GVC Holdings plc

In conversation with Shay Segev, CEO of GVC

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Fireside chat Transcript

Simon Davis: Good afternoon, everyone. My name is Simon Davis. I'm the online gaming analyst at Deutsche Bank over in London, and over in Gibraltar, we have Shay Segev, the Group CEO of GVC. We are fortunate to have up to an hour of Shay's time, hot on the heels from his Capital Markets Day presentation, this morning. I have a series of themes and questions I'll put to him. And if the audience has any questions you want to raise, please send them over, and I aim to get through those as well. You can just click on the speech bubble on the webcast.

So, we will get started. Shay, you've been in charge of GVC for four months now, and the business has obviously been performing very well. Can you give us a quick overview of how you see the business strategically? And is this a case of strategic evolution rather than revolution?

Shay Segev: Good morning, good afternoon everybody. Today is a very important historical day for GVC. We have launched a new corporate brand identity, subject to shareholders' approval, which will be named Entain. It is symbolic and an important part of our journey. We believe that this name better encapsulates the direction we are going towards, focusing on entertainment. And as mentioned, we have launched today a new strategy as well. And again, it's probably not an unexpected strategy, but it is a much clearer direction, bolder, in a way more ambitious, in a way where we want to aim. And we have also put out a new statement and vision for the business. We want to revolutionise the industry and make our customers' experience richer and safer.

In this strategy, we have set out two pillars. One is about sustainability, and the second is about growth. In terms of sustainability, there are a few pillars there. It's about responsibility, and it's about regulatory. In terms of responsibility, we want to use our own technology, which we use today to provide quite a lot of customer insight. In terms of CRM and marketing, we also leverage it for customer protection as well as using all of the data scientists that we have, and to do whatever it takes to lead in player protection, which I can touch on later as well, if you want. And we also put out a clear strategy in terms of our focus on regulated markets only. We made a decision to move from 96 to 99% of our revenues in regulated, and regulating markets, and committed by end of 2023 to be 100% regulated. And so, we basically announced today exiting from countries that we don't believe will regulate in the next few years, and focus only on countries that are regulated or regulating soon. And again, it's part of our sustainability pillar to create certainty in the long term and work in a way that we can guarantee long-term returns to our shareholders.

And in terms of our growth strategy as well, we have four key areas there. One is clearly leading in the US. We have a great relationship with MGM, and we have quite a successful joint venture with BetMGM and Party Poker in the US. We want to continue to show progress, and we are very pleased with the progress we've been showing so far. The second growth is around our core business. We've been growing for 19 consecutive quarters, double digit, more than 10%. We believe that we will continue doing it for the future as well. Again, if you put it on our three billion revenues, 10% or more, then this is a very impressive organic growth within the business.

Shay Segev: And the third growth pillar is around entering new markets. As I mentioned earlier, our focus is only regulated markets. We analysed the markets, and there are more than 60 regulated markets that we are not in yet, for which we can get a license. Our technology is relevant. Our brands are relevant. We have the know-how to operate in terms of our marketing expertise. And we'll be seeking to enter these markets over the next five years, gradually. We've just entered in the last few weeks Portugal, which is an interesting, lucrative market. It's regulated, it's digital, it's growing. And we're about to launch, any day now, in Columbia, which is another regulated, interesting market. And as I mentioned, there are other 60 regulated markets in places, for example outside the US, and in other places in Europe, or countries in Latin America, Mexico is an example, as well as in countries in Africa. Africa itself has more than 20 regulated markets as well. And if you look into the GDP or the potential revenues from these other 60 regulated markets, we can double our business just by that.

And the last growth pillar is around us expanding further, again, leveraging our technology and our know-how, and expanding into other categories, and other audiences in areas that we believe that future trends and consumer trends will become important in the future. We gave the example today of E-sports, an area where we are keen to create an early start in and position ourselves for the future as a leader. Also, in the E-sports space as well, probably skill games, again, other technology trends, which might also disrupt our core business today. Things like 5G, virtual reality, AI. Being a very tech-driven business, we can allow ourselves to invest in these things.

And so again, these four growth areas around winning the US, growing our core business, entering new markets, and expanding to new categories and new audiences, will probably give us, give me at least the confidence that we can double or even triple our business in the next five years.

And probably, the last thing I want to stress here is that we wouldn't be able to do all of this, to support sustainability in terms of protecting players, support growth in term of winning the US, entering new markets, and expanding further, without our technology. And this is something which is very unique to the group. We are the only group owning 100% of our own technology. We have 90% of our non-retail people working for technology, and for digital. We have more than 3000 developers in the group, which puts us probably as big as any other tier I software, or digital business, or technology-driven business. And this give us the flexibility and the ability to go and do all of these things, at the same time, to provide our customers with better products. And clearly, for what we're seeing in many markets, the long-term winner is the winner who has the best product. And the technology can allow you to tailor the product for the local market. So, it's quite exciting.

Simon Davis: The US has been described, indeed by your predecessor, as the biggest single opportunity for creating shareholder value within GVC. Do you think that's right? And is there anything you aim to do differently to maximize the upside?

Shay Segev: Yes, I think it's right. In terms of timeline, probably in the next five to seven years, this will probably be one of the biggest opportunities we have within our group. It is a rapidly growing market. We are live now in nine states. I think we mentioned today that we foresee that, by the end of next year, we'll be live with 20 states. The market is estimated to grow in the next three to five years to $20 billion. Some other estimate it to be as large as even $50 billion. It's going to be a massive market. We already have, in the states that we operate in, 18% aggregated market share. We are targeting 15% to 20%, and if you take 20 or 50 billion, and you run 15% or 20% market share on that, these are really big numbers.

And this is what we're aiming at. And it is there. It's real. It's not in the air. It's something which is real. And it is probably the biggest opportunity we have in the short to midterm. But again, the world doesn't stop there. We have many other opportunities that we can look at. So, it's not just the US. Clearly the US, we want to grab it, because it's there, and we're almost there, and we should get that market. As I mentioned, there are many other markets in Africa, and in Europe, in Latin America. There're other categories as well. Clearly, in term of priorities, we are going to focus on the US. This is going to be our top priority, and it's been, but I think the group has further opportunities as well.

Simon Davis: Sticking with the US, GVC should have a number of competitive advantages out there. It's got low CPAs and market access costs. It's got a significant existing brand. How high do you think a mature BetMGM business should get its EBITDA margin? Do you think it can achieve the kind of target levels we've heard from DraftKings, its 35%? and also, when do you think the US business should move into profit?

Shay Segev: In terms of a target margin. I guess DraftKings guided to 35% for very mature market, I guess it is realistic, but one day I can tell you for sure, I'm quite confident that we will have a better profit margins than DraftKings, for the reason that you just mentioned. First, the market access, in many states where DraftKings needs to pay for a license for market access, we get this market access for free from MGM. The technology has come for free from GVC, which is a massive cost. They're probably paying today to Kambi. I am familiar with the deals as my background comes from B2B. This deal is probably 10-12%, I assume, rev share.

So, if you probably just put the 10-12% rev share on technology, and you put probably another 5-6-7% on market access, then probably there is a gap there for at least 10% of margins between what we could get, and what they can get. I'm quite confident we will get very punchy.

The 30% mark sounds reasonable. It will depend on taxes, on how competitive the market is going to be, but again, for what we've seen in other markets around the 30% digital market sounds probably realistic, as the market will grow in terms of profitability. It really depends, but it's a sliding game, because it depends when will the states open up, right?

Shay Segev: Our projection is that each state opening up will usually take three years to become profitable. And then it depends what opens, because next year a few will open. And then the year after, a few will open. It all depends on how you run it, but again, you grow it. Probably the rule of thumb, a state within three years becomes profitable. By 2023, we should be already profitable. But, again, it really depends. A state like California, if it opens up in Texas, in can in Florida. It can be a massive investment immediately, which might delay your profitability by years. But I think, for us, it's not necessarily focusing on short-term profitability. It's focusing on the long-term; building the best business. And again, the gain in the US is massive.

Simon Davis: And lastly, on the US, we've seen some spectacular valuations for US focused betting companies. If you do not feel that the value of the US JV is being reflected in your share price, would you consider spinning off the JV as an IPO or SPAC in the US?

Shay Segev: Clearly these are things that we are considering internally, but I think what we say is, that the clear focus for us is on execution. We wanted to reflect value in both the GVC share and also in the MGM's, we want it to do well, it makes sense. But I think the main thing for us is, first, to show progress. We've been a bit late in the game for this, right? We launched only 12 months ago and we already have 17%, 18% market share. While both DraftKings and FanDuel have been running for some time with massive marketing, etc.

But with a good product, with good brands. We've just started to untap the Mlife program and did a much better integration, which is much more seamless as well. I think we're only just starting to see us getting better and better. Again, the focus for us is not necessarily how do we just reflect value but continue to show progress. And I believe that if we continue to show progress, the value will come. We are quite confident about that.

Simon Davis: Moving onto the subject of regulation. Any day now we're expecting the launch of the long-awaited review of the UK Gambling Act. Obviously, the last government review of FOBT's didn't end too well for the industry. How far reaching do you think that this review is going to be? And do you have any sense of when it might actually be implemented in terms of the findings?

Shay Segev: We hear that this review probably will be launched by the end of this year. The list of topics is around advertising and marketing and stakes limits, and probably affordability as well. It's probably the biggest topics. Out of all the topics, that's probably the biggest one. It probably will be a process which will take 12 or 18 months. And then again, this is me guessing or assuming, no one really knows how it will go. We clearly will be quite active in this process as well, contributing on the evidence and lobbying to make sure that we land on a sensible outcome. And I believe implementation might go as early as 2022, late 2022 or even 2023. This would be my assumption.

Overall, again, it's regulation. It's something that I see as a positive thing. Even if sometimes we go backwards, long term I do see growth. Again, as long as we are landing on a reasonable outcome with the regulation, I do see also an advantage in it in some way. And so, it's not just negative. There is some positive there as well.

Shay Segev: It's become a bigger barrier to entry. For example, I don't see how anybody can enter the UK market anymore. It's become very complex to comply with all regulations. You just see smaller businesses actually exiting from the UK. It means that maybe the market is not growing as fast as it did, but actually they want to stay, getting a bigger share of the cake, which we've been delivering great numbers in the UK and some of our peers as well.

It doesn't mean that the market is growing, it means that there are less players. So, using this expertise in other markets as well. As a business, we now know how to operate in a highly strict regulatory environment. Which is, again, something that you need to learn in terms of, again, your technology, your best practices and the management team, et cetera, which is another key point that's important for us.

And as I said, even if you go one step back, I do believe that the market will continue to grow as we've seen in Germany as an example, right? I think what's happened in Germany, overall, it's very positive. I mean, we go through regulation, it's certainty. Our revenue in Germany will shrink a bit. But on the other end, now we've got certainty. And we are from now, baseline, it's fully regulated in Germany. And we'll restart growing double digits in Germany. I think within years it will come back to what it was or will even expand further. And the quality of the earnings has improved much, much more. This is another important thing. This was a big piece of today, around the new strategy, around sustainability. It's not just about maximizing our revenues, which we clearly want to do it, it's also about the quality of the earning.

Simon Davis: Just asking, are you happy with the outcome from German regulation? Do you see some scope of liberalisation here?

Shay Segev: Happy is probably not the right word, but yes. I'm pleased that Germany progressed on regulation at last. Because, again, we've been operating in the German market for many years and it has been a bit of roller coaster for us operating in Germany. And I am pleased that it's landed on a regulation with a tolerance policy for gaming and with full license in sports, which is great, which brings certainty for us and for our shareholders in terms of German revenues. And the regulation itself, again, it's probably on the extreme side of the restrictions. But again, it is still sensible commercially. You can make revenues there and profitability. We need to adjust. We are now in a period of adjustments, which I think, will take probably a few months. And I believe that our projections there will continue to see a very high growth.

We basically will rebased our business in Germany and then we will start seeing a very high growth again within the German market. With a better quality of earnings, as I mentioned before. Some of our competitors will go on this journey as well. And some of them, I don't think have the capacity in terms of tech, of the business itself to comply with all of these requirements. I think this is another thing which over time will become barrier to others and an advantage for us.

Simon Davis: Moving more broadly, governments across Europe are going to be looking for incremental tax revenues given the costs of the pandemic. Are you concerned that the gambling sector looks particularly vulnerable? Obviously, a lot of the operators have actually been beneficiaries of COVID and a number of them will be popular targets for politicians in a number of different markets.

Shay Segev: This is probably another reason why our strategy is very valid; diversifying our business as much as we can and not just in the US, or not just in Europe. Basically, our strategy continues with the entry into the Portuguese market. And we're planning to go probably into another five, six markets in the next 12 months and continue to diversify revenues as much as we can in regulated high growth markets. Again, if tax increases come, it's going to be out of our control. It's probably the same risk in other industries as well. I don't see us unique from this perspective and probably the solution is to continue to diversify.

Simon Davis: Can you talk to us a bit about the ARC system that you announced this morning? How much of a step change is this relative to your previous offering? Where do you think it puts you relative to your peer group and what impact do you think it could have in terms of players' volumes?

Shay Segev: I'm personally very excited about the ARC. ARC stands for Advance Responsibility and Care. This is a program we are launching. The technology piece is probably the core piece, but it's not only that. And if I want to go one step back, we've been investing quite a lot on responsible gaming for some time already. And I think we probably have the most advanced solution already, but what we've been mostly doing so far are two things. We've been giving our customers, players, the ability to put their own controls. You can basically say, "I don't want to spend more than a 100 pound a month," or, "I don't want to spend more than three hours a week." And you can set up your own controls within the website.

And we've been encouraging our customers to set their own controls as well. What ARC is doing is taking it even one step further. What we started to do is start developing our own data analytic patterns and try to see whether we can start proactively recommending to our customers how to set up their own control. And even in some extreme cases, we will set it for them where we think that their behaviour will be harmful. And then the whole idea is to start proactively preventing problem gambling before it has even started. This is probably the next generation of RG tools, which is not only what can passively, or semi-passively be done, but what can actively be done as well to protect players. You are proactively protecting them before it's even happened. And it takes time. We have a lot of data scientists and internal data experts doing this for us on a lot of the work on other areas as well, like CRM, marketing, personalisation.

We are now putting a big focus on responsibility as well. From this perspective, from data analytics. We recruited professor Mark Griffiths, who is a well-known researcher in the UK, at one of the universities in problem gambling. He's been advising many governments and he was doing it also in terms of data analytics and patterns. And together we joined forces and we'll start, or we'll continue, this journey developing the ARC.

And the idea is that it we will be some kind of a hub, which we would like to integrate every touch point with our customer, and every interaction that the customer has with our system. We will evaluate whether they are still on a positive journey, or we should just send them a popup or trigger or something like that to start preventing problem gambling. And the idea is, again, that we will be the leader on this perspective.

Shay Segev: And at some point, as we would develop further, KPIs and measure it, I want to start sharing it with others, with our competitors as well. Again, for us, I think it's important to build the best way in which we can in the industry to protect as many customers as we can. And so, it's important piece on our agenda.

Simon Davis: Do you think it's going to have much of an impact in terms of player volumes?

Shay Segev: There has been, again, as I mentioned, probably a little impact. If it doesn't have any impact, then I'll be surprised.

Again, I think over time, it will improve the quality of earnings in the long-term If you ask me, will you prefer to take £500 from a player in a month and never see him again, or take £50 from a player for the next three years, then clearly the second is what we prefer. We want our customers to stay with us for longer to make sure that they're enjoying the products. And if we can identify, whatever we can do to identify someone spending with us money that he shouldn't, then it's our responsibility to do whatever we can to prevent it. And I don't even think about it whether we lose or not; this is just the right thing for us to do, and we will do that.

It's a very complex thing. It's not very simple because some people can spend this amount of money and some people cannot. So, it needs to be very tailored, very personalised. And I think it's a better way that operators with access to this knowledge and to this data will start defining these things, rather than we just let regulators to come with a blanket approach. I see this also a solution as we can go at some point with regulators, share it with them, share the supportive data, improve as well, and making sure that, in other places, we are landing on a regulation which protects customers rather than just shrinking the industries.

Simon Davis: GVC has delivered an extraordinary 19 consecutive quarters of online gaming growth. And that's well ahead of the underlying markets and the listed competitors. What do you think are the key drivers behind this? And do you think it's realistic to continue to target double digit underlying growth into the medium term, particularly given the regulatory tightening?

Shay Segev: I think that probably our biggest advantage is our technology. If you look into all of the markets that we operate in, we are growing more than our peers in every market. In every market we operate, we're growing more than the average in the market and more than our peers, meaning we outperform our peers in every market. And you look at what is common in all of this, clearly, we have really good people, we have great brands, but I think what is really driving it is the product and the technology. And the fact that we have great products and great technology drives our customer to stay with us longer and to spend with us longer; meaning we grow better, we have a better understanding of our customer. Back to the same point I mentioned today about data analytics and data scientists, better CRM, better engagement, improving our marketing spends through ROI, all of this is done through technology. I think this is our biggest advantage.

Shay Segev: And I think time after time, we will enter into markets and show that we're growing faster than anybody else through technology. We just migrated, as an example, the Ladbrokes brand to our own technologies after we acquired it. We've seen this acceleration.

Shay Segev: Foxy Bingo is another example. We migrated it from a third party to our own technology. Since it migrated, it pretty much doubled the business. And this is only less than a year ago. We see tremendous impact by running businesses on our own technology.

And clearly there is some regulatory headwinds mostly in some places in Europe. But again, it is overall a mix. I do feel very, very comfortable as we continue to grow business at double digit. It just shows us the need to continue to diversify to other emerging markets, which are growing fast. Markets like Portugal, for example, which regulated only three or four years ago, we're still growing 60% year on year. We want to be more in markets like this one. Again, you go to a market like Portugal and you continue to grow probably 30% to 40% a year because this will be the average growth in this market, because it is a relatively young immature market. And if we do more of this, we end up with a mix of some mature markets, which are growing probably high single digit, and some emerging markets will grow high double digits. And the mix overall will be double digits. And I think this is part of the strategy, going to other markets as well, and we will continue doing that. And I'm very comfortable that we will continue to grow double digits for a long time.

Simon Davis: And sticking with technology briefly, do you think that's an area that you need to invest more in? Obviously, you're emphasizing GVC's position as a technology led business. Is it sufficiently well-invested? And aligned to that, you were talking this morning about an opportunity for a review of cost structures across the group. Where do you see opportunities to take out costs and what kind of numbers do you think we might be looking at?

Shay Segev: In term of investment in technology, again, this is a top priority for us. I'm personally a technology driven person. I used to be CTO. I'm an engineer, that’s my background as well. I love technology and I see the technology of the future, pretty much in everything we're doing. Technology disrupts. A good example is actually our industry, right? We did not invent sport betting or racing or gaming. It's been there for hundreds of years. What we've been doing is disrupting gaming and sports betting through technology in the digital age as well. And I think again, a lot of industries are driven by the digital disruption and technology drives that. Probably the only team in the group that have a free card to recruit in and to invest as much as they need is the technology team. We're not going to save anything on technology. As I said, this is our core competitive advantage. For every dollar we spend there, I'm confident we're going to get $10 off of that.

The other area of the business is areas that we are optimizing. Funnily enough, technology is helping us to optimize all of the other areas of the business. One thing maybe did not come clear today, is that we are launching another efficiency program. Again, we just came out from a big integration program after GVC acquired the Ladbrokes Coral and we stripped out quite a lot of cost, £130 million of cost, another £30 million of CapEx. And while running this program, we also further identified many other areas where we can save a lot of costs and which we’ve decided to kick off another cost saving program. I think this will be again, probably tens of millions, higher tens of million, but it'll take time to deliver that.

Shay Segev: I guess I think the best is to let the team concludes the work, and then we can look into the numbers and then we can discuss about it publicly. But again, clearly if we go into the program, it's going to be a relevant number.

I think we mentioned one thing today, which is relevant to the program. We mentioned our own SSBT, for example. Currently, our self-service betting terminals, used for our betting shops in the UK, are being licensed from a third party; we are currently building our own. And once built, we will switch to our own, we will then benefit from two things. It's a good example. One thing is, we will save costs. This will be a massive cost-saving for us, launching all our betting shops on our own self-service betting terminals in the UK. And second, it will drive more revenues because the SSBT we'll have on the betting shops, will be connected to the same ecosystem that we have on digital.

If you are a customer going to a Ladbrokes shop playing on ours SSBT, it's very easy for us to continue connecting to you on the same journey on the Ladbrokes Mobile as well. So, if you get a free bet, as an example, we say, "Oh, Simon we haven't seen you for a while, take a free bet. You can use the free bet on SSBT on your mobile." And again, this is another example where technology helps us both to save costs and increase revenues. And we have many of these initiatives that we continue delivering, which will accelerate revenues, but as important, we will also save quite a lot of costs in the years to come.

Simon Davis: You announced this morning a potential push into e-sports and digital gaming. This is clearly very much a long-term strategy, but do you see it primarily as an organic opportunity or is it one that's going to require a bolt-on M&A? And how do you think you can address concerns around areas such as player integrity and underage gambling?

Shay Segev: I would say it probably will end up with bolt-on acquisition. I think we have quite a lot of in-play in term of gaming in the US, organic growth, new markets, et cetera. I think the right way for us going forward is to do some bolt-on acquisitions and expand to this area as well. Probably e-sport is the most trivial one because e-sport really correlates with what we do. I do see a convergence between e-sport and sport betting probably, again, not in two years, but in 10, 15 years, I think it's definitely going there. I don't see how it's not going there.

Again, we mentioned that there is the big crowd, a lot of people watching this, more than half a billion on Twitch, League of Legends. World Cup, 100 million people were watching it. Clearly there is a big demand there. There is a big consumer of this. This type of consumers has a different behavioral expectation from the one who come into our sports site. We think that offerings need to be adjusted for this in terms of the content, in terms of the way it's presented to this audience. So, I think it's going to be a quite interesting market, and it's going to grow exponentially, and we want to be there.

Clearly, it's a young industry, so it's going to get all of the teething problems. I think someone like GVC, with all of our expertise on age-verification, of player protection, et cetera; I think will be good that someone like us is there and makes sure that we're applying all of our responsible gaming and safety expertise on this industry. We're not going to rush into it. We're going to take it slow. We're going to work with regulators. Ideally, we want to partner as well with some of the big players in this space to make sure that we're also making a big mark there.

Shay Segev: Again, we will start taking baby steps to position ourselves as leader in this space, as well as starting to look into other areas as well. Probably skill games might be another area for us to start looking.

Simon Davis: Can you talk a bit about your M&A aspirations? Do you think we're looking at much more bolt-on activity than we've seen in the past, or do you have appetite for one more big strategic deal, particularly given the scale of Flutter now post the Stars Group acquisition?

Shay Segev: I think we are opened to everything which will create value and accelerate value for our shareholders, so I don't think I would say. But if I need to guess, I would say it's more likely that we will continue doing bolt-on acquisitions. There's just not much left to buy which is big and would be complimentary for us. I likely will continue to do bolt-ons. We can create a lot of value from bolt-on acquisitions. This is a very tiny bolt-on, but again, what we did in Portugal, it's a good example. We bought a business which makes €6 million EBITDA. Then within two years we make it €20 million EBITDA. We will more than triple a business within three years. So, you buy business for a time and making it three times, fully regulated. It's immediately a value creation opportunity. Ideally, I want to do another 20 Portugals, which would provide us a very strong revenue stream from again, regulated, digital in high growth markets, which we can double or triple quite quickly. Leveraging our technology, our skillset, our brands and all of these markets' dimensions, these 60 markets. We probably will enter some of them through acquisition. We will look for a local champion, a local brand which is operating quite well in the business, but does not have the technology, capital or knowledge to expand further. We'll buy them, and we will accelerate them further.

Georgia is another good example. We bought Crystalbet only two years ago. It was a 10 million EBITDA business. We made it 40 million within less than three years. So again, it shows you the skillset we have in the group. And ideally, we will do more like Georgia. I think bolt-on acquisitions are very attractive for us. Buying access to further technology would be interesting for us as well, e-sports as an example, as I mentioned. This will be another attractive M&A side to look at. A larger acquisition, yes, I wouldn't eliminate that, but I just said there's nothing really, we can't grow something now. Given the group size, it wouldn't be transformational anymore.

Simon Davis: Can you talk a bit about ESG? Obviously, it's a very key focus for investors at the moment. Is it something that GVC is going to be focused on? And as a data led business is there much more that you can be doing in terms of both disclosures, but also setting out targets?

Shay Segev: Yes, of course, and David, you'd support me on this as well, maybe I say a few words. Rob has personally driven some of the initiatives there as well. Again, we have a new board. Corporate governance is at the very top of the board's priorities. We have been doing quite a lot of work for some time. Clearly, we're investing a lot in our employees. We want to be in the best place for people to work; investing in diversity, investing into, again, Rob today gave some KPIs about how many women managers we have in the business. We just launched the Entain Foundation today, with a commitment for a £100 million pounds, giving back to communities over the next five years. There's a lot of stuff we're doing and clearly this is a high priority for us. David, you want to add something?

David Lloyd-Seed: Yes, ESG is clearly a vast topic. The E, the S and the G individually. G, governance, we've clearly made some very strong strides in that. And we've put ourselves up as the best-in-class corporate governance for FTSE 100. Now, we've got a fairly fresh board. We've got a board with lots of broad experience. We'll be adding to that. We've got a new chairman and we've got all the right processes in place. On the E, environmental, we're a technology company. We're not a mining company. So, we can do certain things on that. And we've got the Carbon Trust Award that we're quite proud of. As Shay said, it's all about sustainability and it's in how the business sets itself up.

So, let’s hear, in 10, 20, 30 years’ time, whether that's right through your employment practices, how you prepare yourself for future employment of different demographics of people going in years to come, and the next generation coming through, the things that we could do to support communities. We're very proud of the Pitching In program we've kicked off, which I talk quite in depth about the responsible gaming that we're doing. That's the sort of key area for us, and the differentiator, as you said, for us is using our technology to take it to a personal level, and do it the best way that it can possibly be done.

Simon Davis: Great. Thank you. Do you want to talk a bit about the pandemic and the impact that you think that has had on the business? Obviously, we've seen very, very significant uplift in customer acquisition. Do you think those customers stay? Is this just a temporary channel shift given the impact of lockdown? And what do you think the permanent ramifications for the industry are going to be?

Shay Segev: You mean in term of digital, right?

Simon Davis: Yes

Shay Segev: We did see, again, clearly as people are at home, spending more on digital channels. I guess this is not unique to our industry. I guess, Amazon and Netflix are benefiting from it as well. So, we did see uplift. We also see some favorite margins as well in terms of sports results. I don't know how to quantify that in term of uplift for pandemic.

David Lloyd-Seed: We didn't really put numbers on it, but it's clear that there was a significant uplift in people at home gaming. I think what we have said is we're still seeing strength in gaming, 20% up from where it had been historically, and that has kind of grown the market overall.

Shay Segev: But it's still down, yes

David Lloyd-Seed: Yes

Shay Segev: Gaming was, again, for a few months peaking. I think it's still down a bit, it's still higher than pre-COVID sport betting. Maybe again, a little bit higher than pre-COVID. And I do think that people will stay with us for longer, but you probably will see some slow down. And again, I don't know at this point of time how to quantify it; what does it mean for next year? We need to see basically how things are playing. On the other end, as you know, in term of retail, our shops have been closed and now it will be closed down for four weeks. There was the first shutdown as well.

Shay Segev: But, once retail was back between the first closure and the second one, we saw actually customers quite eager to come back and we saw the numbers almost come back. It was just short by 10%. And again, in terms of going forward, I would say probably, 5% or something like that of this probably is uplift.

Simon Davis: Just one last question on the US gross-win margins there have been particularly low. And obviously a lot of that has come down to the intense competition in the newly open States. Do you think there's anything structural at play or is it just an issue of competition, and over time as the market matures, you'd expect to see gross-win margins broadly in line with the European levels?

Shay Segev: Yes, I think it's the second. I think it's competition. It's also the sophistication of the market as well in terms of product. One, it's still a very competitive market, as you mentioned. There is quite a lot of pricing which are quite competitive as well, and you have to continue to compete on pricing. And second, it's the mix of the bet as well. It's still very much driven by single bets, meaning you bet on the outcome of a single game, versus what you see in Europe, for example, a lot of combos, combination of two or more bets, which have higher margins. And it's a matter of product and offering and also education in term of customer experience. How the customer takes time to start understanding the product, try to use the most sophisticated features there, which basically will drive better margins. But, I think it's getting there. I think it will get there. In the event the market will mature, I'm sure that we will see better margins as well.

Simon Davis: So, you think there's nothing structural in terms of the games that people are betting on?

Shay Segev: No, I don't think so.

Simon Davis: I don't know if anyone in the audience has any questions to put to us. We'll happily pass them on. Otherwise, I might just ask Shay to give a few comments to wrap up.

Shay Segev: As I mentioned, exciting day for us, a new strategy in place focused on both sustainability and growth. In term of growth, there are many, many opportunities for us to double or even triple our business in the next five year. The key ones are continue showing progress in the US and winning the US, continue growing our core business in double digits, expanding to new markets, try the bolt-on acquisition organically and expanding to new categories as well. This will deliver for us, I think, an exciting growth, but we don't want to do it at any cost. We want to do it responsibly, and we want to do it focusing on regulated markets. And this is the new strategy we have put in place, and we have the best people in the industry. We have the best technology, and I think this is why we as a group are best positioned to deliver that. I hope you all enjoyed.

Simon Davis: We did. Well, thank you very much for that. Just remains for me to say thank you very much for everyone for dialing in and a very, very big thank you to Shay for spending his time with us. We're done. Thank you very much.

Shay Segev: Thanks so much.