

# **FORTUNA**

## **Preliminary Financial Results 2013**

**Analyst Meeting**

**6 March 2014**

# Agenda

Introduction

**Wilf Walsh, Chairman of the Management Board**

2013 Key highlights

**Radim Haluza, CEO**

2013 Financial Results & Dividend Policy

**Michal Vepřek, CFO**

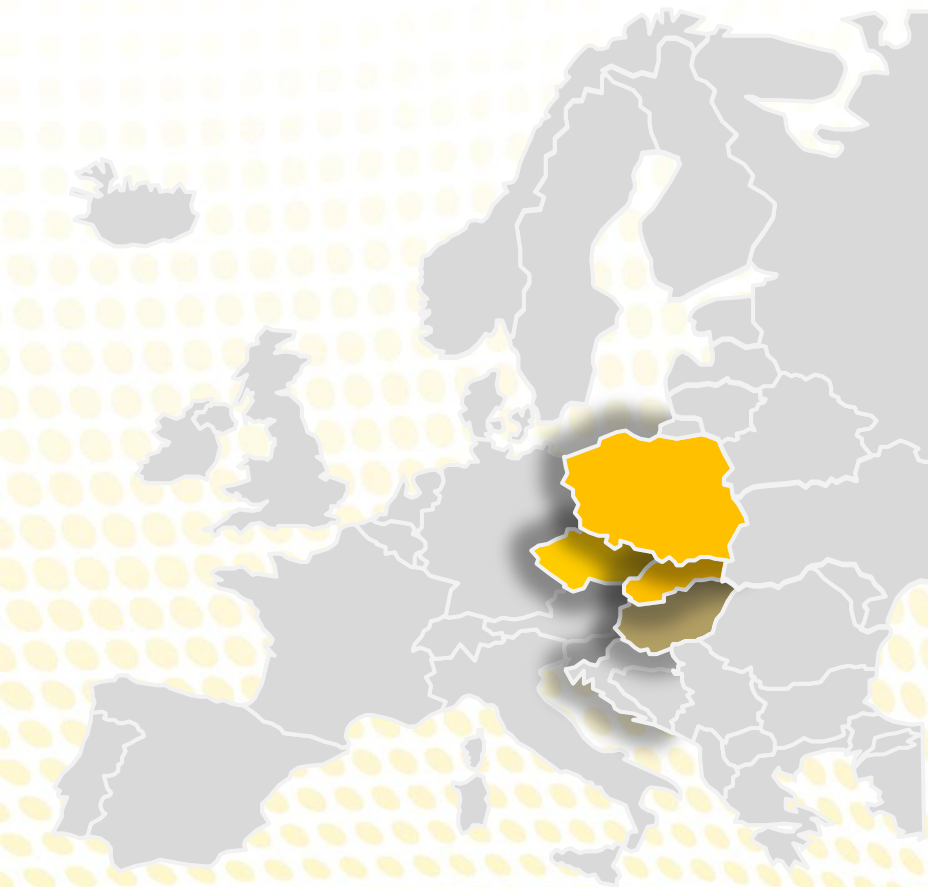
Fortuna Lottery

**Radim Haluza, CEO**

2014 Outlook & Summary

**Wilf Walsh, Chairman of the Management Board**

# Fortuna - Leading regulated CEE sports betting & lottery operator



Pop. 38.2 million  
111k registered users  
No. 1 market position (37%)  
Retail & Online  
Reg. vs offshore market :  
EUR 200 mm vs. EUR 1.1 bn



Pop. 10.5 million  
250k registered users  
No. 2 market position (31%)  
Retail & Online & Lottery  
Reg. vs offshore market :  
EUR 780 mm vs. EUR 500 mm

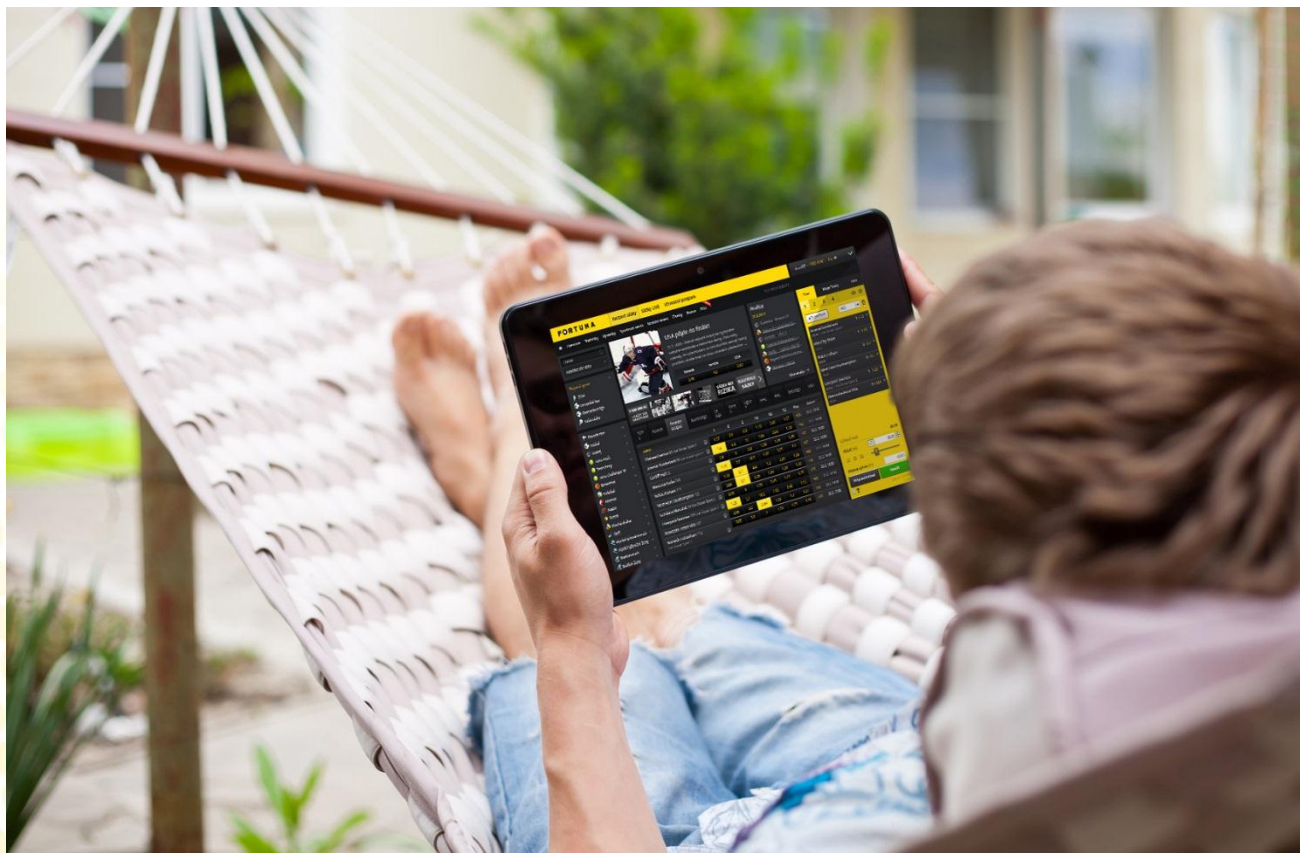


Pop. 5.4 million  
102k registered users  
No. 2 market position (34%)  
Retail & Online  
Reg. vs offshore market :  
EUR 365 mm vs. EUR 100 mm





# 2013 Key Highlights



# Financial Highlights FY 2013

- ▶ **Group Amounts Staked increased to EUR 567.2 million +21.2%**
- ▶ **On-line Sports Betting Gross Win EUR increased to EUR 51.1 million +35.3%**
- ▶ **Total EBITDA increased to EUR 26.7 million +20.8%**
- ▶ **No. of registered LIVE customers increased by 57%, fastest growing channel was mobile**
- ▶ **Group Net Profit up 26.4% to EUR 15.6 million**

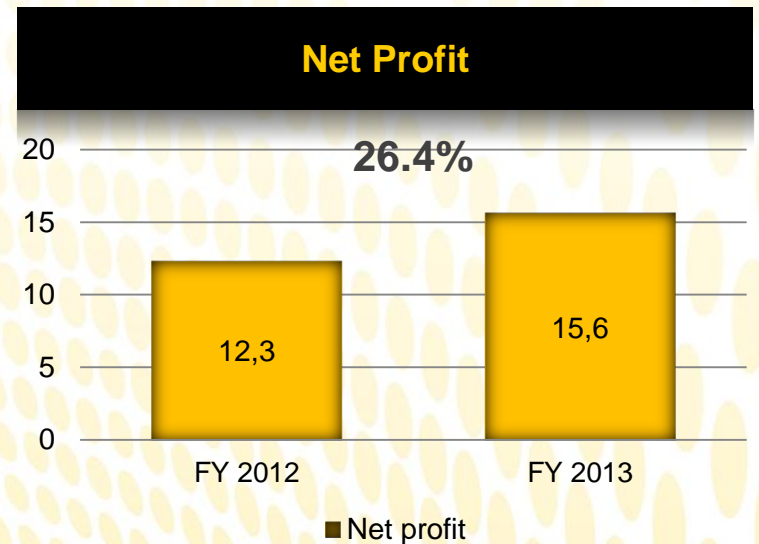
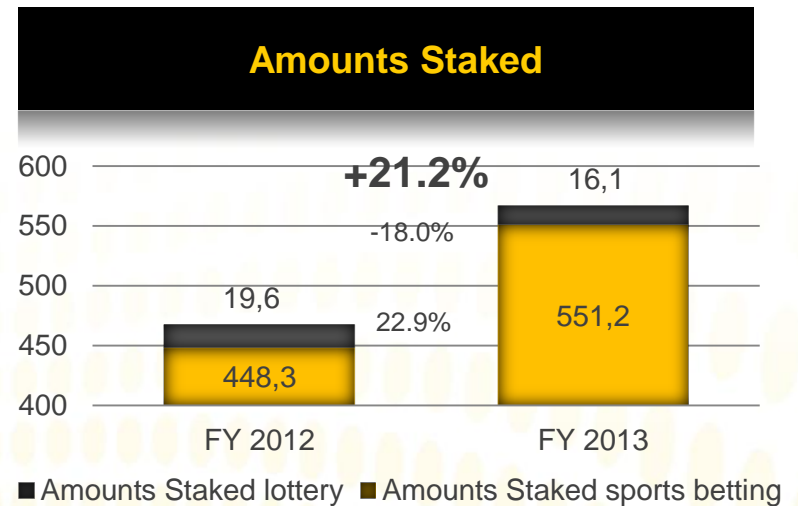
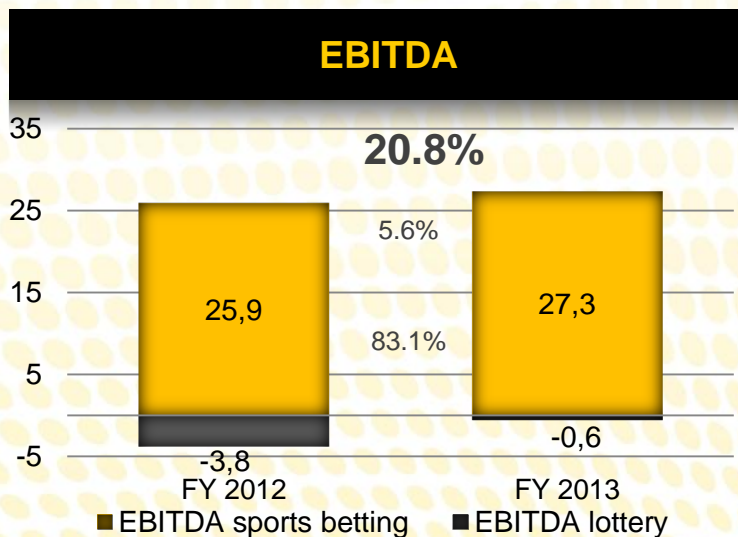


# 2013 Financial Performance



# Financial results 2013

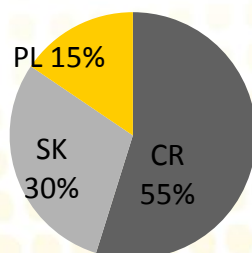
- ▶ Amounts Staked EUR 567.2 mil. +21.2%
- ▶ EBITDA EUR 26.7 mil. +20.8%
- ▶ Net Profit EUR 15.6 mil. +26.4%



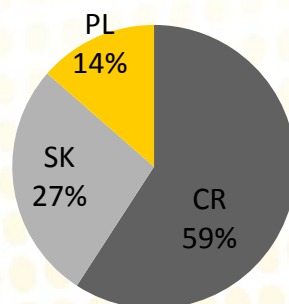
# Sports betting by country

## Amounts Staked

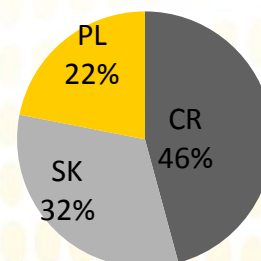
2012 (ex. Malta)



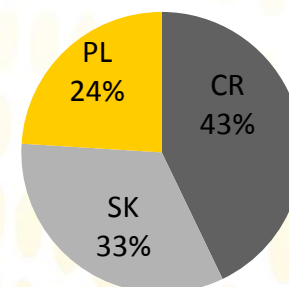
2013 (ex. Malta)



2012 (ex. Malta)



2013 (ex. Malta)



In EUR MM	2012	2013	%
Czech Republic	243,3	323,3	32,9%
Slovakia	131,5	148,9	13,2%
Poland	68,9	74,2	7,7%
Malta	4,6	4,8	4,7%

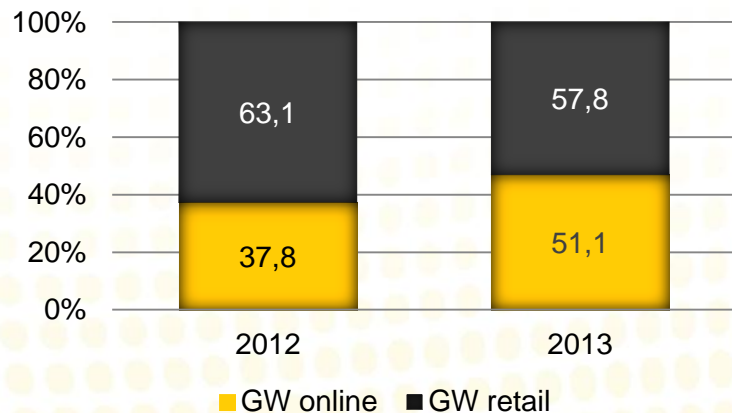
In EUR MM	2012	2013	%
Czech Republic	44,5	46,6	4,7%
Slovakia	31,4	36,0	14,6%
Poland	24,8	26,1	4,9%
Malta	0,1	0,2	31,3%

Source: Calculated based on FEG consolidated unaudited financial results for 2013 and Company information  
FX rates used for translation: average ČNB and National Bank of Poland

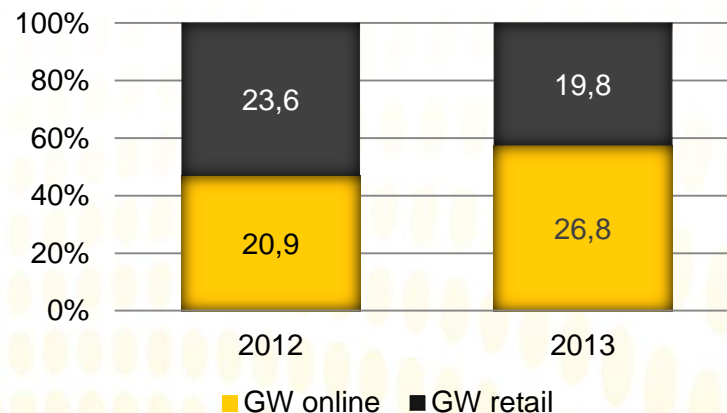


# Sports betting breakdown

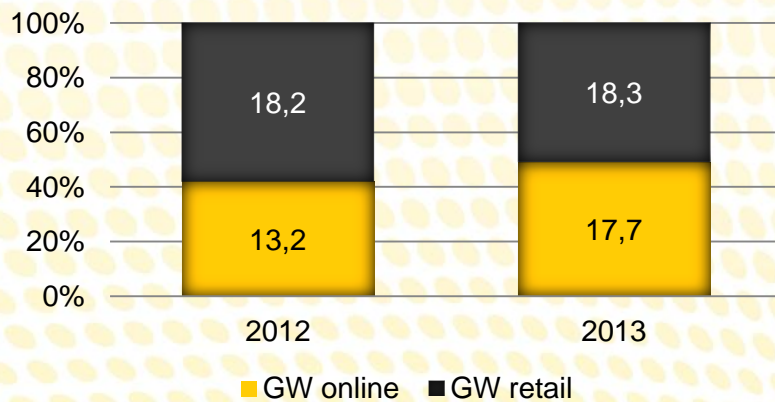
**Group Total**



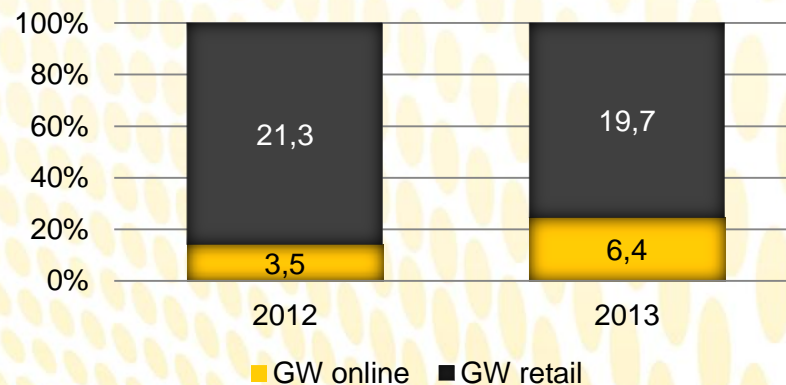
**Czech Republic**



**Slovakia**

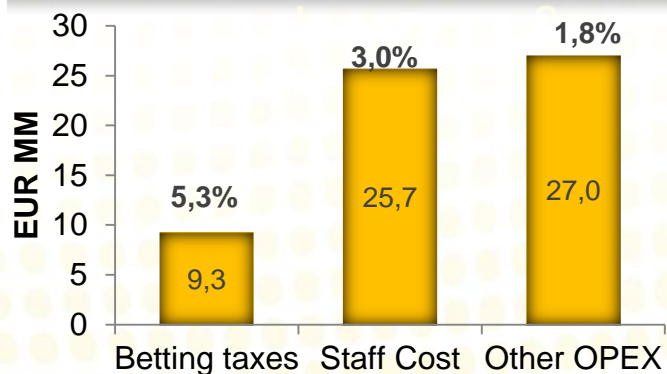


**Poland**

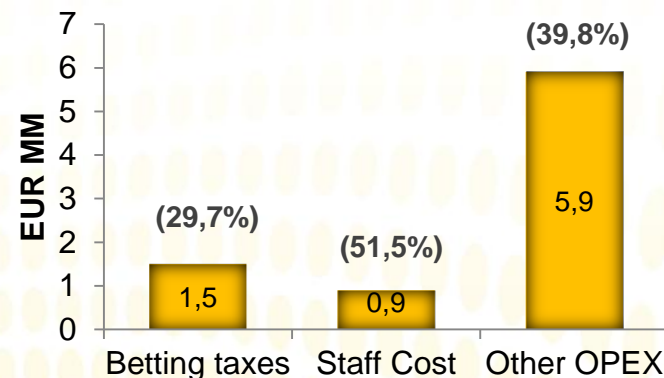


# Operating Costs & Net Debt

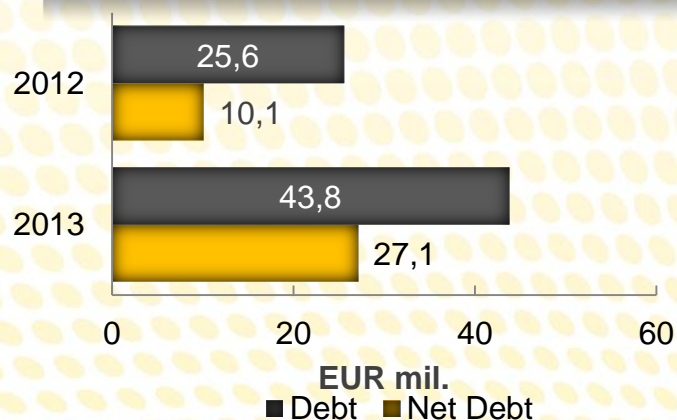
## OPEX Sports Betting



## OPEX Lottery



## Net Debt/ Net Cash



- ▶ Staff costs under control
- ▶ Increase of IT related costs
- ▶ Lottery costs down driven by sales
- ▶ Net debt increase due to refinancing
- ▶ Favorable interest rate achieved

# Key business opportunities

Regulation

Mobile  
access

On-line  
gaming





# Regulatory update



Regulated market today	Potential changes
<ul style="list-style-type: none"><li>• A high 12% tax on amounts staked (the consumer)</li><li>• Restricted advertising and sponsorship</li></ul>	<ul style="list-style-type: none"><li>• Blocking off-shore operators</li><li>• Free marketing</li><li>• Taxation change to GPT</li><li>• On-line gaming &amp; casino</li></ul>
<ul style="list-style-type: none"><li>• A 20% GW tax</li></ul>	<ul style="list-style-type: none"><li>• On-line gaming &amp; casino</li><li>• On-line registration to be allowed</li></ul>
<ul style="list-style-type: none"><li>• A 6% tax on amounts staked</li></ul>	<ul style="list-style-type: none"><li>• On-line gaming &amp; casino</li></ul>

# 2013 Fortuna Lottery



# Czech Lottery strategy under review

- ▶ Continue successful scratch card business – Tipsport deal
- ▶ Fortuna is in negotiations with Intralot concerning acquisition of lottery terminals currently owned by Intralot
- ▶ Closing of the transaction scheduled for Q2 2014
- ▶ The deal would be financed via bank debt

In EUR million	2013	2012	change %
Amounts Staked Lottery	16.1	19.6	(18.0%)
Gross Win Lottery	7.6	10.0	(23.3%)
Revenues Lottery	7.7	10.0	(23.3%)
EBITDA Lottery	(0.6)	(3.8)	83.1%
Net Profit Lottery	(1.2)	(4.4)	73.5%



# Dividend



# Dividend proposal

**Fortuna confirms general dividend policy to pay out 70 – 100% of the consolidated net profit**

- ▶ The final dividend proposal will follow together with the invitation to AGM which will take place in May 2014
- ▶ According the preliminary unaudited financial results, the 2013 consolidated net profit will be EUR 15.6 million



# Summary & Outlook





# 2014 Outlook

## Organic growth via on-line expansion

- ▶ New application, more live contents, new CRM system
- ▶ Cooperation with bwin on expanding sport on-line content and offer
- ▶ Take advantage of major sports events in 2014 (Winter Olympics, FIFA World Cup)
- ▶ Guidance: 2014 Amount Staked EUR 645 million and 5-10% EBITDA growth (excluding one-off gain of EUR 2.2 mil. in 2013)



## Unlocking regulatory barriers

- ▶ Focus on Poland
- ▶ Limiting off-shore players
- ▶ Gaming & Casino potential

## New format of lottery business

- ▶ Growing market share in scratch card business
- ▶ Intralot deal under negotiations
- ▶ 2014 Lottery EBITDA in positive figures

# IR Calendar & Contacts

Event	Date
Annual Report 2013	April 15, 2014
Q1 2014 Interim Report	May 7, 2014
Half Year 2014 Report	August 28, 2014
Q3 2014 Interim Report	November 6, 2014

## IR Contacts

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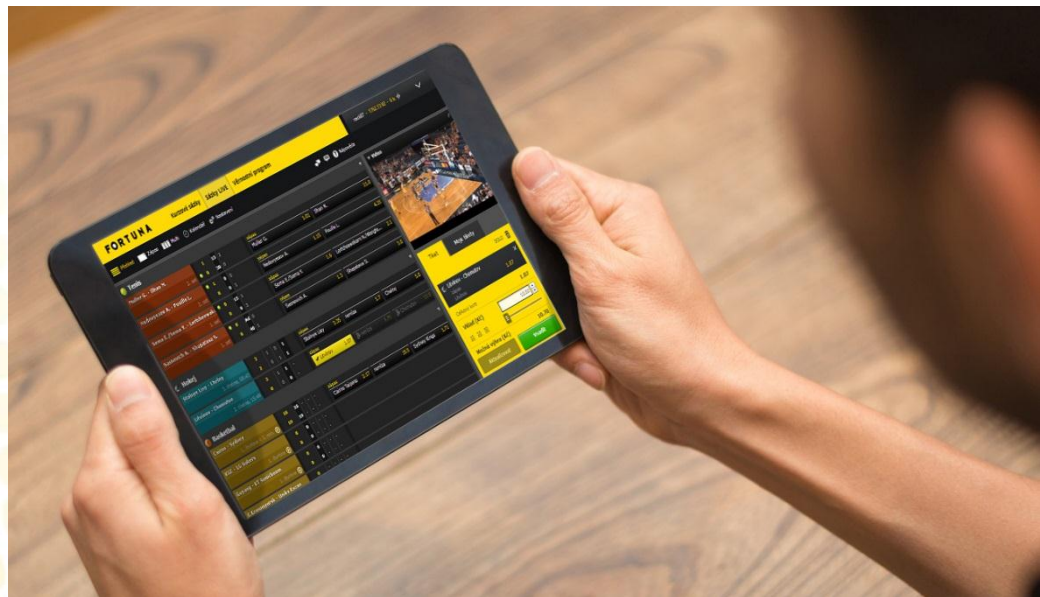
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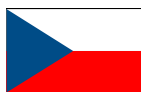
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# Appendix



# CEE regulatory environment



<b>Key legislation</b>	<ul style="list-style-type: none"> <li>Lottery Act (No. 202/1990 Coll.) covering numeric lotteries, gambling games, betting games, casinos, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Act on Gambling Games covering also betting games</li> </ul>	<ul style="list-style-type: none"> <li>New gambling law since 1 January 2010 covering games of chance, betting and gambling machines</li> </ul>
<b>Regulatory body</b>	<ul style="list-style-type: none"> <li>Ministry of Finance and local financial authorities</li> <li>Municipalities to regulate shops on their territories</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of Finance</li> <li>Municipalities have to allow operation of betting shops in their territory</li> <li>Ministry of Agriculture has to allow betting on Slovak horse racing</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of Finance</li> </ul>
<b>Licenses</b>	<ul style="list-style-type: none"> <li>Licenses are awarded for a maximum period of <b>10 years</b></li> </ul>	<ul style="list-style-type: none"> <li>Betting licenses are issued for <b>5 years</b></li> </ul>	<ul style="list-style-type: none"> <li>License for betting organizing issued for <b>6 years</b> for a specified number of betting shops</li> </ul>
<b>Statutory requirements</b>	<ul style="list-style-type: none"> <li>Operator must have its <b>registered office in the Czech Republic</b> and not be entirely or partly owned by a foreign entity or individual(s)</li> <li>Persons below 18 years of age must not participate in any betting game</li> <li>Certain <b>minimum registered capital</b> required</li> <li><b>Security deposits</b> on a special bank account required to secure payments of winnings etc.</li> </ul>	<ul style="list-style-type: none"> <li>An operator must be a <b>Slovak legal entity</b> with <b>share capital of at least EUR 331,939</b> owned by Slovak, EU or OECD member entities</li> <li><b>Security deposit</b> on a bank account required to secure payments of winnings etc.</li> </ul>	<ul style="list-style-type: none"> <li>An operator must be a <b>Polish legal entity</b> with <b>share capital of at least PLN 2 million</b></li> <li><b>Obligatory collateral</b> (banking or insurance guarantee, cash deposit or mortgage)</li> <li>Betting organizers should obtain <b>consents of Polish organizers of the competitions</b>, on which bets are accepted</li> </ul>
<b>Taxation/ Fees</b>	<ul style="list-style-type: none"> <li>Changes to betting taxation introduced from Jan 2012. Betting tax on turnover (GW) of 20% and newly applied corporate income tax of 19%</li> </ul>	<ul style="list-style-type: none"> <li>Taxation of <b>6.0 % on Amounts Staked</b> for fixed-odds betting and 1% for horse racing betting</li> </ul>	<ul style="list-style-type: none"> <li><b>12% withholding tax</b> on Amounts Staked (10% under the previous law)</li> </ul>
<b>Advertising</b>	<ul style="list-style-type: none"> <li>Advertising is <b>allowed</b> for licensed operators</li> </ul>	<ul style="list-style-type: none"> <li>Advertising is <b>allowed</b> for licensed operators; no special rules</li> </ul>	<ul style="list-style-type: none"> <li>Advertising is <b>restricted</b>; only presentation of sponsor's name and logo is acceptable (only for licensed operators).</li> <li>Advertising inside shop is allowed</li> </ul>
<b>Online betting</b>	<ul style="list-style-type: none"> <li>Not specifically regulated; in December 2008 first licences issued by the MinFin</li> </ul>	<ul style="list-style-type: none"> <li>Online betting is <b>allowed</b> since 2007, though not specifically regulated</li> </ul>	<ul style="list-style-type: none"> <li>Regulated by law adopted in 2011, first licences issued in January 2012</li> <li>Separate registration from retail betting</li> </ul>
<b>Prohibited activities</b>	<ul style="list-style-type: none"> <li>Operating and mediation of foreign lotteries and participation in foreign lotteries, collection of bets for participation in foreign lotteries</li> </ul>	<ul style="list-style-type: none"> <li>Operating and mediation of <b>foreign games</b> and offering of participation on games operated by a foreign company</li> </ul>	