



DETERMINATION OF MERGER NOTIFICATION M/18/090 - WILLIAM HILL HOLDINGS LIMITED/MR GREEN & CO AB

Section 21 of the Competition Act 2002

Proposed acquisition by William Hill plc of the entire issued share capital of Mr Green & Co AB

Dated 3 January 2019

Introduction

1. On 26 November 2018, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (“the Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed transaction whereby William Hill Plc, through its wholly owned subsidiary William Hill Holdings Limited, (together, “William Hill”) would acquire the entire issued share capital of Mr Green & Co AB, which ultimately controls the Mr Green Group of companies (together, “MRG”), (the “Parties”), (the “Proposed Transaction”).
2. The Proposed Transaction is to be implemented pursuant to a public bid that has been made by William Hill to the shareholders of MRG on 31 October 2018.¹ Notwithstanding the fact that a formal written agreement had not yet been executed at the time of the notification, the Commission considers that the public bid made by William Hill demonstrates a good faith intention to conclude an agreement for the purposes of section 18(1A)(b)(i) of the Act.

The Undertakings Involved

The Acquirer - William Hill

¹ The acceptance period for William Hill’s offer commenced on 10 December 2018 and ends on 17 January 2019. For further information regarding the public announcement of the public bid, please see:

<https://www.williamhillplc.com/newsmedia/newsroom/corporate-news/2018/english-news-release/>



3. William Hill, incorporated in the United Kingdom (“UK”), is a global betting and gaming company and is listed on the London Stock Exchange.² William Hill provides online gambling products and gambling services globally (subject to certain exceptions, for example, to account for restrictions in place through local licensing regimes).
4. The majority of William Hill's annual revenue ([...] % of net revenue in 2017) is derived from the UK where it operates 2,342 Licensed Betting Offices (“LBOs”) and offers online betting and gaming services. William Hill is currently licensed in the State, the UK, Gibraltar, certain states of the United States of America (Nevada, Iowa, New Jersey), Italy, Spain, The Bahamas and St. Kitts.
5. William Hill offers the following online betting and gaming services, all of which are available in the State:³
 - (a) Sportsbook (allowing bets to be placed and accepted online on sporting and other events);⁴
 - (b) Vegas (an online gaming service);⁵
 - (c) Casino;⁶
 - (d) Bingo; and
 - (e) Poker.
6. William Hill has no actively trading LBO in the State.⁷

² See <https://www.williamhillplc.com/>

³ The Betting Acts 1931-2015 provide for a licensing regime for the operation of a bookmaking business which includes both online/offline bookmakers and intermediaries. The Betting (Amendment) Act 2015 provides for the licensing of remote (online) bookmakers and betting intermediaries for the first time. See <http://www.irishstatutebook.ie/>

⁴ Sportsbook betting is where bets are placed against the bookmaker as opposed to exchange betting, where customers bet against each other.

⁵ See <https://vegas.williamhill.com/en-gb/>

⁶ See <https://casino.williamhill.com/en-gb/>

⁷ William Hill has 37 licensed betting shops on the island of Ireland (33 trading in Northern Ireland and 4 vacant in the State).



7. For the financial year ending 31 December 2017, William Hill's worldwide turnover was approximately €[...]billion, of which approximately €[...] million was generated in the State.⁸

The Target - MRG

8. MRG, which is incorporated in Sweden and is listed on the Nasdaq Nordic stock exchange⁹, operates a range of online and mobile betting and gaming services under the *Redbet* and *Mr. Green* Brand names, amongst others. It operates in the State and twelve other countries: Denmark, Finland, Norway, Sweden, Switzerland, the Netherlands, the United Kingdom, Germany, Italy, Malta, Latvia and Austria. MRG holds gaming licences in Denmark, Italy, Latvia, Malta and the UK, and a sportsbook licence in the State.
9. MRG primarily focusses on the provision of online gaming services, with more limited activities in online betting. MRG offers the following online betting and online gaming services, all of which are available in the State:
- (a) Casino is offered via the *Mr Green*¹⁰, *Redbet*¹¹ and *Vinnarum*¹² brands;
 - (b) Bingo is offered via the *Mr Green* and *Redbet* brands; and
 - (c) Poker is offered via the *Redbet* brand; and
 - (d) Sportsbook, is offered via the *Mr Green* and *Redbet* brands.
10. MRG customers accessing a particular gaming service are redirected to a specific country's version of the website based on which country the customer has its registered address, where such a specific country version of the website exists. Irish customers are therefore redirected to the specific Irish websites, e.g. [www. mrgreen.com/ie](http://www.mrgreen.com/ie).

⁸ Turnover is calculated on the basis of amounts staked (i.e., the amount of money bookmakers receive from customers at the time a bet is placed).

⁹ See <http://www.nasdaqomxnordic.com/shares/microsite?Instrument=SSE94882>

¹⁰ See <https://www.mrgreen.com/ie/>

¹¹ See <https://www.redbet.com/en>

¹² See <https://www.winningroom.com/en/>



Customers registered in countries where no specific country version of the website exists directly access www.mrgreen.com.

11. With respect to customers in the State, MRG provides both online betting services, mainly sports betting, and online gaming services. Its services are all provided from Malta. MRG has no LBO in the State and does not provide any business-to-business services in the State, with the exception of its affiliate programme.¹³
12. For the financial year ending 31 December 2017, MRG's worldwide turnover was approximately €[...] billion, of which €[...] million was generated in the State.

Rationale for the Proposed Transaction

13. The Parties state in the notification that William Hill is seeking to:

"Create a better positioned combined business with an expanded pan-European footprint in the fast-growing online betting and gaming sectors..."

Third Party Submissions

14. No submission was received.

Competitive Analysis

Horizontal overlap

15. There are horizontal overlaps between the Parties' activities in the State with respect to: (i) the provision of online betting services; (ii) the provision of online gaming services; (iii) and to a limited extent, the provision of online advertising space on gambling related websites. There is no horizontal overlap between the Parties' activities with respect to the operation of LBOs in the State since William Hill does not currently operate any LBO

¹³ Affiliates are websites that write about different online casinos and their offerings in terms of bonuses, jackpots etc. The websites drive traffic to MRG's website. If a customer clicks on a link on an affiliate's website, opens an account and starts playing on Mr Green's website, the affiliate will receive remuneration from MRG. MRG has affiliates targeting the Irish market.



from the four licensed premises it owns in the State and MRG does not own or operate any LBOs in the State.¹⁴

16. The Commission has previously assessed the competitive impact of transactions involving the provision of online betting services and online gaming services. In its most recent determination in this economic sector in M/18/038 Stars Group/Sky Betting (Cyan Blue), the Commission assessed the competitive impact of the relevant transaction in relation to: (i) the provision of online fixed-odds betting services in the State; (ii) the provision of online gaming services in the State; (iii) the supply of online advertising space on gambling related websites in the State and (iv) the provision of odds comparison services in the State.¹⁵
17. In M/16/007 – Ladbrokes/Gala Coral, the Commission assessed the competitive impact of the relevant transaction in relation to: (i) the provision of online fixed-odds betting services in the State; (ii) the provision of online gaming services in the State; and (iii) the provision of telephone betting services in the State.¹⁶
18. The Competition and Markets Authority (“the CMA”) has distinguished between online betting and gaming, in a number of merger assessments.¹⁷ In its most recent assessment in the betting sector, Stars Group/Sky Betting & Gaming, the CMA found no evidence

14 The distinction between the services provided by the Parties is consistent with the approach taken in the Commission’s merger determination in M/18/038-StarsGroups/Sky-Betting-Cyan-Blue. For a more detailed description of online betting and online gaming, please see paragraphs 15-21 of the Commission’s merger determination in M/15/059 – Paddy Power/Betfair which can be accessed at <https://www.ccpic.ie/business/wpcontent/uploads/sites/3/2017/04/M-15-059-Paddy-Power-Betfair-Public.pdf>.

15 See M/18/038 Stars Group/Sky Betting (Cyan Blue) available to view at: <https://www.ccpic.ie/business/wp-content/uploads/sites/3/2018/05/M.18.038-Star-Groups-Sky-Betting-Cyan-Blue.pdf>

16 M/16/007 – Ladbrokes/Gala Coral which can be viewed at:

<https://www.ccpic.ie/business/wp-content/uploads/sites/3/2017/04/M-16-007-Ladbrokes-Coral-Public.pdf>

17 GVC/Ladbrokes Coral (2017), paragraph 43, PaddyPower/Betfair (2015), paragraph 33 and Lightcatch/Tote (2012), paragraph 15. In Ladbrokes/Coral (2016), the CMA considered a wider market for the supply of gambling products in LBOs without distinguishing between betting and gaming. This decision focused on the provision of retail (in LBOs) gambling services, see Ladbrokes/Coral, paragraphs 6.88 – 6.93.



justifying a departure from this approach and therefore considered online betting and online gaming services separately.¹⁸

19. The European Commission has also previously considered the provision of gaming and betting services.¹⁹ The European Commission has noted the following in relation to the scope of the geographic market for such services, *“The Commission has consistently taken the view in previous decisions that the geographical scope of betting markets is national due to differences in terms of demand across national territories and in the national regulatory systems, in particular with regard to the granting of licences.”*²⁰
20. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In relation to online betting services, in this instance, the Commission does not need to come to a definitive view on whether the provision of online betting services is a distinct product market because the precise product market definition adopted will not alter the Commission’s assessment of the competitive impact of the Proposed Transaction. The Parties’ activities in relation to online betting only overlap in the provision of online fixed-odds betting services since William Hill and MRG do not own or operate an online betting exchange. In order to determine whether the Proposed Transaction might result in a substantial lessening of competition, the Commission assessed its impact on competition by reference to the narrowest possible relevant product market, namely the potential market for the provision of online betting services.
21. In addition, in this instance, the Commission does not need to come to a definitive view on whether the provision of online gaming services is in the same product market as the provision of online betting services since its conclusion on the likely competitive impact of the Proposed Transaction will be unaffected whether the relevant product market is defined narrowly (e.g., the provision of online gaming services) or more

18 See ME/6758/18 https://assets.publishing.service.gov.uk/media/5bdc614640f0b604d103296f/Decision_on_SLC.pdf

19 Please see Case M.8640 -CVC/Blackstone/Paysafe which can be viewed accessed at http://ec.europa.eu/competition/mergers/cases/decisions/m8640_106_3.pdf

20 Please see paragraph 32 Case M.8640 -CVC/Blackstone/Paysafe which can be accessed at http://ec.europa.eu/competition/mergers/cases/decisions/m8640_106_3.pdf



broadly (i.e., to encompass the provision of both online gaming services and online betting services). In order, however, to determine whether the Proposed Transaction might result in a substantial lessening of competition, the Commission assessed its impact on competition by reference to the narrowest possible relevant product market, namely the potential market for the provision of online gaming services.

22. Also, in this instance, it is not necessary for the Commission to reach a definitive view on the precise scope of the relevant product market in relation to the supply of online advertising space on gambling-related websites. The Commission's conclusion on the competitive impact of the Proposed Transaction will be unaffected whether the precise relevant product market is narrow (e.g., the supply of online advertising space on gambling-related websites) or broader (e.g., the supply of online advertising space). In order, however, to determine whether the Proposed Transaction might result in a substantial lessening of competition, the Commission assessed its impact on competition by reference to the narrowest possible relevant product market, namely the supply of online advertising space on gambling-related websites.

Geographic market

23. Similar to the product market, the Commission does not need to come to a definitive view on the precise relevant geographic market in this instance since its conclusion on the competitive impact of the Proposed Transaction will be unaffected whether the precise relevant geographic market is national or defined more widely.

Conclusion on market definition

24. For the purposes of its competitive analysis, the Commission has assessed the competitive impact of the Proposed Transaction in the following potential markets: (i) the provision of online betting services in the State; (ii) the provision of online gaming services in the State; (iii) the supply of online advertising space on gambling related websites in the State.

(i) The provision of betting services in the State

25. Online betting involves the staking of money on the outcome of an event or process (e.g., a football match). Winnings are paid according to the "odds" (i.e., the ratio of the



amount that could be won to the stake) at which the bet was placed. Every bet requires someone to “back” the bet (i.e., take a position that the anticipated event will happen) and someone to “lay” the bet (i.e., take a position that the anticipated event will not happen).

26. There are two broad types of online betting:

- Fixed-odds betting; and
- Exchange betting.

27. Fixed-odds for an event are calculated by assessing both the likelihood of an event occurring and competition between bookmakers to offer better odds to attract more customers. Customers then choose whether or not to place a bet at the odds-on offer.

28. A betting exchange is an online marketplace where customers set their own odds and bet directly against each other. Customers can place bets that an outcome will happen (as is the case for fixed-odds betting), or take the other side of a bet by offering odds on an outcome not happening. Betting exchange operators generate revenue by charging winning customers a commission. William Hill and MRG only offer fixed-odds betting services and do not offer exchange betting services in the State.

29. There are many competitors that offer online betting services to customers located in the State, including a range of strong and sophisticated competitors with scale and established brand presence such as Paddy Power Betfair ([...]), bet365 ([...]), BoyleSports ([...]) and GVC ([...]).²¹ In relation to online betting on the island of Ireland, the relative size of the Parties in this segment is small to *de minimis* with a combined share of [...] with an increment of approximately [...]. The Commission considers that these competitors will continue to exert a competitive constraint on the Parties following implementation of the Proposed Transaction.

(ii) The provision of online gaming services in the State

²¹ The market share data is calculated on the basis of Net Gaming Revenue (“NGR”), which is defined as the gross bets total, less the payout from any transaction with a visitor, or in which a visitor is credited, less returns, bonuses and chargebacks. Market share figures have been provided by the Parties and are compiled by Regulus Partners. See: <http://reguluspartners.com/>



30. Online gaming refers to games played for money or another prize in online casinos. The range of games that can be played is vast but the most popular games include casino games (e.g., roulette, blackjack, bingo, slots and poker). Most online gaming products involve betting through bespoke interfaces against the outcome of a random number generator and are commonly produced by third party developers and licensed to gambling operators. Certain games, such as poker, are played directly against other customers.
31. In relation to online gaming on the island of Ireland, the relative size of the Parties is small to *de minimis* with a combined share of [...] % with an increment of [...] % resulting from the Proposed Transaction.
32. The Parties' presence in the online gaming segments in the State is therefore, small to *de minimis*. Hence, the Proposed Transaction would not have the ability to substantially lessen competition in the sector.

(iii) The supply of online advertising space on gambling-related websites in the State

33. The Commission noted in previous determinations, most notably in M/18/038 – Stars Group/Sky Betting (Cyan Blue), that a number of online betting websites, e.g., *Bestbetting*, *Racing Post*, *Flashscore* offer advertising space to customers in the State. However, in this instance, the Parties have confirmed to the Commission that neither William Hill nor MRG sell advertising space to third parties in the State and therefore no horizontal concerns arise in the supply of advertising space on gambling-related websites in the State.

Vertical Relationship

34. The Parties have stated in the notification that they are not aware of any vertical overlap in their activities, neither Party provides business-to-business services relevant to the other Party within Europe. The Commission has not identified any vertical relationship between the Parties. Therefore, the Proposed Transaction does not raise any vertical competition concerns in the State.

Conclusion



35. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

36. None.



Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed acquisition whereby William Hill Holdings Limited would acquire the entire issued share capital and thus sole control of Mr Green & Co AB will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission

Brian McHugh

Member

Competition and Consumer Protection Commission