

# Interim results 2018

23 August 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

# STRATEGIC POSITION IN KEY MARKETS

PROGRESS IN REGULATED MARKETS DELIVERS CONFIDENCE FOR FUTURE

- **Snaitech** acquisition delivers principal position in **largest regulated gambling market in Europe**
- Organic progress, headwinds in Asia and acquisition of Snaitech raise **regulated revenue to 69%** of Group
- **Core business model remains strong** with 16% growth in regulated B2B Gaming revenue
- **New licensee wins in regulated markets** provide platform for further growth in strategic geographies
- **Continued momentum in TradeTech** with strong performance in B2B and B2C
- Continued **progress on balance sheet efficiency** including sale of holding in GVC
- **Strong cash generation** enables dividend sustained at 2017 levels
- Management remain confident of **further progress in key markets** in H2 2018 & 2019

# 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

# FINANCIAL HIGHLIGHTS

## IMPROVED FINANCIAL PROFILE & GROWTH IN REGULATED BUSINESS

### **Strong growth in B2B Gaming outside of Asia**

- UK B2B Gaming revenue growth of 6%
- B2B regulated Gaming revenue growth of 16%

### **Evolving financial profile**

- Regulated revenue increased to 69% in H1
- FY 2018: regulated revenue expected to be over 80%

### **Continued progress on balance sheet efficiency**

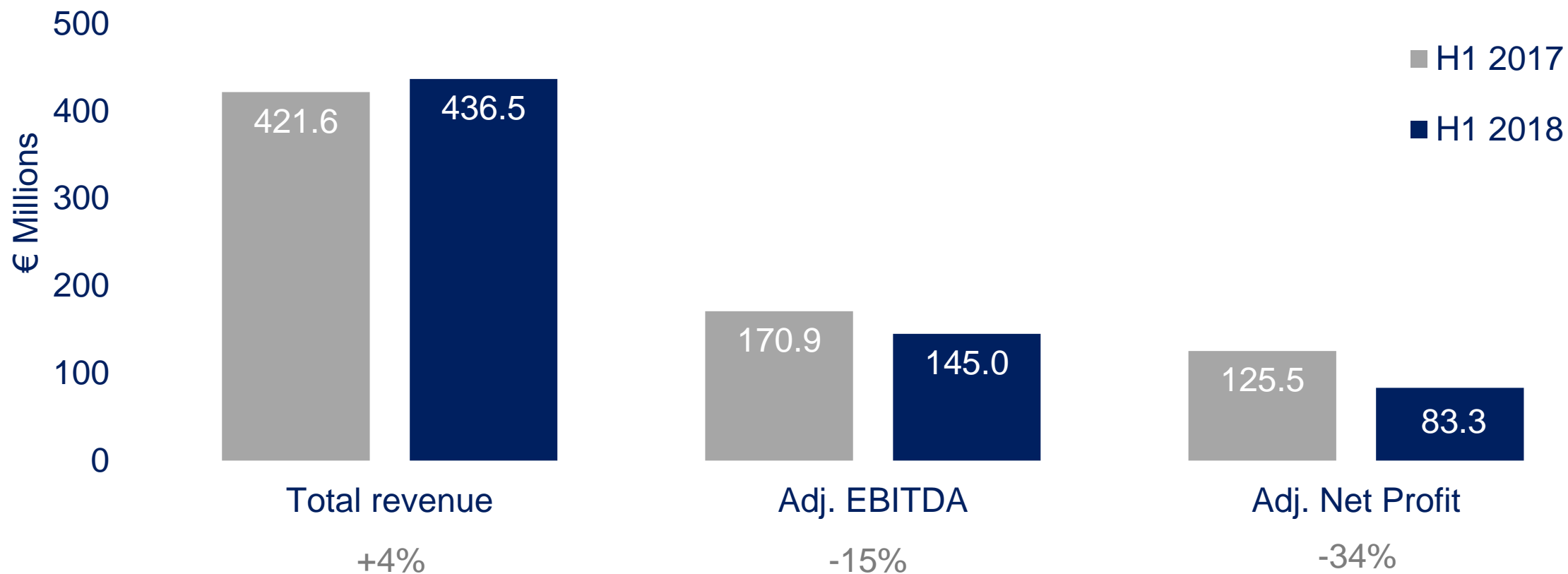
- Sale of holdings in GVC
- RCF now fully repaid
- Refinancing of Snaitech debt in progress

### **Retain focus on strong cash generation**

- Adjusted cash conversion 101% excluding Snaitech
- Dividend sustained at 2017 levels despite headwinds in Asia

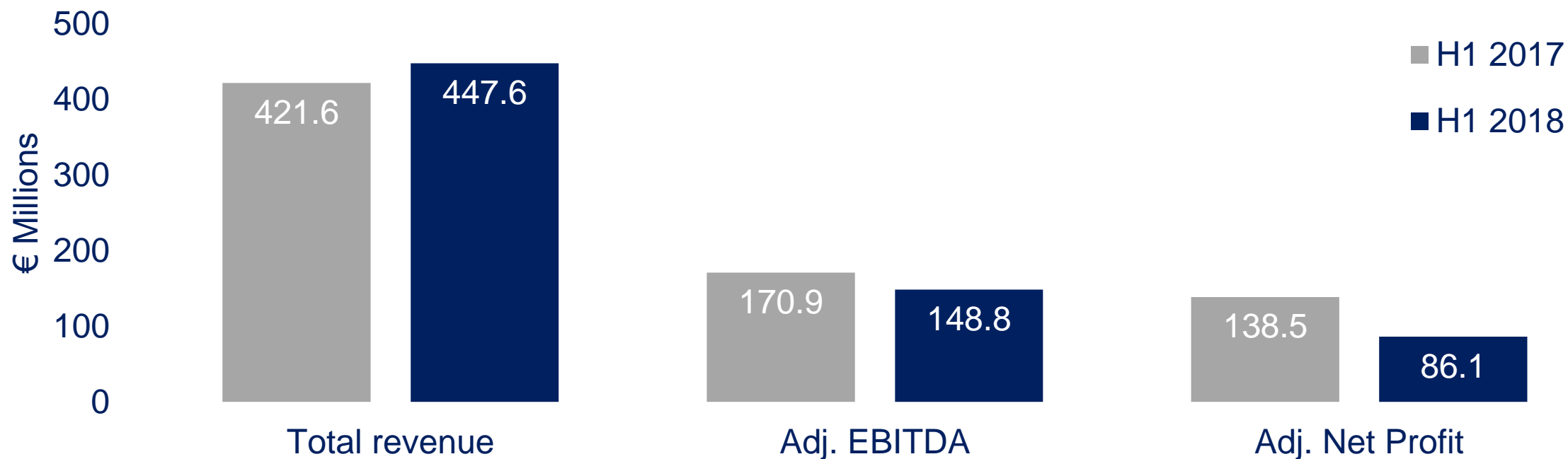
# RESULTS SUMMARY

GROUP RESULTS IMPACTED BY ASIAN DOWNTURN



# RESULTS SUMMARY

AT CONSTANT CURRENCY



Incl. acquisitions  
Excl. acquisitions

+6%  
-12%

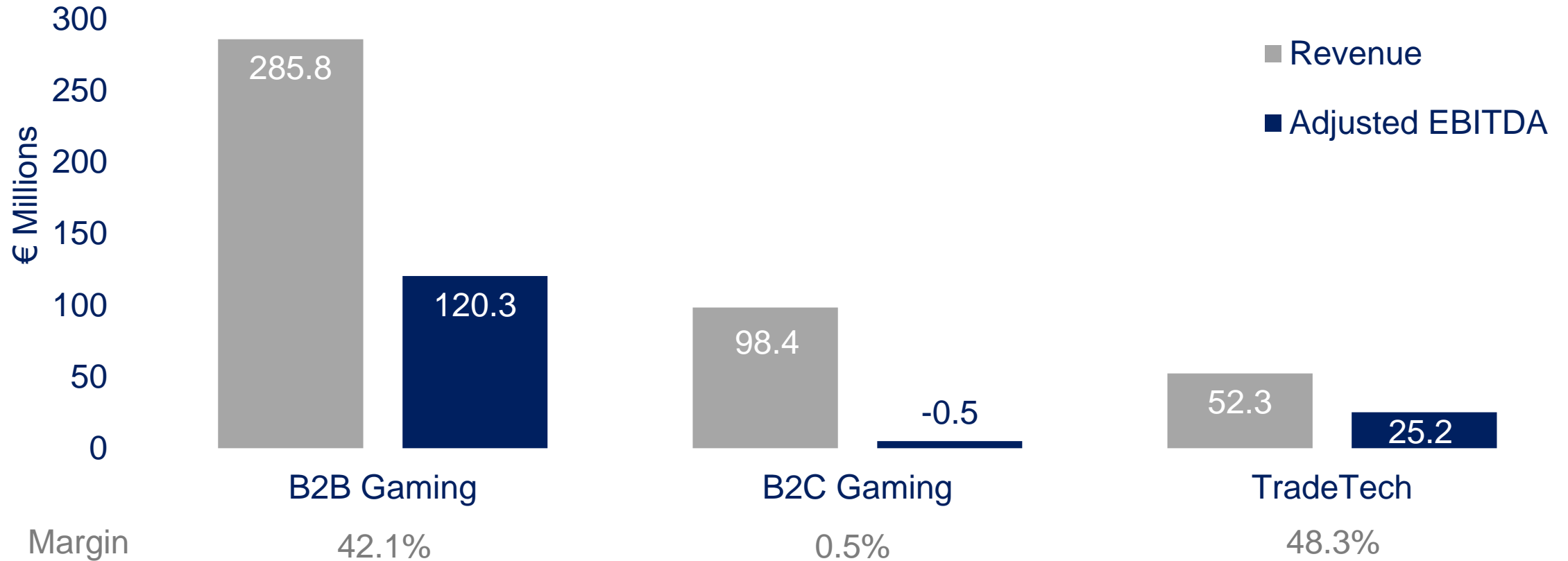
-13%  
-20%

-38%  
-43%

# SUMMARY BY DIVISION H1 2018

Group

INCLUDES 1 MONTH CONTRIBUTION FROM SNAITECH



# GROUP MARGIN ANALYSIS

B2B GAMING MARGIN IMPACTED BY ASIA; STRONG TRADETECH RESULTS

		H1 2017			H1 2018		
		Revenue	Adj. EBITDA	Margin	Revenue	Adj. EBITDA	Margin
Reported	B2B Gaming	338.5	166.6	49%	285.8	120.3	42%
	B2C Gaming	38.0	(11.7)	-31%	98.4	(0.5)	0.5%
	TradeTech	45.1	16.0	35%	52.3	25.2	48%
	<b>Group</b>	<b>421.6</b>	<b>170.9</b>	<b>41%</b>	<b>436.5</b>	<b>145.0</b>	<b>33%</b>
CC	Group	421.6	170.9	41%	447.6	148.8	33%

# B2B GAMING REVENUE

“A BUSINESS OF TWO HALVES”

	H1 2017	H1 2018	%	CC%
UK	83.7	86.6	3%	6%
Asia	166.2	101.7	-39%	-37%
Other	88.5	97.5	10%	12%
<b>Total</b>	<b>338.5</b>	<b>285.8</b>	<b>-16%</b>	<b>-14%</b>
Regulated	129.4	150.7	16%	19%
Unregulated	209.1	135.1	-35%	-34%
<b>Total</b>	<b>338.5</b>	<b>285.8</b>	<b>-16%</b>	<b>-14%</b>

# B2B GAMING PERFORMANCE

A STRONG PERFORMANCE EX. ASIA

	H1 2017	H1 2018	%	CC %	ex. Asia CC %
Casino	224.8	169.3	-25%	-23%	8%
Services	48.6	39.8	-18%	-16%	-13%
Sport	36.9	46.7	27%	29%	29%
Bingo	13.0	12.7	-2%	0%	0%
Poker	4.7	4.7	2%	3%	4%
Other	10.5	12.6	19%	21%	20%
<b>Total B2B Gaming</b>	<b>338.5</b>	<b>285.8</b>	<b>-16%</b>	<b>-14%</b>	<b>9%</b>
<b>Total B2B Gaming exc. acquisitions</b>	<b>336.4</b>	<b>280.7</b>	<b>-17%</b>	<b>-15%</b>	<b>7%</b>

# B2B GAMING COSTS

GOOD COST CONTROL

	Including Acquisitions			Excluding Acquisitions		
	H1 2017	H1 2018	Diff %	H1 2017	H1 2018	Diff %
R&D	43.7	38.0	-13%	42.6	36.5	-14%
Operations	81.3	82.4	1%	81.5	80.0	-2%
G&A	36.9	33.8	-8%	36.7	33.3	-9%
S&M	9.9	11.3	14%	9.8	10.9	12%
<b>Total B2B Gaming</b>	<b>171.8</b>	<b>165.5</b>	<b>-4%</b>	<b>170.6</b>	<b>160.8</b>	<b>-6%</b>
<b>Gaming B2B R&amp;D incl. cap'</b>	<b>58.3</b>	<b>58.8</b>	<b>1%</b>	<b>57.2</b>	<b>56.6</b>	<b>-1%</b>

# B2C GAMING PERFORMANCE

FIRST TIME CONSOLIDATION OF SNAITECH; IMPROVEMENT IN SUN BINGO

	Revenue				Adjusted EBITDA		
	H1 2017	H1 2018	%	CC%	H1 2017	H1 2018	%
Snaitech	-	61.3	-	-	-	11.8	-
Sun Bingo	11.7	14.6	25%	28%	-14.3	-10.3	28%
Casual Gaming & other B2C	26.4	22.5	-15%	-12%	2.7	-2.0	-174%
<b>Total B2C Gaming</b>	<b>38.1</b>	<b>98.4</b>	<b>-</b>	<b>-</b>	<b>-11.6</b>	<b>-0.5</b>	<b>96%</b>
<b>Total B2C Gaming ex. Snai</b>	<b>38.1</b>	<b>37.1</b>	<b>-3%</b>	<b>-4%</b>	<b>-11.6</b>	<b>-12.3</b>	<b>-6%</b>

# SNAITECH PERFORMANCE

CONSOLIDATED FROM JUNE 2018

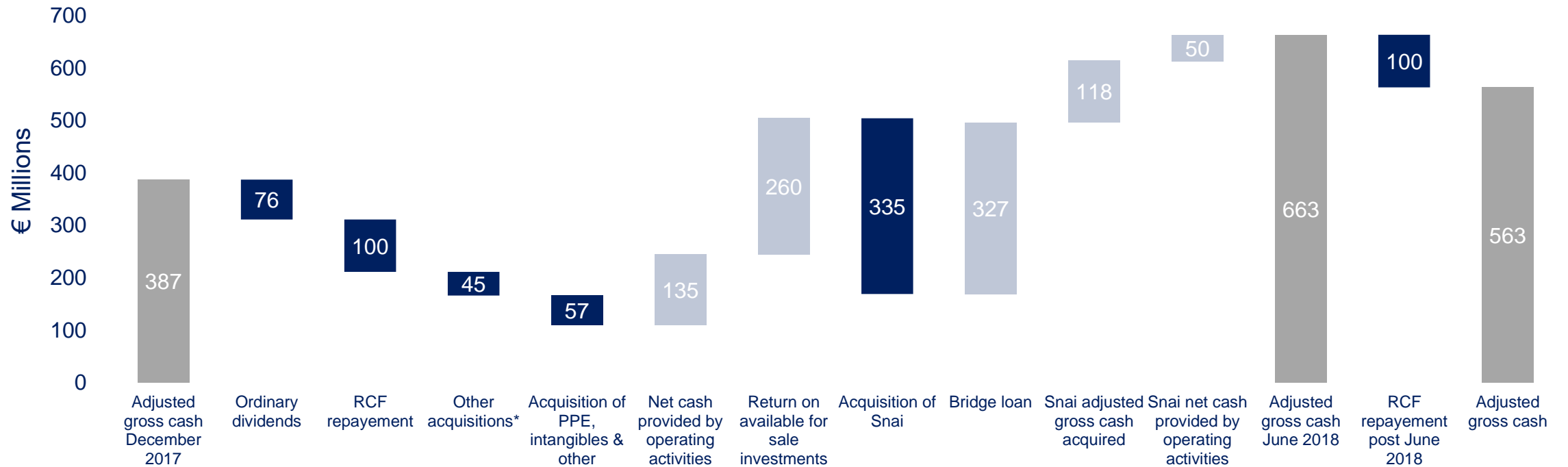
Revenue	Revenue			Consolidated From 5 June
	H1 2017	H1 2018	%	
Retail betting	79.5	88.0	11%	11.6
Gaming machines	320.4	305.4	-5%	41.9
Online	29.0	38.1	32%	5.0
Other	8.8	12.6	43%	2.8
<b>Total</b>	<b>437.7</b>	<b>444.1</b>	<b>1.5%</b>	<b>61.3</b>
<b>Adjusted EBITDA</b>	<b>55.5</b>	<b>74.0</b>	<b>33%</b>	<b>11.8</b>
Margin	12.6%	16.6%	-	-

# CASHFLOWS

## STRONG CASH CONVERSION

- Net cash from operations up 51% at €222.5 (H1 2017: €147.3m)
  - up 15% excluding Snaitech
- Excluding Snaitech, cash conversion in H1 2018 of 101% (H1 2017: 79%) from adjusted EBITDA (when adjusted for jackpots, security deposits and client equity)
- Excluding Snaitech, DSOs of 49 days as at June 2018 (Dec 2017: 54 days; June 2017: 48 days)
- Inflows of €260m from GVC / LadbrokesCoral
  - cash received pursuant to the takeover of €32m in March 2018
  - net proceeds of €222m from sale of entire holding in GVC in June 2018
  - dividend of €5.8m received in March 2018
- Strength of cashflows enables interim dividend to be sustained at 2017 level

# CASH FLOW BRIDGE



# BALANCE SHEET

## SIGNIFICANT PROGRESS

- Playtech remains committed to an efficient balance sheet
- €200m RCF now fully repaid; €250m available as and when needed
- Sale of holding in GVC / Ladbrokes Coral
- Plus500 holding of €208m as at 30 June 2018
  - vs €116m at December 2017
  - significant increase in share price (and interim dividend declared)

# CASH ON BALANCE SHEET

## CASH AVAILABLE TO REDUCE QUANTUM OF REFINANCING

	June 18					Dec 17	June 17
	Gaming	TradeTech	Playtech exc Snai	Snai	Total **		
Gross Cash	322.8	306.2	629.0	207.6	836.6	584.0	536.4
Client funds / progressives *	74.2	158.8	233.0	40.2	273.2	197.1	160.8
Adjusted gross cash	248.6	147.4	396.0	167.4	563.4	386.9	375.6
Cash needed for operations	60.0	58.0	118.0	30.0	148.0		
RCF	-	-	-	-	-		
Capital adequacy	-	69.0	69.0	-	69.0		
Available cash	188.6	20.4	209.0	137.4	346.4		

# REFINANCING

EXPECTED OVER THE COMING MONTHS

- Longer term financing to be put in place to take-out bridge from Snaitech acquisition
- Total amount to be refinanced of c. €1bn
- Finalising ratings process
- Update in due course

# OUTLOOK

## GUIDANCE PROVIDED IN JULY TRADING UPDATE REAFFIRMED

- Asia has broadly stabilised
  - Annual run rate of c. €150m revenue
  - c. €25m of direct costs plus share of centralised costs
- Sun Bingo performance continues to improve with FY result expected to be inline with expectations
- Group margin expected to be lower than 2017 mainly due to mix effect
  - Greater contribution from Tradetech and Snaitech
  - Lower contribution from Asia
- Improving business mix drives quality of earnings

# 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

# TRADETECH GROUP RESULTS

## STRONG H1 GROWTH

	Actual (\$m)			Proforma (\$m)		
	H1 2017	H1 2018	%	H1 2017*	H1 2018	%
Total revenue	48.9	67.1	37%	55.0	67.1	22%
<b>Adjusted EBITDA</b>	<b>17.6</b>	<b>30.3</b>	<b>72%</b>	<b>19.5</b>	<b>30.3</b>	<b>56%</b>
Margin	36%	45%	-	35%	45%	-

- Significant growth across reported & proforma results
- Continued margin improvement following efficiencies, economies of scale and cost reduction

# MARKETS.COM RESULTS

## B2C KPI MOMENTUM CONTINUED

B2C Markets.com	H1 2017	H1 2018	%
Revenue (\$)	20.9	28.1	34%
Volume (\$bn)	87.0	132.3	52%
<b>Active customers (000s)</b>	<b>19.4</b>	<b>18.4</b>	<b>-5%</b>
- Existing	8.9	11.7	32%
- First time depositors	10.5	6.7	-37%

- Increased longevity of active customers, with 32% increase in existing active customers
- Strong growth trajectory of trading volumes
- Increased revenue not influenced by Crypto currency trading

# TRADETECH GROUP B2B RESULTS

## STRONG GROWTH MOMENTUM

	Actual (\$)			Proforma (\$)		
	H1 2017	H1 2018	%	H1 2017	H1 2018	%
B2B revenue (\$m)	28.0	39.0	39%	34.0	39.0	15%
Volume (\$bn)	458.2	956.4	109%	615.4	956.4	55%
Revenue per \$m volume	61.1	40.8		55.3	40.8	

- Significant growth in B2B revenue and volume, including on a proforma basis
- Organic growth complimented by TradeTech Alpha acquisition
- Revenue per \$m of volume reduced with changing sales mix

# REGULATORY LANDSCAPE

FULLY COMPLIANT AND WELL POSITIONED

- Fully licensed in UK, Cyprus, South Africa & Australia
- Fully compliant with ESMA's measures to restrict the marketing, distribution and sale of CFDs to retail clients
  - Fully supportive of regulatory improvements which enhance the industry's reputation and provide a platform for sustainable and responsible growth
  - Too early to assess the short term impact on EU retail business
  - Diversification of B2B & B2C verticals minimise impact on TradeTech Group

# AGENDA

Highlights

Financial review

TradeTech Group

Gaming division,  
strategy and outlook



Alan Jackson  
Chairman



Andrew Smith  
Chief Financial Officer



Ron Hoffman  
TradeTech Group



Mor Weizer  
Group CEO

# PLAYTECH PRINCIPLES

OUR CONTINUED MISSION

***We are the leading technology company  
in the gambling and financial trading industries***

***We focus on regulated markets and cash generation***

***We utilise our distribution, scale and commitment to innovation***

# OVERVIEW

## A CHALLENGING PERIOD WITH CLEAR OPERATIONAL PROGRESS

### Improved quality of earnings in period

- Gaming regulated revenue up to 65%
- FY 2018 Group run rate regulated revenue 80-90%

### Momentum in 'core' business is strong

- B2B gaming non-Asia 7% increase
- Casino grew 8% excluding Asia
- Sport key: 29% growth in H1

### Completion of Snaitech acquisition

- Opportunity in Italy considerable
- Growth in Snai business with synergy benefits to follow

### Progress in key strategic markets

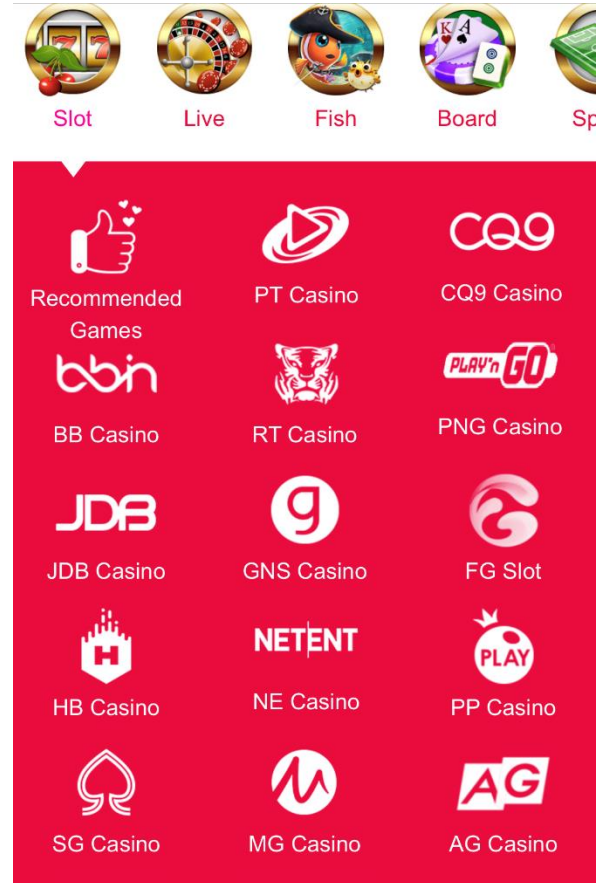
- Latin America, Eastern & Southern Europe
- New licensees in UK, Portugal, Poland, Columbia



# ASIA UPDATE

A DIFFERENT BUSINESS MODEL TO THE REST OF THE WORLD

- Content only market – no IMS
- Highly competitive & fragmented market
- Playtech recognised as a premium brand
- Led by Asian bookmakers – betting driven
- Price sensitive in nature
- Lower barriers to entry
- Non-exclusive market with dedicated areas on websites



# ASIA: PLAYTECH'S POSITION

NO READ-ACROSS TO THE OUTSIDE OF ASIA

## Significant and sudden change in China

- Increased competition - “Price war”
- No change to regulatory backdrop

## Majority of Asia through distributor Moorgate

- Playtech is licensed in the Philippines B2B
- Long term agreement
- Moorgate and non-exclusive

## Direct relationships in Asia less impacted

- ‘Core model’ more sticky

## Playtech S

- Use of Playtech IP without our knowledge or consent
- Matter now closed

## Malaysia

- No link to China headwinds
- Remains significantly lower

## Outlook

- Focus on cash generation
- Continue to monitor closely
- Stabilise market position

# STRATEGY

THE LEADING TECHNOLOGY COMPANY IN REGULATED MARKETS

## Strategy

### Scale & Distribution

- Playtech ONE
- Extension of Playtech platform
- Invest in leading B2C brands in key markets

### Data

- Data driven IMS capabilities
- Responsible gambling

### Innovation

- Innovative engaging content for regulated markets
- Pioneer of omni-channel

## Delivery



- 15 licensees signed up to GPAS in H1
- New licensees in key strategic markets
- Principal position in Italy with Snai




- New engagement platform
- Betbuddy integration
- New data driven 'smart limits'





- Industry disruptor in sports with PBS
- Integrated World Cup casino content

# PROGRESS IN KEY MARKETS

STRATEGIC Foothold IN FAST GROWING REGULATED MARKETS

LATAM	Online penetration	Online CAGR 17-20	Progress
Mexico	21%	8%	
Columbia	25%	14%	
Brazil	10%	13%	-
Peru	7%	11%	-

Europe	Online penetration	Online CAGR 17-20	Progress
UK	40%	9%	
Poland	20%	19%	
Czech Rep.	18%	15%	<b>FORTUNA</b>
Finland	40%	9%	
Sweden	46%	12%	-
Switzerland	12%	33%	-

S. Europe	Online penetration	Online CAGR 17-20	Progress
Italy	7%	14%	
Spain	10%	12%	
Portugal	12%	10%	
Greece	18%	12%	

# KEY MARKETS: US STRATEGY

## STRATEGIC OPTIONALITY

### Ready now

- New Jersey license in progress
- US ready retail sportsbook
- Scalable PBS technology

### Retail led strategy

- Industry leading SSBT & OTC capabilities
- Omni-channel essential to long-term opportunity
- Multi regulatory regime with state by state online / retail approach

### Strategic optionality in model

- Currently in active discussions
- JVs, partnerships, B2B deals
- Land based casinos, existing international clients, media groups



# PLAYTECH BGT SPORTS

## GEOGRAPHICAL EXPANSION & INNOVATION

### Sport central to Playtech strategy

- Strategically important in key markets
- Entry point to online for end customers

### Progress in key markets

- OPAP: PBS sportsbook rolled out across 4,500 estate
- SAS: landmark online sportsbook client in Portugal
- Latin America: Caliente in Mexico, Sportium Columbia

### Product innovation secures lead in regulated markets

- 48% growth in retail terminals to c. 40,000
- Secure UK position & spearhead new regulated markets
- Omni-channel: 'Track my bet' & Bet Tracker'
- Match Acca launched for World Cup



# ITALY: SNAITECH

*SNAITECH*



PLAYTECH HAS PROVEN TRACK RECORD IN HIGHLY REGULATED MARKETS

## Regulation

### Gaming machine reductions

- AWP's number to less than 265k
- 'Conferenza Unificata' – sensitive areas

### 'Decreto Dignita'

- Final parliament approval 10 August
- Advertising ban deadline July 2019
- PREU increases on AWP's & VLTs
- ID Cards from 2020

### New online bingo laws now active

- Previous laws based on land-based bingo
- Only 'Bingo 90' allowed
- Controlled by regulator's servers

## Impact

- Snai 15% market share gaming machines
- 38,534 AWP rights end of June 2018
- 0.9% decrease in gaming machine wagers
  
- Consolidate fragmented online market
- Snai largest retail betting market share at 20%
- €6-8m 2019 EBITDA impact
- Omni-channel opportunity for Playtech
  
- Greater selection of online bingo games
- Bingo a Playtech strength
- Game now run by operators

# ITALY: SNAITECH

**SNAITECH**



## LEVERAGING RETAIL CHANNEL TO DRIVE ONLINE GROWTH

No. of new players	FY 2017	%
Retail cross sell	19,474	20%
Direct brand driven	47,227	49%
Online acquisition	28,774	30%
<b>Total</b>	<b>95,475</b>	<b>100%</b>

NGR €m	FY 2016	FY 2017
Retail Cross sell	€34m	€42m
Online acquisition	€25m	€36m
<b>Total NGR</b>	<b>€59m</b>	<b>€78m</b>

### Snai: one of the most powerful online and retail brands

- 49% of new online customers came directly to Snai online
- Online customers acquired through retail worth 17% more
- Playtech technology proven track record of growing cross-sell

### Snai well positioned to take online share

- Top 5 online operators market share is 56% (87% in UK)
- Leverage Snai market leading 20% market share retail betting
- Advertising ban to impact online only brands

### FIFA World Cup delivered further momentum for Snai

- c.€80m in retail & online wagers (2014 World Cup: €42m)
- Grew online betting market share to 11%
- Full benefit to be reported in H2 numbers

# SUN BINGO UPDATE

GOOD MOMENTUM IN PERFORMANCE

## Sun Bingo performance much improved

- 27% in revenue at constant currency
- Good performance despite traditionally slow summer period

## Negotiations continue to progress

- Potential for agreement to benefit both parties
- Incentivise Playtech to deliver positive ROI
- News UK strategic review of all options with Sun Bets business

# CURRENT TRADING

AND FURTHER STRATEGIC PROGRESS IN H2

## Momentum in regulated business continues into H2

- Continued momentum in regulated revenue
- Snaitech strong performance start of H2 2018
- Sun Bingo continuing to see revenue momentum
- GVC negotiations



# INVESTOR DAY 2018

*SNAI*TECH

- Milan: November 2018
- Presentations on Snai business
- Meet the highly rated Snai management team
- Opportunity to spend time with Group management
- Invitations to follow



# Q&A



# Appendix



# B2B GAMING CUSTOMER CONCENTRATION

CONSISTENT FROM H2 2017 to H1 2018

Licensees	H1 2017	H2 2017	H1 2018
Top 5	43%	38%	38%
Top 10	63%	57%	57%
Top 15	74%	68%	68%

# ACQUISITION TIMETABLE

Acquisition	Contingent cons.	Max earnout	Payment date
ACM Group	€73.0m	€124.1 m	€5.0 m Q4 2018 €5.6 m Q1 2019 €64.8 m Q1 2020
Playtech BGT Sports Ltd	€31.2m	€60.0 m	Q2 2020
Consolidated Financial Holdings	€23.4 m	€62.6 m	Q3 2019
Destres	€16.0 m	€17.5 m	€2.5 m Q3 2018 €15.0 m Q2 2021
Quickspin AB	€14.0 m	€14.3 m	Q1 2019
ECM Systems Holdings Ltd	€1.2 m	€1.2 m	Q1 2020
BetBuddy	€2.6 m	€2.7 m	€0.5 m Q1 2018 €0.8 m Q4 2019 €1.4 m Q4 2020
GenWeb	€2.4 m	€2.4 m	Q4 2019
Eyecon Ltd	€1.3 m	£25.0 m	Q4 2020
Other	€15.3 m	€21.0 m	

# Thank You

