

# INTERIM RESULTS

28 August 2014



# AGENDA

## HIGHLIGHTS

- ALAN JACKSON, CHAIRMAN

## FINANCIAL REVIEW

- RON HOFFMAN, CFO

## STRATEGIC REVIEW

- MOR WEIZER, CEO

## Q&A

# HIGHLIGHTS

- **Excellent** financial performance for the first half
  - total revenue up 21% to €214.4m
  - adj. EBITDA up 28% to €97.6m
  - adj. Profit up 45% to €96.8m
  - adj. EPS up 45% to 33.3 € cents per share
- Payment of **£100m special dividend** in H1
- Interim dividend of 8.9 € cents per share



# AGENDA

## FINANCIAL REVIEW

- ALAN JACKSON, CHAIRMAN

## HIGHLIGHTS

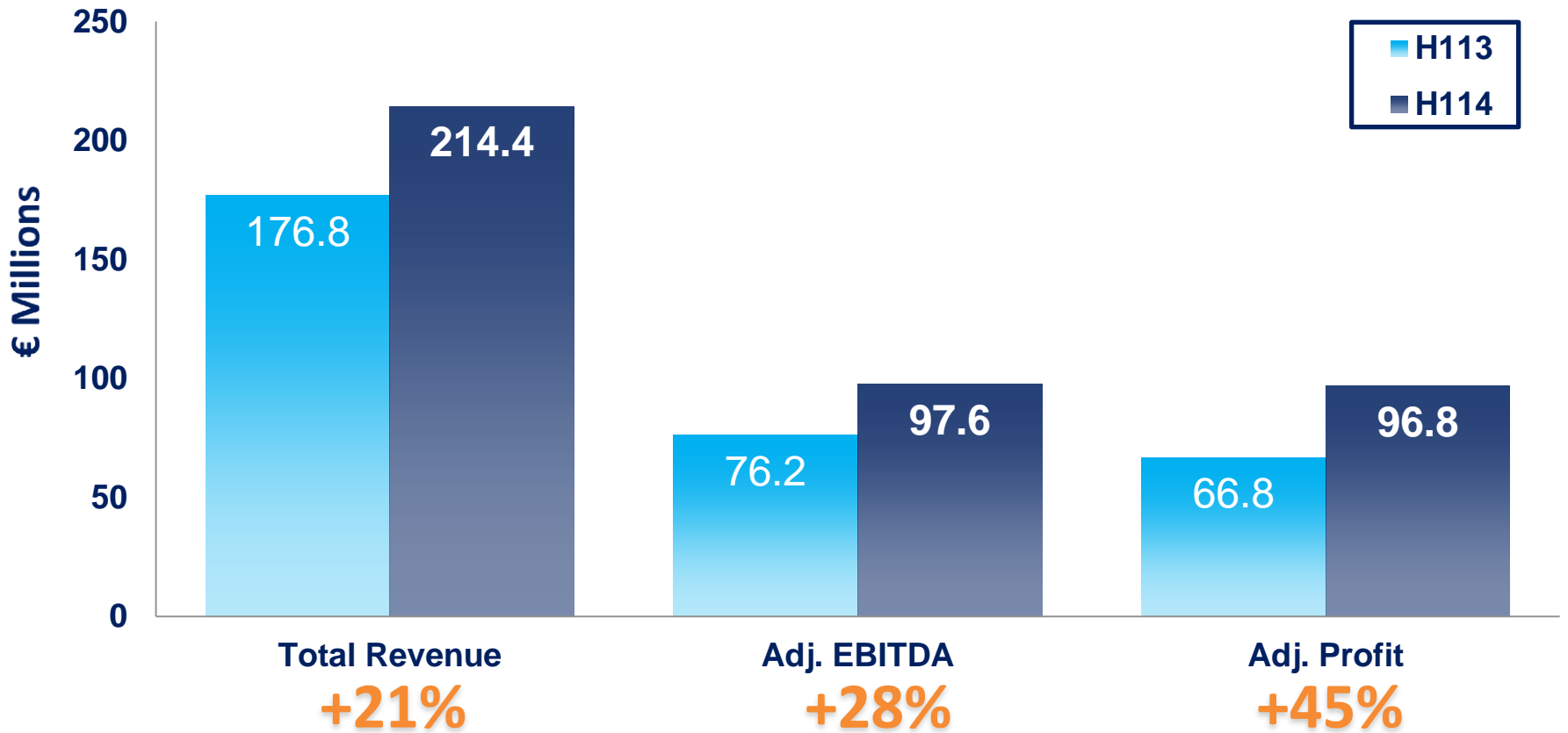
- RON HOFFMAN, CFO

## STRATEGIC REVIEW

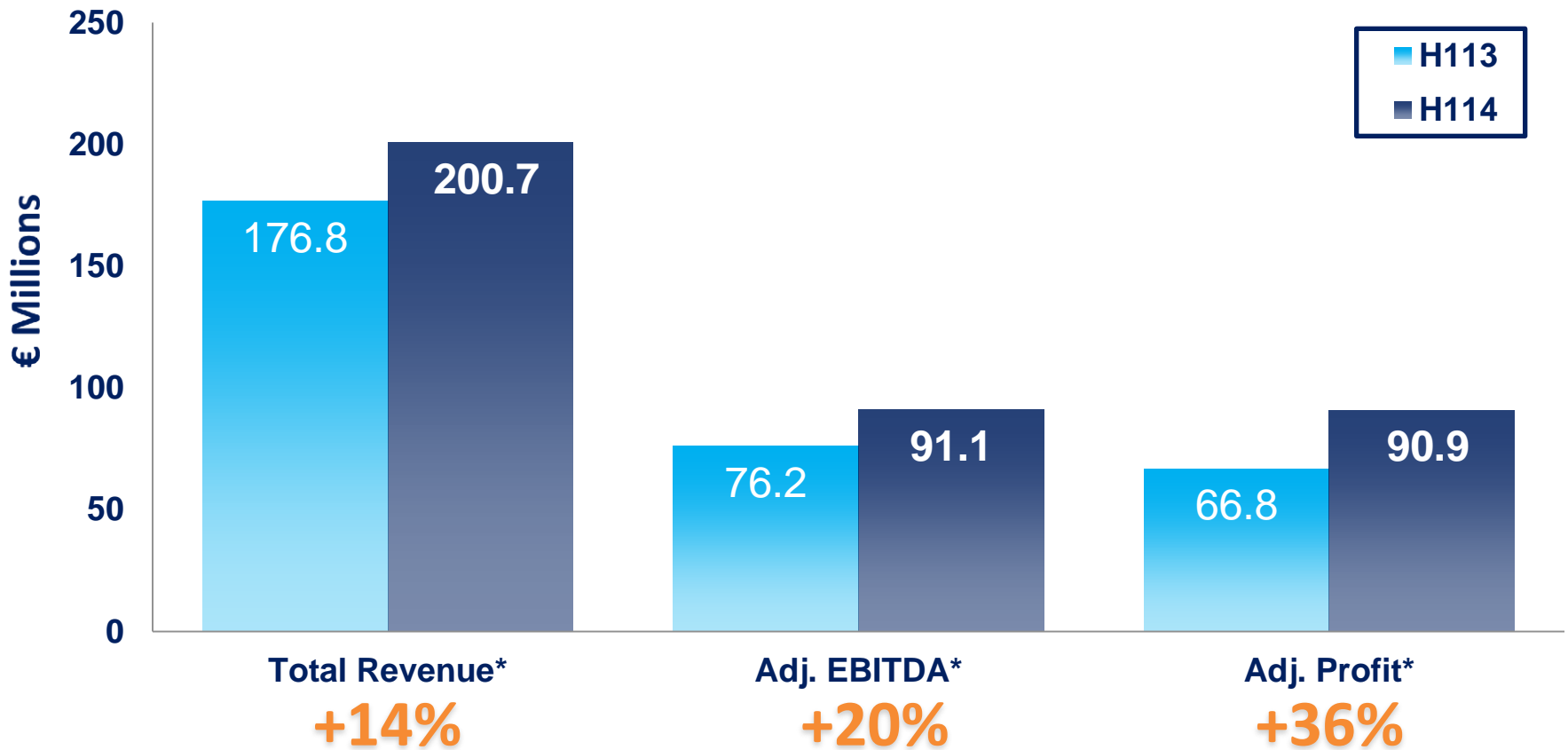
- MOR WEIZER, CEO

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# RESULTS SUMMARY

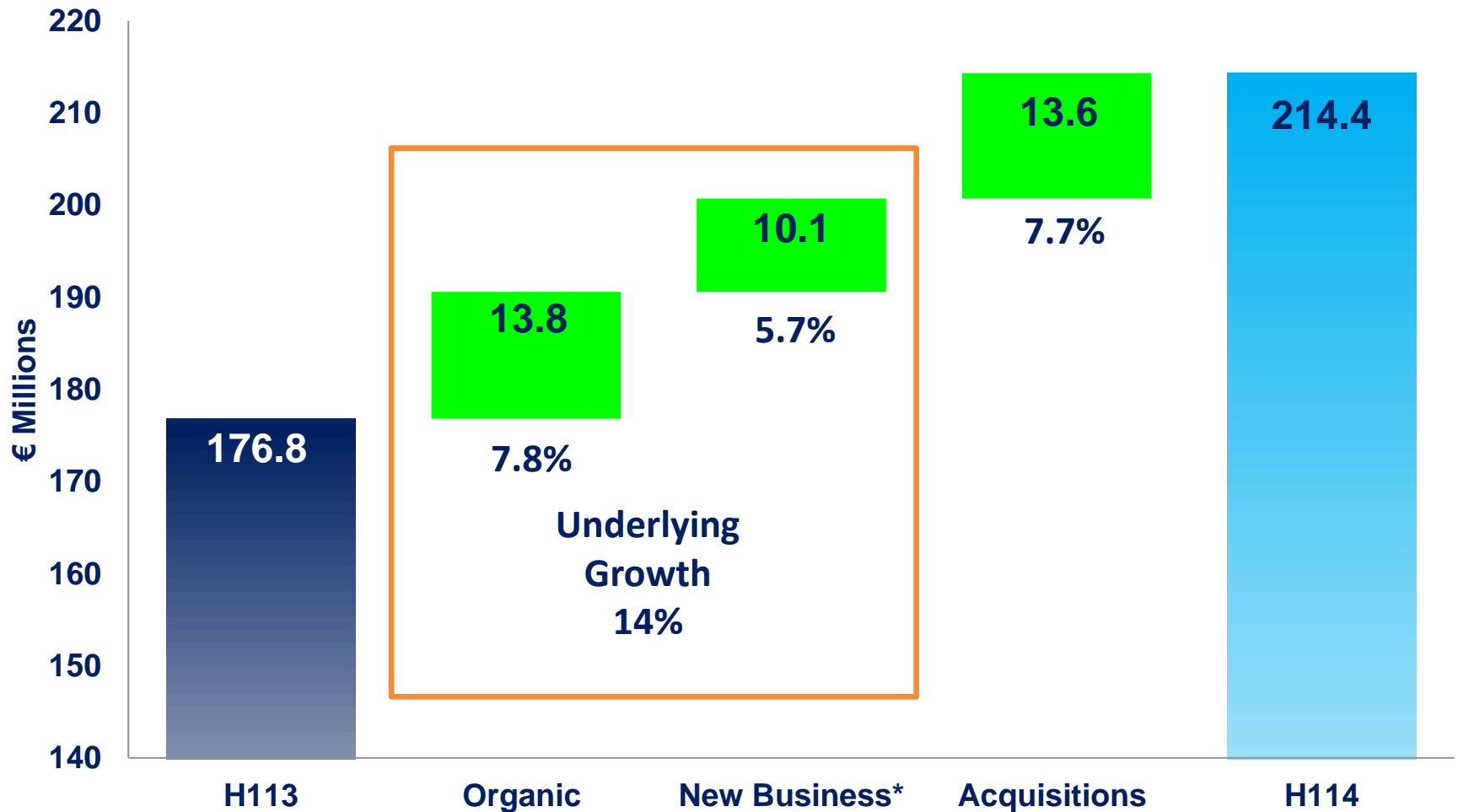


# UNDERLYING RESULTS SUMMARY



\*Results exclude acquisitions made in the last 18 months

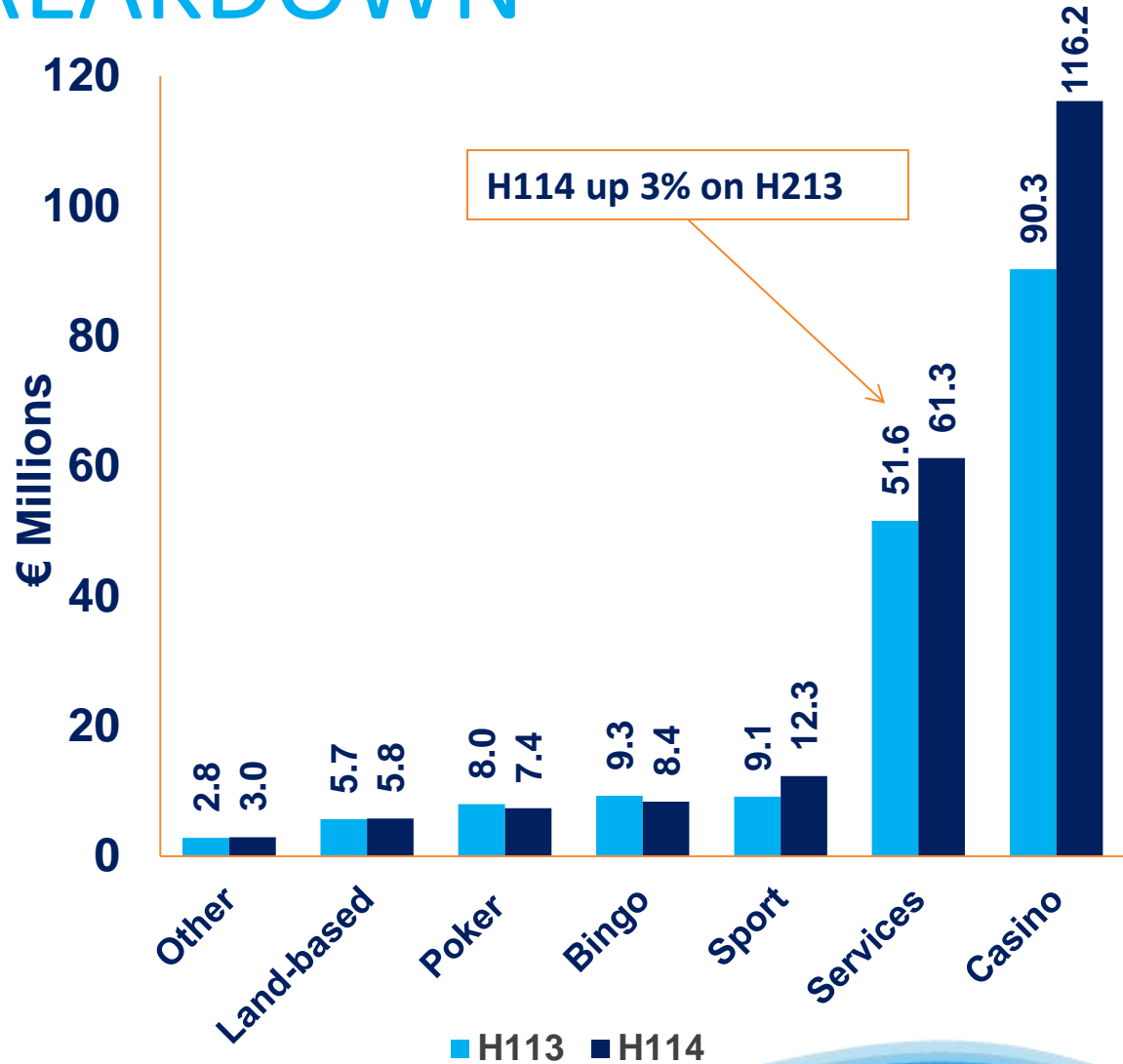
# REVENUE BRIDGE



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

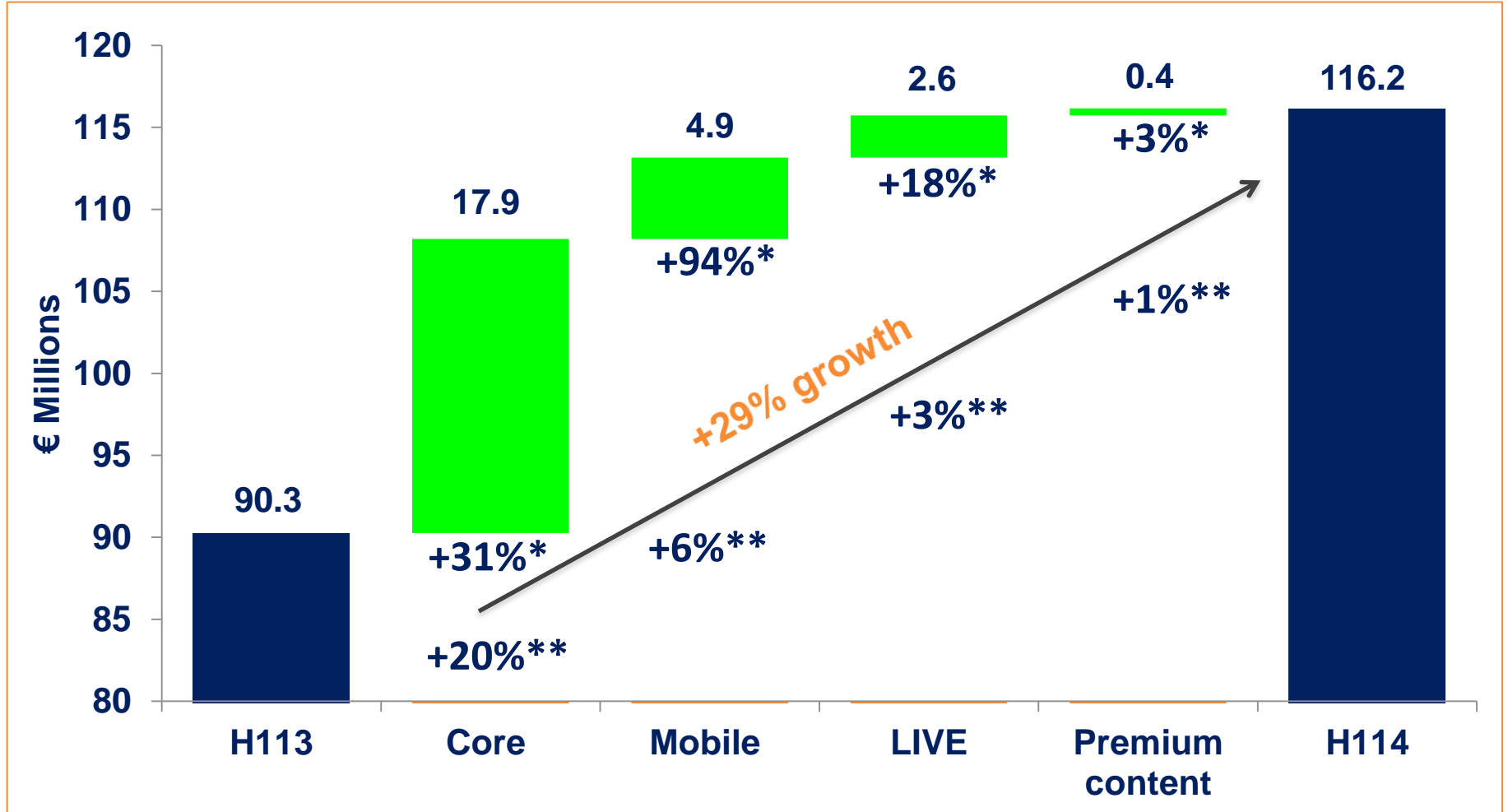
# REVENUE BREAKDOWN

- Casino **up 29%**
- Services **up 19%**
- Sport **up 35%**
- Bingo **down 9%**
- Poker **down 8%**
- Land-based **up 2%**



Poker and bingo line items exclude casino side games contribution, which are reported under the casino line item

# CASINO BREAKDOWN



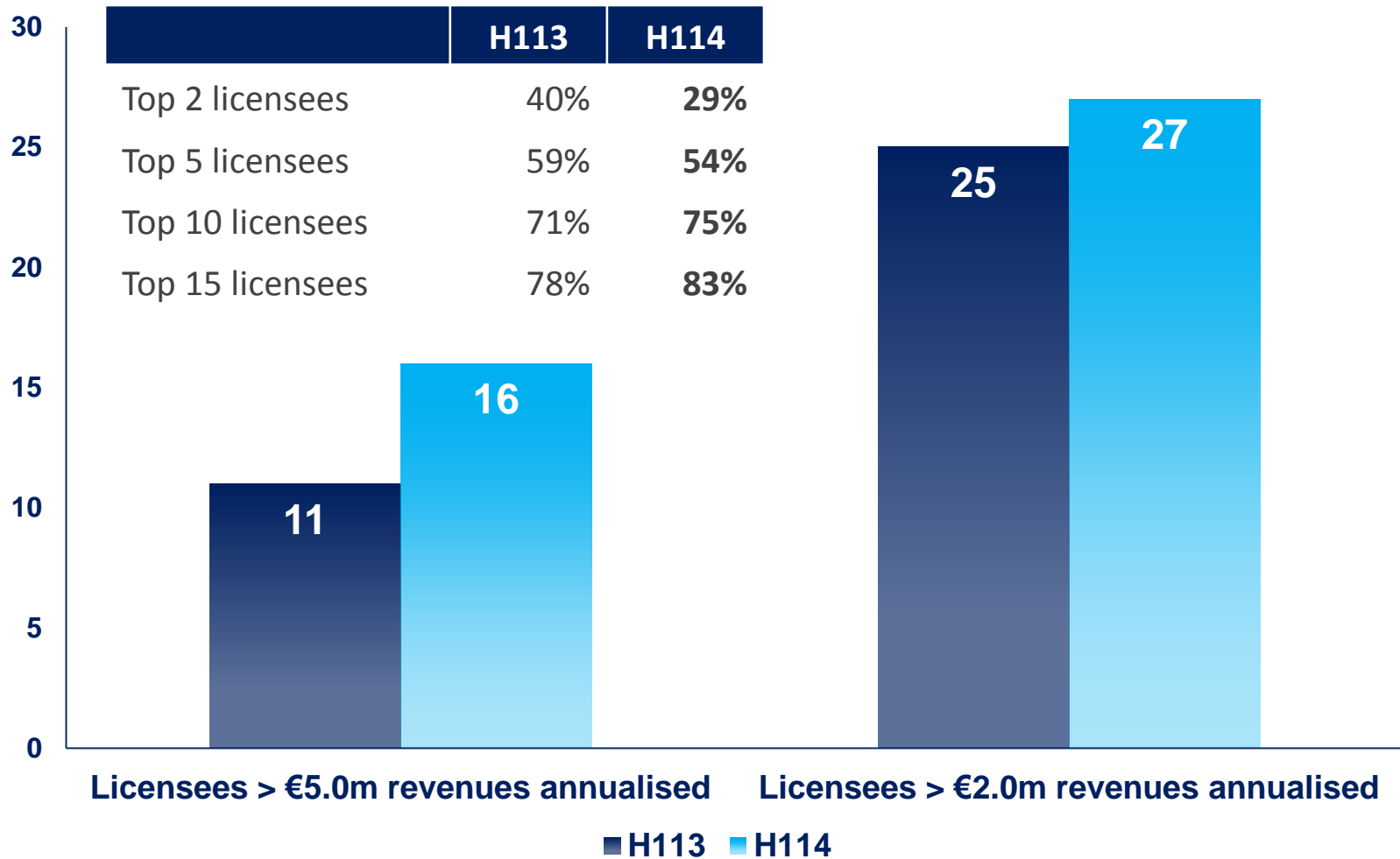
\*Growth of each segment

\*\*Constituent part of casino growth

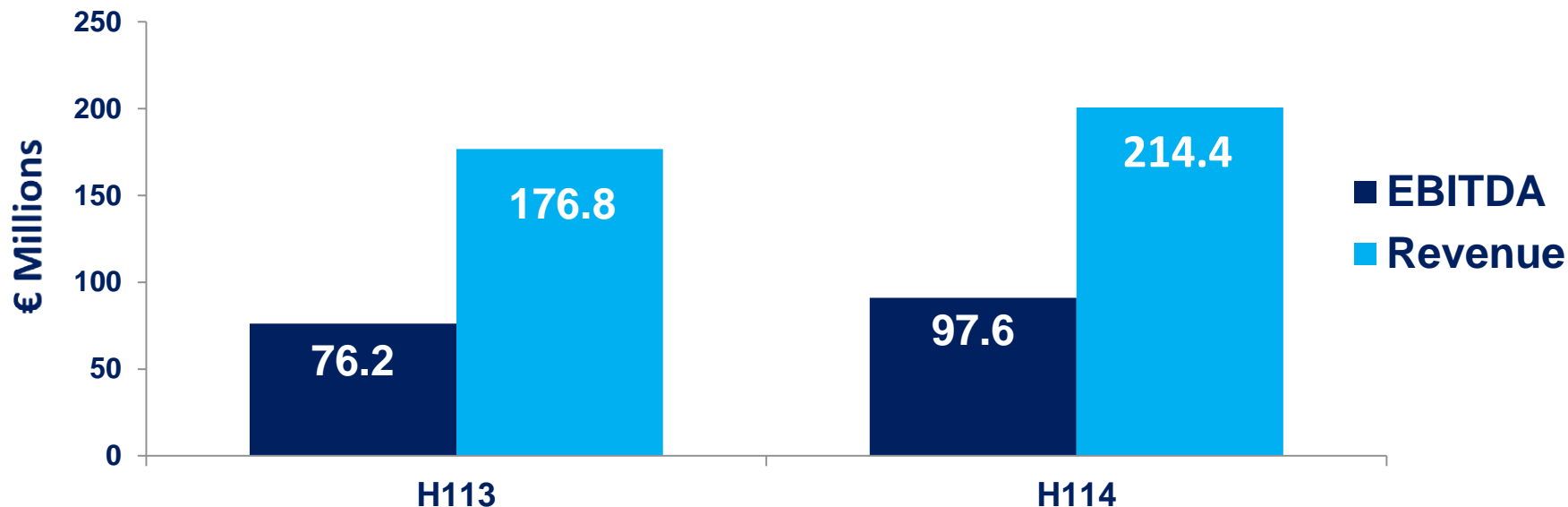
# MOBILE GROWTH

€m	H113	H114	%
Sports	7.9	<b>10.4</b>	<b>31%</b>
Casino	5.3	<b>10.2</b>	<b>94%</b>
Bingo	0.8	<b>1.1</b>	<b>30%</b>
Poker	-	<b>0.1</b>	-
<b>Total</b>	14.0	<b>21.8</b>	<b>56%</b>

# CUSTOMER CONCENTRATION



# ADJ. EBITDA MARGIN



- EBITDA Margin 43.1%, up 240bps
- Increase due to €/Sterling (60bps), capitalisation (80bps), reduced revenue driven costs (30bps), one off items (40pbs) and acquisitions (30bps)

# ANALYSIS OF COSTS AND EXPENSES

€m	H113		H114	
Adj. operational costs	100.7		<b>116.8</b>	
Revenue-driven costs	19.1	10.8%	<b>17.1</b>	<b>8.0%</b>
Adj. operating expenses exc. revenue-driven costs	81.6		<b>99.7</b>	
Employee-related costs	49.7	61.0%	<b>62.7</b>	<b>62.8%</b>
Cost of services	11.5	14.1%	<b>14.4</b>	<b>14.4%</b>
Administration and office costs	8.4	10.3%	<b>10.5</b>	<b>10.5%</b>
Travel, exhibitions & marketing	4.6	5.7%	<b>4.8</b>	<b>4.8%</b>
Other	7.3	9.0%	<b>7.4</b>	<b>7.4%</b>
Total		100%		100%

# SUMMARY CASH FLOW

€m	H113	H114
<b>Cash from operating activities</b>	<b>89.3</b>	<b>98.6</b>
Net proceeds from sale of WHO stake	492.5	-
Acquisition of subsidiaries (net of cash acquired)	(37.7)	(29.8)
Proceeds from available for sale investments	18.2	-
Other	10.5	(30.9)
<b>Cash provided by investing activities/(used in)</b>	<b>483.5</b>	<b>(60.7)</b>
Dividends paid	(45.0)	(166.2)
Purchase of employee benefit trust	-	(48.5)
Net bank borrowings	(69.2)	-
Other	(0.9)	4.2
<b>Cash used in financing activities</b>	<b>(115.1)</b>	<b>(210.5)</b>
<b>Cash flow from exchange rate gains</b>	<b>(2.3)</b>	<b>11.2</b>
<b>Increase /(decrease) in cash and cash equivalents</b>	<b>455.4</b>	<b>(161.4)</b>

# BALANCE SHEET HIGHLIGHTS

- **Cash balance €366.0m**
- **Total Assets €903.2m**
- **Total Equity €780.9m**
  - Debt free at year end
  - De minimis deferred consideration
  - Forex gains on cash held in Sterling



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# Strategic Highlights

- Successful execution of strategy
- Full launch of Ladbrokes
- Significant contract wins in Q2
- Sales momentum continued into Q3
- Expanding relationships with licensees
- Major progress in services division
- Roll-out of BI Innovation Package



# Innovation and improved IMS

- Player acquisition and retention tools
- Player value predictive models
- Notification tools outside of inbox
- Data-driven marketing tools
- UI optimiser
- In-game tracking
- Reduced attrition



# Casino

- Strong growth
- Mobile casino gaining momentum
- Live continuing to grow
- Strong licensee pipeline
- Further development of mobile
- Increased number of games released



# Sport

- Further launches
- Many more opportunities in regulated markets
- Integration of 3<sup>rd</sup> party content
- Unique multi-channel, cross-platform integrated solution
- Robust performance
- Enhanced by partnership agreement



# Bingo

- Increased cross-sell activity
- Driven by tablet, mobile, slots and open platform
- Mirror Group launched (“white label”)
- Economic player acquisition tool



# Poker

- Innovation
- Network ecology improved in consultation with licensees
- Roll-out of the most advanced tablet poker product
- Independent network more important than ever



# Land-based

- Rolled out converged unique multi-channel offering to 1,700+ Coral shops
- Full visibility of players across channels
- Tailored experience for each player
- Automated limits setting across all channels
- Major trial continues



# Mobile

- Mobile penetration accelerated through H1
- Total mobile growth of 56%
- Casino almost as large as sports
- Significant competitive advantage
- Mobile poker launched



# Services

- Ladbrokes making good progress following April migration to IMS and casino
- New turnkey licensees in three important regulated markets
- Robust pipeline with a strong focus on regulating markets
- PokerStrategy progress



# Progress in regulating markets

- Agreement signed with Holland Casino
- Trinity Mirror: white label
- Significant operators: SkyBet, RAY
- Structured agreements
- Strong pipeline of regulated deals
- UKGC license application submitted



# New structured deals

- Trinity Mirror
  - large multimedia UK Publisher
  - new 'white label' model
- Caliente
  - largest land-based gambling group in Mexico
  - operations in 11 other countries in South America
  - long term agreement for software and services
- Major Italian media brand
  - owns extensive Italian assets
  - support new Italian-focused website

# Capital Allocation

- Continue to seek strategic opportunities as well as bolt-on acquisitions
- Acquisition criteria unchanged
- Maintain competitive edge through continual investment
- In-house development
- Board keeping capital structure under review



# Q&A