

**NET ENTERTAINMENT**  
**INTERIM REPORT**  
**JANUARY-SEPTEMBER 2010**  
**BETTER GAMES**



# Agenda

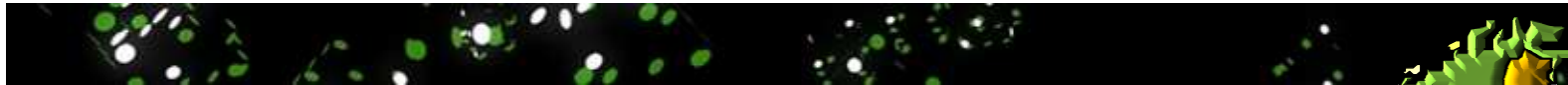
- Overview
- Market update
- Financials
- Future outlook
- Q&A



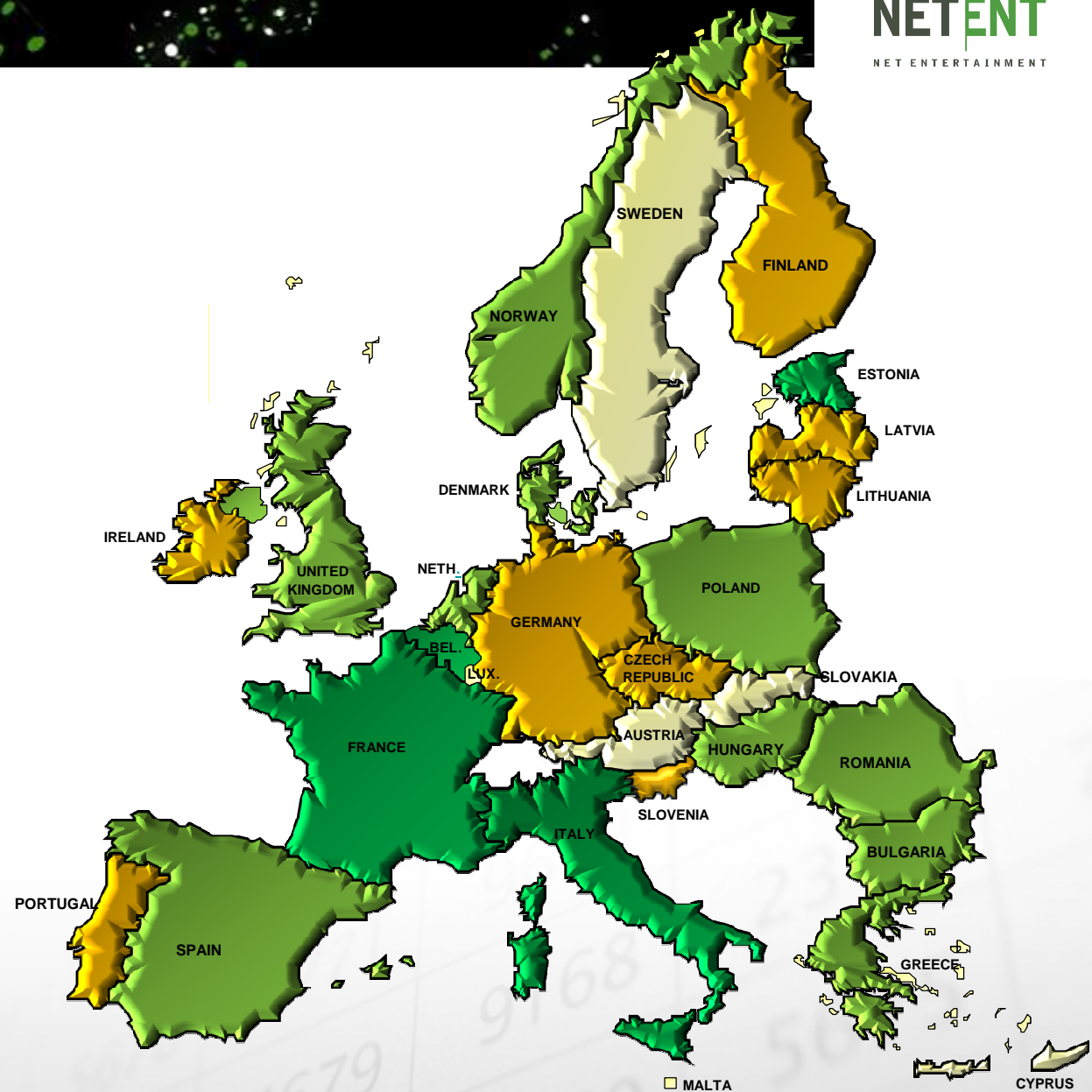
## A market in change

- Maturing market
- Increasing complexity
- New channels to market
- Consolidation
- Regulation





-  New legislation
-  Ongoing legislative process
-  Ongoing discussions
-  No relevant developments



Source: Gambling Law Summit in London, September 2010

## Q3 overview

- Revenues increased 20.8% to SEK 91.6 million (75.8)
- Operating profit increased 13.8% to SEK 34.1 million (30.0)
- Operating margin 37.2% (39.5%)
- Workforce of 268 at end of quarter
  - 165 employees
  - 103 external resources
- Alderney license creates opportunities
  - New licensees
  - Disaster Recovery
- New platinum video slot to be released in December

# Customers

- Two new customers signed in Q3
  - First South American operator
  - Government licensed operator
- Five large operators yet to be launched

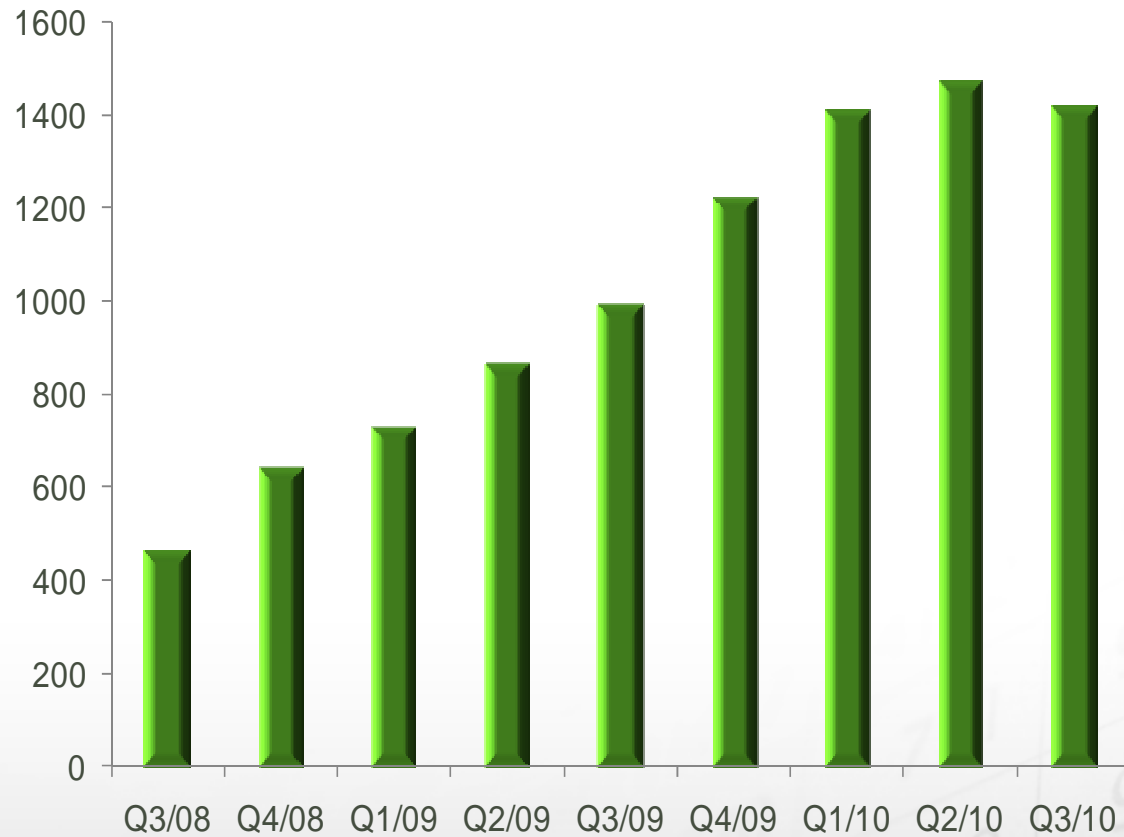


Italy

- Expekt and Stan James to launch services in Q4

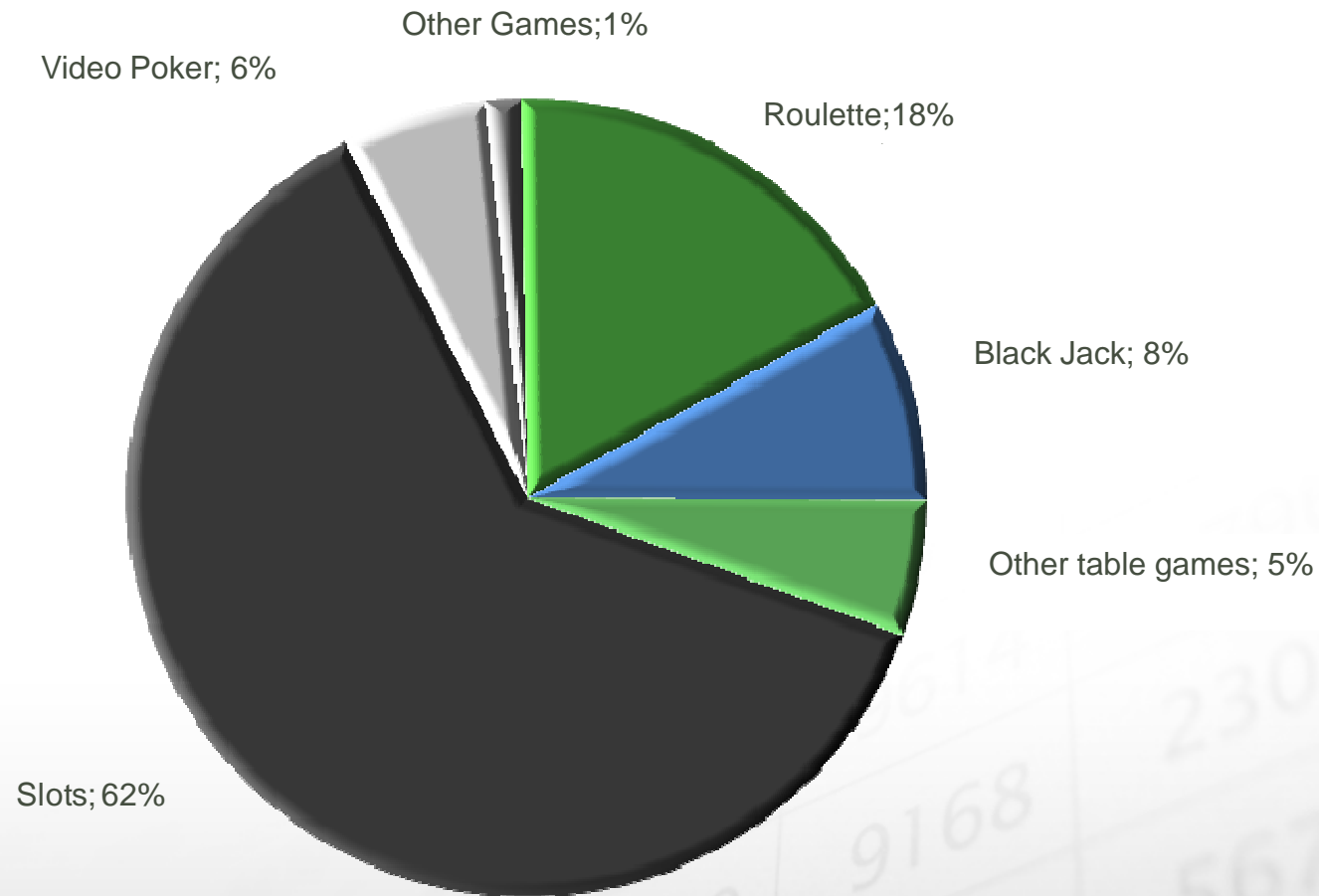
# Game transactions

Millions



- +43% vs previous year
- Negative impact from France

## Gross Gaming Yield split Q3 2010





# Agenda

- Overview
- Market update
- Financials
- Future outlook
- Q&A

## Italy update

- Revised decree reviewed by the European Commission
- Unchallenged by EC & member states
- First casino licenses expected around year-end
- Operators holding an existing license will have a head start
- Italian online casino becoming one of the largest markets in Europe\*



\*Source: H2GC, September 2010

# A world of constant change

Complexity



## Boom Brothers

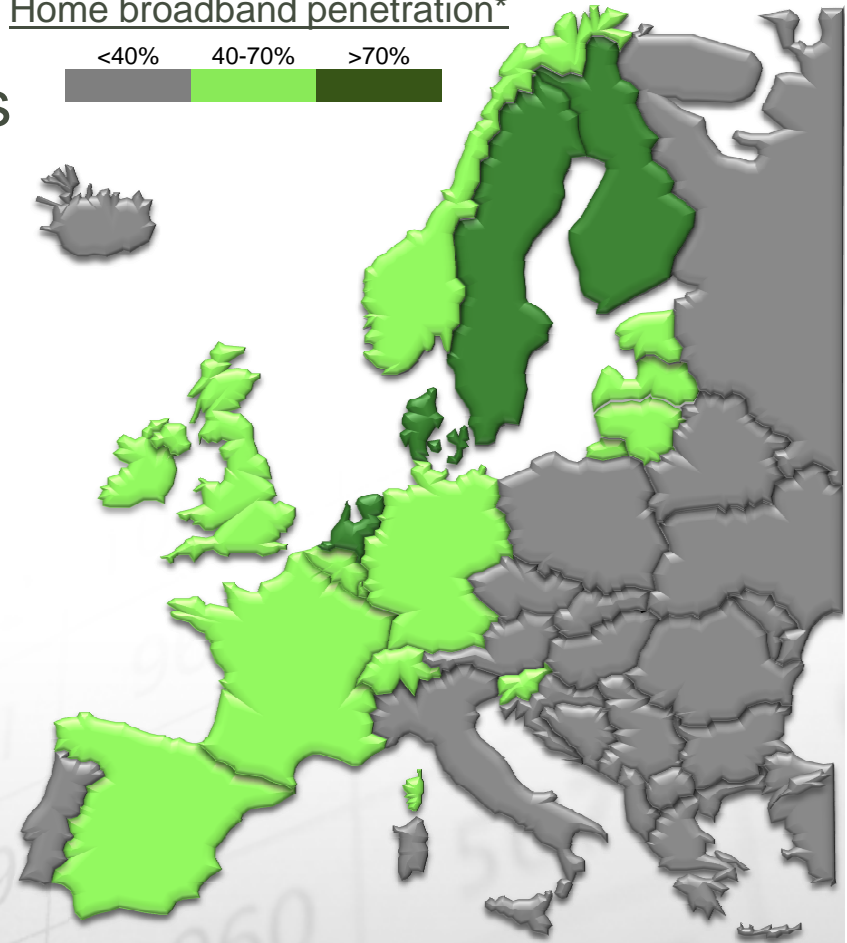
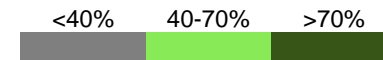
- Next platinum video slot
- Developed by the most skilled talents in the industry
- Planning commenced in March, completed in August



## New markets, new challenges

- Many operators turning to new markets for growth opportunities
- Many new markets have low broadband penetration
- Games of today not compatible
- Introducing Smart Range Games
- Uncompromised gaming experience & high end graphics

Home broadband penetration\*



\*Source: H2GC, September 2010



# JACK HAMMER™ VS. EVIL DR. WÜTEN

A NET ENTERTAINMENT PRODUCTION

4  
6  
2  
16  
10  
19  
1  
8  
17  
3  
21  
18  
5



12  
20  
24  
22  
9  
14  
15  
11  
23  
25  
7  
13



PAYTABLE



BET  
25

WIN: 0

COINS  
100000

BET LEVEL

1

AUTOPLAY



MAX  
BET

COIN VALUE

0.05



Cash: €5000.00

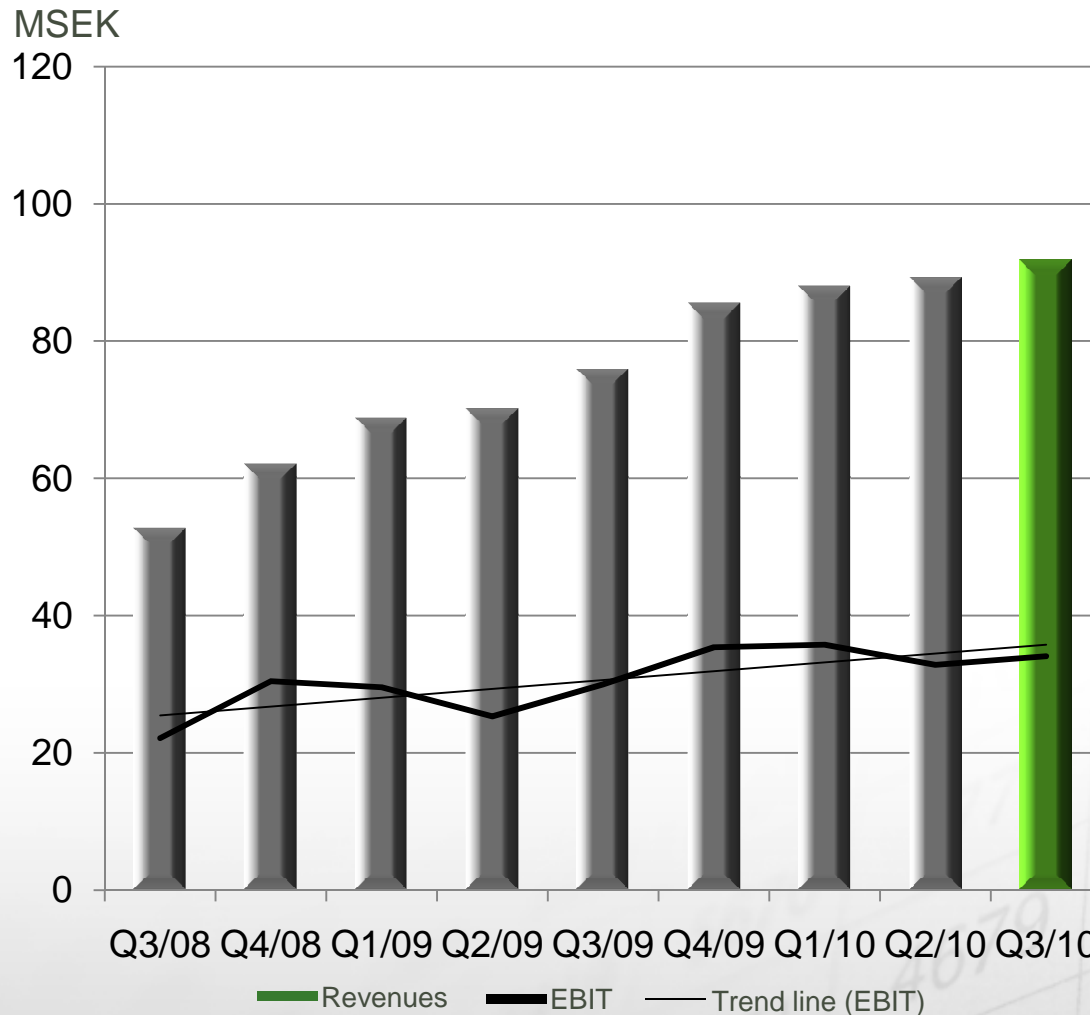
Bet: €1.25

Win: €0.00

# Agenda

- Overview
- Market update
- Financials
- Future outlook
- Q&A

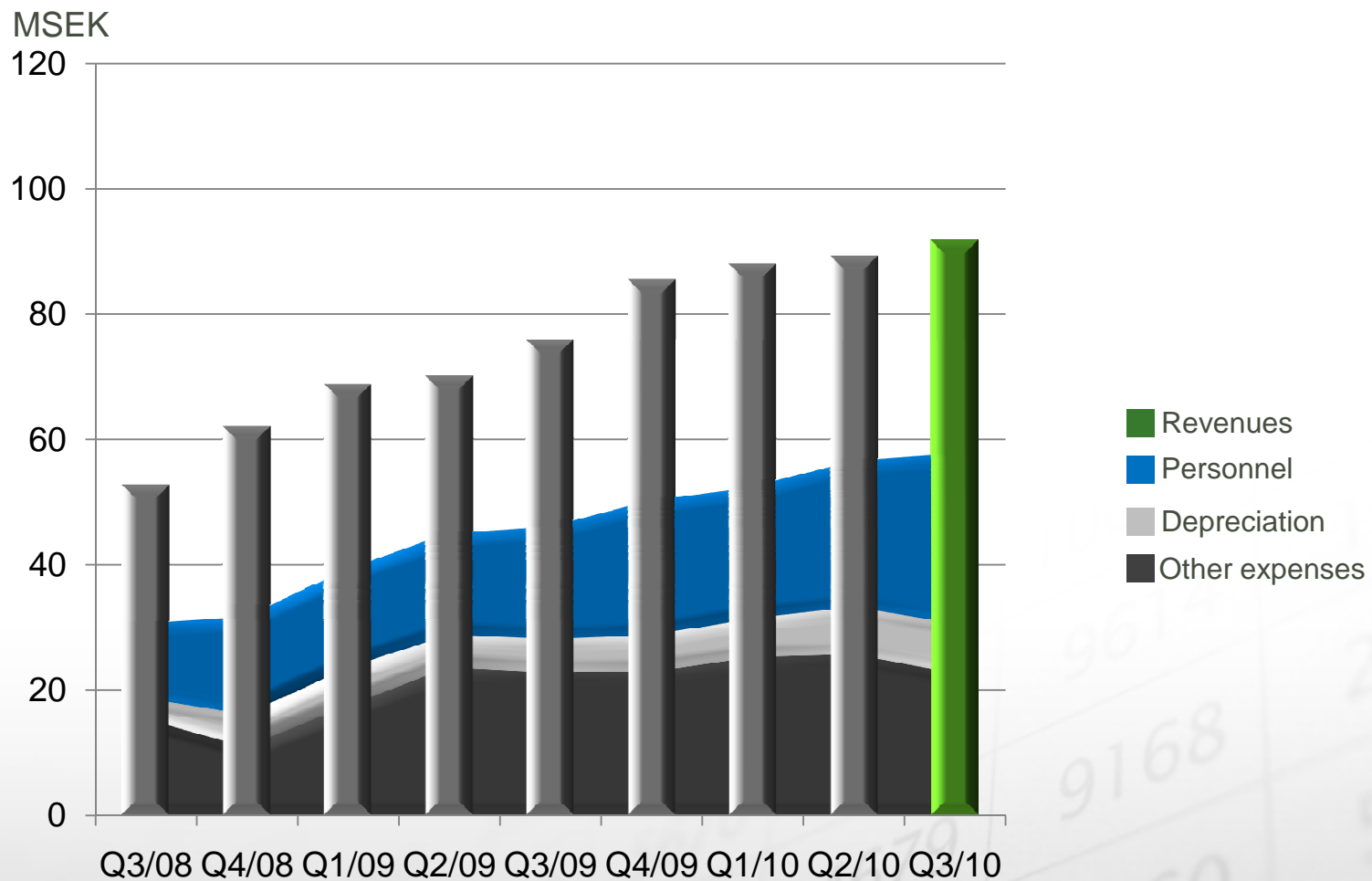
# Revenues and EBIT per quarter



- Revenues increased 20.8% since Q3 2009 to SEK 91.6 million
- Negative currency development
  - 10% compared to Q3 2009
  - In Euros, revenues increased 35.1%
- EBIT increased 13.8% since Q3 2009 to SEK 34.1 million
- Margin of 37.2% (39.5%)



## Cost structure per quarter



# Income Statements

	Jul-Sep 2010	Jul-Sep 2009	Jan-Dec 2009
<b>Revenues</b>	<b>91 584</b>	<b>75 844</b>	<b>300 050</b>
Personnel expenses	-27 041	-17 916	-71 242
Depreciation & amortization	-7 905	-5 279	-22 298
Other operating expense	-22 547	-22 693	-86 328
<b>Total operating expenses</b>	<b>-57 492</b>	<b>-45 888</b>	<b>-179 868</b>
<b>Operating profit</b>	<b>34 092</b>	<b>29 956</b>	<b>120 182</b>
Operating margin	37.2%	39.5%	40.1%
Financial items	-977	-8 866	-2 966
<b>Profit before tax</b>	<b>33 115</b>	<b>21 090</b>	<b>117 216</b>
Tax	-3 071	-301	-9 539
Effective tax rate	9.3%	1.4%	8.1%
<b>Profit for the period</b>	<b>30 044</b>	<b>20 789</b>	<b>107 677</b>
Earnings per share, SEK	0.76	0.53	2.72

## Cash flow data

	Jul-Sep 2010	Jul-Sep 2009	Jan-Dec 2009
<b>Cash flows from operating activities</b>	<b>8 177</b>	<b>34 129</b>	<b>150 042</b>
Capitalized intangible assets	-19 937	-6 125	-33 154
Net investment in tangible assets	-12 466	-6 597	-28 982
<b>Cash flows from investing activities</b>	<b>-32 403</b>	<b>-12 722</b>	<b>-62 136</b>
Transfer to shareholders	-	-	-49 442
Received premium for share option rights	-	688	4 162
<b>Cash flows from financing activities</b>	<b>-</b>	<b>688</b>	<b>-45 280</b>
<b>Cash flow for the period</b>	<b>-24 226</b>	<b>22 095</b>	<b>42 626</b>
Closing cash and cash equivalents*	40 812	96 675	105 009
*Including jackpot funds	-	40 111	33 216
Jackpot payout	-29 497	-10 559	-99 066
Cash and cash equivalents, excl. jackpot funds	40 812	56 564	71 793
Jackpot funds	34 808	40 111	33 216

# Agenda

- Overview
- Market update
- Financials
- Future outlook
- Q&A

## Outlook ahead

- Several Tier 1 operators yet to be launched
- Italy on track to open up around year end
- Further diversifying regional spread
- Maintaining current production capacity of about 35 new games per annum
- High caliber roadmap including games based on Universal brands
- Net Entertainment has an excellent position going forward



# Agenda

- Overview
- Market update
- Financials
- Future outlook
- Q&A

NET ENT



# PIGGY RICHES™

WIN UP TO 360 000 COINS

K

A

A

J

A

Q

Q

J

10

K



PAYTABLE

POWERED BY NET ENTERTAINMENT™

Bet:

15000000

BET LEVEL

BET LINES



MAX BET

COIN  
VALUE

Win:

00000000

Bet level: 1

Bet lines: 15

Coins: 50000

Coin value: 0.10



Cash: € 5000.00

Bet: € 1.50

Win: € 0.00





# Contacts

- Johan Öhman, CEO Net Entertainment; Phone +46 8 57 85 45 20  
[johan.ohman@netent.com](mailto:johan.ohman@netent.com)
- Bertil Jungmar, CFO Net Entertainment; Phone +46 8 57 85 45 25  
[bertil.jungmar@netent.com](mailto:bertil.jungmar@netent.com)
- William Heigard, Investor Relations; Phone +46 8 57 85 45 27  
[william.heigard@netent.com](mailto:william.heigard@netent.com)

