



888 Holdings Plc

Full Year Results 2021

9 March 2022





Introduction



Itai Pazner, CEO



AGENDA

- ① Introduction and highlights
- ② Financial review
- ③ Strategic review
- ④ Summary
- ⑤ Q&A



Another record year, with strong strategic progress

- ◎ Record revenues (\$980m) and Adjusted EBITDA (\$165m) with strong cash generation
- ◎ Regulated markets driving growth, with regulated or taxed mix at 74% of revenues
- ◎ Continued success with focus on product and content leadership
- ◎ Data-driven marketing investments delivering profitable customer acquisition; new *Made to Play* master brand plans
- ◎ Continued progress on increasing customer protection & safer gambling
- ◎ Strategic Sports Illustrated partnership in the US with initial launch in Colorado; 3-4 more states to come in 2022 and 12-15 in the medium term
- ◎ Announced transformational acquisition of William Hill
- ◎ Announced proposed sale of bingo division to increase focus on core growth opportunities
- ◎ Refined corporate strategy and ESG framework set the platform for long-term sustainable growth



Financial review

Yariv Dafna, CFO



FINANCIAL HIGHLIGHTS

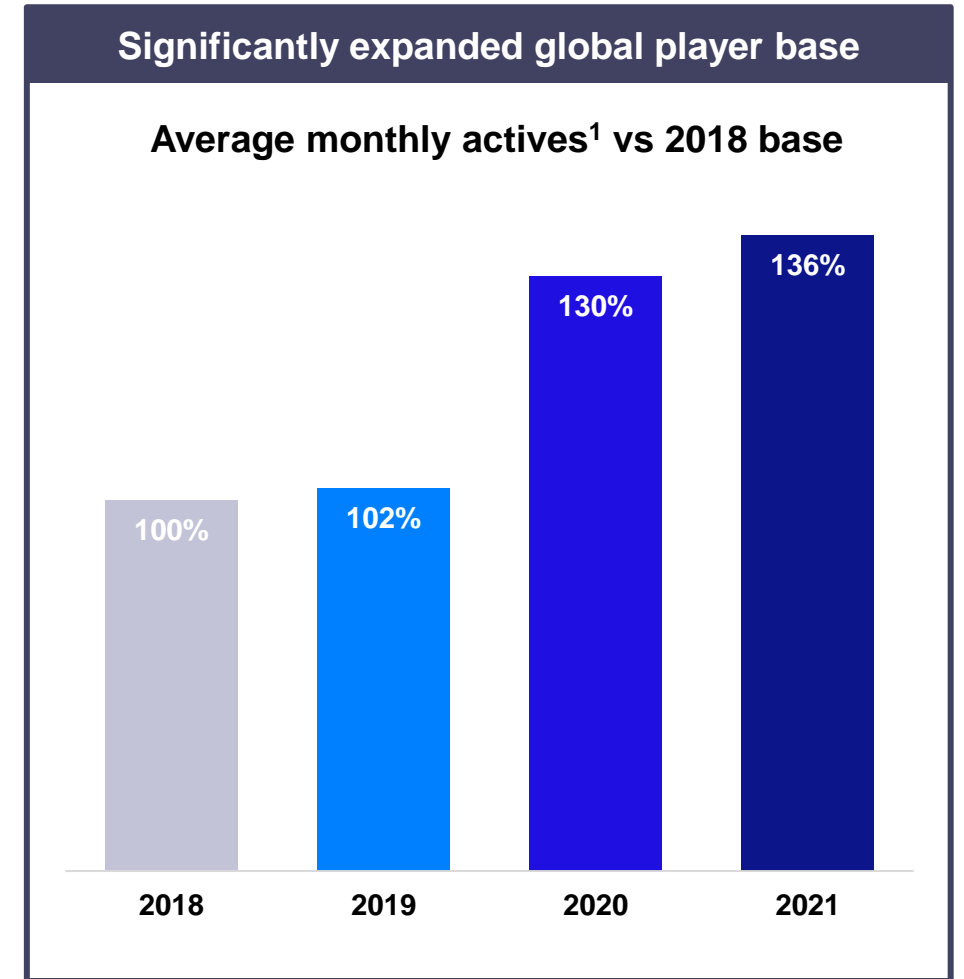
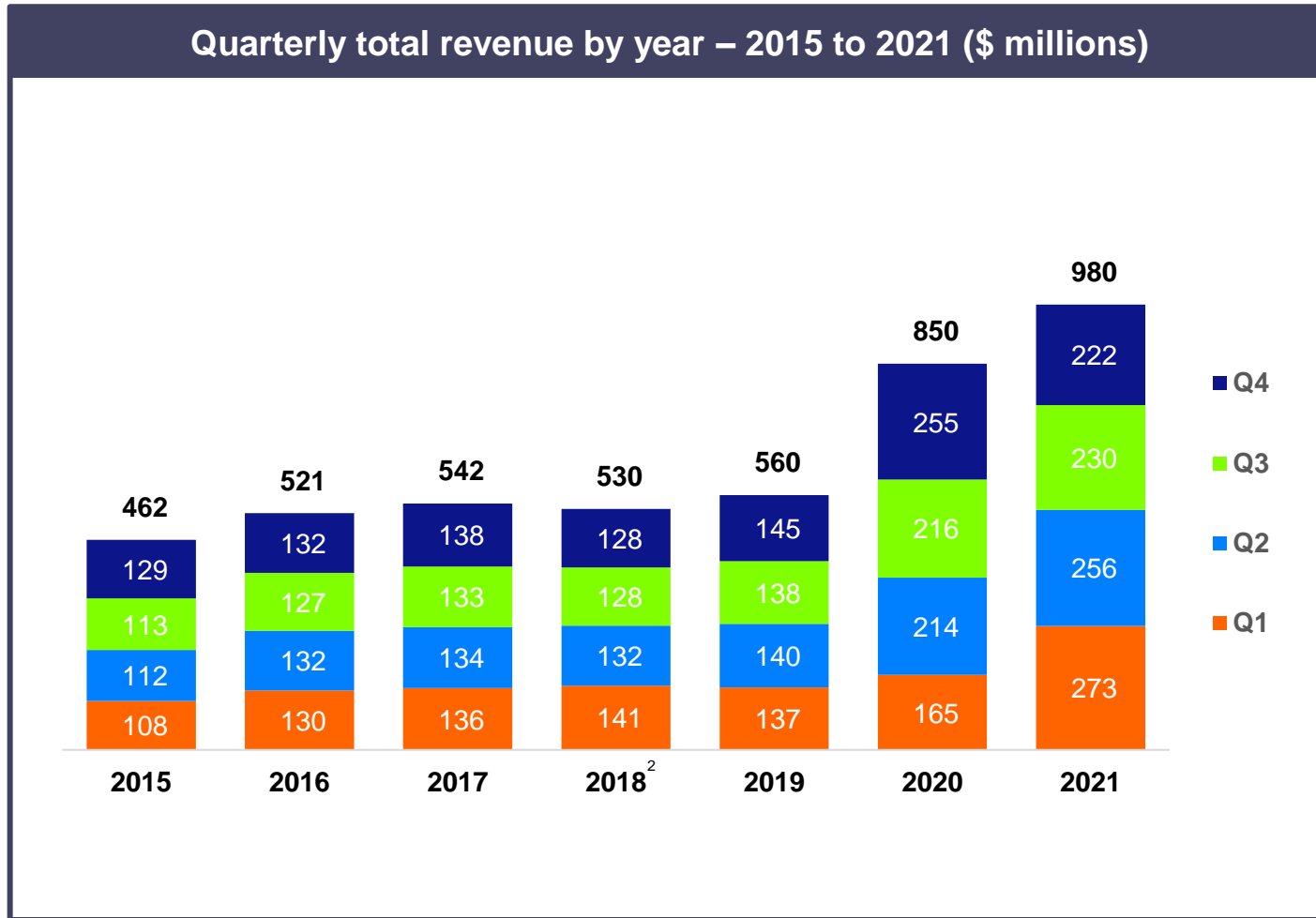
Record revenues and Adjusted EBITDA despite regulatory headwinds

US\$ millions		2021	2020	YoY
Revenue	B2C	941.9	814.3	16%
	B2B	38.2	35.4	8%
	Total	980.1	849.7	15%
Profitability	Adjusted EBITDA	165.0	155.6	6%
	Adjusted EBITDA Margin	16.8%	18.3%	-1.5ppts
	Adjusted EPS	27.3c	27.3c	flat
Financial Position	Free Cash Flow ²	102.7	175.4	-41%
	DPS (Dividend) ³	4.5c	14.6c	-69%
	Net Cash ⁴	174.5	148.2	18%

- ⊙ Revenue growth of +15% (+10%cc¹) driven by expansion in regulated markets
- ⊙ Adjusted EBITDA margin slightly down, reflecting additional investment in the US and marketing to support our growth plans
- ⊙ Free cash flow impacted by working capital timing, particularly the significant positive swing in the prior year, together with investment in the US and exceptional costs related to M&A
- ⊙ Strong balance sheet with 18% increase in Net Cash position

REVENUE EVOLUTION

Step change in scale following new product launches and digital migration



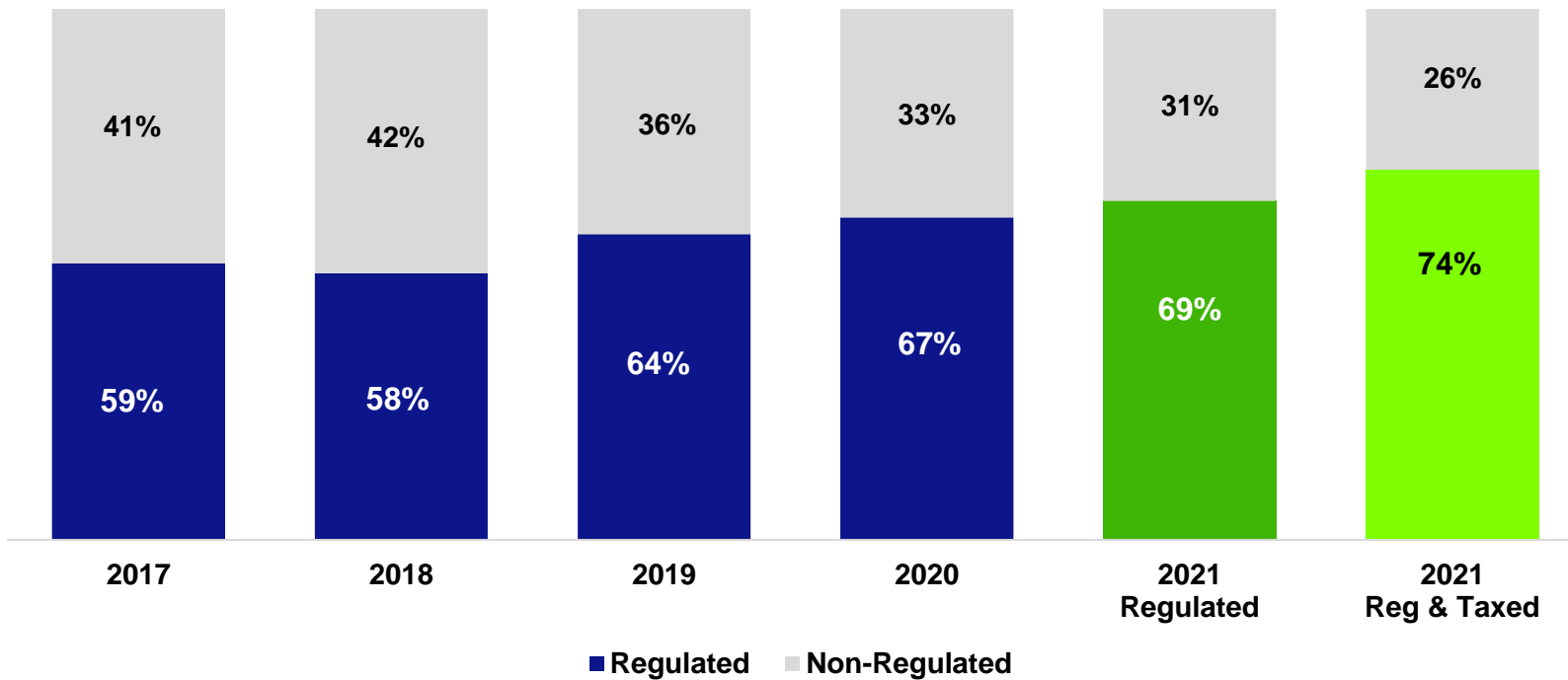
¹ Actives reflects the monthly average of B2C customers who were active in the period and have made at least one lifetime deposit

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

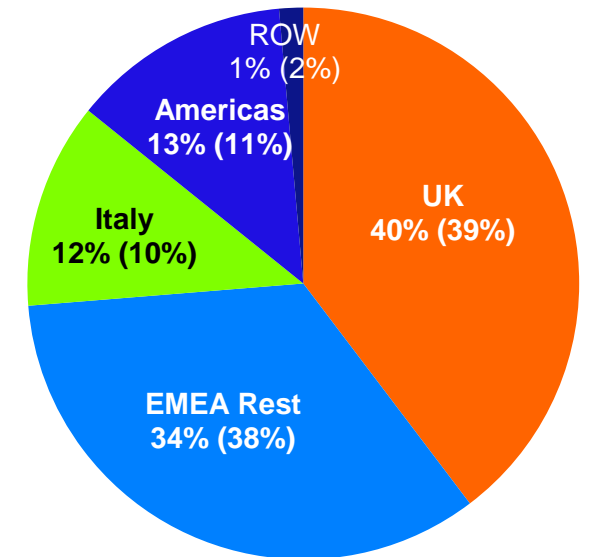
REGULATED MARKET LEADER

Diversified revenue mix with growth driven by locally regulated markets

Locally regulated revenue mix 2017 – 2021



Revenue by geography 2021 (2020)



ADJUSTED EBITDA

6% growth in Adjusted EBITDA despite increased investment in the US

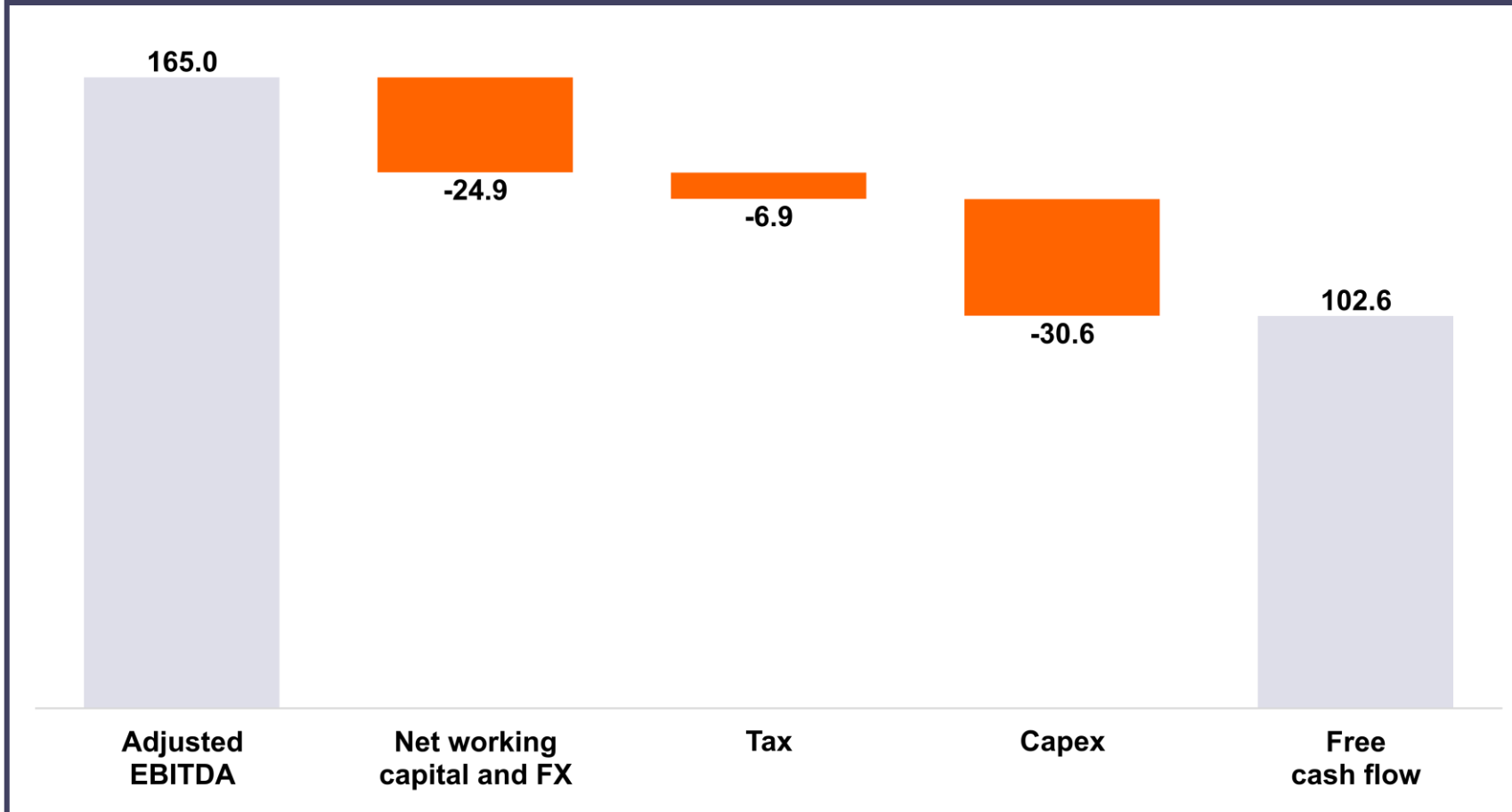
US\$ millions		2021	2020	YOY
Revenue	Group revenue	980.1	849.7	15%
Gross profit	Cost of sales ¹	333.1	286.9	16%
	Gross profit ¹	647.0	562.8	15%
	Gross margin	66.0%	66.2%	-0.2ppts
Contribution	Marketing expenses	306.5	237.1	29%
	Contribution	340.5	325.7	5%
	Contribution margin	34.7%	38.3%	-3.6ppts
Adjusted EBITDA	Operating expenses ²	175.5	170.1	3%
	Adjusted EBITDA ²	165.0	155.6	6%
	Adjusted EBITDA margin	16.8%	18.3%	-1.5ppts

- ◎ Double digit growth across most major markets, despite challenging comparatives
- ◎ Gross profit margin largely stable, with 3rd party cost savings offset by increased duties as regulated mix increases
- ◎ Continued investment in growth with marketing up 29% as we target leading positions in our key focus markets
- ◎ Strong scale benefits with operating cost leverage, leading to Adjusted EBITDA margin being 1.5ppts down despite increased marketing and US investment

FREE CASH FLOW

Strong cash flow generation, reflecting relatively capital light business model

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

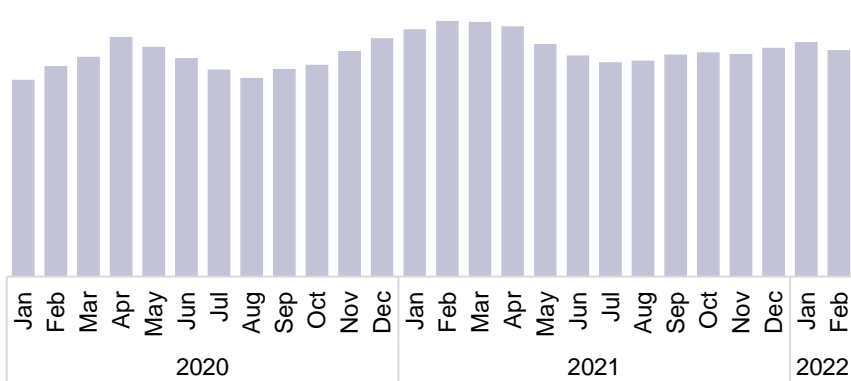


- Strong conversion of Adjusted EBITDA to free cash flow
- Net working capital includes more than \$20m of one-off cash costs, principally related to professional fees for M&A activity and FX losses
- Capex reflects continued investment in US expansion and platform/product improvements

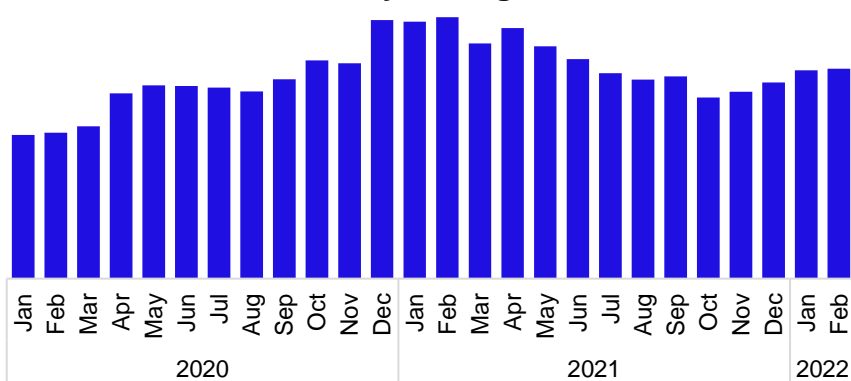
Improved momentum into 2022 gives confidence in full year expectations

Improved Momentum into 2022

B2C Daily Average Actives



B2C Daily Average NRC



Current trading

- Positive start to 2022 with strong customer volumes and average daily revenues throughout January and February up mid single digit relative to Q4 2021
- YoY decline in line with expectations given strong comparative and Netherlands exit

Platform for future growth

- Trends stabilised in H2 2021 post leisure reopening (particularly in the UK) and full implementation of our new safer gambling measures. Growing from this new base with strong product pipeline
- Expect to launch in 3-4 new US states during 2022
- Investing in German expansion under sport licence, gaming licence application still in process
- Plans to launch on a locally regulated basis in both Ontario and Netherlands, subject to regulatory approval

Other

- Impact of all regulatory and compliance changes already embedded within H2-2021 performance
- Further updates planned with Q1 trading update



Strategic review



Itai Pazner, CEO



Refined our strategic framework to 3 focus areas to deliver long-term, sustainable growth



Market focus

Clear focus on the addressable growth opportunity by archetype

Core markets

Growth markets

USA

Long-term investment

Optimisation



Sustainable competitive advantages

Invest in core capabilities to reinforce our competitive advantage, enabling long-term sustainable growth

Product and content leadership

World class brands and marketing

Customer excellence

People and team



Value enhancing M&A

A structured and systematic approach to M&A, focussed on delivering long-term value creation in the most attractive end markets

Strategic vision for sustainable growth aligns with and is supported by our *Made for the Future* ESG framework

MARKET FOCUS

Clear focus on attractive long-term growth opportunities, with strong progress in 2021



MARKET FOCUS – THE USA

Long-term growth opportunity where we can leverage iconic brands to grow profitably

Technology

Scalable proprietary platform

Iconic Leading Brand

Integrated content, media and gaming creating differentiation

Operational Expertise

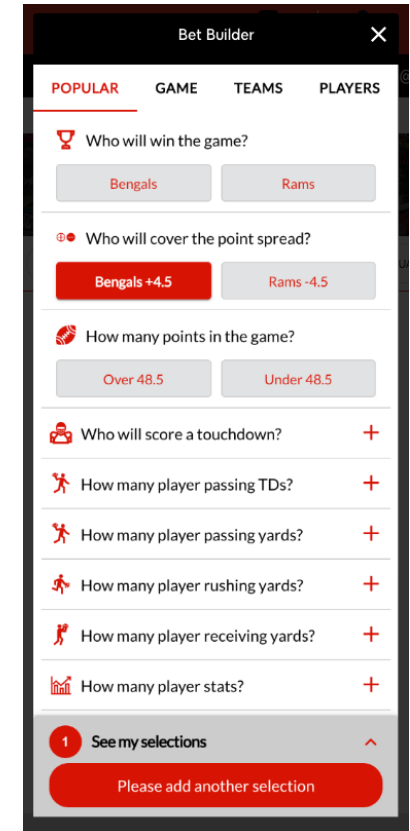
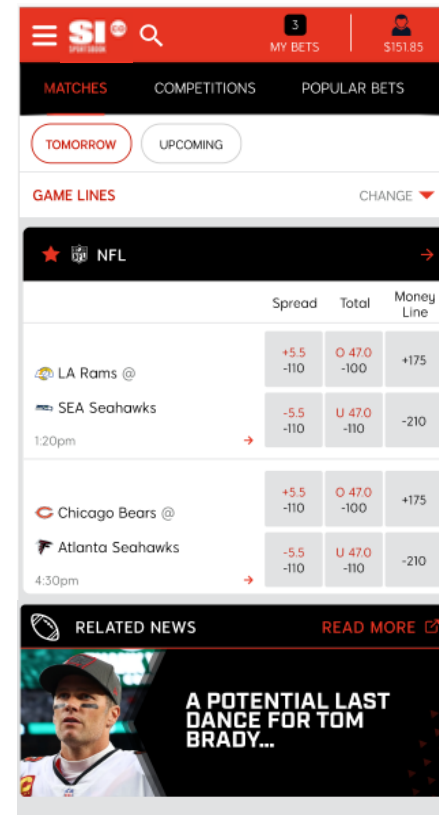
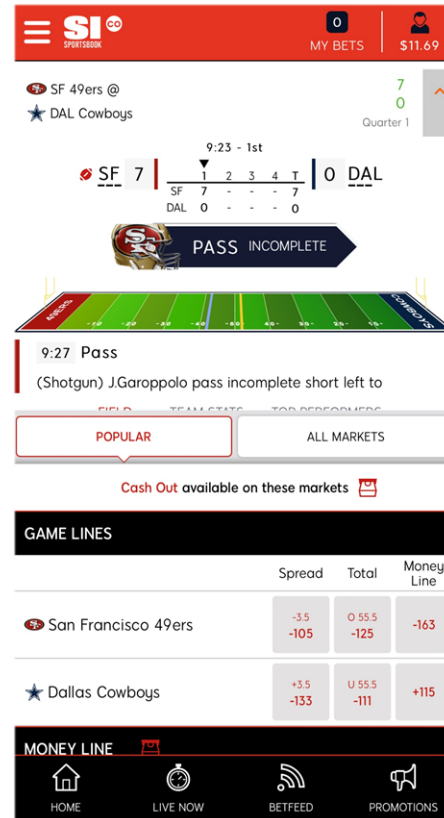
Product leadership; world class marketing; customer excellence

Market Access

Medium term target 12-15 states



Monthly unique visitors



PRODUCT LEADERSHIP

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



Content-rich

Over **870 games** added to 888casino in 2021, with personalised interface and player recommendations

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



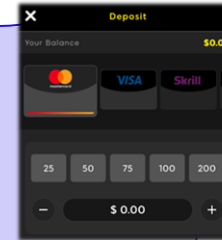
Usability

Industry leading UX, built with a customer-first focus



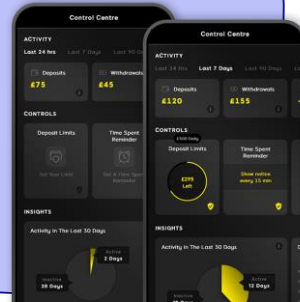
Mobile-first **award-winning** Poker product

Proprietary technology enables **full flexibility over player personalisation and user experience**



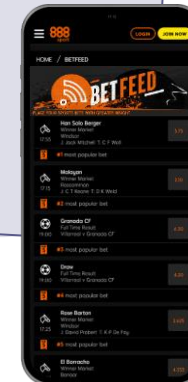
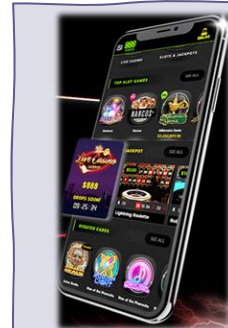
Safety

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



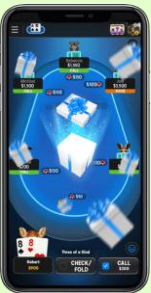
Innovation

Industry innovations like **Betfeed** and **live casino jackpots** provide differentiated features and drive engagement



Entertainment

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



Scalability

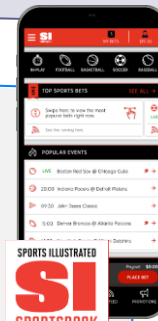
Fully owned proprietary technology across all products (sportsbook, casino, poker and bingo) enables 888 to **build once and deploy globally**

888casino

888bingo

888poker

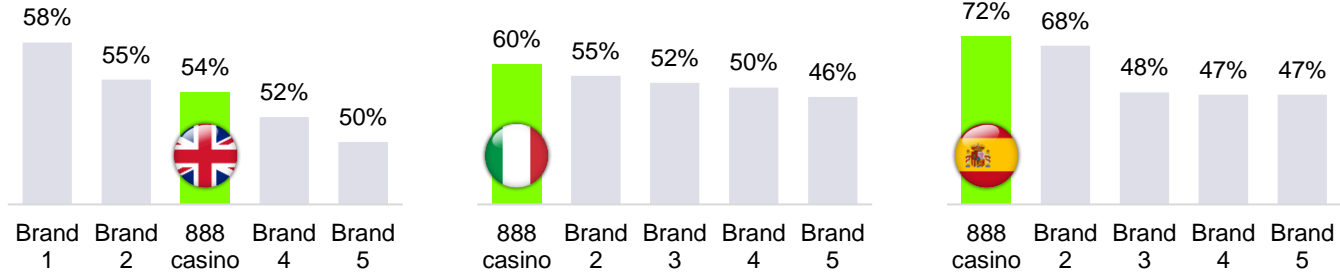
888sport



WORLD CLASS BRANDS

Made to Play master brand plan builds on our position as a leading global casino brand

888casino is the only *global* casino brand, with leading brand awareness in our core markets¹



Plans to reinforce our brand in core markets and increase awareness in growth markets

888 casino
Online casino games & slots
★★★★★ 1

GET
In-App Purchases



888 poker
Online poker client
★★★★★ 1

GET
In-App Purchases



888 sport
Online betting
★★★★★ 1

GET
In-App Purchases



MADE TO PLAY SAFELY

MADE TO PLAY ADVERT

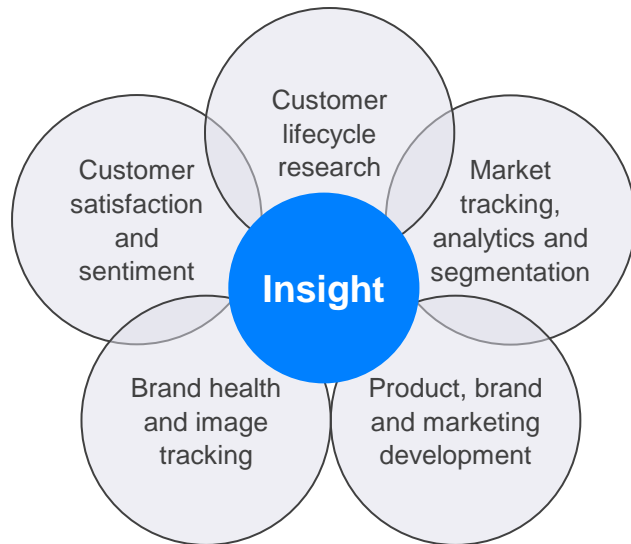


CUSTOMER EXCELLENCE

Understanding customer needs to create the best betting and gaming experiences

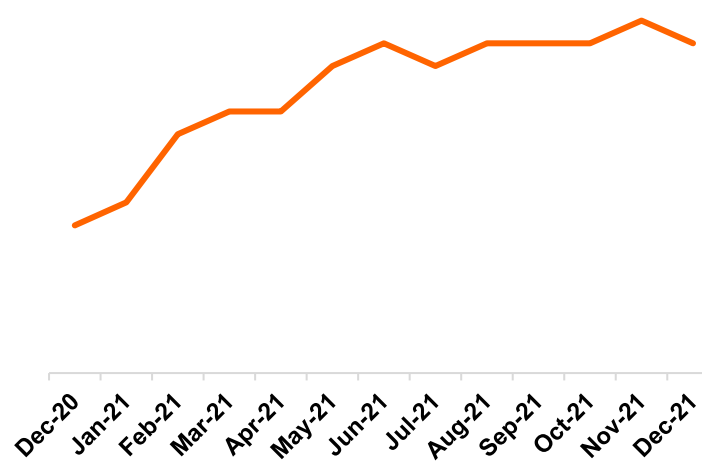
Customer Insight

- Significantly expanded capabilities and team during 2021 to develop a deep understanding of our customers
- Mapping key player segments across focus markets to understand share of wallet opportunity



Customer Service

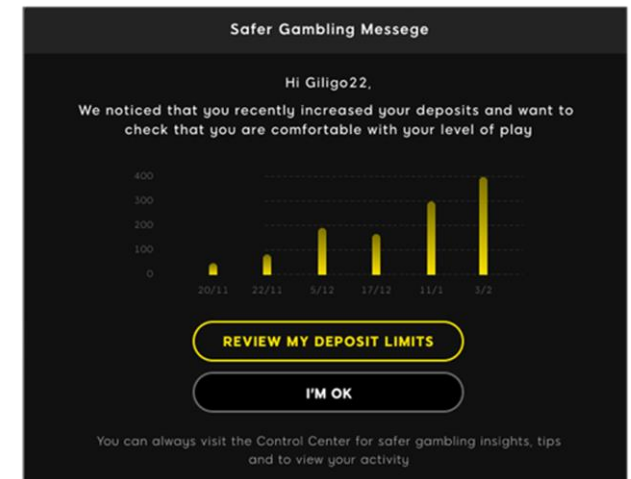
Customer satisfaction
(rebased to 100 at Dec-20)



- Improving CSAT scores as we focus on quick, efficient customer service and removing pain points
- Further investment in automation and chatbots to improve service

Customer Safety

- Cutting edge *Control Centre* tool gives players transparent insight into their play and easy access to a range of safer gambling tools. Continue to roll this out across our global markets
- Continual enhancement to *Observer AI* monitoring tool, with around 1.3 million Observer prompted customer interactions in 2021



VALUE ENHANCING M&A

Becoming a global leader through strategically and financially attractive M&A



Creating a global online betting and gaming leader by bringing together two highly complementary businesses and combining two of the industry's leading brands

Significantly accelerates progress against our strategy

Market focus

- Positions the business as a leader in our core and growth 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

Sustainable competitive advantages

- Enhanced exposure to sports betting, through iconic world class William Hill brand
- Leveraging combined skills of employees and 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



Platform for long-term growth in the US through strategic partnership with an iconic US brand to launch SI Sportsbook



Proposed sale of our bingo business enables increased focus on core growth opportunities



Good pipeline of global opportunities to access long-term growth potential of emerging markets

Developing clear ESG framework to set a platform for sustainable long-term growth

Pillar 1



**Made to play safely:
Preventing harm
through safer gambling**

GOAL A world where player tools and restrictions for gambling are a normal part of playing


Pillar 2



**Made together:
An inclusive workplace
where people can grow
and develop**

GOAL An authentic, diverse and interpersonal workplace culture, with great people development

Pillar 3



**Made greener:
Protecting our
environment, including
net zero carbon**

GOAL Net zero carbon emissions for our own operations by 2030 and our entire value chain by 2035

All underpinned by a robust corporate governance framework

Becoming a global leader and well positioned for long-term sustainable growth

- ◎ Record financial results
- ◎ Refined and clear strategy to target long-term growth opportunities
- ◎ Transformational year with proposed acquisition of William Hill
- ◎ Strong start to 2022 and confident in long-term prospects
- ◎ Becoming a global online betting and gaming leader



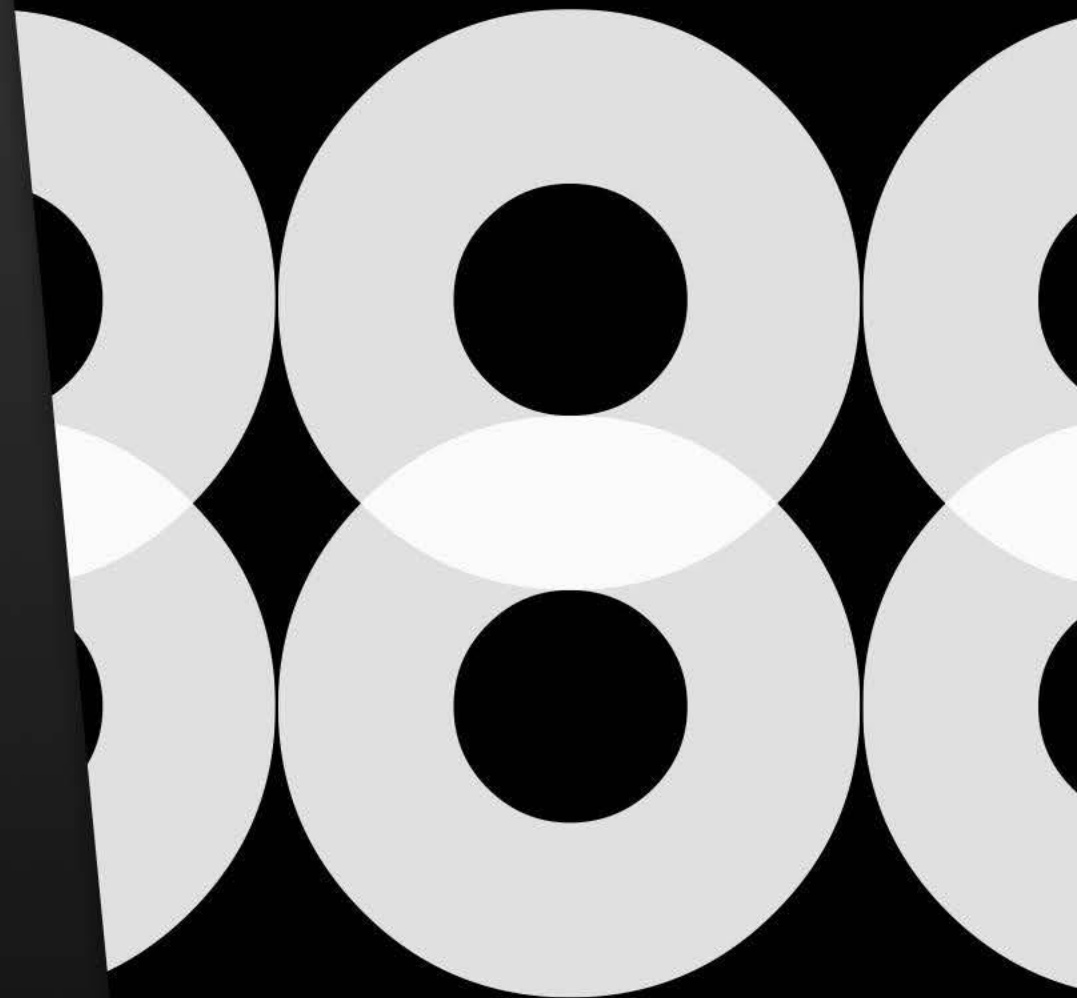
Q&A



Itai Pazner, CEO
Yariv Dafna, CFO



APPENDIX

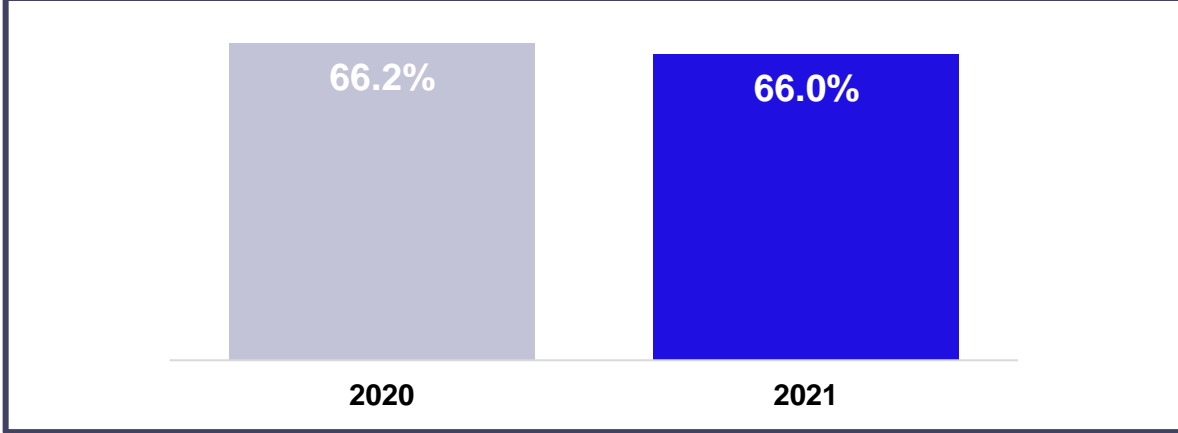


QUARTERLY GROUP REVENUE

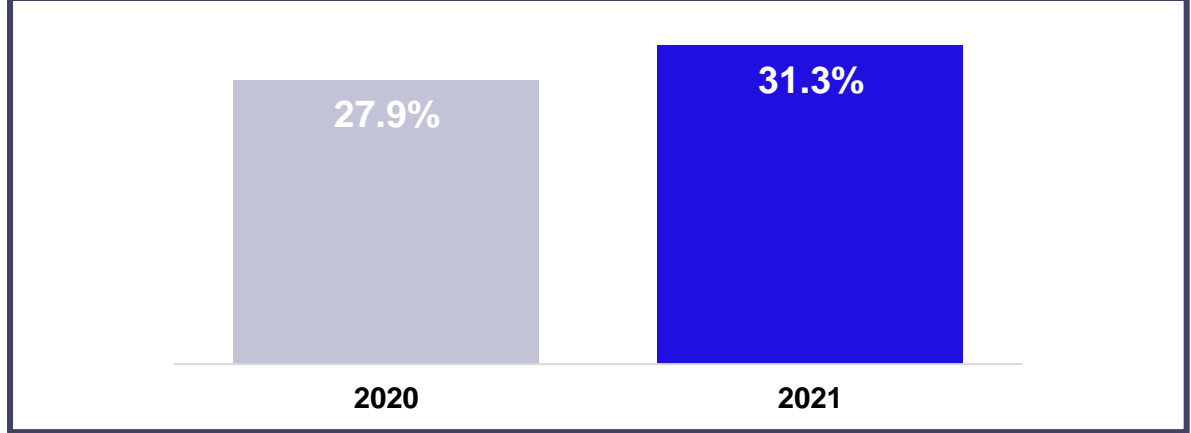
US\$m	2019				2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
B2C Gaming	107	111	109	114	131	186	175	200	221	208	194	192
B2C Betting	23	22	22	23	26	19	32	46	42	39	27	20
B2C	130	133	131	137	157	204	206	247	263	246	220	213
B2B	8	7	7	8	8	10	9	8	10	10	10	9
Total	137	140	138	145	165	214	216	255	273	256	230	222

OPERATIONAL MARGINS

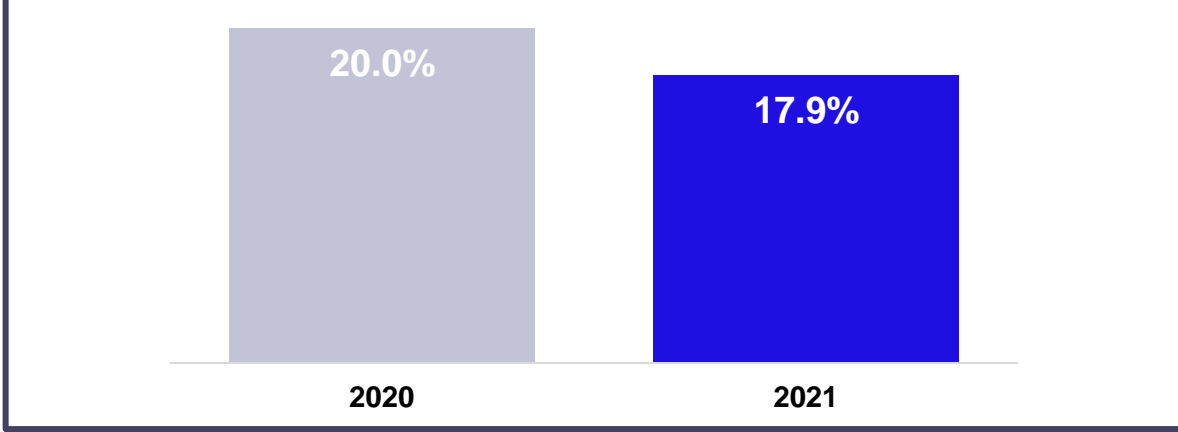
Gross margin¹



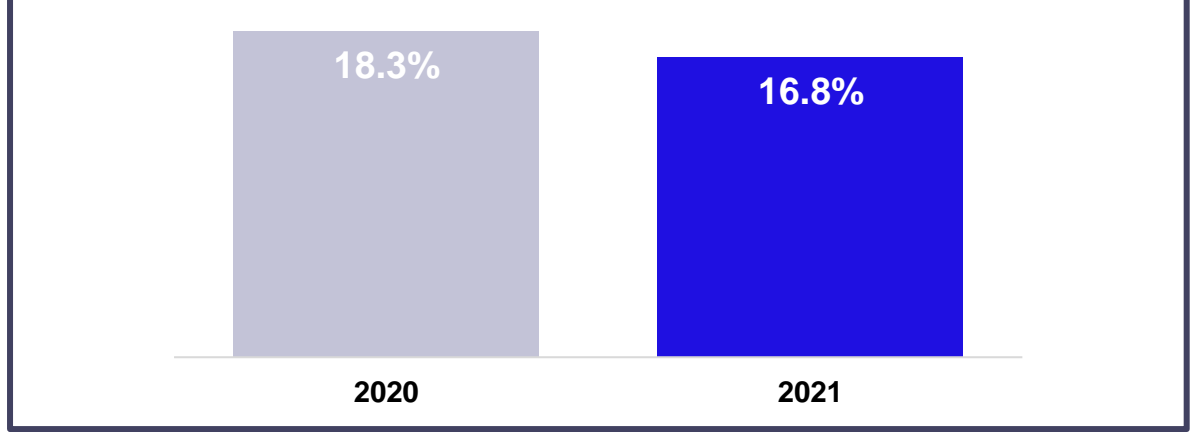
Marketing expenses % of revenue



Operating expenses % of revenue²



Adjusted EBITDA margin



¹ Excluding exceptional FX gain/loss in cost of sales. Please refer to the full financial statements for further details
² Excluding depreciation, amortisation, share benefit charges, and other exceptional costs. Please refer to the full financial statements for further details and a reconciliation



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