



RESULTS FOR THE YEAR ENDED  
31 DECEMBER 2019

# AGENDA

**Brian Mattingley** | Introduction

**Itai Pazner** | 2019 Highlights

**Aviad Kobrine** | Financial Review

**Itai Pazner** | Operational Review

**Q&A**



## ITAI PAZNER, CEO | 2019 HIGHLIGHTS

# OPERATING UNDER COVID-19

- We have adjusted our operations to the new COVID-19 reality and local guidelines
- The safety and health of our 8sters was set as a top priority
- All employees in our 9 global sites are now Working From Home
- This was possible in a very short time frame due to a well prepared and executed business continuity plan
- Developing a new WFH routine, constantly finding new innovative ways to communicate, maintain high spirits and productivity
- Currently, major projects are progressing as planned
- Our new, proprietary 888sport successfully launched in Sweden
- As more people are quarantined worldwide, we continue to implement Responsible Gaming measures to ensure the safe play of our customers
- Management continues to monitor the situation closely as it evolves in different countries



# 2019 HIGHLIGHTS

- Good progress throughout the year with double digit revenue growth at constant currency
- Continued focus on compliance and launched '*Safer, Better, Together*' responsible gaming strategy
- Record new customer acquisition – more than 1million FTDs coupled with consistent marketing efficiencies
- Further progress in regulated markets
- Successful market penetration in Sweden and Portugal
- Product centricity driving success - Personalisation
- Casino & Sport verticals lead growth
- Sport new platform deployment on track
- Resilient business model and strong balance sheet





AVIAD KOBRINE, CFO | FINANCIAL REVIEW

# 2019 FINANCIAL HIGHLIGHTS

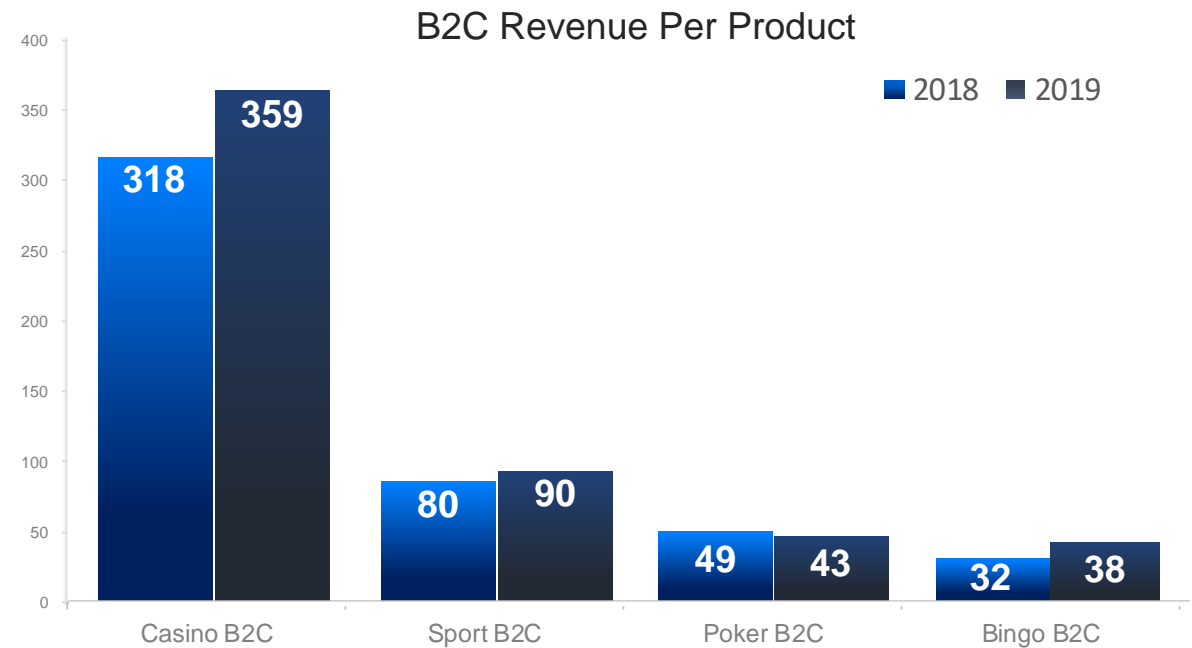
- Revenue up **10%** at constant currency driven by further progress in regulated markets
- Revenue increase led by Casino and Sport up **17%** and **19%** respectively at constant currency
- UK growth continues to be driven by recreational players with casino revenue generated by VIPs less than 5% of total portfolio
- Regulated and taxed markets comprise a record **74%** of Group's Revenue supported by launches in Sweden and Portugal during 2019 and strong growth in Italy and Romania
- Marketing ratio stable at **29%** with new customers' up **22%**, led by Casino (up **43%**) reflecting CPA efficiencies
- Adjusted EBITDA margin of 15% (2018: 20%) primarily reflecting US\$26m higher gaming duties and FX headwinds
- Adjusted EBITDA<sup>2</sup> down 20% to \$86m; \$92m at constant currency
- Final dividend of 3.0¢ per share (2018: 6.0¢ per share) bringing total dividends for the year to 6.0¢ per share (2018: 12.2¢) in line with the Group's dividend policy
- Adjusted Basic EPS<sup>2</sup> at \$13.5c
- Strong balance sheet with cash and cash equivalents at US\$99.5m, US\$45m net of customers' deposits
- Healthy current trading

# GROUP REVENUE

- Group revenue up **6%** to \$560m (2018: \$530m); up **10%** at constant currency
- Growth is driven by Casino, Sport, new markets, healthy acquisition and regulated progress
- Poker stabilisation as of H2 2018, with H2 2019 **7%** higher YoY
- B2B impacted by transfer of acquired businesses from B2B to B2C, soft trading in Globalcom bingo and migration of Cashcade

Revenue 2019 vs. 2018

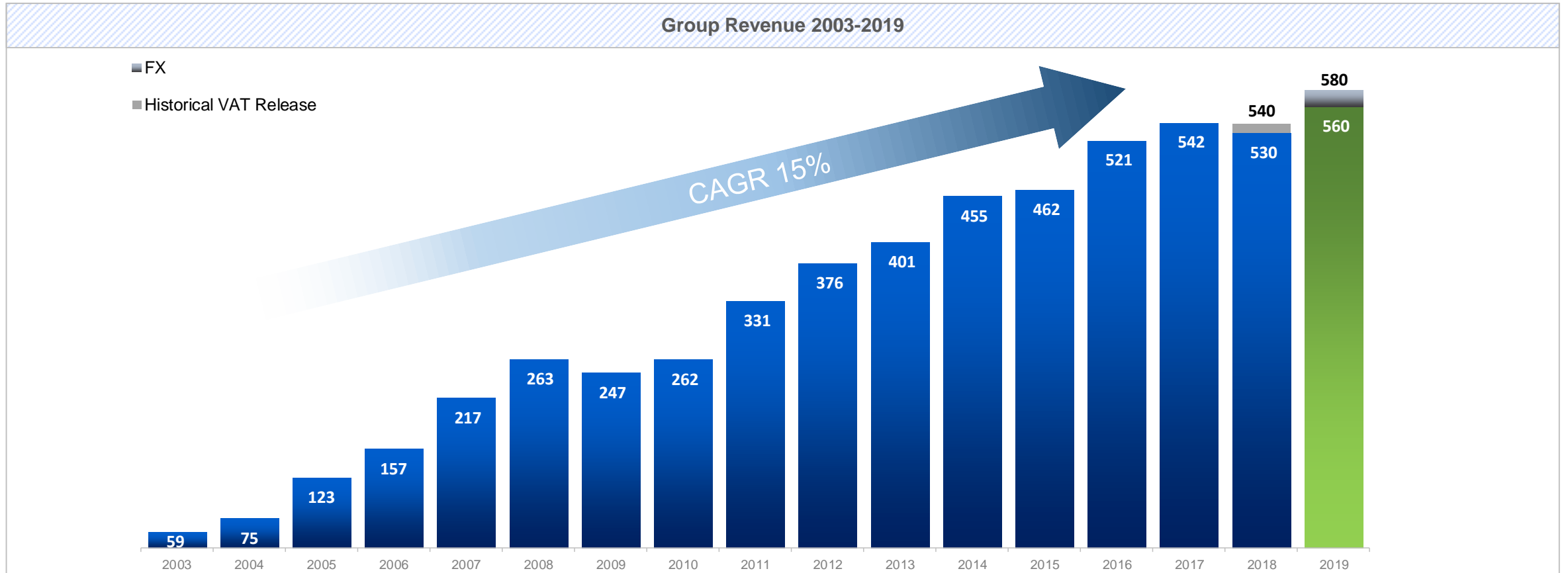
\$US Millions	FY 2019	FY 2018
Casino	359.3	317.6
Sport	90.0	80.3
Poker	42.7	48.9
Bingo	38.5	32.4
B2C	530.5	479.3
B2B	29.8	50.6
<b>Group</b>	<b>560.3</b>	<b>529.8</b>





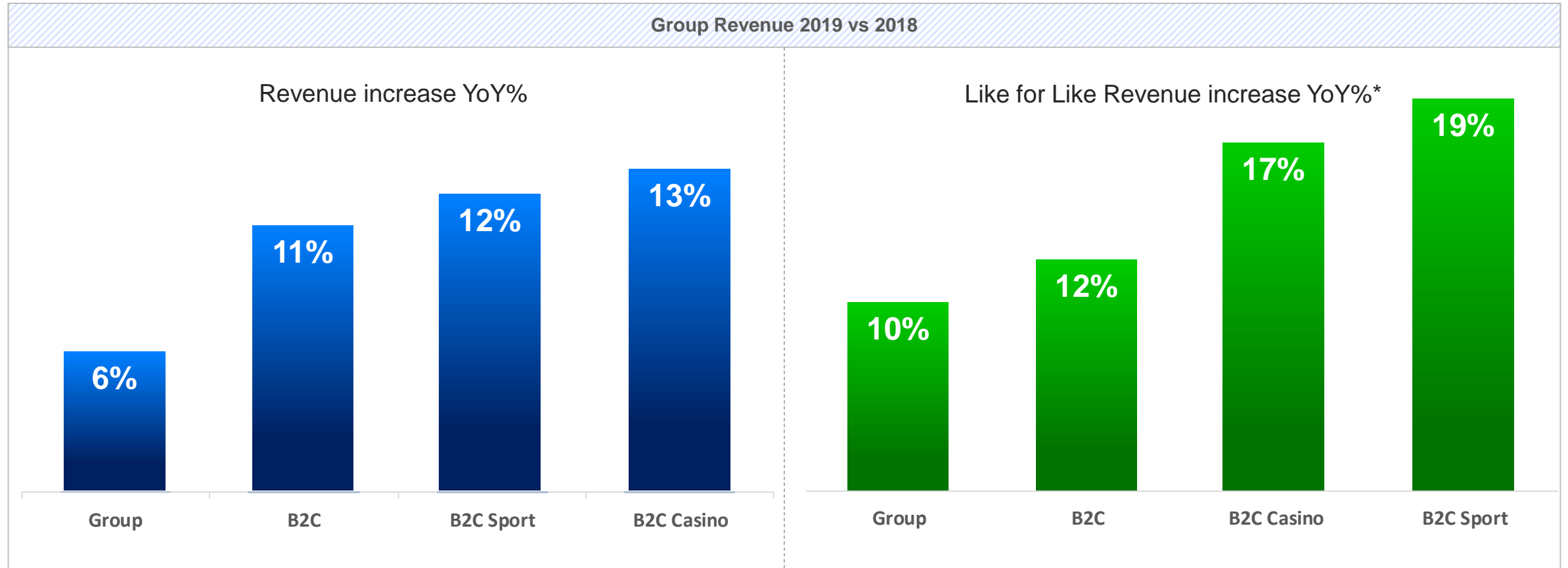
# GROUP REVENUE

- 2003-2019 CAGR at **15%** reflecting strong long-term growth track record
- Group revenue up **10%** at constant currency led by Casino and Sport
- Regulated markets revenue increase **22%** at constant currency



# GROUP PERFORMANCE

- Double digit like for like revenue increase across our growth verticals – Casino & Sport
- Healthy customer acquisition, up **22%** against strong prior year performance which included the FIFA World Cup
- Casino stand out growth with new customer acquisition up **43%**, active players up **26%** and overall deposits up **31%**

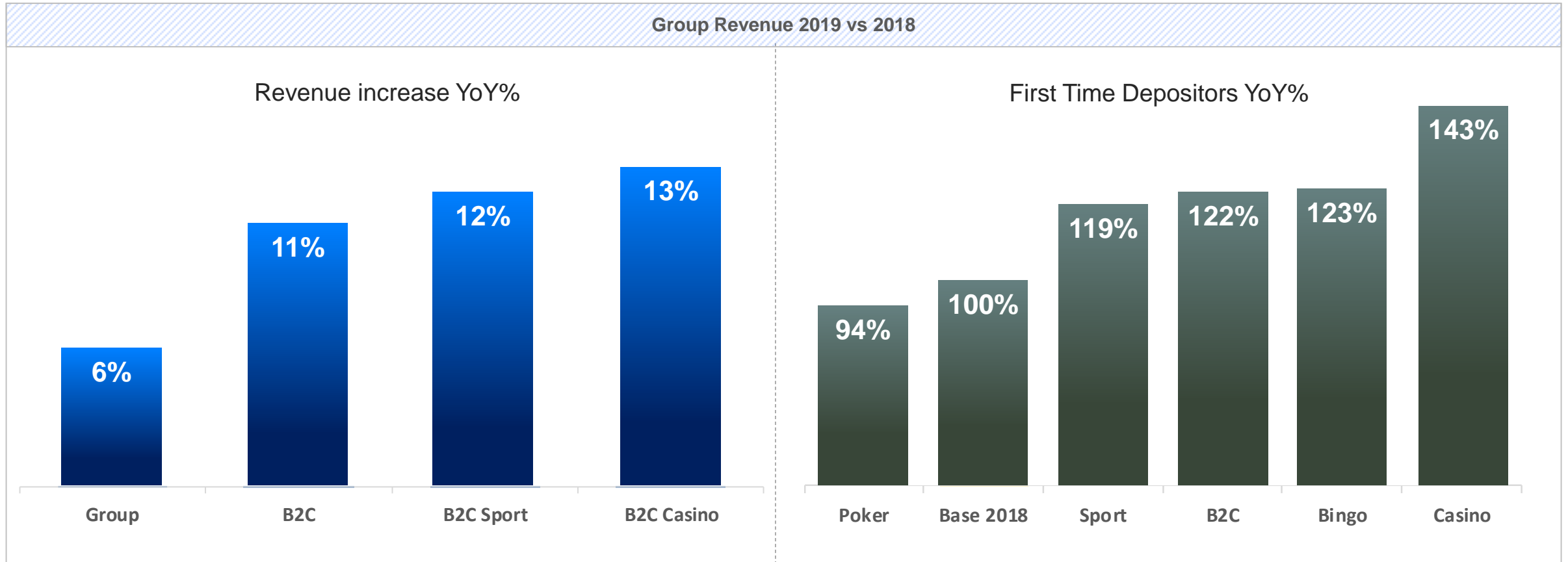


10 \* Group like for like - at constant currency, adjusted for the migration of Cashcade bingo and the Jet Management bingo and AAPN acquisitions.



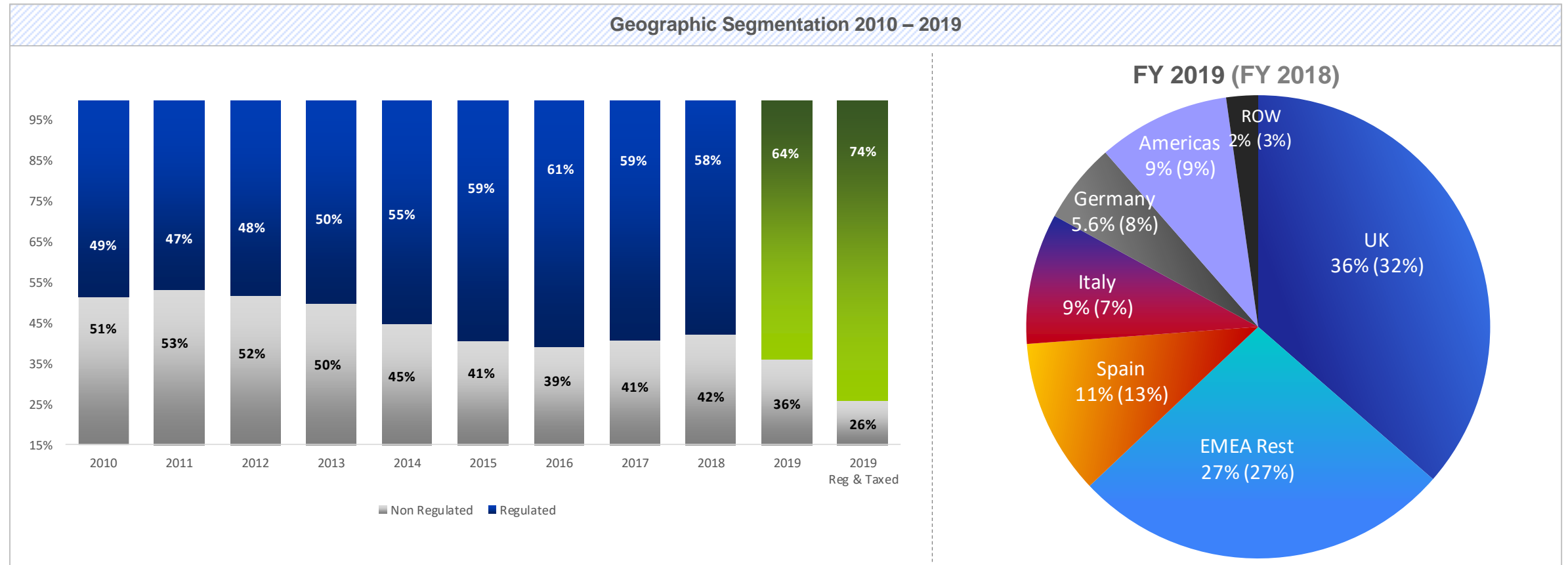
# GROUP PERFORMANCE

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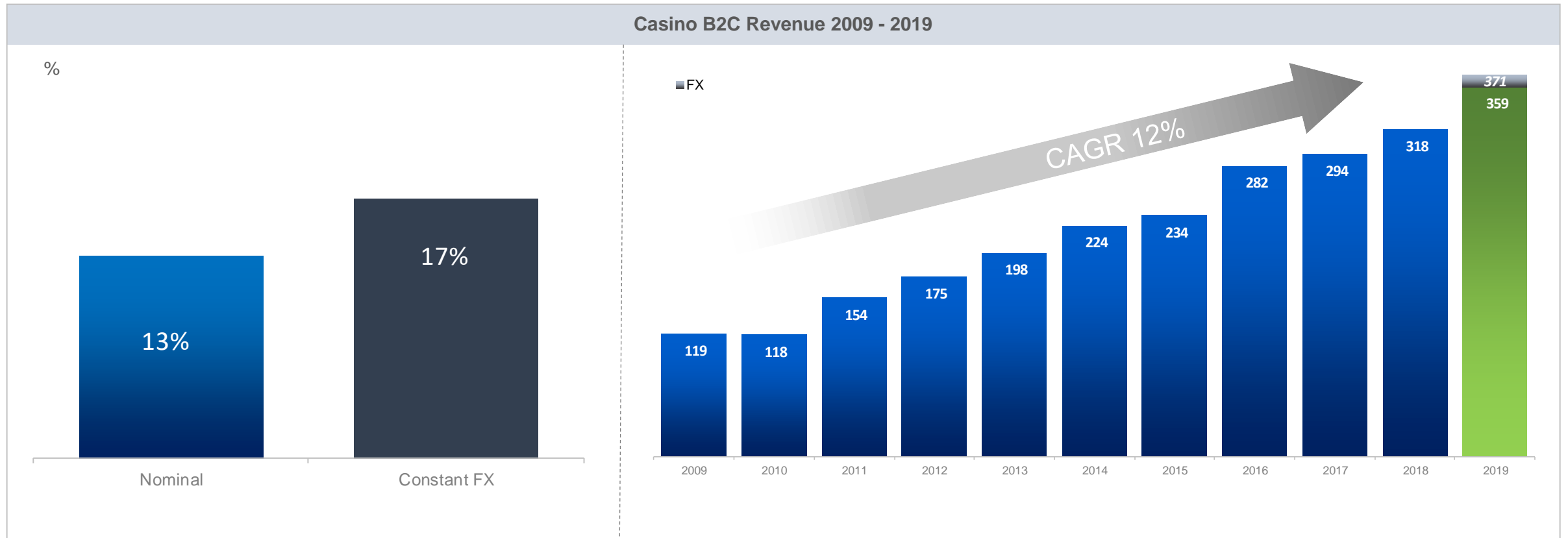
# GEOGRAPHICAL SEGMENTATION

- Regulated and taxed markets comprise a record **74%** of Group revenue
- Revenue from regulated markets up **22%** at constant currency
- Driven by growth in UK, Sweden, Portugal and Italy now representing **9%** of Group revenue



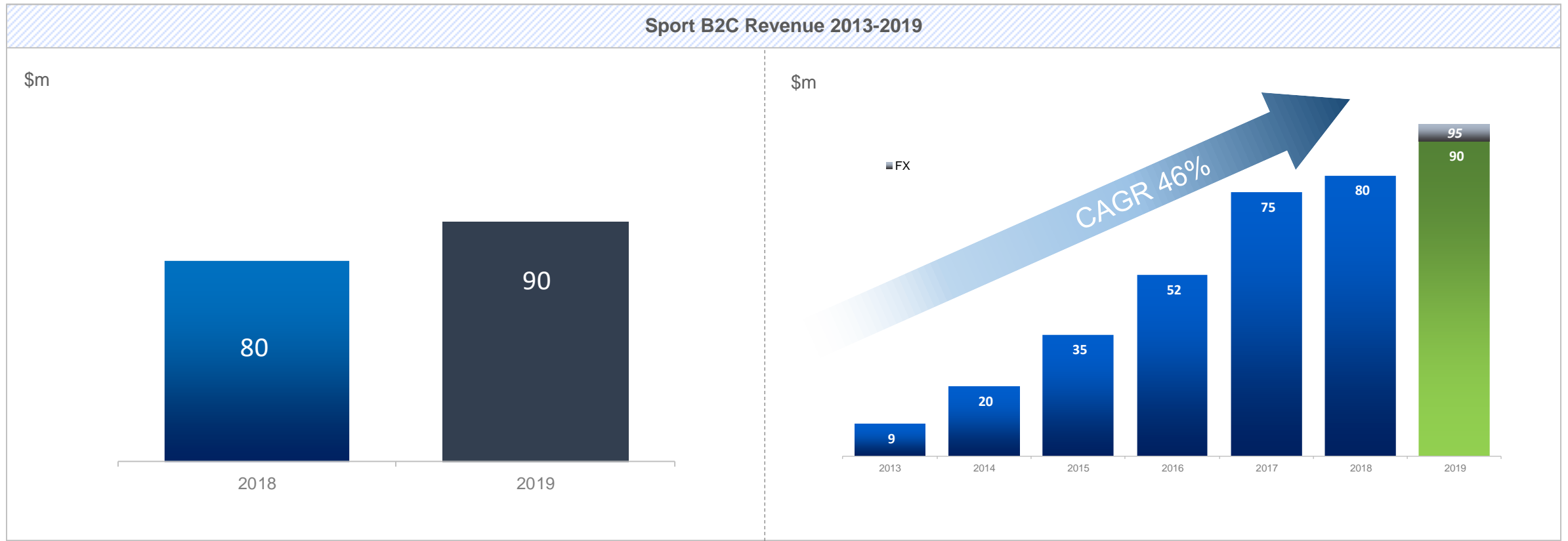
# CASINO B2C REVENUE

- Casino revenue up **13%** to \$359m (2018: \$318m) reflecting a **17%** increase at constant currency and a 10Y CAGR of **12%**
- Orbit product progress and innovation together with successful execution of marketing strategy drive growth
- Revenue growth driven by new content served by proprietary AI personalisation engine



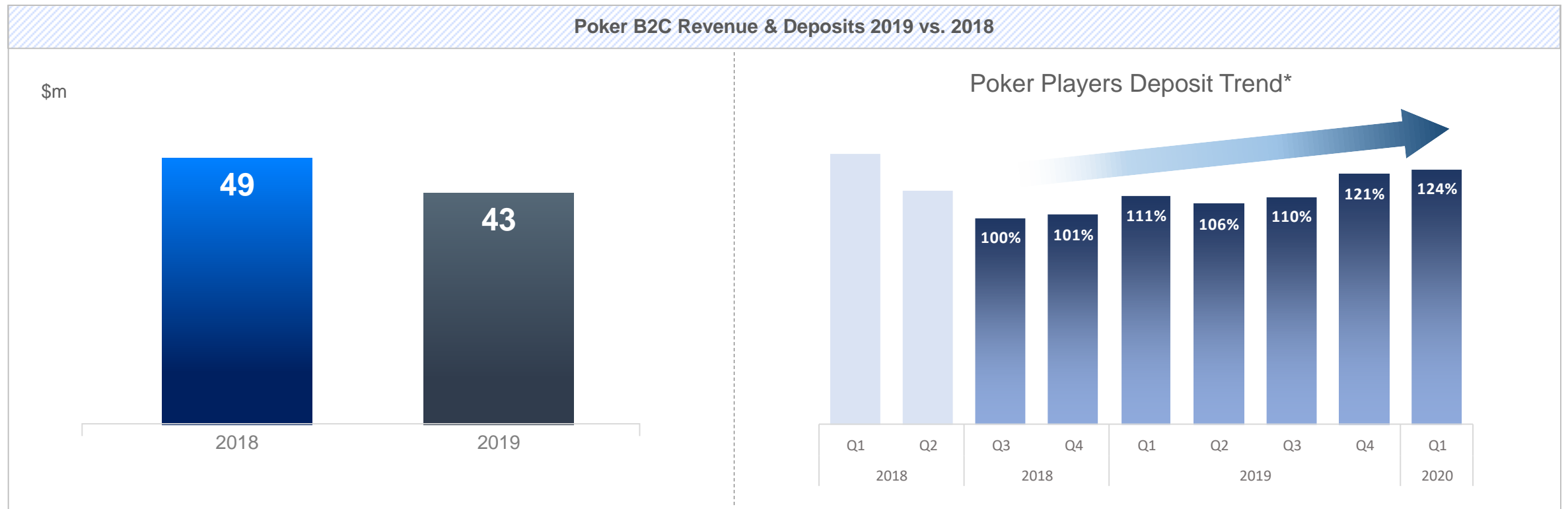
# SPORT B2C REVENUE

- Revenue up 12% to \$90m (2018: \$80m), up 19% at constant currency despite prior year strong comparative including the FIFA World Cup
- A CAGR of 46% since 2013 platform change
- Revenue increase led by regulated markets with UK and Italy Sport players deposits up 32% and 30% respectively



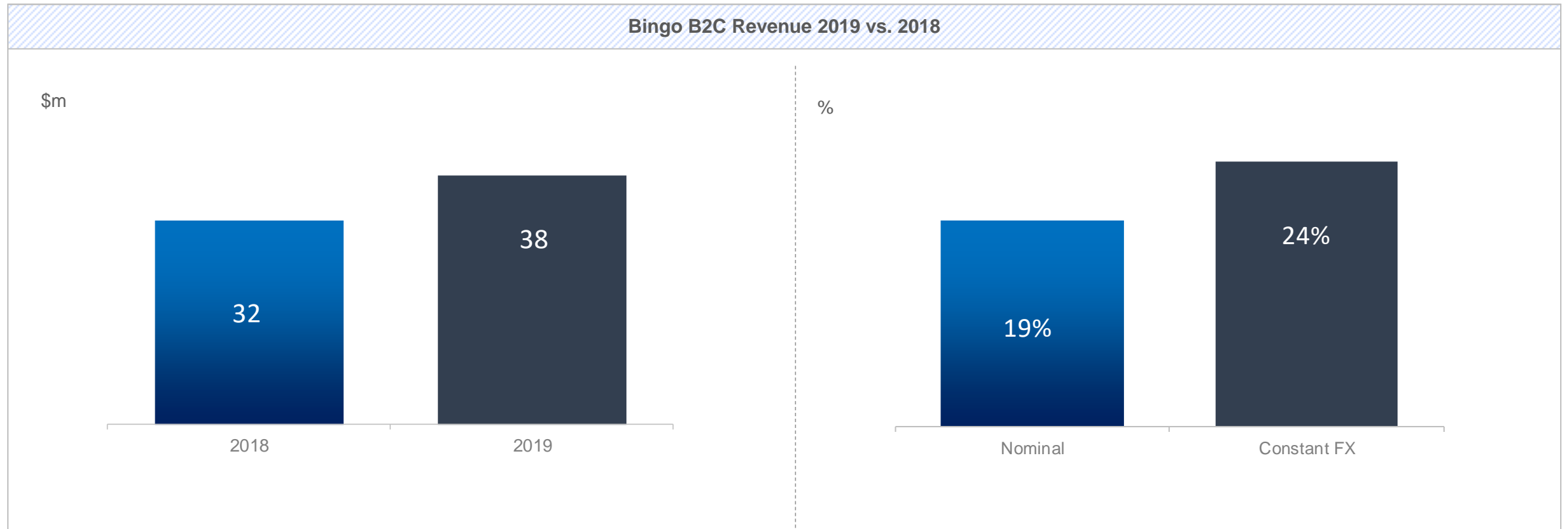
# POKER B2C REVENUE

- Revenue down 13% to \$43m (2018: \$49m); H2 2019 up 7% YoY reflecting stabilisation as of mid 2018
- This outcome is driven by payments restrictions in certain markets and the impact of pooled liquidity between Spain and France (888 currently does not operate in France)
- Cross-sell to Casino and Sport offset some of the poker decline with overall deposit levels from Poker players stable (up 1%)
- Poker revenue in Italy up 181% ,recent launch of 888's first shared liquidity network between Spain and Portugal showing encouraging signs



# BINGO B2C REVENUE

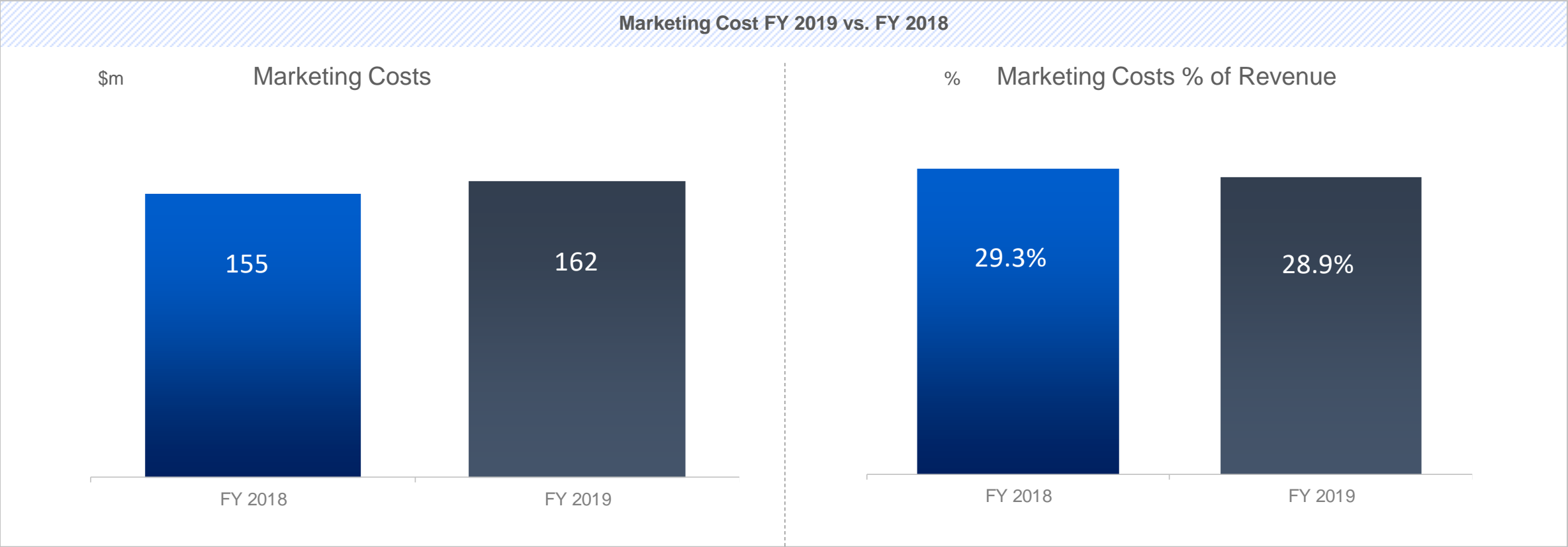
- Revenue up **19%** to \$38m (2018: \$32m); up **24%** at constant currency; down 3% pro-forma
- New customer acquisition up **23%** (up **10%** pro-forma)





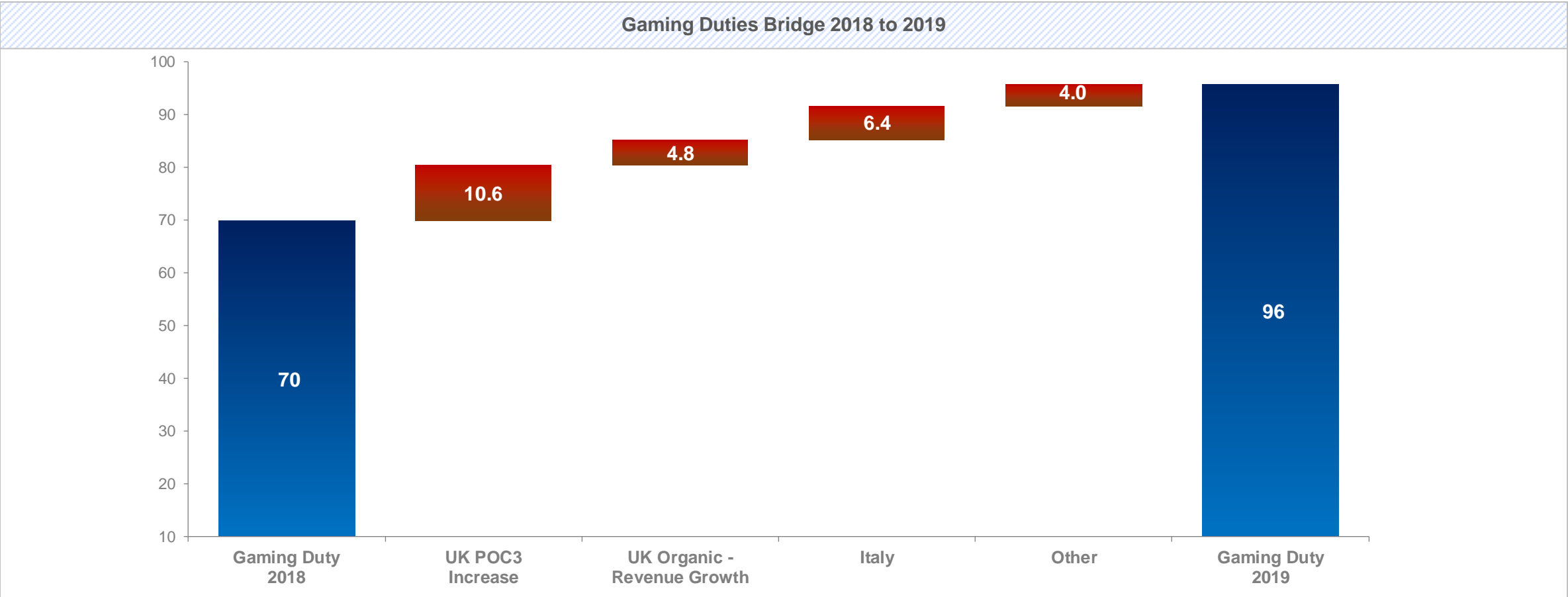
# MARKETING

- Stable marketing ratio at 29% (2018: 29%) despite higher marketing investment in absolute terms
- Very encouraging 22% increase in new customer acquisition
- Effective overall CPA decrease year over year, reflecting efficiencies



# GROWTH IN REGULATED MARKETS – GAMING DUTIES

- Increase in gaming duties driven by higher rates and 888’s increase in regulated revenue

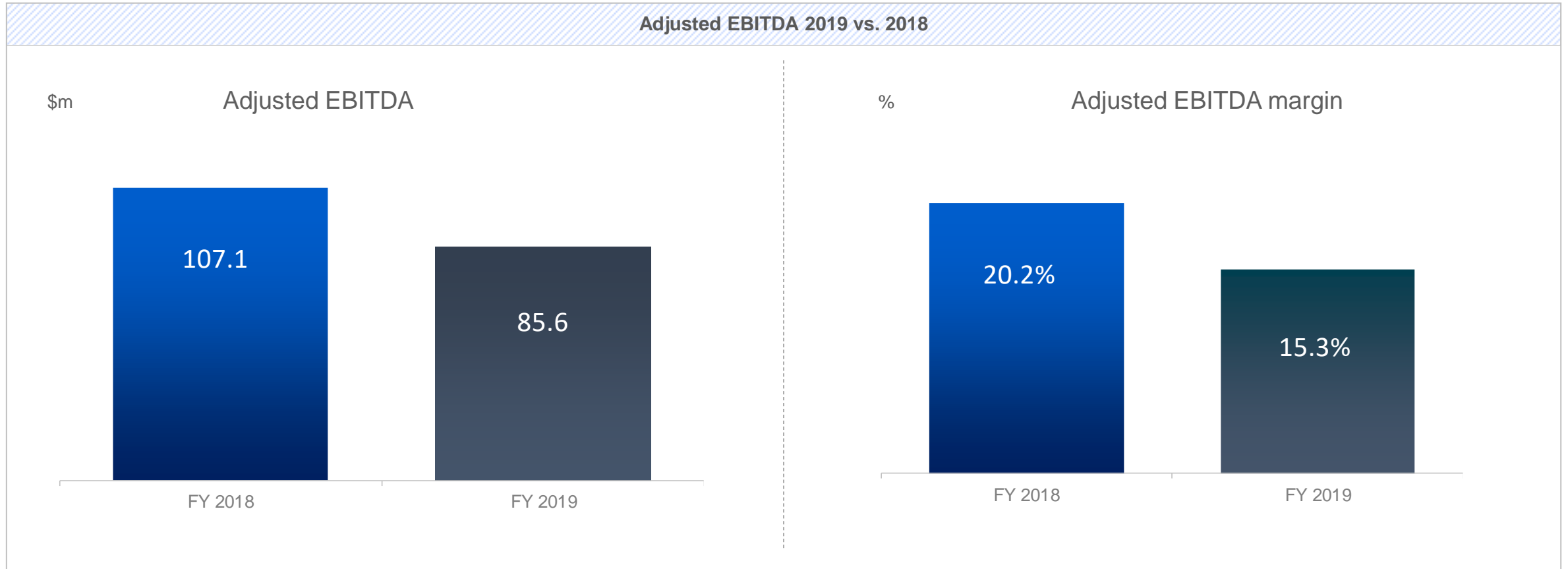


18 • Totals may not sum due to rounding  
• \*Other includes Romania, Spain, New Regulations



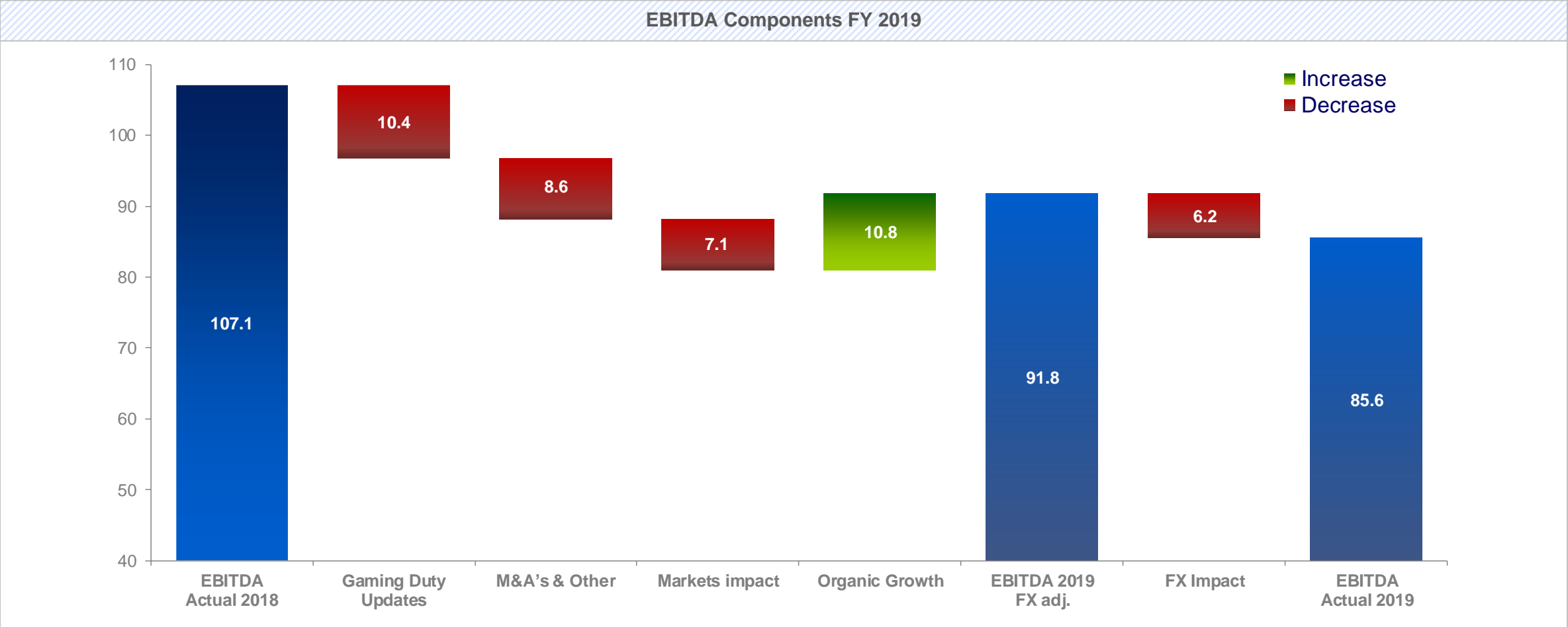
# ADJUSTED EBITDA AND MARGIN

- US\$26 million additional gaming duties impact
- Adjusted EBITDA at \$86m (2018: \$107m) and \$92m at constant currency
- Adjusted EBITDA margin at 15% (2018: 20%)



# EBITDA BRIDGE

- Positive underlying performance
- Gaming duty reflect POC3 impact in the UK as well as tax updates in Italy, Romania and Spain



\*Markets & M&A's impacts mainly include: Spectate and Costa bingo acquisitions, new regulations (Sweden and Portugal) penetration cost and Cashcade bingo migration

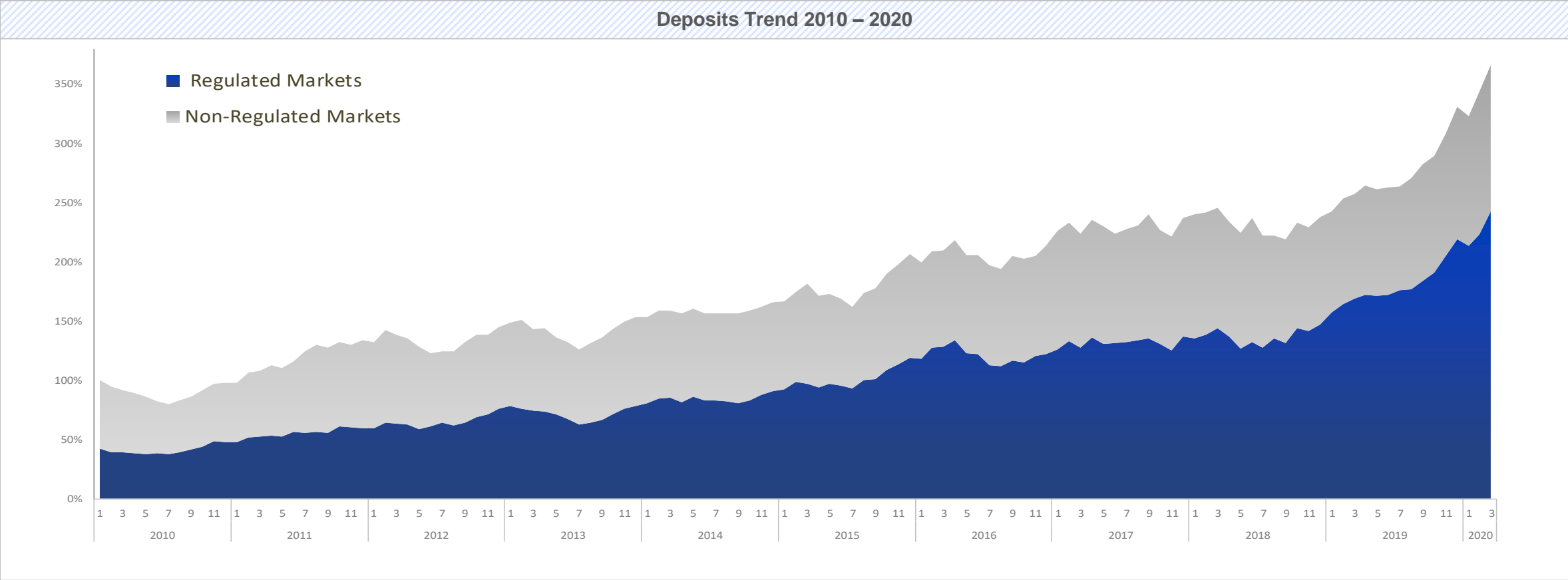




ITAI PAZNER, CEO | OPERATIONAL REVIEW

# BUSINESS MOMENTUM

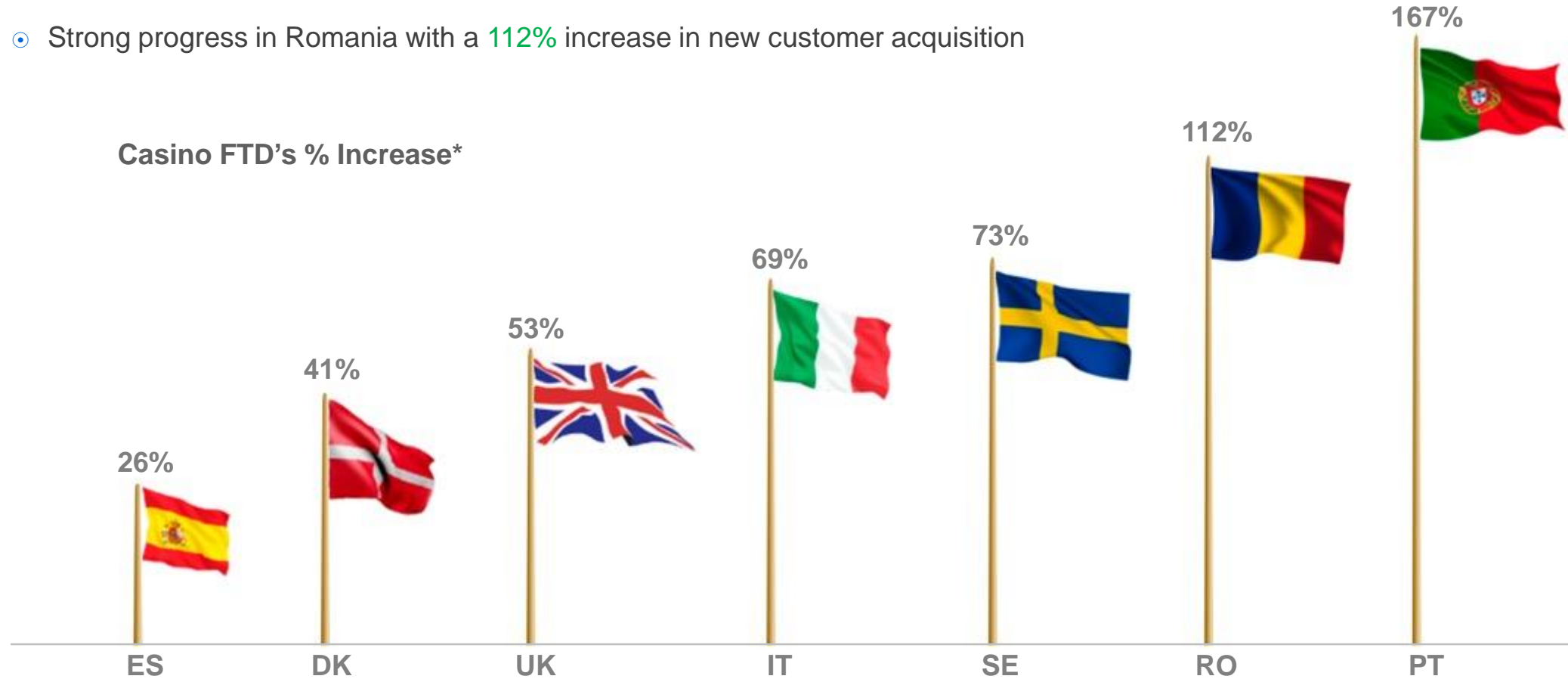
- Deposits are the engine behind the Group's growth prospects
- Healthy growth driven by regulated markets has continued during 2019
- The positive trend has continued into the first quarter of 2020 so far



# CASINO REGULATED MARKETS ENGINE

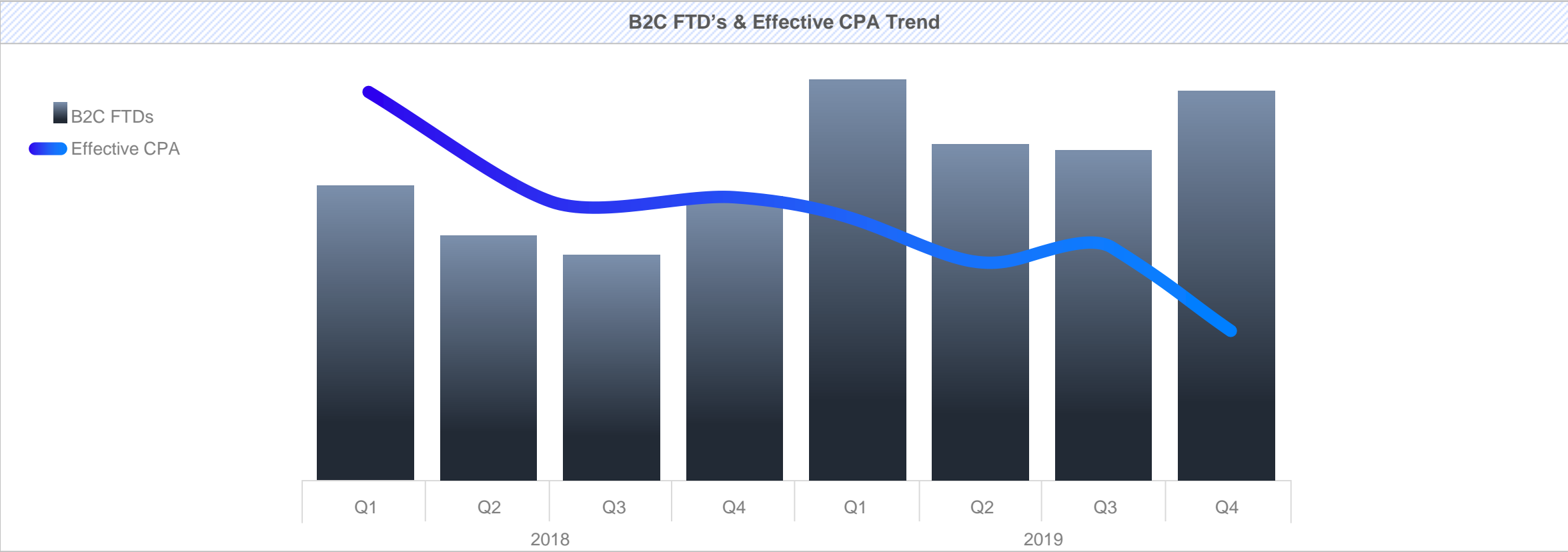
- Regulated markets lead growth with high acquisition trend across brands supported by Orbit and 888's marketing strategy
- Italy new customers up **69%** despite marketing restrictions since mid 2018
- Sweden new customers up **73%** reflecting the Group's successful launch into this saturated market
- Strong progress in Romania with a **112%** increase in new customer acquisition

Casino FTD's % Increase\*



# EFFECTIVE MARKETING

- Influx of new customers recruited accompanied by increased efficiencies
- Record-breaking FTDs –surpassing the 1M threshold, driven by regulated markets
- Constant improvements in CPA, by focusing on the right blend of channels by product and market





# SAFER GAMING

**Affordability**

**Enhanced  
Seamless KYC  
Capabilities**

**Smarter &  
Safer Tools**

**Safer  
Gambling  
Tools Usage  
UP 28%!**

**Safer  
Gambling  
Customer  
Interactions  
UP 16%!**

**Earlier  
Detection on  
Customer  
Behavior**

**888 Culture –  
Safer Better  
Together**

**“TOO MUCH  
IS TOO  
MUCH”  
Campaign**



BeGambleAware.org

Sweet

Sugary

Sickly

Unhealthy

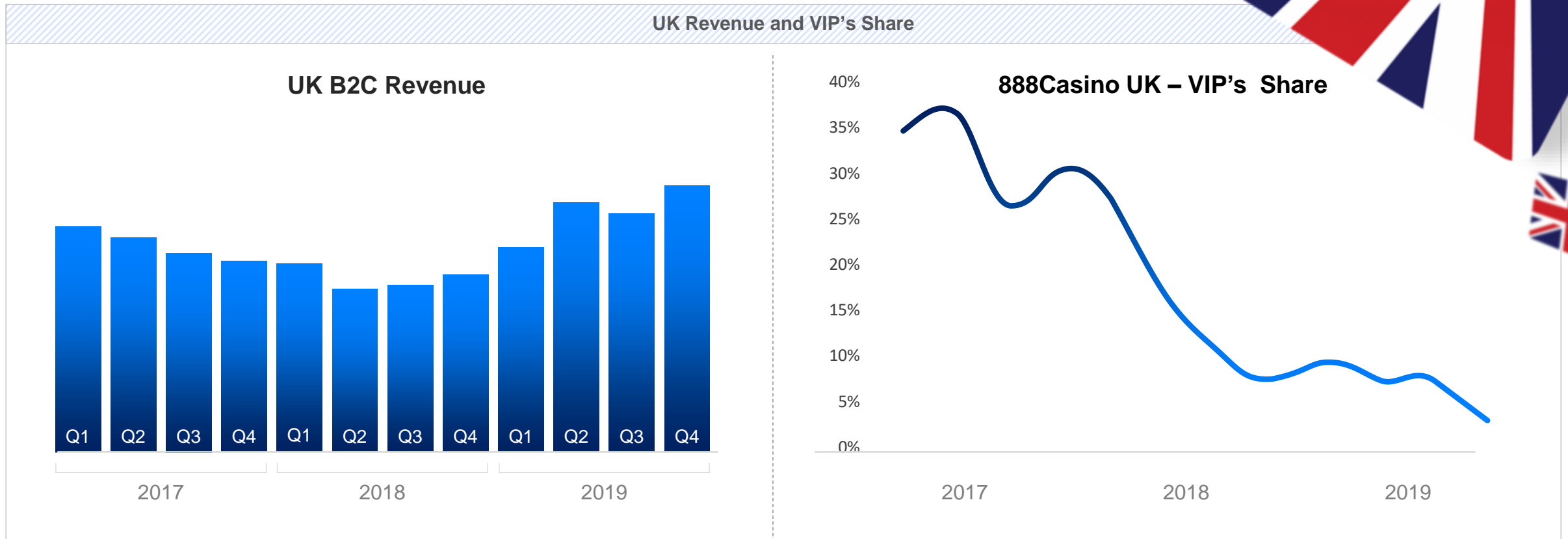
**TOO MUCH IS TOO MUCH**  
Playing responsibly together

888.com | 8 SAFER. BETTER. TOGETHER.

888 Ladies 888 poker 888 sport 888 casino

# UK SUCCESS

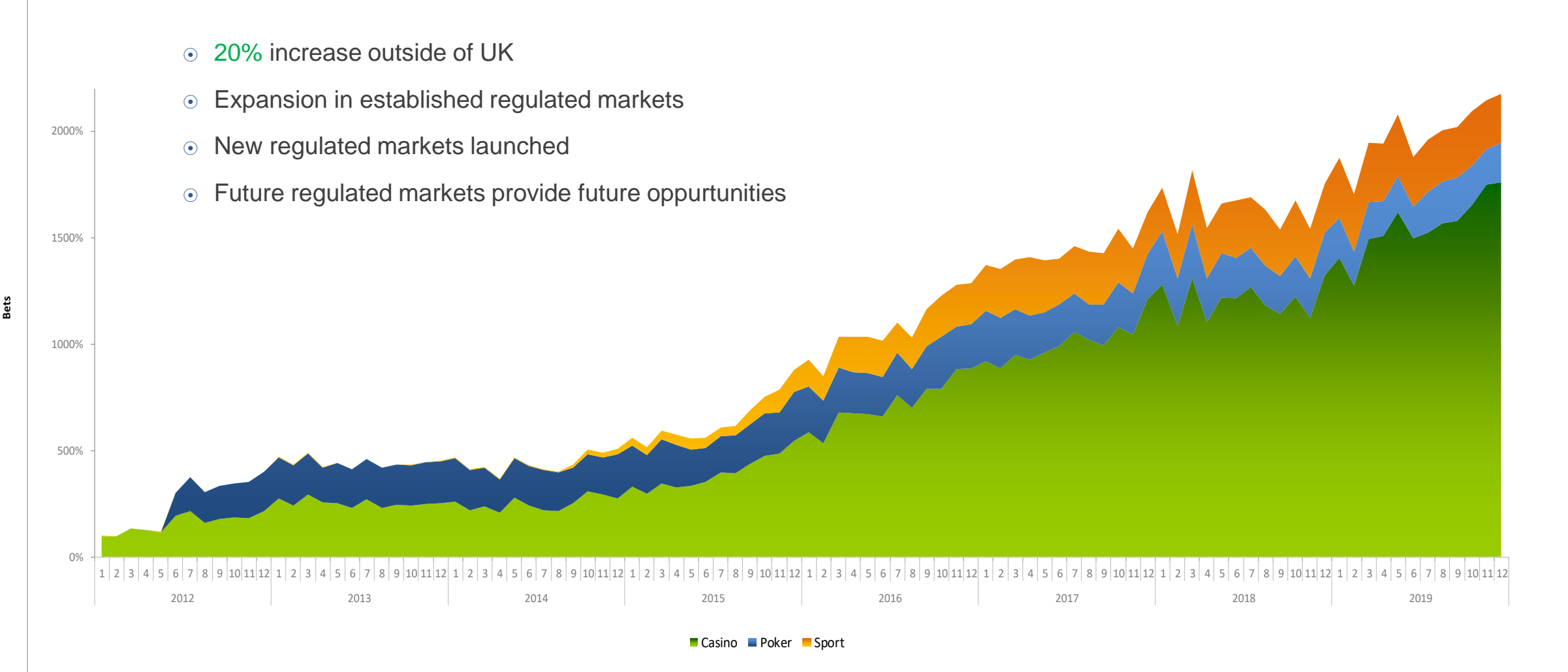
- Recreational player focus; Best in breed customer experience
- Compliance and safer gaming at the forefront of our operations
- Enhanced Orbit Casino capabilities and evolving 888sport product
- Effective marketing, R&D and analytics



# REGULATED CONTINENTAL EUROPE

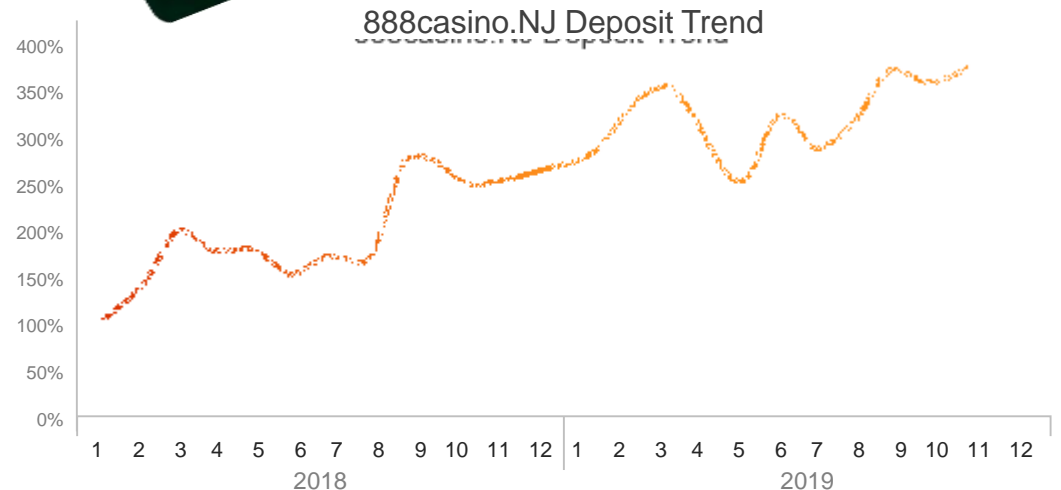
Continental Regulated Progress (Bets EUR)

- 20% increase outside of UK
- Expansion in established regulated markets
- New regulated markets launched
- Future regulated markets provide future opportunities



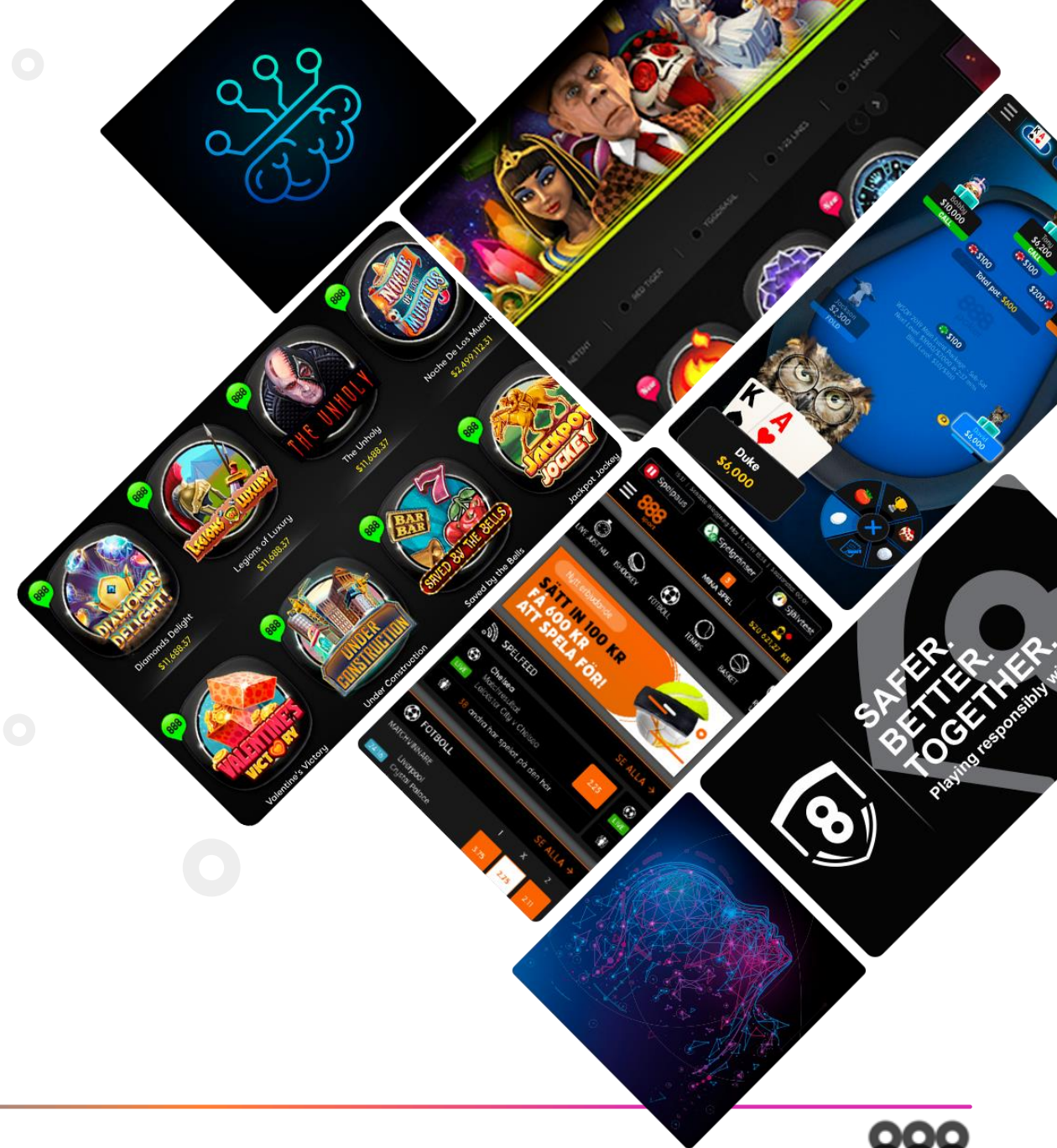
# US – POISED FOR GROWTH

- Consistent three-pronged strategic approach:
  - Organic growth in New Jersey and additional states
  - Strategic initiatives, including developing US partnerships
  - Continue to push WSOP and Harrahs with Caesars in NJ, NV and additional states
- Organic:
  - Focused on product enhancements, aiming to improve current customer experience
  - Healthy market access pipeline
  - Local team and footprint expansion
- Inorganic: ongoing discussions with potential media, brand and gaming partners

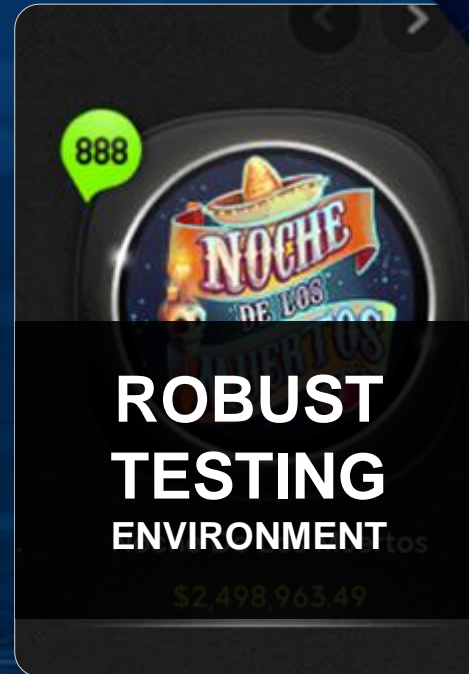
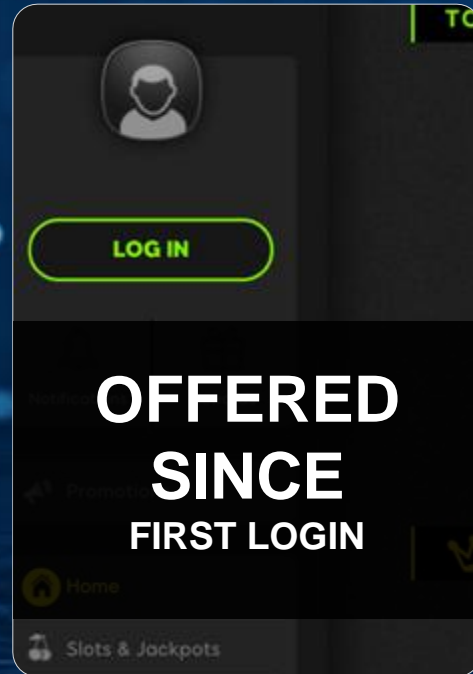
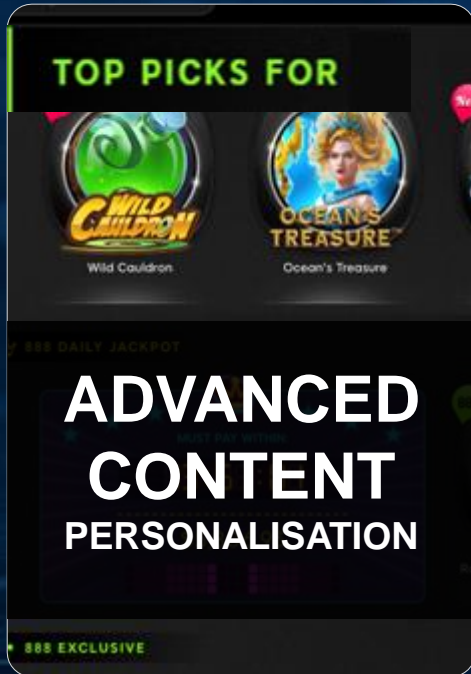


# PRODUCT CENTRICITY

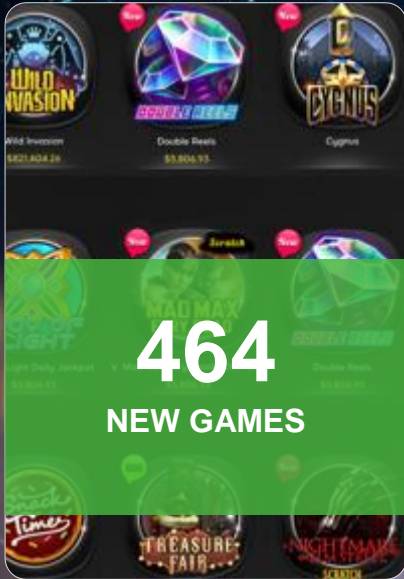
- ◉ An organisational and cultural focus – product is our advantage
- ◉ Newly formed product group, building a long-term product vision
- ◉ Building blocks include AI, personalisation, marketing tools, RG, UX and many more
- ◉ Orbit as a benchmark and resounding success story
- ◉ Tools and knowledge embedded in future 888sport and poker8 releases
- ◉ Working consistently towards a friction-free cross-product, cross-platform customer experience



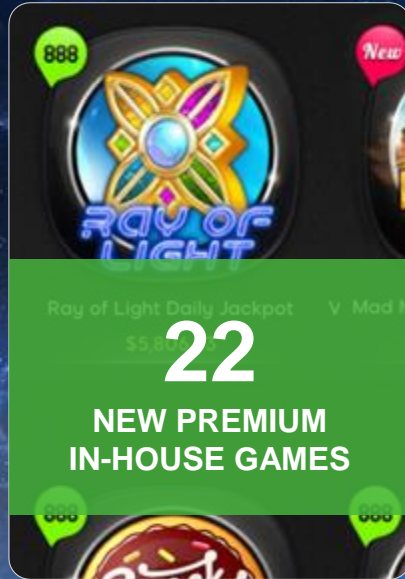
# THE ROAD TOWARDS PERSONALISATION



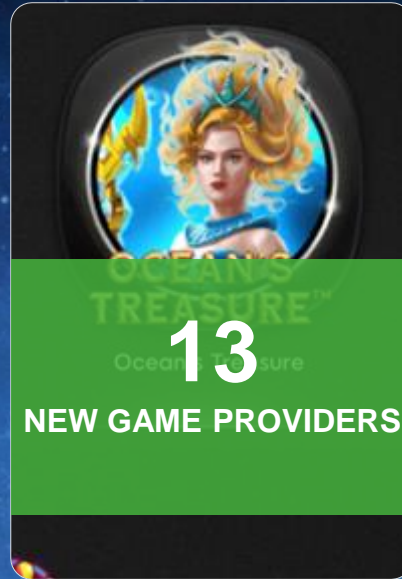
# CASINO LEADERSHIP



464  
NEW GAMES



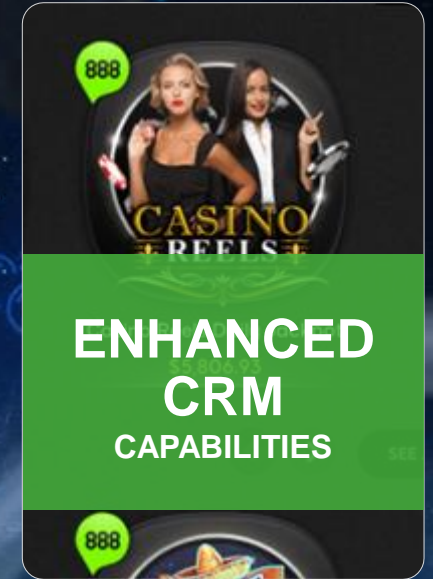
888 New  
22  
NEW PREMIUM  
IN-HOUSE GAMES



13  
NEW GAME PROVIDERS



DAILY JACKPOT  
MUST PAY WITHIN:  
13:51:01  
DAILY JP  
NEW PROPRIETARY  
& 3RD PARTY



888  
ENHANCED  
CRM  
CAPABILITIES

# THE NEW 888SPORT

- Strong growth continued
- “Upfor8” prediction game is making a difference in customer acquisition & CRM
- New “Spectate” platform integration progressing as planned
- 888sport.se successfully relaunched
- Dublin site established as the new 888sport hub
- A big Casino like emphasis on personalisation and UX features





# BINGO PROGRESS IN 2019



**179**  
NEW GAMES

A grid of 179 small game icons arranged in two rows. The top row shows Starburst, Rainbow Riches Pick, and Eye Of Horus. The bottom row shows Crystal Lotus, Rainbow Riches Pick, and Narcos.

**7**  
NEW PREMIUM  
IN-HOUSE GAMES

A grid of 7 game icons. The top row shows Starburst, Rainbow Riches Pick, and Aloha! Cluster Pays. The bottom row shows 7's to Burn and Wish Luck.

**7**  
NEW PROVIDERS

A grid of 7 game icons. The top row shows Shaman's Dream Jackp... and Divine Fortune Jackp... £153,708. The bottom row shows Hot Stepper and Dragons Luck.

**NEW  
CLIENT  
SNOW WHITE**

An image of a roulette wheel with a white ball. Below it, there are two game icons: Irish Luck and Aloha! Cluster Pays.

**NEW  
52-5 BINGO  
BINGO ROULETTE**

A smartphone displaying a bingo roulette game. The screen shows a roulette wheel, a bingo card, and a timer at 00:52:03.

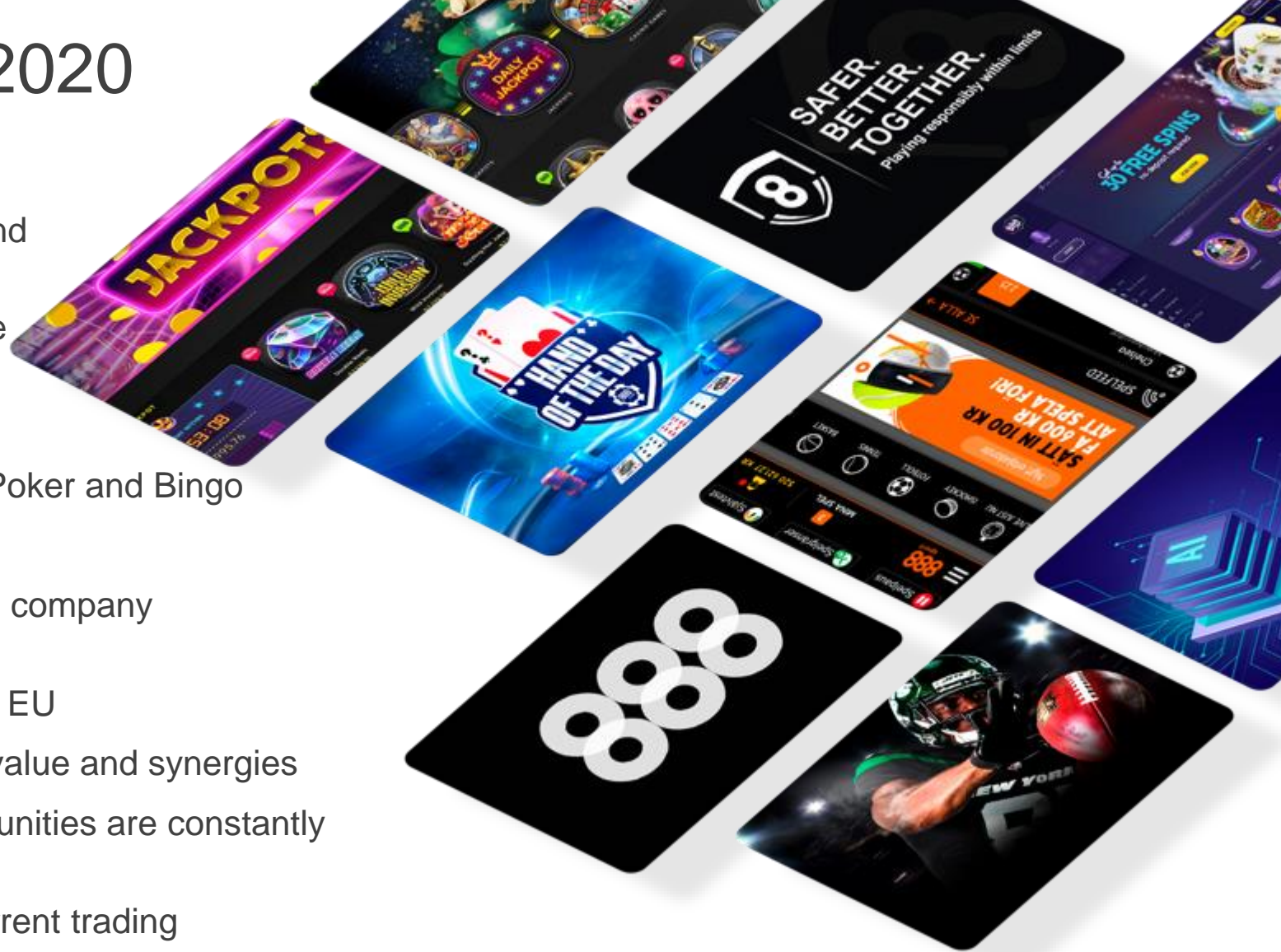
# POKER IN MOTION

- Poker is an important vertical in 888's proposition and Group remains confident in its value
- Clear stabilisation trend as of mid 2018
- Poker8 development program will be a big product overhaul with many 'Orbit inspired' features planned
- Strong position in Italy and Portugal
- Poker in US is still an untapped opportunity



# SUMMARY AND INTO 2020

- Back to growth across several key markets and products
- Milestone FTD achievement fuel in our engine
- Product focus and operational discipline delivering results
- Casino and Sport leading growth, stabilising Poker and Bingo
- Looking forward to a new era in 888sport
- Safe gaming and compliance embedded in all company technology, practices and global sites
- New markets and opportunities in the US and EU
- Recent acquisitions - PMI on track to deliver value and synergies
- Remain proactive with M&A approach, opportunities are constantly evaluated
- Momentum continues into 2020 with good current trading





Q&A



## Appendix

# PROFIT AND LOSS ACCOUNT <sup>1</sup>

\$US Millions	FY 2019	FY 2018
<b>Revenue</b>	<b>560.3</b>	<b>540.6</b>
VAT accrual release <sup>2</sup>	-	10.7
<b>Revenue (excluding VAT accrual release)</b>	<b>560.3</b>	<b>529.9</b>
Operating expenses <sup>3</sup>	147.5	137.8
Gaming duties	95.5	69.9
Research and development expenses	35.6	32.8
Selling and marketing expenses	161.8	155.0
% of Revenues	29%	29%
Administrative expenses <sup>4</sup>	34.3	27.3
<b>Adjusted EBITDA<sup>2,4</sup></b>	<b>85.6</b>	<b>107.1</b>
% of Revenues <sup>5</sup>	15%	20%
IFRS16 impact on EBITDA	6.5	-
<b>Adjusted EBITDA<sup>2,4</sup> incl. IFRS16 impact</b>	<b>92.1</b>	<b>107.1</b>
Depreciation and Amortisation	32.2	20.3
Finance	6.7	0.1
<b>Adjusted Profit Before Tax</b>	<b>53.2</b>	<b>86.7</b>
Taxation	3.7	13.9
<b>Adjusted Profit After Tax</b>	<b>49.5</b>	<b>72.8</b>
<b>Adjusted Basic EPS<sup>5</sup></b>	<b>13.5</b>	<b>20.2</b>

- Figures shown before the impact of IFRS 16 up to Adj. EBITDA
- Higher gaming duties of \$25.6m impact adjusted EBITDA margin
- Stable marketing ratio despite 22% increase in new customer acquisition
- Adjusted EBITDA after IFRS 16 at \$92m
- Higher depreciation & amortization at \$12m due to acquired Costa bingo customer list, AAPN acquisition and IFRS16 impact

38 <sup>1</sup> Totals in this presentation may not sum due to rounding, Up to Adj. EBITDA figures are before the impact of IFRS16 <sup>2</sup> US\$10.7 million in respect of one-off VAT accrual release in 2018. <sup>3</sup> Excluding depreciation of \$12.6m (2018: \$5.3m) and amortisation of \$19.6m (2018: \$15.0m) <sup>4</sup> Excluding share benefit charges of \$5.4m (2018: \$8.9m) <sup>5</sup> As defined in 2019 yearly financial review



# BALANCE SHEET

\$US Millions	2019	2018
<b>Non-current assets</b>		
Goodwill and other Intangible assets	240.4	200.3
Right-of-use assets	33.3	-
Property, plant and equipment	13.0	11.0
Other non-current assets	3.4	2.2
Investments	0.9	1.1
<b>Current assets</b>		
Cash and cash equivalents	99.5	133.0
Trade and other receivables	42.6	33.0
Short term investments	0.0	0.0
<b>Total Assets</b>	<b>433.1</b>	<b>380.6</b>
<b>Equity</b>		
Share capital and share premium	7.0	6.9
Retained earnings, reserves and treasury shares	157.7	153.4
Total equity attributable to equity holders	164.7	160.3
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	130.9	136.0
Provisions	10.2	11.3
Tax liability	10.1	11.4
Customer deposits	54.7	57.1
Interest-bearing loans and borrowings	23.7	-
Severance pay liability	6.0	2.2
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	28.8	-
Deferred tax liability	4.0	2.3
<b>Total equity and liabilities</b>	<b>433.1</b>	<b>380.6</b>

- ◉ Strong balance sheet with low leverage
- ◉ Ample liquid resources

# CASH FLOW

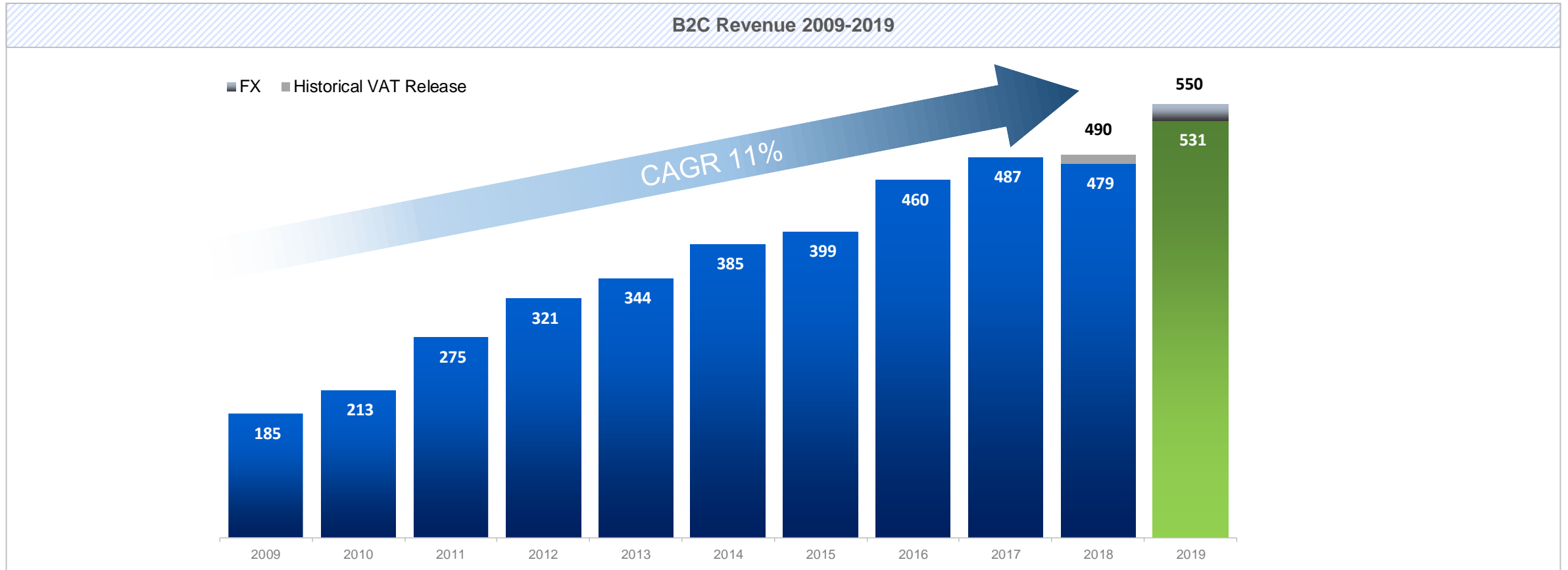
\$US Millions Period Ended 31 December	2019	2018
<b>Profit before income tax</b>	<b>45.3</b>	<b>108.7</b>
Adjustments	40.2	19.5
Changes in working capital	2.6	(58.7)
Exceptional items	-	(11.1)
VAT accrual release	-	(10.7)
Income tax paid	(6.5)	(5.6)
<b>Net cash from operating activities</b>	<b>81.6</b>	<b>42.1</b>
M&A	(60.6)	(9.2)
Internally generated intangible assets	(11.8)	(12.0)
Other investing activities	(10.5)	(9.4)
<b>Net cash used in investing activities</b>	<b>(82.9)</b>	<b>(30.6)</b>
Dividends paid	(40.4)	(56.6)
RCF	32.5	-
Other financing activities	(23.8)	(0.7)
<b>Net cash used in financing activities</b>	<b>(31.7)</b>	<b>(57.3)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(33.0)</b>	<b>(45.8)</b>
<b>Cash and cash equivalents - beginning of period</b>	<b>133.0</b>	<b>179.6</b>
Effect of currency translation	(0.5)	(0.8)
<b>Cash and cash equivalents - end of period</b>	<b>99.5</b>	<b>133.0</b>

- 95% of Adjusted EBITDA translated into cash



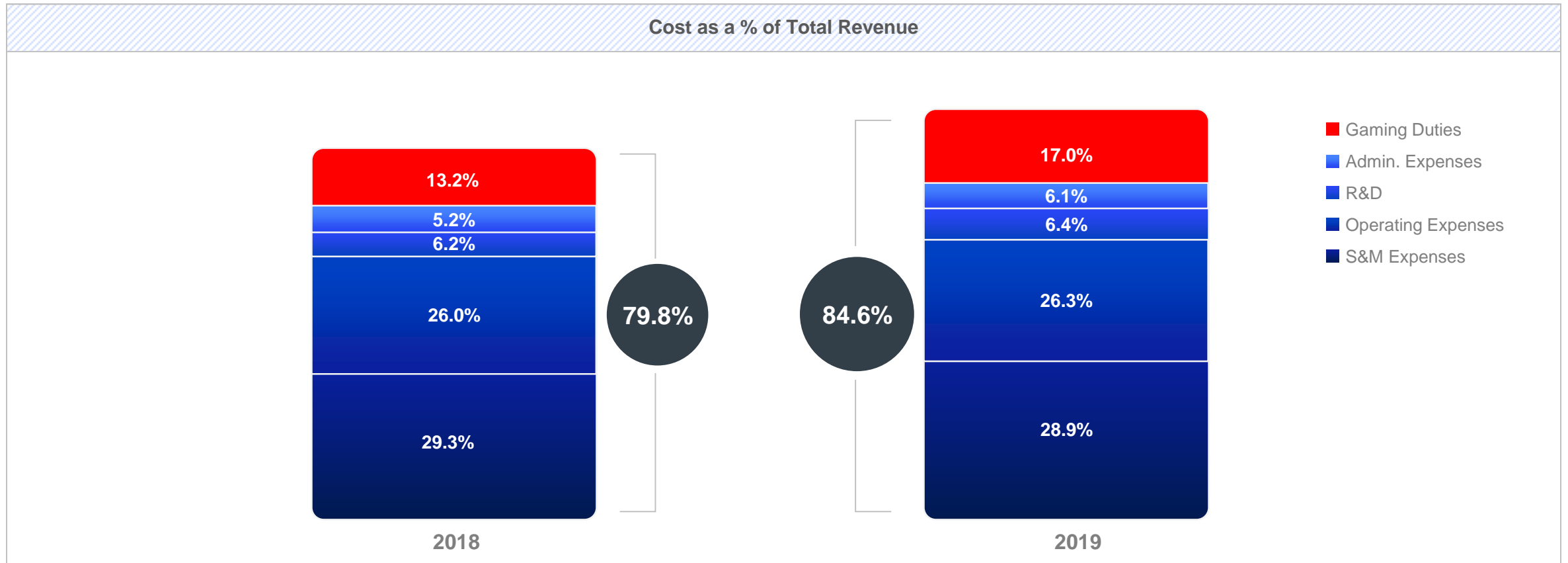
# B2C REVENUE

- B2C Revenue up **11%** to \$531m (2018: \$479m), a **15%** increase at constant currency
- Growth engines remains regulated markets, up **22%** at constant currency
- B2C deposits increased **20%** while active players increased **19%** ( **15%** proforma)



# COST STRUCTURE

- Total costs at 84.6% of revenue\* (2018: 79.8%) driven primarily by higher gaming duties
- Higher gaming duties result from the Group's regulated markets focus coupled with higher gaming duties rates in the UK, Italy and Romania
- Admin cost increases are the result of non-recurring legal costs related to recent acquisitions and the Group's Brexit mitigation plan



# BINGO B2C PERFORMANCE

- Pleasing results since the beginning of the year supported by successful campaigns for leading B2C brands

