

# Q1 2021 RESULTS

14 June 2021

**Sazka**  
GROUP



**Robert Chvatal, CEO**

**Kenneth Morton, CFO**

# Business and strategic update

# Q1 2021 highlights

- Strong Q1 2021 performance
  - Best ever quarter for Austrian Lotteries, Czech Republic, Italy and Stoiximan, with very good top line performance and cost control
  - Partially offset by closure of OPAP physical retail and casinos for substantially the whole period
  - Consolidated data boosted by consolidation of CASAG and Stoiximan
  
- Key strategic developments include
  - Acquisition of additional 4.31% stake in CASAG (taking stake to 59.8% as of March 2021)
  - Major restructuring of Austrian casinos well underway (€45m cost savings)
  - €500m Apollo investment in immediate parent company closed in March

€ millions	Q1 2021	Q1 2020 <sup>2</sup>	Δ
GGR	526.3	405.3	30%
NGR	283.0	266.8	6%
Adjusted EBITDA	144.4	138.4	4%
Adjusted EBITDA margin	51.0%	51.9%	-0.9 p.p
Profit before tax	48.1	43.4	11%
Pro-rata LTM Adjusted EBITDA (pre IFRS 16) <sup>1</sup>	360.3	397.7	-9%

Notes:

The amount of the Apollo investment has been corrected since the original publication of this presentation.

This presentation includes non-IFRS performance measures, including Amounts staked, Operating EBITDA, Adjusted EBITDA, Operating EBITDA margin, Adjusted EBITDA margin and pro-rata financial information. Please refer to slide 22.

<sup>1</sup> Pre IFRS 16 basis

<sup>2</sup> Restated. Please see note 1 (g) of the Financial Statements and MD&A.

# Quarterly business highlights

## Austria:

- GGR and Operating EBITDA reflect strong performance of Austrian Lotteries, while Austrian and international casinos impacted by closure and fixed employee costs

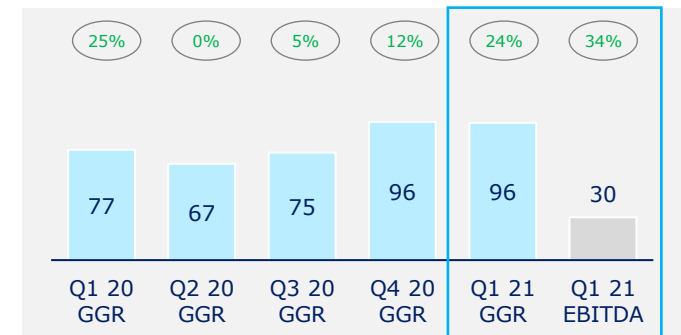
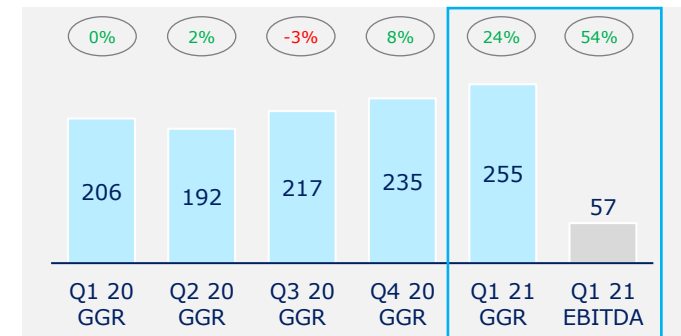
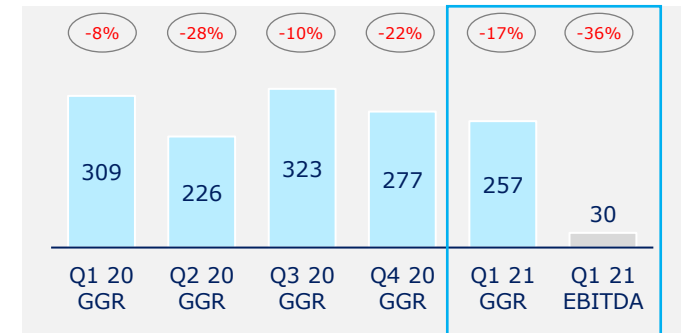
## Austria – Austrian Lotteries only:

- Q1 2021 GGR +24% YoY with new lottery initiatives and growth in online and iGaming, accelerating positive trend in Q4
- Q1 Operating EBITDA +54% YoY driven by top line and cost control

## Czech Republic:

- Q1 2021 GGR +24% YoY with very strong lottery and iGaming performance and online momentum continuing from 2020
- Q1 Operating EBITDA +34% YoY

### GGR and Operating EBITDA by entity (€ millions) and % change vs. PY



# Quarterly business highlights (continued)

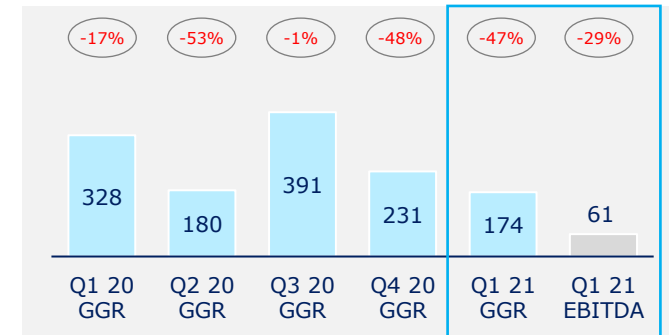
## Greece and Cyprus<sup>1</sup>:

- Q1 2021 GGR -47% due to agents' stores and gaming hall closures for almost all of Q1
- Operating EBITDA -29%, with top line impact mitigated by substantial contribution from Stoiximan, cost control and benefit from GGR tax prepayment
- Great performance at Stoiximan with GGR up 61% YoY in Q1 and EBITDA of €28m

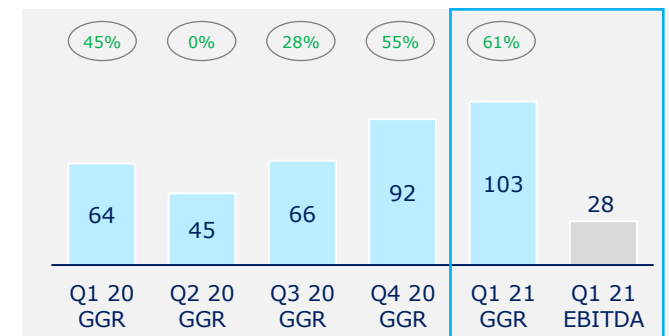
## Equity method investees:

- Best ever quarter in Italy with EBITDA of €108m (100% basis)

### GGR and Operating EBITDA by entity (€ millions) and % change vs. PY



### Stoiximan



Notes:

<sup>1</sup> Includes Stoiximan as equity investee before 18 November and subsidiary thereafter

# COVID – Q1 and current impact summary

## Q1

- POS in the Czech Republic, Austria and Italy open and functional
  - COVID-related restrictions still in place, however minimal impact on sales via POS network
- Substantial impact on physical retail operations in Greece and Cyprus as well as CASAG's casino businesses
  - Agents' stores in Greece and VLT halls shut for almost all of Q1
  - Casinos and gaming halls in Austria and most international casinos closed throughout Q1
- Online sales remained at structurally higher levels
  - Online sales reached 39% of GGR in Czech Republic in March

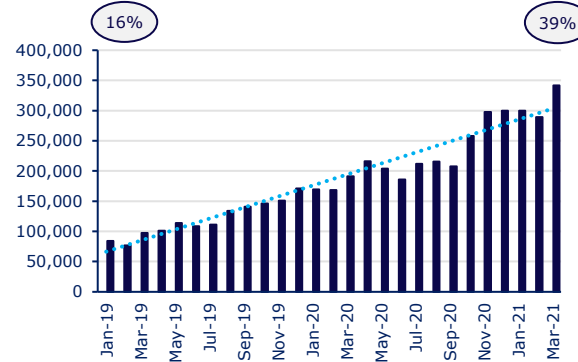
## Subsequent

- All operations have now reopened
  - OPAP stores across Greece resumed operations as of 12 April and PLAY gaming halls and VLT operations were reopened on 24 May
  - All Austrian casinos were reopened as of 19 May and all international casinos are now open

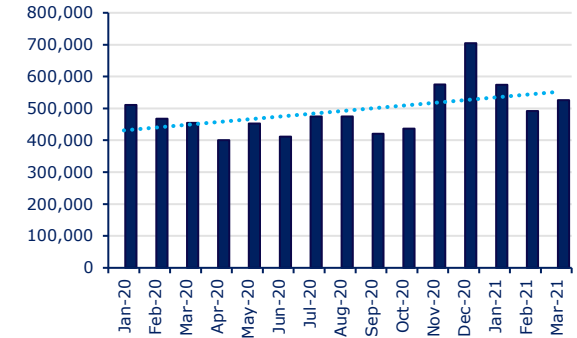
# Online and iGaming momentum

- Online – not just a key channel but also a tool to drive growth and protect players through data**
- Strong growth in revenues from iGaming and sales of other products through online channels sustained
- Sales through physical retail also remain strong
- Supported by
  - Cross-selling, leveraging brands, website and app traffic from lottery players, increasingly granular knowledge of customer base
  - New product launches
  - Acquisition of leading online player in Greece, Stoiximan (consolidated from December)

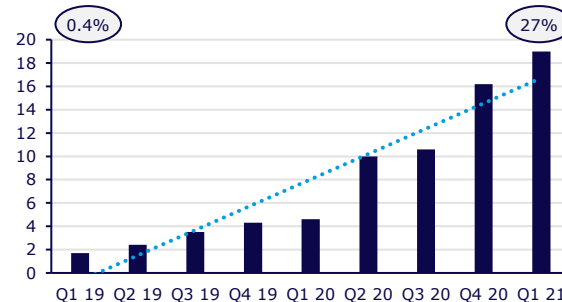
**Czech Republic – online GGR in CZK thousands**



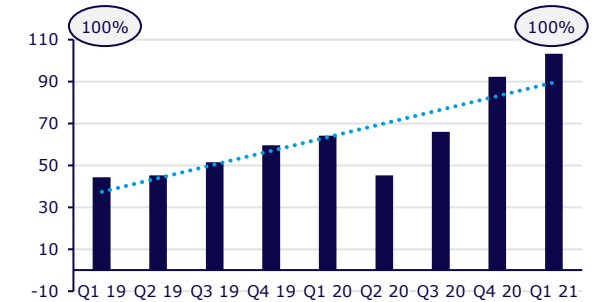
**Czech Republic – physical retail GGR in CZK thousands**



**Greece and Cyprus - OPAP – online GGR in € millions**



**Greece and Cyprus - Stoiximan – online GGR in € millions**



[.]% Online GGR as % of total GGR



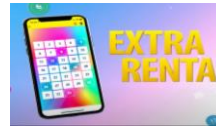
# Product launches and innovation – Q1 highlights

- Continuing to grow and improve our products, channels and technology across geographies
- Continuing to successfully implementing proven innovations across our geographies
  - Digitalisation of physical retail via loyalty scheme (Czech Republic → Greece)
  - Event draws (Czech Republic → Austria)
  - Online products and know-how (Czech Republic → Austria)

## New and revitalised products



**NEW** special event draws



**NEW** annuity jackpot game



**NEW** scratch card family

## Digitalising physical retail



**NEW** retail loyalty scheme

## New technology and UI



**NEW** in-house sports-betting platform at Stoiximan



**NEW** sports-betting app enhancements



**NEW** iGaming app tournaments integration





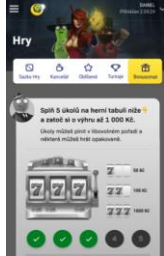
# Product launches and innovations – gamification and our loyalty stack

- **Gamification and an integrated approach to loyalty can improve customer experience across gaming verticals, driving revenue and retention**

- Key benefits of gamification and an integrated loyalty stack include:

- ✓ GGR growth driver
- ✓ Deanonimization of retail and omnichannel
- ✓ Clear product differentiator
- ✓ Retention and acquisition cost optimization
- ✓ Faster time to market
- ✓ Reduced cost (R&D, maintenance)

## Gamification and loyalty stack – examples from the Czech Republic

Lottery Retail	Lottery Online	Scratch cards	Sazkabet (sports betting)	Sazka Games (iGaming)
Wheel of Fortune	Golden Wheel	Multi-tickets	Tournament	Bonusomat
				

### Our approach to gamification and loyalty

- From ad-hoc **development for isolated use-cases** to a **flexible integrated cross-vertical gamification platform**
- Unlimited propositions across all channels
- In-house development + flexibility to integrate

# Key strategic developments

## Q1 2021

- In January, we acquired a 4.31% shareholding in **CASAG**, taking our interest to 59.80%
- Shareholding in **OPAP** increased to 44.11% (economic interest to 37.08%) through market purchases
- €500 million **Apollo** investment in SAZKA Entertainment, the immediate parent company of SAZKA Group, closed in March

## Subsequent

- Shareholding in **OPAP** increased to 44.55% (economic interest to 37.52%) through market purchases



# Financial update

# Consolidated P&L

- Consolidated P&L reflects consolidation of CASAG since Q3 and Stoiximan since December 2020
- GGR +30% for Q1
- Adjusted EBITDA + 4%
- Adjusted EBITDA margin broadly flat
- Key EBITDA adjustments in Q1 are add-back of provision for Hellenic Lotteries minimum GGR tax contribution (similar to FY 20) and inorganic business development costs

€ millions	Q1 2021	Q1 2020 <sup>1</sup>	Δ
GGR	526.3	405.3	30%
NGR	283.0	266.8	6%
Operating expenses	-278.6	-207.5	34%
Share of profit of equity investees	19.0	10.8	76%
Operating EBITDA	132.6	110.2	20%
Operating EBITDA margin	46.9%	41.3%	5.6 p.p
Adjusted EBITDA	144.4	138.4	4%
Adjusted EBITDA margin	51.0%	51.9%	-0.9 p.p
Interest expense	-28.7	-24.4	18%
Profit before tax	48.1	43.4	11%
Profit after tax	35.2	24.4	44%

Notes:

<sup>1</sup> Restated. Please see note 1 (g) of the Financial Statements and MD&A.

# LTM pro-rata data

As at 31 March 2021, pre IFRS 16 basis

€ millions	Austria	Czech Republic	Greece and Cyprus	Italy	Corporate <sup>1</sup>	Total
Pro-rata LTM Adjusted EBITDA <sup>1</sup>	69.9	88.2	108.5	109.2	(15.4)	360.3
Pro-rata net debt	(85.8)	(63.3)	205.0	(56.6)	1,443.4	1,442.7
<i>Gross debt (100%)</i>	<i>153.3</i>	<i>-</i>	<i>1,042.5</i>	<i>-</i>	<i>1,547.7</i>	<i>2,743.5</i>
<i>Cash and equivalents and ST financial assets (100%)</i>	<i>(296.7)</i>	<i>(63.3)</i>	<i>(489.8)</i>	<i>(174.0)</i>	<i>(105.2)</i>	<i>(1,129.0)</i>
<b>Pro-rata net debt to Adjusted EBITDA</b>	<b>-1.2x</b>	<b>-0.7x</b>	<b>1.9x</b>	<b>-0.5x</b>	<b>n/m</b>	<b>4.0x</b>
<b>Pro-rata priority net debt to Adjusted EBITDA</b>						<b>-0.3x</b>

- Shown on pre-IFRS 16 basis (reflecting treatment in covenants)
- Adjusted EBITDA and ratios shown do not include any adjustment for expected cost savings from restructuring of CASAG domestic casinos
- €295 million of cash from Apollo investment at level of SAZKA Entertainment (immediate parent company of SAZKA Group)

<sup>1</sup> Includes SAZKA Group, service companies and holding companies

# Key financing transactions

- In Q1, SAZKA Group drew €80 million from its RCF; undrawn capacity is €110 million
- In February, OPAP extended the maturity of a €100 million undrawn credit facility from 27 March 2021 to 27 March 2022.

# Dividends and distributions

## Q1 2021

- In March, LottoItalia declared a dividend and distribution of €176 million of which the Group received €57.1 million
- In March, Austrian Lotteries declared a dividend to be distributed in two instalments; €61 million was paid in April and €30 million is to be paid in October
- In March, OPAP's Board proposed a dividend of €0.45/share to be paid in August. This was subsequently increased to €0.55 per share
  - €73 million net to the Group's economic interest

## Subsequent

- In April, LottoItalia declared a distribution of share capital of €47 million. The Group received its share of €15 million in May





**Thank you!**

# Apollo investment

- Strategic investment by Apollo funds to support Sazka Group's global expansion in the lottery and gaming sectors
- Apollo is one of the world's leading investors in gaming and largest alternative investment managers
- Effected through an investment into SAZKA Entertainment AG, a newly-established wholly-owned subsidiary of KKCG which is now the 100% owner of SAZKA Group
- €300 of the €500 million investment will be used to capitalise on acquisition and growth opportunities in Europe and North America, with a focus on lotteries
- Transaction closed in March 2021

# OPAP GGR contribution

- OPAP paying cash GGR contribution on Lottery and Betting concession revenues at 5% of GGR since mid-October vs 35% previously
- The Lottery and Betting Concessions include lottery and keno games and sports betting, but do not include VLTs, scratchcards, or horse racing
  - ~70% of OPAP's GGR
- Reflects €1.8bn prepayment GGR contribution asset in connection with extension of concession as agreed in 2011 and 2013
  - New concession period runs from October 2020 to October 2030
- OPAP will record 30% GGR contribution rate in P&L for Lottery and Betting games, however benefit will be reflected in EBITDA and cashflow
  - see accounting policy 3.f iii. of the annual consolidated financial statements for the period ended 31 December 2020
- Settlement mechanism between the Greek State and OPAP provides for either way true-up payment in 2031

# Alternative performance measures

This presentation includes non-IFRS performance measures, including amounts staked, Operating EBITDA, Adjusted EBITDA, Operating EBITDA margin and pro rata financial information.

Please refer to SAZKA Group's Management's discussion and analysis of financial condition and results of operations dated the same date as this presentation for definitions of these non-IFRS measures and reconciliations to the most directly comparable IFRS measures.

Pro-rata ownership % indicates the effective economic interest of the Company in each entity as of the date of our most recent financial statements, which is assumed to have been held throughout the previous twelve months.

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