



# Preliminary Financial Results 2016

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Analyst Conference call  
9th March 2017

**FORTUNA ENTERTAINMENT GROUP  
N.V.**



# Agenda



- 1 Introduction
- 2 2016 Key Highlights
- 3 2016 Financial Results
- 4 Acquisition of Hatrick
- 5 2017 Outlook & Guidance



**FORTUNA**



 **Loterie**Fortuna

# Introduction



# Fortuna Entertainment Group

## Leading Regulated Operator in the CEE

### Poland

Pop. 37.9 million  
234k registered users (end 2016)  
No. 2 market position (33%)  
Retail & Online  
Reg. vs. offshore market:  
EUR 200 MM vs. EUR 1.1 bn

### Czech Republic

Pop. 10.5 million  
366k registered users (end 2016)  
No. 2 market position (31%)  
Retail & Online & Lottery  
Reg. vs. offshore market:  
EUR 780 MM vs. EUR 500 MM

### Slovakia

Pop. 5.4 million  
166k registered users (end 2016)  
No. 2 market position (35%)  
Retail & Online  
Reg. vs. offshore market:  
EUR 365 MM vs. EUR 100 MM

### Croatia

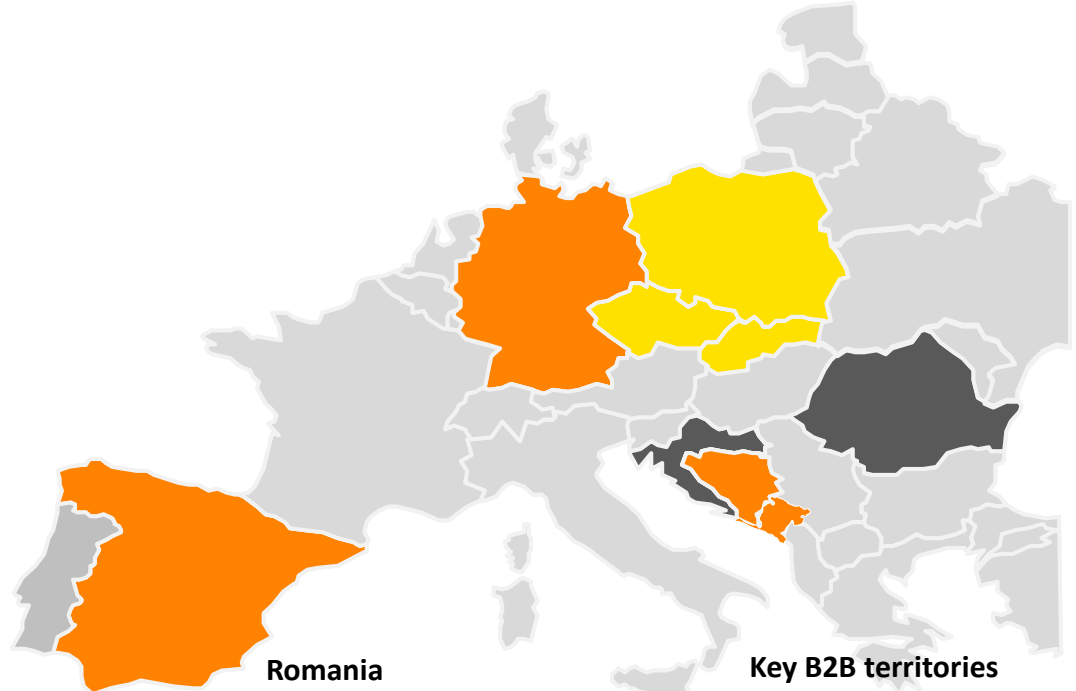
PSK  
Pop. 4.2 million  
52k registered users  
No. 2 market position (25%)  
Retail & Online Sports Betting  
Reg. vs. offshore market:  
EUR 150 MM vs. EUR 30 MM

### Romania

Brand Licence / Casa Pariurilor  
Pop. 19.7 million  
Combined no. 1 position in retail  
and in TOP 5 in online  
Retail & Online (betting &  
gaming)  
Reg. vs. offshore market:  
EUR 170 MM vs. EUR +300 MM

### Key B2B territories

- Spain
- Germany
- Montenegro
- Bosnia & Herzegovina



Yellow: Current countries   Grey: Expansion in progress   Orange: B2B expansion in progress



# 2016 Key Highlights

# 2016 Key Highlights

The preliminary unaudited results of Fortuna Entertainment Group for 2016 confirm growth in the main markets where the Company is operating

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- 1 Total Amounts Staked in 2016 increased by 22.6% yoy to EUR 1,039.6 million
- 2 Online Sports Betting Gross Win in 2016 increased by 21.7% to EUR 103.1 million
- 3 Total EBITDA amounted to EUR 22.1 million down 18.5% yoy
- 4 Net profit in 2016 decreased by 42.4% to EUR 11.2 million impacted by deferred tax one-off in 2015
- 5 No. of registered customers betting online increased by 22.8% in 2016





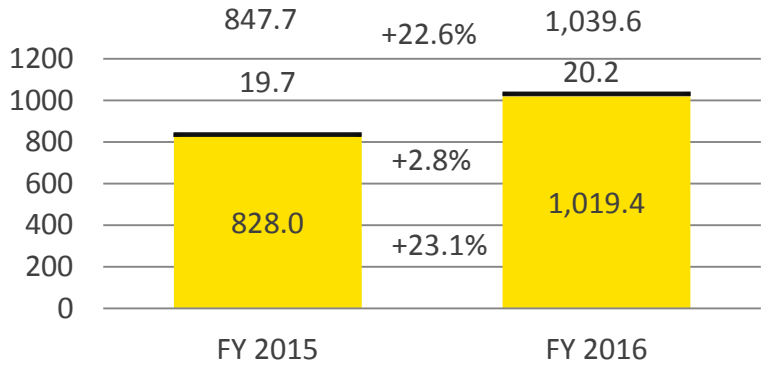
# 2016 Financial Results



# 2016 Financial Results

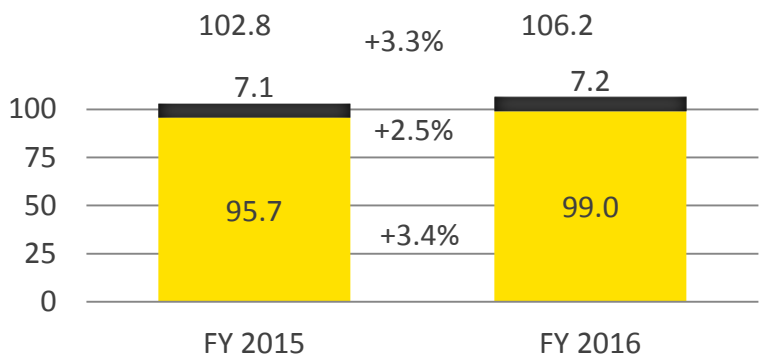
(in EUR MM)

## Amounts Staked



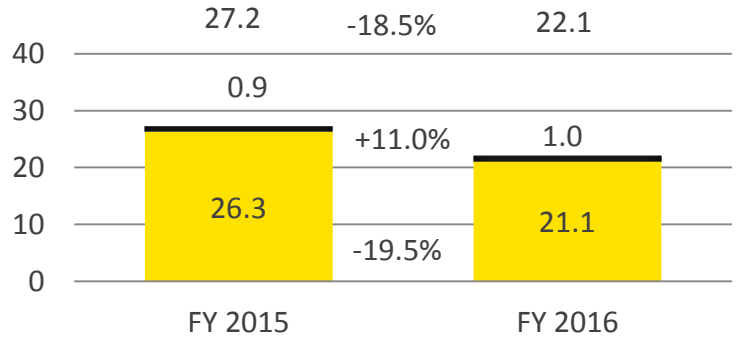
■ Amounts Staked Sports Betting ■ Amounts Staked Lottery

## Revenues \*)



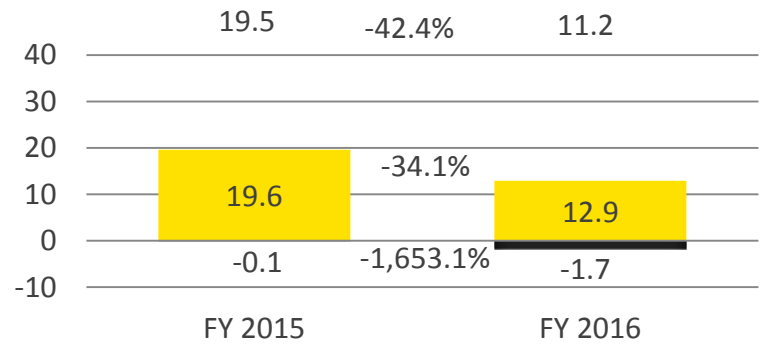
■ Revenues Sports Betting ■ Revenues Lottery

## EBITDA \*)



■ EBITDA Sports Betting ■ EBITDA Lottery

## Net Profit \*)



■ Net Profit Sports Betting ■ Net Profit Lottery

\*) Revenues, EBITDA and Net Profit split between Lottery and Sports Betting is including intersegment income and expenses unlike financial statements

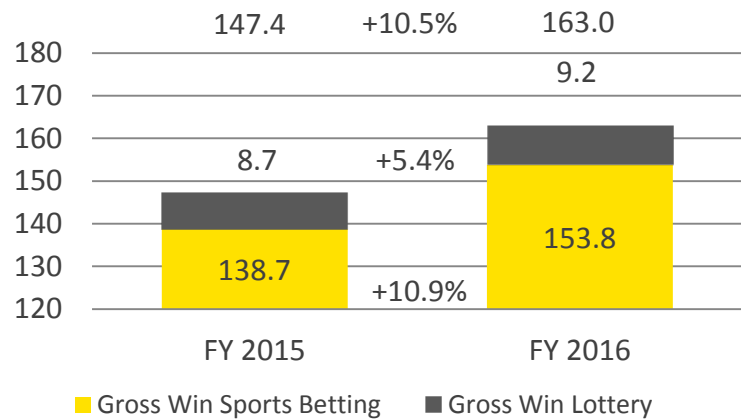




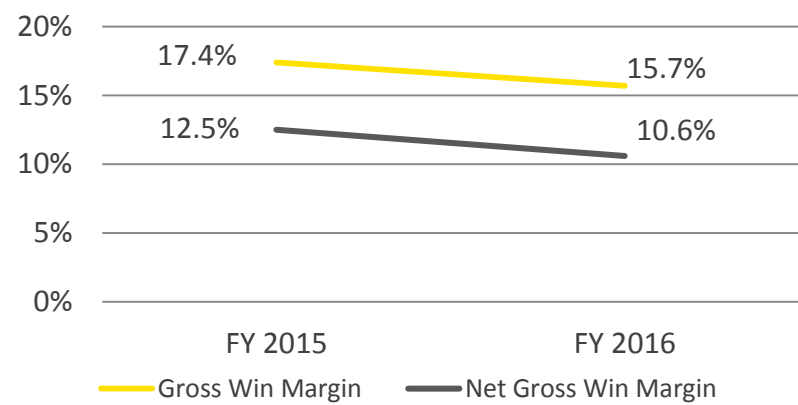
# 2016 Financial Results – cont.

(in EUR MM)

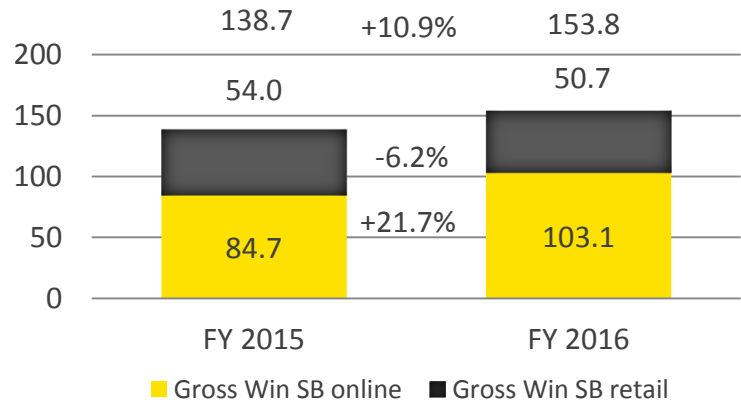
## Gross Win



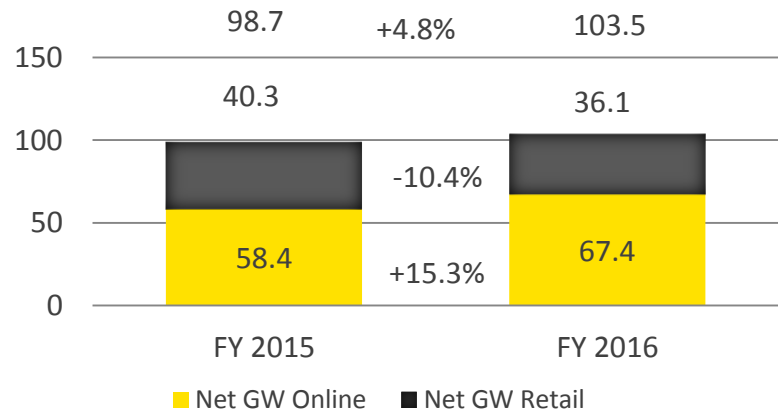
## Gross Win/ Net Gross Win Margin



## Gross Win Sports Betting

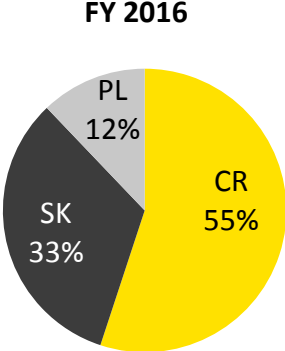
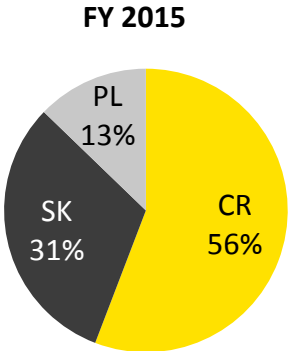


## Net Gross Win Sports Betting

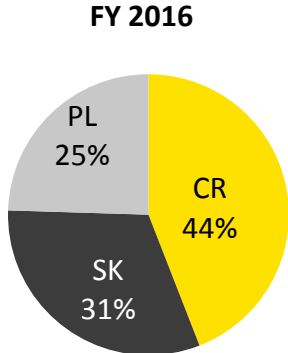
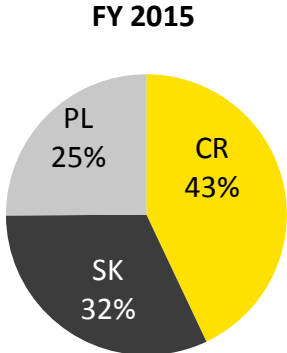


# Sports Betting by Country 2017

## Amounts Staked



## Gross Win



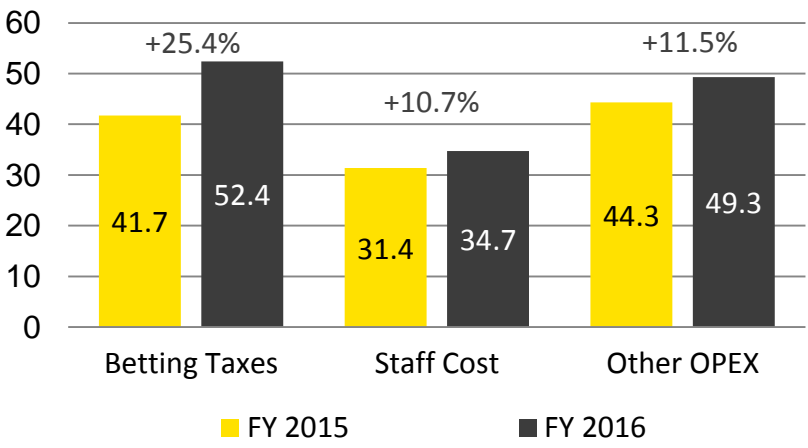
In EUR MM	2015	2016	%
Czech Republic	462.1	561.3	21.5%
Slovakia	259.9	334.5	28.7%
Poland	105.8	123.6	16.9%

In EUR MM	2015	2016	%
Czech Republic	59.6	67.8	13.8%
Slovakia	44.3	48.3	8.9%
Poland	34.8	37.7	8.4%

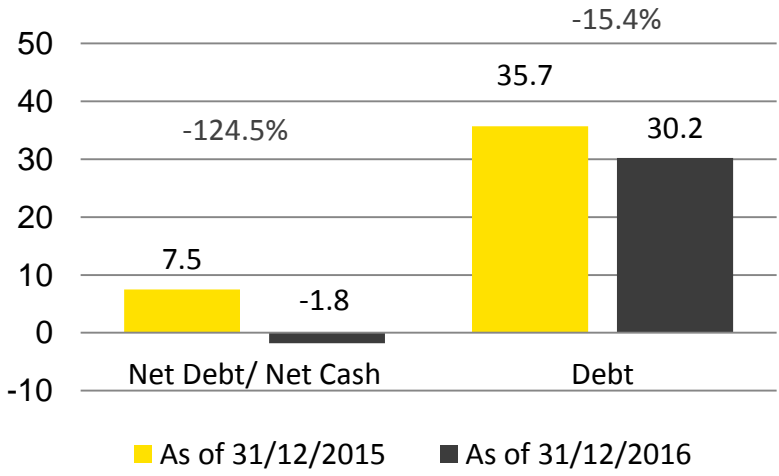
# 2016 Taxes, OPEX & Net Debt

(in EUR MM)

### Group Taxes & OPEX



### Net Debt/ Debt



- Increase in Betting Tax due to tax increase in the Czech Republic from 20% to 23% and higher betting volumes in 2016
- Staff costs up due inflationary increase in retail and new hires related to investments into growth opportunities
- Other OPEX increased due to higher variable costs
- Debt further reduced and the company continues to generate cash



# Acquisition of Hattrick Sports Group



# Acquisition of businesses in Romania, Croatia and B2B in multiple countries

Fortuna agreed to acquire 100% share in Hattrick Sports Group Ltd., Ireland



Hattrick Sports Group is the owner of the betting operator in Romania, Casa Pariurilor, the operator in Croatia, PSK, and a joint venture partner in Luckia operator in Spain

The acquisition of Hattrick Sports Group is a key milestone in Fortuna's plans of becoming 'The No.1 licensed multichannel betting and gaming operator in Central and Eastern Europe' as well as a testament for our value creation strategy.

- The closing of the transaction is subject to antimonopoly approvals and Fortuna's AGM
- The closing is anticipated in the first half of 2017
- The initial consideration will be approximately EUR 85 million. An earn-out mechanism is based on future financial performance of Hattrick Sports Group may lead to payment of up to EUR 50 million
- The transaction will be financed via bank loans
- Key preliminary financial indicators for 2016
  - Amounts staked: EUR 372 million
  - Revenue: EUR 62 million
  - EBITDA: EUR 12.4 million\*

\* Excludes income from JV in Spain



# 2017 Outlook & Guidance

# 2017 Outlook & Guidance

2017 – the year of step change



## 2017 Guidance:

Amounts Staked EUR 1.300m

EBITDA increase 20-25%

CAPEX EUR 8-10 m

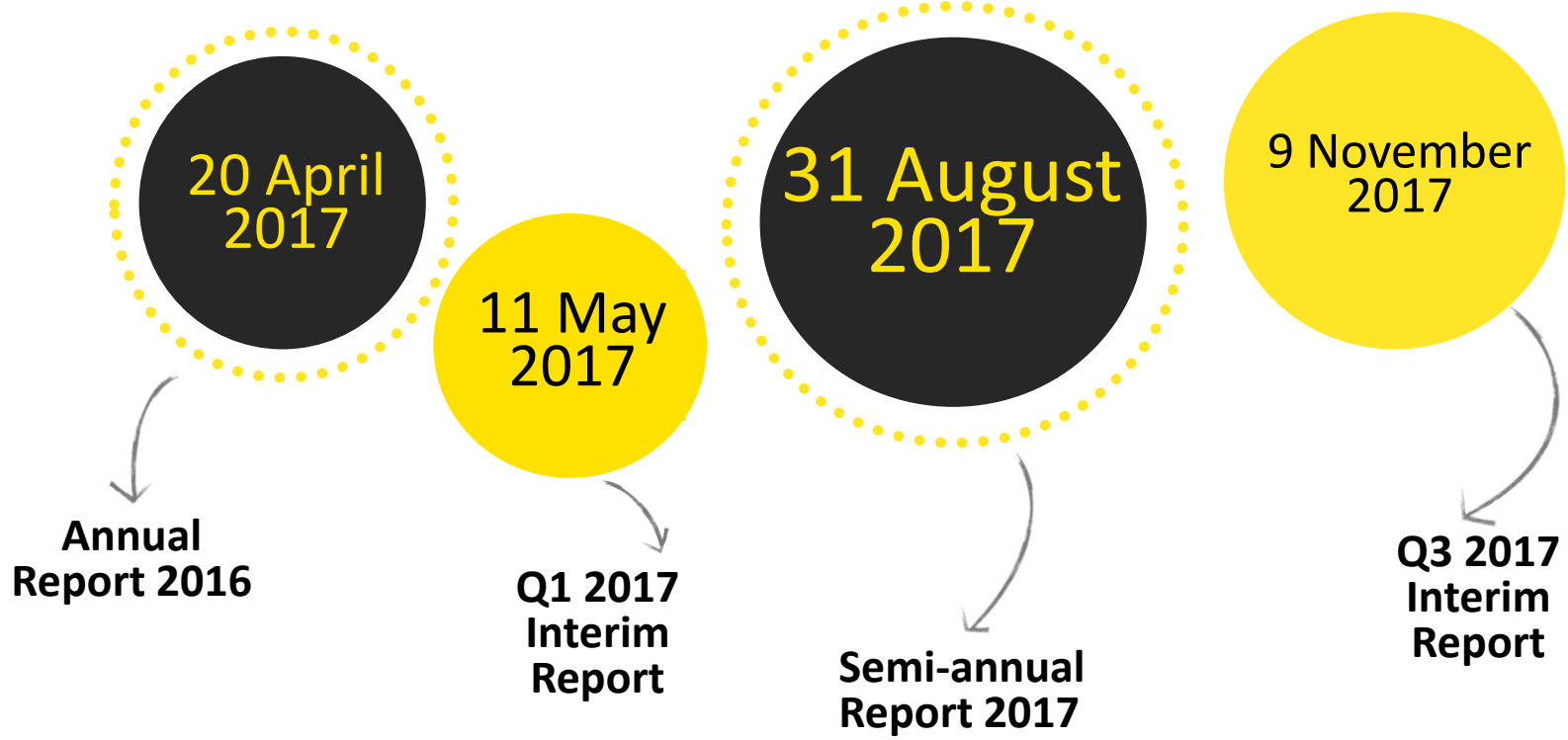
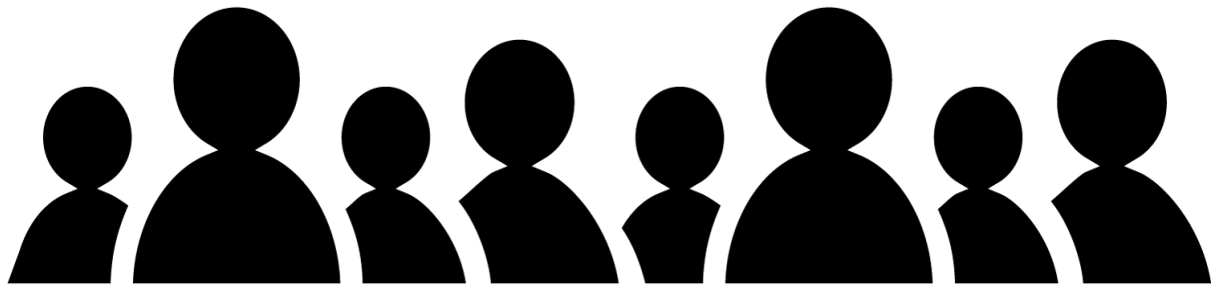
- CZ – Online Gaming
- PL – virtual games
- Blocking of offshore
- Re-platforming into multi-product and -channel, and -jurisdiction
- Operational excellence & People
- New marketing activities & sponsoring
- Integration of Hattrick Sports Group
- Internationalisation opportunities

# Regulatory Update

Number of regulatory changes are anticipated in the course of 2017 mainly in Poland and in the Czech Republic

Regulation Changes from 2017	Progress of implementation	
<ul style="list-style-type: none"> <li>Opening the market to foreign operators</li> <li>Online gaming allowed. Limits on max bet and winnings</li> <li>Blocking of offshore operators' IP/payments</li> <li>State registration of all players</li> <li>Slot machines not permitted in restaurants and bars</li> <li>Casino licensing given to municipalities</li> <li>Players registration required by new AML law</li> </ul>	<ul style="list-style-type: none"> <li>Fortuna obtained the first online casino/ technical games license on 24 February 2017</li> <li>Licensing process of other operators incl. foreign companies in progress looking for 3<sup>rd</sup> party registration</li> </ul>	Czech Republic
<ul style="list-style-type: none"> <li>Blocking of offshore operators' IP/payments</li> <li>Online gaming only as state monopoly</li> <li>Bets on virtual sports allowed</li> </ul>	<ul style="list-style-type: none"> <li>New regulation to be implemented from 1 April 2017 and 1 July 2017</li> <li>Fortuna obtained a virtual sports license on 1 March 2017</li> </ul>	Poland
<ul style="list-style-type: none"> <li>No material changes in 2017, Amounts Staked tax kept at 6%</li> </ul>	n/a	Slovakia







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