

Press Release Betsson AB (Publ)

Betsson acquires horse betting operator RaceBets

The acquisition of the niche operator RaceBets complements Betsson's offering with a proprietary horse racing product and an experienced horse betting trading team. The horse betting product will be added to Betsson's offering and will benefit all Betsson brands. RaceBets holds licenses in the UK, Ireland, Malta and Germany.

RaceBets offers a highly competitive product on par with the best UK operators and customers can bet on more than 250,000 different races yearly. 75 percent of RaceBets' revenue come from locally regulated markets, primarily Germany and the UK, making it a good strategic fit for Betsson.

Horse racing is one of the most popular betting sports and the total estimated worth of the European horse betting market is EUR 3.5 billion.

"Horse racing is important in many of our markets and the key rationale of the acquisition of RaceBets is to enable our subsidiaries to accelerate the launch of a world class horse racing product on all core brands. This will help fuel organic growth in strategic markets such as the UK and Germany," says Ulrik Bengtsson, CEO and President of Betsson AB.

Betsson acquires RaceBets from the company's founders and the German Thoroughbred Racing Association. The cooperation with German racing will continue.

The accounting revenue of RaceBets in 2015 was EUR 9.3 million and adjusted EBIT was EUR 3.36 million. The annual growth rate 2013-2015 was 12 percent.

The initial acquisition consideration for the business is EUR 34 million, payable in cash. The acquisition multiple is 10.1x 2015 EBIT. Subject to achieving certain financial and non-financial milestones, a remaining purchase consideration amounting to EUR 6 million may be paid. The total maximum consideration for the business is capped at EUR 40 million. Betsson may also pay for additional cash in the company. Closing of the deal is expected in the beginning of 2017 and is subject to the satisfaction of relevant regulatory approvals.

Restructuring effects of the acquired entity is estimated to have a temporary negative impact on revenue and EBIT of up to EUR 750,000 in 2017. The integration of the horse racing product into Betsson's technology platform will be finished no later than in the third quarter 2017.

BETSSON AB'S CORE BUSINESS CONSISTS OF INVESTING AND ADMINISTERING SHAREHOLDINGS IN COMPANIES THAT, THROUGH PARTNERS OR BY THEMSELVES, OFFER GAMES TO END USERS VIA THE INTERNET. THE GROUP OFFERS CASINO, SPORTSBOOK, POKER, SCRATCHCARDS, BINGO AND OTHER GAMES. CUSTOMERS ARE PRIMARILY FROM THE NORDIC COUNTRIES AND OTHER PARTS OF EUROPE. BETSSON AB IS LISTED ON NASDAQ STOCKHOLM, LARGE CAP LIST (BETS).

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About RaceBets

RaceBets was founded in 2005. By 2007, it was established as the leading horse racing bookmaker in Germany. In 2010, the German Thoroughbred Racing Association became shareholders and a significant percentage of profits are reinvested in the horse racing industry. Since 2012 RaceBets offers full-coverage of UK and Irish horse racing markets. The company is based in Malta and has 60 employees.

RaceBets is regulated by the Malta Gaming Authority (MGA), UK Gambling Commission, the Irish National Excise License Office and the Regional Council of Darmstadt in Germany. RaceBets was one of the 20 companies that were allocated a German sports betting license in 2014, but these licenses have not yet been issued.

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