

Reports

EMEA - THE NETHERLANDS

Reflecting on future market opportunity

From past to present, G3 explores the shifting nature of The Netherlands' journey towards legislation of its online gaming sector



It has been a long road for online gaming regulation in the Netherlands and with a surprise announcement earlier this year that the government now seeks to change the proposed tax rate it is unclear just how successful Holland's new gaming act will be if it is eventually approved. All the same the market is a potentially lucrative one with Dutch gamblers spending an estimated €450m to €500m a year on offshore internet gambling sites. This is despite the fact that games of chance or promoting games of chance without a licence is prohibited according to The Dutch Gaming Act of 1964.

While the 1964 act has been amended since its introduction all forms of gambling are still illegal, unless specifically authorised by the state. This has not stopped local operators from having an online presence or offshore operators from offering their services locally even though the only types of licence available are those laid out and expressly stated in the Gaming Act. The current law lists the specific games for which a licence can be granted and this naturally does not include online gaming.

However, there has been a distinct shift in

policy when it comes to online gaming since 2009 with pressure coming from both the European Court of Justice and from within Dutch institutions. In September 2009, the Dutch government announced that it was going to establish an advisory committee to investigate the best way for it to regulate online gaming in the context of EU law. Before then the government was strongly opposed to online gaming. The government's argument for the online gambling ban was that it would help curb gambling addiction in the nation. However, just as the Dutch government was pursuing online operators in the courts it was actively increasing spending on advertising gambling run by the state.

This was an increasingly hard stance to defend and the EU has been instrumental in the shift in Dutch policy towards liberalising the market. This was after the Dutch sports betting market was investigated by the EC after a number of eGaming companies complained about Netherlands' rules when it came to online gaming. Initially the government refused to bow to pressure from the European Court of Justice and defended its online gambling policies to the

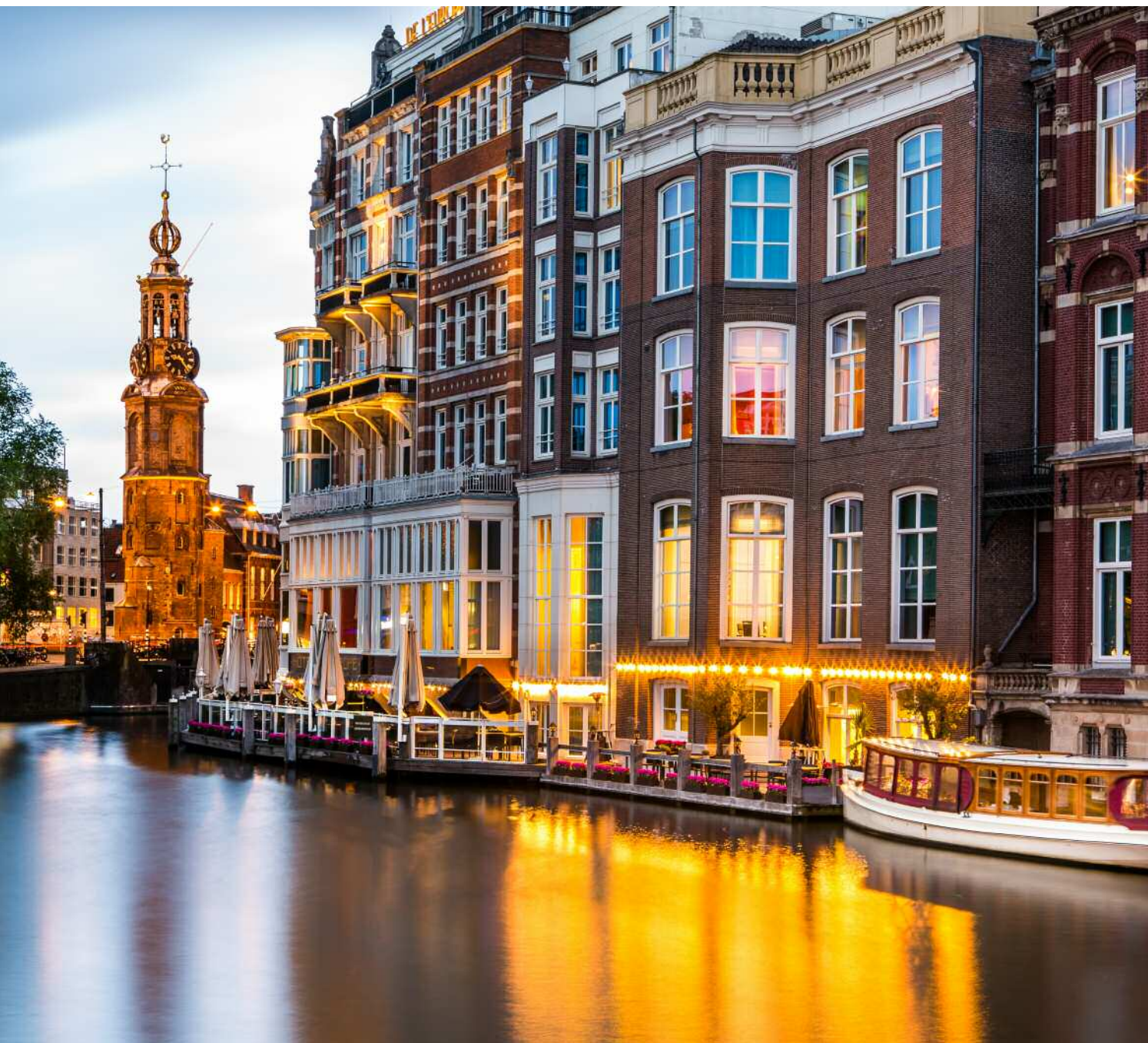


European Union's highest court while Dutch courts argued that the gaming act was compatible with European legislation.

However, Ladbrokes, Betfair and the UK government all made formal complaints about Holland's gaming laws. In August 2009, the UK government wrote to the Dutch government to protest against plans to pressure banks to refuse online gambling deposits after the government asked banks to stop accepting payments to online casinos.

This was after the decision by the Dutch Ministry of Justice to make it illegal for banks and credit card companies to facilitate Dutch citizens gambling on foreign gaming sites and the emergence of a 'blacklist' of websites that banks were asked not to transact with.

Ladbrokes was also involved in a seven year long dispute with sports betting monopoly holder DeLotto over the compatibility of Dutch gambling legislation with EU law. Only DeLotto has a license to organise sport betting in Holland and DeLotto organises a limited number of sports bets mostly revolving around football. DeLotto had asked a Dutch court to stop residents from using British bookmaker



Ladbrokes' online gambling operation as it was not licensed in the Netherlands.

A Ladbrokes appeal to the Dutch Supreme Court was passed to the European Court of Justice in 2010. However, the Court ruled that while Dutch gaming legislation was technically a restriction on EU rules guaranteeing freedom of movement and freedom to provide services a restriction was justified. This was because there was no harmonisation when it came to regulation of the online gaming industry in the EU and as a result it was up to national

authorities to decide on measures to provide adequate safeguards to their citizens.

The court in its ruling summarised that: "Such a restriction may be justified, in particular, by the objectives of consumer protection and the prevention of both fraud and incitement to squander money on gambling, as well as the need to preserve public order." The court cited the same rationale for a case with its ongoing dispute with Betfair which had also been in a legal long running battle with the Ministry of Justice over the same issue.

Betfair argued that under the principles of the European Treaty, it was entitled to accept bets from consumers in the Netherlands because Dutch consumers are allowed to bet online with the Dutch state operators and Betfair is a licensed operator in the European Union. However, the European Court of Justice ruled that member states can prohibit internet gambling firms from operating within their borders if local courts rule that a ban works against fraud and crime. The European Court did however question the way in which De Lotto

- 1 The Kansspelautoriteit Market Analyse–Online 2015 report estimates 3.1 per cent of the Dutch population (between 242,000 and 437,000) play online. The share of online players is similar or lower than in Norway, Italy, UK and Denmark.
- 2 The online gambling market in the Netherlands is estimated to have a GGR of around €140–800m versus the land

based market of around €500m. It is thought there were some 565,000 online gambling users in 2011.

- 3 About five percent of players play once a day, 20 percent once a week, 28 percent once a month and 28 percent a few times a year. Some 49 percent play sports betting, 40 percent poker games, 24 percent slots, 20 percent casino and 14 percent bingo.

Reports

EMEA - THE NETHERLANDS



Elections had brought a new coalition government into power between the PvdA (Labour) and VVD (Liberal) parties in Holland and on 29 October 2012 the government stated that it would reform and modernise gambling policy in the country.

received its reappointment as the only lottery provider without any competition.

With pressure mounting a significant and surprising turnaround came in 2011 not from the European Court but from the Dutch Council of State which ruled in favour of Betfair. Based on the advice given by the European Court of Justice, the Dutch Council of State ruled that the Dutch Ministry of Justice's refusal to grant Betfair a license in the Netherlands was illegal and that the licensing procedure then in place was against European Union law. This decision had a significant effect on subsequent government policy when it came to opening up the market.

THE LIBERALISATION OF THE MARKET

The liberalisation of the market was also helped by a significant shift in opinion in local courts and within the government itself. In August 2010, the Dutch Games of Chance via Internet committee recommend the legalisation of online poker. The committee stated that over half a million Dutch had gambled online in the previous 12 months and that poker was the most popular form of online gambling, followed by

casino games. The committee also found that in order to protect Dutch residents who were playing poker online that online poker should be regulated under Dutch law. This led to a much wider debate on online gambling.

Soon afterwards in October 2010, Dutch media reported that the Netherlands would regulate all forms of online gambling. These plans were fuelled by the final ruling of the Dutch Council of State when it came to Betfair and its previous complaint to the EC regarding gaming policy in the Netherlands.

In March 2011 the State Secretary of Security and Justice Fred Teeven outlined proposals to parliament, in which not only the online market would be opened up to offshore operators, but the land-based monopoly on casino gaming would also come to an end. Throughout the many debates that followed the government emphasised that they would adhere to the three current guiding principles of gaming policy as already enshrined in the original 1964 act and these would continue to apply when it came to the online space. These were: consumer protection, the prevention of problem gambling and the prevention of criminal activity.



Crucially the new law would also bring an estimated 80 per cent of consumers into the licensed marketplace and would raise much needed tax revenue in an increasingly difficult economic climate.

So that the government would be able to regulate the industry it was announced that a newly formed gaming board the Games of Chance Authority (KSA) would be formed on 1 April 2012. After elections in March 2012, when the incumbent Prime Minister Mark Rutte formed a new coalition government, it was also announced that licenses for interactive gambling would be issued before the end of their new term.

Elections had brought a new coalition government into power between the PvdA (Labour) and VVD (Liberal) parties in Holland and on 29 October 2012 the government stated that it would reform and modernise gambling policy in the country.

Leader of the coalition Mark Rutte has been a long time supporter of establishing a legal gaming regime in the Netherlands and the coalition's policy regarding online gaming were part of an initiative to raise taxes in the face of a



THE DUTCH MARKETS – COMPARISON CHART FOR REVENUES

Sector	Licensee	Sales	Prizes	GGR	Charity	State funds	Tax
Lottery	Nederlandse Staatsloterij	€772.6m	€466.2m	€306.4m		€123.6m	€63.9m
	Holding Nationale Goede Doelen	€827.7m	€298.7m	€638.1m	€413.8m		€41.3m
	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 the figures above...				
	Sportech Racing	€23.1m	€16.9m	€6.2m	€1.6m		€0.4m
Casinos	Holland Casino			€209m			€60m
Slots	Holland Casinos			€242.5m			€70.9m
	Slots halls			€769.3m			€223.1m
TOTAL				€2.35bn	€494.2m	€123.6m	€480.1m

difficult economic climate in the Netherlands. The government announced plans to cut €16bn in government spending by 2017 and these cuts came on top of an existing austerity program which was aimed at reducing government spending by €12bn. The government looked at two jurisdictions in particular: Belgium and

Denmark. Under Belgian law gaming companies from EU member states looking to offer online gambling services must already hold or apply for a license for a land-based gambling operation in Belgium. Meanwhile in Denmark foreign operators may apply for a Danish gambling license provided they agree to pay a 20

per cent fee on gross revenue. The Danish system allows all foreign operators to apply for a licence and has full approval of the EU Commission.

In November 2012 local press reported that Teeven was working on draft gambling law, which was based on the more liberal Danish

Reports

EMEA - THE NETHERLANDS

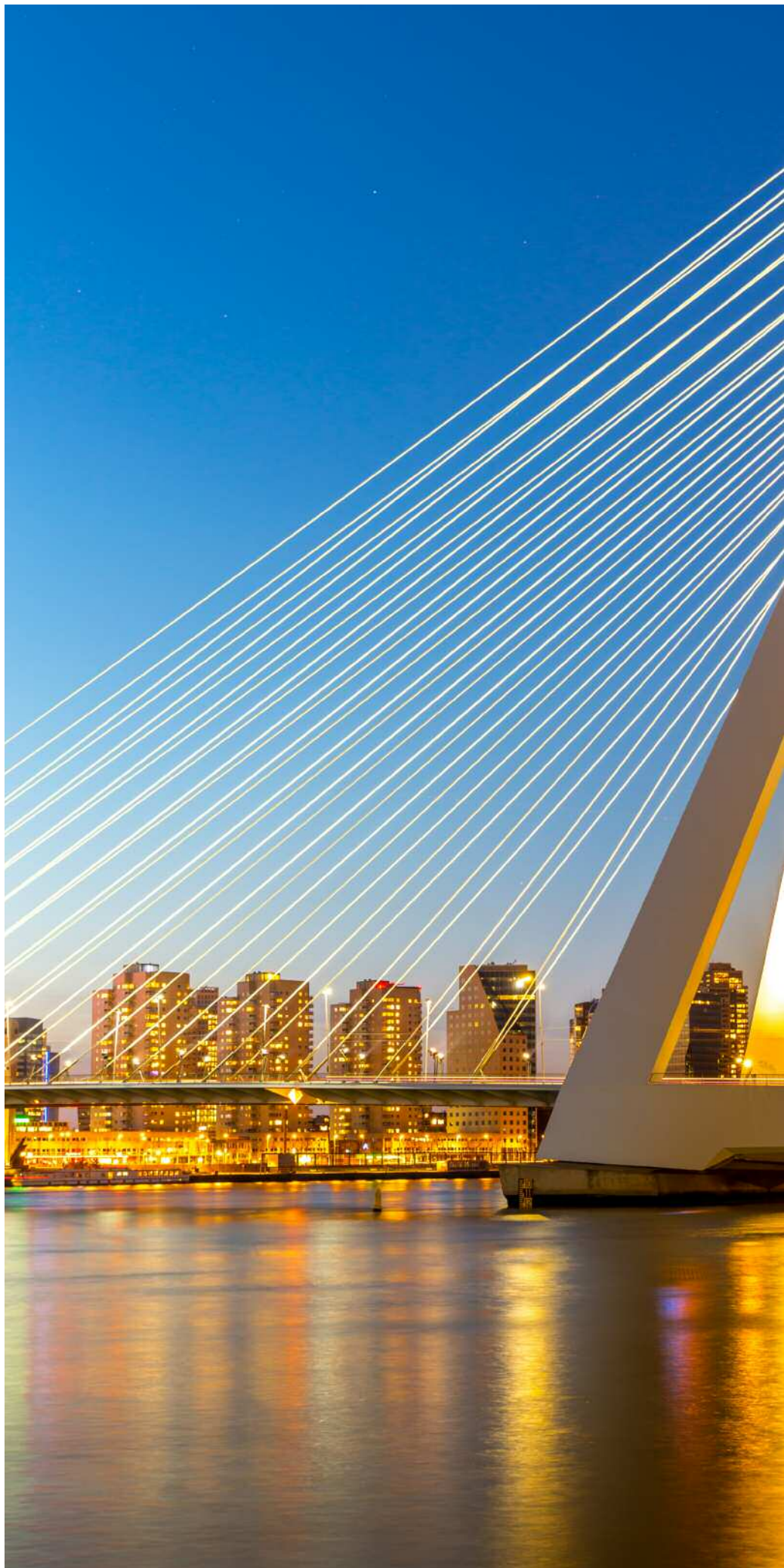
- 1 The Dutch online market in 2014 saw €275m in gross profit. For 2015 it was estimated to reach €296m. The online market has grown significantly between 2003 and 2015 and today represents 13 percent of the total gambling market in Netherlands. Biggest sectors are sports betting (31 percent), lottery (23 percent) casino (22 percent), poker (12 percent) and bingo/other gaming (12 percent).
- 2 Players are mostly men, highly educated and between 20 and 35. There are an estimated 3,000 young people (aged 14-18) who have managed to play online.
- 3 Many Dutch participate in illegal online gambling via foreign websites and it is estimated that around one million Dutch already gamble online.
- 4 Eight of the largest international players are currently B2C providers (business to consumer) whilst two are B2B (business to business) providers/game developers.

model as opposed to the Belgian model. In May 2013 The Netherlands published draft legislation for online gambling for a launch date of January 1, 2015.

It was further announced that license applications would cost between €35,000 and €50,000 and that licences would be valid for five years. In addition operators wishing to receive a license would have to be registered in a European Union or European Economic Area state. Operators would be allowed to offer a full range of gaming products including sports betting, poker and casinos.

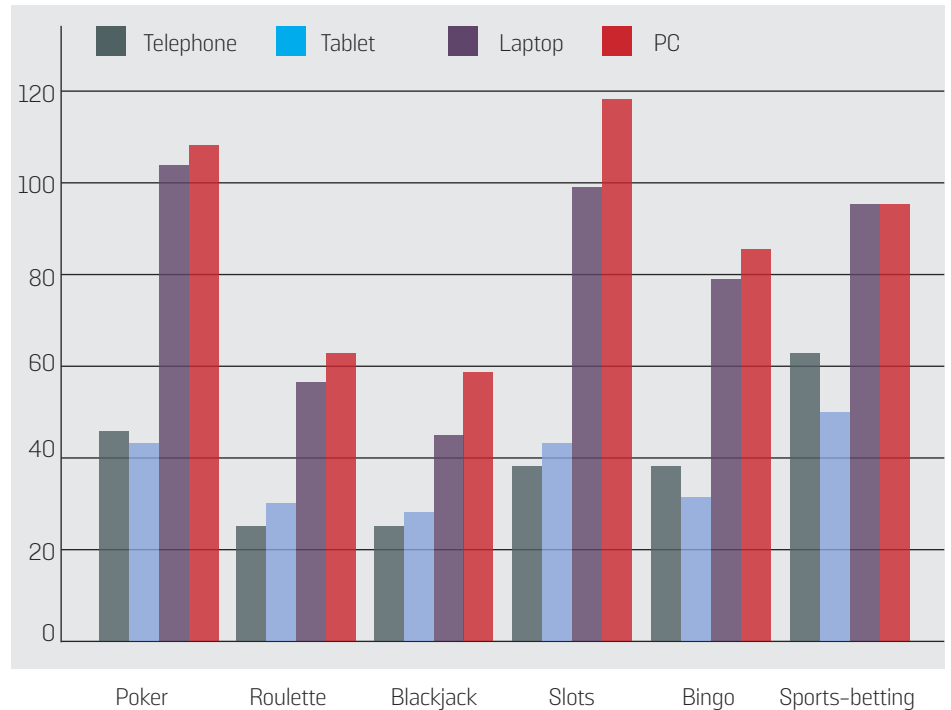
TAXATION

In early 2013 the proposed tax rate was set at 29 per cent of GGR. This was the same tax which is currently in place regarding the brick-and-mortar Holland casinos. However, the 29 per cent tax rate would have made it difficult for operators to make a profit. Indeed most operators expressed their concerns about the





TYPE OF DEVICE GAMBLING PLAYED ON ONLINE - 2015



The Council of State questioned why remote lotteries should be banned and criticised player protection measures, as combined they added to a disproportionately high duty of care imposed on the government when compared to other member states.

rate suggesting a taxation rate of 15 per cent to 20 per cent of GGR would be more practical.

Operators were asked to meet government officials in January 2013 where they were asked what would be the preferred option. Most operators pointed out that key to the future success of the industry was the tax rate and that a lower tax rate was necessary for gaming operators to be able to offer games with payouts attractive to players and at the same time be able to compete with unlicensed competitors.

In July 2014 the government confirmed that a gambling tax of 20 percent on gross gaming revenue would be imposed on online operators. However, operators would also have to contribute 0.5 per cent of turnover to a fund aimed at curbing addiction to gambling as well as a further 1.5 per cent on turnover, which would go to the newly established KSA.

DELAYS

After the draft legislation was published, the KSA asked for feedback from operators with a deadline set for January 2014. In addition the KSA allowed a further 60 days for operators to study the draft version of the bill and provide feedback. An amended version of the bill was then sent to the Council of State in February 2014 - an advisory body to the Dutch Government. The council of State must be consulted by the cabinet on proposed legislation before a law is submitted to parliament for approval.

After the advice of the Council of State in May 2014, significant amendments were made to the draft bill and in July 2014, the State Secretary of Security sent the bill to parliament. However in May 2014 the Council of State published a

negative opinion on the second version of the new online gaming bill, and notified its opinion to the European Commission. While Teeven addressed these concerns he decided to send the latest version of the remote gaming bill to parliament.

The Council of State questioned why remote lotteries should be banned while other types of online gaming were allowed. The council also criticised the player protection measures as combined they added to a disproportionately high duty of care imposed on the government when compared to other member states. The council was also very critical of the new tax rate (20 per cent GGR) compared to the land based gaming rate of (29 per cent GGR) which they said could be considered as unjustified unequal treatment.

Other problems arose around those operators who had offered their services to locals before the passing of the new act. In June 2014 the State Secretary further discussed a motion which had been put forward in parliament which would have banned those offshore operators which were targeting the Netherlands from being granted a licence in the future. This was in response to questions in the Dutch Parliament about the amount of online sports betting advertising during the World Cup.

However, Teeven refused to say definitively whether those operators offering their services would be banned in the Netherlands indefinitely once the new act was passed. He did say however that "they are playing with fire."

He went onto say that while this may give an indication that they were unreliable, not every operator who had offered their services to locals before the new act should necessarily lead to that conclusion. He also made a clear distinction

Reports

EMEA - THE NETHERLANDS

Reformation of Dutch gaming laws to encompass online gaming was initially justified by the government as it would mean that players would be able to play safely and responsibly with supervised providers.

between what he termed “opportunistic and irresponsible operators” and well known listed companies with a licence to operate in the EU.

It was initially hoped that the state’s regulated market would be able to meet its initial launch scheduled for January 1, 2015. However, it wasn’t until July 2014 that the Dutch Remote Gaming Bill was finally submitted to the House of Representatives. After the bill was sent to parliament the MPs on the parliamentary committee dealing with security and justice matters provided their written comments on the bill.

On 2 April 2015 the newly appointed State Secretary for Security and Justice Klaas Dijkhoff published his response to these questions and comments. The State Secretary once again justified the tax rate saying that it was necessary to attract operators to the market and draw at least 80 per cent of Dutch consumers to play via licenced sites. The State Secretary also emphasised the fact that fixed-odds, live betting and betting exchanges would all be permitted as would betting on events in games which “do not influence the outcome of the competition.”

Crucially he also addressed the “Bouwmeester motion.” This motion states that those who had targeted the market before the passing of the new act should be penalised. But Dijkhoff, as Teeven had done so previously, expressed his opinion that just because an operator had offered online gaming in the Netherlands in the past did not give an indication as to its reliability in the future when it came to abiding with Dutch rules once they were in place. He also argued that there was a clear difference between those sites that were licensed and established in the EU and other sites which were not.

In December 2015 the State Secretary answered the second round of questions regarding the Dutch remote gaming bill. Once



again he rejected proposals to change the tax rate to 29 per cent arguing that it was necessary to ensure that a sufficient number of online players gambled via Dutch licensed sites. He also argued that the potential size of the online market had been exaggerated in a report published by Holland Casinos and that the impact of the remote gaming bill on the Dutch lottery market would be limited.

The minister’s response was welcomed by industry insiders who said that it was clear that the government had learned from past mistakes from other jurisdictions which had set the tax rate too high making it hard for operators to make a profit and had discouraged players from playing via licensed sites.

However, just as it seemed as if the road was finally clear for regulation a major setback for the industry came in January 2016 when members of the ruling coalition parties added a new and surprise proposal regarding the tax rate. Members of the coalition put forward amendments which would increase the tax rate from 20 per cent GGR to 29 per cent. This is the same tax rate which was initially considered back in early 2013 and reflects the rate which is currently in place regarding the brick-and-mortar Holland casinos. The new tax would

mean an initially uniform tax rate of 29 per cent for both online and land based operators. This would gradually be reduced to 25 per cent three years after online gambling is legalised.

Lawmakers claim that the uniform tax rate would create fairer market conditions. However the new tax rate will undoubtedly be unpopular with those looking to get involved in the online market place and could lead to a large number of operators withdrawing their support all together. Operators had already expressed their opinion that the 29 per cent tax would make it extremely hard to make a profit and the new amendments would result in a less attractive product for players.

Reformation of Dutch gaming laws to encompass online gaming was initially justified by the government as it would mean that players would be able to play safely and responsibly with supervised providers. Gambling addiction would be reduced, consumers would be protected and the new law would be instrumental in combating fraud and other crime. However the success of the new law will undoubtedly depend on the new tax rate. With a proposed 29 per cent tax on GGR as opposed to the earlier tax rate of 20 per cent it may mean that the government fails in its



primary goal of channelling the market into the regulated online space.

THE KSA

As part of the preparation for the liberalisation of the market the newly established regulatory body the KSA started operating on April 1 2012 as successor to the Netherlands Gaming Control Board. The KSA is responsible for issuing, revoking and supervising all Dutch licenses. Meanwhile the Ministry of Safety and Justice still has responsibility when it comes to the formulation of gaming policy.

The KSA is also able to impose significant fines for non compliance in both the online and land based sectors. After the KSA was established it was also agreed that the government could publish a blacklist of unlicensed operators once the new act was passed. In November 2014 the KSA signed an agreement with payment institutions to block payments to unlicensed gambling sites.

The KSA will also be responsible for monitoring and maintaining advertising codes when it comes to gaming. In preparation for anticipated regulation in April 2013 the body issued a total of forty letters ordering operators offering their services locally to cease doing so.

In the meantime the KSA announced that it was increasing the minimum fine for unauthorised online gambling activity by €50 thousand to €150 thousand which went into effect on Aug. 1, 2015 with penalties now of up to €810 thousand for those who have been found to be operating without a licence. The KSA has been extremely active and has fined a number of operators for breaking local laws. In particular the body has been active in prosecuting those online sites which have been found to be offering games of chance on a website with a .nl-extension, those that have offered remote gaming on a website available in the Dutch language and those that have advertised their services via local media.

THE NEW ACT

While the act lists a number of games which will be permitted rules will be added which will encompass other types of games of chance which are not currently considered by the bill. For the time being the games which are covered in the new act are casino games such as poker, roulette, blackjack, baccarat, punto banco and keno and slots. Sports betting will also be allowed including fixed odds, pari mutual betting and live betting.

In addition all games of chance offered to Dutch players must be via a website with an .nl extension so that players know that they are playing via an operator regulated by the Dutch authorities while the operator will have to pay between €45,000 to €50,000 in order to register with the board. The act also puts a great deal of emphasis on player protection. In order to provide player protection the KSA will create a central registry that will temporarily exclude problem gamblers. The new law also ensures that the operator is under the obligation to prevent and limit gambling addiction as far as it is possible to do so.

THE ONLINE MARKET

In October 2014 the chief executive officer of the KSA Marja Appelmann asked national and international operators interested to join the country's upcoming legalised online market to "pre apply" for a license from December 1, 2014. According to Appelmann, this would allow operators to work closely with the Dutch authorities and to receive regular updates regarding the licensing process.

It is estimated that the Netherlands is the seventh largest EU gambling market when it comes to gross win. If online gambling is

Reports

EMEA - THE NETHERLANDS



A survey carried out by Holland Casino in November 2015, suggested that up to 1.5m Dutch adults gamble online, spending an average of €26 per month for a total annual spend of around €500m a year.

regulated the market could produce up to €200m and €370m in GGR in its first year. The most popular products it is believed would be sports betting, followed by online lottery, online poker and online bingo.

A survey carried out by Motivaction on behalf of Holland Casino, the findings of which were released in November 2015, suggested that up to 1.5m Dutch adults gamble online, spending an average of €26 per month for a total annual spend of around €500m a year. According to the report, 700 thousand Dutch adults play bingo,

poker, roulette, blackjack or sports betting via online sites three times or less per year, while another 800 thousand play four times or more. The size of the market could be even bigger with Holland Casino suggesting that the Netherlands' online market could be worth over €1bn per year.

KSA's annual report in early April 2015 reported that over 200 new operators had already expressed an interest in applying for a licence from the KSA once Dutch regulation went into effect. While this would imply a high



level of interest and player compliance once a regulated market goes live, figures vary widely as to just how large the online Dutch gaming market actually is. In addition players may well continue to play via unlicensed betting sites even after the new act is passed due to higher percentages in pay outs offered by those operating outside the regulated space due to lower running costs.

If the new amendment is abandoned and the law is passed with the 20 per cent tax rate as opposed to the 29 per cent tax rate, the KSA

- 1 The division in the land based sector is split with lottery comprised of 46 per cent, slots (29 per cent), casinos (24 per cent) and betting (1 per cent).
- 2 It is estimated that interactive gross gambling win will spiral to €250m by 2016 (onshore) and €100m (offshore).
- 3 Once legalised the plan is that after three years 80 per cent

of gross profit from online gambling will be from legal entities.

- 4 The gaming industry in the Netherlands saw a total gross turnover of €770m in 2013/14. Slots account for 50 per cent of this sector whilst sports betting had a one percent share of the gambling market.



estimates that around 76 per cent of the online market will be via Dutch licensed operators by 2020. However, estimates vary regarding revenues currently being generated by the grey market with some estimates putting it as low as €250m while others put it as high as €800m per year. However, according to the latest estimates released by the KSA, Dutch gamblers spend an estimated €450m to €500m a year on offshore internet gambling sites with some of the largest operators in the world offering their services to Dutch players. In addition gaming via offshore operators is rising. According to the KSA in a report released in October 2015 about 437,000 out of a population of about 17 million people in the Netherlands take part in online gaming and profits in online gambling have risen and now stand at around 13 per cent of the entire online gambling market in Holland.

OPERATORS

There is no shortage of sites that continue to offer online services to Dutch players. In addition Dutch players can for now play without the fear of prosecution. The Dutch generally have good knowledge and understanding of the

English language and the majority of operators targeting the Dutch market are fully registered in Malta and accept payment methods acceptable to the majority of Dutch players such as MasterCard, Skrill, paysafe cards and Visa. In addition a number of sites targeting the Dutch market accept iDEAL – an e-commerce online payment processor. Nearly every leading Dutch bank works with iDEAL to process online payments. iDEAL processes over US\$70m in transfers each year in the Netherlands.

There are 158 online casinos which accept players from the Netherlands. 20 poker sites, 20 online sportsbook, 29 online bingo sites, 24 online mobile casinos sites and 3 online lotto sites according to gamingzion.com. However, a very small handful of sites specifically target the market and offer a Dutch language website.

For now a good number of sites exist in the grey market and advertise their services to locals via gaming review sites in Dutch. Indeed a search for casino gaming or sports betting via local search engines will lead directly to review sites and links to sites offering their services to locals.

Dutch language sites act as a portal to online

gaming sites and provide reviews and links to gaming platforms. Generally speaking the larger operators are making their presence less felt ahead of the new gaming act in order to avoid jeopardising their prospects of being granted a licence once the Remote Gambling Act is passed.

Betsson

The biggest providers of online casino gaming directed to Dutch players are Oranje and Kroon, which operate primarily Dutch-facing sites Oranje Casino and Kroon Casino. In February 2014, Kroon Casino and Oranje Casino, which were owned by the Maltese based Kroon and Oranje Group, were purchased by Betsson. It is believed that Betsson could add poker and sports betting options to both sites. After the deal Betsson CEO Magnus Silfverberg said the acquisition would make his company “one of the biggest players on the Dutch market.”

krooncasino.com

Now owned by Betsson one of the most predominant Dutch language options available is krooncasino.com. Krooncasino.com utilises Net Entertainment (NetENT) and BetSoft

Reports

EMEA - THE NETHERLANDS

- 1 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.
- 2 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.
- 3 Dutch revenues for Sportech were £5.1m in 2014 compared to £5.3m in 2013 with an EBITDA of £0.3m.
- 4 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.

software for their online games. Krooncasino has an nl facing website. The live casino option, meanwhile, is operated as a separate section of their main site and is powered by Evolution Gaming – a supplier of live casino games.

Oranjecasino.com

Oranjecasino.com also now owned by Betsson offers online casino games as well as a live casino option. It also advertises Dutch croupiers twenty four hours a day and has a Dutch language only website and describes itself as the first real Dutch legal online casino. It was created in 2004. It offers online casino games which run on Swissgame, Net Entertainment and Evolution Live Gaming.

Olympic Entertainment Group

In March 2013 Estonian operator Olympic Entertainment Group (OEG) acquired Netherlands-registered holding company Siquia Holding B.V. OEG is a leading provider of gaming services in the Baltic States. OEG



established and registered two companies – Gametech Services Ltd. and Gametech Licensing Ltd. – in Jersey. CEO Madis Jäger explained that the moves were intended to create a legal platform for the expansion of OEG's online gaming business.

TMG Landelijke Media

In 2014 the Dutch division of global television producer Endemol entered into a joint venture with TMG Landelijke Media to develop online gaming when the Dutch market opens. TMG Landelijke Media is one of the largest Dutch media groups. Endemol Games designs online betting games based on popular television programmes that have been created by its parent company, the Netherlands-based production studio Endemol.

Endemol Nederland CEO Laurens Drillich said the market offered "many opportunities" for content creators. Together the companies plan to work on the design of "bingo concepts" as well as "online gaming game concepts."

Jackpot City

Registered in Malta Jackpot City offers a live dealer, features its services in Dutch and advertises itself on its website as the Netherlands No.1 Gaming Destination and offers more than 500 games. All these games are designed and developed by Microgaming as is their live dealer option.

Klavercasino.com

Klavercasino.com offers its services to locals and offers bonuses which are only valid for new Dutch players. It hosts a NetEnt casino powered by Net Entertainment software, a Playson online casino and live dealer site that offers live tables as well as a large number of online slots. The site supports English and Dutch.

The site offers a wide variety of live casino games including a number of live roulette blackjack and punto banco. The site has a twitter and facebook page updating its promotions in Dutch.

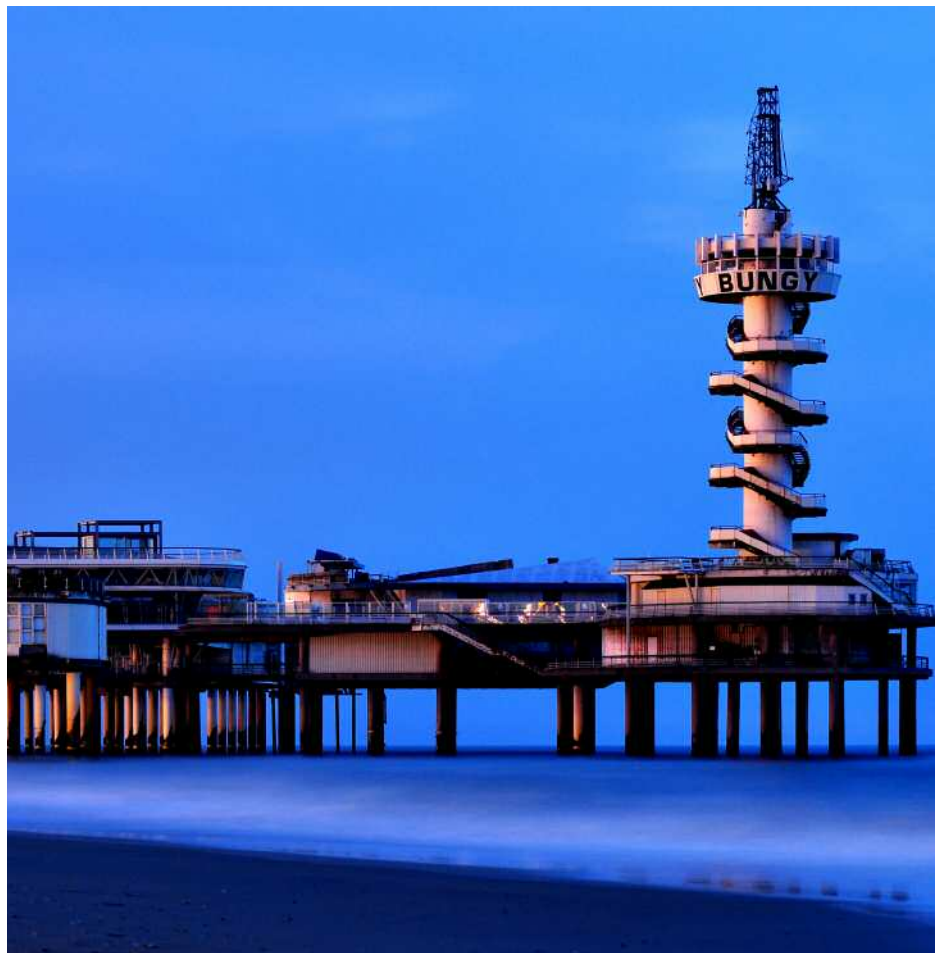


Polder Casino

Polder Casino is an online casino based in Malta and regulated by the Maltese government. Polder Casino has a focus on Dutch players, as most of its games and content are available in the Dutch language. It also features a very Dutch background with a windmill along with other symbols often associated with the Netherlands on its site. A live casino has also been incorporated into the platform. Casino systems and games are supplied by NetEnt. The site offers 24/7 live casinos from a studio in Malta and from the Oracle and Portomaso Casino on Malta from 10:00 to 05:00 each day.

888

888 is expected to be one of the first companies to apply for a licence and the company announced that it had already stopped all its marketing activities in August 2014. The site offers a wide number of games including sports betting, bingo, and casinos games.



There are 158 online casinos which accept players from the Netherlands. 20 poker sites, 20 online sportsbook, 29 online bingo sites, 24 online mobile casinos sites and three online lotto sites. However, a very small handful of sites specifically target the market and offer a Dutch language website

William Hill

William Hill will also likely be one of the first companies to apply for a licence. In December 2014 William Hill's International PR Manager Rupert Adams said that the company had decided to momentarily pull out of the Dutch market and would no longer offer its services to citizens located in the Netherlands so as not to jeopardise the group's chances at a Dutch gaming license, once the new regulations come into force.

Ladbrokes

In 2005 the Dutch Supreme Court prohibited Ladbrokes from offering web-based gambling services in the Netherlands and in 2004 Ladbrokes was ordered to stop offering sports bets to consumers in the Netherlands leading to a long running battle in the courts. Ahead of the opening up of the market Ladbrokes has now restricted its online offer. While Holland is not on the list of its "Restricted Territories" according to the company website when it comes to Holland Ladbrokes accepts "bets on Horse Racing and Greyhound Racing and play on Casino, Vegas and Poker. However, no bets will be accepted on any other Sports, or play on Lottos, Scratch Cards and any Fixed Odds Games."

Unibet

Unibet will undoubtedly also be one of the first operators to apply for a licence. Unibet was the focus of some controversy in April 2015 when a judge in Holland rejected an attempt by a Dutch online gambler to be paid back the €178,000 he had lost playing at Unibet.com claiming that these sites were not yet legal in Holland. Unibet offers a wide number of games including sports, casinos games and poker.

BetFair

One of the prime movers when it came to challenging Dutch gaming rules in the courts was Betfair. Betfair's prime focus is on sports betting but it also offers a wide number of other games including casinos games and bingo.

Mr Green

Mr. Green offers online casino games, and the latest slots from NetEnt, Microgaming, IGT as well as other major game providers. It is one of the most present live casino gaming options as reviewed and linked to via Dutch search engines and review sites despite the fact that the dealers do not speak Dutch. Mr Green's live casino option is powered by Evolution Gaming.

Reports

EMEA - THE NETHERLANDS



HOLLAND CASINO AND NEW LEGISLATION

Holland Casino (official name National Foundation for the Exploitation of Casino Games in the Netherlands) is the exclusive licensee for casino gambling. Holland Casino has fourteen casinos located in city centres and tourist zones with profits going directly to the Dutch treasury. Holland Casino is under government control and the members of the Supervisory Board are appointed by the Minister of Finance. The body responsible for advising and supervising Holland Casino on behalf of the government was until 2012 the Netherlands Gaming Control Board. However the Netherlands Gaming Control Board was replaced by the KSA in April 2012.

The government is now set to privatise Holland casinos and open up the market to other operators and in January 2015 draft legislation was put forward by the Dutch Ministry of Security and Justice to modernise the casino sector and open up the market. Holland Casino will be sold and competition will be created by allowing other operators to apply for a casino licence.

A total of 10 Holland Casinos will be sold to one operator which will continue to use the brand name while the remaining four casinos will be sold. Two more casino licences will be on offer in 2017.

HOLLAND CASINO ONLINE

For some years Holland Casino had reported diminishing revenues but at the end of 2014 the company recorded a €12m profit. The company will also benefit from new conditions which will allow it to offer online gaming - something it has been lobbying for since 2008. While the move initially had the backing of the House of Representatives the Dutch Senate voted against it in April 2008. The private gaming machine sector had been strongly opposed to the measure as it was feared that an online licence for Holland Casino would have constituted an unfair competition for the Dutch state monopoly.

Now that the market will be liberalised Holland Casino has been looking to launch online once again. In early 2012 it was announced that Holland Casino was searching

for a partner to help it offer online games. In 2014 Holland Casino announced that it had selected online gaming giant Playtech as its service provider. The agreement will see Playtech develop an online gaming platform for the Holland Casino, supplying software for poker, roulette, blackjack, slots, and bingo. Playtech was selected by Holland Casino following a competitive tender process and Playtech's entire gaming product will be launched on the newly developed Holland Casino site.

SPORTS BETTING

The gaming industry in the Netherlands saw a total gross turnover of €770m in 2013/14. Slots account for 50 per cent of this sector whilst sports betting had a one percent share of the gambling market.

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.

The sports betting monopoly is run by De Lotto with the brands Lotto, Toto, Lucky Day, Krasloten (Scratch Cards) and Euro Lotto Jackpots. It donates to the fields of sports and culture, social welfare and health. The Lotto is held every Saturday with jackpots as high at €7.5m. Lucky Day is a unique lottery that

players can play every day except Sundays.

Bets can be placed on sporting events in shops and via the Toto website. The market is quite restricted with betting available on football, hockey, cycling, formula one, basketball, baseball and tennis. The most popular sport is football followed by hockey.

The largest online gaming providers are: 888.com, Betfair, Betsson, Bwin, Ladbrokes, Paddy Power, Pokerstars, Unibet and William Hill.

The largest provider of betting exchange is Betfair with five million transactions per day.

- 1 Runnerz sells half of its tickets through physical betting shops and has 56 locations in Netherlands.
- 2 The sports betting monopoly is run by De Lotto with the brands Lotto, Toto, Lucky Day, Krasloten (Scratch Cards) and Euro Lotto Jackpots. It donates to the fields of sports and culture, social welfare and health. The Lotto is held every Saturday with jackpots as high at €7.5m. Lucky Day is a lottery that players can play every day except Sundays.
- 3 The largest provider of betting exchange is Betfair with five million transactions per day.

Reports

EMEA - THE NETHERLANDS



In 2014 Holland Casino announced that it had selected online gaming giant Playtech as its service provider. The agreement will see Playtech develop an online gaming platform for the Holland Casino, supplying software for poker, roulette, blackjack, slots, and bingo.

SPORTS BETTING COMPANIES HOLLAND

COMPANY CONTACT HQ SECTORS	Runnerz (Sportech) www.sportechplc.com UK Sports betting Racing and Digital, Sportech venues and football pools. Sole licensee for horse race tote betting until 2016.
No. of VENUES MARKET VALUE	56 Runnerz locations €23.1m turnover 2014. Revenues for Sportech Holland £5.1m in 2014. (£5.3m in 2013). EBITDA of £0.3m.
COMPANY CONTACT HQ SECTORS	Toto (de Lotto) www.delotto.nl Netherlands Sports betting (toto.nl); lottery (lotto.nl); scratchcards (krasloten.nl); Lucky Day (luckday.nl) and

No. of VENUES MARKET VALUE	Eurojackpot (eurojackpot.nl) €53.7m turnover 2013 (company total €306.8m). Toto saw sales growth of 20 per cent in 2014.
INFO	140 employees. Strong growth in 2013 of toto.nl due to new sports, sharper odds and extra game options. Toto ready for online gambling. E-commerce sales growth was 37 per cent and retail sales grew by 16 per cent bringing total revenue growth at 20 per cent.

GLOBAL SPORTS BETTING COMPANIES

COMPANY CONTACT HQ SECTORS	William Hill UK
-----------------------------------	---------------------------

SECTORS MARKET VALUE BRANDS	Betting, casino, poker, games, bingo €4.99bn Sportingbet, centrebet, tom waterhouse
COMPANY CONTACT HQ SECTORS	Paddy Power Isle of Man Betting, casino, poker, games, bingo
MARKET VALUE	€3.42bn
COMPANY CONTACT HQ SECTORS	Betfair UK Betting, poker, casino, betting exchange
MARKET VALUE	€3.13bn
INFO	Betfair poker not successful, players migrated to Ogame Network with Bwin.
COMPANY	Amaya



HQ	Isle of Man
SECTORS	Poker, casino, betting
MARKET VALUE	€3.12bn
BRANDS	Poker Stars, Ful Tilt
INFO	Pokerstars is the worlds largest poker site
COMPANY	Ladbrokes
HQ	UK
SECTORS	Betting, casino, poker
MARKET VALUE	€1.57bn
COMPANY	Betsson
HQ	Sweden
SECTORS	Betting, scratch cards, poker, casino, bingo, games
MARKET VALUE	€1.45bn
BRANDS	Betsson, betsafe, casinoeuro, oranjecasino, kroncasino
COMPANY	Unibet
HQ	Malta
SECTORS	Betting, scratch cards, poker, casino, bingo, games
MARKET VALUE	€1.42bn
BRANDS	Betchoice, Eurosportbet, Eurosport Poker, Bet24, Thunder Kick
COMPANY	BWIN

HQ	Gibraltar
SECTORS	Betting, poker, casino, games
MARKET VALUE	€1.13bn
BRANDS	Party Gaming
COMPANY	888
HQ	Gibraltar
SECTORS	Betting, poker, casino, bingo, games
MARKET VALUE	€0.8bn
BRANDS	Cassava Enterprises, Dragonfish
INFO	B2B segment offers full gaming services under Dragonfish.
COMPANY	Bet365
HQ	UK, Gibraltar
SECTORS	Sports betting, poker, casino, games, bingo
MARKET VALUE	N/A

LEADING PROVIDERS OF B2B SECTORS

COMPANY	Playtech
HQ	Isle of Man
OFFER	Casino, betting, poker, games, bingo, lottery, binary options, social gaming, e-marketing

MARKET VALUE	€3.32bn
COMPANY	Net Entertainment
HQ	Sweden
OFFER	Games for mobile and desktop use, live casino, pooled jackpots
MARKET VALUE	€1.12bn
COMPANY	Mircrogaming
HQ	UK
OFFER	Casino, bingo, betting, poker, mobile games, live casino
MARKET VALUE	n/A
COMPANY	Novomatic
HQ	Austria
OFFER	Casino games, poker, bingo
MARKET VALUE	n/A
COMPANY	RealTime Gaming
HQ	Curacao
OFFER	casino
MARKET VALUE	n/a
COMPANY	WMS
HQ	Chicago
OFFER	Casino
MARKET VALUE	€1.23bn (part of Scientific Games)

Reports

EMEA - THE NETHERLANDS

“We expect the competition to be substantial. On the other hand although there is no formal regulation market it would be naïve to think there is no online gambling in the Netherlands already.”



HOLLAND CASINO STATISTICS

COMPANY	Holland Casino
CONTACT	www.hollandcasino.nl
OWNER	Holland Casino/Ministry of Finance
LOCATIONS	Zandvoort, Valkenburg, Scheveningen, Rotterdam, Amsterdam, Breda, Groningen, Nijmegen, Eindhoven, Schiphol Airport, Utrecht, Enschede, Venlo, Leeuwarden.
GAMES	426 gaming tables, 6,037 slots
REVENUES	€GGR 2014: €521.2m (€503.5m 2013), Gaming Tax: €137.1m (29 per cent) (€1309m 2013), Net Revenue: €384.1 (€372.6m 2013), Table game revenue - €213.9m (41 per cent), Slot machine revenue - €258.8m (50.5 per cent)

HOLLAND CASINO

On December 17 1975 the Dutch government issued the first and of course only, casino licence to the De Nationale Stichting tot Exploitatie van Casinospelen in Nederland (National Foundation for the Operation of Casino Games in the Netherlands) or less formally known today as Holland Casino.

In March 1976 the company opened its head office at Schiphol airport and in October of the same year opened its first casino in Zandvoort. This was followed by two casinos in the popular tourist resorts of Valkenburg (1977) and Scheveningen (1979), which was further followed by a major expansion between 1985-1989 with five city centre casinos opening in Rotterdam, Amsterdam, Breda, Groningen and Nijmegen.

Later casinos in Eindhoven (1993), Schiphol (1995), Utrecht (2000) and Enschede (2002) would join the list and the company had reached the target level stated in the government's policy document of 1995.

In 2005 Holland Casino was granted permission to open a further two locations in Venlo which opened in 2006 and Leeuwarden which opened in 2007.

Holland Casino is under government control and the members of the supervisory board are appointed by the Minister of Finance. The Netherlands Gaming Control Board advises the casino company on behalf of the government. The casino group currently operates 14 casinos.

2014 saw a new strategy aimed at establishing a new financial basis for the opening up of the gaming market. This included a reorganisation and 1,200 slot machines modernised. The company employs 2,963 people.

Under draft bill Holland Casino is allocated 10 of 16 casino licences and will therefore compete with several other licensees in the future. It is now looking at privatisation and which four casinos it will lose is still being discussed. Visit figures in total were 5,465 in 2014 with 1,088 visitors (down four per cent). Expenditure

per visit was up two per cent to €95. Some 77 per cent of guests visited Holland Casinos between one and three times a year.

Amsterdam is the most profitable in terms of GGR with 15.9 per cent of revenue in 2014. This is followed by Rotterdam (12.8 per cent), Breda (10.2 per cent), Utrecht (9.8 per cent), Scheveningen (9.3 per cent), Venlo (8.9 per cent), Valkenburg (8.2 per cent), Nijmegen (five per cent), Eindhoven (4.8 per cent), Enschede (4.8 per cent), Zandvoort (four per cent), Groningen (3.8 per cent), Leeuwarden (2 per cent) and Schiphol (0.6 per cent).

Online gaming licence is welcomed and aims to strengthen their position in the Dutch market. Holland Casino is working with Playtech on the online gaming environment and aims to offer a connection between landbased casino and online platform. Guest registration will be linked and accumulated credits can be used in both environments. Free online play currently available for testing.

Holland Casino told us: “We are in the process of developing our online casino in which a wide variety of games will be offered. Our online casino will be ready before the opening of the online market (probably early 2017). There is a big interest in the online licences from different fields including other land-based gambling parties, new and entertainment parties and hotel/leisure parties. We expect the competition to be substantial. On the other hand although there is no formal regulation market it would be naïve to think there is no online gambling in the Netherlands already.”