

# Q3 2013

Revenues grew 14% organically

---



## Presentation Outline

---

- ✓ Business development update
- ✓ Regulated markets
- ✓ Q3 Highlights
- ✓ Legal Update
- ✓ Events after Q3
- ✓ Q&A



# BUSINESS DEVELOPMENT UPDATE

---



## Multi Supplier and Multi Brand Strategy



### Business to Consumers (B2C)



### Business to Business (B2B)



## Business optimisation

- ✓ Betsson AB's subsidiaries are set to deliver *the best customer experience in the industry*, through:
  - ✓ Individual real time customer communication » *higher ARPU, higher conversion*
  - ✓ Digital marketing » *higher conversion, lower CPA*
  - ✓ Use of Big Data » *higher ARPU*
  - ✓ Improved business efficiency through one platform » *lower development cost and quicker time to market*
- ✓ Currently there are 50+ projects ongoing



## Mobile first

### ✓ Development

- ✓ Launched the last 18 months: HTML5 for 21 brands, Native App for Casino.dk and branded live score Apps
- ✓ New games and functionality constantly added
- ✓ Native App launched for Betsson.com on all main markets in October. The other key brands will be launched in the end of 2013/ beginning of 2014.
- ✓ Next step is to launch Native Apps for Android and Windows mobile. That will be done during 2014

### ✓ Mobile penetration in Q3

- ✓ Sportbook turnover: 22% - YoY growth of 118%
- ✓ Total revenue: 12% - YoY growth of 248%



# REGULATED MARKETS

---



## Internationally and locally regulated

- ✔ Betsson's core markets are internationally regulated (based on our Malta license)
- ✔ We see good opportunities in short and long term on both locally and internationally regulated markets
- ✔ Betsson has 3 licenses on locally regulated markets, Denmark, Italy and Estonia
- ✔ The Group will actively participate in new local regulations where commercially viable

- Locally Regulated
- International Regulated



## Locally regulated markets

- ✓ The Italian casino site, Starcasino.it, continue to grow strongly, even if the business still is relatively small.
- ✓ The Danish sites continue to show stable development. The growth is in line with Betssons overall growth.
- ✓ Casinoeuro.dk recently changed its name to the newly acquired domain, Casino.dk. The initial effect of the name change has been positive.



## China

- ✓ During the third quarter, live tests were done on www.kufa88.com. The tests have been successful.
- ✓ Kufa88 is considered to be one of the most modern lottery/betting site in China.
- ✓ Betsson has a positive outlook on the future possibilities in China.



The screenshot displays the Kufa88 website interface. At the top, there is a navigation bar with 'kufa88' logo, '湖北日报旗下彩票网站', and buttons for '注册' (Register) and '登录' (Login). Below the navigation bar, there are tabs for '彩票投注' (Lottery Betting), '竞彩足球' (Sports Betting - Football), '竞彩篮球' (Sports Betting - Basketball), '传统彩票' (Traditional Lottery), '手机买彩票' (Mobile Lottery), '赛马资讯' (Horse Racing News), and '彩票推荐' (Lottery Recommendations). The main content area features a large banner for a football match: '第比利斯迪纳摩 vs 热刺' (Dinamo Tbilisi vs Tottenham) on '08.23 00:00'. A prominent blue button says '立即投注' (Bet Now). To the left of the banner are icons for various betting markets: '竞彩投注' (Sports Betting), '让球投注' (Handicap Betting), '比分投注' (Score Betting), '大小投注' (Over/Under Betting), '14场投注' (14 Games Betting), and '4场投注' (4 Games Betting). Below the banner is a table of football matches with columns for '赛事' (Event), '主队' (Home Team), '客队' (Away Team), '比赛时间' (Match Time), '投注提示' (Betting Tips), '主胜' (Home Win), '平局' (Draw), and '客胜' (Away Win). The table lists several matches, including Borussia Dortmund vs Schalke 04, Arsenal vs Tottenham, and Bayern Munich vs Borussia Dortmund. A red '立即投注' button is located at the bottom right of the table. On the right side of the page, there is a section for '本站累计中奖' (Total Winnings on this Site) showing '1 亿 2 2 2 5 万' (122.25 million). Below this are sections for '网站公告' (Website Announcements) and '新手引导' (New User Guide). At the bottom right, there is a '在线客服' (Live Chat) button and a customer service phone number '400 886 7787'. The footer contains '酷发特色' (Kufa Features) and '常见问题' (FAQ).

## Q3 HIGHLIGHTS

---



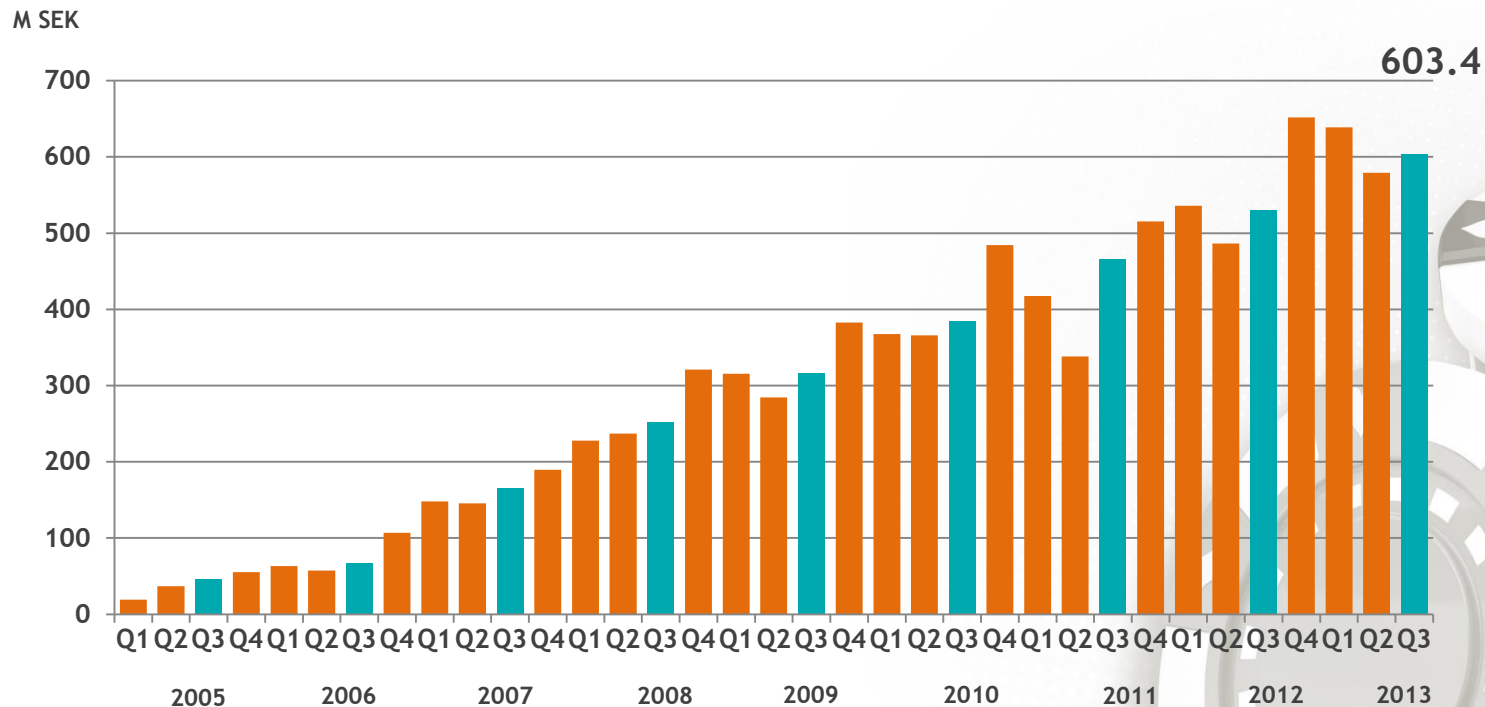
## Q3 Financials

---

- ✓ Revenues amounted to **SEK 603.4** (529.5) million, equivalent to an **increase of 14 percent**
- ✓ **Organic growth**, adjusted for FX, amounted to **16%**.
- ✓ **Operating income** amounted to **SEK 152.2** (120.0) million equal to a margin of **25.2 percent** (22.7 percent) and **27% growth**
- ✓ Cash by end of period **SEK 417.8** million (250.1)
- ✓ **Earnings per Share** **SEK 3.25** (2.68)



## Revenues, 14% growth

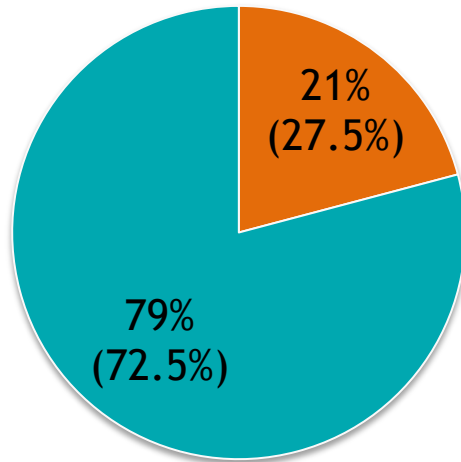


# PRODUCT AND GEOGRAPHICAL SPLIT

---



## Gross Profit per Segment



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



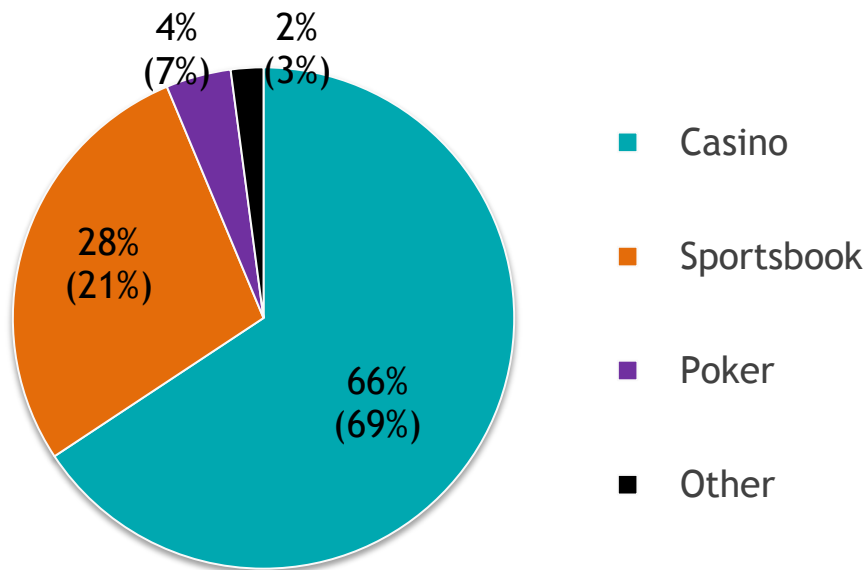
## Gross profit growth per segment

- ✓ The Automaten brands have been included in B2C since the first of April 2013 and prior to that included under the B2B
- ✓ The Automaten brands contributed with SEK 35.8 million to B2C in Q3

B2C/B2C	B2C	B2C adj for Automaten	B2B	B2B adj for Automaten
Gross profit Growth	25%	14%	-13%	16%



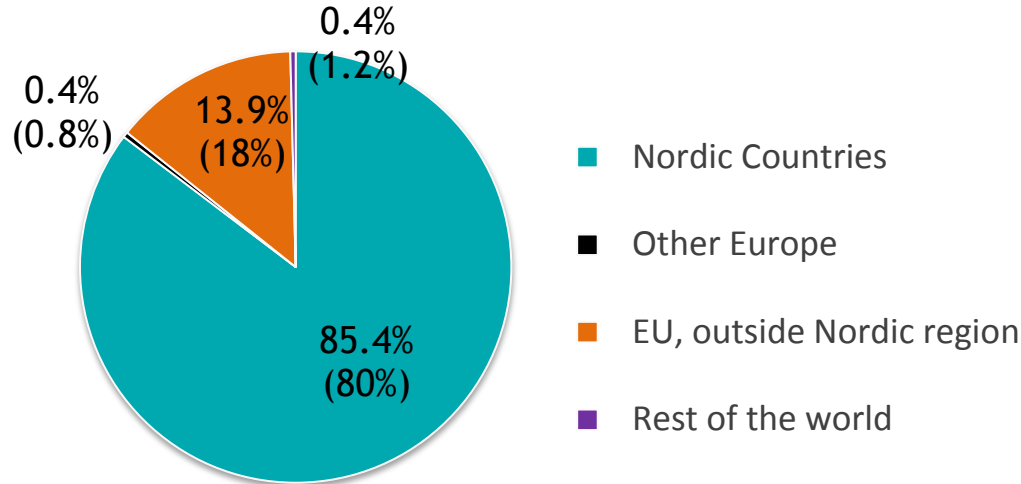
## Gross Profit per Product



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

---

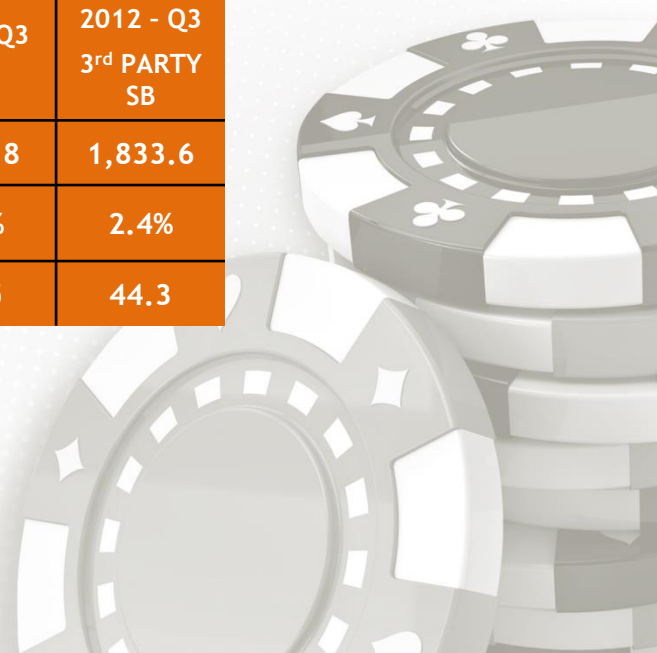


## Q3 Sportsbook

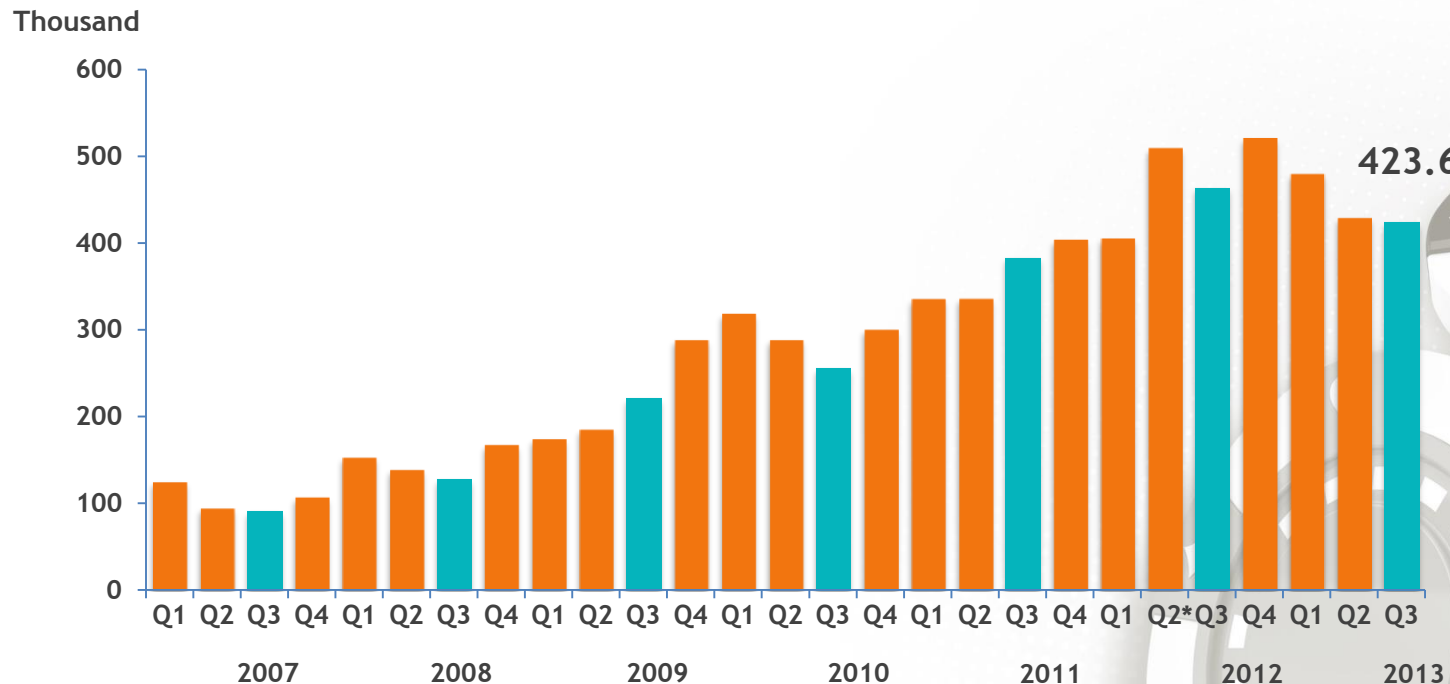
SEK million	2013 - Q3 SB	Growth Q3 SB	2013 - Q3 3 <sup>rd</sup> PARTY SB	Growth 3 <sup>rd</sup> PARTY SB	2012 -Q3 SB	2012 - Q3 3 <sup>rd</sup> PARTY SB
Gross Turnover	1,234.1	13,5%	2,164.4	18%	1087.8	1,833.6
Gross Margin SB*	6.6%		2.7%		4.2%	2.4%
Gross Profit	81.8	80%	58.9	33%	45.5	44.3

Total margin after free bets was 6.9% (5.5%)

\* Margins after allocated costs

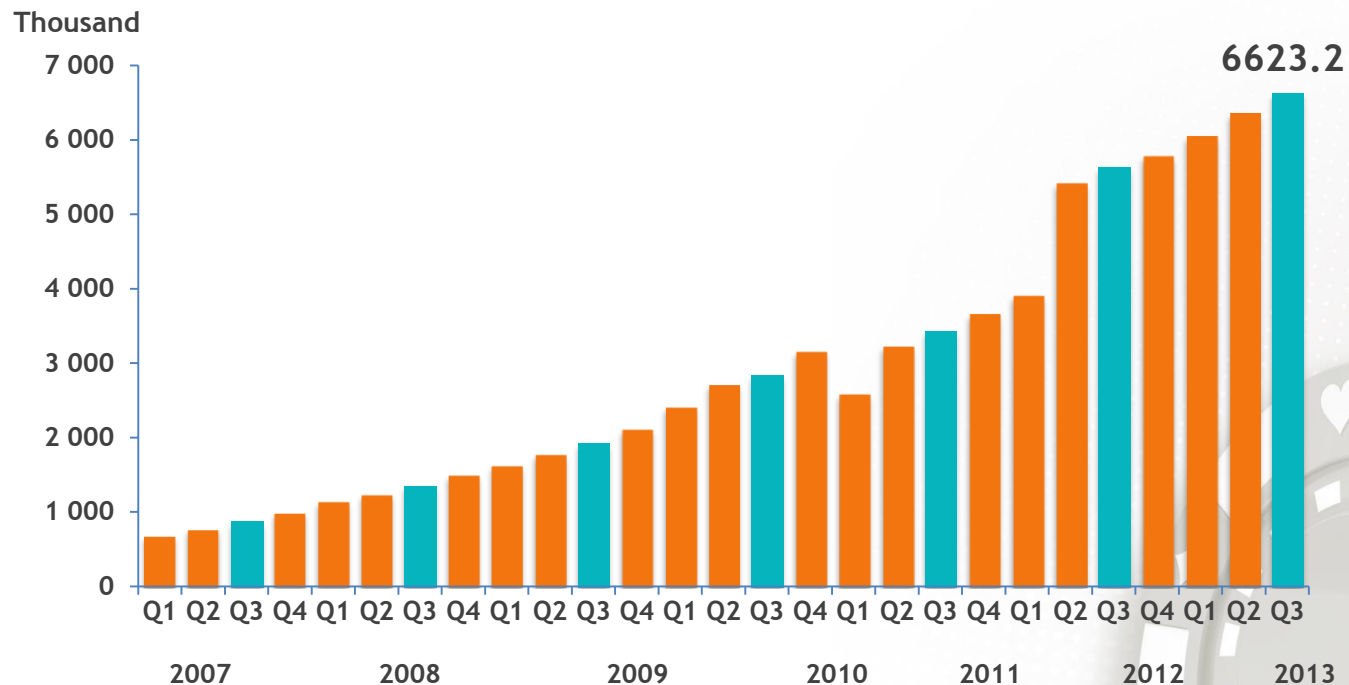


## Active Customers, focus on profitable segment

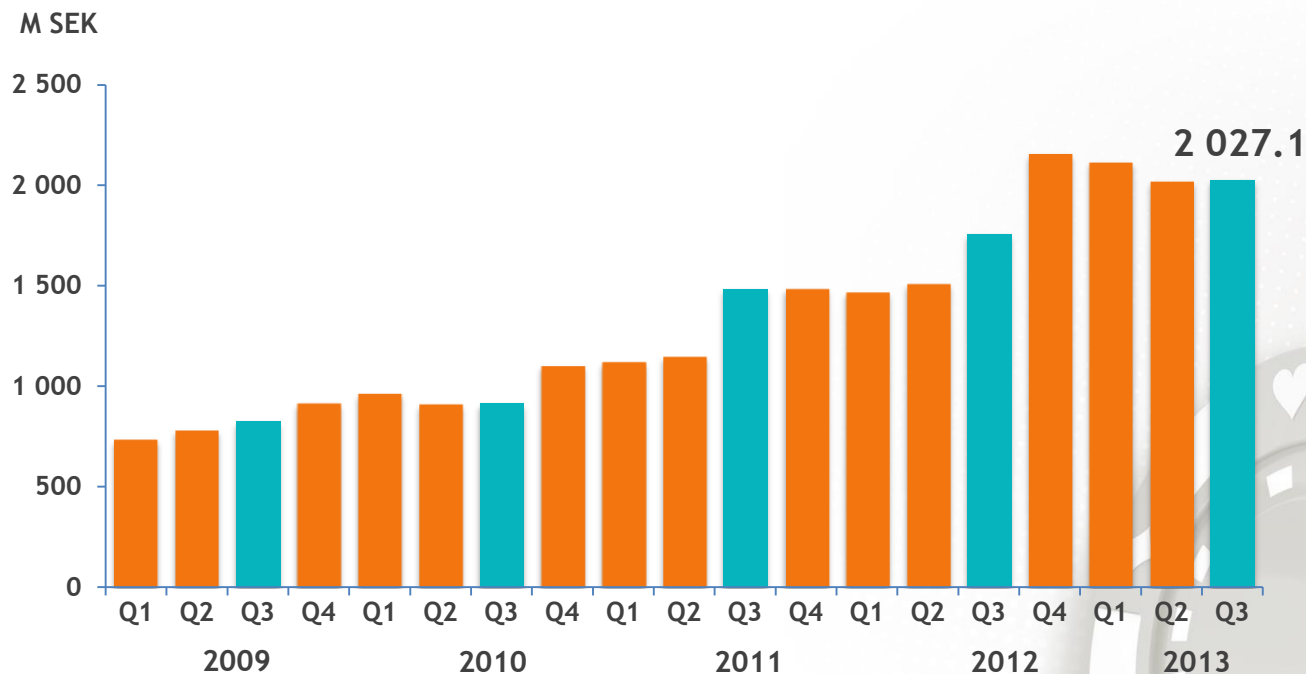


\* In Q2 2012 UEFA European Football Championship took place.

## Registered Customers, 18% growth



## Deposits, 15% growth



# LEGAL UPDATE

---



## Norway

- ✓ After the election there is now parliamentary support for a re-regulation of the gaming market in Norway
- ✓ A step closer to a new locally regulated market. Betsson supports the development
- ✓ It will probably take until 2016/2017 before a re-regulation can be in place

## The Netherlands

- ✓ The Dutch re-regulation is delayed with two to three quarters. The regulation is most likely to be active Q1-Q3 2015



## Sweden

- ✓ The government is continuing to investigate the best way to regulate online gaming. A new proposal will most likely not be put forward until after the election in 2014
- ✓ The Swedish Gaming board (“LI”) are trying to use administrative fines to address promotion of cross-border gaming. This has failed when directed towards event marketing as the fines usually cannot be executed in time for the event

## Turkey

- ✓ The new gaming law has been implemented in most aspects
- ✓ The efforts being made from the authorities have been directed towards landbased betting agents



# EVENTS AFTER Q3

---



- ✓ The fourth quarter started with revenue in line with the average level in the previous quarter
- ✓ Revenues, to date, have been negatively affected by low Sportsbook margins, while at the same time the underlying gaming activity is higher than the average for the previous quarter
- ✓ The new native app for real money gambling was launched



- ✓ A new Sportbook product called 1X2 (EttKryssTvå) have been launched in Sweden.
- ✓ The product has potential to attract customers who normally plays on the monopoly

Kommande Historik

VÄLJ SPELDAG

+ Lördag 26/10, spelstopp 16:00

MEST POPULÄRA SYSTEM

32 64 128 oo

VÄLJ ANNAN SPELTYP

+ System

+ Smart spel

Enkelrader

1X2 EttKryssTvå

Spelguide

Minna spel Spelkupong

Du har inte lagt någon färdig rad.

helgarderingar 0 (€) | halvgarderingar 0 (€) | singlar 0 (€)

Speltyp: Fritt ?

Tecken (1X2) Så tippa folket Oddsvy

		1	X	2
1	Liverpool - West Brom	1.10	1.10	2.10
2	Aston Villa - Everton	1.10	1.10	2.10
3	Manchester United - Stoke	1.10	1.10	2.10
4	Norwich - Cardiff	1.10	1.10	2.10
5	Southampton - Fulham	1.10	1.10	2.10
6	Blackpool - Blackburn	1.10	1.10	2.10
7	Bolton - Ipswich	1.10	1.10	2.10
8	Burnley - QPR	1.10	1.10	2.10
9	Derby - Birmingham	1.10	1.10	2.10
10	Leicester - Bournemouth	1.10	1.10	2.10
11	Reading - Millwall	1.10	1.10	2.10
12	Yeovil - Nottingham Forest	1.10	1.10	2.10
13	Bradford - Wolves	1.10	1.10	2.10

1X2 EttKryssTvå

Alltid utdelning på 10, 11, 12 och 13 rätt

Speltips med Ola Andersson (LÖRDAG 26 OKTOBER, SPELSTOPP 16:00)

Följ Betssons fotbollsexpert Ola Andersson! Varje vecka ger han dig sina hetaste tips på veckans "EttKryssTvå".

1 2 3 4 5 6 7 8 9 10 11 12 13

1. Liverpool - West Brom | Ola tippar: 1

Ligatrea Liverpool tar sig an tolfte placerade West Brom. West Brom är mycket formstarka och har inte förlorat på de sex senaste matcherna. När det kommer till inbördes möten är West Brom starkast över de fyra senaste matcherna, de har vunnit tre av de fyra senaste

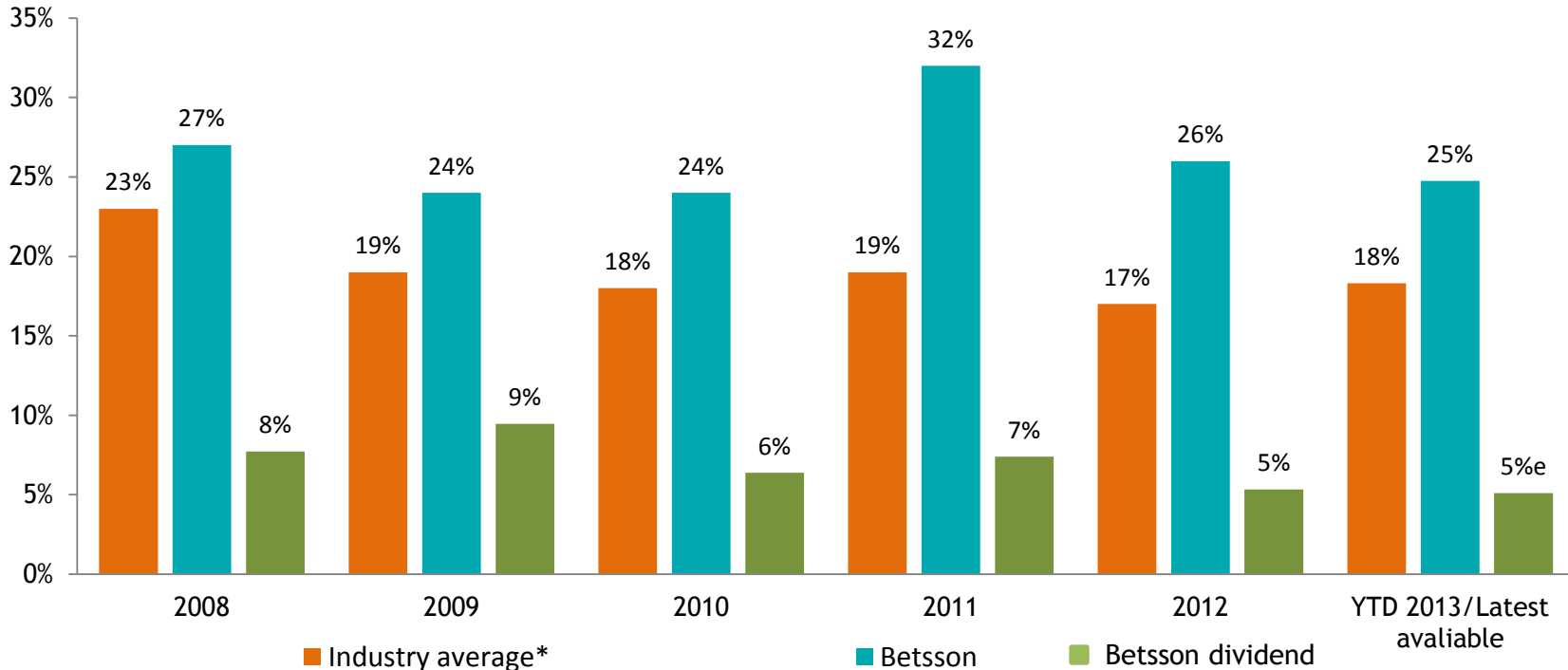
# LONG TERM HIGHLIGHTS

---



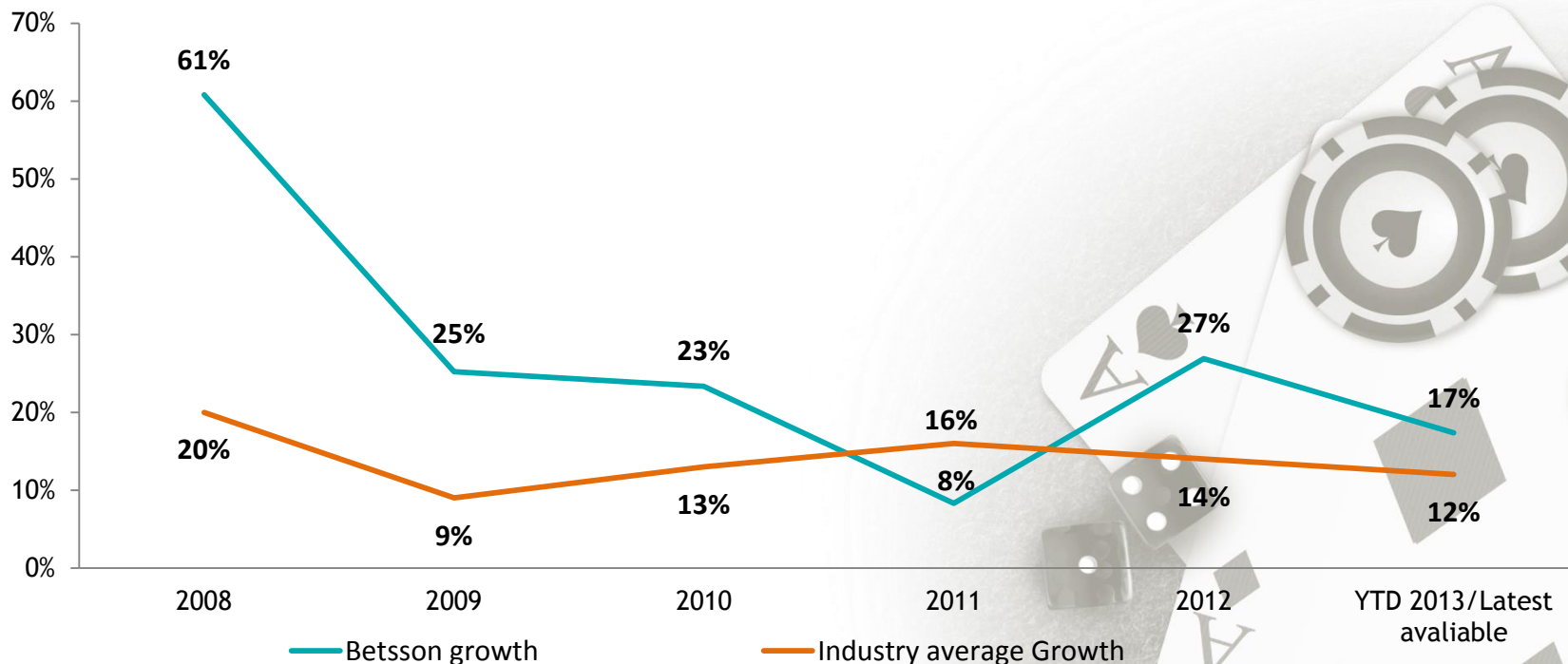
## The most strategically effective company in the industry

EBIT margin, Dividend Yield



## The most strategically effective company in the industry

### Growth



## Q&A

---

