



WEEK 31

FRIDAY 29 JUL 2016

THIS WEEK

- Las Vegas Sands H1 revenue falls
- 888 and Rank Group mull over Hills bid
- FanDuel secures UK gambling licence
- Guest column: Ari Lewski, Digital Sports Tech

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TOP STORY

NO SURPRISES IN LADBROKES CORAL RULING

CMA confirms that between 350 and 400 shops must be sold to complete the planned merger



As expected, the Competition and Markets Authority (CMA) has ruled that Ladbrokes and Gala Coral must sell around 350-400 shops in order to complete their planned merger.

The announcement is the CMA's final report on the matter. Where this report differs from its provisional findings published in May is that the situation has developed from Ladbrokes and Gala Coral possibly having to sell 350-400 shops to confirmation that the sale of those shops is required.

Gavin Kelleher, Gambling Sector Analyst at Goodbody Stockbrokers, told *Gambling Insider*: "This is completely in line with what we expected. Back in November we calculated that 395 shops would have to be disposed of for the detail to go through so it's definitely in line with that projection. I think when everything goes through that the final number of shops will be towards the lower end of the range."

The CMA has identified 642 local areas where competition could be substantially lessened as a result of the merger.

"In certain cases you may be able to dispose of one shop, that not only deals with one substantial lessening of competition concern but two," added Kelleher. "It's dependent on the shops that are sold; some of the divestments could answer more than one question."

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As for who is likely to pick up the sold shops, Kelleher said: "I think we've all seen the press reports, and there has been heavy speculation that Betfred are interested, and Boylesports have also expressed an interest. I think it's an interesting process for where the shops have to be divested, I don't think there's going to be a shortage of people looking at these shops. I think they'll be sold at an attractive enough valuation.

"This deal makes sense – we've always said that from the start. It's a business which has a growing online presence, has its roots in sports betting which we think is the key vertical for operators to be involved in, and pretty decent cost-synergy benefits come through from it, so it is a deal we like and we're happy to see it go through the relevant regulatory process".

KEY POINTS

- The CMA rules that Ladbrokes and Gala Coral must sell 350-400 shops in order to complete their planned merger

- A total of 642 local areas were identified by the CMA where competition could be substantially lessened by the merger
- The merger is expected to be completed in the Autumn

FINANCIAL**LAS VEGAS SANDS RECORDS H1 REVENUE CONTRACTION****Macau's ongoing decline impacted the operator's results**

A "challenging Macau market" contributed to a 12% decrease in Las Vegas Sands' casino revenues to \$4.1bn for the six months ended 30 June.

Minor contractions in net revenues were reported for The Venetian Macao, 7% to \$1.42bn, and Sands Cotai Central, 18% to \$1.003bn, showcasing the difficulties in a market where gross revenue for Macau casinos has dropped year-on-year for the past 25 months in succession.

However, the decline rate has slowed this year, with June's year-to-date revenue being 107.79bn patacas (\$13.49bn), an 11% fall, as opposed to a 37% downturn at this point last year.

Sands Chairman and CEO Sheldon Adelson said: "The operating environment in Macau remained challenging during the quarter; but we do see signs of stabilisation, particularly in the mass market. Our mass gaming revenues in the month of June 2016 increased versus the same month in 2015, the first year-on-year monthly mass gaming growth we have experienced in nearly two years."

Net income for the period fell 33% to \$803.4m and earnings per share went down \$0.41 to \$0.82 on both a basic and diluted basis.

MERGERS AND ACQUISITIONS**888 AND RANK IN JOINT TAKEOVER TALKS WITH WILLIAM HILL****Consortium has less than one month to make a formal bid**

Rank Group and 888 Holdings have confirmed that they are considering a joint takeover offer for William Hill.

"The consortium sees significant industrial logic in the combination, through consolidation of their complementary online and land-



based operations, delivery of substantial revenue and cost synergies and from the anticipated benefits of economies of scale," 888 and Rank said in a joint statement.

The operators two also said that no formal offer has yet been made to the board of Hills, warning that there is no certainty that an approach will take place.

British takeover guidelines dictate that Rank and 888 must now make a formal offer by 21 August.

FINANCIAL

UNIBET ENJOYS BUMPER H1

EBITDA and profit after tax both up by nearly 50%

The success of UEFA Euro 2016 propelled Unibet to increase its gross winnings revenue by 59% year-on-year to a record £249m for the first six months of 2016.

EBITDA climbed 46% to £48.7m, profit before tax rose 43% to £37.9m and profit after tax also ascended 43%, going up to £33.5m.

For the second quarter, the operator's gross winnings revenue total also set a record, moving from £156.6m to £249m.

Unibet's number of active customers was 1.1 million at the end of the quarter, up from 603,528, with 216,515 of those total customers being from iGame Group and Stan James Online, two businesses Unibet acquired last year.

DAILY FANTASY SPORTS

FANDUEL GAINS A UK LICENCE

The DFS operator is primed for its UK launch

FanDuel is now on track to carry out its plans for a UK launch, after being granted a licence by the Gambling Commission (GC).

The daily fantasy sports operator told *Gambling Insider* in May that the UK launch was planned for August, but no official announcement could be made as the move was still provisional.

FanDuel's licence status with regards to remote pool betting on the GC's website has changed from pending to active, though it was already fully-licensed to operate remote gambling software.

The GC confirmed to *Gambling Insider* that FanDuel has now been granted a licence.

While FanDuel has not made an announcement on being granted a licence, it has confirmed a new partnership with sports data provider Opta ahead of an August launch, which will be in time for the start of the new Premier League football season, in order to track live performance statistics.

This follows a run of beta contests during UEFA Euro 2016.

The UK licence application began at the back-end of last year and DraftKings, FanDuel's competitor, launched in the UK in February.

FanDuel CEO Nigel Eccles told VentureBeat in May that FanDuel UK will be football-only but could expand to other sports further down the line, and would be ring-fenced.

The UK launch has only been referred to as a "fantasy football product" by FanDuel.

This would contrast with DraftKings UK, where a range of sports are offered, as well as eSports, and it appears pools are shared between North America and the UK.

THIS WEEK IN NUMBERS

The facts and figures that have caught our eye in the past seven days



The number of events the International Olympic Committee's Integrity Betting Intelligence System will cover at the Rio 2016 Olympics



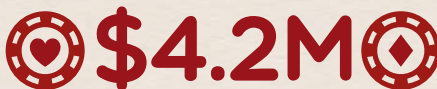
Nationwide revenue for Native American owned and operated gaming facilities in 2015



Year-on-year fall in Betsson's net income for the second quarter, down to SEK 146.4m (£12.9m)



Betfred's market share of premises in Great Britain if it were to buy 400 Ladbrokes Coral shops, according to the latest Gambling Commission figures



PokerStars' New Jersey revenue for its first three full months back in the state



The annual figure expected to be generated by a 2% increase in table games revenue tax in Pennsylvania



Surge in William Hill's share price when trading began on Monday, up to 346.9p



The number of Premier League clubs that will have their shirts sponsored by gambling companies during the 2016/17 season

GUEST COLUMNIST

HOW A PERSONALISED PRODUCT CAN HELP YOU STAND OUT FROM THE CROWD



By Ari Lewski
Executive
Director, Digital
Sports Tech

We have seen over the course of the recent UEFA European Championship that the sports-betting sector has never been more competitive.

With marketing budgets stretched as operators fight fierce pricing and bonus wars, product is once again emerging as a genuine alternative to stand out from the crowd.

Since the advent of cash-out a few years ago, sportsbook has been searching in vain for a game-changing innovation.

I would argue that innovation is already happening, and while it may not be as headline grabbing as cash-out was, it is arguably having a greater impact on the way operators interact with customers.

The gaming industry is not the only business sector to talk about the importance of personalisation. We've seen online retail very successfully tap into the deeper understanding of customers they have acquired to deliver a tailored experience. Those which have done this particularly well, such as Amazon, have reaped the rewards.

For sportsbooks, the challenge is greater than it is for retail. We are not offering our customers a static catalogue

of products, but rather an ever-changing offer of fluctuating propositions. Targeting the right content at the right player is a massive undertaking.

There is a fine line to tread when it comes to personalising and curating a player's betting experience. While it is vital to serve up propositions which are relevant, prematurely pigeonholing a user is a sure way to throw away value.

There are a number of different approaches to this challenge. Digital Sports Tech's recently-launched product Player Props, for instance, lets sportsbook users create their own proposition bets on any player and statistic for a range of sports. The process is fully automated as to not place added pressures on trading teams.

What we have found from early usage data is that when presented with the complete freedom to create tailored bets, many users opt to place wagers on outcomes which wouldn't be considered headline bet types.

Take the recent NBA Finals, where 60% of the player-centric wagers were not placed on the two most high-profile players, LeBron James and Steph Curry, but rather on their various teammates.

What this shows is that a very basic level of personalisation is unlikely to be competitive in the long run. It is not enough to segment players into broad groups and assume you are speaking directly to the user.

Certainly pushing opportunities to bet on Manchester United to a Manchester United fan is beneficial, but it is only really scratching the surface of the complex relationships which determine what a sports fan chooses to bet on.

Instead, the secret to truly engaging customers with your product is to offer them greater autonomy and choice over their experience.

While there are clearly benefits to building up a deeper understanding of users, ultimately they know themselves better than you ever will.

So offering a full service, where the user can customise exactly what they bet on and how they bet on it, has to be the way forward. This is the level of service customers now expect in most comparable industries, and gaming must follow suit to keep pace.

Once we hand the player this freedom, I think we will start to see some unexpected trends develop. For one, I don't believe niche bet types will necessarily cannibalise more traditional markets.

There is an appetite among a growing segment of punters for something beyond 1X2 or first goalscorer markets, and I can see this driving much of sportsbook's growth in the coming years.

Handing this level of choice to the user will also pay off from a marketing perspective. The opportunity to be all things to all players will enable operators to do what they do best: focus on selling their brand.

Shrinking margins and increased competition might not be welcomed by all, but I see a bright future for sportsbook as technology allows us to offer a fuller, more automated and less restrictive proposition to users.

Those who succeed will need to find innovative and creative ways to differentiate and hand control back to their players. Only by offering genuine choice will you be able to truly engage the sportsbook punter of the future.

Ari Lewski joined Digital Sports Tech in 2013 having formerly worked in accounting and finance has been instrumental in the development of their Player Props product that was launched in May this year

OUT NOW: The July/August issue of *Gambling Insider* is out in print and online. The unique nature of human resources in gaming, lessons to be learned from the 50-year history of Caesars Palace, and how the industry should fight back against the press are some of the key issues discussed

