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WEEK 15

FRIDAY 10 APR 2020

REVIEW: VIRTUAL GRAND NATIONAL ENTERTAINS 4.8 MILLION VIEWERS; EARNS £2.6M FOR NHS



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BETTING REVOLUTION**

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REVIEW: VIRTUAL GRAND NATIONAL ENTERTAINS 4.8 MILLION VIEWERS; EARNS £2.6M FOR NHS

THIS WEEK

- **Bet365 owner donates £10m to NHS hospitals**
- **William Hill appoints new CFO and COO**
- **Gambling Commission sanctions record fine**
- **AffiliateCon Virtually Live agenda revealed**

GUEST COLUMNIST:

- **Mark Robson, Co-founder, Champion Sports**



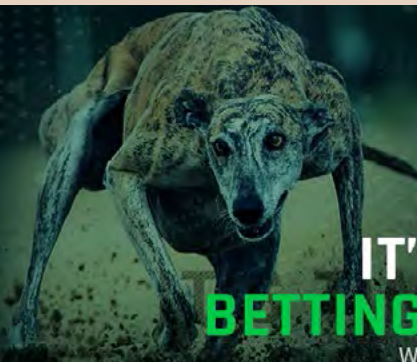
The Virtual Grand National helped fill the void of sports fans, horseracing enthusiasts and casual viewers on Saturday evening, as 18-1 shot Potters Corner, trained by Christian Williams and ridden by Jack Tudor, claimed victory.

In the coronavirus-enforced absence of the Randox Health Grand National 2020, ITV agreed to broadcast the Virtual Grand National at the same time, simulating how the real race would have transpired with the same list of 40 contenders.

The Virtual Grand National is usually an annual event taking place in addition to the showpiece race, although it stepped in as a replacement main event this time around – with a twist.



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THIS WEEK IN NUMBERS

\$100,000



In March sports betting revenue in New York, a marked improvement from February's loss of \$180,000 despite casinos closing midway through the month

\$250m

Loan amount that owner of Golden Nugget casinos, Tilman Feritta, has proposed, at a 15% rate, to potential lenders, the highest ever recorded in the US leveraged loan market



700

Number of staff Australian operator Tabcorp is to furlough until 30 June, to help mitigate the impact of the coronavirus outbreak on business operations



8 weeks

The short-term furlough program IGT announced to its senior members to last from 6 April. The supplier will implement salary reductions for certain employees as well

Indeed, a select number of operators agreed to take wagers on the race and donate any profits made towards the NHS in its fight against the coronavirus pandemic.

So how did the virtual stand-in fare?

THE NUMBERS

The virtual race raised £2.6m (\$3.2m) for NHS Charities Together. Michael Dugher, CEO of the Betting and Gaming Council, said: "I am proud that so many BGC members up and down the country are supporting in so many different ways the national effort to combat COVID-19, including here by contributing all of their race profits to NHS Charities Together."

NHS is set to receive some more donations in the future. The Jockey Club promised to give the NHS workers 10,000 tickets for the 2021 Randox Health Grand National Festival, while BGC hopes that the success of the virtual race will encourage the backers to donate some of their winnings to charities as well.

Coral's David Stevens also expressed his enthusiasm, saying: "The average stake per bet worked out at just over £2, which showed this virtual National really hit the spot in terms of providing a fun, one-off betting opportunity for so many people, and most importantly, all those small bets added up to a fantastic donation."

ITV reported a peak of 4.8 million viewers in the UK for the Saturday evening event, the equivalent of 30% of the national television audience.

This was half the number of viewers for the 2019 Grand National (9.6 million) but a considerable year-on-year increase on 2019's Virtual Grand National viewership (737,000).

A £10 (\$12.27) limit per horse was enforced by operators (with £10 each way stakes also allowed at 1/5 odds to five places).

THE PLAYERS

From a B2B perspective, a list of Betting & Gaming Council members were behind the initiative. The list included Bet365, William Hill, Flutter Entertainment, Sky Bet, GVC Holdings, BetFred, Betway, BetVictor, JenningsBet and Inspired Entertainment.

Such was the reception to the initiative, even the ever-critical *Guardian* acknowledged the betting industry's good deed.

The newspaper wrote: "So it is only fair to report that at a moment of national crisis when we are all in need of diversion, not just on Saturday but probably for many weeks to come, the bookmakers seem to have thought quite carefully about how to approach the Virtual Grand National and the interest it will generate."

Interest was also generated throughout a variety of virtual sweepstakes, many of which required players to donate £10 to the official NHS charity. Some of those offering virtual sweepstakes included Degree 53, the *Telegraph* and Press Box PR.

THE WINNERS

Potters Corner triumphed with a late flurry, as pre-race 5-1 favourite Tiger Roll fell short of a hat-trick of consecutive Grand National wins. Tiger Roll was commended on an excellent run, finishing fourth, but it remains to be seen whether the horse would have triumphed in "real life".

Winning trainer Williams was delighted racing could bring a smile to the nation, even in its simulated form, while previous Grand Nationals have been run with a strong degree of accuracy.

In recent years, the virtual event has predicted the same winner as the real race or been just one place out.

But the real winner of the race is the NHS, with bookmakers having avoided making a loss on the race due to Tiger Roll's failure to finish first. Though it's still fighting an uphill battle against the COVID-19 pandemic, the NHS is now £2.6m better off in terms of funding.



In the absence of sports,

Esports Betting is Taking the Big Leap

50,000+

Monthly Events

15,000+

LIVE Events



12

Number of its UK brands LeoVegas has migrated onto its own in-house platform from a third-party solution, under the collective name Rocket X, giving the operator full control over its technology



16%

Year-on-year rise in online net gaming revenue for GVC Holdings for Q1 2020, with overall group NGR increasing 1%

61%



Year-on-year drop in revenue for Ohio's casinos in March, down to \$71.9m, representing a loss of \$112.3m, due to the coronavirus pandemic forcing casino closures

BET365 CEO AWARDS £10M GRANT TO HOSPITALS

Denise Coates, Bet365 CEO and owner, has awarded a £10m (\$12.3m) grant to the University Hospitals of North Midlands (UHM) through her charity foundation.

The funds will be used during the COVID-19 pandemic to increase support for staff and improve patient care at the Royal Stoke Hospital and County Hospital, Stafford.

UHM CEO Tracy Bullock said: "We are extremely grateful to the Denise Coates Foundation for this significant grant to support our staff and patients during COVID-19 and beyond.

"As a result of COVID we have rapidly established new ways of working but in some circumstances are lacking the technology to do this in the most effective way.

"This investment will help fund schemes and provide the latest technology to improve communications between clinicians; between clinicians

and patients; and between patients and their families."

In light of the COVID-19 pandemic, Bet365 has guaranteed payment for its workforce for at least the next five months, also ensuring there will be no job losses in the period.

In January, it was announced the Bet365 owners placed highest on the list of taxpayers in the UK.

The tax paid by Denise, John and Peter Coates rose by 177% from £156m to £276m from 2018 to 2019, according to The Sunday Times.

The Lott, the home of Australia's official lotteries, will donate AU\$1m (US\$600,000) to help accelerate Australian research into a vaccine for COVID-19.

Donated from the Golden Casket, the funds will be given to the University of Queensland's School of Chemistry and Molecular Biosciences, one of six research facilities across the globe tasked with developing the vaccine.

\$368.9m

Cambodia casino operator NagaCorp reported a 15% increase in year-on-year gross gaming revenue for Q1 2020



WILLIAM HILL APPOINTS NEW CFO AND HIRES FLUTTER DIRECTOR AS COO

William Hill has announced the appointments of a new CFO and COO.

Adrian Marsh was due to become the operator's new CFO, replacing Ruth Prior, but at the end of March, re-evaluated his position due to the coronavirus pandemic and decided to remain with DS Smith.

William Hill has announced Matt Ashley will now take up the role instead, being appointed Executive Director, as well as CFO, starting on 6 April. He joins from National Express and possesses 20 years of financial experience.

Prior, who announced in January she was leaving the company, will remain in her role until 15 May, working together with Ashley to ensure a smooth handover.

Meanwhile, Stephen Parry will join William Hill's Executive Committee as COO later this year.

Parry moves from Flutter Entertainment, where he led the

integration arising from the Flutter-Stars Group transaction as Integration Director.

CEO Ulrik Bengtsson said: "These two key appointments reinforce our focus on building a high-calibre team.

"Matt and Stephen bring significant strengths to the company. Matt has a wealth of international financial and US experience as well as being an experienced CFO of a FTSE 250-listed company.

"Stephen comes with a first-class track record of driving digital change, operational focus and customer experience in senior roles at Vodafone and Flutter. I look forward to welcoming them both to William Hill."

With the CFO position now resolved, the coronavirus outbreak is still due to have a significant impact on William Hill, who last month said the virus is expected to reduce group EBITDA by £100m (\$123m) to £110m for the year.

THE WEEK IN QUOTES

"I really think this is the moment, if you have a license in Macau, to legalise online gaming. The Chinese Government would obviously watch it and monitor, regulate and control it but at least you then have the potential to tax and regulate online."

Speaking to Gambling Insider, SpringOwl Asset Management CEO Jason Ader on why online gaming in Macau should be legalised to offset a decrease in revenue



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“There is a risk of the Commission becoming judge, jury and executioner with operators becoming compliant for fear of something worse occurring. The gambling industry will not be immune from further regulatory activity and may be perceived as a somewhat ‘easy mark’ in a changed political and economic landscape.”

Barristers Richard Littler QC and Ian Whitehurst believe the gambling industry could be an easy target for the UK Government to raise funds after the coronavirus pandemic

“When we posted the first-round matchup lines and the bets were completely one-sided toward Jones Jr., it became obvious someone knew the outcome of the game.”

Robert Cooper, SportsBetting.ag odds manager, after betting on the NBA 2K20 video game tournament was suspended due to suspicious activities

GAMBLING COMMISSION FINES CAESARS AND SUSPENDS TWO LICENSES

Caesars Entertainment’s UK branch has received a Gambling Commission fine of £13m (\$16.1m) for a series of “systemic failings,” with the funds being directed towards the National Strategy to Reduce Gambling Harms.

The failings, which were committed between Jan 2016 and Dec 2018, were linked to social responsibility, money laundering and customer interaction.

Three senior managers at Caesars Entertainment UK Ltd have surrendered their personal licenses in reaction to the decision.

Among other social responsibility failings, the operator was found to have had inadequate interaction with a customer who was known to have previously self-excluded and lost £240,000 over a 13-month period.

In one transgression of money laundering regulation, the operator was found not to have carried out adequate source of funds checks on a customer who deposited £3.5m and lost £1.6m over a three-month period.

Neil McArthur, CEO of the Gambling Commission, said: “The failings in this case

are extremely serious. A culture of putting customer safety at the heart of business decisions should be set from the very top of every company and Caesars failed to do this.”

The Gambling Commission has also suspended the licenses of two online operators with immediate effect, due to their failure to fully integrate the Gamstop self-exclusion scheme.

Dynamic, trading as Prophet, and Sportito had their licenses suspended, although Sportito’s suspension has been lifted since its subsequent integration; both operators remain under review.


In January, the Gambling Commission notified all licensed online operators they had to fully integrate with Gamstop by 31 March.


Dynamic’s license will remain suspended until the Commission is “satisfied the operator has fully integrated the Gamstop scheme and is fully compliant with license conditions.”


The Commission has since gone on to detail why it also suspended the license of Triplebet in February, while it completed a busy recent schedule by outlining new VIP restrictions.


TAKING STOCK


SHARE PRICES COVER THURSDAY 2 APR
TO THURSDAY 9 APR (1PM GMT)

William Hill
107.83 GBP  67%

Tabcorp
3.600 USD  11%

LeoVegas
30.30 SEK  13%

Kindred Group
30.08 SEK  15%

Caesars Entertainment
7.44 USD  15%

AFFILIATECON VIRTUALLY LIVE TO BE STREAMED LIVE ON YOUTUBE

Viewers will be able to watch AffiliateCon Virtually Live in its entirety for free on YouTube on Tuesday 12 May.

Following the postponement of AffiliateCon Sofia to 2021 due to the coronavirus pandemic, the *Gambling Insider* team will instead present a virtual conference covering a number of crucial topics to help affiliates and operators during these testing times.

Before the coronavirus outbreak, AffiliateCon, one of the premier events on the affiliate gaming calendar, was due to take place on 12-13 May in Sofia for its third edition.

Industry giants Bet365 and Kindred Group, along with respected players such as ComeOn, were due to exhibit at the show.

But now, the event will be live streamed on YouTube, allowing free viewer access to some of the finest analysis the gaming industry has to offer.

The AffiliateCon Virtually Live agenda will consist of seven panels, with the full provisional schedule below (times in CEST):

10:00am – SEO Techniques for 2020; 10:45am – Panel Discussion: How are sports betting operators and affiliates recovering from the coronavirus pandemic?; 11:30am – Pandemics & the future: An unprecedented opportunity for esports?; 12:00pm – Lunch break: Time for a breather.

1:00pm – Panel Discussion: Regulatory challenges in 2020; 1:45pm – SEO Techniques; 2:30pm – The continued rise of virtual sports; 3:00pm – Affiliate & Operator Panel: Market trends from both sides of the equation.

Details of speakers and presenters will be announced soon; the *Gambling Insider* team hopes you can join us for a day of first-rate discussion as we tackle some of the industry's most pressing issues.



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OH PLUMMETS

Ohio revenue fell 60.96% in March, suffering from the COVID-19 pandemic. Casinos and racinos closed temporarily on March 14.

Average daily revenue fell 13.56% for the 14 days of operation this year vs. 31 days of operation last year.

MARKET/PROPERTY	REVENUE (M)	% CHANGE
Thistledown (JACK)	\$5.633	-56.79
Hollywood Mahoning Valley (PENN)	\$4.816	-59.42
Scioto Downs (ERI)	\$6.927	-60.26
MGM Northfield Park (MGM)	\$9.610	-60.75
Hollywood Columbus (PENN)	\$8.430	-60.79
Hollywood Dayton (PENN)	\$4.323	-60.82
Belterra Park (BYD)	\$3.060	-61.16
Hollywood Toledo (PENN)	\$7.678	-61.31
JACK Cleveland (JACK)	\$7.581	-61.69
Miami Valley Gaming (CHDN/Del North)	\$6.604	-61.99
JACK Cincinnati (Hard Rock)	\$7.240	-63.69
State total	\$71.903	-60.96

CINCINNATI

MARKET/PROPERTY	REVENUE (M)	% CHANGE
Belterra Park (BYD)	\$3.060	-61.16
JACK Cincinnati (Hard Rock)	\$7.240	-63.69
*Cincinnati total	\$10.300	-62.98

CLEVELAND

MARKET/PROPERTY	REVENUE (M)	% CHANGE
Thistledown (JACK)	\$5.633	-56.79
MGM Northfield Park (MGM)	\$9.610	-60.75
JACK Cleveland (JACK)	\$7.581	-61.69
Cleveland total	\$22.824	-60.18

MULTIPLE PROPERTIES

MARKET/PROPERTY	REVENUE (M)	% CHANGE
PENN	\$25.247	-60.70
JACK	\$20.454	-61.24

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GUEST COLUMNIST



MARK ROBSON
CO-FOUNDER, CHAMPIONS
SPORTS

Mark Robson goes against the grain, arguing operators are wrong to assume bettors will wager on esports and virtuals during the global sporting blackout without due reason

The global shutdown of sports leagues and tournaments has led many operators to look to other products and verticals to fill the gap and keep their players engaged and entertained.

This has seen a spike in interest around esports and virtual sports, two products that have been largely ignored by mainstream operators for several years despite their growing popularity.

On paper, these verticals provide players with the opportunity to bet on something while their favourite teams and players idle during the shutdown.

But I believe operators are making a mistake if they assume sports bettors will wager on esports and virtual sports simply because they need to bet on something.

Betting is ultimately an emotional or intellectual activity – you either bet because you are connected to a player or team, or because you have knowledge and strategy.

For example, an emotional bettor and a fan of Manchester United and Marcus Rashford might bet on him to score regardless of his form and who the club is playing. They bet in the way they do because of the emotional connection to United and Rashford.

At the same time, a more strategic bettor might be a fan of Manchester United and Rashford, but know he has a slight injury and has not been performing at his best so will back someone else to score.

They bet in the way they do because they have a deep knowledge of the player and team, and use that to guide their wagers.

Neither type of bettor will simply switch from wagering on sports to wagering on esports or virtuals. Why? Because they don't have an emotional connection and they don't have knowledge.

Instead of looking to fill the void with new products, operators should retain players during this period of uncertainty by giving something back to them.

They need to reward their loyalty during this time and think outside the box when it comes to providing a product sports bettors will naturally be drawn to.

For example, operators could use their trading teams to predict the results of the events scheduled to take place, just as they would to set prices for real events.

Once their traders agree on these outcomes, they could lock them and open fantasy events to their customers, with the betting on the outcome of the events taking place as normal.

As long as the regulator approves the process and results, the markets could be offered to punters with the results (previously fixed and independent of the bets placed) published at agreed times.

Other ways operators can continue to engage sports bettors is to reward them for playing other games such as poker, where we have seen an uptick in activity in recent weeks.

For example, they can offer sports bettors free roll entries or create tournaments with generous prizes. The same applies to casino, where they could remove wagering requirements on free spins.

I also believe steps should be taken to create a community where sports bettors can talk and interact with their fellow fans – this is partly why poker is enjoying such a resurgence.

This may mean creating a forum for players to chat all things sports and betting, or using social media to share light-hearted posts and stories.

Sportsbook operators must be sincere in their approach. They must also remember that while people are now time-rich, they may potentially be cash-poor.

This is why it's so important to provide value and use customer support agents to build strong connections with players during this time.

Instead of bombarding players with bonuses, just give them a call or send them an email to let them know you're there and what you're doing to keep them entertained during the sports blackout.

It's all about respecting your customer and taking steps to deliver value. To do this, sportsbook operators don't need to bolt on esports and virtuals; they just need give players what they need.

SELF-NOMINATIONS CLOSE SOON

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Virtual Generation is a software development division focused on the distribution of virtual i-gaming platforms and virtual sports betting.

Currently our platforms are used by thousands of betting agencies in three continents and in seven different languages.