

YEAR-END REPORT FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2016



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Record year for ATG

Interim period October - December

During the fourth quarter of 2016, ATG continued to develop positively. Earnings growth gained momentum and was higher than earlier in the year. Sales were positively impacted by the launch of the Top 7 product and by the customer offering Winter Burst, which contained more V75 competitions than in the comparative period. This led to increased sales during Christmas week. The quarter also included a slightly greater number of Jackpots for the V75 than the comparative period.

- Swedish sales from gambling amounted to 3 568.3 (3 156.7) MSEK, an increase of 411.6 which corresponds to a growth of 13.0%.
- The gambling net sales amounted to 1 124.8 (973.3) MSEK, an increase of 151.5, which corresponds to a growth of 15.6%.
- Contributions to trotting and thoroughbred racing amounted to 438.6 (436.7) MSEK, an increase of 1.9 MSEK.
- Paid lottery tax and commitment under the agreement with the state amounted to 407.6 (354.2) MSEK.
- Profit for the period amounted to 15.4 (-34.3) MSEK, and this has been burdened by costs for development and investments as planned, in order to raise sales long-term.

Whole Year Period January-December

During 2016, ATG has developed positively with regard to both the Swedish turnover and its offering to customers. Among other developments, ATG launched two major new products: V75 Boost in February and Top 7 in October. The year concluded on a high note with the customer offering Winter Burst, which enhanced Christmas week sales. There were seven fewer jackpots for V75 than in 2015.

- Swedish gambling sales amounted to 13 277.4 (12 535.1) MSEK, an increase of 742.3, which corresponds to a growth of 5.9%.
- Gambling net sales amounted to 4 085.8 (3 819.6) MSEK, an increase of 266.2 representing a 7.0% growth.
- Contribution to trotting and thoroughbred racing amounted to 1 705.3 (1 699.6) MSEK, an increase of 5.7 MSEK.
- Paid lottery tax and commitment under the agreement with the state amounted to 1 490.6 (1 385.6) MSEK.
- Profit for the year totalled 8.6 (25.7) MSEK. The results have been burdened by costs for development and investments as planned, in order to raise sales and the yield to trotting and thoroughbred racing in the long-term.

Key Financials, Interim Period Overview	2016				2015				2014
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
SWEDISH BETTING SALES	3 568	3 298	3 263	3 148	3 157	3 151	3 249	2 978	3 096
Of which: Track	62	122	138	50	71	141	150	58	83
Agents	1 541	1 390	1 408	1 452	1 509	1 439	1 497	1 480	1 547
E-channels	1 965	1 786	1 717	1 646	1 577	1 571	1 602	1 440	1 466
Growth in % *	13,0%	4,7%	0,4%	5,7%	2,0%	0,2%	5,8%	2,0%	1,0%
INTERNATIONAL BETTING SALES	658	666	680	516	786	820	892	736	744
Growth in % *	-16,5%	-18,8%	-23,7%	-29,9%	5,6%	6,5%	19,8%	19,4%	15,1%
TOTAL BETTING SALES	4 226	3 964	3 944	3 664	3 943	3 971	4 141	3 714	3 840
Growth in %*	7,1%	-0,2%	-4,8%	-1,4%	2,7%	1,4%	8,6%	5,1%	3,4%
NET BETTING SALES	1 125	1 003	990	968	973	952	979	915	950
Growth in % *	15,6%	5,4%	1,1%	5,8%	2,5%	-0,1%	4,2%	2,4%	6,3%
Contribution to trotting and thoroughbred racing	439	466	454	347	437	467	439	357	424
Lottery tax	395	355	348	342	341	333	343	321	332
RESULTS	15,4	-23,9	-41,2	58,3	-34,3	-3,9	-7,8	71,7	-60,7

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

Comments on the year-end results

The development that began in 2014, when ATG succeeded in turning around sales growth into a positive trend, has been consolidated during 2016. Swedish sales were the best in the history of ATG (see the diagram). During the year, 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 year were significantly lower than in the comparative year, which was unusually active for the Jackpot product.

In 2016, there were 21 V75 Jackpots, compared with 28 in 2015. The earnings growth delivered is a result of a targeted and long-term process that will continue and enhance the positive development of the company.

The seasonal variations tend to be substantial and consequently, all comparisons are made against the same period last year. There may even be differences from year to year in this comparison. For example, when certain years have five weekends in a month and other years have four; this will result in shifts between months and quarters. In 2016 there was one weekend more than in 2015.

¹ This report covers the period 1 January up to and including 31 December 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.

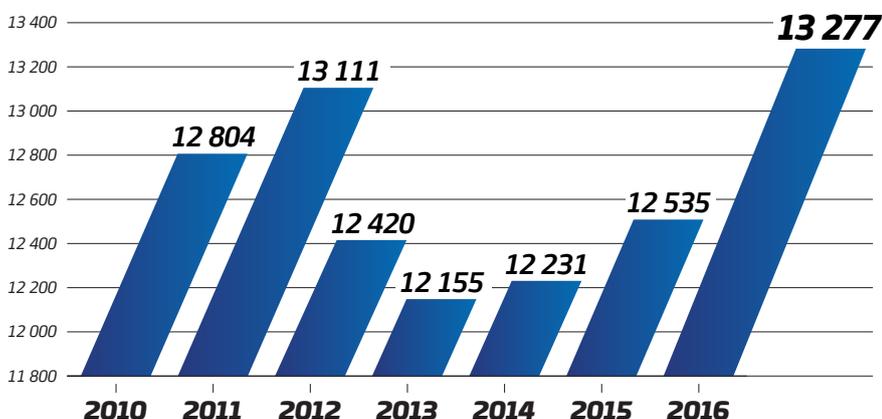
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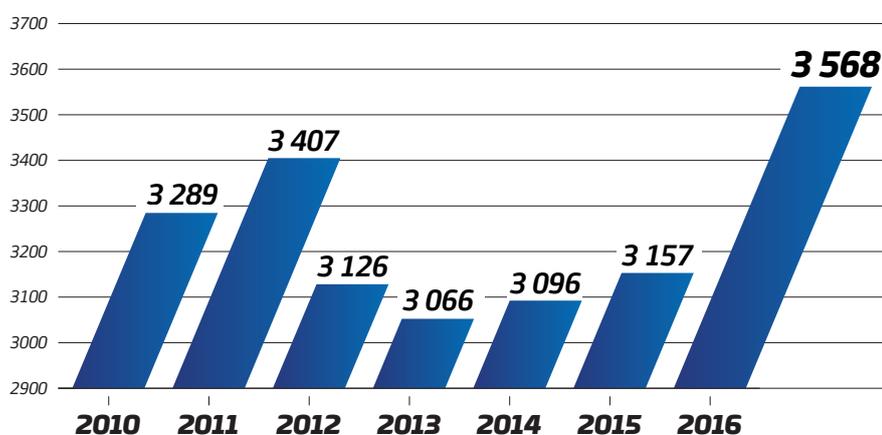
January-December 2010-2016

MSEK



Quarter 4 2010-2016

MSEK



ATG's Swedish betting sales for 2016 grew by 5.9% or 742.3 MSEK in comparison with 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, V5, V4, V3)	8 336
Other betting products (Win, Place, Show, DD, LD, Trifecta, Quinella, Exacta, Top 7)	4 652
Luck betting products (VR and Boost)	289
Total Swedish Turnover	13 277

The international betting sales for the year amounted to 2 520 (3 234) MSEK, a decrease of 22.1%. 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.

Total betting sales for the Swedish and international markets for the year, corresponding to pool size, totalled 15 797 (15 769) MSEK. This is a rise of 0.2%, which means that record proportions for the betting pools have also been registered for 2016.

In Brief

This Year's V75 World Champion Crowned

November saw the crowning of the 2016 V75 World Champion. Staffan Edholm from Hudiksvall, proved himself best when it came to the crucial quiz.



"This is such a huge deal for me", said the triumphant champion after the win.

Of the initial 35 000 participants, it was the 16 best quizzers that were given the challenge to prove their metal in trotting questions. Of the three that made it to the finals, Staffan Edholm drew the longest straw when he replied "Iceland and Johnny Takter," to the question in the category Elitloppet winners.

In addition to the prestigious World Champion title Staffan Edholm was awarded SEK 250 000. The runner-up, Conny Bodin, received SEK 75 000 while, Anders Holmqvist, in third place, received SEK 50 000.

Group of Friends Win 43 Million



In December, a group of friends together achieved one of the biggest wins ever at V75. The exact amount won was SEK 43,058,556, to be shared among nine pals who had bet 840 SEK on ATG Together. The win is the fifth highest of all time for V75.

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ATG's other revenues have risen to 621.3 (584.4) 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 year amounted to 1 502.6 MSEK (1 296.3). This denotes an increase of 206.3 MSEK, which is in line with the plan for the year. ATG is undergoing a period of intensive development and through increased expenditure, aims to boost sales growth in both the short but chiefly long term. For example, costs for IT, market presence and personnel have risen. Examples of business ventures include the launch of V75 Boost and Top 7, as well as Winter Burst during Christmas week.

An additional result is an increase in registered active customers of 23% during the last year, to around 474 000 members.

The net costs for the year amounted to 881.3 (711.9) MSEK, which equals 21.6% of the net sales.

The number of employees amounted to 299 (281) full-time employees.

ATG's objective is to create funding for trotting and thoroughbred racing and the owners, the Swedish Trotting Association and the Swedish Jockey Club. The outcome of funds to trotting and thoroughbred racing for the year is 1 705.3 (1 699.6) MSEK, an increase of 5.7 MSEK. This is less than budget projections. The main reason for the discrepancy relates to Swedish Trotting Associations' decision to apply a payment model for harness racing that includes non-fixed sections. The outcome of these sections is not in line with the budget.

Investments for the year consist primarily of the development of new gambling products and experiences for the customer, as well as the further development of the digital channels. Two completely new betting products, V75 Boost and Top 7 as well as a new app, ATG Live, were launched. During the year, the Group has invested 147.6 (143.5) MSEK. Depreciation was at 98.8 (97.7) MSEK. The investments mentioned are part of ATG's offensive drive, aimed at reaching and attracting both new and existing customers.

The company's liquidity development is stable.

Profit and Loss Account Group

AMOUNT IN MSEK	Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Betting sales ¹	3 568,3	3 156,7	13 277,4	12 535,1
Unredeemed winnings and rounding	24,7	21,5	66,9	71,6
Pay-out to customers	-2 468,2	-2 204,9	-9 258,5	-8 787,1
NET BETTING PROFIT	1 124,8	973,3	4 085,8	3 819,6
BETTING OPERATIONS ATG AND KANAL75				
Other operating income	187,6	167,9	621,3	584,4
Other external expenses	-305,2	-267,3	-1 015,1	-877,6
Personnel expenses	-70,2	-66,3	-271,3	-242,5
Other operating expenses	-48,6	-27,8	-117,4	-78,5
Depreciation	-28,8	-25,3	-98,8	-97,7
EXPENSES ATG AND KANAL75	-452,8	-386,7	-1 502,6	-1 296,3
NET EXPENSES ATG AND KANAL75	-265,2	-218,8	-881,3	-711,9
OPERATING PROFIT	859,6	754,5	3 204,5	3 107,7
Interest and other financial income	2,7	2,9	3,4	6,7
Interest expenses and similar profit/loss items	-0,7	-0,7	-3,3	-3,4
PROFIT BEFORE ALLOCATION	861,6	756,7	3 204,6	3 111,0
Contribution to trotting and thoroughbred racing	-438,6	-436,7	-1 705,3	-1 699,6
PROFIT BEFORE TAX AND AGREEMENTS	423,0	320,0	1 499,3	1 411,4
Lottery tax	-395,1	-341,0	-1 440,6	-1 337,1
Commitment pursuant to agreement with the Swedish State	-12,5	-13,2	-50,0	-48,5
Tax on profit for the year	0,0	-0,1	-0,1	-0,1
PROFIT FOR THE YEAR	15,4	-34,3	8,6	25,7

¹ Denotes the Swedish Sales. Sales, including betting from foreign countries, amounted to 4 226 (3943) MSEK in the fourth quarter and to 15 797 (15 769) MSEK during the year. Sales derived from overseas partners is reported and taxed in the country of operation.

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Balance Sheet Group

AMOUNT IN MSEK

ASSETS	2016-12-31	2015-12-31
Fixed assets		
<i>Intangible assets</i>		
Capitalised expenditure for development, licenses etc.	213,9	113,7
Projects in progress	78,1	130,0
Total intangible assets	292,0	243,7
<i>Fixed assets</i>		
Equipment	160,5	125,3
Projects in progress	0,0	34,7
Total fixed assets	160,5	160,0
<i>Financial assets</i>		
Long-term securities	-	-
Other long-term receivables	101,6	102,8
Total financial assets	101,6	102,8
TOTAL FIXED ASSETS	554,1	506,5
Current assets		
Current receivables		
Accounts receivable	45,6	24,7
Receivables from Group companies	30,5	17,7
Other receivables	348,4	291,3
Prepaid expenses and accrued income	46,2	42,2
Total current assets	470,7	375,9
Liquid assets		
Short-term investments	-	145,1
Cash and bank balances	587,3	423,5
TOTAL CURRENT ASSETS	1 058,0	944,5
TOTAL ASSETS	1 612,1	1 451,0
SHAREHOLDERS' EQUITY AND LIABILITIES	2016-12-31	2015-12-31
Shareholders' Equity		
Share capital (400 000 shares)	40,0	40,0
Accumulated profit or loss, including net income for the year	532,0	523,4
TOTAL SHAREHOLDERS' EQUITY	572,0	563,4
Long-term liabilities		
Leasing agreements	36,0	43,4
Deferred taxes	0,1	0,0
Total long-term liabilities	36,1	43,4
Current liabilities		
Accounts payable	141,3	134,8
Liabilities, Group companies	15,9	7,2
Liabilities customer accounts	275,9	188,7
Income tax liabilities	0,1	0,1
Other liabilities	408,9	347,9
Accrued expenses and deferred income	161,9	165,5
Total current liabilities	1 004,0	844,2
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1 612,1	1 451,0

In Brief

New Sunday Blockbuster

At the beginning of January, ATG held a press conference to inform the press about the new product, Grand Slam.

March 5 is the premiere for the Grand Slam 75 - ATG's new betting blockbuster in which 15 million is awarded to the single winner who makes seven correct selections. Grand Slam has been developed according to players' wishes featuring races that are quick to analyze and which afford the opportunity to win both often and with large amounts. The result is a bet with seven races, three betting pools and ten starting horses per race.



"Sunday is a major day for betting. After the launch of the V64 with the Grand Slam we noticed a growing interest in Sundays and so we're now taking the next step to create an even better betting experience," says Michael Hagberg, Business Development Manager at ATG.

The premiere is on March 5 at Östersundstravet. The TV broadcast takes place between 15.30 and 18.00 on channel TV12.

ATG Expand Nordic Cooperation

During 2017, the cooperation with our Nordic neighbors will expand. To begin with, there will be the V75-bet at Järlsberg in Norway on Sunday 9 July and the great Ulf Thoresen Grand International race, which last year was won by the favorite, Sauveur. The next key date is Sunday 27 August, when the second largest Danish trotting event, the Danish Trotting Derby at Charlottenlund will take place. Then on Sunday, 10 September it will be time for the Norwegian Derby and Kriteriet at Bjerke.

"These three days will offer first class sport. And that's why it is ideal to be able to further boost interest in the races by offering our customers the V75 while we extend our trotting cooperation in Norway and Denmark," says Peter Wallin, Sportsand Betting coordinator at ATG..

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Accounting Principles

This year-end report 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 31 January 2017

Mats Denninger, Chairman of the Board
Hans Ljungkvist, Deputy Chairman
Erik Adielsson, Board Member
Marjaana Alaviuhkola, Board Member
Arendt Cederqvist, Board Member
Hans Hansson, Board Member
Petra Forsström, Board Member
Bo Netz, Board Member
Susanna Rystedt, Board Member
Karin Strömberg, Board Member
Anne Wartin, Board Member
Marianne Martinsson, Board Member
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This year-end report has not been subject to special review by the company's auditors.

Upcoming reports

Interim Report
January-March 2017 26 April 2017

In Brief



Record Turnover by a Wide Margin

The last day of the year reaped the year's highest sales figures with the V75 Winter Burst Grand Final at Mantorp. Turnover reached an incredible SEK147 million. During the last week of 2016, the V75 was held every day and the previous sales record from Elitloppet Week 2016 was surpassed by a wide margin. A total of SEK 333 million was awarded to customers.

Hockey Meets Horse

In the autumn, ATG conducted a tour of all the SHL- arenas (Swedish Hockey League) in the country, from Luleå in the north to Malmö in the south. The aim was to raise awareness about the news that SHL has become a digital agent for ATG Tillsammans, which means that customers can now play V75 with their SHL club. All clubs are now affiliated with Tillsammans and eight per cent of stakes placed go directly to the club.

