

Q3 2016

JANUARY - SEPTEMBER

Ulrik Bengtsson CEO & President

- Record high revenue
- Record high EBIT
- Q2 challenges largely temporary
- Performance also illustrates scalability
- Investments in products are driving growth
- Region Nordic revenue +22%
- Acquisition of licensed operator in Lithuania

SEK m	Q3 2016	Q3 2015	Change	FY 2015
Revenue	1,063.3	972.9	9.3%	3,722.0
EBIT	272.9	260.2	4.9%	886.4
EBIT margin	25.7%	26.7%	-	23.8%
Net income	254.1	247.0	2.9%	831.7
Casino revenue	731.8	656.8	11.4	2,543.6
SB revenue	300.2	276.0	8.8%	1,012.7
SB margin	7.6%	7.3%	-	6.7%
Deposits	3,521	3,238	8.8%	12,999
Active players, (000's)	515.1	492.2	4.7%	-

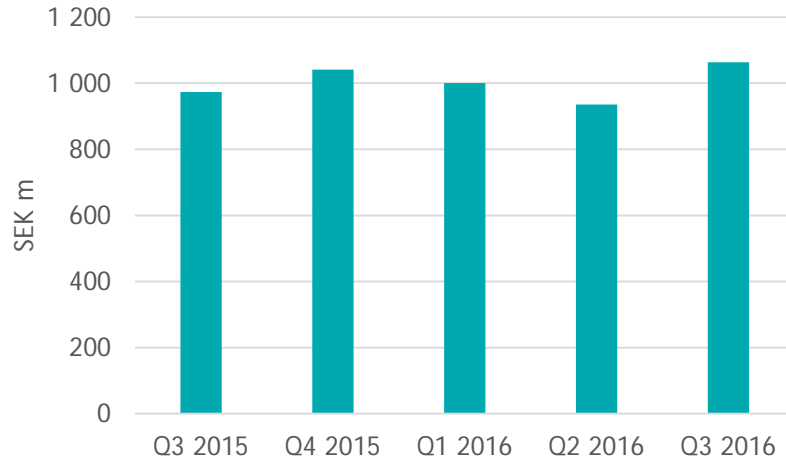
PRESENTATION Q3 2016

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KEY PERFORMANCE INDICATORS

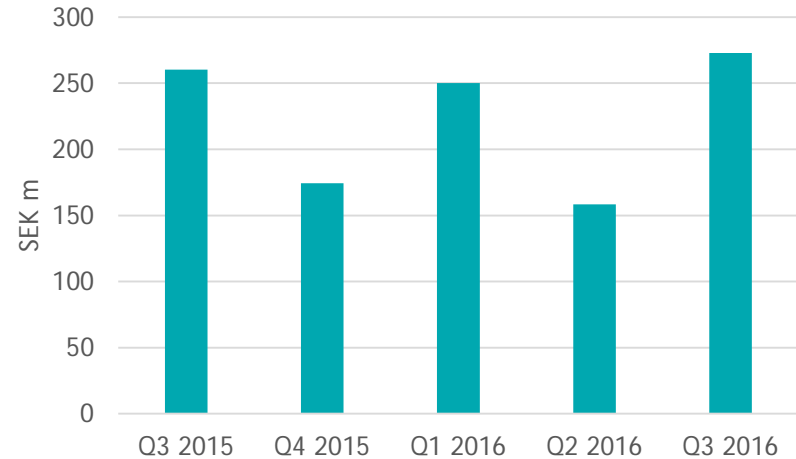


Revenue

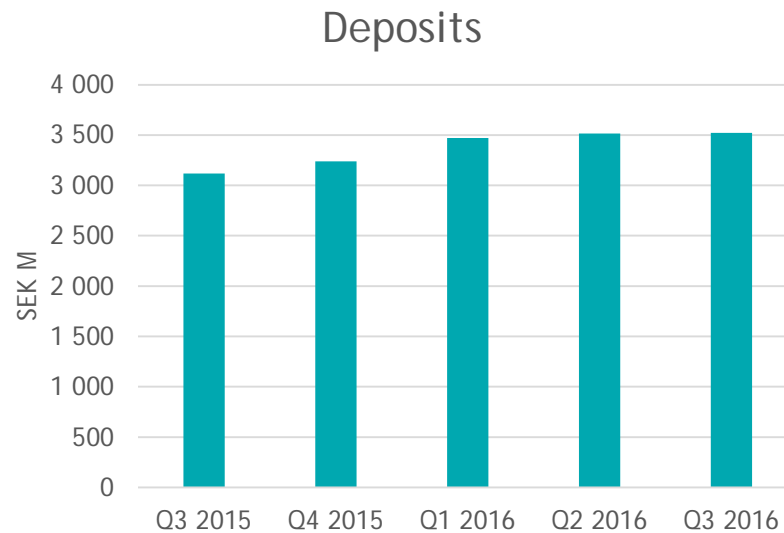
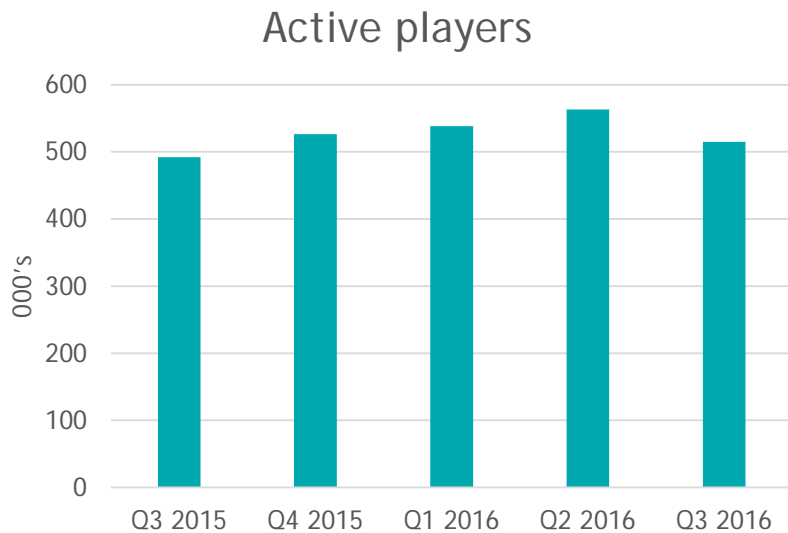


- Revenue SEK 1,063.3 m
- Y-o-Y growth 9.3%
- Strong sportsbook margin of 7.6%
- Negative currency effect: SEK 5.1m

EBIT



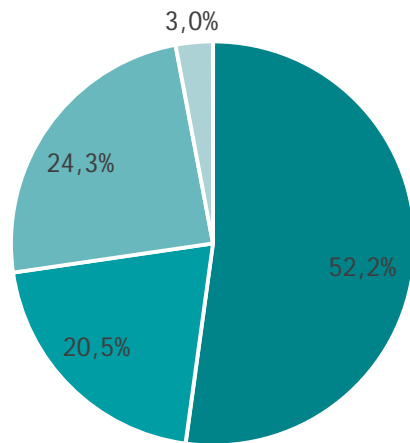
- EBIT: SEK 272.9m
- EBIT margin: 25.7% despite changed revenue mix
- OPEX below Q2 level
- Negative currency effect: SEK 7.1m



- Active players increased 4.7% y-o-y

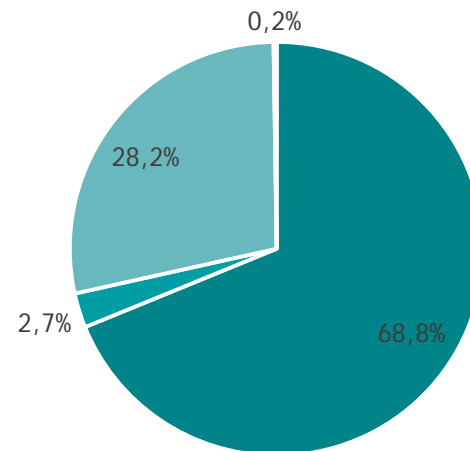
- Deposits increased 8.8% y-o-y

Geography



- Nordic (+22%)
- Western Europe (-8%)
- Central, Eastern Europe and Central Asia (-2%)
- RoW (+71%)

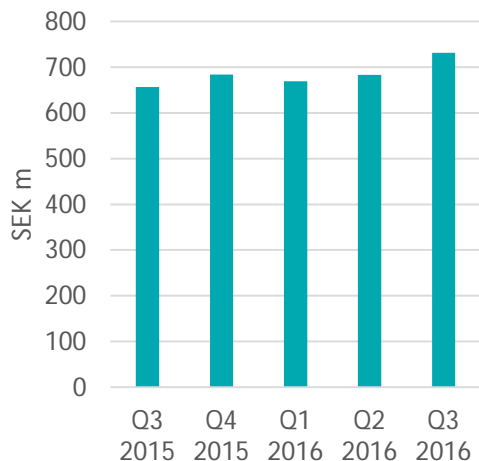
Product



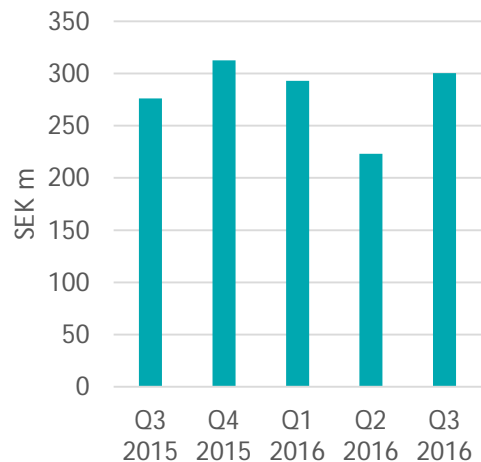
- Casino (+11%)
- Poker (-3%)
- Sportsbook (+8.8%)
- Other (-76%)

Numbers in brackets represent change from Q3 2015

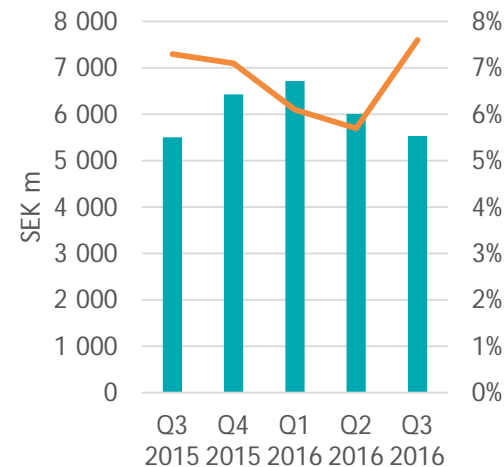
Casino, revenue



Sportsbook, revenue



Sportsbook, turnover



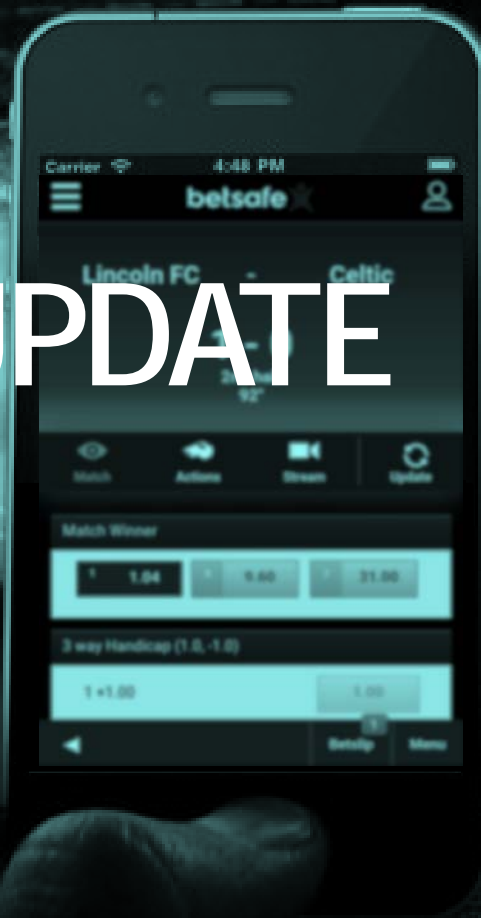
- Growth in all regions
- Y-o-y growth: 11%
- 3rd consecutive quarter

- Bouncing back strongly
- 67% y-o-y growth in the Nordics
- Driven by increased offering

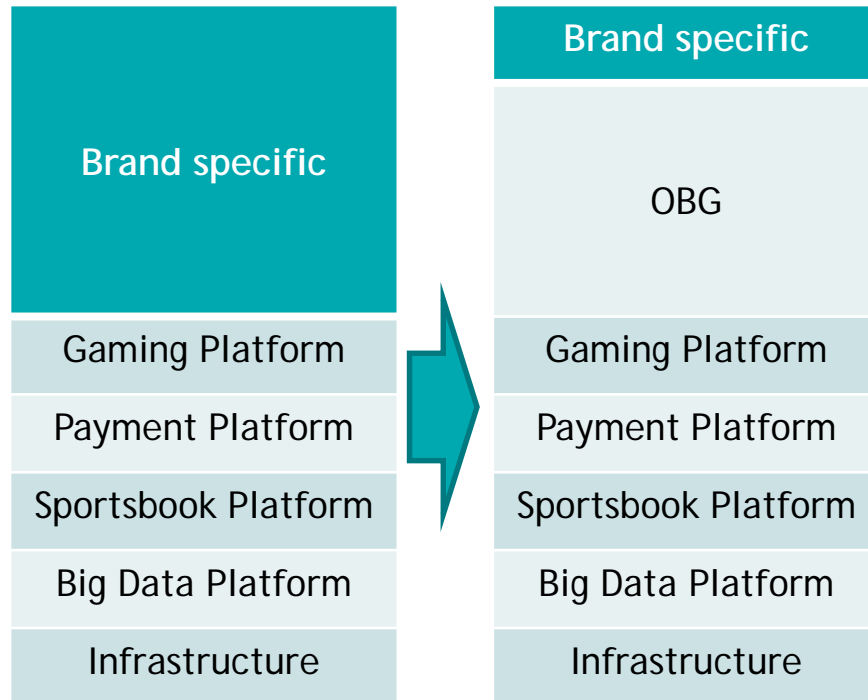
- Sportsbook margin: 7.6%
- Margin is 1 percentage point higher than 12 month rolling average

■ Turnover ■ Margin

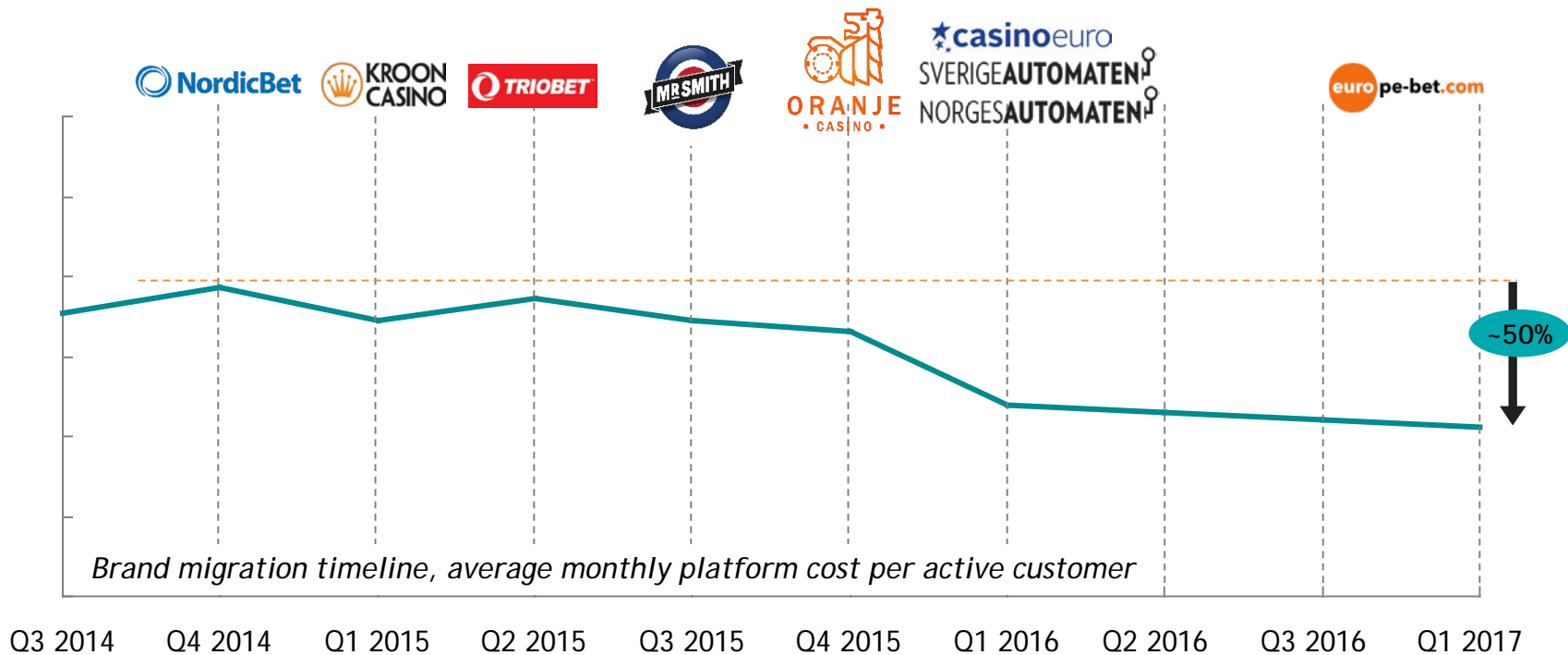
BUSINESS UPDATE



- Brand new technological framework for building sites
- Mobile first, built on leading-edge technology
- Re-usable components across jurisdictions, channels and apps
- Reduced amount of brand specific technology
- Last component to fully leverage our multi-brand model

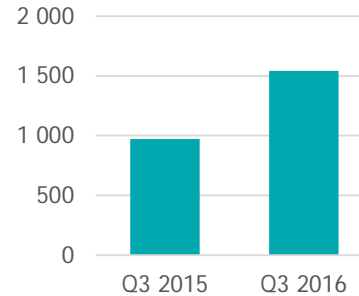


Competitive edge against competitors running on 3rd party platforms

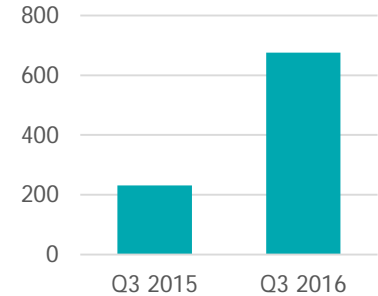


- Largest casino offering in market
 - 1,543 games, of which 676 on mobile
- Expanded Live Casino offering:
 - live lottery, dice games, wheel of fortune and Casino War
- Launched Joker Pro and 4 other new exclusive games

Total games



Mobile games



Improvements in sportsbook:

- Cashout launched on core brands
- No. of concurrent events constantly increased
- Improved Live offering
 - Ice hockey
 - Volleyball
 - Handball
 - Basketball
- Optimised trading tools
- More improvements in pipeline

The screenshot shows a sportsbook interface for a live bet on Bayer Leverkusen vs Tottenham. A table at the top lists various betting markets: Match Winner, Handicap, Draw no bet, All markets, Match, Goals, Both teams to score, Half, Statistics, Player, Specials, and Cards. The 'All markets' tab is selected. Below the table, the match details are displayed: '20:45 LiveBet CASHOUT Bayer Leverkusen - Tottenham'. The current odds are 2.26, 3.45, and 3.35. A 'Cashout SEK 92.59' button is visible in the bottom right corner. A 'What is cashout?' pop-up is also present, explaining that cashout allows users to claim their winnings early if the bet is coming in, or limit their losses if the bet is going against them.

Coupon Id: 2192226111
Single : Open
18/10/2016 17:51:47
Bayer Leverkusen - Tottenham
Match result : Open ,You bet on 1 @ 2.26

Potential payout : SEK 226
The bet has been cashed out at 92.59 SEK

- Acquisition of Lošimų strateginė grupė, UAB, "Tonybet"
 - Maximum acquisition consideration is EUR 6.0 million
 - EBIT multiple around 3.6x 2016
 - Closing 13 October 2016
- 2nd largest licensed operator
- Consolidate Baltic position
- Strong synergies anticipated



2011

2012

2013

2014

2015

2016

betsafe   **NordicBet**

SVERIGE
AUTOMATEN
Jobbigt höga vinster

NORGES
AUTOMATEN
Plagsomt høye gevinster


ORANJE
CASINO
 **KROON CASINO**

 **europe-bet.com**

TonyBet 

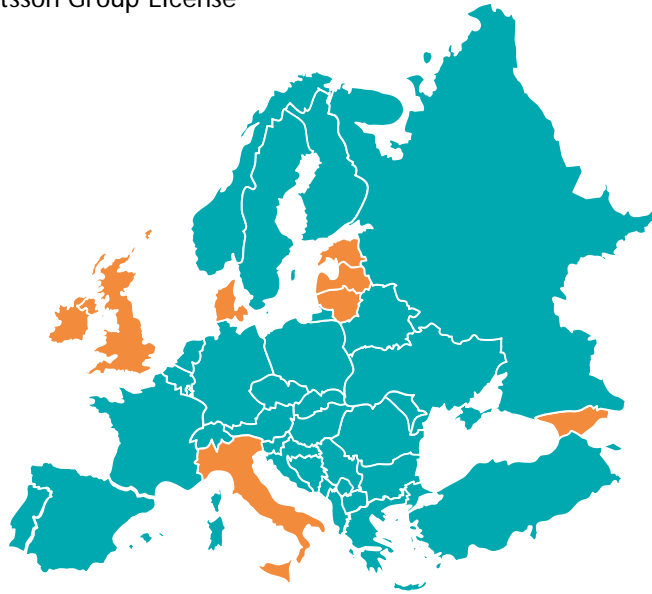
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REGULATORY UPDATE



 Betsson Group License



2004		Malta (SB 0.5% TO / GoC 1.5K EUR per license)	2015		Georgia (5% TO / GoC 15% profit)
2011		Italy (20% GGR)	2016		Ireland (SB 1% TO)
2012		Estonia (5% GGR)	2016		Latvia (15% GGR)
2012		Denmark (20% GGR)	2016		Lithuania (10% GGR)
2015		UK (15% GGR)			

- Three new licenses obtained in 2016
- Future regulation of core markets:
 - The Netherlands: Q4 2017/Q1 2018*
 - Sweden: Earliest Q3 2018*
 - Norway: Process not started, estimated 2019-2020

**timeplan communicated by regulator*

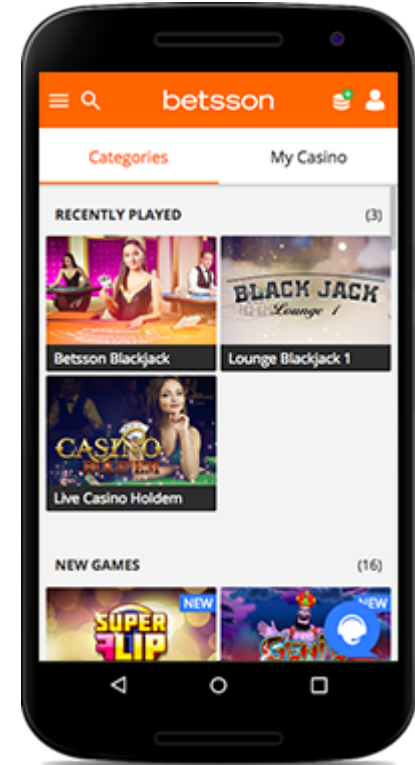
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GOING FORWARD



- Revenue in the beginning of the fourth quarter was in line with the strong revenue of the fourth quarter 2015 and slightly lower than average revenue of the third quarter 2016
- Revenue from the region CEECA in Q4 is estimated to increase compared to Q3 2016
- OPEX in Q4 will be slightly higher than in Q3. The increase is mainly attributable to increased marketing



Strong
underlying
market drivers



- CAGR in core markets 8.5% in 2017-2020
 - Continued strong growth in overall gambling
 - Continued shift from offline to online
 - New digital channels like mobile driving additional revenue
-

Strong competitive
business



- Strong organic growth
 - Strong EBIT margins
 - Multi-brand - attractive positions across countries and segments
 - Strong execution capabilities and operational excellence
-

Scalable business



- 100% of revenue through one platform - Techsson
 - Digital marketing and customer acquisition capabilities transferable across countries
-

Value
creative M&A
opportunities



- Strong track record of value creating acquisitions
- Natural owner of small and mid sized operators
- Ambition to increase revenue from regulated markets

Q & A



	Income statement (average rate)		
	Jan-Sep 2016	Jan-Sep 2015	
EUR/SEK	9.3731	9.3724	0.0%
TRY/SEK	2.8600	3.1689	10.8%
GEL/SEK	3.6773	3.6367	-1.1%
NOK/SEK	0.9997	1.0630	6.3%
	Balance sheet (closing rate)		
	30 Sep 2016	30 Sep 2015	
EUR/SEK	9.6320	9.4119	-2.3%
TRY/SEK	2.8653	2.7755	-3.1%
GEL/SEK	3.6877	3.5147	-4.7%
NOK/SEK	1.0652	0.9918	-6.9%