

# FLUTTER ENTERTAINMENT PLC

FLUTTER INTERNATIONAL INCLUDING DEEP DIVE ON SISAL

25 October 2023

# Flutter International

“We use our **unrivalled scale** to deliver **better local player experiences** in the **world’s most attractive markets.**”

**The Player’s Champion,  
Wherever You Play**

# AGENDA

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# Introduction and today's presenters



**Dan Taylor**

Flutter International CEO

(2020 – present)

Paddy Power Betfair

CEO

(2018–2020)

Paddy Power

UK & Ireland and Retail  
Managing Director

(2015–2018)



**Francesco Durante**

Sisal CEO

(2019 – present)

Sisal Entertainment  
(Italy Betting & Gaming)

CEO

(2009– 2019)

**Dan Taylor**, Flutter International CEO

# FLUTTER INTERNATIONAL



# International strategy evolving with regulatory environment



## Sector backdrop...

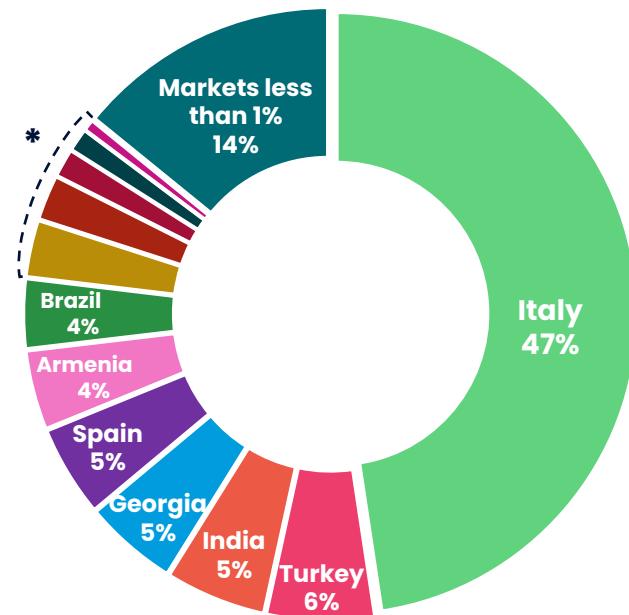
- 1 Local regulation now more prevalent
- 2 Operators with Local Hero proposition are winning
- 3 Market-specific growth opportunities

## ...informing strategic principles

- 1 Concentrated investment in key markets
  - Podium positions in compelling markets
- 2 Combination of inorganic and organic growth
  - Attaining scale via M&A
- 3 Leverage the power of the Flutter Edge
  - Capabilities across product, technology, people and capital
  - Local heroes with brand equity, customer proposition and market expertise

## Strategy ensures focus on key market opportunities

	Markets	% International		YOY growth	
		Revenue	Cont'n	Revenue	Cont'n
<b>Consolidate</b> #1 position and <b>Invest</b> for leadership		<b>77%</b>	<b>71%</b>	<b>+19%</b>	<b>+19%</b>
	<b>Optimise</b> returns and <b>Maintain</b> presence		<b>23%</b>	<b>29%</b>	<b>-17%</b> (Q2:-9%)



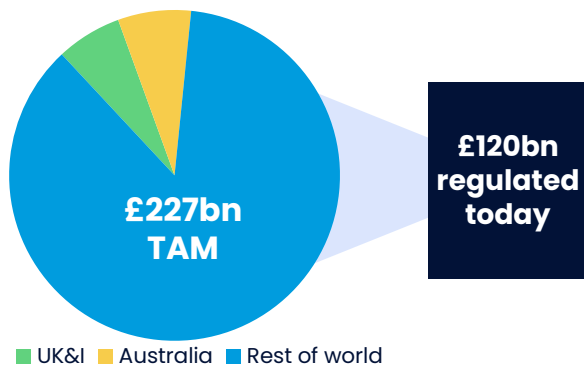
\*Canada 3%, UK 2%, Germany 2%, Romania 1%, France 1%, VR 1%

Positions us to capitalise on growth trajectory in key markets

# Substantial global market opportunity

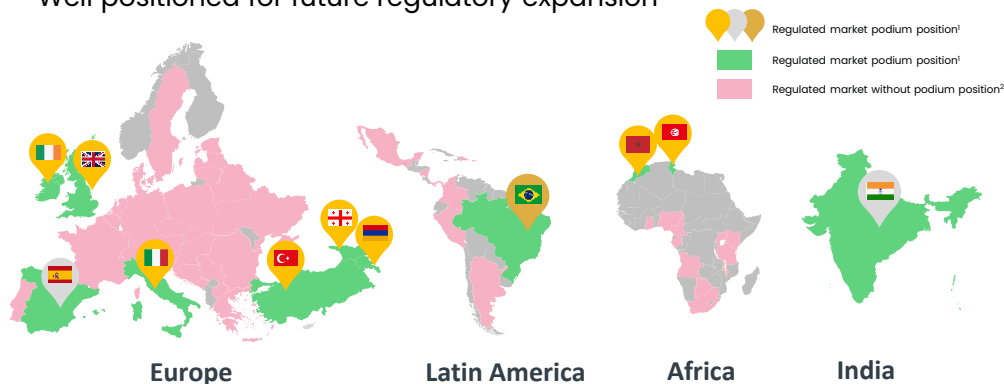
## Significant market size

- Ex-US TAM of £263bn in 2022 (9% CAGR over next 5 years). Just 30% online currently
- Rest of World TAM of £227bn
- £120bn regulated today



## With significant runway of growth for Flutter

- Consolidate and Invest just 20% of total ROW regulated market
- Huge untapped regulated market for Flutter to expand into
- Significant TAM and opportunities for bolt on M&A
- Well positioned for future regulatory expansion

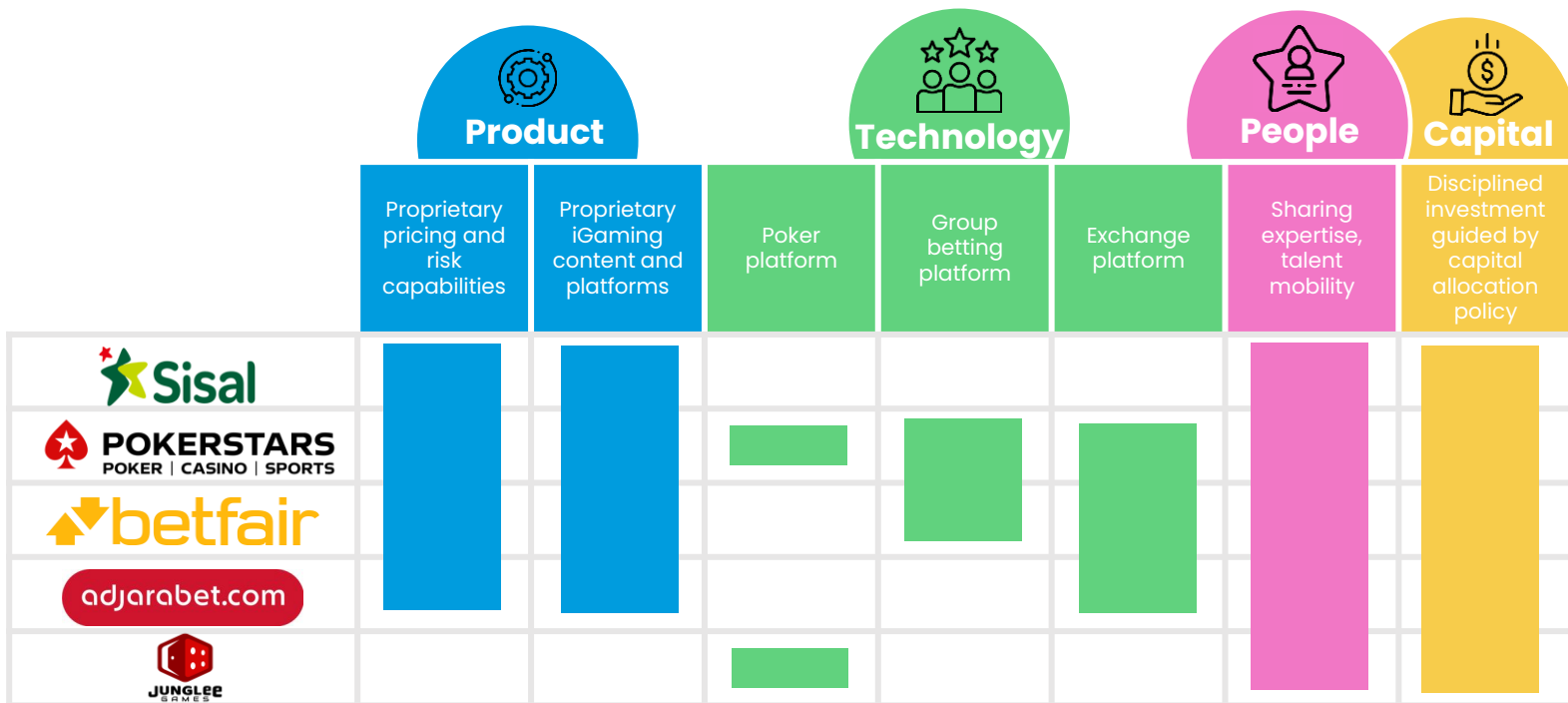


**International expansion potential, powered by Flutter Edge, creates significant future opportunity**

<sup>1</sup> UK and Ireland market leadership positions attained by the UK&I division. Morocco and Tunisia lottery concessions represent monopoly position, launching in the coming year

<sup>2</sup> Includes all regulated or regulating markets, where Flutter may have a subscale position or not operate at all

# Flutter Edge empowers our brands and provides platform to win





# Case study: Adjarabet illustrates the effectiveness of the strategy

Strategic criteria	 <b>Case study in action</b>	Financial fit 2018-2022
<b>Competitive moat</b>	<ul style="list-style-type: none"> <li>Primarily a cash deposit industry via local terminals</li> <li>High brand awareness of incumbent brands</li> <li>Localised products and experiences</li> </ul>	<b>£305m</b> <i>Purchase price<sup>1</sup></i>
<b>"Local hero" with market leadership</b>	<ul style="list-style-type: none"> <li>#1 operator, 86% spontaneous brand awareness</li> <li>600 employees with strong local relationships and network</li> </ul>	<b>5x</b> <i>EBITDA multiple<sup>2</sup></i>
<b>Clear opportunities to add Flutter Edge and accelerate growth</b>	<ul style="list-style-type: none"> <li>Marketing and generosity expertise improved acquisition and retention</li> <li>Talent mobility to enhance local skill set</li> <li>Proprietary Flutter pricing capabilities delivered differentiated sports product</li> <li>In-house casino content</li> </ul>	<b>&gt;3x</b> <i>2018 revenue</i>
		<b>3x</b> <i>2018 EBITDA</i>
		<b>Growing</b> <i>Georgia and Armenia market share</i>

<sup>1</sup> Based on full acquisition cost of £305m in two tranches (2019 and 2022)

<sup>2</sup> EBITDA multiple calculated by reference to 2022 EBITDA. Effective EBITDA multiple of 6.4x when calculated using 2018 and 2021 referable profits and price

# MaxBet acquisition provides access to fast growing Balkan region

## Clear demonstration of international expansion strategy

### Market

- Fully regulated €700m Serbian market<sup>1</sup>
- Retail presence critical in cash-led economies; barriers for international operators
- High growth with 25% 5-year online CAGR to 2022
- 35% online penetration currently

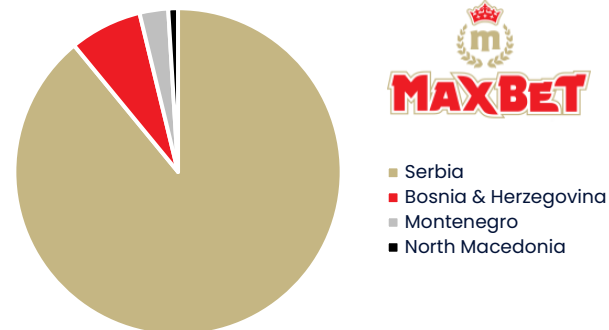
### MaxBet positioning

- Local hero brand: #2 operator with 20% online share
- Highly effective team to deliver continued growth
- Attractive valuation with path to 100% ownership

### Growth opportunity

- Regional presence provides further opportunity
- Flutter Edge to drive further differentiation

## LTM net gaming revenue



- Serbia
- Bosnia & Herzegovina
- Montenegro
- North Macedonia

**€145m**  
LTM<sup>1</sup> revenue

**€32m**  
LTM<sup>1</sup> EBITDA

**20%**  
Serbian online  
market share<sup>2</sup>

**>400**  
Retail locations

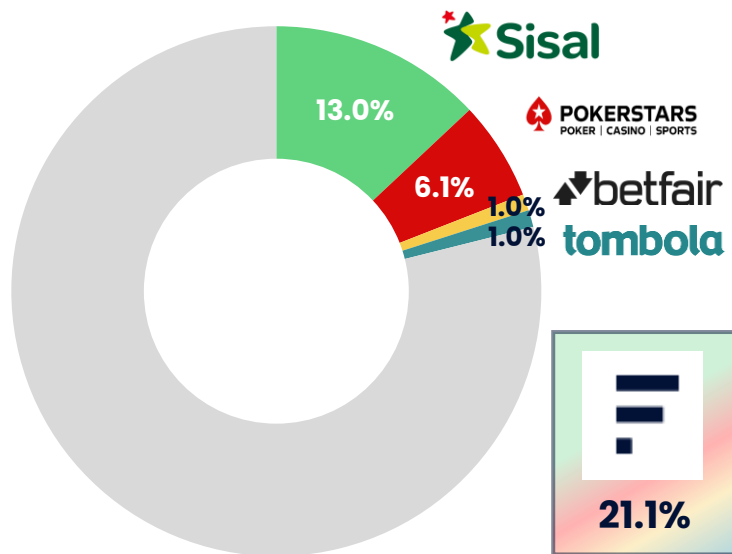
<sup>1</sup> 12 months to 30 June 2023

<sup>2</sup> All market related disclosures based on internal estimates

# Sisal: Enhancing Flutter position in Europe's largest market

## Sisal provides Italian market leadership...

Online market share LTM June 2023<sup>1</sup>



## ...with synergy opportunities across the portfolio

- Leverage Sisal's retail network for customer acquisition on other brands
- Enhance Sisal's offering by providing access to Flutter Edge capabilities across:
  - Pricing and risk management for an improved sports betting proposition
  - Proprietary gaming content from in-house developed titles
- Sisal's expanding the Flutter Edge with capabilities in lottery, along with innovation in sports betting and social gaming

<sup>1</sup> Market share is gross gaming revenue ("GGR") based on regulatory data from Agenzia delle dogane e dei Monopoli ("ADM"). Includes normalised lottery payout provided directly by the regulator

Francesco Durante, Sisal CEO

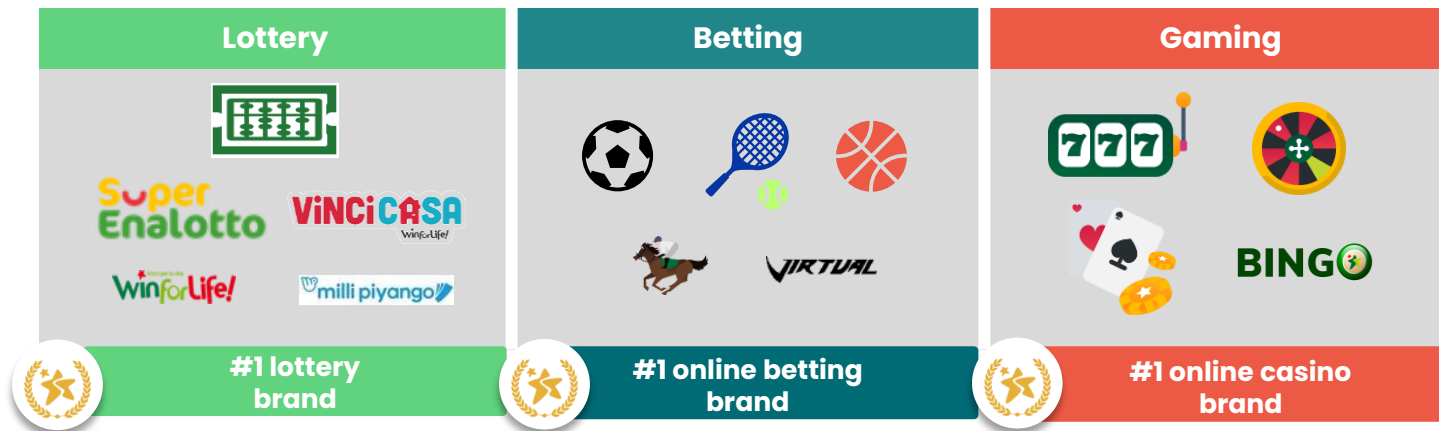
# SISAL



# Sisal: Leading operator in attractive Italian market



## Diverse product offering supported by proprietary capabilities



### Underpinned by core competency in technology



#### Proprietary product platforms

- Internally developed lottery, sports and gaming tech stacks
- Enabling development of in-house content
- Ability to deploy to international markets



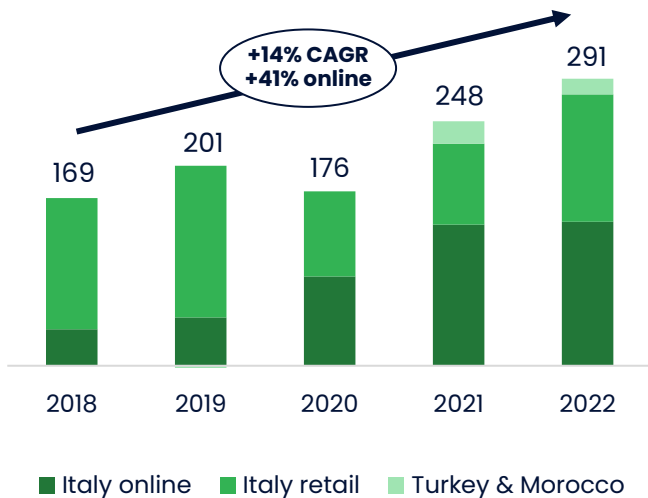
#### Focus on innovation

- Over 740 development FTEs
- 5 international tech hubs

# Track record of strong financial performance

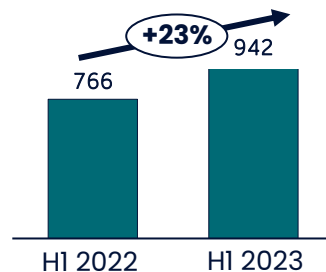
## Delivering consistent earnings growth...

### EBITDA (€m)

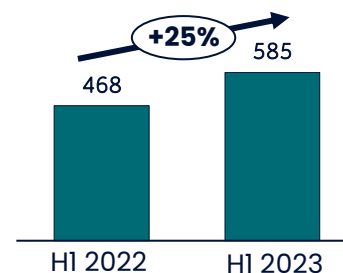


## ...with strong current momentum

### Total AMPs (000's)

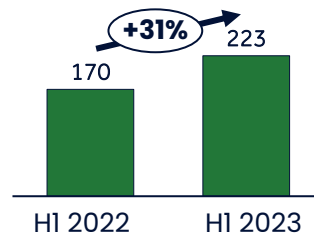


### Total revenue (€m)



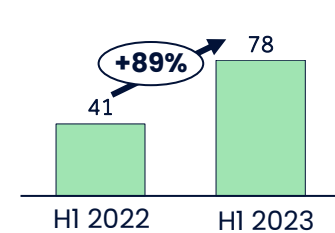
### Italy online

#### Total revenue (€m)



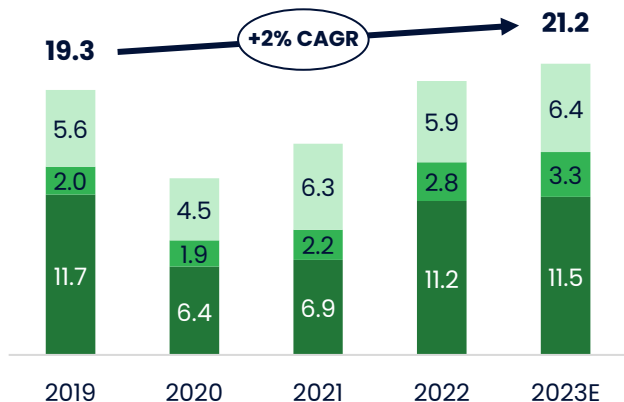
### Turkey & Morocco

#### Total revenue (€m)



# Italy: Europe's largest market with low online penetration rates

## Italian gambling market<sup>1</sup> (€bn)



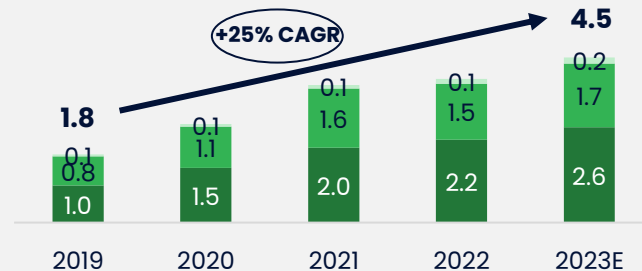
### Online penetration

10%    21%    24%    19%    21%

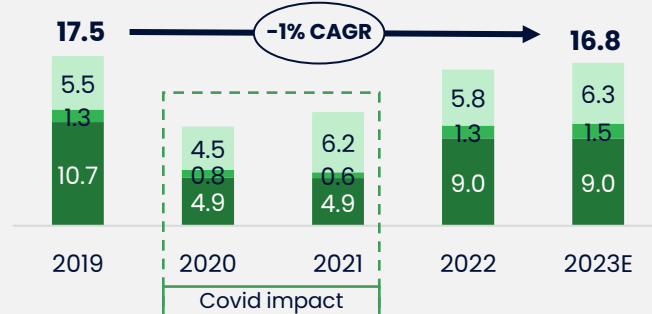
**Significant growth tailwind considering c80% penetration in mature markets**

■ Gaming   ■ Betting   ■ Lotteries

## Italian online market<sup>1</sup> (€bn)



## Italian retail market<sup>1</sup> (€bn)



<sup>1</sup> Market data source: ADM



# Retail acts as barrier to entry for online operators

Italian retail landscape			Product range available			Sisal venues
			Gaming machines	Sports betting	Lottery	
Gaming venues	Betting shops	5.3k	✓	✓	✓	437
	Gaming halls	2.5k	✓	✗	✓	249
	Bingo halls	0.2k	✓	✓	✓	-
General retail stores	Betting corners	4.2k	✓	✓	✓	1,146
	Other	193k	✓	✗	✓	36.6k

## Retail footprint creates distinct advantage vs online only operators

- Only Sisal operates across all retail gambling segments
- Best-in-class offering drives loyalty of 11m retail customer base
- MySisal B2B platform generates additional affiliation fees from retailers by offering incremental services such as marketing materials
- One of three lottery concession holders

### Flagship Wincity venue



**Sisal Wincity**  
EAT DRINK PLAY

### Betting corner



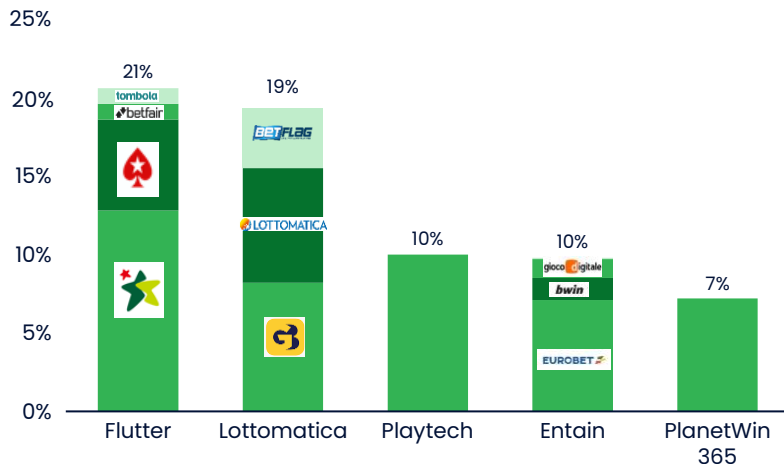
**Sisal**

**MY/SISAL**



# Online leadership from sustainable competitive advantages

Online market share, H1 2023



## Success Drivers

- 1 Leading brand awareness
- 2 Strong conversion of retail customers to online
- 3 High levels of cross-sell between products
- 4 Product leadership in sports betting

**Proven ability to take share from online competitors during online migration**

<sup>1</sup> Market data source: ADM

# 1. Leading brand awareness in restricted advertising environment

## Advertising restrictions impact competition

- Dignity decree imposed complete ban on gambling promotion in 2018
- Includes advertising, sponsorships and prize contests
- Exceptions for odds comparators and informative communications to existing customers
- Benefits scale players with omni-channel presence
- Thriving through innovation and leveraging retail assets

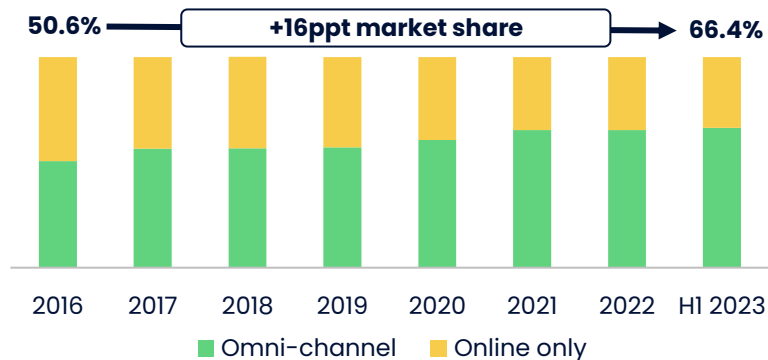
## Retail driven brand delivering online gains



- **Operator of the year** (3<sup>rd</sup> consecutive year)
- Best casino operator
- Best mobile operator

**93%**  
Brand awareness

## Omni-channel operators' market share<sup>1</sup>



<sup>1</sup> Market data source: ADM

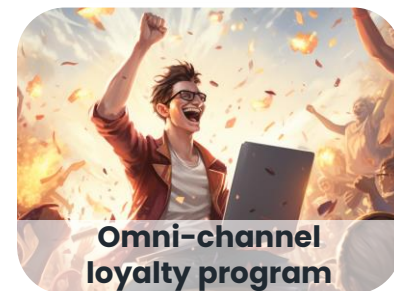
## 2. Retail providing customers for online leadership...

### Seamless migration from retail to online

- Retail player digitalisation is a key priority
- Consistent user experience, content and odds
- First omni-channel loyalty program in the market
- Give players a reason to engage: WinBox providing lottery players a second chance to win
- Online margins higher than retail



Omni-channel gaming content



Omni-channel loyalty program

# 11m

Sisal retail lottery players<sup>1</sup>

# >50k

First time deposits via retail<sup>2</sup>

# 30%

Online NGR from retail acquired customers<sup>3</sup>

Online players generate 10x the contribution of retail only players<sup>1</sup>

<sup>1</sup> FY 2022

<sup>2</sup> Year to date September 2023

<sup>3</sup> H1 2023

### 3. ...with strong cross-sell between products

#### Continuously iterating cross-sell model

**Enhanced product integration** across apps

**AI driven cross-sell** recommendations

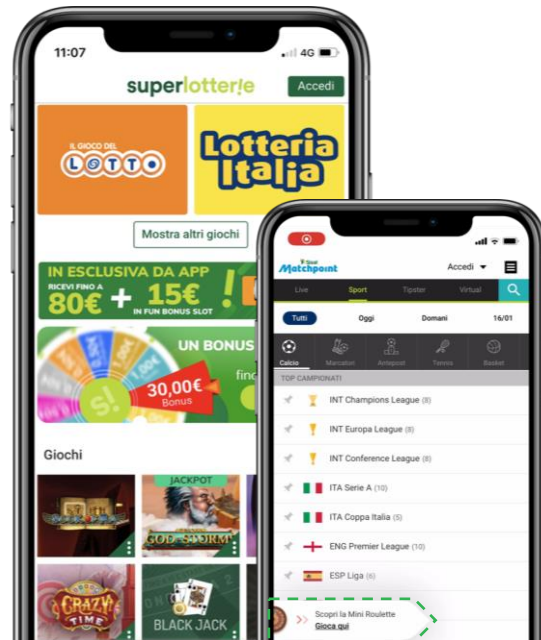
**Event based** promotional messaging

#### Enhancing customer value

**Higher total spend**

Additional interactions deepen relationships, **extending customer lifetime**

Multi Product Players generate **>5x revenue<sup>1</sup>**



**Multi product players driving EBITDA, now 41% of players, +13ppt since 2019<sup>2</sup>**

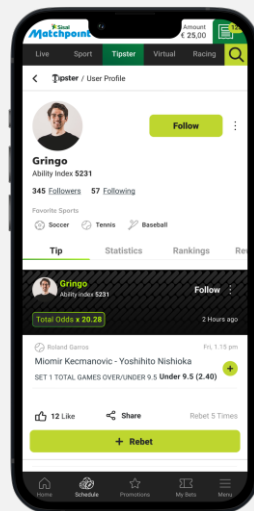
<sup>1</sup> H1 2023 players using a combination of sports betting, gaming and lottery compared against single product players

<sup>2</sup> Monthly average % of customers using multiple products in H1 2023 vs FY 2019

## 4. Product leadership in sports betting enhanced by Flutter Edge



**Social betting innovation**



30k monthly users<sup>1</sup>



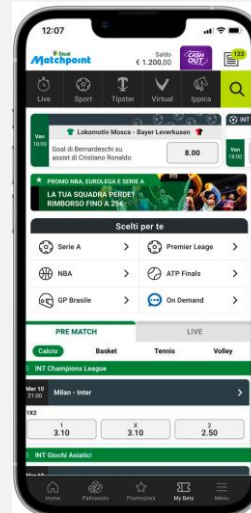
**New products: bet continues with substituted player**



Helping double player prop stakes<sup>1</sup>



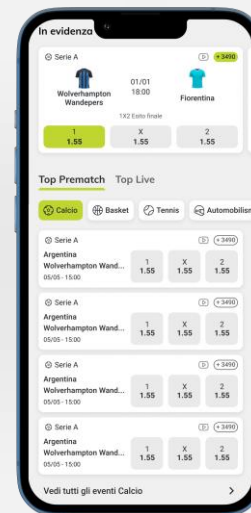
**First to launch cash out in Italy: enabled by the Flutter Edge**



>5% of stakes cashed out



**New betting App: improved user experience**



220k active users in first 3 weeks

**Flutter risk & trading integrated in record timeframe**

**>50%**  
of in-play GGR now priced by Flutter

**35bps**  
Improvement in expected win margin<sup>1</sup>






<sup>1</sup> Based on H1 2023 figures. Year on year comparison versus H1 2022. Duo impact displayed by reference to total football player props

# Lottery capabilities have created unique expansion path

## Government tenders expand opportunities

- Sisal's product capabilities have led to multiple government tender wins
- Flutter's scale and complementary skills enhance ability to expand via tender processes
- Proven track record of seamless integration and accelerating market growth

## High tender success rate...

	Morocco lottery	✓
	Morocco sports	✓
	Turkey	✓
	Italy	✓
	Tunisia	✓

## ...providing footprint in North Africa



### Tunisia

TAM<sup>1</sup>: c£0.5bn  
 Population: 12m  
 Expiry: 2033  
 Offering: Lottery, some gaming, sports



### Morocco

TAM<sup>1</sup>: c£0.4bn  
 Population: 37m  
 Expiry: 2028  
 Offering: Lottery, some gaming, sports

<sup>1</sup> Total Addressable Market based on internal 2024 GGR estimates across all gaming products, including certain products outside the scope of Sisal's current concession agreements

# Turkey growing rapidly in an underpenetrated market

## Turkey



TAM<sup>1</sup>: c£5bn

Population: 85m

Expiry: 2030

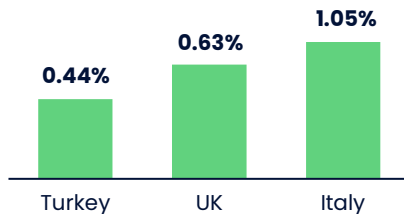
Offering: Lottery, some gaming, virtual sports



## Significant scope for market growth

- Second largest market for Flutter International during H1 2023
- Low spend on gaming and lottery vs international benchmarks illustrates growth potential

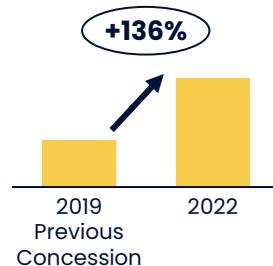
### Gaming Spend % of GDP<sup>2</sup>



## Step change in market since Sisal launch

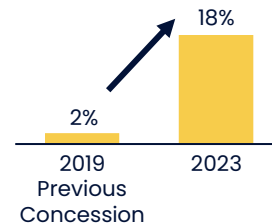
- Exponential growth in underlying revenue
- Successfully advancing online adoption after doubling retail distribution network
- Driving significant margin improvements

### Overall Turnover<sup>3</sup> (€, bn)



+546% in local currency

### % of stakes online



<sup>1</sup> Total Addressable Market based on internal 2024 GGR estimates across all gaming products, including certain products outside the scope of Sisal's current concession agreement

<sup>2</sup> Internal estimates based on multiple external data sources

<sup>3</sup> Translated at annual average exchange rates; 2019 turnover per H2 Gambling Capital



# Leading on sustainability within the Italian market



## Customers

Helping customers  
to **play well**



## Colleagues

Empowering colleagues  
to **work better**



## Communities

Working with communities  
to **do more**



## Environment

**Reducing our impact**  
through Go Zero strategy

### Targets

>75% of customers using a safer gambling ('SG') tool by 2030

Our teams will be representative of where we live and work by 2030

Improve the lives of 10m people by 2030

Comprehensive strategy to reduce impact and 2035 NetZero transition plan

### Progress in H1 2023

# 96%

% of customers using an SG tool

# 35%

Female representation in Sisal leadership positions

# 1,150

Paid volunteering hours in H1 2023

# 100%

Electricity from renewable sources



**Progress recognized by Sustainalytics;  
ranked #1 amongst 85 global casinos and gaming companies**



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# CONCLUSION



## Conclusion

- Significant growth opportunity for Flutter International
- Combination of local hero brands and access to the Flutter Edge driving long term strategy and strong returns
- Omni-channel strategy winning in Europe's largest market
- Product leadership and strong cross-sell delivering market share gains
- Government tenders enabled by lottery capabilities provide a differentiated expansion path

**F**lutter™