



WEEK 19

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THIS WEEK

- Swiss online gaming bill out for consultation
- Playtech reveals long-term growth plans
- Guest column: Mark Gibson on wearable tech
- Tweets of the week

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TOP STORY

CAESARS UNVEILS DEBT MEASURES

Restructuring plans include redemption of maturities and part-sale of subsidiary



A view from outside the CEOC-owned Bally's resort in Las Vegas

Caesars Entertainment Corporation has announced a series of measures designed to restructure some of the company's \$23bn debt.

The five steps, which are intended to position the firm's Caesars Entertainment Operating Company (CEOC) subsidiary for "significant deleveraging", begin with the assuming of fresh debt in order to ease the pressure on forthcoming obligations. The proceeds from a new \$1.75bn first lien debt offering will help redeem all of CEOC's existing 2015 maturities, which total over \$1bn, and to repay \$800m of term loans under its existing credit facility.

Caesars Entertainment has also sold 5% of CEOC's equity to institutional investors while agreeing to pursue a listing of such shares in the future. It is hoped the sale will result in a "liquid and tradable equity currency" that may facilitate future capital markets transactions.

The third action sees the finalising of the previously announced sales of three CEOC-owned Las Vegas properties – Bally's Las Vegas, The Cromwell and The Quad Resort & Casino – to Caesars Growth Partners, the joint venture between Caesars Acquisition Company and Caesars Entertainment.

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CEOC has also launched a credit facility amendment which, if consented to by the majority of lenders representing its outstanding credit facility, will see its maintenance covenant level, credit agreement and other loan documents modified, after which time Caesars Entertainment will provide a “guarantee of collection and not of payment”.

And in a final step, CEOC also plans to expand its board via the addition of two independent directors.

The news comes in the same week as Caesars reported net losses of \$386.4m for Q1 2014, up 77.6% year-on-year.

Bloomberg report that the 5% equity sale means some bond investors will no longer hold a claim to the parent company’s assets and will have less bargaining power in any debt restructuring negotiations.

“If successful, the sale would achieve a lot of the sponsors’ objectives with limited downside for them,” said CreditSights analyst Chris Snow. “It allows them to put forth a restructuring plan that is a lot more favourable to them.”

KEY POINTS

- Caesars launches five-point plan aimed at restructuring part of its \$23bn debt
- Measures include a \$1.75bn first lien debt offering and sale of 5% stake in CEOC subsidiary
- Firm reports losses of \$386.4m for Q1

EUROPE

SWITZERLAND PUBLISHES ONLINE GAMBLING LEGISLATION

Draft bill outlines plans for regulated internet gaming

The Swiss government has published a draft version of a bill to regulate online



gaming in the country. The legislation, which is out for consultation until 20 August, would allow existing brick-and-mortar casinos to extend their current licences in order to operate online.

News website Pokerfuse report that gambling winnings would be tax free, with other duties received put towards “charitable purposes”.

The bill makes no mention of overseas operators and whether or not they would be permitted to serve customers in Switzerland.

The draft publication comes shortly after the Swiss Casino Federation declared “free available” foreign online gaming to be one of the reasons behind the decline of the nation’s gambling industry.

Switzerland currently hosts 19 licensed land-based casinos.

KEY POINTS

- Swiss government publishes a draft bill to legalise online gaming
- Legislation would see land-based casinos extend their existing licence

ONLINE

PLAYTECH TARGETS 25 MARKETS AFTER REVENUE RISE

Casino up 25% as CEO reveals growth plans

Playtech enjoyed an overall revenue increase for the first quarter of 2014, with casino the standout performer. The provider’s total revenue for the three months ended 31 March was up 17.4% year-on-year to €102.7m, while casino increased 25.6% to €55.4m. Sport rose 21.7%, although bingo and poker fell 16.7% and 13.6% respectively.

CEO Mor Weizer [pictured below] revealed in a post-results call with analysts that Playtech is to target around 25 regulated or soon-to-be regulated markets for long-term growth.

Meanwhile the firm recently announced that it would stop allowing its software to be used by unlicensed Belgian-facing sites.

KEY POINTS

- Playtech Q1 revenue up 17% as firm eyes 25 markets



Tweets of the week

“Sad to hear about the passing of Burton Cohen. A real Vegas legend.”
UNLV director David G Schwartz [@unlvgaming]

“Wayne Bridge has retired, allowing him to spend more time with his wife and John Terry’s kids.”
@paddy power

“Surely the banana-throwing Villarreal “fan” should be fined £10,000 and not the club. Are they supposed to ban fruit consumption at games?”
Betting writer @Matthew_Glazier

GUEST COLUMNIST

"WEARABLE TECH SET TO BOOM"



by **Mark Gibson**
*mobile solutions
 firm business
 development director*

"The first few months of 2014 have been awash with

predictions on the rise of 'wearable tech'. This can be anything from watches and glasses to fitness monitors and auto-video diaries, and from clothing that monitors health/activity to posture sensors to... I could go on. Expectation is that 'wearables' will be an important part of a customer's portfolio of products or tools in the near future.

To put the potential market into context, Deloitte has forecasted figures of around ten million wearable devices shipped globally this year, rising to over 100 million units by 2020, with IHS also forecasting that wearable tech will account for \$30bn market revenue by 2018.

Wearable tech has developed rapidly over the past couple of years and promises to transform the way we interact with technology. However, wearable devices are still in their infancy. Brands and developers are still toying with function, form and purpose – designing for the wearable form (in whatever form you choose) has a new set of challenges.

The uptake and adoption of services developed for these devices is likely, in the next year or two, to vary dramatically by industry type and sector. For instance, the sports, well-being and health sectors are already a step or two ahead of other markets in their development and deployment of such applications.

In the gaming industry, the device form most likely to take off is the watch.

Its adoption will be, in part, led by the associated functionality on the device appealing to users (eg heart and fitness monitors) and, in part, by the appetite for distribution by the manufacturers. If the mobile device manufacturers use companion wearable tech to promote mobile subscriptions (eg 'upgrade to the new Samsung and get a watch free') then the adoption rate of the companion device will be significantly accelerated.

The watch will be suited to functionality that engages the user in a notification message of some form or another, or in a short-life engagement. For instance, watch tech delivers notifications of calls and voicemail plus text messages and social media messages to the watch-screen. While the user needs to still have his/her phone with them, the convenience of the message/notification arriving to your wrist (rather than on your phone in your pocket or bag) is a significant boon.

Within the gaming space the real-money play options will, at first, focus on slot and game development. The size of available screen and the brief time nature of the experience means that slots are likely to be the easiest of the gaming products sets to transfer to this 'mini' view.

Another major and immediate opportunity may be an enhanced and targeted use of app notifications in driving activity for sportsbook players. Simple, targeted calls-to-action pushing prescriptive bet offers (especially in-play or immediately pre-play betting opportunities) are likely to figure prominently. The key point in this journey will be the steps relating to login that occur between message receipt and bet placement. There should be a bespoke mini-login option on the watch/wearable device to facilitate this quickly. This could also be used for advance

purchases on certain product types of time-promotion specials.

There will, of course, be challenges in the development of watches as wearable tech for gaming applications and functions. The main issue may be that of 'support' for the watch or wearable 'form' in the current application versions that developers and brands have already in their customers pockets, bags and hands. The immediate point of concern would be the adaptability of current apps for a significantly reduced screen size. Also, the degree of feature support and fragmentation in devices will cause challenges regarding cross-platform support. Lastly, the nature of information delivered through the phone to the wearable device will need to consume data efficiently to respect the customer's data consumption responsibilities and costs as well as the power/processing capacity of the wearable device.

The final push that will impact the adoption of this technology and which formats will prosper may be determined by the manufacturers and brands that 'lead' in terms of influence, cachet and style. In recent months, the form for watches has been developing into a sleeker, slimmer look and feel. It may be that the watch-screen becomes curved around a large portion of the wrist/band and that the app/visual's curve around the band will enhance take-up because it 'looks nice', or because it's led by Apple or because there is a significant or viral celebrity endorsement.

What we can be sure of is that wearables will provide a new form and a new space in which consumers will interact. Developers, as ever, must be ready for and ahead of the inevitable challenges."

Mark Gibson is business development director at Mkodo

OUT NOW: Look out for the March/April issue of *Gambling Insider's* print magazine, including an interview with American Gaming Association president and CEO Geoff Freeman, as well as a look at how bookmakers are increasingly making use of statistics



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NET DEVELOPER (BACKEND)

Location: Malta; **Contract:** Perm

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UX DESIGNER

Location: Amsterdam, Netherlands; **Contract:** Perm

A creative UX Designer for a role with an up-and-coming mobile casino. You will take responsibility for the development of the creative graphic elements, banners, screens, motion design and landing pages as well as vital visuals for the mobile and desktop brands. Ideal candidates will have a broad, creative design experience preferably from an agency background where a wide range of skills were required, yet be prepared to focus on fewer brands. This is a cornerstone hire for the company who have a view to helping aid career development.

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