

Interim results 2016

25 August 2016

AGENDA

Highlights

Financial review

Operational and
strategic review

Q&A



Alan Jackson
Chairman



Ron Hoffman
Chief Financial Officer



Mor Weizer
Chief Executive Officer

DELIVERING ON STRATEGIC OBJECTIVES

SIGNIFICANT PROGRESS IN 2016

- Strong growth in Gaming division with new licensees and renewals securing future growth
- Financials division now positioned for sustainable growth
- Continued implementation of M&A strategy with acquisitions of BGT and Quickspin
- Balance sheet strength and continuing substantial cash generation enables return of capital without impacting M&A capabilities
- Management remain confident of strong growth in 2016 and beyond

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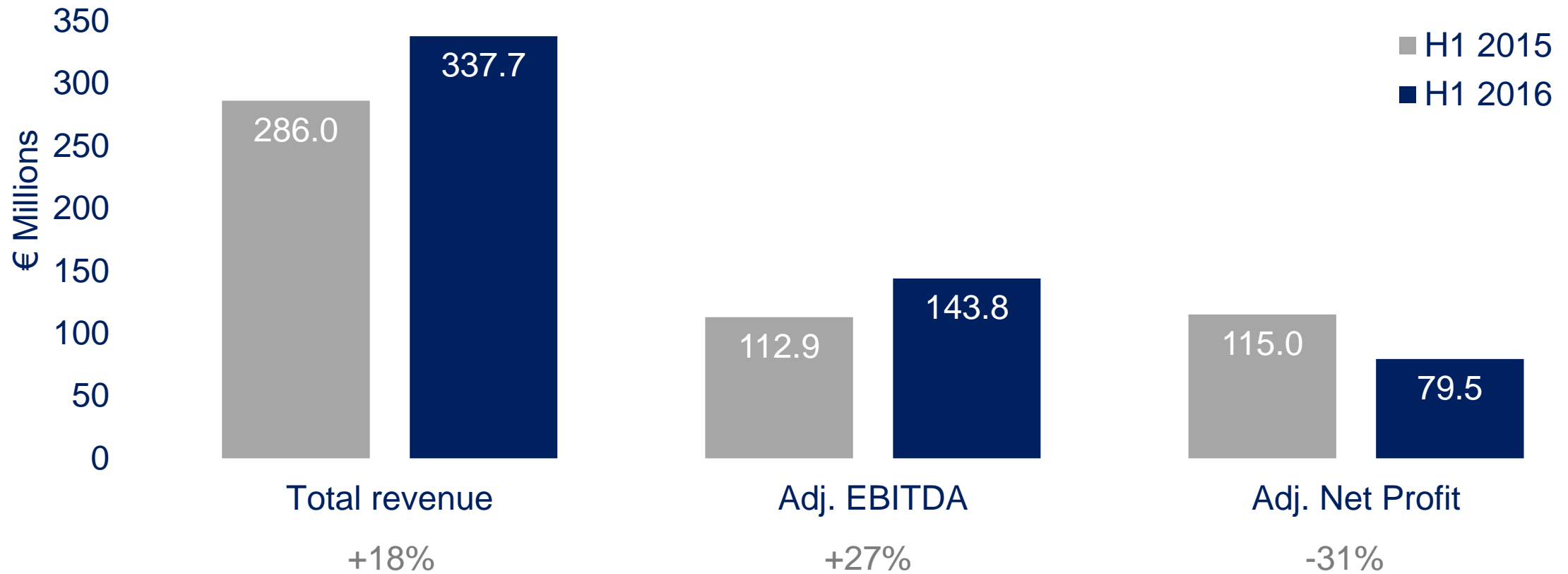
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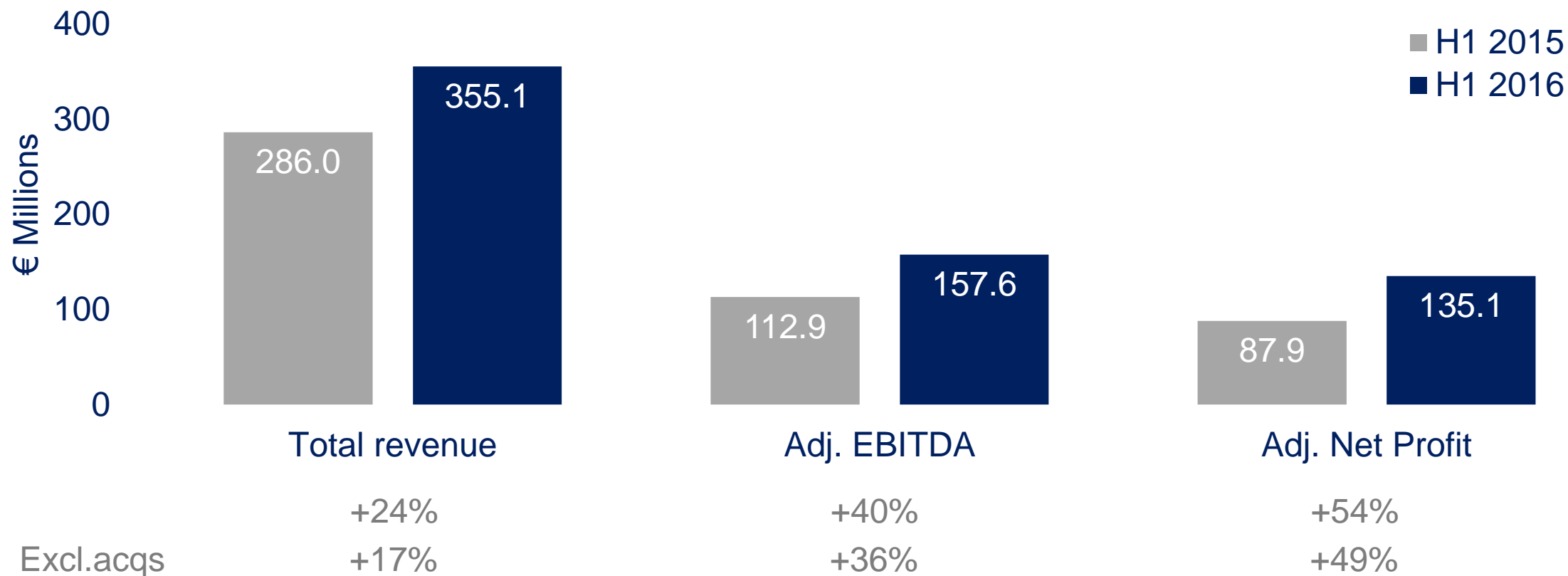
RESULTS SUMMARY

STRONG REVENUE AND EBITDA GROWTH; NET PROFIT IMPACTED BY FX

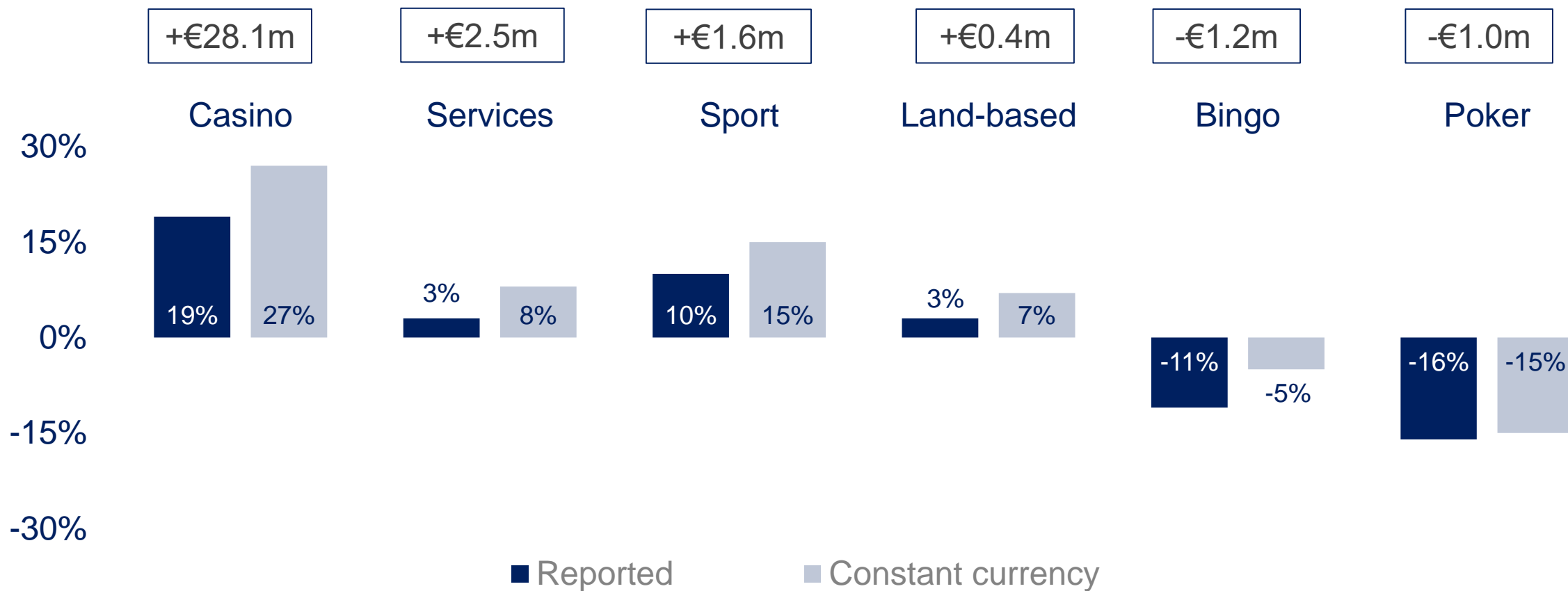


RESULTS SUMMARY AT CONSTANT CURRENCY

VERY STRONG GROWTH ACROSS ALL LINE ITEMS



REVENUE GROWTH BY GAMING VERTICAL



FINANCIALS DIVISION

TRANSITION PERIOD OVER; NOW POSITIONED FOR SUSTAINABLE GROWTH

Pro-forma H1 2016 vs H1 2015

€m	H1 16	H1 15	Chg
Net revenue	31.3	43.2	-28%
Adj. EBITDA	5.9	12.2	-52%
<i>Margin</i>	<i>19%</i>	<i>28%</i>	

Commentary

- H1 results reflect full-impact of the business transition and improvements made due to regulatory changes
 - cessation of relationships with Introducing Brokers (IBs) and binary options business
 - moved from salesperson based approach to automated funnels for customer acquisition
 - tighter on-boarding procedures and greater restrictions on marketing and promotions
- Markets now has the right platform for sustainable growth
 - improved performance in July and August to date
 - further reductions in cost base from June onwards – headcount reduced by a third since April 2015
 - good pipeline of B2B business

FINANCIALS DIVISION

KPIs HIGHLIGHT SHIFT IN BUSINESS MODEL

CFDs - Actives

'000s	H1 16	H1 15	Chg
B2C Direct – markets.com	15.7	17.6	-11%
B2C Indirect and other	-	18.4	-
B2B CFDs	13.0	5.8	124%
Total	28.7	41.8	-31%

CFDs – First Time Depositors

'000s	H1 16	H1 15	Chg
B2C Direct – markets.com	5.4	9.9	-45%
B2C Indirect and other	-	12.3	-
B2B CFDs	7.7	4.8	60%
Total	13.1	27.0	-51%

MARGIN ANALYSIS

MATERIAL MARGIN IMPROVEMENT

		H1 2015			H1 2016		
		Revenue	Adj. EBITDA	Margin	Revenue	Adj. EBITDA	Margin
Reported	Gaming	275.4	112.0	41%	306.4	137.9	45%
	Markets*	10.6	0.9	8%	31.3	5.9	19%
	Group	286.0	112.9	39%	337.7	143.8	43%
CC	Group	286.0	112.9	39%	355.1	157.6	44%

* H1 2015 figures from 8 May 2015 onwards

COST ANALYSIS

NO MATERIAL CHANGE TO BREAKDOWN OF ADJUSTED OPERATING COSTS

€m	H1 2016		H1 2015	
Adj. operating costs	193.9		173.1	
Revenue-driven costs	25.7	8%	25.5	9%
Adj. operational costs excluding revenue-driven costs	168.2		147.6	
Employee-related costs	96.0	57%	84.0	57%
Cost of services	23.8	14%	25.5	17%
Admin and office costs	16.9	10%	13.8	9%
Other costs	12.3	8%	11.1	8%
Marketing – white-label / B2C	12.1	7%	6.5	4%
Travel, exhibitions and marketing	7.1	4%	6.7	5%

NET PROFIT AND EPS

BELOW THE LINE ITEMS IMPACTED BY FX AND FINANCING

- Adjusted net profit down 31% as reported but up 54% at constant currency
 - significant impact from exchange rate differences with €70m movement vs 2015
 - predominantly from cash balances held in GBP
- No change to underlying D&A – will increase from H2 onwards due to inclusion of BGT
- Adjusted EPS further impacted by equity placing in June 2015
 - down 37% as reported
 - up 39% at constant currency

CASHFLOWS

STRONG, GROWING AND SUSTAINABLE CASHFLOWS

- Net cash from operations up 4% at €99.5m (H1 2015: €95.5m)
- Improved cash conversion of 78% (H1 2015: 69%) from adjusted EBITDA (when adjusted for jackpots, security deposits and client equity)
- Strength and sustainability of cashflows enables payment of special dividend and increase in regular dividend

BALANCE SHEET

STRENGTH ENABLES M&A TOGETHER WITH RETURN OF CAPITAL

- Significant firepower to execute strategy
 - €170m spent on M&A in 2016 to date
 - cash and cash equivalents of €778m at end of H1 2016 (Dec 2015: €858m) or €640m when taking into account the acquisition of BGT
- In addition, €234m of available for sale investments (Ladbroke's, Plus500)
 - €9m in dividends from these investments
 - significant share price appreciation in Plus500
 - foreign exchange movements impacted period end valuation

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KEY DRIVERS OF GAMING PERFORMANCE

UNDERLYING GROWTH OF 18%

- Casino continues to drive Gaming with a very strong performance from slot games and live casino
- Both existing and new business contributing to growth
- Regulated revenues of 39% (H1 2015: 40%)
 - growth in regulated revenues offset by stronger growth from Asia
 - percentage of regulated revenues to improve from H2 2016 onwards
- Mobile accounted for 29% of software revenues in H1 2016 (H1 2015: 20%)

“LOCKING-IN” FUTURE GROWTH

NEW GAMES, PRODUCTS, LAUNCHES, SIGNINGS AND RENEWALS

- New games and products including Age of the Gods, Virtual Tennis and a Virtual Sports Football Acca
- Several recent signings expected to launch in the coming months including The Sun Bingo and Marca.es
- Important new licensees signed in 2016 including PokerStars, Fortuna and Sun Bets
- Many significant contracts renewed in 2016 with 7 of top 10 licensees now on contracts which have at least 3 years remaining
- Pipeline of new licensees remains strong driven by newly regulated and soon to be regulated markets

CALIENTE: A CASE STUDY

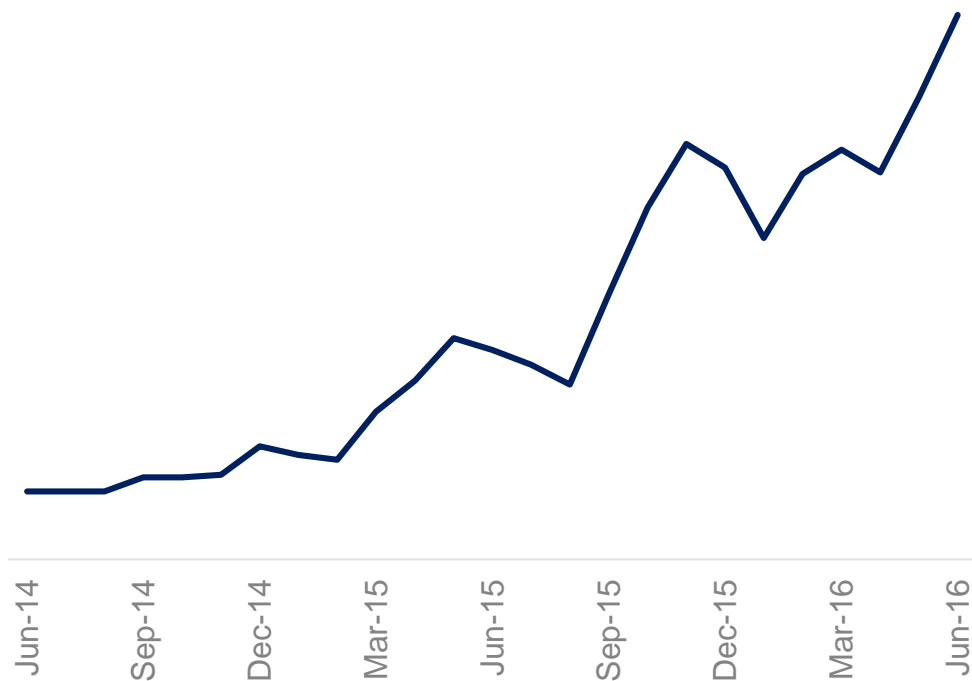
BECOMING DOMINANT IN A NEWLY REGULATED MARKET

- One of the oldest betting brands in South America with c.100 POS's, mainly through betting sections in land-based Casinos
- Playtech invested into the online business, and migrated the whole business onto Playtech software
- Includes a full omni-channel solution covering retail, web and mobile and including all relevant products such as sports and casino
- Caliente is now the unquestionable market leader not only in retail but online as well
- Additional phases are due to be deployed in coming quarters generating additional incremental revenue streams
- A significant opportunity for SSBT deployment following the acquisition of BGT

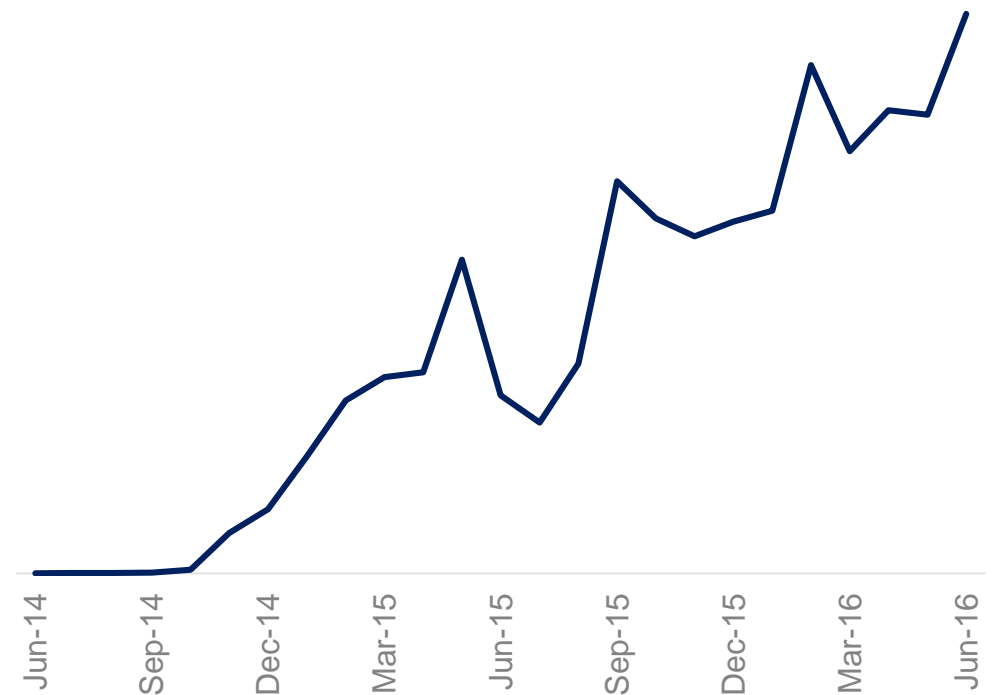
CALIENTE: A CASE STUDY

TRENDING TOWARDS BEING A TOP 10 PLAYTECH LICENSEE

Revenues



FTDs



2016 EUROPEAN CHAMPIONSHIPS

A FEW INTERESTING STATISTICS FROM PLAYTECH SPORTS

- **Most profitable result:** France vs Portugal (0-0 draw)
- **Least profitable result:** France vs Ireland (Tournament favourites come from behind)
- **Betting £100 on every favourite: £151 loss**
- **Betting £100 against the odds-on favourite: £1,129 profit**

BEST GAMING TECHNOLOGY

ENHANCING OMNI-CHANNEL TO DRIVE DIGITALISATION OF RETAIL

- SSBTs are key component of the ongoing digitisation of retail
- We've only just scratched the surface for the potential of SSBTs
 - there are almost 100,000 betting shops in Europe alone
 - many shops could have at least 5 SSBTs, if not more
- BGT's offering combines best in class technology with a digital terminal that revolutionises the traditional OTC experience
- Incredibly powerful omni-channel solution when coupled with the Playtech ONE infrastructure
- All revenues from BGT are regulated



QUICKSPIN

HIGHEST QUALITY GAMES AND THE HIGHEST QUALITY LICENSEES

- Fast-growing games studio
- High-quality video slots - both real money gambling and social
- Strong pipeline of both new customers and new games
- Strengthens Playtech's position as the leading content provider
- Provides greater penetration in Nordics
- Significant forecast growth



CUSTOMER CONCENTRATION

NEW PRESENTATION BETTER REPRESENTS CUSTOMER DIVERSIFICATION

Old presentation

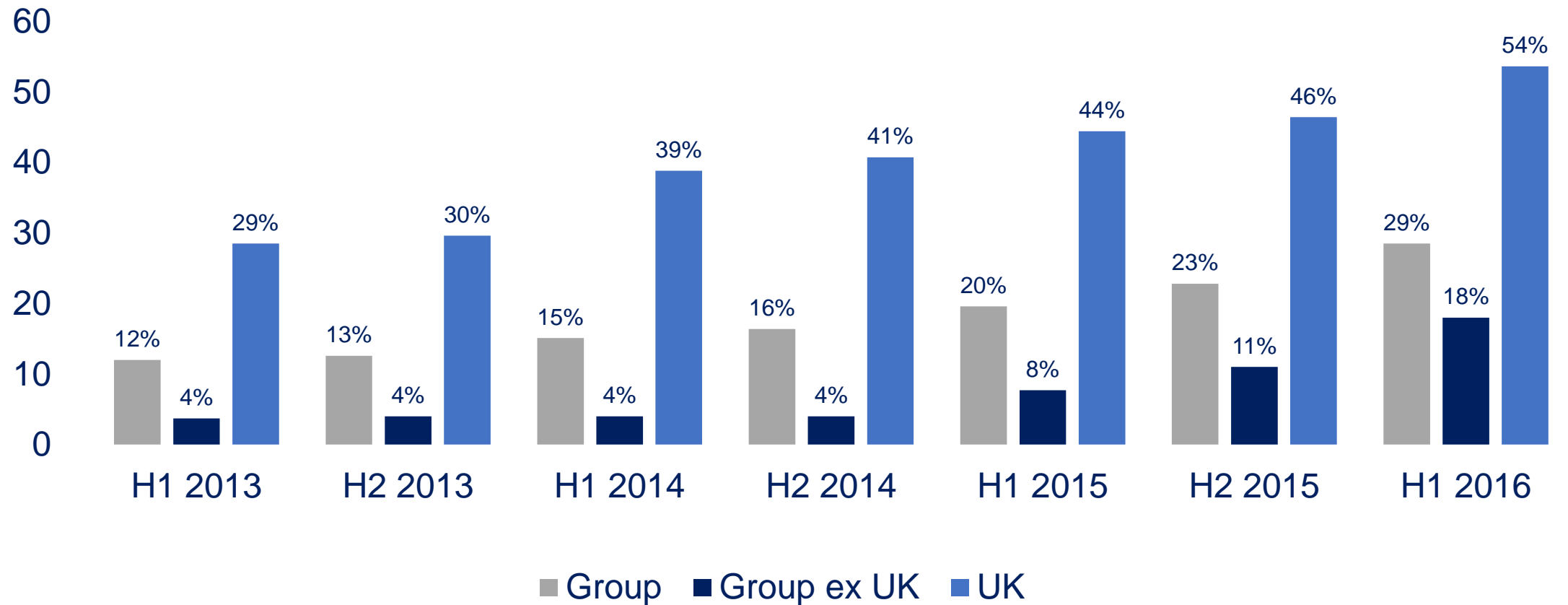
Licensees	FY 2014	FY 2015	H1 2016
Top 5	53%	53%	59%
Top 10	75%	72%	74%
Top 15	83%	81%	83%

New presentation

Licensees	FY 2014	FY 2015	H1 2016
Top 5	45%	42%	39%
Top 10	68%	62%	57%
Top 15	77%	73%	70%

MOBILE PENETRATION

SIGNIFICANT GAP BETWEEN UK MOBILE PENETRATION AND ELSEWHERE



CAPITAL ALLOCATION

INCREASED RETURNS WITH NO IMPACT ON M&A CAPABILITIES

- M&A pipeline remains healthy with ongoing active discussions
- Cognisant of need for efficient balance sheet with high cash balances consistently augmented by cash from operations
- 57 €c / 50p being returned to shareholders
 - interim dividend increased by 15% to 11 €c
 - special dividend of 46 €c / 40p to be paid in December 2016
- Adoption of a progressive dividend policy to provide shareholders with more certainty and consistency of dividend payments

CURRENT TRADING AND OUTLOOK

POSITIONED FOR GROWTH

- Gaming division goes from strength-to-strength
 - strong current trading
 - BGT adds to the opportunity
- Improved performance in Financials division
- Healthy M&A pipeline
- Confidence in strong growth in 2016 and beyond

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Appendices



GAMING MOBILE PENETRATION

INCREASE FROM 20% TO 29% OF SOFTWARE REVENUES IN H1 2016

PRODUCT VERTICAL	H1 2015 (€M)	H1 2016 (€M)	GROWTH %
Casino	19.9	42.8	110%
Sports	13.4	14.1	5%
Bingo	1.7	2.3	34%
Poker	0.2	0.3	41%
Total	35.2	59.5	67%

REGULATORY SPLIT OF GAMING GROWTH

STRONG .COM GROWTH DUE TO INCREASED ROYALTY RATES IN ASIA

Excl' acquisitions	11%		
Regulated	8%	Existing	2%
		New business	6%
.com	13%	Existing	12%
		New business	1%

Thank You

