



WEEK 35

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THIS WEEK

- 888Sport launches unique geo-tech game
- Sportradar teams up with the NHL
- Rank reports pre-tax profit is up 15%
- Guest column: Sam Brown, NetEnt

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TOP STORY

ANALYSTS UNSURE ON WYNN PALACE

New Macau casino opened to fanfare, but what effect will it have on falling revenues?



Macau's newest casino, Wynn Palace, had its grand opening last Monday, and analysts have outlined mixed thoughts on how the casino will perform.

The casino, situated in Cotai, was unveiled by Wynn Resorts Chairman of the Board and CEO Steve Wynn and the ceremony was officiated by Macau Special Administrative Region Chief Executive Chui Sai On. It is reported that the resort cost \$4.1bn to develop.

Wynn Palace opens at a difficult time for the Macau market, which has seen its monthly casino gross revenue decline year-on-year in all of the last 26 months, with the H1 2016 total being 107.79bn patacas (£10.24bn), down 11%.

Grant Govertsen, Managing Director, Equity Research at Union Gaming Securities Asia, told *Gambling Insider*: "Wynn Palace certainly takes Macau to the next level in terms of delivering a product that is of higher quality than has ever been seen before in IR development. The question remains whether it will be enough to generate incremental demand for the market."

Morgan Stanley Equity Analysts Praveen K Choudhary, Alex Poon and Thomas Allen said in a note:

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“What we liked: The casino is tastefully and elegantly built for customers with aspiration. It definitely has the best hardware, which should be complemented by Wynn’s culture of service quality (consistent Forbes awards). The project is fully ready, retail space (200k sq. ft.) is let with rental rate of 15%, and hotel booking is over 80% full in the first few weeks. Hotel rates command a premium to most hotels in Macau and are 20-30% above its own Peninsula properties.

“Our concerns: The product caters to higher-end customers (VIP and premium mass), which have not been growing in the last two years. Also, it could cannibalise its own property in both the premium mass and VIP segments (overlapping junkets include Suncity, Guangdong and Tak Chun). Despite superior product, Wynn may be disadvantaged by having less smoking tables than peers.”

KEY POINTS

- Wynn Palace opened in Macau on Monday

- Union Gaming Securities Asia’s Grant Govertsen calls the casino higher quality than IRs developed previously, but is unsure about its potential impact on the market
- Morgan Stanley has praised Wynn Palace’s hotel rates but is concerned it caters too much to high-end customers

UK CASINO RANK GROUP PRE-TAX PROFIT UP 15% IN “SOLID” YEAR

Some positive results offset William Hill disappointment

Rank Group has posted a “solid set of results” for the 12 months to 30 June 2016, according to CEO Henry Birch, reporting pre-tax profit after exceptional items of £85.5m, a year-on-year increase of 15%.

Group revenue rose 2% to £753m, as did EBITDA before exceptional items, up to £128.2m. Revenue for Mecca Bingo contracted to £287.7m from £289.6m, although Rank’s revenue from its Grosvenor Casinos rose 4% to £438.6m.

Rank and 888 Holdings announced they were pulling out of a joint bid to acquire William Hill last week.

Birch told Reuters: “The company has been looking at M&A for the last 18 months and continues to do so, and there is definitely a focus on the digital arena for that.”

Birch also told The Telegraph of his plans to open a chain of up to 100 new bingo halls to attract a new base of younger customers, stating: “Just like people want convenience shopping there is an element of people wanting convenience gaming.”

SPORTS BETTING

888SPORT LAUNCHES FREE BET GAME COMPARABLE TO POKÉMON GO

Free bet offers will pop up around football stadiums

888Sport has launched a Pokémon Go-style geo-technology game that allows for football fans to search for free-bet offers when near to a stadium.

The Free Bet Hunt game is available via the 888Sport app and mobile website and gives players the chance to unlock exclusively free bets located around the stadium that are shown on a map and can then be claimed.

The game is partially in conjunction with the operator's sponsorship deals with four Sky Bet Championship clubs – Birmingham City, Brentford, Nottingham Forest and Preston North End – but 888Sport said the product will also be used around Premier League fixtures.

Free bet offers provided by the game are not just available to match-goers, as the prizes will only be available in the surrounding areas outside stadiums as opposed to inside stadiums.

INTEGRITY

SPORTRADAR'S INTEGRITY SERVICE PARTNERS WITH NHL Provider can monitor NHL betting trends

Sportradar has partnered with the NHL to offer the North American sports league its Fraud Detection System (FDS) service.

The FDS monitors betting patterns on sporting events with over 550 operators and can notify analysts with alerts when

flagging up sizeable changes in betting patterns.

Sportradar is already a third-party data provider for the NHL as well as the NFL, and was reported to be close to agreeing a six-year data partnership with the NBA, worth \$250m, by Bloomberg earlier this month.

It will now be possible for Sportradar to track betting activity on all regular season and postseason NHL games.

Gary Bettman, NHL Commissioner, told Toronto's Sportsnet 590 in June that he is not concerned about gambling activity affecting the integrity of ice hockey, stating: "Our players are professionals. Their integrity, their values are right on, so that's not the issue from our standpoint."

FINANCIAL

PADDY POWER BETFAIR REPORTS 18% REVENUE RISE The first H1 results are mostly positive, despite operating loss post-merger

Paddy Power Betfair has posted its first set of interim H1 results, highlighting a rise in revenue of 18%, to £759m, and double-digit growth across its four core divisions.

Underlying operating profit grew 39% to £147.6m, although an operating loss of £48m was recorded after merger-related items. Online revenue went up 20% to £440m, while sportsbook stakes also grew by 20%.

Retail revenue jumped 12% to £147m, while takings from Australia and the USA experienced growth of 17% (£129m) and 16% (£43m) respectively. A 31% increase in underlying EBITDA added to the positive outlook presented by the H1 results, growing to £181m.

The operator also revised its expected timeline for achieving cost synergies of £65m to 2017, a year earlier than originally planned.

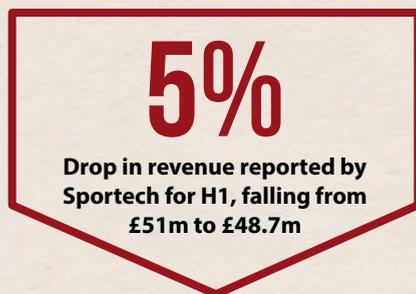
Breon Corcoran, CEO of Paddy Power Betfair, said: "The restructuring is now largely complete and the merger synergies are being delivered ahead of schedule."

THIS WEEK IN NUMBERS

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



Number of seasons for which Betway and West Ham have renewed their agreement for the operator to be the club's principal sponsor



Drop in revenue reported by Sportech for H1, falling from £51m to £48.7m



Amount of working capital raised by Nektan in its sale of three gaming brands to Buckingham HMB



The number of judges for this year's Global Gaming Awards. The 2016 Shortlist is out now



Years on 32Red's deal to sponsor the Sprint Cup at Haydock Park Racecourse



Total H1 revenue of Imperial Pacific Holdings, operator of Saipan's only casino



Price paid by Cherry's affiliate network, Game Lounge, to acquire industry affiliate Interclick Limited



Area in square metres of the Krasnaya Polyana gaming zone in Sochi, recently green lit by Russian PM Dmitry Medvedev



Gross gaming revenue posted for Q2 in the Spanish market, as reported by the nation's regulatory body, an increase of 56%

GUEST COLUMNIST

THE FUTURE OF LIVE CASINO



By Sam Brown
Head of Live
Casino, NetEnt

It has been 20 years since the first online casino was launched. Right on the cusp of the digital age, they soon took the world by storm. With roulette, poker and blackjack leading the way, online casinos across the globe soon signed up millions of players and, with every year that has passed, improving technologies have opened up the possibilities of more games, better gameplay and, more recently, mobile capability.

However, even with all this new technology flooding into the betting and gaming industry, it was live casino that brought the casino atmosphere to life for online players. With real people, on real tables, dealing the cards, live casino lands in the middle ground between online and retail, proving particularly popular with customers who have traditionally less experience of random number generated games and a desire to interact in a live environment. It's a successful recipe which continues to reap rewards for operators across the online space.

Reams of research shows that people are spending more time online than ever, and it's on smartphones where they're racking up the hours. With mobiles now the premier choice for surfing the net, it becomes crucial for developers to ensure that their games are designed with a

mobile-first mentality, and live casino is just the same.

For NetEnt, it's important to ensure that NetEnt Live, our successful live casino brand offering, continues to move with the times and makes the most of evolving player habits. We feel that designing for mobile is no longer optional for developers; it's a necessity. So, how do you bring something such as live casino – a product with inherently more technical complexity than an RNG game and traditionally enjoyed on a larger screen – successfully to mobile?

Every effort to keep those elements in which make live casino popular should be the first consideration. A core strength of the product is the ability to interact with other players and the dealer, so maintaining social capabilities is key. In the future, the level of interaction and realism will be taken to a whole new level, using virtual and augmented realities that are currently taking the gaming world by storm.

Another important consideration of any live game is trust, and maintaining the integrity of the game – the synchronisation of the audio, video and game interface – is everything. Keeping all the game elements synchronised across numerous devices, operating systems, browsers and connection speeds is crucial.

We must then consider design, keeping consistency across devices, working with smaller spaces and acknowledging the varying needs and interactions of users across their different devices. If developers simply copy and paste a desktop product into the small screen, they are destined for failure. Being successful in the mobile world requires nuanced, dedicated and knowledgeable design.

A simple example is to think about the way people use their mobiles – generally in shorter, more regular bursts than when compared with desktop, and seldom for a single function. How can the design and user experiences leverage this opportunity to enhance the product? How can we facilitate the multi-tasking environments that users crave?

There is no silver bullet, and instead we must engage in an ongoing relationship with our players, where they are given the forum to describe their needs. Technology and interfaces are changing much faster on mobile devices than they ever have on desktop, so we must take on an iterative cycle of improvement based on the voice of the customers, and subsequently sensitive product design.

The future for live casino is incredibly exciting, and improving technologies in the mobile space are destined to grow the live environment even further. Now is the time for suppliers to future-proof their existence and join the mobile revolution.

Sam Brown is Head of Live Casino at NetEnt, the leading digital casino entertainment provider. He is responsible for overall delivery of NetEnt's live dealer experience covering all aspects of technology, operations, development and marketing. He has more than 10 years' experience in betting and gaming

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

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

