



Sponsored by



# WEEK 26

*FRIDAY 28 JUNE 2019*

---

HOW WILL ELDORADO  
AND CAESARS FARE  
AFTER \$17.3BN MERGER?



## WORLD - LEADING

Sports Betting &  
Platform Provider





Sponsored by



## THIS WEEK

- **Frankie Dettori gives operators a week to forget**
- **More M & A as FDJ Gaming acquires Sporting Group**
- **Marathonbet & 32Red sign football sponsorships**

- **Melco makes dream purchase for \$375m**

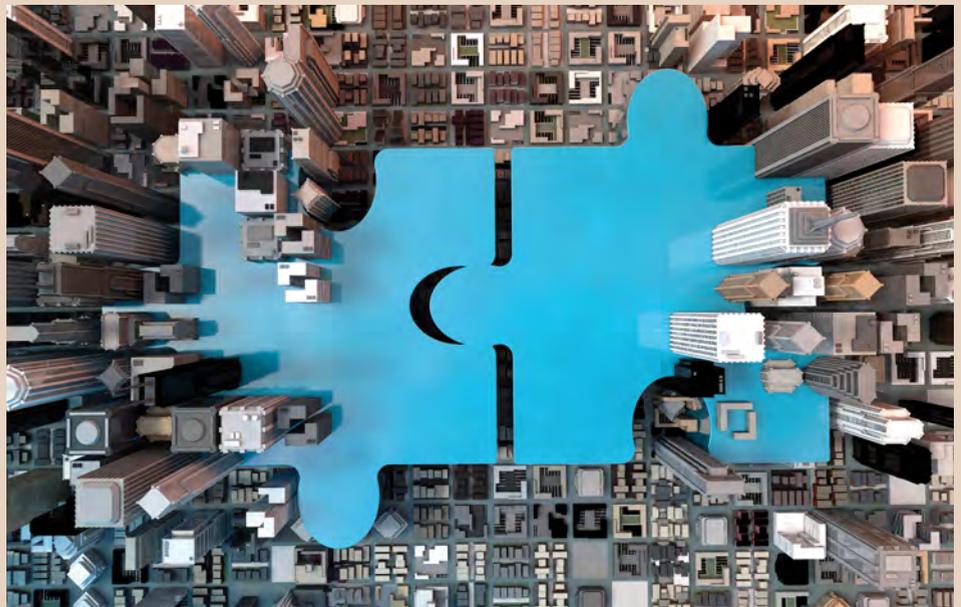
### GUEST COLUMNISTS:

- **Susan O'Leary, CEO, Alderney eGambling**
- **Andy Harris, UK CEO, Design Works Gaming**

# WEEK 26

## FRIDAY 28 JUNE 2019

### HOW WILL ELDORADO AND CAESARS PERFORM AFTER \$17.3BN MERGER COMPLETES?



M & A is the main topic for discussion this week, following Eldorado Resorts' \$17.3bn acquisition of Caesars Entertainment.

The new firm expects the merger to close in the first half of 2020, subject to shareholder and regulatory approvals, with both operators remaining as separate companies until then. It brings Caesars CEO Tony Rodio and activist investor Carl Icahn full circle after their transformation of Tropicana Entertainment and subsequent sale to Eldorado in October.

One of Eldorado CEO Tom Reeg's earliest post-merger statements lavished praise on Rodio for the "phenomenal job" he conducted in October.

Under billionaire Icahn's ownership, Rodio was in charge of Tropicana until its takeover by Eldorado was complete. Lo and behold, Icahn became Caesars' largest



## WORLD - LEADING

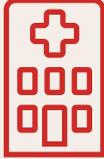
### Sports Betting & Platform Provider



# THIS WEEK IN NUMBERS

## 14

The NHS will open new clinics to support children vulnerable to gambling addictions in the UK



## 183

Operators have informed the Dutch regulator of their interest in applying for an online gambling license



## 11.5 m

The number of account holders at Kenyan operator Safaricom who had their private data stolen



## DKK 300m

Better Collective has secured a credit facility to expand its M & A potential (\$40m)



## 100%

Golden Nugget owner Tilman Fertitta says he is "100% interested" in buying a property on the Las Vegas Strip from the merged Eldorado-Caesars outfit



individual shareholder earlier this year, hiring Rodio to once again oversee a merger with, you guessed it, Eldorado.

Rodio will no longer serve as Caesars CEO, as Eldorado's C-level executives take charge of the new company – even though it will retain the iconic Caesars name. But Rodio's short contribution makes up for its brevity through its significance.

### ORGANISATIONAL STRUCTURE

Six Eldorado directors and five Caesars directors will form an 11-strong board, with Eldorado shareholders owning 51% of the new company and leaving Caesars' existing debt structure in place.

Reeg expects \$1.5bn worth of free cash flow a year and envisages an eventual annual EBITDAR of \$4bn to \$4.5bn. Currently, Eldorado's estimates suggest a figure of \$3.6bn, the largest in the market ahead of MGM Resorts International, on \$2.5bn, and Penn National Gaming, on \$1.2bn.

The CEO is also focused on a decentralised operating model, aiming to achieve \$500m in synergies within year one. Plans are in place for a reduction of Caesars' corporate costs, currently amounting to the tune of \$600m. Eldorado's, according to Reeg, are closer to \$40m, mainly due to smaller headcount.

However, Eilers & Krejcik Gaming's VP of Digital & Interactive Gaming, Matt Kaufman, is "pessimistic" about the stark organisational differences at play.

He told *Gambling Insider*: "In the short term, the deal benefits Caesars shareholders, but in the long term, I'm pessimistic about this being good for the health of the business."

"Eldorado's upper management wants to decentralise power within the company and give the General Managers at individual properties more power – this is a completely opposite approach from how Caesars and the majority of top competitors operate today."

### SPORTS BETTING

Two beneficiaries of the deal are William Hill and Stars Group, the former confirming it now has access to Caesars through existing sports wagering partnerships with Eldorado. Previously, *Gambling Insider* spoke to William Hill about its US prospects and the UK-based operator was willing to remain patient for the right deal.

Such benefits have left Reeg and Icahn equally pleased. After the deal, Icahn reserved praise for the Caesars board: "While I criticised the board when I took a major position several months ago, I would now like to do something I rarely do, which is praise a board of directors for acting responsibly and decisively in negotiating and approving this transformational transaction."

An impassioned Icahn continued to take aim at the philosophy of boards and executives across the US, comparing corporations to "feudal systems" in a fascinating sequence.

He said: "Unfortunately, there are far too many boards that, unlike Caesars, believe corporations are more like feudal systems than democracies; that stockholders are the peasants who represent a necessary evil which must be tolerated, possibly patronised, but certainly ignored."

### CONCERNS

Icahn however, has been pushing for this type of M & A since he first purchased shares in Caesars. Other commentators hold understandably more misgivings about the deal.

There have been suggestions, for example, the new Caesars will struggle under its own weight. Caesars remains debt-ridden following its 2015 bankruptcy filing and Eldorado has never undertaken an acquisition of this size.

Caesars' share price rocketed from \$9.99 on Friday to \$11.56 after the merger announcement (the merger values Caesars shares at \$12.75), while Eldorado's sank from \$51.22 on Friday to \$45.77 on Monday. Investors, analysts and competitors alike will now watch closely to see if sheer size can amount to an equivalent level of success.

# RAGING RHINO MEGAWAYS™

# SG DIGITAL

# RAINBOW RICHES™ MEGAWAYS™

AVAILABLE NOW

Great Games.

▶ LEARN MORE!

JULY 23<sup>RD</sup>



FEATURING  
**MEGAWAYS™**  
UNDER LICENSE FROM  
HIG



Rush Street Interactive entered the final stages of launching its second online sportsbook in Pennsylvania, [BetRivers.com](http://BetRivers.com)

An Irish gambling bill, seeking to enforce an age restriction of 18 and limit stakes at gaming machines, has advanced to the committee stage in the Dáil Éireann

# 18



# 10 years



Jason Park, DraftKings' newly appointed CFO, brings with him a decade of managing growth plans

## ROYAL ASCOT: A WEEK TO FORGET FOR BOOKMAKERS

Royal Ascot week left the bookmakers' pockets feeling relatively empty thanks to Frankie Dettori, Aidan O'Brien and Charlie Appleby.

Horseracing operators must have been sick of the sight of Dettori after he won four in a row on day three, finishing with a total of seven winners by the end of the week.

Appleby's Blue Point became only the third horse in history to win two Group 1 races at the same meeting, scooping the King's Stand Stakes on Tuesday before landing the Diamond Jubilee Stakes on the final day.

O'Brien's very well-supported Japan hacked up to land the King Edward VII Stakes at 6-4, piling on the misery for bookmakers.

But it was Dettori's performances on day three, which really hit operators hard.

The jockey rode Stradivarius to his second Gold Cup win in consecutive years, costing William Hill £2.5m (\$3.2m) for that race alone.

Dettori was denied a fifth winner in a row on Turgenev, when he was chinned

on the line, having been backed in from 12-1 to 7-2 favourite.

William Hill Communications Director Ciaran O'Brien told *Gambling Insider*: "When Turgenev was hugging the rail and staying on, we were preparing for something the like of which we have never seen before. Then Harry Bentley stayed on for his first ever Ascot winner. Bentley will be the toast of bookmakers for many years to come."

Sky Betting & Gaming's Head of Sports PR, Michael Shinnars, told *Gambling Insider*: "After the first four races, we were looking down the barrel of the worst day in Sky Bet history. The final furlong of the Britannia when Biometric reeled in Turgenev represented the biggest swing in recent memory for the bookmaking industry.

"Despite the final two results going our way, it was still very much a day for the punters and many of them go on with plenty of money in their accounts."

## THE WEEK IN QUOTES

*"We're not saying legalise online poker, or online roulette, just online sports betting. Not the Academy Awards, not the Grammys, or betting on the rain, just online sports betting. It boggles the mind, it really does."*

**Senator Joseph Addabbo Jr. expresses his disbelief to Gambling Insider over New York's failure to legalise mobile sports betting in this legislative session**

*"When a legalised business is damaged to the extent it creates job losses, no one is the winner. It would have been a lot more manageable to go for £30, then £20, then £10, so the businesses have got time to adjust over a period of time. This £2 stake has been very draconian."*

**GBGC CEO Warwick Bartlett discusses the government's decision to lower maximum stakes for fixed-odds betting terminals with Gambling Insider**

*"The data, algorithms and machine learning models, without proper human expertise, are far less effective. Together, they can help minimise risk while maximising turnover and profit."*

**Darren Small, MD Trading Services at Sportradar, explains the work going on behind the scenes at the supplier to Gambling Insider**

## FDJ GAMING SOLUTIONS PURCHASES SPORTING GROUP

FDJ Gaming Solutions has acquired fellow supplier Sporting Group, parent company of Sporting Solutions.

FDJ Gaming Solutions is the B2B arm of French national lottery operator Française des Jeux.

The announcement confirming the deal made it clear Sporting Solutions will continue to be an independent provider of pricing and trading solutions to third-party technology.

There had been speculation of other companies being involved in the bidding process, but Sporting Group decided instead to agree a deal with FDJ.

FDJ's acquisition fee has remained undisclosed. Sporting Group's subsidiary, Sporting Index, was previously sold to Pinnacle owner Magnus Hedman in 2015.

In May, Scout Gaming Group agreed a new B2B deal with FDJ. The agreement saw Scout Gaming's

fantasy sports platform integrate with FDJ Gaming Solutions.

Xavier Etienne, FDJ Gaming Solutions CEO, said: "We are very pleased to have completed this acquisition, which underlines FDJ's ambition in the B2B sports betting sector. FDJ recognises the excellence Sporting Group has in pricing and trading. That is why this operation is key for our B2B international development."

Sporting Group CEO Simon Trim added: "It is clear we have a shared vision on the future shape and evolution of the industry, in particular the important role expert risk management and price differentiation will play going forward.

"The acquisition allows us to continue delivering our world-leading B2C spread betting proposition and B2B trading services; we look forward to delivering exciting new products."

## LEEDS UNITED EXTENDS PARTNERSHIP WITH 32RED; SEVILLA ANNOUNCES MARATHONBET DEAL

English Championship football club Leeds United has announced a two-year shirt sponsorship extension with 32Red.

Part of Kindred Group, 32Red has been Leeds' front-of-shirt sponsor for the past three seasons.

Unibet, also owned by Kindred, will be the match kit sponsor for the club's pre-season tour of Australia and feature on the club's new training kit. The extension will allow Kindred to continue holding exclusive betting rights at Leeds.

Last season, 32Red sponsored four other Championship clubs: Aston Villa, Middlesbrough, Preston North End and Derby County.

Leeds United Executive Director Paul Bell said: "We are pleased to continue our journey with 32Red. We have exciting plans for the rest of our centenary season and we are thrilled 32Red will be involved in what we hope will be a historic kit."

Marathonbet also secured a new two-year sponsorship deal with Spanish football club Sevilla FC.

The agreement makes Marathonbet the principal partner and front-of-shirt sponsor of the La Liga team from the start of the 2019/20 season, with the operator's logo to appear across the Ramón Sánchez Pizjuán Stadium and on match-day interview backdrops.

José Castro Carmona, President of Sevilla FC, said: "In line with Sevilla's project of international growth, it is crucial for us to associate our brand with big, international companies like Marathonbet."

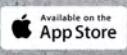
Natalia Zavodnik, Marathonbet CEO, said: "We're incredibly excited to announce our new partnership with one of the most decorated European sides of recent times in Sevilla.

"Working alongside a club with as rich a track record of success as Sevilla demonstrates our ongoing commitment to the growing Spanish marketplace."



# FREE annual subscription

GAMINGAMERICA.COM



## THIS WEEK'S WINNERS AND LOSERS

### WINNERS

*William Hill US* – Has partnered with the Mescalero Apache Tribe to launch a sportsbook at the Inn of the Mountain Gods in New Mexico

*Mark Blandford* – Has been re-appointed Chairman of the Board at affiliate Gambling.com Group

*Playtech* – Partnered with GVC Holdings to launch casino products across its key markets

*Three California tribes* – Have seen their lawsuit for table game exclusivity dismissed by the US District Court

*Simbat Entertainment Systems* – Was fined €270,000 by the Dutch gaming authority for offering online games of chance (\$306,679)

### LOSERS

## MELCO ACQUIRES 75% CITY OF DREAMS STAKE FOR \$375M

Melco Resorts and Entertainment has entered a definitive agreement to secure 75% equity in the Cyprus-based City of Dreams Mediterranean construction.

Melco Resorts bought the controlling stake in the project from its parent company, Melco International Development.

Pursuant to the share purchase agreement, Melco will acquire approximately 18.5 million US depositary shares in the company, representing US\$375m.

The deal still needs to be approved by regulators in Cyprus and must meet standard closing conditions. It will also need a new shareholder agreement to be written by Melco Resorts, which would require the company to provide certain corporate-level management services to the ICR Group for a fixed amount of €2m (\$2.3m) per annum.

ICR operates one temporary casino in Limassol and two satellite casinos in Nicosia and Larnaca. The Limassol property was established to help build local interest in gambling,

while the permanent facility is constructed.

The development is marked for a 2021 completion date, when it is expected to become the largest integrated resort in Europe.

City of Dreams' gaming area is set to have 36 tables and 1,200 gaming machines. The project will also feature a five-star hotel with villas, 500 rooms, 11 restaurants, cafeterias and a pool area with river woods and surf pools.

In May, Melco acquired 135.4 million shares in operator Crown Resorts at a price of A\$13 (US\$9) per share. This works out to 19.99% of the Australian casino, with the transaction to close in two equal tranches on 6 June and 30 September.

James Packer, majority shareholder of Crown, had shown previous interest in selling his stake in the company, having stepped down from Crown's board in March 2018 due to mental health concerns.

Wynn Resorts was in negotiations with the Australian billionaire but pulled out after details of the deal were prematurely leaked.

## LA FALLS

Louisiana gaming revenue fell 0.36% year-on-year for May; the fourth straight month of decline for the state.

State gaming revenue was buoyed by slot routes and slots at truck stops, which grew 7.08%. Casinos fell 2.05%.

Baton Rouge casinos, including Eldorado Resorts' Belle, Penn National's L'Auberge and Gaming and Leisure Properties' Hollywood once again declined as a result of the smoking ban that was introduced in June last year.

Casinos outside those in Baton Rouge rose 0.96%.

MARKET/PROPERTY	REVENUE (M)	(%) CHANGE
SHREVEPORT/BOSSIER CITY		
Boomtown (Penn)	\$5.126	+8.03
Louisiana Downs (CZR)	\$4.117	+4.21
DiamondJacks (Legends)	\$3.182	+2.53
Sam's Town (BYD)	\$6.240	+1.16
Horseshoe (CZR)	\$15.605	-2.80
Margaritaville (Penn)	\$13.799	-2.93
El Dorado (ERI)	\$9.389	-10.45
<b>SP/BC Total</b>	<b>\$57.458</b>	<b>-2.15</b>
LAKE CHARLES/VINTON		
Golden Nugget	\$28.066	+2.94
Delta Downs (BYD)	\$15.920	-0.99
Isle of Capri (ERI)	\$8.263	-4.35

MARKET/PROPERTY	REVENUE (M)	(%) CHANGE
L'Auberge (Penn)	\$25.519	-5.27
LC/Vinton Total	\$77.768	-1.46
NEW ORLEANS		
Fair Grounds (CHDN)	\$3.746	+6.18
Boomtown (Penn)	\$10.347	+5.78
Treasure Chest (BYD)	\$9.889	+1.79
Harrah's (CZR)	\$26.407	-1.92
<b>NOLA Total</b>	<b>\$50.389</b>	<b>+0.88</b>
BATON ROUGE/CENTRAL LA		
Evangeline Downs (BYD)	\$7.720	+8.34
L'Auberge (Penn)	\$13.221	-2.88
Hollywood (GLPI)	\$4.708	-12.70
Belle (ERI)	\$2.629	-46.47
<b>BR/C.LA Total</b>	<b>\$28.278</b>	<b>-8.90</b>
ELSEWHERE		
Amelia Belle (BYD)	\$4.076	+4.74
Routes, Truck Stops, OTBs	\$54.229	+7.08
<b>State total</b>	<b>\$272.199</b>	<b>-0.36</b>
MULTIPLE PROPERTY COMPANIES:		
Boyd	\$43.845	+2.01
Caesars	\$46.129	-1.71
Penn National	\$68.013	-1.85
<b>Eldorado</b>	<b>\$20.281</b>	<b>-15.62</b>



LEAD PARTNER

**BET CONSTRUCT**

WE ARE PROUD TO WELCOME KPMG ISLE OF MAN AS OFFICIAL ADJUDICATOR FOR THE SIXTH YEAR IN SUCCESSION



CATEGORY SPONSORS

NETENT

SPORTRADAR

ARISTOCRAT

SG SCIENTIFIC GAMES

INTERBLOCK LUXURY GAMING PRODUCTS

ALT 亚洲电竞 Asia Live Tech

IGT



# SAVE THE DATE



IN ASSOCIATION WITH



POWERED BY



## GUEST COLUMNIST



**SUSAN O'LEARY**  
CEO, ALDERNEY EGAMBLING

*O'Leary speaks about Alderney eGambling's upcoming panel at WGES*

### **Can you tell us about Alderney eGambling's presence at WGES and who will be on its panel?**

We're hosting a panel on the regulatory day, Tuesday 2 July, on 'Realising the importance of a sound regulatory framework.' We'll be talking alongside Red Tiger CEO, Gavin Hamilton, offering delegates a fireside chat about Red Tiger's journey in the industry and their approach to regulation. It will be really interesting for attendees to hear about the growth of Red Tiger, its experience of entering new markets and the challenges that presents; especially in relation to AML and regulatory issues and requirements, which vary considerably in different jurisdictions.

### **What is Alderney eGambling looking to get out of WGES as a whole?**

We attend WGES for the caliber of delegates who attend. The W is a great venue and the C-level attendees and speakers really elevate the learning opportunities and industry insight, providing a great forum for discussion and networking. Being such a small event, it gives us the opportunity to connect with industry leaders and innovators from around the world, many of them existing contacts and licensees.

### **How important is WGES to the gaming calendar and what other shows does Alderney eGambling attend?**

Every event in the gaming calendar (and there are a lot) has its place, from the more niche conferences to the large and successful exhibitions. Over the years, we have attended and been invited to speak at a huge number of events globally, experiencing how different audiences respond to shows and what they want to take away from the event. From our perspective, the successful shows are those which take the time to curate the most relevant and engaging content for the audience, rather than selling off the speaking slots.

Organisers who get to know the market they are targeting are the ones whose shows will return bigger and better each year. We work with most of the conference managers to provide a contribution where relevant. It's been great to see some new shows spring up over the past year in new jurisdictions, keeping things fresh and providing the potential for new connections and collaborations.

### **Does Alderney eGambling have any significant targets for the rest of 2019?**

Representing a global regulator, the Alderney Gambling Control Commission (AGCC), means our reach and targets are extensive. We are working with regulators, operators, suppliers and government officials all over the world, forging relationships, facilitating introductions and connections, and advising on new frameworks and legislation. The remainder of the year will involve plenty of travel both further afield and closer to home, as we continue to advise both existing and prospective licensees; as well as working collaboratively with our contacts globally, to consistently champion best-practice online gaming regulation.

### **What challenges does Alderney eGambling face in achieving these goals?**

I think any challenges we experience are those felt not only by us but industry wide at the moment. Each market we work in presents its own unique hurdles but usually balanced with an equal amount of potential and opportunity. Cultural, economic and regulatory nuances across different markets always provide a level of complexity for licensees targeting multiple jurisdictions. At the same time, current political instabilities on home turf are potentially providing even more uncertainty.

I think we're seeing a level of caution across the whole industry, with businesses even keener to explore opportunities in new and emerging markets. We've spent a considerable amount of time in Asia, India and Africa in recent months and experienced the potential and buzz in these markets as they embrace the industry and also regulation. I'm excited to see progress in the coming months.

---

*"From our perspective, the successful shows are those which take the time to curate the most relevant and engaging content for the audience, rather than selling off the speaking slots. Organisers who get to know the market they are targeting are the ones whose shows will return bigger and better each year"*

---

## GUEST COLUMNIST



**ANDY HARRIS**  
UK CEO, DESIGN  
WORKS GAMING

*Harris discusses supplier-agnostic  
and cross-product gamification  
tools*

In the last few years, the online casino user experience has changed immeasurably, partly due to the onset of gamification and promotional tools. Many suppliers now develop their own proprietary tools to ensure games not only stand out from the crowd, but also stand the test of time. As a result, players have come to expect an array of exciting and engaging features on top of normal gameplay, such as tournaments, free games, leaderboards, cash races, bonus mechanics and jackpots.

This development has even been the making of some design studios, with some suppliers having established as much of a reputation for the stuff that comes with their games as the games themselves. The upshot of these developments however, has been a patchwork quilt of features across the online ecosystem, as providers deliver different implementations of these tools within their games. This, in turn, has led to an inconsistent experience for players.

As a response to this fragmentation, several platform and aggregation providers have taken up the mantle and implemented tools that work across all games integrated into their platform. This is definitely a step in the right direction towards a more consistent player gamification experience. Unfortunately, it still has its limitations – operators are integrated into multiple platforms, not all content suppliers are integrated into all platforms and many providers are integrated directly with the operator. Issues of inconsistency therefore remain in the player experience.

We are also seeing operators make movements towards addressing these challenges. For example, Sky Vegas operates its own Prize Machine™, which rewards players for visiting and interacting on its casino, regardless of the player's game of choice. Other companies are starting to introduce similar features.

As an operator of four social casinos, DWG is focused on the creation of a wide variety of tools that are game agnostic and provide high levels of player engagement. Particular attention

has been paid to producing innovative mechanics, similar in concept to Sky Vegas' Prize Machine™, rewarding players for visiting and interacting within the casino. This has recently been taken to a new level with the launch of our fourth social casino, Cash River.

In Cash River, players can plant "Money Trees" which give them the possibility to redeem free virtual currency every few minutes, instead of the traditional hourly bonus. The levelling up and VIP system is also unique, with different paths a player can take to experience the various worlds in the casino. These mechanics are proving a huge success.

DWG's plan is to bring a number of our social casino player reward tools and the principles behind them to RMG. Operators will be able to launch tools such as our wheel spin bonus, piggy bank and prize drop mini game from a promotional area on their website, allowing them to reward play across all games – not just ours.

They are also designed to be product agnostic, so they can be used on games, sports, bingo, etc. The products will be extremely flexible and customisable too, so our clients can effectively differentiate. They're offered as a standalone module, completely independent from our games.

We are hoping this will go some way towards providing players with a more engaging and consistent way to experience promotions and rewards. But it's not just players who will see the benefits.

Operators will improve player retention by offering a seamless gaming experience and allowing players access to the same exciting tools across their product portfolio, while suppliers will see more visits and increased cross-sell from areas such as sports into casino. We firmly believe this is a great solution for all parties involved and one which, hopefully, will take gamification in the RMG space to the next level.

---

*"It's not just players who will see the benefits. Operators will improve player retention by offering a seamless gaming experience and allowing players access to the same exciting tools across their product portfolio"*

---

**JUL/AUG ISSUE OUT NOW**

**Click [HERE](#) to view**

