

2011 report of the online gambling market in France

*Presentation of data from the last quarter of 2011
Tuesday 7 February 2012*

Recap

To date, 46 accreditations have been issued to 34 operators:

- **15 in sports betting**
- **9 in horse racing betting**
- **22 in poker games**

57 accreditations have been issued since the market opened in May 2010.

In 2011:

- **10 accreditations were repealed,**
- **9 new accreditations were issued,**
- **8 decisions to keep accreditations** were made by the ARJEL Board following changes in stock ownership.

→ **In total, 7 out of 41 operators who had been accredited stopped doing business (-17%).**

Online legal market trends

	2009	2010	2011
Online sports betting	€43m	€477m	€592m
Horse racing betting online	€667m	€799m	€1,034m
Tournament poker	-	€412m	€1,159m
Cash game poker	-	€3,705m	€7,593m

ACTIVITY DATA



Last-quarter activity for 2011

Sports bets

Summary of the sports betting figures since the market opened

Between the last quarter of 2010 and last quarter of 2011:

-23% fewer bets

-10% drop in gross gaming revenue

-2-point drop in players' return on investment (ROI)

<i>Sports bets</i>	Q3 2010	Q4 2010	2010 (*)	Q1 2011	Q2 2011	Q3 2011	Q4 2011	2011
Bets	€189m	€200m	€448m	€147m	€146m	€145m	€154m	€592m
Gross Gaming Revenue	€38m	€31m	€79m	€33m	€25m	€29m	€28m	€115m
Players' ROI (excluding bonuses)	80%	84%	82%	78%	83%	80%	82%	81%
Bonuses given out	€6.1m	€3.4m	€9.5m	€2.6m	€2.9m	€2.5m	€2.5m	€10.5m
Players' ROI (including bonuses)	83%	86%	85%	79%	85%	82%	83%	82%

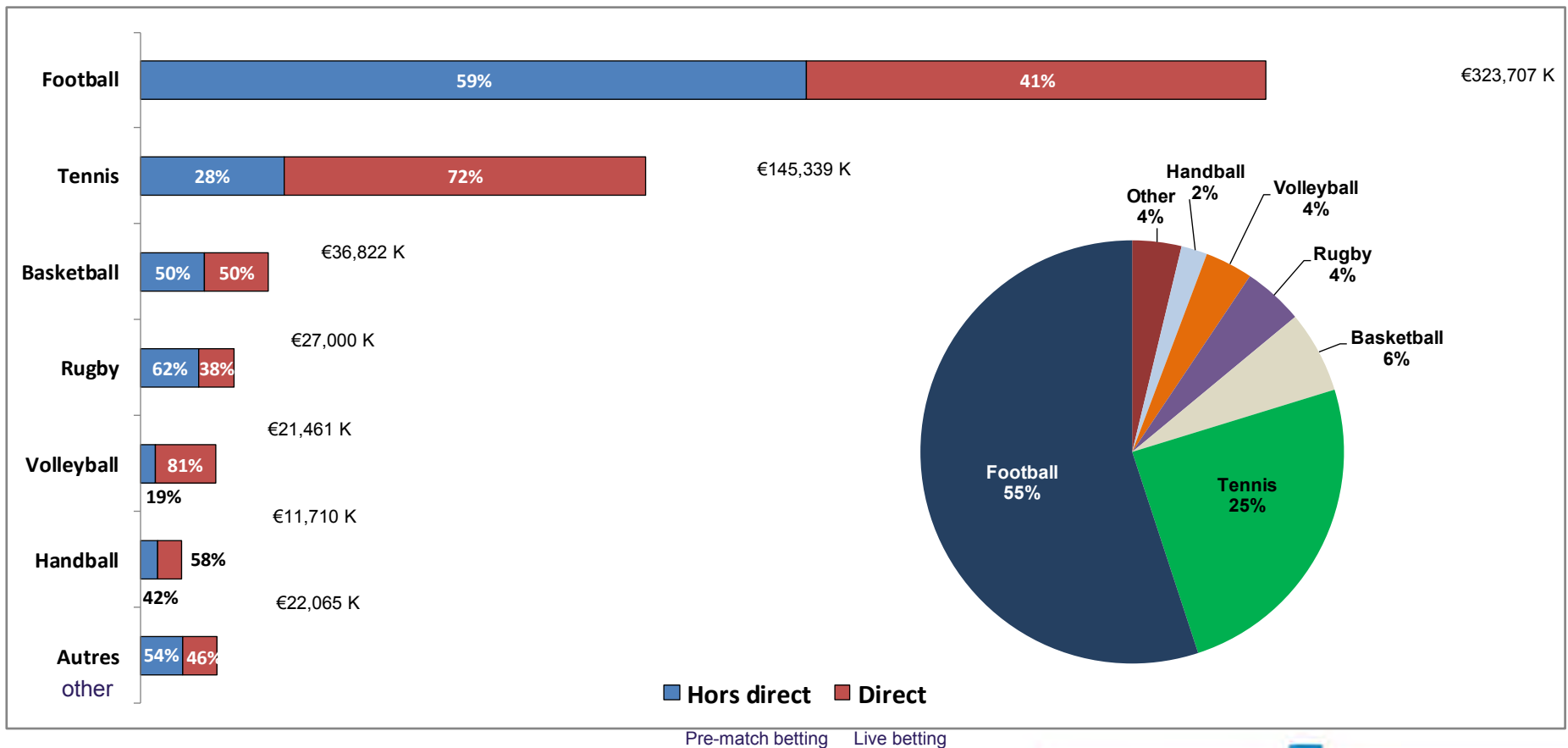
(*) Including one month in Q2 2010

Sports betting in 2011

from 1 January to 31 December 2011

Sports punters' most popular sports are football (55%), tennis (25%) and basketball (6%).

The share of live betting accounts for 23% of bets and 51% of stakes.



2011 overview

As at 31 December 2011

Sports bets

• **By the last quarter of 2011, 23% fewer sports bets were being placed compared with the same quarter of 2010.** There are several reasons for this downturn, in particular:

- ⇒ The sharp drop in players' ROI over an equivalent period, especially via the distribution of bonuses (-26% between Q4 2010 and Q4 2011), the only way operators have been able to maintain the level of their ROI (-10% between Q4 2010 and Q4 2011),
- ⇒ The absence of the NBA until the end of 2011, which brought in €7m worth of bets in the last quarter of 2010.

Sports	Trends from Q4 2010 to Q4 2011	2011 bets	Betting breakdown per sport in 2011	Betting breakdown per sport in 2010
Football	-18%	€324m	55%	55%
Tennis	-36%	€145m	25%	22%
Basketball	-42%	€37m	6%	6%
Rugby	+68%	€27m	4%	2%
Volleyball	-27%	€21m	4%	4%
Handball	+44%	€12m	2%	1%
Other sports	-9%	€22m	4%	10%
TOTAL	-23%	€592m	-	-

Closer look at sports - Main competitions of 2011

As at 31 December 2011

In 2011, the main European football championships saw high levels of betting overall – particularly in France where Ligues 1 and 2 were especially popular among punters.

Sports	Competitions	Total bets in 2011	Total bets in 2010
Football	Champions League	€25.8m	€12.2m (*)
	Europa League	€14.4m	€8.2m (*)
	Ligue 1	€46.2m	28.2m€ (*)
	Ligue 2	€13.5m	6.8m€ (*)
Tennis	French Open	€13.0m	-
	Wimbledon	€7.4m	€9.8m
	Australian Open	€5.6m	-
	US Open	€5.3m	€9.8m
Basketball	Euro 2011	€3.8m	-
Rugby	World Cup 2011	€8m	-
	Top 14 and Pro D2	€7.6m	€4.3m (*)
Handball	World Championships	€3.1m	-
Cycling	Tour de France	€0.9m	€0.5m

(*) Period from June to December only (seven months)

Closer look at football - 2011 results

As at 31 December 2011

In 2011, the main European football championships saw high levels of betting overall – particularly in France where Ligues 1 and 2 were especially popular among punters.

Leagues	Total bets in 2011	Total bets in 2010 (*)
Ligue 1	€46.2m	€28.2m
Champions League	€25.8m	€12.2m
Premier League (UK)	€23.1m	€25.0m
Liga (SPAIN)	€18.0m	€16.4m
Serie A (ITALY)	€14.6m	€8.9m
Europa League	€14.4m	€8.2m
Ligue 2	€13.5m	€6.8m
Bundesliga (GERMANY)	€8.3m	€8.2m

(*) Period from June to December only (seven months)

Last-quarter activity for 2011

Horse racing betting

Summary of the horse racing betting figures since the market opened

Between Q4 2010 and Q4 2011:

- 12% increase in bets
- 29% increase in gross gaming revenue
- 4-point drop in players' ROI (excluding bonuses)

<i>Horse racing betting</i>	Q3 2010	Q4 2010	2010 (*)	Q1 2011	Q2 2011	Q3 2011	Q4 2011	2011
Bets	€186m	€240m	€452m	€241m	€255m	€270m	€268m	€1,034m
Gross Gaming Income	€39m	€51m	€99m	€54m	€54m	€69m	€66m	€243m
Players' ROI (excluding bonuses)	79%	79%	78%	78%	79%	74%	75%	76%
Bonuses given out	€4.9m	€5.9m	€10.8m	€3.6m	€3.7m	€8.8m	€4.0m	€20.1m
Players' ROI (including bonuses)	82%	81%	80%	79%	80%	78%	77%	78%

(*) Including one month in Q2 2010

Last-quarter activity for 2011

Poker

Summary of the poker betting figures since the market opened:

- Cash game: 3% drop in bets
- Tournament: 24% increase in entry fees

<i>Poker</i>	Q3 2010	Q4 2010	2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	2011
Cash game bets	€1,782m	€1,923m	€3,705m	€1,921m	€1,854m	€1,949m	€1,869m	€7,593m
Tournament entry fees	€151m	€261m	€412m	€271m	€278m	€286m	€324m	€1,159m
Overall Gross Gaming Revenue	€58m	€81m	€139m	€81m	€78m	€79m	€76m	€314m
Players' ROI (excluding bonuses)	97%	96%	97%	96%	96%	96%	96%	96%
Bonuses given out	€16m	€20m	€36m	€16m	€18m	€16m	€19m	€69m
Players' ROI (excluding bonuses)	98%	97%	98%	97%	97%	97%	97%	97%

QUALITATIVE DATA

Overview – Players' profiles

Qualitative data - Q4 2011 data

- **1.2 million** active players' accounts in the last quarter of 2011
 - ⇒ Up by 4% compared with Q4 2010
- **264 million euros** paid into players' accounts as at the last quarter of 2011
 - ⇒ 7% of bets made by pre-paid cards as at Q4 2011, versus 4% as at Q4 2010.
- **Players accounts have on average been topped up increasingly often** as at the last quarter of 2011
 - ⇒ €71 per month on average paid into accounts in 2011, versus €65 per month in 2010.
 - ⇒ Payments made 2.3 times per month in 2011, versus 1.7 times per month in 2010.

Overview – Players' profiles

The typical player

- 88% of players are **male**
- 57% are **under 35**
- Average annual expenditure per player's account is **€250**
- 52% of online players play **poker**

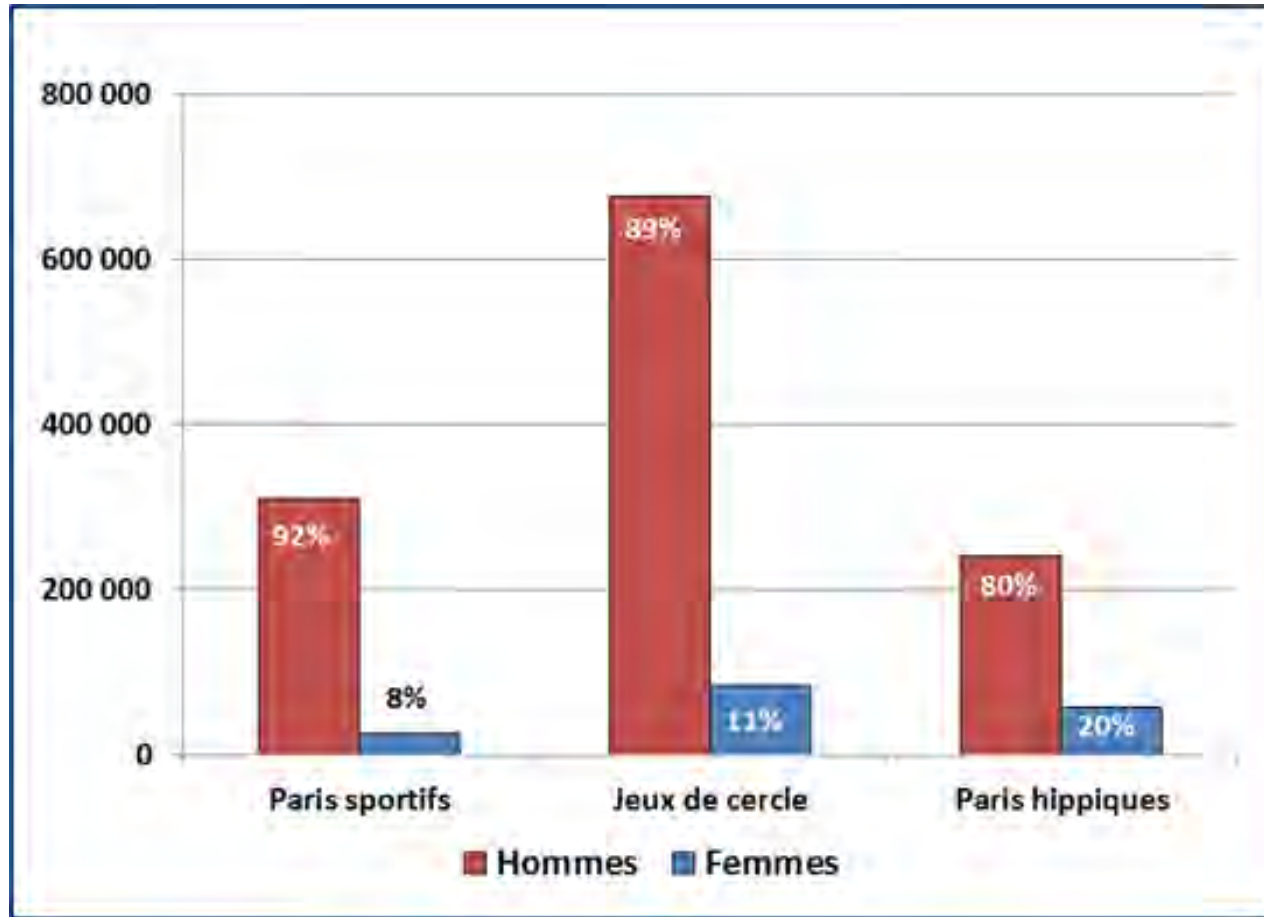
Average bets per sector:

- **Sports bets:** 43% of players bet less than €10 per month
- **Horse racing betting:** 36% of players bet more than €100 per month
- **Poker:** 46% of players bet less than €30 per month in cash-game poker and less than €10 per month in tournament poker.

All sectors taken together: **1% of players generate 53% of bets.**

Overview – Players' profiles

Breakdown of active players' accounts by gender - Q4 2011 data



Sports bets

Men

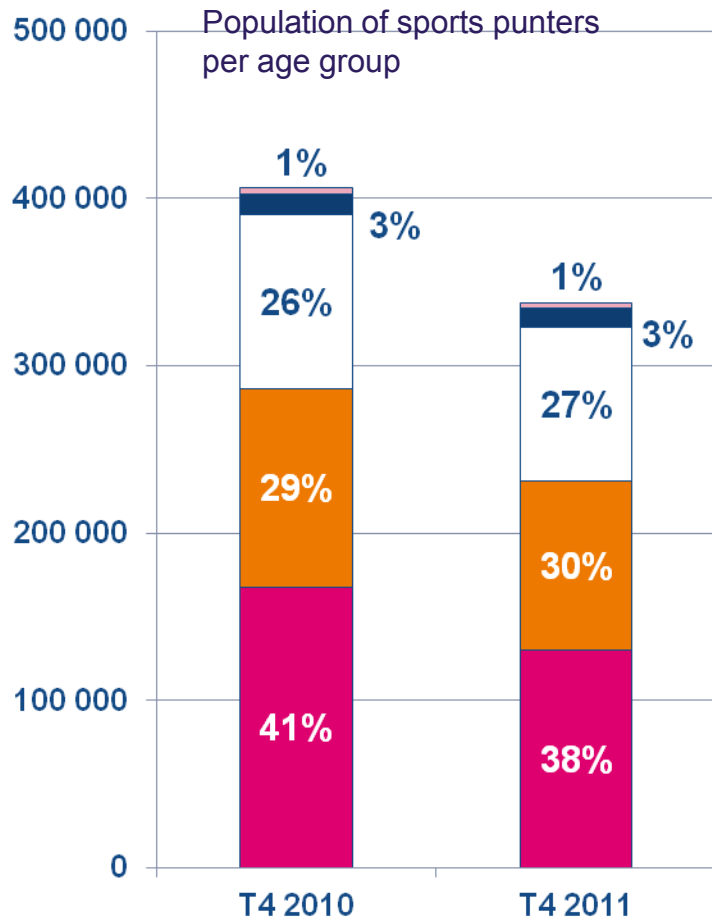
Poker

Women

Horse racing bets

Qualitative data Q4 2011 – Sports bets

Population des parieurs sportifs par tranches d'âge

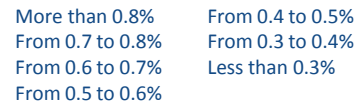
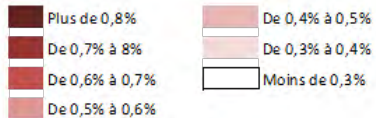
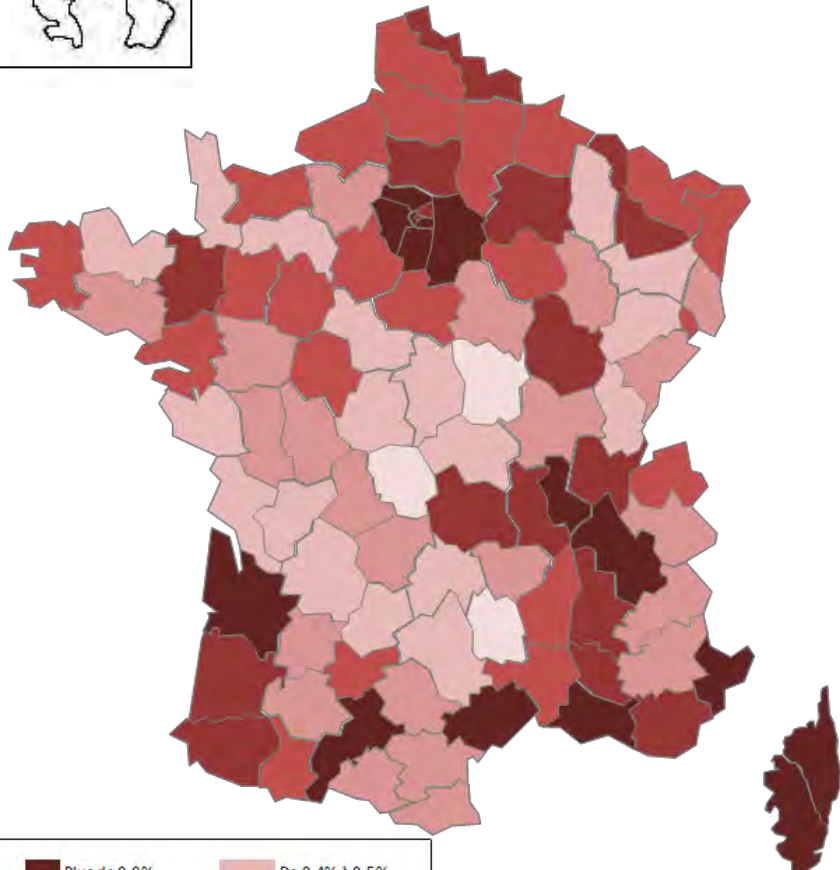
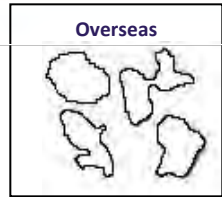


■ 18-24 ans ■ 25-34 ans ■ 35-54 ans
■ 55-64 ans ■ 65 ans et plus

18-24 years 25-34 years 35-54 years
 55-64 years 65 years and over

- **17% drop** in number of active players' accounts for sports bets as at Q4 2011
 ⇒ 70,000 fewer accounts than in Q4 2010
- The **18-24 age group is the most affected with a 22% reduction** in the number of active players' accounts.
- The groups of **players betting between €10 and €100 per month and between €100 and €1,000** are the ones losing the most players, having fallen by 24% and 23% respectively.
- The use of **mobile media** is on the rise: as at Q4 2011, **12% of sports punters** used their mobile phone to connect, versus 10% as at Q3 2011.

Qualitative data Q4 2011 – Sports bets

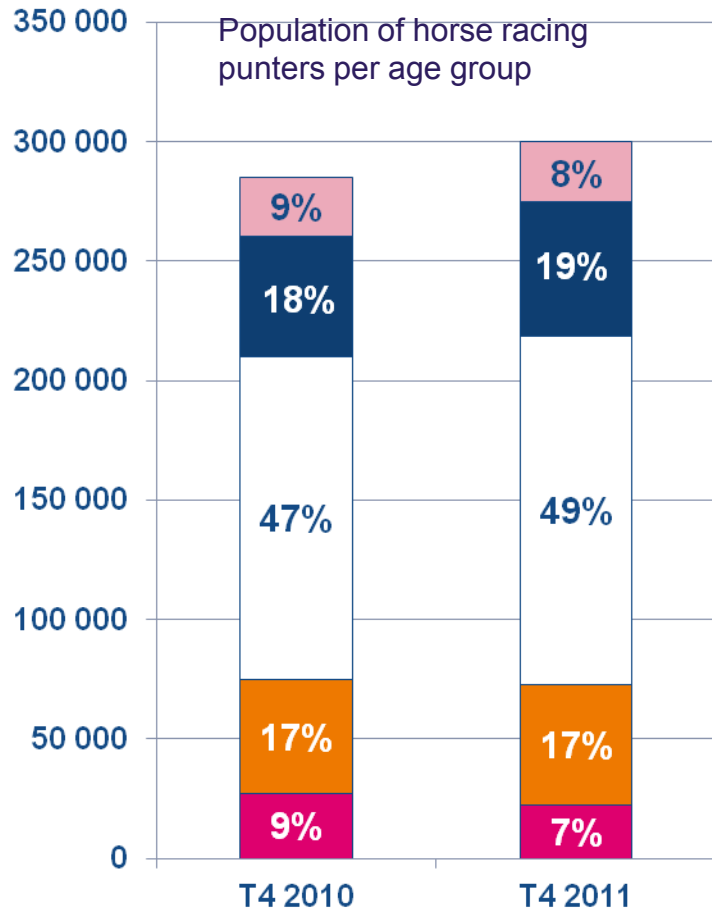


- The **sports punter is still primarily male, urbanite** and based in the Parisian region or the south of France

⇒ 21% of active players' accounts live in the Parisian region, when it is home to only 18% of French adults.

Qualitative data Q4 2011 – Horse racing bets

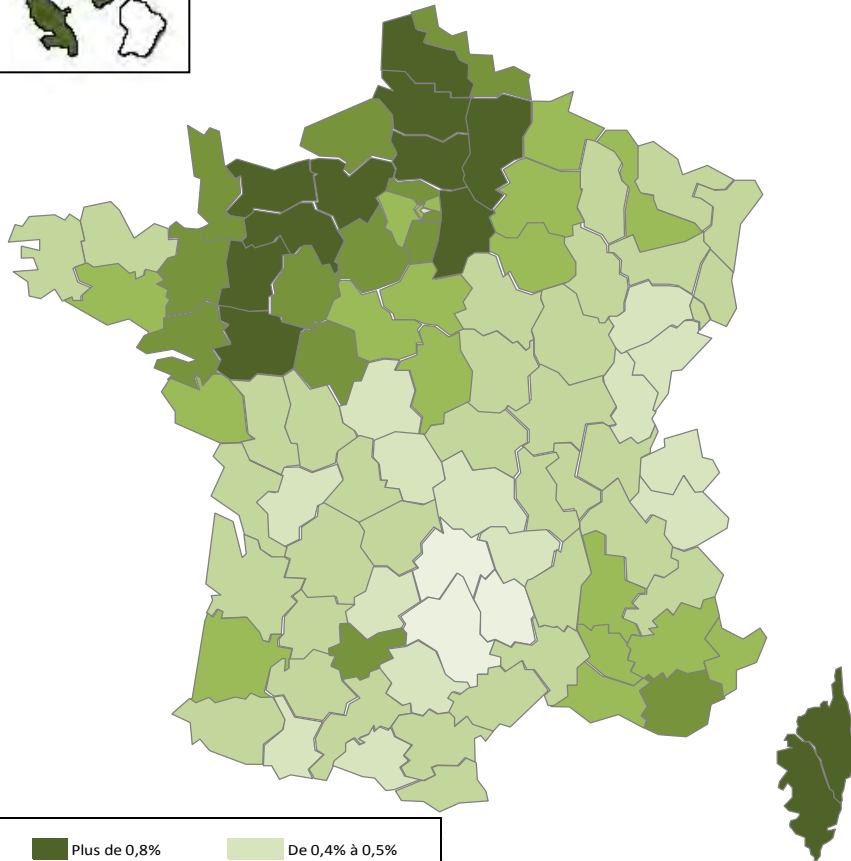
Population des parieurs hippiques par tranches d'âge



■ 18-24 ans ■ 25-34 ans □ 35-54 ans
■ 55-64 ans ■ 65 ans et plus

- **5% increase** in the number of active players' accounts in horse racing betting as at Q4 2011
⇒ 15,000 more accounts than in Q4 2010
- This **increase is mainly felt in the 55-64 age group, which has seen a 13% rise** in its players' population.
- The use of **mobile media** is also on the rise in this activity: as at Q4 2011, **11% of horse racing punters** used these new technologies to connect, versus 10% in Q3 2011.
- In Q4 2011, 224 players accounts bet more than €50 k during the quarter: only 134 did in Q4 2010.

Qualitative data Q4 2011 – Horse racing bets



- Regardless of its rise in popularity, horse racing betting still displays the same player profiles

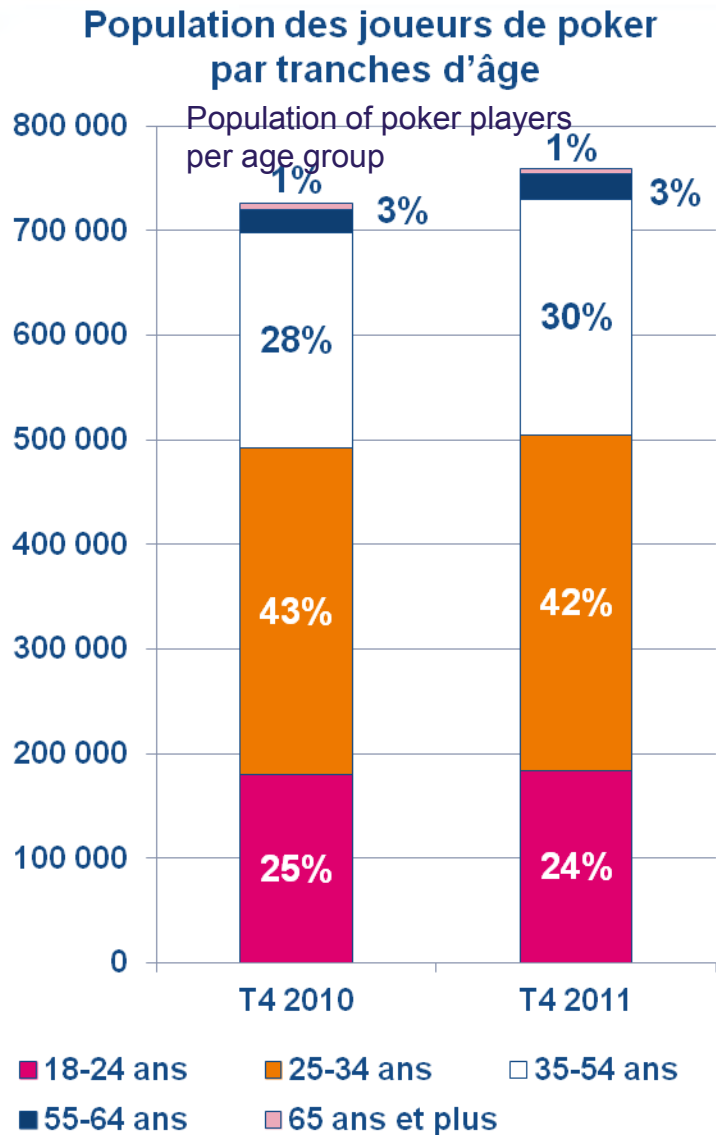
⇒ Punters, mainly rural-based, still primarily living in North-West France

⇒ This is now the only one of the three regulated activities that is widely practised in the French overseas *départements*.

Plus de 0,8%	De 0,4% à 0,5%
De 0,7% à 0,8%	De 0,3% à 0,4%
De 0,6% à 0,7%	Moins de 0,3%
De 0,5% à 0,6%	

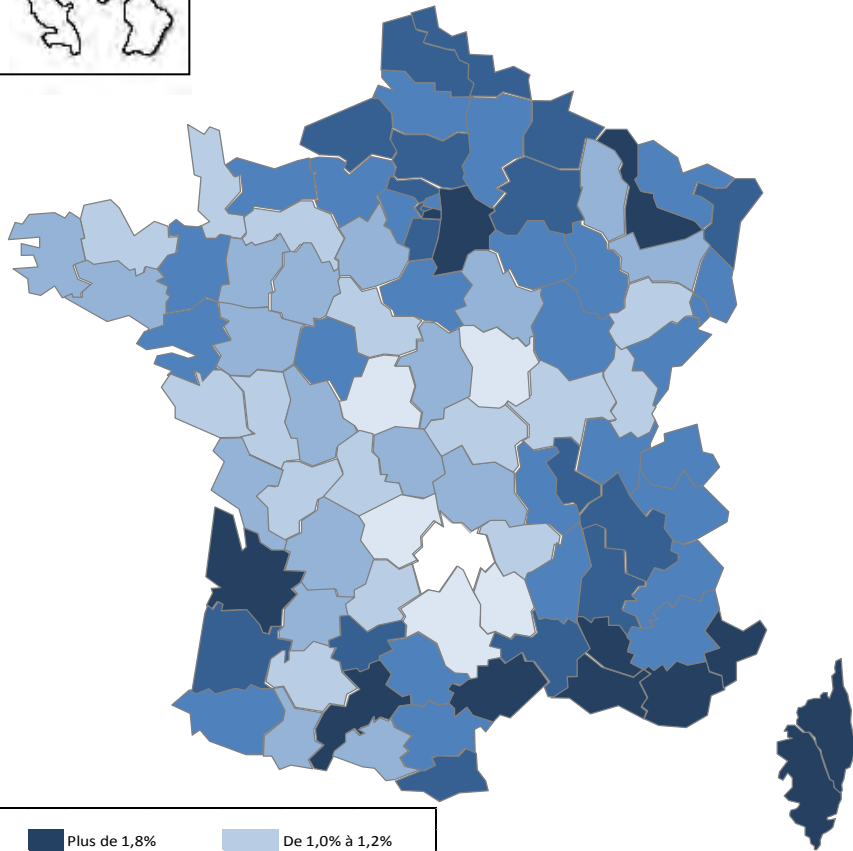
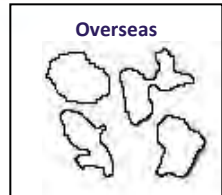
More than 0.8%	From 0.4 to 0.5%
From 0.7 to 0.8%	From 0.3 to 0.4%
From 0.6 to 0.7%	Less than 0.3%
From 0.5 to 0.6%	

Qualitative data Q4 2011 – Poker

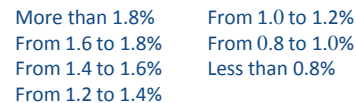
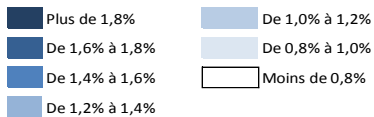


- **5% increase** in the number of active poker players' accounts as at Q4 2011
 ⇒ 37,000 more accounts than in Q4 2010
- **16% increase** in the number of active players' accounts in **tournament poker** but a **10% decrease** in the **cash game**.
- This overall increase is mainly felt in the **35-54** age group, with a **16% rise** in its population
- **The proportion of women** is also **on the rise**: They represent 11% as at Q4 2011, versus 9% as at Q4 2010
- As at Q4 2011, **12% of poker players** used a mobile technology, versus 10% as at Q3 2011
 ⇒ Tablets were most frequently used.

Qualitative data Q4 2011 – Poker



- The typical poker player profile is changing
 - ⇒ The age groups are tending to even out;
 - ⇒ The proportion of female players is on the rise;
 - ⇒ Rural players are steadily catching up with urban players, even if the latter are still by the far the most numerous.



Qualitative data Q4 2011

Examples of the typical online player

Sports punter

- 28 year-old male
- Lives in les Bouches du Rhône (South-East France)
- Per quarter: bets €50 and spends €15
- Mainly places football bets (Ligue 1 and Champions League)
- Plays during the day, especially at the weekend

Horse racing punter

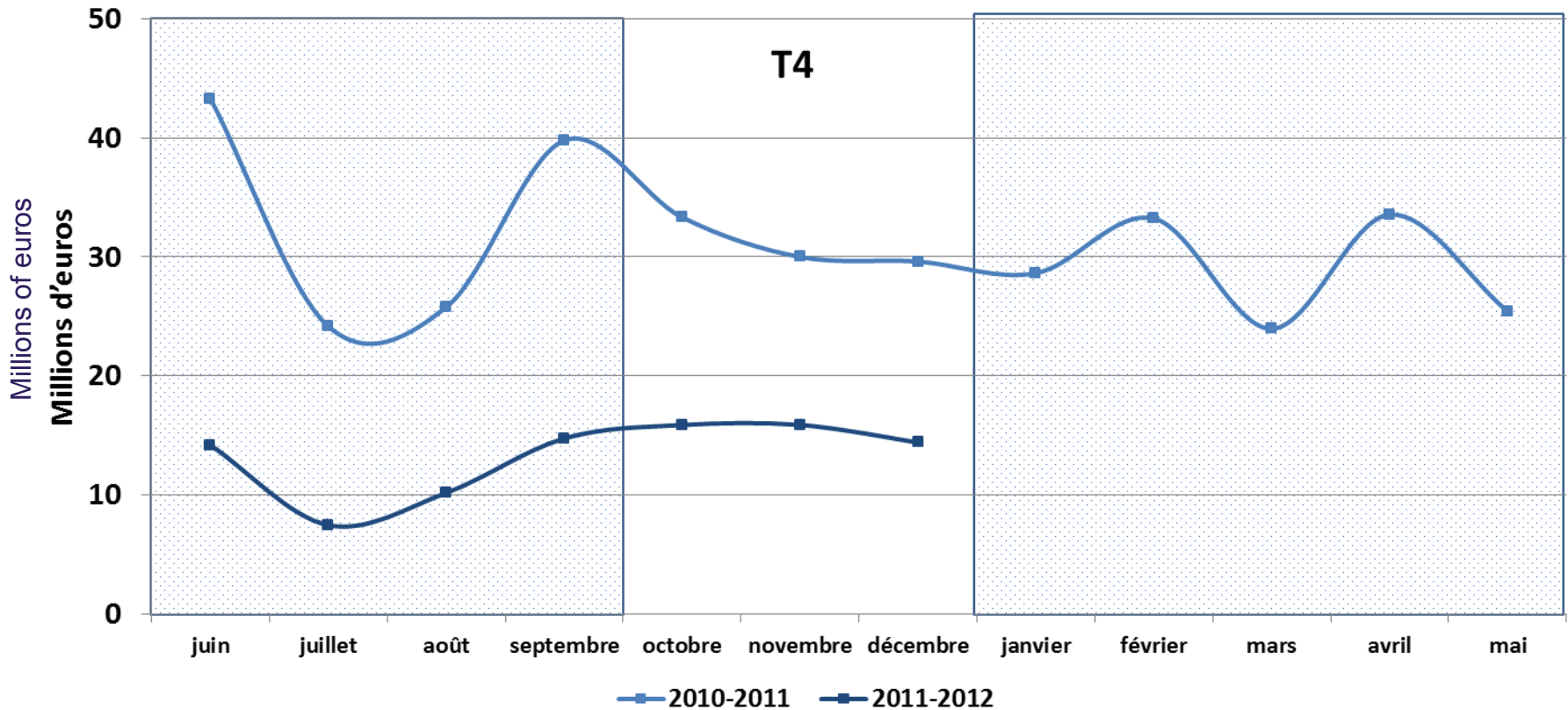
- 45 year-old male
- Lives in Mayenne (North-West France)
- Per quarter: bets €150 and spends €50
- Mainly bets on harness racing (57%)
- Plays during the day, especially at the weekend

Poker player

- 31 year-old male
- Lives in the Parisian region
- Per quarter: Bets almost €100 in cash-game poker and €50 in tournament poker and spends less than €20
- Plays mostly in poker tournaments
- Plays in the evening, especially during the week.

Qualitative data Q4 2011 – Multi-activity

- Between the 4th quarter 2010 and 4th quarter 2011, **operators' marketing budgets were slashed in half**



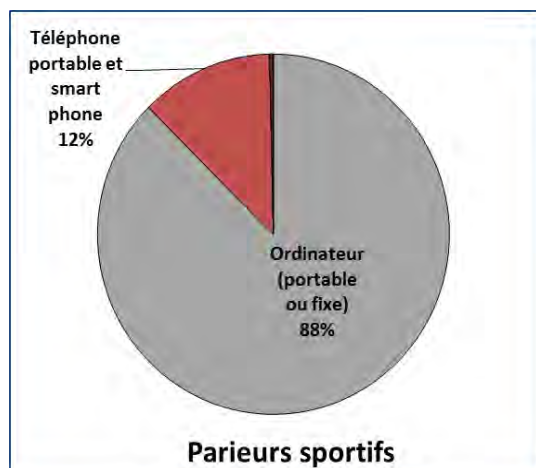
Source: YACAST barometer

June July August September October November December January February March April May
2010-2011 2011-2012

Qualitative data Q4 2011 – Multi-activity

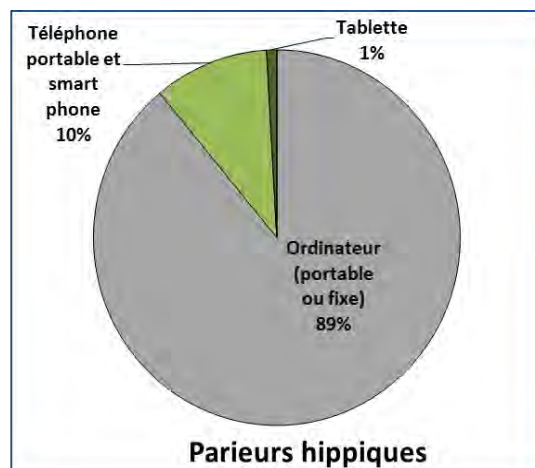
Mobile Internet

Connection devices used by active players' accounts – broken down per activity:



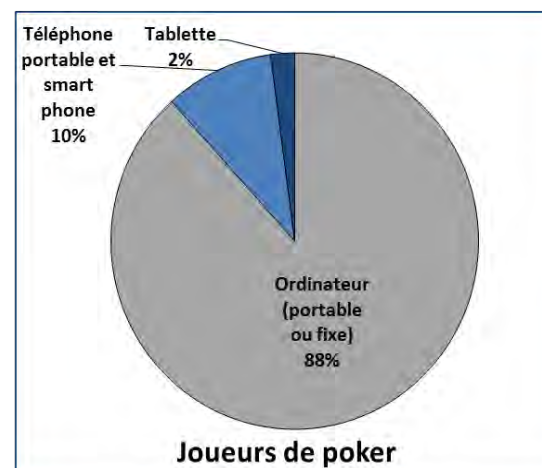
Parieurs sportifs

Sports punters



Parieurs hippiques

Horse racing punters



Joueurs de poker

Poker players

Acting to close down illegal websites

- In 2011, over 600 websites received injunctions. **Over 1,000 injunctions were sent out to operators and hosts.** 470 closed after receiving these injunctions, and other procedures are still ongoing.
- **In 2011, 9 decisions were issued**, including 3 website blocking decisions and 6 concerning priority preliminary rulings on the issue of constitutionality (QPC in French)
- **Since 1 January 2012, 5 website blocking decisions have been issued**, all serving to reinforce ARJEL's regulation model.

Preserving the integrity of sports competitions: 2012, a decisive stage

IN FRANCE

Act dated 1 February 2012 passed:

- Adoption of a criminal offence for sports fraud
 - Strengthening of the rules for preventing conflicts of interest for sports competitors
 - Compliance monitoring of the betting ban for sports competitors by ARJEL
- **Working towards a national outlet for exchanging information, detecting and processing alerts: a pooled monitoring system?**

WORLDWIDE

✓ **Council of Europe: an international convention on the horizon from 2012**

- Recommendation on the promotion of sport integrity to iron out results manipulation, particularly match fixing, dated 28 September 2011:
 - Guidelines inspired by the French example (sports event organiser's agreement for the organisation of bets on the event ["betting right"], prevention of conflicts of interest, limiting of bet types).
 - Need to be able to criminalise the manipulation of sports competition results particularly in connection with betting.
 - **Conference of Ministers responsible for Sport, Belgrade, 15 March 2012**

Preserving the integrity of sports competitions: 2012, a decisive stage

✓ **European Union: Subjects that may be harmonised**

- **Criminal offence of sports fraud:** ongoing investigation by the Commission into the criminalisation of sports results manipulation (Communication entitled "Developing the European Dimension in Sport" of 18 January 2011)
- **Ownership right of sports competition organisers** (Green Paper on online gambling, European Parliament resolution of 15 November 2011 (Creutzmann report), Ruling of the Court of Justice of the European Union of 4 October 2011)

✓ **International Olympic Committee:**

- **Findings of the Founding Working Group on the Fight Against Irregular and Illegal Betting in Sport** and setup of a standing working group (2 February 2012)
- **ARJEL - IOC agreement:** Partnership Agreement signed with the IOC on 2 February for protection of the Olympic Games.





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