

BETSSON

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CORPORATE BROCHURE





Betting on growth

It is a safe bet that online gambling will grow as technology extends its possibilities. Betsson, based in Sweden and Malta, is already leading the migration from casino to internet and beyond



Although the internet model is in no way hostile to so-called 'land based' casinos, gambling is a market that is being led by consumers, and it is they who are deciding they want to use the tools they have been given—internet, mobile internet and internet protocol television (IPTV)—to access gaming. Casinos will always be with us, and Betsson's newly-appointed CEO and president Magnus Silfverberg has all the practicable synergies between land-based and virtual gaming on his shopping list.

For the last two years, Silfverberg was in charge of Betsson's Malta-based operational arm, returning to chilly Stockholm in July this year to take control of the mother company Betsson AB, listed on the Nasdaq OMX Nordic Stock Exchange since 2007. Betsson AB is a holding company that looks after the strategic and investment side of the business while all operational activities relating to its Sportsbook, Casino, Poker, Scratch Cards, Bingo and Games offerings rest with Betsson Malta, which owns the website www.betsson.com. The first thing you notice when you click on it is that the site is available in 19 languages—illustrating the irrelevance of national boundaries in this market. This is a dedicated internet gaming company, with more than 500 employees (including full-time consultants), most of them based in Malta.

That said, it is a highly regulated business for companies which, like Betsson, take a responsible and sustainable approach to growth, so compliance issues occupy a lot of





Silfverberg's time. A recent resolution by the EU's internal market and consumer protection market committee took a step away from the concept of an EU law regulating online gambling throughout the Union, in favour of allowing member states to maintain their own rules on online gambling. Around 10 per cent of all gambling in Europe, with a market volume in excess of €10 billion, is done on the internet, via mobile phones or interactive TV platforms, and that percentage is growing at an annual rate of about 10 to 15 per cent.

So online gaming is a fact of life, though one that the land-based casinos and their



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trade associations like the European Casino Association would like to go away. They point to the difficulty of regulating the internet and play on the fear of addiction, lack of parental control over minors and hint darkly at illegality. In the real world though, online gaming is entirely consistent with casino membership, Silfverberg believes. “If we went into cooperation with a land-based casino, which we are very open to do, we could establish an online presence for their brand and set up functional links. For example some of the winnings could be taken in the form of vouchers to be used online, perhaps to complete games started in the casino. The possibilities are endless.”

Already strong in the northern European markets, in May this year Betsson bought up another very dynamic business, Betsafe, also based in Malta. “We saw a very good opportunity



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with a company growing at 100 per cent per annum and a strong management team and innovative marketing strategies as well. That was the rationale for acquiring them." Following the €60 million acquisition, the back end services and technology base are being completely integrated; however, the Betsafe brand continues—the only change existing customers will notice will be a progressive improvement in the site's functionality, he says.

But a full-scale acquisition like this is a rarity for Betsson, which has a lot of ways in which it can expand organically—and it is

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pursuing these enthusiastically. The business-to-business model is exemplified by a recent link-up with Arsenal Football Club: on August 19 2011, Betsson announced a three-year partnership with the UK Premier League giant, providing both online and in-stadia betting services for Arsenal fans. Though the online offering is carried on exactly the same platform as Betsson's existing poker and bingo games, scratch cards and live sports betting on events like football matches and tennis tournaments (Sportsbook), it is designed in Arsenal colours under the new brand GunnersGaming. "Signing business-to-business deals with a football club like Arsenal shows what a technically attractive partner Betsson is today. This is also a good

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Apica acts as a performance partner to Betsson where we load test and monitor all of their different sites and environments. We perform these tests through a real browser from a number of various points in Europe in order to get real response times. Through these tests we can then show trends which can help Betsson act more proactively.





opportunity for Betsson to gain a part of the regulated UK market,” says Silfverberg.

And football fans are just the kind of people likely to want to access these games via their smartphones, he adds. “Mobile presents a tremendous opportunity; we have seen how sports betting has moved from pre-match betting to live betting and this has been a big shift going on over the last few years. The next big shift is going to be more mobile live betting so we are doing a lot of technical development to cater for that trend.”

Up until the Arsenal deal, the important UK market had been untapped by Betsson, as has much of Europe, though following the relaxation of EU regulations and the consequent opening up of the market it is applying for licences to operate in a number of European markets. It

is focusing on northern Europe, but has added Italy now as an interesting way to start trying out the southern European markets. “You can access our sites from most countries,” he says. At present Betsson.com is not available in the United States, China, South Africa or India, all for different reasons—though invariably to do with national restrictions and regulations. “The US is an interesting market but not our highest priority right now—going for the newly available licensed markets in Europe is very high up on the agenda for me though.”

Chinese people are no less obsessed with gaming than Europeans but it is a very strictly regulated market. The only permitted form of gambling is on a single state-controlled betting market that is divided into two lotteries: a sports lottery and a welfare lottery. Despite this level

of regulation, there does exist a truly massive ‘grey’ market in China, 10 times larger than the \$15 billion ‘official’ market that can be accessed via lottery channels.

Though Betsson.com is not the type of online gaming the authorities there would allow at present, Betsson has formed a joint venture with a state-owned media company that has a licence to resell the Sports Lottery, reselling lottery tickets online and with limited sports betting. “Our argument was that if we could come in and work with China’s state lotteries, then maybe introduce some of our games into these lotteries, we could compete more successfully with the grey market, because that is where you find similar games to the ones we offer in Europe. Then we could tap into a huge market.”

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