

# **FORTUNA**

## **Q1 2014 Financial Results**

**Analyst Conference Call**

**7 May 2014**

# Agenda

**Introduction**

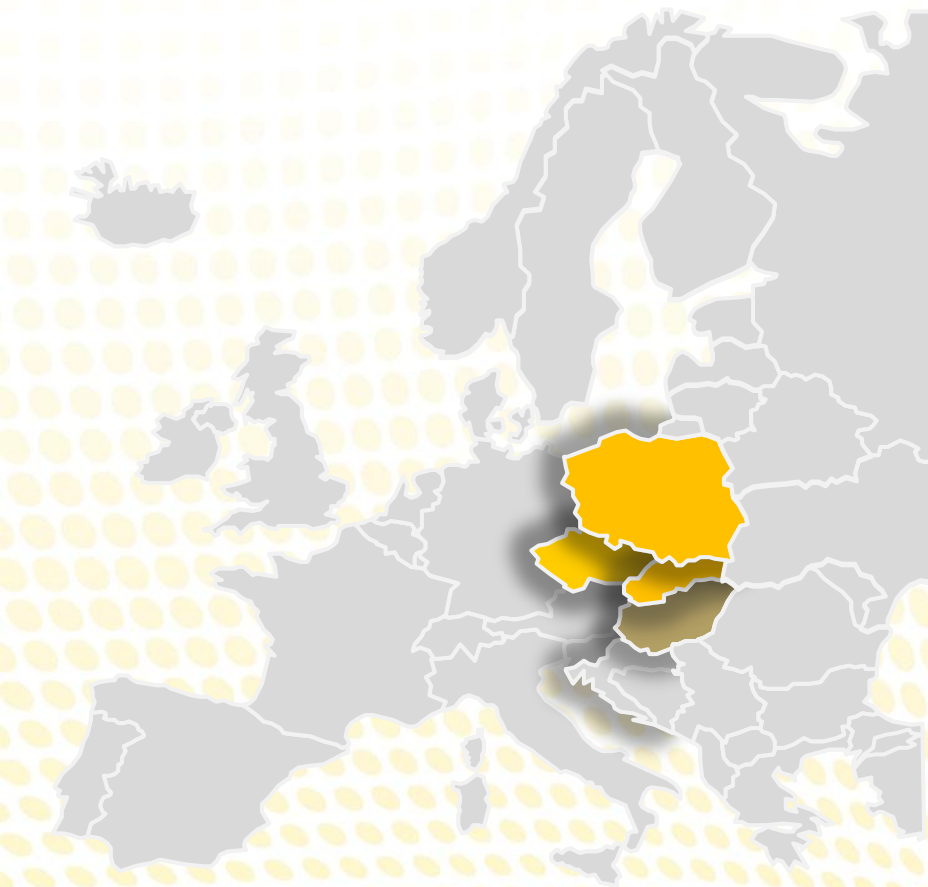
**Q1 2014 Financial Performance**

**Fortuna Lottery Update**

**Dividend in 2014**

**2014 Outlook & Summary**

# Fortuna - Leading regulated CEE sports betting & lottery operator



Pop. 38.2 million  
125k 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  
269k 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  
114k registered users  
No. 2 market position (34%)  
Retail & Online  
Reg. vs offshore market :  
EUR 365 mm vs. EUR 100 mm



# Q1 2014 Financial Highlights

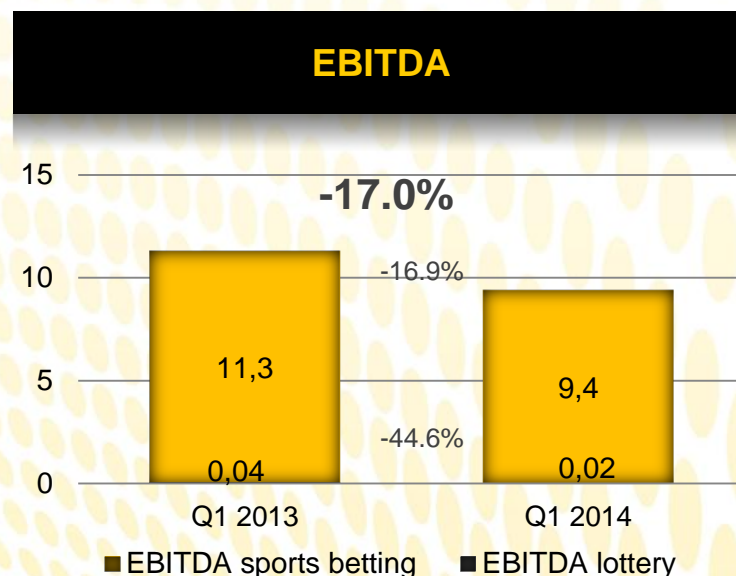
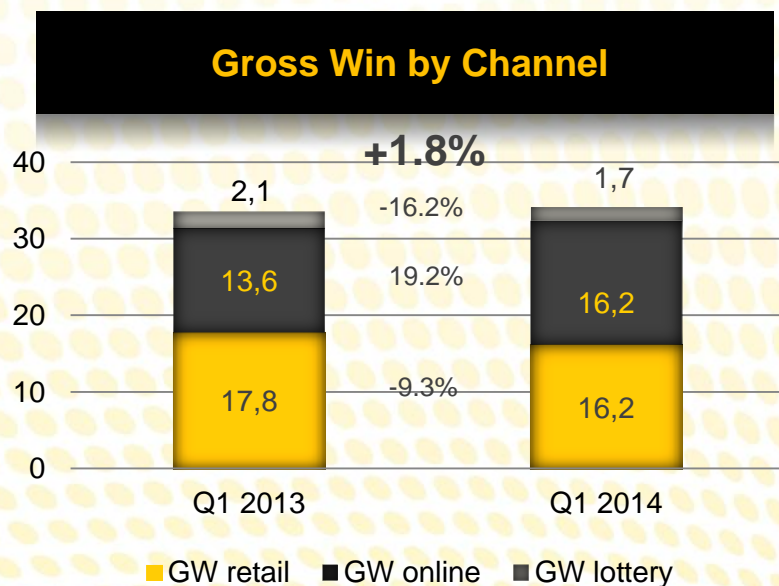
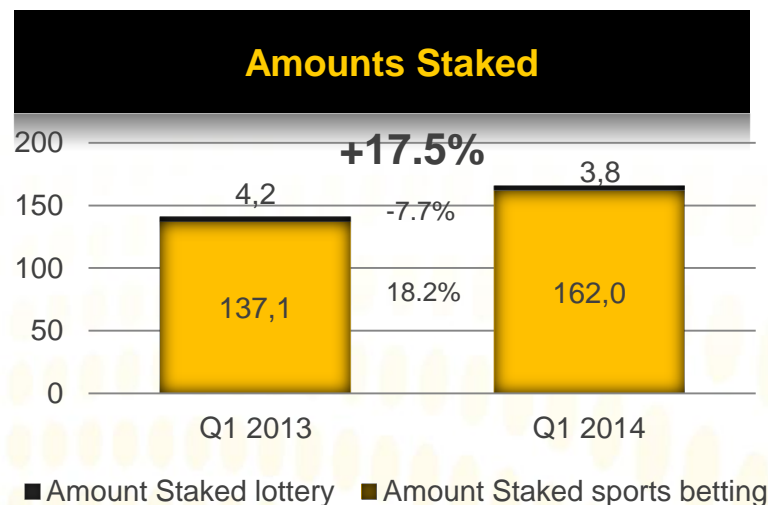
- ▶ **Group Amounts Staked increased to EUR 165.9 million +17.5%**
- ▶ **On-line Sports Betting Gross Win EUR increased to EUR 16.2 million +19.2%**
- ▶ **Total EBITDA reached EUR 9.4 million -17.0%, impacted by customer-friendly football results in January**
- ▶ **No. of registered customers increased by 40%, over half a million customers in total**

# Q1 2014 Financial Performance



# Financial results Q1 2014

- ▶ Amounts Staked EUR 165.9 mil. +17.5%
- ▶ Gross Win EUR 34.1 mil. +1.8%
- ▶ Gross Win from on-line exceeded retail for the first time
- ▶ EBITDA EUR 9.4 mil. -17.0%



Source: Calculated based on FEG consolidated unaudited financial results for Q1 2014 and Company information  
 FX rates used for translation: average ČNB and National Bank of Poland  
 In EUR MM

# Sports betting in regions in Q1 2014



- Total Amounts Staked growing double digit
- Gross Win up in absolute terms and Gross Win margin up and strong
- While on-line sports betting is growing double digit, retail betting still represents a significant portion of Gross Win



- More than a half of Amounts Staked generated in the Czech Republic, growing double digit
- Gross Win up driven by a strong on-line performance
- Retail Gross Win declined



- Less than one third of Group's Amount Staked, growing double digit
- Gross Win up driven by a strong on-line performance
- Retail Gross Win declined

# 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><li>• Change of taxation in discussion</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>

# Fortuna Lottery Update



# Czech Lottery – Stakes stabilized and positive EBITDA

In EUR million	Q1 2013	Q1 2014	change %
Amounts Staked Lottery	4.1	3.8	(7.7%)
Gross Win Lottery	2.1	1.7	(16.3%)
Revenues Lottery	2.0	1.7	(16.1%)
EBITDA Lottery	0.04	0.02	(44.6%)

- ▶ Amounts Stakes stable in local currency exc. FX movements and could potentially to grow over the FY 2013 figure
- ▶ Fortuna is in process to buy a 100% stake in Intralot CZ
- ▶ Bank loan with Česká spořitelna is being negotiated, total size of tranche EUR 5.5 million

# Dividend in 2014



# Dividend Proposal

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

- ▶ The management will propose a gross dividend of EUR 0.22 per share (EUR 11.44 million in total)
- ▶ The dividend payment is subject to the AGM approval on 6 June 2014
- ▶ Record date is proposed on 19 June 2014 and payment day 26 June 2014

# 2014 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 to be approved
- ▶ 2014 Lottery EBITDA in positive figures

# IR Calendar & Contacts

Event	Date
AGM	June 6, 2014
Half Year 2014 Report	August 28, 2014
Q3 2014 Interim Report	November 6, 2014

## IR Contacts

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

# Disclaimer

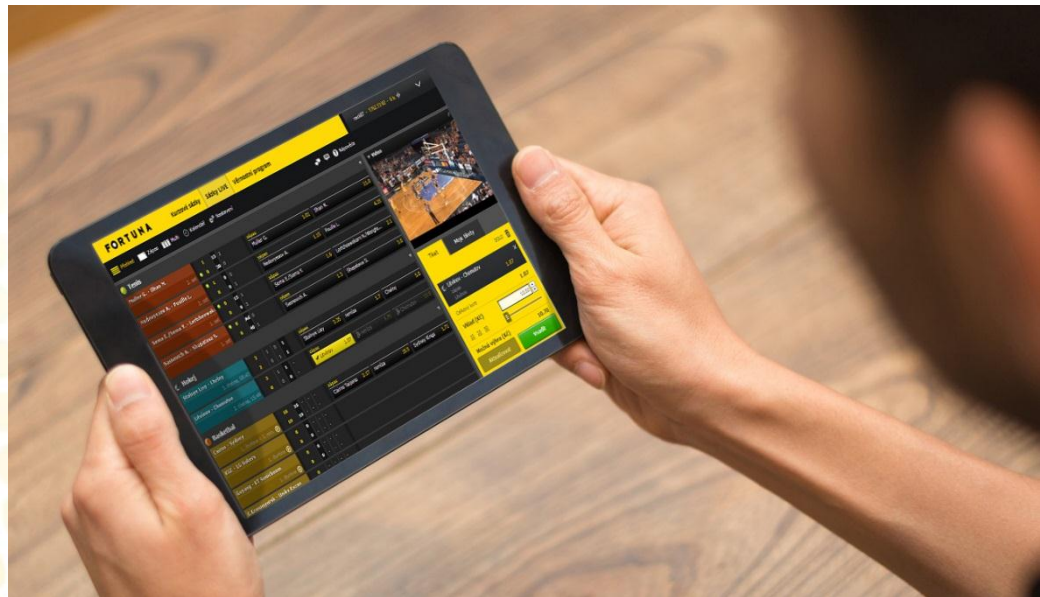
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# Appendix



# 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>	