



The multinational sports betting and gaming group

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INTRODUCTION

Introducing GVC



“An AIM traded online gaming company with a growth story, an aggressive dividend policy and a diversified geographic spread and product offering”

FACTS

- GVC Holdings plc, ranked 42 on AIM. Market Cap £296m (20 Jan 2015), no bank debt.
- Incorporated in Isle of Man (no with-holding tax on dividends)
- Owns a number of online gaming brands including: **Sportingbet** and **CasinoClub**
- Owns and develops its Sportbook and mobile platforms
- Has both customer facing sites and operates some for other parties
- Number of licences. Always seeks to acquire them if available and viable
- 700 staff
- Offices in Malta, Dublin, Manila, Montevideo, Tel Aviv and London
 - UK trading presence less than 3% of overall revenues
- Reports in Euro as this currently is the dominant currency

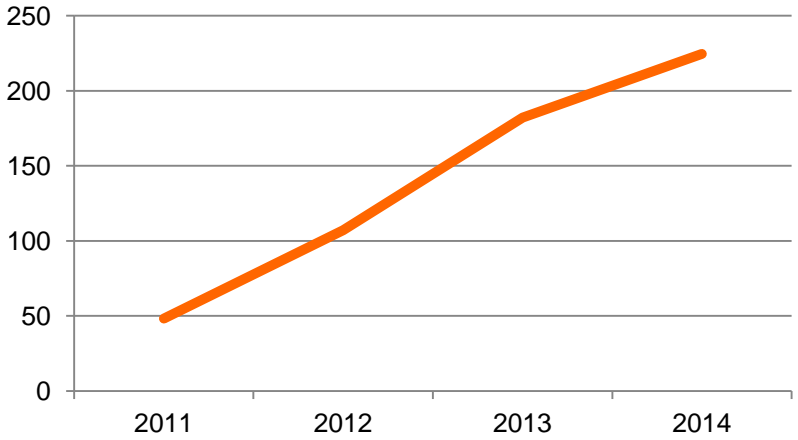
GROWTH AND YIELD

- In the 7 years since the CEO joined:
 - Grown organically and by acquisition.
 - Share price increased by over £4.00 from 75p to £4.825
 - Dividends paid of £2.60
 - Highest yielding gaming share since 2010

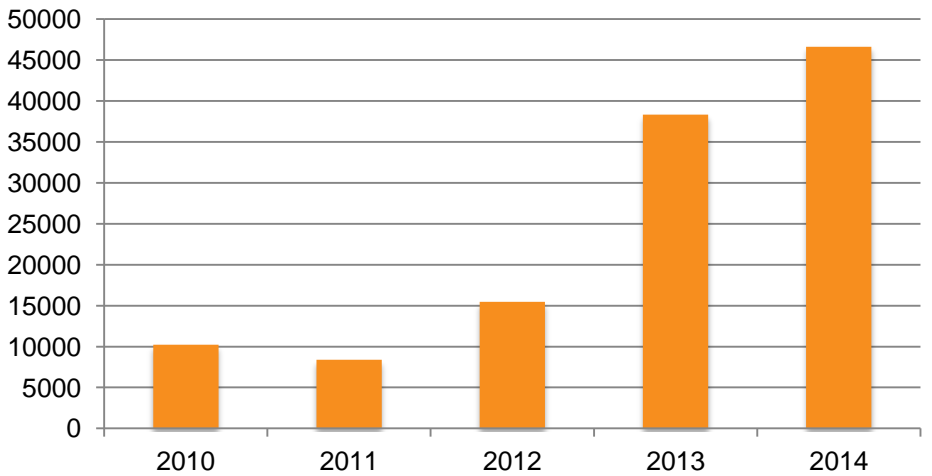
GVC – A growth story

Revenue

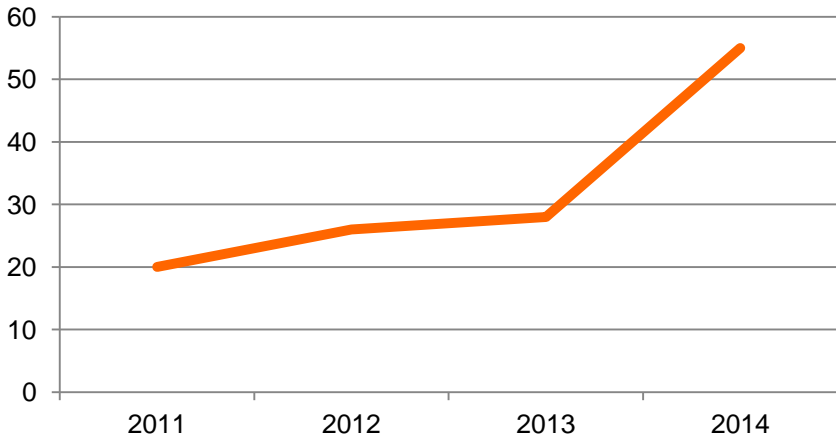
€millions



EBITDA (2014 = market expectations)



Dividends



Year	January	May	July	September	Total
2013					
Ordinary dividend	7.0	0.0	10.5	10.5	28.0
2014					
Ordinary dividend	11.5	11.5	12.5	12.5	48.0
Special dividend	-	4.5	-	2.5	7.0
Total dividend	11.5	16.0	12.5	15.0	55.0
2015					
Declared on 12 Jan -2015	12.5				

Brief history – trading for 10 years



- Winter 2004: CasinoClub acquired, simultaneous IPO on Aim
- Spring 2007: Kenneth Alexander, CA, ex MD SBT Europe, appointed CEO of GVC
- Autumn 2008: board restructured; Lee Feldman becomes chairman, Richard Cooper joined as CFO
- Summer 2009: Acquisition of Betboo, bringing own sportsbook and bingo software and LatAm presence
- 2010: re-dom from Lux to IOM to save WHT on divis – and subsequently paid a special divi of 50cents
- 2011: entered into rev-share agreement with Sportingbet to manage their Superbahis brands
- 2012: WH + GVC launch consortium bid for SBT. Shares suspended at **£2.335**
- 2013: bid concluded 19 March. Re-listing share price was **£2.475**
- Close 2013: SBT integrated, balance sheet repaired, and record profits announced
- 2014: Dividends, paid quarterly declarations $11.5c+16.0c^*+12.5c+15.0c^* = 55c$ (Ord:48, *Special 4.5+2.5 = 7)
- May 2014 - announced JV/investment in Betit, a Scandinavian-facing operation with management who have a proven track record, providing GVC with a call option to acquire the full business at an accretive multiple in Q4-2017
- January 2015, announced record-breaking 2014 revenue (€224m) and strong start to 2015



THE COMPANY
Kenneth Alexander, CEO

Achievements

Continued growth...

	*2014	2013	2012	2011	2010
In €000's					
Sports wagers	**1,462.0	1,169.5	518.9	120.7	69.3
Sports margin %	**9.8%	9.6%	11.3%	11.0%	12.6%
Revenue	**224.6	182.1	107.1	63.3	54.9
Contribution	n/a	102.6	36.5	24.7	23.3
Clean EBITDA	*48.8	38.3	15.5	10.0	12.2
In €cents					
EPS (Normalised)	*63.8	58.6	32.1	15.0	26.6
Dividends(paid) per share	*55.0	28.0	26.0	20.0	***10.0
Market cap at 31 Dec	£294.7m	£216.3m	£73.8m	£39.2m	£33.3m

* Consensus

** Data based on RNS of 12 January 2015

*** Excluding a re-domiciliation special dividend of 50.0€cents

GVC strategy & characteristics



STRATEGY

- Continue organic growth to generate high levels of cash
- Acquiring other complementary businesses which can be improved & grown
- Investing in early stage companies (e.g. Betboo) at a low initial capital outlay to deliver high levels of returns in the medium term.

TRANSPARENCY

- Regular and consistent reporting with normally six updates per year
- Financial reporting includes “management accounting” type of P&L & CFs

INCENTIVISED MANAGEMENT AND STAFF *(see also appendix iii)*

- Director’s bonuses 100% linked to dividends
- Stretch target share option schemes (£6 target price)
- Directors PAID (not gifted) for shares
- ALL staff bonuses include a material element relating to dividends

Our core brands



SPORTSBOOK:

Separate brands all hosted on GVC's own platform

- Sportingbet
- Betboo
- Key markets consumer markets: LatAm, Germany, E-Europe, UK
- Key partners: East Pioneer (Superbahis), Centric (Greece)

CASINOCLUB

- German speaking
- Very loyal high-spending customer base
- Run on a separate software platform
- Customer support centre in Tel Aviv

Collectively generating > €650k per day*

** RNS, 12 January 2015*

Case study 1 - acquisition of Sportingbet

Date:	September 2012 to March 2013	
What:	Sportingbet plc (ex Australia)	
Key assets:	Brands, software, infrastructure, liabilities	
How:	Full City Code regulated takeover Consortium bid with William Hill via a Scheme of Arrangement & soft loan	
Cost:	29m shares at £2.335 (€80m). WH contribution was £36.5m – enough to repair balance sheet and pay for restructuring	
Superbahis:	Total earn-out due:	€142.5m
	Paid:	2011 (2.6m)
		2012 (30.5m)
		2013 (8.3m)
	Amount mitigated	€101.1m
Key actions:	Closed (v expensive) Guernsey office; pumped up trading capability in Manila (average salary €10k) Outsourced IT maintenance to Serbia Removed all corporate “vanity” sponsorship Halved London footprint in terms of people and office space Renegotiated many supplier contracts and rebuild relationships by paying on time! More focused marketing and customer bonus campaigns Motivated remaining staff through bonus schemes and leading from the front	
Results:	Diversified geographical markets Cut €50m from cost base leading to SBT returning to profitability in less than one year. Sportsbook alone has over 500,000 active customers and >€550k/day	
	...Ideally positioned to repeat for another target	

Case study 2 - LatAm and system acquisition - Betboo

Date:	02 July 2009
What:	Brazil bingo & Sports
Key assets:	own software
Cost:	Only €2.8m upfront + €14.5m up to 2014 + max future earn-outs (2015-2017) of €4.0m
Result:	used S/W to launch Turkey current trading...(with SBT Brazil) NGR (q4-2014) >70k per day #1 brand in Brazil
Key achievements:	Revenue grown from €12k per day in 2009 Contribution grown from €1.4m on 2009 to €5m per half-year now Operational costs reduced through re-location from Brazil to Uruguay

Case study 3 - Scandinavian foothold - Betit

Date: 14 May 2014

What: 15% stake in Scandinavian-facing gaming start-up

Why?: Founders are a group of highly successful, and proven Swedish gaming entrepreneurs who have built-up and sold a variety of businesses to Betsson and others

New market for GVC

Import of talent into GVC; (Betit's casino provider, NetEnt, indicated it has been its fastest growing new brand launch)

Cost: €3.5m upfront

Call option to acquire balance in Q4-2017 for a minimum of €70m (if earnings justify the valuation)

Final price determined by a haircut margin on GVC's own multiple.



FINANCIAL SECTION
Richard Cooper, CFO

Business model (2014 interims)



a
b
c = a x b
d
e = c x d
f
g = (c + e) x f
h = c + e - g
j
k = h + j
m
n = k x m
p
q = n - p

Wagers
% hold
Gross Margin
Cross sell %
Cross sell revenue
Bonus %
Bonus amount
<i>Net revenue, sportsbook</i>
Net revenue, CasinoClub
Total net revenue
EBITDA margin
EBITDA
Non-P&L outflows
New cashflow available*

	H1-2014 Total	H1-2014 Per day	Q4- 2014 Per day
694,320	3,836	4,355	
9.9%			
68,744			
63%			
43,484			
20%			
(22,298)			
89,930	496	556	
15,136	84	90	
105,066	580	646	
21.3%			
22,355			
(4,040)			
18,315			

← Betboo earnout + corp tax etc.

* For investment and dividends

Income statement *(2014 interims)*

In € millions	H1-2014	H1-2013	H2-2013
Proforma revenue	105.1	85.3	96.8
NGR*	105.1	73.2	96.8
Contribution*	56.7	45.6	57.0
<i>Contribution Margin</i>	<i>53.9%</i>	<i>53.5%</i>	<i>58.8%</i>
Expenditure	(34.3)	(27.8)	(36.5)
Clean EBITDA	22.4	17.8	20.5
<i>Clean EBITDA Margin</i>	<i>21.3%</i>	<i>20.9%</i>	<i>20.1%</i>
Net financial income/(expense)	(0.9)	(0.1)	(1.0)
D&A	(1.8)	(1.8)	(2.0)
Share option charges	(0.1)	(0.2)	(0.5)
Profit before tax	19.6	15.7	17.0
Tax	(0.4)	(0.3)	(0.4)
Profit after tax	19.2	15.4	16.6

* NGR comprises net sports win and gaming revenues less customer bonuses

** Contribution comprises NGR less: software royalties, affiliate commissions, partner shares, marketing, payment costs & chargebacks and betting taxes

Cashflow *(from H1-2014 interims)*

In € millions	H1-2014	H1-2013	H2-2013
Clean EBITDA	22.4	20.5	17.8
Sportingbet restructuring	-	(5.9)	(13.8)
Working capital movements	(0.8)	(7.3)	(28.3)
William Hill contribution + loan	-	-	50.6
Betboo earn-outs	(3.1)	(3.8)	(2.5)
Corporate taxes	(0.2)	(0.3)	(0.1)
CAPEX & leases	(0.7)	-	-
Net cashflow before dividends & investments	17.6	3.2	23.7
Share option proceeds	0.0	0.1	0.2
Dividends	(16.8)	(12.8)	(2.2)
Investments	(3.6)	-	-
Cash at start of period	18.8	28.3	6.6
Cash at end of period	16.0	18.8	28.3

Balance Sheet

In € millions

	30 June 2014	31 Dec 2013	30 June 2013	31 Dec 2012
Non-current assets	156.9	154.8	152.5	66.2
Cash and payment processor balances	33.1	37.1	45.3	20.0
Customer liabilities	(13.1)	(13.3)	(13.8)	(1.7)
William Hill Loan (fx revalued)	(8.1)	(7.7)	(7.3)	-
Deferred consideration on Betboo	(4.8)	(7.6)	(10.6)	(12.3)
All other NC/Ls	(20.3)	(22.2)	(23.9)	13.7)
NET ASSETS	143.7	141.1	142.2	58.5
SHARES IN ISSUE (Millions)	61.3*	60.9	60.7	31.6

**As at 1 July 2014*



	Q4-14	Q3 – 13	% Change	FY-14	FY-13	%Change
FINANCIALS (€000's per day)						
Sports wagers	4,355	3,925	10.9%	4,007	3,204	25.1%
Sports margin %	9.10%	8.40%	8.3%	9.80%	8.40%	16.7%
Sports NGR	302	244	23.8%	301	249	20.9%
Gaming NGR	254	205	23.9%	230	168	36.9%
Sportsbook NGR	556	449	23.8%	531	417	27.3%
CasinoClub NGR	90	80	12.5%	84	82	2.4%
Group NGR	646	529	22.1%	615	499	23.2%
NON FINANCIALS						
Unique actives	263,031	244,538	17.1%	571,877	506,004	13.0%
New funded players	76,384	59,029	29.4%	288,201	215,641	33.6%
Value of deposits per day (€000's)	1,684	1,413	19.2%	1,537	1,310	17.3%



THE FUTURE FOR GVC
Kenneth Alexander, CEO

Developments



SPORTSBOOK DEVELOPMENT

- In-play
- Mobile
- Sports platform

BUSINESS DEVELOPMENT

- Greater focus likely to be on regulated acquisitions – but only if accretive to GVC

Product development: “in-play”



“Around 70% of sports wagers from the in-play product”

- Crucial to success of GVC – our aim is to have a market-leading product
- Since GVC acquired Sportingbet, significant development and improvement
- More live streaming (already 20,000 events per year), more markets, better functionality
- Q1-2015, new product launches to drive further customer engagement

Capacity for concurrent in-play markets (up over 100%)

- At acquisition (March 2013) – 1,800
- By October 2014 – 6,500

Number of Monthly In-Play Events

- H1-2013 - 65,337
- H2-2014 – 76,476, total 2014: 152,914



“Mobile GGR now greater than 33% of sports GGR across all markets (from around a 10% inherited base), but in some markets it is already as high as 65%”

- Core product, being developed with highly skilled in-house team
- New mobile web tablet products for sportsbook and casino
- New native iOS mobile sportsbook
- New native iOS mobile casino
- Upgraded native iOS tablet sportsbook
- Native Android sportsbook
- Development team increased from 17 to 50 during 2014 and incurred circa €2 million in cost

Product development: Sportsbook



- New Sportsbook Bonus Engine across all platforms (web and mobile)
- Expanded product range, for example Basketball
- 11,000 new streamed events annually on all platforms
- New trading models for Football and Tennis – 1 game per trader, now up to 8 games per trader, greater automation planned
- Full re-design on all platforms – improved customer-facing functionality
- New product launches planned for 2015



- LatAm expansion into Spanish-speaking markets already launched
- Asia team being recruited ahead of 2015 launch
- Betit – according to NetEnt, this is the fastest growing Casino launch they have witnessed
- Deal focus:
 - UK regulated
 - Earnings enhancing
 - Dividend enhancing



Germany

- Licensing
- VAT

United Kingdom

- Licensed, POC absorbed (annual impact around €1.5m)

Bulgaria

- First part of local licence application submitted

Denmark / South Africa / Philippines

- Licensed

Turkey

- GVC provides full B2B service.
- EPC, a third party, has owned the Superbahis brand since November 2011
- Regulatory environment unchanged with government monopoly

Markets where licences sought:

Czech Republic, Poland, Hungary

Challenges and pressures

SECTOR CHALLENGES

- Regulatory
- Sports calendar (World Cup, not less than €2 million in EBITDA value absent in 2015)
- Direct taxation
 - POC – current impact estimated at €1.5 million
 - EU vat rule changes – unclear outcome across industry.
 - Expectation of further direct-tax headwinds across industry

GVC CHALLENGES

- Development expenditure on mobile is essential to remain competitive and has profit lag
- New market launches take time to break-even

Customers acquisition during and beyond World Cup 2014 expected to be able to offset these challenges

Summary

- GVC is highly profitable, cash generative and diversified with excellent growth prospects
- Excellent growth
 - Q3-14 NGR per day 20% higher than Q3-13
 - Q4-14 NGR per day 22% higher than Q4-13
 - Full year 2014 NGR 23% higher than 2013
- Sportingbet acquisition transformational with now a market leading:
 - Sportsbook, Trading team, Mobile product (in-house)
- Highly experienced and motivated management across the organisation
- Aggressive product and new market launches planned
- Highest paying dividend company in sector
- Board confident on future prospects and growth despite industry headwinds



APPENDICES

Appendix i: The Board

EXECUTIVES

Kenneth Alexander

CEO (since March 2007)
Chartered Accountant (ex Grant Thornton)
Sportingbet Europe MD → GVC CEO
12 years industry experience

Richard Cooper

CFO (since December 2008)
Chartered Accountant (ex Safferys and Deloitte)
Early career; FD in money markets
9 years industry experience

NON- EXECUTIVES

Lee Feldman (USA)

Chairman (since Dec 2008)
Lawyer and Private Equity Investor
Former Partner Softbank Capital Partners (US)
CEO, Aurora Brands (US)
Managing Partner, Twin Lakes Capital (US)

Karl Diacono (Malta)

NED since since December 2008
MD of Malta based CSP, Fenlex

Appendix ii: Our people and locations



SPORTSBOOK

- CMO, Adam Lewis, ex Sky, but knew his way around SBT also
- COO, Jim Humberstone, set up Turkey for GVC
- CTO, Keith Laidlaw, ex PartyGaming
- Head Trader, Tom Ritzema (14 years experience)
- Key long-term incentivised JV partners across multiple markets

CASINOCLUB

- Jon Salmon, ex Party Gaming
- Dedicated 50+ team in Tel Aviv

CORPORATE

- Dan Talisman, company secretary, long term knowledge of SBT

LOCATIONS

- Tel Aviv
- Dublin
- Malta
- Montevideo
- Manila
- London
-
- 700 personnel

Appendix iii: Remuneration policy



- Directors cannot earn bonuses without dividends being paid
 - Ratchet scheme to encourage higher dividends
- 20% of board bonuses (post tax) have to be re-invested in shares
 - Ditto for senior management tier
- Restrictions on sale of stock held
- Directors paid for, (were not gifted) the shares they hold
 - CEO 400,333 shares
 - CFO 326,667 shares
 - Chairman 122,575 shares
 - Total of 852,575 worth £4 million
 - Other senior employees have a further 200,000 shares
- Below-board bonus schemes, targeted on domain performance with a dividend condition

Appendix iv: Shareholders (31.12.14)

Shareholder	Rank	Shares held	% held	Cummulative
Ora Capital Partners	1	7,730,081	12.6%	12.6%
DBS Advisors Ltd	2	6,621,118	10.8%	23.4%
Marathon Asset Management	3	3,687,974	6.0%	29.4%
Henderson Volantis Capital	4	3,433,903	5.6%	35.0%
Mr Mark Blandford	5	2,641,848	4.3%	39.4%
Capital Research & Management	6	2,038,442	3.3%	42.7%
Rockridge Investments	7	2,000,000	3.3%	45.9%
Barclays Stockbrokers (EO)	8	1,887,770	3.1%	49.0%
TD Waterhouse, stockbrokers (EO)	9	1,845,987	3.0%	52.0%
Hargreaves Lansdown, stockbrokers (EO)	10	1,798,870	2.9%	55.0%
Mr Robert Quested	11	1,707,455	2.8%	57.8%
M&G Investment Management	12	1,460,000	2.4%	60.1%
Charles Stanley, stockbrokers	13	1,258,870	2.1%	62.2%
AXA Framlington Investment Managers	14	1,160,000	1.9%	64.1%
Chelverton Asset Management	15	1,153,500	1.9%	66.0%
UBS Global Asset Management	16	1,117,132	1.8%	67.8%
Directors & employees	18	1,057,498	1.7%	69.5%
Hargreave Hale, stockbrokers	17	900,000	1.5%	71.0%
Self Trade, stockbrokers (EO)	19	783,478	1.3%	72.3%
Individuals	20	746,845	1.2%	73.5%
Timothy Franey & Family	21	688,750	1.1%	74.6%
Premier Asset Management	22	686,300	1.1%	75.7%
Jarvis Investment Management (EO)	23	672,416	1.1%	76.8%
Waverton Investment Management	24	646,494	1.1%	77.9%
HSDL, stockbrokers (EO)	25	640,827	1.0%	78.9%
JPMorgan Asset Management	26	638,914	1.0%	80.0%
SVM Asset Management	27	583,613	1.0%	80.9%
UBS Wealth Management	28	566,794	0.9%	81.9%
Canaccord Genuity Wealth Management (ND)	29	553,952	0.9%	82.8%
Sterling Grace Capital Management	30	539,801	0.9%	83.6%
Morgan Stanley as principal	31	509,773	0.8%	84.5%
HSBC James Capel as principal	32	458,290	0.7%	85.2%
AJ Bell, stockbrokers (EO)	33	451,824	0.7%	86.0%
ICM Press (founder shareholder)	34	448,401	0.7%	86.7%
UBS collateral account	35	381,669	0.6%	87.3%
Close Brothers Asset Management	36	346,024	0.6%	87.9%
Sarossa Capital	37	343,053	0.6%	88.4%
HSBC Private Bank	38	314,181	0.5%	88.9%
Quilter Cheviot Investment Management	39	295,062	0.5%	89.4%
BlackRock	40	293,588	0.5%	89.9%
	820	55,090,497	89.9%	
All others	804	6,185,983	10.1%	
	1624	61,276,480		

Kenneth Alexander	400,333
Richard Cooper	326,667
Lee Fledman	122,575
Employees	207,923

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