

Technology driving the customer journey

Investor & Analyst Event Tel Aviv, November 2016

TODAY'S AGENDA

2.00 pm to 2.30 pm

Mor Weizer

Technology driving the customer journey

2.30 pm to 3.00 pm

Google

Industry trends

3.00 pm to 3.30 pm

Armin Sageder

BGT and Sport: a clear strategy

3.30 pm to 3.45 pm

BREAK

3.45 pm to 4.15 pm

Shimon Akad

Innovation

4.15 pm to 4.45 pm

Ian Ince

Understanding regulation

4.45 pm to 5.15 pm

Mor Weizer

Business development

5.15 pm to 5.45 pm

Q&A and wrap-up

TODAY'S KEY TAKEAWAYS

- The quality and breadth of **Playtech's technology driven offering is unrivalled**
- **We have a clear strategy for Sport**, with a fully integrated offering from retail to online to mobile, with a single back-end
- Our scale allows us to invest an **unmatchable amount into R&D, further extending our leadership position** and shaping the future of the industry
- Regulation is shaping the industry and driving growth - **Playtech performs a proactive and pivotal role** (but unregulated markets still have a key role to play)
- **Playtech has a proud history of M&A** which continues to be a priority
- **We look to the future with confidence**

A REMINDER OF THE KEY PILLARS OF OUR STRATEGY

1

Support organic growth

4

Increasing product, service and distribution capabilities

2

Cross-sell products and services

5

Improve quality of earnings

3

Attract new licensees

6

Acquisitions remain key

TECHNOLOGY DRIVING THE CUSTOMER JOURNEY

Customer acquisition and retention

Brand
Retail presence
On-line marketing
Affiliates / SEO
Google / Facebook
Algorithm based CRM

Non-land based

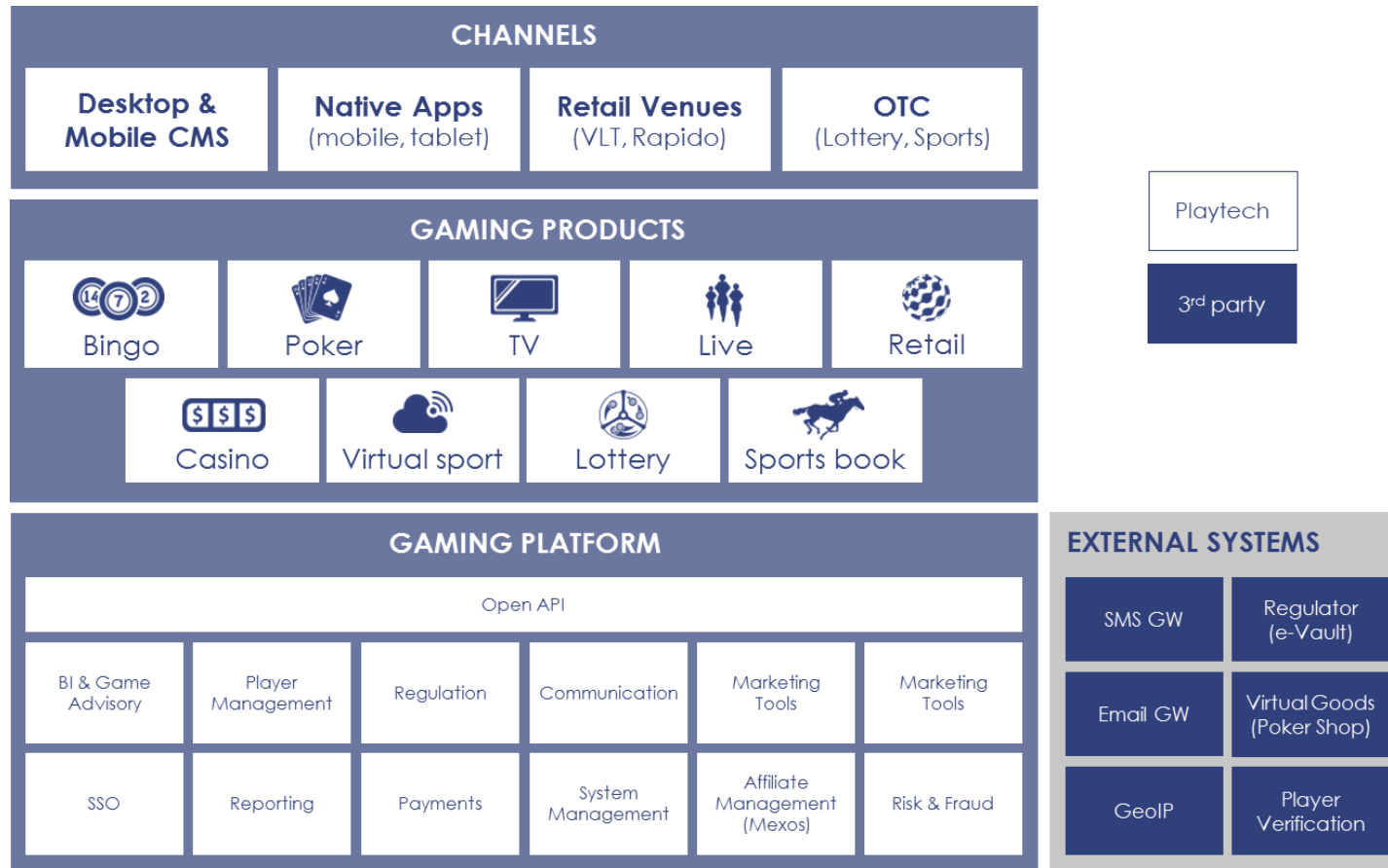
Mobile Tablet
Web TV

Land-based

Tills
SSBT
FOBT
Bingo handhelds

PLATFORM AND INFRASTRUCTURE

ARCHITECTURE IS CRITICAL



PLATFORM AND INFRASTRUCTURE

PLAYTECH'S OFFERING



WALLET

ONE wallet,
ONE view,
ONE platform



PERSONALISATION & COMMUNICATION

Bespoke player
experience, enabled
by segmentation and
supported by real-time
communication tools



CONTENT

Play any product, all
channels, locations
and devices



CRM & LOYALTY

Automated data-driven,
real-time, BI marketing
tools and bonus engine



USER EXPERIENCE

Seamless, responsive,
adaptive gameplay
across all channels
and devices

PLATFORM AND INFRASTRUCTURE

THE ALTERNATIVES

In-house build



VERTICALS AND CONTENT

PLAYTECH'S OFFERING



VERTICALS AND CONTENT

PLAYTECH'S OFFERING

- True omni-channel games
- Market leading content
 - 600+ games
 - 50+ new games each year
 - 60+ branded
 - localised content
- Progressive jackpots
 - 20,000 won every month
 - €156m paid out in 2015
- Largest “tappable” Poker and Bingo liquidity pools



VERTICALS AND CONTENT

THE ALTERNATIVES

Casino



Poker



Sports



Bingo



B2B TO B2C... AND EVERYTHING INBETWEEN

THE POWER OF SERVICES

B2B

B2C

 AMAYA

Asia

 William HILL

 bet365

 paddypower.com
poker • betting • casino • bingo

 CORAL

 FORTUNA

 Ladbrokes

 Caliente

 Mirror Mbingo

 Sun BINGO!

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BGT and Sport A clear strategy

Dr. Armin Sageder
Playtech BGT Sports Group



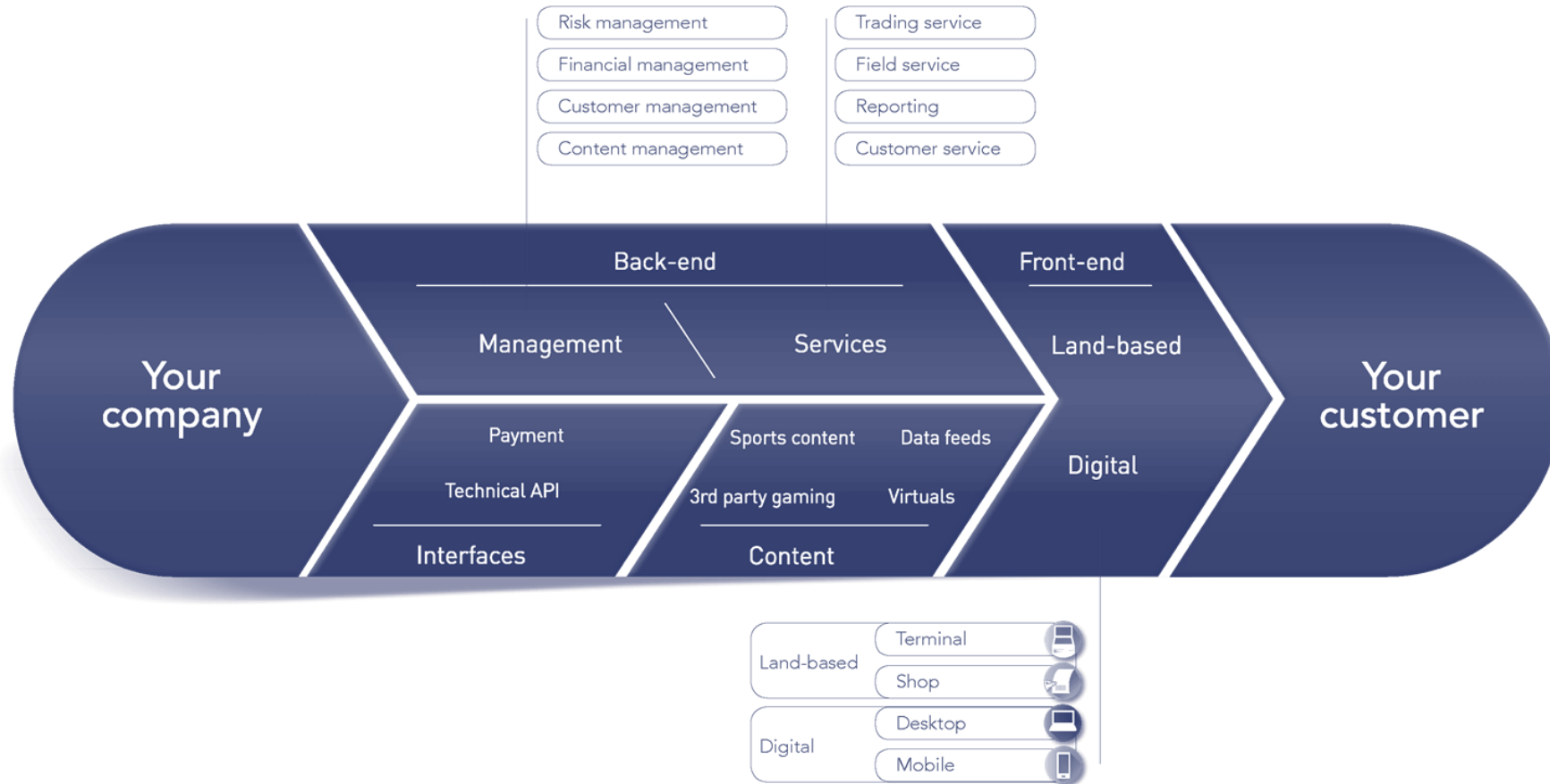
“WINNING ISN'T EVERYTHING,
IT'S THE ONLY THING”

Vince Lombardi

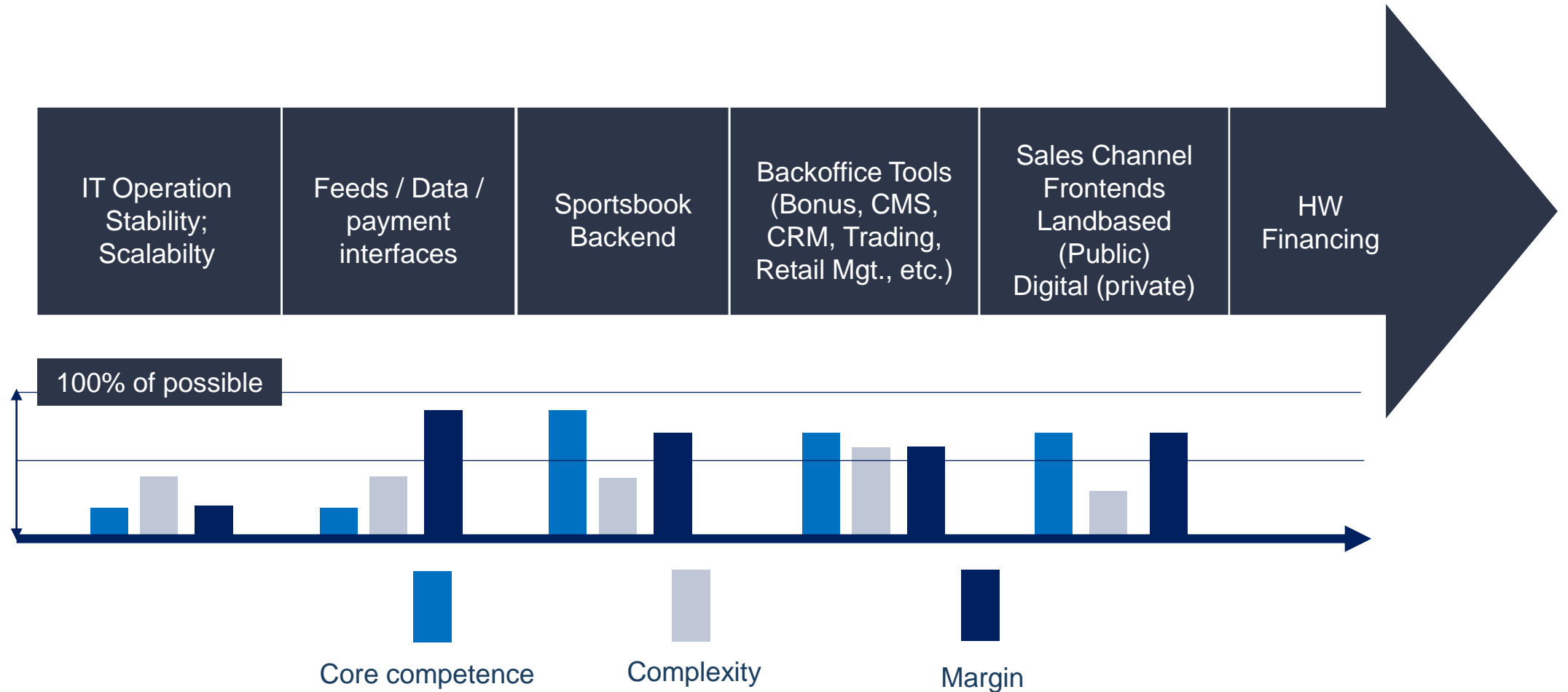
AN INTEGRATED OFFERING



BGT'S STANDALONE BUSINESS MODEL



“100” VALUE CHAIN ANALYSIS



BGT COMPETITORS

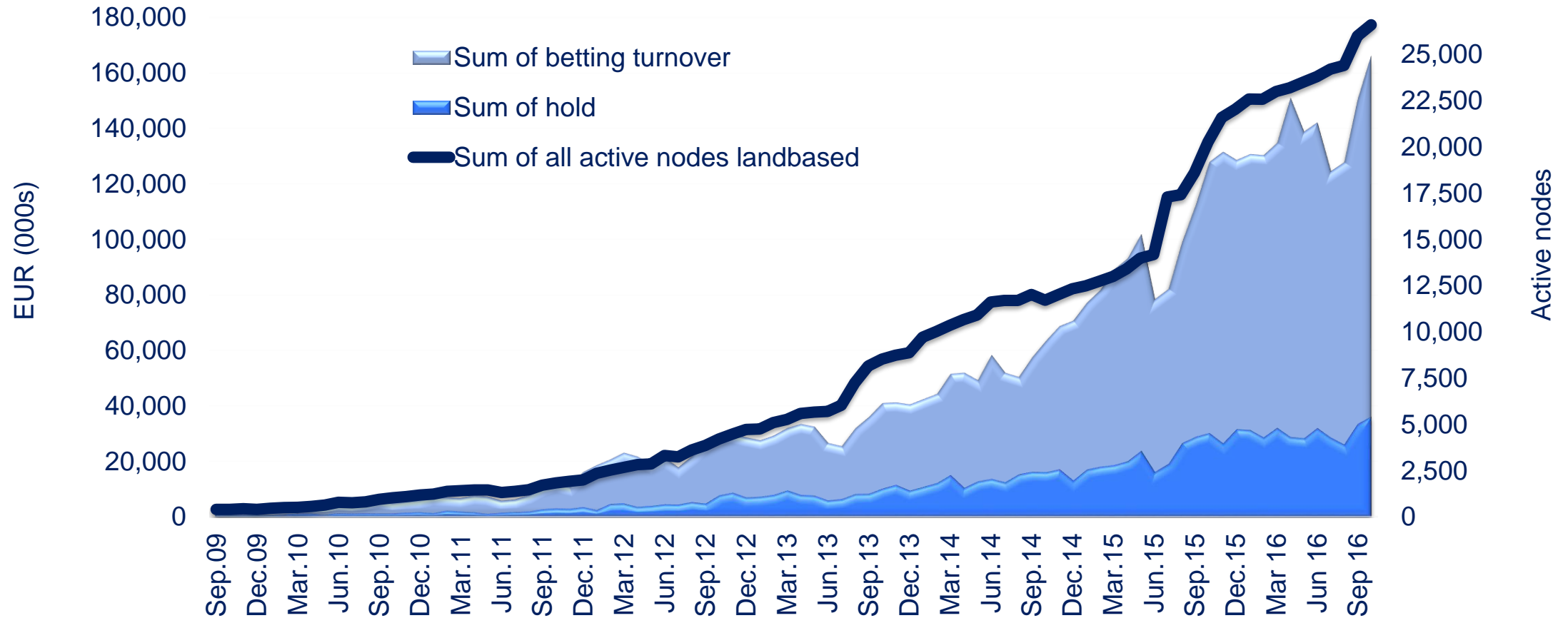
And some smaller suppliers for digital sportsbooks:

- BetConstruct
- SBTech
- Kambi



BGT BETTING KPIS

TURNOVER AND HOLD ON LH AXIS, NODES ON RH AXIS



MASSIVE OPPORTUNITIES AHEAD!

€4.5BN OF “HOLD” PER ANNUM

- There are many large and successful operators which have huge land-based businesses
- Opportunities exist across Europe with significant “Hold”
 - Greece: > €400m
 - Italy: > €600m
 - Spain and LATAM: > €800m
 - Russia: > €500m
 - UK / Ireland: > €1bn
 - Germany: €300m
 - Eastern Europe: > €400m
 - Africa: > €500m

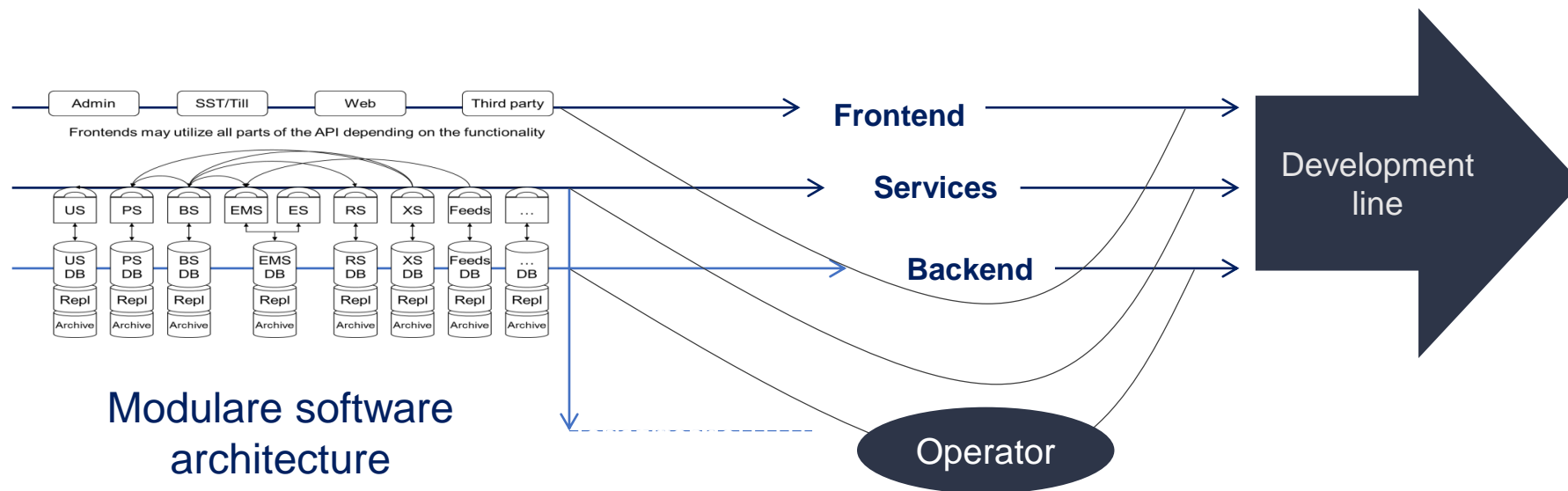
OUR STRATEGY FOR SPORTS

A CLEAR STRATEGY FOR GROWTH

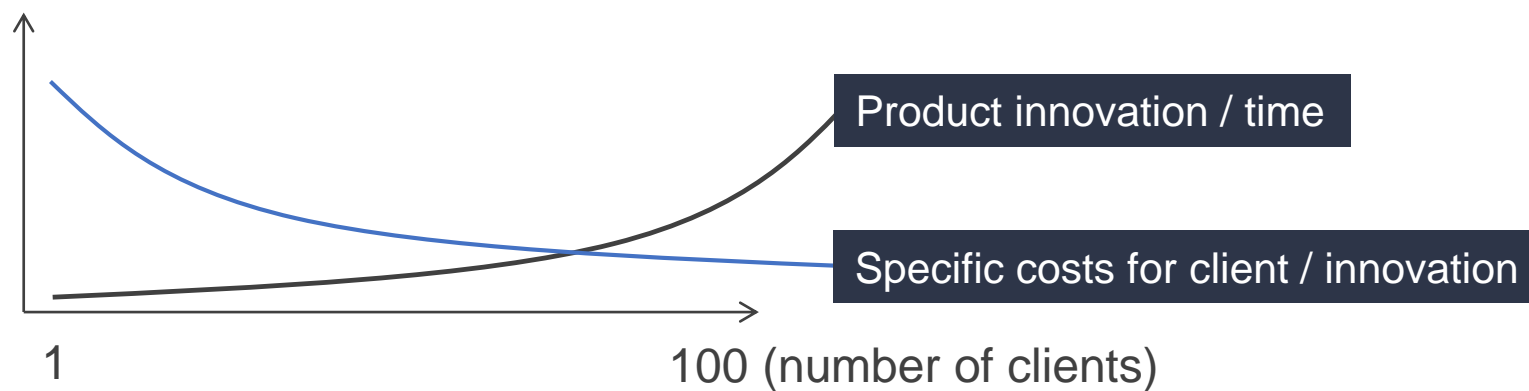


- Focus on core competences and high margin areas
- One Playtech-BGT Sports Platform
- Invest into backoffice GUIs / bonus engines
- Keep strategic front-ends in-house
- Ensure exclusive content / data strategy
- Outsource integration work where possible
- Outsource content integration where possible

REMAIN AN UNBRANCHED PLATFORM



...leads to...



STRATEGIC PILLARS

PERFORMANCE, HONESTY AND PASSION

- Bundle resources in BGT / Geneity / Mobenga / Betologic
- Take the Omni-channel projects from brick to click (not vice versa)
- Big markets are the focus - we are THE global powerhouse when it comes to sports betting technology
- Market share matters: we set the user journey standards
- Including feeds / data / content and distribution-technology we are unbeatably efficient, cheap and still very profitable
- Deliver excellent service and stability, and on time
- Have high expectations but do not oversell

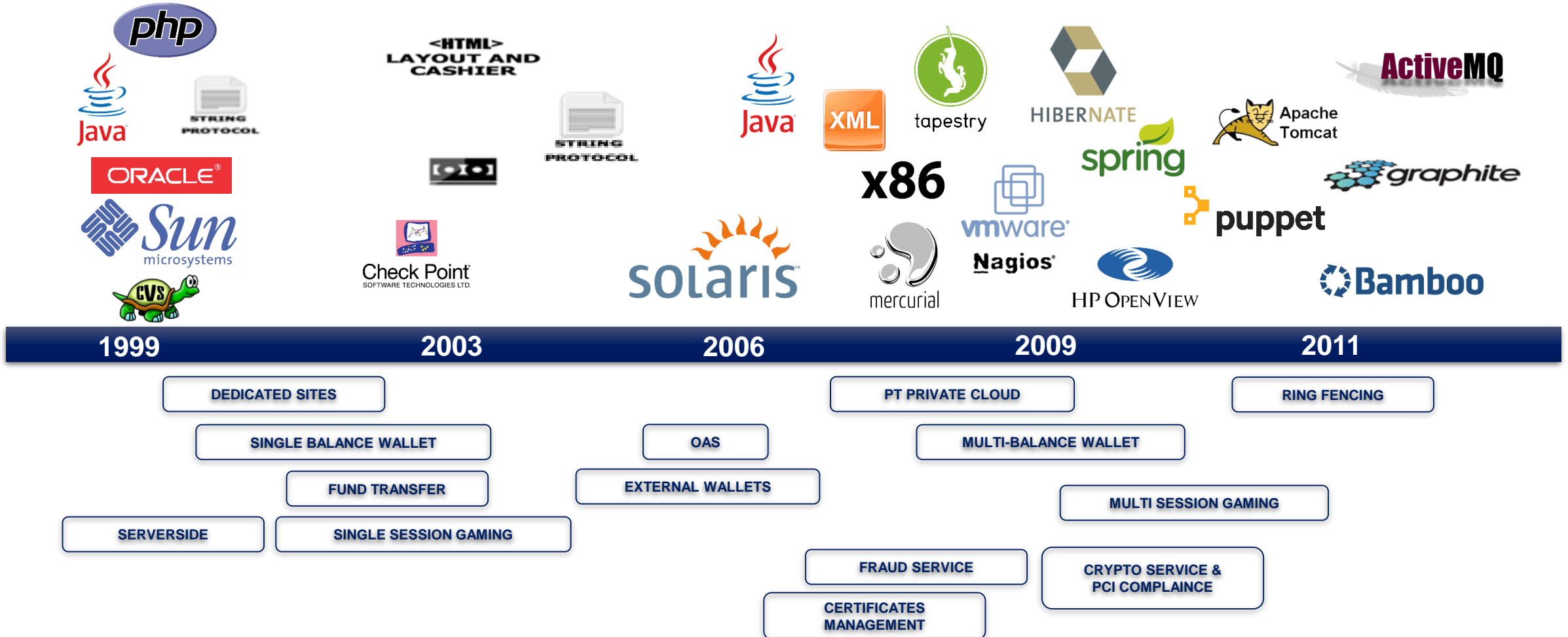
AN INTEGRATED OFFERING



Never standing still

Shimon Akad, COO

A PROUD HISTORY OF INNOVATION



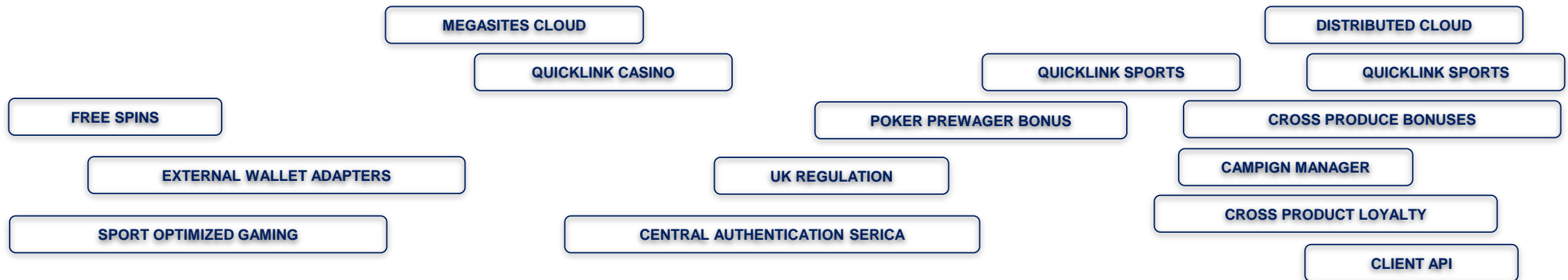
A PROUD HISTORY OF INNOVATION



2013

2015

2016 ONWARDS



THE GAMING EXPERIENCE

TURNING MATHS INTO ART

- Gaming is about entertainment, its about user experience combined with pure mathematical models
- Common slots have a return-to-player (“RTP”) of between 80% to 96%
- This will vary depending on the audience and market
- A game RTP is being monitored by the regulator authorized testing labs such as GLI and BMM

INTRODUCING COROSIN

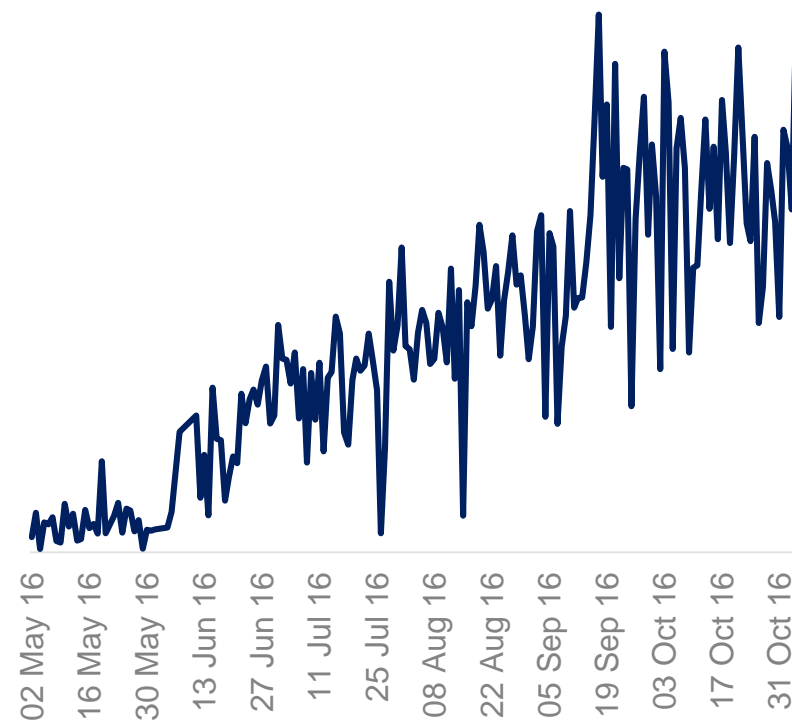
AN ENGINE TO MARRY THE IMAGINATION

- There are multiple of studios world wide which are continuously looking to create slots but not necessarily the slot engine/ platform it self
- There is a gap in the market for platform on which games can be produced
- Corosin will be rolled out in 2017
- Combined with POP, our open platform, Playtech will be able to offer both a platform to write games and to distribute them

SPORTS AS AN ACQUISITION CHANNEL

MAXIMISING RETURNS FROM TRAFFIC

- Reducing number of clicks from Sports to Casino
- Introduced table games to Sports desktop – c.20% of traffic
- Introduced table games on mobile Sports – c.50% of traffic
- Added more slots to the in-play area - enabling the last c.30% of traffic a one-click access to the slots



THE EVOLUTION OF MOBILE GAMING

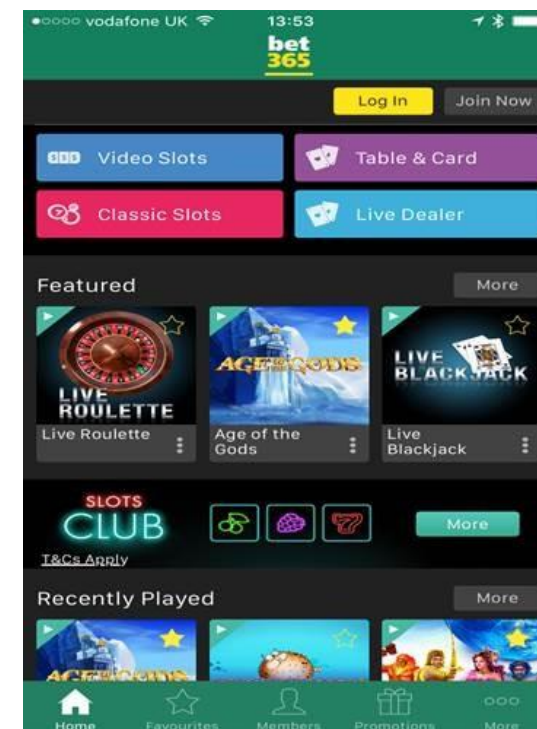
A MOBILE FIRST COMPANY

- The gaming industry was slow moving to mobile
 - The move in then happened fast for betting
 - Mobenga was a major part of this
- Transition to mobile is part of a longer process where games were written in C++, and then in Flash and now are in HTML5
- Playtech is now HTML5 driven.... but native has some advantages

BET365'S NEW NATIVE MOBILE CASINO APP

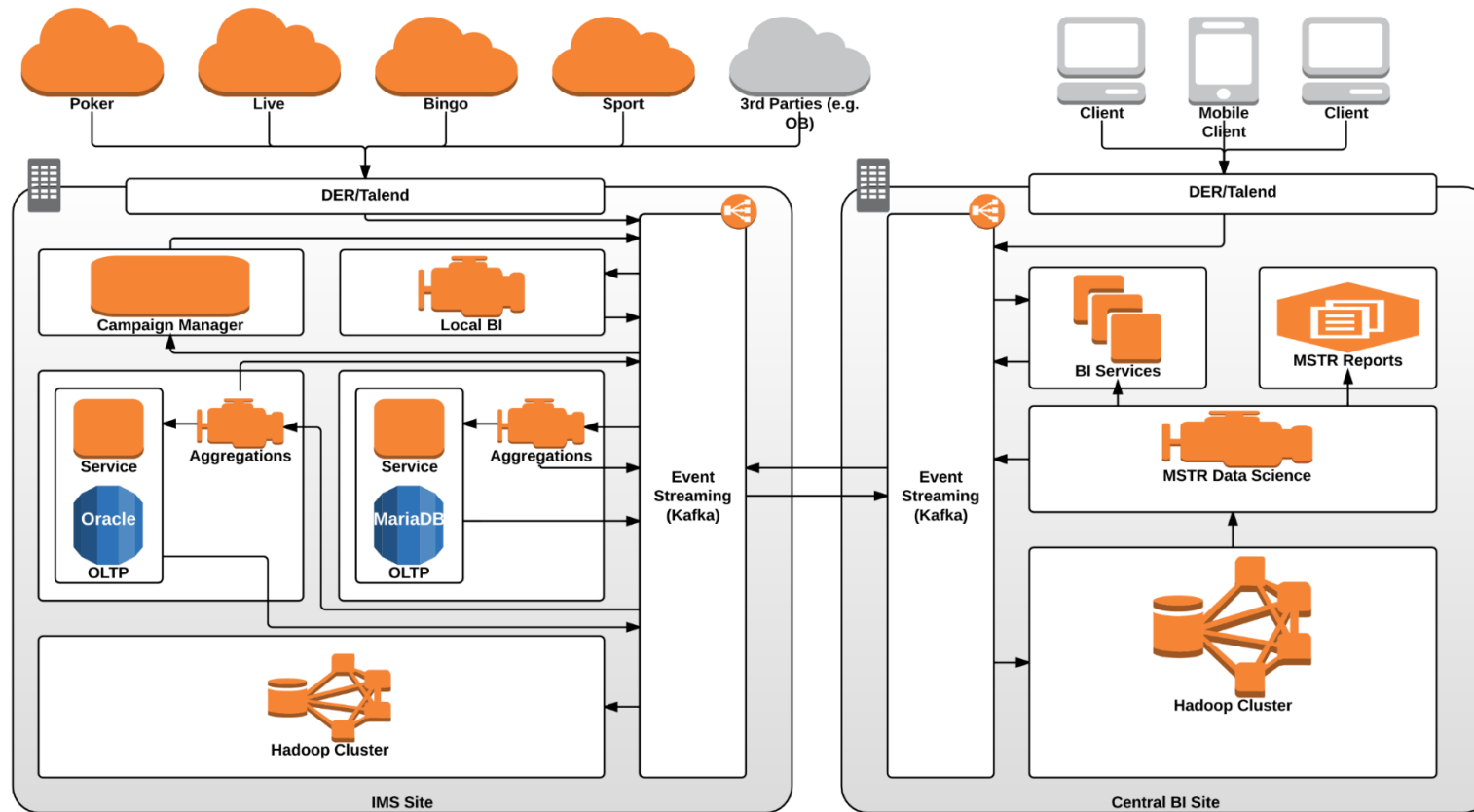
A HIGHLY SUCCESSFUL LAUNCH

- Complementary to HTML5 products
- Research suggests that 89% (vs. c.11% browser) of time on mobile is spent in-app
- Significant increase in number of sessions due to speed of loading
- Native works better when connectivity is poor



PLAYTECH'S NEW ARCHITECTURE

TAKING OUR PRODUCTS INTO THE DATA AGE



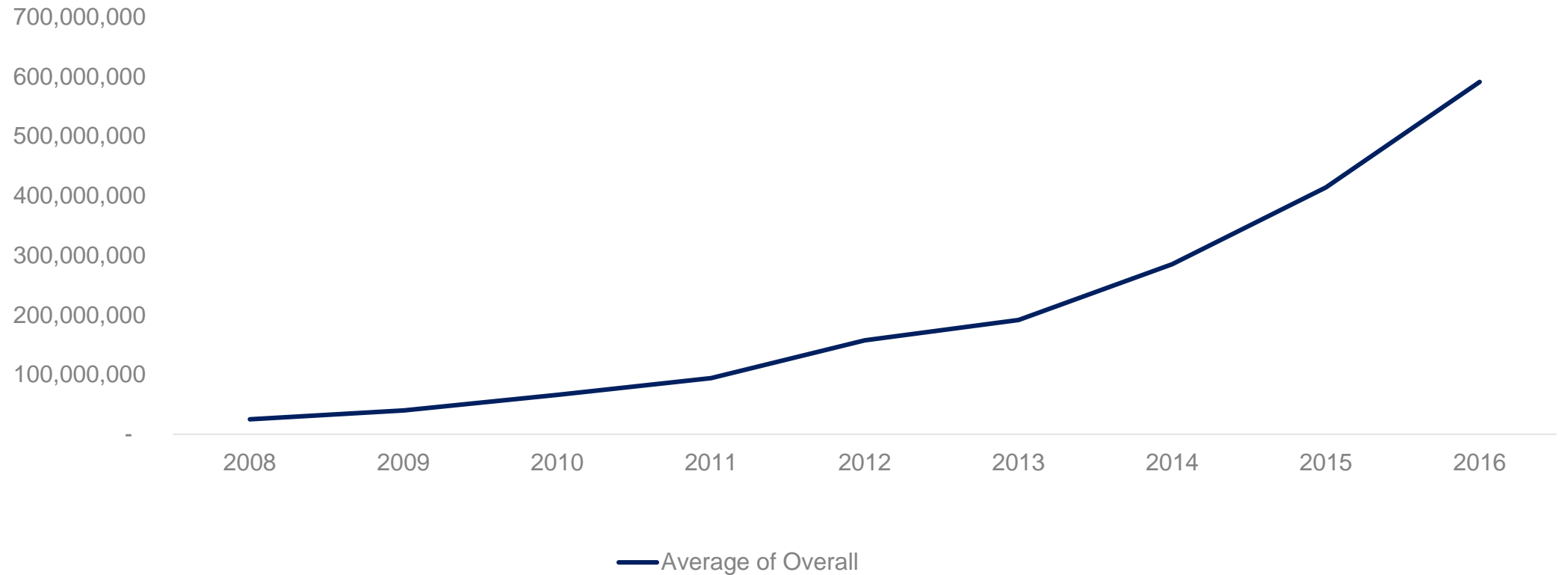
REAL-TIME ANALYTICS

IMPROVING ROI PER CUSTOMER

- The new architecture is there to support real time data so that we can excel with personalization and improved ROI per customer
- Reacting in real-time to retain the customer
- A multi trigger campaign manager takes to the next level

STABILITY AND SCALABILITY

OVER 700 MILLION GAMES PER DAY REACHED IN OCTOBER



Understanding regulation

Ian Ince

Head of Regulatory Affairs
and Compliance

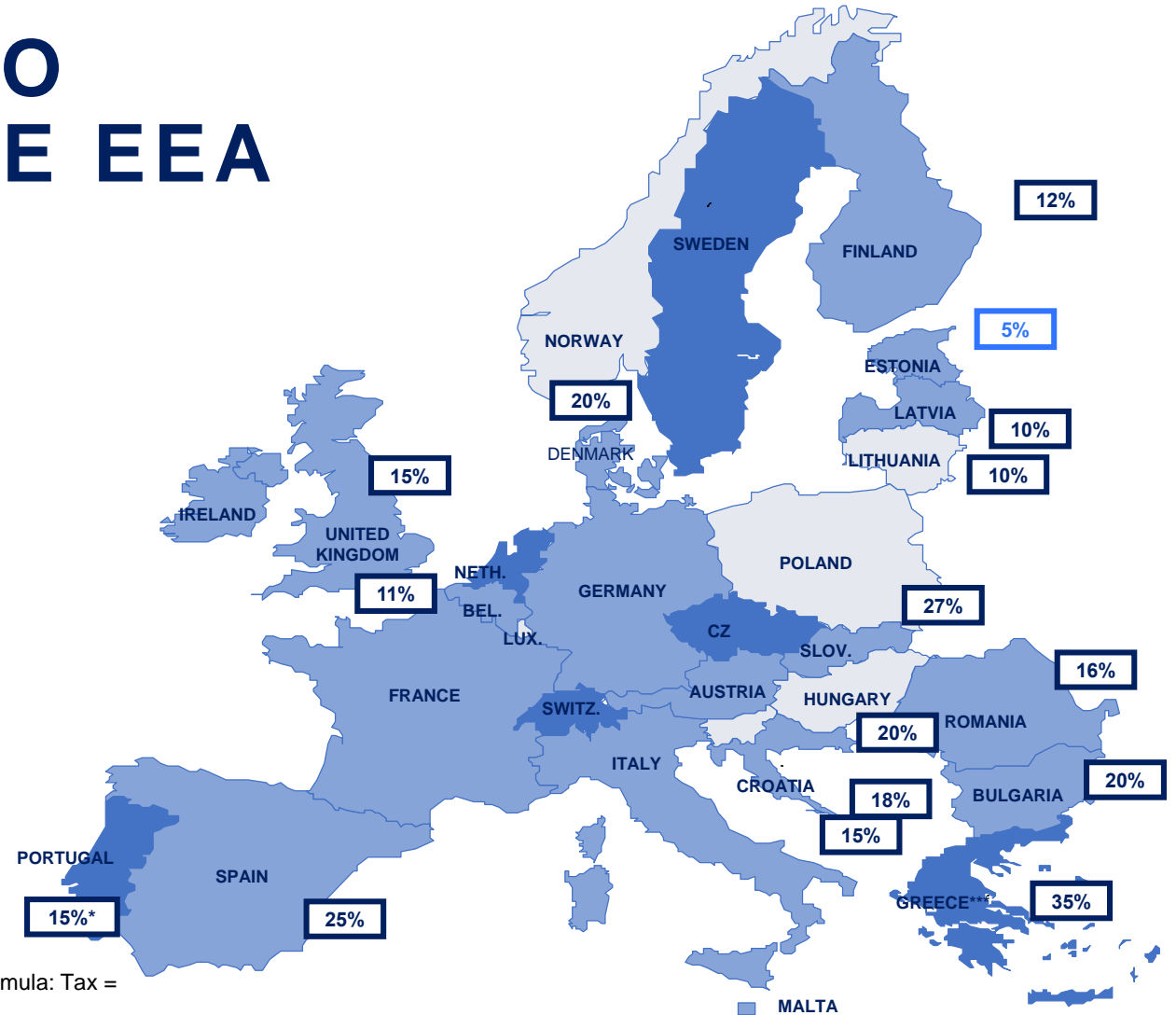
PLAYTECH'S COMPLIANCE FUNCTION

AN ESTABLISHED AND CRITICAL TEAM

- **Compliance** - application, reporting, monitoring existing licenses and regulations
- **Regulatory Affairs** – lobby/advise governments and regulators on good practice. Liaise with existing gambling regulators and thought leadership in gambling regulations
- **Corporate Social Responsibility** - business ethics, responsible gambling, ABC/AML, wider governance issues
- **Working with industry, government and charity bodies** – IBE, RGSB, RGA, EGBA, IMGL, IAGR, IAGA, RGT
- **Most important** – supporting the business given the focus on regulated markets

ONLINE CASINO REGULATION IN THE EEA

- Multi-licensing regime
- Restricted and/or unregulated
- Legislation in process
- Turnover
- Gross Gaming Revenue



- 15% up to gross revenues of 5M euros. Exceeding revenues are taxed using the following formula: Tax = [15% c (annual gross revenues/5M euros)]. This flexible tax rate is limited to 30% of GGR.
- ** Tournament-type games are taxed at 25% GGR.
- *** The current regulations in Greece do not explicitly state that online casino is permitted, however, it does not prohibit it either. Transitional licences have been issued to operators and are valid until an international bidding competition occurs.

FUTURE GAMBLING REGULATION: EUROPE

HEADING TOWARDS A FULLY REGULATED MARKET

- **Czech Republic** – beginning of 2017
- **Netherlands** – estimated Q2 2017
- **Switzerland** - potential for 2017
- **Poland** - estimated for 2017
- **Germany** – in the hands of the States, no Federal bill likely, potential for new Interstate treaty in next 24 months
- **Others** – Hungary, Slovenia, Slovakia all estimated to make changes in 2017

FUTURE REGULATION: ASIA

NO EXPECTATION OF CHANGE

China

- Risk-based Approach
- No expectation of the current risk profile changing

Philippines

- New PAGCOR licences are available
- Changes in local domestic activity – still an important income source for the government
- Playtech provides call centre and live dealer facility in Manilla, no support to local facing operators
- We are ready to accommodate any expected changes

FUTURE REGULATION: INDIA

SIGNIFICANT POTENTIAL

- Nagaland open to skill games (Poker/Rummy)
- Sikkim
- State model, no federal legislation expected
- Slow burn
- Working with the British Council of India

FUTURE REGULATION: LATAM

NOISE AND MOVEMENT

- Colombia (effectively open)
- Brazil (potential for 2017)
- Chile
- Peru
- Mexico (new regulation stalled)

FUTURE REGULATION: UNITED STATES

NOT CURRENTLY ECONOMICALLY VIABLE

- No presence
- New Jersey / Nevada/Delaware - no commercial argument to obtain licence
- Complicated due to different lobbying activities in different direction and added factor of Tribal issues to overcome
- No expectation of it changing in next 12 months
- We continue to monitor and expected to penetrate should a commercial opportunity presents itself
- Very happy to be proved wrong

FUTURE REGULATION: AFRICA

EARLY DAYS

- Currently supporting licensees in
 - Nigeria
 - Kenya
 - South Africa
 - Ghana
- Low regulatory risk, higher AML/ABC risk
- High levels of due diligence and local legal opinions

Business development

Mor Weizer
CEO

BUSINESS DEVELOPMENT ACTIVITIES

MULTIPLE GROWTH OPPORTUNITIES

- Targeting regulated and soon to be regulated jurisdictions
- Structured agreements in regulated markets
- Expanding Playtech product portfolio
- Branded content
- M&A

WHAT HAPPENS WHEN A MARKET REGULATES?

PARTNERING WITH “WINNERS” IS KEY FOR PLAYTECH

- Sports and poker first to be regulated
- Local brands dominate the local market
 - UK: William Hill, LadbrokesCoral, PPB
 - Italy: Sisal, SNAI, Lottomatica
- Newcomers such as media companies, lotteries and other retail companies enter the market
- Advertising spend by operators increases significantly using mass media channels
- Playtech secures its position, becoming a true partner (without impacting B2B offering)

STRUCTURED AGREEMENTS

GREATER EXPOSURE TO THE VALUE CHAIN

- Regulated or soon to be regulated jurisdictions
- A deal that includes software and services would extend Playtech's reach further into the value chain - resulting in different combinations of royalties, service fees, share of profit and/or capital gain upon exit of the business
- Support by setting up new operations in the targeted countries, including the transfer of know how and methodologies around online marketing and operations to the local business

Current

Caliente

MARCA

MAXBET

Historic

Ladbrokes

William **HILL**

BRANDED AND LOCAL CONTENT

THE LARGEST BRANDED GAME PORTFOLIO IN THE INDUSTRY

- Including all of the largest studios



- Branded games are among the top performing games of Playtech
- Focus on having access to local content in certain countries to support local operators

A PROUD HISTORY OF M&A

OVER £1BN OF ACQUISITIONS IN 10 YEARS

2006	2010	2011	2012	2013	2014	2015	2016
Tribeca Poker platform £31.1m	Virtue Fusion Bingo network/tech. £40.2m	IGS Intelligent Gaming Solutions £5.5m	Geneity Sports betting platform technology £15.4m	Poker Strategy Poker affiliate business ~£33.4m	Psiclone ~£1.8m	YoYo Games Casual £10.6m	Quickspin Games studio Initial £24m
	GTS Open platform technology £16.4m	Mobenga Mobile sports betting technology ~£21m	Juego Spanish online gaming services €6m	WHO Playtech's 29% share of JV £424m	Eurolive Live dealer facility €1m	TradeFX Financial trading Initial €208m	BGT SSBTs Initial €138m
2008		Ash Gaming Games developer £23m		TNT Online marketing services ~£4.1m	Aristocrat Lotteries Land based ~£33.4m		ECM Bingo solutions €15m
William Hill Online (WHO) Joint venture agreed £170.6m		PTTS Marketing, advisory and platform services ~£204.1m					Funtactix Casual €2m

1. Includes William Hill Online JV payment

M & A

STRATEGIC THINKING

- **Structured agreements** (Caliente, Marca, Maxbet)
- **Omni-channel focus** (BGT, ECM)
- **Competitors** (Tribeca tables, Virtue Fusion, GTS)
- **Services and marketing** (PTTS, Pokerstrategy)
- **Content companies** (through full acquisitions and minority stakes)
Ash gaming, Quickspin, Geco
- **New technologies/products** (Sports/Lottery- Geneity, mobenga, TV, CFD- Markets)
- **New segments** (Yoyo, Funtactix – Casual gaming)

MOBENGA CASE STUDY

A STRATEGICALLY AND FINANCIALLY IMPORTANT TRANSACTION

- Purchased to infill gap in the market and need for mobile offering
- Paid c.€24m – a multiple of 7x EBITDA
- Generated cash of c.€50m to date
- Current ROI of over 100% - and growing
- Ongoing value as part of Playtech Sports offering

OUR M&A FOCUS

ANY TRANSACTION MUST MEET STRICT CRITERIA

- Several overlapping areas of focus including
 - Content
 - Omni-channel
 - Sport
 - Marketing capabilities
 - Acquisitions in Financials division
- Strict financial metrics including
 - ROI > WACC
 - EPS accretive
 - High cash generation

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