

European lotteries – instant gratification

Lottery is big business. Total turnover for the European lottery and sports betting sector reached €76.7bn with a GGR in 2012 of €34.1bn. There are more than 380,000 Points of Sales whilst the largest lottery activities in the EU are draw based games such as Lotto, EuroMillions or Joker brands

Draw games, offered in all 27 member states of European Lottery Association, saw sales of €49.2bn and a GGR of €22.4bn (66 percent). The second largest category is instant games with EU sales of €20.2bn and GGR of €6.6bn (19 percent). Sports game categories saw a total GGR of €1.9bn (six percent) whilst EGMs (slots and VLTs) are operated in only a few EU member states and this saw a GGR of €2.8bn (eight percent).

The fastest growing lottery product category in Europe is Instant Games and this sector has more potential to grow through innovation and development.

Until 10 years ago instant games were only a small part of the European lottery mix and some say the catalyst behind the growth was Italy's re-launch of their instant product in 2004. The Gratta e Vinci's instant game sales has surpassed lotto sales with a 500 percent growth rate since 2005, and is the world leader for total instant sales with €9.4bn in 2014.

Developed in the US, the instant game is now tying into gaming systems at retail and also

mobile and internet systems. Lotteries are now refreshing their current instant games and expanding the number of games in their line up whilst adding branded games. So what is the reason behind their success?

According to Scientific Games, Gratta e Vinci implemented an integrated product management approach with marketing, inside sales, distribution, retailer training and in-store product display optimisation.

The lottery has about 34 instant games on sale in the marketplace at any given time through its 65,000 retailers in Italy. Their most successful instant products are the Milardario brand which is sold at €5, €10 or €20 price points.

The brand is based on spotlight games developed by Scientific Games and launched in the US last year. The €20 Milardario game alone accounted for €2.2bn in sales in Italy whilst in France the €5 cash game operated by Fracaise des Jeux drove €2.2bn in revenue into their business in 2014.

Portugal has also seen a huge growth in instant game sales in 2014 with an 18 percent

increase in 2014. The Santa Casa de Misericordia de Lisboa lottery saw sales of €711m in the instant category compared to €37.3m back in 2005. The lottery is now rolling out a second family of instant games.

Other growth markets in the lottery field include the development of second chance promotions similar to the scheme introduced by TIPOS in Slovakia which offers players more chances of winning by entering codes from lottery tickets purchased at retail via internet and mobile promotions. Some offer prizes or points for playing.

Mobile phone use is also increasing for the lottery sector in Europe – already 84 percent of European lotteries are utilising mobile phone apps to connect players to the lottery and its products. Some lotteries have integrated social media components into the games and promotions and most lottery operators aim to connect mobile and retail together.

Intralot for example has a mobile applications product line consisting of innovative native applications offering an intuitive user





experience in cooperation with a powerful player account management system, that when combined, transfer the traditional lottery experience to the mobile.

More and more lotteries are also including vending machines as part of their product distribution strategies as these enable products to be sold in more locations whilst keeping

customers happy with shorter queues and faster service.

Antonis Dimos, Intralot Group Director Lotteries said: "Vending machines of the past were used to sell scratch and draw games with many limitations in an inflexible solution. Intralot's Dreamtouch redefines the market and sets new standards in selling scratch games,

interactive gaming and offering digital signage services. Dreamtouch motivates an impulse buy concept with a simple, fast and enjoyable gaming experience that is rewarding for players and allows the lottery to increase product sales and improve brand/product awareness."

To reach new players Norsk Tipping and De Lotto have both expanded their retail network to include major supermarkets chains. Scientific Games has been working with Norsk Tipping for the roll out of WAVE M retail terminals. The Norwegian lottery pioneered the launch of a new in-lane supermarket solution in 2008 and is now working with Scientific Games to refresh its instant product portfolio. Norsk Tipping offer a player card registration for debit card like convenience and player history.

Meanwhile Intralot's Omni-Channel concept enables all players' interaction points to be managed in a single and transparent manner whether they play via retail outlets, via the internet, mobile or iTV. It enables players to experience the lottery in a consistent way across the channels.

EUROPEAN LOTTERY GAMES CATEGORISED

GAME CATEGORY	LOTTERIES REPORTING	GGR 2012	SALES 2012
Draw based games	51	€22.4bn	€49.1bn
Instant games	44	€6.6bn	€20.2bn
Sports games pari-mutuel	37	€552bn	€1.4bn
Sports game fixed odds	32	€1.3bn	€5.8bn
EGMs	5	€2.8bn	
Other gaming	9	€331m	
TOTAL	52	€34.1bn	€76.7bn

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EUROPEAN LOTTERY - THE SUPPLIERS



INTRALOT

Intralot is a supplier of integrating gaming, transaction processing systems, game content and interactive services with products and services for lottery, betting, racing and VLT markets. The company was set up in 1992 and has its headquarters in Greece with a presence in 57 jurisdictions across five continents and is a lottery operator and system vendor.

It is one of the leaders in the lottery sectors and offers 400 games in its library with 15 new games launched every year. Intralot has 50,000 types of POS established globally with 100,000 terminals installed worldwide.

European customers include OPAP (Greece), Staatsloterij and De Lotto (Netherlands) and Gosлото (Russia). Intralot also acts as operators in Malta (Maltco), Bulgaria (Eurofootball), Turkey (Iddaa) and Italy (Intralot Italia).

In Europe Intralot was selected last year by Premier Lotteries Ireland as its technology provider for the supply of new lottery software and terminals in Ireland whilst in Croatia Intralot extended its agreement with the Croatian State Lottery and in Greece Intralot signed a technology contract with OPAP.

Sales in Italy for Intralot saw a huge boost in sales in 2014 and they remain the largest non Italian sports betting company in the country.

Group revenues for 2014 amounted to €1.8bn – a 20 percent increase on the previous year.

Intralot Interactive is the online subsidiary providing technology to lotteries and state organisations worldwide.

Antonis Dimos, Group Director Lotteries said: "As digitally-savvy generations reach maturity, interactive channels increasingly become the preferred lottery distribution platforms which prove that the future of the lottery industry is heading towards becoming more interactive. With Europe being in the forefront of digital lottery market regulation, an increasing number of European governments regulate their gaming markets and legalise online sales as a response to their increased demand of securing additional government revenues. With average increase year on year calculated at 22 per cent for 2013/14 according to La Fleur's Almanac, European Lotteries are beginning to fully exploit the medium's potentiality."

SCIENTIFIC GAMES

A leading innovator in global lottery, Scientific Games launched technology for the world's first secure instant lottery game in 1973. With headquarters in Las Vegas they today partner 150 lotteries worldwide with facilities in Europe, North and South America and Asia including Camelot (UK), Française de Jeux (France), Grata e Vinci (Italy), Norsk Tipping (Norway), Veikkaus Oy (Finland), Loterie Romande (Switzerland), Szerencsajatek Zrt (Hungary), Loterie Nationale (Luxembourg) and 16 lotteries in Germany.

They provide all products and services from lottery systems, retail POS technology, instant and draw games, management systems and interactive products.

They provide traditional lottery games, digital and mobile and television game show products and offer a range of licensed brands. The company also developed the Cooperatives Services Program (CSP) an instant category management system.

Scientific's lottery sector saw revenues of \$191.3m for the third quarter ending September 2015 of which \$137.6m came from instant games, \$8.7m in product sales and \$45m in services. Total lottery sales saw a decline during this period of \$21.4m.

In Europe Scientific signed a six year contract with a three year extension option to provide instant games CPS to Land Brandenburg Lotto in Germany. They also signed a five year lottery retail technology contract with Lotto Toto GmbH Sachsen-Anhalt in Germany to include 725 terminals, software and maintenance services. Scientific Games has worked with this lottery since 1991 and already provides them with instant games and its lottery central gaming system and retail terminals.

CEO Jim Kennedy said: "The lottery industry is a nearly \$300bn global consumer product category, one of the largest in the world and individually lotteries manage businesses in the tens and hundreds of millions and in many cases, billions of dollars. This is big business.

"So our ability to innovate to scale, to innovate across large populations and to generate recurring revenue that builds value is key to long term success."

IGT

IGT is a public limited company and in 2014 merged with GTECH with headquarters in the UK and offices in Rome, Italy, Las Vegas, Nevada and Rhode Island.

It offers solutions for gaming, lottery and interactive sectors across the spectrum from retail, web and mobile. They supply draw game solutions, instant and interactive games.

IGT has been involved with the lottery sector since 1980 and provides retail solutions and services, games and technology and has partners in the US, Europe, Latin America as well as Lottomatica in Italy.

In October last year IGT unveiled its new lottery solution Aurora which builds on the success of the Enterprise Series System, a central system and back office application.

The Aurora provides an entirely new level of system integration and flexibility to integrate to third party applications or games.

Retail solutions include Aurora Retailer manager, Aurora Sales ProMotor and Aurora Performance Intel, Aurora Lottery Services portal and Aurora SmartCount. IGT Lottery also provides services and end-to-end solutions with third party products.

In Italy IGT has a total of 8,392 supplied VLTs and some 10,956 VLTs (operator B2C) plus 65,316 AWPS.

Revenue in Italy was \$414m for the third quarter of 2015. Total lottery wagers in the third quarter were €1.68bn compared to €1.75bn last year. The €10 Lotto performance was particularly strong supported by the success of Numero ORO. Instant ticket wagers were €2.11bn compared to €2.18 for the same period in 2014.

Meanwhile in July last year GTECH signed a two year contract with Hrvatska Lutrija, the Croatian Lottery, to act as the sole supplier of instant ticket printing and related services.

It is expected a minimum of 18 instant ticket games will be printed over the two year period and solutions and strategies offered to help increase revenues for this category.



CAMELOT GLOBAL

Camelot Global is a lottery solution provider owned by the Ontario Teachers' Pension Plan and owners of Camelot UK Lotteries Limited and majority shareholder in Premier Lotteries Ireland (Irish National Lottery operator). The Camelot team developed a new iLottery platform which was launched in the UK in 2014 and 2015 in Ireland. The system aims to increase participation and revenues as it gives players the freedom to play anytime, anywhere. It provides a full suite of products that can be customised to any market and can be used via mobile, tablet or PC. It gives a transactional mobile service enabling customers to buy tickets for draw based games and play a selection of Instant Win Games on their mobile.

The introduction of automation improves the quality and timeframe associated with testing and allows lotteries to be more agile and responsive to consumer needs.

After the launch in the UK there are some six million registered users with over 195 million transactions moved across from the old site in the first 24 hours. The new National Lottery site attracted over 20,000 new registrations in the first week and has handled a peak of 400 full user registrations per minute. It is capable of handling 50,000 transactions per minute.

Neil Brocklehurst, Director of Europe for Camelot Global said: "The results have been dramatic with half yearly sales at an all time high, driven by continued very strong growth across the National Lottery's digital channels. Mobile sales surged by 72 percent on the same period last year and sales through smart phones and tables now account for over 35 percent of all sales across Camelot's direct channels. Sales over the half year were also boosted by 15 percent year on year growth across the National Lottery's Game Store range of online and in store instant play games. Camelot Global's platform now delivers sales accounting for approximately 70 percent of the entire European lottery online Instant Win game market."

In Ireland Camelot Global also provides the iLottery platform offering online instant win games and games via mobile, meaning for the first time Irish lottery players can now play online instantly on their mobile phone. In just over a week sales exceeded €175,000.

LOTSYS

Lotsys is a fully owned subsidiary of the FDJ and has over 16 years experience in long term partnerships with top end lottery operators. They provide solutions in terms of systems, terminals and project management.

The provide solutions for several lotteries including FDJ and other lottery companies. They have a long term partnership with Safran Morpho to provide high volume terminals and digital signage solutions.

Safran Morpho is a leader in security and identity solutions.

Lotsys and Morpho unveiled a new gaming terminal for FDJ back in 2013. The terminal called ELITE uses grounding breaking new imaging technology developed jointly by the companies.

It aims to reduce the overall cost of ownership by using a highly durable camera which replaces the mechanical parts of the previous generation terminals.

ELITE imaging technology means the lottery can move beyond traditional betting slips to explore

NOVOMATIC LOTTERY SOLUTIONS

Part of the Novomatic group, this company is a full solution provider offering a 360 degree solution for all distribution channels from online, mobile and retail.

Novomatic lottery Solution was formed after Novomatic acquired Betware, the Icelandic internet and lottery company, in 2013 and the company was then renamed. Its headquarters are in Austria with offices in seven other countries in Europe, North and South America.

The company has been delivering lottery solutions since 1996 and the core of their solution is a modern transaction engine that can run almost 1.5 million transactions per minute which connects to any terminal and any web client on any device.

They have worked with Islensk Getspa in Iceland, Danske Spil, BCLC and SALAE in Spain. They provide retail solutions and interactive solutions and the NLS Lottery Platform ties together all the components necessary for a lottery business providing access to a Player Account and other core gaming services.

Omni Channel enables retail and interactive channels to share the same central system and for the lottery it streamlines the operation of multiple channels into a single cohesive flow which simplifies operations and reduces time-to-market.

new shapes, colours and designs.

After testing at 1,300 outlets the FDJ has rolled out the ELITE terminals in more 25,000 outlets over the last two years.

Lotsys also implanted a Digital Draw System for the De Nederlandse Staatsloterij lottery a few years ago whilst the Loteri Romande in Switzerland also used Lotsys to develop two new tools for its lottery – the electronic draw and Results Announcement Server and Internal Control Systems. Loto Quebec has also used Lotsys and Morpho to develop a new multi lane system to bring quick pick online systems to supermarket stores.

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EUROPEAN LOTTERIES



UNITED KINGDOM

LOTTERY OPERATOR	National Lottery
REGULATOR	Camelot Group 2009-2019
SYSTEM	National Lottery Commission
RETAILERS	Camelot Global
ANNUAL SALES	47,000
	7.2bn (2014/15)

The National Lottery introduced changes to its Lotto game in October last year with the addition of 10 new numbers and extra raffle prizes – making it easier to become a millionaire, but harder to win the jackpot

The first National Lottery draw in the UK took place in 1994. Since then they have raised over £34bn for sports, arts, heritage and educational causes and paid out £56bn in prizes and created over 4,000 millionaires since its launch.

The funding of causes is handled by 12 distribution bodies (National Lottery Distribution Fund) which responds to requests from charities and sport organisations. The Department of Culture, Media and Sport sets the framework for these bodies and National Lottery legislation.

Some 70 percent of UK adult residents play the lottery regularly. The lottery is operated by Camelot (owned in turn by Ontario Teachers' Pension Plan) who has won three successive licence bids (until 2019 with four years added to run until 2023) to run the lottery on behalf of the National Lottery Commission (which merged with the UK Gambling Commission in 2013) which then awards the operating licence.

The lottery consists of draw based games which are:

- Lotto – played Wednesday and Saturdays and a chance to win millions.
- Thunderball – A chance to win £500,000 on a £1 game three times a week

- Hotpicks – Pick and match fewer Lotto numbers every Wednesday and Saturday.
- Euromillions – played Tuesday and Fridays for millions.
- Scratchcards – Prizes with a range of games.
- Instant Win Games – range of interactive games and instant cash prizes. These and the scratchcards operate under the umbrella brand 'GameStore'.

Players must be located in the UK or Isle of Man to play and aged 16 years and over and can buy tickets via the 47,000 retail outlets, over the internet, via FastPay outlets at supermarket checkouts or using a mobile app.

Approximately from every £1 of ticket sales – 50p is paid out in prizes, 28p given to good causes, 12p is lottery duty, 5p goes to the retailer and 5p is retained by operator.

Sales surged for the year end 2015 reaching £7.27bn compared to £6.73bn the year previously. This was divided between sales for draw based games totalling £4.64bn and scratchcard sales at £2.62bn (an increase of £487m).

Of these sales total prizes were £4.04bn (55.6 percent), Lottery duty was £873.4m (12 percent), £1.79bn (24.7 percent) to the lottery fund,



£333.3m (4.6 percent) in retailer commissions and the remaining as operational fees are retained by Camelot. Group profit for last year was £71m.

OUTLOOK

The National Lottery introduced changes to its Lotto game in October last year with the addition of 10 new numbers and extra raffle prizes – making it easier to become a millionaire but harder to win the jackpot.

It is the biggest shake up in the Lotto's 21 year history and now players choose six numbers from 50 instead of 49 numbers. There is now a one in 45 million chance of winning the jackpot compared to one in 14 million chance previously. On the other hand there is a one in nine chance of winning a prize compared to one in 54 chance previously.



Meanwhile after winning its third licence bid Camelot rolled out 8,000 new terminals in 2012 and another 10,000 standalone scratchcard terminals in 2014 taking the total number of lottery retailers to 47,000 of which 36,890 are

next generation 'Altura' lottery terminals and 10,260 scratchcard only terminals. Retail accounts for 80 percent of sales.

The FastPay service was a world first and enables players to store their game preferences

on a re-usable card and play draw based games at the checkout. Sales through FastPay cards were £1.03bn last year.

A new online and mobile platform was launched in 2014 and now players can access Instant Win Games online. In addition the Barclays PingIt was introduced last year – the first ever mobile payment option so smart phone users can pay and play quickly. Online sales were £1.34bn.

Camelot operates Europe's largest online lottery in terms of sales and with over six million players the National Lottery is one of the top 10 e-commerce sites in the UK.

The system is provided in-house by Camelot Global which also works with the New York Lottery, Massachusetts State Lottery, Kentucky Lottery and Arkansas Lottery and the Irish National Lottery.

REVENUE SPLIT BY DIVISION

DIVISION	PERCENTAGE 2014	AMOUNT 2014
Prizes	55.6%	£4.04bn
Lottery duty	12%	£873.4m
Lottery fund	24.7%	£1.79bn
Retailer commissions	4.6%	£333.3m
Camelot operation fees		£71m
TOTAL SALES		£7.27bn

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FRANCE

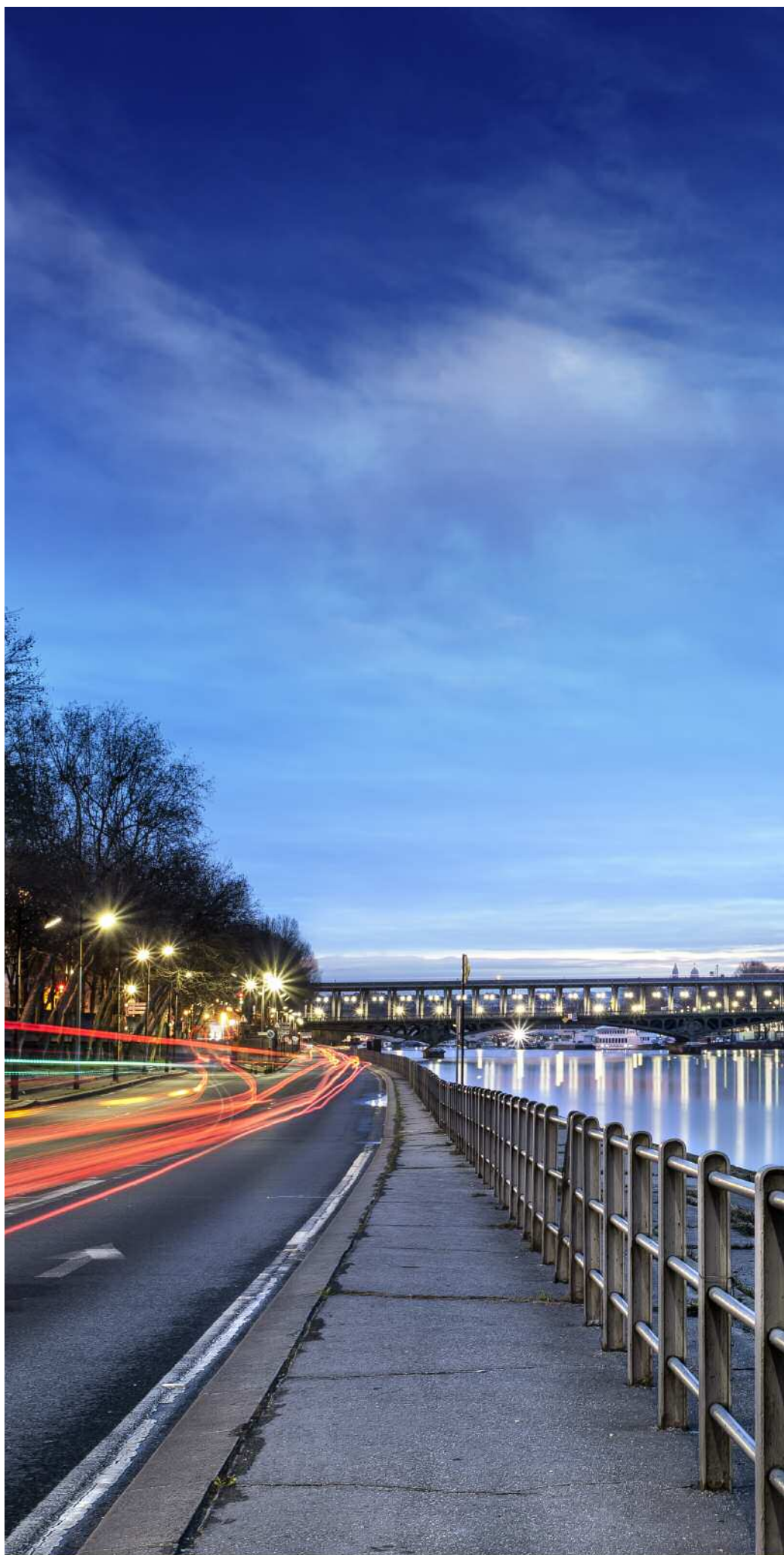
LOTTERY	Loto
OPERATOR	Francaise des Jeux
REGULATOR	Ministry of Finance
SYSTEM	Lotsys & Morpho
RETAILERS	32,700
ANNUAL SALES	€13bn

Of the €13bn in sales in 2014, €8.5bn was paid out in prizes to players (65.3 per cent of stakes) and there were 211 wins of over €1m in 2014. This was compared to 75 wins the year before mainly attributed to the launch of My Million.

The French National Lottery is operated by Francaise des Jeux. The lottery was originally created in 1933 to help war invalids and victims of agricultural disasters. It later came under the FDJ.

Francaise des Jeux (FDJ) is owned and operated by the French government (72 percent government owned) which sets the state levies and commissions and authorises new games. It is the second largest European lottery and fourth largest lottery in the world. It grew rapidly during the 1960s and in 1975 was renamed the Loto.

From every €10 stake some €6.53 is paid out to winners, €2.34 goes to public finances and risk cover, €0.60 goes into the distribution network and €0.53 goes into the company operations.





REVENUE SPLIT BY DIVISION

DIVISION	PERCENTAGE 2014	AMOUNT 2014
Prizes	65.3%	€8.5bn
Retailer commissions	5%	€650m
National budget		€3.1bn
National Development for Sport		€230m
TOTAL		€13bn

FDJ has some 32,700 points of sales of which 10,128 were equipped with next generation gaming terminals with optic readers in 2014. There are some 27 million players of FDJ games – about 55 percent of the population. The average weekly wager is €9.30.

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Retailers received €650m (five percent) whilst €3.1bn was contributed to the national

In 2014 due to a decline in sales with Euro Millions the company launched My Million which was in response to the request for a wider distribution of winnings. During the same year FDJ launched a five year strategic plan to promote operational and commercial excellence looking at responsible gaming, boosting performance and a positive environmental footprint among other challenges.

New products last year included Jackpot, a new scratch card game with winnings of up to €500,000, the re-launch of Morpion, a game which was stopped in 2012 but re-introduced due to its popularity, Coup de Chance game and

Instant games are a huge part of the FDJ revenue. In 2014 they made up 44 percent of FDJ business and the €5 instant category accounted for more than 40 percent of the lottery's total instant revenue. Instant sales for FDJ is around €5.5bn.

budgets. The number of sales outlets have been declining however with 700 fewer in 2014 than 2013.

The company allocates €230m a year to France's National Development for Sport and has supported more than 600 charities since the FDJ Corporate Foundation was set up in 1993 to distribute funds.

Players must be 18 years of age and there are a total of 42 games offered by the FDJ including 16 new games added in 2014 to replace older games. The games are divided into four sectors.

- Scratch cards – the first game was Tac-o-Tac launched in 1984. Instant games are responsible for 44.8 percent of stakes. The Illiko range offers 19 scratch card games from €1 – €10. Cash is the top game in the range with 19 million players.
- Draw based games and Express games – this includes EuroMillions-My Million offer which was launched in 2014 and completes the range of games which also includes Super Loto, Loto, Amigo, Keno and Joker. EuroMillions is responsible for 40 percent of stakes and some 21.2 million players.
- Bingo Live – a multiplayer game where several players compete in the same draw to win the jackpot or winning amount.
- Sports Betting – responsible for 15.2 per cent of stakes. ParionsSport is FDJ's second best brand. ParionsWeb offers online bets on 23 sports. There are three million players.
- Express Games – 2.7 million players.

Bingo which was the fourth re-launch of this game with two million players.

Also launched was Loto Group Game service which aims to enrich the gaming experience and focus on the social aspect. Initially available at POS this format enables a group of two to 10 players to share their winnings in a random Loto draw. Each member receives their own tickets and winnings can be collected separately.

Instant games are a huge part of the FDJ revenue. In 2014 they made up 44 percent of FDJ business and the €5 instant category accounted for more than 40 percent of the lottery's total instant revenue. Instant sales for FDJ is around €5.5bn.

Loic Bonivin, Head of Illiko instant games for FDJ said: "Between 2005 and 2014 FDJ's instant lottery sales have enjoyed growth of approximately 65 percent. The instant games category is an extremely important and integral part of our lottery portfolio and we have formulated a forward strategy which we are confident will enable us to unlock additional potential to ensure continued future long term success."

ONLINE AND SPORTS BETTING

FDJ has been a sports betting operator for the last 30 years which is provided via Points of Sale and online via ParionsSport and ParionsWeb.

Due to the World Cup in Brazil FDJ's sports betting saw an increase of 20 percent with €1.9m sales in 2014. Some €192m was wagered at 25,650 ParionSport POS during the World Cup.

All betting (both in POS and online) represent 15.2 percent of sales for FDJ and saw an 18.8 percent growth last year at POS betting. The growth of the ParionsWeb meanwhile was 45

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The digital sector is growing by 16.7 per cent which is a +45 per cent growth for online sports betting and +10.3 per cent growth for online lottery games. More than 20 per cent of digital stakes for Loto and EuroMillions-My Million were placed on mobile devices

percent reflected by the increase in number of players (100,000 new players in 2014) and access to the ParionsWeb App.

There has been a rollout of 500 tablets at selected POS plus a dedicated website launch in June 2014 plus the application launch at the end of last year.

FDJ launched their website fdjeux.com in 2001 and the first game of Cote & Match fixed odds betting was set up in 2003 followed by EuroMillions a year later. In 2012 the Illiko brand was unveiled. The online website fdj.fr has some four million unique visitors each month and over a million active players.

The digital sector is growing by 16.7 percent which is a +45 percent growth for online sports betting and +10.3 percent growth for online lottery games. There are 33 games on fdj.fr of which 14 are exclusives.

More than 20 percent of digital stakes for Loto and EuroMillions-My Million were placed on mobile devices and nearly 40 per cent of ParionsWeb bets were also placed on mobiles.

The growth was attributed to more active players online (1.06 million) and the popularity of the game. Bingo Live which saw a growth of 37 percent last year thanks to a redesign whilst the third reason is down to the increased mobile activity, particularly with EuroMillions. The launch of EuroMillions-My Million was twice as dynamic online as at POS. A new portal for iPad was introduced and accessibility improved on mobiles and tablets.

Online and POS run side by side and at the end of 2014 the ParionsSport application was launched to make it possible for players to bet anywhere. There were 250,000 downloads of ParionsWeb iphone and iPad app. Online registration is fairly rigorous with age verification and identification.



OUTLOOK

The FDJ has launched its FDJ2020 plan to look at the digital service through new partners, new games and services and a new way to communicate via the web.

The plan will cost €500m total investment which starts with digitalising its network at a cost of €180m and then transforming its IT base (a further €250m).

There will be a new network of companies and stat ups – FDJ will partner game publisher Asmodeus to provide digital games and also the Web Factory School, a laboratory in France.

The idea is these new developments will attract another one million players online (especially women and young adults) over the next five years. There will be new games and new developments.

Meanwhile Points of Sale are due to be fitted with new furnishings in 2016 designed to meet accessibility standards and tailored to customers on how they interact with games. The

modernisation includes the use of new digital tools.

The new terminals have been developed in partnership with Morpho (Safran group) and Lotsys (subsidiary of FDJ) and are called the Neptune. These will replace the old scratch terminals and gradually replace the terminals for all games.

They provide a new optical reader which recognises new forms and presentations of scratchcard games and payslips. Previously these were subject to constraints. The new Neptune will facilitate betting and winning payments and as the scanner has no mechanical parts the equipment has lower maintenance demands.

The new Neptune terminals also consists of a player module with a seven inch touch screen, smart card reader and barcode reader which gives an element of interactivity to the counter area including paperless betting via smart phone.

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EUROPEAN LOTTERIES



The lottery has suffered over recent years mainly due to less consumers blamed partly on the declining sales of newspapers, magazines and tobacco and as such some 320 outlets (263 were newsagents) were closed in 2014.

The lottery in Belgium was launched in 1934 and called at the time the Koloniale Loterij (Colonial Lottery Foundation) and was a way to raise funds for the Belgian colony of Congo. In 1963 the Nationale Loterij was established under the authority of the Ministry of Finance.

In April 2002 a new law to 'rationalise the operation and direction of the Nationale Loterij' came into force and this now governs the lottery. It granted the new Nationale Loterij the legal form of a private company with limited liability of public law.

The Kansspelcommissie (Gaming Board) has no control over the National Lottery instead a supervisory board was set up and there is more scope for new games, new development and the introduction of betting, sports betting and games of chance.

The first Loto draw was held in 1978 with the Lotto 6/40 game and more products like Presto, Joker and Subito followed in the 1980s.

In 1991 there was a huge overhaul of the organisation and the National lottery was transformed into a public utility autonomous organisation with legal status under the Ministry of Finance. New instant games were launched onto the market and it was possible to organise betting and games and chance games

BELGIUM

LOTTERY OPERATOR	Lotto
REGULATOR	Nationale Loterij
SYSTEM	Ministry of Justice
RETAILERS	GTech
ANNUAL SALES	5,000
	€1.21bn

and in 1992 all lottery outlets were connected online to a central computer. Since 1994 the lottery has been liable to an annual monopoly contribution to the state budget which was set by the King. Profit is reserved for financing programs for assistance for developing countries whilst the company also sponsors the Belgium Lotto Cycling Team.

New scratch card games were added in the 1990s and by 2004 EuroMillions joined Belgium. In 2010 the e-lotto.be website was set up so draw games could be accessed online followed by online scratchcards in 2012.

The National Lottery has 5,000 sales outlets and 42 games in total. Sports betting arrived with the game Scoore in 2013.

Today Lottery games include:

- Lottery Games – Lotto, EuroMillions, Joker+, Keno, Super Lotto and Pick 3. Lotto is drawn twice a week on Wednesday and Saturdays.
- Scratchcards – There are 13 scratch card games
- E-Games – 10 e-games available online.
- Sports Betting – Scoore is the lottery's online and offline sports betting game.

In terms of revenues from lottery sales 53 percent goes back to winners in prizes, 17 percent in grants and sponsorships, 12 percent in operating costs, seven percent in sales commissions and 11 percent to the state.

In 2014 of the €1.21bn in turnover – €636m was paid out in prizes; €205m paid to sport and culture groups; €142.5m in operating costs; €87m in sales commissions and €135m to the



state. In 2014 the division of the total turnover was €444m EuroMillions (37 percent); €227.7m Instant games (19 percent); €439.2m Lotto (36 percent) and €99.7m for other games including Joker, Keno and Pick 3 and Scoore (eight percent).

Retail outlets account for 90.2 percent of sales (€1.09bn) whilst internet sales account for 8.1 percent (€98.1m) leaving 1.7 percent of sales down to other means (€21m).

Last year saw the launch of live betting of Scoore, the mobile platform, development of self vending machines and a new corporate website.

The lottery has suffered over recent years mainly due to less consumers blamed partly on the declining sales of newspapers, magazines and tobacco and as such some 320 outlets (263 were newsagents) were closed in 2014. On the other hand 291 outlets were opened in different



locations. Players can access games via the POS or online via e-lotto.be where they can access draw games, electronic games and sports betting, via mobile or tablet or via subscription for draw games.

ONLINE AND SPORTS BETTING

The growth of internet sales for the lottery sector has been five fold. In 2010 sales amounted to €17.9m via this means and €81m in 2013. Today sales stand at €98.1m which is a 21 percent increase on 2013 figures.

After launching in August 2014 mobile players now amount to over 55,000 players with €2.5m in sales (seven percent of digital sales in total). The number of online plays was just over 22.5 million in 2014 compared to 232.8 million plays at outlets.

There are several e-games including nine Scratch and Win games, 10 Fun&Play games,

seven Profit Opportunity games and three Win for Life.

Around 2.5 million people visit the website on an average month of which 35 percent are from mobiles.

Initially the problem was most visitors didn't stick around on the page and merely checked lottery results. The company felt their existing platform, a content management system, was not so user friendly and needed to engage the player more and selected Sitecore Experience Platform to improve the digital experience for visitors.

Monthly page views increased to five million and organic visitors now represent 30 percent of online gaming conversions. Videos and new polls have proved popular.

Sitecore is a leader in customer experience management and delivers highly relevant content and personalised digital experience.

Iris de Vree, digital content producer at the lottery said: "The increased user friendliness saves a lot of time on a daily basis allowing us to focus on what's really important: the creation of relevant content the reader appreciates."

OUTLOOK

GTECH has been supplying Belgium's lottery since 1992. Back in 2002 GTECH was chosen as the vendor to provide new lottery terminals and a new communication network which replaced the existing terminal base with around 6,000 Altura terminals.

Then in 2014 GTECH was awarded a 10 year deal to continue providing lottery services to the lottery and supplied an online gaming system, terminals and integration contract. The deal is worth US\$174m in revenues for GTECH over the 10 year term.

The company agreed to provide its Enterprise



Series central system solution and replace the lottery's existing terminal base with 5,550 Altura GT1200 terminals. GTECH will also deploy mobile and handheld terminals as well as self service ticket checkers.

The IT services model aims to drive services quality and to closely align GTECH's services with the business requirements of the lottery. The company already provides its interactive gaming system to the lottery allowing it to sell traditional lottery style games to players over the internet.

Roger Maleve, Lottery Operations and Procurement Director said: "Time-to-market is extremely important in today's business environment and the same holds true for the lottery business. This services arrangement with GTECH will allow us to introduce innovations more rapidly and be better prepared in the longer term to grow the business in a competitive marketplace. The business alignment through the governance model is key in this model and will allow us to translate new technology into innovative services for our players and to become a more attractive and socially responsible gaming provider."

Meanwhile the lottery was fined by Belgium's Competition Authority in September 2015 some €1.19m for anti competitive behaviour. They say the company abused its dominant market position when it launched Scoore in 2013.

Sports betting game, Scoore, enables players to predict the outcomes of matches in different competitions such as football, basketball,

REVENUE SPLIT BY DIVISION

DIVISION	PERCENTAGE 2014	AMOUNT 2014
Prizes	53%	€636m
Sport and Culture	17%	€205m
Operating Costs	12%	€142.5m
Retailer Commissions	7%	€87m
State funding	11%	€227.7m
TOTAL		€1.21bn

E-games include nine Scratch and Win games, 10 Fun&Play games, seven Profit Opportunity games and three Win for Life. Around 2.5m people visit the website per month of which 35 per cent are mobile

volleyball, hockey, tennis and Formula 1. You can play at any lottery POS or online via smart phone, tablet for example via e-lotto.be

Scoore saw 93 percent growth in sales in 2014 compared to the year previously mainly down to the launch of live betting and mobile sales, the World Cup and retailer efforts.

The group was found guilty of using player's contact details and emailing them to announce the launch of Scoore, something competitors

would not have had the opportunity to do.

Betting groups including Stanleybet, PMU and Sagevas and the advertising body WFA registered their complaint against the lottery in May 2013. Grievances include the use of contact details obtained via the monopoly environment, using the lottery image to promote Scoore and exclusivity and non-compete clauses between the lottery and Belgian newsagents. The lottery group agreed to pay the amount.

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EUROPEAN LOTTERIES



GREECE

LOTTERY OPERATOR	Lotto/ Popular/ National/ New Year
REGULATOR	OPAP & Hellenic Lotteries
SYSTEM	Hellenic Gaming Commission
RETAILERS	Intralot/Scientific Games.
ANNUAL SALES	4,861 (OPAP) 8,000 (Hellenic)
	€4.26bn (OPAP) €392.9m (Hellenic)

Despite the economic downturn, over the last five years GGR has stuck at €1.2bn. Sales increased in 2014/15 by 14.8 per cent to €4.26bn (the first increase in five years and compared to €3.71bn in 2013/14)

Lotteries and football pools in Greece are currently operated by OPAP (numerical) and Hellenic Lotteries SA. Other gambling sectors in Greece include casinos, horse racing and online gambling/betting. The gambling sector is governed by the Hellenic Gambling Commission (HGC) set up in 2004.

OPAP was set up in 1958 as a private entity to support the Greek Sports and Culture and is the number one gaming company in Greece with around 71 percent of the market. OPAP also holds the exclusive licence to operate video lottery games (VLTs) in Greece.

It is the exclusive operator of numerical lottery and sports betting games in Greece. The state sold off a 33 percent stake to Emma Delta in 2013 as part of the government's plan to climb out of debt.

Meanwhile in July 2015 a concession agreement was concluded between the Greek State and Hellenic Lotteries giving Hellenic the

exclusive right to operate state lotteries for a period of 12 years.

Hellenic Lotteries is a member of the OPAP group and is now also the exclusive operator of the state lotteries – Laiko (Popular), Ethniko (National) and Protochroniatika (New Year) and instant win games (Scratch).

Revenue for Hellenic at the end of 2014 was €392.9m with gross profit of €30.7m. Scratch cards account for 71 percent of business with €279.8m in turnover followed by Laiko Lottery (20%) and €79.1m turnover, Ethniko Lottery (nine percent) and €33.9m, New Year lottery with €2.9m in commission. Of the €392.9 turnover €42m was paid in taxes and €38.1m in sales commission and €252.9m in prizes. Hellenic has 8,000 Points of Sale in Greece.

- Laiko (Popular Lottery) was founded in 1941 with a weekly draw on Tuesday. Tickets sold in sets of five for €10 or €2 each. About 60

percent is returned to player in prizes.

- Ethniko (National Lottery) was set up in 1937 and issued three times a year. Tickets are sold in sets of 10 for €40 or €4 each.
- New Year Lottery – Drawn on New Years Eve introduced in 1967. Tickets are €5 and payout is around 55 percent.
- Scratch cards or Skrats – Numerous game to play for €1 to €5

The first game OPAP launched was PROPO (coupon for football prognostics) alongside the foundation of the system of national leagues in the football championships. In the year 2000 the company became an SA company and was listed on the Athens Stock Exchange in 2001.

In 1990 OPAP added Lotto to its games and established its central computerised system.





Today OPAP has seven numerical games and four sports betting games. These are:

- Numerical Lottery games – these include:
 - Lotto – set up in 1990 with a twice weekly draw. Sales were €42.9m in 2014.
 - Proto – Set up in 1993 with the prediction of seven digits. Draw is twice weekly and sales were €22.9m.
 - Joker – established in 1997 and number selection with a twice weekly draw. Sales reached €238.5m in 2014.
 - Super 3 – Fixed odds game set up in 2002. The draw is held 10 times a day every day. Sales were €14.7m.
 - Extra 5 – Numerical fixed odds game set up in 2002. Draw is twice daily. Sales were €6.5m.
 - Kino – Numerical fixed odds game established in 2004. Draw is every five minutes. Biggest seller with €1.86bn in 2014. About 53 percent of sales.

- Go Lucky sales were €926m.
- Fixed Odds betting
- Paem Stoixima (or Let's Bet on It) was launched in 2000 and is a fixed odds betting game on various sports. Second biggest seller with €1.5bn in 2014 with 36 percent of sales.
- Monitor Games – new betting types launched in 2001 saw a range of Monitor Games such as Bowling and Penalties. Monitor game sales reached €54.4m.
- Mutual Games – football prognostics
- PROPO – set up in 1959 as the first of OPAP's games changed its name to PROPO14&7 in 2006. Predicting results of football matches on coupons. The game is held three times a week (Wednesday, Saturday and Sunday). Sales were €7.9m.
- PROPO-GOAL – this was launched in 1996 and bets on the number of goals from several matches. Events held Sundays only. Sales were €427.9m.

- Scratch cards – Through an OPAP subsidiary the company has a licence to operate instant scratch games in Greece for 12 years through a concession agreement with HRDAF for €190m until 2026. They began operation with three games – Scratch, Laiko and Ethniko.

OPAP has a total of 4,861 retailers of which 4,667 are in Greece and 194 in Cyprus plus 3,800 POS for the distribution of scratch cards and passive lotteries. Despite the economic downturn in Greece since 2007's debt crisis, over the last five years the GGR has stuck at around €1.2bn. Sales increased in 2014/15 by 14.8 percent to €4.26bn (the first increase in five years and compared to €3.71bn in 2013/14) whilst GGR increased by 12.9 percent to €1.38bn and gross profit was €423.9m

Growth is mainly due to the strong start of Hellenic Lotteries and the growth of Pame Stoixima and the recent introduction of National

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EUROPEAN LOTTERIES



Popular and Instant Lottery (scratch cards) which saw almost seven percent of total sales with €292m in sales.

Of the total turnover some 67.7 percent was paid out in prizes (€1.37bn) and between eight and 12 percent in retailer commission (€367.7m) depending on sales channel.

The company signed a new agreement with Intralot in 2014 for the next four years to operate its systems whilst GTECH is the provider of its online betting platform winning a tender against three other international companies.

GTECH will provide the central information system of its VLT network and connect 35,000 VLTs throughout its International Standard System (G2S) protocol.

VLTs

In November 2011 OPAP received its licence to operate 35,000 VLTs in Greece for a total cost of €560m. Of these some 16,500 will be installed and operated by OPAP whilst 18,500 terminals will be put up for tender and run by sub-concessionaires. The licence is valid for 10 years.

The licensing system was put into place at the end of 2014 however there are delays with the launch from OPAP who wants more time to ensure the machines comply with the new rules introduced by the government.

The rules were introduced in June last year and include lower jackpot levels, daily loss limits and length of play time allowed.

OPAP predicts that the VLT market will bring around €1bn per year in revenue from the machines.

The new regulations were introduced a few days before OPAP's launch plans and OPAP say they 'render the project no longer economically viable'.

The new rules set the daily loss limit to €80 a player and limit the time to 10 hours a week and 32 hours a month down from previous 12 hours and 40 hours (respectively). The maximum jackpot of gaming halls is now €20,000 down from €100,000.

OPAP chose IGT/GTECH, Scientific Games, Inspired Gaming and Synot as it's VLT vendors last year and aimed to have 16,000 VLTs in the market under its own Play branded gaming halls by the end of 2015 with the remaining 18,500 available to sub contracted operators.

ONLINE AND SPORTS BETTING

The Greek online sector is governed by Articles 45-50 of law 4001/2011 and licences are administered by the Ministry of Finance for a period of five years which can be renewed.

In 2011 the Greek state set out the framework

for internet gambling. OPAP holds the exclusive rights until 2030 for all its games operated online and Stoixima and games under this umbrella (monitor games and Go Lucky) until 2020.

OPAP's online sector was launched in June 2014 and new betting content is now being planned with the aim of attracting more customers and reducing access to illegal online products.

Pame Stoixima is the OPAP's second most successful game with 21 percent increase in sales in 2014 with €1.52m in revenues and €434m in GGR which represents 35.8 percent and 31.5 percent of total revenues and GGR respectively.

When the sports betting game was launched the response to Pro-Po was huge and people queued for hours to play a coupon. A new coupon with 13 matches was later added and it was advertised as 'The Magic piece of paper that makes you rich!' The coupons were initially sorted painstakingly by hand until a central computer system was later installed.

In 1964 OPAP began to reform ProPo including new systems. Some 70 agencies were set up and radio broadcasting of football matches saw increased revenues. OPAP also launched its new football game 6 out of 36.



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In 1969 new systems were implanted in the selection of the coupon and payout for agents was raised from five percent to 10 percent.

During the 1970s Greek football grew rapidly and OPAP saw a big demand with more agencies and gross profit multiplying significantly.

The sportsbook consists of pre game and live betting and live betting saw a 207 percent increase last year and live betting accounted for almost 14 percent of total sportsbook revenues. Football is the most popular sport (91.6 percent of Pame Stoixima turnover) and the World Cup saw revenues top €157m.

OUTLOOK

The privatisation of ODIE (horse racing agency) finally went ahead in October last year after several delays and false starts.

Parliament voted to privatise the country's

sole licence for horse racing betting and OPAP was handed the licence and it is hoped this will bring new life into the dwindling sector.

The privatisation of ODIE was on hold last year. The loss making ODIE is state owned and was over €200m in debt to the government. The government agreed with the European Commission to liquidate the organisations although it is seeking to privatise the organisation's exclusive mutual betting rights at racetracks first to help keep horse racing alive in Greece.

OPAP applied to take up the licence and last year became the provisional successful bidder for the licence although delays and failure to complete the privatisation means Intralot is now suing the organisation.

Last year the privatisation agency HDRAF scrapped previous bids after only receiving a bid

from Intralot. Then OPAP and Intralot submitted bids for the 20 year licence. But Greece has repeatedly missed privatisation targets due to lack of investor interest and regulatory problems. It wants to raise €22bn by 2020.

OPAP joined up with British fund manager, Global Family Partners, to put in a joint bid not less than €40m but above the €5.2m initially offered by Intralot. Under the agreement OPAP will pay a 30 percent tax on GGR from horse race betting operations which saw revenues of €65.4m in 2013.

Meanwhile as the VLT market grinds to a halt amid changes in regulations it is thought OPAP will reach an agreement with the regulators given the country's need for tax revenue amid its financial crisis.

It has left VLT giants IGT and Scientific Games without movement.

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EUROPEAN LOTTERIES



ITALY

LOTTERY OPERATOR	Lotto
REGULATOR	Lottomatica & Sisal
SYSTEM	AAMS
RETAILERS	Gtech (Lottomatica)
ANNUAL SALES	45,587 (Sisal) 77,000 (Lottomatica)
	€13.9bn (Sisal) €6.6bn (Lotto)

Italy is the mother of all lotteries. The word Lotto comes from the Italian word 'destiny or 'fate'. The lottery dates back to 1515 when it is said a lottery was organised to elect members of the Senate in Genoa. Later names were changed into numbers. In 1530 the Lo Giuoco del Lotto d'Italia was born and further lotteries followed throughout the centuries. Today the lotteries are regulated by the Ministry of Finance and the AAMS.

The total Italian gambling sector saw a turnover of €83.4bn (GGR of €16.1bn) of which lotteries were accountable for €17.2bn in turnover; betting and pools €6.2bn; Gaming machines €46.1bn; bingo €1.4bn and skill, card and casino games €12.3bn.

Of the lottery turnover the Lotto is responsible for €6.6bn turnover, Scratchcards €9.4bn and National Totalisator Number Games (NTNG) €1.17bn. The NTNG games

(SuperEnalotto, Vinci per la Vita, SiVince Tutto, Eurojackpot and VinciCasa) are operated under concession to Sisal.

Sisal received the concession for NTNG in 2008 including Enalotto which Lottomatica and Sisal also bid for. Meanwhile the Lotto is the oldest game in the Italian market and is run by Lottomatica.

SISAL was founded by three sports journalists in 1946 and is an acronym for Sport Italia Societa A responsabilita Limitata). Today it operates a number of what are called Tote Lotteries.

The first was Totocalcio followed by Totip for the horse racing section. The games include:

- **Lottery games**

All the lottery games can be played via Sisal retailers at Matchpoint betting shops or at Sisal Wincity gaming centres or online. GGR

was €75.7m.

- Super Enalotto was launched in 1997. Prize draws are three times a week on Tuesday, Thursday and Saturday.

- SiVinceTutto Super Enalotto was launched in 2011 and one prize draw on the last Wednesday of each month.

- Eurojackpot launched in 2012 and is the first lottery with a Europe wide jackpot shared with 16 countries. Weekly draw on Fridays.

- Vinci per la Vita – Win for Life. This game arrived in 2009 and was the first Italian lottery to offer a monthly income as a prize. There are two versions of the game now.

- ViNCi Casa – the first lottery game to reward you with a home launched in 2014. You have to guess five numbers out of 40. Weekly draw on Wednesdays.

- **Betting**

- Matchpoint – the acquisition of Matchpoint happened in 2004 and at the same time online gaming was launched. There are a total of 364 Matchpoint betting agencies and 3,508 Matchpoint Corners.

- Totocalcio – the first game to be launched by Sisal and began as the Sisal play slip later changing its name to Totocalcio. This is a football pools prediction game which at the time was launched to encourage sport and



rebuild Italy's war damaged football stadiums.

- TotoGoal
- V7 – horse racing both mutual and national betting. Totip was introduced in 1948 and was Italy's first horse race betting system.
- Tris arrived in 1991.
- Retail gaming – saw €530.2m in GGR.
 - Sisal offers slots and VLTs in the market and also operates Sisal Wincity which was launched in 2010 as an entertainment centre with food, drinks and gaming. There are 17 WinCity locations currently open.
- Online Gaming – saw GGR of €44.8m

Sisal has over 14 million customers and a network of 45,587 Points of Sale (41,520 affiliated POS and 4,067 branded shops including Wincity (17 locations), Matchpoint (3,872 locations) and Smart Point locations (177 locations).

Sisal had a turnover in 2014 of €13.9bn with total revenues of €821m – a 6.3 percent increase on the year before although the company still saw losses. Of this GGR this was divided between:

- €504m for Gaming and Betting revenues divided between: €44m for NTNG; €396m

LOTTOMATICA REVENUES

SECTOR	REVENUES 2014	REVENUES 2013
Lotto	€425m	€408m
Instant Tickets	€370m	€377m
Total Lottery	€795m	€785m
Sports betting	€179m	€159m
Gaming Machines	€572m	€584m
Interactive	€71m	€77m
Commerical Services	€128m	€132m
ITALY TOTAL REVENUES	€1.74bn	€1.73bn



for slots/VLTs; €9.9m horse racing bets, €33,000 bets, €29.7m virtual racing; €705,000 sports pools; €21.4m online games and €1.4m bingo.

- €124.1m payments and other services
- €78.4 POS revenues
- €8.3m other revenues.

Lottomatica (GTECH) meanwhile operates one of the largest lotteries in the world, the Lotto. The company is controlled by De Agostini Group. Lottomatica is the exclusive distributor for the Italian State of lottery games plus instant lottery, scratch games and slots, VLTs, sportsbooks and interactive games.

Revenues for the Gtech group amounted to

€3bn in 2014 of which Italy was responsible for €1.7bn of this. Lotto lottery revenues reached €795m. Total wagers on the Lotto was €6.6bn and there were 1.9 billion instant tickets sold with total sales of €9.4bn. Total fixed odds sports betting wagers was €893m; total wagers on interactive skill games was €1.8bn; total News slot wagers was €10.1bn with a total of 65,316 installed and total VLTs installed was 10,956 (end 2014).

The Lottomatica games selection includes:

- Lottery
 - Lotto – this is the main game and played via tickets or online. Draws are held three times a week
 - €10 Lotto or Numero Oro which can be played online.
 - Scratch and Win – many options from €1 up to €20 cards.

SISAL was founded by three sports journalists in 1946 and is an acronym for Sport Italia Societa A responsabilita Limitata). Today it operates a number of what are called Tote Lotteries. The first was Totocalcio followed by Totip for horse racing



SPORTS BETTING AND ONLINE

Italy has a large betting market today and Sisal, SNAI and Lottomatica between them control about 50 percent of the market whilst companies such as Ladbrokes, William Hill, Gala Coral and Bet365 have remaining licences.

Betting is responsible for €3.1bn turnover – sports betting €2.6bn; sports pools €34m; horse betting €457m and Tris and similar €178m.

Lottomatica Betting was founded in 2007 and today it has 2,000 stores under the brand name 'Better'. In 2008 it acquired the Totosi brand for online betting. Revenue for Gtech Italy was €1.7bn in 2013 and of this €158.7m came from sports betting. In 2014 Lottomatica acquired IGT.

SNAI has a 23.4 percent share of the sports betting market and saw group revenues in 2014 of €527.5m and turnover of €5.4bn. It has a 49.8 percent share of the horse race betting market and some 876 sport corners in 620 stores and 721 horse corners. SNAI recently announced in 2015 plans to merge with Cogetech, a major gaming operator in the market, which will increase the number of gaming machines operated by SNAI to more than 70,000.

SNAI recently launched Game360's 360 Betting Mobile App – a live streaming betting

– Betting – Lottomatica Betting has over 1,500 outlets or via online betting. This sector began in 2007 when the company was given 19 percent of sports betting rights and created Better brand. This saw live sports betting introduced and today players can bet on most sports via its network, online, telebetting, mobile or tablet.

- Online – offered via lottomatica.it and totosi.it. Poker Club is the poker room of both and various games and tournaments. Plus bingo, casino, scratchcards, football pools etc.
- Gaming Machines – VLTs operated via BetterSlot gaming halls. VLTs are supplied by Spielo, Inspired and Novomatic. The games are now also available via an APP.

VLTs

Gaming machines in Italy saw a total turnover of €46.1bn representing over 55 percent of the market – VLTs reached €21bn and slots €25.1bn.

The VLTs are connected to central monitoring system with about 85 percent payout over a cycle of five million bets. Play is €0.05–€10 and maximum payout is €5,000 with national jackpot of up to €500,000 and local jackpot of up to €100,000.

VLTs can be installed in bingo halls, sports betting agencies, horse betting agencies, horse and sports betting shops, gaming centres with 30 VLTs in a 50–100 sq.m location and up to 70 for 101–300 sq.m location or 150 VLTs for those sites bigger than 300 sq.m.

Lottomatica and Inspired Gaming will begin a long term partnership with the installation of VLTs in Lottomatica venues.

Lottomatica has over 800 VLT venues and Inspired's Open VLT platform and library of games will bring a new perspective to the market. Inspired was the second VLT company to gain approval from the Italian government in 2010. Lottomatica also works with IGT who supply game content and machine to the VLT market.



Online gaming saw the highest increase in the Italian market driven by skill, card and casino games with a turnover of €12.3bn. It has grown due to the launch of phone and table apps and foreign operators

App – into Italy to run on Android, iOS and Applewatch technology.

Sisal operates the Sisal Matchpoint betting agencies and retailers, Sisal Wincity gaming centres, online via sisal.it or via mobile devices using the Matchpoint APP. Totalisator is associated with Italian and International horse racing and bets can be placed at Matchpoint agencies and retailers, via Wincity gaming centres and online.

In Italy there are a total of 4,790 sports betting points of sale, 1,468 betting shops and 801 betting agencies. There are a total of 2,822 horse racing points of sale, 1,504 horse racing betting shops and 331 agencies.

Inspired will also supply Virtual Sports into Italy after signing contracts with eight Italian operators. In mid 2015 Inspired renewed its contract with SNAI for Virtual Sports. Inspired

currently provides SNAI with eight premium Virtual Sports across retail and online venues. At the moment Inspired supplies about 95 percent of landbased and online virtual sports market in Italy. Meanwhile online gaming saw the highest increase in the Italian market driven by skill, card and casino games with a turnover of €12.3bn (85 percent of the total turnover of the market). It has grown due to the launch of phone and table apps and foreign operators. Of the online sector lotteries account for €52m, betting and sport pools €1.9bn, bingo €90m and skill, card, casino games €12.3bn

Online gaming for Sisal arrived in 2004 followed by online poker in 2009. In 2014 Sisal Live Channel was created the first Italian in store channel completely dedicated to live betting.

Sisal.it offers all online versions of its games including its lottery games, sports betting

products, horse race betting, poker (Texas Hold 'em and Omaha), 29 casino games, games of skill, over 30 games of Gratta e Vinci, five bingo hall games, 20 instant Quick games and over 30 slot machine games. Play is limited to over 18s and player open an account with a monthly spend limit. Lottomatica meanwhile reported a 12.3 percent share of the online casino games market followed by Microgame and Sisal and then Eurobet.

OUTLOOK

Lottomatica and Sisal have entered talks for the potential merger of the two companies which could see Italy with the biggest online and retail betting group valued at €1.5bn

Sisal has reconsidered its buy out options following the cancellation of its IPO earlier this year. Lottomatica is its preferred partner in a potential agreement.

Talks have been on and off since 2014 and high taxes and reduced wagering has put the pressure on the market for consolidation.

The gaming market is expected to reach €82.1bn in 2015 a slight drop from 2014 owing to the reduction in gaming machines and decline in lottery sales. However betting and online gaming is expected to grow.

Reports

EUROPEAN LOTTERIES



NETHERLANDS

LOTTERY	De Lotto/ Nederlandse Staatsloterij
OPERATOR	SNS/SENS
REGULATOR	Kansspelautorite
SYSTEM	Scientific Games/Intralot
RETAILERS	4,968 (SENS)
ANNUAL SALES	€321.8m/€737.8m

In the Netherlands there are three permanent (monopoly) licences for the lotto game, sports betting and instant lottery (scratchcard) and these are all in the possession of the Stichting de Nationale Sporttotalisator (SNS/De Lotto).

In addition the only state lottery in the Netherlands is The Stichting Exploitatie Nederlandse Staatsloterij (SENS).

Meanwhile there are three other semi-permanent charity lotteries which are operated by public limited liability company Nationale Goede Doelen Loterijen (National Charity Lottery) which are granted licences for a period of five years. These include the National Postcode Lottery, the Lottery BankGiro and the Vrienden (Friends) Lottery.

The lotteries are non profit and half of the investment goes directly to charities.

The Stichting Exploitatie Nederlandse Staatsloterij (SENS) was founded in 1726 and as such is the oldest lottery in the world.

The lotto began when the Royal Dutch Football Association asked for permission to organise a national Toto in 1956.

By the year 2000 all brands came under Stichting de Nationale Sporttoalisator (SNS) and the registered De Lotto

It was known as various names until 1848 when it was officially renamed as the Dutch StaatsLoterij or Nederlandse Staatsloterij (Dutch National Lottery.)

It came under the responsibility of the Ministry of Finance until 1992 when the Dutch Lottery, as an independent foundation, was formed under the Foundation SENS.

The lottery is held 16 times per year - on the 10th of each month and on four other dates, plus it also a weekly lottery Million game.



Almost half the population play it and at least 60 per cent of sales from the lottery must be returned in prize money. Prizes are free from gambling tax and all winners remain anonymous. Proceeds go to the Dutch Society and support various projects whilst 15 percent of the stake is given to the state. The games include:

- Lottery - This is played on the 10th of each month plus there are four festive draws per year (Koningsdagtrekking, July 1, October trekking and New Year Scope) with a top prize of €1m jackpot. Tickets are between €3, €15, €30 or €150.
- Koningsdagtrekking - this is a special draw of the lottery and offers 10 first prizes of at least €1m.
- July 1 - This draw offers €10,000 per month for 30 years in prizes.
- October 1 - €10,000 per month for 30 years in prizes.



GAMBLING REVENUES ACROSS THE SECTORS

Sector	Licensee	Sales	Prizes	GGR	Charity	State funds	Gaming tax
Lottery	Nederlandse Staatsloterij	€772.6m	€466.2m	€306.4m		€123.6m	€63.9m
	Holding Nationale	€827.7m	€298.7m	€638.1m	€413.8m		€41.3m
	Goede Doelen						
	Samenwerkende Loterijen	€25.3m	€0.7m	€24.6m	€19.2m		€0.1m
	De Lotto	€253.1	€144.3m	€162.5m	€59.6m		€20.4m
Sports betting	De Lotto	€53.7m	Included in figure above	Included in figure above	Included in figure above	Included in figure above	Included in figure above
Casinos Slots	Sportech Racing	€23.1m	€16.9m	€6.2m	€1.6m		€0.4m
	Holland Casino			€209m			€60m
	Holland Casinos			€242.5m			€70.9m
	Slots halls			€769.3m			€223.1m
TOTAL				€2.35bn	€494.2m	€123.6m	€480.1m

Reports

EUROPEAN LOTTERIES

Sports betting began in the Netherlands in 1957 when the Royal Netherlands Football Association (KNVB) began to organise it. The KNVB organised sports betting until 1961 when sports betting was legalised as a second state monopoly and the Stichting Nationale Sporttotalisator (De Lotto) was founded to take over.

- New Year Scope - €30 for a ticket to win up to €30m

Tickets can be purchased via the 4,968 outlets from shops, supermarkets, tobacconists, gas stations or via internet or subscriptions

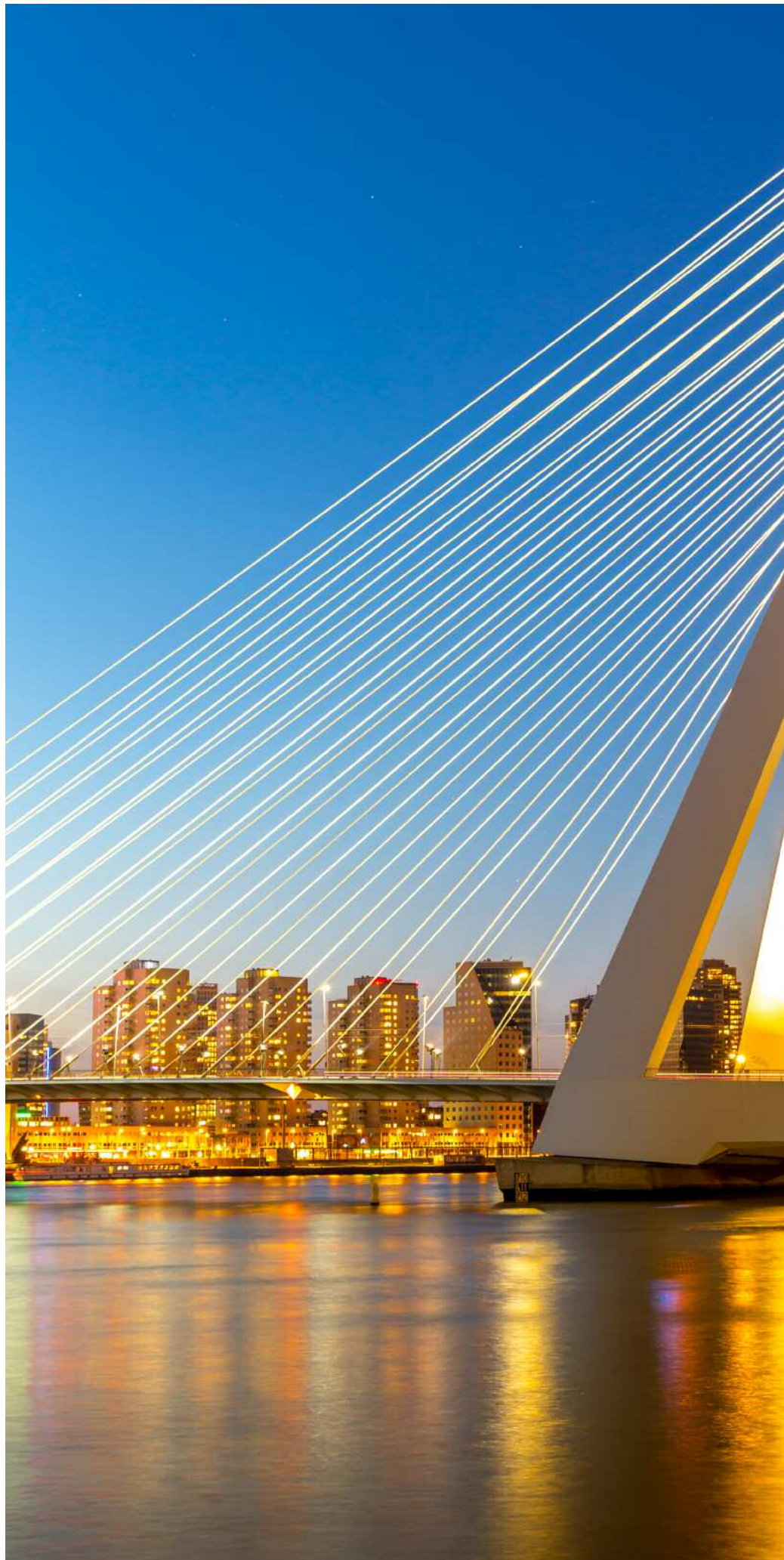
Net turnover in 2014 was €737.8m (a decrease from 2013 figures of €772.6m) of which €578.6m came from the state lottery, €120.1m came from the New Year lottery and €39.1m came from Millions game. Prizes resulted in €446.9m (68.6 percent) and €64.5m was paid out in gaming tax. Gross profit for the company was €232.1m.

It is said increased competition and reluctant consumer behaviour has attributed to the drop in revenues.

Meanwhile De Lotto has been in operation since 1961 and provides funds for Dutch charities in the fields of sports, culture, social welfare and health.

The lotto began when the Royal Dutch Football Association asked for permission to organise a national Toto in 1956. This began a year later and in 1961 lotteries also entered the game. By the year 2000 all the brands came under the name Stichting de Nationale Sporttoalisator (SNS) with the registered name of De Lotto.

It is controlled by the Ministry of Security and Justice and the Gaming Authority and the brands include Lotto, Toto, Lucky Day, Scratch cards and Euro Lotto Jackpot. Tickets can be bought via retailers in tobacco shops,





PRODUCT REVENUES

PRODUCT	2014	2013
State Lottery	€578.6m	€607m
New Year Lottery	€120.1m	€124.2m
Million games	€39.1m	41.4m
TOTAL	€737.8m	€722.6m

bookstores, convenience stores, petrol stations or drugstores or online.

In 2014 the company saw €321.8m in turnover (compared to €306.8m in 2013) of which this was divided between €195.1m via shop sales, €104m in subscriber sales and €22.6m in internet sales. Some €173.4m was dished out in prizes. Games include:

- Sports – De Lotto partners NOC*NSF which receives over 72.46 percent of profits with over €2bn paid to date to 76 affiliated national federations.
- Lottery
 - Lotto – Played every Saturday with a jackpot of at least €7.5m. Turnover was €143.8m in 2014.
 - Toto – Football prediction with various options. Turnover was €68.7m.
 - Scratch cards – 12 different cards with own character and theme. Every 13 weeks three new scratchcards are introduced. Play from €1 upwards. Turnover was €70.5m.
 - Lucky Day is based on the Keno game and is played daily with minimum €1.50 ticket and the chance to win up to €450,000. Tickets can be played online or via retailers. Turnover was €23.3m.
 - Eurojackpot now available in 16 countries is played every Friday for €2 minimum. Turnover was €15.4m.

SPORTS BETTING AND ONLINE

Sports betting began in the Netherlands in 1957 when the Royal Netherlands Football Association (KNVB) began to organise it. The KNVB organised sports betting until 1961 when sports betting was legalised as a second state monopoly and the Stichting Nationale Sporttotalisator (De Lotto) was founded to take over.

Today sports betting is run by two organisations – De Lotto which operates sports betting of all sorts (except horse racing and trotting) and Sportech Racing BV which runs the totalisator for pari-mutuel betting on horse trotting and racing.

Sportech Racing is a subsidiary of the UK's Sportech PLC company operating in the Netherlands under the name Runnerz. It is the sole licensee in the Netherlands for the organisation of bets on horse races at home and abroad via the tote method. This has operated since 2010 via Sportech Racing.

The licence for operating bets on horse racing runs until 2016. Dutch revenues for Sportech were €5.1m in 2014 compared to €5.3m in 2013 with an EBITDA of €0.3m.

In 2013 the combined turnover of the two licensees for sports betting was €77m divided between €53.7m (De Lotto/toto) and €23.1m (Sportech-Runnerz) compared to €45m and

€25m in 2012 respectively.

Runnerz sells half of its tickets through physical betting shops and has 56 locations in Netherlands.

Football is the most popular sport and most enjoy betting on the top two divisions.

Interest in online poker and casino gambling is growing and research shows some 1.5 million Dutch people sometimes or often gamble on online gambling sites and spent around €500m per year.

However online gambling still remains illegal in Holland and it is thought the treasury is losing around €100m a year in taxes.

In November last year the Dutch government gave the thumbs up to sports online gambling which at the moment is only permitted via state owned de lotto and only on matches in progress.

Last year the government submitted a legislative proposal to pave the way for regulated sports betting online but this hit several snags and it is thought this will not be passed until 2017.

There are some conditions – it seems online betting will be permitted if propositions are easy to manipulate and there are no betting on amateur and friendly matches during training camps.

The KSA (gaming regulator) reckon some 437,000 Dutch already gamble online and the sector will be worth €296m in 2015.

The new legislation will open the market but clamp down on those using unlicensed websites. It is thought there will be two types of licences granted for five years and permit casino games, slots, fixed odd sports betting, pokers, sports betting (betting exchange), pari-mutuel betting and live betting on sports betting (this may require stricter regulation). It will not permit online betting for spread betting and special betting and the state run lottery will remain under government control for the time being.

OUTLOOK

In July 2014 a modernisation plan was introduced and with that came the suggestion of merging De Lotto and the Dutch State Lottery. The idea was approved in principle by the two organisations whilst the cabinet has approved a plan to merge the Nederlandse Staatsloterij and de Lotto to improve the market and reverse declining sales.

This will reduce the number of lottery operators but in turn is good news for new lottery providers entering the Dutch market. With around 12 lotteries operating at the moment the average spend per capita on lottery products in the Netherlands is actually below the European average.

It is said the Dutch lottery market will grow at a rate of 7.6 percent this year. The fear between the merger is the cross selling over lottery and betting customers which is making some wary.