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WEEK 07

FRIDAY 19 FEB 2021

**KEN BARTON RESIGNS
AS CROWN RESORTS CEO,
OPERATOR SUBJECT TO
YET ANOTHER INQUIRY**

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KEN BARTON RESIGNS AS CROWN RESORTS CEO, OPERATOR SUBJECT TO YET ANOTHER INQUIRY

THIS WEEK

- **Encouraging Q4 figures for Boyd Gaming**
 - **New York casino hours extended**
 - **New social media guidelines from BGC**
 - **Steve Donoughue resigns from APBGG**

GUEST COLUMNIST:

- **Mel Taylor, CEO, Omnico Group**



Ken Barton has resigned as CEO and managing director of Crown Resorts. Helen Coonan will become temporary executive chairman while the board searches for a replacement.

Barton said he is "absolutely certain the business is now on the right path as it works to restore confidence in its operations."

He is also committed to helping with the transition to new leadership. Coonan thanked Barton for his dedication to the company and added the operator is taking steps to improve its governance.

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THIS WEEK IN NUMBERS

\$375.7m

Amount of casino gross gaming revenue (GGR) recorded in Macau for the first 15 days of February – MOP3bn – at an average of MOP200m per day, with analysts branding the total disappointing



2%

Year-on-year drop in revenue reported by Tabcorp for the first-half of the 2020/21 financial year, down to AU\$2.8bn (US\$2.2bn), with the operator citing the impact of the coronavirus pandemic



7

Amount of operating licences the Malta Gaming Authority (MGA) has cancelled during the first half of 2020, with a further two suspended



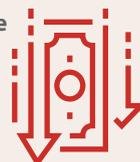
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Casinos Century Casinos has reopened in Poland following a near two-month closure, with its Casinos Poland subsidiary reopening venues on 12 February



6%

Despite a recovery in H2, French operator Française des Jeux (FDJ) saw its full-year 2020 revenue fall year-on-year, down to €1.92bn (\$2.32bn), with stakes down 7%



However, this rhetoric ultimately just puts a more positive spin on an increasingly worsening situation for the Australian operator.

“Assuming the role of executive chairman is a decision I have not taken lightly but the board feels it provides leadership stability and certainty at this important time for the business,” said Coonan.

“Working closely with the NSW Independent Liquor and Gaming Authority (ILGA) and regulators in Victoria and Western Australia, I will continue to lead on implementation of Crown’s ambitious reform program.”

Patricia Bergin, the judge in charge of the inquiry, posted a report stating Crown Resorts is unfit to hold an operational licence; she also recommended replacing the company’s board.

Shortly after, Crown announced it had been told by the ILGA it is no longer suitable to hold the licence for its new Sydney casino, confirming it had received a letter from the ILGA stating its unsuitability.

The operator also stated it had been found to have breached a clause of the state’s gaming regulations. Crown will, however, be given the opportunity to address the breach via a consultation process with the ILGA.

Barton’s departure comes after the resignations of several other company directors, as the company underwent a public inquiry into anti-money-laundering failings.

Andrew Demetriou was one such director to resign, following the resignations of Guy Jalland and Michael Johnston.

Demetriou was one of three directors specifically identified by Bergin in her report for failing to implement adequate anti-money-laundering controls, along with Johnston and Barton.

The hotel, bars and restaurants within the new AU\$2.2bn (US\$1.7bn) Barangaroo casino in Sydney began operations in December 2020 amid the pending decision on the casino licence.

In what will prove to be yet another complication for Crown, the latest development with the operator involves the Western Australia (WA) Government announcing an inquiry into Crown to investigate whether the operator is fit enough to hold its licence to run the Burswood casino in Perth.

WA’s Gaming and Wagering Commission (GWC) said the inquiry will have the powers of a royal commission, and has been called after the head casino regulator at its gaming authority stood aside, following reports of his personal associations with Crown Perth staff.

Department of Local Government, Sport and Cultural Industries deputy director-general Michael Connolly last week stood down from his role as the GWC’s chief casino officer, on the back of reports he went fishing with Crown employees.

Crown has since announced it will “fully co-operate in relation to this inquiry and will continue to engage with the WA Commission in relation to its reform agenda and any further remedial steps identified in response to the NSW ILGA Inquiry”.

Coonan commented: “Crown is determined to play a constructive role with all of its regulators as it works to restore public and regulatory confidence in its operations.”

GI Verdict: During an extremely difficult time for the business, Crown seems to be fighting a losing battle on several fronts. It’s one bad news story after another for the Australian operator, with no end in sight, despite the classic operator spin that it has ‘bold’ or ‘ambitious’ plans in place to reform the organisation.

Whether or not the long list of resignations from the board will help diffuse the situation remains to be seen, with the new inquiry perhaps leading to another round of high-profile exits. Given this continual negative press, it’s hard to think of a bigger scandal in recent years for a regulated casino operator than the one Crown currently faces.

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17.5%

Kambi Group co-founder Anders Ström has reduced his stake in the sports betting supplier to under 18%, after selling 675,000 shares for approximately SEK 312m (\$37.5m) through his company Veralda Investment

\$492m

Record monthly handle brought in by Illinois online sportsbooks for December, which was a 9% rise from November, although revenue for the month was down to \$28.4m from the \$41.3m recorded a month prior



14%

Year-on-year fall in Q4 revenue for real estate investment trust MGM Growth Properties, which was down to \$194m for the quarter



BOYD GAMING REPORTS Q4 REVENUE OF \$636M, DOWN 24% YEAR-ON-YEAR

Boyd Gaming has announced Q4 2020 revenue of \$636m, a drop of 24% year-on-year.

The operator saw net income grow to \$83.3m for the quarter, compared to \$24.3m over the same period a year ago.

Keith Smith, Boyd Gaming president and CEO, said: "Thanks to the dedicated efforts of the entire Boyd Gaming team and their commitment to our more efficient operating model, our company continues to produce the highest margins in our history, even in the face of stricter COVID restrictions and several property closures."

Adjusted EBITDAR was \$211m, down from \$228m for Q4 2019. Midwest and southern properties saw adjusted EBITDAR rise to \$160m, a 1% improvement. Boyd's regional earnings grew despite temporary closures of Par-A-Dice (Illinois) in November and Valley Forge (Pennsylvania) in December. Both of those properties reopened in January.

Boyd's strong performance in the Midwest and the South led to record company-wide margins of 33%.

The Las Vegas-based casino operator saw weaker results locally. Las Vegas locals reported revenue of \$162m, down 28%,

while adjusted EBITDAR fell to \$70m, a decline of 4%.

The operator cited softness in destination business at The Orleans as the main culprit in bringing down revenue and earnings. Boyd's Downtown properties tumbled 74% to revenue of \$18m.

Boyd's California Hotel Casino and Main Street Station in downtown Las Vegas attract a large Hawaiian consumer base, who have been largely grounded from traveling mainland.

Boyd reported it had cash on hand of \$519m as of 31 December 2020, while total debt was \$3.95bn.

GI Verdict: Despite a tough year, with the COVID-19 pandemic causing huge losses, Boyd's Q4 results leave room for encouragement. The Q4 results follow on from a 20% decline in Q3, while for full-year 2020, revenue fell from \$3.33bn to \$2.18bn.

The land-based closures that dominated the year have had a major impact, with Boyd's 2019 results seeing revenue grow by 27%. In July, meanwhile, it had to lay off 25% of its workforce. So, despite that, Boyd retaining the bulk of its revenue should be hailed as a major achievement.

THE WEEK IN QUOTES

"We believe integrity is fundamental to public confidence in sport, and that wrongdoing at any tier of competition affects all levels of sports and its fans. By making this significant investment in integrity via the UFDS initiative, we are demonstrating our commitment to support the sustainability of sport around the globe."

Sportradar Group CEO Carsten Koerl speaks about the data supplier's launch of a new Universal Fraud Detection System (UDFS), which will be made available to all sports federations and leagues for free from October

"I'm thrilled to join the team at such an exciting time in Bragg's evolution. Bragg continues to outperform on their expansion goals and I'm happy to contribute my expertise to the mission."

NetEnt's operational CFO Lara Falzon, after it was announced she will join the board of directors at Bragg Gaming Group from 1 March

NEW YORK GOVERNOR EXTENDS CASINO HOURS

New York Governor Andrew Cuomo has signed an Executive Order allowing indoor businesses including casinos to extend their hours of operation from 10pm to 11pm.

The change went into effect on 14 February.

New York casinos had been operating under a 10pm curfew in accordance with the state's efforts to reduce COVID-19 cases.

"Hospitalisations and the positivity rate continue to decline, and with the holiday surge now in our rear-view mirror, we must keep taking steps to further re-open the economy safely and responsibly," Cuomo said.

"Accordingly, I have already signed an Executive Order to move the closing times for restaurants and bars to 11pm statewide, and now we will do the same for gyms and fitness centers, casinos, billiards halls and any other location with an SLA license.

"As we move forward, we will continue to follow the science and data, and take these kinds of steps to help us finally return to normal."

Following Cuomo's announcement, del Lago Resort & Casino in Waterloo said it will now be open from 8am to 11pm.

New York's four commercial retail sportsbooks could benefit the most from the extended hour. In January they combined for \$3.57m in gross gaming revenue, with three sportsbooks breaking monthly revenue records.

GI Verdict: The decision will be welcomed with open arms by casino operators throughout the state, who have been forced to wait patiently for positive announcements such as this one.

Other casinos are certain to follow in the footsteps of del Lago Resort & Casino, in extending their opening hours in a bid to boost their recovery from the devastating coronavirus pandemic.

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"I can't wait to start this new chapter in my career. BGO is a successful brand with a great team and, importantly, huge untapped potential. There are busy times ahead for us all, but our first step is to set up an office in Gibraltar and strengthen the workforce from the plentiful supply of outstanding local gaming talent as we grow the business"

Industry veteran and former Kindred Group head of UK operations, Mark Quayle, on being appointed as CEO of BGO Entertainment

"The demographics of sports betting is changing and, as an industry, we need to be aware of the opportunities and challenges this presents. By working together, we hope to tackle these issues through a series of events and studies we have planned for the next few years."

International Betting Integrity Association (IBIA) CEO Khalid Ali, speaks about the IBIA's strategic partnership with the All-in Diversity project, which aims to promote diversity and equality within the sports betting industry

BGC ADDRESSES SOCIAL MEDIA ISSUE WITH LATEST ADVERTISING GUIDELINES

Critics may suggest the Betting & Gaming Council (BGC) is determined to maintain the industry's status quo, but the body has taken a proactive stance on another problem by raising the issue of gambling social media posts by football clubs.

With the BGC already having set out advertising and marketing guidelines for the sector during the coronavirus pandemic, and also taking into account the whistle-to-whistle advertising ban, the body has not waited to be called upon to now discuss social media posts.

A BGC statement read: "Questions have been raised over gambling adverts posted by clubs on their official Twitter accounts.

"Under the new BGC code of conduct, calls to action or links to gambling websites would not be allowed on organic tweets on the social media feeds of football clubs."

The BGC will be writing to the Premier League and English Football League highlighting new guidelines that will make clubs aware and encourage them to apply the rules for non-BGC members.

The body also sent a letter to Twitter

and Facebook calling on the social media giants to introduce age-gating for all social media accounts.

Brigid Simmonds, BGC chair, said: "Football clubs are an important part of the sporting fabric of this country, followed by millions of all ages on social media.

"Our members rightly have a zero tolerance approach to gambling by under-18s, so as an industry we are understandably concerned that children may be exposed to betting adverts on Twitter.

"Our new guidelines make clear the standards expected of football clubs when they post gambling promotions on social media, and I look forward to them being put into practice as soon as possible."

GI Verdict: The announcement from the BGC is a welcome one, particularly considering the huge fan base of English football, with many of its followers under the age of 18.

Football clubs undoubtedly make enough money through the gambling industry, and so to promote gambling on their hugely popular social media accounts is a luxury they can certainly do without.

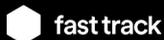
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MGM Growth Properties ↑ 1%
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STEVE DONOUGHUE RESIGNS FROM APBGG; GROUP INDUSTRY FORUM SEMINAR SHUT DOWN

Steve Donoughue has resigned from his position as secretariat of the Parliamentary All Party Betting & Gaming Group (APBGG) following the appointment of its chair, Laurence Robertson, MP.

The chair has decided the group will restrict its activities and its industry seminars, and will therefore be terminated, with the APBGG website also shut down.

Donoughue emailed his letter of resignation to group members.

When contacted by *Gambling Insider* for further comment, Donoughue exclusively told us: "I have always believed in a plurality of voices in the gambling debate. It would appear that the APBGG, with its new chair's sponsorship by the BGC will no longer fulfil that ethos.

"To be a proper forum you need to be independent and critical where necessary. It's a real shame to see the APBGG apparently heading down the same cul de sac of the All Party Group on Gambling Harms of just being a mouthpiece for its funders."

Meanwhile, in his original letter, he

wrote: "After discussions with the chair it has become obvious that my services are no longer required.

"I think it is a crying shame that at this time when the expertise of the group is needed most, when the forces of prohibition and populism have never been stronger in their emotive and evidence-light attacks on a great industry and the potential of a massive black market explosion due to over-regulation, especially the fatally flawed concept of affordability, it's imminent that the group has been effectively put in aspic and no longer has an independent voice."

GI Verdict: The often outspoken Donoughue's resignation will be a loss to the APBGG, and the industry in general, especially when providing a reliable and independent voice when discussing important issues. He has never been shy to criticise when needed, but he feels now he'll be unable to operate the way he was once able to. With the UK Government's review of the 2005 Gambling Act upcoming, perhaps Donoughue is paying the price for being so vocal.

GI HUDDLE

INDUSTRY LEADING PODCAST & INTERVIEWS



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JANUARY REVENUE REPORT: INDIANA

January gaming revenue fell 2.45% to \$186.082m despite a 128.05% rise in sports betting revenue to \$29.330m.

Sports betting handle jumped 103.87% to \$348.245m, its third straight monthly record.

MULTIPLE PROPERTIES	JANUARY REVENUE(M)	ANNUAL CHANGE (%)
Penn National (PENN)	\$48.744	+25.09
Boyd (BYD)	\$24.466	+11.80
Caesars (CZR)	\$94.610	-13.53

ALL-SOURCES REVENUE	JANUARY REVENUE(M)	ANNUAL CHANGE (%)
Belterra (BYD)	\$11.100	+49.34
Ameristar (PENN)	\$31.918	+32.35
Hollywood (PENN)	\$16.825	+13.30
Rising Star (FLL)	\$ 3.308	+6.69
Majestic Star	\$ 5.955	+1.56
Horseshoe Hammond (CZR)	\$34.757	-4.20
Blue Chip (BYD)	\$13.366	-7.51
Indiana Grand (CZR)	\$20.900	-8.43
Tropicana (CZR)	\$10.111	-15.29
French Lick	\$ 5.742	-17.57
Hoosier Park (CZR)	\$13.719	-22.36
Caesars Southern Indiana	\$15.882	-23.98
Majestic Star II	\$ 2.497	-42.73
Total Gaming	\$186.082	-2.45
Total Casino*	\$156.752	-11.88

*Total casino excludes sports betting

SPORTS BETTING	JANUARY REVENUE (M)	ANNUAL CHANGE (%)	HANDLE (M)	ANNUAL CHANGE (%)
Belterra (BYD)	\$5.010	+8,749	\$57.017	+5,999.89
Hollywood (PENN)	\$3.210	+506.23	\$26.836	+246.86
Tropicana (CZR)	\$0.760	+282.62	\$7.250	+262.51
Indiana Grand (CZR)	\$0.813	+132.87	\$4.848	-2.89
Blue Chip (BYD)	\$6.159	+118.72	\$90.551	+73.43
Hoosier Park (CZR)	\$0.703	+115.73	\$4.635	-10.74
Ameristar (PENN)	\$10.735	+78.46	\$134.411	+84.03
Caesars Southern Indiana (CZR)	\$0.277	+72.24	\$2.949	+23.10
French Lick	\$0.884	+46.28	\$9.840	+18.50
Horseshoe Hammond (CZR)	\$0.752	-58.33	\$9.840	+18.50
Rising Star (FLL)	\$0.026	N/A	\$0.278	N/A
Total Sports Betting	\$29.330	+128.05	\$348.245	+103.87

JANUARY REVENUE REPORT: INDIANA

NORTHERN INDIANA - CHICAGOLAND	JANUARY REVENUE(M)	ANNUAL CHANGE (%)
Ameristar (PENN)	\$31.918	+32.35
Majestic Star	\$5.955	+1.56
Horseshoe Hammond (CZR)	\$34.757	-4.20
Blue Chip (BYD)	\$13.366	-7.51
Majestic Star II	\$2.497	-42.73
Northern Indiana - Chicagoland Total	\$88.493	+18.88

CINCINNATI	JANUARY REVENUE(M)	ANNUAL CHANGE (%)
Belterra (BYD)	\$11.100	+49.34
Hollywood (PENN)	\$16.825	+13.30
Rising Star (FLL)	\$ 3.308	+6.69
Belterra Park (BYD)	\$ 6.621	-8.91
JACK Cincinnati (Hard Rock)	\$12.372	-33.77
Cincinnati Total**	\$50.227	-2.15

** Cincinnati total includes JACK Cincinnati and Belterra Park in Ohio

SOUTHEAST INDIANA	JANUARY REVENUE(M)	ANNUAL CHANGE (%)
Belterra (BYD)	\$11.100	+49.34
Hollywood (PENN)	\$16.825	+13.30
Rising Star (FLL)	\$ 3.308	+6.69
Southeast Indiana Total	\$31.234	+25.96

LOUISVILLE - SOUTHWEST	JANUARY REVENUE(M)	ANNUAL CHANGE (%)
Tropicana (CZR)	\$10.111	-15.29
French Lick	\$ 5.742	-17.57
Caesars Southern Indiana	\$15.882	-23.98
Louisville - Southwest Total***	\$31.735	-18.28
State Total	\$186.082	+4.61

*** Louisville - Southwest Indiana total includes Churchill Downs' Derby City Gaming in Kentucky

INDIANAPOLIS	JANUARY REVENUE(M)	ANNUAL CHANGE (%)
Indiana Grand (CZR)	\$20.900	-8.43
Hoosier Park (CZR)	\$13.719	-22.36
Indianapolis Total	\$34.619	-13.06

OHIO PROPERTIES	JANUARY REVENUE(M)	ANNUAL CHANGE (%)
Belterra Park (BYD)	\$6.621	-8.91
JACK Cincinnati (Hard Rock)	\$12.372	-33.77
Ohio Properties Total	\$18.993	-26.80

GUEST COLUMNIST



MEL TAYLOR
CEO, OMNICO GROUP

Taylor discusses how to meet casino visitor demands in 2021

Last year, COVID-19 restrictions fast-tracked the rise of all things digital at the expense of in-person activities.

Gambling was no exception. As online slot machines kept people entertained during lockdowns, land-based casinos saw significant revenue drops due to forced closures and virus concerns. Now, with vaccines rolling out,

casinos can start planning their return. But recovering from 2020 – one of the toughest years yet for any industry – won't be as easy as simply reopening the doors.

Casino businesses must acknowledge that as well as the health and safety demands on them, consumer expectations have changed too. Their ability to meet them will make or break success in 2021. Our recent report – 5 Steps to Rebuild Footfall And Drive Loyalty In 2021 – based on insights from 4,000 UK and US consumers, including over 900 casino goers, reveals what people expect from venues like casinos once the pandemic is behind us, what they seek in terms of safety and what would encourage them to visit again.

KEEPING SAFETY FRONT OF MIND

The most prominent finding of our research is that safety is key: 86% of casino goers now research COVID-19 safety measures before visiting, and if standards aren't up to scratch, almost two thirds (61%) will go elsewhere. But what safety precautions will help casinos encourage guests to return? First, casino visitors' top concern is crowds (62%), so controlling capacity is vital. For bustling venues like casinos, where entry isn't normally ticketed, operators can reduce crowds with time slot bookings, or time-specific offers, funneling visitors to less busy periods. But it's not just about how many people you let in; it's about managing them once they're inside.

Casino operators must prevent guests from gathering together in gaming and food service areas, for example. This may mean changing gaming layouts, limiting seating at tables, discouraging spectating, or implementing measures to reduce the number of people waiting around. In fact, 31% of casino goers feel venues should do more to avoid queues. In these instances, technology can be a game-changing

ally: with mobile order ahead (46%), pay-at-table tech (46%), and mobile apps (51%) now considered must-haves by around half of casino goers. Beyond safety, quicker service and less time waiting makes for a positive experience, driving repeat visits.

CONTACTLESS INTERACTIONS

Technology is certainly a running theme and contactless experiences are a high priority for any business reopening post-pandemic; yet 36% of casino guests are worried venues aren't doing enough to enable a contactless environment.

So important is this to guests in 2021 that 28% of respondents stated they will only visit casinos offering contactless guest experiences, as well as 56% who now consider contactless tech, such as smart tickets and automated entry, a must-have.

Some casino suppliers are even addressing this with contactless gaming suites to keep players safe and entertained. And that's the balance that needs to be struck: leveraging contactless tech to deliver a safer, more efficient and enjoyable experience that has guests spending more time (and money) at your venue.

REBUILDING SUCCESS AROUND LOYALTY

Customer retention has also gained new importance in the wake of the pandemic. One in four (26%) of the casino goers we surveyed said they won't visit casinos at all in 2021 due to virus fears. Moreover, we asked a pool of our customers and 9 in 10 (89%) believe visitor numbers will continue to be negatively affected by COVID-19 this year. Without the footfall peaks they're used to, casinos that wish to recover from the crisis have no choice but to make the most of those willing to visit.

To drive loyalty in this new landscape, two things are important: personalised incentives and omni-channel rewards.

Our research shows 88% of casino goers would be more likely to visit if enticed with bespoke offers, and 31% admitted they would spend more during a visit if loyalty points could be earned and redeemed across an entire venue – from gaming floors to restaurants and bars.

With so many customer touchpoints, casinos are ideally set up to deliver both: collecting data to generate personalised offers, delivering loyalty schemes that span their whole business, and ultimately improving the guest experience and driving spend.

There's no doubt that 2021 will be another challenging and uncertain year – and casinos are not alone. But if operators work to provide safe, convenient and tech-powered experiences for their visitors, they have a strong chance of re-emerging more resilient than before.

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