

betsson ab

Q3 2017

Pontus Lindwall
CEO Betsson AB

HIGHLIGHTS Q3

- Revenues increased 11%
 - Organic growth was 2%
 - Continued growth in casino
 - Increase in active customers (+20%)
- Actions in place to improve growth
 - Continued roll-out of new mobile sportsbook
 - OBG on apps and desktop
- Focus on efficient operations



FINANCIAL SUMMARY Q3

- Revenue increased by 11%
 - Strong growth in Western Europe
 - Continued growth in Casino
 - Sportsbook gross turnover is growing in constant currency

- EBIT declined compared to strong Q3 2016
 - Negative currency effects (SEK 27 m)
 - Negative impact of recently acquired companies (SEK 5 m)
 - Increased betting duties (SEK 18 m)
 - One-off impact of management changes (SEK 7 m)

- EBIT margin 18.3%

SEK m	Q3 2017	Q3 2016	Change	FY 2016
Revenue	1,181	1,063	11%	4,117
Gross profit	859	807	6%	3,078
Gross margin	72.7%	75.9%	-	74.8%
EBIT	216	273	-21%	946
EBIT margin	18.3%	25.7%		23.0%
Net income	187	254	-26%	878
Casino revenue	871	732	19%	2,908
SB revenue	275	300	-8%	1,080
SB margin	7.1%	7.6%	-	6.5%
Deposits	4,100	3,521	16%	14,458
Active customers	619,032	515,101	20%	-

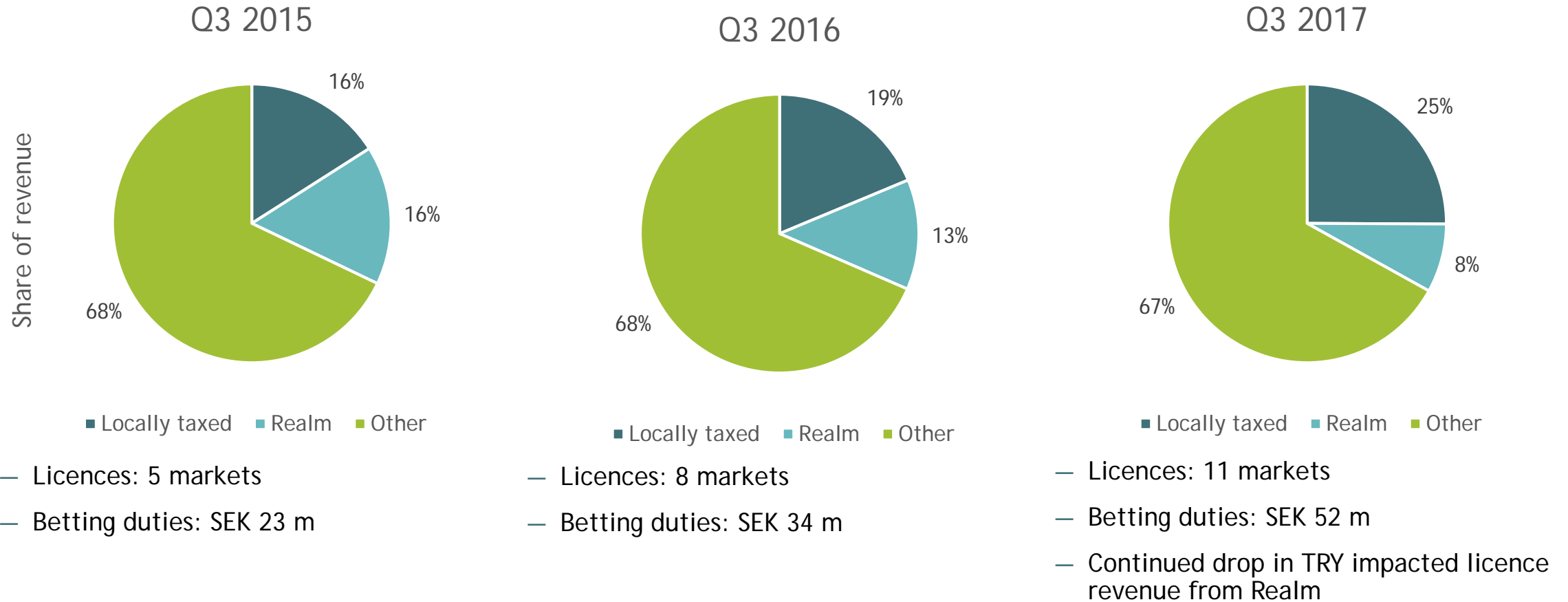
IMPACT OF CURRENCY AND ACQUISITIONS

SEK million	Q3 2017, excl. acquisitions and currency effects	Currency effect	Q3 2017 Organic	Impact from acquisitions the last 12 months	Q3 2017 Reported	Q3 2016 Reported
Revenue	1,121.1	-32.4	1,088.7	+91.9	1,180.6	1,063.3
<i>Revenue growth</i>	5.4%		2.4%		11.0%	9.3%
Operating income (EBIT)	248.4	-27.4	221.0	-5	216.0	272.9
<i>Operating margin</i>	22.2%		20.3%		18.3%	25.7%

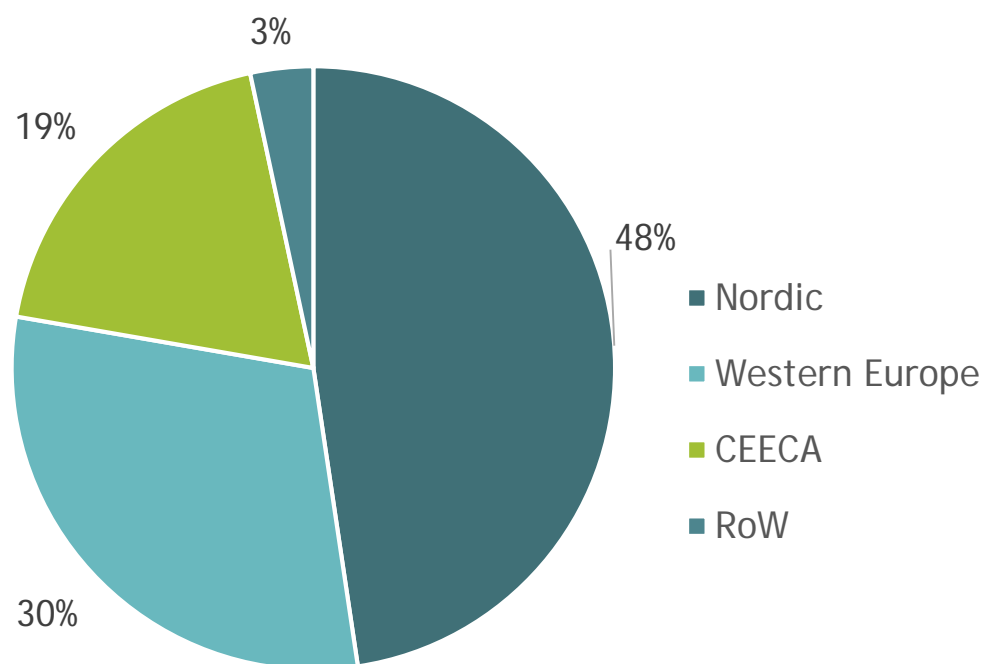
- Turnaround of NetPlay behind plan
- Rebranding to StarCasino and launch of new brand in Spain
- Racebets and Betsafe in Lithuania (former TonyBet) performing as expected

¹⁾ Acquired entities include TonyBet, RaceBets, NetPlay TV and Premier Casino
 Costs related to acquired entities include acquisition costs and amortisation of customer base

REVENUE MIX IMPACTS OPERATING INCOME



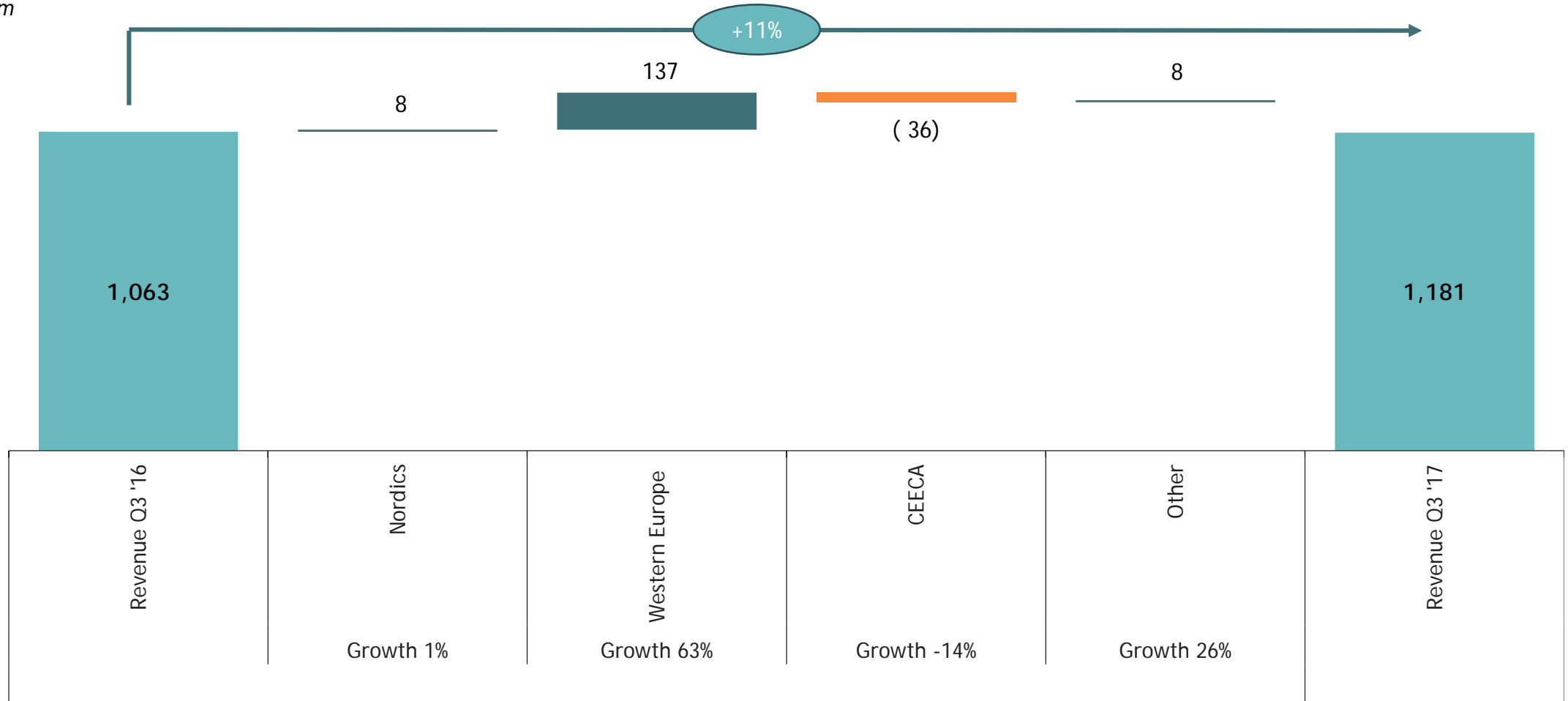
REVENUE BY REGION



- The Nordic market remains competitive
- Western Europe growth driven by acquisitions and organic casino growth
- CEECA revenue impacted by currency headwind
 - Improved product offering
 - Underlying business in Realm stable

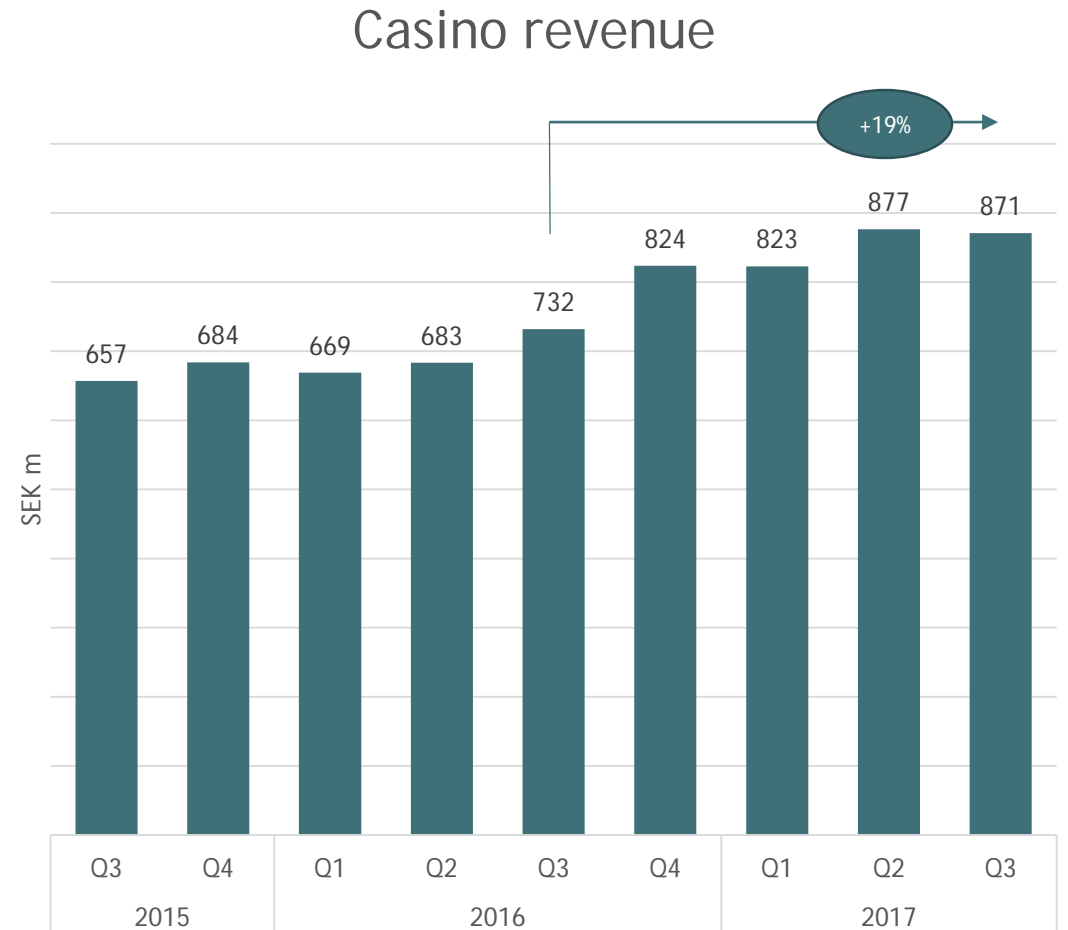
STRONG GROWTH FROM WESTERN EUROPE

SEKm



CASINO GROWTH CONTINUES

- Casino +19% Y/Y, organic +12%
- Casino growth driven by new mobile web casino and live casino
 - Mobile casino growth +63% Y/Y
 - New Live casino studio launched together with Evolution gaming
- Roll-out of OBG front-end framework on desktop and apps planned for 2018

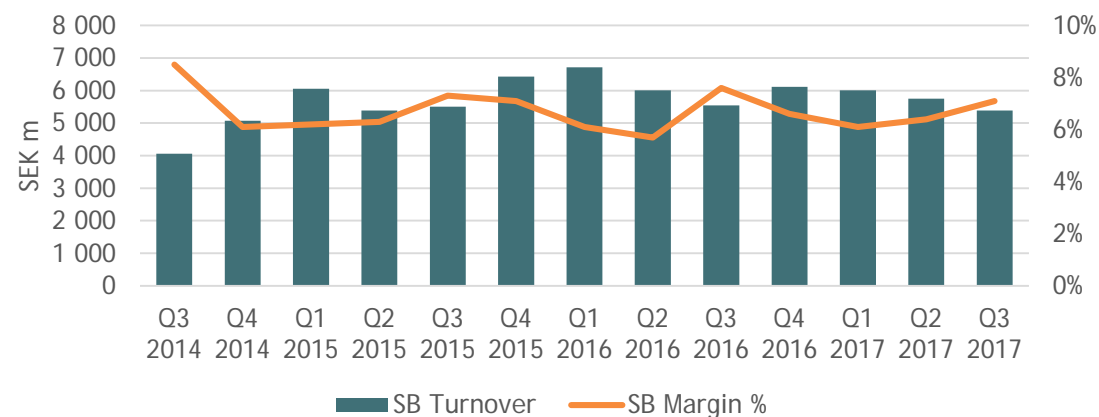


ROLL-OUT OF NEW MOBILE SPORTSBOOK

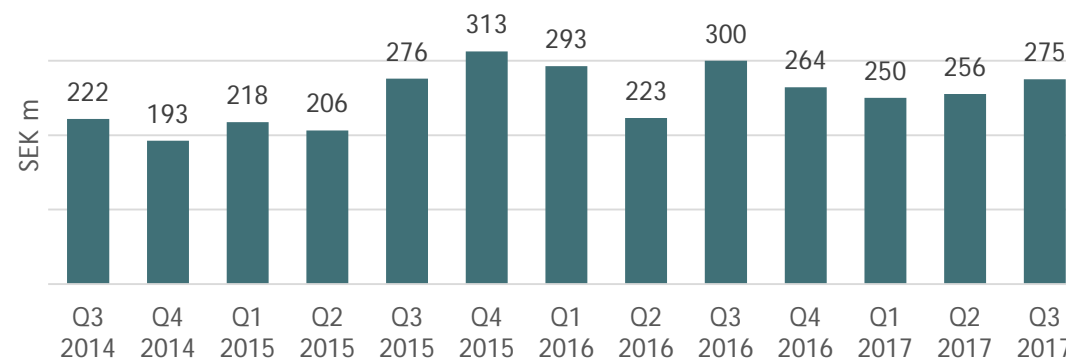
- Sportsbook -8% Y/Y
- Sportsbook turnover SEK 5.4 bn (5.5)
 - Decline in TRY had SEK 557 m negative impact on turnover
- Sportsbook margin at 7.1% (7.6)
 - 8-quarter rolling avg. sportsbook margin 6.5%

- Roll-out of new mobile web sportsbook continues
- Continuous improvements to offering
- Roll-out of OBG front-end framework on desktop and apps planned for 2018

Sportsbook, Gross turnover

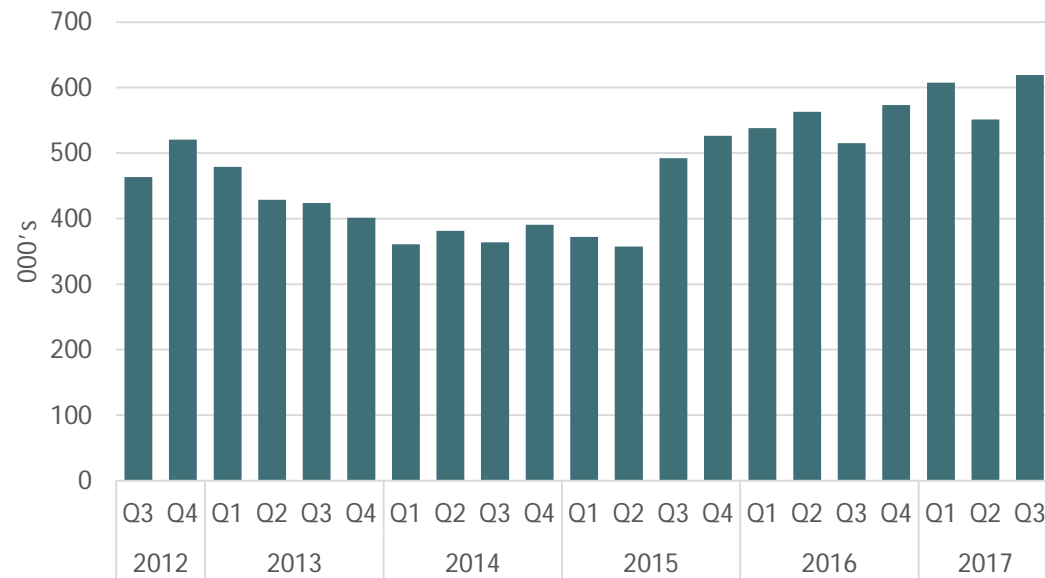


Sportsbook, Revenue



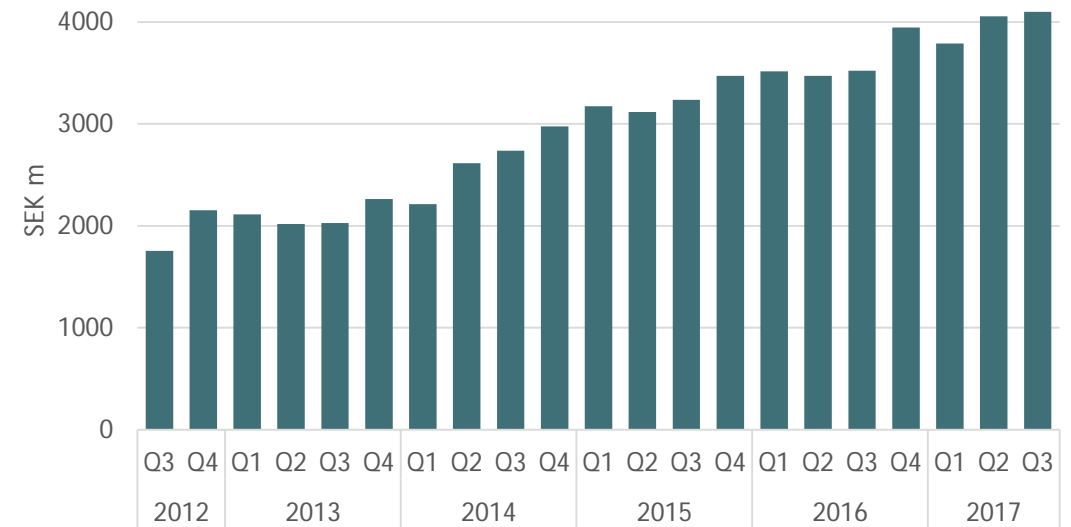
STRONG UNDERLYING ACTIVITY

Active customers



- Active customers: 619,032 (515,101)
- Seasonal increase and sponsorship drives growth
- Acquired companies also impacted increase in active customers

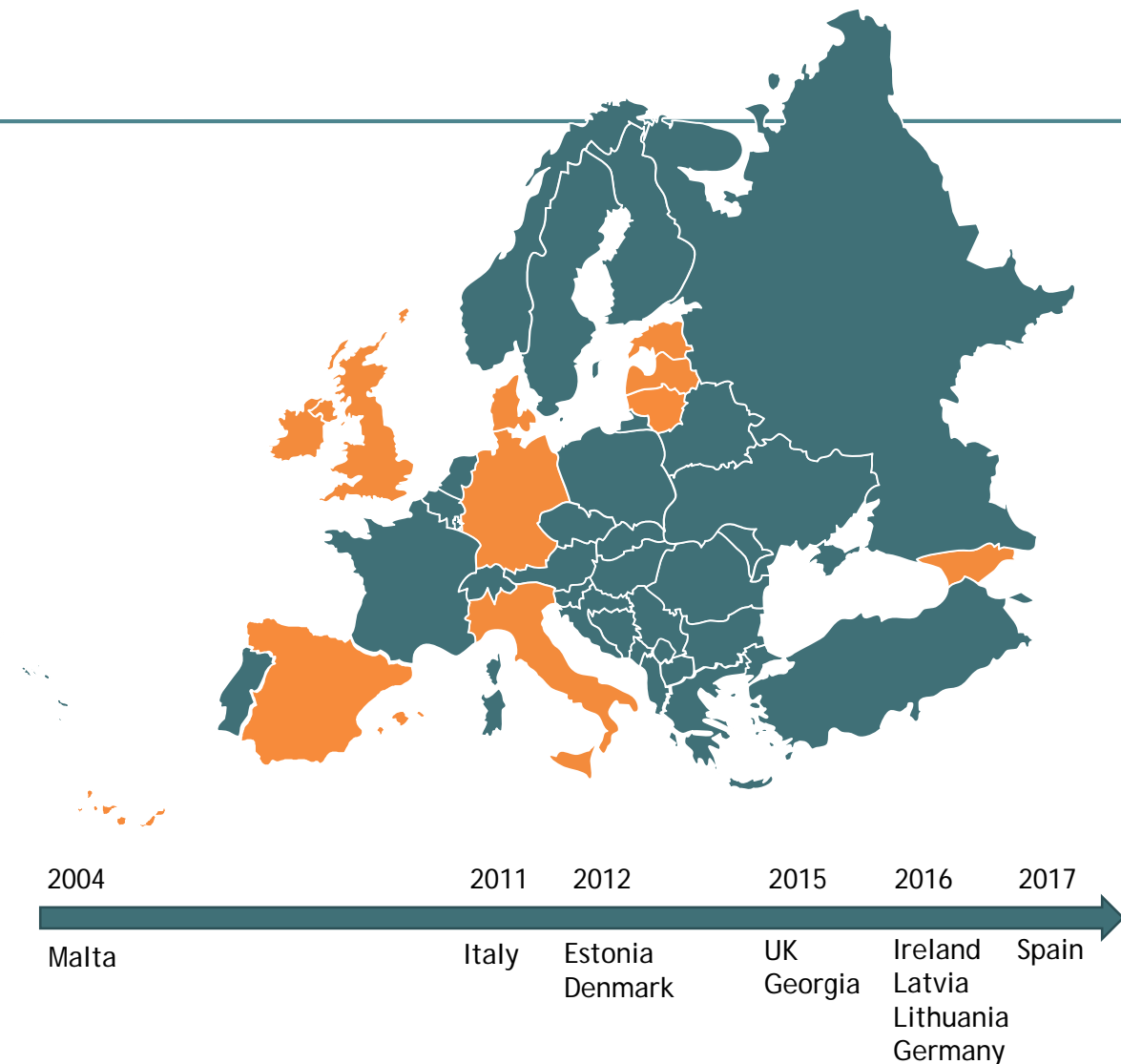
Deposits



- Deposits: SEK 4,100.1 m (3,521.2)
- Improved activity and payment methods drives growth
- Deposits impacted by negative currency effect in TRY

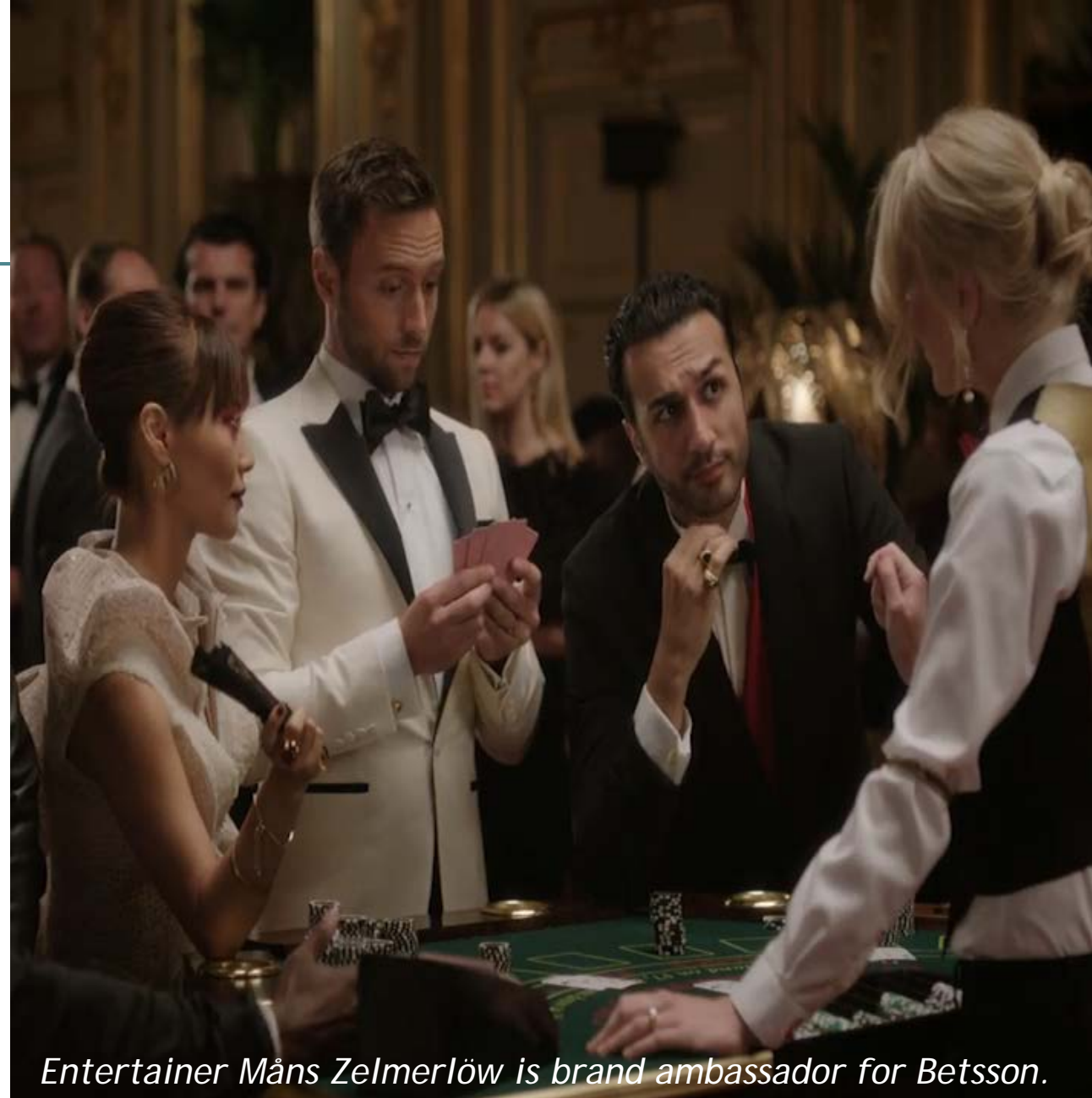
REGULATORY UPDATE

- Re-regulation of the Swedish gambling market
 - New regulation expected 2019
- Re-regulation of gambling market in the Netherlands
 - New Dutch Government aiming for re-regulation July 2019
 - Betsson monitoring developments to ensure compliance with EU law



FOCUS GOING FORWARD

- Quarter started well
- Actions to improve growth
- Continue to strengthen product offering
- Increased focus on efficient operations



Entertainer Måns Zelmerlöw is brand ambassador for Betsson.

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