



WEEK 06

FRIDAY 10 FEB 2017

Sponsored by



KENNY ALEXANDER EXCLUSIVE INTERVIEW

Kenny Alexander, CEO of GVC Holdings, sits down with GI to discuss the details of the company's latest Trading Update

THIS WEEK

- **Kenny Alexander exclusive interview**
- **Isle of Man sees regulation re-vamp**
- **BtoBet leadership reshuffle**
- **Guest Columnist: Kris Marshall, BetVictor**



How pleased are you with the results of Q4 2016?

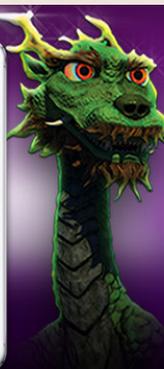
I am very pleased indeed. We have achieved outstanding operational and financial performance over the past six years, and I am delighted that this positive trading momentum is continuing with a particularly strong start to 2017. One key metric is the pro forma daily NGR, and the month of January was up 21% against the same period in 2016.

What were the driving factors of success for Q4 2016?

One of the main drivers has been our largest and most ambitious acquisition to date: that of bwin.party last year. We have achieved and exceeded many of our integration objectives, synergies are ahead of forecasts, and we are now seeing increased profitability across the enlarged Group. I would also add that GVC's diversified business model and expertise has proved resilient. We benefit from our geographical diversification, with operations across the UK, Latin America, Eastern Europe and Western Europe. An important part of GVC's strategy is to maintain exposure to regulated markets – and preserve its strong position with regards to still-to-be regulated markets – in order to provide diversified revenue streams.

Did you anticipate any negative effects of the unfavourable sporting results that have challenged other gaming operators during Q4?

We didn't anticipate that the punter-friendly Premier League results would have a significant impact on GVC, and this proved to be accurate. Broadly speaking, ►



Introducing Portrait Mode



THIS WEEK IN NUMBERS



The amount spent by Playtech on acquiring "soft games" developer, Eyecon



The profit made by sportsbooks over last week's Super Bowl according to VegasInsider.com

we are usually cushioned against unfavourable sporting results because of the diversity of our business both in terms of our international profile and through our balanced portfolio of sports and gaming brands.

In your opinion, what was the cause of the 22% increase in revenue for January 2017?

Although we shouldn't get too carried away with comparisons of a single month year-on-year, GVC's acquisition of bwin.party means it is now a much bigger and more powerful company. We have reinvigorated the bwin platform, are returning the business to growth, and delivering the synergies that we set out to achieve. The difference in sporting results between the two periods also played a significant part in this growth.

With the completion of the bwin.party process, could you provide an update on how the integration process is going?

It is going very well. We have achieved the synergies earlier than expected and have successfully renovated the bwin.

party platform. GVC's Sports Labels (bwin, Sportingbet, gamebookers) are performing well, and margins in the business we acquired have materially improved. We have also repaid the outstanding Cerberus loan in full through a combination of existing cash resources and the drawdown of the €250m loan from Nomura, which will reduce our interest payments by around \$40 million.

How do you predict this acquisition will benefit the company throughout 2017?

We will continue to see benefits from the diversified business model and synergies. Also having spent the past year improving behind the scene operations and the product offer, we are now in a position to ramp up marketing and connect with a larger customer base.

What other highlights can we expect from GVC in 2017?

Our strategy to pursue international diversification and scale through the leverage of our proprietary technology and talented people will continue in 2017.

EMPOWER

SCIENTIFIC GAMES CUSTOMER CONFERENCE

Register Now


planet hollywood
RESORT & CASINO
LAS VEGAS

07
MARCH
09
2017



Learn. Connect. Lead.

Scientific Games is hosting EMPOWER 2017 at the exciting Planet Hollywood Resort & Casino in fabulous Las Vegas, Nevada! You are invited to join us and discover all the ways that Scientific Games can help empower you and your operation. Come and share knowledge, ideas and experiences. Don't miss out! Register today!

For More Information and to Register, Visit:
www.ScientificGames.com/Empower



SPONSORED BY:

PLATINUM



SILVER



BRONZE



ASSOCIATE



500

The number of companies exhibiting at this week's ICE 2017



The amount sports betting increased by in France according to regulator ARJEL in the last quarter of 2016



The amount raked in by Maryland's four poker rooms in January 2017

KEY POINTS

- Acquisition of bwin.party has created a bigger and more powerful company
- Remains confident in GVC's continued growth and resilience throughout 2017
- Expected to continually see benefits from the diversified business model and synergies

REGULATION RE-VAMP IN THE ISLE OF MAN

The Island has announced a series of amendments to its e-Gaming licences due to changes in the regulatory environment

The Isle of Man Gambling Supervision Commission (GSC) has announced a series of changes to its licensing structure following consultation and feedback from the Island's e-Gaming sector.

The changes include new network licences, meaning there will no longer be additional charges raised for network partners. Network services licence holders will now only pay for the network services licences, not additional network partners.

As well as this, the GSC introduced regulatory changes that will allow it to

be able to accept test certificates issued to other gambling regulators, only if they have a Memorandum of Understanding with the GSC.

Further changes have permitted licence holders to broaden the services that it offers to its sub-licensee. A full licence holder may now offer a complete back office system to its sub-licensee as well as the provision of games and lottery products.

Moreover, recent changes in law mean that operators may now offer customers the ability to deposit, gamble or play using convertible digital currencies, such as Bitcoin or skins.

Daphne Caine MHK, Member of the Department of Economic Development with responsibility for e-Gaming comments: "The Isle of Man offers a highly supportive environment for e-Gaming and e-Business companies. The Island continues to cut a path at the forefront of legislative developments and has succeeded in anticipating the future needs of the industry on a number of occasions. e-Gaming remains a tremendous area of growth for our economy and the Department will

ActiveWins

Good business with a personal touch

you'll love a bit of...



...GET YOUR HEART RACING













9-12 FEB 2017
STANDS L4 & L8

proud sponsors of



Rev up your rev share!

60% / 50% / 40%

affiliate introductory offer for the first three months

www.activewins.com

hi@activewins.com

[@ActiveWins](https://twitter.com/ActiveWins)

5M

The number of bets on eSports markets
Pinnacle has taken since 2010

18

The new age to legally gamble
in Nevada in proposed bill

20,000



Approximately the number of people who
attended this year's ICE three-day event

continue to work to support the sector
to maintain this momentum."

Steve Brennan, Chief Executive
Officer at the GSC adds: "The new
regulations respond to the changing
regulatory environment both locally
and internationally. With the removal
of fees for network partners, a simplified
test certificate procedure, a broadening
of the services licence holders can offer
to sub-licensees and the recognition
of digital currency payments we
have reduced unnecessary
regulatory burdens and responded
to technological advancements."

BTOBET UNDERGOES LEADERSHIP RESHUFFLE

***BtoBet appoints Kostandina Zafirovska
as the new Chief Executive Officer***

Kostandina Zafirovska has been appointed
as the new CEO of BtoBet, while Alessandro
Fried will adopt the new position of
Chairman of the company.

Kostandina has acquired over 17 years
of experience in Computer Science
Engineering, enjoying a successful career
as COO at Seavus (IT Company of 700

employees) prior to her 2 years as COO
of BtoBet. She secured the position
after spending 6 years leading other
departments. Her challenge has been
to design and develop user-friendly IT
software products with the aim to improve
the customers' experience and enhance
the brand's image.

Kostandina Zafirovska comments on
the restructuring of the company: "Certainly,
the company's new organisational
structure will give the right impetus to the
upcoming challenges the gaming industry
will present to BtoBet. I'm bringing my
energy and enthusiasm, my knowledge
and background in user-friendly IT software
development to fulfil the objectives of
the company."

The new chairman, Fried, hopes this
reorganisation will help to achieve his vision
for the company's future. "With this new
structure, BtoBet will execute its strategy,
make bolder moves and will move faster. I
will pursue the strategy of setting the new
standards for the iGaming industry, refusing
to settle for quick fixes or half measures,
striving to anticipate the future needs of our
global audience, anticipating and meeting
global industry needs." ◀

APOLLO GAMES

ENJOY EVERY MOMENT WITH APOLLO GAMES

A STAR IN THE GAMING INDUSTRY



SLOT MACHINES



ONLINE CASINO



SERVER-BASED
GAMING



HTML5



JAVA

GUEST COLUMNIST:



KRIS MARSHALL
HEAD OF BUSINESS
INTELLIGENCE AND
ANALYTICS, BETVICTOR

BETTING BIG ON ARTIFICIAL INTELLIGENCE

In an ever-changing technological world, it is vital for companies to use the latest technology and innovative techniques if they wish to stay ahead of the competition. This is certainly the case in the e-Gaming industry. Inherently driven by data, dominance in the sector is a case of who can crunch data at real-time speeds thereby providing the best possible customer experience.

Those leading the way in sportsbook and e-Gaming are now beginning to understand the importance of harnessing machine learning and predictive data analytics to stay competitive. Looking to the future, more machine learning will be integrated into these systems, with a growing focus on deep learning or artificial intelligence, and the commercial value it can add to the business.

The massive volumes of structured, semi-structured, and unstructured data available to e-Gaming companies represents a great opportunity to deliver qualitative value and competitive advantage. However, there are several areas where machine learning and predictive data analytics are not being utilised to their full potential.

This is particularly relevant to 'risk areas'. The standard response from the industry is to close or restrict the accounts of punters who they perceive to be a risk for example those who win big money in the early stages of their customer cycle.

This is predominately because they don't necessarily know what the long-term outcome of that player will be. The industry is over-zealous and protective when it comes to risk as many companies cannot predict with any great certainty what the long-term risk of a new customer is in the short term.

To ensure the best customer experience, and to stay competitive, sportsbook companies must create a bespoke, tailored approach. The best way to do this is through integrating predictive data analytics and machine learning into the sportsbook technology framework.

Moving forward, e-Gaming companies need to improve their technology stacks. What will really separate the wheat from the chaff is those who find a way of integrating that real-time information into their data environment as quickly as possible. They need to start employing data scientists who truly understand the data and can work to use the technology that will facilitate data movement in real-time. This dedicated

team of data engineers fundamentally need to understand the commercial benefits of the data that can be harvested.

Once more data scientists are employed within the industry, there will be huge potential to integrate neural machine learning into gaming. We are beginning to see more machine learning within systems than historically was the case. The training sets that can be used when it comes to data are getting bigger and bigger, providing more data than ever before. The machine learning algorithms are ultimately there to fulfil a company's requirements. The more data you have, the more statistical accuracy and relevance can be generated, which in turn should provide more commercial value. In the next five years, we will see deep learning become more prevalent in the e-gaming industry.

Currently, we are using machine learning to optimise the interactions between our customers and our product. Through feeding every action and reaction into a series of models we can fine-tune our offerings to be both appealing and effective, whilst creating an initial picture of individual preferences.

Ongoing analysis of customers' profiles enables us to develop an ever-increasing understanding of each customer and their needs across all channels. Having a holistic view of not just another player but a real person enables us to manage communication on a personal level; providing relevant markets and content with offers tailored to meet the individual need of the customer. This will enhance the customer's gaming experience – the expectation is that customer will not flit from company to company – we will be his one-stop gaming shop.

By successfully integrating neural machine learning in the next few years, we will be able to collect and manage this information without having to write the programs ourselves, which will significantly reduce the time spent on harvesting data and enable us to focus on producing discreet content and offers for the customer.

At BetVictor we have placed great importance on the integration of data, the movement of data and our overall data environment. Technology-wise, we have deliberately created an agnostic system, which allows us to be flexible and use our data environment sensibly. From storage, to the ability to have a huge data set that doesn't impact performance, we have data at the heart of the business. What is essential is that we use the data at our disposal to maximise the commercial value from harnessing data and machine learning techniques.

Kris has considerable gaming industry experience and over a decade's wealth of knowledge in business intelligence and analytics. As Head of Business Intelligence and Analytics he was responsible for spearheading the upgrade of BetVictor's historic SAS systems.

JAN/FEB ISSUE OUT NOW

Click **HERE** to view

