



# WEEK 11

## FRIDAY 13 MAR 2015

### THIS WEEK

- GTech reports mixed financial results
- Irish tax laws set for approval
- Columnist: Marc Saba on fantasy sports in Europe
- Tweets of the week

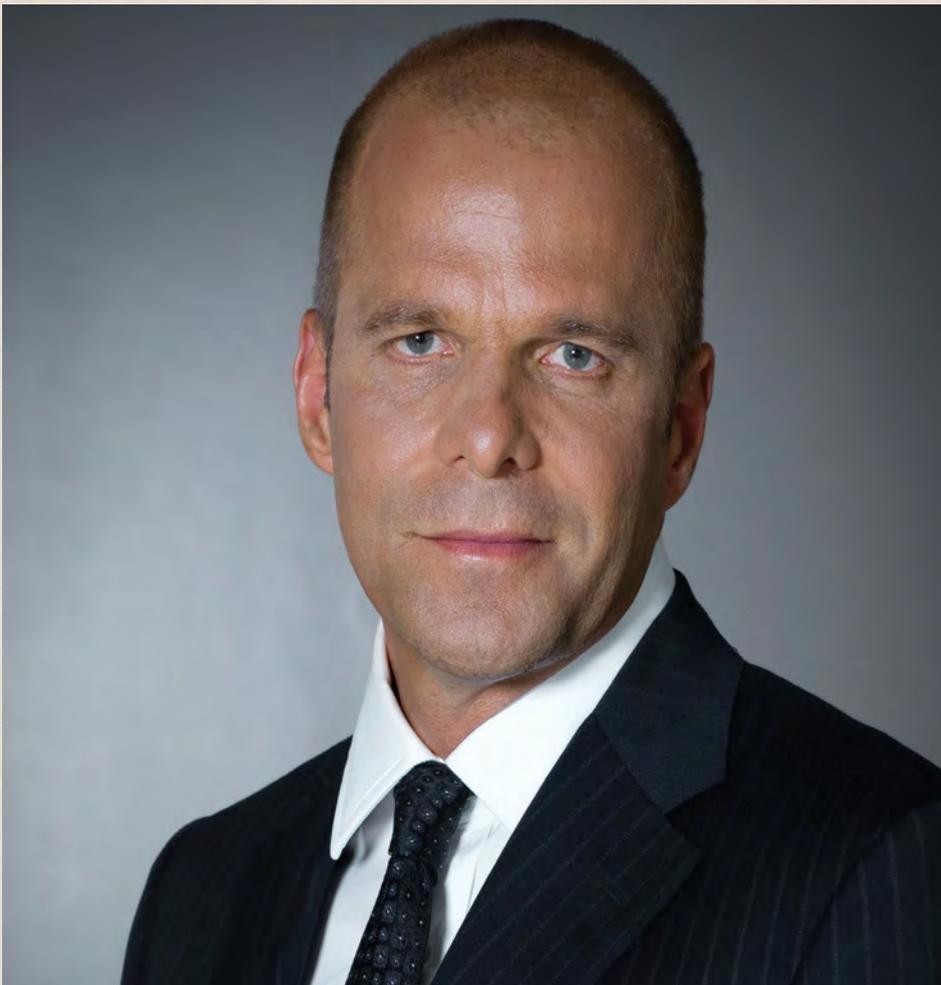
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#### TOP STORY

## BWINPARTY IN SALE DISCUSSIONS

Operator confirms talks as it reveals operating loss



BwinParty CEO Norbert Teufelberger

BwinParty confirmed on Wednesday that indicative offers had been made for the online operator from several groups interested in buying part or all of the company.

Confirmation of the talks came on the same day that the firm announced a €97.9m operating loss and a reduction in revenue of over €40m for 2014.

The Gibraltar-based operator did not comment on the names or specific number of groups that are interested in acquiring the company, but did reveal that it was in "further discussions" with potential buyers.

BwinParty non-executive chairman Philip Yea told the Financial Times: "We're testing them against each other and against business as usual. These processes take whatever time they take."

The latest reports of a potential sale follow confirmation in November that BwinParty had held "preliminary discussions" with a number of interested parties over "potential business combinations". However the company's share price fell by almost 20% as the news broke that corporate suitors had apparently ended talks over a potential takeover deal.

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Meanwhile, BwinParty has cited “the full year impact of ISP blocking in Greece and further declines in poker, partially mitigated by the FIFA World Cup” as part of the reason for its decline in yearly revenue, which fell to €611.9m for 2014, down from €652.4m in 2013. The firm’s €97.9m operating loss contrasts the €51.9m profit reported for 2013.

Clean EBITDA went down to €101.2m from 2013’s €108m, while the business lost €94.3m after tax, following a €41.1m profit after tax in 2013.

“We have made solid progress this year in growing our share of revenues from nationally regulated and/or taxed markets, increasing our mobile footprint and reducing our cost base,” BwinParty CEO Norbert Teufelberger said.

“However, the full year impact of ISP blocking in Greece coupled with the structural decline of regulated poker markets in continental Europe affected our overall financial performance for the year.”

Despite poker revenue falling from €46.8m to €36.3m, BwinParty’s sports-betting vertical posted revenue of €166.6m, up from €158.5m, while casino and games was also up, rising from €51.9m to €54m.

## KEY POINTS

- BwinParty has received indicative offers to buy part or all of the company
- The operator is in further discussions with the potential buyers
- Meanwhile firm announces operating loss and drop in revenue for 2014

## FINANCIAL

## GTECH REPORTS MIXED 2014 RESULTS

Revenue and EBITDA up as IGT acquisition nears completion



Provider GTech has reported a 52.5% year-on-year net income decline for 2014 along with a number of increases. Net income fell to €83.3m from the €175.4m posted for 2013 following a one-off gaming machine settlement in Italy, on top of the costs of its impending merger with fellow provider International Game Technology (IGT).

Revenue, which jumped 4.7% to €809.5m for Q4 last year, went up 0.2% to €3.06bn for the full year compared to 2013’s figure. Product sales were cited as the main reason for the revenue increase, rising to €86m in Q4 from €51m in Q3. EBITDA increased 4% to €1.08bn for 2014, while operating income improved 1.4% to €567m. Diluted earnings per share, as with net income, went down 52.5%.

GTech is poised to complete its \$6.4bn acquisition of IGT, which was first reported in July 2014 and was approved by shareholders in February.

## KEY POINTS

- GTech posts a net income decline of 52.5% for the full year 2014
- A one-off gaming machine settlement and acquisition of IGT given as reasons for the decrease

## LEGAL

## IRISH ONLINE GAMBLING TAX LAWS SET FOR APPROVAL

New regulations sent to be signed by President

I-gaming operators in Ireland are bracing themselves for the introduction of new online gambling tax laws which are set to be implemented later this year. Irish finance minister Michael Noonan announced last week that the Betting (Amendment) Bill has been sent to be signed by President Michael Higgins [pictured].

The new regulations will require online gambling operators offering their services in the country to pay 15% tax on betting profits. Operators that wish to offer Irish-facing i-gaming services are now required to apply for an Irish online gambling licence.

## KEY POINT

- New gambling tax laws in Ireland have been sent to be signed by President Michael Higgins

Tweets of the week 

“There are 5 states where fantasy sports leagues are illegal; in four of them (IA, WA, KS & MT), there are pending bills to legalize” *Becker & Poliakoff attorney Daniel Wallach* [\[@WALLACHLEGAL\]](#)

“Dumbfounded that the anti-i-gaming movement in the US is being spearheaded by a casino mogul and a man who has never sent an e-mail” *PocketFives.com’s Dan Cypra* [\[@cypradrn\]](#)

“William Hill report annual profits down 9% on an uplift in turnover of 8% increasing sales\number of customers isn’t all its cracked up 2b.” *UK independent bookmaker Geoff Banks* [\[@geoffbanksbet\]](#)

## GUEST COLUMNIST

"FANTASY SPORTS'  
EUROPEAN POTENTIAL"

by **Marc Saba**  
Co-founder  
and director,  
FootballFanager

"Can real-money fantasy sports enjoy the same success in Europe as it has across the Atlantic?"

The short answer is yes. Across the pond the fantasy sports sector is a multi-billion dollar industry with an estimated 42 million players in the US. US-based FanDuel and DraftKings are the pioneers and market-leaders, with the former paying out more than \$10m in winnings each week. Reports suggest that FanDuel expects the total amount for 2015 to break through the \$1bn barrier. Over the past few years there have been a plethora of partnerships signed within the NFL, NHL and NBA.

Some commentators suggest that the driving force behind the success of fantasy sports in the US stems from its exemption from the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA) due to its classification as a game of skill.

Free-to-play fantasy sports have always proved popular with the UK and European audience. The growth of the internet has opened up the sector to millions and done away with the need to check the offline press for scores and updates. Now players can monitor their team's progress

whenever and wherever they are as the sector centres around the on-the-go market.

The major significant development within fantasy is that players can now join daily games that see bets settled after a single round of fixtures. With such a packed fixture list, it means engagement levels stay high.

An oft-touted argument is that fantasy has work to do if it's to become a force in the UK and Europe against the dominance of traditional sports betting. However, sport in the UK has long had an association with betting and there is a considerable crossover of those that enjoy attending sporting events and those that enjoy a wager. It's the same for fantasy and the overall gambling domain. A more accurate statement is to say that the challenge is in educating an existing fantasy market that is not familiar with the daily cash model.

In the UK, one-in-five adult males has a fantasy football team and adding gambling verticals to these platforms is seeing a big uplift. Long have fantasy players challenged mates over the season by putting money into a pot and companies like Football Fanager are taking this to the next level by adding innovative features to the original mechanic and providing weekly head-to-head battles.

The UK has a massive advantage as sports gambling in the US is restricted to a few states, and thus there just isn't the ingrained culture and understanding. Nearly all professional football clubs have betting partners and with that comes a presence at grounds all over the country. Operators need to constantly keep their offering fresh, and fantasy is an ideal method of doing so.

Currently the majority of real-money fantasy platforms in the UK and Europe only offer football and focus on England's Premier League, Germany's Bundesliga, Spain's La Liga, Italy's Serie A and France's Ligue 1, as well as major tournaments like the Champions League and FA Cup. The obvious next step is therefore to add more leagues, cup competitions and international matches.

In addition to that, Football Fanager plans to introduce further sports in new countries to widen the appeal and produce a continuous offering. Further to that, matches can be split into separate halves or even segments, to replicate the intensity of the in-play style found in sports betting.

Fantasy sports companies in the UK have started to replicate their US competitors by signing major marketing partnerships. This extends to businesses looking to dip their toes into the gambling world as this format is seen as 'softer' than its sports-betting sister.

There is huge potential in the sector throughout Europe – and that is anything but a fantasy."

*Marc Saba is a director and co-founder of real-money fantasy operator FootballFanager.com. Saba is an experienced financial professional and start-up advisor. He combines his executive role at Fantasy Sports Ltd (Football Fanager's parent company) with that of European venture partner at Newbury Ventures, an international venture capital partnership*

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# Global Gaming Awards 2015: Nominations open



## THE NOMINATIONS WINDOW FOR THE GLOBAL GAMING AWARDS 2015 HAS OFFICIALLY OPENED!

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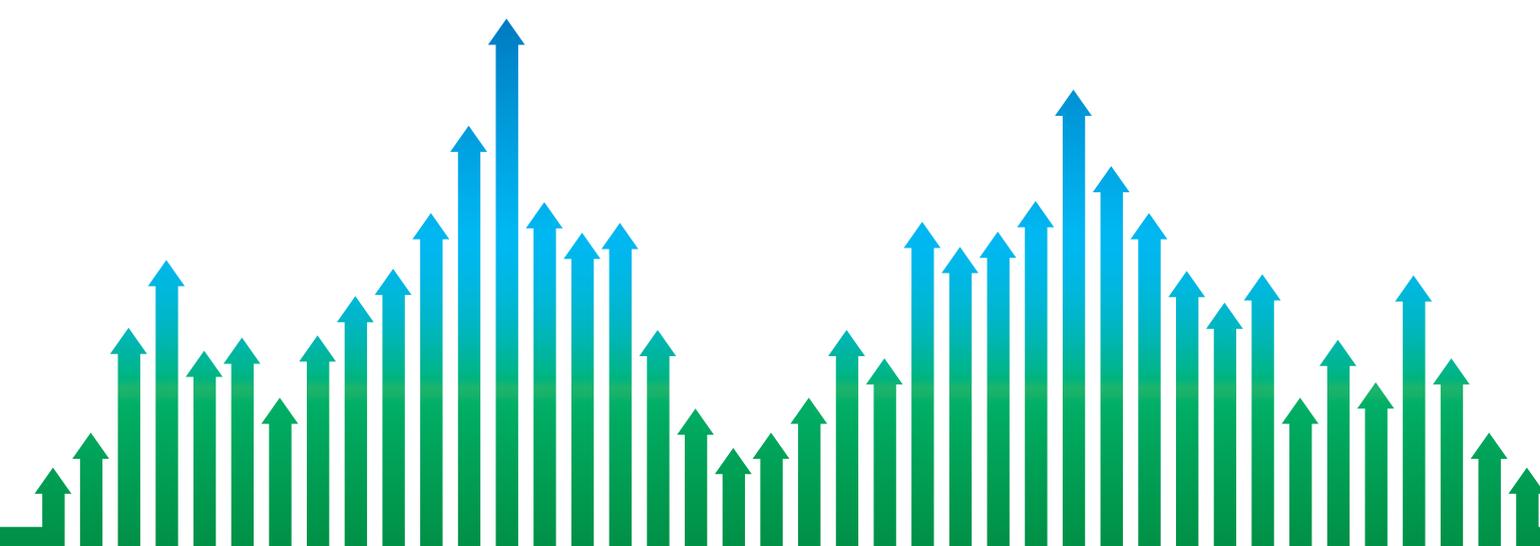
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