



WEEK 35

FRIDAY 31 AUG 2018

LEOVEGAS ITALY MD: GAMBLING AD BAN HAS BACKFIRED

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THIS WEEK

- State lottery coming to Mississippi
- More board disruption at Cherry
- MGM Resorts and PlaySugarHouse launch online sports betting in NJ
- Paid loot boxes on the way out in Belgium

GUEST COLUMNIST:

Paul Clay, Sales Manager for National Accounts in Banking and Security, Cummins Allison



As of 7 August, Italy's parliament voted to outlaw gambling advertising, with 155 votes in favour and 125 votes against.

The advertising ban came coupled with the 'Dignity Decree,' which was first proposed back in June by Italy's Deputy Prime Minister and leader of the populist Five Star Movement, Luigi Di Maio.

This ban makes it illegal to advertise gambling products and services on the internet, radio and TV.

One of the operators to publicly challenge the Italian government on its decision to outlaw gambling advertising is LeoVegas and its Managing Director for Italy, Niklas Lindahl.

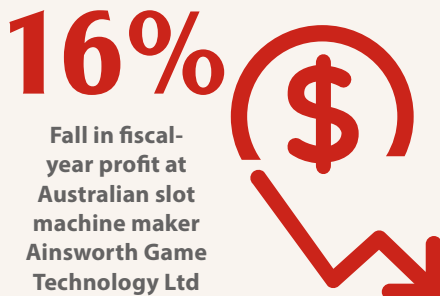
The ban will come into effect on 1 January 2019. However, companies that are engaged in advertising or marketing contracts and agreements that run over this date will be given until 30 June 2019 to fulfil them.

In an exclusive interview, Niklas Lindahl told *Gambling Insider*: "Since the ban became active, it says that whoever has the contract in place can continue until July next year. So until summer next year you can continue doing advertising with the contracts you still have, and from that point of view, the marketing can continue." ▶

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THIS WEEK IN NUMBERS



€1.58bn



However, in the lead up to the Italian government's decision, both Google and Facebook made the premature decision to remove licensed gambling operators from their advertising services to comply with the ban.

Lindahl described this as a "hard blow" to operators in Italy, as this is essential when it comes to "being able to reach out to your fan base through Facebook."

Lindahl went on to say: "This is a premature and unnecessary blow, because adverts on Facebook could have continued until summer next year.

"All of the operators have contracts with TV stations and radio and so on, and so now thanks to this decree, the marketing is as heavy as it can be on these channels, which has given a counter-productive effect compared to what the government wanted."

The government proposed the ban in the first place to curb the issue of problem gambling and gambling addiction among citizens, as it believes consumers are heavily influenced by gambling advertising.

"The government wanted to decrease commercial advertising but instead, due to the window of opportunity, all the operators now try to market as hard as they can, so actually the marketing seems to be more intense now than before the ban," Lindahl added.

Just days after Google and Facebook removed the licensed operators from their advertising services in Italy, illegal and unlicensed operators quickly took their place at the top of both the search engine and social media platform.

Lindahl said: "I spoke with Google and Facebook, and said: 'Hey guys, have you seen what this has done?'

"They ban all legal operators, but then they give space to non-legal operators. This is insane. We also informed the government. We sent letters to the government, saying: 'Hey, it happened. Exactly what we said would happen, the legal operators disappeared from Google and Facebook leaving only illegal operators, do you see what you have done?' Of course, no one responded."

LeoVegas is still set on sitting down with the government to discuss the intricacies of the advertising ban and highlight just how bad things could become for the market.

If the government is not willing to respond, LeoVegas has plans to take this to the European Union.

Lindahl said: "At LeoVegas, we are working on a European Union level now. We have filed a claim and the European Commission is working with this claim, because this decree has violated several EU laws."

[Click here to read the full interview:](#)



MISSISSIPPI MAKES U-TURN TO APPROVE LOTTERY BILL

The Mississippi House has passed a bill which will allow the creation of a state lottery, against the opposition of religious groups.

This marks a u-turn, as the bill was originally defeated after the House voted 60-54 against, and there was no formal debate on Tuesday.

Some representatives changed their votes to pass the bill, voting 58-54 in favour, and it is reported some changed their vote under pressure from local constituents.

The bill has been pushed by Governor Phil Bryant for more than a year, arguing the state needs the funds to carry out much-needed improvement to road networks.

The Governor tweeted: "This is a historic day for Mississippi. Lawmakers rose to the occasion and passed the last part of a sustainable infrastructure funding mechanism that will also provide additional money for public education."

An unlikely partnership between casino operators and religious groups opposed the bill, calling the lottery a "regressive tax" on one of the poorest states in the US. Casino operators were against the implementation of lottery terminals outside of casinos in places like service stations.

Tuesday was the fourth day of a special session called in by Governor Bryant, in a plea to generate more funds for road infrastructure, as more than 400 bridges in the Magnolia State are closed and in desperate need of repair. The state's Department of Transportation says it needs at least \$400m extra funding per year just to keep state highways from deteriorating further.

It is expected the lottery will take up to a year to get up and running, and could add up to \$40m in the first year and \$80m in subsequent years.

OCTOBER 2018
MORE INFO COMING SOON

AFFILIATES REGISTER YOUR INTEREST

THE GREAT AMERICAN HUDDLE



\$1.5bn

Spending on gaming, entertainment and sightseeing in Singapore for Q1 this year (US\$1.1m)



Size of Suncity Group's stake in a Vietnam casino and resort after completing its acquisition



€89.8m

Total sports betting handle for Q2 in Portugal, a €22m increase from last year



CHERRY AB BOARD MEMBERS DEPART AMID INSIDER TRADING PROBE

Cherry AB has lost another two directors amid allegations of illegal insider trading.

Anna Bergius and Claes Ruthberg both notified the online operator's Chairman, Morten Klein, resigning their board seats with immediate effect. They both insisted their decision was the "best alternative" for the company given the current situation in regards to the investigation.

The release stated: "Their decision was based on receiving a notice from the Swedish Economic Crime Authority, informing the two board members about the authority's suspicion of crime committed by them in connection with the investigation that was initiated in May 2018 of alleged insider crime carried out by the former CEO, Anders Holmgren."

Holmgren was fired in May, just days after the investigation became public knowledge. He is accused of buying a

significant number of his company's shares ahead of a favourable first-quarter earnings report, the details of which ran contrary to the profit warning the company issued last November due to issues integrating its new ComeOn asset.

Following the departures of Bergius and Ruthberg, the Cherry board of directors now consists of four members. Klein has been in contact with the Nomination Committee to initiate the search for additional board members.

Klein and corporate governance continue the leadership search for Holmgren's replacement. Gunnar Lind was named acting CEO following Holmgren's departure, and has made a concerted effort to boost results with "expansion and investment."

Despite the suppliers' legal woes, the company reported profit of SEK 180m (\$19.6m) for the first half of 2018, up from SEK 51m a year earlier.

THE WEEK IN QUOTES

“The Gaming Authority sees Jansen and van Buchem as the right people to continue the course taken by the KSA and to lead the organisation through the planned modernisation of the gaming policy.”

The Dutch Gambling Authority on the appointments of René Jansen as its new Chairman and Bernadette van Buchem as new Vice Chair

“This will be done not with the aim of minimising the number of facilities but to provide maximum protection to the players.”

Vladimir Mukvich, the Belarus Deputy Tax and Duties Minister, on the country’s new online gambling legislation, putting in place strict conditions for operators

“There is consensus that the appropriate tax on sports wagering is on net revenue and sports leagues will not receive any fees. [An integrity fee] doesn’t meet with goals of protecting its citizens and generating new revenue.”

Senator Julian M. Carroll on a sports betting integrity fee in Kentucky

THIS WEEK'S WINNERS AND LOSERS

WINNERS

Better Collective – Grew its revenue 93% year-on-year to €9.7m (\$11.4m) in Q2

Star Entertainment Group – Increased its revenue 6% to A\$2.6bn (\$1.9bn) for the year up to 30 June

SG Gaming – Announced the launch of the Kansas Lottery’s new gaming system

Camelot – The UK National Lottery operator was fined £1.2m by the Gambling Commission for five controls-related failures

Corona Ltd – Betsson’s Dutch entity was fined €300,000 (\$350,000) by the Dutch regulator for accepting players in the Netherlands without approval

LOSERS

NEW ENTRANTS TO NJ ONLINE SPORTS BETTING MARKET

Two new major developments within New Jersey’s online sports betting markets this week saw MGM Resorts and PlaySugarHouse launch new services.

MGM Resorts became the second operator to launch in the newly regulated online sports betting market in New Jersey and PlaySugarHouse.com made history by becoming the first online casino in the US to integrate sports betting onto its platform.

Both operators were beaten to the honour of being named the first to open an online sportsbook in New Jersey, as DraftKings and Kambi launched their own on 6 August, despite the state legalising sports betting on 11 June.

MGM Resorts’ launch of its mobile sports betting app, playMGM, comes soon after a joint partnership was announced with fellow operator GVC Holdings to expand services across the US, with GVC responsible for the day-to-day running of the sportsbook.

Adam Greenblatt, GVC Director of Corporate Development and Strategy, said: “We are delighted to launch our new playMGM sports betting app in New Jersey, and believe that the joint

venture’s rapid entry into this market puts it in a very good position to take market share.”

The app has initially been soft-launched on the Android platform, with an iOS version due to launch soon. It features a full range of US sports, alongside selected international sports, with customers able to withdraw and deposit funds from any location in New Jersey.

Customers in New Jersey will also now be able to enjoy sports betting online at PlaySugarHouse.com.

The New Jersey-based site launched its sportsbook and casino, operated by the brands owners Rush Street Interactive.

Rush Street Interactive is another customer of Swedish supplier Kambi, meaning that two of the three online sportsbooks are powered by the same company.

Kristian Nylén, Kambi Chief Executive, said: “To be providing our sportsbook to two of the three online operators currently live in New Jersey is a great achievement and provides further evidence that Kambi is the trusted sports betting partner for operators wishing to enter regulated markets.”

GAMES DEVELOPERS REMOVE PAID LOOT BOXES IN BELGIUM

It seems the Belgian Gaming Commission’s (BGC) strong stance against loot boxes has hit a chord with developers, as both Overwatch and CS:GO have removed paid-for loot boxes from Belgian versions of the games.

In April, the BGC deemed purchasable versions of the loot boxes in video games contravened the nation’s laws on gambling, by targeting children with gambling, therefore making them illegal.

The three games sighted in the report were: Overwatch, developed by Blizzard, Valve’s Counter Strike Global (CS: GO) and the FIFA football series. The BGC stated the companies would need to disable or modify the feature or receive punishment scaling from large fines to prison.

Alongside this, 2K, developer

of the NBA series of the same name, has removed the same feature from its MyTeam platform, to comply with the regulators, as well as turning off the non-earned in-game currency all together.

EA is yet to remove loot boxes from the Belgian version of FIFA, insisting FIFA Ultimate Team’s card packs are not a gambling product.

This has been part of the Belgian authorities’ scheme to prevent operators and gaming providers from targeting children with gambling.

The sentiment has been mirrored in the Netherlands, which has ordered Overwatch and CS:GO to remove paid-for loot boxes from Dutch versions of the game, as they operate games of chance without having a gambling licence.

Both regulators are keen to push for wider EU regulations on loot boxes.

FIRST-HALF HIGHLIGHTS:

COMPANY	REVENUE	YEAR-OVER-YEAR PERCENT CHANGE	EBITDA	YEAR-OVER-YEAR PERCENT CHANGE
AGS	\$137.678M	+40.70	\$71.081M	+39.40
BOYD	\$1.223BN	+0.74	\$323.895M	+5.46
CAESARS	\$4.091BN	+107.24	\$1.141BN	+101.95
CHURCHILL DOWNS	\$568.700M	+12.21	\$223.700M	+17.55
ELDORADO	\$896.994M	+55.18	\$221.559M	+90.87
EVERI	\$229.683M	-52.13	\$117.527M	+9.56
IGT	\$2.409BN	+1.56	\$877.971M	+10.45
GLPI	\$498.271M	+2.50	\$446.473M	+1.19
LAS VEGAS SANDS	\$6.882BN	+11.43	\$2.725BN	+15.66
MGM	\$5.680BN	+5.79	\$1.614BN	-3.24
PENN NATIONAL	\$1.643BN	+4.45	\$489.652M	+7.65
RED ROCK RESORTS	\$837.227M	+0.16	\$264.721M	+3.37
SCIENTIFIC GAMES	\$1.657BN	+11.06	\$660.500M	+9.83
WYNN	\$3.321BN	+14.68	\$1.041BN	+21.39

In H1, all major operators and suppliers grew revenue and EBITDA, with the exception of MGM Resorts, which saw a 3.24% decline in EBITDA, as it had a softer-than-expected second quarter and faced a tough comparison to the prior year, given \$6m in one-time operating income gains.

Stock prices throughout the year have been a mixed bag, with investors showing confidence in some companies like AGS since its January IPO, Eldorado Resorts and Churchill Downs.

A weak convention calendar in the third quarter in Las Vegas means softer-than-previously expected RevPAR forecasts. This includes Las Vegas Sands, MGM Resorts and Caesars Entertainment. MGM is expecting third quarter RevPAR to decline 5% to 7%. Eldorado also expects a weak comparison in Reno in the third quarter, but is bullish on continued strength in Reno and still expects significant growth this year.

AND THE WINNER IS...

FIND OUT THE WINNERS ON
OCTOBER 8 (15:00 PDT)

WWW.GLOBALGAMINGAWARDS.COM/VEGAS

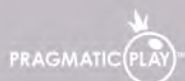
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PAUL CLAY

SALES MANAGER FOR
NATIONAL ACCOUNTS IN
BANKING AND SECURITY,
CUMMINS ALLISON

Clay looks at the future of the payments industry, arguing why there is still room for cash

As an existing supplier to the casino industry, we have always worked closely with our clients to understand what features can be added to our coin and note counters to make their cash processing easier, quicker and more secure. For example, in working with one of our larger casino customers, our JetScaniFX note scanner/sorters can be interfaced with CCTV systems.

The JetScaniFX, CCTV camera, DVD recorder and monitor can all be connected to provide not only evidence of the count taking place, but each batch processed appears as a breakdown on the monitor and is recorded on the DVD as part of the count. This has significantly reduced risk and losses and has made the whole cash counting process much more secure.

A key driver of innovation is working closely with our customers in the development of new products and services. This front-line market feedback is continually shared with our product development, design and engineering organisations. This approach ensures the solutions we develop are in line with the issues our gaming customers face, such as streamlining processes and eliminating inefficiencies. With three research and development facilities and an R&D spend twice the industry standard, gaming organisations can reap some of the rewards of that innovation first-hand and accomplish their goals more quickly.

Market for cash remains

Cash remains one of the preferred payment methods for the following reasons:

- Cash is universal, anonymous and untraceable. Digital payments can be the victim of data breaches (and are traceable).
- Cash is reliable; digital payments are subject to the availability of a bank's or a company's electronic payment system.
- Cash provides payment finality and enforces self-discipline.

Despite this, many argue that society is soon to be cashless. So what could the future look like for the payments industry? Well, you may think that cash usage is declining and in some instances you'd be right. What you may not realise is just how much cash is in circulation and how many people rely on it as an essential part of their daily lives.

In the year to November 2016, the total amount of notes and coin in circulation equalled approximately £80.43bn. This figure actually increased in 2017 to approximately £82.56bn. It's no wonder why Victoria Cleland, the Bank of England's Chief Cashier, felt comfortable declaring "cash is not in decline, that there's strong demand for cash and expect that to go into the future."

Despite the rise in card payments, paying with cash remains highly popular for small value payments - 37% for transactions under £30 and 61% under £5 - and there is a general recognition that small, cash-intensive businesses prefer accepting cash over card because of the low processing costs and ease of using cash.

"A key driver of innovation is working closely with our customers in the development of new products and services"

Future growth markets

The banking industry remains a key market for us in the UK. It's a time of transition for banks, as they modernise their core systems and transform their physical branch locations (branch transformation) to maintain profitability and improve the services that they offer their customers. Deploying a mix of customer-centric technologies, such as self-service coin deposits, can help branches shift focus away from high-volume, time-consuming transactions and reduce queuing time. This helps banks reallocate resources to high-value, consultative services; and makes the branch as immersive, meaningful and efficient as possible, enhancing their customer journey.

JULY/AUGUST ISSUE OUT NOW

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