

# Achievements 2017

✿ *Return*   ✿ *Responsibility*   ✿ *Achievements*   ✿ *Results*

# A

# CHIEVEMENTS

# 2017

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# INTRODUCTION BY THE PRESIDENT OF SANTA CASA DA MISERICÓRDIA DE LISBOA

It is with satisfaction and understandable pride that we come to the end of 2017, a year in which we exceeded what had been our best results ever in 2016. A feat achieved by fulfilling the objectives initially proposed, which provide a solid and sustainable basis for approaching the future with redoubled ambition.

As a result of the strategy defined, we were able to reverse the trend of recent years and record an increase in parimutuel betting, one of the mainstays for the profitability of gaming. In addition to parimutuel betting, lotteries and Placard contributed, overall, to a rise in sales of 9.1%.

As a result of management focused on the maximisation of resources and optimisation of processes, we reduced operating costs by 1.2%, improving their weight in sales to 3.0%, a ratio that is in line with best practices in similar lotteries.

These good indicators enabled results to be improved by 8.1% over the previous year and distributed 718 million euros to the Beneficiaries of gaming, this amount directly funding Good Causes.

Of the more than three billion euros of bets placed during the year, 97.3% were returned to society for purposes such as social welfare, health, sport, civil protection, education and culture. Also notable was significant stimulus for local economies and the development of jobs, mainly related to the provision of gaming, as well as the positive impact of the prizes awarded to prizewinning players.

The continued success of gaming in recent years, driven by games such as Placard and the Instant Lottery, also determined the application of steps to regulate and safeguard household assets. It is thus with a special sense of responsibility that we can state that in 2017, in view of the sales growth, the net amount spent by households on Jogos Santa Casa in relation to disposable income,

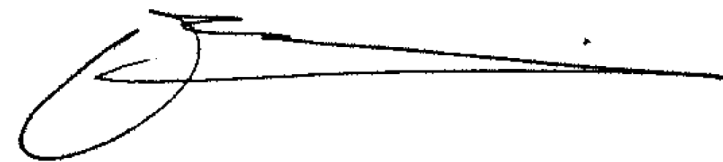
as well as the average amount spent per wager, both decreased compared to the previous year.

Responsible Gaming was maintained and developed as an intention of our Institution and structured measures began and were concluded in 2017 to secure Responsible Gaming certification. In February 2018, European Lotteries (EL) issued this certification, validating our consistent and continued Responsible Gaming practices.

Also gratifying was the implementation of the matrix for the social responsibility that moves us, achieved by granting sponsorship, scholarships and grants, ensuring and supporting the development of a range of measures and the participation of athletes to promote social cohesion, equality and social inclusion.

In difficult times, we also made a point of being present in person and of expressing our constant commitment to solidarity. The “Recomeçar” campaign, launched by the Santa Casa da Misericórdia de Lisboa in December, contributed to support the victims of the forest fires that devastated our country, converting bets into gestures of supportive commitment.

2017 was also highly challenging in terms of the impact of various legislative provisions, requiring an effort to adapt systems and procedures, this only being possible with the professionalism, commitment and dedication of our staff, to whom we would like to express our sincere recognition and thanks.



**President of Santa Casa da Misericórdia de Lisboa**  
Edmundo Martinho

INTRODUCTORY NOTE FROM THE  
OMBUDSMAN OF THE DJSCML







1

GAMING DEPARTMENT  
OF SANTA CASA DA  
MISERICÓRDIA  
DE LISBOA



# 1.1 MISSION AND VALUES



**The Gaming Department** is a statutory department of Santa Casa da Misericórdia de Lisboa (SCML), its objective being to run State games, through the **Jogos Santa Casa** corporate brand, in the name of and on behalf of the State, on an exclusive basis for the entire national territory, as well as to distribute the corresponding net profit to the beneficiaries provided for in the Law.

This Department has its own budget and accounts, attached to the budget and accounts of the Santa Casa da Misericórdia de Lisboa.

# MISSION AND VALUES

The Jogos Santa Casa brand is used by the Gaming Department of Santa Casa da Misericórdia de Lisboa to pursue the mission conferred on it by the State: to create the necessary conditions to channel demand for gaming to the supply of State Games, within the framework of the guidelines laid down by the State, and to ensure the protection of public policy and the preservation of household wealth, promoting a redistribution of expenditure on gaming. This return is achieved mainly through the prizes awarded and the distribution of their net profit to a vast range of beneficiaries operating in the areas of social welfare, health, sports and culture.

However, the leading role of Jogos Santa Casa in society is not limited to the redistribution of money that society invests in gaming. As the entity that operates gaming in the name of and on the behalf of the State, and under its supervision, the Gaming Department plays a crucial role in the promotion of

moderate gaming habits and the deterrence of the so-called “problem gaming”. Providing its players with a moderate and attractive offer of games, with low bets, simple mechanisms and other levels of prizes, it simultaneously offers them the possibility of informed choices on their gaming habits, promoting the playful component of gaming for money and guaranteeing ongoing compliance with the Responsible Gaming Policy.

In the Gaming Department, we work every day to continue to be the benchmark for excellence in the sector of gaming for money in Portugal. We are positioned as the favoured choice of players who look to Jogos Santa Casa to fulfil their dreams and for the support for “Good Causes” that has guided the activities of Santa Casa da Misericórdia de Lisboa for more than five hundred years.

The reputation that we have acquired and the dimension that we represent in the gaming market in Portugal have supported continuous growth in earnings from games of a social nature that, in turn, provide value for our society.

But this success represents, above all, the historic institution that gives it its name - Santa Casa da Misericórdia de Lisboa. The work and activities developed by the Misericórdia de Lisboa in society are fully acknowledged. However, this success is only possible with the dedication and commitment of these who work tirelessly for good causes and who add to this task a constant capacity to innovate, study and anticipate the challenges that may appear, increasingly frequently, in a market in constant change.

We thus increasingly stand up for the values that guide us every day:

SECUR**R**ITY  
**R**ESPONSIBILITY  
SOLIDAR**R**ITY  
TRADITION  
P**R**OXIMITY



# 1.2 CHRONOLOGY

The National Lottery is born. It is created by Royal Charter on 18 November 1783, granted by Queen Maria I, from whom the “Mesa da Santa Casa da Misericórdia e Hospitais Reais de Enfermos ‘requested’ the power to conduct an annual lottery in order to assist with its profits the urgent needs of those two Hospitals”.



1783

1784



With a first prize of 12,000 réis, the 1st Draw of the National Lottery begins on 1 September. It took 34 days to find the prizewinners.

The 1st sports betting game is launched in Portugal: Totobola.



1961

1984



Inauguration of Edifício Totobola, at Rua das Taipas, no. 1, Lisbon.

Totoloto is born. The 1st draw is on 30 March and is broadcast live on RTP.



1985

1987



First draw of the Lotaria Popular on 10 March.

The Gaming Department of the SCML is created. Under Decree-Law 322/91 of 26 August, it is charged with managing, on behalf of the State, “the operation of lotteries, parimutuel betting and any other games that, in any capacity, are entrusted to the Misericórdia de Lisboa and also to monitor and supervise full compliance with the legal provision that regulate them”.



1991

1994



The Joker is launched on 1 January, an add-on betting game directly associated with the Totoloto and Totobola bets.



The Instant Lottery arrives, known today as “Raspadinha”.

The Gaming Department adopts a new brand and visual identity: Jogos Santa Casa and, in August, becomes one of the first lotteries in the world to be certified under the Information Security Management System, in accordance with the Security Control Standard of the World Lottery Association (WLA);

On 6 October, a communication and betting channel opens — the Jogos Santa Casa website ([www.jogossantacasa.pt](http://www.jogossantacasa.pt));

On 8 October, the first EuroMillions draw is held in Portugal, with the following numbers drawn: 1, 10, 12, 16, 48 + 2 and 6.

Introduction of the 2nd weekly EuroMillions (Tuesdays) and Totoloto (Wednesdays) draws.

Instant Lottery is made available Online, on the Jogos Santa Casa website.



1995



2001



2004



2010



2011



2012



2013



Online system to register bets in real time is introduced, in the retailers network; Opening of the Contact Center on 11 July 2011.



The Raspadinha trade mark is created.



Launch of Jogos Santa Casa brand campaign, called “Há mais em jogo” (There is more at stake).

Inauguration of the new Headquarters of the Departamento de Jogos da Santa Casa da Misericórdia de Lisboa, at Avenida da Liberdade, no. 194; Launch of the land-based fixed odds sports betting game — Placard.



Totobola is redesigned in connection with the review of the portfolio and Joker is suspended; More betting options are added to Placard, with an increase from 3 to 10 sports; The Instant Lottery is included in the Jogos Santa Casa App.



2014



Under the project for the modernisation of State gaming, the process of replacing gaming terminals at the retailers’ network is concluded;  
The new logistics warehouse is opened.

2015

2016



Changes are made to EuroMillions and, in this respect, M1LHÃO is launched, as a mandatory addition to EuroMillions;  
The regional office of the Gaming Department, in Porto, moves to Rua de Aleixo da Mota, n.º 86;  
Launch of the Jogos Santa Casa App, initially offering EuroMillions, Totoloto and Joker bets.

2017





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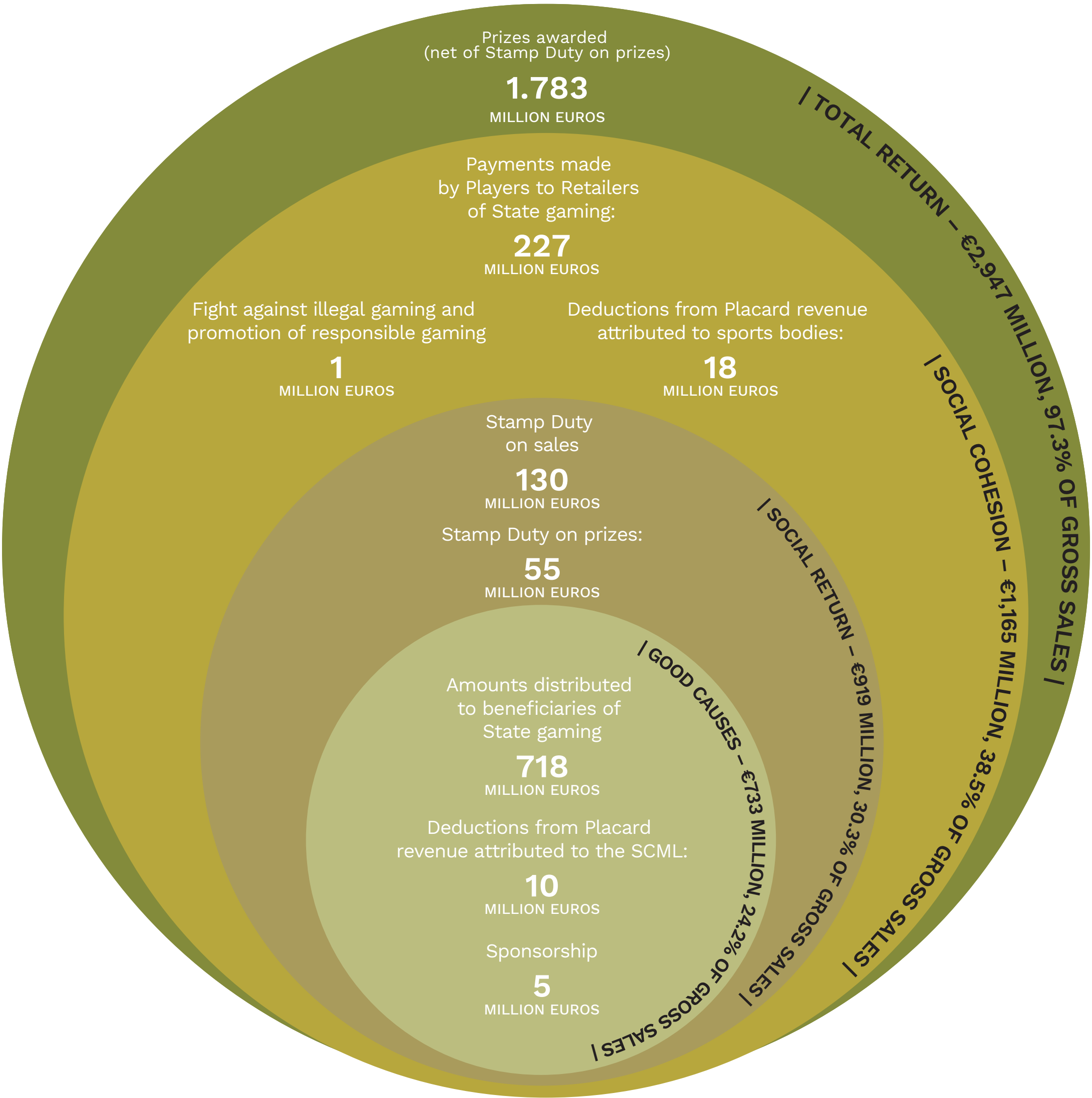
RETURN



In 2017, we obtained the best ever operating results at all levels. Gross sales exceeded 3 billion euros for the first time and distributed profit was also the highest ever, reaching 718 million euros.

This performance is once again a material representation of the importance of our State gaming activity, the ultimate aim of which is the support of good causes.

The total contribution to society generated over the last year was 2,947 million euros, representing 97.3% of the revenue obtained from gaming sales. This amount represents an increase of 257 million euros compared to 2016, being even higher than the increase of 253 million euros registered in sales. These figures are only possible largely thanks to the strict levels of efficiency that have been adopted in the development of the Gaming Department’s activities.





The Company receives money that we return to society as prizes, remuneration paid to retailers by players, stamp tax (levied on sales and on prizes), earnings distributed to beneficiaries, legal deductions on gross sales for promoting sport, sponsorship and investment in the promotion of legality and Responsible Games.

This return is distributed in accordance with the purposes for which the amounts generated are directly intended and with the intended redistribution.

# 2.1 GOOD CAUSES



**IN 2017, 733 MILLION EUROS WERE HANDED OVER TO GOOD CAUSES. 56 MILLION EUROS MORE THAN IN 2016, IN OTHER WORDS, AN INCREASE OF 8.2%.**

## DISTRIBUTED EARNINGS

This year, 718 million euros were distributed to the beneficiaries of State gaming, this amount reflecting our operating profits. The organisations to which this profit is distributed are responsible for applying the amounts received for purposes that reflect the social policies of the State. Social support for the elderly, families, children and young people in need, for people with disabilities and for victims of violence are some of these purposes, joined by the promotion and development of culture, improvements in the quality of education, encouragement of sports and the fight against addictions.

Welfare is still the main recipient of these funds, representing 63.4% of the total. The beneficiaries covered here include the Ministry of Work, Solidarity and Social Security and the Santa Casa da Misericórdia de Lisboa itself, for which Jogos Santa Casa are still the main source of financing for the actions that it develops.

The area of health appears in second place, receiving 16.1% of distributed earnings. The breakdown of the amounts granted to the Ministry of Health includes, in 2017, an increase in the amount applied to the funding of the National Network for Long-Term Integrated Care.

Sports received 11.1% of the income from gaming, this tranche mainly intended for specific policies in this field in the Autonomous Regions of Madeira and the Azores and for support for school sports throughout the country.

The remaining amount is intended mainly for financing actions in the fields of culture (4.5%) and civil protection (2.7%).

## DEDUCTIONS FROM REVENUE FROM LAND BASED FIXED ODDS SPORTS BETTING ATTRIBUTED TO THE SCML

In 2017, as stipulated in the legislation that approved the Legal Framework for the Operation of Fixed Odds Sports Betting, Santa Casa da Misericórdia de Lisboa was granted 10 million euros, this sum corresponding to the portion that was its share from revenue from this game (Placard).

## SPONSORSHIP

In 2017, the value of sponsorships awarded amounted to 5 million euros, thus enabling us to continue with our objective of supporting Sport and National Talent. With this strategy, we have sought to consolidate the bond between the institutional Jogos Santa Casa brand and structuring and differentiating projects. An example of this is the partnership established with the Portuguese Olympic Committee and Paralympic Committee, in the context of the corresponding Corporate Responsibility Programmes, through the award of annual Education Grants.

## 2.2 SOCIAL RETURN



THE DIRECT FUNDING OF GOOD CAUSES IS JOINED BY THE AMOUNT DELIVERED TO THE STATE IN THE FORM OF STAMP DUTY, WHICH THUS COMPRISE THE TOTAL AMOUNT OF SOCIAL RETURN, WHICH WAS 919 MILLION EUROS IN 2017.

The amount of stamp duty generated by different games over this last year was 186 million euros, having recorded growth of 1.1% compared to 2016. This was caused, above all, by the rise in the value of bets, since, as a result of a smaller number of prizes awarded in the category subject to tax, the tax resulting from the payment of prizes fell.

Despite the reduction in the growth of stamp duty generated in 2017 (4.5% included in the number of bets and 20% on the amount of prizes exceeding 5,000 euros), its share in the tax revenue of the State increased, rising to 13.5%, compared to 12.2% in 2016.

TABLE 1: IMPORTANCE OF JSC STAMP DUTY IN TOTAL TAX REVENUE FROM STAMP DUTY: 2015 - 2017, (MILLION EUROS; %)

	2015	2016	2017
Stamp Duty on Sales	92	120	130
Stamp Duty on Prizes	83	50	69
TOTAL	176	170	199
Share of stamp duty in State tax revenue	13.1%	12.2%	13.5%

NOTE: Amounts corresponding to the period of recognition of the revenue by the State

## 2.3 SOCIAL COHESION



**IN 2017, THE OVERALL CONTRIBUTION OF JOGOS SANTA CASA TO ACTIONS RELATED TO THE PROMOTION OF SOCIAL COHESION IN PORTUGAL TOTALLED 1,165 MILLION EUROS.**

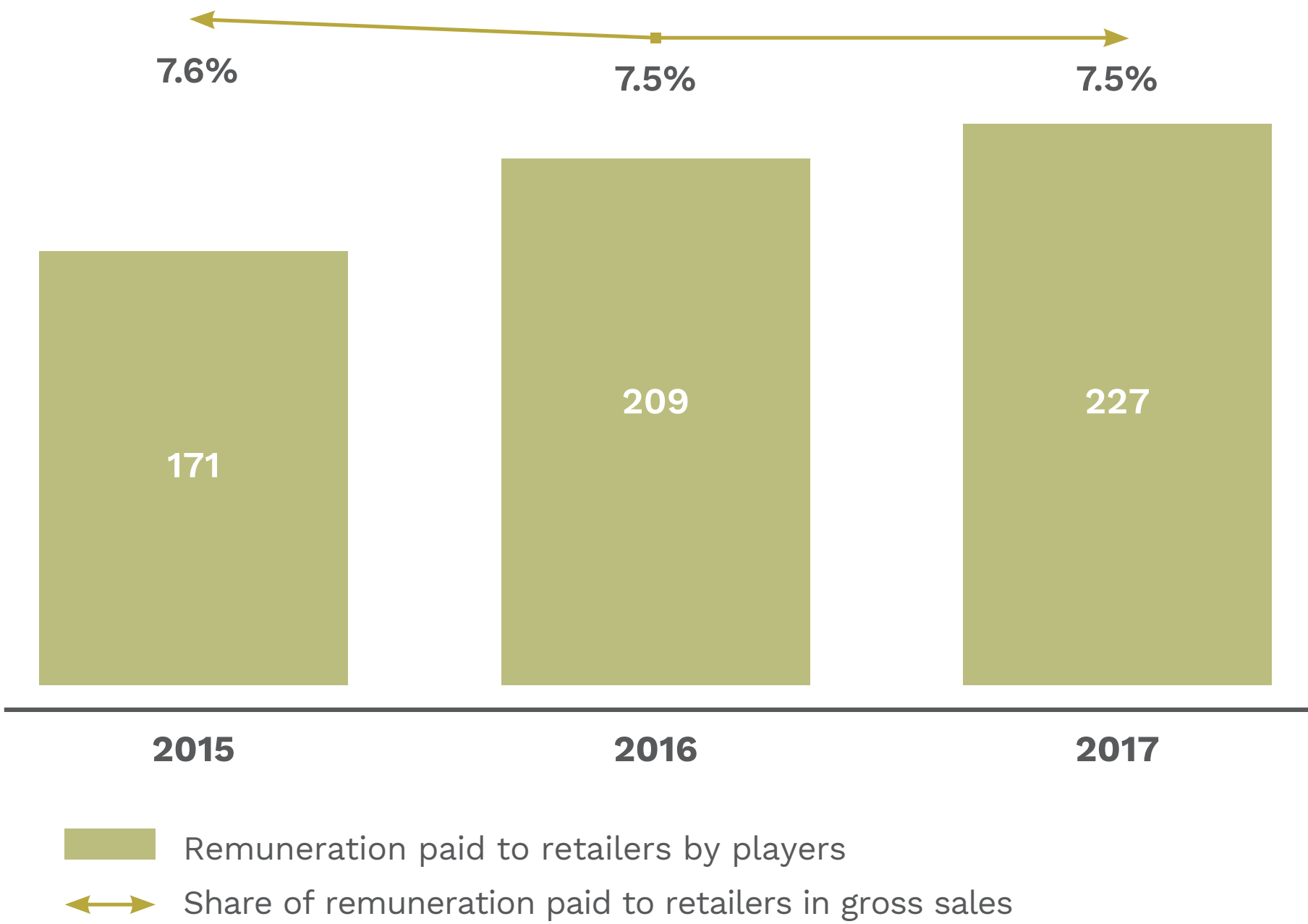
Apart from financing the State’s social policies, this level of return includes:

- Investment in protection for the legality of gaming for money, in the drive against tax fraud and money laundering as phenomena potentially associated with gaming, and in the promotion of Responsible Gaming as a means to protect household wealth and public order;
- The allocation of revenue from Land based Fixed Odds Sports Betting to support the organisers of sporting events, clubs and athletes, in accordance with the Framework for the Operation Land based of Fixed Odds Sports Betting, which amounted to 18 million euros in 2017;
- Payments made by players to the Retailers of State Games, which totalled 227 million euros in 2017.

With regard to the remuneration paid to Retailers, it should be noted that these amounts constitute financial support, in many cases decisive, for a large number of mostly small and medium-sized companies throughout the country, thus promoting business activity and employment in many local economies.

In 2017, 4,929 points of sale received, on average, around 46,000 euros, 9.4% more than in the previous year, and it is estimated that, overall, this money guaranteed more than 16,000 jobs.

**FIGURE 1:** REMUNERATION PAID TO RETAILERS BY PLAYERS: 2015 - 2017, (MILLION EUROS; %)

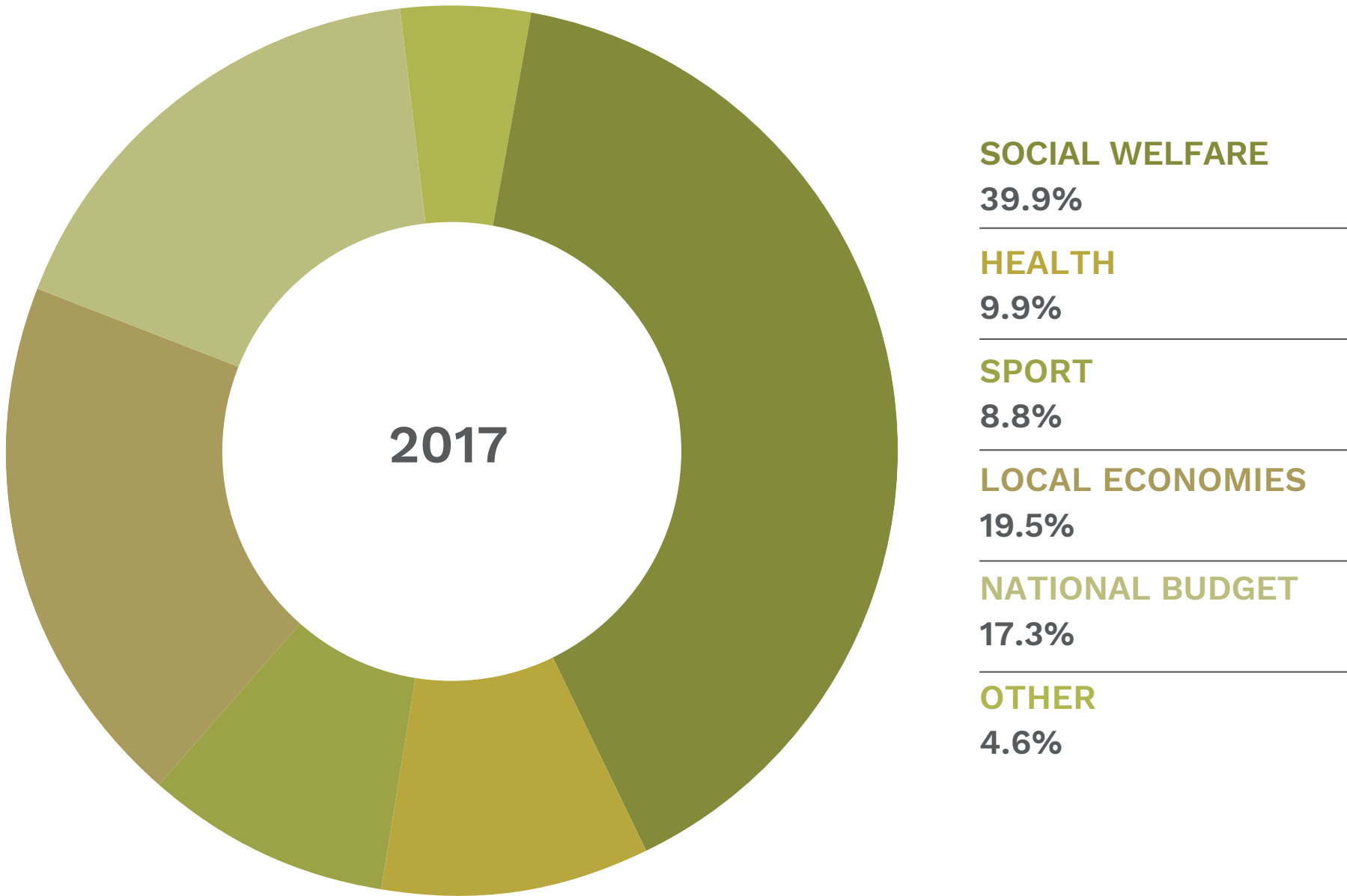


Despite stabilisation of the relative share of the amount received by retailers in gross sales, in recent years the absolute amount received by retailers has been increasing. This is due, on the one hand, to the retailers increase in sales of the Instant Lottery, with remuneration to reatilers higher than that provided by the other games in the portfolio and, on the other hand, the increasing preference of players for the retailers network. Over the last year, there was a significant increase in remuneration of 8.5%, compared to 2016.

For these reasons, it is still important to affirm that betting through the Retailers Network reinforces our role as a base for social cohesion, not only because of its economic importance, but also because of its unquestionable ability to combine shared entertainment, getting together and use of public spaces.

Of the money earmarked for Social Cohesion, funds raised by State gaming companies accounted for 19.5% of the total and were the second largest recipient, after the social area which received 39.9% of distributed funds.

FIGURE 2: RETURN PER AREA OF SOCIAL COHESION: 2017





# 2.4 TOTAL RETURN

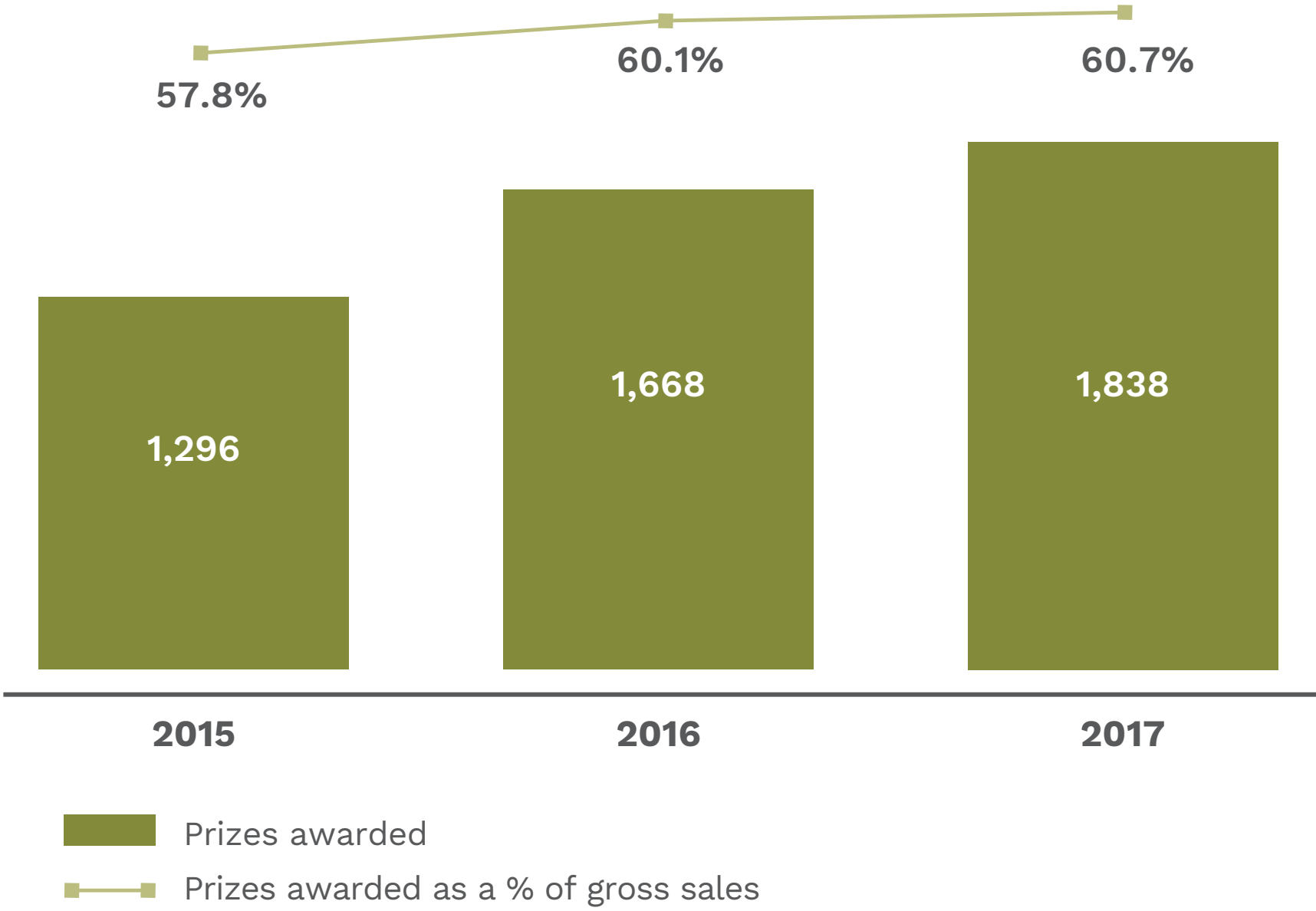
THE TOTAL RETURN TO SOCIETY WAS 2,947 MILLION EUROS IN 2017.

This final level of return to Society includes prizes awarded less stamp duty on prizes, already considered in terms of social return. Last year, the prizes awarded totalled 1,838 million euros, an increase of 10.2% compared to 2016.

This increase resulted in a rise in the relative amount, measured against gross sales, maintaining the trend of recent years. In 2017, the tranche of gross sales intended for prizes was 60.7%, following a relative share of 60.1% in 2016 and of 57.8% in 2015.

<sup>1</sup>This corresponds to the Gross Value of the Prizes, before deducting stamp duty on prizes.

FIGURE 3: PRIZES AWARDED: 2015 - 2017, (MILLION EUROS; %)



This change is associated, in turn, with the increased demand for games with a higher percentage paid out in prizes, such as the Instant Lottery and Fixed Odds Sports Betting.





3

RESPONSIBILITY



Ever since Queen Maria I granted the operation of the Lottery to the Santa Casa da Misericórdia de Lisboa for the first time in 1783, responsibility has been the value that better than any other characterises the attitude presented in the work that we carry out for all the stakeholders in the activities of Jogos Santa Casa.

More than 200 years later, much has changed, but responsibility continues to be an indissociable part of our daily life. This is an attitude that is not limited to the necessary security measures that we implement, as well as continuous and convinced improvements.

In 2017 we provided another example of this determination of ours with the update to a valuable security instrument, the Information Security and Management System (ISMS).

This responsible attitude also extends to how we manage the risk associated with running State gaming. Because it is not sufficient to simply establish rules and security systems. As we need to foresee, test and anticipate potential hazards, in 2017 we redoubled these preventive efforts, with a view to making provisions for potential infringements. This was why we structured and launched measures to strengthen our earlier work against money laundering.

“There are games for all ages, but gaming is for those aged 18 or over.” The likelihood of this phrase having already been read is considerable, since it appeared on the sides of buses and in newspapers throughout the country, having also appeared on television and on the radio and internet. An integral part of a programme of public awareness of Responsible Gaming, this is another example of the Responsibility policy found throughout our actions.

As an entity that promotes gaming, but never loses sight of the need to safeguard household assets, we decided to relaunch this campaign and reinforce with the public the responsible gambling habits that best protect our players and maintain gaming as an entertaining and fun activity.

Useful sponsorship, for society and for Santa Casa users, was and continues to be another way we have found to exercise this policy of Responsibility. To responsibly return to society the resources that it invests in gaming, we created, together with the entities we sponsor, a range of initiatives that, alongside our support for national sport, show a concern for responsible and useful management of sponsorship guaranteed by Jogos Santa Casa.

Finally, it should be noted that our commitment to a responsibility policy is not limited to the activities, initiatives, programmes and measures mentioned in this chapter. On the contrary, it is present in every action we take, since we are fully aware of the importance and national impact associated with our brand and the huge responsibility in contributing to Good Causes that guide Santa Casa da Misericórdia de Lisboa and to the policies of the long list of beneficiaries.



# 3.1 RELEVANCE IN SOCIETY

# SPONSORSHIP

## JOGOS SANTA CASA SCHOLARSHIPS REACH EVEN MORE ATHLETES

Since 2013 we have been the Official Partner for the area of Education of the Portuguese Olympic Committee (COP) and we have been the main sponsor of the Portuguese Paralympic Committee (CPP) since 2014. Both partnerships are governed by the same objective: to help athletes under the Olympic Preparation, Paralympic and Deaflympics programmes to combine sports and studies. Our support is in the form of a pioneering programme — **Jogos Santa Casa Scholarships**.

In addition to encouraging athletes to combine academic careers with sports careers, this programme also fights against two common and worrying situations: early withdrawal from high performance sport and early withdrawal from education.

In 2017, to our satisfaction, we witnessed the increased social impact of our Scholarships Programme. We not only awarded the largest number of annual scholarships since the start of this project (29 scholarships for Olympic athletes and 9 scholarships for Paralympic athletes worth €3,000/each), but have also seen a considerable increase in the number of applications, proof of the real impact of the programme on the lives of its targets. In addition to these factors, there is also public recognition, not unrelated to the programme’s aggregating and inclusive capacity, which, besides affecting a number of different sports, has as its cornerstones equality between disabled and non-disabled athletes and gender equality.

José Manuel Lourenço,  
President of the Portuguese Paralympic Committee

“ Financial support measures that reward athletes who combine sports at a high level of excellence with an academic career can undoubtedly make a decisive contribution to the training of athletes and citizens and be a determining factor to prevent their early abandonment of studies or of high-performance sports.

The Jogos Santa Casa scholarship project is therefore extremely important for the Portuguese Paralympic Committee.

The experience gained in this project is an incentive for the highly inspiring development of two-part careers, since it is based on the idea of equality, also present in access to the project and the conditions that it offers.”

## SOLIDARITY SCHOLARSHIPS

Afonso Costa & Diogo Costa,  
Rowers from the Olympic Preparation Programme

“ Last year, our dreams appeared to be fading. We were finding it impossible to continue studying and training in Coimbra. No matter the efforts made by our mother, single and without any outside help, there was no way to support our education and accommodation. It was then that Jogos Santa Casa appeared, in the middle of this academic and sports crisis. The two Solidarity Scholarships that we were awarded changed our life and changed it for the better. They allowed us to continue our two-part careers, divided between high performance and studies. There are no words to express how grateful we are to you and your actions. This action changed the life of two young men and enabled them to follow their dreams. An eternal Thank You! ”



It is testimonies such as these of Afonso and Diogo Costa that provide evidence that the Jogos Santa Casa brand truly makes a difference to the lives of those who have as their mission the daily overcoming of obstacles. In addition to the grants that we award under the Regulation, we are proud of awarding these two solidarity grants in 2017, which allowed two rowers to overcome their adverse socio-economic context and avoid abandoning their promising academic and sports lives.

### “WINNING THE FUTURE”

In order to extend the scope of the Scholarships Programme and with the aim of reaching future promises of Portuguese sport, we have also created a new project, together with the Portuguese Federation of University Sports. Under the motto “**Winning the Future**”, we launched a Scholarship Programme (€1,000/each) aimed at nine Portuguese student athletes, responsible for the best results of the Taipei 2017 Summer Universities, having also had academic success.

With this project, we have once again promoted “dual careers” and encouraged young students to increasingly reconcile their sports life with academic life, encouraging a greater and better representation of sport in Portugal in the future.

## SUPPORT FROM JOGOS SANTA CASA REACHES MORE FEDERATIONS

In recent years, the sponsorship strategy of the Jogos Santa Casa brand has been based on support for national sport and for what it represents for social cohesion.

In 2017, it was considered strategic to continue this focus, in order to consolidate its position as the brand that provides most support for sport in Portugal. In this context, we increased our range of support to three more sports federations: Portuguese Cycling Federation, Federation Portuguese of Gymnastics and Portuguese Federation of Sport for Persons with Disabilities.

### Delmino Pereira President of the Portuguese Cycling Federation

“ It was with tremendous satisfaction that the Portuguese Cycling Federation began a partnership with Jogos Santa Casa in 2017. It was in investment in National Teams that the partnership was strongest, starting in a historical year: the year in which Portuguese cycling achieved more medals since the foundation of the Federation in 1899. The world and European podiums included the Tiago Ferreira’s gold medal at the European MTB Marathon Championship and the Ivo Oliveira’s silver medal in the Individual Pursuit at the European Under-23 Championships. Also notable was the silver medal of Luís Costa at the Paracycling World Championships, the first podium for Portuguese para-cycling. ”

2017 was the year in which we established our strategy and ambition to extend our support to sports and to the sports federations in 3 fundamental fields:

• **IMPROVEMENT OF NATIONAL COMPETITIONS**

The numbers speak for themselves. In 2016, 12 men’s teams and 9 women’s teams took part in the Portuguese Table Tennis Cup. In 2017, now with the name and support of Jogos Santa Casa, the competition had a total of **99 teams** (83 men’s and 16 women’s).

The number of participants in this second most important competition in Portugal in this sport had been falling over the years. It was thanks to our support that the **Portuguese Table Tennis Federation** managed to change its competition model, encouraging all clubs to take part.

This is just one example of the brand’s performance in improving national competitions and a model for the success of this line followed in 2017.

• **PROMOTION OF WOMEN’S SPORT**

Another aspect that we develop with supported Sports Federations is related to the promotion of women’s sport. We seek to make a decisive contribution for the participation of female Portuguese athletes, at all levels and in all spheres of skills in national and international sport, to be an emerging reality.

An example of this strategic area was the opening to female resident athletes of the **Jogos Santa Casa Tennis High Performance Centre**.

On these lines, in 2017 we celebrated the start of support for the **Senior Women’s Basketball Team**, under a partnership started in 2016 with the

Portuguese Basketball Federation, which organises the Portuguese Basketball League, the main national competition in this sport, which was named Placard.

• **DEVELOPMENT OF ADAPTED SPORT**

Defending sport as a tool for social inclusion and in order to use it as such, we became the **Main Sponsors of the Portuguese Federation of Sports for the Disabled**. In this context, we focused our support on a project that aims to increase the provision of sports in the forms of Polybat and Rugby, in wheelchairs - **“+Sport\*”**.

It should be noted that in recent years adapted sport has moved from the Portuguese Federation of Sports for the Disabled to the different Federations of each sport. For this reason, in 2017 we sought to develop activities that favour the promotion of adapted sport with the Federations that we sponsor.

Following the leveraging of this strategic area, over this last year it has been possible to organise the **1st National Championship of Adapted Table Tennis**. This initiative is a continuation of the work that began with the Portuguese Federation of Table Tennis in 2015, with the creation of the first national circuit of adapted table tennis.

The progress of these three strategic areas was also important in the partnership launched in 2017 with the Portuguese Cycling Federation (FPC), with visible results: the Jogos Santa Casa brand lent its name to the national cycling teams, to the Portuguese road cycling cup for the elite and under-23 categories, as well as Para-cycling and women’s elite cycling.



## USEFUL SPONSORSHIP

Pursuing a model of useful sponsorship for society and for the actual users of Santa Casa, together with the sponsored entities, we have encouraged the implementation of activities that include:

- Awareness-raising actions on good driving practices, with the participation of young people from institutions run by the SCML, held at the Autódromo do Estoril, during Stage 4 of the National Speed Championship, in partnership with the Portuguese Motorcycling Federation.
- The participation of young people from the SCML at the Juvenile Basketball Festival, a Portuguese Basketball Federation event held at the Municipal Pavilion of Albufeira, from 6 to 11 April.

“ I hadn’t played sport since I started using a wheelchair and was happy to realise that I can dpractice sports again. ”

This was how Micael Grilo, from the Alcoitão Rehabilitation Medicine Centre (CMRA), classified his experience at the adapted tennis clinic that we held under our sponsorship of the “Lisboa Belém Open” and the “Open de São Domingos”.

- Seven young people from SCML had the opportunity to accompany Cork Head of the River, where there were 3 rowing medal winners from the 2016 Rio Olympic Games. Besides the opportunity to meet athletes, these young people could also enjoy an atmosphere that, as the SCML technician present explained, “reinforces the self-esteem and self-concept of young people and strengthens their capacity to relate to new environments”.

- Celebration of International Table Tennis Day, at the Alcoitão Rehabilitation Medicine Centre, offering users a Table Tennis clinic. Appreciative of the interest, the President of the Portuguese Table Tennis Federation offered the CMRA an adapted table for playing the sport at the Centre.
- Collaboration by the paralympic para-dressage athlete Sara Duarte, from the Academia Equestre João Cardiga, at the CMRA Commemorations, with a motivational talk on the theme of “Overcoming obstacles”.
- The sports support provided by young people from SCML at the Placard Rugby Cup Final, in Setúbal. This type of contact makes it possible to open professional horizons for young people from the SCML, offering them experience of the necessary sports support for organising an event.
- In the context of sponsorship of the World Surf League, as in previous years we have promoted together with the organisers two adapted and inclusive surf clinics for Santa Casa users. In addition to these clinics, the SCML senior generations could also accompany the championships in Cascais and Peniche, sports activities having been developed on the beach, adequate to this type of population, seeking to show that sports activities have benefits for all ages and physical conditions.
- The promotion of contact between Olympic athletes and surfers — a sport that will debut at the next Olympic Games — with the intention of encouraging the sharing of experiences between athletes that have already competed in Olympics and those will compete in Tokyo, in 2020.

- The two agreements signed with the Academia Equestre João Cardiga.
  - **“Jogos Acavalo”** is the name selected for the pilot protocol between the Academia Equestre and the CMRA that aims to offer free sessions of Therapeutic and Sports Horse-riding to around one hundred disabled people, also creating the possibility of finding new talents for national Para-dressage.
  - Between Hospital de Sant’Ana and the abovementioned Academia enabling Para-dressage athletes to be accompanied by sports **psychologists free of charge**.

### THE “SPORT HAS ALL OUR SUPPORT” CAMPAIGN

Because in the national sports panorama we are present at all times, from unforgettable debuts to memorable victories, in 2017 we decided to inform the public of the work that positions us as the main driver behind sport in Portugal.

Under the slogan “Sport has all our support”, we launched an institutional advertising campaign, on the radio and internet and in the press, aimed at strengthening the unconditional role and the scope of our support for the world of national sport, through funding for different projects to:

- Promote sport as a driver for social cohesion, equality and social integration;
- Promote the practice of sport and of healthy lifestyles;

- Promote actions within the framework of Sports for All;
- Develop Adapted Sport and contribute to social inclusion for disabled people;
- Encourage and promote Women’s Sport;
- Develop and promote effort and sports merit in support for domestic talents;
- Improve sports conditions for the elite athletes;
- Support for Olympic, Paralympic and Deaflympic Path of national athletes; Captar novos talentos;
- Attract new talents.





## JOGOS SANTA CASA AT WONDERLAND & PRAÇA DE NATAL CHRISTMAS MARKETS

In 2017, we once again associated ourselves with the main Christmas markets in Portugal and, for the first time in this context, decentralised our support, taking the magic of Christmas to the north of the country, specifically to the city of Gaia.

For 5 years we have joined traditional seasonal commemorations, accompanied by one of our most emblematic products — the Christmas Lottery —, this time with two markets: Wonderland held in Lisbon and Praça de Natal held in Gaia.

### WONDERLAND LISBOA

Wonderland Lisboa 2017 spread its magic to Parque Eduardo VII, close to Marquês de Pombal square, from 1 December to 1 January 2018.

We marked our position as the main sponsors of this initiative produced by TVI in partnership with the Lisbon City Council, at which an 800 m2 ecological ice rink, an ice ramp, a 30 m Christmas tree and the traditional Santa Claus House were some of the attractions available free to the visiting public. There was also a wide range of concerts, entertainment and fun, in addition to 52 kiosks selling Portuguese handicrafts, regional products, fashion and accessories, as well as traditional Christmas sweets, where once again there was a space to promote the Lotaria Clássica and the Lotaria Popular.

### PRAÇA DE NATAL

In an unprecedented initiative, this year we sought to extend our presence to other areas of the country, this time to the north. This was at the Jogos Santa Casa Praça de Natal, held in the garden of the Civic Centre in Gaia, from 1 December to 7 January 2018. Organised by SCML, GlobalMedia and Gaia Municipal Council, this unique space in the region brought joy and conviviality to every family that visited it.

## MAJOR PRIZES

In 2017 we did what we do best: grant prizes. With a vast and attractive portfolio, every day can be a lucky day for Jogos Santa Casa players. However, no game regularly pays out such large prizes as M1LHÃO.

This latest member of the JSC game family distributed 52 million euros in so many weeks. If we add to this the extra eight million that were distributed in two special competitions, in which M1LHÃO "sang" five times, we reached the fantastic amount of 60 million euros, spread across 15 districts of Portugal!

And while our youngest competition spent its first year distributing prizes, Joker also made a point of making a great farewell. Months before its suspension, this game distributed more than 7 million euros to the district of Santarém.

In turn, EuroMillions continued to do exactly what had made it so famous: decentralising! This time, there were three first prizes across our country.

In Faro, an accurate guess awarded a player the modest sum of 80 million euros, in Braga the correct combination was worth 36 million euros and, in Aveiro, the lucky key opened a “safe” with 17 million euros. Despite the large amounts distributed this year in the first EuroMillions draws, they are still far from the 190 million awarded to a player from Castelo Branco in 2014, still the largest first prize ever awarded in our country.

But first places are not always decentralised! In addition to these 3 first prizes, two second prizes of more than 1.2 million euros each were also awarded. Although their geographic areas were very different — Lisbon and Vila Real —, these prizes shared the same origin, draw No. 080 in 2017.

In the Totoloto, it was also a year of major prizes. In Aveiro, a winning combination gave its player 4 million euros, the third largest prize in the year for this game. But it was in Setúbal that the luck of the Totoloto shone, with the district receiving the first and second largest prizes of the year — 8.6 million and 7.6 million euros.

This was indeed a great year for this district, which welcomed a total of 10 prizes of more than 1 million euros, only exceeded by Lisboa, with 12 prizes over the year.

Despite “only” having received 5 prizes of more than 1 million euros during the year, Faro was the district in Portugal with the highest relative dividends from its bets. In prizes, this city in the Algarve won a total value of more than 84 million euros. Most of this amount was due to the EuroMillions 1st prize distributed there, plus 4 million euros distributed through M1LHÃO.

Aveiro was notable, not for the number of awards, nor their amount, but for having been the district with the most eclectic luck. 5 prizes were handed out, for three different games (M1LHÃO, EuroMillions and Totoloto), making this the district with the largest number of sources of prizes of value of 1 million euros or more, distributed in 2017.



## #RECOMEÇAR

2017 indelibly marked our country, with the fires that devastated a huge area of the country. Given this tragedy, we could not fail to support the victims of this catastrophe.

In order to help the municipalities most affected by the fires, in December Santa Casa da Misericórdia de Lisboa launched a campaign called “Recomeçar”, appealing to the Portuguese to support this cause through State Games, in the week from 16 to 24 December.

During that period, a bet placed with any of our games was more than a possible prize. This represented solidarity and help for the people of the locations devastated by the fires.

From 16 to 24 December, gaming was helping somebody to Restart (“Recomeçar”), since the revenue intended for SCML, resulting from Jogos Santa Casa games and reaching a total of more than 4 million euros, was totally channelled to support for the victims of the fires.

# 3.2 RESPONSIBILITY IN GAMING SERVICES



# RESPONSIBLE GAMING

In a year marked by the word Responsibility, Responsible Gaming became the slogan of our organisation.

Based on the Responsible Gaming Policy already adopted by Jogos Santa Casa and with a determination to reaffirm the commitment of the Institution to encourage continuous improvement of its measures and practices in this context, 2017 was the year in which we started to implement a structured series of actions with which we aim to show that we are ready to obtain Responsible Gaming certification from European Lotteries, this being the highest level of certification among standards of performance.

## RESEARCH ON GAMING FOR MONEY AND RESPONSIBLE GAMING

The updating of our knowledge of habits related to gambling for money and problem gambling was indeed constant. The search for the latest corporate practices on this matter and the most recent scientific knowledge, on an international scale, led us to the following key actions:

- Participation in discussion and knowledge-sharing forums (seminars, conferences and congresses) that offer us an opportunity for contact with: researchers and higher education establishments, health-care professionals, organisations specialised in counselling and treatment of problem players, suppliers, other cash gaming operators, market regulators and entities with expertise in the fields of addictive behaviours and addictions;

- Completion or promotion of research on cash gaming habits and on Responsible Gaming matters;

Using a sample of 1,200 players in Portugal, 2017 was also the year in which we conducted an online survey to help us understand that in society there is a considerable lack of knowledge of the problems that may arise from gaming for money.

## TRAINING PERSONNEL ON RESPONSIBLE GAMING

In addition to regularly carrying out a number of information and actions on the subject of Responsible Gaming for most of our workforce, in 2017 we also implemented a training plan intended for specific groups. On an annual basis, this training plan is aimed at employees with duties that imply closer direct or indirect contact with players (contact centre and customer service areas for players and areas of commercial support in the retailer network), or with duties related to the development of games and their publicity (areas of marketing, communication and advertising).

In 2017, we also set up regular training for new Jogos Santa Casa employees on the subject of Responsible Gaming.

## RESPONSIBLE GAMING TRAINING FOR RETAILERS

Whether initial training activities for retailers or national training for the whole network (on specific subjects), the training programmes intended for this target group include Responsible Gaming modules. In 2017, we continued with this policy.

Training of Retailers	2016	2017
No. of trained retailers*	13,812	13,082
No. of hours of training received	40,834	40,110

\*No. of trainers (retailers and their employees).

This training aims to continuously update and consolidate the Responsible Gaming requirements associated with the commercial activity of retailers, focusing on the following aspects, among others:

- The availability of clear and detailed information on all games;
- The availability of information related to Responsible Gaming recommendations;
- The prohibition on selling games to minors under 18;
- The unavailability of gaming on credit;
- The possibility of players self-excluding themselves from Placard.

The content of this training takes into account not only the above points, but also the results of actions to control our retailers. These checks on compliance with Responsible Gaming practices are carried out using mystery shopper studies, as well as frequent internal audits.

## PREVENTION OF SOCIAL IMPACTS DUE TO JOGOS SANTA CASA GAMES

At the end of the year which this report covers, we had a set of tools aimed at preventing adverse social impacts of the games that we run.

- Periodical market research, aimed at monitoring the population’s gambling habits;
- Market research to assess the receptivity and purchase intentions of games to be launched or reformulated;
- The application of an internal tool to assess the risk of a social impact associated with the main characteristics of games to be launched or reformulated;
- The application of an internal tool to verify legal and Responsible Gaming requirements associated with the marketing and advertising of games.

The adoption of this methodology enables us to determine the need to change the technical characteristics of products to be launched (or reformulated) as well as adjustments to the respective communication contents.



## MECHANISMS FOR SELF-PROTECTION OF PLAYERS

In November, we implemented automatic self-exclusion from the Jogos Santa Casa website. This is an important self-protection mechanism, by which players, on their own initiative, can request the suspension of their account for a minimum period of 180 days. During this period, players are prevented from making bets through the Jogos Santa Casa website, the Jogos Santa Casa App or the SMS channel.

In addition to this new mechanism, we had already implemented administrative self-exclusion from Placard, which works by deactivation of the player's tax number in the gaming system, also for a minimum period of 180 days.

It is to be noted that, at the end of 2017, we had not received any request for withdrawal of previously implemented self-exclusion (after a minimum period of 180 days).

## RAISING AWARENESS AMONG PLAYERS AND THE GENERAL PUBLIC

Good practice tells us that it is not sufficient to apply internal measures to increase the effectiveness of Responsible Gaming policies. It is also necessary, at the same time, to take measures with the agents of demand, raising the awareness of players of the need to adopt moderate gaming habits.

In this context of consumer awareness, our actions have been varied, addressing different aspects, always with the aim of contributing to an atmosphere of Responsible Gaming in society:

### 1. PROVISION OF CONTENT ABOUT RESPONSIBLE GAMING

We constantly provide information about Responsible Gaming. Containing a series of recommendations for maintaining moderate gaming habits, this information is available both on the internet and at our points of sale.

Notable in 2017 was the updating of contents of the Jogos Santa Casa and Placard sites and apps and profound changes to our micro-site dedicated to Responsible Gaming. This now includes a self-assessment questionnaire on gaming for cash habits, that enables our players to understand their player profile.

### 2. INCREASE IN AWARENESS CAMPAIGNS

In 2017, in addition to the increase in references in respect of Responsible Gaming on a broad range of communication supports (points of sale, communication of products and digital communication channels), we considered that it was hugely important to keeping this subject on the agenda, bringing back a new wave of the multimedia advertising campaigns that had been launched in 2016. Entitled “There are games for all ages, but gambling is for those aged 18 or over”, we wanted to strengthen the importance of adoption of moderate gaming habits, as well as the prohibition of play by minors.

### 3. SPECIALISED ADVISORY SERVICE

Besides the self-assessment questionnaire on cash gaming habits and the recommendations that can be found on the Responsible Gaming micro-site, we also provided specialised advisory service for people with possible gambling problems.

The JOGO RESPONSÁVEL (Responsible Gaming) Support Line is a totally independent, anonymous and confidential line, contracted by SCML from the IAJ - Institute for Gambler Support.

This line, also available for relatives or friends of players, analyses the profile of the player and transmits a series of recommendations. When necessary, this may lead to a referral to the National Health Service, where specialist help can be obtained, depending on the area of residence.

Although it is an independent line, the quality of the service provided is regularly assessed by our Responsible Gaming Office, which can propose improvements to the IAJ. An example of this is the work carried out in 2017 on the revision of customer service scripts. This year, the “Responsible Gaming Support Line” now has programmes for follow-up after the initial contact of players (through later contacts with the line), thus offering a further option for those who seek this support.

## SAFETY AND RISK MANAGEMENT

Cross-cutting all our activities, risk management itself must ensure the implementation of a preventive strategy that guarantees the capacity to identify and anticipate situations of potential infringement of the objectives that the Gaming Department proposes.

Indeed, it is increasingly necessary for the organisation to raise awareness of the importance of “risk management”, which has proven to be a fundamental factor for achievement of its strategic objectives, together with the effective implementation of “risk management” practices, based on a cross-cutting business model. In a constantly evolving market, this must always be one of the established targets.

To do this, throughout 2017, training activities — both internal and external — were developed which, in addition to player security, addressed two fundamental aspects for risk management, themselves defined as the main objectives outlined for 2017:

- The prevention and combating of money laundering and funding of terrorism;
- The prevention and combating of manipulation of sports results.

These were identified as priorities for intervention and the year was marked by the definition of a policy for prevention and control of money laundering and the funding of terrorism. However, there had already been a concern with these matters, since, in recent years, we have been implementing effective measures, namely by informing tax and legal authorities about all the situations identified as statistically atypical in the recording of bets and/or in the payment of betting and lottery prizes.



In this context, we strongly highlighted the increase in player and retailer security through a series of measures that entered into effect on 6 November 2017, the date after which only a single tax number printout (Talão NIF) will be valid for Placard player, thus preventing the existence of several print-outs per player. The tax number printouts issued by the gaming terminal — prior to 6 November — were automatically invalidated and, a new tax number printout was issued for all Placard player, following the presentation of their identification.

With this measure, we increased our capacity to monitor situations of wrongful issue of printouts and ensured the identification of any need to increase training and deterrence with the Retailers’ Network.

Since 6 November there has been a daily limit on the number of bets registered by the same player/tax number with Placard of €5,000, under the provisions of Article 19.5 of the gaming regulations, which states that the Gaming Department can alter and apply limits, per competition and form of bet, and per player or group of player.

With these two measures, the DJSCML aimed above all to increase the mechanisms to control and manage player security, in line with international best practices.

We cannot fail to highlight the increase in security in the system for identification of prizewinners: identification is now required for recipients of prizes worth more than €2,000.

As we have always sought improvements aimed at excellence, we have pursued the continuous improvement of monitoring processes, thus guaranteeing greater efficacy for procedures. To do this, new parameters of analysis were defined, better suited to player behaviour, thus managing to ensure a system of

identification of atypical situations that is of higher quality and independent from subjective analysis.

## SAFEGUARDING HOUSEHOLD ASSETS

The preservation of household wealth and prevention of excessive gaming are factors associated with the mission conferred by the State on the Gaming Department: the running of its gaming activities. This is why we have implemented an increasingly broad range of monitoring tools in this field. We want to ensure that the expansion model for the business with which we are entrusted is compatible with these concerns.

The basic behaviour of players, the growth rate of sales and the growth in net expenses of households are factors that we constantly control in order to safeguard the assets of Portuguese households.

Between 2016 and 2017, the net spending of households on State gaming (measured by the amount spent on betting, less the amount granted in prizes net of the stamp tax levied on them) only increased 4.6%. The increase in gross sales was 9.1%.

The fact that games with a higher percentage intended for the prizes are responsible for an increasing volume of business of the DJSCML played a large part in this difference. The same factor explains that, in 2017, the prizes awarded increased 10.2%, which is higher than the increase recorded by sales.

If we measure this spending by its representativity in the disposable income of households, we have once again evidence that the amounts spent on JSC have not presented worrying variations. There has even been a slight tendency for a reduction in the importance of this factor in the overall income earned by households.

While the net amount spent by households in the JSC represented 0.9% of their total disposable income in 2016, it is estimated that, taking into account the growth that has been shown in the aggregate figures of national accounts, this indicator has remained stable or even recorded a slight fall in 2017.

In turn, the increase in the volume of spending on gaming is justified, almost entirely, by the effect of a broader player base, by attracting new players, both through changes in the products offered by Placard and through the diversification of Instant Lottery games.

As a result of all the factors listed here, the average amount spent per record in 2017 fell to €2.34, when in the three previous years this amount had remained stable, always around €2.46.

## CERTIFICATION

In 2017, we successfully updated and adapted an essential tool of our management: the Information Security and Management System (ISMS). This system, which contributes decisively to maintaining the security and integrity of running the State gaming business, now accommodates changes developed by the international security standard WLA-SCS:2016, while also remaining compliant with ISO/IEC 27001:2013.

This process involved the organisational units covered by the ISMS, with particular impact on the Gaming Department (DJSCML) and on the Department of Information Systems and Technologies (DISTI), since the amendments concerned in particular the safety controls applicable to electronic draws (M1LHÃO) and the Multichannel Games and Sports Betting website.

In addition, initial training in security and information security was important in the strategy of providing security skills for our employees. Proof of this was 8 certified training sessions totalling 46 hours with 107 participants from our workforce. Also covered were relevant external entities that, due to the characteristics of the service provided, have access to restricted and confidential information from our organisation.

Throughout the year, we watched the culmination of a process of updating the document pyramid that supports the ISMS and the business that it aims to protect. This process was reflected in changes in the basic standards and also in changes in our gaming portfolio, through a review of directly related legislation and legislation related to the activity of the DJSCML.





2

ACHIEVEMENTS



# LOTARIA POPULAR: 30 YEARS OF “A VERITABLE CORNUCOPIA OF MAGNIFICENT PRIZES”

“A veritable cornucopia of magnificent prizes (...) in a plan entirely designed to benefit those unprotected by fate”. This was how the Santa Casa presented a new lottery to the press and to the country on 10 March 1987: Lotaria Popular.

In 2017, 30 years later, we could not fail to mark such a special anniversary. To celebrate three decades of a game so cherished by the Portuguese, responsible during that period for more than 615 million euros in prizes distributed, its 30th anniversary draw was associated with the opening of the new Porto Delegation of the SCML Gaming Department!

On the day on which the new home of Jogos Santa Casa in the north of the country was opened, seeking to strengthen the unique role of the Santa Casa da Misericórdia de Lisboa throughout the country, we watched the special draw of a game that has now spent three decades supporting good causes!

# M1LHÃO: ONE YEAR SINGING PRIZES

In the year that marked the first anniversary of its launch, M1LHÃO, our truly Portuguese game, hasn’t stopped singing out prizes throughout the country.

Apart from the million euros in prizes drawn every week, this game associated with EuroMillions had its first special draw on 2 June, distributing 5 prizes of 1 million euros all in one go. This draw format was repeated on 17 November, when 5 more prizes of the same value were cause for celebration.

A total of 60 million euros were awarded in prizes by M1LHÃO, in a year in which the latest Jogos Santa Casa product always sang in tune!

# PLACARD: SEVEN TIMES MORE EXCITEMENT!

The launch of Placard in 2015 further increased the excitement of the phenomenal goals, powerful serves and superhuman basketball shots. In 2017, the excitement of sports betting increased ... by seven!

This was the number of events introduced to this game that now included, in addition to football, tennis and basketball, also rugby, volleyball, handball, ice hockey, futsal, beach soccer and American football.

The introduction of these new events was a response to the expectations of the users of Placard, a game that was now renowned on the football pitch, sports hall, beach or clay, and continues to be a winning bet!



# 2017: THE YEAR IN WHICH WE CHANGED THE CLASSIC TOTOBOLA AND JOKER

In 2017, a classic of sports betting in Portugal gained new life! On 6 August, in time for the start of the football season, Totobola changed to new kit (new coupons), changed its tactic concerning reserve matches (eliminating them) and even the Super 14 was renewed for the new football season.

With these changes, long desired by the faithful supporters of the 1X2, Totobola began the new season with the energy of a bright young hope and the experience of a veteran team captain.

On the same day on which a classic gained new energy, after 23 years handing out prizes to the Portuguese, Joker had earned itself a well-deserved rest. Suspended, with no specific date of return, this game said goodbye with a last draw. In this draw, Joker carried on the good work: giving out prizes. There were 5,974 players who got lucky on this farewell evening!

# INSTANT LOTTERY ON THE JOGOS SANTA CASA APP!

Launched in May 2016, the Jogos Santa Casa App proved a great success among the Portuguese who saw that this quick, practical and convenient solution was a safe, alternative way of using State gaming. In its first year, downloads reached 210,000 and gross sales were more than 6.5 million euros.

In 2017, new products continued to reach the Jogos Santa Casa App — on 5 June, little more than a year after its launch, this mobile platform started to offer one of the most popular games in the JSC portfolio: Instant Lottery.

And because “luck is random”, as suggested by the App launch campaign a year earlier, its users responded with enthusiasm to this new provision of the Instant Lottery.. This game thus joined EuroMillions, M1LHÃO and Totoloto, the other 3 games already available on the App since its launch.

In 2017, with four games in its portfolio, the Jogos Santa Casa App continued to be the only mobile gaming App, a guarantee of the integrity of all its gaming operations, carrying the seal of quality and responsibility of the Jogos Santa Casa brand.

# PRIZES AND PRIZES

It was not only for anniversaries that Jogos Santa Casa was to be congratulated in 2017. On the contrary, this year, there are no lack of reasons for congratulating JSC, with the brand receiving numerous congratulations.

## **THE GOLDEN CALLS OF THE JOGOS SANTA CASA CALL CENTER**

808 203 377. The number might not mean much to you, at first sight. But if you ring it, you'll realise that it is a multi-award winning Customer Service number. In 2017, the Contact Center, responsible for the Jogos Santa Casa line, added a Gold Award from the Portuguese Association of Contact Centers to its honour roll.

An honour roll that had already been joined last year by a new award from its peers in the business, who, every year, reward the best that is done in the area of customer support.

## **THE MOTHER-IN-LAW SAGA PRIZES**

And if the Jogos Santa Casa Contact Center was a repeat award winner, what can we say about the Saga da Sogra (Mother-in-Law Saga)? The digital campaign for EuroMillions won a total of five awards in 2017!

In October it was the Sapo and Navegantes XXI awards. In July the Mother-in-Law, Humberto and company won bronze in the “Digital Craft” category at the Meios & Publicidade Creativity Awards.

But this campaign had already received two earlier awards, with an honourable mention at the Meios & Publicidade awards and at bronze in the sites/micro-sites category at the 19th Clube de Criativos de Portugal Festival, held in Lisbon in May.

It was thus demonstrated that the fun, interactive style of this campaign, which accompanied the Mother-in-Law as she visited Mars, “tormented” some Buddhist monks in Tibet and enjoyed a relaxing cruise, captured far more than just the imagination of the Portuguese.





5

RESULTS



# 5.1 REVENUE



The overall revenue from the activities of the DJSCML in 2017 reached a total of 819 million euros. This represents a rise of 6.8% compared to the previous year, thus maintaining the growth trend of recent years, although with a slight slowdown compared to 2016 (11.9%).

**TABLE 2:** JSC REVENUE: 2015 - 2017 (MILLION EUROS; %)

	2015	2016	2017	Var.2017 /2016
Gross sales (1)	2,240	2,775	3,028	9.1%
Deductions (2)	1,567	2,018	2,223	10.1%
Prizes	1,296	1,668	1,838	10.2%
Rem. retailers paid by players	171	209	227	8.5%
Deduction for distribution of Revenue	4	21	28	30.3%
Stamp Duty on gaming	96	120	130	9.1%
Net sales from gaming (1)-(2)	674	757	805	6.4%
Other Revenue (net of FREM* financing payments)	11	10	14	40.1%
TOTAL	685	767	819	6.8%

\*FREM: Fund intended for renewal of equipment, material and systems for the operation of gaming

## GROSS SALES

In 2017, gross sales of the JSC were 3,028 million euros, which represented an increase of 9.1%, 253 million euros more than in the previous year.

This growth is the result of an ongoing strategy of successful positioning with our players. The player base has been widened through diversification and renewal of the offer.

The measures on which we have based this strategy have enabled us to recruit and retain new players, with profiles that value recreational and entertainment aspects, in addition to the prize factor.

In 2017, our products were essentially marked by the growth of Placard which, once again, exceeded all expectation for the development of this game. Another significant achievement was the increase in sales of the Instant Lottery, which remained the bestselling game. Lastly, it is important to highlight the consolidation of our most recent product: M1LHÃO. Launched in the last quarter of 2016, this game introduced a new game category into the JSC portfolio. As it is associated with EuroMillions, it has leveraged sales in this segment. The joint sales of M1LHÃO and EuroMillions increased by 5.1% in 2017, while the sales variation of EuroMillions had been successively negative over recent years.

**TABLE 3:** JSC SALES, BY GAME:  
2015 - 2017 (MILLION EUROS; %)

	2015	2016	2017	Var.2017 /2016
Gross Sales JSC	2,240	2,775	3,028	9.1%
Pool Betting	997	961	976	1.6%
Totobola	11	9	8	-18.5%
Totoloto	129	110	100	-9.7%
Joker	36	31	18	-43.8%
EuroMillions and M1lhão*	821	810	851	5.1%
Lotaria Nacional	77	70	64	-9.5%
Lotaria Clássica	52	47	41	-12.9%
Lotaria Popular	25	23	23	-2.8%
Lotaria Instantânea	1,102	1,359	1,487	9.4%
Placard**	65	385	502	30.3%

\* Launch of M1LHÃO in September/2016

\*\* Launch of Placard in September/2015

The performance of the games referred to above more than compensate for the falls reported in other products in the Jogos Santa Casa portfolio. The negative evolution of sales of some games is part of a lifecycle context that, in most cases, coincides with stages of maturity that simultaneously cross with the offer of new, more appealing products.

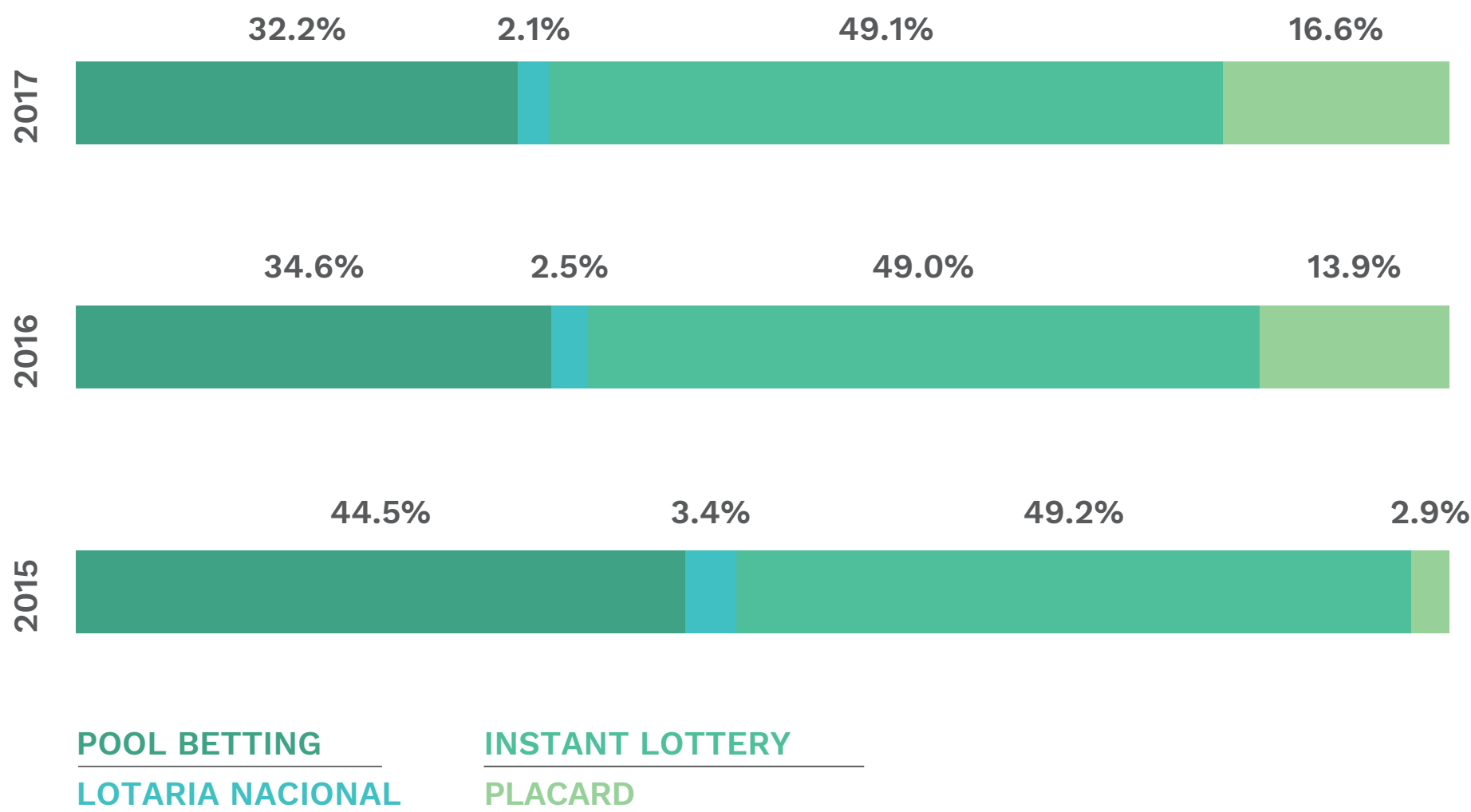
It is to be noted that Joker was suspended in 2017, in connection with identification of the need for strategic redefinition of the portfolio. At the same moment when Joker was suspended, the sports betting classic, Totobola, was relaunched with some changes that improved its sales performance. Although the fall was 18.5% at year end, this was slightly less than the fall recorded in the previous year. If these changes had not been made, it is estimated that the decline would have been more than 21%.

The way different games have evolved has had repercussions on the sales structure. Over the last year, the importance of Placard has once again been striking, since it has strengthened its position as the third best selling game, with a share of 16.6% of total sales. Placard also gained ground on all other gaming categories, with the exception of the Instant Lottery, which, although not so strongly, reported gains of relative importance, with a sales share of 49.1%.

It is to be noted that M1LHÃO alone accounted for 3.4% of sales in 2017, which placed it in fourth place in our sales. Despite the proven effect of this game in slowing the decline in pool betting, these games maintained, as a whole, alongside the Lotaria Nacional, the tendency towards a reduction in their share in the total sales structure.



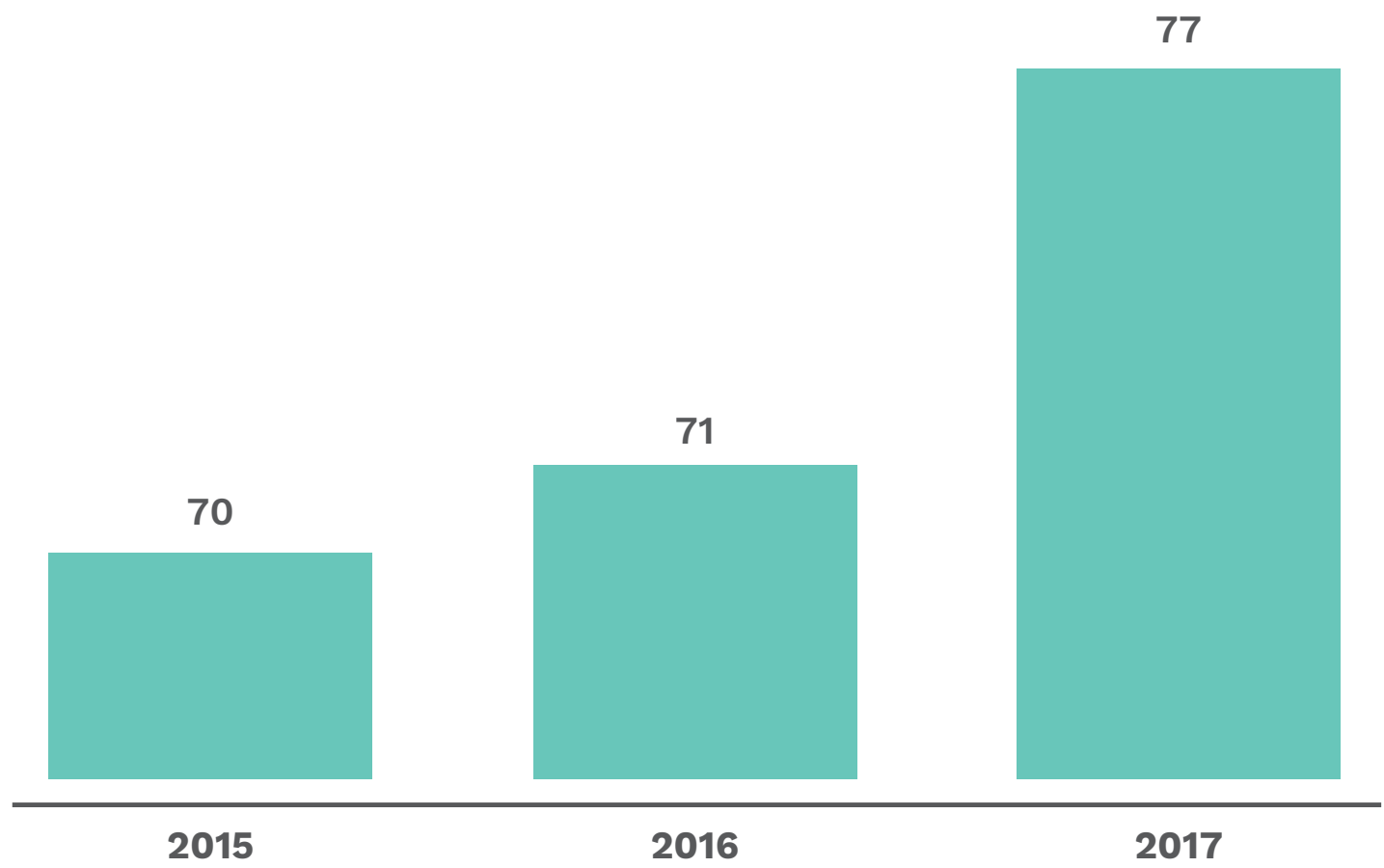
FIGURE 4: JSC SALES STRUCTURE: 2015 - 2017 (%)



With regard to the distribution of sales per channel, in 2017 players maintained their preference for the JSC commercial network, with physical points of sale responsible for 97.5% of sales. This distribution is determined to a considerable extent by the growth in Placard (not available online) and by the fact that demand for the Instant Lottery is primarily aimed at physical supply.

Nevertheless, online sales have grown and there has been marked growth compared to previous years. Sales on these channels rose 8.2% (1.9% in 2016, -1.0% in 2015), as a result of sales growth in the mobile channel - Jogos Santa Casa App - which completed one year of sales in 2017, and the strengthening of the provision of the Instant Lottery through the App.

FIGURE 5: CHANGE IN GROSS SALES AT JSC DIGITAL CHANNELS: 2015 - 2017 (MILLION EUROS)



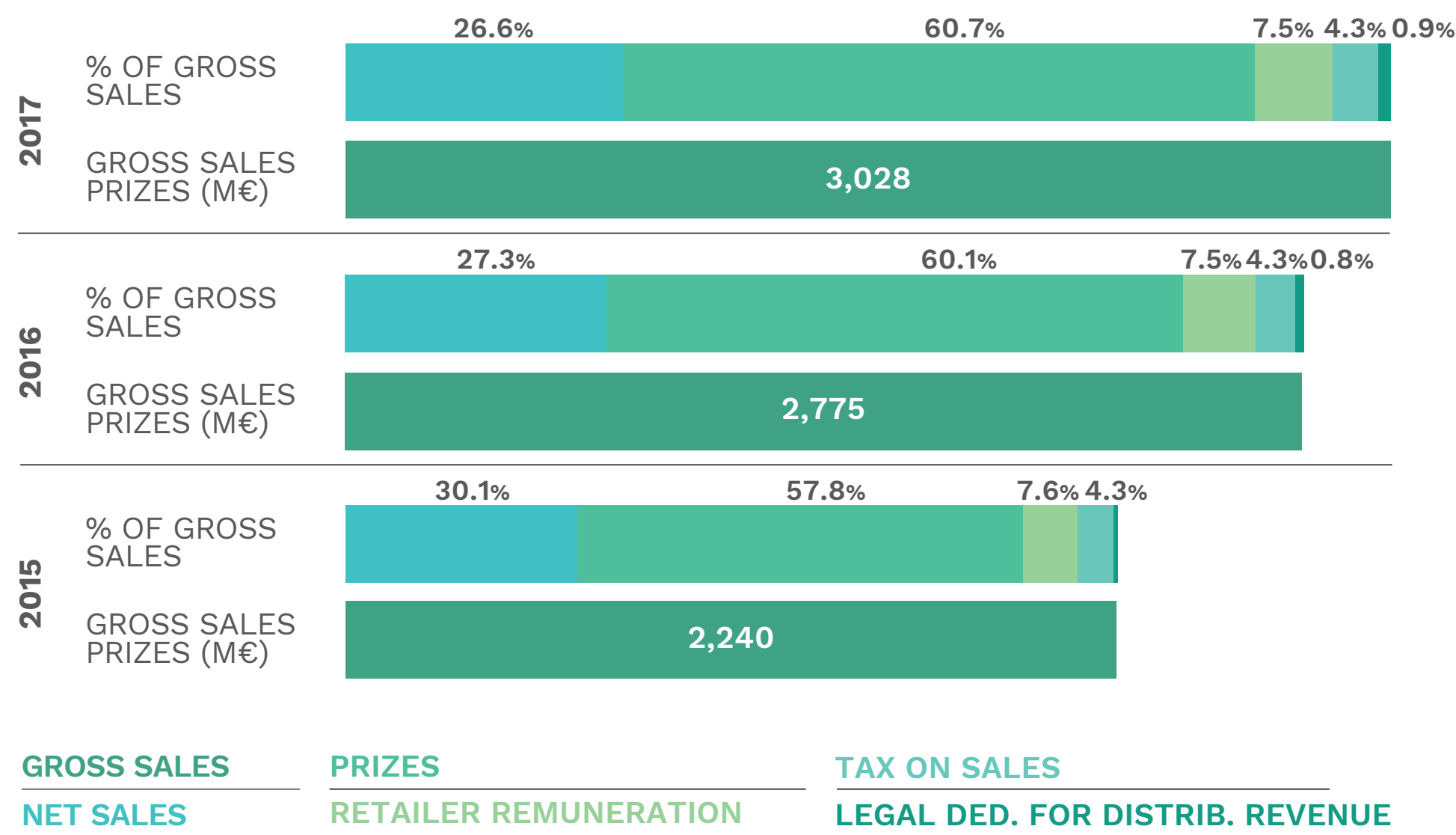
NET SALES

Net sales account for the largest share of total revenues representing 98.3% in 2017.

However, the evolution of relative weights of gross sales from the different games that make up our portfolio conditions the growth rate of net sales, leading to their slower pace of growth (6.4%) compared to overall turnover.

This is mainly due to the relative importance of the Instant Lottery and to the sales growth of Placard in 2017, since these games imply higher amounts of prizes. By breaking down gross sales, the growing importance of this component becomes evident.

FIGURE 6: BREAKDOWN OF GROSS SALES:  
2015 - 2017 (MILLION EUROS; %)



<sup>2</sup> Income deducted from the regularisation of depreciation and investment expenses financed through the fund intended for the renovation of gaming equipment and systems.



# 5.2 COSTS

Despite the expansion of activity recorded in 2017, there was a reduction of 1.2% in costs in the year, with operating costs of 90 million euros. It is to be noted that this variation has reversed the trajectory of the previous years, in which growth was significant (9.2% in 2016 and 10.2% in 2015), given the effort associated with the start-up of two new games and the changes made to EuroMillions.

The biggest drop was in expenses with consumables, with significant savings on the cost of game tickets, as well as other materials needed to make them available.

The decrease in expenses with external supplies and services was also significant.

TABELA 4: JSC EXPENSES; 2015-2017 (MILLION EUROS; %)

	2015	2016	2017	Var.2017 /2016
Cost of goods sold and raw material consumed	12	15	13	-11.2%
External suppliers and services*	39	42	41	-2.1%
Personnel costs	18	19	20	2.1%
Depreciation and amortisation expenses*	1	1	0	-47.8%
Provisions for the period	11	11	10	-10.2%
Other expenses and losses	3	4	6	66.5%
TOTAL	84	92	90	-1.2%

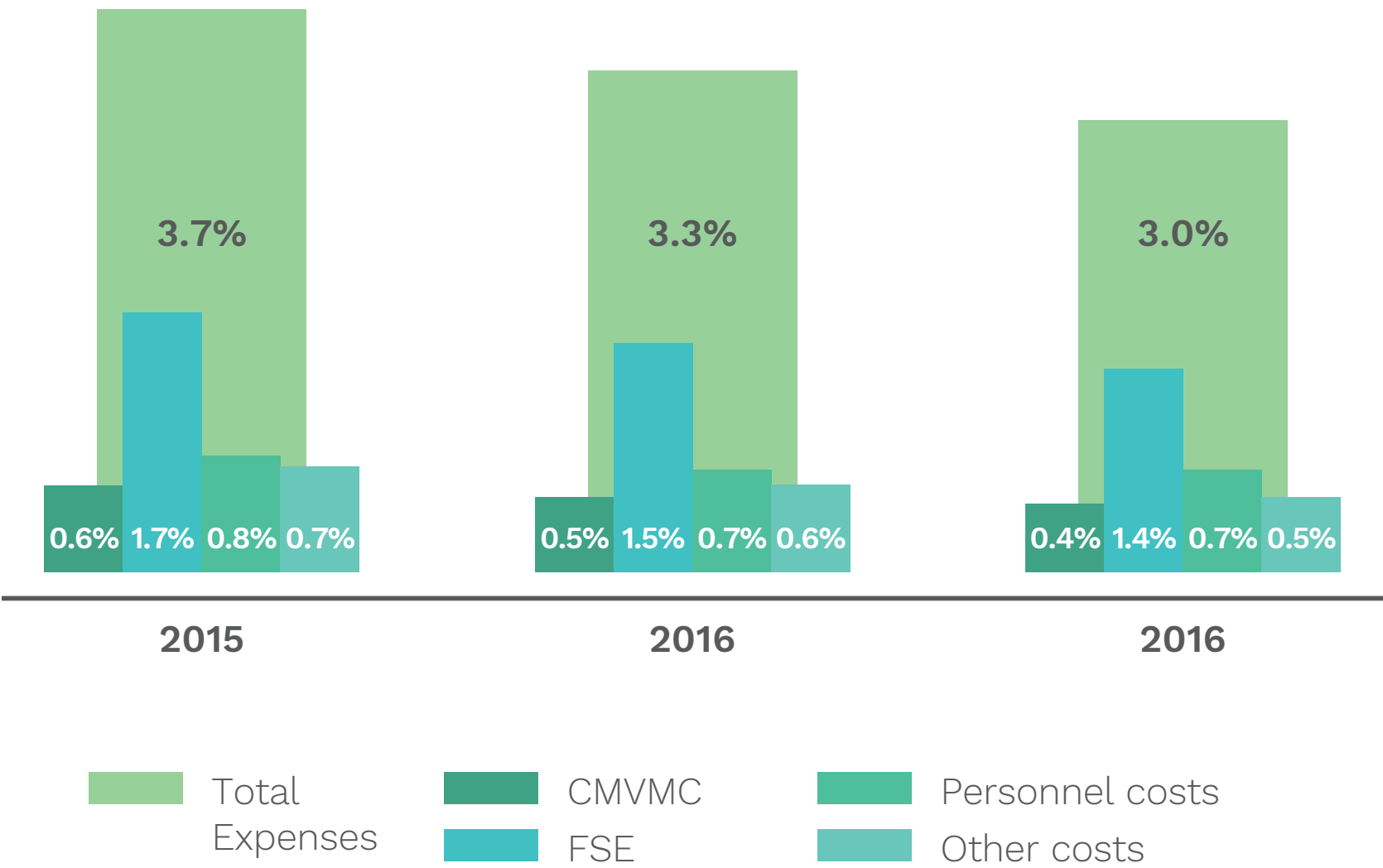
\* Less the amounts corresponding to regularisation of investments financed through the fund intended for financing of renovation of gaming equipment and systems.

This reduction in expenses significantly increased the levels of operating efficiency of the JSC, improving on the trajectory that has marked recent years. In 2017, operating expenses accounted for only 3.0% of gross sales, the lowest level achieved so far, which demonstrates the efforts of the Gaming Department to optimise the use of resources in its activities.

<sup>3</sup> Expenses deducted from expenses and depreciation corresponding to investments financed through the fund intended for the renovation of gaming equipment and systems.



**FIGURE 7:** TOTAL EXPENSES BY NATURE AS % OF GROSS SALES:  
2015-2017 (%)

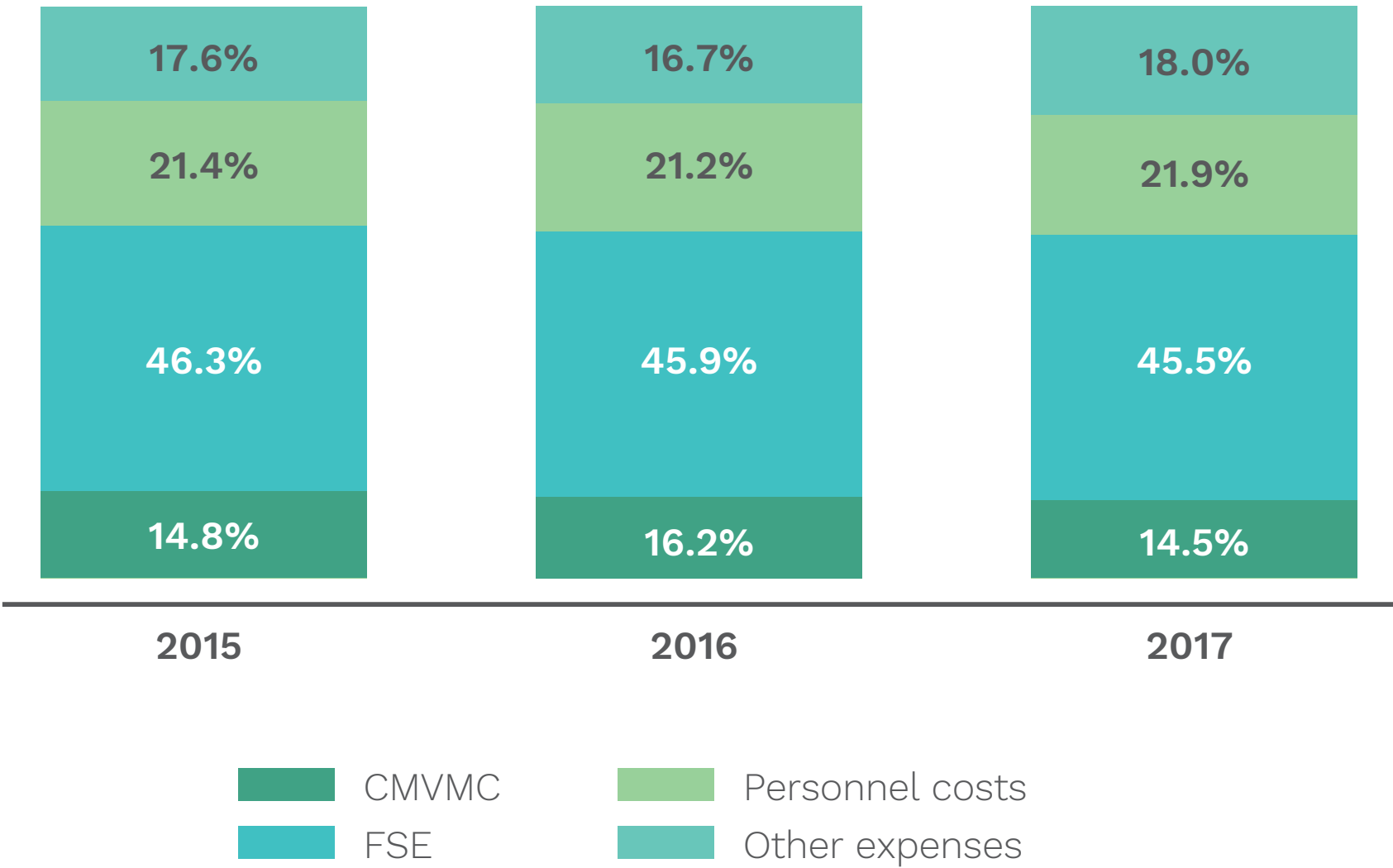


The expenditure structure has remained without significant changes, with a relative reduction in costs of consumables and significant gains in expenses with external supplies and services and with personnel costs.

Personnel expenses increased in 2017, due to the need for resources in a context of increased activity and added functional requirements and business monitoring.

The reduction in the weight of expenses with external supplies and services follows on from the reduction in absolute values compared to the previous year.

**FIGURE 8:** EXPENDITURE STRUCTURE: 2015-2017 (%)



# 5.3 RESULTS



The performance of JSC’s operating income and expenses enabled it to achieve net operating income of 729 million euros in 2017, which represents an increase of 7.9% compared to the results for 2016.

This evolution, in addition to being significant for the volume it represents (54 million euros more than in the previous year), also continues, although at a more moderate pace, the cycle of growth in results that began in 2015.

**TABLE 5:** NET PROFIT TO BE DISTRIBUTED:  
2015-2017 (MILLION EUROS; %)

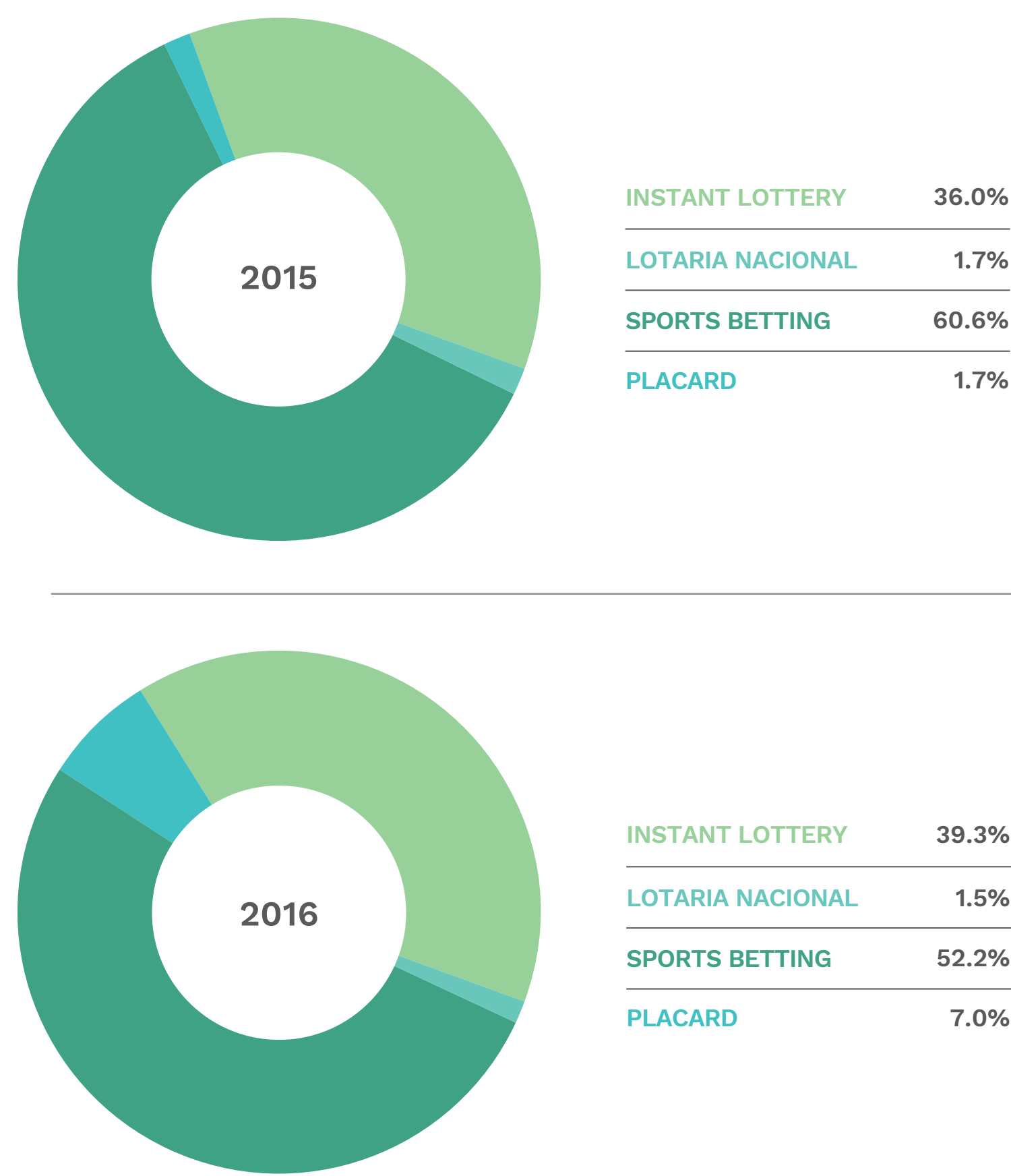
	2015	2016	2017	Var. 2017 /2016
Net profit for the period	601	675	729	7.9%
Fund for the Renewal of equipment and material	5	11	11	-0.1%
Retained Earnings*	5	-	-	-
Profit to be distributed	602	664	718	8.1%

\*In 2015, 5 million euros were exceptionally distributed regarding retained earnings

The game type that continued to contribute to results was Sports Betting. However, these games, which historically represented more than half of results, represented only 48.7% of the total results obtained in 2017.

On the other hand, the Instant Lottery continued to increase its importance in results, although less strongly than in the previous year, due to the impact of the increase in sales of Fixed Odds Sports Betting. These games represented 41.9% and 8.2% of net results of the JSC, respectively.

FIGURE 9: RELATIVE WEIGHTS PER GAME IN THE NET PROFIT: 2015-2017

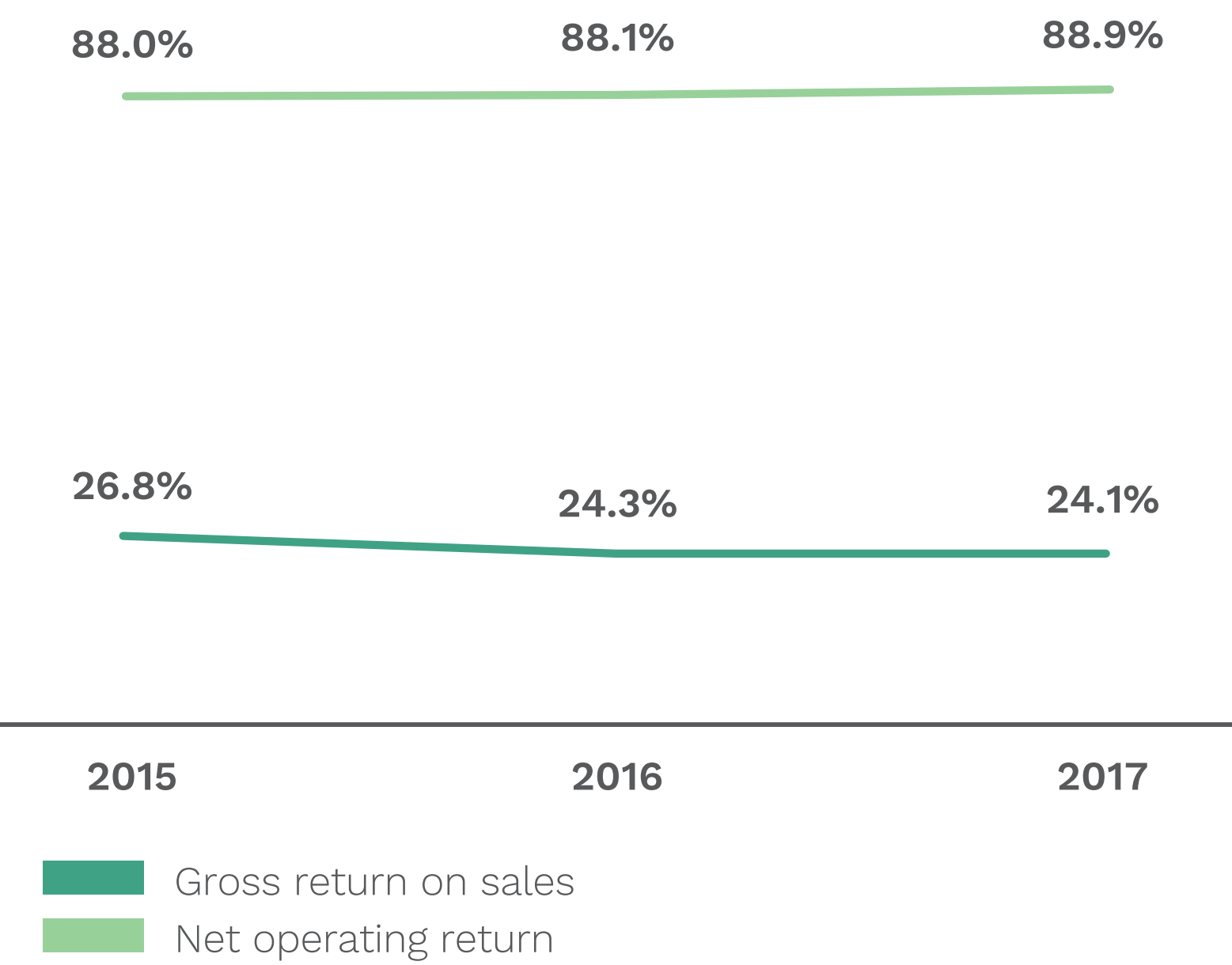


Changes in the relative importance of each game in the total results, with successive gains by the Instant Lottery and Fixed Odds Sports Betting to the detriment of other games, has been reflected in changes in the overall profitability of the JSC. In 2017, the Gross Return on Sales was 24.1%, thus maintaining the downward trend of recent years.

Although gross profitability fell in this three-year period, the improvement in performance of operating expenses meant that net profitability remained stable or even improved, as in the previous year. This indicator, measured by income corrected by expired prizes and in accordance with net sales, was 88.9% in 2017.



FIGURE 10: JSC LEVELS OF PROFITABILITY: 2015 - 2017



Earnings distributed to beneficiaries of State gaming amounted to 718 million euros in 2017, which represents an increase of 8.1% compared to the amounts distributed in 2016.

