

Q3 2019 Review

23 December 2019

sazka GROUP

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9M 2019 result highlights

- SAZKA Group ("SG") is reporting 9M 2019 performance in which all businesses grew their top-lines and EBITDA during the 9M period in comparison to the same period last year
  - Consolidated Gross gaming revenues increased by 6% to €1,371 million (9M 2018: €1,288 million)
  - Consolidated EBITDA increased by 19% to €430 million (9M 2018: €363 million)
  - Consolidated Profit from continuing operations increased by 28% to €217 million (9M 2018: €169 million)

- Reviewing the individual businesses:
  - Sazka a.s. grew its NGR by 10% and its EBITDA by 16% with the growth driven by instant lotteries and on-line products
  - OPAP grew its NGR by 6% and its EBITDA by 20% (excl. IFRS 16 impact) with the growth being driven by VLT products and numerical lotteries alongside cost reductions due to improved, renegotiated IT supplier arrangements
  - CASAG, LOTTOITALIA and Stoiximan on a combined basis grew its NGR by 7% and its EBITDA by 11% as all three equity method investees experienced growth

- Pro-rata, pro-forma LTM EBITDA of €361 million (€391 million pro-forma for the acquisition of an additional 7.25% stake in OPAP following the end of the period)
  - Resulted in Pro-rata, pro-forma[1] net debt / LTM EBITDA ratio of 2.4x (1.2x on priority debt basis) at 30 September 2019 (3.3x and 1.5x pro-forma for certain subsequent transactions including the acquisition of the additional 7.25% stake in OPAP)

Notes:
[1] For Pro-forma adjustments primarily relate to the sale of the SuperSport business.

9M 2019 results – subsequent events

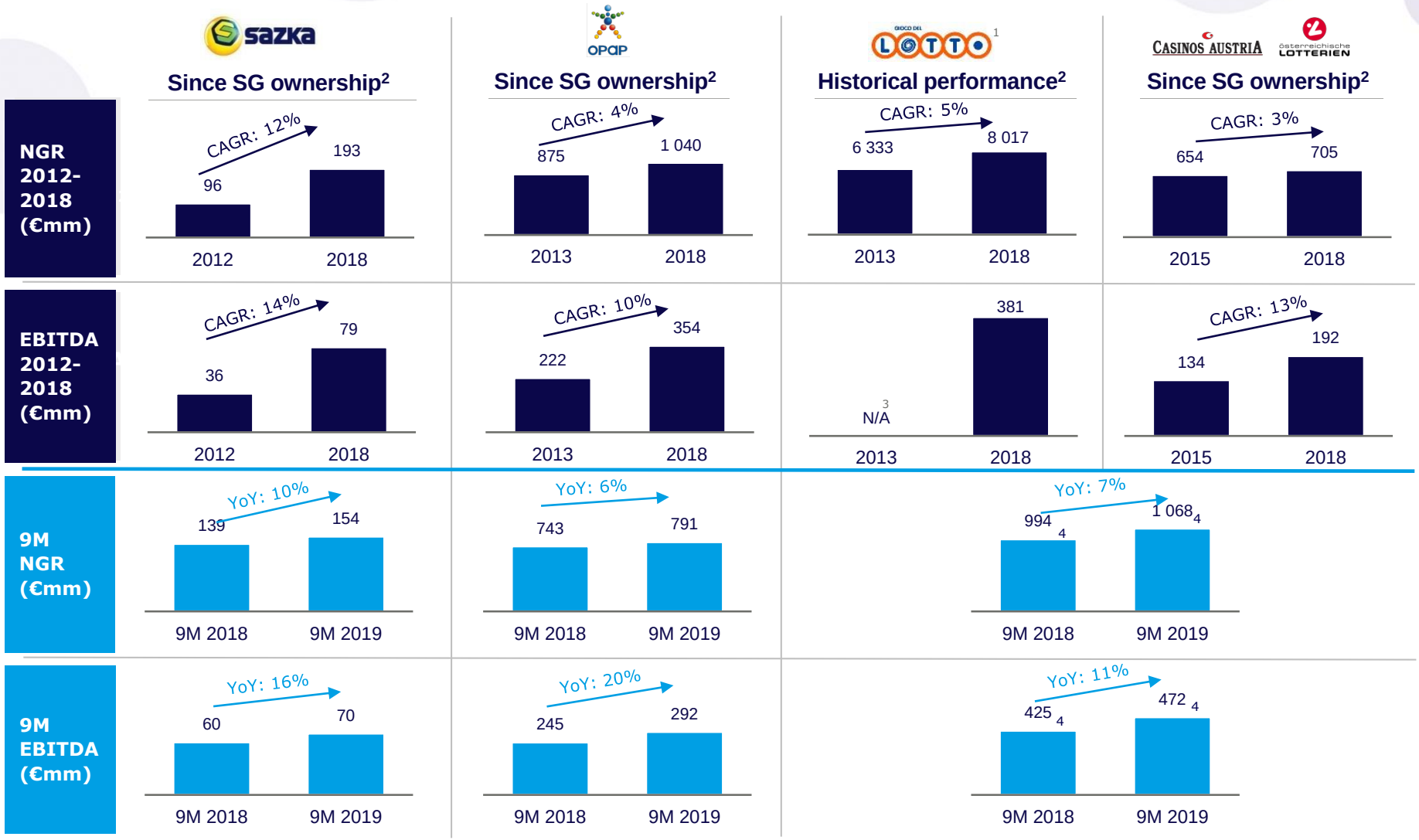
- Subsequent events post 30 September include the following:
  - The October completion of the Voluntary Tender Offer for the OPAP shares (resulted in the acquisition of an additional 7.25% stake in OPAP)
  - The successful completion of the €300 million Senior Notes offering in November
  - The announcement of the acquisition of a 17.2% additional stake in CASAG in December (which is subject to regulatory approval and pre-emptive rights by other CASAG shareholders)
  - The Czech parliament increasing the lottery tax to 35% of GGR from the current 23% as of 1 January 2020 in December
  - The payment of a ~€150 million dividend to SG's shareholder in November

9M 2019 consolidated SG income statement

- Bottom-line growth within all of the SG businesses and segments during the 9M 2019 period with Operating EBITDA growth of 19%, including 20% growth of Share of Profit from Equity Method Investees (CASAG, LOTTOITALIA and, to a smaller degree, Stoiximan)
- EBIT grew by 18%
- Net Profit from Continuing Operations grew by 28%
- The IFRS gain generated from the sale of SAZKA Group Adriatic (SuperSport business) to EMMA Capital generated a gain of €277 million
- The Net Profit for the Period was €510 million with €400 million being attributable to SG's shareholder KKCG

(€ in thousands)	9m 2019	9m 2018	Growth
Amount Staked	3,907,649	3,736,900	5%
GGR	1,371,497	1,288,180	6%
Gaming Taxes	(429,158)	(406,405)	6%
NGR	**942,339**	**881,775**	**7%**
Other Revenue & Oper. Inc.	102,093	101,606	0%
Total Operating Expenses	**(705,384)**	**(696,222)**	**0%**
Share of Profit from Equity-Inv.	90,565	75,360	20%
Operating EBITDA	**429,613**	**362,519**	**19%**
Depreciation & Amortization	(89,386)	(73,630)	
EBIT	**340,227**	**288,889**	**18%**
Net Financing Expenses	(52,271)	(61,975)	
Income Tax Exp.	(70,903)	(57,895)	
Net Profit from Continuing Ops.	**217,053**	**169,019**	**28%**
Gain on disposal of Croatia	277,267	0	
Profit from Disc. Ops. (Croatia)	15,571	21,297	
Net Profit for the Period	**509,891**	**190,316**	**168%**
Equity Holders of SG	**399,573**	**101,841**	**292%**
Non-controlling Interests	110,318	88,475	

EBITDA growth by businesses



Notes:
[1] For LOTTOITALIA, revenues are amounts staked (not NGR).
[2] Financials are shown on a 100% basis and exclude IFRS 16 impact.
[3] In 2013, LOTTOITALIA was part of LOTTOMATICA.
[4] Includes CASAG, LOTTTOITALIA and TCB Holding (Stoiximan).

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LTM September 2019 EBITDA

Group EBITDA (€mm; ex-IFRS 16 impact)

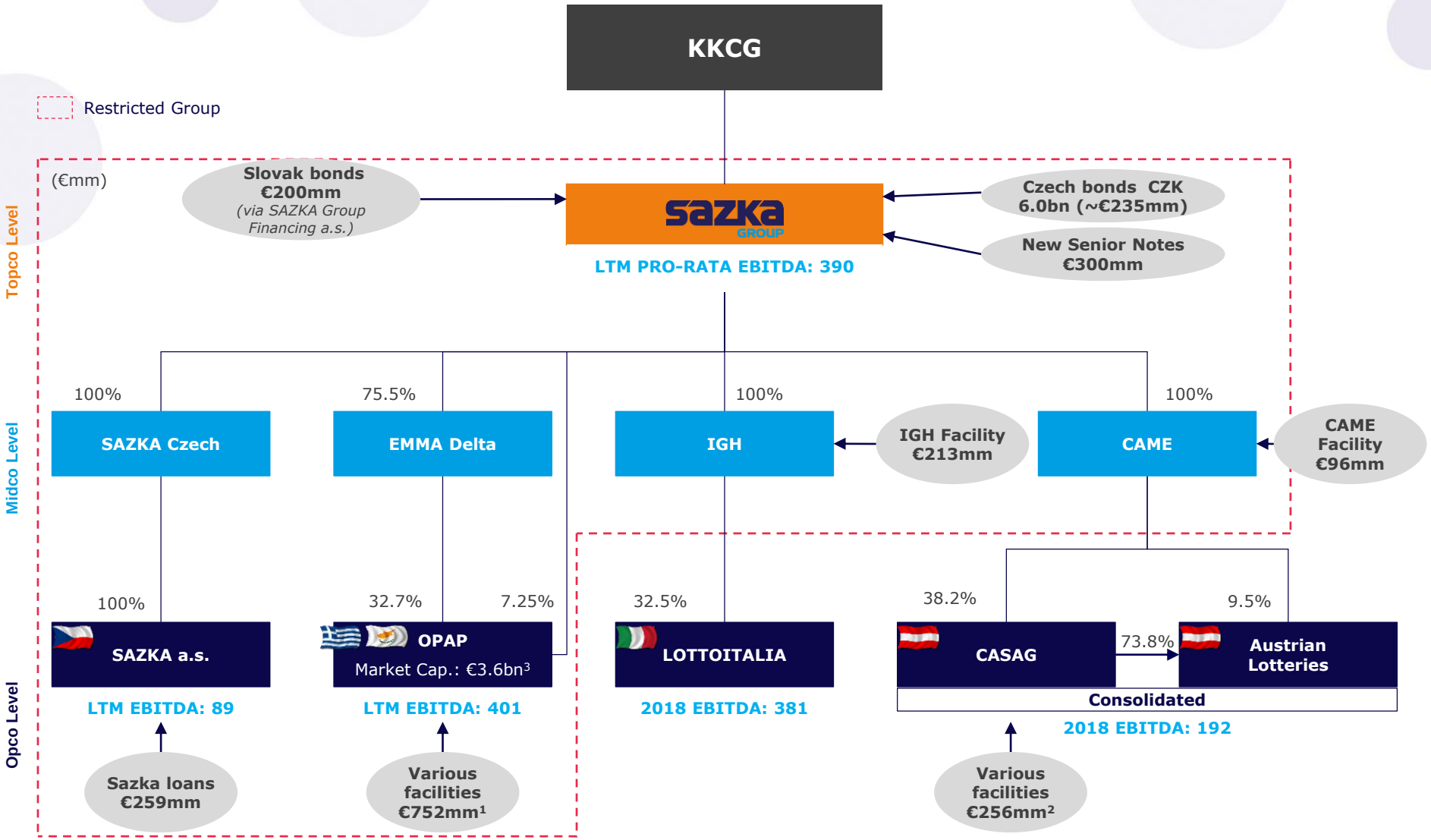
€mm, LTM as of Sep-19	Greece	Czech	Italy / Austria / Stoiximan	Other and overheads	Total
EBITDA	401	89	633		
Pro-rata - prior to VTO					
See through econ. interest	24.7%	100.0%	Various		
LTM Pro Rata EBITDA	**99**	**89**	**211**	**-38**	**361**
Pro-rata - post VTO					
See through econ. interest	32.0%	100.0%	Various		
LTM Pro Rata EBITDA	**128**	**89**	**211**	**-38**	**391**
Consolidated					
Accounting treatment	Consol.	Consol.	Equity accounting		
LTM Consolidated EBITDA	**401**	**89**	**105**	**-38**	**557**

September 2019 pro-rata, pro-forma data

- The pro-rata, pro-forma (excl. SuperSport) IFRS 16 adjusted EBITDA was €265 million in 9M 2019 vs. €244 million during the same period in 2018, for a growth of 9%
  - The 9M 2019 EBITDA figure includes overhead expenses of €28 million (already includes some VTO-related expenses) vs. €15 million of overheads (incl. also some one-time expenses) in 9M 2018
- The pro-rata, pro-forma Net Debt / EBITDA as of September (excl. VTO and €300 million Senior Notes impact) was 2.4x
- Including the full VTO and Senior Notes impact (both of which occurred post 30 September) as well as certain other subsequent transactions, the pro-rata, pro-forma Net Debt / EBITDA leverage level was 3.3x with Priority Net Debt being 1.5x

(€ in thousands)	LTM Sept. 2019	9M 2019	9M 2018	Growth
Pro-rata, Pro-Forma EBITDA (excl. IFRS 16 impact)	361,443	265,195	243,605	9%
Pro-rata Debt (excl. IFRS 16)	1,433,381			
Pro-Rata Cash	(564,316)			
Pro-rata Net Debt (excl. IFRS 16)	**869,064**			
Pro-Rata Net Debt / EBITDA	**2.4x**			
Pro-Rata EBITDA post VTO (increase in OPAP stake; excl. IFRS 16)	390,549			
Pro-Rata Debt post VTO & Bonds	1,623,956			
Pro-Rata Cash post VTO & Bonds	(324,138)			
Pro-rata Net Debt (excl. IFRS 16)	**1,299,818**			
Pro-Rata Net Debt / EBITDA	**3.3x**			
Priority Net Debt / EBITDA	**1.5x**			

Simplified current group loan structure



Notes: LTM and Balance Sheet data shown as of Sept-19 as adjusted for certain subsequent transactions; for further details see the OM and the 9M 2019 Financial and Operational Review press release.

[1] OPAP facilities shown as adjusted for €100mm increase in OPAP bond loans.

[2] Facilities amount for CASAG shown as of 2018.

[3] Source: OPAP website as of December 20, 2019 close.

SAZKA Group key credit highlights



1. *High barriers to entry, including strong brands and extensive distribution networks*
2. *Focus on the attractive lottery segment*
3. *100% regulated business, benefiting from stable regulatory regime and long-term, often exclusive licenses*
4. *Scale, business and geographical diversification*
5. *Strong government and regulatory relationships and focus on CSR and responsible gaming*
6. *Strong financial fundamentals and highly cash generative business model*
7. *Management team with demonstrated track record of organic growth and backing from strong long-term shareholder*