

Global Online Gaming And Casino Market Analysis And Mergers And Acquisitions

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Abstract

The objective of this paper is to investigate the evolution and concentration of the online casino world market that occurred through a strong wave of mergers and acquisitions. For this, the mergers and acquisitions market in the gaming and online betting segment is characterized, with emphasis on the behavior of the main economic groups. The results show that there was a strong concentration of the online casino market and it accelerated with Cov-19. The highlight was on account of the Evolution Gaming Group plc. that appears in the first place in terms of market value. It acquired four companies with a value of US\$ 2.536 billion. Entail acquired seven companies with US\$ 1.04 billion investment. The main merger was between Paddy Power Betfair and The Stars Group (TSG), creating Flutter Entertainment Plc. The dominant strategy in this movement was access to technology, customers, markets/licenses and access to several platforms, therefore to increase scale.

Key-words: Mergers and acquisitions, Casino online, market of gaming

Date of Submission: 17-06-2024

Date of Acceptance: 27-06-2024

I. Introduction

In general, casino games are characterized by being very popular activities that involve high risks. Despite the progress of theoretical studies of probability that seek to mitigate these risks, forecasts and results, collecting in real games remains a challenge as argued by Meng and Fu (2021) and Lobo et al (2022). However, human and financial behavior, in its heterogeneity, has always highlighted the role of risk preferences in its decisions whether in the scope of entrepreneurship or gambling.

The first casino was established in 1638 in Venice, with the name casino meaning a little house for games. It was built to please prominent visitors during the Venice Carnival. Monaco was the first city to build a modern casino consisting of blackjack and slot machines and later expanded, in the early 19th century, to European countries, especially the US and the UK as treated by Alcalá (2021).

In the most recent period, the casino market has been growing at exponential rates in the second half of the last decade. This is strongly associated with the change in activities carried out to virtual, as discussed by Lobo et al (2022), Linder et al (2020). There were several factors that contributed to this new reality, such as; a) accessibility of online games, b) players bet more and stay longer at online casinos because they are in the comfort of their homes, c) an increased need to play as a result of the pandemic Cov19, b) use of cryptocurrencies for transactions which give the players anonymity.

In this context, the main aim of this article is to investigate the evolution and concentration of the online casino world market that occurred through a strong wave of mergers and acquisitions. In this way, it is important to investigate and understand the behavior of the online casino world market due to its novelty, in addition to the fact that there is still little literature produced on this subject. The article contributes with a conceptual approach to mergers and acquisitions of companies and the strategies adopted by the main economic groups in the world in the online casino segment.

The article is structured in five sections, in addition to this introduction. The second makes a characterization of the online gambling market as well as its segmentation. The world's largest online gaming companies are evaluated in section 3. In the fourth, the market for mergers and acquisitions in the online casino sector is investigated. Finally, in the fifth section, trends and conclusions are presented.¹

II. Mergers And Acquisitions And The Online Gambling Market

Acquisition is characterized by the purchase of one company (the target) by another company (the acquirer or bidder). An acquisition can be done in a friendly or hostile way. There are several reasons that encourage the acquisition of a target company, such as i) obtaining operational efficiencies and economies of scale; ii) eliminate competition and gain market share from the target company iii) obtain the technology from the

¹ Player Unknown's Battlegrounds, Minecraft, Fortnite, Apex Legends, League of Legends, Tom Clancy's The Division 2, Dota 2, Counter-Strike: Global Offensive and online casino games are the games most liked by players according to Baldinelli (2022).

company to be acquired; iv) increase the size, scope and influence of the acquiring company as argued by Gaughan (2018), Triches (1996) (2021) and Ross et al (2013). The friendly takeovers of companies occur when the board of directors approves the takeover and convinces shareholders to vote in favor of or approve the transaction. The acquiring company may be offering its own shares, i.e. shares of the acquiring company are used to buy the target company's shares or monetary value or even a combination between both. The buying company may even offer a percentage premium over the target company's closing share price.

On the other hand, the hostile takeover strategy occurs when the board of directors rejects the takeover and convinces the shareholders to vote against the takeover transaction. In this case, the purchasing company can adopt the following strategies; i) public offer consisting of a direct offer to shareholders to buy their shares at a premium in relation to the current market price of the share until the acquired shares are sufficient to obtain a majority stake in the target company; ii) power-of-attorney fight occurs when the acquiring company convinces the target company's shareholders to unite and vote against the board of directors and, afterwards, approve the acquisition or approve the change of board of directors.

Merger is defined as a corporate strategy in which two or more companies combine their operations to form a new company. In other words, two or more companies legally cease to exist and form a third company, with a new administrative name or entity. Assets are merged with the aim of multiplying its production capacity, marketing and its influence on the consumer market.

Table 1: Basic differences between merger and acquisition of companies

	Merger	Acquisition
Operational procedure	Two or more individual companies come together and form new companies.	One company takes over the operations of the other.
Decision	It is agreed by mutual consent between the parties.	It is agreed by mutual consent between the parties or not. Takeover can be friendly or hostile.
Corporation name	Entity resulting from the merger operates under a new legal name	Acquired entity operates under the name of the acquiring company or may retain the same legal name.
Comparable structure	The parties involved are similar in size and scale of operations.	Acquiring entity is larger and financially stronger than the target company.
Power	It is diluted between the two companies that are part of the merger.	Acquiring entity exercises absolute power over the target company.
Shares	Companies issue new shares.	There are no new share issues.

The terms merger and acquisition essentially refer to the consolidation of two or more business entities with the aim of achieving better synergies. Reasons for entering into either contract include expanding operations, gaining greater market share, reducing costs or increasing profits. However, there are several prominent differences between the two forms as summarized in Table 1.

The online gambling market is very dynamic and consists of the commercialization of gaming activities in a virtual environment by various entities based in various countries, especially those considered as Tax Haven. These entities or online casinos operate a wide range of activities such as gambling, bingo, lotteries, poker, video games, sports betting, among others. Such services are offered to users to wager money in real time while playing remotely or from any location in the world. Online gambling can be understood as any type of gambling activity, in which players bet something of value on an uncertain event or game, with the possibility of winning a greater amount than that wagered. Gaming operations take place via virtual means, normally operating at a rate of return between 2% to 10%, but may vary according to the type of gaming activity. Online gaming is restricted in many countries, but some states in the US and many countries in the European Union allow online gaming activities.

Table 2- Revenue by form of access to an online casino in 2021 (US\$ Billion)

Form of access	Value	% total	% var
Mobile	93.2	51.7	7.3
Tablet	11.7	6.5	-2.6
Smartphones	81.5	45.2	8.0
Computer	36.7	20.4	-0.8
PC Browser	2.68	1.5	-18.2
PC Download	34.1	18.9	0.9
Console	50.4	28.0	-6.6
Total	180.3	100.0	1.8

Fonte: Global Gaming Report 2022

The online gaming market is segmented into several types. The first is a type of game, i.e a) bets; b) Casino; c) Lottery; d) Poker; e) Bingo online among others. The betting market was the largest, accounting for 46.7% of the total in 2020. The second segment was by device such as desktop, mobile and other mobile devices.

In this case, the mobile access market held the largest share of total revenue, with 51.7%, 45.0% of which for smartphones and 6.5% for tablets, as shown in Table 2. The use of consoles stood out with 28.0% and desktop with 20.4% of total revenue in 2021 which was US\$ 180.3 billion. When looking at the growth rate of 2021 in relation to the immediately previous year, it is noted that the form of access that grew the most was smartphones with 8% and the biggest drop was the desktop browser with 18.2%.

The third segment concerns the geographic area which involves Asia-Pacific, such as China, India, Japan and South Korea; North America, USA; South America like Brazil; Western Europe, France, Germany, UK, Middle East and Africa. In terms of growth, Western Europe appeared in the first position with 10.8%, Asia-Pacific, with 10.8%, South America, with 10.7% and the Middle East with 10.5%. For Gregory (2022), 96% of online betting players prefer to play at home, 55% of users use their mobile phone as a device to play due to its portability. Therefore, 12% of users prefer to play in traffic, as it makes bus or train rides much more bearable.

III. World's Largest Online Gaming Companies

Worldwide companies in the online gaming market gained prominence with the development of online casinos, especially during the global pandemic, when physical casinos had to close. The market for mergers and acquisitions of companies and brands was also very promising, which showed a trend of concentration, as shown by Silva (2021). Although the number of online casinos continued with a strong growth trend. The most recent data for 2022 shows that there are 5,340 online casinos with more than one million employees with a value of US\$ 231 billion and an annual revenue of US\$ 10 billion. In this sense, the main economic groups that operate in the online casino segment are listed below, by their market value, in addition to identifying their most striking characteristics.²

Evolution Gaming Group AB

The Evolution Gaming Group is headquartered in Stockholm, was created in 2006 and develops gaming platforms as shown in Table 3 which deals with the main events. The company provides fully integrated B2B live casino solutions to major online casinos such as William Hill, Bet-at-home, Ladbrokes and 888. In 2007, the company signed an agreement to supply games to PartyCasino, which took its games to a new level and huge audience of players.

Image 1: Logo of Evolution Gaming



Source: <https://casino.partycasino.com/en/blog/review-evolution-gaming/>

Evolution Gaming holds licenses in multiple jurisdictions around the world and serves over 300 operators. The Group has branches in Europe and North America, with the three main hubs located in Latvia, Malta and Georgia. It entered strongly into the takeover market with the purchase of five well-known brands in the online casino segment.

The Ezugi brand was acquired in 2019 and operates in the Live Casino area where it offers a complementary Live Casino service, based on historical regional experience from the geographic markets of Latin America, South Africa and selected markets of the USA and Europe.

Image 2: Logo of Ezugi



Source: <https://www.keytocasinos.com/news/live-casino>

Another very dynamic brand of casino games and software incorporated into the group was Red Tiger, created in 2014. This company creates high-performance slots, as well as RNG (Random Number Generator)

² Estimates are that the value of this market will grow to US\$ 876 billion by 2026, Gregory (2022)

table games, as well as a progressive jackpot system for Smart Spins bonus management app which enables tournament gamification feature to enhance gameplay.

Image 3: Logo of Red Tiger



Source: <https://www.theslotsgeek.com/red-tiger-gaming/>

The third brand acquired was Big Time Gaming (BTG). It is an innovator and leader in slot titles and very exciting game mechanics. It was formed in 2011 as an innovative gaming house that combines technical leadership and creative excellence. In addition to developing slot games, BTG is the inventor of the slot game mechanics Megaways or a tiered, linked, progressive jackpot prize system with 117,649 ways to win. The BTG company is a global leader in the iGaming industry. The fourth brand that integrates the group is DigiWheel, that is, it was a developer of the world's first patented HD spinning game wheels, launched in 2019 in Las Vegas. The DigiWheel product is a 360-degree rotating gaming wheel that can operate as a live online game. The spinning wheel is an HD screen that can run any cash or prize wheel game.

Table 3: Evolution Gaming's timeline

2006	Evolution Gaming was founded with the launch of a production studio in Riga, Latvia.
2011	First certified and regulated live casino provider in the regulated Italian market.
2012	First certified and regulated live casino provider on the Danish market.
2013	Games launched on cell phones and certified in the Spanish market.
2014	New production studio opened in Malta. ERG Immersive Roulette Named Game of the Year.
2017	Dream Catcher money wheel and introduction of live shows category was launched. Launching studios in Canada, Georgia and New Jersey, USA.
2019	Consolidation of the exclusive Monopoly Live category of live shows, crowned game of the year by the operator EGR. Acquisition of Ezugi.
2020	Launch of 12 new games, including Crazy Time, Mega Ball, Dice, etc. Acquisition of Sweden's NetEnt.
2021	Expansion of live casino studios and launch of Michigan, USA Studio. Voted Live Casino Provider of the Year for the twelfth consecutive year in the EGR B2B Awards. Acquisition of Big Time Gaming and DigiWheel

Source: EVOLUTION. Interim report (2022)

Image 4: Logo of NetEnt



Source: <https://thegamescasino.com/pt/developers/netent>

The fifth brand acquired, also in 2019, by Evolution Gaming Group was NetEnt, as shown in table 3. This company is headquartered in Vasagatan in Stockholm, Sweden and was founded in 1996 under the name Net Entertainment. It is a software provider and debuted with the online casino in 2000. NetEnt has delivered its casino modules to a growing number of international customers. Therefore, it is recognized for the unique collection of slots, including the blockbusters brand. In 2013, the company launched its first Live Dealer products. With the acquisition of Red Tiger Gaming Limited in 2019, NetEnt expanded into new regulated markets, adding more customers to the Group's base. It has licenses in most regulated European jurisdictions. NetEnt mainly develops casino software and is a supplier to several gaming operators and has 700 employees. Innovation is at the heart of NetEnt and this is evident in the world's leading portfolio of iconic, high-performance online slots. This extensive number of slots is complemented by a range of classic RNG table games. NetEnt is also the parent company of Tiger Gaming Limited, Net Entertainment Malta Ltd, Netent Americas Llc.

Flutter Entertainment PLC

Flutter Entertainment PLC (Public Limited Company) based in Dublin, originates from Paddy Power Betfair, founded in 2016. In 2020, Flutter Entertainment was created with the merger of Paddy Power Betfair and the UK's leading gambling platform, The Stars Group.

Image 5: Logos of member companies of Flutter Entertainment PLC



Source: <https://www.casino.org/news/flutter-entertainment-stars-group-merger-to-be-probed-by-uk-antitrust-regulators/>

The company went on to establish with operator PokerStars one of the largest online gaming businesses in the world, both in terms of market value and annual revenues. The company operates through four divisions: i) UK and Ireland includes the Sky Betting and Gaming, Paddy Power, Betfair and Tombola brands, offering a range of sports betting, currency exchange and gaming services, as well as over 600 betting shops Paddy Power. ii) Australia includes the Sportsbet brand that offers online sports betting; iii) The International division integrates PokerStars, Sisal, Adjarabet, Betfair and Jungle, offering a variety of sports betting, exchange and gaming services and iv) USA includes FanDuel, TVG, Stardust, FOX Bet and PokerStars brands, offering bets and free to play sports, online games, daily fantasy sports and online race betting products for customers in multiple US states and Canada. Brands controlled by Flutter represent around 40% of the UK online sports betting sector and approximately 34% of the overall UK online gaming market, 23% of the Australian market, 21% of the US and 22% of the world market, operating in more than 100 countries. Table 4 illustrates the main events presented by the companies that gave rise to Flutter Entertainment. It is noted that this group was quite aggressive in the market for buying companies, as highlighted in the next section.

Table 4: Timeline of Flutter Entertainment ex-Paddy Power Betfair

1988	Founding of Irish gambling company Paddy Power.
2000	Paddy Power purchased PaddyPower.com and established itself as a global online bookmaker.
2009	Acquisition of a 51% stake in the Australian bookmaker Sportsbet.com.au. and the remainder was acquired the following year.
2016	Merger of Paddy Power with its British competitor Betfair, announced a year earlier, creating the company Paddy Power Betfair.
2018	Acquisition of FanDuel, one of the top two daily fantasy sports operators in the United States for \$158 million. Merged FanDuel operations to form FanDuel Group.
2019	Feb/Acquisition 51% of the controlling stake in Adjarabet which operates gambling in Georgia and has an option to acquire the remaining 49%. Mar./Formalization of the acquisition proposal for US\$ 12.2 billion of The Stars Group (TSG), controller of PokerStars.
2021	Announcement of acquisition of Sisal Gaming, Italy's leading online gaming provider, for €1.913 billion
2022	Acquisition of Tombola, founded in 1999, a British online bingo operator for US\$ 547 million. 80% of Tombola's revenues come from UK customers and around 16% from Italy and Spain.

Source: Flutter Entertainment e Paddy Power Betfair

Entain PLC.

Entain PLC. originates from GVC Holdings. It was created in 2004, headquartered in Douglas, Isle of Man and has offices on five continents. It is a global sports betting, gaming and interactive entertainment group, operating online and in the retail sector.

Image 6: Logo of Entain



Source: <https://www.realmoneyaction.com/entain-plc-expands-presence-in-global-regulated-markets-by-30/>

In March 2018, it acquired Ladbrokes Coral, which made it one of the largest sports betting and online gaming groups in the world, as shown in Table 5. It accepts bets in 21 languages and 19 different currencies. The

group offers a comprehensive portfolio of established brands on their own gaming platforms such as bwin, Coral, Crystalbet, Eurobet, Ladbrokes, Neds, Sportingbet and Sports Interaction. Gaming brands include CasinoClub, Foxy Bingo, Gala, GiocoDigitale, Ninja Casino, Optibet, Partypoker and PartyCasino. The Group operates a service delivery platform, in addition to its B2C operations, it provides services to various third-party clients on a B2B basis. GVC Holdings is a Sports Betting and Gaming Group company. It offers sports betting, casino, poker and bingo and operates some of the industry's most popular online brands including bwin, Sportingbet, partypoker, partycasino and Foxy Bingo.

Table 5: Entain's timeline

2004	Formation of Entain PLC. with the incorporation of Gaming VC Holdings in Luxembourg. Acquisition of CassinoClub.
2007	Launch of the betting shop and granting of the Maltese license.
2009	Acquisition of Betboo, a bingo/sports betting product focused on Brazil.
2010	Relocation from Luxembourg to the Isle of Man to improve after-tax dividend returns to shareholders.
2011	Launch of Betboo outside Latin America. Acquisition of rights to provide back-office services from East Pioneer Corporation BV, which acquired Superbahis, a sportsbook under the Sportingbet brand.
2013	Announced negotiations with William Hill for the acquisition of Sportingbet.
2016	Completed acquisition of bwin.party .
2017	GVC Group and Ladbrokes Coral Group have announced the terms of the acquisition of Ladbrokes by GVC. Acquisition of Innopark Pte., limited operator of Cozy Games, the bingo-led B2B business.
2018	Mar/Proposed to acquire a 51% stake in Crystalbet, a licensed online sports gaming brand in the Republic of Georgia. Mar/Acquisition of Ladbrokes Coral Group PLC, which transformed GVC into one of the largest online gaming companies in the world. Jul/ Formation of a Joint Venture, BetMGM, 50/50, between MGM Resorts International and British Betting Group GVC in the amount of US\$ 200 million to serve the US market. Nov/Acquisition of Neds International, an Australian digital sports operator.
2020	Out/GVC announced the acquisition of Bet.pt, headquartered in Portugal. Dez/Entain has completed its rebranding to Entain plc from GVC Holdings.
2021	Mar/ Entain completes the acquisition of Enlabs AB, which focuses on serving customers in the Baltic markets.

Source: Entain (2022a)/ <https://entaingroup.com/about/business-overview/history/>

The Group has a 50/50 joint venture, BetMGM, a leader in sports betting and iGaming, in the USA, formed in 2018 with the value of US\$ 100 million from each of the parts of a venture. The Agreement covers a 25-year commitment, with an option for either company to buy the other after 10 years. Entain provides technology and resources to BetMGM, as well as exclusive games and products, specially developed in its in-house game studios. Entain, with tax residence in the United Kingdom, has already strengthened its presence in 30 fully regulated markets, including Germany and Colombia, with plans to expand into countries in Latin America, Central and Eastern Europe. The expansion strategy is in line with new markets that are fully regulated or in the process of being regulated locally. The Entain Group has also set a goal committing to be net zero carbon by 2035. Through its Foundation it supports a variety of initiatives, with a focus on safer gambling, grassroots sport, diversity in technology and community projects as Entain (2022a and 2022b). The group's innovation strategies and new product launches will be driven by Ennovate. It is a newly built innovation studio that will leverage artificial intelligence technologies with testing in virtual reality concepts. Ennovate's projects are considered essential for the Entain group as it seeks to engage its brands with broader audiences and further optimize its multi-million-dollar sports sponsorship portfolio.

William Hill and 888 Holdings PLC.

William Hill was founded in the UK based in London in 1934 as a mail/telephone betting service. In the mid-1970s, the company had more than 14,700 stores across the country, integrating the Sears Holdings Group. In 1998, William Hill entered online sports betting and two years later launched the online casino. Online gaming currently accounts for more revenue for the company than its web-based sports betting. With the acquisition of Mr Green in 2019, it began international expansion, resulting in 35% of revenues being generated outside the UK.

Image 7: Logo of PCL William Hill



Source: <https://eveil-arg.com/william-hill/>

888 Holdings PLC is an online gaming technology company, formed in 1997 by two Israeli brothers in Antigua and after its headquarters were transferred to Gibraltar in 2003. In 2007, 888 announced the acquisition of the Bingo business of Globalcom Limited for US\$ 43.4 million and in May 2022 completed the £1.95bn takeover of William Hill's international bookmakers. This purchase included all of William Hill's UK assets. With this, 888 Holdings entered the retail sports betting market with a network of over 1,400 bookmakers in the UK. Currently 888 Holdings owns brands such as, 888sport, 888casino and 888poker, William Hill and Mr. Green and SI Sportsbook in the United States. The group provided a payment services platform, customer support and online advertising in approximately 100 countries. The company has a market value of US\$ 453.03 million and revenues of US\$ 980.1 million in 2021, with growth of 15.3% compared to 2020, which was US\$ 850 million. It generates 1350 jobs.

Image 8: Logo of PCL William Hill and 888 Holdings



Source: <https://corporate.888.com/>

Table 6: Timeline of selected corporate events of 888 Holdings and William Hill.

888 Holdings PLC		William Hill	
Year	Event	Year	Event
1997	Company foundation.	2000	Launched offshore telephone betting and online casino
2008	Acquired bingo business of Globalcom Limited.	2005	Acquisition of Stanley Leisure retail bookmaking operation.
2010	Acquired Mytopia; launched Poker interface 6.0.	2013	Australia acquisitions (Sportingbet and tomwaterhouse.com). Buy Playtech out of an online JV.
2011	Launched online casino in newly regulated Italian market.	2015	Offer to takeover 888 for £700m rejected
2013	Launched in Nevada, Delaware, and New Jersey - the only operator to have a presence in all 3 regulated US markets.	2016	Rejects joint merger offer from 888 and Rank and walks away from £4.6bn merger talks with Amaya.
2015	Launched slots in Spain; multi-state poker networks in the US went live.	2019	WH completes acquisition of Mr Green for £245m.
2018	Commenced rollout of cutting-edge Orbit Casino platform.	2020/21	Measures to control Covid19 lead to the temporary closure of retail estate sector
2019	Acquired sports betting platform BetBright.	Set/2021	Caesars agreed to sell The WHI business to 888.
2020	Secured US market access in Colorado, Indiana and Iowa.		
2021	Acquisition of William Hill International. Sale of Bingo Business.		
2022	Creating a global online betting and gaming leader with significant scale.		

Source: Holding (2022).

888 Holdings, with the acquisition of William Hill International, now brings together two highly complementary businesses and combines two of the world's leading brands in the industry and significantly accelerates progress against the individual strategy. They, therefore, aim at meeting customer needs to create the best betting and gaming experiences. The combination of the two companies also has multiple strategic benefits, in the sense of: i) expanding growth opportunities; ii) make the technology scalable and operational leverage; iii) achieve greater scale and flexibility to invest; iv) gain greater engagement, portfolio sharing and faster revenue growth; v) generate synergy to drive immediate value creation and boost growth, vi) obtain an efficient capital structure for long-term business management. Table 6 shows a timeline of selected corporate events, 888 Holdings PLC and William Hill. It should be noted that these companies proved to be very competitive in the online gaming and casino market.

The joint operations of the two companies create a high-growth global leader with very relevant economies of scale. Table 7 clearly shows that 888 Holding and William Hill are complementary in terms of brands and products. In addition, companies began to generate a market of 5.2 million active customers, with revenue of £2.116 billion, an adjusted Ebitda of £373 million and employing 13.35 thousand workers.³

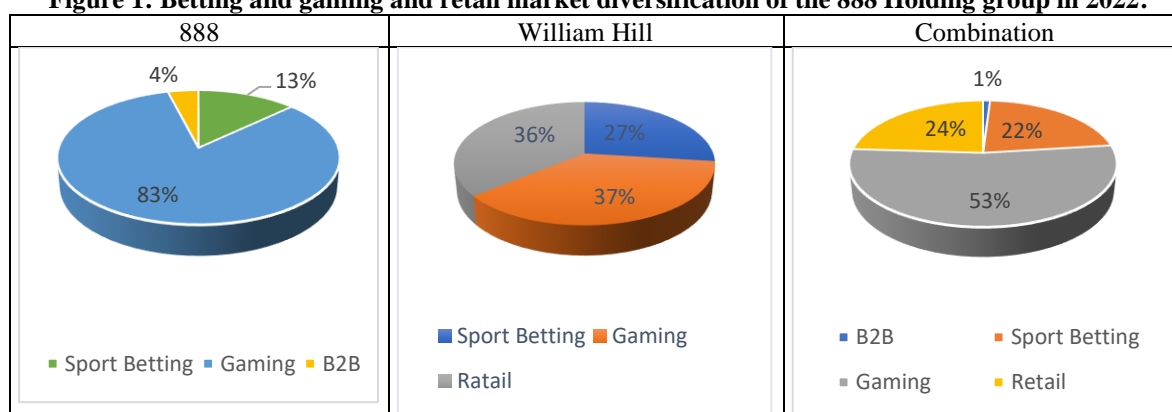
Table 7: Joint operations of 888 Holding and William Hill in 2021.

Brands	888 888sport, 888casino 888 poker SI Sportsbook	William Hill William Hill, Mr Green	Combination Complementary products and brands
Active customers (m)	2.2	3.0	5.2
Revenues (£ m)	712	1,404	2,116
Adjusted EBITDA (£ m)	120	260	373
Job	1,350	12,000	13,350

Source: Holdings (2020)

With regard to the diversification of the betting and gaming and retail market, it clearly increases, which makes joint operations less vulnerable. 888 Holding accounted for 83% of gaming revenue, William Hill 37%. This percentage rises to 53% for operations as a whole. With regard to betting, 888 Holding accounted for 13% of its revenue, William Hill, 27% and jointly this participation was 22%. In addition, shared operations now account for 24% of revenue originating from retail activities and the remaining 1% from B2B operations. This demonstrates a greater diversification of joint operations than those carried out individually.

Figure 1: Betting and gaming and retail market diversification of the 888 Holding group in 2022.



Source: Holding (2022).

Kindred Group

Kindred Group, based in Malta, was founded in 1997 as a Unibet site. With the growth of its business, in 2016 it became Kindred Group with 13 brands in its portfolio. The Kindred Group made, in July 2021, an acquisition of the remaining 66.6% of the outstanding shares of Relax Gaming worth €320 million (US\$ 239.0 million). Relax Gaming is a B2B iGaming software provider and market leader that develops online casino games for open distribution platforms. Relax Gaming was founded in 2010 and currently employs 240 full-time staff with four main hubs in Malta, Estonia, Sweden and Serbia. Kindred has invested in Relax Gaming since 2013 and was the largest owner with 33.4% of the outstanding shares. The strategy is to maintain Relax Gaming as an independent entity within the Group, with a separate management team and Board of Directors. Kindred continues to invest in Relax Gaming to consolidate its position as a leading B2B iGaming provider, as well as expanding its customer base.

³ EBITDA is earnings before Interest, Taxes, Depreciation and Amortization. It reflects the result in cash and adjusted EBITDA is adapted to the reality of the company, depending on the particularities that affect its operations.

Image 8: Logo of Kindred Group



Source: https://en.wikipedia.org/wiki/Kindred_Group

Currently, Kindred Group is one of the world's leading online gaming operators with businesses in Europe, the US and Australia, offering over 30 million customers its 9 entertainment brands in a safe and sustainable environment. The company has achieved status as one of the world's largest online gaming companies through multiple acquisitions of established operators such as 32Red, Betchoice and Maria Bingo and the launch of new gaming sites focused on specific markets. It also operates Vlad Casino, created in-house for Romanian players. The company is listed on the Nasdaq Stockholm Large Cap and is a member of the European Gaming and Betting Association (EGBA) and a founding member of the IBIA (International Betting Integrity Association).

Playtech PLC.

Playtech PLC. is a leading technology company in the development of gambling software, founded in 1999 in Estonia, but has moved its headquarters to Douglas, Isle of Man. It obtained its first online casino license in 2001 and has since offered a plethora of top slots, table games and live games. The brand also operates the iPoker network, one of the largest in the industry.

Image 9: Logo of Playtech



Source: <https://www.casinocanada.online/playtech-casinos/>

In 2008, it signed an agreement with William Hill for online gaming software and they also agreed to establish a William Hill Online joint venture, with Playtech taking a 29% stake in the business. In 2011 he signed an agreement with Gala Cora and in 2013 he entered into a partnership with Ladbrokes for the development of sports betting and casino games in the modern era. It currently has a huge collection of omni-channel content delivered by sophisticated integrated platform technology, Playtech One, among the numerous studios that contribute to its creation are Quickspin, Eyecon, Ash Gaming, Rarestone Gaming, Sunfox and Geco Gaming. The company also offers product vertical technologies including casino, live casino, sports betting, virtual sports, bingo and poker. It also owns the intellectual property rights and licenses the software; provides marketing and advertising services, online consulting and technical support, data mining processing, live gaming and video streaming; and operates bookmakers. PlayTech has developed over 30,000 different online gambling products around the world and there are over 120 partners in 26 different countries operating their software. It also holds 140 global licenses and offices in 17 countries.

The financial indicators of the main economic groups in the gaming and online casino segment are reported in Table 8. It is noted that Evolution Gaming Group plc appeared in first place, with US\$ 37.00 billion of market value and with a revenue of US\$ \$1.18 billion, in 2021. It achieved a growth of 110.3% compared to 2020 and it employed a total of 6,825 employees. This performance was driven by the pandemic that forced many gamblers to find a new alternative form of online entertainment and the acquisition of the NetEnt group. The controlled companies, in current time, are NetEnt, Transigo Ltd, Big Time Gaming Pty Ltd.

Table 8: Indicators of the main groups operating online casinos in 2021

Company/Year Founded	Headquarters	Market Value US\$ bi	Revenue US\$ bi	Var Revenue %*	Number of jobs
Evolution Gaming Group plc. 2006	Stockholm Sweden	37.2	1.18	110.3	6,825
Flutter Entertainment Plc. 2016	Dublin Ireland	35.14	7.90	16.1	13,653
Entain Plc. 2004	Douglas, Isle of Man	7.42	4.20	5.5	30,000
PCL William Hill	London	nd	1.47	11.59	12,000

1934					
Kindred Group 1997	Malta	1.67	0.011	11.59	1,600
Playtech plc 1999	Douglas, Isle of Man	1.59	1.34	11.8	6,600

Fonte Yahoo Finance/ Igr (2021)

* Refers to the percentage change in 2021 compared to 2020

In second place, the Flutter Entertainment Plc group emerged with a market value of US\$ 35.14 billion with revenues of US\$ 7.90 billion in 2021, and presented a growth of 16.1% compared to the immediate previous year. It generated 13,653 direct jobs and is a global provider of sports betting, gaming and entertainment to over 13 million customers. Entain Plc followed with a market capitalization of US\$7.42 billion and revenue of US\$ 4.2 billion in 2021 and growth of 5.5% compared to 2020, generating 30,000 jobs. The total income of Entain PLC. for 2019 is 3,60 billion euros.

William Hill had a revenue of US\$ 1.47 billion in 2020 and employed 12,000 people, again according to Table 8. 888 Holdings PLC had a market value of US\$ 453 .03 million and a revenue of US\$ 980.1 million in 2021, with growth rate of 15.3% compared to 2020 (it was US\$ 850 million). It Generated 1,350 jobs. Kindred Group had a market capitalization of US\$1.67 billion and revenue of US\$11.47 million in 2021, up 11.5% compared to 2020, generating 1,600 jobs. PlayTech, completes the list of the six main world groups in the online gaming and betting market, presented a market value of US\$ 1.59 billion and has a revenue of US\$ 1.34 billion in 2021, with growth rate of 11.8% compared to 2020, in addition to generating 6,600 direct jobs.

III. Market Concentration By Acquisitions And Functions Of Online Casinos

The previously analyzed economic groups were very active in the market for mergers and acquisitions of companies, especially from 2019 onwards. This movement culminated in a strong concentration of the market. The highlights were on account of the groups, Entain with 7 companies acquired with a declared investment of US\$ 1.04 billion, Evolution Gaming, with 4 acquisitions with a value of US\$ 2.536 billion and NetEnt with two companies acquired in the value of US\$ 248 million, as is illustrated in Table 9.

The largest transaction was carried out by GVC Holdings from the United Kingdom with the acquisition of Ladbrokes Coral Group PLC, in 2018, for US\$ 4.50 billion. In second place, appeared the transaction carried out by the North American Caesars Entertainment, Inc with the acquisition of the international operations of the English William Hill in 2020 for US\$ 3.70 billion. Caesar's main objective was to expand the online sports and gaming business in the USA. Next comes the purchase made by 888 Holdings PLC, which acquired William Hill International outside the US, in 2022, for US\$ 2.35 billion. This operation tends to create a powerful global betting and gaming business. Another US\$ 2.00 billion was the acquisition of Canadian Score Media and Gaming, in 2021, by the North American Penn National Gaming USA, which aims to strengthen Penn's digital media and gaming strategy by creating a complete destination of entertainment as pointed out by Bussmann (2021). Ultimately, DraftKings purchased the Golden Nugget Online Casino for US\$ 1.5 billion in stock, both of which are from the United States. This business aimed to have access to the igaming products and database of more than 5 million customers.

Table 9: Acquisitions of companies in the online casino segment

Buying Group/Company/Nat.	Acquired company/year/Nat.	Invest. US\$ millions	Comments
Evolution Gaming Sweden	Ezugi (2019) /USA	12.0	Strengthen strategic position as the world's leading casino games provider.
	NetEnt(2020)/Malta	2,060.0	
	Big Time Gaming- BTG (2021)/USA	463.5	
	Digi wheel (2021) Ireland	1.0	
NetEnt Malta	Red Tiger Gaming Limited - Red Tiger Malta (2019)	248.0	Offer the opportunity to capitalize on your scalable technology to support future growth.
GVC Holdings United Kingdom	Ladbrokes Coral Group PLC (2018) United Kingdom	4,500.0	Increasing the scale and shape of the business to create one of the largest sports betting and gaming groups in the world.
Entain Malta	Enlabs AB/ Sweden	350.0	Formation of Etain CEE (75%) to drive expansion in Central and Western Europe*
	Bet.Pt/ Portugal 2019		
	SuperSport		
	BetCity/Holland/2022		
	Avid Gaming/Canada Klondaika/ Latvia Totolatek/ Poland		

	2022		
PCL William Hill UK	Mr Green (2019) Sweden	308.0	Accelerate William Hill's diversification – becoming a more digital and international business.
Caesars Entertainment, Inc USA	William Hill (2020) UK	3,700.0	Expansion of online sports and gaming business in the US.
DraftKings USA	Golden Nugget Online Casino (2021) USA	1,560.0	Access to igaming products and database of more than 5 million customers.
Penn National Gaming USA	Score Media and Gaming (2021) Canada	2,000.0	Strengthen Penn's digital media and gaming strategy by creating a complete entertainment destination.
888 Holdings PLC Gibraltar	William Hill International (out of USA) (2022) UK	2,350.0	Create a powerful global betting and gaming business.
2021 Kindred Group Malta	Relax Gaming (2021) Malta	329.0	Strengthen and consolidate its position as a leading B2B iGaming provider, further expanding Relax Gaming's product offering and its B2B customer base.
888 Holdings PLC Gibraltar	Bwin.party Digital Entertainment (2015) Gibraltar	1.3 billion euros	

Sources: Information disclosed by companies

* 25% of the capital belongs to the investment company EMMA capital based in the Czech Republic.

In regard to mergers between companies, the Flutter Entertainment Group had its origin based on this type of process. In 2016, the Irish company Paddy Power acquired the British BetFair after they merged, creating a new company Paddy Power Betfair. Four years later, the company Paddy Power Betfair bought another British company The Stars Group (TSG) for £ 3.8 billion, which also merged, forming Flutter Entertainment as shown in Table 10 and highlighted in the previous section

Table 10: Mergers of companies in the online casino segment

Company 1 Country/Year	Company 2 Country/Year	New Country Company	Invest.	Purpose
Paddy Power /Dublin Ireland - 2016	Betfair United Kingdom	Paddy Power Betfair Dublin, Ireland	8.1 billion euros	52% of the new company's shares were held by Irish shareholders and 48% by British shareholders.
Paddy Power Betfair/Dublin Ireland - 2020	Stars Group United Kingdom	Flutter Entertainment /Dublin, Ireland	3,8 billion pounds	Diversify and expand its operations

Sources: Information disclosed by companies

It is clear that the main drivers of M&A activity in the sports betting industry continue to be access to technology, customers and access to markets/licenses. Companies interested in acquiring, instead of building their business, look for other companies to keep up with the pace of market development and save opportunity costs of time and resources, as pointed out by Biznews (2021) and Gregory (2022). Thus, the mechanism of mergers and acquisitions tends to be more efficient by which industry stakeholders can achieve greater vertical integration and product differentiation. This should be the dominant strategy of takeover activities for sports betting, online casino and entertainment industries. The competition between the main market participants includes several factors such as offers, quality of gambling content, user experience, brand value, personalized payments and access to multiple platforms, as highlighted by Mordor intelligence (2022).

IV. Conclusions And Trends

Online casinos have become more popular during the global Cov-19 pandemic. This occurred to the detriment of the closure of physical casinos. Most online betting is done in players' own homes and with increasing use of mobile devices such as cell phones due to their portability. Another reason why bettors are choosing online sites is that they can use cryptocurrencies, especially Bitcoin for online betting payment.

The main competitors in the betting market and online casinos are, in order of market value, Evolution Gaming Group plc, which showed a high growth of more than one hundred percentage points in 2021. and its parent company, 888 Holdings PLC, Kindred Group and PlayTech. Notably, the results show that such business groups were very aggressive in the market for acquisitions and mergers of companies, which implied a strong concentration of this market. Entail, for illustrative purposes, acquired 7 companies, with a declared investment of US\$ 1.04 billion, Evolution Gaming, with 4 acquisitions worth US\$ 2.536 billion.

The trends identified as having a strong influence on the online casino gaming market are technological advances, with emphasis on the use and propagation of artificial intelligence in online games. More and more companies are investing in this area to improve the overall customer experience. This technology allows analyzing the user's preference in terms of game selection and offering a personalized page, helping the user to save time spent looking for the right game. Furthermore, artificial intelligence can be used to identify behavior patterns and game frauds, which helps in preventing these frauds and blocks scammers, making the ecosystem safer.

The other trend is the use of Blockchain technology in online games, especially for payments. Blockchain employs smart contracts, which is characterized as a faster and safer payment method than other currencies such as Business abort (2022). In addition, the use of cryptocurrencies makes transactions faster and more anonymous, and has the further advantage of providing data protection to users and reducing the chances of identity theft and hackers. Therefore, with Blockchain technology, there is no need to provide confidential information such as personal and banking information when making deposits. Cryptocurrency transactions tend to be very cheap or free. As there are no taxes on transactions, it ends up benefiting the player with better odds and bigger payouts, thus encouraging online casinos to opt for cryptocurrency as their preferred payment method.

Finally, based on the market panorama of operations between companies in the economy, it is recommended as an agenda for future research to evaluate the movements of international corporate transactions. For this, specific methodologies must be employed that seek to identify performance indicators or determinants, whether value creation or generation of ex-ante and ex-post synergies from the completion of business operations.

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