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# WEEK 50

FRIDAY 11 DEC 2020

**ANALYSIS: FLUTTER  
AND ENTAIN REBRANDS  
SIGNAL THE FUTURE  
OF GAMBLING**

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# WEEK 50

FRIDAY 11 DEC 2020

## ANALYSIS: FLUTTER AND ENTAIN REBRANDS SIGNAL THE FUTURE OF GAMBLING

### THIS WEEK

- IGT sells Italian businesses
- New tribal deal for DraftKings
- Huge October strides for US casinos

#### UK GAMBLING ACT REVIEW:

- William Hill CEO  
Ulrik Bengtsson
- DCMS Chair Julian Knight
- Betting & Gaming Council

#### GUEST INTERVIEW:

- Maria Luisa Malfasi,  
business development  
manager, ESA Gaming



In November, GVC Holdings announced its aim to rebrand as Entain plc, reflecting its desire to be “the world leader in sports betting and gaming entertainment”. This week, that rebrand was completed.

Even before the rebrand was finished, the admins at GVC HQ built anticipation through the operator’s LinkedIn account. This included Robbie Williams references such as: “The kettle’s on, we won’t be long. So come on, let us Entain you” and “Here we are now. Entain us.”



## SELF-NOMINATIONS NOW OPEN



# THIS WEEK IN NUMBERS

## 10

Year deal for Stats Perform to distribute the European Handball Federation's competitions to sportsbook operators



## 50%

Drop in November sales for Grand Korea Leisure Co Ltd month-on-month, to a total of KRW5.49bn (\$5m)



## 10,000

Capacity increase Star Sydney is set to deliver, from 1,800, in light of the latest government update in New South Wales



## \$480,000

Amount earned by an illegal casino in Kabukichō, Japan, between March and October, before a police raid



Whether the puns work or not we'll leave to interpretation, but the thinking behind the rebrand is certainly interestingly devised, not to mention interestingly timed for the corporation.

Given some of the dealings GVC has had in the past with regulators and policymakers, there appears to be some sense of a fresh start – and perhaps moving on from the past.

These dealings include seven-figure Gambling Commission fines for its UK brands, based on historical failings, as well as past hearings in Nevada about the operator's activities in Turkey.

The move to a new name may also hint at further future M&A, although that is purely speculative at this stage, while it is no secret GVC has been an M&A machine in recent years.

Shareholders this week voted unanimously in favour "that the name of the company be changed from GVC Holdings PLC to Entain plc, and to adopt new memorandum and articles of association".

Yet the wider and more important aim, of course, is to closer associate the company with the entertainment sector.

It's an issue LeoVegas CEO Gustaf Hagman will be speaking about in the January/February CEO Special of *Gambling Insider* magazine, already emphasised by Paddy Power Betfair's rebrand to Flutter Entertainment last year.

Like GVC, Flutter now owns and operates several global brands – even more so after its merger with Poker Stars – so a name which simply focused on two of its companies would be too narrow. Equally, the word Flutter itself implies a casual, light-hearted pastime.

In other words, it highlights entertainment – as does Entain. This is the future of gambling: a sustainable mass market of lower-spending customers that value a fun experience as opposed to a small percentage of VIP players who spend huge sums and risk suffering gambling-related harm.

But naturally this is only an aim at this point. While the gaming industry has made great strides and the percentage of problem gamblers as compared to all gamblers remains very small, historical failings and subsequent punishments are still fresh in the memory. A lot of them were not that long ago.

Entain aims to operate 100% across regulated markets by the end of 2023 with an advanced player protection programme in place and £100m (\$131.9m) donated to local communities, grassroots sports and problem gambling research over the next five years.

Just changing a name, though, will not be enough in both Flutter and GVC's cases. There needs to be genuine work towards achieving a healthy, entertainment approach to gambling.

Internal VIP managers and those who reach out to problem gamblers need to be on the same page as the company's board, not just turning a blind eye while responsible gambling rhetoric is delivered in public.

That's not to say it can't be done, of course, and not to say huge improvements have not already been made toward that end.

Over the coming weeks, *Gambling Insider* will be exploring problem gambling as an overall issue, as well as the responsible gaming efforts being made by the industry, in greater depth during a series of *GI Huddle* video interviews.

Flutter, GVC and the rest of the industry have all taken major steps forward here and let's hope there will be progress to celebrate in the years to come, without fines and sanctions to reflect on.

Yet if the future of gambling is entertainment, having a "Flutter" and being "Entain"ed, it needs to be a genuine, sector-wide effort.

By no means can it just be a PR and marketing exercise to mask what goes on at a more granular level.

Let's hope the former is indeed the case, with Flutter and Entain leading from the front as gambling transitions evermore into the entertainment business.

BRAND  
NEW



# CYBERSLOT

## MEGACLUSTERS™

£20m



Total raised by the UK Tote Group to expand its offering into the football betting market, according to reports (\$26.5m)

AU\$71m

Tax bill (\$52.5m) incurred by Tatts Group in 2016 that Tabcorp intends to appeal



### IGT SELLS 100% OF ITALIAN SHARE CAPITAL FOR €950M

International Game Technology PLC (IGT) has announced it has agreed to sell 100% of the share capital of its Italian B2C sports betting, gaming machine and digital gaming businesses for €950m (\$1.15bn).

The agreement will see IGT offload all of its interest in LottomaticaScommesse S.r.l. and LottomaticaVideolot Rete S.p.A. to Gamenet Group S.p.A., a subsidiary of funds managed by an affiliate of Apollo Global Management, Inc.

The sale price has been agreed at €950m, with €725m payable at closing, €100m payable in December 2021, and €125m payable in September 2022.

IGT has announced that the proceeds of the sale will largely be used to reduce debt, with the company reporting net debt of \$7.24bn as of 30 September 2020.

The board of directors of IGT has unanimously approved the agreement, which remains subject to customary closing conditions.

"The transaction enables IGT to monetise its leadership positions in the Italian B2C gaming machine, sports betting and

digital spaces at an attractive multiple to comparable Italian transactions, providing us with enhanced financial flexibility," said IGT CEO Marco Sala.

"Aligning with our recent reorganisation, the favourable rebalancing of our business and geographic mix reframes and simplifies our priorities, while improving the company's future profit margin, cash flow generation and debt profile."

**GI Verdict:** The sale of its Italian B2C business allows IGT to recoup some of the hit incurred as a result of the coronavirus pandemic.

While pre-pandemic revenue was showing signs of decline, down 1% year-on-year for full year 2019, it's been a difficult 2020 financially for the gaming and lottery provider. Q3 revenue was down 15% from last year to \$982m, which was a 54% increase from Q2, demonstrating the impact the pandemic has had on operations.

With net debt also now above \$7bn, IGT's sale of its Italian share capital is a shrewd move. It is also another notable capture for Apollo Global.

VOTE FOR

# MONEY TRAIN 2

## GAME OF THE YEAR AND PROVIDER OF THE YEAR

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G A M I N G

### 40%

Capacity at which casinos in Peru have been allowed to reopen after an announcement by head of the Ministry of Production José Luis Chicoma



### 55%

The 2020 full-year revenue Gaming Realms has forecasted in a new trading update, totalling £10.7m (\$14.2m)



### DRAFTKINGS PARTNERS MASHANTUCKET PEQUOT TRIBAL NATION IN CONNECTICUT

DraftKings has signed a new multi-channel agreement with Mashantucket Pequot Tribal Nation in Connecticut.

Through the agreement, DraftKings will become the daily fantasy sports partner of Foxwoods Resort Casino, owned by the tribal group.

The deal will see DraftKings go live with its online sports betting in Connecticut once it is legalised in the state, subject to necessary legislative and regulatory approvals.

Currently, Mashantucket Pequot Tribal Nation holds an exclusive right to operate gaming in Connecticut in exchange for 25% of its slot revenue. According to a statement on the DraftKings website, the group has generated \$8bn in revenue for the state since forming this agreement.

Online gaming and sports betting are predicted to generate \$175m in new revenue for Connecticut over the next five years.

“This is a landmark deal in collaboration with the Mashantucket Pequot Tribal Nation, as well as a critical next step to bringing America’s top-rated sportsbook

app to sports fans in Connecticut,” commented Matt Kalish, co-founder and president of DraftKings North America.

“The national expansion of regulated sports betting is among our top strategic priorities. DraftKings today is live with mobile sports betting in 10 states, more than any other operator in the US, and teaming up with the tribe will allow us to extend our reach even further.”

**GI Verdict:** Through this new deal, DraftKings will be aiming to capitalise on the progress it has made in 2020. The operator has seen a very profitable year despite the impact of COVID-19 on sports betting at the beginning of the year.

DraftKings saw revenue of \$133m for the third quarter of 2020, a rise of 42% from 2019 on a pro forma basis, taking into consideration its merger with SBTech, which reached completion in April.

This led the company to increase its 2020 fiscal year expectation from \$500m to \$540m. Clearly, DraftKings is expecting this progress to continue, with its 2021 full-year revenue guidance currently set at \$750m to \$850m.

## THE WEEK IN QUOTES

*The resignation of Stefan Lundborg was unavoidable considering the investigation against him by the Swedish Economic Crime Authority. The board would like to emphasise that no other representatives of the company have been served any suspicion of misconduct and neither is the company itself under any suspicion.*

**Anders Ström, chairman of the board for Kindred Group, speaks after the resignation of Stefan Lundborg, former non-executive director, amid an insider crime investigation into the executive**

## US GAMING REVENUE UP 6% FOR OCTOBER, 93% UP Y-O-Y

The commercial gaming industry in the US is continuing to recover from its historic low in April, according to the latest figures from the American Gaming Association (AGA).

The AGA's Commercial Gaming Revenue Tracker outlined October as being the sixth consecutive month of improving gross gaming revenue (GGR), with GGR up 6% from September.

US GGR at \$3.38bn in October 2020 represents 93% of the revenue generated in October 2019.

"Nearly all commercial gaming jurisdictions showed positive signs of ongoing recovery in October, despite continuing to operate with limited capacity, game availability and non-gaming amenities," the AGA said in a statement.

Explosive growth in sports betting is aiding the recovery, as the AGA said October is likely to be sports wagering's strongest month ever. Americans wagered at least \$2.82bn on sports across 17 states and the District of Columbia, a figure that doesn't include

Illinois, which was the fourth-largest sports betting market in September.

Illinois is expected to push sports betting handle to more than \$3bn, which would be a record.

With sports wagering being approved in more and more states, the AGA said the legal US market reached an all-time high combined hold of at least \$237.5m, including free bets and promotions. That is up 54% from the previous record month, October 2019.

In the first 10 months of 2020, national sports betting handle is up 48%, with revenue up 33% against the same period last year.

**GI Verdict:** The sports betting wave continues to ride high in the US, after months of inactivity. Pent-up demand with all four major sports leagues taking place in September helped, but those activity levels showed no signs of slowing down in October. With the NFL playoffs looming before the Super Bowl in February, expect sports betting to continue to thrive, helping overall US gaming massively.



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*“The early release of the Pfizer BioNTech vaccine makes us hopeful a sense of normality will now resume within the next four months. Our recent Virtual expo was a huge success, but we hope to now continue building these relationships in person, as we launch into what looks set to be a very exciting year.”*

**Eman Pulis, founder of SIGMA Group, comments after the announcement**  
**SIGMA Europe is to be delayed until 13 April**

*“We hope this scholarship opportunity will motivate students to learn more about the issue of problem gambling. But it can also bring new, innovative insights and ideas, which we can then act upon to benefit the entire online gambling industry.”*

**Casino Guru founder Jan Kovac speaking about a new scholarship contest launched by the affiliate, which will see students write essays about problem gambling**

## **WILLIAM HILL CEO: IMPORTANT THAT GAMBLING REVIEW “STRIKES RIGHT BALANCE”**

William Hill CEO Ulrik Bengtsson has welcomed the gambling review launched in the UK and looks forward to engaging with the UK Government.

Having spoken to *Gambling Insider*, Bengtsson said he is more confident of an evidence-led approach from politicians within the UK than he may have been in previous years.

And he has once again emphasised the need for policymakers to strike a balance when assessing the UK’s gambling laws.

In a statement sent to *Gambling Insider*, Bengtsson said: “William Hill welcomes the gambling review the Government has launched. Our industry is more committed than ever to keeping gambling as safe as possible and we have been getting on with raising standards.

“Whether it’s ensuring under-18s and vulnerable people are not exposed to gambling adverts or identifying at-risk players through technology, we are continually driving up standards to

ensure gambling remains a safe and fun pursuit for millions of people in the UK.

“We look forward to engaging with the Government throughout the review to ensure any new regulations work alongside progress made by our industry and provide clarity and certainty for customers, operators and all those who work in the sector.

“It is important the review is evidence-led, strikes the right balance between protecting the vulnerable and the continued enjoyment of the many tens of millions who happily place the occasional bet, as well as taking a critical look at the growing risks of the black market – where there are no consumer protections.”

**GI Verdict:** Bengtsson’s response echoes the majority view, of which you can read more on overleaf, that the Gambling Act review is very much being welcomed by the sector.

But just how welcome it will be can only be judged once we know what conclusions the review has come to.



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## DCMS CHAIR: GAMBLING ACT REVIEW IS CHANCE TO RE-BALANCE THE ODDS

*“The agreement with the Slovak Football Association joins a continuously growing list of data-sharing agreements with international partners from the sporting world. We are proud that through such agreements we are placing ourselves as an important contributor to match-fixing investigations across the globe, and we hope we can now provide the same level of assistance to the Slovak FA also.”*

**MGA sports integrity manager Antonio Zerafa comments on a new partnership between the regulatory body and the Slovak Football Association**

The Chair of the UK Digital, Culture, Media and Sports Committee (DCMS) Julian Knight has released a statement as the UK Government’s review of the Gambling Act 2005 gets underway.

The DCMS is the government body leading the review which will assess the state of current UK gambling regulation and review whether reform is needed moving forwards.

Knight described the review as an opportunity for the Government to “re-balance” the odds between gamblers and the industry.

He said: “We know gamblers take their chances in a world increasingly dominated by online, pitting themselves against sophisticated algorithms and, increasingly, artificial intelligence.

“The Government has an opportunity to re-balance these odds.

“We want to see greater transparency in how algorithms are used in marketing to promote gambling, we need fairness in bet exchanges.

“Crucially, robust age-verification must

be brought in to keep children off age-restricted platforms.”

The DCMS Chair also touched on the issue of loot boxes, which have been the cause of debate for some time over their much-debated link to gambling behaviour. Knight said the DCMS will wait to see how MPs intend to “curb the menace they pose.”

The Gambling Act review will reportedly consider limits on online stakes, new powers to tackle the parallel market, tough affordability checks and a testing regime for new products, in addition to a potential ban on gambling sponsorship in sport.

**GI Verdict:** The Gambling Act review looks set to make waves in the gambling industry, particularly considering the significant reform already confirmed in regards to the National Lottery.

However, Knight’s words here seem perfectly reasonable. After all, the Gambling Act was built for a world that has been left behind from a technological standpoint. Much has changed since.

# The elves are in the building!

SPIN AND BE MERRY



# CAROL of the ELVES

## TAKING STOCK

SHARE PRICES COVER THURSDAY  
3 DECEMBER TO THURSDAY  
10 DECEMBER (9:00AM GMT)

**Tabcorp**  
3.92 AUD  2%

**IGT**  
15.16 USD  25%

**William Hill**  
14.30 USD  0%

**Kindred Group**  
33.56 SEK  2%

**DraftKings**  
48.94 USD  2%

## BGC RESPONDS TO GOVERNMENT GAMBLING REVIEW

The Betting and Gaming Council (BGC) has welcomed the UK Government's gambling review, but says the "huge economic contribution" generated by the industry must be taken into account.

In a bid to modernise gambling legislation, the Department for Digital, Culture, Media and Sport has pledged a wide-ranging review of the sector, aiming to update the current Gambling Act that has been in place since 2005.

Responding to the launch of the review, Michael Dugher, CEO of the BGC, said: "As the standards body for the regulated industry, we strongly welcome the launch of the Government's review.

"We called for it to be wide-ranging and evidence-led, and it provides an important opportunity to drive further changes on safer gambling introduced by the industry in the past year."

The review has been backed by many parties including campaign group Clean Up Gambling, whose director Matt Zarb-Cousin praised its potential to help problem gamblers.

"This wide-ranging review is a long

overdue opportunity to clean up our outdated gambling laws, which are incompatible with the smartphone era," said Zarb-Cousin.

Dugher did, however, point to the negative impact such a review may potentially have on the economy if not conducted fairly, namely that it must consider the job opportunities the sector presents.

"The review must also take account of the huge economic contribution made by the betting and gaming industry, which employs over 100,000 people," added Dugher.

**GI Verdict:** Dugher joins many other industry professionals in welcoming the review, while also voicing a note of caution as to avoid major fallout.

Not everyone agrees that a review is needed, though, with Gambling and Regulatory partner at law firm Keystone Law Richard Williams notably in disagreement.

This week he stated current UK gambling legislation is not as outdated as suggested, only needing minor tweaks.



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## NOVEMBER: OH FALLS

Ohio broke its four-month growth streak after gaming revenue fell 17.23% to \$133.371m for November.

This also broke a growth streak for JACK Entertainment's Thistledown.

Penn National's Hollywood Toledo prevailed as the only casino to grow. However, PENN's total gaming revenue for the state still declined.

## TOTAL GAMING

PROPERTY	NOVEMBER REVENUE (M)	YEARLY CHANGE (%)
Hollywood Toledo (PENN)	\$16.542	+5.10
Thistledown (JACK)	\$11.301	-4.69
Hollywood Dayton (PENN)	\$8.800	-9.16
Hollywood Mahoning Valley (PENN)	\$8.806	-12.22
Hollywood Columbus (PENN)	\$15.683	-15.48
Scioto Downs (CZR)	\$12.689	-17.27
JACK Cleveland (JACK)	\$14.531	-22.57
Belterra Park (BYD)	\$5.257	-23.06
JACK Cincinnati (Hard Rock)	\$12.755	-26.60
Miami Valley Gaming (CHDN/Del North)	\$11.371	-26.69
MGM Northfield Park (MGM)	\$15.636	-27.08
<b>Total</b>	<b>\$133.371</b>	<b>-17.23</b>

**GAMINGAMERICA**  
Nov/Dec 2020

**Against the Odds**  
New properties opening in Las Vegas signal a determination to up the ante

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### NOVEMBER: OH FALLS

#### REGIONS

REGIONS	NOVEMBER REVENUE (M)	YEARLY CHANGE (%)
Cleveland	\$41.468	-20.36
Cincinnati	\$18.011	-25.60

#### MULTIPLE PROPERTIES

COMPANY	NOVEMBER REVENUE (M)	YEARLY CHANGE (%)
PENN	\$49.831	-7.75
JACK	\$38.587	-19.61

## GUEST INTERVIEW



**MARIA LUISA MALFASI**  
*BUSINESS DEVELOPMENT  
MANAGER, ESA GAMING*

*Malfasi reviews a year like no other,  
while also discussing a key product*

**How does ESA Gaming reflect  
on 2020?**

The COVID-19 outbreak has posed challenges for the industry that no one could have prepared for. With businesses now having adapted to a new normal, it is fair to say the industry has come out the other side less weathered than we first feared, perhaps even stronger.

One of the main reasons for this was the sector's ability to quickly come together and adapt to operate in a new playing field. In response to the cancellation of global sport, new products were introduced, or existing ones enhanced, to fill the void and to ensure there was still plenty of choice for customers.

As a result, many were introduced to verticals they might not otherwise have tried, and while sports betting and online casino have traditionally had little in common, this year emphasised the importance of cross-sell tools. This is where ESA Gaming has found its niche in the market.

**Have there been any particular highlights for the company  
this year?**

Earlier in the year we introduced our EasySwipe family of mobile games that integrate seamlessly into sportsbooks, allowing customers to enjoy the best-quality casino games without disrupting the sports betting experience. The games have proven cross-selling capacity, without cannibalising players' time, helping sportsbooks prolong brand loyalty and add revenue. Our swipe-in games have been found to convert around 19% of sport players, while also helping to extend bettors' screen time by up to 6% and increase sport betting turnover by around 2.8%.

**How does EasySwipe stand out in the market?**

We have focused on making the games as simple and unobtrusive as possible, while still being entertaining. Why

offer slot games with difficult to understand features and complicated paytables if sports betting is why they came to your site in the first place? Simple and engaging quick-win games are far more approachable and engaging during a lull in proceedings as customers watch live sport, for instance.

In an era where retaining and attracting customers from 'the other side' of the casino/sports betting divide can be difficult and expensive, especially in countries with stringent bonusing restrictions, offering games which can sit between the two and offer ample cross-sell opportunity is vital. We have seen that when our EasySwipe titles are used, bonusing offers required to convert customers are 40% lower compared with other casino games, helping operators control their spend in a highly competitive marketplace.

We have also observed that the games are often used to place smaller bets and clear account balances, therefore generating new deposits. This is coupled with the fact that 15% of monthly users of swipe-in titles are unique to these games, creating entirely new revenue streams for operators. To a certain extent, our games create a completely new vertical that operators can offer their customers, a vertical that is completely different to the thousands of feature-rich games currently on the market.

**What are ESA Gaming's goals and targets for the product  
moving forward?**

The games we have launched have been well-received by operators and players alike, and next year we will further expand our portfolio with more titles to reach a wider variety of players.

The challenges that face operators in the industry have never been more varied, from the COVID-enforced cancellation of sport to bonusing restrictions and increasing content demands. Conversely, however, there has also never been more opportunity. There are customers who have spent a big part of this year dabbling in online casino games and now, despite the return of sport, have an interest in being sold new products.

By creating titles that offer casino-esque gameplay to sit alongside sports betting, our EasySwipe titles add another weapon in an operator's cross-sell arsenal. We now look ahead to a new year of opportunity and potential that will see us build on the foundation we have laid this year; and create more immersive titles to add greater value to operators across the globe.

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