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## THIS WEEK

- **Regulatory changes in Italy and Sweden**
  - **New CFO at Scientific Games**
  - **Racing Post to reboot print edition as racing nears return**
- **Revenue continues to fall in Asia**

### GUEST INTERVIEW:

- **Greg Saint, group event director, Clarion Gaming**

# WEEK 22

## FRIDAY 29 MAY 2020

## LAS VEGAS STRIP AND ENGLISH BETTING SHOPS SET FOR JUNE REOPENING



The Las Vegas Strip and betting shops in England have both set their sights on a June reopening date after being forced to close as a result of the COVID-19 pandemic.

The long closure of the Las Vegas Strip is set to end on 4 June. Nevada Governor Steve Sisolak will allow the state's casinos to reopen, provided necessary safety measures are in place.

# THIS WEEK IN NUMBERS

## 2.5



Average weekly gambling adverts seen by UK children in 2019, according to Advertising Standards Authority data

## 2

Fontana Leisure Parks and Casino was forced to shut down for the second time in four years, after owner Jack Lam was found to be operating an illegal hospital on the premises



## £200m



Approximate amount GVC Holdings has estimated it will receive from a tax rebate, having previously paid VAT on gaming machines

## 7%

Year-on-year increase in Aristocrat's H1 revenue, with the supplier generating total operating revenue of AU\$2.25bn (US\$1.47bn)



The governor says he relies on the state's health data when making decisions, with COVID-19 cases reportedly falling for the past month. "We're welcoming visitors back to Nevada on 4 June but we're going to take every precaution possible," he said.

To reopen, casinos will have to adhere to strict health and safety guidelines. The new rules include social distancing, reduced capacity in venues, temperature checks and other safety measures such as masks.

The governor has expressed trust in the Nevada Gaming Control Board.

He said: "It's critical to put the health and safety of employees, residents and visitors first through proactive measures, coupled with the health and safety policies issued by the Gaming Control Board."

The scheduled re-opening day is a step towards restarting the state's economy. The casino industry brought in \$12bn in revenue last year, with there being hope of a recovery despite an extremely challenging Q1.

Once given regulatory approval, Caesars Entertainment has also announced it is to resume operations at its Las Vegas casinos.

Gaming and hospitality will reopen at Caesars Palace and Flamingo Las Vegas, and both casinos will offer access to accommodation, as well as slot machines and table games, which will operate with social distancing guidelines.

A health screening program for all employees, and the requirement for them to wear masks, will also be in place.

However, offerings such as live entertainment and bars won't be resuming immediately. Caesars Entertainment CEO Tony Rodio said: "We are excited to welcome guests and our employees back to our properties.

"We are hopeful the country's continued progress in addressing COVID-19 and business conditions will allow us to reopen more of our properties, and bring back more of our colleagues as it is appropriate to do so."

Meanwhile, betting shops in England should be on course to reopen from 15 June, after the UK Prime Minister announced further plans to ease COVID-19 lockdown measures.

Boris Johnson said all non-essential retailers, which includes betting shops, can reopen on the scheduled date, providing continued progress in limiting the spread of the coronavirus.

With Northern Ireland, Wales and Scotland providing their own lockdown easing measures, the reopening of betting shops from mid-June only applies to England.

Shops will be required to open with social distancing measures in place and, where applicable, frequent hand washing and surface cleaning, limited activity time, screens to separate people and operating at a limited capacity.

The reopening will coincide with Royal Ascot, which is set to feature 36 races from 16-20 June.

It is thought betting shops will open gradually, with William Hill saying earlier this month it is planning a "staged opening" of its retail estate in the second half of the year.

As of 26 May, there have been nearly 37,000 COVID-19-related deaths reported in the UK.

**GI Verdict:** It has been a long and difficult few months for land-based operators all over the world, but now they can breathe a collaborative sigh of relief as we see light at the end of the tunnel.

The important thing now is ensuring strict guidelines of hygiene and social distancing are adhered to.

There's no doubt regulators and government officials will come down hard on anyone shirking responsibility for the health of bettors in both regions. Now more than ever, the industry needs to demonstrate its commitment to player safety.

# IT'S TIME FOR A BETTING REVOLUTION



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## \$5.6m

Amount Imperial Pacific International owes its former contractor, which could result in the permanent closure of the Imperial Palace Saipan resort



## \$87.7m

Century Casinos' net operating revenue for Q1 2019, an increase of 92% year-on-year

## 24



The NHL has announced plans to play a 24-team play-off tournament this summer, boosting hopes for a return of US sports betting by the second half of 2020

## REGULATION ROUND-UP: ITALY'S TAX INCREASE, SPORTS BETTING EXEMPT FROM SWEDISH RESTRICTIONS

The Italian Government has approved a temporary tax on sports betting turnover, as the nation attempts to recover from the coronavirus outbreak.

The measure comes as part of the Government's relaunch decree: a €55bn (\$60.36bn) pledge to help rebuild all businesses and industry in Italy.

The turnover tax will apply to all sports betting-related activity in Italy, including online, retail and virtual sports, which will be temporarily applied until at least 31 December 2022.

Initial proposals called on a 0.75% tax on all sports betting turnover, which saw an initial outcry from the industry, with trade bodies urging for talks to be dropped.

However, the 0.5% figure forms the 'save sports fund' aimed at raising much-needed funds for sports leagues that are struggling after the suspension of sport in mid-March.

A key aspect of any turnover-based tax is that it taxes betting handle rather than revenue, so if a sports betting company were to lose money on a match, it would then still have to pay tax on the wagers placed during that event.

Meanwhile in Sweden, minister for social security Ardalan Shekarabi has presented adjustments to the Government's set of temporary gambling measures.

Last month, it was announced there would be restrictions during the current pandemic, including a weekly gambling deposit limit of SEK 5,000 (\$519).

However, the revised proposal would exclude horseracing and sports betting from that deposit limit.

Online gambling trade association BOS believes the measures aren't to do with consumer protection, as data shows online casino activity hasn't increased but horseracing betting has.

A BOS statement said the measures were instead aiming "to provide benefits to gambling companies the Government is closely connected to, such as horse betting company ATG, with a majority of its board members appointed by the Government."

**GI Verdict:** In a country where bookmakers are struggling due to the closure of retail, operators footing the bill to 'save sport' could be crippling. Extra tax couldn't come at a worse time in Italy.

## THE WEEK IN QUOTES

*“Racing has been able to develop its guidelines based on our experience of operating bio-secure environments to control the spread of infection in horses, and a robust approach to regulation and enforcing the rules. Our trainers, jockeys and staff carry out their roles in a highly disciplined way, because working with horses always carries risks. I am very confident they will adapt quickly to this new set of measures designed to protect them from transmission of the virus (COVID-19).”*

**Brant Dunshea, the British Horseracing Authorities' chief regulatory officer, on UK horseracing's new safety guidelines for its June return**

## SCIENTIFIC GAMES ANNOUNCES NEW CFO

Scientific Games has hired Michael Eklund as its new CFO, effective from 1 June.

Eklund worked for 20 years at Dell Technologies in both financial and operational roles.

Most recently, he served as CFO of IRI, a company focused on data and analytics solutions and services for consumer, retail and media companies.

The current CFO Michael Quartieri will remain with Scientific Games until 30 June and will serve in a consulting role after this point until 31 December.

Barry Cottle, Scientific Games CEO, says Quartieri is keen to move to a new industry, and was looking to leave earlier this year, but agreed to stay and assist during the COVID-19 crisis.

Cottle added: “Mike Quartieri has done an outstanding job over the last four years building a world-class financial team, revitalising our financial management and refinancing our debt.

“Mike has led our efforts to reduce our cash burn while preserving key operations, developing plans to manage through the pandemic, preparing to be an even

stronger competitor as we emerge from the crisis and working with our lenders to get our credit agreement amended to provide covenant relief.

“With those key steps taken, we are now ready to proceed with the transition to a new CFO.”

Earlier this month, Scientific Games reported a 13% year-on-year decrease in Q1 revenue, down to \$725m, with the COVID-19 pandemic having a significant impact on operations.

**GI Verdict:** Eklund certainly brings with him a wealth of financial experience, as Scientific Games looks to recover from the impact of COVID-19. Despite its losses, it has extended lottery contracts in South Carolina, Missouri and Germany recently, while being named the seventh-best place to work in Greece, for companies with more than 250 employees.

Its Q1 results came as an expected blow to building on the 1% rise in full-year revenue for 2019, although the supplier will be hopeful Eklund can help steady the ship.

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*"With critical votes this evening, the Illinois state legislature has passed a bill that makes the possibility of a financially viable Chicago casino a reality. This moment is decades in the making and represents a critical step toward shoring up our city's pension obligations, as well as fuelling thousands of new jobs for all of Illinois."*

**Chicago Mayor Lori Lightfoot on the state's newly approved bill, overhauling a tax structure deemed too onerous to attract gambling operators**

*"Personally, and on behalf of OPAP's board of directors, I would like to thank Damian Cope for his significant contribution to OPAP's progress and results, and wish him all the best for the future. I am looking forward to working with [Karas] and am convinced we will achieve our strategic goals and address the challenges arising after the COVID-19 pandemic."*

**OPAP executive chairman Kamil Ziegler welcomes the company's new acting CEO Jan Karas, due to begin his role on 1 June**

## **RACING POST SET TO RESUME PRINTING AS BRITISH HORSERACING RETURNS**

The *Racing Post* newspaper is set to return to print next week, after ceasing publication on 25 March as a result of the COVID-19 pandemic.

The newspaper's return has been planned to coincide with the return of British horseracing, which aims to restart at Newcastle racecourse on 1 June.

A final decision as to whether racing will be able to resume next week rests with the UK Government. But speaking last week on Racing TV's Luck On Sunday show, Brant Dunshea, chief regulatory officer of the British Horseracing Authority, said he was "incredibly confident we will be racing 1 June."

This is the first time *Racing Post*, part of the recently re-branded Spotlight Sports Group, has ceased its print publication since its launch in 1986.

Speaking on an AffiliateCon Virtually Live panel, Louise Agran, CMO of Spotlight Sports Group, explained why the company had to make the difficult decision to cease printing.

She said: "With a lack of UK and Irish racing, it was just not viable or feasible to

print something. We didn't have enough relevant content for our audience to put in the paper and enough to justify the price of the paper."

*Racing Post's* digital segment has continued to operate with reduced staff during the pandemic.

Discussing its return, editor Tom Kerr said: "The temporary halt in production of the newspaper in March was something no one could have predicted earlier in the year but I'm delighted to say we are coming back better than ever.

"The team at *Racing Post* is prepared for the resumption of racing and, although it will be in a new world to the one it left behind, we're excited to be part of it."

**GI Verdict:** As racing is set to return next week, the resumption of the *Racing Post* provides just the pick-me-up the industry needs.

The public is desperate for live sport to return, racing in particular, presenting operators and affiliates with an excellent opportunity to service high volumes of pent-up demand.

# TAKING STOCK

SHARE PRICES COVER THURSDAY  
21 MAY TO THURSDAY 28 MAY  
(12PM BST)

**Scientific Games**  14%  
16.43 USD

**GVC Holdings**  0%  
810.50 GBP

**Genting Singapore**  -2%  
26.85 USD

**Caesars Entertainment**  5%  
11.59 USD

**Wynn Resorts**  5%  
86.93 USD

## ASIA FOCUS: MACAU AND GENTING MALAYSIA SUFFER FALLS

Macau's average daily gross gaming revenue fell by 103% year-on-year between 18 May and 24 May, to MOP25m (\$3.1m).

However, analysts remain optimistic revenue will pick up again when travel restrictions are lifted in the gambling hub.

Discussions are ongoing but the hope is there will be significant steps forward by early June.

For now, though, Macau's land-based casinos continue to suffer low revenue chiefly as a result of the coronavirus pandemic and related falls in visitation levels.

This week, Macau was also saddened by the death of Stanley Ho, one of the pioneers of gambling in Macau, who died at the age of 98 in Hong Kong.

Ho founded SJM Holdings Ltd and worked to put Macau on the map, creating global ties with other markets and encouraging change within the industry.

The tycoon's business activity made him a billionaire in the process.

Elsewhere, while Genting Malaysia is preparing to reopen Resorts World Genting, the operator experienced a net loss of MYR453.9m (\$104.4m) for Q1 of the financial year.

This was a substantial drop from net profit of MYR253.1m earned in the first quarter of 2019.

The company's worldwide revenue declined by 29%, earning MYR1.96bn for Q1.

Resorts World Genting experienced a revenue drop of 36%, to MYR1.23bn, and adjusted EBITDA fell 40% to MYR331.2m.

**GI Verdict:** The coronavirus pandemic continues to impact land-based casinos in Asia, although the industry is now further down the road to reopening.

As discussed in this week's guest interview below, ICE Asia Digital will provide attendees insight into how to manage the reopening process.

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## H2 OUTLOOK

The second half of this fiscal year will look materially different from the first with no revenue from global gaming operations in April and minimal contributions in May, CEO Trevor Croker said in Aristocrat's H1 investor call.

According to Croker, the composition of underlying business and financial drivers will change to reflect consumer preferences and operator choices.

In this particularly volatile period caused by COVID-19, Aristocrat's recovery is focused on what the company can control, Croker said:

- Recovery plan. Its recovery plan is centred around optimising liquidity and positioning land-based business to be "fit to fight" as demand returns.
- Design and development is the number one investment priority followed by investments in digital and new products for land-based to recover customers.
- Digital investments are focused on user acquisition, live gaming operations, social casino slots and new game pipelines.
- The amount invested into user acquisition will be determined by returns and how games are performing, Croker said. Aristocrat

### HALF YEAR HIGHLIGHTS:

Diluted earnings per share: 47.9 cents vs. 55.9 cents  
 Normalised diluted earnings per share: 57.7 cents vs. 66.2 cents  
 Revenue: \$2.252bn vs. \$2.105bn  
 EBITDA: \$707.6m vs. \$766.3m

invested 29% of revenue in the first half, which was slightly higher than planned.

- Land-based. The supplier anticipates operators to minimise capital spending and reduce short-term costs. Aristocrat is providing a flexible approach to meet its needs as well as grow gaming floor share.
- Aristocrat is providing a flexible approach with clients to meet its needs to grow gaming floor share while venues open with limited capacity and machines, and the company is pleased with the early results, CFO Julie Cameron-Doe said.
- Aristocrat was able to grow installed base over the first half and grow market share, Cameron-Doe said. This wasn't because of a growing market; this came from the competition, she added.

NOTE: Results are in Australian dollars, which trade at around 1.5 to one US dollar.

Americas:	\$547.5	\$609.8
Digital:	\$316.5	\$256.6
Australia, New Zealand:	\$94.9	\$119.0
International Class III:	\$43.0	\$48.1

Diluted states (M): 638.459 vs. 637.879

Balance sheet: Net debt: \$2.251bn vs. \$2.430bn as of March 2019



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## GUEST INTERVIEW



### GREG SAINT

GROUP EVENT DIRECTOR,  
CLARION GAMING

*Saint tells Gambling Insider  
all about the upcoming  
ICE Asia Digital event*

Taking place between Monday 8 June and Wednesday 10 June, ICE Asia Digital follows Clarion Gaming's recent edition of ICE North America, as the virtual gaming calendar continues to stand in for physical events. Ahead of the trade show, *Gambling Insider* caught up with group event director Greg Saint to hear all about Clarion Gaming's next instalment.

#### **What can we expect from ICE Asia Digital and what should we look out for in terms of themes, topics and speakers?**

You should look for it to be an event in the same way you would consider going to a physical event. One of the main things we look to do with our digital events is look at matching the right buyers with

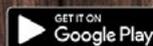
sponsors, speakers and regulators; anyone that's in that normal mix that you'd expect to see at a gaming show. There will also be an accent on the times we find ourselves in now. The fundamentals around ICE Asia Digital will really try and give those businesses on the operator and supplier side insight into what they need to be looking at, and focusing on, to open up businesses again and how we move forward. I think that would be the overall theme of our digital conference.

#### **How has Clarion found its virtual events so far?**

Virtual events are something we've looked at previously. Obviously, we've got a digital department in publishing that do what you would call online digital products. Normally they are slightly less involved than in a digital week, but really we've drawn on some of that experience. What we've looked to do is really focus down to doing five or six things right within the digital forum. It's one of those mediums where there's 101 ways to interact and display. But really we're looking for something that is robust in the first instant and really enables people to connect and get to the information in the context they need to.



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**Are there any lessons or takeaway points Clarion is taking from ICE North America into ICE Asia? Is there anything that worked particularly well or anything you will be doing differently?**

I think the takeaway points we've found is to realise what you can do within the sphere of what your day-to-day activities are. Your sales teams, your marketing teams etc., but equally where you need help from the right partners. We've partnered on our digital events with Smart Digital for our content, which is a partner we use at ICE London. It really ensures you're getting your content in the style you want in the visual and audio formats you want.

Another thing we wanted to incorporate was a platform for interaction, for contact exchanges as well as networking facilities, which we've done through Swapcard, exactly as you would during a live event. That's put us in good stead. For ICE North America, we had just over 4,000 people register; we're noticing we're getting higher returns, so if you compare those registrations to pre-registrations, you're looking at 60-65%, dipping in and out of contact and content. We're very pleased so far and looking forward to the same for Asia.

**Looking to the future, do you think we'll see more virtual events like this, given their success, when 'normal' service resumes? Or will it be back to business as usual?**

I think you will continue to see digital offerings. I think they'll probably be two-fold, depending on the amount of information or change that's generated in any particular industry. Within regional aspects as well, things are changing at different rates, especially in gaming. But I think it's a great way to offer a 365 potential for both sets of customers, as well as utilise digital within the live environment. I think you'll see that being used more often.

When events are stretched across the globe, not everyone can come every year. But if you identify the people that can't attend, you may be able to offer them something virtual during the live event itself. I think some of those products would need to be a bit more advanced than what we're currently using. For now, what we're using is absolutely fine but, with more

time, you can develop more technology. The future's going to be out there; there's lots of new technology in gaming anyway.

**Lastly, can you tell us more about the event agenda for ICE Asia Digital?**

What we've tried to do is incorporate many different elements. Obviously the main focus is more around the land-based side, which is COVID-19-related and involving casino reopening operations. We've got regulatory content with an IMGL masterclass; in the same way as we would do at a live event. Integrated resorts and development across Asia is also a big piece and how that would almost be like a reset at this point.

Then we're incorporating training; our training academy is going to do something online, which is quite new for them, because these courses are usually paid-only and command high value and equally high demand. But this day will be free, covering AML & CFT, casino commercialisation and social gaming for land-based.

Quite a bit of that training can again relate to the reopening of casinos and how people are going to change their behaviours, which is quite interesting. COVID-19 has to lead the topics, really, but we're now looking more at getting out of the situation, with people's safety in mind at all times. The networking will be fun as well. There will be 50-60 people on Zoom calls, there are breakout rooms, and it'll be useful for content gathering and lead generation for the parties involved.

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*"In terms of ICE Asia Digital, you should look for it to be an event in the same way you would consider going to a physical event. One of the main things we look to do with our digital events is look at matching the right buyers with sponsors, speakers and regulators"*

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