

Q3 2014

Third quarter revenues grew 30%



- ✓ Business update
- ✓ Financial highlights
- ✓ Legal update
- ✓ Events after Q3
- ✓ Q&A



BUSINESS UPDATE



Multi brand strategy

betsson ab



Business to Consumers (B2C)



Business to Business (B2B)



Q3 Operational highlights

- ✓ Acquired Dhoze.com (previous B2B Partner)
- ✓ Terminated HarryCasino.com (previous B2B Partner) Migrated the existing customers to a new B2C brand, Mr. Smith.com
- ✓ Decided to cease operations in Manila office (Philippines). This generated one-off costs of SEK 12.8 million. The functions will be moved to Malta

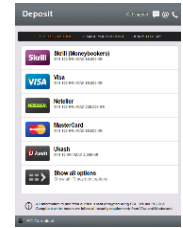
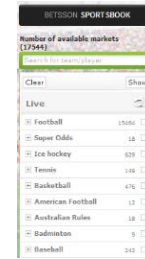


Operational key initiatives

1:1 marketing



Product differentiation



Digital marketing



Mobile first

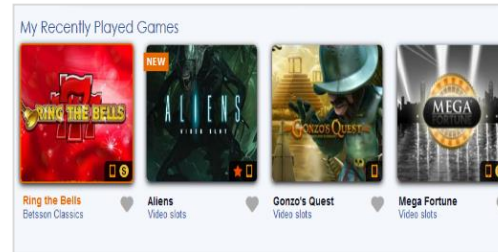


1:1 and Digital marketing

Individual banners on registration page



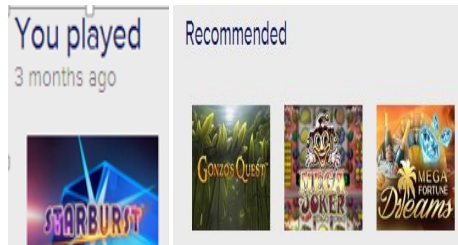
Recently played games



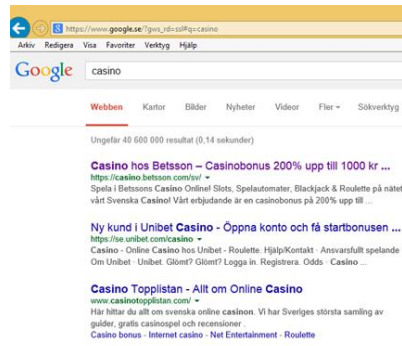
Welcome back window



Recommendation engine



SEO



ROI based digital marketing

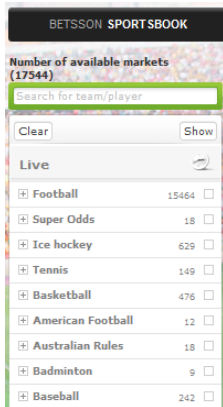


Product differentiation

IN HOUSE PLATFORM



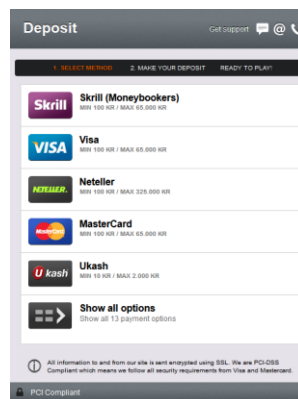
IN HOUSE SPORTSBOOK



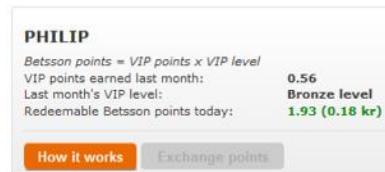
IN HOUSE MOBILE APPS



IN HOUSE PAYMENT SYSTEM



IN HOUSE LOYALTY SYSTEM



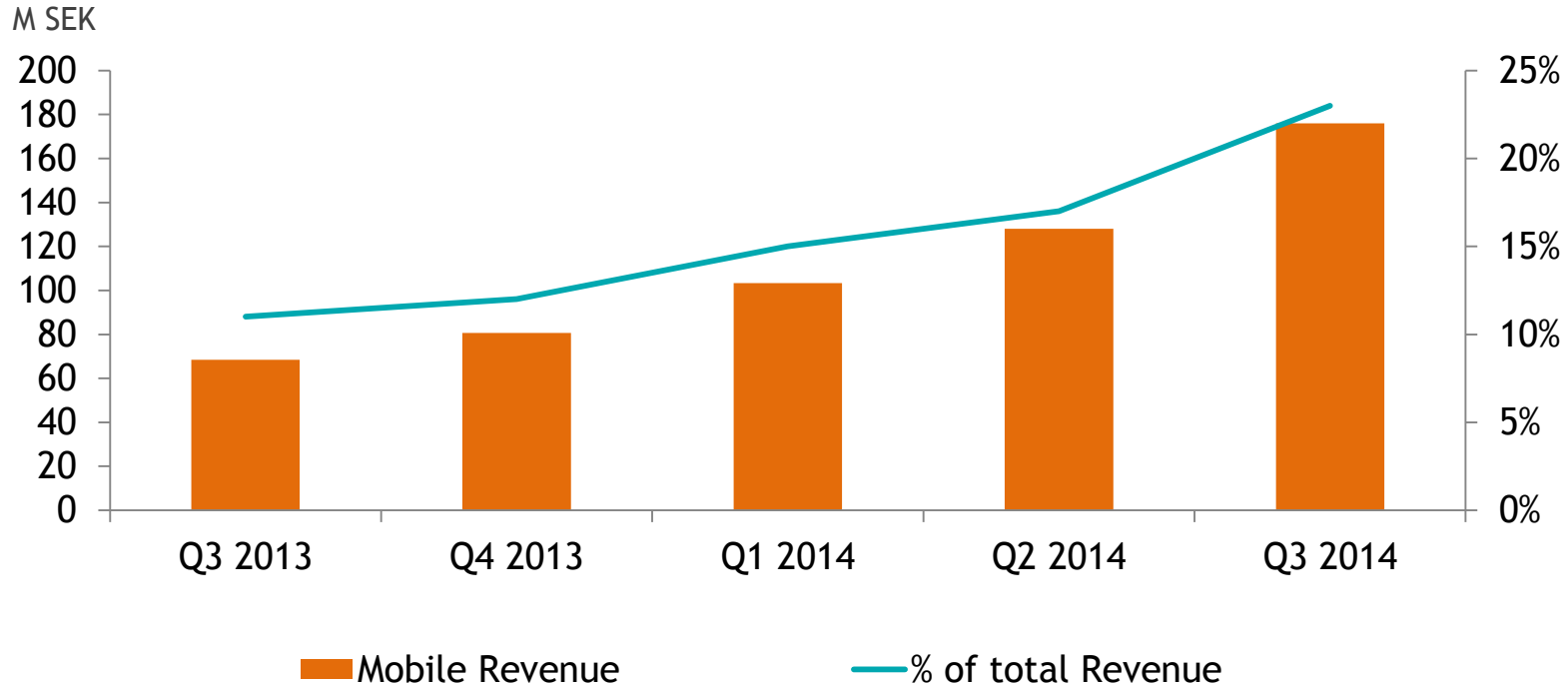
EXCLUSIVE PRODUCTS



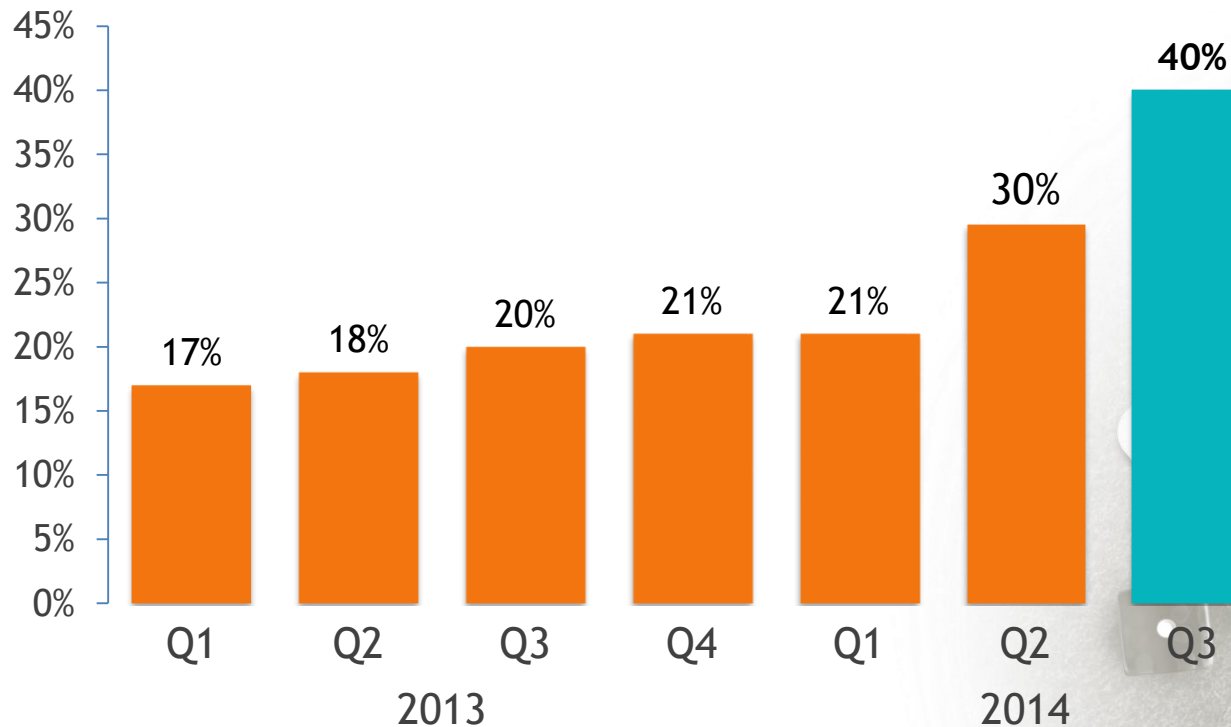
- ✓ Represents **23%** of total revenues in Q3, which is an increase of **36%** compared to the preceding quarter
- ✓ New mobile web for the Automaten brands
- ✓ New mobile web for Triobet.com/.ee



Mobile first - Development



Mobile sportsbook turnover



- ✓ Contributed with SEK 83.9 million in revenues and SEK 50.4 million in EBIT
- ✓ EBIT margin of 60.1%
- ✓ Organic growth of 17%
- ✓ Substantial growth opportunities after the regulation in the Netherlands (nearly 40% is expected)*. Oranje & Kroon growth for 2013 was 5%



FINANCIAL HIGHLIGHTS



- ✓ Revenues amounted to **SEK 782.1** (603.4) million (All time high), equivalent to an increase of **30 percent**
- ✓ Organic growth amounted to **16 percent**
- ✓ Deposits grew **35 percent** (All time high)



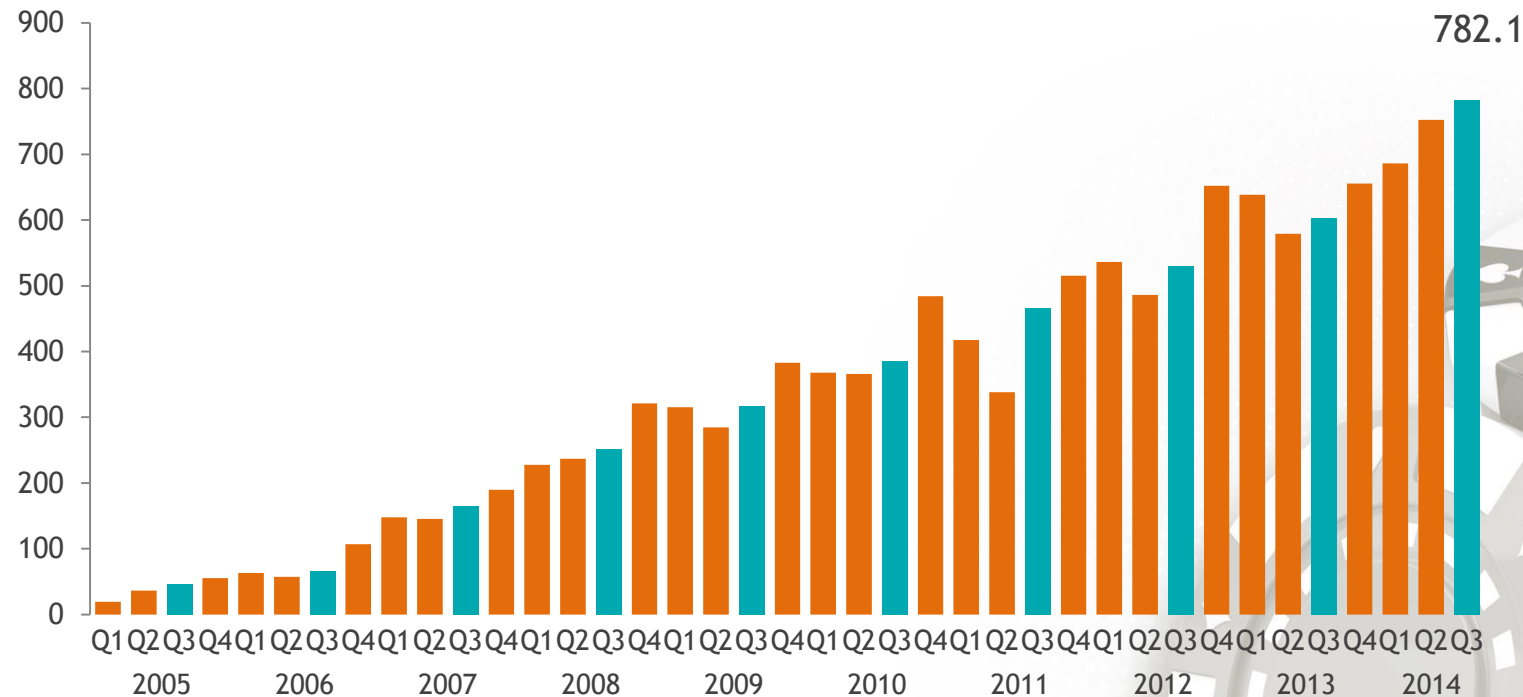
Q3 Financial highlights

- ✓ **Operating income of SEK 207.2 (152.2) million, corresponding to a growth of 36 percent**
- ✓ **Adjusted organic EBIT growth of 11 percent**
- ✓ **EBIT margin of 26.5 percent (25.2 percent)**
- ✓ **Cash by end of period SEK 493.6 million (417.8)**
- ✓ **Earnings per Share SEK 4.20 (3.25)**



Revenues, 30% growth

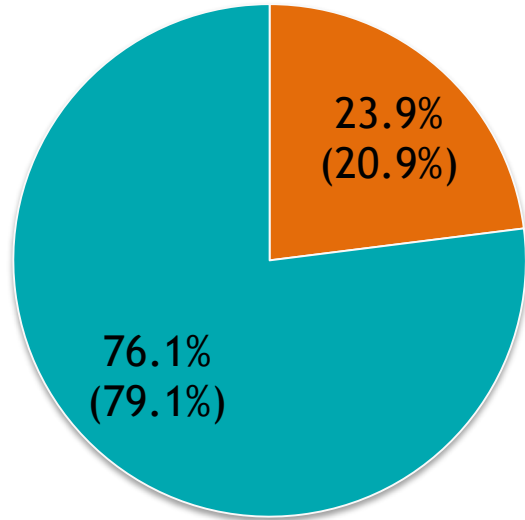
M SEK



PRODUCT AND GEOGRAPHICAL SPLIT



Gross profit per segment

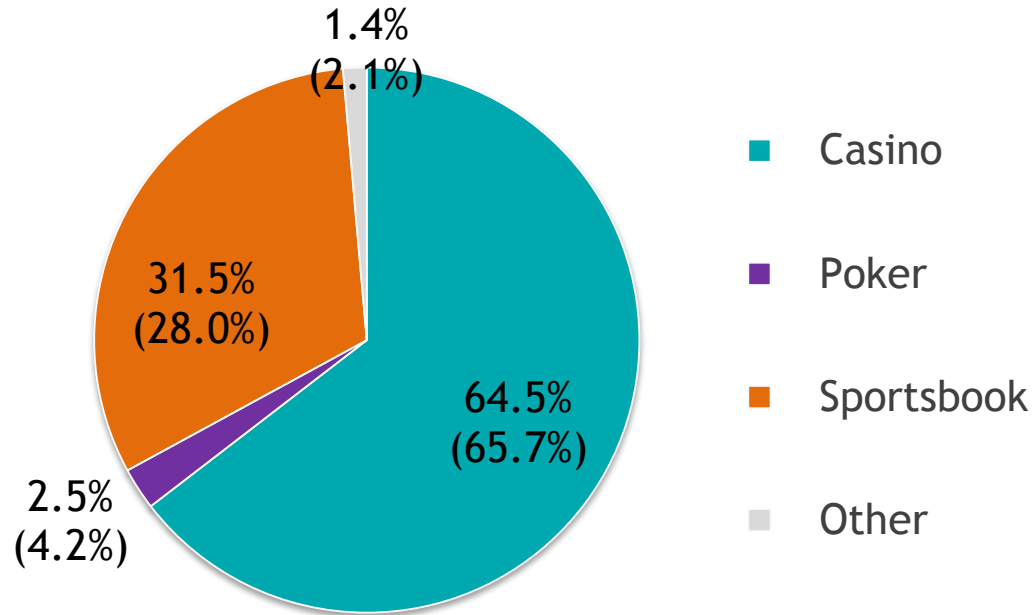


- B2B, Business to business
- B2C, Business to consumers

Figures in brackets refer to the same period last year



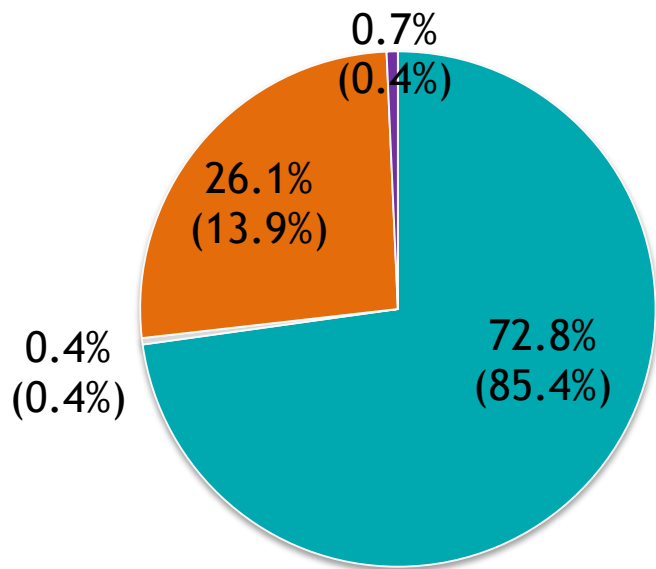
Gross profit per product



Figures in brackets refer to the same period last year



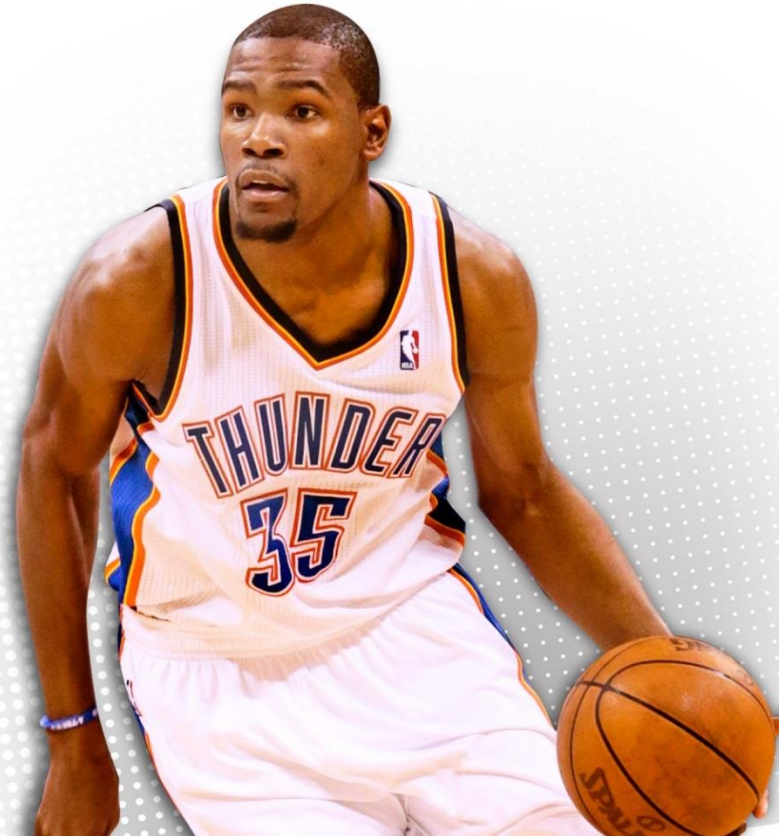
Gross profit per geog. area (B2C)



- Nordic Countries
- Other Europe
- EU, outside Nordic region
- Rest of the world



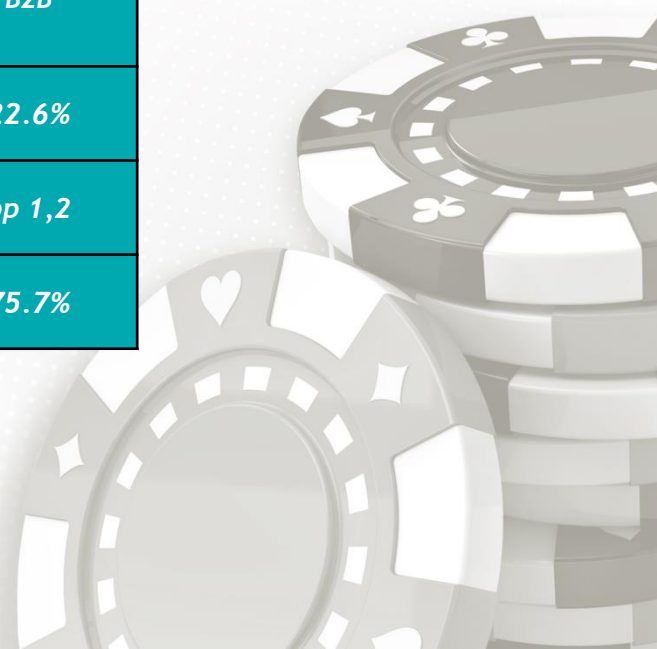
KEY PERFORMANCE INDICATORS



SEK million	2014 - Q3 B2C	Growth B2C	2014 - Q3 B2B	Growth B2B
Gross Turnover SB	1,409.9	14.2%	2,653.4	22.6%
Gross Margin SB ¹	7.4%	pp 0,8	3.9%	pp 1,2
Gross Profit	103.7	26.8%	103.5	75.7%

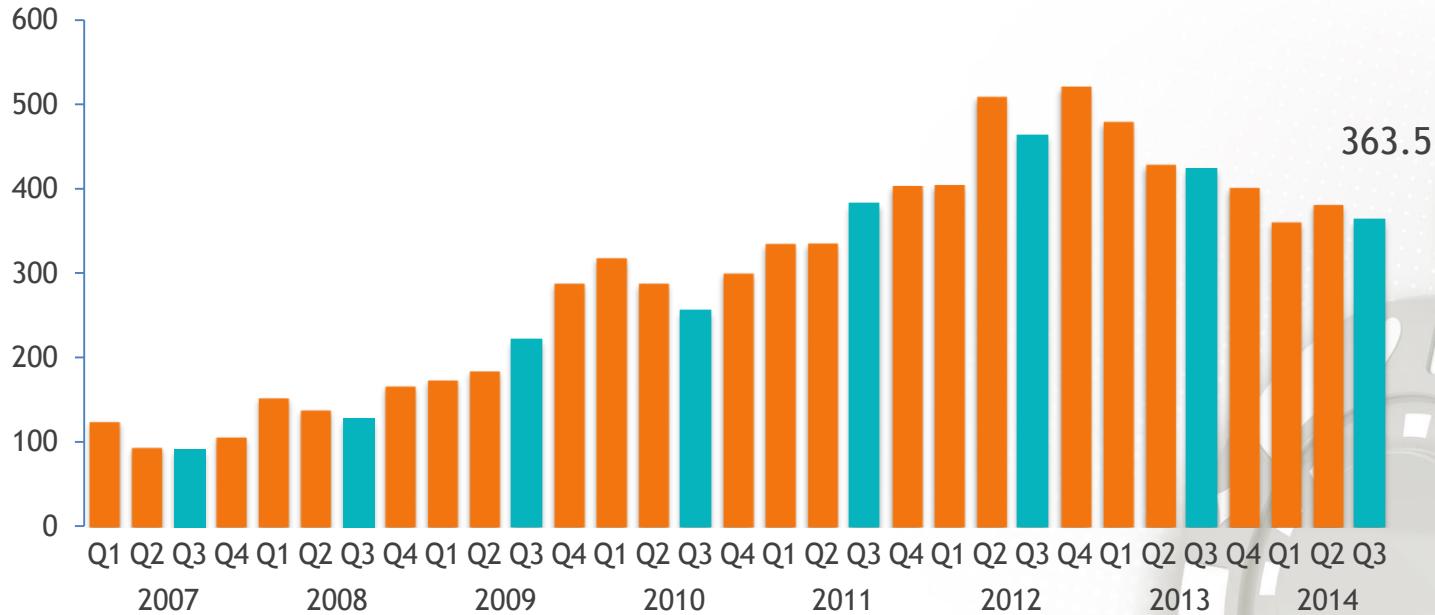
- ✔ Total margin after free bets was 8.5% (6.9%)

¹Margins after allocated costs



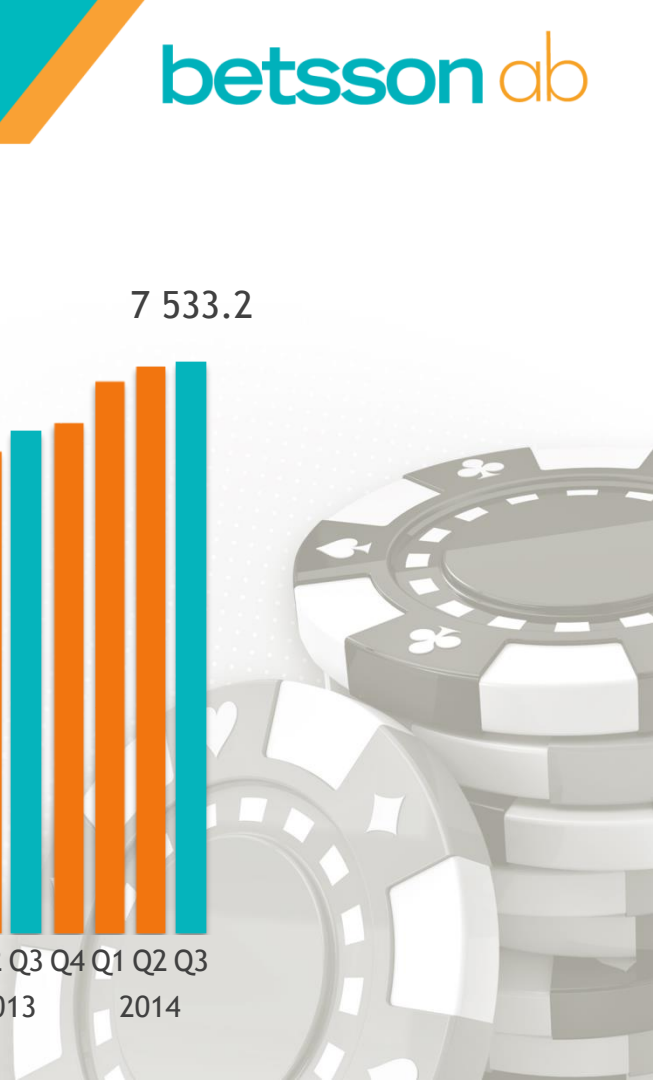
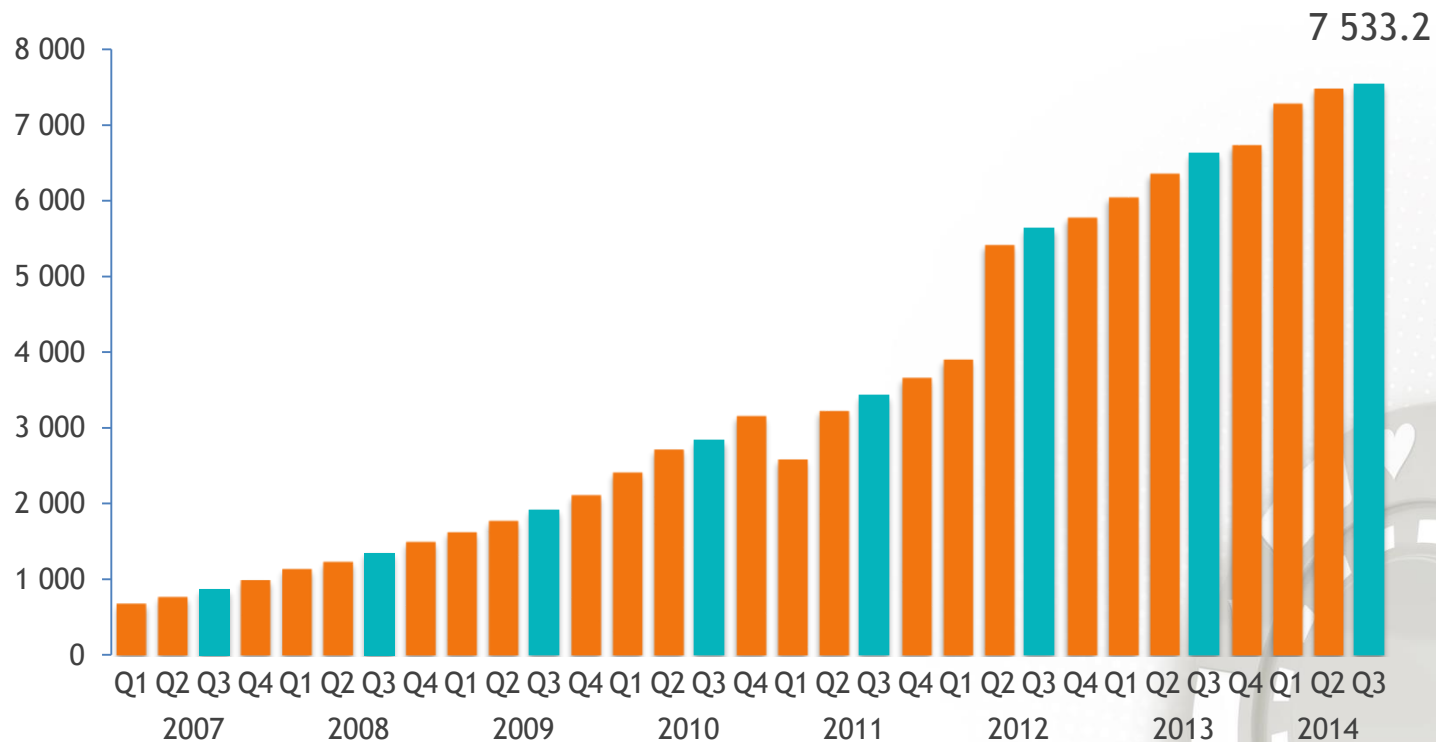
Stabilized overall figure - Underlying growth

Thousand

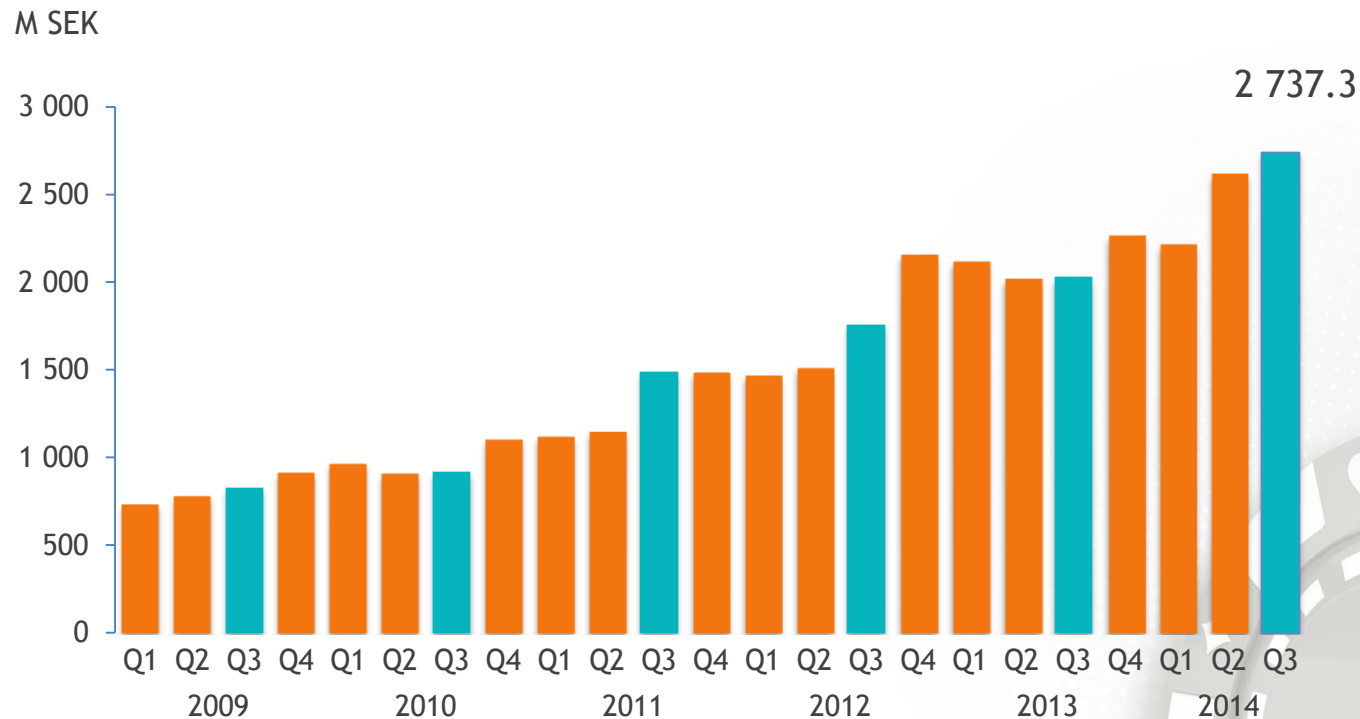


Registered customers

Thousand



Deposits - 35% growth



LEGAL UPDATE



Sweden

- ✓ The European Commission has taken Sweden to the European Court of Justice; the gambling regulation is not compliant with EU law principles
- ✓ This is the first time a member state gets sued, and it sends a strong signal to other EU/EEA member states
- ✓ In connection to this, the new Swedish government made a statement that they will speed up the implementation of a licensing system



United Kingdom

- ✓ U.K is about to implement a licensing system with a point of consumption tax of 15%
- ✓ The start date for the new regulation has been postponed a month to November 1 following a legal challenge of the new law

The Netherlands

- ✓ The proposed new Dutch legislation is still in the second chamber in the parliament waiting to be processed. Our best guess is still that implementation is likely to occur Q1 2016



Germany

- ✓ The activation of licenses has been stopped because of legal uncertainties and is not expected to be resumed during 2014, maybe not even during 2015
- ✓ Some call for the abandonment of parts or even the whole licensing regime because of breaches of EU law which also has been highlighted by the EC



EVENTS AFTER Q3



- ✓ The fourth quarter has started with revenues **in line with** the average level in the third quarter, meanwhile the underlying activity has been above the average level in the third quarter
- ✓ Except for the EU legal case against Sweden, there have **been no other significant events** after the end of the period



Q&A

