



Q1 - 2020

2020-05-06

PRESENTERS



GUSTAF HAGMAN
GROUP CEO



STEFAN NELSON
GROUP CFO



REVENUE

89.4 MEUR
+3.1 MEUR

ORGANIC GROWTH

+4%

DEPOSITING CUSTOMERS

413 269
+6%

EBITDA

9.0 MEUR
10.0% MARGIN

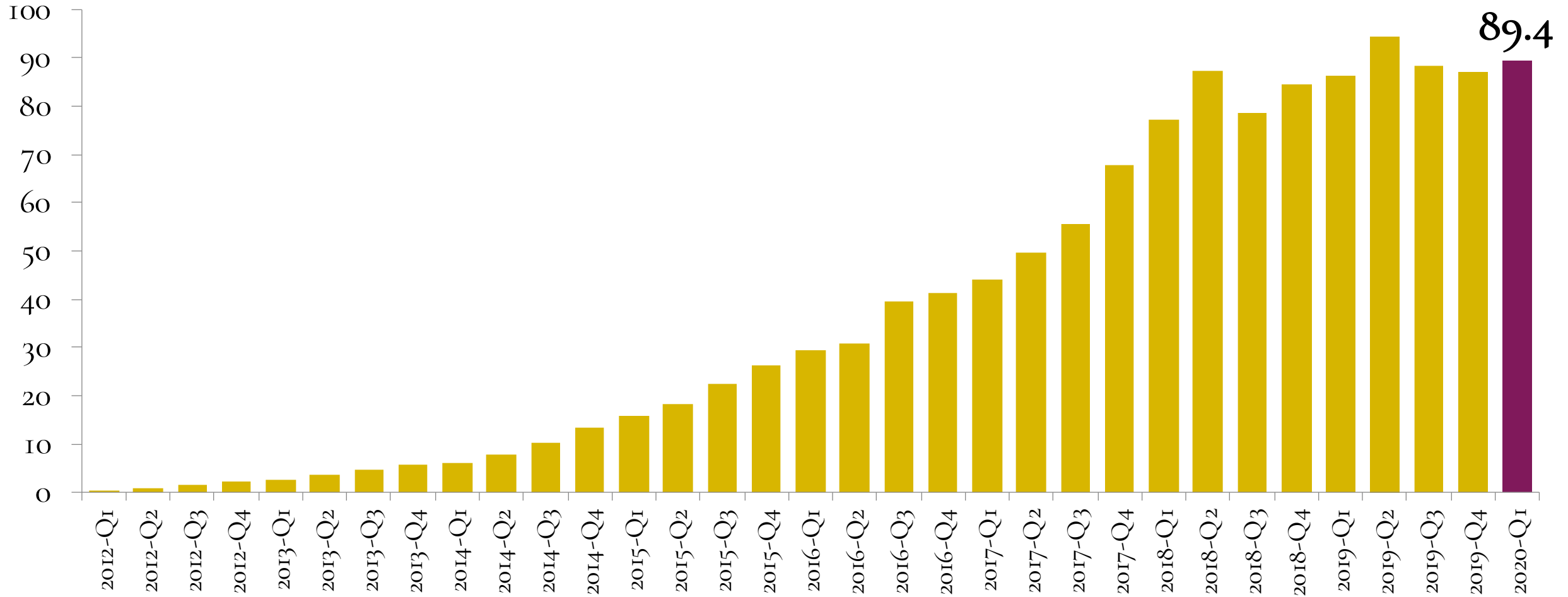
REGULATED SHARE

53%
50% IN Q1 2019

NDCs

193 428
+3%

REVENUES SINCE LAUNCH (MEUR)



PRODUCT MIX (GROSS GAMING REVENUE) - Q1 2020





BUSINESS UPDATE



COVID-19

Covid-19

- The mid term effects are hard to assess and conditions are constantly changing
- Operations so far conducted without major disruptions
- Covid-19 has so far had a neutral to a negative impact on Swedish revenues
- Estimated neutral to positive impact on international revenues relating to market share gains from the landbased industry

Long term trend

- A deep economic recession will likely impact our business negatively
- We expect an accelerated structural shift from landbased to online gaming and increased consolidation, similar to other consumer sectors
- LeoVegas being 100% online focused and a technology driven company is well positioned

RESPONSIBLE GAMING

Duty of Care

- Regardless of the situation LeoVegas always puts the customers well being as the top priority
- Responsible Gaming tools are frequently used and are effective in detecting, and acting on, problem gambling at an early stage
- Softer marketing messaging including Responsible Gaming specific campaigns
- No signs so far of increased problem gambling





HIGHLIGHTS

- Platform migration in the UK market – successfully finalized
- Reached an agreement with the sellers of Royal Panda on the earn-out payment
- Several product improvements, primary within payments
- Mårten Forste started as new COO during the quarter
- Updated proposal regarding election of Board of Directors



GREATEST GAMING PLATFORM



System characteristics

Proprietary gaming platform (Rhino)

Multi brand and compliance support

Multiple front-end solutions

Cloud based



Competitive advantage

Increased control over the product
No 3rd party dependency
Leveraging integrations (games, PSPs etc.)

Tool for growth
Core services shared from Rhino

Fast and flexible development
Modern technology and SEO friendly

Scalable and high performance
Stable and secure services

Highlights

One platform, and 16 brands. (Leo Vegas UK migrated in March)

1+ billion account transactions per month

Frequent production deploys on daily basis

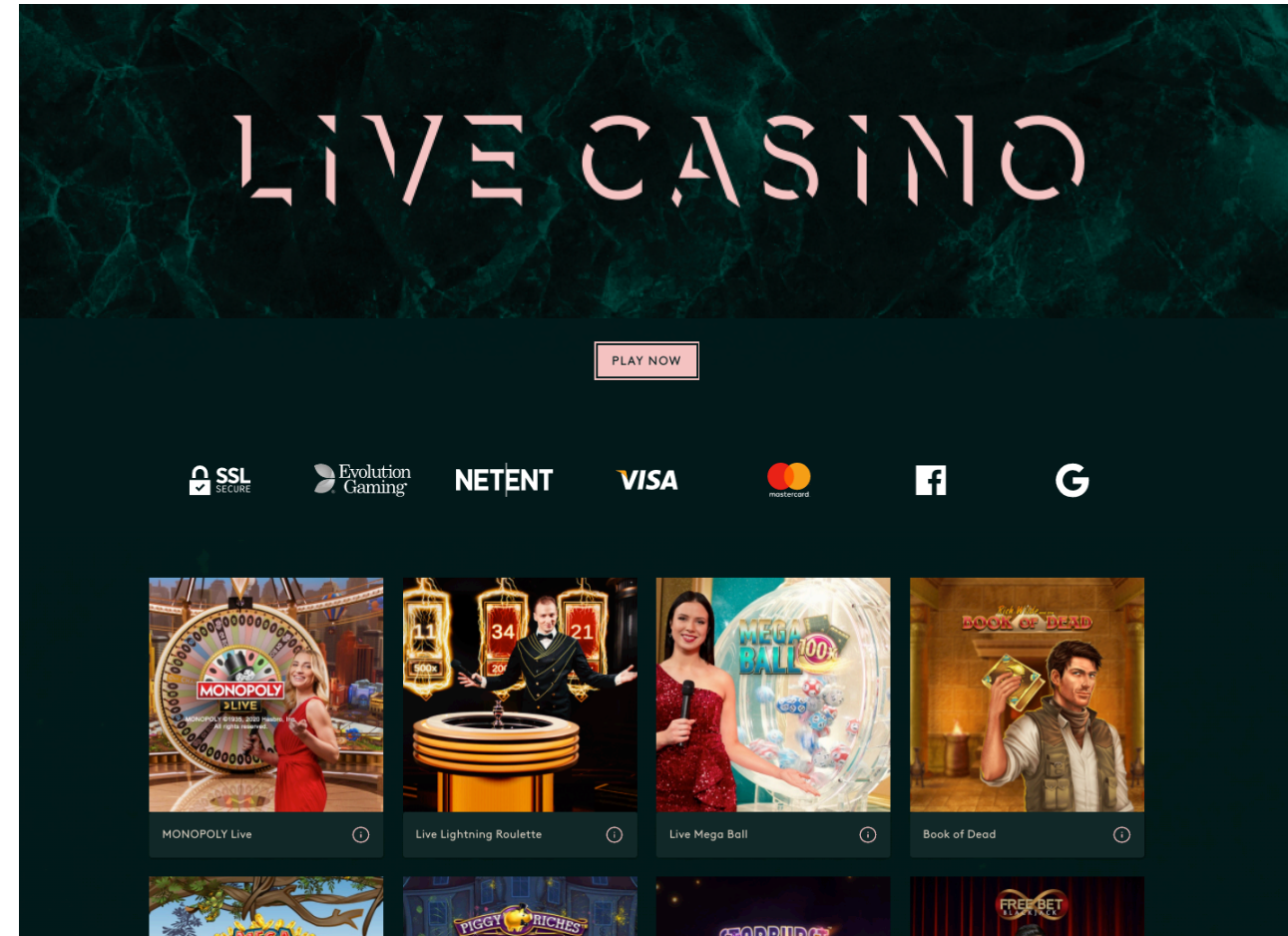
High uptime figures



MULTIBRAND

LiveCasino.com

- Second new brand launched on the proprietary multibrand platform
- Potential to be the preferred choice for Live Casino
- Industry first and unique log-in and registration flow
- Launched globally in English speaking countries
- LeoVegas technology enables the ability to launch new brands effectively





BASED ON THREE PILLARS

Environmental

Social responsibility

Articles of association

VISION IN SUSTAINABILITY

“LeoVegas advocates for a sustainable gaming industry, responsible gaming and positive social development”



RESPONSIBLE GAMING

- Technology and data driven approach
- 10% of our employees work exclusively with responsible gaming and compliance
- All ESG - targets in our sustainability report

AMBITION IN RG

“Retain and strengthen position as a leader in responsible gaming”



HIGHLIGHTS

Sweden

- Continued market share gains in the first quarter
- Independent study by Copenhagen Economics - channelisation is only approx. 75% for online casino vs. the authorities target of 90%
- New proposed restrictions will deteriorate the channelisation even further and risks torpedoing the entire Swedish regulation
- NGR in April unchanged vs. the Q1 average

Other Nordics

- Somewhat softer development in other Nordic markets
- GoGoCasino to be launched in Finland in Q2

Q1 - 2020



31.1
MEUR NGR

10%
Growth Y-o-Y



HIGHLIGHTS

UK

- Royal Panda brand closed in January, solid growth for remaining UK brands both YoY and sequentially
- Platform migration successfully concluded, entire UK business now operates on the groups proprietary technical platform
- Fundamentals in place and LeoVegas is now positioned for growth in the UK

Germany

- Recovery and back to similar levels as in Q3 2019
- Germany plans to regulate in end of 2021, final terms yet to be confirmed

Q1 - 2020



39.9

MEUR NGR

-3%

Growth Y-o-Y



HIGHLIGHTS

ROW

- Somewhat weak development in Canada, mitigated by good growth in most other ROW markets
- Focus to scale up markets that were launched in 2018-2019
- Looking into more market entries during 2020

Q1 - 2020



11.1

MEUR NGR

+12%

Growth Y-o-Y



Preliminary revenues

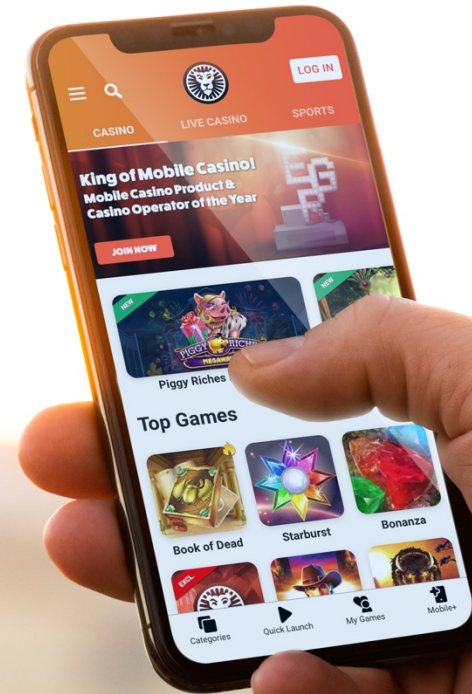
April 2020

37.6 MEUR

an increase of

23%

compared to April last year

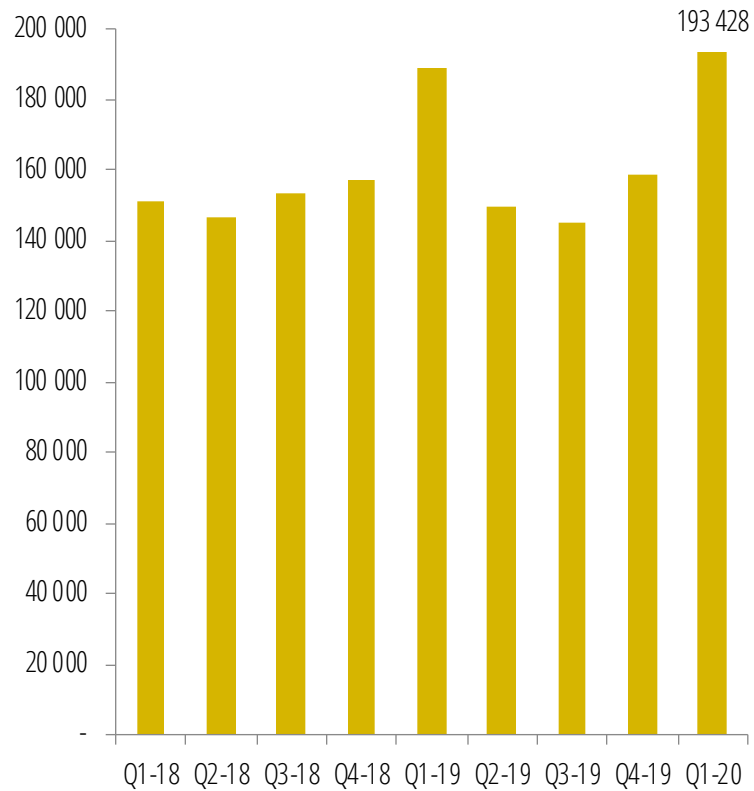




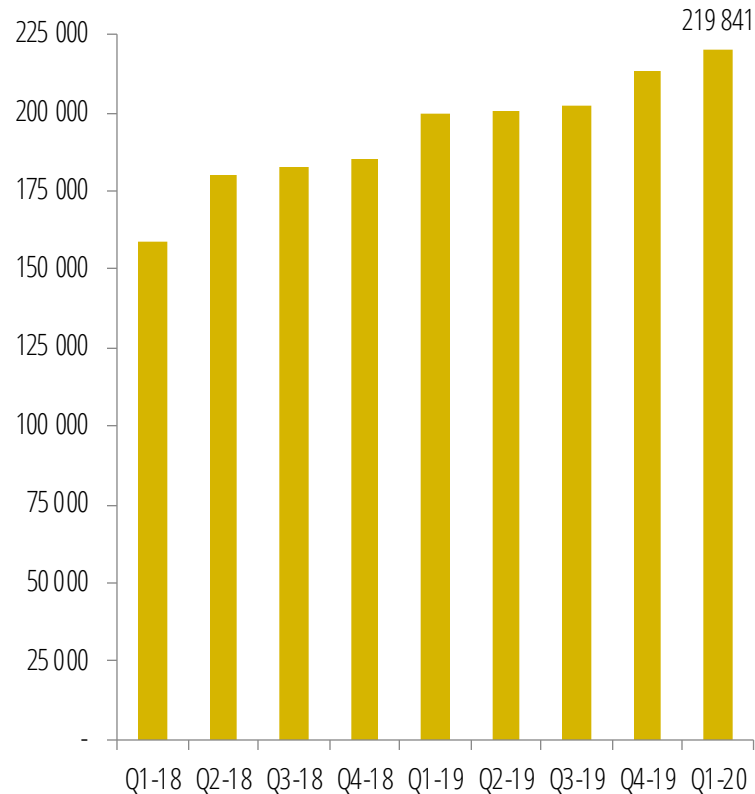
BUSINESS KPIs



NEW DEPOSITING CUSTOMERS



RETURNING DEPOSITING CUSTOMERS



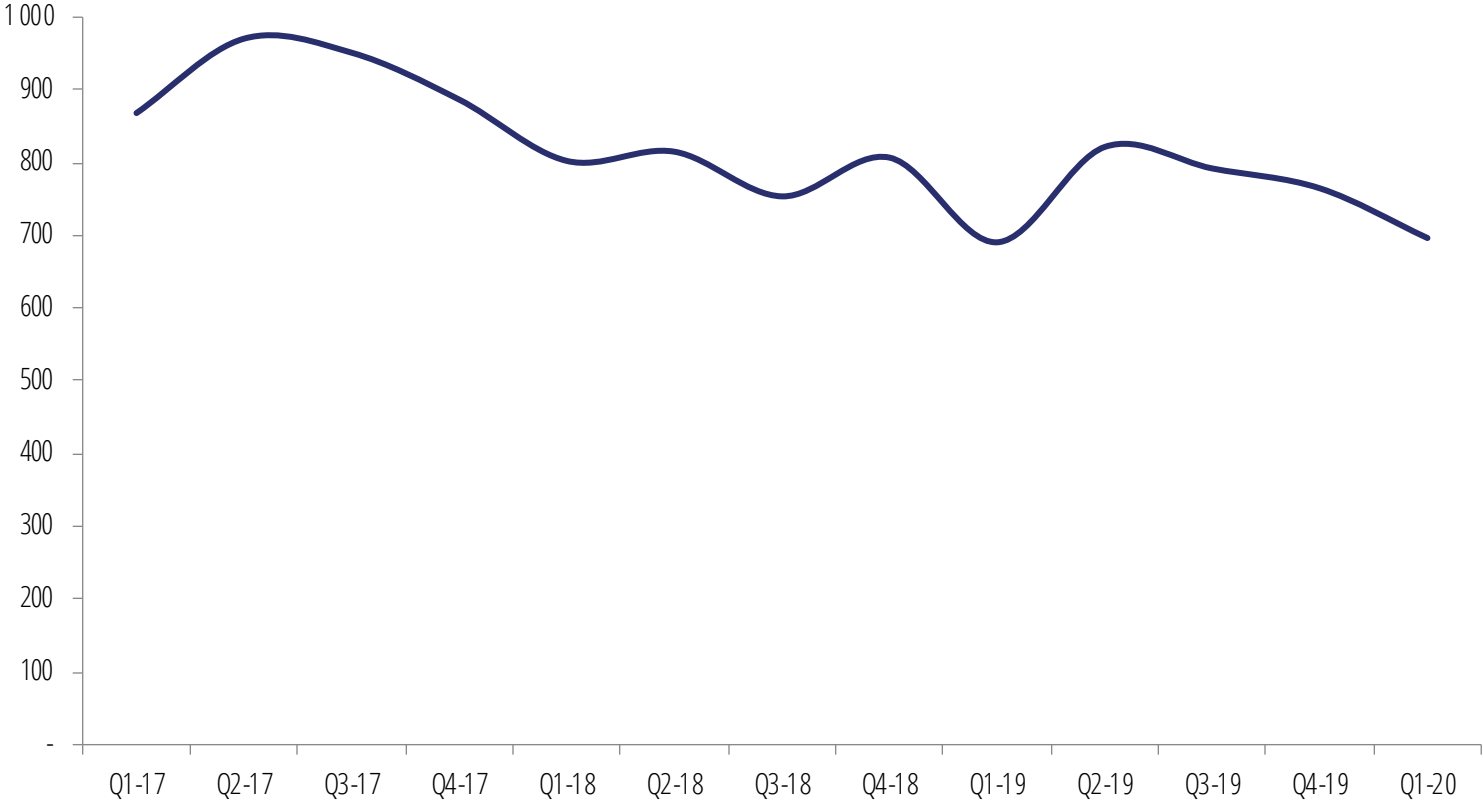
COMMENTS

- New Depositing Customers (NDCs) increased 3% Y-Y and increased 22% Q-Q to a new ATH
- Returning Depositing Customers (RDCs) increased 3% Y-Y and increased 10% Q-Q to a new ATH
- Total Depositing Customers (DC's) increased 6% Y-Y and 11% Q-Q to a new ATH
- The historical NDC and RDC numbers have been recalculated to ensure that all brands in the group have consistent reporting

AVERAGE SPEND PER CUSTOMER



DEPOSITS (EUR) PER DEPOSITING CUSTOMER



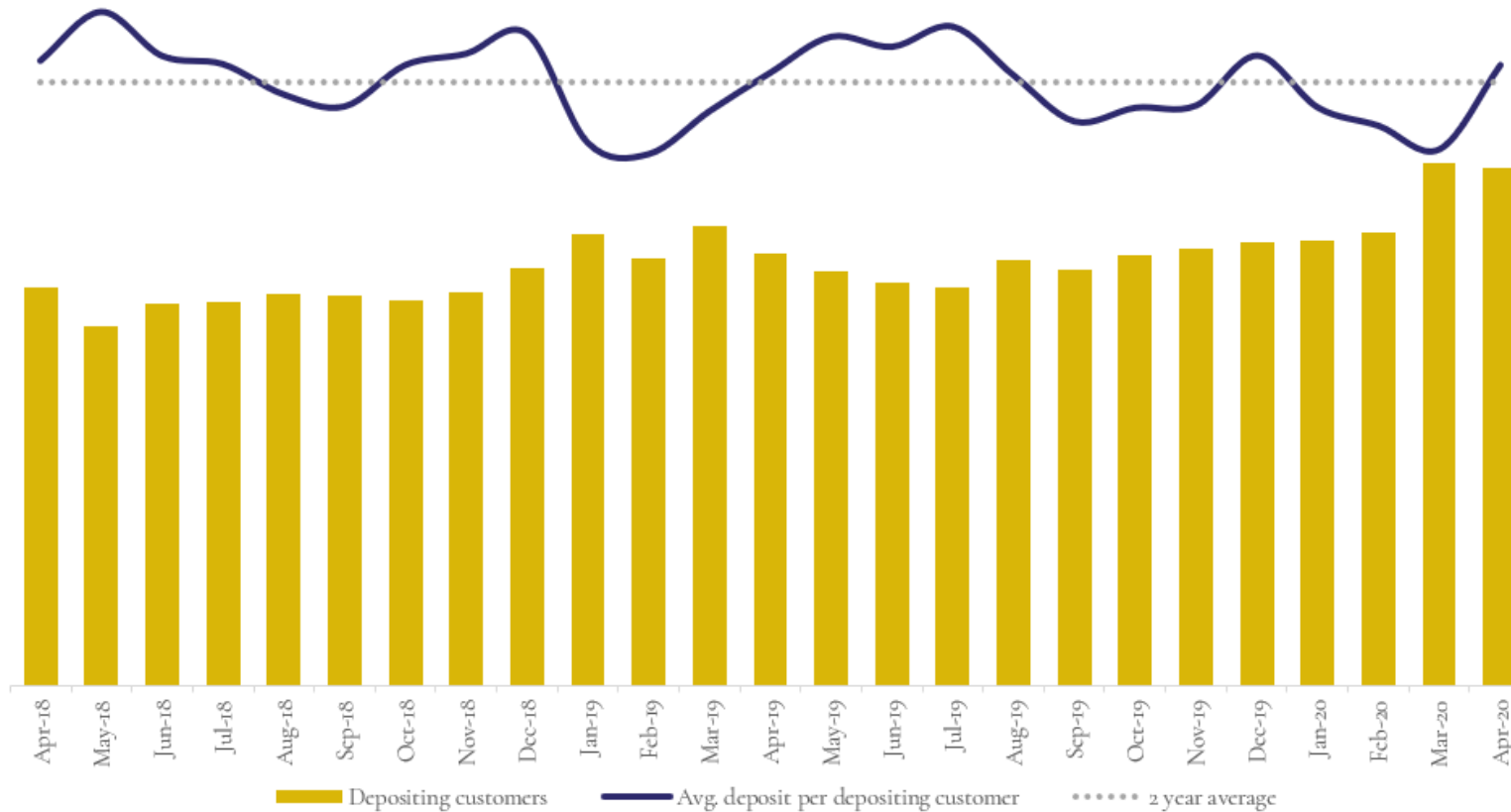
COMMENTS

- Average deposit per Depositing Customer in Q1 decreased 1% Y-Y and decreased 9% Q-Q
- Average NGR per Depositing Customer decreased 3% Y-Y and 6% Q-Q
- Long-term trend of lower share of high-value players is expected to continue while geographical mix and game margins drives short term fluctuations in player value

APRIL UPDATE: DC'S AND PLAYER VALUE OVER TIME



DEPOSITING CUSTOMERS AND AVG. DEPOSITS



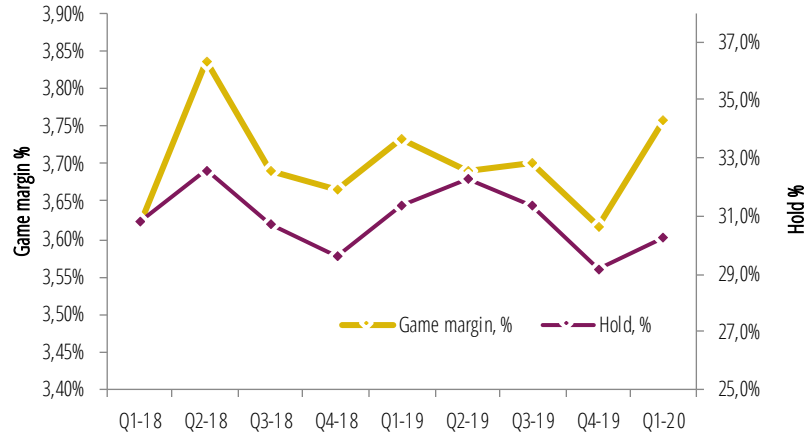
COMMENTS

- No signs of significant change in existing player behaviour related to covid-19, growth in April primarily driven by a record-high player base
- Strong growth YoY in Depositing Customers in March-April, reflecting continued solid underlying momentum as well as probable market share gains from land-based operators
- Player value (average deposit per Depositing Customer) has increased in April versus Q1 levels but is still at normal levels in line with the 2 year historical average

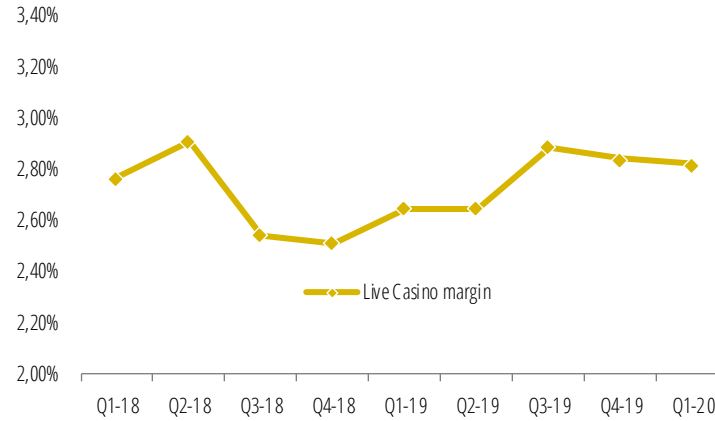
GAME MARGIN AND HOLD



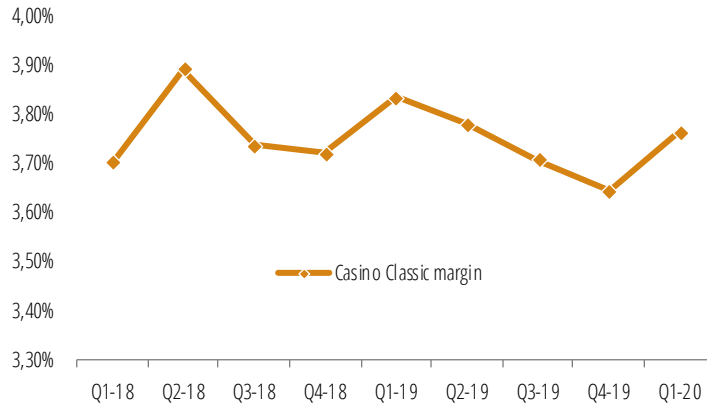
GAME MARGIN % AND HOLD IN %



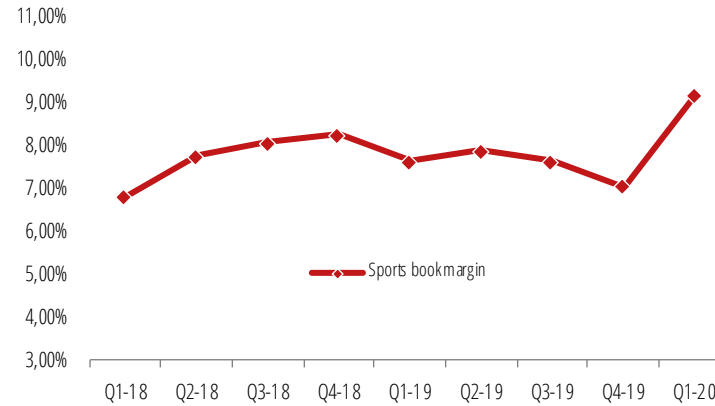
MARGIN LIVE CASINO



MARGIN CASINO CLASSIC



MARGIN SPORTS BOOK

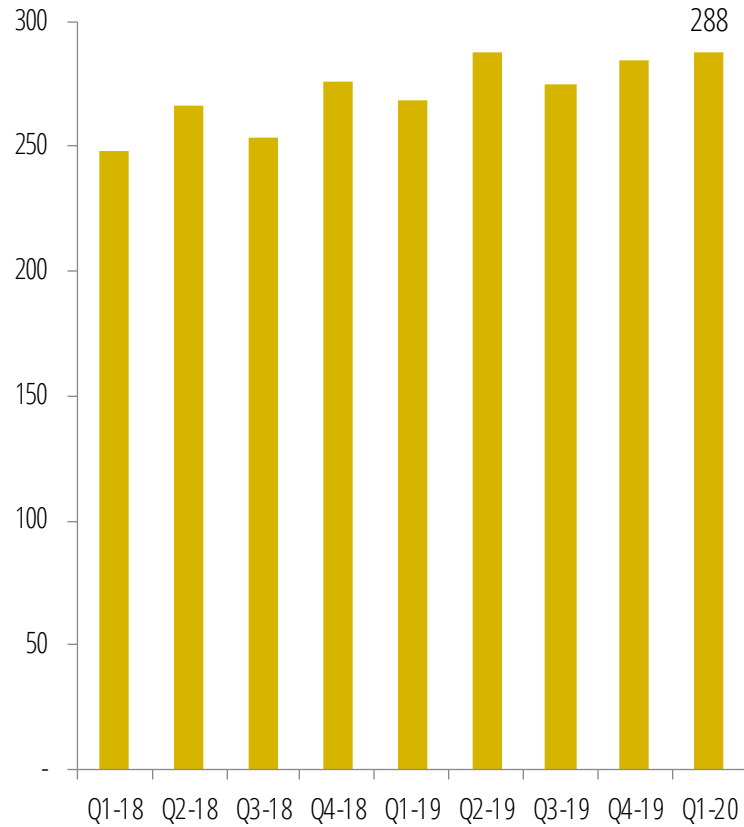


COMMENTS

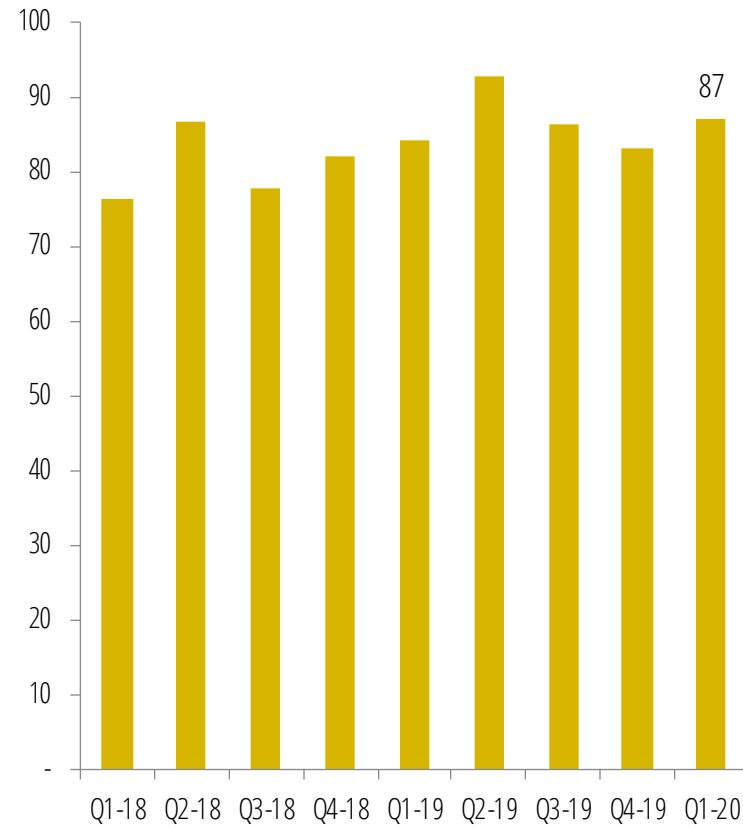
- The game margin in Q1 increased to 3.76% versus 3.62% in the previous quarter, which is above the historical average of around 3.70%
- Casino margin was slightly above the historical average while sportsbook outperformed
- Hold in Q1 increased to 30% from 29% in Q4, which is in line with the long-term average level
- Game margin is defined as house winnings divided by the total amount of bets, i.e. what percentage the LeoVegas Group on average wins on a bet
- Hold is defined as NGR divided by deposits



DEPOSITS MEUR



NGR MEUR



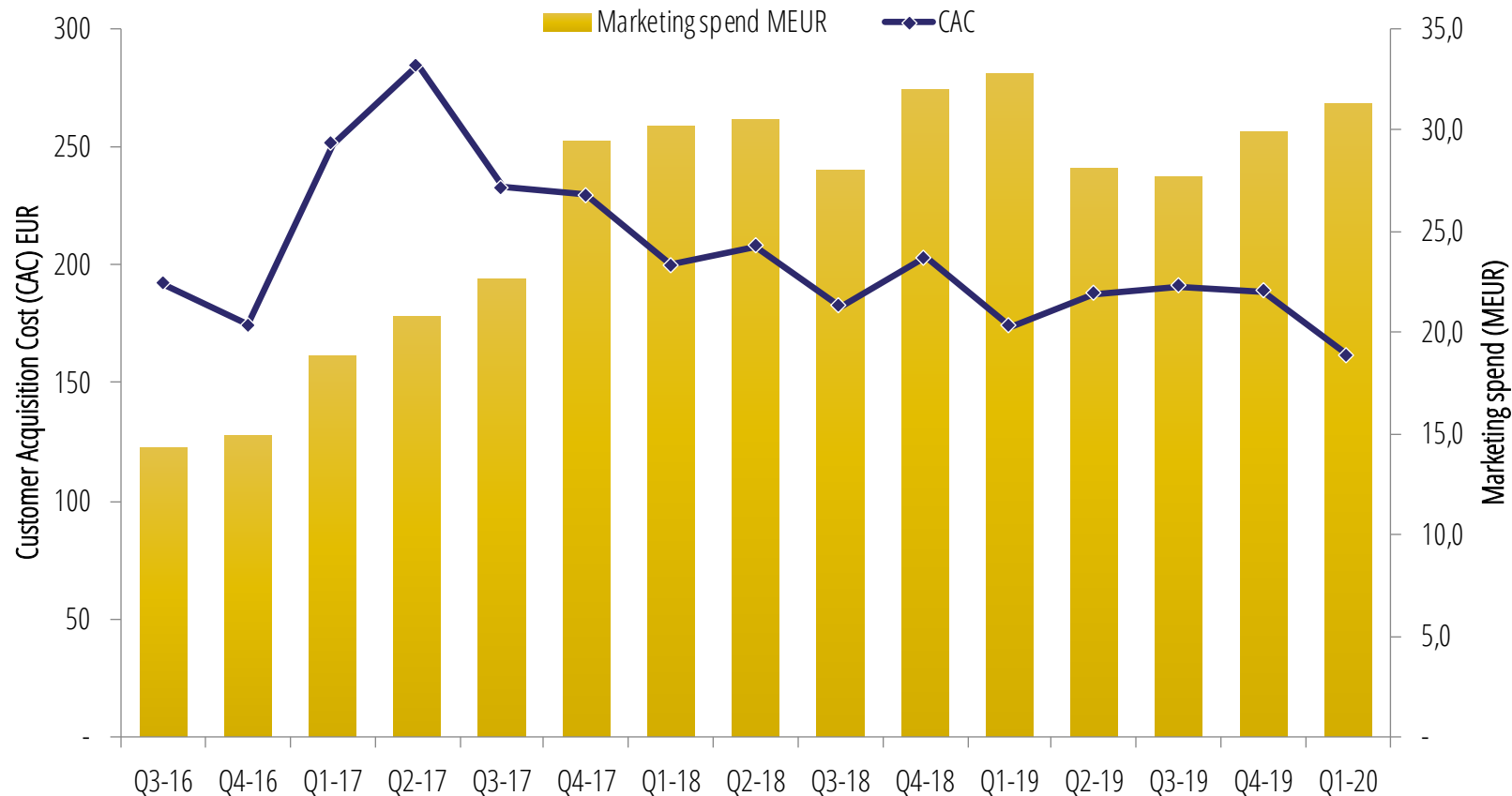
COMMENTS

- Deposits increased by 7% from the same period last year and 1% from Q4-19
- NGR increased by 4% from the previous year and increased 5% from Q4, which reflects the sequentially stronger game margins
- The NGR and deposit trends reflect a steadily growing depositing customer base versus the prior year, while the average player value is lower than the historical average

CUSTOMER ACQUISITION COST



MARKETING (MEUR) AND CAC (EUR)



COMMENTS

- Marketing spend increased vs. Q4 to 31.3 MEUR but is below the level of Q1-19 (32.8).
- Marketing costs share of revenue at 35.0% in Q1
- The Customer Acquisition Cost (CAC) decreased 14% Q-Q and decreased 7% Y-Y to a record-low level
- Continued ROI focus in all our marketing efforts
- Marketing mix is gradually shifting more and more towards digital and trackable channels

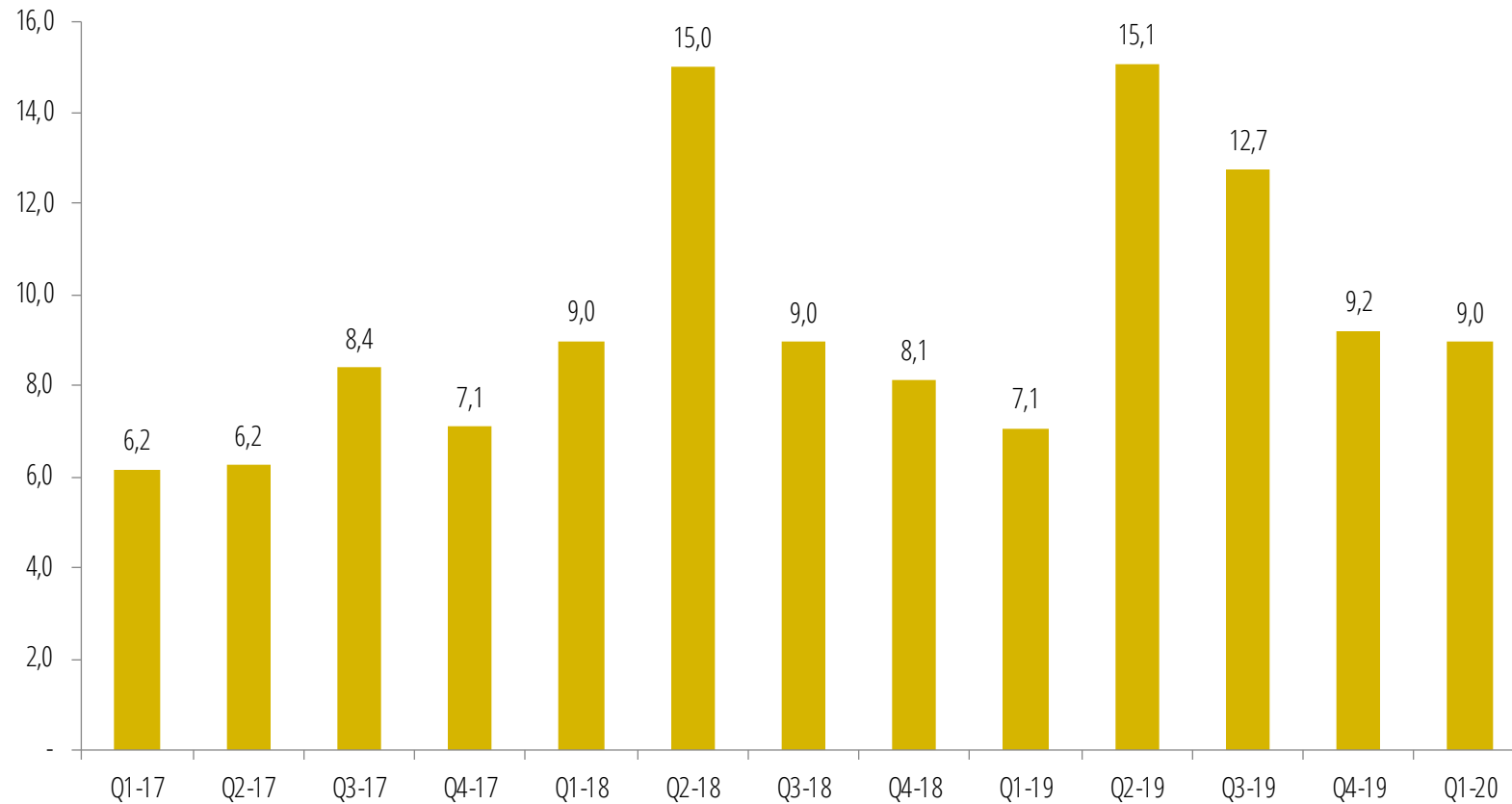


FINANCIALS

EBITDA OVER TIME



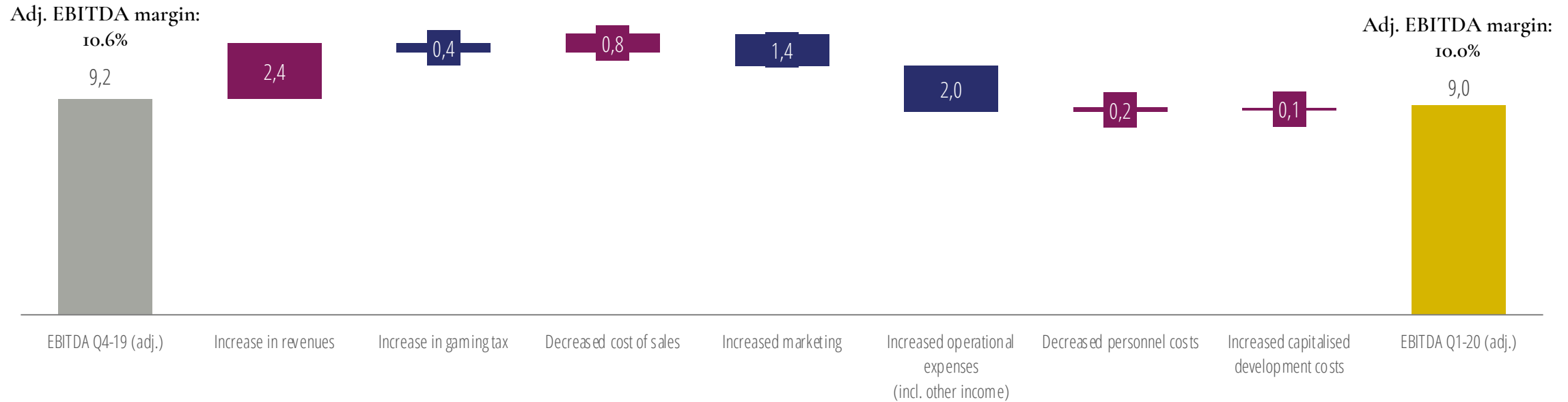
EBITDA (ADJ.) MEUR



COMMENTS

- Reported and adjusted EBITDA in Q1 was 9.0 MEUR, reflecting an EBITDA margin of 10.0%
- 24% adjusted EBITDA growth Y-Y despite a high investment level and unrealized FX losses of 1.4 MEUR
- There were no adjustments for the period

EBITDA BUILD UP Q1'20 VS. Q4'19



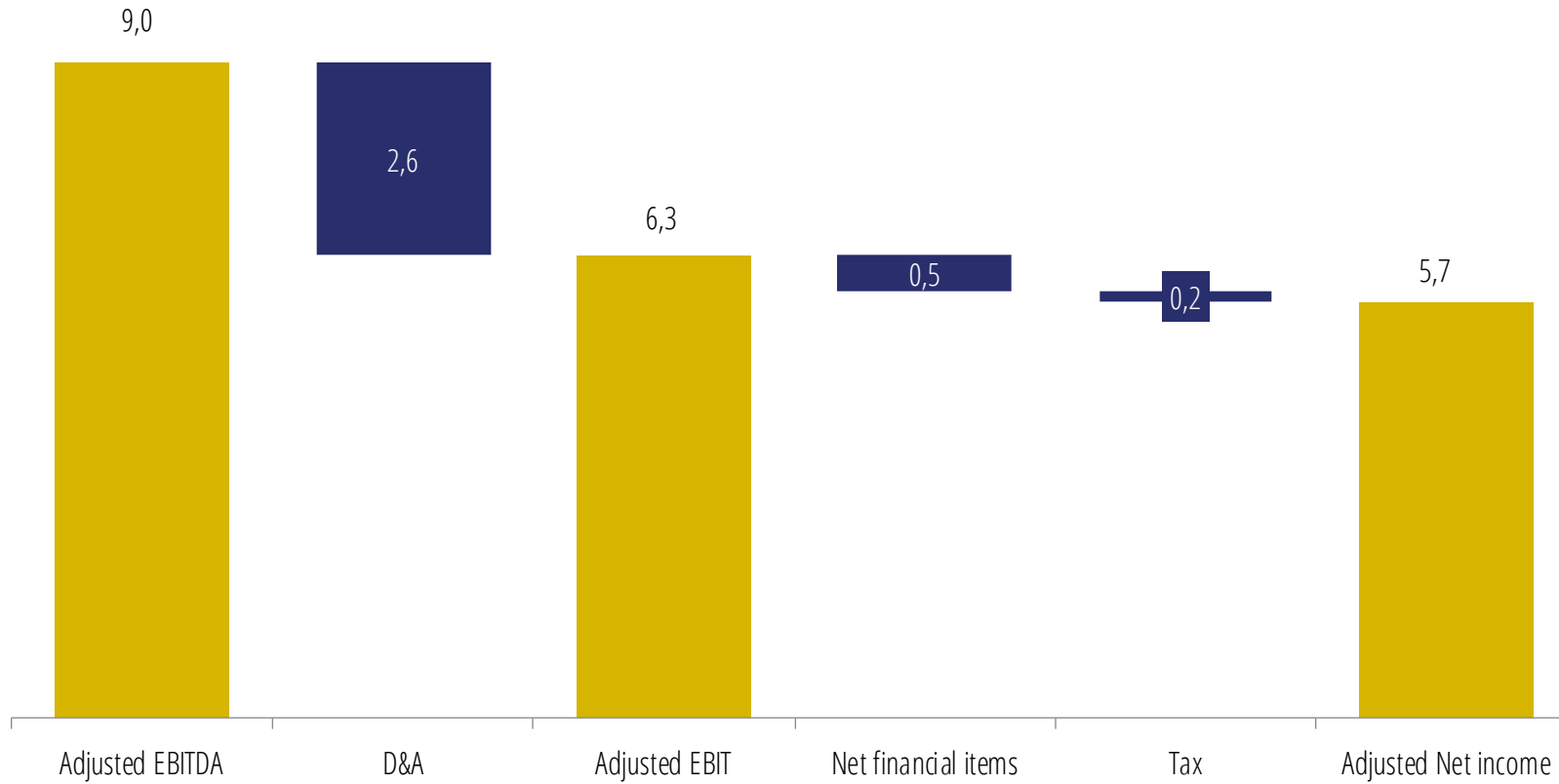
COMMENTS

- Gaming duties increased by 0.4 MEUR compared to Q4-19, relating to record high regulated revenues in Q1-20
- Lower Cost of sales, in relative and absolute terms, reflecting improved supplier commercials as well as a re-allocation of costs to Operational expenses
- Marketing spend increased by 1.4 MEUR from Q4-19, reflecting high NDC intake at good ROI levels
- Personnel expenses decreased slightly from Q4-19
- Increased operational expenses primarily reflects 1.4 MEUR in unrealized FX losses, as well as re-allocation of costs. Underlying operational expenses largely unchanged compared to Q4-19

EBITDA TO NET INCOME



Q1 2020 P&L FROM EBITDA TO NET INCOME, MEUR



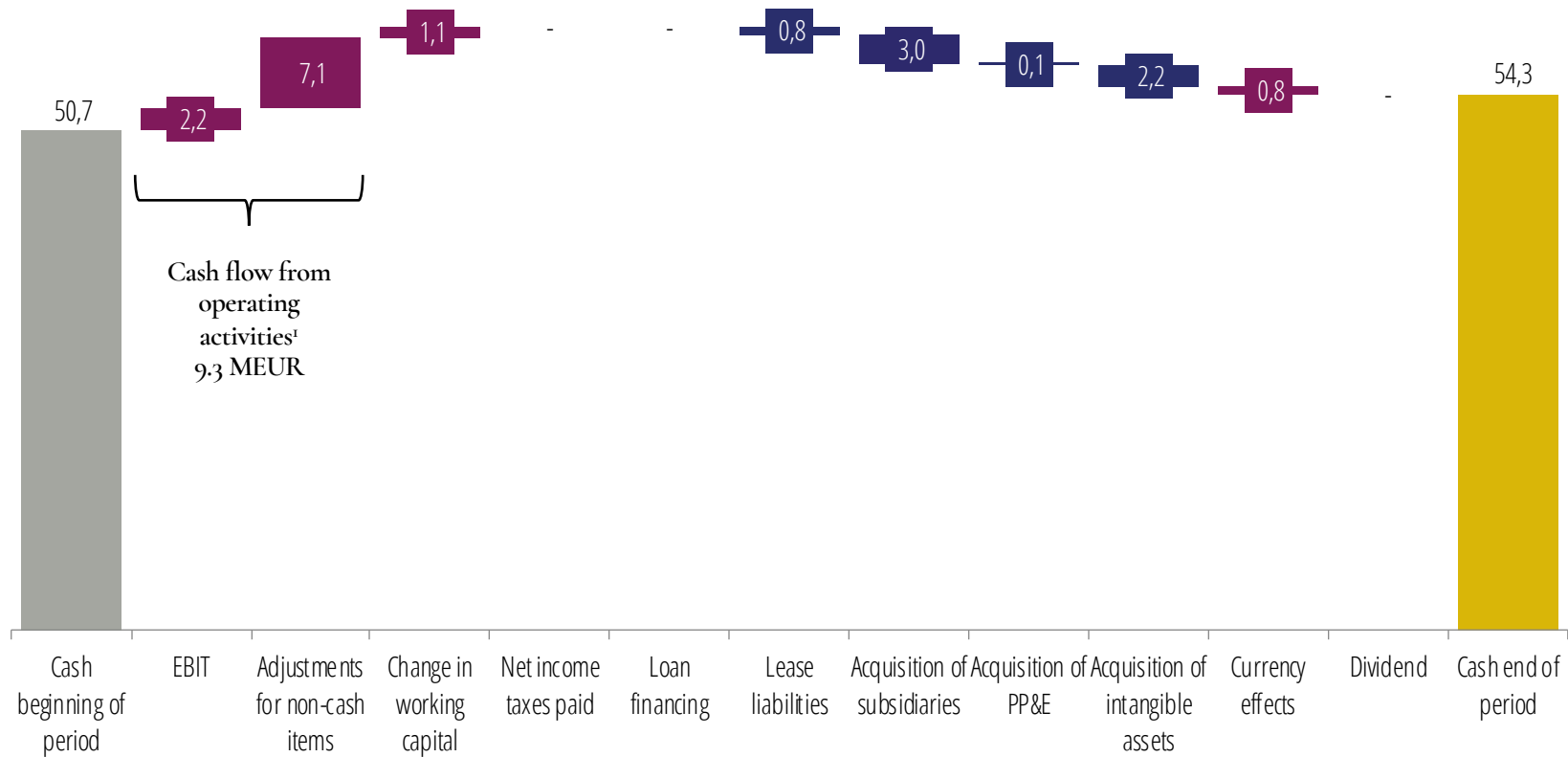
COMMENTS

- Reported EBITDA of 9.0 MEUR, which is the same as Adjusted EBITDA due to no adjustments for the period
- Adjusted EBIT for the period was 6.3 MEUR, when excluding amortisations relating to previous acquisitions, gains on sale of subsidiaries as well as restructuring costs
- Reported EBIT of 2.2 MEUR includes D&A of 4.1 EUR relating to previous acquisitions
- Adjusted Net income for the period was 5.7 MEUR

CASH FLOW



CASH FLOW MEUR Q1 2020



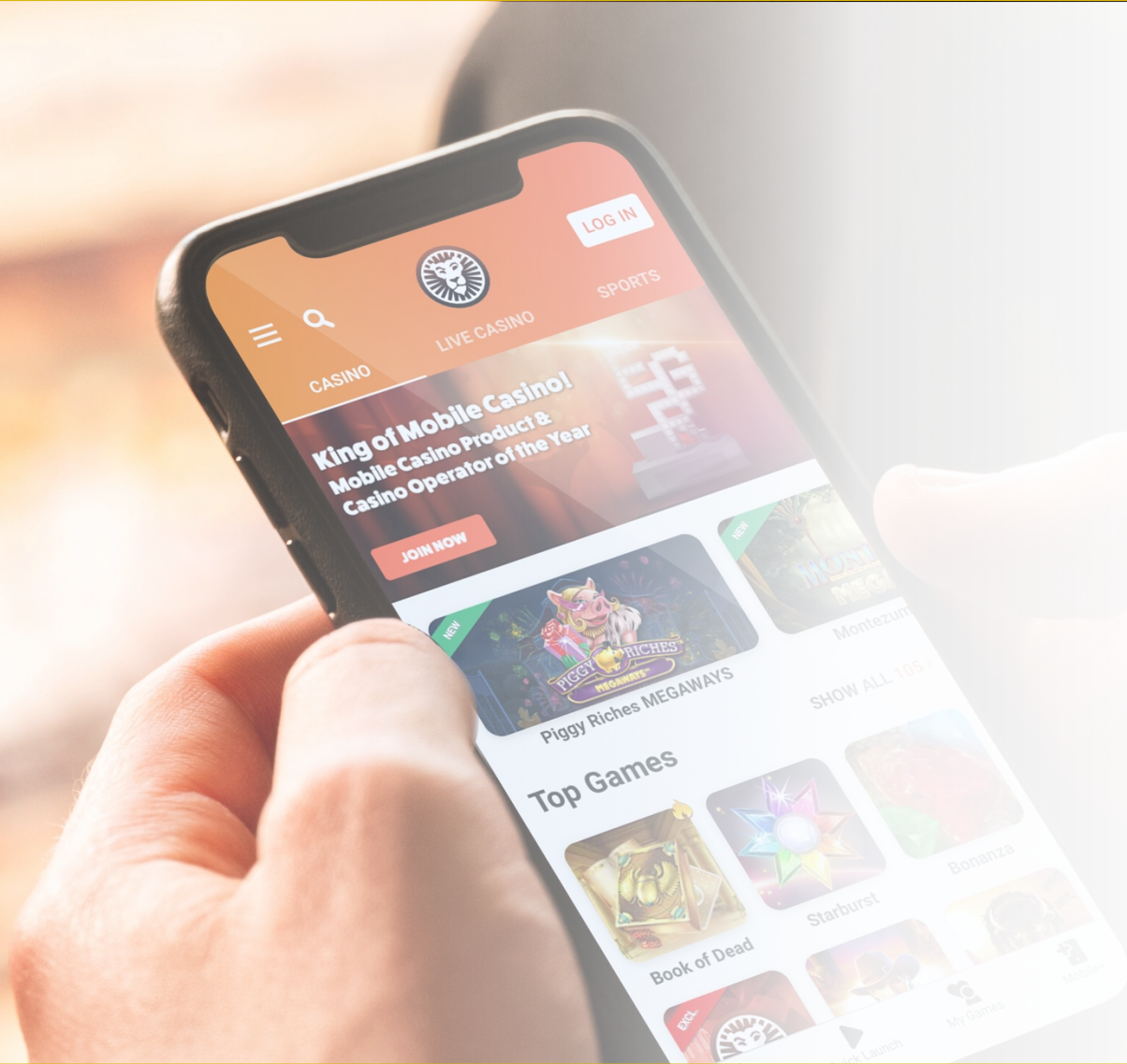
COMMENTS

- Cash flow from operating activities before changes in working capital amounted to 9.3 MEUR, driven primarily by the underlying EBITDA result
- Changes in working capital resulted in a cash inflow of 1.1 MEUR for the period
- Payment of 3.0 MEUR made as part of the earn-out agreement with the sellers of Royal Panda
- Solid financial position with cash at the end of the quarter of 54.3 MEUR, remaining debt of 69.9 MEUR

¹⁾ Before changes in working capital



S U M M A R Y



- Q1 revenues of 89.4 MEUR (4% growth) and adjusted EBITDA of 9.0 MEUR (10.0% margin)
- UK brands and operations are now run on the groups proprietary platform
- The brand LiveCasino.com launched
- Increased focus on sustainability and ESG targets
- Covid-19 has so far had a neutral to a negative impact on Swedish revenues and a neutral to positive impact on international revenues where we are taking market share from the landbased industry
- April revenues of 37.6 MEUR, 23% growth



Q & A