



WEEK 44

FRIDAY 30 OCT 2020

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Q3 ROUND-UP: SVENSKA SPEL, BOYD GAMING & BETSSON GROUP REPORT VARYING RESULTS



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Q3 ROUND-UP: SVENSKA SPEL, BOYD GAMING & BETSSON GROUP REPORT VARYING RESULTS

THIS WEEK

- 1,000s to lose jobs on Las Vegas Strip
- Bildbet to launch in Germany
- Las Vegas Sands considering \$6bn in casino sales
 - Google fined over gambling ads in Italy
- GGA winners revealed!

GUEST COLUMNIST:

- Michael Maokhamphiou, operations manager, Lightning Box



Svenska Spel has reported a revenue drop of 8% year-on-year for Q3 2020, with casino closures brought about by the coronavirus pandemic having a “major impact.”

The Swedish operator’s net gaming revenue for the period decreased to SEK 1.85bn (\$211.2m), while operating profit fell 17% to SEK 531m.

The Swedish state-owned operator pointed to its Casino Cosmopol venues remaining shut as a reason for reduced revenue, with its Casino Cosmopol and Vegas business revenue decreasing by 59% to SEK 177m.

Despite measures introduced from July by the Swedish Government, including the SEK 5,000 weekly deposit limit, the return of live sport led to its sport and casino business revenue increasing 7% to SEK 490m.



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THIS WEEK IN NUMBERS

60%



The year-on-year drop the Philippine Amusement and Gaming Corp reported in gaming operation income between January and September 2020, down to PHP22.3bn (\$461.7m) in the Philippines

\$480m

The fee Caesars Entertainment has agreed to sell its Tropicana Evansville property for to Gaming Leisure Properties and Twin River Worldwide Holdings, with the deal expected to be completed in 2021



12 August

The Advertising Standards Authority banned an "irresponsible" paid-for Facebook advert by Gala Spins, seen on this date, after a complaint was made that the ad appealed to children

20

The number of people arrested on Saturday 24 October in Gurugram, India, for allegedly betting on the Indian Premier League, with such betting activity illegal in the country



\$5,000

The fine handed to Las Vegas slot-route operator SSM Gaming LLC by the Nevada Gaming Commission, after it failed to register four of its employees until long after they began work



For the year-to-date from January to September, net gaming revenue fell by 9% to SEK 5.55bn, although operating profit increased 8% to SEK 1.71bn.

Svenska Spel president and CEO Patrik Hofbauer said: "We have good profitability and revenues are increasing for two of our three business areas.

"Our sports games are going really well and we are also increasing revenues from number games and lotteries.

"The fact that the group's total revenues are declining is due to the fact that our physical casinos have been closed throughout the quarter."

Elsewhere, Boyd Gaming reported \$652.2m in revenue for Q3 2020, a decline of 20% year-on-year.

Net income was \$38.1m, compared to \$39.4m in 2019. Total Adjusted EBITDAR was \$238.8m, a 12% increase from \$213.5m the previous year. Operating margins for Q3 were 37% against 26% in 2019.

The company's revenue for the first nine months of 2020 was \$1.5bn, a drop of 40% year-on-year. Operating costs for Q3 were \$525.1m, a significant decline from \$706.1m the previous year.

However, given the struggles of Q2, Q3 saw significant improvement.

President and CEO of Boyd Gaming Keith Smith said: "During the third quarter, we successfully navigated the challenges presented by the COVID-19 pandemic thanks to our outstanding operating team.

"We are proud of our team's ability to successfully execute our strategy and are committed to sustaining a more efficient and profitable operating model into the future."

Meanwhile, Betsson Group saw its revenue rise by 31% year-on-year for Q3 2020, attributing the growth to an increased demand for digital entertainment during the coronavirus pandemic.

The operator's group revenue was up to SEK 1.67bn, which represented an organic increase of 27% compared to last year.

The overall increase was led by a rise in casino revenue, which was up 39% to SEK 1.3bn, while sportsbook revenue improved 12%, up to SEK 352.6m.

An increase in online play during the pandemic saw mobile revenue of SEK 1.27bn account for 76% of the group's total revenue.

Gross profit saw a healthy rise of 31% up to SEK 1.08bn, while EBITDA increased by 37% to SEK 416.6m.

Operating income grew 55% to SEK 329.1m, while net income stood at SEK 290.6m, a 60% rise from 2019.

Year-to-date, group revenue was up 19% compared to the same period in 2019, to SEK 4.63bn. The number of active players over the period also grew, up 46% to 920,045.

Other significant events for the operator during Q3 included Betsson acquiring 70% of Colombian operator Colbet and obtaining an online casino license to launch in Croatia through its Rizk brand.

Betsson called the spike in online gambling a demonstration of the industry's resilience and as a reason for Betsson's increased quarterly growth, which saw its revenue rise by 20% for Q2.

Betsson AB president and CEO Pontus Lindwall said: "The last two quarters have been defined by extraordinary challenges for everyone. Despite this, Betsson has both expanded into new markets and developed new products and features."

GI Verdict: There is a clear trend here demonstrating the contrasting performance of online and land-based operators during the pandemic.

While Svenska Spel and Boyd have seen revenue consistently down on 2019 levels, Betsson has been able to capitalise on an increased demand for remote betting.

As the industry begins to recover from the period of property closures, it will be interesting to see whether the gambling landscape is permanently affected.

Will there be a return to pre-pandemic ratios for land-based and online gaming; or could we be permanently left with an altered market in which online takes a much larger chunk of the pie?

Personally, my money would be on the latter.



\$250m

Tekcorp Digital Acquisition Corp announced an initial public offering, valuing each unit at \$10, as the digital sports and gaming investment company set out its intentions to go public



13%

Fall in gambling tax revenue for the state of Illinois in FY 2020, down to \$1.2bn compared to the 2019 fiscal year, with the COVID-19 pandemic significantly impacting land-based operations

96%

Drop in Belle Corp's net revenue for the first nine months of 2020, down to PHP93m (\$1.9m), with the Philippine tourism and leisure developer's gaming revenue also falling 86%



MASS LAYOFFS ACROSS LAS VEGAS STRIP

Over 1,000 Las Vegas workers will reportedly lose their jobs in December amid the ongoing COVID-19 pandemic.

The cuts will impact around 1,100 workers across the Tropicana, Park Theater and MGM Grand Garden Arena venues.

Both Park Theater and MGM Grand Garden Arena are tied to MGM Resorts properties, but the expected layoffs will not impact MGM employees; instead, they will affect those at Aramark, a third-party vendor that operates at the two venues.

Around 180 jobs are set to be cut at Park Theater, with 164 people expected to lose their jobs at MGM Grand Garden Arena.

Tropicana, meanwhile, has already laid off 702 employees this month, and will continue by laying off an additional 132 employees in December.

In a written notice, Tropicana assistant general manager Mike Thoma wrote: "Significant drags on our business will likely continue for the foreseeable future.

"We could not have anticipated when our properties would be allowed to reopen and how restrictive the new operating conditions would be, and

the negative impact this would have on business volumes."

Nevada Governor Steve Sisolak closed casino properties in mid-March, reopening them at the beginning of May with a number of safety measures in place.

The latest layoffs follow a series of similar job losses throughout the industry as a direct result of the ongoing pandemic.

Layoffs at MGM Resorts alone in August impacted 18,000 employees, over a quarter of the number of workers the company had employed before the closing of all casinos in March.

Another US casino company, Boyd Gaming, announced a similar termination of staff jobs in July.

GI Verdict: Unfortunately for workers in venues across the entire Las Vegas Strip, the mass layoffs look set to continue as operators continue their recovery from the devastating COVID-19 pandemic.

A 61% decrease in air travel for September at McCarran International Airport, the main airport for public use in the Las Vegas Valley, perhaps epitomises the situation; one which may fail to cease until well into next year.

BETSOFT

COMING SOON:
5TH NOVEMBER



THE WEEK IN QUOTES

“As a recovering gambling addict, I am passionate about preventing young people going through the same thing I did. This partnership will show how football can be a positive social vehicle in preventing and reducing gambling harms in its community through our education, awareness and signposting work.”

Senior programme manager at Gambling with Lives and The Big Step founder, James Grimes, speaks after the gambling harms reduction charity partnered with Swansea City Football Club, to help raise awareness and provide education on the risks associated with gambling

BETVICTOR TO LAUNCH BILDBET SPORTS BETTING PLATFORM IN GERMANY

BetVictor is set to launch a new German sports betting platform, BildBet, in partnership with German newspaper Bild.

The launch will allow the sports betting operator to offer online sports betting in the newly regulated German market.

BetVictor already operates in 60 markets around the world, employing 550 people globally. The operator is licensed in Germany, the UK, Ireland, Malta, Gibraltar and the Isle of Man.

Last week, the first 15 operators received sports betting licenses for the German market in what was a watershed moment in a long process of regulation.

BetVictor, GVC Holdings, Tipwin, Gauselmann Group and Novomatic were all among the list of those to confirm license approvals. GVC, owner of Bwin, SportingBet, Ladbrokes Coral and Gamebookers, announced it had received a total of four licenses for its brands.

BetVictor and Axel Springer SE, the publishing group of Bild, have confirmed they are aiming for a December launch of the BildBet platform.

Bild is one of Germany's most popular

newspapers. The paper maintains a daily readership of two million, while its Bild.de news portal sees 200 million views per month.

A statement from Axel Springer read: “Bild is known for unique sports reporting and enthusiasm for sports. Through the collaboration with BetVictor, this shall now be expanded in the form of an attractive and user-friendly betting service.”

GI Verdict: After around eight years of legislation, things are really heating up for the German sports betting market.

It would be hard to disagree with Hesse Minister of the Interior Peter Beuth, who last week said the approval of Germany's first sports betting licenses was “the end of a long stalemate” and a “historic day” for the country.

As operators such as BetVictor launch sports betting platforms in Germany, no doubt operators in other European markets and further afield will be keeping an eye on their performance.

If the majority of other European markets are anything to go by, BetVictor could be in for significant profit on its German investment.

“The lockdown definitely accelerated esports a couple of years into the future for sure. Most countries left lockdown months ago and we saw a drop-off to some degree but nothing substantial. We have retained 75% of players that we gained during the lockdown. Our turnover is pretty much in the same place as it was in peak lockdown.”

Luckbox CEO Quentin Martin tells Gambling Insider he believes esports betting will become bigger than traditional sports betting in his lifetime

“We recognise the impact that constant sports betting advertising can have on young people and their families – particularly young men. The idea that kids are led to believe gambling is a normal part of sport is a real concern, so this is a step in the right direction that we’re proud to be taking.”

Cricket New South Wales (NSW) CEO Lee Germon comments after an announcement banning gambling advertisements at stadiums hosting Big Bash League (BBL) cricket matches in NSW

LAS VEGAS SANDS CONSIDERING \$6BN IN CASINO SALES

Operator Las Vegas Sands is preparing for the sale of several of its casinos in Las Vegas.

According to a Bloomberg report, chairman Sheldon Adelson is looking to solicit interest for the Sands Expo Convention Center, the Venetian Resort Las Vegas and the Palazzo.

The three properties are all connected along the city’s famous strip.

The sale would be worth an estimated \$6bn, leaving the company’s gaming portfolio solely in Asia. Early talks have reportedly taken place, although a deal is yet to be finalised.

Sands, the world’s largest casino company, reported an 82% year-on-year decline for Q3 2020. And as of June 30, the firm reportedly had almost \$14bn total outstanding debt.

The sale would confirm the company’s exit from the American market, leaving its only properties in Macau and Singapore.

Sands had been considered a leading contender to extend its presence in Asia by developing a resort in Japan, but Adelson announced earlier this year

his company was withdrawing due to concerns about the regulatory environment.

The firm is currently overseeing major works on its Asian properties, including the \$2.2bn transformation of Sands Cotai Central into The Londoner Macao and the \$3.3bn expansion of Marina Bay Sands in Singapore.

Las Vegas Sands reported a Q3 loss of \$565m, following \$985m in Q2 losses.

GI Verdict: Adelson, CEO and chairman of Las Vegas Sands, is the wealthiest person in Nevada. Yet his latest decision to sell his Vegas properties indicates an exit from the turbulent US gambling industry.

The move perhaps comes as no real surprise given that the three US properties accounted for just over 13% of the company’s revenue last year. The lack of conventions in Vegas has seen a huge drop in the city’s visitor numbers, which in turn has directly impacted revenue numbers for Sands and indeed the majority of casino operators in the area.



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ITALIAN REGULATOR FINES GOOGLE OVER GAMBLING ADVERTISING

The Autorità per le Garanzie nelle Comunicazioni (AGCOM), Italy's communications regulator, has fined Google for reportedly violating the rules of the Dignity Decree.

The Decree, implemented 1 January 2019, bans all forms of gambling advertising. While the official statement didn't provide any concrete sums, according to Reuters, the fine was €100,000 (\$117,497).

AGCOM said Google allowed a paid advert for an online casino to show up on its search results.

In its statement, the regulator said Google "has spread the paid announcement of the sublimecasino.com site that carries out gaming and betting activities with cash winnings."

AGCOM then sanctioned the violation based on the Regulation (EU) 2019/1150, which allows "suppliers to be sanctioned for indexing services established abroad that offer services for the Italian public."

This is not the first time Google has clashed with the regulator.

In 2018, Google agreed to remove all gambling-related content from being

indexed in Italian search results. And in September of this year, AGCOM launched an investigation into the search engine after a series of gambling ads appeared in the country's search results.

GI Verdict: Italy is among the strictest markets in Europe when it comes to gambling advertisement restrictions, and the fine dished out to Google shows the regulator is taking no prisoners when enforcing its blanket ban on gambling ads.

Fines such as these will continue to arise under such draconian measures, as operators and search engines try to get around them, in a desperate attempt to recover some of the damage these rules have on business operations.

Throw into the mix the temporary tax on all sports betting turnover of 0.5% in Italy to until at least 31 December 2022, then it's clear to see operators in the country have it all stacked against them.

Indeed, the Government tries to use the industry as a cash cow in this time of crisis, while cutting off its legs with the advertising ban.

"Through a highly visible awareness and education campaign, the EFL and Sky Bet work together to promote responsible gambling, with players from all three divisions wearing sleeve badges to encourage supporters to consider how they gamble and 70% of the sponsor's matchday inventory dedicated to safer gambling messaging."

An English Football League (EFL) statement reiterated its strong relationship with the gambling sector; in response to reports that there will be an imminent review of sports betting sponsorship deals in the UK



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29 OCTOBER (9:30AM GMT)

Churchill Downs  -7%
159.56 USD

Newgioco  -9%
1.60 USD

Twin River  0%
23.75 USD

Boyd Gaming  -9%
31.24 USD

Scientific Games  -9%
30.91 USD

REVEALED: THE WINNERS OF THE GLOBAL GAMING AWARDS LAS VEGAS 2020

After a rigorous voting process from our 100-strong Judging Panel, the winners of the Global Gaming Awards Las Vegas 2020 were revealed during a virtual ceremony on 27 October.

For the first time ever at the GGAs, **Aristocrat** won in as many as three different categories. Sponsored by Global Payments, the Land-based Industry Supplier of the Year Award was Aristocrat's first success.

Land-based Product of the Year, sponsored by 1xBet, was also taken by Aristocrat with its MarsXCabinet, before the triple was completed in the Slot of the Year Award, sponsored by FABICash, as Aristocrat's Dollar Storm slot proved triumphant.

Another big winner this year was **Scientific Games**, claiming two Awards. The supplier firstly won Digital Product of the Year, sponsored by Synergy Blue, and then Product Innovation of the Year – sponsored by Newgioco Group.

The final company to win more than one Award was **Seminole Gaming**. Seminole won two Awards, being victorious in the

Land-based Operator of the year Award, sponsored by IGT, and the Property of the Year Award, sponsored by Scientific Games, with Hard Rock's Guitar Hotel in Florida.

Rush Street Interactive won its first-ever Global Gaming Award, triumphing in the Digital Operator of the Year category, sponsored by Connective Games.

MGM Resorts International made it six wins out of seven in the Customer Loyalty Program of the Year Award, sponsored by Interblock.

Meanwhile, the Digital Industry Supplier of the Year award, sponsored by Aristocrat, was won by Evolution, while in the Responsible Business of the Year category, sponsored by CasinoTrac, **GeoComply** secured its third victory in five years.

Finally, sponsored by Continent 8 Technologies, **Jason Robins, DraftKings CEO** won the American Executive of the Year Award.

Congratulations to all the winners and a big thank you to the Judging Panel, voting adjudicator KPMG and Lead Partner BetConstruct.



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NEVADA, STRIP FALL

Nevada's gaming revenue fell 22.8% year-on-year to \$821.132m for September, as the Las Vegas Strip fell 39.14% to \$354.696m.

However, Nevada's revenue grew 10.5% vs. August's \$743.039m and the Strip grew 11.8% vs. August.

The Strip continues to be negatively impacted by baccarat's low hold. In fact, baccarat drop only fell 0.39%.

The Strip would have declined 28% with baccarat factored out.

Casinos were still operating at 50% capacity in the state's third full month since reopening.

Downtown Las Vegas improved 45.6% vs. August while the Las Vegas locals grew 7.5% vs. August.

South Lake Tahoe grew double digits year-on-year and Mesquite grew for the second consecutive month.

Sportsbooks brought in \$32.894m in revenue on \$575m in handle.

Of that handle, \$315.5m was from mobile.

LOCATION	SEPTEMBER REVENUE (M)	ANNUAL CHANGE (%)
Nevada	\$821.132	-22.38
Las Vegas Strip	\$354.696	-39.14
Clark County	\$666.707	-26.91
Downtown LV	\$51.775	-21.46
North LV	\$19.736	-26.74
Laughlin	\$38.809	-2.68
Boulder Strip	\$75.924	+1.82
Mesquite	\$11.502	+11.45
Balance of County	\$114.264	+2.28



NEVADA, STRIP FALL

LOCATION	SEPTEMBER REVENUE (M)	ANNUAL CHANGE (%)
Las Vegas Locals Market	\$209.924	-1.55
Washoe County	\$78.823	+3.39
Reno	\$57.063	+3.09
Sparks	\$12.368	+7.07
North Lake Tahoe	\$2.348	-8.77
Balance of County	\$7.044	+4.10
South Lake Tahoe	\$24.796	+36.32
Elko County	\$25.233	-7.92
Wendover	\$16.704	-10.70
Balance of County	\$8.529	-1.96
Carson Valley Area	\$9.871	+0.83
Other Areas	\$15.702	+11.22

RACEBOOK AND SPORTS POOL

NEVADA	SEPTEMBER REVENUE (M)	ANNUAL CHANGE (%)	WIN PERCENTAGE	
			2020	2019
Race Book	\$3.251	+22.68	18.87	15.14
Football	\$10.672	-72.68	4.81	10.35
Basketball	\$3.708	N/A	3.23	-22.89
Baseball	\$10.177	+33.64	6.91	6.22
Total sportsbook	\$32.894	-36.82	5.72	9.53

CLARK COUNTY	SEPTEMBER REVENUE (M)	ANNUAL CHANGE (%)	WIN PERCENTAGE	
			2020	2019
Race Book	\$2.761	+22.06	18.94	15.13
Total sportsbook	\$28.517	-37.85	5.38	9.14

GUEST COLUMNIST



MICHAEL MAOKHAMPHIOU
OPERATIONS MANAGER,
LIGHTNING BOX

Michael Maokhamphiou, Lightning Box operations manager, reflects on the shift in power across the pond, with North America poised for online gaming greatness

When our co-founders Peter Causley and David Little set up Lightning Box in Sydney some 16 years ago, Europe provided much of the focus for online gaming.

The Old World, as it was in historical terms, was the new world when it came to the transition from land-based gaming to its exciting online equivalent. At the time, there weren't many regulated markets, with the Anglo-centric UK, Alderney, Gibraltar and Isle of Man leading the charge.

They were soon joined by Malta as the Mediterranean island mounted a challenge, with Italy, Denmark and Spain establishing their own regimes in more recent times.

Lightning Box didn't make a full commitment to online until 2015, having set the company up to service IGT and its brick-and-mortar casino customers initially. It was a well-ploughed furrow for the pair who had previously

worked at Aristocrat and IGT in the US land-based sector. But as online established a footing and then began to grow exponentially in Europe, it made sense to supply its growing number of operators too.

Now, of course, online is spreading rapidly in the US, squaring the circle for the company which is returning to its roots. New Jersey and Delaware were the first out of the gate with online gaming, with others following with a more cautious sports-betting-first approach. But as the tax benefits of gaming have begun to reveal themselves, more and more cash-strapped legislators are eyeing the opportunity to join them.

For those suppliers looking for a piece of the action too, a significant consideration is the choice of platform partner. Many online gaming operators also operate physical casinos, of course, which demonstrates the strength in the online gaming vertical and why it is crucial to be able to cross over. Especially with the current ongoing pandemic, there has been a boost in the online vertical with players resorting to online casino entertainment due to restrictions in attending a physical casino.

The pattern will doubtless continue in Pennsylvania and West Virginia, which are the latest states to pull up a seat at the online table. It looks likely they will be joined by Michigan later this year. Michigan in particular appears to be a very attractive proposition, not only due to its potential size but given its implications for





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tribal gaming. Should it go well, it could in fact be the watershed moment for other Indian tribes to move towards online gaming.

If the house wins in Michigan, so to speak, I think we will see regulation speed up in a number of triba-led states in the next two years. There is now an appreciation that players, who spend much of their lives on mobile devices, want it. Meanwhile, the powers that be realise it could be an important source of tax revenue as COVID-19 continues to strike hard at the heart of their economies.

Of course, it's not all about the US in North America. Just across the border, Canada has a growing online market of its own. There has been substantial growth over the past years for regulated operators like the British Columbia Lottery Corporation (BCLC), Loto-Québec and Ontario (OLG).

The province of Alberta has just gone live early October and the Atlantic Lottery Corporation has revealed plans to open up to online casino by 2021. Together we are finding that Canadian players share the same appreciation as US players for online slot content – and that there is real potential for growth as a result.

The two online markets combined have a long way to go before they match the depth and variety of the more established European ones. Suppliers, too, have a job on their hands before they can make the most of it, be that getting the right distribution deals or establishing the right certification with the authorised testing laboratories in the multiple legislative areas. But what is clear is that there is substantial growth on its way, in the North American markets, and that the industry's powerbase is shifting with it as a result.



Happy Halloween from GI



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