

# PARLAY<sup>5</sup>

Bingo Without Borders

Wednesday April 29, 2009

## Analysis & Projections Interactive Gambling Market

Scott White, CEO  
Parlay Entertainment Inc.



# Who is Parlay?

- Canadian-based, TSXV Listed
- More players in more countries play Internet bingo using our software than any other supplier or operator
- First commercial supplier in 1998
- Parlay is the dominant commercial supplier of online bingo software
- Patent holder of Internet bingo (Canadian & US)
- Bingo is our focus, not a sideline

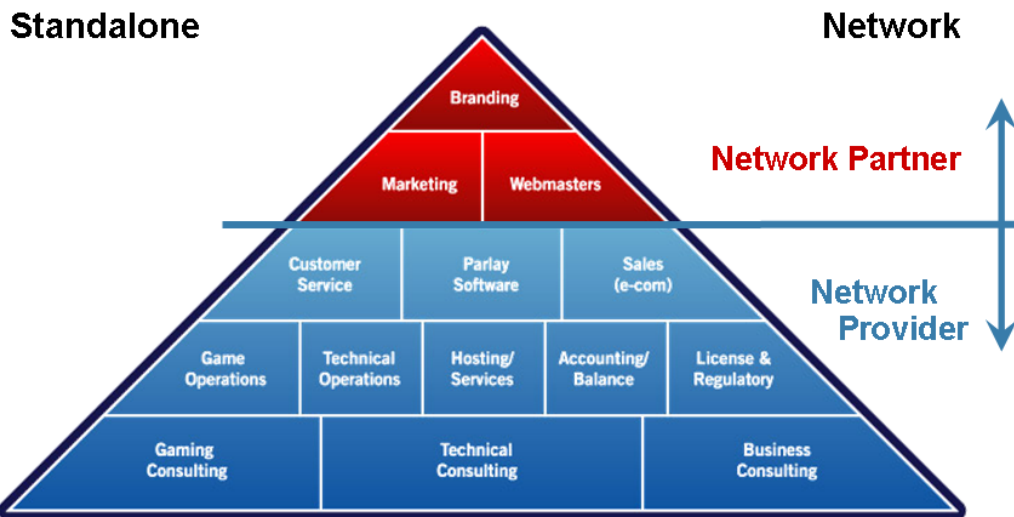


# Brands



- **‘Standalone’ vs ‘Bingo Network’**

- Standalone – The customer is the brand (ie: ALC, Bingos, Jackpot Joy)
- Network – The customer provides the infrastructure to multiple brands (Virtue Fusion – Ladbrokes, St. Minver – Virgin)



# Regulation and certifications

- **Extensive testing guarantees fairness & trust:**

- **TST Global** – RNG, games testing



- **Malta Class 4 License** – EU jurisdiction



- **Isle of Man** – UK “White-list” jurisdiction



- **Alderney Assoc Certificate** – UK “White-list”



- **UK Gambling License**



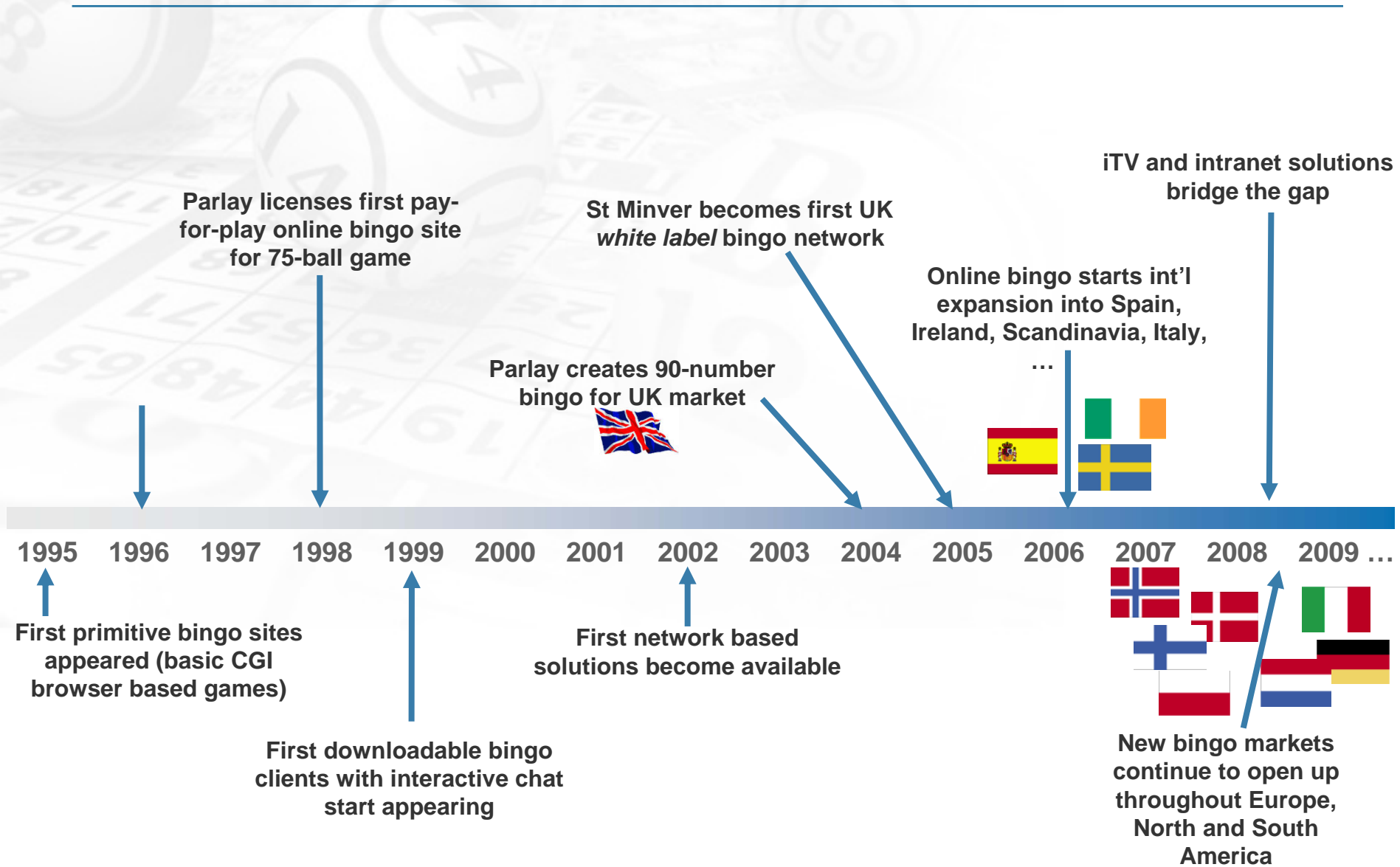
- **US & Canadian patents** – product innovation



## The e-Bingo Market



# A Brief History of Internet Bingo



# Facts about Online Bingo

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- **Bingo is not like any other online gaming**
- **Bingo is wildly profitable**
- **Bingo is bigger than you think**

- **Bingo is not like any other online gaming**
  - Players see it as entertainment, not gambling
    - Low stakes / high volume
    - Sites are sticky: players play for hours, and play often
  - Predominantly the “other” demographic (85+% female)

→ **Bingo is a mass market retail opportunity!**



- **Bingo is wildly profitable**

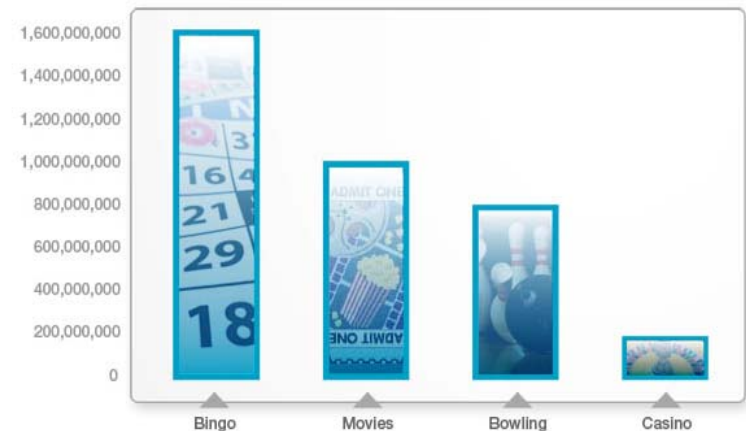
- Bingo's hold averages 35-40% (and up to 75%), while slots average 2-3%
- Deposits tend to stay in the system
  - Some players NEVER withdraw
- You can start making money with low liquidity
  - Break-even at 35-60 concurrent players
  - Optimal "room" sizes are 120-160 concurrents

Avg peak concurrent players	Sales	Profit
<b>300 players</b> (brown line)	<b>\$7.85m</b>	<b>\$5.5m</b>
<b>250 players</b> (cyan line)	<b>\$11.9m</b>	<b>\$9.1m</b>

→ **Small numbers of players can generate excellent returns!**

- **Bingo is bigger than you think**
  - Apart from the lottery, bingo has more mass market appeal than all other online gaming products
  - More than **60 million people play** bingo in over 50,000 land-based bingo halls, **generating over \$10 billion** in worldwide annual revenue
  - 90 million club admissions and **£1.4+ billion wagered** in UK bingo clubs each year
  
- **Everybody knows how to play**
  - It's simple... it's fun!

UK	657 clubs <sup>1</sup>
Sweden	800 clubs
Italy	420 parlours
Spain	468 clubs
Brazil	1,100 clubs
USA	10,522 halls
Phillippines	200+ clubs

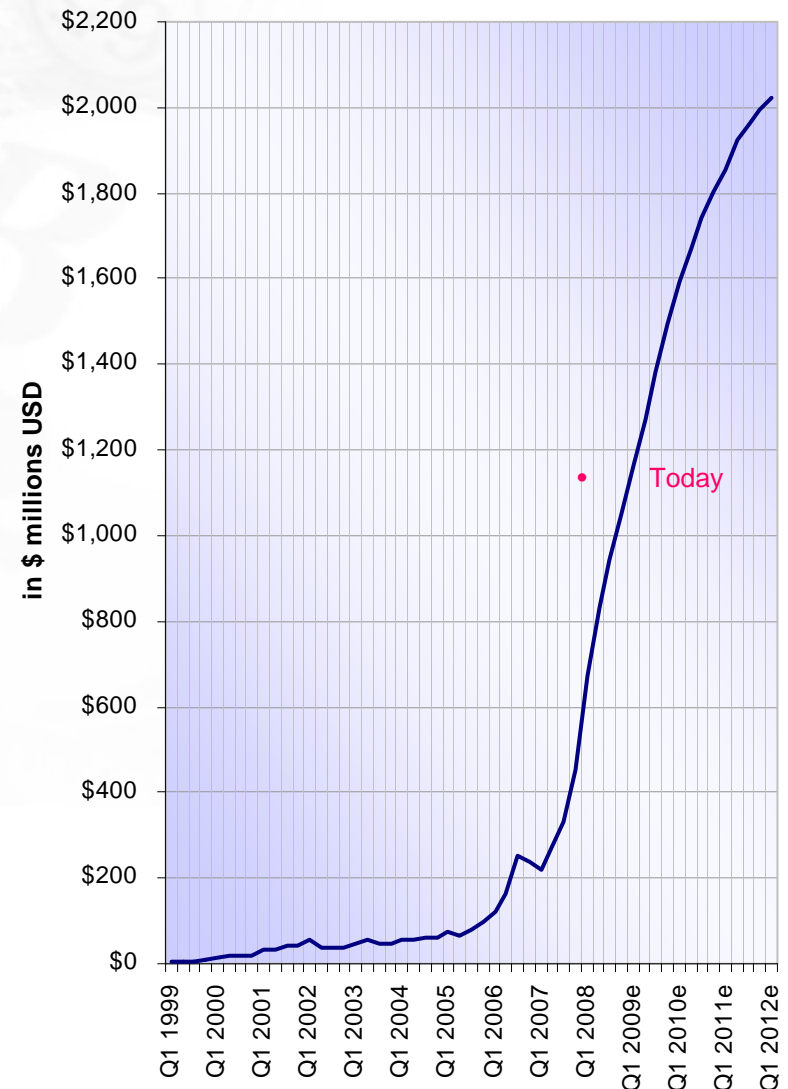


<sup>1</sup> as at Q2 2006

Sources: MECN2006; Bear Stearns 2004; Report of the Gaming Board for Great Britain 2005-06, Times of Malta

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- **Global online bingo market**
  - Projected to grow from \$1.1 billion – \$2 billion USD between 2008 and 2012
  
- **Number of players in UK**
  - Doubled from 2007 – 2008 to 500,000 online players
  
- **Growth has exploded internationally**
  - More than 250 sites in UK, 40+ sites in Spain
  - Swedish bingo market in excess of €30 million in 2008



Source: Global Betting and Gaming Consultants, 2008; UK Gambling Commission 2008; MECN Jul 2006; Parlay Jan 2009; WhichBingo.com

## What We Are Seeing Out There



# What We're Seeing Out There

- **Continued Expansion in the UK market**
  - New Media channels are emerging in iTV, Mobile (mostly for acquisition channels)
  - Growth of online players in UK was 80% from May-Oct 2008\*
- **Established Markets in** Scandinavia, Norway, Canada are growing
- **New Emerging Markets across the rest of Europe**
  - Ireland, Spain, Finland, Germany, France, Italy, and Eastern European countries such as Poland, Hungary & Czech Rep
  - Other European markets
- **New Emerging Markets** in Latin America, Asia
- **The United States** is waking up again

\* Source: UK Gambling Commission

# What We're Seeing Out There

- **Convergence is starting**
  - Media and TV broadcasters are adding online bingo to take advantage of player characteristics - they play for a long time, they return often and are loyal
- **Newspapers in UK have launched bingo**
  - The Sun, Daily Mirror, Daily Mail and other newspaper and publishing groups
- **Significant interest from The Main Stream**
  - Food, Beverage, etc. looking to bingo to converge land-based promotions with e-sweepstake offerings

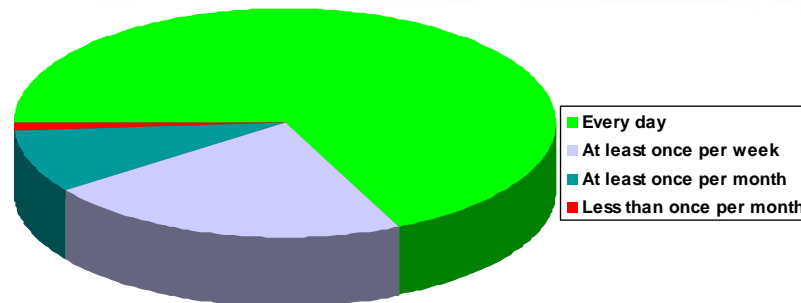
## The Online Bingo Player



# The Online Bingo Player

## *The Player Experience*

- **True multi-player entertainment in a community environment**
  - Players see it as entertainment, not gambling
  - Deposits tend to stay in the system – average player lifetime value £400 – £600
  - Sites are *sticky*: players play for hours, and play often
  - It is a mass market retail opportunity
  - Demographic is predominantly female (85+%)
  - It's all about the community – 'virtual communities' built around women who are turning to the internet for online camaraderie



Source: AOL reported by WinnerOnline Feb-04, Bingo.com, Parlay customers

# The Female Demographic

## *The Hidden Gem and a Retail Marketer's Dream*



- **Women over 40 are the biggest online gamers**
  - Women spend nearly 50 percent more time each week playing online games than men
  - They are more likely to play online games daily than men or teens
  - Social interaction is an appealing aspect of online game play
  - 41% who play online do so everyday
  - 28% of 40+ female gamers play between midnight and 5am

# Online Bingo Player Characteristics

## *How Much Do They Spend?*

### United Kingdom

- Average lifetime player value           £400 - £600
- Average monthly deposits               £30 to £70
- Average player lifetime                 18 months

### European Markets

- Similar trends as UK (shorter track record)
- Average player spend (90-ball)       €10 per day

# The Canadian Case

## Canada (ALC)

- iBingo\* launch May 2007
- Limited hours for multiplayer iBingo (6pm-1am)
- 73% increase in Playsphere registrations in the first 2 months after iBingo launched
- 10% increase in 'purchasing' players after launch
- Membership: 23% increase over last year
- Active membership: 19.5% increase over last year
- Almost all of yoy revenue growth in PlaySphere came from iBingo

## Emerging Trends in Online Bingo



# Crossover & Convergence

## *Where Is Online Bingo Heading?*

- **The Internet is combining with other channels Example:**

### Internet

- Online bingo currently draws 15,000 peak concurrent players in UK and Europe (All sites)

### Television

- National Bingo drew 6.1 million viewers (National Bingo Night, May 18, 2007)
- 3 million cards were downloaded before debut
- Downloads grew by 10%/ week
- 22 million cards were downloaded for six weekly shows



# Convergence with TV

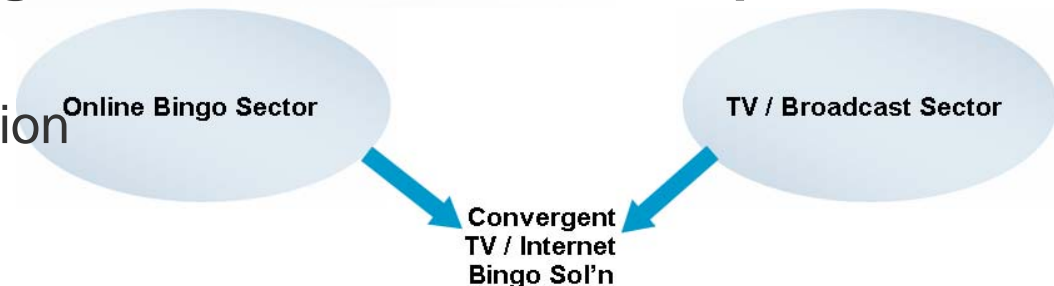
- **Current status**

- In the early stages but developing quickly
  - Simple video streaming on some sites
  - TV marketing to drive players to web
  - TV shows are popping up here and there
  - Interactive games have started to appear
  - Some multi-channel also starting to appear



- **We're seeing increasing interest from media companies**

- Print / newspapers
- TV / broadcast, production
- Mainstream, food, etc..



# Interactive TV Bingo Game

“Fast and Furious Fun” – Gala TV ch841

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**Welcome**

Sign me In

Play for fun

Registration

Use arrow keys to move, select to choose or back up to exit

Press **i** for Responsible Gambling

Players must be 18 or over

**PARTY INSTANTS**

*Gala*

Balance 215.33 Stake 100 Win 0.00

**PARTY INSTANTS**

MEGAPOT 25,768.38

73

9 Lines	8000
8 Lines	200
7 Lines	100
6 Lines	50
5 Lines	25
4 Lines	10
3 Lines	4
2 Lines	2
1 Line	1

MEGAPOT OFF

TURBO OFF

STAKE 1.00

Call 40 of 40

# Interactive TV Bingo Game

“Grooviest Bingo” – BigBoxBingo ch157

**PARLAY5**  
Bingo Without Borders



Call: 0871 231 66 44

Register online.  
**www.BigBoxBingo.com** 0871 231 6644  
(10p per min)

# Observations and Conclusions

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- **More than £700m is now spent annually in UK Internet bingo halls**
- **Internet bingo and land-based operations have combined to create powerful, proven business models.**
- **The largest Bingo halls in the world are now Internet bingo halls.**
- **Feedback from our customers, confirms that players prefer Internet Bingo because it more interactive, more comfortable, safer and a better community experience.**

# Observations and Conclusions

- We believe that US regulation is coming for bingo.
- In the UK, only 40% of Internet players also play in a bingo club. This means that there is an entirely new customer base that awaits North American halls when regulation does occur.
- This also means that North American operators need to access this new demographic now, through free-play and subscription based offerings, because these players are not your customer.
- With 50% of all UK players now between the ages of 25 and 44 – clearly the rules of the game are changing!

# Thanks



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