

betsson ab

Q4 2017

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CEO Betsson AB

HIGHLIGHTS Q4

- Strong sportsbook development up 36%
 - B2C sportsbook gross turnover up
 - Margin was 8.2%
 - New mobile web sportsbook launched on core brands
- Casino growth at 5%
 - Growth in Western Europe, but decline in the Nordics
- Restructuring implemented in Q1 2018
- Introducing KPI's related to responsible gaming

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FINANCIAL SUMMARY Q4

- Revenue increased by 12%
 - 10% organic growth
- EBIT declined 18%
 - Organic marketing expenses up SEK 44 m
 - Negative currency impact SEK 34 m
 - Negative impact from acquisitions SEK 16 m
 - Organic EBIT increased 1%
- EBIT margin 17.4%
- The Board of Directors proposes to the AGM that SEK 393.1 m, which corresponds to SEK 2.84 per share, is distributed to shareholders.

SEK m	Q4 2017	Q4 2016	Change	FY 2017
Revenue	1,256	1,119	12%	4,717
Gross profit	903	831	9%	3,419
Gross margin	72%	74%		72%
EBIT	218	265	-18%	882
EBIT margin	17.4%	23.7%		18.7%
Net income	199	244	-19%	787
Casino revenue	867	824	5%	3,438
SB revenue	359	264	36%	1,140
SB margin	8.2%	6.6%		6.9%
Deposits	4,362	3,947	11%	16,308
Active customers	615,500	573,000	7%	

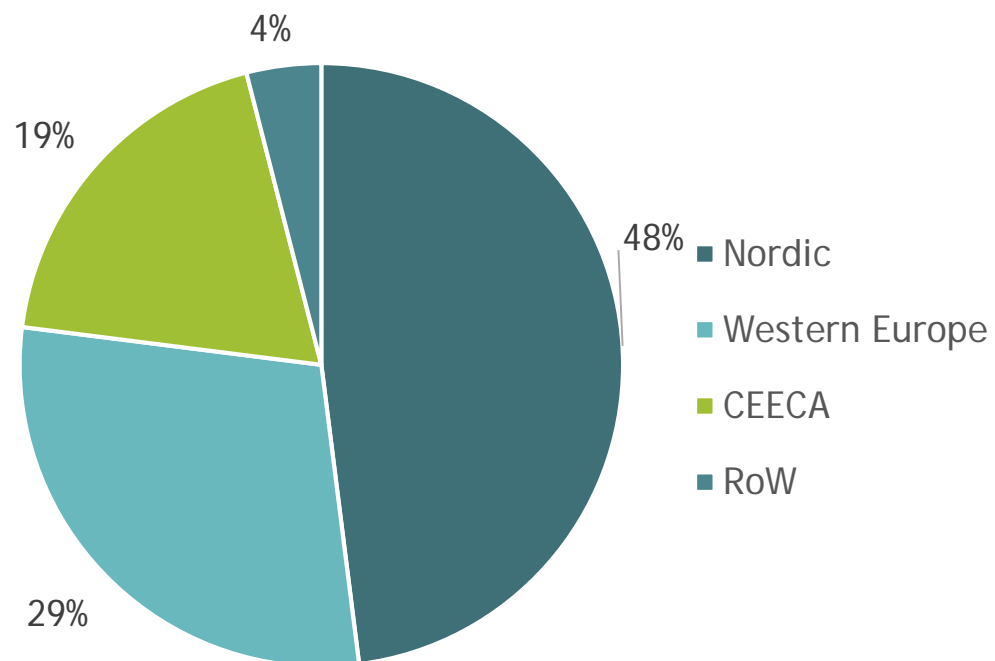
ORGANIC GROWTH

SEK million	Q4 2017 Organic	Currency effects	Impact from acquisitions the last 12 months ¹⁾	Q4 2017 Reported
Revenue	1,231	-48.2	+74.1	1,256
<i>Revenue growth</i>	10%			12%
Operating income (EBIT)	268	-34.0	-15.5	218
<i>EBIT growth</i>	1%			-18%
<i>Operating margin</i>	22%			17%

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

REVENUE BY REGION

Revenue, Q4 2017



- 62% sportsbook growth in the Nordics
- 14% organic growth in Western Europe
- CEECA revenue impacted by currency headwind
- RoW continues to grow

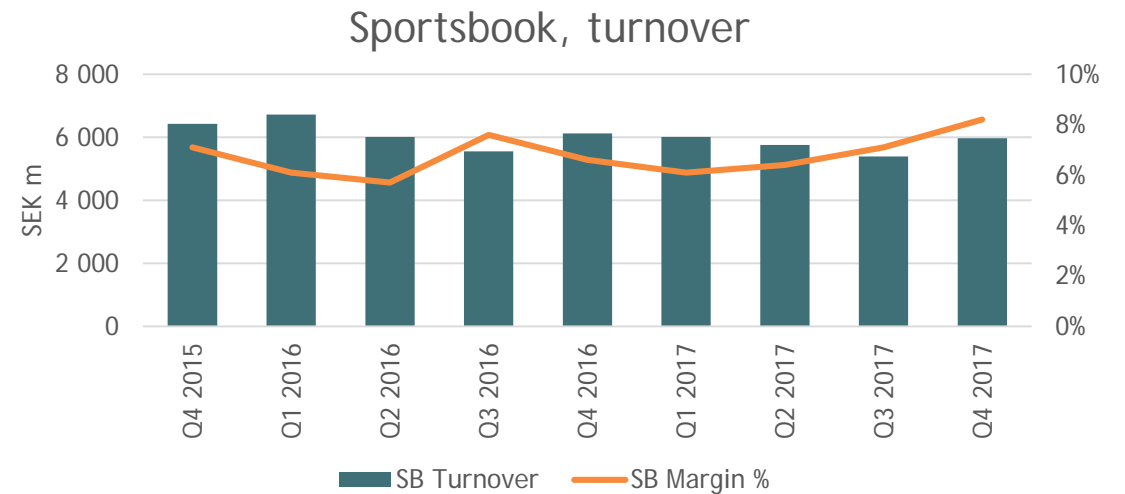
REVENUE GROWTH BY REGION



STRONG QUARTER FOR SPORTSBOOK

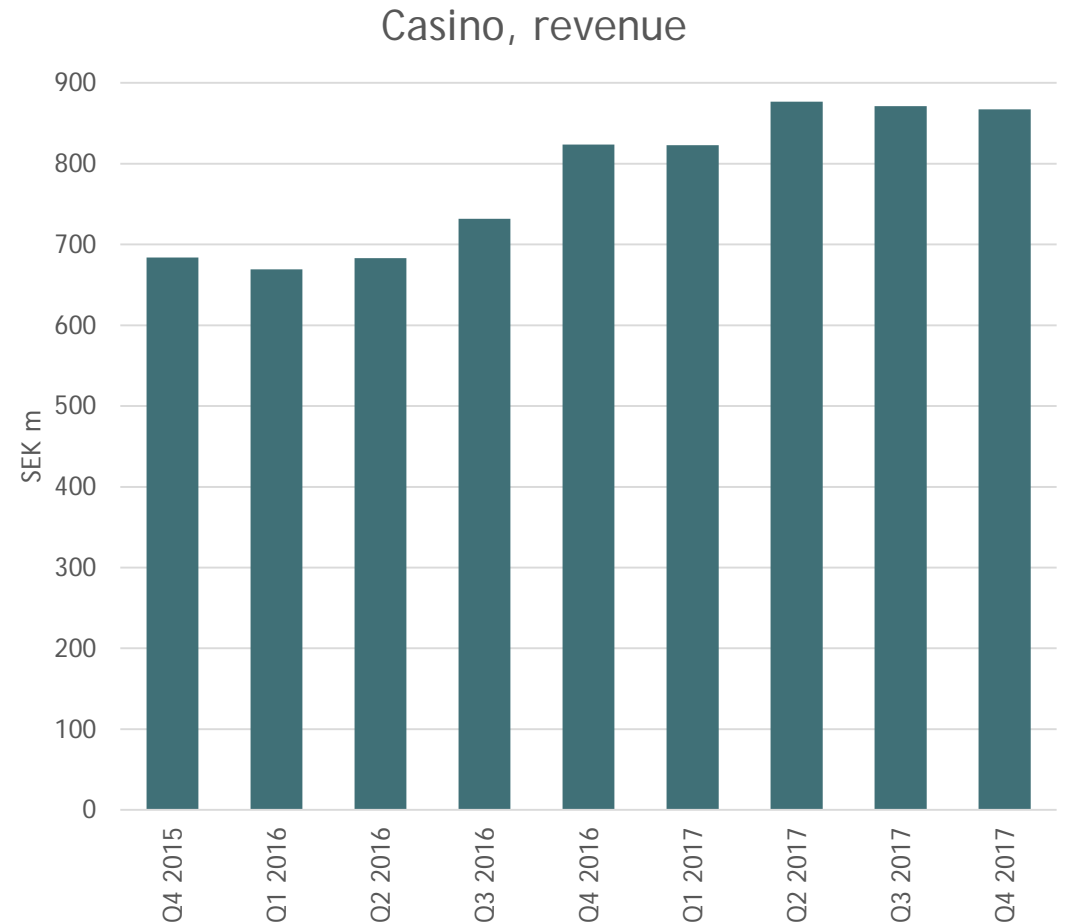
- Sportsbook 36% Y/Y
- Sportsbook gross turnover SEK 6.0 bn (6.1)
 - Organic growth was 7%
- Sportsbook margin at 8.2% (6.6)

- Roll-out of new mobile web sportsbook on core brands
- Continuous improvements to offering
- Roll-out of OBG front-end framework on desktop and apps during 2018

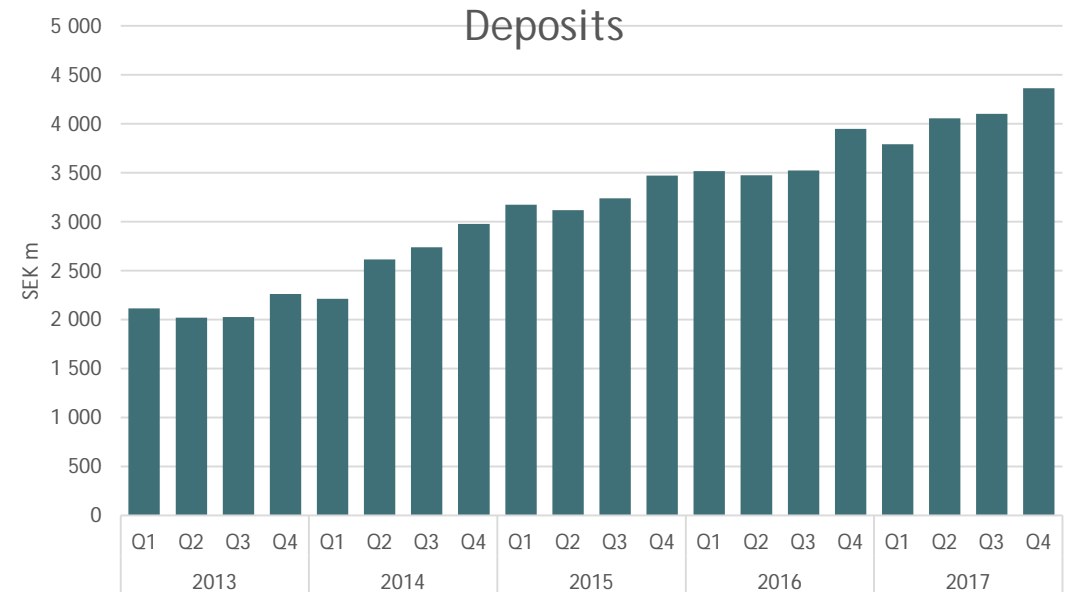
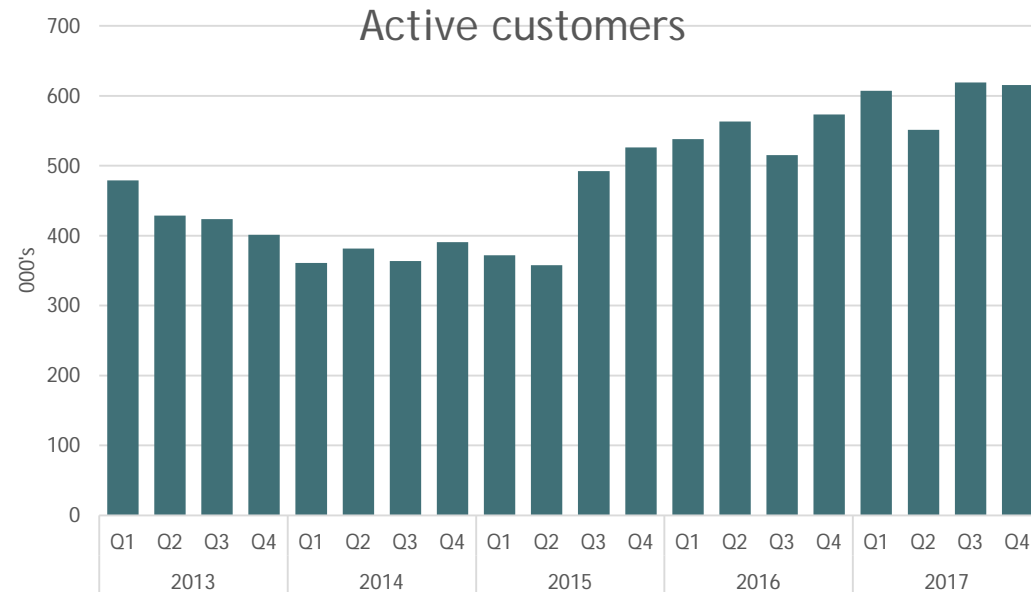


SLOW CASINO DEVELOPMENT IN Q4

- Casino growth 5%
 - Organic growth 3%
- Casino growth driven by live casino and mobile web casino
- Roll-out of OBG front-end framework on desktop and apps during 2018



STRONG UNDERLYING ACTIVITY

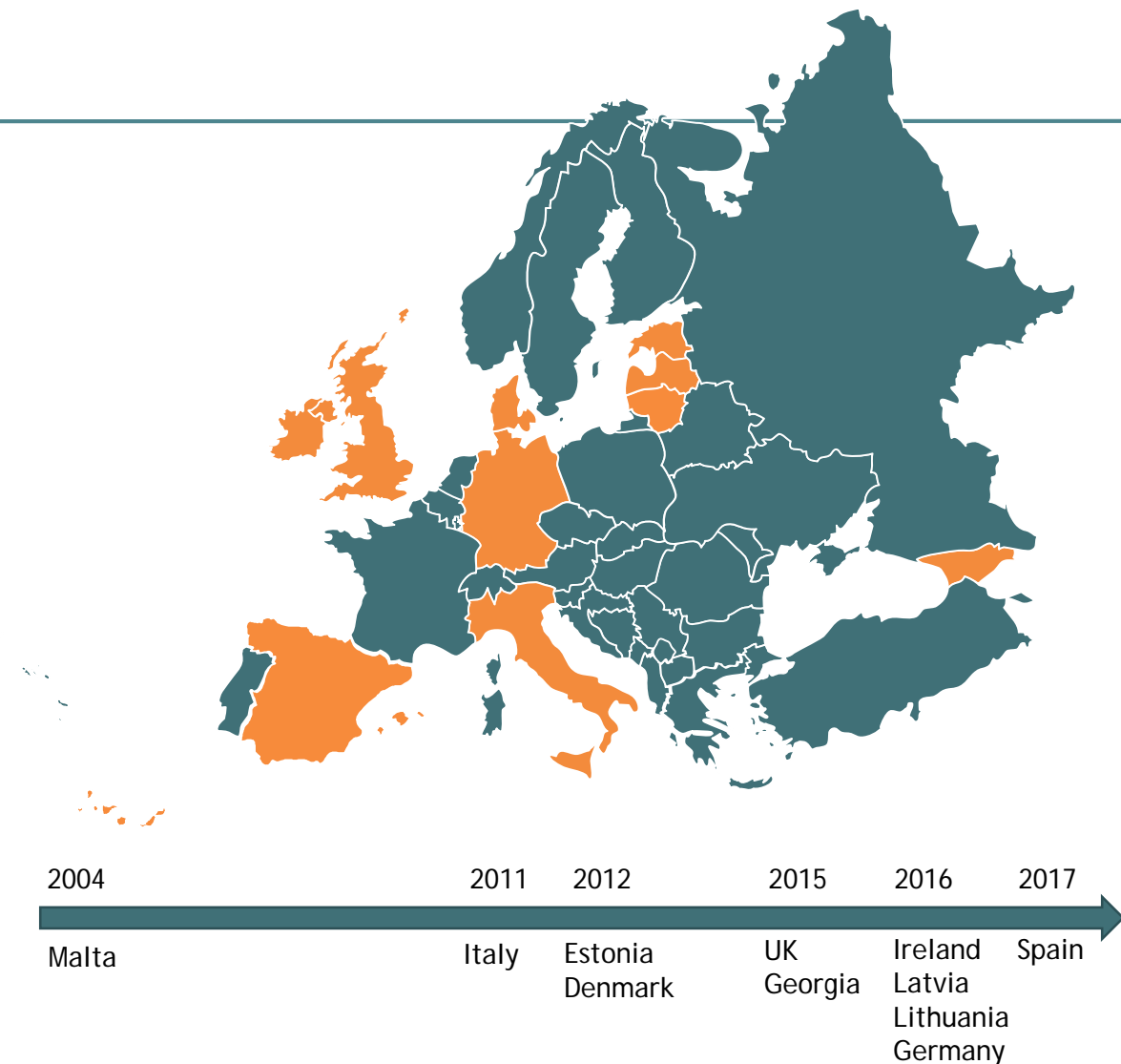


- Active customers: 615,499 (573,277)
- Seasonal increase drives growth
- Acquired companies impacted increase in active customers

- Deposits: SEK 4,362 (3,947) m
- Deposits impacted by negative currency effect in TRY

REGULATORY UPDATE

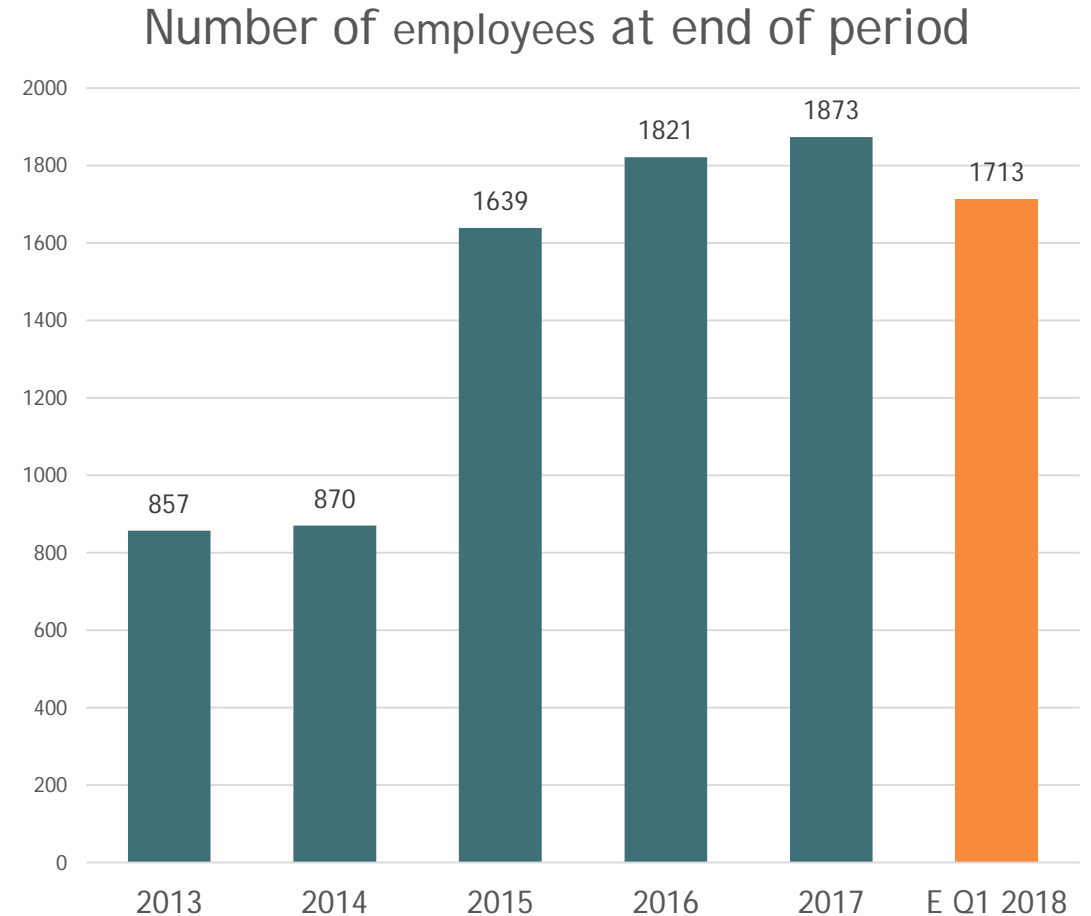
- Re-regulation of the Swedish gambling market
 - New regulation expected 2019
- Re-regulation of gambling market in the Netherlands still on hold
 - Government's ambition is to launch new regulation in 2019



RESTRUCTURING FOR EFFICIENCY

- Clearer responsibilities
- Less layers
- Scaling back in the UK

- Headcount reduced by 160
- Cost to be recognised in Q1
- Annual net cost saving of SEK 50-60 m
- Restructuring costs in Q1 2018 of approx. SEK 15 m



FOCUS GOING FORWARD

- Continue to strengthen product
 - Further roll-out of new Casino and Sportsbook
- Actions to improve growth
 - Continued marketing spend to capitalise on World Cup 2018
- Focus on efficiencies
 - Reorganisation done in Q1
 - Back to basics in the UK



Betsson Group won the EGR Nordics Award for Best Customer Service Operator 2018

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