

Full year results 2017

22 February 2018

AGENDA

Highlights

Financial review

TradeTech Group

Gaming division,
strategy and outlook



Alan Jackson
Chairman



Andrew Smith
Chief Financial Officer



Ron Hoffman
TradeTech Group CEO



Mor Weizer
Group CEO

A POSITION OF STRENGTH

FURTHER STRATEGIC PROGRESS PROVIDES PLATFORM FOR GROWTH

- Good growth despite significant headwinds with recent M&A integrated and performing well
- Quality of earnings continues to improve with 54% of revenues from regulated markets
- Progress in key growth verticals of Sports & Live delivering new client wins
- Continued momentum in TradeTech with strengthening of both B2B and B2C offering
- Strong cash generation enables full year dividend up 10%
- Management remain confident of further progress in 2018

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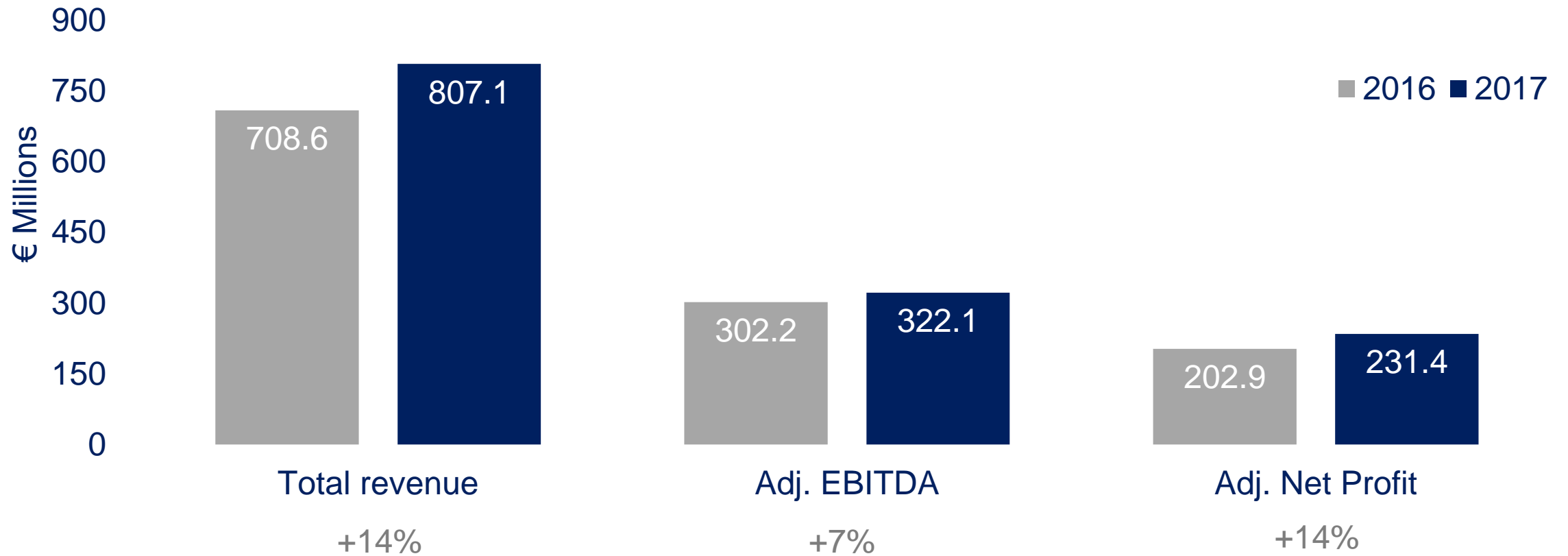
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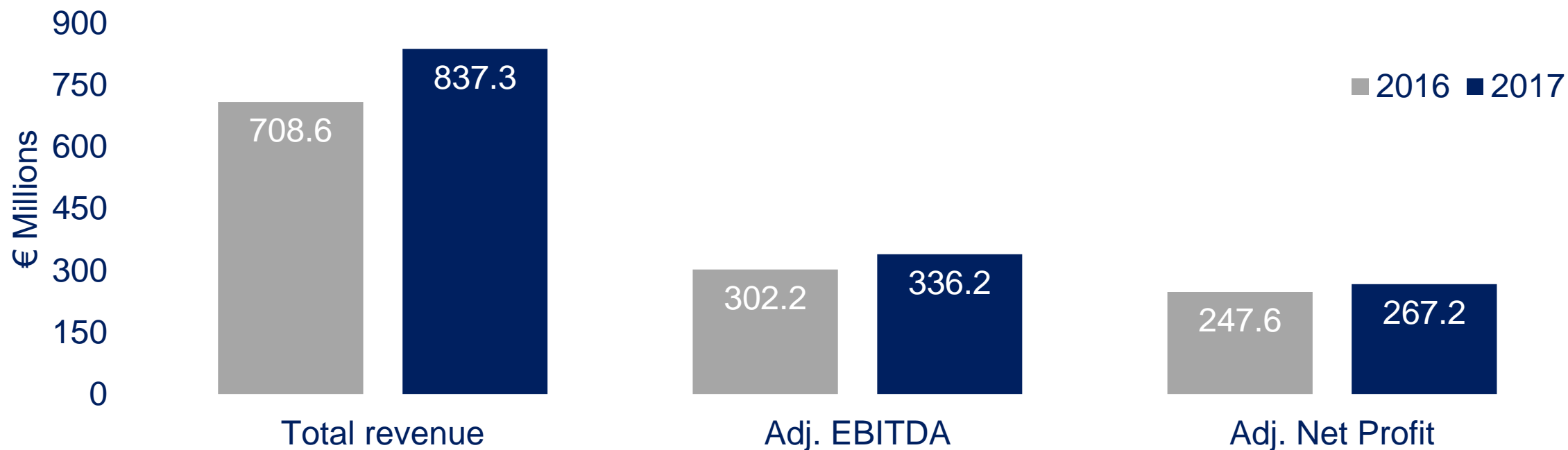
RESULTS SUMMARY

GOOD GROWTH ACROSS ALL KEY LINE ITEMS



RESULTS SUMMARY AT CONSTANT CURRENCY

MATERIAL CONTRIBUTION FROM ACQUISITIONS



Incl. acquisitions
Excl. acquisitions

+18%
+5%

+11%
+0%

+8%
+1%

2017 HEADWINDS

€60M OF EBITDA HEADWINDS IN 2017

Currency

Asia

Mobenga

Poker Strategy

Marvel

Sun Bingo

One-off contract terms



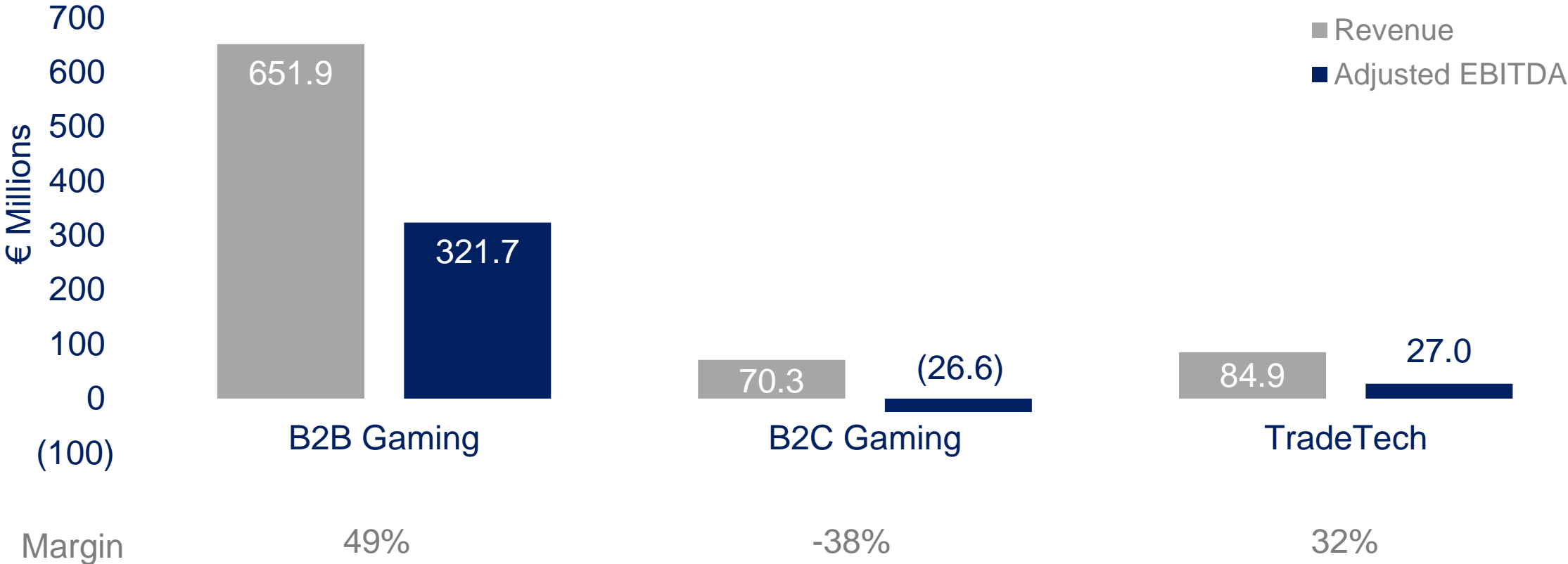
CHANGES TO DISCLOSURE

IMPROVED DISCLOSURE TO ASSIST ANALYSIS

- Changes made to assist with analysis, specifically the businesses with different margin profiles
- White-label / B2C / Casual
 - revenues stripped out and now have own revenue line
 - separate cost lines
 - all under heading of B2C Gaming
- Re-categorisation of cost line items
 - provides for better margin analysis
 - clearly sets out R&D
- Old disclosure including in the Appendix

NEW DISCLOSURE

IMPROVED DISCLOSURE TO ASSIST ANALYSIS



GAMING PERFORMANCE BY VERTICAL

B2C GAMING REPORTED AS A SEPARATE LINE ITEM

	Old presentation			New presentation			Diff'	
	2016	2017	%	2016	2017	%	'16 €m	'17 €m
Casino	374.1	413.3	10%	371.7	411.3	11%	-2.4	-2.0
Services	151.6	131.6	-13%	115.9	94.3	-19%	-35.7	-37.3
Sport	58.4	88.5	52%	55.9	85.7	53%	-2.5	-2.8
Bingo	19.8	26.6	34%	18.0	24.8	38%	-1.8	-1.8
Poker	9.1	9.5	4%	9.0	9.4	5%	-0.1	-0.1
Other	30.0	52.7	76%	17.8	26.4	48%	-12.2	-26.3
B2B Gaming	-	-	-	588.3	651.9	11%	-54.7	-70.3
B2C Gaming	-	-	-	54.7	70.3	29%	54.7	70.3
Total Gaming	643.0	722.2	12%	643.0	722.2	12%	-	-

GAMING PERFORMANCE EXC. ACQUISITIONS

UNDERLYING GROWTH IMPACTED BY SIGNIFICANT HEADWINDS

	Old presentation			New presentation			Diff'	
	2016	2017	%	2016	2017	%	'16 €m	'17 €m
Casino	369.4	396.6	7%	367.0	394.6	8%	-2.4	-2.0
Services	150.6	130.1	-14%	115.0	92.8	-19%	-35.7	-37.3
Sport	33.4	29.4	-12%	30.9	28.0	-9%	-2.5	-1.4
Bingo	17.8	16.1	-10%	16.0	14.2	-11%	-1.8	-1.9
Poker	9.1	9.5	4%	9.0	9.5	5%	-0.1	-
Other	21.6	29.1	35%	17.2	25.7	49%	-4.4	-3.4
B2B Gaming	-	-	-	555.1	564.8	2%	-46.8	-46.0
B2C Gaming	-	-	-	46.8	46.0	-1%	46.8	46.0
Total Gaming	601.9	610.8	1%	601.9	610.8	1%	-	-

COSTS

UNDERLYING COSTS BROADLY FLAT

	Including Acquisitions			Excluding Acquisitions		
	2016	2017	Diff %	2016	2017	Diff %
R&D	82.3	80.7	-2%	78.3	71.8	-8%
Operations	146.7	166.8	14%	134.5	136.5	1%
G&A	54.8	65.1	19%	49.9	59.7	20%
S&M	12.4	17.6	42%	11.4	11.8	3%
Total B2B Gaming	296.2	330.2	11%	273.8	279.8	2%
B2C Gaming	59.9	96.9	62%	53.6	75.8	41%
TradeTech	50.2	57.9	15%	48.8	40.5	-17%
Total Group	406.3	485.0	19%	376.2	396.1	5%
Gaming B2B R&D incl. cap'	110.7	123.4	11%	105.3	103.9	-1%

MARGIN ANALYSIS

IN LINE WITH GUIDANCE

		2016			2017		
		Revenue	Adj. EBITDA	Margin	Revenue	Adj. EBITDA	Margin
Reported	B2B Gaming	588.3	292.0	50%	651.9	321.7	49%
	B2B Gaming ex acquisitions	555.1	281.6	51%	564.8	284.9	50%
	B2C Gaming	54.7	(5.2)	-10%	70.3	(26.6)	-38%
	TradeTech	65.6	15.4	24%	84.9	27.0	32%
	Group	708.5	302.2	43%	807.1	322.1	40%
CC	Group	708.6	302.2	43%	837.3	336.2	40%

NET PROFIT AND EPS

GOOD GROWTH

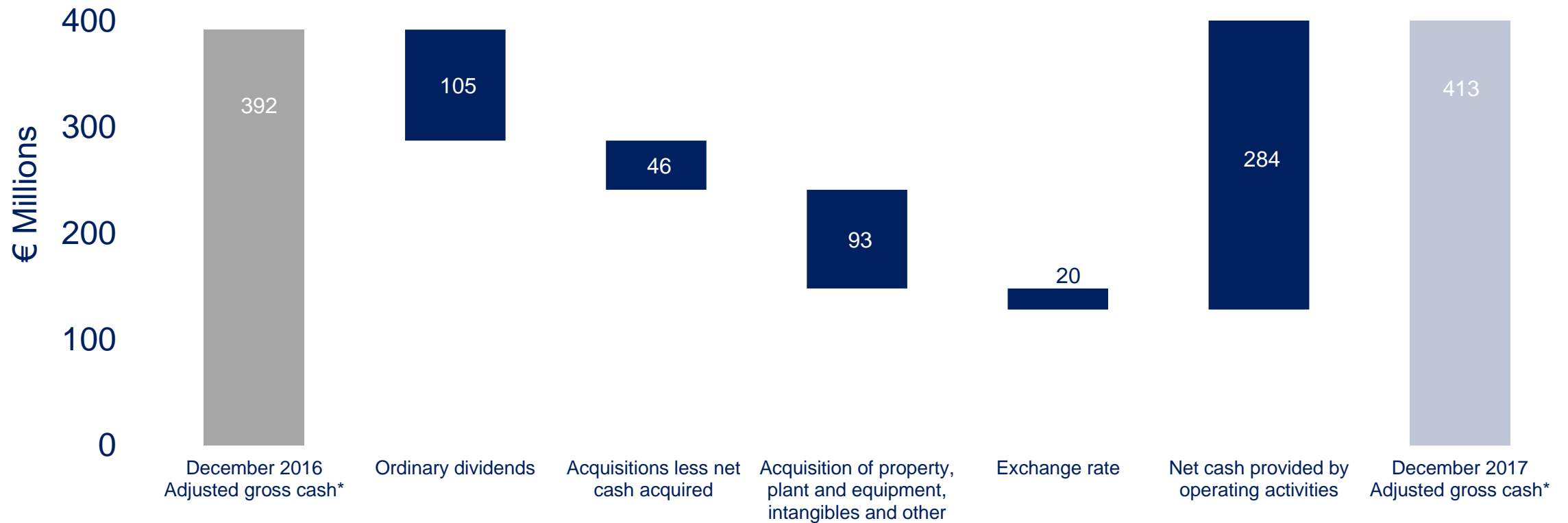
- Adjusted net profit up 14% on reported basis and 8% at constant currency
 - reported net profit impacted by exchange rate differences
- Growth in adjusted net profit lower than growth in adjusted EBITDA at constant currency
 - increase in tax due BGT as well as changes to tax rules which have resulted in profits being recognised in higher taxing territories
 - increase in depreciation (mainly from BGT)
- Adjusted diluted EPS growth in line with growth in adjusted net profit

CASHFLOWS

STRONG, GROWING AND SUSTAINABLE CASHFLOWS

- Net cash from operations up 22% at €306.7m (2016: €251.4m)
- Cash conversion in 2017 of 88% (2016: 94%) from adjusted EBITDA (when adjusted for jackpots, security deposits and client equity)
- Established and sustainable cashflow enables 10% increase in FY dividend

CASH FLOW BRIDGE



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

BALANCE SHEET

SIGNIFICANT STRENGTH AND FLEXIBILITY; RESTRUCTURING UNDERWAY

- Playtech remains committed to an efficient balance sheet
 - longer term debt to be put in place; update within the coming months
 - constant evaluation of most appropriate allocation of capital
- €413m of gross cash at Dec 2017 (Dec 2016: €392m; June 2017 €376m)
- €381m of available for sale investments (Ladbrokes Coral, Plus500) at Dec 2017
 - vs €230.3m at December 2016 and €241.8m at June 2017
 - significant increase in share price of both stocks
 - €17m of dividends received in 2017

OUTLOOK

POINTS TO NOTE

- H1 / H2 split in 2018 skewed by 2017 performance
 - H1 2018 expected to be lower than H1 2017 due to strong H1 2017 performance, specifically in Asia
 - H2 2018 expected to show significant growth over H2 2017
- Outlook for Malaysia remains uncertain
- Although Sun Bingo performance continues to improve, the contract remains challenging
- Group margin expected to be a little lower than 2017 mainly due to mix effect

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TRADETECH GROUP RESULTS

STRONG GROWTH MOMENTUM

	Actual (\$m)			Excluding acq (\$m)			Proforma (\$m)		
	2016	2017	%	2016	2017	%	2016*	2017	%
Total revenue	72.2	96.0	33%	70.3	64.5	-8%	100.3	106.3	6%
Adjusted EBITDA	16.4	30.4	85%	15.7	18.5	18%	20.7	32.7	58%
Margin	23%	32%	-	22%	29%	-	21%	31%	-

- Significant growth across reported, proforma and excluding acquisitions
- Margin improvement across the business following efficiencies and cost reduction
- Excluding crypto FY 2017 revenue \$103.6 and EBITDA \$38.0

*2016 proforma numbers include the TTA results of 1st October 2015 to 30 September 2016

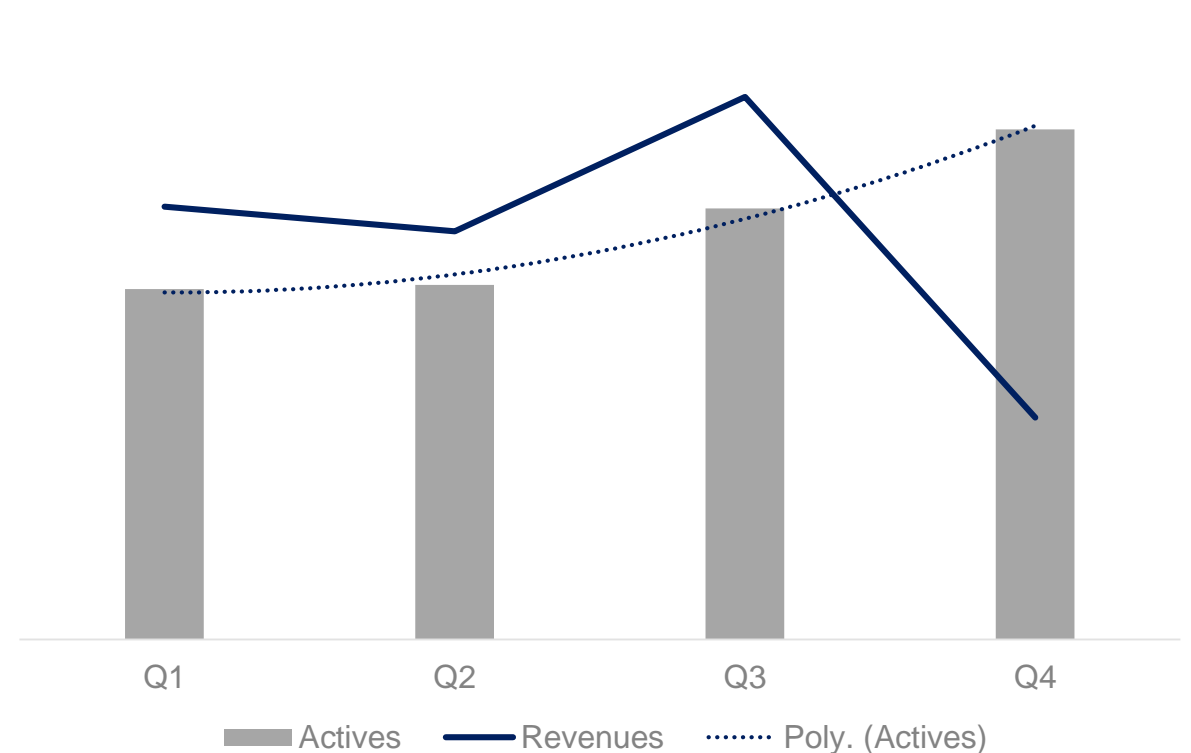
MARKETS.COM RESULTS

B2C KPI MOMENTUM CONTINUED

B2C Markets.com	2016	2017	%
Revenue (\$)	45.5	40.5	-11%
Active customers (000s)	24.3	34.8	43%
First time depositors (000s)	14.0	27.0	93%

- Strong growth trajectory on FTDs and Actives
- Q417 revenues significantly impacted by Crypto 'hype'
- Non-crypto volatility low in Q417
- Continued revenue growth linked to growth in Actives
- Continued improvement in CPA levels at \$870

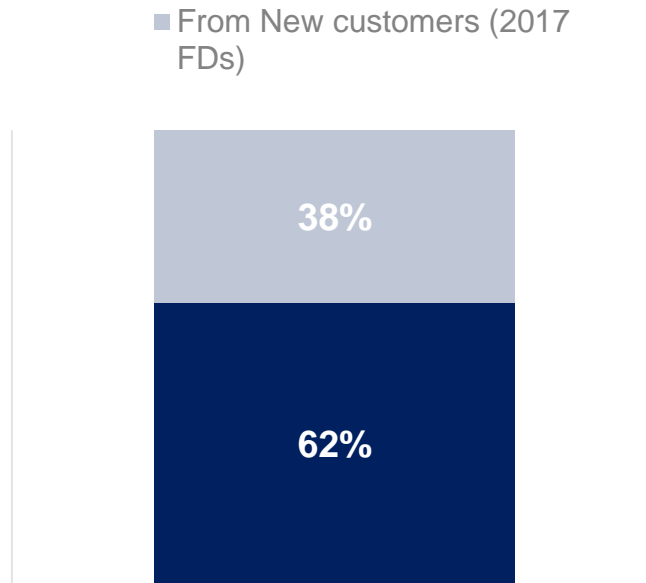
Growth in actives compared to revenue



MARKETS.COM RESULTS

B2C KPI MOMENTUM CONTINUED

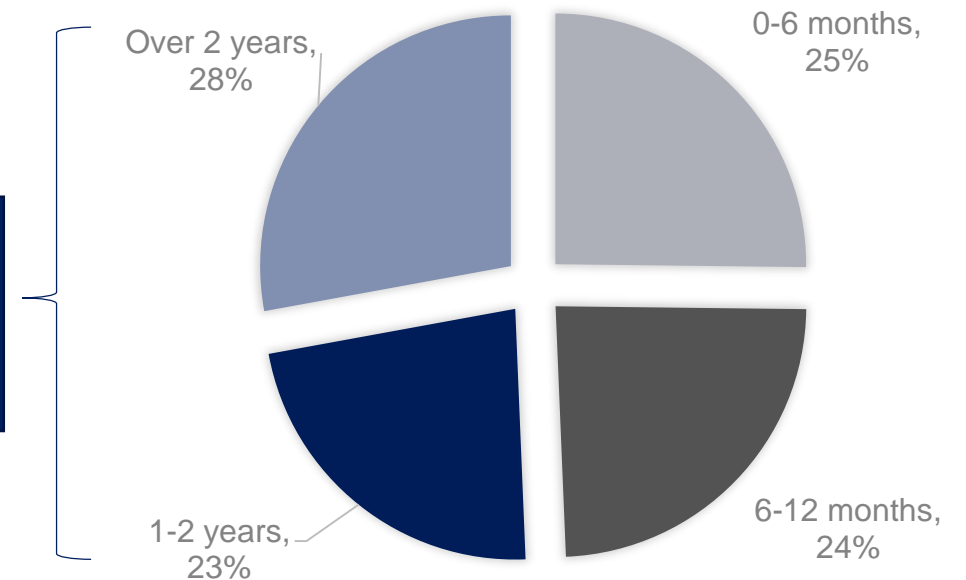
SPLIT OF 2017 REVENUES



% FROM 2017 REVENUES

51% from customers trading for more than 1 year

2017 REVENUE BY CUSTOMER TENURE



- Largest revenue generating segment group from customers trading over 2 years (28% in FY17 compared to 25% in 2016)

TRADETECH GROUP B2B RESULTS

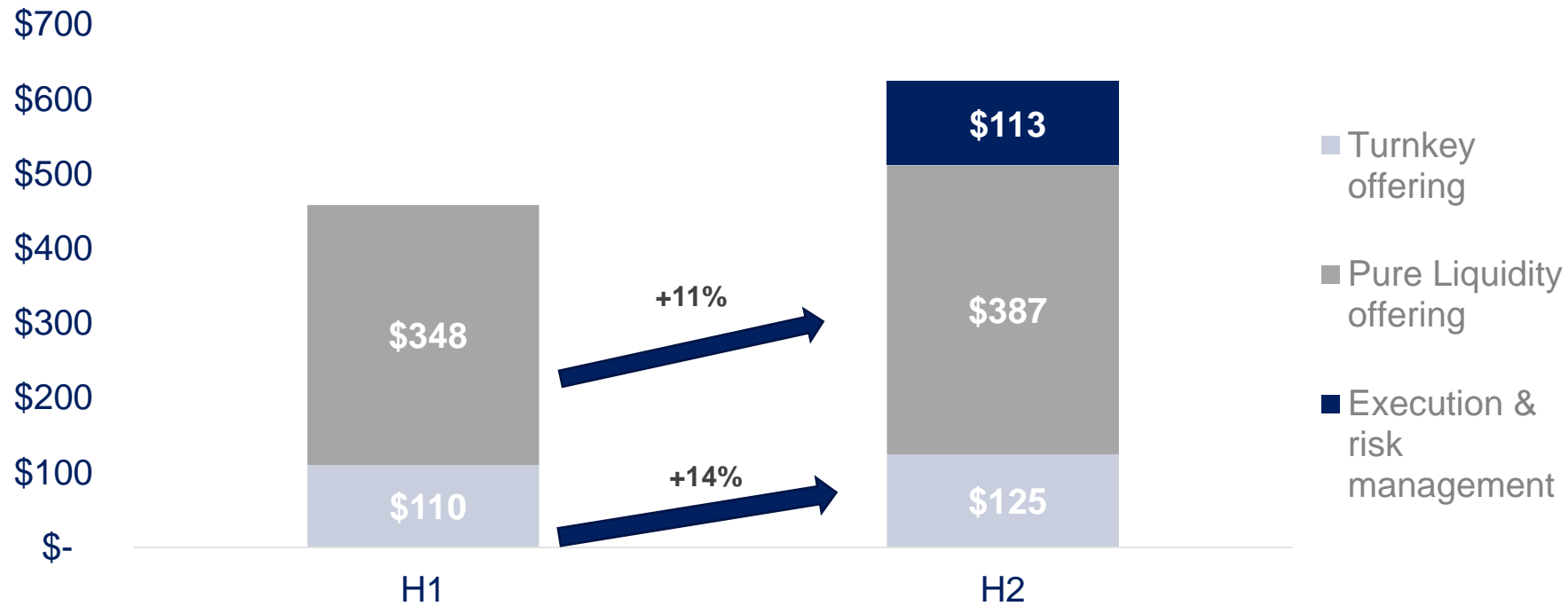
STRONG GROWTH MOMENTUM

	Actual (\$)			Exc acquisitions (\$)			Proforma (\$)		
	2016	2017	%	2016	2017	%	2016	2017	%
B2B revenue (\$m)	24.2	55.3	129%	22.5	25.4	13%	52.5	65.6	25%
Volume (\$bn)	248	1,079	336%	187	230	-	1,059	1,342	27%
Revenue per \$m volume	98	51		120	110		50	49	

- Significant growth of B2B segment on all key metrics on the back of the CFH and TTA acquisitions
- Well positioned for future growth
- 2017 B2B revenues also negatively impacted by crypto ‘hype’
- Increase in client funds to \$186.8m (2016: \$134.3m on a proforma basis)
- Significant increase in client fund balances to a record high \$144.7m

TRADETECH GROUP B2B RESULTS

VOLUME IN \$BN BY B2B SEGMENT

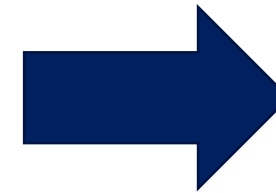


- Growth in size of each B2B segment
- Further strengthened by the Alpha acquisition in Q4-17

CRYPTOS

EVOLVING MARKET WITH SIGNIFICANT CHALLENGES

- Crypto market 'hype' in one sided Q4 market
- Very low volatility other than cryptos in Q4
- No appropriate hedging facilities available
- Some competitors buy physical cryptos converting market risk to significant counterparty risk
- Important acquisition tool
- Crypto focused customers trade other asset classes
- Significant arbitrage between exchanges
- Price behaviour not aligned to market events: "inefficient" market & significant uncertainty
- Fundamentally different trading behaviour



Move to offering fully hedged futures product with CME on an unlevered basis

Monitoring evolution of the market before any change in our risk appetite

REGULATORY LANDSCAPE

WELL POSITIONED

Expected Change in regulation	Current status	Expected impact on performance
Mifid II implementation	Fully compliant	No impact
Leverage limitation	Implemented a default cap as per Cysec rules from beginning of 2017	Expected to impact client behavior
Negative balance protection	Fully compliant	No impact
Enhanced focus on customers appropriateness	Well positioned & conservative in approach compared to industry standard	Mainly impacting the Markets.com business & expected to be limited
Disclosure of customers profit and loss ratios	Already implemented in specific jurisdictions	No impact
Bonuses not allowed	Fully compliant	No impact

INVESTOR AND ANALYST DAY 2018

INTRODUCTION TO TRADETECH

- London: May 2018
- Teach in on TradeTech
- Meet the team B2B & B2C teams
- Invitations to follow



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POSITION OF STRENGTH

STRATEGICALLY POSITIONED OPERATIONALLY & FINANCIALLY

Strength of 'core' model

- 18% Group revenue growth at CC
- Acquisitions contributing well

Strategic position of Playtech ONE

- Sports & Live already winning market share
- Meaningful progress in Europe & Latin America

Strong balance sheet & cashflow

- M&A to drive growth in quality of earnings
- Enables investment in platform – €120m R&D in 2017



UPDATE ON RECENT EVENTS

ASIA & SUN BINGO

China

- Risk based approach
- Long term view

Malaysia

- Monitoring developments
- Improving future regulatory environment

Sun Bingo

- Remains challenging but improvement
- Negotiations ongoing



REGULATION

CONTINUES TO SHAPE NEW & EXISTING MARKETS

Europe

- Italy, Spain, Portugal key markets
- New markets 2019



UK

- CMA, ASA, UKGC, FOBT
- BetBuddy & Responsible Gambling



Latin America

- Mexico, Columbia
- Positioned for Brazil



US

- Casino position unchanged
- Well positioned for Sports IF regulation changes



AN EVER CHANGING INDUSTRY

INDUSTRY CONSOLIDATION

Consolidation not a new thing

- Playtech more than a platform
- Tier 1 partner of choice
- Commitment to realise synergies
- All about data

Playtech scale & stability

- Omni-channel integrated products
- USPs – Brands, jackpots & liquidity pools
- €208m in progressive jackpots in 2017
- IGS, ECM, BGT – the power of retail channel



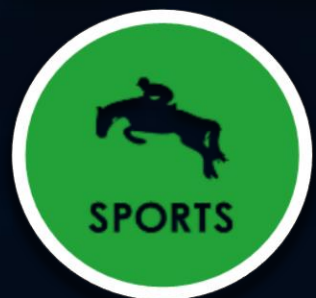
PLAYTECH'S STRATEGY REMAINS UNCHANGED

THE ONLY INTEGRATED OMNI-CHANNEL OFFERING



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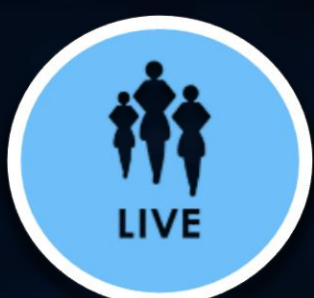
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SPORTS



CASINO



LIVE



PLAYTECH BGT SPORTS

OMNI-CHANNEL SPORTS: DISRUPTING THE INDUSTRY

Geographical Expansion

- Latin America – Caliente, Codere, Sportium
- Europe - UK, Austria, Germany, Spain, Czech Rep & Italy
- OPAP roll out on schedule

First online sportsbook clients

- German Operator HpyBet, Belgian Magic Betting, SAS

SSBT growth & innovation

- 37% increase in retail machines globally
- Betfred & PPB extensions to 2020
- Build-a-bet anonymous digital technology

SSBT performance	UK	IRE
Overall gross win margin	24%	24%
Pre-match margin	28%	27%
Multiples % of turnover	68%	67%
Singles % of turnover	33%	33%
In-play % of turnover	32%	28%

CASINO

MAINTAINING THE LEAD

Organic growth of 'core' regulated markets

- UK, Italy, Spain, Czech Rep & Bulgaria
- Casino Barcelona, SAS
- Authentic Gaming February 2018

New Casino platform

- Content & platform 'de-coupled'
- Justice League seamless launch

Content & Studios

- 8 content studios worldwide
- Age of the Gods, Sporting Legends



LIVE CASINO

NEW STATE-OF-THE-ART FACILITY IN RIGA

Tier 1 migration to new infrastructure

- Renewed long-term Live agreements & increase in no. of tables
- New dedicated Betfred tables
- New client wins with more to come...



STOIXIMAN

bgo

**sports
interaction**

BETFRED

PLAYTECH'S STRATEGY REMAINS UNCHANGED

THE ONLY INTEGRATED OMNI-CHANNEL OFFERING



IMS PLATFORM

BI & Game Advisory

KYC & AML

Campaign Manager

Engagement Platform

Responsible Gambling

Bonusing Suite

Payments

EXTENDING THE PLAYTECH PLATFORM

ENSURING PLAYTECH IS THE ARCHITECTURE OF THE INDUSTRY

Compliance & Responsible Gambling

- BetBuddy, KYC, AML

IMS functionality

- Campaign manager use more than doubled in H2 2017
- Golden-chip, free spins, bonusing
- Game adviser

GPAS & Marketplace

- Next phase of relationships with licensees
- Marketplace to launch later in 2018



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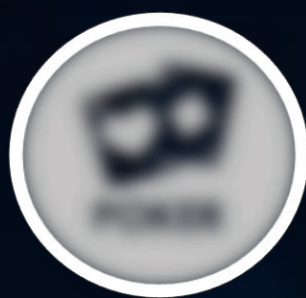
THE ONLY INTEGRATED OMNI-CHANNEL OFFERING

ONLINE

(Native apps, desktop, tablet, mobile)

RETAIL

(SSBTs, IGC, ECM, VideoBet & OTC)



RETAIL & GPAS

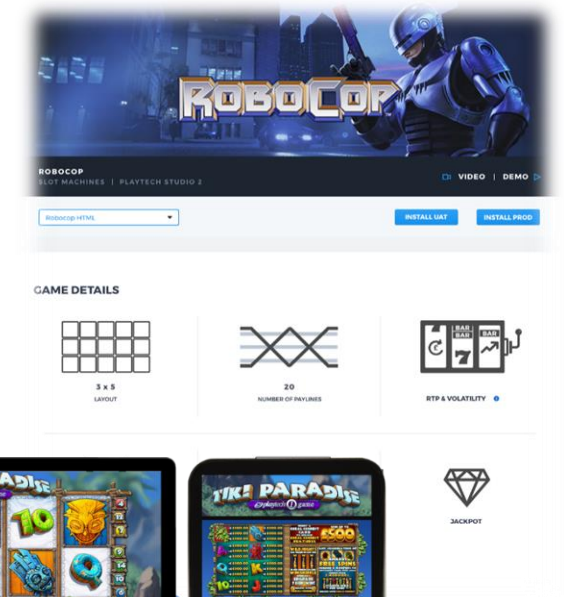
STRATEGIC ADVANTAGE IN RETAIL

Reinventing retail content technology

- Best performing online games not on retail
- Technology barriers and high conversion costs
- Old retail technology means retail blocked for HTML5 developers

GPAS allows true omni-channel development

- HTML5 designed and distributed regardless of channel
- True HTML5 games with retail maths models & UX
- Integrated content delivery across all channels



OUTLOOK

A POSITION OF STRENGTH

Current trading & outlook for 2018

- Mid single digit growth outside of Asia
- Normalised growth in China; assuming no change in Malaysia
- Confident of good growth in 2018 with continued improvement in quality of earnings

Pipeline for 2018

- Pipeline of Tier ONE & Government monopolies strong
- Operational progress provides advantage for key growth markets
- Actively looking at material & bolt-on M&A targets in Gaming division

Appendices

Old disclosure



PERFORMANCE BY VERTICAL

REPORTED

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Bingo	19.8	28.4	43%	17.8	17.1	-4%
Poker	9.1	9.6	6%	9.1	9.6	5%
Other	30.0	53.9	80%	21.6	29.9	38%
Total Gaming	643.0	750.5	17%	601.9	635.1	6%

COST ANALYSIS

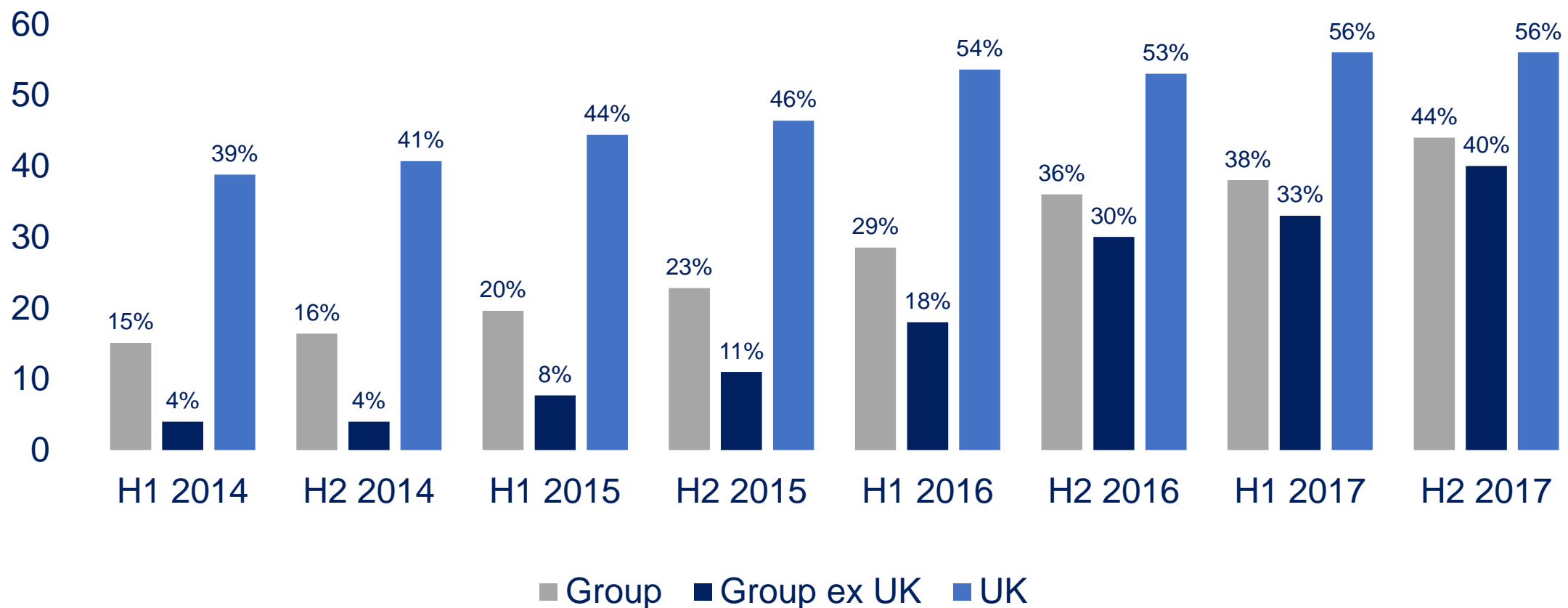
INCLUDING ACQUISITIONS

€m	2016	2017	Change
Adj. operating costs	406.3	485.0	19%
Revenue-driven costs	53.5	99.8	
Adj. operational costs excl. revenue-driven costs	352.8	385.2	
Employee-related costs	190.0	197.9	4%
Cost of services	49.6	59.1	19%
Operational marketing costs	40.2	42.7	6%
Admin and office costs	34.3	33.7	-2%
Other costs	24.3	34.5	42%
Travel, exhibitions and marketing	14.4	17.3	20%

Further appendices

GAMING MOBILE PENETRATION

GAP BETWEEN UK MOBILE PENETRATION & ROW CLOSING



GAMING MOBILE PENETRATION

INCREASE FROM 32% IN 2016 TO 44% OF SOFTWARE REVENUES IN 2017

PRODUCT VERTICAL	2016 (€M)	2017 (€M)	GROWTH %
Casino	101.9	169.5	66%
Sports	23.7	20.8	-12%
Bingo	4.6	5.6	22%
Poker	0.8	1.2	50%
Total	131.0	197.1	50%

GAMING CUSTOMER CONCENTRATION

MARGINAL INCREASE DUE TO UK CONSOLIDATION

Licensees	2015	2016	2017
Top 5	42%	36%	37%
Top 10	62%	54%	55%
Top 15	73%	66%	67%

Thank You

