



betsson ab

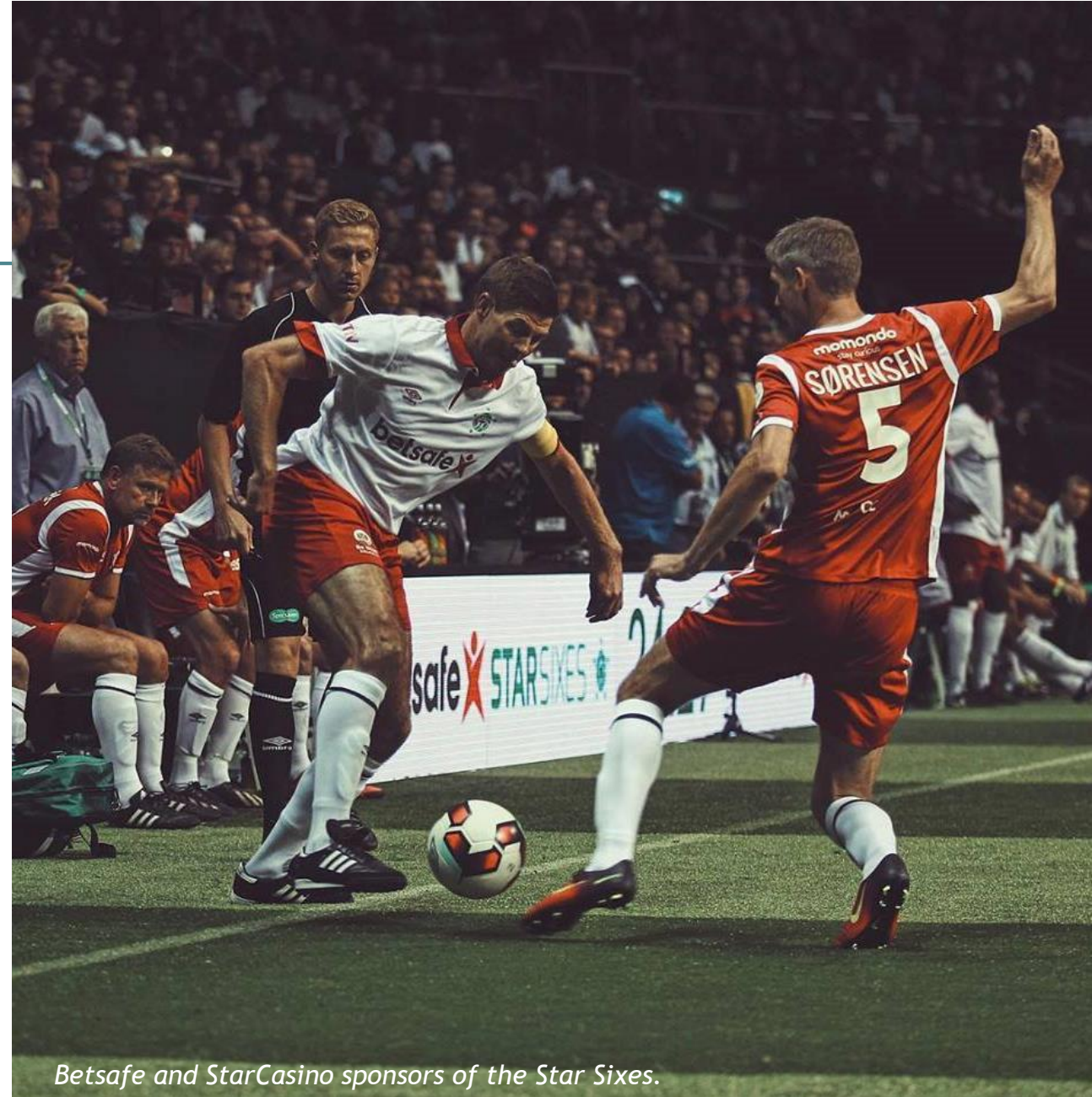
Q2 2017

Ulrik Bengtsson  
President and CEO

# HIGHLIGHTS Q2

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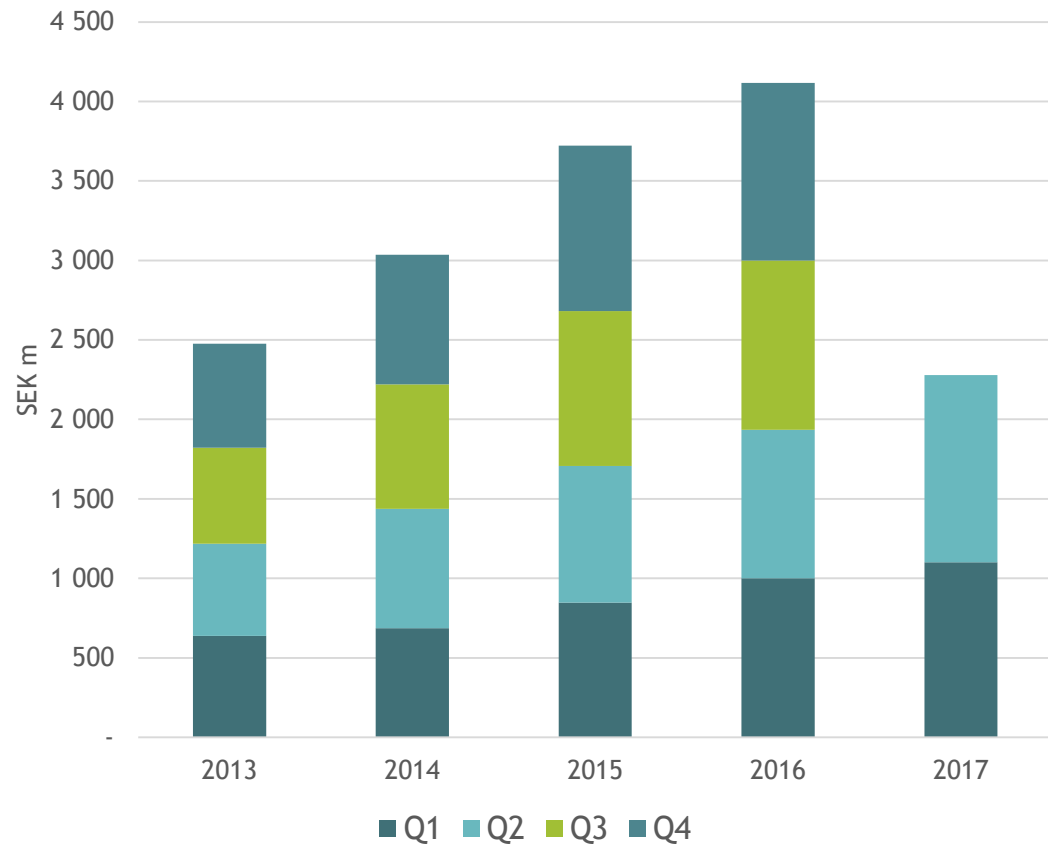
- Strong growth. Total revenue +26%, of which 15% organic
- Casino growth of 28%, 3rd consecutive quarter with >20% Casino growth
- 15% Sportsbook growth
  - 48% Sportsbook growth in the Nordics
  - Driven by product development
- Gaining market share in all Nordic countries and region Western Europe
- Sustainable revenue continues to grow
- Horse racing launched on Betsafe in June



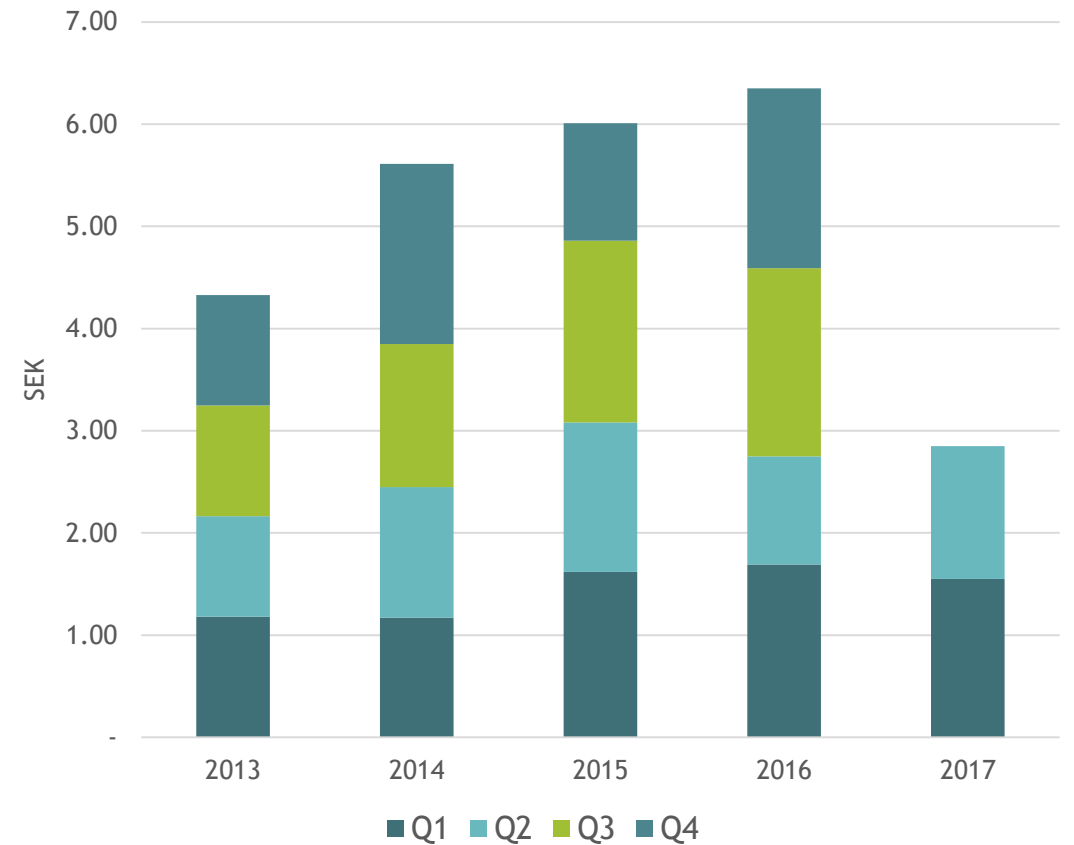
*Betsafe and StarCasino sponsors of the Star Sixes.*

# QUARTERLY DEVELOPMENT

## Revenue



## Earnings per share (EPS)



# FINANCIAL SNAPSHOT

- Revenue grew by 26%
- EBIT grew by 31% to SEK 206.9 m
  - Betting duties grew by 71% to SEK 53.5 m
  - Licence fee from Realm declined by 16%
  - Negative currency effect of SEK 17.8 m
- EBIT in constant currency was SEK 224.4 m
- Operating margin was 17.6%
  - Adjusted for impact of currency and acquisitions, operating margin was 20.4%
- All Time High in deposits of over SEK 4 bn

SEK m	Q2 2017	Q2 2016	Change	FY 2016
Revenue	1,177	935	26%	4,117
Gross profit	851.1	694.6	23%	3,078
Gross margin	72.2%	74.3%	-	74.8%
EBIT	207	158	31%	946
EBIT margin	17.6%	16.8%	-	23.0%
Net income	186	146	27%	878
Casino revenue	877	683	28%	2,908
SB revenue	256	223	15%	1,080
SB margin	6.4%	5.7%	-	6.5%
Deposits	4,056	3,473	17%	14,458
Active players	551,181	563,247	-2%	-

# ADJUSTED INCOME STATEMENT

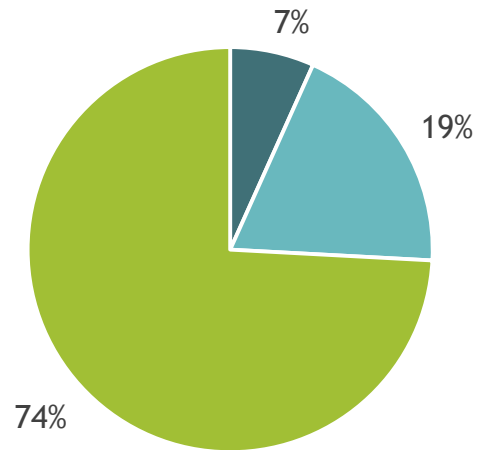
2017 Q2 SEK million	Betsson adjusted	Currency effect	Acquired entities <sup>1)</sup> (past 12 mts)	Betsson reported	Reported Q2 2016
Revenue	1,065.6	+8.3	+103.6	1,177.5	935.4
Operating expenses	563.8	+18.4	+62.1	644.2	536.3
Operating income (EBIT)	217.8	-17.8	+6.8	206.9	158.3
<i>Operating margin</i>	20.4%			17.6%	16.9%

- Clarification of underlying results of the business adjusted for currency and acquisitions
- Negative currency fluctuations had a significant negative effect on EBIT for the quarter
- Operating margin in constant currency and excluding acquired companies was 20.4%

<sup>1)</sup> Acquired entities include TonyBet, RaceBets, NetPlay TV and Premier Casino  
Costs related to acquired entities include acquisition costs and amortisation of customer base

# REVENUE CONVERSION CONTINUES

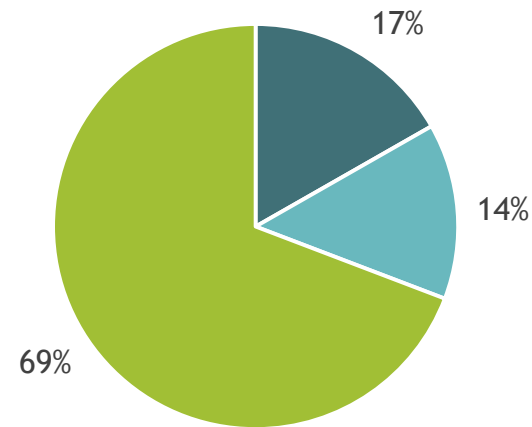
Q2 2015



■ Locally licensed ■ Realm ■ Other

- Licences in 5 markets
- Betting duties amounted to SEK 15.2 m

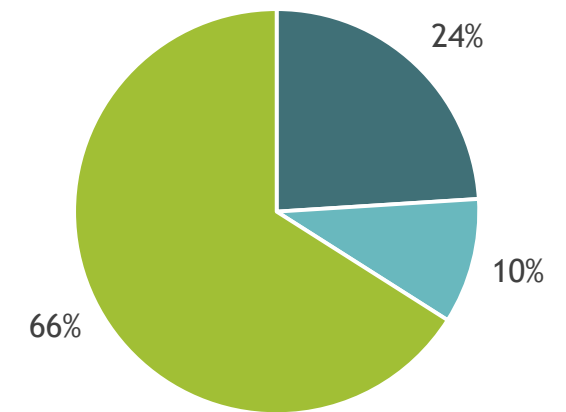
Q2 2016



■ Locally licensed ■ Realm ■ Other

- Licences in 8 markets
- Betting duties amounted to SEK 31.3 m
- Negative currency fluctuation in TYR impacted licence revenue from Realm

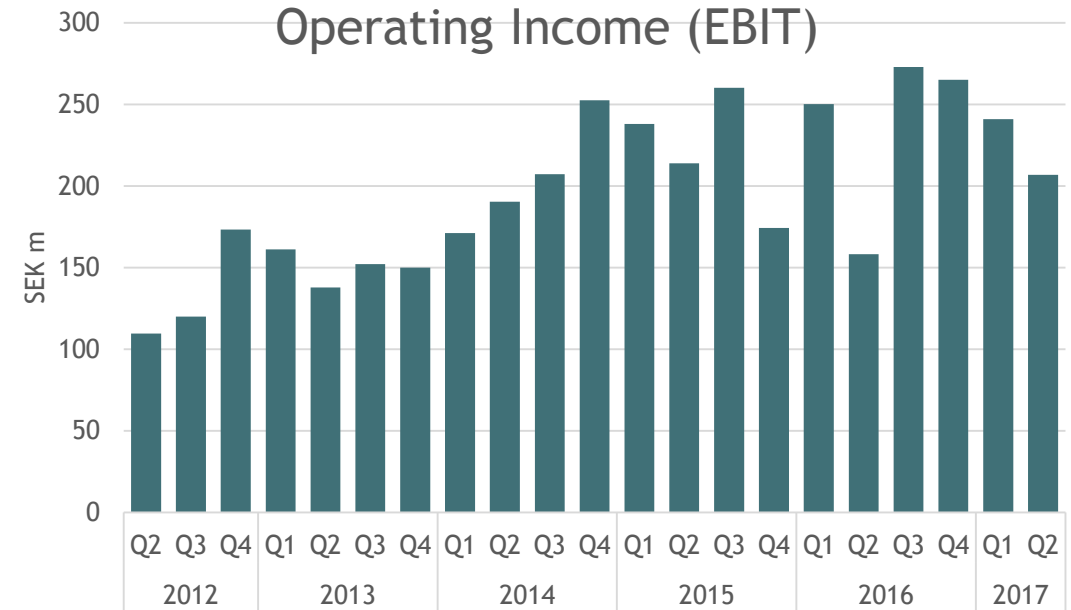
Q2 2017



■ Locally licensed ■ Realm ■ Other

- Licences in 11 markets
- Betting duties amounted to SEK 53.5 m
- Continued drop in TYR impacted licence revenue from Realm
- License fee from Realm now below 10%

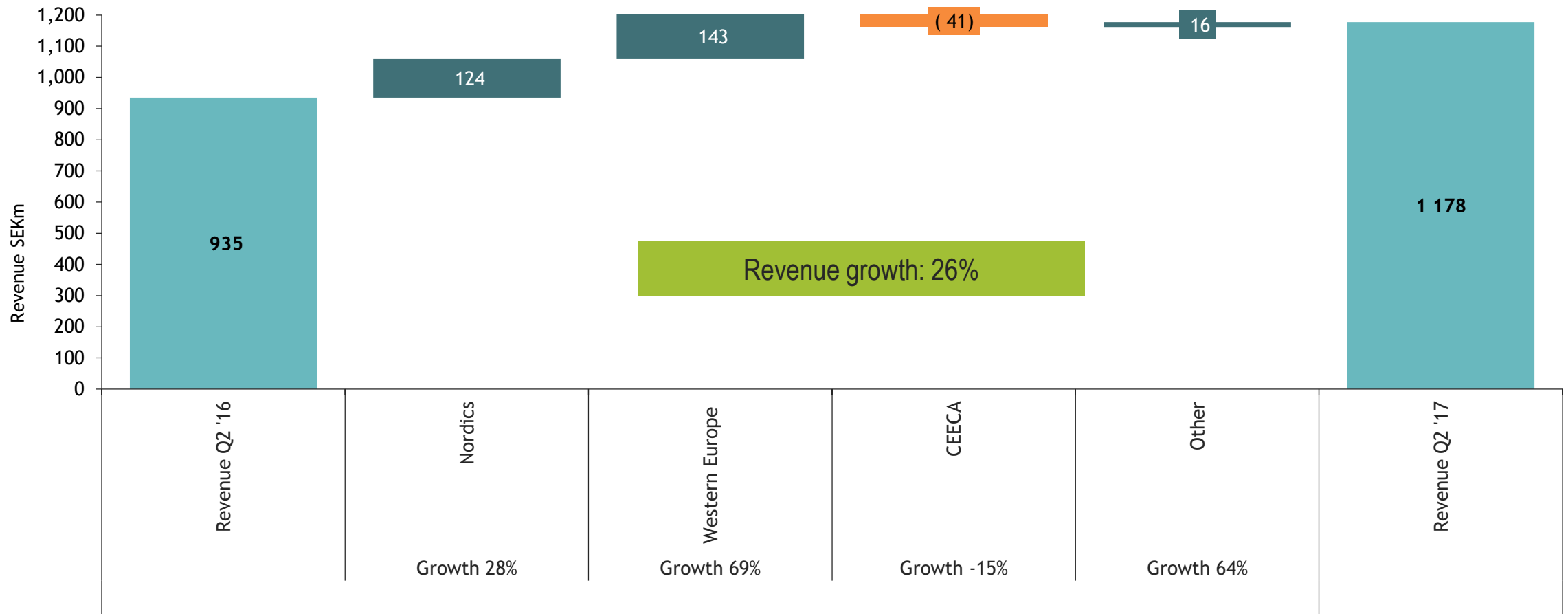
# REVENUE AND EBIT LONG TERM TRENDS



- Revenue doubled since 2012
- CAGR 2012-2016 was 17%, Growth 1H 2017 18%
- Online still only ~12% of total gaming

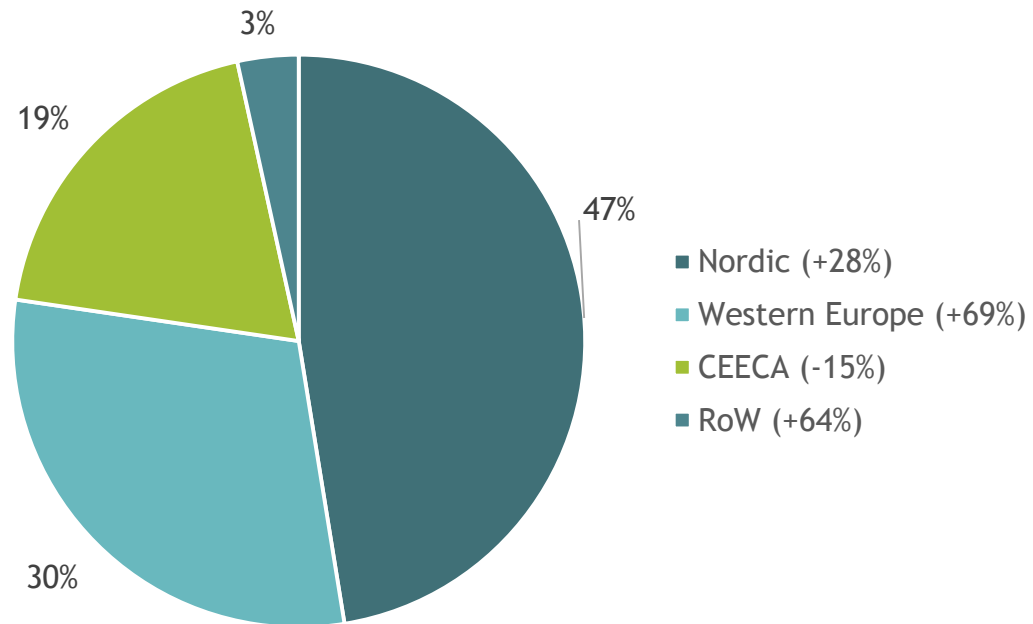
- Strong profitable growth over time
- Conversion of revenue to more sustainable, valuable revenue puts initial pressure on operating margin, but operating income will grow in absolute numbers
- EPS continues to grow over time

# REVENUE DEVELOPMENT PER REGION, Q2

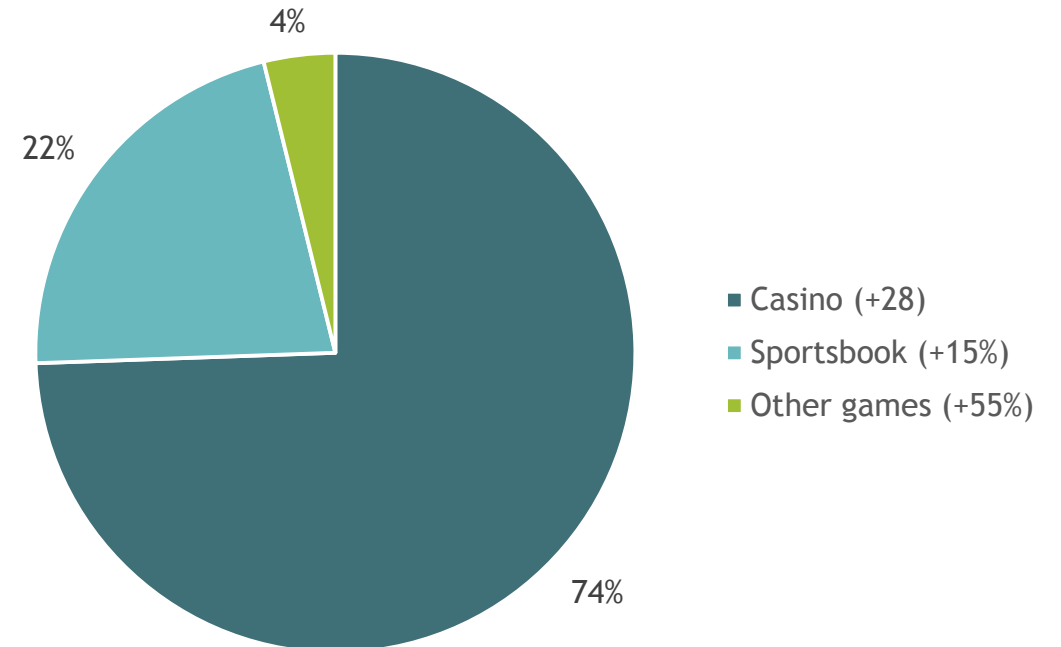


# WESTERN EUROPE NOW 30% OF THE BUSINESS

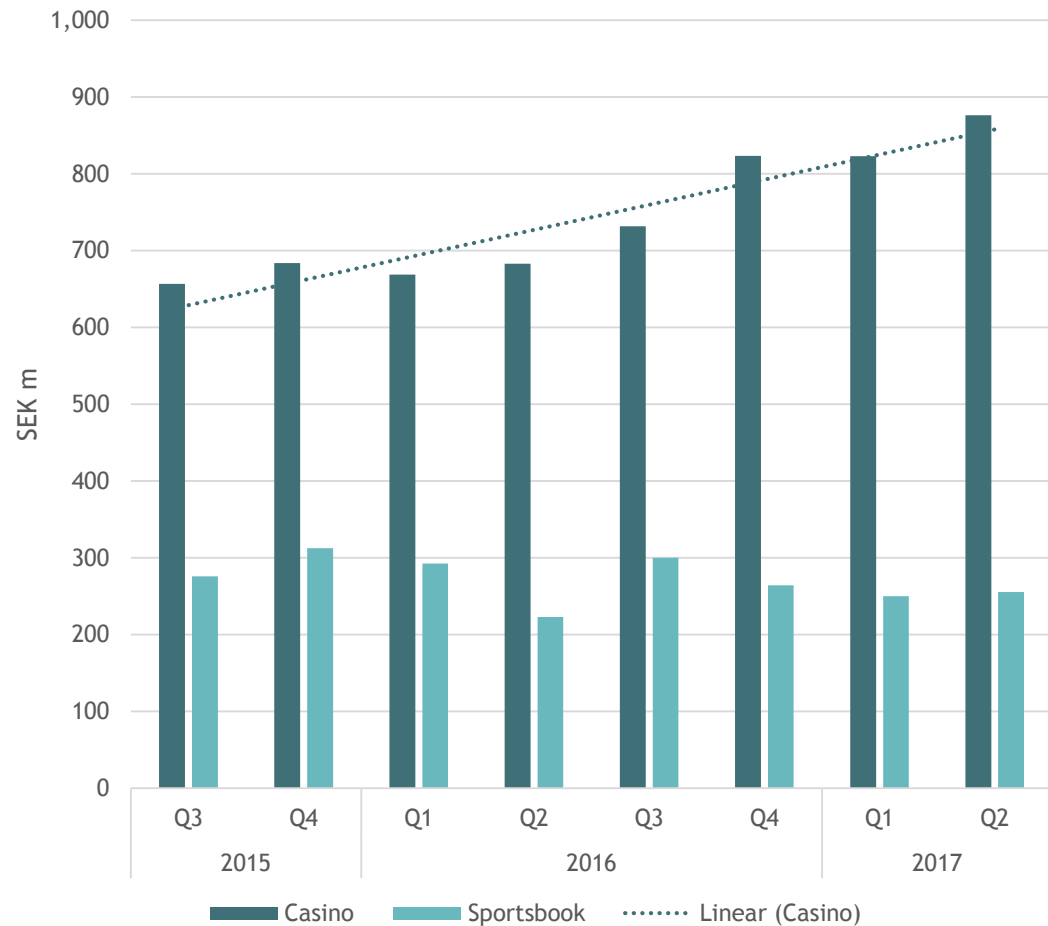
Revenue distribution, Geography



Revenue distribution, Product



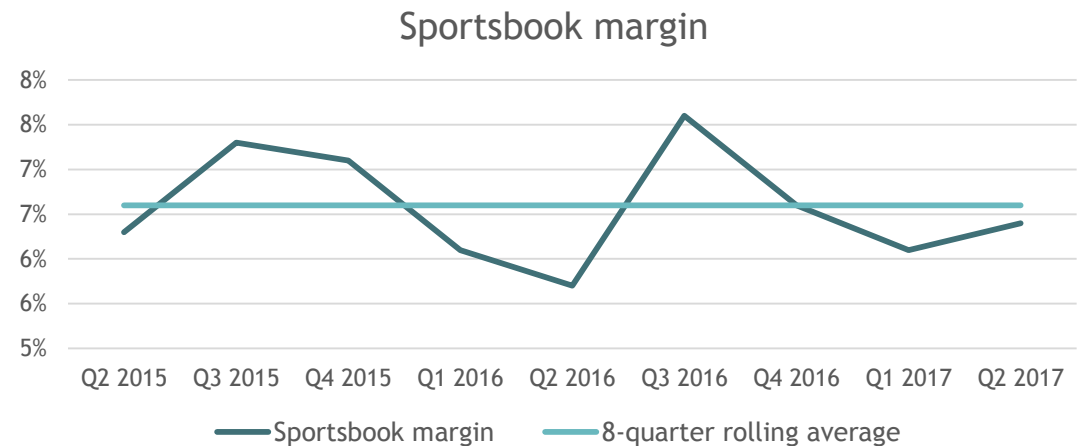
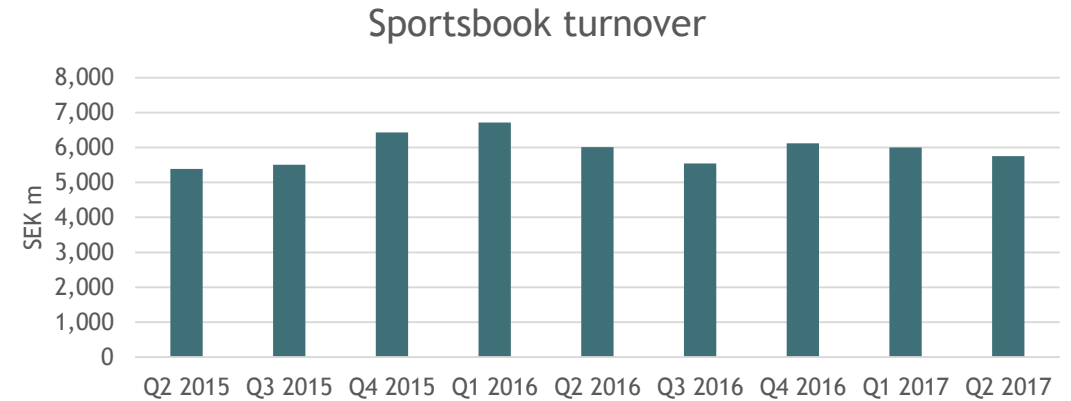
# CONTINUED STRONG GROWTH IN CASINO



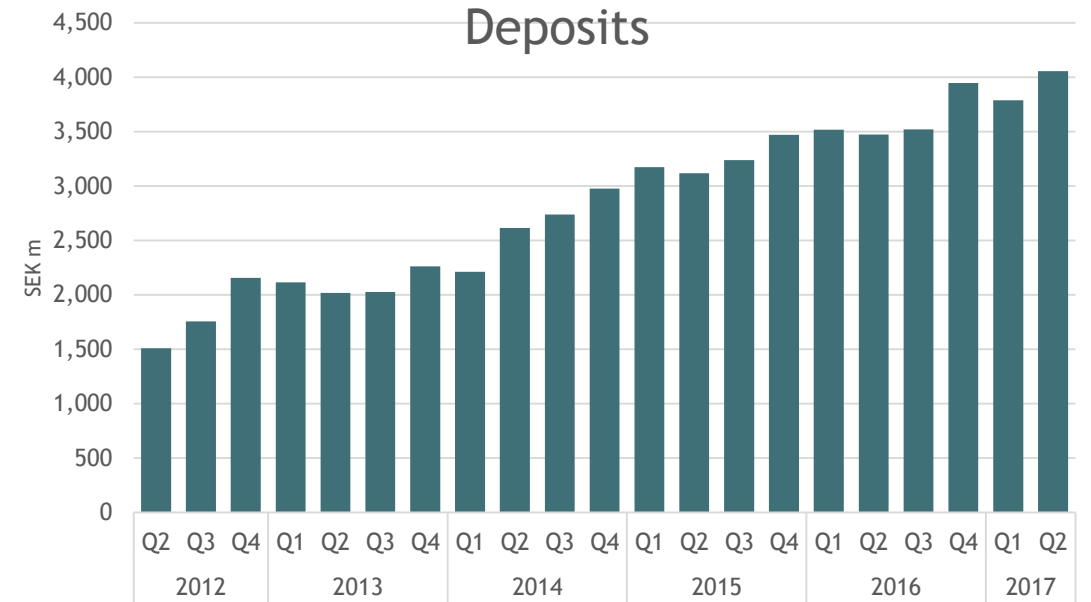
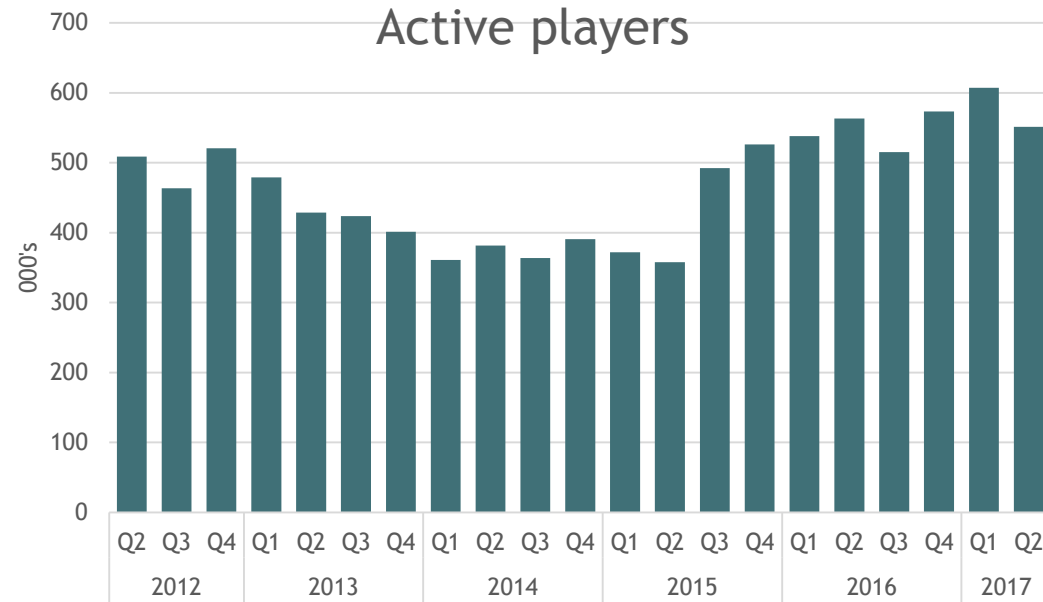
- Third consecutive quarter of +20% casino growth
- Casino +28% Y/Y, organic +20%
- Mobile casino growth +76% Y/Y
- Sportsbook +15% Y/Y
- Driven by product development and 48% SB growth in the Nordics
- Expect Sportsbook to develop well in 2H

# TURNOVER EXCLUDING REALM IS GROWING

- Sportsbook turnover SEK 5,775 m (6,009)
  - Decline in TYR had SEK 392 m negative impact on turnover
- Turnover excl. Realm is approx. +25% Y/Y
- Sportsbook margin at 6.4% (5.7)
- 8-quarter rolling average sportsbook margin is 6.6%



# CONTINUED STRONG UNDERLYING ACTIVITY



- Active players was 551,181 (563,247)
- Euro 2016 impacted actives for Q2 2016
- Acquired companies also impacted movements in active players

- Deposits were SEK 4,056 m (3,473), +17%, 10% organic growth
- Deposits impacted by negative currency effect in TYR

Q2 2017 Presentation

# BUSINESS UPDATE

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# IMPACT OF NETPLAY TV AND PREMIER CASINO ACQUISITIONS

## NetPlay TV

- Delisting and downsizing of Board and management
- Payment operations, CRM and customer service merged with Betsson Malta
- Closed down and merged UK offices
- renegotiations of supplier contracts in progress

## Premier Casino

- Rebranding to StarCasino.es
- Fully integrated operations in Betsson Malta
- Increased casino portfolio

Accounting implications, SEK m	Q2 2017
Revenue	70.4
Operating income	0.7

- Profitability in NetPlay brands and PremierCasino (StarCasino.es) in H2 2017 is expected to be above 5%
- Full effect of improvements expected towards end of 2018

**JACKPOT247**

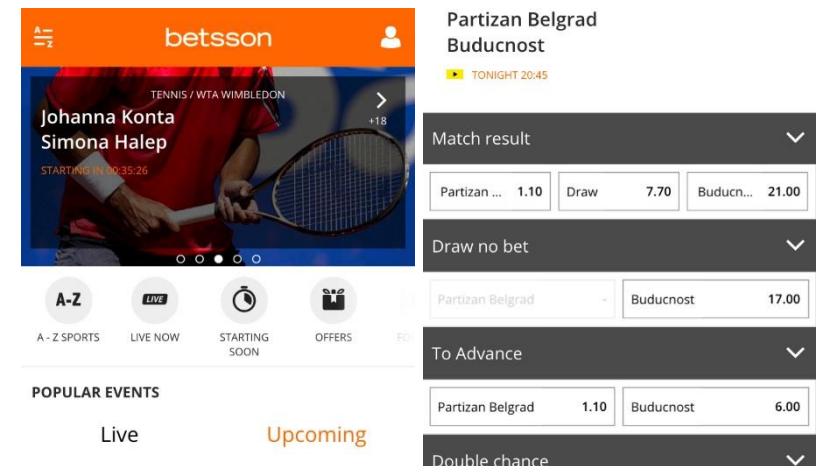
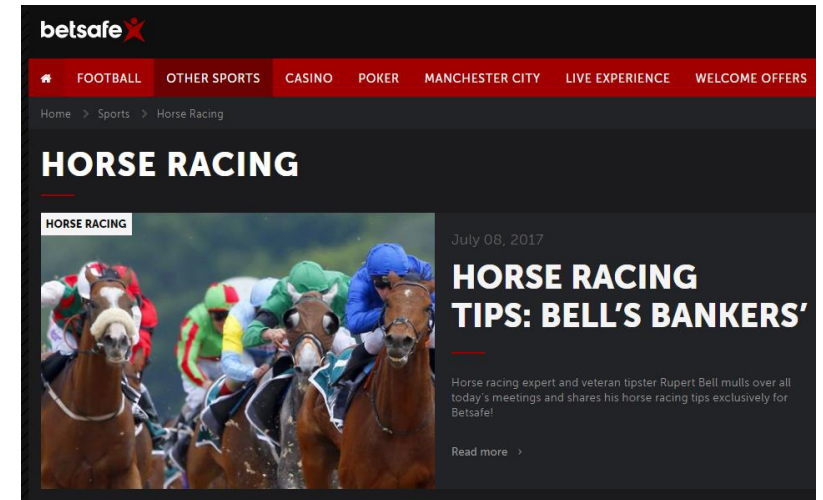
**VERNONS.COM**

**SUPERCASINO.COM®**

**starcasino**  
Antes Premier Casino

# SPORTSBOOK - HORSE RACING LAUNCHED AND ROLL-OUT OF NEW MOBILE SPORTSBOOK

- Racing launched on Betsafe in time for Ascot
  - Improved retention of sportsbook customers
  - Roll-out on rest of brands in Q3/Q4
- Started roll-out of new mobile sportsbook built on OBG framework
  - Improved speed
  - Better user interface
  - Testing show high customer satisfaction
- More live streaming



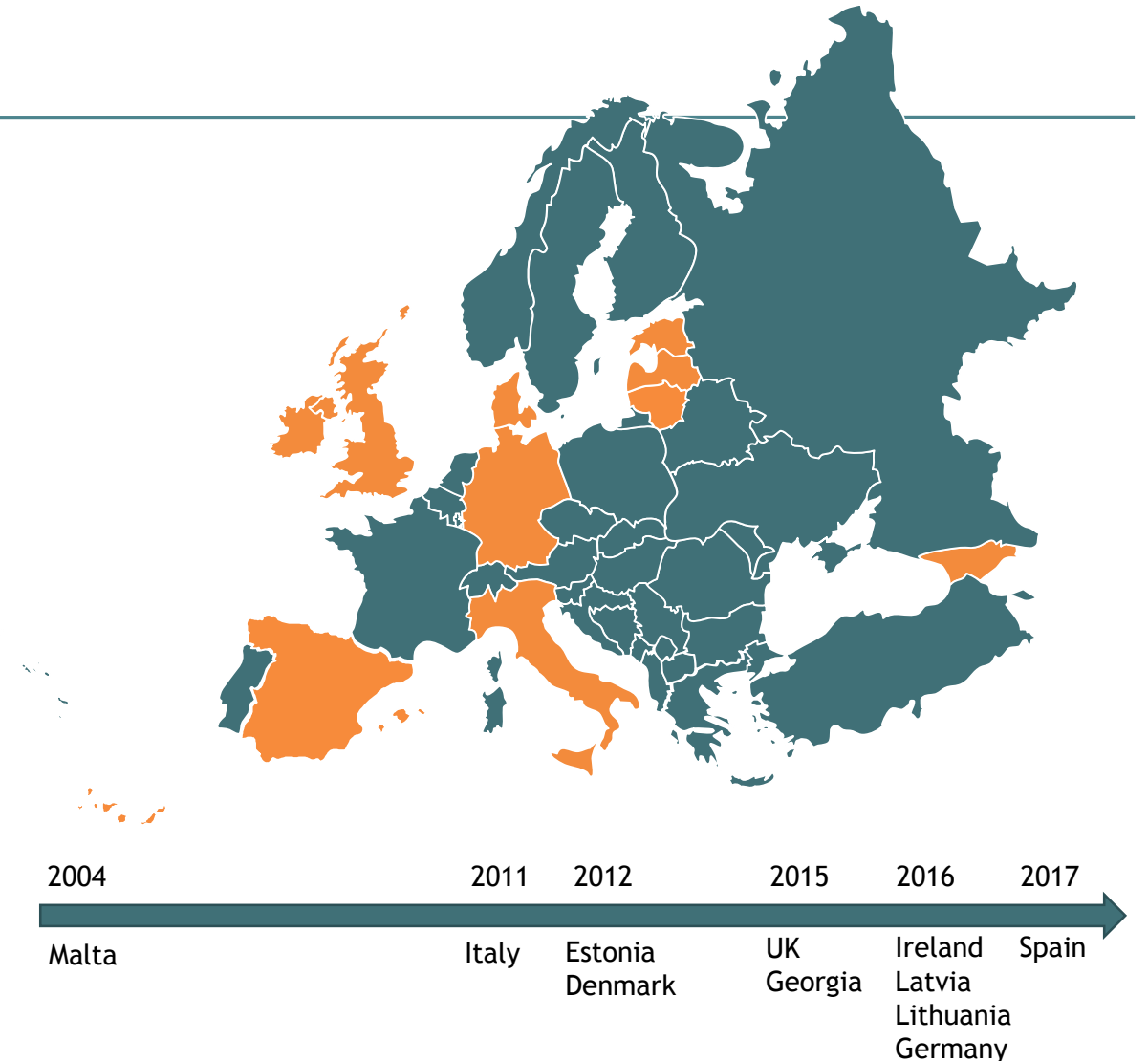
# WORLD'S LARGEST CASINO GETTING BIGGER

- New casino providers added
  - Novomatic/Greentube games live
  - EGT games live
  - New providers for Italy
  - More than 80 games providers
- 2,096 games available, of which 1,503 on mobile
- More exclusive games launched



# REGULATORY UPDATE

- 23.9% (13.3) of revenues locally taxed
- SEK 53.5 m (31.3) betting duties paid
- Re-regulation of Swedish market
  - Bill expected March 2018
  - New regulation expected H2 2019
- Re-regulation of Netherlands on hold
  - Likely delayed until after next election 2021
  - Current Dutch law not compliant with EU law
  - Betsson has filed official complaint with the EU Commission



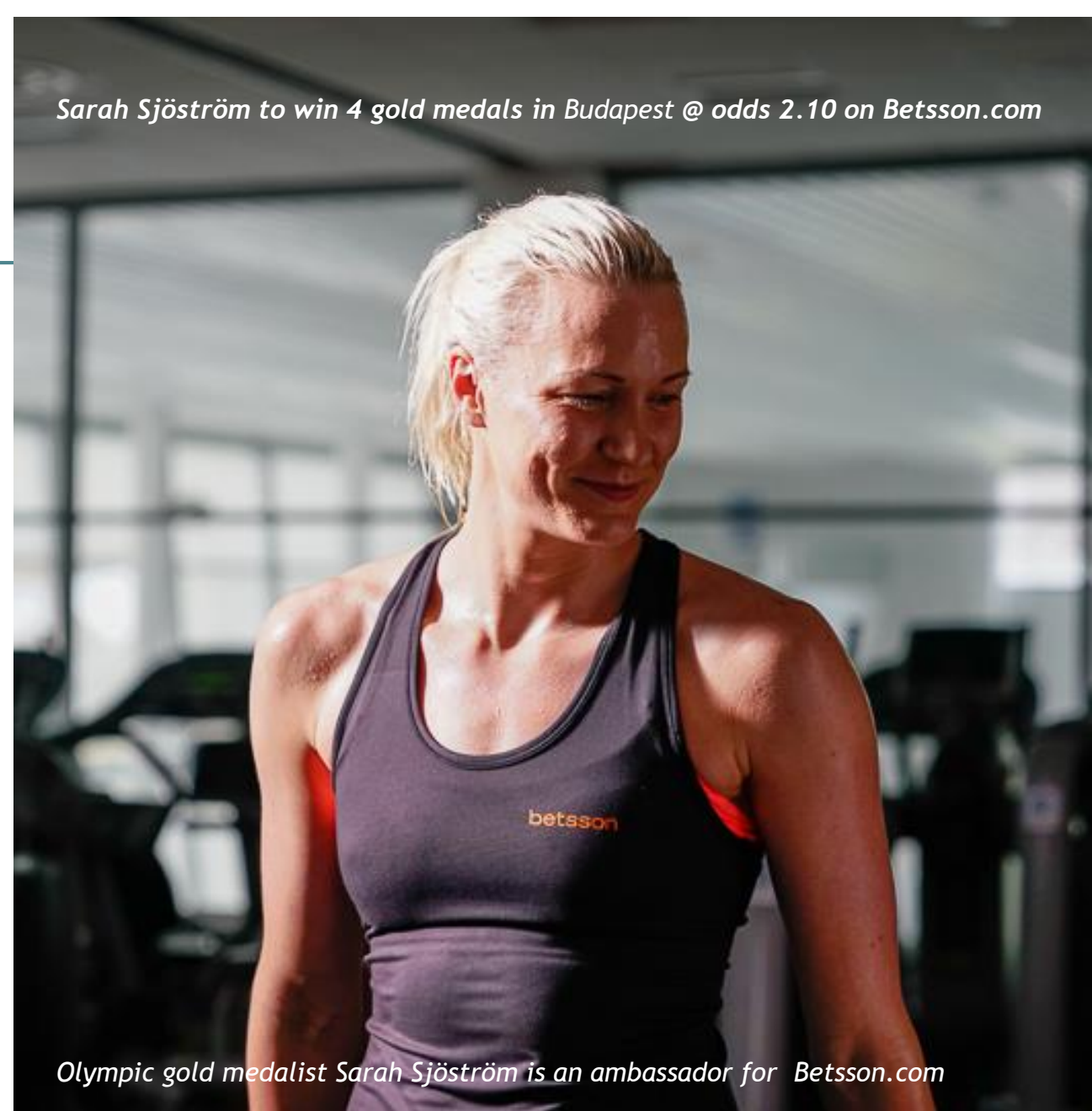
*Sarah Sjöström to win 4 gold medals in Budapest @ odds 2.10 on Betsson.com*

# TRADING UPDATE

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- The daily revenue in the quarter up until 17 July was
  - higher than the average daily revenue of the full second quarter 2017, and
  - as expected, much higher than the average daily revenue of the full third quarter 2016.

*Please note that this trading update is not a forecast for the revenue of the third quarter, but and indication of how the quarter has started.*



*Olympic gold medalist Sarah Sjöström is an ambassador for Betsson.com*

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