

betsson ab

Q4 2018

Pontus Lindwall
CEO Betsson AB

HIGHLIGHTS Q4

- All-time high revenue
 - SEK 1,437 million
 - Growth across all regions
- All-time high EBIT
 - SEK 342 million
 - Efficiencies continue to show effect
- Gaming licenses received in Sweden
- eCogra Safe and Fair Seal certificate received



FINANCIAL SUMMARY Q4

- Total revenue grew 14%
 - 12% organic growth
- Casino revenue grew 24%
- Sportsbook revenue down by 5%
 - Explained by industry-high Sportsbook margin in Q4 2017
 - Gross turnover increased by 6%, organic 14%
 - Q4 Sportsbook margin at 7.3%
 - Sportsbook margin 8 quarters average 6.9%
- EBIT at SEK 342 million, EBIT margin 23.8%
 - 56% increase

SEK m	Q4 2018	Q4 2017	Change	FY 2018
Revenue	1,437	1,256	14%	5,420
Gross profit	1,018	903	13%	3,860
Gross margin	70.9%	71.9%		71.2%
EBITDA	419	289	45%	1,505
EBITDA margin	29.2%	23.0%		27.8%
EBIT	342	218	56%	882
EBIT margin	23.8%	17.4%		22.0%
EPS, SEK	2.27	1.44	58%	7.79
Casino revenue	1,072	867	24%	4,077
SB revenue	341	359	-5%	1,244
SB margin	7.3%	8.2%		6.9%

PROPOSAL ON DIVIDEND: SEK 3.89 per share

The Board of Directors proposes to the AGM that SEK 539.0 (393.1) million, which corresponds to SEK 3.89 (2.84) per share, is distributed to shareholders.

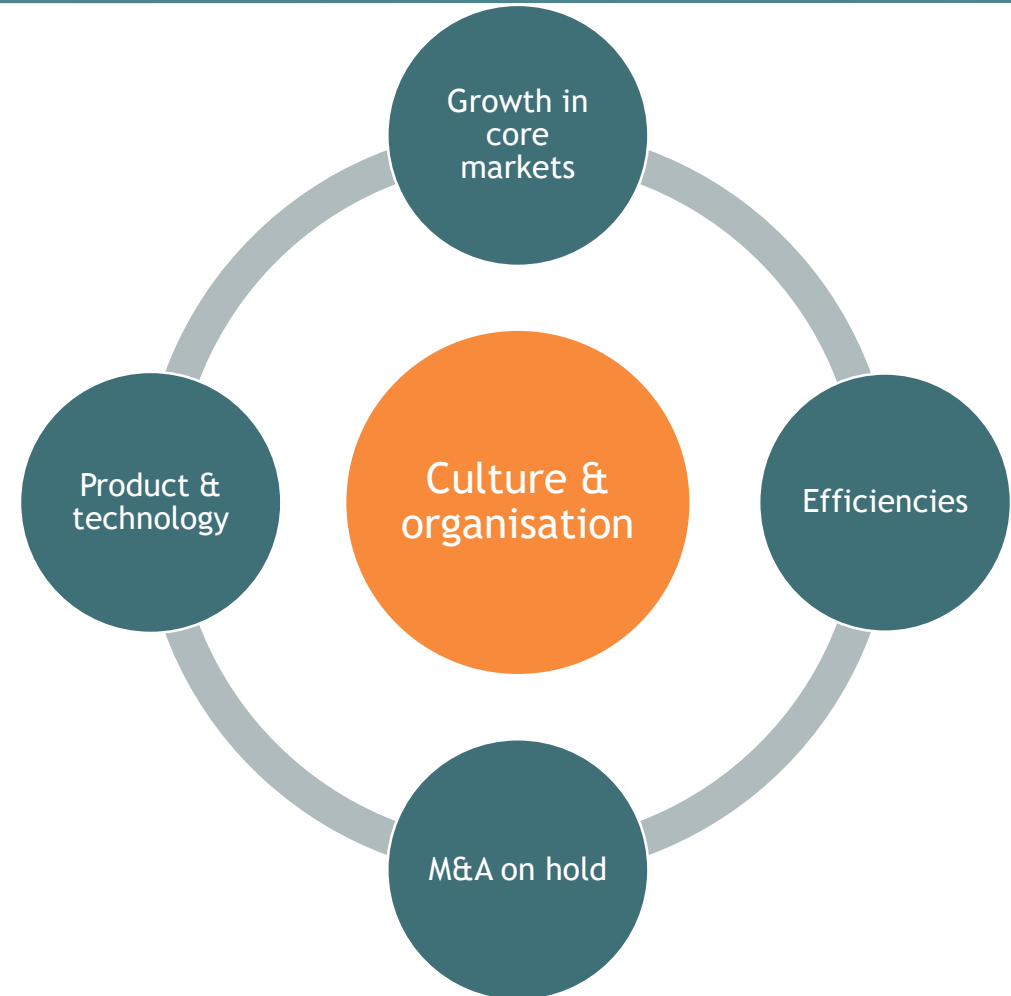
Distribution to shareholders will be made through an automatic redemption process.

The proposed dividend represents 50 percent of net income, in line with the dividend policy:

The Board's ambition for the ordinary distribution to shareholders is, provided a continued attractive capital structure, to distribute up to 50 percent of net earnings, through cash transfer, an automatic redemption process or via repurchase of own shares.

BACK ON TRACK PLAN STILL ON TRACK

- Back on Track plan put in place in Q4 2017
- Built around four areas with culture and organisation at the core
- Pillars of the plan:
 - Improve products and performance
 - Turnaround growth trends in core markets
 - Improve efficiencies
 - M&A on hold
- Results show actions taken during 2018 have set the Group Back on track



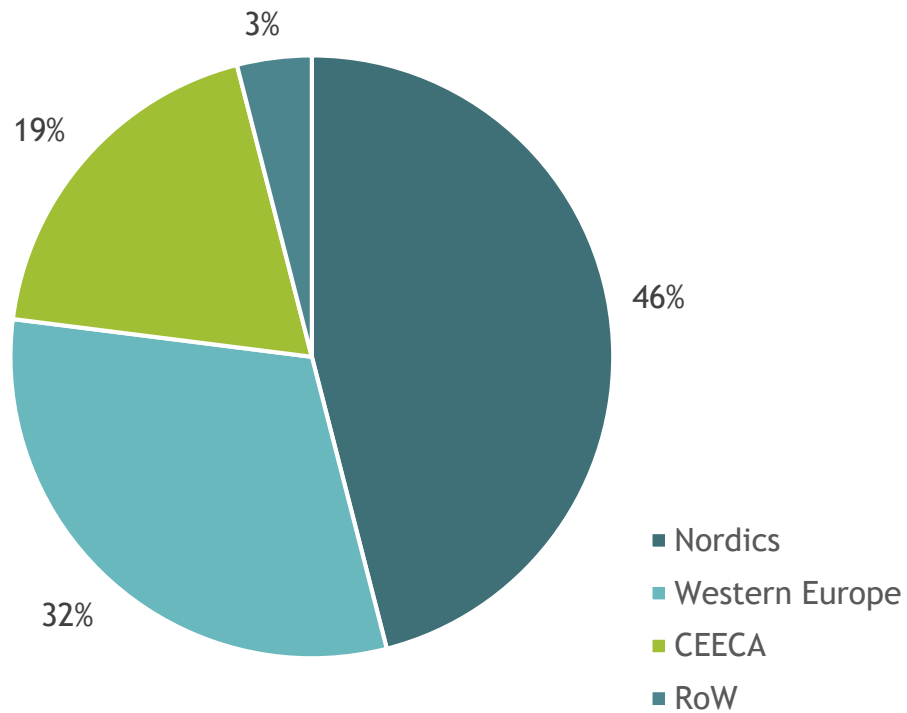
PRODUCT & TECHNOLOGY

- Major improvements in product offering and site speed
- New functionality
 - Sportsbook Search, Market Filter, Cash-out on combination bets
- Product modification for SGA compliance
- Roll-out of OBG on desktop ongoing
- AI automated chat box for customer service
- Improved RG inhouse tool, developed to identify and detect customers who could be at risk based on their gaming behavior

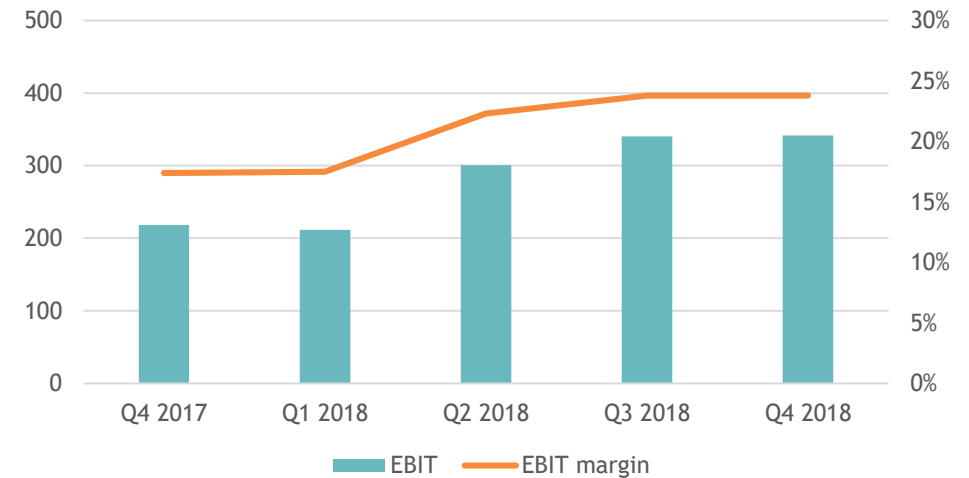
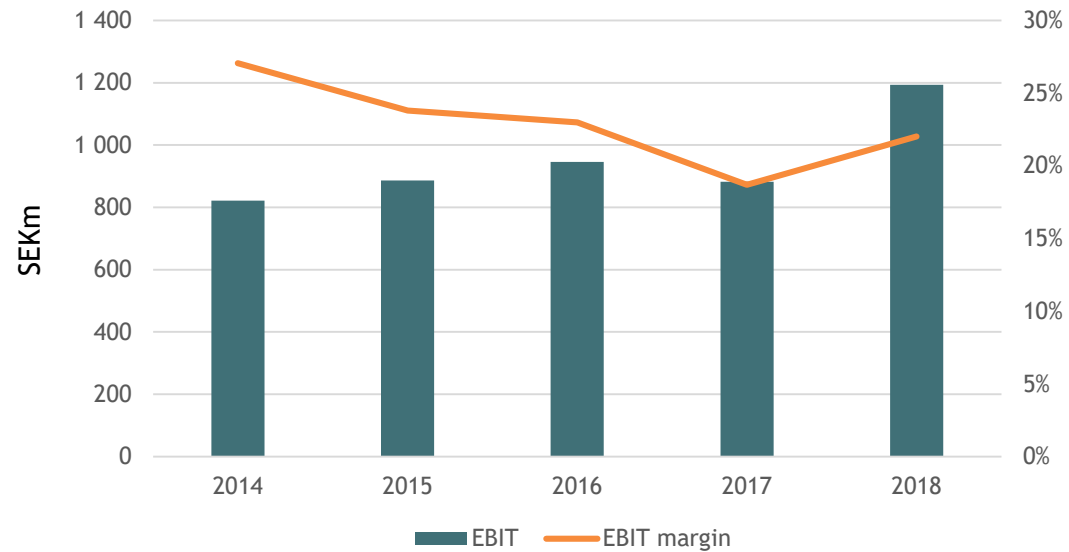


ANOTHER QUARTER WITH GROWTH IN ALL REGIONS

Revenue, Q4 2018

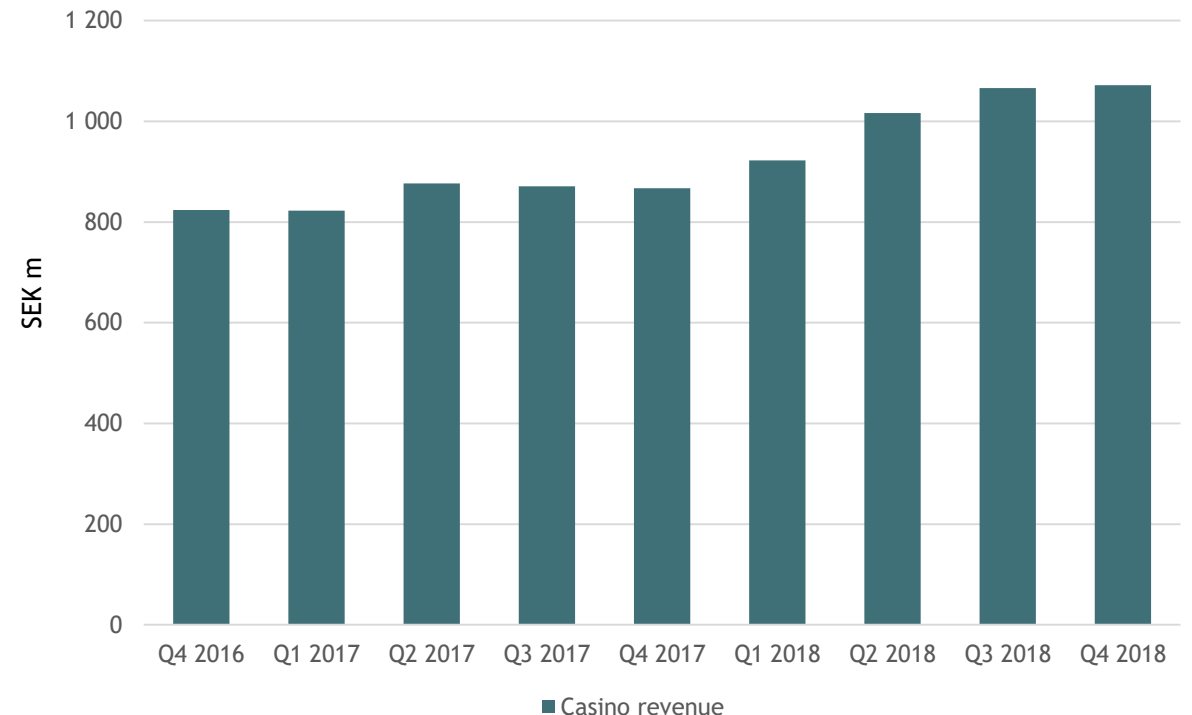


EFFICIENCIES CONTINUE TO IMPROVE PROFITABILITY



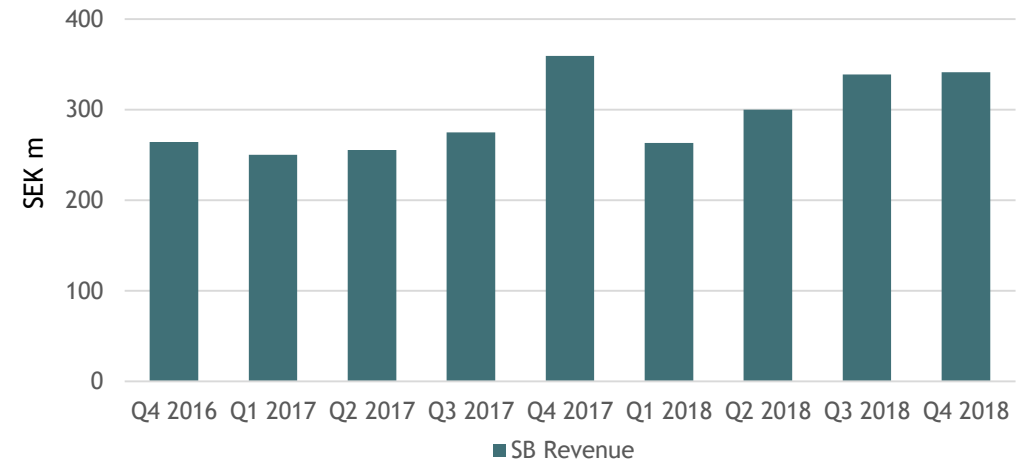
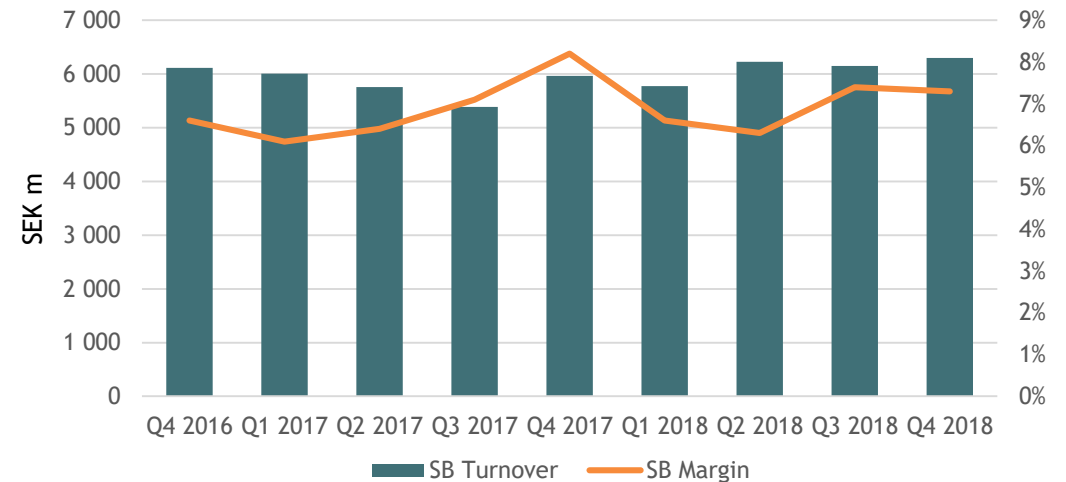
CASINO DEVELOPMENT

- Betsson offer 2,700 casino games of which 2,000 on mobile
- Casino growth 24%
 - Organic growth 20%
 - Casino 75% of total revenue
 - Growth primarily in the Nordics and Western Europe
- Mobile casino revenue increased 35% and accounts for 64% of casino revenue
- Increased revenue from proprietary games



SPORTSBOOK DEVELOPMENT

- Betsson has extensive football offering within its own Sportsbook solution
 - 230+ pre-match markets
 - 100+ live markets
 - 46,691 live betting events in Q4 2018, 24% increase from last year
- SB turnover grew 6%, with 14% organic growth
- SB revenue down 5% compared to Q4 2017 but increase QoQ
 - SB 24% of total revenue
 - Mobile SB accounts for 76% of total SB revenue
 - SB margin at 7.3% (8.2%)
 - SB revenue growth in CEECA



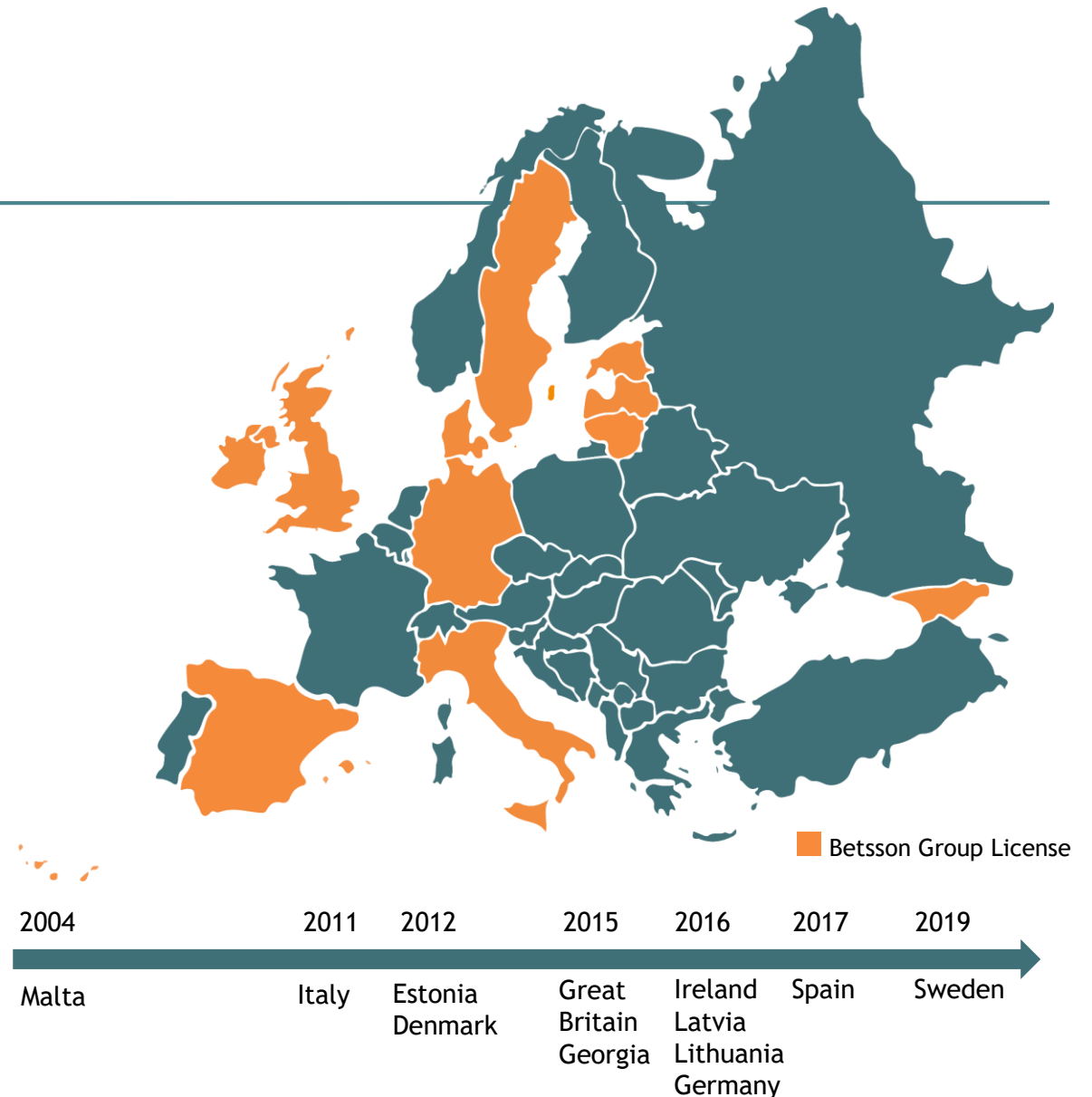
SWEDEN REGULATED MARKET

- Regulated since January 1, 2019
 - 18 percent betting duties
 - 5 year licenses for four brands
- Impact from re-regulation on EBIT
 - Welcome bonus, one time per customer
 - Increased marketing
 - Betting duties
- Approximately 20,000 customers self-excluded at spelpaus.se
- New marketing channels open up
- Swish introduced



REGULATORY UPDATE

- Licences in 12 jurisdictions including Sweden from January 1, 2019
- Revenue share from regulated markets estimated to increase from 24% in 2018 to 30-40% in 2019
- Re-regulation of gambling market in the Netherlands ongoing
- Betting duties increase in Italy from 1 January, 2019 and in UK from 1 April, 2019



SUMMARY

- All-time high revenue and EBIT
- 2018 has got the company Back on Track
- Stay on track
 - Continued improvements of products and technology to offer our customers fun and secure entertainment
 - Efficiencies to absorb betting duties
 - Continued growth in core markets
 - Geographical spread to lower risk
- Our long experience and considerable size gives us a solid foundation going forward



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