

Interim Management Statement of Fortuna Entertainment Group N.V. for the period from July 1, 2014 to November 6, 2014

## Fortuna's total EBITDA grew 21.1% in the first three quarters of 2014 and the Company improves its full year EBITDA guidance

AMSTERDAM/Warsaw/Prague – Fortuna Entertainment Group, the leading Central European fixed-odds betting operator, has announced its unaudited consolidated results for the first three quarters of 2014. The reported financial results confirmed growing profits as well as outstanding top line figures for all key parameters.

The unaudited consolidated results of Fortuna Entertainment Group for the first nine months of 2014 confirmed growth in the main markets where the Company operates.

- **Total Amounts Staked increased by 21.3% to EUR 491.6 million**
- **Total Gross Win up by 16.6% to EUR 97.2 million**
- **Gross Win from on-line sports betting increased by 33.9% to EUR 48.4 million**
- **Total EBITDA grew by 21.1% to EUR 22 million**

The Group's Amounts Staked for the first nine months of 2014 was EUR 491.6 million, a strong 21.3% yoy increase. This growth was driven primarily by the expansion of on-line betting in all the countries where Fortuna operates. **The Amount Staked from sports betting reached EUR 480 million in the first nine months of 2014, a 21.8% improvement on the first nine months of 2013.** The Amounts Staked on lottery betting in the first nine months of 2014 totalled EUR 11.6 million, a 4.4% yoy increase.

In the first nine months of 2014, **the total Gross Win reached EUR 97.2 million, an increase of 16.6% compared to the first nine months of 2013.**

**The Gross Win from sports betting was EUR 91.9 million, a 17.8% increase yoy. Of this figure, the Gross Win from on-line betting in the first nine months of 2014 increased to EUR 48.4 million, a substantial gain of 33.9% over the same period of 2013.** The Gross Win from retail betting in the first nine months of 2014 amounted to EUR 43.5 million, a modest yoy growth of 3.8%.

In the first nine months of 2014, **the Gross Win from the lottery business was EUR 5.2 million**, a 0.7% decline over the same period of last year.

**In the first nine months of 2014, total EBITDA increased to EUR 22 million, a 21.1% growth over the same period of last year.** Of this, sports betting EBITDA represented EUR 21.9 million, up 18.7% yoy and the lottery EBITDA equalled to EUR 84 thousand, compared with a loss of EUR 300 thousand in first nine months of 2013.

*“We are pleased to once more report very good results for the first nine months of 2014. Fortuna accepted total bets in the amount of EUR 491.6 million, which is 21.3% more than last year and our Group EBITDA reached EUR 22 million, up 21.1% year on year. The main driver of our performance was expansion of internet and mobile sports betting mainly in the Czech Republic where we recorded 35% growth in accepted bets. Thanks to the achieved results we have revised our full year EBITDA guidance from the initial 5 – 10% range to 10 - 20%,”* said Radim Haluza, CEO of Fortuna Entertainment Group.

#### *Selected financial indicators – FEG total*

<b>(EUR million)</b>	<b>9M 2014</b>	<b>% yoy</b>
Amounts Staked	491.6	21.3 %
- Sports betting	480	21.8 %
- Lottery	11.6	4.4 %
Gross Win	97.2	16.6 %
- Sports betting	91.9	17.8 %
- Lottery	5.2	(0.7%)
Revenues	80.9	16.5 %
- Sports betting	75.6	17.9 %
- Lottery	5.3	(0.2 %)
EBITDA	22	21.1 %
- Sports betting	21.9	18.7 %
- Lottery	0.08	128.0 %

#### **Business performance by countries**

The revenues breakdown according to the markets in which the Company operates is driven by demographics, the legislative environment, absolute market shares, the average spend per capita and the growth potential of each individual market.

**Sports betting in the Czech Republic** generated almost 60% of total Amounts Staked for the Company in the first nine months of 2014. **Total Amounts Staked in the Czech Republic grew by 26.9% compared with the total in the first nine months of 2013, mainly due to higher betting volumes.** The Gross Win generated

by on-line grew by 40.6% in the first three quarters of 2014. The Gross Win from retail sports betting in shops declined by 1.8% on an annual basis.

The contribution of the **Slovak sports betting** business represented one quarter of the Group's Amounts Staked in the first three quarters of 2014. The total Amounts Staked in Slovakia experienced a 14.4% growth in the first nine months of 2014. The growth of the Gross Win in on-line sports betting in Slovakia was faster (23.6% yoy), while retail was unchanged.

The total Amounts Staked in **Poland** in the first nine months of 2014 grew by 17% yoy, driven by both on-line betting and betting in shops. The Gross Win from betting in Poland in the first nine months of 2014 grew faster than accepted bets by 18.8%. A higher relative growth level by 36.9% was recorded by the on-line business, but it was the retail betting that delivered approximately ¾ of the Gross Win in absolute terms.

### **Czech Republic Lottery**

In the first three quarters of 2014, the Amounts Staked from the Fortuna Lottery reached EUR 11.6 million, a 4.4% increase compared with the same period of last year. The Gross Win from the lottery amounted to EUR 5.2 million, which is 0.7% less than in the first nine months of 2013.

The scratch tickets segment performed strongly in the reported period but the numerical games continued to decline. The financial results of the lottery business are fully in line with Company's guidance – a growth of Amounts Staked and positive EBITDA.

### **Guidance for the rest of 2014**

At the beginning of the year, the Company's management presented the guidance of key financial indicators for 2014. The guidance anticipated a growth of total Amounts Staked up to EUR 645 million and EBITDA growth by 5 – 10% compared with 2013 (excluding the one-off gain of EUR 2.2 million in 2013). With regards to the lottery, the Company expected a growth of Amounts Staked and positive EBITDA.

Based on the recorded financial results in the first nine months of the year and development in the last couple of weeks, the management of the Company believes the proposed targets should be met and the EBITDA target could be exceeded. The anticipated full year EBITDA for 2014 could grow by 10 – 20% yoy (excluding the one-off gain of EUR 2.2 million in 2013).

### **Corporate Affairs**

In September this year the Company informed about the leave of Radim Haluza from the position of CEO and Chairman of the Management Board of Fortuna Entertainment Group N.V. and about the appointment of Per Widerstrom as a new

Chairman of the Management Board and CEO. Per Widerstrom is joining Fortuna from Gala Coral Group (Managing Director of Gala Interactive), one of the leading European multichannel betting and gaming groups. Widerstrom's main goal is to develop Fortuna's multichannel strategy. At the same time, current CFO Michal Vepřek and Group marketing director Zdeněk Lang will be leaving by the end of the year as well.

In connection with the changes in the Management Board, the Company has convened the Extraordinary General Meeting of shareholders on 1 December 2014 in Amsterdam where changes in the Management Board will be voted on.

*There have been no material events, transactions or changes in the financial position of the Group other than as outlined in this statement. Furthermore, the Board of Directors is not aware of any material events, transactions or changes in the financial position of the Group which have occurred since July 1, 2014 up to and including November 6, 2014 – the date of the publication of this Interim Management Statement.*

**Contact:**

Klára Klímová

Mobil: +420 724 255 715

E-mail: [klara.klimova@fortunaeg.nl](mailto:klara.klimova@fortunaeg.nl)