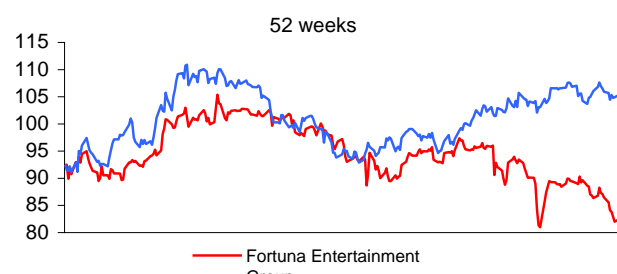


Fortuna Entertainment Group

Accumulate

EUR mn	2011	2012e	2013e	2014e
Net sales	409.3	449.8	465.6	490.8
EBITDA	20.0	20.8	24.7	26.3
EBIT	16.8	17.5	21.0	22.7
Net result after min.	13.3	12.5	15.4	17.1
EPS (EUR)	0.26	0.24	0.30	0.33
CEPS (EUR)	0.32	0.29	0.37	0.40
BVPS (EUR)	0.90	0.91	1.01	1.08
Div./share (EUR)	0.23	0.21	0.27	0.30
EV/EBITDA (x)	9.6	8.3	6.9	6.4
P/E (x)	14.1	13.4	10.9	9.8
P/CE (x)	11.1	11.0	8.7	8.1
Dividend Yield	6.4%	6.5%	8.3%	9.2%
Share price (CZK) close as of 21/11/2012				82.3
Number of shares (mn)				52.0
Market capitalization (EUR mn)				167.7
Enterprise value (EUR mn)				173.6



Performance		12M	6M	3M	1M
in EUR		-11.1%	-15.4%	-14.7%	-8.0%
Reuters	FOREsp.PR	Free float	32.7%		
Bloomberg	Fortuna CP	Shareholders	Penta Investm. (67.3%)		
Div. Ex-date	06/06/12				
Target price	98.0	Homepage:		www.ifortuna.cz	

Dividend play

Analyst:

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We are decreasing our 12M target price to CZK 98/share, from CZK 115/share, as we have significantly lowered the outlook for the lottery project. We have valued the sports betting segment and lottery project separately. The standalone sports betting business is worth CZK 96.4/share, in our view, while the lottery project adds an additional CZK 1.6/share. Given the current share price, we remain positive on the company with our Accumulate recommendation.

Poland's Totolotek (no. 3, ~25% share) is still without a sports betting license, while Fortuna has already seen an increase in bets in Poland. The 4Q12 impact could be up to EUR 0.8-1.5mn, or roughly 5% of additional gross win, in our opinion.

We expect total amounts staked in sports betting to grow by a CAGR of 4.6% between 2012 and 2017, mainly supported by the online segment, while the land-based segment is predicted to mildly decrease. More importantly, the gross win should grow at a CAGR of 2.7% between 2012 and 2017, fueled by recently launched online betting on the undeveloped Polish market, while margin deterioration will limit growth.

We expect Fortuna to pay out EUR 0.21/share (PoR at 87%) from 2012 profits, yielding a 6.5% DY, followed by EUR 0.267/share from 2013 profits (dividend yield 8.3% p.a.).

Investment summary

Lottery headwinds to burden financials in 2012 and partly in 2013

We are decreasing our 12M target price from 115 CZK/share to CZK 98/share, based on our DCF valuation, as the lottery start-up is somewhat slower compared to previous estimates. We have valued the sports betting segment and lottery project separately. There are no major changes in the sports betting segment. The standalone sports betting business is worth CZK 96.4/share, in our view, while the lottery project adds only an additional CZK 1.6/share. Given the current share price, we remain positive on the company with our Accumulate recommendation.

Totolotek still without licence

Poland's Totolotek is still without a sports betting license (no. 3 on the Polish market, with approx. 25% market share), Fortuna expects that Totolotek will not receive a renewed license before end-2012. Polish operations generate some 21% of the group's gross win and this could partly help. The 4Q12 impact could be around EUR 0.8-1.5mn, or roughly 5% of additional gross win, in our view (assuming 1/3 of Totolotek's players move to Fortuna and Totolotek remains without a license for the entirety of 4Q12)

Amount staked to grow by CAGR of 4.7% between 2012 and 2017

We expect total amounts staked to grow by a CAGR of 4.6% between 2012 and 2017, mainly supported by the online segment (CAGR of 9.3%), while the land-based segment is predicted to decrease by a CAGR of 2.0% in the same period. More importantly, the gross win in sports betting should grow by a CAGR of 2.7% between 2012 and 2017, fueled by recently launched online betting on the undeveloped Polish market. Nevertheless, the ongoing margin deterioration will be a strong headwind. Sports betting EBITDA is expected to grow by a CAGR of 2.5% in the same period (see more in table below).

Key figures overview (IFRS, EUR mn)	2008	2009	2010	2011	2012e	2013e	2014e	2015e	2016e	2017e	CAGR 12/17
Amount staked	322.37	337.88	382.90	409.34	449.78	465.64	490.82	514.83	540.57	564.72	4.7%
thereof sport betting	322.37	337.88	382.90	399.46	430.37	444.86	468.55	491.27	515.30	537.76	4.6%
thereof lottery	----	----	----	9.89	19.41	20.78	22.27	23.56	25.27	26.97	6.8%
Gross win	88.83	84.69	92.82	101.80	108.32	111.62	115.08	118.26	121.96	125.93	3.1%
thereof offline	84.85	67.78	69.89	67.18	61.40	59.74	59.33	58.74	58.38	58.07	-1.1%
thereof online	3.98	16.92	23.01	29.52	37.67	41.88	45.03	48.16	51.40	54.85	7.8%
thereof lottery	0.00	0.00	0.00	5.10	9.04	9.77	10.47	11.07	11.88	12.67	7.0%
Revenue	78.22	74.62	81.20	89.84	93.74	96.02	98.10	99.78	101.89	104.07	2.1%
EBITDA	25.22	23.54	25.08	19.96	20.81	24.75	26.29	27.29	28.24	29.15	7.0%
thereof sport betting	25.22	23.54	25.08	26.66	25.04	25.75	26.31	27.04	27.64	28.34	2.5%
thereof lottery	0.00	0.00	0.00	-6.69	-4.23	-1.00	-0.02	0.26	0.60	0.81	n.m.
EBIT	23.60	21.40	22.45	16.83	17.52	20.99	22.68	23.76	24.78	25.68	7.9%
Net profit	16.06	16.93	20.26	13.32	12.53	15.42	17.08	18.02	18.94	19.73	9.5%
EBITDA margin	28.39%	27.79%	27.02%	19.61%	19.21%	22.17%	22.85%	23.08%	23.15%	23.15%	
EBIT margin	26.56%	25.27%	24.19%	16.53%	16.18%	18.81%	19.71%	20.09%	20.32%	20.40%	
Net profit margin	18.07%	19.99%	21.83%	13.08%	11.57%	13.81%	14.84%	15.24%	15.53%	15.67%	
Shareholders' equity	26.29	40.50	52.01	46.70	47.48	52.33	55.95	58.06	60.14	62.22	
Equity ratio	24.1%	33.5%	54.3%	49.8%	52.4%	57.4%	60.5%	65.0%	66.9%	67.1%	
Net debt	24.2	26.6	18.6	4.8	5.9	2.8	1.1	-0.6	-2.2	-4.0	

Source: Company data, 2012e-2017e: Erste Group estimates,

*net profit in 2010 boosted by one-off gain (sale of discontinued Croatian operations) in total amount of EUR 2.88mn

Valuation

Separate valuation of sports betting segment and lottery

We have decided to split our DCF valuation for the sports betting segment and lottery project, as there is possibility that Fortuna will sell/cancel this project. In both segments we have applied a regulatory discount of 15%, as state budget deficits across Europe could prompt betting tax hikes and higher license fees as a relatively simple way to fill budget gaps.

Sports betting standalone valuation (CZK 96.4/share)

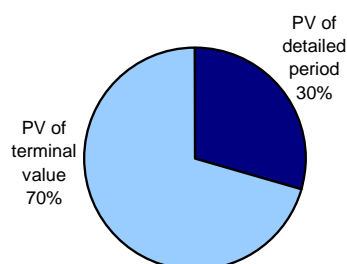
WACC calculation

	2013e	2014e	2015e	2016e	2017e	2018e (TV)
Risk free rate	3.0%	3.0%	3.0%	3.0%	3.0%	5.0%
Equity risk premium	5.7%	5.7%	5.7%	5.7%	5.7%	5.3%
Beta	1.0	1.0	1.0	1.0	1.0	1.0
Cost of equity	8.7%	8.7%	8.7%	8.7%	8.7%	10.3%
Cost of debt	4.0%	4.0%	4.0%	4.0%	4.0%	6.0%
Effective tax rate	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
After-tax cost of debt	3.2%	3.2%	3.2%	3.2%	3.2%	4.9%
Equity weight	85%	85%	85%	85%	85%	85%
WACC	7.9%	7.9%	7.9%	7.9%	7.9%	9.5%

DCF valuation

(EUR mn)	2013e	2014e	2015e	2016e	2017e	2018e (TV)
Gross win growth	2.6%	2.7%	2.4%	2.7%	2.9%	2.5%
EBIT	21.9	22.7	23.5	24.2	25.0	24.9
EBIT margin (from gross win)	21.5%	21.7%	22.0%	22.1%	22.1%	21.5%
Tax rate	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
Taxes on EBIT	-4.2	-4.3	-4.5	-4.6	-4.7	-4.7
NOPLAT	17.7	18.4	19.1	19.6	20.2	20.2
+ Depreciation	3.4	3.3	3.2	3.1	3.1	2.9
Capital expenditures / Depreciation	107.2%	108.1%	107.1%	106.1%	102.8%	104.0%
+/- Change in working capital	-0.3	0.0	0.0	0.0	-0.3	-0.1
Chg. working capital / chg. Sales	-10.2%	1.5%	-1.5%	-1.0%	-9.7%	-5.0%
- Capital expenditures	-3.6	-3.5	-3.4	-3.3	-3.2	-3.0
Free cash flow to the firm	17.2	18.2	18.8	19.4	19.8	19.9
Terminal value growth						1.0%
Terminal value						236.9
Discounted free cash flow - Dec 31 2012	16.0	15.6	15.0	14.3	13.6	160.5
Enterprise value - Dec 31 2012	235.0					
Minorities	0.0					
Non-operating assets	0.0					
Net debt	5.9					
Other adjustments	0.0					
Equity value - Dec 31 2012	229.1					
Number of shares outstanding (mn)	52.0					
Cost of equity	8.7%					
Model target price per share (CZK)	113.4					
Regulation discount	15%					
12M target price per share (CZK)	96.4					

Enterprise value breakdown



Source: Erste Group Research

Sensitivity (per share)

		Terminal value EBIT margin				
		19.5%	20.5%	21.5%	22.5%	23.5%
WACC	8.5%	98.2	101.8	105.4	109.1	112.7
	9.0%	93.9	97.3	100.6	104.0	107.4
	9.5%	90.0	93.2	96.4	99.6	102.8
	10.0%	86.6	89.6	92.7	95.7	98.7
	10.5%	83.6	86.4	89.3	92.1	95.0
		Terminal value growth				
		0.0%	0.5%	1.0%	1.5%	2.0%
WACC	8.5%	96.4	100.6	105.4	110.9	117.3
	9.0%	92.7	96.4	100.6	105.4	110.9
	9.5%	89.3	92.7	96.4	100.6	105.4
	10.0%	86.3	89.3	92.7	96.4	100.6
	10.5%	83.5	86.3	89.3	92.7	96.4

Lottery project standalone valuation (CZK 1.6/share)

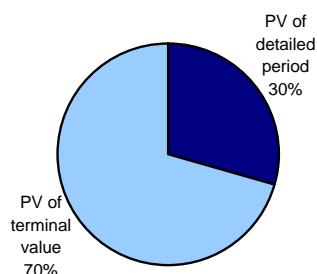
WACC calculation

	2013e	2014e	2015e	2016e	2017e	2018e (TV)
Risk free rate	3.0%	3.0%	3.0%	3.0%	3.0%	5.0%
Equity risk premium	5.3%	5.3%	5.3%	5.3%	5.3%	5.1%
Beta	1.0	1.0	1.0	1.0	1.0	1.0
Cost of equity	8.3%	8.3%	8.3%	8.3%	8.3%	10.1%
Cost of debt	4.0%	4.0%	4.0%	4.0%	4.0%	6.0%
Effective tax rate	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
After-tax cost of debt	3.2%	3.2%	3.2%	3.2%	3.2%	4.9%
Equity weight	100%	100%	100%	100%	100%	90%
WACC	8.3%	8.3%	8.3%	8.3%	8.3%	9.6%

DCF valuation

(EUR mn)	2013e	2014e	2015e	2016e	2017e	2018e (TV)
<i>Market share</i>	6.2%	5.6%	5.5%	5.4%	5.3%	5.3%
<i>Gross win growth</i>	8.0%	7.2%	5.8%	7.3%	6.7%	6.0%
EBIT	-1.0	0.0	0.3	0.6	0.8	0.8
<i>EBIT margin</i>	-10.3%	-0.2%	2.3%	5.1%	6.4%	6.0%
<i>Corporate income tax rate</i>	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
Taxes on EBIT	0.2	0.0	0.0	-0.1	-0.2	-0.2
NOPLAT	-0.81	-0.02	0.21	0.49	0.65	0.65
+ Depreciation	0.4	0.4	0.4	0.3	0.3	0.3
<i>Capital expenditures / Depreciation</i>	106.7%	115.2%	108.5%	108.7%	108.7%	104.0%
+/- Change in working capital	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
<i>Chg. working capital / chg. Gross win</i>	-16.5%	-12.1%	-15.4%	-12.8%	-14.2%	-13.0%
- Capital expenditures	-0.4	-0.4	-0.4	-0.4	-0.4	-0.3
Free cash flow to the firm	-1.0	-0.2	0.1	0.4	0.5	0.6
<i>Terminal value growth</i>						1.0%
Terminal value						6.3
Discounted free cash flow	-0.9	-0.1	0.1	0.3	0.3	4.2
Enterprise value	3.9					
Equity value - Dec 31 2012	3.9					
Number of shares outstanding (mn)	52.0					
Cost of equity	8.3%					
12M target price per share (EUR)	0.075					
Model target price per share (CZK)	1.9					
Regulation discount	15%					
12M target price per share (CZK)	1.6					

Enterprise value breakdown



Source: Erste Group Research

Sensitivity (per share)

		Terminal value EBIT margin				
		4.0%	5.0%	6.0%	7.0%	8.0%
WACC	8.6%	0.94	1.28	1.61	1.95	2.29
	9.1%	0.93	1.27	1.60	1.94	2.28
	9.6%	0.93	1.26	1.60	1.93	2.27
	10.1%	0.92	1.26	1.59	1.92	2.26
	10.6%	0.92	1.25	1.58	1.91	2.24
		Terminal value growth				
		0.0%	0.5%	1.0%	1.5%	2.0%
WACC	8.6%	1.44	1.52	1.61	1.72	1.83
	9.1%	1.43	1.51	1.60	1.71	1.82
	9.6%	1.42	1.51	1.60	1.70	1.81
	10.1%	1.42	1.50	1.59	1.69	1.80
	10.6%	1.41	1.49	1.58	1.68	1.79

Peer group comparison

Lottery losses still weigh on 2012 and (partly) 2013 ratios

Ratio development is partly misleading, as the lottery start-up weighs negatively on the 2012-13 financials. In the peer group table below, we present major European gaming companies. When we compare the anticipated net earnings of Fortuna to the median, Fortuna is traded with a premium to the sector valuation on PE2012, but with a discount of 3-5% to the 2013-14 ratios. The lottery start-up weighs negatively on the anticipated financials in 2012 and partly in 2013 (lottery break-even is expected as of end-2013). When we look at the P/Sales ratio, Fortuna is traded at a premium to its peers. These two relative figures tell us that Fortuna has better margins than its European peers. The question is whether the higher margins are sustainable in the LT. In our opinion, Internet operations (big competition) and local converging administration costs will lead to a convergence of margins to European levels in the LT.

Peer group comparison		Price			P/E			P/Sales			EV/EBITDA			Dividend yield	
		Mcap													
	lcl. curr.	(EURmn)	2012e	2013e	2014e	2012e	2013e	2014e	2012e	2013e	2014e	2012e	2013e		
Bwin.Party Digital	114.0	1138.1	7.9	8.4	7.7	1.1	1.1	1.1	5.9	5.1	4.0	2.9%	3.4%		
Sportingbet	48.0	396.5	13.7	10.1	8.3	1.6	1.6	1.5	7.1	5.7	5.0	3.5%	3.8%		
Ladbrokes	191.0	2149.2	10.7	11.3	10.4	1.6	1.5	1.5	8.2	8.1	7.5	4.4%	4.5%		
William Hill	336.0	2936.8	12.5	12.8	11.9	1.9	1.8	1.7	7.9	7.8	7.1	3.3%	3.5%		
Unibet	195.0	640.2	14.7	12.0	10.4	2.6	2.3	n.m.	8.7	6.9	5.7	3.8%	4.7%		
888 Holdings	110.0	476.4	15.3	13.9	13.1	1.6	1.6	1.5	8.3	7.4	6.9	3.3%	3.6%		
Paddy Power	57.3	2809.2	23.1	20.4	18.2	4.5	4.0	3.6	15.3	13.4	11.5	2.1%	2.4%		
Betsson	180.0	764.7	11.5	8.9	7.9	3.0	2.4	2.1	10.7	8.1	6.9	5.4%	7.0%		
Opap	5.0	1598.2	3.5	7.0	6.6	0.4	0.3	0.2	2.3	4.1	3.7	12.3%	7.0%		
Peer group median			12.5	11.3	10.4	1.6	1.6	1.5	8.2	7.4	6.9	3.5%	3.8%		
Fortuna	82.3	167.7	13.4	10.9	9.8	1.8	1.8	1.7	8.3	6.9	6.4	6.5%	8.3%		
Premium/discount			8%	-3%	-6%	9%	9%	13%	2%	-6%	-7%				
Implied value (CZK/share)			76.5	84.8	87.5	75.4	75.4	73.0	81.0	88.0	88.4				

Source: Bloomberg & Erste Group Research;

Main risks

- Margin erosion (we expect a move towards western peers in the years to come in the sports betting segment).
- Possible increase in taxes (we have applied a regulatory discount of 15% to our DCF valuation), as we can envisage higher taxes mainly on lottery companies after Sazka changed ownership (natural protection – Sazka's profits were previously shifted to sports, etc.)
- Further losses in the lottery project (Fortuna failed to become a significant player on the Czech lottery market; it now holds some 5-7% market share). Marketing costs are key to grabbing market share; nevertheless, these significantly burden lottery project financials.
- The number of customers is in turn directly related to the reputation of betting and gaming and the general public's perception of betting and gaming. Public sentiment towards the betting and gaming industry can vary considerably. Peaks in anti-betting and anti-gaming sentiment may occur from time to time, causing significant damage to the betting and gaming industry as a whole.

Change in estimates

Lottery lags behind expectations

In the table below, we present changes in our estimates for key financial figures. We have lowered lottery project performance, as Sazka strengthened its position on the lottery market and Fortuna is in a more difficult situation to grab market share. The lower GDP projection and disposable income had a negative impact on the amount staked in both segments (see more in the table below).

Change in estimates

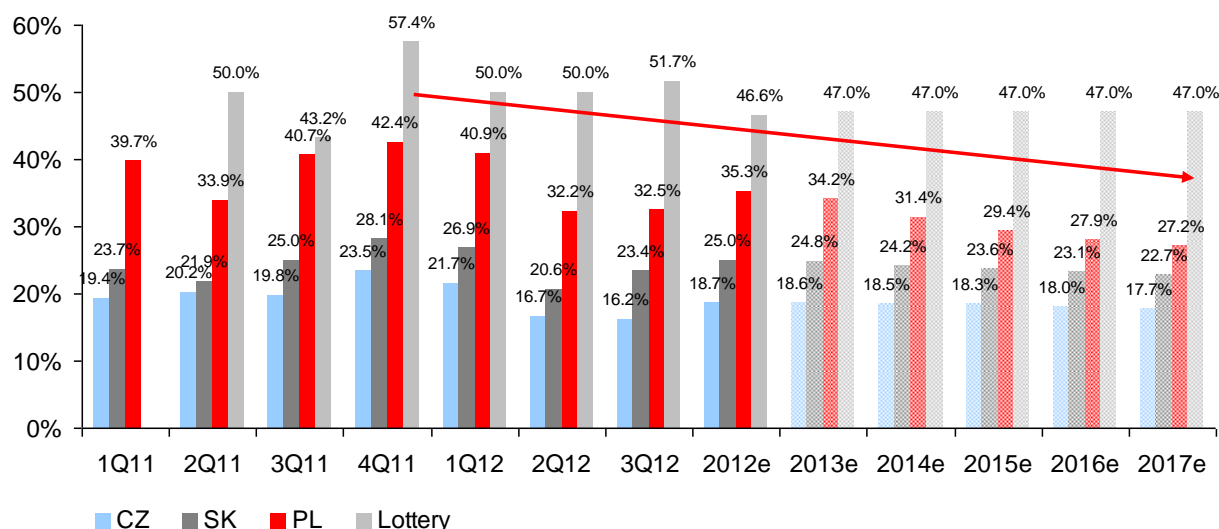
Consolidated, IFRS (EUR, mn)	2012e			2013e			2014e		
	Now	Before	Change	Now	Before	Change	Now	Before	Change
Amount staked	449.8	484.9	-7.2%	465.6	532.8	-12.6%	490.8	582.9	-15.8%
thereof sport betting	426.2	448.8	-5.0%	440.2	487.0	-9.6%	463.5	528.2	-12.3%
thereof lottery	19.4	36.1	-46.2%	20.8	45.8	-54.6%	22.3	54.7	-59.3%
Gross win	108.3	117.8	-8.1%	111.6	124.7	-10.5%	115.1	131.4	-12.5%
thereof offline	61.4	67.9	-9.6%	59.7	68.4	-12.7%	59.3	69.2	-14.3%
thereof online	37.7	33.6	12.1%	41.9	35.5	18.0%	45.0	37.4	20.3%
thereof lottery	9.0	16.2	-44.2%	9.8	20.5	-52.4%	10.5	24.5	-57.3%
EBITDA	20.8	21.9	-5.0%	24.7	25.6	-3.3%	26.3	28.2	-6.8%
thereof sport betting	25.0	25.2	-0.6%	25.7	25.8	-0.2%	26.3	26.1	0.8%
thereof lottery	-4.2	-3.3	n.m.	-1.0	-0.1	n.m.	0.0	2.1	n.m.
EBIT	17.5	19.0	-7.8%	21.0	22.6	-7.1%	22.7	25.1	-9.7%
Net profit	12.5	14.9	-15.9%	15.4	17.7	-12.9%	17.1	19.8	-13.7%
Dividends per share	0.21	0.26	-18.9%	0.27	0.31	-13.1%	0.30	0.34	-13.8%

Source: Erste Group Research

Two quarters with weak margins, LT deterioration set to continue

Fortuna experienced two weak quarters (2-3Q12), while during EURO 2012 and the end of the summer season; punters were successful at the expense of sports betting operators. The gross win margin decreased to 16.7% in 2Q12 and 16.2% in the Czech Republic in 3Q12, well below 20.2% in 2Q11 and 19.8% in 3Q11. It was possible to see a similar trend in Slovakia and Poland as well. We expect the LT trend of margin deterioration to continue, which will weigh negatively on operating profit growth (for our LT projection, see more details below).

Gross win margin development (2011-2017e):



3Q12 earnings review

Loss in lottery narrowed significantly

Consolidated, IFRS (EUR mn)	Reported 3Q12a	3Q11	Expected y/y	Erste	Cons.	vs. Erste	vs. Cons.
Amount staked	105.00	92.6	13.3%	99.54	103.38	5.5%	1.6%
thereof sport betting	101.06	89.0	13.6%	94.78	98.06	6.6%	3.1%
thereof lottery segment	3.94	3.7	7.6%	4.76	4.58	-17.1%	-13.9%
Gross win	22.86	23.1	-0.9%	22.89	23.96	-0.1%	-4.6%
thereof sport betting	20.78	21.3	-2.6%	20.75	22.10	0.1%	-6.0%
thereof lottery segment	2.08	1.6	34.1%	2.14	2.20	-2.7%	-5.4%
EBITDA	3.19	2.3	37.8%	3.34	3.58	-4.7%	-10.9%
thereof sport betting	3.67	5.4	-32.2%	3.98	4.58	-7.8%	-19.8%
thereof lottery	-0.48	-3.1	-84.4%	-0.64	-0.95	24.2%	49.2%
Gross win margin	21.8%	24.9%					
Ebitda margin	13.9%	10.0%					

Source: Fortuna, Reuters, Erste Group Research

Amounts staked in the sports betting segment were up 13.6% y/y, mainly due to the positive impact of the recently launched online betting in Poland and the acquisition of new outlets there. Amounts staked in Poland were up 33.1% y/y in 3Q12, while in the Czech Republic they were up by some 13.9%. Slovakia was up only 3.6% y/y in 3Q12.

Fortuna experienced a decrease of the gross win margin in the sports betting segment, to 20.6%, vs. 23.98% in 3Q11. Gross win in the Czech Republic was down by some 7.2% and the gross win margin decreased to 16.2% from 19.8% last year (impact of margin pressure?). Gross win in Slovakia was down by 2.9% on a mildly lower margin (23.4% vs. 25% in 3Q11). Poland was up by 6.3% (gross win margin decreased to 32.5% from 40.7% seen last year).

Fortuna had reportedly seen a substantial improvement in the sports betting segment since the end of September. In October 2012, the average daily gross win in the sports betting segment was 47.6% up q/q, driven by a favorable set of sporting results.

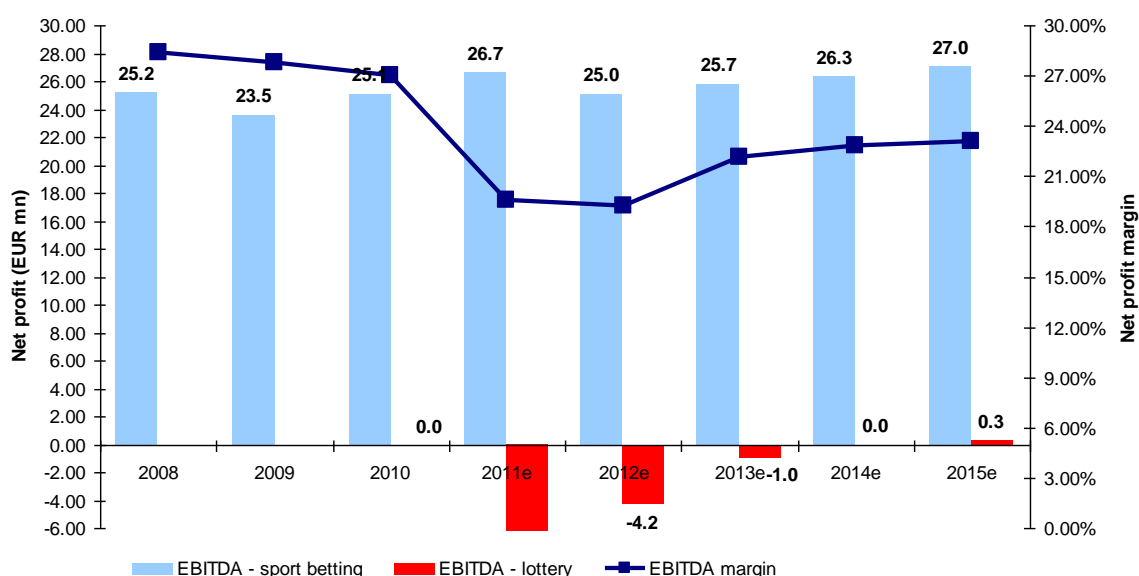
Fortuna was able to decrease its losses in the lottery segment significantly. On the other hand, EBITDA in the sports betting segment was mildly below our estimates and the gross win margin decreased by 3.5bp.

Financials

Hefty dividends, more or less stable sports betting segment

We expect sports betting EBITDA to grow by a CAGR of 2.6% in 2012-15, well below the growth in amount staked (CAGR of 4.5% in the same period), as the margin deterioration is set to continue (margin convergence towards its western peers). The increase in gaming taxes was partly compensated for by strong Polish online results. On the other hand, the start-up of the lottery business weighs negatively on the financials in 2012-13; break-even is expected by the end of 2013, which should enable a progressive dividend policy. A strong operating cash flow and relatively little indebtedness should enable a dividend payout ratio in the range proposed by management (70-100% of net profit).

EBITDA (sports betting and lottery) and EBITDA margin 2008-15e



Source: Fortuna, Erste Group estimates

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Income Statement	2009	2010	2011	2012e	2013e	2014e
(IAS, EUR mn, 31/12)	31/12/2009	31/12/2010	31/12/2011	31/12/2012	31/12/2013	31/12/2014
Net sales	337.88	384.17	409.30	449.78	465.64	490.82
Invent. changes + capitalized costs	0.00	0.00	0.00	0.00	0.00	0.00
Total revenues	74.62	81.20	89.80	93.74	96.02	98.10
Other operating revenues	0.00	0.00	0.00	0.00	0.00	0.00
Material costs	-11.80	-14.19	-19.79	-19.67	-17.52	-17.47
Personnel costs	-23.50	-25.58	-27.57	-29.56	-29.45	-29.35
Other operating expenses	-16.70	-16.99	-23.92	-23.70	-24.30	-24.98
EBITDA	22.63	24.43	20.00	20.81	24.75	26.29
Depreciation/amortization	0.91	0.65	-3.10	-3.29	-3.76	-3.61
EBIT	23.54	25.08	16.80	17.52	20.99	22.68
Financial result	-2.05	-2.31	-0.90	-2.06	-1.96	-1.59
Extraordinary result	0.00	0.00	0.00	0.00	0.00	0.00
EBT	21.49	22.77	15.90	15.47	19.03	21.09
Income taxes	-2.42	-2.77	-2.60	-2.94	-3.62	-4.01
Result from discontinued operations	0.00	2.88	0.00	0.00	0.00	0.00
Minorities and cost of hybrid capital	0.00	0.00	0.00	0.00	0.00	0.00
Net result after minorities	19.07	22.88	13.30	12.53	15.42	17.08
Balance Sheet	2009	2010	2011	2012e	2013e	2014e
(IAS, EUR mn, 31/12)						
Intangible assets	57.70	58.75	57.13	58.34	59.07	59.90
Tangible assets	5.57	4.92	5.98	5.92	5.86	5.80
Financial assets	33.16	4.64	8.55	9.50	10.19	11.15
Total fixed assets	96.43	68.31	71.65	73.75	75.12	76.84
Inventories	0.00	0.00	0.00	0.00	0.00	0.00
Receivables and other current assets	2.71	2.16	4.67	4.84	4.69	4.98
Other assets	0.00	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalents	25.34	25.34	17.53	11.99	11.42	10.59
Total current assets	28.05	27.49	22.21	16.83	16.11	15.57
TOTAL ASSETS	124.48	95.80	93.86	90.58	91.23	92.41
Shareholders'equity	40.50	52.01	46.70	47.48	52.33	55.95
Minorities	0.00	0.00	0.00	0.00	0.00	0.00
Hybrid capital and other reserves	0.00	0.00	0.00	0.00	0.00	0.00
Pension and other LT personnel accruals	0.00	0.00	0.00	0.00	0.00	0.00
LT provisions	0.44	0.05	0.52	0.00	0.00	0.00
Interest-bearing LT debts	26.40	24.12	22.57	19.92	17.71	15.94
Other LT liabilities	0.00	0.00	0.00	0.00	0.00	0.00
Total long-term liabilities	26.40	24.12	22.57	19.92	17.71	15.94
Interest-bearing ST debts	21.09	5.52	6.11	5.49	4.06	3.57
Other ST liabilities	36.46	14.61	18.13	17.93	17.44	17.36
Total short-term liabilities	57.14	19.63	24.06	23.18	21.18	20.53
TOTAL LIAB. , EQUITY	124.47	95.80	93.86	90.58	91.23	92.41
Cash Flow Statement	2009	2010	2011	2012e	2013e	2014e
(IAS, EUR mn, 31/12)						
Cash flow from operating activities	22.40	17.90	15.77	17.64	21.64	22.41
Cash flow from investing activities	-12.58	10.12	-4.47	-4.03	-3.91	-3.79
Cash flow from financing activities	-1.48	-28.02	-19.09	-19.16	-18.30	-19.45
CHANGE IN CASH , CASH EQU.	8.34	0.00	-7.80	-5.55	-0.57	-0.83
Margins & Ratios	2009	2010	2011	2012e	2013e	2014e
Sales growth	4.8%	13.7%	6.5%	9.9%	3.5%	5.4%
EBITDA margin	30.3%	30.1%	22.3%	22.2%	25.8%	26.8%
EBIT margin	31.5%	30.9%	18.7%	18.7%	21.9%	23.1%
Net profit margin	25.6%	24.6%	14.8%	13.4%	16.1%	17.4%
ROE	57.1%	49.5%	26.9%	26.6%	30.9%	31.5%
ROCE	37.2%	39.3%	27.0%	27.1%	31.3%	32.8%
Equity ratio	32.5%	54.3%	49.8%	52.4%	57.4%	60.5%
Net debt	18.6	0.6	4.2	5.9	2.8	1.1
Working capital	-29.1	7.9	-1.9	-6.4	-5.1	-5.0
Capital employed	59.5	52.6	51.5	53.4	55.1	57.1
Inventory turnover	nm	nm	nm	nm	nm	nm

Source: Company data, Erste Group estimates

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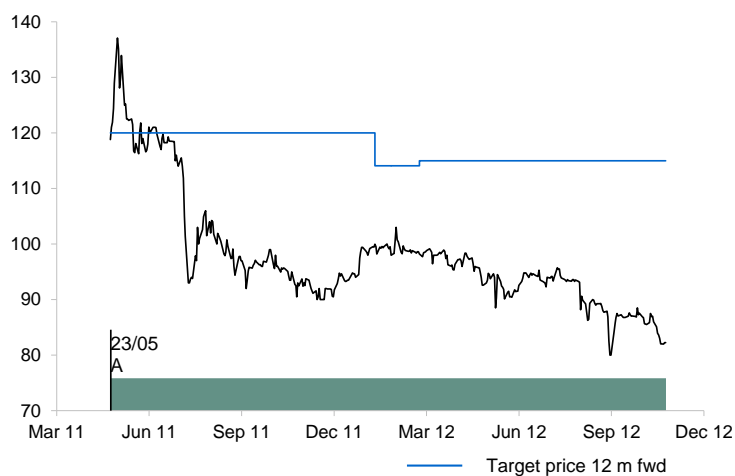
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Fortuna Entertainment Group



Rating history

Date	Rating	Price	Target Price
14. Jan 11	Accumulate	100.32	120.00

Company description

Fortuna is leading sport betting company in CEE region with operations in three local countries (Czech Rep., Slovakia and Poland). The main source of revenues is sport betting. Fortuna operates land based network and already launched online betting in Slovakia, Czech Republic and recently in Poland. Fortuna launched lottery in the Czech Republic in 2011.

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Company	ISIN	Disclosure
Fortuna Entertainment Group	NL0009604859	2, 3, 5

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Reduce	13	7.1	3	15.0
Sell	8	4.4	0	0.0
N.R./UND.REV./RESTR.	13	7.1	0	0.0
Total	183	100.0	20	100.0

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