
PROPRIETARY

Tekkorp Digital Acquisition to seek partner in variety of leisure, digital gaming sectors, CEO says

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Tekkorp Digital Acquisition Corp [NASDAQ:TEKKU], a Las Vegas-based special purpose acquisition company (SPAC), intends to search globally for its merger partner in sectors like digital gaming and sports betting and among companies with a USD 1bn to USD 2bn enterprise value, CEO Matthew Davey said.

Tekkorp has been in discussions with numerous potential partners since raising USD 250m in its IPO in late October, Davey added, declining to offer specifics. Discussions have occurred after both inbound and outbound contact, he noted.

Davey said the SPAC is generally interested in digital media, sports, entertainment and leisure. He said there are four categories of businesses in those sectors that Tekkorp is looking at: media and marketing, including websites like Penn National Gaming's [NASDAQ:PENN] Barstool Sports; operators such as **DraftKings** [NASDAQ:DKNG], which went public via SPAC in April; software, including esports game developers; and data and analytics companies that offer player and account management systems for services like gaming and betting.

Companies that offer digital table games or slots also are of interest, he added.

It is possible that Tekkorp would also raise money via a private investment in public equity (PIPE) during its merger, as is common with SPACs, Davey said, but whether that will happen and how much depends on the target. Tekkorp has no preference on where a target is based, he noted.

Jefferies acted as the bookrunning manager for Tekkorp's IPO and **Macquarie Capital** was co-manager. Davey said Tekkorp continues to work with both investment banks for advice in finding a partner and could use them during the merger. It also has relationships with several other banks, he added, but declined to identify them.

Davey explained that Tekkorp also has been leveraging the contacts that he, its management team and its board have cultivated throughout their respective careers in gaming and leisure. Its board includes former **Caesars** [NASDAQ:CZR] CEO Tony Rodio, who recently led the company through a merger with Eldorado Resorts, creating the US' largest gaming company.

Before launching investment firm Tekkorp Capital in 2019 and its subsequent SPAC, Davey was CEO of **NYX Gaming Group**. He oversaw NYX when it went public in 2014 and when it was sold to **Scientific Games Corporation** [NASDAQ:SGMS] in 2018 and then was the head of SG Digital, the digital gaming division of Scientific.

Tekkorp's CEO, Robin Chhabra, has held executive roles at online betting company **The Stars Group**, which merged with **Flutter Entertainment** [LON:FLTR] earlier this year, **FOX Bet** and **William Hill** [LON:WMH], which is being acquired by Caesars. The SPAC's CFO, Eric Matejevich, previously held the same role at NYX and Resorts International.

Davey said that because of the experience of Tekkorp's board and management, he is not worried about the competition in the SPAC market, which has boomed in 2020. He expects Tekkorp will find its partner well within the 24-month timeframe allotted. He added that he believes there are plenty of potential targets for Tekkorp because of the nascent online sports betting industry in the US.

by Alan Burdziak

Grade: Confirmed

BIDDERS

Tekkorp Digital Acquisition Corp.

Book-runner
Jefferies LLC

Joint book-runner
Macquarie Capital (USA) Inc

USA

Leisure

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