

PROFILE

ANDY McIVER
CEO, INTERTAIN



BACK IN THE SADDLE

AFTER THREE YEARS ON THE SIDELINES, FORMER SPORTINGBET CHIEF ANDY McIVER HAS RETURNED TO THE INDUSTRY. GERARD STARKEY CAUGHT UP WITH INTERTAIN'S NEW CEO TO FIND OUT HIS PLANS FOR THE BUSINESS

Ever since the 2013 carve-up of Sportingbet between William Hill and GVC Holdings, Andy McIver's role in the industry has broadly been limited to an interested spectator. But all that changed recently when McIver, who led Sportingbet for more than a decade until its break-up, was in June named chief executive of Intertain, the Toronto-based bingo-led company.

Sitting down with *EGR*, McIver, who had a brief stint as a non-exec director at Chroma Sports, says he was itching to make a return to the industry, although was more than prepared to bide his time and wait for the right opportunity.

"I wanted to return, yes, but only if the right job came along, and this [Intertain] was the right one," he says. "I had spoken to other people, the one that's most public is BetVictor, but I had also spoken to others and others had spoken to me, but the chemistry just wasn't right," he adds.

The appointment of McIver, along with former Gala Coral chief exec Neil Goulden as chairman, caught much of the industry off guard, and was even more surprising considering Intertain simultaneously revealed it was considering bids for the firm.

A subsequent sale would likely have brought McIver's time at Intertain to a premature end, however, last month the firm effectively said none of the interested parties were able to agree terms and it would instead up sticks and move its headquarters to London.

JUMPING FOR JOY

But with so much uncertainty around the firm and job security upon McIver taking the role, why did he view Intertain as being the right firm to bring to an end his three-year egaming hiatus?

"The sale process was still ongoing at the time I joined so someone could have bought it and it could have been a very short tenure," he admits. "But the reason I took the job was because I thought if they don't sell and someone else takes the role I would be annoyed as it is a role I wanted to do. And the reason I wanted to do it is because I thought the Vera & John and Jackpotjoy brands in particular were very strong businesses."

Despite the undisputable strength of those brands, McIver finds himself leading something of a fragmented firm, certainly at a technology level. The online gaming industry is renowned for evolving at a rapid pace and Intertain is a firm unrecognisable from the one which acquired Mandalay Media little more than two years ago.

More big money acquisitions soon followed, including the aforementioned Vera & John and the Jackpotjoy brand, while earlier this year the firm undertook a major organisational restructure which saw the departure of CEO John FitzGerald and the creation of a 'special committee' to review company strategy.

The review, which arguably was prompted by a series of operational criticisms made by New York hedge fund Spruce Point Capital, resulted in the firm effectively being put on the block, while the committee also mulled the relocation of its board to London

in order to list on the Stock Exchange.

It was during this review process that McIver and Goulden were appointed; however, the pair would play no part in the sale process. "Why would a turkey vote for Christmas, with me being the turkey?" McIver says about not being involved.

"I don't know too much about the sale process because the special committee did that very much themselves as there was perceived to be a conflict of interest between the sale process and the relisting [in London]."

"But I had some knowledge of it," McIver adds. "The preferred route was to sell the company as a whole. They had a number of parties interested who did make some indicative bids but the process stalled a bit because of Brexit. The parties concerned wanted to draw breath and see what Brexit meant for their share price or the debt market because it was going to be a chunk of change for whoever bought it."

It is understood the likes of Rank Group, Stride Gaming and GVC Holdings all looked closely at Intertain, although interested parties were thought to have preferred a pick 'n mix style approach rather than an all-out takeover deal.

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LONDON CALLING

With no sale transpiring, McIver can now get on with running the business, which immediately concerns transferring the firm from the Toronto market to the London Stock Exchange. However, due to regulatory rules, this has become a slightly convoluted process whereby a number of Intertain shareholders will have to exchange their holding for 'exchangeable shares', rather than shares in the new London TopCo.

"The first priority is to successfully do the migration," McIver says. "Some of these listing Canadian shareholders are barred by their own constitutions from holding shares outside of the Americas – which is not uncommon. The exchangeable share can at any point in time be exchanged for a TopCo London share and will also pay dividends and have voting rights the same as TopCo," he explains.

The rationale behind the London-listing is, according to McIver, multi-layered. In short, the chief exec believes the Toronto market has, for a number of reasons, "fallen out of love" with the egaming sector while Intertain will be better served in London for three key reasons: the industry is understood, a large bulk of Intertain's peer group is based there, and it's where the sector has a large investor and analyst following.

Despite these reasons, McIver has no criticisms of the board's decision to make Toronto its initial home. "It made sense at the time, the Toronto stock exchange and Canada," he says. "It's mainly oils and mines so the Canadians were looking for something else, then Amaya came along and excited the Canadian market and because of that fell in love with online gaming.

"They [Intertain] did raise quite a lot of debt to buy Jackpotjoy, which is quite admirable as it's quite hard for an online company to raise debt," he adds. "But now the Toronto investors have very much fallen out

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of love with the sector so it needs to be in a stock exchange that better appreciates online gambling, and the obvious place is London."

With Toronto's love affair with egaming seemingly over, a transfer to London awaits. Although from an operational point of view very little will change. London will purely be the home of the Intertain board with the firm still pulling the strings from its Bahamas-based subsidiary, which McIver says will be maintained to "preserve the tax structure of the group".

IN LIMBO WITH GAMESYS

Earlier this year Intertain moved its InterCasino brand onto Vera & John's Plain Gaming platform. It was one of the first migrations the firm had completed since its M&A splurge in 2014 and 2015. Yet the firm still finds itself in a situation where the majority of its brands are running on different platforms.

The firm appears keen to migrate all its six B2C brands onto a single technology stack – akin to what Betsson has done with its 20-plus gaming brands and its one Techsson platform. And while such migrations form part of Intertain's long-term plan, McIver suggests the firm is hamstrung slightly by last year's deal with Gamesys.

The £400m-plus deal saw Intertain acquire the Jackpotjoy, Starspins and Botemania brands, but retained Gamesys to supply its platform services and gaming content for a period of 10 years and 20 years respectively, with performance earn-outs also attached. All of which means Gamesys are still wedded to the three brands. Even more so considering Gamesys chairman Noel Hayden took up a place on the Intertain board as part of the deal, although McIver says Hayden often "steps out of the room" when board discussions focus on the Gamesys and Intertain relationship.

"Over the next year, the big thing that happens is that there is an earn-out on Jackpotjoy to Gamesys

around June 2017, so the important thing is to settle that," McIver says. "I think it is around £200m.

"Once that is done we have much more flexibility as until that earn-out is settled there is little we can do with the Jackpotjoy business. Understandably, and not unusually in earn-outs, the people who sold it still have a very high input and don't want to implement any changes they think might threaten how much money they are going to get.

"In the meantime, we might do some stuff with Vera & John and Costa [part of Mandalay] but if you are going to do something with Vera & John, Costa and Jackpotjoy, it might be better to wait until you've got the Jackpotjoy bit rather than do it twice," he adds.

Although there is still eight years to go on Gamesys' provision of technology, McIver says Intertain might "take the opportunity" post earn-out to bring that supply deal to a premature end in order to take more control over the three brands, particularly Jackpotjoy. Perhaps interestingly the firm last year acquired a proprietary bingo platform from Parlay Games.

IN THE MEANTIME

But until that earn-out is settled, any major technology plans would appear to be on hold for now. Not that that means McIver won't be busy implementing other things. "You'll see some cost synergies, revenue synergies and maybe some international expansion," he says. While he refuses to divulge the new markets in mind, he jokes that "it won't be Turkey", in reference to Sportingbet's ongoing presence there.

And McIver says Intertain has no immediate plans to enter the sportsbook vertical, a space he knows well following a long period with Sportingbet. "I would say that is unlikely," he says. "There is no crossover between sportsbook and bingo – they are different cultures. One is more adversarial. Where one customer really is your best friend the other is the enemy."

"THE IMPORTANT THING TO REMEMBER IS INTERTAIN, ALTHOUGH IT HAS BEEN OUT OF LOVE FOR A BIT, IS STILL THE WORLD'S BIGGEST BINGO-LED COMPANY"

Following its London listing, which is expected towards the end of Q3, a period of wining and dining new investors is on the cards. "I suspect that is going to be a large part of my job over the next 12-18 months," McIver says. "The important thing to remember is Intertain, although it has been out of love for a bit, is still the world's biggest bingo-led company," he adds. "It generates around £100m a year of cash so that's not a small company."

So after a period out of the industry, McIver has returned with what from the outside appears to be a challenging task. And while, as McIver notes, Canada may have fallen out of love with the industry, there's no question that his desire continues to burn bright. ❖