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Raketech

Q2 2018



Speakers



Andreas Kovacs
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Mathias Lundberg
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Michael Holmberg
CEO | Raketech



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Operator



Sharish Aziz
Equity Research Analyst | Danske Bank

Prepared Remarks

**Sharish Aziz**

Equity Research Analyst | Danske Bank

Welcome to this Q2 18 results presentation of Raketech Group. The first one as a listed company as well. My name is Sharish Aziz, and I work as an equity research analyst at Danske Bank here in Stockholm. With me, I have the CEO of Raketech, Michael Holmberg, who will give us the presentation. I'll take the questions and answer session post the presentation. I'll hand the floor over to you, Mikael.

**Michael Holmberg**

CEO | Raketech

Thank you, Sharish. Welcome to the Raketech Q2 presentation of our performance. With me here in Stockholm today is also CFO, Andreas Kovacs. Since this is our first report as a public company, I thought I should spend a couple of minutes on explaining about who we are and what we do. Personally, I have 17 years of experience from the gaming sector, coming from the operator side, which I came into when writing a master's thesis in law about the Swedish gaming monopoly in a European community law perspective back in the early 2000. Today, I find myself challenged and excited every day, driving the affiliate part of the gaming sector forward in a sustainable and responsible way. Who are we?

**Michael Holmberg**

CEO | Raketech

We are based in Malta, founded in 2010, and we are about a 100 people strong workforce, focusing primarily on our top 20 online and mobile products and services. We produce services for anybody interested in sports and gambling. We have the Nordics as our main market, our home market, and we work with all of the big gaming companies, and we have over 60% of the traffic coming from mobile devices. Our mission to guide and inspire people to informed decision is an inheritance from our founders, Johan Svensson and Erik Skarp, who are true entrepreneurs and with a passion for gambling. They saw a demand in the market to inform the users about the latest and the greatest in the gaming sector. What are the latest campaigns? What are the reviews of the games?

**Michael Holmberg**

CEO | Raketech

Where do I find the odds? Where does the game show on TV today? What's on sports on TV today? This is how we build the services to connect the users with the gaming operators, keeping them up to date, following the trends, and then bridging them together. That's how we create the win-win partnership with the gaming operators and with the users and with the users and partners at our core. When we do this well, we also create long-term shareholder value. Our business model, then, how do we grow? We grow in Raketech core, in the lab, and in M&A. In core, we continue to fulfill and further develop our existing services.

**Michael Holmberg**

CEO | Raketech

We do that with a diversified product strategy, which is built on 4 segments, which is search, communities, guides, and social media. Search is the main part of our revenue today, but we are investing long term into technology in communities and guides. A couple of search products that we're particularly proud of is CasinoGuide and CasinoBonusar. On the community side, we have Denmark's leading sports community, BetXpert. On the guide side, we have TVmatchen.nu, which is the largest TV sports tableau in Sweden today, with millions of visits every month. Then we complement this strategy with social media, where we're backing up the support of the services with Facebook, Instagram, and Twitter, and so forth. We're then also creating our own ecosystem, promoting and cross-selling the products across our inventory.

**Michael Holmberg**

CEO | Raketech

In the lab, we can be entrepreneurs, and we follow the trends, creating new products there. We're innovative, we're exploring with Twitch and other types of technology and new media. We also can launch products in our home markets into new markets, and we're focusing here on building on, again, back to the mission and vision and our founders, where we're coming from with a passion for sports and gambling. We do that there, or we can do it together with partnerships with other entrepreneurs into the future. On the M&A side, here we can choose to grow via acquisition if we find that more favorable than launching new products in the lab. That's also how we can enter new markets or enter new technology. A bit more about our M&A strategy. Here we are primarily focusing on new technology.



Michael Holmberg

CEO | Raketech

We're looking at new trends, new media, also working long term with partners and entrepreneurs out there to bring them on board. This can also be to extend our current product offering, both in lead generation and in media. We can look at an example here of how that works in reality. Take TVmatchen.nu, fantastic product with a 15-year history, where we then acquired the company last year, brought the founders on board. We kept innovating and further developed the product, but we also launched it in new markets. Today you find TVmatchen in 5 markets. Let's dive into why we're here today, speak more about the Q2 highlights.



Michael Holmberg

CEO | Raketech

Here we are delivering quarter-on-quarter growth on 23% with EUR 6 million revenue, which is year-on-year growth on 41.3%, organic growth of close to 25%. On the EBITDA side, we are growing quarter-on-quarter by 28.2%, that gives us an adjusted EBITDA margin of close to 54%. This is in line with our long-term financial targets. On new depositing customers, we're delivering a little bit over 20,000. New depositing customers is a KPI we are tracking, it's not our main KPI as a company. Reason for that being that we also have media products, we have finance vertical.



Michael Holmberg

CEO | Raketech

On the search, we are focusing heavily on high-quality keywords, so driving maximum amount of NDCs is not necessarily what we do with our long-term strategy. Highlights during the quarter. We had a successful IPO on Nasdaq First North Premier on the 29th of June. Why did we float the company? Well, we believe it's the right platform for the company for future growth. It is a credibility stamp. It is aligned with our view on sustainability and regulation, brings us closer to the partners and to all the stakeholders in the industry. It's also a logical next step in our growth story with regards to our M&A strategy and working actively with our capital structure. We also had the FIFA World Cup, which was a big event for the gaming sector as such in H1.



Michael Holmberg

CEO | Raketech

We had planned this thoroughly, and we're pleased with the outcome on how we executed on the event in itself. We have expanded cooperation with Svenska Spel, having done larger marketing cooperation with the Multikrets and Stryktipset. With ATG, in partnership with them, we launched the Trotting Guide on TV-matchen. We have two acquisitions, Mediaclever, being leading casino sites in the Swedish market, and we have Shogun Media, which brings us also then added knowledge in search, in SEO, but also in PPC, where we can grow in Sweden and in new markets. We launched the TVsportguide in the UK and in Germany ahead of the World Cup.



Michael Holmberg

CEO | Raketech

What we have done in core, some of the highlights there is that we have relaunched products such as CasinoGuide, Bettingsidor, CasinoBonusar, and Kasino, and there is always ongoing work of relaunching our current products there. Moving forward on our view on responsibility and sustainability, we are working close with all of the partners in the industry. This is something that is expected from us as a market leader. It's not only a very important area to me personally, it's also good business manner, where we see it also being a competitive advantage to focus heavily on this area. We are GDPR compliant, and the team did a fantastic job in getting up to speed there with the guidelines.



Michael Holmberg

CEO | Raketech

We have also rolled out the U.K. compliance features in all our markets, so we go over and beyond what is expected from us in the other markets outside of the U.K. Then we have. This is driven by our compliance manager, our own ombudsman, reporting directly to myself. Then we're also seeing it being a competitive advantage, where in some cases, when we have acquired an asset that have previously lost the partnership with the leading sports betting company, we have managed to win that business back simply by being compliant, something we're particularly proud of. Q2 financials. Andreas, please.

**Andreas Kovacs**

CFO | Raketech

Thank you, Mikael. Let's dive into the financials. What we can see here is the historical revenue growth. We have a compounded average growth rate of 64.2% during the last 24 months. We are especially proud of the strong revenue growth between Q1 and Q2 in 2018, amounting to 23%. That was highly affected of strong growth throughout all our platforms, especially within the casino segment, but also highly driven by the organic growth throughout our media products. On top of that, it was boosted by the World Cup effect. If we go to and look more deeply in our revenue split and our revenue during Q2, there we can see all-time high revenue of EUR 6 million.

**Andreas Kovacs**

CFO | Raketech

This is a growth year-on-year of 41.3% ahead of our financial targets. This is built up by organic growth of 24.5% and by acquired growth of 16.8%. Here we got also effect from our latest acquisition, CasinoFeber and Mediaclever. If we look at the split by vertical, we can see a dominating position for casino, 76%. This was also affected positively by the latest acquisition, which we made in this segment. It's also has also strengthened our EBITDA as we drive the casino segment with a bit higher EBITDA as sportsbooks. If we're looking at the revenue streams, we can see that rev share amounts to 42%, the highest portion. We get 41% related to CPAs.

**Andreas Kovacs**

CFO | Raketech

And this high focus on CPA during the quarter is driven both by the FIFA World Cup, where there's a certain uncertainty related to results, but also that this is something we probably we see effect of that in the media products, which is growing really fast, organic. There we can there we are more mainly selling CPA and flat fee deals. And I also want to take the opportunity now, when it's the first time we are standing here, to explain a bit more about our pricing strategy and our revenue model. What I receive a lot of questions: What is the best rev share, CPA, flat fee? It isn't so easy to answer. You have to be data-driven. That's what we are in Raketech.

**Andreas Kovacs**

CFO | Raketech

We are looking at the main KPI, Lifetime Value, on the traffic that we are sending. We also have to invest in a long-term win-win partnership with our operators. More or less, the mix of that comes up is what is the best revenue model for that specific quarter? If we go and look at the EBITDA development, we can see EBITDA margin growth between Q1 and Q2 of 2.2%. This is highly driven by the strong revenue growth, which was positive effect on employee benefits and also by the operating expenses. Direct cost in relation to revenue increased, that is mainly that we're switching a bit of the model, where we before had a lot of in-house content, a lot of in-house development.

**Andreas Kovacs**

CFO | Raketech

Now we see that we want bigger flexibility and that we get through, with the two higher portion of external dev and content writers. Statement of Financial Positions. If we look at the balance sheet, how it looks like, we have EUR 106 million in total assets. Out of that, the biggest portion is the fixed assets, amounting to EUR 58.7 million. Out of that, we have intangible assets of EUR 58.4. The intangible assets, that is our product portfolio. It consists of platforms, websites, our products, more or less. We have goodwill for the first time of EUR 1.1 million, related to our latest acquisition, which we completed in June 2018, where we acquired Shogun Media, a long-term strategic cooperation.

**Andreas Kovacs**

CFO | Raketech

Also you can see that there is a high portion of other receivables as at 30 of June, which relates to the IPO funds, the new share issue, which actually we received and have it in our cash from the 2nd of July 2018. If you look at the equity and debt side, we can see an equity of 55 million in relation to the new IPO, or the IPO that we just completed. We can see the borrowings of 37.4 million related to the credit facility, loan facility against Ares Management. We have a total credit facility of EUR 70 million, which supports our continued M&A strategy.

**Andreas Kovacs**

CFO | Raketech

Amounts and commitments that relates to future earnout liabilities and relates to management best estimation as at third of June 2018. We dive into the cash flow, we can see a strong cash conversion driven by a strong operational net cash flow, which is a positive effect from the working capital. We can also see that we are more or less reinvesting in new products and new technologies, which we did during Q2 when we acquired Shogun Media and Mediaclever, and that relates to the acquisition of EUR 5.6 million during the quarter. We have also transaction costs related to IPO, where we have a cash effect of EUR 1.1 million during the quarter.

**Andreas Kovacs**

CFO | Raketech

Paid interest relates to the interest paid in relation to our credit facility to Ares Management. To try to sum it up, our actuals against our financial targets, what we are guiding on, that's within three areas, where we have look at revenue growth, EBITDA margin, and the capital structure. What we can see is that we guide on a growth of 30% on year-on-year basis on the short, midterm way, where 10% of it should relate to at least to organic growth. During the quarter, if you look at the year-on-year, we have a 41% growth, and out of that, 25% relate to organic growth. Profitability, we guide on 50% plus adjusted EBITDA margin.

**Andreas Kovacs**

CFO | Raketech

During the quarter, we run the business with 40, 54% adjusted EBITDA. The capital structure, as we will continue to acquire new products and new technologies, we are guiding on a net debt towards the EBITDA leverage ratio between 1.5 and 2.5 times. At the moment, if you take it into consideration that we received the funding during Q2 related to the IPO, we more or less at the moment have a zero leverage ratio. I will give it back to Mikael.

**Michael Holmberg**

CEO | Raketech

Thank you, Andreas. Upcoming regulation, I'm sure many of you have questions on our view on that, let's spend a couple of minutes on that. Raketech embraces regulation in general and the Swedish regulation in particular. We have known, and this has been a topic for discussion for almost 20 years, that it's coming. We have deliberately continued to invest in the Swedish market. Let's look at what is happening. The Swedish Gambling Authority have, at this point, received somewhat 40 applications for a license. Seems to be going on track to be embracing a large part of the business with the channelization of... I think the target is around 90%. That's very interesting and encouraging for the regulation. What is happening from our side then, Sweden being our major market?

**Michael Holmberg**

CEO | Raketech

We have then worked thoroughly on the strategy for this, obviously. You can divide that into two parts. You have the pre-regulation strategy and the post-regulation strategy. On the pre-regulation part, you have the choice of partners that we work with leading up to the regulation, and you also have the choice of revenue model going into that. Here you're looking at lifetime values. It's, is it casino or sports, and which revenue model that we should choose, and the quality of the traffic there. Post-regulation, it is then securing good contracts from January 2019. Here we have ongoing discussions with most of the operators, many operators coming to us already wanting to negotiate deals for 2019 now.

**Michael Holmberg**

CEO | Raketech

I definitely, see that the, majority of the big companies will be, wanting to defend their market position or grow their market position, building market share ahead of the regulation, but also post-regulation, obviously. There we also have the choice of revenue model post-regulation. A little bit more on what the impact will be and how we view the regulation, Andreas will, tell us about now.

**Andreas Kovacs**

CFO | Raketech

Thank you. Okay, to start with, we really welcome regulation. There you have a solid ground, everyone knows how to play the game. What is important that you are prepared. Also, if we take a step back and looking what has happened historically, if you look at the regulation which has happened, it is actually in almost all cases, it has been a positive effect. There are a few examples where it hasn't worked, that relates to the too high tax shield or tax rate that has been applied. As lucky as we are, Sweden looked quite much on Denmark also regarding the tax rate. Sweden actually will have a slightly lower tax rate of 18% on the gross game revenue.

**Andreas Kovacs**

CFO | Raketech

There we feel also the comfort as we have been in Denmark, that we will be able to continue to drive our business in line with our strategy that we have set up. If you look in more in detail, what will happen? Yes, there will be a tax effect, that's for sure. That tax effect, however, will be for what we foresee is that it will be divided throughout the whole value chain, it has been in other markets, between operators, game providers, and also, of course, affiliates. What we can see is also there is a huge potential for regulated market.

**Andreas Kovacs**

CFO | Raketech

There are a lot of big operators, which at the moment have just looked at Sweden, but where they feel that they want to enter the market with full power post-regulation, as they really want to drive their business into regulated markets. You can also see as Michael pointed out when we look at compare on the regulated markets where we operate compared to unregulated, you have a much higher Lifetime Value, which you can also see on the, on the below, in the below graph in the, in this side. That is driven because of the quality of the traffic throughout the whole market. When it's regulated, it's much higher. The operators are actually able to pay up for this traffic.

**Andreas Kovacs**

CFO | Raketech

We have seen that prices on regulated market is higher than an unregulated market when we are selling traffic. There you can also see that that that will be, which is maybe the most important, that in a regulated environment, competition will be less. At the moment, 7 of the biggest affiliation companies stands for 15% around of the European market. There are a lot of smaller affiliates which is in competition with the bigger affiliates. We believe that it will be harder to drive affiliation when you have compliance, which you have to always rely on, which means that the bigger players will have a better position in a regulated market.

**Andreas Kovacs**

CFO | Raketech

To close out, also, Mikael mentioned, that we have worked with Svenska Spel and ATG, and they will be a main players after regulation, and that we really focus on increase our cooperation with them. In the long run, what I want to more or less say to you is that if you're prepared, if you have the compliance, then you don't have to fear anything about the regulations.

**Michael Holmberg**

CEO | Raketech

To sum this all up, second quarter for Raketech, we've seen strong quarterly revenue growth and EBITDA growth in line with financial targets. We have continued good delivery from all our areas in the business, from core, from lab, and from M&A. We have a high focus on product compliance and the upcoming Swedish regulation, so far, Q3 performance, we see that it's in line with expectations. However, you should always remember that we're building this company with a long-term focus and our long-term goals, long-term strategy. Thank you.

**Sharish Aziz**

Equity Research Analyst | Danske Bank

I'm back. Thank you so much, both of you, for giving us this presentation for the first time. As per usual, I'll start off with some questions, and then we'll open up for audience webcast, telephone. First and foremost, I noticed that Andreas had one slide of the financial targets. You've been able to beat all those on this first report. You know, this may come off as a cliché, but this is a strong report, right?

**Michael Holmberg**

CEO | Raketech

We're pleased with the Q2 performance, absolutely, and we're doing well. We have no reason to adjust any targets. We are building long term, and those are the targets that we have focusing on. That's where we are.

**Sharish Aziz**

Equity Research Analyst | Danske Bank

That's good. If you had to summarize Q2 for Raketech, a lot of things that happened, both internally and also this quarter being characterized by a huge sporting event, how would you summarize Q2?

**Michael Holmberg**

CEO | Raketech

We've had a lot of focus on the IPO, obviously, that has been a lot of the focus for the management. A lot of hours went into that, we're now happy to be going back, focusing more fully on the operations and building the business long term. We have exciting projects delivered from the lab. We are following our long-term M&A strategy, which means that we are acquiring companies. Doesn't necessarily mean you will be seeing acquisitions every quarter.

**Sharish Aziz**

Equity Research Analyst | Danske Bank

Mm.

**Michael Holmberg**

CEO | Raketech

We always value the balance there between focusing on our current business and innovation, and going into M&A. Yeah, it's been a hell of a quarter, and we're happy to be standing here today with delivering that report.

**Sharish Aziz**

Equity Research Analyst | Danske Bank

Good. You mentioned you'd made 2 acquisitions over Q2, Shogun Media and Mediaclever. Just looking onto those acquisitions, Have those been integrated, and, you know, have they been contributing to top line this quarter already?

**Michael Holmberg**

CEO | Raketech

To start on the-

**Andreas Kovacs**

CFO | Raketech

Well, what happened is, Mediaclever, that has a certain effect during Q2. We acquired it not in complete the beginning of the quarter, but certain effect it has had. Shogun, it's more or less a long-term cooperation. We really believe it in that. It was a really important strategical decision we take when we invested in this, that we see a really important part related to pay PPC part, which we will have during after the regulations. There hasn't been any revenue related to Shogun Media, so the revenues relate to Mediaclever.

**Sharish Aziz**

Equity Research Analyst | Danske Bank

Okay, thank you. Just going forward, you mentioned that, you've had an uptick from the World Cup. You had 21% of your revenues coming from sports. How much of that was World Cup related?

**Andreas Kovacs**

CFO | Raketech

It's hard to guide on per exact figures there, but a small effect that has been related to the World Cup, I wouldn't say that it's a majority, but a smaller portion. It does have a positive effect, of course, which you have to take into consideration, that even though we are pushing on CPA, as I explained related to the uncertainty, to the related World Cup, there is a lot of sign-ups during the World Cup.

**Sharish Aziz**

Equity Research Analyst | Danske Bank

Mm-hmm.

**Andreas Kovacs**

CFO | Raketech

which will have a delayed effect, especially if you look at, like, BetXpert.com, our community platform. We always see that it's a really nice sign-up part, which doesn't have direct effect on the revenue directly, but which builds up a rev share database or a database which we can gain on in the long term.

**Sharish Aziz**

Equity Research Analyst | Danske Bank

I guess, is it fair to draw the conclusion that rev share, distribution revenues will go up in Q3?



Andreas Kovacs
CFO | Raketech

We are not really guiding on that, if I fall back, what I have said about this quarter, more or less, that there we can see that the World Cup effect was a one-time effect related to the strategies that we choose for certain of the operators. That, of course, will disappear during Q3.



Sharish Aziz
Equity Research Analyst | Danske Bank

Just looking on your geographic distribution of revenues. Obviously, I guess you mentioned the regulation slide, a huge portion of your revenues, they do stem from the Swedish market. Nordics is heavily weighted. Were there any within the 96% of revenues that come from the Nordics, which market dominated in the three, four countries within that region?



Michael Holmberg
CEO | Raketech

Sweden is the largest market, with the majority of the income. We are also seeing good growth in Norway and Denmark.



Sharish Aziz
Equity Research Analyst | Danske Bank

Mm.



Michael Holmberg
CEO | Raketech

Yeah.



Sharish Aziz
Equity Research Analyst | Danske Bank

I guess the more regulatory, political, aspect from the Norwegian government on, you know, regulation on gambling, you don't see any impacts of that in terms of signing deals with partners, sending traffic?



Michael Holmberg
CEO | Raketech

We don't see that at this point. I also should mention that Finland is an interesting market for us, where we are performing well.



Sharish Aziz
Equity Research Analyst | Danske Bank

The regulation in Finland, I guess you consider that as, you know, nothing is happening there?



Michael Holmberg
CEO | Raketech

At this point, no, it's moving on as it has been in the past. There is not really much happening.



Sharish Aziz
Equity Research Analyst | Danske Bank

Yeah.



Michael Holmberg
CEO | Raketech

It's a key market for us.



Andreas Kovacs
CFO | Raketech

What I can mention just quickly is more or less, when we are building, our position on these markets, that also falls back, rev share, CPA, and so on. We're always looking at, okay, what are forecasts for that market? What will happen on this market?



Sharish Aziz
Equity Research Analyst | Danske Bank

Mm.



Andreas Kovacs

CFO | Raketech

While that, we can choose the right strategy also, which operators we want to work with, where we have win-win partnership, and how we should allocate our more or less revenue share, as I call it, for the whole circle.



Sharish Aziz

Equity Research Analyst | Danske Bank

Thanks. Just going back to the organic growth, it was, you had 10% in Q1, 25% now in Q2. I'd say, you know, that's a huge shift, sequentially. What, what's the... Yeah, any comments on that?



Andreas Kovacs

CFO | Raketech

Yeah, I mean, that is driven. We have a really, really nice growth on our media products. We have been launching in U.K. and Germany, of course, TV Guide, even though it's not big markets for us on that aspect at the moment. The synergies, that's how we.



Andreas Kovacs

CFO | Raketech

... build, we are acquiring, we've acquired assets, which we can build on. We as Mikael pointed out, the TVmatchen was a perfect example where we acquired a technology, a product which we really believed in. We made it a bit better, then we also rolled it out, to geographically. That's how also we see in the casino, for example, where we can acquire a really good platform, which we believe in the technology, and that through that, we can grow more or less organic throughout, different geographical areas or within our portfolio.



Sharish Aziz

Equity Research Analyst | Danske Bank

Great. Just one last question for me, from my side, before opening up for the audience. I guess we have a Swedish regulation coming up. You have close to 60% of your revenues coming from the Swedish market. You said that you are preparing in terms of contracts, the renegotiations. What will be, you know, I guess you had 40% coming from rev share, 41 from rev share, 40 from CPA, and slight 17 from flat fees. Will we have the same distribution of income stream after regulation as well?



Andreas Kovacs

CFO | Raketech

I believe we have set a strategy which is a bit different post-regulation. We are looking at how the market will look like. We are closely following all the operators, which operators we believe will enter the market, which will increase their position in the market, and there will be certain operators which will be which will not be able to operate on a regulated market also. Even though I can't exactly tell you how it will look like, I can guide you on that, yes, it will be an individual assessment on it, and that could probably lead to certain. It's a different way how our revenue split will look like post-regulation.



Michael Holmberg

CEO | Raketech

We should also come back to that it's only the revenue share that will be impacted from this. We see the CPAs or the flat fees that we're selling, more traditional types of online performance-based marketing. That is always a demand question, and there we see the big interest, and we being a big player, leading player in the Swedish market, we will have a lot of demand for the players that we are guiding to the operators. So we're comfortable about that, and CPA prices and flat fees, yeah, we will see where that ends.



Sharish Aziz

Equity Research Analyst | Danske Bank

All right, it's the revenue share part, which is 41% of revenue that will be impacted in terms of the betting duties being transferred there? Okay.



Michael Holmberg

CEO | Raketech

Yeah.



Andreas Kovacs

CFO | Raketech

Before-

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Michael Holmberg

CEO | Raketech

Split between the operators and the game suppliers. Yes.



Sharish Aziz

Equity Research Analyst | Danske Bank

Yeah. Thank you. Any questions from the audience?

Q&A

**Mikael Laséen**

Analyst | Carnegie Investment Bank

Hi, good morning. Mikael Laséen, Carnegie. I have a few questions. First one, could you quantify or say something more about the World Cup effect in Q2? Would be interesting to understand the impact.

**Andreas Kovacs**

CFO | Raketech

I would say that as you see, we have 21% of our total revenue in sportsbook, which means that the casino part, which is the majority part of it, hasn't really been affected in a larger scale of the World Cup. With that said, is more or less without being able to communicate any exact figures, I would say that the World Cup effect on the total revenue isn't so big.

**Mikael Laséen**

Analyst | Carnegie Investment Bank

Can you explain how the operators, sort of, managed the World Cup and Q2 in general? A lot of them seems to be much more cautious how they sort of invested in marketing in general. Did you see and experience that also?

**Michael Holmberg**

CEO | Raketech

I prefer not to comment on the operators', media strategy or spend in general, we've seen that from what we have offered, what we can offer, our sports services, there's been a big demand. We also have then Svenska Spel coming in during that period, which has been good for Raketech.

**Mikael Laséen**

Analyst | Carnegie Investment Bank

Okay, a few more questions, if I may. You mentioned that revenues per NDC is higher in Denmark than in Sweden. Can you explain the reason for that?

**Andreas Kovacs**

CFO | Raketech

Yeah. I mean, what we are looking at the revenues per NDC, we are falling back to KPI Lifetime Value per NDC, that's more that it. What's happening there is, in the regulated market, in our case, we have looked into more deeply in Denmark, there we can see that the tier one operators offer bit better products. People wants to come back and play with them. That means also that when we are sending traffic and we have a rev share contract, that will have a higher value at the end when we are summarizing the whole period. That's a big difference.

**Andreas Kovacs**

CFO | Raketech

There, as in an unregulated market, there are a big spread of operators, differentiating in the product, offer, which will also drive sort of bigger gaps between the Lifetime Values between the operators. In Denmark, we see a more, more stable, Lifetime Value throughout the whole chain. That's the big difference there.

**Michael Holmberg**

CEO | Raketech

In short, the players are more loyal to the brands. There are a bit less operators, and then the big operators having the quality product, they manage to keep their clients better, which brings a higher Lifetime Value.

**Mikael Laséen**

Analyst | Carnegie Investment Bank

What about Norway? Isn't that sort of a really high LTV market? It's unregulated, right?

**Andreas Kovacs**

CFO | Raketech

Yes. No, that's true. Norway, they, if you look at the whole whole landscape, it's the players there are spending a lot of money, more or less, which is explained by that. If you look at Norway is a good example, which doesn't exactly prove that. That's a one-time example that we could see. Normally, when you look at the regulated versus unregulated, there you see a difference between the LTV.



Mikael Laséen

Analyst | Carnegie Investment Bank

Oh, okay. I was just curious about the comment there that Q3 started in line with expectations. What do you mean by that?



Michael Holmberg

CEO | Raketech

We don't guide further than that. We're halfway in the quarter. so far we can say that we are on track with where we want to be with regards to the financial targets.



Mikael Laséen

Analyst | Carnegie Investment Bank

Okay. Can I ask?



Sharish Aziz

Equity Research Analyst | Danske Bank

Yeah.



Mikael Laséen

Analyst | Carnegie Investment Bank

A few more?



Sharish Aziz

Equity Research Analyst | Danske Bank

Sure, go on.



Mikael Laséen

Analyst | Carnegie Investment Bank

Yeah, thanks. It would be also interesting to hear your thoughts on the U.K. side. Can you say something about what's your strategy there? What how has the market developed, and so on?



Michael Holmberg

CEO | Raketech

We have certain assets in the U.K. today. It's not the main market. What you can see is that the U.K. Gambling Commission has somewhat not managed to bring really a clear guideline and regulation to the operators. There is a bit of it's not the kind of long term, there is a bit of uncertainty on what is happening, and that obviously creates an uncertainty from the operators, how to work with affiliates, which also means that only the bigger players will survive where they are compliant, we being one of them who take this very seriously. We stay close to the U.K. Gambling Commission and also close contact with the operators that are big in the U.K.



Sharish Aziz

Equity Research Analyst | Danske Bank

Any further questions? Okay. All right. Do we have any questions from the telephone?



Operator

Thank you to the participants on the phones. If you wish to ask a question, please dial zero-one on your telephone keypads now. We do have a question from the line of Mathias Lundberg of SEB. Please go ahead. Your line is open.



Mathias Lundberg

Analyst | SEB

Good morning, guys, and congratulations on the first report as a listed company and a strong set of numbers. My first question regards the revenue mix. I can see in the numbers that casino actually grew faster than sports in the quarter, despite the FIFA World Cup. How did the revenue share portfolio on the sports side perform? Were you happy with that?



Andreas Kovacs

CFO | Raketech

To be honest, just in that case, maybe a bit lower than we expected. The casino part has grown. We have to take into consideration that the latest acquisition has been made there, and we have a really nice and thorough casino platform, which we can continue to build on.



Mathias Lundberg
Analyst | SEB

Okay, I see. Well, continuing on the part of acquisitions, I also see that from the total numbers, Nordics grew faster than other markets. From an organic perspective, how was the growth rate pending there, Nordic versus other markets?



Michael Holmberg
CEO | Raketech

It was similar. Yeah.



Andreas Kovacs
CFO | Raketech

The only thing that we can point out is more or less that we have launched the TVsportguide in U.K., which has had a certain effect through organic growth.



Michael Holmberg
CEO | Raketech

Mm-hmm. Again, those products that we're launching, media guides in other markets, those are long-term initiatives, long-term strategic investments that we're building volume over time.



Mathias Lundberg
Analyst | SEB

When I look at the financial costs, for my own calculations, I have a hard time seeing interest fee actually exceeding EUR 1 million in a quarter. Do you have any other costs included in the financial costs for the quarter?



Andreas Kovacs
CFO | Raketech

Yeah, we have a one-time cost related to the acquisition, to the loan facility in line with that we went to the public, where we have the trigger, where we had to pay a certain amount to our management.



Mathias Lundberg
Analyst | SEB

Mm-hmm. Okay, we could expect it to come down a little bit in quarter-over-quarter?



Andreas Kovacs
CFO | Raketech

I think, what I can also mention here that, in the subsequent events, we are also telling you that, we prepaid EUR 50 million of our current debt from the founder that we received during the new share issue. That you have to calculate or take into calculation when you are looking at the finance and interest costs going forward.



Mathias Lundberg
Analyst | SEB

Great. I'm also a bit curious about the U.S. market. Have you taken any initiatives towards an expansion into the U.S.? How do you feel or see the readiness of the U.S. market from an operator perspective, from a consumer perspective? Is there a rush, or is it still, you know, a bit early?



Michael Holmberg
CEO | Raketech

The U.S. market is a very interesting market, with a huge potential. We are following the development there closely. We are not in the U.S. today. We have the platforms, the domains, the technology, the know-how, and the contacts to move into the U.S. market when we feel the time is ready to do so.



Mathias Lundberg
Analyst | SEB

Okay, thanks. That was all the questions I had.



Operator

Thank you. Once again, if there are any further questions, please dial zero-one on your telephone keypads now.



Sharish Aziz

Equity Research Analyst | Danske Bank

Do we have any question from the web? No. Perfect. I'll just to follow up on the U.S. question from Mathias, when is the timing right? What's holding you back, given the fact that you see a lot of the Nordics' entire value chain, participants actually moving towards the U.S. market? Why isn't Raketech going there?



Michael Holmberg

CEO | Raketech

We're not guiding on that in any detail. We have U.S. strategy, and we have the assets, and we are ready to move in when we find the time is ready to do so. We will come back and guide on that further into the future.



Sharish Aziz

Equity Research Analyst | Danske Bank

Okay, no, I guess focus is currently on the Swedish market, yeah, where you have your lion's share of revenues?



Michael Holmberg

CEO | Raketech

That's correct. Focus us on our main markets today, and then also further looking at the other mainly European regulated markets, and that's where we see us growing, which will also then deliver revenue, in the short to midterm.



Sharish Aziz

Equity Research Analyst | Danske Bank

Just touching upon two bigger players in Sweden, the horse racing operator, ATG, and Svenska Spel. I guess those will remain our clients post-regulation as well, and those are paramount client signings that you have.



Michael Holmberg

CEO | Raketech

Absolutely, they will remain clients. There is a lot of progress on that. That will be exciting to follow their development in the regulated environment when everybody knows the rules and regulations long term and can compete on equal terms.



Sharish Aziz

Equity Research Analyst | Danske Bank

On the M&A part, are there any specific markets you're looking for to enter? We will see. Yeah. What does the other part of geographic revenues comprise? Which market are those?



Michael Holmberg

CEO | Raketech

Markets we're looking at are, mainly the larger, European regulated markets. We're also looking at the, at the global products, and we always have a lot of ongoing, conversations, looking at the leads, the next technology, and how we can grow, further beyond the Nordic Markets.



Sharish Aziz

Equity Research Analyst | Danske Bank

Yeah. Just one, on the numbers side, you had a great cash conversion this quarter, EUR 3.2 from adjusted EBITDA, and then you had a cash flow from operations at EUR 3.3.



Michael Holmberg

CEO | Raketech

Three



Sharish Aziz

Equity Research Analyst | Danske Bank

if I'm not mistaken.



Michael Holmberg

CEO | Raketech

Yes, correct.



Sharish Aziz

Equity Research Analyst | Danske Bank

Yeah. Is that just stringent, I'd say, control from your side? Will cash conversion stay at these levels going forward, or are we seeing any bigger costs coming in?



Andreas Kovacs

CFO | Raketech

What we can say is more or less that, we are continuously working with cash conversion. It's even more important in a public environment to be able to show it to the public. However, what you can expect is more or less that, we always try to have as good working capital effects as possible and trying to collect our money, in time. It's hard to guide any more on that.



Sharish Aziz

Equity Research Analyst | Danske Bank

All right. I'm guessing that it won't fall dramatically in the coming quarters, at least.



Andreas Kovacs

CFO | Raketech

We are not expecting anything on that, which makes another picture, which I can't communicate at the moment.



Sharish Aziz

Equity Research Analyst | Danske Bank

Okay. I do have a lot of questions.



Andreas Kovacs

CFO | Raketech

Mm-hmm.



Sharish Aziz

Equity Research Analyst | Danske Bank

We can take that aside. Any closing remarks, Mikael? Anything you'd like to highlight?



Michael Holmberg

CEO | Raketech

I think you can say it's a really interesting time now in the gaming sector, which you can say is online, is some 20 years old. In my view, it's really early days still, and it has moved forward massively in the past few years.



Sharish Aziz

Equity Research Analyst | Danske Bank

Mm.



Michael Holmberg

CEO | Raketech

Well, the gaming sector as such, the affiliate segment being an important part of that value chain, has even more so come from immature to growing super rapidly. I'm really excited about Raketech being a key player here, and we're on a growth journey here and consolidating and driving the business forward and in a sustainable way. Excited about the future.



Sharish Aziz

Equity Research Analyst | Danske Bank

Good. Good luck.



Andreas Kovacs

CFO | Raketech

Thank you very much.



Michael Holmberg

CEO | Raketech

Thank you.

Raketech

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Sharish Aziz

Equity Research Analyst | Danske Bank

Thank you.