

# Spotlight on Sports

Analyzing Amaya in 2017



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# Amaya 2017: Spotlight on Sports

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The numbers and analysis behind Amaya's strategy to refocus its sports vertical to build a new customer acquisition channel.

In the summer of 2015, Amaya entered the online sports betting market. Under the BetStars brand, introduced at the end of that year, the company rapidly rolled out the product across its regulated markets and global player pool.

During 2016, it signed high profile sporting sponsorships, announced major ad campaigns and was offering bets in hundreds of sports markets.

By 2017, BetStars was available to 65% of Amaya's global player pool—over 1.5 million active real money poker players.

However, unlike PokerStars Casino, which has grown to represent a quarter of the group's total revenue, BetStars has failed to contribute significantly to the company's bottom line.

Amaya has admitted to mistakes in its sportsbook strategy, entering markets too quickly and not fully appreciating the effort required to compete in ultra-competitive markets like the UK, but it is now correcting course.

The plan for 2017 is continued investment and improved localization. The focus is on building a customer acquisition channel, and expectations of immediate profits have been tempered.

Inorganic growth—mergers and acquisitions—to kickstart this growth is now back on the table.

*“For sportsbook, in 2017 we have refined our plans and strategy and will invest less on market expansion and more on product improvements and parity, especially on mobile, as well as delivering a localized experience to our customer base.*

*We are also reviewing ... the inorganic growth opportunity. Since we will have more free cash flow on our hands, we will be able to, at least, review tactical or strategic opportunities. If it could be a tactical opportunity when it comes to, specifically, more around the sportsbook, then I'm hoping that we would be able to use some of the free cash flow that we have to acquire.”*

Amaya CEO Rafi Ashkenazi, during the Q1 2017 earnings call.