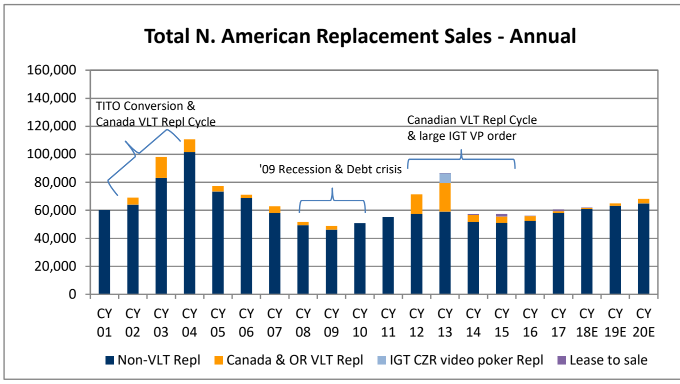
*Source: Eilers & Krejcik Gaming, LLC & Company reports*

# 3. Replacement Slot Machine Unit Sales – U.S. & Canada

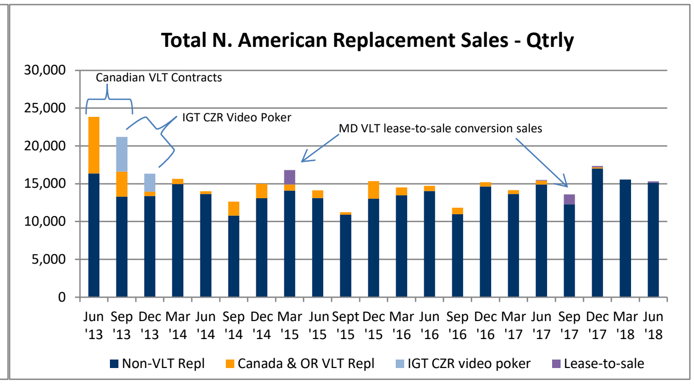
Total U.S. and Canada replacement sales decreased -1.0% y/y to ~15,300 games sold in 2Q18. We note the current quarter included ~200 lease-to-sale conversion and did not include any sizable VLT market sales while the prior year period included ~100 lease conversions and the sale of ~500 Canadian & Oregon VLT replacements. Excluding these units in both periods, we estimate adjusted slot replacement sales increased +2.0% y/y to ~15,100 games sold.

Our new forward replacement demand estimates call for ~62,000 games sold in CY18, ~64,900 games sold in CY19, and ~68,200 in CY20. Note, these est's include expected Canada/Oregon VLT sales of ~900 units in CY18, 1,600 units in CY19 and ~3,300 in CY20. Our estimates also do not include any sizable lease-to-sales transactions.

Below we highlight historical slot machine replacement demand on an annual and qtrly basis:




Source: Eilers & Krejcik Gaming, LLC & Company reports




Source: Eilers & Krejcik Gaming, LLC & Company reports

**Canada / Oregon VLT Update - Replacement Activity to pick up in CY19/20**

While current VLT replacement activity is fairly light, we do anticipate both Canada and Oregon VLT replacement sales to pick up again in 2H18 and continue to grow in CY19 and CY20 as the install base continues to age and previously purchased games in 2012-2014 have now become fully depreciated. It's also important to note that the traditional purchasing model in Canada is changing to include more of an annual replacement cycle for some provinces and in some cases there will be a move to a recurring revenue model vs. purchasing.

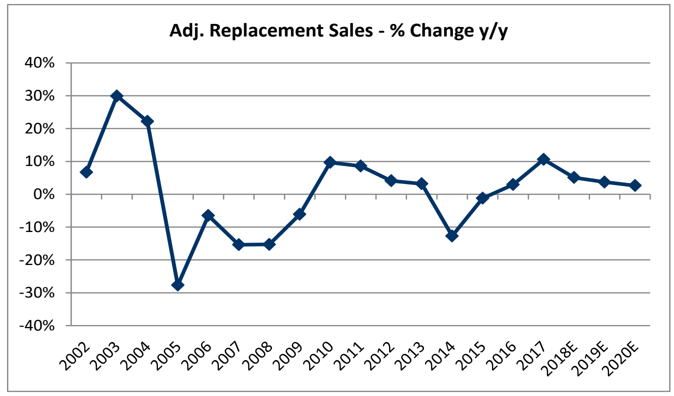
Previous channel checks indicated that the province of Saskatchewan with ~4,000 VLTs is now looking to replace ~700 - 800 VLTs annually starting in 2018 placing them on a 5-6 year replacement cycle, which is notably different from the provinces' previous purchasing cadence whereby they would replace 100% of the games in a single year. We note that IGT and SciGames are the only two approved vendors at present, but we would anticipate additional vendors to be approved in the future including Aristocrat and possibly Konami. We note that IGT won the first replacement order and expects to deliver ~700 units by mid-2019. We estimate a portion of the units will be delivered in 4Q with the remainder in 1Q19.

While Saskatchewan is purchasing games, we note the Atlantic Lottery which manages ~6,800 VLTs in New Brunswick, Newfoundland, Nova Scotia, and Prince Edward Island is considering a participation model going forward in lieu of purchasing games. Therefore, the replacement opportunity for the Atlantic Lottery would move towards incremental games added to the Gaming Operations install base for vendors vs. an annual sales opportunity. Again, IGT and SciGames are the only two vendors with games in the market as we note one previous vendor, Techlink, went bankrupt a couple years back. Again, we would expect Aristocrat and Konami to be potential new vendors.

Our checks also indicate that Alberta is moving towards an annual VLT replacement cycle of 5 years as well for its install base of ~6,000 VLTs implying annual purchasing of ~1,200 VLTs. Our checks indicate Alberta is looking to start replacing VLTs under this new model starting in CY19. Similar to the other provinces, IGT and SciGames are the existing vendors and we would look for Aristocrat and/or Konami to pursue this opportunity.

In addition to the provinces mentioned above, we would expect Manitoba and potentially Loto Quebec to begin purchasing replacement VLTs in the coming year as well. Finally, we note in Oregon, we anticipate a recent RFP to be awarded to one or more vendors in the next couple of months covering up to 2,000 games in total with games to be delivered in 1H19. We note IGT and SciGames are the current vendors in the market and our checks indicate that Aristocrat has recently been approved on a trial basis. In aggregate, we anticipate Canada & Oregon VLT replacements to ramp up significantly in CY19 & CY20.

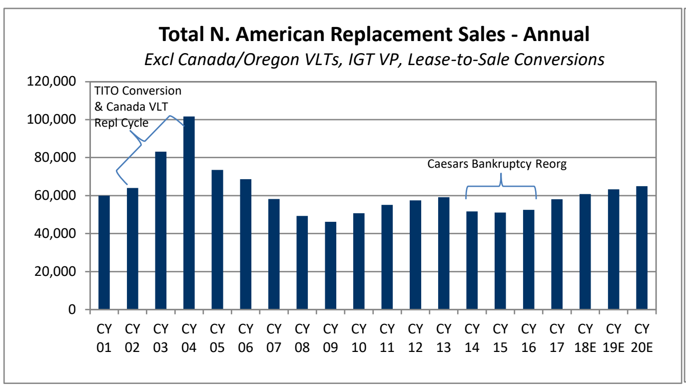
**Adjusted Replacement Sales Trends**



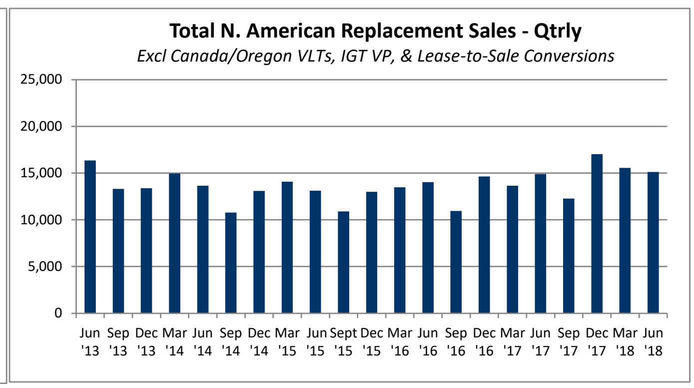

Excluding the above mentioned Canada & Oregon VLTs in the prior year period, we estimate adjusted slot replacement sales increased +2.0% y/y during the period.

We note, following a year of strong growth, adj. replacement sales growth seems to have decelerated through the first half of CY18. Full year CY17 adj. replacement sales increased +11% with growth peaking in the second half at +16% y/y. Thus far through 1H18, adj. replacement sales have increased +8% y/y, though growth has in this quarter has pulled back following the +14% y/y growth in 1Q18. With that said, we reiterate the prior year's adj. replacement sales were quite strong with Caesars out of bankruptcy and back in the market. Consequently, any positive growth in CY18 should be seen as a sign of strength in the market.

We believe the pickup in adj. replacement sales in late CY17 and sustained growth through CY18 has been driven by a steadily improving U.S. economy combined with the return of Caesars to the replacement market following bankruptcy reorganization. We also believe the adj. replacement sales figures most accurately reflect the health of the traditional casino market. However, we note many much of the significant growth in the domestic economy has been realized (unemployment is at historic lows) and Caesars has now been out of bankruptcy for over a year. Therefore, we would anticipate more moderated level of growth ahead. Going forward, we look for adj. replacement sales to increase +5.2% y/y to 61,100 games sold in CY18, another +3.6% y/y to 63,300 games sold in CY19, and another +2.7% y/y to 65,000 units in CY20. In the charts below we highlight historical and forecasted adjusted replacement sales excluding Canada/Oregon VLT replacement sales and sizable lease-to-sale conversions.

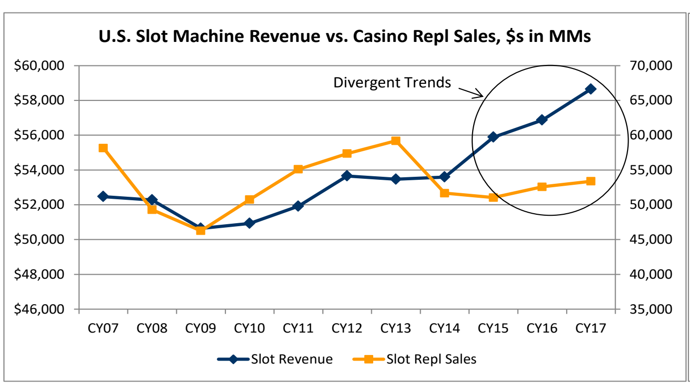


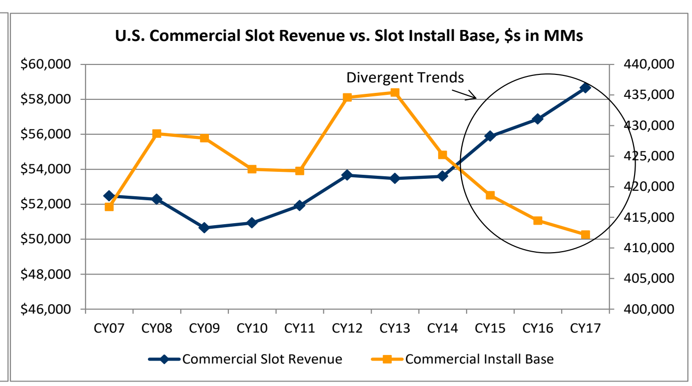

Source: *Company reports, Eilers & Krejcik Gaming, LLC*




Source: *Company reports, Eilers & Krejcik Gaming, LLC*

Finally, in the charts below we highlight U.S. Casino revenue vs. annual adjusted replacement sales excluding Canada / Oregon VLTs and the commercial slot install base to highlight the positive correlation between slot revenue and replacement sales. We continue to believe the positive pickup in slot revenue will result in a pickup in replacement sales, which we have already seen starting in late 2017.

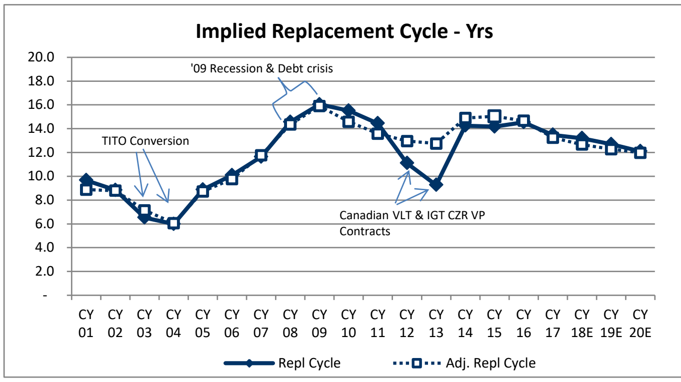


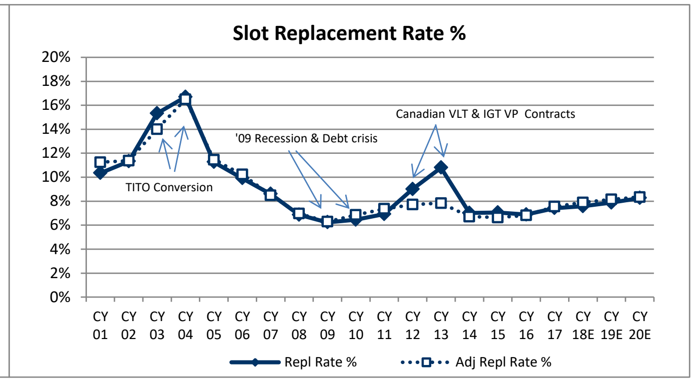

Source: *State Gaming Agencies, Gaming Suppliers, Eilers & Krejcik Gaming*

**Replacement Cycle / Rate**

In the below charts we highlight the implied slot replacement cycle (left) and replacement rate percentage (right) on a historical basis including recent results and our projections. Both charts include a replacement cycle / rate based on total replacement sales, and as well as an adjusted cycle / rate which removes Canada / Oregon VLTs and sizable Lease-to-Sale conversions. Note, our calculations also remove recurring revenue units from the analysis.




Source: Eilers & Krejcik Gaming, LLC & Company reports




Source: Eilers & Krejcik Gaming, LLC & Company reports

We calculate the implied replacement cycle for CY17 to be 13.5 yrs with a replacement rate of 7.4%. Looking forward, we anticipate the implied replacement cycle to be 13.2 yrs in CY18 w/ a repl rate of 7.6%. In CY19, we estimate the implied replacement cycle to drop to 12.7 yrs with a repl rate of 7.9%.

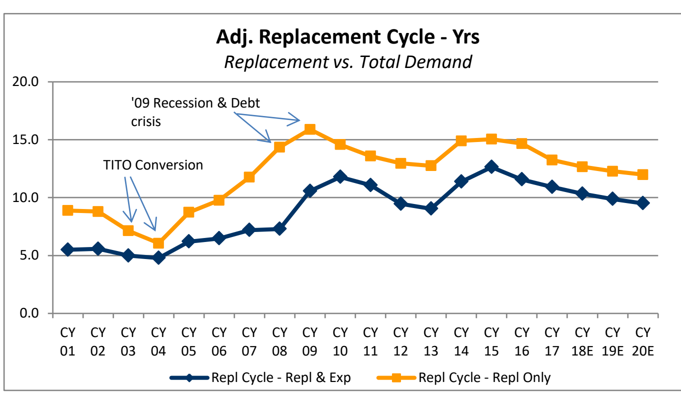
***Alternative way to look at Replacement Demand***

Given the closure of several U.S. casinos in CY14 and CY15 combined with slot count reductions in other more mature markets, we believe there is value in taking an alternative look at how to calculate the market's slot replacement cycle, or the replacement rate % (inverse of cycle).

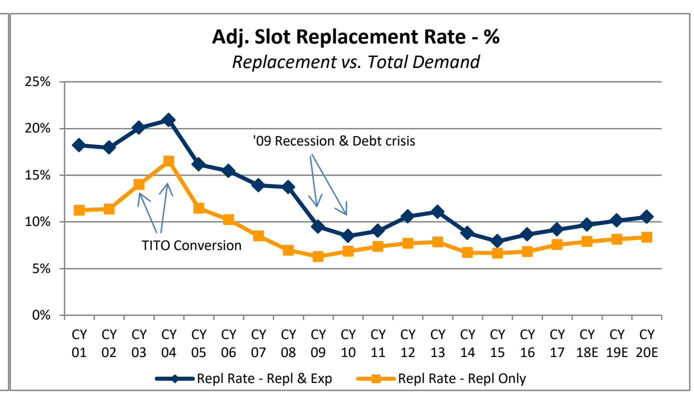
If we assume that the N. American casino market is fully mature, then one could argue that total slot sales including both replacement and new and expansionary demand should be used to calculate the implied replacement cycle or replacement rate. The assumption is that the total install base of games remains constant and that any new and expansionary demand is simply offset by a reduction in slot counts at existing properties, or the closure of existing properties.

In the charts below we highlight the adj. replacement cycle (ex Canada / Oregon VLTs, lease to sale, etc.) and the adj. replacement rate using both <u>replacement units</u> as well as <u>total units</u> including replacements and new and expansionary demand.

Using total demand, we estimate the implied adj. replacement cycle in CY17 was 10.9 yrs and the replacement rate was 9.2%. Looking forward, we project the adj. replacement cycle using total units sold to improve to 9.9 yrs by CY19, which would also reflect a 10.1% adj. replacement rate.




Source: Eilers & Krejcik Gaming, LLC & Company reports




Source: Eilers & Krejcik Gaming, LLC & Company reports

## 4. New & Expansionary Slot Machine Unit Sales – U.S. & Canada

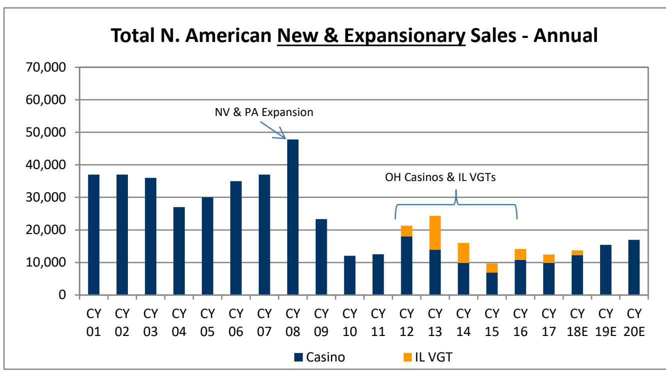
New and Expansionary slot machine sales increased +125% y/y to ~5,400 games sold in the period. We note the qtr included ~500 IL VGT expansionary game sales vs. ~800 games sold in the prior year. Excluding IL VGTs, there were an impressive ~4,900 new and expansionary slots sold in 2Q CY18 versus ~1,600 games in the prior year. We note this period included shipments to large commercial openings in both New Jersey and Massachusetts.

Excluding IL VGT units, this quarter primarily benefitted significant commercial development activity including new unit shipments to the Hard Rock and Ocean Resort openings in Atlantic City as well as shipments to the recently opened MGM Springfield in Massachusetts. Additionally, there were smaller casino openings in other states such as a new historical horse racing facility in Kentucky, Derby City, and the Beach Casino at Island View in Mississippi. This was significantly stronger expansionary unit shipments than the prior year which included partial shipments to the Ilani Tribal property in Washington as well as Jake's 58 VLT facility in New York.

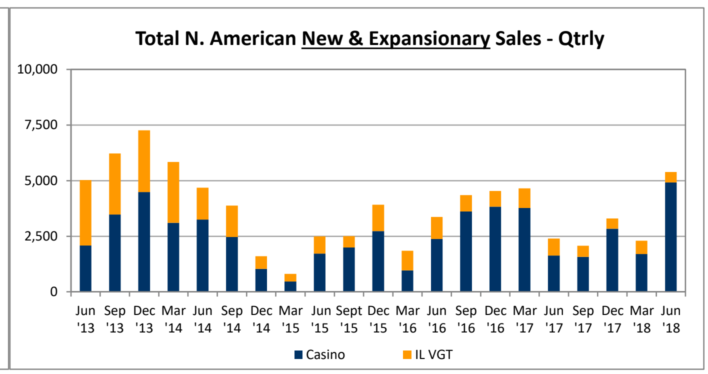
Looking ahead, 2H18 expansionary demand is anticipated to be more moderate as 2Q18 was the high water mark for the year with respect to expansionary unit demand. With that said, we anticipate moderate expansionary activity across various Tribal and commercial jurisdictions to produce ~+10% y/y increase in expansionary demand in 2H18 at ~6,000 units. For the full year, we are estimating ~13,600 total new opening and expansionary sales in CY18.

For CY19 we estimate ~15,400 new and expansionary sales with notable projects including Encore Boston Harbor in Massachusetts, Foxwoods casino in Mississippi, and the new Live Casino in Pennsylvania combined with multiple Satellite casino projects in Pennsylvania. In CY20, notable projects include Resorts World Las Vegas, the Joint Foxwoods/Mohegan casino in Connecticut, Wilton Miwok Casino in California, and additional Satellite casinos across Pennsylvania.

Below we highlight historical new and expansionary demand on an annual and qtrly basis broken down between traditional casino sales and IL VGT sales:




Source: Eilers & Krejcik Gaming, LLC & Company reports




Source: Eilers & Krejcik Gaming, LLC & Company reports

**Pennsylvania Expansion Update**

Late last year the Pennsylvania legislature approved and the Governor signed into law a large scale gaming expansion which included the legalization of online gaming and online lottery sales, the issuance of up to 10 new Satellite casino licenses, VGTs at truck stops, Resort Casino expansions, online gaming, and sports betting. For the purposes of this report, we focus on the Satellite casinos, Resort Casino expansions, and VGTs at Truck stops in our forecast.

In aggregate, we estimate the land-based gaming portion (Satellite Casinos, VGTs, & Resort exp) could result in the addition of ~6,000 slots/VGTs to the state and generate ~$500 million in incremental land-based gaming revenue. This would make Pennsylvania the 4th largest gaming market in the U.S. behind only Nevada, California, and Oklahoma. We anticipate a significant portion of the expansion to rollout over the next three years, though the specific cadence of the additions has yet to be determined.

With respect to the satellite casinos, five of the 10 licenses have been awarded. There were no bids for the 6th license, but the PA Gaming Commission is considering opening up the bidding process to casino operators outside of the state. Each of the operators with winning bids have up to eight months to submit details on the proposed satellite casino, including location and size of the facility. Thus far, Penn National's York County bid, the first satellite casino awarded, has been the only operator to submit plans for their satellite casino, which includes a gaming floor with ~500 slots and ~20 table games that will be completed in 12-18 months. The remaining four satellite licenses were all awarded by April of 2019, so all plans should be submitted by the end of the year. It's likely the satellite casinos will be of similar size and will also be constructed over a comparable time-frame, which would have the first five satellite casinos open by the end of 2020. In regards to the remaining five satellite licenses, we expect the state to open up bidding to outside operators over the next year.

Two existing casino properties, Valley Forge and Lady Luck Nemacolin, were given the opportunity to expand their properties as well as pay to operate table games. Boyd recently completed its acquisition of Valley Forge and stated its intention to swiftly add the additional 250 slots allowed and potentially launch online and sports gaming. Lady Luck Nemacolin has yet to announce any intentions to expand, however owner El Dorado Resorts will be transitioning the operation of the casino to Churchill Downs, which we believe has stalled the move to expand the resort. We would expect Churchill Downs to expand the facility in the next year. With respect to the Route Ops market, we believe adding VGTs to truck stops should be a relatively easy process and therefore expect locations to begin installing units by the end of the year.

Further out, we see a significant opportunity for further expansion of the Route Ops market. The limited rollout of 750 VGTs at truck stops could ultimately lead to the legalization of these machines at licensed liquor establishments. Our checks indicate there will be a push for this in the next legislative session in exchange for a reduction in the Sports betting tax rate, which is seen by most as too high. If successful, we believe PA could support as many as 40,000 total VGTs across the state. We note in Illinois, a smaller state with a more developed commercial market, the Route Ops market grew to ~30,000 units within six years.

**Additional VGT / Route Ops Market Updates**

We continue to believe the success of the Illinois VGT market and recent approval of VGTs in Pennsylvania could spur similar gaming expansion in other states that are in search of ways to fund budget deficits. We note the state of Illinois effectively converted an illegal street market into a regulated market that has now generated ~$1.5 billion in cumulative state tax revenue from CY12-2Q18. Taking into account a decline in the IL Casino sector over the same period, we est the incremental tax revenue generated has likely been ~$1.1-1.2 billion, which takes into account some modest cannibalization of the casino sector.

We believe IL is a model that other states can replicate. However, casino operators traditionally have lobbied against the expansion of Distributed Gaming or Route Op markets as they viewed the business as competition. The reality is that most states already have a gray or illegal street market, so the legalization would not really be all that incremental assuming states are effective in shutting down the illegal operators as they transition to a legal / regulated market.

While the number of games might not be incremental to the market, the new demand would be incremental to regulated suppliers as they don't provide games to gray or illegal markets as they would lose their gaming licenses. In fact, we believe it's a sizable opportunity for the suppliers as we estimate converting illegal / gray markets to regulated Route Op markets could result in 200,000 to 500,000 incremental game placements nationwide. Assuming a win per day of ~$100 and a 30% tax rate would yield an incremental $2-$5 billion in incremental tax revenue for U.S. states. We note a recent study conducted by the AGA indicates there are roughly 150,000 illegal gaming machines in operation in Texas alone.

Recent events cause us to believe that the tide may be shifting in a positive direction as three sizable regional casino operators have recently purchased Route Operators in Illinois including Penn National, Delaware North, and Boyd Gaming. In addition, the recent merger between Golden Gaming and Lakes Entertainment has created another sizable casino / route operator in the market. With limited destination casino opportunities available, we believe many regional casino operators with a strong focus on the local customer will look to expand into legal Route Op markets and will likely lobby for new expansion opportunities (or at least not oppose) down the road.

**Kentucky Historical Horse Racing Games Expansion**

Slot-like Historical Horse Racing Machines (HHRs) have been legal in Kentucky since 2011 with the launch of the machines at Kentucky Downs. In the years since, two other race-tracks opened and the Kentucky Downs has expanded the presence of HHR machines at their property, but the market has been relatively stable. However, Churchill Downs was given approval for and recently opened a new gaming facility, Derby City. This carries the potential for a significant shift in the market. While Derby City isn't particularly large, ~900 machines, it is a machine-dedicated location unattached to a racetrack. Assuming the experiment goes well for Churchill Downs and the state, we wouldn't be surprised to see Churchill Downs or other racetrack owners/operators in the state moving to open other independent HHR casinos. Additionally, Churchill Downs and Keeneland submitted plans to build a new racing facility in Oak Grove which would include a HHR gaming parlor featuring 1,500 HHR machines. The companies aim to have the facility opening in 2020 if the racing commission approves of the plan, which we anticipate it will by year end.

With respect to opportunity for suppliers, we note the HHR market remains a niche that only operates in racetracks in a few states. The market has generally been served by two primary suppliers that specialize in these machines: Exacta Systems and PariMax. However, Ainsworth recently developed their own versions of HHR machines and was able to win all 900 placements with Churchill Downs. Finally, there are also expansionary HHR developments in other markets, most notably Virginia (See below).

**Virginia Approves Instant Horse Racing Games**

In April, Governor Ralph Northam signed legislation approving Historic Horse Racing Machines (HHRs) for an existing racetrack and up to 10 OTB facilities. HHRs allow a person to play a slot-like game with math models based on the probabilities and results of previous horse races. The legislation paves the way for the re-opening of the Colonial Downs horse racetrack, which was recently purchased by Chicago-based horse racing operator and property developer Revolutionary Racing. The law becomes effective July 1, from which point the Virginia Racing Commission has 180 days to establish regulations for the new market.

There are currently no limitations in the number of HHR games that can be provided although that could chance once regulations are finalized. Either way, we believe it's reasonable to assume between 1,000 - 2,000 HHR games are added to the Virginia market over the next 2-3 years with roughly 400-800 at Colonial Downs and the remainder at OTB locations. We note the OTB locations could end up being more like mini-casinos than a traditional Route market. Again, a lot will depend on the final regulations, but our checks indicate there could be some larger OTBs than you would normally expect to see.

As stated above, this is a niche market with only a few suppliers that would benefit from this expansion: Exacta, PariMax, and Ainsworth. However, our contacts suggest Exacta Systems stands likely to earn the vast majority of the installs once the market launches. Finally, our checks indicate this to be a participation business model for vendors.

**Louisiana Approves moving Riverboats on land & increased gaming positions**

Two bills have recently passed in Louisiana which could produce moderate slot expansion in the state. One bill allows all riverboat properties to move the operation on-land within 1,200 ft of the original location and expand the facility. In lieu of a 30k sq ft limit on gaming space, casino properties will now have to stay within a cap of 2,365 gaming positions. The impact this will have on the number of slots and tables installed is challenging to say at this point. Our research suggests that LA properties have an average of ~2,000 gaming positions on the floor which would imply an additional ~300-400 positions per property or potentially 150-200 slots and 25-32 tables which would suggest a total incremental addition of 2,250-3,000 slots and 375-480 tables for the state.

With that said, a quick analysis suggests many properties are well underneath the pre-existing gaming floor limit, which makes it challenging to predict how many casinos will take advantage of the new law. Of the 15 riverboat casinos, only four properties are within 1k sq. ft. of the current limitation. Most properties are within 1-5k sq ft of the current limitation, suggesting there is ample space to add gaming positions at their current properties. Additionally, the slot install base has been declining over recent years. However, it's possible some of these properties are overdue for a renovation and the property would likely expand gaming positions along with any hotel.

Thus far, the Margaritaville casino in Bossier City has announced a plan to expand their property to include additional hotel rooms and amenities. We anticipate this will also include a moderate expansion of the gaming floor. On a whole, we would expect a marginal increase in slots installed in the state as a result of the legislation. Additionally, table game positions have increased over the last couple years, so there could potentially be a potential for moderate expansion there.

Additionally, Gov Edwards recently signed legislation which relaxes the threshold in volume of gas sales truck stops must generate to operate a certain number of slot machines. The previous law required a truck stop retailer to sell at least 50k gallons per year to offer 35 machines and 75k gallons per year to operate 40 machines. Now the limit to offer up to 40 machines has been reduced to 30k gallons from 75k. A truck stop must still have 10 years of service before beginning to operate slot machines. We were unable to locate information on the number of truck stops which sell between 30k and 75k gallons per year that have been open for 10 years. However, we expect this to be a marginal expansionary opportunity for the Route Ops market in Louisiana in the near term.

**Massachusetts Expansion Update**

In November 2011, Governor Deval Patrick signed the Expanded Gaming Act which allowed the operation of three resort style casinos and one racetrack casino. To date, the Massachusetts Gaming Commission has awarded three of the four licenses for projects in Plainridge (PENN), Springfield (MGM) and Everett (WYNN). We note the Plainridge casino opened in CY15 MGM Springfield recently opened while the Wynn project is expected to open mid-2019. We note the Massachusetts Gaming Commission is currently reviewing misconduct allegations against Steve Wynn and the current Wynn management team and will ultimately determine whether or not to revoke Wynn Resort's license. The company has distanced itself from Steve Wynn's character by re-branding the property as Encore and has removed several Steve Wynn loyalists from the board. We anticipate these actions will be viewed favorably by the gaming commission and expect the project to move forward.

As for Tribal activity, one long sought-after project has hit a significant road block, while another seems to be moving forward. The Mashpee Wampanoag tribe has been working to develop a casino on previously approved land. We note, a federally recognized tribe with land awarded into trust by the BIA does not need a license from the state to operate a Class II facility. However, the BIA land grant was challenged successfully in court questioning the Tribe's Federal recognition, which has placed the project on hold since Aug. '16. Over the last few years, the Mashpee tribe has been moving through various appeals processes to re-gain the land-into-trust. Despite support from various House and Senate representatives from the state, as well as circumstantial evidence supporting the tribe's recognition by the government in 1820, the BIA recently ruled against the tribe stating it lacked government recognition prior to the Indian Reorganization Act of 1934. For the time being, this indefinitely stalls any Tribal casino plans for the Mashpee Wampanoag.

There are still a few chances for the tribe to move forward with the construction of a casino. A bill was introduced to Congress in March which would solidifies the initial ruling as a nationally recognized tribe for the Mashapee Wampanoag. However, the bill must be passed by a full House and Senate and then gain a signature from Pres. Trump, which is unlikely. The tribe could also compete for the fourth casino license in the state if such a license is offered by the state.

Additionally, the Aquinnah Wampanoag tribe is moving forward with a Class II facility in Martha's Vineyard. The Tribe's land-in-trust had also been challenged in court, but they received a positive ruling at the beginning of April from the First Circuit Court of Appeals. The Tribe announced their intention to move forward with the project, but local land owners filed another appeal at the end of April which may further delay the project. This has not stopped the tribe from progressing with the project. The Aquinnah has contracted with the Chickasaw tribe's gaming development group, Global Gaming Solutions, to help them plan and develop the Martha's Vineyard casino. As a result, we currently anticipate the tribe to have a class II facility open by the end of 2019. However, we note delays during these legal battles are common place and therefore would not be surprised to see the project delayed another year.

Finally, as insinuated above, we note the Massachusetts Gaming Commission may now decide to move forward with the process of awarding a fourth commercial casino license. The state was reportedly delaying the issuance of the fourth casino license until a decision regarding the Mashpee Wampanoag Tribe's status is made. Assuming the Mashpee Wampanoag decision is final, we would anticipate the state to start this process at some point over the next year and award a fourth license at some point in 2020.

In total, we estimate two remaining casino projects should add roughly ~3,500 slot machines and ~150 table games to the market in the next few years. We reserve including any slots or tables from a fourth potential project until the state makes a move in that direction. Below we highlight the four casino projects which have already opened or planned to open over the next couple of years.

On the next page we highlight new and expansionary slot machine demand by state and type of project. Please note the timing of projects is adj. to reflect the delivery of gaming equipment, which typically occurs 2-4 months prior to a new project opening. We also assume that 10-15% of new games added are leased (i.e. participation, daily fee, WAP, LAP, VLT, Class II participation, etc.).

**Slot Demand Model**
**New Property Openings and Expansions - North America**

| | CY13 | CY14 | CY15 | CY16 | CY17 | Mar '18 | Jun '18 | Sep '18 | Dec '18 | CY18 | CY19 | CY20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| North America (Commercial/Racino/VLT): | | | | | | | | | | | | |
| Alabama | 0 | 0 | 0 | 500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Arkansas | 0 | 700 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Colorado | 0 | 200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 650 | 0 |
| Delaware | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Florida | 850 | 550 | 735 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Idaho | 0 | 210 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Illinois | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Indiana | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 0 |
| Iowa | 0 | 838 | 525 | 210 | 60 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kansas | 0 | 0 | 0 | 0 | 625 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kentucky | 0 | 0 | 900 | 145 | 0 | 0 | 900 | 0 | 0 | 900 | 0 | 1,500 |
| Louisiana | 1,300 | 1,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 250 | 900 |
| Maine | 0 | 50 | 0 | 0 | 90 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Maryland | 150 | 2,500 | 54 | 3,300 | 0 | 200 | 200 | 0 | 0 | 400 | 0 | 0 |
| Massachusetts | 0 | 0 | 1,250 | 0 | 0 | 200 | 2,200 | 0 | 0 | 2,400 | 3,200 | 0 |
| Michigan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mississippi | 300 | 300 | 1,350 | 0 | 0 | 0 | 400 | 0 | 0 | 400 | 200 | 0 |
| Montana | 0 | 0 | 0 | 40 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Missouri | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nevada | 1,050 | 1,450 | 0 | 480 | 205 | 0 | 100 | 330 | 0 | 430 | 500 | 4,000 |
| New Hampshire | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| New Jersey | 0 | 0 | 0 | 0 | 100 | 200 | 2,050 | 0 | 0 | 2,250 | 0 | 0 |
| New York | 145 | 0 | 300 | 3,950 | 2,690 | 800 | 0 | 600 | 0 | 1,400 | 0 | 0 |
| Ohio | 4,750 | 3,697 | 140 | 235 | 85 | 0 | 0 | 199 | 0 | 199 | 0 | 0 |
| Pennsylvania | 600 | 0 | 900 | 150 | 250 | 0 | 0 | 0 | 250 | 250 | 3,750 | 2,500 |
| Rhode Island | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 0 | 100 | 0 | 0 |
| South Dakota | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Virginia | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,300 | 1,200 |
| West Virginia | 0 | 0 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 9,145 | 12,095 | 6,254 | 9,110 | 4,125 | 1,400 | 5,850 | 1,229 | 250 | 8,729 | 9,950 | 10,100 |
| North America (Tribal, Class III & II): | | | | | | | | | | | | |
| Alabama | 1,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Arizona | 1,289 | 0 | 1,200 | 450 | 0 | 0 | 0 | 0 | 0 | 0 | 2,000 | 200 |
| California | 3,000 | 1,110 | 1,550 | 2,300 | 1,929 | 200 | 0 | 350 | 1,100 | 1,650 | 3,130 | 3,500 |
| Connecticut | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,000 |
| Florida | 0 | 300 | 0 | 50 | 250 | 54 | 0 | 0 | 875 | 929 | 1,000 | 0 |
| Idaho | 150 | 0 | 0 | 0 | 0 | 0 | 0 | 200 | 0 | 200 | 0 | 0 |
| Indiana | 0 | 0 | 0 | 0 | 0 | 1,800 | 0 | 0 | 0 | 1,800 | 0 | 0 |
| Iowa | 185 | 250 | 0 | 0 | 0 | 0 | 0 | 200 | 0 | 200 | 0 | 0 |
| Kansas | 0 | 0 | 0 | 250 | 0 | 0 | 0 | 0 | 150 | 150 | 0 | 0 |
| Louisiana | 0 | 0 | 0 | 150 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Massachusetts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 255 | 0 |
| Michigan | 275 | 500 | 0 | 270 | 465 | 0 | 0 | 235 | 0 | 235 | 500 | 1,700 |
| Minnesota | 500 | 0 | 0 | 520 | 0 | 0 | 0 | 0 | 0 | 0 | 150 | 0 |
| Mississippi | 0 | 0 | 350 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Montana | 0 | 0 | 0 | 175 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nebraska | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| New Mexico | 375 | 0 | 280 | 0 | 0 | 0 | 0 | 0 | 200 | 200 | 100 | 750 |
| New York | 1,000 | 111 | 546 | 0 | 360 | 400 | 0 | 0 | 0 | 400 | 0 | 0 |
| North Carolina | 0 | 0 | 1,100 | 0 | 0 | 0 | 75 | 0 | 0 | 75 | 0 | 250 |
| North Dakota | 0 | 0 | 100 | 250 | 0 | 0 | 0 | 250 | 0 | 250 | 0 | 0 |
| Oklahoma | 1,700 | 570 | 2,835 | 1,260 | 600 | 867 | 500 | 0 | 0 | 1,367 | 875 | 5,700 |
| Oregon | 0 | 0 | 250 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200 | 0 |
| South Dakota | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 400 | 0 | 400 | 0 | 0 |
| Texas | 700 | 0 | 0 | 715 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Washington | 225 | 400 | 750 | 560 | 3,637 | 0 | 0 | 100 | 100 | 200 | 850 | 1,150 |
| Wisconsin | 0 | 0 | 0 | 0 | 450 | 250 | 150 | 0 | 0 | 400 | 0 | 0 |
| Wyoming | 0 | 0 | 0 | 175 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 10,399 | 3,241 | 8,961 | 7,125 | 7,691 | 3,571 | 725 | 1,735 | 2,425 | 8,456 | 9,060 | 15,250 |
| North America (U.S. Distributed Route Ops): | | | | | | | | | | | | |
| Delaware | 0 | 456 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Georgia | 0 | 0 | 400 | 850 | 800 | 100 | 75 | 100 | 100 | 375 | 200 | 100 |
| Illinois | 11,569 | 6,578 | 2,810 | 3,475 | 2,619 | 600 | 475 | 225 | 200 | 1,500 | 400 | 0 |
| Louisiana | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Montana | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nevada | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| New Mexico | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Oregon | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pennsylvania | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 250 | 250 | 500 | 0 |
| South Dakota | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| West Virginia | 0 | 0 | 0 | 0 | 700 | 100 | 75 | 0 | 0 | 175 | 0 | 0 |
| Total | 11,569 | 7,034 | 3,210 | 4,325 | 4,119 | 800 | 625 | 325 | 550 | 2,300 | 1,100 | 100 |
| North America (Canada): | | | | | | | | | | | | |
| Canada Casinos & VLT | 860 | 800 | 820 | 300 | 1,433 | 100 | 0 | 1,300 | 550 | 1,950 | 2,000 | 2,750 |
| **Total new & expansionary demand** | **31,973** | **23,170** | **19,245** | **20,860** | **17,368** | **5,871** | **7,200** | **4,589** | **3,775** | **21,435** | **22,110** | **28,200** |
| **Estimated sold units of total** | **24,356** | **16,008** | **9,739** | **14,112** | **12,434** | **2,298** | **5,394** | **3,166** | **2,907** | **13,766** | **15,414** | **16,920** |
| *% sold* | *76%* | *69%* | *51%* | *68%* | *72%* | *39%* | *75%* | *69%* | *77%* | *64%* | *70%* | *60%* |
| **Estimated participation/lease units of tot** | **7,617** | **7,162** | **9,506** | **6,748** | **4,934** | **3,573** | **1,806** | **1,423** | **868** | **7,669** | **6,696** | **11,280** |
| *% participation / lease* | *24%* | *31%* | *49%* | *32%* | *28%* | *61%* | *25%* | *31%* | *23%* | *36%* | *30%* | *40%* |
| Total Replacement unit demand | 86,578 | 57,280 | 57,510 | 56,245 | 60,585 | n/a | n/a | n/a | n/a | 61,939 | 64,898 | 68,226 |
| % of total demand | 78% | 78% | 86% | 80% | 83% | n/a | n/a | n/a | n/a | 82% | 81% | 80% |
| Total New & Exp unit demand | 24,356 | 16,008 | 9,739 | 14,112 | 12,434 | n/a | n/a | n/a | n/a | 13,766 | 15,414 | 16,920 |
| % of total demand | 22% | 22% | 14% | 20% | 17% | n/a | n/a | n/a | n/a | 18% | 19% | 20% |
| Total Demand (New & Replacement sold un | 110,934 | 73,288 | 67,249 | 70,357 | 73,019 | n/a | n/a | n/a | n/a | 75,705 | 80,312 | 85,146 |

Note:
-Qtrly estimates assume slots and tables are delivered 2-3 months prior to casino opening

Below we highlight total N. America slot machine demand including historical sales and lease placements by supplier combined with our updated 3-yr forecast.

| Calendar Year | 2013 | 2014 | 2015 | 2016 | 2017 | Mar '18 | Jun '18 | Sep '18 | Dec '18 | 2018E | 2019E | 2020E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| North American Slot Install Base (end)* | 975,337 | 970,393 | 975,207 | 977,982 | 982,492 | 986,339 | 991,355 | 994,599 | 996,085 | 996,085 | 1,004,109 | 1,018,017 |
| *% change y/y* | *1.6%* | *-0.5%* | *0.5%* | *0.3%* | *0.5%* | *0.6%* | *1.1%* | *1.3%* | *1.4%* | *1.4%* | *0.8%* | *1.4%* |
| *chg. units* | *15,575* | *(4,944)* | *4,814* | *2,775* | *4,510* | *3,846* | *5,016* | *3,244* | *1,486* | *13,593* | *8,024* | *13,908* |
| Unit sales - replacement | 86,578 | 57,280 | 57,510 | 56,245 | 60,585 | 15,551 | 15,328 | 12,810 | 18,251 | 61,939 | 64,898 | 68,226 |
| *% change y/y* | *21.4%* | *-33.8%* | *0.4%* | *-2.2%* | *7.7%* | *9.9%* | *-1.1%* | *-5.7%* | *5.2%* | *2.2%* | *4.8%* | *5.1%* |
| % replaced of total install base, less leased ga | 10.8% | 7.0% | 7.1% | 6.9% | 7.4% | 7.6% | 7.5% | 6.2% | 8.8% | 7.6% | 7.9% | 8.3% |
| Implied replacement cycle (yrs) - casino owned | 9.3 | 14.3 | 14.2 | 14.5 | 13.5 | 13.1 | 13.3 | 16.1 | 11.3 | 13.2 | 12.7 | 12.1 |
| Unit sales - new & expansionary | 24,356 | 16,008 | 9,739 | 14,112 | 12,434 | 2,298 | 5,394 | 3,166 | 2,907 | 13,766 | 15,414 | 16,920 |
| *% change y/y* | *14.4%* | *-34.3%* | *-39.2%* | *44.9%* | *-11.9%* | *-50.6%* | *124.6%* | *52.3%* | *-11.9%* | *10.7%* | *12.0%* | *9.8%* |
| Unit sales - total | 110,934 | 73,288 | 67,249 | 70,357 | 73,019 | 17,849 | 20,722 | 15,976 | 21,158 | 75,705 | 80,312 | 85,146 |
| *Unit sales - new & expansionary* | *24,356* | *16,008* | *9,739* | *14,112* | *12,434* | *2,298* | *5,394* | *3,166* | *2,907* | *13,766* | *15,414* | *16,920* |
| *Net recurring revenue units added* | *784* | *(3,307)* | *2,307* | *3,801* | *3,394* | *3,659* | *1,183* | *1,423* | *868* | *7,133* | *6,696* | *11,280* |
| *Casino removals & distributor/OEM elimination* | *(9,565)* | *(17,645)* | *(7,232)* | *(15,138)* | *(11,318)* | *(2,111)* | *(1,561)* | *(1,345)* | *(2,289)* | *(7,306)* | *(14,086)* | *(14,292)* |
| *Total increase in the install base* | *15,575* | *(4,944)* | *4,814* | *2,775* | *4,510* | *3,846* | *5,016* | *3,244* | *1,486* | *13,593* | *8,024* | *13,908* |
| **Annual Unit Sales** | | | | | | | | | | | | |
| IGT | 56,620 | 24,294 | 21,382 | 19,771 | 18,129 | 3,716 | 4,550 | 3,703 | 5,897 | 17,867 | 19,492 | 21,692 |
| Aristocrat | 9,146 | 9,269 | 10,374 | 12,965 | 11,875 | 3,215 | 3,500 | 2,934 | 3,497 | 13,145 | 14,160 | 14,872 |
| SciGames | 27,809 | 21,500 | 17,416 | 18,180 | 20,731 | 4,667 | 5,749 | 4,490 | 5,724 | 20,629 | 22,535 | 23,587 |
| Konami | 8,925 | 8,075 | 7,420 | 7,980 | 7,410 | 2,100 | 1,182 | 1,220 | 1,512 | 6,015 | 6,759 | 7,059 |
| Everi | 3,409 | 2,859 | 2,798 | 2,954 | 3,647 | 1,063 | 1,108 | 874 | 1,143 | 4,188 | 4,356 | 4,601 |
| Ainsworth | 2,000 | 2,691 | 3,324 | 3,207 | 3,088 | 500 | 1,550 | 481 | 610 | 3,141 | 2,438 | 2,558 |
| AGS | - | - | 203 | 465 | 2,566 | 838 | 1,058 | 734 | 981 | 3,611 | 3,887 | 4,203 |
| Other | 3,025 | 4,600 | 4,332 | 4,835 | 5,573 | 1,750 | 2,025 | 1,540 | 1,793 | 7,108 | 6,684 | 6,573 |
| Total units | 110,934 | 73,288 | 67,249 | 70,357 | 73,019 | 17,849 | 20,722 | 15,976 | 21,158 | 75,705 | 80,312 | 85,146 |
| *% change y/y* | *19.8%* | *-33.9%* | *-8.2%* | *4.6%* | *3.8%* | *-5.1%* | *15.7%* | *2.0%* | *2.4%* | *3.7%* | *6.1%* | *6.0%* |
| *% change q/q* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *-13.6%* | *16.1%* | *-22.9%* | *32.4%* | *n/a* | *n/a* | *n/a* |
| **Unit Sales Ship Share** | | | | | | | | | | | | |
| IGT | 51% | 33% | 32% | 28% | 25% | 21% | 22% | 23% | 28% | 24% | 24% | 25% |
| Aristocrat | 8% | 13% | 15% | 18% | 16% | 18% | 17% | 18% | 17% | 17% | 18% | 17% |
| SciGames | 25% | 29% | 26% | 26% | 28% | 26% | 28% | 28% | 27% | 27% | 28% | 28% |
| Konami | 8% | 11% | 11% | 11% | 10% | 12% | 6% | 8% | 7% | 8% | 8% | 8% |
| Everi | 3% | 4% | 4% | 4% | 5% | 6% | 5% | 5% | 5% | 6% | 5% | 5% |
| Ainsworth | 2% | 4% | 5% | 5% | 4% | 3% | 7% | 3% | 3% | 4% | 3% | 3% |
| AGS | 0% | 0% | 0% | 1% | 4% | 5% | 5% | 5% | 5% | 5% | 5% | 5% |
| Other | 3% | 6% | 6% | 7% | 8% | 10% | 10% | 10% | 8% | 9% | 8% | 8% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| **Gaming Ops Unit Install Base (end)** | | | | | | | | | | | | |
| IGT | 47,300 | 44,001 | 40,659 | 39,350 | 38,101 | 38,284 | 38,527 | 38,850 | 39,047 | 39,047 | 40,537 | 43,098 |
| Aristocrat | 9,900 | 11,500 | 33,619 | 38,000 | 42,000 | 43,300 | 44,100 | 44,634 | 45,033 | 45,033 | 46,876 | 49,837 |
| SciGames | 44,696 | 42,000 | 40,851 | 39,858 | 39,376 | 39,946 | 39,804 | 40,359 | 40,564 | 40,564 | 42,858 | 45,566 |
| Konami | 6,800 | 6,500 | 5,100 | 4,340 | 3,500 | 3,800 | 3,655 | 3,762 | 3,781 | 3,781 | 3,929 | 4,177 |
| Everi | 12,657 | 13,287 | 13,340 | 13,264 | 13,296 | 14,124 | 14,174 | 14,365 | 14,438 | 14,438 | 15,000 | 15,948 |
| Ainsworth | 780 | 1,223 | 1,445 | 2,789 | 2,997 | 2,800 | 2,583 | 2,480 | 2,492 | 2,492 | 2,679 | 2,848 |
| AGS | 8,563 | 8,735 | 13,139 | 13,953 | 16,078 | 16,553 | 16,647 | 16,930 | 17,188 | 17,188 | 17,858 | 18,986 |
| Other (includes both Class II & III games) | 27,857 | 28,000 | 9,400 | 9,800 | 9,400 | 9,600 | 10,100 | 9,632 | 9,337 | 9,337 | 8,840 | 9,398 |
| Total installed base | 158,553 | 155,246 | 157,553 | 161,354 | 164,748 | 168,407 | 169,590 | 171,013 | 171,881 | 171,881 | 178,577 | 189,857 |
| *chg. units* | *784* | *(3,307)* | *2,307* | *3,801* | *3,394* | *3,659* | *1,183* | *1,423* | *868* | *7,133* | *6,696* | *11,280* |
| *% of total install base* | *16%* | *16%* | *16%* | *16%* | *17%* | *17%* | *17%* | *17%* | *17%* | *17%* | *18%* | *19%* |
| **Gaming Ops Market Share** | | | | | | | | | | | | |
| IGT | 30% | 28% | 26% | 24% | 23% | 23% | 23% | 23% | 23% | 23% | 23% | 23% |
| Aristocrat | 6% | 7% | 21% | 24% | 25% | 26% | 26% | 26% | 26% | 26% | 26% | 26% |
| SciGames | 28% | 27% | 26% | 25% | 24% | 24% | 23% | 24% | 24% | 24% | 24% | 24% |
| Konami | 4% | 4% | 3% | 3% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% |
| Everi | 8% | 9% | 8% | 8% | 8% | 8% | 8% | 8% | 8% | 8% | 8% | 8% |
| Ainsworth | 0% | 1% | 1% | 2% | 2% | 2% | 2% | 1% | 1% | 1% | 2% | 2% |
| AGS | 5% | 6% | 8% | 9% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% |
| Other (includes both Class II & III games) | 18% | 18% | 6% | 6% | 6% | 6% | 6% | 6% | 5% | 5% | 5% | 5% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

Notes:

-Historical install base numbers based on State Gaming Agencies, and Eilers & Krejcik Gaming, LLC estimates. Reflects both U.S. and Canadian markets.

-Units sold include Class III slots, Class II bingo, Video Poker, and Video Lottery Terminals (VLTs) shipped to Commercial and Tribal casinos, Racinos, and Route Operators.

-Gaming Ops units include U.S. and Canada Class III lease and participation, VLT lease, Electronic Table Games (ETGs), & Tribal Class II/CD participation games.

-IGT historical figures include combined results from Legacy IGT and Spielo / GTECH

-SciGames historical figures include combined results from WMS, Bally, and SHFL.

-Konami N. American sales are estimates and Aristocrat & Ainsworth N. American quarterly numbers are estimates as each company only reports semi-annual results.

*Source: Company reports & Eilers & Krejcik Gaming, LLC*

## 5. Table Game Forecast – U.S. & Canada

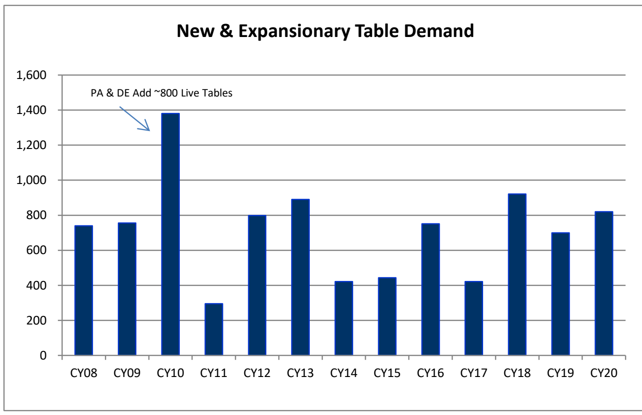
We estimate there were roughly 428 table games added in 2Q18. As with the slots, expansionary demand for table games was strong in the quarter driven by new casino openings in New Jersey, Massachusetts, and Mississippi.

Our CY18 estimate now calls for 921 new table games added from new and expansionary activity during the year. Key projects include new openings in New Jersey, Massachusetts, Florida, California, and Wisconsin as well as strong new development across Canada. We note this is higher than our previous estimates due to the addition of a New Jersey casino opening as well as the increased expansionary activity in Canada.

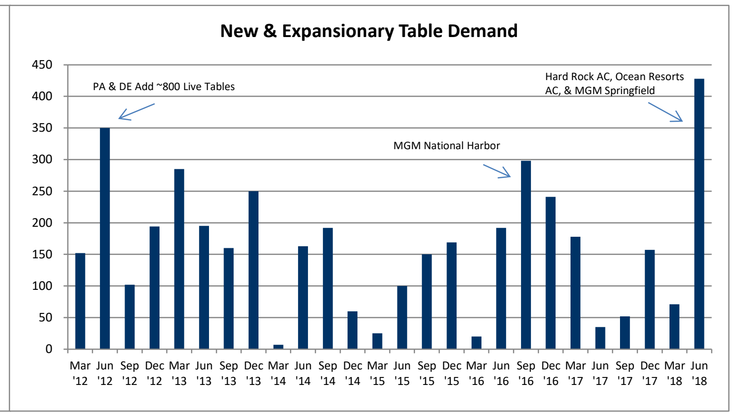
Our CY19 estimate calls for the addition of 700 new table games through new and expansionary activity. Key projects include new openings in Massachusetts, Pennsylvania, California, and Arizona. We note this is also higher than our previous estimate due to expansions in the Louisiana and Mississippi commercial markets as well as increased expansionary activity in the California tribal market.

Finally, our CY20 estimate calls for 820 new tables to be added driven by several new projects in Canada and sizable new openings in Nevada and California, which was in-line with our prior estimates.

Below we highlight trailing N. American table game demand including our 3-yr forecast through 2019.




*Source: Eilers & Krejcik Gaming, LLC & Company reports*




*Source: Eilers & Krejcik Gaming, LLC & Company reports*

Below we provide a detailed breakdown of new table games added by market and between commercial and tribal casino projects.

**Table Game Demand Model**
**New Property Openings and Expansions - North America**

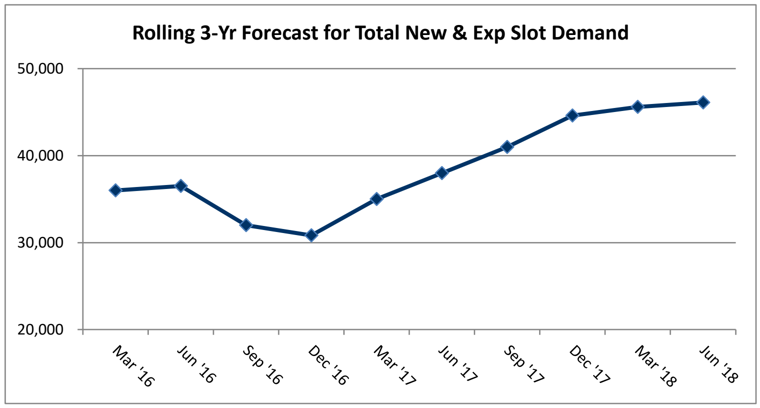
| | CY13 | CY14 | CY15 | CY16 | CY17 | Mar '18 | Jun '18 | Sep '18 | Dec '18 | CY18 | CY19 | CY20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| North America (Commercial, Racino, VLT): | | | | | | | | | | | | |
| Arkansas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Colorado | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 0 |
| Delaware | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Florida | 0 | 0 | 12 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Idaho | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Illinois | 0 | 12 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Indiana | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 0 |
| Iowa | 0 | 25 | 14 | 20 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kansas | 0 | 0 | 0 | 0 | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kentucky | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Louisiana | 40 | 60 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15 | 50 |
| Maine | 0 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Maryland | 207 | 140 | 48 | 150 | 10 | 10 | 10 | 0 | 0 | 20 | 0 | 0 |
| Massachusetts | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 0 | 0 | 100 | 150 | 0 |
| Michigan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mississippi | 10 | 5 | 55 | 0 | 0 | 0 | 18 | 0 | 0 | 18 | 10 | 0 |
| Missouri | 0 | 0 | 0 | 17 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nevada | 60 | 85 | 0 | 48 | 0 | 0 | 0 | 15 | 0 | 15 | 15 | 175 |
| New Hampshire | 0 | 0 | 0 | 25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| New Jersey | 0 | 0 | 0 | 0 | 0 | 0 | 250 | 0 | 0 | 250 | 0 | 0 |
| New York | 0 | 0 | 0 | 201 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ohio | 118 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pennsylvania | 55 | 25 | 68 | 0 | 10 | 0 | 0 | 0 | 0 | 0 | 155 | 25 |
| Rhode Island | 80 | 0 | 28 | 0 | 0 | 0 | 0 | 30 | 0 | 30 | 0 | 0 |
| South Dakota | 0 | 0 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| West Virginia | 0 | 0 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 570 | 357 | 240 | 461 | 138 | 10 | 378 | 45 | 0 | 433 | 365 | 250 |
| North America (Tribal, Class III & II): | | | | | | | | | | | | |
| Alabama (Tribal & Charity) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Arizona | 40 | 0 | 30 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 35 | 10 |
| California | 162 | 12 | 20 | 185 | 15 | 0 | 0 | 15 | 23 | 38 | 110 | 100 |
| Connecticut | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50 |
| Florida (Tribal) | 0 | 15 | 0 | 15 | 35 | 6 | 0 | 0 | 50 | 56 | 30 | 0 |
| Idaho | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Indiana | 0 | 0 | 0 | 0 | 0 | 10 | 0 | 0 | 10 | 20 | 0 | 0 |
| Iowa | 10 | 23 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 |
| Kansas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 10 | 0 | 0 |
| Louisiana (Tribal) | 0 | 0 | 0 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Massachusetts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Michigan (Tribal) | 0 | 0 | 0 | 2 | 20 | 0 | 0 | 12 | 0 | 12 | 0 | 35 |
| Minnesota | 10 | 0 | 0 | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 0 |
| Mississippi | 0 | 0 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Montana | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nebraska | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| New Mexico | 0 | 0 | 5 | 0 | 0 | 0 | 20 | 0 | 10 | 30 | 0 | 0 |
| New York (Tribal) | 28 | 0 | 14 | 0 | 10 | 20 | 0 | 0 | 0 | 20 | 0 | 0 |
| North Carolina | 25 | 0 | 70 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 |
| North Dakota | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 0 | 5 | 0 | 0 |
| Oklahoma | 15 | 5 | 30 | 32 | 0 | 5 | 5 | 0 | 0 | 10 | 10 | 115 |
| Oregon | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 0 |
| South Dakota | 0 | 0 | 0 | 10 | 0 | 0 | 0 | 10 | 0 | 10 | 0 | 0 |
| Texas | 0 | 0 | 0 | 0 | 12 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Washington | 5 | 5 | 20 | 12 | 102 | 0 | 0 | 10 | 0 | 10 | 12 | 45 |
| Wisconsin | 0 | 0 | 0 | 0 | 25 | 10 | 25 | 0 | 0 | 35 | 0 | 0 |
| Wyoming | 0 | 0 | 0 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 295 | 60 | 199 | 285 | 219 | 51 | 50 | 52 | 103 | 256 | 207 | 395 |
| North America (Canada): | | | | | | | | | | | | |
| Canada | 25 | 5 | 5 | 5 | 65 | 10 | 0 | 122 | 100 | 232 | 128 | 175 |
| **Total new & expansionary demand** | **890** | **422** | **444** | **751** | **422** | **71** | **428** | **219** | **203** | **921** | **700** | **820** |
| *% change y/y* | *12%* | *-53%* | *5%* | *69%* | *-44%* | *-60%* | *1123%* | *321%* | *29%* | *118%* | *-24%* | *17%* |

Note:
-Qtrly estimates assume slots and tables are delivered 2-3 months prior to casino opening

*Source: Company reports, industry websites, presentations, and Eilers & Krejcik Gaming, LLC estimates*

*Source: Eilers & Krejcik Gaming, LLC & Company reports*

## 6. Detailed casino projects listed by quarter

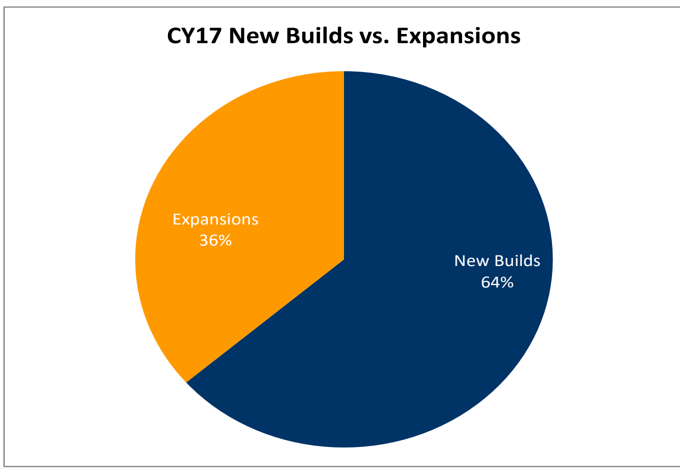



In this section we highlight a detailed schedule of new property openings and major expansions planned to open between CY18 and CY20.

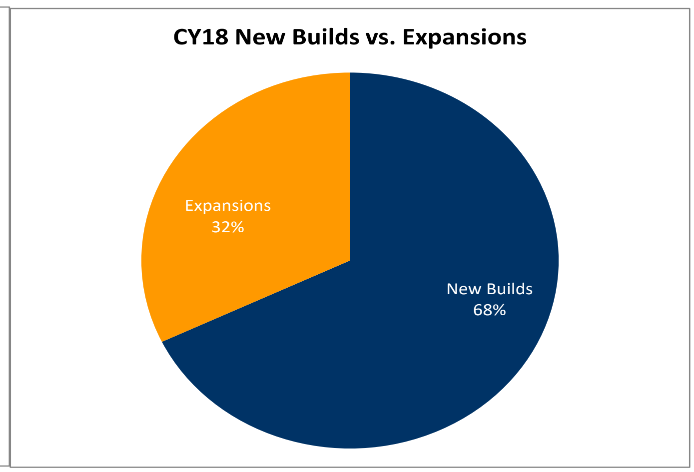
Collectively, we forecast ~45,600 games to be purchased over the next three years from new casino projects and major expansions. In the chart to the right we also highlight our rolling 3-yr forecast for total new and expansionary slot machine sales.

In CY18 we forecast the addition of 21,100 total games and estimate 15,400 games will be purchased while 6,700 games will be leased. In CY19, we forecast 28,200 new games with an assumption for 15,400 games to be purchased and 6,700 games to be leased. Finally, in CY20 we anticipate 28,200 games to be added including 16,900 sold and 11,300 leased units.

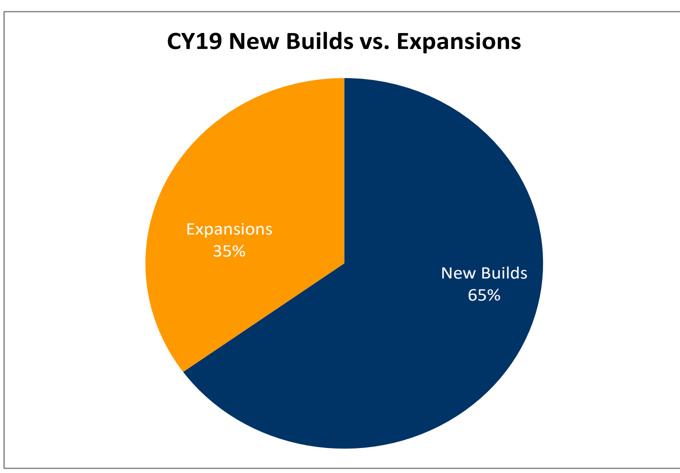
In the charts below we highlight the mix between new builds and expansions to existing casinos.



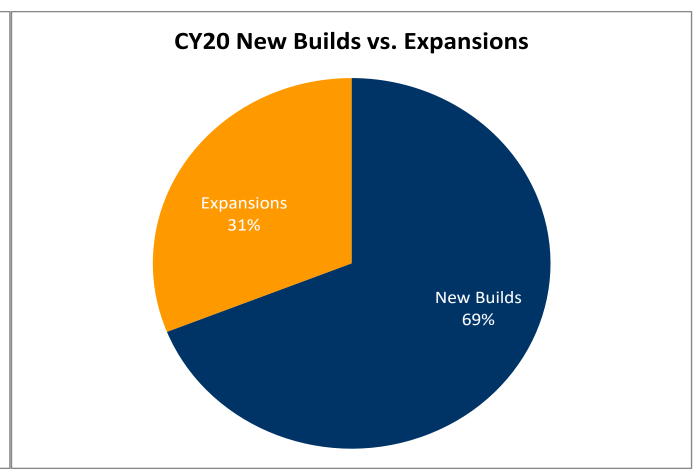

*Source: Company reports, Eilers & Krejcik Gaming, LLC*




*Source: Company reports, Eilers & Krejcik Gaming, LLC*




*Source: Company reports, Eilers & Krejcik Gaming, LLC*




*Source: Company reports, Eilers & Krejcik Gaming, LLC*

Below we provide a detailed schedule of new property openings and major expansions planned to open between CY18 and CY20. This list of projects is compiled via company press releases, regulatory announcements, credible news articles, and direct interviews with industry operators and suppliers.

Our CY18 and CY19 casino project list is broken down by quarter, while our CY20 list is annual. We note the "Open Date" refers to when the new casino or major expansion opens while the "Delivery Date" reflects our expectations for when slots and tables are actually delivered and booked as revenue from the supplier's perspective.

Typically, gaming equipment is delivered 2-4 months prior to a new casino opening and/or major expansion. As a result, suppliers typically record sales revenue (typically slots) from delivery in the prior qtr before a casino opens (sometimes 2 qtrs in advance) while leasing revenue (typically tables) starts when the casino actually opens.

**N. America New & Expansionary Slot Machine & Table Game Demand - CY18 by Property**

| Project/Casino Name | New / Exp | Type | Owner/Operator | City/County | State | Delivery Date | Open Date | Slots | Tables |
|---|---|---|---|---|---|---|---|---|---|
| Resorts World Catskills (prev Montreign) - IGT un | New Opening | Commercial | Empire Resorts and Ent. Prop.. Licensing agre | Catskills Region | NY | 1Q18 | 1Q18 | 800 | 0 |
| Barona Casino - Expansion | Expansion | Tribal | Barona Band of Mission Indians | San Diego | CA | 1Q18 | 1Q18 | 200 | 0 |
| Riverstar Casino | New Opening | Tribal | Chickasaw Nation | Terral | OK | 1Q18 | 2Q18 | 600 | 5 |
| Four Winds South Bend | New Opening | Tribal | Pokagon Band of Potawatomi | South Bend | IN | 1Q18 | 1Q18 | 1,800 | 10 |
| Point Place Casino | New | Tribal | Oneida Indian Nation | Bridgeport | NY | 1Q18 | 1Q18 | 400 | 20 |
| Winstar - Expansion | Expansion | Tribal | Chickasaw Nation | Thackerville | OK | 1Q18 | 1Q18 | 150 | 0 |
| Maryland Live - Expansion & Smoking Patio | Expansion | Commercial | Cordish Co. | Arundel County | MD | 1Q18 | 2Q18 | 200 | 10 |
| Ho Chunk Wittenberg - Expansion | Expansion | Tribal | Ho Chunk | Wittenberg | WI | 1Q18 | 2Q18 | 250 | 10 |
| MGM Springfield | New Opening | Commercial | MGM Resorts | Springfield | MA | 1Q18 | 3Q18 | 200 | 0 |
| Hard Rock - AC | New | Commercial | Hard Rock Int | Atlantic City | NJ | 1Q18 | 2Q18 | 200 | 0 |
| Illinois VLT installations | New Opening | Route | Multiple | Multiple | IL | 1Q18 | 1Q18 | 600 | 0 |
| Other projects | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 471 | 16 |
| ***Total 1Q CY18 demand (Sales & Lease)*** | | | | | | | | **5,871** | **71** |
| *Est sold* | | | | | | | | 2,298 | *0* |
| *Est leased* | | | | | | | | *3,573* | *71* |
| MGM Springfield | New Opening | Commercial | MGM Resorts | Springfield | MA | 2Q18 | 3Q18 | 2,200 | 100 |
| Hard Rock - AC | New | Commercial | Hard Rock Int | Atlantic City | NJ | 2Q18 | 2Q18 | 1,800 | 150 |
| Ocean Resort | New | Commercial | Integrated Properties / AC Ocean Walk | Atlantic City | NJ | 2Q18 | 2Q18 | 250 | 100 |
| Osage Casino Tulsa - Expansion | Expansion | Tribal | Osage Nation | Tulsa | OK | 2Q18 | 3Q18 | 400 | 5 |
| Beach Casino at Island View | Expansion | Commercial | Rick Carter, Terry Green | Gulfport | MS | 2Q18 | 2Q18 | 400 | 18 |
| Derby City Gaming | New Opening | Commercial | Churchill Downs | Louiville | KY | 2Q18 | 3Q18 | 900 | 0 |
| MGM National Harbor - Expansion | New Opening | Commercial | MGM Resorts | Prince George | MD | 2Q18 | 2Q18 | 200 | 10 |
| Duck Creek Casino - Expansion | Expansion | Tribal | Muscogee (Creek) Nation | Beggs | OK | 2Q18 | 2Q18 | 100 | 0 |
| Ho Chunk Wisconsin Dells - Expansion | Expansion | Tribal | Ho Chunk | Wisconsin Dells | WI | 2Q18 | 3Q18 | 150 | 25 |
| Illinois VLT installations | New Opening | Route | Multiple | Multiple | IL | 2Q18 | 2Q18 | 475 | 0 |
| Other projects | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 325 | 20 |
| ***Total 2Q CY18 demand (Sales & Lease)*** | | | | | | | | **7,200** | **428** |
| *Est sold* | | | | | | | | 5,394 | *0* |
| *Est leased* | | | | | | | | *1,806* | *428* |
| Resorts World - Expansion - Phase II | Expansion | Commercial | Genting / Nassau OTB | New York | NY | 3Q18 | 4Q18 | 600 | 0 |
| Pala Casino - Expansion | Expansion | Tribal | The Pala Band of Mission Indians | Pala | CA | 3Q18 | 3Q18 | 350 | 15 |
| Palace Station - Expansion | Expansion | Commercial | Red Rock Resorts | Las Vegas | NV | 3Q18 | 4Q18 | 100 | 12 |
| Shorelines Casino Peterborough | New Opening | Commercial | Ontario Gaming East Ltd / Great Canadian | Peterborough | Ontario | 3Q18 | 3Q18 | 500 | 22 |
| Woodbine - Expansion | Expansion | Commercial | Great Canadian | Toronto | Ontario | 3Q18 | 4Q18 | 800 | 0 |
| Dakota Magic Casino - Expansion | Expansion | Tribal | Dakota Nation | Kankinson | ND | 3Q18 | 4Q18 | 250 | 5 |
| Ojibwa Casino Baraga - Re-build | New Opening | Tribal | Keweenaw Bay Indian Community | Baraga | MI | 3Q18 | 3Q18 | 85 | 2 |
| Odawa Casino expansion | Expansion | Tribal | Little Traverse Bay Bands of Odawa | Mackinaw | MI | 3Q18 | 3Q18 | 100 | 5 |
| Royal River Casino & Hotel - Expansion | Expansion | Tribal | Flandreau Santee Sioux Tribe | Flandreau | SD | 3Q18 | 4Q18 | 400 | 0 |
| Fort Hall Casino | New Opening | Tribal | Shoshone-Bannock Tribes | Fort Hall | ID | 3Q18 | 4Q18 | 200 | 0 |
| Jack Thistle Downs - Expansion | Expansion | Commercial | Jack Entertainment | Cleveland | OH | 3Q18 | 4Q18 | 125 | 0 |
| Newport Grand - Relocation & Exp | Expansion | Commercial | Twin River Worldwide Holdings | Tiverton | RI | 3Q18 | 3Q18 | 100 | 0 |
| Pioneer Casino re-opening | New Opening | Commercial | Intrepid Gaming | Laughlin | NV | 3Q18 | 3Q18 | 230 | 0 |
| Illinois VLT installations | New Opening | Route | Multiple | Multiple | IL | 3Q18 | 3Q18 | 225 | 0 |
| Other projects | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 524 | 158 |
| ***Total 3Q CY18 demand (Sales & Lease)*** | | | | | | | | **4,589** | **219** |
| *Est sold* | | | | | | | | 3,166 | *0* |
| *Est leased* | | | | | | | | *1,423* | *219* |
| Sycuan 2nd Casino | New Opening | Tribal | Kumeyaay Nation | San Diego | CA | 4Q18 | 1Q19 | 800 | 15 |
| Hard Rock Tampa - Expansion | Expansion | Tribal | Seminole Gaming | Tampla | FL | 4Q18 | 1Q19 | 875 | 50 |
| Valley Forge - Expansion | Expansion | Commercial | Boyd Gaming | Valley Forge | PA | 4Q18 | 4Q18 | 250 | 0 |
| Rain Rock Casino - Phase II | Expansion | Tribal | Karuk Tribe | Siskiyou | CA | 4Q18 | 1Q19 | 300 | 8 |
| Tesuque Pueblo new casino | New | Tribal | Pueblo of Tesuque | Santa Fe | NM | 4Q18 | 1Q19 | 200 | 0 |
| Downstream Casino - Kansas Expansion | Expansion | Tribal | Quapaw Indians | Quapaw | KS | 4Q18 | 1Q19 | 150 | 10 |
| Century Mile | New Opening | Commercial | Century Casinos | Edmonton | Alberta | 4Q18 | 1Q19 | 550 | 0 |
| Illinois VLT installations | New Opening | Route | Multiple | Multiple | IL | 4Q18 | 4Q18 | 200 | 0 |
| Other projects | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 450 | 120 |
| ***Total 4Q CY18 demand (Sales & Lease)*** | | | | | | | | **3,775** | **203** |
| *Est sold* | | | | | | | | 2,907 | *0* |
| *Est leased* | | | | | | | | *868* | *203* |
| **Total N. America new and expansionary demand for CY18** | | | | | | | | **21,435** | **921** |
| Estimated sold | | | | | | | | 13,766 | 0 |
| Estimated leased | | | | | | | | 7,669 | 921 |

Notes:

-Number of slots and tables is estimated w hen actual data is not provided
-Qtrly estimates assume slots and tables are delivered 2-4 months prior to casino opening
-Class II and VLT casinos w / 100% leased product are counted in the qtr the facility opens

*Source: Eilers & Krejcik Gaming, LLC & Company reports*

**N. America New & Expansionary Slot Machine & Table Game Demand - CY19 by Property**

| Project/Casino Name | New / Exp | Type | Owner/Operator | City/County | State | Delivery Date | Open Date | Slots | Tables |
|---|---|---|---|---|---|---|---|---|---|
| Harrahs NorCal | New Opening | Tribal | Buena Vista Rancheria of Me-Wuk Indians | Amador County | CA | 1Q19 | 2Q19 | 950 | 20 |
| Monarch Casino - Black Hawk - Exp | Expansion | Commercial | Monarch Casino & Resorts | Black Hawk | CO | 1Q19 | 2Q19 | 650 | 0 |
| Colonial Downs - reopening | New | Racino | Revolutionary Racing | New Kent | VA | 1Q19 | 2Q19 | 700 | 0 |
| Quil Cedar Creek Casino (re-build) | New Opening | Tribal | Tulalip Tribe | Tulalip | WA | 1Q19 | 2Q19 | 500 | 0 |
| Fancy Dance Casino | New Opening | Tribal | Ponca Tribe | Enid | OK | 1Q19 | 1Q19 | 250 | 0 |
| Casino Tahlequah - Expansion | Expansion | Tribal | Cherokee Nation | Tahlequah | OK | 1Q19 | 2Q19 | 125 | 0 |
| Cascades Casino - Langley City | Expansion | Commercial | Gateway Casinos and Entertainment | Langley City | ›ritish Columbi› | 1Q19 | 1Q19 | 200 | 0 |
| Blue Heron Casino - Expansion | Expansion | Commercial | Great Canadian | | Ontario | 1Q19 | 1Q19 | 150 | 0 |
| Cascades Casino - Chatham | New Opening | Commercial | Gateway Casinos and Entertainment | Chatham | Ontario | 1Q19 | 2Q19 | 150 | 0 |
| Isleta Resort & Casino - Expansion | Expansion | Tribal | Pueblo of Isleta | Albuquerque | NM | 1Q19 | 2Q19 | 100 | 0 |
| Angel of the Winds - Exp | Expansion | Tribal | Stillaguamish Indians | Arlington | WA | 1Q19 | 2Q19 | 350 | 12 |
| Pennsylvania Route - VGTs | Expansion | Route | Multiple | Multiple | PA | 1Q19 | 1Q19 | 250 | 0 |
| Other | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 200 | 30 |
| ***Total 1Q CY19 demand (Sales & Lease)*** | | | | | | | | **4,575** | **62** |
| *Est sold* | | | | | | | | 3,180 | *0* |
| *Est leased* | | | | | | | | *1,395* | *62* |
| Encore Boston Harbor | New Opening | Commercial | Wynn Resorts | Everett | MA | 2Q19 | 3Q19 | 3,200 | 150 |
| Golden Mesa Casino | New Opening | Tribal | Shawnee Tribe | Guymon | OK | 2Q19 | 2Q19 | 500 | 10 |
| Valley View - Expansion | Expansion | Tribal | San Pasqual Band of Mission Indians | Pala | CA | 2Q19 | 2Q19 | 500 | 10 |
| PA Satellite #1 | New Opening | n/a | n/a | n/a | PA | 2Q19 | 2Q19 | 500 | 5 |
| Saganing Eagles Landing - Exp | Expansion | Tribal | Saginaw Chippewa Indian Tribe | Standish | MI | 2Q19 | 2Q19 | 300 | 0 |
| Ojibwa Casino Marquette - Re-build | New Opening | Tribal | Keweenaw Bay Indian Community | Marquette | MI | 2Q19 | 3Q19 | 200 | 2 |
| BCLC - Victoria | New Opening | Commercial | British Columbia Lottery Corp (BCLC) | Victoria | ›ritish Columbi› | 2Q19 | 3Q19 | 250 | 0 |
| Lloydminster Entertainment Center | New Opening | Tribal | First Nation | Lloydminster | Saskatchewan | 2Q19 | 3Q19 | 250 | 0 |
| Pennsylvania Route - VGTs | Expansion | Route | Multiple | Multiple | PA | 2Q19 | 2Q19 | 250 | 0 |
| Thunder Valley - Expansion | Expansion | Tribal | United Auburn Indian Community | Lincoln | CA | 2Q19 | 3Q19 | 130 | 15 |
| Palace Casino & Hotel - New Location | Expansion | Tribal | Leech Lake Band of Ojibwe | Cass Lake | MN | 2Q19 | 3Q19 | 150 | 5 |
| Other | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 450 | 66 |
| ***Total 2Q CY19 demand (Sales & Lease)*** | | | | | | | | **6,680** | **263** |
| *Est sold* | | | | | | | | 4,676 | *0* |
| *Est leased* | | | | | | | | *2,004* | *263* |
| Hard Rock Hollywood - Expansion | Expansion | Tribal | Seminole Gaming | Hollywood | FL | 3Q19 | 4Q19 | 1,000 | 30 |
| Durham Casino | New Opening | Commercial | Great Canadian | Durham | Ontario | 3Q19 | 4Q19 | 500 | 50 |
| Treasure Bay - Expansion | Expansion | Commercial | Treasure Bay, LLC. | Biloxi | MS | 3Q19 | 4Q19 | 200 | 10 |
| Aquinnah Wampanoag - Class II | New Opening | Tribal | Aquinnah Wampanoag Tribe | Martha's Vineyard | MA | 3Q19 | 4Q19 | 255 | 0 |
| PA Satellite #2 | New Opening | n/a | n/a | n/a | PA | 3Q19 | 3Q19 | 500 | 5 |
| Other | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 350 | 0 |
| ***Total 3Q CY19 demand (Sales & Lease)*** | | | | | | | | **2,805** | **95** |
| *Est sold* | | | | | | | | 1,964 | *0* |
| *Est leased* | | | | | | | | *842* | *95* |
| Live Casino & Hotel | New Opening | Commercial | The Cordish Companies | Philadelphia | PA | 4Q19 | 1Q20 | 2,000 | 125 |
| Desert Diamond West Valley - Phase II | Expansion | Tribal | Tohono O'odham Nation | Glendale | AZ | 4Q19 | 1Q20 | 2,000 | 35 |
| Hard Rock Hotel & Casino | New Opening | Tribal | Estom Yumeka Maidu Tribe (Enterprise Ranch | Yuba County | CA | 4Q19 | 1Q20 | 1,500 | 55 |
| Steven Brothers Downtown Casino | New Opening | Commercial | Derek & Greg Stevens | Las Vegas | NV | 4Q19 | 1Q20 | 500 | 15 |
| Gateway - North Bay | New Opening | Commercial | Gateway Casinos & Entertainment | North Bay | Ontario | 4Q19 | 4Q19 | 500 | 10 |
| PA Satellite #3 | New Opening | n/a | n/a | n/a | PA | 4Q19 | 4Q19 | 500 | 5 |
| Lady Luck Nemacolin - Expansion | Expansion | Commercial | Eldorado Resports | Farmington | PA | 4Q19 | 1Q20 | 250 | 15 |
| Isle Lake Charles - Expansion | Expansion | Commercial | El Dorado | Lake Charles | LA | 4Q19 | 1Q20 | 250 | 15 |
| Wildhorse Resort & Casino - Expansion | Expansion | 0 | Confederate Tribes of Umatilla | Eastern Oregon | Oregon | 4Q19 | 1Q20 | 200 | 5 |
| Other | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 350 | 0 |
| ***Total 4Q CY19 demand (Sales & Lease)*** | | | | | | | | **8,050** | **280** |
| *Est sold* | | | | | | | | 5,595 | *0* |
| *Est leased* | | | | | | | | *2,455* | *280* |
| **Total N. America new and expansionary demand for CY19** | | | | | | | | **22,110** | **700** |
| Estimated sold | | | | | | | | 15,414 | 0 |
| Estimated leased | | | | | | | | 6,696 | 700 |

Notes:
- -Number of slots and tables is estimated w hen actual data is not provided
- -Qtrly estimates assume slots and tables are delivered 2-4 months prior to casino opening
- -Class II and VLT casinos w / 100% leased product are counted in the qtr the facility opens

**N. America New & Expansionary Slot Machine & Table Game Demand - CY20 by Property**

| Project/Casino Name | New / Exp | Type | Owner/Operator | City/County | State | Delivery Date | Open Date | Slots | Tables |
|---|---|---|---|---|---|---|---|---|---|
| Choctaw Durant - Expansion Phase I | Expansion | Tribal | Choctaw Durant | Durant | OK | 1Q20 | 2Q20 | 2,500 | 50 |
| Oak Grove Racetrack | New Opening | Commercial | Churchill Downs and Keeneland | Oak Grove | KY | 1Q20 | 1Q20 | 1,500 | 0 |
| San Manuel Casino -Expansion | Expansion | Tribal | San Manuel Band of Mission Indians | Los Angeles | CA | 1Q20 | 2Q20 | 1,000 | 20 |
| Spokane Tribe Casino - Phase II | New Opening | Tribal | Spokane Tribe | Airway Heights | WA | 1Q20 | 2Q20 | 750 | 35 |
| Woodbine - Expansion Phase II | Expansion | Commercial | Great Canadian | Toronto | Ontario | 1Q20 | 2Q20 | 500 | 0 |
| Hard Rock Casino - Ottawa | Expansion | Commercial | Hard Rock International | Ottawa | Ontario | 1Q20 | 2Q20 | 750 | 0 |
| Wilton Miwok Casino | New Opening | Tribal | Wilton Miwok Rancheria (Boyd mgt contract) | Elk Grove | CA | 2Q20 | 3Q20 | 2,000 | 75 |
| Rock and Brews Casino | New Opening | Tribal | Kaw Nation | Braman | OK | 2Q20 | 3Q20 | 1,200 | 40 |
| The Drew (prev. Fountainebleau) | New Opening | Commercial | Witkoff and Marriott Resorts | Las Vegas | NV | 3Q20 | 4Q20 | 2,000 | 0 |
| Resorts World - Las Vegas - Phase I | New Opening | Commercial | Genting Group | Las Vegas | NV | 3Q20 | 4Q20 | 2,000 | 75 |
| Joint Foxwoods / Mohegan Casino | New Opening | Tribal | Foxwoods / Mohegan | TBD | CT | 3Q20 | 4Q20 | 2,000 | 50 |
| Chickasaw Thackerville Travel Stop - Expansion | Expansion | Tribal | Chickasaw Nation | Thackerville | OK | 3Q20 | 4Q20 | 2,000 | 25 |
| Gateway - Delta | New Opening | Commercial | Gateway Casinos & Entertainment | Delta/Burnaby | ›ritich Columbi› | 3Q20 | 4Q20 | 500 | 0 |
| Gateway - Kenora | New Opening | Commercial | Gateway Casinos & Entertainment | Kenora | Ontario | 3Q20 | 4Q20 | 500 | 0 |
| Little River Band - Casino | New Opening | Tribal | Little River Band of Ottawa Indians | Fruitport Township | MI | 4Q20 | 1Q21 | 1,700 | 35 |
| Agua Caliente Casino Resort & Spa | Expansion | Tribal | Agua Caliente Band of Cahuilla Indians | Rancho Mirage | CA | 4Q20 | 1Q21 | 500 | 5 |
| Gateway Wasaga/Collingwood | New Opening | Commercial | Gateway Casinos & Entertainment | Wasaga/Collingwood | Ontario | 4Q20 | 1Q21 | 500 | 0 |
| Satellite Casino #4 | n/a | n/a | n/a | n/a | PA | n/a | n/a | 500 | 5 |
| Hollywood Lancaster County - Satellite | n/a | n/a | n/a | n/a | PA | n/a | n/a | 500 | 5 |
| Satellite Casino #6 | n/a | n/a | n/a | n/a | PA | n/a | n/a | 500 | 5 |
| Satellite Casino #7 | n/a | n/a | n/a | n/a | PA | n/a | n/a | 500 | 5 |
| Satellite Casino #8 | n/a | n/a | n/a | n/a | PA | n/a | n/a | 500 | 5 |
| Virginia OTG Expansions | n/a | n/a | n/a | n/a | VA | n/a | n/a | 800 | 0 |
| Other | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 3,000 | 385 |
| ***Total CY20 demand (Sales & Lease)*** | | | | | | | | **28,200** | **820** |
| *Est sold* | | | | | | | | 16,920 | *0* |
| *Est leased* | | | | | | | | *11,280* | *820* |

Notes:
- -Number of slots and tables is estimated w hen actual data is not provided
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- -Class II and VLT casinos w / 100% leased product are counted in the qtr the facility opens

*Source: Eilers & Krejcik Gaming, LLC & Company reports*

## 7. Potential New Market Expansion Highlights

***Florida – New Seminole Agreement Failed, Statewide Voter Referendum On November Ballot***

There have been multiple attempts over the past few years to reach a new agreement with the Seminoles that would open the door for Commercial gaming expansion elsewhere in the state. The Seminoles have reportedly considered moderate slot or player-banked table game expansions at commercial properties in exchange for allowing the tribe to operate a full array of table games. The most recent attempt to pass legislation including this language stalled again during negotiations between the generally more gaming expansionary Senate and conservative House. Reportedly, the House leadership seemed to be warming to the idea of gaming expansion, but the Seminoles extended the existing agreement with the state to May 2019, which took some of the pressure off legislatures from finding an agreement. However, the negotiations between the Senate and House on gaming may not matter as much by the end of this year. In November, a measure on the voter ballot will force any gaming expansion to be approved by a statewide vote. This would significantly reduce legislators' control over the state's gaming laws and regulations. It is yet to be seen what impact this will have on the Seminole compact, though it is reasonable to assume it would significantly alter negotiations between the tribe and the state next year.

***New Hampshire – Trying Historic Horse Racing Machines***

New Hampshire has attempted to pass gaming legislation for many years. Last year, a bill legalizing two casinos made it past the Senate, but suffered a grand defeat in the House. This year, New Hampshire will be going a different route – historical horse racing machines. HHR machines are slot-like gaming devices in which probabilities are determined by results of past horse races. As mentioned earlier in the report, HHR machines are currently operating in several Kentucky racetracks and most recently the state of Virginia has approved HHRs at a state racetrack and up to 10 OTBs. In New Hampshire, at the end of last year Bill SB 408 was introduced to allow these HHR machines in New Hampshire. Since then, the bill has passed a Senate committee in February. It is now due for a work session in a House committee this month. We find this route interesting, but there's only one racetrack in New Hampshire which will not likely provide enough support to push an anti-gaming House to sign-off on the machines.

***Arkansas – Gaming Proposal May Make November Ballot***

A proposal to legalize two new casinos and allow the two existing racetrack facilities to expand their operation should make the November ballot. Pro-gaming group Drive Arkansas Forward (DFA) has drafted a gaming expansion proposal which would open the door to a new casino in Jefferson and another in Russellville County while also allowing the Oaklawn and Southland racetracks to expand their gaming facilities. The group hit a few speedbumps along the way, but was finally able to get the proposal language signed-off by the Attorney General and acquire the necessary number of signatures for the proposal to make the November ballot. The State Supreme Court has now set a deadline of October 1st for any arguments against including the measure on the upcoming ballot to be heard by the court. It seems likely the proposal will make the November ballot. Specifics on the scope of the allowed expansions have not been released, though the group has stated the two new casinos and expansions at the existing racetrack facilities could lead to an incremental $100m in tax revenue annually.