

## Gaming

## January Sports Betting/iGaming: Another month of solid trends

## Industry Overview

## Digital gross gaming revenue up +28% Y/Y

January digital gross gaming revenue (GGR) is tracking to \$1.86B, up +28% Y/Y, slowing from +38% in December, and Q4 growth of +32%. Online Sports Betting (OSB) GGR grew +32% Y/Y, slowing from +47% in Dec. as we annualize the Ohio sports betting launch. 1QTD OSB growth of +32% is ahead of our TAM growth of +17%. We expected decelerating growth rate in Q1 as we lap the Ohio launch in January, and Massachusetts launch in March, but we think underlying trends remain robust. iGaming GGR growth of +19% Y/Y in Jan. was modestly slower than +22% in Dec, but is tracking in-line with our Q1 est. of +18% Y/Y.

## Healthy hold rates to start 2024

OSB handle (volume) grew +28% Y/Y, a deceleration from +46% in Dec. and +46% in Q4. Jan. OSB hold of 10.0% is up +40bps Y/Y, and up +10bps M/M. For the rest of 1Q, hold comps are easier in Feb. at 8.1% last year, and more challenging at 9.8% in Mar.

## Market share and promotional activity

In January, we estimate OSB share at 45% for FanDuel, 35% for DraftKings, 6% for BetMGM, and 4% for ESPN Bet. We think ESPN Bet's handle share has been more stable at ~6%, but their GGR share is lower from [odds boosts weighing on hold rates \(see ex. 8-15 and PENN report here\)](#). In iGaming FanDuel's share is up 1pp M/M to 26%, and DraftKings is stable at 26%, and BetMGM is up 1pp M/M to 21%. We think FanDuel's strong share is driven by 1) sports calendar shifting to basketball vs. football which favors FanDuel over DraftKings, and 2) offering increased promotions (35% of GGR in MI and PA in Jan, vs. 17% in Dec.)

## FanDuel, DraftKings lead app downloads

February app downloads are showing continued strength for DraftKings and FanDuel, with 29%/26% share in OSB. Super Bowl weekend drove almost half of the OSB downloads for month-to-date, and DraftKings had ~40% of the total downloads for the Big Game. For the newer players, Hard Rock garnered 8% OSB download share, and ESPN Bet download share is 6% in February. In-line with GGR market share trends, FanDuel is gaining iGaming app download share at 40% in Feb. vs. 37% in January.

## Exhibit 1: Online Digital Gaming Heatmap

OSB GGR grew +32% Y/Y, while iGaming GGR was up +19% Y/Y

Y/Y Growth	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Digital GGR	59%	47%	41%	47%	38%	25%	28%	38%	20%	38%	28%
OSB GGR	85%	71%	54%	76%	54%	27%	26%	50%	19%	47%	32%
iGaming GGR	27%	21%	22%	24%	23%	24%	32%	18%	22%	22%	19%
OSB GGR Share											
DraftKings	30%	31%	31%	33%	33%	37%	38%	37%	37%	35%	35%
FanDuel	42%	45%	45%	43%	41%	36%	40%	44%	43%	45%	45%
BetMGM	9%	8%	8%	9%	8%	8%	8%	7%	7%	6%	6%
Caesars	5%	5%	5%	5%	5%	5%	4%	4%	4%	4%	4%
Penn	3%	2%	2%	2%	2%	2%	1%	1%	8%	6%	4%

Source: BofA Global Research, State Gaming Control Boards

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29 February 2024

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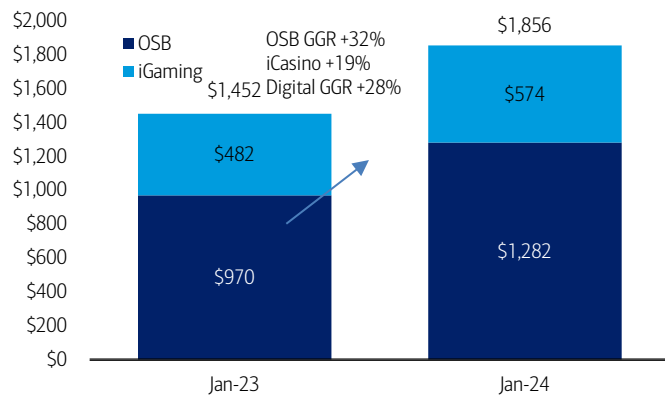
Refer to important disclosures on page 7 to 9.

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Timestamp: 29 February 2024 05:00AM EST

**Exhibit 2: Jan. monthly total digital gross gaming revenue (GGR) (\$M)**

Overall GGR including online sports betting and iGaming is tracking up +28% Y/Y for December

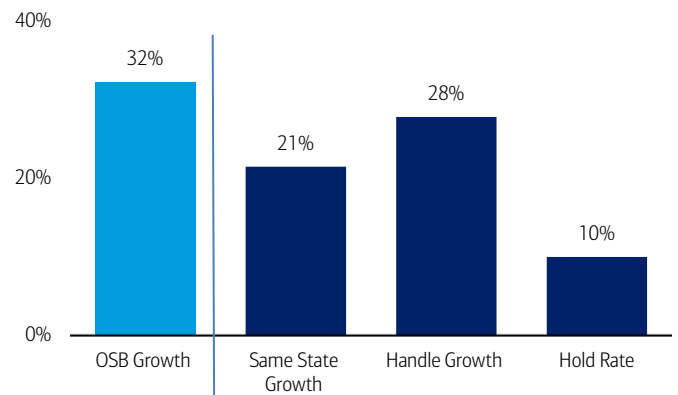


Source: BofA Global Research, State Gaming Control Boards

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**Exhibit 3: Online sports betting (OSB) growth summary**

OSB growth of +32% was supported by 21% same-state growth, +28% handle growth and hold rates 40bps better than Jan-23

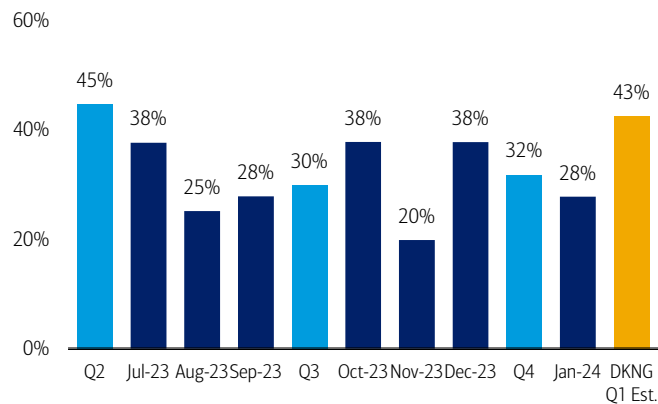


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**Exhibit 4: Digital (Online sports betting +iCasino) GGR Growth Y/Y**

Digital GGR market wide is tracking up +28% 1QTD, but in-line with our DKNG model before accounting for share gains

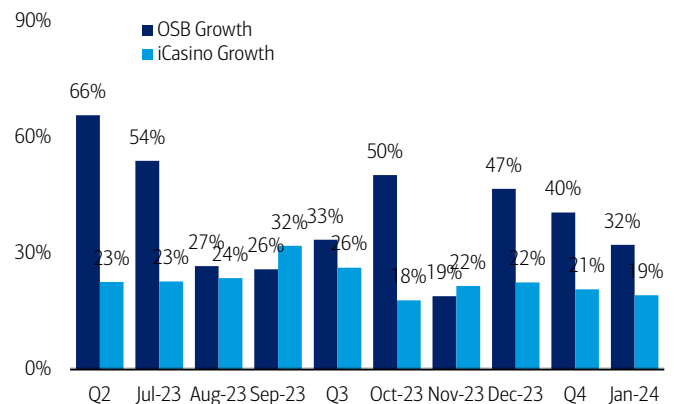


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**Exhibit 5: Online sports betting vs. iCasino Growth Y/Y**

Jan OSB growth is +32% vs. 40% in Q4 and iGaming growth is +19% vs. +21% in Q4

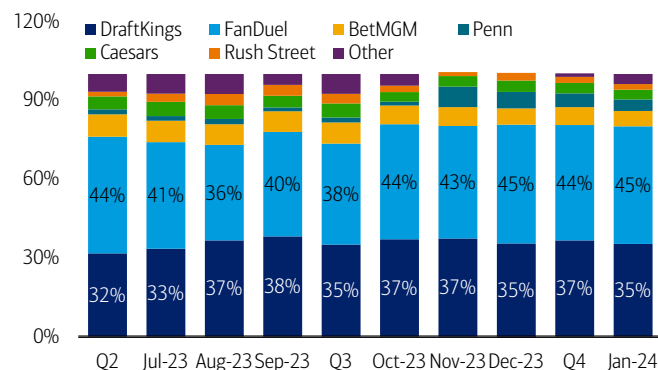


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**Exhibit 6: Online sports betting market share by operator**

We est. DKNG has ~35% OSB share in January

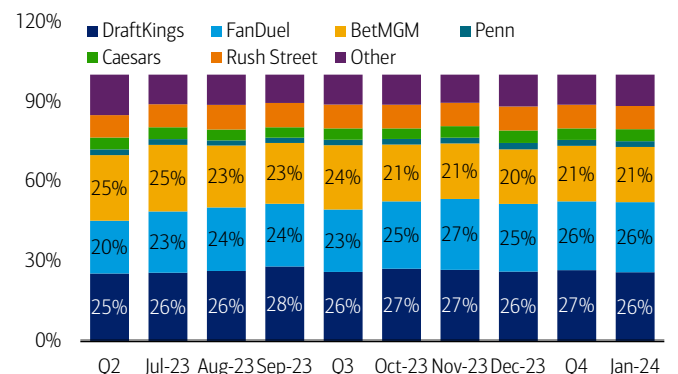


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**Exhibit 7: iGaming market share by operator**

DKNG January iGaming share was ~26%

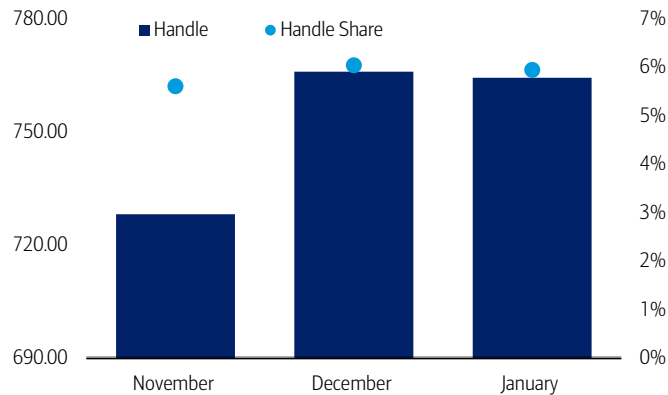


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**Exhibit 8: ESPN Bet OSB Handle (\$)** and Handle Share

Despite ESPN Bet GGR share slipping M/M, their national handle share has been stable at 6%

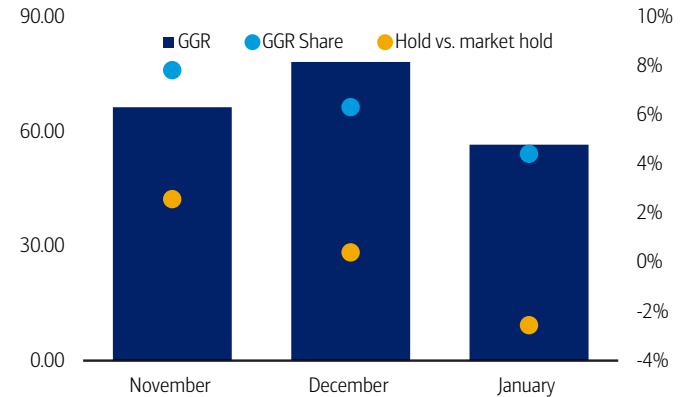


Source: State Gaming Control Boards, BofA Global Research

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**Exhibit 9: ESPN Bet OSB GGR (\$)** and GGR share

ESPN Bet's GGR share declines are driven by hold rates vs. the industry

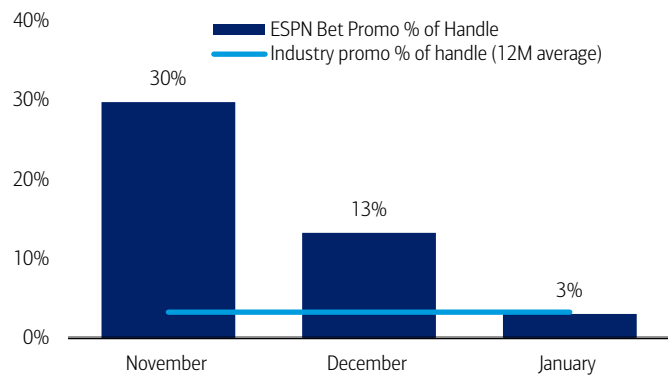


Source: State Gaming Control Boards, BofA Global Research

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**Exhibit 10: ESPN Bet Promo % of Handle**

ESPN Bet handle share has stayed stable despite a big pullback in promotions



Source: State Gaming Control Boards, BofA Global Research

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**Exhibit 11: Q1 Net Gaming Revenue Bridge**

Despite the lower GGR share in January, we still think ESPN Bet is on track to meet/surpass our Q1 NGR estimates

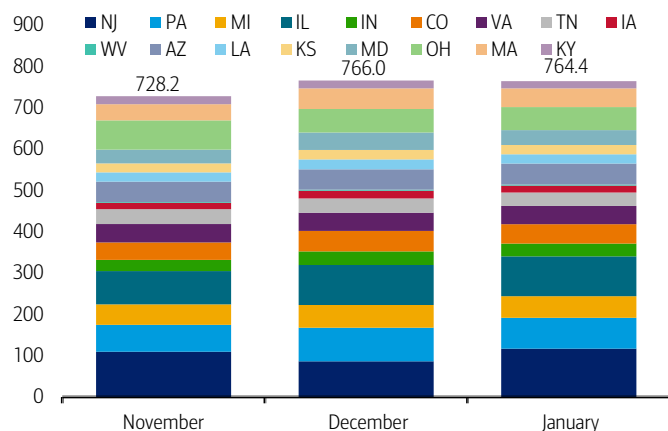
	January	February	March	Q1
Industry Handle	12,857	10,528	13,259	36,645
ESPN Bet Handle Share	6%	6%	6%	6%
Handle	764	626	788	2,179
Hold	7%	8%	8%	8%
ESPN Bet GGR	57	50	63	170
GGR Share	4%	5%	5%	5%
Promo % of Handle	3%	3%	6%	4%
Promo (\$)	23	19	47	89
US OSB NGR	33	31	16	81
Plus Canada NGR	5	5	5	15
Plus iGaming NGR	8	8	8	25
Total NGR	47	44	30	121
Current Model				118

Source: State Gaming Control Boards, BofA Global Research

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**Exhibit 12: ESPN Bet Handle by state build**

ESPN Bet's national handle share of 6% excludes New York, which makes up ~18% of national handle

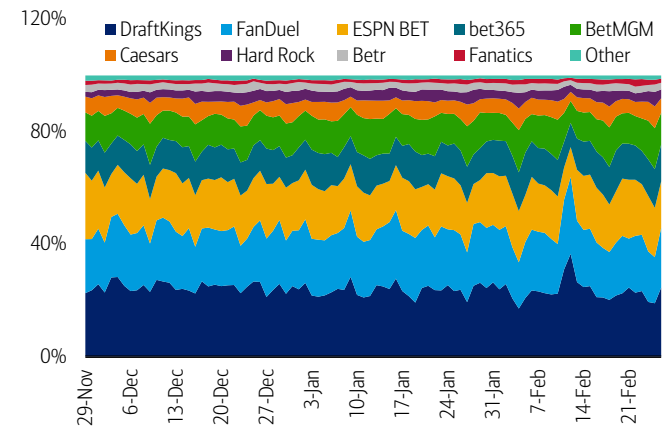


Source: State Gaming Control Boards, BofA Global Research

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**Exhibit 13: Online Sports betting Daily Active User Share**

While ESPN Bet's handle share is in the mid-single-digits, their daily active user share has been consistently in the high-teens

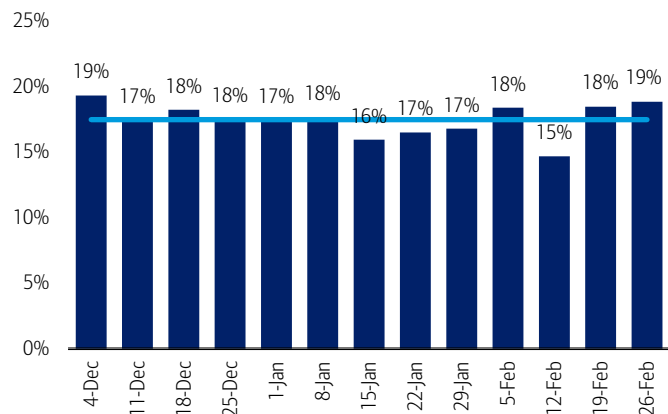


Source: Sensor Tower, BofA Global Research

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**Exhibit 14: ESPN Bet Daily Active User Share**

ESPN Bet's DAU share has been 17% on average, and has strengthened in recent weeks

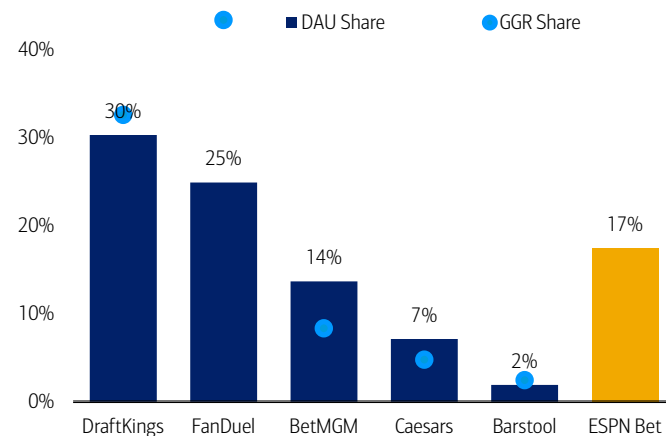


Source: Sensor Tower, BofA Global Research

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**Exhibit 15: Daily Active User Share vs. GGR Share**

ESPN Bet makes up ~17% of DAUs, compare to only 2% for Barstool

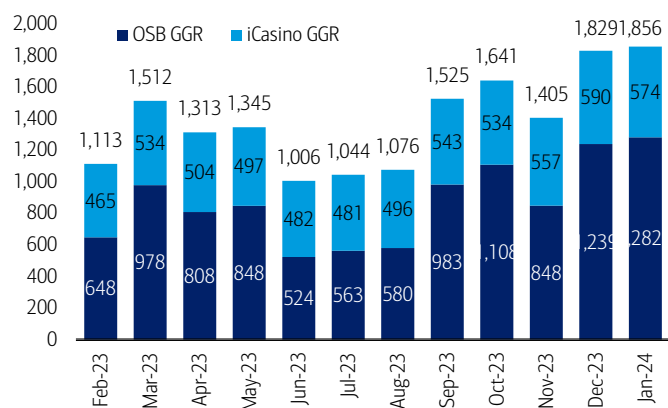


Source: Sensor Tower, BofA Global Research

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**Exhibit 16: Online sports betting and iCasino GGR (in \$M)**

Total digital GGR reached a record high of 1.86B in January, up 32% Y/Y

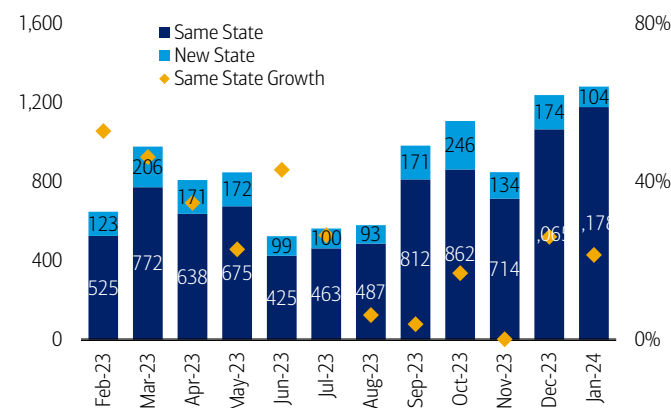


Source: BofA Global Research, State Gaming Control Boards

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**Exhibit 17: Online sports betting new vs. same state growth (in \$M)**

Same state growth of +21% slowed modestly from +26% in December

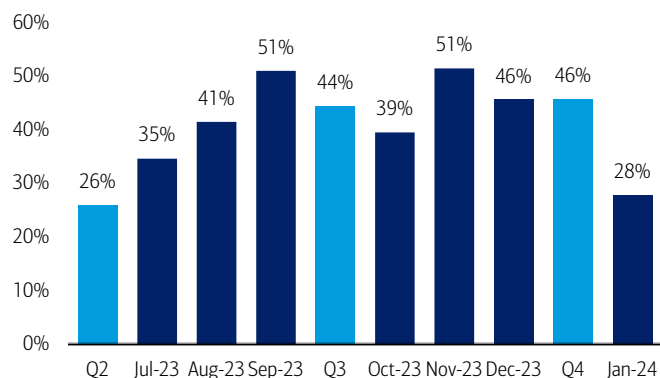


Source: BofA Global Research, State Gaming Control Boards

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**Exhibit 18: OSB Handle Growth**

January handle growth of +28% slowed from +46% in Q4, driven primarily by lapping the Ohio OSB launch

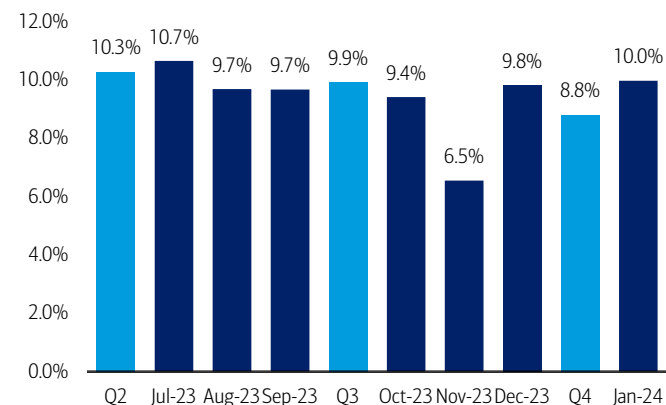


Source: BofA Global Research, State Gaming Control Boards

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**Exhibit 19: OSB Hold rate**

OSB hold is 10.0% in January is above the Q4 run-rate and up slightly Y/Y

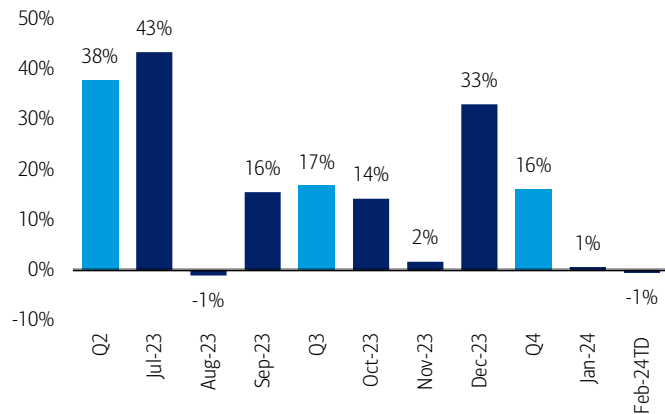


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**Exhibit 20: Feb New York OSB Gross Gaming Revenue Y/Y Growth**

February-to-date GGR is down -1% Y/Y, driven by a 1.0% market-wide hold rate during the Super Bowl

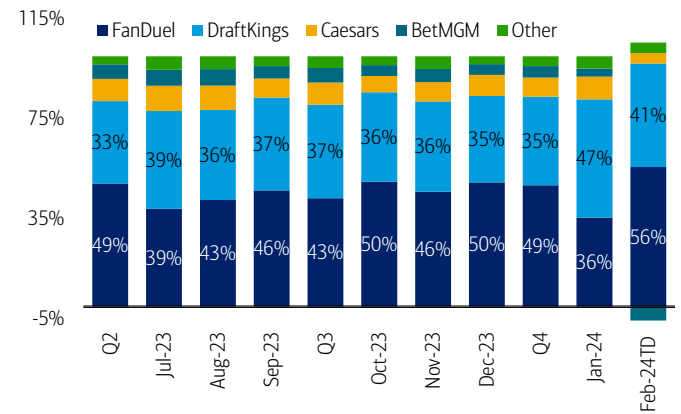


Source: BofA Global Research, State Gaming Control Boards

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**Exhibit 21: New York GGR Market Share by Operator**

FanDuel's market share is 56% Feb-TD, followed by DKNG at 41%. BetMGM had negative GGR during the Super Bowl, driving negative GGR MTD

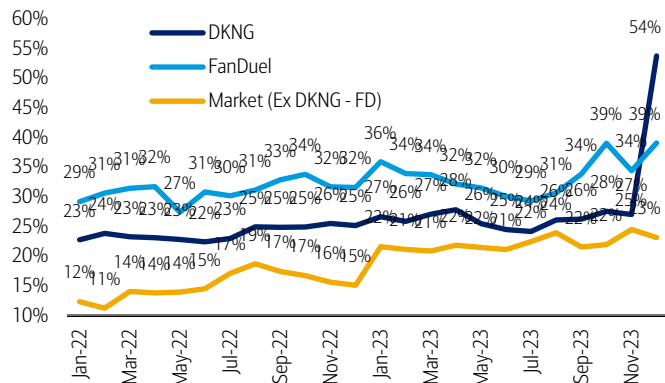


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**Exhibit 22: Dec. Illinois Parlay Mix (Jan. data not yet available)**

DraftKings parlay mix appeared to spike in December

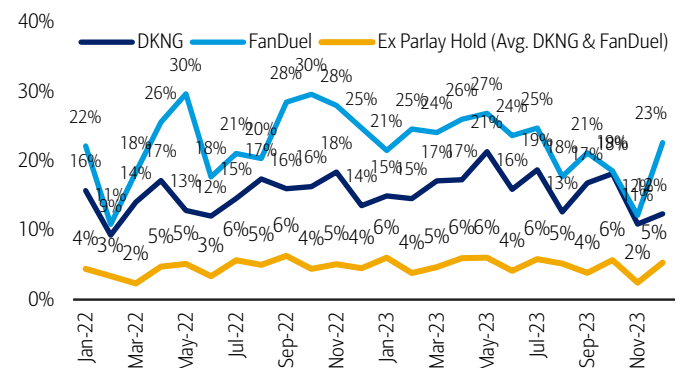


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**Exhibit 23: Dec. IL Parlay vs. Overall hold (win) rates**

Hold rates increased across the board in Dec, following low hold in November

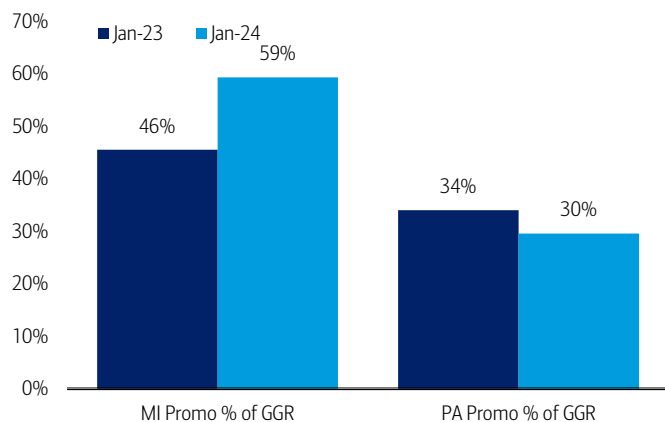


Source: BofA Global Research, State Gaming Control Boards

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**Exhibit 24: Pennsylvania and Michigan Promo as % of GGR**

Aggregated promo as % of GGR was 40% in January, up slightly Y/Y

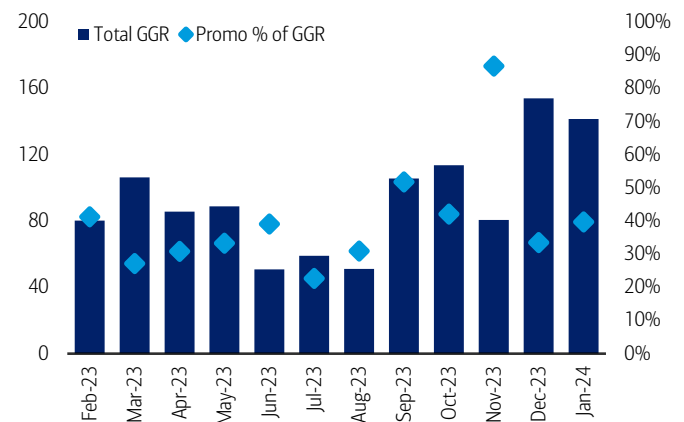


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**Exhibit 25: PA and MI Promo and GGR**

GGR was down up +60% in PA and MI in January

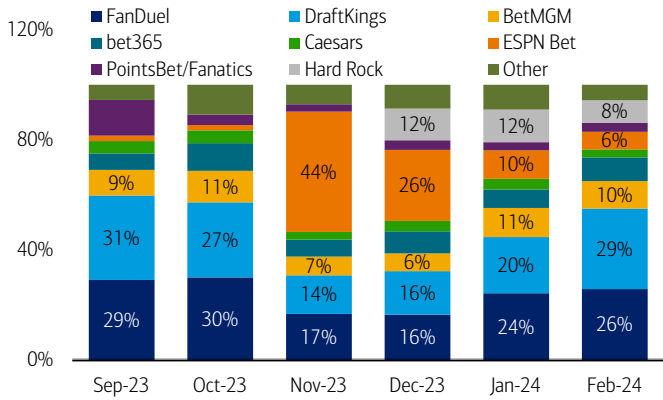


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Exhibit 26: Online sports betting app downloads

DraftKings has 29% of downloads in Feb followed by FanDuel at 26%

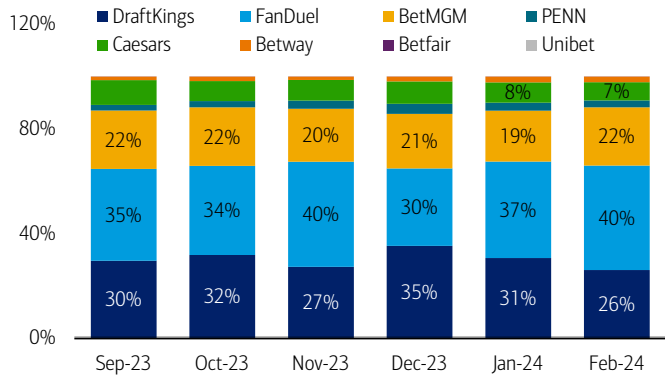


Source: Sensor Tower

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Exhibit 27: iGaming app downloads

DraftKings iGaming download share is 26% in February



Source: Sensor Tower

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