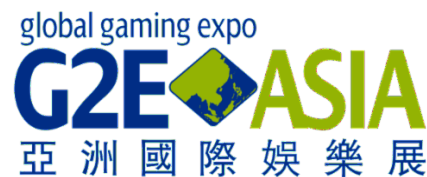




FROM VISION TO FRUITION

May 21, 2018



## LESSONS LEARNED FROM JAPAN GAMING CONGRESS & G2E ASIA

Over the last two weeks, The Innovation Group joined gaming industry stakeholders in Tokyo and Macau for what has become an annual pilgrimage to uncover the latest in Asia. Here are a few of our key takeaways from 2018's [Japan Gaming Congress](#) and [Global Gaming Expo Asia](#):

1. **Japan remains a focal point.** As details in the implementation bill are presented, Japan's prospective IRs have continued to draw foremost attention from industry stakeholders; not withstanding potential challenges from the opposition party. Discussions between established operators, local companies seeking to collaborate in IR developments, and host governments are occurring at a definitively measured pace. Meanwhile, operators continue to delicately balance their enthusiasm for IR development opportunities with the reality of regulatory factors. The outcome of entrance fee levels, gaming to non-gaming floor ratios, and tax scheme details leaves uncertainties around the order of magnitude appetite for capital risk. In the end though, Japan remains the biggest prize in today's gaming markets.
2. **Macau is robust.** Besides an overall strong recovery of total GGR in the Macau market, the mix of VIP, Premium Mass, and Mass segments have shown promising diversification trends and promising sustainable prospects for growth in the long term. Although obstacles do remain to further the development of non-gaming amenities, more "balanced" IRs are surfacing in the city as the government, the private sector, and other stakeholders could be on the table with a vision for the future.
3. **The Asian gaming market is promising overall.** As the middle class in the region continues to burgeon and increase wealth, the tourism and hospitality industries (including gaming) are poised to benefit from the prosperous trend. Additionally, infrastructure improvement and advancements in technology (telecommunications in combination with the deployment of data science) are furthering development opportunities, especially in the emerging markets.

4. **Casino gaming is unlikely to arrive soon in China's Hainan Province.** Although it is contemplated that Beijing could allow horse racing and new types of sports lotteries on this southern island of China as part of its plan to turn the province into the mainland's largest pilot free-trade port, the construction of land-based casinos or IRs in Hainan is unlikely in the foreseeable future as casinos contradict the overall ideology and laws of China.

## About The Innovation Group:

The Innovation Group has long been recognized as the world's most respected and sought-after research and advisory firm, specializing in the gaming, entertainment, hospitality and leisure industries. To date, our research and analyses have driven over \$100 billion in investment decisions across more than 80 countries and six continents. The Innovation Group's accuracy and reliability is unparalleled, with our forecasts historically tracking within 5% of actual revenues across the most complex of gaming jurisdictions throughout the globe.

### Stay Connected with The Innovation Group:



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