



WEEK 34

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SCIENTIFIC GAMES CEO: SLOW APPROACH WILL DRIVE VALUE TO SPORTS BETTING OPERATIONS

THIS WEEK

- **William Hill blocked from Joshua/Ruiz ring sponsorship**
- **Turbulent times at Global Gaming; CEO speaks to *GI***
- **Q2/H1 round-up, including GVC, LeoVegas and Catena**
- **Strong July for NJ and Pennsylvania**

GUEST COLUMNIST:

- **Andrew Ashenden, Chief Betting Officer, Stats Perform**



Barry Cottle, Scientific Games CEO, believes the ultimate solution for sports betting in the US market is to adopt a patient approach in both land-based and digital formats.

However, while speaking exclusively to *Gambling Insider* for the inaugural US CEO special, which will feature in our September/October magazine, the executive says he can see the benefits of a long-term vision employed by both state politicians and operators, in regard to regulating and entering markets.



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14 OCTOBER / SANDS EXPO LAS VEGAS



THIS WEEK IN NUMBERS

\$81m

Massachusetts casinos' GGR for July; an increase of more than 400%



Cottle told *Gambling Insider*: "We do recognise this is still very new to the North American market and we feel this slow approach will drive value and establish your sports betting operation."

"Ultimately, at Scientific Games, we believe the full solution of mobile, online or retail, is where the market goes, so operators should keep that in mind."

Another key reason for taking a patient approach to market is ensuring operator platforms are tuned and ready for the volume of player activity expected.

The CEO looked to the mature sports betting market in the UK to determine two key factors in sports betting success.

The first, Cottle says, is putting the player experience before anything else. He said a user-centric focus is the winning approach in all of gaming, which holds true for the sports betting vertical.

Cottle added: "If someone is making a bet during the heat of the Super Bowl, then the app has to be fast, simple, dependable and stable. It can't crash or have delays."

"Players can't be asked to go through multiple steps. It's got to be seamless and streamlined."

The next factor is having a customisable solution that enables operators to build product advantages over time and have a robust feature set within the product.

Cottle said: "Over time in the UK market, the people who really got the product right rose to the top."

The CEO also commented on Scientific Games' second quarter performance. The supplier saw no revenue change year-on-year and remained at \$845m.

Consolidated adjusted EBITDA was down 1% at \$335m and the company reported a net loss of \$75m, a rise of 1,150%. The supplier's gaming segment generated revenue of \$427m, a 9% decrease, with adjusted EBITDA of \$215m, down 9%.

Revenue from its lottery segment rose 12% to \$231m and adjusted EBITDA was \$103m, up 4%.

Cottle said: "We saw growth in all divisions except gaming, on a year-on-year basis. Importantly, North America game ops stabilised and we continue to see strength in table games."

"We brought in talent that's going to help us in the market place and we continue to execute on a strategy to increase cash flow. Our free cash flow improved by \$109m in the last year and we cleared another \$155m in debt."

To bring back overall growth, Cottle says the supplier needs to focus on creating games that players love and return to.

Looking ahead to the rest of the year, he said: "We will continue to put out into the market games that players love and delivering a gaming experience through innovations like SG vision which uses facial recognition and our open sports and visual online casino."

"Reinventing play and keeping the needle moving forward to make great games and gaming experiences. To do that successfully between now and the end of the year is really what our focus is."

Cottle was speaking to *Gambling Insider* for the upcoming US CEO Special, due to be published in the September/October edition of the magazine. [Click here to read the full interview when published.](#)

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German Bundesliga football team Wolfsburg confirmed Ballbet as its official Asian betting partner for the next two seasons

12th

Penn National is set to become the next state to legalise sports betting



12,000

Chinese citizens allegedly recruited illegally to work in Filipino casinos by the Philippine Offshore Gaming Operations (POGO)



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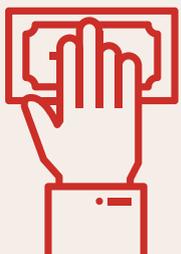


Malaysians arrested by Chinese nationals in operation against online gambling



€470,000

Fine was issued to Kindred by the Dutch regulator for offering online gambling



2.4 million

Men between the ages of 16 and 34 regularly gamble on sport in the UK

WILLIAM HILL WILL NOT SPONSOR RING IN JOSHUA VS. RUIZ REMATCH IN SAUDI ARABIA

William Hill will be unable to sponsor the ring for the heavyweight world title boxing match between Anthony Joshua and Andy Ruiz Jr. in Saudi Arabia in December, but will be able to market itself in the pre-fight build-up.

Gambling Insider understands William Hill, which sponsored the first match and employs Joshua as an ambassador, will not be able to follow up for the rematch, as it is illegal to gamble in Saudi Arabia.

Many professionals, including Tyson Fury and Mike Tyson, have since come out in support of Ruiz, believing the Mexican can once again defeat Joshua, tarnishing his image and reputation further.

But one of the major talking points isn't the fight itself - it's the location. Eddie Hearn and Team AJ signed a contract for the rematch to take place in Saudi Arabia, without Ruiz accepting. Ruiz made it clear he wanted to fight in either the US or Mexico.

The decision to allow the boxing match to take place in Saudi Arabia has also been controversial, due to Saudi Arabia's human rights issues.

Despite the restrictions during the fight, William Hill will still be running marketing promotions around the fight. *Gambling Insider* has been informed William Hill will continue to work with Joshua, who promotes William Hill in marketing and social materials.

William Hill's Communications Director, Ciaran O'Brien, told *Gambling Insider*: "The deal we have with Anthony Joshua is quite flexible around venues, as there is always the potential for a fight to be in a territory which isn't licensed.

"We will be adapting our marketing approach to focus on the pre-fight build-up for boxing fans. We're still very happy with our relationship with Anthony Joshua and we will be giving our all behind our marketing campaigns in the build-up to the fight.

"It's still a massive fight, so the lack of sponsorship of the boxing ring itself won't impact us. A lot of bets are placed pre-match and so we will be making the full benefits of using Joshua, with press conferences, for example, to maximise our deal with him."

THE WEEK IN QUOTES

"There's sometimes a bit of a negative reaction to a casino that people are going to lose their money. That's really not what casinos are all about. Casinos create jobs, they create opportunities and they create infrastructures."

Rymax SVP of Sales Paul Gordon defends the casino industry

"As well as being fast and physical it's a nuanced and intricate sport, which can be appreciated on a number of different levels. The important thing is the sport works together to ensure its resonating with the public on a regular basis, and not just around the flagship events like Royal Ascot."

At The Races CEO Matthew Imi discusses the significance of continuing to promote horseracing

GLOBAL GAMING REPORTS "MOST TURBULENT AND DIFFICULT" H1 FOLLOWING REVOCATION OF SWEDISH LICENSE

Revenue at Global Gaming fell 42% year-on-year to SEK 132.2m (\$13.8m) for Q2, with a 31% decrease in total H1 revenue to SEK 294.3m.

Q2 operating profit also fell from SEK 41m to a loss of SEK 11.1m. Operating loss for H1 was SEK 54.5m.

The company blamed the fall in revenue on the revocation of subsidiary SafeEnt's online casino and sports betting licenses, through which it had been running both its Ninja Casino and Spellandet online gaming brands.

Another recent blow to the operator saw Sweden's Supreme Administrative Court reject Global Gaming's injunctive relief appeal, calling for the court to review the case.

Global Gaming claims the decision has also led to negative reactions from suppliers and partners, which saw the company auditor, KPMG, terminate its contract without any

further explanation or notice.

In a bid to reduce costs, Tobias Fagerlund, Global Gaming CEO, has outlined a strategy including a 50% reduction in staff and collaboration with Viral Interactive, a subsidiary of Finnplay.

Fagerlund described the last three months as "the most turbulent and difficult in the history of Global Gaming."

In an interview with *Gambling Insider*, Fagerlund said: "I was shocked. They made the decision public through a press release on a Monday morning at 8am and I got it by email eight minutes before.

"I think they made a mistake by enforcing a law that is unclear, and makes legitimate operators unsecure about their place.

"It wasn't possible for us to actually foresee what happened."

[Read the full interview here](#)



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“We’re watching tens of millions of dollars go across the border to New Jersey and I keep telling the Governor’s people we have illegal activity going on here that we aren’t regulating – mobile sports betting. For our government to not regulate illegal activity is a missed opportunity.”

**Senator Joseph Addabbo Jr.
on losing revenue to neighbours
New Jersey**

THIS WEEK'S WINNERS AND LOSERS

WINNERS

BetVictor - Launched its new Smart Cards horseracing product

FanDuel - Signed a multi-year agreement with MLB

The Department of Justice (DoJ) - Will appeal a ruling in New Hampshire this year against its Federal Wire Act reinterpretation

The Cambodian Government - Has announced it has banned online gambling

Inspired Entertainment – Saw its revenue drop 28% to \$26.7m for Q2, attributing the fall to the reduction of maximum stakes on fixed-odds betting terminals in the UK

LOSERS

FOBT IMPACT REVIEWED IN Q2 AND H1 FINANCIAL ROUND-UP

GVC Holdings generated net gaming revenue (NGR) of £1.8bn (\$2.18bn) for H1, a 61% increase year-on-year in reported group revenue and a 6% rise in pro forma revenue. This was its first financial report since maximum stakes for fixed-odds betting terminals (FOBTs) in the UK decreased from £100 to £2.

Kenny Alexander, GVC CEO, said: “In UK retail, efficient execution of mitigation plans resulted in a Triennial Review impact that was better than initial expectations, with like-for-like NGR 10% behind last year.

LeoVegas reported an 8% increase in Q2 revenue to €94.4m (\$104.8m). The online casino operator acknowledged difficult regulatory conditions in the UK market, as well as challenges due to re-regulation in Sweden; its organic growth in local currencies was 8%.

This number grew to 26% excluding the UK, with the number of depositing customers up 8% to 334,961, while returning customers had risen to 196,203, a 12% increase.

Revenue at Gaming Innovation Group (GiG) fell 16% to €31m for Q2. Adjusted EBITDA was €2.5m, a 49% increase, and cash flow from operations was €3.2m, a 156% decrease.

GiG attributed the drop in revenue to a difficult Swedish market and the termination of an unnamed customer contract in Q4 2018.

Aspire Global saw its Q2 revenue increase 32% year-on-year to €32.8m (\$36.4m), with its B2B sector contributing 60% of the total.

Catena Media saw its revenue drop 9% to €23.7m while EBITDA also fell, down 22% to €9.4m. The affiliate’s number of new depositing customers fell 29%.

Net cash generated from operating activities did rise for Q2, by 20% to €10.5m and earnings per share grew from €0.10 to €0.12 before dilution.

At Better Collective, revenue rose 64% to €9.6m and organic revenue growth was 18%. The affiliate reported NDCs exceeded 111,000, a growth of 60%.

NEW JERSEY AND PENNSYLVANIA SEE GROWTH FOR JULY

Total gaming revenue grew 11% year-on-year in New Jersey for the month of July to \$334.4m.

Casino win increased slightly, rising 2% to \$277.2m. This means digital contributions accounted for 83% of the Garden State’s increase.

Internet gaming win rose 52% to \$39.3m, while sports wagering gross revenue increased more than four times over, to \$17.9m.

Mobile betting accounted for the majority of New Jersey’s growth, with total revenue for the year-to-date of \$1.93bn, up 23%, with casino win up 11% to \$1.54bn.

Meadowlands, partnered with FanDuel, topped the sports betting wagering chart with \$9.09m revenue, which was up from \$1.4m for July 2018.

Meanwhile, Pennsylvania saw less growth, generating a total gaming revenue for July of \$281.5m, up 1%, with sports betting making \$2.9m.

Of the state’s properties, Parx Casino generated the highest amount of revenue, taking \$52.3m in total, a 5% increase.

SugarHouse took the most in the sports betting vertical, generating total revenue of \$1.1m from handle of \$26.5m, although it’s likely to face tough competition from the Valley Forge Casino Resort sportsbook, operated by FanDuel. The partnership produced handle of \$5.1m in July despite only being open for three days, with a total revenue of \$301,876.

Wind Creek Bethlehem saw the highest results in table games, bringing in \$20.9m, a drop of 1%, with its total for the month at \$45.3m, down 3%.

In total, Pennsylvania collected \$1m in taxes from sports wagering, with the vertical’s overall handle amounting to \$59.3m.

Total tax generated collectively through all forms of gambling was \$116.6m, as reported by the Pennsylvania Gaming Control Board.

ENCORE NEARS \$50M MONTHLY REVENUE

Encore Boston Harbor generated \$48.575m in revenue for July; its first full month of operations.

More than half Encore's gaming revenue came from tables. Twin River is laying off 30 people and lowered expectations for its Rhode Island casinos this year after table revenue fell 34% year-on-year for July at its Lincoln casino.

Foxwood's slot revenue fell 11.2%, with handle down 10.3% to \$479.2m.

CONNECTICUT

MARKET/PROPERTY	REVENUE (M)	(%) CHANGE
Foxwoods	\$38	-11.2

[Click here to read the full report](#)

MASSACHUSETTS

MARKET/PROPERTY	REVENUE (M)	(%) CHANGE
Plainridge Park (PENN)	\$12.536	-17.26
MGM Springfield (MGM)	\$20.399	N/A
Encore Boston Harbor (WYNN)	\$48.575	N/A
Total	\$81.509	+438.02
Same Store	\$12.536	-17.26

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ANDREW ASHENDEN
CHIEF BETTING OFFICER,
STATS PERFORM

Ashenden explains why AI will power another giant leap for sports betting

Live video streaming is now a core part of most bettors' experiences, and we're still only scratching the surface of what it can achieve; but acquiring and distributing high-quality sporting action into betting platforms took profound leaps of faith for all involved in its fascinating early years.

In-play betting wouldn't exist without ultra-fast sports data, delivered accurately and upholding the highest standards of integrity.

Both these services continue to grow in functionality. If betting on sports is one of your pastimes, it truly is an exceptional time to enjoy it.

This for me is one of the incredible things about our industry; the drive from all its participants to keep innovating and keep improving customer experiences, ensuring no one sits still for a second.

I sometimes wonder whether this industry-wide ambition is replicated in other sectors and whether our peers in other walks of life get to spend their days as stimulated and frequently breathless as those of us fortunate enough to have landed on this path; where no two days or weeks are the same and a relatively small cohort of customers and competitors keep inspiring each other to grow.

In keeping with this theory that we work in one of the most ambitious and stimulating industries, and as exciting as live streaming and in-play experiences are, behind the unification of Stats and Perform is a drive to help revolutionise sports and betting entertainment once again.

The revolution we see coming is one where artificial intelligence technology pulses through a vast and ever-expanding sports data lake; learning what's important, interesting, informative and insightful and turning it into next-generation tools for trading floors, integrity teams,

product owners, marketing teams and ultimately incredible experiences for end users.

AI-powered tools have the potential to help redefine betting experiences once again; to reshape both existing experiences like live streaming and player performance betting; to create new experiences that make betting even more entertaining, enabling even more confident trading.

We often hear about AI shaking up the world and it truly has massive potential in sports betting, especially when it has access to rich sports data.

So now I say we're at the start of a new journey in what already feels like three or four fascinating mini-careers in sports betting.

Even more fortunately from my perspective, Stats has been building its AI capabilities for the past few years, has a very healthy collection of patents and data scientists and is already starting to bring products to market.

In many ways it's been an intoxicating first 45 days understanding what it's already doing and hypothesising about how Stats Perform's betting partners and end users could benefit from the resources now at the company's disposal.

The question we're asking ourselves and our partners is: How can AI make sports betting even more entertaining, efficient, safe and drive the industry forward?

Whatever the answers, one thing seems clear: for those lucky enough to call sports betting our industry, our next era could be the most exciting one yet.

“Live video streaming is now a core part of most bettors' experiences, and we're still only scratching the surface of what it can achieve; but acquiring and distributing high-quality sporting action into betting platforms took profound leaps of faith for all involved in its fascinating early years”

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