

# Interim results 2019

22 August 2019

# AGENDA

Group overview

Highlights

Financial review and  
outlook

Strategic update



Alan Jackson  
Chairman



Mor Weizer  
Group CEO



Andrew Smith  
Chief Financial Officer



Mor Weizer  
Group CEO

# OVERVIEW

## CORE B2B AND B2C GAMBLING DRIVING PLAYTECH

- **Core business demonstrates high quality**
  - 69% increase in revenue & 31% increase in Adj. EBITDA
  - Snaitech now #1 market share in Italy across Retail & Online betting
  - 8% growth in regulated B2B Gambling revenue at constant currency
  - Regulated revenue increased to 87% of Group
- **New business with existing & new customers** secures future growth in strategic markets
- Progressive shareholder distribution policy enables further **€25m buyback** & interim dividend
- Board strengthened with new additions; Chairman succession planning underway
- **Management remain confident** of further progress in H2 2019

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# HIGHLIGHTS

## CORE B2B AND B2C GAMBLING DRIVING PLAYTECH

- Core B2B and B2C gambling business outperforming
- Increased quality of earnings
- Asia remains challenging, actions taken
- Reiterate outlook

# 4 THEMES FOR TODAY

TECHNOLOGY LEADERSHIP DRIVING LONG TERM GROWTH

1. Clear group focus on gambling
2. Our offering has evolved, increasing addressable market
3. Our growth is driven by highly attractive markets
4. Strong performance from B2C

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# FINANCIAL HIGHLIGHTS

## CORE B2B AND SNAITECH DRIVING THE BUSINESS

### Strong Core B2B Gambling performance

- Core B2B Gambling revenue growth of 8% at CC vs H1 2018
  - UK growth of 6% at CC (7% excl. RGD impact)
  - Non-UK regulated growth of 10% at CC
- Strong cost control and revenue growth drives Core B2B Gambling margin of 29% (H1 2018: 24%)

### Snaitech the standout performer

- Adjusted EBITDA growth of 26% excluding taxation & World Cup
- Synergies on track

### Long term financing in place

- €350m 7-year bond raised to repay maturing convertible
- Increased RCF available

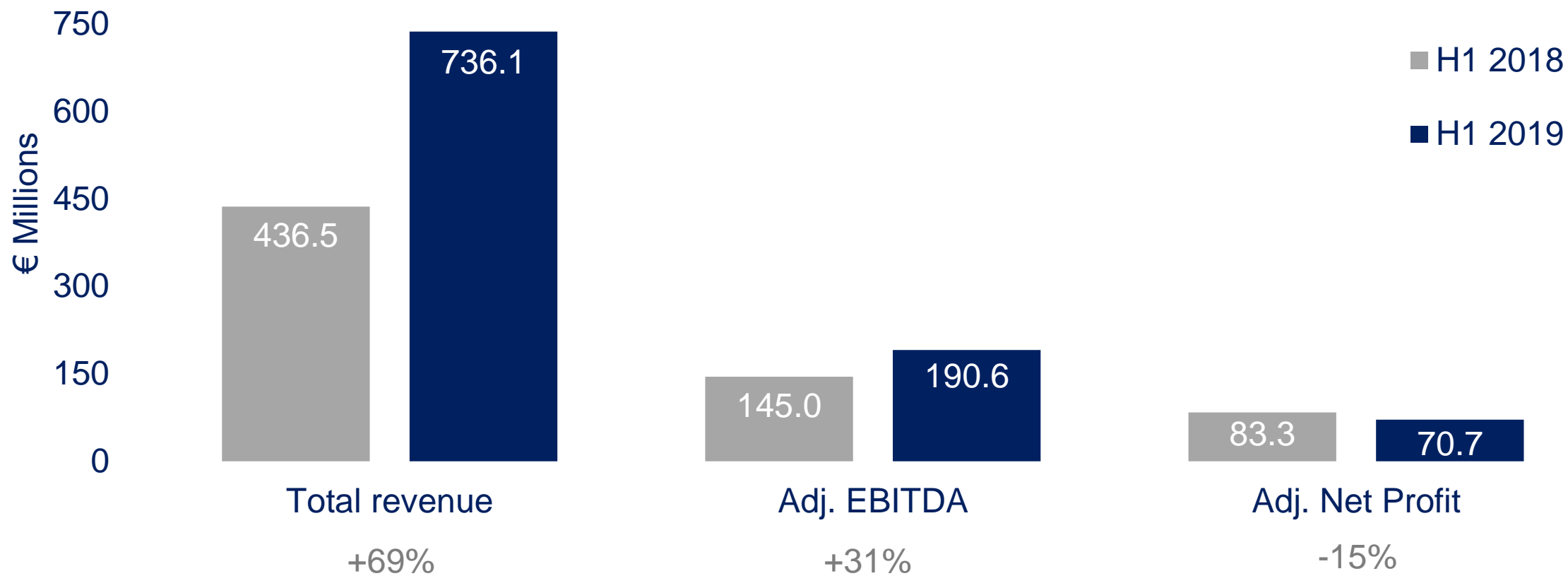
### Focus on shareholder returns

- €40m share buyback completed; new €25m buyback
- Interim dividend declared of €0.061 per share



# RESULTS SUMMARY

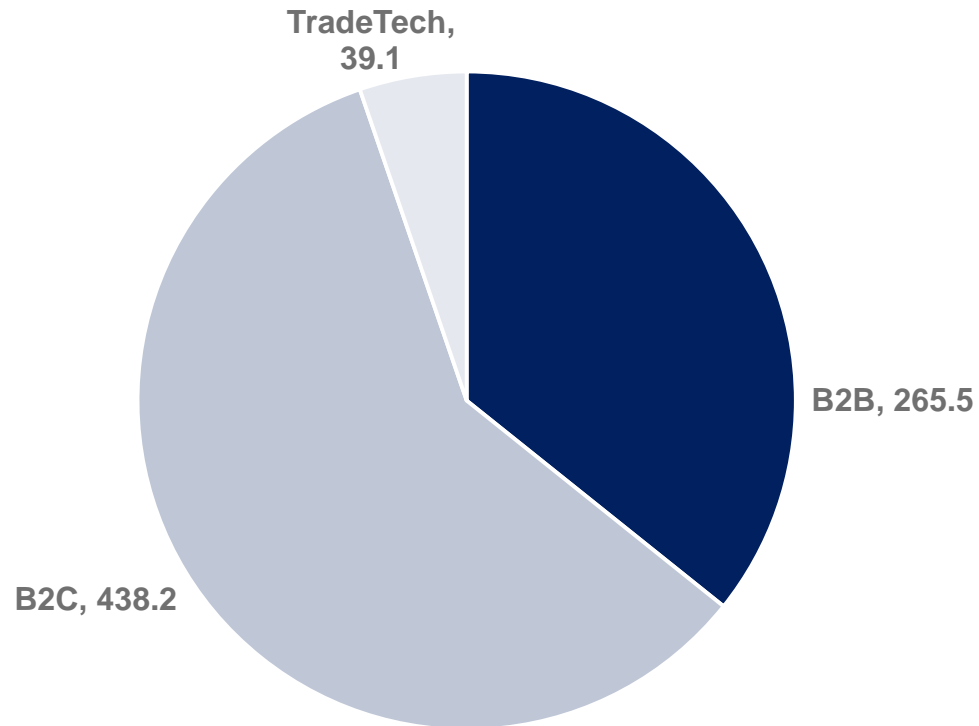
Group



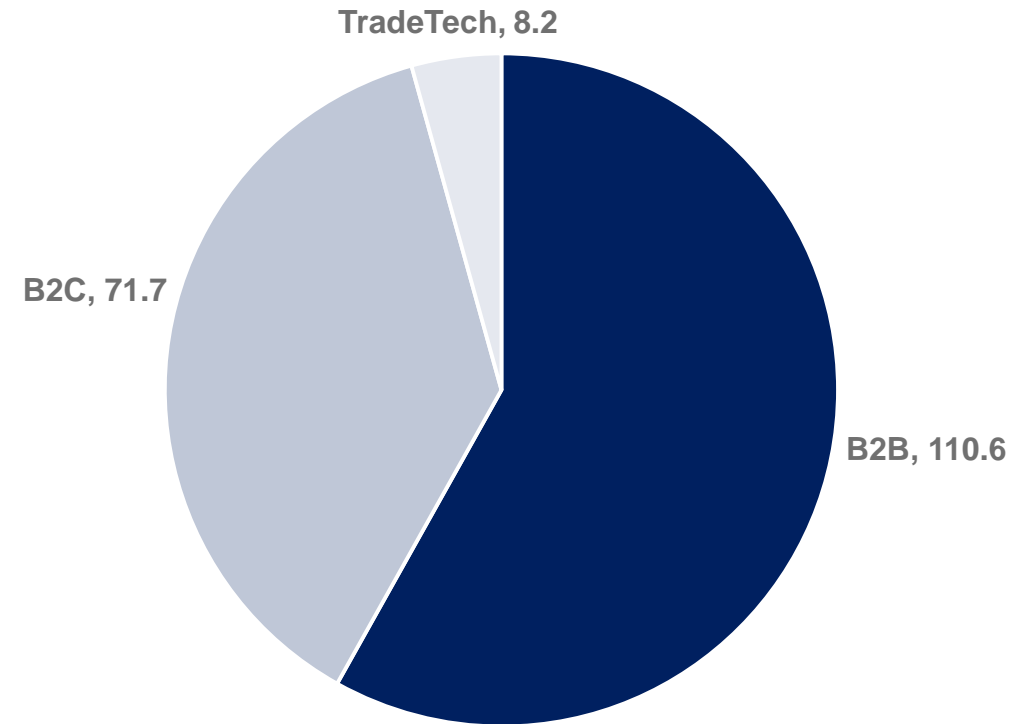
# SUMMARY BY DIVISION H1 2019

Group

## H1 2019 Revenue (€m) \*



## H1 2019 Adjusted EBITDA (€m)



# B2B GAMBLING REVENUE

STRONG PERFORMANCE OF CORE B2B BUSINESS

	H1 2018 (€m)	H1 2019 (€m)	%	CC%	CC% & Excl. RGD
UK	88.5	94.8	7%	6%	7%
Other regulated	66.7	74.2	11%	10%	
<b>Total Regulated B2B</b>	<b>155.2</b>	<b>169.0</b>	<b>9%</b>	<b>8%</b>	
Asia	101.1	65.0	-36%	-36%	
Other unregulated*	34.0	31.5	-7%	-8%	
<b>Total Unregulated B2B</b>	<b>135.1</b>	<b>96.5</b>	<b>-29%</b>	<b>-29%</b>	

# B2B GAMBLING COSTS

TIGHT COST CONTROL

	H1 2018* (€m)	H1 2019 (€m)	%
R&D	37.3	37.4	0%
Operations	76.1	78.5	3%
G&A	31.9	29.3	-8%
S&M	11.2	9.7	-13%
<b>Total B2B Gambling</b>	<b>156.5</b>	<b>154.9</b>	<b>-1%</b>

# CORE B2B GAMBLING MARGIN

	H1 18 (€m)	H1 18 restated (€m)*	H1 19 (€m)
<b>Total B2B Gambling EBITDA margin</b>	<b>43%</b>	<b>46%</b>	<b>42%</b>
B2B Gambling Asian revenue**	101.7	101.1	65.7
B2B Gambling Asian direct costs	12.5	12.5	12.5
<b>B2B Gambling Asian contribution margin</b>	<b>88%</b>	<b>88%</b>	<b>81%</b>
Core B2B Gambling revenue	188.6	189.2	199.8
Core B2B Gambling costs	153.0	144.0	142.4
<b>Core B2B Gambling EBITDA</b>	<b>35.6</b>	<b>45.2</b>	<b>57.4</b>
<b>Core B2B Gambling EBITDA margin</b>	<b>19%</b>	<b>24%</b>	<b>29%</b>

- Tight cost control and core B2B revenue growth drives margin expansion from 24% in H1 2018 to 29% in H1 2019
- Further cost reductions in 2019 combined with targeted investment with benefits in 2020 and beyond
- **Core B2B Gambling margin to increase from 16% in 2017 and 25% in 2018 to over 35% in medium term (adjusted for impact of IFRS 16)**

# B2C GAMBLING PERFORMANCE

**B2C  
Gambling**

	Revenue (€m)				Adjusted EBITDA (€m)		
	H1 2018	H1 2019	%	CC%	H1 2018	H1 2019	%
Snaitech	61.3	395.8	546%	546%	11.5	74.7	549%
White label (incl. Sun Bingo)	24.8	24.3	-2%	-3%	-13.5	3.4	N/A
Retail Sport B2C	4.1	9.9	141%	140%	-2.2	-3.6	N/A
Casual Gaming	8.2	8.2	0%	-4%	-0.9	-2.8	N/A
<b>Total B2C Gambling</b>	<b>98.4</b>	<b>438.2</b>	<b>345%</b>	<b>345%</b>	<b>-5.1</b>	<b>71.7</b>	<b>N/A</b>

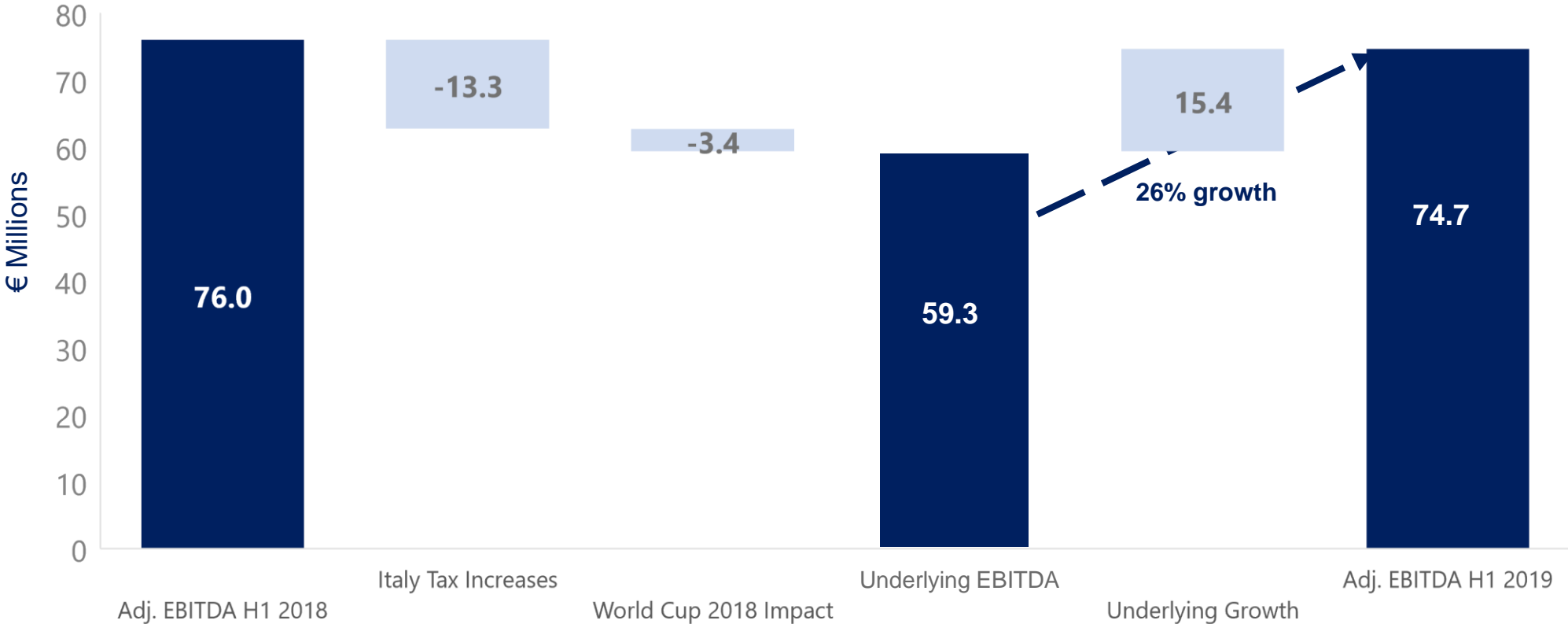
# SNAITECH PERFORMANCE

A VERY STRONG PERFORMANCE; SYNERGIES ON-TRACK

Revenue (€m)	H1 2018*	H1 2019	%	H1 2019 Tax Adjusted	%
Retail betting	86.1	85.9	-0%	87.8	2%
Gaming machines	304.9	249.0	-18%	305.8	0%
Online	38.1	46.4	22%	48.8	28%
Other	15.0	14.5	-3%	15.0	0%
<b>Total</b>	<b>444.0</b>	<b>395.8</b>	<b>-11%</b>	<b>457.4</b>	<b>3%</b>
<b>Adjusted EBITDA</b>	<b>76.0</b>	<b>74.7</b>	<b>-2%</b>	<b>88.1</b>	<b>16%</b>
Margin	17.1%	18.9%	-	19.3%	-
<b>Underlying margin**</b>	<b>44.8%</b>	<b>44.7%</b>	-	<b>48.8%</b>	-

# SNAITECH EBITDA BRIDGE

VERY STRONG UNDERLYING GROWTH





# SNAITECH SALE OF LAND

€55M EXPECTED FROM DISPOSAL

- Agreement reached for the sale of the former trot track area for €55m
- €5m received in July 2019 with another €14m guaranteed to follow in 2020
- Subject to the approval of the Milan Municipality, the remainder (up to a total aggregate of €55m) is expected to be received in 2020

# TRADETECH GROUP RESULTS

STRONG Q2 FOLLOWING CHALLENGING Q1 ACROSS INDUSTRY

	Actual (\$m)		
	HY 2018	HY 2019	%
Net Revenue	\$67.1	\$44.1	-34%
<b>Adjusted EBITDA</b>	<b>\$30.3</b>	<b>\$9.2</b>	<b>-69%</b>
Margin	45%	21%	

- Record low volatility with assets trading in extremely tight ranges during Q1
- Q2 revenue of \$31.7m, compared to \$12.4m in Q1
- Encouraging underlying KPIs

# NET PROFIT AND EPS

Group

	Adjusted			Excl. Acquisitions		
	H1 2018	H1 2019	%	H1 2018	H1 2019	%
<b>Adjusted EBITDA</b>	<b>145.0</b>	<b>190.6</b>	<b>31%</b>	<b>133.7</b>	<b>120.3</b>	<b>-10%</b>
- Depreciation & Amortisation	-35.8	-78.4	119%	-34.3	-50.2	46%
- Finance Income / (Expense) *	-2.1	-25.7	1124%	2.1	-11.1	n/a
- Tax **	-9.3	-16.5	77%	-8.0	-7.7	-4%
- Gain / (loss) from Associate, JV, Sale of Investments	-9.0	1.9	n/a	-9.0	1.7	n/a
Non-controlling interest	-5.5	-1.2	n/a	-5.5	-1.2	n/a
<b>Net Profit attrib. to owners of parent</b>	<b>83.3</b>	<b>70.7</b>	<b>-15%</b>	<b>79.0</b>	<b>51.7</b>	<b>-34%</b>
Shares Outstanding (millions)	315.0	307.4	-2.4%	315.0	307.4	-2.4%
<b>Basic EPS (cents)</b>	<b>26.4</b>	<b>23.0</b>	<b>-13%</b>	<b>25.1</b>	<b>16.8</b>	<b>-33%</b>

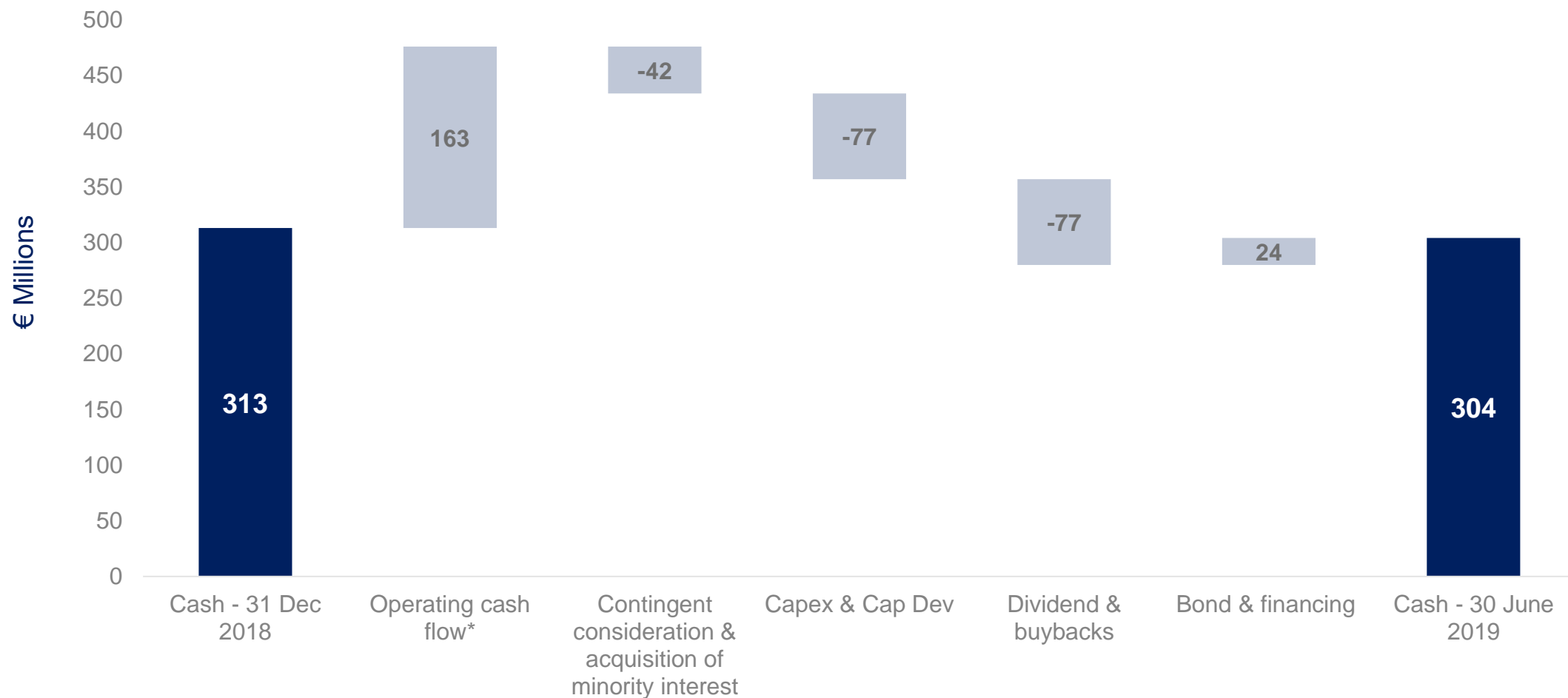
# CASH ON BALANCE SHEET

	June 2019 (€m)					Dec 2018 (€m)	June 2018 (€)
	Gambling *	TTG	Playtech ex. Snai	Snai	Total *		
Gross Cash	143	297	440	136	576	622	837
Client funds / progressives **	(77)	(161)	(238)	(34)	(272)	(309)	(273)
Adjusted gross cash	66	136	202	102	304	313	563
Cash needed for operations	(50)	(53)	(103)	(30)	(133)	(138)	148
RCF	-	-	-	-	-	-	-
Capital adequacy	-	(70)	(70)	-	(70)	(70)	(69)
Available cash	16	13	29	72	101	105	346

\* Excludes €297m of the funds raised in the €350m bond, because that portion has been set aside internally to repay the convertible bond amount payable in H2. 20

\*\* Includes Client finds, progressive jackpots, security deposits & player balances

# ADJUSTED CASH BRIDGE



# BALANCE SHEET

## EFFICIENT CAPITAL STRUCTURE IN PLACE

- Long term financing in place with leverage within target range
  - €350m 7-year bond raised in March 2019; proceeds to repay €297m convertible (maturing Nov)
  - Playtech now has 5-year and 7-year bonds (October 2023 and March 2026)
  - €297m revolving credit facility available, currently undrawn
- Balanced shareholder distributions
  - Interim dividend declared of €0.061 per share (2018 interim dividend: €0.12 per share)
  - Further €25 million share buyback launched in H2 following completion of €40 million programme in H1

# OUTLOOK

- 2019 Adjusted EBITDA outlook of €390 to €415 million reiterated
- Core B2B gambling and Snaitech are performing strongly
- FY guidance in February assumed €150 million revenue from Asia with €25 million direct costs
  - at current run rate, Asia will contribute approx. €115 million of revenue in 2019
  - run rate is €100 million on FY basis
- B2C Sports, TradeTech and Casuals are also below expectations at the start of the year
- Strength of core B2B gambling and Snaitech give confidence in full year outlook

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# 4 THEMES FOR TODAY

## FOUNDATIONS FOR LONG TERM GROWTH

1. Clear group focus on gambling
2. Our offering has evolved, increasing addressable market
3. Our growth is driven by highly attractive markets
4. Strong performance from B2C

# 1. CLEAR GROUP FOCUS

STRONG PERFORMANCE IN CORE B2B AND B2C GAMBLING

**Core B2B Gambling**

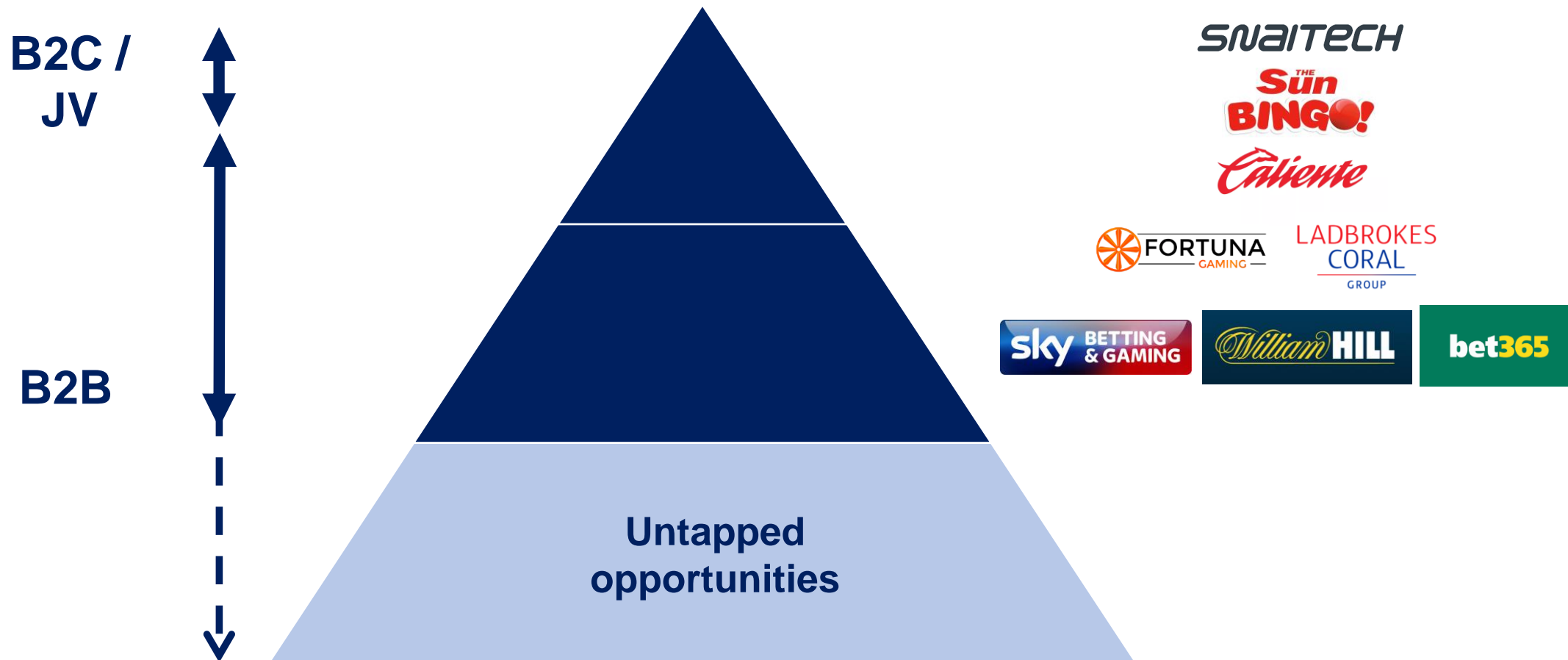
**B2C Gambling**

**Asia**

**TradeTech**

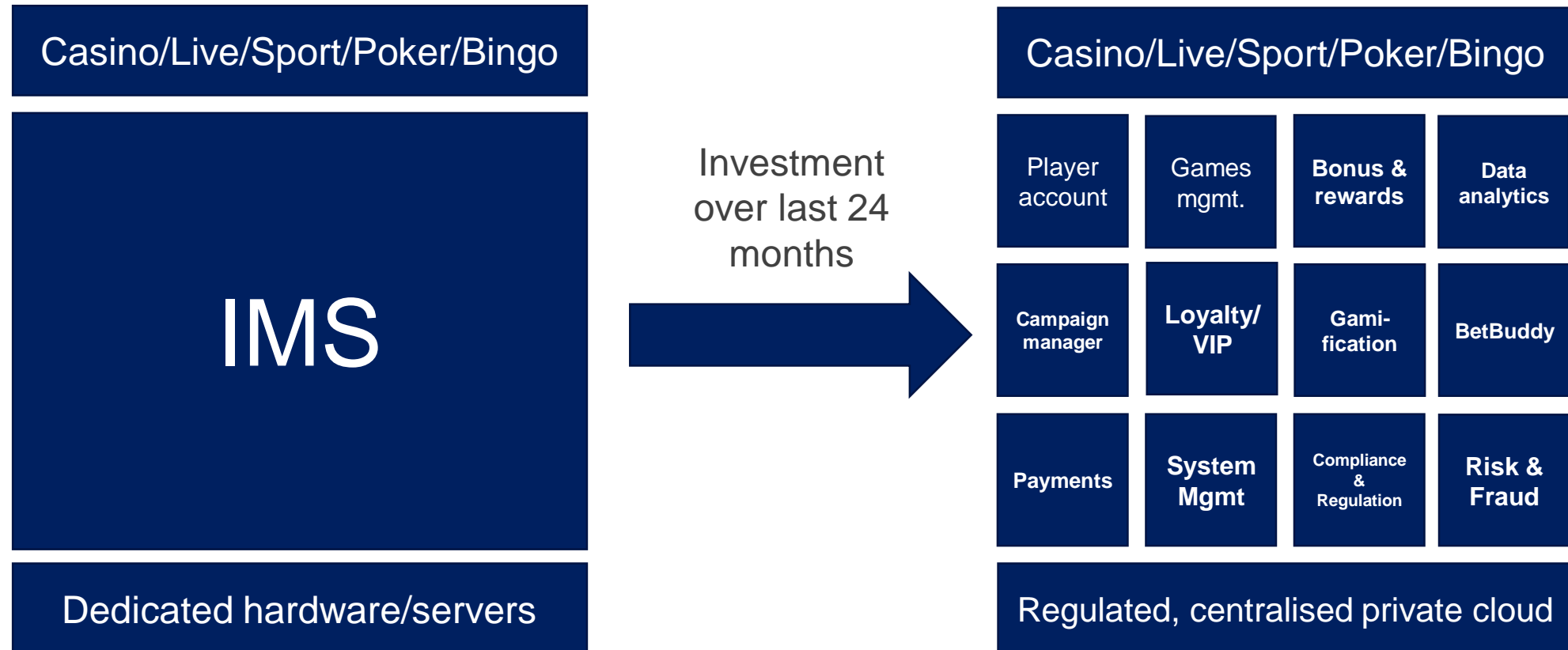
## 2. EXTENDING OUR OFFERING

CAPTURING UNTAPPED OPPORTUNITIES



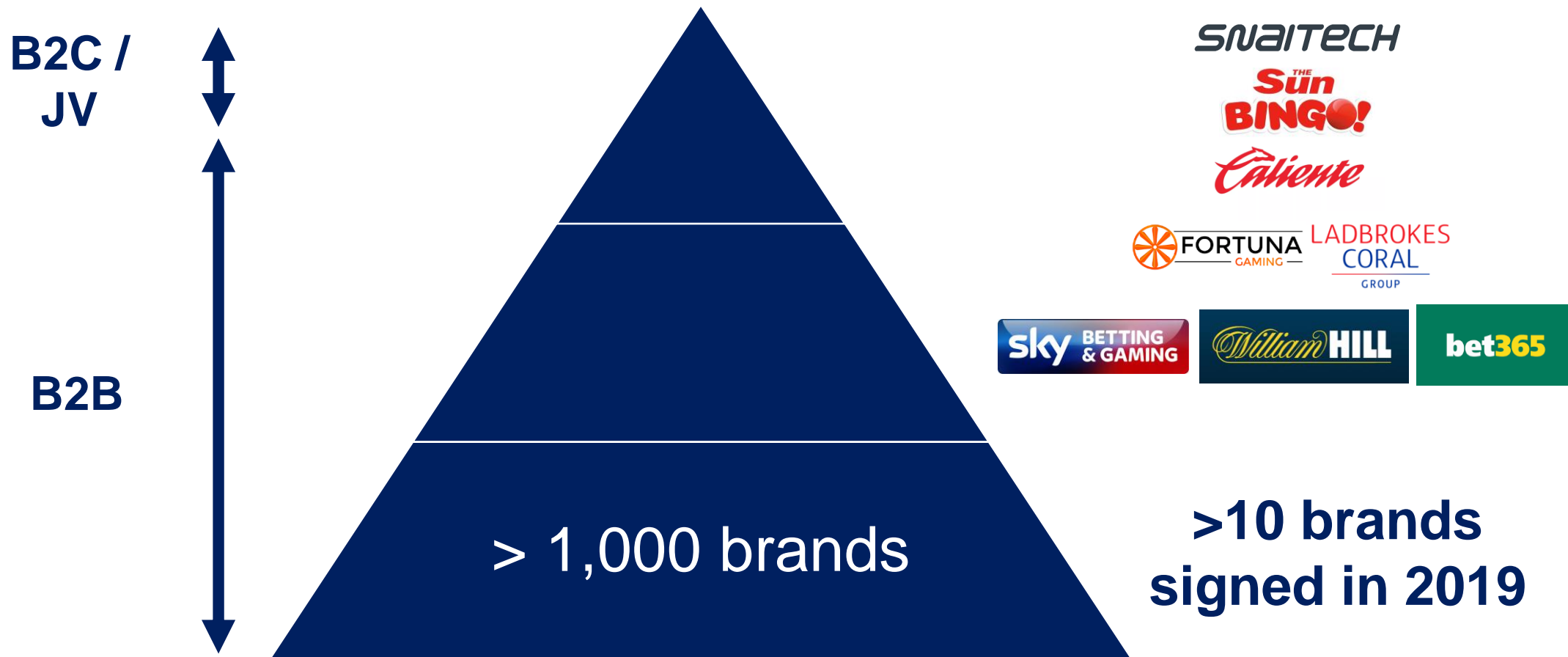
## 2. OUR OFFERING HAS EVOLVED

COMPONENTISING THE IMS TO INCREASE ADDRESSABLE MARKET



## 2. EXPANDING OUR ADDRESSABLE MARKET

> 1,000 INCREMENTAL SITES NOW ADDRESSABLE



## 2. NEW BUSINESS WITH EXISTING CUSTOMERS

SIGNIFICANTLY EXPANDED GVC OPPORTUNITY

- Rollout underway of Casino, Live and GPAS across GVC brands and markets
- H1 launches include brands in UK, Italy, Greece, Belgium, Brazil, Georgia, Spain
- Upcoming launches include Denmark, Sweden and other territories



# 3. GROWTH DRIVEN BY ATTRACTIVE MARKETS

BUSINESS MODEL ALLOWS US TO CAPTURE ANY MARKET OPPORTUNITY



## 4. ACCELERATING B2C SUCCESS

SNAITECH THE MARKET LEADER IN ITALY

# #1

Market share in June and July  
across Retail and Online betting

# 26%

Growth in underlying  
adjusted EBITDA

# 36%

Growth in online stakes  
vs. H1 2018

# 45%

Underlying EBITDA  
margin\*



# ASIA

## MARKET REMAINS HIGHLY COMPETITIVE

### China - review of H1 2019

- Competition remains intense
- Aggressive behavior in market
- Price sensitive in nature
- Lower barriers to entry
- No change to regulatory backdrop

### Operational progress

- Continue to extend into Live
- Launched promotional tools
- Continued to increase Playtech content offered

### Outlook

- Attractive market
- Focus on cash generation
- Implement incentivisation scheme

# TRADETECH

## IMPROVED Q2 FOLLOWING CHALLENGING Q1 ACROSS THE INDUSTRY

- Record low volatility in Q1-19 across the entire industry
  - low volatility with assets trading in extremely tight ranges
  - ESMA's product intervention measures also negatively impacted volumes
- Performance much stronger in Q2 with significantly higher revenue and EBITDA
- Well positioned in key markets
  - MarketsX platform launched in June 2019 to certain jurisdictions with a complete re-focus on higher value B2C customers
  - Liquidity business expanded, offers best in class technology
  - TradeTech Alpha continues to grow in both volume and customers

# NEAR TERM DELIVERABLES

1. Sign >20 new brands in 2019 alongside new structured agreement
2. Continue to extend reach with GVC
3. Continue to grow Snaitech
4. Review options for non-core & underperforming businesses
5. Additional quarterly disclosure starting in Q3
6. Execute share buyback programme
7. Investor day in November – including update on US strategy

# Q&A

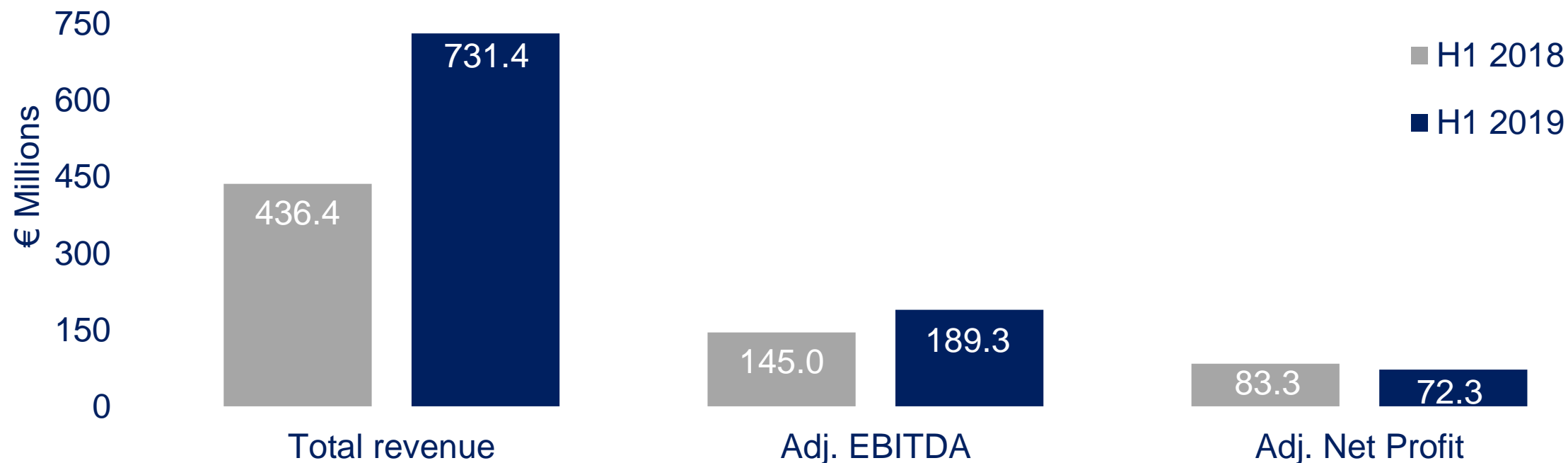


# Appendix



# RESULTS SUMMARY

AT CONSTANT CURRENCY



Incl. acquisitions  
Excl. acquisitions

+68%  
-10%

+31%  
-11%

-13%  
-30%

# SUMMARY BY DIVISION H1 2019

Group

		H1 2018 (€m)			H1 2019 (€m)		
		Revenue	Adj. EBITDA	Margin	Revenue	Adj. EBITDA	Margin
Reported	B2B Gambling	290.3	124.9	43%	265.5	110.6	42%
	B2C Gambling	98.4	-5.1	-5%	438.2	71.7	16%
	(Intercompany)	-4.5	n/a	n/a	-6.8	n/a	n/a
	<b>Total Gambling</b>	<b>384.2</b>	<b>119.8</b>	<b>31%</b>	<b>696.9</b>	<b>182.3</b>	<b>26%</b>
	TradeTech	52.3	25.2	48%	39.1	8.2	21%
	<b>Group</b>	<b>436.5</b>	<b>145.0</b>	<b>33%</b>	<b>736.1</b>	<b>190.6</b>	<b>26%</b>
CC	<b>Group</b>	<b>436.5</b>	<b>145.0</b>	<b>33%</b>	<b>731.4</b>	<b>189.3</b>	<b>26%</b>

# B2B GAMBLING CUSTOMER CONCENTRATION

Licensees	H1 2018	FY 2018	H1 2019
Top 5	38%	37%	39%
Top 10	56%	54%	56%
Top 15	68%	65%	66%



# B2B GAMBLING PERFORMANCE

B2B  
Gambling

	H1 2018 (€m)	H1 2019 (€m)	%	CC %
Casino	170.8	129.8	-24%	-25%
Services	41.3	46.2	12%	10%
Sport	47.7	60.6	27%	26%
Bingo	13.1	11.8	-10%	-11%
Poker	4.8	4.3	-10%	-11%
Other	12.6	12.8	2%	1%
<b>Total B2B Gambling</b>	<b>290.3</b>	<b>265.5</b>	<b>-9%</b>	<b>-9%</b>

# B2B GAMBLING COSTS

	H1 2018 (€m)	H1 2019 (€m)	%
R&D	40.8	37.4	-8%
Operations	79.8	78.5	-2%
G&A	33.5	29.3	-13%
S&M	11.4	9.7	-15%
<b>Total B2B Gambling</b>	<b>165.5</b>	<b>154.9</b>	<b>-6%</b>
<b>B2B Gambling R&amp;D incl. cap'</b>	<b>61.7</b>	<b>59.4</b>	<b>-4%</b>

# B2B GAMBLING COSTS: H1-19 EXCL. IFRS 16

B2B  
Gambling

	H1 2018 (€m)	H1 2019* (€m)	%
R&D	40.8	41.0	0%
Operations	79.8	81.8	3%
G&A	33.5	31.4	-6%
S&M	11.4	10.0	-12%
<b>Total B2B Gambling</b>	<b>165.5</b>	<b>164.2</b>	<b>-1%</b>
<b>B2B Gambling R&amp;D incl. cap'</b>	<b>61.7</b>	<b>63.1</b>	<b>-2%</b>

# CONTINGENT CONSIDERATION

Acquisition	Contingent Consideration and redemption liability as at 30.06.19	Max earnout	Payment date
ACM Group	€75.0 million	€127.6 million	€3.2 million Q3 2019 €71.8 million Q3 2020
Playtech BGT Sports Ltd	€36.2 million	€95.0 million	€36.2 million Q2 2020
Destres	€0 million	€15.0 million	Q2 2021
Studio 88	€5.0 million	€5.0 million	Q1 2021
ECM	€0.5 million	€0.5 million	Q1 2020
Bet Buddy	€2.1 million	€2.2 million	€0.8 million Q4 2019 €1.3 million Q4 2020
GenWeb	€2.5 million	€2.5 million	Q4 2019
Eyecon Limited	€1.4 million	€27.9 million	€1.4 million Q2 2021
Other *	€0.5 million	€0.5 million	
<b>Total</b>	<b>€123.2 million</b>	<b>€276.2 million</b>	

# Thank You

