



Fortuna Entertainment Group NV

9M 2012 Financial Results

November 8, 2012



Agenda

- **Introduction**
- **H1 2012 Financial Results**
- **Q&A**

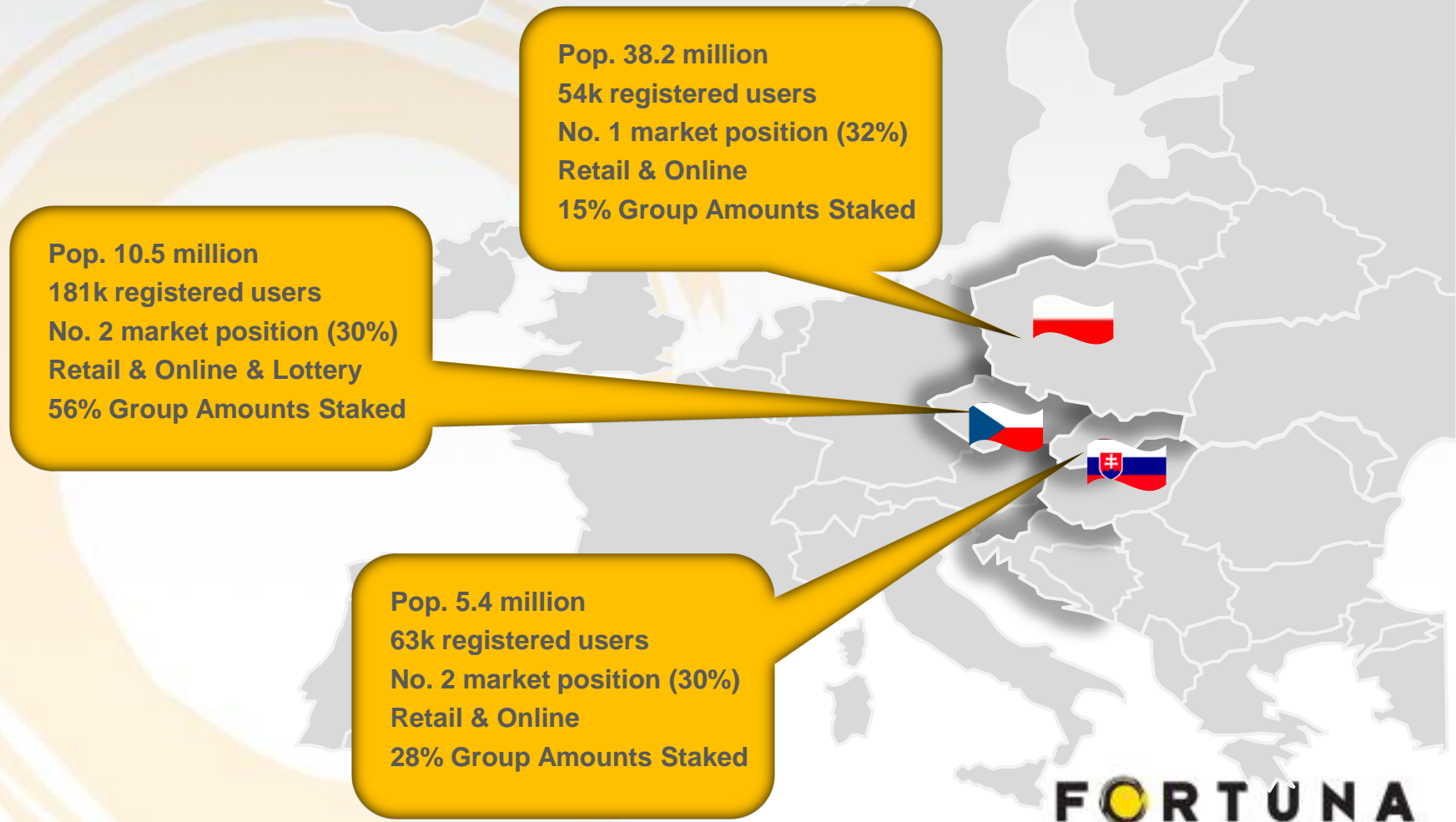
Speakers:

Michal Vepřek, CFO

Wilf Walsh, Chairman of the Management Board

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Fortuna - Leading regulated CEE betting & lottery operator



CEE regulatory environment



Key legislation	<ul style="list-style-type: none"> Lottery Act (No. 202/1990 Coll.) covering numeric lotteries, gambling games, betting games, casinos, etc. 	<ul style="list-style-type: none"> Act on Gambling Games covering also betting games 	<ul style="list-style-type: none"> New gambling law since 1 January 2010 covering games of chance, betting and gambling machines
Regulatory body	<ul style="list-style-type: none"> Ministry of Finance and local financial authorities Municipalities to regulate shops on their territories 	<ul style="list-style-type: none"> Ministry of Finance Municipalities have to allow operation of betting shops in their territory Ministry of Agriculture has to allow betting on Slovak horse racing 	<ul style="list-style-type: none"> Ministry of Finance
Licenses	<ul style="list-style-type: none"> Licenses are awarded for a maximum period of 10 years 	<ul style="list-style-type: none"> Betting licenses are issued for 5 years 	<ul style="list-style-type: none"> License for betting organizing issued for 6 years for a specified number of betting shops
Statutory requirements	<ul style="list-style-type: none"> Operator must have its registered office in the Czech Republic and not be entirely or partly owned by a foreign entity or individual(s) Persons below 18 years of age must not participate in any betting game Certain minimum registered capital required Security deposits on a special bank account required to secure payments of winnings etc. 	<ul style="list-style-type: none"> An operator must be a Slovak legal entity with share capital of at least EUR 331,939 owned by Slovak, EU or OECD member entities Security deposit on a bank account required to secure payments of winnings etc. 	<ul style="list-style-type: none"> An operator must be a Polish legal entity with share capital of at least PLN 2 million Obligatory collateral (banking or insurance guarantee, cash deposit or mortgage) Betting organizers should obtain consents of Polish organizers of the competitions, on which bets are accepted
Taxation/ Fees	<ul style="list-style-type: none"> Changes to betting taxation introduced from Jan 2012. Betting tax on turnover (GW) of 20% and newly applied corporate income tax of 19% 	<ul style="list-style-type: none"> Taxation of 5.5% on Amounts Staked for fixed-odds betting and 1% for horse racing betting 	<ul style="list-style-type: none"> 12% withholding tax on Amounts Staked (10% under the previous law)
Advertising	<ul style="list-style-type: none"> Advertising is allowed for licensed operators 	<ul style="list-style-type: none"> Advertising is allowed for licensed operators; no special rules 	<ul style="list-style-type: none"> Advertising is restricted; only presentation of sponsor's name and logo is acceptable (only for licensed operators). Advertising inside shop is allowed
Online betting	<ul style="list-style-type: none"> Not specifically regulated; in December 2008 first licences issued by the MinFin 	<ul style="list-style-type: none"> Online betting is allowed since 2007, though not specifically regulated 	<ul style="list-style-type: none"> Regulated by law adopted in 2011, first licences issued in January 2012 Separate registration from retail betting
Prohibited activities	<ul style="list-style-type: none"> Operating and mediation of foreign lotteries and participation in foreign lotteries, collection of bets for participation in foreign lotteries 	<ul style="list-style-type: none"> Operating and mediation of foreign games and offering of participation on games operated by a foreign company 	



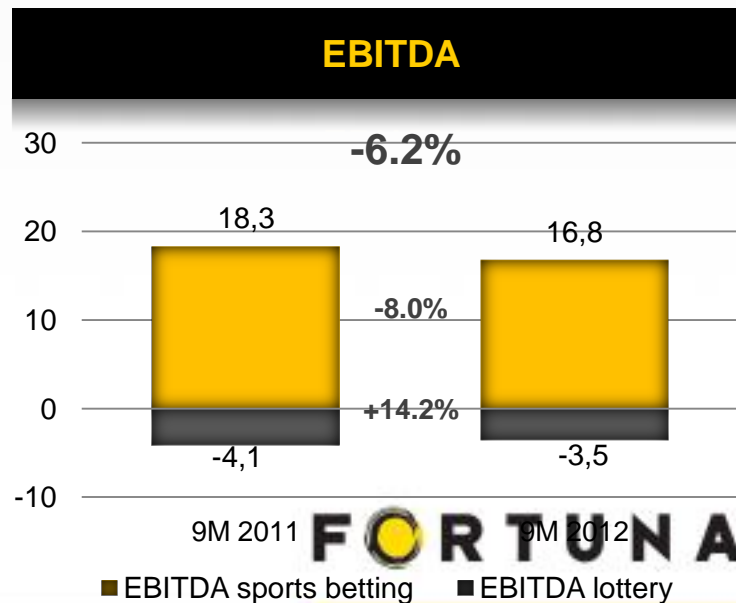
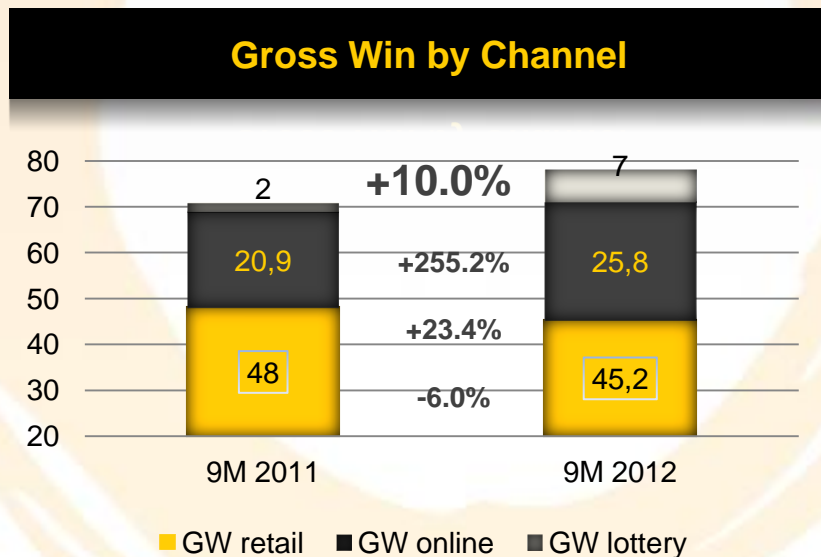
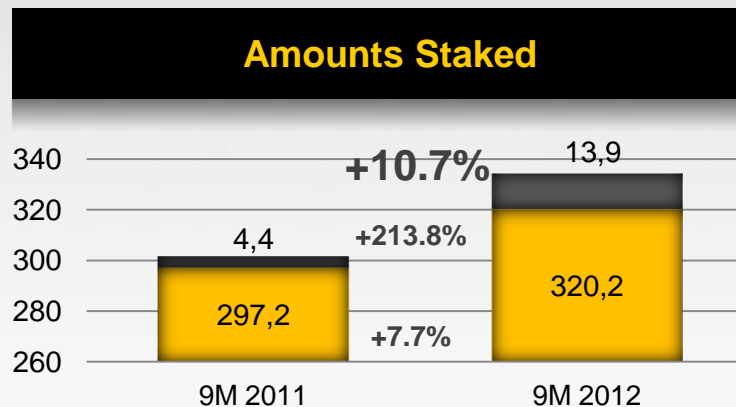
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9M 2012 Financial Results



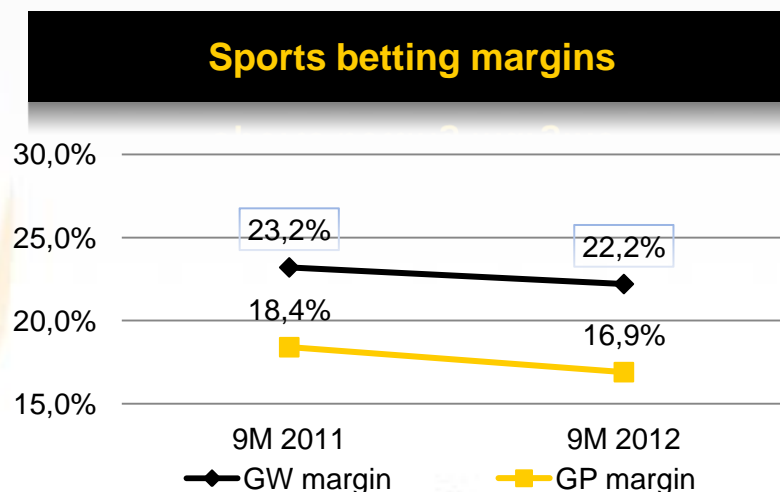
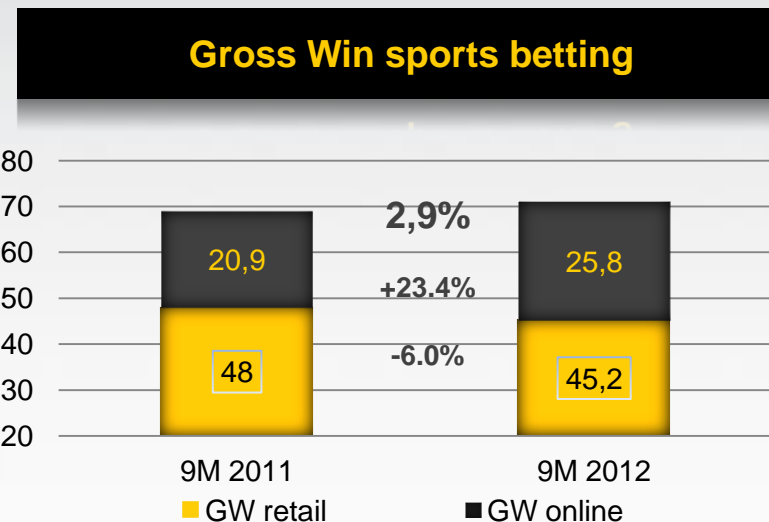
Financial highlights 9M 2012

- ▶ Amounts Staked EUR 334.1 million (+10.7%)
- ▶ Gross Win EUR 78 million (+10.0%)
 - Gross Win on-line sports betting EUR 25.8 million (+23.4%)
- ▶ Revenue EUR 67.6 million (+8.3%)
- ▶ EBITDA EUR 13.3 million (-6.2%) due to loss in lottery and higher taxation in CZ



Sports betting performance analysis

- ▶ Amounts Staked growth due to new customers and rising popularity of on-line and in-play betting
- ▶ Gross Win margins temporarily reduced in Q2 by predictable results in EURO 2012 football championship
- ▶ In Q3 margins were affected by negative outcomes of bets on the Champions League and World Cup Qualifiers in September
- ▶ Fortuna is steadily reporting one of highest margins in sports betting industry in Europe
- ▶ Operating profitability in 9M 2011 further impacted by higher taxation in the Czech Republic



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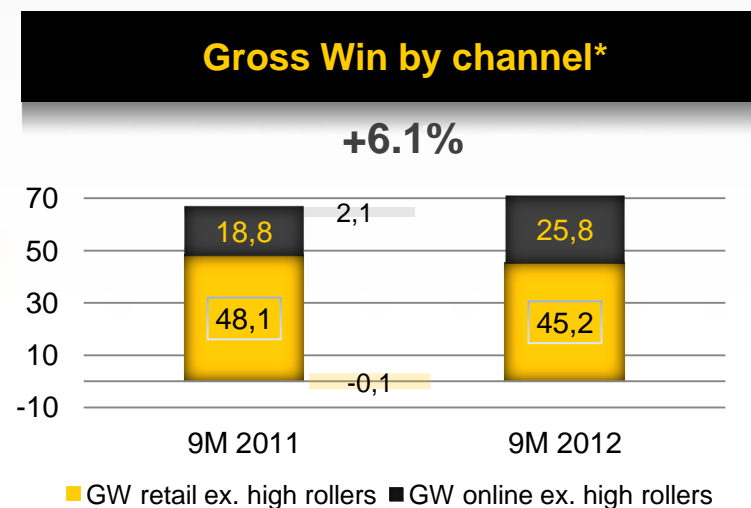
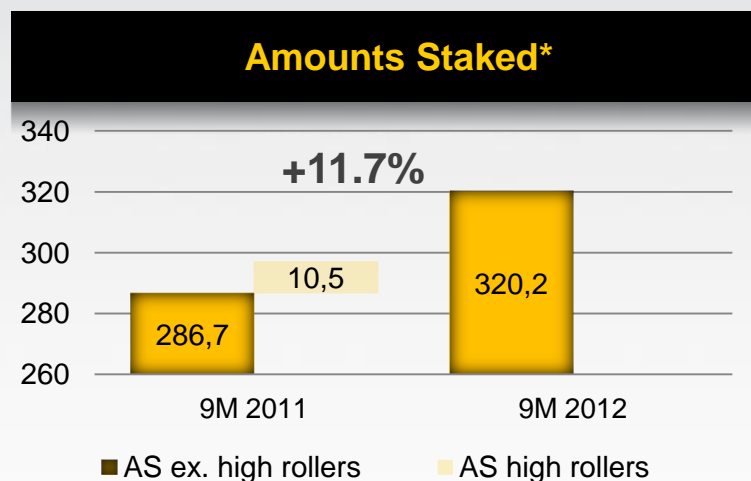
High rollers impact on annual growth

Sports betting excluding high rollers*

- ▶ Amounts Staked EUR 320.2 mil. (+ 11.7%)
 - Czech Republic EUR 174.4 million (+11.2%)
 - Slovakia EUR 93.8 million (+4.1%)
- ▶ Gross Win EUR 71 mil. (+6.1%)
 - Gross Win on-line EUR 25.8 mil. (+37.5%)

Sports betting including high rollers

- ▶ Amounts Staked EUR 320.2 mil. (+ 7.7%)
 - Czech Republic EUR 174.4 million (+9.3%)
 - Slovakia EUR 93.8 million (-4.2%)
- ▶ Gross Win EUR 71 mil. (+2.9%)
 - Gross Win from on-line EUR 25.8 mil. (+23.4%)



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Source: Calculated based on FEG consolidated unaudited financial results for 9M 2012 and Company information

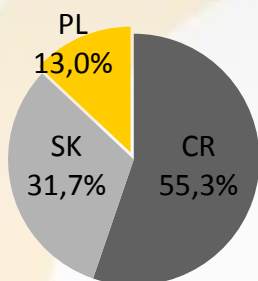
FX rates used for translation: average ČNB and National Bank of Poland

* Financial results in 2011 exclude high rollers, in EUR MM

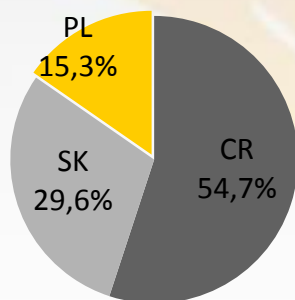
Sports betting by country

Amounts Staked* (excluding highrollers)

H1 2011 (ex. Malta)



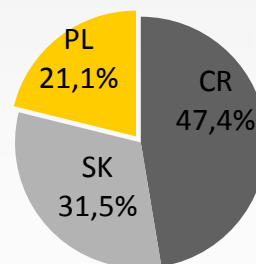
H1 2012 (ex. Malta)



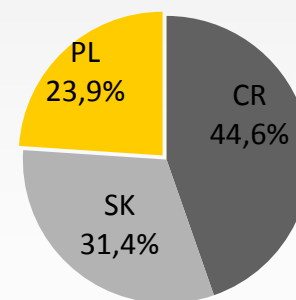
In EUR MM	9M 2012	9M 2011	%
Czech Republic*	174.4	156.8	11.2%
Slovakia*	93.8	90.1	4.1%
Poland	48.6	36.9	31.9%
Malta	3.3	2.9	15.6%

Gross Win* (excluding highrollers)

H1 2011 (ex. Malta)



H1 2012 (ex. Malta)



In EUR MM	9M 2012	9M 2011	%
Czech Republic*	31.7	31.6	0.3%
Slovakia*	22.3	21.0	5.9%
Poland	17.0	14.1	20.1%
Malta	0.1	0.1	(44.9%)

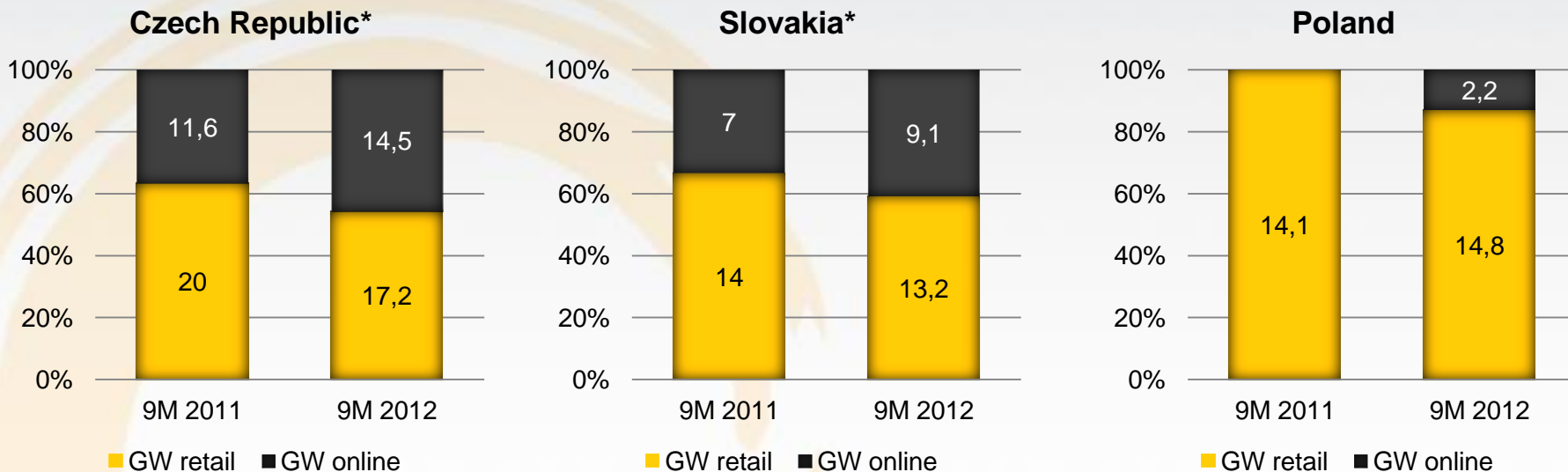
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Source: Calculated based on FEG consolidated unaudited financial results for 9M 2012 and Company information

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



- ▶ Rising share of on-line and live betting – almost 50% share on total Gross Win (ex. high rollers) in the Czech Republic
- ▶ Poland growing both on-line and retail due to new on-line betting offer, takeover of retail outlets from Tipsport PL and new customers acquisition

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Lottery



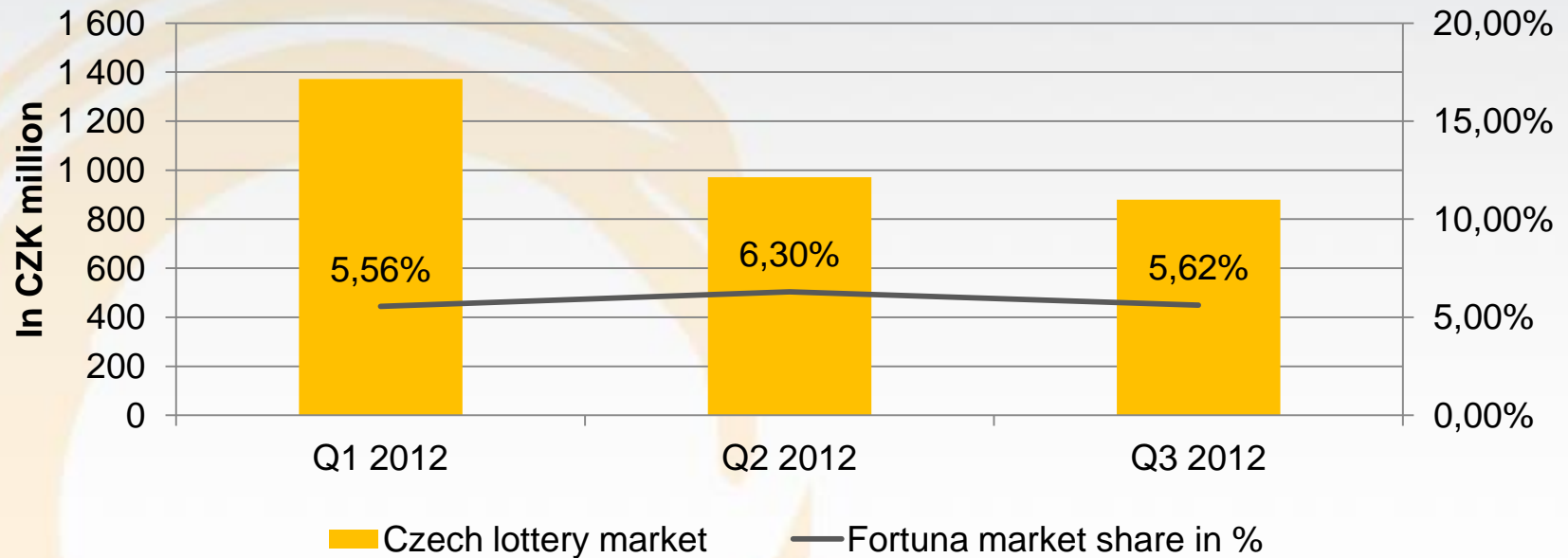
Lottery on plan

In EUR million	9M 2012	9M 2011	change %
Amounts Staked Lottery	13.9	4.4	213.8%
- numerical games	10.3	2.3	345.7%
- scratch tickets	3.6	2.1	69.7%
Gross Win Lottery	7.0	2.0	255.2%
- numerical games	5.7	1.1	440.2%
- scratch tickets	1.3	0.9	41.9%
Revenues Lottery	7.1	2.0	254.4%
EBITDA Lottery	(3.5)	(4.1)	14.2%

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Czech lottery market in 2012

Czech lottery market in 2012 – numerical games

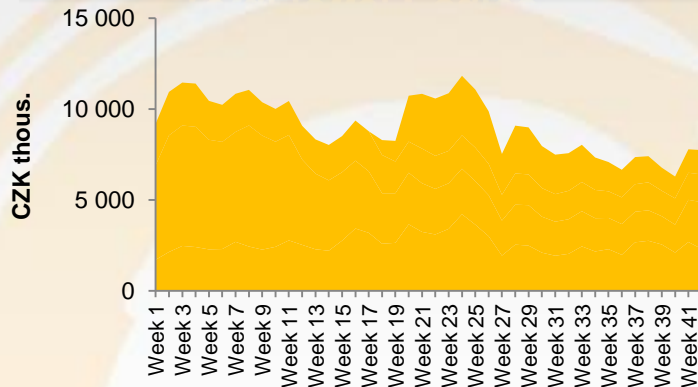


- ▶ Czech lottery market of numerical games has been contracting since the beginning of 2012
- ▶ Sales of numerical games (Amounts Staked) declined by almost 4% in Q3 2012 compared to Q1 2012
- ▶ Total size of the lottery market is estimated at around 50% of „pre-Sazka crisis“
- ▶ Market share of Fortuna’s sales of numerical games remains stable

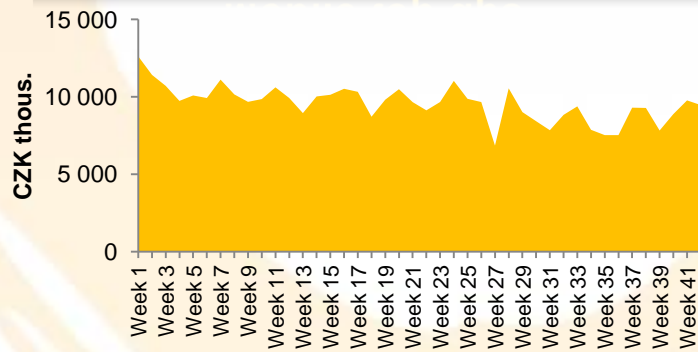
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Lottery trading performance 9M 2012

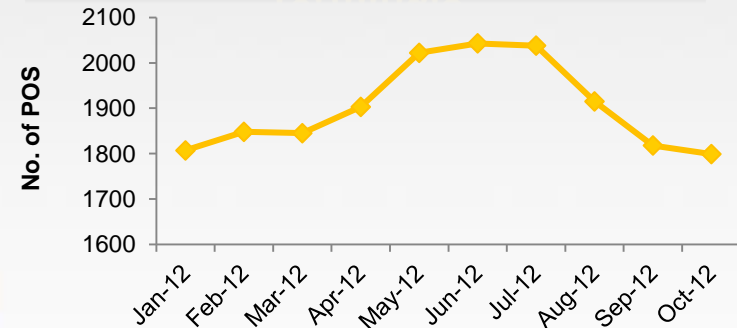
Total lottery sales



Mobile top ups



Terminals



- ▶ No. of terminals 1,799 in October 2012
- ▶ Network optimization to enhance profitability of POS
- ▶ Mobile top ups sales stable
- ▶ Sales of numerical games corresponding with market contraction

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Current Trading an Outlook

- ▶ Trading performance has improved since end September:
 - Average daily Gross Win margin in sports betting in October 2012 was 47.6% higher than in Q3 2012 driven by favourable sporting results
- ▶ Sports betting to grow double digits despite a temporary margin decline
- ▶ Improving sports betting mobile and on-the-move platform
- ▶ Strengthen no. 1 market position of efortuna.pl and increase share of Polish business within the Group
- ▶ Controlling lottery costs to deliver anticipated profits despite contracting Czech lottery market
- ▶ Operating with social responsibility in regulated markets with political acceptance of sports betting as a social/leisure activity

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