



# DETERMINATION OF MERGER NOTIFICATION M/18/038 - STARS GROUP/SKY BETTING (CYAN BLUE)

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## Section 21 of the Competition Act 2002

### Proposed acquisition whereby The Stars Group, Inc. would acquire the entire issued share capital of Cyan Blue Topco Limited

Dated 18 June 2018

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#### Introduction

1. On 09 May 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 The Stars Group, Inc. (the “Stars Group”), through its wholly-owned indirect subsidiary Stars Group Holdings (UK) Limited (“Stars UK”), would acquire the entire issued share capital of Cyan Blue Topco Limited (“CBTL”) which ultimately controls the Sky Betting & Gaming group of companies (“SBG Group”) from Cyan Blue JerseyCo Limited, Sky UK Limited, Cyan Blue Manco Limited and twelve individual management shareholders<sup>1</sup> (collectively the “Vendors”)(“the Proposed Transaction”).

#### The Proposed Transaction

2. The Proposed Transaction is to be implemented pursuant to a sale and purchase deed dated 21 April 2018 between the Vendors, Stars UK, Stars Group, Stars Group Holdings B.V. and Stars Group Holdings Coöperatieve U.A. (the “Agreement”). On completion of the Proposed Transaction, Stars UK shall acquire the entire issued share capital of CBTL. Accordingly, the Proposed Transaction will result in Stars Group acquiring sole control of CBTL.

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<sup>1</sup> The [...] individual management shareholders are as follows: [...], (collectively the “Individual Sellers”).



## The Undertakings Involved

### *The Acquirer - Stars Group*

3. Stars Group is a Canadian incorporated entity, constituted under the laws of the Province of Ontario, with its registered address at Royal Bank Plaza, South Tower, Suite 3205, 200 Bay Street, Toronto, Ontario M5J 2J3, Canada. Stars Group is a global provider of technology-based products and services in online gaming and interactive entertainment.
4. Stars Group owns and operates a number of online gaming offerings, e.g., casino, real-money poker and play-money poker, as well as interactive entertainment businesses and online "sportsbook" betting services.<sup>2</sup> Stars Group provides online betting and gaming services to customers in the State through the following brands: *PokerStars* - online poker; *PokerStars Casino* - online casino gaming and slots; *BetStars* - online sportsbook betting branded product; and *Full Tilt* - online poker. In addition, Stars Group operates a number of real-world poker tournaments<sup>3</sup> globally under brands such as *European Poker Tour*, *Latin American Poker Tour*, *Asia Pacific Poker Tour*, *PokerStars Caribbean Adventure* and *PokerStars MEGASTACK live*. Stars Group currently holds, through one of its subsidiaries, a "Remote Bookmakers Licence" from the Irish National Excise Licence Office which permits Stars Group to provide online sports betting to customers in the State.<sup>4</sup> Stars Group also provides online gaming to customers in the State through its Maltese multi-jurisdictional gaming licence.<sup>5</sup>
5. In addition, Stars Group provides online affiliate marketing services (which include, to a limited extent, odds comparison facilities as discussed below) via its subsidiary iBus Media Limited ("iBus"). iBus sells advertising space on its wholly-owned online

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<sup>2</sup> The parties provided the following description of sportsbook betting in the notification, "*Sportsbook betting, where bets are placed against the bookmaker, can be distinguished from exchange betting, where customers bet against each other. Neither party to the Proposed Transaction is active in exchange betting. Sportsbook betting predominantly relates to the outcome of certain sporting events (football matches, horse races, etc), but can also include a wide range of non-sporting events such as weather and politics.*"

<sup>3</sup> In the notification, the parties note the following in relation to real-world poker tournaments, "*players can qualify to play by first participating in online poker events*".

<sup>4</sup> The parties state the following in the notification, "*The Stars Group renewed this two year licence in [...] and it is currently valid until [...]*".

<sup>5</sup> The parties state in the notification that, "*The Stars Group does not provide any exchange betting services, online bingo services or any lottery services globally (including Ireland) ... does not operate any licensed betting offices (LBOs) either globally or in Ireland*".



websites, i.e., *PokerNews*, *CasinoSmash* and *BookieSmash* as well as *FantasyWired*<sup>6</sup>, which are specifically devoted to online gambling. The content of these websites is specially written to appeal to customers of online gambling services, e.g.:

- FantasyWired (<http://www.fantasywired.com/>) is a type of online game where participants assemble imaginary or virtual teams of real players of a professional sport which provides guidance on various fantasy sports providers, “how-to” guides, and advice on how to select and manage successful fantasy sports teams.
- PokerNews’ homepage ([www.pokernews.com](http://www.pokernews.com)) features articles on recent and forthcoming poker tournaments such as “*Bonomo Leads Final 14 Players into Day 3 of Super High Roller Bowl*” and “*How to Choose the Best Poker Room for You*”. It provides videos, advice on poker strategy, player rankings, and lists links to “*Must Have Rooms*”.
- CasinoSmash’s homepage ([www.casinasmash.com](http://www.casinasmash.com)) offers guides such as “*A Jaw-Dropping List of the Most Kickass New Slots of 2018!*”, compares casino offerings and lists links to recommended casinos, games and bonuses.
- BookieSmash’s homepage ([www.bookiesmash.com](http://www.bookiesmash.com)) offers articles such as “*Premier League Week 21: Odds, Predictions and Betting Picks*”, which offers match-by-match commentary and offers a single “Top Bet” for each match, and “*Four Football Betting Strategy Mistakes and How to Avoid Them*”.<sup>7</sup>

6. In addition, iBus also uses third party sub-affiliates/publishers within its online affiliate network of approximately [...] sub-affiliates/publishers, which display advertisements on their own websites which were placed initially through iBus.

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<sup>6</sup> The parties informed the Commission that iBus currently owns [...]% of *FantasyWired*, and [...]”.

<sup>7</sup> The parties informed the Commission that “*BookieSmash* has, however, been effectively dormant since 2016 (as can be seen from the dates of the most recent articles) The website is maintained predominantly for search engine optimisation purposes, though iBus also receives very small amounts of revenues from historic trackers.”



7. For the financial year ending 31 December 2017, Stars Group's worldwide turnover<sup>8</sup> was approximately €[...]<sup>9</sup>, of which approximately €[...]<sup>10</sup> was generated in the State.

*The Target - CBTL and SBG Group*

8. CBTL is a private limited liability company, incorporated in Jersey with a registered office at 1 Waverley Place, Union Street, St Helier, Jersey, Channel Islands. CBTL ultimately controls the SBG Group.<sup>11</sup>
9. SBG Group operates a range of online and mobile betting and gaming services. SBG Group operates mainly in the United Kingdom, but also has customers located in other jurisdictions, including Germany, Austria, Italy, the Channel Islands, Gibraltar and the State.
10. SBG Group principally operates and offers the following gambling related brands and services, including in the State:
- *Sky Bet* – online and mobile sports betting;
  - *Sky Vegas* – online and mobile casino, games and promotions;
  - *Sky Casino* – online and mobile higher performance casino brand including live dealer games;
  - *Sky Bingo* – online and mobile bingo;
  - *Sky Poker* – online and mobile poker room;
  - *Sportinglife* – a sports information website providing results, schedules and tips as well as selling advertising space on its website to third parties; and

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<sup>8</sup> 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) and the revenue generated by Stars Group in relation to its business-to-business transactions, i.e., through iBus.

<sup>9</sup> Euro figure converted from US\$[...] billion using the European Central Bank (ECB) average conversion rate of 0.8870 for 1 January 2017 – 31 December 2017.

<sup>10</sup> Euro figure converted from US\$[...] million using the European Central Bank (ECB) average conversion rate of 0.8870 for 1 January 2017 – 31 December 2017.

<sup>11</sup> Prior to implementation of the Proposed Transaction, the controlling shares in CBTL, are held as follows: [...].



- *Free-to-play games* – Soccer Saturday Super 6, Fantasy Football, and Fantasy Six-A-Side.
11. In addition, SBG Group owns and operates Cyan Blue Odds Limited, which trades as *Oddschecker*, a free-to-use customer-facing price/odds comparison service which offers online odds comparison services. Betting providers and, to a more limited extent, gaming providers partner with Oddschecker to have their business-to-consumer (“B2C”) offerings displayed on Oddschecker’s platform, while customers use the Oddschecker website to compare the offerings of different gaming providers.<sup>12</sup> The Oddschecker homepage ([www.oddschecker.com](http://www.oddschecker.com)) provides item-by-item lists of the odds offered by various gambling partners for a wide range of international sporting events, e.g., football matches, horse races and greyhound races. In addition, Oddschecker provides itemised lists of the odds offered by various gambling partners for other sports such as golf, tennis, boxing, rugby and basketball, as well as political and social events. Oddschecker also provides comparisons of the available bonuses and promotions offered by online casino and bingo providers in a list-based format. Oddschecker is remunerated by the betting and gaming providers for the provision of this service. Oddschecker also provides betting tips and other articles in a separate section of its website. Furthermore, Oddschecker supplies advertising space on its website to third parties.
12. Oddschecker is primarily active in the United Kingdom, however it also has customer facing websites in Italy, Germany, Spain and Australia. Oddschecker’s main website<sup>13</sup>, which also serves as the United Kingdom website, is accessible by consumers globally, including by consumers in the State, subject to national and regional licensing restrictions. Furthermore, Oddschecker is active in the State through its Oddschecker application which has recently become available on the Irish Apple iOS App Store. The Oddschecker application offers betting information relating to Irish events, e.g., Irish race meetings and Irish football matches.

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<sup>12</sup> Information provided by the parties to the Commission note the following, “Customers can click through to the websites of their preferred online betting service provider, and place their bet.”

<sup>13</sup> [www.oddschecker.com](http://www.oddschecker.com)



13. SBG Group has no retail (i.e., offline) activities anywhere in the world and as such does not operate any licensed betting offices (“LBOs”) in the State or elsewhere.
14. For the financial year ending 30 June 2017, CBTL and SBG Group’s combined worldwide turnover<sup>14</sup> was approximately €[...]<sup>15</sup> of which €[...]<sup>16</sup> was generated in the State.

### Rationale for the Proposed Transaction

15. The parties state in the notification:

*“The Purchaser is seeking to purchase the Target to diversify the business into sports betting and regulated markets, increase its front-end technology capability and acquire a UK online betting and gaming brand. The Purchaser plans to continue to offer services under both the Purchaser’s and Target’s respective brands, in line with their respective strengths in different segments and jurisdictions following the Proposed Transaction.”*

### Third Party Submissions

16. No submission was received.

### Competitive Analysis

#### *Horizontal Overlap*

17. 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<sup>17</sup>; (iii) the provision of online advertising space on gambling related websites; and, to a limited extent; (iv) the provision of online gambling affiliate marketing services in the State. There is no horizontal overlap between the parties’ activities with respect

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<sup>14</sup> 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) and the revenue generated by CBTL and SBG Group in relation to its business-to-business transactions, e.g., through Oddschecker.

<sup>15</sup> Euro figure converted from GB£[...] using the European Central Bank (ECB) average conversion rate of 1.1633 for 1 July 2016 – 30 June 2017.

<sup>16</sup> Euro figure converted from GB£[...] using the European Central Bank (ECB) average conversion rate of 1.1633 for 1 July 2016 – 30 June 2017

<sup>17</sup> For a 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.cpc.ie/business/wp-content/uploads/sites/3/2017/04/M-15-059-Paddy-Power-Betfair-Public.pdf>.



to the provision of betting services in LBOs in the State since neither Stars Group nor SBG Group own or operate any LBOs in the State.

18. The Commission has previously assessed the competitive impact of transactions involving the provision of online betting services and online gaming services.<sup>18</sup> In its determination 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”*.<sup>19</sup> The Commission notes that it has not previously assessed the competitive impact of transactions involving the sale of online advertising space on gambling related websites in the State.
19. The European Commission has previously considered the provision of gaming and betting services.<sup>20</sup> 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.”*<sup>21</sup>
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

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<sup>18</sup> Please see, for example, merger determination *M/15/059 – Paddy Power/Betfair* which can be accessed at <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/04/M-15-059-Paddy-Power-Betfair-Public.pdf>; merger determination *M/16/007 – Ladbrokes/Gala Coral* which can be accessed at <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/04/M-16-007-Ladbrokes-Coral-Public.pdf>; merger determination *M/16/004 – Dekabank/Whitewater Development* which can be accessed at: <https://www.ccpc.ie/business/mergers-acquisitions/merger-notifications/m16004-deka-immobilien-dekaban- whitewater-development/>; merger determination *M/16/030 – Blackstone/Blanchardstown* which can be accessed at <https://www.ccpc.ie/business/mergers-acquisitions/merger-notifications/m16030-blackstone- groupblanchardstown-shopping-centre/> and merger determination *M/16/057– Universal Investment GmbH/ Liffey Valley Shopping Centre* which can be assessed at: <https://www.ccpc.ie/business/mergers-acquisitions/merger-notifications/m16057-universal-investmentliffey-valley-shopping-centre/>

<sup>19</sup>Please see paragraph 16 of *M/16/007 – Ladbrokes/Gala Coral* which can be accessed at <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/04/M-16-007-Ladbrokes-Coral-Public.pdf>.

<sup>20</sup>Please see Case M.8640 -CVC/Blackstone/Paysafe which can be accessed at [http://ec.europa.eu/competition/mergers/cases/decisions/m8640\\_106\\_3.pdf](http://ec.europa.eu/competition/mergers/cases/decisions/m8640_106_3.pdf)

<sup>21</sup> 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](http://ec.europa.eu/competition/mergers/cases/decisions/m8640_106_3.pdf)



online fixed-odds betting services is in the same product market as the provision of online exchange betting services 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 CBTL and SBG Group 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 fixed-odds 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 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.





23. Finally, 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 provision of online gambling affiliate marketing services. The Commission's conclusion on the competitive impact of the Proposed Transaction will be unaffected whether the precise relevant product market is defined narrowly (e.g., the provision of odds comparison services) or more broadly (e.g., the provision of online gambling affiliate marketing 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 odds comparison services.
24. Similarly, the Commission does not need to come to a definitive view on the precise geographic market definition for any of the potential product markets identified in paragraphs 20 to 23 above since its conclusion on the competitive impact of the Proposed Transaction will be unaffected whether the relevant geographic market is defined as national or is defined more widely. 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 geographic market, namely the State.

#### *Conclusion on market definition*

25. 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 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.

#### *(i) The provision of online fixed-odds betting services in the State*

26. Information provided to the Commission by the parties indicates that the total size of the potential market for the provision of online fixed-odds betting services in the State was approximately €[...] in 2017, which is approximately 79.4% of the overall online



betting sector (i.e., comprising telephone betting, fixed-odds betting and exchange betting).<sup>22</sup>

27. The parties submitted market share estimations which indicate that Stars Group and SBG Group held an estimated share of [0-5]% and [0-5]%, respectively, in the potential market for provision of online fixed-odds betting services in the State in 2017. Therefore, following implementation of the Proposed Transaction, Stars Group's share in respect of the provision of online fixed-odds betting services in the State would amount to [0-5]%, which would represent a minimal increase of [0-5]% to its existing share of that potential market.
28. In addition, the Commission understands that there are a large number of competitors currently active in the provision of online fixed-odds betting services in the State. These competitors include *Paddy Power Betfair*, *bet365*, *Ladbrokes Coral*, *Boylesports*, *BetVictor*, *Betway*, *Betfred*, *888 Holdings* and *William Hill*, among others. 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*

29. Information provided to the Commission by the parties indicates that the total size of the potential market for online gaming services in the State was approximately €[...] (based on net gambling revenue) in 2017. The parties submitted market share estimates for the provision of online gaming services in 2017 in the State.<sup>23</sup>
30. The information provided to the Commission by the parties indicated that Paddy Power Betfair is the clear market leader with an estimated [15-20]% share of the provision of online gaming services in the State in 2017. In addition, in 2017 Stars Group and SBG Group held an estimated share of [5-10]% and [0-5]%, respectively, in the potential

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<sup>22</sup> The parties calculated the total size of the potential market for online fixed-odds betting services in the State on the basis of estimated net gambling revenue ("NGR") which represents the total amount staked (i.e., the total amount of money received from customers from online betting) less winnings and other costs. The parties obtained total market share estimates from *Regulus Partner*. The parties state the following in the notification, "*The data on the relevant market shares has been prepared by Regulus Partner a strategic consultancy focused on International gambling and related industries. The Parties are of the view that Regulus offers the most accurate independent measure of market size of competitors' positions available in relation to Ireland.*"

<sup>23</sup> Please see footnote 22 for a description of how the parties calculated such market share estimates.



market for the provision of online gaming betting services in the State.<sup>24</sup> Therefore, following implementation of the Proposed Transaction, Stars Group's share in respect of the provision of online gaming services in the State would amount to [5-10]%, which would represent an increase of approximately [0-5]% to its existing share of that potential market. The Commission notes that there are a large number of competitors currently active in the provision of online gaming services in the State. These competitors include *Paddy Power Betfair*, *bet365*, *Ladbrokes Coral*, *Boylesports*, *888 Holdings* and *William Hill*, among others. The Commission considers that these competitors will continue to exert a competitive constraint on the parties following implementation of the Proposed Transaction.

31. In addition, the Commission notes that there is a high degree of market transparency for consumers of online gaming services, e.g., consumers can compare prices and promotions online through odds comparison websites, such as Oddschecker, Bestbetting, Racing Post, Flashscore and Racing UK, as well as through independent review websites such as *yesnocasino.com* and *gambling.com*. Furthermore, information provided by the parties to the Commission indicated that consumers can operate several accounts with different gambling providers simultaneously and that *"it is the norm for gambling customers to have user accounts with multiple service providers"*.<sup>25</sup> The Commission considers that, ultimately, any attempt by the merged entity to raise prices (or otherwise harm competition) following implementation of the Proposed Transaction is likely to lead to customers switching their spend to rival online gaming service providers, including those providers listed in paragraph 30 above.

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<sup>24</sup> The parties calculated market share estimates on the basis of estimated net gambling revenue ("NGR") which represents the total amount staked (i.e., the total amount of money received from customers from online betting) less winnings and other costs. The parties state the following in the notification, *"The data on the relevant market shares has been prepared by Regulus Partner (Regulus) a strategic consultancy focused on International gambling and related industries. The Parties are of the view that Regulus offers the most accurate independent measure of market size of competitors' positions available in relation to Ireland."*

<sup>25</sup> This was also noted in of the Commission's merger determination in *M/15/059 – Paddy Power/Betfair* which can be accessed at <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/04/M-15-059-Paddy-Power-Betfair-Public.pdf>.



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

32. Both Stars Group via iBus and SBG Group through Oddschecker and Sportinglife sell online advertising space.
33. Information provided by Stars Group indicated that iBus generated revenue of approximately €[...] in 2017 in the State, with just [...] customers located in the State.<sup>26</sup> Information provided by SBG Group indicated that Sportinglife and Oddschecker generated the following revenues from consumers with Irish IP addresses:
- Sportinglife – estimated gross online advertising revenue approximately €[...]<sup>27</sup> for the period May 2017 to May 2018; and
  - Oddschecker – estimated gross online advertising revenue approximately €[...]<sup>28</sup> for the period May 2017 to April 2018 of which approximately €[...] was generated from online advertising and €[...] from website sponsorship<sup>29</sup>.
34. The Commission notes that the parties combined revenue generated from the sale of advertising space on their gambling related websites in 2017 was less than €[...]. The Commission considers that the parties revenue generated from this business activity is minimal and unlikely to raise any horizontal competition concerns post-transaction.
35. Additionally, the Commission notes that there are a number of competing websites whose content specially appeals to customers of online gambling services, e.g., *Bestbetting*, *Racing Post*, *Flashscore* which offer advertising space to customers in the State. The Commission considers that these competitors will continue to exert a competitive constraint on the parties following implementation of the Proposed Transaction.

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<sup>26</sup> Euro figure converted from US\$[...] using the European Central Bank (ECB) average conversion rate of 0.8870 for 1 January 2017 – 31 December 2017.

<sup>27</sup> Euro figure converted from GB£[...] using the European Central Bank (ECB) average conversion rate of 1.1288 for 31 May 2017 – 31 May 2018.

<sup>28</sup> Euro figure converted from GB£[...] using the European Central Bank (ECB) average conversion rate of 1.1300 for 1 May 2017 – 31 April 2018

<sup>29</sup> The SBG Group provided the following description in relation to website sponsorship, “site sponsorship refers to the process whereby one operator takes over all advertising space exclusively for a certain period”.



*(iv) The provision of online odds comparison services*

36. The horizontal overlap between the business activities of the parties in relation to the provision of online odds comparison services in the State is minimal as the focus of the parties' activities is different.
37. As detailed in paragraph 5 above, Stars Group's online affiliate marketing services, (i.e., iBus), focus on the provision of online advertising services for gambling companies, whereas SBG Group, through Oddschecker, primarily provides online odds comparison services. However, iBus does provide, to a limited extent, odds comparison services albeit on a narrative basis. As highlighted in paragraph 5 above, iBus provides content on its websites, e.g., *PokerNews*, *CasinoSmash* and *BookieSmash*, which is specially created to appeal to customers of online gambling services, i.e., reporting on poker tournaments, advising on how to become a more successful better or gamer, providing racing tips, and highlighting favourable odds and casino promotions offered by betting and gaming providers (including the possibility of redirection to the websites of betting and gaming service providers). In contrast, Oddschecker provides item-by-item lists of the odds offered by various gambling partners for a wide range of events on its website such as football matches, horse races, greyhound races, and other sports such as golf, tennis, boxing, rugby, basketball, as well as political and social events. In addition, Oddschecker also provides itemised lists of comparisons of the available bonuses and promotions offered by online casino and bingo providers as well as betting tips and other articles in a separate section of its website.
38. Furthermore, for the financial year ending 31 December 2017, iBus generated a minimal turnover of approximately €[...] in the State. For the financial year ending 30 June 2017, OddsChecker generated revenue of approximately €[...] in the State.
39. In addition, the Commission understands that there are a number of competing online odds comparison services which are accessible to consumers in the State, e.g., *Bestbetting*, *Racing Post*, *Flashscore*, *Racing UK*, as well as independent review websites, such as *yesnocasino.com* and *gambling.com*, which will continue to act as a competitive constraints on Oddschecker and iBus following implementation of the Proposed Transaction.



### *Conclusion on Horizontal Overlaps*

40. In light of the above, the Commission considers that the Proposed Transaction is not likely to lead to any negative horizontal competitive effects in the State in respect of (i) the provision of online fixed-odds betting services, (ii) the provision of online gaming services (iii) the supply of online advertising space on gambling related websites or (iv) the provision of online odds comparison services.

### *Vertical Relationships*

41. There are currently two supply arrangements between the parties in the State in relation to the provision of: (i) odds comparison services; and, (ii) online affiliate marketing services, respectively.

#### *(i) The provision of odds comparison services to Stars Group by SBG Group*

42. There is an existing vertical relationship between the parties with respect to the provision of odds comparison services, as Stars Group, through its subsidiary TSG Interactive Services Limited, has an affiliate contract for services with Oddschecker, a division of SBG Group. Pursuant to this contract, Oddschecker displays Stars Group's business-to-consumer offerings on its platform.

43. The Commission considers whether the merged entity would have the ability and the incentive: (i) to foreclose competing betting and gaming providers from accessing odds comparison services in the State; and, (ii) to foreclose competing odds comparison services in the State.

44. The Commission considers that the Proposed Transaction does not give rise to any vertical foreclosure concerns in the State in relation to the provision of odds comparison services for the following reasons:

- As discussed in paragraph 27 and 30, there are a large number of competing online fixed odds betting providers and online gaming providers currently active in the State, such as *Paddy Power Betfair*, *bet365*, *Ladbrokes Coral*, *Boylesports*, *888 Holdings* and *William Hill*. In addition, following implementation of the Proposed Transaction, Stars Group's market share will account for a minimal



proportion, i.e., [0-5]%, of the total potential market for the provision of online fixed-odds betting services in the State and only [5-10]%, of the total potential market for the provision of online gaming services in the State. It is therefore unlikely that, post-transaction Oddschecker will have the ability to refuse to display the business-to-consumer offerings of competing gaming and/or betting providers on its platform;

- Odds comparison websites operate on the basis of having links to multiple betting and/or gaming providers to provide a complete service which provides odds comparison services across a number of betting and/or gaming providers to consumers. It is therefore unlikely that, post-transaction, Oddschecker would refuse to display the business-to-consumer offerings of competing gaming and/or betting providers on its platform;
- There are a number of competing odds comparison services currently accessible to consumers in the State, including *Bestbetting*, *Racing Post*, *Flashscore*, *Racing UK*. Post-transaction, therefore competing gaming and/or betting providers would have access to a range of odds comparison websites in addition to Oddschecker's platform; and
- The Commission considers that there will remain a sufficient number of competitors and customers following completion of the Proposed Transaction in all markets in which both Stars Group and SBG Group currently compete.

45. In light of the above, the Commission considers that, following implementation of the Proposed Transaction, the parties will neither have the ability nor the incentive to foreclose any competing online fixed odds betting providers from accessing odds comparison services and, accordingly, that the Proposed Transaction is not likely to lead to any vertical foreclosure concerns in the State in relation to the provision of odds comparison services.

*(ii) The provision of online affiliate marketing services to SBG Group by Stars Group*

46. There is an existing vertical relationship between the parties with respect to the provision of online affiliate marketing services, as SBG Group currently has a contract



for online affiliate marketing services with iBus, a subsidiary of Stars Group. Information provided by the parties to the Commission outlines that said contract relates specifically to the following, ["..."].

47. The Commission considers whether the merged entity would have the ability and the incentive to: (i) foreclose competing online fixed odds betting providers and/or online gaming providers from accessing online affiliate marketing services in the State; and (ii) foreclose competing online affiliate marketing services in the State.
48. The Commission considers that the Proposed Transaction does not give rise to any vertical foreclosure concerns in the State in relation to the provision of online affiliate marketing services for the following reasons:
  - Information provided by the parties to the Commission indicated that there are a number of international online marketing affiliates specialising in the gambling sector, for instance, more than 35,000 are listed on the Maltese-registered affiliate marketing network [www.gambling-affiliation.com](http://www.gambling-affiliation.com). In addition, the *2018 iGaming Business Affiliate Awards* shortlisted 32 online gaming and online betting marketing affiliates, e.g., *BetterCollective*, *Bettingexpert*, *Catena Media*, *Bettingpro*, *Bettingpro*, *EasyOdds*, *CasinoGrounds*, *Pokerlistings*, *PokerStrategy*, *PokerVIP*, *PokerTube*, *WantMyBet*. Post-transaction, both competing online fixed odds betting providers and/or online gaming providers would have access to a range of providers of online affiliate marketing services in addition to iBus;
  - As discussed in paragraph 27 and 30, there are a large number of competing online fixed odds betting providers and online gaming providers currently active in the State, such as *Paddy Power Betfair*, *bet365*, *Ladbrokes Coral*, *Boylesports*, *888 Holdings* and *William Hill*. In addition, post-transaction, Stars Group's market share will account for only [5-10]% of the total potential market for the provision of online gaming services in the State and only [0-5]% of the total potential market for the provision of online fixed odds betting services in the State. It is therefore unlikely that, post-transaction iBus will have the ability to refuse to provide online affiliate marketing services to competing gaming and/or betting providers;





- In 2017, iBus provided online affiliate marketing services to only [...] customers in the State and generated a minimal revenue of approximately €[...]<sup>30</sup>; and
- The Commission considers that there will remain a sufficient number of competitors and customers following completion of the Proposed Transaction in all markets in which both Stars Group and SBG Group currently compete.

49. In light of the above, the Commission considers that, following implementation of the Proposed Transaction, the parties will neither have the ability nor the incentive to foreclose any competing online fixed odds betting providers and/or online gaming providers from accessing online affiliate marketing services and, accordingly, that the Proposed Transaction is not likely to lead to any vertical foreclosure concerns in the State in relation to the provision of online affiliate marketing services.

#### *Conclusion on Vertical Relationships*

50. The Commission's market enquiries indicate that the Proposed Transaction does not raise any vertical foreclosure concerns. The Commission considers that, following implementation of the Proposed Transaction, there will remain a sufficient number of competitors and customers in both the provision of odds comparison services and the provision of online affiliate marketing services in the State. For this reason, the Commission considers that the Proposed Transaction will not result in any vertical foreclosure concerns.

#### **Ancillary Restraints**

51. The Agreement contains a number of non-compete, non-solicitation and confidentiality restrictions on [...].<sup>31</sup> The duration of these non-solicitation, non-compete and confidentiality obligations does not exceed the maximum duration acceptable to the Commission.<sup>32</sup> The Commission considers these restrictions to be directly related to

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<sup>30</sup> Euro figure converted from US\$[...] using the European Central Bank (ECB) average conversion rate of 0.8870 for 1 January 2017 – 31 December 2017.

<sup>31</sup> [...].

<sup>32</sup> In this respect, the Commission follows the approach adopted by the EU Commission in paragraphs 20 and 26 of its "Commission Notice on restrictions directly related and necessary to concentrations" (2005). For more information see [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305\(02\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305(02)&from=EN)



and necessary for the implementation of the Proposed Transaction insofar as they relate to the State.



### **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 The Stars Group, Inc., through its wholly-owned indirect subsidiary Stars Group Holdings (UK) Limited, would acquire the entire issued share capital of Cyan Blue Topco Limited which ultimately controls the Sky Betting & Gaming group of companies 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**