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GVC Holdings

Leading provider of services to the online gaming industry

2013 Interim Results

Contents

Key messages

- Sportingbet integrated, growing, profitable
- Clean EBITDA 132% higher than prior year and Q3 performance ahead of prior year
- Results ahead of current market expectations
- 3rd 2013 dividend declared of 10.5 €cents, making 28 €cents for the year
- 2014 FIFA World Cup represents fantastic marketing opportunity across core markets

Integration of Sportingbet plc

- Acquired Sportingbet on 19 March 2013 excluding Australian business
  - *29 million shares at £2.335, capital and loan contribution from William Hill PLC*
- Integration plan launched immediately resulting in:
  - Cost base significantly reduced
    - Majority of IT outsourced, non-commercial projects terminated
    - All marketing sponsorships cancelled
    - PLC dismantled and London footprint halved
    - Technical migrations started and will be completed by end of the year
    - Sports trading; fewer locations; less traders; more automation; and margins remain strong
  - Focus on VIPs resulting in increasing revenues
- Results:
  - Return to profitability achieved and cash burn stopped
  - Balance sheet repaired from €46.8 million hole at acquisition

H1-2013 financial summary

- **Revenues** increased by 144% to €72.3 million (H1 2012: €29.6 million)
  - H1 2013 revenues (like-for-like basis), 8.5% higher than H1 2012
- **Clean EBITDA** rose by 132% to €17.8 million (H1 2012: €7.7 million)
- Further **dividend** of 10.5 €cents making 28 €cents for 2013, increased on 2012
- Adjusted **EPS*** 100% increase on 2012
- **Cash** (excluding customer balances) at €14.5 million (H1 2012: €2.8 million)

** Basic EPS before exceptional items which include deal and restructuring costs of €14.7 million*

Strategic objectives

- After Sportingbet integration, already prepared for further corporate activity and B2B bolt-on opportunities
- Maximise potential of cross-sell casino across the Sportingbet customer base
- Continued improvement of CRM capability and VIP management
- Improve and rejuvenate the sportsbook product including the continued development of the Group's mobile product
- Maximise opportunity FIFA World Cup in Brazil presents particularly for GVC's Latam footprint

Financial Results section

Income & expenditure account

	2013	2012
	€000's	*€000's*
Revenue	**72.3**	29.6
Sports margin	**10.4%**	11.2%
Contribution	**45.6**	11.7
Contribution margin	**63.0%**	60.0%
Clean EBITDA	**17.8**	**7.7**
Spanish Contribution	**1.3**	0
Clean EBITDA after Spain	**19.1**	**7.7**
Sportingbet	**0.1**	-
GVC	**19.0**	7.7
Exceptional items	**(15.1)**	-
Non-cash items		
Legacy	**(2.2)**	(2.2)
Sportingbet amortisation	**(0.7)**	-
PROFIT BEFORE TAX	**1.1**	**5.5**

Segmental reporting

	2013		2012	
	€000's	Contribution margin %	€000's	Contribution margin %
REVENUES				
CasinoClub	**15.4**	**61.5%**	14.1	58.8%
Sportingbet	**31.6**	**57.5%**	5.4	35.7%
B2B	**25.3**	**70.6%**	10.1	73.7%
	72.3	**63.0%**	**29.6**	60.0%
Clean EBITDA				
CasinoClub	**6.7**		6.2	
Sportingbet	**0.3**		(0.4)	
B2B	**14.3**		4.4	
Central	**(3.5)**		(2.5)	
	17.8		**7.7**	

Balance Sheet (in € millions)

Shareholder funds at 30 June 2012		**58.0**
Shares issued for acquisition	79.0	
Retained earnings net of share option charges	6.5	
Dividends paid	(6.9)	
Sub-total (see below)		78.6
Shareholder funds at 30 June 2013		**136.6**

Components of changes:

- Increase in goodwill	76.5	
- Increase in other non-current assets	4.3	
- Increase in net current assets	4.6	
- Decrease in deferred consideration (betboo)	1.2	
- William Hill loan	(8.0)	
	78.6	

Acquisition* Balance Sheet (in € millions)

Cash at bank and trade receivables		40.0
Less:		
Bank facilities drawn	(31.4)	
Customer balances	(12.1)	
Other liabilities	(26.2)	
		(69.7)
		(29.7)
Deal related liabilities		
Fees	(8.6)	
Sportingbet board payoffs and similar	(8.5)	
		(17.1)
Net liabilities at acquisition		(46.8)
William Hill capital contribution		42.6
		(4.2)

* As at 19 March 2013

Cashflow *(1January to 30 June 2013)*

	€000's
Clean EBITDA	**17.8**
Contribution from Spain	1.3
William Hill loan	8.0
Acquisition balance sheet (prior slide)	(4.2)
Deal related exceptional items	(14.7)
Betboo earn out	(2.5)
Dividends paid	(2.2)
Taxation paid	(0.1)
Working capital movements	6.2
TOTAL INCREASE IN CASH	**9.6**
Opening cash excluding customer balances	4.9
Closing cash at 30 June 2013	**14.5**
Customer funds	13.8
Cash as per balance sheet at 30 June 2013	28.3

Impact of FX rates

- Euro is dominant <u>revenue</u> currency followed by Turkish Lira and Brazilian Real
- Sterling, due to acquisition, became the dominant <u>cost</u> currency although Sterling will become less important
- Mismatch in revenues and costs but same weakness against Euro helped to mitigate impact FX impact at EBITDA level
- Year-on-year Euro strength impacts revenue by greater than 10%
- Currency exposures post restructuring will become clearer and might result in some hedging opportunities
- Failed Sportingbet hedges resulted in opening balance sheet being >€4 million worse off

Operational Review

Sportingbet

Sportingbet like-for-like revenue per day

	H1-2013	H1-2012	% increase
	€000's	*€000's*	
Sports NGR			
Europe	**131**	132	0.0%
Latam	**39**	27	43.6%
	170	159	7.5%
Gaming and other NGR			
Europe	**103**	101	1.7%
Latam	**29**	27	4.4%
	132	128	2.3%
Total NGR			
Europe	**234**	233	0.7%
Latam	**68**	54	24.0%
	302	287	5.2%

Sportingbet (continued)

- 5.2% increase in like-for-like NGR during period
- Inefficient upfront marketing acquisition, in particular sponsorships deals, have been terminated
- Increased focus and investment in VIP retention and reactivation
- Customer bonusing made more efficient and aimed at the segments of the database that justifies investment
- Cross-sell to casino given much higher priority and as a result gaming revenues in Q3 were 12% higher than 2012
- Focus on leveraging Group’s mobile product platform

Sportingbet (continued)

- Latam continues to grow and remains a priority market
- Brand positioning in Latam agreed and Sportingbet being the brand in which marketing efforts are focused
- World Cup in Brazil in 2014 remains a fantastic opportunity and marketing strategy / budgets for this event are being finalised
- Q3-2013 like-for-like revenues per day up 12.1% overall compared to same period in 2012

Operations: B2B

	H1-2013 €million	H1-2012 €million
Sports gross margin	***12.3%***	*11.5%*
Sports NGR	**26.9**	23.1
Gaming NGR	**9.3**	8.4
Other revenues from customers	**1.3**	1.2
Total revenues	**37.5**	32.7
GVC share of revenues	**25.3**	10.1
Clean EBITDA	**14.3**	4.4

B2B (continued)

- Strong growth in H1-2013 of 15% to €207k per day (H1-2012: €180k per day) - no major football tournament in the Summer
- Migration of betboo Turkey customers onto Sportingbet platform completed
- Mitigation of earn out since 19 March 2013 - savings in Q2-2013 already €8 million and annualised savings expected to be c.€30 million
- New Turkish legislation on 2 August 2013 resulting in increased fines for players and sanctions for operators
- Q3 has y-o-y reduction of 12% to €152k per day (Q3-2012: €172k per day) as a result of the impact of the legislation and weakness in Turkish Lira (14% weaker than a year ago)
- Marketing and CRM activities intensified to reduce any further impact

CasinoClub NGR

	H1-2013 €million	H1-2012 €million	H1-2011 €million
Total NGR	**15.4**	14.1	14.7
Clean EBITDA	**6.7**	6.2	5.8

- GVC legacy business continues to trade well
- Clean EBITDA has been increased as a result of increased revenues and a reduced cost base to €6.7 million (H1-2012: €6.2 million)
- CasinoClub VIPs remain loyal and high spending
- Minimal upfront acquisition spend, focus remains CRM, affiliate marketing and VIP retention
- Solid start to Q3-2013, NGR up 8.3% compared to same period in 2012

Outlook

Dividend policy

- Aim for 75% of net cash generated (net of working capital needs)
- From 2007, £2.00 per share paid in dividends
- 2013 to date: 28 €cents per share paid in dividends
  - 1 March 2013 — 7 €cents per share
  - 1 August 2013 — 10.5 €cents per share
  - 1 November 2013 — 10.5 €cents per share
- 2012 - paid 26 €cents per share
- 2011 – paid 20 €cents per share
- Commenced paying dividends quarterly earlier than anticipated due to successful integration and turning around of the Sportingbet business

Regulatory outlook

- European regulatory outlook remains uncertain and GVC monitors it closely
- Licences in Malta, the UK, South Africa, Italy, Germany Denmark, Alderney and the Netherlands Antilles
- On 2 August 2013 legislation was revised in Turkey to provide for increased sanctions
- UK consumption tax expected to be in place by 1 December 2014. Impact to Group less than €2 million at current run rates

2013 Outlook

GVC Trading Update for 84 Days to 22 September 2013*	2013 €000's	2012 €000's	% change
- Sportingbet	**287**	256	12.1%
- B2B	**152**	172	(11.6)%
- CasinoClub	**77**	71	8.3%
TOTAL	**516**	**499**	**3.4%**

* Like-for-like basis

Questions?

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