



# INTRODUCTION

**Roger Withers, Chairman**



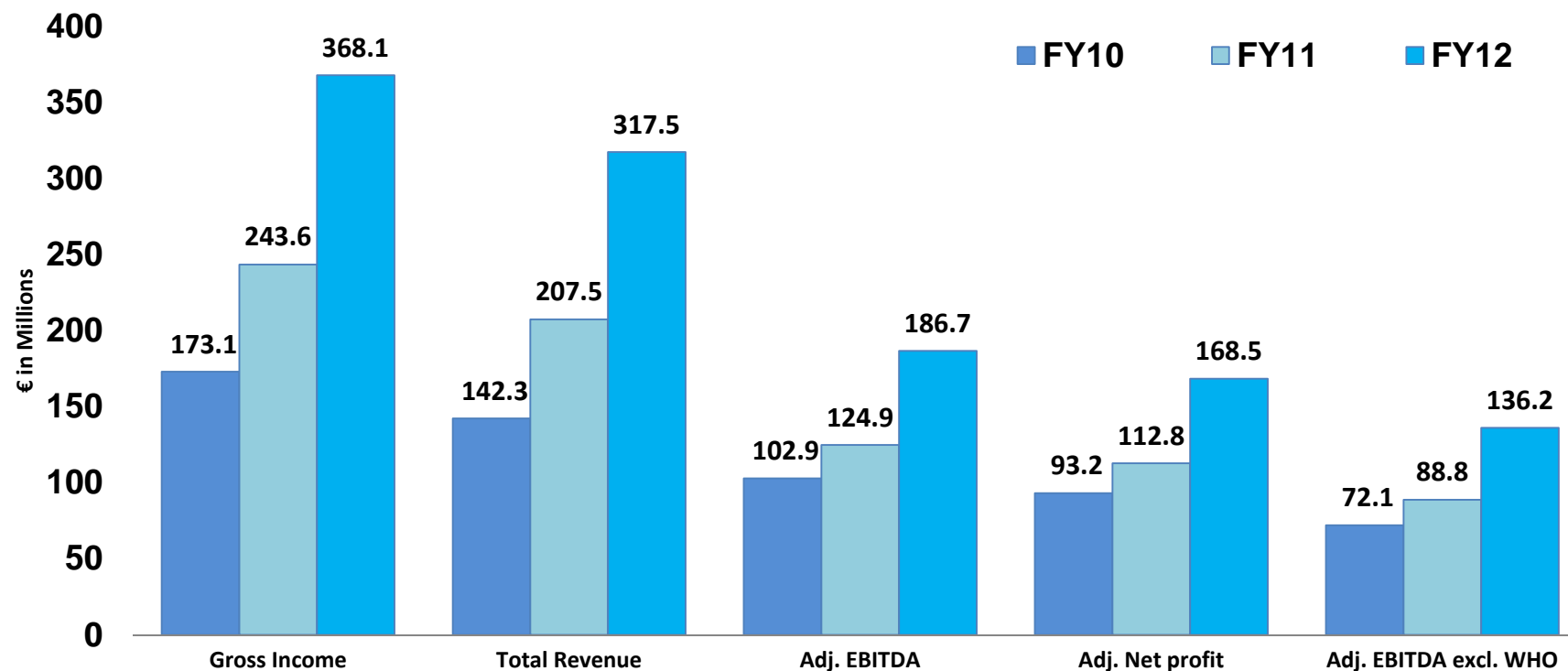
### INTRODUCTION

- **Impressive financial performance**
  - gross income **+51%**
  - total revenue **+53%**
  - adjusted EPS **+26%**
  - total dividend **+41%**
- **Achieved Premium Listing on the LSE**
- **Outstanding take-out of stake in William Hill Online - £424m**
- **Strong current trading with confident outlook for 2013**

# FINANCIAL REVIEW

**Ron Hoffman, CFO**

## FINANCIAL RESULTS SUMMARY



**+51%**

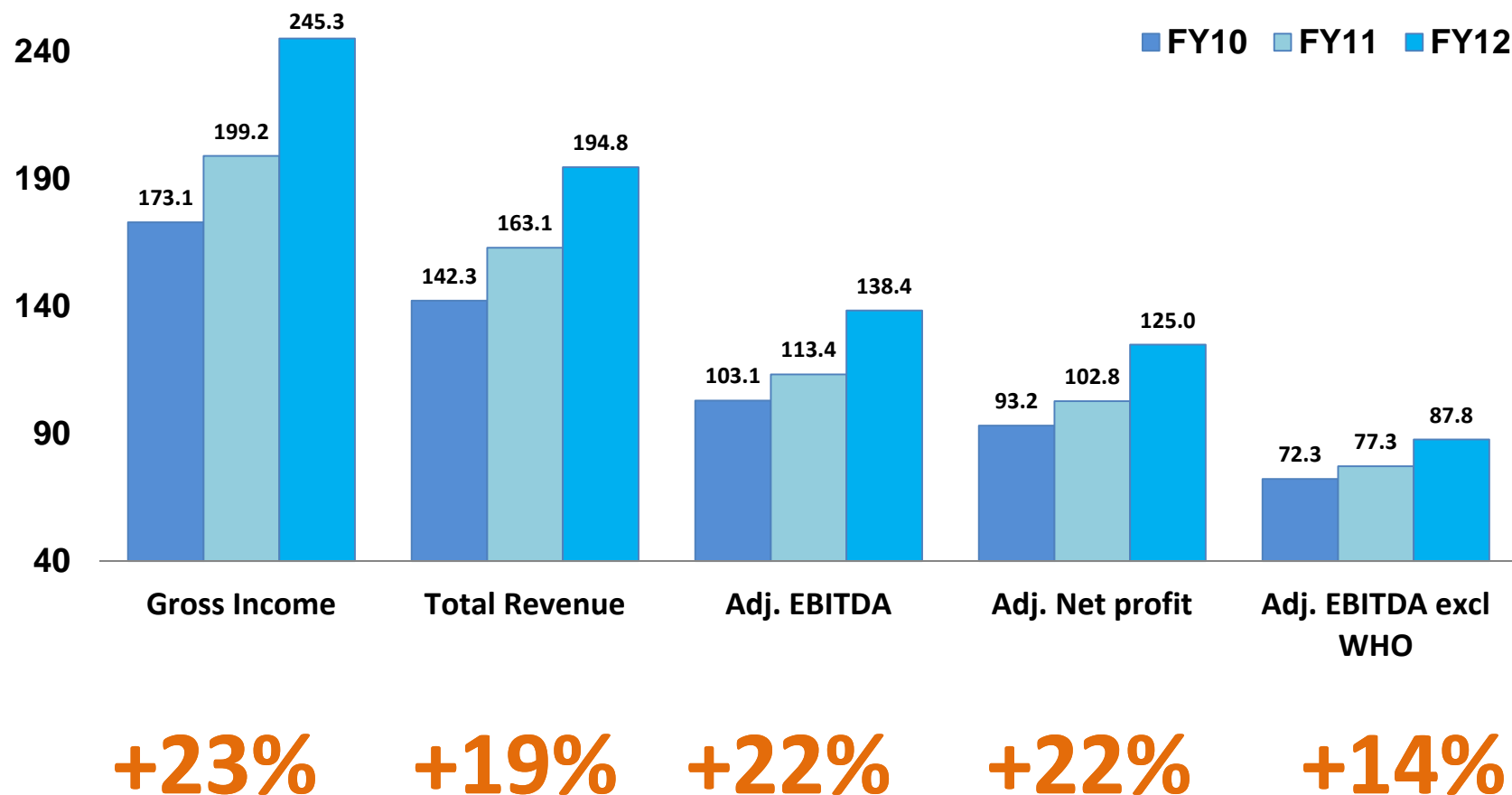
**+53%**

**+49%**

**+49%**

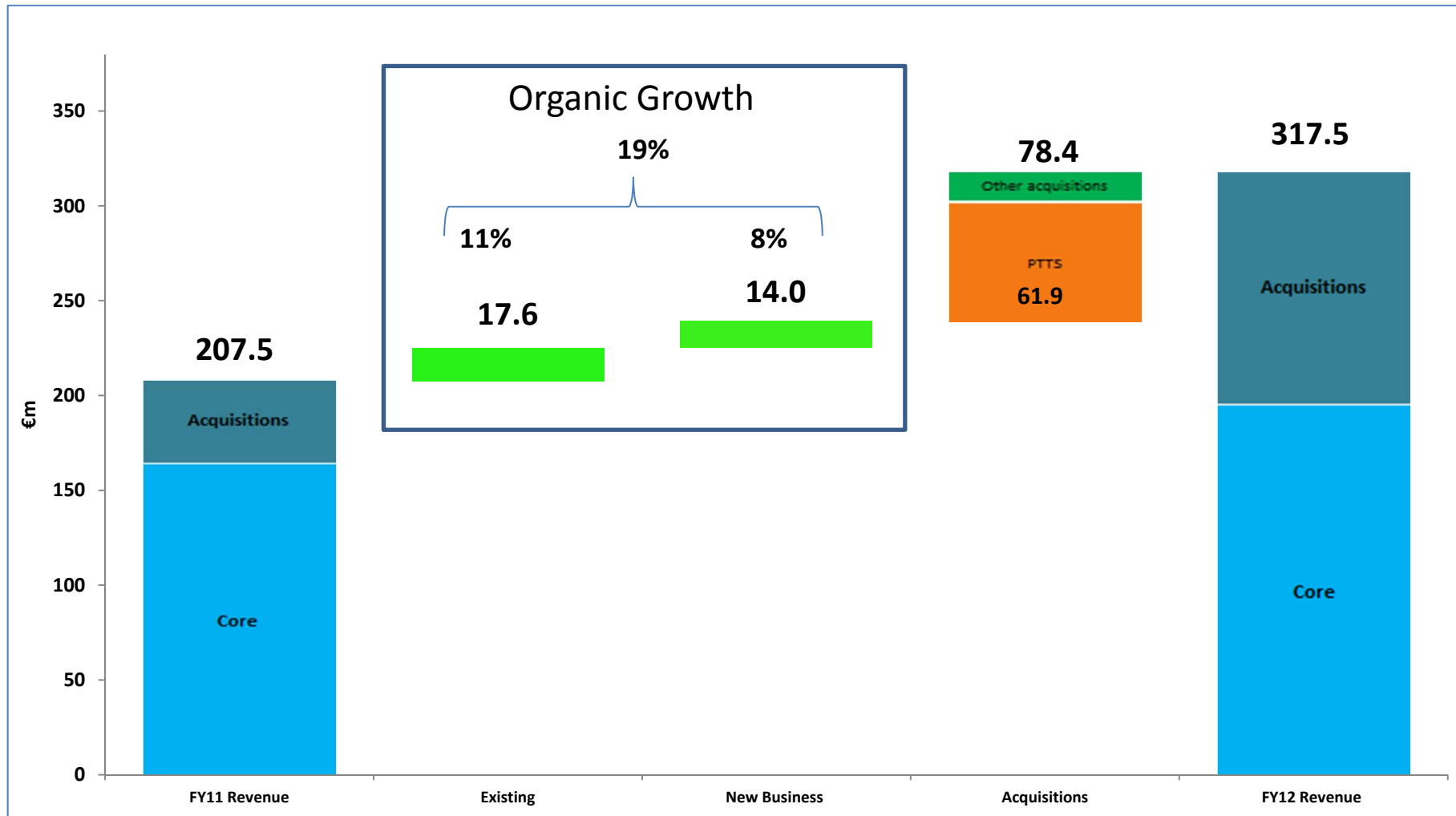
**+53%**

## FINANCIAL RESULTS (EXCLUDING ACQUISITIONS)



\*Adj. Net profit attributable to the parent

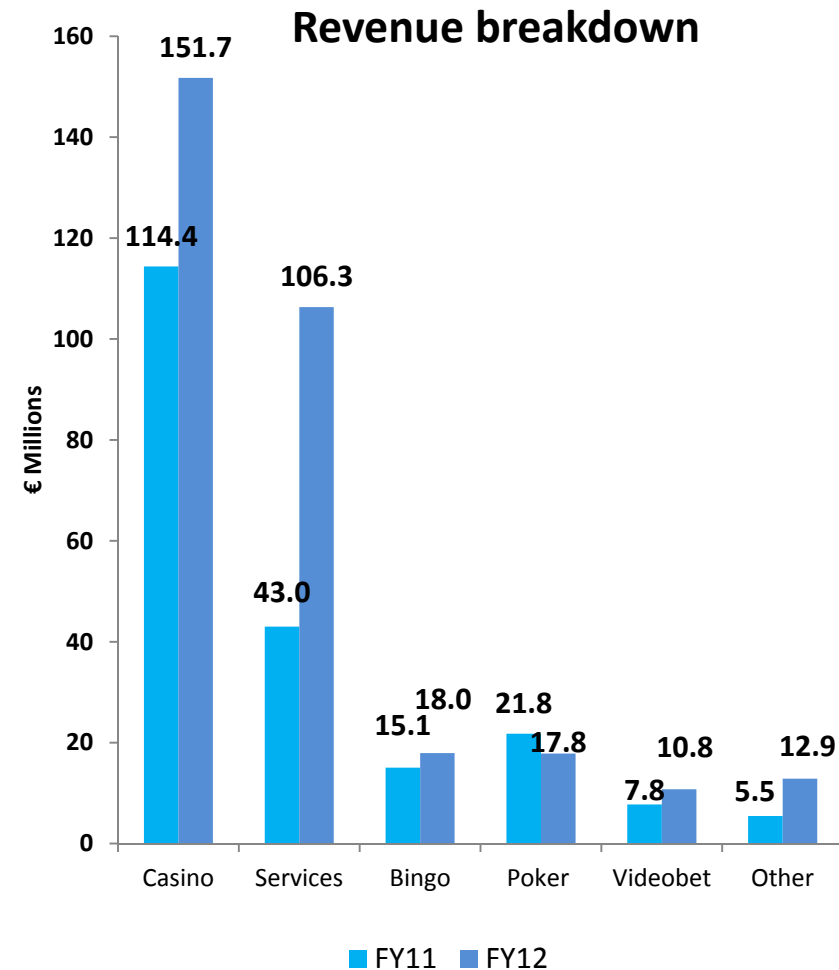
## REVENUE BRIDGE



\*Other New Business defined as new licensees or new products which were launched in the past 18 months

## REVENUE BREAKDOWN

- Casino up **33%** mainly from Ash Gaming, mobile royalties, branded games & LIVE
- Services up **147%** reflecting a full year of revenue in 2012
- Bingo up **19%** mainly due to organic growth, Gala Bingo and mobile bingo
- Poker down **18%**, but stabilised over Q4 due to new licensees
- VB up **39%** mainly due to the full year impact of the Global Draw contract
- Other, consists of mainly sports and mobile sports, which has grown significantly



## BREAKDOWN OF CASINO

### Bingo 2012

- Sidegames of €10.8m
- Total bingo revenue of €28.8m (+21%)

### Poker

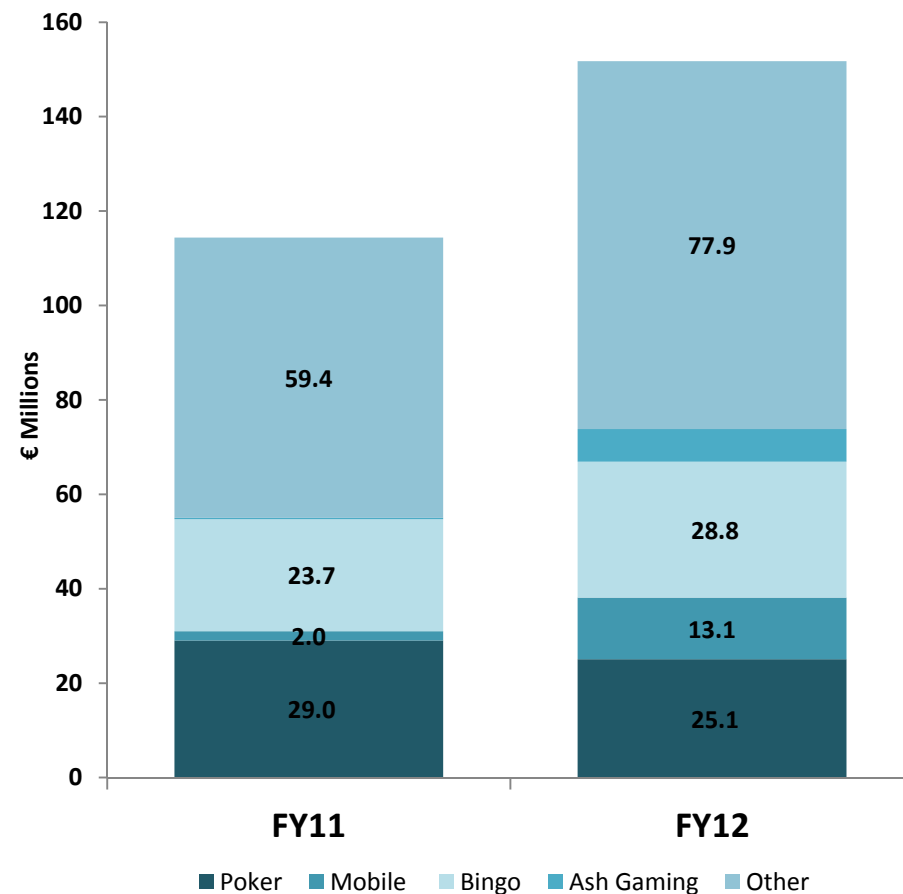
- Poker sidegames of €7.2m
- Total poker revenue of €25.1m (-14%)

### Mobile 2012

- Mobile casino of €3.9m
- Total mobile contribution including Mobenga €13.1m

Ash Gaming revenue of €6.9m

True bingo, poker & mobile



## CUSTOMER CONCENTRATION

			*Excl. Acquisitions	
	FY11	FY12	FY11	FY12
Top 2 licensees	37%	40%	26%	26%
Top 5 licensees	55%	61%	49%	51%
Top 10 licensees	68%	73%	64%	66%
Top 15 licensees	75%	79%	72%	74%
<b>Licensees &gt; €4.0m revenue for FY12</b>	10	12	8	9
<b>Licensees &gt; €1.0m revenue for FY12</b>	32	41	30	34

- Increase in customer concentration, attributable to acquisitions and the overlap between customers of the acquired businesses and existing licensees
- Excluding acquisitions, concentration levels are little changed, with larger licensees growing faster than smaller ones

## ADJUSTED EBITDA MARGIN

- Adjusted EBITDA margin of 51%, flat on the prior year
- Adjusted EBITDA margin excl. acq. 56%, down from 57%

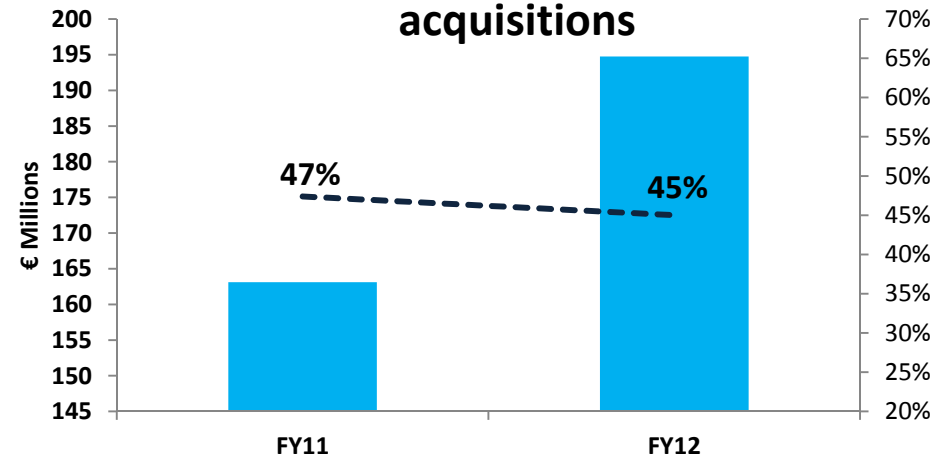
### Factors affecting a decrease in margin:

- Increase in employee and outsourcing costs due to investment in mobile and other products
- Entrance into regulated markets including the introduction of gaming taxes and license fees
- Investment in social gaming through Skywind Holdings

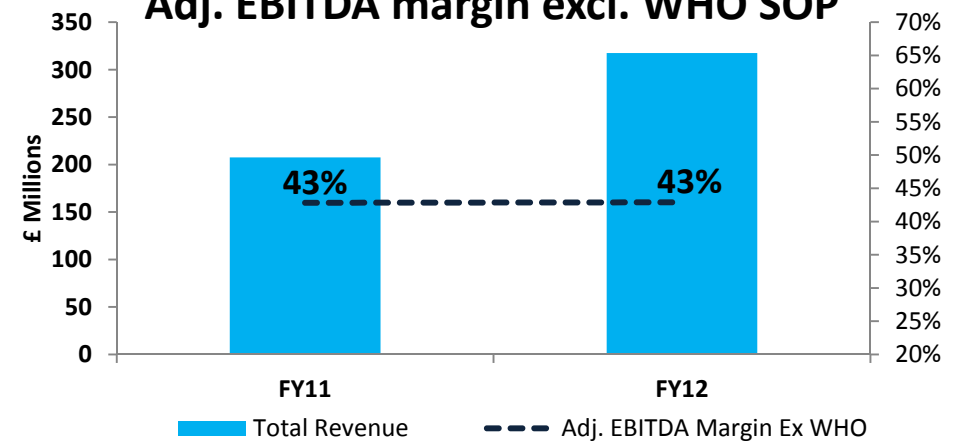
### However

- PTTS margin increased due to new contracts

**Adj. EBITDA margin excl. WHO SOP & acquisitions**



**Adj. EBITDA margin excl. WHO SOP**



## ANALYSIS OF COSTS & EXPENSES

€ in millions	2012		2011	
<b>Adj. Operational Costs</b>	<b>181.3</b>	<b>57%</b>	<b>118.1</b>	<b>57%</b>
Revenue-driven costs	36.2		25.1	
% out of revenue	11.4%		12.1%	
% out of revenue excluding acquisitions	9.1%		9.7%	
Adjusted operating expenses excluding revenue driven costs	<b>145.1</b>		<b>93.0</b>	
Employee related costs	99.9	68.8%	64.3	69.2%
Administration and office costs	15.5	10.7%	11.9	12.7%
Travel, exhibitions & marketing	6.8	4.7%	4.7	5.1%
Cost of services	11.7	8.1%	4.3	4.6%
Other	11.2	7.7%	7.8	8.4%

- Revenue-driven costs increased due to acquisitions
- Employee costs have increased due to acquisitions, however they have remained constant at approximately 70%, despite the Group's headcount more than doubling over the past two years
- Excluding acquisitions in 2011 and 2012, adjusted operating costs increased 25% <sup>12</sup>

### WILLIAM HILL ONLINE – THE NUMBERS COUNT

- Over **3.5 times** cash return in only 4 years
- Buyout stake of **£424m**, above consensus
- **Double digit** annual growth since inception
- Software supply to William Hill Online continues

## CASH FLOW

- Playtech continues to be highly cash generative
- Cash balance as of 31 December 2012 of €120.9m

€ in millions	2012	2011
Cash from operating activities including WHO dividend	160.1	109.4
Cash conversion rate (from Adj. EBITDA)	88%	88%
Cash used in Investing activities, excluding WHO dividend	176.3	135.1
Cash used in financing activities	27.8	122.0

### Cash used in investing activities

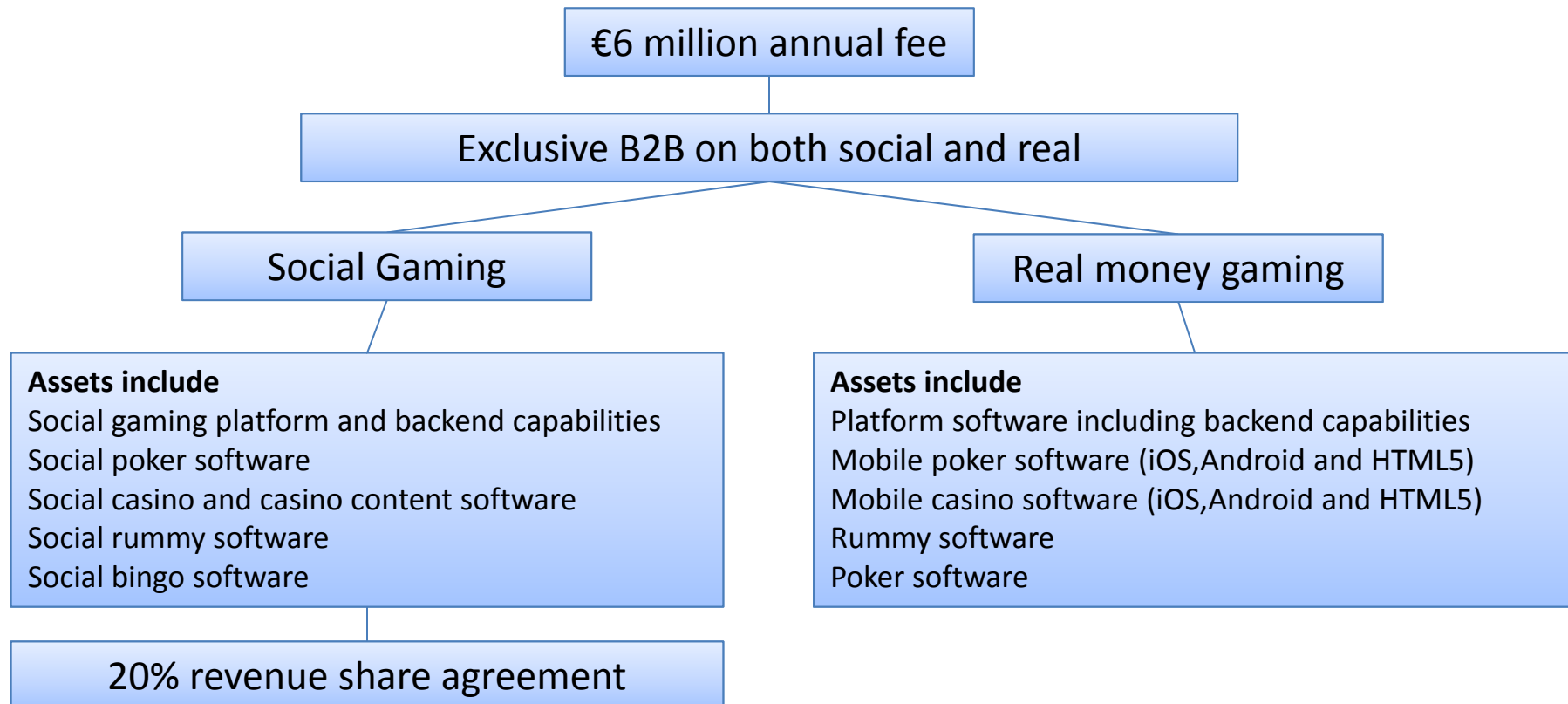
- Payments during 2012 due to acquisitions of: Including PTTS (€118m) and Geneity (€18.2m)

### Cash used in financing activities

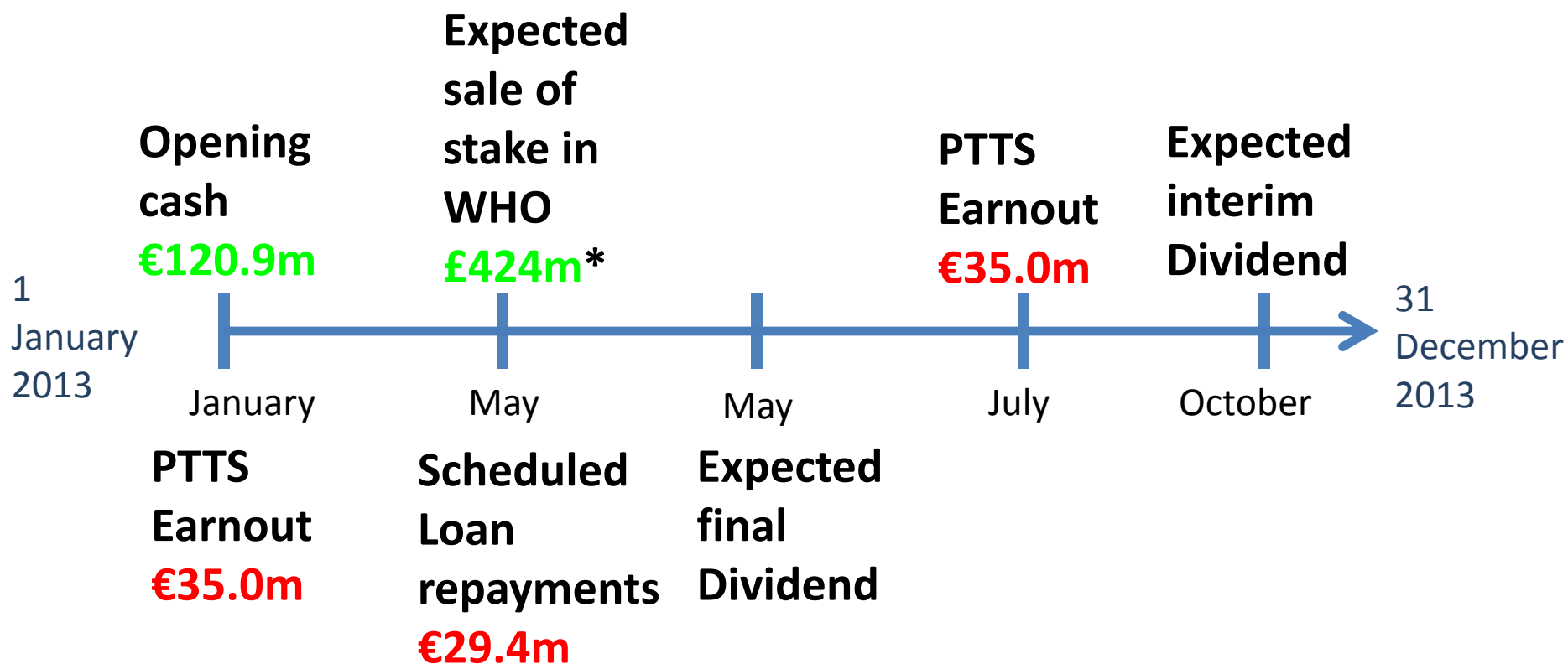
€ in millions	2012	2011
Cash from placement	0	117.5
Drawdown of credit facility	75	27.5
Repayment of credit facility	(33.8)	0
Final FY12 dividend payment	(70.4)	(23.4)
Other	1.4	0.4
Cash from financing activities	(27.8)	122.0

## SOCIAL GAMING AND REAL MONEY LICENSING AGREEMENT

- Exclusive licencing deal with Skywind Holdings
- Cost-effective B2B entry point into social gaming
- Enables entry to a wide range of both social gaming software and real money software
- Setting the foundations for future growth



## COMMITTED CASH FLOWS



\* Subject to working capital adjustment.

## BALANCE SHEET HIGHLIGHTS

Net Cash balance

**€120.9m**

(31 Dec 2011: €164.8m)

S/term borrowings

**€38.0m**

(31 Dec 2011: €13.8m)

S/term df. & cont.  
consideration

**€69.7m**

(31 Dec 2011: €34.5m)

L/term df. & cont.  
consideration

**€42.6m**

(31 Dec 2011: €152.7m)

L/term borrowings

**€31.3m**

(31 Dec 2011: €13.7m)

Total assets

**€784.5m**

(31 Dec 2011: €780.9m)

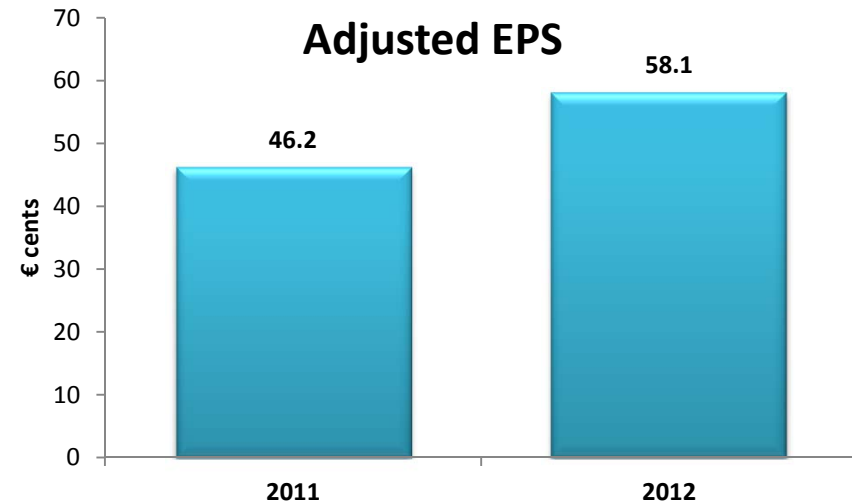
## EPS & DPS

### Adjusted EPS

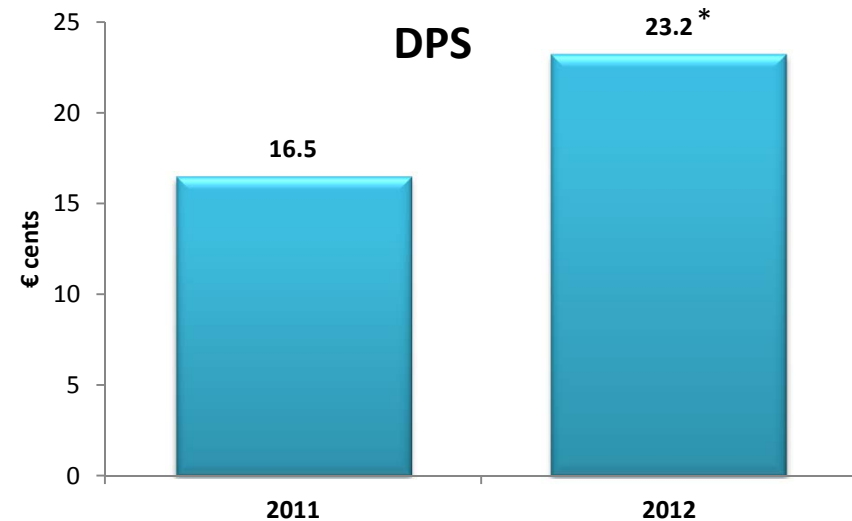
- Adj. EPS increased by 26% to 58.1 € cents per share

### DPS

- Final dividend set as 40% of annual adjusted net profit less the interim dividend
- Final dividend of 15.4 € cents per share, making a total of 23.2 € cents per share, up 41% on FY11

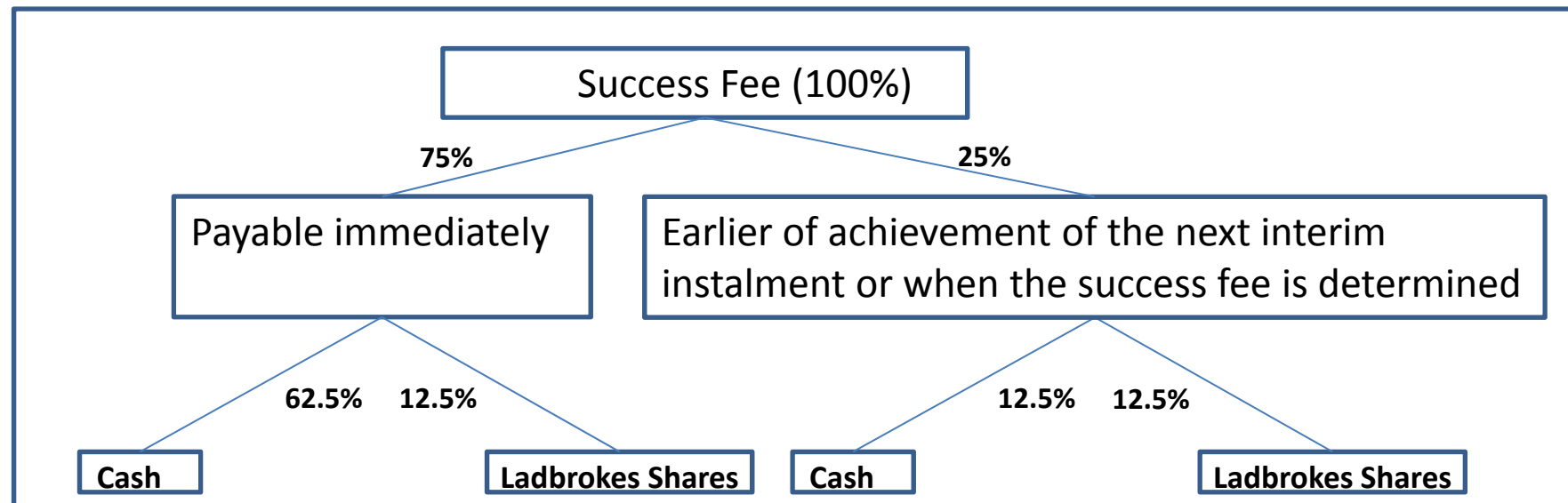


\*Includes £100m share placing December 2011





- Full software and services agreement across all products except web based sports
- PTTs compensation calculated as an uplift from Base Adj. EBITDA in digital EBITDA
  - Calculated as 27.5% X increase in Adj. EBITDA over FY12 Base EBITDA X by the then prevailing group EBITDA multiple of Ladbrokes.
- The success fee is payable based upon the results achieved in FY17, with interim instalments falling due if Base EBITDA uplift achieves £35m, £70m and £100m



# Review and strategic outlook

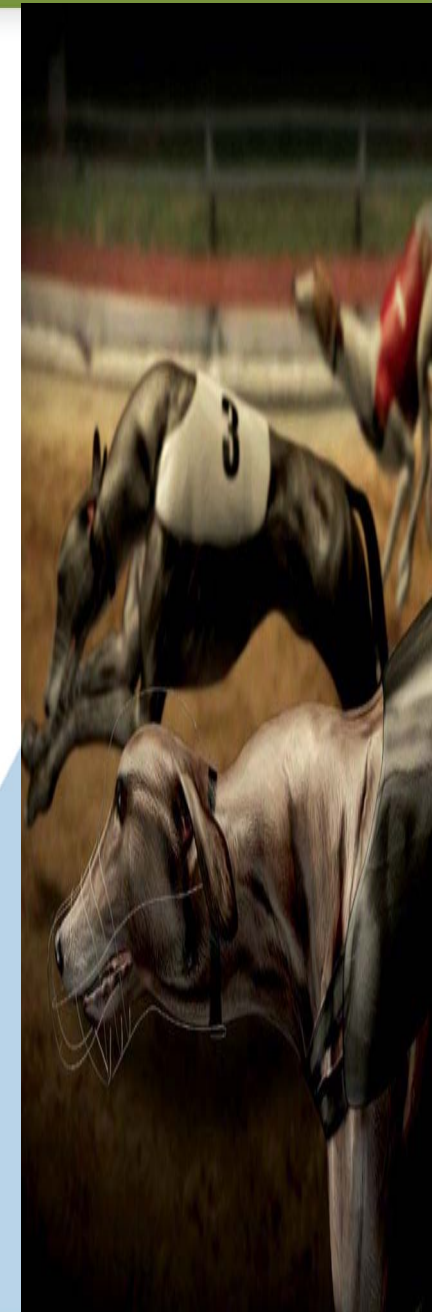


## Playtech Offering



## FUTURE STRATEGY

- Create a business of significant scale, with a full product and service capability through organic growth and acquisition of new licensees
- Introduction of new products – leverage of cross-sell opportunities through expansion of existing relationships
- Establish further long-term comprehensive partnerships such as joint ventures or similar structures with strategic partners
- Take advantage of newly regulated markets by targeting well established local gaming operators in soon to be regulated markets
- Acquisitions



## LICENSEES

- Double digit organic growth of existing licensees
- Growth of the mobile segment, especially Mobenga's sportsbook market achieved strong growth since acquisition (c.150% Q412 to Q411)
- A large number of new licensees signed, including Betclik Everest, Betfair on iPoker
- Preparations for anticipated regulation and further liberalisation in Denmark, Spain and Italy bear fruits
- Entry into Germany through joint venture with Gauselmann, with two licenses recently received from Schleswig-Holstein
- Entry into recently regulated markets, with secured growth in LATAM



**BetClik Everest**



## INTRODUCTION OF NEW PRODUCTS

- Creating cross-sell opportunities
- Highly flexible and advanced sportsbetting system further developed following the acquisition of Geneity
- Complete, fully integrated lottery system with proven track record in the UK, available on all delivery channels – retail, traditional interactive and mobile
- Financial betting developed internally appealing to new demographic of player - creating an incremental opportunity for various betting and gaming operators
- Enhanced IMS and Playtech Portal as well as a new mobile hub launched and proved to be very successful



## MOBILE

- Playtech launched the mobile hub combining Mobenga mobile sports betting solution with Playtech gaming products
- Playtech's product verticals available on iOS and Android devices as well as different browsers in HTML5 format
- Players able to use one account for mobile and traditional interactive web allowing effortless transition between the two
- Instant or download games - constant flow of entertainment focused, mobile optimised games, including progressive slots, arcade, table and card games
- Mobile marketing tools such as conversion and targeted promotion maximise licensee revenue and leverage the cross-sell opportunity



## OPERATIONAL HIGHLIGHTS

- **Poker** – introduction of speed poker appealing to existing and new players, introduction of a new liquidity policy, designed to increase poker liquidity
- **Videobet** – international deployment underway in Mexico, Puerto Rico
- **Continuous expansion of branded games:**
  - Branded scratch cards
  - X Factor
  - Iron Man 2
  - X-Men
  - The Incredible Hulk
  - Pink Panther
  - The Sopranos
  - The Mummy



## OPERATIONAL HIGHLIGHTS

- Playtech launched mobile bingo on Apple iOS and Android
- Acquisition and launch of Geneity's world-class sports betting platform
- Playtech launched the Portal, giving licensees direct control and enabling them to provide a bespoke user interface
- Mobenga supplies mobile sports betting to William Hill, winner of mobile operator of the year
- Playtech launched the mobile hub, an open framework designed to integrate content and deliver a seamless user experience to players on mobile devices
- Virtue Fusion launched Gala Bingo and mobile bingo with major licensees



## ACQUISITIONS AND JOINT VENTURES

### Structured deals

- Ladbrokes

### Joint ventures

- Joint venture signed with Gauselmann in Jan 2012 (Germany)
- Joint venture signed with Peermont in Jan 2012 (South Africa)
- Further joint ventures in the pipeline

### Acquisitions

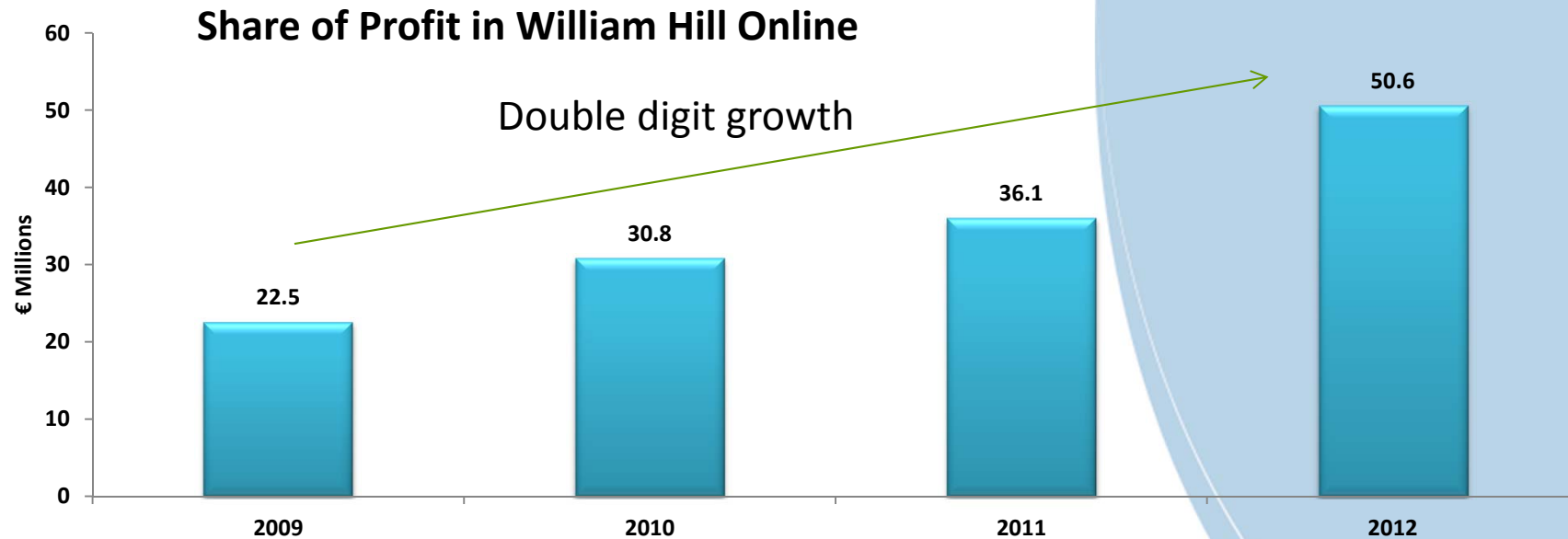
- Geneity - UK based provider of e-gaming software products, focused primarily on the sportsbook and lottery sectors. Set to fully launch first Playtech licensee in the near future

### Social gaming

- Software licensing agreement with Skywind Holdings for social and real money gaming software



## WILLIAM HILL ONLINE JOINT VENTURE



- IRR **41%** on Share of Profit
- Over **3.5 times** cash on cash return over 4 years
- Buy-out stake for **£424m**, higher than consensus
- Excellent potential for further value-enhancing acquisitions, joint ventures and partnerships, with a focus on regulated markets
- Playtech's software arrangements with William Hill Online continues

# Ladbrokes



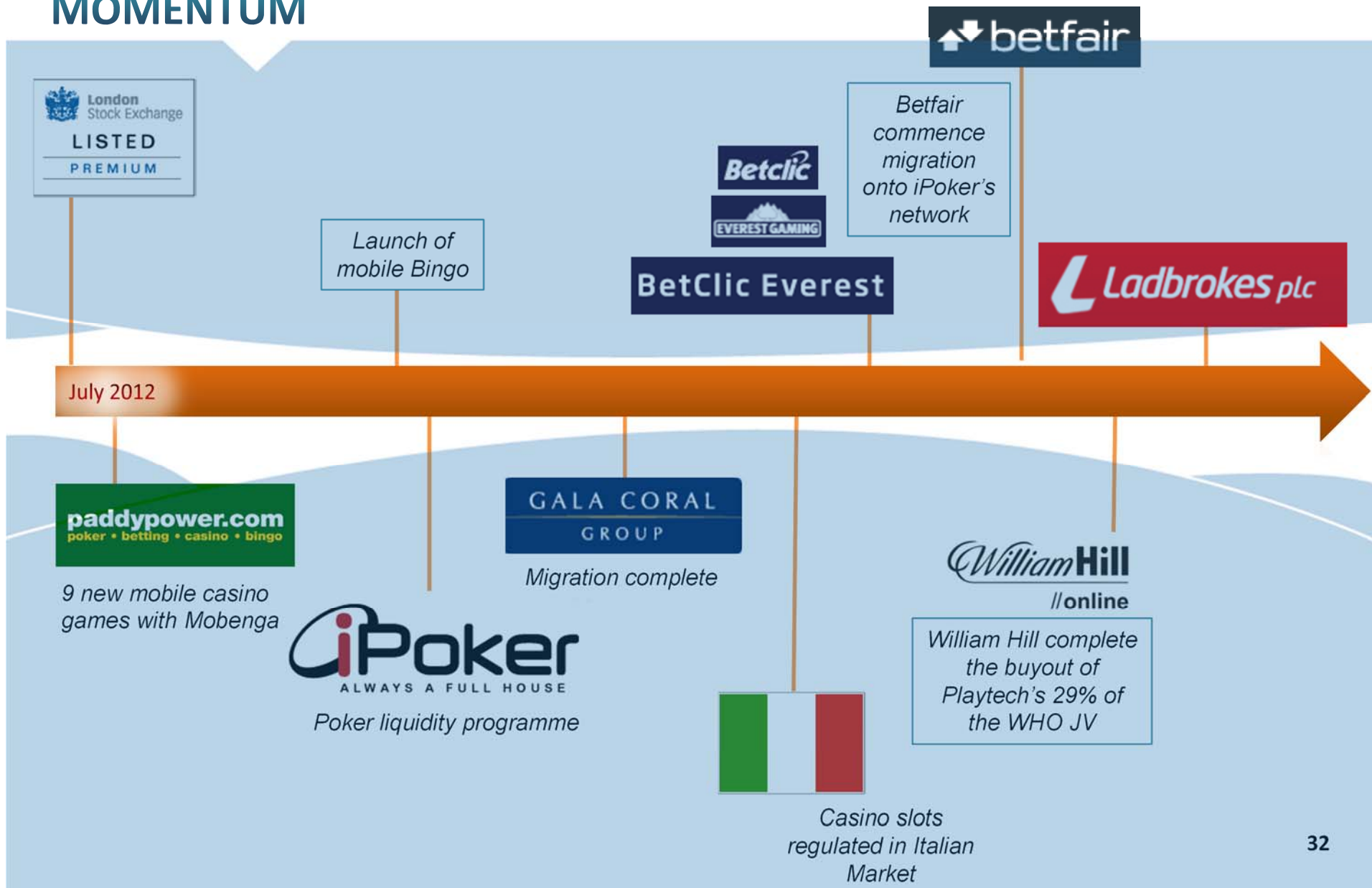
SOURCE OF SUCCESS

- Knowledge and experience within PTTS – key components in securing the landmark agreement with Ladbrokes
- Development and support Ladbrokes digital business
- Full software and services agreements across all products except interactive web-based sports
- PTTS compensation calculated as an uplift from Base Adj. digital EBITDA
  - calculated as 27.5% x increase in Adj. EBITDA over FY12 Base Adj. EBITDA x by the then prevailing group EBITDA multiple of Ladbrokes
- Success fee payable based on results achieved in FY17, with interim instalments due on Base Adj. EBITDA uplifts of £35m, £70m and £100m

## MOMENTUM



## MOMENTUM



### CURRENT TRADING

- **Strong start to the year, specifically casino, bingo and mobile**
- **Daily average revenues up over 15% versus the Q1/12 and over 5% when compared to Q4/12**
- **Full year outcome**
  - management remains confident regarding 2013 and beyond
  - positive momentum of large licensees signed during 2012
  - introduction of new products in 2013
  - growth of mobile strong, however further costs will be incurred
  - strong pipeline, investment ahead of revenue flow

# Q&A

