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WEEK 21

FRIDAY 28 MAY 2021

**M&A ROUNDUP: DEALS
FOR SCIENTIFIC GAMES,
PLAYTECH & BETHARD**



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THIS WEEK

- **Atlantic City Q1 profits soar**
- **Macau visitation boost**
- **Bally's launches in Colorado**
- **Colombia launch for William Hill**

GUEST INTERVIEW:

- **Malte Hegeler, Head of Sportsbook Development OddsMatrix, EveryMatrix**

WEEK 21

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M&A ROUNDUP: DEALS FOR SCIENTIFIC GAMES, PLAYTECH & BETHARD

See Also Page 3 ▼

Associated Press names
FanDuel exclusive sports
odds provider



The pariplay logo, with 'pari' in white and 'play' in orange, with a stylized orange and blue play button icon.



COMING SOON:

24TH June

During a particularly busy week for gaming consolidation, there were M&A deals for Scientific Games, Playtech and Esports Entertainment Group

▶ Scientific Games has announced the acquisition of sports betting company SportCast, while Playtech has sold its financial trading business, Finalto, and Esports Entertainment Group has signed an agreement to acquire sports betting operator Bethard. All in a week's work during a busy period for gaming mergers and acquisitions.

SportCast offers pre-match and in-play betting, and its purchase will allow Scientific Games to enhance its global suite of sports technology and services.

It will also allow Scientific Games to gain SportCast's original BetBuilder product, a feature that gives players the chance to build wagers across multiple markets on a single game.

SportCast currently rolls out its technology to over 50 brands in the industry, including BetMGM, Sky Bet, Tabcorp, Entain and 888 Holdings.

Its technology is able to process over 12,000 bets per second across major global sports such as American and European football, baseball, ice hockey and tennis.

Playtech, meanwhile, announced the sale of Finalto in its trading update for the period from 1 January to 30 April 2021.

The group has entered into an agreement for the sale of Finalto to a consortium led by Barinboim Group, backed by Leumi Partners Limited and Menora Mivtachim Insurance Limited, together with key members of the Finalto Business' management team.

The cash offer is up to \$210m, comprising an initial \$185m, of which \$15m is deferred for up to two years from completion of the transaction; together with a further \$25m contingent on certain cash flow or other criteria being met by the business carried on by Finalto.

The transaction is expected to be completed in Q4 2021, and will increase Playtech's unrestricted cash by approximately \$200m, with up to an additional deferred \$40m of cash proceeds to follow.

Playtech highlighted the strength of its online businesses throughout the first four months of 2021, with US progress a key element to this strength; after the company signed a strategic multi-state, multi-product deal with the Greenwood companies, and subsequently launched in Michigan with further launches planned later in 2021 and 2022.

The group also announced plans to build a live casino facility in Michigan, and expects to have facilities operational in Michigan, New Jersey and Pennsylvania later in 2021.

"I am delighted by the strong performance Playtech has delivered so far in 2021, despite the ongoing challenges posed by the pandemic," said Playtech CEO Mor Weizer. "The sale of Finalto delivers on our strategy to simplify the company. Our technology and product offering is unrivalled and we have a clear growth strategy to expand the geographic reach of our core B2B business.

"We believe that due to the hard work and dedication of our employees, Playtech will exit the pandemic stronger than ever," added Weizer. "Looking ahead, we are confident that the

simplified group and the exciting growth opportunities ahead will deliver significant value to shareholders."

And finally, Esports Entertainment Group has signed an agreement to acquire the Swedish and Spanish-licensed sports betting operator Bethard.

As part of the agreement, Esports Entertainment will pay \$19.5m in cash and 12% of its net gaming revenue share for the next two years. The company has said it expects the deal to be finalised and closed by July 1, 2021.

In 2020, Bethard generated revenue of \$31m; because of this, Esports Entertainment has now raised its fiscal 2022 revenue guidance from \$100m to \$105m.

"While Esports Entertainment Group's acquisition of Bethard is a major coup, much of the talk around it could focus on professional footballer Zlatan Ibrahimovic. The AC Milan and Sweden striker reportedly owns 10% of Bethard through his own company, thus violating the code of ethics set out by FIFA and UEFA"

Since Bethard has licences in Spain and Sweden, the acquisition will allow Esports Entertainment to gain licensed gaming businesses in both jurisdictions.

Esports Entertainment Group CEO, Grant Johnson, said. "This is another great addition for Esports Entertainment Group that substantially increases our revenues and available markets.

"With this transaction, we expect to gain two new gaming licences, including one in the strategically important Swedish market. At the completion of the licence handover, we will have six tier-one licences."

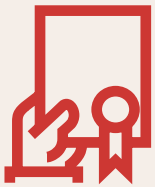
GI Verdict: Scientific Games' acquisition of SportCast will allow the former to utilise the latter's technology and platforms to keep sports fans satisfied in an exciting time for the industry. Playtech, meanwhile, is seemingly more comfortable with its new simplified offering, with its new direction set to rely heavily on its technology-led offering in B2B and B2C gambling. And while Esports Entertainment Group's acquisition of Bethard is a major coup, much of the talk around it could focus on professional footballer Zlatan Ibrahimovic.

The AC Milan and Sweden striker reportedly owns 10% of Bethard through his own company, thus violating the code of ethics set out by FIFA and UEFA; but the Swede has now reportedly ended his involvement in the company. Just this week, he was fined €50,000 (\$61,000) by UEFA for his stake in Bethard.

THIS WEEK IN NUMBERS

50

The voting process for the Global Gaming Awards London 2021 is now underway, with 50 industry CEOs choosing the winners and KPMG monitoring the entire process



2021

The self-nomination window for the Global Gaming Awards Las Vegas 2021 is now open

17

Denise, John and Peter Coates' net worth has given the family the number 17 spot in the Sunday Times Rich List 2021



2

Operator Betsson Group has been granted two licences for online gaming and betting in Greece, by the Hellenic Gaming Commission

AU\$2.2bn

In H1 operating revenue for Aristocrat's financial year (US\$1.7bn), a 1% growth year-on-year



ASSOCIATED PRESS NAMES FANDUEL EXCLUSIVE SPORTS ODDS PROVIDER

► The Associated Press has partnered with FanDuel as its exclusive sports odds provider. The multi-year deal will see the AP exclusively cite FanDuel odds in its

coverage of sports betting. FanDuel widgets will be incorporated on the AP's sports pages and FanDuel odds will be distributed across AP wire content such as game previews.

"As sports betting becomes more commonplace, our customers are increasingly asking for this kind of information," said Barry Bedlan, AP's global director of text and new markets products. "It makes sense to work with one of the largest reputable sportsbooks in the US to provide a consistent, credible reference point for AP and its customers."

The partnership is the first of its kind between a sports betting operator and the AP, which is considered a definitive news source.

"AP is a globally recognised leader in trusted news, making them the ideal source for us to disseminate our industry-leading sportsbook's proprietary odds and content," said Adam Kaplan, FanDuel Group's general manager and vice president of content.

According to an internal memo obtained by Forbes, an AP editor described the partnership with FanDuel Sportsbook as "valuable" and "long-term."

"We have heard from dozens of customers over the last six months asking for more sports gambling stories on the wire and gambling info in our fixtures," the internal memo read. "We know that a huge increase in interest in sports over the past two years has been due to the expansion of legal sports gambling, which will soon be available in more than half of the country. We'll look for more smart ways to serve that readership."



The announcement comes approximately two weeks after FanDuel CEO Matt King said he was leaving the company, following three years at the helm. Last year, FanDuel

saw revenue grow by 81% to \$896m. The Flutter Entertainment-owned operator has recently launched mobile sportsbooks in Tennessee, Virginia, Iowa and Illinois.

FanDuel also announced last week it is opening a tech hub in Atlanta that will provide more than 900 jobs.

GI Verdict: This major partnership is groundbreaking in many ways, additionally raising a number of – almost philosophical – questions. Can media content really be bought and sold in this way? Will having all AP wires citing FanDuel odds really improve the operator's market share?

Perhaps an even more interesting question is what happens if, hypothetically speaking, an intern were to use odds/lines from FanDuel rival DraftKings? What would happen internally at AP and how would FanDuel be compensated for this as stated by its contract with the media firm?

The sports betting media battle is well underway, so much so that DraftKings recently acquired its own sports betting network in VSIN. FanDuel's AP deal can perhaps be viewed as a direct response to this (although it was most likely already in the works anyway).

The progress FanDuel makes from this deal will be intriguing to monitor: will competitors genuinely lose out by not being referenced by AP? Its services are far-reaching, at the end of the day, with AP copy published across a wide range of outlets worldwide.

At least one positive definitely does come out of this: AP should no longer cite the odds of any illegal, offshore sportsbooks. At least in theory, anyway.



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52%

Year-on-year increase in Genius Sports' Q1 revenue, having generated \$53.7m

68%

Year-on-year decline for Genting Malaysia Q1 revenue, to MYR623.3m (\$150.5m)



\$2m

The state of Maryland has started a \$2m lottery campaign to promote Covid-19 vaccinations

NON-SMOKING CASINOS CELEBRATED AS ATLANTIC CITY OPERATING PROFIT SOARS

Gross operating profit for Atlantic City casinos increased by 222% year-on-year to \$95.5m for Q1, while only Bally's Atlantic City Hotel and Casino didn't see an increase in gross operating profit.

Quarterly earnings for Atlantic City were 11% higher in 2021, compared to figures from 2019. But the \$565m earned was still a 5% drop compared to the first quarter of 2020, although according to some, making casinos smoke free has only boosted financial results.

According to the Americans for Nonsmokers' Rights, the vast majority of guests prefer smoke-free indoor casinos since 90% of young adults don't smoke.

Americans for Nonsmokers' Rights CEO, Cynthia Hallett, said: "It's good news that New Jersey casinos are thriving, and even better news they're doing so while ensuring a healthy environment for guests and workers. The gaming industry should welcome smoke-free policies and adjust to the new reality; Covid has changed everything,

and guests strongly prefer to enjoy the entertainment experience casinos provide in a smoke-free setting.

On Tuesday, six new state lawmakers signed on as co-sponsors to legislation that would make Atlantic City a smoke-free region.

The temporary smoke-free casino policy at Atlantic City is set to expire; therefore, legislators are looking to introduce a newer policy to protect guests and workers.

During Covid-19, around 160 Tribal gaming venues introduced 100% smoke-free policies and 23 states now require casinos to be smoke-free indoors.

GI Verdict: The bigger story for the industry is undoubtedly the huge increase in gross operating profit for Atlantic City casinos, following what has been a hugely tough time for land-based operators.

The added bonus, however, comes with the health boost of smoke-free settings in New Jersey.

THE WEEK IN QUOTES

“Yamashita Wharf is a ‘diamond’ of the earth. It is a place that will tell the fortune of what Yokohama and Japan will do for the future.”

Yokohama Harbor Resort Association Chairman Yukio Fujiki upon launching the Yokohama Future Concept Conference, an organisation aiming to support an anti-casino mayor ahead of the mayoral election on 22 August

“With today’s passing of Bill C-218 on second reading in the Senate, we are now one important step closer to legalising single-event sports betting in Canada.”

theScore CEO John Levy after the Senate in Canada passed a bill to legalise single-event sports betting on a second reading

MACAU WELCOMES MOST VISITORS IN APRIL SINCE FEBRUARY 2020

The Statistics and Census Service (DSEC) has reported that arrivals to Macau in April rose by 5% month-on-month to almost 795,000 visitors.

It’s also a 7,000% increase compared to the same period in 2020, as well as the largest number of visitors since the start of the pandemic in February last year.

However, the visitor count is still lower than the 3.43 million recorded in April 2019.

The average length of stay for visitors was 1.6 days, with the number of overnight visitors increasing by 11% to 450,579; 92% of the visitors were from mainland China, 57,000 came from Hong Kong and 7,000 traveled from Taiwan.

Mainland China started a travel bubble with Macau, which allows the regions to sidestep some of the travel restrictions during the pandemic; 300,467 visitors used the Individual Visit Scheme (IVS) in April after the program was put on hold as Covid-19 outbreaks got worse and

resumed in September 2020.

For the first four months of 2021, the total visitor count in Macau declined 22% year-on-year to 2.5 million. Authorities estimate the summer time might see the average daily visitor count go up to 30,000.

GI Verdict: Just as the headlines during the peak of the pandemic were about record falls in revenue and visitation in the highest revenue-generating gaming hub in the world, now the inevitability is record growth as Macau opens back up.

It is important to keep analysis grounded, though, as record growths from last year still mean low numbers overall. These are certainly encouraging signs for Macau – but the question of when it will return to 2019 levels still remains unanswered. The general consensus had been that 2022 will be the year Macau returns to “normal.”

Yet, with restrictions still aplenty, crunch time is fast approaching.

◀ EAST & WEST ▶

NEW WAVE

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“We’re excited to see Red Tiger go live with BetMGM and look forward to extending our partnership with them. The studio is producing very successful games and I’m sure they will be well-received by players.”

Jeff Millar, Commercial Director North America at Evolution, upon Red Tiger going live in Pennsylvania thanks to deals with BetMGM Casino and Borgata Casino

“A minority of peers may look down their noses at the millions of working people who enjoy a bet, but the truth is that the overwhelming majority do so perfectly safely.”

Betting and Gaming Council CEO Michael Dugher in response to a new report from the Peers for Gambling Reform

COLORADO SPORTSBOOKS REPORT APRIL HANDLE OF \$244M, BALLY’S LAUNCHES MOBILE SPORTS BETTING IN STATE

Colorado April sports betting handle was \$244m, a 19% decrease from March, while Bally’s Corporation has entered the mobile sports betting market with the launch of Bally Bet, in more encouraging news.

The state’s drop in handle follows the national trend of fewer wagers in April compared to March, reflecting a slower period in the American sports calendar. Gross gaming revenue was \$17.6m, down 14% from March.

Once again, mobile wagers dominated handle, accounting for 99%, or \$242m. Mobile handle was down 18% from the prior month. Total hold in April was 7.2%, compared to 6.8% in March.

Bally’s, meanwhile, has entered the mobile sports betting market by launching Bally Bet in Colorado.

Developed by Bet.Works, Bally Bet is undergoing a beta launch, accompanied by limited marketing. Bally’s will “focus on deployment, testing and refinement of the Bally Bet app and its content.”

David Wang, Founder and CEO of Bet.Works said, “Bally Bet is the culmination of a tremendous amount of hard work by both the Bally’s and Bet.Works teams, and represents a key component of Bally’s long-term growth and diversification strategy. Today’s launch is just the beginning of what Bally’s has in store for the mobile sportsbook market.”

Bally’s acquired sports betting platform provider Bet.Works in November 2020 for \$125m.

The acquisition is nearing closing, at which time Wang will become CEO of Bally’s Interactive.

GI Verdict: With \$2.3bn in wagers in its first year of sports betting, which launched on May 1, 2020, Colorado is certainly exceeding all expectations.

And Bally’s is wasting no time in joining one of the fastest-growing sports betting markets during a busy period for the organisation, which is also in the midst of unveiling a new rewards program this summer.



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20 MAY TO THURSDAY 27 MAY
(11:00PM GMT)

Scientific Games
69.30 USD



8%

Playtech
461.20 GBp



2%

Esports Entertainment Group
11.97 USD



22%

Bally's
56.98 USD



6%

Penn National
83.49 USD



7%

WILLIAM HILL ENTERS LATIN AMERICAN MARKET WITH COLOMBIAN LAUNCH

After acquiring Alfabet S.A.S in December 2020, William Hill has been able to launch WilliamHill.co, marking the operator's entry into the Latin American market.

Alfabet holds the internet-operated games licence C-1611, which is authorised by the Colombian gambling regulator, Coljuegos, and allows the brand to offer sports betting and online casino games.

Through this licence, William Hill has been able to launch WilliamHill.co and enter the Colombian market just months after the acquisition was completed.

The operator says the latest launch supports its strategy to grow internationally and makes Colombia the ninth regulated market where it is currently active.

William Hill CEO Ulrik Bengtsson said: "I am thrilled to see WilliamHill.co launched within such a short timeframe. This launch includes the full integration of the Alfabet team into our international business hub in Malta and marks our first entry into a regulated Latin American state.

"We are delighted to have the Alfabet team join our international team, and excited by the opportunity to deliver a very competitive product and safe player experience under in Colombia."

The Latin American launch follows recent interest in William Hill's UK and European assets, which have been made for sale by Caesars Entertainment.

Caesars acquired William Hill for \$3.7bn in April and immediately sought to sell the company's European and UK shops to focus on American operations.

GI Verdict: William Hill's current status may require clarification to the market, as well as Bengtsson's role as company CEO. With the firm's US arm absorbed into Caesars – and Joe Asher having left as US CEO – its European assets are up for grabs and, therefore, up in the air.

And yet its global expansion continues, led by Bengtsson at this point. Entering Colombia is no mean feat right now, given all the current interest in LatAm as an emerging market.

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CEO
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theScore



JOSEPH SOLOSKY
Managing Director
of Sports Betting
NASCAR



ANIKA HOWARD
Brand Marketing & Digital
Foxwoods



SARAH OLIPHAN CRENNAN
VP & Head of Content
Yahoo Sports



DANIEL GRAETZER
CEO
Carousel Group



RICHARD DOWNEY
Senior Vice President,
Global New Business
SpecialistWorks



JENNIFER ROBERTS
General Counsel
WynnBET



JOE ASHER
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William Hill US



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APRIL REVENUE REPORTS: CO, NH, TN

Gaming revenue in Colorado for April rose 46.01% compared to 2019, thanks to sports betting and growth in all markets.

Table games declined 12.88% as tables are capped at three players each, while five players are allowed at roulette tables, per the state's Covid-19 restrictions.

Meanwhile, in New Hampshire, DraftKings operates sports betting for the New Hampshire lottery, while Tennessee was down for sports betting versus April 2019.

NEW HAMPSHIRE

NEW HAMPSHIRE SPORTS BETTING	REVENUE (M)	% CHANGE
Retail	\$1.030	+ 12.73
Mobile	\$2.273	- 31.98
Total Revenue	\$3.302	- 22.38

HANDLE	REVENUE (M)	% CHANGE
Retail	\$37.42	- 15.81
Mobile	\$9.29	- 18.26
Total Handle	\$46.70	- 16.31

TENNESSEE

TENNESSEE SPORTS BETTING	APRIL 2021 REVENUE (M)	% CHANGE VS. APRIL 2019
Revenue	\$14.400	-10.56
Handle	\$172.400	-8.25

COLORADO

ALL-SOURCES REVENUE	APRIL 2021 (M)	% CHANGE VS. APRIL 2019
Black Hawk	\$59.898	+ 22.17
Cripple Creek	\$13.999	+ 20.22
Central City	\$6.772	+ 2.54
Total	\$98.233	+ 46.01
Excluding Sports Betting	\$80.669	+ 19.90

SLOTS	APRIL 2021 REVENUE (M)	% CHANGE VS. APRIL 2019
Black Hawk	\$53.163	+ 27.69
Cripple Creek	\$13.356	+ 25.70
Central City	\$6.611	+ 3.88
Total Slots	\$73.130	+ 24.74

TABLE GAMES	APRIL 2021 REVENUE (M)	% CHANGE VS. APRIL 2019
Black Hawk	\$6.735	- 8.92
Cripple Creek	\$0.162	- 32.77
Central City	\$0.643	- 36.95
Total Table Games	\$7.539	- 12.88

SPORTS BETTING	APRIL 2021 REVENUE (M)	% CHANGE VS. APRIL 2019
Central City	\$17.378	- 18.71
Cripple Creek	\$0.186	N/A
Total Revenue	\$17.564	- 13.75
Handle (not revenue)	\$244.447	- 18.79

GUEST INTERVIEW



MALTE HEGELER
*HEAD OF SPORTSBOOK
DEVELOPMENT
ODDSMATRIX,
AT EVERYMATRIX*

Hegeler discusses how the supplier will be approaching a busy summer of sport, and assesses lessons learned from the pandemic

How is EveryMatrix preparing for the busy summer sports calendar and are there any new product developments on the horizon?

We're going to celebrate the long-awaited UEFA Euro 2020 by giving punters even more possibilities for entertainment.

This means, for example, that we'll keep on adding new and innovative betting markets. Take for instance Player Markets – they can be on First Player to be Booked, Player to Score in Time Range, and First Team Goal Scorer and hundreds of other markets.

We basically want to enable operators to make the betting experience as fun as the events themselves or even more entertaining. And we've already got in place great products that do just that. Our BonusEngine system makes it possible to add rewards and gamification to the mix. Just imagine creating a betting tournament for punters as an extra layer to the football tournament.

Then we have the BetBuilder – working particularly well for sports tournaments. Even if there are fewer events, players get more variety: they can create their own unique bets, combining selections from the same or different events. Also, right before the two Grand Slams this summer, we are making our BetBuilder for tennis available, which will cover all the exciting tournaments, including ATP, WTA, Challenger and ITF. This is the perfect timing, as many tennis enthusiasts will be looking forward to placing bets on these tournaments.

And yes, we've also got an upcoming feature synched to the present day: mobile bet sharing on social media. It's a documented fact that people want to share their experiences with friends, colleagues and the world itself – so we've made it easier for them to do just that when betting.

With so many tournaments this summer, which opportunities are you particularly looking to explore more?

We've set our eyes on cross-vertical betting and built some products and features specifically for that. One specific opportunity is filling gaps like the half-time breaks in football – and we've got some neat classic casino games built for mobile devices that do just that. We've called them Slider Games, because they're available to punters with just a finger slide on their screens, and they're designed for short play windows.

But if you want to build even more on the possibilities of cross-product betting, then there are always reward tournaments that can mix the two.

Whatever you choose, as an operator, you're giving your punters more chances to have fun; either by helping them fill content gaps or by engaging them in fun competitions.

What are the main lessons sports betting companies have learned after the Covid-19 pandemic?

We can speak from the perspective of a software provider here. Our position in the market has the advantage of giving us more understanding of what works and what doesn't; and there are two things in particular that have helped bookmakers navigate the loss of real-life events easier.

The first one: diversified content. There is no question that traditional sports are classics that won't go away ever – but the pandemic has exposed their vulnerabilities. You need to have a safety net and esports or virtual events are very good options.

In the case of esports, even though its adoption was rushed by the pandemic, it is starting to show solid long-term potential. Esports attracts younger generations of punters and some titles, such as FIFA, have already proved their worth by breathing down the neck of important traditional sports like tennis in terms of turnover.

The second thing that had a huge impact was the flexibility of the software and the development team's ability to regroup and accommodate to the changes. Because it's not enough to just have an idea, you also need to have the capacity to implement it, in terms of software and people infrastructure. To give an idea of the magnitude of the required changes, let me just say that our esports services grew live coverage in just a couple of months from 1,000 to 50,000 live events. This was possible only due to our team's dedication and tireless work, and because our software's architecture allowed it.

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SPIRIT OF MUSTANG



COMING SOON:

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