

# Q3 2018

**Interim Report**

October 25<sup>th</sup>, 2018





**Therese Hillman, Group CEO  
Business Review**

Q3 2018

# Key figures of the quarter

**Revenues**  
SEKm 449  
(+11.0%)

**EBITDA**  
SEKm 227  
(+16.7%)

**EBIT**  
SEKm 172  
(+10.9%)

**Free Cash Flow**  
SEKm 167

**Transactions**  
10.9 billion  
(+7.2%)

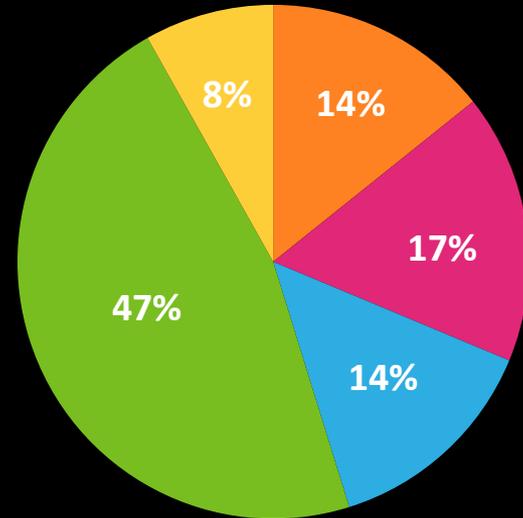
# Key events in the quarter

- 9 new customers signed and 14 new customers' casinos launched
- Games launched with British Columbia Lottery Corporation in Canada and Norsk Tipping in Norway
- Beta launch of NetEnt's affiliate business
- Launched first customer on regulated market in Lithuania
- Games launched with Hard Rock in New Jersey
- ESG-rating by MSCI up to AA from A
- Lars Johansson appointed CFO (acting)

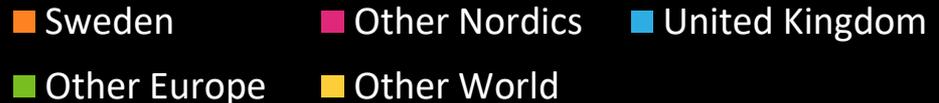


# Gamewin split by Region

- Sweden 14 (14)%
- Other Nordic 17 (20)%
- United Kingdom 14 (14)%
- Other Europe 47 (42)%
- Rest of the world 8 (10)%

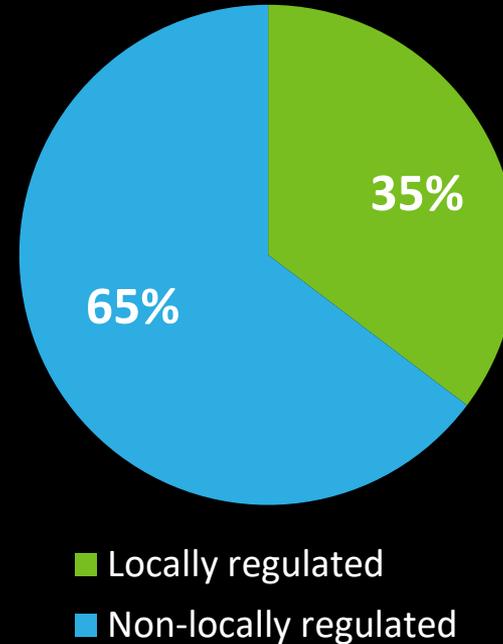


*Comparable figures from Q3 2017 in parenthesis*



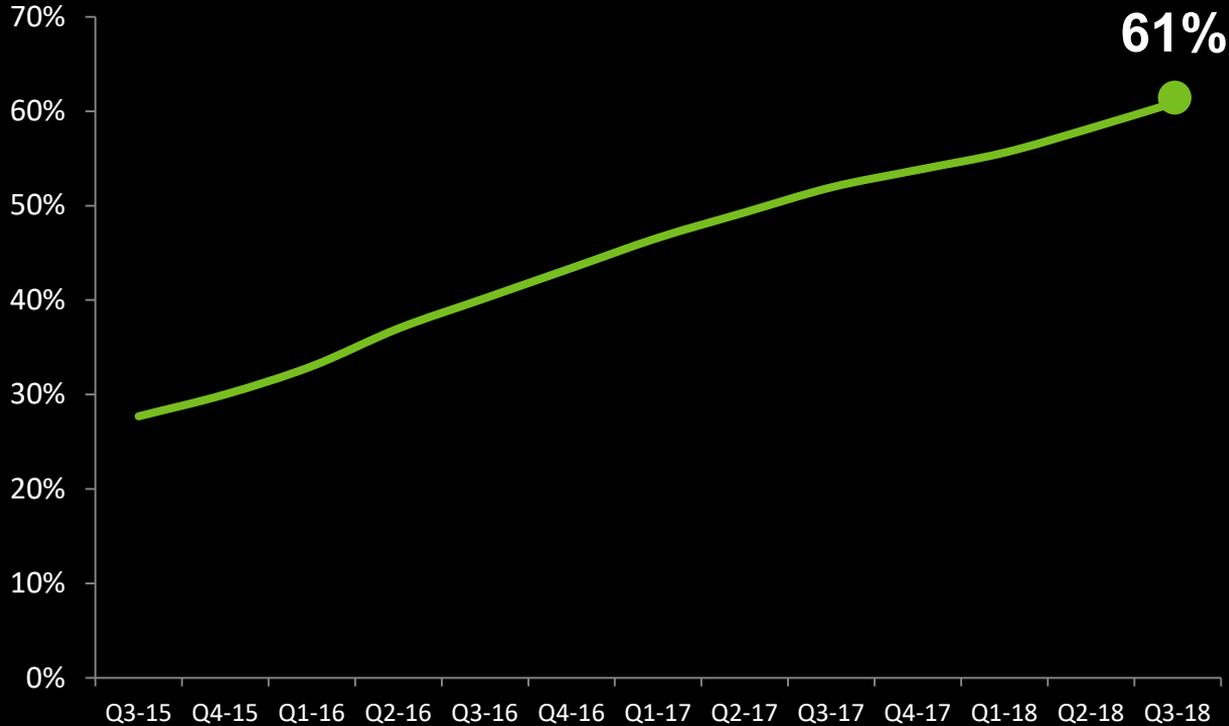
# Locally Regulated Markets

- 35 (32)% of gamewin from locally regulated markets
- Pennsylvania market to open in Q1 2019
- New Swedish regulation to start 1 January, 2019
  - Game certification preparations
  - Close collaboration with customers to achieve high channelization
  - 18% gaming tax to have negative effect on revenues in 2019



SHARE OF GAMEWIN

# Mobile Games

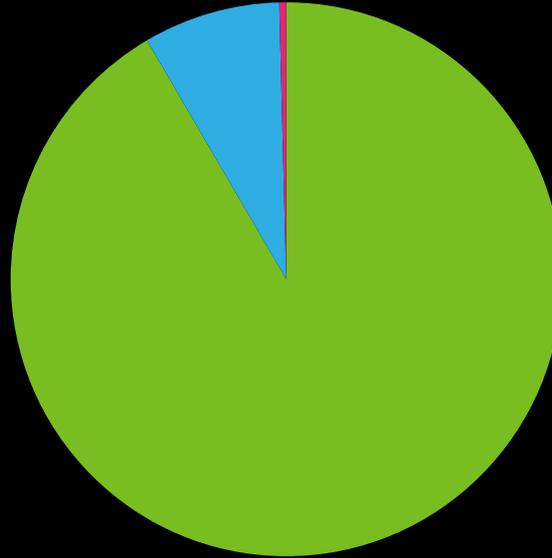


GAMEWIN BREAKDOWN

# By Game Type

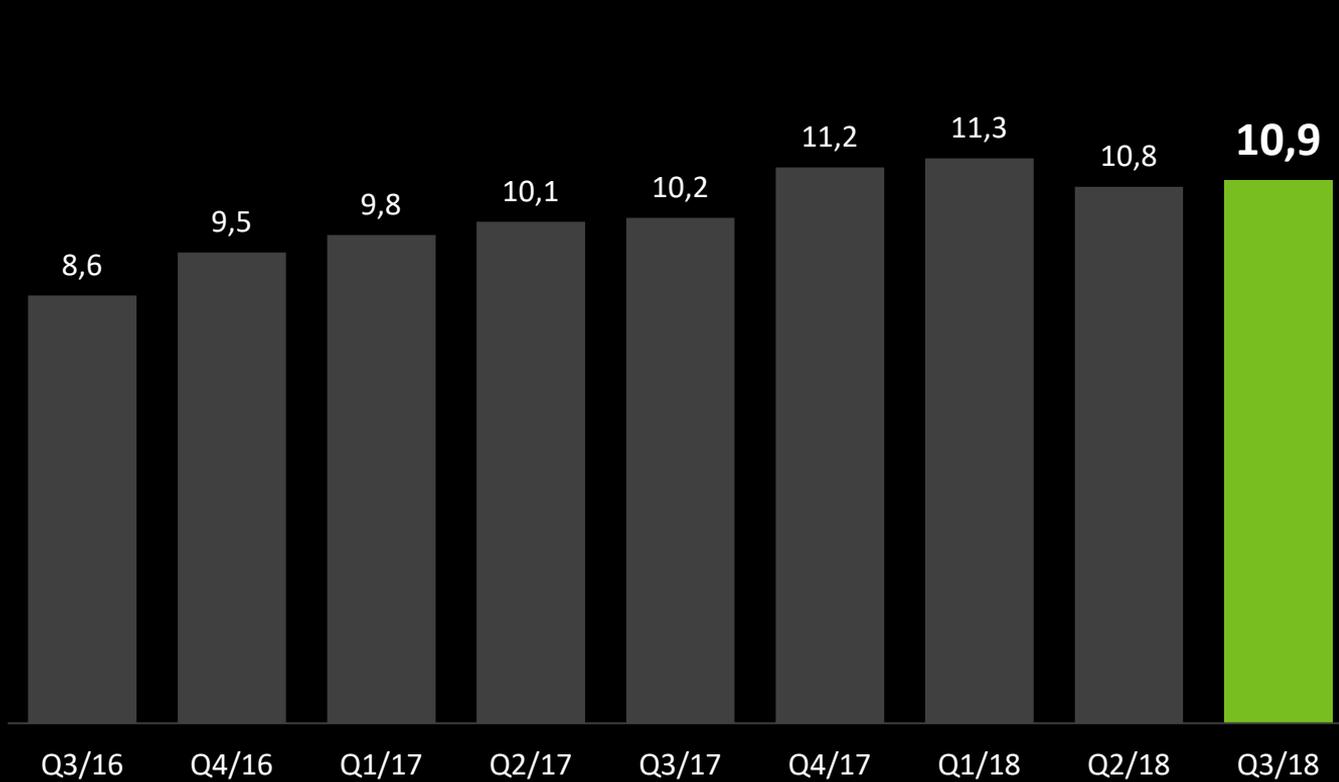
**SLOTS**  
92% (91%)

**TABLE  
GAMES**  
8% (9%)



BY QUARTER

# Game Transactions



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# Product News

NETENT

live



Double  
Stacks

7



Swipe & Roll



BerryBURST  
×  
BerryBURST  
MAX

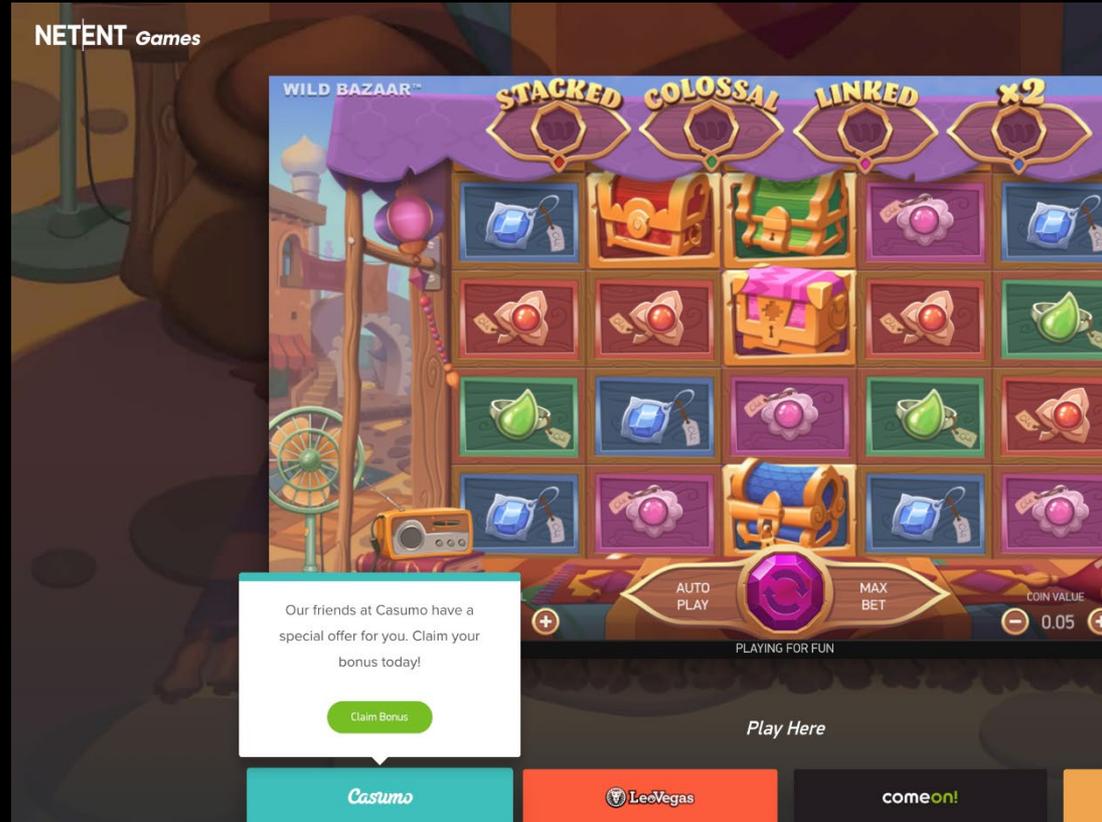


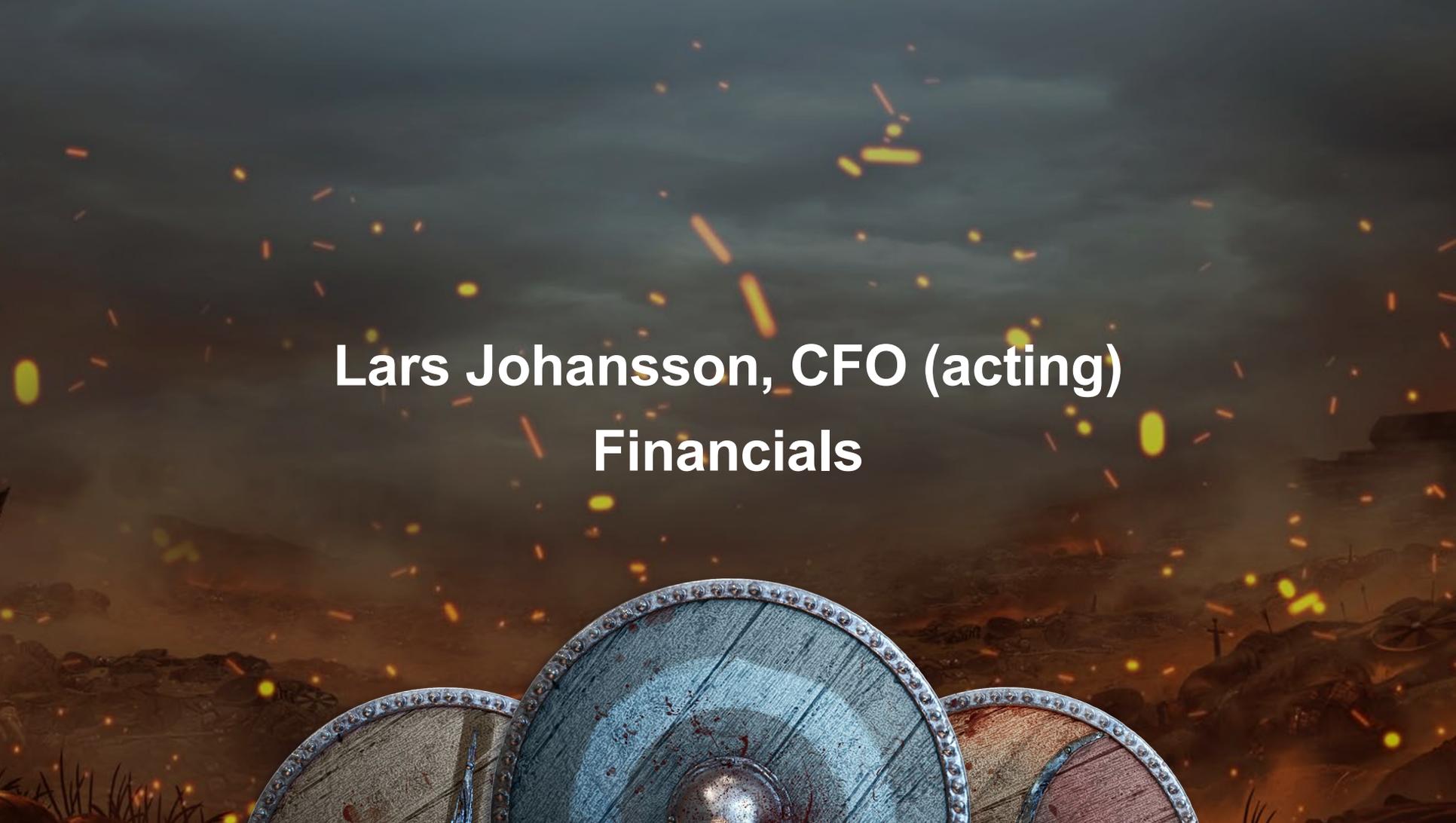
Mirror Mirror™

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# Affiliate business

- Beta-launched NetEnt's own affiliate business in September
  - <https://games.netent.com/>
  - Slot fans can try all NetEnt games and receive offers from operators
  - Proven method for operators to reach new customers



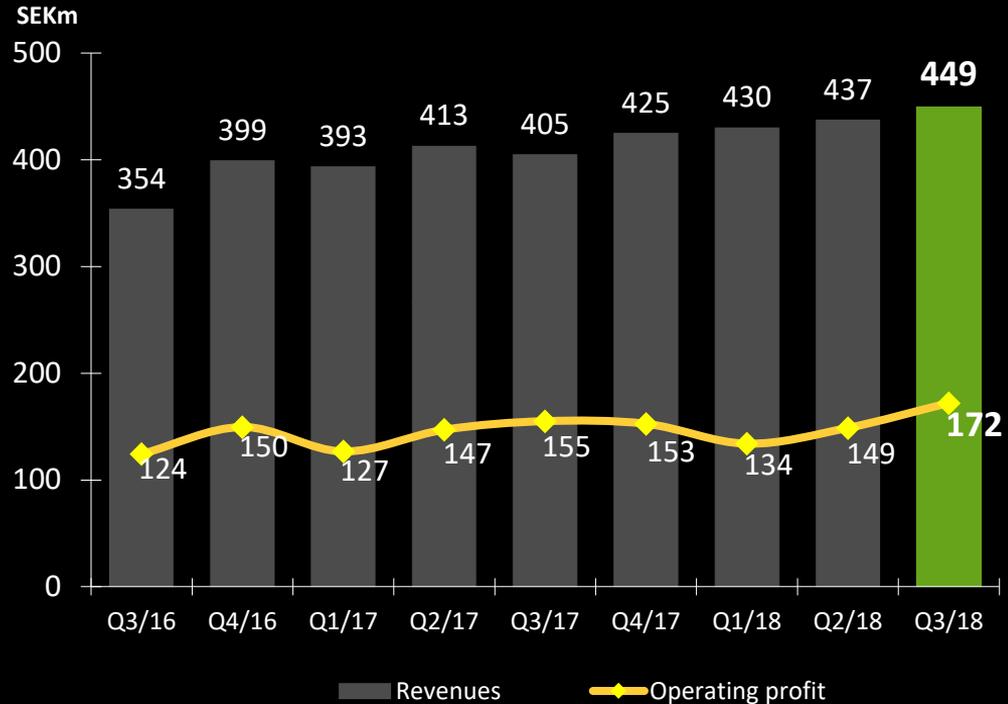
The background is a dark, atmospheric scene with a heavy, grey sky. Numerous bright orange and yellow sparks or embers are falling from the top, creating a sense of fire or destruction. In the foreground, the curved, metallic rims of several shields are visible, suggesting a battle scene. The shields have a weathered, blue-grey patina with some red stains, possibly blood. The overall mood is intense and somber.

**Lars Johansson, CFO (acting)**  
**Financials**

BY QUARTER

# Revenue and Operating Profit

- Revenues +11.0% YoY in SEK
- Revenues +1.8% YoY in EUR
- EBITDA margin of 50.6 (48.1)%
- EBIT margin of 38.3 (38.3)%

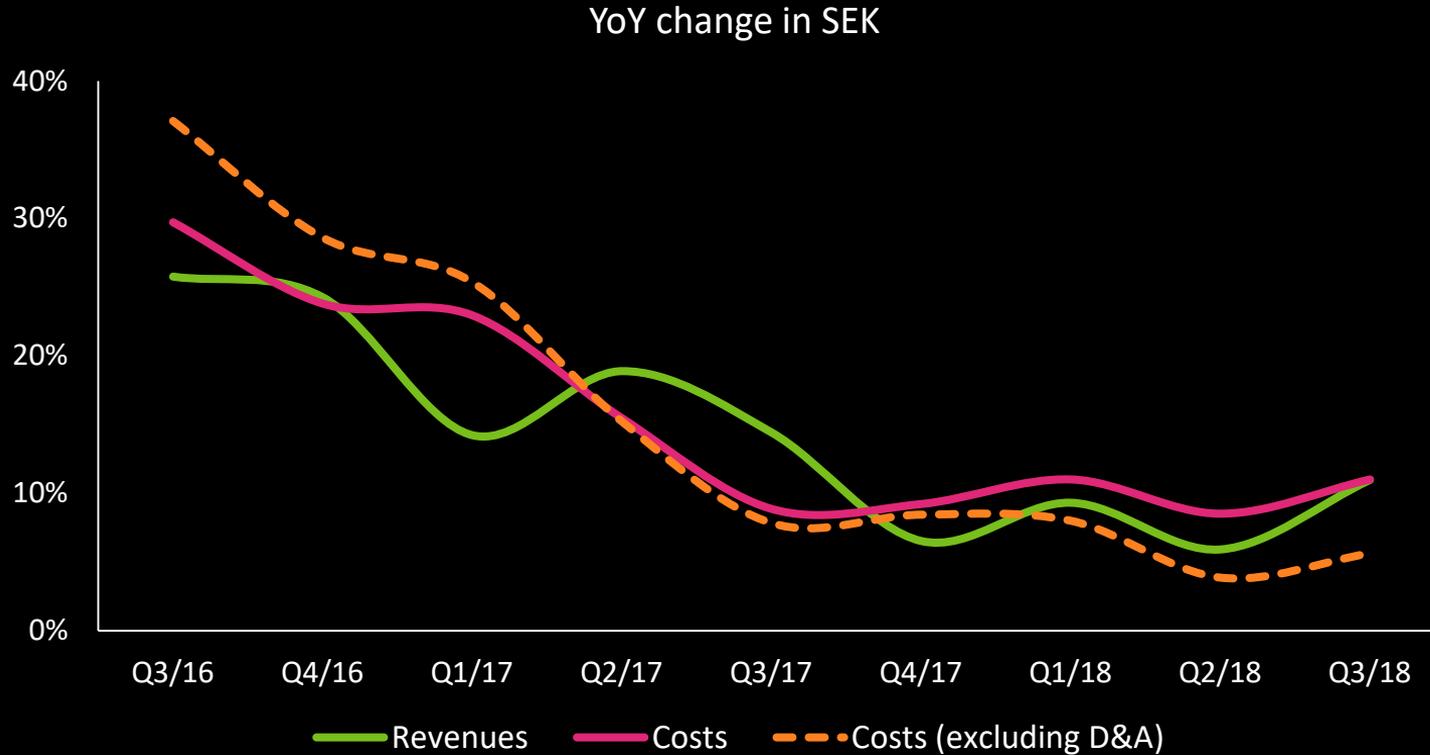


# Income statement in detail

INCOME STATEMENT	Jul-Sep 2018	Jul-Sep 2017
Revenues	448,815	403,348
Other revenues	435	1,483
<b>Total operating revenues</b>	<b>449,250</b>	<b>404,831</b>
Personnel expenses	-116,573	-107,022
Depreciation and amortization	-55,464	-39,801
Other operating expenses	-105,193	-102,927
<b>Total operating expenses</b>	<b>-277,229</b>	<b>-249,750</b>
<b>Operating profit</b>	<b>172,021</b>	<b>155,081</b>
Financial income	8,689	1,220
Financial expense	-10,304	-3,055
<b>Financial items</b>	<b>-1,614</b>	<b>-1,836</b>
<b>Profit before tax</b>	<b>170,407</b>	<b>153,245</b>
Tax on the period's profit	-14,984	-11,632
<b>Profit for the period</b>	<b>155,423</b>	<b>141,613</b>
<i>Earnings per share before dilution (SEK)</i>	<i>0.65</i>	<i>0.59</i>
<i>Earnings per share after dilution (SEK)</i>	<i>0.65</i>	<i>0.59</i>

BY QUARTER

# Cost vs Revenue Growth

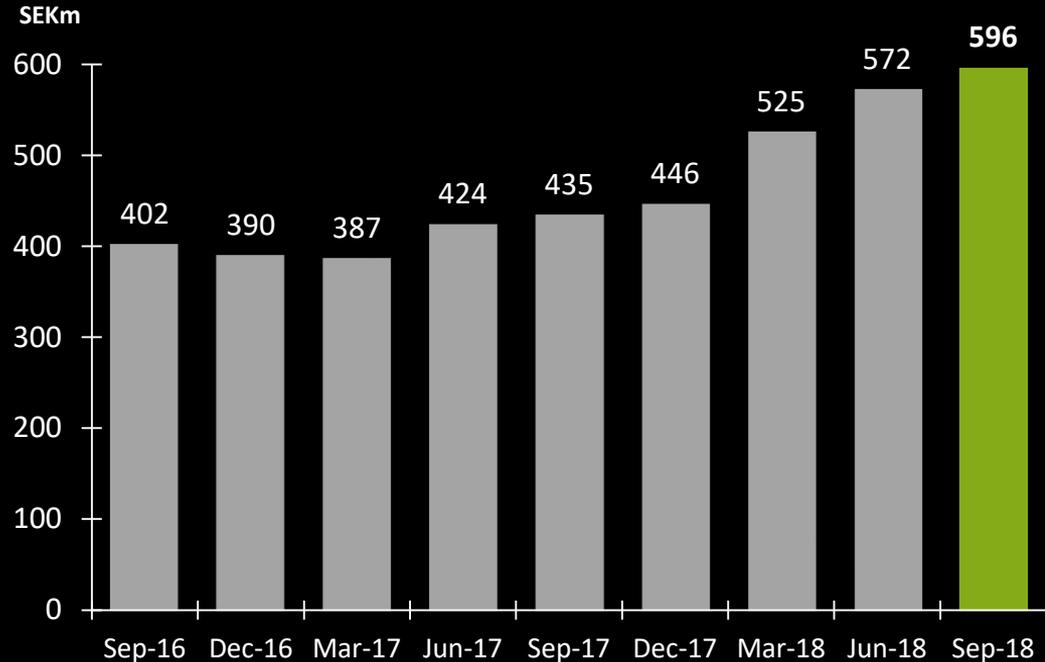


LAST 12 MONTHS ROLLING

# Free Cash Flow

- Free cash flow of 167 SEKm in Q3
- Free cash flow of 596 SEKm last twelve months
- Net cash position of 362 SEKm at 30/09/2018
- Cash distribution to shareholders of 540 SEKm occurred in June

Cash flow after investments, last rolling 12 months <sup>(1)</sup>



(1) Adjusted for two items related to taxes in Malta which normally occur within Q4. In Q3-17, 166 MSEK was paid as tax in Malta, of which 142 MSEK was returned in Q4-17.

**Future outlook**

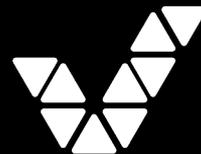


# Events after the quarter

- Signed several major customers contracts in October
  - ATG, Sweden
  - Svenska Spel, Sweden
  - Veikkaus, Finland
  - Churchill Downs, New Jersey (USA)
  - Penn National Gaming (USA)



**SVENSKA SPEL**



**VEIKKAUS**



**CHURCHILL DOWNS**



**PENN NATIONAL  
GAMING, INC.**

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# Focus looking ahead

- Higher ambitions for organic earnings growth
- Increasing output of new games
- Geographic expansion in Americas and Asia
- Strengthening Live Casino offering
- New initiatives supporting core business
  - digital media buying service, affiliate service and social casino
- Optimizing organization and lowering overhead costs

