



WEEK 36

FRIDAY 5 SEP 2014

THIS WEEK

- UK government consultation on betting levy
- Guest column: Jo Mayer on EiG in Berlin
- 20 German licensees announced
- Tweets of the week

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TOP STORY

'MAJOR CHANGES' FOR BWINPARTY

Simplified operations designed to revitalise revenues



Photo: Global Sports Forum Barcelona

BwinParty CEO Norbert Teufelberger

Underperforming operator BwinParty is to simplify its structure as part of a "major new initiative" to improve its commercial performance. Total revenue for the six months ended 30 June was down 7% to €317.1m, with the company citing the shift from 'volume to value', a soft international poker market and the closure of the Greek market, partially mitigated by a positive World Cup. Among results that CEO Norbert Teufelberger described as "mixed", sport revenue increased 7% to €127.4m, but casino and games (8%), poker (31%) and bingo (3%) were all down.

The chief executive said that, despite the firm being on track with its current cost-saving measures, it was clear a "more fundamental approach" was needed to turn around its commercial and operational performance. "This requires a major change," he said. "We are simplifying our structure to accelerate the execution of our plans to drive revenue growth, increase our focus on customers in nationally regulated and/or taxed markets, and further reduce infrastructure costs."

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The reorganisation of senior management in August was the first stage in an ongoing process designed to remove duplication and increase transparency and accountability. The firm expects to produce annualised savings of at least €15m in 2015, in addition to the €30m already identified for 2014.

Teufelberger continued: "This new approach will also allow us to consider alternative financing and corporate structures in order to create additional value. We are confident that the steps we are taking will underpin our financial performance and remain confident about the full year outlook."

BwinParty's clean EBITDA for the period fell 24% to €46.4m, while loss after tax increased from €11.6m to €94m following a non-cash impairment charge of €94.7m against "poker-related and certain other intangible assets".

Company chairman Philip Yea said: "It's absolutely clear that we have to perform better. I think the reorganisation that Norbert Teufelberger announced is actually fundamental. So clearing the lines and getting the senior management team organised this way will lead to further changes which will get the customer connection back with the company, where it needs to be."

KEY POINTS

- BwinParty to simplify operations to improve commercial performance
- Process begins with senior management reorganisation
- Operator's half-year revenues decreased 7%

UK

GOVERNMENT CONSULT ON LEVY Reform and replacement both considered

The UK government has published a consultation on modernising the horserace betting levy. With the current system having been criticised for being out-of-date and in need of reform, the 10-week consultation requests opinions on two options: reforming the existing levy; replacing the existing levy with a bespoke statutory framework.

The levy is money collected from profits generated by bookmakers through bets on UK races which is put back into racing to help fund the sport. Currently, the Bookmakers' Committee recommends an annual levy scheme to the Horserace Betting Levy Board, which is either accepted or refused. If there is no agreement, the culture secretary makes the decision.

The government has ruled out keeping the levy unchanged but will also not scrap it without any replacement.



Sports minister Helen Grant [pictured below left] said: "The levy urgently needs to reflect the modern reality of horseracing and betting and the consultation will help us determine how best to bring it up to date."

KEY POINTS

- The UK government has launched a 10-week consultation on the horserace betting levy
- Opinions are being sought on options of reform and replacement

GERMANY

LICENSEES REVEALED**20 applicants successful but legal challenges expected**

A total of 20 operators are to receive German federal online sports-betting licences following the latest development in the complex and long-running regulatory saga. Companies including Ladbrokes, Betfair and BwinParty have all been successful in their applications, although legal challenges are expected from some of the firms who didn't

Tweets of the week 

"UK MD Andy McCue to succeed Patrick Kennedy as CEO of bookies Paddy Power. A favourite romps home?"
FT city editor Jonathan Guthrie [[@guthriejbiz](#)]

"Betfair share price up with record quarterly revenue on target thanks to World Cup."
[@CityAM](#)

"66% of audience at the Barclays Gaming Conference thinks the regulatory outlook for UK gambling companies in 2015 will be worse than in 2014."
Camberton MD Mark Davies [[@markxdavies](#)]

manage to claim a permit. Indeed a statement by Mybet, one of the successful parties, confirmed its licence wouldn't be issued until 18 September at the earliest to give rejected applicants "an opportunity for legal recourse".

KEY POINTS

- 20 operators are to receive German federal sports-betting licences but legal action is expected from unsuccessful firms

GUEST COLUMNIST

"WHY FREEDOM WILL BE TOP OF THE AGENDA IN BERLIN"



by Jo Mayer
EiG marketing
director

"It was the Nobel Prize-winning author, journalist and philosopher Albert Camus who said that 'freedom is nothing but a chance to be better', which is exactly what we have set out to achieve with this year's EiG.

With six weeks or so left before EiG opens its doors to an expectant international audience at Arena-Berlin, it now seems a very long time ago indeed that we sat down with 70 of the great and the good from the i-gaming industry (which went on to become the EiG Advisory Board) to thrash out what we had to do to take the brand forward and into more verdant pastures.

Conferences are a complex beast, particularly those that operate in a reasonably mature market. Long

gone are the days when gaming conferences consisted of bringing two groups together, usually comprising government officials on the one hand and entrepreneurs on the other and simply waiting for the symbiotic relationship to flourish in front of their eyes.

Quite rightly people now expect and want more from conferences which is why it was so important that we took charge of the situation and began the process of reinventing EiG. We asked ourselves some profound and, on occasions, some uncomfortable questions including: what EiG stands for; what it delivers on behalf of its' stakeholders in terms of thinking, exploring, meeting and engagement; and what role it should play in meeting the needs not just of European i-gaming professionals but of those operating on the global stage.

Berlin is a product of that thinking. It's widely recognised as a world-leading centre for media, technology and cutting-edge creative industries. It's a city with a rich history and one whose heartbeat is creativity. Our creative theme for 2014 is Freedom, which resonates with Berlin's past including historic events such as the 1936 Olympic Games, the Berlin Airlift and most recently the fall of the Berlin Wall.

Part of the process of revaluation even involved banning the word 'conference'. If we talk the language of conferences then we will end up, despite ourselves, delivering what is essentially an old-school and tired event. What we have done, with the help of our critical friends on the EiG Advisory Board, is work hard to create

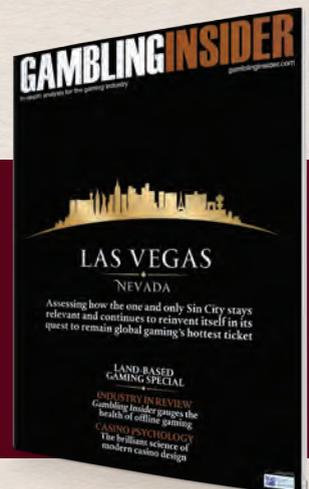
a vibrant, contemporary gaming space which gives EiG attendees the freedom to think, to explore, to engage and to meet in a way that works for them.

EiG is about liberating minds, not herding business leaders into sterile meeting rooms to be talked at by speakers they've probably heard twice before that year already. We recognise that the way in which creative business minds consume information has changed and that is reflected throughout EiG. Mixing my metaphors (badly!) we've bitten the bullet and torn up the conference rulebook to deliver the industry something which it hasn't previously seen before – and it's not just the host city that's different it's the entire three-day experience. I hope you will be able to see for yourself and join us in Berlin from 21-23 October."

Senior events specialist Jo Mayer joined Clarion as marketing director in September 2013. She has over 18 years' marketing experience delivering major events including the award-winning Ecobuild which attracted 45,000 visitors, and as head of marketing for UBM Live. The draft agenda for EiG is available to download from eigexpo.com

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

OUT NOW: Look out for the July/August issue of *Gambling Insider's* print magazine, featuring an in-depth Land-Based Gaming Special as we profile key destinations such as Las Vegas and Macau and assess how they stay ahead of the competition



Global Gaming Awards 2014 Shortlist magazine: A celebration of the industry's best!



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T-MINUS **24** DAYS

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