

Q3 2020 RESULTS

14 December 2020

Sazka
GROUP



Robert Chvatal, CEO

Kenneth Morton, CFO



Business and Strategic Update

Q3 2020 highlights

- Solid operational performance
 - COVID-impacted land-based channels recovered well as restrictions eased
 - Strong performance of less impacted land-based channels, online and Digital-only Games sustained
- Significant growth in consolidated financials, reflecting
 - Consolidation of CASAG in Q3
 - Strong performance of other businesses (excluding CASAG, GGR +1% and EBITDA +6% in Q3)
- Key strategic developments include
 - Major restructuring of Austrian casinos
 - OPAP's acquisition of 51% stake in Stoiximan Greece and Cyprus
 - Apollo investment of €500m

€ millions	Q3 2020	Q3 2019	Δ
Amounts staked	2,613.7	1,319.3	98%
GGR	768.9	463.0	66%
NGR	455.9	317.1	44%
Operating EBITDA	196.6	143.0	37%
Operating EBITDA margin	43.1%	45.1%	-2.0 p.p.
Adjusted EBITDA	207.0	156.9	32%
Profit before tax	65.1	95.5	-32%

Notes:

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 22.

9M 2020 highlights

- Solid YTD performance – resilient in H1, boosted by Q3
- EBITDA margin remains at over 40% YTD
- Stable LTM leverage since the half year

€ millions	9M 2020	9M 2019	Δ
Amounts staked ¹	4,455.8	3,907.6	14%
GGR	1,420.8	1,371.5	4%
NGR	884.6	942.3	-6%
Operating EBITDA	363.6	429.6	-15%
Operating EBITDA margin	41.1%	45.6%	-4.5 p.p.
Adjusted EBITDA	375.5	443.4	-15%
Profit before tax	120.8	288.0	-58%
Pro-rata LTM Adjusted EBITDA	374.8		
Pro-rata net debt	1208.4		

Q3 business highlights

SAZKA a.s.:

- GGR + 5%, NGR -11% due to increase in lottery tax from 23% to 35% from 1 January 2020
- Operating EBITDA -24% YOY due to lottery tax increase and increased marketing spend on major campaign

OPAP¹:

- GGR and NGR flat as agents' stores and gaming halls reopened
- Operating EBITDA +8% due to cost control and contribution from increased stake in SMCG

CASAG:

- GGR and EBITDA reflect strong performance of Austrian Lotteries with casinos weaker
- EBITDA of €63.6 million is before exceptional restructuring provision (€54 million) for domestic casinos

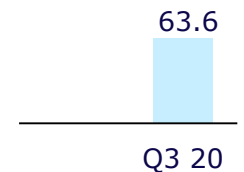
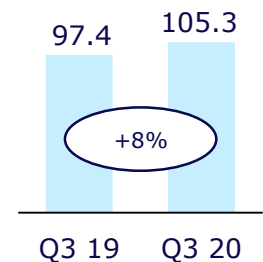
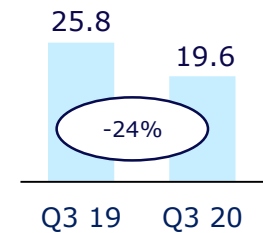
Equity method investees:

- LOTTOITALIA equity income broadly flat YoY

Notes:

¹ Includes equity interest in Stoiximan

Operating EBITDA by entity (€ millions)



COVID – impact summary

Q3

- With restrictions that had impacted land-based businesses in Greece and Italy and casinos eased by the summer, land-based sales recovered well
- Online sales remained at structurally higher levels

Subsequent

- Since late October/early November, new restrictions in all geographies
- All digital channels continue to operate without interruption
- Land-based businesses in the Czech Republic, Austria and Italy remain open and functional
 - Minimal impact on POS network from restrictions
 - Key categories of points of sale (tobacco stores, newsstands, petrol stations and post offices) remain open
- Land-based operations in Greece and Cyprus as well as CASAG's casino businesses most impacted
 - OPAP agents' stores, PLAY gaming halls are closed
 - Casinos and gaming halls in Austria and most international casinos are closed

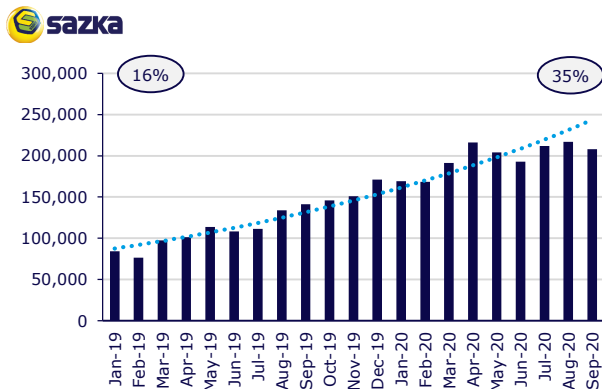
COVID impact summary – H1 vs. current

	Q1-2	Current
Government restrictions	<ul style="list-style-type: none"> Full lock-downs, extensive restrictions 	<ul style="list-style-type: none"> ✓ More selective approach by region ✓ Focus on supporting economy
Consumer behaviour	<ul style="list-style-type: none"> Significant risk aversion 	<ul style="list-style-type: none"> ✓ More used to “new normal” environment ✓ Shift to online across demographics
Physical POS network:		
- Czech Rep. and Austrian Lotteries	<ul style="list-style-type: none"> Limited impact 	<ul style="list-style-type: none"> Limited impact
- Greece (OPAP)	<ul style="list-style-type: none"> Closed 	<ul style="list-style-type: none"> Closed
- Italy	<ul style="list-style-type: none"> Sales suspended 	<ul style="list-style-type: none"> ✓ Sales allowed at key POS categories
- Austrian casinos	<ul style="list-style-type: none"> Closed 	<ul style="list-style-type: none"> Closed
- International casinos	<ul style="list-style-type: none"> Closed 	<ul style="list-style-type: none"> ✓ Most closed
Online:		
- Czech Rep. and Austrian Lotteries	<ul style="list-style-type: none"> Comprehensive range of products 	<ul style="list-style-type: none"> Comprehensive range of products ✓ Larger user base
- Greece (OPAP)	<ul style="list-style-type: none"> Limited range of products 	<ul style="list-style-type: none"> ✓ Broad range of products
- Greece (Stoiximan)	<ul style="list-style-type: none"> Fully online Sports calendar impacted 	<ul style="list-style-type: none"> Fully online ✓ Less impact on sports calendar
Corporate	<ul style="list-style-type: none"> Minority stake in CASAG Minority stake in Stoiximan 	<ul style="list-style-type: none"> Majority in CASAG ✓ Majority in Stoiximan Greece and Cyprus

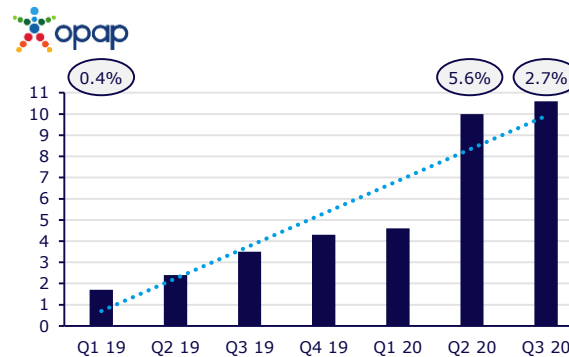
Digital-only and online momentum

- Strong growth in revenues from Digital-only Games and sales of other products through online channels has been sustained
- Supported by
 - Successful cross-selling, leveraging brands, traffic to websites and apps from lottery players, increasingly granular knowledge of customer base
 - New product launches (e.g. jackpot game and online casino in Greece, third party Digital-only Games in Austria)
 - UX improvements and optimisations

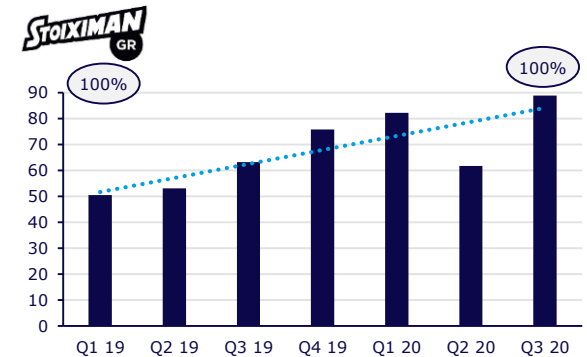
SAZKA a.s. – online GGR in CZK thousands



OPAP – online GGR in € millions



STOIXIMAN – online GGR in € millions



[.]% Online GGR as % of total GGR

Key strategic developments

Q3

- In July, CASAG approved a plan to restructure the casino business in Austria
 - Expected to generate cost savings of ~€45 million per year with run-rate achieved by 2022
 - Implementation already underway
- In July, OPAP acquired a 51% stake in Stoiximan Group's Greek and Cypriot business ("SMGC") for aggregate net consideration of €90 million

Subsequent

- In November, OPAP acquired an additional 15.48% indirect stake in SMGC. Following the completion of the transaction
 - OPAP holds an 84.49% combined effective stake in SMGC
 - OPAP retains a 36.75% stake in Stoiximan's operations outside of Greece and Cyprus, operated under the BETANO brand

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 upon closing of the investment, will be the 100% owner of SAZKA Group
- Majority 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
- Implies an equity valuation of €4.2 billion for SAZKA Entertainment AG
- Subject to regulatory approvals and expected to close in 2021



Financial Update

Consolidated profit and loss

- Major driver of changes in consolidated results is consolidation of CASAG in Q3
 - Growth in stakes and GGR driven by CASAG consolidation
 - EBITDA -15% YTD, +37% in Q3
- €54 million restructuring cost relating to restructuring of CASAG Austrian casinos in Q3 (recorded below EBITDA)

€ millions	Q3 2020	Q3 2019	Δ	9M 2020	9M 2019	Δ
Amounts staked	2,613.7	1,319.3	98%	4,455.8	3,907.6	14%
GGR	768.9	463.0	66%	1,420.8	1,371.5	4%
NGR	455.9	317.1	44%	884.6	942.3	-6%
Operating expenses	-344.6	-244.2	41%	-716.2	-705.4	2%
Share of profit of equity investees	23.5	33.6	-30%	56.2	90.6	-38%
Operating EBITDA	196.6	143.0	37%	363.6	429.6	-15%
Operating EBITDA margin	43.1%	45.1%	-2.0 p.p.	41.1%	45.6%	-4.5 p.p.
Adjusted EBITDA	207.0	156.9	32%	375.5	443.4	-15%
Financing costs, net	-31.0	-17.5	77%	-73.4	-52.3	40%
Profit before tax	65.1	95.5	-32%	120.8	288.0	-58%
Income tax expense	-16.6	-23.6	-30%	-30.3	-70.9	-57%
Profit after tax from continuing operations	48.5	71.9	-33%	90.4	217.1	-58%
Profit from discontinued operations (incl. gain on disposal)	-	-	-	--	292.8	n/m
Profit for the period after tax	48.5	71.9	-33%	90.4	509.9	-82%

Notes:

1 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 22.

Consolidated profit and loss (excluding CASAG)

- Numbers presented excluding CASAG (consolidated from Q3 and as equity investee previously)
- 9M GGR -18% with Q3 showing recovery at +1%
- NGR slightly lower due to the higher tax rate applied from 1 January in the Czech Republic
- EBITDA margin supported by large proportion of variable costs, specific cost-saving initiatives and targeted approach to marketing
- Operating EBITDA recovered in Q3, up €6.0m (+6%)
- Profit from equity investees boosted by increased share in SMGC and strong performance of that business

Excluding CASAG

€ millions	Q3 2020	Q3 2019	Δ	9M 2020	9M 2019	Δ
GGR	465.9	463.0	1%	1,117.8	1,371.5	-18%
NGR	307.8	317.1	-3%	736.6	942.3	-22%
Operating expenses	-229.8	-244.2	-6%	-601.3	-705.3	-15%
Share of profit of equity investees	21.7	16.6	31%	45.7	55.1	-17%
Operating EBITDA	132.9	125.9	6%	291.3	394.2	-26%
Operating EBITDA margin	43.2%	39.7%	3.5 p.p	39.5%	41.8%	-2.3 p.p
Financing costs, net	-28.3	-17.5	62%	-69.3	-52.3	33%
Profit before tax	75.7	78.5	-4%	124.2	252.5	-51%
Profit after tax	56.4	54.9	3%	91.3	181.6	-50%
Profit from discontinued operations (incl. gain on disposal)	-	-	-	0.0	292.8	n/m
Profit for the period after tax	56.4	54.9	3%	91.3	474.4	-81%

Notes:

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OPAP GGR contribution

- OPAP paying cash GGR contribution on Lottery and Betting concession revenues at 5% of GGR since mid-October
- 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
- Settlement mechanism between the Greek State and OPAP provides for either way true-up payment in 2031

LTM pro-rata data

As at 30 September 2020, pre IFRS 16 basis

€ millions	SAZKA a.s.	OPAP ¹	CASAG	Equity method investees ²	Holding level ³	Total
Pro-rata LTM Adjusted EBITDA ¹	87.0	105.1	81.8	116.8	(11.2)	379.5
Gross debt (100%)	223.4	1,101.7	184.2	-	1,117.7	2,627.0
Cash and equivalents and ST financial assets (100%)	(48.4)	(553.3)	(380.2)	(243.9)	(99.3)	(1,325.2)
Pro-rata net debt	175.0	196.0	(108.8)	(75.1)	1,021.2	1,208.4
Pro-rata net debt to Adjusted EBITDA	2.0x	1.9x	-1.3x	NM	NM	3.2x
Pro-rata priority net debt to Adjusted EBITDA						0.5x

¹ Excludes Stoiximan.

² Includes LOTTOITALIA and Stoiximan.

³ Includes the Company, AGH, CAME, SAZKA Czech, IGH and EMMA Delta.

Key financing transactions – Q3

Financing

- No material financing transactions in Q3

Dividends and distributions

- In July, the Group received a €21 million dividend from LOTTOITALIA
- In August, OPAP paid a dividend of €0.30 per share. Shareholders had the option of receiving cash or shares under OPAP's scrip dividend programme. The Group elected to receive scrip
- In September, Sazka a.s. paid a CZK1bn dividend (~€38 million)
- In September, OLG paid a €100 million dividend

Key financing transactions - subsequent

Financing

- In October, OPAP issued a €200 million retail bond
 - 7NC2, 2.1% yield
- In October 2020, SAZKA Group signed a €100 million bank loan
 - 1 year maturity, 3.0% margin

Other

- In November, SAZKA Group paid a €110 million dividend
- As a result of open market purchases in Q3 and subsequently, the August scrip dividend, and the exit of a minority shareholding in EMMA Delta, the Group's economic interest in OPAP has increased from 34.2% at 30 June to 36.4%



Thank you!



Appendix

Q3 2020 consolidated profit and loss

€ millions	Q3 2020	Q2 2020	Q3 2019	Q3/Q3	Q3/Q2
Amounts staked	2,613.7	706.8	1,319.3	98%	270%
GGR	768.9	246.6	463.0	66%	212%
NGR	455.9	161.9	317.1	44%	182%
Operating EBITDA	196.6	42.6	143.0	37%	361%
Operating EBITDA margin	43.1%	26.3%	45.1%	64%	64%

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 the same date as this presentation 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, 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 the date of our most recent financial statements, which is assumed to have been held throughout the previous twelve months.

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