

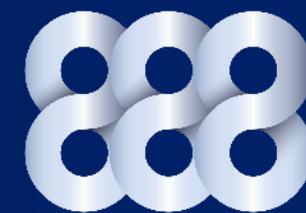
888

FY2022

**RESULTS**

PRESENTATION

14 APRIL 2023



HOLDINGS

# BOARD PRIORITIES

We have clear priorities and plans to strengthen the business and enable it to deliver on its potential



## TEAM

Appointment of strong executive directors while supporting wider management team in delivering plans in place



## ESG

Our ambition is to be one of the most trusted operators in the industry – sustainability and safer gambling are critical to this



## EXECUTION

Delivery of the plan requires strong execution, with the immediate focus on delivering synergies and deleveraging

# COMPLIANCE UPDATE

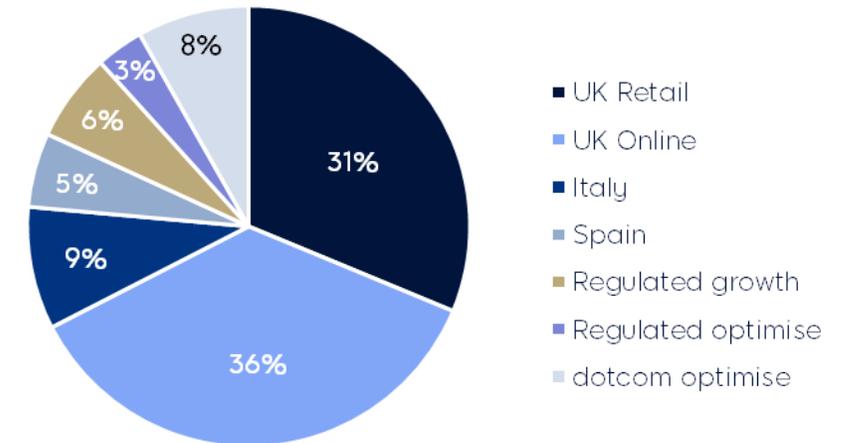
Investigation complete into Middle East VIP suspensions; remedied failings, with robust policies and procedures in place; no further impacts expected

## Enhancing sustainability through compliance action

- Compliance and safer gambling is a critical Board priority
- Significant investments in compliance team led by new Chief Risk Officer Harinder Gill
- Compliance team identified instances where safer gambling policies were not being effectively applied to an isolated cohort of players in the Middle East
- The Board took swift, decisive and prudent actions to suspend accounts
- We have now begun successfully reactivating and reopening accounts in accordance with our safer gambling policies and processes and as a result revenues in the region are beginning to recover
- Middle East impact included in full year guidance, currently expect to recover around 40-50% of suspended revenue, meaning a c.£25-30m revenue headwind for FY23

## Diversified and highly regulated revenue mix

Q1 2023 revenue by market



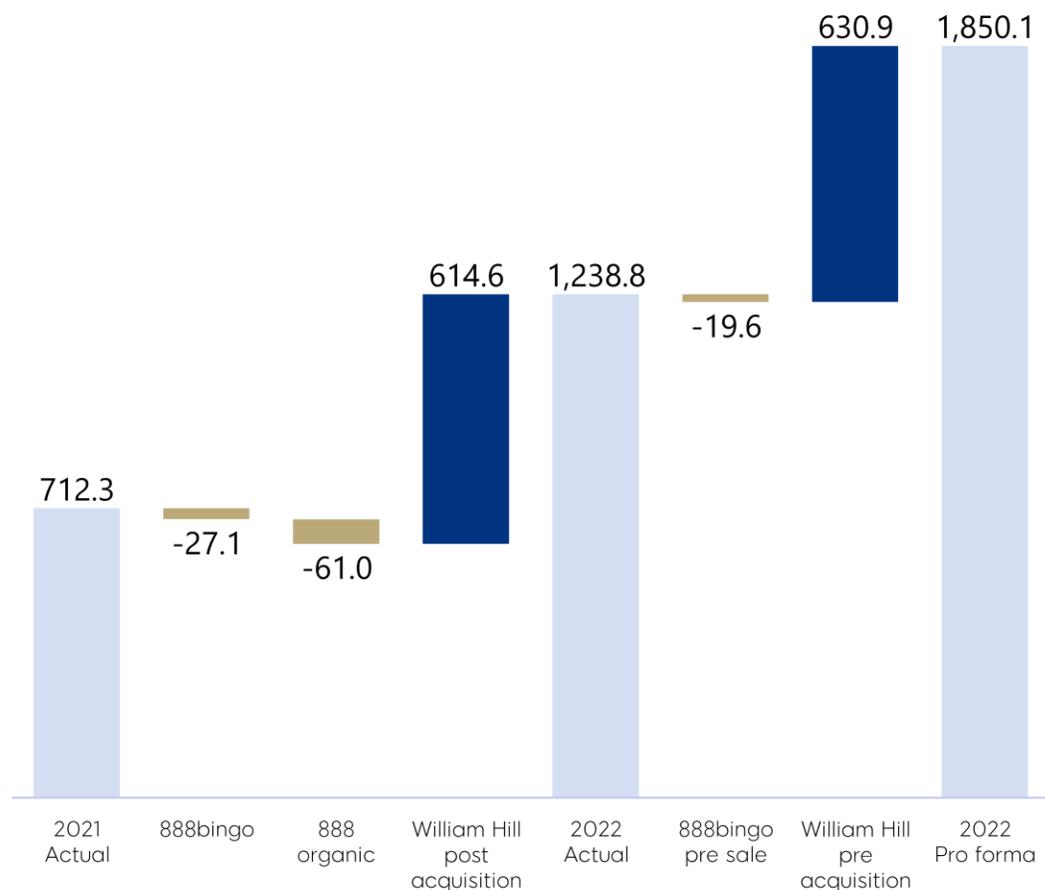
- 92% locally regulated revenues in Q1 2023
- No individual dotcom market >2%

# REPORTED TO PRO FORMA RESULTS BRIDGE

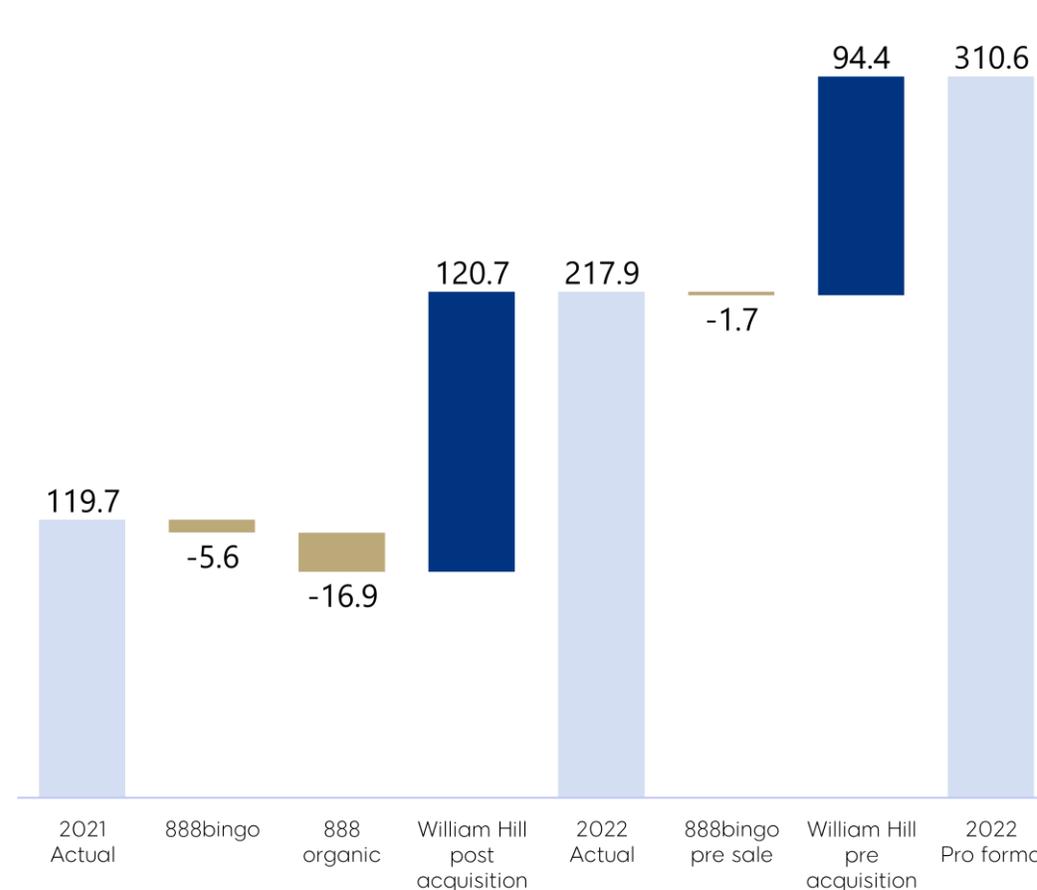


To improve clarity around the underlying trends, pro forma numbers include the results of William Hill pre acquisition, and exclude bingo

Reported to pro forma<sup>1</sup> Revenue bridge (£m)



Reported to pro forma<sup>1</sup> Adjusted EBITDA bridge (£m)



<sup>1</sup> Pro forma information, which is unaudited, presented here and throughout the rest of this presentation reflects the results as if the Group had owned William Hill for all periods, and excludes the Bingo business in all periods.

# FY2022 FINANCIAL RESULTS – PRO FORMA



We saw strong growth in the retail business as it lapped prior year closures, offset by online headwinds, notably UK safer gambling measures

£ millions <sup>1</sup>		2022	2021	YoY
<b>Revenue</b>	UK&I	1,236.3	1,235.6	0%
	- Online	717.4	898.9	-20%
	- Retail	519.0	336.8	54%
	International	613.7	671.4	-9%
	<b>Total</b>	<b>1,850.1</b>	<b>1,907.0</b>	<b>-3%</b>
<b>Adjusted EBITDA</b>	UK&I	202.6	165.4	22%
	- Online	111.9	165.2	-32%
	- Retail	90.7	0.3	nmf
	International	136.0	147.5	-8%
	Central costs	(28.1)	(43.0)	-35%
	<b>Total</b>	<b>310.6</b>	<b>269.9</b>	<b>15%</b>

- Lapping tough comparators with lockdown driven online migration across major markets
- Significant proactive safer gambling measures in the UK
- Refined market focus alongside market closures e.g. Netherlands (international revenue -4% excluding Netherlands)
- Retail bouncing back strongly to higher than pre-covid levels on a like for like basis and driving overall group EBITDA growth
- Central costs benefitting from early synergies as well as timing impact of certain costs in the prior year

# FINANCIAL FOCUS AREAS

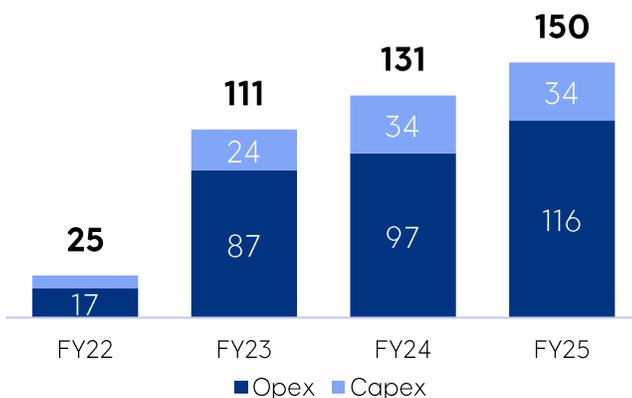
We have clear plans to improve financial performance through realising synergies, improving EBITDA margin and prioritising deleveraging



## SYNERGIES

- Accelerated synergy delivery and upgraded target of £150m by 2025, with £111m expected in 2023
- Synergies of £25m delivered in H2-2022, with quick wins across all areas of the cost base

Cumulative synergies (£m)



## EBITDA MARGIN

- Improved margin, and expect >20% in FY23 with a focus on profitability through:

### Cost of sales

- Synergies from third party content providers and payment providers
- Optimising content mix including in-house content sharing

### Marketing

- Brand optimisation by market
- Focus on better ROI

### Other operating costs

- Synergies from optimising global shared functions



## DELEVERAGING

£m	Dec-22
Gross debt at par value	1,815
IFRS16 liabilities	89
Cash (excl. customer balances)	(176)
<b>Net Debt</b>	<b>1,728</b>
Pro forma Adjusted EBITDA	311
<b>Leverage</b>	<b>5.6x</b>

- FY23 deleveraging principally through synergy delivery and EBITDA growth
- Future years should benefit from both EBITDA growth and cash generative business with focus on debt paydown

# Q1 2023 TRADING UPDATE

Q1 revenue of £446m with good underlying volumes offset by UK safer gambling impacts and suspension of Middle East VIPs

## Q1 2023 Trading Update

£ millions	Q1-23	Q1-22 <sup>1</sup>	YoY	Q4-22	QoQ
UK&I	306	312	-2%	304	1%
- Online	167	183	-9%	172	-3%
- Retail	140	129	8%	131	6%
International	140	157	-11%	154	-9%
<b>Total revenue</b>	<b>446</b>	<b>469</b>	<b>-5%</b>	<b>457</b>	<b>-2%</b>

- UK&I Online -9% with strong growth in active players and recreational cohorts, offset by safer gambling restrictions
- International revenue down -11% due to refined market focus and impact of compliance changes, partially offset by solid underlying performance elsewhere
- Retail performing very strongly, with revenue up +8% with both sports and gaming growing
- Customer activity remains strong with actives +6% YoY in Q1
- Strong Cheltenham engagement with online actives +15% YoY, record bets per minute and stakes & revenue ahead of plans
- Cash (excluding customer balances) at 31 March 2022 of approximately £170m

## FY23 Guidance

- Low to mid single digit decline in revenue YoY, driven by focus on core and growth markets, expansion of recreational base in the UK and selected compliance and market events
- £25-30m full year revenue headwind from Middle East following conclusion of internal investigation
- Adjusted EBITDA Margin of >20%



<sup>1</sup> Based on unaudited pro forma results

# FY2025 FINANCIAL TARGETS



Reaffirmed FY2025 financial targets, delivering strong shareholder returns while building the platform for future growth

<b>Revenue</b>	<b>&gt;£2bn</b>	Refined strategic focus on a smaller number of key markets, with clear targets to drive greater market share and build sustainable long-term market leadership positions
<b>Adjusted EBITDA Margin</b>	<b>&gt;23%</b>	Focus on building scalability into the enlarged Group's operating model, using the benefits of unified proprietary technology and operations to drive higher profit margins
<b>Leverage</b>	<b>&lt;3.5x</b>	Extremely disciplined approach to capital allocation, with a clear focus on deleveraging
<b>Adjusted EPS</b>	<b>&gt;35p</b>	Strong focus on core equity growth drivers to deliver the benefits of the enlarged Group

# MARKET FOCUS – CORE



Strong performance in Italy and Spain offset by challenges in the UK, primarily related to significant impact of player safety measures

## UK ONLINE

- Maintained strong player activity and growing market share based on actives, particularly in gaming<sup>1</sup>
- Revenue trend impacted by covid unwind in H1, albeit the significant majority of the FY decline was due to safer gambling changes across all periods

## ITALY

- Initial covid unwind impact on revenue and market share as retail reopened and omni-channel operators benefitted
- Strong momentum through 2022 with 888casino increasing its market share by 1ppt from H2-21 and being the only online-only brand taking share<sup>2</sup>

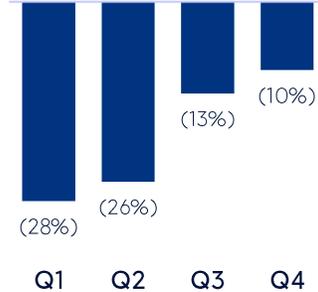
## SPAIN

- H1 2022 impacted by covid unwind, with strong momentum through H2 2022
- First full year of the advertising restrictions with strong brand awareness and product driving performance

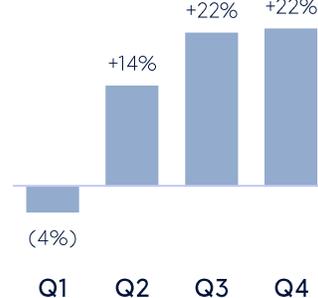
YoY Actives<sup>3</sup>



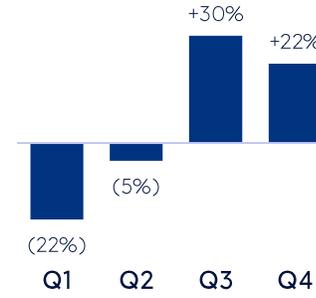
YoY Revenue



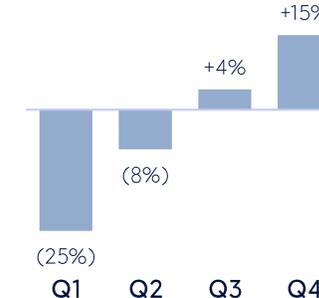
YoY Actives<sup>3</sup>



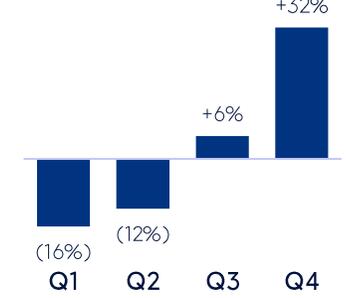
YoY Revenue



YoY Actives<sup>3</sup>



YoY Revenue



Note: all charts for actives and revenue and based on unaudited pro forma numbers

<sup>1</sup> Based on Betscope market research Q1 to Q4 2022

<sup>2</sup> Based on regulator reports. 1ppt increase in share from H2-21 to Q3-22 as detailed data for Q4-22 has not yet been released

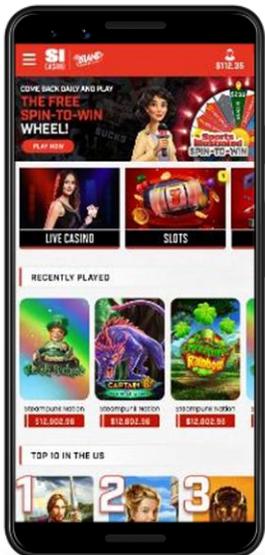
<sup>3</sup> Actives represent average monthly players who wagered a stake in each period

# MARKET FOCUS – OTHER

Regulated market launches support our growth market strategy, with profitability focus supported by optimise markets

## GROWTH

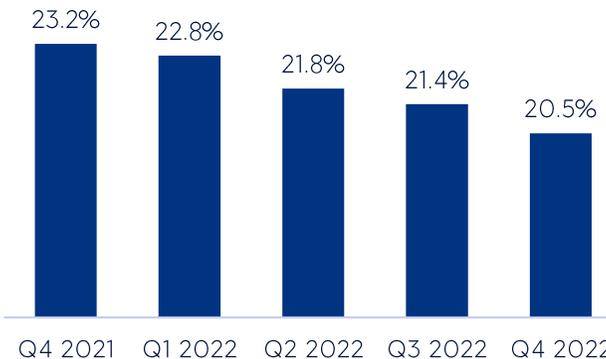
- Launched 888 on a locally regulated basis in Ontario in Apr-22
- SI Sportsbook launched in Virginia and Michigan, with SI Casino launched in Michigan in Feb 2023
- Mr Green now ranked #1 for brand awareness in Denmark<sup>1</sup>, ahead of the former monopoly brand



## OPTIMISE

- Optimised brand strategy by market rolled out through H2 following completion
- 888sport successfully migrated onto in-house platform in Denmark and Romania, supporting scale benefits
- 3ppts increase in contribution margin from H1 to H2 2022

Optimise markets as % total revenue

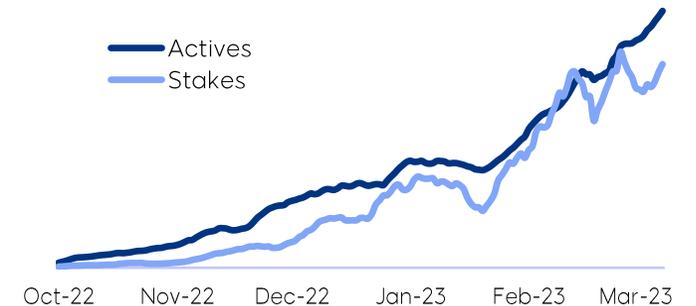


Note: based on unaudited pro forma numbers

## PIPELINE

- 888AFRICA JV signed in March, first 4 markets launched in October, and already over 500,000 customers

L7D Average daily actives and stakes since launch



<sup>1</sup> Mindshare brand tracking

# KEY ENABLERS – PRODUCT AND CONTENT

The combination of 888 and William Hill will enable us to offer best-of-breed betting and gaming products across all our brands

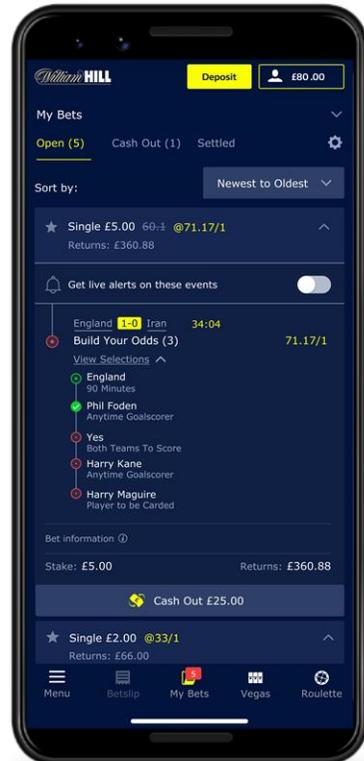
## Product and content leadership

## World class brands

## Customer excellence



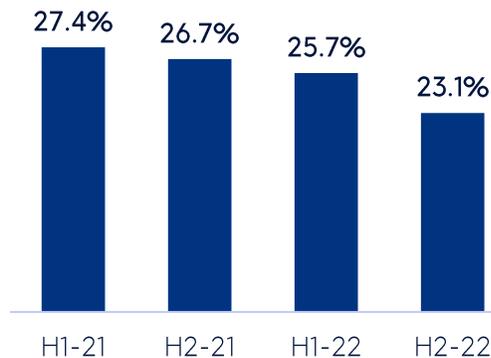
Improved #BuildYourOdds bet builder with leg tracking, real time bet status and cash out



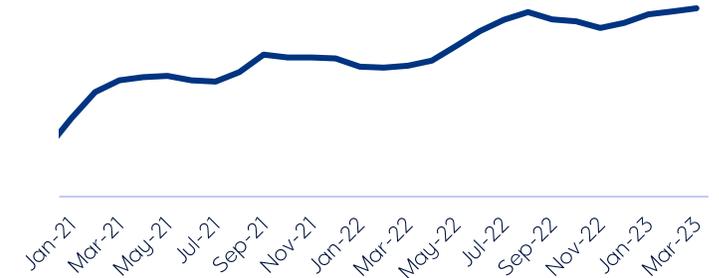
New daily wish free to play game on casino supporting engagement and retention



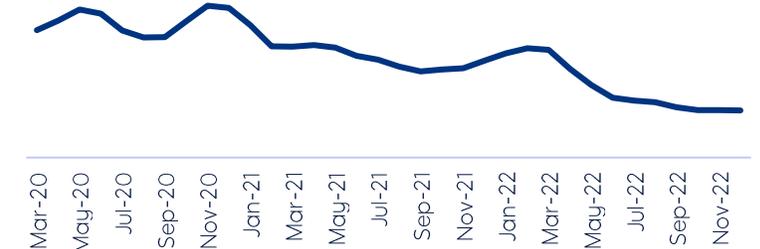
### Pro forma online marketing ratio



### Rolling 12m Customer NPS



### Rolling quarterly average contacts per active

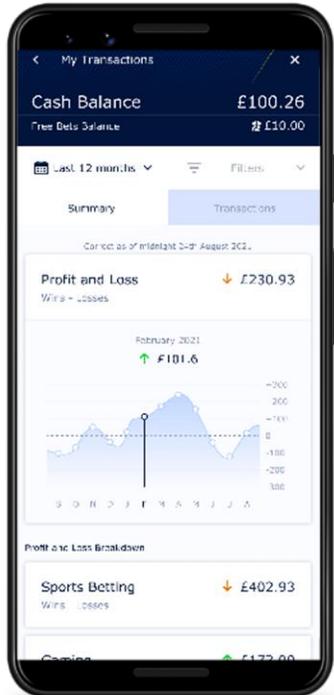


# SUSTAINABILITY

Our approach to ESG and sustainability is fundamental to our long-term growth ambitions, as we continue to build the business into a global leader

## PLAYERS

- >500,000 third-party financial vulnerability checks carried out in the UK
- >2.7 million customer interactions undertaken, +19% on 2021
- 45% of global customers have deposit limits, up from 37% in 2021
- 72% of 888 players have access to the *Control Centre*



Over 88,000 safer gambling interactions carried out in retail



Launched and promoted engaging player safety campaigns and messaging

## PEOPLE

**+8**

Employee net promoter score across the Group

**32%**

% of women in senior management positions



Partnership with Girls Who Code



Employee volunteering opportunities supported via Neighbourly

## PLANET

**-44%**

Reduction in 888 global emissions vs 2019 baseline



**B-**  
CDP rating



**FTSE4Good**  
98<sup>th</sup> percentile in travel and leisure

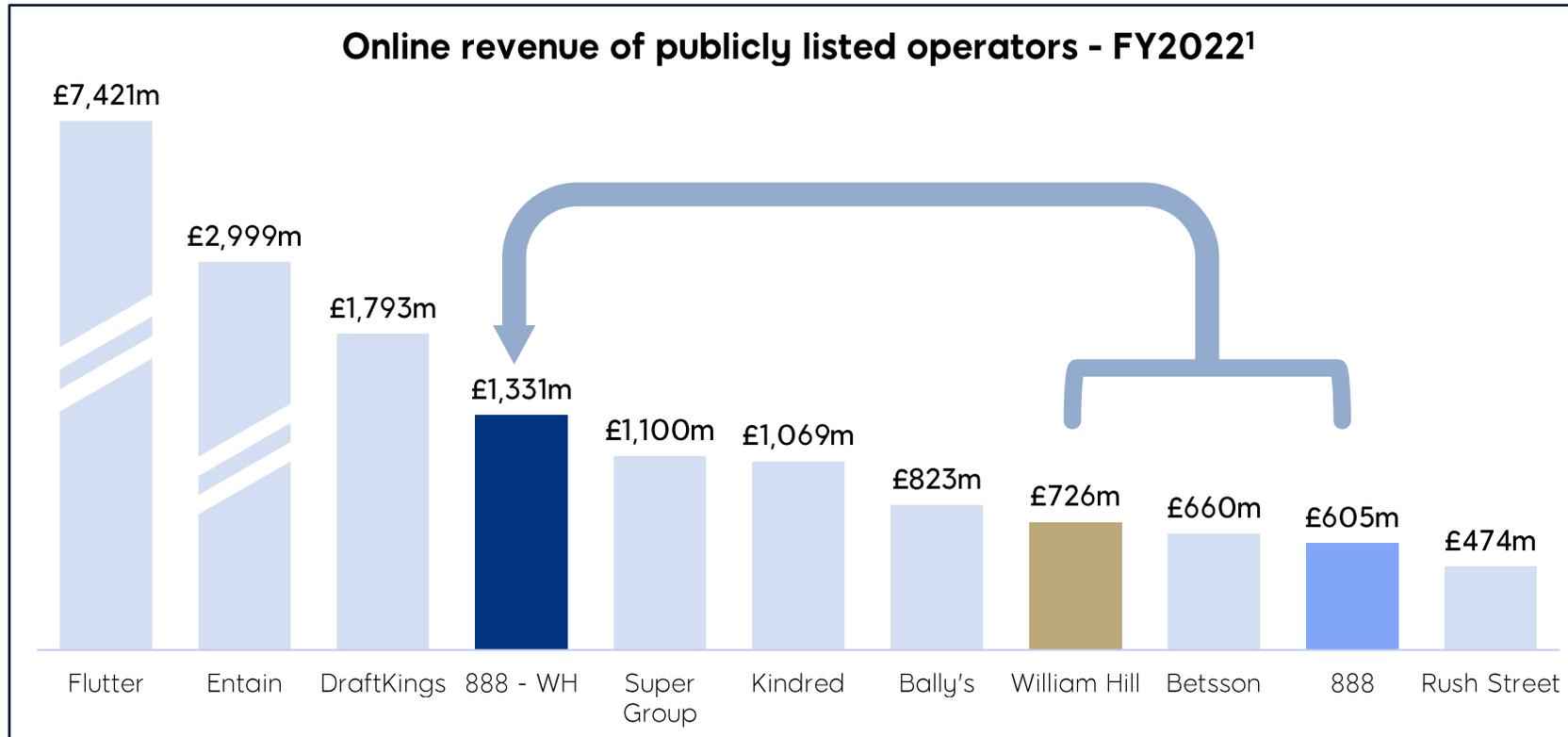


William Hill achieved carbon neutral status despite an extensive retail footprint

# SCALE AND POTENTIAL



We have created a diversified global leader with strong growth potential



## Superior scale

- Combined we are a top 4 publicly listed global online operator
- Leading proprietary technology and product capabilities
- A portfolio of iconic brands
- Combination of strong teams and capabilities to enhance customer experiences

<sup>1</sup> As reported from public company documents. Converted to GBP at the average rate for 2022, being USD 1.2494; EUR 1.1779; and AUD 1.7863. 888 excludes Bingo results prior to its sale.

# SUMMARY

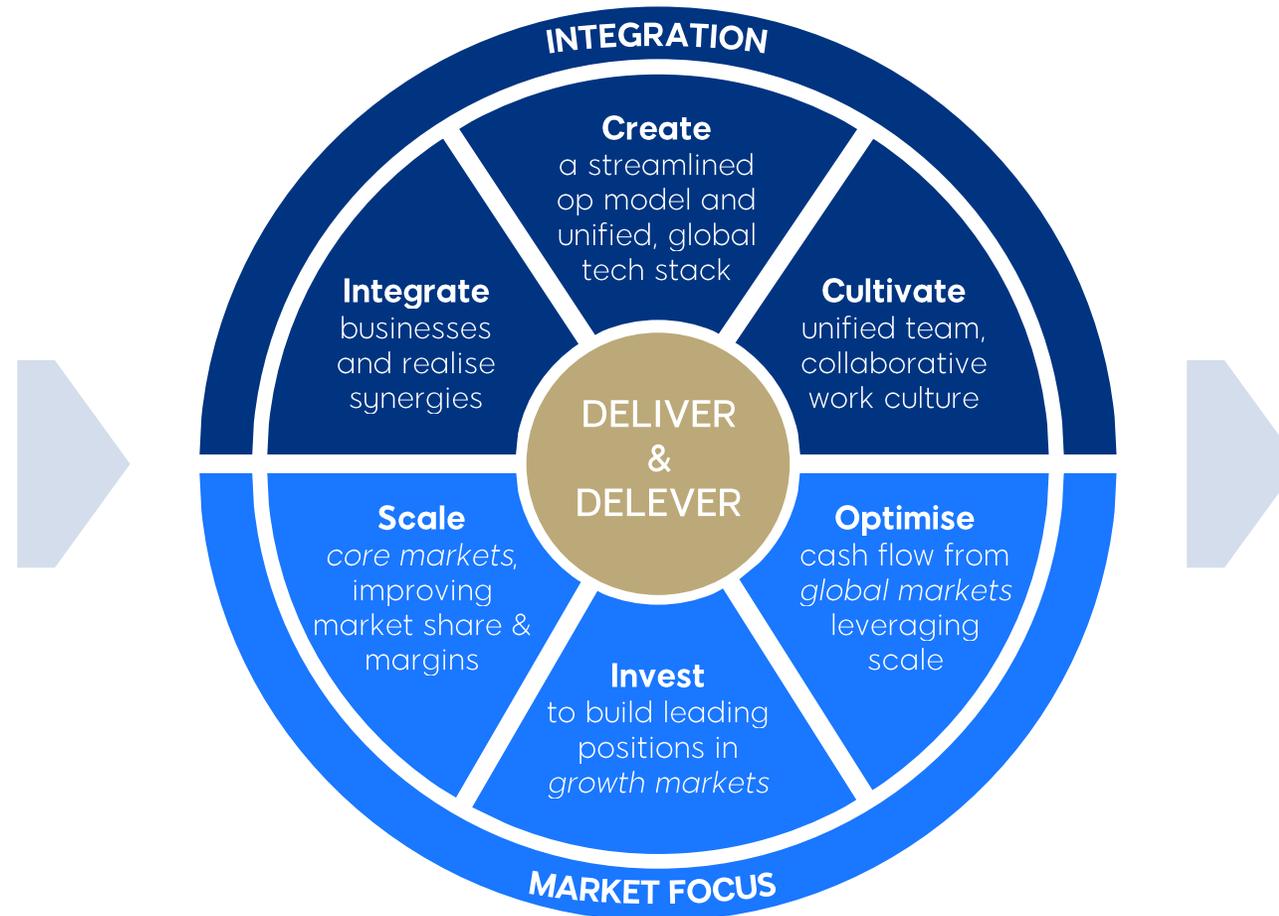
Executing on clear plans to realise our potential

## H2 2022 delivering on our **PLAN**

### H1 2022 **POSITION**

Transformation of business to create a large scale business, with leading positions in key regulated markets

Strong potential constrained by high leverage and below average EBITDA margins



### In order to realise our **POTENTIAL**

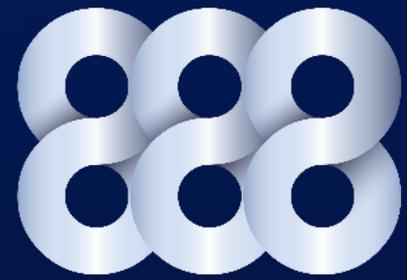
a world-class customer-led organisation, with high growth potential enabled by proprietary technology, world-class brands and a strong growth culture



HOLDINGS

# Q&A

PRESENTERS



HOLDINGS