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# WEEK 37

*FRIDAY 14 SEP 2018*

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CAESARS AND 888  
LAUNCH NJ ONLINE  
SPORTSBOOKS

A graphic element consisting of several nested, L-shaped lines in white and light blue, resembling a stylized corner or a series of steps.

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## THIS WEEK

- **MGM and WinStar announce new partnerships**
- **Gambling Commission issues reminder for operators**
- **Okada files lawsuit against Tiger Resort**
- **Delaware sports wagering revenue increases in August**

### GUEST COLUMNIST:

**Richard Carter**  
CEO, SBTech

# WEEK 37

## FRIDAY 14 SEP 2018

## CAESARS AND 888 LAUNCH NJ ONLINE SPORTSBOOKS



New Jersey's online sports betting market is rapidly expanding, with Caesars and 888 becoming the latest operators to launch in the Garden State.

Caesars' online sportsbook is run by Scientific Games' OpenBet platform and will feature online casino games. The platform is accessible on mobile and online.

The sportsbook officially launched on the opening day of the NFL season on 6 September and follows the launch of sports betting in two Caesars-owned casinos: Bally's Wild Wild West and Harrah's Atlantic City in late July.

Mark Frissora, CEO and President of Caesars Entertainment, said: "Since New Jersey decided to allow mobile sports betting, we have been working diligently to create the most engaging and fun mobile platform which provides users with the ability to place bets on their favourite sporting events."

This is the second state that the casino operator has offered the service in, as in mid-August, Caesars launched sports betting in Mississippi at Horseshoe Tunica and Harrah's Gulf Coast.

888's online sportsbook is powered by Kambi, which was the first supplier to go live with online sports betting in The Garden State last month with DraftKings.

The launch of 888Sport goes hand in hand with the 888Casino and 888Poker brands, which are already active in the state.

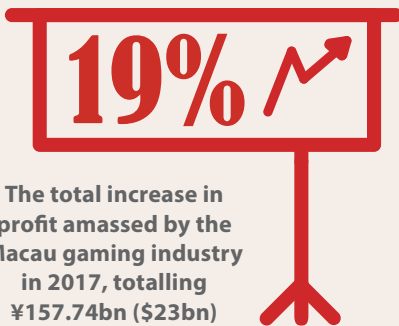
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# THIS WEEK IN NUMBERS

**\$1m** 

The amount of money a casino dealer helped players cheat a casino out of in Maryland

**19%** 

The total increase in profit amassed by the Macau gaming industry in 2017, totalling **¥157.74bn (\$23bn)**

**€300,000**

(\$347,000) - The amount Bettson subsidiary Corona is being fined by the Dutch gambling regulator



**€5m** 

(\$5.8m) The maximum amount it will cost operators to purchase a Greek gambling licence

 **114,900**

The total amount of hours that MGM Resorts employers spent volunteering at community non-profit organisations in 2017

Itai Frierberger, CEO of 888 Holdings, said: "The launch of 888sport.com in New Jersey is a major milestone for the company in our ongoing expansion across the regulated US online gaming market and provides 888 with a unique and truly multi-product proposition in what is currently the largest regulated US state."

The launch of the sportsbook strengthens 888's overall position in the US states where the company now holds a presence: Nevada, Delaware and New Jersey.

888's platform will see it work under the Caesars licence; the company already owns two casinos in the state, and this expands on the partnership between the supplier and the operator, which was first agreed in 2013.

Under New Jersey state law, each land-based casino is allowed up to three skins to offer online and mobile betting, which includes sports betting. After missing the boat on the launch of the NFL, any new operators and suppliers will be keen to get online and land-based sports betting operations up and running prior to the start of the NBA season.

The Caesars and 888 announcements come days after FanDuel's online sportsbook went live after a five-day soft trial period, which utilised developer GAN's platform, the first time the supplier has stepped into the sports betting market.

The daily fantasy sports operator also launched a pre-game sports betting show with American horseracing affiliate TVG, the first show of its kind to launch in the US.

Kip Levin, CEO of TVG Network and COO of FanDuel Group, added: "The integration of fantasy and sports betting content into our television assets provides a unique, unmatched marketing platform for the FanDuel Group."

New Jersey is well placed to become the largest sports betting provider in the US, with research company Eilers and Krejcik Gaming tipping The Garden State's sports betting market to surpass Nevada's by 2021.

Other sports betting sites within the New Jersey market include MGM Resorts, William Hill and Play Sugar House. It will be interesting to see which suppliers and operators are next to enter what is an already thriving market.

## MGM AND WINSTAR ANNOUNCE HISTORIC NEW AMERICAN FOOTBALL PARTNERSHIPS

It's been an exciting week for the world of American football. Not only has the new season just kicked off, but two historic sports betting partnerships have been announced.

In a first for any NFL team, the Dallas Cowboys have entered into a partnership with WinStar World Casino and Resort in Oklahoma.

The deal stipulates the casino will be given exclusive rights to use the team's branding and images in advertising and promotional material.

Jerry Jones, owner of the Dallas Cowboys, said: "It is a privilege to stand shoulder to shoulder as partners with such a prominent entertainment brand like WinStar World Casino."

The Dallas Cowboys are one of the largest sports teams in the world, which stands to be of massive value to WinStar in attracting new customers.

The partnership was formed after news broke that the NFL would give teams free reign to negotiate sponsorship deals with fantasy sports operators and casinos – barring some stipulations, of course.

But that isn't the only exciting development in the American football betting partnership world.

Earlier this week, MGM Resorts announced it has entered a partnership with new professional football league, The Alliance of American Football, set to launch 9 February 2019.

This agreement will make MGM the first official sports betting sponsor for the new league as well as an investor.

It states that MGM will invest in the Alliance along with a three-year sponsorship, making MGM an exclusive gaming partner for the league.

When the Alliance launches next year, MGM will provide fans with the opportunity to stream live matches through its mobile app and at the same time access an integrated gaming series in the app.

In states where it is legal, it will be possible to engage in sports betting on the app while watching live matches.

MGM Resorts Chairman and CEO Jim Murren said: "We are excited to team with The Alliance on this unprecedented partnership, which allows us to fully engage with fans and revolutionise the fan experience."

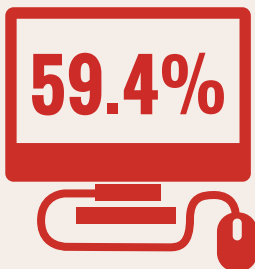


# KPMG eGaming Summit 2018

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The amount of revenue generated by online betting in Italy for 2017



## GAMBLING COMMISSION REMINDER AMIDST GAMBLING ADVERTISING CONCERN

The Gambling Commission (GC), Advertising Standards Authority (ASA), and the Committees of Advertising Practice (CAP) have all “teamed up” to remind operators of the current gambling advertising and sponsorship rules.

Five key areas are covered in the reminder: gambling adverts on football club websites, gambling logos on under 18s football shirts, terms and conditions, advertising that appeals to under-18s and advertising and problem gambling.

The reminder highlights the growing concerns surrounding the relationship between sports and gambling in the UK, an issue that has been raised by the independent charity GambleAware and the National Health Service (NHS).

With regards to football-related advertising, the GC’s reminder stated: “Operators must make sure their adverts or sponsorship links do not appear on football website pages that are targeted at children. For example, the junior sections of the club’s website.

“Operators should make sure that they do not allow their logos or other

promotional material to appear on any commercial merchandising which is designed for use by children.”

By focusing on football and the protection of young players, the GC’s reminder can be seen as a response to the NHS Chief Simon Stevens, who urged Premier League football clubs to do more to tackle gambling addiction earlier this week.

Gamble Aware also recently said the relationship between the gambling and sport industries in the UK had “reached a tipping point.”

However, a source close to the Premier League told *Gambling Insider* it has not received previous communication from NHS England and wished to stress it is not partnered with any gambling company.

The day prior to the reminder, the GC published its latest combined Health Survey, which found that 1.2% of gamblers were classed as problem gamblers. The Commission described this as “statistically stable and consistent” with previous reports.

Regardless, it would appear that the crusade against gambling advertising in the UK will most likely continue.

99,988



The number of valid signatures secured in support of an Arkansas casino and sports betting proposal

\$250,000

Amount won by a bingo player in New York, the largest bingo payout in Western New York history



## THIS WEEK'S WINNERS AND LOSERS

### WINNERS

**Betsoft** - Expanded its European presence by entering into a comprehensive content agreement with operator **Mostbet**

**Mohegan Gaming & Entertainment** - Has begun expansion into Canada after being chosen by the Ontario Lottery and Gaming Corporation as service provider for the Niagara Gaming Bundle

**Tencent Games** - Shut down online poker games in China in the face of pressure from Chinese government

**EA** - Under criminal investigation from Belgian government over loot boxes in its video games

**MRG** - Subsidiary Mr Green Ltd has been fined €312,500 by the Dutch gaming authority

### LOSERS

## THE WEEK IN QUOTES

*"FSB boasts a proven track record with its casino platform and it's great to have our games made available to an even wider array of operator partners. Expanding the reach for our games and partners with leading platform providers is a key part of our strategy."*

**Henrik Fagerlund, Chief Product Officer at NetEnt on its deal to integrate its slots with platform provider FSB**

*"The idea here was to try and create something for everyone to be able to win money picking NFL games. It's something the casual NFL fan is able to do, and we wanted to capitalise on the recent sports betting news as some states have already started. We're riding the wave of people focusing on sports betting, picking games, not players. It's a free game, even though you can win money."*

**DraftKings CEO and founder Jason Robins on the potential of sports betting**

## KAZUO OKADA FILES LAWSUIT AGAINST TIGER RESORT, SEEKING REINSTATEMENT

Kazuo Okada, former chairman of Universal Entertainment, has filed a lawsuit against Tiger Resort Leisure and Entertainment, a company which he founded.

According to reports, Okada's lawsuit describes his ousting from Tiger Resorts as "unlawful" and as "being without authority."

Okada has also asked the Parañaque City Regional Trial Court to reinstate him to his former positions of Shareholder, Director, Chairman and CEO of Tiger Resort.

The lawsuit is the latest development in a long-running feud between Okada and Universal Entertainment, starting in 2017 when Okada was ousted from Universal's parent company, Okada Holdings, after being "found guilty of fraudulent acts."

As a result, Okada was later removed from the board of Tiger Resorts, the operator behind the Okada Manila casino resort.

In a separate statement, Okada said: "These trumped-up charges were merely

meant to harass me and justify my illegal ouster.

"Far from being valid cases, their baseless accusations only serve to demonstrate the grand conspiracy perpetrated by my detractors who betrayed my trust. Their real goal is to make sure that my good name is ruined."

Last month, Okada was arrested in Hong Kong, where the concept of an arrest is different to most other jurisdictions, on corruption charges brought to the attention of authorities by Tiger Resort.

This led to another company founded by Okada, Aruze Gaming, penning an open letter looking to "set the record straight". In the letter, Aruze drew attention to the fact that "no charges" were actually filed against Okada after news of his arrest came out.

Aruze went on to suggest Okada and his family were simply victims of "false and malicious allegations made by Universal Entertainment Corporation ("UEC") and its senior executives."

## DELAWARE SPORTS WAGERING REVENUE INCREASES IN AUGUST

The Delaware Sports Lottery has recorded an increase of 53% in net revenue from sports betting proceeds in the state's second full month of offering the service.

Net proceeds for the period between 30 July and 26 August were \$706,000, up from \$460,000 gained in the previous month.

The growth in revenue came in spite of a 6% decline in money wagered, which fell to \$7.7m.

Delaware Park took the largest share of the revenue, accounting for 68% of net revenue (\$482,000), followed by Dover Downs, which recorded revenue of \$152,000, and Harrington Raceway with \$72,000.

Delaware Park has also taken 71% of total stakes for the year to date, equating to \$16.3m, and there have also been 228,000 wagers placed at Delaware Park,

which is 73% of the 314,000 wagers placed in The First State since sports betting launched in the state on 5 June.

Net revenue for the year to date in Delaware is just over \$2m, from just under \$23m wagered. The launch of the NFL last week is expected to have a large effect on sports betting proceeds in the coming months, with neighbouring states that are yet to legalise the activity having a large football following.

The new NBA season is also starting at the end of September, which should prompt a further spike in sports betting within Delaware and the wider US.

Delaware, however, is yet to offer either online or mobile sports betting, unlike the state of New Jersey, which currently boasts several digital operators.

## NJ RISES

Atlantic City's newest casinos, Hard Rock and Ocean, grew the market more than 20% in August.

New Jersey same-store gaming revenues fell just 0.54% in the second full month of results at Hard Rock and Ocean and sports betting, which all launched in June.

Land-based casinos were down 1.79% on a same-store basis.

Hard Rock generated \$992,419 in average daily revenues, down from July's \$1.045m while Ocean's \$632,484 average daily revenues were up compared to July's \$510,015.

Golden Nugget, Harrah's and Resorts launched sports betting in August, bringing total sports betting revenues to \$9.183m.

Sports betting was led once again by the Meadowlands, which generated \$3.060m and was followed by Resorts Digital's \$2.970m.

SBTech offers retail and online sports betting at Resorts while DraftKings offers mobile betting there.

Online gaming grew double-digit revenues once again despite online poker's now two-month decline.

PROPERTY	REVENUE	CHANGE	TABLE HOLD	
			2018	2017
Golden Nugget	\$20.523 m	+2.94%	19.1	13.8
Caesars (CZR)	\$27.957m	+0.83%	18.5	17.0
Borgata (MGM)	\$70.887m	+0.69%	19.2	16.7
Harrah's (CZR)	\$31.282m	-3.02%	19.6	12.9
Resorts	\$18.009m	-3.40%	16.3	15.4
Tropicana (TPCA)	\$32.195m	-4.30%	12.5	13.0
Bally's AC (CZR)	\$18.715m	-10.69%	14.6	17.5
Hard Rock	\$30.765m	N/A	11.3	0.0
Ocean	\$19.607m	N/A	17.0	0.0
AC Land-based Total	\$269.939 m	+20.75%	N/A	N/A
Same Store	\$219.567m	-1.79%	N/A	N/A

### MARKET UPDATE

*No US gaming stocks hit 52-week highs as of Wednesday.*

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## GUEST COLUMNIST



### RICHARD CARTER

CEO, SBTECH

*Carter discusses life since the PASPA repeal and SBTech's future plans in the US market*

#### **How satisfied are you with your current position in the US market?**

SBTech has just launched five retail properties for our partners Churchill Downs, Golden Nugget and Resorts Casino in Mississippi and New Jersey respectively. Over the next few months, we will be onboarding new clients in new states and we will see our customer base grow at an industry-leading level. We are pleased with our progress so far, but there is a lot more to come and we are looking forward to maintaining our edge on our competitors.

#### **To what extent did you prepare for the PASPA repeal before the Supreme Court made its decision?**

We started to take a serious look at the US market in January 2017, and as part of this due diligence I attended the inaugural AGA sports betting task force meeting in Washington in March 2017. It was quite clear then that momentum was starting to build and so when the Supreme Court announced in June 2017 that it would hear arguments in the state of New Jersey's quest to legalise sports gambling, thereby overruling the US Solicitor General's opinion that the case was not worthy of its time, SBTech management then made the decision to start accelerating our US market entry strategy and commenced by building a dedicated US team and preparing for the differing possible outcomes.

*“At SBTech we live and breathe sports betting, it is the core DNA of the company and I think this resonates significantly with partners.”*

#### **Has the speed of development in the market since the PASPA repeal surprised you at all?**

It has not surprised SBTech, we were prepared for multiple outcomes and our base case was always for a full PASPA

repeal. In hindsight, I can say we made a good bet, as we laid a lot of groundwork in the preceding 12 months, which is now allowing us to reap the rewards of those investments as demonstrated by the partners we have so far contracted with.

#### **How likely is it we will see more sports betting activity from SBTech in the US? What are the chances you will agree deals with more operators in New Jersey, Mississippi and other states?**

SBTech will continue to invest in its product and employees in the US market and our expectations are to increase the number of partners in this important market, although it's about working with the right partners, that share our vision and have the same growth/investment aspirations as we do.

#### **Why do you think SBTech was chosen ahead of other suppliers when you agreed partnerships with Golden Nugget, Churchill Downs and Resorts?**

At SBTech we live and breathe sports betting, it is the core DNA of the company and I think this resonates significantly with partners. In addition, when you couple this with the industry's deepest and widest event and market coverage, leading unique product features such as "odds Boost" which increases the pay out on bets, our vast experience in regulated markets around the world and our highly configurable responsible gaming features, we believe we have an unrivalled complete sports betting offering.

Our modular platform approach, flexible architecture, together with our recent experience of rapidly managing entry into complicated newly regulated sports betting markets in Europe will also have been an important factor, as was our team. The passion that they bring to each partnership clearly gave comfort to each of our clients, who saw a group of highly talented individuals all committed to the same goal of building the best consumer experience possible for the marketplace.

#### **What alterations, if any, have you had to make to your sports betting offering in the US from the platform you provide in other markets?**

Our sports offering was already US-centric. The main adaptations we have had to make for the US are based on regulatory restrictions that have limited some sports and events that we offer in other markets. We are so far pleased with the response by US sports betting customers in New Jersey and Mississippi to our US sports offering and we will continue to work with regulators to bring the most entertaining products to them.

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