

THIS WEEK

- Groups outline California stances
- Aristocrat revenue rises
- Columnist: Christoph Tutsch on payments
- Tweets of the week

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TOP STORY

BWINPARTY ENDURES TOUGH Q1

Net revenue down across poker, casino and sports betting



BwinParty CEO Norbert Teufelberger

Operator BwinParty posted a year-on-year revenue decrease of 6% to €155.3m for the first quarter of 2015 as it suffered drops in net revenue across nearly all of its major verticals.

The biggest downturn was seen in poker, which recorded a 31% fall in net revenue to €16.8m for the three months ended 31 March, alongside 30% reductions in daily average players, active player days and unique active players, as well as a 31% drop in average daily net revenue. The firm said its year-on-year performance confirmed the "challenging environment in European poker".

Casino and games suffered a net revenue decrease of 11% to €46.8m, alongside a 29% drop in real-money sign-ups, although unique active players did rise 4%. A "change in the mix of games being played coupled with the application of VAT in certain markets" meant gross win margin fell to 3.4%, which the firm said impacted revenue performance.

Sports-betting net revenue was down 10% to €58m, with real-money sign-ups, active player days and daily average players all decreasing. BwinParty

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cited “unfavourable football results” as impacting its gross win margin and therefore net revenue.

Bingo net revenue improved 1% to €13.8m, alongside a 24% increase in real-money sign-ups, which “reflected the launch of a new marketing campaign in the UK”.

BwinParty’s ‘other revenue’ rose 93% to €19.9m for the period, “primarily due to a licensing deal in Asia signed by The World Poker Tour and strong growth at Kalixa”.

Total group revenue was actually up 6% compared to Q4 2014, which CEO Norbert Teufelberger said was aided by “continued mobile expansion”.

He added: “However, a lower than expected gross win margin in sports betting as experienced by other gaming operators and continued challenges in poker held back our year-on-year revenue performance during the first three months of 2015.”

The firm has also revealed it is to close its WPTpoker.com site in order to focus on its other online poker brands: PartyPoker and Bwin poker.

Earlier this month BwinParty received proposals for the acquisition of its business from 888 Holdings as well as the pairing of GVC Holdings and Amaya Gaming.

KEY POINTS

- BwinParty total revenue drops 6% for Q1 2015
- Poker net revenue down 31% for the period
- Operator to close WPTpoker.com on 3 June

REGULATION

GROUPS OUTLINE CALI POKER STANCES Coalitions issue letters ahead of bill vote

Opposing tribal coalitions have outlined their respective stances on California online poker bill AB 431, as the industry awaits the result of the latest vote on the legislation.

AB 431, introduced by Assemblyman Adam Gray [pictured], was set to be voted on by the Assembly Appropriations Committee this past Wednesday, with the results set to be released just after *GI Friday* goes to print.

A coalition of Indian tribes, including the Band of Luiseno Indians and the Agua Caliente Band of Cahuilla Indians, issued a letter to the Committee – as reported by GamblingCompliance – confirming its opposition to AB 431.

Another letter in favour of the bill was written by the coalition that includes PokerStars, the Morongo Band of Mission Indians and the San Manuel Band of Mission Indians, as well as three California card clubs.

KEY POINTS

- Tribal coalitions outline opposing stances on California poker bill AB 431
- Results of bill vote set for release this week



FINANCIAL

**ARISTOCRAT REPORTS REVENUE RISE
VGT acquisition helps boost results
for six months to 31 March**

Provider Aristocrat Leisure has reported a 74% year-on-year revenue increase to A\$685m for the six-month period ending 31 March. EBITDA went up 121% to A\$243.4m, and operating cash flow ascended 66% to A\$101.4m.

Aristocrat in part attributed the results to “the addition of the VGT business”, following the completion of its \$1.3bn acquisition of manufacturer Video Gaming Technologies in October.

Jamie Odell [pictured], Aristocrat CEO and managing director, said: “Clearly, the acquisition and successful integration of VGT has been a significant factor in our performance half on half, but our results also reflect accelerating operational momentum across key markets and segments.”

KEY POINTS

- Aristocrat Leisure’s revenue rises 74% in the six-month period ending 31 March



POKER

POKERSTARS SIGNS RONALDO

Football star becomes team ambassador

PokerStars has reached an agreement with Portuguese footballer Cristiano Ronaldo, who will join Team PokerStars and promote the operator in global marketing campaigns.

Ronaldo, who plays for ten-time European champions Real Madrid and is a three-time Ballon d’Or winner, announced the news via his Facebook page and will play on PokerStars under the user ID “C.Ronaldo”. The announcement follows

Stars’ signing of Brazilian footballer Neymar Jr to become an ambassador in May.

Ronaldo said: “I started playing poker a few years ago and I love the competition, strategy and fun. I’m looking forward to taking my game to the online and live poker tables and meeting my fans head to head.”

David Baazov, CEO of provider Amaya Gaming, Stars’ parent company, said: “Ronaldo is part of a new generation of global superstar athletes that work hard, play smart and encourage their fans to share in their lives.”

KEY POINTS

- PokerStars signs footballer Cristiano Ronaldo as a brand ambassador



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GUEST COLUMNIST

**"PROFICIENT PAYMENTS FOR
CROSS-BORDER GAMING"**


**by Christoph
Tutsch**
Founder and
CEO, ONPEX

"Today's world is connected. We are talking, browsing, purchasing, watching and gaming on a global scale. As a result of advanced technology we are crossing borders on a daily basis whilst sitting in our living rooms. If gaming with someone on another continent is so easy, why then is making or collecting a payment from one territory to another still so difficult?"

For online gaming customers and merchants the difficulties of making cross-border payments are abundantly clear as well as very frustrating. The customer is unable to pay the way they want and merchants are struggling to get the functionality and flexibility they require from existing gateways in the market.

Our world is made up of fragmented territories, each with its own economy, regulations and uneven payment developments. As a result, cross-border payments is extremely complex by nature. E-commerce, m-commerce and mobile payment maturity differ from country to country and any gaming merchant entering new markets must face and overcome each region's individual regulations and fragmented payment developments.

As e-commerce and m-commerce penetration increase, gamers are becoming more demanding of the

services available to them and are wanting to pay and collect money in ways that are most convenient to them. Trust is key for a consumer. Ultimately customers will not engage if they do not trust a site or if they face barriers, from difficulties in the account opening to issues and fees within the payment process.

The merchant has business critical requirements too. Payments, whether it be paying or receiving money, should be easy to carry out with minimal fuss. Payments should not be a chore and payment management should not get in the way of a business's primary function. Merchants must make use of the available tools that allow them to trade across borders and maintain competitiveness. Given the global nature of gaming and scale of choice (with over 300 alternative payment options available), a merchant must adopt a payment strategy that focuses on the needs and payment behaviours of the customer to help maximise consumer acceptance and expand global reach.

Any successful payment platform must be designed and built for flexibility and agility to meet the various requirements for each country's payment norms, ensuring the payment offerings are the most relevant and effective in local payment standards.

Payment tips for gaming merchants:

1. Make technology your own
Localisation and time-to-market are critical factors for deploying a successful payment strategy. A white-label payment platform will expand connectivity and services and, where necessary, add a proprietary branded gateway solution. Providers can make more profits with better merchant solutions, more acquiring options and more payment methods.

2. Make use of all payment methods
For payment service providers and merchants it is vital to develop a working knowledge of international alternative payment methods and the local industry-specific requirements in order to meet gamers' expectations at the checkout.

3. Think global, act local
Stay ahead of competitors by offering a complete payment suite to merchants with both a global and local product range. Connectivity within a large acquirer network and providing more payment methods will improve conversion and loyalty.

4. Protect your customers
Gaming is only going to grow in popularity, especially amongst millennials, and as it does it will drive a significant growth in fraud. This makes it imperative that merchants provide comprehensive fraud prevention solutions that seamlessly integrate into the payment processes.

5. Support multi-currency environments
To trade cross-border effectively, businesses must accept multi-currency transactions."

Christoph Tutsch is the founder and CEO of ONPEX. He set up the business in 2010 to provide businesses with a better way of handling online payments. He is responsible for the overall direction of the business and its continuing growth around the world

**Want to be a guest columnist
in GI Friday? Write to:
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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

