



Flutter Entertainment Plc Preliminary Results 2019



Introduction

Peter Jackson, Group CEO

Today's agenda

- Introduction
- Financial review
- Operating review
 - US market and FanDuel
 - PPB
 - Sportsbet
- Combination with The Stars Group
- Q+A

Introduction

- Transformational year for Group as we progress 4 pillar strategy
 - Proposed combination with The Stars Group
 - Acquisition of Adjarabet, market leader in Georgia
 - Leadership position in US sports betting and gaming market
- Underlying business performing well
 - Good momentum in both Paddy Power and Adjarabet
 - UK retail benefitting from shop closures
 - Strong execution in Sportsbet, largely offsetting tax changes
 - US exceeding expectations
- Responsible gambling (RG) initiatives impacting PPB Online growth; underlying KPIs reassuring

Building a sustainable business through RG initiatives

- Pivotal time for sector on responsible gambling and regulation
- Customer affordability is key to future regulation
- Encouraging a “race to the top” on responsible gambling
 - As an operator
 - Improving technology globally (i.e. CAAP) to identify customers who may need protection
 - Expanding teams to enhance the quality and frequency of customer interaction
 - Continuously raising standards and insisting our business partners do likewise
 - As an industry
 - Collaborating through the newly formed Betting and Gaming Council
 - Working with the Gambling Commission in 3 areas (VIP code, advertising technology and game design)

Putting RG at the heart of everything we do

Financial Review

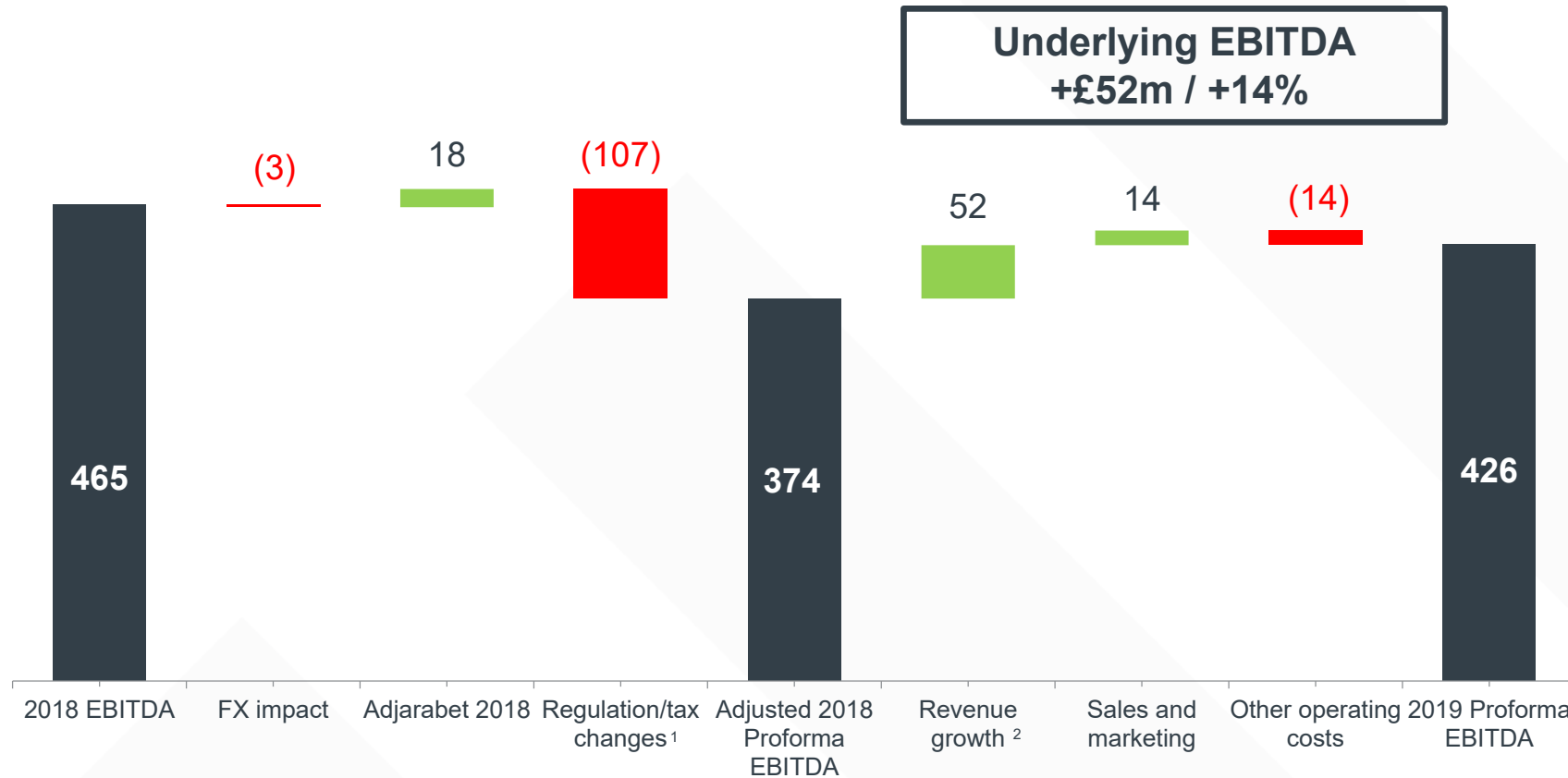
Jonathan Hill, CFO

Key financial highlights

		2019	2018	YOY%
Revenue	Revenue	2,140	1,873	+14%
Profitability	Underlying EBITDA (Pre-IFRS 16)	385	451	-15%
	Underlying Profit before tax	266	357	-25%
	Reported Profit before tax	136	219	-38%
	Underlying Earnings per share	303p	379p	-20%
	Earnings per share	183p	242p	-24%
Financial position	Net debt	£265m	£162m	
	Net debt / LTM EBITDA	0.7x	0.4x	
Shareholder returns	Dividend per share	200p	200p	

- Strong revenue increase driven by good organic growth, US sports betting expansion and acquisition of Adjarabet
- Lower underlying EBITDA due to tax and regulatory changes
 - +12% excluding £107m impact
 - Includes £26m of additional US investment losses
- Dividend maintained at 200p per share

EBITDA bridge – proforma group (ex US)



- Revenue growth reflects good momentum in Sportsbet and Adjarabet
- Sales and marketing lower given absence of World Cup
- Other operating cost growth of 3% (proforma)
- Total Group (ex US) EBITDA 9% lower due to taxes and regulatory changes

¹ The impact of regulation/tax changes includes increase in Australian point of consumption taxes and product fees, UK online remote gaming duty, Irish betting duty and reduction in FOBT machine staking limits

² EBITDA impact of revenue growth estimated using average 2019 cost of sales %

Group P&L summary

£m	2019	2019 Pre-IFRS 16	2018	YOY %
Revenue	2,140	2,140	1,873	+14%
Gross profit	1,490	1,490	1,403	+6%
Underlying EBITDA	425	385	451	-15%
Depreciation & amortisation	(145)	(108)	(90)	+19%
Underlying operating profit	281	277	360	-23%
Underlying net interest	(14)	(9)	(4)	+294% ¹
Separately disclosed items (SDIs)	(131)	(131)	(138)	-5% ¹
Profit before tax	136	137	219	-38%¹
Tax	(24)		(38)	-38% ¹
Profit after tax	112		181	-38%¹
Non-controlling interest	32		21	+56% ¹
Profit attributable to equity holders of the company	144		201	-29%¹

- IFRS16 impact of £1m on PBT
- D&A increase reflects product investment and US expansion
- Higher interest cost due to higher average debt position and IFRS 16
- SDIs relate to amortisation of acquired intangibles and Stars combination expenses
- Non-controlling interest comprises earnings attributable to FanDuel and Adjarabet minorities

¹ YOY % growth shown on a post-IFRS 16 basis

PPB Online

£m, Pre-IFRS 16	2019	2018	YOY
Sportsbook stakes	5,184	5,453	-5%
<i>Sportsbook net revenue margin</i>	8.1%	7.7%	+40bps
Sports revenue	666	678	-2%
Gaming revenue	340	270	+26%
Total revenue	1,006	948	+6%
Cost of sales	(283)	(231)	+23%
<i>Cost of sales as a % of net revenue</i>	28.1%	24.4%	+380bps
Gross profit	723	717	+1%
Sales & marketing costs	(240)	(242)	-1%
Contribution	483	475	+2%
Other operating costs	(176)	(158)	+11%
Underlying EBITDA	307	316	-3%
<i>EBITDA margin</i>	30.5%	33.4%	-280bps

- Stakes 1% lower (ex World Cup) reflecting reduced low value staking following roll-out of country specific pricing
- Expected margin improved by 90bps, offset by less favourable sports results
- Cost of sales increase primarily driven by incremental UK and Irish taxes
- Sales and marketing includes World Cup spend in prior year
- Other operating costs include Adjarabet and investment in product, technology and RG measures

Australia

£m, Pre-IFRS 16	2019	2018	YOY	YOY CC
Sportsbook stakes	4,298	4,308	Flat	+3%
<i>Sportsbook net revenue margin</i>	10.4%	9.4%	+100bps	+100bps
Revenue	446	403	+11%	+14%
Cost of sales	(182)	(121)	+50%	+54%
<i>Cost of sales as a % of net revenue</i>	40.7%	30.1%	+1060bps	+1070bps
Gross profit	264	282	-6%	-3%
Sales & marketing costs	(73)	(82)	-11%	-9%
Contribution	191	199	-4%	-1%
Other operating costs	(67)	(62)	+7%	+9%
Underlying EBITDA	125	137	-9%	-6%
<i>EBITDA margin</i>	28.0%	34.0%	-600bps	-590bps

- Revenue growth from
 - Active customer growth (+9% ex World Cup)
 - Increase in expected margin of 90bps
- Cost of sales reflects c. £50m YOY impact of POC/product fee increases
- Reduction in sales and marketing with shift to targeted generosity (in net revenue margin)
- EBITDA growth 49% excluding tax/regulatory changes

US

£m, Pre-IFRS 16, Proforma ¹	2019	2018	YOY	US\$ YOY
Sportsbook stakes	2,326	423	+450%	+446%
<i>Sportsbook net revenue margin</i>	4.4%	2.6%	+180bps	+180bps
Sports revenue	325	216	+51%	+45%
Gaming revenue	51	20	+160%	+149%
Total revenue	376	236	+60%	+54%
Cost of sales	(116)	(50)	+132%	+124%
<i>Cost of sales as a % of net revenue</i>	30.8%	21.2%	+960bps	+960bps
Gross profit	261	186	+40%	+35%
Sales & marketing costs	(145)	(95)	+53%	+47%
Contribution	115	91	+27%	+22%
Other operating costs	(156)	(106)	+47%	+42%
Underlying EBITDA	(40)	(15)	n/a	n/a

- Sports growth driven by
 - Sportsbook revenue of £102m
 - Margin improvement aided by geographic diversification and risk and trading enhancements
 - DFS / TVG revenues +4%
- New Jersey gaming revenue materially benefitting from cross-sell
- Increased marketing to acquire sports betting customers
- Other operating costs increase as we expand our operating capabilities
 - Team grew by >300 people to 1,000

¹ Proforma results include the FanDuel fantasy sports business as if it had always been part of the Group

Retail

£m, Pre-IFRS 16	2019	2018	YOY
Sportsbook stakes	1,793	1,779	+1%
<i>Sportsbook net revenue margin</i>	<i>12.8%</i>	<i>12.5%</i>	<i>+30bps</i>
Sports revenue	230	222	+4%
Gaming revenue	82	110	-25%
Total revenue	312	331	-6%
Cost of sales	(70)	(73)	-5%
<i>Cost of sales as a % of net revenue</i>	<i>22.4%</i>	<i>22.1%</i>	<i>+30bps</i>
Gross profit	242	258	-6%
Sales & marketing costs	(7)	(7)	+4%
Contribution	235	252	-7%
Other operating costs	(182)	(180)	+1%
Underlying EBITDA	53	72	-26%
<i>EBITDA margin</i>	<i>17.1%</i>	<i>21.6%</i>	<i>-450bps</i>

- Sports revenue growth
 - UK +7%, driven by an increase in stakes
 - Ireland +2%
- Gaming revenue -34% since introduction of staking limits, materially improved since competitor closures in October (Q4 -21%)
- Underlying EBITDA reflects £34m impact from FOBT staking limits and Irish betting duty
- Expect to take further market share as competitors close shops

Cash flow

£m, Pre-IFRS 16	2019	2018
Underlying EBITDA	385	451
Capex	(136)	(107)
Working capital	86	(38)
Corporation tax	(41)	(60)
Underlying free cash flow	295	247
Cash flow from separately disclosed items (SDI)	(13)	(1)
Free cash flow	282	246
Dividends paid	(156)	(169)
Share buyback	(87)	(415)
Acquisitions (2019 Adjarabet; 2018 FanDuel)	(102)	(71)
Legacy Greek and German tax	(40)	-
Interest and other borrowing costs	(7)	(4)
Net proceeds from issue of new shares	4	10
Other	3	-
Net decrease in cash	(104)	(403)
Net (debt)/cash at start of year	(162)	244
Foreign currency exchange translation	1	(2)
Net debt at year end	(265)	(162)

- Capex increase reflects online product development and additional US market access investment
- Working capital benefitted from
 - Expansion of US business
 - Increase in gambling taxes
 - Material prepayments in 2018 (c. £30m)
- Cash flow from SDI relates to combination with Stars
- Returned £243m to shareholders

2020 current trading and financial guidance

Current trading

- Trading year to date has been strong, with good customer and revenue momentum across all divisions

Regulatory

- Annualised revenue impact of UK credit card restrictions expected to be circa £20-25m
- Switch off of B2B partners will reduce Exchange revenue, equivalent <1% Group revenues

PPB Online

- Sales and marketing as a % of net revenue expected to be circa 25%, reflecting Euro 2020 investment

Retail

- UK gaming revenues running ahead of expectations

US

- EBITDA loss expected to be in line with 2019, with investment in 3 new online states offset by growth in existing states

US and FanDuel update

Matt King, FanDuel CEO

LEADERS

PLAYER	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	TOTAL
HALL	4	5	4	5	5	7	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
FAIR	4	5	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
WIMMERMAN	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
WISSE	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
PROFFER	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
ANTHONY	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
UNION	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
WEBB	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
FLECH	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
MCKELSON	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
WOOD	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
EALEY	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4

Significant legislative progress and momentum

Online legislation¹

	% of population	FanDuel sportsbook live / expected live	FanDuel casino live / expected live
New Jersey	2.7%	✓	✓
Pennsylvania	3.9%	✓	✓
Indiana	2.0%	✓	
West Virginia	0.6%	✓	2021
Colorado	1.7%	2020	
Iowa ²	1.0%	2020	
Tennessee	2.1%	2020	
Illinois	3.9%	2021	
Michigan	3.1%	2021	2021
FanDuel addressable market	21.0%	9 states	4 states
States currently closed to FanDuel ³	3.2%	5 states	1 state
States with active bills	43.5%	23 states	
Total	67.7%	37 states	5 states

- Online sports betting now legislated in 14 states (24% of US population), with 14% legislated in 2019
- Online casino legislated in 5 states (10.5% population)
- Time lag between legislation and launch
- Legislative priority to have fully open online/mobile markets where we can leverage FanDuel brand
- Additional 23 states (44% of population) with active sports betting bills pending
- In the medium term we expect FanDuel's online sportsbook to be available to circa 50% of the population

¹ 20 states have legislated sportsbetting with 6 Retail only (New York, Arizona, Mississippi, North Carolina, Montana and New Mexico)

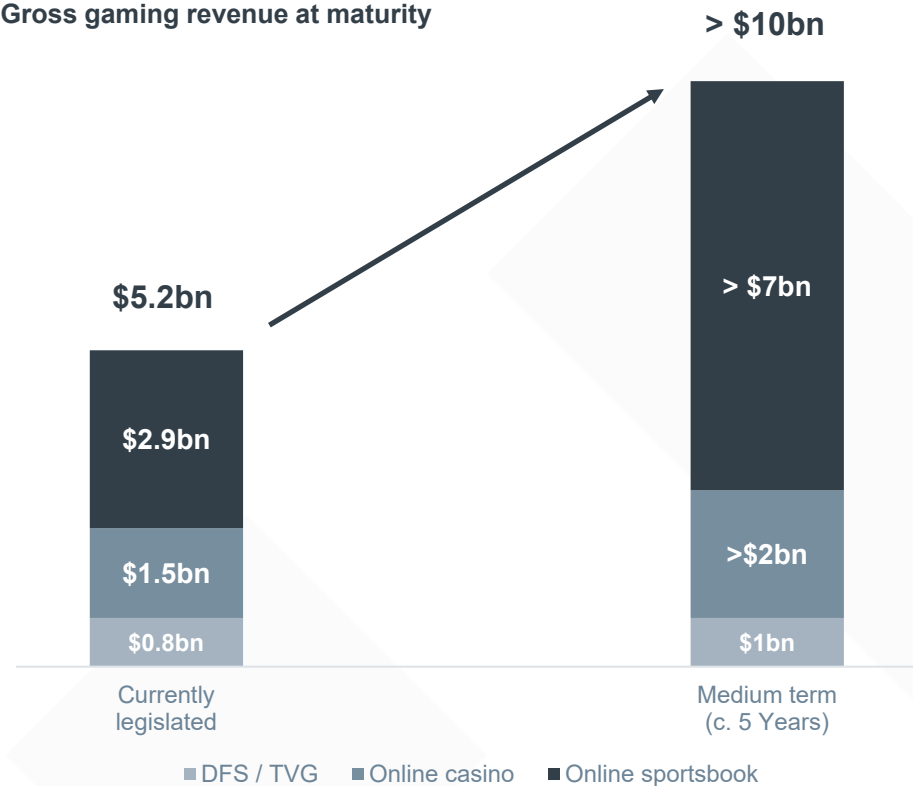
² Initial in store sign-up period followed by untethered mobile

³ States closed to FanDuel include state / lottery led monopolies include sportsbooks in Oregon, New Hampshire and Rhode Island; sportsbook and casino in Delaware; tethered mobile in Nevada

Total addressable online market could exceed \$10 billion

FanDuel's online addressable market estimate¹

Gross gaming revenue at maturity



- Forecast based on states likely to legislate over the next 5 years, Eilers & Krejcik data used to size each state
- Online sportsbook market now expected to exceed \$7bn
 - Assumes c. 50% of population has access
 - Does not include California (12% of population), Texas (9%) or Florida (7%)
- Online casino market now expected to exceed \$2bn
 - Assumes c. 15% of population has access with only one additional medium sized state to legislate
 - NJ market size has more than doubled since regulation of sports betting

First skin access across 15 states

- First skin access is important
 - Where legislation/regulation is yet to be enacted
 - Some states may take single skin route
- Working with partners in each state to help shape legislation
- Our market share to date makes us an attractive partner
 - Provides confidence we will obtain the access we need
- Marquee retail sites create halo effect



	% of population	First skin access	Legislated in medium term
Live states (NJ, PA, IN, WV)	9.2%	✓	✓
Legislated states (CO, IA, IL, MI)	9.7%	✓	✓
Maryland	1.8%	✓	✓
Ohio	3.6%	✓	✓
Missouri	1.9%	✓	✓
New York	6.0%	✓	✓
Louisiana	1.4%	✓	✓
Kansas	0.9%	✓	
California	12.1%	✓	
Total first skin access	46.6%	15	13
Tennessee	2.1%	Direct	✓
Virginia	2.6%	Expect to be direct	✓
Massachusetts	2.1%		✓
Total access	53.4%	18	16

Already a business of significant scale

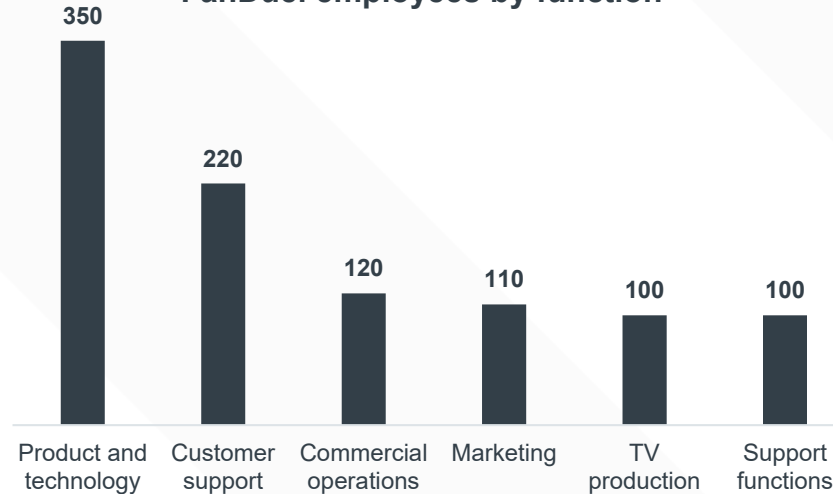
National presence through DFS & Racing

- Paid actives in 47 states
- Facilitates national advertising
- Marketing team with vast digital experience engaging with US sports fans
- Local experience in payments, compliance and legislative complexities

Breadth and expertise of team

- FanDuel team now over 1,000
- Over 70 joined from Flutter, bringing a wealth of expertise across functions

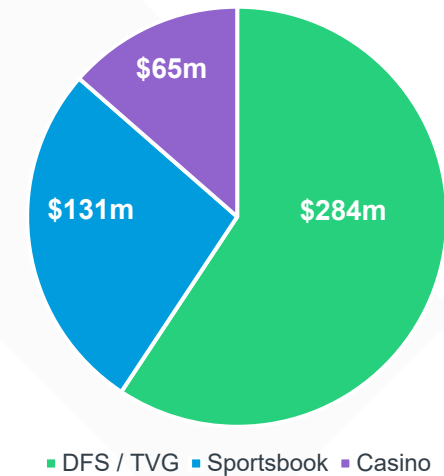
FanDuel employees by function



Nearly \$0.5bn dollars in revenue today

- Contribution growth from DFS/TVG helping to fund sports betting investment

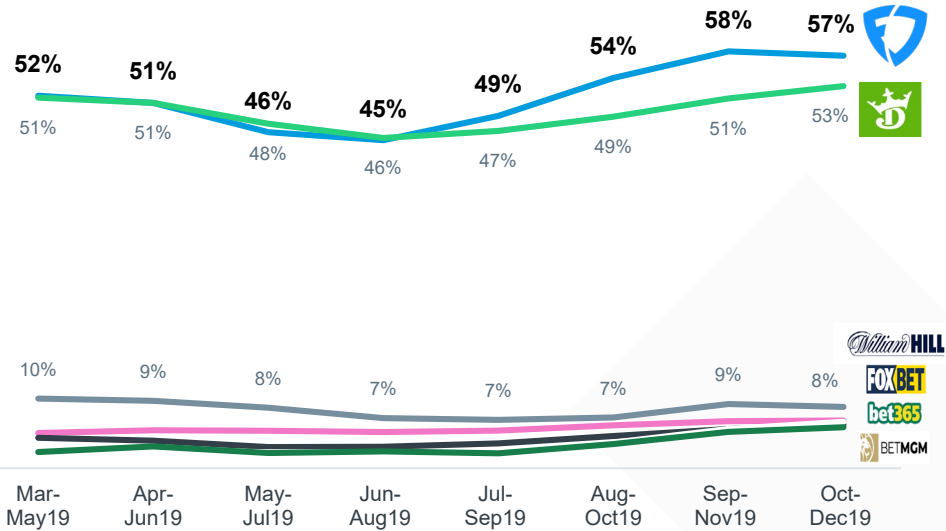
FY19 US revenue by product mix



Well positioned and investing to extend our advantages

FanDuel brand drives efficient acquisition at scale

Unaided Brand Awareness



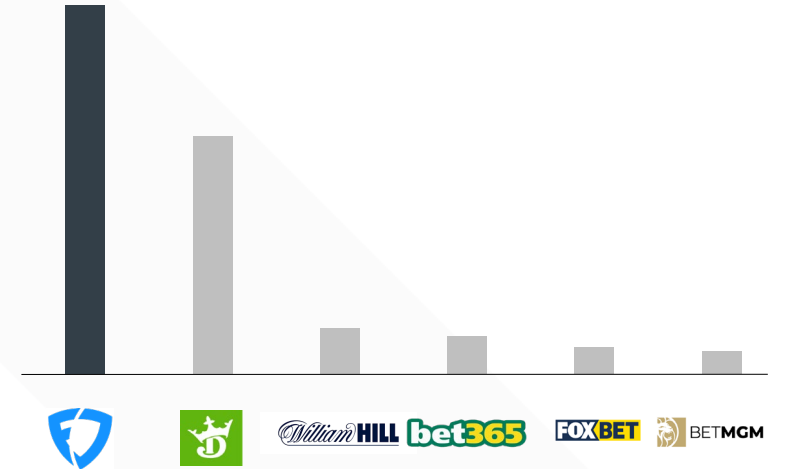
Sportsbook unaided awareness; All mentions; Combined NJ, PA, IN, WV

> \$600m
FanDuel brand
spend to date

8.5 million
customer database

42% of sports betting
customers from DFS
database to date

Google search trends (NJ, PA, IN combined)



Relative average interest over time for the 3 months to February 2, 2020 (Superbowl)

350,000
sports betting customers¹

CPA
<\$250^{1,2}

¹ As at 31 December 2019

² CPA is cost per acquisition and represents total media and digital marketing spend per acquired sportsbook customer, including customers cross-sold from DFS

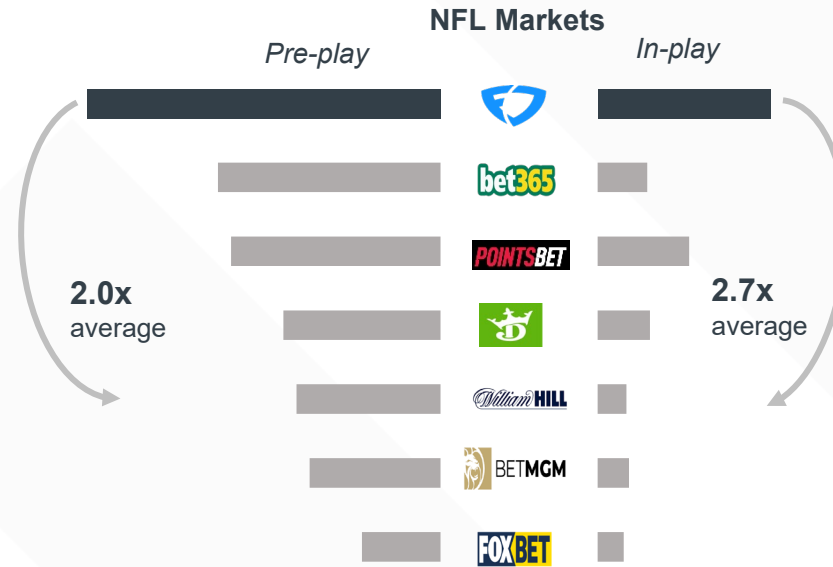
Market-leading products

Leading product features



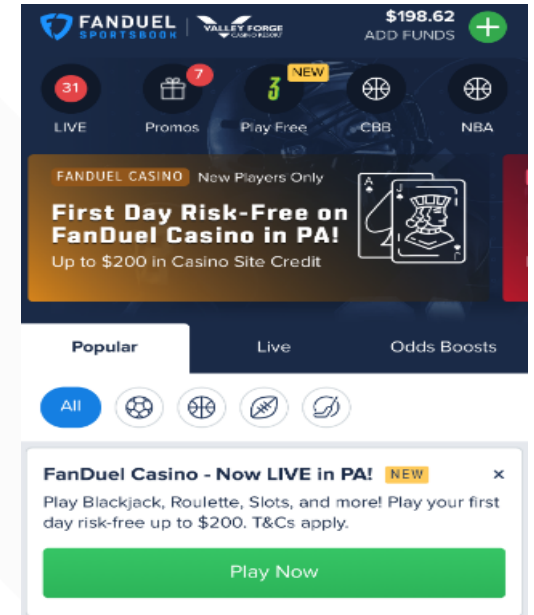
- First to market with same game parlays
- Only operator offering them on NFL markets

More betting options



- Most comprehensive player prop offering

Embedded casino drives cross-sell



- 54% of casino revenue from sports betting customers in Dec'19

Expanded use of Flutter proprietary technology in 2020

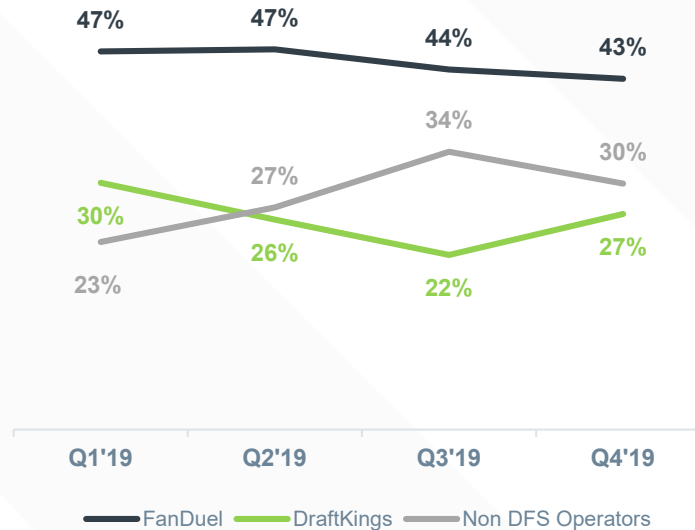
Largest online sportsbook and casino business in US

Last 12 months vs. our expectations

1. Acquired more customers
2. Better retention rates
3. Higher cross-sell rates
4. Greater spend per customer

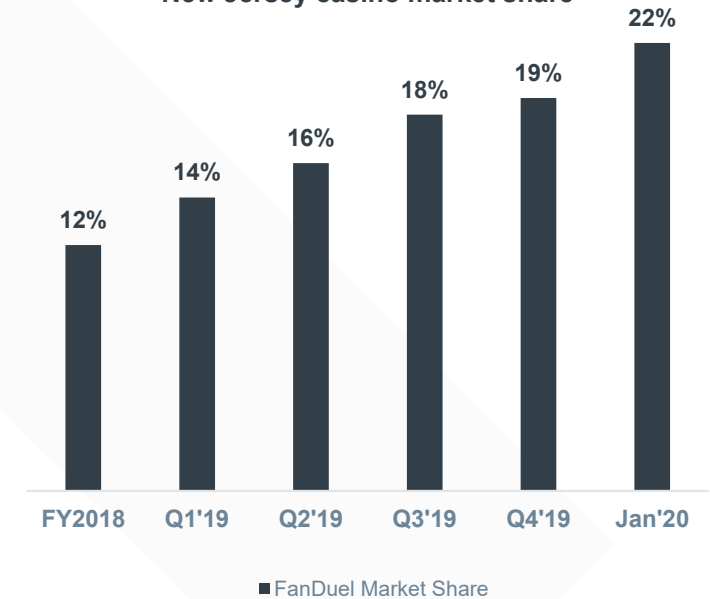
#1 online sportsbook

Online sportsbook market share
(2019 - NJ, PA, IN, WV)



#1 online casino

New Jersey casino market share



2020

Expect New Jersey sportsbook to be structurally contribution positive

Will go live online in 3 additional states

Pennsylvania casino launched Jan'20; 18% share despite only live for 9 days



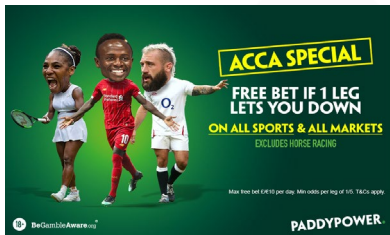
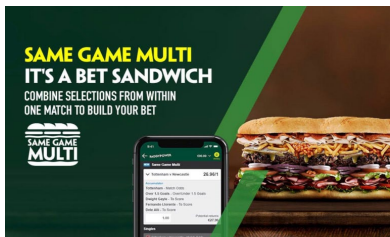
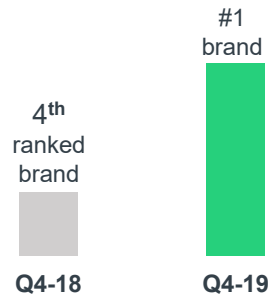
Operating Review

Peter Jackson, Group CEO

Paddy Power: Continued recreational growth

Strong brand, product and promotions

“Great games on offer”

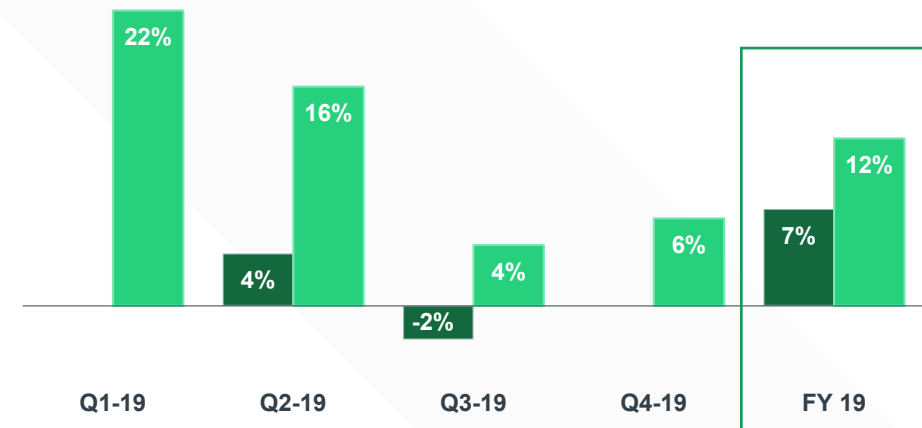


- Paddy Power best-in-class for
 - Portfolio of games
 - Offers/promotions
 - Easiest to use products
- Brand searches Q4 +22%
- Continuing NPS improvement during year
- 4 leg ACCA insurance offered on all sports and markets
 - Shift in play to higher margin products
- Paddy’s Rewards Club driving ongoing customer engagement

Driving customer growth

2019 total active customers

■ Incl WC ■ Ex WC



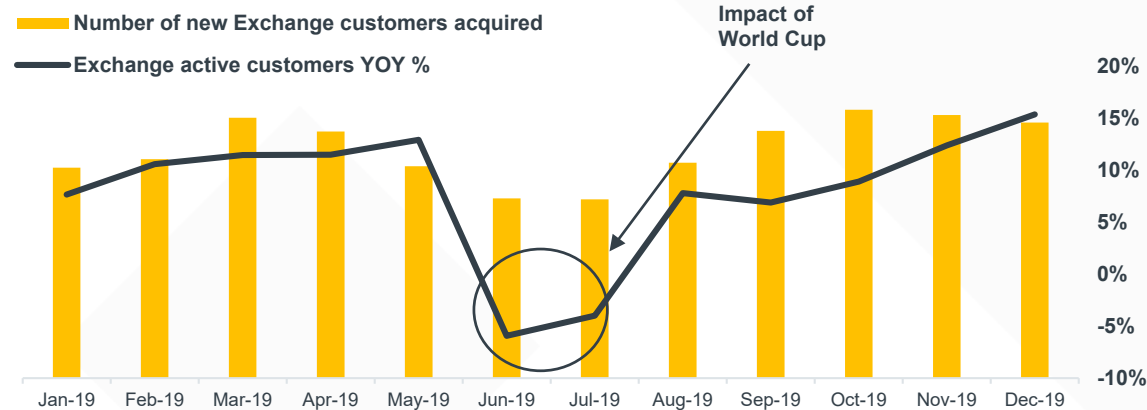
- “Don’t Think You’re Special” campaign improving direct gaming customer acquisition
- Acquisition momentum strong across gaming and sportsbook
- Leading proposition ensuring customers retained, average daily active customers +12% during 2019

Betfair: Good underlying customer activity

Putting Betfair on a sustainable footing

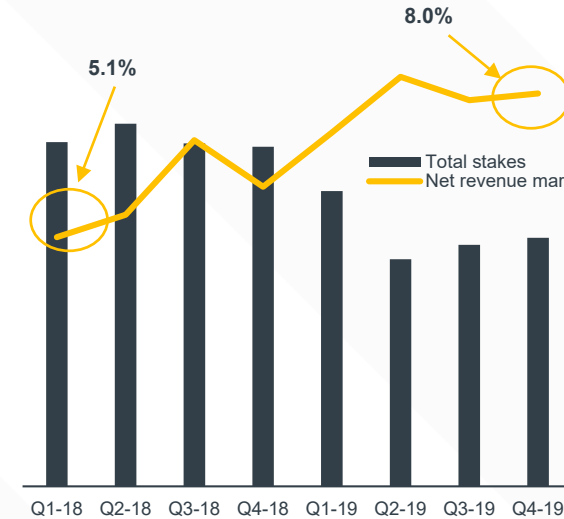
- Enhancements to RG and compliance measures affecting top-line growth
- Reductions in Exchange and Gaming revenue per customer
- International market switch offs in H1
- Exchange led Clive Owen brand campaign designed to simplify Exchange and appeal to recreational customers

2019 Exchange customer base

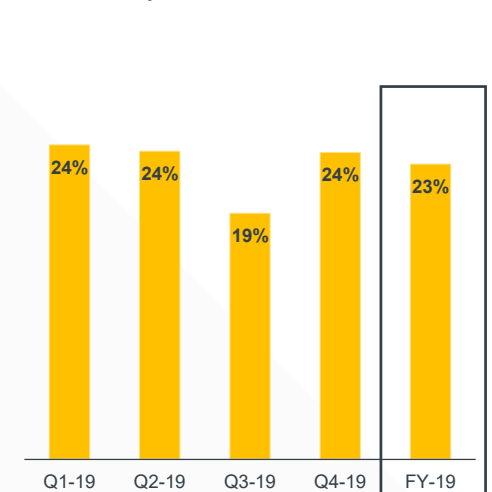


International improvements driving customer growth

CSP impact on International Sportsbook



International Exchange daily active customers ex World Cup

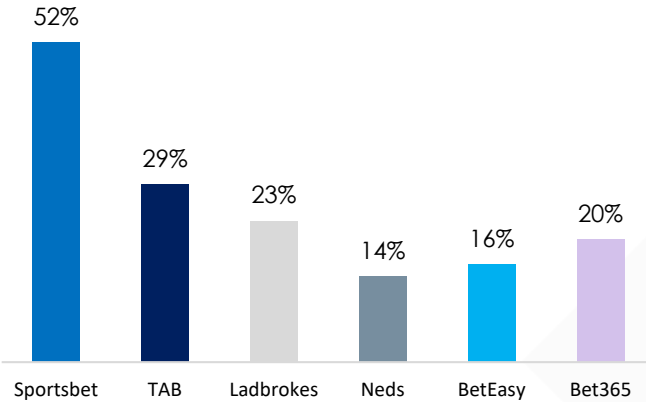


- Continued investment in international business
 - 4 new payment options
 - 5 new currencies
- Good underlying customer growth in International Exchange excluding World Cup

Sportsbet: Brand, generosity and product driving growth

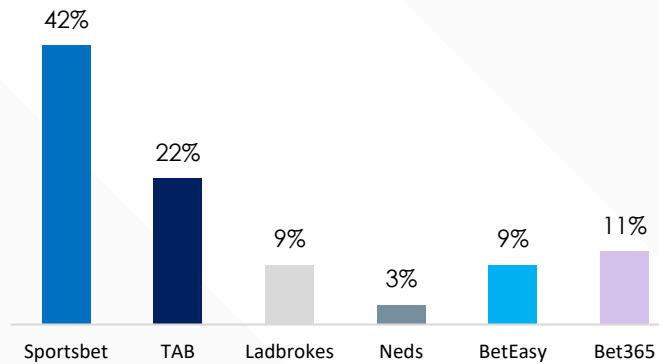
Innovative brand

Source: brand tracker Oct – Dec 2019

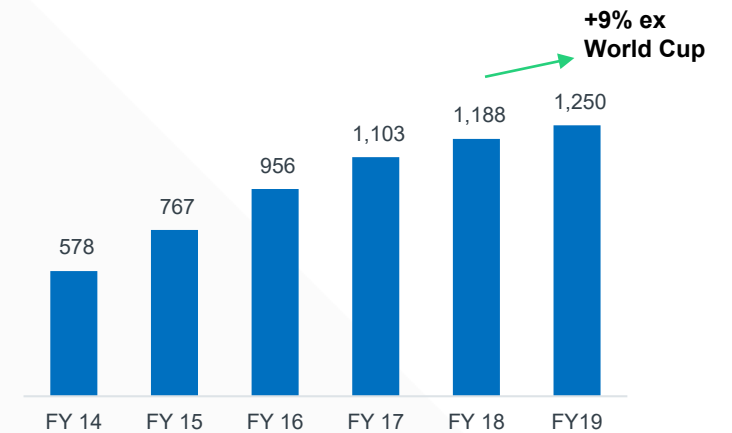


Main mobile account used

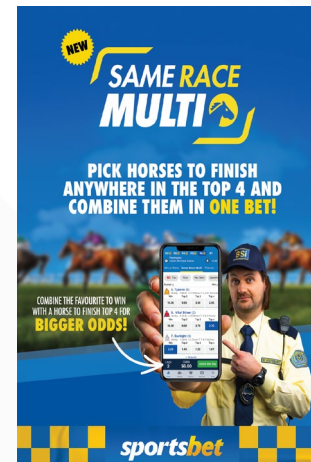
Source: brand tracker Oct – Dec 2019



Active customers



- Sportsbet resonates with customers as operator with
 - Most generous offers and easiest to use app
 - #1 advert on Youtube in 2019
- Continuously innovating product
 - First to market with same race multis
 - Shift to same game multis continues to increase expected margin

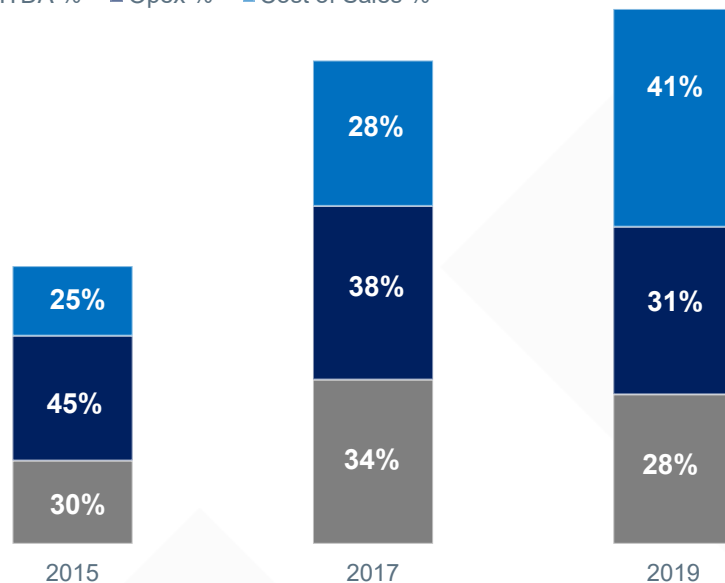


Sportsbet: Underlying operating leverage continues

P&L breakdown as % of net revenue

Net Revenue CAGR 15%¹

■ EBITDA % ■ Opex % ■ Cost of Sales %



EBITDA: £70m

£139m

£125m

Response to regulation

- Changes to taxes and product fees have increased cost of sales as a % of net revenue by 16 percentage points since 2015
- EBITDA margin down just 2% through
 - Excellent cost discipline
 - Efficiencies through more personalised and targeted marketing and generosity

Ongoing focus on sustainability

- CAAP rolled out in Australia as part of Flutter's global RG strategy

The Stars Group combination - brief update

Anti-trust

- Working with relevant competition authorities and regulatory bodies globally
 - Approval received from ACCC in Australia
 - UK CMA review commenced

Integration timeline

- Expected completion in Q2 or Q3
- Shareholder vote in April
- Dedicated teams working on integration planning
- People and culture key areas of focus

Synergies

- Good progress on future financing
- Pre-tax cost synergies of £140m, with £180m cost to achieve

Flutter™

PADDYPOWER.

betfair

adjarabet

FANDUEL

TVG

sportsbet



sky bet

sky vegas

POKER STARS

FOX BET

FOX SPORTS SUPER 6

BET EASY

Flutter™

Growing a more diversified and sustainable business

1 Maximise profitable growth in core markets

- Leading on RG in PPB
- Excellent Sportsbet execution
- UK retail gaming ahead of expectations

2 Grow our business in rest of world

- Strong Betfair international customer growth
- Raising standards

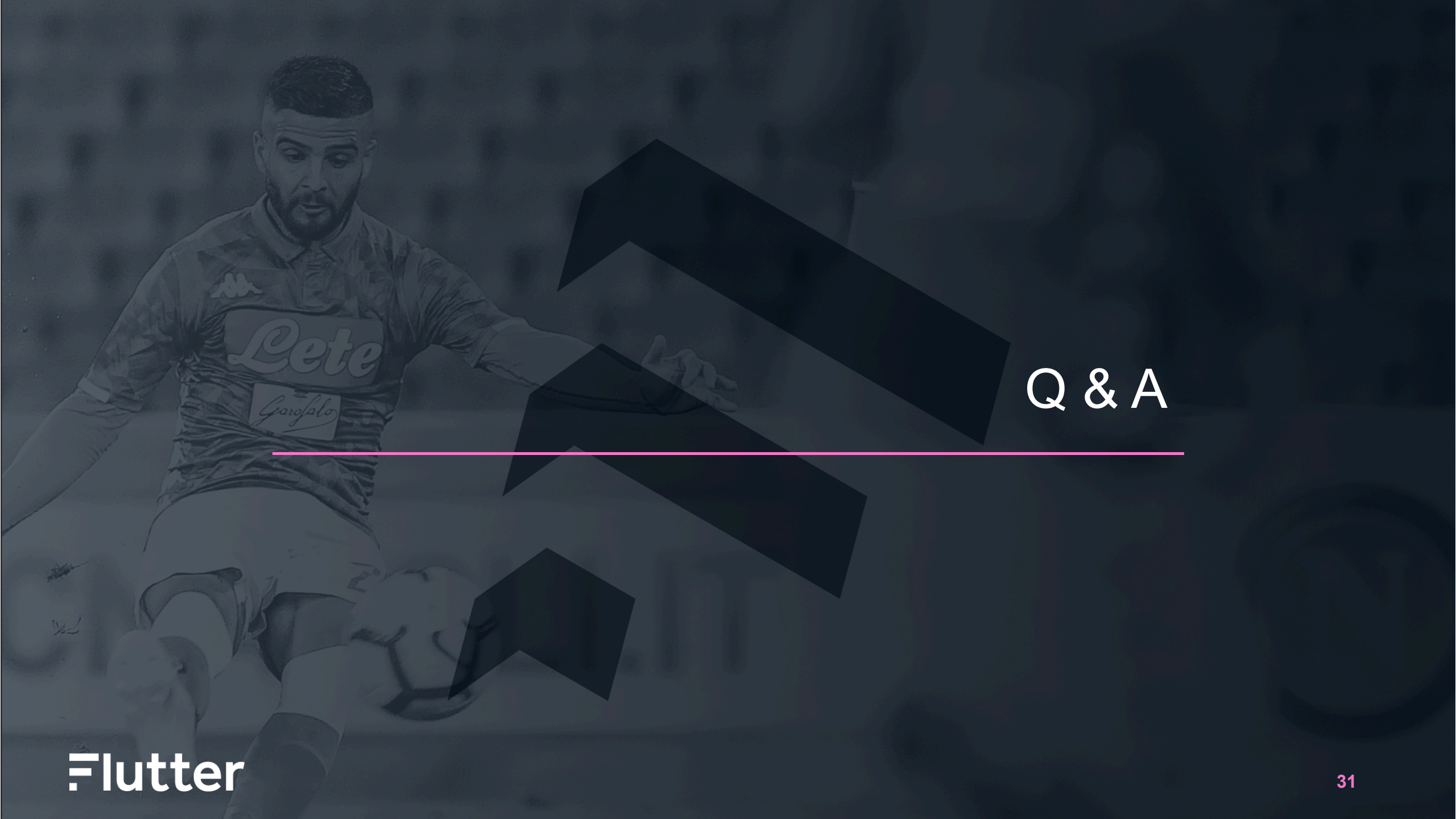
3 Attain podium positions in additional regulated markets

- Good performance by Adjarabet since acquisition

4 Pursue US opportunity rigorously

- US performance exceeding expectations
- Opportunity could be bigger than expected

And looking towards 2020...

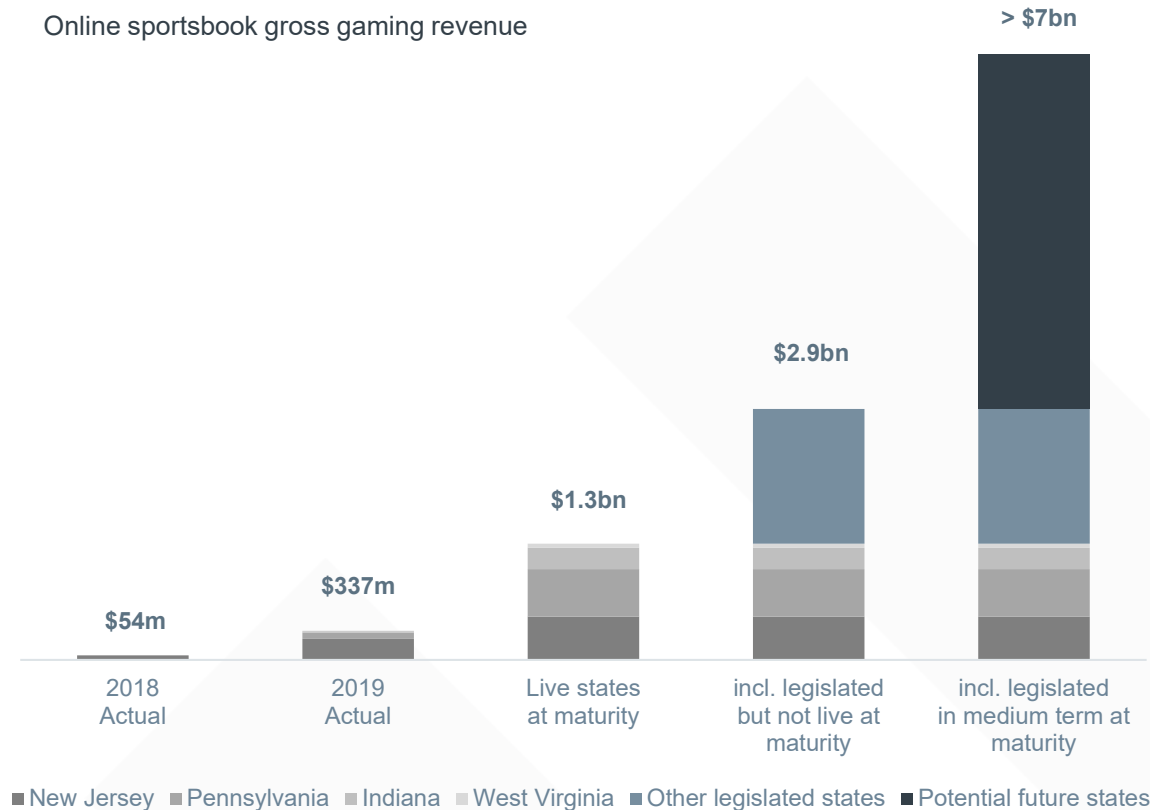


Q & A

US: The online sportsbook addressable market

Online sportsbook – market size estimates ¹

Online sportsbook gross gaming revenue



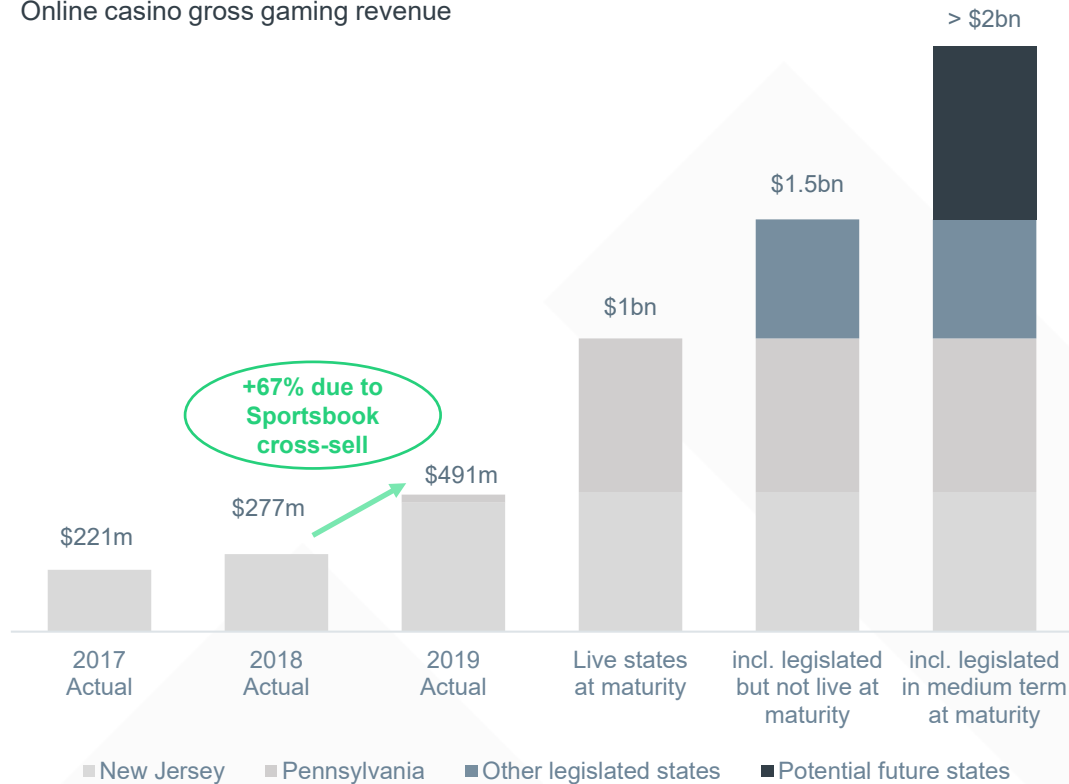
		Currently legislated	Medium term
Online sportsbook	Market size	\$2.9bn	> \$7bn
	% of pop	21%	c. 50%

- Market size for states already legislated significant
- Our medium-term forecast assumes
 - Forecast based on states likely to legislate
 - Eilers & Krejcik date used for each state
 - Assumes c. 50% of the population has access
 - Does not include California (12% of population), Texas (9%) or Florida (7%)

US: Online gaming addressable market

Online gaming – market size estimates ¹

Online casino gross gaming revenue



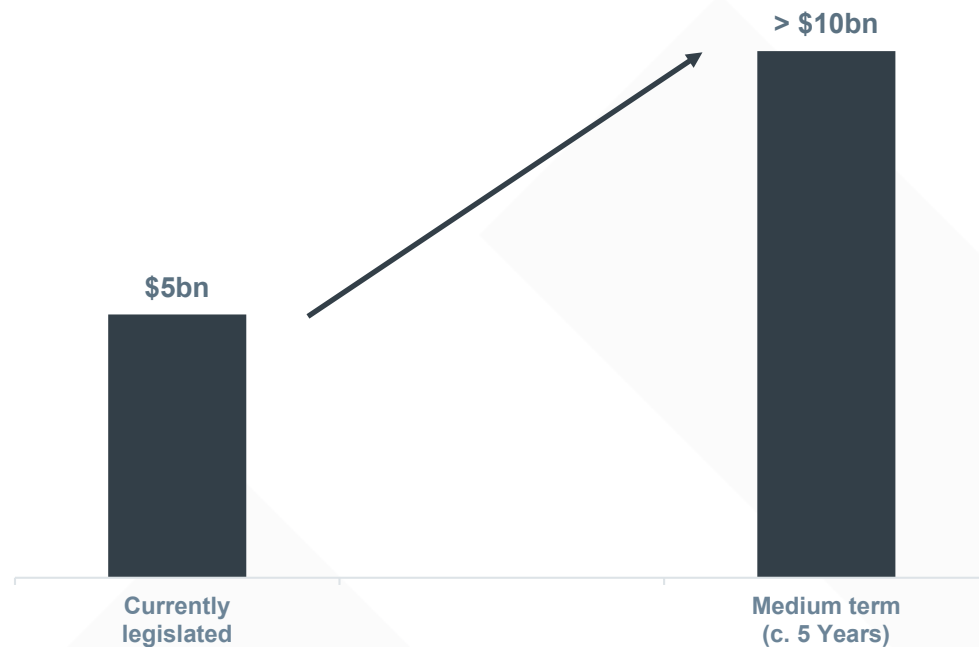
		Currently legislated	Medium term
Online gaming	Market size	\$1.5bn	> \$2bn
	% of pop	10%	c. 15%

- Online gaming currently addressable in 4 states
 - In these states, market size similar to sportsbook
 - Flutter 5 year forecasts assume one additional medium sized state legislates
- Cross-sell from sportsbook expands market size, improves customer economics
 - New Jersey market more than doubled since regulation of sports betting
 - FanDuel casino launched in Pennsylvania in late Jan'20

US: Total addressable online market could exceed \$10bn

FanDuel's online addressable market estimate ¹

■ Gross gaming revenue at maturity



		Currently legislated	Medium term
Online Sportsbook	Market size	\$2.9bn	> \$7bn
	% of pop	21%	c. 50%
Online Casino	Market size	\$1.5bn	> \$2bn
	% of pop	10%	c. 15%
DFS / TVG	Market size	\$0.8bn	c. \$1bn
Total		\$5.2bn	> \$10bn

Source: Mature market size for each state based on Eilers & Krejcik

IFRS 16 impact on reporting

£m	Online			Australia			Retail			US			Group		
	Pre IFRS 16 2019	IFRS 16 Impact	Reported 2019	Pre IFRS 16 2019	IFRS 16 Impact	Reported 2019	Pre IFRS 16 2019	IFRS 16 Impact	Reported 2019	Pre IFRS 16 2019	IFRS 16 Impact	Reported 2019	Pre IFRS 16 2019	IFRS 16 Impact	Reported 2019
Operating costs	(416)	5	(410)	(140)	3	(137)	(189)	23	(166)	(301)	4	(297)	(1,105)	40	(1,064)
Underlying EBITDA	307	5	313	125	3	127	53	23	76	(40)	4	(36)	385	40	425
Depreciation & amortisation	(45)	(5)	(50)	(21)	(2)	(24)	(22)	(21)	(43)	(20)	(4)	(24)	(108)	(37)	(145)
Underlying operating profit	263	-	263	103	-	104	32	2	33	(60)	1	(60)	277	3	281
Net interest expense													(9)	(5)	(14)
Profit before tax													137	(1)	136
Net debt / LTM EBITDA													0.7x		0.6x

- IFRS 16 applies from 1 January 2019
- Statutory accounts are prepared under modified retrospective approach with no restatement of 2018
- Financial review numbers presented on pre-IFRS 16 basis, consistent with 2018
- Group target leverage of 1-2x EBITDA on a pre-IFRS 16 basis

The Flutter logo, featuring the word "Flutter" in a white, sans-serif font. The letter "F" is stylized with a horizontal bar extending to the left. Below the text is a thin purple horizontal line.

Flutter

www.flutter.com