

Quarterly analysis of the French online gaming market

4th quarter 2017



Methodology

The following items have been drawn up using data provided by the operators licensed for online games and betting on a weekly and quarterly basis. Unless otherwise indicated, the data presented relate to the period from 1st October to 31st December 2017.

Only **Active Player Accounts (APA)**, are used in this analysis, that is to say those having taken part in at least one game during the period. A player can access all the games offered by an operator with a single account, but if they are active with several operators, they will appear with several active accounts.

Summary of activity data

In 2017, the three segments of the online gambling market regulated by ARJEL recorded an increase in activity in both in stakes and in Gross Gaming Revenue. Such a development had not been observed since the opening of the sector in 2010. It is explained by the increase in the number of active players that occurred in each online gambling activity in high proportions.

	Q4 2016	Q4 2017	Variation	2016	2017	Variation
<i>Sports betting</i>						
Number of active players	757,000	1,120,000	+ 24%	1,621,000	1,993,000	+ 23%
Average APA/week	275,000	393,000	+ 43%	274,000	334,000	+ 22%
Stakes	EUR 532m	EUR 704m	+ 32%	EUR 2,081m	EUR 2,510m	+ 21%
Gross Gaming Revenue	EUR 89m	EUR 163m	+ 82%	EUR 349m	EUR 472m	+ 35%
Bonus	EUR 9m	EUR 16m	+ 68%	EUR 50m	EUR 49m	- 2%
RPR (with bonus)	84.8%	79.1%	- 5.7 pts	85.6%	83.1%	- 2.5 pts
<i>Horse racing betting</i>						
Number of active players	289,000	319,000	+ 10%	484,000	523,000	+ 8%
Average APA/week	133,000	141,000	+ 6%	133,000	135,000	+ 1%
Stakes	EUR 246m	EUR 270m	+ 10%	EUR 924m	EUR 999m	+ 8%
Gross Gaming Revenue	EUR 62m	EUR 66m	+ 8%	EUR 234m	EUR 245m	+ 5%
Bonus	EUR 8.5m	EUR 8.5m	+ 1%	EUR 30m	EUR 25m	- 17%
RPR (with bonus)	78.4%	78.6%	+ 0.2 pt	78.0%	78.0%	=
<i>Poker</i>						
Number of active players	514,000	609,000	+ 13%	972,000	1,049,000	+ 8%
Average APA/week	241,000	252,000	+ 5%	235,000	240,000	+ 2%
Stakes in cash game	EUR 933m	EUR 930m	- 0.3%	EUR 3,556m	EUR 3,601m	+ 1%
Tournament admissions	EUR 486m	EUR 550m	+ 13%	EUR 1,866m	EUR 2,041m	+ 9%
Gross Gaming Revenue	EUR 61m	EUR 66m	+ 7%	EUR 230m	EUR 245m	+ 7%
Bonus	EUR 15m	EUR 13 m	- 18%	EUR 53m	EUR 55m	+ 4%

Sports betting

The growth of the sports betting market continued this year. In 2017, sports punters dedicated the equivalent of 2,510 million euros in stakes. This is the highest amount recorded over a full year since the opening of the market in 2010. The growth of the sector was driven by the 22% increase in the number of active players each week. Nearly 334,000 APA dedicated stakes each week in sports betting during the year (up to 393,000 on Q4 2017), against 274,000 in 2016.

Fourth quarter activity was a strong contributor to the sector's annual growth. Indeed, the stakes increased by 32% this quarter to reach 704 million euros. The Gross Gaming Revenue (GGR), which corresponds to the turnover of licensed operators in the business, reached 163 million euros, which is also the highest amount generated in a quarter. It is growing at a very high level (+82%) following the fall of nearly 6 points in the Return to Player Rate (RPR) in the activity. This downtrend in RPR is not the consequence of operator's odds downgrade strategy. It is in fact attributable to a succession of unfavourable sports results for punters, thus producing an increase in operator margins.

Horse racing betting

After four consecutive years of decline, online horse racing betting activity is on the rise. The measures applied by the horse racing betting operators to boost the betting offer and to stem the continued defection of the players seem to be bearing fruit. The stakes placed on horse races in 2017 amounted to 999 million euros, an increase of 8% compared to 2016. The Gross Gaming Revenue of the activity increased by 11 million euros and reached 245 million euros. In parallel, the stakes of this activity on the physical network are also growing but at a significantly different pace. Indeed, the PMU reports an increase in the total stakes engaged in the activity in France of nearly 1%.¹

Fourth quarter activity also contributed significantly to the annual rise in stakes. Thus, the stakes gathered on horse racing are around 270 million euros, up 10% on Q4 2016. The increase in the RPR could have had a favourable effect on the activity by favouring the phenomenon of recycling winning stakes. However, the growth of the sector's stakes comes mainly from the increase in the number of active players weekly. Over the entire quarter, nearly 141,000 player accounts participated in gaming in the sector against 133,000 in Q4 2016.

Poker

The two poker segments (cash game and tournaments) showed growth in 2017, the first time since 2011. In cash game, poker players dedicated 3,601 million euros in stakes in 2017 against 3,556 million euros last year, showing progress of 1%. Thus the reduction in cash game stakes, which has been constant since 2012, and reached -18% in 2013, was halted this year. At the same time, poker tournament business continued to grow in 2017. Poker players dedicated 2,041 million euros in entry fees to access poker tournaments against 1,866 million euros in 2016, an increase of 9%.

As a result of the growth in both activities, the total turnover of the market is up 7% compared to 2016. Thus the Gross Gaming Revenue amounts to 245 million euros, the highest turnover of the activity recorded over a year since 2013.

The opening of the European poker tables, launched in January 2018 and allowing, to date, the encompassing of French and Spanish players, should also have a favourable impact on the resumption of growth in the sector.

¹ According to the PMU press release dated 15 January 2018

Summary

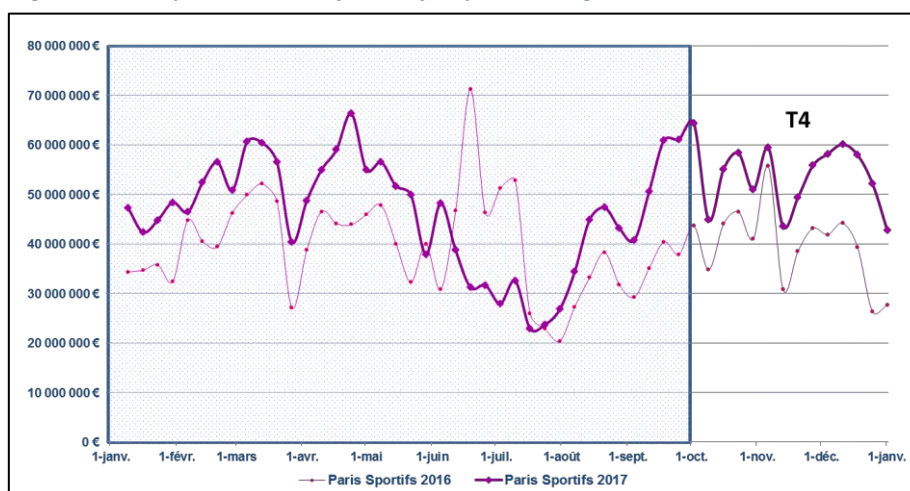
Summary	4
1. Activity during the quarter	5
a. Sports betting.....	5
b. Horse racing	11
c. Poker.....	13
2. Population of players online	16
a. Distribution of APA by sector	17
b. APA distribution by age bracket	18
c. Distribution of APA by gender	19
d. Distribution of APA by geographical location	20
3. Procurement behaviour: payment methods used	21
4. Gambling behaviour	22
a. Breakdown of player accounts population by cumulative stakes	22
i. Sports betting.....	22
ii. Horse racing betting	22
iii. Poker.....	23
b. Player accounts generating the most stakes	24
c. Average amount of buys, rebuys and distribution of admission fees to poker	25
5. Marketing expenses of approved operators.....	26
a. Monthly development of approved operators media budgets (excluding bonus payments and sponsorship)	26
b. Distribution of operator total marketing budgets by media	27

1. Activity during the quarter

Market data at the end of December 2017

a. Sports betting

Figure 1: Developments in weekly stakes for sports betting



In the fourth quarter of 2017, sports punters dedicated more than 700 million euros in stakes in this sector, the highest amount generated in a quarter since the opening of the sector. The stakes recorded in the activity are up 32% compared to Q4 2016 and are growing at a faster pace than the growth of stakes over the whole year (+21%).

Table 1: Development of quarterly stakes and GGR for sport betting

Sports Betting (EUR m)	2012	2013	2014	2015	2016	Q4 2016	Q4 2017	2017
Stakes	EUR 705m	EUR 848m	EUR 1,107m	EUR 1,440m	EUR 2,081m	EUR 532m	EUR 704m	EUR 2,510m ²
GGR	EUR 138m	EUR 164m	EUR 227m	EUR 270m	EUR 349m	EUR 89m	EUR 163m	EUR 472m
RPR (before bonus)	80%	81%	79.5%	81.3%	83.2%	83.1%	76.9%	81.2%
Distributed Bonuses²	EUR 14.2m	EUR 16.2m	EUR 25.1m	EUR 29.8m	EUR 49.6m	EUR 9.3m	EUR 15.7m	EUR 48.8m
RPR (after bonus)	83%	83%	81.8%	81.6%	85.6%	84.8%	79.1%	83.1%
Levies (excluding VAT)	EUR 65.6m	EUR 79m	EUR 103m	EUR 133.9m	EUR 193.5m	EUR 49.6m	EUR 65.4m	EUR 233m

The 2016 sports calendar, marked by the UEFA Euro 2016 and the Summer Olympics, led the sports betting operators to adapt their offer in order to acquire or retain their customers. Thus, the bonuses had increased significantly in 2016 (+66% compared to 2015). In the absence of competition of comparable scale, gaming credits distributed by operators fell by 2% in 2017, despite the growth in activity and the number of players. The RPR, with or without bonus, is also noticeably lower.

² This amount takes into account a readjustment process by a sports betting operator on Q2 2017. The stakes involved in Q2 2017 activity amounted to 624 million euros.

The reduction in the RPR leads to a rise in the GGR in much greater proportions than the stakes. It increased by 35% over the year and reached 472 million euros, the highest amount obtained in a year. In the quarter, turnover reached 163 million euros, an increase of 82%.

Table 2: Breakdown of stakes between fixed odds and sports betting pools

	Fixed odds sports betting	Sports betting pools
Stakes	EUR 700m	EUR 4m
RPR (excluding bonus)	76.9%	74.6%

The sports betting pools offer is currently made up of grids or Fantasy League type betting, and generated almost 4 million euros in stakes in Q4 2017. It is still marginal and generates less than 1% of stakes in the sector.

Table 3: Stakes recorded on the main sporting activities in Q4 2016 and Q4 2017

Events	Stakes Q4 2016	Stakes Q4 2017	% of online betting	Contribution to stakes in Q4 2017	Δ Stakes Q4 2017/ Q4 2016
Football	EUR 321.1m	EUR 429.9m	30%	61%	+ 34%
Ligue 1	EUR 62.4m	EUR 74.2m	20%	11%	+ 19%
Ligue 2	EUR 12.8m	EUR 16.6m	21%	2%	+ 30%
Champions League	EUR 35.2m	EUR 44.0m	15%	6%	+ 25%
Europa League	EUR 14.1m	EUR 18.2m	24%	3%	+ 29%
Premier League	EUR 27.9m	EUR 42.6m	23%	6%	+ 53%
LaLiga	EUR 20.6m	EUR 30.8m	29%	4%	+ 50%
Serie A	EUR 17.1m	EUR 35.8m	22%	5%	+ 109%
Bundesliga	EUR 13.4m	EUR 14.2m	26%	2%	+ 6%
Basketball	EUR 86.6m	EUR 120.3m	50%	17%	+ 39%
NBA	EUR 44.2m	EUR 65.6m	35%	9%	+ 48%
Pro A	EUR 4.3m	EUR 4.2m	49%	1%	-2%
Tennis	EUR 57.1m	EUR 65.5m	51%	9%	+ 15%
Paris Masters 1000	EUR 9.4m	EUR 7.4m	49%	1%	- 21%
Shanghai Masters 1000	EUR 6.2m	EUR 6.5m	63%	1%	+ 5%
ATP Finals London	EUR 4.4m	EUR 5.2m	42%	1%	+ 17%
Davis Cup	EUR 0.7m	EUR 1.8m	42%	0.3%	+ 166%
Fed Cup	EUR 1.0m	EUR 0.8m	64%	0.1%	- 23%
Rugby Union	EUR 19.9m	EUR 23.8m	39%	4%	+ 20%
Top 14	EUR 6.6m	EUR 7.3m	38%	1%	+ 11%
Ice Hockey	EUR 25.8m	EUR 30.5m	45%	5%	+ 18%
National Hockey League	EUR 13.2m	EUR 15.7m	32%	2%	+ 19%
Volleyball	EUR 5.6m	EUR 8.5m	76%	1%	+ 52%
Handball	EUR 5.7m	EUR 9.1m	43%	1%	+ 60%
D1	EUR 1.0m	EUR 1.3m	35%	0.2%	+ 30%
Other Sports	EUR 10.0m	EUR 16.0m	-	2%	+ 60%
TOTAL	EUR 532m	EUR 704m	36%	100%	+ 32%

Over the quarter, stakes on matches and football competitions amounted to nearly 430 million euros (30% of which were placed during the matches), which represents 61% of the stakes recorded in the sector. The Ligue 1 Championship remains the most attractive competition for punters. Over this quarter this championship generated 74 million euros of stakes, an increase of 19% compared to the fourth quarter of 2016.

Among the leading European leagues, the Premier League has the highest amount of stakes (42.6 million euros), benefiting in particular from the absence of rival football competitions during the end of the year period. This quarter, the Serie A Championship generated more stakes than LaLiga (35.8 million euros against 30.8 million euros), which is partly explained by the calendar of the Italian championship which included two additional matchdays.

With 44 million euros, the Champions League is the second ranking football competition in terms of stakes. Stakes in the eight matches played by Paris Saint-Germain and AS Monaco contributed 21% of the stakes placed on the competition. The Europa League generates a much lower level of stakes than the Champions League (18.2 million euros), mainly because of less prestigious participants. The stakes involved in the meetings of the three French representatives present at this stage of the competition (Olympique Lyonnais, Olympique de Marseille, OGC Nice) represent 32% of the stakes generated over the tournament.

Basketball is the second ranking sport to record the most stakes this quarter, with punters dedicating more than 120 million euros to the sport. The NBA is in particular the second ranking sporting competition to generate the most stakes over the quarter. Punters have dedicated nearly 66 million euros to this championship, which represents 9% of the stakes over the quarter in sports stakes.

Tennis is, this quarter, the third ranking sport in terms of stakes. The rise in stakes for this discipline comes to 15%, making its development less rapid than the rest of sports betting. The revenue generated over the 2017 edition of the Paris Masters are even 21% below last year. On the other hand, stakes on other tournaments such as the ATP Finals in London are up 17%. France's participation in the Davis Cup or Fed Cup finals has a major impact on betting on these competitions. In fact, thanks in part to France's presence, the 2017 Davis Cup final registered 1.8 million euros in stakes, an increase of 166% compared to last year. However, the absence of France in the Fed Cup final is a factor that contributed to the 23% drop in the stakes involved in this round of the competition (see page 10).

The table below provides the list of sports that received less than 4 million euros in stakes during the entire fourth quarter of 2017.

Table 4: Stakes recorded on other sports in Q4 2017

Sports*	Stakes Q4 2017
Table tennis	EUR 3.9m
Badminton	EUR 3.8m
Snooker	EUR 2.7m
American Football	EUR 2.5m
Rugby League	EUR 1.3m
Baseball	EUR 1.0m
Skiing	EUR 0.9m
Automobile Sports	EUR 0.4m
Motorcycle sports	EUR 0.1m
Golf	EUR 0.1m
Boxing	EUR 62k
Cycling	EUR 13k

** Only sports that generated more than 1,000 euros in stakes during the quarter have been taken into account.*

The following table shows the GGR recorded on the sports that generated the most stakes.

Sports	GGR Q4 2017
Football	EUR 111m
Basketball	EUR 23m
Tennis	EUR 12m
Ice Hockey	EUR 7m
Rugby	EUR 4m
Handball	EUR 1m
Volleyball	EUR 1m

The 15% increase in betting on events taking place in France affects the amounts of right to bet donated by operators to sports organisers.

Table 5: Stakes recorded on sporting events in France and an estimate of the right to bet

	2012	2013	2014	2015	Q4 2016	2016	Q4 2017	2017
Stakes on events in France	EUR 140m	EUR 176m	EUR 194m	EUR 283m	EUR 109m	EUR 507m	EUR 125m	EUR 472m
Estimated right to bet	EUR 1.5m	EUR 1.8m	EUR 1.9m	EUR 2.9m	EUR 1.1m	EUR 5.1m	EUR 1.2m	EUR 4.7m

The total amount of levies paid to organisers by the organisers of sports betting operators, should amount to about 1.2 million euros over the quarter and a little less than 5 million euros over the year. If the gaming levy for the right to bet should be less in 2017 than it was in 2016, this can be explained by the UEFA Euro 2016 taking place in France, which it must be remembered, generated more than 141 million euros of stakes online.

Figure 2: Development of the number of weekly APA for sport betting



In the fourth quarter, the average weekly number of active player accounts increased by 43% compared to the previous year, with 393,000 players betting each week against 275,000 last year over the period.

The highest number of punters was recorded in the week of October 16-22 with nearly 457,000 APA. It was during this week that the 3rd Champions League matches and the match between Olympique de Marseille and Paris Saint-Germain took place in the 10th day. With 3.9 million euros committed to the match, this last match has become the football match between clubs that has generated the most stakes since the opening of the market.

Tennis Report

Paris Masters 1000

Data from 30 October to 5 November

The 2017 edition of the Paris Masters 1000 generated 7.4 million euros in stakes against 9.4 million euros in 2016, a decrease of 21%. The decline in the stakes gathered on the competition is explained by a table made up of athletes with less reputation than in previous editions because of numerous cancellations.

	Paris Masters 1000 2016	Paris Masters 1000 2017	Δ2017 / 2016
Total stakes	EUR 9.4m	EUR 7.4m	- 21%
<i>including online betting</i>	<i>52%</i>	<i>49%</i>	<i>- 3 points</i>
Number of bets	474,000	441,000	-7%
<i>average stake per bet</i>	<i>EUR 19.8</i>	<i>EUR 16.8</i>	<i>EUR - 3.0</i>
Gross Gaming Revenue	EUR 563k	EUR 2,501k	+ 344%
Return to player rate	94.0%	66.3%	- 27.7 pts

Following a low RPR on the competition (66.3%) and sharply down compared to the 2016 edition, the turnover of operators on the competition was up by more than 300% and reached 2.5 million euros.

Davis Cup final

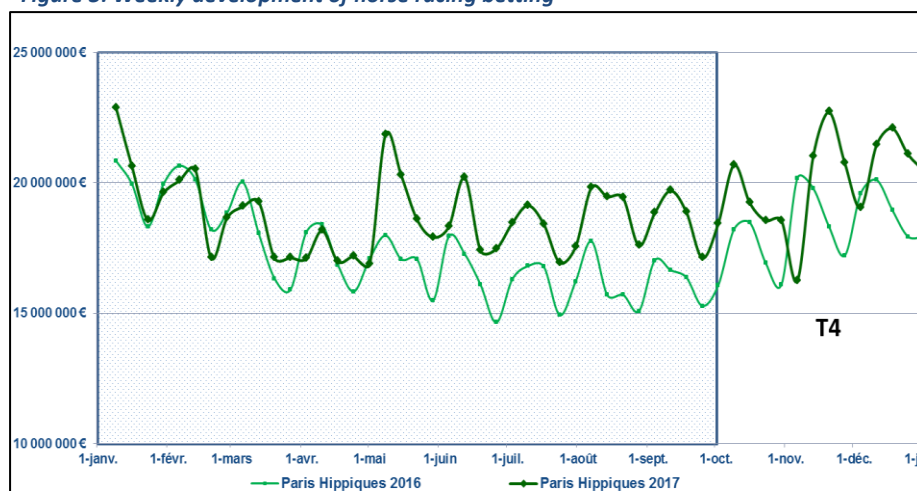
Data from 24 to 26 November

The Davis Cup final between France (3-2 winners) and Belgium generated nearly 1.8 million euros in stakes, an increase of 166% compared to the 2016 final between Croatia and Argentina. The presence of the French team and the progress of the matches in France are two factors that prompted the placing of bets on the event. As a reminder, the 2014 Davis Cup final between France and Switzerland (winner of the tournament) generated 1.4 million euros in stakes.

	Davis Cup Final 2016	Davis Cup Final 2017	Δ2017 / 2016
Total stakes	EUR 662k	EUR 1,761k	+ 166%
<i>including online betting</i>	<i>69.1%</i>	<i>42.2%</i>	<i>-26.9 points</i>
Number of bets	31,000	87,000	+ 184%
<i>average stake per bet</i>	<i>EUR 21.6</i>	<i>EUR 20.2</i>	<i>EUR -1.4</i>
Gross Gaming Revenue	EUR 114k	EUR -231k	- 260%
Return to player rate	82.7%	113.1%	+ 30.4 points

b. Horse racing betting

Figure 3: Weekly development of horse racing betting



Online horse racing betting activity increased for the third consecutive quarter. In Q4 2017, nearly 270 million euros of stakes were dedicated to horse racing, an increase of 10% compared to Q4 2016. The fourth quarter of 2017 is thus a significant contributor to the 8% growth in horse racing recorded over the whole of 2017.

The number of events entered in the race calendar was higher in Q4 2017 than last year at the equivalent period. Thus, nearly 4,428 horse races were subjects to bets during the quarter (including 3,292 in France) against 4,262 last year over the period. In all of these races, 2,335 trotting races were contested and accounted for 58% of the stakes in the sector.

The second season of the Championnat EpiqE Series continued this quarter with the start of the trotting races. The stakes placed on these races are presented in the following table.

Stage	Race	Date	Hippodrome	Stakes
Grand Prix de Bretagne	Trot	19/11/2017	Vincennes	EUR 861k
Grand Prix du Bourbonnais	Trot	10/12/2017	Vincennes	EUR 1,053k
Critérium Continental	Trot	24/12/2017	Vincennes	EUR 231k
Prix du Ténor de Baune	Trot	24/12/2017	Vincennes	EUR 935k
Grand Prix de Bourgogne	Trot	31/12/2017	Vincennes	EUR 1,162k

With nearly 1.2 million euros in stakes combined, the Grand Prix de Bourgogne is the EpiqE Series event on which punters have dedicated the most stakes this quarter, followed by the Grand Prix du Bourbonnais (1.1 million euros) and the Prix du Ténor de Baune (935 thousand euros).

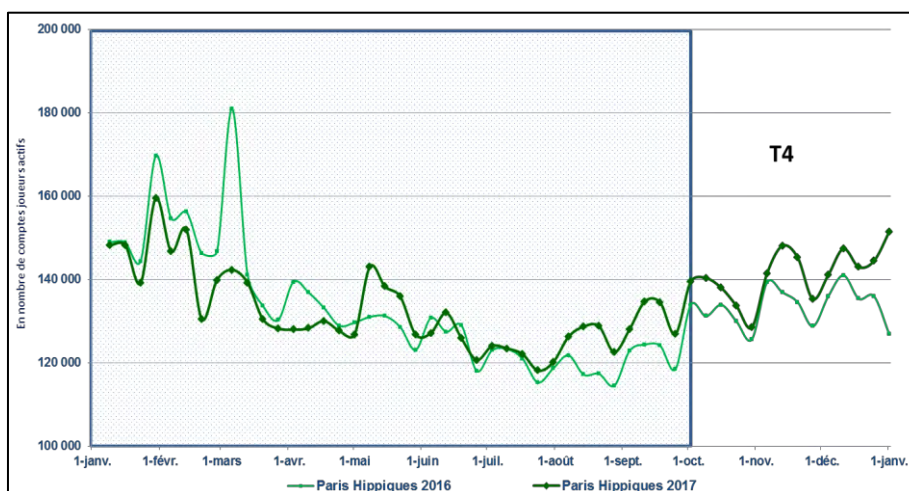
Table 6: Quarterly evolution of stakes and GGR on horse racing betting

Horse racing betting (EUR m)	2012	2013	2014	2015	2016	Q4 2016	Q4 2017	2017
Stakes	EUR 1,124m	EUR 1,111m	EUR 1,034m	EUR 1,016m	EUR 924m	EUR 246m	EUR 270m	EUR 999m
Gross Gaming Revenue	EUR 263m	EUR 264m	EUR 257m	EUR 254m	EUR 234m	EUR 62m	EUR 66m	EUR 245m
RPR (before bonus)	77%	76%	75.1%	75.0%	74.7%	74.7%	75.4%	75.5%
Distributed Bonuses	EUR 23m	EUR 22 m	EUR 25m	EUR 27 m	EUR 30m	EUR 8.5m	EUR 8.5m	EUR 25m
RPR (after bonus)	79%	78%	77.6%	75.6%	78.0%	78.4%	78.6%	78.0%
Levies (excluding VAT)*	EUR 66m	EUR 160m	EUR 134m	EUR 134m	EUR 123m	EUR 33m	EUR 35m	EUR 129m

The recovery in growth in the horse racing betting sector is the result of measures to stimulate the gaming offer developed by the operators in order to be more attractive. Other than the new products and services on offer, the increase in the RPR could have a favourable effect on the growth of the sector by favouring the phenomenon of recycling winning stakes. On the other hand, bonuses distributed by operators to players reached 8.5 million euros and remain constant in comparison with Q4 2016.

The increase in the volume of stakes in the horse betting market led to an 8% increase in the GGR. However, it is evolving at a slower pace than the rise of the RPR before the bonus of 0.8 point. Lastly, the mandatory levies on the sector amounted to 35 million euros over the quarter and 129 million euros for the year as a whole.

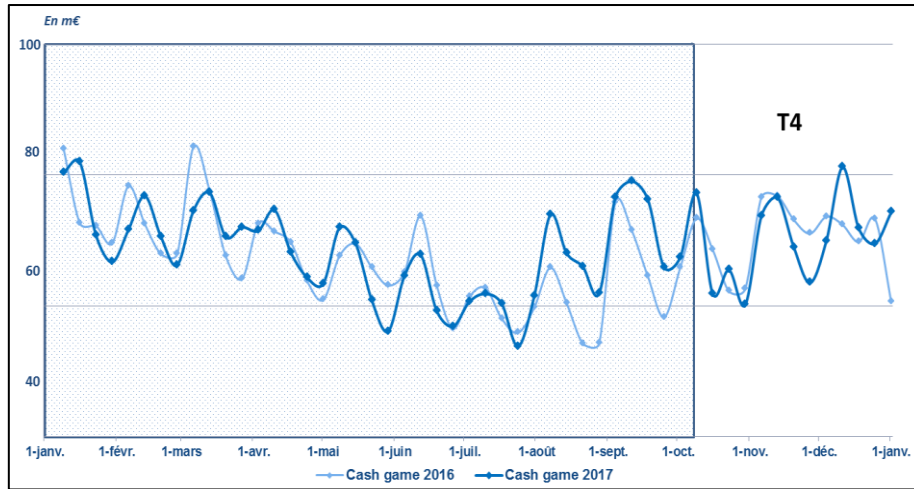
Figure 4: Weekly developments in the number of active player accounts



The average number of active players in horse racing betting progressed in parallel with the stakes but in lower proportions (+6%). Thus, nearly 141,000 player accounts were active each week in the sector against 133,000 in Q4 2016. It was on the last week of the year, during which the Grand Prix de Bourgogne took place, that the number of punters in the sector was the highest, with more than 151,000 active player accounts.

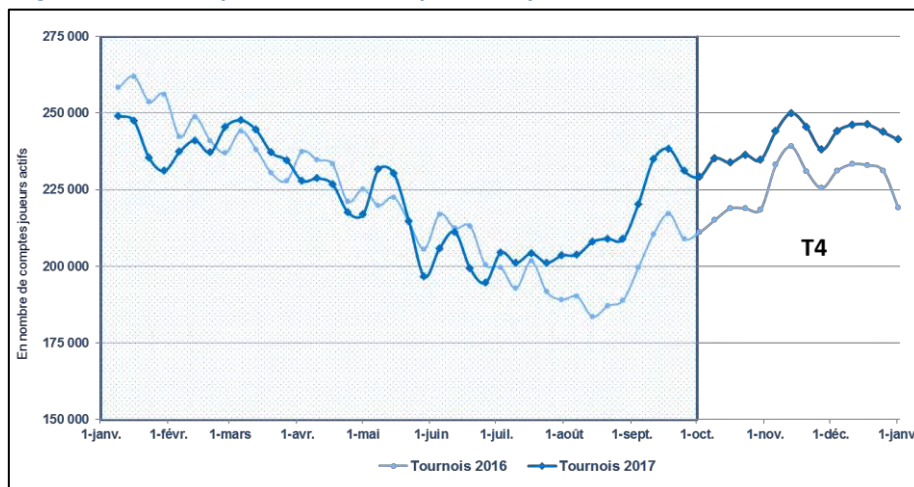
c. Poker

Figure 5: Development of weekly stakes in cash game



While the sector had experienced significant growth in Q3 2017 (+8%), the stakes committed in Q4 2017 in the cash game poker business are stagnating again (-0.3%). Thus, poker players have committed the equivalent of 930 million euros in the sector against 933 million euros the year before over the same period. As a result, the fourth quarter of 2017 restricts annual growth in sector, which ultimately amounts to 1%.

Figure 6: Evolution of tournament weekly entrance fees



In Q4 2017, the total entry fees incurred by poker players to participate in tournaments amounted to 550 million euros, the highest amount generated in a quarter since the opening of the sector online. Unlike the cash game segment, sums committed by players in poker tournaments increased significantly (+13%). As a result, activity growth is faster this quarter than for the whole of 2017 (+ 9%).

Table 7: Developments in quarterly stakes and entry fees, plus GGR for poker

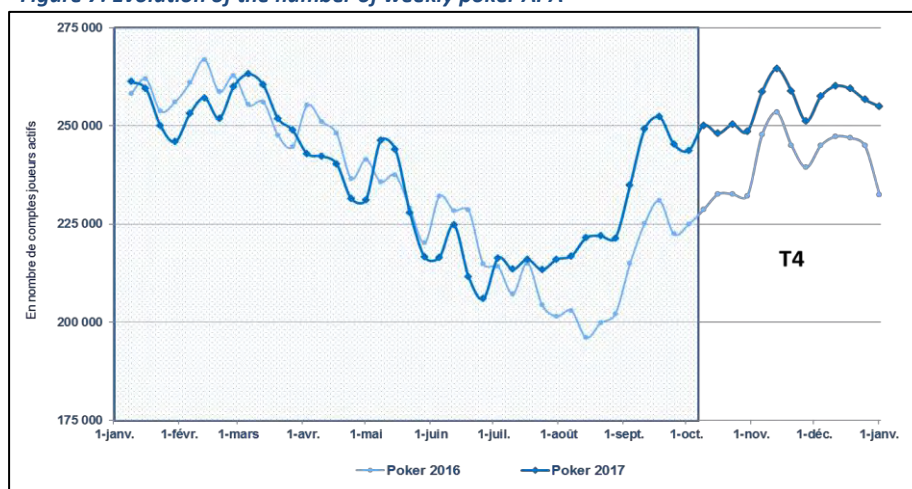
Poker	2012	2013	2014	2015	2016	Q4 2016	Q4 2017	2017
Cash game stakes	EUR 6,182m	EUR 5,055m	EUR 4,317m	EUR 3,729m	EUR 3,556m	EUR 933m	EUR 930m	EUR 3,601m
Tournament entry fees	EUR 1,397m	EUR 1,460m	EUR 1,548m	EUR 1,772m	EUR 1,866m	EUR 486m	EUR 550m	EUR 2,041m ³
GGR for cash game	EUR 297m	EUR 258m	EUR 241m	EUR 101.0m	EUR 92.9m	EUR 24.2m	EUR 24.7m	EUR 92.7m
GGR for tournaments				EUR 130.9m	EUR 137.3m	EUR 36.9m	EUR 40.9m	EUR 152.7m
RPR (before bonus)	96%	96%	95.9%	95.8%	95.8%	95.7%	95.6%	95.6%
Distributed Bonuses	EUR 61m	EUR 55.1m	EUR 55.7m	EUR 55.6m	EUR 53.2m	EUR 15.5m	EUR 12.7m	EUR 55.4m
RPR (after bonus)	97%	97%	96.9%	96.8%	96.7%	96.8%	EUR 96.4m	96.6%
Levies (excluding VAT)	EUR 99m	EUR 86 m	EUR 87m	EUR 74m	EUR 72m	EUR 14.5m	EUR 21m	EUR 77m

Over the whole of 2017, the GGR of the cash game sector was slightly down, despite the 1% progression in stakes, which demonstrates that the rake suffered a slight downturn. This does not, however, apply to the quarter, where the cash game GGR increased by 0.5 million euros, whilst the stakes in the sector fell by 3 million euros.

Conversely, the GGR from poker tournaments, up 11% this quarter, amounted to nearly 153 million euros in the year, the highest turnover recorded in the sector. Thus, the weight of poker tournaments increased in the overall GGR of poker, the activity now contributing 62% of turnover, up by 6 points on 2015.

Unlike other online gaming activities, bonuses distributed by poker operators increased in 2017. Thus, nearly 55.4 million euros in bonuses were paid to players against nearly 53 million euros in 2016, an increase of 4%. The growth of poker recorded in both activities caused an increase in the levies of 6%.

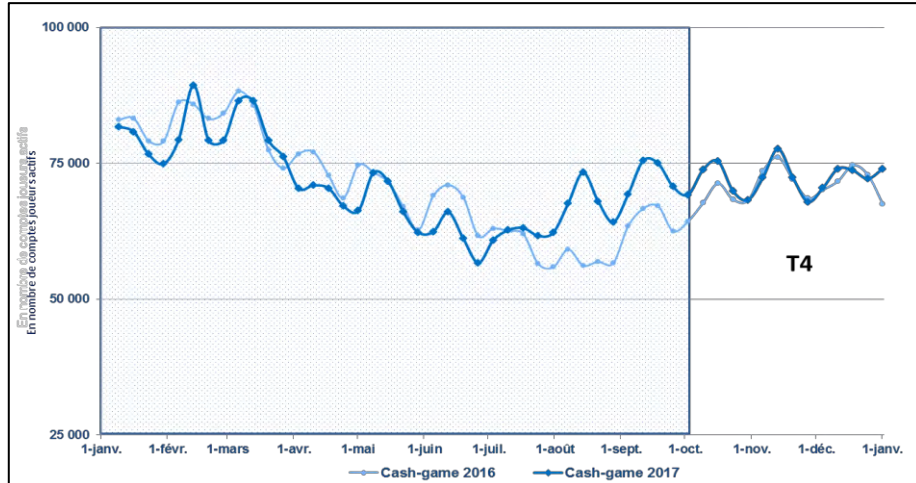
Figure 7: Evolution of the number of weekly poker APA



The average number of weekly APAs on all poker activity was up 7% in Q4 2017. Thus, nearly 255,000 player accounts were active each week in poker against 240,000 last year over the period.

³ This amount takes into account the readjustment of the amount of the entry fees made by a poker operator during the year 2017. In Q1 2017, the amount of the entry fees for the quarter amounted to 520 million euros, compared to 477 million euros in Q2 2017 and 494 million euros in Q3 2017.

Figure 8: Development of the number of average weekly APA in cash game



Despite the slight decrease in stakes (-0.3%) in the activity observed this quarter, the average of APA each week in cash game was up 2%. Thus, during Q4 2017, approximately 72,000 player accounts were active at a weekly pace in activity compared to 71,000 in Q4 2016.

Figure 9: Development of the number of average weekly APA in poker tournaments



In the poker tournament business, APA weekly average for the fourth quarter of 2017 was on the rise and in greater proportions than in cash game (+ 6%). Thus, nearly 241,000 player accounts each week paid a *buy in* to take part in poker tournaments, against 227,000 last year over the period.

2. Population of players online

Reminder: For a given operator, the same player account provides access to all the games it offers. However, a given player can have multiple accounts, as well as the number of operators with which they are inscribed. The following statistics are for active player accounts and are based on a weekly or quarterly average. Quarterly data will be discussed first in this chapter.

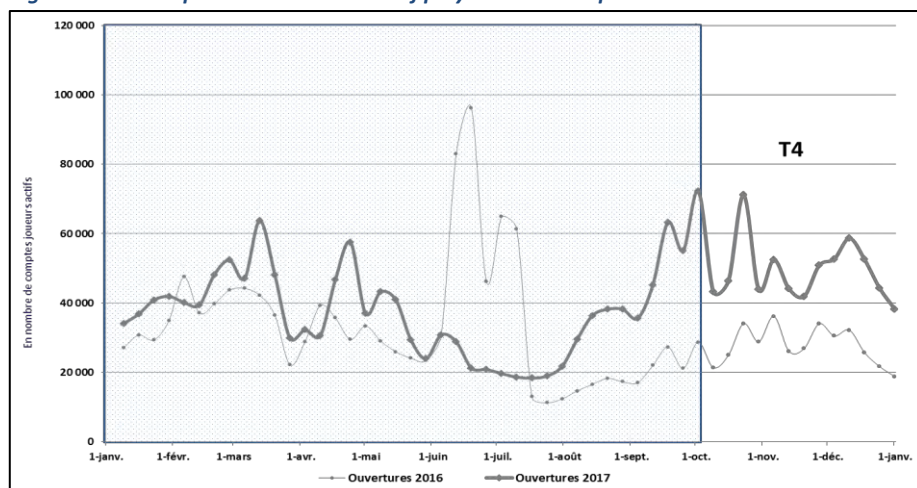
Table 8: Quarterly evolution of APA population

	APA/week			APA quarterly		
	Q4 2016	Q4 2017	Δ Q4 2017/ Q4 2016	Q4 2016	Q4 2017	Δ Q4 2017/ Q4 2016
Global	557,000	646,000	+16%	1,298,000	1,670,000	+29%
Sports betting	275,000	393,000	+46%	757,000	917,000	+48%
Horse racing betting	133,000	141,000	+10%	289,000	319,000	+10%
Poker	241,000	252,000	+13%	541,000	609,000	+13%

In total, nearly 1,670,000 player accounts were active throughout the quarter in at least one of the online gaming activities, with nearly 400,000 additional player accounts compared to Q4 2016. In the three segments regulated by ARJEL, the growth in the total number of active player accounts in the quarter evolved at a fairly similar pace to the weekly average of active players.

The active player accounts of the quarter in sports betting totalled 917 000, an increase of 48% compared to 2016. The average number of active player accounts in sports betting over a quarter was the highest since the opening of the sector. Approximately 609,000 player accounts played poker this quarter (+13% compared to Q4 2016), while 319,000 player accounts were active in horse racing (+10%).

Figure 10: Development in the number of player accounts opened



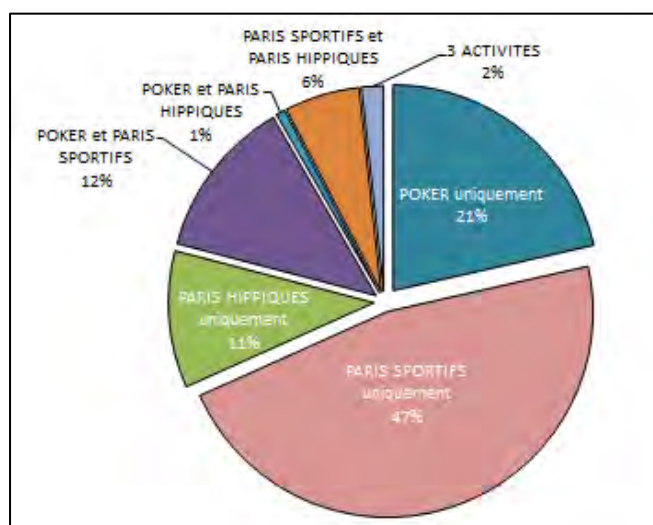
During the quarter, 644,000 new accounts were opened compared to 390,000 in the fourth quarter of the previous year. As a result, the number of account openings increased by 64% over the period. The peak of account openings occurs on the week of October 16 to 22 during which the days of Champions League and Europa League and the match of the French Championship of Ligue 1 between the Olympique de Marseille and Paris Saint-Germain took place.

a. Distribution of APA by sector

The distribution of the APA by sector is linked to the structure of the offer and the licenses of operators. In the fourth quarter of 2017, the market consisted of:

- 3 licensed operators in each of the 3 activities;
- 7 operators holding 2 licenses;
- 5 licensed operators in a single activity (including one inactive operator throughout the quarter).

Figure 11: Distribution of APA per sector by the same operator



Interpretation: 47% of punters play exclusively on sports betting

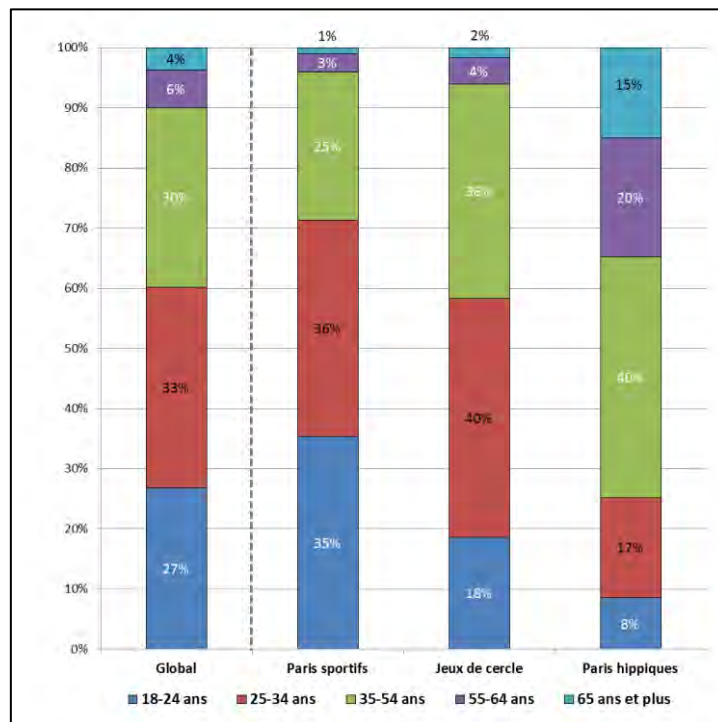
The total proportion of APA who practiced a single online gaming activity with the same operator does not vary this quarter compared to last year over the same period. It remains steady at 79%. On the other hand, the proportions of the players accounts that make up this group have changed significantly.

Players who have practiced only sports betting with the same operator represent nearly 47% of online players. This share increased significantly compared to Q4 2016 (+9 points), which is consistent with the growth in the volume of sports punters in the quarter. On the other hand, the proportions of player accounts having exclusively played poker or exclusively horse racing betting with the same operator are down respectively by 6 points and 3 points.

The proportion of "multi-active" players, or in other words having practiced several online gaming activities with the same operator, remained steady at 21%. Overall, the players who practiced sports betting and poker with the same operator were the highest number. They represent 12% of all players accounts. This quarter, punters who placed stakes on horse racing and sports betting only accounted for 6% of all players. Finally, the players who played poker and horse betting and those who practiced the three activities with the same operator during the quarter represent respectively 1% and 2% of all APA.

b. APA distribution by age bracket

Figure 12: Distribution of the player account population by age group



Key: out of all the APA, 33% are aged between 25 and 34 years

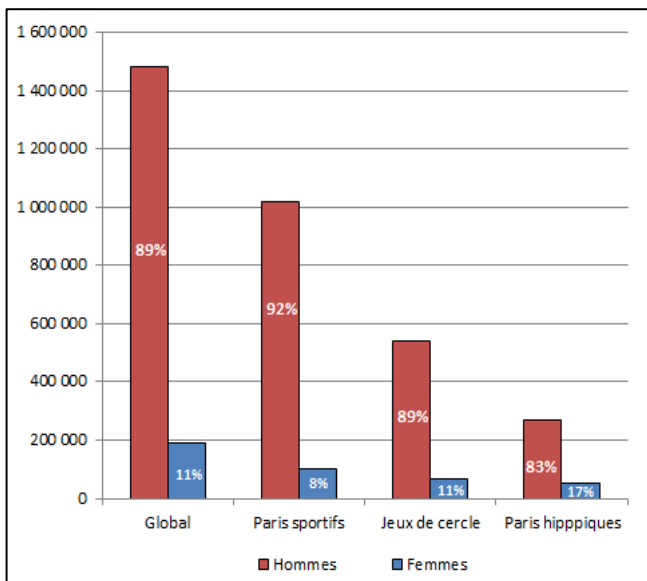
The online gambling population is made up of significant proportions of young players and was rejuvenated again in Q4 2017. Thus, those under 35 represent 60% of active players in all online activities against 54% the previous year over the period. This development is the result of a 7 point increase in the proportion of players aged 18 to 24.

The sports betting sector is the activity that has the youngest player population. In Q4 2017, the activity was also the most marked by the rejuvenation of its practitioners. Players under the age of 35 account for 71% of active player accounts this quarter compared to 67% the previous year. This fluctuation can be explained again by the 6 point growth in the representation of 18-24 year olds in the sports betting sector.

As in the sports betting sector, poker is made up of a population that is mostly young. Over the quarter, 58% of players were under the age of 35, this proportion being increased by a 2 point increase in the proportion of punters aged 18 to 24.

Finally the horse racing sector contrasts with other online gambling activities as 75% of horse racing gamblers over the quarter were over 35 years old. However, this segment was also impacted by the increase in youth representation observed in other sectors. Thus, the proportion of players aged 25-34 increased by 2 points over the period and up to 3 points for 18-24 year olds. The actions developed by the operators to attract a population of young punters seem to have borne fruit.

c. Distribution of APA by gender



Key: among the sports betting APA, 8% are held by women.

The 29% increase in the active player account population does not cause changes in the gender distribution of APAs. Thus, active accounts of male players account for 89% of all player accounts, the same level as the previous year over the period.

These differences in representation are very important in each sector of activity and have not changed this quarter compared to Q4 2016.

It is in the sports betting activity that the share of active female accounts is the lowest (8%), although it is the activity that contains the most feminine players (103,000 APA). Conversely, the proportion of active player accounts is the highest in horse racing (17%), while the activity has nearly 2 times fewer feminine players than sports betting (52,000 APA). Finally, poker players accounted for 11% of active female players in the sector.

Table 9: Development of the number of APA by activity and gender

		Men	Women
Global	Q4 2017	1,481,000	189,000
	Q4 2016	1,153,000	145,000
	ΔQ4 2017 / Q4 2016	+ 28%	+ 30%
Sports betting	Q4 2017	1,017,000	103,000
	Q4 2016	697,000	60,000
	ΔQ4 2016 / Q4 2015	+46%	+ 71%
Poker	Q4 2017	541,000	68,000
	Q4 2016	479,000	62,000
	ΔQ4 2016 / Q4 2015	+ 13%	+ 10%
Horse racing betting	Q4 2017	267,000	52,000
	Q4 2016	241,000	48,000
	ΔQ4 2016 / Q4 2015	+ 11%	+ 8%

If the representation of female active player accounts stayed the same over this quarter, the number of female players over all sectors and gaming activities increased. Over all of the gaming segments regulated by

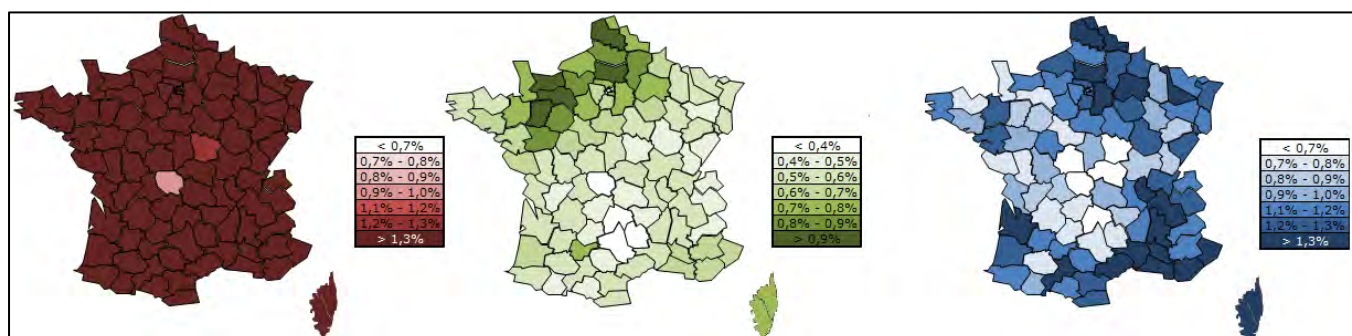
ARJEL, almost 189,000 female players indulged in at least one activity, making an increase of 30% compared to Q4 in 2016.

It was in sports betting that female APA progressed the most. In total, this sector in Q4 2017 showed nearly 71% additional player accounts compared to Q4 2016. Thus, 103,000 female players were active in the sector against 60,000 the previous year. Finally, the number of female players increased by 10% in poker and 8% in horse racing betting.

d. Distribution of APA by geographical location

The figures for the breakdown by geographical origin take into account the address specified by the player in their player account. Active Player account distribution is related to the French adult population divided by department, to define a player accounts density indicator among the population of potential players. These densities were calculated using the 2012 official INSEE data on the French population, in force the 1st January 2015 (49.4 million adults in France).

Figure 14: Geographic distribution of the population of sports betting APA (brown card), horse racing betting (green card) and poker (blue card)



Key: the Department of the Bouche-de-Rhone is host to a number of active player accounts representing over 1.3% of its adult population.

The increase in the number of active players recorded this quarter in each online gaming activity is evident throughout the French territory.

Sports betting activity is characterised by its strong and consistent concentration of players throughout the country. In each department, the number of sports punters is higher this quarter compared to the fourth quarter of 2016. It is mainly in the departments of Paris region like Seine-Saint-Denis and Essonne that the progressions of active players are the most consequential (up to +64%).

The concentration of horse racing punters is unevenly distributed throughout the territory. Indeed, they are more present in areas with a strong equine culture. The number of horse punters is increasing in nearly 85% of French departments. Nevertheless, other departments record a somewhat significant drop in the number of horse racing punters. This is particularly the case for departments such as Lozère or Nièvre which lost nearly 24% of players over the period.

Poker players are the most represented in the territories with strong urban concentration and close to the coastline. As in sports betting, the number of poker players has increased in each French department, but at

different rates. Nièvre and Ardèche are the French departments that record the highest growth in players (respectively +23% and +19%).

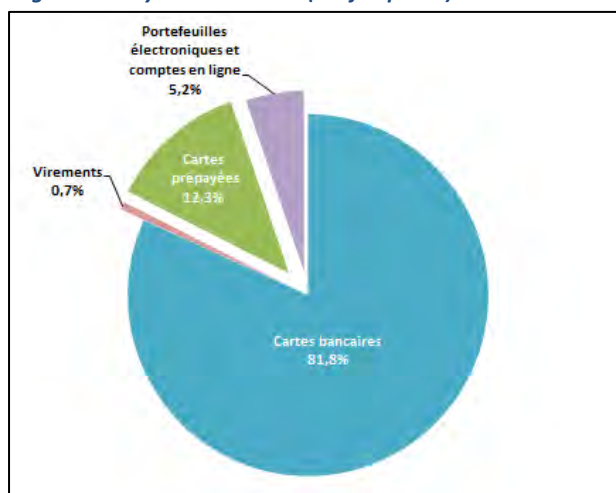
Table 10: Evolution of the number of APA outside France

		Q1	T2	T3	Q4
2016	Sports betting	1,666	2,550	2,224	2,019
	Horse racing betting	873	731	716	790
	Poker	16,031	15,537	14,818	15,354
2017	Sports betting	2,242	2,574	2,655	2,790
	Horse racing betting	772	706	683	719
	Poker	15,134	11,010	10,843	16,153

In each online activity, the number of players based outside France increases this quarter compared to the Q3 2017. Thus, nearly 2,790 players residing outside France have participated in sports betting, against 719 players in horse racing and more than 16,000 players in poker.

3. Procurement behaviour: payment methods used

Figure 15: Payment Methods (% of deposits)



Key: 81.8% of deposits in the quarter were made using a credit card

In Q4 2017, 81.8% of the sums deposited by players on their gaming account were paid by credit card. This proportion is up 1 point compared to Q4 2016.

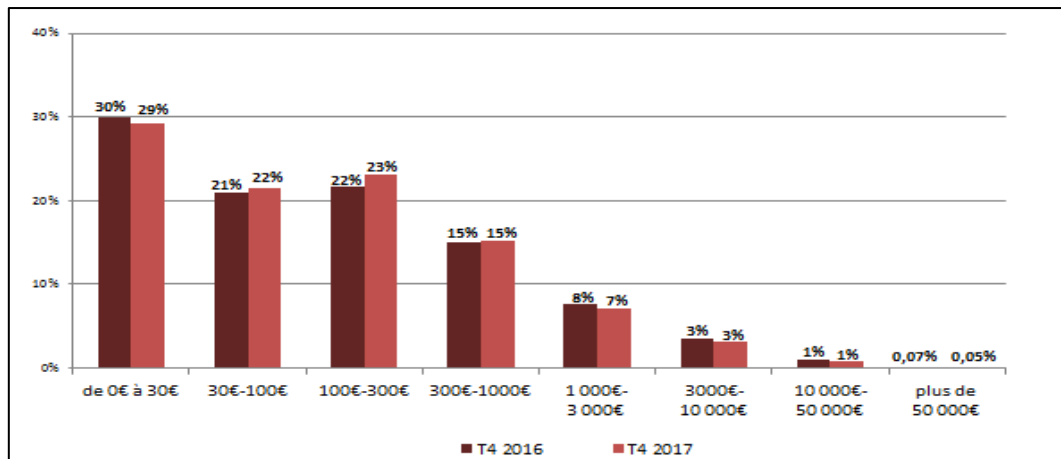
Prepaid cards are the second most used method of payment by players to fund their account. Their use generated 12.3% of the sums deposited. Electronic wallets and online accounts represent 5.2% of deposits. Finally, bank transfers are used for procurement purposes in derisory proportions.

4. Gambling behaviour

a. Breakdown of player accounts population by cumulative stakes

i. Sports betting

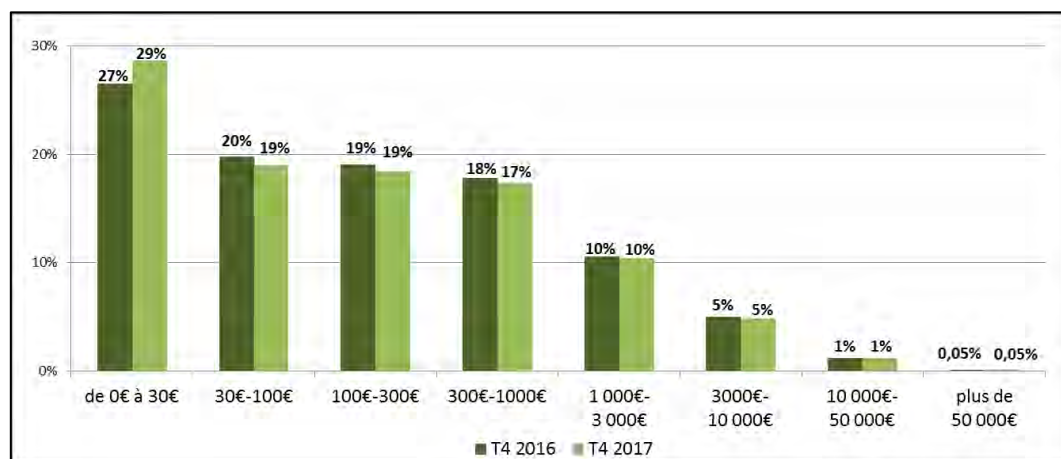
Figure 16: Development of the population distribution of sports punters according to their quarterly stakes



In the sports betting business, more than half of the punters (51%) disbursed less than 100 euros in stakes during the quarter. This proportion is down 1 point compared to Q4 2016. The proportions of punters committing from 30 to 100 euros and from 100 to 300 euros respectively rose by 1 point.

ii. Horse racing betting

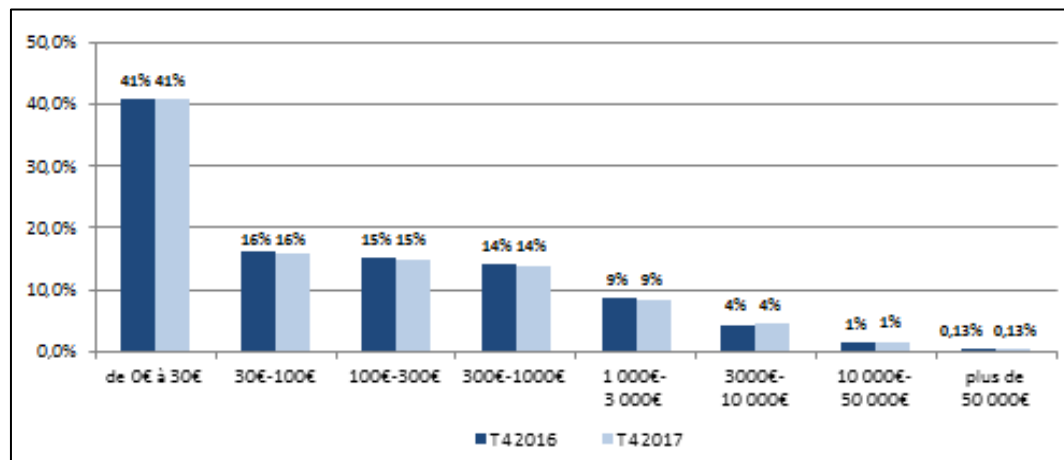
Figure 17: Development of the population distribution of horse racing gamblers according to their quarterly stakes



Unlike the sports betting sector, the proportion of punters who committed less than 30 euros in the sector is up 2 points. The population of horse racing gamblers who disbursed less than 100 euros in the sector represents just under half of the punters (48%). The proportion of players disbursing from 30 to 100 euros and from 300 to 1000 euros rose by 1 point each. On the other hand, the proportion of players engaging the highest stakes in the activity are perfectly constant.

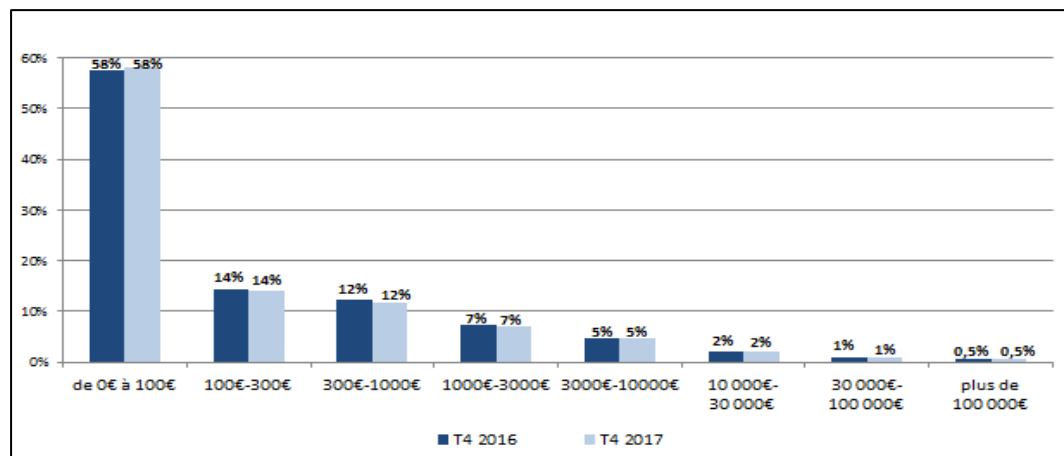
iii. Poker

Figure 18: Evolution of the population distribution of tournament poker player accounts according to their quarterly admissions



The distribution of the tournament poker player population according to the amounts devoted in the sector did not evolve this quarter. Poker players who invested less than 30 euros to participate in tournaments account for 41% of all players in the quarter over this sector.

Figure 19: Evolution of the population distribution of cash game players according to their quarterly stakes



The growth in the number of cash game poker players registered this quarter did not change the distribution of the player population according to the stakes involved. Thus, the proportion of poker players playing less than 100 euros in the cash game sector remains at 58%.

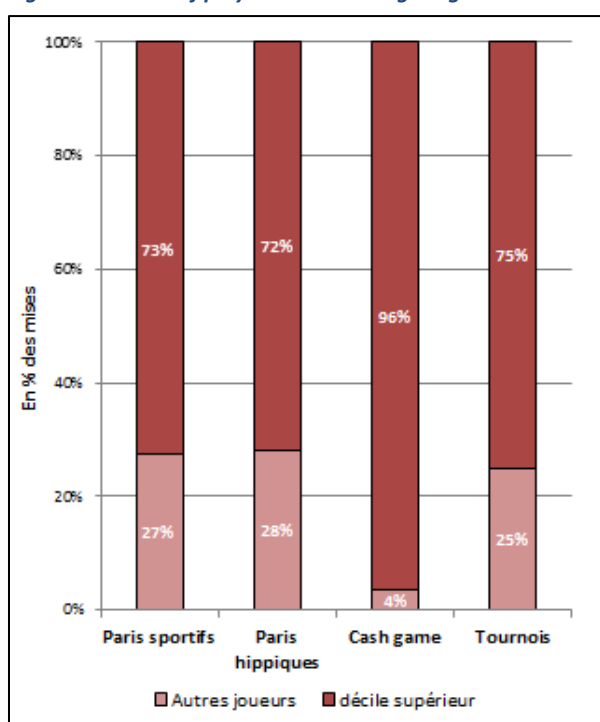
After three consecutive quarters of decline, the number of cash game players who have played more than 100,000 euros over the quarter progressed. Thus nearly 1,485 APA have dedicated over 100,000 euros to cash game.

Table 11: Evolution of the number of cash game active player accounts wagering over 100,000 euros per quarter

	Q1	T2	T3	Q4
2011	2,472	2,643	2,931	2,665
2012	2,385	2,059	2,269	2,139
2013	2,137	1,973	1,857	1,807
2014	1,768	1,581	1,607	1,787
2015	1,828	1,552	1,386	1,525
2016	1,586	1,307	1,330	1,448
2017	1,447	1,255	1,370	1,485

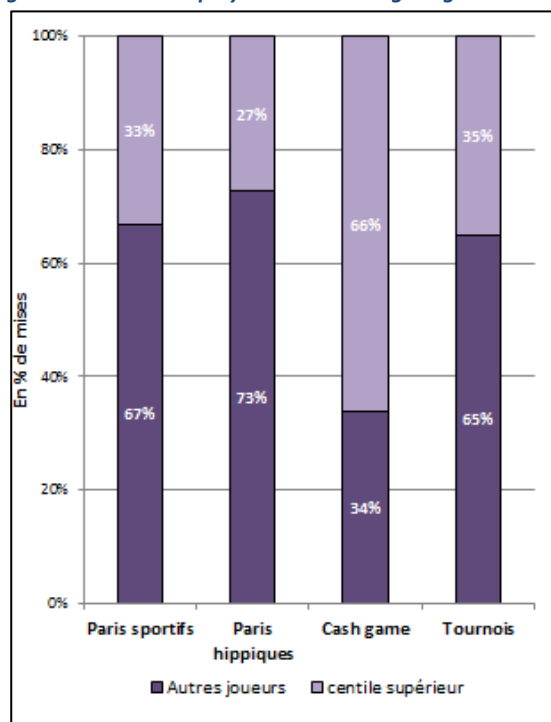
b. Player accounts generating the most stakes

Figure 20: Decile of player accounts wagering the most



Key: 10% of the player accounts in sports betting accounted for 73% of the total wagers over the quarter

Figure 21: Percentile player accounts wagering the most



Key: 1% of the player accounts in sports betting accounted for 33% of the total wagers over the quarter

The 10% of players with the most wagers on all online activities generated nearly 82% of the market stakes. The weight of this segment of players is the highest in both poker activities. Their contribution to the stakes of the sector goes up to 96% in cash game.

The stakes committed by the highest percentage of players contributed to 46% of the sums wagered in the three online gaming activities. The weight of this segment of players increased by 1 point in horse racing betting and 2 points in cash game. It decreased by 3 points in poker tournaments.

Table 12: Development of the relative weight of the upper decile and percentile

	Sports betting		Horse racing betting		Cash Game		Tournaments	
	Q4 2016	Q4 2017	Q4 2016	Q4 2017	Q4 2016	Q4 2017	Q4 2016	Q4 2017
Stakes of the top percentile	33%	33%	26%	27%	64%	66%	38%	35%
Stakes of the upper decile	75%	73%	69%	72%	94%	96%	76%	75%

c. Average amount of buys, rebuys and distribution of admission fees to poker

Table 13: Breakdown of total admission fees

Tournaments	
Sit&Go	79%
Multi-table (MTT)	21%

The share of entry fees generated by Sit & Go tournaments represents 79% of total entry fees and increased by 1 point compared to Q4 2016.

Table 14: Average amounts of buys, rebuys and admission fees

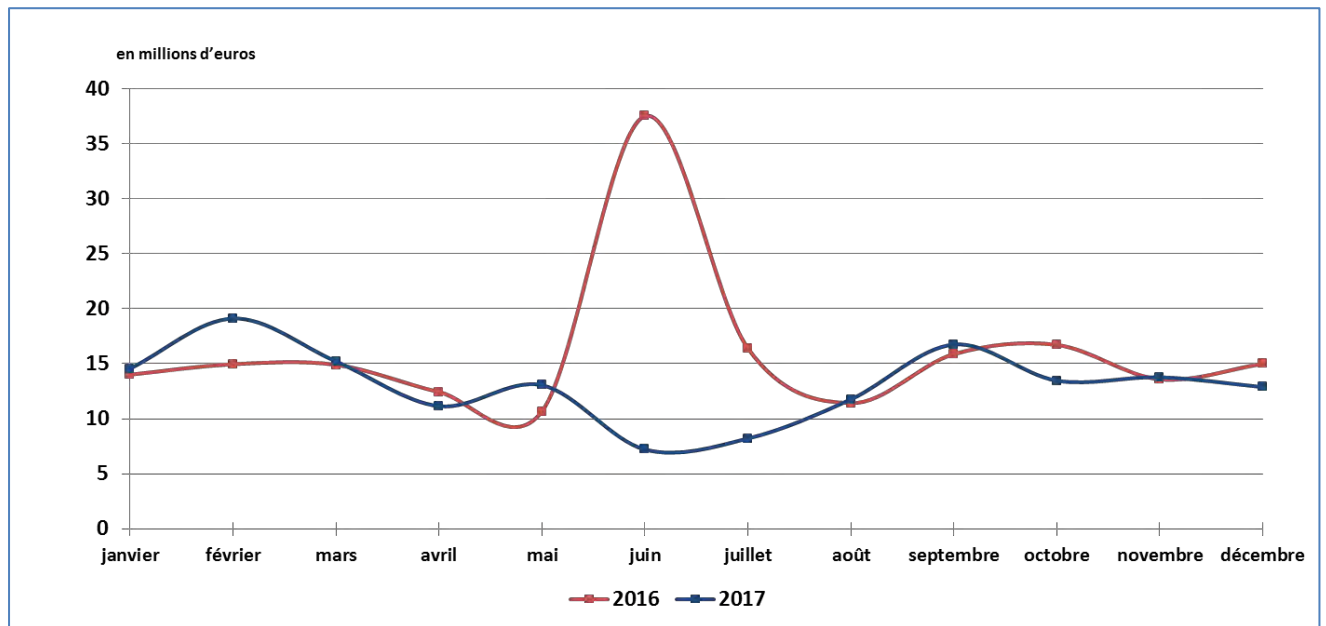
Cash Game	Average amount of buys	EUR 39.00
	Average amount of rebuys	EUR 3.1
Tournaments (including "freerolls")	Average entry fees to MTT tournaments	EUR 5.8
	Average entry fees to Sit & Go tournaments	EUR 7.2

In cash game, the average amount of buys amounted to 39.0 euros while the average amount of rebuys is 3.1. euros. Finally, the average entry fees for tournaments are slightly lower in MTT (5.8 euros) than in Sit & Go (7.2 euros).

5. Marketing expenses of approved operators

a. Monthly development of approved operators media budgets (excluding bonus payments and sponsorship)

Figure 22: Development of gross monthly marketing budgets excluding VAT for online game operators



Source: KANTAR Media

The budgets presented above include the following media: TV, Radio, Press, Poster and Internet.

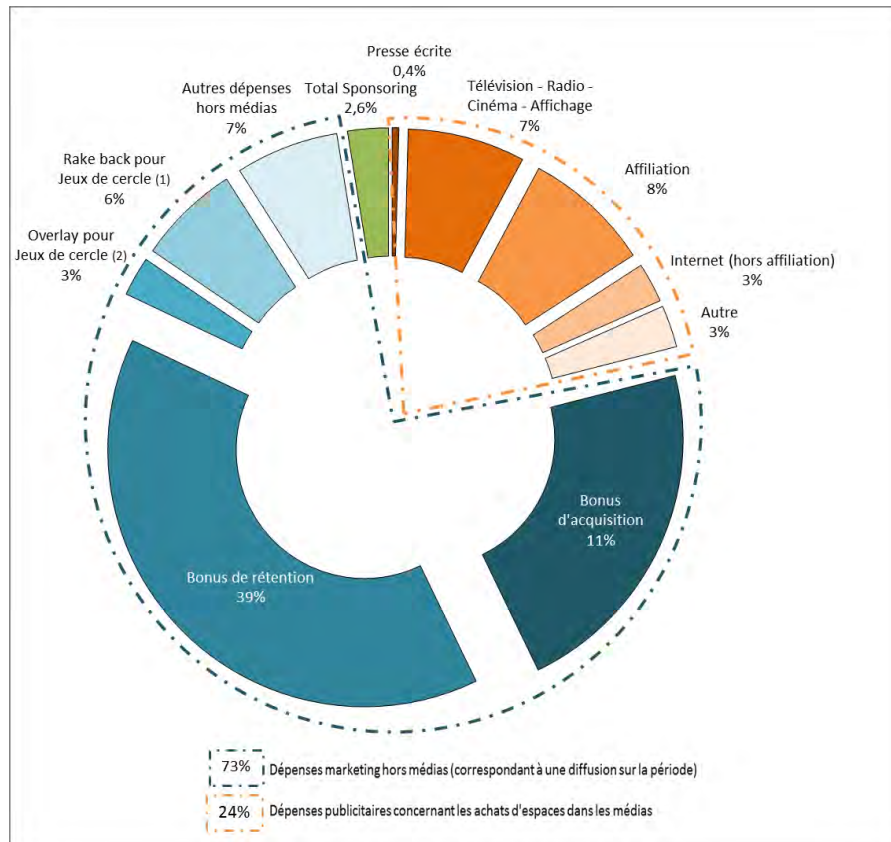
More than 157 million euros was spent by licensed operators in 2017, about 19% less than the previous year. This decrease results in part from the significant difference in spending between June/July 2016 and June/July 2017. Indeed, during the running of the UEFA Euro in 2016, sports betting operators made major investments in media spending.

Table 15: Quarterly development of the media marketing budgets for the online gaming operators

	2012	2013	2014	2015	2016	2017	Variation
Media marketing budgets	EUR 157m	EUR 126m	EUR 190m	EUR 147m	EUR 194m	EUR 157m	-19%

b. Distribution of operator total marketing budgets by media

Figure 23: Distribution of operator net marketing expenses



Key: during the quarter, 73% of the operators' marketing spending was for non-media marketing expenses

The distribution of operators' marketing budgets by type of expenditure did not change with regard to Q4 2016.

Thus, nearly 3/4 of the expenses of the operators were carried out off the media, which corresponds to the bonuses and contributions paid by the operators to the players. This share is stable compared to last year at the same time. The proportion of retention bonuses fell by 8 points over the period, unlike acquisition bonuses, which are up 10 points.

The share of media marketing expenses as well as the share of sponsorship expenses are also stable compared to Q4 2016 and represent respectively 24% and 2.5% of total expenses.

⁽¹⁾ **Rake back:** In a cash game for real money online, the poker room makes a deduction from the pots played from the Flop. Above a certain level of direct debits received, some operators donate a fraction of this rake to players in the form of loyalty points convertible into cash, bonuses or prizes. This is what is called the rake back.

⁽²⁾ **Overlay:** when the guarantee provision for a tournament is higher than the entry fees paid by players, the organiser pays the difference. This is what is called overlay.



For any further information, please contact [presse\[at\]arjel.fr](mailto:presse[at]arjel.fr)