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WEEK 21

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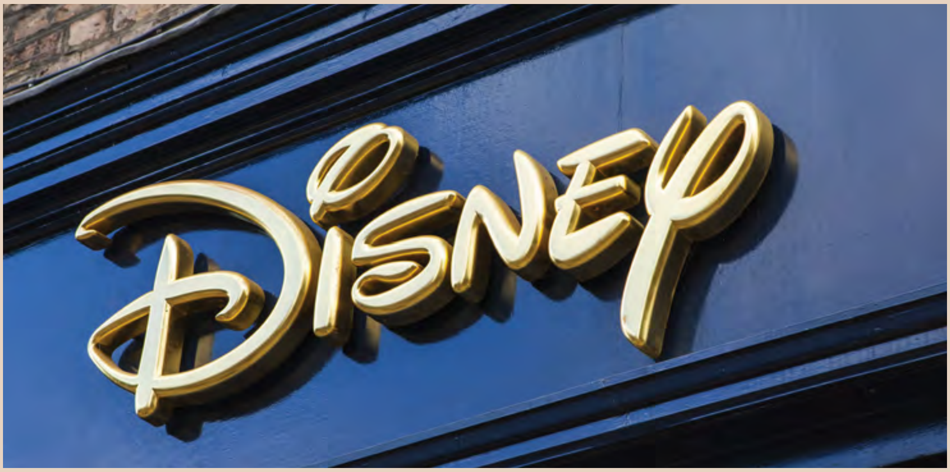


The Walt Disney Company now owns a stake in sports betting and fantasy sports operator DraftKings, a DraftKings spokesperson this week confirmed to *Gambling Insider*.

But what will the entertainment company now do with that stake, given its previous outspoken opposition to gambling?

The development has been borne out of Disney's acquisition of 21st Century Fox in March; Fox originally purchased a stake in DraftKings as part of a funding round in 2015.

A DraftKings spokesperson said: "Disney now owns, through one of its subsidiaries, the prior 21st Century Fox interest in DraftKings as part of the purchase by Disney of 21st Century Fox."

It remains to be seen what approach Disney, which also owns sports broadcaster ESPN, takes with the gaming company moving forward.

In February, Disney CEO Bob Iger publicly suggested the company would not enter the gambling market.

He said: "I don't see The Walt Disney Company, certainly in the near term, getting involved in the business of gambling, in effect, by facilitating gambling in any way.

"I do think there's plenty of room, and ESPN has done some of this already and may do more to provide information in coverage of sports, as a for instance,

THIS WEEK

- IGT revenue, income fall
- Stars Group reports Q1; Richard Flint to leave
- MGM Resorts fails in Encore Boston Harbor talks
- Labour Deputy Leader wants online casino license revamp

GUEST COLUMNISTS:

Mark Woollard, Business Development Director, Pragmatic Solutions

Andy Roberts, Director, Sport Acuity

THIS WEEK IN NUMBERS

£4.5m

The total the Gambling Commission fined four online operators last week ($5.7m)

24%

Drop in Pennsylvania sportsbook revenue for April from March's figures, to total state revenue of $4.2m

13%

Year-on-year increase in Q1 gaming revenue at JPJ Group, to £83.3m ($105.4m)

12

Categories of daily fantasy sports (DFS) offered by DraftKings, with Arena Football League DFS becoming the latest

that would be relevant to and of particular interest to gambling and not be shy about it. But getting into the business of gambling, I rather doubt it."

In November meanwhile, Amendment 3 was passed in Florida, which created an extra stumbling block for potential legalised sports wagering within the state.

Under Amendment 3, the people of Florida will now have final say on deciding if sports gambling is regulated, where a minimum of 60% of votes will need to be attained.

Surprise, surprise, Disney, owner of Walt Disney World Resort in Florida, made it clear it was in favour of the amendment, investing $20m to support its campaign and thereby make sports betting harder to pass within the state.

Disney spokeswoman Jacquee Wahler at the time said: "Amendment 3 returns the decision to Florida voters and enables them to have the final say on the issue. We oppose the expansion of casino gambling in Florida because it risks our state's reputation as a family-friendly destination."

Of course, the issue could be a red herring if Disney simply offloads its DraftKings stake. Its purchase of Fox is a $71.3bn deal – there is no denying the magnitude of such a transaction and the inevitability of Disney inheriting plenty of "spin-offs," to use a Hollywood analogy. Considering the media firm's strong stance against gambling in the not-so-distant past, this option seems likeliest.

Disney however, could maintain its stance against gambling in the "family-friendly" Florida and argue it can pursue betting-related interests elsewhere. As the fallout from Star Wars: The Last Jedi proved, Disney isn't afraid of upsetting fans in the pursuit for profit.

Its ownership of ESPN further diversifies the debate. In 2015, ESPN took an interest in DraftKings, with $250m worth of investment proposed. The daily fantasy sports (DFS) giant (before it entered sports betting) ended up with exclusive DFS advertising on the channel, as FanDuel lost out. In the end, no deal materialised.

If Disney opts not to sell its DraftKings stake, the least it can hope for is a boost in ESPN advertising volume, while further Disney involvement could be what optimistic DraftKings backers hope for.

Following all its recent opposition to gambling, the latter option could be unrealistic. Otherwise, hypocrisy thy name is Disney.

IGT Q1 REVENUE FALLS TO $1.14BN, INCOME ALSO DOWN

IGT saw its Q1 revenue decrease 5% year-on-year to $1.14bn, with operating income dropping 10% to $178m.

Adjusted EBITDA slid 4% to $417m, with the supplier reporting net income of $40m.

Revenue of $239m was made in its North American Gaming and Interactive sector, down 2%, which the operator describes as stable.

Total gaming revenue from IGT's North American Lottery rose 10% to $41m.

The supplier says the decline in North American Q1 results is driven by the comparison with an exceptionally high sales period last year.

In Italy, total revenue fell 13% to $153m. The operator attributed this to increased taxes, despite an improved productivity of gaming machines.

Marco Sala, CEO of IGT, remained optimistic in his Q1 report and focused on the growth of global sales.

He said: "Our first quarter results confirm the consistent growth profile of our global lottery business and the progress we've made in sales of gaming machines, where global unit shipments increased 20%."

These results are similar to those IGT reported for 2018. Revenue fell 2% to $4.83bn, while the supplier also reported a $21m loss for the full year.

Though revenue remained stable at constant currency, IGT's results were characterised by a lack of growth, with adjusted operating income producing a further 4% fall (3% at constant currency) to $990m for 2018.

During Q4, revenue was down 4% year-on-year at constant currency, to $1.26bn, and adjusted EBITDA dropped 6% at constant currency to $416m.

IGT posted a net loss of $102m for Q4, which the supplier says reflects "non-cash impairment charges." Meanwhile, adjusted operating income was down 17% at constant currency, to $218m.

Reasons given for IGT's Q4 performance included sports betting dynamics in the prior year, which involved "exceptionally low payout percentage in Italy."

1 July

The date Danish regulator will commence its new whistleblower initiative

3

Year global content deal struck between Scientific Games and Gaming Realms

$938,925

Worth of fines handed to Betway and Mandalorian by the Swedish regulator for breaking bonus rules

STARS GROUP REPORTS Q1 RESULTS; RICHARD FLINT TO DEPART

Q1 RESULTS

Stars Group announced revenue of $580m for the year's first quarter, a 47% increase year-on-year, as adjusted EBITDA rose 12% to $195m.

The operator highlighted the positive impact of the UK-facing Sky Betting and Gaming and Australia-focused BetEasy acquisitions.

In the UK, Stars Group made $179m in revenue - 31% of overall group revenue. Sports betting brought in $74m in the region, while gaming took $90m.

Australian revenue totalled $62m but saw a significant leap year-on-year, up 458%.

Stars Group's international sector did not experience similarly positive results. Total revenue declined 10% to $340m.

Sports betting was the only vertical to avoid a drop in this market, rising 20% to $20m.

Poker revenue declined 13% to $214m and gaming fell 7% to $98m, while other areas provided only $7.5m, down 39%.

Rafi Ashkenazi, Stars Group CEO, looked ahead to a "deep pipeline of new products" he believes will provide opportunity for revenue growth.

On 8 May, Stars Group announced its deal with Fox Sports to provide a national media and sports wagering partnership with the US broadcaster.

In addition to the agreement, running up to 25 years, Fox Corporation acquired 14 million newly-issued shares in Stars Group, representing 4.99%.

FLINT TO DEPART SKY BET

Despite the significance of Sky Bet's contribution to Stars Group's overall performance, an announcement made during the operator's earnings call said Richard Flint will leave his role as Executive Chairman of Sky Bet next month.

Flint played a significant role in the $4.7bn sale of Sky Bet last year. The deal saw him move from the CEO position to his latest post of Executive Chairman.

Ashkenazi said: "Richard leaves Sky Bet in a great state in its new home, under the management of Ian Proctor (CEO) and Conor Grant (COO), who were both promoted from within following CMA (Competition and Markets Authority) approval last October."

THE WEEK IN QUOTES

"CEOs put a lot of time and energy into their work, so sometimes they don't have very good balance. Because of this, their identity really is wrapped up in their job. If work isn't going well and that's the only thing you have, wow, you're in trouble."

Dr Michelle Cleere speaks exclusively to *Gambling Insider* **about mental fatigue among executives**

"Fantasy sports and traditional sports wagering have co-existed since fantasy sports was invented. Daily fantasy currently remains our core product and we will continue innovating and iterating on our platform through new sports and new ways to play a sport."

Greg Karamitis, SVP of Fantasy Sports at DraftKings, speaks exclusively to *Gambling Insider* **about the operator's long term plans**

THIS WEEK'S WINNERS AND LOSERS

WINNERS

The Safer Online Gambling Group – **Is set to partner with GVC Holdings, as part of GVC's "Changing for the Bettor" campaign**

Raketech – **The affiliate's revenue totalled €8.7m ($9.7m) for the first quarter of the year, a 78% increase year-on-year**

Paddy Power Betfair – **Voting at the group's annual general meeting saw 99.8% of shareholders approve the company's name change to Flutter Entertainment**

Caesars Entertainment – **Announced the sale of its 70% stake in South African property Emerald Resort and Casino to Peermont Hotels**

William Hill – An **advertisement from the operator seen on Tinder during the Cheltenham Festival has broken the Committees of Advertising Practice (CAP) Code**

LOSERS

WYNN RESORTS AND MGM RESORTS FAIL IN ENCORE BOSTON HARBOR TALKS

Wynn Resorts and MGM Resorts International have ended talks over Encore Boston Harbor, less than a week after they were announced.

Both operators have confirmed a cease in negotiations, despite respective CEOs Matt Maddox and Jim Murren previously meeting in Las Vegas to discuss a potential $2.6bn deal.

Wynn Resorts was recently fined $35m by the Massachusetts Gaming Commission, the result of past failings by executives to report sexual harassment allegations against former CEO Steve Wynn, but retained its gaming license within the state.

News Wynn Resorts had entered into discussions with MGM Resorts, however, led to speculation Maddox had changed his approach to the company's Massachusetts activity.

But MGM Resorts said in a statement: "We have noted the anxiety raised by various stakeholders regarding a transaction and this troubles us at MGM. We only wish to have a positive impact on communities in which we operate."

Wynn Resorts sent out its statement shortly afterwards: "After careful consideration, we have agreed to cease discussions with MGM Resorts. We remain committed to opening and operating Encore Boston Harbor as only Wynn Resorts is able to do."

MGM Resorts would have required state approval for any purchase, as Massachusetts regulation does not allow a company to own more than one gaming license. MGM Resorts opened MGM Springfield in the state last August.

The sale from Wynn Resorts to MGM Resorts would also have needed approval from the city of Everett. Its agreement with Wynn Resorts does not allow either party to change any aspect of its deal without the approval of the other.

At the time, the operators released a joint statement reiterating no jobs would be affected at either Springfield or Encore if a deal was agreed. Critics, however, may have questioned MGM Resorts' decision to enter into a $2.6bn acquisition of a new property considering their recent labour cuts to save costs of $100m.

LABOUR DEPUTY LEADER: ONLINE CASINOS SHOULD HAVE TO RE-APPLY FOR GB LICENSE

Deputy Leader of the Labour Party Tom Watson wants all online casinos to be forced to re-apply for their licenses in Great Britain.

Watson, an outspoken critic of the gambling industry, has confirmed on social media he wrote to Culture Secretary Jeremy Wright because "over one third [of operators] are failing their customers."

The Gambling Commission last week fined four online casino operators £4.5m ($5.7m) in total, with the biggest individual fine within that category amounting to £2.2m.

The Times, which gained access to Watson's letter, has quoted its own research to show online casinos pay £120m to sponsor Premier League football clubs overall, while only contributing £50 per team to Britain's biggest gambling charity.

Watson is quoted as writing in the letter: "A gambling license should be a hallmark of credibility and trust. It should not be seen as an opportunity for operators to push the limits of their conditions and responsibilities.

"The regulator cannot be in a position where it is continually playing catch-up to an opaque and agile global industry. We need a structured response to the situation. This will require a total overhaul of our register of current remote sector licenses.

"This review would be an opportunity for existing remote license holders to re-apply for the privilege of operating and marketing in the UK."

Earlier this year, Watson promised to limit online betting stakes if Labour gained power.

In February, he said Labour's proposed rules would help tackle "Britain's hidden epidemic," saying current laws were outdated.

He described problem gambling as a public health emergency.

There are currently no restrictions to online stakes or the speed of play. The Gambling Commission said speed of play was a factor in the reduction of fixed-odds betting terminal (FOBT) maximum stakes from £100 ($126.54) to £2.

DATA CENTRE

Provided by *fantiniresearch.com*

LOUISIANA FALLS

Louisiana gaming revenue fell 3.68% year-on-year for April - the third straight month of declines for the state.

Results were plagued by tornadoes and flooding from the Mississippi River, which has been above normal levels since February.

Eldorado Resorts' Belle in Baton Rouge was once again hurt by the city's smoking ban and flooding along the Mississippi, as revenue fell 48.01%.

Baton Rouge casinos would have been up 1.07% with Belle factored out.

Lake Charles casinos continued to suffer from road work on I-210 as the market fell 7.02%.

A bright spot was Gaming and Leisure Properties' Hollywood casino in Baton Rouge, which grew 10.68% and led the state, in terms of growth.

April had an equal number of Fridays and Saturdays but one more Sunday last year.

SHREVEPORT/BOSSIER CITY		
PROPERTY	REVENUE ($M)	CHANGE (%)
Margaritaville (PENN)	12.744	+0.54
Horseshoe (CZR)	14.285	+0.50
Diamondjacks (Legends)	3.012	-1.47
Sam's Town (BYD)	5.952	-1.94
Boomtown (PENN)	4.362	-4.64
Eldorado (ERI)	8.867	-10.40
Louisiana Downs (CZR)	3.345	-11.06
SP/BC TOTAL	**52.568**	**-3.10**

LAKE CHARLES/VINTON		
PROPERTY	REVENUE ($M)	CHANGE (%)
Isle of Capri (ERI)	8.150	+0.40
Delta Downs (BYD)	14.855	-4.50
Golden Nugget	23.636	-5.58
L'Auberge (PENN)	23.443	-12.09
LC/VINTON TOTAL	**70.083**	**-7.02**
NEW ORLEANS		
PROPERTY	REVENUE ($M)	CHANGE (%)
Harrah's (CZR)	23.390	+0.40
Fair Grounds (CHDN)	3.455	-4.50
Boomtown (PENN)	9.421	-5.58
Treasure Chest (BYD)	8.848	-12.09
NOLA TOTAL	**45.114**	**-4.55**
BATON ROUGE/CENTRAL LA		
PROPERTY	REVENUE ($M)	CHANGE (%)
Hollywood (GLPI)	5.992	+10.68
L'Auberge (PENN)	13.273	+1.88
Evangeline Downs (BYD)	6.745	-7.50
Belle (ERI)	2.467	-48.01
BR/C.LA TOTAL	**28.477**	**-6.57**
ELSEWHERE		
PROPERTY	REVENUE ($M)	CHANGE (%)
Amelia Belle (BYD)	3.302	-13.58
Routes, Truck Stops, OTBs	53.123	+3.90
STATE TOTAL	**252.667**	**-3.68**

MARK WOOLLARD
BUSINESS DEVELOPMENT DIRECTOR, PRAGMATIC SOLUTIONS

Woollard talks about delivering an online gaming platform the industry needs

Industry innovation, technology performance and customer acquisition are key in today's online gaming landscape. A significant part of business planning is understanding how focus has now been shifted to speed of integration, mobile usability and compliance with regulated markets.

This new approach the modern online gaming industry brings to the table is in stark contrast to that of the past. Legacy platforms have been built on outdated code for completely different purposes, too slow and inefficient to cope with the demands of the current gambling climate. Expecting clients to wait months to integrate new products or to gain access to necessary platform upgrades is simply bad practice.

Legacy software written using frameworks which are no longer supported, in unsteady environments, can only mean delays and lost revenues for operators. Some businesses want to preserve legacy applications if they're useful. However, when old systems fail to keep up with business developments, shifts in user behaviour or product uplifts, the need to upgrade becomes the clear choice. The management of this transformation will make the difference between staying competitive or falling behind competition, since change is inevitable.

The reality is legacy platforms cannot support modern-day gambling. The only way forward is to adapt to the market. Needless to say, for new or smaller operators the cost of developing a platform in-house is too high, especially when benchmarked against success rates. This is precisely the allure of the new generation of platforms; they allow operators formerly focused on retail to unlock the incredible potential of the online environment for their business. With modern technology becoming available at a reasonable cost, growth, agility and flexibility become the norm within the whole industry.

To be up to speed with market needs, platform providers need to be conscious of the key features helping operators stay competitive in an already busy marketplace. Connecting legacy software to a third-party tool requires a substantial amount of custom code, so modern software platforms often count on third-party APIs.

This is where Pragmatic Solutions, an online gaming Platform (PAM) owned by the same investment group as Pragmatic Play, stands out in the market. Its technology was built for the right purpose from the start, developed with stability, scalability and speed in mind. By focusing on the platform as its core product, Pragmatic has succeeded in creating a modular, API-based, common wallet system which is integration-focused.

Pragmatic has built a business which gives operators the ability to scale and add new verticals quickly, without the need for internal support from an extensive team of software engineers. Pragmatic was built as a modular platform with a micro-services concept, meaning a quick and effective workflow on a one-service module. There is no need to rework the entire architecture of the platform – giving operators the opportunity of quick scalability and major flexibility.

The provider's aim should be an approach to product development steering clear of disruptions and avoiding the replication of products and services already available in the market. Instead, the emphasis must centre on a quality product which guarantees seamless integration and faster delivery for clients.

"The reality is legacy platforms cannot support modern-day gambling. The only way forward is to adapt to the market. This is precisely the allure of the new generation of platforms; they allow operators formerly focused on retail to unlock the incredible potential of the online environment for their business"

ANDY ROBERTS
DIRECTOR, SPORT ACUITY

Roberts discusses betting, the data revolution and… curling?

When you think of the current revolution taking place in sports data, curling is probably not the first sport that comes to mind. Despite occasional bursts of attention, usually generated around the Winter Olympics and more recently the inaugural Curling World Cup, it remains one of the most low-profile 'mainstream' sports around the world.

As a result, curling betting is a specialist pursuit driven by peaks and troughs in the popularity of the sport. Only in truly curling-mad nations such as Canada will you find regular markets on local and regional tournaments. Even in Scotland – the birthplace and spiritual home of the sport – it's hard to find regular betting opportunities, online or offline.

NEW FORMATS HAVE DRIVEN THE RECENT RISE OF CURLING

The PyeongChang Winter Olympics in 2018 however, proved to be a high point for betting on curling, with bookmakers around the world jumping to cater for the interest. To match this, the sport focused more and more on the use of data – for which it has been a pioneer since 2004.

The new interest was driven largely by the introduction of the faster-paced mixed doubles format as a medal event, where each competition is a full round-robin and the top four teams move to the next (medal-deciding) round. The new Olympic format offers new ways to bet on which team will be the overall gold medal winners, single matches or even live in-play markets, such as over/under totals, point spreads and more.

These play variations, combined with an increasing number of other events like the World Cup, which reached its climax in May with a Grand Final in Beijing, are providing a packed programme of matches to help fill TV schedules.

BUT WHY IS CURLING SO POPULAR?

This brings us to the mystery of why curling is so popular as a spectator sport. In common with snooker, Test cricket or even chess, it's not the most obviously gripping game to watch, but it does seem to mesmerise both live and TV audiences.

Though it may lack the speed of skiing or the high-risk thrill of the bobsleigh or luge, the focused concentration and noise created by opposing teams during play creates an excitement all of its own. Audiences will be further boosted by the launch of free-to-view World Curling TV, which gives access to 14 major events annually, with more to be added in future.

There's a feel-good environment around matches, right up to the elite levels of the sport. Good sportsmanship and courtesy are considered part and parcel of play, wrapped up in what is known as the "spirit of curling." Opposing teams will congratulate opponents on a good shot played, trash talking is very much frowned upon and a defeated team will often be afforded the consolation of a round of drinks from the victors – even at major events.

WHAT IS THE POTENTIAL IN CURLING?

While curling remains a niche sport, it is one growing apace. As the sport enhances the way it uses and interprets detailed data, we will see a significant uplift in interest in the sport itself. The more complex data becomes, the more markets betting companies can offer.

Canada, whose teams won both the men's and women's finals at the World Cup, has one of the strongest followings for the sport. Events at home and abroad attract a loyal and growing army of fans. Should Canada decide to go for gambling regulation and relax its limits on single-event sports betting, there will be a ready-made market for the sport right there.

CAN IMPROVED DATA ANALYSIS DRIVE CURLING TO NEW HEIGHTS?

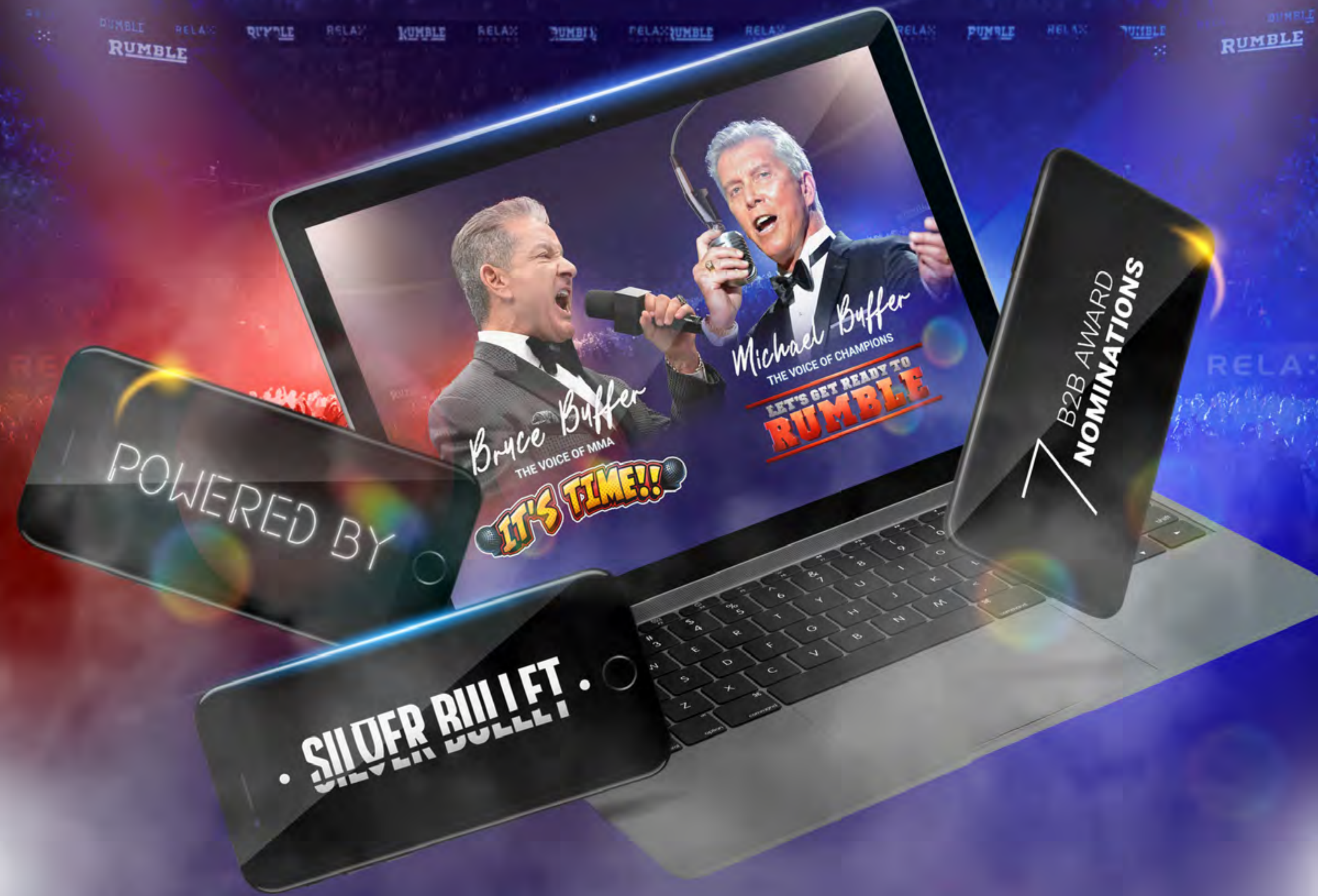
Like any sport, enhanced data gathering and analysis in curling can only be a good thing. In addition to helping teams evaluate and enhance their performance, it also offers the potential to increase betting, which in turn will drive a larger audience.

Curling really has the capacity to sneak up and keep fans glued to the sport. George Clooney became a notable fan in that very way while filming The Perfect Storm in Canada: "It was on every channel and I was like, 'what the hell? My God, have something more on.'

"But by the third month, they couldn't get me out of the hotel room. I was like, 'Hang on, that's proper technique; they've got a different shoe!'"

With updated formats, growing audiences and an ever-increasing focus on data, the most popular sport the world has never heard of should be ripe to ensnare more fans and bettors than ever before.

RELAX GAMING



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