



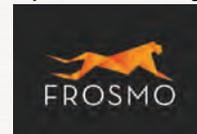
# WEEK 26

## FRIDAY 26 JUN 2015

### THIS WEEK

- BwinParty to sell WPT
- Coalition steps up California campaign
- Playtech to place shares
- Columnist: Rachel Coulson on unofficial data

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#### TOP STORY

## LADBROKES AND CORAL IN TALKS

### UK operators reveal merger discussions



Ladbrokes CEO Jim Mullen

Operators Ladbrokes and Gala Coral have confirmed that the two companies have held talks over a potential merger. The merger would be between Ladbrokes and Coral Retail, Eurobet Retail and Gala Coral's online businesses, but not Gala's 132-strong bingo business.

Both companies outlined that there can be no certainty that an agreement regarding the merger will be reached.

Gala Coral said: "The company and its shareholders are evaluating all strategic options, including a possible initial public offering."

Ladbrokes CEO Jim Mullen, who replaced Richard Glynn in April, said: "Since becoming CEO my focus has been on a more aggressive plan to build digital scale and grow our recreational customer base across all channels, which is key to creating a more sustainable and growing Ladbrokes. My plans are well advanced and I look forward to presenting them to shareholders."

"The board has not yet concluded whether a transaction is strategically attractive and can be delivered to shareholders on appropriate terms."

Ladbrokes is scheduled to hold a Business Review presentation on

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Tuesday, which could be rescheduled, depending on how discussions progress.

Ladbrokes reported a 44% pre-tax profit decrease for the full year 2014, down to £37.7m. Gala Coral's net revenue went up 5% year-on-year to £684.8m for the 28 weeks ended 11 April.

Morgan Stanley analyst Vaughan Lewis said of the potential merger: "The combined business would have revenues of £2.1bn, gross profit of £1.7bn and operating costs of £1.3bn.

"We estimate that there would be significant overlap in certain cost lines (central, head office, odds compiling, purchasing) and there could be significant revenue synergies from transporting the best practices from each part of the business. Benchmarking to prior M&A suggests a range of £40-90m could be plausible, worth 11%-22% of the combined EBITDA."

Ladbrokes attempted to acquire Coral back in 1998, but the arrangement was blocked by then UK secretary of state for trade Peter Mandelson, who stated that any such

deal "would damage competition and disadvantage punters".

Ladbrokes shares increased 20% to 146.8p on Tuesday, the day the talks were confirmed.

#### KEY POINTS

- Ladbrokes and Gala Coral have discussed the possibility of merging
- The combined businesses would have revenue of £2.1bn
- Ladbrokes could reschedule its Business Review next week

#### M&A

#### BWINPARTY TO SELL WPT

#### Ourgame International Holdings agrees \$35m deal

Operator BwinParty has agreed to sell all of its interests in World Poker Tour (WPT) to developer Ourgame International Holdings for \$35m.

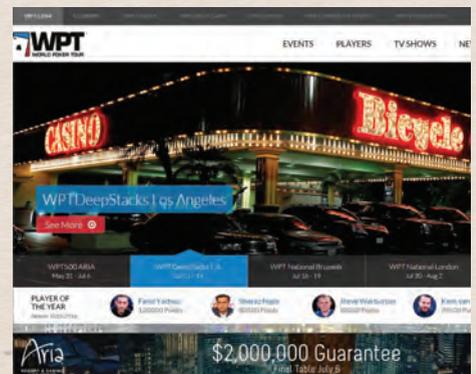
BwinParty will remain as a sponsor of various WPT events and television shows in the US and Europe until the end of next year. WPT was acquired by Party Gaming for \$12.3m in 2009, before Party Gaming merged with fellow operator Bwin in 2011.

BwinParty closed down the website WPTPoker.com earlier this month as part of plans to focus its efforts on its other poker sites PartyPoker and Bwin poker.

The operator was the subject of two separate proposals for the acquisition of the entire issued and to be issued share capital of its business in May, from operator 888 Holdings and a joint bid from online gaming group GVC Holdings and provider Amaya Gaming.

#### KEY POINT

- Ourgame International Holdings to purchase World Poker Tour from BwinParty for \$35m





**LEGAL**  
**POKERSTARS COALITION STEPS UP CALIFORNIA CAMPAIGN**

**Group launches website**

Californians for Responsible iPoker, a coalition campaigning for legalised online poker in California that includes provider Amaya Gaming and its PokerStars brand, has launched a website and advertising campaign.

The coalition also includes tribes the Morongo Band of Mission Indians and the San Manuel Band of Mission Indians, as well as card rooms the Commerce Casino, the Bicycle Hotel & Casino and Hawaiian Gardens Casino.

Californians4ipoker.com lists 10 reasons why it wants online poker to be made legal in the state, which includes the argument that a regulated market would protect consumers from illegal sites. The group's campaign also includes a radio advertisement promoting its message.

Assemblyman Adam Gray [pictured] introduced a bill to legalise online poker in the state in February, which was approved by the Assembly Appropriations Committee in May.



**KEY POINT**

• A coalition campaigning for online poker in California has launched a website and radio ad

**FINANCIAL**  
**PLAYTECH TO PLACE AROUND 9.9% OF SHARES**

**Provider planning to fund acquisitions**

Provider Playtech has announced it is placing 29.05 million shares, approximately 9.9% of the company, to fund future acquisitions.

Playtech agreed to acquire trading platform Plus500 for an approximate £459.6m earlier this month.

Brickington, the company's largest stakeholder with 33.6%, will take up 33.6% of the placing to maintain its current shareholding.

Playtech CEO Mor Weizer said in a release published by the London Stock Exchange: "Today's equity fundraising, in conjunction with new debt facilities, which we are in the process of securing, will improve the efficiency of our capital structure whilst maintaining the financial flexibility to pursue acquisitions in both the gambling and financial trading space to deliver long-term value for our shareholders."

**KEY POINT**

• Playtech is to place approximately 9.9% of the company's shares



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## GUEST COLUMNIST

## "THE PITFALLS OF UNOFFICIAL DATA"



**by Rachel Coulson**  
Head of business data, SIS

"In the highly competitive world of sportsbooks, the balance between minimising outlay while simultaneously increasing gambling opportunities – including ever more in-play – is causing headaches for many operators.

Because of these pressures on the industry, many bookmakers find themselves relying on cheaper, unofficial data streams to provide their trading teams with the information they need to satisfy the increasing demand. The rise of unofficial data streams has thrown sharp focus on the checks – or lack of – on data quality across the industry as a whole.

The pressure for bookies to offer around-the-clock betting opportunities to punters has focused the need for delivery of reliable data from across the globe. However, the sheer volume of data required has meant that the quality, in places, has been undermined and left the door open to manipulation.

The danger that unofficial data poses to operators is significant. There have been a number of prominent instances of illegal betting syndicates manipulating unofficial data scouts from non-televised sporting events, and even one or two 'ghost games'.

Any single incident that erodes the trust of the punting public can be the death knell for a young operator without

years of heritage and history to fall back upon. Robust and accurate data, married with fast delivery, is key.

However, the industry is taking the necessary steps to fight back against data manipulation. Unofficial data scouting is now under huge scrutiny, and operators and suppliers alike are working to ensure all of their sources are accurate.

Dealing with data for more than 2,500 Spanish football matches a season, as SIS does, is a logistical challenge that we overcome, particularly when you layer in the volumes of information covering everything from pre-match fixtures, in-running data and post-match stats.

Bookmakers do have mechanisms in place to protect unusual betting but it is vital to the balance sheets of operators to keep it to an absolute minimum. One way to do this is to always use an official source. Within the big football leagues, such as the Premier League or Spanish La Liga, there are clear official routes to go down to attain data that can be relied upon.

During the last football season, COMSEC, in partnership with the Spanish leagues' governing body LaLiga (formerly LFP), took unprecedented steps to ensure that unofficial scouts were ejected from grounds in significant numbers. The leagues themselves are becoming even more vigilant and taking the necessary steps to protect the sporting integrity of their leagues, as they know that their footballing product will become less valuable if it's viewed in an unfavourable light.

Official scouting may cost that bit more, but the investment made to harness cutting edge technical solutions associated with official data can save operators fortunes at the other end. No massive payouts to members of illegal betting syndicates and, perhaps most

importantly, no backlash from customers who lose faith and look to another bookie to do business.

Official previously meant low latency due to quality checks, however this is now not the case due to real-time quality checks. Well-organised partnerships with the league operators and data providers have created the environment for the quickest possible data delivery.

SIS have developed proprietary software which allows operators to ensure that their trading teams are working with the most up to date information possible, often beating off-tube data scouts by 20 seconds or more – enabling timely suspension of bets.

Additionally, the rise of 'Watch and Bet' demands from UK-based punters means operators who are seconds behind their competitors may find customer retention increasingly difficult. Inevitably customers will choose to bet in-play with bookmakers whose own streaming products are the fastest.

Data that is robust and has the lowest latency is what everyone across the industry is striving for, and I'm confident that official data is the safest way to fulfil that obligation to the betting customer."

*Rachel Coulson is head of business data for SIS, a global leader for betting and gaming services for online and retail. SIS is the official partner with the LaLiga and delivers data for more than 2,500 matches per season across La Liga, Liga Adelante, Segunda Division B, the Copa del Rey and the Supercopa.*

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