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**RESULTS FOR THE SIX MONTHS ENDED**

30 JUNE 2015

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# AGENDA

**Brian Mattingley** | Introduction

**Aviad Kobrine** | Financial Review

**Itai Frieberger** | Operational Review

**Brian Mattingley** | Summary

**Q&A**

# SUMMARY OF 2015 H1 RESULTS

- Revenue up **9%** on a like for like basis<sup>1</sup>
- B2C revenue up **11%** on a like for like basis<sup>1</sup>
- Revenue impacted by adverse currency movement of US\$20 million and US\$5 million EU VAT
- \$19.5m incremental UK POC and EU VAT impact
- Adjusted EBITDA<sup>2</sup> at **\$41m** (H1-14: \$49m)
- Adjusted EBITDA margin<sup>2</sup> at **18.6%** (H1-14: 21.8%)
- Adjusted PBT<sup>2</sup> of **\$30m** (H1-14: \$34m)
- Adjusted EPS<sup>2</sup> of **8.0c** (H1-14: 9.7c)
- Cash net of customer deposits at \$65m, **up 6%** (H1-14: \$61m)
- Interim Dividend of **3.5c** per share (H1-14: 3.5c)

<sup>1</sup> Like for like as defined in the 2015 half year report.

<sup>2</sup> As defined in the 2015 half year report.

# YET ANOTHER STRONG PERFORMANCE

- Continued operational momentum with strong organic growth
- Excellent revenue improvements
  - Casino<sup>1</sup> 13%
  - Bingo<sup>1</sup> 3%
  - Sport 81%
- Encouraging growth in active customers
  - 22% Casino
  - 4% Poker
  - 18% Bingo
- 57% of revenue generated from regulated markets
- 43% of UK GGR generated from mobile
- Solid growth from Italy and Spain

<sup>1</sup> Like for like as defined in the 2015 half year report.

# GROWTH DRIVERS

- We continue with investments in:
  - Superior technology
  - Best in class CRM
  - Strong iconic brands
  - Innovative marketing campaigns
- All delivering:
  - Excellent organic like for like revenue growth
  - Continued improvement in active customers
  - Record numbers of registered customers

What we have consistently promised – we have consistently delivered



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**AVIAD KOBRINE, CFO** | FINANCIAL REVIEW

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

\$m	H1 15	H1 14	% Change
<b>Revenue (before EU VAT)</b>	<b>225.1</b>	<b>225.1</b>	0%
EU VAT	5.1	-	
<b>Revenue<sup>2</sup></b>	<b>220.0</b>	<b>225.1</b>	-2%
Operating expenses <sup>3</sup>	60.8	64.7	
Gaming duties <sup>4</sup>	21.8	6.8	<b>221%</b>
Research and development expenses	16.4	19.3	
Selling and marketing expenses	67.1	69.6	
<i>% of Revenues</i>	30.5%	30.9%	
Administrative expenses <sup>5</sup>	13.0	15.7	
<b>Adjusted EBITDA<sup>4,5</sup></b>	<b>40.9</b>	<b>49.0</b>	-17%
<i>% of Revenues</i>	18.6%	21.8%	
Depreciation and Amortisation	9.4	8.6	
Share benefit charges, finance and other	1.0	2.0	
Share of Joint Ventures loss	-	4.4	
<b>Profit Before Tax and Acquisition costs</b>	<b>30.5</b>	<b>34.0</b>	-10%
Acquisition costs & retroactive gaming duty	10.5	-	
<b>Profit Before Tax</b>	<b>20.0</b>	<b>34.0</b>	-41%
Taxation	4.3	3.6	
<b>Profit after tax</b>	<b>15.7</b>	<b>30.4</b>	
<b>Adjusted EPS<sup>6</sup></b>	<b>8.0 ¢</b>	<b>9.7 ¢</b>	-17%

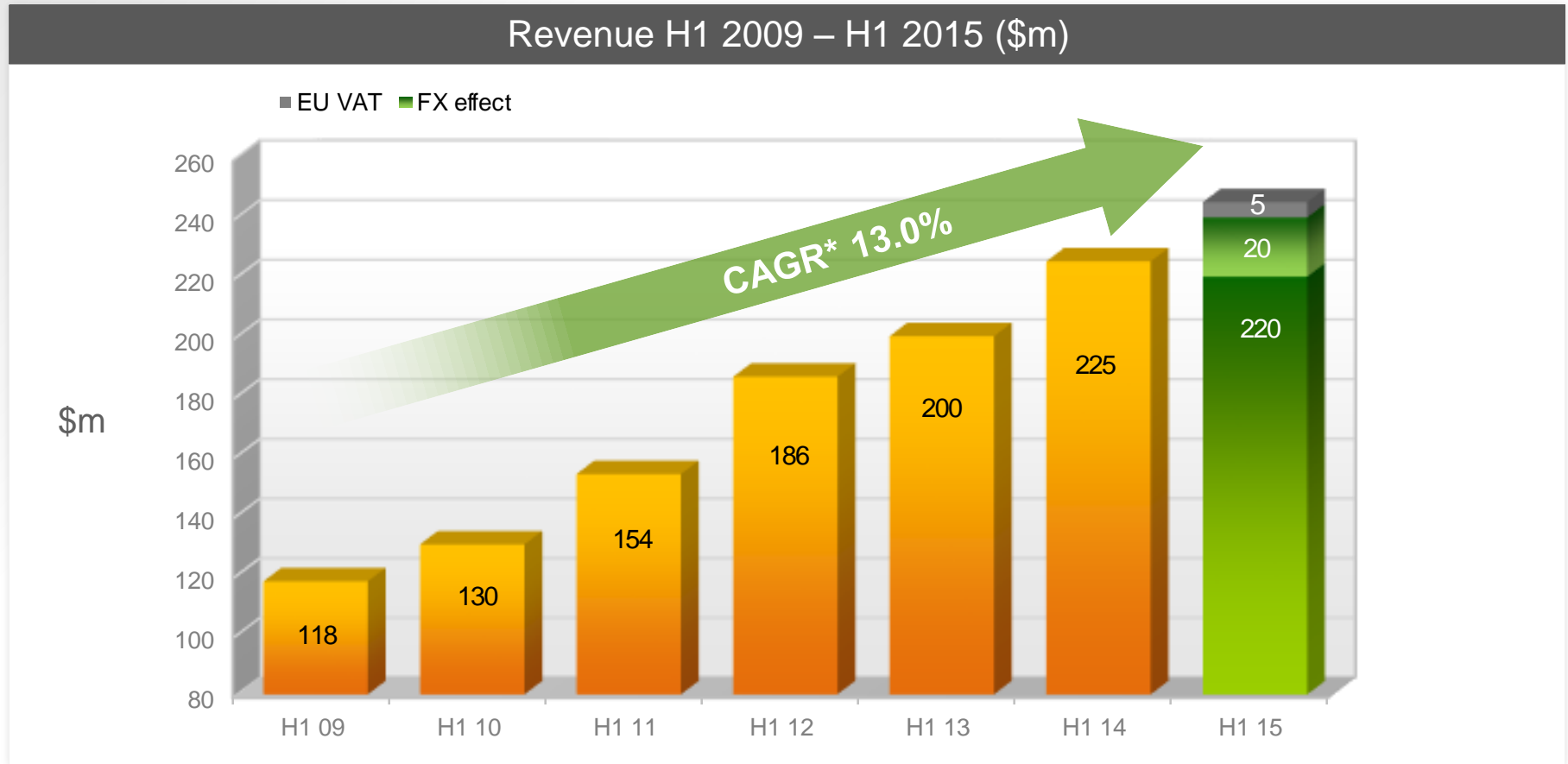
<sup>1</sup> Totals may not sum due to rounding. <sup>2</sup> As of 1 January 2015 the Group has paid VAT on some of its gaming services in certain EU member states. VAT amounts are deducted from Revenue line

<sup>3</sup> Excluding depreciation of US\$4.5 million (H114: US\$4.5 million) and amortisation of US\$4.9 million (H114: US\$4.1 million). <sup>4</sup> Excludes retroactive duties and associated charges of \$3.5m (H114: nil)

<sup>5</sup> Excluding share benefit charges of US\$2.4 million (H114: -US\$0.5 million) and exceptional acquisition cost of \$7m (H1 14: nil). <sup>6</sup> As disclosed in para 4 to the 2015

# GROUP REVENUE

- Revenue on a like for like basis\* up **9%** to **\$245m** (H1-14: \$225m) reported Revenue down 2% to \$220m given new EU VAT and adverse currency movements
- 11.0% actual CAGR since H1-09 and 13.0% on a like for like basis\*



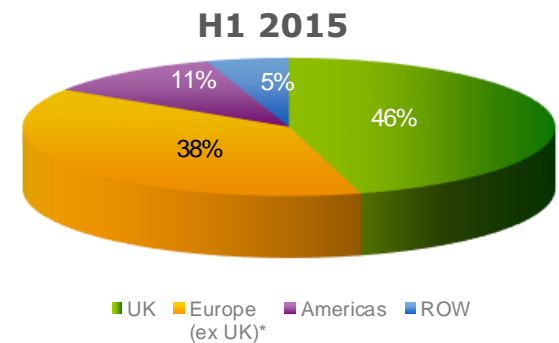
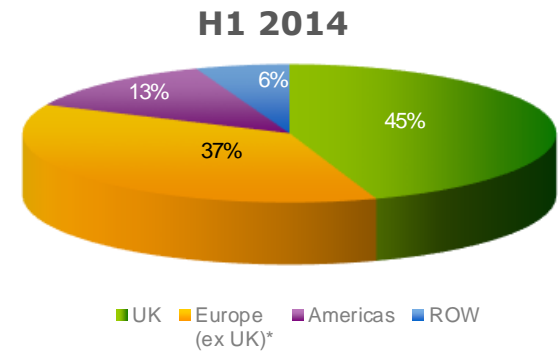
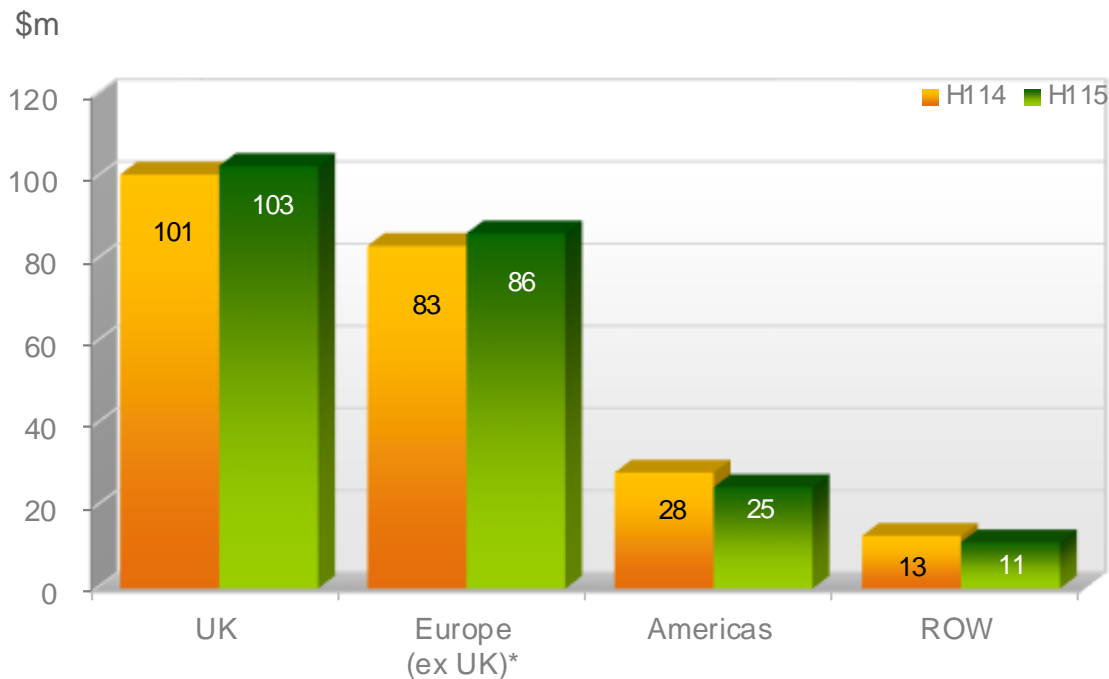
\* Like for like as defined in the 2015 half year report.



# GEOGRAPHICAL SEGMENTATION

- Encouraging revenue increases in core UK and European regions despite adverse currency movements seen across all reported segments
- Revenue increased **2%** in the UK
- Europe (ex. UK and before VAT deduction) increased **3%**
- Regulated territories\* represents 57% of revenue (before VAT)

## Geographic Segmentation, Revenue H1 2014 and H1 2015\*\*



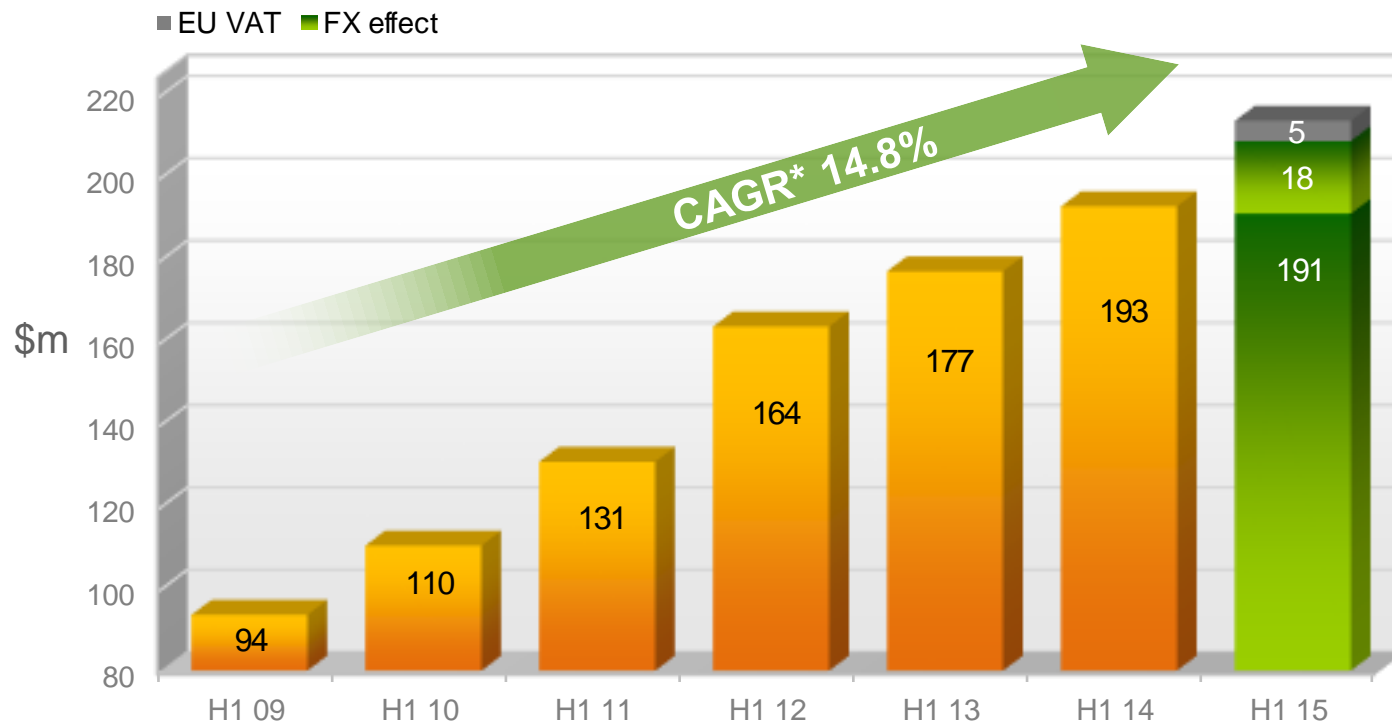
\*U K, Spain, Italy, USA (non Social)

\*\*In Europe (ex UK) we add back \$5.1m EU VAT for a like for like comparison

# REVENUE B2C

- Revenue B2C on a like for like basis\* up **11%** to **\$214m** (H1-14: \$193m)
- Reported Revenue down 1% to \$191m
- 14.8% CAGR since H1-09 on a like for like basis\*
- Strong performance led by Casino and Sport

Revenue B2C H1 2009 – H1 2015 (\$m)



\* Like for like as defined in the 2015 half yearly report

# REVENUE B2C BY PRODUCT

- All product lines impacted by adverse currency movements
- On a like for like basis\*, revenue increased in all products with the exception of Poker
- Casino up **13%**, Poker down 2%, Bingo up **3%**, Emerging Offering up **56%**

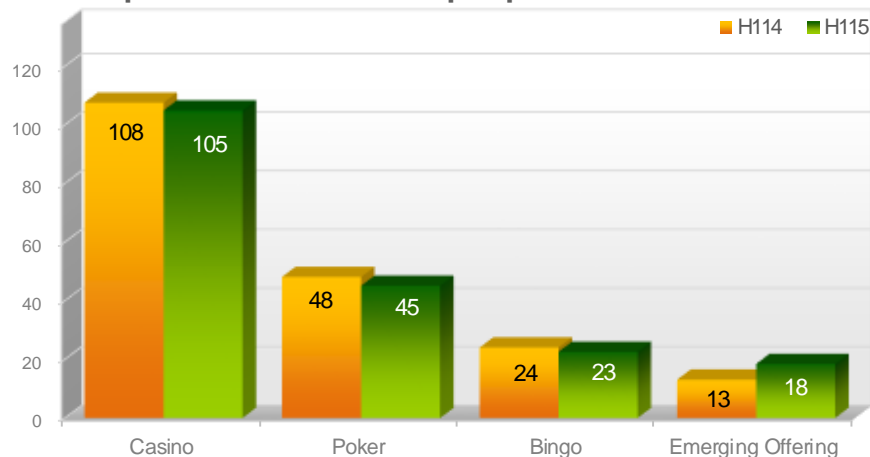
## Revenue B2C H1 2015 vs. H1 2014(\$m)

\$m

Revenue B2C per product like for like basis\*



Reported Revenue B2C per product

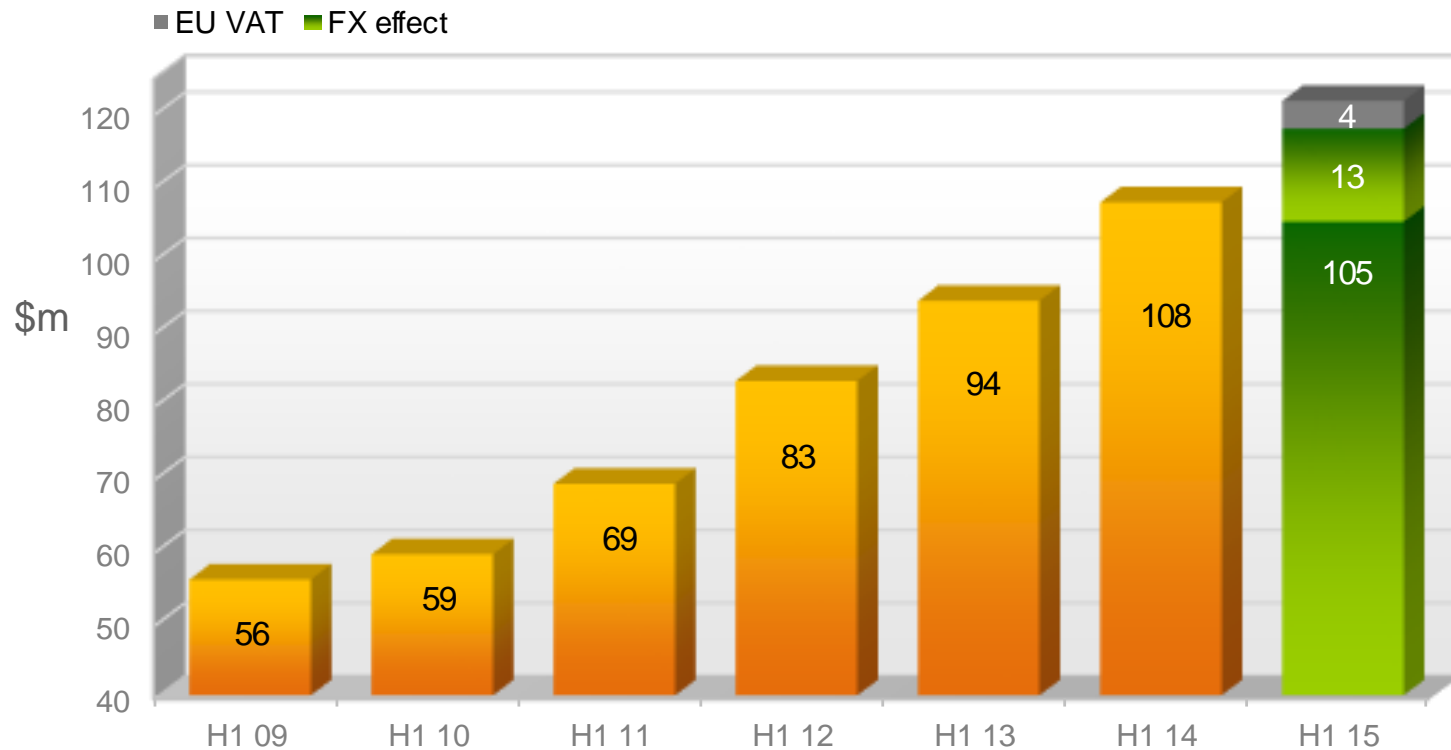


\* Like for like as defined in the 2015 half yearly report

# REVENUE CASINO B2C

- Another outstanding year for Casino, capitalizing on mobile investments and richer offering
- Casino Revenue on a like for like basis\* up **13%** to **\$121m** (H1-14: \$108m) reported revenue down 2% to \$105m
- Active customer increased **22%**, new customer recruitment increased **12%**

Revenue Casino B2C H1 2009 – H1 2015 (\$m)

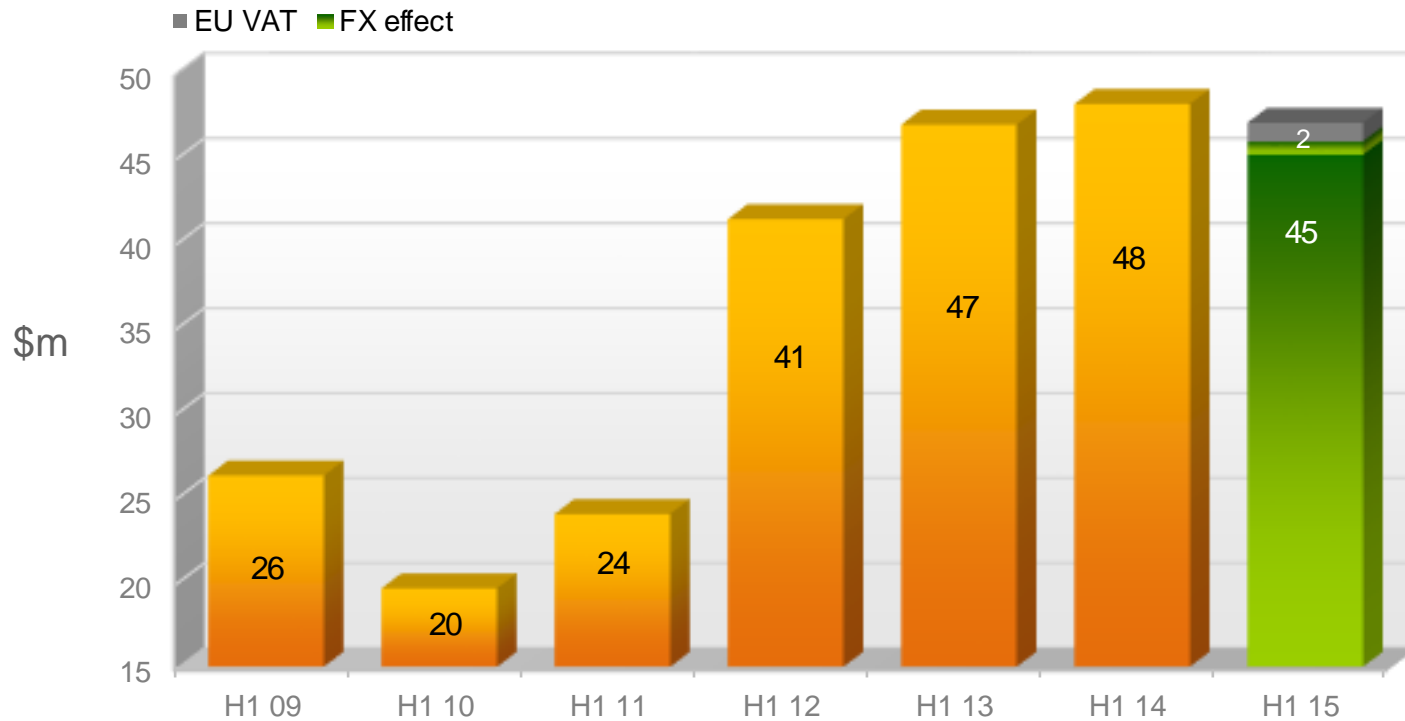


\* Like for like as defined in the 2015 half yearly report

# REVENUE POKER B2C

- Poker revenue on a like for like basis\* down 2% to \$47m (H1-14: \$48m), reported Revenue down 6%
- No. 2 position in global poker rankings\*\* maintained, outperforming market in relative liquidity
- Customer actives and new customer recruitment increased

Revenue Poker B2C H1 2009 – H1 2015 (\$m)



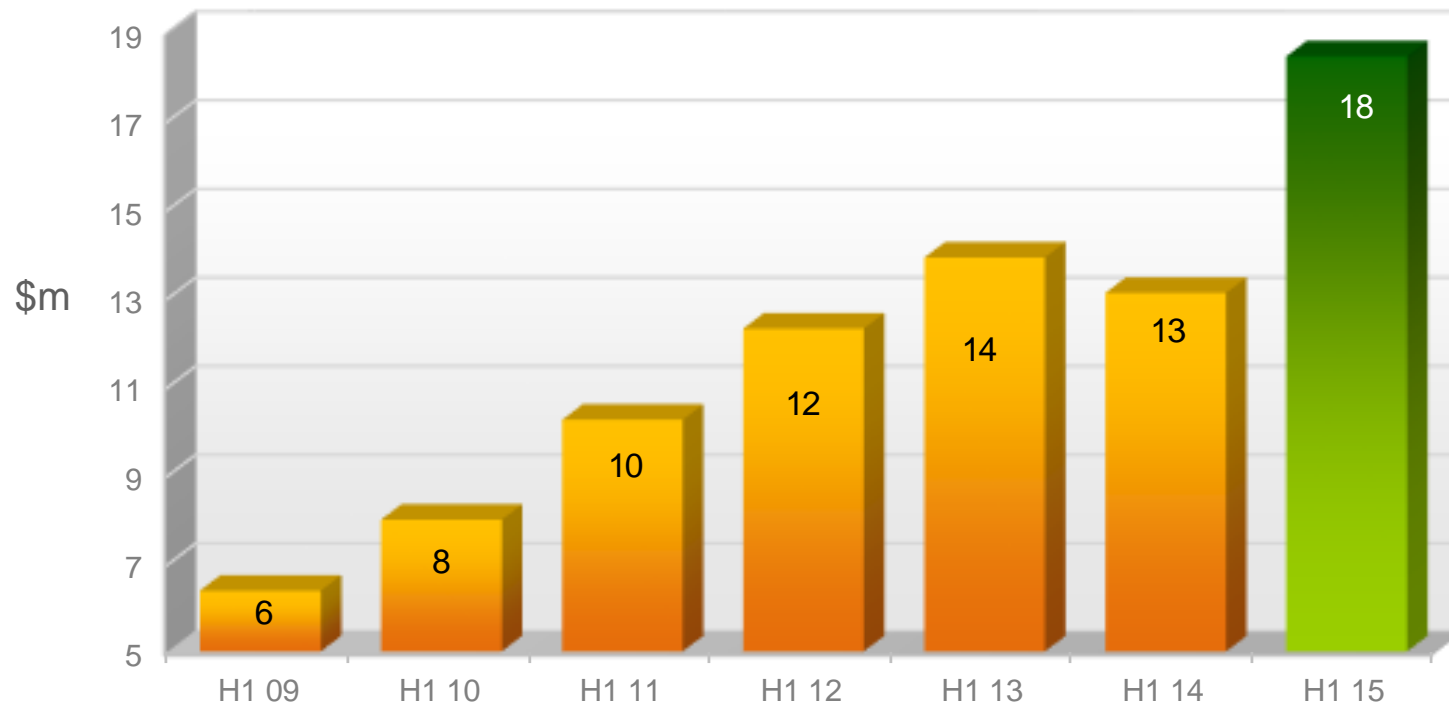
\* Like for like as defined in the 2015 half yearly report

\*\* Source Pokerscout.com July 2015

# REVENUE EMERGING OFFERING B2C

- Emerging offering Revenue up **41%** to **\$18m** (H1-14: \$13m) despite currency headwind
- Results driven by the accelerating Sport offering, fueled further by successful launch in Spain last August

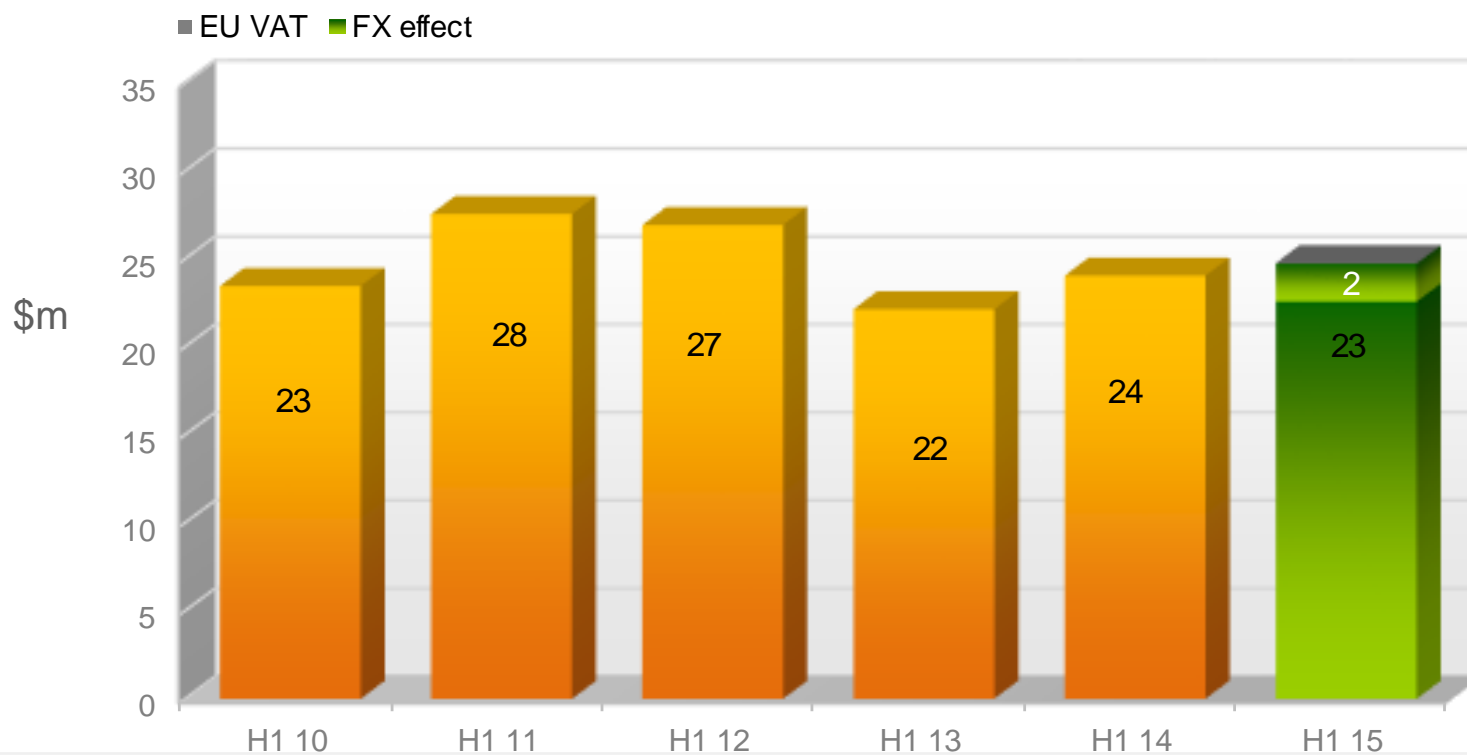
Revenue Emerging Offering B2C H1 2009 – H1 2015 (\$m)



# REVENUE BINGO B2C

- Revenue on a like for like basis\* up **3%** to **\$25m** (H1-14: \$24m), reported revenue down 6%
- Offering enhanced during the period, with shared liquidity Bingo and Casino games
- **42%** increase in new depositors

Revenue Bingo B2C H1 2009 – H1 2015 (\$m)



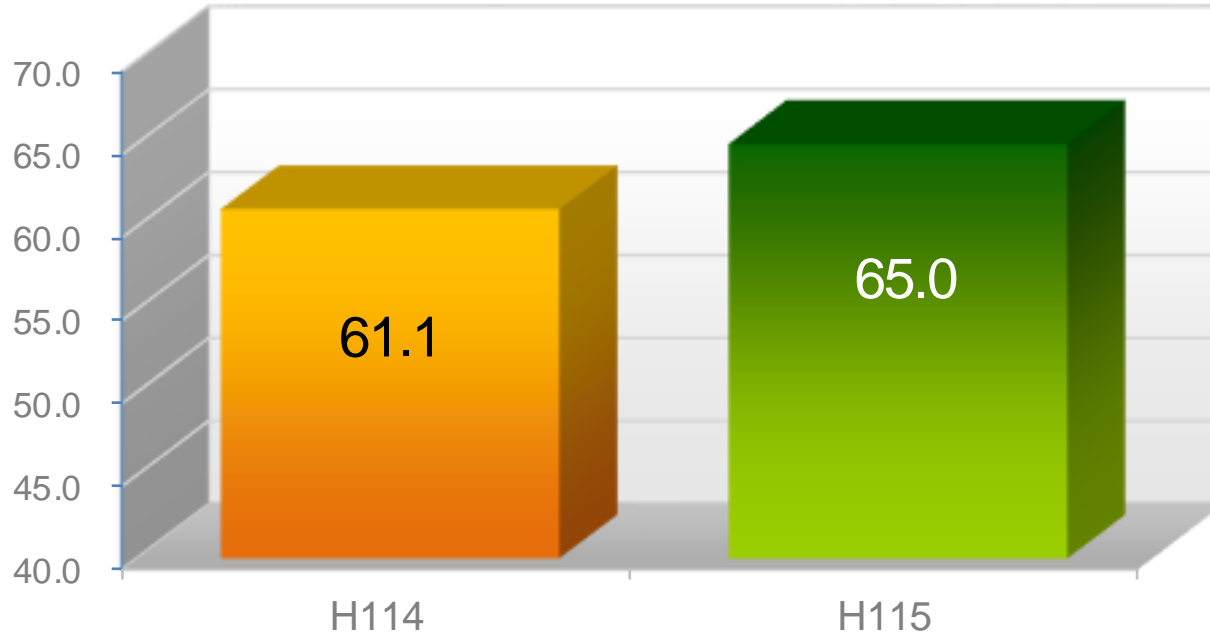
\* Like for like as defined in the 2015 half yearly report

# CORPORATE CASH

- Cash position remains strong with corporate cash net of customer deposits **6%** above H1-14 at **\$65m** (H1-14: \$61m)

Cash position H1 2015 vs. H1 2014

\$m



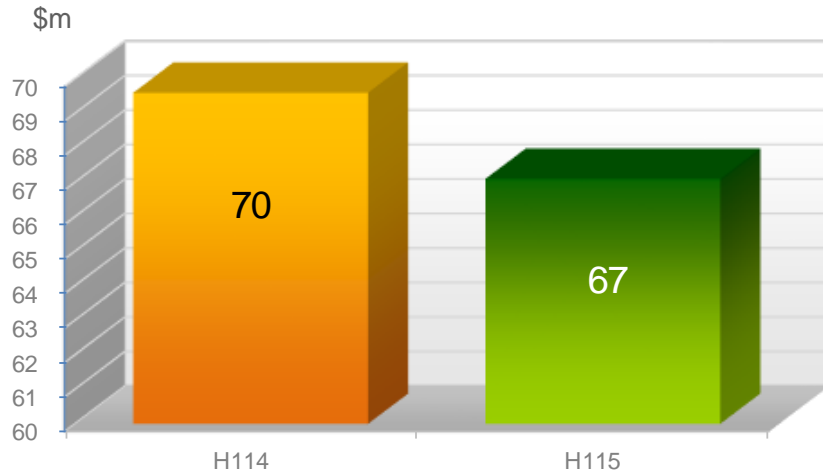


# MARKETING COST RATIO

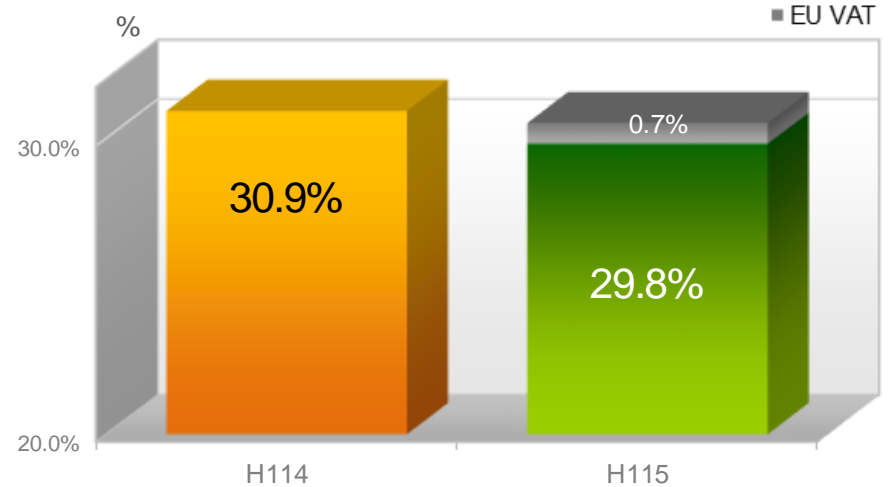
- Marketing spend efficiencies demonstrate strong return to cost optimisation capabilities
- Decrease in absolute terms despite considerable customer acquisition increase of **22%**

## Marketing Costs H1 2015 vs. H1 2014

### Marketing Costs



### Marketing Costs % of Revenue\*

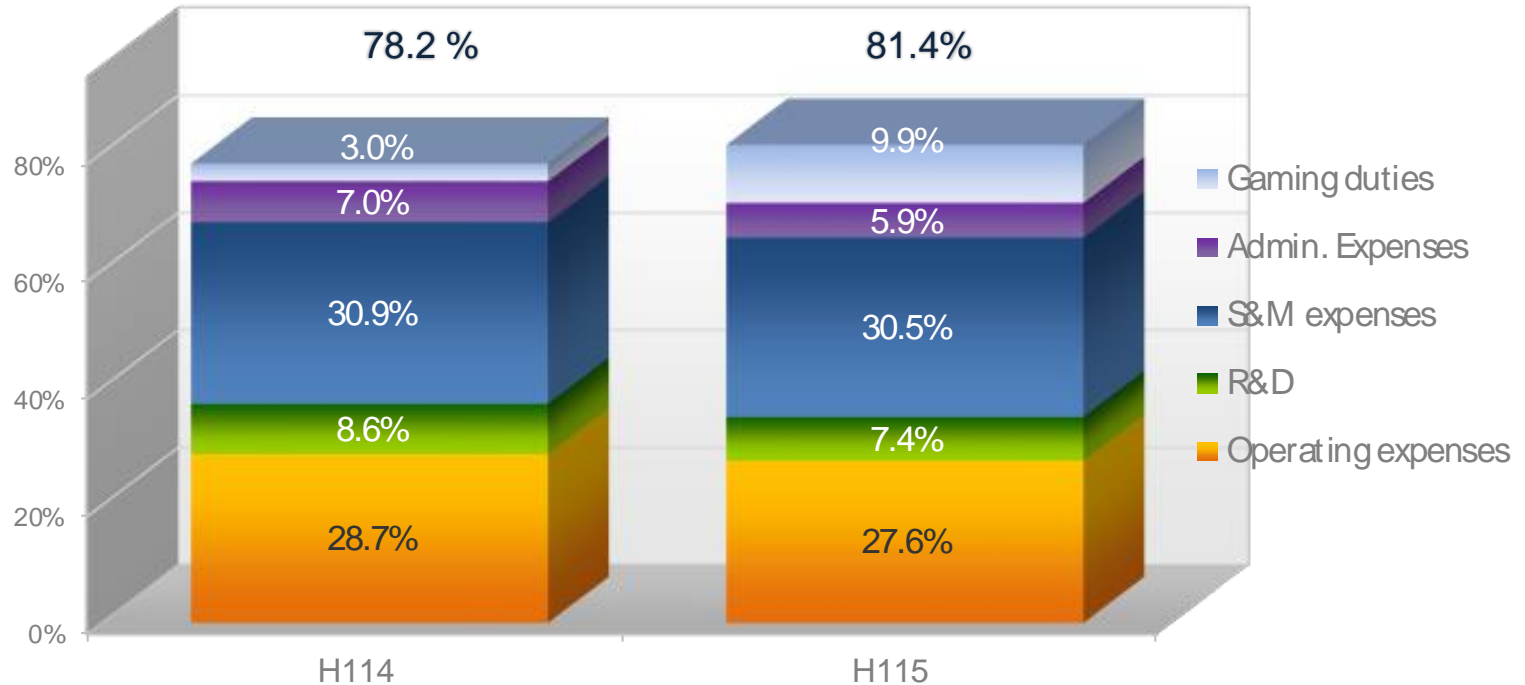


\*Like for like ratio excludes EU VAT from Revenues

# COST STRUCTURE

- Cost\* percentage of revenue at 81% (H1-14: 78%)
- Other than the increased gaming duties burden (driven by the new UK POC tax), all other costs components have decreased in ratio, in part due to weaker ILS and cost control

## Cost as a % of Total Revenue H1 2014 - H1 2015



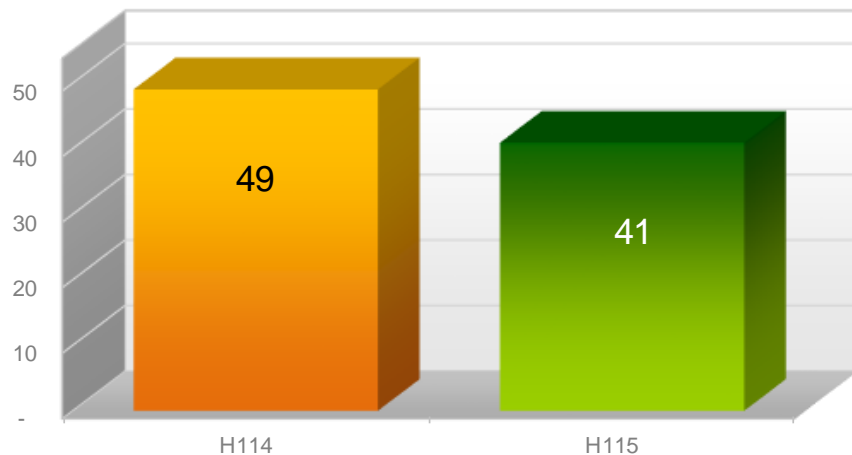
\* Excluding share benefit charges, depreciation and amortisation, retroactive gaming duties and exceptional one-off acquisition costs

# ADJUSTED EBITDA AND MARGIN

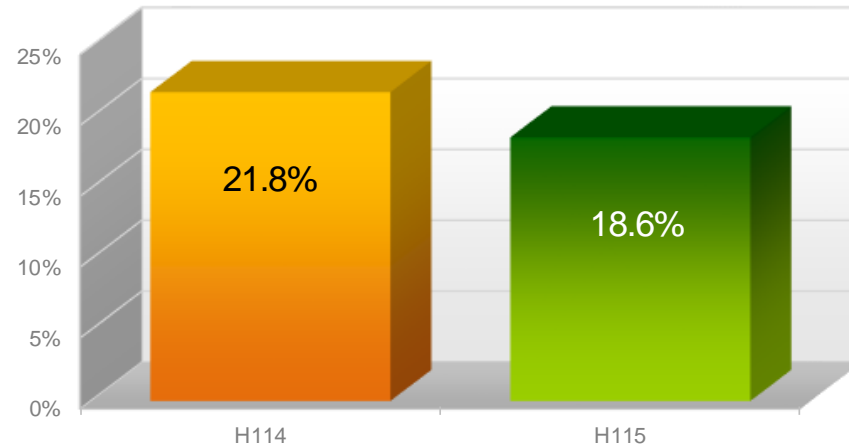
- Adjusted EBITDA down 17% to \$41m (H1-14: \$49m)
- Record breaking period excluding additional UK POC and EU VAT charges

## Adjusted EBITDA H1 2015 vs. H1 2014

\$m **Adjusted EBITDA**

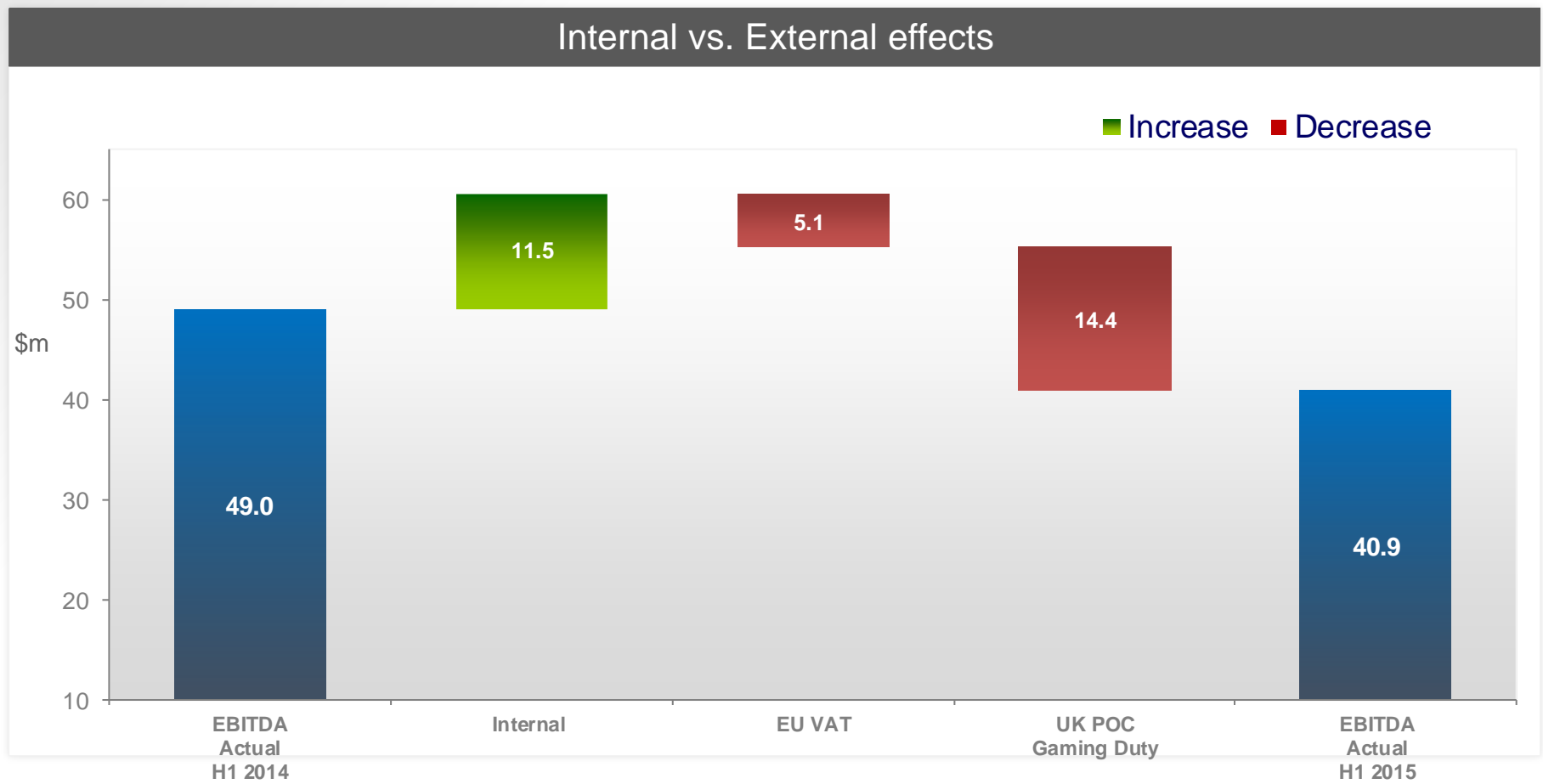


% **Adjusted EBITDA margin**



# EBITDA BRIDGE H1-14 vs. H1-15

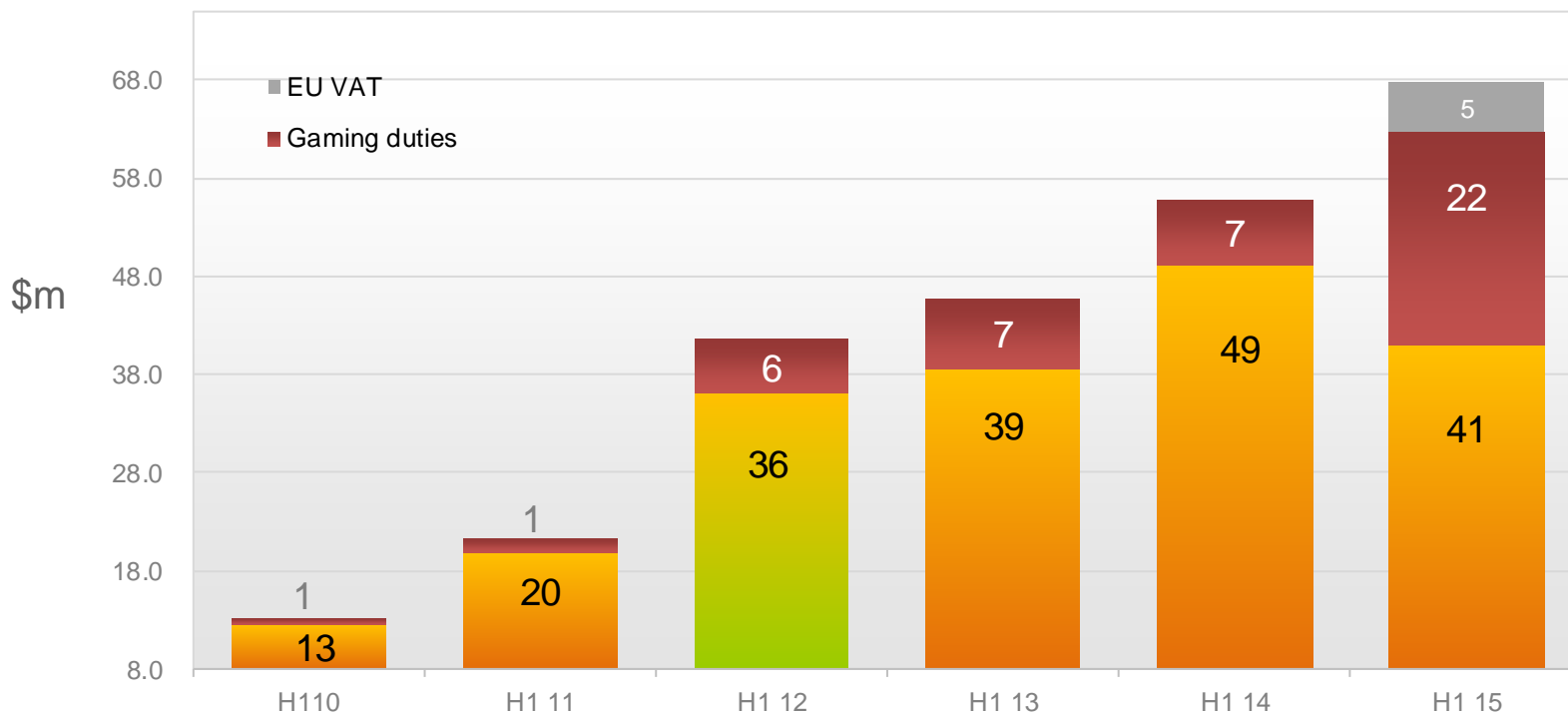
- Strong EBITDA performance mitigating \$19.5m external impact of UK POC and EU VAT
- Before adjusting for adverse currency movements



# ADJUSTED EBITDA TREND

- Adjusted EBITDA impacted by UK POC tax and EU VAT
- Before adjusting for adverse currency movements

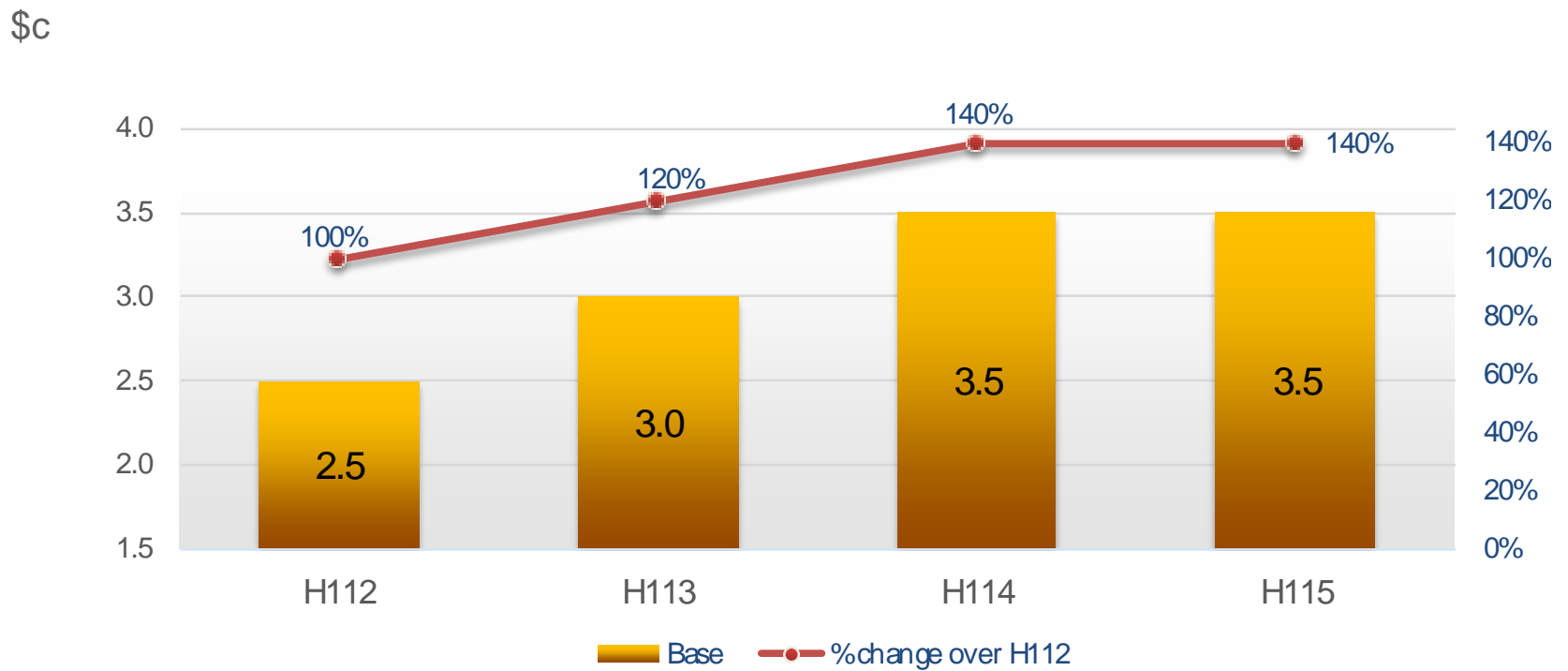
Adjusted EBITDA H1 2010 – H1 2015



# INTERIM DIVIDEND

- Dividend maintained at H1-14 level

## DIVIDEND PER SHARE (\$c) H1 2012-H1 2015



# BALANCE SHEET

\$m	30-Jun-15	30-Jun-14
<b>Non-current assets</b>		
Goodwill and other Intangible assets	159.1	156.9
Property, plant and equipment	13.7	17.6
Other non-current assets	2.2	0.7
Investments	1.7	3.4
	<b>176.7</b>	<b>178.6</b>
<b>Current assets</b>		
Cash and cash equivalents	141.6	119.8
Trade and other receivables	37.2	30.8
<b>Total Assets</b>	<b>355.5</b>	<b>329.2</b>
<b>Equity</b>		
Share capital and share premium	4.9	4.4
Retained earnings and reserves	155.4	166.4
<b>Total equity attributable to equity holders</b>	<b>160.3</b>	<b>170.8</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	116.6	99.5
Customer deposits	76.6	58.7
Contingent consideration	-	0.2
<b>Non-current liabilities</b>		
Deffered tax liabilities	2.0	-
<b>Total equity and liabilities</b>	<b>355.5</b>	<b>329.2</b>

\* Rounded

# CASH FLOW STATEMENT

\$m six month Ended 30 June	H115	H114
<b>Cash flows from operating activities</b>		
Profit before income tax	20.0	34.0
Share benefit charges	2.4	(0.5)
Depreciation & amortisation	9.4	8.6
Change in current assets and liabilities	5.7	5.9
Other non cash adjustments	(2.7)	3.6
<b>Cash generated from operations</b>	<b>34.8</b>	<b>51.6</b>
Income tax paid	(4.1)	(4.9)
<b>Net cash generated from operating activities</b>	<b>30.7</b>	<b>46.7</b>
Purchase of property, plant and equipment	(2.8)	(3.0)
Internally generated intangible assets	(4.7)	(4.1)
Acquisition of intangible assets	(2.0)	(1.2)
Other investment activity	(1.3)	3.9
<b>Net cash used in Investing Activities</b>	<b>(10.8)</b>	<b>(4.4)</b>
Issue of shares	0.4	0.3
Dividends paid	(41.0)	(38.6)
<b>Net increase in cash and cash equivalents</b>	<b>(20.7)</b>	<b>4.0</b>
Cash and cash equivalents - beginning of period	163.1	115.8
Effects of currency translation	(0.8)	0.0
<b>Cash and cash equivalents - end of period</b>	<b>141.6</b>	<b>119.8</b>

\* Rounded





**ITAI FRIEBERGER, COO** | OPERATIONAL REVIEW

**TOTAL****GROUP REVENUE****\$186M**  
H1 2012**\$200M**  
H1 2013**\$225M**  
H1 2014**\$245M\***  
H1 2015**B2C****DEPOSIT****100%**  
H1 2012**106%**  
H1 2013**117%**  
H1 2014**129%**  
H1 2015**SPORT****BETS****100%**  
JAN 2014**127%**  
JUN 2014**201%**  
JAN 2015**223%**  
APR 2015**CASINO****DEPOSIT****100%**  
JAN 2014**110%**  
OCT 2014**118%**  
FEB 2015**121%**  
JUN 2015**BINGO****NEW DEPOSITORS****100%**  
JUN 2014**136%**  
DEC 2014**150%**  
APR 2015**174%**  
MAY 2015**SPAIN****CASINO BETS****100%**  
JAN 2014**110%**  
FEB 2015**115%**  
MAY 2015**129%**  
JUN 2015**POKER****UNIQUE DEPOSITORS****100%**  
JUN 2014**108%**  
NOV 2014**113%**  
JAN 2015**115%**  
MAR 2015

\* Revenue on a like for like basis



- Strong operational momentum despite external headwinds
- Meticulous planning and execution of mitigation measures – minimising impact
- Core expertise and focused execution of strategy driving growth  
Continued development of technology, product and marketing driving underlying growth

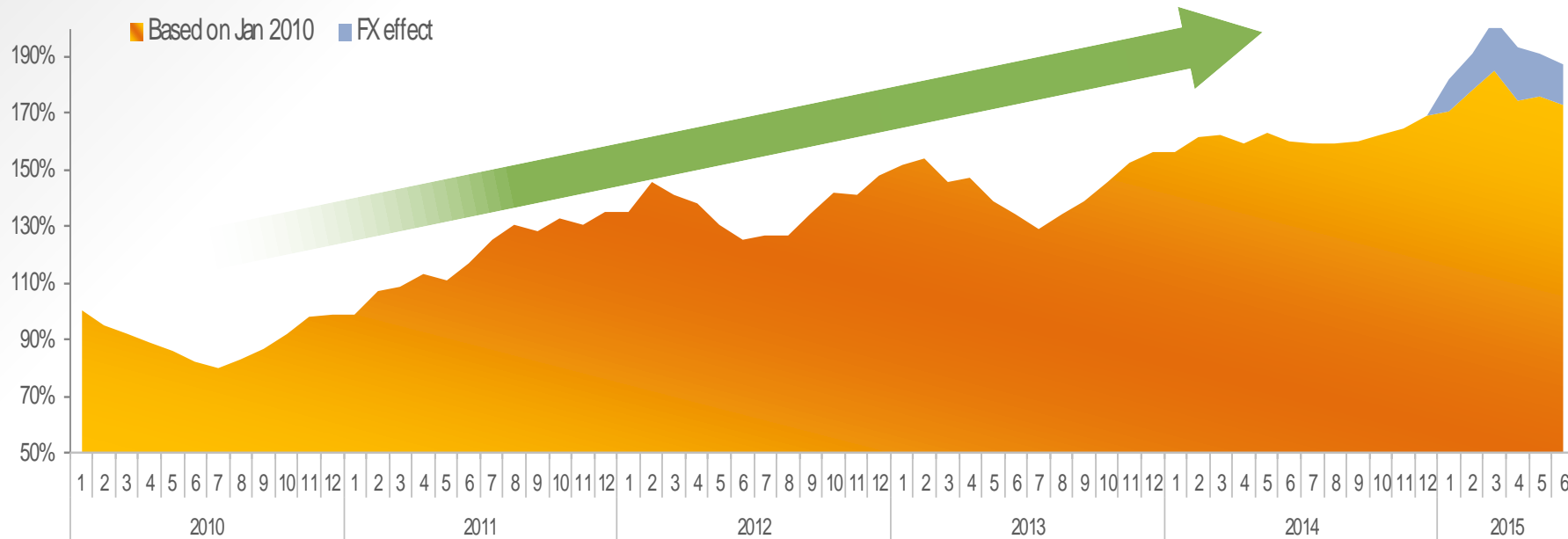
# WHAT DID WE ACHIEVE?



# LONG TERM TREND

- Growing in absolute deposits despite currency headwind
- This is the business engine – fuelling future growth

## B2C DEPOSIT TREND

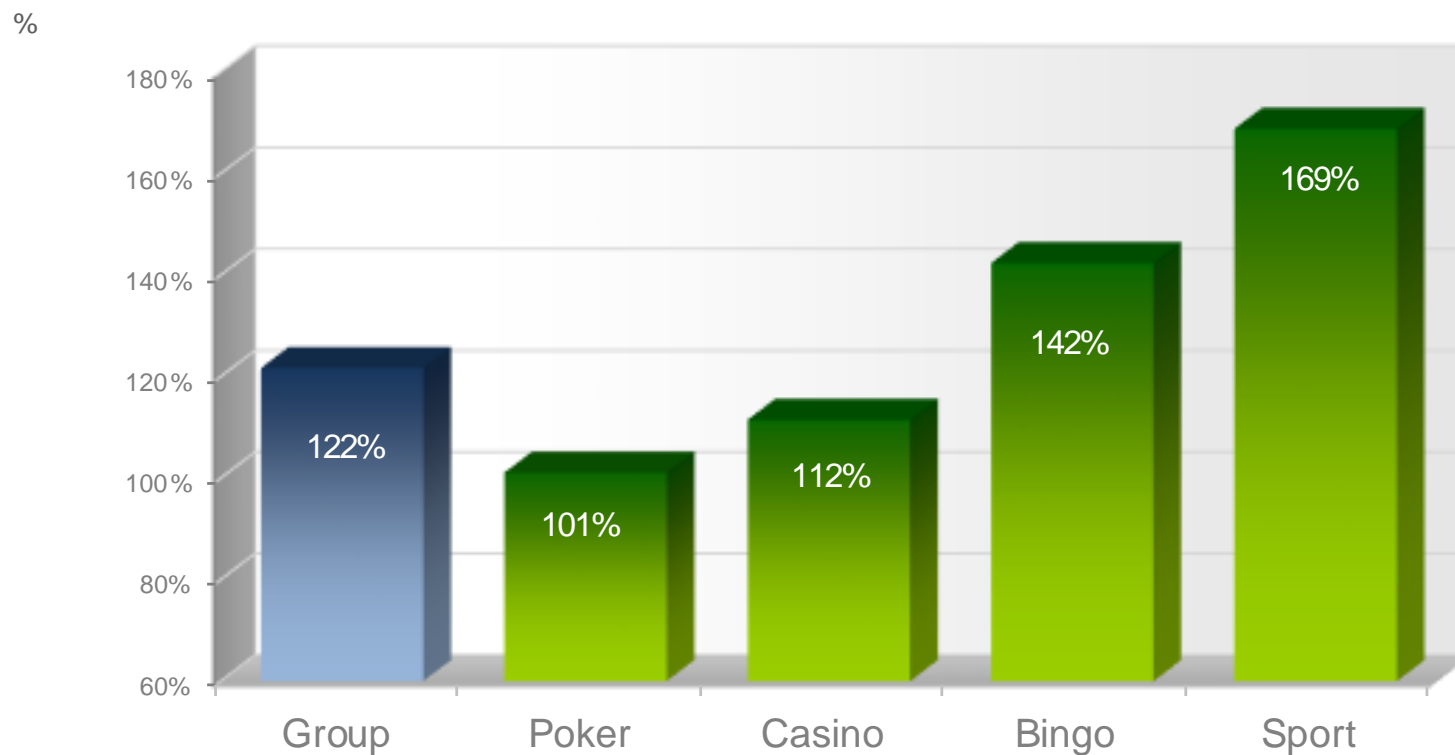


\*FX effect rebase deposits back to original currency and then translate back to USD using H1-14 rates for the purpose of a like for like real basis

# B2C ACQUISITION

- Increases on all fronts with overall **22%** increase in first time depositors (first time depositors)
- Significant growth in Sport (with product gaining traction) and in Bingo where we start to enjoy POC effect on smaller operators

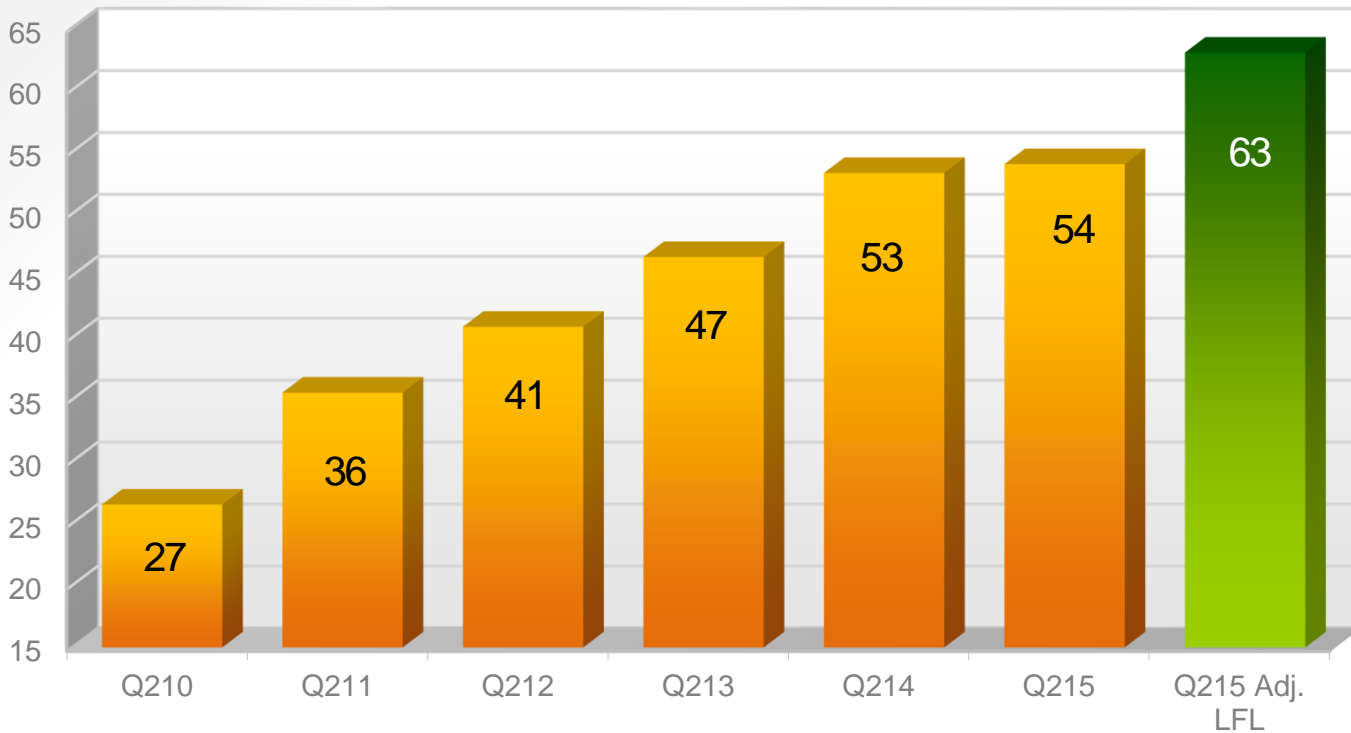
FTD's H1 2015 vs. H1 2014



# CASINO REVENUE

- Casino Revenue increased despite EU VAT and adverse currency movements
- A quarterly CAGR of **19%** on a like for like basis\*

## CASINO QUARTERLY GROWTH

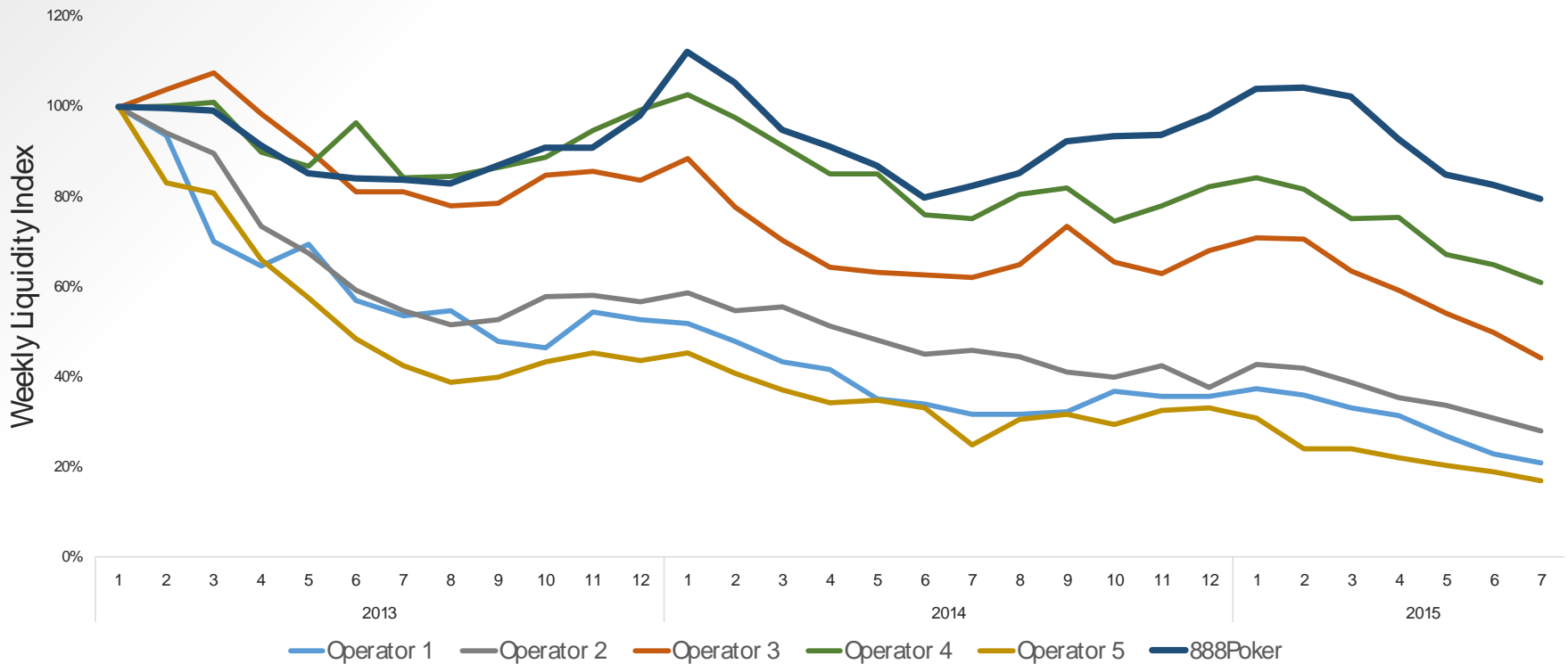


\* Like for like as defined in the 2015 half yearly report

# POKER

- 888Poker continues to outperform in a highly competitive and mature market environment
- Fortifying our No. 2 position in global poker rankings\*

## LIQUIDITY



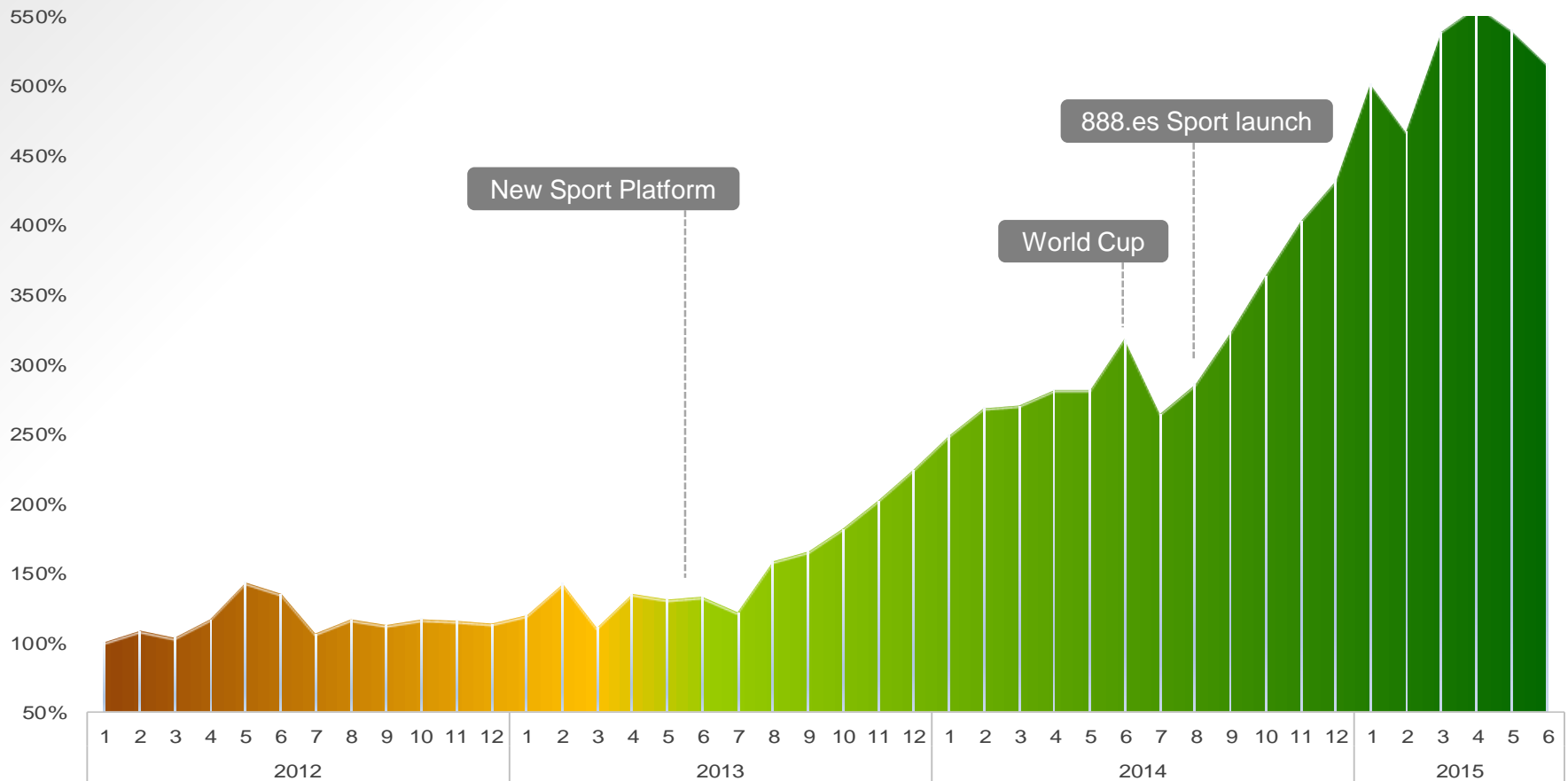
Source: Pokerscout, August 2015



# SPORT

- Acceleration continues
- Live events increased considerably in count and in share of Bets
- Launch of Sport in 888.es in August 2014

## SPORT BETS

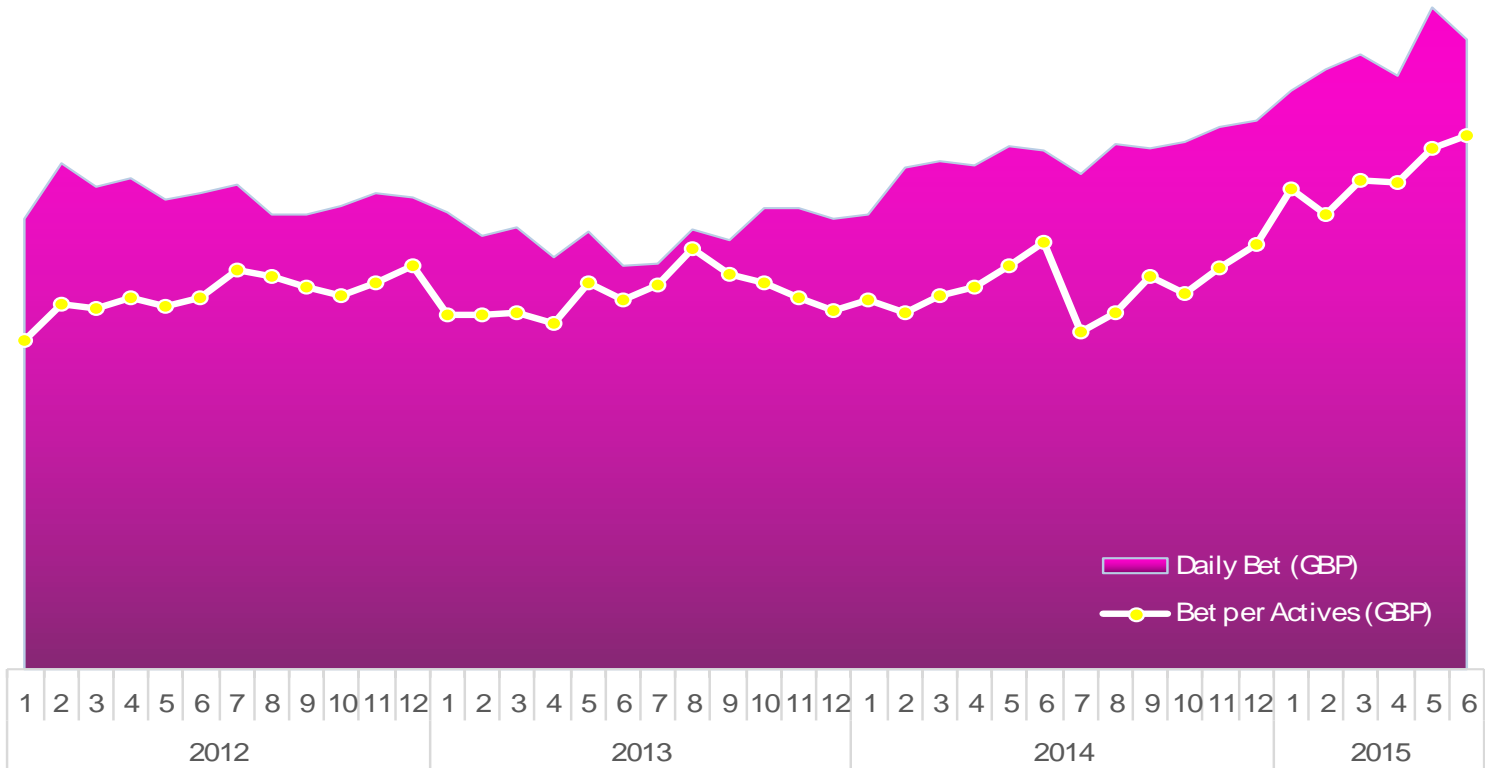


Based on average daily Bets

# BINGO PLATFORM

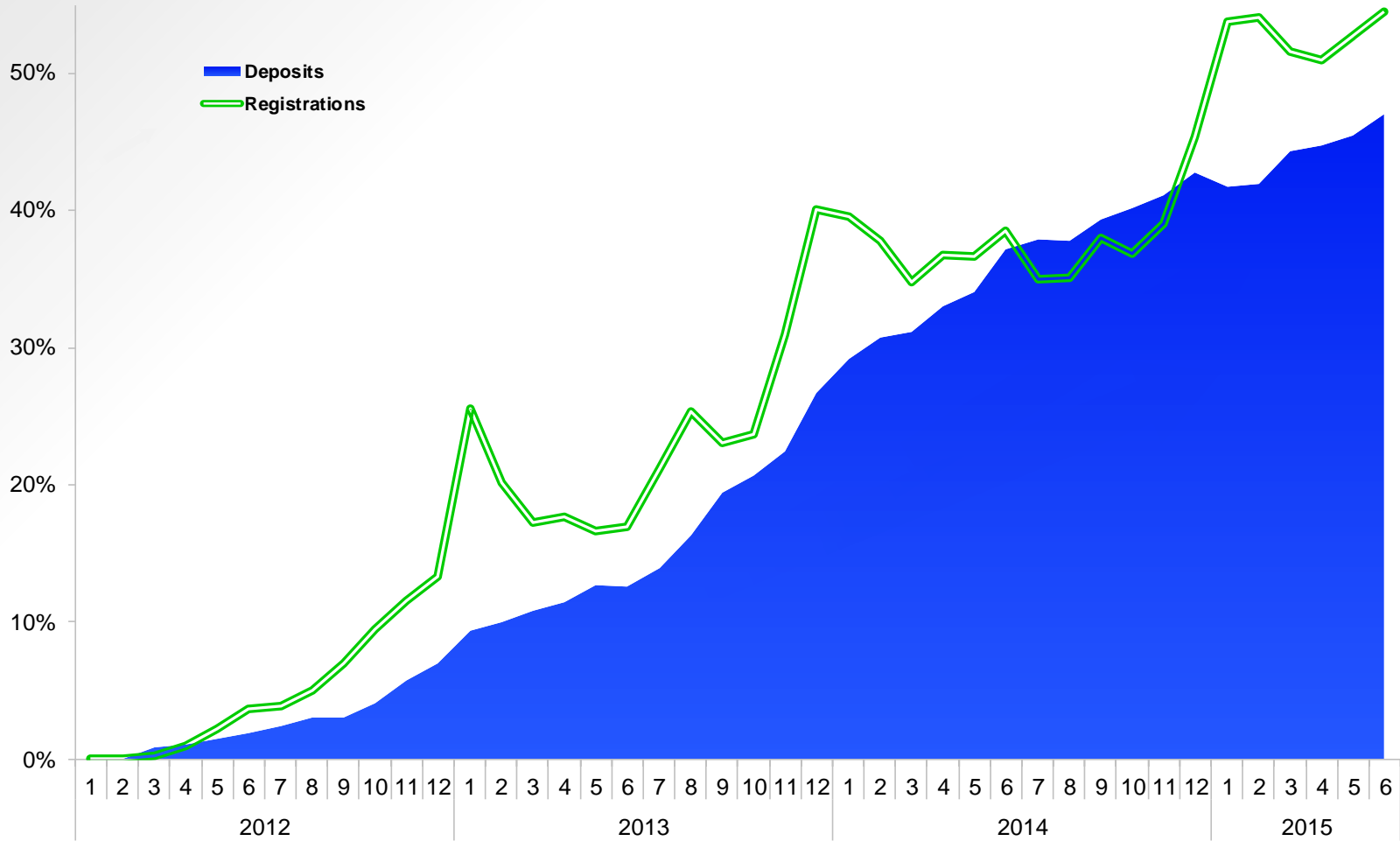
- Bingo recovery continues
- Daily bets in GBP reflect true like for like growth
- As of mid April, additional growth fueled by new CasinoFlex product launches

## Bingo platform volume



Overall Bingo platform volume

## MOBILE DEPOSIT SHARE IN UK



\*B2C Casino, Poker, Bingo, Sport

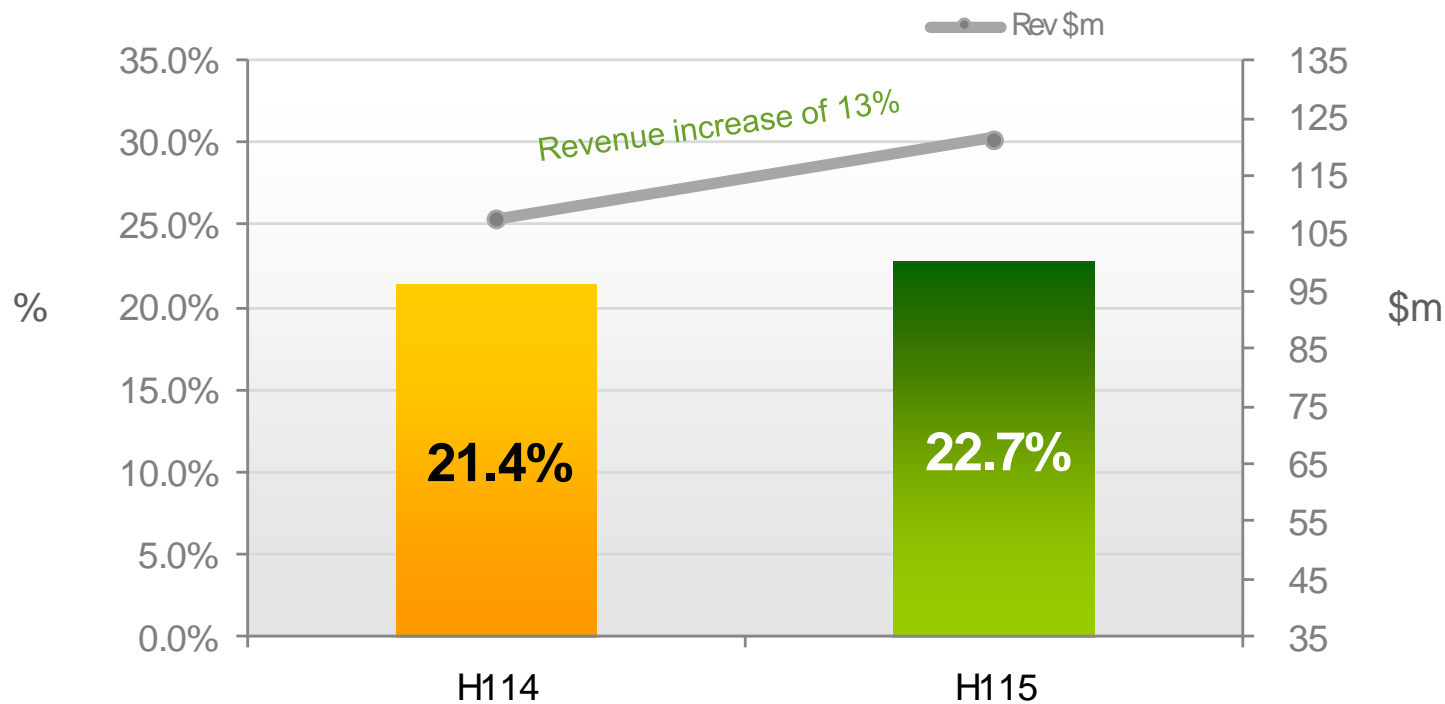
# HOW DID WE ACHIEVE IT?



# CUSTOMER INCENTIVES B2C CASINO

- H1-15 bonus ratio continues to support growth on a like-for-like basis
- More bonuses are granted to a more targeted audience using dedicated tools such as free play vouchers and free spins

Customer Bonuses as % of Revenue\*

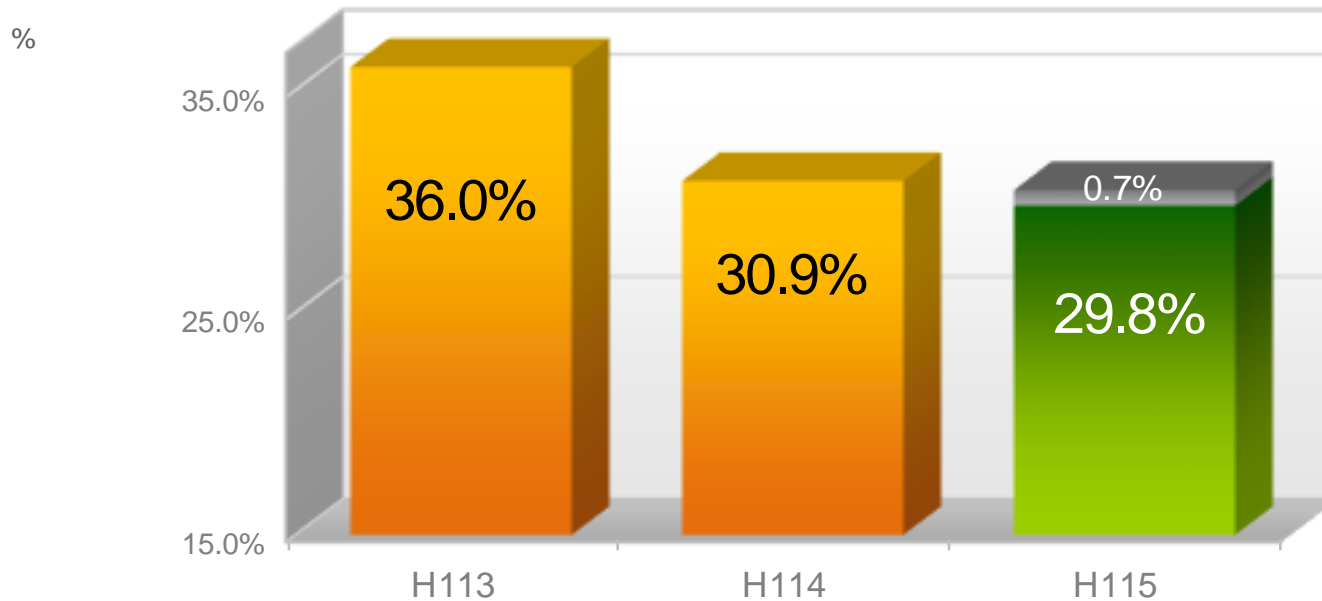


\* Like for like as defined in the 2015 interim report

# MARKETING TREND

- Continued optimisation of marketing spend
- Ratio decline despite customer recruitment increases across products – 22% on Group level

H1 2013 - H1 2015 Marketing Ratio Trend

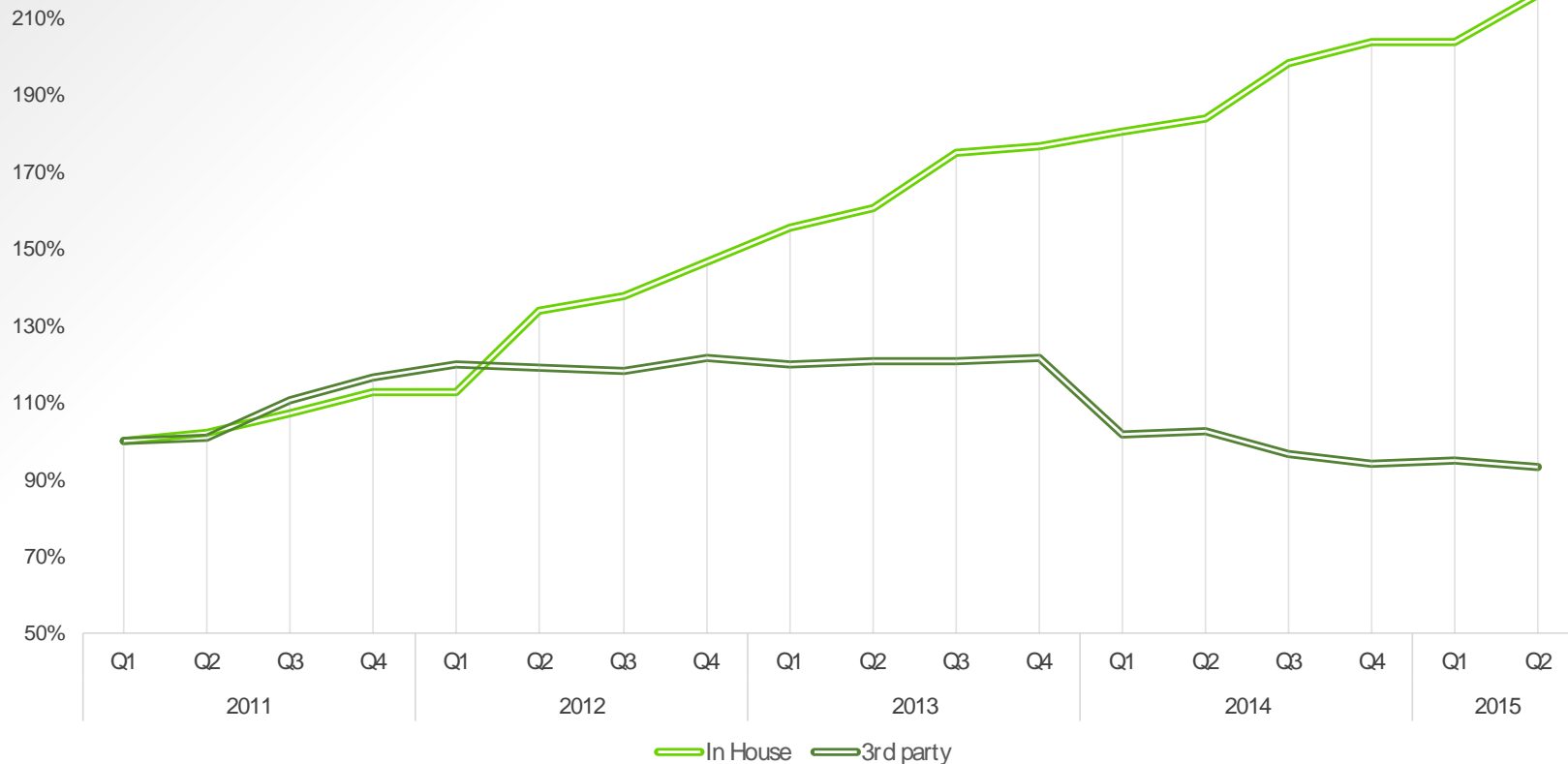


\*Like for like ratio excludes EU VAT from Revenues

# CASINO GAMES

- Strong increase in number of in-house games being played, a direct result of in-house games renaissance

## NUMBER OF ACTIVE GAMES CHANGE



18:51 26% moongames.com

**MOON GAMES** LOGIN

**FOXY CASINO.COM** HOME SLOTS TABLE GAMES LIVE CASINO PROMOTIONS

LOG IN JOIN NOW

**JOIN THE FUN WITH UP TO £400 IN WELCOME BONUSES!**

JOIN NOW

### Instant Game Breakdown.

Report properties:

01/05/2015 and 31/05/2015

today yesterday month to date 7 days 30 days 60 days

Group breakdown by skin

Include selected sites

Search Export to Excel

Instant Game Name	Vendor	OpeningMode	IG Wagers	IG Wins	IG Net	IG Payout
Skin: Moon Bingo						
Fluffy Favourites	Supa	Embedded in mobile device	1 048 312.88	1 000 740.66	47 572.22	95.46%
Rainbow Riches	Jadestone	Independent new window	252 105.04	226 736.27	25 368.77	89.53%
Fluffy Favourites Jackpot	Supa	Embedded	190 982.59	170 610.83	20 371.76	89.33%
Fluffy Favourites	Supa	Independent new window	233 312.60	215 700.54	17 612.06	92.45%
Millionaire Genie	GGP	Embedded in mobile device	141 797.86	127 995.10	14 402.75	89.84%
Fluffy Favourites	Supa	Embedded	724 263.43	711 507.75	12 755.68	98.23%
Enchanted Prince	Supa	Embedded in mobile device	192 281.14	179 864.85	12 416.29	93.54%
Shamans Dream	Supa	Embedded in mobile device	349 246.47	337 111.18	12 135.29	96.52%
Starburst	Netent	Independent new window	216 403.96	204 589.30	11 814.66	94.54%
White Wizard	Supa	Embedded in mobile device	120 253.66	110 727.87	9 525.79	92.07%
Fireworks Frenzy	Supa	Embedded in mobile device	86 198.47	77 026.41	9 172.05	89.35%
starburst	Netent	Embedded in mobile device	131 058.73	122 104.09	8 954.65	93.16%

**COSTA GAMES.COM**

GAMES MY TROPHIES VIP CLUB PROMOTIONS HELP

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Top Picks New Jackpots Casino All

## Irish Riches

PLAY NOW

TOP PICKS

- Irish Riches £548,393.98
- STARBURST
- RAINBOW RICHES
- EUROPEAN ROULETTE
- FLOWERS
- CLEOPATRA
- TWIN SPIN
- GONZO'S QUEST

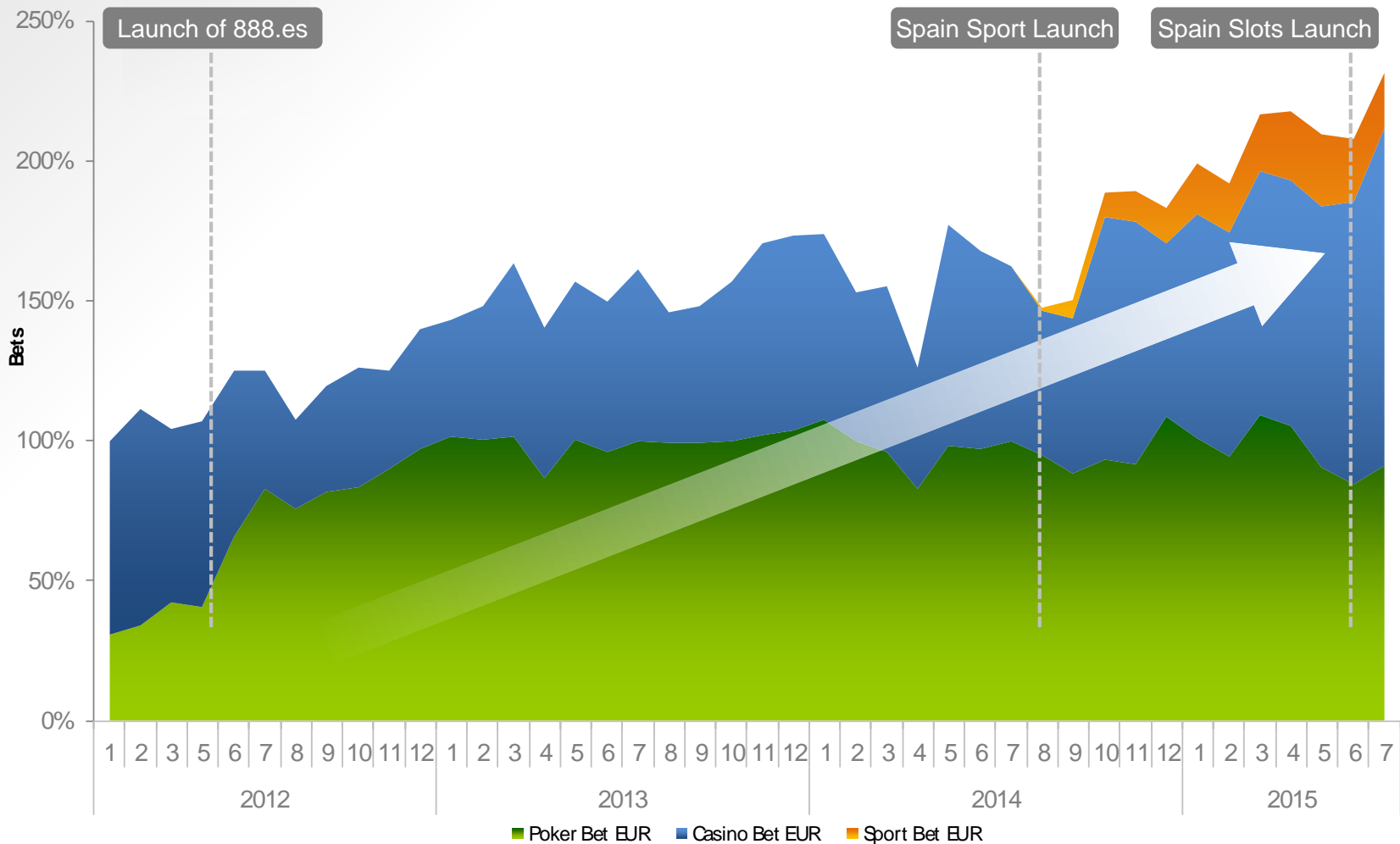




- Upcoming launch in Denmark and Romania
- Regulation is an opportunity for 888
- US – focus on cost-efficiency continues, maintaining pole position with anticipation of new states regulating

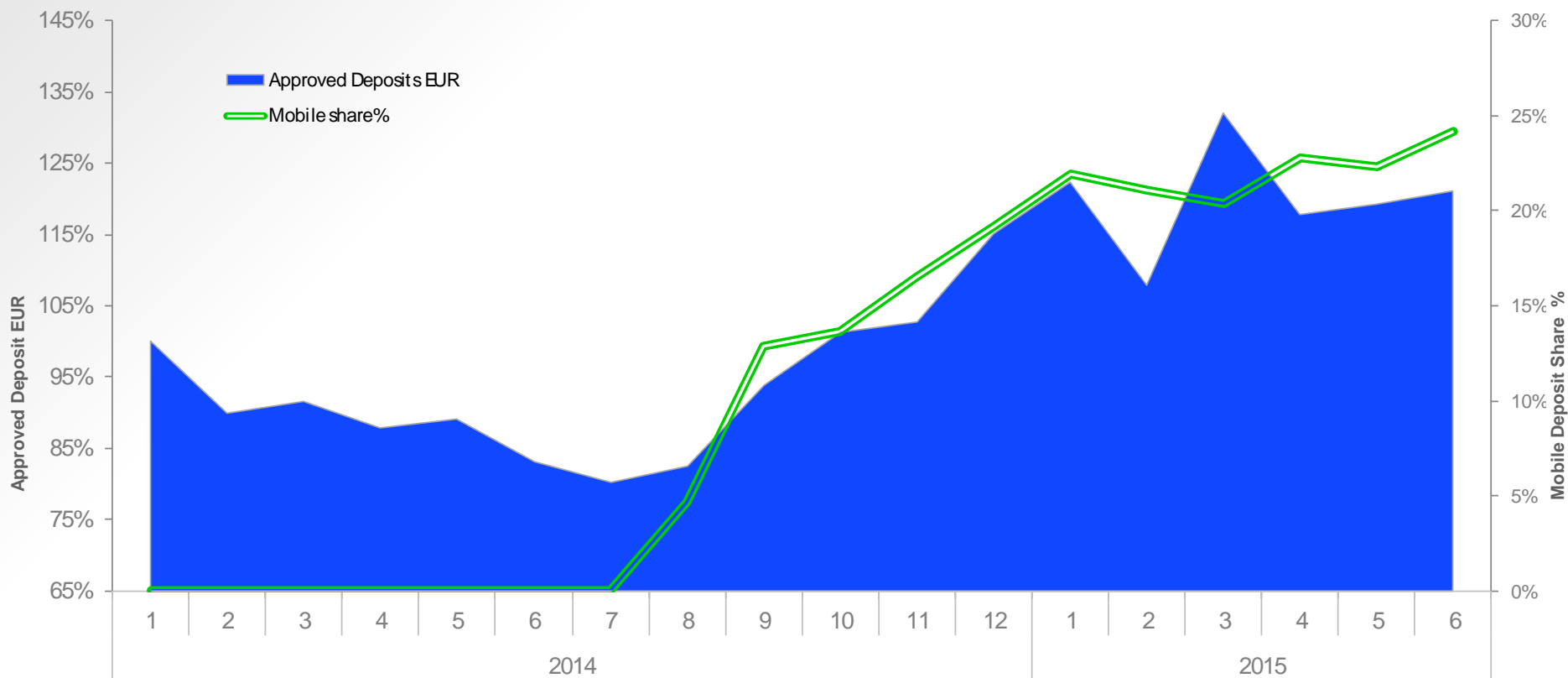
# 888.es BETS TREND (EURO Based)

## 888 SPAIN BETS GROWTH (EURO based)



# 888.it DEPOSIT TREND

## 888 ITALY DEPOSITS (EUR)





# OPERATIONAL SUMMARY

\$\$\$ Process

Management



Marketing



Vision



- The 888 machine is working
- Consistent planning and delivery
- Meaningful opportunities ahead – new regulations and innovation
- Core business stability is key for non-organic growth



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**BRIAN MATTINGLEY, CEO** | SUMMARY

# SUMMARY OF 2015 H1 RESULTS

- Continued strong performance driven by core expertise
- Excellent operational momentum despite external headwinds
- Future growth both organic and M&A
- Q3 trading solid on a like for like basis\* with increase in deposits and customer recruitment
- Confident of achieving the board's full year expectations
- World class technology, marketing and CRM capabilities underlining sustainable long term growth
- Company is in great state for the future whatever lies ahead

\* Like for like as defined in the 2015 half year report.



Q&A



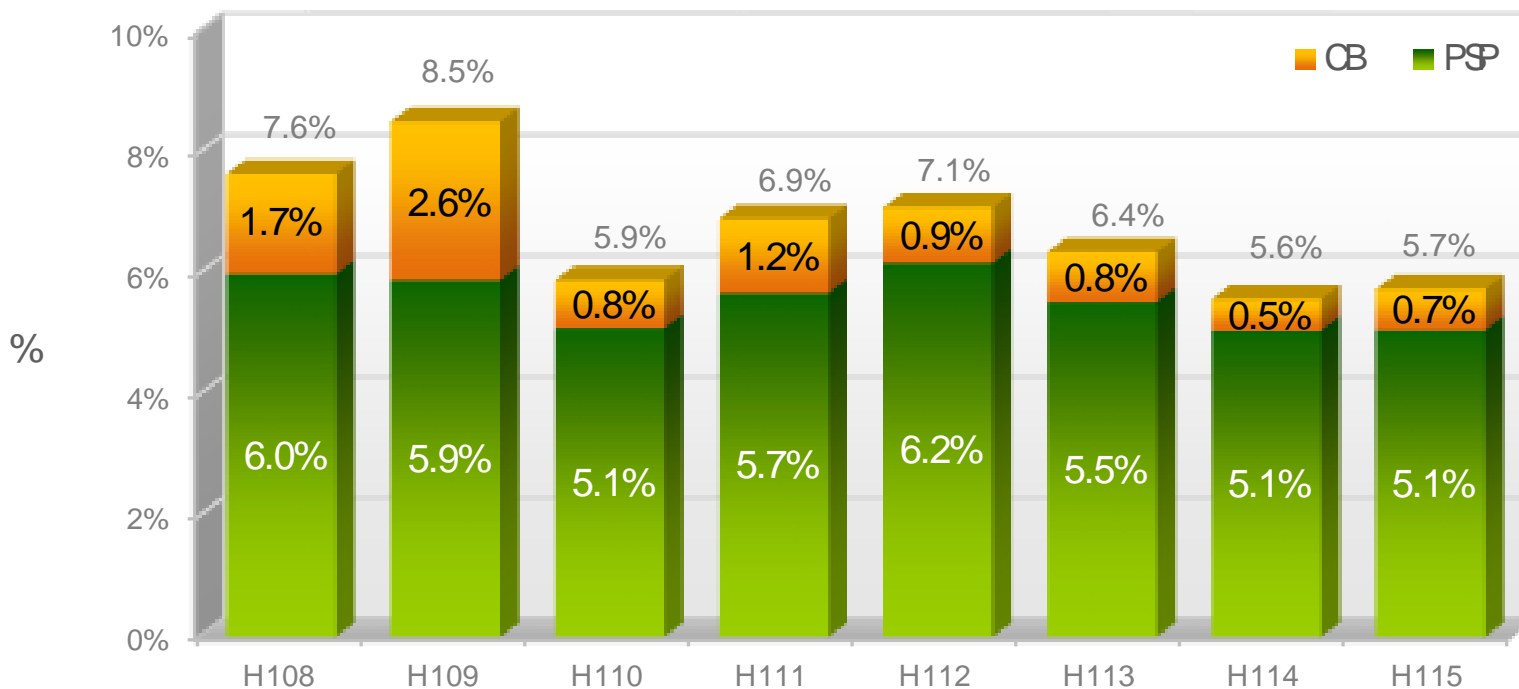


## APPENDIX

# CHARGEBACK & PSP FEES

- Efficient Chargeback and PSP ratios maintained

## Chargeback & PSP fees as a % of Total Revenue



\*In H115 EU VAT is excluded from Revenue