Playtech plc

("Playtech," or the "Company," or the "Group")

Results for the six months ended 30 June 2017

A proven platform for growth: strong H1 driven by underlying growth and recent acquisitions

Playtech (LSE: PTEC) today announces its results for the six months ended 30 June 2017, together with a trading update for the period to 22 August 2017.

Financial summary

	H1 2017	H1 2016	Change (reported)	Change (const. currency)[3]
Revenues	€421.6m	€337.7m	25%	30%
Adjusted EBITDA[1]	€170.9m	€143.8m	19%	24%
Adjusted Net Profit[2]	€125.5m	€78.3m	60%	20%
Reported Net Profit[2]	€89.6m	€48.8m	84%	21%
Adjusted diluted EPS	36.2 €c	22.6 €c	60%	21%
Total dividend per share	12.1 €c	11.0 €c	10%	NA

Group financial highlights

- Total revenues up 25% vs H1 2016 on a reported basis:
  - 30% revenue growth at constant currency
  - 10% revenue growth excluding acquisitions and at constant currency
- 50% of Group revenues were regulated in H1 2017 (FY 2016: 48%)
- Adjusted EBITDA up 19% on a reported basis and 24% at constant currency
- Adjusted Group EBITDA margin of 40.5% (H1 2016: 42.6%)
  - in line with guidance given at FY 2016 results
  - “core” Gaming margin (excluding acquisitions / white-label / Casual) of 51% (H1 2016: 49%)
- Adjusted diluted EPS up 21% at constant currency
- Gross cash at period end of €536 million (December 2016: €545 million) and €376 million when adjusted[4] (December 2016: €392 million)
- Interim dividend per share up 10%

Operational highlights

Gaming Division

- Strong revenue performance with 28% growth at constant currency led by flagship Casino offering
  - double-digit underlying growth, with a particularly strong performance in Asia
  - recent acquisitions integrated and performing in line with expectations
- Regulated Gaming revenues of 44% (H1 2016: 39%)
- Online software revenues from mobile of 38% in H1 2017 (H1 2016: 29%)
- Significant contracts renewed including with Paddy Power Betfair, Sky Bet and Betfred in H1 2017
- Landmark Sports contract signed with Greek operator OPAP
- Industry leading LIVE offering launched with world’s largest Live Casino in Riga
- Sun Bingo contract remains challenging
- Pipeline of new licensees focussed on large, high-quality omni-channel opportunities

Financials Division

- Momentum from 2016 continued into H1 with strong performance and improved KPIs
- B2B offering further enhanced with acquisition of Alpha Capital Markets assets post period end
- TradeTech Group brand launched to reflect the full B2B and B2C capabilities of the Financials Division

Current trading and outlook

- Management is confident of a strong performance in 2017 driven by both organic growth and the acquisitions made in 2016 and 2017, albeit with normalised levels of growth in the second half from Asia following unusually high levels of activity in the first half
- Average daily revenue in the Gaming Division for the first 53 days of Q3 2017, traditionally the slowest part of the year, was up 1% on Q3 2016 (6% at constant currency) and down 9% on an unusually strong Q2 2017 (down 6% at constant currency)
- Excluding acquisitions, average daily revenue in the Gaming Division for the first 53 days of Q3 2017 was down by 1% on Q3 2016, increasing 3% at constant currency
- The Financials Division is trading in line with expectations

Alan Jackson, Chairman of Playtech, commented:

"The proven strength of the Playtech model was once again demonstrated with a strong H1 performance driven by both underlying growth and recent acquisitions. As always, Playtech's performance has been converted into strong cash generation enabling a 10% increase in the interim dividend, in line with the progressive dividend policy.

"The first half of the year saw Playtech's Gaming Division deliver strong growth with double-digit underlying growth and recent acquisitions integrated and performing in line with expectations. Playtech has also continued to execute on its industry leading omni-channel solution by deepening its offering in key verticals with the integration of Playtech BGT Sports creating a fully integrated best-in-class sports technology solution and the launch of the world's largest Live Casino studio in Latvia, revolutionising the offering in a growing and dynamic channel.

"As with the Gaming Division, momentum in the Financials Division continued with improvements across all KPIs. The announced acquisition of assets from Alpha brings an important new B2B revenue stream and the creation of TradeTech Group as our operating and corporate brand for the business is an important milestone and better reflects the broadening of the division's offering towards a full turnkey B2B financial trading solution.

"Taken all together, this proven platform for growth across the business has again delivered a strong performance and management remain confident of further strategic progress in the second half of 2017."

– Ends –

[1] Adjusted numbers relate to certain non-cash and one-off items including amortisation of intangibles on acquisitions, professional costs on acquisitions, finance costs on acquisitions, deferred tax on acquisitions and additional various non-cash charges. The Directors believe that the adjusted profit measures represent more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 4 of the financial statements
[2] Attributable to the owners
[3] Constant currency numbers exclude the exchange rate impact on the results by using previous period relevant exchange rate and exclude the total cost/income of exchange rate differences recognised in the period
[4] Adjusted gross cash is net of cash held on behalf of clients, progressive jackpots and security deposits

Presentation and live webcast

A presentation for analysts and investors will be held today at 9.00 am in the offices of UBS, 5 Broadgate, London, EC2M 2QS.

The presentation will be webcast live and on-demand at the following website:

http://www.investis-live.com/playtech/595f4b299a0fb30c00d755fb/ruhf

The presentation will also be accessible via a live conference call:

Dial-in no: + 44 (0)20 3059 8125

Conference password: Playtech

There will also be a replay available for one week:

Dial-in no for UK and other locations: +44 (0)121 260 4861

Dial-in no for US: +1 844 2308 058

Conference reference number: 6632999#

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The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Forward looking statements

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". By their nature, forward-looking statements involve risk and uncertainty since they relate to future events and circumstances. Actual results may, and often do, differ materially from any forward-looking statements.

Any forward-looking statements in this announcement reflect Playtech's view with respect to future events as at the date of this announcement. Save as required by law or by the Listing Rules of the UK Listing Authority, Playtech undertakes no obligation to publicly revise any forward-looking statements in this announcement following any change in its expectations or to reflect events or circumstances after the date of this announcement.

About Playtech

Playtech is a market leader in the gambling and financial trading industries. Founded in 1999 and listed on the Main Market of the London Stock Exchange (LEI code: 21380068TTB6Z9ZEU548), Playtech has c. 5,000 employees in 17 countries.

Playtech is the gambling industry's leading software and services supplier with more than 130 licensees globally, including many of the world's leading regulated online, retail and mobile operators, land-based casino groups, government sponsored entities such as lotteries, and new entrants opening operations in newly-regulated markets. Its business intelligence-driven gambling software offering includes casino, live casino, bingo, poker and sports betting.

It is the pioneer of omni-channel gambling which, through Playtech ONE, offers operators and their customers, a seamless, anytime, anywhere experience across any product, any channel (online, mobile, retail) and any device using a single account and single wallet. It provides marketing expertise, sophisticated CRM solutions and other services for operators seeking a full turnkey solution. Playtech's Financials Division, named TradeTech Group, operates both on a B2C and B2B basis. Its B2C focused offering is an established and growing online CFDs broker, operating the brand markets.com. Its B2B offering includes the division's proprietary trading platform, CRM and back-office systems, as well as its liquidity technology platform which provides retail brokers with multi-asset execution, prime brokerage services, liquidity and complementary risk management tools.

Chairman's statement

The first half of 2017 once again demonstrated the proven strength of the Playtech model as the Group delivered an impressive operational and financial performance driven by both underlying growth and recent acquisitions.

Importantly the results in the period continue to evidence Playtech's ability to achieve significant strategic milestones alongside delivering double-digit organic growth. Not only did the strategic acquisitions achieved in 2016 augment organic growth but significantly the integration of those acquisitions, coupled with the contract renewals in the period, will deliver a platform for future prospects.

I am also pleased to report that the trend in long term contract renewals reported in 2016 continued into the first half of 2017. Key licensees Paddy Power Betfair, Sky Bet and Betfred all renewed long-term agreements during the period, a clear testament to Playtech's industry leading offering. Important strategic milestones were also achieved in the continued execution of Playtech's industry leading omni-channel solution with the deepening of its offering in key verticals. The integration of Playtech BGT Sports has created a fully integrated best-in-class sports technology solution and in the burgeoning Live Casino vertical the launch of the world's largest Live studio in Latvia is revolutionising Playtech's offering and the wider Casino industry.

As with the Gaming Division, momentum in the Financials Division continued with improvements across all KPIs and further strategic achievements. The acquisition of assets from Alpha Capital Markets represent a significant milestone in the evolution of the B2B offering for the division. The addition of the B2B assets follow the creation of the brand TradeTech Group, which better reflects the broad offering across the B2B and B2C value chain.

To reflect the Board's confidence in the growth and cash generation of the business Playtech adopted a progressive dividend policy in 2016. One of the pillars of the Playtech model is its ability to convert its operational performance into strong cash generation and this has allowed a 10% increase in the interim dividend per share in the first half of 2017.

Taken all together, this proven platform for growth across the business has again delivered a strong performance and management remains confident of further strategic progress in the second half of 2017.

Chief Executive's review

Overview: Proven strategy provides platform for growth

I am pleased to report that the first half of 2017 saw Playtech achieve significant strategic milestones to augment the double-digit organic growth delivered by our proven model.

The strong growth reported in the Gaming Division in 2016 has continued into the first half of 2017 with recent acquisitions in 2016 and the beginning of 2017 contributing to growth. Progress continued into 2017 with long term contract renewals which will also 'lock-in' future growth.

Moreover, the Gaming Division achieved strategic progress in H1 2017 with the continued execution of its industry leading omni-channel strategy, Playtech ONE. Key strategic milestones in Casino, including Live Casino, and Sports have deepened our omni-channel offering and created a platform for future evolution.

Momentum in the Financials Division remained strong with impressive KPIs in the first half of the year. The creation of the TradeTech brand and the continued evolution of the B2B offering with the acquisition of sophisticated risk and trading capabilities, represents further significant milestones for the Group.

Gaming Division

Overview

The Gaming Division delivered another strong year achieving 28% reported revenue growth at constant currency, with a healthy blend of underlying growth and contribution from acquisitions.

Customer Concentration

H1 2017 saw revenue from the top ten licensees stand at 57% compared to 60% in the comparable period in H1 2016. This represented a marginal increase on the FY 2016 level when the top ten licensees represented 54% of Group revenue. Revenue from the top five licensees also decreased on a like for like basis with 39% of revenue coming from the top five compared to 44% in H1 2016. Again, this represented a slight increase on FY 2016 numbers when 36% of revenue came from the top ten.

The marginal increase was due to a combination of factors. This was the first reporting period where the consolidation, and ultimately increased scale and growth, of key licensees such as Ladbrokes Coral was fully counted. In addition, this was the first full reporting period where the large revenue contributing Sun Bingo related white-label contract was counted.

Mobile

Following the pattern set out in previous results reports, mobile continues to be a key driver of increased player activity across all verticals. Revenues from mobile accounted for 38% of overall software revenue, increasing from 29% in the same period in 2016.

Sports was the only vertical to see a decrease in mobile penetration as the integration of BGT into Playtech BGT Sports skews the vertical to a large retail channel exposure. Excluding the acquisition of BGT total Sport penetration in H1 2017 was 68% compared to 75% in H1 2016 reflecting the previously disclosed loss of certain Mobenga contracts compared to the comparative period.

The UK gaming market, given its maturity and the quality of its mobile networks, still leads the penetration levels with mobile accounting for 56% of software revenues. However, there is evidently a sustained increase in mobile penetration as the percentage of software revenue from mobile grew to 33% in the rest of the world in H1 from 18% in H1 2016. This highlights the significant opportunity in other parts of the world for Playtech's mobile developed products and software as well as underlining the strong position and the continued growth in the different verticals.

Native apps

Playtech operates a dual approach to mobile, believing that products should be offered in both HTML5 and native apps and we invest into each product area to ensure this is the case. The importance of native apps is becoming more and more pronounced in the industry given significant increase in quality and user experience. This has also been seen in the changing attitude of some of the marketing and distribution channels such as Google and Apple in regulated markets that now allow registering the native apps in the store.

Regulated Markets

Growing regulated markets revenue remains a strategic objective for Playtech and in the first half of 2017 regulated revenues in the Gaming Division rose to 44% compared to 39% in the first half of 2016. This figure was boosted by acquisitions made in 2016 along with the Sun Bingo contract which began in H2 2016. At Group level, regulated revenue reached 50% of total H1 2017 revenue, (H1 2016 48%).

During the period, we continued to strengthen our position and extend our reach in regulated markets by supporting the organic growth of our customers in the UK, Italy, Spain, Finland, Denmark, Mexico and Romania. Moreover, our strategy of partnering with the leading retail brands in newly regulated markets also continued as we became the first supplier to launch online casino in the Czech Republic with the expanding Fortuna brand.

Acquisitions made in 2016 and early 2017 continued to augment the growth of regulated revenues across the Group in line with our strategy. The acquisition of the sports retail software provider BGT 2016 allowed for the creation of the Playtech BGT Sports (PBS) division in H1 2017. PBS affords Playtech a strategic advantage in newly regulating and yet to be regulated online markets as Sports is often the first vertical to regulate and PBS' retail offering allows Playtech to partner in advance with the established local retail brands.

M&A

M&A remains a central part of Playtech's strategy. As demonstrated in FY 2016, Playtech's M&A strategy is to add regulated revenues through the acquisition of complimentary technology, services and additional offering deepening content. The M&A pipeline remains strong and we will continue to execute on value accretive M&A that strengthens Playtech's omni-channel offering, strengthen our position in existing product verticals or extend to new adjacent verticals in our industry.

In February 2017 Playtech completed the acquisition of Eyecon, a specialist supplier of online gaming soft slots and a bingo slots specialist software for an initial consideration of £25 million (€29 million). The acquisition of Eyecon is a further example of Playtech executing its omni-channel solution through earnings accretive M&A. Eyecon is a soft casino slot provider specialising in games for the Bingo market. Eyecon deepens the content offering in the Bingo vertical ultimately helping to drive revenue across verticals as well as allow us to also extend to retail. The acquisition strengthens Playtech's Bingo distribution network whilst offering industry leading slots content such as the Fluffy Favorites game and others which will all be available to Playtech bingo licensees.

Playtech ONE: Industry leading omni-channel offering

Playtech ONE is the industry's only true integrated omni-channel offering. Playtech ONE allows operators to develop a seamless inclusive approach to channels, products and platforms.

Although multi-channel approaches in the industry are common (same content across web, mobile and retail), Playtech's approach to omni-channel is very different as our single CRM allows for a single customer profile regardless of channel or vertical. We believe that omni-channel offerings act as an eco-system that incentivise the players to remain loyal to the operators and their brands. Playtech ONE provides operators with the tools to keep customers within this eco-system regardless of channel and through different brands, verticals and products. Our single CRM and infrastructure provides operators with a single customer view allowing them to appropriately target and incentivise customers – delivering a seamless experience and improving the customer journey.

Playtech ONE's ability to shape the user experience seamlessly across different channels and verticals is becoming central to operators' strategy to increase player value and player brand loyalty. Playtech is working tirelessly to ensure that it has industry leading and engaging content and experiences across all channels and verticals.

The completion of the launch of Playtech's new Live Casino studio in Riga has revolutionised Playtech's offering in the vertical and the completion of the migration of all the dedicated licensee tables is continuing to revolutionise how operators and players think about Live Casino. It is fully integrated into our casino offering and based on our same single omni-channel infrastructure.

The creation of Playtech BGT Sports (PBS) is also a significant step in the execution of our omni-channel strategy. Firstly, the popularity of the Sports vertical means it is a key customer acquisition channel for operators and as indicated many times is the most effective customer acquisition channel that acts as the gateway into higher margin gaming verticals. It is also the vertical that operators' brands are most associated with and the touch point for the brand that many players return to. Unifying all sports divisions together with BGT into one division – PBS, has entrenched the powerful retail channel in Playtech ONE. The integration of all sports assets into a single unique omni-channel based solution is underway and we expect it to be concluded in 2018.

Similarly to BGT in Sports, the integration of ECM, the Bingo retail software provider, has allowed Playtech to capture retail traffic and seamlessly offer them online content and vice versa, all on a fully integrated basis. ECM, which provides digital platform and products for retail bingo environments, is an integral part of our omni-channel approach and allows us to enlarge the eco-system Playtech ONE creates on a larger basis. The acquisitions of Eyecon in H1 2017 and Quickspin in 2016 further enhance the premium content available across Playtech's games portfolios as well as broadening the offering to different target demographics and further strengthen the depth and the breadth of our omni-channel Playtech ONE approach.

Gaming Division performance by vertical

Casino

Casino, Playtech's flagship offering, continues to go from strength to strength, with revenue increasing 26% on a constant currency basis in the first half of 2017. This exceptional performance was driven by the combination of the growth of existing licensees, particularly in Asia, the contribution from the key acquisitions made in 2016 and early 2017, and the contribution of new customers won throughout 2016 as underlying Casino revenue grew by a 22%.

Technology & Platform stability

Central to the success of Playtech's success and the success of our licensees and customers is the stability of our Casino platform. Playtech provides its customers with mission critical software and content and we are continuously working on the robustness and stability of our platform. To continue our work in this area, during the first half of 2017 our technology engineers 'de-coupled' our Casino games from the platform. This will make our platform even more agile and adaptable whilst also allowing for greater freedom in the development of new content and planning new releases.

As indicated previously, Playtech is in the process of revamping its entire gaming platform. One of the elements of the new platform is a new gaming development platform which simplifies and streamlines games development across mobile, retail and web. The first milestone was met earlier in the year as a number of games driven by the new gaming development platform were launched successfully with some licensees. The new revamped gaming development platform is currently still under development and will deliver our licensees with new models to accelerate the deployment of games developed by Playtech, third party content providers and also the licensees themselves. The new platform is utilising the most advanced technologies and methodologies, along with future regulatory requirements and an improved front end solution – all providing them more ways to differentiate and compete.

Player engagement

At Playtech, we are cognisant that our licensees come to us to develop unique customer offerings that cater to their target demographics and customer bases. Player data and intelligence collated via the IMS is being utilised in an anti-churn model to extend player lifetime values. As the market continues to mature the focus for operators in developed markets such as the UK is moving beyond player acquisition to also focus on player retention and ultimately increasing player life time value. The platform allows for industry standard bonusing, together with more sophisticated mechanics, including automated cashback, free-spins, golden chip for table and card games and other types of bonuses. All these promotional methods can be controlled and configured by the operator, allowing for stringent liability and monetary control.

To illustrate the platform's sophistication, gameplay bonuses allow the operator to incentivise players based on the outcome of a specific hand of black jack or spin of a roulette wheel. All promotional types can be triggered by a player event, but Playtech has also developed the ability to automate some of the player journeys by developing real time algorithms to trigger the qualification of such incentives. Game advisor is a real-time driven recommendation engine based on sophisticated real time algorithms that suggests other games the player might be interested in with high probability, dependent on many game-specific variables, including volatility, win hit frequency and win distribution.

Content & Studios

Playtech now operates ten games studios worldwide, all with proven pedigrees and collectively providing unparalleled knowledge and experience in online casino games creation. In the period work continued to unify the studios in using our agile games development platform, allowing them to develop higher quality games faster and more cost-effectively than before. The studios are now applying the new Playtech content pillars to game production; Signature (individual style of the studio), Reach (relevance to market), Reliability (stable games and publication dates) and Value (largest Jackpots, bonusing tools, engagement tools). This unified approach to rapid omni-channel game deployment enables operators seeking differentiation and customisation to integrate bespoke games in record time and under budget.

The first half of 2017 saw Playtech sign an industry first agreement with DC Comics to provide a full suite of DC branded games including the Man of Steel, Classic Superman and Batman and Suicide Squad slot titles. The DC agreement was the culmination of strategic project in the second half of 2016 designed to replace the Marvel studios content in the Playtech portfolio. Playtech had a long and successful relationship with Marvel studios and this ended in 2016 following Marvel's acquisition by Disney and a change of licensing approach from the acquirer.

Given the size and scale of Playtech's distribution platform we are in an unrivalled position to be able to develop and distribute such high profile branded content. Looking forward to the second half of 2017 Playtech will deliver another industry first with the first slot game launch to be synchronised with a Hollywood blockbuster film launch. During the period Playtech further grew its portfolio of branded games by launching the American Dad, RoboCop, Monty Python's Holy Grail and Dirty Dancing titles.

Playtech's own Age of the Gods suite of games continues to go from strength to strength with its games titles in the top rankings of popular games for all our licensees. The latest game in the series God of Storms has experienced a highly successful launch in H1. The Age of the Gods suite is the end result of thorough research that was based on big data analysis designed to improve the probability of success of the games. The ability to utilise large amounts of data as part of the games development process leading to a successful suite of games is a major milestone that we intend to replicate, improving the probability of new additional games being successful.

Live Casino

A key focus in the period has been the extension of Playtech's Live Casino offering. At the full year 2016 results we reported the completion of two new studios, the world's largest in Riga Latvia and a state-of the art Eastern European focused studio in Romania. The new facilities have enabled Playtech to drive product innovation in Live with new concepts, games and features. Driven by the powerful Playtech IMS player management platform and data-driven business intelligence technology, Playtech casino delivers industry leading in-house and premium branded games.

Built on top of the city's fortified 16th century walls in the heart of Riga Old Town in Latvia, the 8,500-square metre capacity studio dwarfs any existing live casino area in the market today. Technology has been at the heart of the development with hundreds of state-of-the-art cameras, catering for hundreds more custom-made tables and gaming areas, an advanced control and monitoring center and large-scale dealer campus that will be used to train and develop all Playtech Live's staff.

An important part of Sky Bet's long term multi-product deal with Playtech was the renewal and extension of its Live Casino services agreement. This included the launch of Live Casino on Sky's 'Sky Italy' gaming sites during the period. The sophistication and success of the new Live offering was reflected with Sky's success in winning the eGaming Review Innovation in Casino award for its new Playtech supplied Live Casino. Sky went live with its new state of the art dedicated Live Casino environment in April 2017 and won the award for offering players an enhanced omni-channel experience, product enhancements and richer gameplay.

As with all verticals across the Group, Playtech ONE enables us to offer unrivalled scale and cross-vertical experiences. Playtech Live can offer seamless promotional events such as progressive slot jackpots linked to Live Casino games or allow for targeted marketing and customer acquisition around events, such as Live draws or branded Live Casino games around racing at Cheltenham or Premier League derbies.

Playtech BGT Sports

Revenue in Sports for the first half of 2017 was up 108% at constant currency when compared to Sports revenue in the first half of 2016. This was due to the contribution from BGT, the retail Sports software provider acquired by Playtech in November 2016. Underlying revenue at constant currency declined compared to H1 2016 mainly due to the absence the Mobenga contracts which came into effect at the end of H1 2016.

A key strategic achievement in the first half of 2017 has been the integration and launch of Playtech BGT Sports (PBS). PBS brings together Playtech Sports companies BGT, Geneity, Mobenga, Unilogic and Playtech's internal Sports Trading team and contains more than 600 employees. PBS will provide a 'bricks-to-clicks' fully integrated sports betting technology solution based on Playtech ONE the unique omni-channel platform. The integration project is ongoing although I am delighted to report that PBS will launch the first consolidated web and mobile sportsbook project later in the year and a fully omni-channel including retail in H1 2018. The main commercial objective of the project is to create a consolidated sportsbook product which will provide operators with a full, omni-channel solution allowing them to offer their customers a single-betting account which can be used across the web, mobile, self-service betting terminals (SSBTs) and over the counter (OTC) in retail betting shops.

In H1 2017 PBS continued to focus on the opportunity to grow its retail customer base in Europe. Early in the period PBS announced a three-year agreement with OPAP, the leading Greek betting and lottery operator, for the supply of SSBTs, relevant software and services, and the introduction of an OTC sports betting solution. In addition to OPAP, H1 2017 also saw PBS launch SSBTs with customers in Malta, Romania, Spain, Czech Republic and Germany. PBS believes there is significant opportunity for SSBT growth in this market and, once the integration is complete this growth markets can benefit from Playtech's omni-channel customer offering. As outlined at the FY 2016 results, alongside Europe a key focus for the PBS SSBT product was growth in Latin America. H2 2017 will see PBS install a first phase SSBT programme in Columbia with two customers. In addition, PBS has been able to leverage the existing relationships across the Playtech Group and the first phase of SSBTs will be installed with some of Playtech's existing customers later in 2017 and into 2018.

Key contracts have been renewed with Betfred and Paddy Power Betfair with both secured until at least 2020 and with Betfred taking another 500 terminals and Paddy Power shops installing a minimum of 800 new terminals over the next 12 months. In addition to these headline customers, PBS is key strategic partner for the independent bookmakers in the UK and Ireland and all key independents have renewed their agreements until 2021.

Playtech's strategy in Sports is to continue to drive product development to retain operator and customer engagement with retail. In H1 2017, PBS launched its revolutionary Retail Mobile App named 'Bet Tracker'. Bet Tracker went live with Betfred in August 2017 and Jennings Bet, Boyles and Plucks will also follow in the second half of the year. The Bet Tracker product is leading the digitilisation of the retail sports experience, allowing customers to track their bets placed in store on their mobile phones without already having a mobile account, giving operators increased touch points with their customers.

Services

Services experienced a marginal decline in the first half of the year. Revenues were down 6% on a constant currency basis predominantly due to key white-label contracts in the second half of 2016 and first half of this year and continued proactive departure from unregulated markets moving our focus on regulated markets. This is in line with the guidance given in the AGM statement on 17 May 2017. The increase in contribution from the white-label offering meant the transition in services from dot com to regulated revenue streams continued in the period resulting in a higher proportion of regulated revenues for this vertical.

As stated in the 2016 annual results, Services revenue was expected to be broadly flat with increased white-label revenues, predominantly from the Sun Bingo contract, offsetting a decline in other Services including contract and market changes. H1 2017 results have been 6% lower than H1 2016 primarily due to lower than expected revenues from the Sun Bingo contract.

Bingo

Following the acquisition of Bingo software and services supplier ECM in October 2016 the Bingo vertical saw a 70% increase in revenue at constant currency in the first half of 2017. Importantly, Bingo also experienced underlying growth with revenue increasing by 3% excluding acquisitions. This was in line with guidance given at the full year where we expected to see Bingo return to underlying growth.

The Bingo vertical continues to experience high levels of activity at the operator level. The industry wide strategy to utilise bingo as an acquisition channel, and predominantly cross-sell into Casino has also continued. We believe this approach will continue to strengthen Playtech's position as our Playtech ONE omni-channel offering will allow operators to successfully cross-sell across all products and all verticals. Through Playtech ONE the acquisition of Eyecon will enable the Fluffy Favorites title to be rolled out across the retail estate in H2 2017 and hybrid game Fluffy Bingo is also in development to allow Playtech and licensees to offer attractive gaming content across all verticals.

The integration of retail software and services supplier ECM onto the Playtech Bingo platform has increased the opportunities to create an eco-system keep the players loyal regardless of channels and also drive player traffic to other verticals and roll out Playtech ONE content, such as Tiki Paradise, which was designed with our omni-channel approach in mind and includes cross channel features across the ECM estate. Leading Playtech

ONE title Tiki Paradise is performing well on the Bingo platform further demonstrating the appetite for players for a seamless experience across Bingo and Casino slots.

Poker

The online Poker market remains challenging with revenues in H1 down 5% at constant currency when compared with the same period in 2016. The 5% fall compares favourably to the declines seen in recent years. Playtech remains dedicated to the Poker product, and we believe Poker remains an important part of the full product offering of Playtech ONE. Playtech offers the largest open and 'tappable' poker network.

Other

The 'Other' revenue lines includes IGS land-based Casino systems, sale of Videobet machines and revenue from Casual games. Other revenues grew to €25.3 million revenue in the first half of the year, an increase of 146% compared to H1 2016. The significant increase was mainly due to Casual games revenues which continued to enjoy revenue growth driven by the success of the Narcos branded game.

<u>TradeTech Group – Financials Division</u>

Strong momentum in the Financials Division continued into the first half of 2017. In line with the execution of our strategy at Group level, H1 2017 saw us achieve key milestones in the Financials Division, culminating in the branding of the division as TradeTech Group. The brand TradeTech Group is more representative of the breadth of operations across the division, from pure B2B services to our customer facing brand Markets.com.

TradeTech Group:

- Markets.com, a brand operated by Safecap as a provider of CFD and FX trading platforms
- CFH, providing tier 1 liquidity services and multi-asset execution through its best of breed proprietary brokerage technology
- TradeTech Alpha, created in August 2017 as part of the acquisition of assets from Alpha Capital Markets, delivering a dedicated, industry leading, professional bespoke trade execution, and risk services

TradeTech's strategy is to continue to build its capabilities across the entire value chain in the financial trading sector. In August, post-period end, we took another significant step in this strategy with the acquisition of assets from Alpha Capital Markets Group Limited (known in the industry as "Alpha") for an initial consideration of $5 million (total potential maximum consideration of $150 million). Alpha is a UK based B2B market maker, dealer and broker focusing on delivering bespoke risk management and trading services to institutional and professional clients. As part of this transaction, TradeTech Group is acquiring intellectual property, trading technology, business teams and international clients from Alpha and is now able to offer industry leading B2B risk management and trading services to the industry under the brand TradeTech Alpha.

Predominately, B2C brokers in the financial trading industry operate a marketing driven model that is dependent on third party technology and services. Following the integration of CFH at the end of 2016 and now the addition of B2B risk management capabilities, TradeTech Group has taken a significant step in providing a full turnkey B2B solution to brokers. TradeTech is now able to cover the entire lifecycle of a trade, from front end technology to CRM and platform management, to liquidity services, and now risk management and professional trading services.

Markets.com activity continued to improve, with the number of active customers up by 24% to approximately 19,400 and first time depositors up 94% to approximately 10,500 compared to the first half of 2016. These improved metrics derive from an improved cost per acquisition which caters for higher profitability for our B2C segment, despite the new leverage limitation implemented in the beginning of the year following Cysec's new guidance on default leverage, which naturally impacts volumes and revenues.

Similarly to Playtech's core Gaming vertical, TradeTech Group operates in a sector driven by dynamic regulation. As outlined at the full year results, 2016 was a transformational year for the Financials Division. Our experience of new regulatory frameworks learned in the Gaming Division prompted TradeTech to be an early adopter of new regulation, such as tighter on-boarding controls; greater restrictions on marketing and promotions; enhanced AML procedures and new leverage limitations. The steps taken in 2016 to deliver an efficient, compliant and competitive business model are bearing fruit now in 2017 with TradeTech reporting improvement 44% revenue and a 173% increase in EBITDA to €16.1m in H1 2017.

Current trading and outlook

Management is confident of a strong performance in 2017 driven by both organic growth and the acquisitions made in 2016 and 2017, albeit with normalised levels of growth in the second half from Asia following unusually high levels of activity in the first half.

Average daily revenue in the Gaming Division for the first 53 days of Q3 2017, traditionally the slowest part of the year, was up 1% on Q3 2016 (6% at constant currency) and down 9% on an unusually strong Q2 2017 (down 6% at constant currency).

Excluding acquisitions, average daily revenue in the Gaming Division for the first 53 days of Q3 2017 was down by 1% on Q3 2016, increasing 3% at constant currency.

I am pleased to report the Financials Division is trading in line with expectations.

Finally, it is worth noting that since the start of the year, the Euro has strengthened significantly against many currencies. By taking Playtech's budget at the start of the year and applying the impact of actual currency rates to date, then applying today's spot rates from now until the end of the year on remainder of the budget, the impact on our budgeted reported EBITDA is well into double-digit millions.

Chief Financial Officer's review

Presentation of results

The Directors believe that in order to best represent the trading performance and results of the Group, the reported numbers should exclude certain non-cash and one-off items including amortisation of intangibles on acquisitions, professional costs on acquisitions, finance costs on acquisitions, deferred tax on acquisitions and additional various non-cash charges.

The Directors believe therefore that Adjusted EBITDA and Adjusted Net Profit more accurately represent the trading performance of the business and are the key performance metrics used by the Board when assessing the Group's financial performance. A full reconciliation between the actual and adjusted results is provided in Note 4 of the financial statements below.

Given the significant fluctuations in exchange rates in the period, the underlying results are presented in respect of the above measures after excluding acquisitions and on a constant currency basis to best represent the trading performance and results of the Group.

Overview

The first half of 2017 has seen Playtech again deliver a strong financial performance driven by a combination of underlying growth and from the acquisitions made in 2016 and at the start of 2017.

Total reported revenue and Adjusted EBITDA increased 25% and 19% respectively compared to the first half of 2016. Reported Adjusted Net Profit increased 60% in the half due to significant fluctuations in currency exchange rates, mainly in Sterling, impacting H1 2016 reported Adjusted Net Profit leading to high growth from H1 2016 to H1 2017.

On a constant currency basis, revenue, Adjusted EBITDA and Adjusted Net Profit, increased by 30%, 24% and 20% respectively. When further excluding the effect of acquisitions, reflecting the underlying performance of the business, revenue, Adjusted EBITDA and Adjusted Net Profit increased by 10%, 11% and 10% respectively.

In line with the guidance provided at the 2016 full year results, the Group Adjusted EBITDA margin fell from 43% in H1 2016 to 41% in H1 2017. However, when adjusting for revenues and EBITDA from Playtech's inherently lower margin white-label / B2C business as well as from Casual, the Group Adjusted EBITDA margin increased. When further adjusting for acquisitions (in addition to adjusting for white-label / B2C / Casual) the adjusted Group Adjusted EBITDA margin increased by 4% points to 53%.

Playtech continues to be highly cash generative and delivered net cash from operations up 48% to €147.3 million compared to €99.5m in H1 2016, representing 79% cash conversion from Adjusted EBITDA when excluding cash movements, which are not reflected in Adjusted EBITDA, such as movements in jackpot liabilities, customer security deposits and changes in client equity.

Playtech has a very strong balance sheet with cash and cash equivalents of €536 million at the end of the half year, or Adjusted Gross cash of €376 million (Dec 2016: €392 million) net of cash held on behalf of client funds, progressive jackpot and security deposits. Together with the available-for-sale investments, which stood at €242 million at period end, Playtech has considerable available resources to execute its strategy.

Revenue

Total revenue increased by 25% to €421.6 million (2016: €337.7 million) and by 30% on a constant currency basis, with underlying growth of 10% (after excluding acquisitions at constant currency).

	H1 2017 €m	H1 2016 €m	Change	Constant Currency Change
Casino	225.9	186.7	21%	26%
Services	69.0	76.5	-10%	-6%
Sport	37.7	19.0	98%	108%
Bingo	14.0	9.0	56%	70%
Poker	4.7	5.0	-6%	-5%
Other	25.3	10.3	146%	148%
Gaming Division	**376.5**	**306.5**	**23%**	**28%**
Financials Division	**45.1**	**31.3**	**44%**	**43%**
Total revenue	**421.6**	**337.7**	**25%**	**30%**

The new presentation of Gaming revenue by vertical, which was announced at the 2016 year-end results, removes the Land-based vertical to better reflect the true omni-channel nature of the business. Revenue previously referred to as 'land-based' has now been allocated to the relevant product verticals.

The revenue from Land-based was allocated as follows:
- Videobet and Videobet interactive to Casino;
- retail sport revenue, which are mainly BGT, to Sports;
- retail bingo revenue, generated by ECM to Bingo; and
- IGS, including other sale of machines, to Other.

Casino remains the biggest product vertical, increasing by €39.2 million of revenue in the period, taking total Casino revenue to €225.9 million, with growth of 26% at constant currency and 22% when excluding acquisitions. The growth in Casino is predominantly from core casino activity, such as online slots and roulette, driven by Mobile casino revenue which grew by 84% over H1 2016, increasing mobile penetration to 35% compared to 23% in the comparable period. The main growth in total casino and mobile casino was driven by growth in UK mobile revenue, growth in non-UK Europe and from growth in Asia. Asia more than doubled its mobile penetration compared to H1 2016 with the UK reaching more than 50% in penetration and the growth in non-UK Europe mobile penetration increased to 27%.

Services revenue decreased by 6% on a constant currency basis, whilst decreasing by 10% on a reported basis. The decrease on a reported basis is mainly due to a faster decline in .com revenue, mostly reflected in marketing services revenue, than the increase in regulated revenue together with loss of contracts in Pokerstrategy. The increase in regulated services revenue was mainly generated from the addition of the Sun white-label operations revenue and from structured agreements, such as Caliente and Marca.

Sport revenue increased in H1 2017 by 108% on a constant currency basis and by 98% on a reported basis. The increase is due to the acquisition of BGT, as Sport revenue, when excluding acquisitions, on a constant currency basis, decrease by 28%. The decrease, as previously indicated, is mainly due to the loss of three Mobenga contracts with UK licensees.

Bingo revenue increased by 70% on a constant currency basis and by 56% on a reported basis. When excluding the increase in revenue generated by the acquisition of ECM, Bingo revenue on a constant currency basis were up 3% compared to H1 2016. KPIs, such as active players per week, bets per week and gross gaming win per week, continue to increase and are at an all-time high.

Poker reported revenue has decreased by 6% compared to H1 2016, as the entire market continues to be challenging. Poker is still an important vertical in the operators' offering and Playtech remains dedicated to the product.

Other revenue grew by 146% mainly due to Casual games revenue which enjoyed a significant uplift in the second half of 2016 following the launch of the Narcos branded game.

<u>Revenue in Financials Division</u>

For the first half of 2017 revenue in the Financials Division was €45.1m, up 44% versus H1 2016. When excluding the revenue generated by CFH, which was acquired at the end of November 2016, financial revenue increased 4% to €32.6m.

Looking at the top line performance of the division, the momentum reported at the full year 2016 results has continued into the first half of 2017. The steps taken in 2016 to deliver an efficient, compliant, competitive and sustainable business model are bearing fruit in 2017, with the improvement in revenue and a 173% increase in Adjusted EBITDA to €16.1m in H1 2017.

Adjusted EBITDA & Adjusted EBITDA margin

	H1 2017 €'000	H1 2016 €'000
EBITDA	**164,548**	**137,277**
Employee stock option expenses	5,210	5,371
Professional expenses on acquisitions	786	1,156
Cost of business reorganisation	380	-
Adjusted EBITDA	**170,924**	**143,804**
Adjusted EBITDA margin	**40.5%**	**42.6%**
Adjusted EBITDA on a constant currency basis	**177,933**	**143,804**
Adjusted EBITDA margin on a constant currency basis	**40.7%**	**42.6%**
EBITDA related to acquisitions at constant currency	(17,882)	9
Underlying Adjusted EBITDA	**160,051**	**143,813**
Underlying Adjusted EBITDA margin	**43.1%**	**42.7%**

Underlying adjusted EBITDA increased by 11% compared to H1 2016. Adjusted EBITDA for the Financials Division was €16.1 million, against an adjusted EBITDA of €5.9 million in H1 2016.

As we have stated previously, going forward we would expect Group EBITDA margin percentage to be a less relevant KPI for the Group given the different margin profiles across the business. We further outlined at the FY 2016 results that 2017 Group EBITDA margin would be around the level of the 2015 margin, following the higher percentage contribution from lower margin parts of the business including white-label, specifically from the full year contribution from Sun Bingo, the Financials Division and from Casual.

Group EBITDA margin in H1 2017 was therefore much in line with what we expected at 41% with a significant increase in the margin of the Financials Division, up from 19% to 36%.

Cost of operations

	H1 2017 €'000		H1 2016* €'000	
Adjusted operating expenses	**250,656**		**193,926**	
Less revenue-driven costs	53,256		18,052	
Adjusted operating expenses excluding revenue-driven costs	**197,400**		**175,874**	
Employee-related costs	105,927	54%	96,034	54%
Cost of service	27,499	14%	23,050	13%
Operational marketing costs	21,177	11%	20,516	12%
Admin and office costs	18,337	9%	16,935	10%
Other costs	14,794	7%	12,245	7%
Travel, exhibition and marketing costs	9,666	5%	7,094	4%
Adjusted operating expenses excluding revenue-driven costs	**197,400**		**175,874**	

* Direct marketing costs relating both to the Gaming Services division and the Financials Division were reallocated to Operational marketing costs in the comparative figures of 2016.

Adjusted operating expenses increased by 29%, from €193.9 million to €250.7 million in H1 2017 and by 34% on a constant currency basis.

Revenue-driven costs as a proportion of total revenue increased from 5% in H1 2016 to 13% in H1 2017, mainly due to additional cost related to Sun Bingo which was launched in September 2016. The increase in revenue-driven costs comprises mainly white-label related costs, such as brand fees, gaming taxes, processing fees, fees paid to sales agents and license fees paid to third parties (including games developers), and branded content. These fees are typically calculated as a share of the licensee revenue generated but are accounted for differently in white-label contracts.

Employee-related costs increased by 10%, and decreased by 6% after excluding acquisitions. The decrease is mainly due to a cost reduction plan that was executed towards the end of the first half of 2016, which resulted in a decrease of c. 400 employees when comparing the headcount at the end of H1 2017 to the end of H1 2016, (excluding acquisitions made during the year). Capitalised development costs as a percentage of total employee related costs remained at 15%, consistent with H1 2016, and in Euro increased to €18.3 million (2016: €16.9 million), reflecting 38% and 35% out of R&D related costs in 2017 and 2016 respectively. The increase in the capitalisation rate is mainly due the development of the Sportsbook system, including BGT.

Cost of service comprises mainly of dedicated development teams cost, charged back to licensees, hosting, feeds costs, and software license cost. During 2016 B2B marketing cost was reclassified from cost of service to operational marketing cost. Cost of service increased 19% on reported basis mainly due to additional feeds cost, hosting and terminal maintenance from BGT and at only 5% excluding acquisitions.

Admin and office costs increased by 8%, decreasing 5% excluding acquisitions, mainly as a result of the redundancy plan mentioned in the Employee-related costs section. As a proportion of adjusted non-revenue-related costs of operation remained broadly at the same level as in 2016.

Operational marketing costs include marketing costs for B2B and white-label activity of the Gaming Division together with B2C marketing costs in the Financials Division. These costs were reclassified from revenue driven costs and cost of service in 2016 to better reflect the operational marketing costs of the business. In 2017 there was a 3% increase including acquisitions, and a 20% decrease when excluding acquisitions.

Finance income, financial cost and tax

Adjusted net finance cost was €12.4 million in the period compared to €35.6 million in H1 2016. The decrease is predominantly due to lower foreign exchange rate losses of €13.0 million during H1 2017, compared to a €42.6 million loss in H1 2016. This was offset by lower total dividends from the available for sale investment from Ladbrokes of €3.0 million (H1 2016: €2.5 million) and nil from Plus500 (with the dividend of €6.5 million received on 3 July 2017) compared to €6.4 million in H1 2016.

The Company is tax registered, managed and controlled from the Isle of Man, where the corporate tax rate is set at zero. The Group's main trading subsidiaries are registered either in the Isle of Man, Alderney or Cyprus, where effective tax rates are low or set at zero. Other subsidiaries, related to the Group's development centers are located in other jurisdictions and operate on a cost-plus basis, and are taxed on their residual profits. The tax charge in H1 2017 was €2.3 million (H1 2016: €2.4 million).

Adjusted profit and Adjusted EPS

	2017 €'000	**2016 €'000**
Profit attributable to owners of the parent	89,647	48,772
Amortisation on acquisitions	25,341	19,733
Non-cash accrued bond interest	5,056	4,869
Employee stock option expenses	5,210	5,371
Professional costs on acquisitions	786	1,156
Cost of fundamental business reorganization	380	-
Movement in deferred and contingent consideration	1,689	(390)
Deferred tax on acquisition	(2,628)	(1,182)
Adjusted profit attributable to owners of the parent	**125,481**	**78,329**
Adjusted basic EPS (in Euro cents)	**39.9**	**24.6**
Adjusted diluted EPS (in Euro cents)	**36.2**	**22.6**
Constant currency impact	20,018	42,567
Adjusted profit for the year attributable to owners of parent on constant currency	**145,499**	**120,896**
Adjusted Net Profit on constant currency related to acquisitions	(12,103)	39
Underlying adjusted profit for the year - attributable to owners of the parent	**133,396**	**120,935**

Underlying adjusted profit increased by 10% compared to H1 2016 in line with the increase in the underlying adjusted EBITDA.

Adjusted diluted EPS was up 60% and the Adjusted diluted EPS on a constant currency basis excluding acquisition was up 11%, slightly impacted by the 5.2 million share buyback executed in December 2016. Adjusted diluted EPS is calculated on the basis of a weighted average number of shares in issue during 2017 of 349.2 million which includes the shares underlying the convertible bond issued in November 2014.

Total amortisation in the period was €41.7 million (2016: €35.2million), an increase generated mainly by new acquisitions. When excluding acquisitions, amortization decreased by a marginal 1%.

Cashflow

Playtech continues to be highly cash generative and once again delivered strong operating cashflows of €147.3 million.

Cash conversion

	2017 €'000	**2016 €'000**
Adjusted EBITDA	**170,924**	**143,804**
Net cash provided by operating activities	**147,321**	**99,469**
Cash conversion	86%	69%
Decrease /(Increase) in Progressive, operators' jackpots, security deposits	(11,029)	3,149

Decrease /(Increase) in Client equity	(761)	10,093
Adjusted net cash provided by operating activities	**135,531**	**112,711**
Adjusted Cash conversion	79%	78%

Operating cash conversion from Adjusted EBITDA remained at the same level as in H1 2016 when adjusted for jackpots, security deposits and client equity. Since the timing of cash inflows and outflows for jackpots, security deposits and client equity only affects operating cashflow for technical accounting reasons, and not EBITDA, adjusting these cash fluctuations is essential to truly reflect the quality of revenue and cash collection.

Net cash outflows from investing activities totalled €73.7 million in the period. €36.2 million which mainly relates to the Eyecon acquisition in the period and payments for previous years acquisitions. Cash outflows from financing activities included €68.4 million of annual dividend payment.

Balance sheet and financing

As at 30 June 2017, cash and cash equivalents amounted to €536.4 million, a slight decrease of €8.4 million compared to the end of 2016, following the annual dividend payment of €68.4 million and consideration on acquisitions of €36.2 million.

Progressive, operators' jackpots and security deposits increased by €11.0 million to €57.8 million and client funds and deposits decreased by €3.1 million, to €103.0 million, from the end of 2016. Cash and cash equivalents net of cash held on behalf of client funds, progressive jackpot and security deposit is €375.7 million.

Total available-for-sale investments were €241.8 million, an increase compared to the end of 2016, mainly due to an appreciation in value of holdings in Plus500 netted of by the depreciation in value of holdings in Ladbrokes and the exchange rate losses in total of €11.5 million.

Contingent and deferred consideration liability decreased to €205.0 million, mainly due to earn-out payments, and comprise of:

Acquisition	Contingent consideration and redemption liability as of 30.06.17	Maximum payable earnout
Markets	€139.6 million	€250 million
Quicksipin	€24.2 million	€26 million
Best Gaming Technology	€21.8 million	€60 million
Consolidated Financial Holdings	€16.0 million	$76.6 million
ECM	€1.2 million	£1.1 million
Eyecon	€1.3 million	£25.0 million
Others	€1.0 million	

Dividend

To provide greater certainty and consistency of dividend payments, the Board adopted a progressive dividend policy in 2016 which allows the Board to reflect its confidence in the growth and cash generation of the business without being tied to a fixed percentage payout as one-off items can impact results, such as the impact from foreign exchange which we saw in 2016 and 2017.

Playtech’s intention is to grow dividends from the current level in line with the underlying performance of the business on a smoothed basis and to continue to pay the dividend split approximately one-third as an interim dividend and two-thirds as a final dividend.

Accordingly, the Board has declared an interim dividend of 12.1 €cents per share (2016: 11.0 €cents), an increase of 10% over 2016’s interim dividend.

For those shareholders wishing to receive their dividends in Sterling the last date for currency elections is 29 September 2017.

Dividend timetable:

Ex-dividend date:	Thursday 21 September 2017
Record date for dividend:	Friday 22 September 2017
Currency election date:	Friday 29 September 2017
Payment date:	Tuesday 24 October 2017

Principal risks and uncertainties

Risks relating to both the Gaming division and Financials division

- **Regulation – licensing requirements**
  The Group holds a number of licences for its activities from regulators. Loss of all or any of these licences may adversely impact on the revenues and/or reputation of the Group.

- **Regulation – Local requirements**
  New licensing regimes may impose conditions. For example, introduction of a requirement to locate significant technical infrastructure within the relevant territory or to establish and maintain real-time data interfaces with the regulator. Such conditions present operational challenges and may prohibit the ability of licensees to offer the full range of the Group's products.

- **Taxation**
  Given the environment in which the Group operates, the business is exposed to continuously evolving rules and practices governing the taxation of e-commerce activity in various jurisdictions. Adverse changes to tax rules and changes may increase the Group's underlying effective tax rate and reduce profits available for distribution.

- **Economic Environment**
  A downturn in consumer discretionary spend or macroeconomic factors outside of Playtech's control could result in reduced spend by consumers on gambling and financial trading and the Group's revenues would fall.

- **Cash Management – Acquisitions**
  Playtech have significant cash balances, which may be used to acquire other businesses. Such acquisitions may not deliver the expected synergies and/or benefits and may destroy shareholder value.

- **Cash Management – Cash Balances**
  Foreign exchange volatility could impact the Group's financial position.

- **Key Employees**
  The Group's future success depends in large part on the continued service of a broad leadership team including executive Directors, senior managers and key personnel. The development and retention of these employees along with the attraction and integration of new talent cannot be guaranteed.

- **IT Security**
  The risk of impairment to our operations for example through cyber and distributed denial of service (DDoS) attacks, technology failure or terrorist attack continues to be one that the Group considers to be significant. System failure could significantly affect the services offered to our licensees.

- **Regulatory – Data Protection**
  The requirements of the new EU General Data Protection Regulations (GDPR) will come into force in May 2018. This places onerous responsibilities on data controllers and processors who have users in the EU regardless of where the data is held or processed.

- **Regulatory – Preventing Financial Crime**
  New regulations requiring companies to take action in preventing financial crime are being developed. These include a new Anti-Money Laundering (AML) directive coming into force on 26th June 2017 and calls for improved Anti-Bribery and Corruption (ABC) regulations.

- **Intellectual Property Rights**
  The Group's primary commercial activity is as a licensor of gambling software. The Group predominantly owns the intellectual property (IP) rights in that gambling software, including the IMS which is key to maintaining our competitive advantage. Any claim that the Group doesn't own its IP (by a licensee or a third party), or any copying of the Group's IP by a third party, could have a significant effect on revenues. In addition, the Group licenses intellectual property from third parties, including creation of very successful branded games. Any loss of such IP rights could lead to a decline in casino revenues.

- **Business Continuity Planning**
  Loss of revenue, reputational damage or breach of regulatory requirements may occur as a result of a business or location disruptive event.

Additional risks relating to the Gaming division

- **Regulatory – Responsible Gambling**
  Responsible gambling is a material concern to society as well as a regulatory priority. Licensing requirements are regularly updated to ensure that companies in the sector provide a safe environment for consumers. Recent trends have seen an additional regulatory focus on treating customers fairly and conducting marketing and advertising in a responsible manner.

Additional risks relating to the Financials division

- **Market exposure**
  The fair value of financial assets and financial liabilities could adversely fluctuate due to movements in market prices of foreign exchange rates, commodity prices, equity and index prices.

- **Regulatory – Capital Adequacy**
  The requirement to maintain adequate regulatory capital may affect the Group's ability to conduct its business and may reduce profitability.

- **Trading volume**
  Low volatility within foreign exchange rates, commodity prices, equity and index prices may reduce profitability.

Directors' responsibility statement

We confirm to the best of our knowledge;

- The Group and Company financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company; and

- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

A list of current directors is maintained on Playtech's website, www.playtech.com

By order of the Board,

Mor Weizer	**Andrew Smith**
Chief Executive Officer	Chief Financial Officer
23 August 2017	23 August 2017

INDEPENDENT REVIEW REPORT TO PLAYTECH PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting'', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority

BDO LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
23 August 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June 2017		Six months ended 30 June 2016	
	Note	**Actual**	**Adjusted**	**Actual**	**Adjusted**
		€'000	**€'000**	**€'000**	**€'000**
Revenue	3	421,580	421,580	337,730	337,730
Distribution costs before depreciation and amortisation		(210,438)	(208,289)	(171,008)	(169,337)
Administrative expenses before depreciation and amortisation		(46,594)	(42,367)	(29,445)	(24,589)
EBITDA		**164,548**	**170,924**	**137,277**	**143,804**
Depreciation and amortisation		(54,688)	(29,347)	(44,235)	(24,502)
Finance income	5	3,305	3,305	9,689	9,689
Finance cost	5	(22,466)	(15,721)	(49,743)	(45,264)
Share of profit from joint ventures		263	263	81	81
Share of profit (loss) from associates		389	389	(1,720)	(1,720)
Profit before taxation		**91,351**	**129,813**	**51,349**	**82,088**
Tax expenses		(2,322)	(4,950)	(2,368)	(3,550)
Profit for the period		**89,029**	**124,863**	**48,981**	**78,538**
Other comprehensive income for the period:					
Items that may be classified to profit or loss:					
Change in fair value of available for sale equity instruments	8	15,563	15,563	(1,778)	(1,778)
Exchange gains arising on translation of foreign operations		(32,436)	(32,436)	(5,746)	(5,746)

Total items that will be classified to profit or loss		(16,873)	(16,873)	(7,524)	(7,524)
Total comprehensive income for the period		**72,156**	**107,990**	**41,457**	**71,014**
Profit for the period attributable to:					
Owners of the parent		89,647	125,481	48,772	78,329
Non-controlling interest		(618)	(618)	209	209
		89,029	**124,863**	**48,981**	**78,538**
Total comprehensive income attributable to:					
Owners of the parent		74,159	109,993	40,984	70,541
Non-controlling interest		(2,003)	(2,003)	473	473
		72,156	**107,990**	**41,457**	**71,014**
Earnings per share for profit attributable to the owners of the parent during the period:					
Basic (cents)	6	28.5	39.9	15.3	24.6
Diluted (cents)	6	27.3	36.2	15.3	22.6

* Adjusted numbers relate to certain non-cash and one-off items including amortisation of intangibles on acquisitions, professional costs on acquisitions, finance costs on acquisitions, deferred tax on acquisitions, change in fair value of available-for-sale investments in the income statement, non-cash accrued bond interest and additional various non-cash charges. The directors believe that the adjusted profit represents more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 4.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Additional paid in capital	Available for sale reserve	Retained earnings	Employee benefit trust	Convertible bond option reserve	Call/Put options reserve	Foreign exchange reserve	Total attributable to equity holders of parent	Non-controlling interest	Total equity
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Balance at 1 Jan 2017	627,764	(51,057)	498,864	(25,417)	45,392	(34,341)	16,800	1,078,005	21,714	1,099,719
Changes in equity for the period										
Total comprehensive income for the period	-	14,405	89,647	-	-	-	(29,893)	74,159	(2,003)	72,156
Dividend paid	-	-	(68,404)	-	-	-	-	(68,404)	-	(68,404)
Exercise of options		-	(810)	1,599	-	-	-	789	-	789
Employee stock option scheme	-	-	5,103	-	-	-	-	5,103	38	5,141
Acquisition of minority interest	-	-	(498)	-	-	-	-	(498)	(586)	(1,084)
Minority interest acquired on business combination	-	-	-	-	-	(252)	-	(252)	105	(147)
Balance at 30 June 2017	**627,764**	**(36,652)**	**523,902**	**(23,818)**	**45,392**	**(34,593)**	**(13,093)**	**1,088,902**	**19,268**	**1,108,170**
Balance at 1 Jan 2016	638,209	1,964	592,051	(27,495)	45,392	-	3,266	1,253,387	7,308	1,260,695
Changes in equity for the period										

Total comprehensive income for the period	-	(3,012)	48,772	-	-	-	(4,776)	40,984	473	41,457
Dividend paid	-	-	(60,811)	-	-	-	-	(60,811)	-	(60,811)
Exercise of options		-	(214)	324	-	-	-	110	5	115
Employee stock option scheme	-	-	5,288	-	-	-	-	5,288	83	5,371
Acquisition of minority interest	-	-	(6,702)	-	-	-	-	(6,702)	(1,356)	(8,058)
Minority interest acquired on business combination	-	-	-	-	-	-	-	-	329	329
Balance at 30 June 2016	**638,209**	**(1,048)**	**578,384**	**(27,171)**	**45,392**	**-**	**(1,510)**	**1,232,256**	**6,842**	**1,239,098**

UNAUDITED CONSOLIDATED BALANCE SHEET

	Note	At 30 June 2017 €'000	At 30 June 2016 €'000	At 31 December 2016 €'000 (Audited)
NON-CURRENT ASSETS				
Property, plant and equipment		78,075	52,965	72,893
Intangible assets		993,254	807,213	1,014,635
Investments in equity accounted associates & joint ventures		38,836	47,455	39,026
Available for sale investments	8	241,759	234,388	230,278
Other non-current assets		29,299	24,452	26,861
		1,381,223	**1,166,473**	**1,383,693**
CURRENT ASSETS				
Trade receivables		99,003	98,540	73,744
Other receivables		78,438	30,037	73,966
Cash and cash equivalents		536,434	777,576	544,843
		713,875	**906,153**	**692,553**
TOTAL ASSETS		**2,095,098**	**2,072,626**	**2,076,246**
EQUITY				
Additional paid in capital		627,764	638,209	627,764
Available-for-sale reserve		(36,652)	(1,048)	(51,057)
Employee Benefit Trust		(23,818)	(27,171)	(25,417)
Convertible bonds option reserve		45,392	45,392	45,392
Put/Call options reserve		(34,593)	-	(34,341)
Foreign exchange reserve		(13,093)	(1,510)	16,800
Retained earnings		523,902	578,384	498,864
Equity attributable to equity holders of the parent		**1,088,902**	**1,232,256**	**1,078,005**
Non-controlling interest		19,268	6,842	21,714
TOTAL EQUITY		**1,108,170**	**1,239,098**	**1,099,719**
NON CURRENT LIABILITIES				
Loans and borrowings		-	200,000	200,000

Convertible bonds		271,286	261,298	266,230
Deferred revenues		4,104	4,630	3,454
Deferred tax liability		36,798	19,606	40,443
Contingent consideration and redemption liability	9	50,498	164,361	204,550
Other non-current liabilities		1,829	1,029	1,627
		364,515	**650,924**	**716,304**
CURRENT LIABILITIES				
Loans and borrowings		200,000	-	-
Trade payables		21,634	14,428	28,171
Progressive operators' jackpots, security deposits		57,788	60,191	46,759
Client deposits		74,120	-	76,229
Client funds		28,858	33,668	29,863
Tax liabilities		9,972	5,752	9,731
Deferred revenues		10,047	3,880	4,456
Contingent consideration	9	154,505	4,008	4,577
Other payables		65,489	60,677	60,437
		622,413	**182,604**	**260,223**
TOTAL EQUITY AND LIABILITIES		**2,095,098**	**2,072,626**	**2,076,246**

The financial statements were approved by the Board and authorised for issue on 23 August 2017.

Mor Weizer	**Andrew Smith**
Chief Executive Officer	**Chief Financial Officer**

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June 2017	Six months ended 30 June 2016
	€'000	**€'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after tax	89,029	48,981
Adjustments to reconcile net income to net cash provided by operating activities (see below)	62,254	54,885

Income taxes paid	(3,962)	(4,397)
Net cash provided by operating activities	**147,321**	**99,469**
CASH FLOWS FROM INVESTING ACTIVITIES		
Long-term deposits and loan advances	(2,427)	(3,622)
Acquisition of property, plant and equipment	(18,387)	(10,524)
Return on investment in joint ventures	644	748
Acquisition of intangible assets	(55)	(12,321)
Acquisition of subsidiaries	(36,240)	(41,739)
Cash of subsidiaries on acquisition	326	1,581
Capitalised development costs	(18,872)	(17,693)
Investment in equity-accounted associates	(622)	(500)
Return on available for sale investments	2,976	8,919
Proceeds from sale of property, plant and equipment	41	60
Acquisition of minority interest	(1,084)	-
Net cash used in investing activities	**(73,700)**	**(75,091)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to the holders of the parent	(68,404)	(60,811)
Interest payable on loans and bank borrowings	(1,408)	(1,437)
Exercise of options	767	115
Net cash used in financing activities	**(69,045)**	**(62,133)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**4,576**	**(37,755)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	544,843	857,898
Exchange losses on cash and cash equivalents	(12,985)	(42,567)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**536,434**	**777,576**

	Six months ended 30 June 2017	**Six month s ended**

		30 June 2016
	€'000	€'000
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income and expenses not affecting operating cash flows:		
Depreciation	13,030	9,037
Amortisation	41,658	35,198
Share of profit in joint ventures	(263)	(81)
Share of loss/(profit) in associates	(389)	1,720
Interest expenses on convertible bonds	5,056	4,869
Income tax expense	2,322	2,368
Employee stock option plan expenses	5,211	5,371
Movement in deferred and contingent consideration	1,689	(390)
Exchange losses on cash and cash equivalents	12,985	42,567
Return on available for sale investments	(2,976)	(8,919)
Other	(31)	84
Changes in operating assets and liabilities:		
Increase in trade receivables	(23,991)	(22,962)
Increase in other receivables	(4,370)	(3,794)
Decrease in trade payables	(6,622)	(3,409)
Increase/(decrease) in progressive, operators jackpot and security deposits	11,029	(3,149)
Increase/(decrease) in client funds	761	(10,093)
Increase in other payables	990	5,965
Decrease in deferred revenues	6,165	503
	62,254	**54,885**

Acquisition of subsidiaries

	Note	Six months ended 30 June 2017	Six months ended 30 June 2016
		€'000	€'000
Acquisitions in the period			
A. Acquisition of Eyecon Limited	10a	27,735	-

B. Other acquisitions	10b	1,050	-
Acquisitions in previous years			
A. Acquisition of Quickspin AB	11a	-	24,461
B. Acquisition of ECM Systems Holdings Ltd		3,061	-
C. Acquisition of Patelle Limited		2,016	-
C. Acquisition of Yoyo Games Limited		-	1,372
B. Acquisition of Consolidated Financial Holdings AB		336	-
C. Other acquisitions		2,042	15,906
		36,240	**41,739**

NOTE 1 – GENERAL

A. Playtech plc (the 'Company') is a company domiciled in the Isle of Man.

Playtech and its subsidiaries ('the Group') develop unified software platforms for the online and land based gambling industry, targeting online and land based operators. Since May 2015 the Group is also offered an online trading platform to retail customer which enables them to trade CFD (Contracts For Differences) on a variety instruments which fall under the general categories of Foreign exchanges, Commodities, Equities and indices. In the context of this activity, the Group acts as a market-maker in a predominantly B2C environment. Following the acquisition of CFH in November 2016, the Group also provides B2B clients with technology for liquidity and clearing. Playtech's gaming applications – online casino, poker and other P2P games, bingo, mobile, live gaming, land-based kiosk networks, land based terminal and fixed-odds games – are fully inter-compatible and can be freely incorporated as stand-alone applications, accessed and funded by the operators' players through the same user account and managed by the operator by means of a single, powerful management interface.

B. The interim financial statements as at 30 June 2017 and 30 June 2016 and the six months then ended, respectively, have been reviewed by the Group's external auditors.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The annual financial statements of the Group were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

These consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2016 Annual Report.

The same accounting policies, presentation and methods of computation are followed in these consolidated financial statements as were applied in the Group's latest annual audited financial statements.

The comparative period income statement adjusted results have been restated to reflect the impact of adjusting for deferred tax on acquisitions. This results in an increase in the adjusted tax charge and decrease in the resulting adjusted profit and total comprehensive income of €1.2 million. Actual results are unaffected. The comparative statements of financial position were restated to reclassify indirect tax liabilities from the tax liabilities heading to the other payables heading, this did not impact net assets or other totals.

New standards, interpretations and amendments effective from 1 January 2017

There are no new standards, interpretations or amendments which are effective for periods beginning on or before 1 January 2017 which have a material effect on the Group's financial information.

The directors are still considering the potential impact of IFRS 15: Revenue from contracts with customers, and IFRS 9: Financial Instruments, but do not expect these standards to have a material effect on the Group's future financial information. The directors are still considering the potential impact of IFRS 16: Leases but expect a material adjustment to arise on transition as the Group has material lease commitments. Other than as noted, the directors do not expect that any other new standards, interpretations and amendments which are effective for periods beginning after 1 January 2017 to have a material effect on the Group's future financial information

The comparative financial information for period ended 31 December 2016 included within this report does not constitute the full statutory accounts for that period. The Independent Auditors' Report on the Annual Report for the year ended 31 December 2016 was unqualified, and did not draw attention to any matters by way of emphasis.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly consolidated financial statements.

Significant judgements and estimates

There has been no change in the nature of the critical accounting estimates and judgements as set out in Note 3 to the Group's audited financial statements for the year ended 31 December 2016.

NOTE 3 – SEGMENT INFORMATION

The Group's reportable segments are strategic business units that offer different products and services.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer and the Chief Financial Officer.

The operating segments identified are:

- Gaming: including Casino, Services, Sport, Bingo and Poker
- Financial: including B2C and B2B CFD

The Group-wide profit measures are adjusted EBITDA and adjusted net profit (see Note 4). Management believes the adjusted profit measures represent more closely the underlying trading performance of the business. No other differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial information.

There is no allocation of operating expenses, profit measures, assets and liabilities to individual products within the segments as of 30 June 2017.

Six months ended 30 June 2017

	Casino	Services	Sport	Bingo	Poker	Other	Total Gaming	Total Financial	Consolidated
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Total revenue	225,874	68,996	37,727	13,962	4,707	25,258	376,524	45,056	421,580
Adjusted EBITDA							154,864	16,060	170,924
Adjusted net profit							115,553	9,310	124,863
Total assets							1,769,398	325,700	2,095,098
Total liabilities							655,890	331,038	986,928

Six months ended 30 June 2016

	Casino	Services	Sport	Bingo	Poker	Other	Total Gaming	Total Financial	Consolidated
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Total revenue	186,658	76,475	18,967	8,970	5,043	10,339	306,452	31,278	337,730
Adjusted EBITDA							137,919	5,885	143,804
Adjusted net profit							65,447	13,091	78,538
Total assets							1,862,183	210,443	2,072,626
Total liabilities							669,207	164,321	833,528

As disclosed in the 2016 annual report, the 2016 revenues by product have been restated to combine 'land based' into the other headings to reflect the current internal reporting by management. Total revenue remains unchanged.

NOTE 4 – ADJUSTED ITEMS

The following tables give a full reconciliation between adjusted and actual results:

	Six months ended 30 June 2017	Six months ended 30 June 2016
	€'000	€'000
Distribution costs before depreciation and amortisation	210,438	171,008
Employee stock option expenses	(2,149)	(1,671)
Adjusted distribution costs before depreciation and amortisation	208,289	169,337
Administrative expenses before depreciation and amortisation	46,594	29,445
Employee stock option expenses	(3,061)	(3,700)
Professional fees on acquisitions	(786)	(1,156)
Cost of fundamental business reorganization	(380)	-
Total adjusted items	(4,227)	(4,856)
Adjusted administrative expenses before depreciation and amortisation	42,367	24,589
Depreciation – distribution costs	9,034	8,015

Depreciation – administrative costs	3,996	1,022
Amortisation – distribution costs	41,658	35,198
Total depreciation and amortisation	54,688	44,235
Amortisation of intangibles on acquisitions – distribution costs	(25,341)	(19,733)
Adjusted depreciation and amortisation	29,347	24,502
Tax expenses	2,322	2,368
Deferred tax on acquisition	2,628	1,182
Corporate tax	4,950	3,550
EBITDA	164,548	137,277
Employee stock option expenses	5,210	5,371
Professional expenses on acquisitions	786	1,156
Cost of fundamental business reorganization	380	-
Adjusted EBITDA	170,924	143,804
Constant currency impact	7,009	-
Adjusted EBITDA on constant currency basis	177,933	143,804
EBITDA related to acquisitions on constant currency basis	(17,882)	9
Underlying adjusted EBITDA	160,051	143,813
Profit for the period- attributable to owners of parent	89,647	48,772
Amortisation of intangibles on acquisitions	25,341	19,733
Employee stock option expenses	5,210	5,371
Professional expenses on acquisitions	786	1,156
Cost of fundamental business reorganization	380	-
Non-cash accrued bond interest	5,056	4,869
Movement in deferred and contingent consideration	1,689	(390)
Deferred tax on acquisition	(2,628)	(1,182)
Adjusted profit for the period - attributable to owners of the parent	125,481	78,329
Constant currency impact	20,018	42,567
Adjusted profit for the period - attributable to owners of the parent on constant currency basis	145,499	120,896
Adjusted net loss/(profit) related to acquisitions on constant currency basis	(12,103)	39

Underlying adjusted profit for the period - attributable to owners of the parent on constant currency basis	133,396	120,935

NOTE 5 – FINANCING INCOME AND COSTS

	Six months ended 30 June 2017 €'000	Six months ended 30 June 2016 €'000
A. Finance income		
Interest received	329	770
Dividends received from available-for-sale investments	2,976	8,919
	3,305	9,689
B. Finance cost		
Finance cost – movement in contingent consideration	(1,689)	390
Interest expenses on convertible bonds	(5,798)	(5,612)
Bank charges and interest paid	(1,994)	(1,954)
Exchange differences	(12,985)	(42,567)
	(22,466)	(49,743)
Net financing income	**(19,161)**	**(40,054)**

NOTE 6 – EARNINGS PER SHARE

Earnings per share have been calculated using the weighted average number of shares in issue during the relevant financial periods. The weighted average number of equity shares in issue and the earnings, being profit after tax, is listed below. In addition, adjusted earnings per share have been disclosed as the directors believe that the adjusted profit represents more closely the underlying trading performance of the business. The adjusted items are included in Note 4.

	Six months ended	Six months ended	Six months ended	Six months ended

	30 June 2017		30 June 2016	
	Actual	Adjusted	Actual	Adjusted
	€'000	€'000	€'000	€'000
Profit for the year attributable to owners of the parent	89,647	125,481	48,772	78,329
Add interest on convertible bond	5,798	743	n/a	743
Earnings used in diluted EPS	95,445	126,224	48,772	79,072
Basic (cents)	28.5	39.9	15.3	24.6
Diluted (cents)	27.3	36.2	15.3	22.6

	Six months ended	Six months ended	Six months ended	Six months ended
	30 June 2017		30 June 2016	
	Actual	Adjusted	Actual	Adjusted
	Number	Number	Number	Number
Denominator – basic				
Weighted average number of equity shares	314,392,086	314,392,086	318,495,749	318,495,749
Denominator – diluted				
Weighted average number of equity shares	314,392,086	314,392,086	318,495,749	318,495,749
Weighted average number of option shares	1,614,569	1,614,569	1,064,964	1,064,964
Weighted average number of convertible bonds	33,157,683	33,157,683	-	30,737,705
Weighted average number of shares	349,164,338	349,164,338	319,560,713	350,298,418

NOTE 7 – SHAREHOLDERS' EQUITY

A. Share Capital

Share capital is comprised of no par value shares as follows:

	Number of Shares	
	30 June 2017	30 June 201
Authorised	N/A*	N/A*
Issued and paid up	317,344,603	322,624,603

* The Group has no authorised share capital but is authorized under its memorandum and article of association to issue up to 1,000,000,000 shares of no par value.

B. Employee Benefit trust

During 2013 the Group established an Employee benefit trust by acquiring 5,517,241 shares for a total of €48.5 million. During the period 190,950 shares were sold with a cost of €0.3 million (Six months to 30 June 2016: 36,062 shares with a cost of €0.3 million), and as of 30 June 2017, a balance of 3,035,673 (2016: 3,244,027) shares remains in the trust with a cost of €23.8 million (2016: €27.2 million).

C. Share options exercised

During the period 193,120 (Six months to 30 June 2016: nil) share options were exercised.

D. Distribution of Dividend

In June 2017, the Group distributed €68,404,085 as a final dividend for the year ended 31 December 2016. (2016: €60,810,670).

NOTE 8 – AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2017	30 June 2016
	€'000	€'000
Investment in available-for-sale investments at 1 January	230,280	237,100
Unrealised valuation movement recognised in equity	15,563	(1,778)
Translation	(4,084)	(934)
Investment in available-for-sale investments at 30 June	241,759	234,388

The fair value of quoted investments is based on published market prices (level one).

	30 June 2017	30 June 2016
	€'000	€'000

Available-for-sale financial assets include the following:

Quoted:

Equity securities- UK	237,168	222,859
Equity securities- Asia	4,589	11,529
	241,757	234,388

NOTE 9 –CONTINGENT CONSIDERATION

	Six months ended 30 June 2017	Six months ended 30 June 2016
Non-Current contingent consideration consists:		
Acquisition of TradeFX Group	-	138,664
Acquisition of Quickspin AB	14,722	24,104
Acquisition of Eyecon Limited	1,296	-
Other acquisitions	148	1,593
	16,166	164,361
Non-Current redemption liability consists:		
Acquisition of Consolidated Financial Holdings	16,022	-
Acquisition of Patelle Limited	16,890	-
Acquisition of ECM Systems Holdings Limited	1,162	-
Other acquisition	258	-
	34,332	-
Total Non-Current contingent consideration and redemption liability	50,498	164,361
Current contingent consideration consists:		
Acquisition of TradeFX Group	139,597	-
Acquisition of Quickspin AB	9,485	-
Acquisition of Patelle Limited	4,875	-
Acquisition of Yoyo Games Limited	-	455

Other acquisitions	548	3,553
	154,505	4,008

Contingent consideration arising on the acquisition of TradeFX Group (now Markets) in 2015 is payable in 2018 based on an EBITDA multiple, less initial consideration and capped at €250 million. The liability above reflects managements discounted anticipated contingent consideration liability due.

NOTE 10 – ACQUISITIONS DURING THE PERIOD

A. Acquisition of Eyecon Limited and Eyecon PTY

On 7 February 2017, the Group acquired 100% of the shares of Eyecon Limited and Eyecon PTY (together “Eyecon”), an Australian specialist supplier of online gaming slots software.

The Group paid total cash consideration of €27.7 million (GBP 23.7 million) and additional consideration capped at €29.0 million (GBP 25.0 million) in cash will be payable based on an EBITDA multiple less initial consideration paid, and is payable in 2020.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill, are as follows:

	Fair value on acquisition **€’000**
Property, plant and equipment	77
Intangible assets	12,990
Trade and other receivables	1,361
Cash and cash equivalent	575
Trade payables	(2,834)
Net identified assets	12,169
Goodwill	16,859
Fair value of consideration	29,028

	€’000
Cash consideration	27,735
Non-current contingent consideration	1,486
Finance cost arising on discounting of contingent consideration	(193)

Fair value of consideration	29,028
Cash purchased	(575)
Net cash payable	28,453

Adjustments to fair value include the following:

	Amount €'000	Amortisation %
IP Technology	9,279	16.7-33
Customer relationships	2,436	10
Brand	1,275	10

The main factor leading to the recognition of goodwill is the revenue stream from new games and new licensees, assembled work force with vast experience and strong records and cost synergies. In accordance with IAS36, the Group will regularly monitor the carrying value of its interest in Eyecon.

The key assumptions used by management to determine the value in use of the Customer relationships within Eyecon are as follows:

- The MPEEM income approach.
- The discount rate assumed is equivalent to the WACC for the Customer relationship.
- The growth rates and attrition rates were based on market analysis.

The key assumptions used by management to determine the value in use of the Brand within Eyecon are as follows:

- The relief from royalty approach.
- The royalty rate was based on a third party market participant assumption for the use of the Brand.
- The discount rate assumed is equivalent to the WACC for the Brand.
- The growth rates and attrition rates were based on market analysis.

The key assumptions used by management to determine the value in use of the IP Technology within Eyecon are as follows:

- The with and without model, taking into account the time and additional expenses required to recreate the IP Technology and the level of lost cash flows in the period.
- The discount rate assumed is equivalent to the WACC for the IP Technology.
- The growth rates and attrition rates were based on market analysis.

Management has not disclosed Eyecon contribution to the Group profit since the acquisition nor has the impact the acquisition would have had on the Group's revenue and profits if it had occurred on 1 January 2017 been disclosed, because the amounts are not material.

B. Other acquisitions

During the period, the Group acquired a further 45% of the shares of a games studio in steps for a consideration of €1.2m, with previous consideration of €0.8 million paid to acquire the previously recognized 35% interest in associate. A fair value movement was required on conversion to a subsidiary of €0.1m.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill, are as follows:

	Fair value on acquisition
	€000
Net identified assets	525
Goodwill	1,593
Non-controlling interest	(105)
Total fair value of consideration	2,013

	€'000
Cash consideration	1,050
Deferred consideration	144
Conversion of previously recognized associate	819
Fair value of consideration	2,013
Cash purchased	249
Net cash payable	2,262

Adjustments to fair value include the following:

	Amount	**Amortisation**
	€'000	**%**
IP Technology	640	25-50

The main factor leading to the recognition of goodwill is the frontend framework and its games integration, unique workforce and future revenue and cost synergies. In accordance with IAS36, the Group will regularly monitor the carrying value of its interest in these acquisitions.

The key assumptions used by management to determine the value in use of the IP Technology within these acquisitions are as follows:

- The income approach, in particular, the MPEEM method and the with and without models.
- The discount rate assumed is equivalent to the WACC for the IP Technology.
- The growth rates and attrition rates were based on market analysis.

Management has not disclosed other acquisitions' contribution to the Group profit since these acquisitions nor has the impact the acquisition would have had on the Group's revenue and profits if it had occurred on 1 January 2017 been disclosed, because the amounts are not material.

NOTE 11 – ACQUISITIONS IN PREVIOUS PERIOD

A. Acquisition of Quickspin AB

On 24 May 2016, the Group acquired 100% of the shares of Quickspin AB ("Quickspin"). Quickspin is a Swedish games studio that develops and supplies high quality video slots to operators, both in online real money gambling as well as in the social gaming market.

The Group paid total cash consideration of €24.5 million (SEK 228.4 million) and additional consideration capped at €26.0 million (SEK 242.9 million) in cash will be payable subject to achieving target EBITDA.

B. Other acquisitions

During the prior period, the Group acquired the shares of various companies for a total consideration of €12.3 million. One of these subsidiaries was acquired in steps, with previous consideration of €2.4 million paid to acquire the previously recognized associate. There was no fair value movement required on conversion to a subsidiary.

NOTE 12 – RELATED PARTIES AND SHAREHOLDERS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party. Also, a party is considered to be related if a member of the key management personnel has the ability to control the other party.

On 27 June 2017, Brickington Trading Limited ("Brickington") decreased its holding to 6.3% (30 June 2016: 33.61%) of Playtech plc shares and the relationship agreement terminated. From this date Brickington no longer meets the definition of a related party. Accordingly, the following companies are not accounted as related parties from the same date:

Skywind Holdings Limited ("Skywind"), SafeCharge Limited, Crossrider Technologies Ltd ("Crossrider"), Royalfield Limited, Easydock Investments Ltd. (Easydock), Selfmade Holdings, Glispa GmbH ("Glispa"), Anise Development Limited and Anise Residential Limited (together "Anise").

Mr Teddy Sagi, the ultimate beneficiary of Brickington, provides advisory services to the Group for a total annual consideration of €1.

The joint ventures and the structured agreements are associates of the Group by virtue of the Group's significant influence over those arrangements.

The following transactions arose with related parties:

	Six months ended 30 June 2017	Six months ended 30 June 2016
	€'000	**€'000**
Revenue including income from associate		
Skywind	720	987
Structured agreements	8,970	22,992
Share of profit in joint ventures	263	81
Share of profit/(loss) in associates	389	(1,720)
Operating expenses		
SafeCharge Limited	3,612	3,121
Crossrider	1,314	1,308
Structured agreements	6	625
Anise	518	539
Skywind, net of capitalised cost	334	132
Glispa	165	15
Selfmade Holdings	-	10
Royalfield Limited	-	4
Easydock	-	1
Interest income		
Structured agreements	49	-

NOTE 13 – CONTINGENT LIABILITIES

As part of the Board's ongoing regulatory compliance process, the Board continues to monitor legal and regulatory developments and their potential impact on the Group.

Management is not aware of any contingencies that may have a significant impact on the financial position of the Group.

Note 14 – Post balance sheet events

Acquisition of ACM Group Limited assets

On 23 August 2017, the Group agreed to acquire technology, intellectual property and certain customer assets (together 'the acquisition') from ACM Group Limited. Consideration for the acquisition comprises an initial up-front payment of $5 million in cash, and additional contingent consideration of up to $145 million is payable in cash based on 5.2 x the 2019 EBITDA. As of the approval date of the financial statements by the Board and due to the proximity to the reporting date, the Group had not completed the valuation of the fair value of the intangible assets and liabilities acquired and accordingly these disclosures are not provided in the financial statements.