

NSW Lotteries

MECN
Media & Entertainment Consulting Network

Privatisation of State-Controlled Gambling Operators Privatisation is becoming acceptable in the global gambling market

2nd and revised edition

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In cooperation with:

SAL. OPPENHEIM

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Summary

In summer 2005 we published our first privatisation study, which was very well received. In the past 12 months, as many new developments sparked increased interest in the market, more and more clients have asked for an updated study.

In our first report broke new ground by discussing potential privatisation of gambling operations; by now the situation has developed further and shows additional issues:

- **Growing relevance of key drivers for privatisations** – Ever increasing legal pressure (e.g., in most EU states), increasing liberalisation (e.g., in France), and/or tight state budgets (e.g., in the US) are putting pressure on state owners to evaluate a potential privatisation of their gambling assets.
- **Drastic increase of likelihood that state gambling operations will be privatised soon** – The number of experts surveyed who believe that some of the top state lotteries/operators will be privatised in the coming 2-3 years nearly doubled compared to MECN's 2005 analysis and survey.
- **Several privatisations are currently being considered** – In addition to perennial "hot" privatisations, such as the UK tote and Milli Piyango, many other ones are under discussion. According to our survey, several potential privatisations are expected to be at the top of the list: Some Australian and US lotteries/operators, the Hungarian State Lottery, and La Française des Jeux, to name just a few.
- **Billions are on the table** – Some of the lotteries/operators that are expected to be privatised in the near future are valued in the double-digit billion dollar range.
- **Privatisation is no longer limited to only one method** – In the future privatisation will not necessarily mean a change in ownership of shares, In addition, alternative forms, such as long-term licenses that transfer responsibility for operations to private companies, are also possible.

The report includes:

- Analysis of selected potential privatisations and overview of state operators most likely to be privatised in the near future.
- Case studies of already privatised lotteries/operators.
- Valuation of relevant state-controlled gambling operators.
- Discussion of advantages, disadvantages, and options for privatisation of state-owned gambling operations.
- A survey of more than 50 industry experts, including representatives from state lotteries, private online operators, and financial investors.
- The report is co-authored by many renowned experts, among them the investment bank Sal. Oppenheim.

In total, the second edition has nearly 100 pages and 36 graphs/exhibits.

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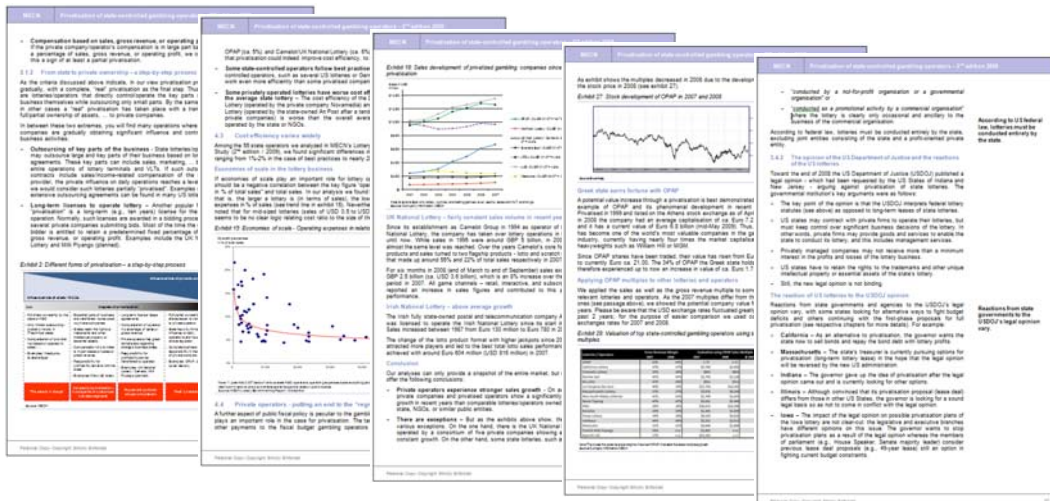
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Companies mentioned in this report

Admiral Sportwetten	Greenhill	Nozala Holdings
Alarko	Gtech	NRW.Bank
An Post	Hong Kong Jockey Club	OECD
Angellotto	Hoosier Lottery	ONCE
ÁPV	Hrvatska Lutrija	OPAP
Associated Supplies	Hungarian State Lottery	Oyak
Australian Newsagents' Federation	Illinois Lottery	Paddy Power
Austrian Lotteries	Ingenio	Partnership Investments
Austrian Mint / Münze Österreich	Intralot	PartyGaming
Austrian National Bank	Iowa Lottery	Philippine Charity Sweepstakes Office
Autotote Corporation	Irish National Lottery	Players Group
B&B Enterprise	Jockey Club of Türkiye	PMU
Baden-Wuerttembergische Spielbanken	JP Morgan Nominees Australia	RBC Global Services Australia Nominees
Barclays Capital	Kentucky Lottery	Rehab Lotteries
Berjaya Sports Toto Berhad	Koc	Remote Gambling Association
Betclick	Kohlberg Kravis Roberts	Royal Mail Enterprises
Betfair Australia	Kopano Ke Matla Investments	Sabancı
Black Management Forum Investment	KTeMS	Samseong Publishing
Boygues	La Française des Jeux	Sans Oyunlari Yatirim
Boylesports	Ladbrokes	Sazka
Bulgarian State Lottery	LAE	Scientific Games
BWin	Lagardère	Sisal
Cadbury Schweppes	LDS	Société du Cheval Francais
California Lottery	LFDJ Employee Investment Fund	Soficoma
Camelot	LG CNS	Spielbanken Niedersachsen
Casinos Austria	LLI Investment	Spielbanken Sachsen-Anhalt
Cenkos	Lloyds TSB	Spor Toto
China Sports Lottery	Loteria Romania	Sports Toto Malaysia
Citicorp Nominees	Loterija na Makedonija	Sugal & Damani
Colony Capital	Loto-Québec	Svenska Spel
Colorado Lottery	Lottery Romania	Swisslos
CONI	Lotto Bavaria	Szerencsejáték
Cukurova	Lottomatica	Tabcorp
Czech Sports Association	Lottotech	Tattersall's
Danske Spil	Lucky Keno	Tatts Group
De La Rue	Maltco	Tepe Group
De Lotto	Maryland Lottery	Texas Lottery
Disability Employment Concerns Trust	Massachusetts Lottery	Thales Electronics
Dogan Holding	Mauritius National Lottery	Tote Tasmania
Dogus	Medial Beteiligungs GmbH	Turkcell
Dutch Postcode Lottery	Merrill Lynch	UBS
Ernst and Young	MGM Mirage	UK National Lottery
EssNet	Milli Piyango	UK National Lottery Commission
Eugene Corporation	Motswedi Technology Holdings	UK tote
Eurofootball	MTP Private Foundation	UNIRE
Far East Asset Berhad	NAFCOC Investment Holding	Unitab
Fina	Namumlotto	Uthingo Management
Fondazione Eni Enrico Mattei	Nebraska Lottery	Veikkaus
France Galop	Neteller	Vermont Lottery
Fujitsu Services	New Jersey Lottery	Virgin
Gamma Civic Group	New South Wales Lotteries	Vivendi
German Lotto and Toto Block	New York Lottery	Vunani Capital
Gidani	News Agent Association of NSW & ACT	Western Canadian Lottery
Gilbert and Tobin	NM Rothschild	WestLotto
Goldman Sachs	Norsk Tipping	Westpac Custodian Nominees
Gravitas Investment	Novamedia	William Hill
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MECN - Media & Entertainment Consulting Network

MECN is a network of experts on issues concerning the media and entertainment industry. Together we provide in-depth knowledge, analysis, and advice to global clients. For the gambling industry, we provide market insights and strategic support to various clients ranging from bookmakers to state lotteries.

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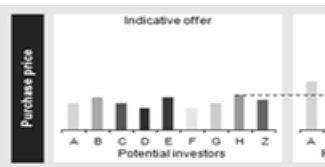
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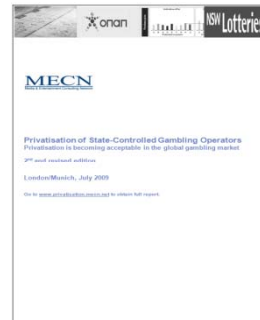
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