



WEEK 08

FRIDAY 26 FEB 2021

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**SIMON THOMAS AND
DAVID WILLIAMS SHARE
THOUGHTS ON UK CASINOS
REOPENING IN MAY**

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THIS WEEK

- Further restrictions for Crown Resorts
- Q4 results: Better Collective, Catena Media and GiG
- GameCo CEO departs after licence denial
- US IPO for theScore

GUEST INTERVIEW:

- **AffiliateCon Virtually Live:**
Cian Nugent,
chairman, RAiG

SIMON THOMAS AND DAVID WILLIAMS SHARE THOUGHTS ON UK CASINOS REOPENING IN MAY



Hippodrome Casino CEO Simon Thomas and The Rank Group director of public affairs David Williams have shared their thoughts exclusively with *Gambling Insider* on the reopening of UK casinos in May.

Thomas is "heartened" UK Prime Minister Boris Johnson is aiming to irreversibly ease the nation's lockdown restrictions.

Being cautiously pleased that casinos are now scheduled to open on 17 May, Thomas is disappointed this moment won't come sooner.

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THIS WEEK IN NUMBERS

30%

Month-on-month rise in gross gambling yield for online operators in Great Britain for December, as reported by the Gambling Commission; total number of bets increased by 12%



HK\$3.03bn

Loss reported by SJM Holdings (\$390m) for the full year 2020, with the operator's net gaming revenue down 78% to HK\$7.3bn



Q2 2021

Period which Genting Malaysia plans to open its new theme park, with the \$800m Genting SkyWorlds to be located in Resorts World Genting, the group's casino complex in Malaysia



\$726m

Macau's gross gaming revenue improved in the last week of the Chinese New Year holiday, up to the aforementioned figure – MOP5.8bn – a 7% rise from January



\$534.8m

Turnover – KRW595.4bn – recorded by South Korea's foreigner-only casinos for 2020, a 59% year-on-year fall



He does, however, believe a delay now to reduce the chance of another false start is a price worth paying.

"I am cautiously pleased," said Thomas. "Clearly, it is better to have a plan than not. Obviously, though, I'm disappointed that we won't be opening sooner than 17 May. We have a lot of staff very eager to get back to work.

"But I'm heartened the Prime Minister has said this is meant to be an irreversible strategy with no future lockdowns. Uncertainty has proved very expensive, as have the false starts. So a slight delay now to give that promise some validity means we can plan for the future with confidence."

Along with this positive note, however, Thomas expressed disappointment that leisure and entertainment venues in Europe are currently ahead of their UK counterparts.

Thomas added: "It does puzzle me that it looks that Europe seems to be opening up faster than us. While it's highly likely we're going to be first past the post for a successful vaccination programme for the entire population, other countries have forged ahead and opened hospitality venues already; in France, schools and shops are open; in 20 regions of Italy, bars and cafes have opened their doors; in Spain many cafes are open for breakfast and lunch already.

"One thing is key. We need strong direction from Government now with a primary focus on the overall economic prosperity of the nation, and a leadership that will work with businesses to help rebuild the economy. The night time economy has suffered badly throughout the last year and theatres, bars, restaurants and casinos require continued support. After all, these are the venues that chiefly drive domestic and international visits."

David Williams, meanwhile, has welcomed the removal of the 10pm curfew that limited UK casino opening hours in 2020.

Even though casinos were eventually closed again during the country's third lockdown, revenue was hampered even during its open periods of the Covid-19 pandemic, due to the limit on opening hours.

And Williams has given UK Prime Minister Boris Johnson's new roadmap for reopening a "cautious welcome", with betting shops due to reopen on 12 April and casinos 17 May.

A key part of that plan, he says, is the removal of the curfew, while he has welcomed being included as part of the wider hospitality sector.

The Rank Group operates Grosvenor Casinos and Williams told *Gambling Insider*: "We're giving a cautious welcome to the Prime Minister's roadmap for reopening. In recent weeks we were determined to make the point that casinos had to remain hitched to the wider hospitality sector.

"Many of the frustrations of 2020 were borne out of the unfair and illogical carving out of our venues from the rest of hospitality, but that was corrected late last year and we're pleased that we're in the pack again now.

"A key change is the removal of the curfew. It was hugely damaging to casinos last year so the fact we've seen it condemned to the scrap heap is very good news."

GI Verdict: The cautious welcome from both Thomas and Williams is understandable, particularly given how lockdown measures in the UK have gone for the casino industry so far. But Johnson's latest announcement looks certain to kickstart the industry back into life, with casinos now more ready than ever to get up and running once again.

Naturally, yet another false start would be a huge blow for casinos, as well as betting shops and the wider retail sector (including non-gambling outlets). The widespread availability of vaccines, however, is the one unique factor 2021 has in its favour when compared to 2020.

If cases shoot up once lockdown is eased, will the Government dive headfirst into a fourth lockdown? Plan A is for the effectiveness of vaccines to rule that scenario out. Let's hope we don't need a Plan B.

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1%

Amount of net gaming revenue Flutter Entertainment has committed to support the research, education and treatment of problem gambling as part of safer gambling measures in Ireland, including a ban on customers using credit cards to gamble

\$35m

Amount a credit facility secured by Ainsworth Game Technology is worth after it entered into a five-year agreement with US-based lender Western Alliance Bancorporation



MOP13.01bn

Galaxy Entertainment Group plans to expand its presence in Macau with a project called Galaxy Macau Phase 4, with construction costing the below amount (\$1.63bn) and expected to take three years to complete

CROWN PERTH BANNED FROM PREMIUM PLAYER ACTIVITY

The Gaming and Wagering Commission (GWC) of Western Australia has issued directions to Crown Perth to ban the operator from junket activity, premium player activity and privileged player activity.

Crown Resorts has confirmed the ban, announcing the directions that fall under the Casino Control Act 1984 (Western Australia) in a Wednesday morning filing.

The directions from the GWC follow the decision earlier this week from the Victorian Government to issue a royal commission into Crown Resorts to test its suitability to hold its Melbourne casino licence.

The inquiry will be led by former Federal Court judge Raymond Finkelstein, QC, and will occur in parallel with the Government's previously established review into the operator's suitability.

Crown Resorts' executive chairman Helen Coonan said the operator would fully cooperate with the inquiry, commenting: "Crown welcomes the announcement from the Victorian Government as it provides an

opportunity to detail the reforms and changes to our business, to deliver the highest standards of governance and compliance, and an organisational culture that meets community expectations."

GI Verdict: Every week it's a new headline for Crown Resorts, with the majority of its operations now under some form of renewed scrutiny.

The latest developments follow the infamous inquiry that earlier this month saw Crown Resorts deemed unsuitable to hold a licence for its new Barangaroo casino.

It's uncertain what road Finkelstein will go down this early in proceedings. But if history – and recent history at that – is anything to go by, Crown Resorts' Melbourne licence is under major threat. As previously stated in *GI Friday*, it's difficult to think of a more high-profile case than this Crown Resorts' saga.

For all the references to shady dealings within casinos in pop culture, and accusations of links to crime and money laundering, the Crown Resorts' story has done just as much to damage the casino industry's reputation on a broad scale.

THE WEEK IN QUOTES

"I am delighted to be the new ambassador for Horseracing.co.uk and get stuck in with creating content and sharing my experience as a jump jockey with the lovers of the sport.

The Horseracing.co.uk team have welcomed me with open arms and I am excited to jump straight in and provide value to their editorial offering."

British National Hunt jockey Bryony Frost speaks after Horseracing.co.uk announced her as its first brand ambassador, following a relaunch of the website

"We believe that the US will become the biggest regulated online gambling market in the world so the opportunity on the table is as big as it gets. As more states see the benefit of regulated online gambling, more states will legalise the activity."

Bojoko chief business officer Joonas Karhu tells Gambling Insider about the opportunities the affiliate's US launch will present for the company after it entered New Jersey last month

BETTER COLLECTIVE, CATENA MEDIA AND GIG POST SIGNIFICANT GROWTH FOR 2020

Better Collective's revenue for the full year 2020 grew 35% year-on-year to €91.2m (\$110.9m), while organic growth for the affiliate was 8%.

EBITA before special items also rose 34%, to €36.6m, while cash flow from operations increased 44% to €38.3m.

Better Collective saw new depositing customers exceed 437,000 in 2020, which was a similar rate to 2019.

For Q4, Better Collective revenue soared 88% to €36.7m, with organic growth at 32%. This was aided by the acquisition of Atemi Group on 1 October, with the two firms since completing a successful integration.

Quarter-on-quarter, this was a doubling of Better Collective's revenue, while EBIT before special items for the quarter increased 92% to €13.6m.

Cash flow from operations before special items rose 35% to €10.1m and the total of new depositing customers was up 30% to 153,000.

January revenue reached €13m for the affiliate, a rise of 78%.

Rival affiliate Catena Media saw its Q4 operating revenue remain stagnant by comparison, at €26.6m.

New depositing customers for Q4 totalled 124,959, an increase of 10%. Adjusted EBITDA increased 9% to €12.3m.

For the full year, Catena's operating revenue grew 3% to €106m, with new depositing customers up 2% to 443,524. Adjusted EBITDA increased 20% to €52.0m.

Meanwhile, Gaming Innovation Group (GiG) reported Q4 revenue of €17.3m, a 66% rise from a year prior. The supplier generated normalised revenue of €14.2m, a rise of 38%, while EBITDA was up 4431% (it was only €0.1m in the prior period) to €4.1m.

For the full year, normalised revenue was €52.2m, a 19% rise, while EBITDA of €10.7m showed a 212% increase.

GiG had seen dwindling performance in previous quarters but has recently returned to growth, aided by online's rise during the pandemic. The supplier says January developed positively, with normalised revenue up 40%.



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"I think that would play well as it goes to the House, because I want a stronger showing in the House, and this is about getting something to the people of Alabama that addresses gaming once and for all; and how those revenues are going to be spent to the best of the ability of the state to better the lives of the people of Alabama."

Senator Del Marsh (R-Anniston) speaks after deciding to fine-tune his senate bill, which would add several new casinos and establish a state lottery in Alabama, thus delaying voting by two weeks

GRABOYES OUT AS GAMECO CEO AFTER LICENCE DENIAL

Las Vegas-based slot developer GameCo has announced that Blaine Graboyes is no longer CEO of the company after he was denied a gaming licence by the Nevada Gaming Commission (NGC) last week.

GameCo said the company "will be appointing a new CEO in due course". CFO Art Hamilton and head of global business development Rich Maryyanek are filling in the leadership role for the time being.

Graboyes' departure from GameCo comes less than a week after the NGC voted 4-1 to deny a one-year limited licence. The Nevada Gaming Control Board (NGCB) had previously recommended Graboyes received the limited licence.

Graboyes was seeking an extended licence upon expiration of a temporary licence granted two years ago.

In rejecting his application, members of the Commission pointed to his previous experience as CEO of Ohio-based Beyond Gaming, where he was accused of misappropriating intellectual property

and engineering bankruptcy.

Another employee of Beyond Gaming previously testified allegations against Graboyes in front of the NGCB.

Graboyes denied the allegations but has yet to announce whether he will appeal the ruling.

Graboyes joined GameCo in 2015. The company offers video game gambling, which combines skill-based video games with real-money casino gambling. GameCo operates games in Oklahoma and Nevada.

GI Verdict: As stated, the reasoning behind the 4-1 vote to deny Graboyes' licence stems from his time at Beyond Gaming. He was named CEO of the company in 2014 and claimed he was never paid for the role but was accused by its VP Justin Yamek of driving the firm to bankruptcy and taking its software asset, an acquisition Graboyes denies.

However, the NGC pointed to a conflict of interest due to his roles at both companies, which ultimately led to the refusal and subsequently his GameCo departure.

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Score Media & Gaming ↓ 27%
37.79 CAD

Better Collective ↔ 0%
213.00 SEK

Catena Media ↑ 27%
38.80 SEK

Gaming Innovation Group ↑ 10%
20.40 SEK

SJM Holdings ↑ 19%
1.52 USD

THEScore ANNOUNCES US IPO AMID GROWTH PLANS

Toronto-based Score Media and Gaming has announced an initial public offering (IPO) in the US. theScore will offer a total of five million Class A shares on the Nasdaq, while also continuing to trade on the Toronto Stock Exchange.

theScore said its offering will be conducted "through a syndicate of underwriters led by Morgan Stanley, Credit Suisse, Canaccord Genuity and Macquarie Capital, as joint book-running managers".

The company plans to use net proceeds of the offering to fund working capital towards its growing sports betting operation, theScoreBet.

theScore's IPO timing could coordinate well with single-game sports betting developments in the Canadian legislature. Last week, Canada's House of Commons overwhelmingly voted in support of the Safe and Regulated Sports Betting Act, which would enable Canadians to legally bet on individual sporting contests.

theScore has been one of the top public proponents of single-game sports betting legislation in Canada.

"Today's development in the House of Commons, focusing on the legalisation of single-event sports betting in Canada, is a significant step forward in the process to amend an outdated law," John Levy, theScore CEO, said last week.

"The positive outcome of today's vote demonstrates the continuing momentum and strong cross-party support for this issue. We expect that the legalisation of single-event sports betting will facilitate the introduction by provinces and territories of a much-needed modernised sports betting framework in their respective jurisdictions, that can include important consumer protections and the ability to generate new revenue streams for provincial, and territorial governments."

GI Verdict: The latest developments in the House of Commons mean a huge step has been taken towards single-game sports betting legislation in Canada, boosting theScore among many others.

But the US is, of course, the most-talked about sports betting market in the world right now. A US IPO therefore signals theScore's considerable intent here.

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PENNSYLVANIA: STRONG JANUARY

Pennsylvania iGaming and sports betting continued hot streaks while land-based casinos fell 27.12 percent as they were limited to 50 percent capacity.

iGaming generated \$80.413 million in revenue and grew 521 percent over last year. That was also a 12.29 percent improvement over the previous record set in December.

Sports betting hit \$49.305 million, growing 56.12 percent over last year and up 3 percent over the prior record set in October.

Handle was a record \$615.295 million, eclipsing the half-billion mark for the first time.

Flutter's FanDuel had a little more than a third of sports betting handle market share with \$223.307 million while Barstool followed with \$211.767 million.

ALL-SOURCES REVENUE

ALL-SOURCES REVENUE	REVENUE(M)	ANNUAL CHANGE (%)
Hollywood (PENN)	\$45.044	+110.09
Valley Forge (BYD)	\$44.211	+85.63
Rivers Philadelphia (Rush Street)	\$37.034	+18.32
Mount Airy	\$21.090	+5.17
The Meadows (PENN)	\$22.590	-4.97
Parx (Greenwood)	\$49.386	-13.57
Mohegan Sun	\$15.842	-20.68
Presque Isle (CHDN)	\$7.052	-29.88
Wind Creek Bethlehem	\$26.396	-30.99
Rivers (Rush Street)	\$22.976	-34.26
Harrah's Philadelphia (CZR)	\$14.011	-34.27
South Philly Turf Club (Greenwood)	\$0.248	-50.57
Lady Luck Nemaocolin (CHDN)	\$1.223	-53.49
Live! Casino Pittsburgh	\$6.044	N/A
Live! Casino Philadelphia	\$3.671	N/A
Total	\$316.818	+3.77
Same Store*	\$309.734	+1.45

LEGACY CASINOS

NAME	REVENUE(M)	ANNUAL CHANGE (%)
Mount Airy	\$12.246	-18.45
Parx (Greenwood)	\$41.577	-20.57
Hollywood (PENN)	\$14.695	-22.06
Valley Forge (BYD)	\$8.672	-24.70
Wind Creek Bethlehem	\$25.844	-32.44
Mohegan Sun	\$12.391	-33.00
The Meadows (PENN)	\$11.835	-33.95
Harrah's Philadelphia (CZR)	\$13.712	-35.00
Presque Isle (CHDN)	\$6.271	-35.49
Rivers (Rush Street)	\$19.609	-38.76
Rivers Philadelphia (Rush Street)	\$13.781	-44.87
Lady Luck Nemaocolin (CHDN)	\$1.223	-53.49
Live! Casino Pittsburgh	\$6.044	N/A
Live! Casino Philadelphia	\$3.671	N/A
Total Legacy Casinos	\$191.570	-27.12

SPORTS BETTING

SPORTS BETTING	REVENUE (M)	ANNUAL CHANGE (%)	OPERATOR
Hollywood (PENN)	\$2.757	+1,430	PENN
The Meadows (PENN)	\$10.756	+83.78	DKNG
Presque Isle (CHDN)	\$0.599	+77.47	CHDN
Valley Forge (BYD)	\$20.791	+69.04	BYD/FLTR
Mount Airy	\$2.505	+60.92	FLTR
Harrah's (CZR)	\$0.300	+36.52	CZR/SGMS
Rivers (Rush N/A)	\$2.815	-3.90	RSI/Kambi
Mohegan Sun Pocono	\$0.662	-3.98	Kindred
Parx (Greenwood)	\$2.498	-20.64	Greenwood/ Kambi
Rivers Philadelphia (Rush Street)	\$2.262	-39.96	RSI/Kambi
South Philly Turf Club (Greenwood)	\$0.248	-50.57	Greenwood/ Kambi
Mohegan - Lehigh Valley	\$0.071	N/A	Kindred
Live! Casino Pittsburgh (Cordish Cos.)	\$0.095	N/A	FLTR
Wind Creek	\$0.125	N/A	Betfred
Hollywood Casino Morgantown (PENN)	\$2.846	N/A	PENN
Live! Casino Philadelphia	\$0.117	N/A	FLTR
Total Sports Betting	\$49.305	+56.12	N/A

IGAMING

IGAMING	REVENUE (M)	ANNUAL CHANGE (%)	OPERATOR
Presque Isle (CHDN)	\$0.182	+1,741.77	CHDN
Hollywood (PENN)	\$27.591	+1,047.22	PENN/FLTR
Rivers Philadelphia (Rush Street)	\$20.991	+728.64	Rush St
Valley Forge (BYD)	\$14.748	+608.59	BYD/FLTR
Mohegan	\$2.788	+254.53	Kindred
Parx (Greenwood)	\$5.310	+222.84	Greenwood/GAN
Mount Airy	\$6.339	+82.15	Kindred/FLTR
Caesars Interactive	\$1.424	N/A	CZR
Wind Creek Bethlehem	\$0.552	N/A	Pala Interactive
Live! Philadelphia (Cordish Cos.)	\$0.487	N/A	GAN
iGaming Total	\$80.413	+521.40	N/A

GUEST INTERVIEW



CIAN NUGENT **CHAIRMAN, RAIG**

Nugent, who is also MD (racing) at Spotlight Sports Group, speaks at AffiliateCon Virtually Live about the UK affiliate market

Could you tell us a little about Responsible Affiliates in Gambling's (RAiG) aims and what it does as an organisation?

I think first a little bit of context is helpful.

For those of us working at affiliate businesses, we talk about it as this niche little thing. But actually, especially in the UK, it's exceptionally diverse, both in terms of the types of products affiliates offer as well as the scale and type of businesses you get operating in it. So the definition of what an affiliate is is not even remotely as narrow as we sometimes think it is. With that in mind, the concept of a representative body for affiliates has been under discussion for a long time.

But in early 2019, *Racing Post*, Oddschecker and Better Collective got together and set up RAiG. The primary aim of what we were trying to do was bring together a representative body for affiliates, because there was nothing in place, but we were mainly looking at how we can raise standards, particularly when it comes to safer gambling. For most affiliates, the safe promotion of gambling was already a priority. But rather than restrictions coming from a bookmaker passed down from the Gambling Commission, we really wanted to take the lead on it above and beyond those basic requirements.

How would you rate your progress to that end so far?

It's probably, in ways, been more difficult than we would have expected at the outset. There's probably been a dual track approach: the first has been trying to make that body as representative as possible; it only started out with the three of us as founding members. We've tried to grow that in terms of numbers and representation, in terms of different types of affiliates and the different voices we have in our conversation. Then I think we've tried a lot to engage with people on the government, regulator and operator side of things, dealing

with people like the Betting & Gaming Council at a level when you're not just talking to an affiliate manager.

So I would say we are in the early stages of some of the things we are trying to achieve. One of the things we've been looking at over the last couple of months is how we can provide training to affiliates. Programmes generally are very focused on operators, but a lot of what we do is very different, so we're talking to a company at the moment about tailoring a training programme specifically for affiliates. Because it's one thing to have the intention to be a compliant business and another thing to make sure that cascades to levels where all staff are trained for it to come naturally.

Highly relevant to that at the moment is the ongoing and upcoming UK Gambling Act Review. How confident are you the gambling industry will get a fair trial in that any regulation put forward is based on genuinely tangible evidence?

It's extremely difficult to say how it's going to play out over the next few months and possibly years. You only have to look at the affordability review that the Gambling Commission is undergoing at the moment. I think they got over 13,000 responses to their call for evidence. So we are dealing with something very complex here and the scale of the challenge is massive. From what we know so far, we would have some hope that a measured, evidence-based approach would be taken to any changes they decided to make.

One of the big things the review itself is trying to catch up on is technology advances. That is one thing I will say: the advances we as an industry have made can be both positive and negative. Nobody has a bigger body of data in terms of consumer behaviour and being best-placed to ensure the safest possible environment for users. As it gets closer to the time, it's very easy for sensationalist headlines to take over. Operators and affiliates, to a lesser degree, are seen by some people as the enemy. It's really important that evidence from all the different areas are factored into whatever actions are taken by the review.

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