

INTERIM REPORT FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2016¹



FROM AB TRAV OCH GALOPP (ATG). PUBLISHED 26 OCTOBER 2016 – PAGE 1-5

Positive development for ATG's sales continues

Interim period July - September

During the third quarter of 2016, ATG has continued to develop positively and at a faster rate of growth than in the second quarter. Despite being negatively impacted by the Olympic Games, sales have benefited from a larger number of V75 Jackpots compared to the second quarter.

- Swedish sales from gambling amounted to 3 298.4 (3 150.5) MSEK, an increase of 147.9 which corresponds to a growth of 4.7%.
- The gambling net sales amounted to 1 003.2 (951.8) MSEK, an increase of 51.4, which corresponds to a growth of 5.4%.
- Contributions to trotting and thoroughbred racing amounted to 466.3 (467.0) MSEK, a decrease of 0.7 MSEK. This is in line with previous projections of an increase of 15 MSEK for the whole year in 2016.
- Paid lottery tax and commitment under the agreement with the state amounted to 367.8 (344.4) MSEK.
- Profit for the period amounted to -23.9 (-3.9) MSEK, and this has been burdened by costs for development and investments as planned, in order to raise sales long-term.

Interim Period January-September

During the first three quarters of 2016, ATG has developed positively with regard to both the Swedish turnover and its offering to customers. Among other developments, a major new product was launched in February under the name of V75 Boost.

- Swedish gambling sales amounted to 9 709.1 (9 378.4) MSEK, an increase of 330.7, which corresponds to a growth of 3.5%.
- The gambling net sales amounted to 2 961.0 (2 846.3) MSEK, an increase of 114.7 representing a 4.0% growth.
- Contribution to trotting and thoroughbred racing amounted to 1 266.7 (1 262.9) MSEK, an increase of 3.8 MSEK, following the previously established plan that projected an increase of 15 MSEK for the whole year in 2016.
- Paid lottery tax and commitment under the agreement with the state amounted to 1 083.1 (1 031.4) MSEK.
- The interim period profit totalled -6.8 (60.0) MSEK, and this has been burdened by costs for development and investments as planned, in order to raise sales long-term.

Key Financials, Interim Period Overview	2016			2015			2014		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
TOTAL BETTING SALES	3 964	3 944	3 664	3 943	3 971	4 141	3 714	3 840	3 916
Growth ²	-0,2%	-4,8%	-1,4%	2,7%	1,4%	8,6%	5,1%	3,4%	2,9%
SWEDISH BETTING SALES	3 298	3 263	3 148	3 157	3 151	3 249	2 978	3 096	3 146
Of which: Track	122	138	50	71	141	150	58	83	160
Agents	1 390	1 408	1 452	1 509	1 439	1 497	1 480	1 547	1 531
E-channels	1 786	1 717	1 646	1 577	1 571	1 602	1 440	1 466	1 455
Growth in %	4,7%	0,4%	5,7%	2,0%	0,2%	5,8%	2,0%	1,0%	1,6%
INTERNATIONAL BETTING SALES MSEK	666	680	516	786	820	892	736	744	770
Growth in %	-18,8%	-23,7%	-29,9%	5,6%	6,5%	19,8%	19,4%	15,1%	8,8%
NET BETTING SALES	1 003	990	968	973	952	979	915	950	953
Growth in %	5,4%	1,1%	5,8%	2,5%	-0,1%	4,2%	2,4%	6,3%	1,8%
Contribution to trotting and thoroughbred racing	466	454	347	437	467	439	357	424	460
Lottery tax	355	348	342	341	333	343	321	332	335
RESULTS	-23,9	-41,2	58,3	-34,3	-3,9	-7,1	71,7	-60,7	-0,6

² In comparison with the same interim period in the previous year.

Comments on the interim results

The development that began in 2014, when ATG succeeded in turning round the sales growth to a positive trend, has continued during the first three quarters of 2016. The Swedish sales for January to September were the best in ATG's history of the period (see the chart on the next page). During the period, competition with other games, above all during the European Football Championships in France and the Olympic Games in Rio de Janeiro, was intense. The number of jackpots for ATG's major betting forms V75 and V86 during the interim period were significantly lower

than in the comparative period, which was unusually active for the Jackpot product. In 2016, there were 23 Jackpots, compared with 38 in 2015. The seasonal variations tend to be substantial and consequently, all comparisons are made against the same period last year. There may be differences from year to year even with this comparison. For example, when certain years have five weekends in a month and other years have four, which will result in shifts between months and quarters. However, the interim period January to September 2016 had the same number of weekends as the comparative period.

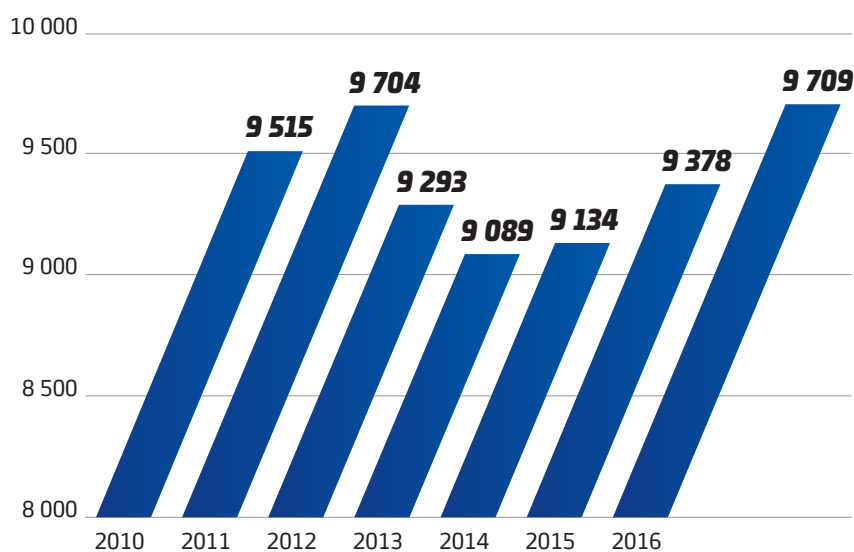
¹This report covers the period 1 January up to and including 30 September 2016. The report encompasses the ATG Group, which consists of the companies ATG (parent company) and Kanal 75 AB. All amounts are given in MSEK. Figures in brackets refer to the same period in the previous year.

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Table: January-September 2010-2016



ATG's Swedish betting sales for the interim period grew by 3.5% in comparison with the same period in 2015. The trend was in line with the plan for the period.

Turnover per betting product during the interim period

V-betting products (V75, V86, V65, V64, V5, V4, V3)	6 020
Other horse betting products (Win, Place, Show, Daily Double, Lunch Double, Trifecta, Quinella, Exacta)	3 470
Luck betting products (VR and Boost)	219
Total Swedish Turnover	9 709

The international betting sales for the interim period amounted to 1 862 (2 448) MSEK, a decrease of 18.8%. This is attributed to the fact that a number of agreements with foreign partners ended on 2015-12-31, due to the introduction of a new business model aimed, inter alia, at reducing risk and increasing margins for ATG's international business. This is also noted in the outcome.

During this interim period, the total betting sales for the Swedish and international markets, corresponding to pool size, totalled 11.571 (11.827) MSEK. This is a decrease of 2.2% and a consequence of the aforementioned decrease in the international gambling operations. ATG's other revenues have risen to 433.7 (416.5) MSEK. This increase results from the higher revenues for the international business, growth in the partner business and from Kanal 75's increased billing.

ATG's costs for the interim period amounted to 1 049,8 MSEK (909.6). This denotes an increase of 140.2 MSEK, which is in line with the plan for the year and can be attributed to a number of business activities, including the launch of the V75 Boost, and other major ventures to increase market presence. Costs for IT and personnel have also increased. ATG is undergoing a period of intensive development and the increased expenditure is intended to boost sales growth in both the short but chiefly long term. One result is an increase in registered active customers of 27% during the last year, to around 430 000 members. The net costs for the interim period amounted to 616.1 (493.1) MSEK which equals 20.8% of the net sales.

The number of employees amounted to 298 (264) full-time employees.

Investments for the interim period consist primarily of the development of new gambling products and experiences for the customer, as well as the further development of the digital channels. A completely new betting product, V75 Boost and a new app, ATG Live, have been launched. During the interim period, the Group has invested 98.0 MSEK. Depreciation was at 70.0 (72.4) MSEK. This is part of ATG's offensive drive to reach out to and attract both new and existing customers.

The company's liquidity development is stable.

In Brief

ATG at Almedalen Week

ATG were once again at Almedalen Week in Visby. ATG, the Swedish Trotting Association, the Swedish Jockey Club and The Swedish Horse Industry Foundation (HNS) organized several seminars during the Almedalen Week which attracted plenty of interest. At ATG's seminar, "Inquiry into Gambling - Half-time. What Further Challenges Remain?" held by the government's gambling investigator Håkan Hallstedt, every single seat was filled.



Success for Summer Trotting Event 2016

The 2016 Summer Trotting meet was once again a great success this year. A total of 82,950 people attended the popular event. This year visitors came to a total of six tracks located from Bollnäs in the north to Jägersro in the south. Green Summer Trotting hats were distributed among the visitors and in tents, the public could buy various sales items and charge mobile phones free of charge. They could also take part in a quiz on trotting tracks. The trotting simulator Monté Python was also featured courtesy of the Swedish Trotting Association.



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ATG's Development

Over the past nine consecutive quarters, ATG has noted growth compared with the same quarter last year. This growth is a result of a targeted and long-term process that will lead to continued positive development for the company.

Profit and Loss Account Group

AMOUNT IN MSEK	jul-sep 2016	jul-sep 2015	jan-sep 2016	jan-sep 2015	jan-dec 2015
Betting sales ¹	3 298,4	3 150,5	9 709,1	9 378,4	12 535,1
Unredeemed winnings and rounding	11,2	16,4	42,2	50,1	71,6
Pay-out to customers	-2 306,4	-2 215,1	-6 790,3	-6 582,2	-8 787,1
NET BETTING PROFIT	1 003,2	951,8	2 961,0	2 846,3	3 819,6
BETTING OPERATIONS ATG AND KANAL75					
Other operating income	149,1	145,7	433,7	416,5	584,4
Other external expenses	-228,7	-188,8	-709,9	-610,3	-877,6
Personnel expenses	-69,8	-62,1	-201,1	-176,2	-242,5
Other operating expenses	-18,0	-15,0	-68,8	-50,7	-78,5
Depreciation	-24,8	-24,7	-70,0	-72,4	-97,7
EXPENSES ATG AND KANAL75	-341,3	-290,6	-1 049,8	-909,6	-1 296,3
NET EXPENSES ATG AND KANAL75	-192,2	-144,9	-616,1	-493,1	-711,9
OPERATING PROFIT	811,0	806,9	2 344,9	2 353,2	3 107,7
Interest and other financial income	0,1	0,8	0,7	3,8	6,7
Interest expenses and similar profit/loss items	-0,9	-0,2	-2,6	-2,7	-3,4
PROFIT BEFORE ALLOCATION	810,2	807,5	2 343,0	2 354,3	3 111,0
Contribution to trotting and thoroughbred racing	-466,3	-467,0	-1 266,7	-1 262,9	-1 699,6
PROFIT BEFORE TAX AND AGREEMENTS	343,9	340,5	1 076,3	1 091,4	1 411,4
Lottery tax	-355,3	-332,6	-1 045,6	-996,1	-1 337,1
Commitment pursuant to agreement with the Swedish State	-12,5	-11,8	-37,5	-35,3	-48,5
Tax on profit for the year	0,0	0,0	0,0	0,0	-0,1
PROFIT FOR THE YEAR	-23,9	-3,9	-6,8	60,0	25,7

¹ Denotes the Swedish turnover. Turnover, including betting from foreign countries, amounted to 3 964 (3971) MSEK in the third quarter and to 11 571 (11 827) MSEK during the interim period. Turnover derived from foreign countries is reported and taxed in the country of operation.

In Brief



Countdown to Winter Burst

In September ATG announced the launch of a new venture, the V75 Winter Burst. Winter Burst entails a whole week of V75 competitions between Christmas and New Year, culminating with the V75 Winter Burst Grand Final on New Year's Eve with a multi-jackpot.

The initiative aims to further ATG's goal of being able to offer the most committed meeting place for betting. Betting interest and activity tends to be strong during the period between Christmas and New Year and consequently, ATG wishes to offer customers a heightened experience, as in more exciting races and dream profits.

So as to give customers the opportunity to win really big money in the Grand Final on New Year's Eve, ATG has opted to (between 17 September and 16 December) move ten per cent of the jackpot money generated in V75 to the 7 correct pot at the V75 Grand Final on 31 December.

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Balance Sheet Group

AMOUNT IN MSEK

ASSETS	2016-09-30	2015-12-31
Fixed assets		
<i>Intangible assets</i>		
Capitalised expenditure for development, licenses etc.	203,5	113,7
Projects in progress	65,7	130,0
Total intangible assets	269,2	243,7
<i>Fixed assets</i>		
Equipment	122,2	125,3
Projects in progress	40,3	34,7
Total fixed assets	162,5	160,0
<i>Financial assets</i>		
Long-term securities	-	-
Other long-term receivables	102,8	102,8
Total financial assets	102,8	102,8
TOTAL FIXED ASSETS	534,5	506,5
Current assets		
<i>Current receivables</i>		
Accounts receivable	48,0	24,7
Receivables from Group companies	62,9	17,7
Other receivables	164,0	291,3
Prepaid expenses and accrued income	31,3	42,2
Total current assets	306,2	375,9
<i>Liquid assets</i>		
Short-term investments	125,0	145,1
Cash and bank balances	394,2	423,5
Total liquid assets	519,2	568,6
TOTAL CURRENT ASSETS	825,4	944,5
TOTAL ASSETS	1 359,9	1 451,0
SHAREHOLDERS' EQUITY AND LIABILITIES	2016-09-30	2015-12-31
Shareholders' Equity		
Share capital (400 000 shares)	40,0	40,0
Accumulated profit or loss, including for the period	516,7	523,4
TOTAL SHAREHOLDERS' EQUITY	556,7	563,4
<i>Long-term liabilities</i>		
Leasing agreements	37,9	43,4
Total long-term liabilities	37,9	43,4
<i>Current liabilities</i>		
Accounts payable	54,2	134,8
Liabilities, Group companies	41,7	7,2
Liabilities customer accounts	165,2	188,7
Income tax liabilities	0,1	0,1
Other liabilities	338,8	347,9
Accrued expenses and deferred income	165,3	165,5
Total current liabilities	765,3	844,2
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1 359,9	1 451,0

In Brief

Our beloved Vinnie gets to be an artist for a day

Late this summer, ATG took the initiative to help create real opportunities for more horses to make a difference. During the Wenngarn Charity Auction, "Our Vinnie" was given the chance to demonstrate his artistic abilities. And sure enough, using simply some colorful finger paint and a couple of large sheets of paper, Vinnie and his four hooves created an equine masterpiece. The painting certainly fetched a pretty penny at the auction, and was finally claimed for SEK 12 000. The profit also included an exclusive meeting with the artist.

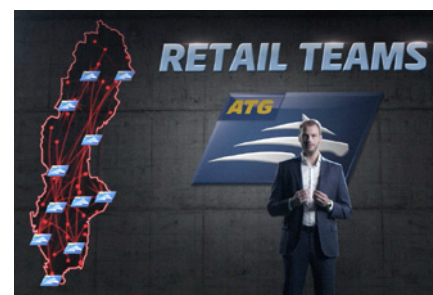


ATG win awards in Paris for "Tillsammans."

It was a double triumph for ATG's Tillsammans service at the "Horse Racing and Betting Innovation Awards," during the EPMA meeting in Paris at the end of September.

"We are of course extremely proud and happy about getting these awards. It's great to receive recognition for our work outside Sweden's borders," said Michael Hagberg from ATG's Business Development Department (pictured).

A total of 22 contributions from 13 countries had been submitted to the first year of the competition, which aims at stimulating and disseminating innovation in equestrian sports and horse betting. Four contributions were presented to the jury and the audience. Other finalists besides ATG included the French PMU, Norsk Rikstoto and PGI (Isle of Man).



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Accounting Principles

This interim report release has been prepared in accordance with BFNAR 2007: 1 for voluntary interim reporting, with the exception that the parent company's profit and loss and balance sheet statements have not been reported. The reason for this is that they are essentially consistent with the Group's financial statements.

The accounting principles that have been applied for the Group and the parent company essentially comply with those used in the preparation of the latest annual report.

Stockholm 25 october 2016

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Erik Adielsson, styrelseledamot
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This year-end report has not been subject to special review by the company's auditors.

Upcoming reports

Interim Report
jan-dec 2016

1 feb 2017

In Brief

This year's exciting new betting product Top 7 soon on the market

New betting form, Top 7, will soon reach the Swedish people. In September, ATG held a press conference in order to present the features and details of Top 7. The payback percentage is the same as for V75, namely 65 percent. The idea of Top 7 is to pick the seven best placed horses in a trotting race in the correct order. The bet will then be decided in V75-5 in all V75 rounds. The target group for the new product includes both the ticket buyer and the skilled horse gambler.

In the words of Maria Akraka, Business Developer at ATG: "Top 7 is a bet type with that little bit extra." The new betting product is expected to generate considerable income to the sport.



Movie time in Stable 43

This project brings trotting to young people with Asperger's Syndrome and is one that ATG feels very passionate about. At Stable 43 at Solvalla, children and adolescents with an autism spectrum diagnosis get the opportunity to be around horses and learn about them. During the Autumn, a number of films were produced to show how ATG enables organizations to get more people to spend time with horses. In early October, one of Stable 43's participants was filmed driving trotting horse Cobra at Solvalla racetrack.

"Horses unite people, they make us feel better both physically and mentally and give people meaningful leisure time, and consequently, Stable 43's activities have great significance for us," says ATG's Sustainability Director Maria Guggenberger.

