



WEEK 37

FRIDAY 11 SEP 2015

THIS WEEK

- Paddy Power Betfair merger fully agreed
- Amaya launches StarsDraft
- Caesars fined over money laundering controls
- Columnist: Phil Shaw on fantasy football

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TOP STORY

GVC SET TO WIN BWINPARTY BATTLE

888's previous agreement with BwinParty is off



Photo: Mike Ellis Photography

BwinParty chairman Philip Yea

The boards of online gaming group GVC and BwinParty have reached an agreement on the terms of GVC's approximate £1.12bn recommended offer for the operator. GVC is set to acquire the entire issued and to be issued ordinary share capital of BwinParty, with the BwinParty board withdrawing its prior recommendation for shareholders to accept the takeover offer from 888 Holdings. 888 and BwinParty agreed the terms of a takeover deal worth approximately £898.3m in July.

The BwinParty directors will now recommend that the firm's shareholders vote in favour of the GVC deal. As a result of the BwinParty board's change in recommendation in favour of the GVC bid, the 888 takeover agreement has been terminated.

888 announced on the same day as the confirmation of BwinParty's agreement with GVC that "it cannot see sufficient value in BwinParty to warrant a revision to its offer. Consequently, 888 confirms that it is no longer in discussions regarding the acquisition of BwinParty."

BwinParty then confirmed on Wednesday: "The court meeting and the general meeting to be held on 29

CONTINUED ON NEXT PAGE ►

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September 2015 in connection with the scheme of arrangement relating to 888's offer for BwinParty will be adjourned indefinitely."

GVC's offer represents a value of approximately 129.64p per BwinParty share, with BwinParty shareholders entitled to receive 25p in cash and 0.231 new GVC shares for each share they hold. GVC will partially finance the cash portion of the deal through a €400m loan from investment firm Cerberus Capital Management.

BwinParty chairman Philip Yea said: "In recommending the offer from GVC, the board has taken into account many factors including, but not limited to, the headline value per share and the consideration being offered, the level, timing and deliverability of the financial synergies to be generated and the enlarged group's growth strategy in an increasingly competitive marketplace.

"After a carefully managed and diligent review process, the board has withdrawn its recommendation for the 888 offer and is now advising BwinParty shareholders to vote in favour of the offer from GVC."

KEY POINTS

- GVC Holdings has agreed to acquire BwinParty for approximately £1.12bn
- The offer represents a value of 129.64p a share
- 888's agreement to acquire BwinParty has been terminated

M&A

PADDY POWER BETFAIR MERGER FULLY AGREED

Deal can now proceed and should be finalised early next year

Operators Paddy Power and Betfair have agreed the terms of a recommended all-share merger to create Paddy Power Betfair, which had previously been agreed in principle.

Following the previous announcement of the plans in August, it has been

confirmed that Paddy Power shareholders will own 52% of the merged entity, with Betfair shareholders owning 48%.

The merger is expected to be completed in the first quarter of 2016 and it was confirmed by Betfair CFO Alex Gersh at an investor and analyst presentation that it expects the combination "to be accounted for as an acquisition".

Betfair shareholders will receive 0.4254 new Paddy Power Betfair shares in exchange for each Betfair share. Paddy Power Betfair will be headquartered in Dublin. Breon Corcoran [pictured] will be CEO of the new firm.

KEY POINT

- Paddy Power and Betfair's merger can now be completed after previously being agreed in principle



ONLINE

AMAYA LAUNCHES STARS DRAFT

Amaya enters the DFS market following Victiv acquisition

Provider Amaya Gaming has entered the daily fantasy sports (DFS) market

with the relaunch of Victiv as StarsDraft. Amaya acquired Victiv in August.

StarsDraft will operate under Amaya's PokerStars brand. Victiv's prior user base are still able to log in with their Victiv usernames and passwords while retaining their existing balances and loyalty status.

A statement on the StarsDraft website reads: "We look forward to continuing to offer the same high standard of customer support, player engagement and product innovation under our new brand."

StarsDraft is in the process of adding a single sign-on functionality so that all

previous PokerStars players will be able to join the DFS site. StarsDraft will no longer be accepting sign-ups or deposits from players in Michigan or Canada, with a 120-day wind down period for players affected beginning on 3 September.

KEY POINT

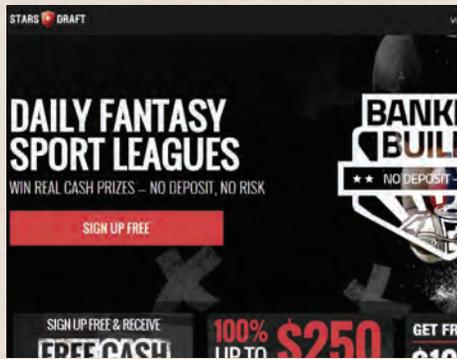
- StarsDraft, Amaya's DFS brand, has officially launched

and private gaming salons reserved for Caesars' wealthiest clientele.

FinCEN director Jennifer Shasky Calvery [pictured] said: "Caesars knew its customers well enough to entice them to cross the world to gamble and to cater to their every need. But, when it came to watching out for illicit activity, it allowed a blind spot in its compliance programme."

KEY POINT

- Caesars Entertainment is to pay an \$8m civil penalty for violating the Bank Secrecy Act in relation to money laundering prevention



US

CAESARS FINED \$8M OVER "DEFICIENT" MONEY LAUNDERING CONTROLS

Civil penalty to be paid for violating Bank Secrecy Act

Operator Caesars Entertainment is to pay a civil money penalty for having "severely deficient" measures to prevent money laundering at the VIP rooms at Caesars Palace in Las Vegas. It will pay \$8m for its "wilful and repeated" violations of the Bank Secrecy Act.

The US Treasury's Financial Crimes Enforcement Network (FinCEN) said the operator allowed for a blind spot to exist in its compliance programme



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GUEST COLUMNIST

**"FANTASY FOOTBALL:
BELIEVE THE HYPE?"**

by Phil Shaw
*Commercial
director, Fantasy
iTeam*

"We seem to be entering a new phase of fantasy sports hype recently as we start to see new money being raised and huge valuations talked about. We've been monitoring the situation closely and believe that there are a number of questions yet to be answered. The question is who will find the answers fastest?"

Brands like DraftKings and FanDuel have enjoyed huge success within the US, however you can argue this was achieved against a backdrop of minimal online cash play games and therefore demand was there for the taking. Combine that with a focus on US-specific sports like American football and baseball, and straight away there was a huge amount of cash ready to be placed on what was a very exciting new game format at the time. Both of these companies are now linked with \$1bn+ valuations despite unproven expansion outside the US and either no or minimal profits.

Having monitored several new European fantasy football brands over recent years, which are all trying to emulate US-style cash play formats but applying them in the UK and Europe, we just see empty rooms, badly formatted games and generally

very poor product executions. So we're still wondering what the US-centric success story brands are going to bring to the UK/European table that either doesn't already exist or that hasn't failed already.

Amaya are jumping on the bandwagon too through their Victiv acquisition and the recent launch of StarsDraft by PokerStars. We assume they will be cross-selling users from other declining verticals in order to boost lifetime values again, but whether they are going to really take on the two big boys immediately is open to debate. They certainly have a powerful database which they can leverage, while this also gets the PokerStars brand back into the US, albeit not with poker.

So what are the big brands going to do with their magic wand to really make fantasy games work beyond US shores? If I knew that answer I probably wouldn't be writing it as part of this article! They have the liquidity to potentially offer very big prizes, but I'd be surprised if the big known brands truly have the answer yet.

At Fantasy iTeam we've taken a very different approach to fantasy football in the UK. Firstly, it's entirely mobile first – meaning the rules, interactivity, UI and marketing is all about mobile. Secondly, Fantasy iTeam is not cash play (yet), meaning it has now built the essentially required liquidity needed with almost one million registered users. The final ingredient, which is key, is to create a very sticky product that users love to play, regardless of whether they win or lose during a particular week.

The fact is, nobody knows if, or in which format, cash play fantasy

football (soccer) is going to work in the UK and Europe until it really kicks off and goes big. What I can say is just look at the many examples out there today – they are your guide on what not to do.

What makes this a really exciting space at the moment is the fact that betting consumers in mature markets really are now looking for exciting new cash play products. Affiliates are looking for fresh brands to work with too. So the demand will be there if the right product and business model comes along.

We're definitely going to enter the cash play fantasy football market at some point, however first we'll launch our proven social fantasy football model within the US for MLS.

Phil Shaw joined Fantasy iTeam in 2011 to spearhead marketing and B2B partnerships for the social fantasy football game on iPhone, iPad, Android and Facebook. Phil is also managing director of the successful online gaming and marketing consultancy Think Gaming, based in Jersey.

Would you like to be featured as a guest columnist in *GI Friday*? Get in touch with your topic ideas and you could appear on these pages. Write to: editor@gamblinginsider.com

COMING SOON: Look out for the September/October issue of Gambling Insider's print magazine, featuring a Player Special as we take a journey into the mind of the modern gambler to uncover their most notable trends, behaviour and desires

