



Henrik Tjärnström
CEO

Q1 2017
26 April 2017

Outline

- Financial results Q1
- Business overview
- Summary Q1 2017

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UNIBET

MARIA CASINO

StanJames.COM

BINGO.com

iGame

STORSPILLER

kolikkopelit

VEIKKAUSHUONE

CASINOHUONE

BINGO HUONE

POKERI HUONE

POWENIA CASINO

STORSPELARE

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Financial results

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Q1 2017



“Despite strong comparatives, new all time high in active customers & GWR”

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Items affecting Q1

- SB margin after Free Bets 6.0%
 - 6.5% SB margin would have added around GBP 5m
 - Normalised SB margin would have added at least GBP 8-10m
- Marketing was GBP 11.9m higher than last year
- Non cash items:
 - Accelerated amortisation GBP 2.1m
 - FX loss on loan GBP 1.8m
- Cash item affecting comparability GBP 0.6m

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Q1 2017 Key Report Highlights

Sports
betting
turnover

GBP 1.1bn
(+32%)

Gross
winnings
revenue

GBP 153.2m
(+25%)

Underlying
EBITDA

GBP 30.3m
(+6%)

Earnings per
share

GBP 0.072
(-17%)

Active
customers

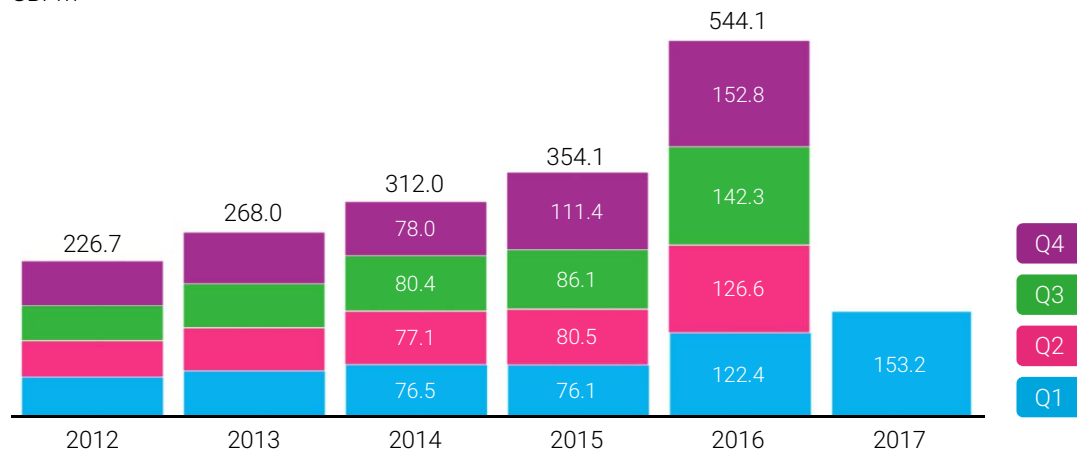
1,232,915
(+22%)

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Gross winnings revenue

GBPm

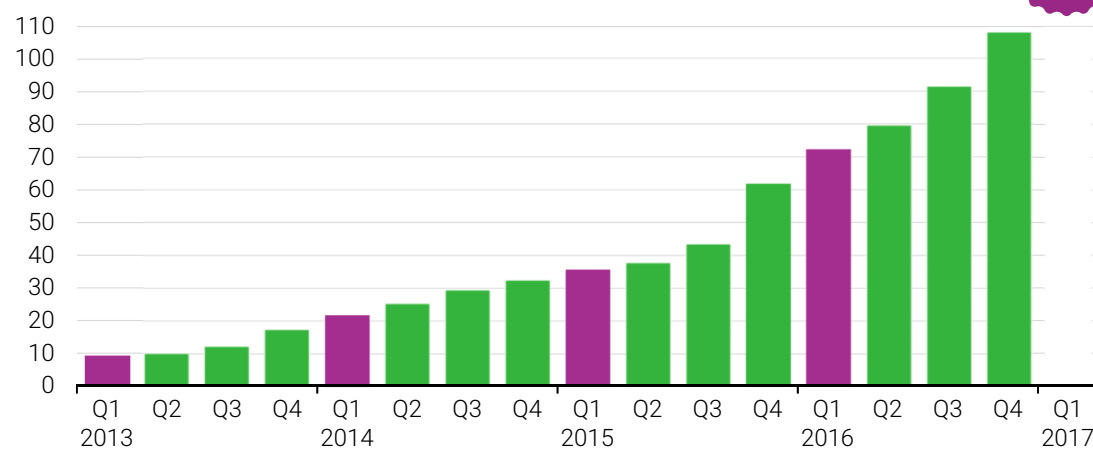


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Gross winnings revenue from mobile

GBPm



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Q1 2017 P&L FX impact v Q1 2016

Avg rate	Q1 2016	Q1 2017	Movement
SEK	12.117	11.054	-8.8%
NOK	12.383	10.452	-15.6%
EUR	1.300	1.163	-10.5%
DKK	9.695	8.646	-10.8%
AUD	1.987	1.634	-17.8%

Weighted average movement in FX rates: 10-11%

	GBPm
GWR increase	16.4
CoS / Opex increase	-10.8
FX gain on operating items	0.3
EBITDA FX impact Q1 2017	5.9
FX loss on loan repayment	-1.8
FX loss on other items below EBITDA	-0.2
Profit before tax impact	3.9

Geographic balance

- Key Report Highlights Q1 2017



	GWR as reported in GBP	GWR in constant currency
Nordics	+28%	+13%
Western Europe	+29%	+17%
CES Europe	-3%	-13%

Other Costs analysis

Excl. Non-recurring items



GBPm	2013 FY	2014 FY	2015 FY	2016 FY	2017 Q1
Reported Other Costs	52.3	47.9	43.1	69.4	18.7
Depreciation & Amortisation	-18.9	-16.8	-13.0	-23.8	-7.1
FX loss/gain on Opex	-0.6	-1.8	-0.7	-0.6	0.3
Other Costs post D&A and FX	32.8	29.3	29.4	45.0	11.9

Share of GWR (as reported)

12%

9%

8%

8%

8%

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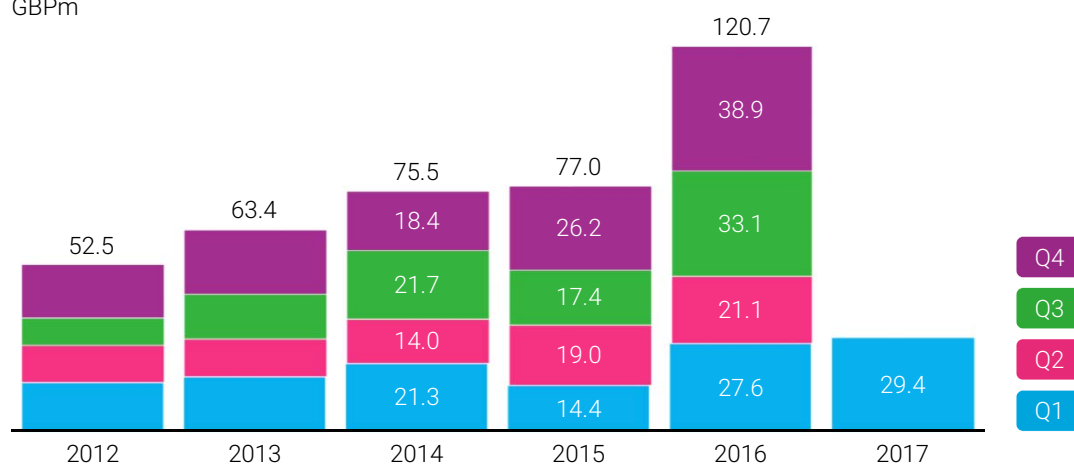
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EBITDA

- Excl 2014 Kambi one-off item



GBPm



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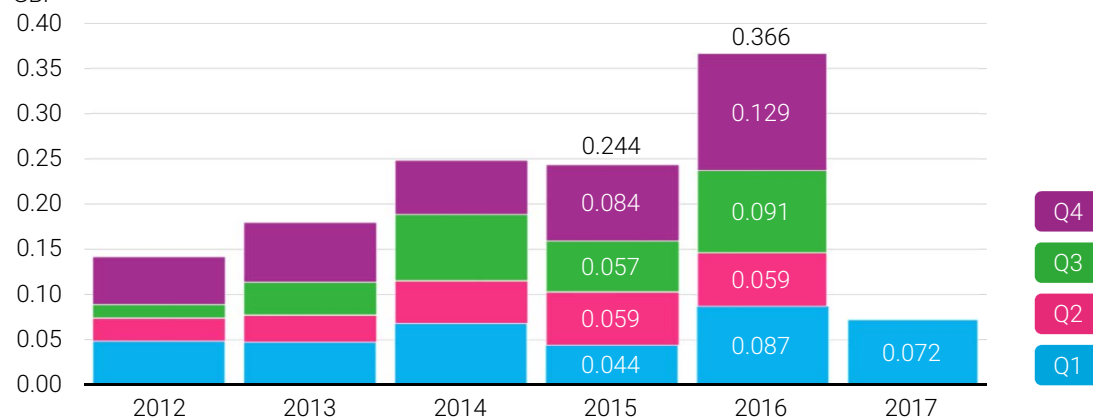
EPS development

– Excl 2014 one-off items



After 8:1 split

GBP



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Proposed cash dividend



- The Board has reviewed the projected cash requirements for 2017
- Proposing for this year to increase the dividend above 50 per cent of free cash
- This is in line with the dividend policy to distribute surplus cash

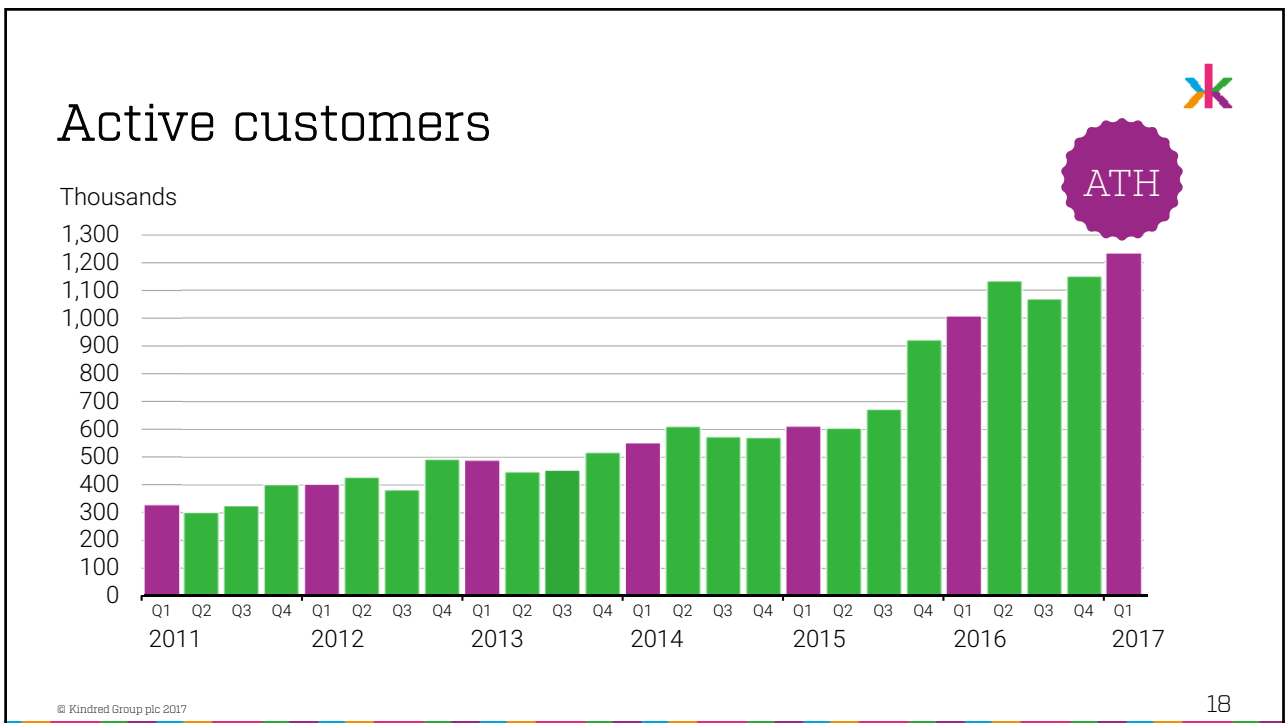
GBP 0.310 (0.235) per share/SDR
equivalent to SEK 3.50

+32%

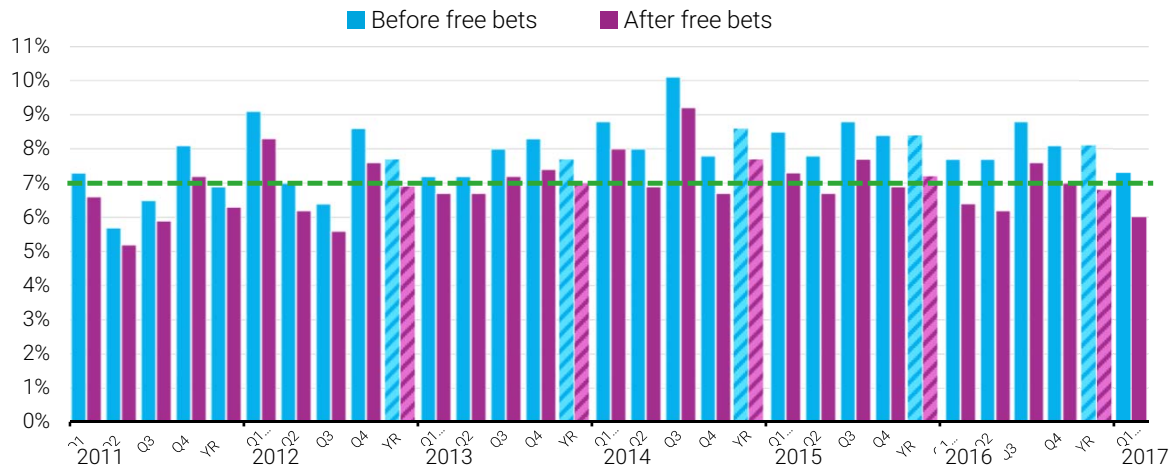


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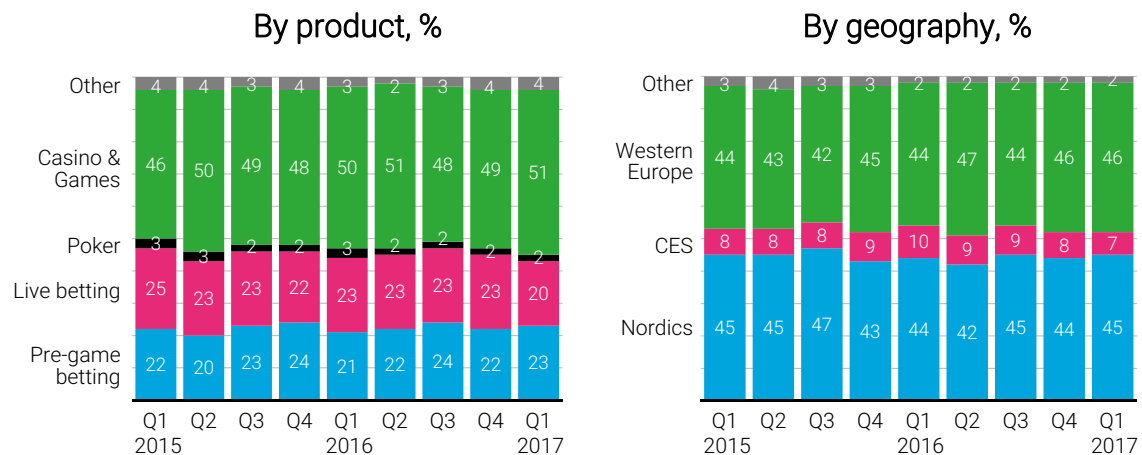
Sports betting gross margin Combined



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Product & geographic balance Gross winnings revenue over time



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32Red

- Founded in 2002 by Edward Ware
- 2 main brands: 32Red and Roxy Palace (acquired in 2015)
- FY 2016: NGR GBP 62.3m and EBITDA GBP 10.6m
- “Strong start to 2017 with net gaming revenues for the first nine weeks of the year up 20% on the same period in 2016”
- Approx. 125 employees, based in Gibraltar
- Principally licensed and regulated in the UK, Gibraltar and Italy

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Strategic logic

- Successful business and well known casino brand
- Scarce asset in the highly attractive UK market
- Strategic advantages from hyper-local approach to online casino business
- Similar strategic focus: growing its brands in its core UK market and expansion in new regulated markets
- Will offer additional step change for Kindred in the UK market
- Increase earnings and cash flow + potential revenue and cost synergies

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Offer and Financing

- Price paid: 196p per share + 4p dividend per share received in March
- The Offer values 32Red on a fully diluted basis at approx. GBP 175.6m
- 100% cash offer, financed by new bank facility, so no dilution impact on Kindred shares
- Level of acceptances from shareholders > 95%
 - Kindred will be able to squeeze out minority shareholders

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Update of the process and next steps

- All condition precedents have now been fulfilled, apart from the UKGC approval
- Once Kindred receives approval from the UKGC, the offer becomes wholly unconditional

Next steps:

- Delisting of the company and transformation of the plc into a ltd
- Integration of 32Red into Kindred Group
- Migration to the group platform
 - Target date for migration: Q2 2018



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Accounting impact

- Kindred will start fully consolidating 32Red from the date we receive UKGC approval.
- Acquired intangible assets (brand, customers database and technology) to be recognised in Kindred consolidated balance sheet.
- Amortisation of acquired intangible assets to start in Q2 2017.
Impact of amortisation: GBP 7-8m per year over the coming 3 yrs.
- Total estimated transaction related costs: GBP 4.4m.
GBP 0.6m have already been recognised in Q1.
GBP 2.7m will be recognised in Q2 & the rest Q3 2017-Q4 2019.
- These costs will be reported separately.



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Summary Q1 2017

- Strong organic growth continues
- ATH in GWR & active customers
- GWR growth Q1 = +25%
(+12% in constant FX)
- Group continues to gain market shares
- Mobile share 73% of GWR
- New ATH in customer balances
- 32Red revenue & profit to be included from Q2



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