



RESULTS FOR THE SIX MONTH ENDED

30 JUNE 2017

AGENDA

Itai Frieberger | Strategic Review

Aviad Kobrine | Financial Review

Itai Frieberger | Summary

Q&A



ITAI FRIEBERGER, CEO | STRATEGIC REVIEW

STATE OF THE BUSINESS

- Revenue up **9%** at constant currency¹ to **\$285m** marking the 8th consecutive Like-For-Like growth half year
- Adjusted EBITDA² up **22%** to **\$54m** at constant currency
- Despite recent headwinds, the business is in very good health
- Going through a transition towards full regulation, 2017 impacted by recent UKGC and German VAT events
- Our diversification strategy is paying off
- A unique DNA and an ability to adapt quickly, as a tech and marketing hub
- 888 continues to strive for excellence in responsible gaming, across all products and markets



¹ Constant currency as detailed in the H1 2017 financial review

² As defined in H1 2017 financial review

UK

- License review process is behind us
- We believe it made us a better operator
- Features, processes and practices developed give 888 another competitive edge from a compliance perspective
- We accept our responsibility for the issues which led to this review, and our commitment to rectifying them
- These are the new “game rules” in the regulated world
- We have channeled our innovation and technological resources in this direction



WORLDWIDE REGULATIONS

- Committed to our strategy of launching and growing in regulated markets
- Few closures over the past 12 months (AUS, CZ, PL, SL, SK)
- Adjusting our positions in existing established markets (such as UK and the Netherlands)
- 888 continues to demonstrate unrivaled diversity in regulated markets and products
- Sport remains a growth engine - we continue to invest in our current product and partnership
- US shows some positive legislation momentum



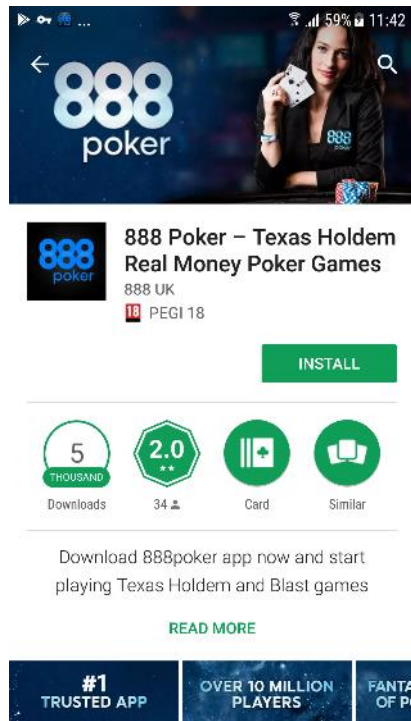
OPERATIONAL EXCELLENCE

- Delivering sustainable growth despite taking decisive and responsible measures
- We continue to execute on our strategy and invest in our technology and people
- Our marketing ratio and operational expenditure share went down
- We offset the impact of market closure with key parameters, such as active days per player and deposits
- Demonstrates the strength of our marketing machine
- Sport platform partnership extended under materially improved economics
- Maintained our ability to seek strategic opportunities for our own sport solution



PRODUCT

- Following “Blast” the “Flopomania” poker variant was launched successfully
- One of the first operators to launch on the Google play store, first to do so with all product verticals at once
- Poker EU shared liquidity discussions an interesting venture



LOOKING AHEAD

- We remain proactive and alert, so we can make decisions on our own terms
- 888 remains a unique, independent, diversified and well-built operator from a technical and human perspective
- We keep evaluating new markets and opportunities, through our analytical DNA
- This includes M&A prospects, which can contribute to our overall strategy
- Our forward-looking state of mind gives us every reason to be optimistic about the prospects ahead





AVIAD KOBRINE, CFO | FINANCIAL REVIEW

2017 HIGHLIGHTS

- Revenue up **9%** at constant currency¹ to **\$285m**
- Eight consecutive half year periods of like for like revenue growth
- B2C Revenue up **11%** at constant currency to **\$255m**
- Sport lead growth with **45%** revenue increase followed by Casino which increased **11%** at constant currency
- Resilient Poker, up **1%** despite exiting several markets
- Regulated European markets (ex. UK) revenue increased **23%**
- Europe (excl. UK) markets now represents **49%** of group revenue, reflecting successful diversification strategy
- Marketing efficiencies with Group marketing ratio down 3pp to **31.6%**
- Adjusted EBITDA² up **8%** to **\$48m**, up **22%** to **\$54m** at constant currency
- Adjusted EBITDA margin at **17.6%** and **18.9%** at constant currency
- Adjusted Profit before tax up **12%** to **\$38m**
- Exceptional charges of \$51m, \$45m relate to potential past VAT matters and \$5.5m in connection with the UKGC settlement
- Adjusted Basic EPS at **10.3c** (H1 2016: 7.8c), up **32%**
- Cash net of customers liability up **26%** with cash from operating activities represent **92%** of Adjusted EBITDA
- Interim Dividend of **4.0c** per share (H1 2016: 3.8c)

¹ Constant currency as detailed in the H1 2017 financial review

² As defined in H1 2017 financial review

PROFIT AND LOSS ACCOUNT ¹

\$m	H1 2017	H1 2016	% Change at Constant Currency	% Change Reported
Revenue	270.1	262.0	9%	3%
Operating expenses ²	68.9	67.5		
Gaming duties	37.4	30.2		
Research and development expenses	17.2	15.8		
Selling and marketing expenses	85.4	90.3		
<i>% of Revenues</i>	31.6%	34.4%		
Administrative expenses ³	13.6	14.1		
Adjusted EBITDA³	47.6	44.1	22%	8%
<i>% of Revenues</i>	17.6%	16.8%		
Depreciation and Amortisation	9.3	9.7		
Finance and other	0.7	0.7		
Adjusted Profit Before Tax	37.6	33.7		12%
Share benefit charges	4.1	3.2		
Exceptional charges ⁴	50.8	2.7		
(Loss) Profit Before Tax	(17.3)	27.8		
Taxation	0.6	5.8		
(Loss) Profit After Tax	(17.9)	22.0		
Adjusted Basic EPS⁴	10.3 ¢	7.8 ¢		32%

¹ Totals in this presentation may not sum due to rounding

² Excluding depreciation of \$3.0m (H1 2016: \$3.9m) and amortisation of \$6.3m (H1 2016: \$5.8m)

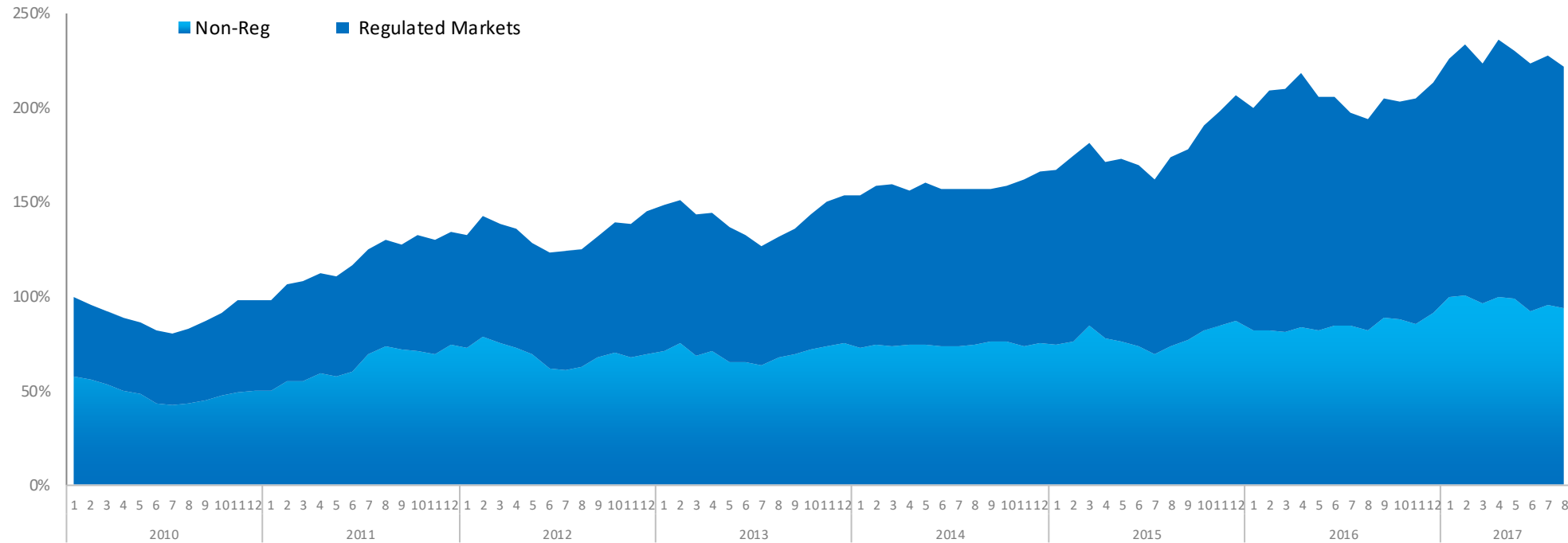
³ Excluding share benefit charges of \$4.1m (H1 2016: \$3.2 m)

⁴ As defined in H1 2017 Interim Report

DEPOSIT TREND

- Engine is strong and growing, constant increase in deposits across the board
- Regulated markets are key driver behind this trend
- Record summer in terms of deposits

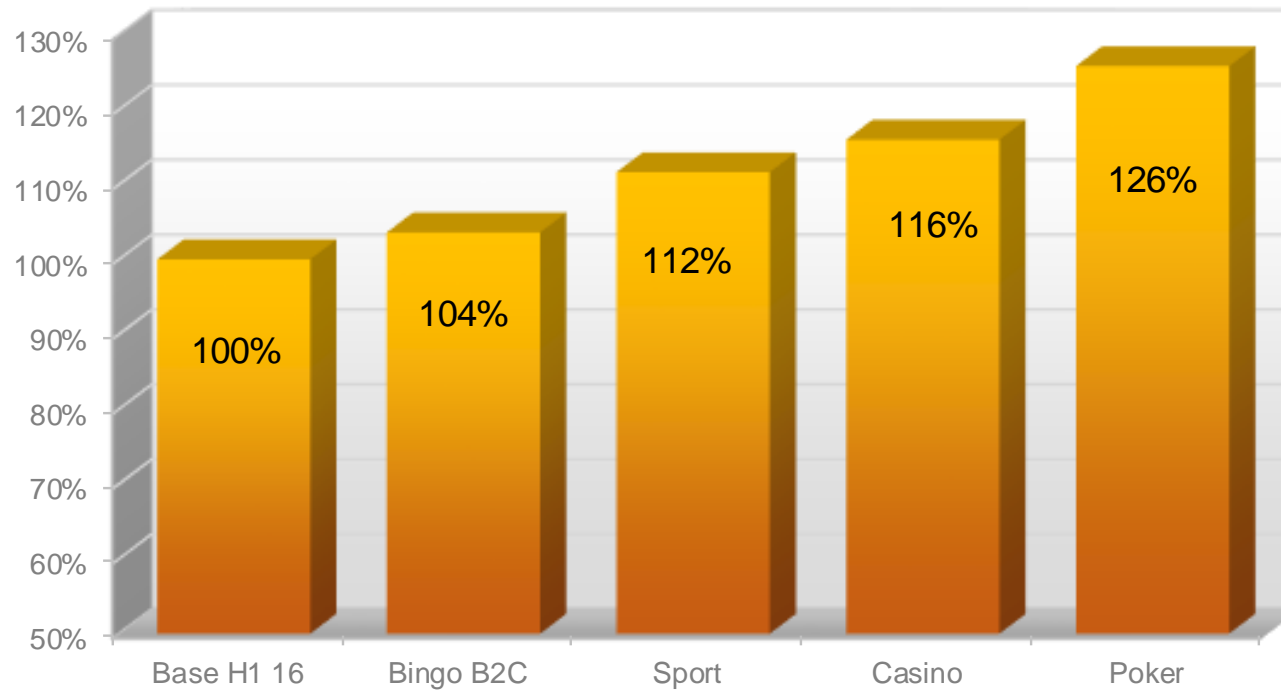
Deposit Trend 2010-2017



ACTIVE DAYS

- Continuous progress in underlying metrics
- Robust retention with increased average active days per player

Average Active Days % vs. H1 16

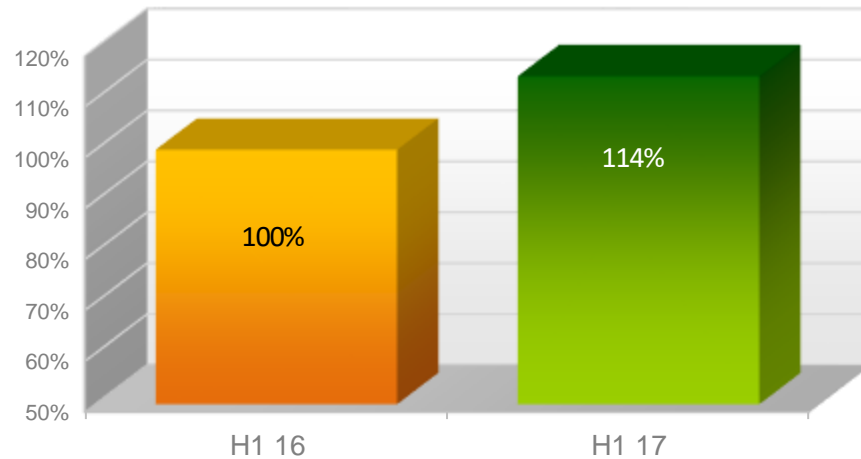


ACTIVES

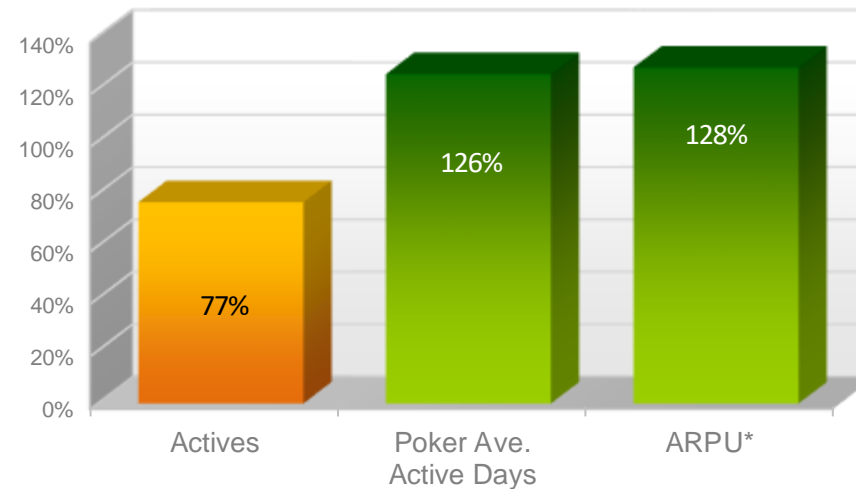
- Activity increased across products with the exception of Poker reflecting departure from several markets
- Poker more than compensated for by increased value from loyal players

Actives Trends % vs. H1 2016

All products (excl. Poker)



Poker

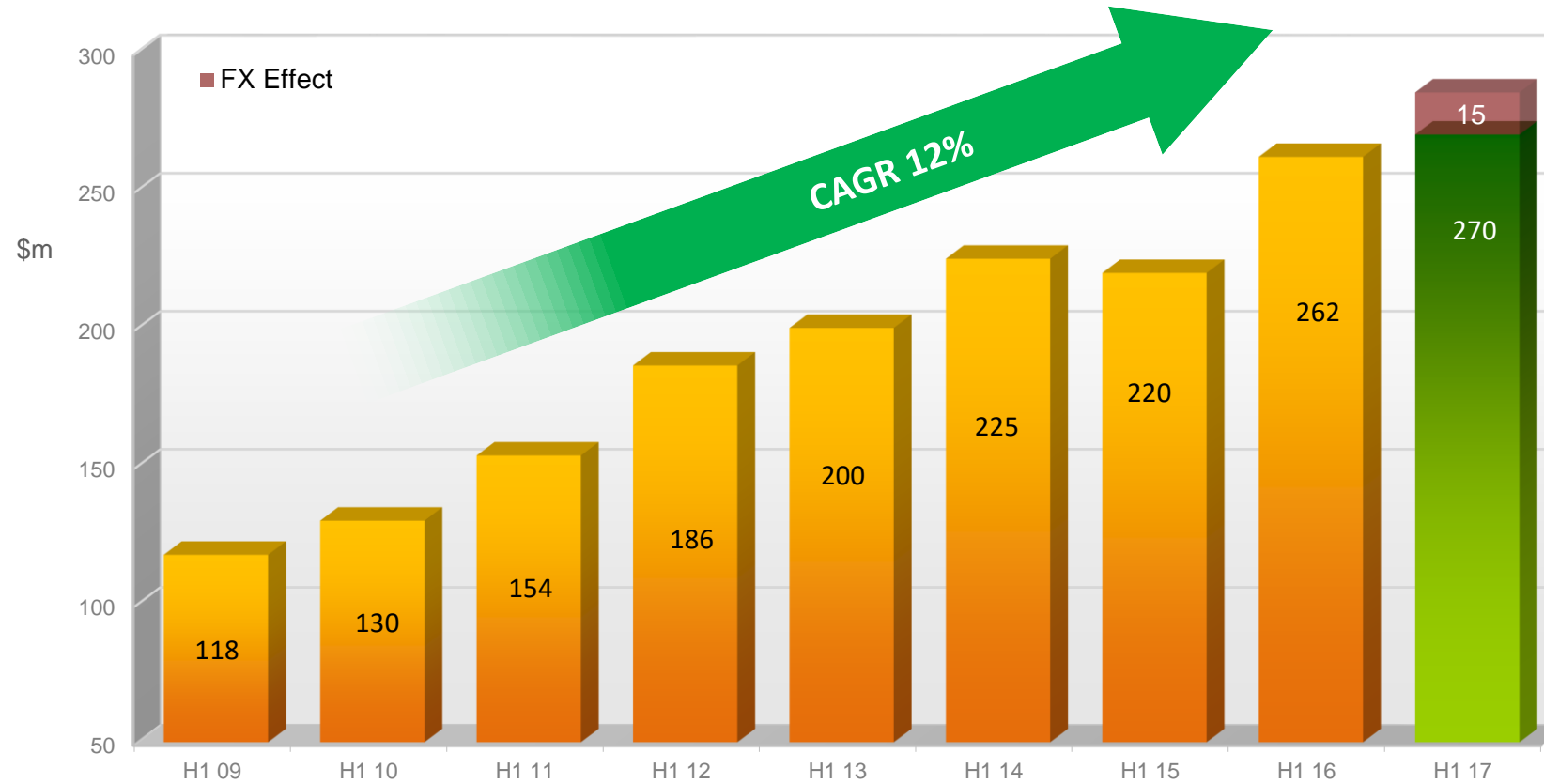


*ARPU at constant currency as detailed in H1 financial review

GROUP REVENUE

- Group revenue up **9%** at constant currency, up **3%** reported to **\$270m** (H1 2016: \$262m)
- Increase driven by Sport, Casino and regulated markets
- **12%** half yearly CAGR since H1 2009

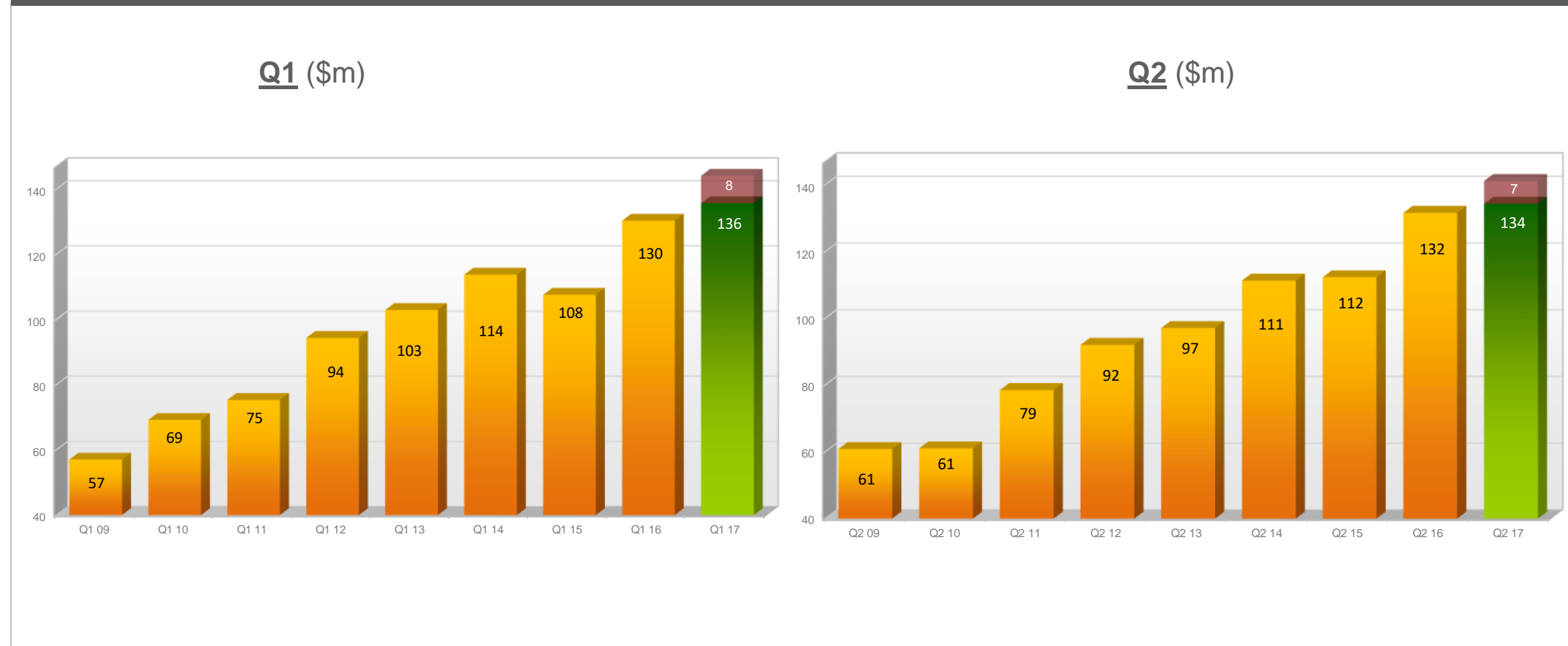
Revenue H1 2009 – H1 2017



GROUP REVENUE

- Revenue in Q1 and Q2 H1 2017 increased on a reported and constant currency basis
- Q2 17 strong performance achieved despite Euro 2016 impact on the prior year

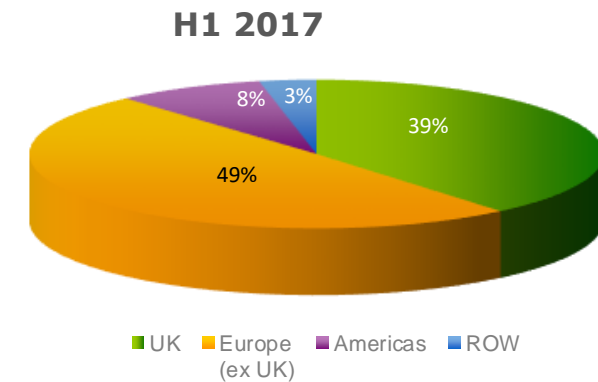
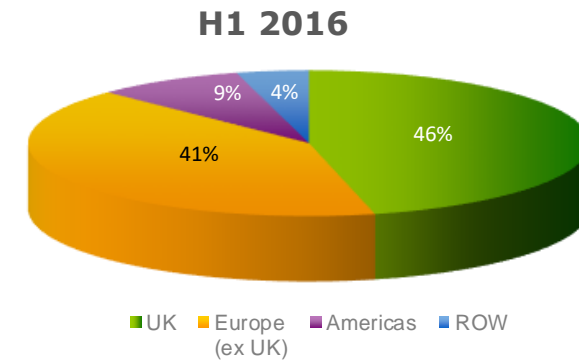
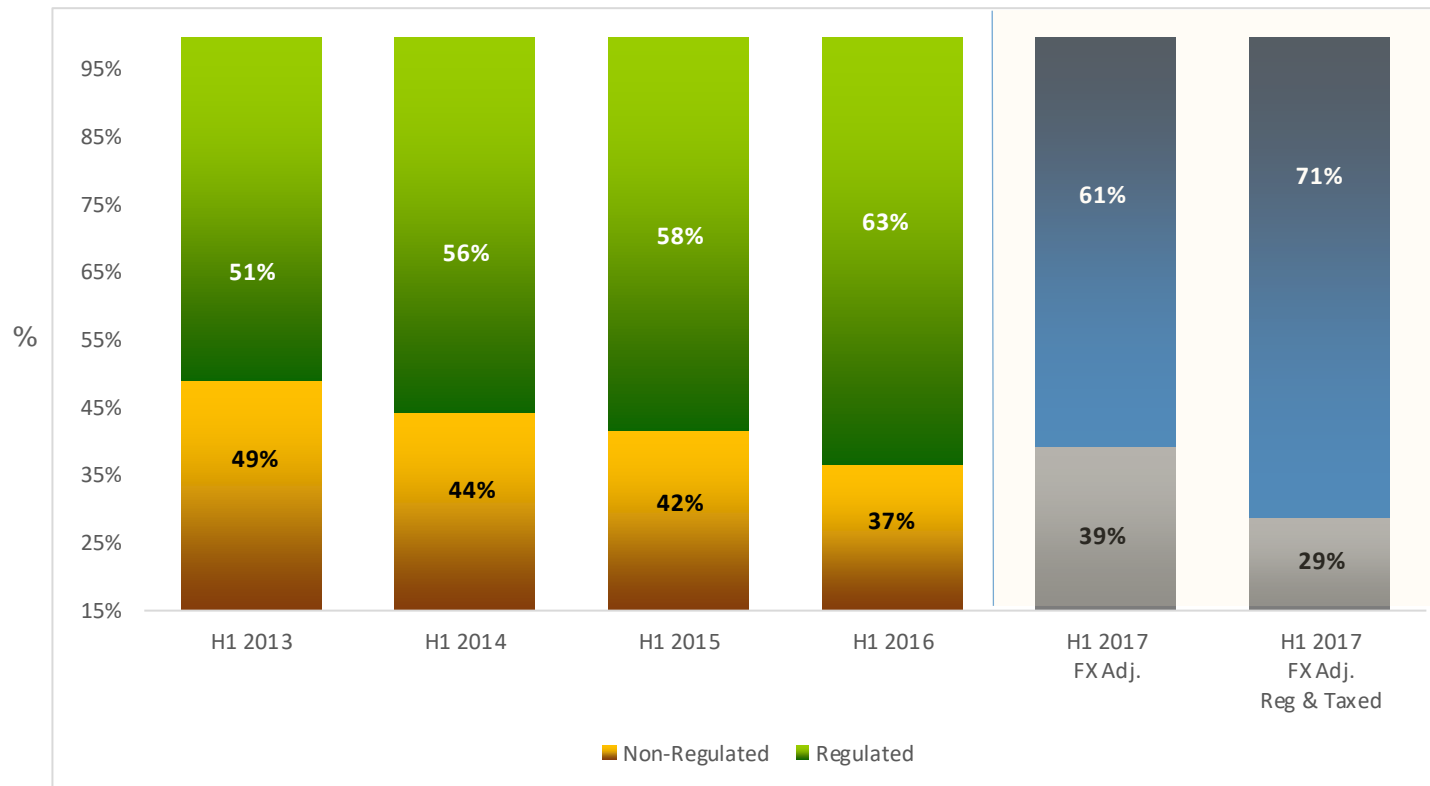
Quarterly Revenues Q1, Q2 (\$m)



GEOGRAPHICAL SEGMENTATION

- Europe (ex. UK) the most dominant region for the group, with **49%** of revenues
- Regulated European markets (ex. UK) increased **23%** in H1 2017, regulated and taxed markets already comprise **71%** of revenues
- UK share is a combination of diversification strategy, currency effect and tighter regulatory constraints

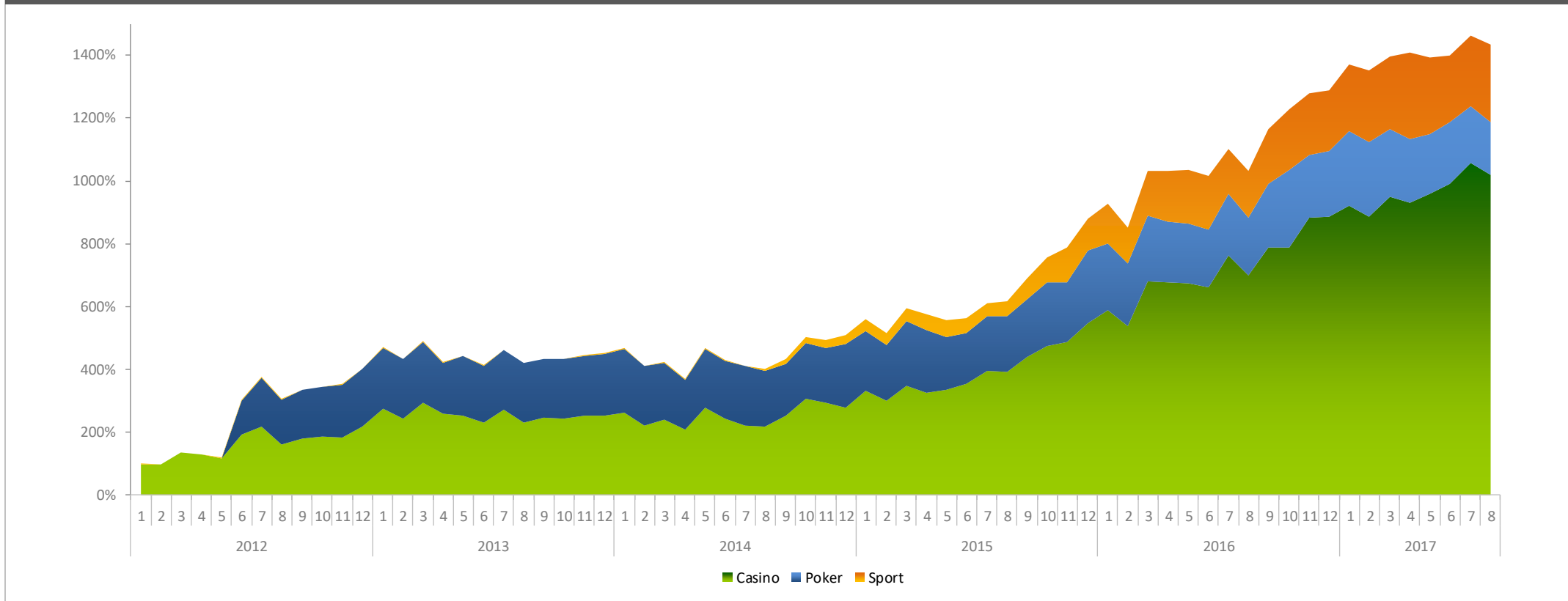
Geographic Segmentation H1 2013 - H1 2017



EUROPEAN REGULATED MARKETS (EX. UK)

- Stellar bet volume growth in European regulated markets (ex. UK)
- Bet volume up 27% (EUR)
- Lead by Italy and Spain
- Dominated by Casino volume, additionally fueled by Sport and Poker acquisition

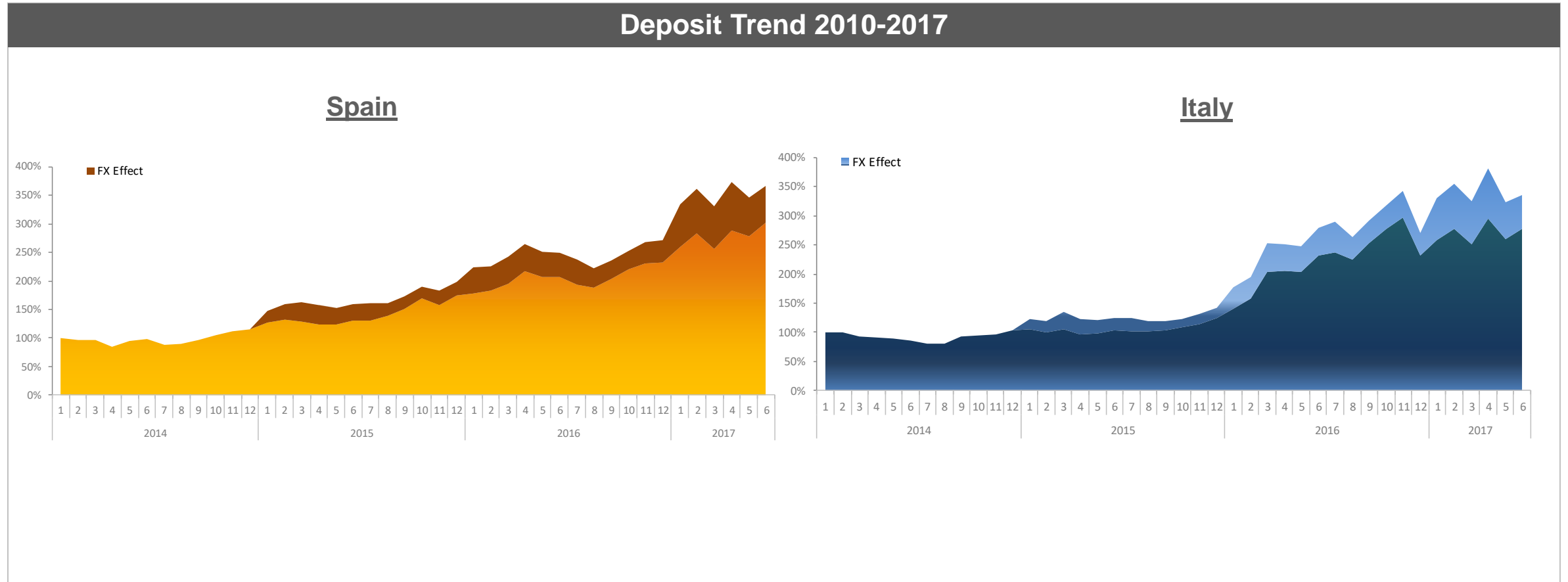
Bet Trend per Product



* Markets included – Spain, Italy, Denmark, Romania, Ireland Sport – each as of Regulation regime start date

DEPOSIT TREND SPAIN & ITALY

- Robust growth continues driven by comprehensive product offering

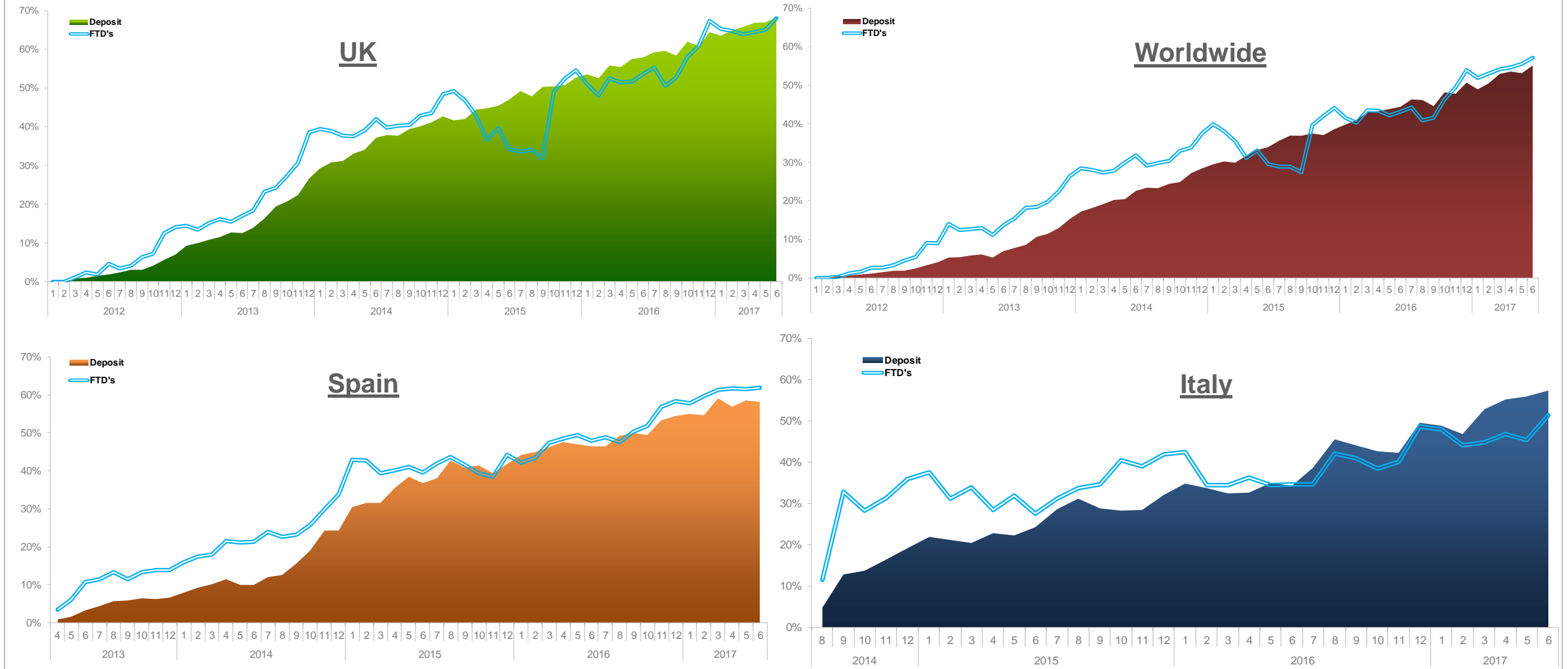


* FX translate Jan 2015 – June 2017 Deposits at average 2014 rates

MOBILE SHARE

- Complementary strong mobile offering – key for success

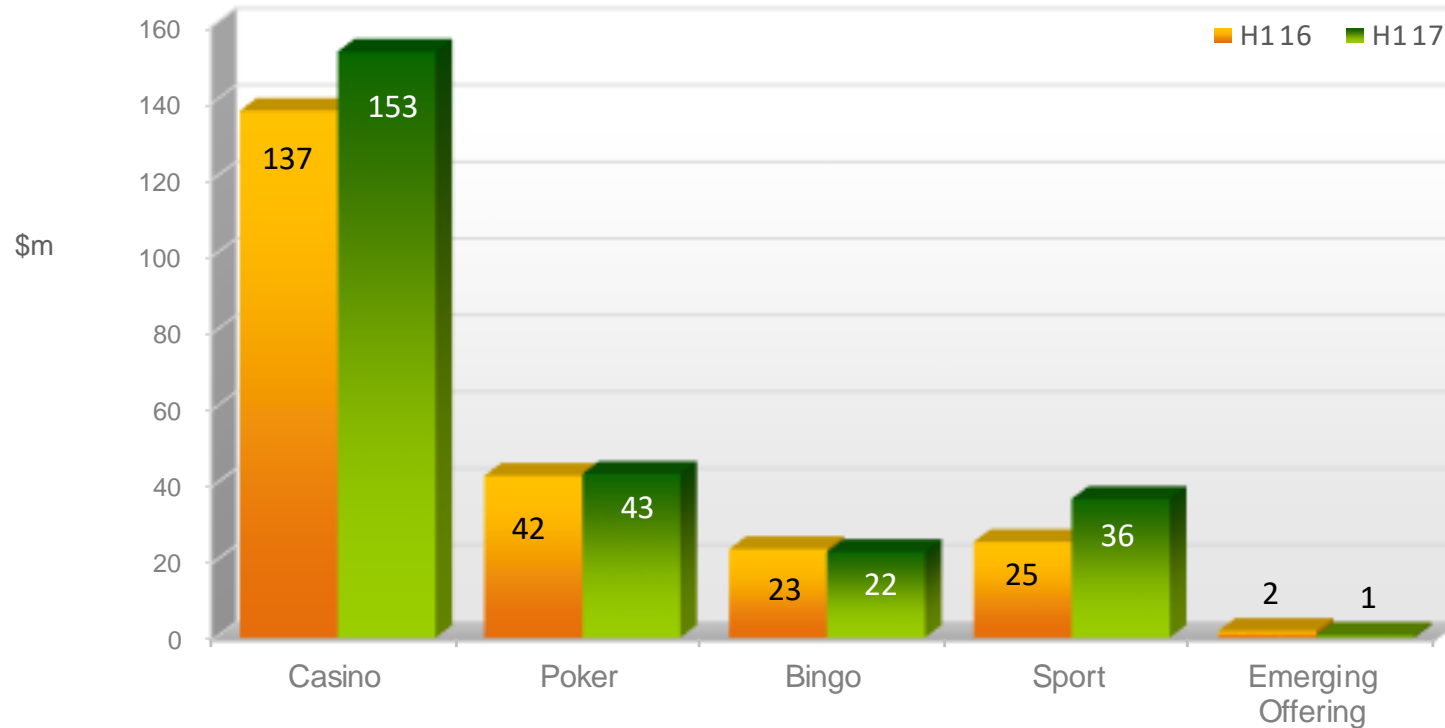
Mobile Deposit and FTD Share Trend



REVENUE B2C BY PRODUCT

- Casino up **11%**, Sport up **45%**, Poker up **1%** and Bingo down 3% at constant currency
- Sport impressive growth despite Euro 2016 during prior year
- Poker increased despite exits from several markets
- Casino continued strong performance

Revenue B2C* H1 2017 vs. H1 2016

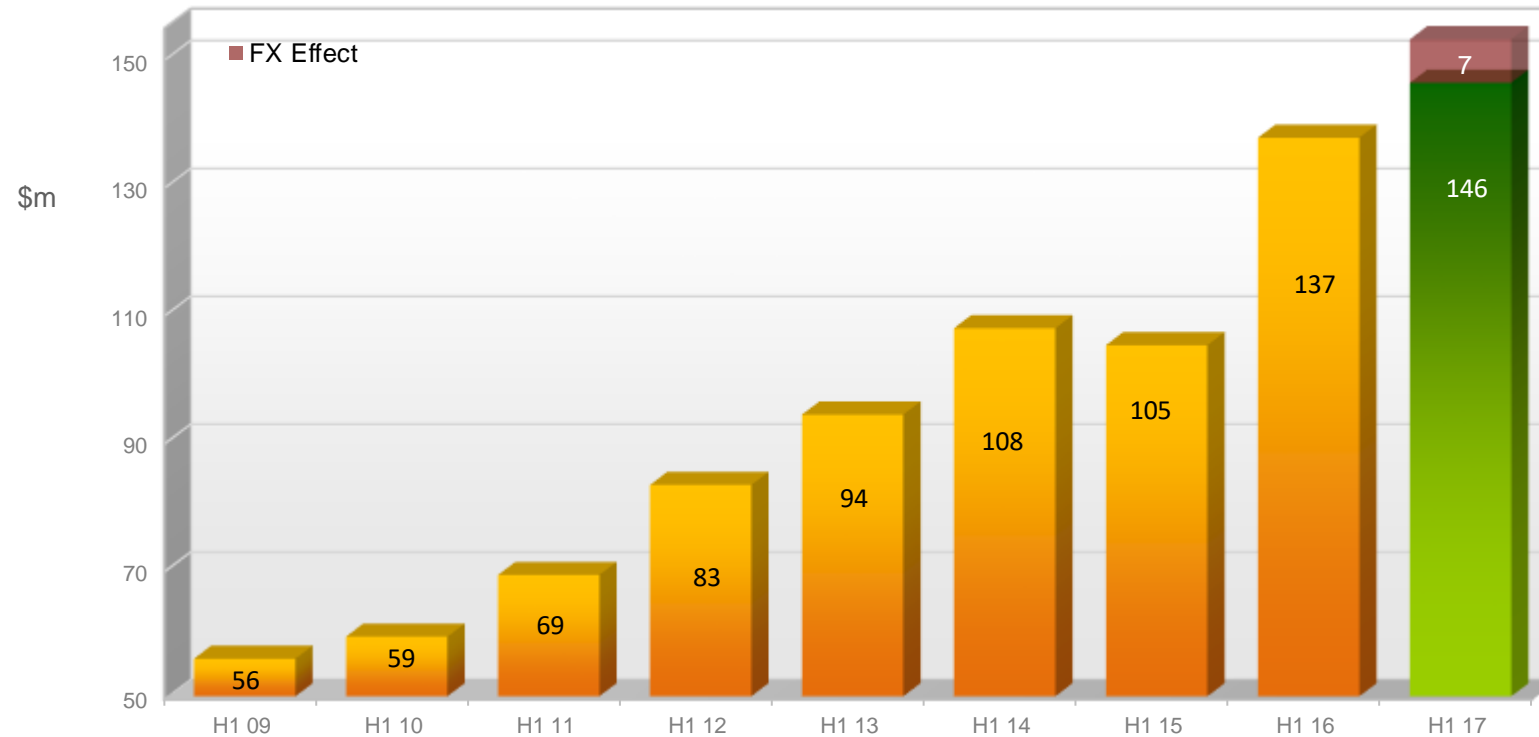


*Constant currency as detailed in H1 2017 financial review

REVENUE CASINO B2C

- Reported revenue up **6%** to **\$146m** (H1 2016: \$137m), reflecting **11%** increase at constant currency
- Increased acquisition and average active days per player drive revenue growth
- Casino is the most dominant product across our territories with both direct acquisition and cross-sell appeal

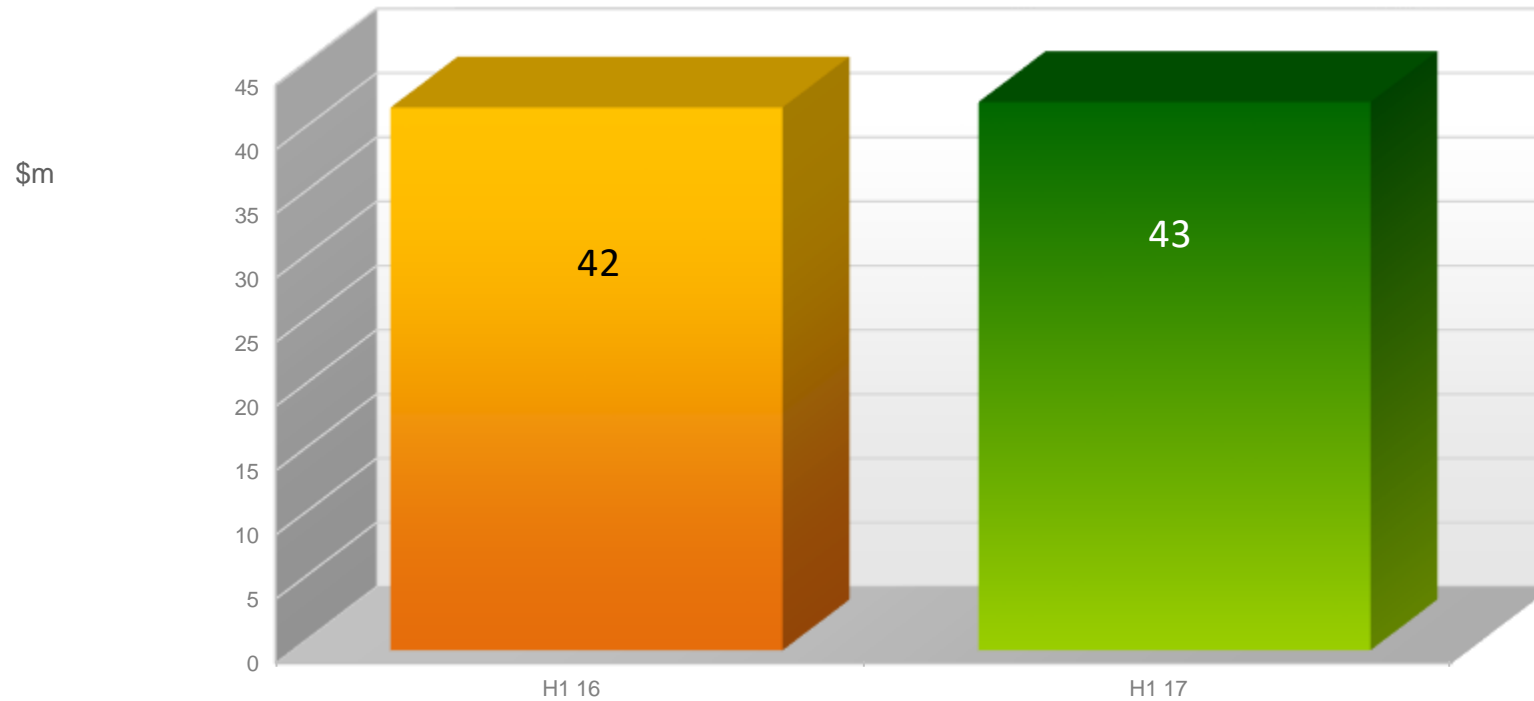
Revenue Casino B2C H1 2009 – H1 2017



REVENUE POKER B2C

- Reported revenue up **1%** to **\$43m** (H1 2016: \$42m), resilient performance despite challenging market conditions and markets exit
- More mobile users, attractive large tournaments and increased player value reflect recreational player focus
- Enhanced stickiness with average poker active days per player up **26%**

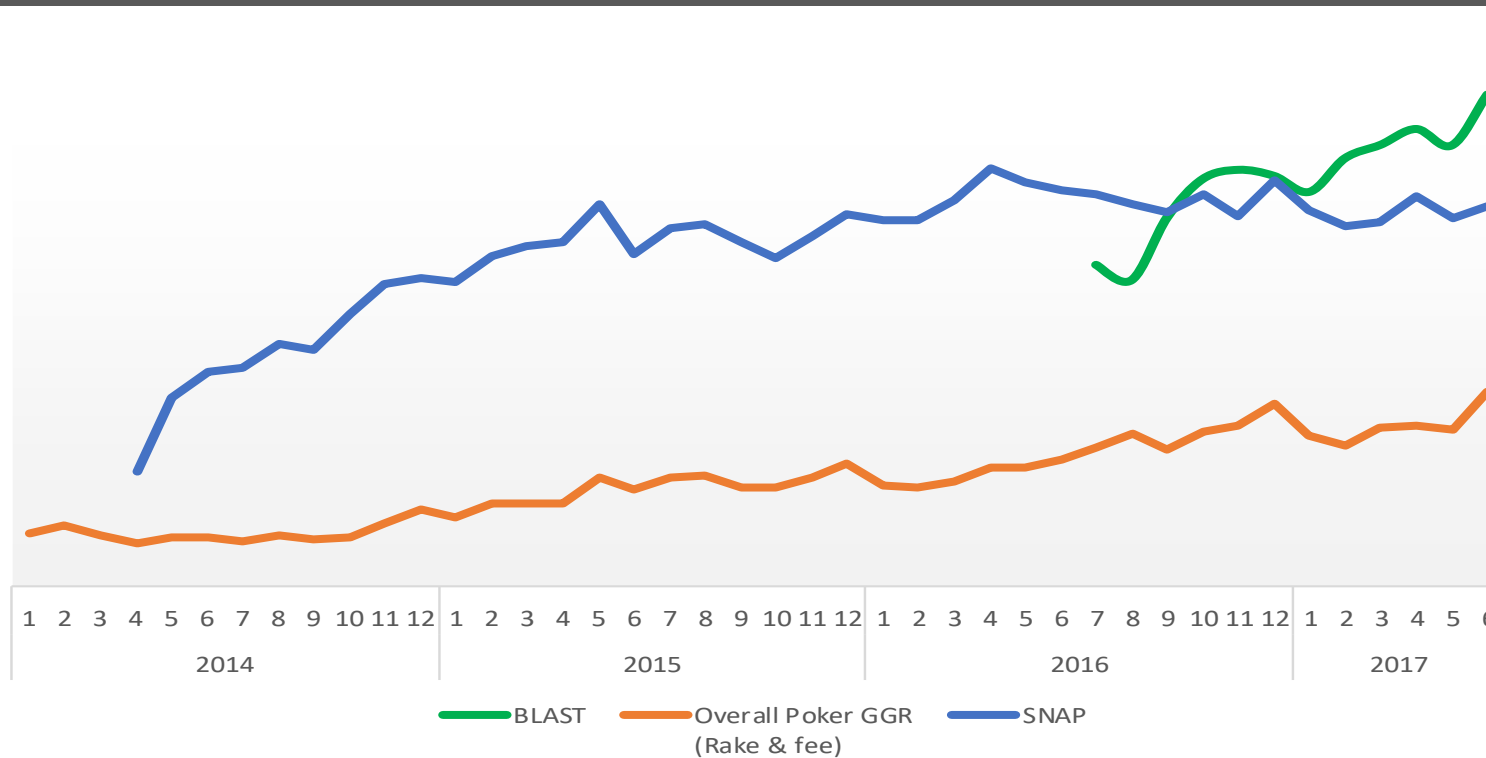
Revenue Poker B2C H1 2016 vs. H1 2017



RECREATIONAL POKER

- Our fast and exciting Blast and SNAP games are attracting more and more recreational players
- Players love to play fast games over mobile, increasing the traditionally lower Poker mobile share ratios

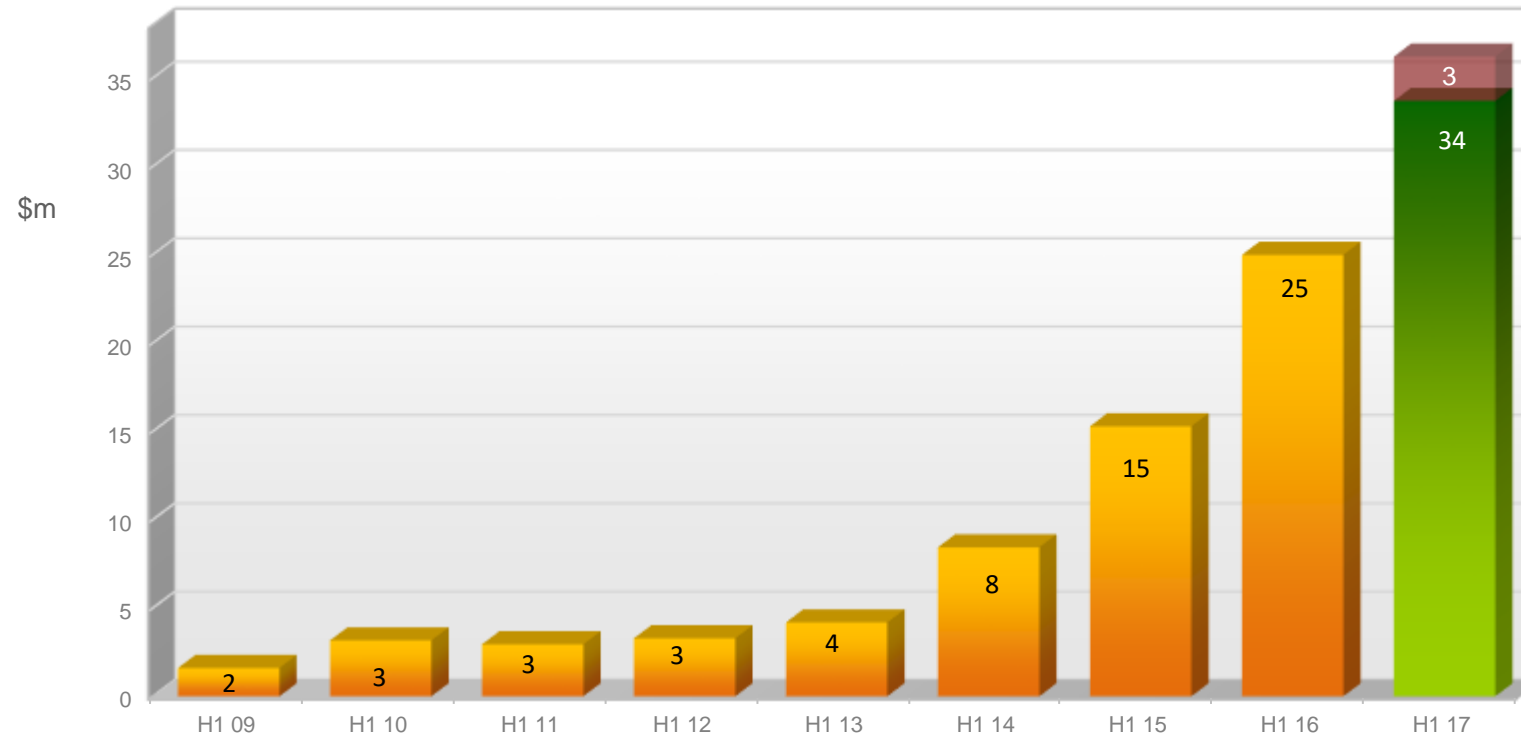
% of Poker Mobile by Game Type



REVENUE SPORT B2C

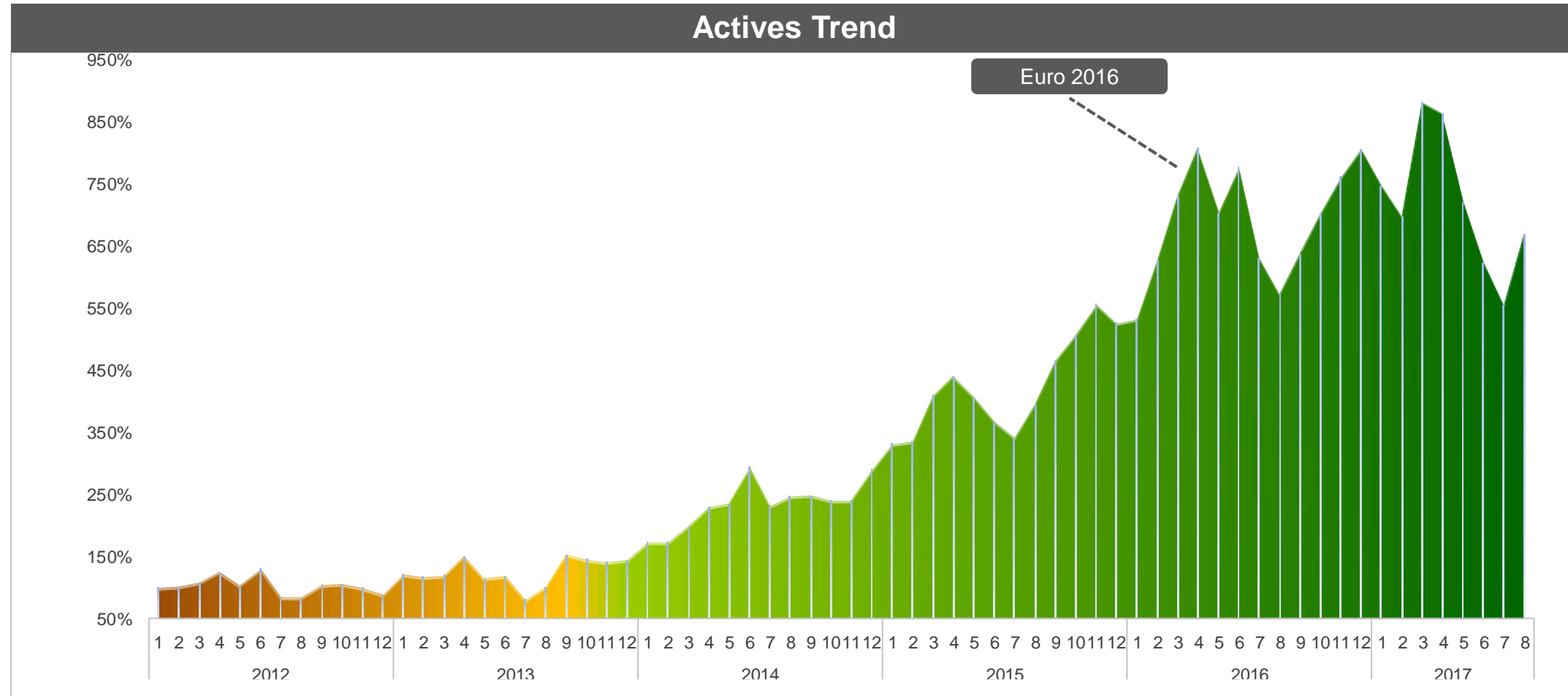
- Reported revenue up **35%** to **\$34m** (H1 2016: \$25m), reflecting **45%** increase at constant currency
- Achieved despite strong comparative period featuring Euro 2016
- Success is fueled by expanded offering (including the utilisation of in-play events) and increased penetration across regulated markets

Revenue Sport B2C H1 2009 – H1 2017



SPORT ACTIVE PLAYERS

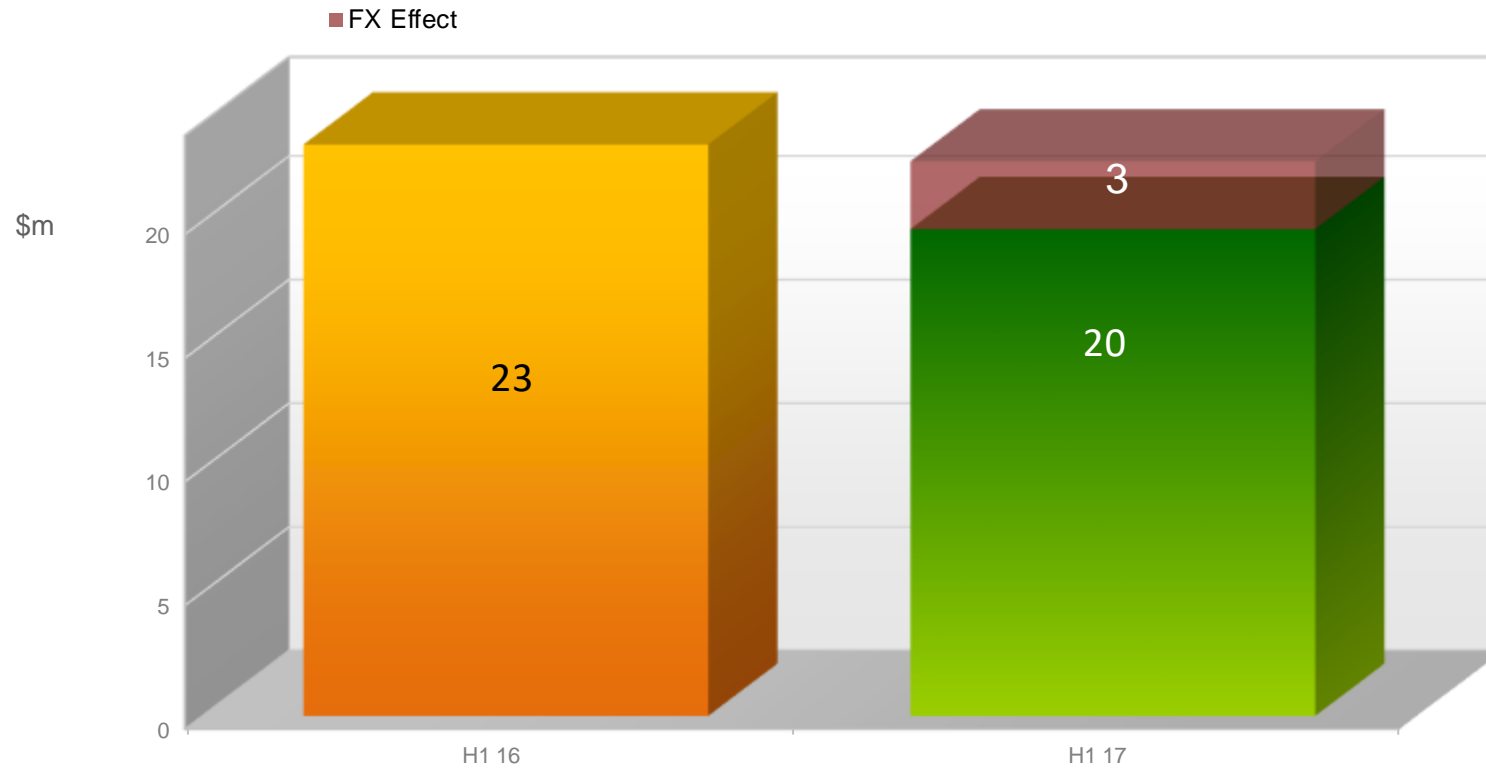
- Healthy, steadily increasing Sport active players
- Growth from last year's strong comparison which included the Euro 2016 peak



REVENUE BINGO B2C

- Reported revenue down 15% to \$20m (H1 2016: \$23m), highly impacted by currency, down 3% at constant currency
- Depositing players value increased, boosted by wink slot attraction
- Bingo is in the process of optimising its costs structure, with an emphasis on bonus levels and bingo room management

Revenue Bingo B2C H1 2009 – H1 2017

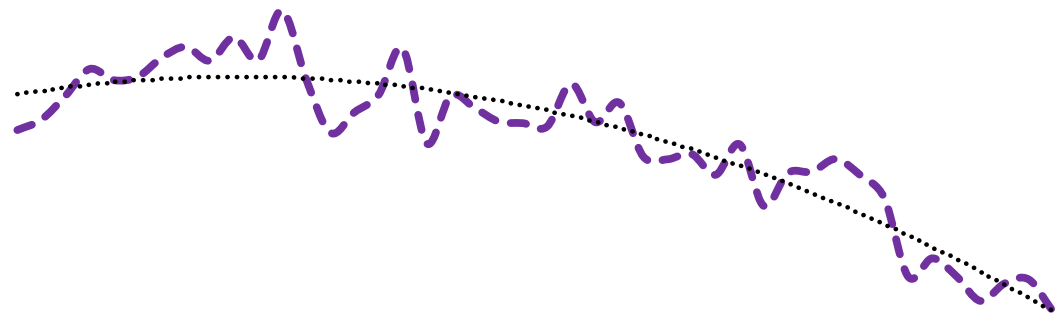


BINGO PLATFORM

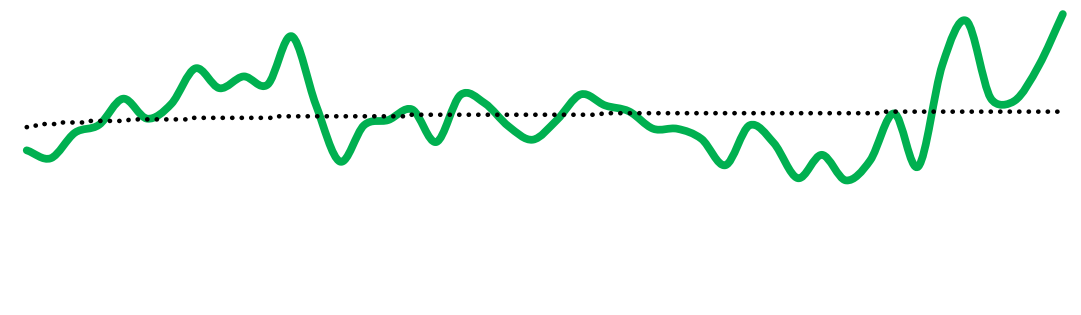
- Many optimisation tools introduced over the platform
- Bonus per player decreasing with a special emphasis on H1 2017 – in preparation for tax on bonuses in UK in H2
- Actions taken did not effect player value but did reduce bonus hunters and associated acquisition figures
- New players during H1 2017 with higher than average value

Bingo Platform Optimisations (GBP)

Bonus Per Player*



Net Cash Per Player*



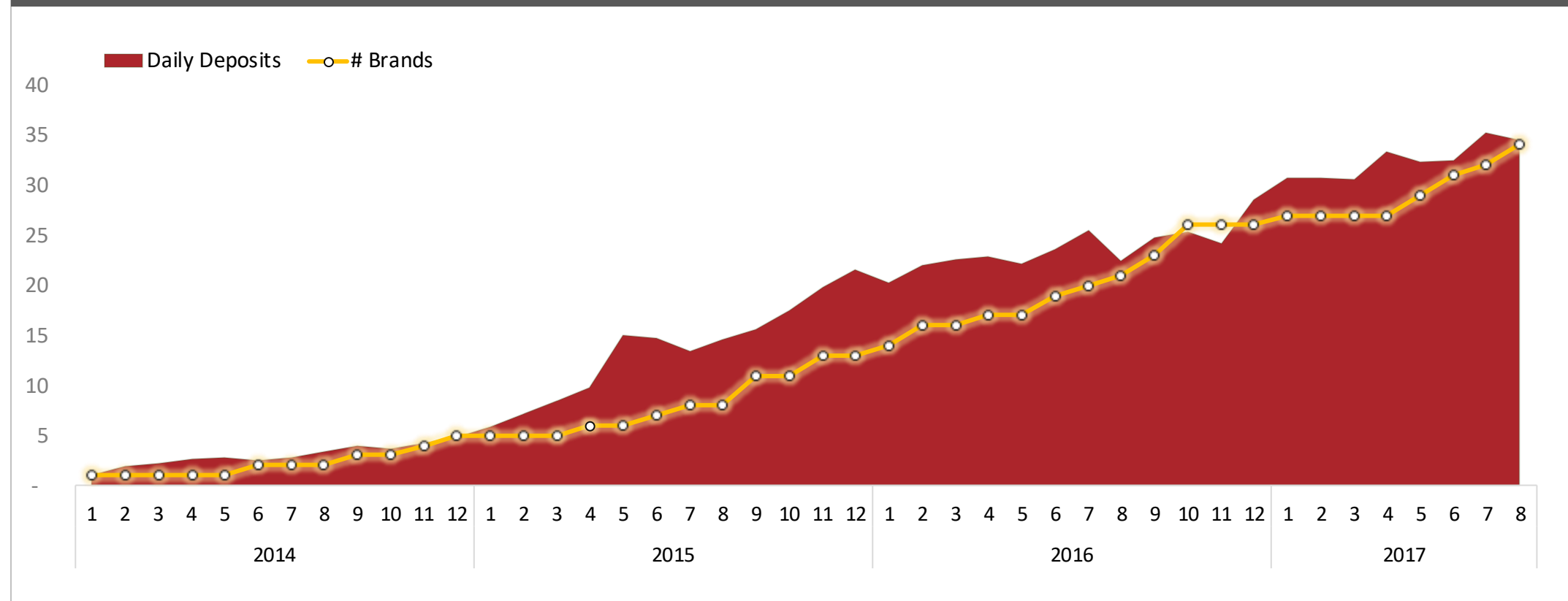
* Jan 2014 as base = 100

* Funded players

CASINO FLEX PLATFORM

- Increased content over our Casino Flex platform including live casino, new 3rd party vendors and internally developed games
- Content drives additional volumes and new partners
- Five new brands added during H1 2017 with more than 30 brands currently operating over the platform, healthy pipeline

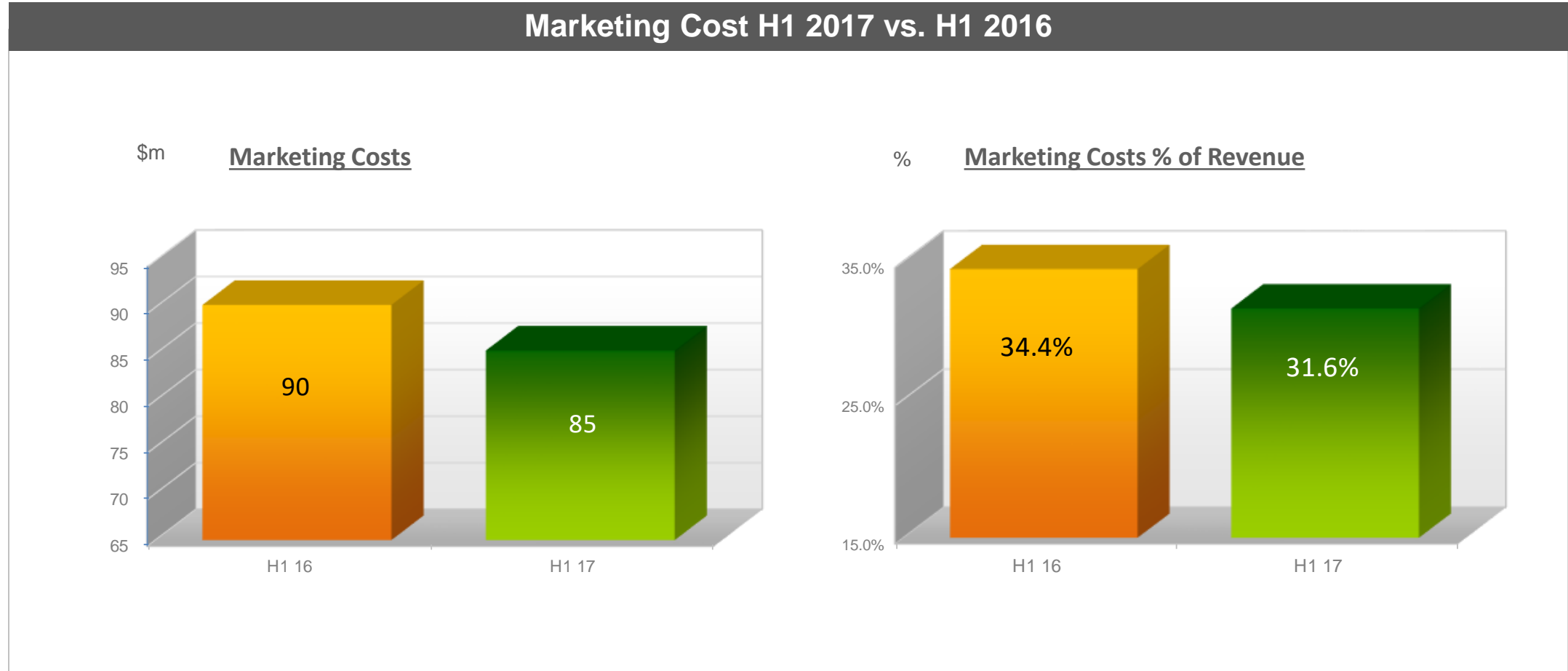
Casino over Bingo Platform Trend (GBP)



MARKETING COST

- Marketing ratio is down to **31.6%** (H1 2016: 34.4%)
- Marketing efficiencies and cost control with both absolute and relative marketing decreases alongside increased revenues

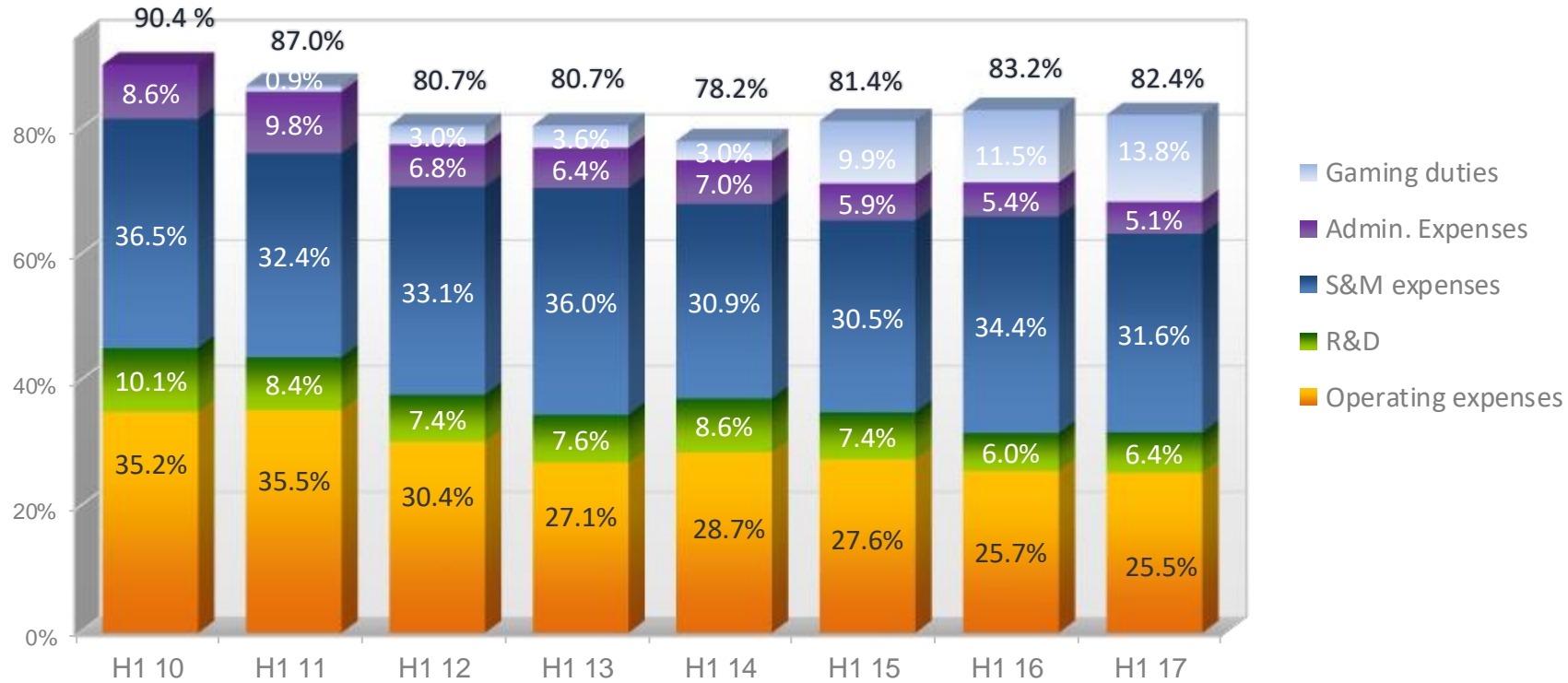
Marketing Cost H1 2017 vs. H1 2016



COST STRUCTURE

- Continued operational gearing
- Return to lower marketing levels – a result of more regulated markets in the post penetration stage
- Balancing increased gaming duties with cost savings
- More operational savings to come following cost optimisation process in place as of July 2017

Cost as a % of Total Revenue

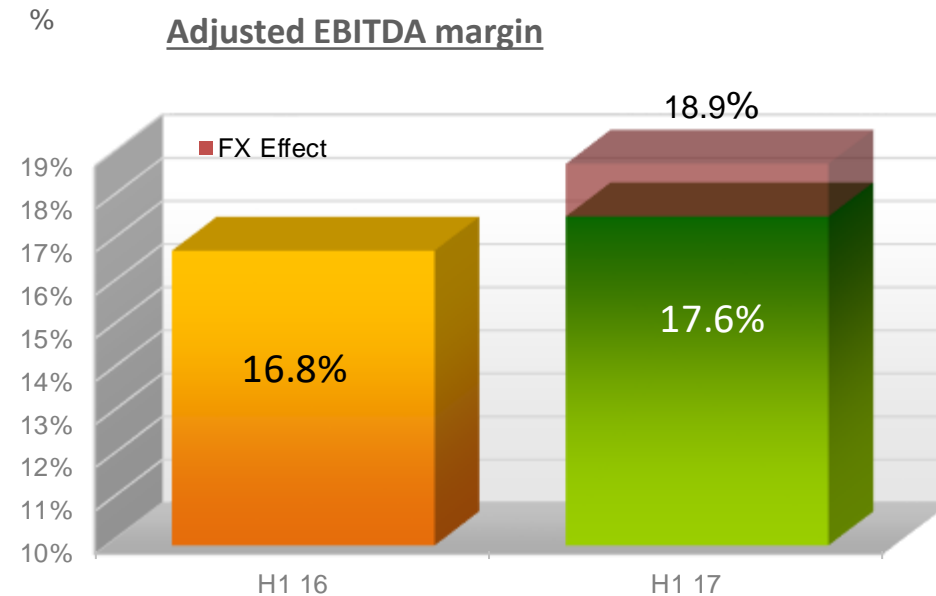
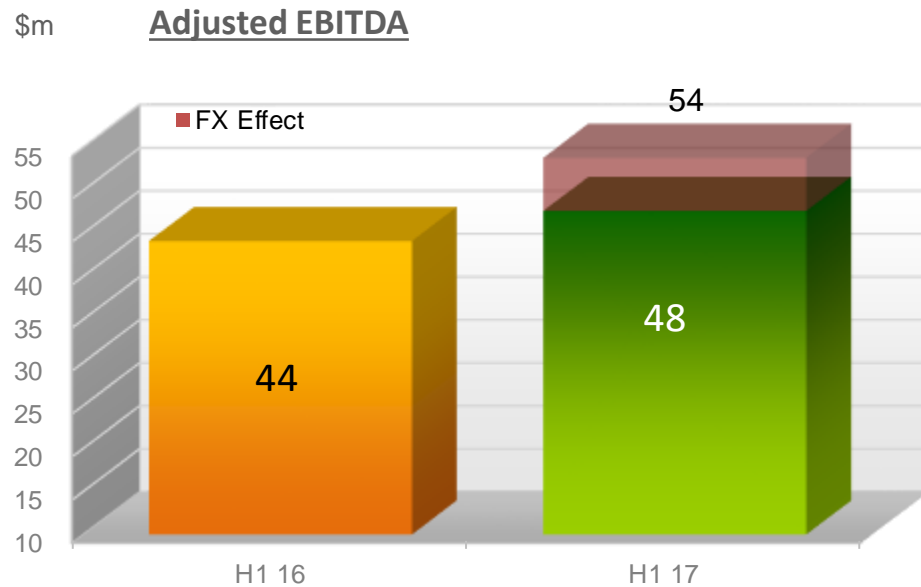


* Operational margins are per adjusted EBITDA as defined in H1 2010- H1 2017 financial review

ADJUSTED EBITDA AND MARGIN

- Improved Adjusted EBITDA and margins
- Adjusted EBITDA up **8%** to **\$48m** (H1 2016: \$44m), and up **22%** at constant currency to **\$54m**
- Adjusted EBITDA margin at **17.6%** (H1 2016: 16.8%), representing **18.9%** at constant currency

Adjusted EBITDA H1 2017 vs. H1 2016

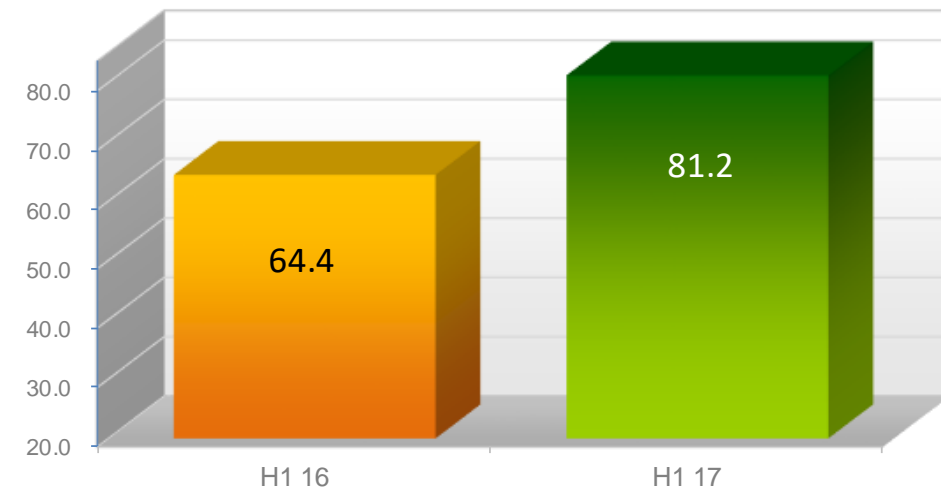


CASH

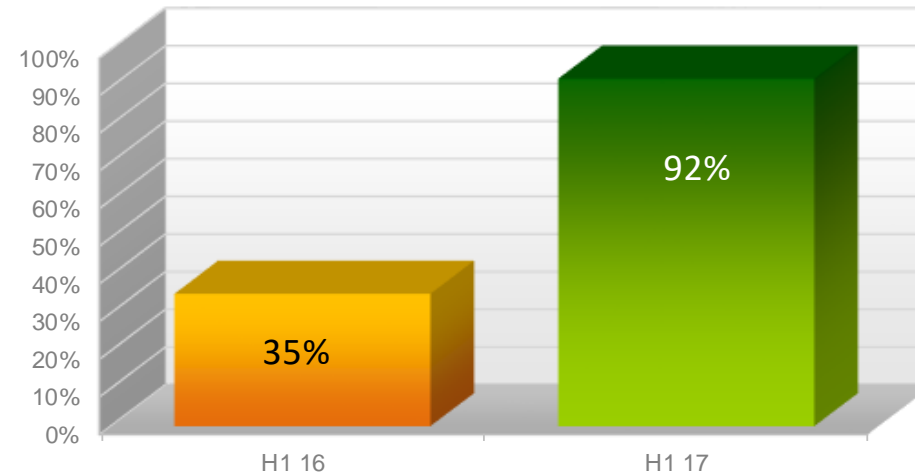
- Healthy cash position from operating activities
- Cash generated from operating activity at **92%** of Adjusted EBITDA
- Cash net of customer liabilities up **26%**

Cash Position H1 2017 vs. H1 2016

\$m Cash net of Customers Liability

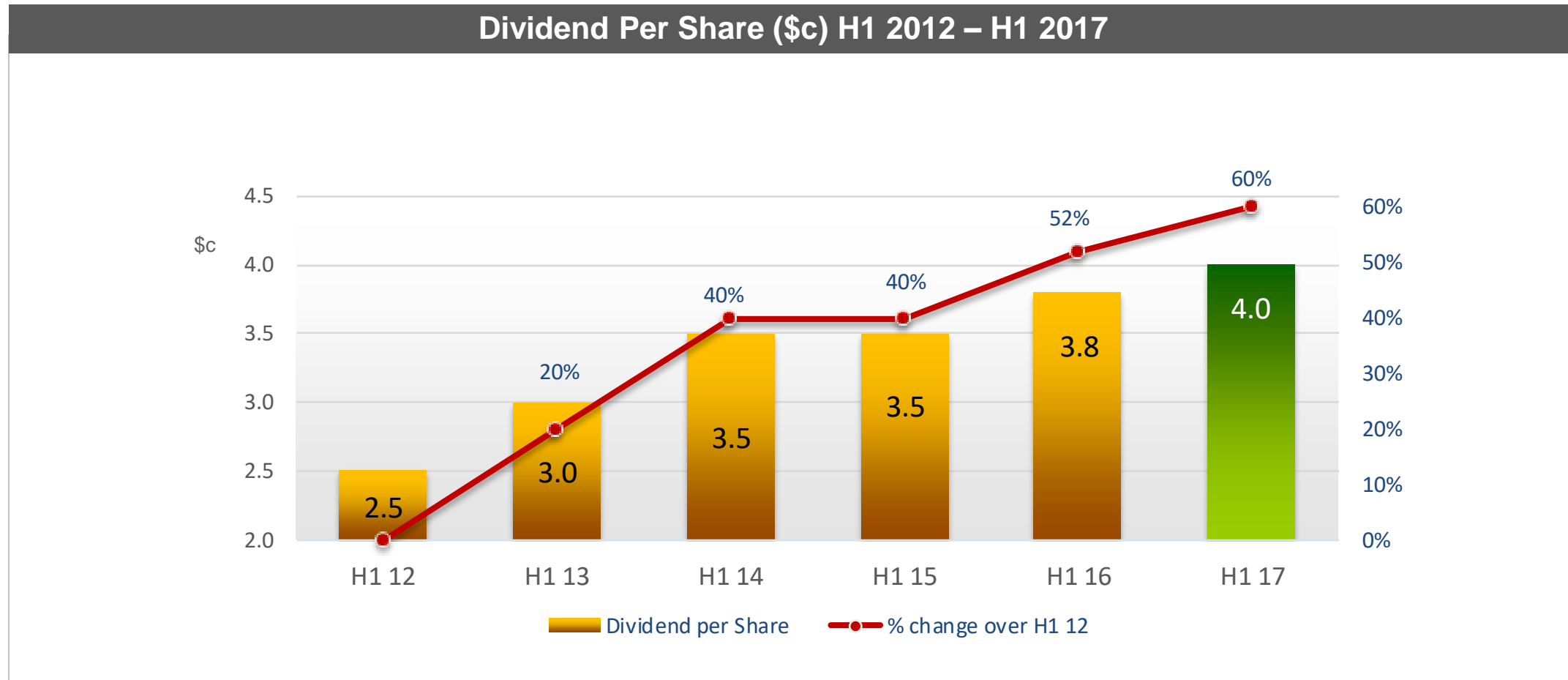


% Net Cash from Operating Activity % of Adj EBITDA



DIVIDEND

- Increased in Interim Dividend
- 60% increase in Interim Dividend per share since H1 2012



BALANCE SHEET

\$m	30-Jun-17	30-Jun-16
Non-current assets		
Goodwill and other Intangible assets	159.6	159.3
Property, plant and equipment	8.1	8.9
Other non-current assets	2.0	2.0
Investments	1.5	1.5
	171.2	171.7
Current assets		
Cash and cash equivalents	153.0	143.0
Trade and other receivables	41.0	38.2
Total Assets	365.2	352.9
Equity		
Share capital and share premium	6.6	6.4
Retained earnings and reserves	88.2	139.1
Total equity attributable to equity holders	94.8	145.5
Liabilities		
Current liabilities		
Trade and other payables	151.2	126.3
Provisions	45.3	-
Income tax payable	0.1	0.6
Customer deposits	71.8	78.6
Non-current liabilities		
Deffered tax liabilities	2.0	2.0
Total equity and liabilities	365.2	352.9

CASH FLOW

\$m Period Ended 30 June	H1 2017	H1 2016
Cash flows from operating activities		
(Loss) Profit before income tax	(17.3)	27.8
Share benefit charges	4.1	3.2
Depreciation and amortisation	9.3	9.7
Change in current assets and liabilities	50.6	(17.6)
Interest Income	(0.3)	(0.3)
Cash generated from operations	46.4	22.8
Income tax paid	(2.5)	(7.3)
Net cash generated from operating activities	43.9	15.5
Acquisition of property, plant and equipment	(1.9)	(1.6)
Internally generated intangible assets	(6.0)	(5.9)
Acquisition of intangible assets	(1.3)	(1.9)
Interest received	0.3	0.3
Net cash used in Investing Activities	(8.9)	(9.1)
Issue of shares	0.1	0.9
Dividends paid	(56.1)	(43.0)
Net increase/decrease in cash and cash equivalents	(21.0)	(35.7)
Cash and cash equivalents - beginning of the period	172.6	178.6
Effects of currency translation	1.4	0.1
Cash and cash equivalents - end of the period	153.0	143.0



ITAI FRIEBERGER, CEO | SUMMARY

SUMMARY

- Healthy underlying performance despite exit from several markets and currency headwinds
- Strong progress in Casino, Sport and regulated markets in continental Europe
- Resolution of UKGC process leaves us in a great position going forward
- Pursue organic growth but remain open to M&A
- Cost control and optimisation continue
- Confident of meeting expectations



Q&A