

# CAMELOT

**Camelot UK Lotteries Limited**

**Chairman's & Chief Executive's statements for the  
year ended 31 March 2016**

**Company Number: 02822203**

## **About Camelot**

Camelot UK Lotteries Limited (Camelot) is the operator of the UK National Lottery. Its overarching objective is to maximise returns to National Lottery Good Causes through selling lottery products in an efficient and socially-responsible way. This involves creating, marketing and promoting new games, developing and running the lottery infrastructure, providing services for players and winners, and working in partnership with retailers. As a profit-making Company, Camelot also aims to maximise returns to its shareholder.

## **Camelot's partners**

As the operator of The National Lottery, Camelot's role is critical to the lottery's success. Other bodies, however, also play a key role:

- the Government, empowered by the National Lottery Act etc 1993 (as amended), through the Department for Culture, Media and Sport;
- the Gambling Commission (formerly the National Lottery Commission) which, after a competition against an Invitation to Tender, awards the operating Licence to run The National Lottery. It is also responsible for regulating The National Lottery;
- the 12 lottery distribution bodies which decide which beneficiaries should receive lottery funding.

## **Licence facts**

In May 1994, the National Lottery Commission (NLC) awarded Camelot a seven-year Licence to run The National Lottery and, on 14 November 1994, the first draw-based tickets went on sale. In December 2000, Camelot was awarded the second seven-year Licence, which commenced on 27 January 2002 and expired on 31 January 2009. In August 2007, Camelot was awarded a third Licence to operate The National Lottery, which started on 1 February 2009 and was due to run to 2019. However, in March 2012, Camelot's Licence was extended by four years, to 2023, following the NLC's agreement to Camelot's proposal to deliver around £1.7 billion in additional lottery funding to society.

## Chairman's Statement



In this, my final statement as Chairman of Camelot, I am delighted to be able to report that the company continues to go from strength to strength. It does this by putting National Lottery players first – by creating fresh and engaging games, and providing a completely integrated multi-channel experience, so that people can play anytime, anywhere.

This has seen Camelot achieve an impressive track record in innovation and long-term, responsible growth – with sales of National Lottery tickets having increased by 52% over the past decade. More importantly, it has helped the company deliver on The National Lottery's promise to be truly life changing – not only for the thousands of people who have won a major prize on a National Lottery game, but also for the hundreds of thousands of projects that have received a share of the £35 billion that has been raised for Good Causes over the past 22 years.

In the year ending 31 March 2016, Camelot achieved record annual ticket sales of nearly £7.6 billion. This meant that National Lottery projects and players shared a record-breaking £6 billion – with, on average, almost 30 millionaires created every month and £36 million in Good Causes funding delivered every week.

I am pleased to be able to confirm that all of this growth has come about in a responsible way. Camelot's strategy is to encourage lots of people to play National Lottery games but to individually spend relatively small amounts. Despite being the fifth largest lottery in the world in terms of sales, the UK National Lottery is ranked at just 51st in the world in terms of per capita spend – clear evidence of the success of this strategy.

While this appears to be a wholly positive story, over the past couple of years, The National Lottery has been facing increasing national competition on two fronts: firstly, from larger, umbrella-style lotteries and, secondly, from a growing number of gambling operators, particularly bet-on-lotteries firms. If this competition is allowed to continue unchecked, we strongly believe that the ability of both The National Lottery and smaller society lotteries to deliver social good will be significantly hampered. We are continuing to speak to the Gambling Commission and Government about these concerns.

Although I am now retiring as Chairman of Camelot after just over six years in the post, I am fully confident that I am leaving Camelot in the best possible shape. I am handing over to the very experienced Jo Taylor – who will be working closely with Andy Duncan and the wider Camelot team – and would like to take the opportunity to wish everyone at Camelot all the best for the next 12 months and beyond, as they continue to change the face of UK society for the good of the nation.

A handwritten signature in blue ink, consisting of several fluid, overlapping strokes that form a stylized representation of the name 'Lee Sienna'.

**Lee Sienna**  
Chairman, Camelot Group of Companies  
22 June 2016

## Chief Executive's Review



This year was the half-way point in our current licence to operate The National Lottery and saw us reach a landmark figure of over £35 billion raised for Good Causes since 1994. This breaks down as over 150 lottery grants in every neighbourhood – ranging from repairing Scout huts to making Olympic and Paralympic champions – which is a measure of the huge, life-changing good that The National Lottery does right across the UK.

2015/16 also saw us achieve another record performance, in which we grew sales to an all-time high of £7,595 million, a rise of £317 million on the previous year. Over the same period, we delivered record combined returns of £6 billion to National Lottery Good Causes and prizes to winners. This breaks down as £1,901 million for Good Causes – more than £36 million every week – and £4,198 million in prize money to players, taking the total number of lottery millionaires to more than 4,250.

I am delighted to report that much of the success over the year was driven by strong growth across our digital channels. In particular, sales through mobile – smartphones and tablets – soared by 53%, as a result of our world-leading mobile platform that delivers a consistent player experience across all devices. Of this, smartphone growth was particularly strong – with sales through these devices increasing by 71% year-on-year. This means that mobile sales now account for almost half of all interactive National Lottery sales.

Sales were also boosted by impressive growth across The National Lottery's GameStore range of online Instant Win Games and in-store Scratchcards, following the launch of over 70 innovative new games and the introduction of second chance draws to give players more chances to win prizes. Lotto sales increased during the year too, following the changes we introduced in October 2015 to give players more chances than ever to become a millionaire.

In terms of the wider picture, it is important that we take stock now that we are half way through our 14-year licence period. I believe our performance over the past seven years reinforces our position as one of the world's leading lottery operators.

In that time, we have succeeded in growing total National Lottery sales by almost 50%. This has enabled us to raise more for Good Causes in the first half of this licence period – £12.4 billion – than we did in each of the first two full licence periods. In the process, we have far exceeded the additional £60-£100 million a year for Good Causes that we were expected to raise during this licence period. On top of that, The National Lottery has created almost as many millionaires in the first seven years of this licence period (2,050) as it did over the first 15 years of The National Lottery (2,200).

This has all been down to our strategy for long-term, responsible growth – an approach based on offering players an enhanced and regularly-refreshed range of games, and focusing on innovation to better reflect people's changing lifestyles and shopping habits.

Social responsibility is also hugely important to us – we want lots of people to play our games but to individually only spend relatively small amounts. Although we have once again celebrated a record year, we continue to be internationally recognised for selling lottery tickets responsibly – and it is vital that this remains the case.

Finally, I would like to take this opportunity to personally thank our Chairman, Lee Sienna, for all his support over the past seven years – and to wish him all the very best for his retirement. I would also like to extend a warm welcome our new Chairman, Jo Taylor, who I look forward to working with alongside the wider Camelot Board as we strive to deliver even more for winners and society in the coming years.

A handwritten signature in black ink that reads "AJ Duncan". The letters are cursive and fluid.

**Andy Duncan**  
Chief Executive, Camelot UK Lotteries Limited  
22 June 2016