

betsson ab

Q1 2019

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CEO Betsson AB

# HIGHLIGHTS Q1

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- Revenue growth of 10 percent
  - SEK 1,331 million
  - Growth across all regions
- EBIT growth of 21 percent
  - SEK 255 million
  - Efficiencies continue to show effect
  - Opex decreased organically by 5%
  - EBIT margin 19.2%
- First quarter with new regulation in Sweden
  - Revenue share from regulated markets increased to 31.7% of total revenue



# FINANCIAL SUMMARY Q1

- Total revenue growth of 10%
- Casino revenue growth of 10%
- Sportsbook revenue growth of 13%
  - Q1 Sportsbook margin at 6.3%
  - Sportsbook margin 8 quarters average 7.0%
- EBIT at SEK 255 million, a 21% increase
- EBIT margin at 19.2%
- Earnings per share 1.66, growth of 22%

SEK m	Q1 2019	Q1 2018	Change
Revenue	1,331	1,210	10%
Gross profit	899	864	4%
Gross margin	67.6%	71.4%	
EBITDA	346	283	22%
EBITDA margin	26.0%	23.4%	
EBIT	255	211	21%
EBIT margin	19.2%	17.5%	
EPS, SEK	1.66	1.36	22%
Casino revenue	1,013	923	10%
SB revenue	298	264	13%
SB margin	6.3%	6.6%	

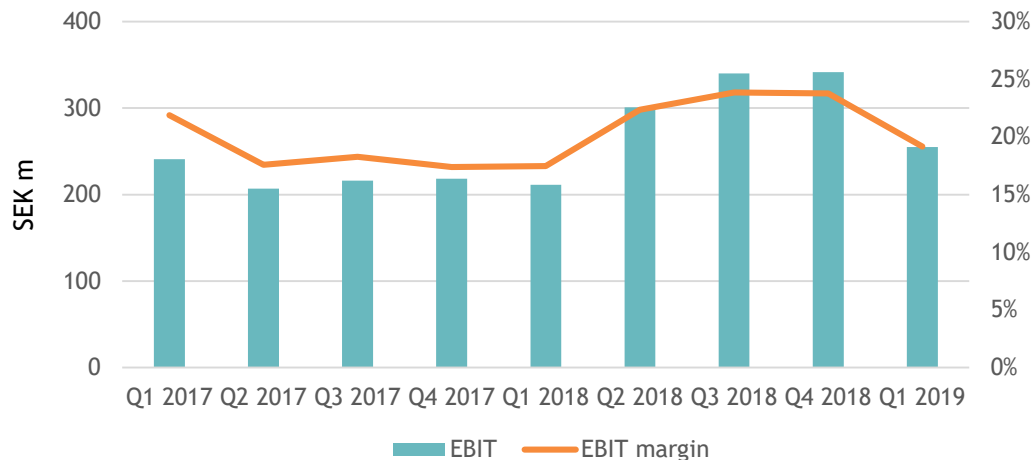
# IFRS 16 IMPACT

- IFRS 16 Leases, is a new standard from 1 January, 2019 and replaces IAS 17
- Depreciation and interest are recognised instead of rent costs
- Minimal EBIT impact
- No impact on net cash

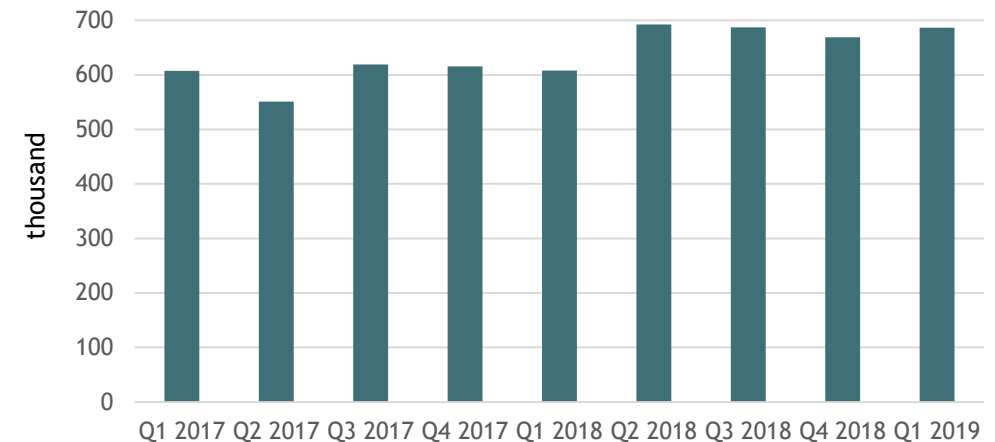
Income Statement effects Q1-2019	(SEK m)
Other external expenses	+13.4
<b>EBITDA</b>	<b>+13.4</b>
Amortisation and depreciation	-12.8
<b>EBIT</b>	<b>+0.6</b>
Financial income and expenses	-1.6
<b>Income before tax</b>	<b>-1.0</b>

# Solid quarter and increasing customer activity

- EBIT margin at 19.2% despite challenging first quarter from Swedish re-regulation
  - EBIT increased by 21%
  - Betting duties increased by 49%
  - Opex decreased organically by 5%

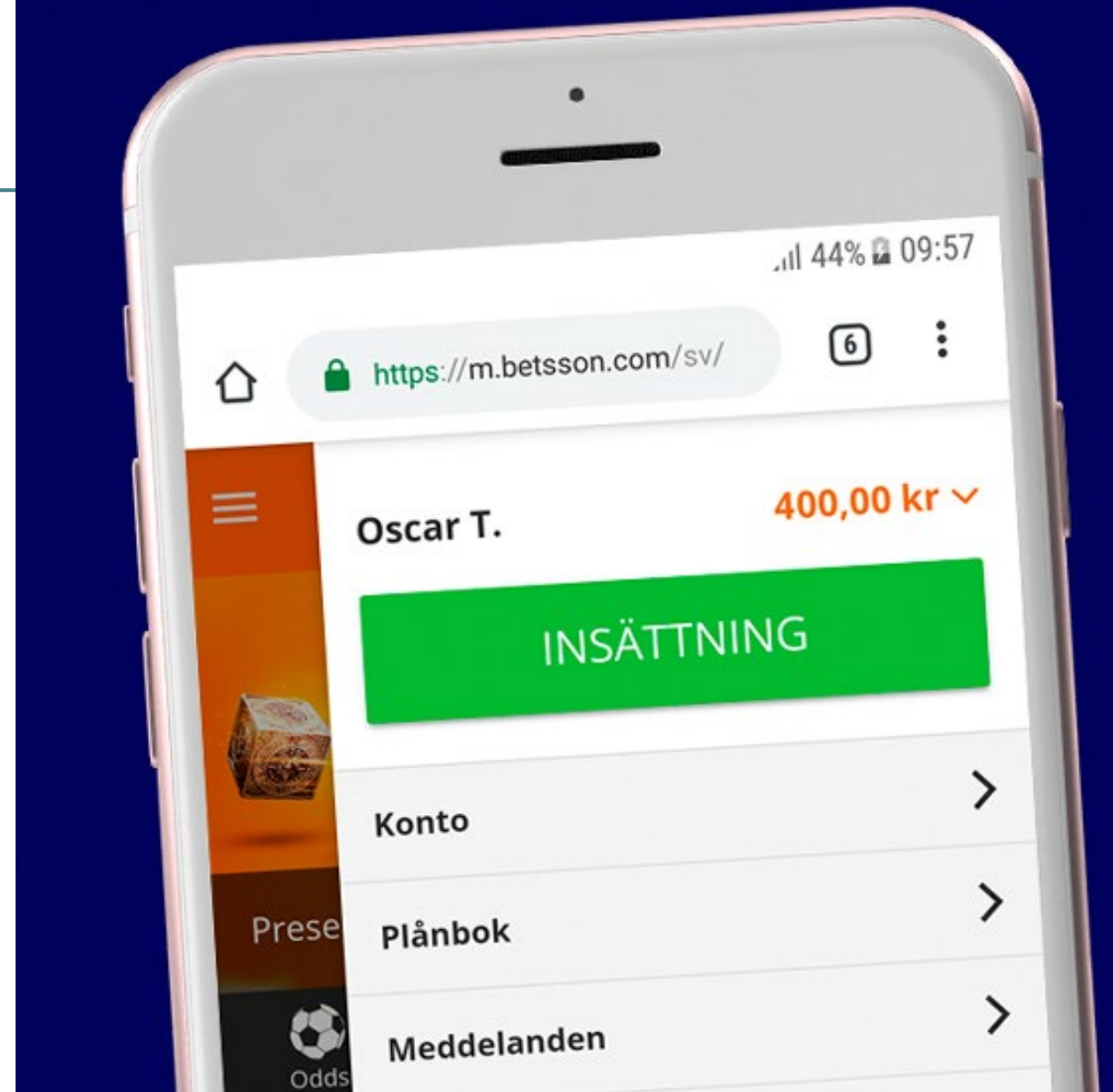


- Number of active customers during the first quarter was 686 635
  - An increase by 13%



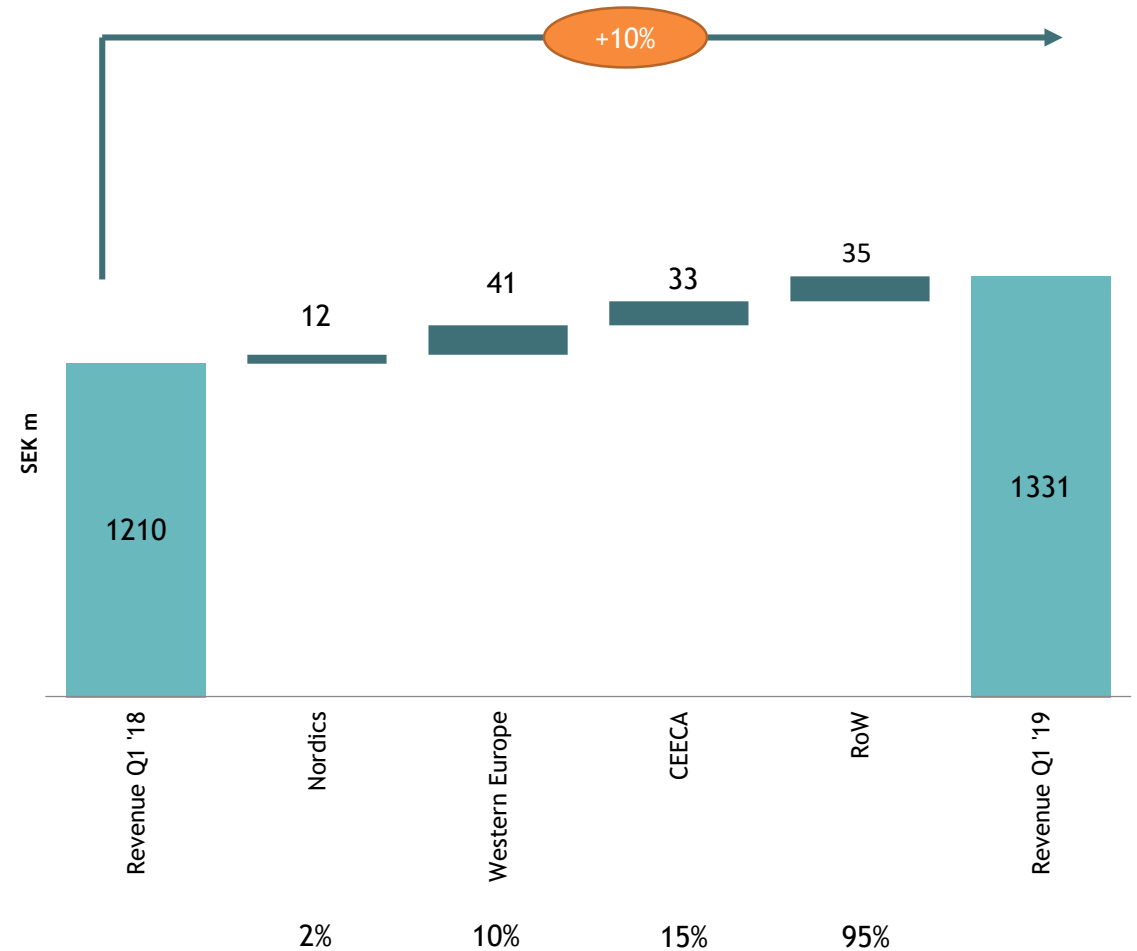
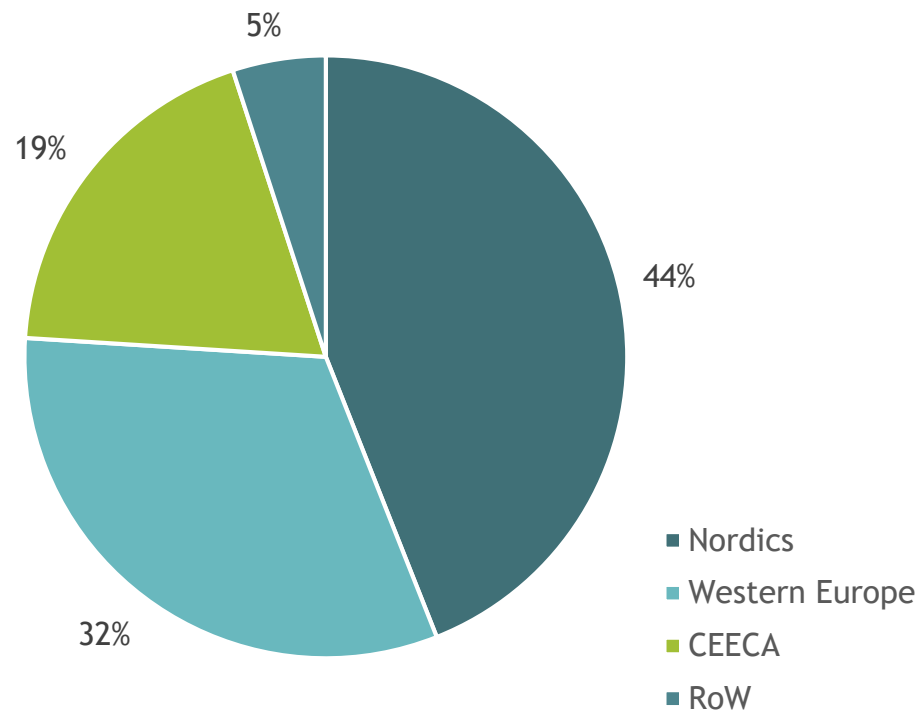
# PRODUCT & TECHNOLOGY

- Major improvements in product offering such as
  - Site speed improvements
  - Daily jackpot widget
  - OBG Live Stream Calendar
  - Match Result in Bet History
  - Live Score in Open Bets
- Betsson branded card by MasterCard launched with exclusivity for Swedish customers
- Swish launched as payment solution in Sweden



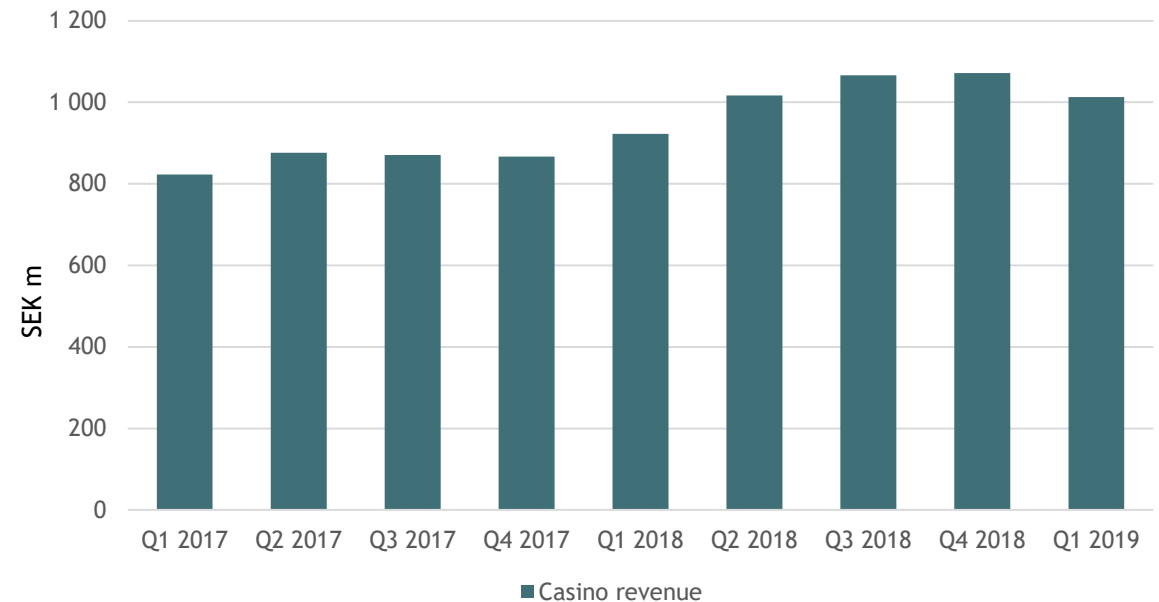
# FIRST QUARTER - GROWTH IN ALL REGIONS

Revenue, Q1 2019



# CASINO DEVELOPMENT

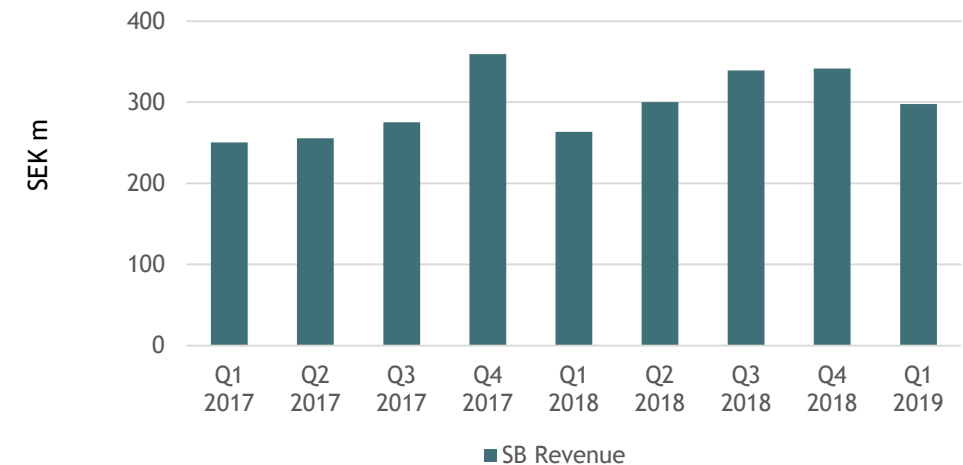
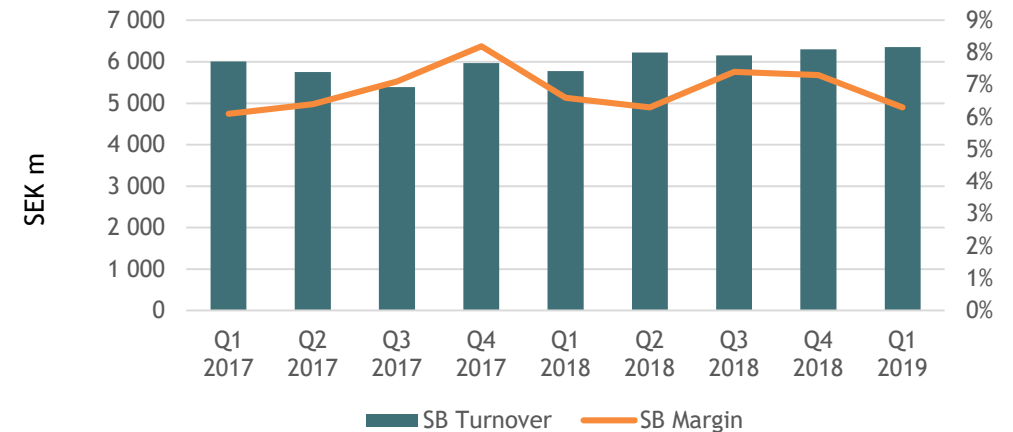
- Betsson offer 2,700 casino games of which 2,000 on mobile
- Casino growth 10%
  - Organic growth 7%
  - Casino 76% of total revenue
  - Growth in Western Europe, CEECA and ROW
  - Negative impact from Swedish regulation
- Mobile casino revenue increased 25%
- Increased revenue from proprietary games
- Live Casino continue to grow





# SPORTSBOOK DEVELOPMENT

- Betsson runs its own Sportsbook solution
  - 230+ pre-match markets
  - 100+ live markets
  - 46,614 live betting events in Q1 2019
- SB turnover grew 10%, with 18% organic growth
- SB revenue grew 13%, with 14% organic growth
  - SB revenue 22% of total revenue
  - SB revenue growth in all regions
  - Mobile SB grew 31% and accounts for 80% of total SB revenue
  - SB margin at 6.3% (6.6%)



# SWEDEN REGULATED MARKET

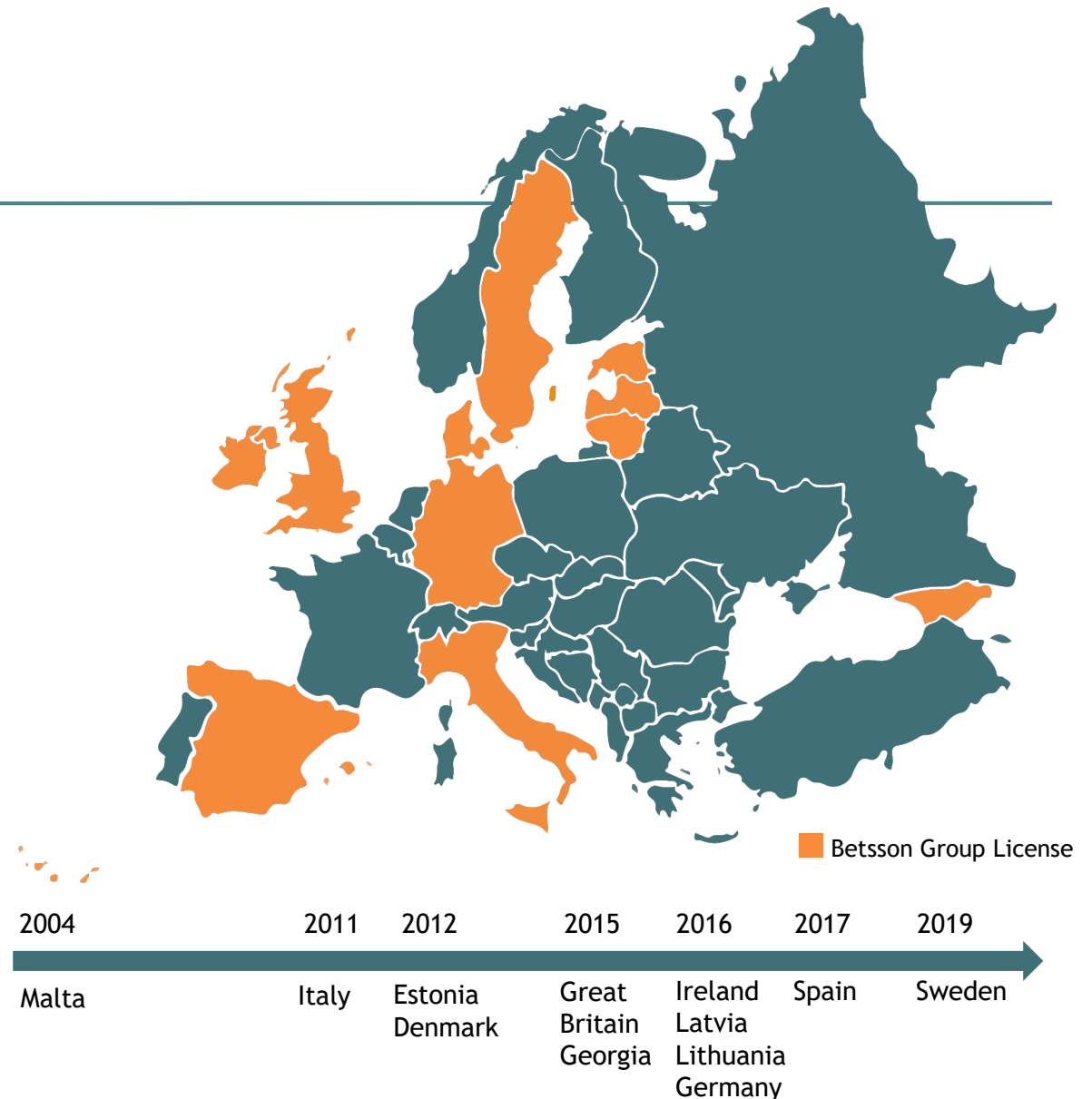
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- Regulated since January 1, 2019
  - 18 percent betting duties
  - 5 year licenses for four brands
- Impact from re-regulation
  - Betting duties
  - Welcome bonus
  - Self-exclusion by 30,000 at spelpaus.se
  - Ongoing discussions on marketing
- Betsson sees Sweden as a long-term important market and aim to grow it sustainably



# REGULATORY UPDATE

- Licences in 12 jurisdictions
- Betting duties increase in Italy from 1 January, 2019 and in UK from 1 April, 2019
- New gambling law adopted in the Netherlands
  - Estimated to come into force Q3 2020, market expected to open Q1 2021
  - Betsson made adjustments in product offering, rebranding and payment solutions to be in the best position for a license at the earliest possible date
  - Ensures sustainable outlook for the Dutch business
  - Short term negative impact on revenues in the Netherlands, focus on long-term business



# SUMMARY

- Revenue growth and solid profitability
- Impact from Swedish regulation and upcoming Dutch legislation
  - Continued improvements of products and technology to offer our customers fun and secure entertainment
  - Efficiencies to absorb betting duties
  - Geographical spread
- Our long experience and considerable size give a solid foundation for continued profitable growth



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