



RESULTS FOR THE SIX MONTH ENDED
30 JUNE 2018

AGENDA

Itai Frieberger | Overview

Aviad Kobrine | Financial Review

Itai Pazner | Operational Review

Itai Frieberger | Summary

Q&A





ITAI FRIEBERGER, CEO | OVERVIEW

PLANNING FOR THE LONG TERM

- ⦿ Record EBITDA despite headwinds
- ⦿ Diversification strategy continues, reducing dependency on any single market
- ⦿ Future European regulations present opportunities
- ⦿ The US
- ⦿ Product innovation and technology advantage
- ⦿ Well positioned for future opportunities



AVIAD KOBRINE, CFO | FINANCIAL REVIEW



H1 2018 HIGHLIGHTS

- ⊙ Revenue up 1% to \$273m, up 5% reported
- ⊙ Half yearly CAGR of 10% since 2009
- ⊙ Regulated and taxed markets comprise 70% of revenue
- ⊙ Revenue from regulated markets (ex. UK) increased 30%
- ⊙ Casino and Sport continue to drive growth, with revenue growth (ex. UK) at 24% and 34% respectively
- ⊙ Spain and Italy revenue increased 32% with Spain already 12% of group revenue
- ⊙ Diversification strategy continues as EMEA (ex. UK) represents 56% of Group revenue
- ⊙ Marketing efficiencies progression with marketing ratio down 130bp to 30% - a reflection of redeploying UK investment into higher growth continental European regulated markets
- ⊙ Release of an exceptional provision of \$22.4m in respect of legacy VAT in Germany
- ⊙ Adjusted EBITDA¹ up 10% to \$52m, up 33% reported
- ⊙ Adjusted EBITDA margin¹ at 19.2%
- ⊙ Profit before tax at \$60m
- ⊙ Adjusted Basic EPS¹ at 10.5c
- ⊙ Record interim Dividend of 4.2c per share – a reflection of H1 2018 profit and cash position

¹ As defined in H1 2018 half yearly financial review and before VAT accrual release



PROFIT AND LOSS ACCOUNT¹

\$m	H1 2018	H1 2017	% change
Revenue	283.9	270.1	5%
VAT accrual release ²	10.7	0.0	
Revenue (excluding VAT accrual release)	273.2	270.1	1%
Operating expenses ³	70.4	68.9	
Gaming duties	37.8	37.4	
Research and development expenses	16.6	17.2	
Selling and marketing expenses	82.7	85.4	
<i>% of Revenues</i>	30.3%	31.6%	
Administrative expenses ⁴	13.3	13.6	
Adjusted EBITDA^{2,4}	52.4	47.6	10%
<i>% of Revenues⁵</i>	19.2%	17.6%	
Depreciation and Amortisation	10.1	9.3	
Share benefit charges, finance and other	4.9	4.8	
Exceptional Items ⁶	(12.0)	50.8	
Revenue in respect of prior years	(10.7)		
Profit Before Tax	60.1	(17.3)	
Taxation	4.7	0.6	
Profit After Tax	55.4	(17.9)	
Adjusted Basic EPS⁵	10.5 ¢	10.3 ¢	

¹ Totals in this presentation may not sum due to rounding ² US\$10.7 million (H1 2017: nil) in respect of accrual release which relates to receipt of tax assessments in respect of legacy VAT in Germany ³ Excluding depreciation of \$2.5m (H1 2017: \$3m) and amortisation of \$7.6m (H1 2017: \$6.3m) ⁴ Excluding share benefit charges of \$5.0m (H1 2017: \$4.1m) ⁵ Excluding in the calculation VAT accrual release ⁶ As defined in 2018 half yearly financial review



GROUP REVENUE

- Underlying revenue up 1% to \$273m (H1 2017: \$270m). Reported revenue up 5% to \$284m
- Growth drivers remain Sport, Casino and continental European regulated markets
- Half yearly CAGR since H1 2009 at 10%

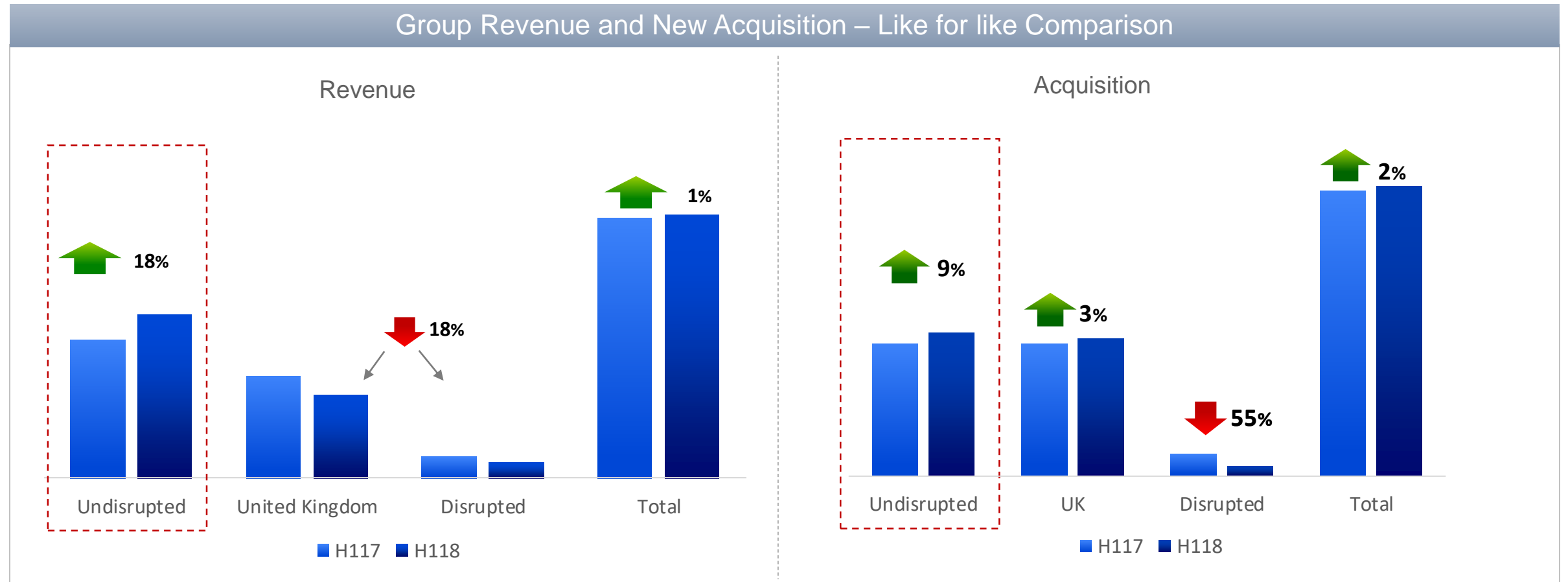
Revenue H1 2018 vs. H1 2017

\$US millions	H1 2018	H1 2017
Casino	161	147
Sport	37	34
Poker	31	43
Bingo	18	20
B2C	247	243
B2B	27	27
Group	273	270

- Results reflect optimisation of marketing and product blend
- Group revenue increased 30% in regulated markets (ex. UK)
- Casino revenue increased 24% outside the UK
- Sport revenue increased 34% outside the UK
- Poker players deposit volume stable, with cross-sell into Casino compensating for reduced pure poker volume
- Bingo and B2B highly influenced by the stricter UK regulatory environment
- New Casino product launched successfully end of H1 2018, more releases planned during H2 2018
- Improvements in customer acquisition

OUR ENGINE – LIKE FOR LIKE COMPARISON

- Revenue from undisrupted markets* up 18%
- Despite the impact of the UK and disrupted markets Group revenue increased by 1%
- Customer acquisition in undisrupted markets increased 9%

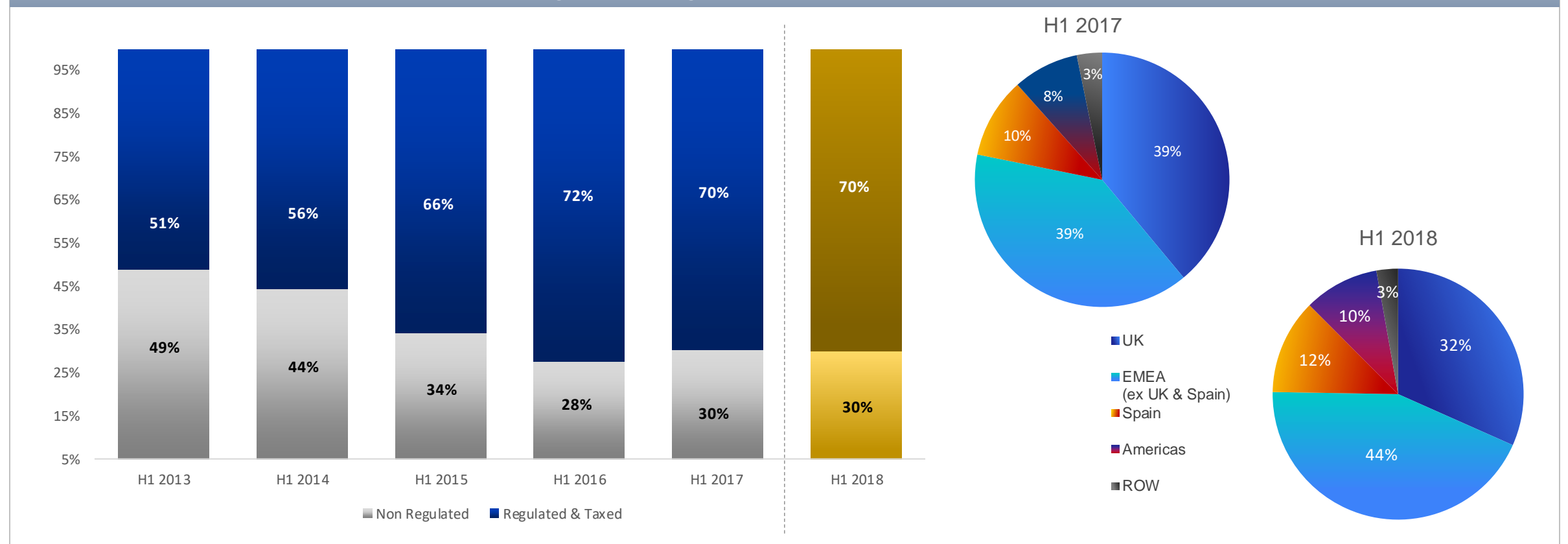


* Undisrupted markets are those markets in which the Group did not face new regulatory restrictions

GEOGRAPHICAL SEGMENTATION

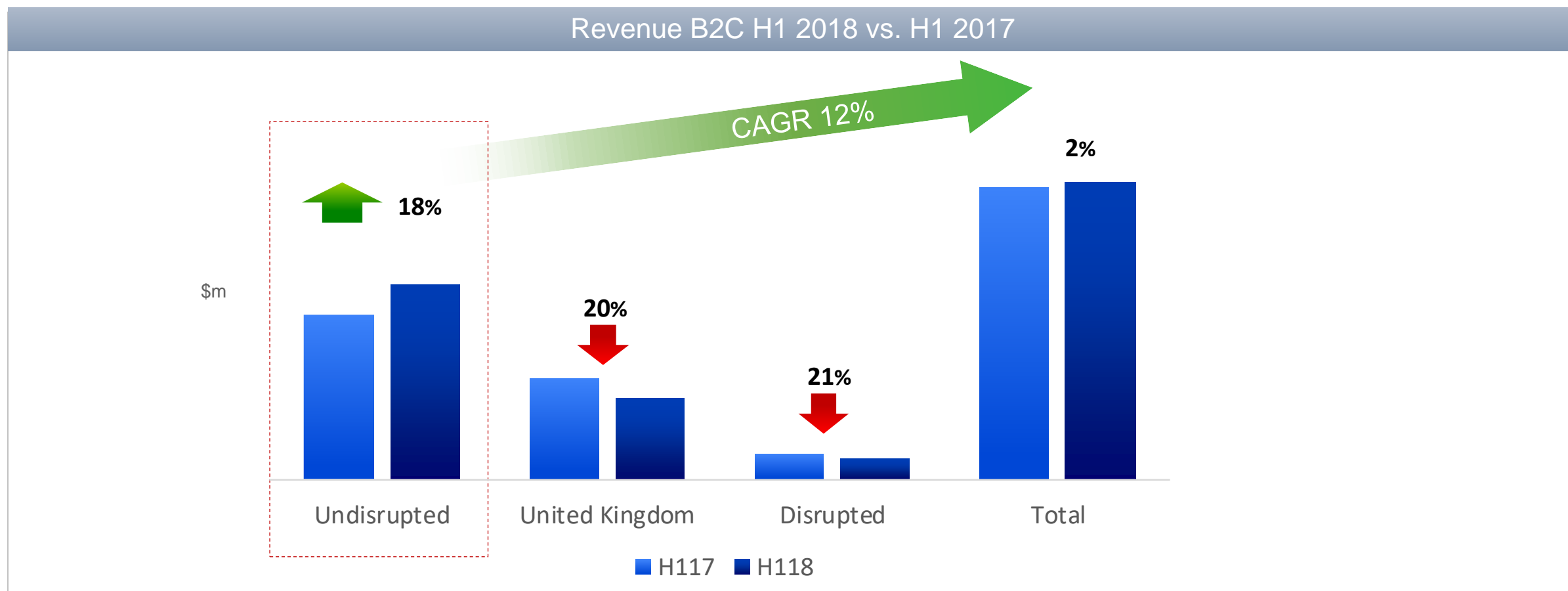
- EMEA (ex. UK) at **56%** of revenue driven by selected European markets, including Spain, already **12%** of revenue (H1 2017: **10%**)
- Regulated and taxed markets represented **70%** of revenue
- UK share reduced to **32%** as a result of diversification strategy (including re-deployment of marketing investment) and tighter regulatory constraints
- Regulated markets (ex. UK) up **30%** and up **6%** in share of revenue

Geographic Segmentation H1 2013 - H1 2018



REVENUE B2C

- Underlying Revenue up 2% to \$247m (H1 2017: \$243m). Reported revenue increased 6% to \$257m
- Results reflect growth of 13% outside the UK, and an increase of 18% in undisrupted markets* - driven by Casino & Sport
- Half yearly CAGR of 12% since H1 2009

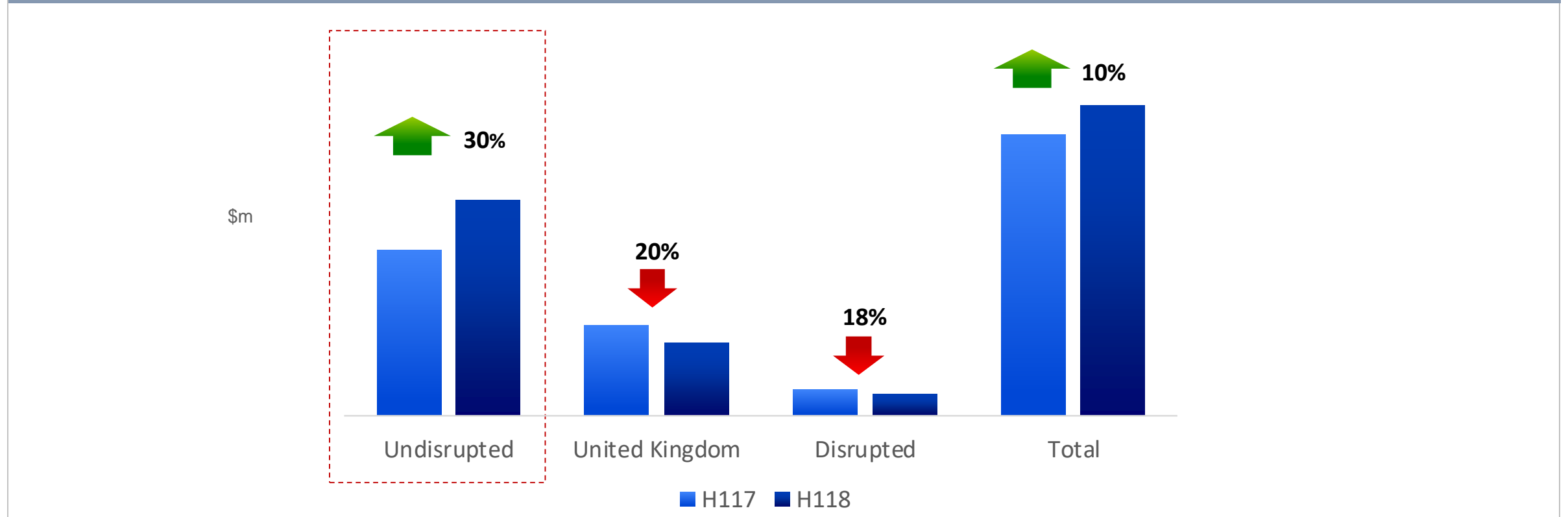


* Undisrupted markets are those markets in which the Group did not face new regulatory restrictions

REVENUE CASINO B2C

- Underlying Revenue up 10% to \$161m (H1 2017: \$147m). Reported revenue increased 17% to \$171m
- B2C Casino revenue up 24% ex. UK and up 30% in undisrupted markets*
- Launch of Orbit, 888's new cutting edge web based Casino front end (late May), with strong KPI's so far
- Casino growth is driven by both direct acquisition and successful cross-sell

Revenue Casino B2C H1 2018 vs. H1 2017

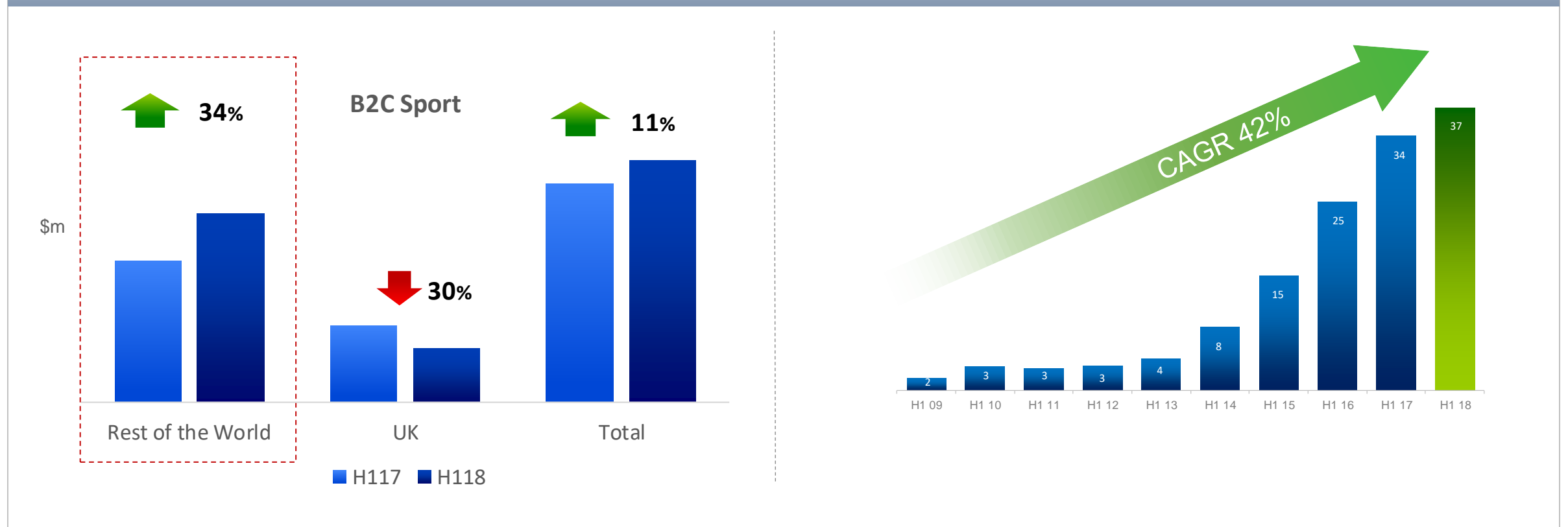


* Undisrupted markets are those markets in which the Group did not face new regulatory restrictions

REVENUE SPORT B2C

- Revenue up 11% to \$37m (H1 2017: \$34m) and up 34% ex. UK
- 42% Half yearly CAGR as of H1 2009
- Strong FIFA World Cup partly offset by several big horse racing wins
- New “Front End” under development allowing a differentiated proposition, deployment of AI and additional marketing tools

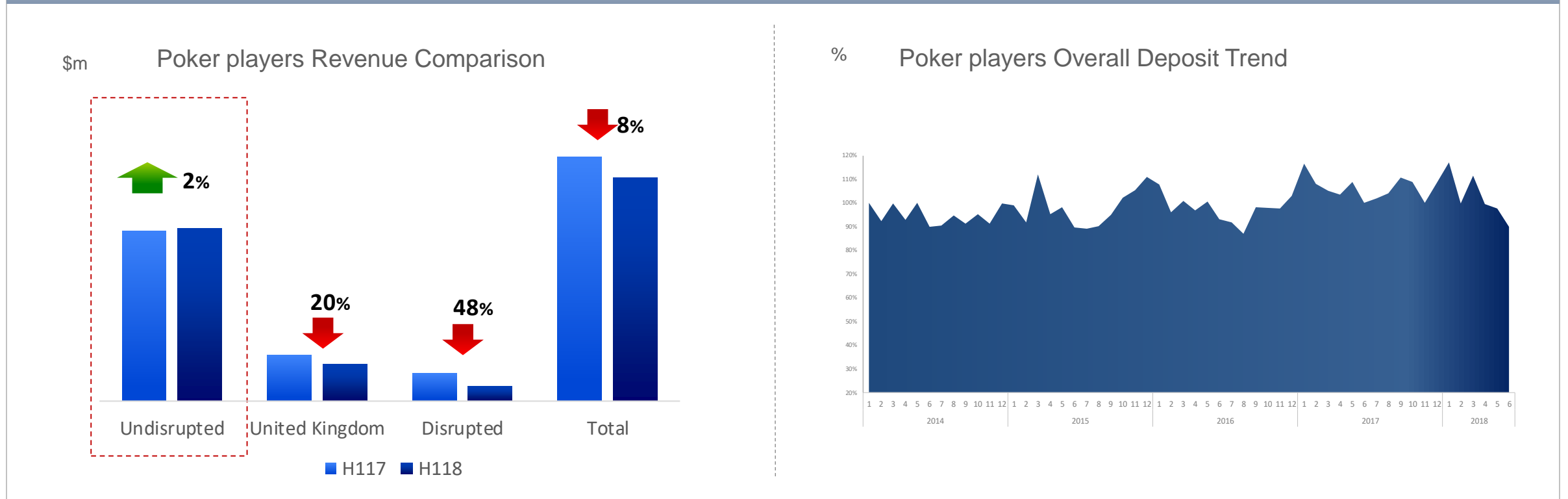
Revenue Sport B2C H1 2018 vs. H1 2017



REVENUE POKER B2C

- Revenue from poker product down 28% to \$31m (H1 2017: \$43m)
- This outcome reflects the decision to exit several markets (primarily Australia) during the comparable prior period, competitive poker market as well as the impact of warm summer weather and the FIFA World Cup at the end of the period
- Poker remains a healthy acquisition channel, with relatively stable overall deposit level from poker players
- Revenue from poker players (including cross-sell into other products) down 8%, and up 2% adjusted for disrupted markets and the UK

Revenue Poker B2C H1 2018 vs. H1 2017



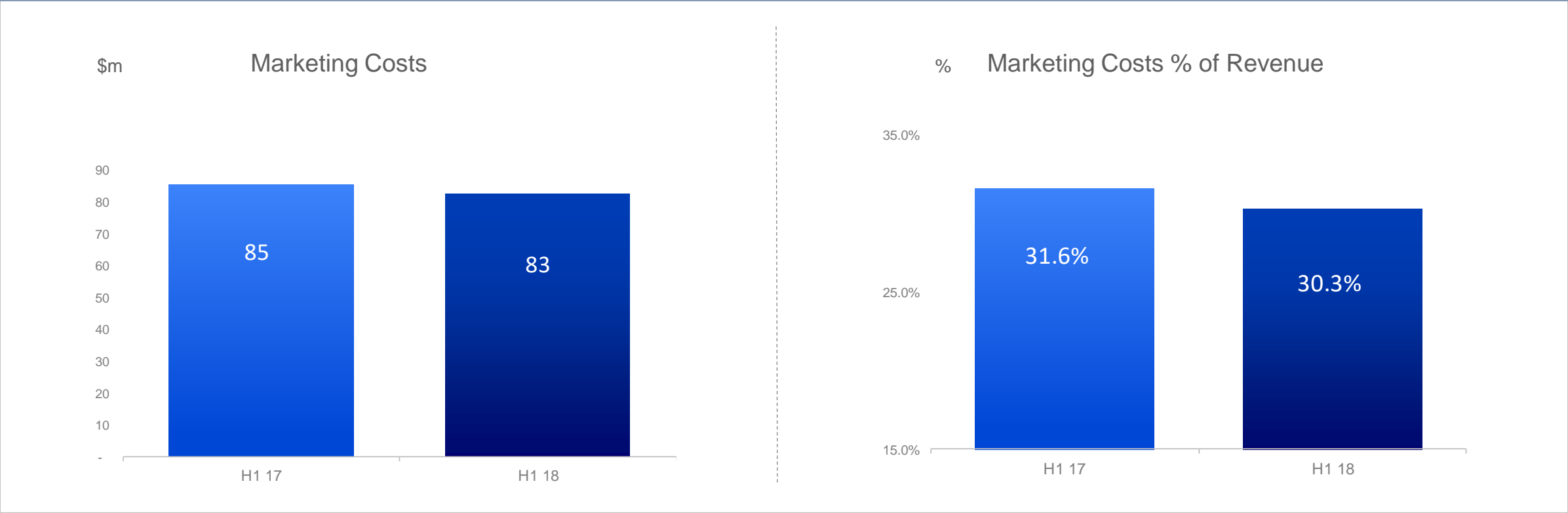
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MARKETING COST

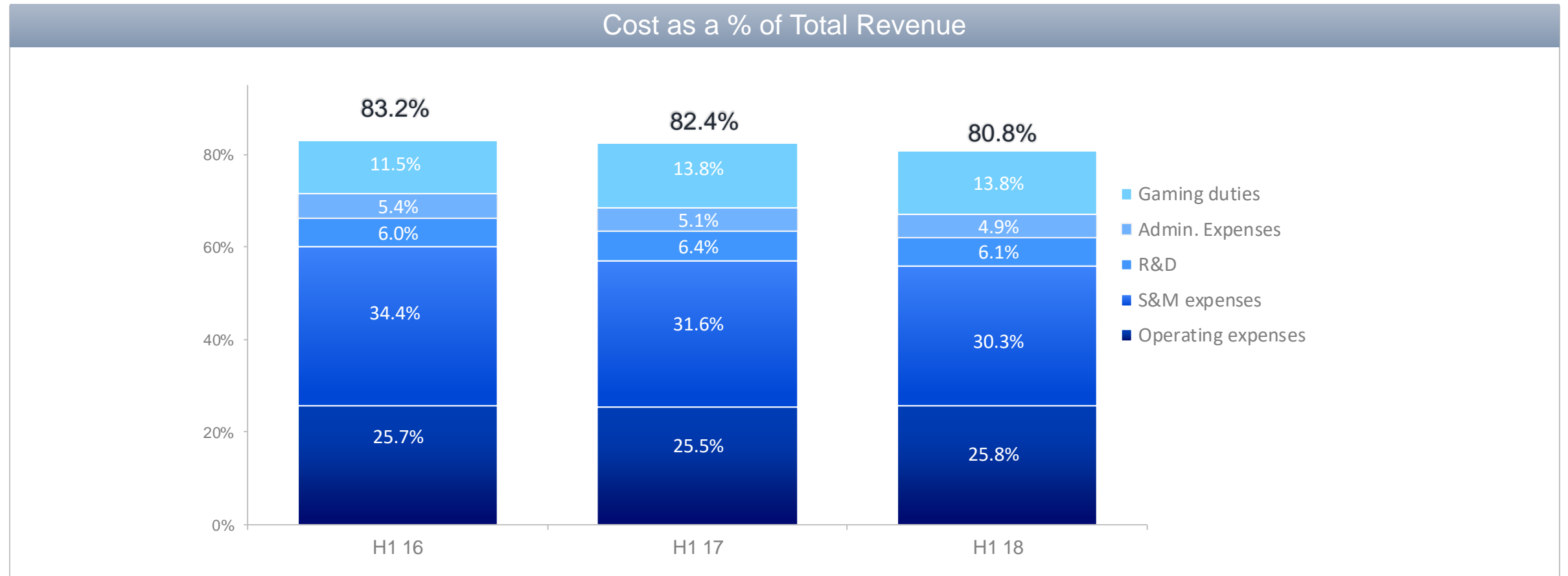
- Marketing investment stable in absolute terms, continued marketing efficiencies drive marketing ratio down to **30.3%** (H1 2017: 31.6%)
- Shift of investment away from UK into higher yield growth areas
- 40%** increased marketing in continental European regulated markets

Marketing Cost H1 2018 vs. H1 2017



COST STRUCTURE

- Continued healthy operational gearing with total costs at **80.8%** of revenue* (H1 2017: 82.4%)
- Lower marketing ratio – a reflection of cost control and optimised markets blend
- Similar gaming duties ratio despite an increase in UK POC tax of \$4m reflecting the Group's increased diversification



* Operational margins are per adjusted EBITDA as defined in 2018 half yearly financial review

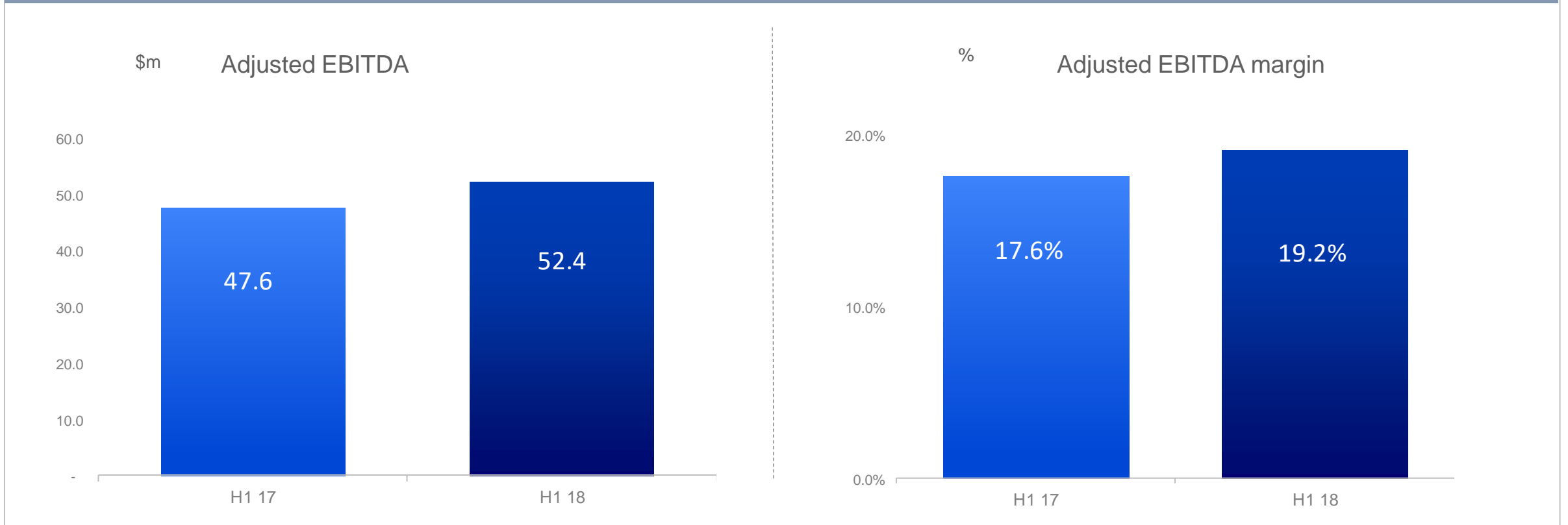
* Ratios applied on US\$271 million revenue



ADJUSTED EBITDA AND MARGIN

- ⦿ Improved Adjusted EBITDA and margins, despite additional UK POC tax during H2 2017, estimated at \$4m
- ⦿ Adjusted EBITDA up 10% to \$52m (H1 2017: \$48m)
- ⦿ Adjusted EBITDA margin at 19.2% (H1 2017: 17.6%)

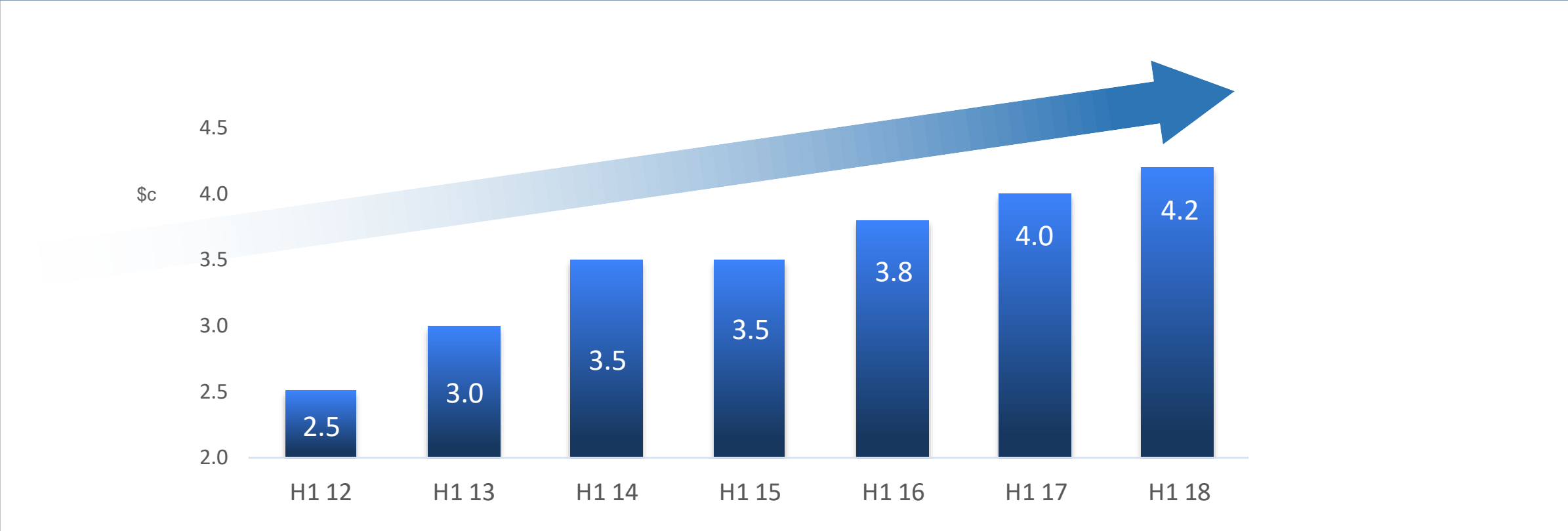
Adjusted EBITDA H1 2018 vs. H1 2017



DIVIDEND

- Record Interim dividend as Group's cash position remains strong and debt free
- 68% increase in Interim dividend per share since H1 2012

Dividend Per Share (\$c) H1 2012 – H1 2018



BALANCE SHEET

\$m	30-Jun-18	30-Jun-17
Non-current assets		
Goodwill and other Intangible assets	160.2	159.6
Property, plant and equipment	8.4	8.1
Other non-current assets	2.3	2.0
Investments	1.2	1.5
	172.1	171.2
Current assets		
Cash and cash equivalents	143.6	153.0
Trade and other receivables	44.5	41.0
Total Assets	360.2	365.2
Equity		
Share capital and share premium	6.9	6.6
Retained earnings, reserves and treasury shares	124.9	88.2
Total equity attributable to equity holders	131.8	94.8
Liabilities		
Current liabilities		
Trade and other payables	128.5	151.2
Provisions	28.3	45.3
Income tax payable	6.0	0.1
Customer deposits	65.6	71.8
Non-current liabilities		
Deffered tax liabilities	0.0	2.0
Total equity and liabilities	360.2	365.2



CASH FLOW

\$m Period Ended 30 June	H1 2018	H1 2017
Cash flows from operating activities		
Profit before income tax	60.1	(17.3)
Share benefit charges	5.0	4.1
Depreciation and amortisation	10.1	9.3
Change in current assets and liabilities	(56.9)	50.6
Share of associates loss	0.1	0.0
Interest Income	(0.3)	(0.3)
Cash generated from operations	18.1	46.4
Income tax paid	(2.0)	(2.5)
Net cash generated from operating activities	16.1	43.9
Acquisition of property, plant and equipment	(1.9)	(1.9)
Internally generated intangible assets	(6.5)	(6.0)
Acquisition of intangible assets	(1.5)	(1.3)
Interest received	0.3	0.3
Net cash used in Investing Activities	(9.6)	(8.9)
Issue of shares net of purchase	(0.7)	0.1
Dividends paid	(41.4)	(56.1)
Net decrease in cash and cash equivalents	(35.6)	(21.0)
Cash and cash equivalents - beginning of the period	179.6	172.6
Effects of currency translation	(0.4)	1.4
Cash and cash equivalents - end of the period	143.6	153.0

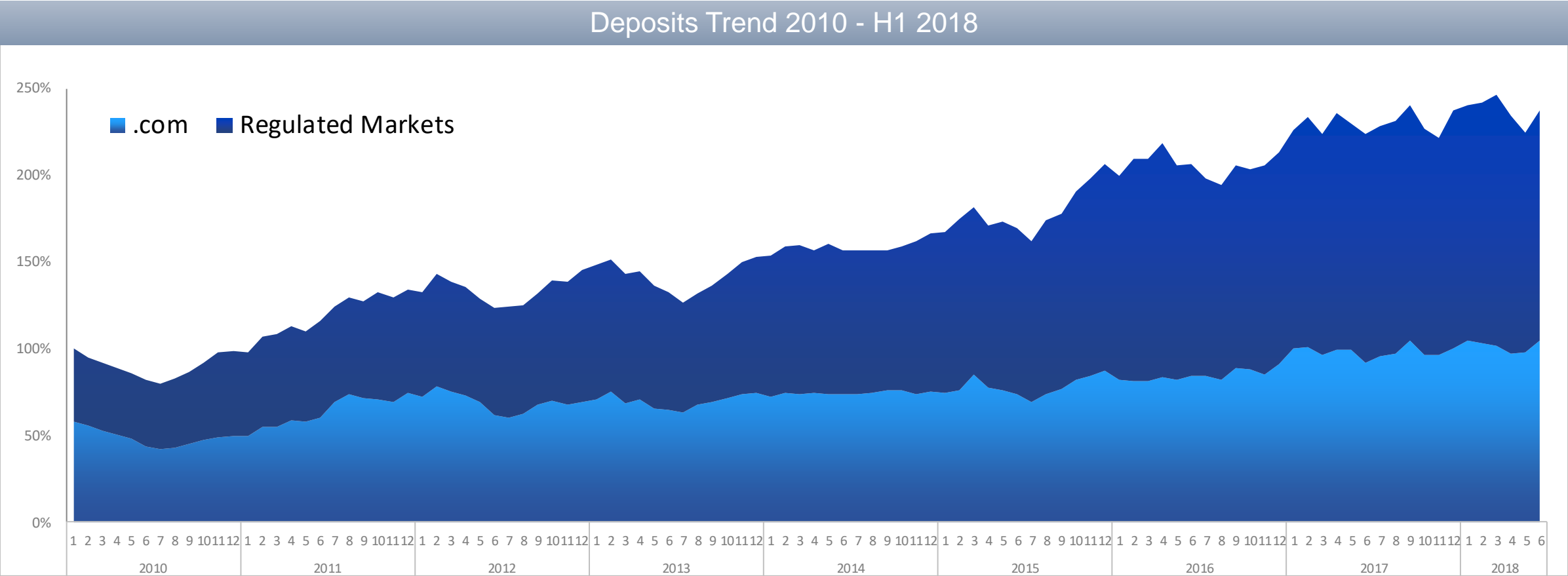




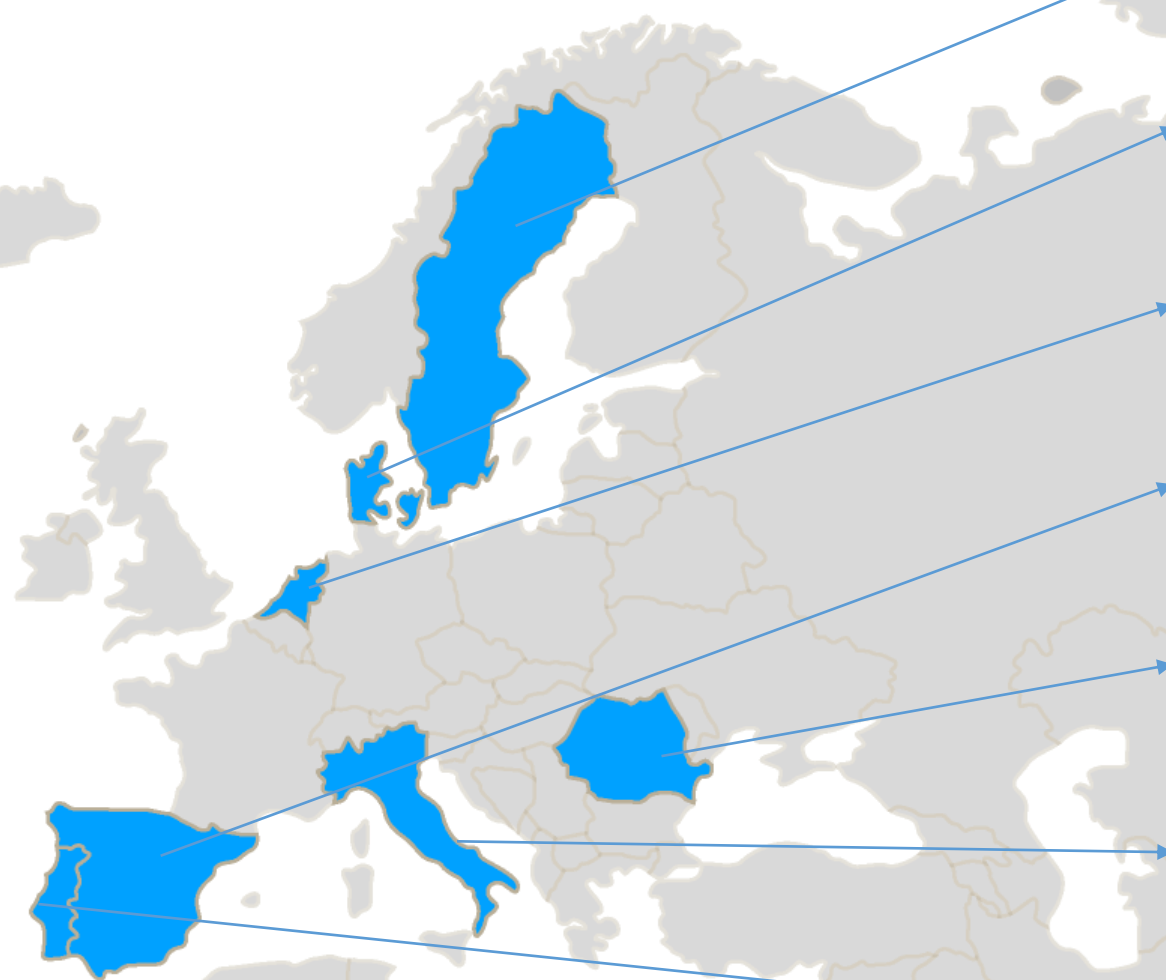
ITAI PAZNER, COO | OPERATIONAL REVIEW








B2C DEPOSIT TREND

- The 888 platform demonstrates consistent growth in deposits despite various challenges
- Regulated markets are key drivers behind this trend
- UK offset by double digit growth in continental European regulated markets



EU REGULATED MARKETS



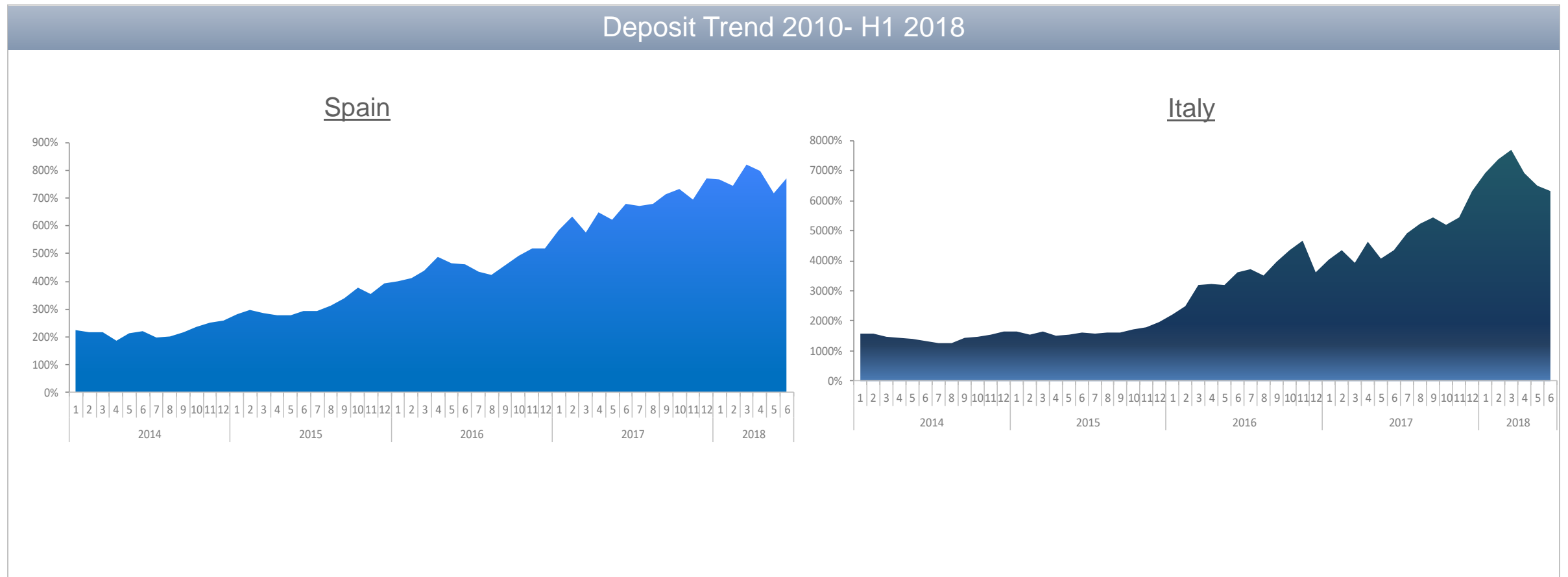
	Regulation expected January 2019, market estimated at \$1,371M*
	Market estimated at \$710M*
	Regulation expected H2 2019, market estimated at \$406M**
	Market estimated at \$800M*
	Market estimated at \$110M**
	888poker launched Market estimated at \$1,967M*
	Launch imminent Estimated at \$166M*

Source: *According to regulator reports normalized to a full year and converted to USD according to average exchange rate **According to H2 Gambling Capital



DEPOSIT TREND in SPAIN & ITALY

- ◎ Robust growth continues driven by comprehensive product offering
- ◎ Poker was launched in Italy in Q1, stronger summer seasonality



UK MARKET

- Investment in Compliance: Technology, Processes, Culture
- Mass Market Strategy
- Performance Stabilisation
- Future Market Standardisation

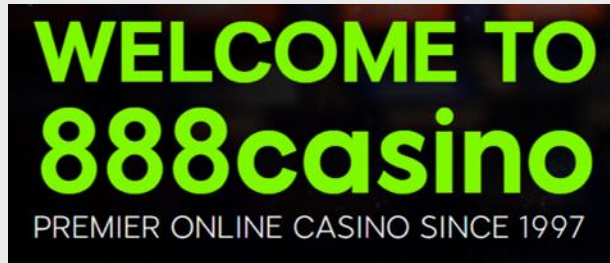
WHAT'S NEXT IN THE US

- NJ Full product suite; Casino, Poker and NOW SPORT
- Utilising our global platform and front end
- New states - selective strategy
- Pennsylvania Q1 19
- Well positioned and agile to capture the significant opportunity



NEW 888CASINO PLATFORM “ORBIT”

ORBIT PERFORMANCE



- ⦿ Increased Customer Acquisition
- ⦿ Increased Conversation Rates
- ⦿ Increase in No. of Deposits per Player
- ⦿ Increase in Casino Bets
- ⦿ Increase in Customer Loyalty

POKER

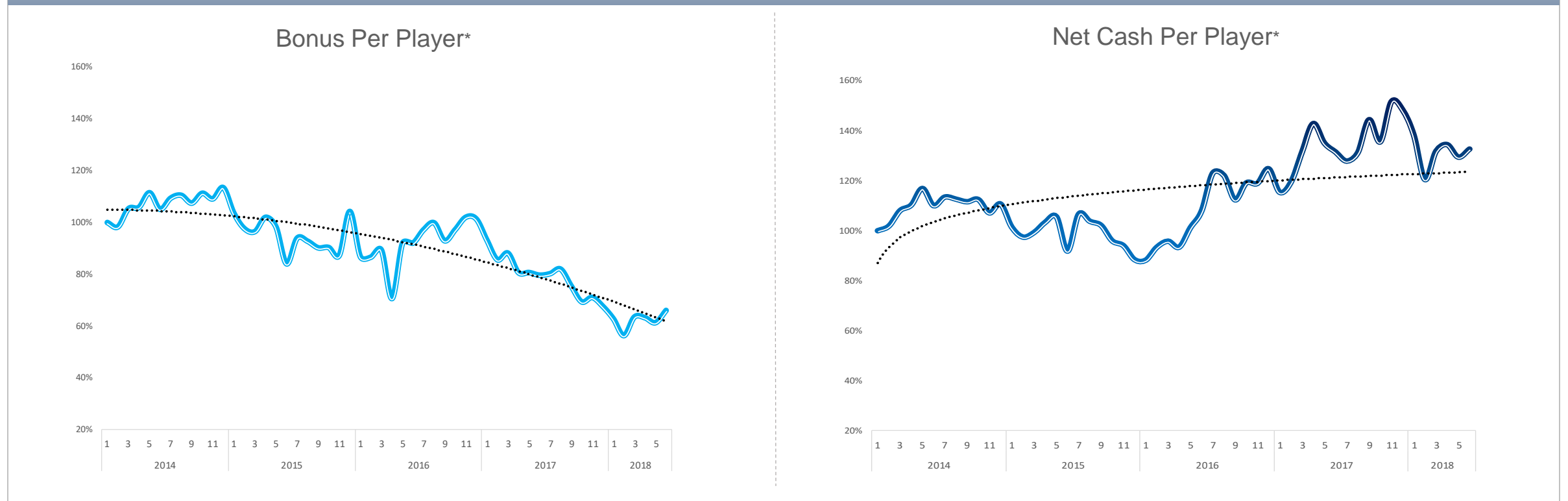
- Market conditions, exit from markets and increased competition
- Recreational strategy with unique assets
- New product enhancements; Poker 8, Progressive knockout, Pik'em
- 3 global networks; US, EU, & .COM
- Top 3 player in the market



BINGO PLATFORM

- Many optimisation tools – specifically decreasing bonus levels
- Reduction of bonus hunters
- Good value for new players recruited during 2018

Bingo Platform Optimisations (GBP)

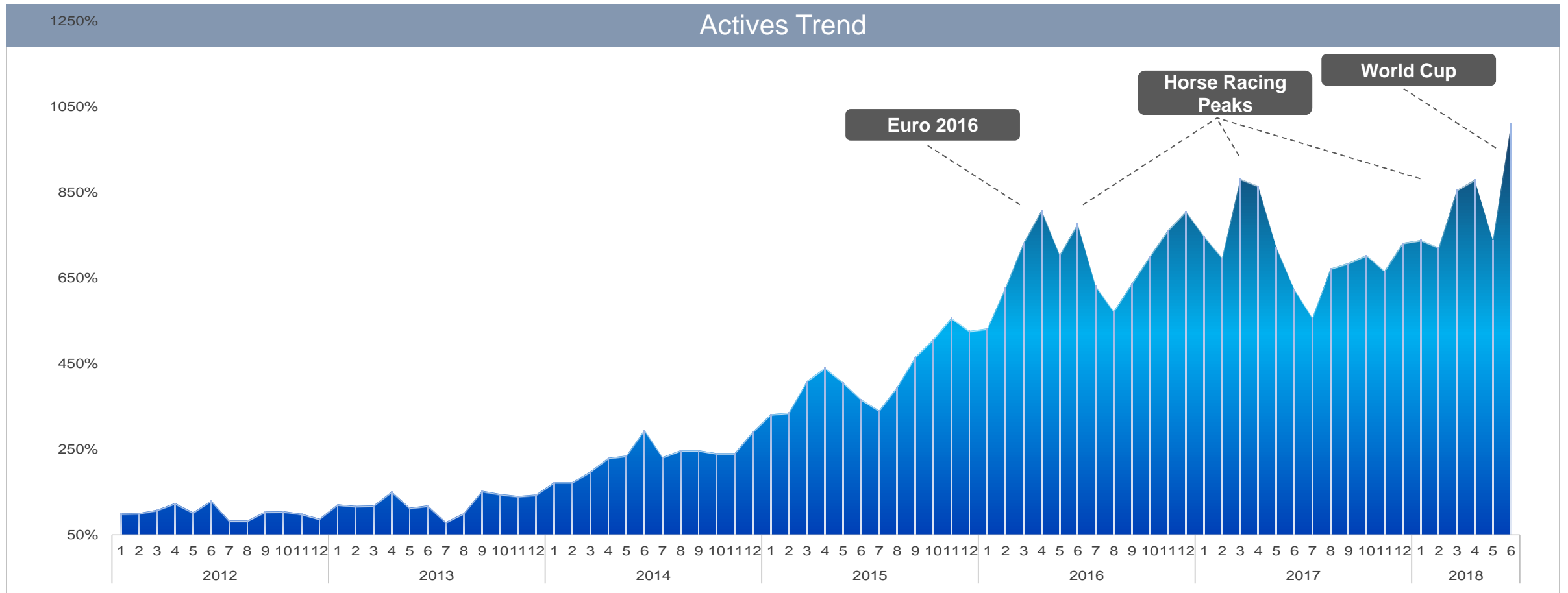


* Jan 2014 as base = 100. Funded players



SPORT ACTIVE PLAYERS

- Healthy, steadily increasing Sport active players
- Positive FIFA world cup results
- High activity during major UK Horse Racing events such as Cheltenham & Grand National



< 888 sport **15 Pt.**

Russian Rewards

Group B

 Marocco 1/4	 Portugal 0/4
 Spain Completed!	 Iran 3/4

T&C'S Apply

PHILADELPHIA EAGLES v ATLANTA FALCONS

New Customer Offer

Enhanced Odds Special

EAGLES to win NOW 8/1 [was-7/10]	FALCONS to win NOW 10/1 [was-23/20]
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Deposit using promo code: **888ODDS**

BET NOW

ONE TIME OFFER



New Customer Offer

BET £10

GET £30 in Free Bets

PROVE 'EM WRONG

+ £10 on any football

888.es Casino Poker Sport Promociones Club 888.es VIP Club

888sport

Hasta 150€ en Apuestas Gratis.

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Borussia Dortmund Gewinnt

Jetzt **9.0** [zuvor-1.77]

+ 100% bis zu 100€




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ITAI FRIEBERGER, CEO | SUMMARY

SUMMARY

- ◎ Record EBITDA in the face of challenges
- ◎ Strong progress in Casino and Sport
- ◎ Regulated Continental Europe continues to drive growth
- ◎ Meaningful product innovation executed and ahead
- ◎ Exploring further US opportunities
- ◎ Planning for organic growth and well placed to participate in strategic M&A opportunities
- ◎ Remain confident of future outlook





Q&A