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# Kambi Group Plc (KAMBI.SE)

Q3 2018 Earnings Call

## CORPORATE PARTICIPANTS

Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

David Kenyon

*Chief Financial Officer, Kambi Group Plc*

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## OTHER PARTICIPANTS

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Christian Hellman

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*Analyst, Danske Bank A/S (Sweden)*

Hjalmar Ahlberg

*Analyst, Kepler Cheuvreux SA (Sweden)*

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Ladies and gentlemen, welcome to the Kambi Group Q3 Report 2018. Today, I'm pleased to present Kristian Nylén, CEO and David Kenyon, CFO. For the first part of the call, all participants will be in listen-only mode and afterwards there will be a question-and-answer session. Speakers, please begin your meeting.

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Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

Good morning, and welcome to Kambi's third quarter result presentation. I am Kristian Nylén, Chief Executive and joining me is our CFO, David Kenyon.

Please turn to slide 2. In a moment, I will give you a brief overview of what was a very successful third quarter for Kambi, after which David will take you through the numbers, and then I will speak about the quarter in a little bit more depth including our continued progress in the U.S.

But first on slide 3, let me give you a brief introduction to Kambi. Kambi is a premium turnkey sports betting service, offered on multiple channels such as web, mobile and retail terminals. Our service is managed from an in-house developed platform, which has been continuously developed over the last decade. The platform, together with our 700 highly skilled staff, forms the foundation of our service. The Kambi's Sportsbook consists of a multiple elements from front-end user interface through to odds compiling, customer intelligence, risk management and customer empowerment capabilities, enabling our customers to offer their players the leading Sportsbook experience on the market.

On to slide 4, Kambi's business is built around revenue share model with our growth dependent on our operator's success. The foundation of our strategy is based on scalability and the majority of our cost base is fixed. At no additional cost to the operator – that our operator can be continuously invest in product, people and technology to maintain market leadership. We also operate an experienced in-house trading and risk management team, to

optimize operator trading margin, while our business is underpinned by our corporate probity and integrity. We are publicly listed and have successfully obtained all our licenses applied for. We now power 22 operators, including some of the most recognizable and successful brands in the industry.

Let's look at the quarterly highlights on slide 5. The quarter produced good results for Kambi. We posted record revenues of €20.5 million, a 39% year-on-year increase. Operator turnover was up 31% to an all-time high making Q3 2018 the first Q3 where turnover increased sequentially during the year with a major summer football tournament, which has a greater impact on Q2. Our operator trading margin was again above our long-term expected average at 8.6%. The inherent scalability of our business model can be seen in our operating margin of 20%, despite the fact revenues increased significantly, much of our cost base is fixed and therefore our operating margin was higher than in previous quarters this year.

We added three new customers during the quarter. In the Q2 report, we detailed the July signings of Latvijas Loto and ATG. Since then, we have also added Global Gaming further strengthening the Kambi network.

We have now signed seven customers in 2018 and the interest in Kambi continues to grow. In August, Kambi created history when processing the first legal online bet in the U.S. post-PASPA. The bet was struck in New Jersey with our partner DraftKings. And we've since launched the Rush Street Interactive SugarHouse brand and 888sport. We are powering three of our eight online Sportsbook in the state giving us a dominant position in the market.

I will now hand over to David Kenyon, who will talk you through the financial highlights, turning to slide 6.

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## David Kenyon

*Chief Financial Officer, Kambi Group Plc*

Thank you, Kristian. Good morning everyone. In Q3, we had revenue of €20.5 million. This was driven by the strong level of operator turnover from both existing and new customers as an operator trading margin of 8.6%. Operating costs were €16.3 million giving an operating profit for the quarter of €4.2 million. Our cash flow for the quarter excluding working capital movements was €3.3 million and our net cash position at the end of September €30.8 million.

So let's talk to the income into more detail. Turning to slide 7, this slide sets what we call the Kambi Turnover Index. The graph shows the trends and the results generated by Kambi for its operators. The turnover is a total stakes placed with the operators by their end users. In Q3, we've seen turnover placed with our operators significantly up in Q3 last year. The level of operator turnover saw contributions from the later stages of the Football World Cup, underlying growth from our existing operators, and from the new operators both in the U.S. and the rest of the world.

It's very positive that we have bought the usual trend we see in Q3 after a major football tournament circled here in 2014 and 2016. While we have previously seen a decrease in operator turnover in the quarter, this year we would have achieved growth from Q2 to Q3 even without the launch in the U.S. The margin represents a combined trading margin made by the operators. In Q3 this margin was 8.6%. It's in the nature of the business for the operator trading margin to fluctuate between quarters depending on the results of sporting events. But we guided the expected long-term average is 6.5% to 8%. This quarter was boosted by favorable results in the latter stages of the World Cup and in some of the major European football leagues.

We can see the conversion from operator turnover growth to our revenue growth on slide 8. Operator turnover was up by 31% compared to Q3 2017. The operator trading margin multiplied by the turnover generates the

operator's gross gaming revenue or GGR. The operator trading margin of 8.6% was well ahead of Q3 last year leading to an overall operator GGR increase of 51% year-on-year.

Kambi's commission is based on the percentage of the operators' net gaming revenue. In the last 12 months we've extended contracts with many of our largest operators for the long-term. They all grew significantly since our original contract signing and the terms of the renewals generally reflect this growth. In aggregate, this has had an impact on our revenue conversion. This along with the fixed part of our revenues and sets in volume-related commission tiers as shown in the other column of the graph. The net effect of all these factors is that revenue for Q3 2018 is up by 39% on Q3 last year to €20.5 million.

Let's turn to the full income statements on slide 9. Operating expenses for the third quarter was €16.3 million. This demonstrates the scalability in our business model where the large majority of our cost base is fixed. The costs increased in line with our guidance from last quarter despite the significant increase in revenues. This led to a large increase in operating profit from €1.1 million last Q3 to €4.2 million this quarter.

Profits after tax is €3.3 million compared to €0.8 million last year. We can see more information about our cost base on slide 10. Here we see an illustration of the areas where we invest our money. The large majority of our expenditure shown at the top part of the illustration is on the day-to-day costs of continuing to develop and run a market leading Sportsbook, which benefits all of the operators we work with.

In addition to this, there are specific initiatives. For example, we were continually on the existing offering for all of our operators in areas such as increasing operator differentiation capabilities and improving the player experience of our product, as well as increasing automation and sharpening the risk management capabilities, which benefit the accuracy and scalability of our operations.

Another important area for us is developing the channels on which we can offer our product. Specifically, the ability to offer a market leading product on retail terminals, this is a key part of maximizing our addressable market. In terms of market expansion, we work constantly to ensure our product is ready to serve new markets as commercial opportunities and regulations develop. This comprises the technical developments of the product and the costs of obtaining and maintaining licenses and certifications as well as making sure that the product is tailored to the relevant market. And of course, you spent time and money on integrating new customers from a technical and operational perspective. We see very exciting opportunities ahead and we will continue to invest to capitalize upon them. For Q4, we anticipate growth in operating expenditure of 5% to 7%.

Now, let's look at the cash flow on slide 11. Sets out on this slide are the major components which impacted our cash position during the quarter. Our opening cash balance was €35.4 million. Working capital decreased in the quarter by €0.6 million, reflecting an increase in trade that is – as our revenues grow. Capitalized development costs in the quarter were €2.2 million, while the amortization charge on previously capitalized costs was €2.1 million. Overall, the net cash inflow for the quarter was €2.8 million and our closing cash balance €38.2 million.

So now, let me pass you back to Kristian, turning to slide 12.

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## Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

Thanks, David. In Q3, Kambi made its debut on the U.S. market. Following the repeal of PASPA, New Jersey was one of our first dates to launch a regulated framework and the first to launch online.

With our partner DraftKings, Kambi was the first to process a legal online bet in the U.S. outside of Nevada, a seismic moment in the sports betting industry. The fact Kambi was the first to launch online in New Jersey, is a testament to our ability to quickly comply with local regulations. Due to our commitment to integrity and corporate probity as well as our history of speedy integrations and delivery, Kambi has become the trusted choice for operators across the world.

It's worth highlighting that by mid-September, we were live with three online operators in New Jersey, all with differentiated products. Meanwhile, some of our competitors have yet to launch a digital product for their partners. According to recent figures published by the New Jersey regulator, Kambi's free customers had a combined online market share of more than 70% in September.

DraftKings is currently the clear market leader, while Rush Street Interactive which launched Sportsbook with its Casino SugarHouse brand is the third largest in terms of revenues. SugarHouse launched the Kambi's Sportsbook after MGM launched its Sportsbook, yet in September a must 5 times revenue and more of a double that of MGM and Caesars combined.

Turning to slide 13. Although, much of the attention is on the U.S. market. We continue to grow in Europe. And in Q3, we signed three new customers in Europe. We detailed the signings of ATG and Latvijas Loto in the Q2 report over which we signed [ph] ELI (00:13:53). In August, we added Global Gaming, a rapidly growing gaming operator which is listed on the Nasdaq Stockholm First North. Global Gaming has enjoyed recent success with Ninja Casino brand.

Moving on to slide 14. Shortly after the close of Q3, we started a commercial partnership with White Hat Gaming, a provider of platform gaming and managing services. An agreement that's a favorite platform option for prospective Kambi customers with our agnostic platform approach, empowering operators to choose a solution that is best to meeting their needs. The agreement also enable White Hat Gaming customers to offer the Kambi's Sportsbook where appropriate and strategically viable.

On to slide 15. Following the early success of New Jersey, more U.S. states are understandably keen to regulate and launch sports betting. Kambi recently obtained a permit in West Virginia and we are in advanced stages of licensing process in Pennsylvania and Mississippi. In New York, the regulatory process is on hold until after the midterm election next month. We expect the market to go live in 2019. But what form the regulation may take is still unclear.

There are a few possible outcomes with currently unknown whether licenses will be restricted to small number of casinos or whether online betting will be allowed. However, in each scenario, Kambi is well-positioned to take a strong position in the market.

Due to nature of state-by-state regulatory process in the U.S., the market is unlikely to reach its full potential for a number of years. That said, it was interesting to see the launch of sports betting on a property of a tribal casino in New Mexico before the launch of a regulatory framework in the state. The tribal casino was able to launch sports betting due to compact Italian players with the state in which sports betting is permissible. This potentially opens up opportunities for other tribes with similar compact agreements in place in other states.

In a similar vein, the advanced regulatory situation in Washington D.C. where betting could be live in H1 2018 also took us a little bit by surprise due to the speed in which it has progressed. So, while some states may move slowly, it will be a case that others expedite the regulation of sports betting.

Now, to slide 16. Earlier this month, we flew a team out to Las Vegas for annual G2E show which is one of the largest gaming exhibitions in the world. Following the full repeal of PASPA this year, this year's exhibition had a strong emphasis on sports betting. Kambi invested in a sizable presence at G2E as a part of a larger branding initiative to strengthen our brand awareness and reputation within the markets.

On stand, we were able to present our online and land-based products to prospective customers, current customers, regulators and media. Meanwhile, office stand, a large number of productive meetings with current and prospective customers were held.

I was also in Vegas for the show, and the interest I saw in Kambi was unprecedented with feedback very positive. It was also pleasing to see that traction the Kambi brand has already gained in the U.S., with many senior executives recognizing Kambi for its quality and delivery in New Jersey. I was confident in our chances of success in the U.S. prior to G2E. However, following the show, I'm even more convinced Kambi is well positioned to become the number one choice for operators looking for a high-quality and trusted sports betting partner.

Now, onto slide 17. So, to recap, the third quarter was a best in Kambi's history, recording strong turnover growth and delivering our highest ever revenues. We also expanded into U.S. where we took our first legal online wager post PASPA. Our future looks bright. We have more U.S. states to regulate over the next few years, and interesting development in our markets globally. Kambi is a market leader in the countries and states it currently operates in, and I believe we are in a very good position to replicate that success as new markets are opening up.

Now, I will pass over to the operator for questions.

## QUESTION AND ANSWER SECTION

**Operator:** Thank you. [Operator Instructions] And first question is from Erik Moberg from ABG. Please go ahead. Your line is open.

Erik Moberg  
*Analyst, ABG Sundal Collier AB*

Q

Hi, guys. Good morning, and congratulations on a strong report. You mentioned that roughly 5 percentile revenue stemming from the U.S., but if you look at the operator turnover index, how much would you say that U.S. constituted?

Kristian Nylén  
*Chief Executive Officer, Kambi Group Plc*

A

What was mentioned is that we would have been growing the operator index quarter-by-quarter even without the U.S. Actually, I haven't mentioned a figure of 5%. It is a good assumption though, but it's roughly in that area.

Erik Moberg  
*Analyst, ABG Sundal Collier AB*

Q

Would that be similar levels at the operator turnover index or...

Kristian Nylén  
*Chief Executive Officer, Kambi Group Plc*

A

That was what I was referring to in our call.

Erik Moberg

*Analyst, ABG Sundal Collier AB*

Q

Okay. If we look at Q4, how much would be fair to assume that new customers will contribute?

Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

A

I think looking at Q3, we were only operating from the August 6, I think. So, I mean, you have one more full month and a little bit more, also the basketball hadn't started in Q3. So, I think you should expect a positive growth from the U.S. market for us.

Erik Moberg

*Analyst, ABG Sundal Collier AB*

Q

Okay. And then, if we look at the monthly data that is published by New Jersey regarding gross generated revenue, how much of it is spent from the bets that's been made in conjunction with games that takes place later on during the year?

Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

A

We didn't give a number for that in September. In August, I think it was [ph] GDR (00:21:31) in August, I think it was more than 50% that was not settled.

Erik Moberg

*Analyst, ABG Sundal Collier AB*

Q

Okay.

Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

A

However, I mean, if you're looking at September, a large part of that August turnover was settled in September. So, I think you're getting to a more figure that is more in line with the actual figure from September and going on forward.

Erik Moberg

*Analyst, ABG Sundal Collier AB*

Q

Okay. That makes sense. And also in regards of the Sun International and Corridor, you're up and running online, but what's the status regarding the rollout for the retail product?

Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

A

So, in Colombia, it is actually only an online regulation. So, that is what we are planning to do in Colombia for foreseeable future. Having said that, Corridor is working very much with the customers coming-in to the retail stores, helping them out on online. With Sun, I think something on retail is very possible to happen during 2019.



Erik Moberg

*Analyst, ABG Sundal Collier AB*

Would that be H1 2019 or during the second half, do you think?

Q

Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

I don't want to comment on that, at this moment.

A

Erik Moberg

*Analyst, ABG Sundal Collier AB*

Okay. That's all for me. Thank you very much, guys.

Q

Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

Thank you.

A

**Operator:** And next question is from the line of Christian Hellman from Nordea. Please go ahead, Christian. Your line is open.

Christian Hellman

*Analyst, Nordea Bank AB*

Hi. Thanks. Just a couple of questions on the customers that you recently signed, but haven't yet launched. ATG for example, I'm guessing that you're planning to go live with them 1st of Jan, or what's your timeframe there?

Q

Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

I think that's a very likely assumption.

A

Christian Hellman

*Analyst, Nordea Bank AB*

Yeah. I guess well.

Q

Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

It will certainly not be earlier at least.

A

Christian Hellman

*Analyst, Nordea Bank AB*

No, no, for sure. That was perhaps an obvious question, but the other ones, the Global Gaming and Casumo, what are the sort of – in Casumo, you signed a while ago, but you haven't launched that one yet. What sort of are the time frames for Global Gaming and Casumo to go live?

Q

Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

A



Global Gaming I think is also very likely to be live with the Swedish regulation opening up. Casumo, I can't give you a timeline for you.

Christian Hellman

*Analyst, Nordea Bank AB*

Q

Okay. And what sort of – what happened with Casumo, because they started before the summer?

Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

A

Yeah. I guess that's more a question to Casumo than us actually.

Christian Hellman

*Analyst, Nordea Bank AB*

Q

Okay. Okay. Okay. Fair enough. And then, on the White Hat, could you elaborate a bit on their sort of footprint where do you think they will help you to grow and find new clients?

Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

A

So, first of all, I think White Hat, they have a – yeah, very different operating model to most other platforms with. They are more of the white labeling companies, so they manage everything for customers, everything actually from licensing to operating the business with call centers, CRM, payments, fraud and so on. They have a few decently sized casino operators that I think are likely customers for us for near future. And then, we will see from there.

Christian Hellman

*Analyst, Nordea Bank AB*

Q

And in terms of geographical markets, they are primarily dominant in Europe or they have business in the U.S. or where their clients are located?

Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

A

It's predominantly Europe at the moment, especially I think UK is large for them.

Christian Hellman

*Analyst, Nordea Bank AB*

Q

Okay. All right. And then, just a question on the cost guidance. You're guiding for 5% to 7% sequentially into Q4. Can you say anything on 2019? I mean, with a lot of things happening in the U.S., I'm guessing you're sort of thinking about opening an office there perhaps, and is it possible the same thing about 2019 in terms of costs?

David Kenyon

*Chief Financial Officer, Kambi Group Plc*

A

We can't give specific guidance. We're not giving a number at this stage, but yeah, you can imagine that as we talked about, there are a lot of opportunities in the U.S. So, we will spend what we need to to capitalize on them and that could potentially include, just putting an office and then putting some stuff there to really capitalize on opportunities.

Christian Hellman

*Analyst, Nordea Bank AB*

Q

Right. And balancing that in relation to sort of you getting some scale and leverage on in the businesses? Do you think you'll sort of perhaps grow costs more than 7% quarter-on-quarter next year if you have to open up an office and that's all.

David Kenyon

*Chief Financial Officer, Kambi Group Plc*

A

Well, just to be clear, let me talk about an office, we're not talking about it. It's not going to be a huge office. Perhaps it's more kind of a place where we can have some sales representation, customer support and some trading expertise, but was not again massive office here. So yeah, as I said, I'm not going to give number for 2019, but yeah, that will be a small contributor to any growth.

Christian Hellman

*Analyst, Nordea Bank AB*

Q

Okay. And just a final question on your general pipeline, I mean, you're obviously very bullish after the G2E show in Vegas on long-term opportunities there in U.S., but can you give just sort of general view of your sort of current client pipeline if you look at the European market and also perhaps including the U.S. We're obviously – because it was previously said that it was super strong and then signed ATG and a few others. Is it still looking very, very good, [indiscernible] (00:27:52) market or are there any ones left?

Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

A

Yes I think it's looking good. Obviously I would say the focus is turning a little bit more towards the U.S. at the moment to all very good reasons. Having said that, I mean, in last quarter we actually signed a three customers in Europe. So it's not like we are not continue – continuing working on the European market. I am still very bullish about the pipeline. However, you also have to remember that now we're getting in more to a situation where we are starting looking into states outside of New York and the regulatory situation, we will have an impact on the timelines. So it's a little bit tricky to say the pace of it.

Christian Hellman

*Analyst, Nordea Bank AB*

Q

I understand that. It's nothing in your hands really. And the final question just on Sweden with the tax being implemented here in – from January. Can you give some sort of guidance on some of your exposure, I mean Kindred is your largest customer, but can you give some sort of guidance on how this will impact you in Q1?

David Kenyon

*Chief Financial Officer, Kambi Group Plc*

A

Yeah. I mean all I probably say at the stage is if you look at the waterfall I think that might have a slightly different shape to as you move into 2019. I think you probably see it slightly kind of larger impact on the taxes and marketing deductibles column in that revenue conversion. So we will get to – probably give it, when the market opens up, we can be a bit more clear exactly what the impact is. But I'd say just anticipate bigger impact from tax moving into 2019.

Christian Hellman

*Analyst, Nordea Bank AB*

Q

Yeah, I do. I do. I'm just sort of – I'm just sort of...

David Kenyon

*Chief Financial Officer, Kambi Group Plc*

I can't give you a number today.

A

Christian Hellman

*Analyst, Nordea Bank AB*

...to understand it. If it's Sweden, if you sort of take the revenues from Kindred and all of your other sort of operators that are present in Sweden, if that's sort of that's up to 10% of 20% of your group revenue. So yeah, we are just ballpark?

Q

David Kenyon

*Chief Financial Officer, Kambi Group Plc*

I mean, we obviously can tell from Kindred that we still say that's more than 50% of our revenues. So that gives you a decent rule of thumb.

A

Christian Hellman

*Analyst, Nordea Bank AB*

Yeah.

Q

David Kenyon

*Chief Financial Officer, Kambi Group Plc*

I can't give you a very exact number for confidentiality reasons.

A

Christian Hellman

*Analyst, Nordea Bank AB*

Well, okay. Okay. I'll have to do some guessing work, I guess.

Q

David Kenyon

*Chief Financial Officer, Kambi Group Plc*

Yes please.

A

Christian Hellman

*Analyst, Nordea Bank AB*

Thank you. That's it for me. Thanks.

Q

David Kenyon

*Chief Financial Officer, Kambi Group Plc*

Thank you.

A

**Operator:** Next question is from Victor Högberg from Pareto Securities. Please go ahead your line is open.

Viktor Högberg

*Analyst, Danske Bank A/S (Sweden)*

Q

Hi guys. I have a follow-up question on the OpEx growth guidance into Q4. I won't hold you to any numbers, but [indiscernible] (00:30:46) with Kristian a couple of weeks ago where he said that this increase – sequential increase of 5% would persist for a foreseeable future. Well, how would you define the foreseeable future, is that 2018, 2019, not 2020 or how should we see that? Looking one year ahead if it would increase 5% to 7% that would be 20% to 30% OpEx increase into Q3 2019, would that be a fair assumption somewhere between or...

Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

A

I think I mean, that's another reason why we have started to look at the higher cost increase, it's obviously U.S. and I wish I knew better than I do about how quickly different states will legislate. But I mean it's a big unknown for us as well. What you can be sure of is that if the opportunities isn't there from revenue point of view, I mean there is no point for us to deliver revenues much faster either.

David Kenyon

*Chief Financial Officer, Kambi Group Plc*

A

Also when I presented earlier, I talked about that we were investing in different – as I highlighted different parts of business we're investing, it was improving product, it was developing new channels, it was developing new markets and it was integrating new customers, and all of them have kind of – they're all revenue driving. So these are the areas we're spending money just to capitalize on these opportunities.

Viktor Högberg

*Analyst, Danske Bank A/S (Sweden)*

Q

Yeah, sure. What we see in general from what you know now when you go into new state or when you would enter a new state in the U.S. the lag or like a cost cover?

Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

A

I mean I'm highly surprised that how fast it went in U.S. and it's that – how it would be in other markets. I think it would be a very little lag. What this against that is if you get states that only regulatory retail then you will get a much slower pace of that course, but if online is regulating directly you will see very instant revenue growth as well.

Viktor Högberg

*Analyst, Danske Bank A/S (Sweden)*

Q

Okay. And regarding new states I know it's not set – it's not clear yet, the physical preference that will be required in printing at given state. But what would you say it's a bit like signing a new client, put up the €250,000 up to €0.5 million for a new client or new state in the U.S., would that be a fair assumption?

Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

A

No, I don't think you should assume that the client matches any costs because, I mean, if DraftKings or Rush Street want go into to the new states, the cost is already taken there. So it has more to do with a state rather than an additional customer.

Viktor Högberg

*Analyst, Danske Bank A/S (Sweden)*

Okay. Great. Okay. That's it from me. Thanks.

Q

Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

Thank you.

A

**Operator:** Next question is from Hjalmar Ahlberg from Kepler Cheuvreux. Please go ahead. Your line is open.

Hjalmar Ahlberg

*Analyst, Kepler Cheuvreux SA (Sweden)*

Thanks. Just want to check if you have any information about DraftKings that's has been very strong in New Jersey, do you know if they have a lot of user from their existing data base or is that you can describe in other states in U.S. as well?

Q

Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

I think I don't have a full overview of our database, of course, but they have been very successful on the leading brand in most states where you can operate the daily fantasy sports. So I would expect that they have a great capital base in most states are going to.

A

Hjalmar Ahlberg

*Analyst, Kepler Cheuvreux SA (Sweden)*

Okay, thanks. And then yes, on the book, sports margin, would you see any difference long-term when you get more U.S. exposure towards the sports margin same in this market compared to the other markets in the world?

Q

Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

I would say it's way too early to say. This year we will – what we have seen so far is very good margins, but I think [indiscernible] (00:35:21) especially American Football has been very favorable as well. So it's too early to – to give a good answer on that question, I will say.

A

Hjalmar Ahlberg

*Analyst, Kepler Cheuvreux SA (Sweden)*

Okay. That's it for me. Thank you.

Q

**Operator:** And there are currently no further questions registered. So, I'll hand the call back to the speakers. Please go ahead.

Kristian Nylén

*Chief Executive Officer, Kambi Group Plc*

All right. Thank you for questions and for listening in. We're looking forward to update you on the 13th of February when we publish the fourth quarter results of 2018. Thank you.

**Operator:** This now concludes the conference call. Thank you all for attending. You may now disconnect your lines.

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