

THIS WEEK

- **Betfred turnover tops £13bn**
- **RAWA reintroduced to Senate**
- **First Massachusetts casino opens**
- **Columnist: Murad Vassib on data**

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TOP STORY

MACAU HITS NEW LOW

Gross revenue falls to lowest point in almost five years



Photo: Rob Young (flickr.com/rob-young)

Grand Lisboa hotel and casino in Macau

June's monthly gross gaming revenue (GGR) for Macau is the lowest total to have been reported since November 2010. Figures released by the Macau Gaming Inspection and Coordination Bureau showed 17.36bn patacas was generated, making it Macau's worst month since 17.35bn patacas was reported in November 2010.

The total for June is down 15% month-on-month and 36% year-on-year, marking the former Portuguese colony's 13th consecutive year-on-year monthly decrease.

Record year-on-year monthly decreases have been reported three times within the 13 consecutive months of decline, as February's 19.54bn patacas was a record 49% fall, beating December's 30% downturn to 23.29bn patacas, which itself topped October's 23% slump to 28.03bn patacas. A year-on-year fall of over 30% has been recorded for the last five consecutive months.

The monthly Macau GGR figure fell to its lowest point in over four years in April, as the total of 19.17bn patacas was the worst to have been reported since January 2011, when 18.57bn patacas was generated.

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The year-to-date GGR figure of 121.65bn patacas is down 37% year-on-year.

Annual GGR in Macau declined 3% to 351.52bn patacas last year, marking the first annual drop since records began in 2002.

The highest monthly total to have been recorded this year was 23.75bn patacas for January, which is lower than all but one of 2014's monthly totals and lower than all of the monthly figures reported for 2013.

Macau is the only region in China where casino gambling is legal.

Meanwhile, a Macau junket operator has been accused of laundering HK\$1.8bn through bank accounts in Hong Kong according to court documents released this week, report Reuters. Cheung Chi-tai has been the subject of an investigation, with police freezing his and seven of his companies' assets in November last year.

A former major shareholder of Macau junket operator the Neptune Group, Cheung has been charged with three counts of money laundering.

The Neptune Group has denied any current links with Cheung and that he remains a shareholder.

KEY POINTS

- Macau casinos suffered their worst month since November 2010 in June
- June also marked the 13th consecutive year-on-year monthly GGR decline
- Meanwhile a Macau junket operator is accused of laundering HK\$1.8bn



US FIRST MASSACHUSETTS CASINO OPENS

Plainridge Park Casino launches after being granted slots parlour licence in February last year

Massachusetts has become the 40th US state to offer casino gambling following the opening of Plainridge Park Casino. The \$250m casino has been developed by operator Penn National Gaming, which was awarded a slots parlour licence by the Massachusetts Gaming Commission in February last year.

Plainridge Park is a 106,000 square foot racing and gaming facility which employs more than 600 staff. Its gaming floor offers 1,250 games, including slot machines, video poker and virtual table games.

The Massachusetts Expanded Gaming Act was passed in 2011, allowing for three destination resort casinos and one slot facility in the state.

A majority of Massachusetts voters opted to uphold the law in November, with an approximate 60% of those who voted turning down the opportunity to repeal the legislation.

KEY POINT

- Plainridge Park Casino becomes the first casino to open in Massachusetts

FINANCIAL

BETFRED GROUP TURNOVER TOPS £13BN

Gross profit and EBITDA also increase

Operator Betfred has reported group turnover of £13.3bn for the 18-month period to 28 September 2014 – a 66% year-on-year increase.

Gross profit of £593m was recorded, up 64%, while Betfred.com turnover was £1.9bn, up 73%. Net debt reduced 32% to £68m and EBITDA climbed 48% to £102m.

Total payment to racing, including the levy, increased 55% to £37.7m in the period.

Betfred chief executive John Haddock [pictured] said of the results: "Although we have faced increased taxation, regulation and a very competitive market place we are delighted to report a positive set of results. We are pleased to continue our support for racing and once again we have over delivered on our promise to the government when we acquired the Tote and delivered £19.1m in direct contributions."



KEY POINT

- Betfred has reported turnover of £13.3bn for the 18 months to 28 September 2014

LEGAL

RAWA REINTRODUCED TO SENATE

S 1668 follows reintroduction of RAWA to the House in February

A bill which seeks to ban all forms of online gambling has been reintroduced to the US Senate.

Senators including Marco Rubio and Lindsey Graham [pictured] have filed S 1668, the Restoration of America's Wire Act (RAWA), a bill supported by American casino magnate Sheldon Adelson.

Graham and fellow congressman Jason Chaffetz first formally introduced the bill in March last year, but it failed to receive a hearing. Chaffetz submitted a separate but aligned version of RAWA to the House of Representatives in February, which currently sits with the House Judiciary Committee.

The Federal Wire Act of 1961 outlawed the use of wire communication facilities for the placing or paying out of bets on any sporting event or contest.

KEY POINT

- RAWA has now been reintroduced in both chambers of Congress



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GUEST COLUMNIST

"USING DATA POST-POC"



by **Murad Vassib**
Sector lead
– gaming &
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"There are few things that gaming companies like less than taking a gamble with their own finances. And yet the new UK point-of-consumption (PoC) tax means that doing business in the UK is becoming riskier for online casinos and other remote betting operators as it's likely to have a huge impact on their bottom line.

But as most successful organisations know, every industry shake-up holds opportunities alongside the threats. Those that wish to survive will see the tax as a wake-up call and a driver to tighten up their business; to identify ways to reduce costs, increase existing revenue streams and generate new sources of income to mitigate the tax risk and remain competitive.

As it happens, this tax comes at a time when the industry is changing of its own accord. Over the past few years an increasing number of companies have begun to make use of the huge amounts of high-value data collected as a matter of course as they trade.

Volumes are particularly high in new forms such as social media and online gaming. Just take results from Coral and Rank in May – both companies posted double digit online revenue growth. Paddy Power is also increasing online revenues on a consistent basis – 77% of its revenues now come from online. However,

William Hill's online Q1 profits were down 38%, mainly due to the PoC tax, which hit the bottom line despite growth in revenues. So, PoC tax is squeezing profits and therefore taking action focused on decreasing churn and increasing monetisation should definitely be on the agenda of every gaming company today.

So how can data help? The story behind the headlines at this year's Cheltenham Festival is a good illustration of how this big data can help a business. On the surface it was a difficult week for most bookmakers who endured heavy losses. However, there were positive metrics: increased activity and turnover on mobile platforms and record numbers of new depositors and sign-ups.

The bookies should use the data they have on these new punters to entice them to stay rather than move elsewhere. To do this they need the technical capability to seamlessly collect and integrate the right kind of data in near real-time from multiple sources. They must then use it to segment prospects and target them with relevant and compelling special offers to keep them loyal and interested.

Online and social gaming is enabling companies to collect more and more detailed or granular data about the customer to enable this kind of increasingly sophisticated personalisation. This data might include demographic and psychographic information, clickstream interactions across a range of channels, social media sentiment and direct exchanges with customer care. If they have the means to pull all this data together and analyse it rapidly, these businesses can begin to create hyper-tailored offers that steer high-value customers in the right direction at just the right moment in their gaming activities – for example in near real-time to their mobile platforms.

This ability to integrate all datasets can also help businesses do something about the high churn rates that are typical across the industry – particularly in online and social formats. Once an operator has a 360° view of a customer through this mix they can determine their important customers and target them with offers that will help to ensure they stay.

It's true that many across the industry are struggling with the processing and transforming of data into a format for analysis and smart application. This is the difficult part – it can be a challenging process given the growing volumes and complexity of information coming into each business. Thankfully, the emergence of cloud technology and a growing understanding of big data analysis are together helping to break down these barriers.

It's clear that the new point-of-consumption tax and the pressures it has created is concentrating the technical minds of the industry. The now urgent need to find new ways to build customer bases and increase revenue streams is motivating them to draw value from the data they hold. It could be the key to moving from mere survival to healthy profits once again."

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

COMING SOON: Look out for the July/August issue of Gambling Insider's print magazine, featuring a Regulation Special as we present, analyse and assess the latest and most important legislative developments from across the globe, including the UK, Europe and North America

