

Full year results 2016

23 February 2017

AGENDA

Highlights

Financial review

Financials division

Gaming division,
strategy and outlook



Alan Jackson
Chairman



Andrew Smith
Chief Financial Officer



Ron Hoffman
Financials Division CEO



Mor Weizer
Group CEO

EXECUTING ON STRATEGY

STRONG FINANCIAL PERFORMANCE, STRATEGIC M&A AND CAPITAL RETURNED

- Continued strong growth in the Gaming division with important renewals
- Gaming M&A delivered in 2016 including BGT, Quickspin and ECM; Eyecon in 2017
- Encouraging performance in Financials division with CFH enhancing B2B offering
- €296m returned to shareholders through dividend, special dividend and buyback
- Management remains confident of a strong performance in 2017 and beyond

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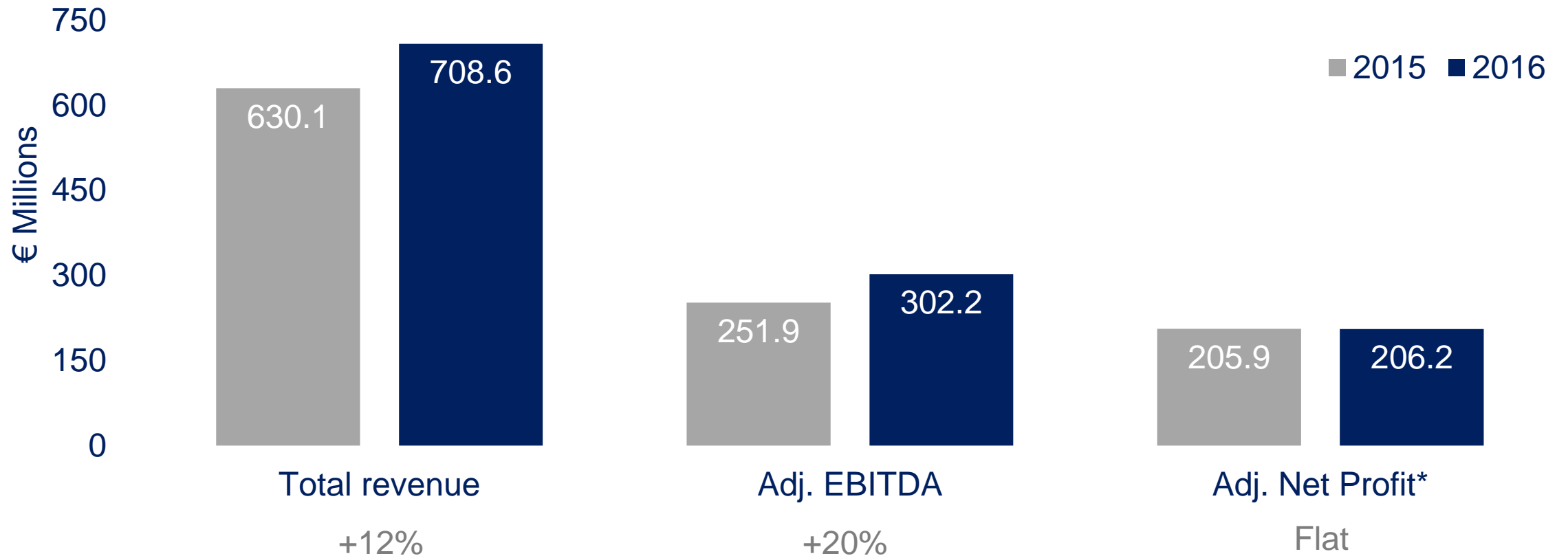
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RESULTS SUMMARY

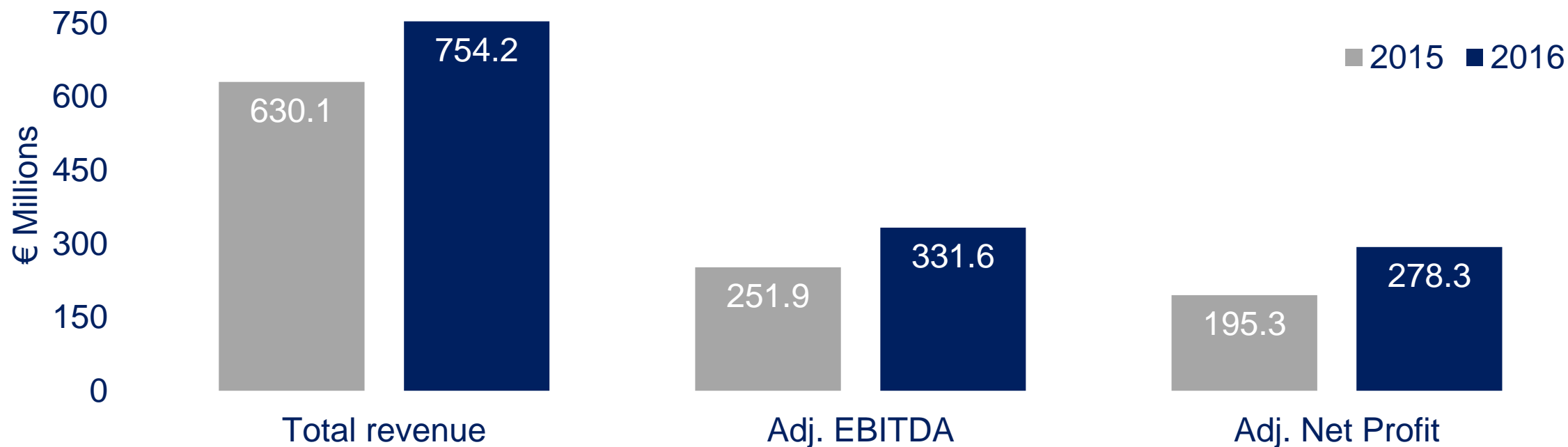
STRONG REVENUE AND EBITDA GROWTH; NET PROFIT IMPACTED BY FX



*Adj. Net Profit does not include £75m from Ladbrokes

RESULTS SUMMARY AT CONSTANT CURRENCY

VERY STRONG PERFORMANCE



Incl. acquisitions
Excl. acquisitions

+20%
+13%

+32%
+28%

+42%
+48%

NEW PRESENTATION OF VERTICALS IN 2017

	Old presentation			New presentation			Change
	2015	2016	CC %	2015	2016	CC%	2016 €m
Casino	308.7	354.6	23%	328.8	374.1	22%	19.5
Services	155.6	151.6	4%	155.6	151.6	4%	-
Sport	32.2	30.9	2%	34.5	58.4	82%	27.5
Land-based	29.8	57.1	108%				-57.1
Bingo	20.5	17.8	-1%	20.5	19.8	10%	2.0
Poker	11.2	9.1	-17%	11.2	9.1	-17%	-
Other	12.1	21.9	89%	19.5	30.0	62%	8.1

MARGIN ANALYSIS

MATERIAL MARGIN IMPROVEMENT

		2015			2016		
		Revenue	Adj. EBITDA	Margin	Revenue	Adj. EBITDA	Margin
Reported	Gaming	570.1	236.0	41%	643.0	286.9	45%
	Financials*	60.0	15.9	26%	65.6	15.4	23%
	Group	630.1	251.9	40%	708.6	302.2	43%
CC	Group	630.1	251.9	40%	754.2	331.6	44%

* 2015 figures from 8 May 2015 onwards

COST ANALYSIS

STRONG COST CONTROL

€m	2015		2016	
Adj. operating costs	378.2		406.3	
Revenue-driven costs	36.0	6%	52.0	7%
Adj. operational costs excluding revenue-driven costs	342.2		354.3	
Employee-related costs	181.7	53%	190.0	53%
Cost of services	48.3	14%	51.1	14%
Operational marketing costs	45.8	13%	41.3	12%
Admin and office costs	28.7	9%	34.3	10%
Other costs	26.1	8%	24.5	7%
Travel, exhibitions and marketing	11.6	3%	13.1	4%

NET PROFIT AND EPS

BELOW THE LINE ITEMS IMPACTED BY FX AND FINANCING

- Adjusted net profit flat as reported but up 42% at constant currency
 - growth in reported EBITDA offset by impact from exchange rate differences
 - consideration from Ladbrokes merger not included in Adjusted net profit
- Adjusted diluted EPS up 37% at constant currency
 - down 3% as reported
 - impacted by June 2015 equity placing
- Increased D&A charge for the full year
 - increase due to inclusion of BGT
 - no change to underlying D&A

CASHFLOWS

STRONG, GROWING AND SUSTAINABLE CASHFLOWS

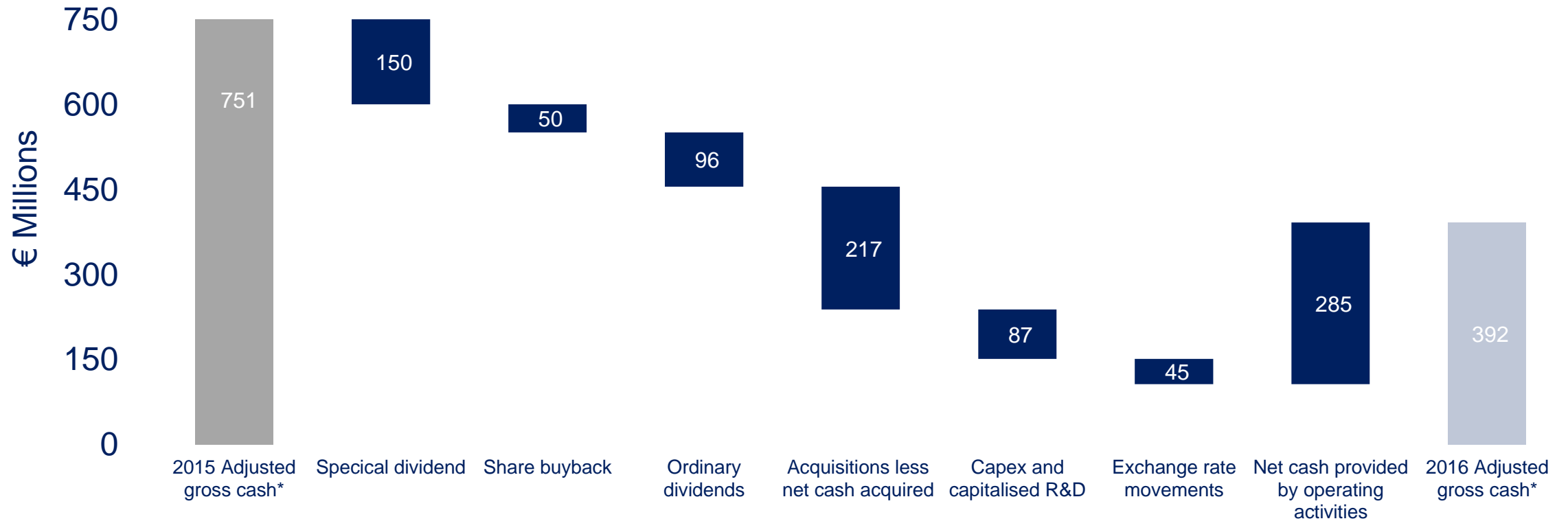
- Net cash from operations up 25% at €251.4m (2015: €200.8m)
- Improved cash conversion of 94% (2015: 80%) from adjusted EBITDA (when adjusted for jackpots, security deposits and client equity)
- Strength and sustainability of cashflows enables 15% increase in regular dividend

BALANCE SHEET

SIGNIFICANT FLEXIBILITY

- €392m of gross cash at the end of 2016 (Dec 2015: €751m) when further adjusted for jackpots, security deposits and client funds
 - gross cash of €545m at the end of 2016 (Dec 2015: €858m)
 - €469m when adjusted for CFH client accounts
- In addition, €230.3m of available for sale investments (Ladbrokes, Plus500)
 - vs €237.1m at Dec 2015 and €234.4m at June 2016
 - additional €44.5m of Ladbrokes shares in November 2016
 - €11.9m in dividends from these investments in 2016

CASH FLOW BRIDGE



*Adjusted gross cash is net of cash held on behalf of clients, progressive jackpots and security deposits

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FINANCIALS DIVISION

SIGNIFICANT IMPROVEMENT IN THE SECOND HALF OF 2016

Actual 2016 vs 2015 (incl. CFH)

€m	2015	2016	Chg
Revenue	60.0	65.6	9%
Adj. EBITDA	15.9	15.4	-5%
<i>Margin</i>	<i>27%</i>	<i>23%</i>	

H2 2016 vs H1 2016 (excl. CFH)

€m	H1 2016	H2 2016	Chg
Revenue	31.3	32.5	4%
Adj. EBITDA	5.9	8.9	51%
<i>Margin</i>	<i>19%</i>	<i>26%</i>	

Commentary

- Full year results reflect the business transition and improvements made to the business in H1 2016
- H2 2016 saw a material improvement in performance
- CFH contributed €1.8m of revenue from completion on 30 November

FINANCIALS DIVISION

ENCOURAGING KPIs IN H2

CFDs - Actives

'000s	H1 16	H2 16	Chg
B2C – markets.com	15.7	16.7	7%
B2B	13.0	14.7	12%
Total	28.7	31.4	10%

CFDs – First Time Depositors

'000s	H1 16	H2 16	Chg
B2C – markets.com	5.4	8.6	58%
B2B	7.7	9.6	24%
Total	13.1	18.1	37%

CFH ACQUISITION

TECHNOLOGY & LIQUIDITY

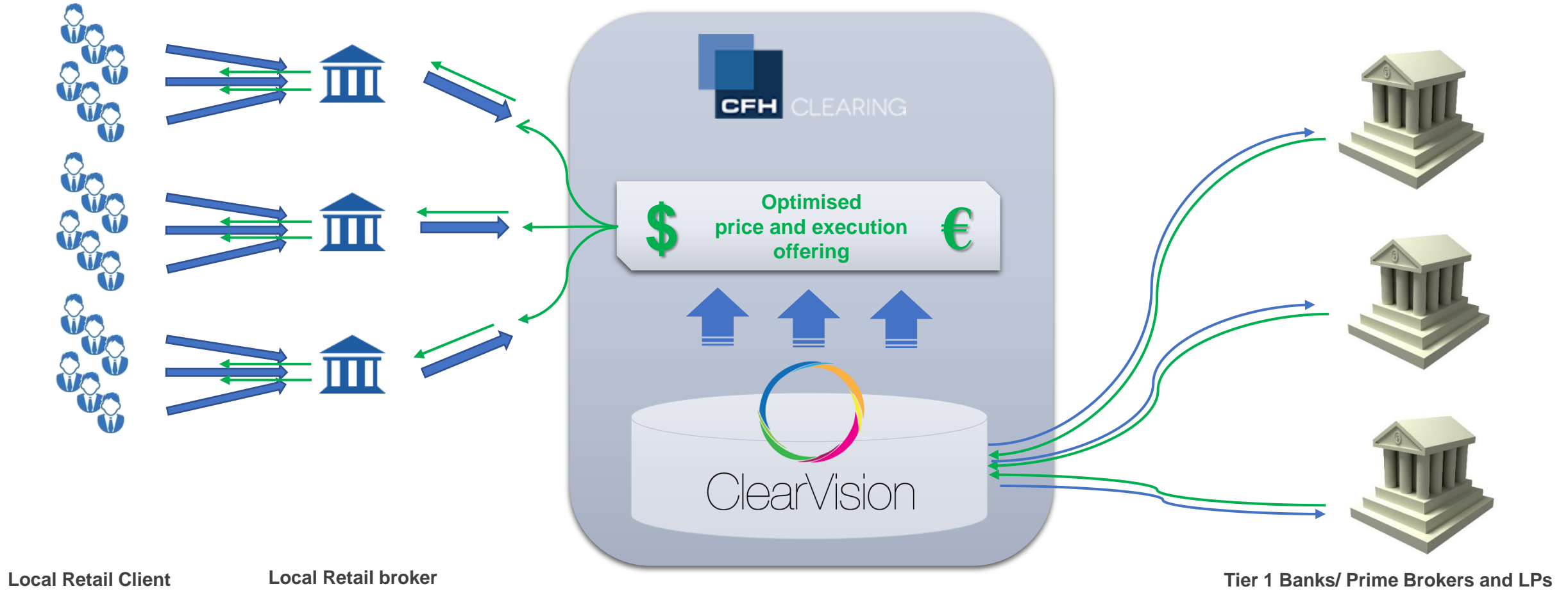


ClearVision



CFH ACQUISITION

TECHNOLOGY & LIQUIDITY



CFH ACQUISITION

SIGNIFICANT GROWTH OPPORTUNITY

- One of the top interbank STP venues in the world, considered one of the most reputable providers of technology and clearing in the industry
- Over 250 monthly active customers in more than 80 countries, servicing thousands of retail end customers worldwide
- Well positioned for future growth with its best in class clearing technology embedding risk management tools, liquidity control and back office capabilities
- Uniquely positioned in the market with \$1.5bn in direct interbank credit lines with tier 1 banks, liquidity providers and prime brokers including Barclays, Goldman Sachs, UBS, Jefferies and more
- CFH will have access to the Playtech's Financials division's wide range of CFD instruments which CFH will be able to offer on its clearing system over time, and getting access to a deeper pool of liquidity
- Significant opportunity with CFH's customer base having access to Playtech's proprietary trading platform, CRM technology, effectively mirroring Playtech's B2B offering in the Gaming division

REGULATORY LANDSCAPE

LEVELLING PLAYING FIELD

- Recent regulatory changes introduced by CySEC, followed by a consultation paper introduced by the FCA in response to the ESMA Q&A paper in Q4 last year
- Two main changes introduced by CySEC reflecting the change in atmosphere and regulatory framework:
 - Newly defined maximum default leverage
 - Ban on bonusing schemes that are designed to incentivise retail clients to trade
- Up until now the industry is highly fragmented with market share split across many different brokers
- Significant portion of market participants very much dependent on aggressive bonusing schemes to attract customers
- Presenting an opportunity for the appropriate brokers to grow and gain market share in the medium and long term
- Similar circumstances in the Japanese market, resulted in an attractive market which continues to grow, and more condensed competitive environment

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FOCUS ON RELEVANT CONTENT

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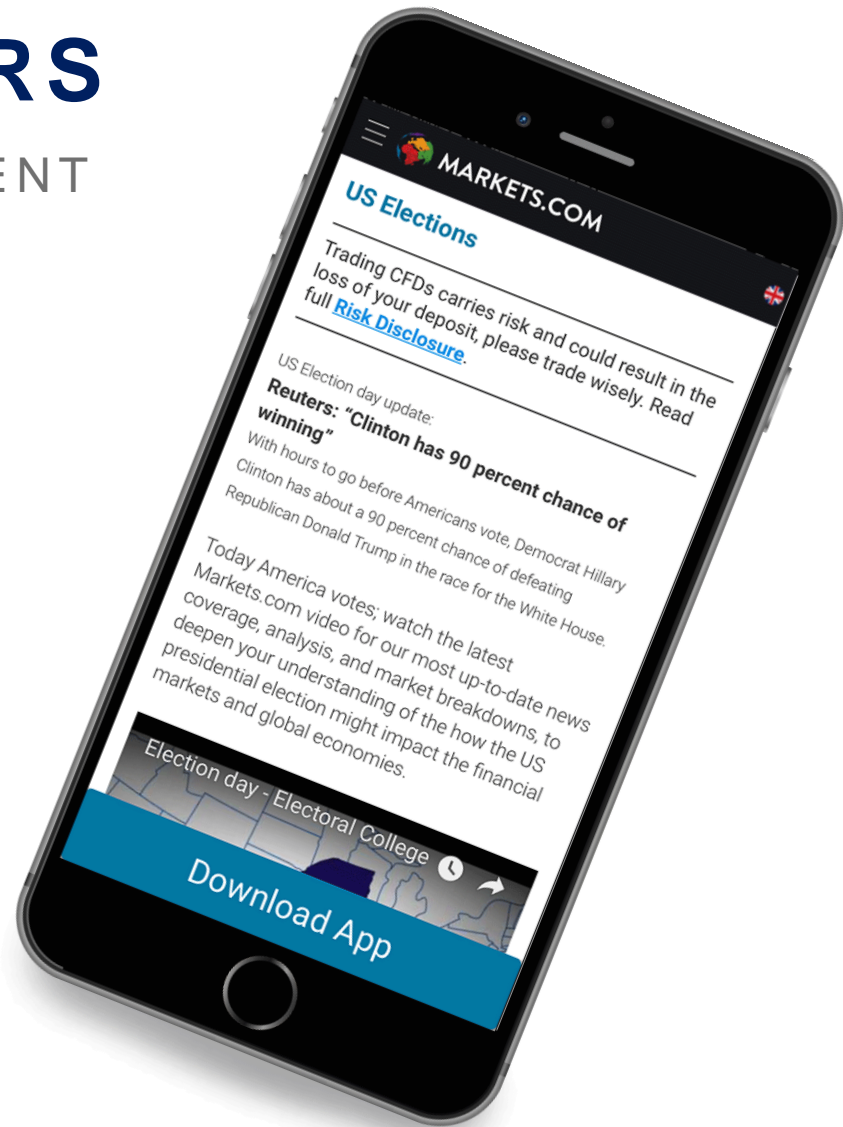
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OUTLOOK FOR THE FINANCIALS DIVISION

WELL POSITIONED FOR GROWTH IN BOTH B2B AND B2C

- New regulations introduced represent an opportunity for our B2C business to capture more of the market share
- Foundations established to capture future growth for our B2C business
 - customer acquisition through automated funnels
 - better technology, wider offering of instruments
 - enhanced automation of on-boarding processes
 - further CRM enhancements to come in 2017
- Strong B2B pipeline on both technology and liquidity through CFH
- CFH well positioned for organic growth, with deeper liquidity pools and superior risk management and liquidity control technology
- Further B2B opportunities with existing customers, expanding to technology, assets liquidity expansion, and more
- Further M&A opportunities

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STRONG OPERATIONAL & FINANCIAL PERFORMANCE, M&A AND RETURNS

Operational delivery

- Customer wins
- Contract renewals
- New content and features

Financial delivery

- Growth in revenue and profit
- Increased regulated revenues
- Record cash generation

M&A



QUICKSPIN



Shareholder returns

- Progressive ordinary dividend
- €150m special dividend
- €50m share buyback

KEY DRIVERS OF GAMING PERFORMANCE

UNDERLYING GROWTH OF 18%

- Casino continues to drive Gaming with strong H2 Sports performance following acquisition of BGT
- Both existing and new business contributing to growth
- Regulated Gaming revenues of 42% in 2016 (2015: 41%)
 - H2 regulated revenues of 46% vs 39% in H1 2016
 - Total group regulated revenues of 51% in H2 2016

GAMING MOBILE PENETRATION

INCREASE FROM 21% TO 33% OF SOFTWARE REVENUES IN 2016

PRODUCT VERTICAL	2015 (€M)	2016 (€M)	GROWTH %
Casino	48.3	111.2	130%
Sports	26.5	25.2	-5%
Bingo	4.1	5.3	28%
Poker	0.4	0.8	89%
Total	79.4	142.5	80%

“LOCKING-IN” FUTURE GROWTH

LAUNCHES, SIGNINGS AND RENEWALS

- Significant renewals
 - William Hill Group, Paddy Power Betfair, Betfred and Rank all renewed in 2017
 - 9 out of top 10 licensees now on long-term contracts
- Launched 10 new licensees including Win2day, Maxbet, Sun Bingo, Pokerstars and Victor Chandler
- Strong pipeline of new customers – size does matter – but it’s about scale and quality

“LOCKING-IN” FUTURE GROWTH

NEW AND IMPROVED PRODUCTS AND CONTENT

- Improvements to Live Casino
 - new studios in Latvia (the world’s largest next generation live casino) and Romania
 - augmented reality to enhance player experience
- Other new and improved products
 - “anonymous cash-out” functionality from bets placed on SSBTs
 - industry-first native apps
 - best-in-class HTML roulette and prestige baccarat
 - improved virtual products
- New content including
 - “heroic” payouts with Age of Gods series launched earlier in the year
 - agreement signed with DC Comics announced at ICE 2017
 - industry first true omni-channel game launched – Tiki Paradise

OPAP

A LANDMARK AGREEMENT FOR SSBTs AND OTC

- Significant milestone for Playtech BGT Sports
- Approximately 5,000 shops
- SSBTs and OTC
- Fully managed service including 25,000 in-play markets
- Potential for expansion of relationship



AN EXCELLENT YEAR FOR M&A

€240M SPENT ON ACQUISITIONS IN 2016



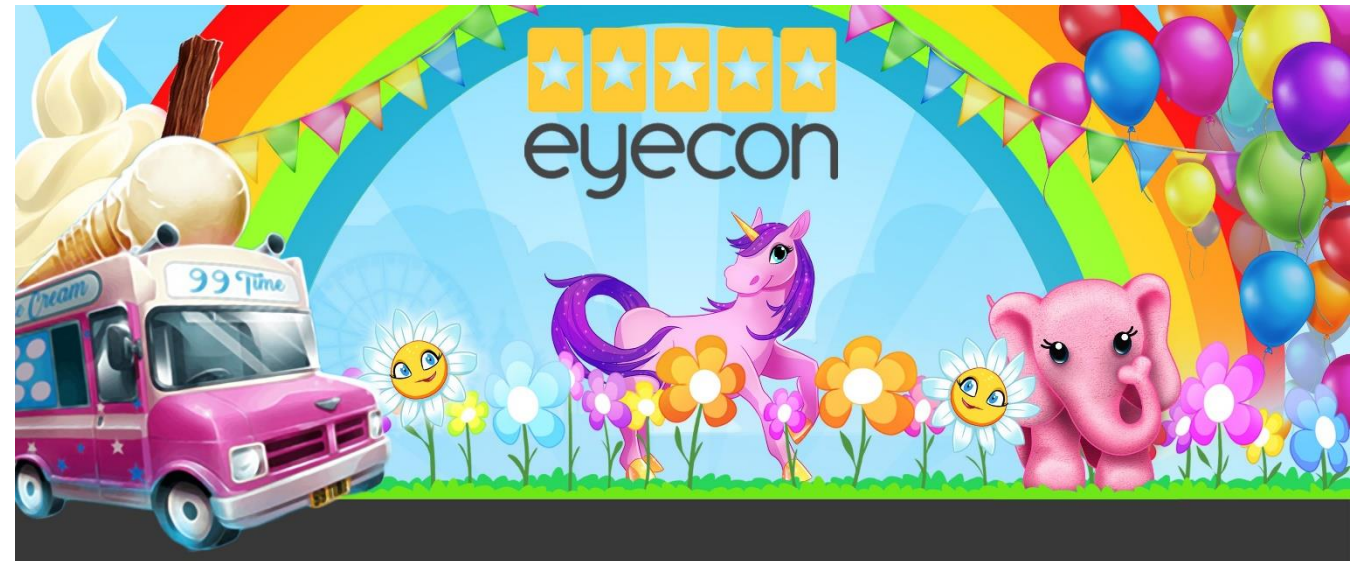
QUICKSPIN



EYECON

FURTHER STRENGTHENING PLAYTECH'S POSITION IN BINGO

- Specialist software supplier with Bingo and softer slots focus
- Distribution through internally-developed RGS
- Access to entire 888 bingo network customers
- Strengthens position as leading content provider
- Almost all revenues are regulated



70 games including industry leading
Fluffy Favourites

OUTLOOK BY VERTICAL

GAMING

Casino

- New regulated markets expected
- Omni-channel is inevitably the future of the industry
- Live Casino remains a key focus
- Strong growth in Asia expected to continue

Services

- Scalable modular approach
- Focus on key core regulated markets
- Structured agreements prove very successful
- White-label will increase scale

Bingo

- Acquisition channel for Casino
- ECM and Eyecon strengthen offering

Poker

- Remains an important part of the offering
- However no real change expected

Other (mainly Social and Casual)

- Strong recent performance from Narcos
- Now includes some revenues previously included with Land-based

OUTLOOK BY VERTICAL

GAMING - PLAYTECH BGT SPORTS

- Launched Playtech BGT Sports (PBS) in November
- Combining BGT, Geneity, Mobenga, Unilogic
- Strengthened management led by Dr. Armin Sageder
- Fully integrated best-in-class sports technology solution
- Seamless betting experience – all channels – OTC (Tills), SSBTs, Online Web and Mobile
- Already operational with a number of customers including Ladbrokes (outside of the UK), Fortuna Romania, Caliente and others
- Significant opportunity across Europe and South America



CURRENT TRADING AND OUTLOOK

POSITIONED FOR GROWTH

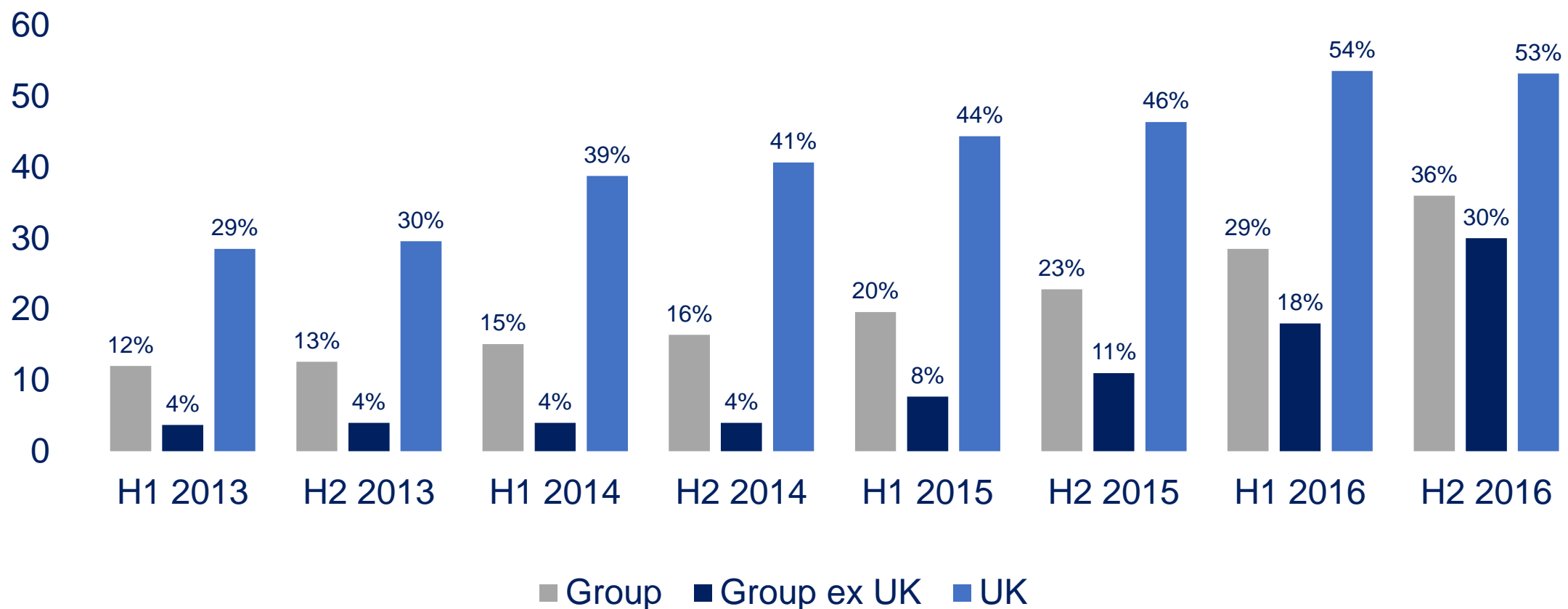
- Strong current trading in Gaming division
- Financials division trading in line with expectations with encouraging KPIs
- M&A pipeline remains healthy with active ongoing discussions
- Strong performance expected in 2017 driven by both organic growth and the acquisitions delivered in 2016

Appendices



GAMING MOBILE PENETRATION

SIGNIFICANT GAP BETWEEN UK MOBILE PENETRATION AND ELSEWHERE



REGULATORY SPLIT OF GAMING GROWTH

STRONG .COM GROWTH DUE TO INCREASED ROYALTY RATES IN ASIA

Excl' acquisitions	6%		
Regulated	1%	Existing	-6%
		New business	7%
.com	9%	Existing	8%
		New business	1%

GAMING CUSTOMER CONCENTRATION

NEW PRESENTATION BETTER REPRESENTS CUSTOMER DIVERSIFICATION

Old presentation

Licensees	2014	2015	2016
Top 5	53%	53%	55%
Top 10	75%	72%	73%
Top 15	83%	81%	82%

New presentation

Licensees	2014	2015	2016
Top 5	45%	42%	36%
Top 10	68%	62%	54%
Top 15	77%	73%	66%

Thank You

