



***Looking M&A in Italy and
how the new licensees
will impact the market***

Giovanni Carboni

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M&A, NEW ENTRIES ... IN CURRENT CONTEXT

- ❑ M&A
- ❑ Future new entries

Taking into account the Italian relevant context:

- Trend of demand
- Contradictions between Central laws vs Regional ones

And more recent changes ...:

- New Government attitude and its measures on gambling
- Adv and sponsorship ban

**Context is different in comparison with one year ago
It is now harder to successfully enter the market**

APPLICANTS FOR LICENCE ASSIGNMENT

<i>Applicants</i>	<i>N.</i>	
<input type="checkbox"/> Current licences		88
<input type="checkbox"/> « Bersani » licences	43	
<input type="checkbox"/> « Comunitaria » licences	45	
<input type="checkbox"/> Operator leaves		5
<input type="checkbox"/> Current tender applications		79
<input type="checkbox"/> Licence substitution/addition	43	
<input type="checkbox"/> New entries	36	<i>(46% tot applicants)</i>
<input type="checkbox"/> Future licences <i>(potential)</i>		124
<input type="checkbox"/> Licences increase		36 (+41%)

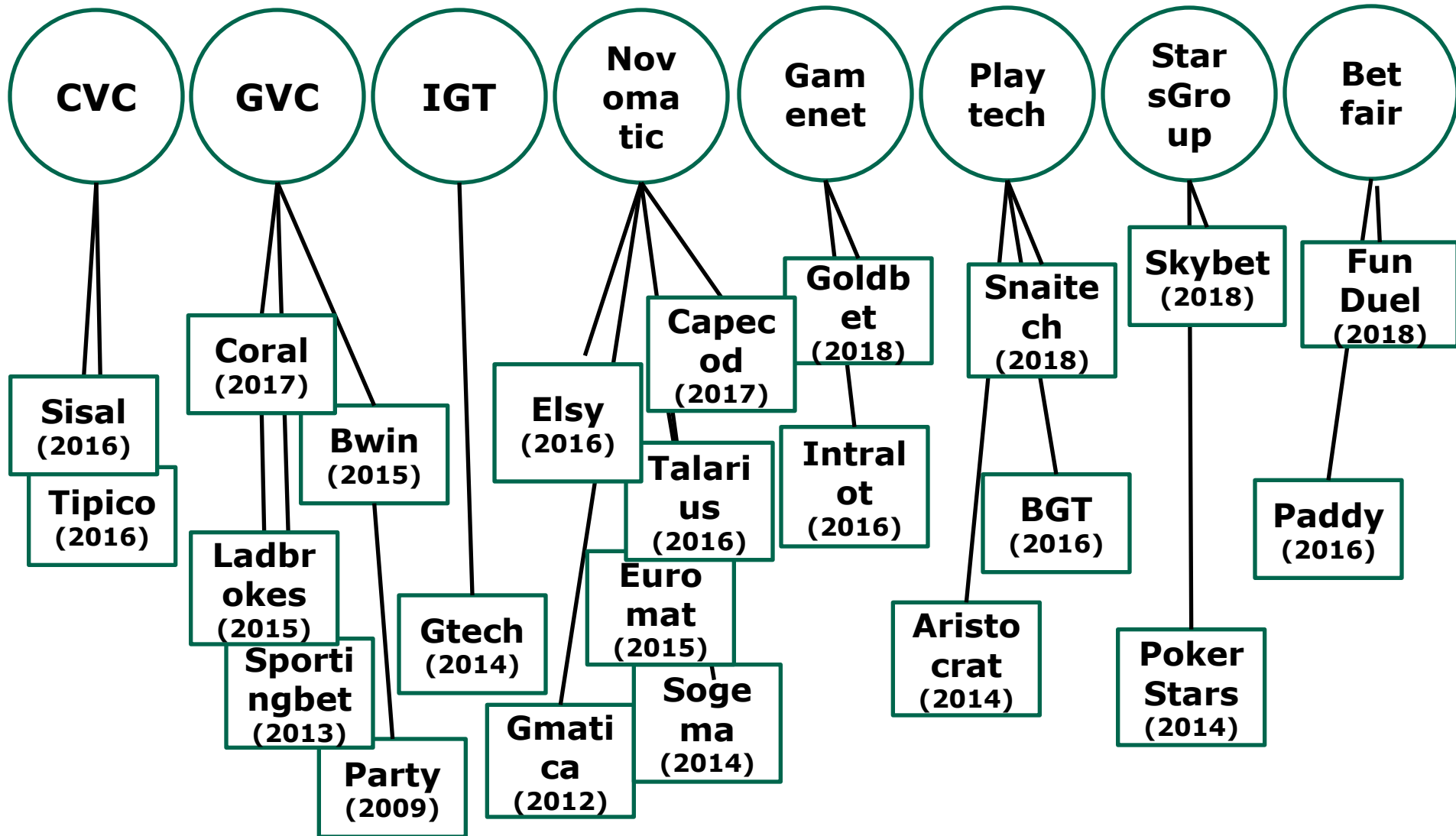
- Still relevant interest in the Italian remote gambling business
- The supply side could change significantly after new licences assignment**

BREAKDOWN OF NEW APPLICANTS

<i>Applicants</i>	<i>N.</i>
Italian players, already in the gambling business <i>(ground based operators or online skins)</i>	14
Anglo-saxon <i>(generally based in Malta, various sizes)</i>	12
East-Europe <i>(several different countries)</i>	6
North Europe	2
South West-Europe <i>(Spain)</i>	1
Asia	1
Total	36

- 61% applicants are Italians
- Most of them are pure online middle size operators, currently unknown to Italians player
- Ban on adv and sponsorship could have a dramatic impact on them**

MERGER & ACQUISITION



MERGER & ACQUISITION, WHO

- ❑ **CVC**, private equity firm, since inception across private equity, credit and growth funds
- ❑ **GVC Holding PLC**, sports betting and gaming group, main SH is Capital Group investment management firm
- ❑ **IGT PLC**, gaming company, main SH is Point72 Asset Mgt L.P., hedge fund managing the assets of its founder
- ❑ **Novomatic**, international producers and operators of gaming technologies, mainly owned by its founder
- ❑ **Gamenet**, operating in Italy in the sector of public games, main SH is TCP Lux Eurinvestment SARL, global capital equity
- ❑ **Playtech**, online gaming software supplier, main SH T. Rowe Price publicly owned global asset management firm
- ❑ **StarsGroup**, owner of industry leading gaming brands, shared among several equity growth funds
- ❑ **Betfair**, online gaming company, main SH Capital Research & Management Co. privately owned investment manager

MERGER & ACQUISITION, WHAT

- ❑ **Increasing business concentration, mostly from 2014:**
 - ❑ at international level, directly involving Italy,
 - ❑ driven by big companies controlled by capital investors,
 - ❑ both in the ground-based and in the online business,
 - ❑ **despite regulatory uncertainty due to restrictions stated by Local Administrations**

- ❑ **Most part of the M&A initiative are not cross – channel:**
 - ❑ Multi-channel → CVC, IGT, Novomatic,
 - ❑ Remote → StarsGroup, Betfair,
 - ❑ From ground based to remote → Gamenet
 - ❑ From remote to ground-based → GVC, Playtech

Regulatory uncertainty discourage online operators to enter the ground-based business despite adv ban

MERGER & ACQUISITION, WHY

- ❑ **Gambling business good profitability and prospect attracts capital investors, despite uncertainty**
- ❑ Scale and scope efficiency are relevant
- ❑ Portfolio advantage to absorb geographical market risks and downturns
- ❑ Integration and synergy between ground-based online business bring to omni-channel strategy
- ❑ Need to control the whole value chain or at least all core competences, to compete
- ❑ **Governments / Authorities prefer few major licensees than many little ones (?)**

CONCLUSIONS: CONCENTRATION VS NEW VENTURES

- ❑ Gambling business attracts capital investors**

- ❑ Increasing integration between channels and among geographical market as well as control of all value chain core competences are SKF**

- ❑ Increasing M&A initiatives by diversified big players on one side and ...**
- ❑ many energetic and vital specialised ventures on the other side,**
- ❑ can coexist and thrive in the gambling market**

- ❑ Legislation and government choices are decisive and could alter the balance**

Thanks for your attention

Giovanni Carboni

+39 335 5343132

carboni@egla.eu

www.egla.eu