



# Fortuna Entertainment Group NV

## H1 2012 Financial Results

August 29, 2012



# Agenda

- **Introduction**

**Radim Haluza, CEO**

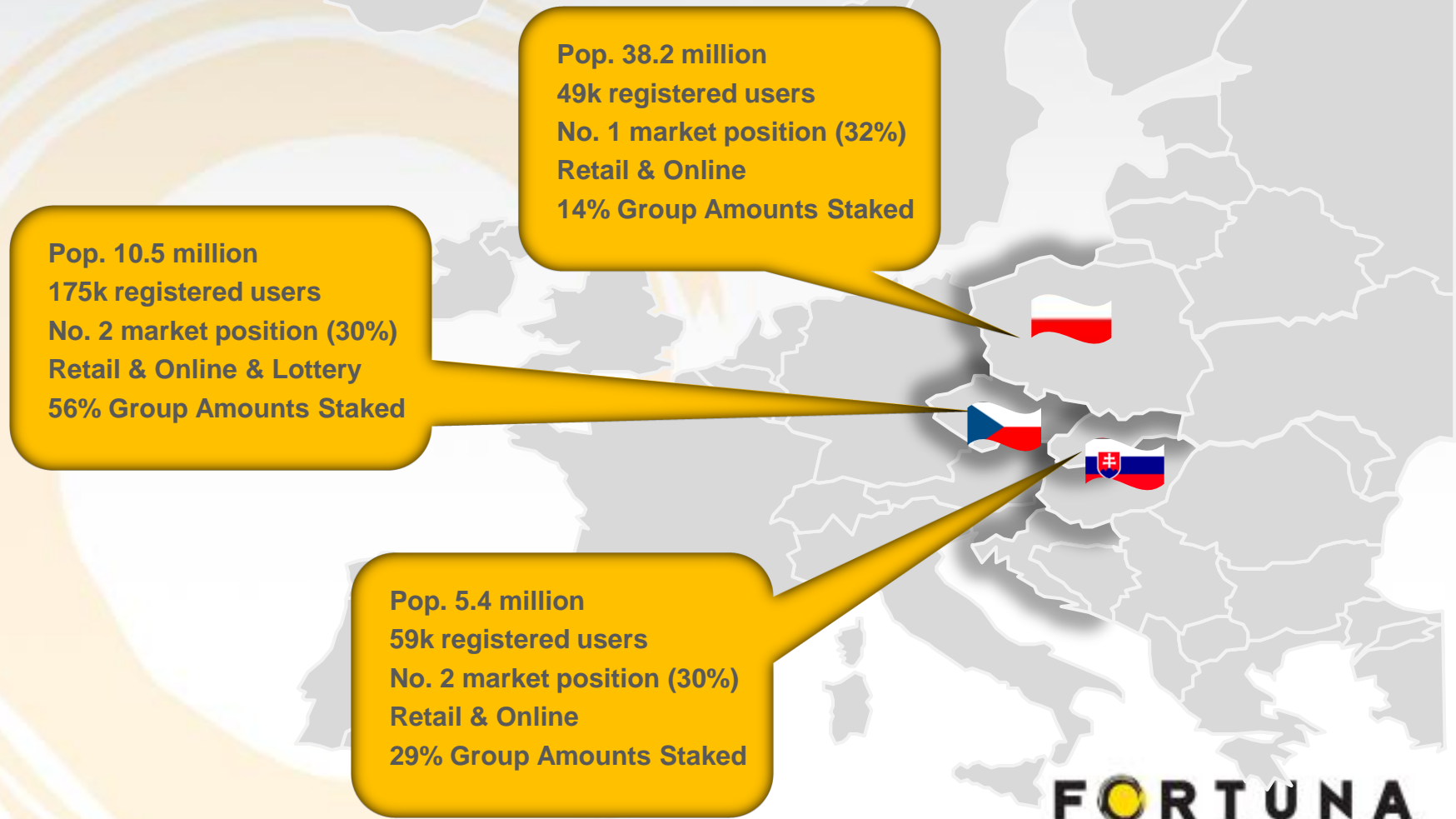
- **H1 2012 Financial Results**

**Michal Vepřek, CFO**

- **Q&A**

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

# Fortuna - Leading regulated CEE betting & lottery operator



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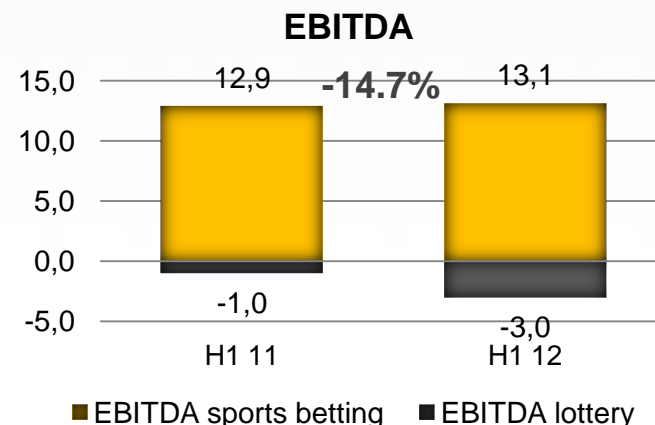
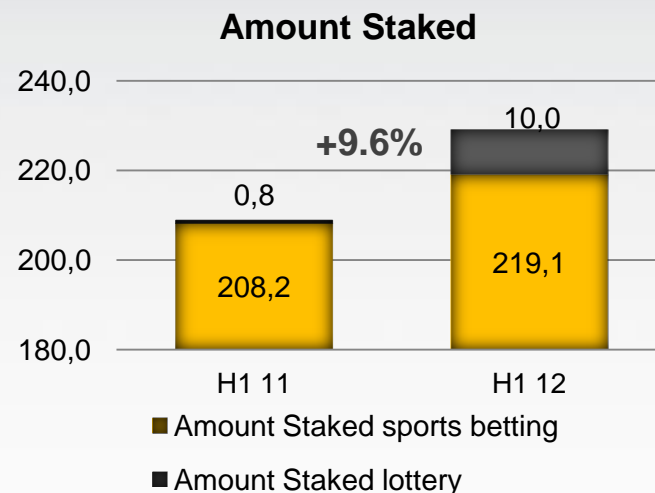
# **H1 2012 Financial Results**



# Financial highlights H1 2012

## Group Total (incl. high rollers)

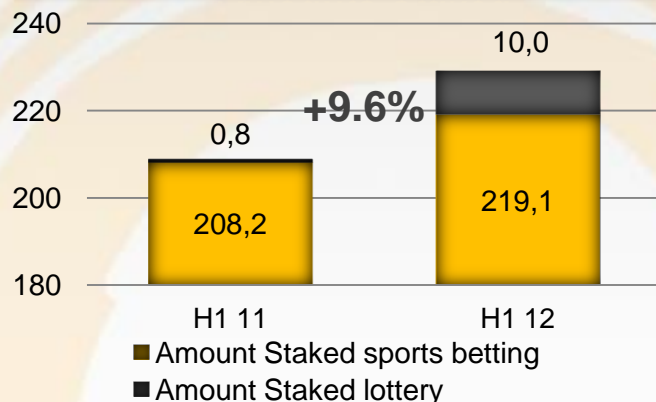
- ▶ Amounts Staked EUR 229.1 million (+9.6%)
- ▶ Gross Win EUR 55.1 million (+15.2%)
- ▶ New accounts 56.316 (+78.7%)
- ▶ EBITDA EUR 10.1 million (-14.7%) due to loss in lottery and change in taxation in CZ
- ▶ Net profit EUR 5.6 million (-34.9%) due to higher finance costs and corporate income tax
- ▶ Dividend of EUR 0.23 per share paid (6.5% dividend yield)



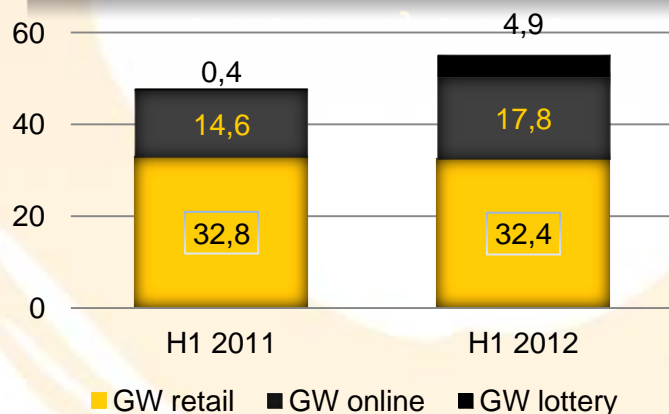
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# Group profitability retained through resilient product mix

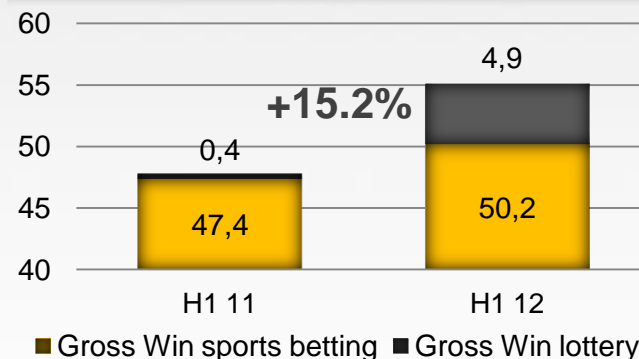
## Amounts Staked



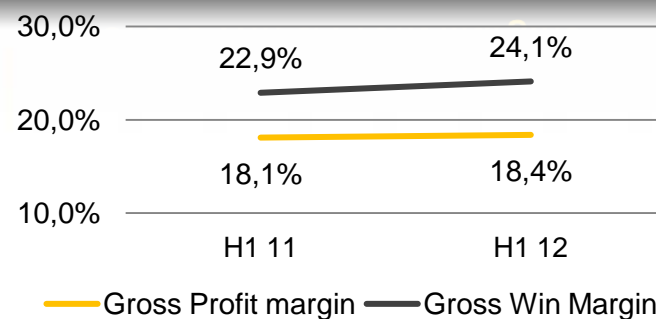
## Gross Win by Channel



## Gross Win



## Gross Win & Profit Margins



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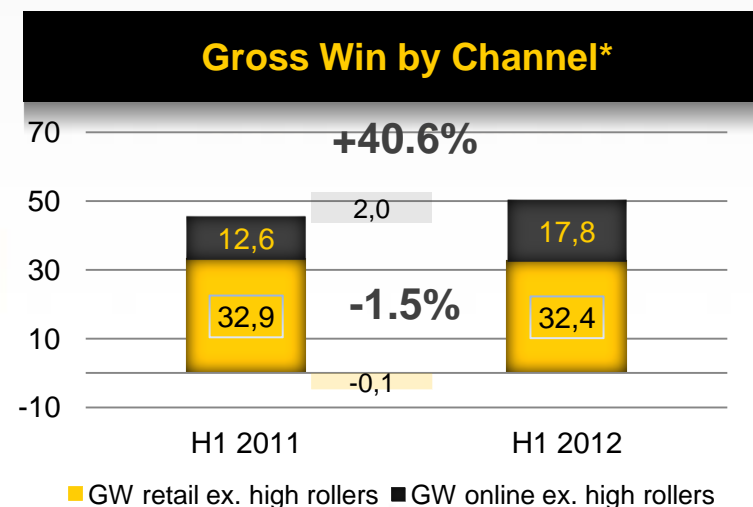
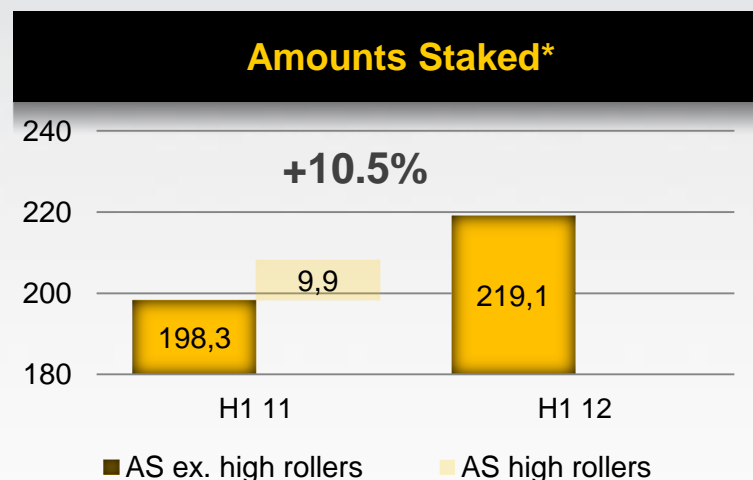
# Strong underlying topline performance

## Sports betting excluding high rollers

- ▶ Amounts Staked EUR 219.1 mil. (+ 10.5%)
- ▶ Gross Win EUR 50.2 mil. (+10.2%)
  - Gross Win on-line EUR 17.8 mil. (+40.6%)
  - Gross Win retail EUR 32.4 mil. (-1.5%)

## Sports betting including high rollers

- ▶ Amounts Staked EUR 219.1 mil. (+ 5.2%)
- ▶ Gross Win EUR 50.2 mil. (+5.8%)
  - Gross Win from on-line EUR 17.8 mil. (+21.8%)
- ▶ EBITDA EUR 13.1 mil. (+2.3%)



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Source: Calculated based on FEG consolidated unaudited financial results for H1 2012 and Company information

FX rates used for translation: average ČNB and National Bank of Poland

\* Financial results in 2011 exclude high rollers



# Sports betting bottom line impacted by new CZ taxation

## Sports Betting results excluding high rollers

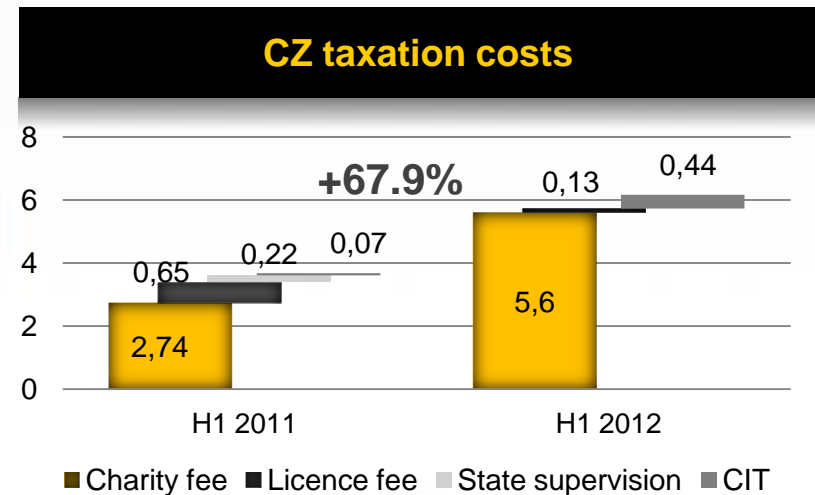
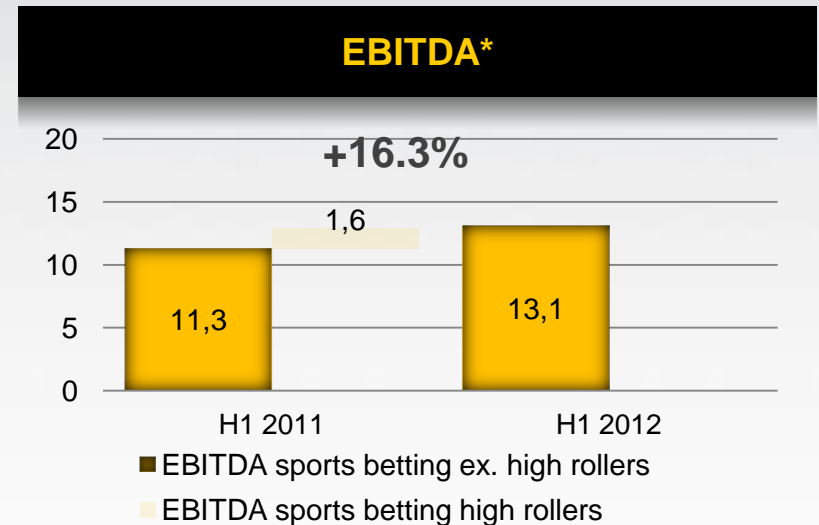
- ▶ EBITDA EUR 13.1 mil. (+16.3%)

## CZ taxation changes

- ▶ Overall taxation negative impact on net profit EUR 2.5 mil. (+67.9%)
  - Licensing and taxation negative EBITDA impact EUR -2.1 mil.
  - CIT impact EUR -0.4 mil.
- ▶ If 2012 taxation applied on 2011, EBITDA from sports betting would grow 39% yoy

## Sports Betting results including high rollers and taxation impact

- ▶ EBITDA EUR 13.1 mil. (+2.3%)



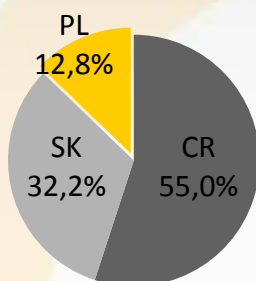
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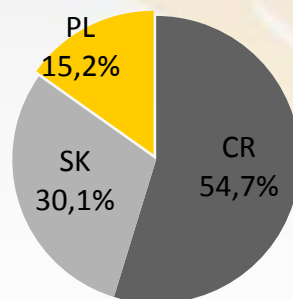
# Sports betting by country

## Amounts Staked\* (excluding highrollers)

H1 2011 (ex. Malta)



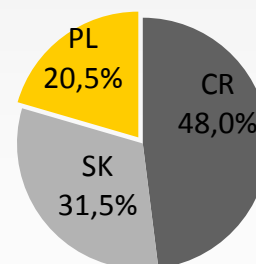
H1 2012 (ex. Malta)



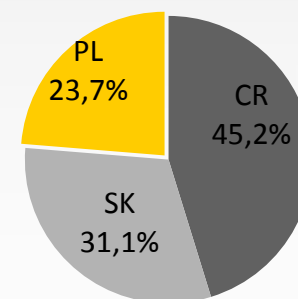
In EUR MM	H1 2012	H1 2011	%
Czech Republic*	118.7	107.9	10.1%
Slovakia*	65.2	63.1	3.4%
Poland	32.9	25.1	31.1%
Malta	2.2	2.1	2.0%

## Gross Win\* (excluding highrollers)

H1 2011 (ex. Malta)



H1 2012 (ex. Malta)



In EUR MM	H1 2012	H1 2011	%
Czech Republic*	22.7	21.8	3.7%
Slovakia*	15.6	14.3	9.2%
Poland	11.9	9.3	27.2%
Malta	0.1	0.1	(16.5%)

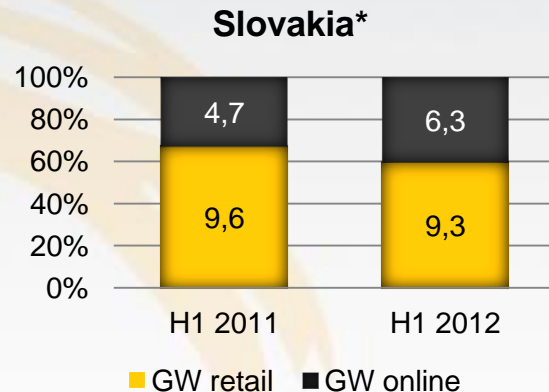
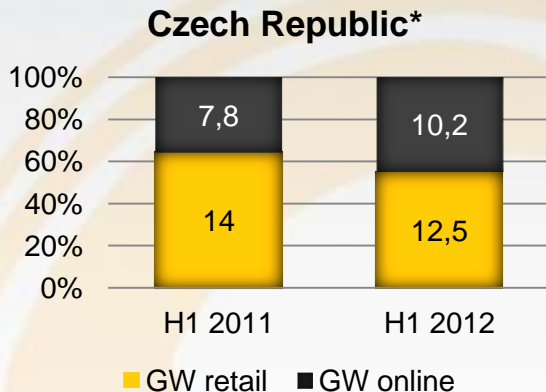
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Source: Calculated based on FEG consolidated unaudited financial results for H1 2012 and Company information

FX rates used for translation: average ČNB and National Bank of Poland

\* Financial results in 2011 exclude high rollers

# Sports betting by channel and country



CZ	06/30 2012	06/30 2011	%
Fortuna outlets	360	389	(7.5%)
Partners	328	248	32.3%

SK	06/30 2012	06/30 2011	%
Fortuna outlets	254	255	0%
Partners	172	155	11%

PL	06/30 2012	06/30 2011	%
Fortuna outlets	378	374	1.1%
Partners	85	10	750%

- ▶ Proportion of on-line and live betting has increased in each country after high rollers exclusion
- ▶ Poland growing both on-line and retail due to 1. availability of licensed on-line betting, 2. acquisition of new retail outlets from Tipsport PL and 3. acquisition of new customers for EURO championship
- ▶ Czech Republic – double digit growth in on-line betting and optimization of retail network in favour of partner outlets

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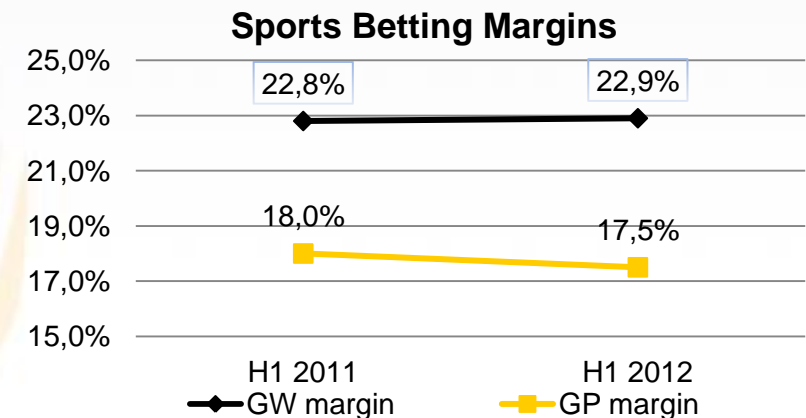
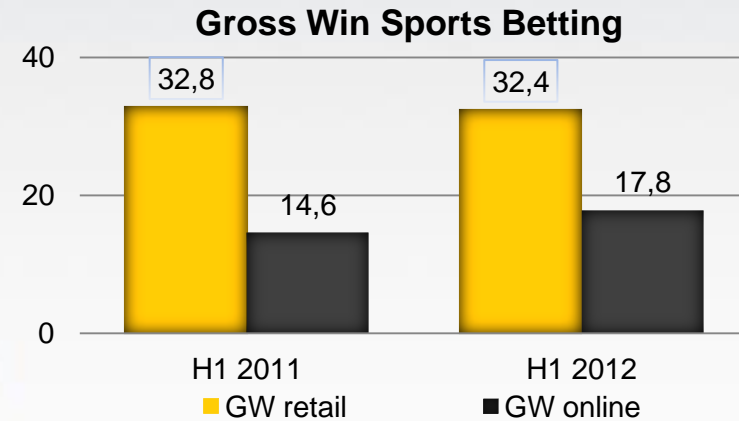
Source: Calculated based on FEG consolidated unaudited financial results for H1 2012 and Company information

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# Sports betting performance analysis

- ▶ **Solid Amounts Staked performance** due to higher number of customers and betting activity
- ▶ Gross win margins temporarily reduced in Q2 by „predictable” one-off results in EURO 2012 football championship across the whole sports betting industry
  - ▶ „Bwin.party digital entertainment, ... , said a run of „predictable” results in the EURO 2012 football championships marred an otherwise „solid” second quarter performance.”
  - ▶ „...the second quarter saw some adverse results, particularly during the last week of the English Premier League and in EURO 2012...” Interim Report, William Hill plc, 27 July 2012
- ▶ In comparison, Q1 2012 Gross Win and Gross Profit margins were 25.9% and 20.2% respectively
- ▶ Fortuna expects margins to return to normal in Q3 2012
- ▶ Operating profitability in H1 further impacted by higher betting taxation in the Czech Republic in 2012 (51.8% share on Group’s Amount Staked)

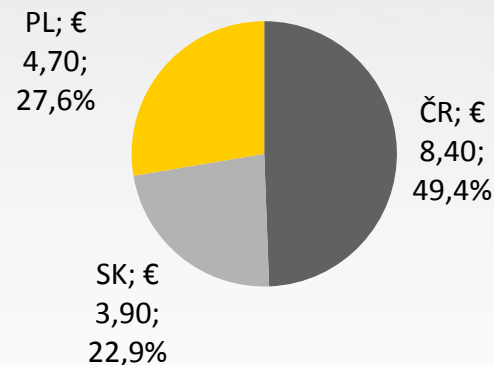


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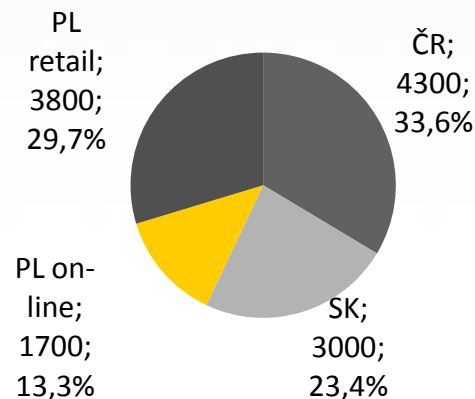
# UEFA EURO 2012 summary

- ▶ Highly successful in terms of acquisition of new customers
- ▶ Almost 13,000 newly registered customers in all three countries during the tournament
- ▶ Acquisitions in Poland supported by the one-off subsidy of a half of the 12% betting tax imposed on Amounts Staked
- ▶ Total Amounts Staked for the championships EUR 17 million (i.e. over 15% of Q2 Amounts Staked) and GW EUR 3.3 million (also 15% share of Q2 Gross Win)
- ▶ Fortuna accepted 25% more bets during the tournament than during the last EURO championship in 2008

**EURO 2012 Amounts Staked  
(in mil.)**



**EURO 2012 New customers**



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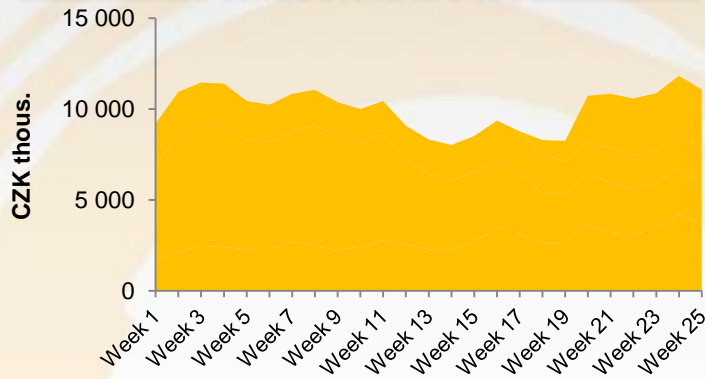
# Lottery on plan

In EUR million	H1 2012	H1 2011	change %
<b>Amounts Staked Lottery</b>	<b>10.0</b>	0.8	1,187%
- numerical games	7.5	0	n/a
- scratch tickets	2.5	0.8	220%
<b>Gross Win Lottery</b>	<b>4.9</b>	0.4	1,062%
- numerical games	4.1	0	n/a
- scratch tickets	0.9	0.4	106%
<b>Revenues Lottery</b>	<b>5.0</b>	0.4	1,070%
<b>EBITDA Lottery</b>	<b>(3.0)</b>	(1.0)	213%

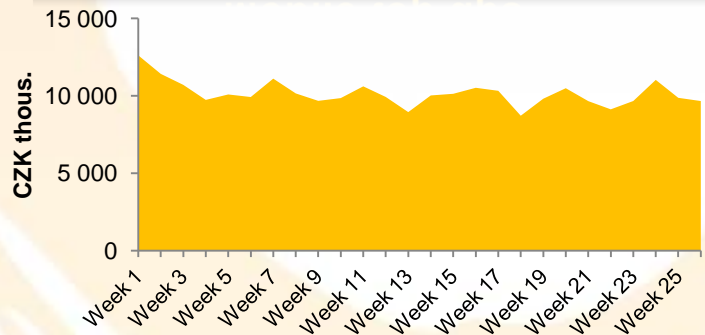
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# Lottery trading performance H1 2012

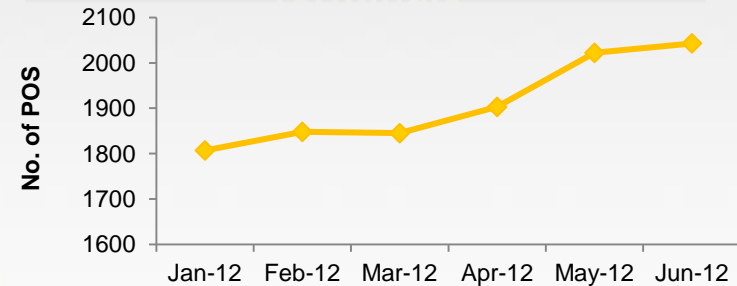
## Total lottery sales



## Mobile top ups



## Terminals



- ▶ No. of terminals 2,043 at the end of June 2012
- ▶ Network optimization to drive average POS
- ▶ Mobile top ups sales stable
- ▶ SUPERLOTO sales outperforming LOTO since its launch and become the most popular game in Fortuna's portfolio

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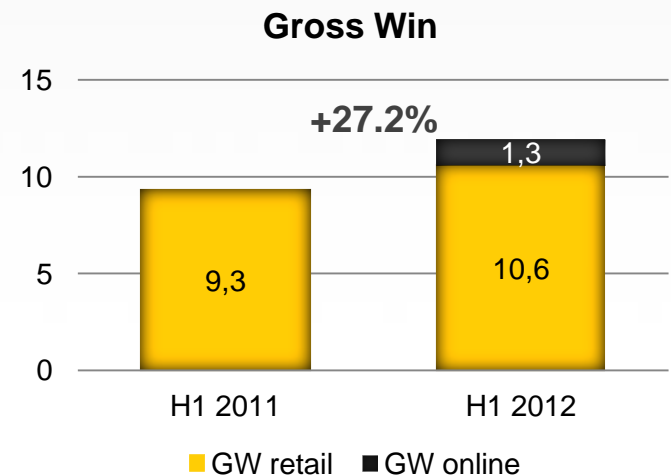
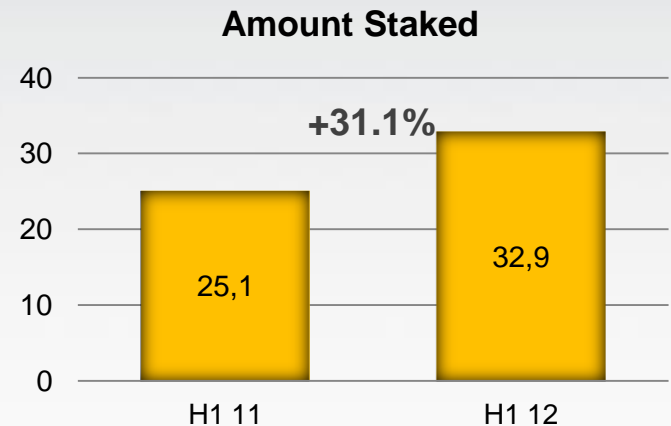
# Market Strategy & Outlook





# Outperforming Polish market

- ▶ Co-hosting country for EURO 2012 championship delivered on expectations
- ▶ Biggest growth of all markets
- ▶ Biggest customers acquisition during EURO 2012 (retail & on-line)
- ▶ Significant outperformance in Q2 2012
- ▶ **Total Amounts Staked in Q2 2012 grew 20% qoq and 56% yoy**
- ▶ Gross Win up by 44% yoy in Q2 2012
- ▶ New on-line bets over 11% share on H1 2012 Gross Win
- ▶ Operational issues in STS and Licence issues at Totolotek



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# Outlook for the rest of 2012

## Building on record breaking 2011 performance:

- ▶ Q3 has started well and management anticipates strong performance to the year-end
- ▶ Improving sports betting mobile and on-the-move platform
- ▶ Strengthen no. 1 market position of efortuna.pl
- ▶ Controlling lottery costs to deliver anticipated profits coupled with revenue opportunity of the Czech Post deal
- ▶ Operating with social responsibility in regulated markets with political acceptance of sports betting as a social/leisure activity

# IR calendar & contacts

Event	Date
Q3 2012 Interim Report	November 8, 2012

IR Contacts	
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IR Director	IR Consultant
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