

THE INTERNATIONAL
BETTING TECHNOLOGY
BUSINESS



Sportech[®] PLC

2018 Full Year Results
For the Year Ending 31 December 2018



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Presenters and Agenda

Presenters

Richard McGuire | Interim Executive Chairman

Tom Hearne | Chief Financial Officer

Agenda

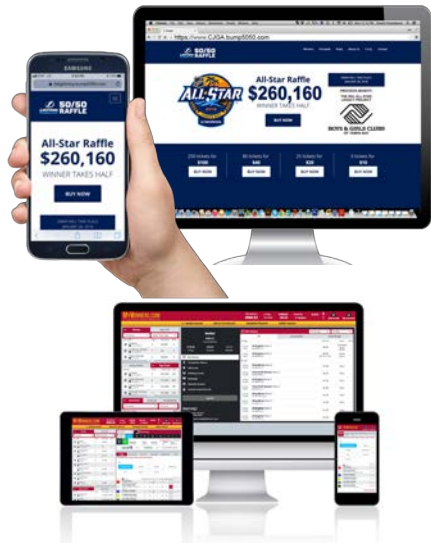
2018 Financial Summary

2019 Focus

Operating Review

2018 Key Developments

Setting the Stage for Change



- Appointment of Richard McGuire as interim Executive Chairman
- Appointment of Thomas Hearne to the position of Chief Financial Officer
- Completed sale of Sportech Racing BV in the Netherlands and closed central London office
- Adjusted EBITDA up 18.8% vs 2017
- Conducted independent technology review, which led to acquisition of new digital tech business
- Bump 50:50 division added twenty new professional and collegiate sports teams to its customer roster
- Delivered US Sports Betting presentation to numerous business clients, regulators and legislators
- Commenced campaign to provide Sports Betting solutions to US clients
- Commenced campaign seeking to extend current Connecticut licensing to cover Sports Betting





2019 Group Focus

Challenge Everything

Drive Efficiency

Simplify Focus

Strengthen Core
Build Growth

Leverage Digital

Boost Engagement

Enhance Culture

Roadmap for growth in 2019 and beyond



Culture

Challenge Everything

Promote a challenge culture - with an entrepreneurial emphasis - across the Group

Execute Initiatives Across the Group

1 Drive Efficiency 2 Innovate 3 Deliver

Strengthen Core + Deliver Growth

Core Tote Business

Maintain and evolve our position of strength in core Tote, providing leading technologies and services to our global client base

LEVERAGE CORE TO CULTIVATE GROWTH HUBS





Group Initiatives

Challenge Everything

Drive efficiencies

- Aggressively manage the cost base
- Utilise enhanced engineering and sourcing strategies to squeeze efficiency out of hardware
- Use a digital-first approach to compete and deliver effectively

Innovate

- Employee culture: attract and maintain the smartest innovators and entrepreneurs
- Sustain and strengthen our core Tote product through innovation
- Propel the growth hubs forward: Bump 50:50, Sports Betting, Lottery
- Innovate the full product cycle: management, service delivery and technology

Enhance the consumer experience

- Across all retail environments and touchpoints, land-based and digital
- Challenge service delivery excellence across the Group
- Promote an attitude of employee engagement, dedication and cross-selling
- Change the dynamic from price to value

Financial Review

Tom Hearne
Chief Financial Officer





Financial Summary

£000's	Constant	Constant	Reported	
	Currency	Currency	Currency	
	2018	vs 2017	2017	
		2017	2017	
Revenue	63,718	(0.9%)	64,289	66,271
Gross Profit	46,099	(0.7%)	46,404	47,709
Contribution ¹	44,111	(0.6%)	44,364	45,591
Adjusted EBITDA before sports betting investments ²	7,968	22.3%	6,516	6,707
Adjusted EBITDA ³	6,540	0.4%	6,516	6,707
Loss before tax from continuing operations	(2,439)			(23,150)
Adjusted profit from continuing operations ⁴	1,987			1,549

Continuing operations only, excludes Sportech Racing BV sale

1. Contribution is defined as gross profits, less marketing and distribution costs.
2. Excludes sports betting investments during the period, amounting to £1,428k.
3. Adjusted EBITDA is earnings before interest, taxation, depreciation and amortisation, share option charges and separately identifiable items as reported in Note 1 of the financial statements.
4. Adjusted profit from continuing operations is the aggregate of adjusted EBITDA pre sports betting investment, normalised share option charges, depreciation, amortisation (excluding amortisation of acquired intangibles), and finance charges.



Revenue Components

£000's	2018	2017
Racing and Digital – service revenue	30,776	32,076
Racing and Digital – sales revenue	1,726	1,381
Bump 50:50 – revenue	1,502	1,156
Total Racing and Digital	34,004	34,613
Venues – wagering revenue	25,655	26,506
Venues – F&B Stamford	2,272	1,462
Venues – F&B other	2,452	2,491
Total Venues	30,379	30,459
Inter-divisional elimination	(665)	(783)
Total (net of inter-divisional elimination)	63,718	64,289

Presented using
Constant Currency for
2017

Summary Financials



£'000s	2018	Constant Currency 2017	Reported Currency 2017
Sales revenue	1,726	1,381	1,389
Service revenue	<u>32,278</u>	<u>33,232</u>	<u>34,080</u>
Total revenues	<u>34,004</u>	<u>34,613</u>	<u>35,469</u>
Contribution	29,277	29,676	30,380
Contribution margin	86.1%	85.7%	85.7%
Adjusted operated expenses, net	<u>(20,634)</u>	<u>(22,073)</u>	<u>(22,672)</u>
Adjusted EBITDA	<u>8,643</u>	<u>7,603</u>	<u>7,708</u>
Intangible assets capitalised	3,095	3,808	3,891
Purchase of PPE	<u>1,529</u>	<u>1,225</u>	<u>1,281</u>
Total capex in year	<u>4,624</u>	<u>5,033</u>	<u>5,172</u>



Sportech Venues

Summary Financials

£'000s	2018	2017 Constant Currency	2017 Reported Currency
F&B - Stamford	2,272	1,462	1,471
F&B - Other	2,452	2,491	2,561
F&B - Total	4,724	3,953	4,032
Wagering revenue	25,655	26,506	27,574
Total revenues	30,379	30,459	31,606
Contribution	14,886	14,925	15,482
Contribution margin	49.0%	49.0%	49.0%
Adjusted operated expenses, net	(13,473)	(13,514)	(13,985)
Adjusted EBITDA	1,413	1,411	1,497
PPE - Stamford	-	4,850	5,238
PPE - Other	398	337	370
PPE - Total	398	5,187	5,608



Revenue to Adjusted EBITDA

2018 Adjusted EBITDA excludes £1,428k of Sports Betting costs

2017 numbers are in constant currency

£000's	2018	2017
Revenues	63,718	64,289
Cost of sales	(17,619)	(17,885)
Marketing & distributions	(1,988)	(2,040)
Contribution	44,111	44,364
- margin	69.2%	69.0%
Staff costs	(23,689)	(24,877)
Property costs	(5,314)	(5,226)
Other costs	(7,140)	(7,745)
Total "adjusted" costs	36,143	37,848
ADJUSTED EBITDA	7,968	6,516



Cashflow

£000's	
Adjusted EBITDA	6,540
Add: Sportech Racing BV sale	2,411
Other Acquisition, disposal, and JV items	(183)
Less: Capitalised software	(3,106)
Property plant and equipment	(1,927)
Exceptional Items*	(1,833)
Working capital and other	(1,434)
Tax paid and interest, net	(1,534)
FX Impact	(91)
Net cashflows in year	(1,157)
Opening cash	15,885
Closing cash, excluding customer balances	14,728

* Exceptional items include tax and legal costs £241k, Restructuring costs £844k, Strategic review costs £441k, and costs related to the Football Pools disposal £307k



Balance Sheet

£000's	Non-current	Current	Combined
Intangible fixed assets and PPE	39,888	-	39,888
Cash, net of customer liabilities	-	14,728	14,728
Trade receivables	452	5,789	6,250
Other receivables	215	3,608	3,823
Inventories	-	2,576	2,576
Deferred tax asset	5,979	-	5,979
Tax liabilities	-	(6,998)	(6,998)
Trade payables	-	(10,561)	(10,561)
Retirement benefits	(902)	-	(902)
Provisions	(1,434)	(977)	(2,411)
	44,198	8,174	52,372

Operating Review

Richard McGuire
Executive
Chairman

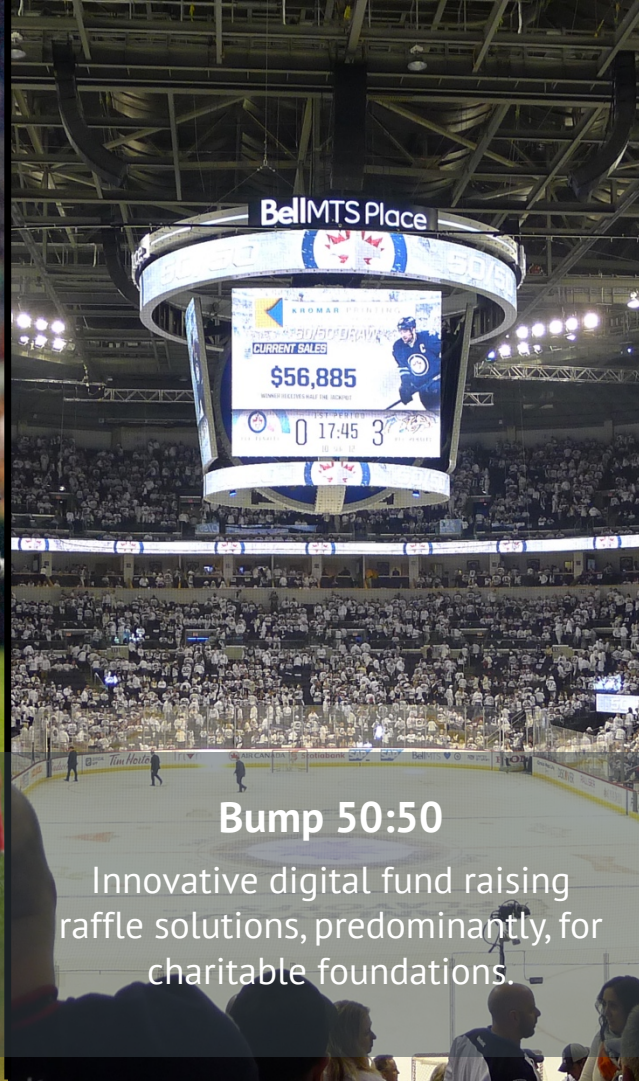


2018 Operating Divisions



Racing and Digital

Leading supplier of betting technology and services to the global gaming industry



Bump 50:50

Innovative digital fund raising raffle solutions, predominantly, for charitable foundations.



Venues

Operator of 16 F&B venues with exclusive rights to conduct pari-mutuel betting in Connecticut, USA



Connecticut

Sports Betting Regulatory Initiatives

Initiatives that began in 2018 continue - with increased intensity in 2019

MAKE YOUR VOICE HEARD TO LEGALIZE SPORTS BETTING

TAKE ACTION TODAY >>> VISIT [SPORTSBETTINGFORCT.COM/TAKEACTION](https://sportsbettingforct.com/takeaction)

400 Connecticut residents are employed by Sportech.

Including the people who operate our remote, digital betting services, and front and back-end establishments and those working in division management and business functions.

Adding Sports Betting to our portfolio of betting services will allow Sportech to increase our Connecticut-based staffing with new team members in customer service and support, technical services, accounting, marketing, and other key functions.

Sportech employees become workwolves and take seriously our responsibility for providing a safe, rewarding work environment and working environment.

Our taxes go to the local municipalities in which we operate as well as to the State and to responsible gaming measures.

Over the last six years alone, Sportech has paid over \$42 million in State, local, and municipal taxes in Connecticut.

We are regulated by the Department of Consumer Protection (DCP) and we have rigorous standards and practices for responsible gaming, protection of assets, and consumer protection.

Our partnership with the State is 25 years strong.

Sportech has increased heavily in Connecticut, providing lots of jobs to the Government of our remote, services, technologies, infrastructure, and services.

The introduction of Sports betting will further increase our strong relationship with the State of Connecticut.

Connecticut is home to Sportech's North American Headquarters.

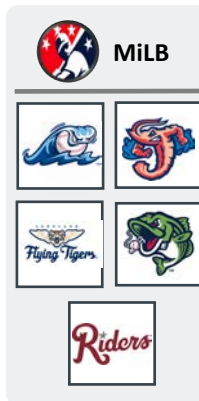
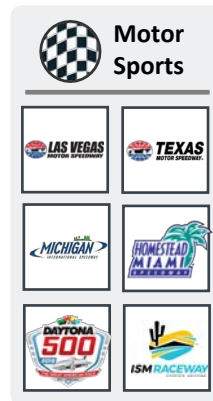
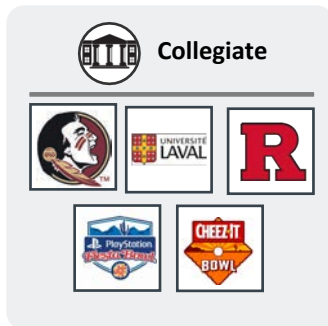
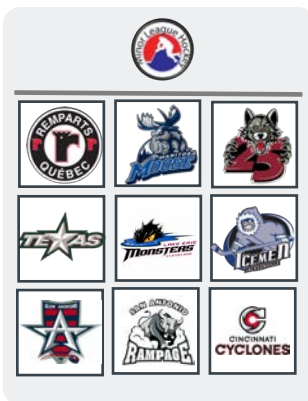
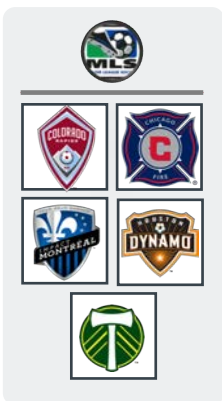
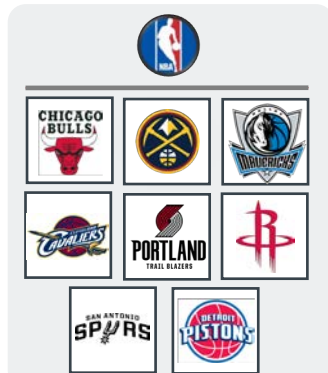
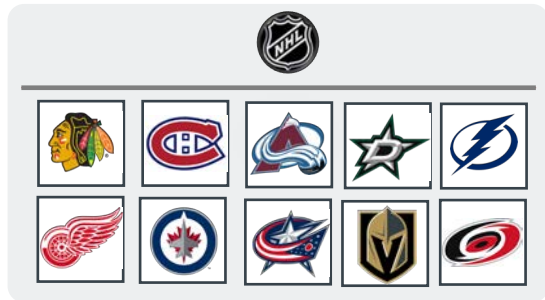
We operate successfully across Connecticut and have been through a phenomenal business and gaming environment as operators.

We are good corporate citizens and maintain strong working relationships with local municipalities and law enforcement.

- Comprehensive initiatives seeking to secure Sports Betting licence
- Positioning for enforcement of exclusive ADW licence
- Dedicated Government relations and lobbying efforts
- Proactive marketing and PR campaigns across all channels
- Group-wide examination of responsible gaming policies and practices

BUMP50:50

 racing//digital



Venues 2018

- Efficiency drive implemented across the Connecticut business
- Continued pressure from illegal ADW operators impacting handle
- Enhanced consumer engagement via competitions around major sporting events
- Initiated group sales and events campaigns
- Updated G4 wagering component of the MyWinners website
- Launched marketing campaigns to focus on mobile betting opportunities across the estate
- Initiated Sports Licensing campaign





Winners Branding Project

Serviceable brand
for the existing race
betting business and
clientele





WINNERS



PANTHERS ▲ 45% [-120]
SAINTS ▼ 45% [-115]

SET BIG WIN BIG
WAGER BIG ON LIVE SPORTING EVENTS.

Live

SAINTS // RAMS

	SPREAD	MONEY	TOTAL
SAINTS	-65	100	OV 58
RAMS	-65	100	UN 58

Mark Wahlberg
 NOS \\\ LAR OVER 58 -110
 Multi-Prong
 NOS \\\ LAR MONEY LINE -117
 Andre Rouse
 NOS \\\ LAR LINER 58 -115
 Alex Hornak
 NOS \\\ LAR PICKED 58 -115



2019 Early Successes and Agenda

Core Tote

- Sale of 300 BetJet® Aero teller terminals to the Turkish Jockey Club
- Tote contract extensions with 7 clients
- Increased commingling connections across Europe
- Drive digital innovation by leveraging new digital development resources
- Betting device hardware initiative commenced
- In 2019, will engage in several material contract renewal negotiations

Bump 50:50

- Key significant clients added
- Focus on growth opportunities across collegiate, mobile, international, and subscription models

Lottery

- Acquired Lot.to Systems talent and platform
- Increased sales agent distribution with lottery client
- Reduced capex investment through efficient product development

Sports

- B2B sports betting solution progressing, with sales and marketing activities cultivating US client base
- B2C in Connecticut – increased intensity around licensing campaign. A complex situation with the General Assembly legislative session expected to adjourn on 5 June 2019.



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Appendix





Racing & gaming clients

Plus an additional



commingling clients



countries

and



U.S. States

Have est. 27K betting devices and



white-label betting websites deployed

And



White-label mobile

In total, our systems process

US\$12b



In handle annually

For 2018, Bump have



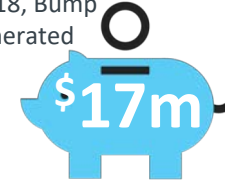
sports & entertainment charity clients

Since 2014 have gained a massive net



clients

In 2018, Bump generated



In charitable funds for their clients

BUMP50:50
