

# Q2 2014

Second quarter revenues grew 30%

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## Presentation Outline

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- ✓ Business development update
- ✓ Q2 Highlights
- ✓ Legal update
- ✓ FIFA World Cup
- ✓ Events after Q2
- ✓ Q&A



# BUSINESS DEVELOPMENT UPDATE

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## Multi Supplier and Multi Brand Strategy



Business to Consumers (B2C)



Business to Business (B2B)

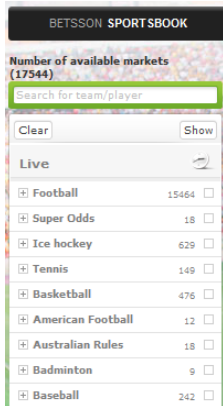


## Unique customer offering

### IN HOUSE PLATFORM



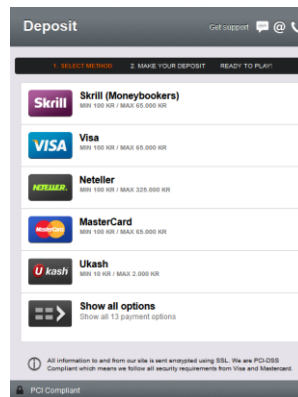
### IN HOUSE SPORTSBOOK



### IN HOUSE MOBILE APPS



### IN HOUSE PAYMENT SYSTEM



### IN HOUSE LOYALTY SYSTEM

#### PHILIP

Betsson points = VIP points x VIP level  
VIP points earned last month:  
Last month's VIP level:

0.56  
Bronze level  
1.93 (0.18 kr)

How it works

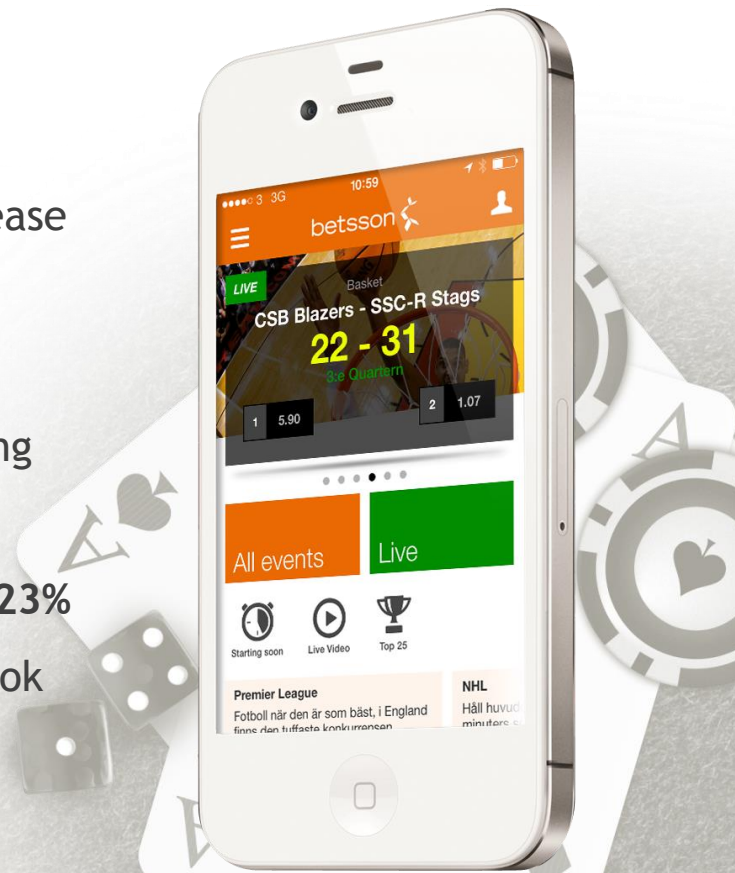
Exchange points

### EXCLUSIVE PRODUCTS



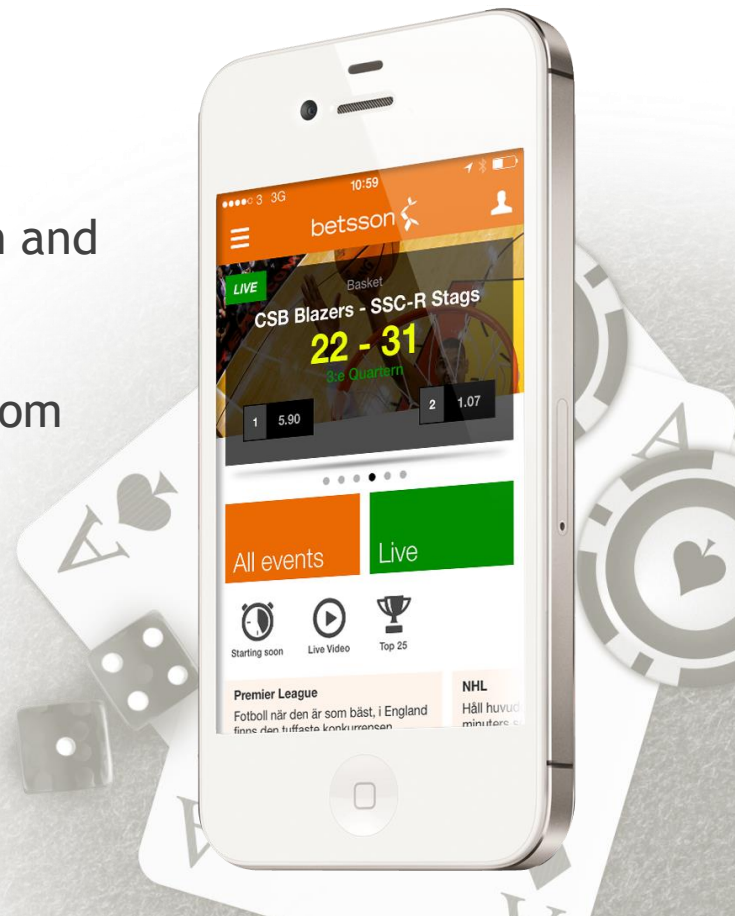
## Mobile first - Penetration

- ✓ Represents **17%** of total revenues, which is an increase of **28%** compared to the preceding quarter
- ✓ Betsson.com is the best performing brand. Mobile revenues increased **809%** compared to corresponding period last year
- ✓ Brand penetration; Betsson, Betsafe and Realm **21-23%**
- ✓ Betsson.com mobile penetration of **46%** in Sportsbook during WC

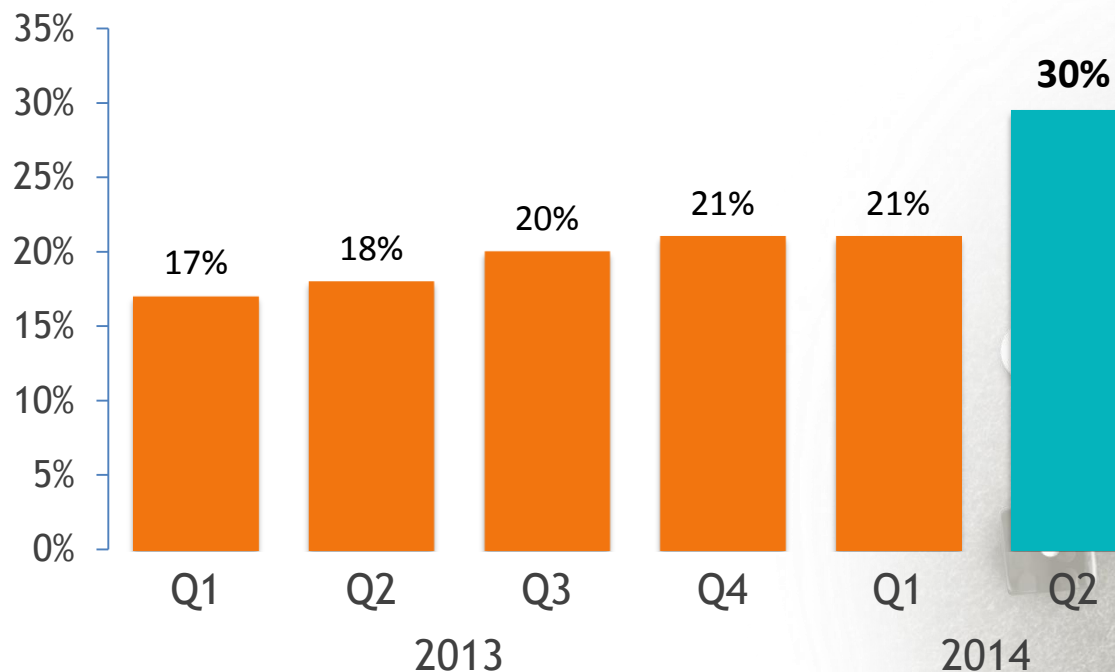


## Mobile first - Development

- ✓ Native Ipad app was launched in May for Betsson and Betsafe
- ✓ New mobile web and Native app for Nordicbet.com
- ✓ Mobile web launched in Q2 for Oranje
- ✓ Added payment methods in mobile for Oranje & Kroon



## Mobile Sportsbook Turnover



## Oranje and Kroon - Q2

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- ✓ Contributed with SEK 87.8 million in revenues and SEK 58.2 million in EBIT
- ✓ EBIT margin of 66.3%
- ✓ 13% growth - compared to 5% last year



# Q2 HIGHLIGHTS

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## Q2 Financial highlights

- ✓ Revenues amounted to **SEK 752.3** (579.2) million, equivalent to an increase of **30%**
- ✓ **Organic growth** amounted to **15%**, adjusted for FX **16%**
- ✓ **Casino gross profit growth**, adjusted for acquisition effects, amounted to **13%**
- ✓ **Deposits grew 30%**



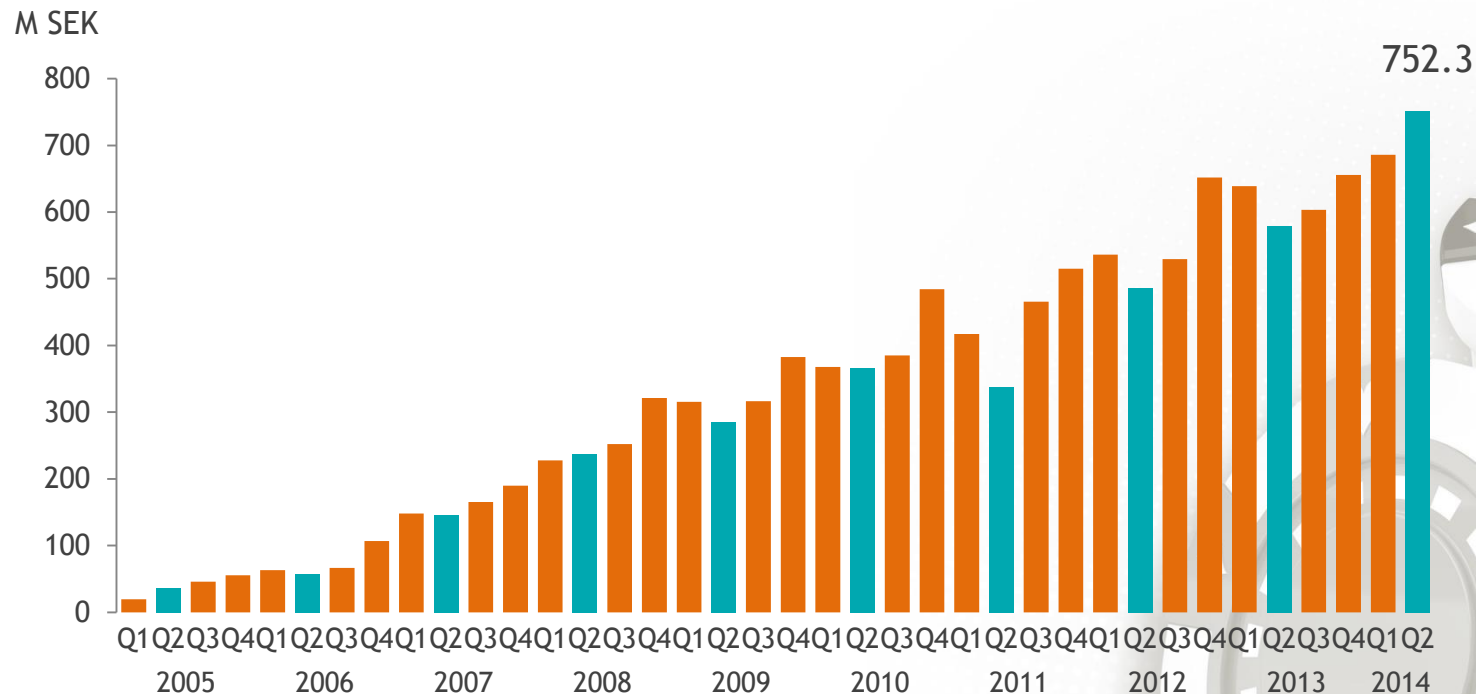
## Q2 Financial highlights

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- ✓ Operating income of SEK 190.4 (137.8) million equal to a margin of 25.3 percent (23.8 percent)
- ✓ Cash by end of period SEK 433.2 million (317.5)
- ✓ Earnings per Share SEK 3.84 (2.95)



## Revenues, 30% growth

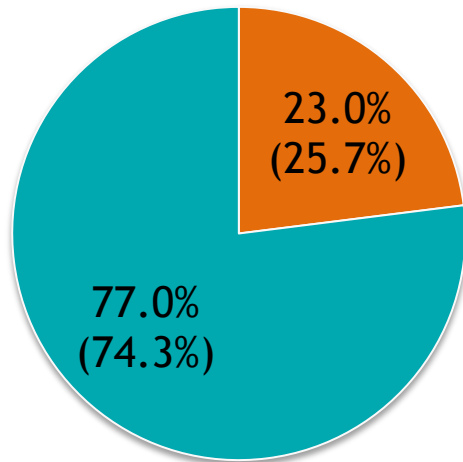


# PRODUCT AND GEOGRAPHICAL SPLIT

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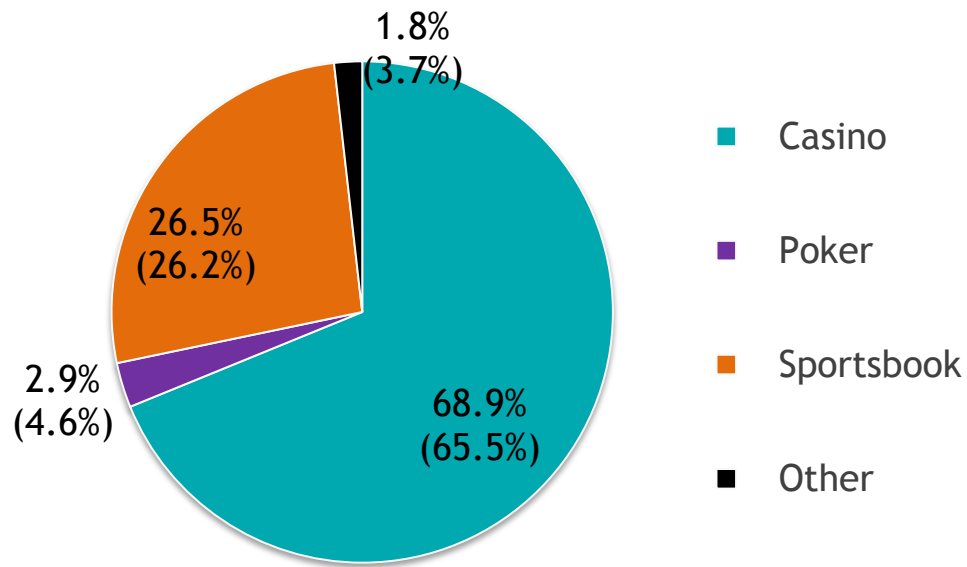
## Gross Profit per segment



- B2B, Business to business
- B2C, Business to consumers



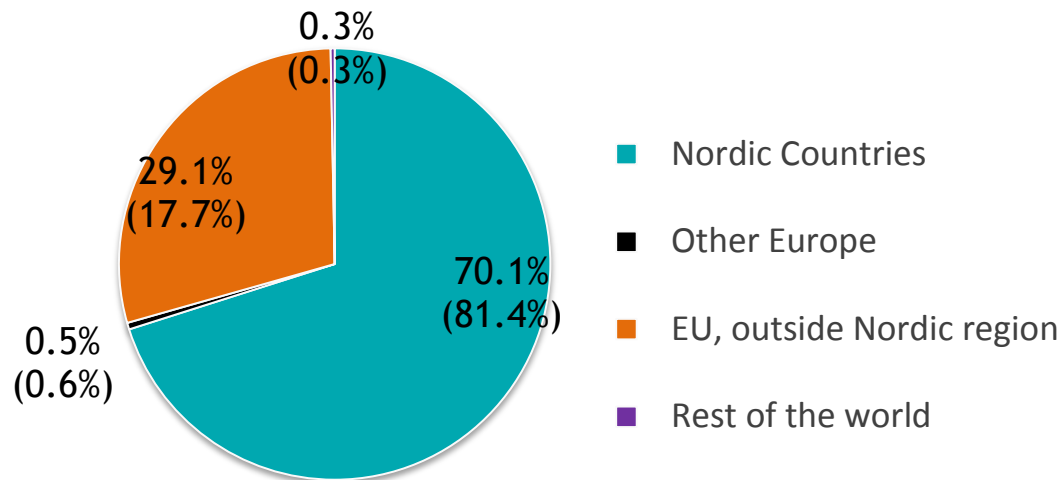
## Gross Profit per product



Figures in brackets refer to the same period last year



## Gross Profit per geographical area (B2C)

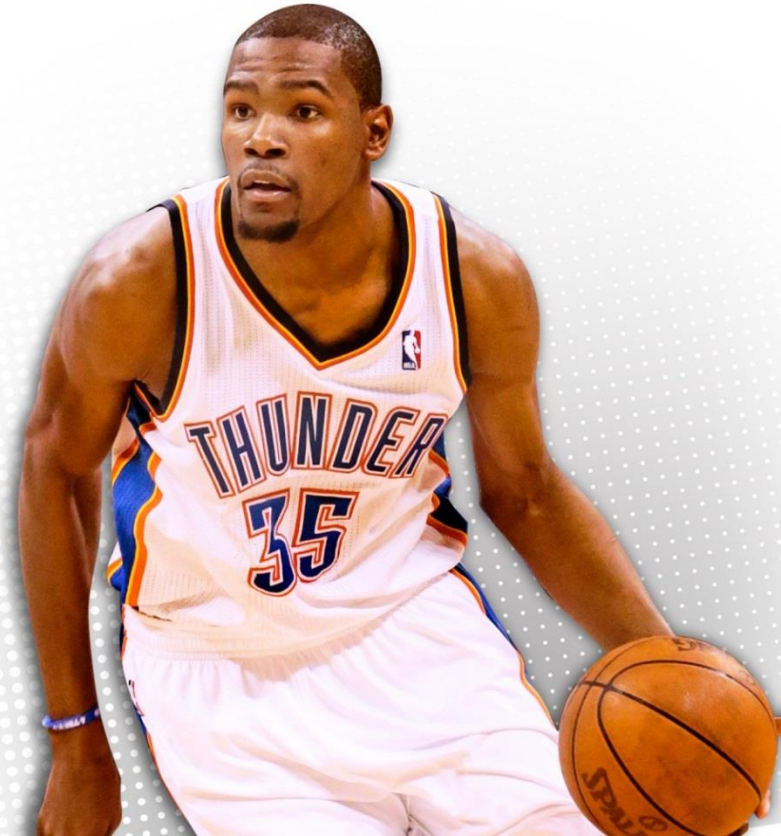


Figures in brackets refer to the same period last year



# KEY PERFORMANCE INDICATORS

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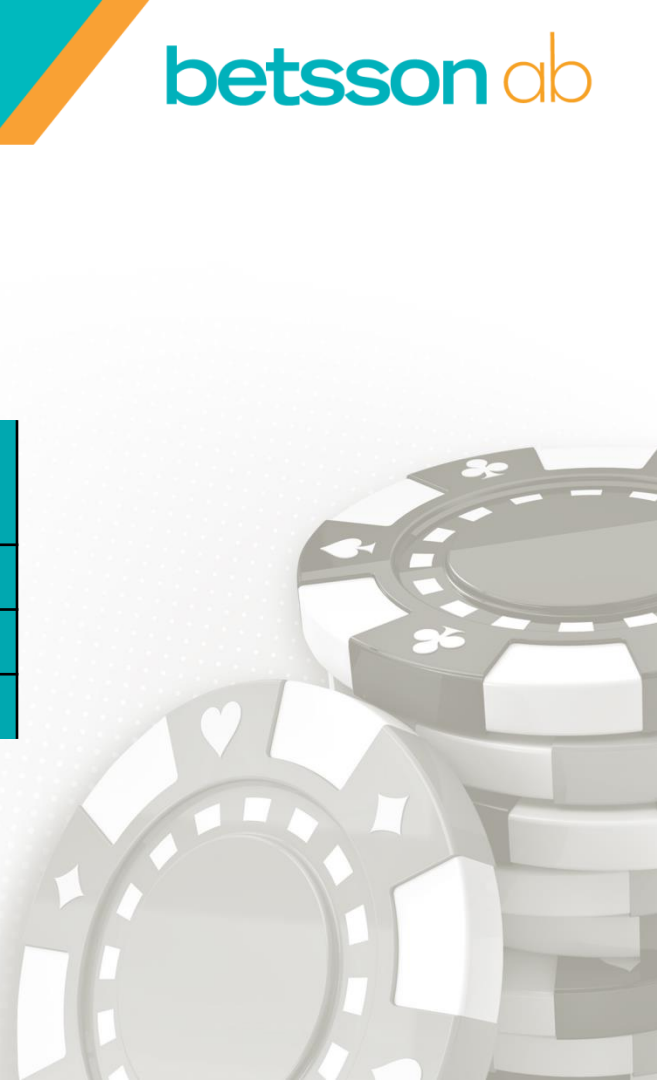


## Q2 Sportsbook

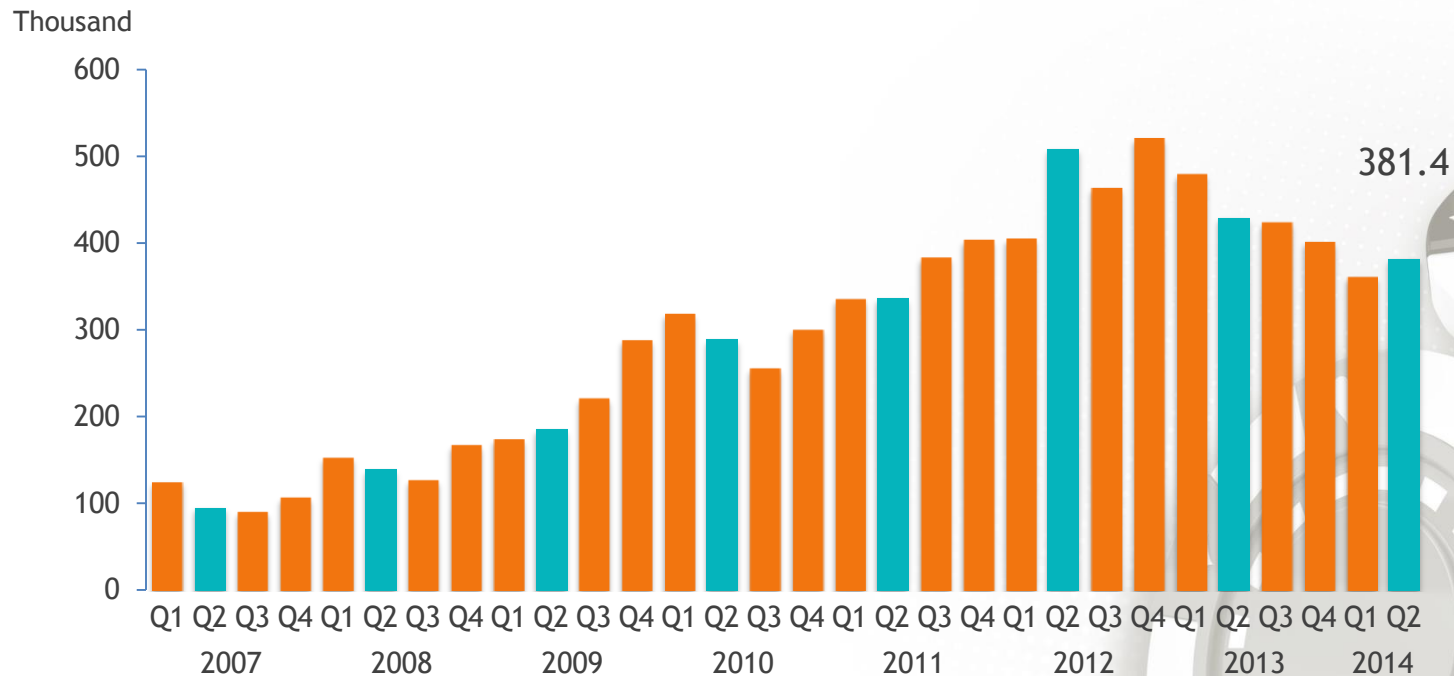
SEK million	2014 - Q2 B2C	Growth B2C	2014 - Q2 B2B	Growth B2B
Gross Turnover SB	1,474.2	30.5%	2,666.2	15.0%
Gross Margin SB <sup>1</sup>	5.3%	pp 0,1	3.3%	pp 0,4
Gross Profit	78.6	33.4%	88.0	30.0%

- ✔ Total margin after free bets was 7.0% (6.5%)

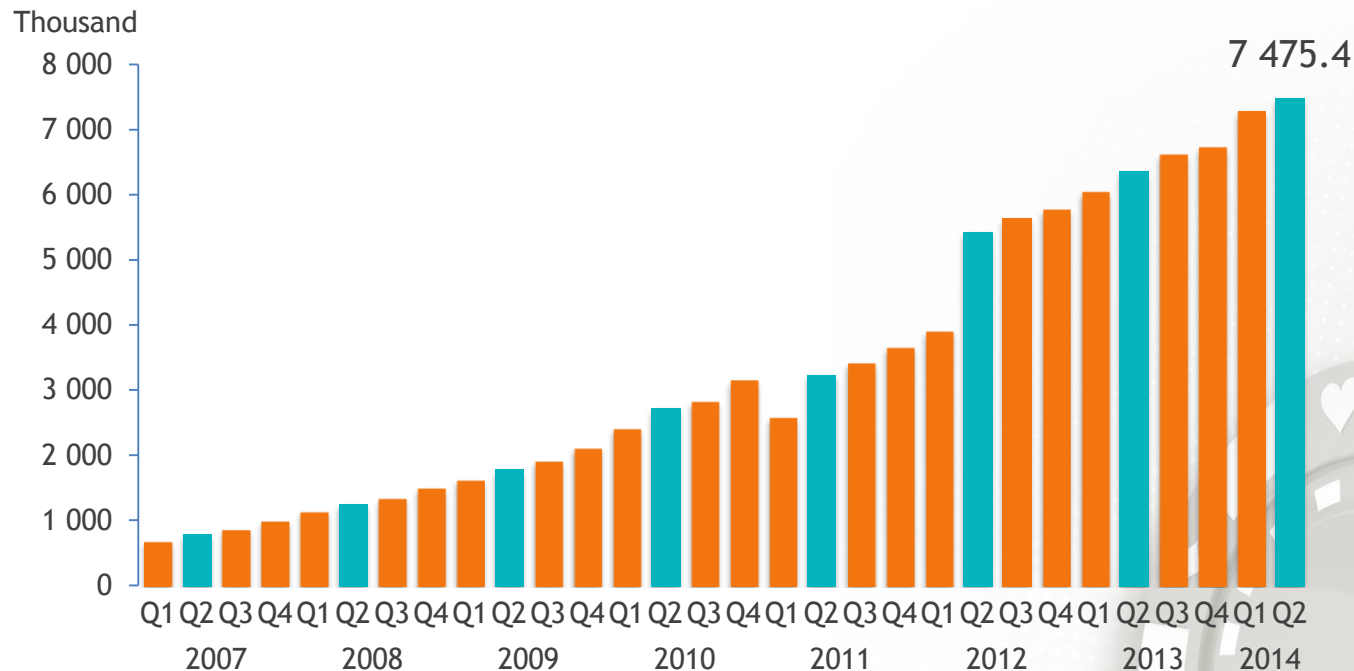
<sup>1</sup>Margins after allocated costs



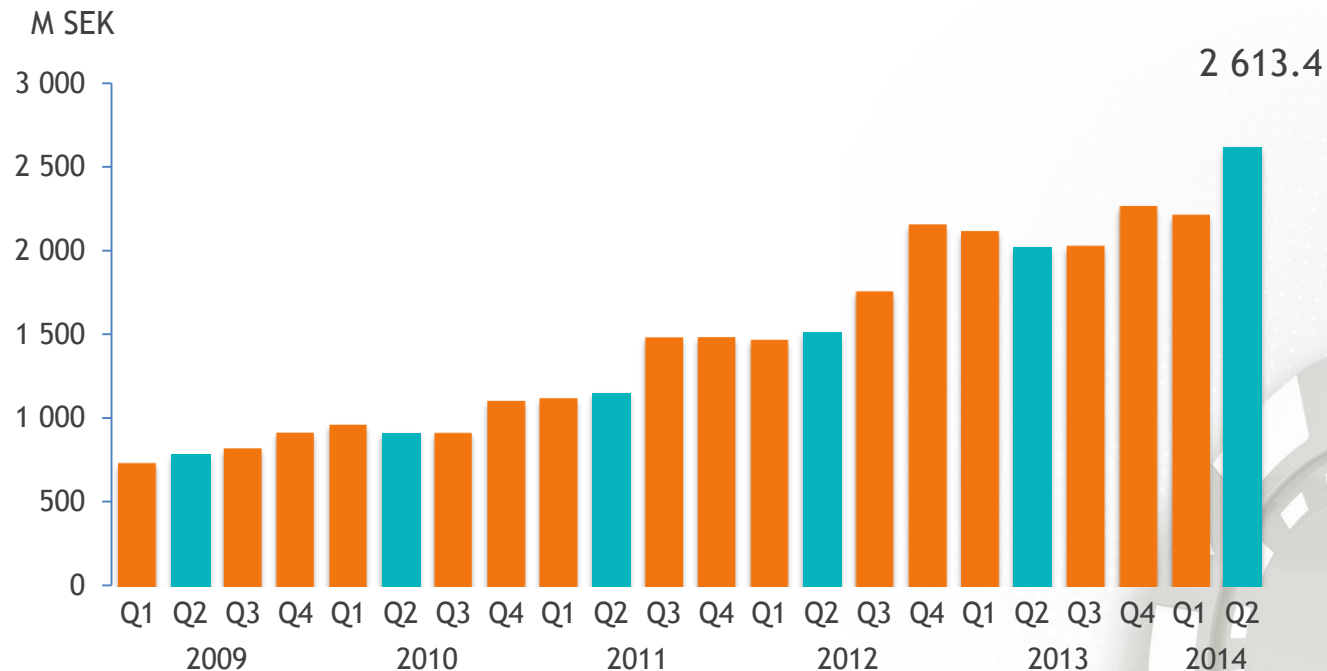
## Active Customers - focus on high value customers



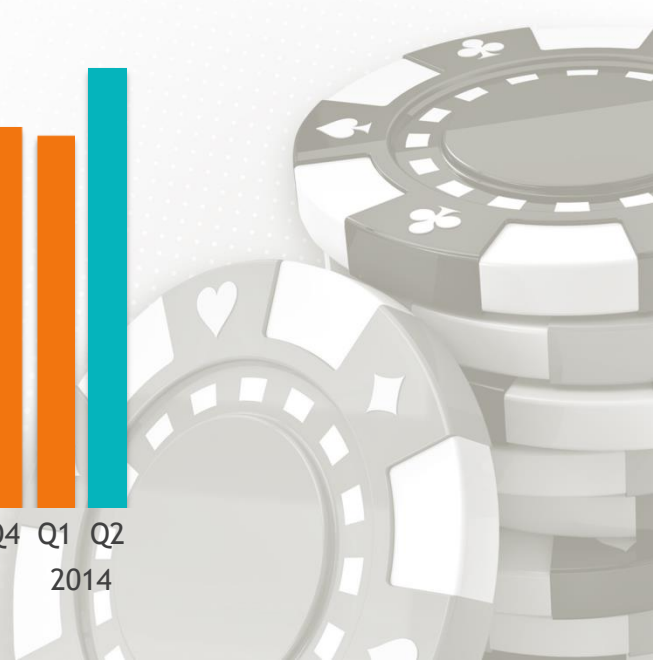
## Registered Customers



## Deposits - 30% growth



2 613.4



# LEGAL UPDATE

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## Legal Update

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### The Netherlands

- ✓ The proposed legislation has recently been sent from the government to the second chamber in the parliament. The parliament will review the proposal in September this year
- ✓ The proposal was in line with expectations in terms of tax and structure
- ✓ Betsson estimates that the new regulation will be implemented earliest during Q1 2016

### UK

- ✓ The UK license deadline for applications is September 16 while the new legislation effective from October 1, 2014



## FIFA WORLD CUP



**FIFA WORLD CUP**  
**Brasil**



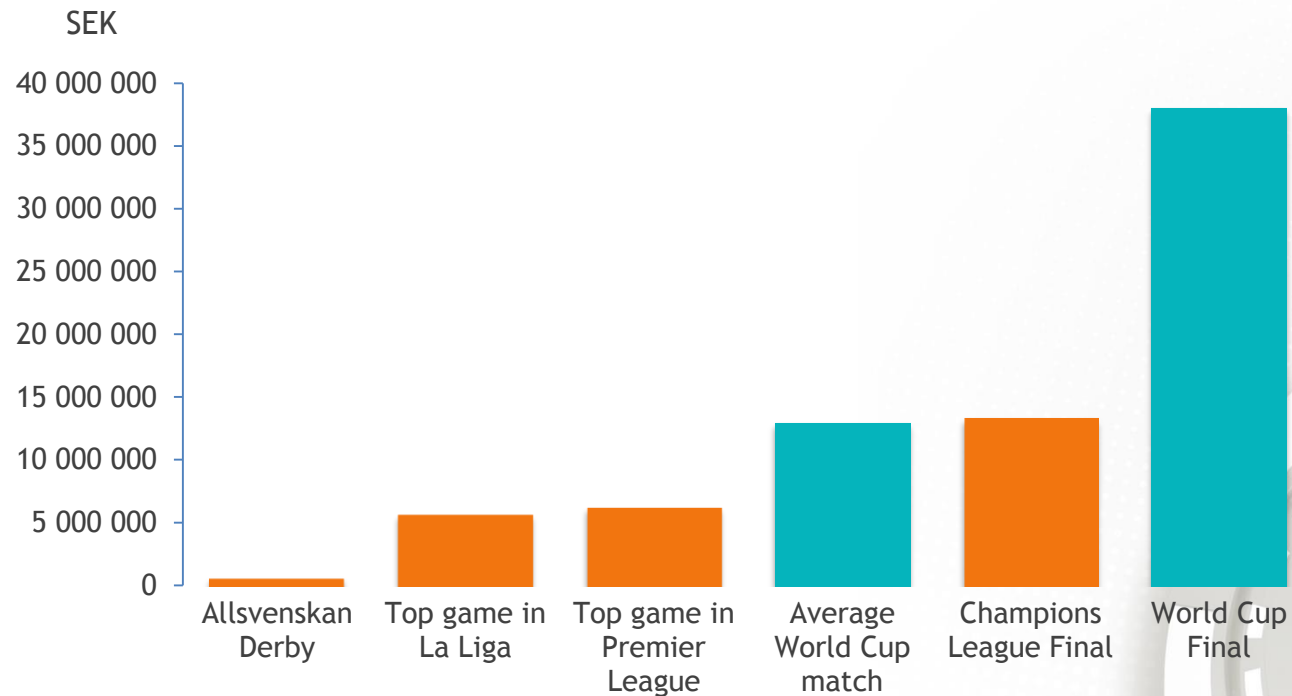
## World Cup Facts

- ✓ Total turnover during WC was **827,4** million SEK
- ✓ Average turnover per game was **12,9** million SEK
- ✓ In Q2, World Cup represented 4% of total revenues
- ✓ SB margins after free bets during the World Cup were in line with overall margins during the quarter
- ✓ Most popular bets: 1X2, Over/Under 2,5 and Handicap bets



**FIFA WORLD CUP**  
**Brasil**

## Turnover comparison in SEK

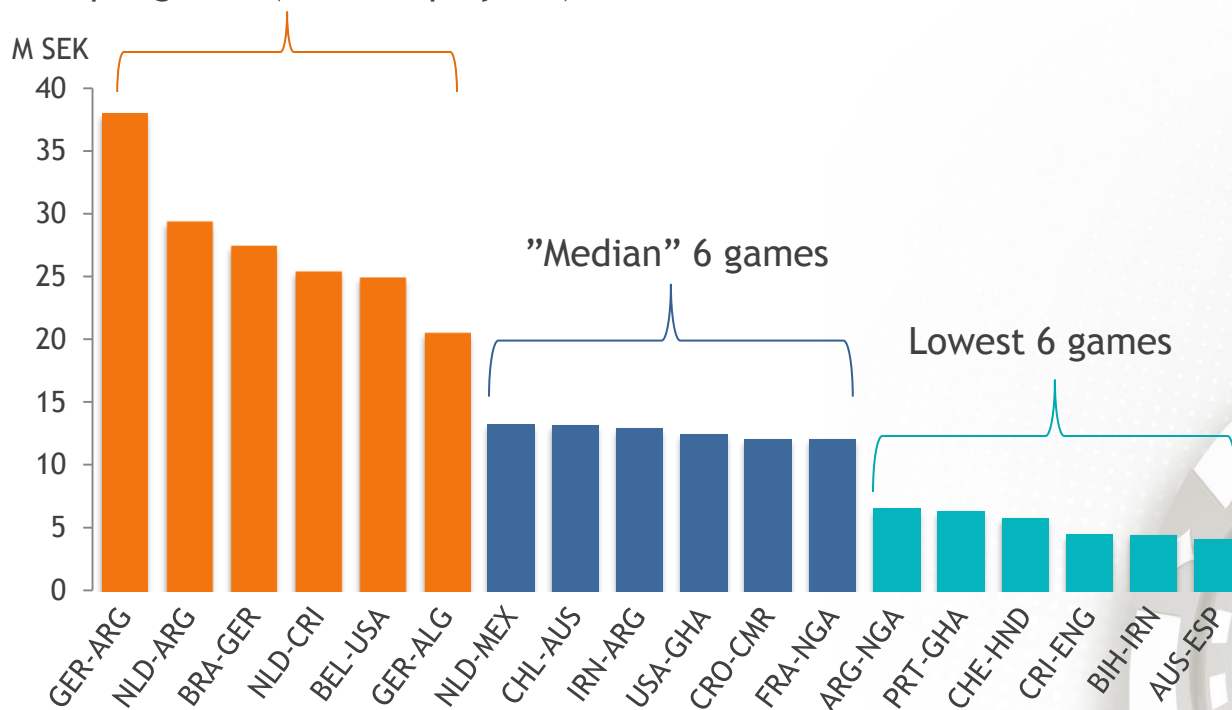


## Turnover per game in SEK



FIFA WORLD CUP  
Brasil

Top 6 games (All from playoffs)



## Characteristics of profitable results

- ✓ Tie game
- ✓ Few goals
- ✓ Underdogs performing well

## Top 5 - Game win

- ✓ Germany - Argentina (1-0) - *Final and the winning goal in the 113<sup>th</sup> minute*
- ✓ Brazil - Mexico (0-0) - *Heroic performance from Mexico's goalkeeper*
- ✓ Netherlands - Costa Rica (4-3 after penalties) - *Full time score was 0-0*
- ✓ Argentina - Netherlands (2-4 after penalties) - *Full time score was 0-0*
- ✓ Iran - Nigeria (0-0) - *Tie and no goals*



**FIFA WORLD CUP**  
**Brasil**

## Characteristics of less profitable results...

- ✔ Predictable outcome
- ✔ Several goals
- ✔ Less profitable live bet where the outcome is known at an early stage

## Top 5 - Game loss

- ✔ Germany - Brazil (7-1) - *5 goals after 29 minutes in first half*
- ✔ France - Honduras (3-0) - *France ball possession was 63%*
- ✔ Netherlands - Mexico (2-1) - *Holland scored the 1-1 goal with 2 minutes left to play and the winning goal during overtime which had a major swing in Gamewin*
- ✔ Switzerland - Ecuador (2-1) - *Switzerland scored the winning goal in overtime*
- ✔ Brazil - Croatia (3-1) - *Opening game and favorite win*



**FIFA WORLD CUP**  
**Brasil**

## Suarez “biting odds” social media hit!

- ✓ It had a huge penetrating power in international media. For example it was mentioned in the British tabloids, CNN, Fox Sports and ESPN

### 167 people cashed in on bet that Luis Suarez would bite someone at World Cup

By: NATE SCOTT June 24, 2014 7:52 pm ET Follow @allateScott

134k shares



SHARE



TWEET



EMAIL



## EVENTS AFTER Q2

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- ✓ The third quarter has started with revenues **somewhat above** average level of the previous quarter. This is explained by the activity and good margins in connection with the end of the World Cup
- ✓ There have **been no** other significant events after the end of the period



## Q&A

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