

Amaya and Cherry storm to the top after superb first half

New arrivals reach the top in record time as sportsbooks blame World Cup for slower H1. By **Kio Dawson**

Although it took less time than expected for Sweden's Cherryföretagen to top the GIQ20, it was another recent acquirer, Canada's Amaya Gaming Group, which surprised most with its rise to the top end of the elite ranking of the fastest-growing listed operators in the online gaming industry.

Both companies boast an impressive set of results for the first half of 2011, although Cherry's figures are enhanced by the inclusion of only four months of comparable figures following the acquisition of AutomatGruppen in March 2010. For Amaya, however, it was the company's recently launched SMS lottery operations in Kenya which helped boost revenues, albeit from a small base, with the acquisition of Chartwell Technology set to further accelerate growth in the third quarter.

But with the FIFA World Cup boosting results a year ago, it was a tough period for sports betting operators. The exception, of course, was Paddy Power and William Hill – whose shrewd investments in mobile helped to boost turnover via that channel by as much as 657 per cent.

CHERRYFÖRETAGEN

As predicted in these pages, Cherry was well on its way to the top of the GIQ20 following a strong Q1 performance. This saw online gaming revenues of SEK48.8m (£4.65m) account for more than a third of its entire contribution in 2010 (SEK133.8m).

The company's acquisition of AutomatGruppen has somewhat distorted year-on-year comparisons. Online gaming revenues for the six-month period soared 150 per cent to SEK103.8m, but second quarter revenues, which comprised a full contribution from AutomatGruppen, still increased an impressive 32 per cent to SEK55m.

Cherry's online gaming business now accounts for more than half of the company's total revenues and has helped to offset revenue declines at both its casino restaurant and maritime gaming businesses.

AMAYA GAMING GROUP

Amaya Gaming Group hit the headlines with its recent CAD\$22.8m (£14.79m) acquisition of online casino developer Chartwell Technology – together with its purchase of more than seven per cent in fellow Canadian games developer Cryptologic. However, it is the company's operations in Africa that have helped the company to second spot in the GIQ20.

Amaya launched its Kenyan SMS lottery service, known as KwachuMamilli, in February of this year and lauded the early success of its operation as sales exceeded 100,000 SMS tickets a day, far ahead of the company's own internal targets.

Amaya has subsequently confirmed that the daily peak has now surpassed 200,000 SMS lotto tickets, with Kenyan revenues of CAD\$2.2m in the half-year period driving a 97 per cent increase in revenues to \$4.9m.

Amaya has several deals in the pipeline to operate online gaming and online/mobile lottery services for the Dominican

Republic, Kenya and Uganda, and it also recently signed a five-year agreement with Montenegro's national lottery operator, Lutrija Crne Gore, as well as a 20-year agreement with the National Lottery of Moldova.

More to come then from Amaya as it looks to accelerate growth in the third

AMAYA GAMING GROUP

+97%

ONLINE REVENUES

quarter of 2011 with the addition of Chartwell's business. This one could remain in the top echelons of the GIQ20 for some time.

CHURCHILL DOWNS

US racetrack operator Churchill Downs continues to benefit from the integration of YouBet.com into its TwinSpires.com online wagering platform, as online revenues increased a superlative 73 per cent to US\$83.3m in the second half of 2011.

After a strong Q1 performance which saw the company top the GIQ20 charts, second quarter revenues rose 56 per cent to \$16.7m, including a full contribution from YouBet.com compared to approximately one month of YouBet.com revenues in the corresponding period a year ago.

Online wagering revenues now account for more than 20 per cent of the company's total revenues. This was boosted by a 56 per cent increase in betting revenues to \$108.5m, helping to offset a marginal decline in racing revenues to \$179.8m.

“Fortuna looks to strengthen its hold on the recently re-regulated Polish betting market”

“ The first half of 2011 marked a return to form for 888 Holdings ”

The GIQ20 H1 2011

| | COMPANY | ONLINE REV. 2010 | ONLINE REV. 2011 | CHANGE |
|----|-----------------------------|------------------|------------------|--------|
| 1 | CHERRYFÖRETAGEN | SEK41.6m | SEK103.8m | 150% ↑ |
| 2 | AMAYA GAMING GROUP | CAD\$2.5m | CAD\$4.9m | 97% ↑ |
| 3 | CHURCHILL DOWNS | US\$48.1m | US\$83.3m | 73% ↑ |
| 4 | TIPP24 | €40.6m | €70.1m | 72% ↑ |
| 5 | 32 RED | £7.8m | £11.0m | 42% ↑ |
| 6 | FORTUNA ENTERTAINMENT GROUP | €10.5m | €14.6m | 40% ↑ |
| 7 | PADDY POWER | €116.7m | €148.8m | 28% ↑ |
| 8 | RANK GROUP | £23.3m | £29.5m | 27% ↑ |
| 9 | WILLIAM HILL | £124.2m | £152.7m | 23% ↑ |
| 10 | 888 | US\$130.2m | US\$153.8m | 18% ↑ |
| 11 | JAXX | €23.8m | €26.6m | 12% ↑ |
| 12 | NET ENTERTAINMENT | SEK177.1m | SEK195.1m | 10% ↑ |
| 13 | PHILWEB CORPORATION | P507.7m | P557.0m | 10% ↑ |
| 14 | GVC HOLDINGS | €28.0m | €30.3m | 8% ↑ |
| 15 | GTECH G2 | €36.7m | €38.9m | 6% ↑ |
| 16 | PLAYTECH (EXCL. WHO) | €72.9m | €76.3m | 5% ↑ |
| 17 | BETSSON | SEK733.8m | SEK755.6m | 3% ↑ |
| 18 | LADBROKES | £85.6m | £85.7m | 0.1% ↑ |
| 19 | BET-AT-HOME | €31.1m | €31.4m | 0.1% ↑ |
| 20 | NETPLAY TV | £10.6m | £10.6m | 0.0% ↑ |

TIPP24

In what is turning out to be a bumper year for the company, Germany's Tipp24 reported a 72 per cent increase in revenues to €70.1m for the first half of 2011. This follows significant growth during the second quarter in which revenues more than doubled.

Second quarter revenues soared by 129 per cent to €35.8m on the back of continued growth in markets outside of Germany, and the company is on course to reach its expected full-year revenue target of at least €104m.

32RED

A strong first half for online gaming operator 32Red saw revenues climb 42 per cent year-on-year to £11m, following on from the company's record performance in 2010. Revenues from the company's flagship online casino increased by 41 per cent to £9.5m during the period, despite a strong set of results in the comparative period last year.

After winning its trademark dispute against 32Vegas owner William Hill earlier this year, the company said that two further operators of online casino sites – 32Royal and Spin32 – have given up infringing domains and relinquished control of them to 32Red.

FORTUNA ENTERTAINMENT GROUP

Buoyed by continued growth from the company's online betting businesses in the Czech Republic and Slovakia, Central European betting operator Fortuna Entertainment Group reported a 40 per cent increase in online gross winnings to €14.6m.

Online gross winnings in the Czech Republic and Slovakia rose 37 per cent and 42 per cent respectively to €7.9m

Continued on page 8