

## Online Gambling Benchmarking – 2020/2021 edition

Comprehensive report analysing updated benchmarks, KPIs, margins, ... of the online gambling industry

London/Munich, August 2020

## Summary

MECN is proud to present the new 2020/2021 edition of our report “Online Gambling Benchmarking Study”. The first editions of the report were received very well, and as the online gambling market changes quickly, we are now happy to publish an updated version of our report.

As before, the report offers a comprehensive analysis and benchmarking of key performance indicators (KPIs), key business figures, relevant margins, and much more to enable executives in the online gambling industry to improve both controlling and operations.

The report is a must-read for all strategists and executives in the industry who want to save the time and money of compiling their own database – we have done it for you. Readers of the first editions of the report were impressed:

*“The report saved me and my team weeks of number crunching.” (CFO of online gambling operator).*

## Content of the report

The report offers unprecedented insights into the industry:

- **Current data and KPIs as well as historical data** – Our benchmark analyses are based on the most recent data and KPIs and also trace long-term developments.
- **Revenue growth benchmarks** are broken down by products/verticals.
- **Analyses of financial results**, such as EBITDA, EBIT, ... including comparison of margins.
- **Expense/costs benchmarks and margins**, such as marketing, staff costs, ...
- **Player/customer-related benchmarks**, such as active player development.
- **Product-related benchmarks**, such as product/vertical split, breakdown of casino revenues by type of games, ...
- **In-play/live betting benchmarks**, such as in-play/live betting’s share of total wagers, in-play/live betting gross revenue margins, ...

- **Mobile business benchmarks**, such as mobile share of total online business, ...
- ...

In total, the report has **60 pages and ca. 90 graphs/exhibits**.

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Development of the assessment of the current industry climate – Survey results
Growth potential of the key online gaming/gambling products – Survey results
Future “winners” in the online gambling market – Survey results
Mobile revenue in % of total revenue
Development of mobile share of total revenue
Annual growth rates of total online gambling revenue – benchmarks 2019
Ranking of online gambling operators by total net revenues – 2019
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Overall development of betting revenues – 2012 to 2019
Ranking of online gambling operators by betting net revenues – 2019
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Overall development of poker revenues – 2015 to 2019
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 Development of operating profit margins – 2012 to 2019  
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 SEO benchmarking for betting-related keywords in key European markets  
 SEO benchmarking for casino related keywords in key European markets  
 The top advertisers (gambling websites) on affiliate websites in Europe  
 The top advertisers (gambling websites) on betting affiliate websites in the US  
 The top advertisers (gambling websites) on casino affiliate websites in Europe  
 The top advertisers (gambling websites) on casino affiliate websites in UK, Germany, Spain, Italy

## List of mentioned companies

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888	Karamba
Angler Gaming	Kindred
Bet365	LeoVegas
Betsson	Lotto24
Better Collective	Lottomatica
Catena Media	Nektan
Churchill Downs	Net Gaming
Enlabs	NetEnt
Evolution Gaming	PAF Internet
France total (ARJEL)	Playtech B2B
Gambling.com Group	PPB (Flutter) Online
Gamesys	Sisal
Gaming Realms	Stars Group
Global Gaming	Svenska Spel
GVC Online	Webis
Interwetten	William Hill Online
Jumbo Interactive	Zeal / Tipp24
Kambi	...

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## Sample pages of the report

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**2.2 Overall trends**

We also asked about the future relevance of the key trends and topics – and this provided the following insights (see exhibit 5):

- Increasing **brandable** and related aspects, such as higher taxes and stricter regulations, will continue to have the highest strategic relevance.
- The increasing **globalisation** of the U.S. market is second place on the strategic agenda.
- The formerly highly debated revenue stream coming from the **R2D** bubble of operators (e.g. Bet365, DraftKings, ...) seems to have lost in importance and is ranked last.
- The focus on **existing customers** seems to be more relevant than acquiring new customers.

**2.3 Growth potential of key products**

In addition to "general" trends and topics, we also analysed the growth potential regarding nine individual titles of the online gaming/gambling products within the next 1-2 years (see exhibit 6):

- Mobile gambling** leads the ranking with market participants convinced that this is a "super" to "very large" growth potential within the next 1-2 years.
- Real-time money gambling** is the runner-up, but it is noteworthy that the overall assessment is "very uncertain" between "great" and "challenged". This indicates that the industry as a whole is not fully convinced that social gaming will finally make a significant contribution to revenue.
- Although **live betting** has been offered for years, it seems to still have significant growth potential.

**Exhibit 5: Strategic relevance of key trends/topics for the online gambling industry for the next 1-2 years – Survey results**

**Exhibit 6: Growth potential of key online gaming/gambling products – Survey results**

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**5 Revenue growth**

**5.1 Total revenues**

In exhibit 31 we benchmark the revenue growth rates of 2021 and 2022. In most cases the figures used are not revenue after taxes. However, in a few cases net revenues were not reported, and we took gross revenues (gross volume) in place of net revenue income. This overview also includes some (France providers) for the online gambling industry (see Exhibit 32).

- Average growth** – On average, revenues grew by 17% in 2021.
- Median growth** – The median growth rate in 2021 was 16%.
- Top growth rate** – Best practice growth in 2021 was achieved by Playtech with 55%. Best operator was Bet525 with 44%.

**Annual growth rates (development of operators)**

In exhibit 32 we show several growth developments:

- Growth rate of online exchange rates** – As explained above, we report constant exchange rates to isolate the overall growth trends in our view. This growth analysis is best suited for an overall picture of the industry because it isolates the development of the operator operators.
- Growth rate of online exchange rates** – We also included the growth of the same in EUR with variable fluctuating annual exchange rates.
- Average growth rate** – The "average" growth rate per annum (see also exhibit 31) is the average growth rate of the sector in that year. In this regard, the use of the constant has no effect on the growth rate and "weight" as in the case of the two other growth rates!

**Exhibit 31: Annual growth rates of total online gambling revenue – benchmark 2021 and 2022**

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**12 Active players/customers**

Growth and development in 2018 and 2019

In exhibit 18 we benchmark the increase in the number of active players in 2018 and 2019. In most cases the active player figures refer to the entire year, but (bet365) and (betway) figures refer to the last quarter of the reporting year.

- Average growth** – On average, the number of active players grew by 17% in 2019. This represents an increase compared to the 2018 growth rate of 20%.
- Median growth** – The median growth rate in 2019 was 16%.
- Highest growth rate** – Cherry had the biggest growth in active players in 2019 with 21%.

**Cherry and (bet365)** – Best practice for growth in number of active players

For a better understanding of the two best practice growth examples, we offer the following additional insights:

- Cherry** (acquired in 2019) is mainly due to the acquisition of Germany (see exhibit 19).
- In the case of **(bet365)**, the strong increase is a further indication that also marketing (bet365, ...) that the company is currently on a growth path. In addition, the number of acquiring customers increased by 15% compared to 2018. Nevertheless, the growth in the number of customers remains low with relatively low sales (see exhibit 17).
- In case of neither the "rising year-on-year" growth supported by acquisitions has accelerated the growth!

**Exhibit 18: Overall development of number of active players/customers – 2018 to 2019**

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**19 Overview, comparison, and growth development**

**19.1 Overall product/segment split**

As most of the companies analysed are active in all verticals, it makes sense to take a closer look at the breakdown by key product segments/verticals. In exhibit 120 we benchmark the product/segment split of total revenue in 2021 (for most cases the refer to last quarter).

- Average product/segment split** – On average, the companies analysed made 42% of their revenue in the leading segment, 20% in other, 16% in casino games, and 11% in other games, such as bingo and skill games.
- The most balanced portfolio** – Since the merger of Betm (focus on betting) and Playtech (focus on poker and casino games), BetPartly has one of the most balanced product portfolios.
- Change in product portfolio** – Compared to the product portfolio in 2020 (see exhibit 121), we have found that the structure of the online game segment in the average product portfolio has declined significantly.

**ERTDA segment (vertical split)**

Operators rarely publish segment information regarding ERTDA (or similar figures after coin, BetPartly did this for 2021 and 2022 and defined its regional "Open ERTDA" as "Open the conversion rate associated with the Operator's Non-Processed Agreement, negotiation agreement, acquisition fees and associated charges, cost of disposal of cards, hold for sale, merger and acquisition expenses, exchange expenses and before commission charges relating to the online payment").

While the public/legal discussion has been focusing on betting and poker, it is noteworthy that operators in 150+ markets that make transactions under 10% of total product-related ERTDA, the casino segment is by far the largest profit driver and contributes nearly twice more (2022) to the total ERTDA than sports betting.

**Exhibit 120: Product/segment split of total revenue – 2021**

**Exhibit 121: Development of product/segment split of total revenue – 2020 to 2022**

**Exhibit 122: Product/segment split of total ERTDA – case study 2021 and 2022**

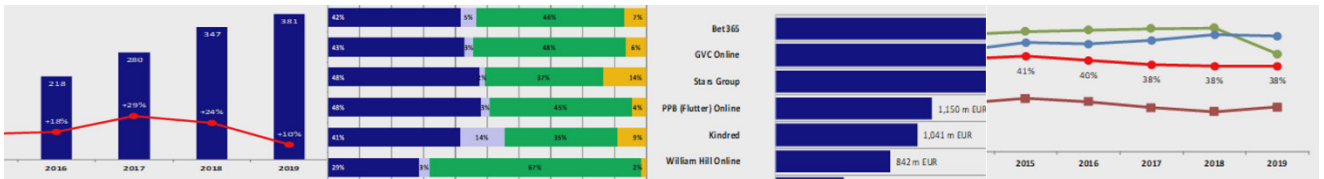
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MECN is a network of experts on issues concerning the media and entertainment industry. Together we provide in-depth knowledge, analysis, and advice to global clients. For the gambling industry, we provide market insights and strategic support to various clients ranging from bookmakers to state/public operators.

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