

H2 Gambling Capital Expects United States Regulated Betting Handle on Super Bowl LVII to Reach \$1.4bn

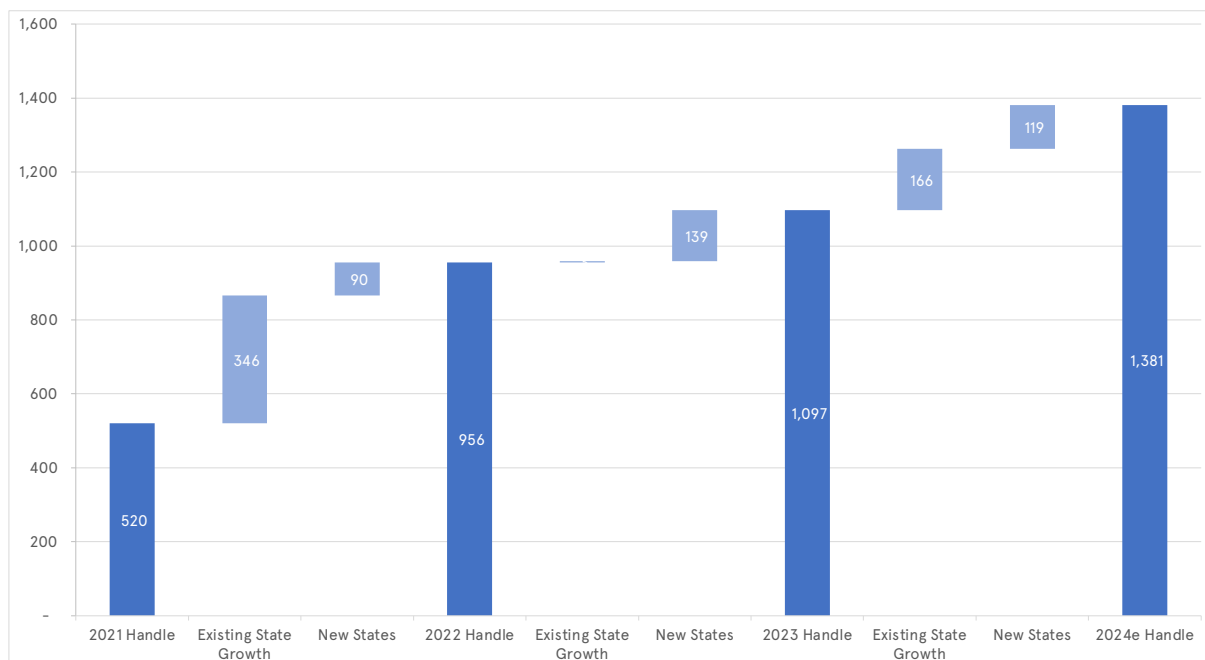
05 February 2024

When Super Bowl LVIII kicks off on Sunday 11 February, H2 expect a record amount of wagers will be riding on the game, the highest wagering on a single game in the United States. This is the first time that Nevada has hosted the Super Bowl, and H2 expects the state to lead the way in Super Bowl handle, generating a record high \$186m of handle through onshore licensed sportsbooks, with the US as a whole forecast to generate almost \$1.4bn through onshore licensed sportsbooks.

H2 estimates that almost \$1.1bn was wagered through legal onshore sportsbooks for the 2023 Super Bowl, up from \$956m the prior year. Growth in 2023 was driven entirely by the launch of new states, while states already legal in 2022 increased their handle by less than \$3m year on year – which was actually a c3% decline in real terms once inflation has been taken into account. Furthermore, there were a number of states that returned a headline year on year decline in Super Bowl handle – Nevada in part due to technology difficulties with app outages, and other states due to lower underlying demand.

Looking ahead, H2 forecasts a strong rebound, with 2024 Super Bowl handle from existing states forecast to increase by 15% year on year (12% adjusted for inflation), contributing an additional \$166m of handle, and new states contributing a further \$119m of handle. This takes H2’s total Super Bowl LVIII handle forecast to \$1.38bn – up 26% YoY.

United States Sportsbetting Handle Growth by Sector (US\$m)

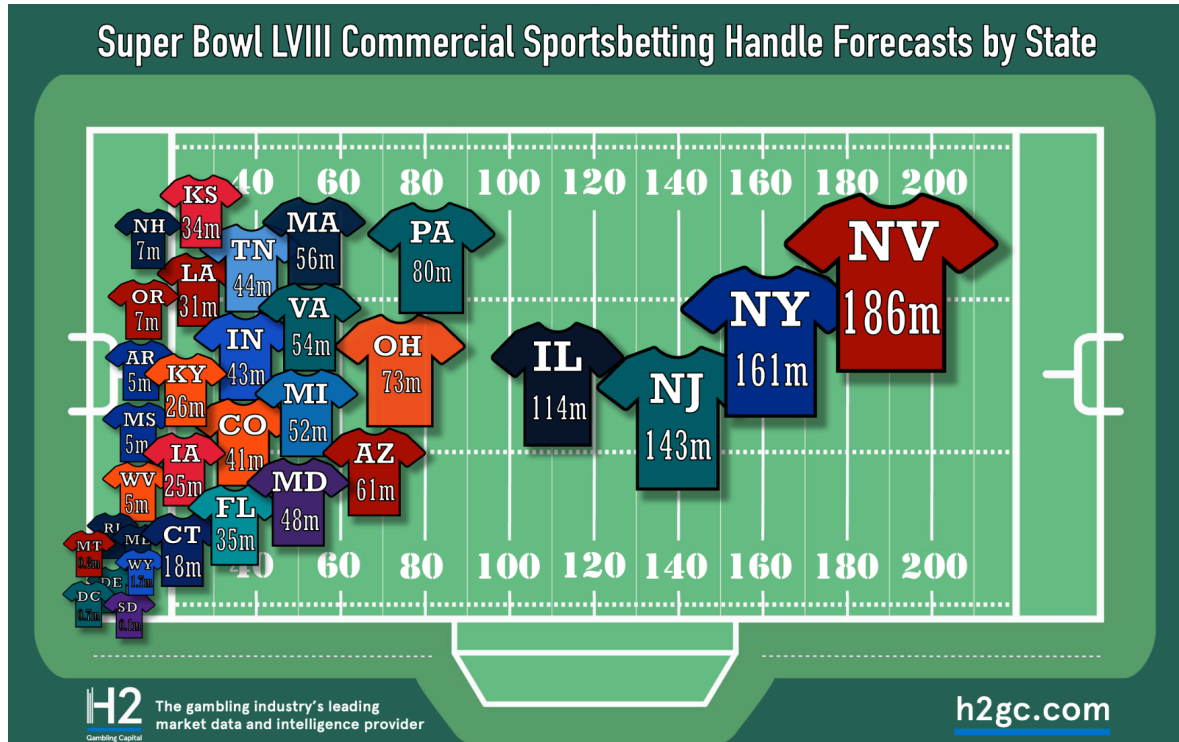


Source: State Gaming Boards, H2 Gambling Capital, February 2023

The States

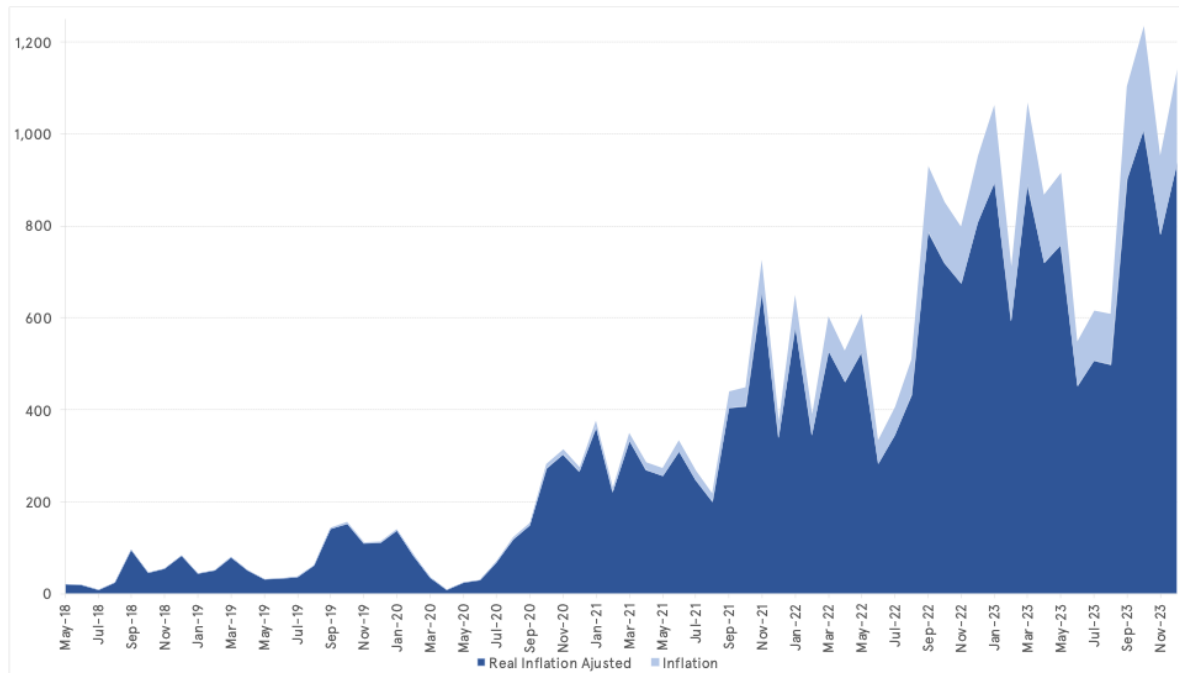
H2 has forecast the expected handle in every state with legal sports wagering. There are 4 states which are forecast to generate over \$100m in Super Bowl handle, with Nevada leading the way.

Super Bowl Legal Wagering by State 2024e (US\$m)



Source: H2 Gambling Capital, February 2024

United States Onshore Commercial Sports Betting Monthly Gross Win (\$m)



Source: Various State Gaming Boards / H2 Gambling Capital, February 2024

The Teams

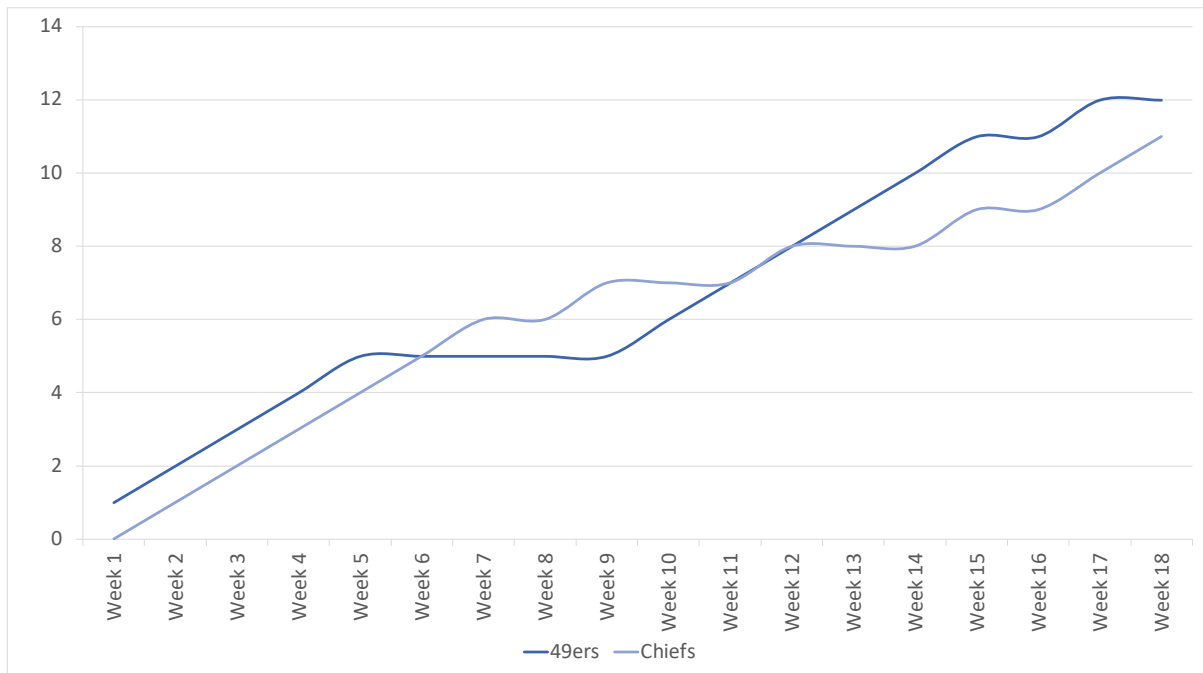
Looking at the teams themselves, the 49ers are in their eighth Super Bowl in their history, having pulled off the largest comeback in the NFC Championship Game history. Having been trailing 24-7 to the Detroit Lions at half-time, the 49ers came back to win 34-31 – with the 17 point deficit the largest comeback – tied with another 17 point comeback also by the 49ers in the 2012 win over the Falcons (the AFC title game has seen a comeback of 18 points). The 49ers will be looking to win their sixth Super Bowl, and avenge their defeat to the Chiefs in the 2020 Super Bowl.

This is the Chief’s sixth Super Bowl, having lost Super Bowl I in 1967, and won the last Super Bowl against the Eagles – taking their total to three Super Bowl victories in five appearances. In fact, this is the Chief’s fourth Super Bowl in five years, having won the Super Bowl twice in the past four years. In 2021, the Chiefs failed to become the ninth different franchise to win back to back Super Bowls, but will be hoping to add this to their list of achievements on Sunday.

The 49ers had the stronger regular season record, with 12-5 record, although they lost 2 of their last 3 regular season games – exactly as last year’s losing team in the Super Bowl did. The Chiefs recorded an 11-6 regular season record – this compares to their 14-3 record last year when they won the Super Bowl.

In terms of points scored / conceded during the season, the 49ers are again ahead, scoring 491 points vs only 371 for the Chiefs, with both teams having conceded a similar number (49ers 298 vs Chiefs 294). This This gives the 49ers a significant advantage in terms of a net positive 193 points over the regular season compared to just 77 for the Chiefs.

Regular Season by Week Cumulative Wins



Source: NFL February 2024

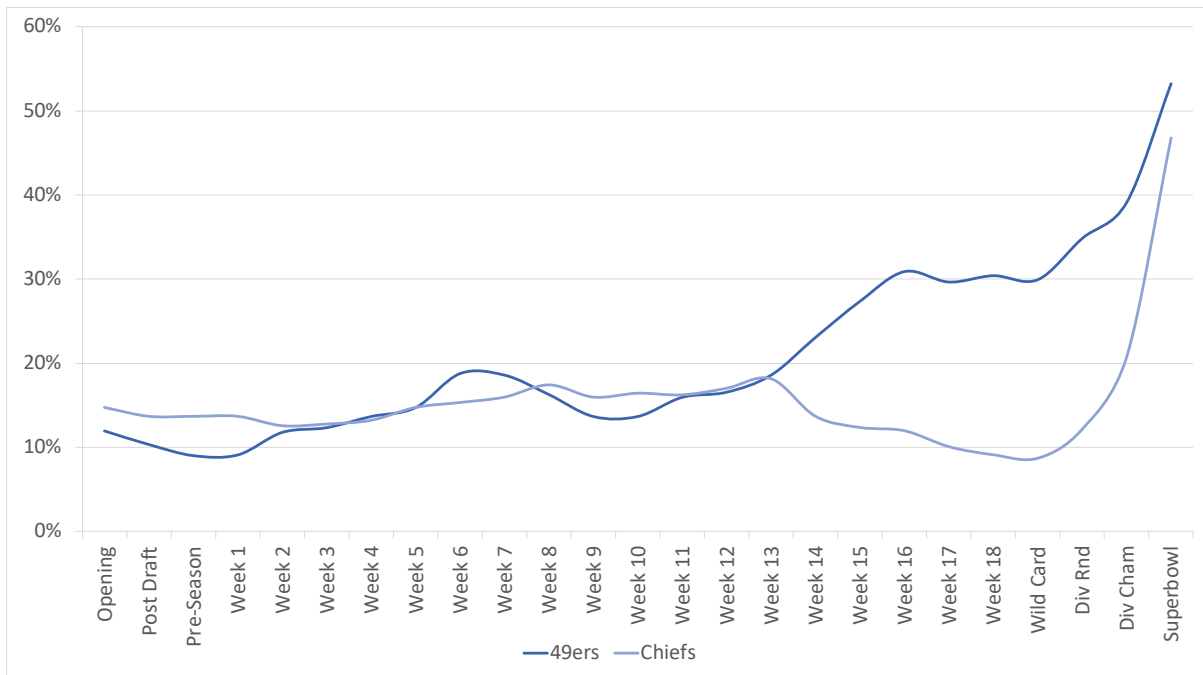
The Game

The average number of points scored in the last 32 Super Bowls has been 49.2, with the average winning margin coming in at 11.5. The 49ers have averaged 28.9 points per game in the regular season whereas the Chiefs have returned an average of 21.8 – and an average of 46.4 points have been scored in 49ers games compared to 39.1 in Chiefs’ games. This has led to the points over / under opening at 49.5 points.

The average spread going into the games has been 6.35 points, making this year’s match up significantly closer than average. The Chiefs also had a 1.5 point spread when they won the Super Bowl in 2020 (albeit starting as favourites) and 2023 (starting as underdogs) however apart from then, there has only been a closer spread (1 point) twice in the entire 58-year history of the Super Bowl.

At the time of writing, the 49ers are slight favourites, with a 1.5-point spread, and the betting odds imply a 56% probability of a 49ers victory, compared to 44% for the Chiefs – which are similar odds to last year’s event when the Chiefs won as slight underdogs. The 49ers started off the season as with an implied 9.5% chance of winning the Super Bowl, compared to c14% for the Chiefs, but by the end of the season the 49ers were viewed as being over 3x more likely to to lift the Vince Lombardi Trophy than the Chiefs (32% vs 10% respectively).

Season Long Odds of Winning Super Bowl LVIII



Source: Oddschecker February 2024

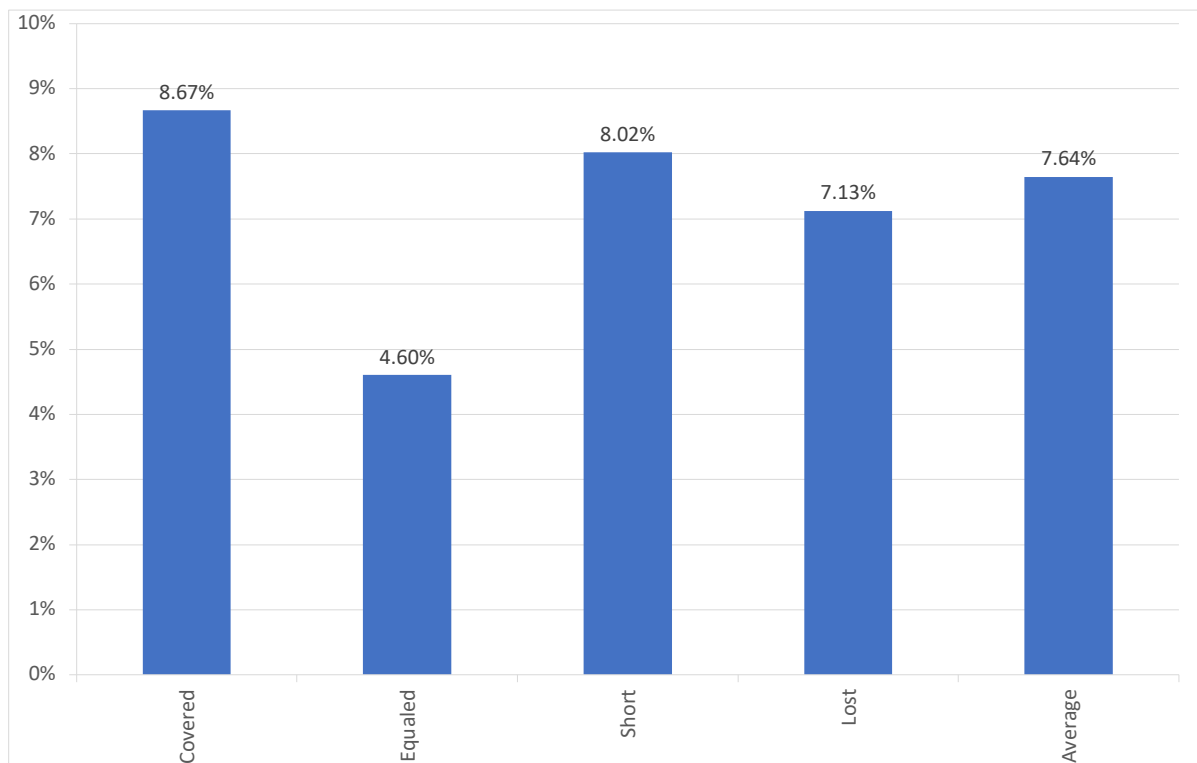
The Benchmark

In previewing the likely outcome for the sportsbooks this weekend H2 have included our historical modelling of the Nevada sportsbooks Superbowl record versus the results for the past 33 years, including all of the games back to Superbowl XXV in 1991 when by then Meadowlands based underdogs New York Giants snatched the game by a single point from their empire state neighbours the Buffalo Bills.

The Nevada sportsbooks' average Superbowl hold has been 7.6% over the past 33 years, with the hold more favourable when favourites win. This demonstrates that fans also enjoy betting on events other than just the outcome of the game, by the fact that Nevada's sportsbooks have posted an average 8.0% hold in the years favourites have won the Superbowl compared to 7.2% when the underdog has come out on top. Due to the fact more bettors tend to back favourites, sportsbooks usually obtain a better hold when underdogs win so this suggests the books have benefitted from the popularity of prop bets which help to balance the books.

Favourites have won 63.6% of the Super Bowls since 1991, with 36.4% of the games seeing the favourite covering the spread. When the spread has been covered the average Nevada hold has been 8.4% (8.7% in the 27 years California based franchises have not been involved). The worst outcome for the sportsbooks has been when the favourite equals the spread. This has only happened twice in the past 31 years; Superbowl XXXII (1997) when the Packers defeated the Patriots 35-21 / three years later in Rams victory over the Titans. Under this scenario the hold has averaged just 4.6%.

Nevada Super Bowl Hold Rate by Spread Outcome

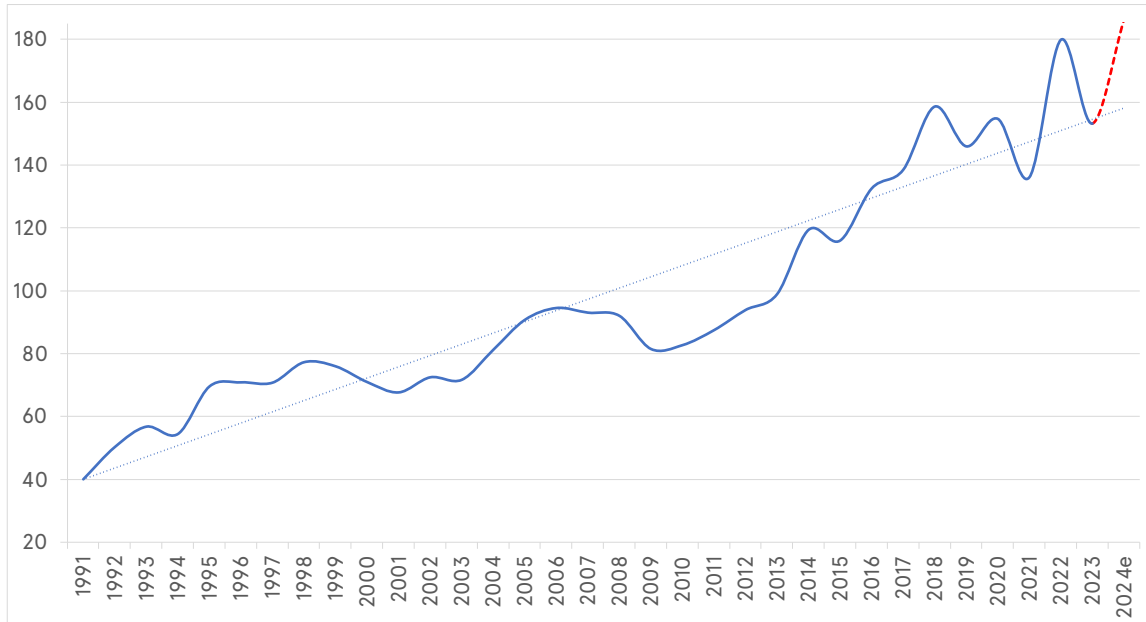


Source: Nevada Gaming Control Board / H2 Gambling Capital February 2024

The tight nature of the game is likely to increase wagering interest in the event, and a lot will also depend on the promotional activity of the sportsbooks. While there has been a reduction in free bet activity this year, the Super Bowl is viewed as a customer acquisition tool, and this could lead to significant promotional activity driving wagering higher.

Last year, Nevada saw a 15% year on year decline in Super Bowl handle (-21% once inflation is taken into account) – through a combination of lower wagering interest than the prior year, and issues with the Caesars app which meant that many customers were unable to place their wagers. However, this year H2 forecasts Nevada to generate a record \$186m of wagers, up 22% year on year – benefitting from being the host state for the first time.

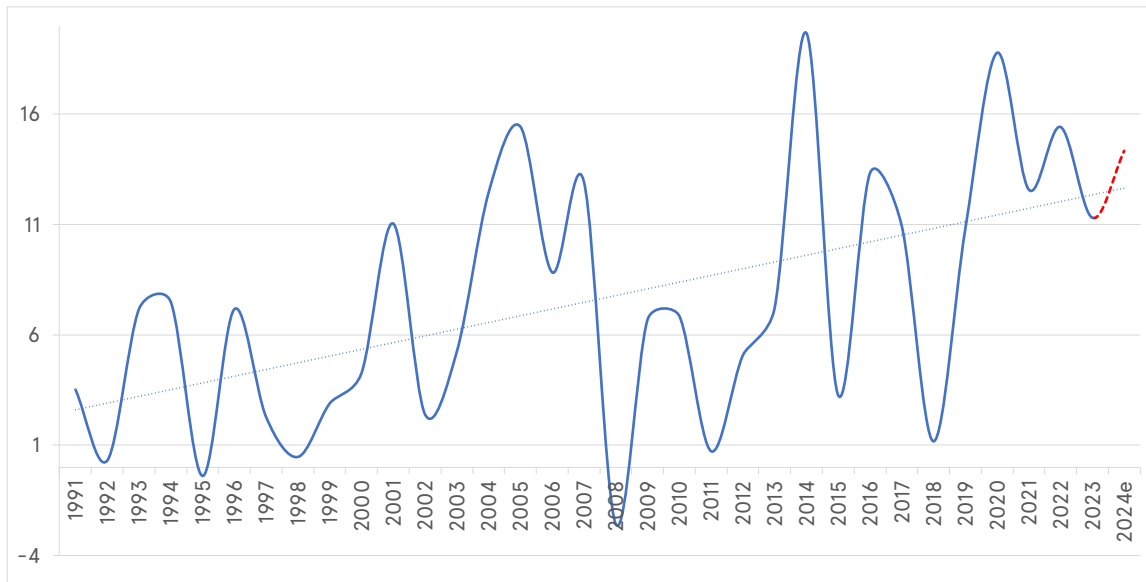
Nevada Super Bowl Handle (\$m)



Source: Nevada Gaming Control Board / H2 Gambling Capital February 2024

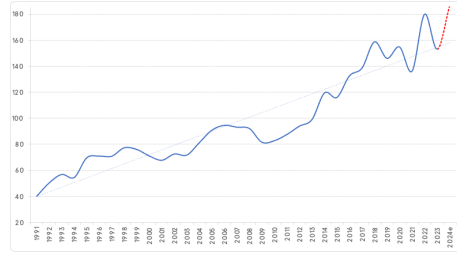
Based on our assessment of c\$1.35bn–\$1.4bn being legally bet on the games in the United States and hold rates across the year, H2 would expect the gross win generated from Sunday’s game to be in the range of c\$110m.

Nevada Super Bowl Gross Win (\$m)

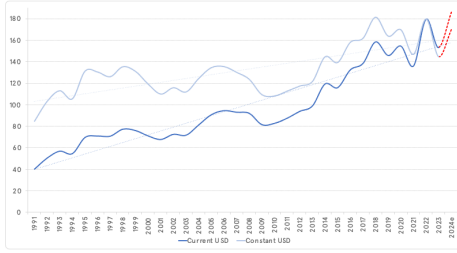


Source: Nevada Gaming Control Board / H2 Gambling Capital February 2024

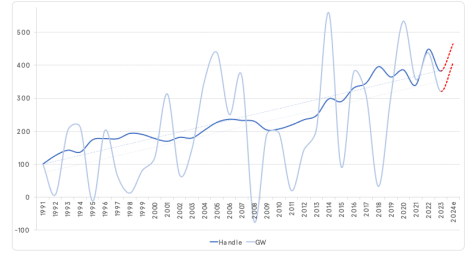
Nevada Super Bowl Handle (\$m)



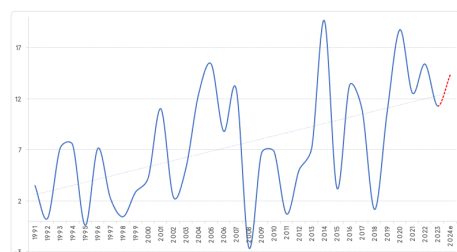
Nevada Super Bowl Handle (\$m)



Nevada Super Bowl Handle vs Gross Win (Base = 100 1991)



Nevada Super Bowl Gross Win (\$m)



Super Bowl LVIII

San Francisco 49ers

Kansas City Chiefs

-1.5

Spread

+1.5

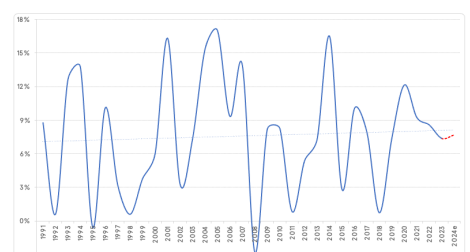
-125

Odds

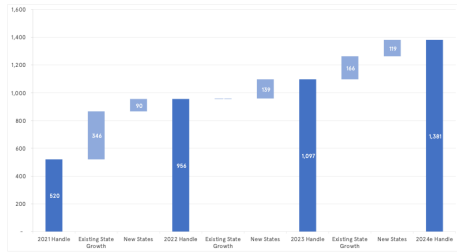
+105

Allegiant Stadium - Las Vegas - 11 February 2024

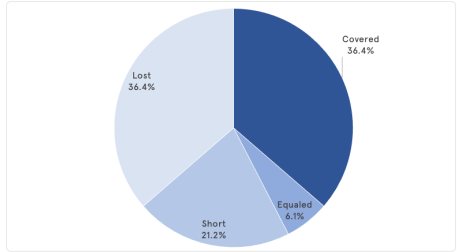
Nevada Super Bowl Margin (\$m)



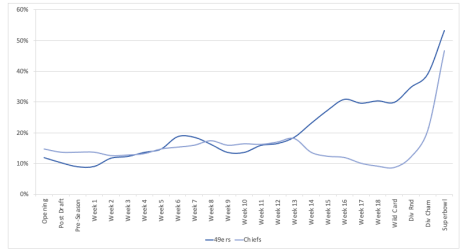
United States Sportsbetting Handle Growth by Segment



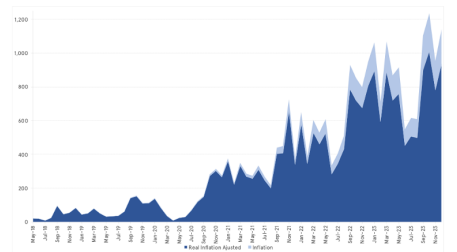
Nevada Super Bowl Favourite Performance Vs Points Spread Since 1991



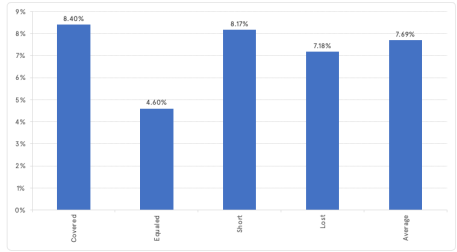
Season Long Odds of Winning Superbowl LVIII



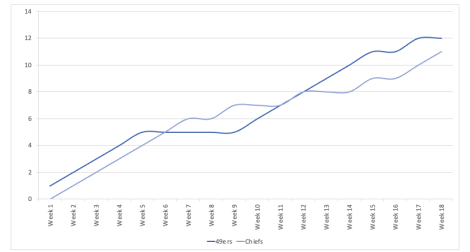
United States Onshore Commercial Sportsbetting Monthly Gross Win (\$m)



Nevada Super Bowl Hold Rate by Spread Outcome (\$m)



Regular Season by Week Cumulative Wins



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