



Sportech is one of the world's leading pool betting operators and technology suppliers

Presentation Team



Roger Withers

Chairman



Ian Penrose

Chief Executive



Mickey Kalifa

Chief Financial Officer

Key Group Highlights



- Results in line with expectations and balance sheet strengthened
- Demonstrated unrealised value in US assets with three-fold return on sale of iGaming assets
- Expansion into providing lottery products for professional sports teams
- Expansion of Venues strategy into California
- Investment in technology driving new international sales - strong pipeline for 2016
- Football Pools moving towards stability - in line with strategy
- £97m VAT refund appeal to be held in Court of Appeal on 7/8 April

Key Financial Highlights



- EBITDA of £23.1m (2014: £24.0m) in line with expectations
- Balance sheet strengthened with net debt reducing by 10% (£6.1m) to £57.7m
- Statutory profit increased to £9.7m (2014: loss of £21.0m)
- Capex fell by 16% (£1.6m) to £8.4m as investment levels in previous years to upgrade technology and products reduced
- 2.2m shares owned in Canadian-listed NYX Gaming Group (share price at 31 December CAD \$2.72)

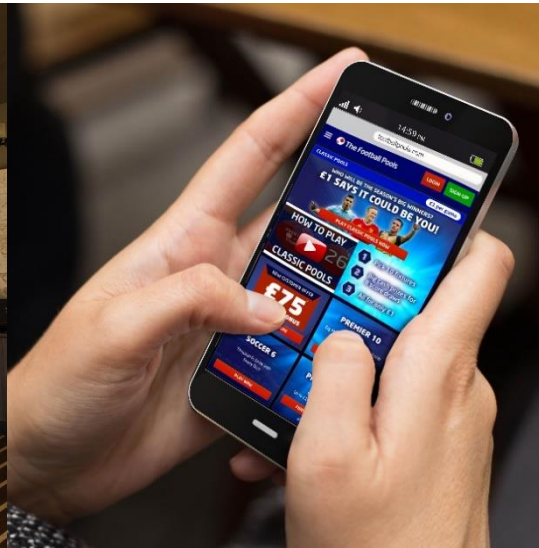
Key Group Highlights



Divisional Financial Overview

- Venues impacted by the previously announced:
 - severe winter weather in Connecticut
 - closure for refurbishment of key Jai-Alai venue
- Racing and Digital:
 - new contracts gained internationally mitigate loss of contract in California and a major Digital customer closed their racetrack
- Football Pools:
 - trading in line with strategic plan
- Bank covenants:
 - operating comfortably within covenant test ratios

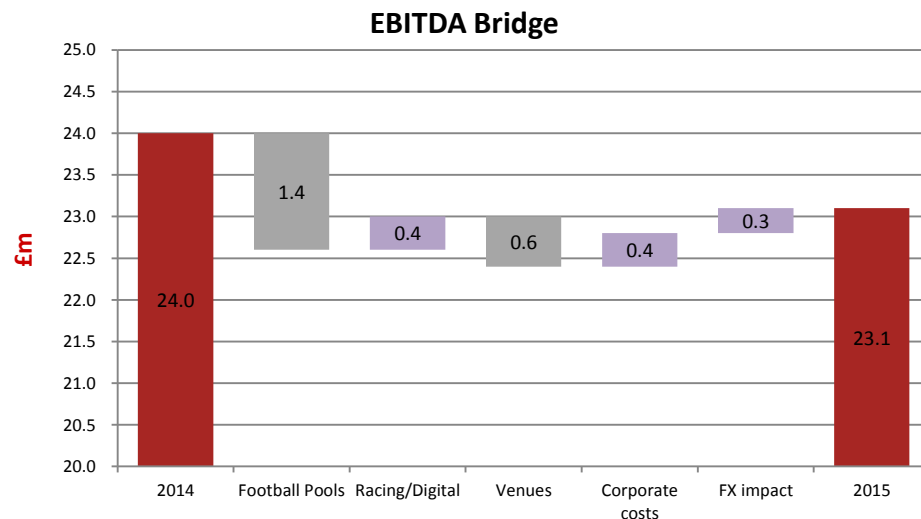
Chief Financial Officer's Review



Preliminary Results 2015



	2015	Reported 2014	Change
	£m	£m	£m
Revenue	100.2	104.1 ⁽³⁾	(3.9)
EBITDA ⁽¹⁾	23.1	24.0 ⁽⁴⁾	(0.9)
Depreciation and amortisation	(7.6)	(6.2)	(1.4)
Share option expense	(0.5)	(0.6)	0.1
Net bank interest	(3.2)	(2.8)	(0.4)
Adjusted⁽²⁾ profit before tax	11.8	14.4	(2.6)
Taxation of adjusted profit	(2.8)	(3.2)	0.4
Adjusted⁽²⁾ profit after tax	9.0	11.2	(2.2)
<i>Adjusted EPS - pence</i>	4.4	5.5	(1.1)
<i>(LPS)/EPS – pence</i>	3.3	(10.4)	13.7



(1) EBITDA is stated before exceptional items, share option expense and impairment of assets.

(2) Adjusted profit figures are stated before amortisation of acquired intangibles, impairment of assets, exceptional items, share of loss after tax and impairment of joint ventures, and other finance income.

(3) 2014 Revenue £106.4m at constant currency

(4) 2014 EBITDA £24.3m at constant currency

Preliminary Results 2015

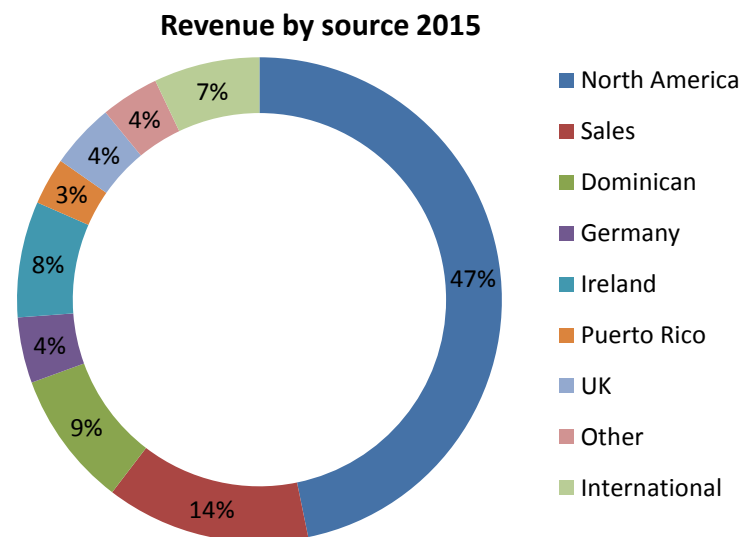


	2015 £m	2014 £m	Change £m
Adjusted profit before tax ⁽¹⁾	11.8	14.4	(2.6)
Exceptional costs	(2.6)	(2.3)	(0.3)
Exceptional income	8.1	-	8.1
Amortisation of acquired intangibles	(1.2)	(4.1)	2.9
Impairment of assets	(6.1)	(28.1)	22.0
Other finance income	0.6	0.3	0.3
Share of loss after tax and impairment of joint ventures and associates	(0.9)	(0.2)	(0.7)
(Loss)/profit before tax	9.7	(20.0)	29.7
Taxation	(3.0)	(1.3)	(1.7)
Profit/(loss) after tax	6.7	(21.3)	28.0
EPS/(LPS) – pence	3.3	(10.4)	

(1) Adjusted profit figures are before amortisation of acquired intangibles, impairment of assets, exceptional items, share of loss after tax and impairment of joint ventures, and other finance income.



	2015	2014	Change	Reported
	£m	£m	£m	2014
				£m
Tote services	27.3	27.8	(0.5)	26.6
Equipment sales	4.8	3.4	1.4	4.2
Digital	2.5	4.0	(1.5)	3.7
FX impact	-	(0.7)	0.7	-
Total revenue	34.6	34.5	0.1	34.5
Payroll	(12.7)	(13.1)	0.4	(12.7)
Other costs	(13.3)	(13.9)	0.5	(13.7)
FX impact	-	0.6	(0.6)	-
EBITDA	8.6	8.1	0.4	8.1



Note: line items shown on a constant currency basis

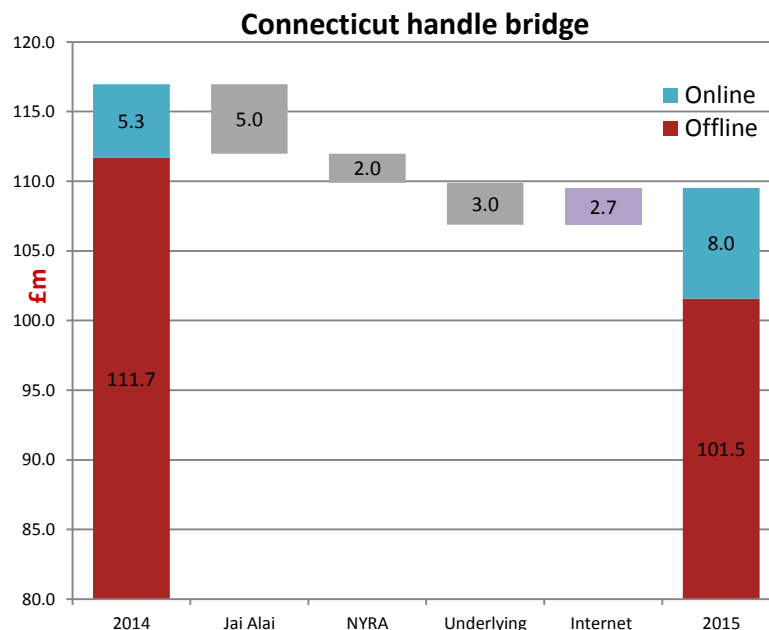
- Tote services revenues slightly behind prior year at constant currency
- Equipment sales include £2.4m revenues from Totepool contract
- 2015 Digital revenues impacted by loss of two customers as highlighted in H1, but now recovering
- Overall costs reduced, including restructuring of Digital management and savings in US racing

Sportech Venues



	2015		Constant currency		Change	Reported	
	£m	% of handle	£m	% of handle		£m	% of handle
Handle	109.5		117.0		(7.5)	108.2	
Revenue	27.6	25.2%	29.2	25.0%	(1.6)	27.0	24.9%
Tax	(3.8)	(3.5%)	(4.1)	(3.5%)	0.3	(3.8)	(3.5%)
Track/Tote/Interface fees	(8.0)	(7.3%)	(8.3)	(7.1%)	0.3	(7.6)	(7.0%)
Margin	15.8	14.4%	16.8	14.4%	(1.0)	15.6	14.4%
Payroll	(4.9)	(4.5%)	(5.3)	(4.5%)	0.4	(4.9)	(4.5%)
Facility costs	(3.7)	(3.4%)	(3.7)	(3.2%)	-	(3.5)	(3.2%)
Other costs	(4.6)	(4.2%)	(4.5)	(3.8%)	(0.1)	(4.2)	(3.9%)
Connecticut EBITDA	2.6	2.4%	3.3	2.8%	(0.7)	3.0	2.8%
Other EBITDA	0.2		0.1		0.1	0.2	
FX impact	-		(0.2)		0.2	-	
Total Venues EBITDA	2.8		3.2		(0.4)	3.2	

Note: line items shown on a constant currency basis

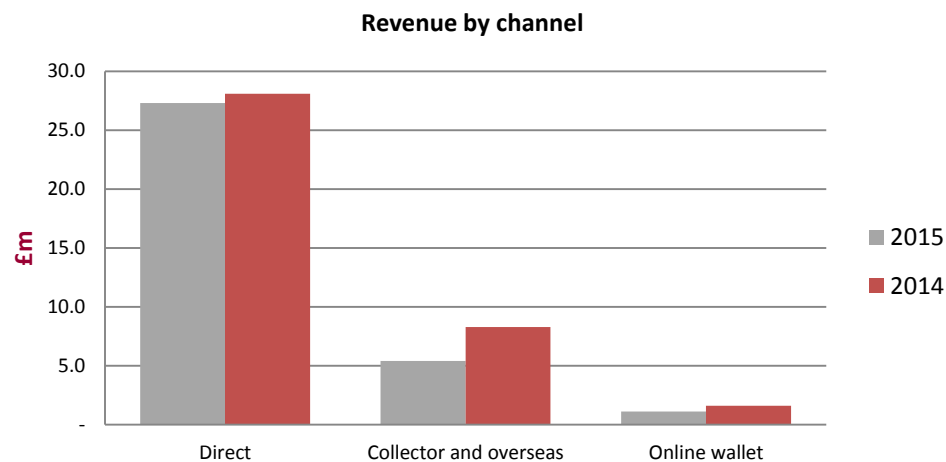


- Handle decline of £7.5m due primarily to temporary Jai-Alai venue closure (£5m) and extreme weather affecting racing (£2m – eg Aqueduct, 17 cancellations in 2015 vs 7 in 2014)
- Internet handle up 50% to £8.0m (2014: £5.3m)
- F&B revenues at BV's sports bar of £1.5m with EBITDA of break-even
- Payroll savings following headcount reductions

The Football Pools



	2015	2014	Change
	£m	£m	£m
Revenue			
Subscription	27.3	28.1	(0.8)
Collector and overseas	5.4	8.3	(2.9)
Online	1.1	1.6	(0.5)
Football Pools revenue	33.8	38.0	(4.2)
Sales-related costs	(6.3)	(7.8)	1.5
Overheads:			
- Staff costs	(5.0)	(5.5)	0.5
- Marketing	(1.9)	(2.2)	0.3
- Entry printing	(0.9)	(1.0)	0.1
- Other overheads	(4.5)	(4.9)	0.4
EBITDA	15.2	16.6	(1.4)



- Subscription revenues approaching stability
- Continued tight cost control driving staff cost and overhead savings
- Business modernisation plan nearing completion
 - Online revenues decreased following impact of platform migration; performing well in 2016
 - Collector revenues showing expected decline
 - Anticipated exceptional costs of up to £3m in 2016

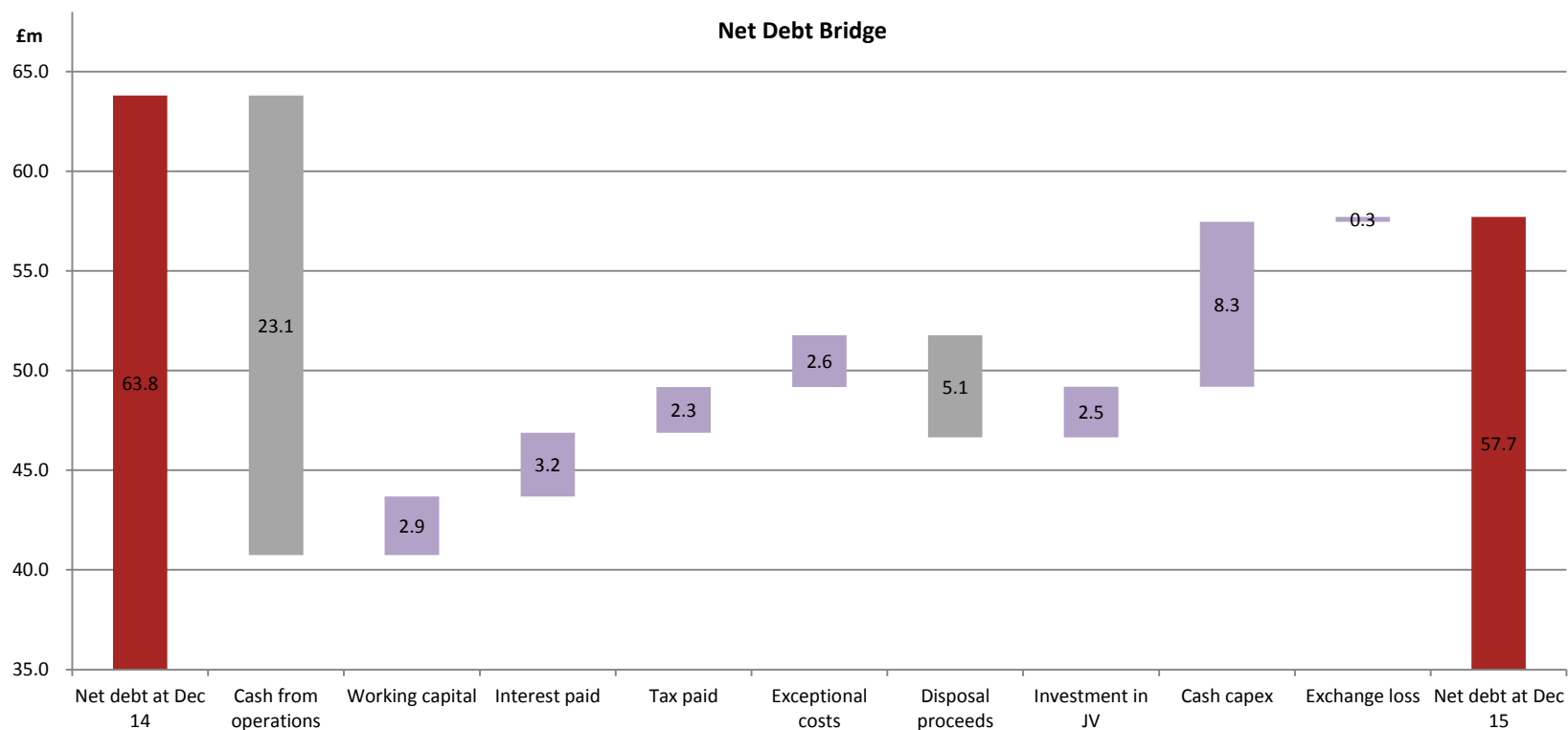
Capital Expenditure



	2015	2014	Change
	£m	£m	£m
Sportech Racing and Digital	4.5	5.7	(1.2)
Sportech Venues	1.1	1.3	(0.2)
Football Pools	2.5	3.0	(0.5)
Corporate costs	0.3	-	0.3
	8.4	10.0	(1.6)

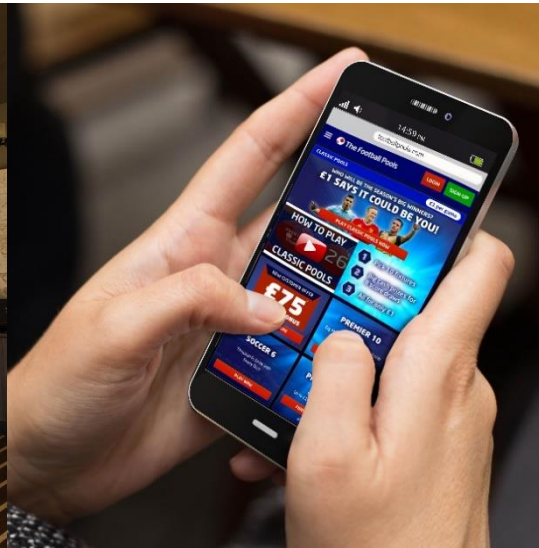
- Continued investment in technology across the Group
- Racing and Digital includes £1.6m investment in Digital Link/G4 online development
- Football Pools includes ongoing systems modernisation and online website development

Cash Flow Summary



- Net Debt/EBITDA leverage covenant for testing purposes is 2.50x against a bank covenant of 3.00x

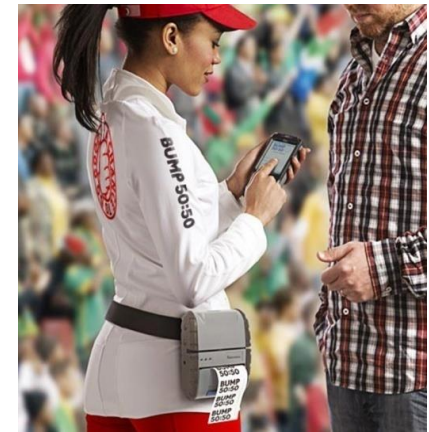
Chief Executive's Review



Sportech Racing and Digital



- Past investment in technology and the opening of an office in Asia, has led to new contracts secured in both North America and Asia for online and on-track
- Disposed of SNG, our iGaming joint venture in New Jersey. Invested £2.1m and generated £8.1m pre-tax profit
- Rapid expansion of lottery technology into professional sports; customer number increased from 7 to 32 since acquisition. Firstly online raffle following new legislation in Colorado last week
- Technology provided by the Group's existing joint venture with Playwin, is now live and operational in India
- Consolidated our operations centre in Germany into New Jersey in January 2016 to improve efficiencies

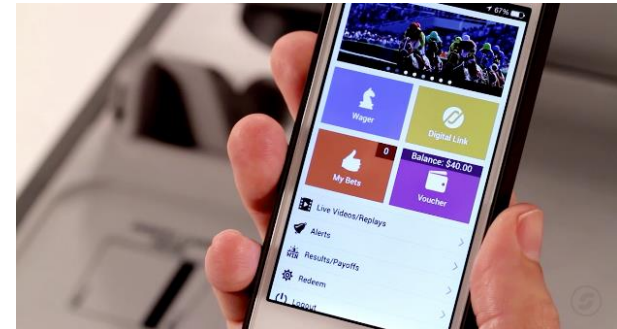


Sportech Racing and Digital - Contracts



Contracts update:

- Existing contract update: Totepool (UK Tote) - Successful implementation of Betfred systems in time for Royal Ascot. Ongoing maintenance contract in place
- New contracts:
 - Penn National Gaming - now providing a full suite of racetrack, G4 and Digital Link products
 - Hawthorne, Lonestar Park and Remington Park
 - Asia - Royal Sabah Turf Club of Malaysia, and Sports Network Limited, reseller to racetracks in Vietnam
- Withdrawal from loss-making German Tote contract
- Orderly closure of Tote operations in California



Sportech Racing and Digital - Bump 50:50



											
	Winnipeg Jets	Chicago Blackhawks	Montreal Canadiens	Arizona Coyotes	Colorado Avalanche	Dallas Stars		Colorado Rapids	Chicago Fire	Montreal Impact	Fc Dallas
											
	Chicago Bulls	Denver Nuggets	Dallas Mavericks		Quebec Remparts	Manitoba Moose	Bloomington Thunder (USCHL)	Chicago Wolves			
											
	Detroit Lions	Cleveland Browns			Colorado Mammoth Lacrosse	Montreal Allouettes CFL	Rutgers University	Université Laval			
											
	ChicagoLand Speedway	Miami Homestead Speedway	Michigan International Speedway	Phoenix International Speedway							
											
	Festival D'ete De Quebec	2015 Spring Training Arizona	2015 Rogers Cup	2015 Memorial Cup	Canadian Grand Prix F1						



Current Position

Connecticut

- Betting only legal on horseracing, greyhound racing and Jai Alai
- 15 venues and telephone betting
- Internet betting – in its infancy

California

- Legal betting only on horses and greyhounds
- First venue opened in San Diego on 28 January 2016
- Sportech holds licence to develop ten venues in Southern California

Future Potential

- Expansion to at least 18 venues, online and mobile, telephone betting
- Betting on all sports as regulation permits
- Working closely with regulators
- Potential to participate in slots initiative

Strategy unpinned by exclusive in perpetuity licence to operate in the State of Connecticut

- Approval in place to build next venue under the Striders brand at Norco
- Further sites for development under review
- Creation of a unique estate of sports bars and betting venues under the Striders brand

Strategy underpinned by the opportunity to increase the number of betting venues in California



Connecticut

- Flagship facility in Bradley made contribution of \$1.0m before central costs, with food and beverage (in Bobby V's) improved to break even (and up over 30% in 2016 to date against 2015)
- Internet betting (“ADW”) in early stages – handle up 50%
- Demolition completed on proposed new \$7m site in Stamford – all approvals received
- Progressing initial work around planning for a further venue
- Appointed CBRE to market surplus property assets in New Haven to raise capital sufficient to fund majority of build out strategy
- Third casino/slots potential opportunity in Connecticut being progressed



Sportech Venues



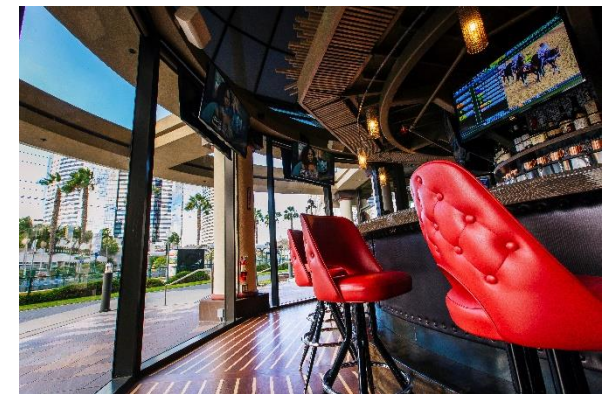
California

- The first of our sports bar, restaurant and betting venues officially launched on 28 January 2016 – sole betting venue in San Diego
- Venue developed as part of a joint venture with local operators, Silky Sullivan's Group
- 8,200 sq ft venue, located opposite Convention Centre and near Padres ballpark – investment for Sportech of \$2m



Netherlands

- Exclusive OTBs, point-of-sale terminal estate and online betting on horseracing produced a solid performance – ongoing discussions regarding regulatory plans

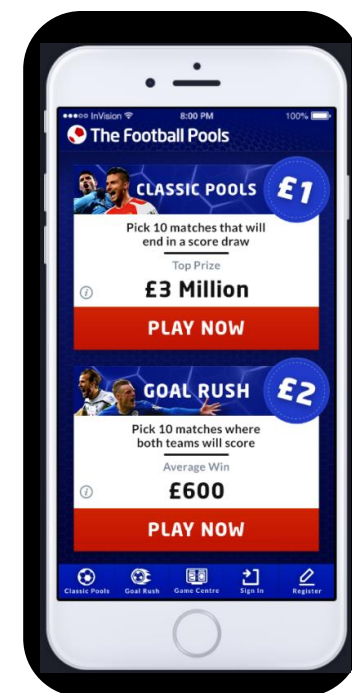
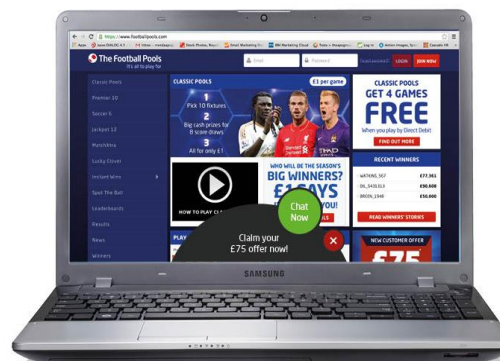


The Football Pools



- Increase in weekly spend per subscription customer of 2.4% offsetting some of the reduction in customer numbers - 60% now playing by direct debit
- Total 18,000 new customers (2014: 23,000) acquired in period with 52% to digital channels (2014: 39%)
- Expected decline in Collector customers continues, now representing only 11% of total customers in March 2016
- Core subscription channel showed slight revenue decline of 3% - £26.1m (2014: £27.0m)
- Continued focus on cost efficiency
- New digital developments driving online growth in 2016 off a low base - Pools app submitted to Apple Store this week

Football Pools	Customer Numbers		Weekly revenue per customer	
	2015	2014	2015	2014
	000s	000s	£	£
Direct	221	240	2.95	2.88
Collector	35	43	2.54	2.54
Overseas	4	3	2.73	2.97
	260	286	2.89	2.81



VAT Reclaim Update



- Claim is for £97m and is based on whether or not Spot the Ball is “a game of chance”
- The Group won the case at the First-tier Tribunal in March 2013
- Upper Tier Tribunal ruled in favour of HMRC in September 2014
- Court of Appeal hearing date of Nov 2015 postponed due to lack of judicial availability
- Court of Appeal hearing date set for 7/8 April 2016

Summary and Outlook



- Important stage in our development, with our US business making good progress, and the Football Pools arriving at its inflection point
- Investments in US Digital, food and beverage, Bump and India, beginning to gather momentum
- US strategic and regulatory positioning continues to provide exciting growth opportunities
- We will investigate any proposals that recognise the value of the inherent potential of our business
- We have started the year well and for the first two months of 2016, are trading in line with expectations



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Overview



Servicing	B2B	B2C	B2C
<i>Description</i>	<ul style="list-style-type: none"> • Supplier of tote equipment, services and software on-track, online and mobile • Licensed in 28 US States • Racetrack, ADW, casino customers across the US: <ul style="list-style-type: none"> ▪ 44 casinos ▪ 125 racetracks ▪ 29 ADWs • Includes Bump 50:50 • Includes 39.2% stake in DraftDay 	<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 brands • San Diego venue opened under brand name “Striders” 	<ul style="list-style-type: none"> • Operator of pools betting predominantly through subscription and online channels
<i>Locations</i>	US (Atlanta, New Jersey), UK, Ireland	US (Connecticut, California), Netherlands	UK, operational centre in Liverpool
<i>Customers</i>	Worldwide	US (CT and CA) and Netherlands	Predominantly UK
<i>2015 Revenue (% group)</i>	£34.6m (34%)	£32.7m (33%)	£33.8m (33%)

2015 Cash Flow Summary



	2015	2014	Change
	£m	£m	£m
EBITDA	23.1	24.0	(0.9)
Working capital outflow	(2.9)	(3.6)	0.7
Net exceptional costs	(2.3)	(2.3)	-
Capex	(8.3)	(10.0)	1.7
Interest paid	(3.2)	(3.0)	(0.2)
Taxation	(2.3)	(1.3)	(1.0)
Investment in joint ventures	(2.5)	(1.9)	(0.6)
Disposal of joint venture investments	5.1	-	5.1
Acquisition of subsidiaries, including payment of deferred consideration	-	(0.9)	0.9
Refinancing costs	(0.3)	(1.4)	1.1
Exchange translation	(0.3)	(1.4)	(0.3)
Movement in net debt	6.1	(0.4)	6.5

Sportech Key Facts



Sportech:

- Specialises in pool betting products, systems and services
- Currently processes \$13bn bets annually
- Is licensed in 28 US States, with customers in over 30 States*
- Has customers in over 30 countries across six continents worldwide including:

Continent	Where are Sportech's customers?
Europe	UK, Channel Islands, Ireland, Spain, Netherlands, Denmark, Finland, Cyprus, Malta, Germany, Austria, Sweden, France, Turkey
North America	US, Canada, Mexico, Dominican Republic, Panama, Puerto Rico, St.Kitts, Barbados, Trinidad, United States Virgin Islands
South America	Peru, Chile, Argentina
Asia	South Korea, India, Malaysia and Vietnam
Africa	Mauritius, South Africa
Oceania	Australia

* We can operate legally in some States that do not require us to hold a licence

Sportech Venues - Connecticut

