



# Q1 2020 Results

## 12 June 2020

**Sazka**  
GROUP



# Highlights

# Q1 2020 highlights

- Strong performance prior to effects of COVID-19 from March.
- Impact of COVID-19 varied significantly across products lines and geographies.
- Strong performance of online channel and Digital-only Games before and especially after COVID-19.
- Key strategic developments include further increase of shareholding in OPAP by 1.7% and shareholders agreement with ÖBAG regarding the management of CASAG.

€ millions	Q1 2020	Q1 2019	Δ
Amounts staked	1,135.2	1,308.2	-13%
GGR	405.3	457.8	-11%
NGR	266.8	316.1	-16%
Operating EBITDA	124.5	161.7	-23%
Operating EBITDA margin	46.6%	51.2%	-4.5 pp.
Adjusted EBITDA <sup>1</sup>	117.0	151.2	-23%
Profit before tax	61.6	113.2	-46%
Pro-rata LTM Adjusted EBITDA <sup>2</sup>	397.7		
Pro-rata net debt	1,156.4		

<sup>1</sup> 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 Slide 19.

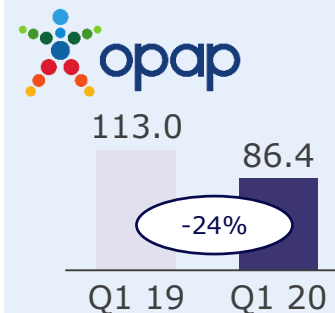
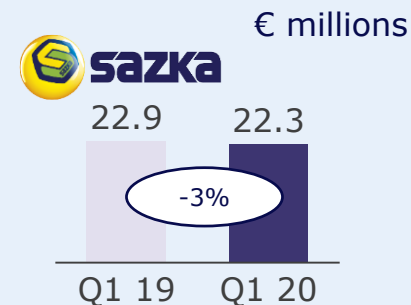
# Business highlights

- **SAZKA**: While GGR increased by 25%, NGR increased by only 1% as a result of increase in lottery tax. Operating EBITDA decreased by 3%.
- **OPAP<sup>1</sup>**: GGR decreased by 17%, NGR decreased by 19% and Operating EBITDA decreased by 24%, reflecting COVID-19 impacts, in particular closure of all land-based activities from on 14 March.
- **Equity method investees<sup>2</sup>**: Aggregate pro-rata Operating EBITDA decreased by 17%, reflecting impact of restrictions on CASAG's land-based activities and lower sales at LOTTOITALIA as a result of changed customer behaviour.

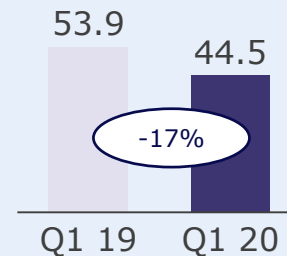
1 Includes 36.5% interest in Stoiximan on equity basis.

2 Includes CASAG and LOTTOITALIA.

## Operating EBITDA by entity



## Equity method investees<sup>2</sup>




# Key strategic developments


- In January 2020, OPAP approved the distribution of an **extra-ordinary dividend** of €1.00 per share. As a result of our electing to receive scrip, our **ownership in OPAP increased from 40.0% to 41.7%**.
- In March 2020 we signed an **SHA with ÖBAG, an entity holding strategic equity stakes of the Austrian government, regarding management of CASAG**.
  - ÖBAG waiving its pre-emption rights with respect to our proposed acquisition of a 17.2% stake in CASAG from Novomatic. As a result we should acquire an additional stake of at least 13.5%, resulting in a **stake of at least 51.8% in CASAG**.
  - We will **consolidate CASAG** following the closing of the acquisition of Novomatic's shares.

# COVID-19 update

- Some activities subject to COVID-19 related restrictions from March; significant changes in customer behaviour even where no restrictions.
- **Land-based activities in Greece**, casinos and VLTs in Austria and product sales in Italy were closed as a result of government or regulatory measures.
- Most POS for lottery products in the **Czech Republic and Austria** were not subject to restrictions and a substantial majority functioned throughout.
- **Online channels performed well across geographies with record active user numbers and customer acquisition. Launched new Digital-only Games** and tailored existing offering to new environment.
- Beginning in May, **restrictions have been relaxed significantly** and major sports leagues have begun to restart.

# COVID-19 update (cont'd)

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- As of March 16, the Government implemented restrictions on movement.
  - At least 70% of the POS network remained operational throughout the period, recovered to over 95% before the end of restrictions.
  - Very strong online performance.
  - Recent sales performance close to or above pre-COVID levels.

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- Physical points of sale network for lotteries products resilient throughout the period.
  - Casinos and VLT halls were closed on March 13.
  - Strong online performance.
  - Land-based casinos and most VLT halls in Austria were reopened on May 29.
  - Most of CASAG's international casinos have also restarted.

# COVID-19 update (cont'd)



- OPAP stores and PLAY gaming halls closed on March 14.
- OPAP stores reopened on May 11, gaming halls on June 8.
- On reopening, activities subject to social distancing regulations and prohibition on seating. Some restrictions subsequently relaxed, seating allowed since June 6.
- Step-change in online registrations, users and revenues – driven by new product launches and restrictions on physical network.



- 10e Lotto and Millionday games suspended by the regulator from March 31. Lotto game was also suspended.
- Sales of 10eLotto and Millionday games restarted on April 27 (without results monitors for 10eLotto). Lotto sales restarted on 4 May 2020. 10eLotto monitors turned back on 28 May



# COVID as a catalyst for accelerated online growth

Leverage existing brands and digital platforms to cross-sell to existing customers

Access new customer segments

Offer broader gaming product portfolio

Improved CRM and targeted marketing

Cost advantages vs. traditional retail



Na výběr máte z více než 80 her

{{ customer.first\_name\_case }}, kde jinde najdete tolik her a od tolika různých dodavatelů?

Thunderkick, Synot Games, NetEnt, Apollo, Simple Rules, iSoftBet a další výrobci špičkových her nás pravidelně zásobují tím nejlepším na trhu. Výběr je na vás!

VYBER SI A HRAJ

Esqueleto Explosivo



Královna Diamantů

Narcos



Dazzle Me

Respin Joker



Joker Pro

Starburst



Hunter's Spirit

+78%

Q1 Digital-only Games EBITDA

+144%

New accounts at SAZKA a.s. y-o-y April

+63%

Q1 Stoiximan y/y GGR growth

# COVID as a catalyst for accelerated online growth (cont'd)



- Online sales growth fully compensating decreased sales through retail network by end of lockdown period.
- Strong growth in active users and registrations: e.g. active players +73% Y-o-Y and new players +144% Y-o-Y in April.
- Online c. 30% of GGR since beginning of the year, almost 40% in some weeks.



- Virtual sports launched in March and online casino in April.
- Online registered customer base up 26% between January and March to 298 k. Active players up 30% between April and May.
- Stoiximan GGR increased by 63% to €82.3 million in Q1.



- Online penetration has increased since the start of COVID-19 restrictions, supported by targeted marketing.
- First event based lottery draw, leveraging experience in the Czech Republic.



# Key subsequent events

- In April, OPAP announced regulatory approvals for its acquisition of 51% of Stoiximan Group's Greek and Cypriot business and the acquisition (subject to regulatory approvals) of a further stake - as a result of which **OPAP will have a total shareholding of 85% in and sole control of Stoiximan Greek and Cypriot business.**
- In April, we received a **dividend of €49 million from LOTTOITALIA.**
- Austrian Lotteries approved **distributions of €16.7 million net to our 9.45% direct stake**, of which €7.2 million was paid in May 27.
- On June 10, OPAP announced it would propose a **dividend of €0.30 per share** for FY 2019.
- On June 12, EMMA Delta paid **€4.1 million of interest** on an intragroup loan to SAZKA Group.
- We acquired 0.2% of OPAP shares through open market purchases.



# Financial Information

# Consolidated profit or loss

- Decrease in GGR primarily caused by the impact of COVID-19.
- Decrease in NGR reflects increase in lottery tax in Czech Republic as well as reduction in GGR.
- Decline in costs broadly in line with revenues, reflecting variable element.
- Financing costs reflect higher interest expense due to bond issuances and non-cash €5 million FX loss on translation of subsidiary financial statements.

€ millions	Q1 2020	Q1 2019	Δ
Amounts staked	1,135.2	1,308.2	-13%
GGR	405.3	457.8	-11%
NGR	266.8	316.1	-16%
Operating expenses	(207.5)	(230.0)	-10%
Share of profit of equity investees	25.0	31.0	-20%
Operating EBITDA	124.5	161.7	-23%
Financing costs, net	(34.0)	(19.9)	+71%
Profit before tax	61.6	113.2	-46%
Income tax expense	(19.0)	(26.5)	-28%
Profit after tax from continuing operations	42.6	86.7	-51%
- Owners of the company	22.0	51.9	-58%
Profit from discontinued operations (excl. gain on disposal)	--	11.2	
Profit for the period after tax	42.6	97.7	-56%

# Key financing transactions

- February 2020: SAZKA Group issued €300 million 3.875% senior notes due 2027. Proceeds were used to repay debt at CAME and IGH.
- March 2020: OPAP prepaid a €200 million retail bond.
- March 2020: OPAP drew a €100 million bond loan due 29 March 2021.
- April 2020: OPAP drew a €200 million bond loan due 30 September 2020.
- May 2020: OPAP signed a bond loan agreement of €100 million due 4 May 2022. Currently not drawn.

# Pro-rata data

As at 31 March 2020, pre IFRS 16 basis

€ millions	SAZKA a.s.	OPAP	Equity method investees <sup>2</sup>	Other <sup>3</sup>	Company and SGF	Total
Pro-rata LTM Adjusted EBITDA <sup>1</sup>	93.1	122.3	199.3	(3.6)	(13.5)	397.7
Gross debt (100%)	233.7	979.6	216.9	0.0	1,011.2	2,441.5
Cash and equivalents and ST financial assets	(68.9)	(425.2)	(346.8)	(20.3)	(36.7)	(898.0)
Pro-rata net debt	164.8	184.8	(151.0)	(16.7)	974.5	1,156.4
<b>Pro-rata net debt to Adjusted EBITDA</b>	1.8x	1.5x				<b>2.9x</b>
<b>Pro-rata priority net debt to Adjusted EBITDA</b>						<b>0.4x</b>

1 Operating EBITDA of the Company for 2019 includes a payment of €8.4 million received from the Company's parent KKCG, representing recharges of certain expenses relating to the VTO incurred by the Company.

2 Includes CASAG, LOTTOITALIA and Stoiximan.

3 Includes SAZKA Czech, EMMA Delta, IGH and CAME.



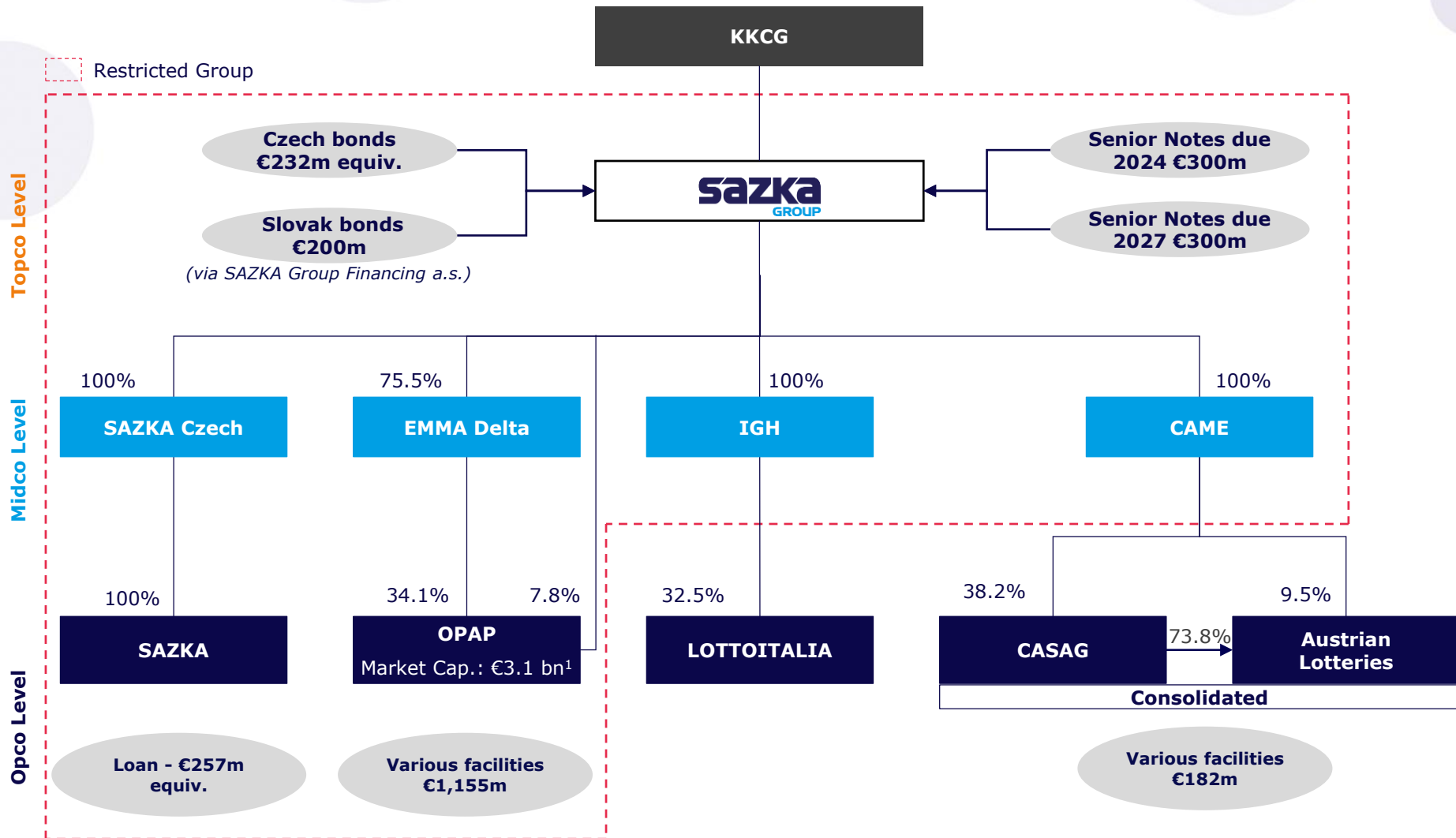
**Thank you!**





# Appendix

# Simplified current group structure



# 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 press release dated 12 June 2020 for definitions of these non-IFRS measures and reconciliations to the most directly comparable IFRS measures.

Pro rata financial information has been derived or calculated from the separate financial statements of SAZKA a.s., OPAP, equity method investees (comprising CASAG (38.16%), LOTTOITALIA (32.50%) and Stoiximan (9.08%), each on a consolidated basis), the Company and SGF and certain other entities within the Group. Pro-rata ownership % indicates the effective economic interest of the Company in each entity as of 31 March 2020, which is assumed to have been held throughout the twelve months ended 31 March 2020.

As there are no generally accepted accounting principles governing the calculation of non-IFRS financial and operating measures, other companies may calculate such measures differently or may use such measures for different purposes than we do, and therefore you should exercise caution in comparing these measures as reported by us to such measures or other similar measures as reported by other companies. These measures may not be indicative of our historical operating results or financial condition, nor are such measures meant to be predictive of our future results or financial condition. Even though the non-IFRS financial measures are used by management to assess our financial position, financial results and liquidity and these types of measures are commonly used by investors, they have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our financial position or results of operations as reported under IFRS.

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