

# **FORTUNA**

**Nine Months 2014  
Financial Results**

**Analyst Conference Call**

**6 November 2014**

# Agenda

**Introduction**

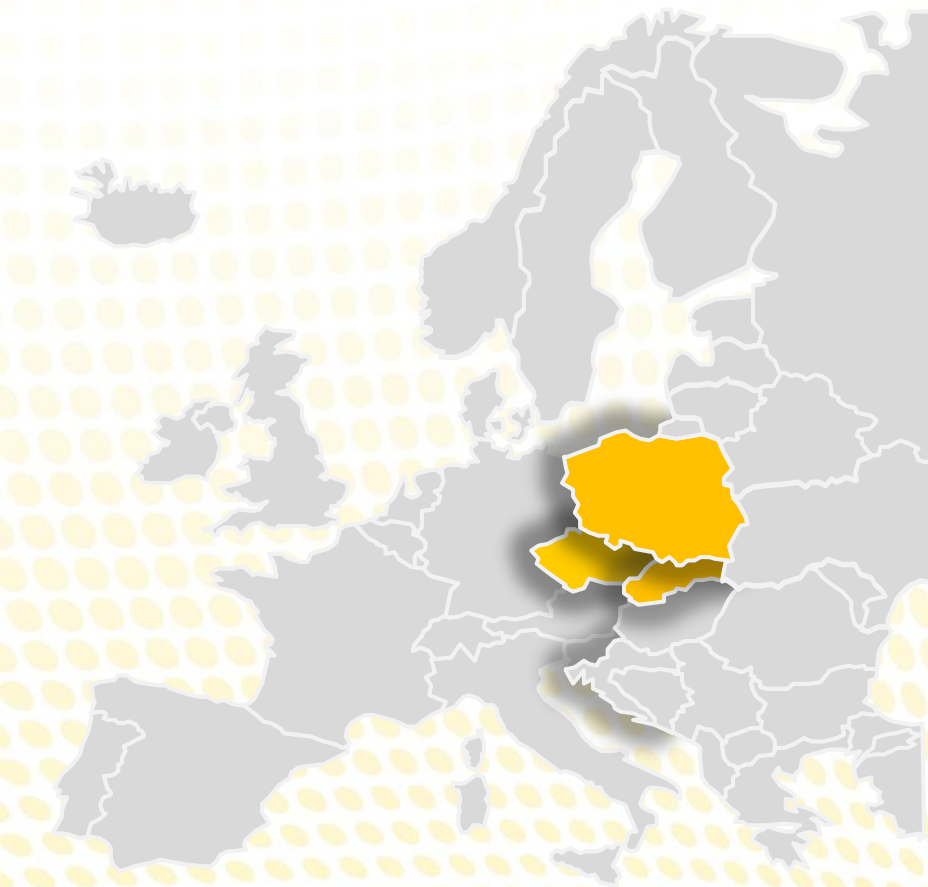
**9M 2014 Financial Performance**

**Fortuna Lottery Update**

**Regulatory update Czech Republic**

**2014 Outlook & Summary**

# Fortuna - Leading regulated CEE sports betting & lottery operator



Pop. 38.2 million  
145k 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  
300k registered users  
No. 2 market position (31%)  
Retail & Online & Lottery  
Reg. vs offshore market:  
EUR 780 mm vs. EUR 500 mm



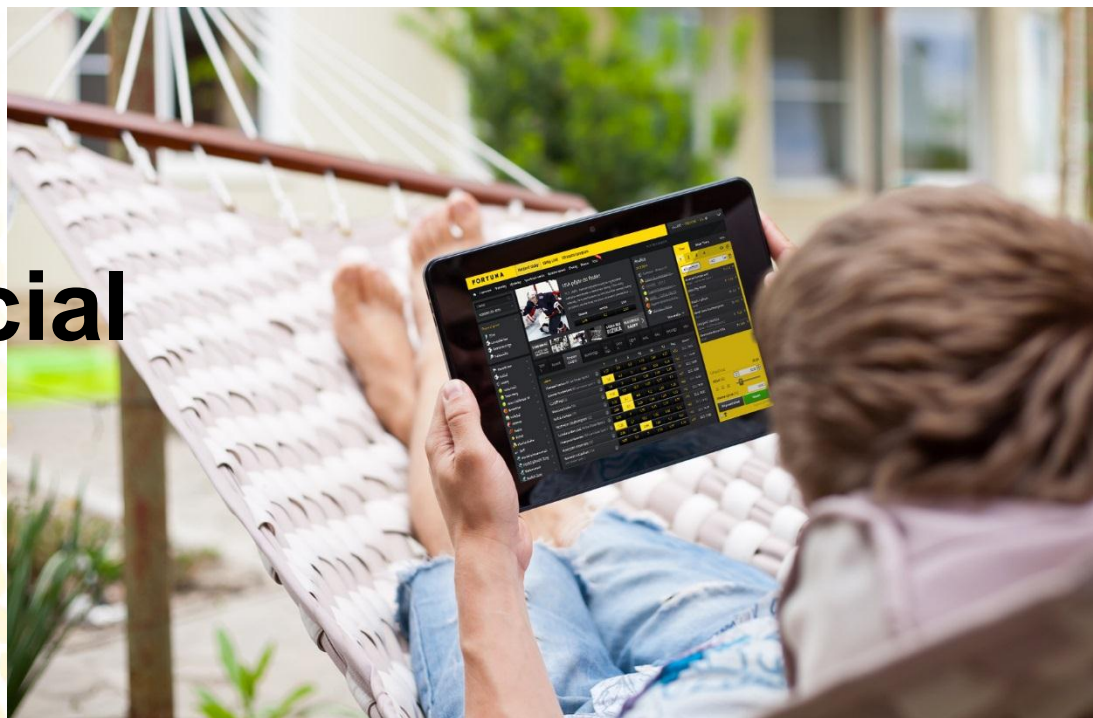
Pop. 5.4 million  
134k registered users  
No. 2 market position (34%)  
Retail & Online  
Reg. vs offshore market:  
EUR 365 mm vs. EUR 100 mm



# 9M 2014 Financial Highlights

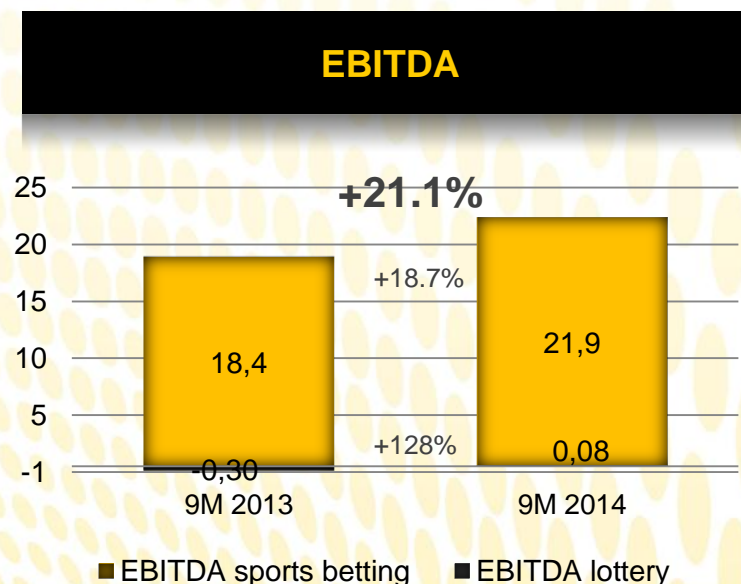
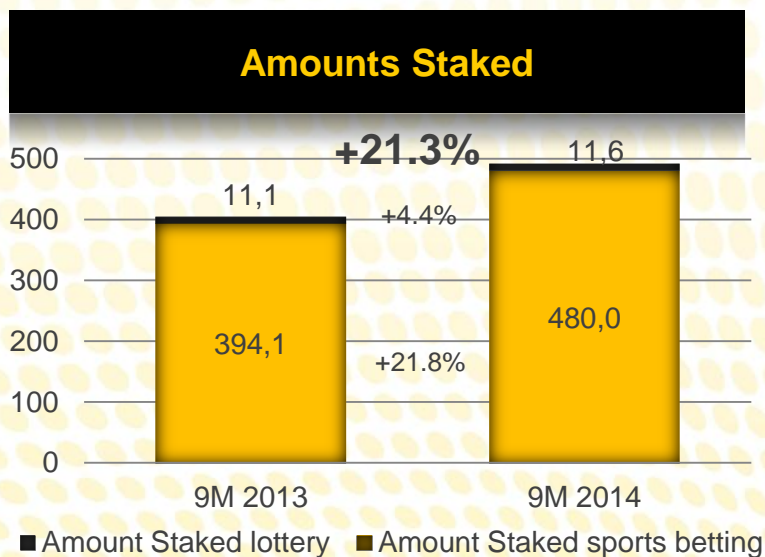
- ▶ Group Amounts Staked increased to EUR 491.6 million +21.3%
- ▶ Gross Win increased to EUR 97.2 million +16.6%
- ▶ On-line Sports Betting GW increased to EUR 48.4 million +33.9%
- ▶ Total EBITDA reached EUR 22 million +21.1%, driven by volumes and stable margins
- ▶ Lottery EBITDA positive EUR 84 thousand
- ▶ No. of registered customers increased by 35.5% over last year
- ▶ The Company revised its guidance to 10-20% EBITDA growth

# 9M 2014 Financial Performance



# Financial results 9M 2014

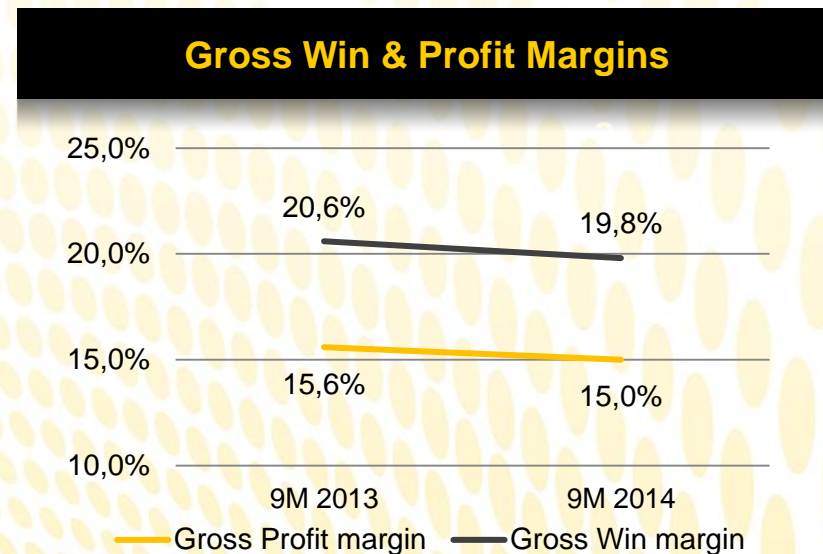
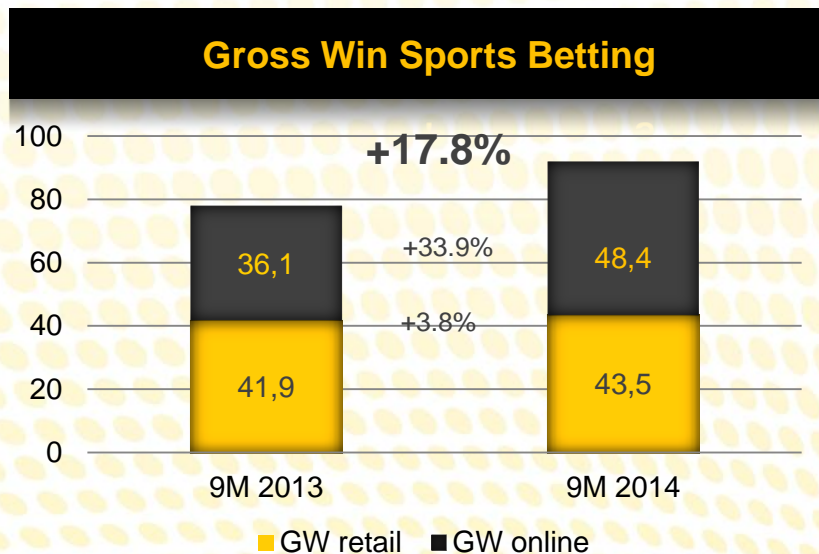
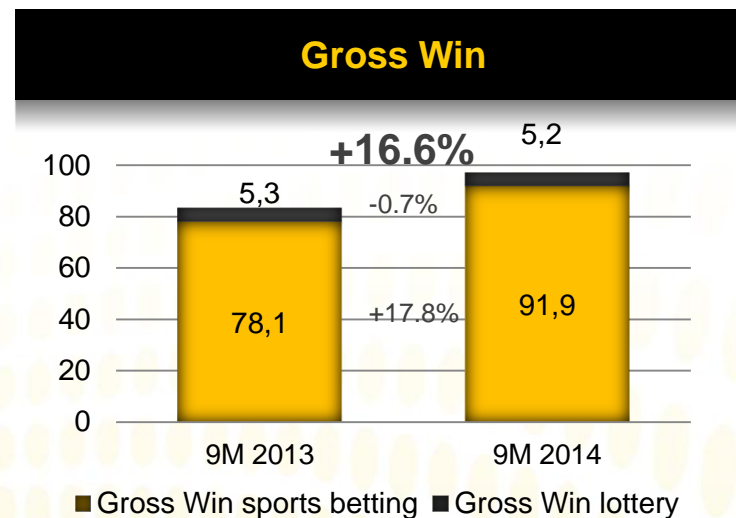
- ▶ Amounts Staked EUR 491.6 mil. +21.3% driven by strong performance in sports betting
- ▶ Gross Win EUR 97.2 mil. +16.6% yoy supported by stable margins
- ▶ EBITDA EUR 22 mil. +21.1%



Source: Calculated based on FEG consolidated unaudited financial results for 9M 2014 and Company information  
FX rates used for translation: average ČNB and National Bank of Poland  
In EUR MM

# Financial results 9M 2014 cont.

- ▶ Total Gross Win EUR 97.2 mil. +16.6%
- ▶ Gross Win lottery EUR 5.2 mil. -0.7%
- ▶ Gross Win sports betting online EUR 48.4 mil. +33.9%
- ▶ Gross Win sports betting retail EUR 43.5 mil. +3.8%



Source: Calculated based on FEG consolidated unaudited financial results for 9M 2014 and Company information  
 FX rates used for translation: average ČNB and National Bank of Poland  
 In EUR MM

# Sports betting in regions in 9M 2014



- Total Amounts Staked growing +17%
- Gross Win up +18.8%
- On-line sports betting is growing strong double digit, retail betting still represents a significant portion of Gross Win and continues to grow fast



- Czech Republic's Amounts Staked growing 26.9%
- Gross Win up 22.4% driven by a strong on-line performance, on-line GW almost twice as high as retail GW
- Strong on-line growth, retail single digit decline



- Amount Staked growing 14.4%
- Gross Win up 11.4% driven by a strong on-line performance
- Retail Gross Win stable on annual basis, not declining

# Fortuna Lottery Update



# Czech Lottery – Stakes stabilized and positive EBITDA

In EUR million	9M 2013	9M 2014	change %
Amounts Staked Lottery	11.1	11.6	4.4%
Gross Win Lottery	5.3	5.2	(0.7%)
Revenues Lottery	5.3	5.3	(0.2%)
EBITDA Lottery	(0.3)	0.08	128%

- ▶ Amounts Stakes growing at the back of strong scratch cards sales
- ▶ EBITDA positive in line with guidance

# Regulatory Update Czech Republic



# New Czech gambling act in discussion

- The MinFin revealed the first draft of new Czech gambling act for a public discussion
- New law should be adopted by the parliament next year and effective Jan 2016
- Taxation is not part of the proposal
- On-line casino& gaming and on-line lottery should be newly regulated
- On-line registration should be allowed
- Newly proposed – a protection of clients in a form of limit or self-exclusion from betting and gaming

# 2014 Guidance Update



# 2014 Guidance update

Initial guidance beginning of 2014:

- ▶ Guidance: 2014 Amount Staked EUR 645 million and 5-10% EBITDA growth (excluding one-off gain of EUR 2.2 mil. in 2013)
- ▶ 2014 Lottery EBITDA in positive figures, growing scratch cards business

Revised guidance after Q3 2014:

- ▶ Guidance: 2014 Amount Staked EUR 645 million and 10-20% EBITDA growth (excluding one-off gain of EUR 2.2 mil. in 2013)
- ▶ 2014 Lottery EBITDA in positive figures, double digit growth scratch cards business

# IR Calendar & Contacts

## IR Contacts

Klára Klímová  
IR Consultant  
e-mail: [klara.klimova@fortunaeg.nl](mailto:klara.klimova@fortunaeg.nl)

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

# Disclaimer

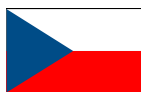
This document has been prepared by Fortuna Entertainment Group N.V.: (the “Company”) solely for use at the Presentation. Any forward looking statements concerning future economic and financial performance of the Company contained in this Presentation are based on assumptions and expectations of future development of factors having a material influence on the future economic and financial performance of the Company. These factors include, but are not limited to, the legal environment, the future macroeconomic situation, the market competition, the future demand for betting services. The actual development of these factors, however, may be different. Consequently, the actual future financial performance of the Company could materially differ from that expressed in any forward looking statements contained in this Presentation.

Although the Company makes every effort to provide accurate information, we cannot accept liability for any misprints or other errors. In preparation of this document we used certain publicly available data. While the sources we used are generally regarded as reliable we did not verify their content. Fortuna does not accept any responsibility for using any such information.

This document is provided for information and as a matter of record only. It does not constitute an offer to sell or a solicitation of an offer to buy or sell securities or other financial instruments in any jurisdictions or any advice or recommendation with respect to such securities or other financial instruments of the Company.

The distribution of this document in certain jurisdictions may be restricted by law. This document may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any securities or other financial instruments of the Company in any jurisdiction in which such offer or invitation would be unlawful. Persons in possession of this document are required to inform themselves about and to observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

# 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>Betting tax on turnover (GW) of 20%</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>	