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THIS WEEK

- **FanDuel/Draftkings merger blocked**
- **NY delays online poker decision**
- **Jamaica to accelerate online legislation**
- **LeoVegas moves into football sponsorship**
- **Guest Columnist: Simon Thomas, CEO and Chairman, Hippodrome Casino**

WEEK 25

FRIDAY 23 JUNE 2017

TABCORP-TATTS MERGER GETS ACT APPROVAL

The AU\$11.3bn merger was first announced in October 2016



The long running merger saga between Tabcorp and Tatts Group has moved closer to completion, as the Australian Competition Tribunal (ACT) finally gave the deal its seal of approval.

In a written summary confirming the ACT's decision, ACT President John Middleton said that the tribunal was "satisfied that the proposed merger is likely to result in substantial public benefits".

The AU\$11.3bn merger between the two was first announced in October 2016 and was subsequently passed to the Australian Competition and Consumer Commission (ACCC) for review and approval.

Subsequent long delays in the processing of this review led Tabcorp/Tatts to ask for the merger proceedings to be referred to the Australian Competition Tribunal and for testimony to be heard in Federal court. ▶

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SEPTEMBER

THIS WEEK IN NUMBERS



The expected increase in gross gaming revenue in Primorye, Russia, during the period 2016-2020

£23M

The total amount tabled in Catena Media's latest acquisition of German affiliate networks, Online Media and Newcasinos.com

HKD135M

The amount that ex-Tiger Resort Chairman, Kazuo Okada reportedly illegally loaned from a Hong Kong-based subsidiary of the group

Indeed, the ACCC had previously refuted Tabcorp/Tatts claims that the merger would be of significant benefit to the public and that resulting cost savings were "inherently implausible" and "speculative", claims which now appear to have been dismissed by ACT officials.

The companies have also had to deal with open opposition from other operators, notably the three that testified in court against the proposed merger, and several rival takeover bids from private equity firm Pacific Consortium, whose bids were eventually withdrawn.

Shaun McCamley, Head of Asia Operations at Global Market Advisors, spoke to *G* about the development: "I am sure the pubs and clubs will be concerned that the merger between the TAB and Tatts will give the merged company additional leverage through the broadcasting of Sky Racing.

"However on the upside, having the two largest Australian gaming groups come together as one entity could lead to a national TAB and turn Australia into one of the most profitable jurisdictions in the world, outside of Hong Kong. It is also possible that the merger will realise a lot

more revenue for the racing industry and they must be excited about that."

The deal will now be presented to company shareholders for approval, with the integration of the two entities expected to take approximately two years.

KEY POINTS

- The Tabcorp-Tatts merger has been green-lit by the ACT
- The tie-up will now be presented to shareholders for approval
- The merger has been met with substantial opposition from rival operators.

US TRADE COMMISSION LOOKS TO BLOCK FANDEUEL-DRAFTKINGS MERGER

The pair agreed to join forces in November 2016

Daily fantasy sports (DFS) titans FanDuel and DraftKings have seen their planned merger dealt a significant blow as the US Federal Trade Commission (FTC) filed suit to halt the deal.

The FTC, along with the attorney generals of California and the District of Columbia, will file a complaint in federal district court,



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The number of people arrested in Macau's latest online proxy betting ring bust



The amount Atlantic City casino revenue increased during the month of May



The decrease in gambling adverts appearing on illegal torrent websites over the last 12 months

moving to block the deal based on anti-trust concerns.

With a full administrative trial scheduled to begin on November 21, the FTC has sought a preliminary injunction to prevent the firms from tying the knot.

FTC officials stated that the merger would take 90% of the DFS business under one organisation, with Tad Lipsky, acting director of the FTC's Bureau of Competition, commenting: "The proposed merger would deprive customers of the substantial benefits of direct competition between DraftKings and FanDuel!"

DraftKings CEO Jason Robins issued a joint statement with his FanDuel counterpart, Nigel Eccles, registering their dismay at the development: "We are disappointed by this decision and continue to believe that a merger is in the best interests of our players, our companies, our employees and the fantasy sports industry."

online poker has taken several steps in the right direction over the past few weeks, the proposed bill has come up against yet another hurdle that will delay it until 2018.

Despite the fact that Senator John Bonacic's online poker bill, S3898, recently passed the State Senate by a 54-8 vote, the New York Assembly do not seem to have the same intentions with the proposed piece of legislation.

The bill was discussed by Assembly Democrats last week, however no decisive movements were made during this legislative session for the second consecutive year, which ended on Wednesday 21 June.

Assemblyman Gary Pretlow explained that the attempt to legalise online poker across the state faced some opposition, therefore the bill would not be given the green light in 2017. It was not made entirely clear as to what reasons were provided to oppose the bill.

Thus, the Empire State Assembly will not vote on the online gambling proposal as "there was some opposition; we'll pick it up next year more than likely", as Pretlow stated. ▶

NEW YORK'S ONLINE POKER BILL HITS THE WALL

It will now be held back until 2018

Although New York's attempt to legalise

The proposed date on which the Hard Rock International will reopen the former Trump Taj Mahal Casino



3,374



The number of jobs New Jersey's online gaming industry is generating according to a recent study

\$60M

The amount spent by US racetrack operator Churchill Downs on revitalising its 'Trackside' facility in Louisville Kentucky

JAMAICA TO ACCELERATE ONLINE GAMBLING REGULATION

The government has noted the iGaming industry's rapid growth

During the Caribbean Gaming Show and Summit, officials revealed that the Government of Jamaica is looking to fast-track the regulation of online gambling.

Jamaican Minister of Finance and Public Service, Hon. Audley Shaw told members at the conference that Jamaica intends to offer these in-demand services in a regulated and well-monitored environment.

Shaw said the Betting, Gaming and Lotteries Commission is drafting regulations for a licensing regime and providing regulatory supervision for iGaming operators, emphasising that the Government would implement effective measures to prevent money laundering and the financing of criminal and illicit activities.

Government officials hope the legislation will be drawn-up and approved before the planned three-way merger of the country's gambling regulators – the Betting Gaming and Lotteries Commission, the Jamaica Racing Commission, and the Casino Gaming Commission.

The three-way merger process is expected to be complete by the end of 2017 and would result in a single governing body known as the Jamaica Gaming Commission. The movement was initiated in a bid to improve the region's monitoring capabilities of the industry.

LEOVEGAS SECURES BRENTFORD SHIRT SPONSORSHIP

The deal will run for two seasons

Online operator LeoVegas has entered into a two-year partnership with Championship side Brentford FC, that will see its logo emblazoned on the team's home and away shirts for the 2017/18 and 2018/19 seasons.

Replacing 888 Sport, LeoVegas branding will also feature on selected training wear and around Griffin Park, covering the club's final two years at the ground before their move to the Brentford Community Stadium.

The deal enhances LeoVegas' growing array of sporting partnerships, having become the official betting and gaming partner of Rugby Union team Leicester Tigers in January 2017. ◀



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STATE OF LOUISIANA BOUNCES BACK

Louisiana gaming revenues in May grew a strong 5.35% as the state bounced back from 2016's flooding.

Among the companies that benefited from the recovery was Pinnacle, with its properties in Lake Charles and Baton Rouge jumping more than 20%. PNK's total statewide rise was 19.44%.

In New Orleans, Caesars led the charge in growth with its Harrah's New Orleans, up 8.36% as it has opened its outdoor gaming area to offset the declines resulting from the Orleans Parish smoking ban.

May's calendar was neutral in terms of Fridays and Saturdays in 2017, with eight weekend dates both this year and last.

On the right is a breakdown of revenue by property and area in Louisiana, while below you can see this week's big movers in the US stock market.

Property	Revenue (m)	% change
<i>Shreveport/Bossier City</i>		
Harrah's Louisiana Downs (CZR)	\$3.952	+10.27
Margaritaville/ Bossier City	\$13.546	+9.53
Horseshoe (CZR)	\$14.944	+0.99
El Dorado (ERI)	\$10.579	-2.24
Sam's Town (BYD)	\$6.537	-5.92
Boomtown (PNK)	\$5.153	-6.40
Diamondjacks (Legends)	\$3.431	-9.86
SP/BC Total	\$58.142	+0.54
<i>Lake Charles/Vinton</i>		
L'Auberge (PNK)	\$27.660	+30.55
Golden Nugget (Landrys)	\$22.906	+0.53
Isle of Capri (ERI)	\$9.883	-0.66
Delta Downs (BYD)	\$15.382	-2.28
LC/Vinton Total	\$75.831	+8.86
<i>New Orleans</i>		
Harrah's (CZR)	\$25.220	+8.36
Boomtown (PNK)	\$10.448	+8.26
Treasure Chest (BYD)	\$9.400	+3.92
Fair Grounds (CHDN)	\$3.212	-11.64
NOLA Total	\$48.280	+5.86
<i>Baton Rouge/Central LA</i>		
L'Auberge Baton Rouge (PNK)	\$15.159	+20.62
Belle of BR (TPCA)	\$5.355	+5.95
Hollywood BR (GLPI)	\$5.745	+4.85
Evangeline Downs (BYD)	\$7.409	+1.26
BR/C.LA Total	\$33.667	+10.69
<i>Elsewhere</i>		
Amelia Belle (BYD)	\$3.632	-4.70
Routes, Truck Stops, OTBS	\$49.071	+2.98
State total	\$268.623	+5.35
<i>Multiple property companies</i>		
Pinnacle	\$58.420	+19.44
Caesars	\$44.115	+5.91
Boyd	\$42.360	-1.17

US STOCKS

Several gaming companies saw stocks hit 52-week closing highs this week

Company	Closing High as of Wednesday
Churchill Downs	\$183.70
Melco Resorts	\$23.79
Gaming and Leisure Properties	\$37.37
MGM Resorts	\$33.18
MGM Growth Properties	\$29.20
Scientific Games	\$26.75
Las Vegas Sands	\$66.12
Everi	\$7.27
Wynn	\$138.42

GUEST COLUMNIST:



SIMON THOMAS

CEO AND CHAIRMAN,
HIPPODROME CASINO

MANY HIPPO RETURNS

As The Hippodrome Casino prepares to celebrate its fifth birthday, Thomas takes a look at how new legislation paved the way for a new breed of UK 'casino & entertainment venue'

On 25 December in the UK you're not allowed to open a casino.

So as we approached Christmas Day 2012, and for the very first time since opening on 13 July that year, I thought I'd try to lock the front door. I soon realised I didn't actually know how.

There was a big lock. But no big key to fit it. Quite simply, no-one knew how to close the Hippodrome.

And I still can't think of a better metaphor for the business.

We're sited on Europe's busiest pedestrian thoroughfare on the northwest corner of Leicester Square, with a secondary entrance into the heart of the largest Chinese community outside mainland China. I'd challenge anyone to find a better location in the whole of the UK.

There are six bars – we're the West End's largest licensed premises; a 200-seat cabaret theatre; a steak house recently judged the best steak restaurant in London; a two-tier smoking terrace, a poker deck.

And three floors of casinos, each with their own unique identity; there's no denying it, The Hippodrome is a great beast of an operation.

But we're only here because of the changes to the Gambling Act of 2005. We interpreted the opportunities this presented with unfettered enthusiasm (and perhaps on reflection no small amount of naivety).

The stress and sleepless nights have made way for one of the steepest learning curve in casino history. Because this is brand new territory.

It's all very different to when my father shut down a casino he owned in the Midlands in the 60s because he was fed up of all the restrictions that stopped casinos also being fun.

On taking possession of one of the capital's most iconic theatre venues – a stage that had seen a century of landmark performances (Charlie Chaplin appeared in the opening night's cast) – it was a tough six-year journey to transform it into a preeminent gambling venue.

Permissions, endorsements, licenses, support. We navigated a thousand meetings and batted away local casino opposition.

We invested £40m-plus in private funds, and opened with the notion we might attract 12,000 people a week in the first month.

The actual figure was something nearer 20,000. And five years on, as we storm towards celebrating our fifth birthday on 13 July, we sometimes approach 40,000 a week.

As I write this, sitting overlooking the Grand Casino floor, I'm struck by how different things look, and feel, five years in.

I'm often asked, knowing what I do now, whether I'd do it again. Of course I would. I'm the luckiest man in London. But I'd be even more ambitious, because in the last five years we've got a very different business from the one I opened.

Like any owners of an unfamiliar property, we've shifted the furniture several times, knocked down walls and re-imagined areas several times over. And now they work much better.

We opened the (un-lockable) doors on a venue built to take full advantage of the changes in the Gambling Act, which delivered massive benefits; membership rules changed, you can now just walk in; you could now advertise; you could now entertain; in short, you could inject some fun and entertainment alongside the gambling.

So ten years on from the new Gambling Act, what differences have these – dare I say it - more enlightened attitudes to the casino sector meant for the Hippodrome?

In short, we were able to challenge perceptions. And to get people to consider casinos as an option for a fully-rounded entertainment experience, not a slightly daunting adventure.

Born in 1965 I grew up when casinos were firmly placed in one of two camps; the higher end Mayfair clubs shrouded in an almost impenetrable mystique and an even tougher membership policy; or basement gambling joints that often needed a lick of paint.

Shrugging off such entrenched perceptions is still quite tough, and there's a great deal of PR work still to be done.

This is made tougher when others in the UK gambling industry muddy the pitch with dangerous practices that see members of the public able to bet £100 every 20 seconds on a machine – the FOBT - that has wrought misery on the high street and done severe damage to the reputation of the UK gaming industry.

Hopefully, some of that damage can be undone with the announcement of the long-delayed Triennial Review, due imminently. And that the Government can be allowed to "strike the right balance between allowing the industry to contribute to the economy and enable people to bet responsibly whilst ensuring consumers and communities are protected". And as for the next five years? Well, if they have been as much fun as the last five, I'm in for a great time!

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