



888 Holdings Plc
Interim Results 2021

1 September 2021



Introduction



Itai Pazner, CEO



AGENDA

- ① Introduction and H1-2021 highlights
- ② Financial review
- ③ Strategic review
- ④ Conclusion
- ⑤ Q&A



Continued momentum and record results

- ◎ Record half yearly revenues (\$528m), Adjusted EBITDA (\$97m), and Adjusted EPS (18.3c)
- ◎ Regulated markets driving growth, with regulated and taxed mix at 75% of revenues
- ◎ Strategic Sports Illustrated partnership in the US sets a platform for strong growth
- ◎ Further progress on increasing customer protection & safer gambling
- ◎ Continued success of product-leadership strategy increasing engagement
 - 888casino enhancements through additional content and AI driven personalisation
 - 888sport proprietary technology delivering differentiated products
- ◎ Data-driven marketing investments delivering profitable customer acquisition
- ◎ Strong balance sheet and cash generation



Financial review



Yariv Dafna, CFO



H1 2021 FINANCIAL HIGHLIGHTS

Record revenues, Adjusted EBITDA and Adjusted EPS

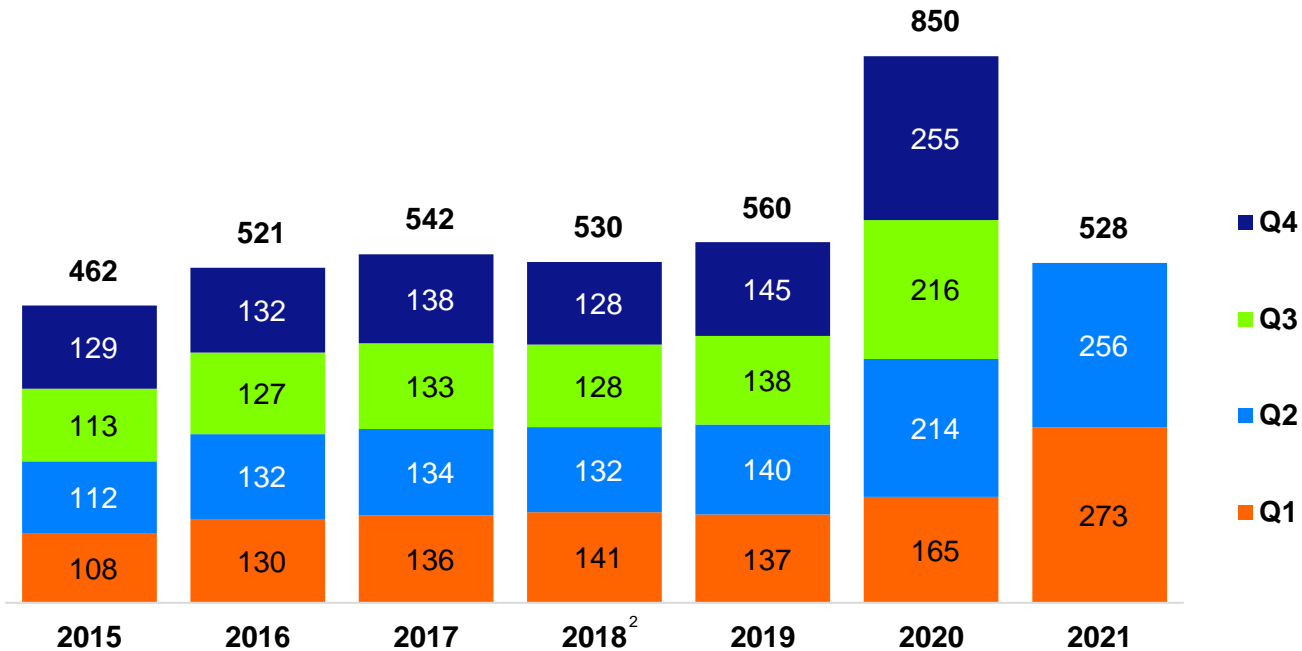
US\$ millions		H1 2021	H1 2020	YoY
Revenue	B2C	509	361	+41%
	B2B	19	18	+8%
	Total	528	379	+39%
Profitability	Adjusted EBITDA	97	70	+39%
	Adjusted EBITDA Margin	18.4%	18.5%	-0.1ppts
	Adjusted EPS	18.3c	12.2c	+50%
Financial Position	Free Cash Flow ²	52	77	-33%
	DPS (Dividend) ³	4.5c	3.2c	41%
	Net cash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

- ⊙ Revenue growth of +39% (+29%cc¹) 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

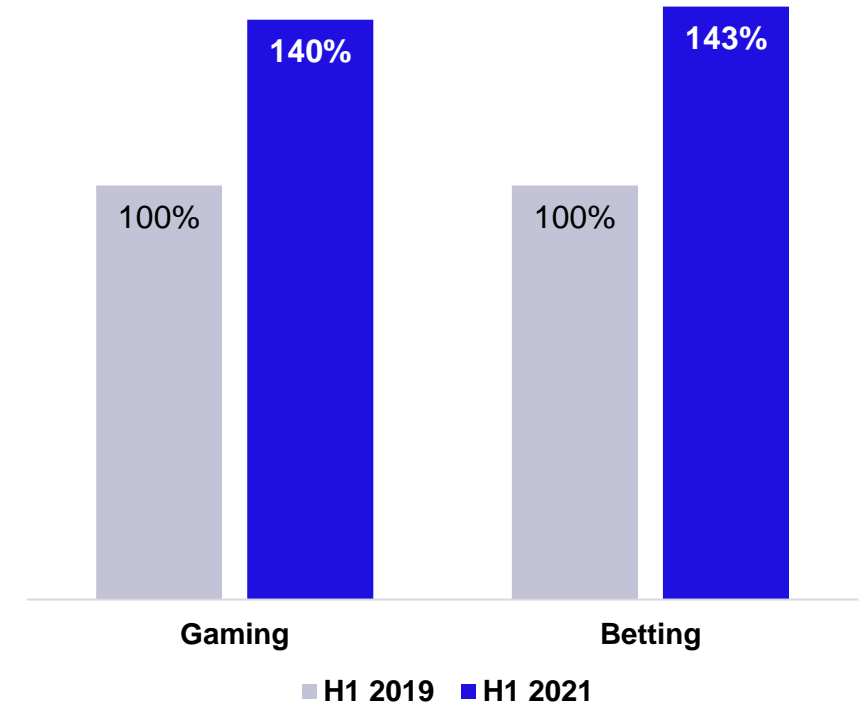
REVENUE EVOLUTION

Step change in scale following new product launches and digital migration

Quarterly total revenue by year – 2015 to H1 2021 (\$ millions)



Significantly expanded global player base¹



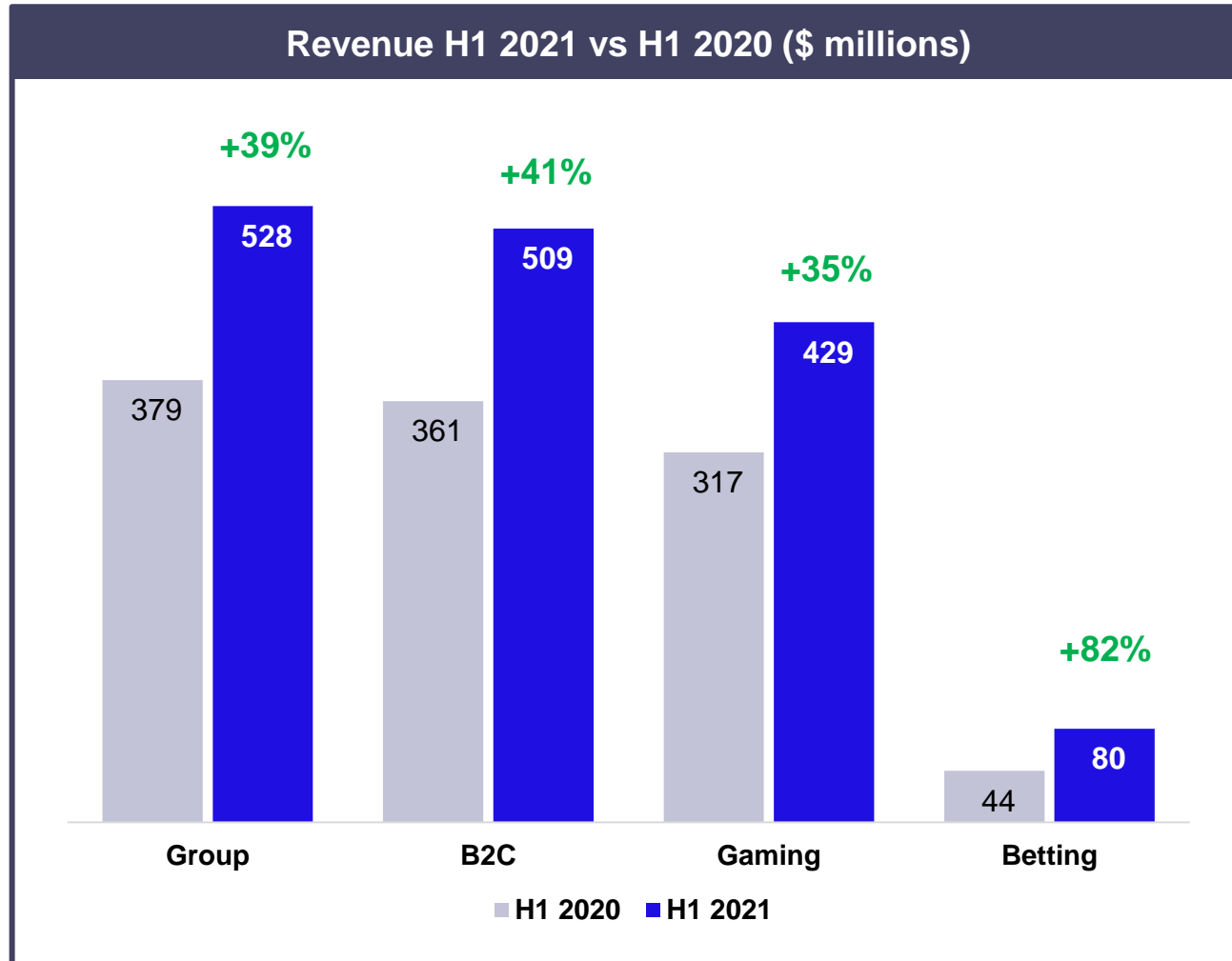
¹ Chart reflects B2C customers who were active in the period and have made at least one lifetime deposit. Gaming reflects the sum of Casino, Poker and Bingo customers, after de-duplicating for those that play multiple products

² 2018 revenue excludes ~\$11m exceptional revenue from a historical VAT accrual release (Q2 2018)



REVENUE BY PRODUCT

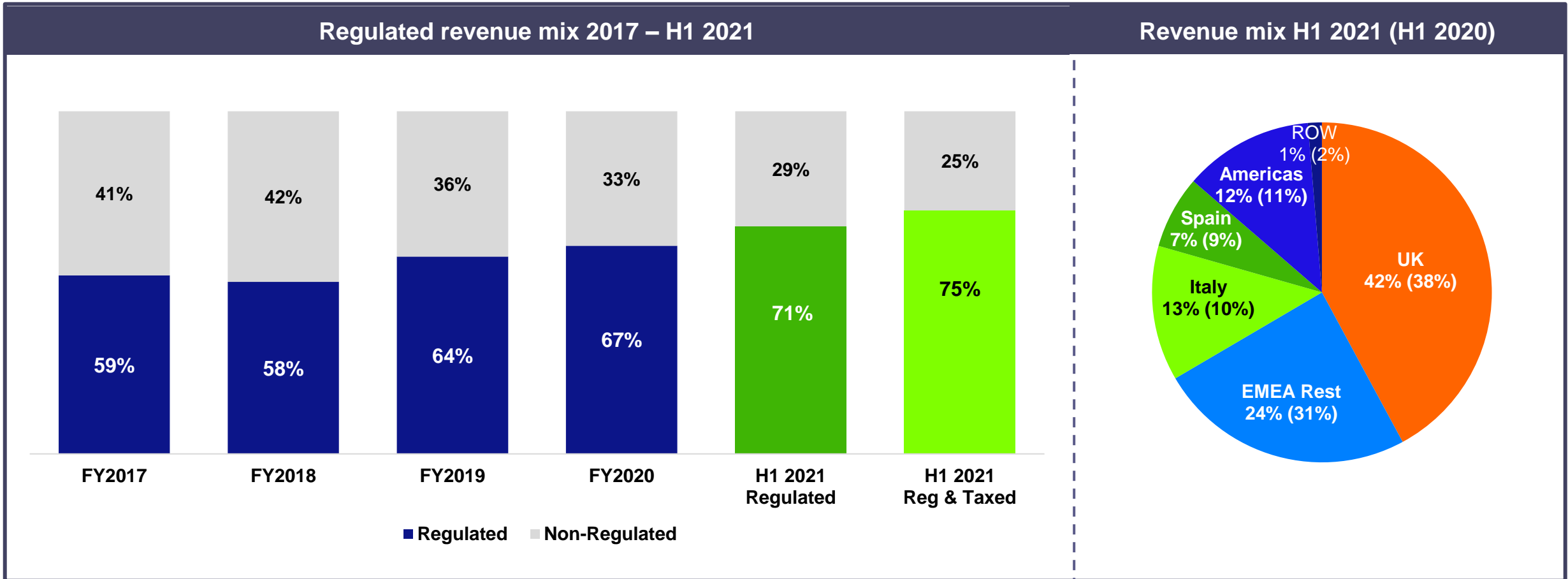
Strong growth across Gaming and Betting driven by product-leadership strategy



- 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

REGULATED MARKET LEADER

Diversified revenue mix with market share gains across key regulated markets



ADJUSTED EBITDA

39% Adjusted EBITDA growth reflecting strong revenue growth and operational gearing

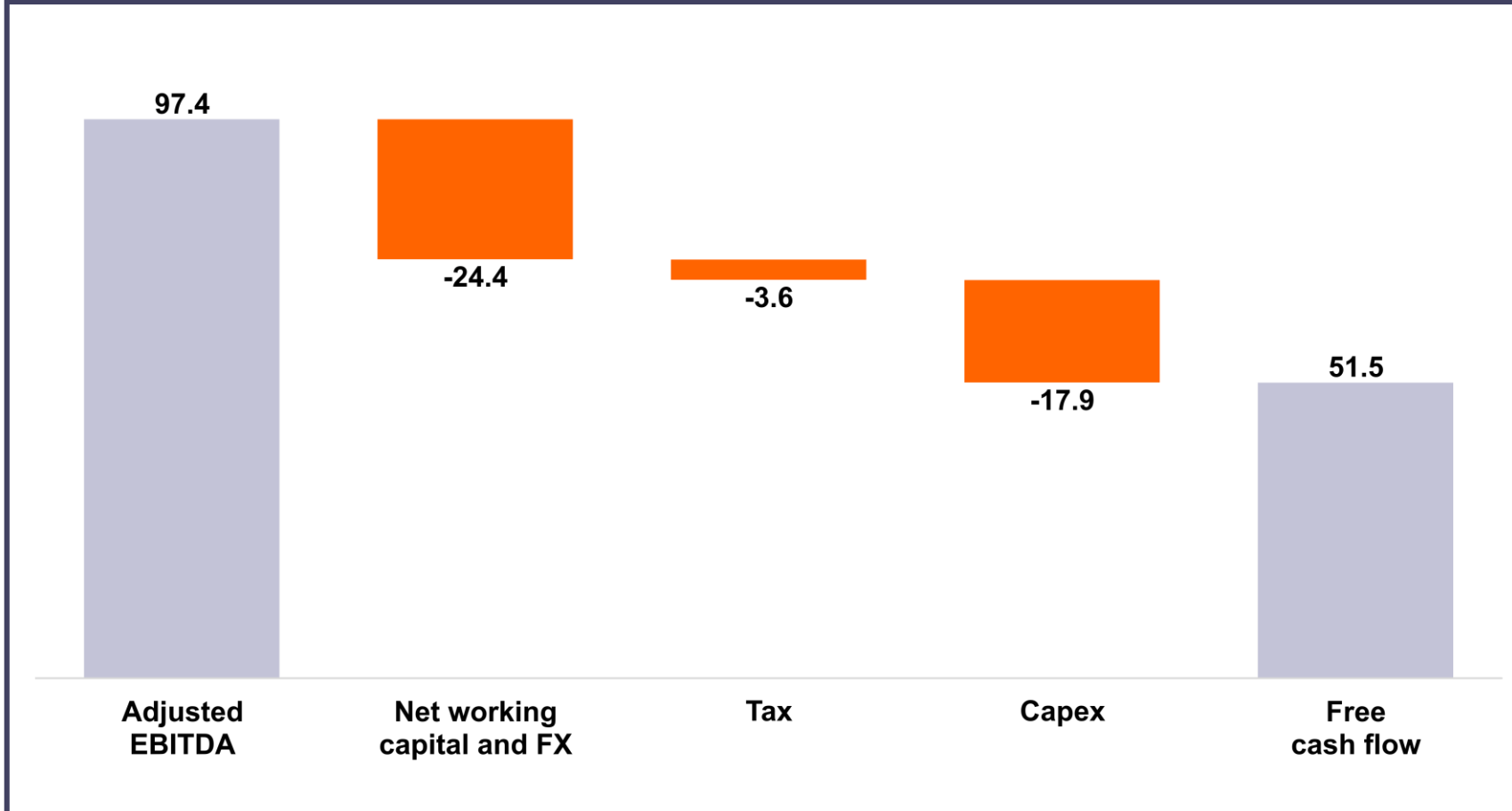
US\$ millions		H1 2021	H1 2020	YOY
Revenue	Group revenue	528	379	+39%
	Cost of sales	176	128	+37%
Gross profit	Gross profit	352	251	+40%
	Gross margin	66.7%	66.2%	+0.5 pts
Contribution	Marketing expenses	171	100	+71%
	Contribution	182	151	+20%
	Contribution margin	34.4%	39.8%	-5.4 pts
Adjusted EBITDA	Operating expenses ¹	84	81	+4%
	Adjusted EBITDA	97	70	+39%
	Adjusted EBITDA margin	18.4%	18.5%	-0.1 pts

- Continued revenue momentum, despite challenging comparatives
- Gross profit margin slightly higher, with 3rd party cost savings more than offsetting increased duties
- Continued investment in growth with marketing investment up 71%
- Strong scale benefits with operating cost leverage, leading to stable Adjusted EBITDA margins

FREE CASH FLOW

Strong cash flow generation, with timing of working capital items affecting H1 2021

H1 2021 – Adjusted EBITDA to Free Cash Flow bridge (\$ millions)



- Strong conversion of Adjusted EBITDA to free cash flow
- Net working capital outflow largely a function of timing, with a number of payments brought forward
- Capex reflects continued investment in US expansion and platform/product improvements

CURRENT TRADING AND OUTLOOK

H1 performance ahead of expectations and confident outlook for the full year

Current trading

- ⊙ Positive trends with revenues throughout July and August ahead by a mid-single digit percentage year-on-year
- ⊙ UK trend stabilised post lockdown reopening, revenue tracking in line with prior year in constant currency

Revenue

- ⊙ Strong year-to-date trading trends expected to be partially offset in H2 given tough basis of comparison and regulatory items being weighted more towards H2, resulting in **mid-teens growth for the full year**

Adjusted EBITDA Margin

- ⊙ **Adjusted EBITDA margin broadly in line year-on-year**, before increased investment in USA B2C

USA B2C

- ⊙ Expected **Adjusted EBITDA loss unchanged from previous guidance** – investing for future growth

Capex

- ⊙ **Similar capex to prior year**, reflecting continued development of US platform and Sport product rollout

Tax

- ⊙ **Approximately 15% effective tax rate**, slightly higher than historical rate reflecting mix of profits



Strategic review



Itai Pazner, CEO



888 is one of the world's leading online betting and gaming companies

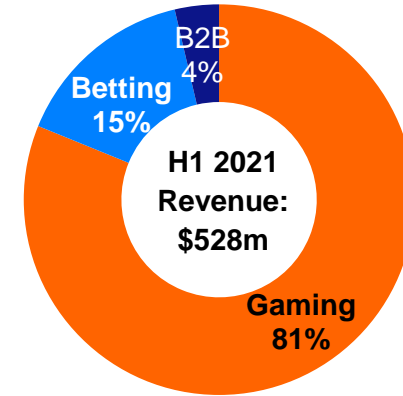
Safer gambling at the heart of the business

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

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

H1 2021 revenue mix by product



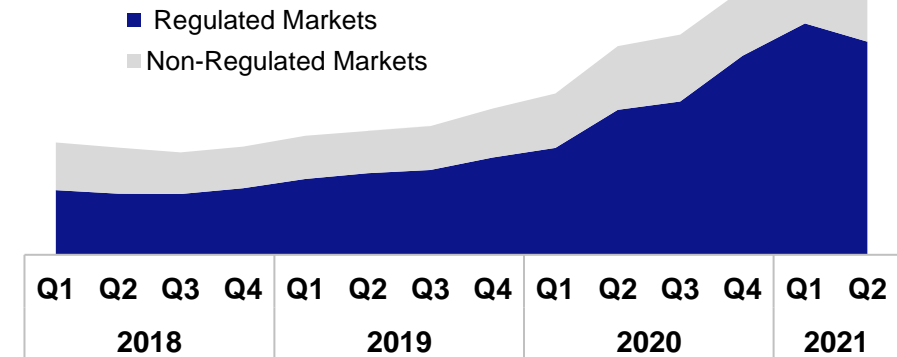
Data-driven investments driving superior ROI

- 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

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

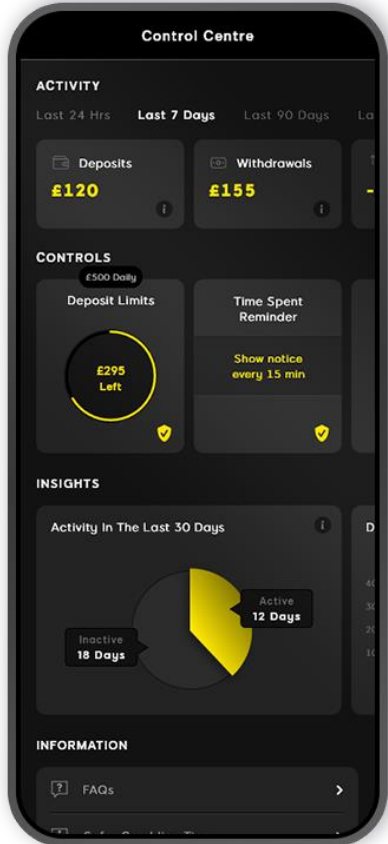
Total deposits per quarter



STRATEGIC PRIORITIES

Good progress made against strategic goals

Safer Gambling



Product-led differentiation

- Product-leadership strategy delivering innovative new features and differentiation
- AI driven personalisation

Build position to scale up the USA

B2C

B2B



Strategically attractive M&A

- Enhanced internal capabilities with senior appointments
- Strong pipeline

Market share gains in regulated markets

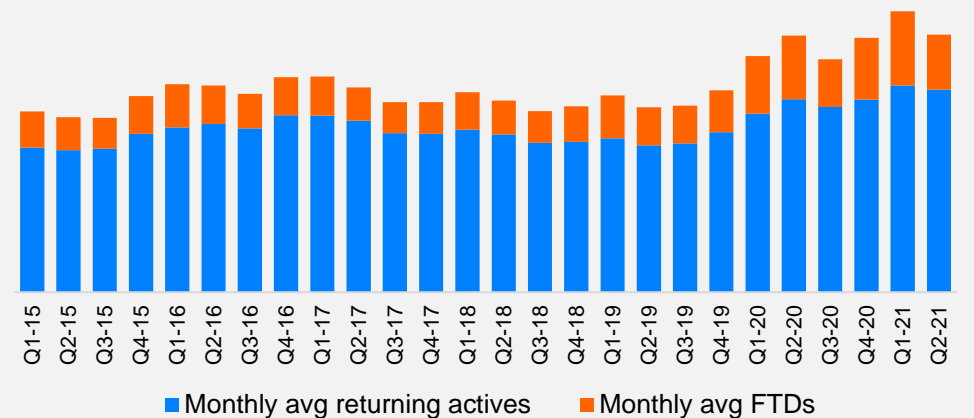
- Regulated markets driving growth (+54%)
- 75% regulated and taxed revenue in H1

Data-driven investments

- B2C new customer acquisition +6% in H1 despite strong comparative
- AI powered optimisation



Monthly average active customers¹ 2015-H1 2021



¹ Total unique customers across all B2C brands who were active in the period and have made at least one lifetime deposit. Returning actives reflect those active in the period whose initial deposit was prior to the period. FTDs (first time depositors) reflect those active in the period whose first deposit was within the period.



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



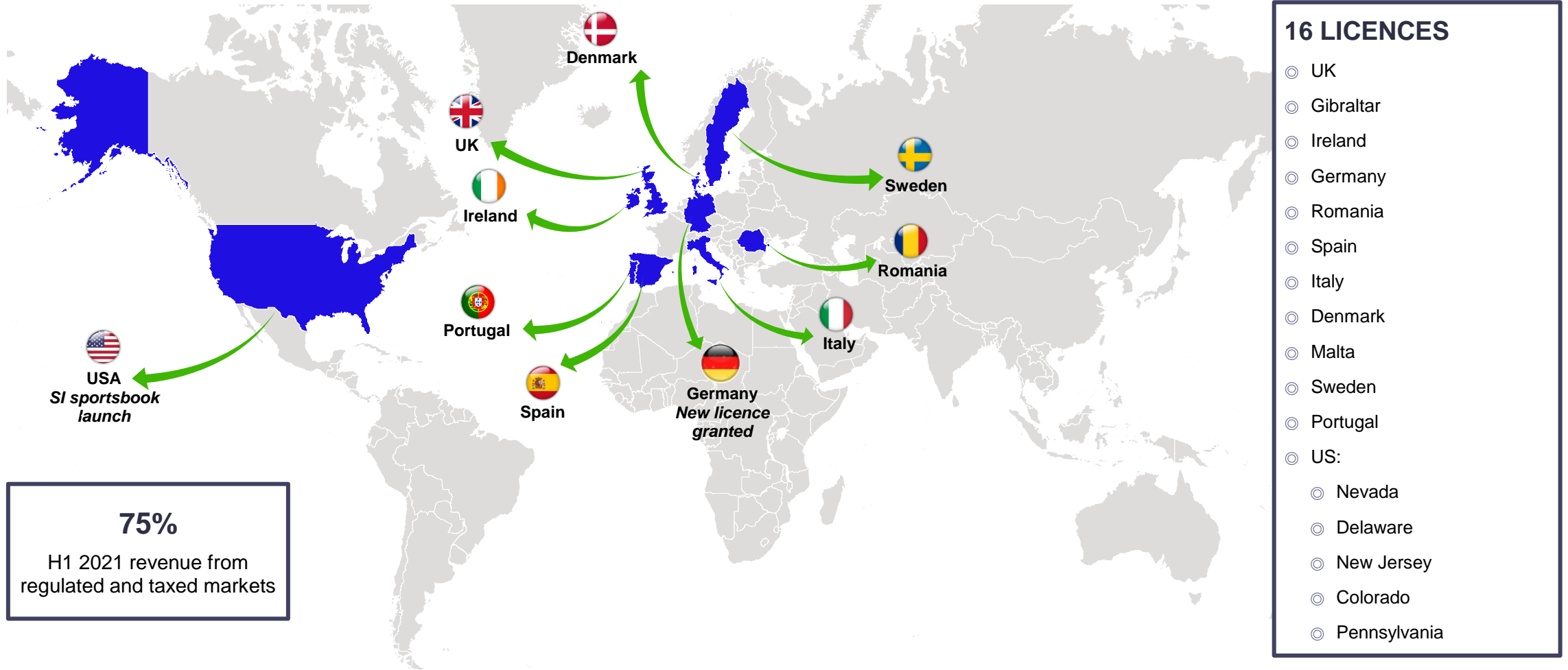
¹ Source: Comscore (refers to SI Media Group)

² Source: Comscore



REGULATED MARKET FOOTPRINT

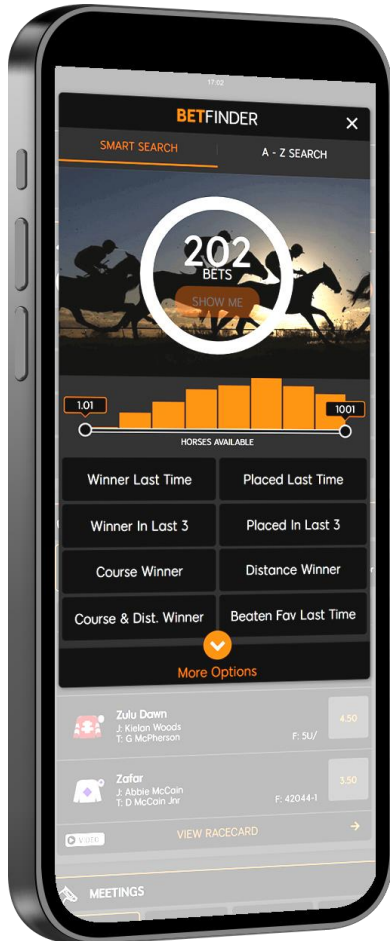
Secured new German licence, with long-term potential still multiple times current TAM



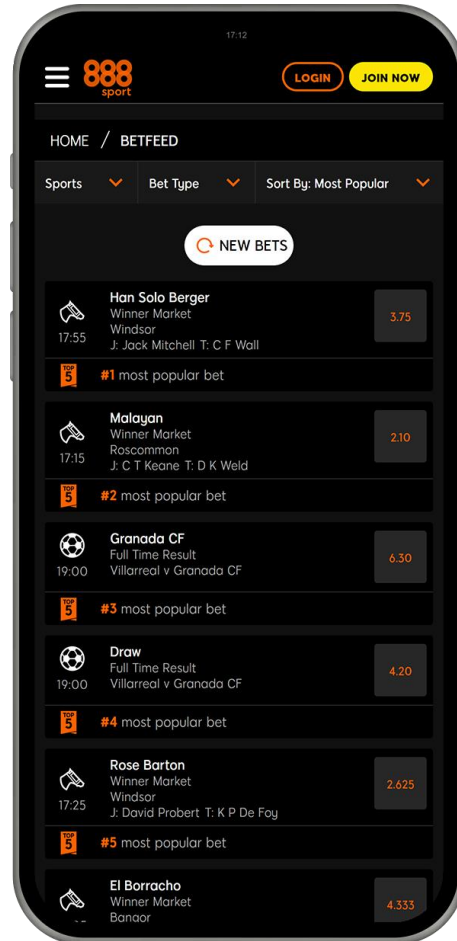
PRODUCT LEADERSHIP – BETTING

In-house platform delivers differentiated features and allows promotional flexibility

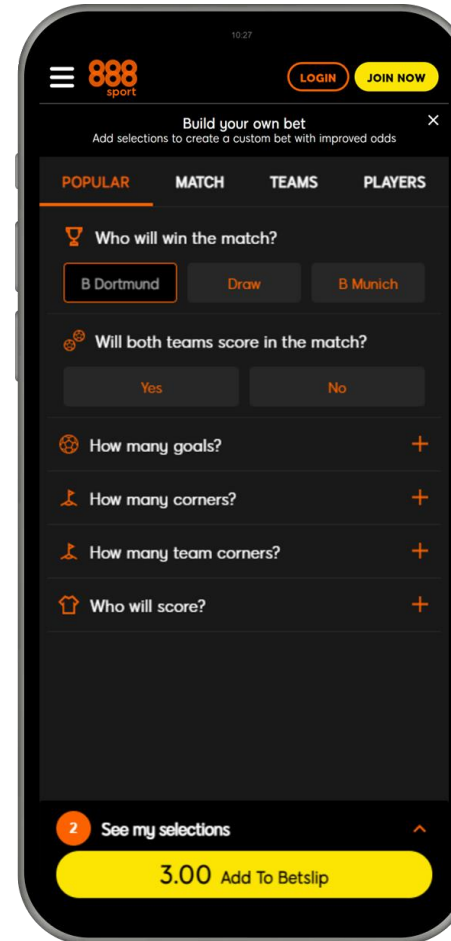
BetFinder



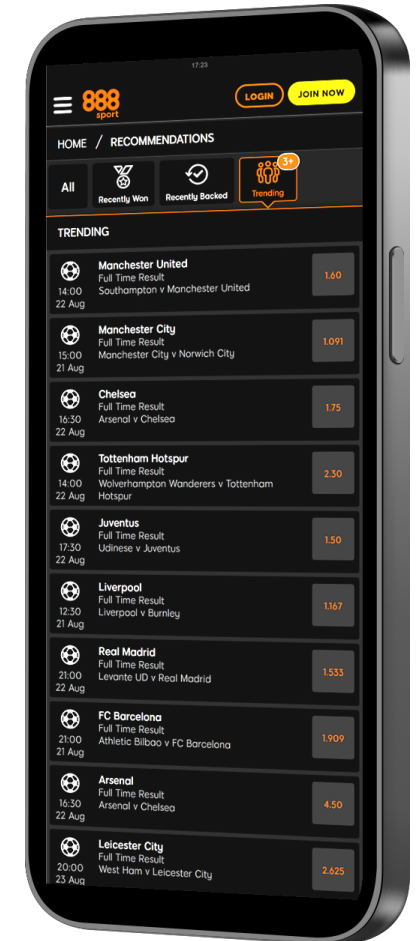
BetFeed



BetBuilder



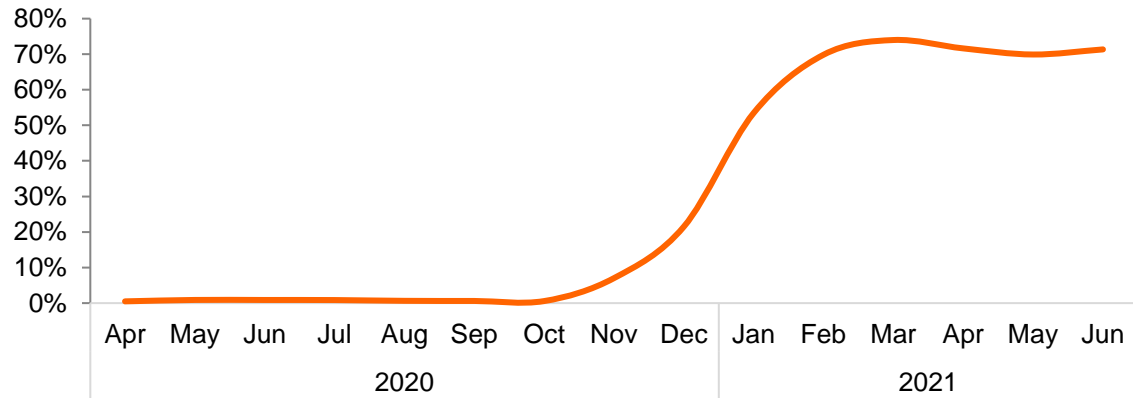
Personalisation



PRODUCT LEADERSHIP – BETTING

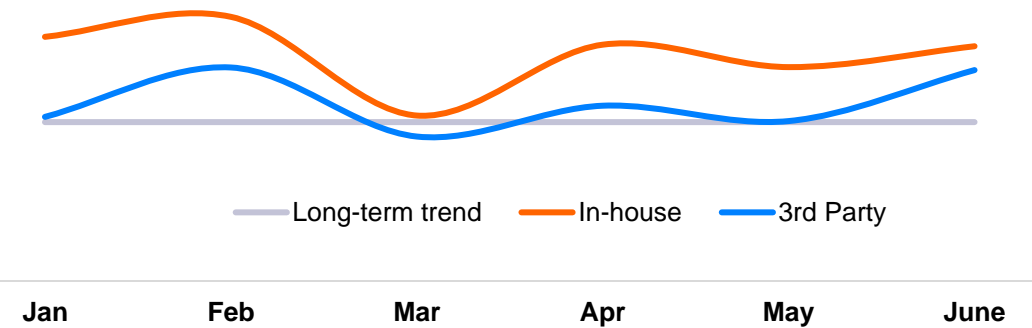
Successful in-house migration, driving superior returns

Over 70% of stakes now taken on in-house platform...



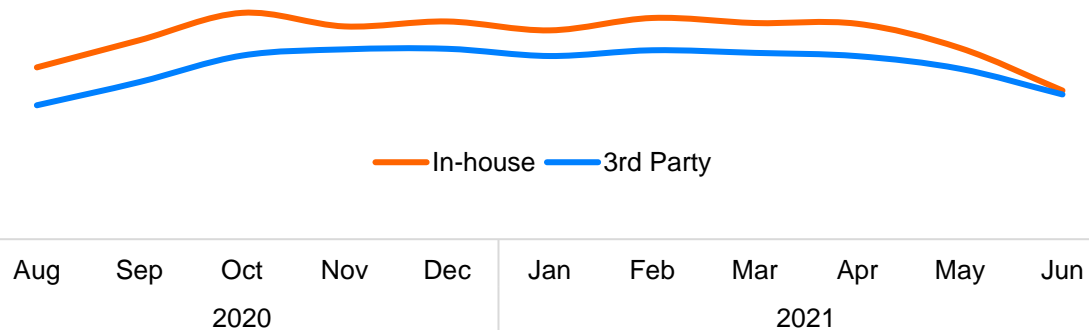
...with successful risk management and trading...

Football: Trading Margin - H1 2021



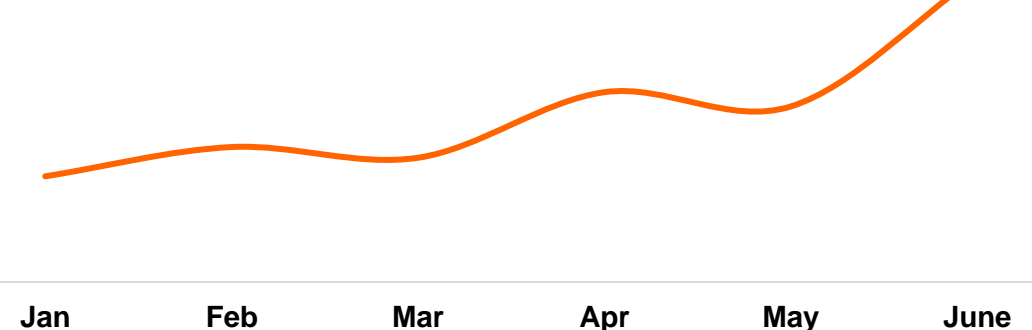
...and product capabilities driving higher multiples mix...

Football: % of stakes on multiples – 2020/21 season



...plus differentiated products like BetBuilder fuelling growth

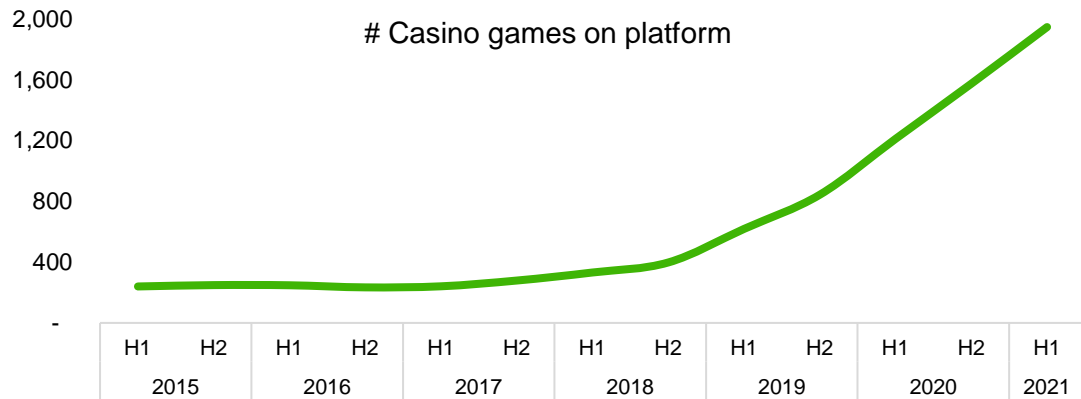
Stakes on BetBuilder product - H1 2021



PRODUCT LEADERSHIP – GAMING

Best in class offering with personalisation and diversification driving growth

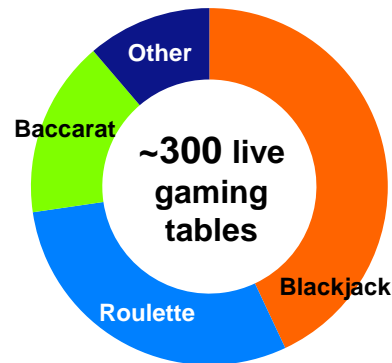
Significant increase in content following new platform launch...



...including several smash hit games developed in house...

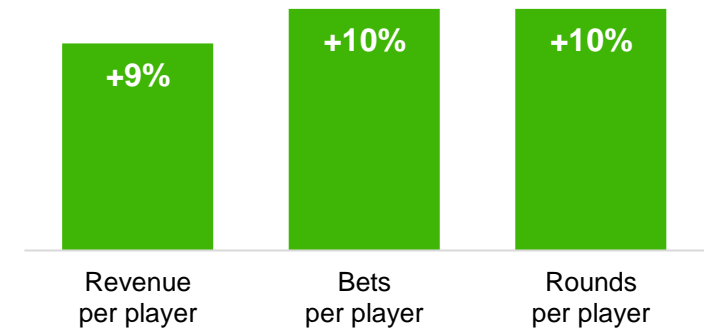


...and a major expansion of live casino across 4 providers...



...while AI enhances personalisation and drives engagement

- Improved KPIs following AI driven home page layout changes
- AI models continually optimised, constantly improving personalisation and delivering new features



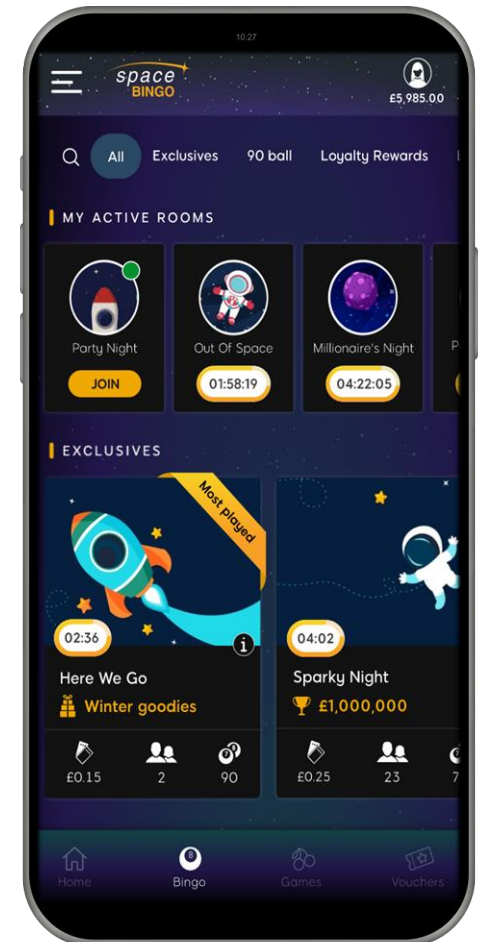
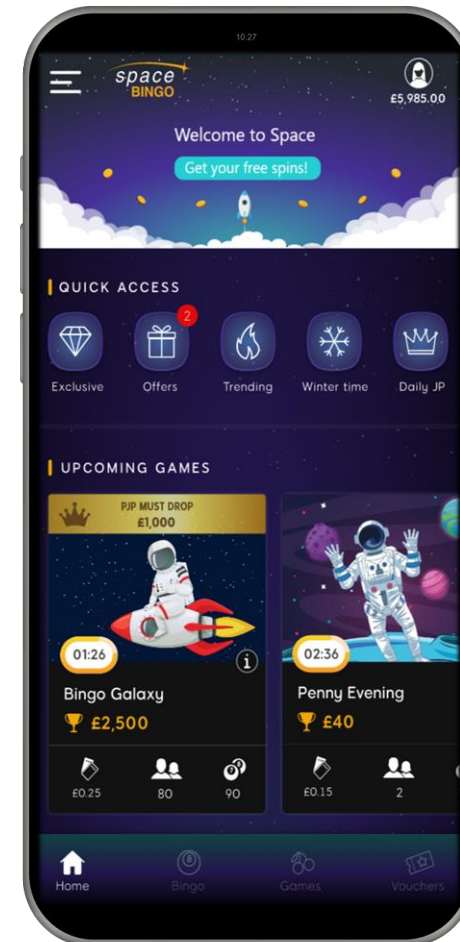
PRODUCT LEADERSHIP – GAMING

Poker revamp continues alongside Bingo progress

888poker – Made to Play



Bingo – continuous improvement to user experience



Continued momentum and well positioned to deliver further strategic progress

- ⊙ Another record period for 888, with the first half exceeding expectations
- ⊙ Strategic partnership in the US with upcoming launch of SI Sportsbook
- ⊙ Product-leadership strategy delivering strong results
- ⊙ Taking share across key regulated markets
- ⊙ Data-driven investments and AI driving ongoing marketing effectiveness
- ⊙ Opportunity to leverage strong balance sheet to pursue inorganic expansion
- ⊙ Tough H2 comparatives but confident outlook and strong platform for future success



Q&A

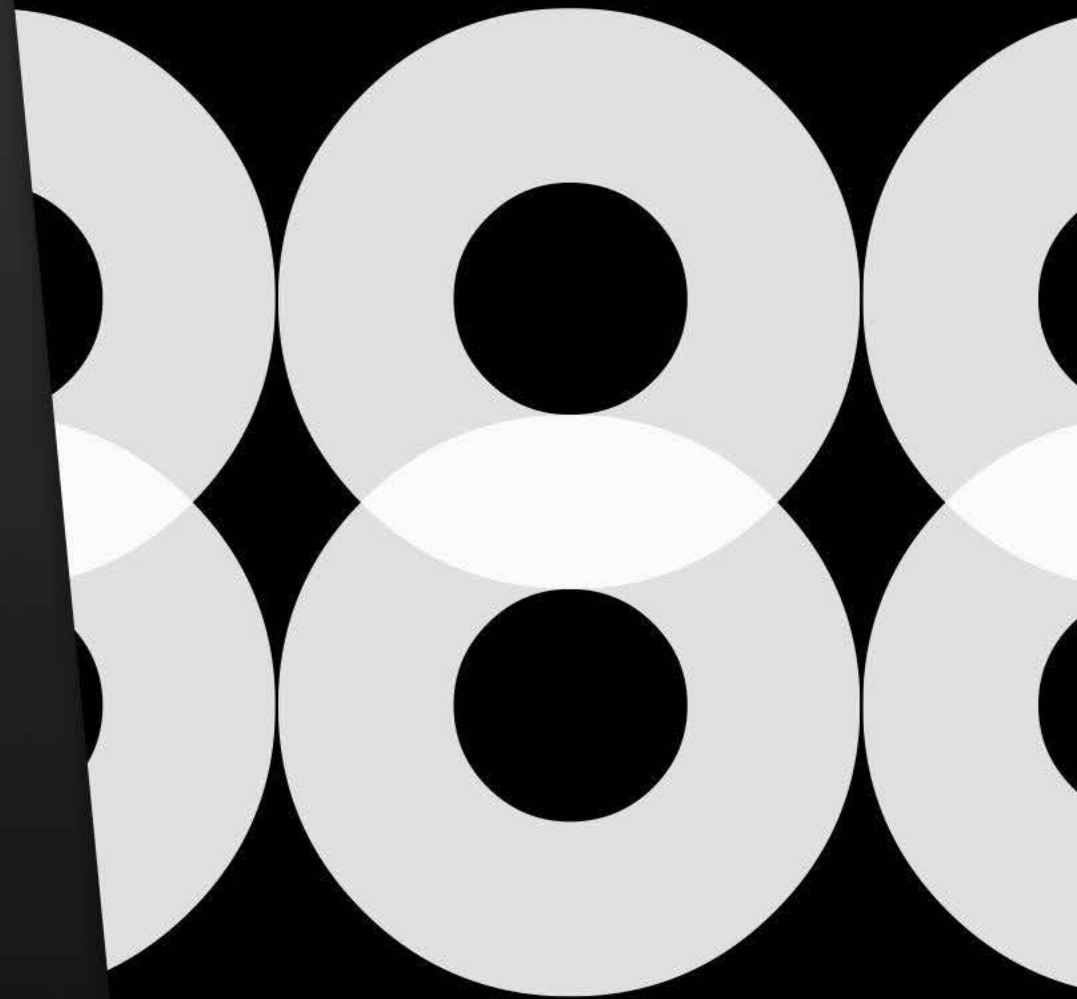
Itai Pazner, CEO

Yariv Dafna, CFO

Vaughan Lewis, CSO



APPENDIX

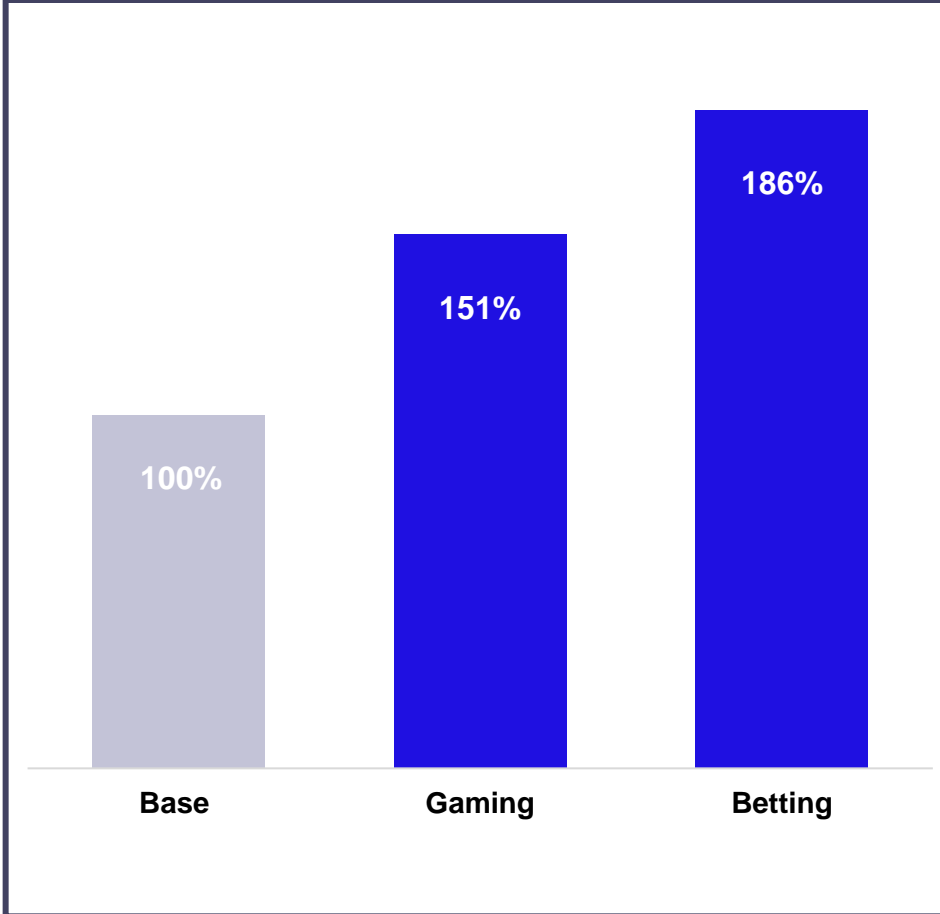


QUARTERLY GROUP REVENUE

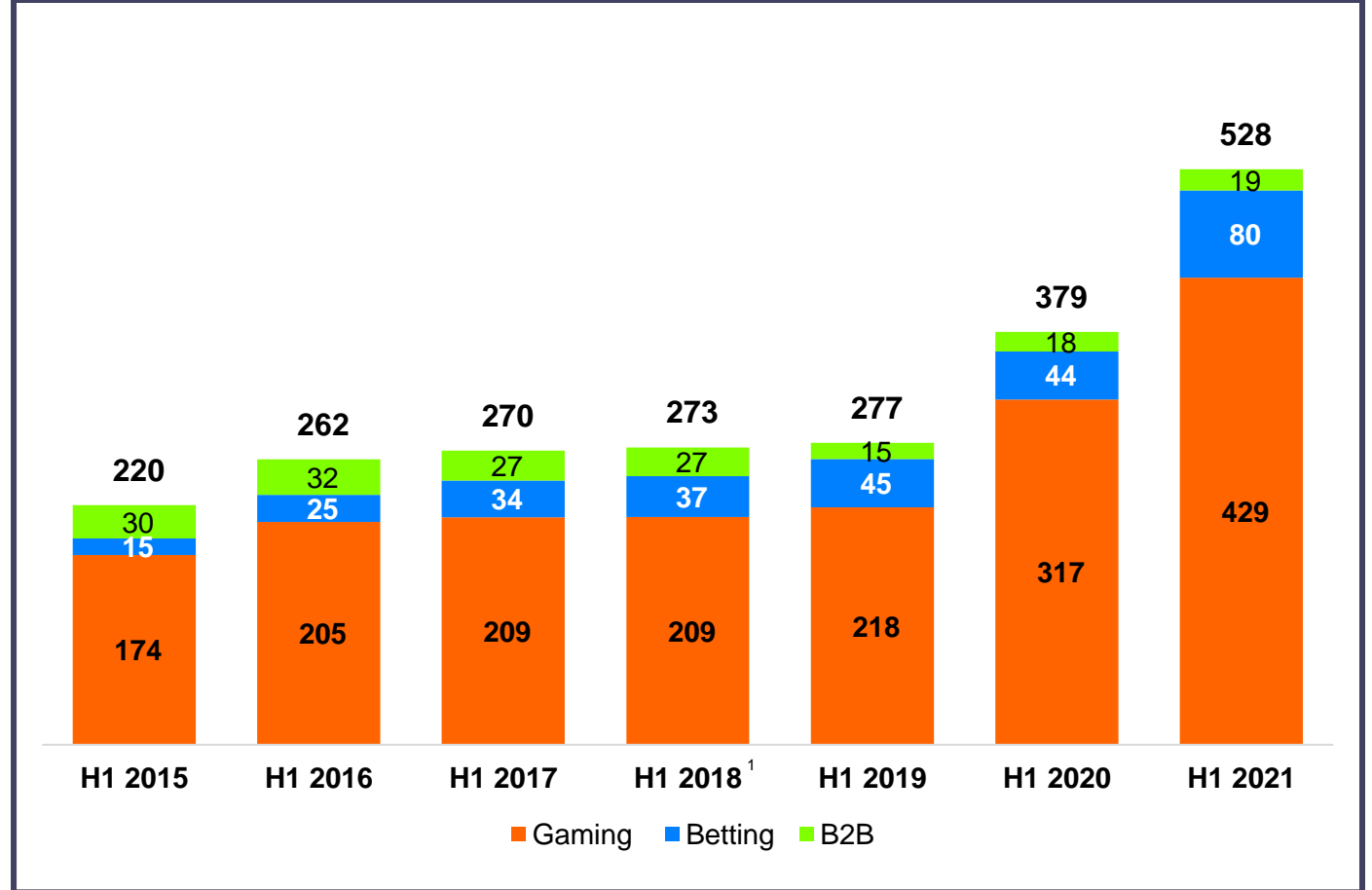
US\$m	2019				2020				2021	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
B2C Gaming	107	111	109	114	131	186	175	200	221	208
B2C Betting	23	22	22	23	26	19	32	46	42	39
B2C	130	133	131	137	157	204	206	247	263	246
B2B	8	7	7	8	8	10	9	8	10	10
Total	137	140	138	145	165	214	216	255	273	256

DEPOSITS / REVENUE BY PRODUCT

B2C player deposits by product – H1 2021 YoY



H1 revenue per year 2015 – 2021 (\$ millions)

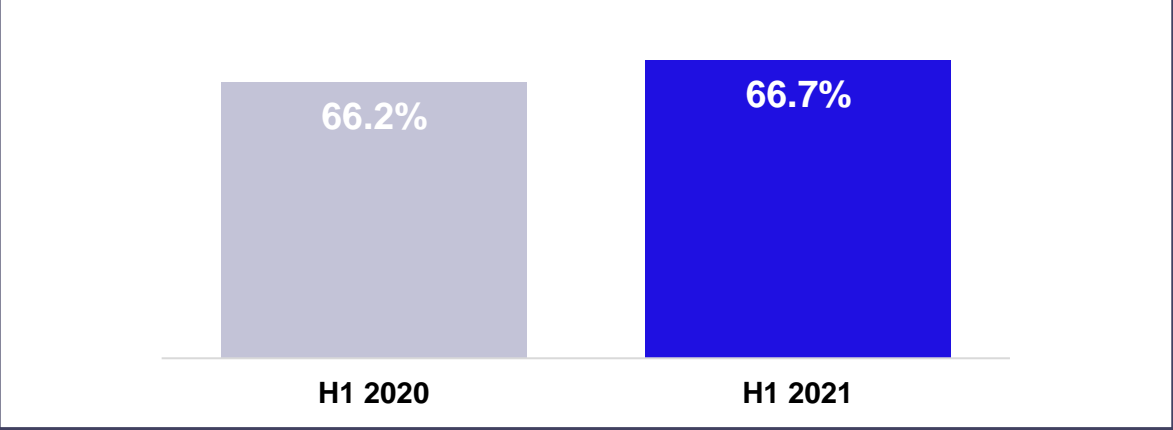


¹ H1 2018 revenue is stated before ~\$11m exceptional revenue from a historical VAT accrual release (Q2 2018)

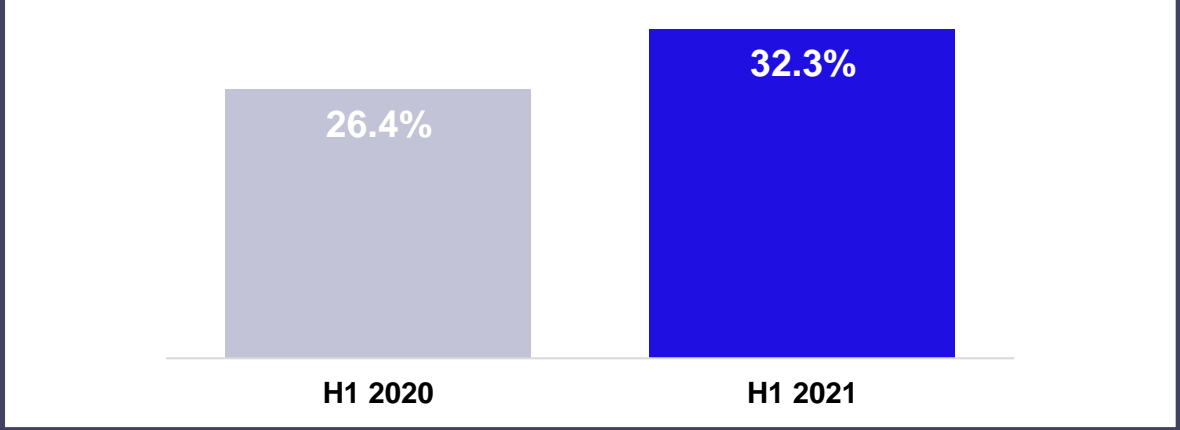


OPERATIONAL MARGINS

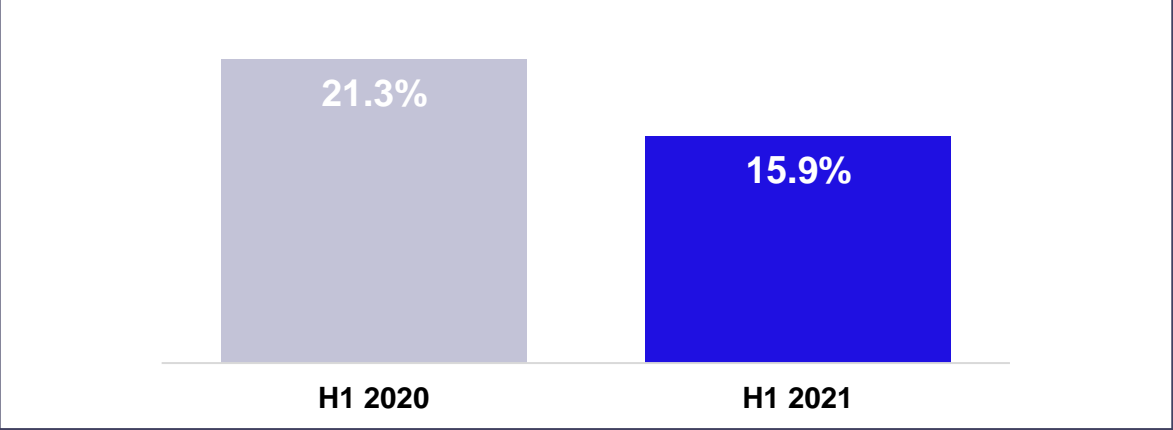
Gross margin



Marketing expenses % of revenue



Operating expenses % of revenue



Adjusted EBITDA margin

