GI FRIDAY

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We change

THIS WEEK

- GVC confirms c.£700m saving due to FOBT law
- MGM planning for future and brings in former Nevada Governor
- Lottoland goes public with Zeal/Lotto24 opposition
- NBC bringing in-play sports betting to broadcasts

GUEST COLUMNIST:

- Kevin Dale, Director, Gaming Monitor

WEEK 02

FRIDAY 11 JAN 2019

CAESARS BECOMES NFL'S FIRST CASINO SPONSOR

The NFL has selected Caesars Entertainment as its first ever official casino sponsor.

Starting with the 2019 play-offs, the multi-year sponsorship will involve Caesars providing fans with "unique experiences" via a "wide range of entertainment elements." In return, the operator will boast exclusive access to NFL trademarks in the US and UK.

THIS WEEK IN NUMBERS

$6,627

Bail fixed for Kazuo Okada, former Universal Entertainment Chairman, after a Philippine court ordered his arrest on swindling charges

OPEN 17

January; the date until which William Hill's SEK2.8bn ($311m) offer to acquire MRG will remain open

83%

Nektan's year-on-year increase in total gaming revenue for Q2 of its 2019 financial year – to £8.6m ($11m)

4

Banks agreeing to offer responsible gambling measures; Lloyds, Santander, Royal Bank of Scotland and Barclays

2019

Scientific Games and Oneida Indian Nation expect New York to authorise sports betting this year

However, the NFL has made clear the sponsorship only covers the casino category and does not include sports betting, daily fantasy sports or hotels/resorts.

Renie Anderson, Senior Vice President, NFL Partnerships, Sponsorship and Consumer Products, said: "We couldn't be more excited to work with one of the world's largest gaming and entertainment companies. Combining the NFL with Caesars' expertise in world-class entertainment will provide our fans unique experiences both here in the United States and abroad."

Mark Frissora, outgoing Caesars President and CEO, said: "All of us at Caesars Entertainment are thrilled to be the first ever casino partner of the NFL, the most prominent sports league in North America.

"Combining the league's 180 million fans with our 55 million Total Rewards loyalty program members will expose millions of people to the exclusive and exciting year-round opportunities at our properties."

But, while Caesars continues to make history in the sponsorship department, it speaks volumes that Frissora remains the company's main public voice behind the NFL deal.

It has now been over two months since Frissora's planned departure date of 8 February was announced – yet no replacement in the role of President and CEO has been named. In December, gaming analyst Carlo Santarelli claimed the search for a new CEO may last "well into 2019."

In his research note, Santarelli said: "At present, we believe the process has focused on current public company CEOs, or those with CEO experience." He added it was "unlikely" Caesars would appoint an interim CEO.

Uncertainty surrounding Caesars also extends to any future M & A, with a potential MGM Resorts International merger mooted in November. There have been no developments since the initial reports, with Caesars rejecting a reverse takeover offer from Tilman Fertitta's Golden Nugget casino chain prior to the surfacing of the MGM Resorts rumours.

Considering the importance of both naming a new CEO and the strategic direction in which the operator will take within the industry, it would not be a stretch to suggest the two topics are heavily linked. After all, the attitude of Frissora's successor towards M & A may well be decisive in shaping the operator's near-term future.

When it comes to sports sponsorships though, both Caesars and MGM Resorts have not wasted any time in securing a flurry of agreements as North America's major leagues soften their stance on gambling considerably. Whoever Caesars' new CEO may be, they will not be short of sports teams or leagues to work with, as they try to position the company as market leader for both the casino and sports betting verticals.

In October, for instance, Caesars secured partnerships with Harris Blitzer Sports & Entertainment for its Philadelphia 76ers and New Jersey Devils franchises in the NBA and NHL respectively. The list most certainly does not end there.

Caesars' new NFL deal, meanwhile, has boosted the gaming firm's share price, which has grown throughout the early days of 2019 and reached $7.49 per share on 8 January; this follows a low of $5.90 on 24 December.

The operator's share value still has some recovering to do, having been in steady decline since hitting $11.70 on 20 July. In the space of 12 months, Caesars' share price has almost halved, having started February of last year at $14.35.

10,000

The number of Swedish adults to sign up to the new self-exclusion register, Spelplau.se.

$115M

The fee Penn National Gaming paid to acquire Margaritaville Resort Casino

40%

The approximate share of Redzone.bet's overall sports betting handle attributed to North American sports, despite being based in Europe

THE WEEK IN QUOTES

"As the Coral and Gala brands have worked with Income Access for a number of years, it felt like natural for Ladbrokes to be migrated onto the platform."

Anat Schlesinger, Marcom Manager at Ladbrokes Coral Group, discusses its re-introduction of its affiliate programme with Income Access

"Sports betting is taking the US by storm, with quick-to-market operators in early regulated states seeing huge success. By partnering with the Oneida Indian Nation, who has secured the Caesars Entertainment brand, we're planning to mirror that success in New York as soon as sports betting is authorised there."

SG Digital CEO Jordan Levin on its partnership with Oneida Indian Nation, covering three New York casinos

GVC CANCELS CVRS; AVOIDS £700M LADBROKES PAYMENT

GVC Holdings has confirmed it will not pay contingent value rights (CVRs) to former Ladbrokes shareholders and will therefore avoid an approximate £700m ($893.9m) payout.

As part of its deal to acquire Ladbrokes Coral, completed last March, GVC agreed to pay CVRs to former Ladbrokes shareholders if legislation on new maximum stakes for fixed-odds betting terminals (FOBTs) was not passed before 28 March 2019.

On 14 November 2018, the UK government announced maximum FOBT stakes would drop from £100 to £2 in April 2019.

The original decision was to implement the new law in April 2020, but this was brought forward to October 2019 and then eventually April 2019.

This was a result of 100 cross-party MPs signing an amendment to bring the date forward, which also included former Sports Minister Tracey Crouch.

GVC has subsequently announced its representatives and CVR holders consulted one another and agreed the CVRs, and the loan notes which each CVR holder may have had a right to, hold no value.

The CVRs have been cancelled and are not available for re-issue. All CVR certificates have ceased to have effect as documents of the title.

GVC will not be entering the Loan Note Instrument.

MGM DETAILS STRATEGIC PLAN & APPOINTS FORMER NEVADA GOVERNOR TO DRIVE JAPAN GROWTH

MGM Resorts announced forward-thinking strategy by detailing its business plan and appointing former Nevada Governor Brian Sandoval as President of Global Gaming Development.

Sandoval's new role will focus on global expansion, namely in Japan, following the country's passing of the Integrated Resort Implementation Act last July.

Concurrent to the appointment, MGM Resorts President Bill Hornbuckle will now lead global casino marketing and focus on overall growth in Macau.

Sandoval said: "As I return to the private sector for the first time in over 20 years, finding the right professional opportunity to best suit my experience as a former legislator, gaming regulator, Attorney General, federal judge and Governor was important to me."

MGM Resorts Chairman and CEO Jim Murren said: "Governor Sandoval brings an unparalleled level of skill, leadership and experience to the company and we will benefit greatly from his in-depth expertise in gaming, public policy and economic development."

The operator also announced a new strategy to reduce costs, improve efficiency and position the company for further growth.

MGM expects to deliver adjusted EBITDA uplift of $300m on aggregate, consisting of $200m by the end of 2020 and an additional $100m in 2021.

The "MGM 2020" plan will be driven by two main components. First, in the past two years, MGM Resorts has centralised key company-wide functions and invested in resources to create centres of excellence.

This means MGM Resorts is now in a position to leverage these centres to create additional efficiencies and realise $200m of annualised adjusted EBITDA uplift in 2020. Half of this will come from labour savings, 25% from sourcing and the remaining 25% from revenue optimisation.

Second, MGM will invest in digital transformation to drive revenue growth, with the company aiming to realise a further $100m in annualised adjusted EBITDA uplift by the end of 2021.

"It's definitely something we are looking to get into. People like playing the games, they want to bet on their favourite team, but I do think the industry has to be careful when it comes to responsible gaming here. Video games naturally attract minors and as much as it is part of the industry that we definitely want to embrace, all betting companies will be feeling out new territory which we don't quite understand yet."

Co-Founder of operator Redzone Warren Llambias talked to Gambling Insider about introducing esports to its offering

THIS WEEK'S WINNERS AND LOSERS

WINNERS

Parx Casino – **Has launched its new sportsbook in Philadelphia, Pennsylvania**

LVision – **Released its new voice-recognition software and "is in advanced negotiations with a number of key customers who are expected to add the product"**

Roar Digital – **The new name of MGM Resorts International and GVC Holdings' joint venture in the US, after it was rebranded**

North American major leagues – **Were criticised for their "arrogance" by Chris Christie at the National Council of Legislators from Gaming States**

Genesis Global and AG Communications – **The operators have received official warnings from the Spelinspektionen over issues with their self-exclusion schemes in Sweden**

LOSERS

LOTTOLAND SCRUTINISES ZEAL NETWORK'S LOTTO24 ACQUISITION PROPOSAL

Lottoland CEO Nigel Birrell has written an open letter to Zeal Network, outlining his opposition to its planned acquisition of Lotto24.

The deal is set to create a group worth about €500m ($572.6m).

Within the open letter, Birrell questioned Zeal's intent over nine separate points.

These include; justifying the price proposed and how it was calculated, the basis for working out cost synergies, its intentions to use the high amounts of cash within the company, its plans within the German market and projected revenue for the combined group.

Birrell said: "We do not feel the transaction has the best interest of all shareholders in mind.

"We are convinced more value destruction will come if shareholders do not stop the transaction now. Thus we see ourselves obliged to make this letter public.

"We have conducted extensive outside-in due diligence and are confident on the basis of that information we will make an offer for the purchase of certain assets of the company (the "alternative transaction")."

Zeal claimed it has not received any proposals for alternative transactions.

The company also said it would be open to discussing serious alternative proposals until 18 January, when its extraordinary general meeting is planned to take place.

Zeal said: "Zeal believes that the intention behind Lottoland's comments is to interfere with the planned takeover of Lotto24 and spread uncertainty.

"Given Lottoland's obvious position as a direct competitor, Zeal cautions all shareholders to treat their comments with due scepticism."

Zeal CEO Dr. Helmut Becker said: "We firmly believe, of the alternatives we have considered, our proposal to reunite Zeal and Lotto24 has the strongest strategic rationale, offers the best opportunity for sustainable growth and creates the most value for Zeal's shareholders.

NBC TO AIR IN-PLAY SPORTS BETTING EXPERIENCE DURING NBA MATCHES

This weekend, the US sports betting market will get a preview of what an in-play sports betting broadcast will look like.

For a run of eight games commencing 11 January, NBC Sports Washington will broadcast an alternate version of Washington Wizards NBA matches, featuring a free-to-play predictive contest and real-time sports betting data and statistics.

The first game to be shown in this new format will be against Milwaukee Bucks.

Elements of the contest, titled Predict the Game, and real-time data will be displayed on a graphic overlay surrounding the regular live-game presentation.

The data includes live team and player statistics, win probability and gaming information such as the moving money line and spread.

The contest allows fans to predict various game and player performance outcomes through a series of 30 questions, which will appear on screen during the broadcast.

Predict the Game leaderboards will be displayed at selected times and the winner revealed during postgame coverage. Fans will earn points for correct predictions, with the top eligible scorer earning or splitting the $500 prize.

NBC Sports Washington Senior Vice President and General Manager, Damon Phillips, said: "Combining the excitement of live Wizards games with engaging predictive gaming and data feeds will deliver a very entertaining experience for viewers, from first-time gaming players to savvy sports bettors.

"The level of interest from fans, partners and sponsors in this area continues to increase, so we are pleased to offer this compelling product this season."

The enhanced Wizard telecasts will be shown on NBC Washington Plus, with the series of broadcasts scheduled until 5 April, when the Wizards play San Antonio Spurs.

DATA CENTRE

Provided by *fantiniresearch.com*

OH RISES

Ohio gaming revenue rose 10.98% in December, continuing a now two-year trend of revenue growth for the state.

December's growth was the state's best since July 2015.

MARKET/PROPERTY	REVENUE (M)	(%) CHANGE
STATE		
Miami Valley Gaming (CHDN/Del North)	$14.886	+20.17
Hard Rock Rocksino	$21.808	+15.74
Scioto Downs (ERI)	$15.566	+15.06
Thistledown (Jack)	$10.884	+13.81
JACK Cincinnati (Jack)	$19.282	+10.46
JACK Cleveland (Jack)	$19.331	+10.17
Hollywood Dayton (Penn)	$9.492	+9.62
Hollywood Toledo (Penn)	$17.878	+8.70
Hollywood Mahoning Valley (Penn)	$10.065	+8.65
Hollywood Columbus (Penn)	$19.762	+5.93
Belterra Park (BYD)	$6.990	-2.58
State total	**$165.944**	**+10.98**

Results benefitted from strength in Cleveland, where Hard Rock Rocksino and Jack Entertainment's Thistledown and Jack Cleveland all grew double digits. This was Cleveland's fifth month of consecutive growth.

Churchill Downs and Delaware North's Miami Valley Gaming led the state in terms of growth, up 20.17%.

Boyd Gaming's Belterra Park was the only property to decline year-on-year as it slid for the third straight month.

Both privately-held Jack Entertainment and publicly-traded Penn National had a strong month of combined growth.

MARKET/PROPERTY	REVENUE (M)	(%) CHANGE
CINCINNATI		
Jack Cincinnati (Jack)	$19.282	+10.46
Belterra Park (Penn)	$6.990	-2.58
Cincinnati total	**$26.271**	**+6.66**
CLEVELAND		
Hard Rock Rocksino	$21.808	+15.74
Thistledown (Jack)	$10.884	+13.81
JACK Cleveland (Jack)	$19.331	+10.17
Cleveland total	**$52.023**	**+13.21**

GUEST COLUMNIST

KEVIN DALE
DIRECTOR, GAMING MONITOR

The online market has changed a lot in Dale's time, and he has some pointers on how to create long-term market share in today's industry

Having spent my formative years in the tough and mature sectors of engineering and building products, the chance to work in the gambling sector from 1999 has been a real privilege – and I've not moved far since. The whole industry has been 'hot' from the outset and for very good reasons: low-ish set up costs, ease of international expansion, simple and efficient products, no stock or fulfilment issues and relatively cheap media, especially in the online space. Oh, and there was precious little tax or regulation back then.

In the early years, we all drew up ambitious double-digit budgets for our new sportsbooks; most of which we exceeded. Just by adding an off-the-shelf casino, for example, you could increase revenue by 35% overnight. In an industry awash with growth and excitement, mutual backslapping was the norm. The only thing you really had to pay attention to was whether you were growing faster than the average, i.e. market growth itself.

To lose market share is actually a sign of failure, but there weren't many people tracking it during the early boom days, nor was there much comparative data available. Besides, our investors whose wealth was skyrocketing weren't about to upset the cart by grilling us on these metrics. Complacency is quite common in a growth market.

Within the sector, I moved on to one of the best gigs, selling one of the hottest products of its time – Betfair. Great odds for the customer, winners welcome, back and lay options and in-play betting made this particular product cheaper to market. A distinct and attractive proposition simply converts better - more bang for the buck and all that. With a bit of click-share data starting to come through, we could also see we were doing comparatively well.

Fast forward a few years and the online sportsbooks I started with are all doing well, albeit under new ownership, and Betfair is near the front of the pack too. But there are others leading the charge, such as GVC, PokerStars/Sky Bet and of course, Bet365. In this context, fair cop, these companies have outperformed the rest of us.

Despite, or maybe because of, our successes, some of us have actually underperformed on the way. The more our market matures, the more we may rue the missed opportunities. The phenomenal growth in poker took me, and many others I imagine, by surprise; bingo and lotto betting likewise. By focusing on our own growth and our own hot products, it's easy to succumb to myopia; to be blind-sided by newer and shinier things.

Besides, it's not all about the hot products either. Hot messaging (Paddy Power), hot media (Sky Bet) and a voracious appetite for growth via acquisition (GVC) were clearly winning strategies in the market share game.

If we broaden our perspective on success too, we might admit many of us have focused excessively on the more familiar and accessible markets in Europe rather than the trickier, greyer, longer-term prospects further afield.

This has led to the likes of Bet365 stealing a march in what is really a global game. The latest goldrush in the US is at least a chance to hit reset here.

Broadening our outlook yet further into related sectors, I have a sneaky feeling our 'sister' industries of social casino, soft gaming or esports may in fact host the hottest prospects in town. The most treasured Christmas present for an 11-year-old this year was a 'skin' (fashion accessories and bling) that confers no advantage on the game Fortnite.

The Christmas 'movie' was watching his online gaming hero on Twitch. A few of our colleagues in the 'old' gambling space have hedged their bets here by diversifying into these sectors. Whether the overlap of betting on esports can overcome integrity issues is perhaps less relevant than the non-betting opportunities these softer gaming sectors can offer. With a foot in both camps, these companies are well-positioned to ride the next wave.

If long-term market share is the end game, then we all need to avoid growth complacency and excessive focus on our own hot products. Only relative growth matters and so the ability to report accurately and to track market share is crucial. If we add to this a wider definition of what our market is, or could be, we can keep abreast of wider trends and where the money's at. That way, we not only have a chance of getting to the top, but of staying there.