

betsson ab

Q1 2018

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CEO Betsson AB

HIGHLIGHTS Q1

- Continued Casino growth in Western Europe
- Continued positive development in Sportsbook
 - 22% growth in the Nordics
- Organisational restructure to increase efficiency implemented

The screenshot displays the Betsson mobile app interface. At the top, the 'betsson' logo is visible in the center, and a 'Login' button is in the top right corner. The main content area features a tennis match between Ying-Ying Duan and Jia-Jing Lu, with a score of 15-2-6-1-1 and 15-6-4-4-1. Below the match, there are navigation icons for 'A-Z', 'LIVE', 'STARTING SOON', 'OFFERS', 'FOOTBALL', 'TENNIS', 'BASKETBALL', 'HORSE RACING', and 'ICE HOCKEY'. The 'POPULAR NOW' section is divided into 'Live' and 'Upcoming' categories. The 'Live' section shows three football matches with betting odds for match winners, 3-way handicaps, and match goals.

Match	Match Winner	3 Way Handicap	Match Goals
Football / Malaysia Football Sarawak FA U21 vs Terengganu FC III LIVE HALFTIME	Sarawa... 3.80, Draw 2.30, Tereng... 2.50	1 (+1) 1.48, X (-1) 3.35, 2 (-1) 8.00	Over 3.5 2.54
Football / Philippines Football UP Fighting Maroons vs Ateneo Blue Eagles LIVE 42 MIN, 1ST HALF	UP Figh... 2.62, Draw 2.75, Ateneo ... 2.88	1 (-1) 7.40, X (+1) 3.65, 2 (+1) 1.45	Over 3.5 1.81
Football / Malaysia Football Sabah FA U21 vs Kedah U21	Sabah F... 3.20, Draw 2.20, Kedah ... 3.00	1 (+1) 1.35, X (-1) 3.90, 2 (-1) 9.50	Over 2.5 5.20

Betsson app built on OBG framework

FINANCIAL SUMMARY Q1

- Revenue increased by 10%
 - 4% organic growth
- Gross profit impacted by increased betting duties and licence fees to game providers
 - 25.6% of revenue is locally taxed
- EBIT was SEK 211 m (241)
 - Organic EBIT was SEK 242 m (21.1%)
 - Non-recurring item of SEK 15 m related to restructuring

SEK m	Q1 2018	Q1 2017	Change	FY 2017
Revenue	1,210	1,102	10%	4,717
Gross profit	864	806	7%	3,419
Gross margin	71.4%	73.2%		72%
EBIT	211	241	-12%	882
EBIT margin	17.5%	21.9%		18.7%
EPS, SEK	1.36	1.55	-12%	5.68
Casino revenue	923	823	12%	3,438
SB revenue	264	250	5%	1,140
SB margin	6.6%	6.1%		6.9%

ORGANIC DEVELOPMENT

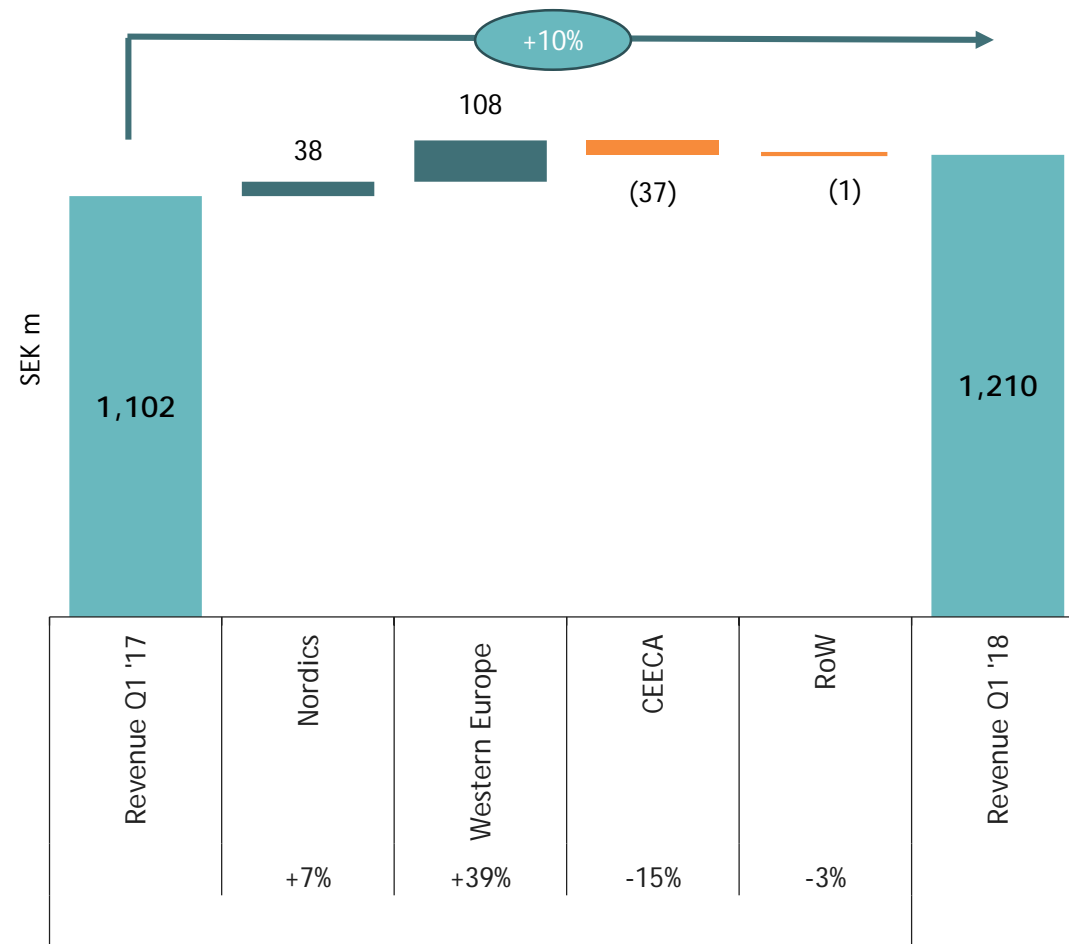
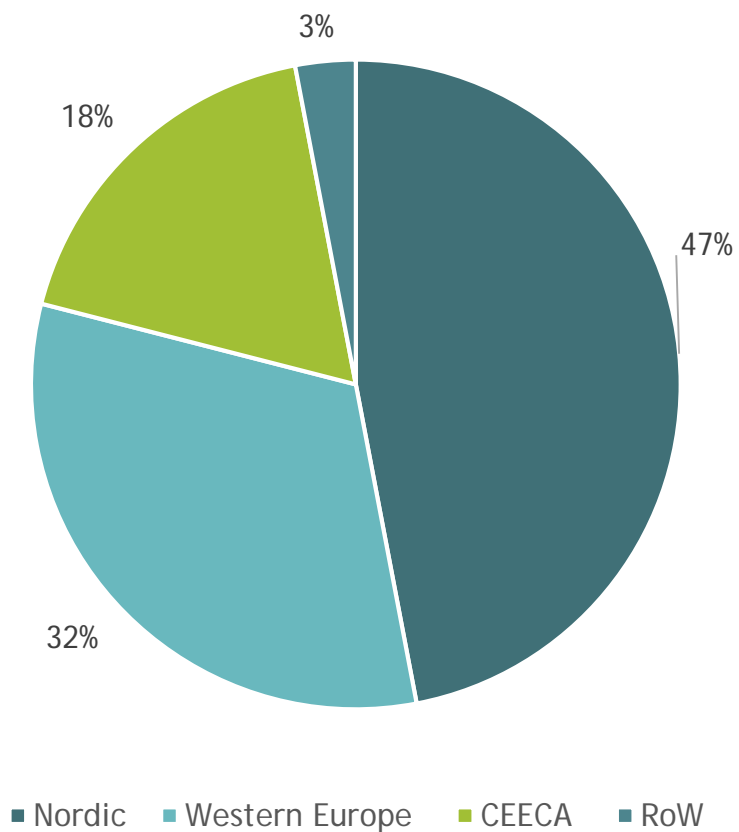
SEK million	Q1 2018 Organic	Currency effects	Impact from acquisitions the last 12 months ¹⁾	Q1 2018 Reported
Revenue	1,149	+7.4	+53.5	1,210
<i>Revenue growth</i>	4%			10%
Operating income (EBIT)	242	-15.3	-15.2	211
<i>EBIT growth</i>	0%			-12%
<i>Operating margin</i>	21.1%			17.5%

¹⁾ Acquired entities include NetPlay TV and Premier Casino

Costs related to acquired entities include acquisition costs and amortisation of customer base

REVENUE BY REGION

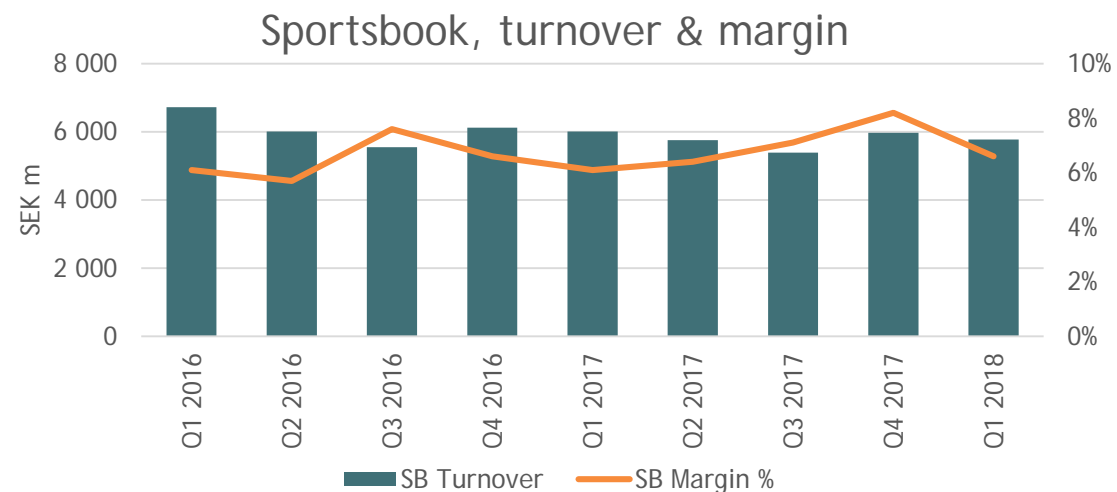
Revenue, Q1 2018



SPORTSBOOK DEVELOPMENT

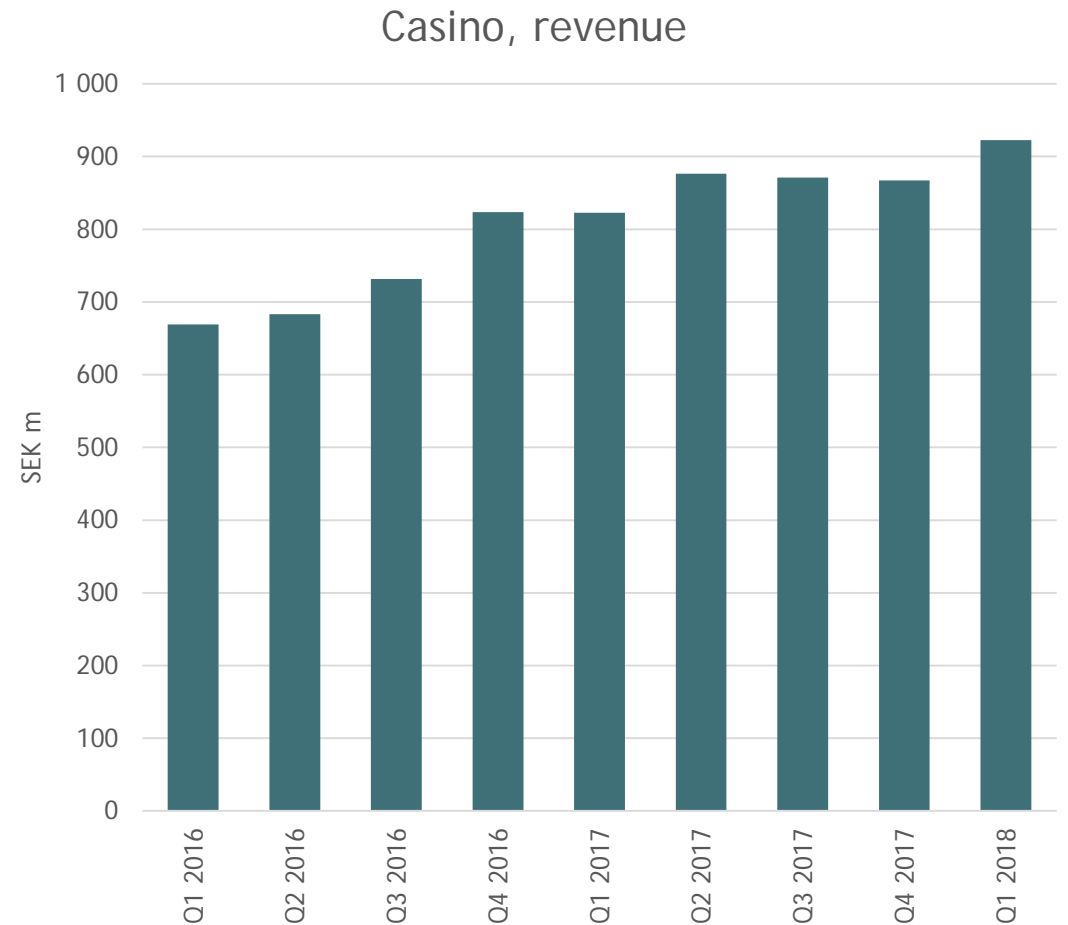
- Sportsbook revenue +5% Y/Y
- Sportsbook gross turnover SEK 5.8 bn (6.0)
- Sportsbook margin at 6.6% (6.1)

- Increased number of games traded and football markets
- Roll-out of new sportsbook on apps has begun



CASINO DEVELOPMENT

- Casino growth 12%
 - Organic growth 5%
- Casino growth hampered by slow development in the Nordics
- Roll-out of OBG front-end framework on desktop and apps during 2018



PRODUCT UPDATE

- Betsson's Casino now offers 2,700 different games, of which >2,000 on mobile
- Betsson added markets in football and other major sports
- Increased live offering in e-sports

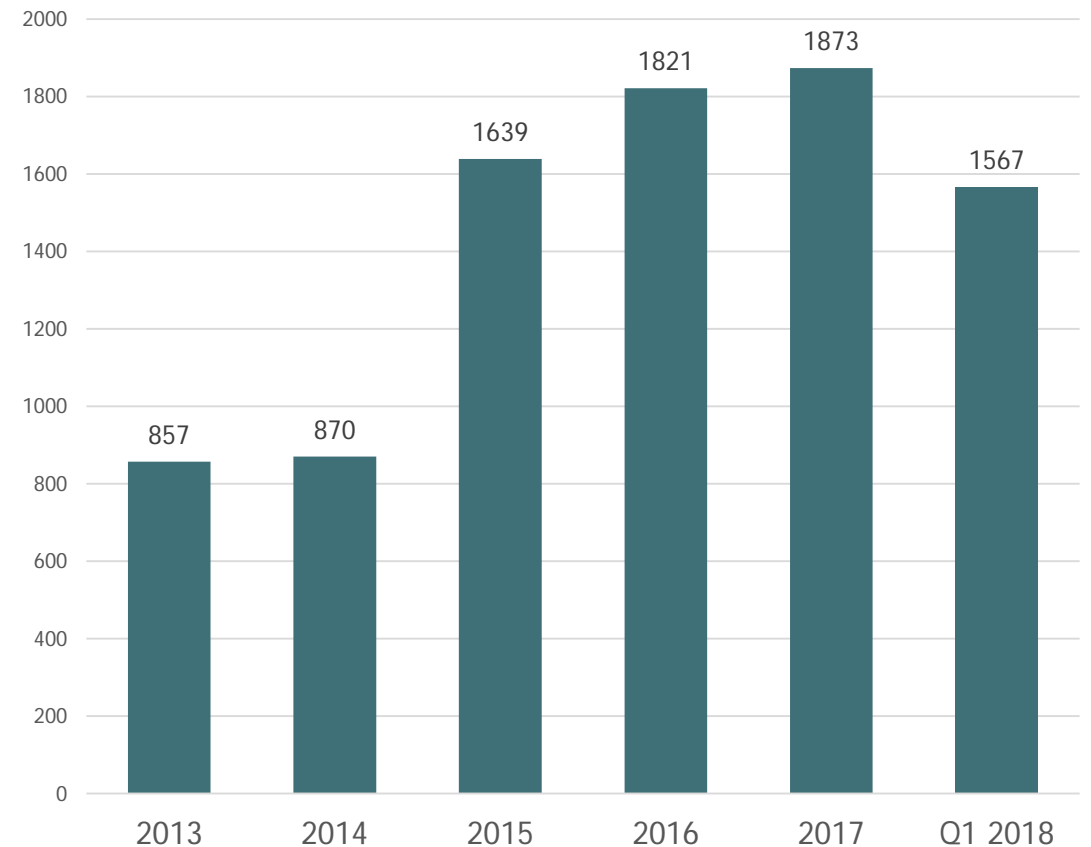
- Ensuring compliance with GDPR



PERSONNEL DEVELOPMENT

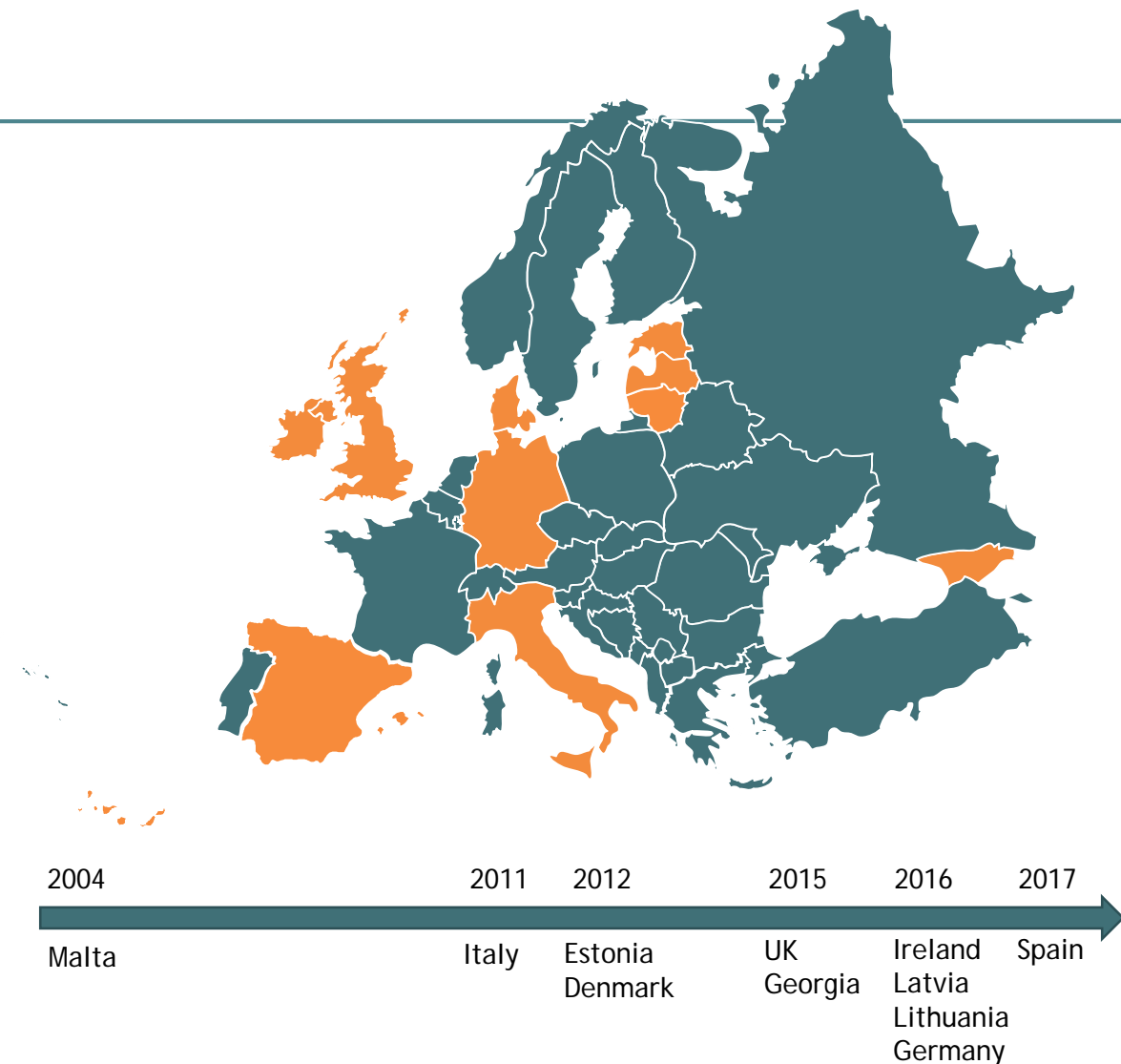
- Restructuring reduced headcount by 160
- Outsourcing in Georgia reduced headcount by 84
- Personnel cost going forward expected to be below SEK 200 m per quarter in 2018

Number of employees at end of period



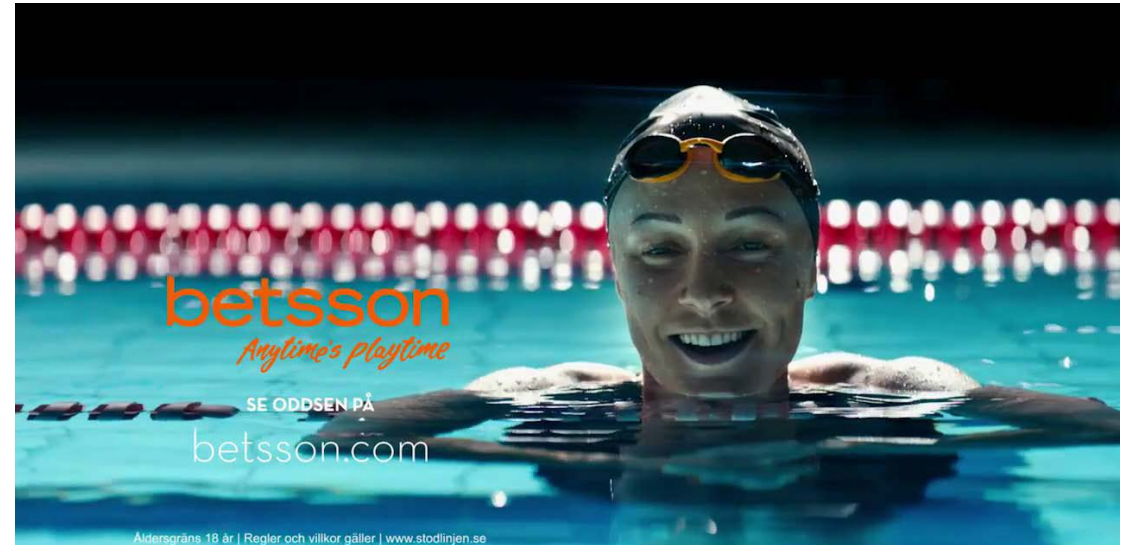
REGULATORY UPDATE

- Re-regulation of the Swedish gambling market
- Re-regulation of gambling market in the Netherlands still on hold
 - Betsson has received an infringement report from the Dutch regulator alleging Betsson's infringement of the 1964 Dutch Betting and Gaming Act
 - Government's ambition is to launch new regulation in 2019



SWEDISH RE-REGULATION

- Licences available for online casino, sportsbook and bingo
- Tax rate 18% on GGR
- Match fixing criminalised
- Duty of care (omsorgsplikt) introduced
- Government aims to achieve >90% channelization



June 2018
Vote in parliament

1 January 2019
Re-regulation come into effect

1 August 2019
Licence application

Indicative timeline

FOCUS GOING FORWARD

- Continued product improvements
- Preparing for FIFA World Cup
- Gearing up for re-regulation in Sweden
 - Strengthening operational team
- Continued focus on efficiencies

COINS
OF
EGYPT™



Exclusive game provided by NetEnt

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