

888 Holdings Plc

# Corporate Presentation

November 2021



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# AGENDA

- ① Introduction to 888
- ② Overview of William Hill International Transaction
- ③ H1 2021 Results and Q3 2021 Trading Update
- ④ Summary



# INTRODUCTION TO 888



# 888: A GLOBAL LEADER

## A leading online betting and gaming company; growth strategy underpinned by four key pillars

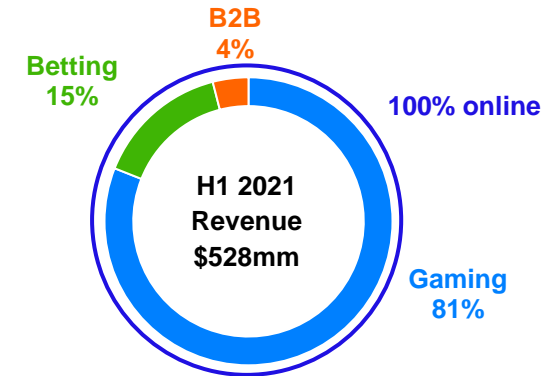
### Regulated market leadership supports global diversification

- Licensed in 16 jurisdictions worldwide
- Focus on regulated markets, with 75% H1-2021 revenue from regulated and taxed markets
- Continued market share gains across some of the most competitive regulated markets

### Proprietary technology powering product-leadership

- Highly scalable and secure proprietary platform
- 5 key product pillars: Safety; Usability; Content-rich; Entertainment; and Scalability
- Full end-to-end product suite across casino, sport, poker and bingo

### Revenue mix by product – H1 2021



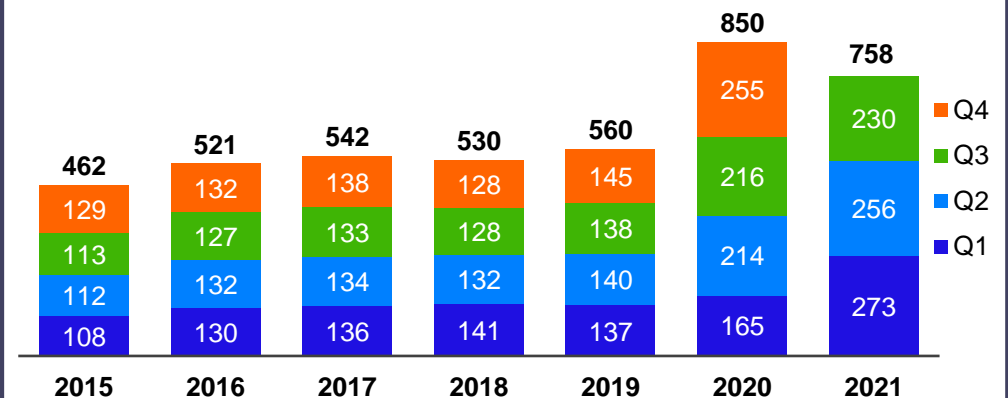
### Data-driven investments driving superior ROI

- Data driven marketing machine optimises effectiveness and drives efficient CPAs
- Broad range of channels, supported by years of data, knowledge and expertise
- Enhancing LTV and building loyalty through brand, product and content, not bonuses

### Safer gambling at the heart of the business

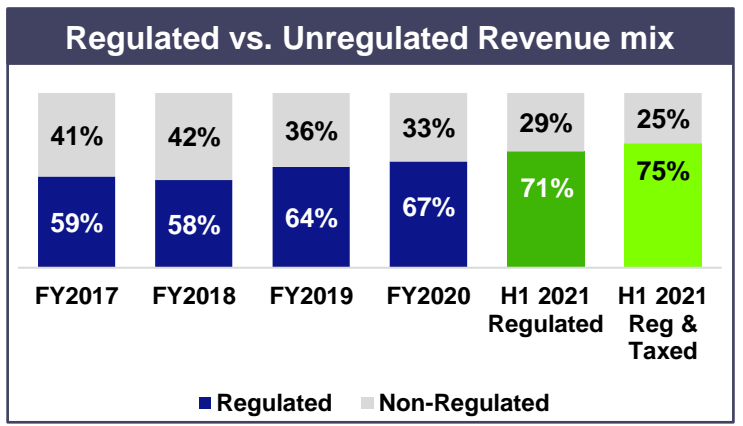
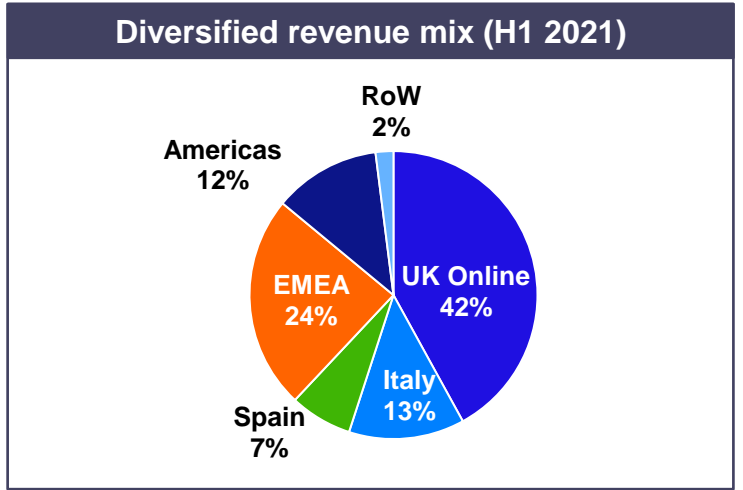
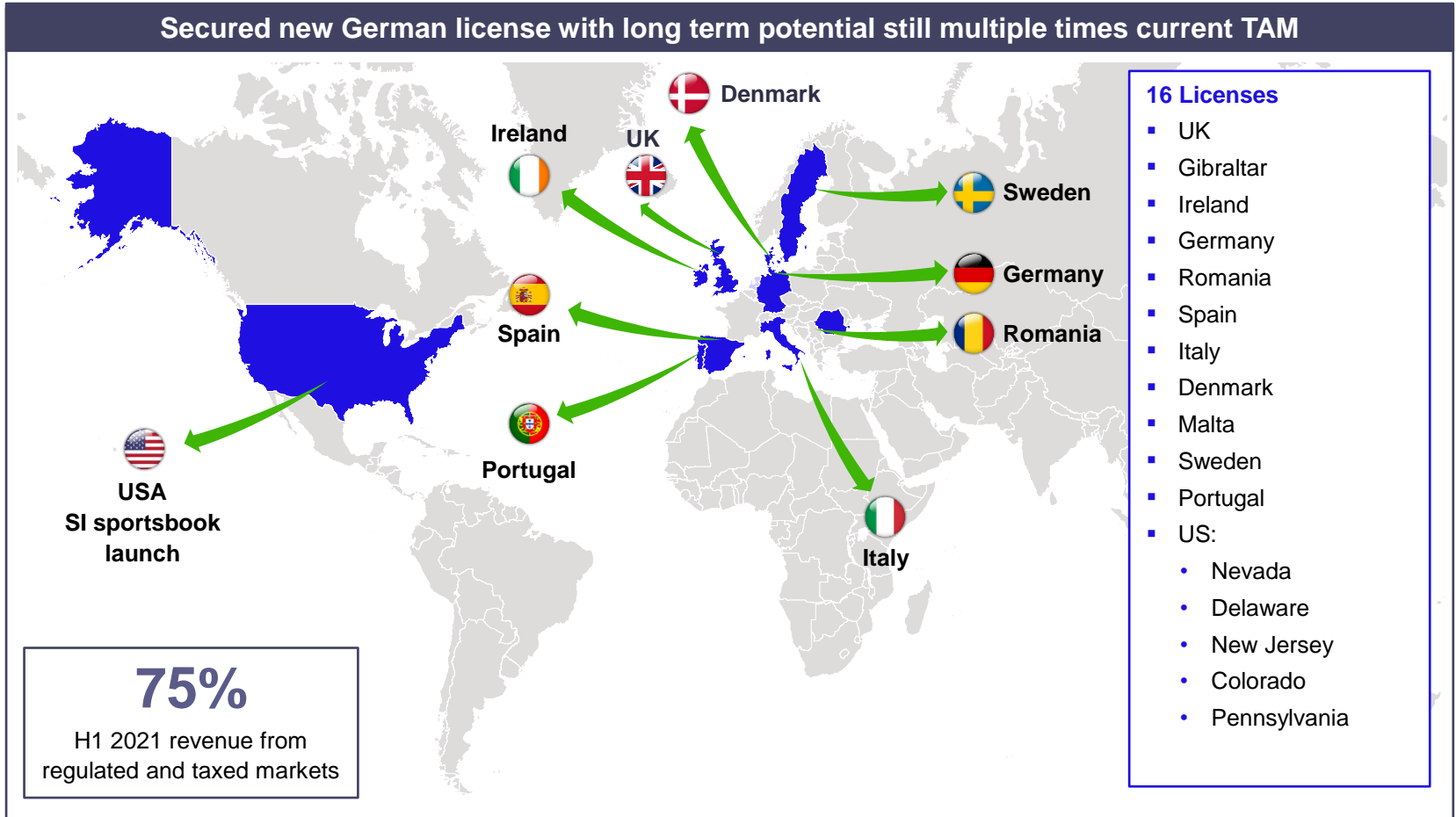
- *Safer. Better. Together.* strategy and 8 key commitments to drive higher standards
- *Control centre* product provides industry-leading transparency and tools

### Quarterly total revenue by year – 2015 to Q3 2021 (\$m)



# REGULATED MARKET FOOTPRINT

Well diversified geographic mix with a focus on regulated markets



# US BRAND PARTNERSHIP

## Strategic partnership with the iconic Sports Illustrated brand to launch SI Sportsbook

Strong foundations to drive market share gains and exploit long-term opportunity



- >12m loyal readers annually
- >35m monthly unique visitors
- >4bn annual media impressions
- Fastest growing sports media brand in the US<sup>1</sup>
- SI consumer is 78% more likely to wager and >3x as likely to visit a betting website<sup>2</sup>

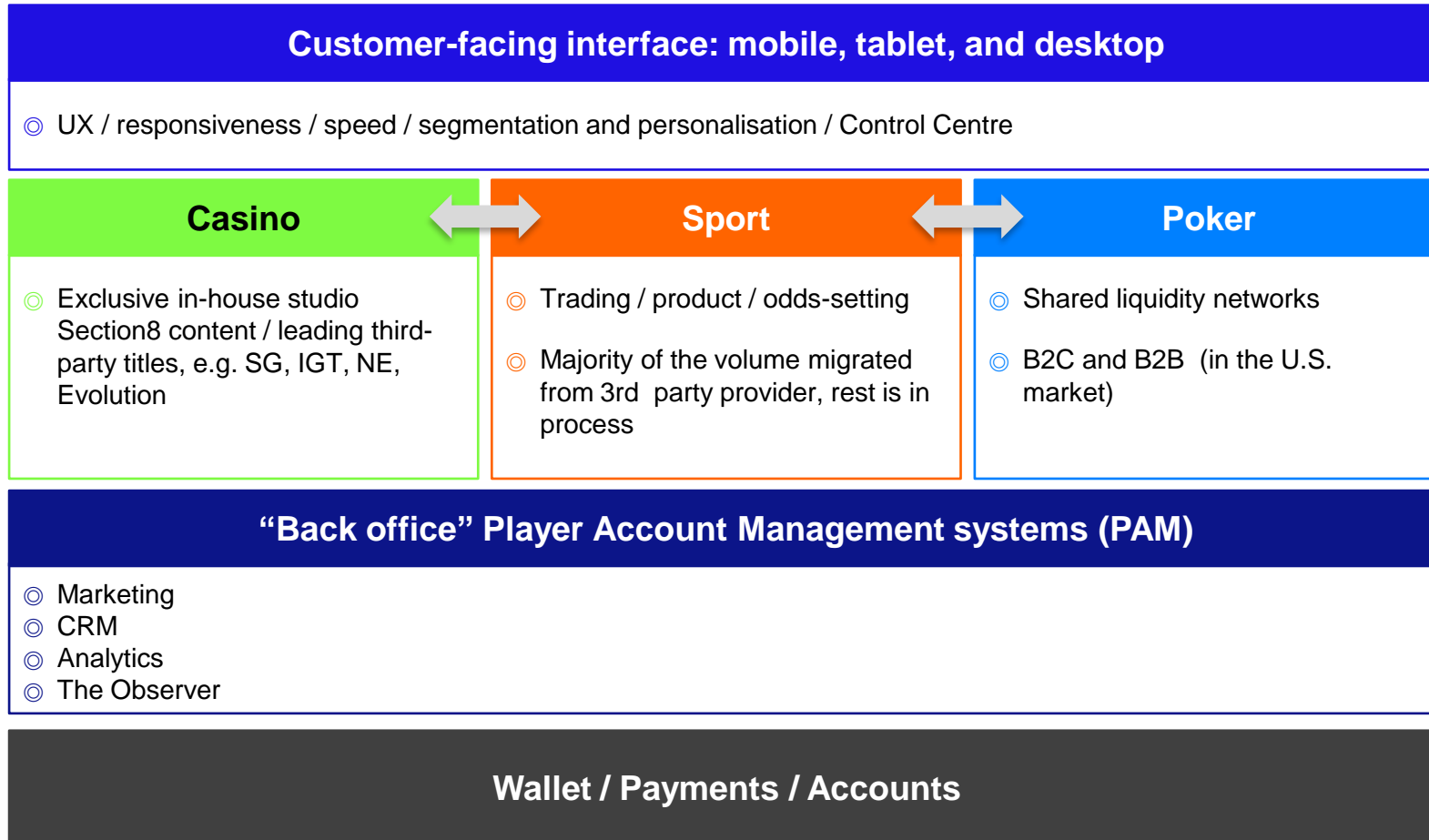
- Market access for SI Sportsbook in 4 states (CO; NJ; IA; IN)
- Plan to roll out 2-3 more states per year

<sup>1</sup> Source: Comscore (refers to SI Media Group)

<sup>2</sup> Source: Comscore

# PROPRIETARY TECHNOLOGY

## Unique infrastructure with scalable and proven in-house technology



- ⦿ **Highly scalable and secure proprietary platform** underpins competitive advantages
- ⦿ **Full product suite** across the four major online gaming verticals
- ⦿ **Compliant in multiple jurisdictions** – highly flexible and agile
- ⦿ **B2C and B2B capabilities**
- ⦿ **“Mobile first”** approach to product development
- ⦿ **Safer gaming integrated** – from product interface to back office proprietary Observer system that monitors all play in real time



# PRODUCT LEADERSHIP

## Best-in-class features; differentiated proprietary content; and AI-driven personalisation



888's in-house games development studio, **Section 8**, produces high quality gaming content exclusive to 888 casino

Over **700 games** added per year to 888casino with personalised interface and player recommendations



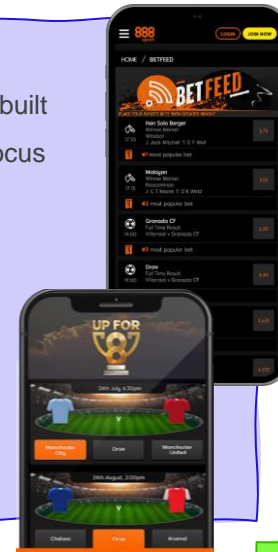
### Content Leadership

### Customer Engagement

Industry leading UX, built with a customer-first focus

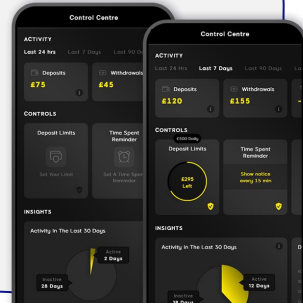
Industry innovations like **Betfeed** and **Upfor8** provide differentiated betting features and drive engagement

Mobile-first **award-winning** Poker product



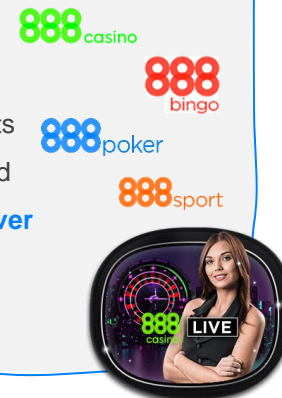
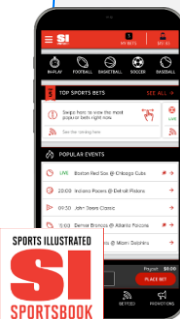
### Safety

888's quick and intuitive **Control Center** offers industry leading insight and transparency, giving players **real-time information** on their gambling activity



### Personalised Product

Fully owned proprietary **technology** across all products (sportsbook, casino, poker and bingo) enables **full flexibility over player personalization** and user experience



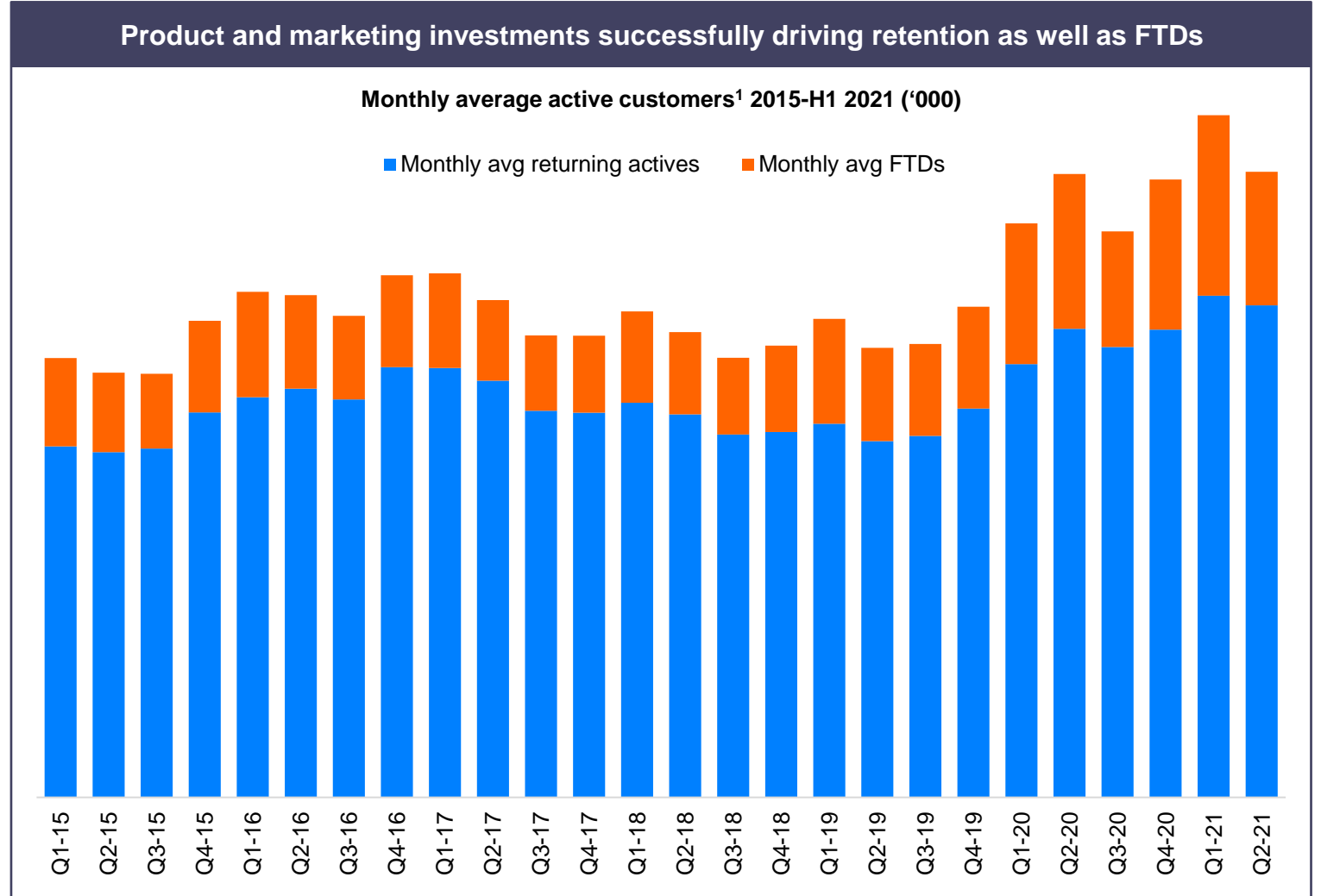
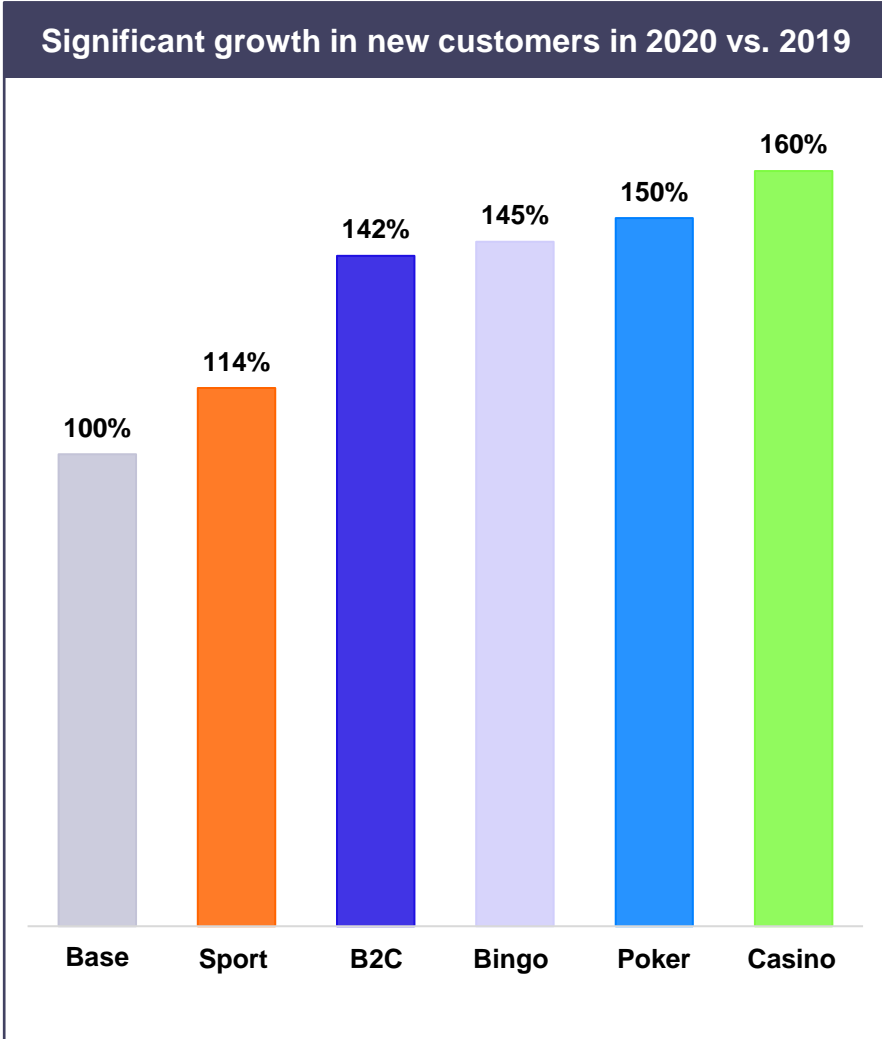
### Personalised Promotions

AI delivers **relevant and tailored promotions** to players across 888 products in real-time, driving engagement and building loyalty



# DATA DRIVEN INVESTMENTS

## Highly effective, automated, and flexible data-driven marketing machine



# SAFER GAMBLING

## Safer. Better. Together strategy roll-out, with 8 commitments

1

### CULTURE OF RESPONSIBILITY

We are committed to change within our business, creating a culture of responsibility that ensures safer gambling and transparency is a priority for everyone in our business

2

### PREVENTING HARM

We are committed to identifying those potentially at risk of harm and restricting and supporting them at the earliest point

3

### RAISING STANDARDS

We are committed to collaborating with relevant stakeholders to develop a shared knowledge base and stronger overall standards for safer gambling.

4

### RESEARCH, EDUCATION AND TREATMENT

We are committed to continuous investment in programmes of Research, Education and Treatment (RET) to address gambling harm, and ways to help prevent it

5

### TRANSPARENCY

We are committed to ensuring customers have transparency about their gambling activity, with quick, simple and intuitive ways to monitor their activity in real time

6

### STAYING IN CONTROL

We are committed to providing the most advanced safer gambling tools

7

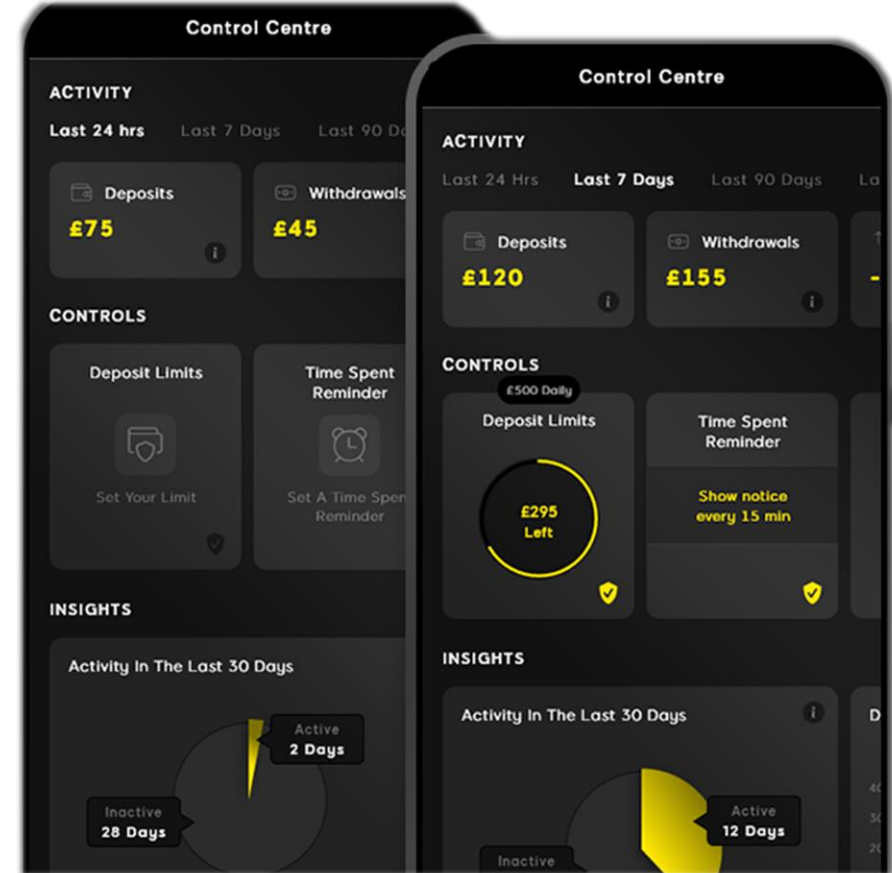
### RESPONSIBLE ATTITUDES

We are committed to promoting responsible attitudes, providing information, education and encouragement to our players to gamble safely

8

### CONTINUOUS PROGRESS

We are committed to continuous improvement, building a deeper understanding about the causes and markers of harm, and using this to drive continued positive change



OVERVIEW OF WILLIAM  
HILL INTERNATIONAL  
TRANSACTION



# ASSET TO BE ACQUIRED

## William Hill International comprises all operations outside the US of William Hill and Mr Green

### Trusted, iconic brand with strong sports heritage

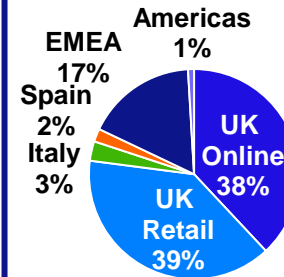
- Founded in 1934, William Hill is the #1 betting brand in the UK for awareness
- Over 10,000 employees across multiple locations, with a strong management team significantly enhancing capabilities
- Operates across 3 divisions

### UK Retail

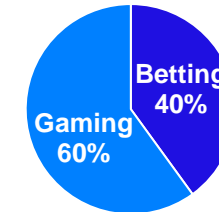
Revenue<sup>1</sup>: \$650m  
EBITDA<sup>1</sup>: \$125m

- Over 1,400 retail betting shops in the UK
- Highest rated retail brand for convenient locations, a key driver of consumer choice
- Omni-channel: Plus Card seamlessly integrates online and retail experience

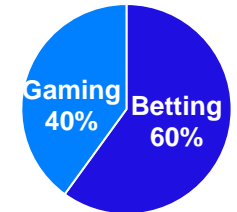
### Revenue Split by Geography (2020A)<sup>2</sup>



### Online Revenue Split by Product (2020A)



### Retail Revenue Split by Product (2020A)



### UK Online

Revenue<sup>1</sup>: \$646m  
EBITDA<sup>1</sup>: \$166m

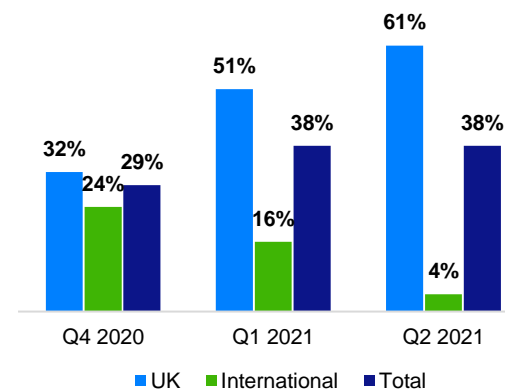
- William Hill's Online business has been operating since 1998
- Over 2 million active UK online customers
- William Hill is the 3rd largest brand (4th largest operator), in the largest regulated online gambling market in the world

### International

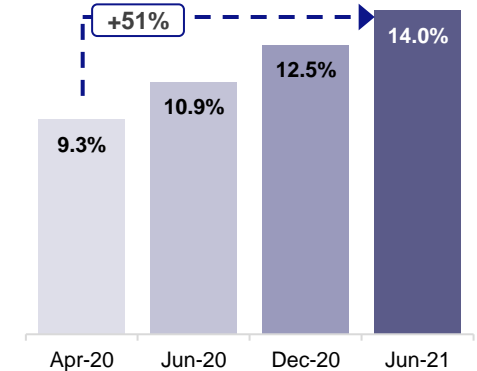
Revenue<sup>1</sup>: \$385m  
EBITDA<sup>1</sup>: \$60m

- Over 1 million active online customers across Europe through renowned William Hill and Mr. Green brands
- Acquisition of Mr Green in 2019 enhanced WHI's European footprint
- Strong positions in Italy, Spain and Nordics

### Online revenue growth YoY



### UK Online Market Share<sup>3</sup>



# A TRANSFORMATIONAL COMBINATION

## Placing the business in the best position to capitalise on significant growth opportunities

### Diversifying revenue mix

- Enhanced exposure to sports betting, the world's largest and fastest growing online segment
- Increases regulated and taxed revenue mix (FY20: 86%), improving sustainability

### Building leading positions in key regulated markets

- Top-3 positions in the UK and Spain, and top-5 positions across a wide range of markets
- Creates a platform for strong growth in the most attractive regulated / regulating markets

### Enhancing scale and capabilities to address growth opportunities

- Step-change in scale, alongside huge influx of operational & management talent from William Hill
- Ability to drive operating leverage, providing cash flow to grow, including expansion in the US

### Improving customer proposition through complementary strengths

- Leveraging best of both sharing across proprietary technology, product, brand, and marketing
- Omni-channel opportunity to leverage UK retail footprint to improve experience and drive FTDs

### Delivering significant shareholder value creation

- Pre-tax cost synergies of c.£100 million per year, along with potential revenue upside
- ROIC exceeds WACC and over 50% EPS accretion expected, both in the first year

### Portfolio of leading brands

*William* HILL

**888**  
casino

SPORTS ILLUSTRATED  
**SI**  
SPORTSBOOK

**888**  
sport

**888**  
poker

mr  
green

# MULTIPLE STRATEGIC BENEFITS

## Combining complementary businesses creates significant growth opportunities

### Sports betting is the fastest growing segment

- ◎ Access to a leading brand with strong sports heritage
- ◎ Influx of operating expertise in sports betting

### Increasingly regulated, large, growing market

- ◎ ~\$345 billion global market, online penetration only 16%<sup>1</sup>
- ◎ Strengthens position across core and growth markets

### Scale critical given pace of regulatory change

- ◎ Take advantage of growth opportunities as countries regulate
- ◎ Operating leverage and ability to manage challenges

### Customer experience is key

- ◎ Ability to leverage complementary strengths across all key areas, including technology, product, brand, and marketing
- ◎ Leverage the combined skills and talent of >12,000 staff

## Scale and capabilities creates a virtuous circle

Scalable proprietary technology drives operating leverage

Increased scale and flexibility to invest

Increasing engagement and share of wallet drives faster revenue growth

Brand, marketing, and product leadership enhances customer proposition

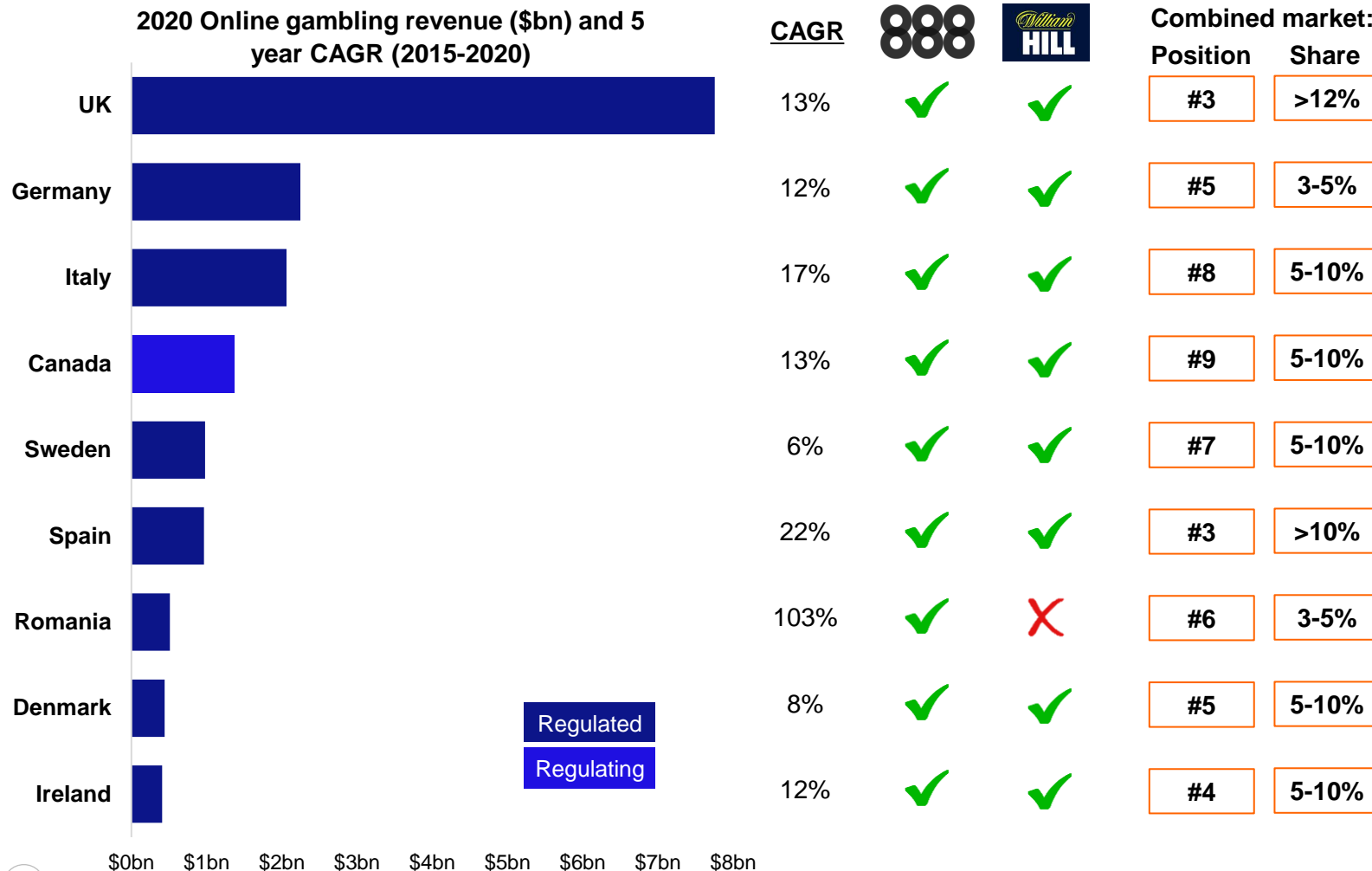


## Underpinned by continued focus on safer gambling

# ATTRACTIVE REGULATED MARKETS

## Enhanced position in attractive end markets, supporting superior growth profile

### Established and enhanced presence in attractive, growing online markets<sup>1</sup>



### Clear route to becoming a global leader

- Significant exposure to UK, the world's largest regulated online market with significant growth potential from both further online migration and market share gains driven by increased share of wallet
- Both 888 and William Hill among fastest growing brands in the UK<sup>2</sup>
- Established presence in Germany and Canada with the combined group having greater ability to accelerate growth post-regulation
- Strong and growing positions in Italy and Spain, with scale benefits from brand positions given marketing restrictions
- Greater operational and product flexibility to drive share gains in existing markets and well positioned to capitalise on emerging markets

<sup>1</sup> Source: Regulus Partners. Market share and position reflects 2020

<sup>2</sup> Management estimates for H1 2021 based on UKGC market data and publicly listed competitor filings

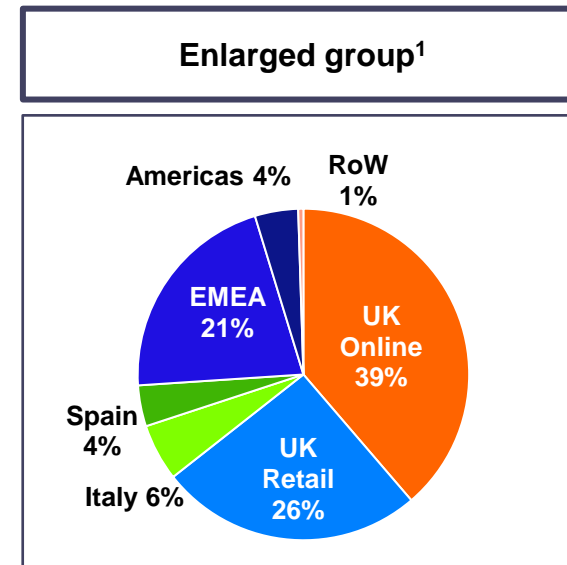
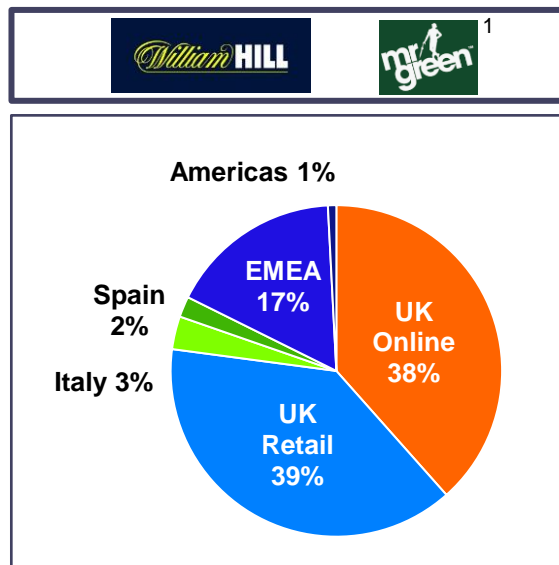
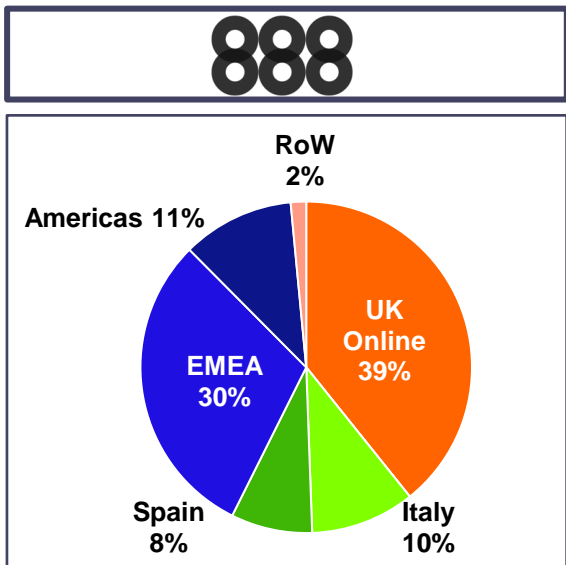




# DIVERSIFIED GEOGRAPHY AND SCALE

Well diversified geographic split and enhanced regulated mix

**Geographic mix (by revenues)**



**Revenue (2020A)**

**\$850m**

**\$1,681m**

**\$2,531m**

**EBITDA (2020A)**

**\$156m**

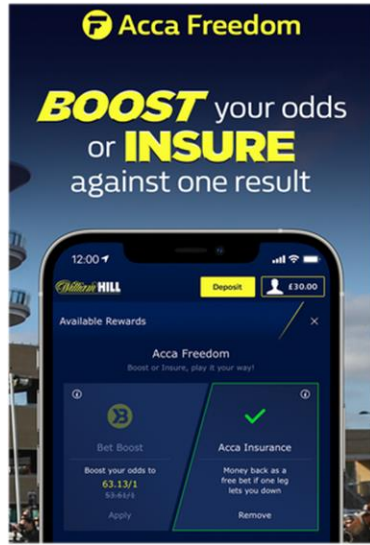
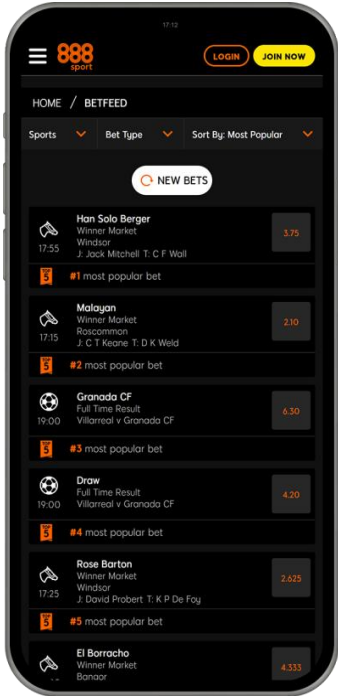
**\$308m**

**\$464m**



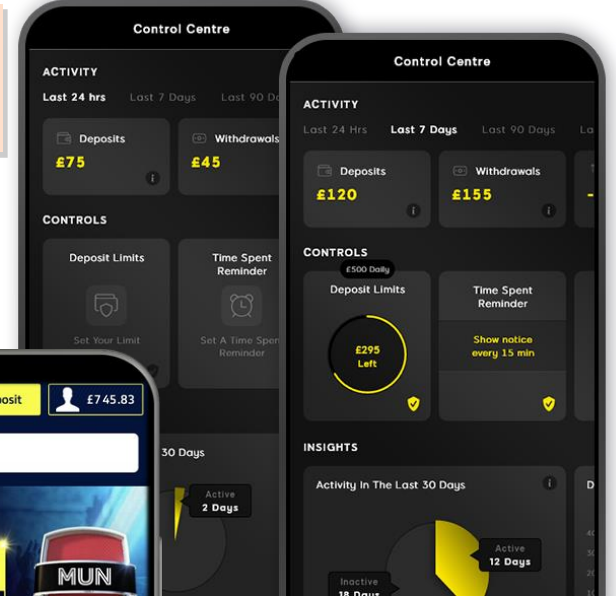
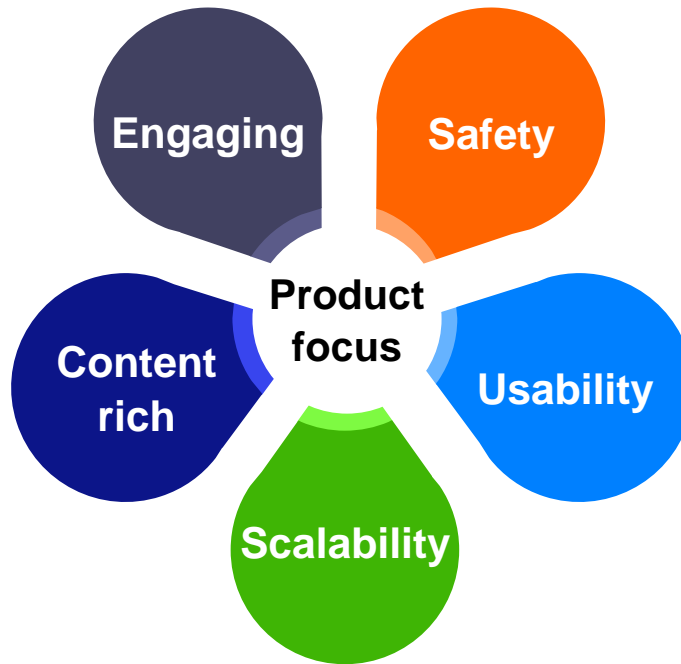
# IMPROVING CUSTOMER EXPERIENCE

## Leverage best in class product features across brands to enhance customer proposition

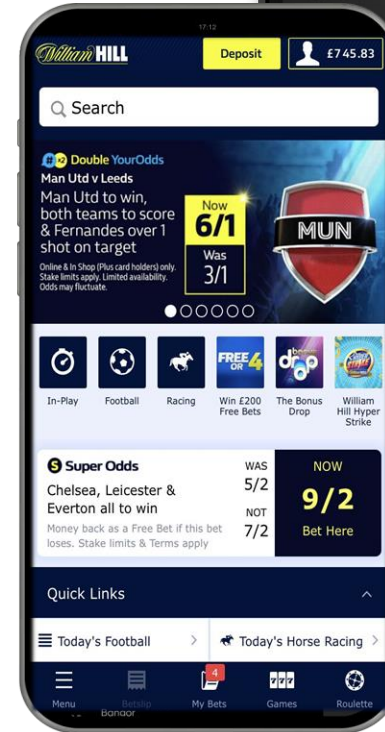


- AI driven personalisation
- Differentiated product features
- Range of sports/gaming free to play games

- Shared ethos to make products as safe as possible and raise industry standards
- Industry leading Control Centre product



- 888's in-house games studio Section 8 produces high quality exclusive games
- Integrations with all leading 3<sup>rd</sup> parties including significant live casino presence across brands



- WHI new Smart Data Platform enables significantly faster app speeds
- 888 in-house technology allows full control and flexibility over user experience

- 888 gaming platform adding ~700 games per year, with record levels of activity
- Highly scalable WHI trading engine processing over £3bn worth of sports wagers each year

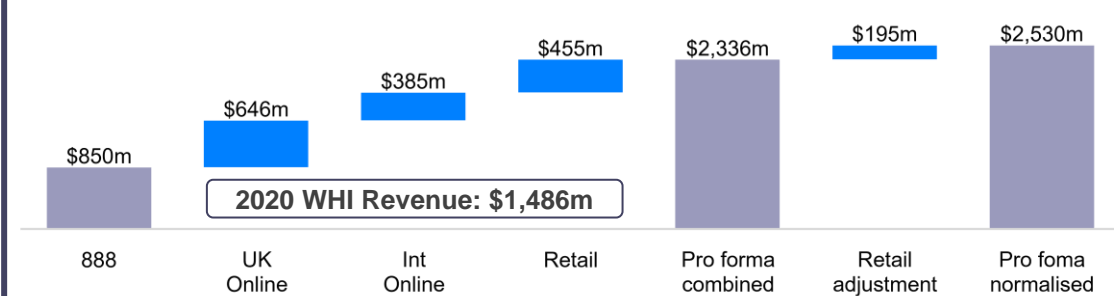


# ATTRACTIVE FINANCIAL PROFILE

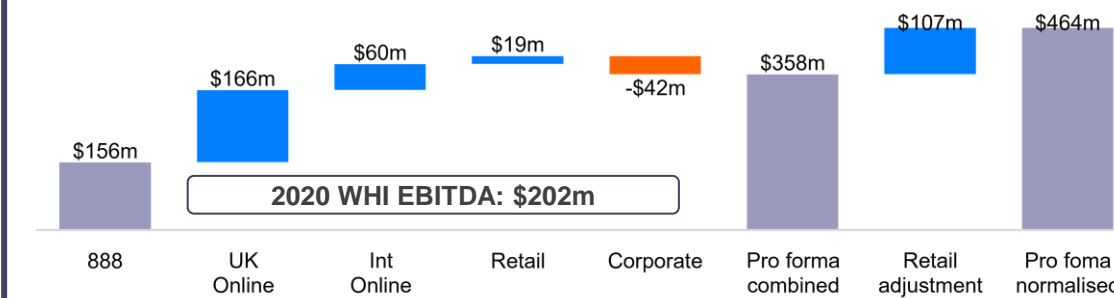
## Strong shareholder value creation, with optimised longer term capital structure

### Financial profile

2020 Revenue Bridge from 888 to Enlarged Group<sup>1</sup>



2020 Adjusted EBITDA Bridge from 888 to Enlarged Group<sup>1</sup>



### ROIC

- ROIC expected to exceed 888 WACC by end of first year

### Accretion

- Over 50% Adjusted EPS enhancement from year one

### Capital management framework

#### Debt financing

- Obtained fully committed debt financing of £2.1 billion

#### Equity raise

- Intention to raise gross proceeds of approximately £500 million at the appropriate time
- Proforma net leverage of under 4x

#### Dividend

- Currently expect no changes to 888's existing dividend policy (50% of adjusted net profits)
- Appropriate balance between shareholder returns, deleveraging, and maintaining ability to invest in growth

#### Leverage target

- Strong free cash flow generation expected to support rapid deleveraging
- Medium term target below 3x

# SYNERGIES

## Significant synergy potential to drive immediate value creation and fuel growth

### Summary

- Pre-tax cost synergies of c.£100m<sup>1</sup> p.a. including c.£15m capex synergies, to be realised by the end of 2025
- Estimated one-time cash costs ~1x synergies, to be incurred in the first three years post completion

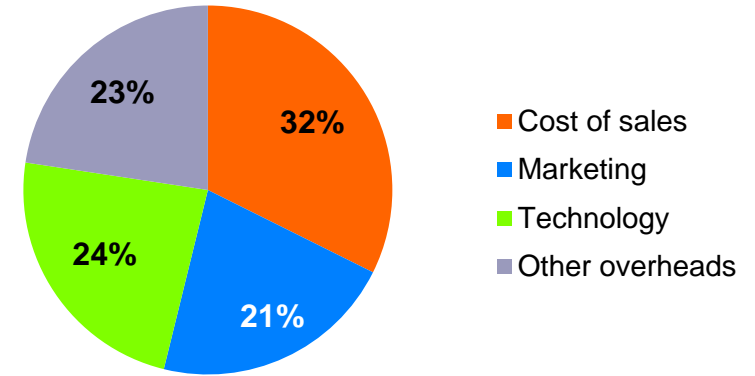
### Integration principles

- Maintain momentum in existing businesses
- Explore the best of both for technology and product

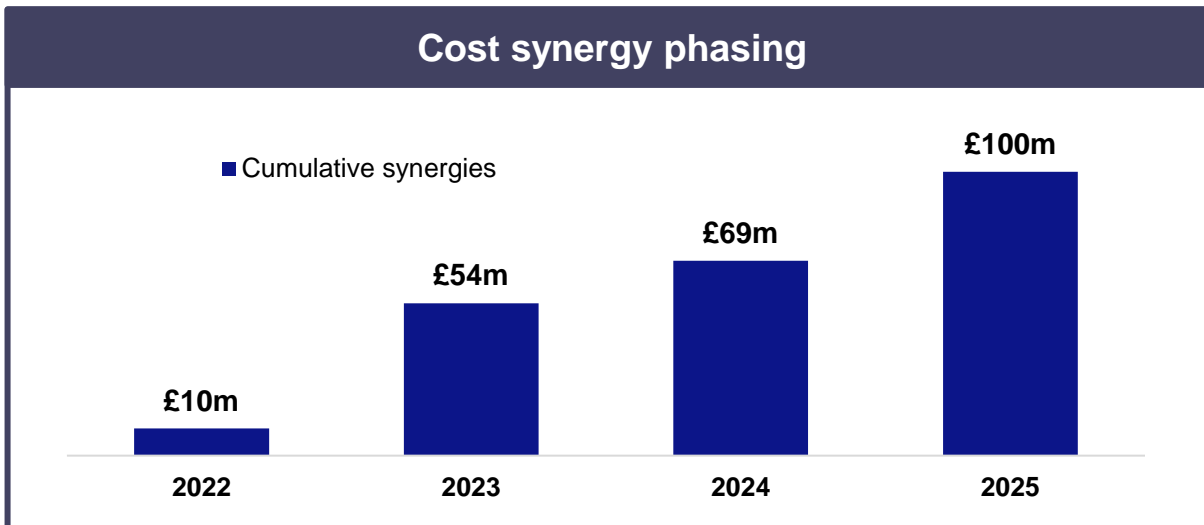
### Potential upside

- Potential revenue upside from an enhanced customer proposition and product offerings

### A broad range of benefits across the whole cost base



### Cost synergy phasing



#### Cost of sales

- Economies of scale in payment processing fees
- Economies of scale in revenue share for third party content across sports and gaming

#### Marketing

- External marketing economies of scale and optimising spend
- Removal of duplicate marketing technology costs
- Country specific approach to brands

#### Technology

- Consolidating operations and back office onto common platforms, where possible
- Achieving scale efficiencies in third party costs

#### Other overheads

- Consolidation of corporate and support functions and removal of duplicate activities
- Reducing other costs e.g. facilities, travel and professional services fees

H1 2021 RESULTS AND Q3  
2021 TRADING UPDATE



# H1 2021 FINANCIAL HIGHLIGHTS

## Record revenues, Adjusted EBITDA and Adjusted EPS

US\$ millions		H1 2021	H1 2020	YoY
Revenue	B2C	<b>509</b>	361	+41%
	B2B	<b>19</b>	18	+8%
	Total	<b>528</b>	379	+39%
Profitability	Adjusted EBITDA	<b>97</b>	70	+39%
	Adjusted EBITDA Margin	<b>18.4%</b>	18.5%	-0.1ppts
	Adjusted EPS	<b>18.3c</b>	12.2c	+50%
Financial Position	Free Cash Flow <sup>2</sup>	<b>52</b>	77	-33%
	DPS (Dividend) <sup>3</sup>	<b>4.5c</b>	3.2c	41%
	Net cash position <sup>4</sup>	<b>114</b>	77	48%

- ⊙ Revenue growth of +39% (+29%cc<sup>1</sup>) driven by expansion in regulated markets
- ⊙ Stable Adjusted EBITDA margin, with strong scale benefits offsetting increased investment in marketing
- ⊙ Cash generated from operating activities before working capital and tax of \$94m (+37%)
- ⊙ Free cash flow impacted by working capital timing, particularly investments in the US
- ⊙ Strong balance sheet

## Q3 performance underpins the Board's full year expectations

### Q3 Trading update

- The Group's Q3 2021 performance was in line with the Board's expectations
- Group revenue +7% (+3% CC<sup>1</sup>) driven by continued expansion in regulated markets, despite a tough comparator period due to the very strong growth in the prior year
- Strong performance in B2C Gaming was led by casino
- B2C Betting declined against a very strong outcome in Q3 2020 when the Group benefitted from the condensed calendar of sporting events following COVID-related disruption. Compared to Q3 2019, B2C Betting revenue increased by 21%
- Average daily actives<sup>2</sup> +6% year-over-year reflecting the continued success of the Group's product-leadership strategy and effective data-driven investments
- Key regulated markets delivered a strong performance, particularly Italy and Romania
- Successful launch of SI Sportsbook in Colorado, utilising 888's in-house sports betting platform for the first time in the US. Successful launch in the regulated German market under a newly issued sport licence, in line with the Group's strategy to achieve sustainable growth in attractive regulated markets

US\$m	Q3 2020	Q3 2021	YoY
B2C Gaming	174.6	<b>193.5</b>	+11%
-----			
B2C Betting	31.7	<b>26.8</b>	-15%
-----			
<b>Total B2C</b>	<b>206.3</b>	<b>220.3</b>	<b>+7%</b>
<b>Total B2B</b>	<b>9.3</b>	<b>9.6</b>	<b>+4%</b>
<b>Total Revenue</b>	<b>215.6</b>	<b>229.9</b>	<b>+7%</b>

### Outlook

- The Group's Q3 2021 performance was in line with the Board's expectations.
- Following policy changes published by the Dutch Gambling Authority (the KSA), the Group took the decision to cease provision of services in the Netherlands from 1 October 2021. Notwithstanding this unforeseen development within the Netherlands, the Board remains confident that the performance of the Group during the current year will be in line with its expectations.
- Looking ahead, the timing of any licence award within the Netherlands remains unclear, but the Group aims to be operational within the country during the second half of 2022. This temporary closure is expected to negatively impact 2022 EBITDA, post certain mitigations at Group level, by approximately \$10 million, with no change in the Group's expectations for 2023 and beyond

# SUMMARY

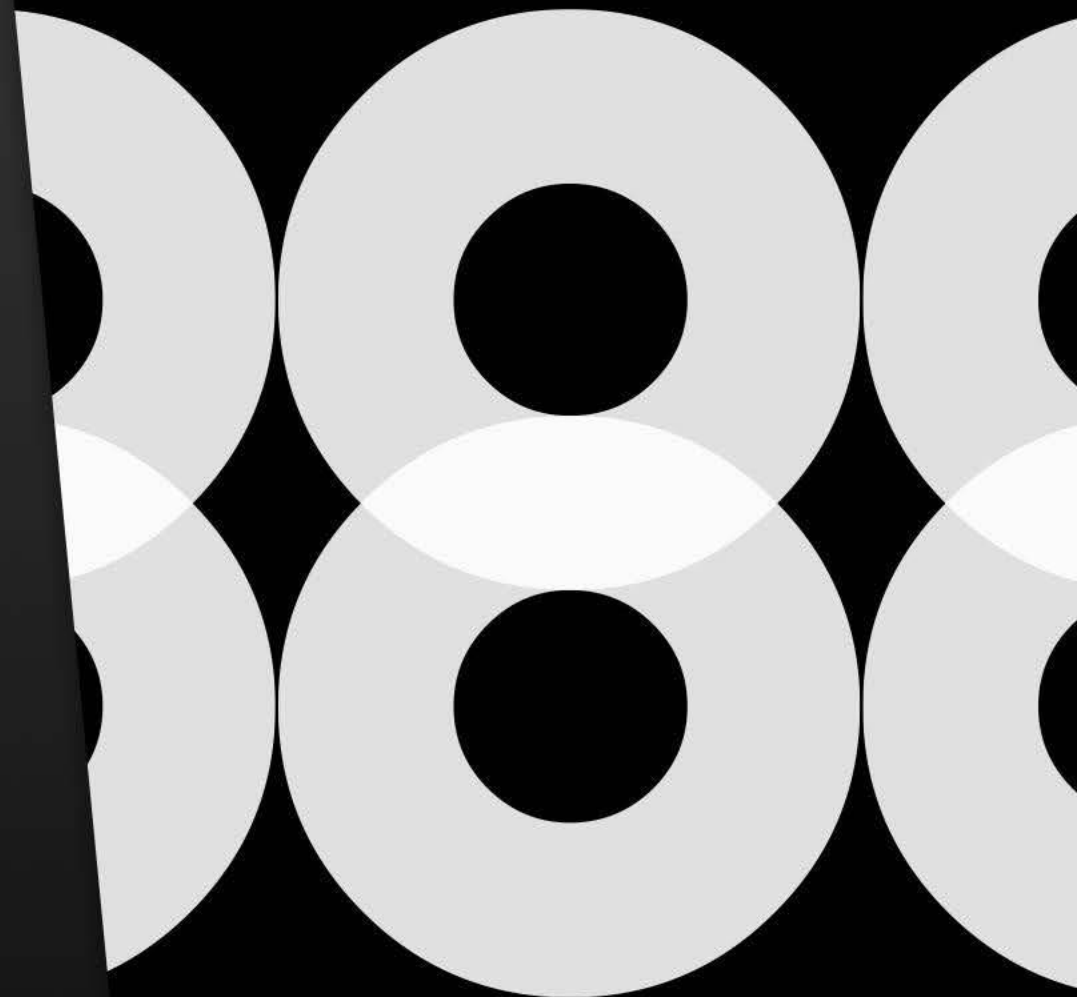




## Continued momentum and well positioned to deliver further strategic progress

- ◎ Transformational acquisition of William Hill International, creating a high-growth global leader with significant scale
- ◎ Continued positive trading performance of 888 underpins full year expectations despite additional regulatory headwinds
- ◎ Product-leadership strategy delivering strong results, enhanced by effective data-driven investments leading to market share gains across key regulated markets
- ◎ Successful launch of SI Sportsbook in the US as part of strategic partnership, and B2B poker launched in Pennsylvania
- ◎ Tough Q4 comparatives but confident outlook and strong platform for future success

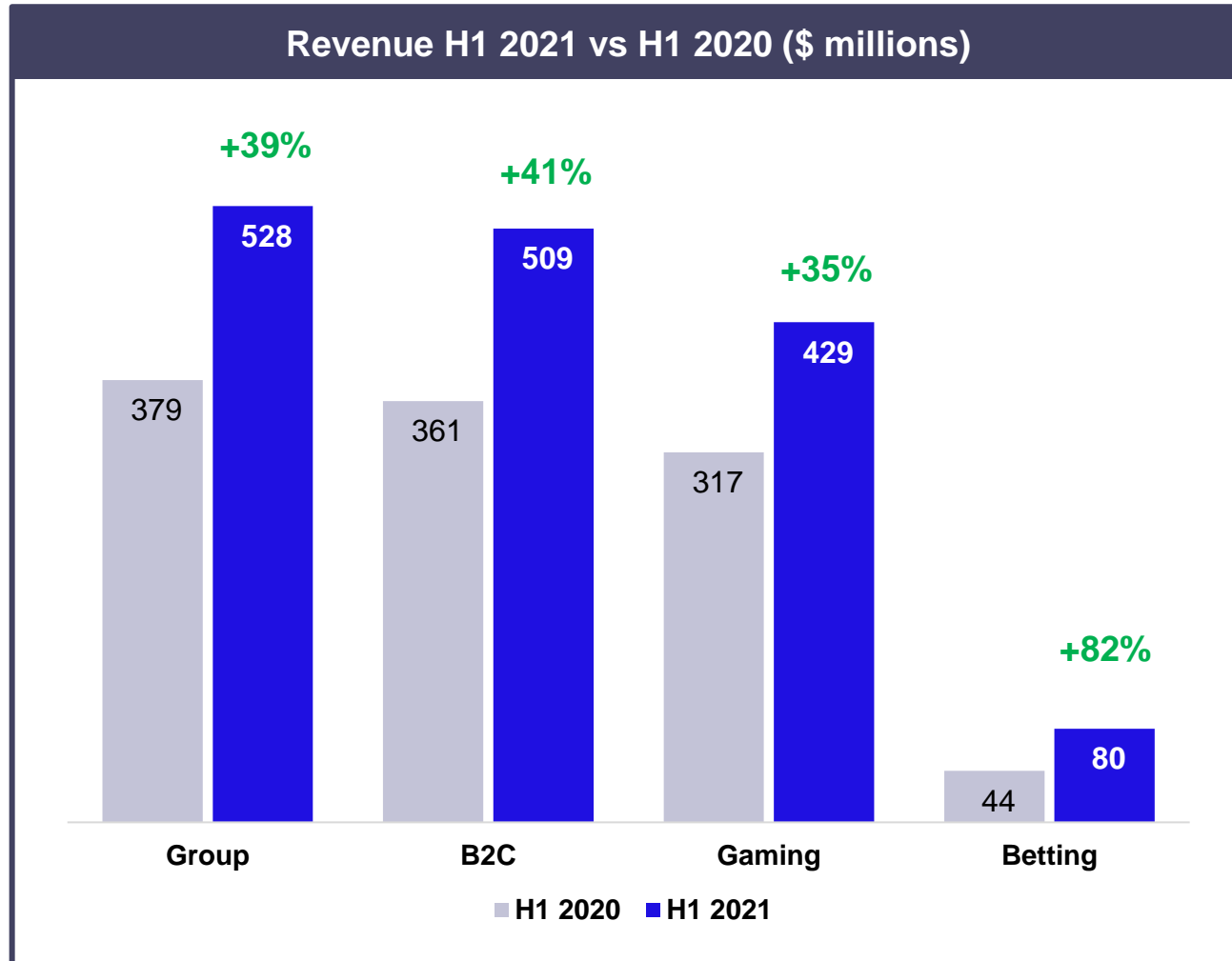
APPENDIX



# QUARTERLY GROUP REVENUE

US\$m	2019				2020				2021		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
B2C Gaming	107	111	109	114	131	186	175	200	221	208	194
B2C Betting	23	22	22	23	26	19	32	46	42	39	27
B2C	130	133	131	137	157	204	206	247	263	246	220
B2B	8	7	7	8	8	10	9	8	10	10	10
<b>Total</b>	<b>137</b>	<b>140</b>	<b>138</b>	<b>145</b>	<b>165</b>	<b>214</b>	<b>216</b>	<b>255</b>	<b>273</b>	<b>256</b>	<b>230</b>

# H1 2021 REVENUE BY PRODUCT



- Strong momentum continued into H1 2021 with 39% revenue growth
- Gaming up 35%, benefitting from new content launches, improved AI features and effective marketing
- Betting up 82%, benefitting from in-house product and strong promotions, as well as lapping a period impacted by fixture cancellations

# WHI TRANSACTION OVERVIEW

## Asset to be acquired

- William Hill International (“WHI”) comprises all operations outside the US of William Hill and Mr Green
- William Hill is one of the UK’s leading bookmakers, with >1,400 retail betting shops across the UK, and c.2 million UK online actives
- Core territories in Europe are Italy, Spain and the Nordics. Alongside William Hill, it operates the Mr Green brand across Europe

## Financing and capital structure

- Enterprise value of £2.2 billion (inclusive of £0.1 billion IFRS-16 capitalised leases)
- Represents an attractive acquisition multiple of approximately 9.2x normalised EBITDA, and 6.8x on a post-synergy basis for WHI for the 12 months ending December 2020<sup>1</sup>
- 888 has obtained fully committed debt financing of approximately £2.1 billion to fund the transaction
- At an appropriate time 888 intends to raise c.£500m of gross proceeds by issuing new equity, such that proforma net leverage is under 4x
- Currently expect no changes to 888’s existing dividend policy; cash generative business enables de-leveraging to below 3x in medium term

## Financial profile

- Annual revenue and Adjusted EBITDA in 2020 would have been \$2.5bn and \$464m respectively on a proforma normalised basis<sup>2</sup>
- Pre-tax cost synergies of c.£100 million per year by 2025, with approximately 1x cash costs to achieve
- Expected to be value accretive and deliver a post-tax ROIC that exceeds 888’s cost of capital in the first full year following completion
- Over 50% enhancement to 888’s adjusted net earnings per share expected in the first full year following completion

## Approvals and timetable

- Conditional, amongst other things, on the approval of 888’s shareholders at a general meeting expected to be held in early 2022
- The board intends to unanimously recommend that 888 shareholders vote in favour
- Subject to satisfaction of the conditions to the acquisition, completion is expected to occur during the first half of 2022

# PROFORMA ONLINE REVENUE MIX

**888**

*William* **HILL**

**mr green**

**Enlarged group**

Well diversified geographic split and enhanced regulated mix

Balanced product portfolio with enhanced exposure to high growth sports betting

