



WEEK 25

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THIS WEEK

- GTech in talks over IGT purchase
- 58 arrested in Thailand for football betting
- Columnist: Matteo Monteverdi on lottery
- Tweets of the week

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TOP STORY

AMAYA TO BUY POKERSTARS

Rational Group takeover will cost \$4.9bn



Rational Group CEO Mark Scheinberg (left) becomes one of the world's youngest billionaires after selling to Amaya. Father Isai (right) remains under indictment in the US in the wake of Black Friday

Provider Amaya Gaming Group has agreed to acquire PokerStars and Full Tilt Poker parent company Rational Group for \$4.9bn in a deal which will see the Canadian firm become the world's largest publicly-traded online gaming company.

The takeover, which is expected to complete by 30 September, will combine Rational Group's B2C poker business, live poker tours, and online and TV poker programming with Amaya's B2B interactive and physical casino and lottery gaming solutions.

The transaction will be financed through a combination of cash on hand, new debt, a private placement of subscription receipts, a private placement of common shares and a private placement of non-voting convertible preferred shares.

Under the terms of the agreement, shareholders of Oldford Group, the parent company of Rational Group, including company founder and CEO Mark Scheinberg, will dispose of their shares to a wholly-owned subsidiary of Amaya. Rational Group's executive management team will be retained and the online poker operations of

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PokerStars and Full Tilt Poker will not be affected.

Amaya believes the transaction will expedite the entry of PokerStars and Full Tilt Poker into regulated markets in which Amaya already holds a footprint, particularly the USA. In December the Rational Group's application for a New Jersey online gaming licence was suspended for two years by state regulators, although it can be reactivated within that period if "significantly changed circumstances" are demonstrated.

Commenting on the probable impact on the wider industry, analysts at Morgan Stanley said: "It seems likely to us that this proposed deal would lead to a significant increase in competition for BwinParty and 888's European casino and poker products.

"Amaya believes that the deal would 'expedite the entry of PokerStars and Full Tilt Poker into regulated markets', suggesting that it is confident that it would be able to expand into the US. While this should expand the nascent US online gambling market, we believe there are negative implications for market shares for the existing operators."

KEY POINTS

- Amaya Gaming agrees to buy Pokerstars parent company Rational Group for \$4.9bn
- Deal to complete by 30 September; Rational's executives to be retained
- Amaya believes acquisition will expedite entry of Pokerstars into US

SOUTHEAST ASIA

THAILAND ARRESTS 58 FOR FOOTBALL BETTING

Nearly 400 websites closed as World Cup begins



Authorities in Thailand have arrested 58 people and shut down 391 websites in relation to illegal football betting. Royal Thai Police deputy commissioner Ake Angsanonond [pictured above] confirmed that the suspects had been detained in Bangkok and other major cities following the opening match of the 2014 World Cup. Seven are alleged bookmakers while 49 are said to be punters, with the other two bet couriers. The deputy commissioner said that money laundering would be added to the charges against the respective webmasters in order to ensure stronger punishments. Gambling is illegal in Thailand other than state lottery play and some horserace betting.

KEY POINTS

- Thai police arrest 58 people in relation to illegal football gambling
- 391 websites also closed at start of World Cup

MERGERS & ACQUISITIONS

GTECH CONFIRMS IGT DISCUSSIONS

Deal could consist of cash and equity

Provider GTech is in preliminary talks to buy developer IGT. GTech revealed

on Monday that it had hired advisers to help negotiate a deal, which it said could involve a combination of cash and equity. No information was given on the potential value of any transaction, although GTech confirmed it would not need to sell new shares to raise funds for the deal. IGT is understood to have hired financial giants Morgan Stanley to explore a sale of the company following a 31% fall in its stock in the past year.

KEY POINTS

- GTech in preliminary talks over potential purchase of IGT



NEWS IN BRIEF

ROUNDUP: HILLS, MGM, PORTUGAL

The rest of the week's key stories on *GamblingInsider.com* and the web

- The Fifa World Cup in Brazil has helped bookmaker **William Hill's** iOS sportsbook app reach an impressive two million downloads.
- **Massachusetts** gambling regulators have given the green light to a planned \$800m **MGM** resort, which would be the first of its kind in the state.
- **Portugal** is set to regulate online poker by next month.

Tweets of the week 

"The high heel on a hot day at Ascot - Berkshire's ultimate torture device by race 3!"

William Hill CEO Ralph Topping [[@ToppingRalph](#)]

"Hey guys, we could use a temporary portmanteau for the new PokerStars/Amaya hybrid. Is everyone okay with #PoMaya?"

Marco Valerio [[@AgentMarco](#)]

"So how do we all feel about online poker this morning? The Stars deal doesn't change fundamental issues the vertical is experiencing in RoW!"

Senior market analyst at High 5 Games [[@Dave_Behr](#)]

GUEST COLUMNIST

"LOTTERY AND BINGO: A NATURAL FIT"



by Matteo Monteverdi
senior vice president,
operator/
technology provider

"Many people believed that the introduction of i-gaming in the US and expansion in Canada would negatively affect lottery sales and the expansion of lotteries across North America. In reality, quite the opposite is happening.

As of May 2014, the 51 US and provincial lotteries that compose the North American Association of State and Provincial Lotteries (NASPL) generated total sales of \$20.5bn during just the first quarter of 2014, a 5% increase compared to the same period last year.

In Europe, the European Lotteries Association has reported that total annual consumer spending in the EU on gaming products offered by the lottery operators stands in excess of €75bn.

Lotteries remain the biggest consumer 'gambling' channel across both North America and Europe. As more countries and states open their doors to i-gaming in response to the consumer's use of social media, mobile, and online channels, the i-gaming sector is ripe for even further expansion in the coming years.

From talking to our network of lottery and gaming clients across both continents, we know there is a huge appetite among lotteries to add to their traditional portfolios. They also want to offer their customers some of the most

innovative, fun, and rewarding gaming products on the market.

With a selection of both side games and bingo games, these two game types seem to fit well with lottery's core demographic. These customers frequently choose to spend small sums of money every day or every week on tickets or scratchcards. Operators are demanding diversity in their portfolios to meet this play pattern and to be present as consumers are increasingly paying and playing lottery online on their mobile and tablet devices. Players are demanding convenience and the ability to play anytime and in any environment; at home, at the office, or on-the-go via their mobile phone. This shift in behaviour has meant that lottery customers are easier to access, giving operators a huge opportunity to target a previously untapped audience. With the i-lottery and bingo player profiles being so aligned, this makes for a very complementary mix.

Cross-selling opportunities between i-lottery and bingo are equally attractive. We know from our experience of more than 30 years in gaming that the i-lottery/bingo alignment provides significant cross-sell opportunities. The type of marketing used for lottery is very similar to that directed toward a bingo audience for example. The slots, branded content, bingo and bingo variant game types present the same cross-sell opportunities that have been experienced in the scratchcard and e-instant game markets.

We see bingo players also having the same tendency to regularly and repeatedly play lottery draw games and vice versa. In addition, bingo players have rapidly adopted mobile

and tablet offerings, with tablet gaming rising in use as a perfect channel for players.

The tablet's portability is crucial, as is its ease of use. iPads and their variants are increasingly used as a second screen with people watching their favourite soaps or dramas while simultaneously playing bingo, selecting lottery numbers or having a few spins on the many side games operators have on their sites and mobile apps. We are still seeing fast growth and a rising number of players adopting these devices and adapting to them in record time.

This adoption and growth will increase at an even faster rate in the years to come, bringing younger players into gaming channels, which is a demographic lottery operators are constantly seeking to attract. Many lotteries we have spoken to now realise the benefits of marrying traditional draw-based and instant lottery games with new, modern bingo and slot technology and content. This is particularly the case across channels that are showing such encouraging signs of growth, such as mobile and tablets. GTech is engaging in conversations with a wide range of operators about this migration and portfolio expansion. It won't be long until such expansion becomes standard practice."

Matteo Monteverdi works for GTech. He is senior vice president of i-gaming, and senior vice president of Americas interactive

Want to be a guest columnist in GI Friday? Write to: editor@gamblinginsider.com

OUT NOW: Look out for the May/June issue of Gambling Insider's print magazine, featuring an in-depth and insightful World Cup Special as we assess the industry's preparations for Brazil 2014, as well as the first in our new 'Bright Sparks' profile series



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