



# WEEK 01

## FRIDAY 08 JAN 2021

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## MGM RESORTS SEEKING OFFER TO PURCHASE ENTAIN: EVERYTHING YOU NEED TO KNOW

### THIS WEEK

- A 'cool' acquisition for GAN
- Macau December revenue down but not out
  - England's retail sector forced shut
- BetMakers on course for Sportech purchase

#### GUEST INTERVIEW:

- **Keith Whyte, executive director, National Council on Problem Gambling**



MGM Resorts International has confirmed it has made a proposed offer for Entain, reported to be worth \$11bn, but says there is "no certainty" a firm bid will be made for the operator.

It was announced on 4 January that Entain, previously known as GVC Holdings, which operates Ladbrokes and Coral among other gaming brands, had received a proposal from MGM Resorts offering 0.6 shares for each Entain share.

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# THIS WEEK IN NUMBERS

## €191.2m

Revenue licensed online operators earned in Spain for Q3 (\$236m) according to regulatory body DGOJ, a 3% year-on-year rise. However, this is 6% down from Q2



## 17 January

Date until casinos in Seoul will reopen after South Korea's Government announced social distancing measures will be extended, with the city under Level 2.5 restrictions

## \$6.3m

Sportsbook revenue reported by the Rhode Island Lottery for November, with the total betting amount coming to \$35.1m, an increase from \$4.4m and \$34.7m respectively in October



## \$13.4m

Amount (KRW 14.56bn) Landing International Development is investigating following its disappearance, but hasn't yet located the employee in charge of the funds



## 20%

Year-on-year drop in revenue from Maryland's six casinos for December, which fell by approximately \$11m from November, down to \$119m



The proposal represents a value of £13.83 (\$18.91) per Entain share, valuing the operator at approximately \$11bn, which Entain believes "significantly undervalues the company and its prospects".

MGM Resorts has since confirmed its valuation, stating that Entain shareholders would own 42% of the combined company and that a cash alternative could be made available for the operators' shareholders.

### What's the thinking behind the bid?

The casino operator suggested the proposal and reasons for a combination are "compelling", believing a merger would allow the two companies' joint venture BetMGM to thrive in the US market under full control, positioning the business as a "global gaming company" across both online and retail.

MGM Resorts also said a potential agreement would expand and diversify operations and offerings, and align the organisation for future growth and investment.

It has until 1 February to either make or announce its firm intention to put forward an offer for Entain, with MGM Resorts stating that it cannot be certain such an offer will be submitted at this stage.

### Who holds the cards?

We have a long way to go before anything is finalised. But you could argue the wheels are already in motion, given the fact MGM Resorts and Entain are operating the existing joint venture in BetMGM.

Entain's recent rebranding from GVC is another interesting talking point: was this rebranding made with a future merger in mind?

Naturally, that's just one of many questions raised by an offer of this size. All we know for certain right now is that Entain's share price rose 26% on the morning of the news, to the operator's highest value in five years.

In a 2019 interview with *Gambling Insider*, then GVC CEO Kenny Alexander aimed to get the company's share value up to £20 (\$27.38) within three years. This week's price of £14.39 is the closest that goal has come to bearing fruit – and the overall aim now certainly looks more realistic.

Reflecting on the news, Lee Richardson, CEO, Gaming Economics spoke exclusively to *Gambling Insider* and suggested the news leaves the advantage firmly with Entain.

He said: "As Roar Digital/BetMGM already aspires to a 15%-20% share of the US online sports betting market, it's not immediately clear what MGM Resorts essentially want here, in strategic terms, other than the other 50% of that growing business. Geographical expansion? De-risking their retail casino business model?

"What's clearer is what MGM Resorts would be acquiring, and that's a highly respected retail and non-retail operator, with excellent brand recognition in Europe and Australia, plus a growing US profile. Advantage Entain, I think."

### Where does this leave Entain's European assets?

Harry Barnick, senior analyst for leisure sector companies at Third Bridge, believes the acquisition would help MGM Resorts compete in the online market.

Primarily, Barnick believes it would aid the operator's ability to challenge DraftKings and FanDuel, while it would also offset "the competitive threat" from Caesars Entertainment's acquisition of William Hill.

However, while Caesars has announced it will sell off William Hill's European assets, Barnick feels this remains a big unanswered question in the Entain-MGM Resorts case.

In quotes sent to *Gambling Insider*, Barnick said: "The acquisition will improve MGM Resorts' chances of competing with powerhouses DraftKings and FanDuel, as well as offsetting the competitive threat from Caesars' acquisition of William Hill.

"Big questions remain over whether MGM Resorts will seek to integrate Entain's UK and European assets or spin these off to an outside investor.

"Similarly, shareholders may worry that the current US partnership could be at risk if no deal is struck".

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# 90%



Better Collective has increased its stake in problem gambling solution Mindway AI by 70% for DKK17m (\$2.8m), from the 20% it initially purchased in September 2019

## 5 January

Date on which Rush Street Interactive's executive leadership team rang the opening bell on the New York Stock Exchange (NYSE) after going public at the end of December



# 3



Foreign casino resort operators that have expressed an interest in the integrated resort (IR) licence in Nagasaki

### GAN COMPLETES €149M ACQUISITION OF COOLBET

Game Account Network (GAN) has announced the completion of its acquisition of Coolbet for €149.1m (\$175.9m), having reached the agreement in November 2020.

The merger will combine GAN's platform with Coolbet's sportsbook engine, positioning the former as a solution for real money gaming in the US, and as an integrated player in selected international markets.

GAN's availability of offering in the US market is expected by Q3 2021, with the €149.1m purchase price established on a "cash-free, debt-free" basis.

Coolbet founder Jan Svendsen will continue running operations of Coolbet's online gaming operations and sports betting in Northern Europe, Canada and Latin America, and will advise on trading services to US clients.

"The completion of the Coolbet acquisition brings together two best-in-class offerings in the online gaming space today, and makes a powerful combination by creating a fully-integrated offering, customisable for each client's needs," said GAN CEO Dermot Smurfit.

"We have already started to welcome the Coolbet team of over 175 employees and engineering talent to our organisation, and expect the integration process to be seamless.

"Over the last few weeks, the GAN and Coolbet teams have spent significant time together outlining our exciting future and have grown even more confident in the numerous revenue synergies we see across both platforms.

"We look forward to leveraging one of the most complete solutions in our industry both domestically and internationally, and believe our growth platform is well positioned to drive long-term shareholder value."

In addition to the 175 global employees, GAN expects to welcome over 84,000 active customers as part of the agreement.

**GI Verdict:** This deal has long been in the making, having been approved by GAN's board of directors back in November 2020.

The move signifies GAN's aspirations for growth in 2021 despite the ongoing pandemic, with Coolbet holding gambling licences in countries such as Malta, Estonia and Sweden.

## THE WEEK IN QUOTES

*“PointsBet is thrilled to partner with the Pistons, aligning with a first-class organisation supported by particularly passionate fans. Michigan is a fantastic sports state and we look forward to the opportunity to soon serve Michigan sports bettors on a personalised platform, with unrivalled speed and ease of use now alongside both the Pistons and brand ambassador Rip Hamilton – a storied champion at both the collegiate and professional levels, whose work ethic and spirited style embodies the PointsBet philosophy.”*

**PointsBet USA CEO Johnny Aitken on the operator's new partnerships with the Detroit Pistons and NBA legend Rip Hamilton**

## MACAU GAMING REVENUE DOWN 66% FOR DECEMBER

Macau's Gaming Inspection & Coordination Bureau has reported a 66% year-on-year decline in gross gaming revenue (GGR) for December.

December's figure of MOP\$7.82bn (\$980m) was, however, the highest total since January. The 66% drop is also the lowest percentage decline in revenue since January.

It is now the third successive month to generate signs of recovery for Macau's gaming industry, with October and November reporting year-on-year declines of 73% and 71% respectively.

December's total coincides with an increase in visitation to the region over the Christmas period, with the average number of visitors over 24,000 towards the end of the month.

According to the Macau Government Tourism Office (MGTO), visitations between 23 December and 27 December increased by 20% compared to the rest of the month.

Hotel occupancy for the holiday period, meanwhile, was over 70%, with 93% of visitors coming from mainland China, as

the MGTO continues to promote Macau as a safe tourist destination.

A recent statement from the MGTO read: “Travel connoisseurs were invited to the city to help promote Macau as a safe and quality destination, whereas discounted travel packages and products were launched for travel to Macau through collaboration with different online travel agencies.”

The latest figures mean Macau gaming revenue for 2020 stands at MOP\$60.4bn, a 79% decrease.

The data shows December was Macau's 15th consecutive month of declining GGR.

**GI Verdict:** With lockdowns making a return worldwide, it's certainly a worrying time for the land-based industry. And with strict rules for entering and leaving the region still in place, a full recovery for Macau seems a long way away.

The revenue decline looks set to have a wider impact on Macau's financial situation, with the Government now aiming to convert the economy to one driven by family-friendly resorts, as opposed to the gaming industry.

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*“We are delighted to have obtained our provisional online gaming licence in Michigan, which presents a larger player market than New Jersey, where the group operates at present. We already have a number of deals signed with operators licenced in Michigan and we are confident it will be a strong market for us, given the awareness of Slingo as a successful gaming brand.”*

**Gaming Realms executive chairman Michael Buckley on receiving a provisional online gaming supplier licence from the Michigan Gaming Control Board (MGCB)**

*“Our TwinSpires brand has consistently delivered for over 13 years and is associated with more than a century of wagering experience. That history and heritage offers a unique point of difference in a competitive space. The transition to TwinSpires not only generates marketing efficiencies, it allows us to deliver a more complete overall experience to our growing online wagering customer base.”*

**Bill Mudd, president and chief operating officer of Churchill Downs Incorporated, after announcing the operator will rebrand its online sportsbook and gaming platform from BetAmerica to TwinSpires**

## LAND-BASED INDUSTRY FORCED CLOSED AGAIN AS ENGLAND ENTERS LATEST LOCKDOWN

The land-based gambling industry has again been forced shut in England as the Government announced the country is entering a third national lockdown amid a rise in coronavirus cases.

Prime Minister Boris Johnson announced a stay at home order for the public in England on 4 January, much like the first lockdown in March 2020, with people only allowed to leave their homes for limited reasons.

This includes only venturing outside for limited exercise and work where it is “unreasonable to work from home”, with no social gatherings between households permitted.

Only essential businesses can stay open including supermarkets, pharmacies, and places of worship, while non-essential shops must close such as pubs, restaurants and gyms, and schools have moved to remote and online learning.

As such all bingo halls, casinos and betting shops in England have been told to close once again with the new rules to be reviewed on 15 February. It follows more than 58,700 cases being recorded

on Monday, the seventh day in a row more than 50,000 new cases have been confirmed.

However, the biggest difference from the first lockdown is that professional sport in England is allowed behind closed doors. That means the English Premier League and other elite leagues can continue, up until level six of the country’s football pyramid.

**GI Verdict:** It was inevitable that England, and the whole of the UK, was going to enter a hard lockdown once Christmas was over, and the nightmare for the retail industry is set to continue. The continuation of elite sport, however, will come as a major relief to operators and is the biggest upside from the first lockdown.

However, the closures of all casinos and betting shops will hit the industry hard, after the majority reopened in December following a second national lockdown in November.

Betting shops have mainly been open since 15 June but casinos have reopened and closed several times since August.



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## INDUSTRY LEADING PODCAST & INTERVIEWS



Latest interview:  
**Keith Whyte, Executive Director,  
National Council on Problem Gambling**



# TAKING STOCK

SHARE PRICES COVER WEDNESDAY 30 DECEMBER 2020 TO WEDNESDAY 6 JANUARY 2021 (4:40PM GMT)

**Entain** 1,459 GBp  26%

**MGM Resorts** 30.81 USD  1%

**Elys Game Technology** 5.74 USD  4%

**GAN** 22.74 USD  11%

**Sportech** 26.50 GBp  2%

## BETMAKERS COMPLETES AU\$50M PLACEMENT AFTER SPORTECH ACQUISITION APPROVED

BetMakers has announced it has completed an AU\$50m (US\$38.6m) placement as its proposed purchase of Sportech moves a step closer.

Sportech's shareholders approved the deal, which will see BetMakers acquire the global tote and digital business of the sport betting technology company for £30.9m (\$42.3m), which includes its US, UK and European racing and digital assets.

Australian-based gaming technology supplier BetMakers will make an initial payment of £6.2m before paying the balance of £24.7m upon completion.

The acquisition was agreed last month, which the Australian supplier said at the time would be transformational for its financial and growth prospects globally and in the US.

Furthermore, BetMakers announced it has completed an AU\$50m placement to help fund the acquisition alongside existing cash, with the placement comprising of fully paid shares at AU\$0.60 each.

Of these, a number of shares were issued under the company's 15% placement capacity as per ASX Listing Rule 7.1, with the remaining shares issued under its 10% placement capacity as outlined in ASX Listing Rule 7.1A.

BetMakers also stated it is in commercial negotiations with several operators and that it will "notify the market of such transactions in due course in accordance with its continuous disclosure obligations."

Last month, investment fund Standard General had two offers to buy out Sportech rejected, which valued the company at 28.5p per share.

**GI Verdict:** M&A is all the rage as we enter the new year. BetMakers is positioning itself to take advantage of fixed-odds horse racing booming in the US, a trend Princeton Public Affairs Group partner Bill Pascrell, III, told *Gaming America* to watch out for at the end of last year. This should be a major step for BetMakers as it bids to become a key player in the horse racing vertical.



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## NOVEMBER: PA, LA FALL

Pennsylvania and Louisiana gaming revenue fell in November, a month with eight Fridays and Saturdays and five Sundays vs. 10 Fridays and Saturdays with four Sundays last year.

Pennsylvania slipped 2.09% despite growth in sports betting and online gaming.

That came despite the opening of Cordish Co's satellite casino Live! Pittsburgh, which opened November 24 and brought in \$2.263m in all-sources revenue.

Legacy gaming dropped 31.13%.

Online gaming set the third straight monthly record at \$59.776m with Rush Street's Rivers Philadelphia leading at \$16.574m.

Sports betting generated a record \$48.5m in November on \$491.911m in handle. However, handle fell short of October's record \$525.803m.

Fantasy sports revenue inched up 1.14 percent to \$3.015m. DraftKings led market share with 64 percent while Flutter's majority-owned FanDuel followed with 36%.

Slot routes boomed more than 242% to \$2.259m.

Louisiana's revenue declined 20.08% to \$204.724m, though Legends' Diamondjacks and Caesars' Isle of Capri in Lake Charles remained closed. Factoring out those two casinos, Louisiana dropped by 16.74% to \$204.724m.

Casinos, video poker and slot routes are restricted to 50% capacity.

## LOUISIANA

CASINOS	NOVEMBER REVENUE (M)	ANNUAL CHANGE (%)
<b>State Total</b>	<b>\$204.724</b>	<b>-20.08</b>

RIVERBOATS	NOVEMBER REVENUE (M)	ANNUAL CHANGE (%)
Margaritaville (PENN)	\$13.827	+ 7.87
L'Auberge LC (PENN)	\$23.452	- 8.60
L'Auberge Baton Rouge (PENN)	\$10.981	-11.77
Golden Nugget - LC	\$22.485	-14.39
Hollywood B.R. (GLPI)	\$3.670	-15.47
Boomtown Bossier (PENN)	\$3.277	-17.57
Boomtown N.O. (PENN)	\$7.042	-23.75
Horseshoe (CZR)	\$12.108	-25.71
Amelia Belle (BYD)	\$2.096	-33.00
Treasure Chest (BYD)	\$5.649	-33.90
Eldorado Resort (CZR)	\$5.505	-37.30
Belle of B.R. (CZR)	\$1.131	-43.71
Sam's Town (BYD)	\$3.427	-44.71
<b>Riverboats Total</b>	<b>\$114.651</b>	<b>-23.56</b>

## NOVEMBER: PA, LA FALL

LAND-BASED	NOVEMBER REVENUE (M)	ANNUAL CHANGE (%)
Harrah's N.O. (CZR)	\$14.747	-43.47

SLOTS AT TRACKS	NOVEMBER REVENUE (M)	ANNUAL CHANGE (%)
Louisiana Downs (CZR)	\$2.868	-19.43
Evangeline Downs (BYD)	\$5.217	-19.89
Delta Downs (BYD)	\$11.575	-21.72
Fair Grounds (CHDN)	\$2.752	-27.79
<b>Slots at Tracks Total</b>	<b>\$22.412</b>	<b>-21.83</b>
Routes, Truck Stops	\$52.915	+ 2.88

REGIONS	NOVEMBER REVENUE (M)	ANNUAL CHANGE (%)
Baton Rouge / Central Louisiana	\$20.999	-17.03
Lake Charles / Vinton	\$57.512	-22.25
Shreveport / Bossier City	\$41.012	-24.96
New Orleans	\$30.190	-36.68

## GUEST INTERVIEW



**Keith Whyte**, executive director,  
National Council on Problem Gambling

*Whyte joins the GI Huddle for the first part of our problem gambling series*

### How would you assess the state of responsible gambling efforts across North America on a general level?

On a general level, I think we're making a lot of progress over the past 20 years but we are still far behind. So I think it's a real obstacle and challenge as we expand our gambling market, to make sure we're getting the fundamental underpinnings of the problem gambling side, too. That's something we've been working on for almost four decades but there's still a lot of work that needs to be done.

### What exactly is the National Council on Problem Gambling's remit?

When we were founded in 1972, which we believe makes us one of the oldest and largest national organisations on gambling addiction in the world, our mission was to be the advocate for programs and services to assist problem gamblers and their families. One of the principles that has sustained us since 1972 is that we're neutral on legalised gambling, which I think makes us the perfect partner for the industry, state governments and recovering gamblers. So in some ways we're the hub of the wheel, we bring together all the stakeholders to try and minimise harm and maximise the benefits of gambling.

Does being neutral on legalised gambling essentially mean you welcome it, as long as

### the proper responsible gambling frameworks are in place?

We don't oppose legalised gambling and we don't support it either. But yes, in a legalised environment we have a lot more opportunity to work with operators and vendors. The illegal market does not tend to offer a lot of protection for people with gambling problems. But at the same time, when you expand the legal market, there's more aggressive advertising. As you've seen in the UK, there can be backlash. So legalisation is not a panacea. In fact, in the US, Nevada has had casinos since 1931 – they only started providing a share of that tax revenue for gambling problems in 2005.

This is one of the reasons the US is a little bit further behind than some other countries: many of our states till today refuse to provide a single cent of tax money from legalised gambling revenue to prevent and treat gambling addiction. Until that happens, we're always going to be far behind. That's what makes legalisation a double-edged sword for us. Unbelievable as it seems, states that have recently legalised sports betting haven't taken any of that money and put it back to address any of the problems created. So for us legalised gambling has not been overwhelmingly positive.

### What kind of campaigns are you working on to help address some of these shortcomings?

We do believe still in a partnership model. Industry is often not required or compelled to provide responsible gambling, so we really do approach it as a partnership. That leads to things like our Problem Gambling Awareness Month in March, which is timed right after the Super Bowl and right during March Madness, so we try to keep to these large sporting events. But another example we have going on right now is the Holiday Lottery Campaign, where we encourage lotteries to send a message during the month of December that tickets are not a great gift for kids.

Many parents unknowingly will provide tickets to kids without knowing the risk that may be involved. We know from our research that kids who receive tickets as gifts are more likely to develop gambling problems later on. An early, unexpected big win is a very salient experience for problem gambling – and kids may end up spending their whole lives chasing that initial high again.

[Click here to watch the full GI Huddle interview with Whyte](#)

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