

# GVC Holdings

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## GVC's Alexander retires after building gambling empire - with only one world left to conquer

As GVC Holdings PLC (LON:GVC) chief executive Kenny Alexander's reign comes to an end tomorrow he can proudly look back at a path from AIM to the FTSE 100 that is almost unique.

Only one other former AIM minnow has managed the same and that is Melrose Industries PLC (LON:MRO), and both companies leant heavily on acquisitions in order to make the giant steps from the loosely regulated junior market to the blue chip goldfish bowl.

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At the age of 37, Alexander joined as CEO in February 2007 of what was then called Gaming VC Holdings from online betting company Sportingbet where he was managing director of European operations, having started out as an accountant at Grant Thornton.

Commenting on his appointment at the time, the Scotsman said he was looking forward "to driving the business forward in the next stage of its development" and that the company "has great potential and the aim is to take advantage and maximise the opportunities which exists in the European gaming sector".

For the first half of 2007, the group generated revenue of €22mln and underlying profits (EBITDA) of €10mln, declaring a €0.2 interim dividend.

By 2010, having acquired Betboo in Latin America and poached a couple of key appointments from Sportingbet, Alexander announced an organic expansion strategy with new products and new territories, later in the year adopting the GVC moniker.

Then the acquisitions started to pick up in size while he also reduced exposure to unregulated markets to add credibility for investors, with his old employer Sportingbet added in 2013 before the scale Alexander's empire-building ambitions first came to broader attention.

In 2016, the modestly sized, AIM-quoted outfit made a bid for FTSE 250-listed bwin.party, which was completed in 2016 and propelled the company into the almost-big-time.

This confirmed the Scot's taste for David-takes-over-Goliath acquisitions, which was further sated by the purchase of Ladbrokes Coral, which was completed in March 2018.

GVC now has a headcount above 25,000 with 20 offices across five continents, including a potential major growth opportunity in the US, via a joint venture with MGM Casinos.

GVC shares fell 5% by around midday, wiping around £250mln off its market value, which analysts said reflected that

**Price:** 979

**Market Cap:** £5.73 billion

### 1 Year Share Price Graph



### Share Information

**Code:** GVC

**Listing:** AIM

**52 week High Low**  
1156.5 292.703

**Sector:** Leisure, gaming and gambling

**Website:** www.gvc-plc.com

### Company Synopsis:

GVC Holdings PLC (LON:GVC) is one of the world's largest sports betting and gaming groups, offering sports betting, casino, poker and bingo and operate some of the industry's largest online brands including bwin, Sportingbet, partypoker, partycasino and Foxy Bingo.

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the market viewed his departure as bad but not disastrous news.

"It seems like investors don't want Kenny Alexander to step down as boss of gambling group GVC," said Russ Mould, investment director at AJ Bell. "Alexander is seen as the brains behind GVC's rapid ascent."

"Shareholders have been made very rich as a result of GVC's ascent up the gambling industry ladder and so they might be nervous about his successor's ability to keep striking the right notes."

Making a significant change at the helm at what is a turbulent time, with intense regulatory scrutiny and coronavirus implications sizeable, comes with no little risk.

### **No more worlds left to conquer?**

"And when Alexander saw the breadth of his domain, he wept, for there were no more worlds left to conquer," said **Hans Gruber, played by Alan Rickman in Die Hard.**

But while the Germanic occupant of the Nakatomi Plaza is referring to Alexander the Great, our Scottish Alexander, the GVC great, has one corner of the world that potentially offers considerable riches and the opportunity

At broker Peel Hunt, analyst Ivor Jones said: "Perhaps his departure signals that swashbuckling M&A is less likely, but, with the US market opportunity continuing to expand, GVC can still achieve positive transformational change."

Jones said Segev and the remaining top team is "well placed to continue GVCs' excellent execution of its business plan".

The trading update released along with the board changes confirmed that the core online business is performing very well, so Jones felt investor attention may shift towards the opportunity in the US, with the company having recently made clear that it will invest "whatever it takes" to gain a leading market share.

Either, as he insists, Alexander's enthusiasm for world conquering has dimmed and he has decided to spend more time with his family after four months of reflection while working from home during lockdown, or perhaps he reckons the US will be the toughest battle of all.

### **Other names that made the moved from AIM to the main market:**

- Melrose International PLC (LON:MRO)
- Mears Group PLC (LON:MER)
- Domino's Pizza Group PLC (LON:DOM)
- Thalassa Holdings Limited (LON:THAL)
- Game Digital, since taken over
- Diversified Gas & Oil PLC (LON:DGOC)
- Center Parcs, since gone private again
- Sirius Minerals PLC, since taken over

Since AIM's formation in 1995, just over 150 companies have graduated from the 'junior' to the main market, averaging around six per year.

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