

**NETENT**

BETTER GAMING™

# Q3 2019 interim report

October 24th, 2019



**Therese Hillman, Group CEO**  
**Lars Johansson, Group CFO**

# Report highlights

- Continued challenging situation in some key markets
- Excluding acquisition and FX effects, NetEnt's revenues -10 percent YoY in Q3-19
  - Sweden accounted for 7 percent of the revenue decrease
- Continued progress in the US
  - Solid growth in New Jersey
  - Strong start in Pennsylvania since mid-July
- NetEnt released 8 (4) slot games, of which Butterfly Staxx 2 was the most successful
- Acquisition of Red Tiger in September
  - Strategically important, product and geographic fit with NetEnt, adding scale
  - Annual synergies of at least 150 SEKm from 2021, mainly revenue synergies

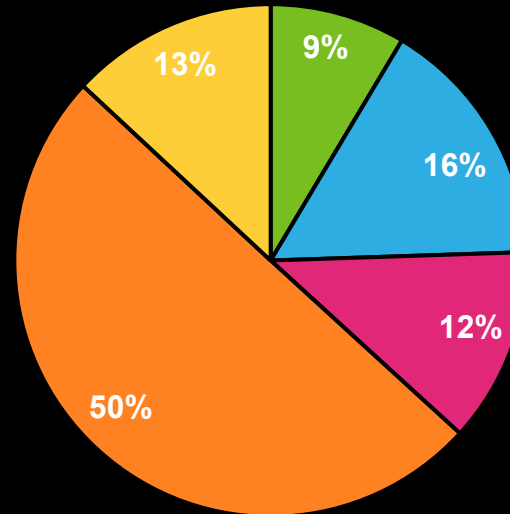


Q3 2019

# Gamewin split by Region – NetEnt



- Sweden 9%
- Other Nordic 16%
- United Kingdom 12%
- Other Europe 50%
- Other World 13%



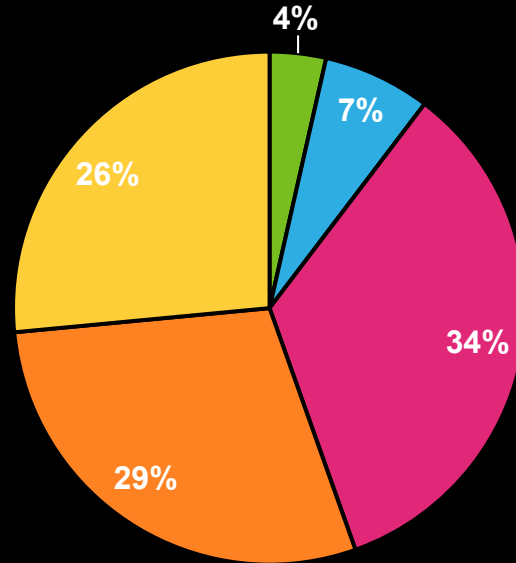
■ Sweden ■ Other Nordics ■ United Kingdom ■ Other Europe ■ Other World

*Excluding Red Tiger*

# Gamewin split by Region – Red Tiger



- Sweden 4%
- Other Nordic 7%
- United Kingdom 34%
- Other Europe 29%
- Other World 26%
  
- September data

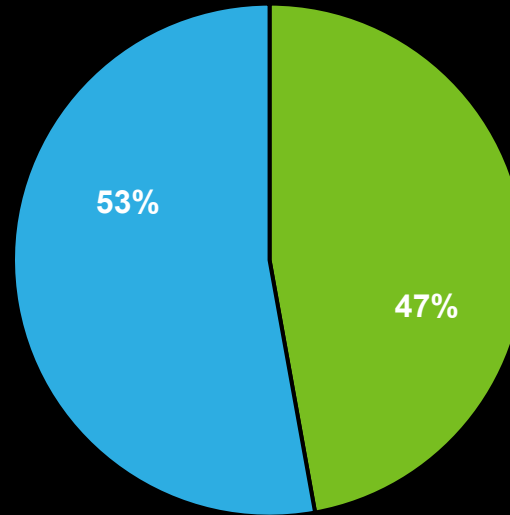


■ Sweden ■ Other Nordics ■ United Kingdom ■ Other Europe ■ Other World

# Locally Regulated Markets – NetEnt



- 47 (35)% of gamewin from locally regulated markets
- Europe: Headwinds in some important regulated markets due to regulatory changes
  - Sweden, UK, Italy
- US
  - Successful Pennsylvania market entry in July



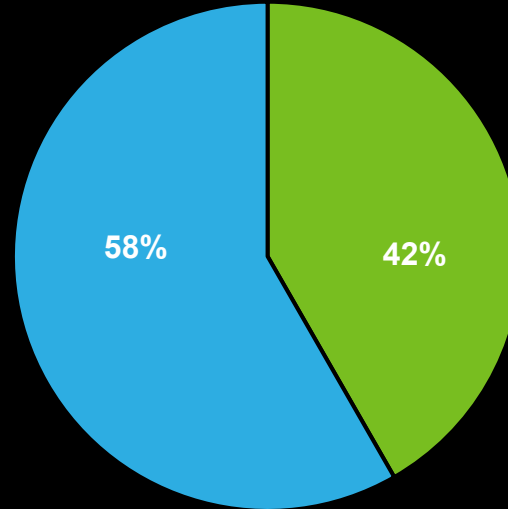
■ Locally regulated    ■ Non-locally regulated

*Excluding Red Tiger.*

# Locally Regulated Markets – Red Tiger



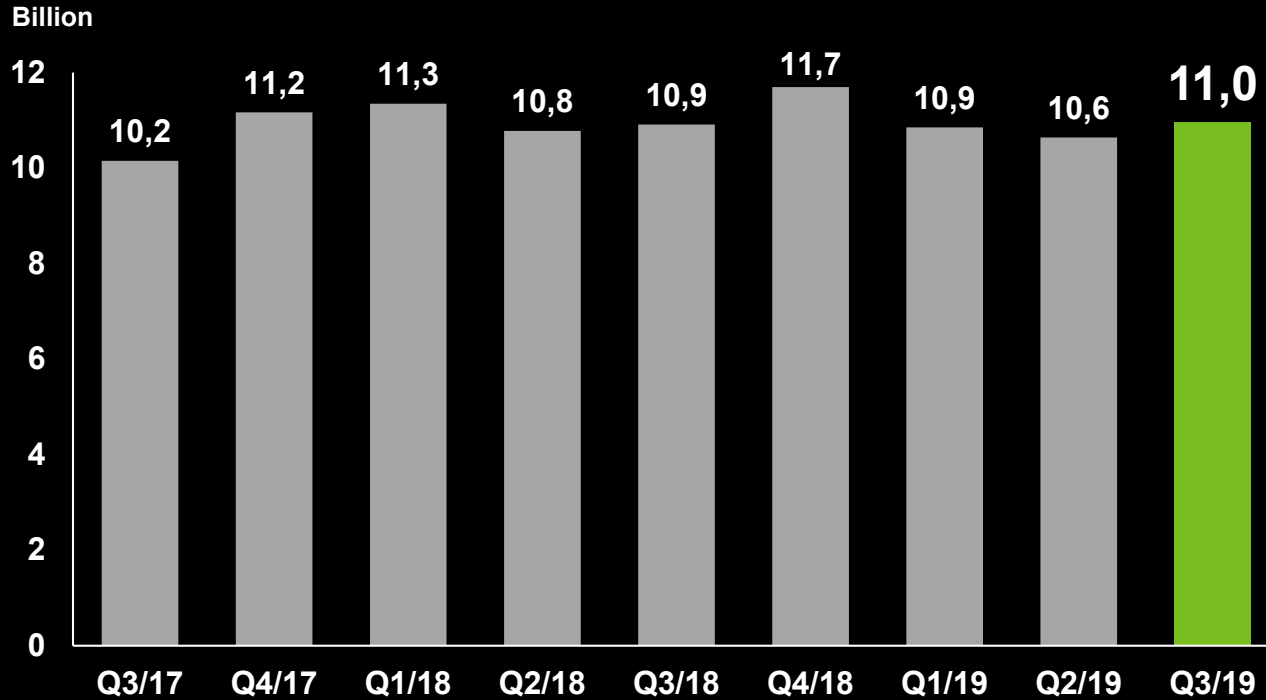
- Locally regulated markets; UK, Sweden, Denmark, Italy, Spain, Switzerland and Georgia
- September data



■ Locally regulated   ■ Non-locally regulated

BY QUARTER

# Game Transactions



*Excluding Red Tiger.*



# Q3 2019 – NEW GAMES AND PRODUCTS

**NETENT**  
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**RED TIGER**



**DAILY drop**  
£14,881.02  
Must Drop In 08:34:04

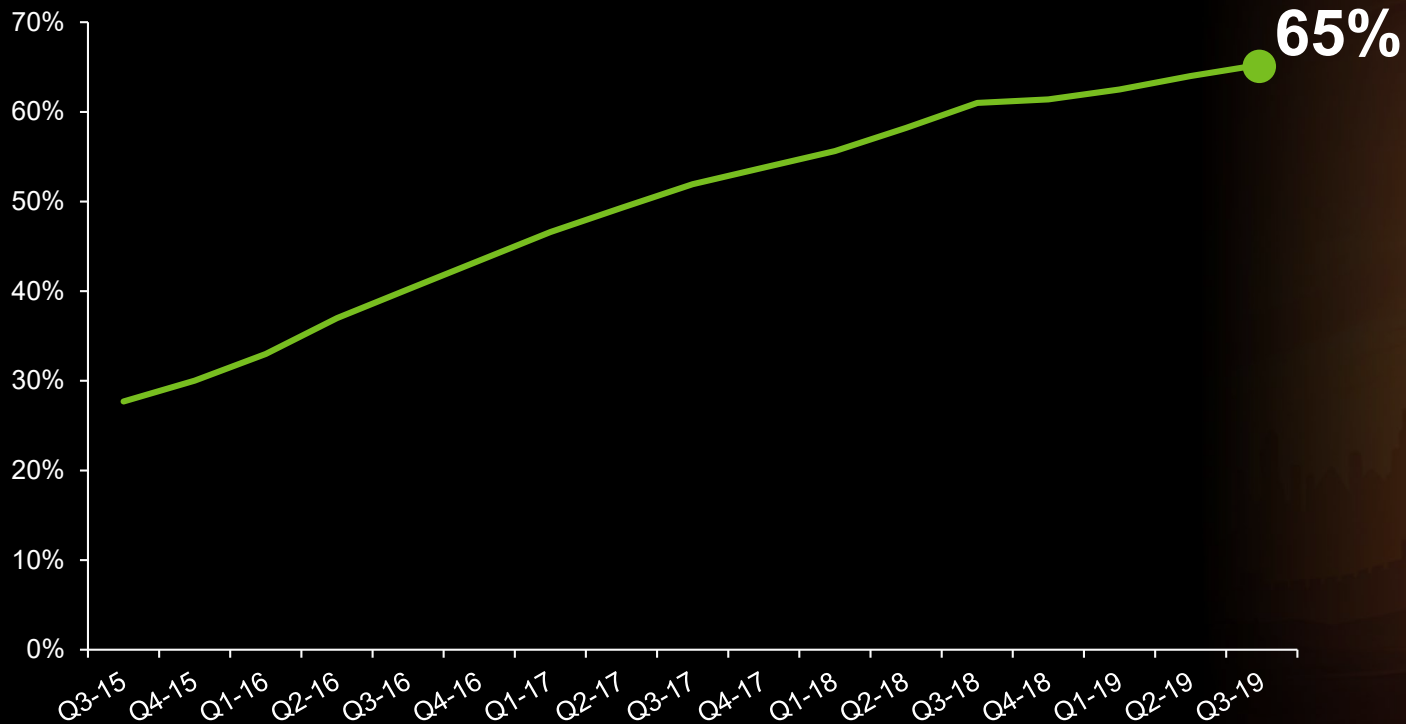
**SUPER drop**  
£5,209.41  
**HOURLY drop**  
£512.55  
Must Drop In 02:16:01

**NETENT** *live*



SHARE OF GAMEWIN

# Mobile Games

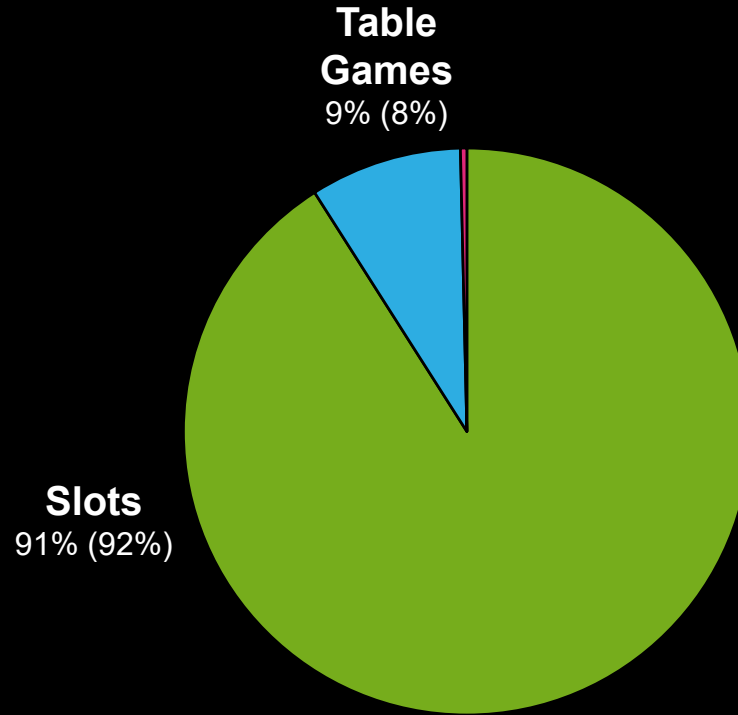


Excluding Red Tiger.



Q3 2019

# Gamewin By Game Type



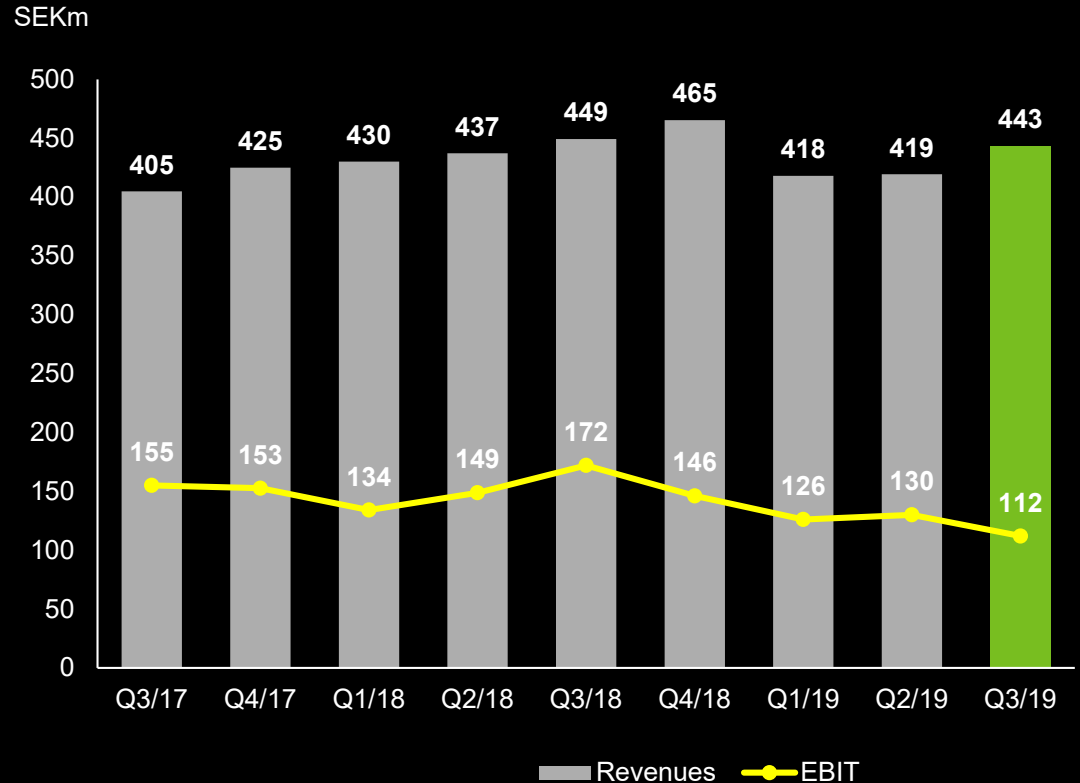
*Excluding Red Tiger.  
Comparable figures from Q3 2018 in parenthesis*

BY QUARTER

# Revenue and EBIT

- Red Tiger consolidated as of September 2019
- Excluding Red Tiger, revenues down 10.0% YoY in EUR
- Excluding Red Tiger contribution and acquisition-related items\*, EBIT margin of 30.0 (38.3)%

- \* • Amortization of intangibles of 9 SEKm (PPA)
- Non-recurring costs of 25 SEKm
- Prepaid financing costs of 34 million SEKm and will be depreciated over the term of the bank loans (4 years)



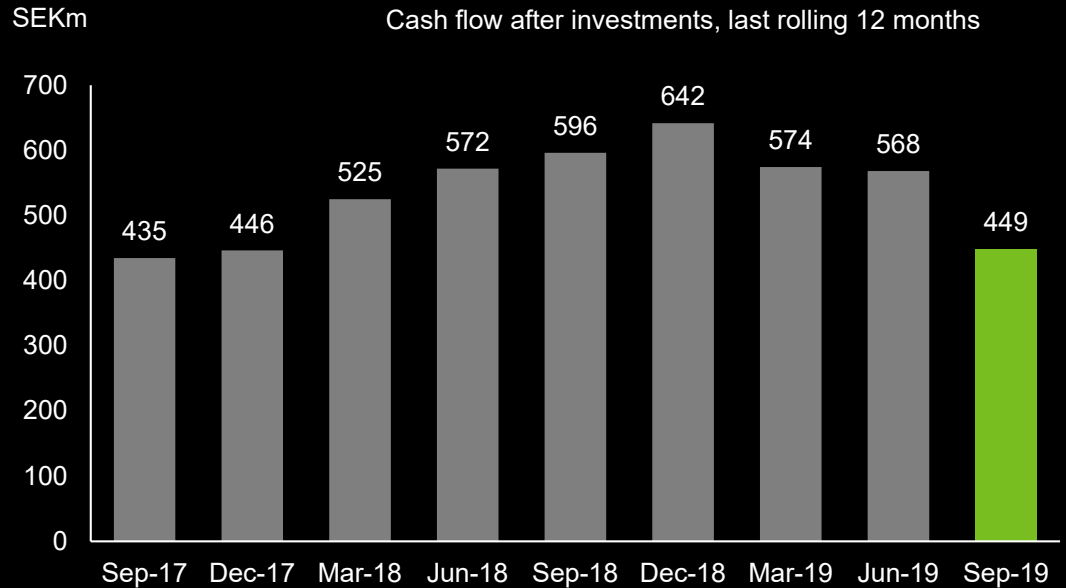
# Balance Sheet

- Red Tiger acquisition increases net assets by 2,552 MSEK in Q3
  - Net assets (mainly Client relations, Brand, Technical platform, Games): 1,108 MSEK
  - Goodwill: 1,444 MSEK
  - Estimated amortization of 27 MSEK in Q4-19
  
- Net debt of 2,465 MSEK
  - Cash & cash equivalents: 300 MSEK
  - Bank loans: 2,300 MSEK
  - NPV of earn-out liability: 216 MSEK (discounted @ WACC 10%)
  - IFRS 16 capitalized lease liabilities: 249 MSEK

LAST 12 MONTHS ROLLING

# Free Cash Flow

- Free cash flow of 48 (167) SEKm in Q3
- Free cash flow of 485 SEKm L12M



# Focus looking ahead

- Return to solid revenue growth in 2020
  - Slot games by NetEnt and Red Tiger
  - Revenue synergies with Red Tiger
    - Leverage joint distribution and product development
  - Live Casino contribution
- New open platform for functionality and content aggregation
- Players in focus to support core business
  - Affiliate business and social casino
- Continued focus on cost control and efficiency
  - Red Tiger acquisition catalyst for further improvements



**RED TIGER**



**Q&A**

The text "Q&A" is rendered in a bold, white, sans-serif font. It is centered on a black background. Behind the text, there is a decorative effect of small, glowing teal and blue particles, resembling a starburst or a cluster of light points, which adds a dynamic and modern feel to the design.