

## A new and clear course

2011 was an eventful year, which in many ways entailed a new beginning for Svenska Spel. We launched a new vision, new values and a new brand platform – a clear foundation that places the customer and the future in focus. We experienced a strong launch and we are bringing this positive energy with us as we now move the Company forward.

**W**hen I first joined the Company, I listened and learned about the Company's mission, situation, market, product portfolio and customer offering. I travelled to our neighbouring countries to learn more about how to work with gaming and gained valuable knowledge and inspiration. I also conducted many dialogues with the Board and our owners to attain a clear impression of their view of Svenska Spel and our challenges.

### We must face the competition

Svenska Spel has a mission that calls for our responsibility for and care of our customers to take priority over profit maximisation. Our vision is for gaming to provide enjoyment for all, which is the foundation for our company. However, continuing to take responsibility and shaping a sound and safe gaming market requires us to constitute a substantial share of that market.

To continue to maintain our market share and develop our offering, we must face the forcefully increasing competition, in terms of the regulated market, foreign unregulated online companies and illegal companies that do not comply with the same terms and conditions and regulatory framework as Svenska Spel.

In reviewing the results for 2011, a great deal is progressing in the right direction: our revenue increased and our costs

// We are assigning the necessary priorities to stand strong ahead.



decreased. Net gaming revenue rose SEK 63 million year-on-year and all business areas reported higher operating profit than in 2010. Earnings for the full-year – the third best ever – rose by SEK 240 million, in part as a result of our focus on cost efficiency in the Company during the year.

We delivered strong earnings and we should be proud of this. However, despite this, we did not manage to grow at the same rate as the market – we lost market shares. Accordingly, our major challenge remains. We must reverse the declining trend to enable us to achieve our mission successfully. The market shares differ between our various products and channels. In certain product categories, such as sports games and digital platforms, we lost shares, while we maintain a monopoly in casinos and slot machines.

### We have laid the foundation for the future

During the autumn, we took several key steps toward tomorrow's Svenska Spel. We launched a new vision and new corporate values, which provide energy in our daily work and help us envision the goal ahead of us. We must continue to build long-term relationships with our customers and make it easier to choose us by being accessible, considerate and committed. We will deliver attractive games and always go the extra mile for our customers, business partners and colleagues.

We also created a brand platform that enables us to more clearly shape our offering and prioritise the activities on which

we must focus based on what our customers want. In other words, the journey has begun – which we are sure that our customers and the market will notice moving forward.

### **We must accelerate and slow down**

We have concluded that we are in a negative spiral – which is why we must act now. It is a matter of being able to say that we saw the warning signs in time five years from now, that we were awake, listened to our customers and enacted the necessary changes.

Our position in the market will be dependent on a clear organisation that possesses the drive and ability to adapt its operations to market conditions, technological advances and customers' needs. To achieve this, we must simultaneously accelerate and slow down. Based on our goals and the market's expectations, we must prioritise so that we can spend more resources where they make the greatest difference for the customer. This entails reinforcing certain areas of the operations and cutting back in others.

We are assigning the necessary priorities to stand strong ahead – regardless of the situations that arise. We must invest more in customer meetings and focus more on developing attractive games that customers demand – modern and digital games, image-enhancing games, and effective responsible gaming measures. We have begun to build the next generation's digital platform, whereby we responsibly raise the customer experience to an entirely new level.

### **We shall always be the customer's best alternative**

Many opt for gaming with us because it feels safe and because we offer the tools to personally be in control of their gaming. This gives us a competitive advantage that we want to maintain and strengthen. By being proactive and working more closely on research, we will continue to strive to be at the forefront in our responsible gaming. We will also further improve at showing our commitment and contributing our knowledge and experiences in the public debate.

As you can see, we have an exciting time ahead of us. We have a new situation in the market, which we must face with innovation and drive. Naturally, this is all made possible by Svenska Spel's proficient employees, whose efforts I am proud of and grateful for. Together, we will demonstrate what Svenska Spel represents and continue to offer our customers games that provide enjoyment and excitement in their everyday lives.

Visby, February 2012

*Lennart Käll, President and CEO*

# 4 questions for Anitra Steen, Chairman

*How do you view your first year as Svenska Spel's Chairman?*

"I was very pleased to be asked if I would accept the assignment. I was attracted by the challenge and am able to utilise my experience from, for example, Systembolaget (Swedish alcohol monopoly).

One of Svenska Spel's challenges is to satisfy customer requirements in the form of stimulating games, while also offering responsible gaming tools for the customers in order to minimise risks. We're also subject to gaming regulations that fail to progress in pace with reality. To date, my expectations regarding the assignment have been realised."



*How is Svenska Spel's market role impacted by the gaming regulations?*

"Svenska Spel fulfils a key market role, especially when it involves accepting responsibility for social considerations. Updated gaming regulations would facilitate our efforts, since development has rapidly outpaced the current regulatory system. In this context, the Swedish Supreme Court's decision during the autumn was welcomed. It decided that gaming via slot machines located in Sweden must be viewed as being arranged here, irrespective of where the servers are located. This permits the Swedish Gaming Board to act more aggressively in removing illegal gaming machines, which is a positive development."

*How should Svenska Spel balance responsibility with profit?*

"I see no contradiction between responsibility and profit. Ultimately, it involves our product range and the manner in which we help customers to keep an eye on the situation and their gaming. We view responsibility as part of our customer offering. Personally, I feel they go hand in hand."

*What do you wish to see in terms of the regulatory system on the Swedish gaming market?*

"Discussions among politicians regarding the need for re-regulation creates uncertainty for the future. Denmark has opted for a form involving a large number of licensed gaming companies. I believe that the Danes face a tough time, with aggressive marketing and growing gaming problems. On the other hand, the Norwegians and Finns have decided to tighten regulations, while in Sweden we could easily move in the same direction. This would increase the potential to develop consumer-friendly offerings, with due consideration of the individual."