



WEEK 20

FRIDAY 15 MAY 2015

THIS WEEK

- GTech revenue increases
- Ladbrokes chairman to depart
- Chris Reynolds on table game innovation
- Tweets of the week

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TOP STORY

KANSAS FANTASY BILL APPROVED

Legislation will now be sent to state governor



The NFL is a popular fantasy sport

A bill to legalise fantasy sports in Kansas and recognise them as games of skill has won final legislative approval. Representative Brett Hildabrand introduced HB 2155 in February, and the bill was approved 98-21 by the House before being approved 37-1 by the Senate. The legislation will now be sent to overnor Sam Brownback.

Hildabrand is quoted by the Associated Press as saying that he introduced the bill because “so many Kansans participate in this and we want to make sure that they’re operating on the right side of the law”.

Most forms of gambling are illegal in Kansas, and current law bans fantasy sports that involve prize, chance and consideration, as they are an illegal lottery prohibited by Kansas criminal law. The Kansas Racing and Gaming Commission’s Frequently Asked Questions page states that “chance predominates over skill in fantasy sports leagues”.

Attorney General Derek Schmidt said in an opinion published by Legal Sports Report in April: “In between games of chance and games of skill is a spectrum of enterprises that have a mixture of varying degrees of both skill and chance. A factual determination is required before a

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decision on a particular enterprise can be made, because, to our knowledge, no Kansas Court has determined, as a matter of law, that fantasy sports leagues are games of chance and are therefore lotteries."

The bill will also set new regulations for charity bingo and raffle fundraisers.

Arizona, Iowa, Louisiana, Montana and Washington are the only other US states yet to have officially legalised fantasy sports.

According to data released by the Fantasy Sports Trade Association (FSTA), the number of fantasy sports players in the US and Canada increased from 19.7 million in 2006 to over 41.5 million in 2014.

FSTA's data also shows that players spend an average of \$111 on league-related costs, single player challenge games and league-related materials over a 12-month period.

KEY POINTS

- A bill seeking to legalise fantasy sports in Kansas has been approved by the House and Senate
- The bill will recognise fantasy sports as games of skill as opposed to chance
- Fantasy sports are currently seen by the Kansas Racing and Gaming Commission as an illegal lottery

FINANCIAL

GTECH REVENUE UP AS LEGACY IGT SUFFERS DECREASE

Firms' final standalone results released

Providers GTech and IGT have reported contrasting revenue results in their final standalone financial releases. GTech, which acquired IGT for \$6.4bn last month, posted a 3.4% year-on-year revenue increase for Q1 2015 to €807.7m, as well as a near identical EBITDA of €295.6m. Operating income



fell 17.5% to €149.3m, although the firms says this figure would have been €170m were it not for "one-off items, primarily transaction and restructuring costs associated with the acquisition of Legacy IGT". Net loss attributable to the owners was €26.9m, compared to net income of €75m in Q1 2014.

Meanwhile Legacy IGT saw revenue drop 22% year-on-year to \$399.4m for the firm's Q2 fiscal year 2015. Operating income of \$72.1m for Q2 2014 has become an operating loss of \$7.2m for the second quarter of 2015, while a net income of \$25.7m has fallen to a net loss of \$13.1m.

GTech completed its acquisition of IGT on 7 April, with the new firm known as International Game Technology (IGT) PLC, with Marco Sala [pictured] as CEO.

KEY POINTS

- GTech reports slight revenue increase for Q1 2015, as well as a €27m net loss
- IGT reveals 22% revenue drop alongside operating loss and net loss

UK

LADBROKES CHAIRMAN TO LEAVE

Peter Erskine will depart this year

Ladbroke's chairman Peter Erskine [pictured] is to step down during 2015. Erskine, who assumed the role in 2009, will depart when a successor has been found, with the search being led by former senior non-executive director John Kelly. Erskine said that with a new CEO in place it was the "right time" for a change in chairman.

Meanwhile John Anderson, independent non-executive director and former CEO of operator 888 Holdings, has retired from the 888 board. Brian Mattingley also steps down from his position to become executive chairman of the board, with Richard Kilsby retiring as non-executive chairman, both as planned.

KEY POINT

- Ladbroke's chairman Peter Erskine will leave the operator during 2015

Tweets of the week 

"Number of people who still have AOL dialup > number of people who played real-money DFS in 2014"
Legal Sports Report
[@LSPReport]

"Nevada bill (SB 443) clarifies that the state's licensed bookmakers are allowed to manage sports books in other jurisdictions, like N.J."
ESPN writer David Payne Purdum
[@DavidPurdum]

"How much damage can a lame duck do? We'll find out"
Sue Schneider [@SuziQSchneider] on Senator Harry Reid's potential support for a full online gaming ban

GUEST COLUMNIST

"EMBRACING TABLE GAME INNOVATION"



by **Chris Reynolds**
CEO,
Games Marketing

"For the last decade online casino operators and suppliers have focused their energies on slot games and branded content. As a result, table games have remained largely unchanged, with standard Blackjack and Roulette seeming to satisfy market needs. Yet the migration of innovations from the land-based industry is changing that. In doing so, it is stimulating a demand for the development and deployment of a new breed of games.

At the forefront of this new breed is the side bet genre. This first came to prominence in Australia around 15 years ago when Treasury Casino launched what was to become the best-known of all side bets – Perfect Pairs. It was created by John Wicks, a casino operations specialist, who saw an opportunity to create a Blackjack side bet after witnessing the success of new games like Caribbean Stud and Let It Ride. Within five years of Treasury launching Perfect Pairs over 90% of all standard Blackjack tables in Australia featured the bet.

It was an astonishing success, but one that looks entirely logical in retrospect. That's because the best side bets provide players with an easy to understand and enjoyable betting opportunity that is

both incremental and optional and, at the same time, the House sees longer dwell times and an enhanced return on the game. This creates a virtuous circle in which both player and provider benefit. As a result, it was no surprise that games like Perfect Pairs were soon joined by the likes of Lucky Lucky, 21+3 and Lucky Ladies, prompting further player interest and take-up by adding their variant low stake, high win betting opportunities.

Another stimulant to the market has been the increasing importance of remote live dealer providers, particularly over the last two years, coinciding with the rapid growth of game play on mobile and tablet devices. This growth provides strong evidence of the desire online table gamers have for social interaction. In reality, live dealer is real-money social gaming. Its importance in re-energising the table games sector cannot be understated. Yet there is no reason why RNG casino can't enjoy a similar renaissance, given in particular that those sympathetic devices and operating systems are now available to facilitate it.

With the necessary anti-collusion procedures in place, multi-player games allow players to learn from the playing habits of others. When coupled with many of the features that have powered the social gaming revolution in the United States, such as chat functionality and league tables, this will provide a new and exciting platform for them.

Forward-thinking operators like PokerStars are leading the charge here by introducing additional features and benefits that both enhance social interaction and stimulate the competitive instincts of the table game player. They have a clear USP in providing not just single player games

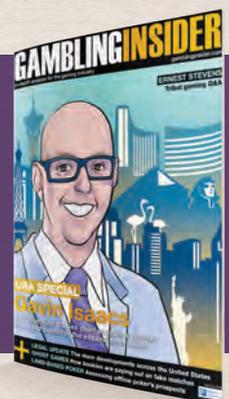
in single and multi-hand formats but multi-player format too. They also have a huge opportunity to provide their substantial player base with a raft of stimulating new multi-player games; ones that are proven across the demanding land-based sector, or that contain new concepts with exciting features and benefits.

At a time of increased regulation and punitive gaming taxes, particularly for UK-facing operators, it is more important than ever for operators to re-evaluate their online game mix. In doing so, they will be able to benefit from the enhanced performance demonstrated by side bet games and the more socially-enabled breed of table game now entering the market. As both the land-based and remote live dealer casino industries have proven, there are considerable benefits for both player and operator alike. There is a real opportunity for RNG casino to embrace these opportunities too."

Chris Reynolds has been chief executive of Games Marketing since 2004. In over ten years in charge he has helped the business become the world's leading provider of proprietary table games to the online gaming industry. Before taking up the reins, he spent two years as managing director of the British Horseracing Board.

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OUT NOW: Look out for the May/June issue of Gambling Insider's print magazine, featuring a USA Special as we speak exclusively with Scientific Games president and CEO Gavin Isaacs about his ambitious plans for the expanding provider following some major acquisitions





HEAD OF QUANTITATIVE ANALYSIS

Location: Bucharest
Contract: Full-Time

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Location: London **Contract:** Full-Time

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