

# **FORTUNA**

## **Preliminary Financial Results 2014**

**Analyst Conference Call**

**5 March 2015**

# Agenda

**Introduction**

**2014 Key highlights**

**2014 Financial Results**

**2015 Outlook**

# Fortuna - Leading regulated CEE sports betting & lottery operator



Pop. 38.2 million  
157k 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  
306k registered users  
No. 2 market position (31%)  
Retail & Online & Lottery  
Reg. vs offshore market:  
EUR 780 MM vs. EUR 500 MM

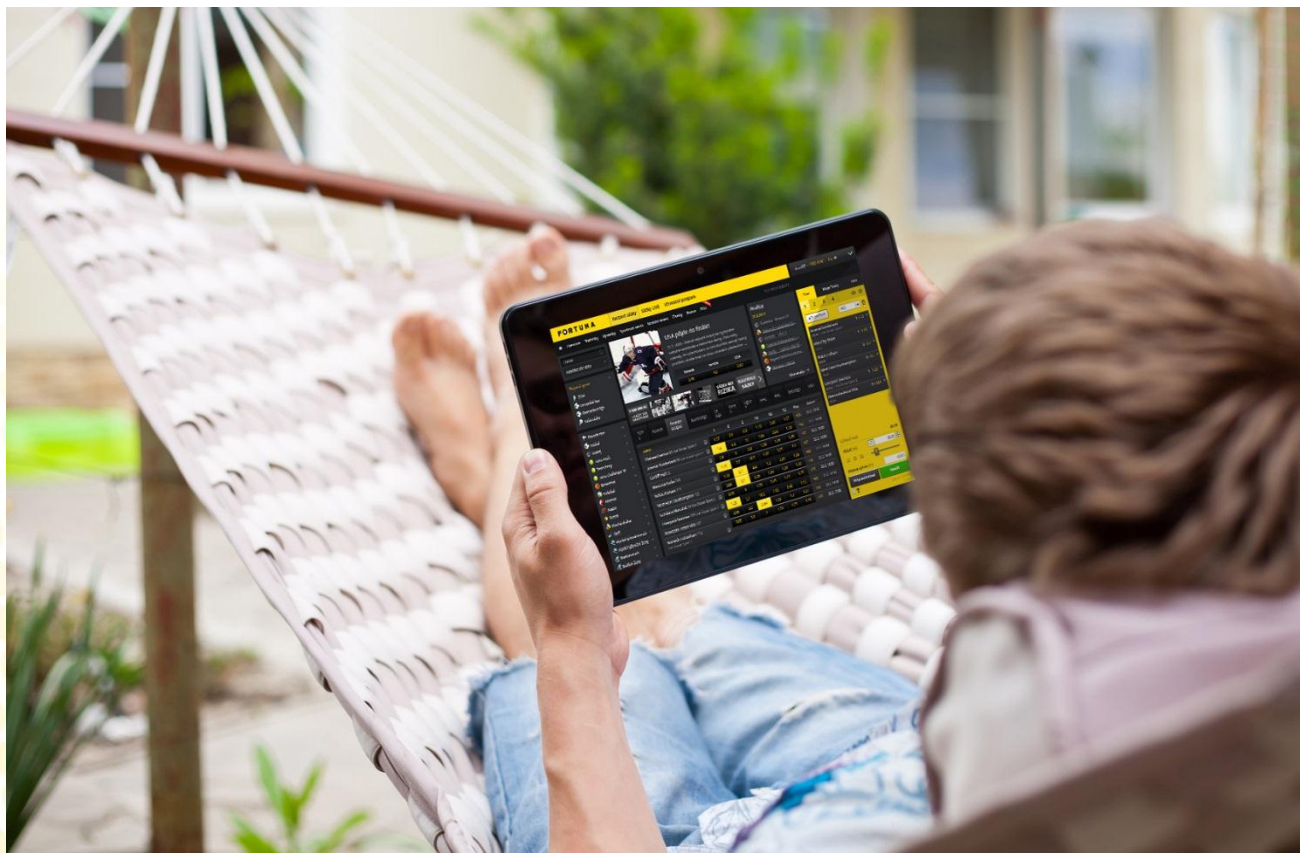


Pop. 5.4 million  
139k registered users  
No. 2 market position (34%)  
Retail & Online  
Reg. vs offshore market:  
EUR 365 MM vs. EUR 100 MM





# 2014 Key Highlights



# Financial highlights FY 2014

- ▶ **Group Amounts Staked increased to EUR 672.4 MM (+18.5%)**
- ▶ **On-line Sports Betting Gross Win increased to EUR 67 MM (+32.1%)**
- ▶ **Total adjusted EBITDA increased to EUR 27.8 MM (+13.6%)**
- ▶ **No. of registered customers increased by 30.5%**
- ▶ **Lottery EBITDA positive EUR 0.4 MM**

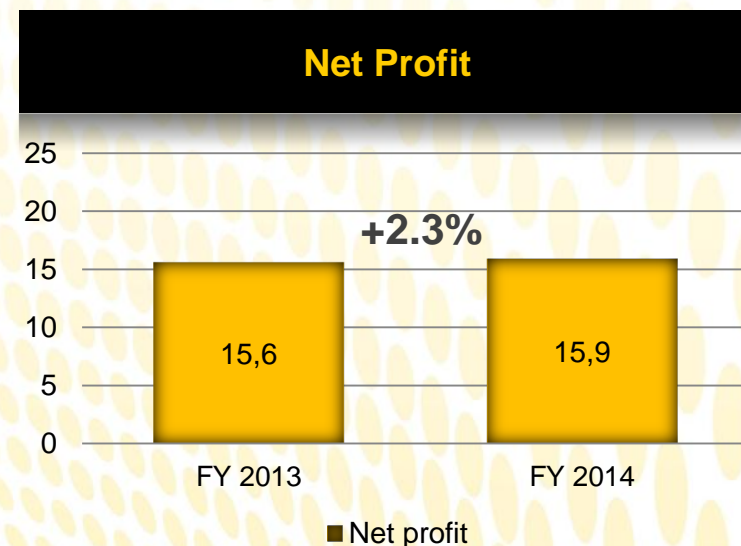
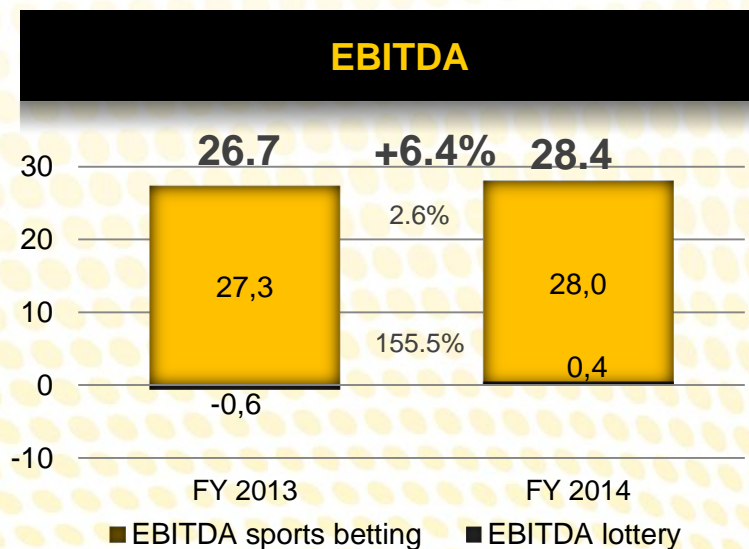
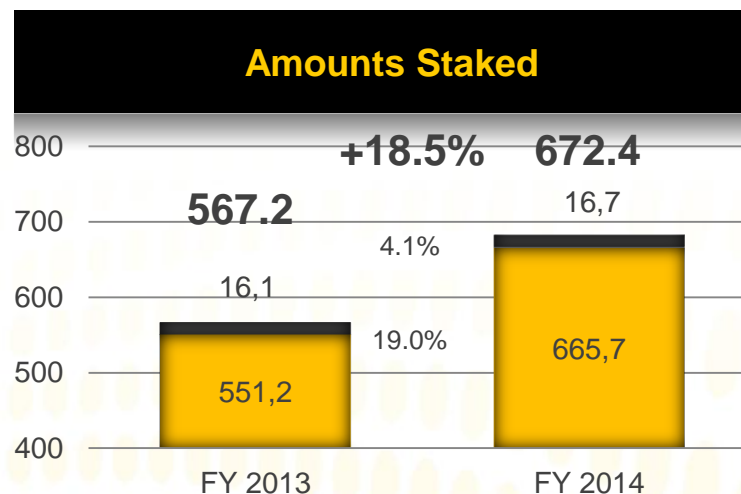


# 2014 Financial Performance



# Financial results 2014

- ▶ Amounts Staked EUR 672.4 MM (+18.5%)
- ▶ EBITDA EUR 28.4 MM (+6.4%)
- ▶ Adjusted EBITDA EUR 27.8 MM (+13.6%)  
(excl. one-off VAT refund)
- ▶ Net Profit EUR 15.9 MM (+2.3%)

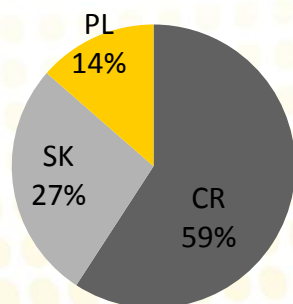


Source: Calculated based on FEG consolidated unaudited financial results for 2014 and Company information  
 FX rates used for translation: average ČNB and National Bank of Poland  
 In EUR MM

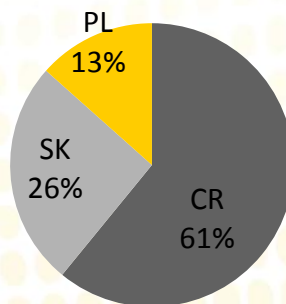
# Sports betting by country

## Amounts Staked

2013 (ex. Malta)



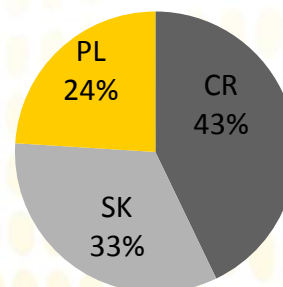
2014 (ex. Malta)



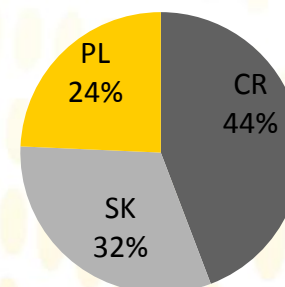
In EUR MM	2013	2014	%
Czech Republic	323.3	397.7	23.0%
Slovakia	148.9	167.7	12.7%
Poland	74.2	87.6	18.1%
Malta	4.8	2.7	(43.4%)

## Gross Win

2013 (ex. Malta)



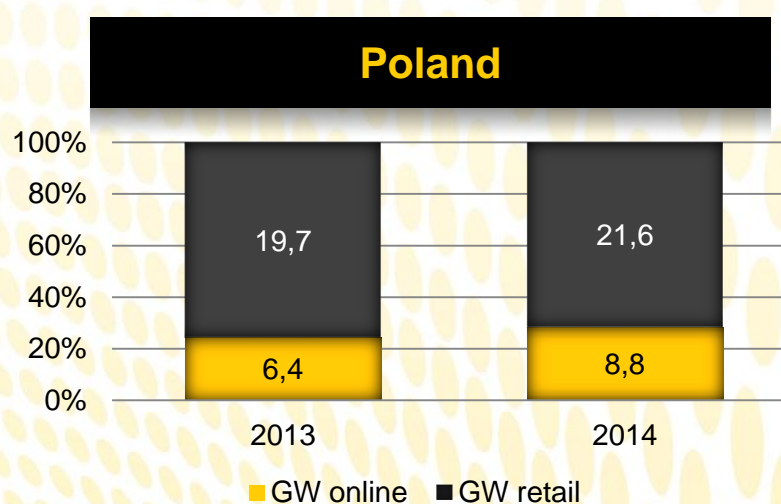
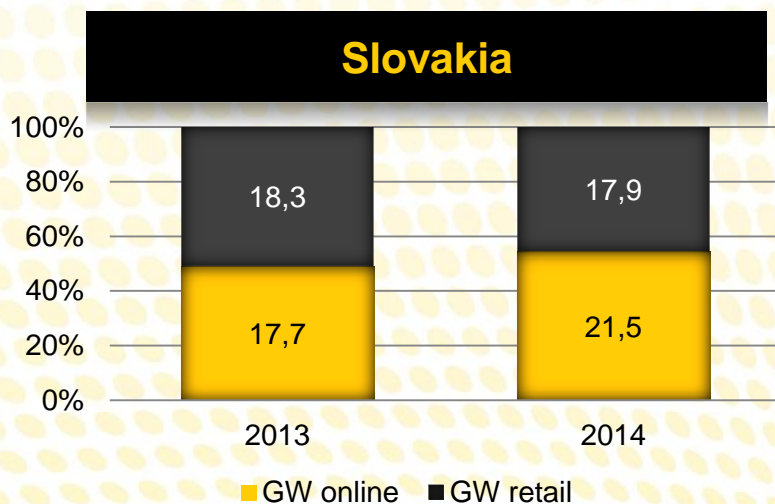
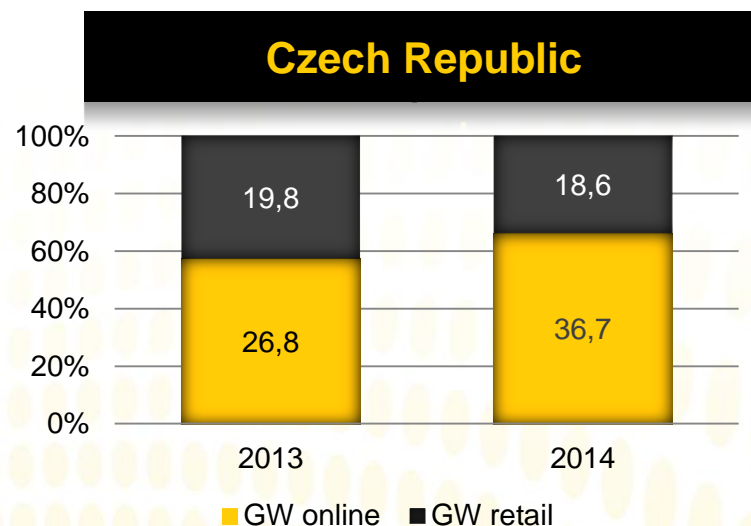
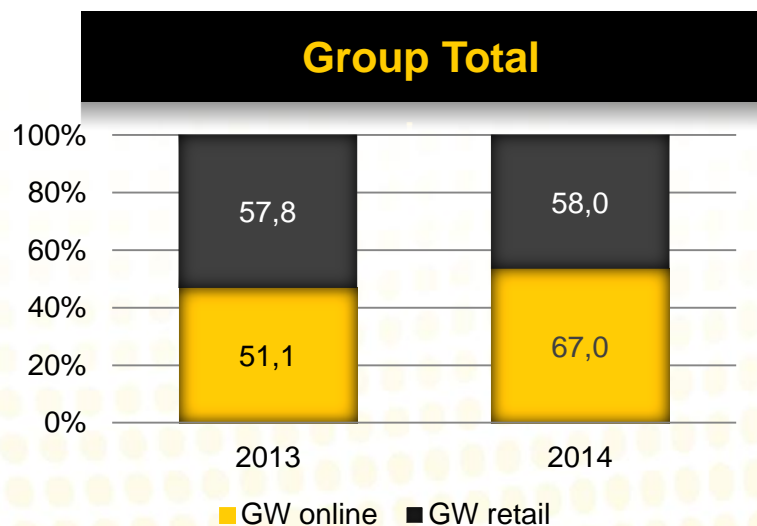
2014 (ex. Malta)



In EUR MM	2013	2014	%
Czech Republic	46.6	55.3	18.7%
Slovakia	36.0	39.4	9.2%
Poland	26.1	30.4	16.6%
Malta	0.2	0.02	(84.8%)

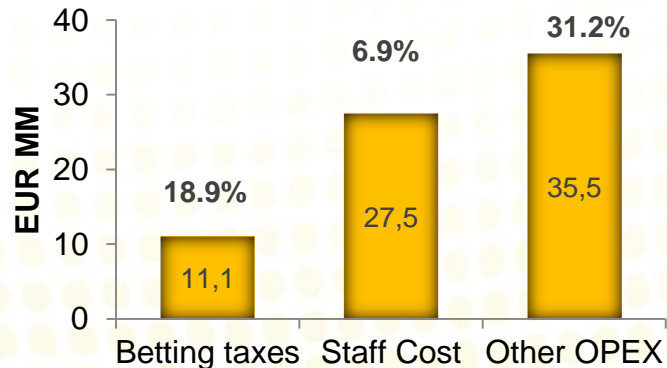


# Sports betting gross win breakdown

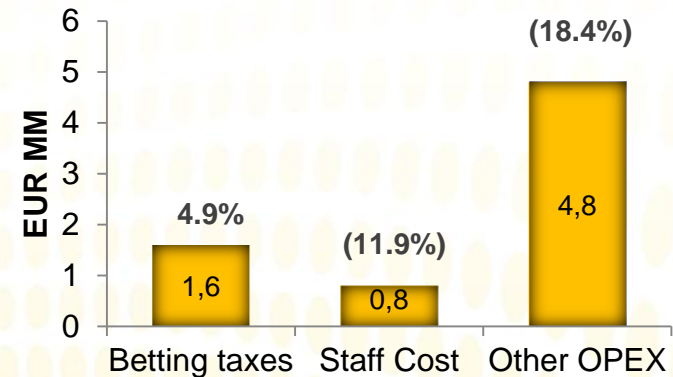


# Operating costs & Net debt

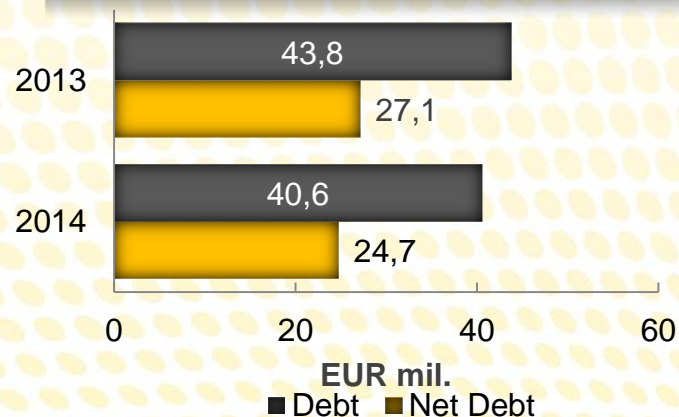
## OPEX Sports Betting



## OPEX Lottery



## Net Debt/ Net Cash



- ▶ Higher betting taxes related to higher Amounts Staked and Gross Win
- ▶ Other operating expenses increased due to further investment into live streaming and live data feed services (Bwin) and sponsoring
- ▶ Company further reduced its net debt

# Czech Lottery stabilized

In EUR million	2013	2014	change %
Amounts Staked Lottery	16.1	16.7	4.1%
Gross Win Lottery	7.6	7.5	(1.2%)
Revenues Lottery	7.7	7.5	(1.6%)
EBITDA Lottery	(0.6)	0.4	155.5%
Net Profit Lottery	(1.2)	(0.6)	52.5%

- ▶ Scratch cards growing business – growing total amounts staked
- ▶ Successful acquisition of lottery terminals from Intralot helped to increase EBITDA thanks to OPEX savings



# Dividend policy

**Fortuna dividend policy under review and guidance is a substantial reduction of dividend payout due to planned investments into future growth (previously pay out 70-100% of the consolidated net profit)**

- ▶ The final dividend policy and dividend proposal will follow together with the invitation to AGM which will take place in May 2015
- ▶ According the preliminary unaudited financial results, the 2014 consolidated net profit will be EUR 15.9 MM

# Outlook





# 2015 Outlook

**Organic growth driven by on-line while Slovakian handling fee abolishing reduce EBITDA**

- ▶ Strengthening of online sport betting proposition
- ▶ Retail network optimisation
- ▶ Building operational excellence
- ▶ Guidance: 2015 Amount Staked EUR 730 MM and 20 – 25 % EBITDA decline (excluding one-off income of EUR 0.6 mil. in 2014) primarily due handling fee abolishing in Slovakia and also further investments into future growth



## Unlocking regulatory barriers

- ▶ Focus on Poland
- ▶ “Blocking of off-shore operators
- ▶ Introduction of online gaming

## Investments into future growth

- ▶ Re-platforming into multi-product and -channel
- ▶ Operational excellence
- ▶ People



# IR Calendar & Contacts

Event	Date
Annual Report 2014	April 15, 2015
Q1 2015 Interim Report	May 7, 2015
Half Year 2015 Report	August 27, 2015
Q3 2015 Interim Report	November 5, 2015

## IR Contacts

Klára Klímová  
IR Consultant  
e-mail: klara.klimova@fortunaeg.nl

**[www.fortunagroup.eu](http://www.fortunagroup.eu)**

# Disclaimer

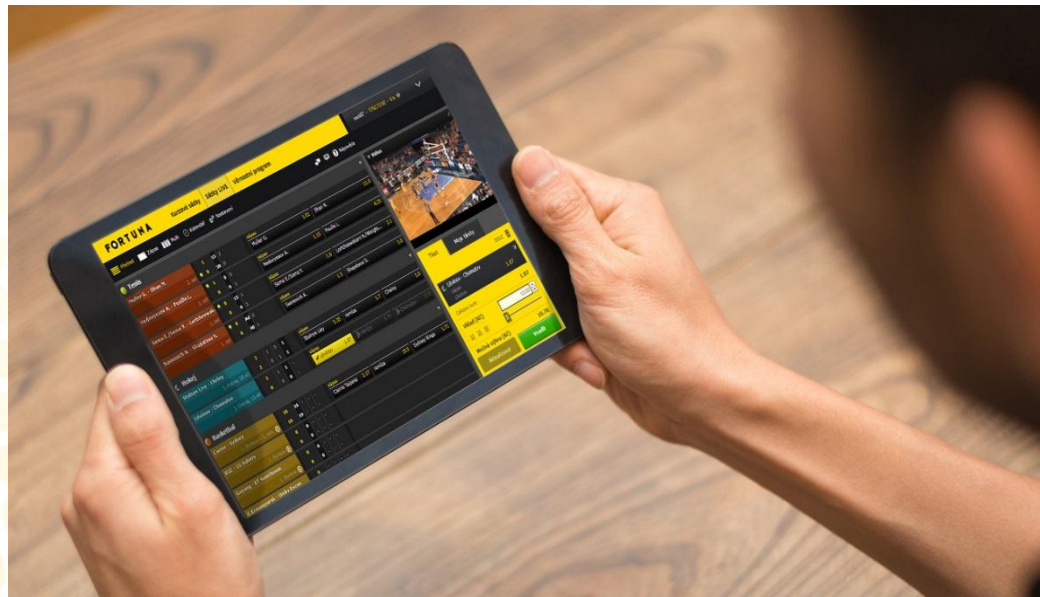
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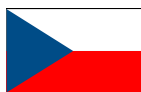
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# Appendix





# 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>	