



ECONOMIC AND SOCIAL CONTRIBUTION OF EUROPEAN LOTTERIES MEMBERS (IN THE EU-28)

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FOR THE BENEFIT OF SOCIETY

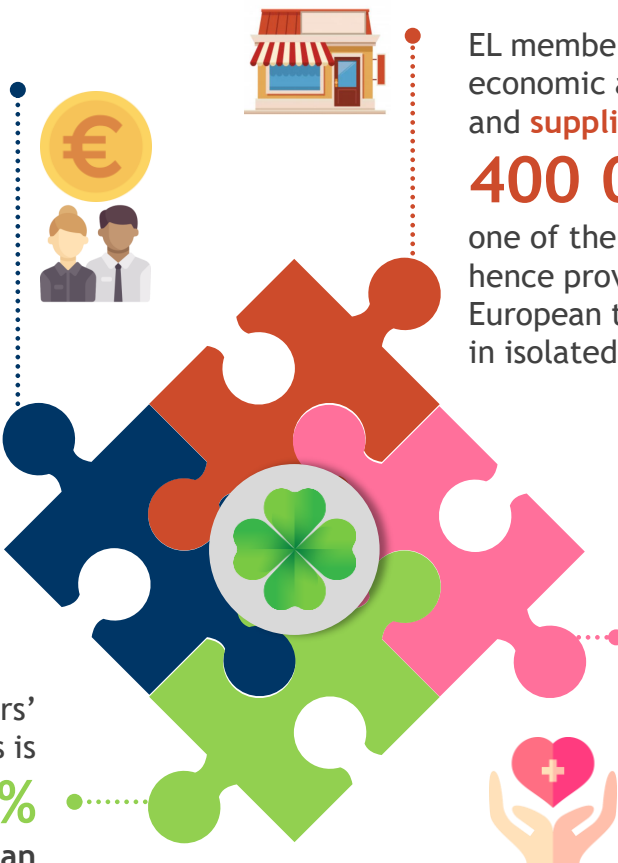


EL EU MEMBERS SOCIAL AND ECONOMIC CONTRIBUTION IN A NUTSHELL

European Lotteries members in the EU generate **€ 43 bn¹** of **wealth** (GDP-wise) and sustain around **500 000^{2*}** **full-time employees** in the entire European economy that goes far beyond the Lotteries' ecosystem



The European Lotteries EU members' contribution to the states' budgets is **€ 32 bn**, an equivalent of **20%** of the **annual budget of the European Commission**



EL members stimulate and sustain local economic activities through a wide **retailers and suppliers' ecosystem**. With more than **400 000 points of sale**, they are one of the **biggest European local networks** hence providing employment throughout all European territories, including to people living in isolated areas

Supporting good causes and ensuring significant **returns to society** is in the D.N.A. of the European Lotteries EU members as they are transferring

around **€ 6 bn** to numerous **Good Causes** (including the promotion of sports, education, healthcare, culture and other societal purposes)

¹ € 43 bn is composed of € 35 bn of the wealth generated directly by the Lotteries and their retailers and suppliers (Rank 1) and additional € 8 bn of wealth generated in the entire economy by spillover effect (Rank 2 to n)

² 500 000 full-time employees is composed of 390 000 full-time employees in Rank 1 and around 110 000 full-time employees in Rank n

*Employment calculation is based on Eurostat's employees domestic concept excluding self-employed persons

EUROPEAN LOTTERIES IN THE EU IN 2018



53 members in
28 countries (EU, incl. UK)
With a strong diversity but a
common commitment to
offering responsible gaming
opportunities for everyone



€ 87 bn
sales

€ 51 bn
payout to
players

€ 36 bn
GGR*



*Gross Gaming Revenue



Operating on
5 gaming segments



Draw-based games: games based on numbers and letters



Instant Games: all instant or scratch games



Sport Games: on sports events, including horse racing



EGMs: Electronic Gaming Machines located outside casinos



Other Games: casino games and poker, sometimes online games

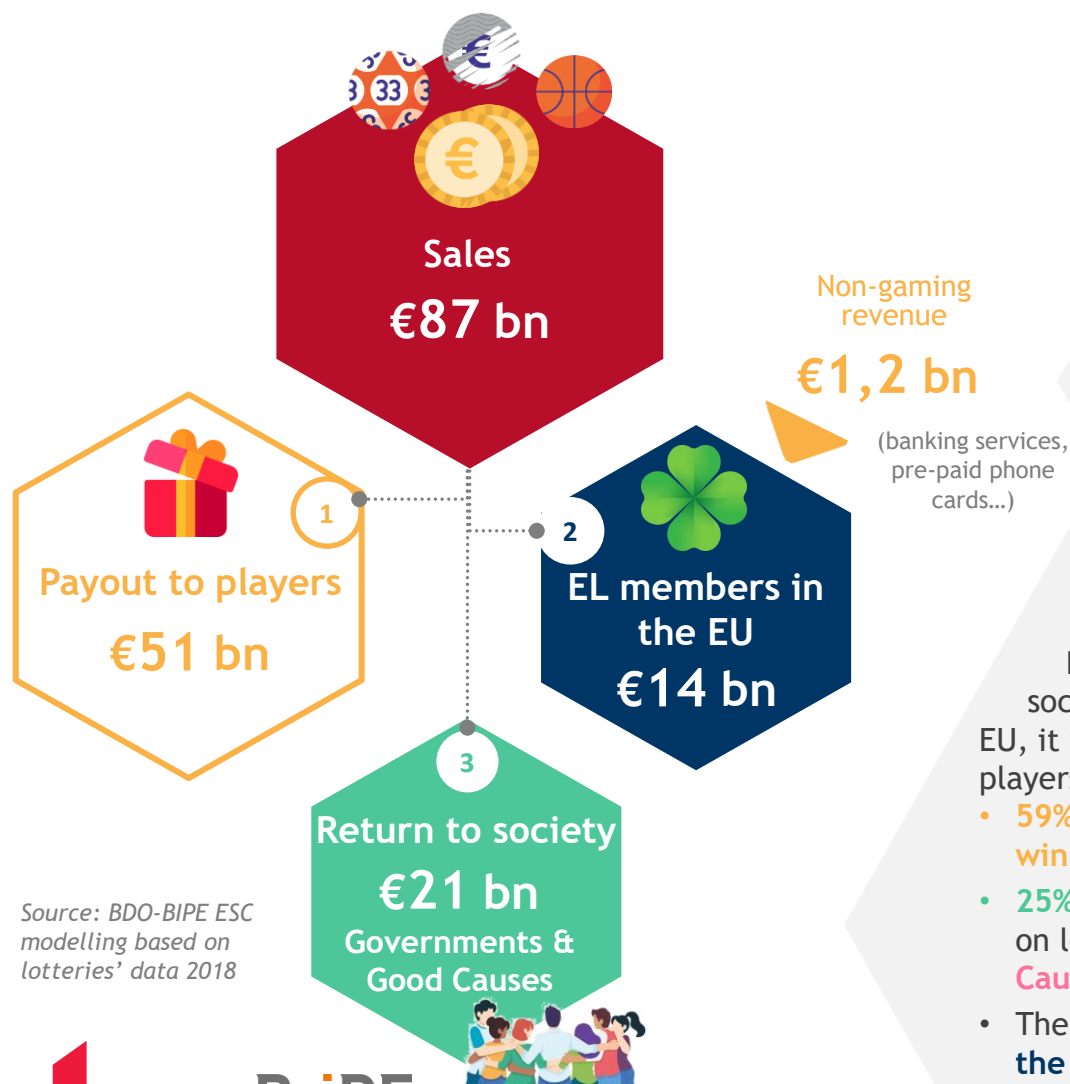
➔ **15%** through online channels on average

Some lotteries also provide non-gaming services such as banking services, pre-paid phone cards...

48 500
full-time
employees

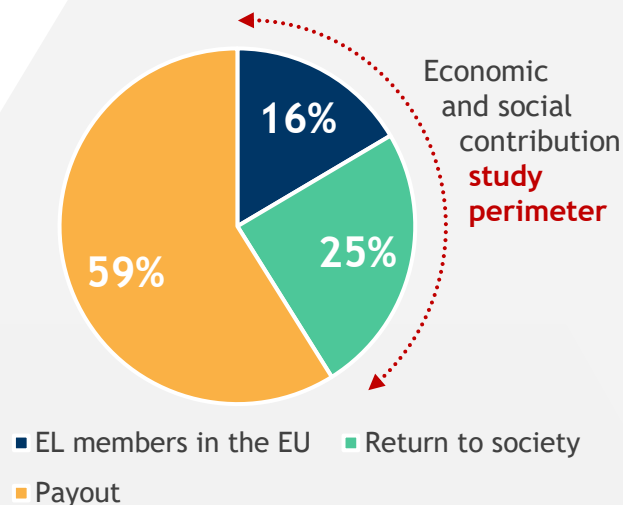


THREE MAIN ALLOCATIONS FOR THE €87 BN SALES IN 2018: PLAYERS ARE THE FIRST BENEFICIARIES



Source: BDO-BIPE ESC
modelling based on
lotteries' data 2018

Distribution of Lotteries' Sales

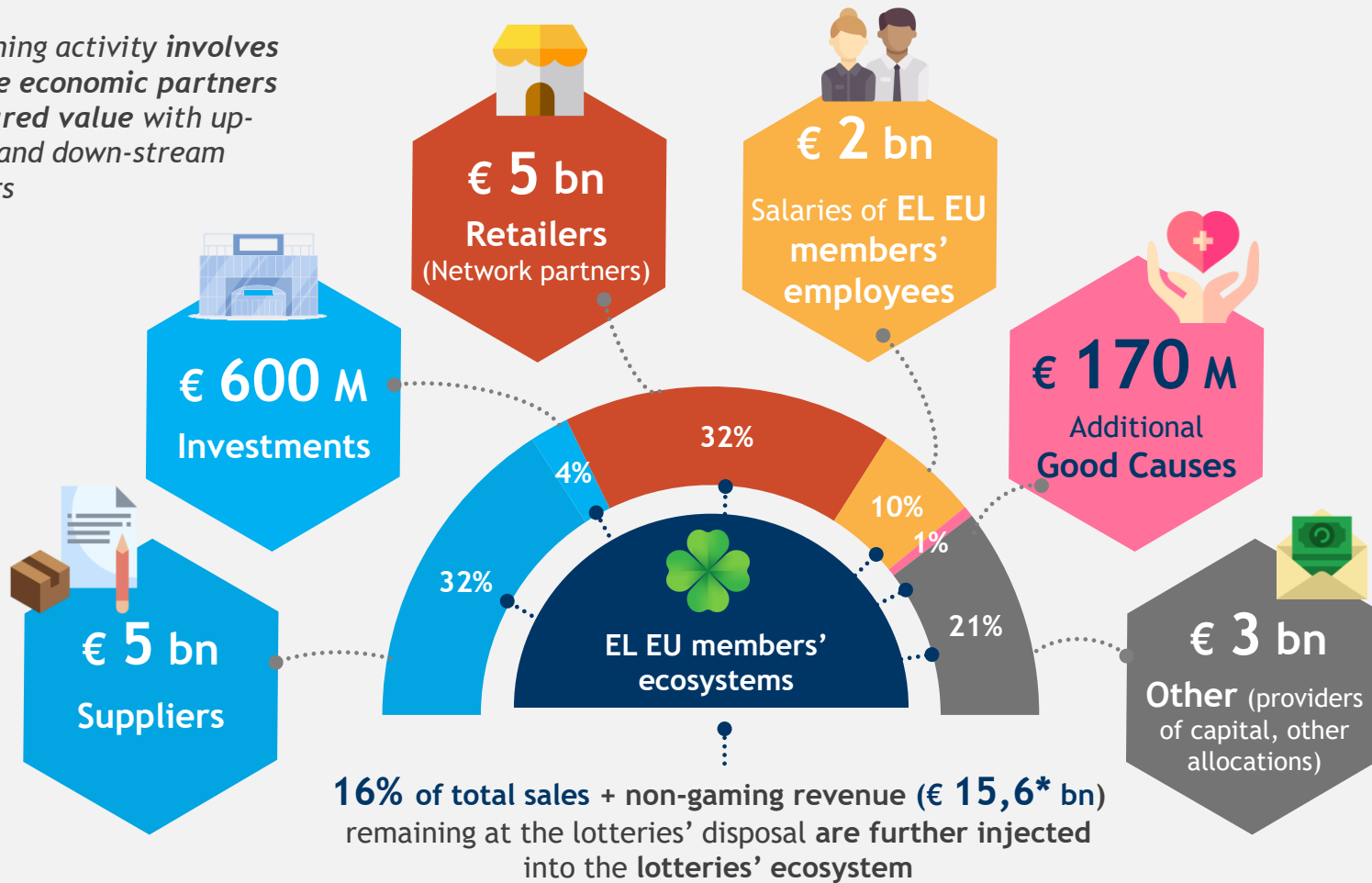


Before measuring the Economic and social contribution of European Lotteries members in the EU, it is essential to understand the first allocation of players spendings (sales). In 2018:

- 59% of EL members' in the EU total sales was paid out to winners,
- 25% went directly to the Society through taxes and duties on lotteries' activities and money dedicated to Good Causes paid to the local Governments,
- The remaining 16% were further redistributed through the entire ecosystem of EL members in the EU.

EACH YEAR, 80% OF THE LOTTERY 'SHARE' OF THE GAMING ACTIVITY IS REDISTRIBUTED IN THEIR ECONOMIC ECOSYSTEMS

The gaming activity involves multiple economic partners and shared value with up-stream and down-stream suppliers



Source: BDO-BIPE ESC modelling based on lotteries' data 2018

WITH 400 000 POINTS OF SALE, EL MEMBERS IN THE EU SUSTAIN ONE OF THE BIGGEST EUROPEAN LOCAL NETWORKS

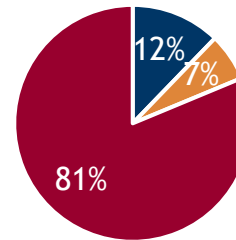
403 000



Two main strategies in terms of distribution network model:

- **External network** via 3rd parties: **77%** of the total members operate mainly through external partners
- **Internal or integrated network**: adopted by fewer lotteries

Both models are largely contributing to local employment across all territories.



■ Owned PoS	48 000
■ Independent specialized PoS	26 000
■ Independent diversified PoS	329 000

The 53 European Lotteries are diversely but **strongly connected** with a wide **distribution network** that is:



2,3 times

bigger than the
number banks
branches in Europe ⁽¹⁾



2,5 times

the size of the
pharmacies
community in
Europe ⁽²⁾



3,2 times

the size of the post
office network in
Europe ⁽³⁾



5,4 times

bigger than the
number of fuel
stations in Europe ⁽⁴⁾



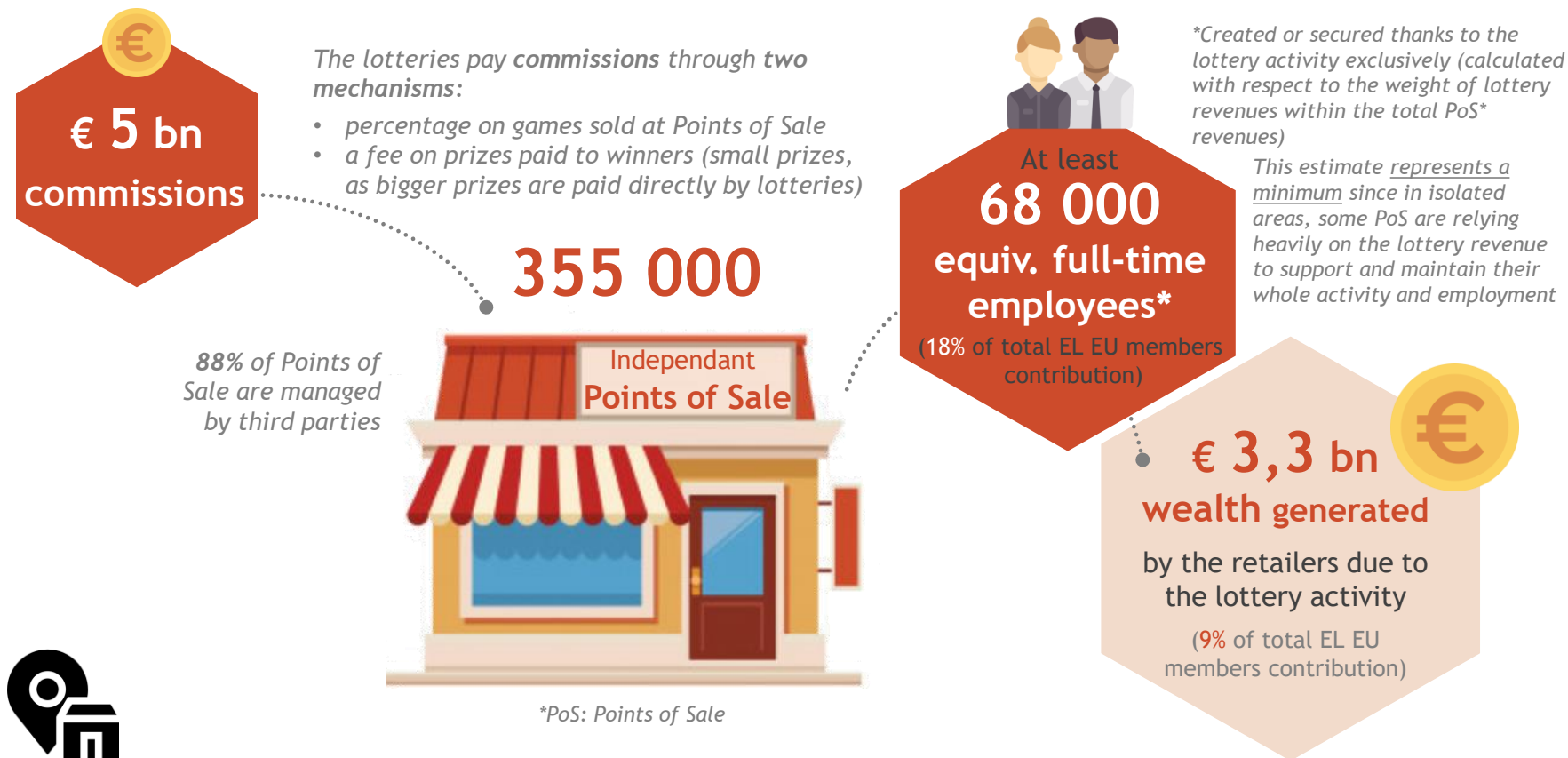
In the EU on average:

9 Points of Sale
per
10 000 inhabitants ⁽⁵⁾

(1) The European Banking Federation 2018, (2) The Pharmaceutical Group of the European Union 2016,
(3) Eurostat 2010, (4) European Fuels Institute 2018

(5) Le BIPE, from lotteries' data 2018 and Eurostat (2018), non-weighted average

EUROPEAN LOTTERIES AS A MAJOR SUPPORTER OF LOCAL SHOPS



Since **88%** of Points of Sale operate on a third-party basis, **EL members in the EU are the major supporter of independent retailers.**

Most of them are **small and local shops**, covering all territories, including rural areas with limited job opportunities. In this way, **European Lotteries play an important role as employers in isolated areas.**

LOTTERIES' ACTIVITIES STIMULATE A POSITIVE ECONOMIC SHOCK ON THE NATIONAL ECONOMIES AND SUPPORTS LOCAL BUSINESSES

This stimulates the creation of wealth and employment through numerous value-chains across all EU territories

Suppliers & Invest:
€ 5,5 bn
Households through
consumption¹: € 2,9 bn

€ 8,4 bn
Injected into the economy

thanks to the lotteries' activities

A **myriad**
of small and medium
companies, suppliers,
local shops and
producers are thus
benefiting from Lotteries
activities

€ 13 bn
of wealth
(GDP-wise)

Rank 1*: € 5 bn
Rank n**: € 8 bn

176 000
full-time employees
created or secured by the
lottery activity

Rank 1*: 68 000
Rank n**: 108 000



Source: BDO-BIPE ESC modelling based on lotteries' data 2018

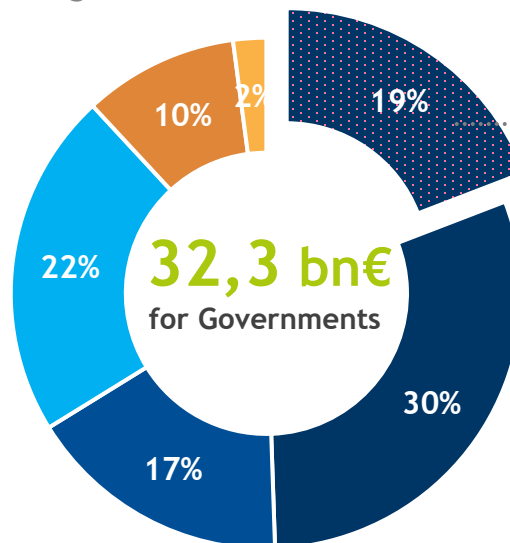
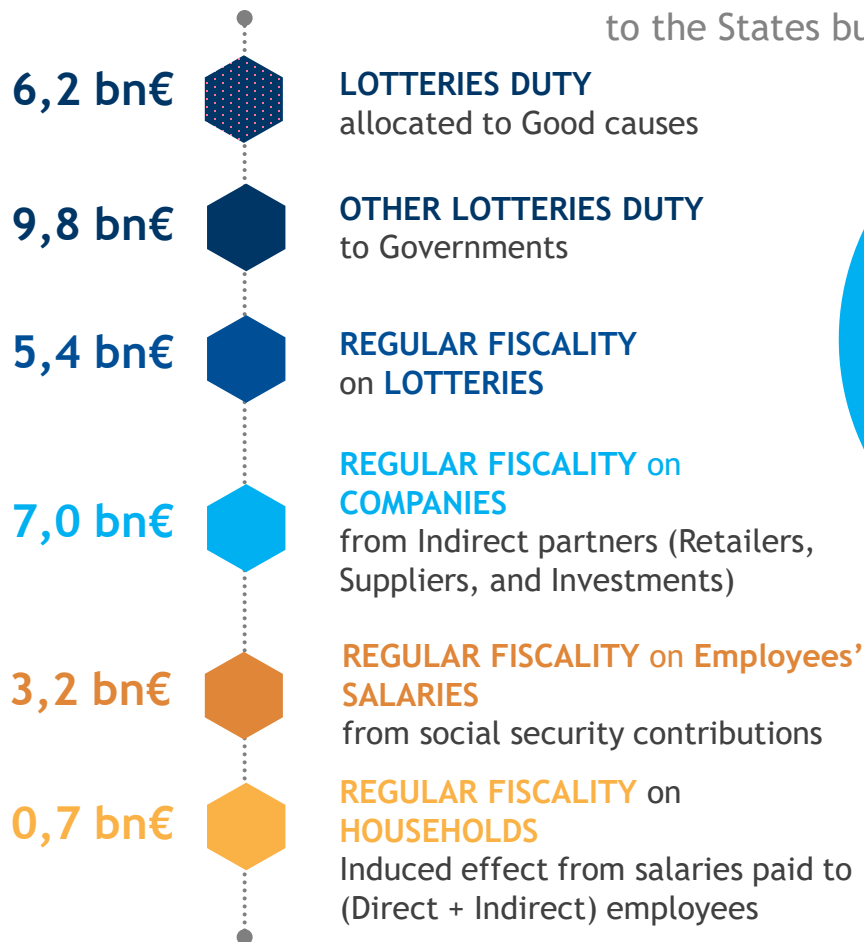
(1) as the people whose employment is ensured by the Lotteries' activities spend on average 78% of their wages on consumer goods and services

*Rank 1: the wealth generated directly by the Lotteries and the actors of their ecosystem

**Rank 2 to n: wealth generated in the entire economy by spillover effect

IN TOTAL, EL MEMBERS IN THE EU GENERATE 32 BILLION EUROS IN TAXES PAID TO GOVERNMENTS

The total contribution of European Lotteries to the States budgets



26,1 bn€
going to the
States' budget

6,2 bn€
reinvested into
good causes



32 bn€ is equivalent to **20%**
of the **annual budget** of the
European Commission
(2018 total commitments)

IN 2018, LOTTERIES TRANSFERRED MORE THAN €6 BN TO GOOD CAUSES

Mandatory payments to Good Causes

These payments represent about **19%** of all payments from lotteries to their national Governments. They consist of duties that are transferred due to the specificities of their regulated activity.

Indeed, Governments allocate it to good causes 'on behalf' of the lotteries as often stipulated by national laws of each country.

€ 6,2 bn

€ 170 M

Additional payments to Good Causes

On top of the duties paid by EL EU members for supporting good causes through the Governments (mandatory payments), most European Lotteries dedicate additional money to Good Causes on a voluntary basis.

€ 6,2 bn

Total amount dedicated to support various Good Causes, generating...

€ 5,2 bn

Wealth generated

72 800

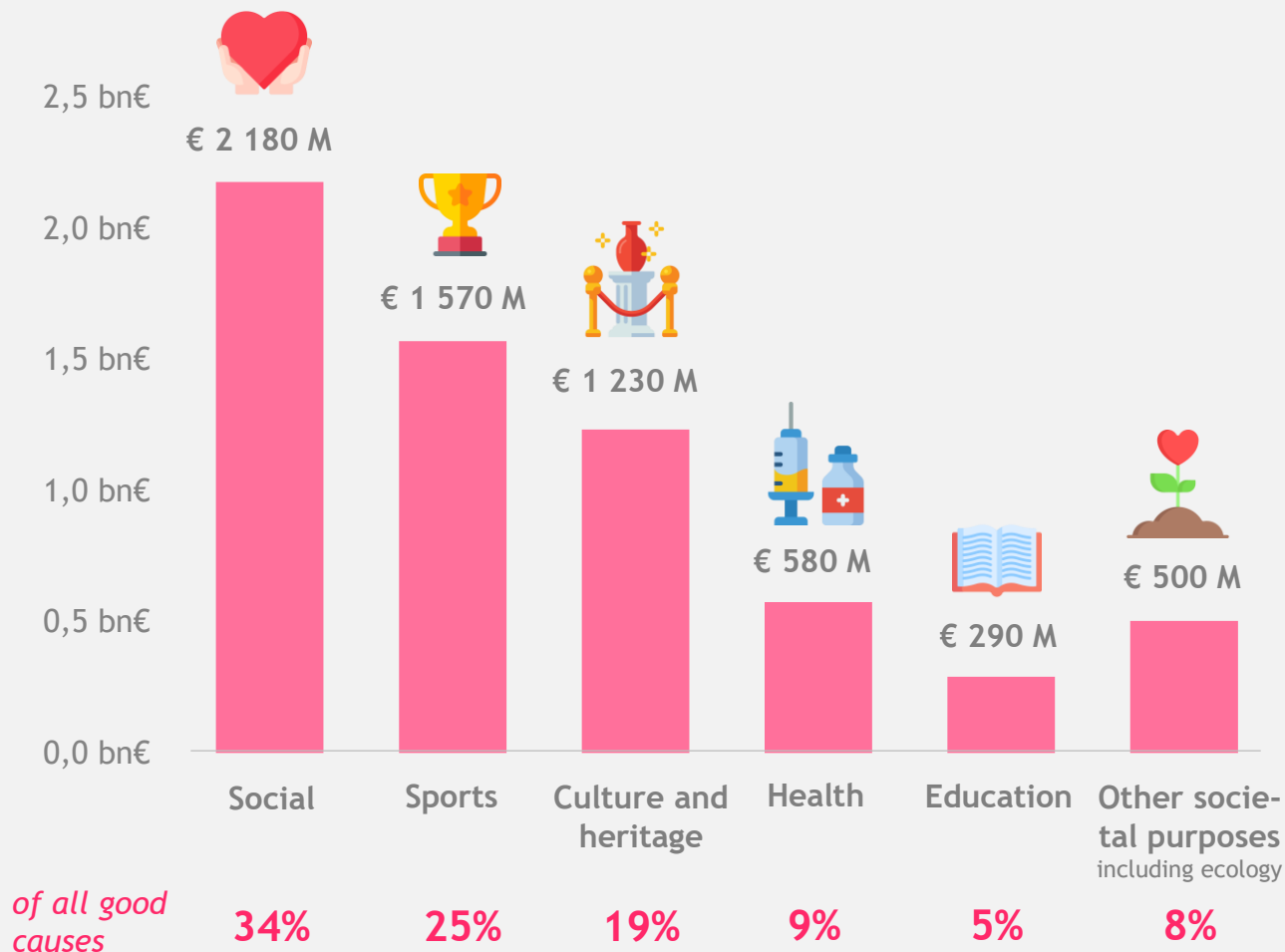
full-time employees

9 300

full-time employees*

* This figure represents 9k full-time employees supported by the specific activity of ONCE Foundation (sponsored by 60% by ONCE)

SIX MAIN DESTINATIONS OF GOOD CAUSES' MONEY



- EL members in the EU dedicate more than **1/3** of the total money to Good Causes to various **social activities**, including supporting **social inclusiveness and vulnerable groups**.
- European Lotteries have always had a special relationship when it comes to sports (cf. the history of Sazka in Czech Republic and OPAP in Greece). They continue to largely contribute to the **promotion of sports and healthy lifestyle with 25%** of the total amount of Good causes being transferred to various sports organizations and foundations.
- The lotteries also play an important role when it comes to financing **research, health and promotion of European culture and heritage**.

EL MEMBERS GENERATE A WIDE AND COLLECTIVE CONTRIBUTION TO THE EU

Their contribution is the result of three complementary dynamics:

1. The economic stimulation of the EU productive ecosystems initiated by EL members' gaming activities

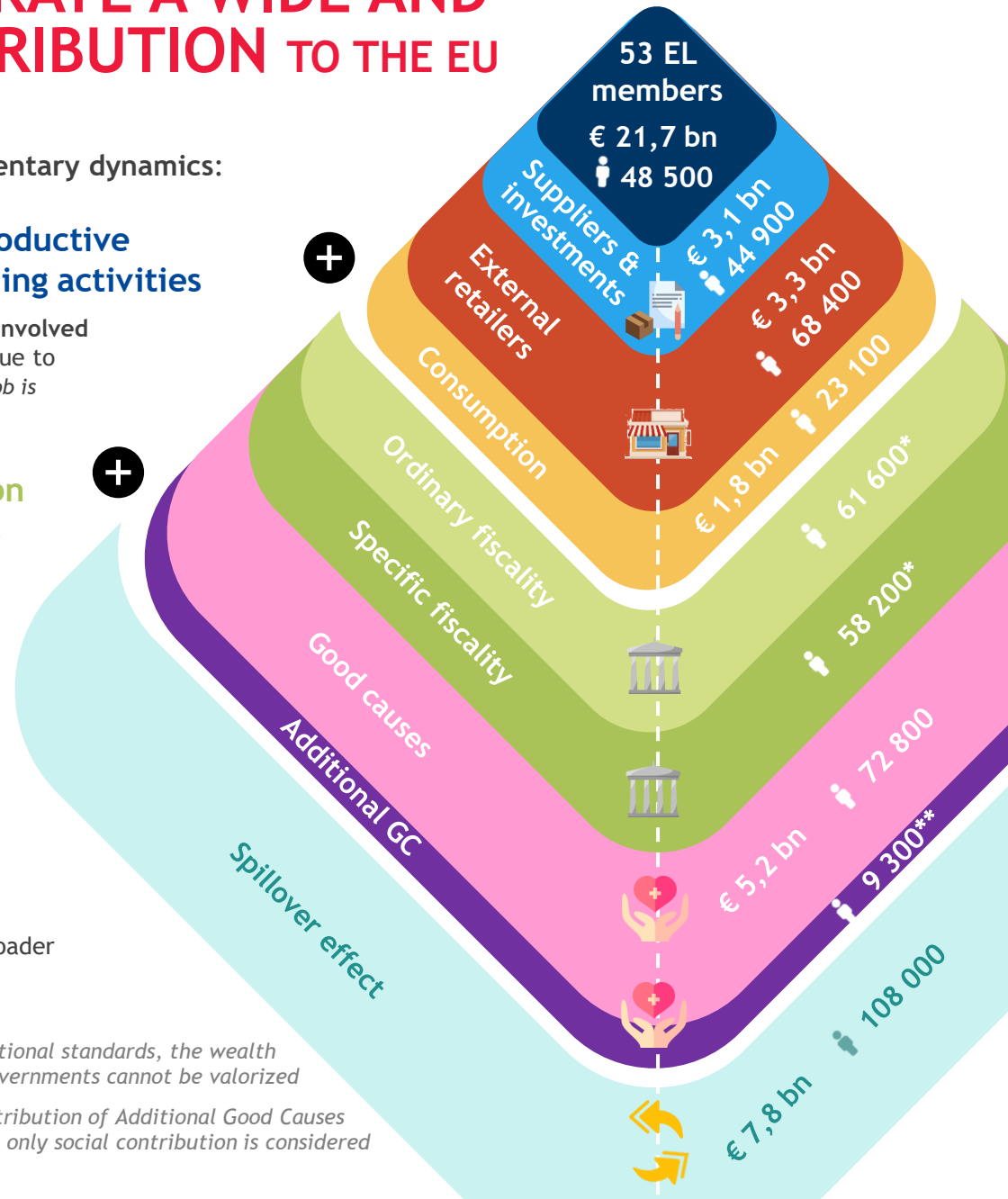
= a positive 'shock' within the different market spheres involved in their value-chain + the stimulation of local economies due to the households' consumption effect (all employees whose job is ensured by the Lotteries' activities)

2. The collective and societal contribution due to the wealth created by EU lotteries

Apart from providing gaming activities and services and stimulating the associated ecosystems, **EL members** play a significant role in terms of return to society by supporting States and national governments through the fiscal channels (ordinary corporate taxes + specific taxation on the Gaming activities) as well as supporting diverse good causes

3. A spillover effect throughout the whole economy

As the initial economic shock continues to generate positive stimulation through the various ecosystems, generating a broader economic and social contribution



*According to international standards, the wealth of Governments cannot be valorized

**The economic contribution of Additional Good Causes cannot be assessed, only social contribution is considered

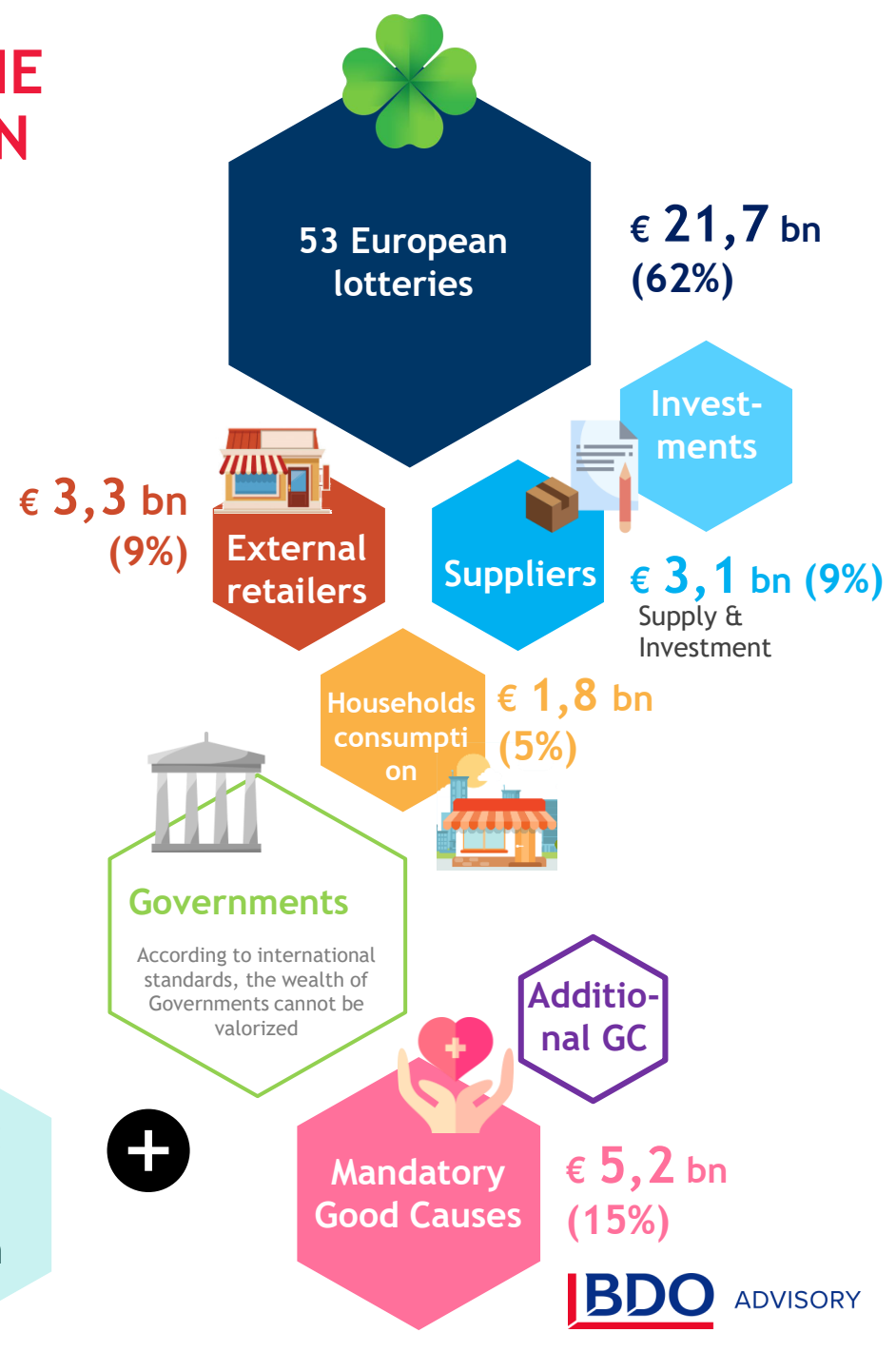
A SYNTHETIC VIEW OF THE ECONOMIC CONTRIBUTION OF EL MEMBERS (IN THE EU, BY ECOSYSTEM)

€ 43,0 bn of total wealth
(GDP-wise)



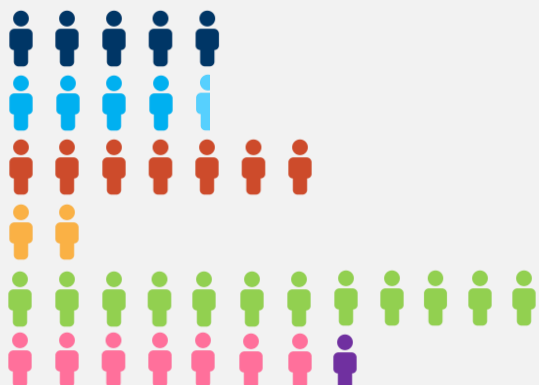
1 coin = € 1 bn

Source: BDO-BIPE ESC modelling based on lotteries' data 2018



A SYNTHETIC VIEW OF THE SOCIAL CONTRIBUTION OF EL MEMBERS (IN THE EU, BY ECOSYSTEM)

494 800 full-time employees sustained by European Lotteries' activities



+



1 person = 10 000 full-time employees

Source: BDO-BIPE ESC modelling based on lotteries' data 2018

53
European lotteries



Investments

Suppliers



Supply & Investment

68 400
(18%)



External retailers

Households consumption

23 100
(6%)

Governments



Ordinary
fiscality

Specific
fiscality

119 800
61 600 / 58 200
(30%)



9 300
(2%)

Add.
GC

+

Spillover:
+28%
+108 000



Mandatory
Good Causes

72 800
(19%)





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