



IMGL PANEL

Electronic Games: A STORY OF TWO MARKETS...

Today's Mainstream Casino Gamer...



- *Concentrates over 50*
- *Skews female*
- *Grew up with typewriters*
- *Learned computer skills as an adult*
- *1st experience with slots were though physical reel games*

**This demographic is well understood
and serviced**

Tomorrow's EGM and Interactive Audience...



- *Grew up in the digital age*
- *Mobile device centric*
- *Plays some genre of computer games*
- *Demands high-fidelity multimedia experiences*
- *Computer and game literate*

**This demographic is virtually
untapped**

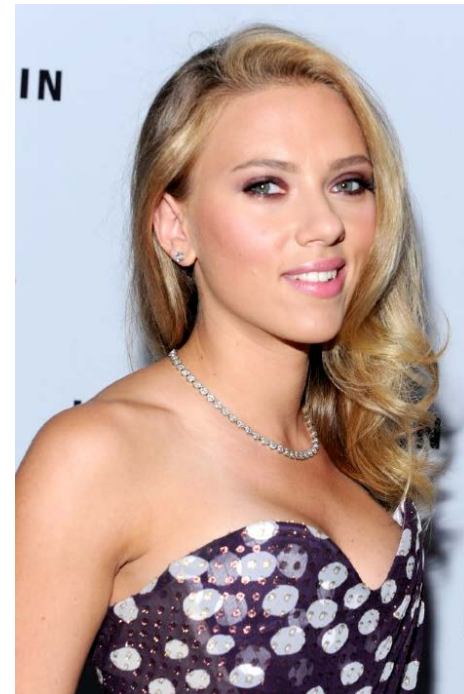
Generation X & Millennials: Ascendant

- Generation X
 - Born 1960 – 1980 (34 to 54 now, 64 to 44 in 2024)
 - Approximately 84 million people in the US



Generation X & Millennials: Ascendant

- Millennials
 - Born 1981-1996 (18 to 33 now, 28 to 43 in 2024)
 - Approximately 77 million or 25% of the US population

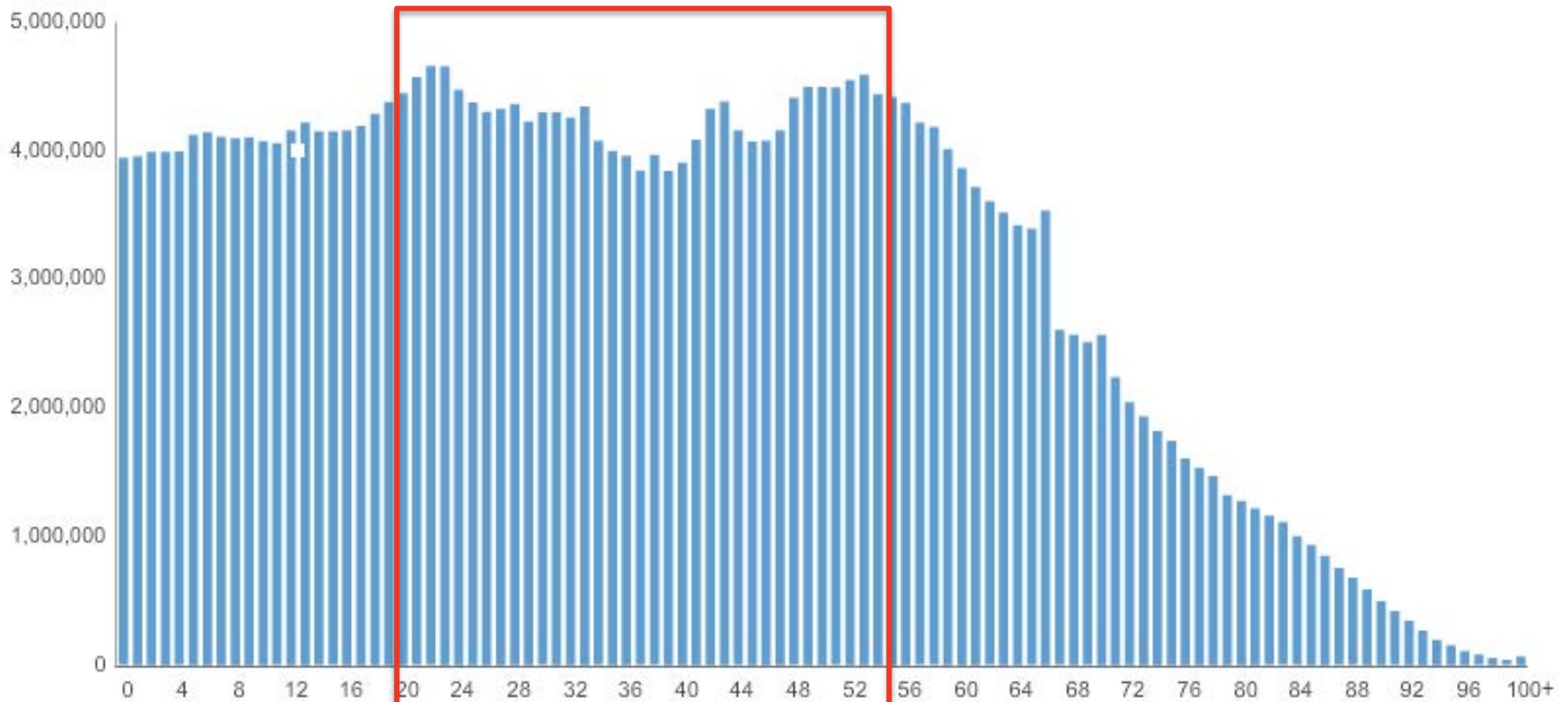


Generation X & Millennials: The Next Gaming Patrons

US Population Estimates

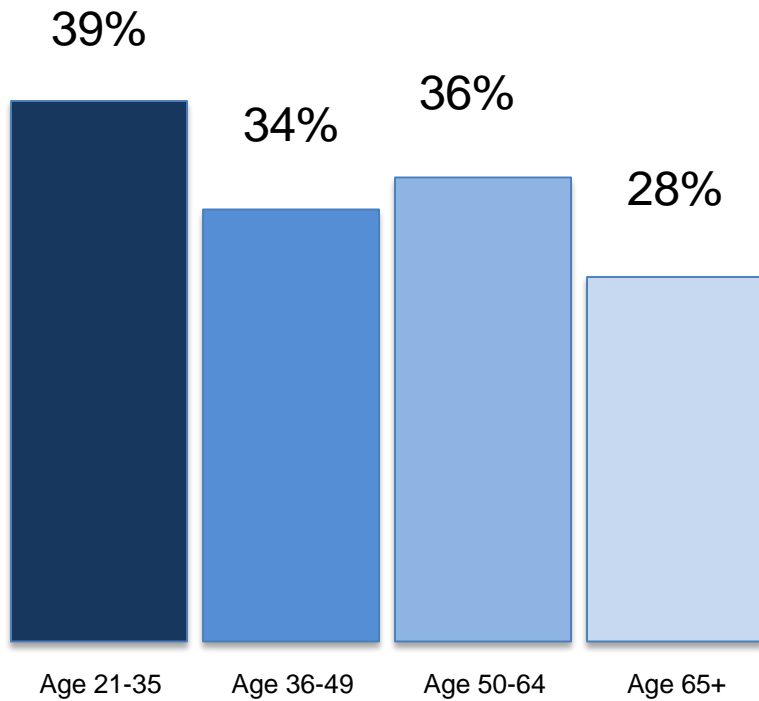
by single year of age

As of July 1, 2013

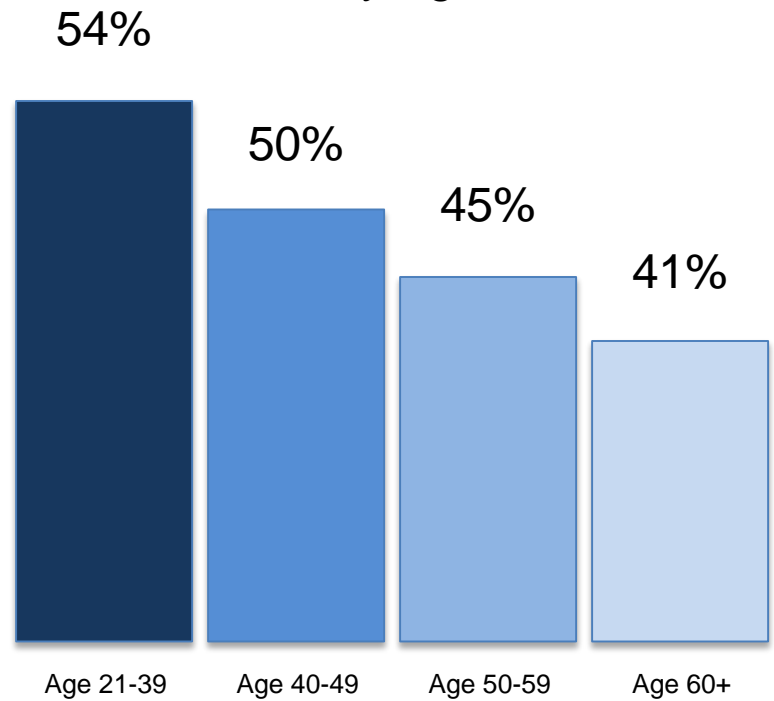


The Good News... They Like Us.

Casino Visitation Rates by Age



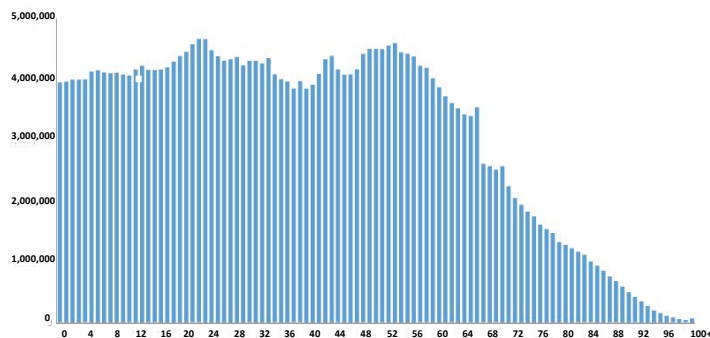
US Casino Gaming Acceptability by Age



Source: AGA State of the States, 2012

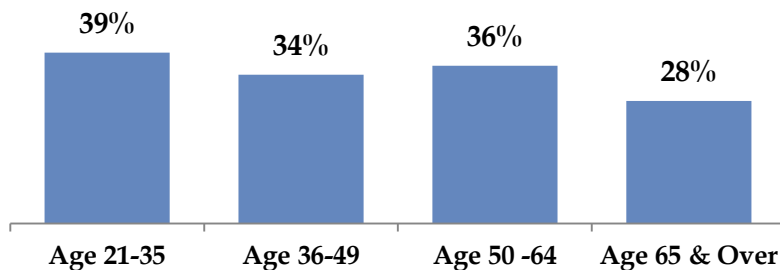
The Problem – Disconnect !

United States Population Estimates



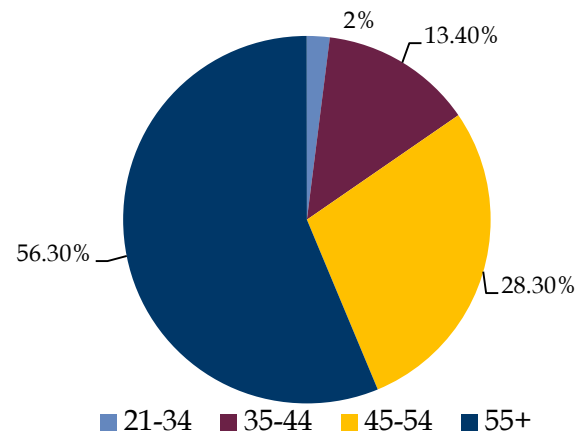
Source: US Census Bureau as of July 2013

Casino Visitation (% of each age group)



Source: VP Communications Inc. and Peter D. Hart
Reprinted from 2013 State of the States AGA Survey of Casino Entertainment

Slot Machine Engagement



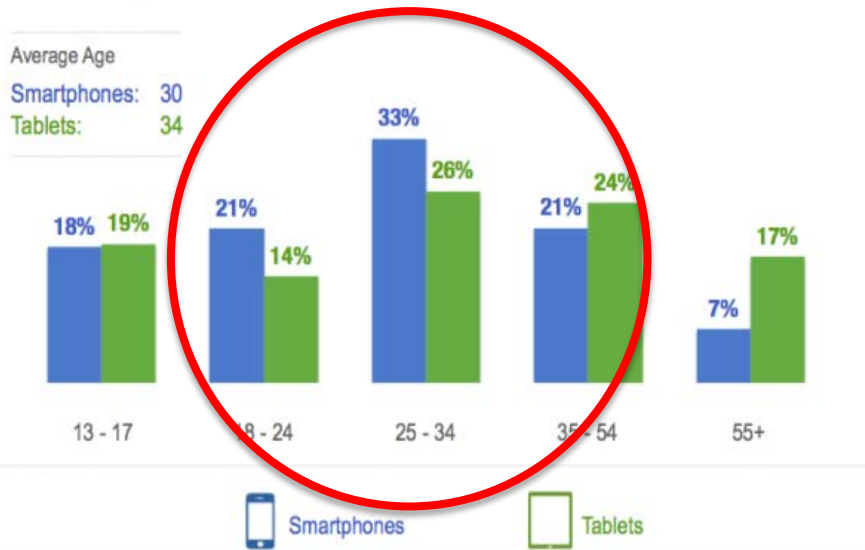
Source: Sandy C. Chen, Stowe Shoemaker, Dina Marie V. Zemke, (2013) "Segmenting slot machine players: a factor-cluster analysis"

Additional Estimates of 55+ Slot Engagement

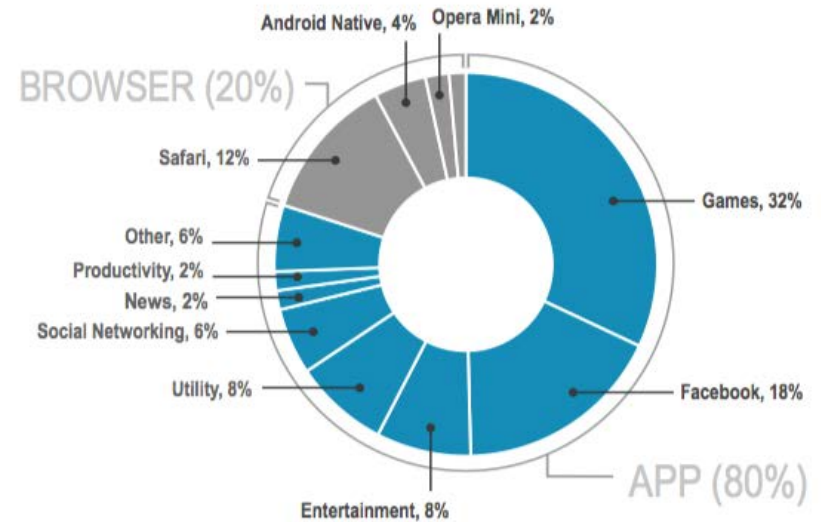
- o Age 56-60 – 90%
- o Age 61-65 – 75%
- o Age 66-70 – 65%
- o Age 71-75 – 45%
- o Age 76 – 80 – 25%
- o Age 80% and up – 10%

What Are They Doing?

Age Distribution, Smartphones versus Tablets

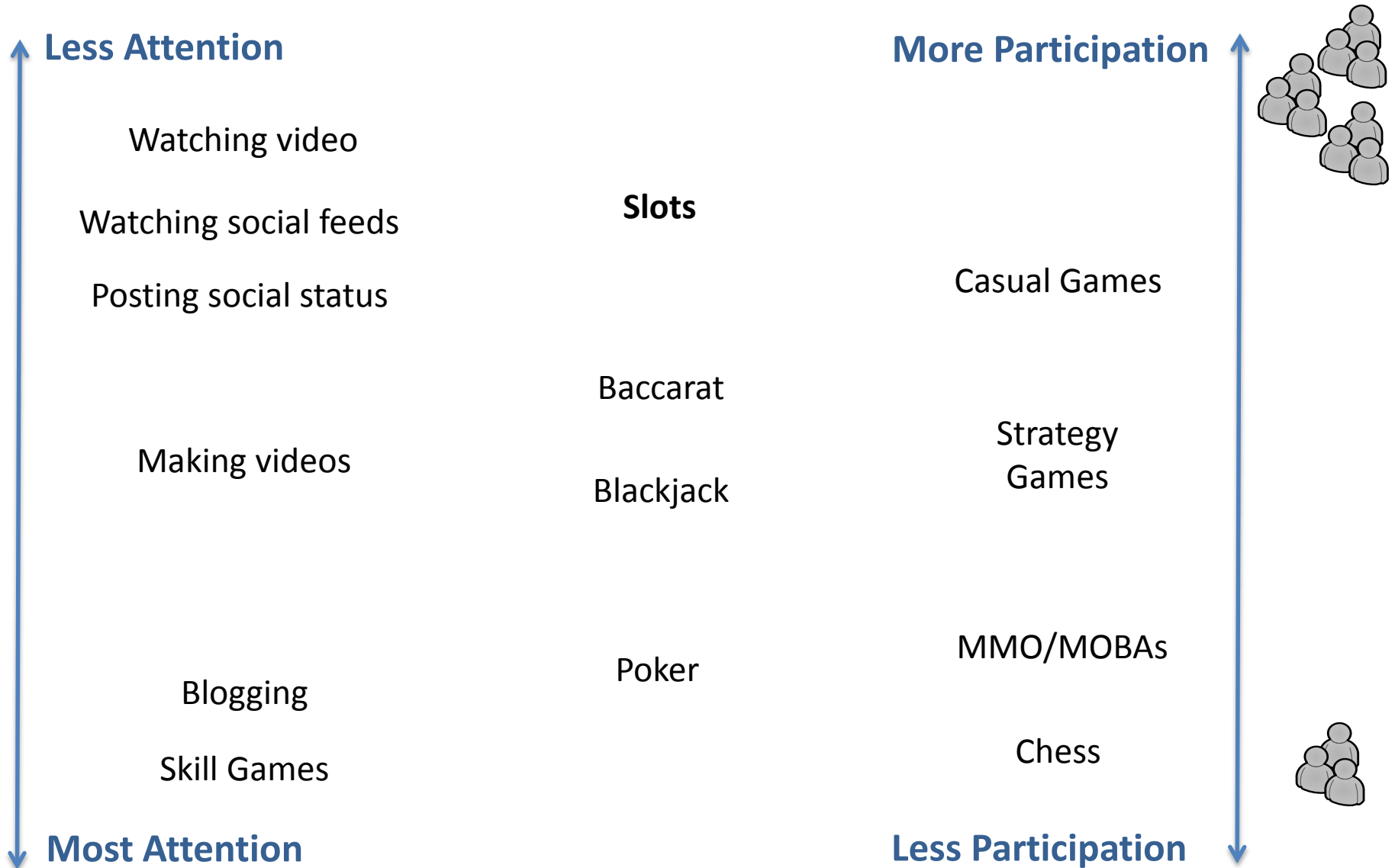


Time Spent on iOS & Android Connected Devices



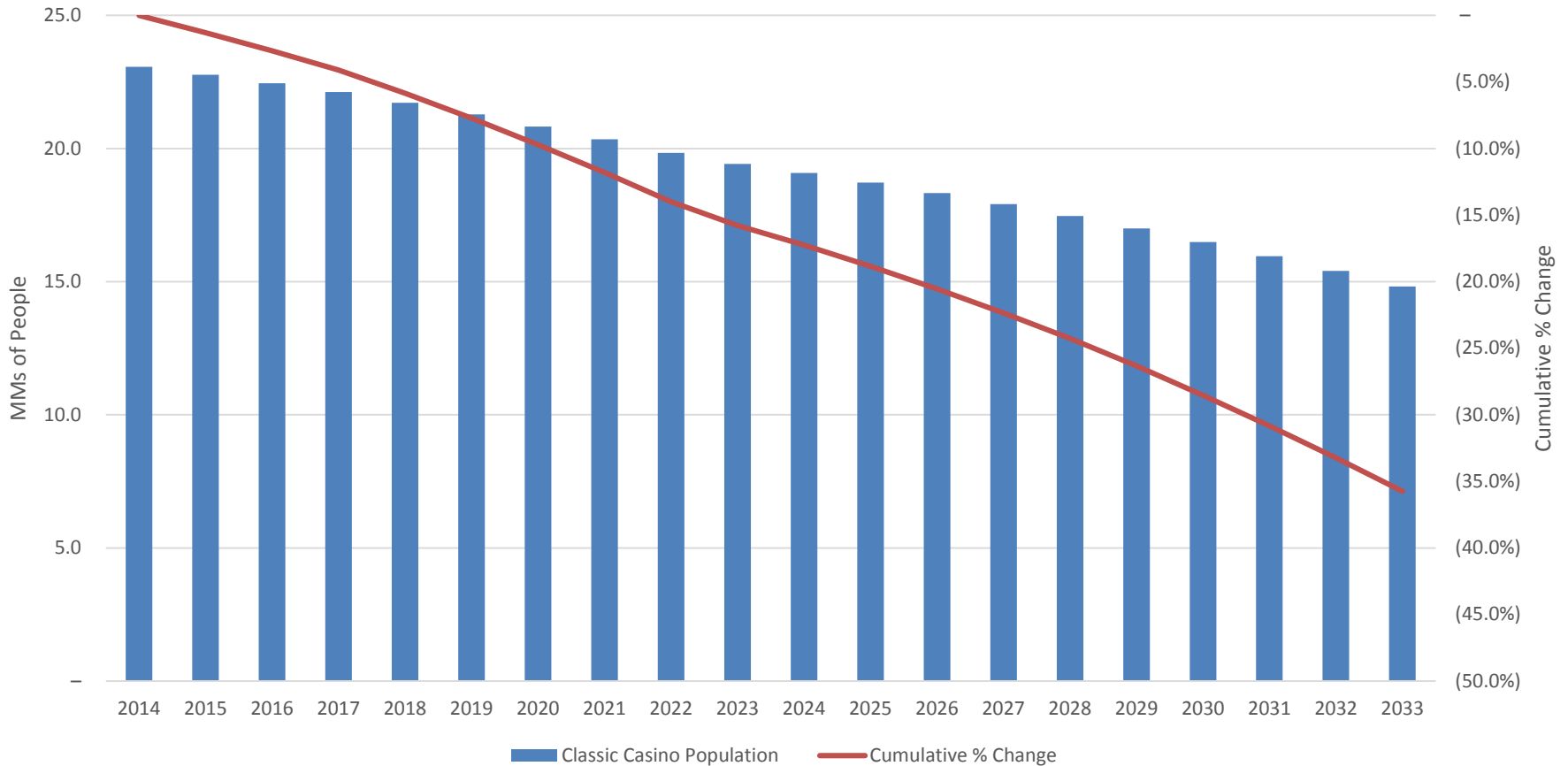
According to Flurry Analytics, the US consumer spends 2 hours 38 minutes per day on smartphones and tablets...that equals 41 minutes playing games per day!

Generation X & Millennials: Gaming Entertainment



Classic Casino Population Decline

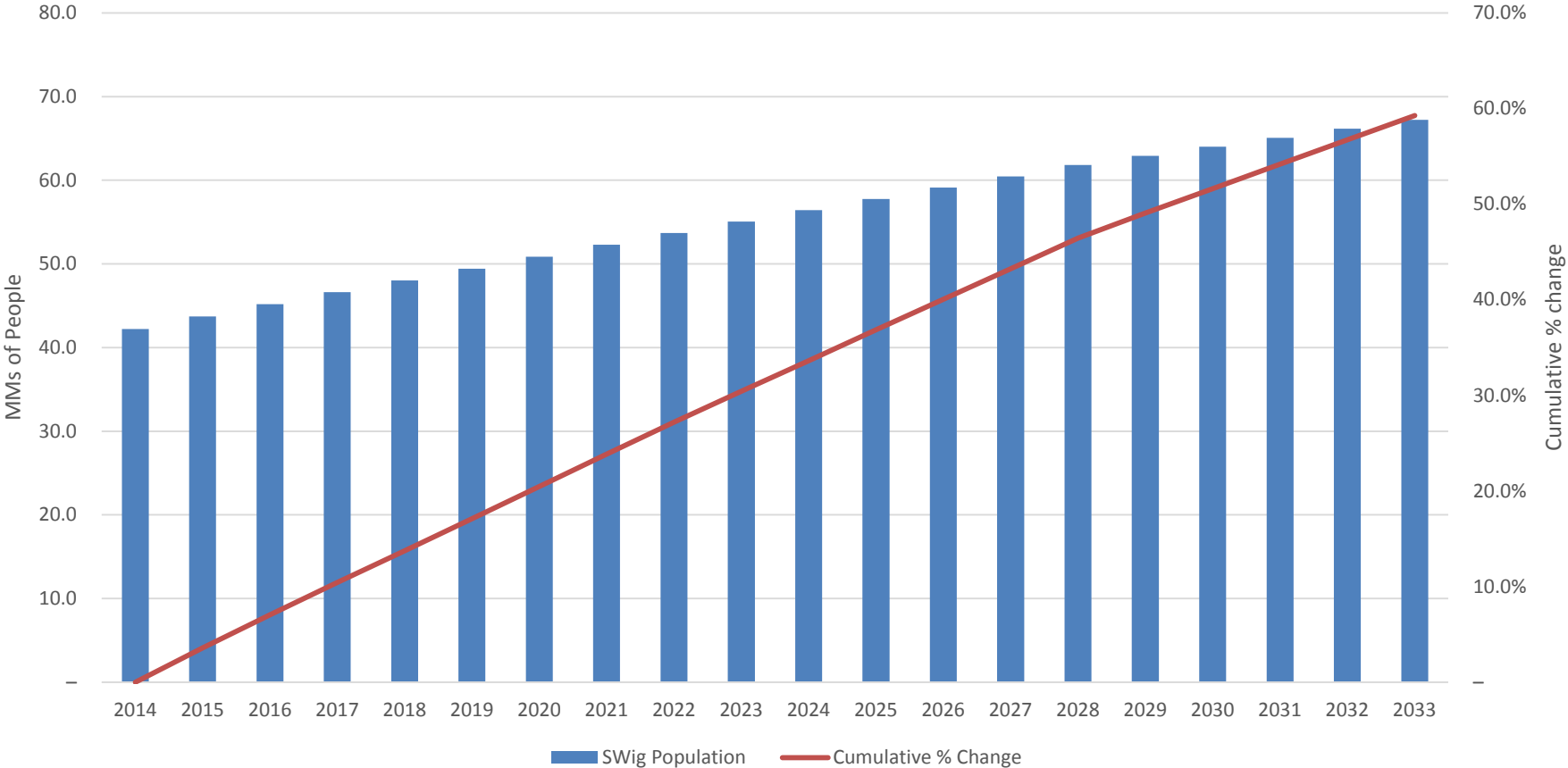
United States Classic Casino Population
(Casino visitors age 21+ who play slots)



When aging the United States population and extrapolating for casino visitation and slot machine engagement, the Classic Casino Population is expected to decrease 35% from 2014 to 2033.

Skill Games Play Population Increase

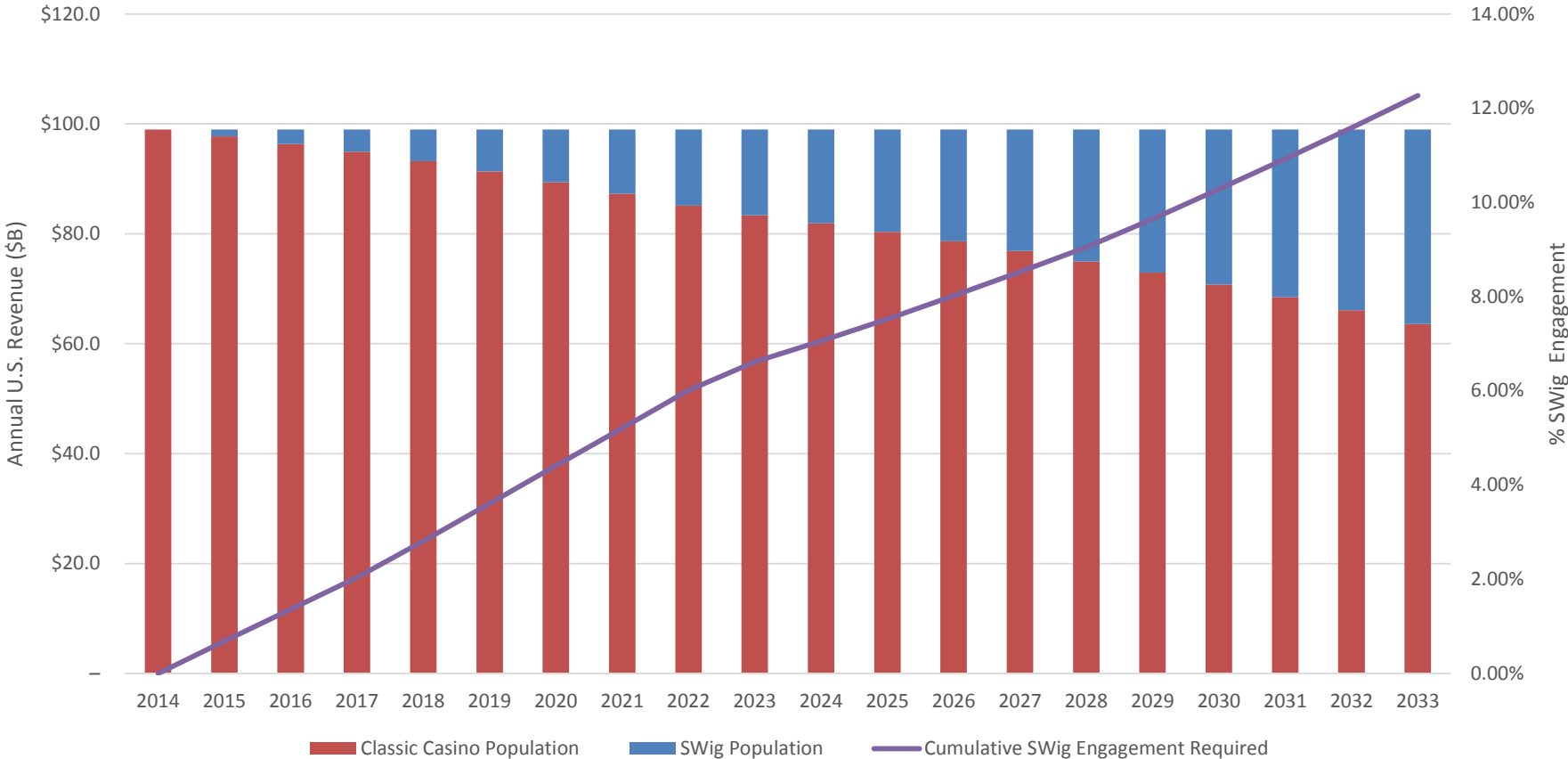
United States SWig Population
(Casino visitors age 21-49 that do not play slots)



Meanwhile, under the same methodology, the currently under-engaged SWig Population is expected to increase 59% over the same period.

Annual United States Revenue

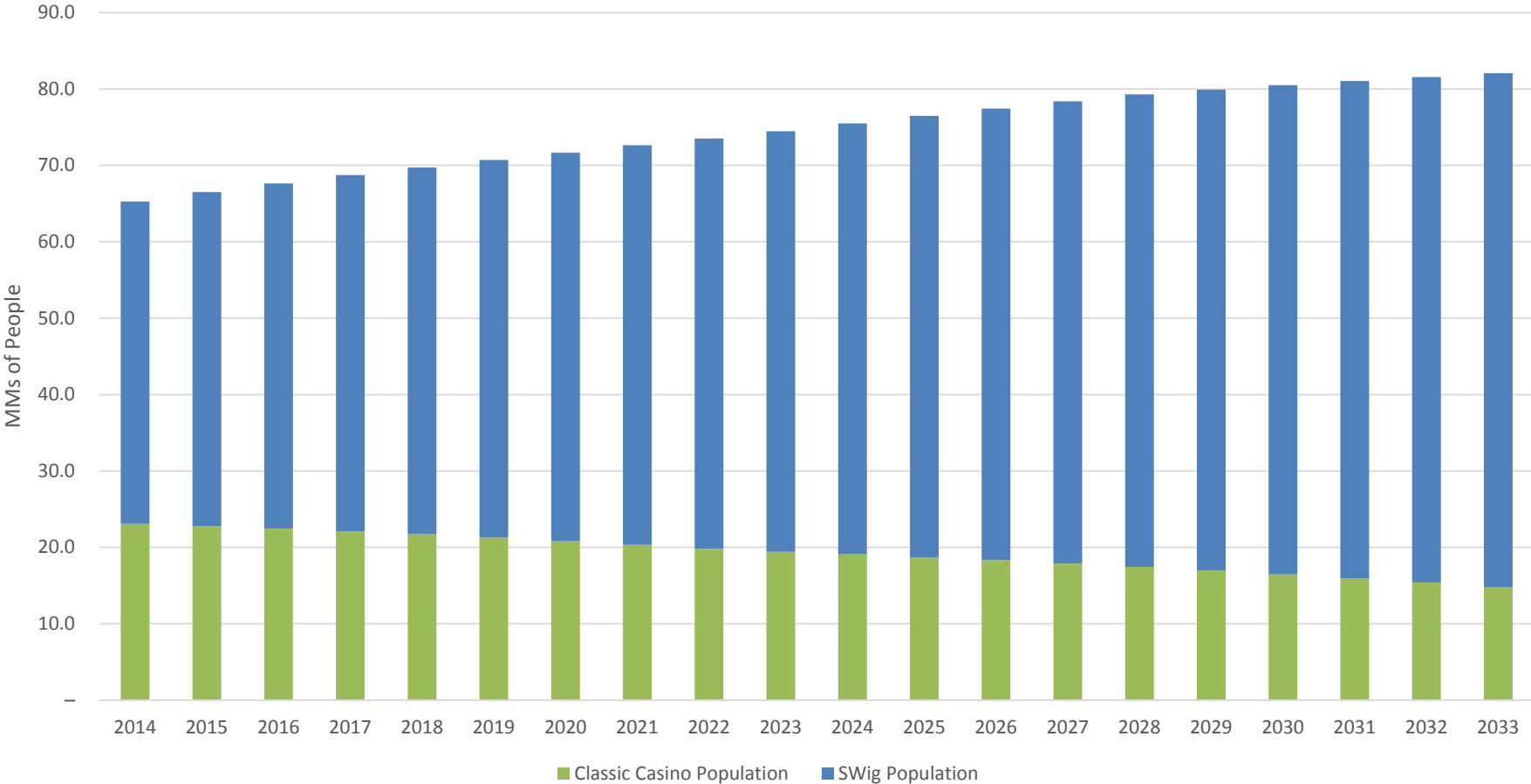
Annual United States Revenue
(Assuming a static \$99B market)



In order to compensate for a decreasing Classic Casino Population, Operators will at minimum need to engage 12.3% of the SWig Population to offset the projected decline in Classic Casino Population revenues.

Classic Casino and SWig Population

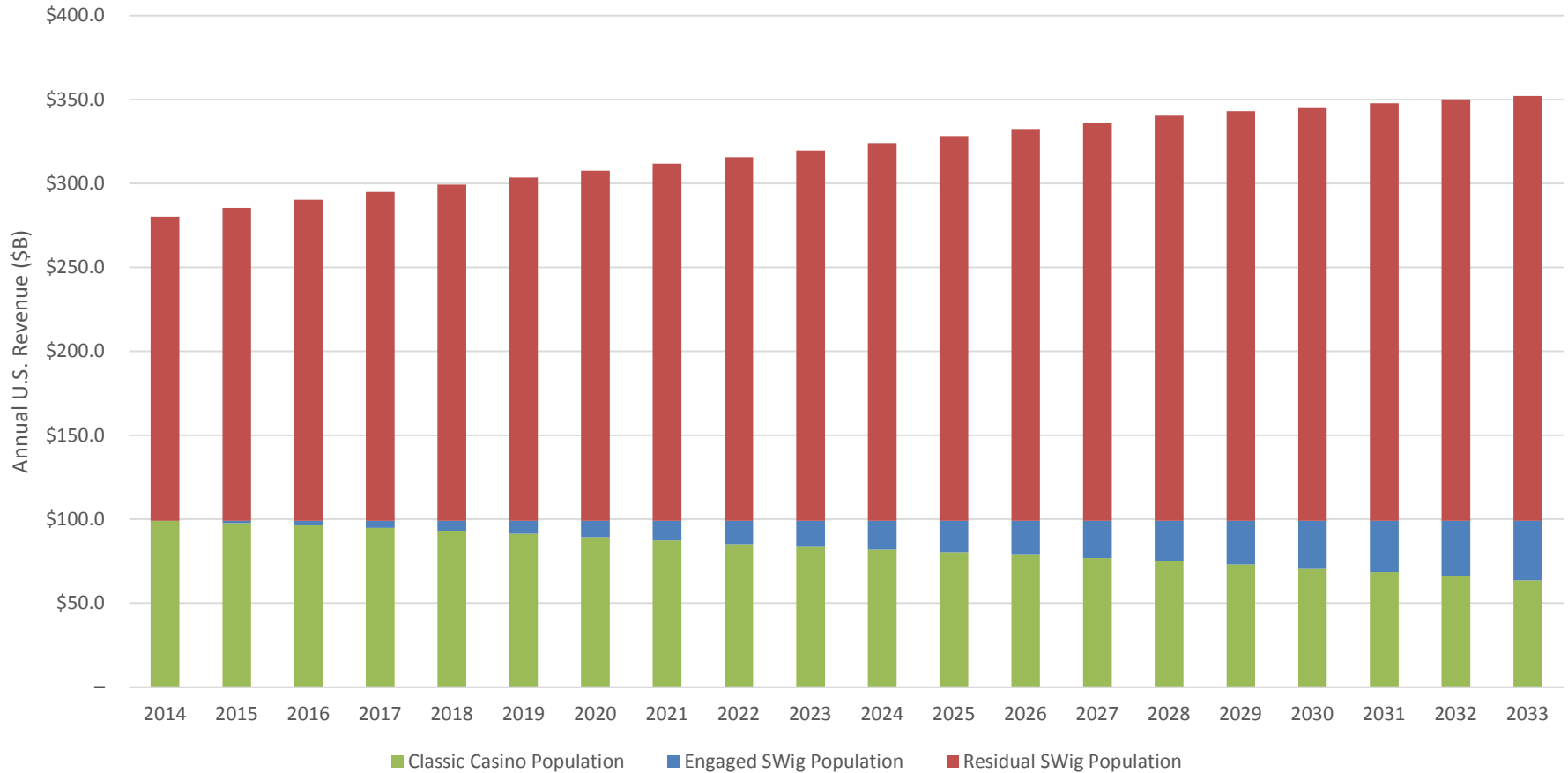
United States Classic Casino and SWig Population



However, the relative size of the SWig Population to the Classic Casino Population creates a substantial market opportunity.

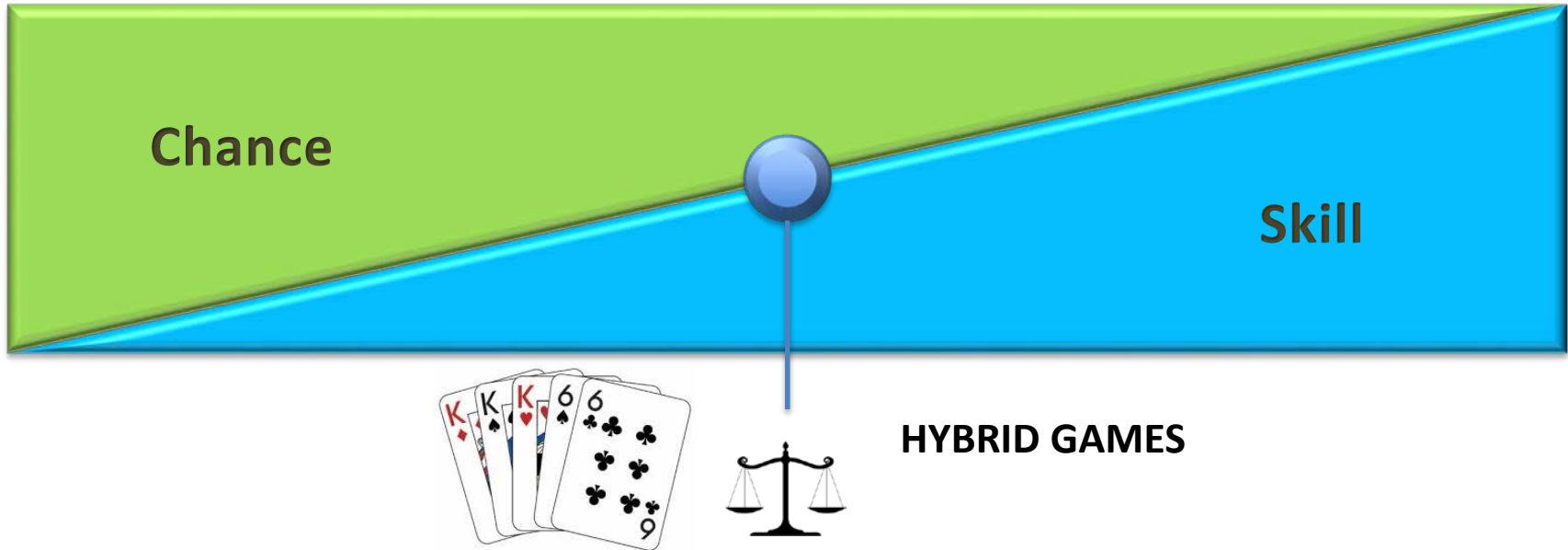
Annual United States Revenue

Annual United States Revenue
(Assuming full monetization of SWig Population)



If Operators could monetize the residual SWig Population, the potential revenues could far exceed the existing United States market.

The Answer is right in front of us: Hybrid Games

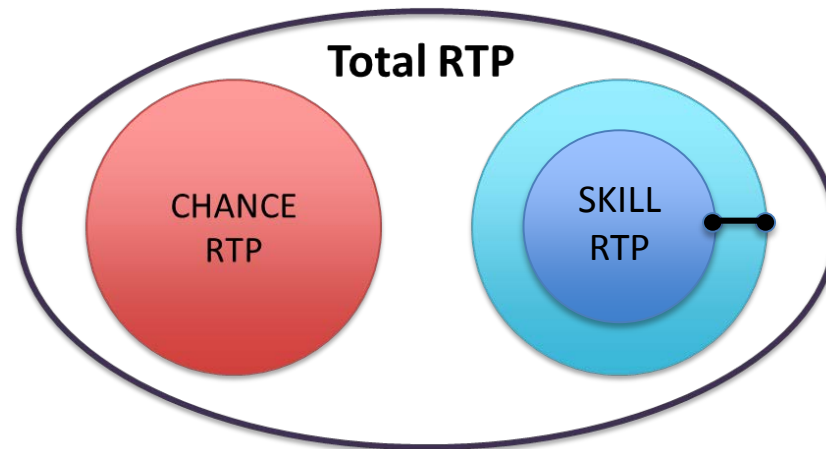


- Hybrid Games provide elements of Chance and Skill
- By providing a chance component, a sizeable portion of player return can be at parity, leaving an element of skill to tip the balance on player benefit
- Provides a more inclusive product incorporating player achievement
 - Chance provides an element of excitement
 - One not need be a “Ninja Master” to have real opportunity to win
- A significant chance component provides for precisely understood economics for banked games

Hybrid Games – RTP method

for Hybrid Games

- Chance RTP would be controlled by a traditional RNG + Par Sheet + Paytables approach
- RTP for a pure skill game aspect of the hybrid game must be known within a range
- RTP for a blended skill/chance aspect of the hybrid game can be precisely known
- Given the RTP of two domains are known, the hold range or a precise hold on a banked skill game can be determined (popular with Operators)





end

