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More profitable than Canva and Atlassian: Laurence Escalante's Virtual Gaming Worlds delivers as online casino games surge

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One-time burger flipper turned tech magnate Laurence Escalante heads the most profitable Australian start-up in recent history, after his online social casino gaming business delivered huge profits and revenue that dwarf the likes of Atlassian, Canva and Evato.

Mr Escalante's Virtual Gaming Worlds is headquartered in Perth, but its almost entire customer base in North America helped it achieve more than \$300m in pre-tax profit from a record \$1.544bn revenue for the six months to December 31.

The results, obtained by The Australian, means the company is likely to have made a net profit of more than \$400m in the 2021 calendar year.

It makes VGW one of the most profitable locally owned private companies in Australia, with the result being considerably higher than established businesses such as Linfox, 7-Eleven, Kennards Hire, Competitive Foods and Meriton.

Mr Escalate, 40, also took home about \$70m of the \$110m in dividends paid to VGW's shareholders on Tuesday.

"Our strong interim half-year results are built on continued revenue growth and delivery of earnings margin improvement," Mr Escalante told The Australian.

"VGW has a strong balance sheet and we remain well-positioned for self-funded growth."

The company has about \$247m in cash on its balance sheet to fund that growth, though management said VGW continues to have minimal capex needs, with all product development

funded within existing employee expenses.

It now has 900 staff across Perth, Sydney, Manila, San Francisco, Toronto and Malta offices and it is contemplating a public listing in the US.

Almost all VGW's customers are in North America, playing social casino virtual games such as its Chumba Casino suite of online poker machine, poker and blackjack table games, and Luckyland Slot. VGW customers pay real money to buy virtual coins to play. It operates under a sweepstakes model that gives users the chance to win promotional sweepstakes that can be redeemed for cash.

The company is also currently developing a range of casual non-casino-themed social games.

It has proved a very profitable venture for Mr Escalante, a one-time teenage Hungry Jack's employee who would spend hours playing video games and who built a business worth about almost \$3.5bn by his late 30s.

Mr Escalante started VGW from shared office space in Perth in 2010, and the privately held public unlisted company – Mr Escalante owns about 65 per cent – had a valuation of almost \$3.4bn attributed to it after some trading in its shares in August last year.

While the business contemplates a US listing in future (management consider it more likely to float there than on the ASX), shareholders can access some liquidity via an over-the-counter trading platform at Primary Markets. VGW management has said there has been increasing inbound interest in the shares from private and institutional investors.

Mr Escalante also has a passion for fast cars, which started when he would play arcade games such as NASCAR and Need for Speed for hours. The first car he owned was a Mitsubishi Lancer GLI in 2001, modifying it heavily with chrome rims, three-inch exhaust and a stereo system. His fast car passion has seen him invest in a car modification business, Beyond Custom, and training and coaching business Arise Racing.

His first job was working at Hungry Jack's for \$5.65 an hour as a teenager, and he later worked at The Reject Shop while studying at Sydney's Macquarie University.

Mr Escalante also supports the SheCodes organisation that aims to get more women to pursue technology careers – a noted problem for the industry.

VGW has also joined the Project F strategic program to address the gender gap in tech. “We are now working with Project F to help identify and address any barriers to achieving sustainably gender-balanced technology teams,” Mr Escalante said. “We are proud to join the ranks of Canva, Immutable X, Google and other technology leaders in promoting women in technology.”

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John Stensholt joined The Australian in July 2018. He writes about Australia's most successful and wealthy entrepreneurs, and the business of sport. Previously John worked at The Australian Financial Review an... [Read more](#)

