

International Game Technology PLC, Illinois Slot Machine Casino Gambling

Hello. Today's episode number 17 of the Professor Slots Podcast, profiles the world's largest gaming corporation as well as the world leader in the gaming industry, International game technology PLC. Plus, Illinois's slot machine casino gambling. Thank you for joining me for the Professor Slots Podcast Show. I'm Jon Friedl, and this is the podcast about slot machine casino gambling. It is where I provide the knowledge, insights and tools for helping you improve your slot machine gambling performance. Show notes are available within most podcast apps or at professorslots.com/e17.

Jon Friedl from the Professor Slots blog reveals all his tips and tricks for thriving in the casino environment, choose winning slot machines and identify your gambling goals, being entertained, earning comps, winning take-home cash, or combining them. John has won 90 taxable jackpots, and a luxury car in nine months of slot play and made a profit at slots gambling since 2013.

Remember to visit professorslots.com/subscribe to get my free report revealing the top seven online resources for improving your gambling performance, including the one I've used as a top-tier slot machine casino gambler.

Let's get started with the first segment of the show, International Game Technology PLC. My presentation on this company profile of international Game Technology PLC, also known as IGT PLC, is going to be frankly a bit wordy. The information I've collected to present to you has been pulled from investor relations websites as well as SEC.gov. Even though SEC filings are required by law to be easily read by layman, that's us, prepares of these documents can't help but use typical industry jargon to discuss what is currently going on within the gaming industry. So again, this episode segment will be a bit, well for boast, I'll do what I to explain the worst of it as we go along without losing continuity.

I'll only be providing information that's potentially of interest to you as a slots enthusiast. That means I won't be providing a detailed analysis of their financial statements, as interesting and insightful as these can sometimes be. So relax, it'll be fine. Just hold on tight and here we go.

IGT PLC is the world's largest end-to-end gaming company. It has leading market positions in North America and Italy, including the most extensive gaming content library in the world. A global leader in gaming that, according to its website, leverages a wealth of, one, premium content, two, substantial investment in innovation, three, in-depth customer intelligence, and four, operational expertise.

International Game Technology PLC operates and provides an integrated portfolio of innovative technology products and services across all gaming markets, including, A, lottery management services, B, online and instance lotteries, C, instant ticket printing, D, electronic gaming machines, E, sports betting, and finally F, interactive gaming.

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In 2014 and 2015, IGT PLC experienced multiple corporate mergers and acquisitions involving GTECH, Holdco, the original IGT and Georgia Worldwide Corp., which has been and is a complex, costly and time-consuming process. The integration process was expected to be completed by fiscal year 2018 and that appears to have been accomplished. Per their merger agreement, International Game Technology PLC is the successor of GTECH and the parent of the original IGT.

With its headquarters in London, IGT PLC has principal operating facilities located in Providence in Rhode Island, Las Vegas in Nevada and Rome in Italy. At the end of 2016, it had over 12,000 employees. Under a current law, it is treated as a foreign operation for US federal tax purposes.

In this presentation on IGT PLC, I'll be covering its various segments, these include, one, lottery products and services, two, machine gaming, and three, interactive and social gaming.

First up is lottery products and services. IGT PLC supplies a unique set of lottery solutions for more than 100 customers worldwide. Many governments have become increasingly dependent on their lottery ticket sales as a significant source of revenue, especially for funding programs such as education, economic development, conservation, transportation, senior citizens and veterans, healthcare, sports facilities, capital construction projects, cultural activities, tax relief, and others.

Lottery services are provided through facilities management contracts, concession or operator contracts and product sales contracts. In the majority of gaming jurisdictions, lottery authorities award contracts through a competitive bidding process. Typical service contracts are for 5 to 10 years. The company designs, sells and operates more than 500,000 point of sales lottery terminals that are electronically linked with a centralized transaction processing system. These processing systems are also provided by IGT PLC, which are highly secure and capable of processing half a million transactions per minute.

IGT PLC also manufactures instant ticket games and provides printing services for marketing plans. They have developed and continued to develop new lottery games, actively advising customers via, one, product merchandising and display recommendations, two, selection of appropriate lottery product mix for that location, and three, account reviews to plan lottery sales growth strategies.

The lottery business is highly competitive and typically subject to strong price based competition. Primary competitors are Scientific Games Corporation and Polaroid Banknote Limited.

IGT PLC has leveraged years of experience accumulated by running the Italian lottery, one of the world's largest lotteries. This expertise, which includes management of all the activities

along the lottery value chain, is leverage to better serve customers in the North American lottery and international business segments.

The next business segment of IGT we'll be discussing is machine gaming. IGT PLC designs, develops, manufactures and provides cabinets, games, systems and software for customers in regulated gaming markets throughout the world. Available contract types include fixed fee participation in product sales. As such, they hold more than 400 global gaming licenses. Major customers include MGM Resorts International, Caesars Entertainment, Boyd Gaming Corporation, which is a gaming and hospitality company based in Paradise, Nevada, currently owning 24 gaming properties in seven US states. The SYNOT group, an international group of companies operating in 21 countries worldwide, and employing approximately 3,000 people, including SYNOT Games, a gaming content provider. And finally, LUDI S.F.M., which is IGT PLC's distributor in France since 2015.

The company's primary competitors in machine gaming are Scientific Games Corporation, a leading developer in the gaming industry, the primary competitor of IGT PLC and an upcoming subject of a Professor Slots podcast episode. Aristocrat Leisure Limited, another leading provider of gaming solutions, begun in 1953, located in 90 countries, 240 gaming jurisdictions and currently with 5,000 employees. Konami Digital Entertainment, Inc., producing and distributing smartphone content, game software, card games and trading games. And Novomatic group of companies, which is one of the world's largest gaming technology companies founded in 1980. It has locations in 45 countries and exports high-tech gaming equipment to more than 70 countries.

IGT PLC offers a diverse range of machine cabinets for customers to maximize functionality, flexibility and player comfort. They've also developed a wide range of casino games which take into account local jurisdictional requirements, market dynamics and player preferences.

The company produces other types of games including centrally determined games, which are games connected to a central server that determines the game outcome, class two games which are electronic video bingo machines that can be typically found in American-Indian tribal casinos and certain other jurisdictions like South Africa, and random number generator and live dealer electronic table games, including Bacharach and roulette.

The company also provides video lottery terminals, video lottery terminal central systems and video lottery terminal games to government customers worldwide, each with a dedicated client service team. In addition, it provides amusement with price machines. These AWP machines are typically low denomination gaming machines installed in retail outlets and connected to a central system. These games are provided to licensed operators in Italy and the rest of Europe.

Gaming products are designed to provide a high degree of player appeal, combining elements of math, play mechanics, sound, art and technological advances through the use of a library of entertainment licenses and a proprietary intellectual property portfolio.

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This game library is continuously expanded with new content, popular brands and appealing bonuses to address player preferences and other market trends. A wide array of games are offered, including a variety of multi-line, multi-credit and multi-denominational configurations. Successful game content from IGT PLC includes Wheel of Fortune, Sphinx 3-D and Kitty Glitter.

IGT PLC also offers a comprehensive range of casino management software tools. Gaming systems product types include, one, infrastructure and applications for casino management, two, customer relationship management, three, player management, and four, server-based gaming. IGT PLC's main casino management system is advantage system, offering solutions and modules for market account, patron management, cage accounting, bonusing for jackpots and promotions, table game automation, payout processing, table accounting, take-it-in take-it-out, reporting and regulatory compliances.

The next company segment is interactive and social gaming, interactive gaming, sometimes called I-gaming, provides game content via the internet for real money or for fun, meaning social. Holding more than 20 interactive gaming licenses worldwide. IGT PLC designs, manufactures and distributes a full suite of award-winning configurable products, systems and services, including poker, table games, slot games, bingo, I-lottery, virtual reality, mobile to retail products, player management systems and market intelligence systems.

IGT PLC's primary offerings are in Italy. The company's diverse interactive customer base includes business-to-business I-gaming customers, such as Cesar's Entertainment, the Georgia lottery, the Illinois lottery, the Kentucky lottery, lottery national Belgium or LNB, Canada's Ontario lottery and gaming corporation or OLG, Veikkaus, the Finnish national bidding agency for lotteries and sports betting in Finland, and William Hill, the world's largest bookmaker for online betting and gambling based in the UK.

The company's interactive and social gaming products include Double Down Casino, which by the way, was sold in 2017, I'll have more of that in a moment, as well as poker, online casino, bingo, and I-lottery. IGT PLC's online social gaming casino offering, Double Down Casino, is conducted largely through Facebook and Apple ISO platforms, which is a relationship covered by Facebook and Apple standard terms and conditions for application developers as well as privacy policies, both of which are occasionally modified as decided entirely by Facebook and Apple, rather than by contract with a customer.

As mentioned a moment ago, Double Down Casino was sold in 2017. A brief mention of this sale was made in the last paragraph of IGT PLC's annual report filed with the SEC on April 20, 2017. This was on page 353 under the heading, subsequent events. According to their annual report, IGT PLC made an announcement on April 17, three days before, that they had sold their social casino subsidiary, Double Down Interactive LLC, to DoubleU Games Company Limited. That's the word double followed by a capital U with a space between them. DoubleU games is a global

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social casino operator headquartered in Seoul, South Korea. The cash purchase price was approximately \$825 million. The sale was completed in the second quarter of 2017.

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Pro tip number one, at least once, read the annual report from International Game Technology PLC, to anticipate new slot machine gambling technologies and maybe even discover an advantage to player two. As mentioned, this annual report is hundreds of pages long, but really it's only the first 30, 40 pages that are basically of interest. I'm only covering what you might find interesting with regards to slots. I've hardly mentioned what their annual report has had to say about lottery systems, sports betting, table games, and other topics perhaps of interest to others. This annual report can be found at investor relations on the IGT.com website or their SEC filings webpage, which is a complicated URL so I'll make it simple. Just go to professorslots.com/igtsec. That's professorslots.com/igtsec, and you'll be taken directly to IGT webpage. Since IGT PLC is not based in the United States, their SEC filings are referred to as 10F for annual reports. That's what you need to search for.

Also, be aware that IGT PLC files their annual reports in late April, around the third week or so. That's when you want to look for them online. For example, what follows is a synopsis of their 2017 third quarter earning's presentation available at news events and presentations on the IGT.com website.

Here's some highlights, third quarter 2017 had a strong performance for IGT PLC, in large part due to their company diversity. Profitability was maintained despite the sale of Double Down Casino. Important contributions to this possibility came from product sales and operating expense discipline. IGT PLC also has a strong lottery performance in the third of 2017 due to, one, 9.4% North American same-store revenue growth, two, obtaining a seven-year contract extension to the California state lottery, three, 15% wage growth for 10E Lotto, and four, 5% increase in Scratch and Win wagers.

Product sales was higher in the third quarter on software and systems for both the lottery and gaming segments. There was also a healthy increase in North America casino replacement unit shipments, including significant growth in core video reel offers with test bank titles on Crystal Curve Cabinet.

IGT PLC also had a significant international expansion within their global installed base. The North American installed base was relatively stable sequentially after being adjusted for conversions, however, the most anticipated titles are expected to be put to market in fourth quarter 2017.

IGT PLC's attendance at recent tradeshows displayed a commitment to innovation. At NASPL, the key areas of focus were retail modernization, mobile and cashless. At G2E, the key areas of focus were deep game portfolio on new cabinets and mobile technologies, including their products receiving the following awards, Sphinx 4-D, was named land-based gaming innovation, and Cordless Connect won the land-based product award. IGT PLC has had increased visibility on long-term sales and profits from lottery and improving gaming trends.

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Up next is the second segment of the show, Illinois' slot machine casino gambling. In this episode segment I provide a brief overview of the current state of gambling in a US state, US territory or US federal district, emphasizing by far anything of interest to slot machine casino gamblers. Each state-by-state episode segment can be expected to include an introduction, relevant legal statutes on gambling, if any, slot machine private ownership, state gaming commission, if any, gambling establishments, if any, and a summary.

Here it goes, Illinois slot machine casino gambling includes 10 riverboat casinos now allowed to be permanently docked. No riverboat casinos are allowed in Cook County to best protect potential disruption of horseracing in the Chicago area.

In 2009, the Illinois state legislature allowed video gaming terminals to be placed in bars, restaurants, bedroom establishments, fraternal organizations and truck stops. Illinois also offers legal horseracing as well as a state lottery. Unusually, Illinois is one of the first states to offer both of these gambling options online.

It is worth noting gambling is in a state of flux in Illinois, in large part because the state government is facing substantial and serious budgetary issues. As a result, pro gaming lawmakers are pushing for further expansion of legalized gambling.

Finally, Indiana has had an important role as a neighboring state with regards to Illinois slot machine casino gambling. Notably, Indiana has positioned its casinos only a few miles from the Illinois riverboat casinos. As Indiana casinos are subject to their own state's gaming regulations they have the legal advantage of being open 24 hours a day, which is not the case in Illinois.

Relevant legal statutes on gambling. Illinois slot machine casino gambling has legally existed since February 1990 with the Riverboat Gambling Act. This Act legalized riverboat casinos, for which Illinois was the second state to do so. Such gaming licenses are limited to 10. Riverboat casinos in Illinois was originally required to be able to cruise, but a new state law in 1999 allowed them to be permanently docked. In 2009, the Illinois state legislature passed the Video Gaming Act, allowing videogame terminals to be placed in "licensed retail establishments, truck stops, veteran and fraternal establishments." It took until 2012 for the Illinois Gaming Board to provide mass approvals for these video gaming licenses. However, in a somewhat unusual move within the US, the act has also required approval from local municipalities hosting these video gaming terminal locations.

To be clear, Illinois slot machine casino gambling is partially authorized by local city governments, which is generating a great deal of interest in consideration from the gaming commissions of other US states. The minimum legal gambling age in Illinois is 21, further Illinois gaming regulations do not allow casinos to provide free alcoholic drinks and smoking is prohibited. The Illinois Gaming Board hosts a website with extensive and thoroughly detailed descriptions of its state gaming laws for riverboat gambling as well as video gaming.

Next up is a usually short statement about slot machine private ownership, which I have included in case you live in this US state and are considering owning a slot machine. Here it is, it is legal to privately own a slot machine if it was manufactured 25 or more years ago.

The next section is on state gaming commission. Riverboat casinos were launched, so to speak, in September of 1991 with the Alton Bell. Illinois slot machine casino gambling in riverboats was legalized for only the second time within a US state. 10 riverboat casinos are allowed.

As stated on the Illinois Gaming Board homepage, the state's gaming commission is a five-member board appointed by the governor and approved by the Senate. Further, it administers a regulatory and tax collection system for riverboat casino gambling and video gaming. The board's mission is to assure integrity through oversight of gaming activities as well as licensing of manufacturers, suppliers and services for both.

Other Illinois gaming organizations within the state follow, these include the lottery, a racing board, a casino gaming association, which is not state run, and gaming taxes.

Next up is gambling establishments. In this next section I will discuss Illinois riverboat gambling establishments. Illinois slot machine casino gambling is available on riverboats in East St. Louis, Aurora, twice in Joliet, Metropolis, East Peoria, East Dubuque and Rock Island.

The upcoming payback return percentages are annual statistics for all electronic gaming machines from mid-2015 through mid-2016, as provided by each riverboat casino to the state-run Illinois Gaming Board. These payout returns will be updated as they become available on my website, but very little change is expected to occur.

The first riverboat casino is Argosy's Alton Belle Casino, which is open from 8 AM to 6 AM. So it will be closed due to state regulations from six in the morning until it opens again two hours later at eight in the morning. Its payback return was 91.11%. The second riverboat casino is the Casino Queen in East St. Louis. It is open from 8 AM to 6 AM. Its payback return was 92.63%. The third riverboat casino was The Grand Victoria Casino Elgin, it's open from 8 AM to 6 AM. Its payback return was 91.08%. The fourth riverboat casino was Harrah's Joliet. Again, it is open from 8 AM to 6 AM. It's payback return was 92.07%.

The fifth riverboat casino is Harrah's Metropolis. It, again, is open from 8 AM to 6 AM, and it's payback return was 88.99%. The sixth riverboat casino was Hollywood Casino Aurora, also open from 8 AM to 6 AM and it has a payback return of 90.61%. The seventh riverboat casino is Hollywood Casino Joliet. It is open from 8:30 AM until 6:30 AM. Its payback return was 90.96%. The eighth riverboat casino is Jumer's casino and hotel in Rock Island, it is open from 7 AM to 5 AM. Its payback return was 90.75%. The ninth casino was Paradise Casino in East Peoria. It is open from 8 AM to 6 AM and its payback return was 91.22%. The 10th and final riverboat casino in Illinois was The Rivers Casino in Des Plaines. It is open from 9 AM to 7 AM and its payout return was 90.03%.

Out of these 10 riverboat casinos in Illinois, the one riverboat with the highest payback return of 92.63% was the Casino Queen in East St. Louis.

In summary, Illinois slot machine casino gambling includes 10 riverboat casinos and video gaming at bars, restaurants and other licensed non-casino locations. Gaming regulations in Illinois are currently unique due to their inactive Video Gaming Act of 2009, requiring local governments to approve video gaming locations within their municipalities. The minimum legal gambling age in Illinois is 21. Illinois gaming regulations do not allow casinos to provide free alcoholic drinks. Smoking is prohibited. Also, Illinois gaming regulations do not allow casinos to be open 24 hours a day, they must be closed for at least two hours every 24 hours.

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If you'd like to provide a rating and review for this podcast, which may well help other slot enthusiasts decide to take a listen to one or more of my episodes, simply use your podcast app, visit professor.slots.com/applepodcasts, if you're an Apple device user, or visit professorslots.com/android for android users.

On part one of the next episode of the Professor Slots podcast, I'll perform a company profile of the second most prominent gaming industry business, Scientific Games Corporation. SGC is a leading developer of new technologies, products, services and game content in the gaming, lottery and interactive gaming industries. Part two of the next episode of the Professor Slots

podcast is another brief overview of the current state of gambling in a US state, territory, or federal district. This time I'll be talking to you about the US state of Indiana.

That's the end of another great episode of the Professor Slots podcast. Thanks so much for listening. Show notes for this episode can be found within most podcast apps or at professorslots.com/e17.

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