



# Presentation Q2 2011

Magnus  
Silfverberg  
CEO

# Betsson

- Introduction
- B2C, Business to Consumers
- B2B, Business to Business
- Financial Presentation
  - Q2 Highlights
  - Product and Geographical Split
  - Key Performance Indicators
- Legal
- Events after Q2
- Q&A





Betsson

Introduction



- 48 years of accumulated competence
- 385 employees
- Two segments; B2B, Business to business and B2C, Business to consumers
- Listed on Nasdaq OMX Nordic, Mid Cap (BETS)
- Market Cap of approximately SEK 6 billion
- Betsson competes with national monopolies but also with peers, such as Unibet, Ladbrokes, Expekt, Bwin and similar



# High Growth and Profitability

	Revenue Growth	EBIT-margin
2007	121%	29.3%
2008	60%	26.7%
2009	25%	24.4%
2010	23%	23.7%
2011 (H1)	3% (25%*)	31.0%

- High growth in combination with strong margins
- Manage to "invest during operation", constantly investing in IT-infrastructure and partnerships while managing operations

\*Growth in Game win in all of Betsson's gaming solutions



# Betsson

B2C, Business to  
Consumers



# B2C



# The Betsafe Acquisition



- Betsson strengthens its position in the Nordics
- Betsson strengthens its B2C business
- Betsson acquires a strong management team and a pool of talent
- 119% revenue growth 2010/2009
- Betsafe has contributed to the Group's gross profit in an amount of SEK 16.6 million and to the Group's net income in an amount of SEK 4.1 million
- Betsafe's gross profit during the interim period amounted to SEK 160.9 million and Betsafe's net income during the interim period amounted to SEK 33.0 million



# Betsson

B2B, Business to  
Business





Betsson Business Solutions is a dedicated business area within the Betsson Group, acting as an independent B2B division for all our brands and products.

## WHO WE ARE

Betsson was originally founded in 1963 and has conducted gaming operations for the last 45 years. Betsson Business Solutions acts as an independent B2B division for Betsson's all brands and products, working with local marketing partners, media houses and white label operators.

[Read more](#) ▶

## HOW WE WORK

Betsson Business Solutions can help you either if you are looking to take your existing gaming environment online, capitalize on your existing online activities or if you are looking to grow a new venture online, we are the partner for you. With our portfolio of products, platforms and flexible organization we will meet your needs.

[Read more](#) ▶

## WHAT WE OFFER

Betsson has since its start pushed innovation in its products and for us a top class product offering is essential for success. You as a partner will benefit from the best products available on the markets today backed up by an experienced operational organization.

[Read more](#) ▶

# B2B



Franchisee betsson.com

# B2B developments in accordance to plan

- In Q1, Betsson launched a new platform to Realm Entertainment. The platform has entered into force according to plan
- New partner agreement signed with Harrycasino.com
  - A casino platform for the UK market
- The establishment in Asia is continuing according to plan
  - Difficult to be able to say when the projects will begin to generate revenues
- Betsson has capabilities to deliver a complete gaming portal **including a world-class Sportsbook** to numerous potential clients



Betsson

Financial  
Presentation  
Q2 2011

# Q2 Highlights

- Revenues of SEK 338.2 M (366.1) and the operating margin amounted to 30.4% (24.0)
- Growth in Game win in all of Betsson's gaming solutions (including B2B collaborations) amounted to 24%
- Operating income increased by 17% to SEK 102.7 M (88.0)
- Income has been negatively impacted by acquisition-related expenses for Betsafe amounting to SEK 10.1 million. Adjusted for this amount, operating income is increased by 28%

Numbers in gray = Q2 2010

## Q2 Highlights

- Gross turnover in Live betting in Sportsbook, in all of Betsson's gaming solutions, amounted to SEK 1,119.5 (699.7) million, equivalent to an increase of 71% compared with the previous year's strong second quarter
- Customer deposits increased by 26%
- Earnings per Share SEK 2.47 (2.14)
- Cash by end of period SEK 195.6 M (517.8)

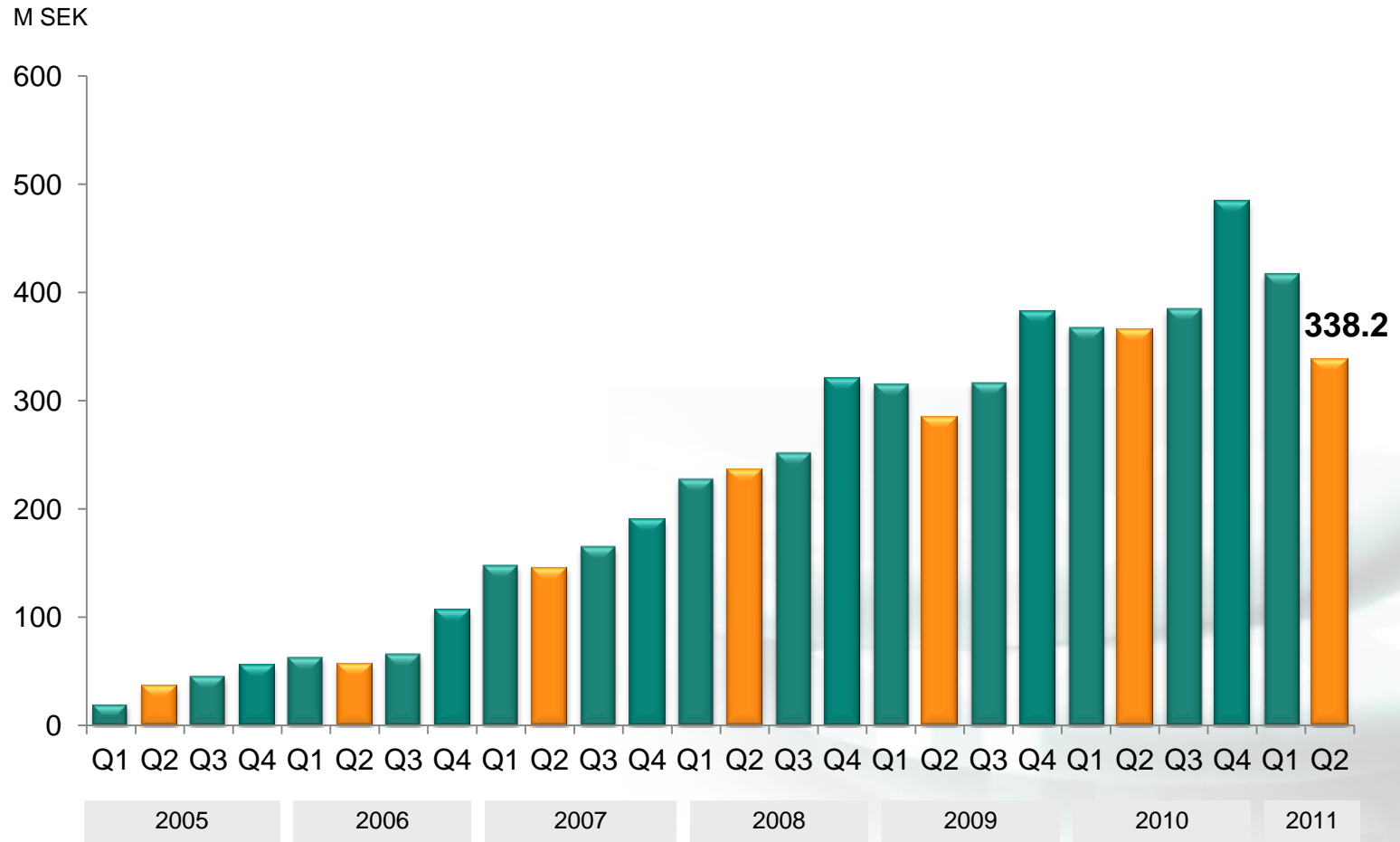
Numbers in gray = Q2 2010

## Interim report

- Revenues increased by 3% to SEK 755.6 M (733.8)
- Operating income increased to SEK 234.5 M (172.2), an increase of 36%
- Operating margin 31.0% (23.5)
- Earnings per Share SEK 5.66 (4.18)

Numbers in gray = H1 2010

# Revenues

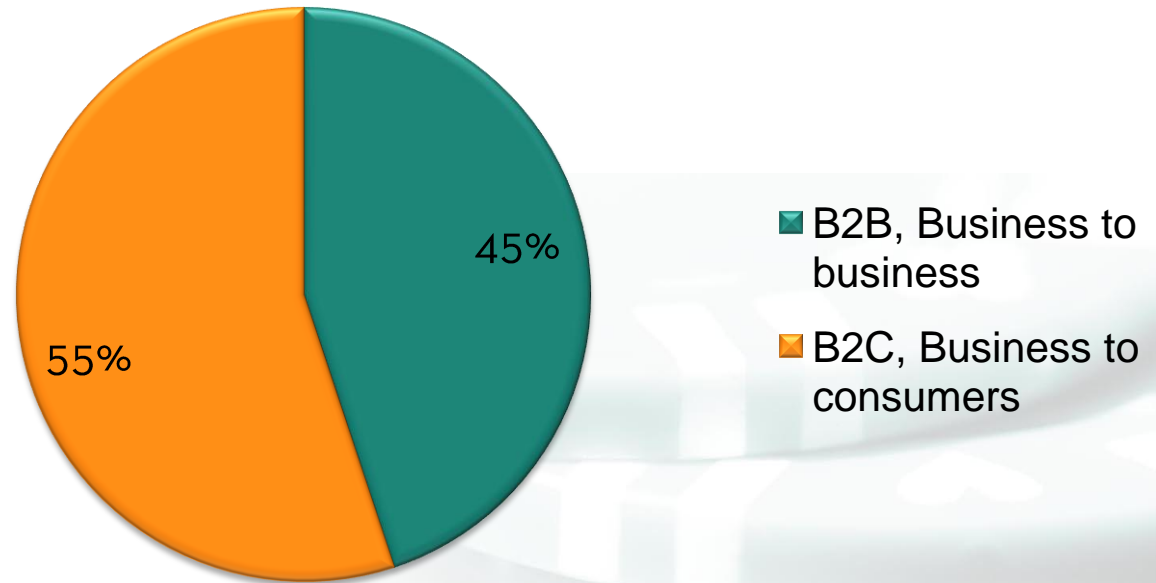




Betsson

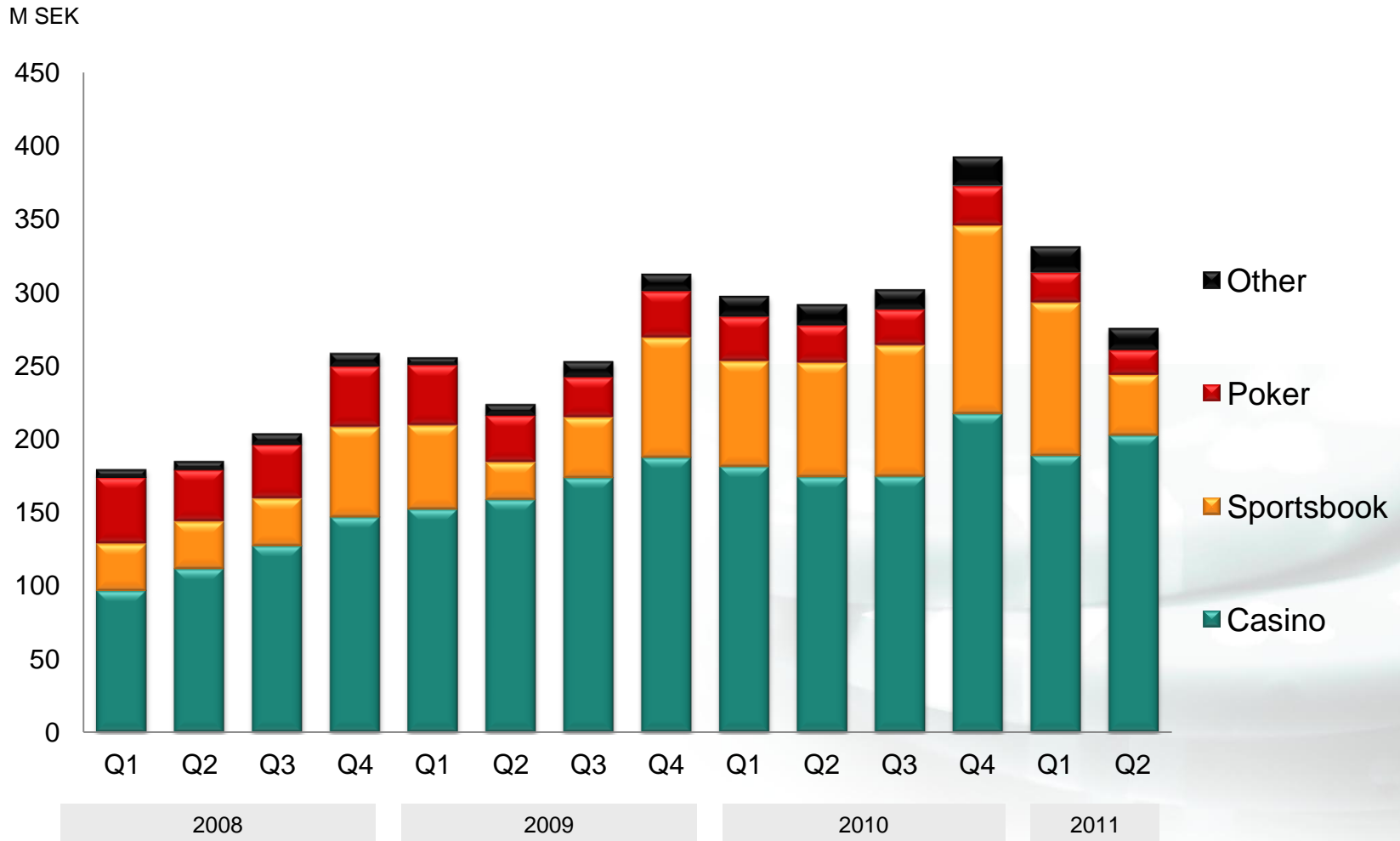
Product and  
geographical  
split

# Gross Profit per Segment

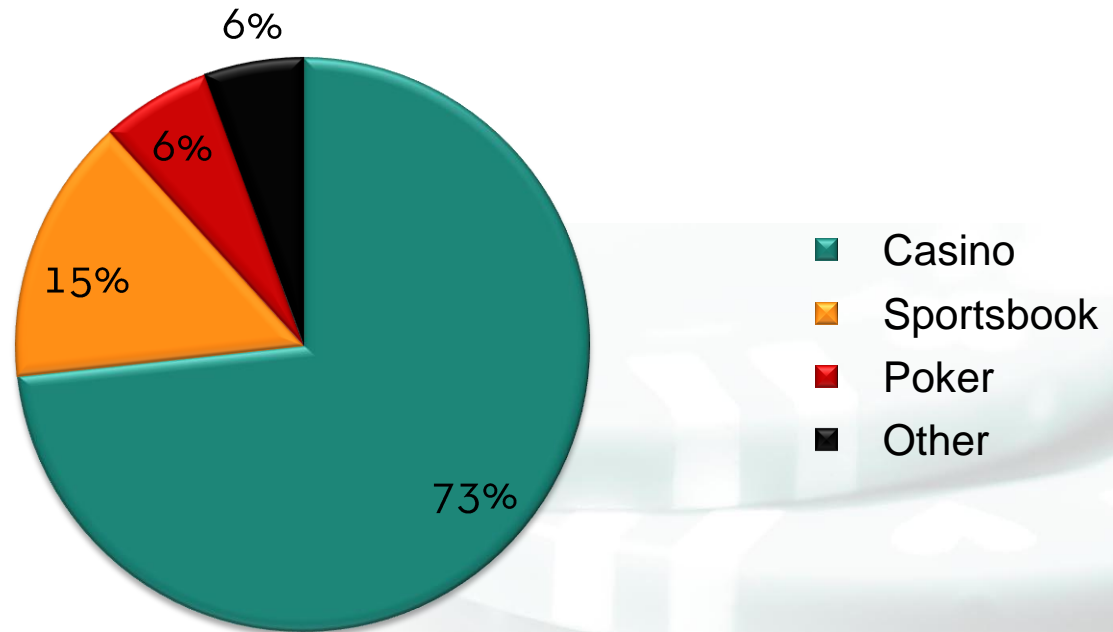


Q2 2011

# Gross Profit per Product

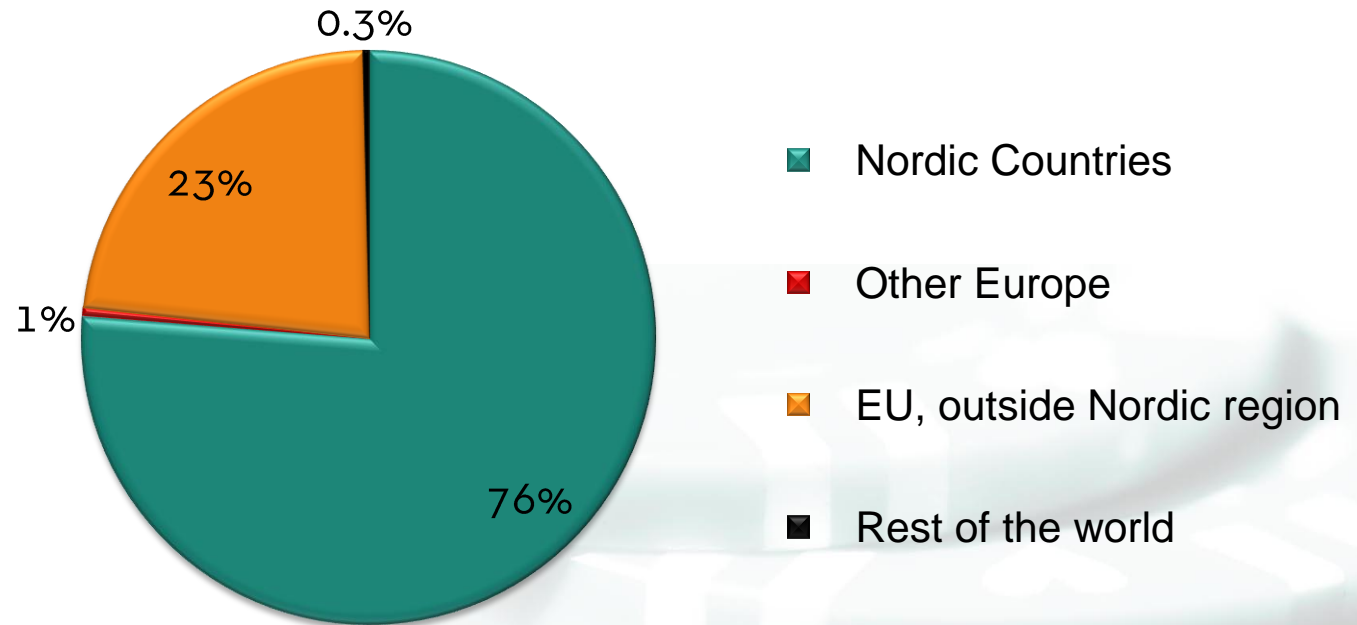


# Gross Profit per Product



Q2 2011

# Gross Profit per Geographical Area (B2C)



Q2 2011



# Key Performance Indicators

# Growth Indicators

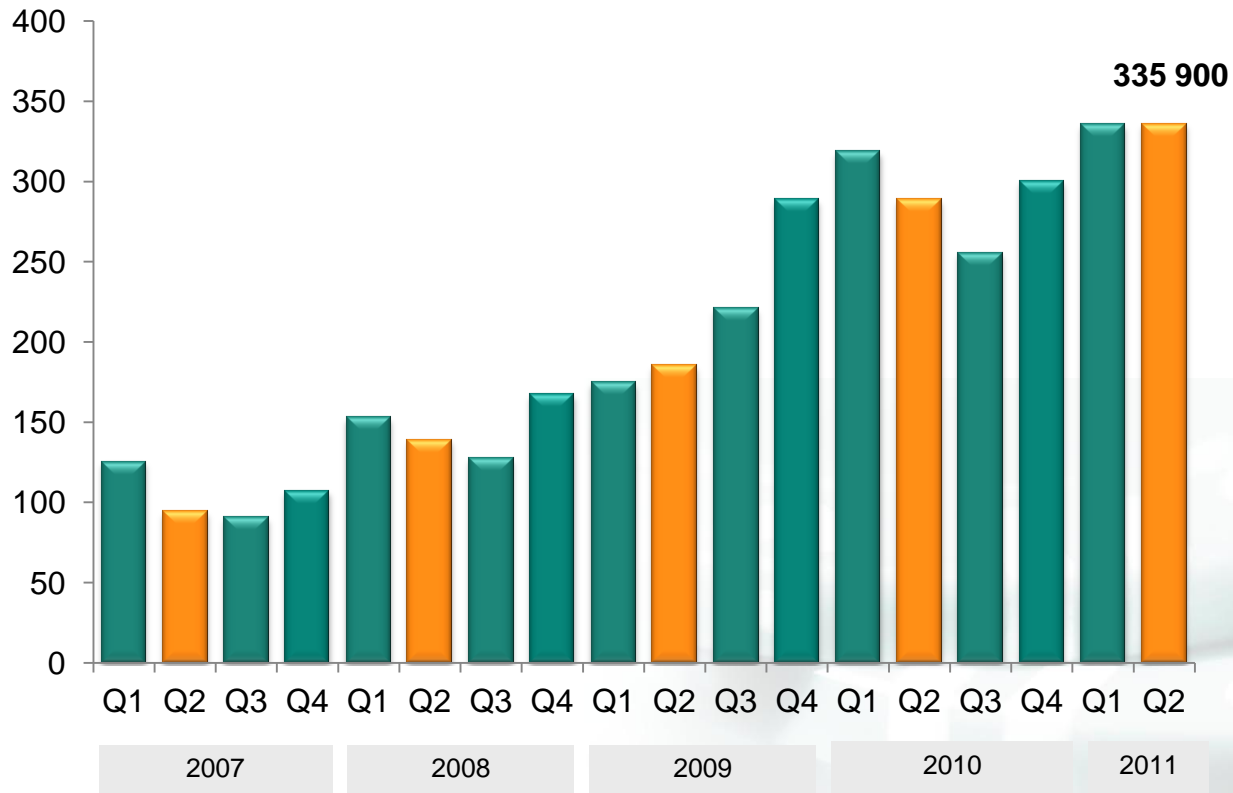
	Growth Q2 2011	
	Y/Y	Q/Q
Active Customers	16%	0%
Registered Customers	19%	25%
Growth*	24%	-
Gross Turnover Sportsbook**	46%	0%
Customer Deposits**	26%	2%

- The measure “Active Customers” shall be seen in a longer perspective

\*Growth in Game win in all of Betsson’s gaming solutions

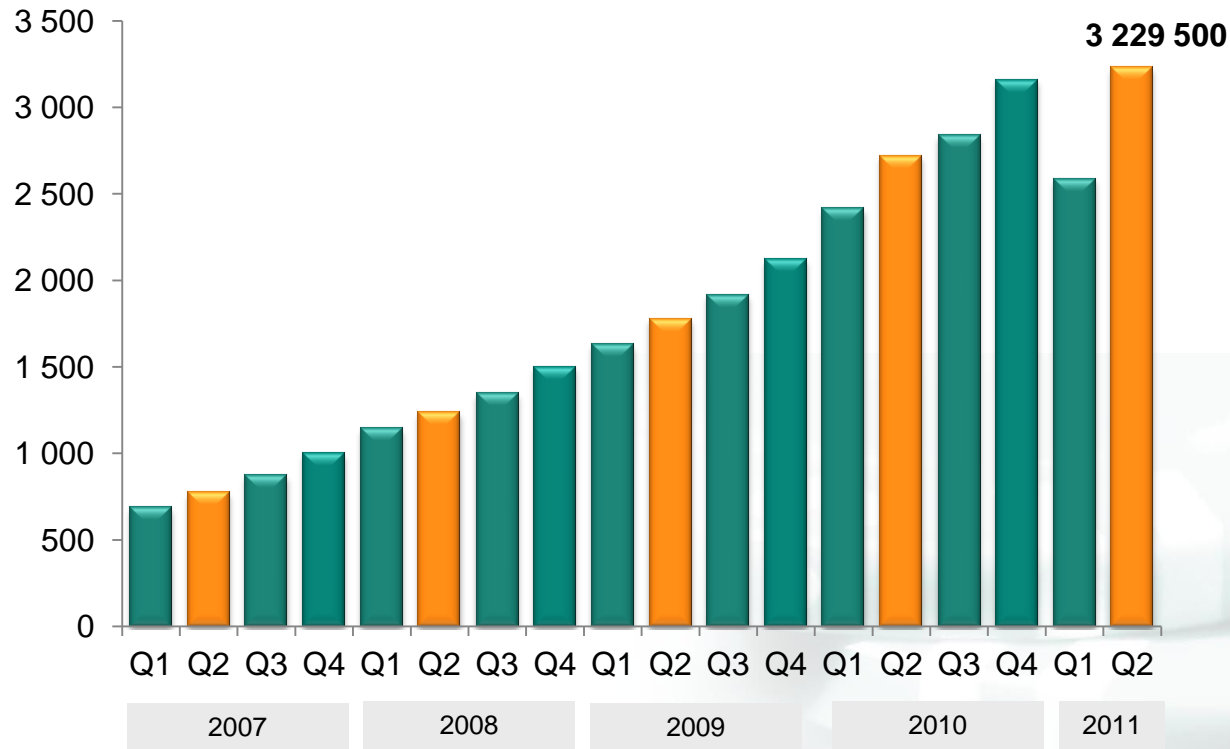
\*\*Including all of Betsson’s gaming solutions

# Active Customers



- +16% compared to Q2 2010
- +0% compared to Q1 2011

# Registered customers



- +19% compared to Q2 2010
- +25% compared to Q1 2011

# Sportsbook Margins

	2011 Q2 SB	2011 Q2 Third Party SB	2010 Q2	2010 FY
<b>Gross Turnover SB</b>	260.9	1544.1	1233.1	5355.7
<b>Gross Margin SB</b>	5.3%	n.a.	7.4%	7.8%
<b>Gross Profit</b>	6.4	34.9	78.0	367.7



Betsson

Legal

# Legal



The US Department of Justice indicted eleven representatives from PokerStars, Full Tilt Poker and Absolute Poker for illegal gambling, money laundering and bank fraud. The DOJ also froze 75 bank accounts connected to the business of these networks. The networks have since then shut down their US facing business



On July 18<sup>th</sup>, the opening of the Italian market took place with the introduction of legal casino and poker cash games from AAMS-certified operators



The draft treaty on gambling submitted by 15 federal states has been rejected by the EU Commission. The federal states have been granted one month to submit a new draft which will have to take into account the judgment by the Court of Justice of September 2010. In this judgment, the Court held that the states' monopoly on lotteries and sports bets "does not consistently and systematically" pursue the objective of protecting the citizens from addiction

# Legal



Swedish Court of Appeal (Hovrätten) has acquitted two newspaper editors (Otto Sjöberg and Anders Gerdin) of charges that they allowed the unlawful advertising of foreign betting sites. The court concluded that the Lottery Act treats illegal games differently depending on whether they are organized in Sweden or abroad and consequently is in contravention of the EC's Article 12 which prohibits discrimination on grounds of nationality



The Polish authorities have decided to regulate online sport betting for the first time under a controversial regime that establishes a twelve per cent tax on turnover. The combination of such a harsh tax and other tough requirements, and the fact that you can't advertise your offer, has however made it very unattractive to apply for a license



The UK Government has unveiled plans to licence and tax operators offering online gaming towards UK citizens. The tax level is not set yet and while the current level is 15% it remains to be seen whether this is maintained when the law come into full implementation. Due to the likely illegal state aid challenge of any tax rate differentiation between online and off line tax many experts believe the rate eventually will be harmonised somewhere between 10 and 15%

# Legal



In Spain, a bill recently adopted, designed to introduce licenses for online gaming operators. The tax rate is 25% of Net Gaming for casinos and equivalent levels of poker and sports betting. The proposed plan is in November 2011, which is highly uncertain



Denmark postpones the start of its licensing regime. The Danish government has announced that it will delay the planned implementation. The reason is an on-going complaint with the EU Commission regarding illegal state aid that needs to be processed by the Commission before the law can be implemented





Betsson

Events after Q2

# Events after the second quarter

- July is traditionally the weakest month of the year, with few sporting events and a relatively low level of activity. Comparable revenues in July so far is in line with the second quarter's revenue level
- Magnus Silfverberg took over as CEO and President in July 2011



# Q&A



## What's your thrill?