

## Much at stake in Spain's gaming sector

By Victoria Burnett

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As lottery-mad Spaniards eagerly anticipate today's El Gordo, the bumper Christmas draw, international gaming companies are waiting to pounce on this nation of inveterate gamblers. Laws set to take effect in January will liberalise gambling in the Madrid region and open the door to a potentially lucrative market.

The gradual liberalisation of Spain's gambling sector comes as companies seek new markets amid a clampdown on internet gambling in the US and tighter regulation of advertising in some European countries.

Several of Spain's 17 autonomous regions have begun liberalising markets or are on the verge of doing so.

Spaniards gambled about € 29bn (\$38bn) last year, or € 722 per capita, according to Munich-based Media & Entertainment Consulting Network, which expects turnover to reach € 39bn by 2010. They spent nearly € 12bn on lottery tickets in 2005 - more than twice the amount per capita of punters in Britain - and pumped € 11bn into the gaming machines that are a fixture of every bar and café.

"It's a substantial market. [Spaniards] are sports-mad and they have a reasonable gambling culture," said Ciaran O'Brien, spokesman for Ladbrokes, Europe's biggest bookmaker. He said the company was looking at the Spanish market "very seriously" but had yet to take concrete steps.

Industry representatives say the Madrid government's tax rate of 10 per cent on gross profits - total bets placed minus winnings - was relatively low.

"It is a very competitive level, very attractive to a bookmaker," said Adrian Morris, director of finance at Stanleybet, the UK-based sports betting operator. Stanleybet has held talks with several Spanish business figures about possible partnerships in Spain, he said.

MECN said the greatest potential for Spanish growth was in sports betting and internet gambling. Despite Spain's enthusiasm for football, formal sports betting is largely limited to the state-run La Quiniela and betting per capita is low.

But with growing liberalisation, MECN sees turnover rising from about € 500m in 2005 to € 4.5bn by 2010.

William Hill, the British bookmaker, could be among the first to snap up a Madrid licence through a 50:50 joint venture with Codere, a Spanish gaming company.

David Harding, William Hill chief executive, said the venture would invest € 20m in Madrid - and subsequently other regions - to set up a network of betting machines and a few betting shops.

For William Hill, the Codere partnership could lead to new markets in Latin America, where the Spanish company has a significant presence.

"Spanish is one of the biggest languages in the world. We are going to focus on getting [the Spanish operation] right but we're going to keep the other opportunities in the back of our minds," said Mr Harding.

Some online gambling companies already target Spanish customers, even though only the state-run gambling agency has official approval to offer online services.

Gibraltar-based online operator [888.com](http://888.com) has a sponsorship deal with FC Sevilla and is advertising on Spanish internet news and sports sites.

Bwin, the Vienna-based online gambling company, has a € 1.5m sponsorship deal with FC

Barcelona. UK-based Sportingbet has a Spanish-language online site, Miapuesta, which offers online sports betting, casino and poker activities.

While Madrid is the first region to fully liberalise its market, other Spanish regions, such as Andalusia, allow limited gambling business and legislation is in the pipeline in the Basque country and Navarre.

Betfred, the UK-based betting company, has an alliance with Esaka, a Spanish gaming machine group, and plans to invest £ 18m in the Basque region, according to newspaper reports. In Aragon, some sports betting was legalised in 2003, but licences have yet to be issued.

The question now is whether Spaniards' passion for lottery and fruit machine wagers will translate to the sports and online betting market.

"Lots of people who gamble in casinos play tables or machines but not both. Some people bet El Gordo but don't play bingo," said Mr Morris.

"[Liberalisation] is an incredibly positive move, but it is an unknown market."  
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