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## FOR IMMEDIATE RELEASE

### FINAL Global eGaming Market Size 2010 Forecasts 2011 (incorporating Q1 Results/Market Data until 31 May)

Press Release: Thursday 16 June 2011

#### Headline eGaming Expected Growth Set to be Slowest on Record in 2011 but Underlying Trend Continues to be Strong as Shocks in Japan and the US Counter Growth Across the Rest of the World

Today H2 Gambling Capital ([www.h2gc.com](http://www.h2gc.com)), by far the most trusted/quoted source of gambling industry data, publishes its final eGaming Data for 2010 following incorporation of all of the preliminary results season and the vast majority of annual reports into our sector model. As a result H2's final assessment of the scale of the global eGaming sector for 2010 is €23.76bn (in actual terms now €22.57bn in terms of current exchange rates).

At the beginning of the current year H2 forecasted the gross win (stakes less prizes but including bonuses) generated by the eGaming sector would reach approximately €25.0bn (current exchange rates) in 2011 representing YoY growth of 10.2%.

**After analysing the first five months sector data, updating our regulatory database and incorporating the constant sector news flow H2 have revised our eGaming sector forecasts for 2011 to €23.66bn, which equate to a headline YoY increase of 4.4% the lowest increase the sector has seen since H2 commenced tracking it in 1998.**

**The good news for the majority of the commercial eGaming sector is that underlying growth remains strong at 12.0% (2010 9.2%). H2's revision is mainly due to two key factors, though continued economic headwinds and slower than expected re-regulation are also playing their part.**

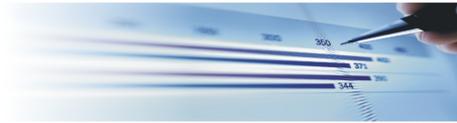
**Black Friday (and subsequent actions) occurring in the US that has decimated the scale of the Internet poker industry in that market. At this stage we have calculated that the impact will equate to as much as €765m of lost market value this year and a further €100m loss next.**

**The other key reason for the downgrading of our forecasts has been the impact of the earthquake on the Japanese Racing Association's (JRA) interactive business. The JRA remains by far the largest interactive operator in the world by following the earthquake all aspects of their business were down and particularly mobile betting as people freed up the networks for emergency use.**

**Activity levels are still a long way from being back to normal at this time and so it is expected that the JRA's interactive business will be down approximately 13% YoY in 2011.**

Despite this the betting product vertical is still expected to lead the way in 2011 accounting for 38.4% of the global market. Casino is expected to account for 26.2% with poker at just 13.5% compared to 17.2% in 2006 prior to UIGEA. State lotteries continue to see strong growth, on the other hand, and are expected to account for 8.5% this year as opposed to 5.0% in 2006.

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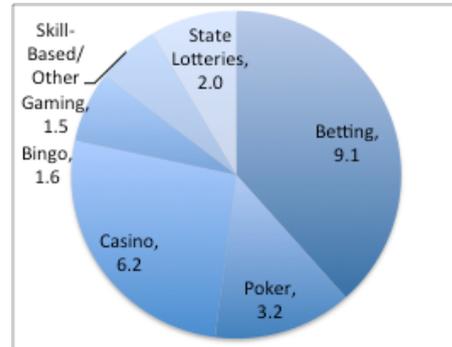


**Global eGaming Gross Win (€bn)**



Source: H2 Gambling Capital June 2011

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Europe is expected to continue to grow its share of the global eGaming market in 2011 with 47.2% up from 31.5% in 2006. On the other hand North America has seen its share of interactive gambling fall from 30.5% in 2006 to an expected 16.7% in the current year. Despite the earthquake in Japan Asia/the Middle East is expected to account for 27.7% of the market this year though this is 4.5% lower than the region's share of the market five years ago.

Currently there are just over 2,700 real money Internet gambling sites in operation, approximately 150 more than 12 months earlier. The average number of sites in operation during was just under 2,600 offered by approximately 660 operators. Therefore, the average gross win per operator for the 12 months from the beginning of Q2 2010 to the end of Q1 2011 was €35.5m. Over the same period the average gross win per site was €9.1m.

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H2 are more bullish than we were at the beginning of the year regarding the prospects for some permissive eGaming regulation in the US going forward. There appears to be some buy in across party lines to at least consider the issue more closely. However, H2 remain of the view that it will be at least three to five years before any significant regulated activity will be seen on the ground in the US and so at this time no regulated Internet gaming is included in our core forecasts which extend to 2015.

H2's latest detailed eGaming Data is published today and is available to subscribers. The dataset now includes nearly 20,000 data points across six product verticals and 65 nations differentiating both on and offshore activity with forecasts out to 2015. Annual subscribers also include access to the H2 eGaming Regulatory Report and over 30 detailed national gambling datasets covering all aspects of both land-based and interactive gambling. In total the subscriber area of H2's website now includes almost 2 million data points with an average of up to 20,000 being published/refreshed each week,

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Please note that during Q1 2011 H2 have changed all of their main datasets to Euros from US Dollars. This has been done as at this point in time far more of the data we collect is reported in the former making our datasets less sensitive to exchange rate movements. At the time of the conversion the exchange rate stood at US\$:€ 1.4186.

Further details regarding subscriptions are available by emailing [data@h2gc.com](mailto:data@h2gc.com)

### ABOUT H2

H2 Gambling Capital is the leading supplier of data and market intelligence regarding the global gambling industry. Regarded, as the 'Industry Standard' for eGaming – H2 is **by far** the most quoted source of data in analysts' notes/company reports and the media. With almost 2 million (includes Internet poker data) sector data points H2 offer nearly 50 times the data of any other provider.

Over the past decade H2's team has supplied data to or worked with nearly 650 organisations including, operators, suppliers, regulators, professional services companies, governments, lotteries, lobby groups and trade associations.

H2's data has been quoted in much of the media including, the BBC, the New York Times, the Economist, the Financial Times, the New Yorker, CNBC, Bloomberg, Reuters and Time Magazine. H2 is eGaming Review's official data partner, is partnered with Trust Partners in Italy, is a partner firm of Gerson Lehrman Group and is a member of Global iGaming Advisors.

For further information see: [www.h2gc.com](http://www.h2gc.com)

### FURTHER INFORMATION

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**Ends.**