

Full year results 2019

27 February 2020

AGENDA

Group overview

Highlights

Financial review and
outlook

Strategic update



Alan Jackson
Chairman



Mor Weizer
Group CEO



Andrew Smith
Chief Financial Officer



Mor Weizer
Group CEO

OVERVIEW

READY FOR THE NEXT CHAPTER OF GROWTH & DEVELOPMENT

- 2019 continued focus on strengthening foundations of the Group
- Clear focus on core B2B & B2C; regulated revenues now 88% of Group
- Actions taken to address underperforming assets
- Continued strong shareholder distributions; over €1bn returned in last 10 years
- Board appointments made and Chairman succession well advanced

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HIGHLIGHTS

CORE B2B AND B2C GAMBLING DRIVING PLAYTECH

- Continued to transform Playtech during 2019 to adapt to evolving industry
- Strong execution across core businesses in 2019
 - Core B2B gambling business performing strongly; new structured agreement, over 50 brands launched
 - Snaitech had outstanding performance; reached #1 online market share in H2
- Increasing investment in US
- Asia broadly stable through H2 2019; negative impact from COVID-19
- Focus on simplifying Playtech in 2020 and beyond
 - Business rationalisation underway; Casuals discontinued and TradeTech under review

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FINANCIAL HIGHLIGHTS

STRONG CORE B2B AND OUTSTANDING SNAITECH RESULTS IN 2019

Strong Core B2B Gambling

- Core B2B Gambling revenue growth of 15% vs FY 2018
 - UK growth of 15% at CC (17% excl. RGD impact)
 - Non-UK regulated growth of 16% at CC
- Core B2B Gambling adjusted EBITDA growth of 10% and margin of 29%

Outstanding Snaitech 2019 performance

- Adjusted EBITDA growth of 24% excluding taxation & World Cup, after adjusting for IFRS 16
- €55m disposal of Snaitech land

Long term financing in place

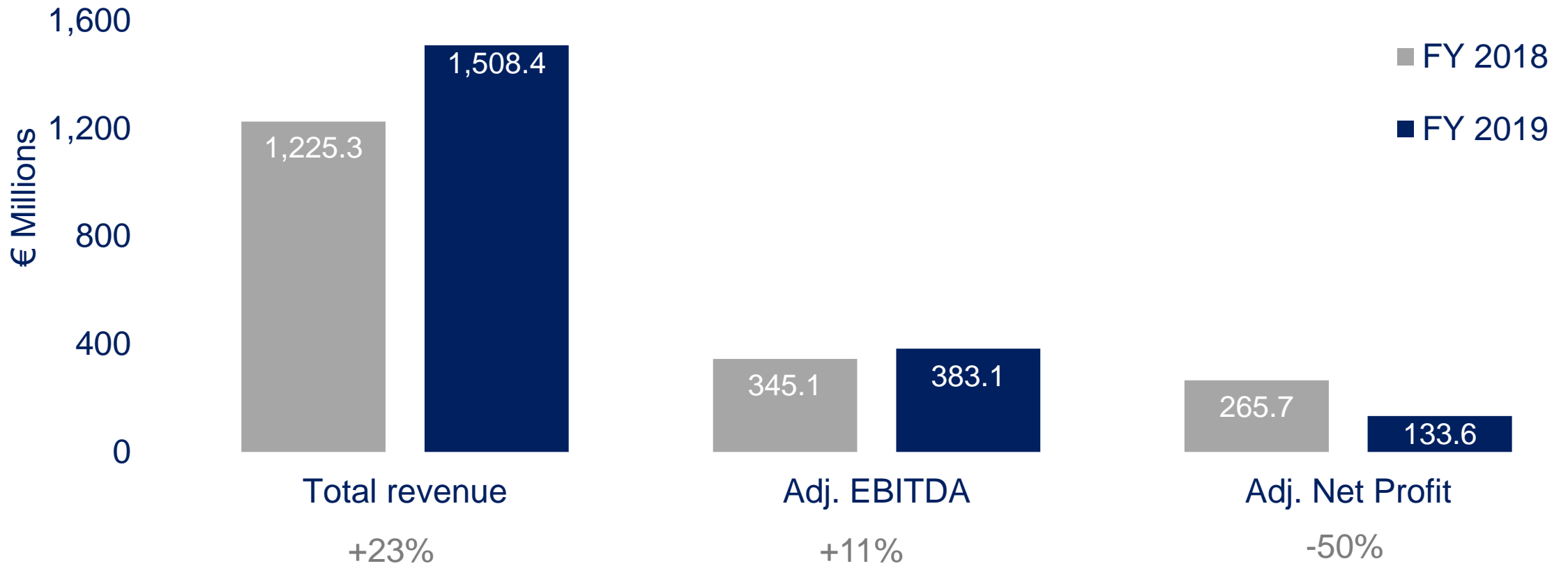
- €350m 7-year bond raised - repaid convertible
- Extended and increased RCF - new Tier 1 lending bank joined the syndicate

Focus on shareholder returns

- €65m of shares bought back over two buyback programmes in 2019; new €40m buyback launched
- Final dividend declared of €0.12 per share

RESULTS SUMMARY

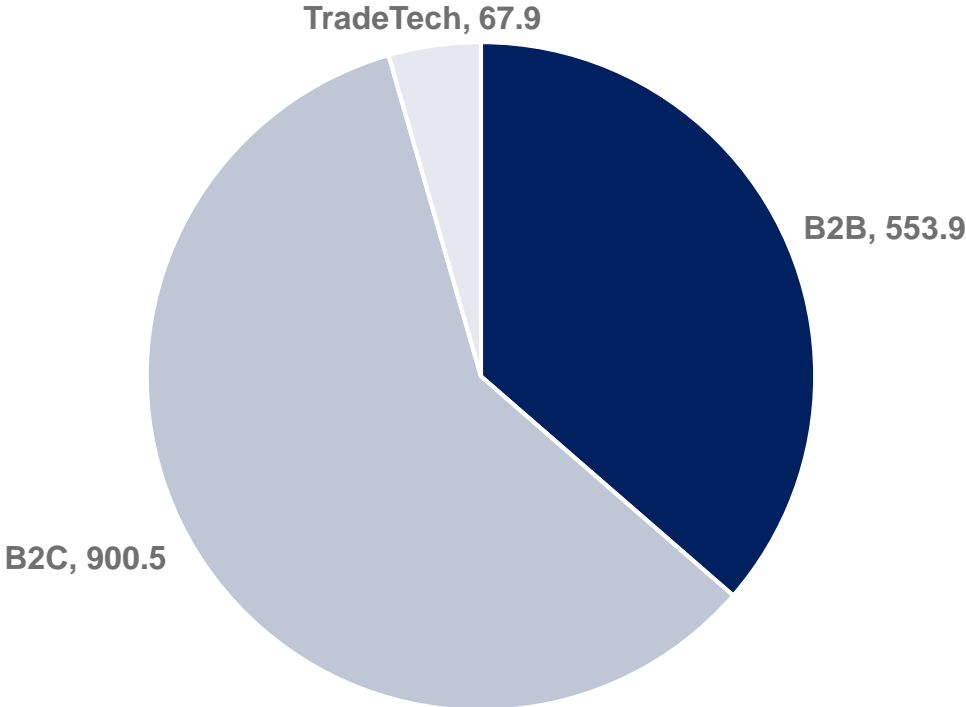
Group



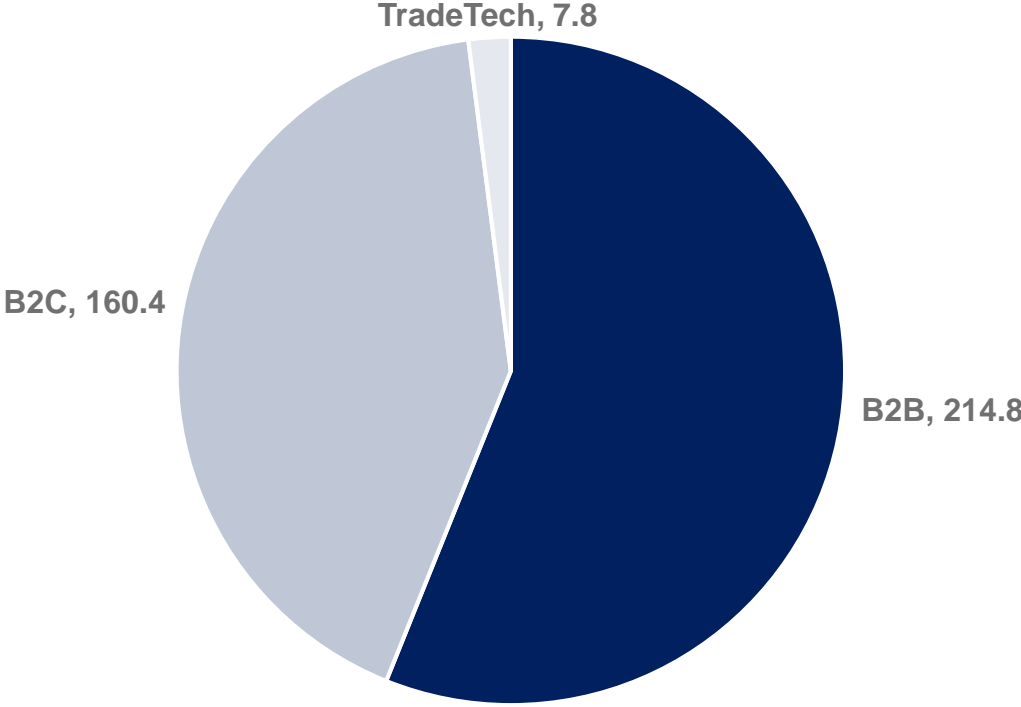
SUMMARY BY DIVISION FY 2019

88% REGULATED REVENUES

FY 2019 Revenue (€m)*



FY 2019 Adjusted EBITDA (€m)



B2B GAMBLING REVENUE

STRONG CORE B2B PERFORMANCE

	FY 2018 (€m)	FY 2019 (€m)	%	CC%
UK	174.7	203.8	17%	15%
Other regulated	143.8	168.6	17%	16%
Total Regulated B2B	318.5	372.4	17%	16%
Unregulated ex Asia*	66.6	69.5	4%	4%
Total Core B2B	385.1	441.9	15%	14%
Asia	180.9	112.0	-38%	-39%
Total B2B Gambling	566.0	553.9	-2%	-3%

B2B GAMBLING COSTS

TIGHT COST CONTROL BALANCED WITH TARGETED INVESTMENTS

	FY 2018* (€m)	FY 2019 (€m)	%	FY 2019 Excl. One Offs (€m)	%
R&D	73.4	80.9	10%	80.9	10%
Operations	144.2	181.2	26%	152.0	5%
G&A	57.8	57.4	-1%	57.4	-1%
S&M	19.5	19.6	1%	19.6	1%
Total B2B Gambling	294.9	339.1	15%	309.9	5%

CORE B2B GAMBLING MARGIN

TIGHT COST CONTROL BALANCED WITH TARGETED INVESTMENTS

	FY 18 (€m)	FY 18 restated (€m)*	FY 19 (€m)
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Total B2B Gambling EBITDA margin	45%	48%	39%
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B2B Gambling Asian revenue**	180.9	180.9	112.0
B2B Gambling Asian direct costs	25.0	25.0	24.6
B2B Gambling Asian contribution margin	86%	86%	78%

Core B2B Gambling revenue	385.1	385.8	441.9
Core B2B Gambling costs	288.5	269.9	314.5
Core B2B Gambling EBITDA	96.6	115.9	127.4

Core B2B Gambling EBITDA margin	25%	30%	29%
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- Tight cost control and targeted investment drives margin of 29% in FY 2019 (27% when excluding hardware sales)
- Increased investment across products (namely Sport and Live) and in the US in 2020 will impact margin
- **Core B2B Gambling margin to increase from 16% in 2017 and 29% in 2019 to over 35% in medium term (adjusted for impact of IFRS 16)**

B2C GAMBLING PERFORMANCE

**B2C
Gambling**

	Revenue (€m)				Adjusted EBITDA (€m)		
	FY 2018	FY 2019	%	CC%	FY 2018	FY 2019	%
Snaitech*	511.9	829.7	62%	n/a	93.0	162.4	75%
White label (incl. Sun Bingo)	52.1	51.1	-2%	-3%	-23.9	9.8	n/a
Retail Sport B2C	14.1	19.7	40%	40%	-6.1	-11.9	n/a
Total B2C Gambling	578.1	900.5	56%	56%	63.0	160.3	154%

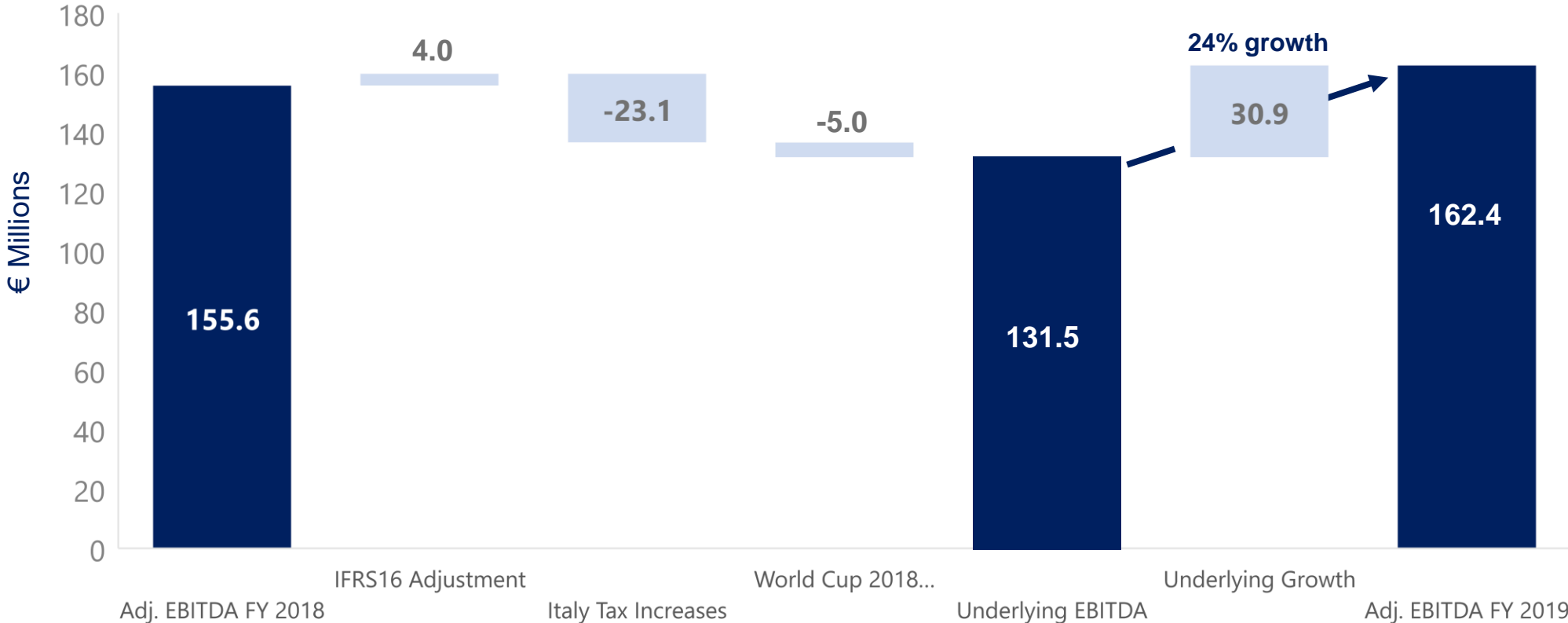
SNAITECH PERFORMANCE

€180M MEDIUM TERM TARGET MET ON UNDERLYING BASIS

Revenue (€m)	FY 2018	FY 2019	%	FY 2019 Tax Adjusted	%
Retail betting	170.9	174.1	2%	178.0	4%
Gaming machines	610.4	523.7	-14%	610.3	0%
Online	82.9	100.3	21%	105.5	27%
Other	30.4	31.6	4%	32.7	8%
Total	894.6	829.7	-7%	926.5	4%
Adjusted EBITDA*	159.6	162.4	2%	185.7	16%
Margin	17.8%	19.6%	-	20.0%	-
Underlying margin**	46.0%	46.1%	-	49.4%	-

SNAITECH EBITDA BRIDGE

VERY STRONG UNDERLYING GROWTH



TRADETECH GROUP RESULTS

	FY 2018	FY 2019	%
B2C	\$45.2	\$23.6	-48%
Liquidity offering	\$27.9	\$30.0	8%
Execution & Risk Management	\$24.8	\$16.4	-34%
Full Turnkey offering	\$12.2	\$6.2	-49%
Net Revenue	\$110.1	\$76.2	-31%
Adjusted EBITDA	\$36.7	\$8.9	-76%

- Record low volatility with assets trading in extremely tight ranges during Q1, and exceptional market movements in September-October 2019 with markets consistently moving against the risk book
- Strong performance within liquidity offering, with increased product offering and new customers
- 2019 first full year of ESMA’s product intervention measure impacting leverage available to B2C customers
- Full Turnkey customers are primarily European brokers, with ESMA leverage limitation has full impact on revenue share
- Impairment of goodwill from acquisitions

BALANCE SHEET

EFFICIENT CAPITAL STRUCTURE IN PLACE

- Long term financing in place; leverage ratio within target range
 - Adjusted net cash of €333m as at year end
 - €350m 7-year bond raised in March 2019; proceeds used to repay €297m convertible in November
 - Playtech now has 5-year (€530m) and 7-year bonds (October 2023 and March 2026)
 - Revolving credit facility (RCF) extended and increased to €317m; new Tier 1 lending bank joined the syndicate
- Balanced shareholder distributions
 - Final dividend declared of €0.12 per share (2018 final dividend: €0.12 per share)
 - Further €40m share buyback launched following completion of €65m of programmes in FY 2019

OUTLOOK

GOOD UNDERLYING PERFORMANCE EXPECTED IN CORE GAMBLING

Core Gambling*

- Core B2B Gambling to perform strongly on underlying basis
 - Strong Casino and Live
 - Sports facing headwinds from hardware sales
 - Impact from credit card ban and COVID-19
- Another year of strong performance expected from Snaitech despite regulatory headwinds of more than €15m
 - Snaitech has started year strongly however now seeing impact from COVID-19
 - Impact of ID cards for age verification for VLTs broadly in line with expectations

Non-core

- Asia expected to be lower than 2019
 - February revenue expected to be c. €7 million due to negative impact from COVID-19
- TradeTech
 - Strong start to 2020
 - Strategic review ongoing
- Retail B2C Sport
 - Showing signs of improvement from low base
 - Strategic alternatives being explored

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CLEAR GROUP FOCUS

FOCUSED ON CORE B2B AND B2C GAMBLING

Core B2B Gambling

B2C Gambling

Asia

TradeTech

TRANSFORMING PLAYTECH THROUGH OUR B2B OFFERING

- Following thorough review of business, Playtech continues to transform
- Playtech has an unparalleled set of assets
- New COO and CTO office to oversee operations and technology
- Reorganised each vertical with new heads of Sports, Casino, Content, IMS, Live, Bingo and Poker
- Rearchitected our software and technology
- Marketplace launched
- New SaaS model launched

SAFER GAMBLING

LEADER IN SAFER PRODUCTS, DATA ANALYTICS & ENGAGEMENT SOLUTIONS

Collaboration

- Safer Gambling Commitments – BGC in UK
- Industry charities / regulators / academic institutions

Technology

- Playtech Protect: one stop shop for compliance & SG needs
- Thought leader on Safer Game Design

Intelligence

- Deliver insights on player journey / behaviour
- Real-time data driven player engagement



SCALE CONTINUED TO EXPAND IN 2019

PLAYTECH CONTINUES TO EXTEND ITS REACH IN ALL KEY VERTICALS



54%

Growth in Live
Casino NGR *

11%

Growth in slots
NGR *

SNAITECH

31%

Growth in online stakes

30%

Increase in FTDs



34%

Growth in digital stakes

22%

Growth in retail stakes

STRONG EXECUTION ON 2019 PRIORITIES

DELIVERING OUR STRATEGY

Continue to increase scale
and distribution



Sign new structured
agreement and Tier 1
operators



Increase Snaitch market
share in Italy



Extend technology
leadership; continue to
innovate



Launch SaaS offering; sign
50 brands



Lead in safer gambling
developments



EXECUTING OUR STRATEGY

EXECUTING ACROSS ENTIRE GAMBLING MARKET



INCREASING INVESTMENT IN US

LIVE CASINO FACILITY BEING DEVELOPED IN NEW JERSEY

- Increased investment to capture medium term opportunity
- Playtech US office opened
- Live Casino facility being developed in New Jersey
- Further license applications underway in further states
- Strong pipeline of commercial opportunities across products including IMS, Casino, Live Casino and Sport

OUTSTANDING 2019 FOR SNAITECH

SNAITECH THE MARKET LEADER IN ITALY

#1

Market share in total online
(betting & gaming) in H2
2019

24%

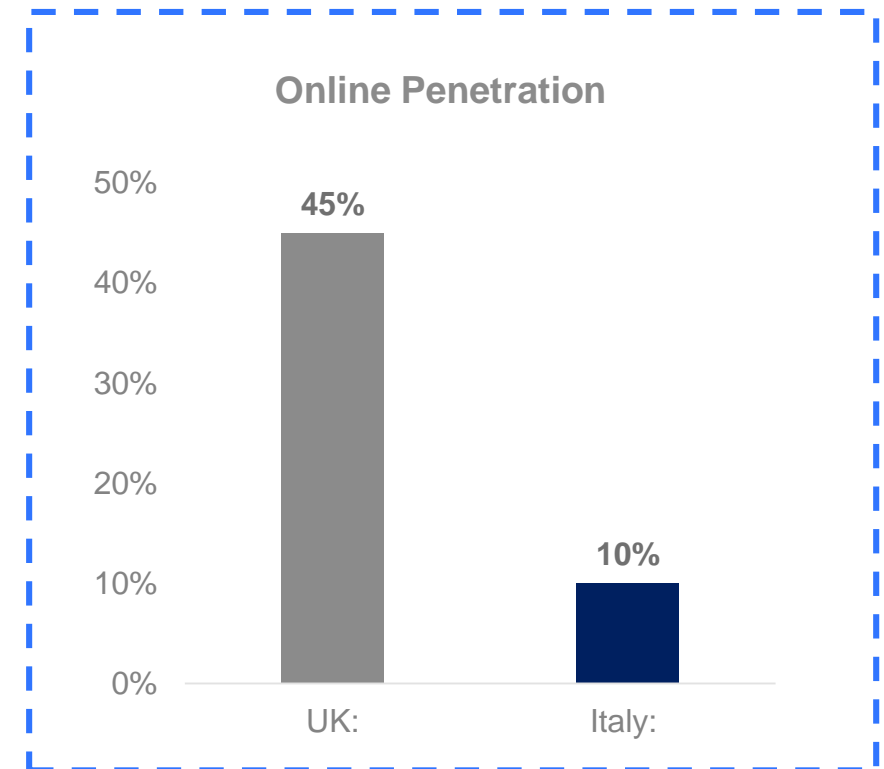
Growth in underlying
adjusted EBITDA

31%

Growth in online
stakes vs. FY 2018

46%

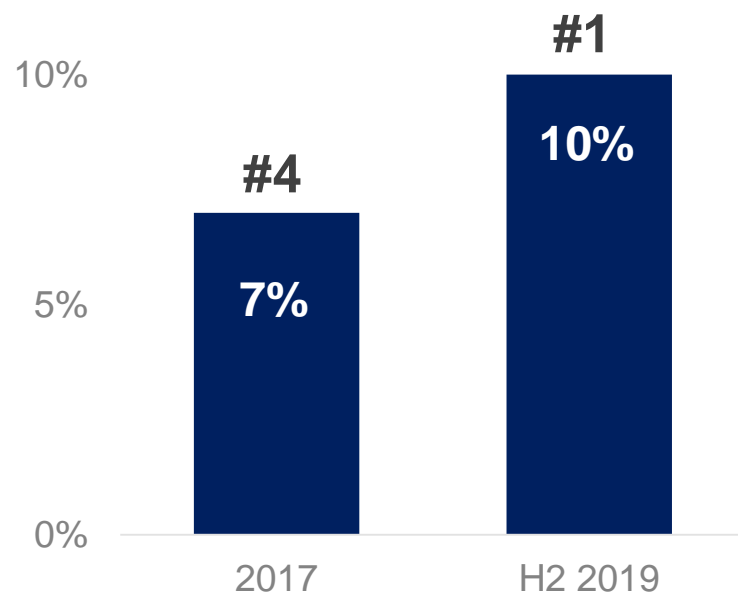
Underlying EBITDA
margin*



UNLOCKING VALUE IN SNAITECH

STRONG PROGRESS SINCE ACQUISITION

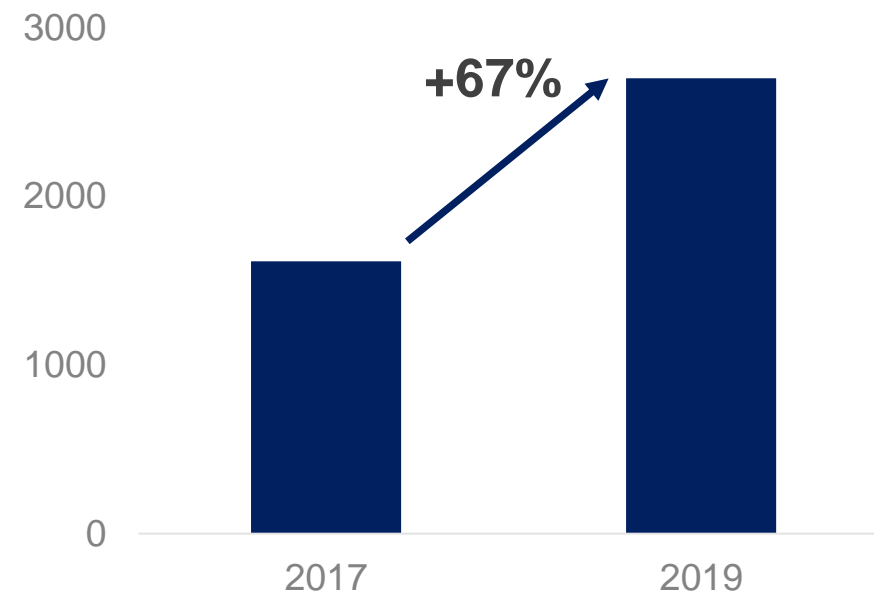
Online market share



€55m

Land sale

Online stakes (€m)



POTENTIAL IMPACT OF £2 ONLINE STAKES

PLAYTECH WILL ADAPT TO ANY SCENARIO

- B2B UK Casino (Slots, Table Games, Live) revenue is c. €70 million per annum
 - Nearly 70% from Slots
- B2C UK Casino revenue c. €35 million per annum
 - Virtually all is Slots; table and card games immaterial
- Impact dependent on outcome of review by UKGC
- Playtech will adjust its business model in the UK to mitigate impact

ASIA

MARKET REMAINS HIGHLY COMPETITIVE

- Competition remains intense with low barriers to entry
- Operators remain highly price sensitive
- Positive initial indications on incentivisation programme
- No change to regulatory backdrop
- February includes negative impact from COVID-19

TRADETECH

2019 review

- Record low volatility with assets trading in extremely tight ranges during Q1
- Exceptional market making movements in September-October 2019
- Significant improvements in B2C following Implementation of new strategy from June 2019
- CFH performed well in 2019 growing customers, volumes and revenues; strong pipeline entering 2020

2020 priorities

- Strong start to 2020 in all areas of the business
- Focus on growth and sustainability of our revenue line item
- Merge group functions to achieve costs synergies
- Balance sheet optimisation

ASSETS UNDER REVIEW

ACTION BEING TAKEN

- Casual gaming
 - Classified as discontinued operation
 - For sale
- TradeTech
 - Restructuring underway
 - Performance being optimised with focus on restoring profitability
- Retail B2C Sport (HPYBET)
 - Strategic asset in Germany ahead of regulation
 - Investment phase

FOCUS FOR 2020

STRONG EXECUTION TO CONTINUE

- Drive Core B2B
 - Additional structured agreements
 - Sign further 50 brands
 - Increase investment in US
- Snaitech to outperform in Italy
- Drive further developments in Safer Gambling
- Further action to be taken on underperforming assets
- Analyst day in H1 2020 focused on Core B2B

Q&A

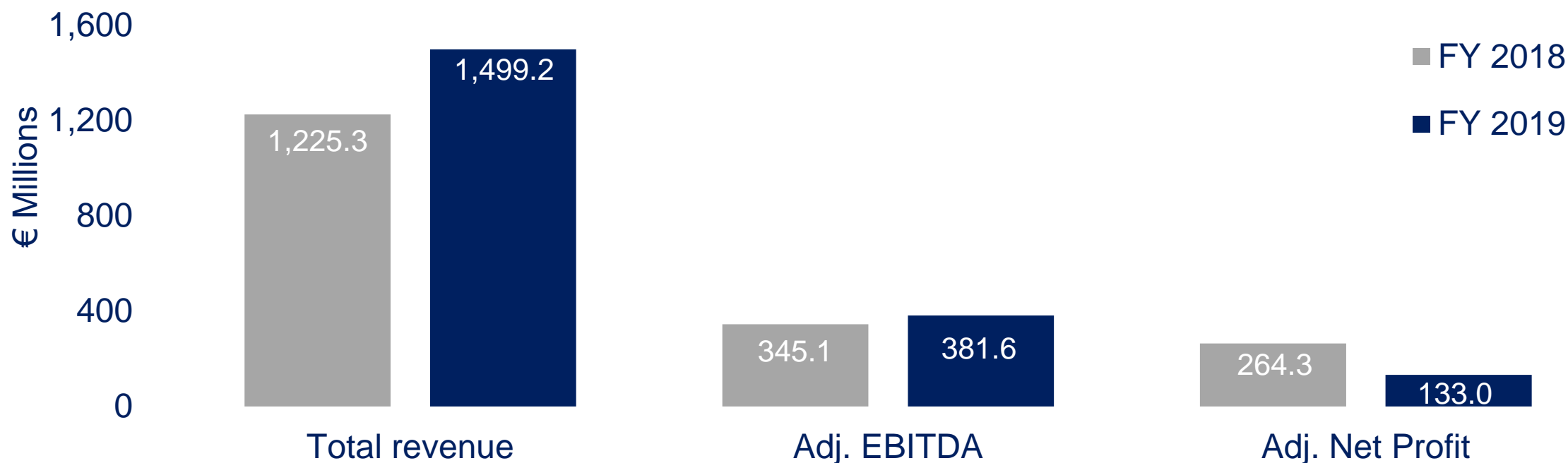


Appendix



RESULTS SUMMARY

AT CONSTANT CURRENCY



Incl. acquisitions
Excl. acquisitions

+22%
-6%

+11%
-12%

-50%
-61%

SUMMARY BY DIVISION FY 2019

Group

		FY 2018 (€m)			FY 2019 (€m)		
		Revenue	Adj. EBITDA	Margin	Revenue	Adj. EBITDA	Margin
Reported	B2B Gambling	566.0	252.6	45%	553.9	214.8	39%
	B2C Gambling	578.1	63.0	11%	900.5	160.4	18%
	(Intercompany)	(11.7)	n/a	n/a	(13.9)	n/a	n/a
	Total Gambling	1,132.4	315.6	28%	1,440.5	375.2	26%
	TradeTech	92.9	29.5	32%	67.9	7.9	11%
	Group	1,225.3	345.1	28%	1,508.4	383.1	25%
CC	Group	1,225.3	345.1	28%	1,499.2	381.6	25%

B2B GAMBLING CUSTOMER CONCENTRATION

Licensees	FY 2018	FY 2019
Top 5	41%	34%
Top 10	54%	50%
Top 15	62%	58%

B2B GAMBLING PERFORMANCE

**B2B
Gambling**

	FY 2018 (€m)	FY 2019 (€m)	%	CC %
Casino	320.1	251.0	-22%	-22%
Services	84.6	91.6	8%	7%
Sport	98.0	152.7	56%	54%
Bingo	26.4	23.3	-11%	-13%
Poker	9.6	8.4	-12%	-12%
Other	27.3	26.9	-2%	-3%
Total B2B Gambling	566.0	553.9	-2%	-3%

B2B GAMBLING COSTS

	FY 2018 (€m)	FY 2019 (€m)	%
R&D	80.3	80.9	1%
Operations	151.1	181.2	20%
G&A	62.1	57.4	-8%
S&M	20.0	19.6	-2%
Total B2B Gambling	313.5	339.1	8%
B2B Gambling R&D excl. cap'	47.1	48.0	2%

B2B GAMBLING COSTS: FY19 EXCL. IFRS 16

B2B
Gambling

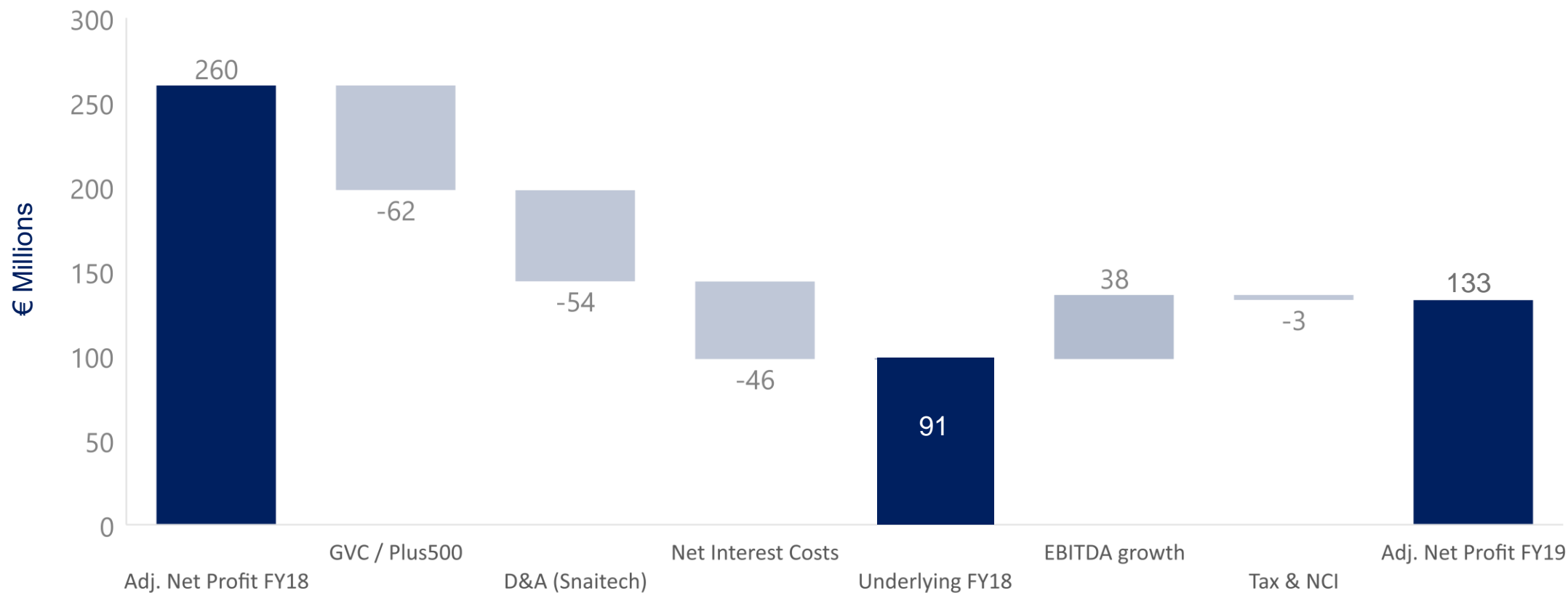
	FY 2018 (€m)	FY 2019* (€m)	%
R&D	80.3	78.2	-3%
Operations	151.1	174.3	15%
G&A	62.1	52.7	-15%
S&M	20.0	19.1	-4%
Total B2B Gambling	313.5	324.3	3%
B2B Gambling R&D excl. cap'	47.1	41.5	-12%

NET PROFIT AND EPS

Group

	Adjusted			Excl. Acquisitions		
	FY 2018	FY 2019	%	FY 2018	FY 2019	%
Adjusted EBITDA	345.1	383.1	11%	257.2	228.3	-11%
- Depreciation & Amortisation	-103.5	-157.6	52%	-73.5	-98.1	-33%
- Finance Income / (Expense) *	-3.9	-49.6	1172%	15.5	-20.3	n/a
- Tax	-35.1	-43.9	25%	-27.6	-22.3	19%
- Gain/(loss) from Associate, JV, Sale of Investments**	63.1	1.6	n/a	63.1	1.6	n/a
Non-controlling interest	-6.0	-0.6	n/a	-6.0	-0.6	n/a
Net Profit attrib. to owners of parent	265.7	133.6	-50%	228.7	88.6	-61%
Shares Outstanding (millions)	315.0	301.8	-4%	315.0	301.8	-4%
Basic EPS (cents)	82.4	44.1	-46%	72.6	29.4	-60%

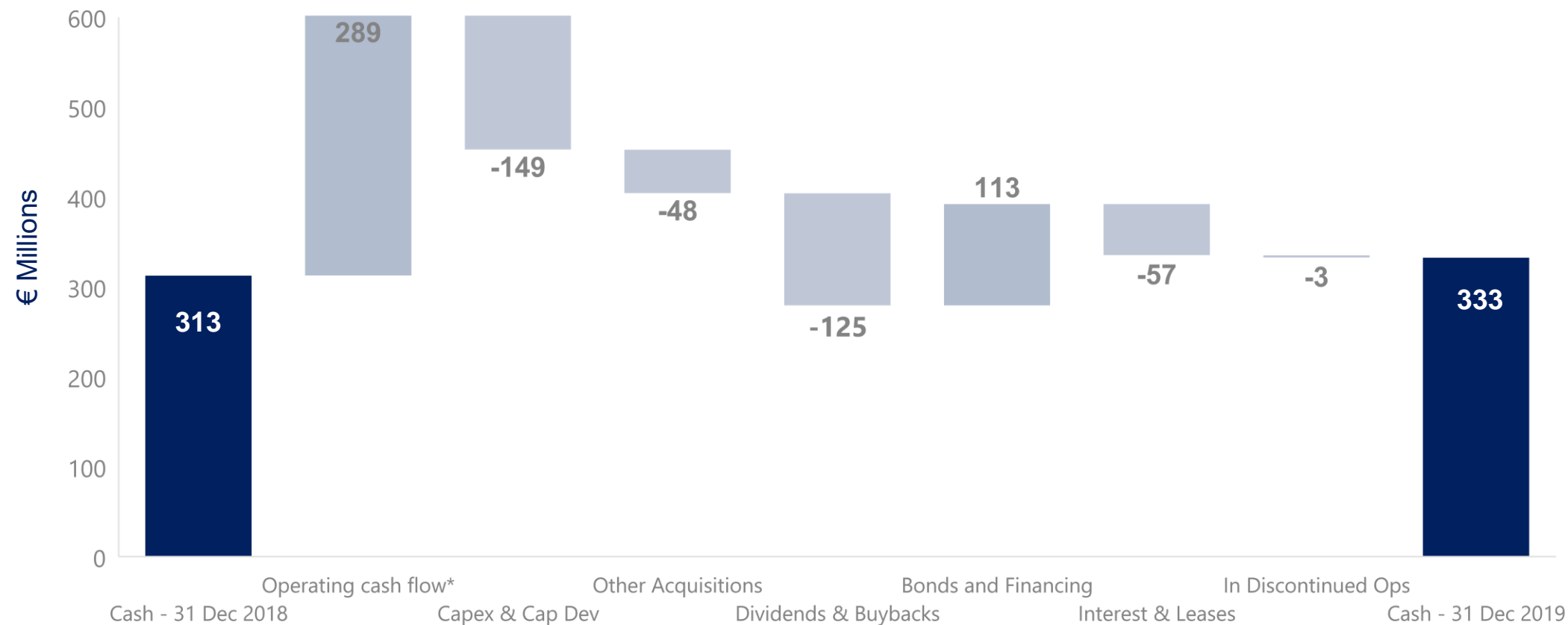
NET PROFIT BRIDGE



CASH ON BALANCE SHEET

	Dec 2019 (€m)					June 2019 (€m)	Dec 2018 (€m)
	Gambling *	TTG	Playtech ex. Snai	Snai	Total		
Gross Cash	177	335	511	155	666	576	622
Client funds / progressives *	(84)	(210)	(294)	(41)	(335)	(272)	(309)
Adjusted gross cash	93	125	217	115	333	304	313
Cash needed for operations	(50)	(53)	(103)	(30)	(133)	(133)	(138)
Capital adequacy	-	(70)	(70)	-	(70)	(70)	(70)
Available cash	43	2	44	85	129	101	105

ADJUSTED CASH BRIDGE



CONTINGENT CONSIDERATION

Acquisition	Contingent Consideration and redemption liability as at 31.12.19	Max earnout	Payment date
ACM Group	-	€129.3 million	Q3 2020
Playtech BGT Sports Ltd	€36.9 million	€95.0 million	Q2 2020
HPYBET Austria GbmH	-	€15.0 million	Q2 2021
BetBuddy	€1.4 million	€1.4 million	Q4 2020
GenWeb	€2.5 million	€2.5 million	Q1 2020
Eyecon Limited	-	€26.5 million	Q2 2021
Rarestone Gaming PTY Ltd	€3.8 million	€4.1 million	€1.3 million Q4 2020
			€2.5 million Q1 2021
Wplay	€16.1 million	€21.3 million	€16.1 million Q3 2020
			€5.2 million Q1 2021
Total	€61.1 million	€295.5 million	

Thank You

