

VIDEO GAMING EXPERIENCES IN NEVADA

ALEX IGELMAN

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AGENDA

PART I: ESPORTS

- I. DEFINING ESPORTS
- II. WHAT IS HAPPENING IN ESPORTS: A SNAPSHOT
- III. GLOBAL AUDIENCE & VIEWERSHIP DEMOGRAPHICS
- IV. REVENUE FORECAST & REVENUE STREAMS
- V. ESPORTS IN LAS VEGAS, ATLANTIC CITY & MACAU

PART II: ESPORTS AND CASINOS

- I. ESPORTS AS AN EVENT AT CASINOS
- II. INTEGRATING ESPORTS, SKILL BASED GAMES & PEER-TO-PEER WAGERING IN A CASINO
 - I. ESPORTS BETTING
 - II. SKILL BASED
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PART III: QUESTION PERIOD

**MADDEN 19
JETS CHAMPION**



MADDEN 19

**JETS
CHAMPIONSHIP**



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**MADDEN 19
CLUB CHAMPIONSHIP**

FEBRUARY 2, 2019

EA HEADQUARTERS | REDWOOD CITY, CA

ESPORTS



Competitive gaming at a professional level and in an organized format (a tournament or league) with a specific goal (i.e., winning a champion title or prize money) and a clear distinction between players and teams that are competing against each other.

WHAT IS HAPPENING IN ESPORTS?

A QUICK SNAPSHOT



The Audience

276mn

The estimated size of the eSports audience in 2022E—up from 167mn viewers today who already outnumber the audiences of the NHL and MLB

58mn

Unique viewers of the 2017 League of Legends finals

125mn

The number of global players for Fortnite, the highest monetizing video game in the world



The Demographics

50%+

The share of eSports viewership coming from Asia. eSports penetration has reached only 5% in the region, but already comprises the lion's share of viewership

79%

The eSports audience under age 35



The Engagement

355bn

The total number of minutes watched on Twitch in 2017, up 22% year-over-year

98 minutes

The amount of time active users on Chinese live-streaming platform Huya spend watching content every day on the mobile app



The Monetization

\$3bn

Our estimate for total eSports revenue in 2022E, up from \$655mn in 2017. We expect media rights will contribute nearly half of this amount

\$296mn

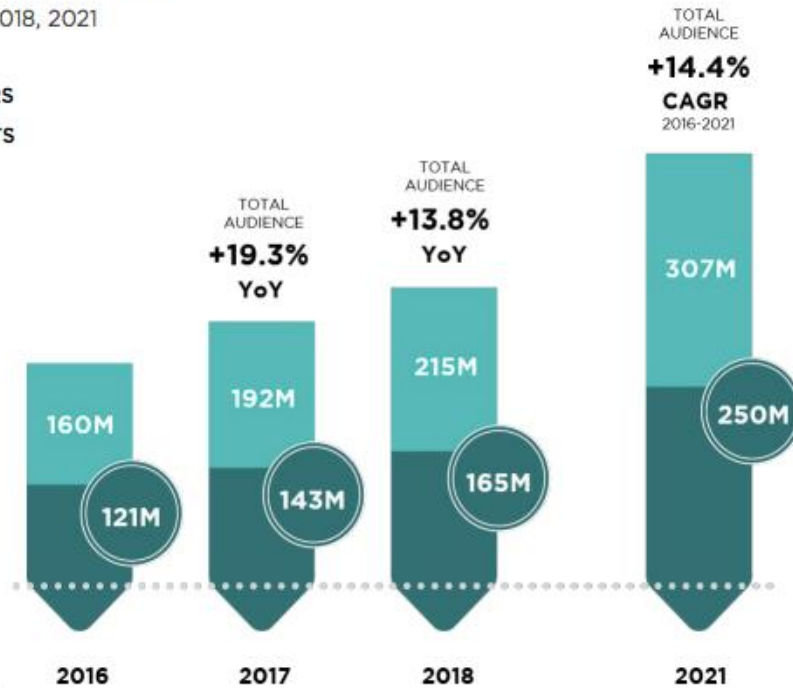
Fortnite's revenue in April. The game is the most watched title on Twitch, with ~1.5x the average viewership of the 2nd most-watched title

GLOBAL AUDIENCE

ESPORTS AUDIENCE GROWTH

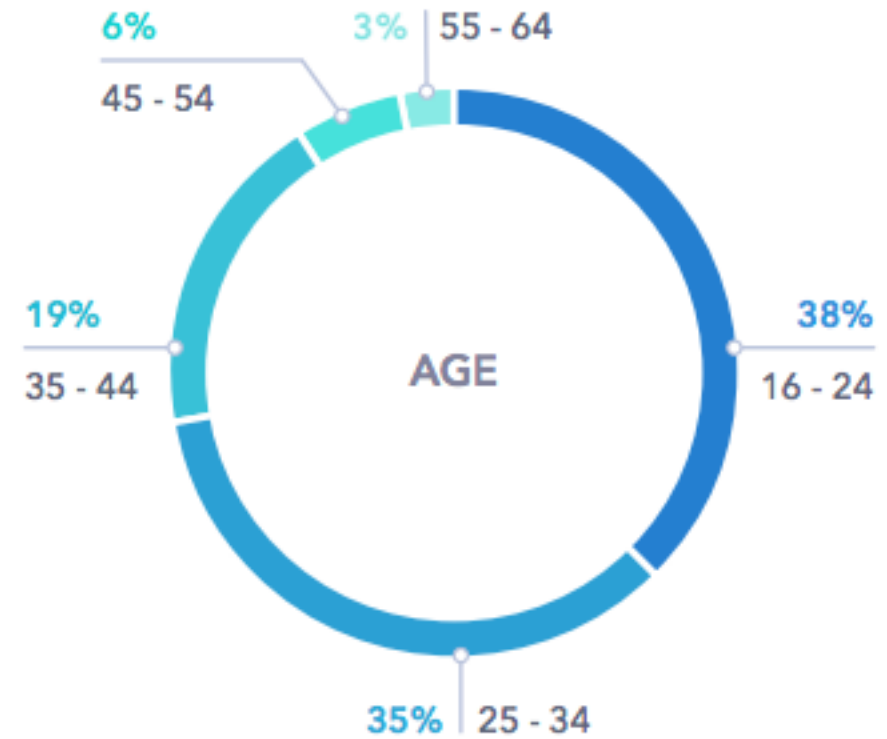
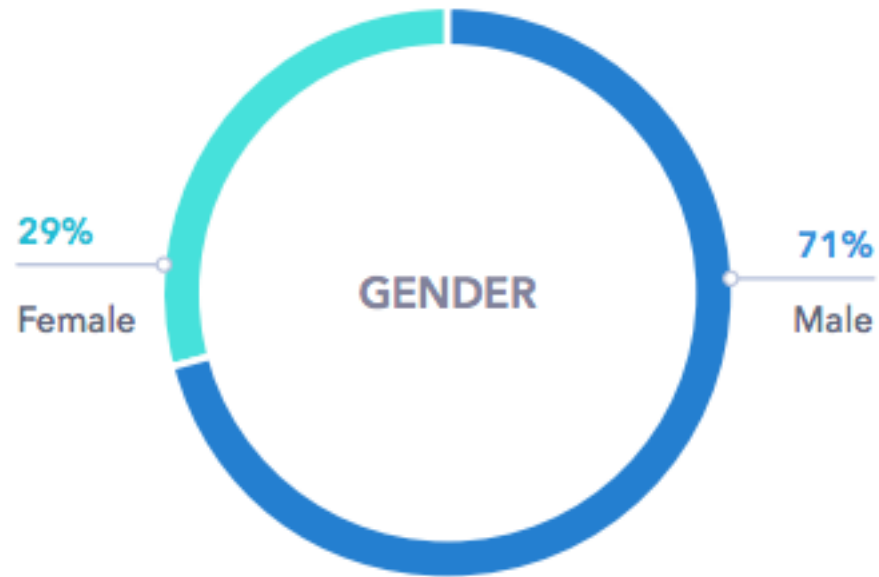
GLOBAL | 2016, 2017, 2018, 2021

- OCCASIONAL VIEWERS
- ESPORTS ENTHUSIASTS

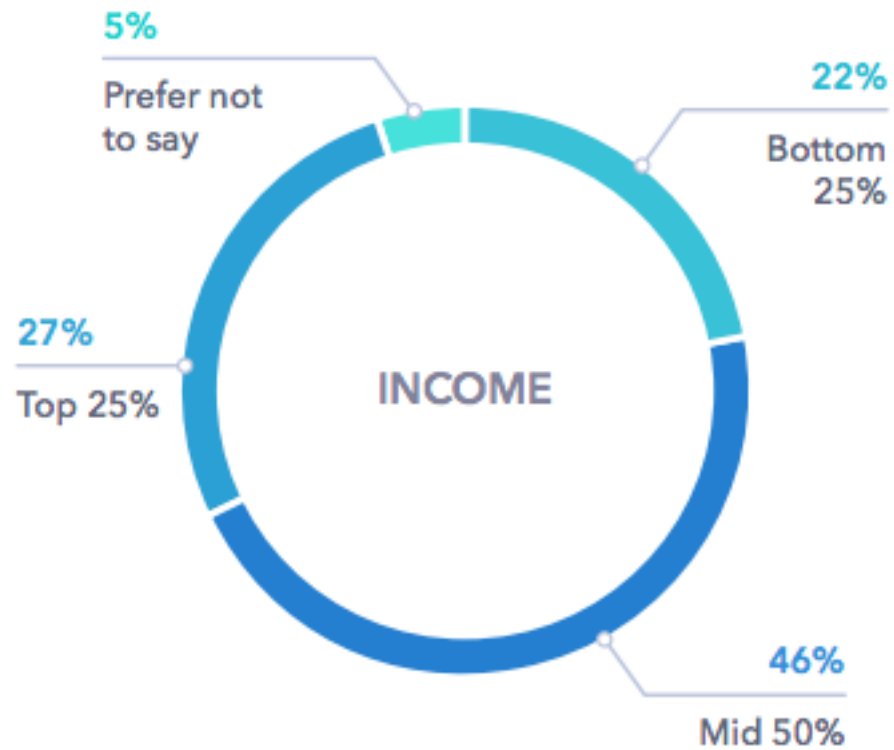


- In 2018, the global esports audience will reach 380.2 million.
- The number of people who are aware of esports worldwide will reach 1.6 billion in 2018, up from 1.3 billion in 2017.
- The influx of young generations, to whom esports is a natural phenomenon, will further drive the growth of the industry's audience.

VIEWERSHIP DEMOGRAPHICS



VIEWERSHIP DEMOGRAPHICS



**15% OF INTERNET USERS
ARE ESPORTS FANS**



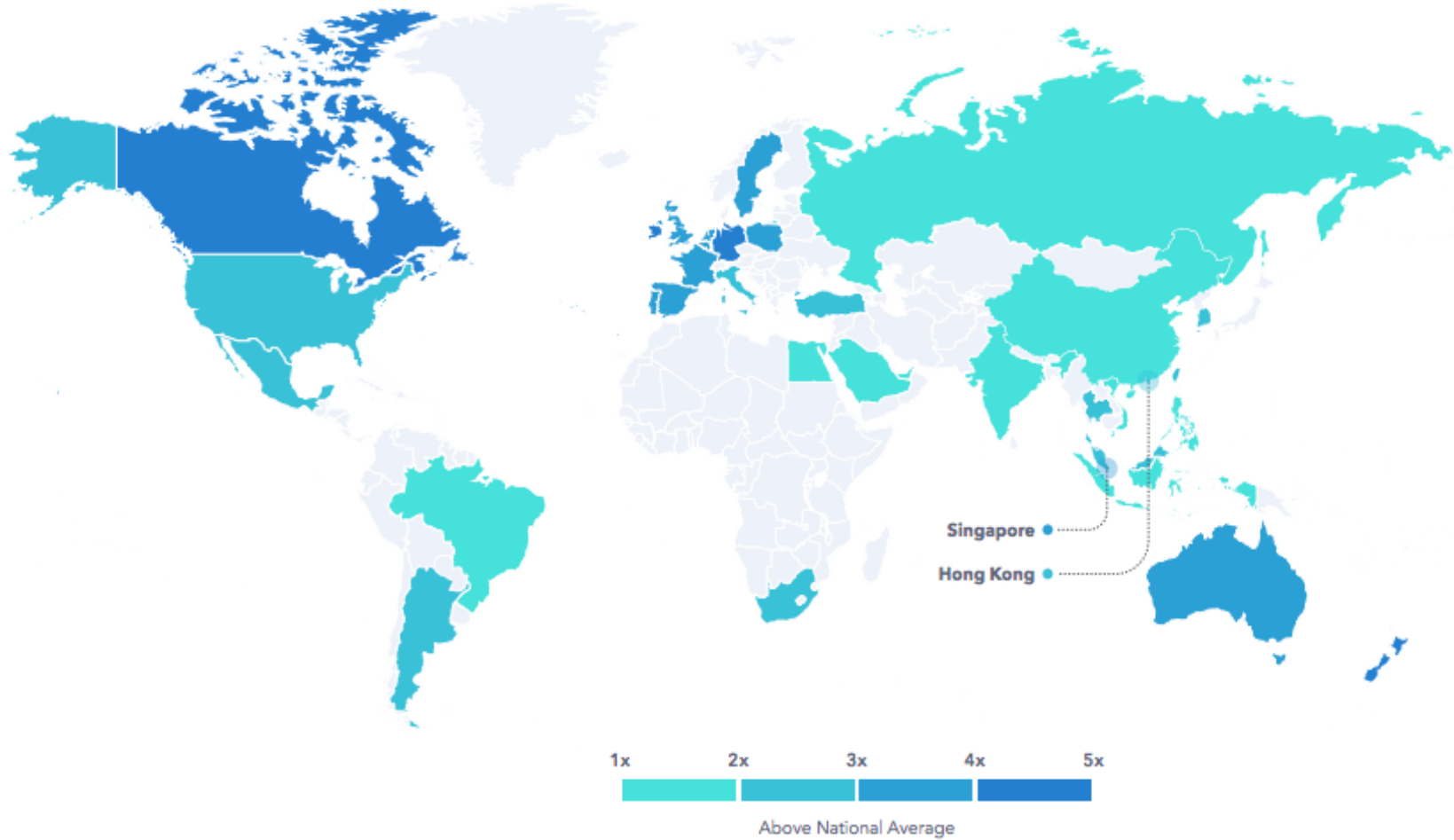
**1 IN 3 ESPORTS FANS
ARE AGED 20-25**

VIEWERSHIP DEMOGRAPHICS

ESPORTS ENGAGEMENT BY COUNTRY AMONG 16-24 MALES

% of males aged 16-24 who have watched an esports tournament in the past month

40%	Philippines
39%	China
37%	Malaysia
35%	Singapore
35%	Vietnam
34%	Poland
32%	Thailand
32%	Sweden
32%	Turkey
31%	South Korea
30%	Taiwan
29%	Hong Kong
28%	Spain
27%	Brazil
27%	Portugal
25%	Argentina
24%	New Zealand
23%	Canada
23%	Indonesia
23%	UK
22%	Germany
22%	Australia
22%	Belgium
21%	USA
21%	India
21%	France
21%	Ireland
20%	South Africa
20%	Mexico
18%	Netherlands
18%	Russia
17%	Italy
16%	UAE
16%	Egypt
12%	Saudi Arabia
9%	Japan



Source: Global Web Index, Q3 2017

Base: 8,308 Esports Fans Aged 16-64

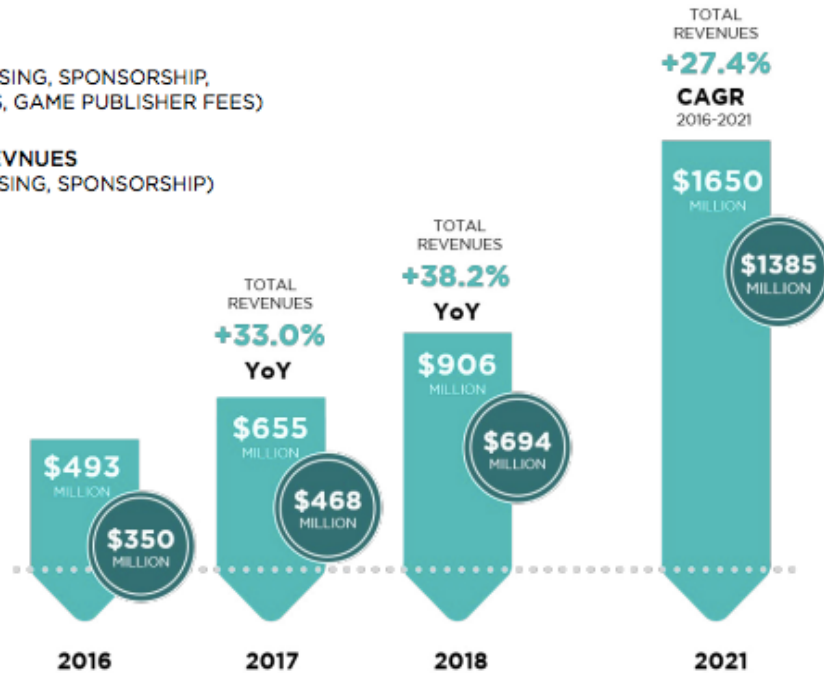


REVENUE FORECAST

ESPORTS REVENUE GROWTH

GLOBAL | 2016, 2017, 2018, 2021

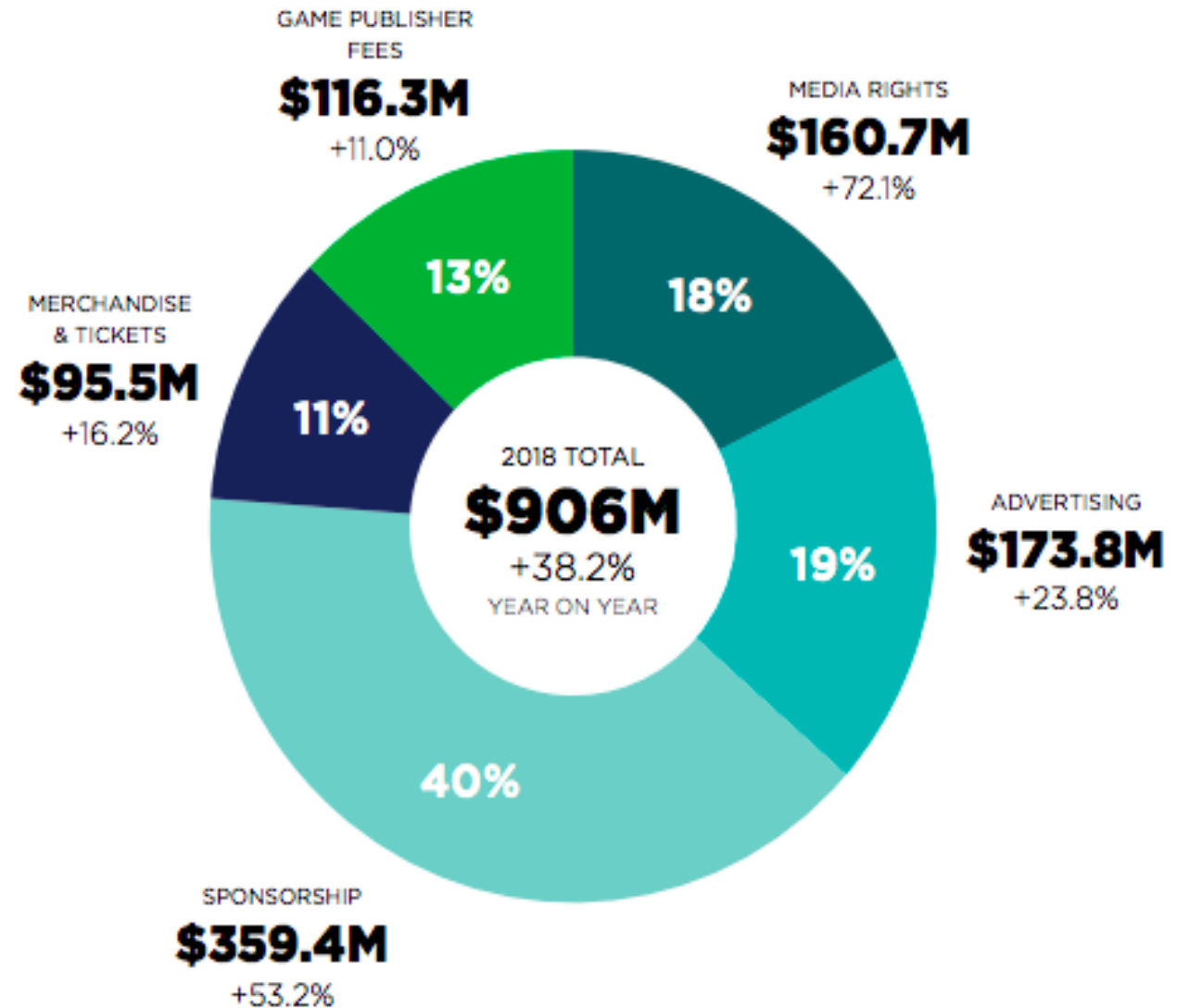
- **TOTAL REVENUES**
(MEDIA RIGHTS, ADVERTISING, SPONSORSHIP,
MERCHANDISE & TICKETS, GAME PUBLISHER FEES)
- **BRAND INVESTMENT REVENUES**
(MEDIA RIGHTS, ADVERTISING, SPONSORSHIP)



- Global esports revenues reached \$905.6 million in 2018, an increase of more than \$250 million compared to 2017.
 - North America generated the most revenues, contributing 38% of the global total in 2018.

REVENUE STREAMS

GLOBAL | 2018



Source: Newzoo, 2018 Global Market Esports Report



A high-angle, wide shot of a massive esports arena. The arena is packed with a large crowd of spectators. In the center, a stage is illuminated with bright blue and white lights. Two large screens at the top of the arena display game footage. The overall atmosphere is vibrant and energetic.

ESPORTS IN THREE MAJOR CITIES

HOW ESPORTS IS CHANGING THE GAME

WHAT IS HAPPENING IN ESPORTS?

LAS VEGAS



“thE Arena” by Millennial Esports,
Downtown Las Vegas



HyperX Esports Arena,
The Luxor Hotel & Casino



ESP Studios,
ARIA RESORT & Casino



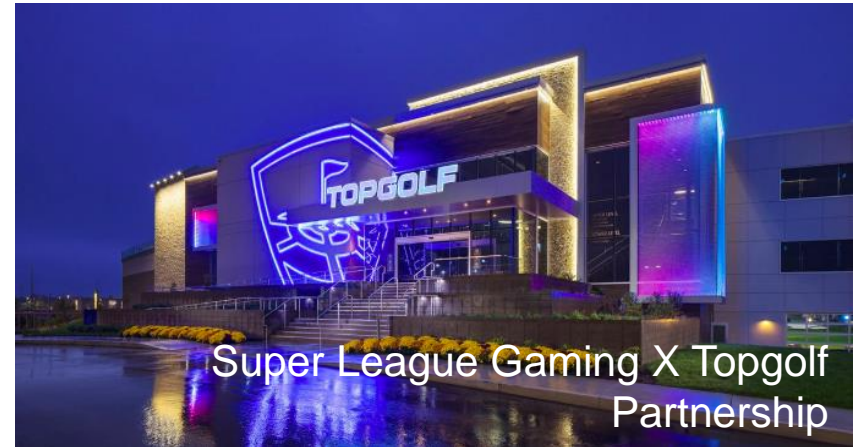
Esports Venue
Caesars Entertainment Studios

WHAT IS HAPPENING IN ESPORTS?

LAS VEGAS



The Wall Gaming Lounge,
The Rio Hotel & Casino



Super League Gaming X Topgolf
Partnership

- The Wall Restaurant & E-Sports Lounge captures the esports experience, bringing 30 high-end Alienware PCs and console gaming stations to an energetic lounge space at the Rio All-Suite Hotel & Casino.
- Whether a casual gamer or seasoned esports pro, The Wall immerses guests in gamer culture from the first moment with game-inspired wall art. Mobile food ordering and a self-serve beverage wall featuring energy and sports drinks keep gamers fueled, while cash tournaments and daily challenges make things interesting for spectators and competitors alike.
- Sports entertainment company, Super League Gaming has announced a partnership with Topgolf to create multiple amateur competitive esports events across the country.
- The partnership will include a variety of console and mobile-based esports programmes, followed by single-location events to location-vs-location competitions.
- Further development into the partnership will see local, regional and national amateur leagues.

WHAT IS HAPPENING IN ESPORTS?

ATLANTIC CITY



New Jersey-licensed Continent 8 Technologies, the world's largest iGaming data center and global network solutions provider, is opening a new data center at the Atlantic City Convention Center in partnership with the CRDA (Casino Reinvestment Development Authority).

- Designed to Tier 3 standards, the data center will help make New Jersey the largest hub for online gaming, sports betting, and eSports in the United States.

WHAT IS HAPPENING IN ESPORTS?

MACAU



Macau Studio City Casino Resort

Named the '*Macau EStadium*', the new e-Sports facility is located in the west wing and second floor of Studio City. Covering an area of 10,000 square feet, the new venue can accommodate close to 300 people.

- Melco Resorts and Entertainment Ltd which owns Studio City said major expansion plans are in the works to build smaller stadiums and more rooms in the new venue where e-Sports training and other activities will be held.



Mars Dota 2 League, Macau

Mars Media's *Dota 2* circuit is returning to Macau in 2019. MDL Macau 2019 will see eight top *Dota 2* teams compete for \$300,000 USD.

- The decision to return to Macau comes following growth of Asia's role in *Dota 2* esports events, highlighted by the decision to host The International 2019 in Shanghai, China.

WHAT IS HAPPENING IN ESPORTS?

MACAU



Grand Lisboa Hotel Hosts Macau's Esports Carnival Weekend

The Carnival staged an array of exciting competitions between various super esports teams, as well as celebrity matches by the president of Macau E-Sports Federation and Chief Marketing Officer of Shenzhen Idreamsky Technology Company Limited Mario Ho, famous actor Shawn Yue, supermodel of Victoria's Secret Fashion Show Ming Xi, famous esports anchors and former esports world champions Xiao Xiao and Ruo Feng, and the official commentator of the League of Legends Shuyi Zhou.



ESPORTS & CASINOS

ESPORTS AS AN EVENT AT CASINOS

*Similar to boxing in the
1970's and 80's and UFC
now, live esports events
are ways to attract
millennials into casinos.*

Why Esports Work for Land-based Casinos

Desirable audience: Esports fans are well-off and largely new to the land-based casino experience.

Multi-day events: Major esports events usually take place over several days, offering ancillary event and revenue opportunities for casinos.

Range of event possibilities: Esports events come in a buffet of formats and sizes.

Why Land-based Casinos Work for Esports

Flexible spaces: Casino event spaces are designed to be flexible and can accommodate anywhere from dozens to tens of thousands.

World-class event infrastructure: Commercial casinos host a greater number and variety of events than any other industry.

Geography diversity: Commercial casinos are a convenient trip for the majority of Americans. Many casinos have properties in multiple states.



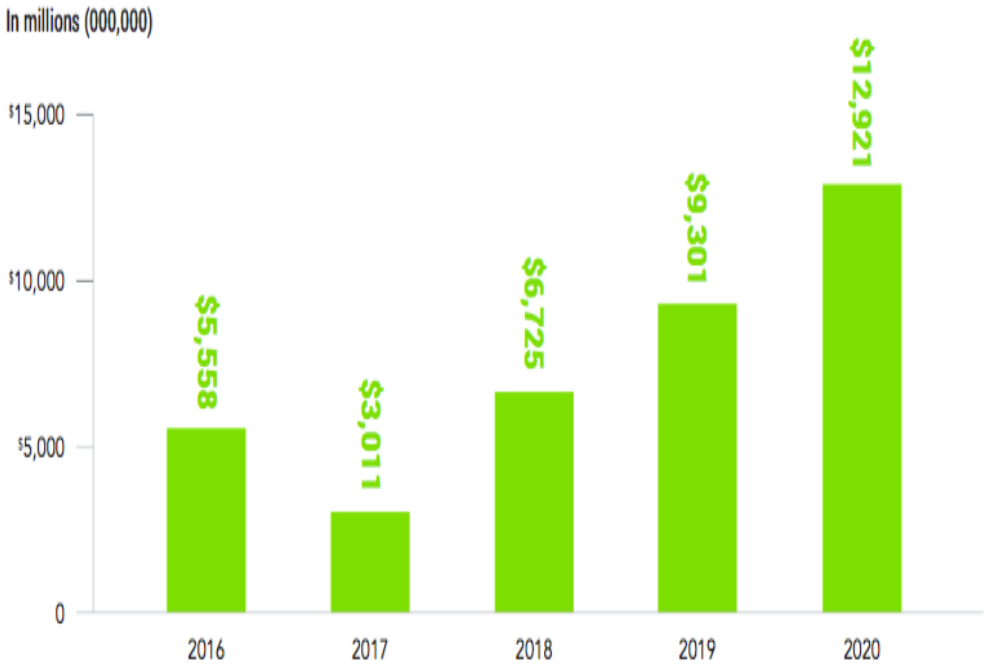


INTEGRATING ESPORTS, SKILL BASED GAMES & PEER-TO-PEER WAGERING IN A CASINO

1. Esports Betting
2. Skill Based Gaming
3. Peer-to-Peer Wagering

ESPORTS BETTING

Total esports gambling handle through 2020



\$12.9 BILLION

Our base case projection for the total value of money / items wagered around major esports titles by 2020

6.5 MILLION

Our base case projection for the number of unique customers placing esports wagers by 2020

Source: Narus Advisors & Eilers & Krejcik Gaming, 2017



ESPORTS BETTING

A RAPIDLY GROWING
MARKET

What was once a small niche tournament has exploded in popularity and sportsbooks have taken notice.

- SBR, or “Sportsbookreview.com” has ranked 10 online sportsbooks with the prestigious grade of “A+”
 1. BetOnline
 2. Bet365
 3. BetDSI
 4. Bookmaker
 5. Pinnacle (the Largest Esportsbook)
 6. HeritageSports
 7. William Hill
 8. Betcris



SENATE BILL 240



Senate Bill 240 paves the way for legal esports betting in Nevada

- On July 1, 2017, Senate Bill 240 became effective in Nevada.
- The Bill amended the previous pari-mutuel wagering rules. The bill sees that pari-mutual betting systems now include competitive gaming.
- The Bill saw “sports events or other events” added to the “off-track pari-mutual system” section of the Bill.



INTEGRATING ESPORTS AND SKILL BASED GAMES IN A CASINO

1. Esports Betting
2. Skill Based Gaming
3. Peer-to-Peer Wagering

SKILL BASED GAMING

The logo for GameCo, featuring the word "GameCo" in a bold, red, sans-serif font.

- Skill based gaming is the act of players playing an esports game against a machine for money.
- The outcome of the match is already predetermined, much like a slot machine.
- The harder the odds, the bigger the potential payout.
- Over the past few years, several companies have pioneered and developed esports machine technology.
- Skill-based game manufacturers GameCo and Gamblit have both received licenses in Nevada.



INTEGRATING ESPORTS AND SKILL BASED GAMES IN A CASINO

1. Esports Betting
2. Skill Based Gaming
3. Peer-to-Peer Wagering

PEER-TO-PEER WAGERING

- A new innovative type of competitive play in the esports industry that fosters roots from the more traditional regulated gaming world is that of head to head or peer to peer direct wagering.
- In this type of challenge, players either challenge one another on their favorite titles for real cash, or simply enter a blind queue where random opponents are sourced within particular skill brackets dictated by proprietary algorithms in an effort to mitigate abuse and establish fair play guarantees.
- Typically players select the amount they wish to wager, play their match, winner receives the established pot with the house receiving a rake.
- The selection of game type for peer to peer wagering is dictated by the mechanics of the game whereby titles that make no use of RNG are relegated to the sanctioned list of titles due to their mechanics ultimately being governed by skill rather than luck.
- Peer to Peer gaming can further be augmented and complemented by deviations upon the straight challenge model. Divisions, progressive tier wagering, and skill-cap/handy-cap higher return systems have been shown to have immense promise with respect to their adoptability and endorsement by the relative communities.

KEY TAKEAWAYS

- Esports has entered the mainstream all around the world.
- Esports offers the gambling community a unique opportunity to reach the coveted young demographic.
- With advances in technology and legislation, esports is indisputably one of the fastest growing sectors of the gambling industry.