

German Gambling Market Report

December 2011

- **The GamblingData Core Estimate:** Using the German revenues of online market leader Bwin.Party Digital Entertainment, and having confirmed with sources a rough estimate of its current market share, GamblingData estimates the German grey market to be currently worth between €760m and €960m in annual gaming revenues.
- **The Interstate Gambling Treaty:** The Interstate Gambling Treaty introduced a blanket ban on online gambling on January 1, 2008, but will expire at the end of 2011. The new draft treaty, agreed on by 15 of Germany's 16 federal states, proposes to regulate online sports betting with 20 licences and a 5 percent turnover tax as well as maintaining a ban on online poker and casino.
- **Schleswig-Holstein:** Meanwhile, Schleswig-Holstein is pushing forward its own bill to regulate online sports betting, poker and casino games with a 20 percent tax on gross profits. Unless a compromise is reached between Schleswig-Holstein and the remaining 15 federal states the alternative legislation is due to be enacted on January 1, 2012, with licences to be issued from March 1, 2012.
- **The Grey Market:** Although reduced significantly from the originally proposed 16.7 percent turnover tax, analysts suggest the 5 percent rate remains commercially unattractive for online operators. We estimate that, under this system, licensed online sportsbooks would operate with a gross win margin of around 15 percent, putting them at a competitive disadvantage to offshore operators with margins of around 7.5 percent.

The Ifo Institute for Economic Research estimates that online gaming generated 8.9 percent (€850m) of total gaming revenues of €9.57bn in 2009, up from 3.4 percent (€300m) in 2005. Analyst consensus dictates that the German online market is currently split 50:30:20 between sports betting, poker and casino.

- **The Land-based Situation:** According to the German Centre for Addiction Issues, the regulated land-based gaming sector generated turnover of €24bn, down 14.0 percent on the €27.9bn recorded in 2007, prior to the imposition of the Interstate Treaty.

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About GamblingData

The global gaming industry is changing fast. With many jurisdictions in transition between pre- and post-regulation, never has it been so important to have access to reliable data information about the market.

GamblingData provides clients with essential country, sector and company analytics to help achieve the best possible understanding of the underlying facts, figures and trends in support of their business, competitor, product and market research activities.

GamblingData provides the facts, intelligence and analysis gaming businesses need to make the most of the opportunities in a volatile business environment.

We have a team of four dedicated business analysts researching, compiling and analyzing relevant gambling data points from over 150 jurisdictions.

We are able to provide tailored data research services specific to your company requirements and/or access to an online database with historical data going back over 30 years.

Our database is updated in real time so you can be sure you are accessing the latest available research and has some market leading functionality allowing very focused intelligence gathering.

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