

Speech Gaming in Holland – Erwin van Lambaart CEO Holland Casino

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INTRODUCTION

Good morning, ladies and gentlemen. It is an honour to speak to you once again. A lot has happened since we saw each other last year, including developments on the political front. More than enough to talk about and exchange views on today.

To start with, I would like to express my gratitude to the organisation of this conference: Gaming in Holland. Willem, we have known each other for almost half of a lifetime. Thank you once again for bringing the best and brightest minds in our sector together. It is nice to see you all again here in Amsterdam.

For Holland Casino, the past year has been most interesting. We have seen the Senate finally passing the bill that regulates the online gaming market. At Holland Casino we are very curious to see how fast operators will be given the opportunity to provide a legal and safe alternative for the online Dutch market. I will get back to this topic in a bit.

PRIVATISATION

The success regarding the online regulation was not matched by a smooth passing of the bill that was aiming for the privatisation of Holland Casino. Several senators expressed their concerns about the bill. They were worried that privatisation and adding two more land based permits on the Dutch market would lead to more problem gamblers. Others pointed at the timing of the proposed privatisation. Wouldn't it be wiser to absorb the regulation of the online market first? And use the lessons learned online in drafting the privatisation of Holland Casino?

These concerns led to a stalemate in the Senate. A majority for the current bill to pass seemed out of sight. And the new formation of the Senate prevented senators from holding on to the bill in the current form, which led to the withdrawal of the bill.

Our government, however, is still convinced that providing gambling services is not a public core task. This means that privatisation of the land based Holland Casinos is still on the political agenda. Cabinet will return to the drawing board in order to come up with a new bill that addresses the concerns raised in the Senate. The situation, therefore, has not really changed for us. The possible privatization is still something to prepare for. As Holland Casino we have to make sure to be ready for every possible scenario; be it a state owned company or a privatised enterprise.

Holland Casino is doing well. Our assignment is to hold on to that and to expand further. We continue to play an important role in society and in this way, we keep control of our own future.

Sure, it can be a challenge to make long term plans without knowing the outcome of a political debate. But for Holland Casino that is a fact of life. We have always taken that scenario into account. Our multi-year strategy for the company is therefore based on several scenarios.

The coming years we will focus on the innovation and transformation of our company. In addition, we are concentrating on the online gambling market, for which we will apply for a license.

INVESTMENTS

Meanwhile, we invest heavily to keep our land based casinos attractive to current and new guests. For example, in Utrecht and Venlo we are currently building two completely new state-of-the art casinos. These new venues will offer the latest innovations in casino gaming and in food & beverage concepts.

Furthermore, these new venues meet the latest demands for sustainable entrepreneurship. We will build with cradle-to-cradle concepts and, as an example, we will use led-lighting instead of energy-consuming neon-walls.

In September of last year we opened our new casino in Amsterdam West-Sloterdijk, with a huge party of tremendous allure that was talked about long after. With a young and enthusiastic group of colleagues, this casino has become one of our highest performing venues in the country. If you haven't been there already, I would very much encourage you to do so.

And, speaking of new casinos, I have to mention our premium pop-up Casino in Groningen. A temporary casino, built in little than over a year's time after a fire destroyed our beloved venue in the city-center. It has the same quality of gaming-experience our other casinos have, the same look and feel in interior design and setup and, of course, the same level of hospitality. And again, we built it in over a year's time! So whenever we hear the Chinese brag about how they built an entire city in a blink, we Dutch now have something to say in return.

Another huge new chapter in our story is what we call the Experience Zone. This is a 'venue in a venue', designed to make millennials acquainted with everything that casinos have to offer. Millennials are, as you know, a difficult group to target. If you have any children in that age group, or if you, in fact, are a millennial yourself, this is no news. They have high standards, but little patience. They easily plug in to new online features, like Netflix, social media and dating apps. They want to engage in group activities, they want to be entertained and to play low-limit bets, because they value the excitement of winning itself more than the amount won.

So our challenge was to develop a gaming experience that caters to those wishes, while at the same time have our regular guests enjoy the goods of what they expect of us.

The result of this challenge is what we call the Experience Zone. We now have one in Utrecht, but plans and developments for two more this year are underway. In the Experience Zone we party! We have music and singing croupiers to entertain our guests; we offer low-limit tables of 1 euro or even 50 cents a bet; we have employees

explain the rules of casino games and have them give tips & tricks to our guests, and we have a pulse arena in which guests can play simultaneously and compete with one another.

Another special feature of the Experience zone is that guests can take pictures and selfies with their phones and share them on social media. This is, of course, not allowed in the regular casino, but it is an absolute must for the millennial generation.

We now can say that this concept is a huge success. 84% of our Experience Zone-visitors is highly enthusiastic, and 98% say that they definitely will come back another time.

So we sought the answer to the 'millennial-problem' that every casino struggles to find, and we believe to have cracked the code. An achievement I am extremely proud of!

To attract new guests we also continue to use more 'old school' ways to promote our casinos. In our most recent multi-channel advertising campaign we put emphasis on the exciting experience our casinos have to offer. 'Live exciting' is the pay-off we use to emphasize the fun of playing with and at Holland Casino.

Now, on to another group of players that we and our competitors will fight for the coming years: the online players.

HOLLAND CASINO ONLINE

Let's talk about the online regulation. We are very happy that legislation has finally been passed to regulate a market that already has 1,8 million Dutch users. At this moment, these players are virtually as free as a bird. Online regulation is a huge step forwards. It will make sure the online players will get the protection they deserve.

Holland Casino has developed an internationally acclaimed prevention policy in the last 40 years. We want to use this carefully accumulated experience online also, so

that the reliability of the game selection always comes first. Holland Casino can set the standard online for safe and responsible gaming.

In the media, consumers read that online gaming is now legal. But it isn't yet. This is a potential problem: players think it is legal but they can only play with illegal operators. It is very important that, shortly after the legislation comes into effect, online players can actually go to a safe, responsible and legal operator.

The regulator has to make sure that the licensing process is as fast as responsibly possible. In this process it is important to make a distinction between trusted operators and the ones that have illegally serviced the Dutch market. The latter have been able to earn substantial revenues by illegally targeting Dutch players. This has been an important issue raised in both houses of parliament: these illegal operators must be prevented from entering the regulated online market.

This will be done by implementing a 'cooling off' period for illegal operators. We are very curious to see how this exactly plans out. Canalization to legal operators is important. Is it also important to make sure illegal operators cannot use their illegal profits to get a head start on the regulated market.

ADVERTISING

I would like to take the opportunity to reiterate a statement from last year's speech. It is up to us to earn and retain the trust of the political world and society as a whole. Self-regulation is the key to profit. Together we set the tone for the reputation of our industry.

This is even more relevant when we take a look at – for example – Sweden. Our Swedish counterpart, Svenske Spiel, has recently pledged to voluntarily end all of their advertising activities in a pre-emptive strike to avoid legislation. This sets an example of something we have to prevent in The Netherlands. It is up to us all to show society and the political parties that we can live up to the expectations they might have of the online gaming sector.

On the other hand, the regulatory bodies do need to provide us with enough room to make a fighting chance on the online market. For years, operators have been able to earn substantial amounts of money by illegally servicing our Dutch players. I expect that the regulator will make sure that the illegal operators will be set back for at least two years before they can enter the legalised market.

END

Having said this, I must say we are very excited about the opening of the online market. It provides us with so many new challenges. I am convinced that the international gaming and betting community will provide the Dutch market with an attractive, responsible and reliable online alternative for the illegal gambling sites.

All eyes are now on the regulator. It's up to them to make sure a reliable alternative can see light of day as soon as possible. The whole sector is in anticipation of a timetable of the process of permit distribution. Let's hope the market will get legalized as soon as possible.

During this exciting process, Holland Casino will keep investing in our land based operation. These two artist impressions – Venlo and Utrecht - may seem like they are ages away, but the future is already here. Online as well as land based.

I think this is a great topic to exchange views on in a Q&A session. For now I would like to thank you very much for your attention and the Gaming in Holland organization for having me here.

Have a great day in Amsterdam and I hope to talk to as many of you as possible today.