



# H1 2020 Results

## 11 September 2020

**sazka**  
GROUP

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# **Business and Strategic Update**

# H1 2020 highlights

- Strong performance prior to effects of COVID-19 from mid-March.
- Impact of COVID-19 varied significantly across products lines and geographies.
- Strong performance of online channel and Digital-only Games before, during and after most impacted period.
- Key strategic developments during the period include increase in stake in CASAG to 55.48% (from 38.16%), SHA with ÖBAG (Austrian state vehicle).

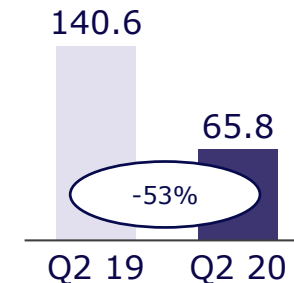
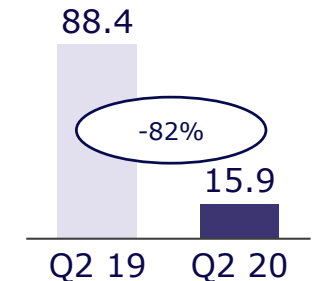
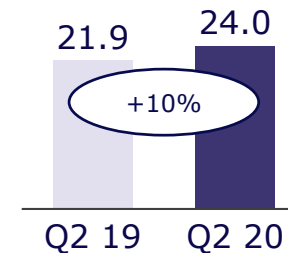
€ millions	H1 2020	H1 2019	Δ
Amounts staked <sup>1</sup>	1,842.0	2,588.4	-29%
GGR	651.9	908.5	-28%
NGR	428.8	625.3	-31%
Operating EBITDA	167.1	286.6	-42%
Operating EBITDA margin	39.0%	45.8%	-6.9 p.p.
Adjusted EBITDA	168.5	286.5	-41%
Profit before tax	55.7	192.4	-71%
Pro-rata LTM Adjusted EBITDA	379.0		
Pro-rata net debt	1,211.9		

<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.

# Q2 business highlights

- **SAZKA a.s.:** GGR remained flat, NGR decreased by 13% as a result of an increase in lottery tax from 23% to 35% which took effect as of 1 January 2020. Operating EBITDA up 10% (broadly flat when normalised for €2m exceptional gain).
- **OPAP<sup>1</sup>:** GGR decreased by 53% and NGR decreased by 54% reflecting the closure of all land-based activities starting from mid-March to mid-May 2020. As a result, Operating EBITDA decreased by 82% compared to Q2 2019.
- **Equity method investees<sup>2</sup>:** Aggregate pro-rata Operating EBITDA of Equity method investees decreased by 53% compared to Q2 2019 due to the impact of restrictions on CASAG's land-based activities and lower sales at LOTTOITALIA as a result of the suspension of sales for part of the period and changed customer behaviour.

## Operating EBITDA by entity € millions



1 Includes 36.5% interest in Stoiximan on equity basis.

2 Including CASAG and LOTTOITALIA.

# COVID-19 – impact summary

- Some activities subject to COVID-19 related restrictions from mid-March.
- 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 closed and a substantial majority functioned throughout the outbreak.
- **Online channels performed well across geographies with record active user numbers and customer acquisition.**
  - Including Digital-only Games and sales of other products through online channels.
- Beginning in May, restrictions have been relaxed significantly, with **most significant restrictions removed by the beginning of June.**

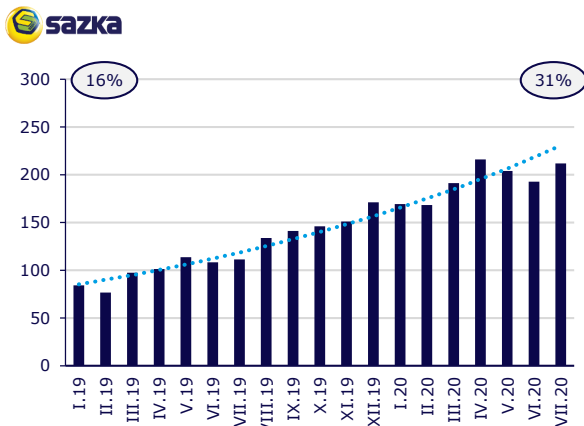
# COVID-19 – key initiatives

- Continuous sharing of best practices across the Group on revenue and cost side.
- New online products
  - e.g. Joker online and online casino in Greece
- Selective cost measures.
  - e.g. marketing expenditure focused on channels and products that were net beneficiaries of COVID-19.
- Very limited participation in government support programmes.
  - Only significant exception is participation of CASAG's Austrian and international casinos business in wage support schemes.
- OPAP helped its agents (who bear fixed costs of rents, staff etc.) to apply for Greek government schemes and provided financial support of €5 million in Q2.

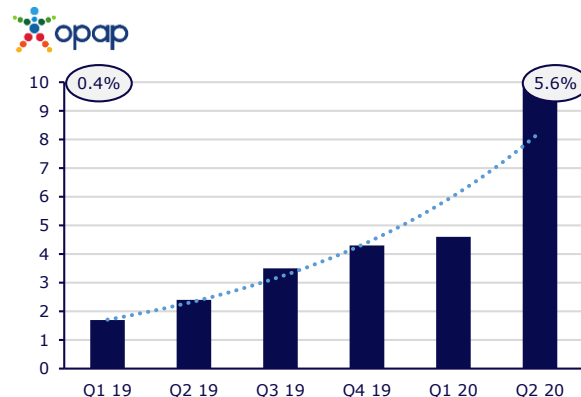
# Digital-only and online momentum

- Strong growth in revenues from Digital-only Games and sales of other products through online channels during the period most impacted by COVID has continued.
- Supported by:
  - Successful cross-selling, leveraging brands, traffic to websites and apps from lottery players, increasingly granular knowledge of customer base
  - New product launches
  - UX improvements and optimisations.

**SAZKA a.s. - GGR in CZK millions**

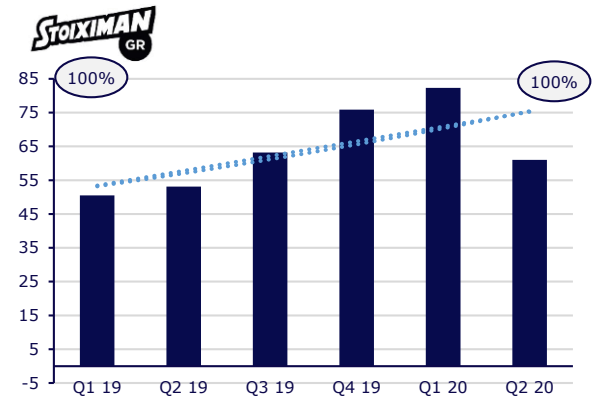


**OPAP - GGR in € millions**



[.]% Online GGR as % of total GGR

**STOIXIMAN - GGR in € millions**





# Key strategic developments

## Q2

- June 2020: SAZKA Group **acquired the 17.19% stake** in CASAG previously held by Novomatic. As a result, SAZKA Group's shareholding in CASAG is now **55.48%** and CASAG has been **fully consolidated as a subsidiary** from 26 June.
  - Follows **SHA with ÖBAG**, an entity holding strategic equity stakes of the Austrian government, signed in March.

## Subsequent

- July 2020: the Supervisory Board of CASAG approved a plan to **optimise the cost structure of the casino business in Austria.**
- July 2020: OPAP concluded the acquisition of an additional 51% stake in **Stoiximan Group's Greek and Cypriot business**, as a result of which it now holds a **69% stake** in the Greek and Cypriot business and a 36.75% stake in Stoiximan Group's international business, operating under the Betano brand.



# Financial Update

# Consolidated profit or loss

- No contribution from CASAG in H1; consolidated from 26 June.
- Decline in costs reflect variable element (e.g. agents' commissions) and active cost control (e.g. marketing expenses).
- EBITDA reflects inter alia discount on certain tax liabilities (€12.3m gain); support to agents impacted by COVID-19 (€5.2m cost); impairment of right of use asset (€7.4m); impairment of goodwill (€7.4m).
- Finance costs reflects €8.1m gain on improvement of loan terms.

€ millions	H1 2020	H1 2019	Δ
Amounts staked	1,842.0	2,588.4	-29%
GGR	651.9	908.5	-28%
NGR	428.8	625.3	-31%
Operating expenses	(371.6)	(461.2)	-19%
Share of profit of equity investees	32.7	57.0	-43%
Operating EBITDA	167.1	286.6	-42%
Financing costs, net	(42.5)	(34.8)	+22%
Profit before tax	55.7	192.4	-71%
Income tax expense	(13.7)	(47.3)	-71%
Profit after tax from continuing operations	42.0	145.1	-71%
- Owners of the company	33.1	364.3	-71%
Profit from discontinued operations (incl. gain on disposal)	0.0	292.9	n/m
Profit for the period after tax	42.0	438.0	-90%

# Consolidation of CASAG

## PF LTM consolidated income statement as of 30 June 2020

€ millions	LTM Actual	CASAG LTM <sup>1</sup>	PF LTM
GGR	1,649.5	1,247.2	<b>2,896.7</b>
NGR	1,114.6	641.8	<b>1,756.4</b>
Operating EBITDA	472.7	181.4	<b>621.5</b>
Profit after tax from continuing operations	208.2	88.1	<b>259.1</b>

- SAZKA Group now holds 55.48% in CASAG, ÖBAG 33.24%.
- No P&L impact in Q2.
- Balance sheet consolidated as at 30 June.
- €209 million positive impact in cash flow statement reflecting cash balance of €314 million.
- Pro-forma presented does not include cost-savings from restructuring of Austrian casinos.

# LTM pro-rata data

As at 30 June 2020, pre IFRS 16 basis

€ millions	SAZKA a.s.	OPAP <sup>2</sup>	CASAG	Equity method investees <sup>3</sup>	Other <sup>4</sup>	Company and SGF	Total
Pro-rata LTM Adjusted EBITDA <sup>1</sup>	93.2	100.8	89.8	109.5	(3.0)	(11.8)	378.5
Gross debt (100%)	233.1	1,148.5	184.1	0.0	105.1	1,019.1	2,689.9
Cash and equivalents and ST financial assets (100%)	(73.9)	(638.2)	(342.5)	(239.4)	(61.0)	(32.3)	(1,387.1)
Pro-rata net debt	159.2	174.7	(87.9)	(67.6)	46.6	986.9	1,211.9
<b>Pro-rata net debt to Adjusted EBITDA</b>	1.7x	1.7x					<b>3.2x</b>
<b>Pro-rata priority net debt to Adjusted EBITDA</b>							<b>0.5x</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 Excludes Stoiximan.

3 Includes LOTTOITALIA and Stoiximan.

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

# Q2 financing transactions and distributions

## Financing transactions

- April 2020: OPAP drew a €200 million bank loan due September 2020.
- June 2020: CAME drew a €105 million bank loan due September 2025, to fund acquisition of Novomatic's stake in CASAG.

## Distributions

- April 2020: LOTTOITALIA approved and paid a dividend of €150 million (€49 million net to SAZKA Group).
- April 2020: Austrian Lotteries approved distributions of €16.7 million net to our 9.45% direct stake, of which €7.2 million was paid in May.

# Key subsequent events - financial

- July 2020: OPAP prepaid €50 million of a bank loan.
- July 2020: the Group received a dividend from LOTTOITALIA of €21 million.
- August 2020: OPAP paid a dividend of €0.30 per share. SAZKA Group elected to receive scrip.
- Together with open market purchases after the end of the period, the Group's shareholding in OPAP increased to 43.3% of the total issued share capital (economic interest of 35.4%)



**Thank you!**





# Appendix

# Q2 2020 consolidated profit or loss

€ millions	Q2 2020	Q1 2020	Q2 2019	Q2/Q2	Q2/Q1
Amounts staked	706.8	1,135.2	1,280.2	-45%	-38%
GGR	246.6	405.3	450.7	-45%	-39%
NGR	161.9	266.8	309.2	-48%	-39%
Operating EBITDA	42.6	124.5	124.9	-66%	-66%
Operating EBITDA margin	26.3%	46.6%	40.4%	-14.1 p.p.	-20.3 p.p.
Adjusted EBITDA	51.6	116.9	135.2	-62%	-56%
Profit before tax	(6.0)	61.6	79.2	n/m	n/m

# 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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