

2014 Interim Financial Results



Thursday 21 August 2014



Roger Withers Chairman



Ian Penrose Chief Executive



Cliff Baty Chief Financial Officer

- Strategic momentum maintained through new contracts and acquisitions
- Good underlying performance within Racing and Digital and Football Pools stable, but Venues business challenging
- Business remains well positioned with many exciting growth opportunities in the US
- Group now generates 64% of its revenues from US based businesses
- VAT claim appeal – awaiting the verdict from the Upper Tribunal

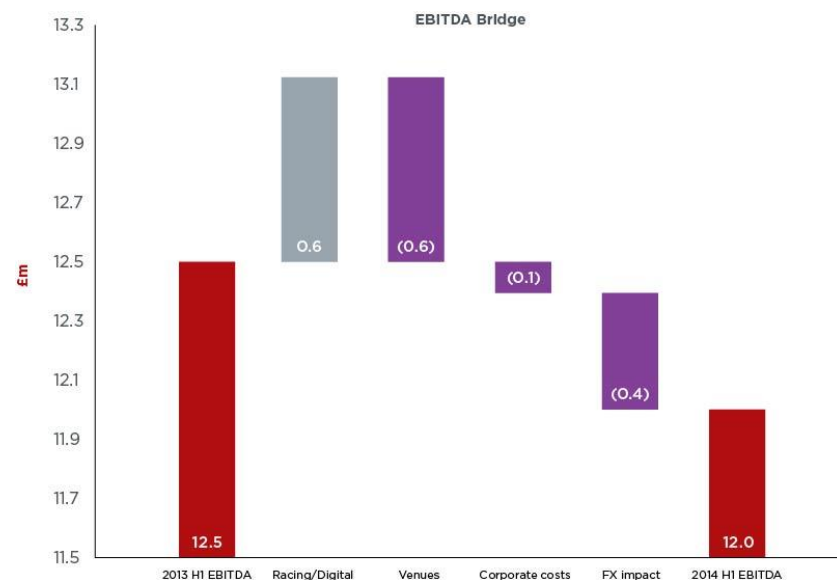


Servicing	B2B	B2C	B2C
<i>Description</i>	<ul style="list-style-type: none"> • Supplier of tote equipment, services and software both on-track, online and mobile • Licensed in 26 States • 130 racetrack, ADW, casino customers across the US <ul style="list-style-type: none"> ▪ 44 casinos ▪ 125 racetracks ▪ 29 ADWs • Includes online JVs with NYX and PickLive • Acquired Bump 	<ul style="list-style-type: none"> • Exclusive operator of betting on racing in venues and online across Connecticut and the Netherlands • Winners, MyWinners and Runnerz brand names • California venues to be launched in 2014 under brand name "Striders" 	<ul style="list-style-type: none"> • Operator of pools betting through collection, subscription and online channels
<i>Location</i>	US (Atlanta, New Jersey), UK, Ireland, Germany	US (Connecticut, California), Netherlands	UK, operational centre in Liverpool
<i>Customers</i>	Worldwide	CT and CA consumers	Predominantly UK
<i>% Revenue</i>	32%	32%	36%

2014 Half Year Financial Results

Sportech PLC 2014 Interim Results

	2014 H1 £m	Reported 2013 H1 £m	Change £m	Reported 2013 FY £m
Revenue	52.6	54.4	(1.8)	110.3
EBITDA*	12.0	12.5	(0.5)	26.0
Depreciation and amortisation	(2.9)	(2.8)	(0.1)	(5.7)
Share option expense	(1.0)	(1.0)	-	(1.5)
Net bank interest	(1.8)	(2.1)	0.3	(4.3)
Adjusted** profit before tax	6.3	6.6	(0.3)	14.5
Taxation of adjusted profit	(1.4)	(1.7)	0.3	(4.0)
Adjusted** profit after tax	4.9	4.9	-	10.5
<i>Adjusted EPS - pence</i>	<i>2.4</i>	<i>2.5</i>	<i>(0.1)</i>	<i>5.3</i>
<i>EPS from continuing operations - pence</i>	<i>33.7</i>	<i>1.1</i>	<i>32.6</i>	<i>1.7</i>



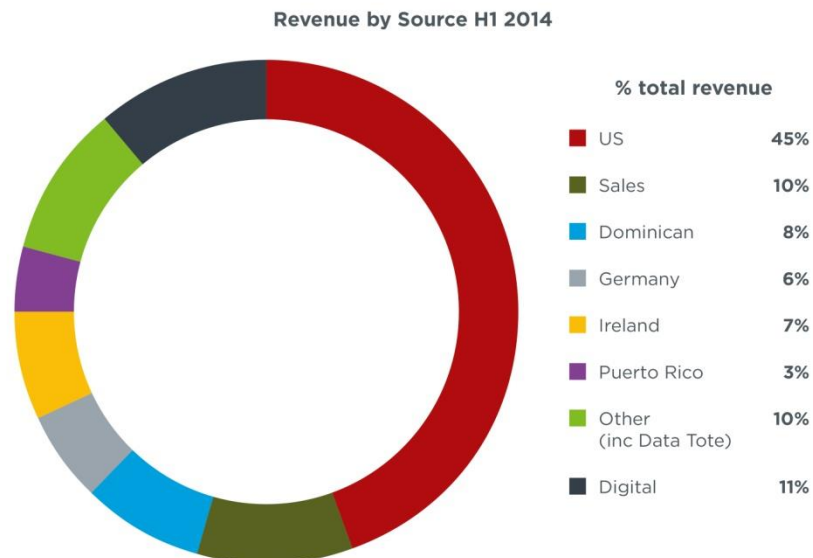
* EBITDA is stated before exceptional costs and income and share option expense.

** Adjusted profit figures are from continuing operations and are stated before amortisation of acquired intangibles, exceptional costs and income, share of loss after tax of joint ventures, and other finance (charges)/income.

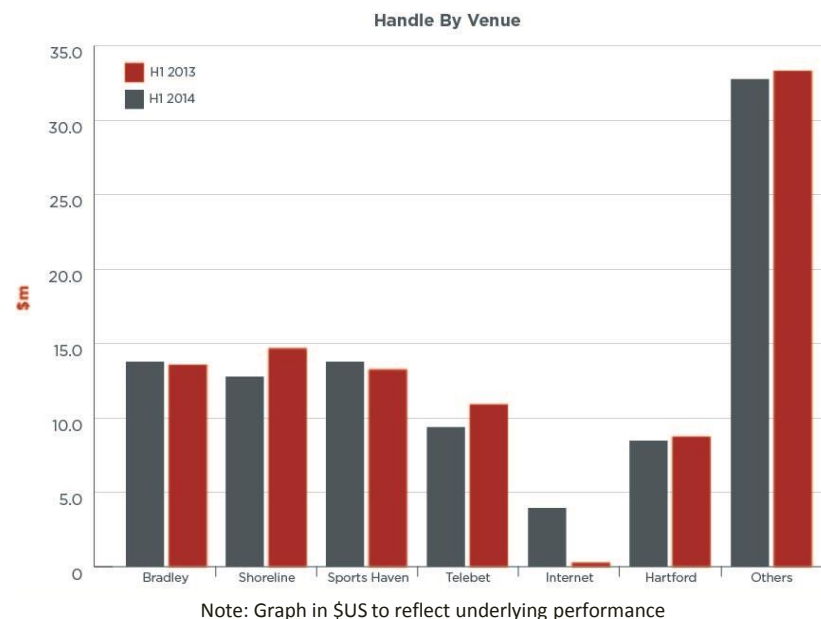
	2014 H1	2013 H1	Change	2013 FY
	£m	£m	£m	
Tote services	13.2	12.5	0.7	27.9
Equipment sales	1.9	1.6	0.3	4.1
Digital	1.8	1.9	(0.1)	3.9
FX impact	-	1.5	(1.5)	-
Total revenue	16.9	17.5	(0.6)	35.9
Payroll	(7.1)	(7.1)	-	(15.0)
Other costs	(6.1)	(5.8)	(0.3)	(13.2)
FX impact	-	(1.3)	1.3	-
EBITDA	3.7	3.3	0.4	7.7

Note: line items shown on a constant currency basis

- EBITDA up 19% at constant currency
- Robust revenue performance with increase driven by Datatote acquisition
- Dominican Republic sales revenues in line with prior year despite 7% decline in local currency against USD
- Cost efficiencies help driving improvement in underlying EBITDA

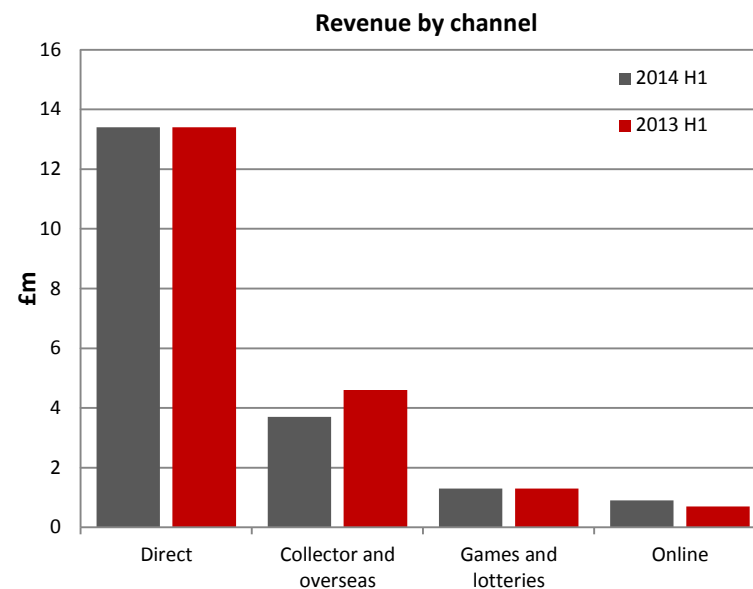


	2014 H1		Constant currency 2013 H1		Change £m	Reported 2013 FY	
	£m	% of handle	£m	% of handle		£m	% of handle
Handle	56.6		56.8		(0.2)	118.2	
Revenue	14.2	25.1%	13.6	23.9%	0.6	28.2	23.9%
Tax	(2.0)	(3.5%)	(2.0)	(3.5%)	-	(4.1)	(3.5%)
Track/Tote/Interface fees	(4.1)	(7.3%)	(3.9)	(6.8%)	(0.2)	(7.9)	(6.7%)
Gross profit	8.1	14.3%	7.7	13.6%	0.4	16.2	13.7%
Payroll	(2.4)	(4.2%)	(2.1)	(3.7%)	(0.3)	(4.7)	(4.0%)
Facility costs	(1.8)	(3.2%)	(1.7)	(3.0%)	(0.1)	(3.7)	(3.1%)
Other costs	(2.0)	(3.5%)	(1.4)	(2.5%)	(0.6)	(3.4)	(2.9%)
Connecticut EBITDA	1.9	3.4%	2.5	4.4%	(0.6)	4.4	3.7%
Other EBITDA	0.1		0.1		-	0.4	
FX impact	-		0.2		(0.2)	-	
Total Venues EBITDA	2.0		2.8		(0.8)	4.8	



- Severe winter weather and reduction in VIP revenues impacted handle
- Betting revenue in line with prior year with overall revenue increase due to food and beverage sales at Bradley
- Bradley sports bar and restaurant incurred losses of £0.2m
- Track fees have increased due to price rises combined with changes in handle mix

	2014 H1	2013 H1	Change	2013
	£m	£m	£m	£m
Revenue				
Direct	13.4	13.4	-	27.5
Collector and overseas	3.7	4.6	(0.9)	8.9
Games and lotteries	1.3	1.3	-	3.0
Online	0.9	0.7	0.2	1.9
Football Pools revenue	19.3	20.0	(0.7)	41.3
Sales related costs	(4.0)	(4.3)	0.3	(8.6)
Overheads:				
- Staff costs	(2.7)	(2.9)	0.2	(6.0)
- Marketing	(1.2)	(1.0)	(0.2)	(2.0)
- Entry printing	(0.5)	(0.6)	0.1	(1.3)
- Other overheads	(2.7)	(3.0)	0.3	(6.0)
EBITDA	8.2	8.2	-	17.4

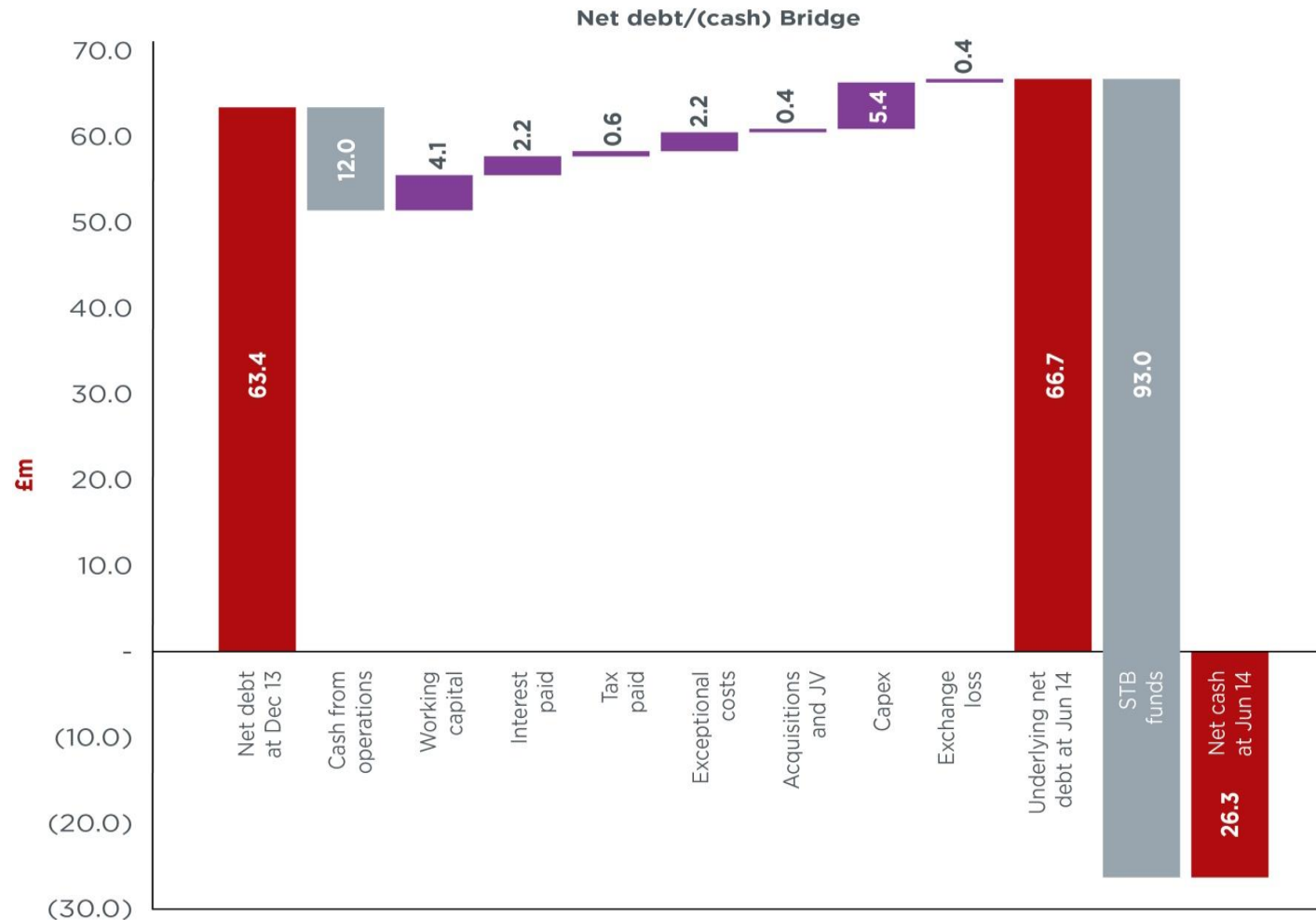


- Direct revenues in line with prior year
- Overall revenue decline due to forecast collector channel decrease
- Tight cost control delivers EBITDA in line with prior year

	2014 H1	2013 H1	Change	2013 FY
	£m	£m	£m	£m
Sportech Racing and Digital	2.7	2.1	0.6	6.4
Sportech Venues	1.1	1.0	0.1	3.6
Football Pools	1.6	0.9	0.7	2.1
Discontinued operations	-	0.3	(0.3)	0.5
	5.4	4.3	1.1	12.6

- Full year capex expected to be around £13m
- In addition, investment in Resorts JV is expected to be £1.5m

Cash Flow Summary



- Underlying net debt/EBITDA leverage covenant for testing purposes is 2.65x

Refinancing

- Bank debt refinanced in May with existing lenders
- £80m revolving credit facility maturing in August 2018
- Delivered a reduction in ongoing interest rates of 50bps
- Agreed leverage covenant levels :
 - < 3.00x to 30 June 2016
 - < 2.75x to 30 June 2017
 - < 2.50x to 30 June 2018

VAT Update

- Verdict pending following appeal at the Upper Tribunal in late April 2014
- £93m received from HMRC, generating an ongoing saving in interest costs
- Gain of £87.1m recognised in H1 2014 in line with accounting principles
- Funds will have to be repaid if HMRC win the appeal
- Group will update shareholders with further information as it becomes available

Chief Executive's Review



Sportech Racing and Digital

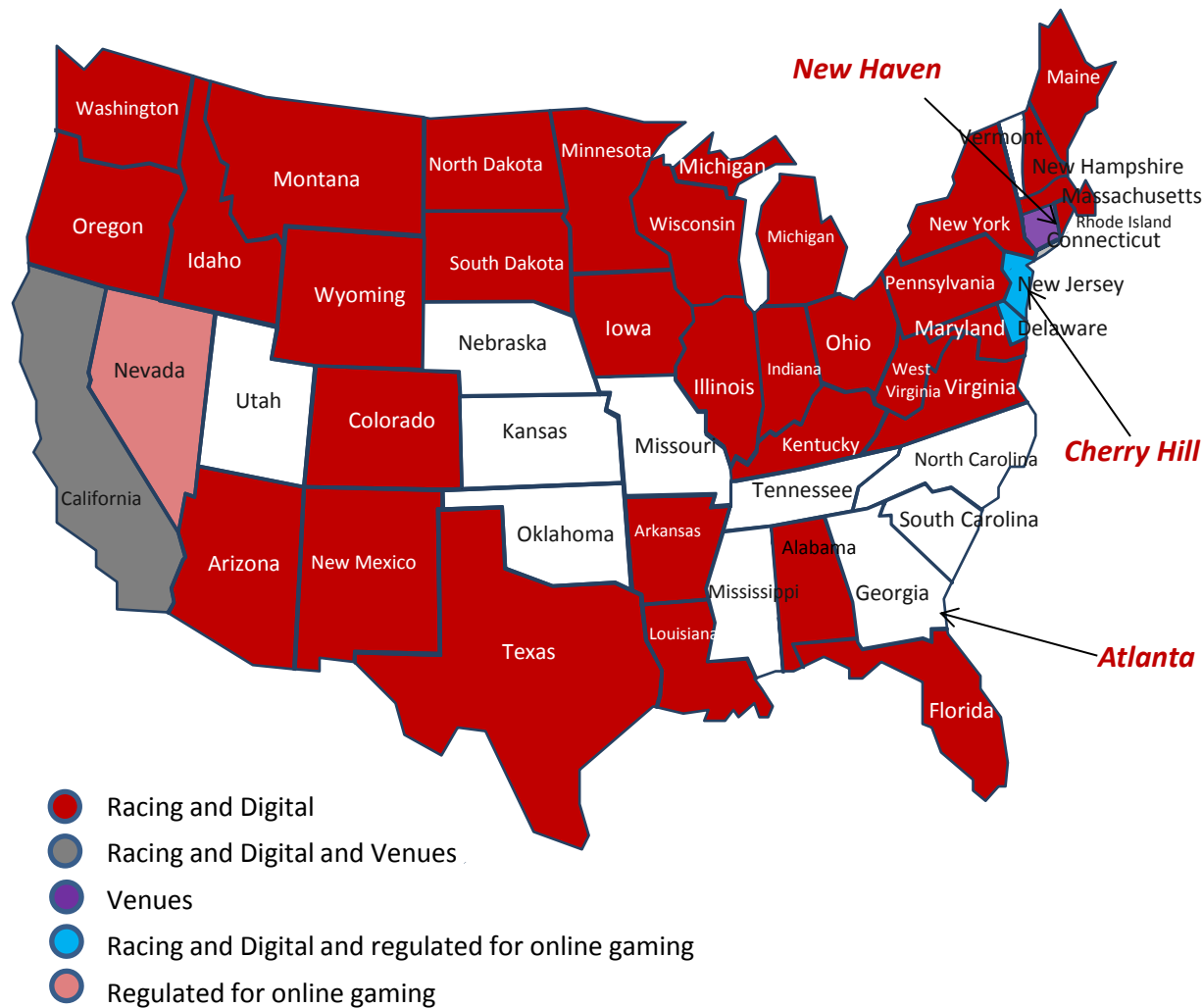
- Significant new contracts signed including Totepool (UK Tote)
- Development continues in iGaming and Fantasy sports
- Extended our relationships into North American Sports following acquisition of BUMP

Sportech Venues

- Challenging trading in 1st half
- Launched exclusive online horserace betting site together with new mobile application
- Significant approvals obtained to develop high profile venues in Stamford, CT and San Diego, CA

Football Pools

- Business on track with operational targets being met
- Recruitment of new players to the subscription business, including digital acquisition
- New online platform going live in H2



- 3 offices and 700 employees across two US businesses:
- **Racing and Digital**
Supplier of pool betting equipment and software both on-track, online and mobile (130 racetrack, online wagering and casino customers across the US)
- **Venues**
Venue, telephone and internet operator of pool betting on racing in venues (Connecticut and California)



Rich Roberts
President of Digital, US

Responsibilities

iGaming
Fantasy Sports
Connecticut online
wagering

Experience and skill

Over 20 years of games and gaming experience including his role as Chief Executive Officer (“CEO”) of Slingo, Inc. from 2010 to 2013.



Andrew Gaughan
President, Sportech
Racing and Digital

Responsibilities

Tote systems – both
offline and online

Experience and skill

Over 14 years in the gaming industry. Prior to joining Sportech Racing (formerly Scientific Games), Andrew was Group Vice President of Magna Entertainment Corp (MEC).



Ted Taylor
President of
Sportech Venues

Responsibilities

Connecticut
Venues

Experience and skill

Ted has significant commercial, technical and pool betting experience from his previous experience at The Football Pools, Arena Leisure Plc and Harry Ramsdens Plc.



Phil Balderamos
Managing Director, Sportech
Venues California

Responsibilities

California
Venues

Experience and skill

Phil held a senior Marketing position at Birds Eye and prior to that, held marketing management positions at several blue-chip companies, including Mars and Unilever.

Significant Contract Update

▪ *Totepool (UK Tote)*

- Landmark contract to replace entire betting system
- Includes online/mobile technology in addition to core system
- Approx. £9m of revenues over 10 years

▪ *California*

- Existing agreement to supply all racetracks runs till September 2015
- Tender process commenced with decision in late H2 2014

TOTEPOOL



SNG Interactive - joint venture between Sportech and NYX

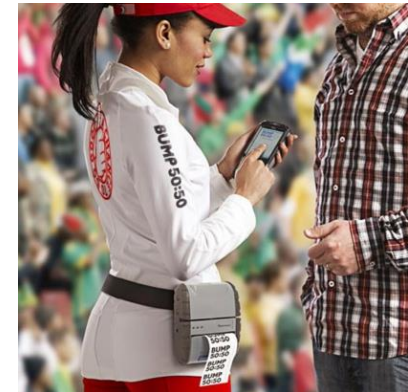
- Initial entry into US iGaming market via New Jersey, positions the business well as further States regulate
- Partnering the iconic Resorts Hotel and Casino, in Atlantic City
- Supplying online gaming services to Resorts
- Site to launch by January 2015, Sportech investing \$2m



RESORTS
CASINO.COM



- Acquired Bump – operator of “50:50 raffles” at sporting events, with sales distribution through roaming sellers (tablets), sales kiosks and mobile apps tablet
- Creates relationships with professional sports teams (NBA,NHL, NFL,MLB) and their charitable foundations
- Acquisition cost of £0.1m with earn-out based on 2016 performance
- Vendor will continue to develop the business whilst integrating it into the Sportech Racing and Digital division
- Opportunity to grow market share through expanded sales team





Good strategic progress

- Opened Bradley flagship venue
- Obtained regulatory approval for new venue in Stamford to open next year
- Exclusive online and mobile betting sites launched
- Continue to evaluate slots opportunity

Challenging trading

- Combination of extreme winter weather, VIP loss and content costs

Bradley Sports bar

- Flagship facility to create long-term opportunities
- Helping to change the perception of wagering
- Start up losses of £0.2m in H1 as anticipated
- Overall contribution is greater than \$1m+ per annum from overall Bradley facility including betting and food and beverage



New Stamford Venue

- Received regulatory approval to open a betting venue, sports bar and restaurant in downtown Stamford
- Finalising plans: expecting to open Summer 2015



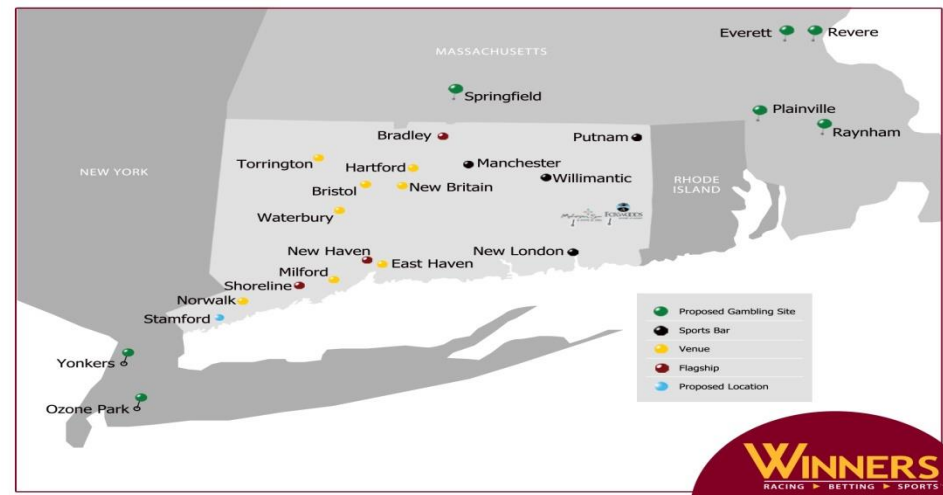
Online

- Connecticut's only legal online betting site launched in Spring
- In June, Connecticut Attorney General issued cease and desist letters to the current national online operators in state
- New and focused management team recruited in H2



Slots Update

- Competitive threat to state taxes and employment due to planned introduction of casinos into Massachusetts and New York
- Potential for slots to counter some of these issues
- Engaged leading gambling consultancy

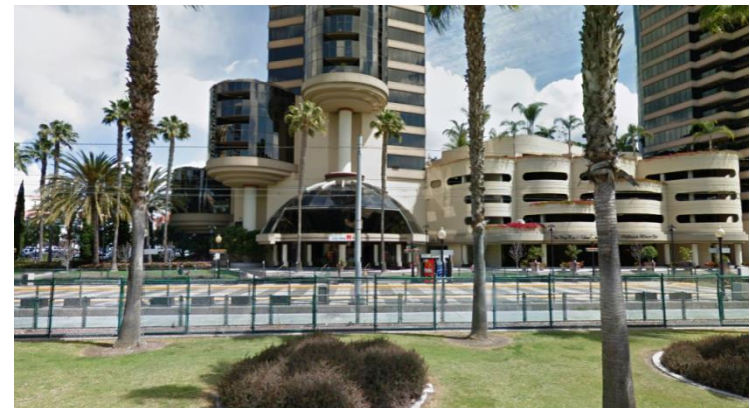


- Deal secured with SCOTWinc to develop up to 10 sports bar, restaurant and betting locations in southern and central California
- Venues will be opened under the Sportech owned brand name “Striders”
- Initial venues will be developed with a locally based partner, Silky Sullivan's Group (SSG)
- First venue will open in Norco, near Los Angeles in late 2014



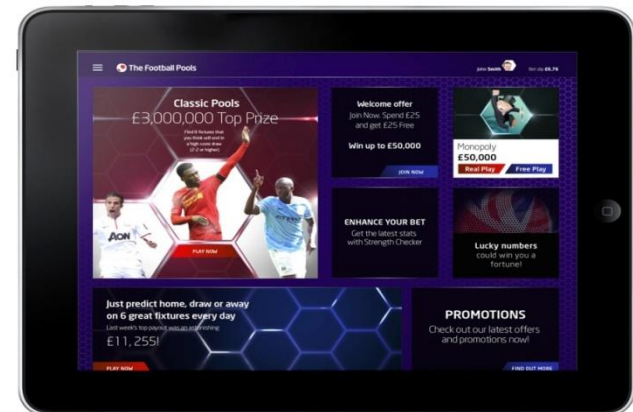
San Diego

- Regulatory approvals received for a second venue in downtown San Diego near the convention centre and Padres ballpark
- No other betting venue permitted within the city
- Site planned to open in Spring 2015



- Business on track with operational targets being met
- Total 11,000 new customers (2013: 8,000) acquired in period with overall decline in Direct customer numbers, now reduced to 5%
- Direct business 80% of customer base with 120,000 customers now playing by direct debit
- Collector customers declined by 20%
- Increase in spend per customer per week following simplification of customer offers
- New online platform and website in development will go-live in October
- Migration of existing online customers to new website and platform will occur in H2

Football Pools	Customer Numbers			Weekly rev per customer		
	2014 H1	2013 H1	2013 FY	2014 H1	2013 H1	2013 FY
	000s	000s	000s	£	£	£
Direct	237	250	248	2.83	2.63	2.71
Collector	58	72	70	2.52	2.54	2.56
Overseas	3	5	6	2.83	2.67	2.75
	298	327	324	2.76	2.61	2.67



Summary



- Continued execution against strategic objectives
- Financial results impacted by difficult H1 in Venues and foreign exchange
- Continue to invest in growth opportunities
- Unique position in US market
- Full year results will be impacted by foreign exchange losses but in line with expectations on a constant currency basis

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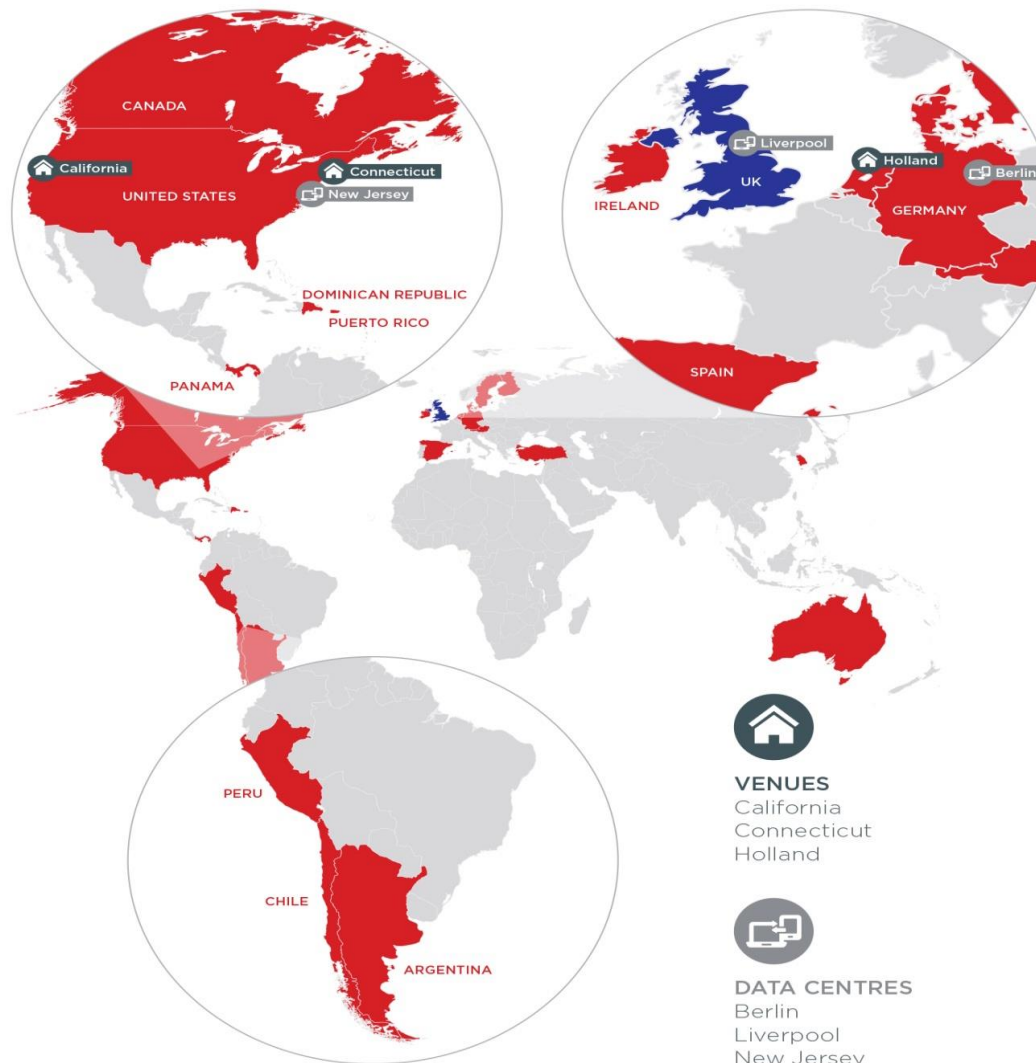
TOTE SERVICES AND EQUIPMENT SALES

Argentina
 Australia
 Austria
 Canada
 Chile
 Cyprus
 Denmark
 Dominican Republic
 Finland
 Germany
 Holland
 Ireland
 Korea
 Northern Ireland
 Panama
 Peru
 Puerto Rico
 Spain
 Sweden
 Turkey
 United Kingdom
 USA



FOOTBALL POOLS CUSTOMERS

Bermuda
 Gibraltar
 Ireland
 Northern Ireland
 United Kingdom
 Mauritius



VENUES

California
 Connecticut
 Holland



DATA CENTRES

Berlin
 Liverpool
 New Jersey