



# Flutter Entertainment Plc Preliminary Results 2021

1 March 2022



# Introduction

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*Peter Jackson, Group CEO*

# Agenda

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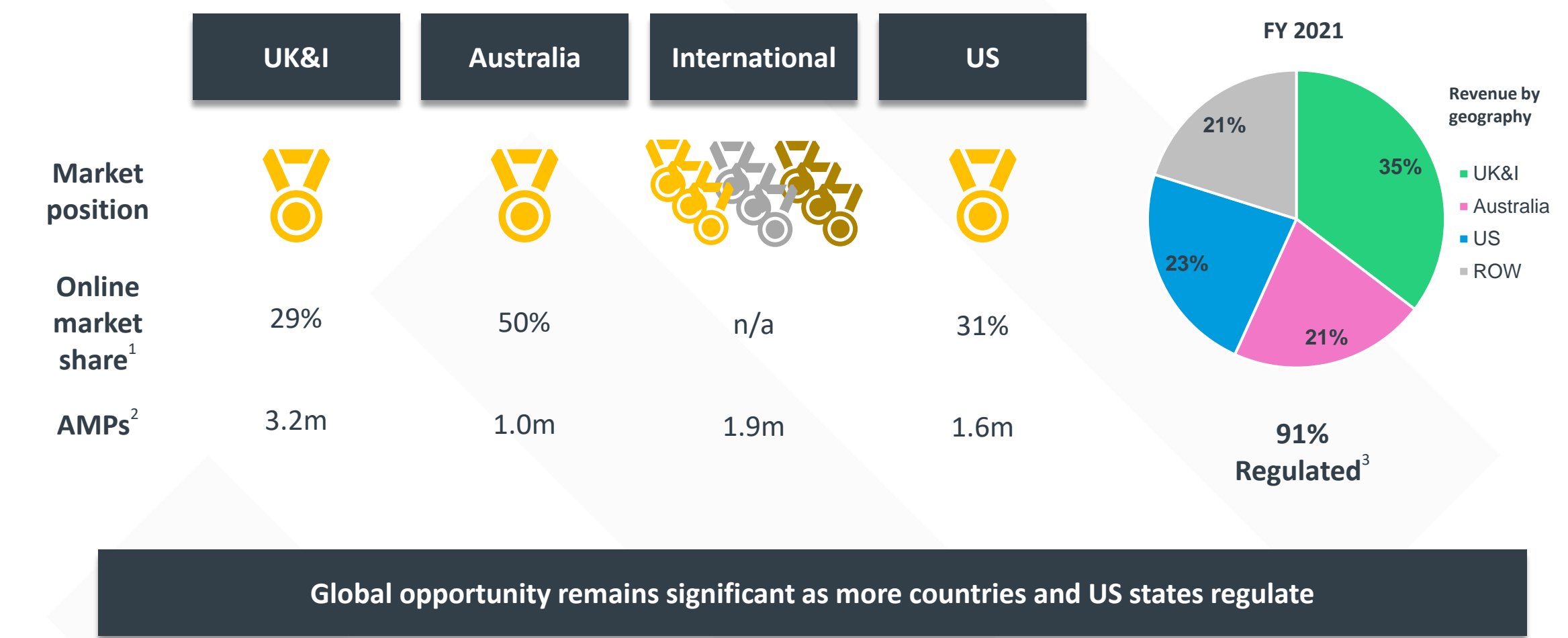
- Overview of 2021
- Strategy and Positive Impact Plan
- Financial Review
- Business Update
- Conclusion

# Overview of 2021

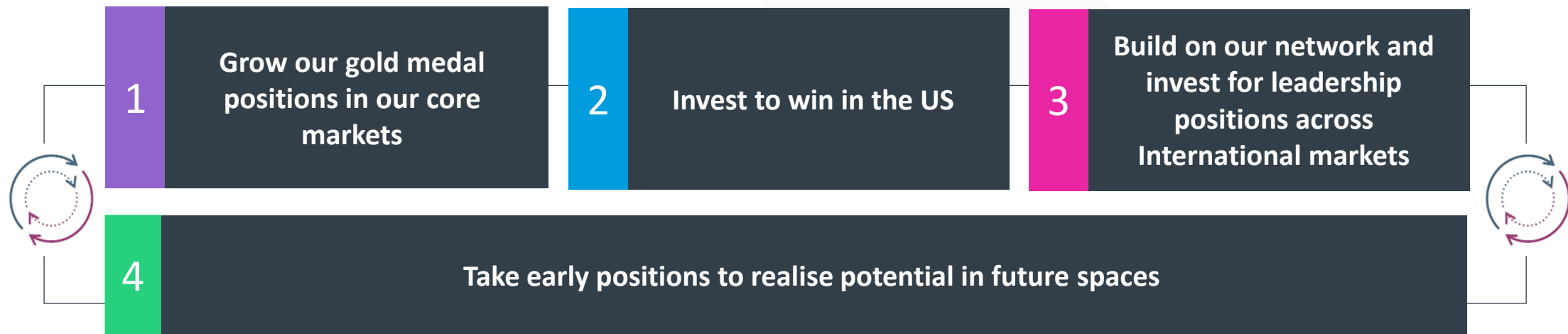
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- Good progress made on operational and strategic objectives; recreational customer focus
- **US:** FanDuel continuing to win; key milestone on path to profitability
- **UK&I:** Significant safer gambling progress; adverse sports results and market slow down reduced momentum
- **Australia:** Sportsbet delivered excellent performance again
- **International:** Business stabilised; sharp focus on key geographies

# Delivered against 2018 strategy



# Refreshed Flutter strategy to deliver and defend gold medals



Powered by key enablers



# Sustainability key to strategy with Positive Impact Plan



## Global principles supporting positive change:

Build on existing success

Leverage global skill,  
insight and capabilities

Empower local teams to  
adapt to local contexts

Deliver local initiatives with  
maximum impact

## Global targets across three key stakeholder areas:



**Customers**

Helping customers  
to **Play Well**



**Colleagues**

Empowering colleagues  
to **work better**



**Communities**

Working with communities  
to **do more**

**2030  
targets**



We will reach >75%  
of customers using a  
safer gambling tool

Our teams will be  
representative of where  
we live and work

We will have  
improved the lives of  
10 million people



# Play Well safer gambling strategy crucial for sustainability

**GAMBLE  
SAFELY**  
PLAY WELL

## Global principles inform overall strategy:

**Lead progress:**  
through research and  
collaboration

**Promote positive play:**  
through platforms and  
products

**Effectively interact:**  
prompting players to make  
positive choices

**Support and protect:**  
those who need targeted  
engagement

## Enhanced measurement with global and divisional goals

Annual divisional goals linked to remuneration

Flutter 2030 goal to have over 75% of customers using safer gambling tools<sup>1</sup> (and over 50% by 2026)

## Local strategy tailored by the divisions





# Financial Review

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Jonathan Hill, Group CFO

# Key financial highlights

Pro forma <sup>1</sup>		FY 2021	FY 2020	YOY CC
Revenue	Sports revenue	£3,774m	£3,000m	+27%
	Gaming revenue	£2,262m	£2,264m	+4%
	Total revenue	£6,036m	£5,264m	+17%
Profitability	Adjusted EBITDA Group	£1,001m	£1,231m	-18%
	Adjusted EBITDA Group ex-US	£1,244m	£1,401m	-10%
	Adjusted operating profit	£746m	£990m	-24%
Financial position	Adjusted free cash flow	£625m	£1,151m	
	Cash conversion <sup>2</sup>	102%	126%	
	Net debt	£2,647m	£2,814m	
	Net debt / LTM EBITDA	2.6x	2.3x	

- Revenue growth driven by recreational customer growth
- YoY profitability impacted by:
  - Significant investment in US
  - Regulatory and sustainability initiatives
  - Challenging sports results and Covid comparatives
- Free cash conversion remains high
- Leverage of 2.6x (ex-US investment losses leverage of 2.1x)

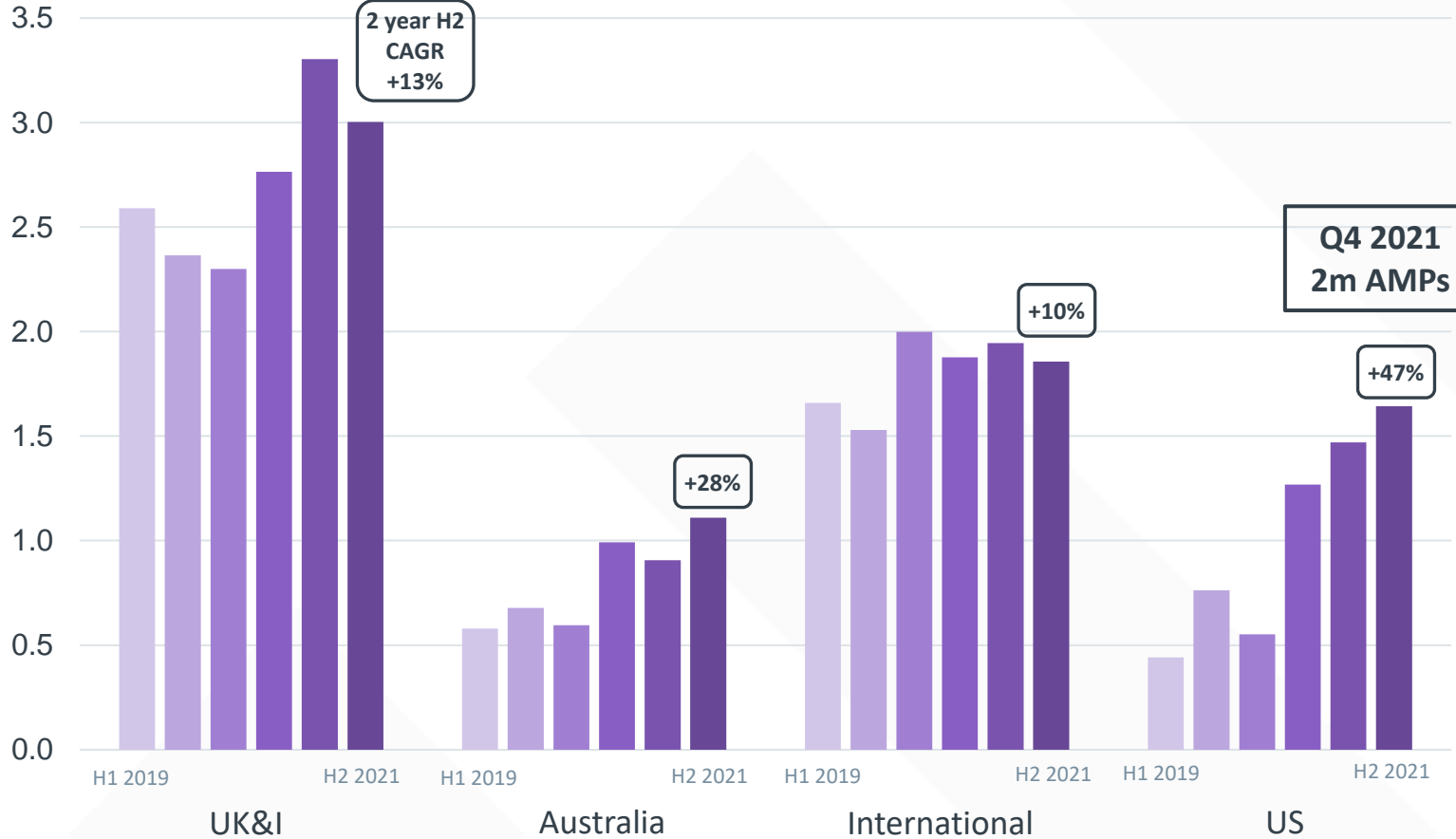
# Statutory Group P&L

£m Reported	FY 2021	FY 2020	YOY
Revenue	6,036	4,414	+37%
Gross profit	3,727	2,872	+30%
<b>EBITDA</b>	<b>723</b>	<b>772</b>	<b>-6%</b>
Depreciation & amortisation	(254)	(213)	+19%
Amortisation of acquisition intangibles	(543)	(432)	+26%
Disposal and impairment	12	(23)	
<b>Operating profit</b>	<b>(63)</b>	<b>104</b>	<b>-160%</b>
Net interest expense	(226)	(102)	+121%
<b>Profit before tax</b>	<b>(288)</b>	<b>1</b>	
Tax	(124)	(36)	+245%
<b>Loss after tax</b>	<b>(412)</b>	<b>(35)</b>	
Non-controlling interest	(4)	73	
<b>(Loss)/profit attributable to equity holders</b>	<b>(416)</b>	<b>38</b>	

- 12-month contribution from TSG in 2021 with ~8 months in 2020<sup>1</sup>
  - Primary driver of YoY increases
- P&L includes £909m loss from SDIs<sup>2</sup> consisted of:
  - Non-cash items primarily amortisation of acquired intangibles (£543m)
  - Cash items: Kentucky settlement, restructuring and integration costs
- Adjusted 2021 effective tax rate 26.8% (Group ex-US: 18.5%)
  - Tax includes deferred tax charge of £104m due to announced UK tax rate increase to 25%

# Customer volumes significantly above historic levels

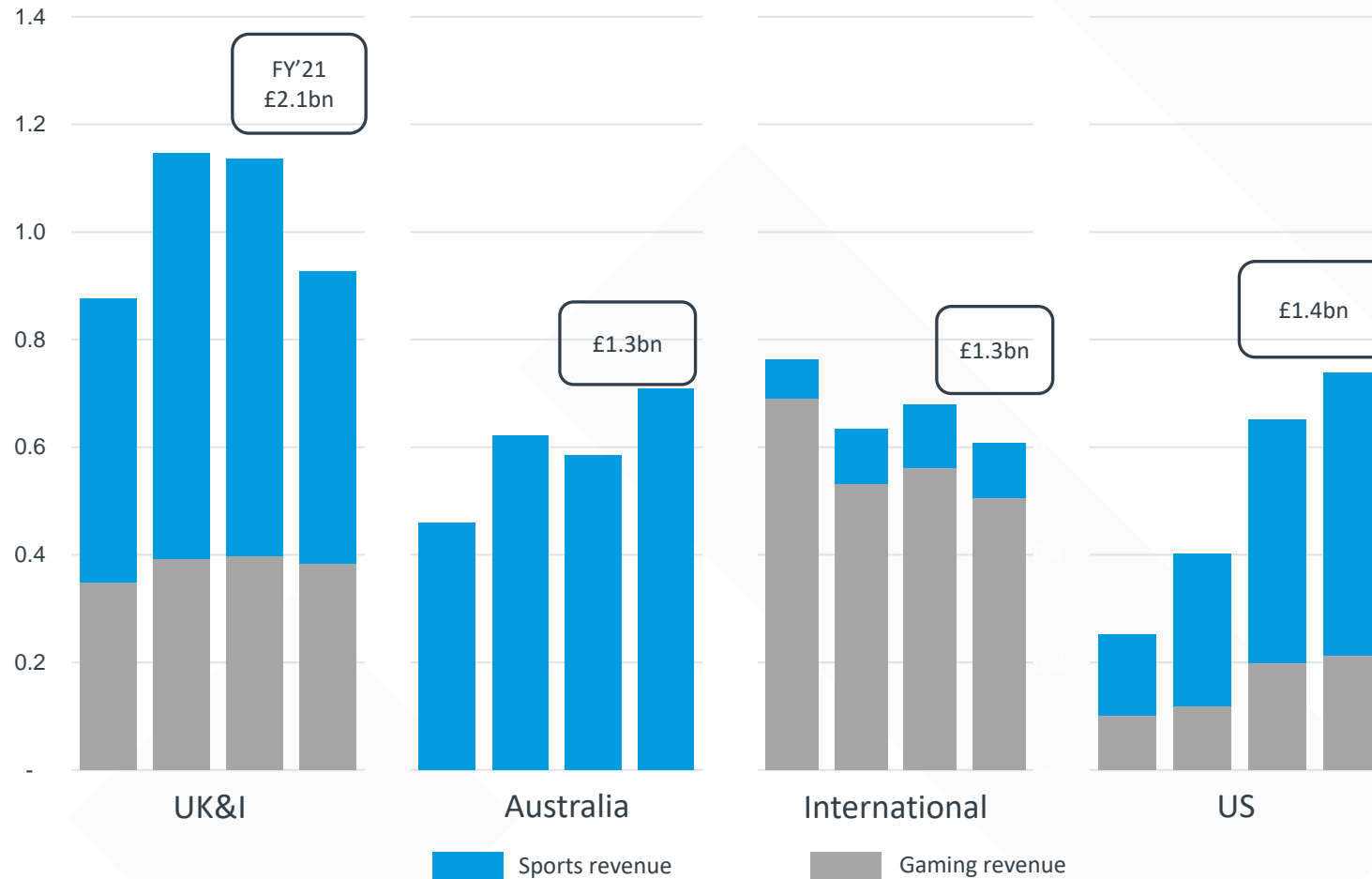
Pro forma AMPs H1'19 – H2'21  
(millions)



- Group AMPs +23% YoY (Ex-US +15%)
- **UK&I** player volumes moderating post-Covid, recreational base significantly bigger than 2019
- Continued strong momentum in **Sportsbet** with migrated players retained
- Growth in key sustainable **International** markets offsetting regulatory headwinds
- **US** second largest division by Q4 with a doubling of sportsbook and gaming AMPs YoY

# Revenue: US now second largest division

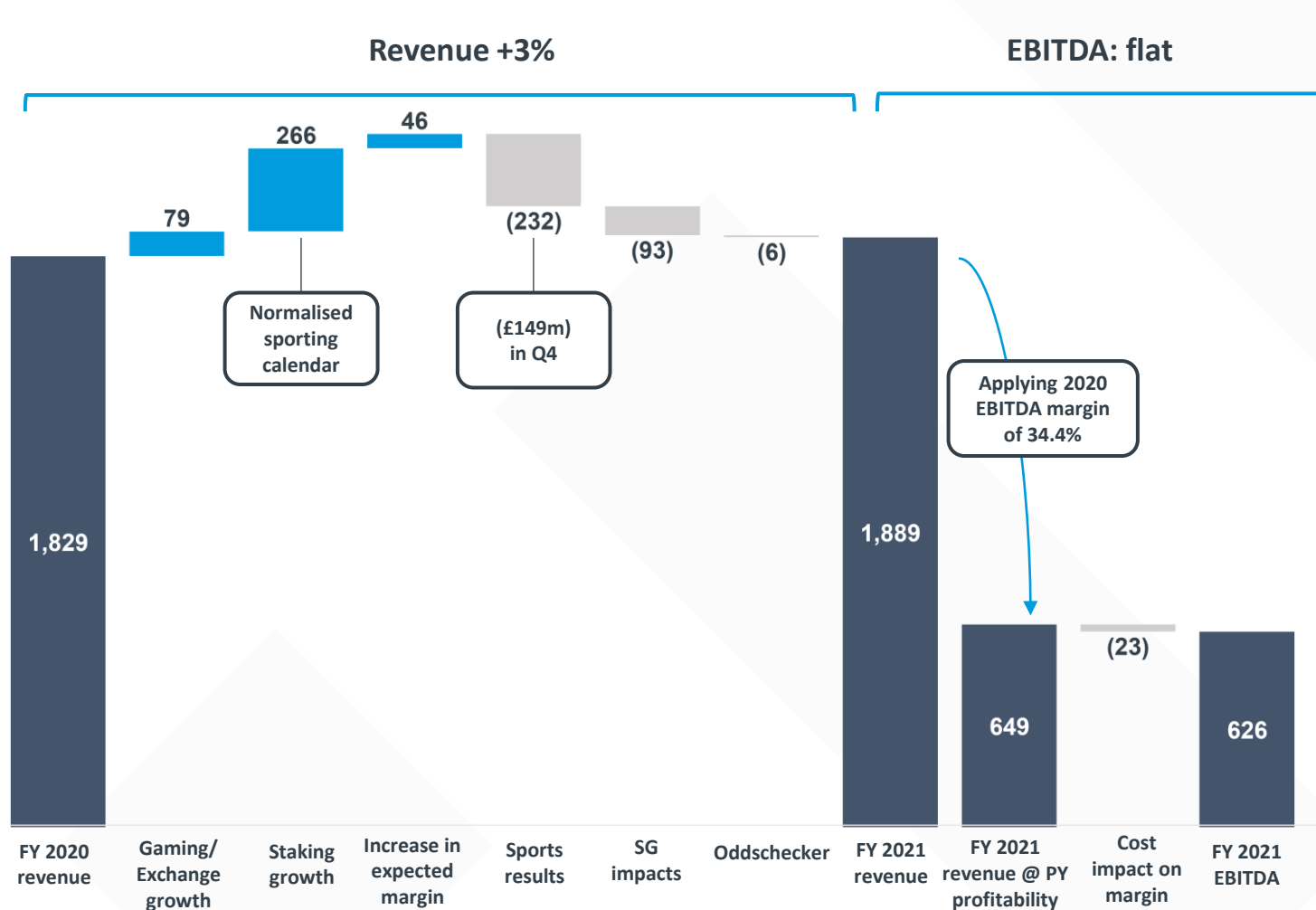
Pro forma revenue H1'20 – H2'21  
(CC, £bn)



- **Group revenue +17% YoY**
- **UK&I** sports results combined with SG measures in H2 2021
- **Sportsbet** in-line with customer momentum
- **International** Q2'20 poker spike and regulatory headwinds providing challenging comparatives
- **US** scaling rapidly with revenue +113% in FY21, live in 12 sportsbook states at year end

# UK&I online: Growth offset by several key factors

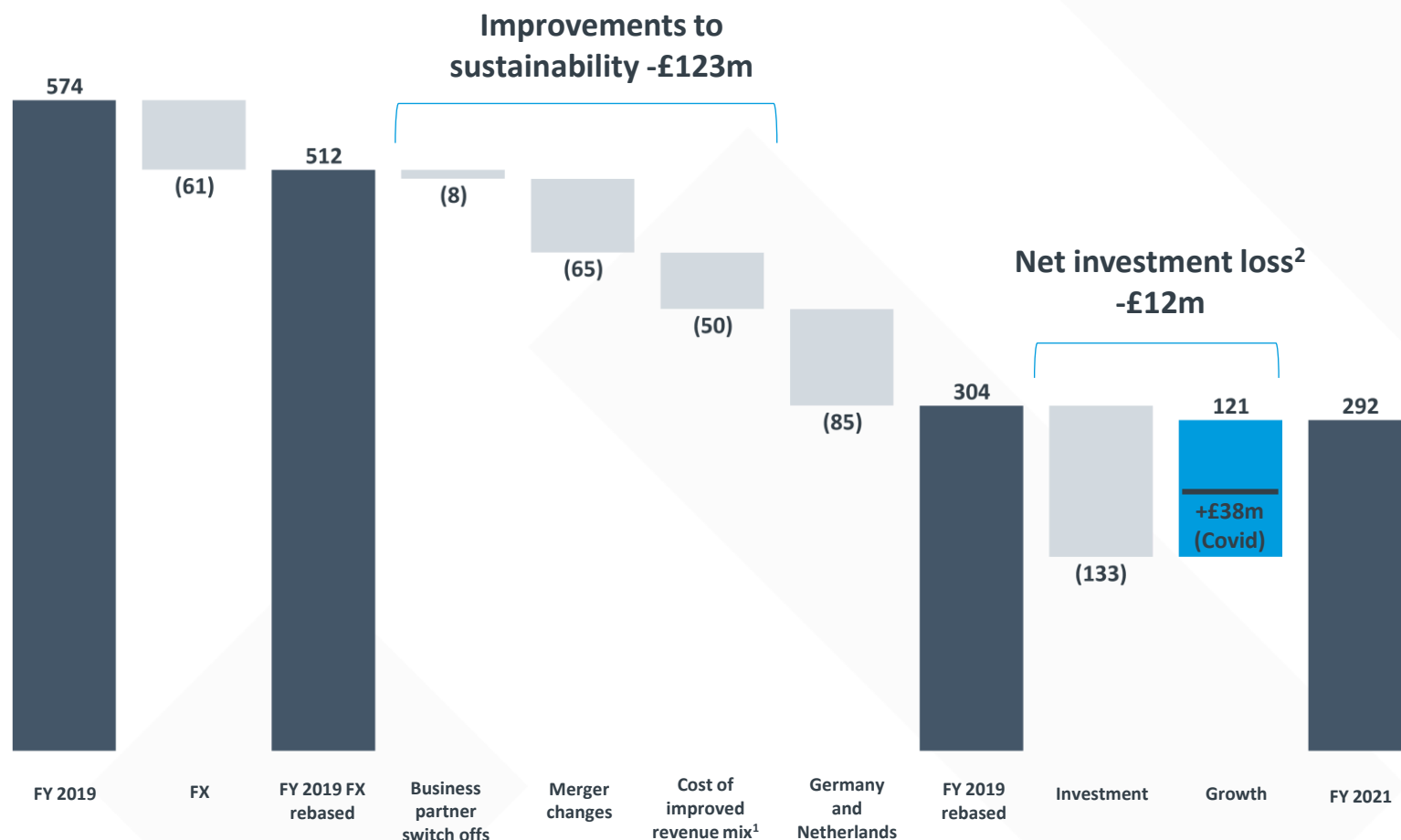
EBITDA, £m



- Growth driven by:
  - **Gaming** AMPs +22% despite Covid comparatives
  - **Normalised calendar** driving staking growth; **expected margin** increase reflects growing recreational base
- Partially offset by:
  - **Adverse sports results**; below average recycling
  - **Safer gambling initiatives**
- EBITDA margin reduction driven by increase in cost of sales as % revenue due to taxes and streaming costs. EBITDA (2020: £629m)

# International sustainability significantly improved

EBITDA £m, constant currency – 2 year bridge



- **Improving sustainability; £123m EBITDA impact**
- **Guided German and Netherlands cost of £85m (£140m annualised)**
- **Investment made in key areas:**
  - PokerStars foundational capabilities (£52m)
  - Marketing across all brands to drive growth (£81m)
- **Net underlying investment has**
  - Rebased PokerStars
  - Stabilised poker share
  - Driven PokerStars casino expansion
  - Grown markets such as Italy, Canada, UK, Georgia and Armenia



# Divisional EBITDA reshaped over last two years

Pro forma	Adjusted EBITDA (£m)			
	FY 2021	FY 2020	FY 2019	Yo2Y CAGR CC
UK & Ireland Online	626	629	492	12%
UK & Ireland Retail	(10)	2	76	
UK & Ireland	616	630	568	4%
Australia	437	318	161	+64%
International	292	574	574	-24%
Corporate costs	(101)	(121)	(133)	-10%
<b>Group ex-US</b>	<b>1,244</b>	<b>1,401</b>	<b>1,170</b>	<b>+5%</b>
US	(243)	(170)	(82)	+79%
<b>Group</b>	<b>1,001</b>	<b>1,231</b>	<b>1,089</b>	<b>-2%</b>
Adjusted EBITDA %				
Online ex-US	28%	32%	32%	-4pp
<b>Group</b>	<b>17%</b>	<b>23%</b>	<b>26%</b>	<b>-9pp</b>

- Online ex-US EBITDA margin of 28%, 4pp lower due to International investment and challenging comparatives
- Excellent operating leverage in Australia
- Total synergies £113m, ahead of £90m expectation. On track for £170m in 2023
- Group ex-US other operating costs (incl. Corporate) remain controlled, in-line YoY
- US loss increased to £243m with marketing costs doubling to £663m, driving significant customer acquisition

# Cash flow

Pro forma £m	FY 2021	FY 2020
<b>Adjusted EBITDA</b>	<b>1,001</b>	<b>1,231</b>
Capex	(308)	(252)
Working capital	119	310
Corporation tax	(138)	(93)
Lease liabilities paid	(48)	(46)
<b>Adjusted free cash flow</b>	<b>625</b>	<b>1,151</b>
Cash flow from separately disclosed items	(61)	(120)
<b>Free cash flow</b>	<b>563</b>	<b>1,031</b>
Interest cost	(140)	(177)
Other borrowing costs	(57)	(24)
Settlement of swaps	(68)	(36)
Amounts paid in respect of Kentucky settlement	(234)	-
Purchase of shares by the Employee Benefit Trust	(181)	-
Acquisitions and disposal	73	-
Other	(13)	22
Proceeds from equity raises	-	1,921
Acquisition of further interest in FanDuel	-	(1,546)
Cash transferred in acquisitions/ disposals	4	-
<b>Net (decrease)/increase in cash</b>	<b>(53)</b>	<b>1,192</b>
<b>Net debt at start of year<sup>1</sup></b>	<b>(2,814)</b>	<b>(3,827)</b>
Foreign currency exchange translation	(5)	(20)
Change in fair value of hedging derivatives	225	(159)
<b>Net debt at 31 December</b>	<b>(2,647)</b>	<b>(2,814)</b>

- Adjusted free cash flow pre-tax of £763m compares to Adjusted operating profit of £746m, converting at 102%
- Adjusted free cash flow lower due to:
  - Lower Adjusted EBITDA
  - Working capital increase in 2020 from enlarged scale of Group
  - Increased Capex to fund expansion into more US states and online product development
- Corporation tax payments higher due to profit mix
- Interest £37m lower following debt repayment and reduced financing costs
- Kentucky settlement of £234m to cover historic case relating to TSG subsidiaries
- £181m share purchase for FanDuel incentive schemes
- Inflow from Oddschecker (£135m) disposal partly offset by acquisitions of Junglee (£55m) and Singular (£14m)

# Group outlook provides future financial flexibility

£'m, leverage ratio <sup>1</sup>	31 December 2021	Tombola (Acquired Jan 2022)	Sisal (Expected Q2 2022)	Pro forma for Tombola & Sisal
Gross debt	3,599	-	-	3,599
Cash (excl. customer balances)	(952)	402	-	(550)
Net debt	2,647	402	1,621	4,670
LTM pro forma Adjusted EBITDA	1,001	37	211	1,249
<b>Leverage ratio</b>	<b>2.6x</b>			<b>3.7x</b>
LTM pro forma <u>Group ex-US</u> Adjusted EBITDA	1,244	37	211	1,492
<b>Leverage ratio (ex US losses)</b>	<b>2.1x</b>			<b>3.1x</b>

- **Leverage 2.6x at 31 December 2021**
- Leverage excluding US losses of 2.1x, provides flexibility to acquire Sisal given expected US profitability in 2023
- Weighted average cost of debt remains at 2.5%, following refinancing in July 2021
- Current credit ratings are Ba1/BB+/BBB-, all ratings have stable outlook<sup>4</sup>

Borrowing	Principal	Interest rate	Maturity
<b>Debt structure at 31 December 2021</b>			
TLA (GBP)	£1,018m	GBP SONIA +175bps, 0% Floor <sup>2</sup>	2025
TLB (USD) <sup>3</sup>	\$2,931m	USD LIBOR +225bps, 0% Floor	2026
TLB (EUR)	€507m	EURIBOR +250bps, 0% Floor	2026

# Financial guidance

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## Current trading/ Outlook

- Group revenue in line with expectations over the first 7 weeks, up 2% year-on-year
- Expect phasing of growth to accelerate across the Group in H2
- Russia/Ukraine impact: £60m contribution in 2021, with £41m from Russia and £19m from Ukraine

## Tax

- Effective Group ex-US corporate tax rate expected to be 19-21%

## Capex

- Expect capex to be between £330m - £350m in 2022

## M&A

- Tombola completed on 10 January
- Sisal expected to complete in Q2



# Business Update

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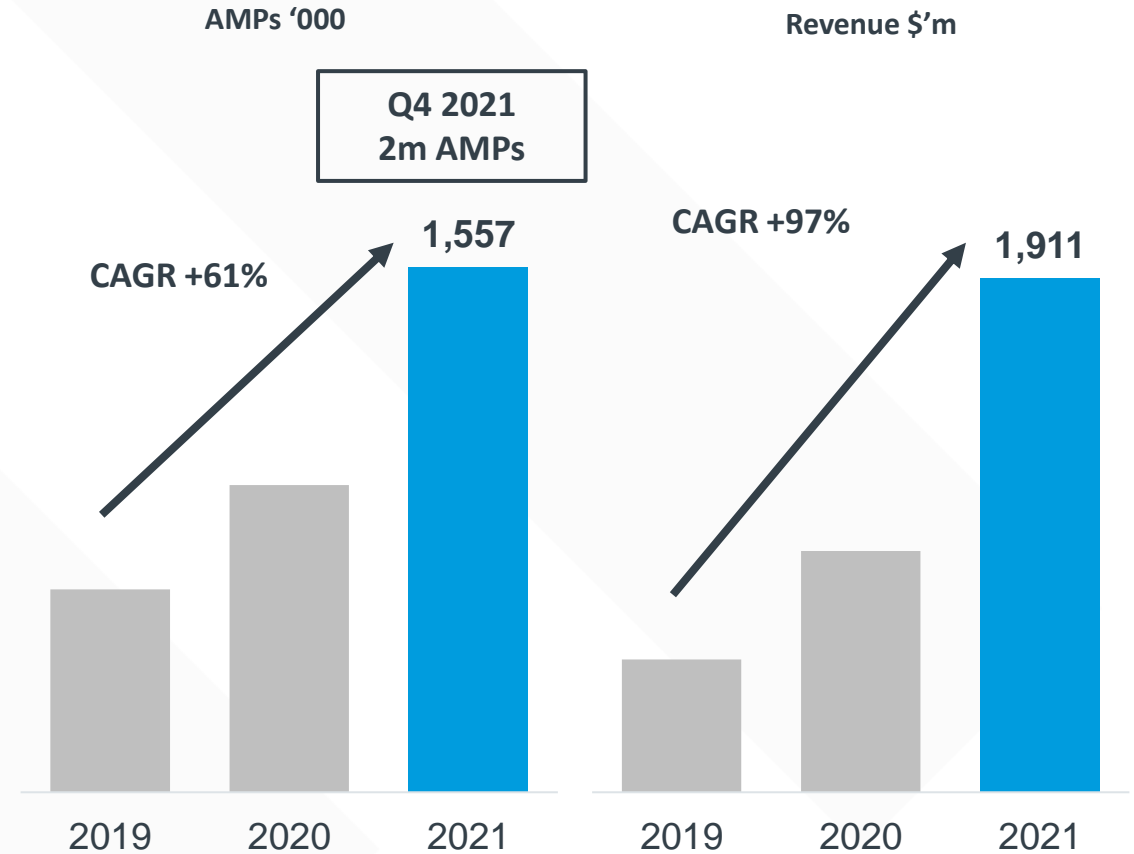
## Peter Jackson, Group CEO

# US: Significant scale generated over last two years

## Flywheel effect continues in H2...

- Revenue +84%
- Sportsbook and gaming AMPs doubled
- Marketing spend +50% but 11.6pp lower as a % of revenue vs. H2'20
- Higher revenue growth
- Greater operating leverage
- Enhanced customer proposition
- Increased scale and flexibility
- Higher structural margins from superior in-house product
- Further Same Game Parlay™ enhancements
- 33% increase in product and technology team

## ...driving unparalleled US scale



# US: Doubling down on competitive advantages

## Market leading product driving superior win margins

- Further evolution of market leading Same Game Parlay™ ('SGP'):
  - Combined SGPs on multiple different events
  - SGP in-play on certain sports
- College basketball pricing brought in-house, ~80% of handle now priced internally
- Product mix and pricing accuracy leading to highest win margins in the US sector

>50% more  
GGR from any  
given handle  
in Q4

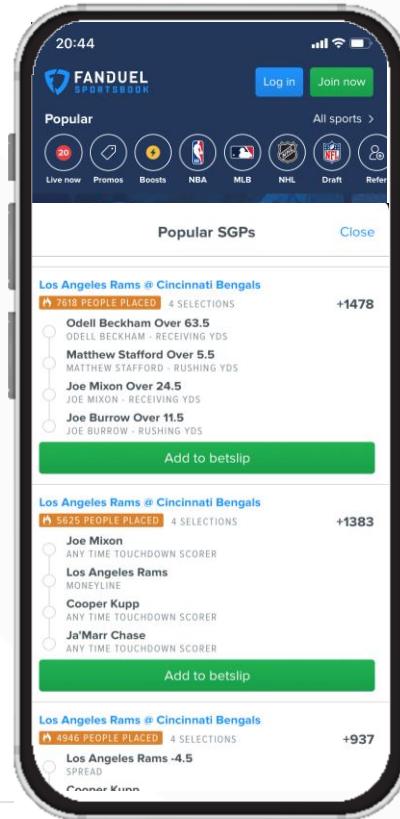
Online GW%  
Q4 2021<sup>1</sup>

Rest of market avg.

FanDuel

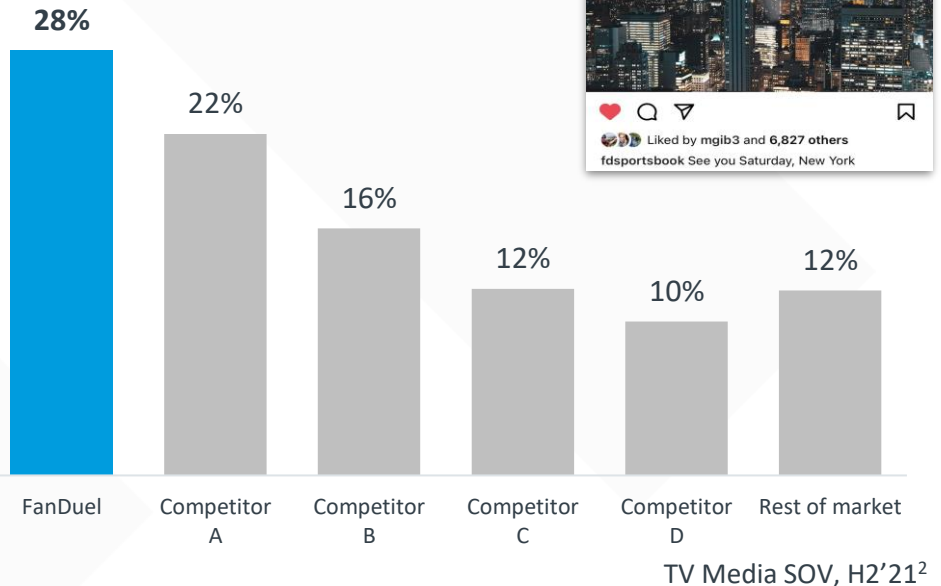
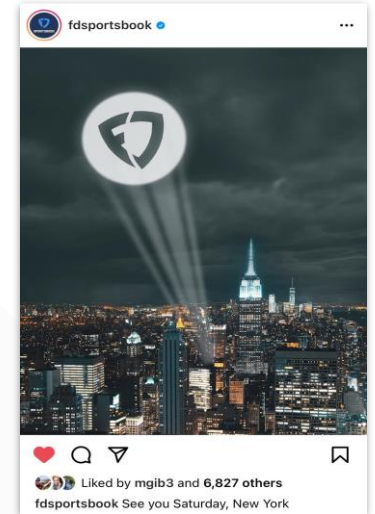
6.2%

9.6%



## FanDuel brand

- Multi-year extension to NBA and Pat McAfee partnerships
- Leading share of voice despite increased competitor aggression



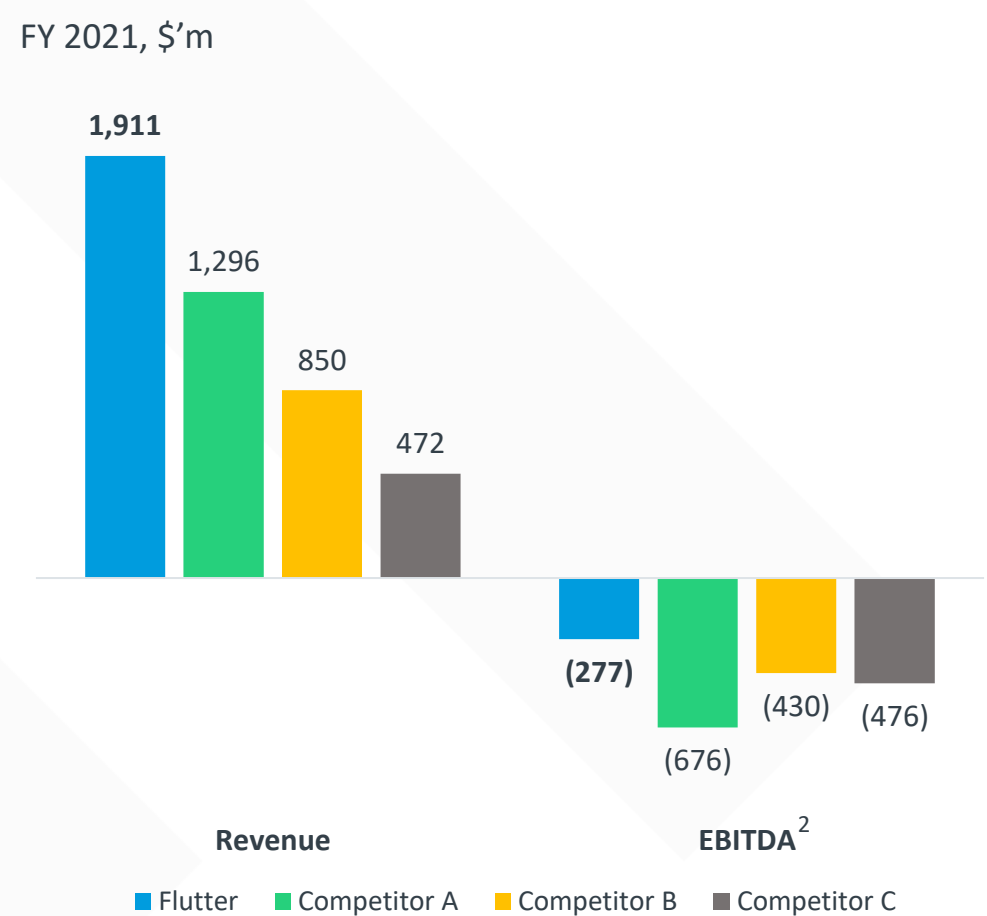
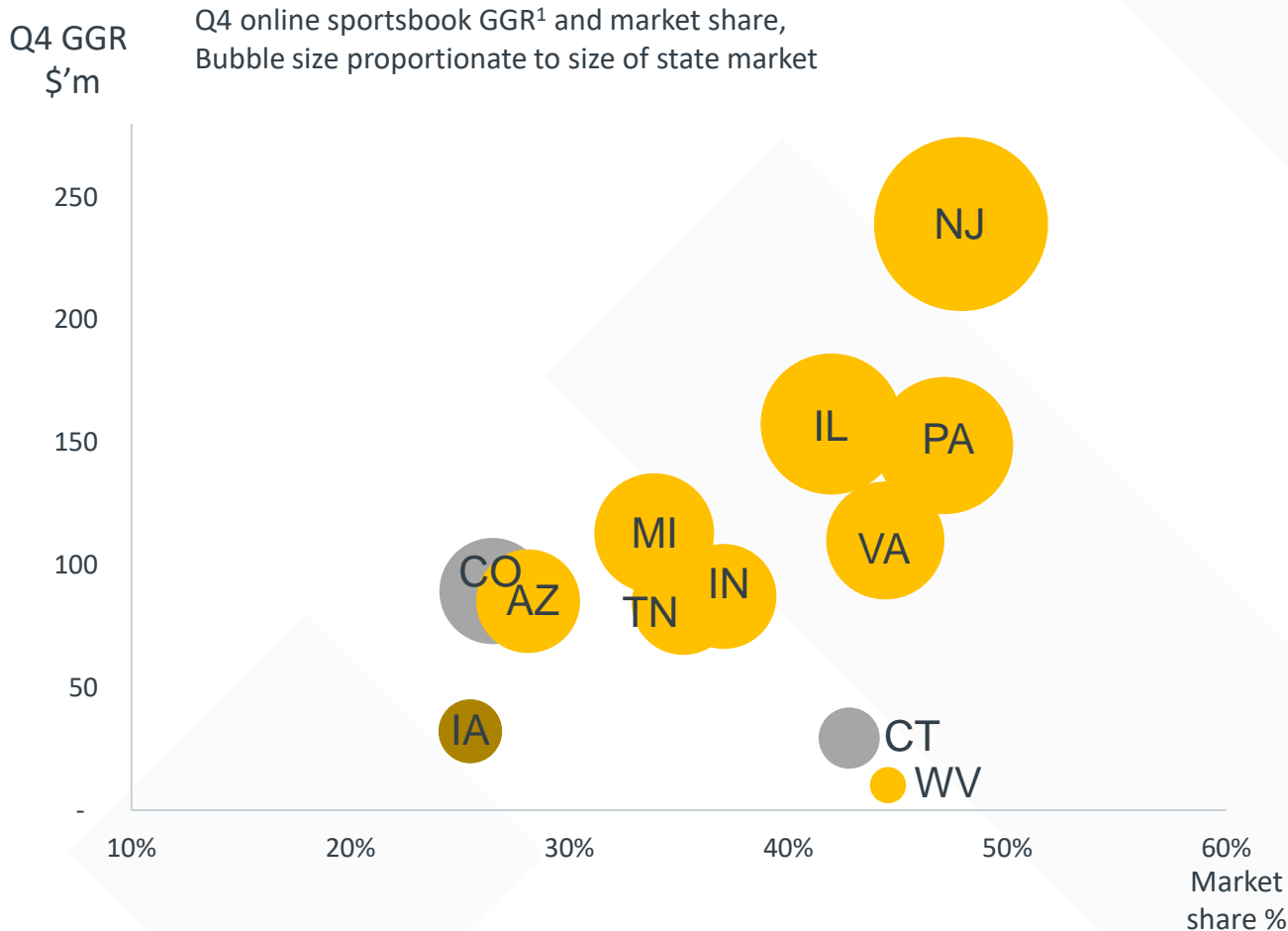
TV Media SOV, H2'21<sup>2</sup>



# US: Delivering continued market share leadership

40% sports share - #1 in 9 of 12 states covering 87% of market...

...while operating more efficiently

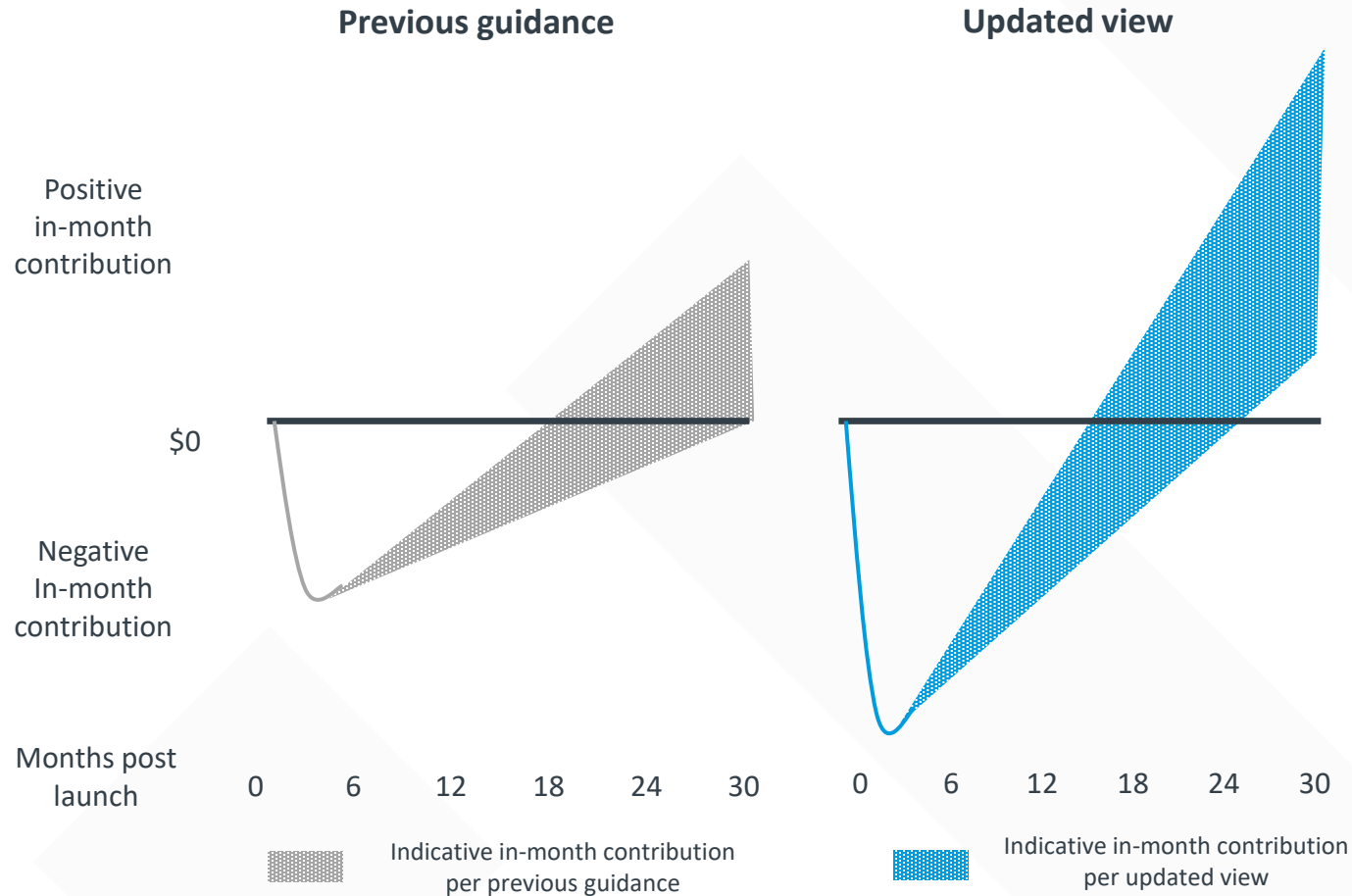


<sup>1</sup> Online sportsbook market share is the GGR market share of FanDuel and FOX Bet for Q4 in the states in which FanDuel was live (excluding December data for Arizona which has yet to be released) based on published gaming regulator reports in those states.

<sup>2</sup> Competitor information based on FY 2021 filings. EBITDA is before share based payments to allow for better comparability across competitors.

# US: New states expected to be contribution positive sooner

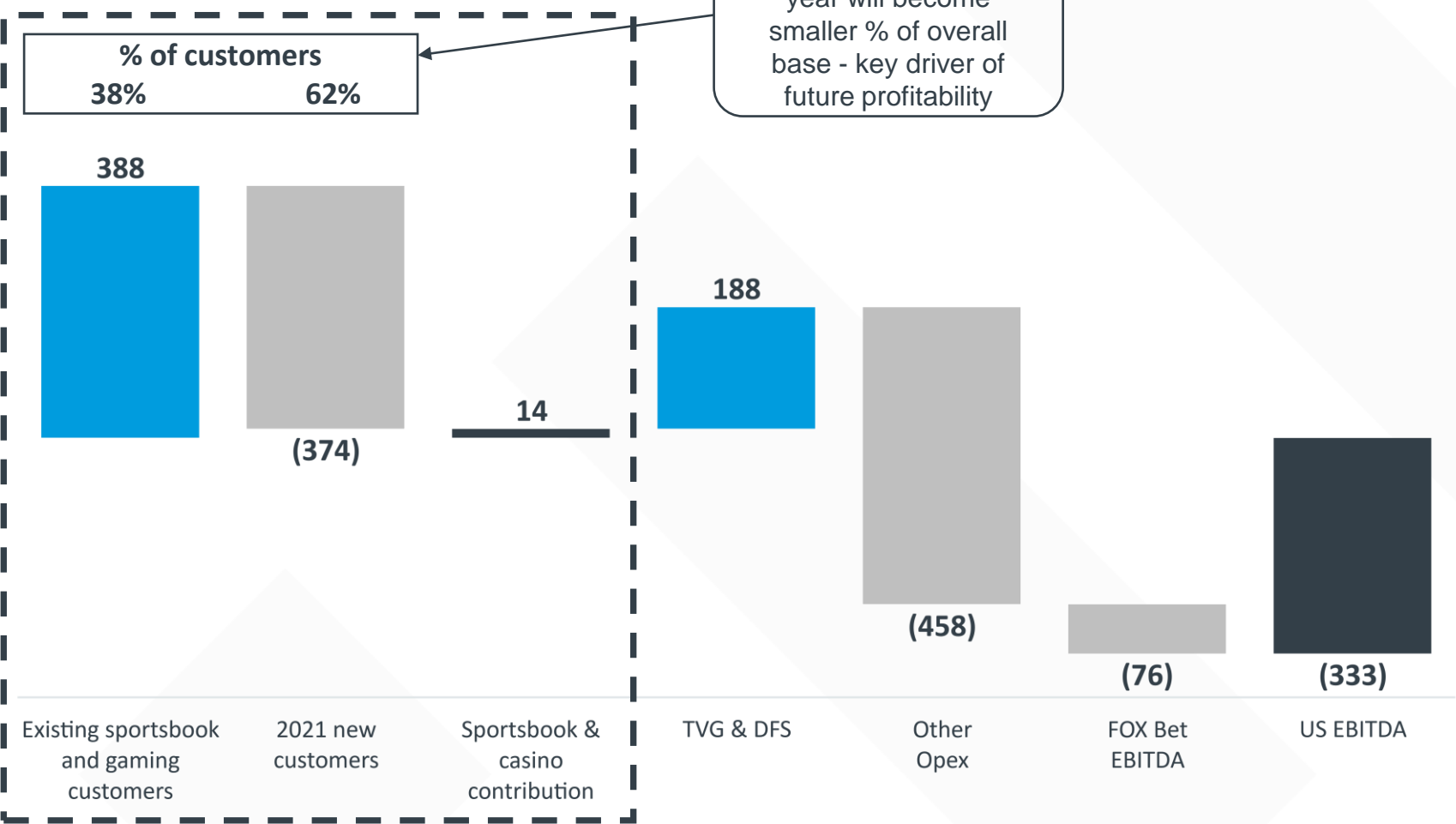
Indicative monthly contribution by month post state launch, \$



- Previously guided (March 2019) expect NJ sportsbook to generate positive contributions 18-30 months post launch
- **Now expect states to be contribution positive within 12-24 months post launch<sup>1</sup>:**
  - Higher levels of customer acquisition aided by faster adoption of sports betting
  - Better customer retention
  - Product advantages driving higher sports margin
- Larger upfront losses from customer acquisition investment

# US: FanDuel sportsbook and gaming contribution positive

Breakdown of FY21 US EBITDA loss of \$333m<sup>1</sup>  
(\$'m)



- Pre 2021 customers funding further acquisition
- Positive contributions<sup>1</sup> from New Jersey, Pennsylvania, Illinois and Indiana
- Material investment continued in existing and new states
- Material contribution from TVG and DFS
- **Confident Flutter US will be profitable in 2023<sup>2</sup>, based on current regulatory outlook**

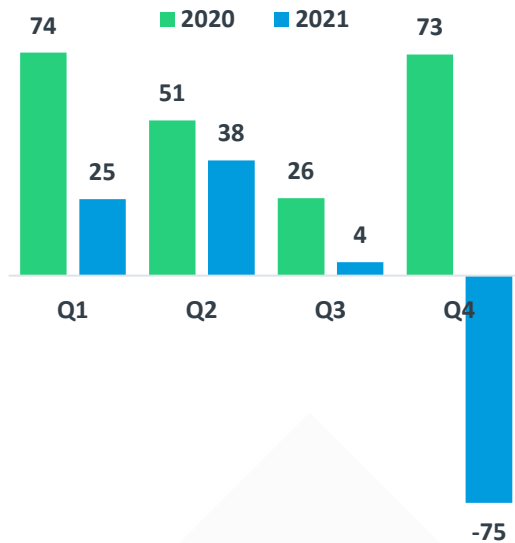
<sup>1</sup> Contribution is defined as gross profit less sales and marketing expense. Growth from existing sportsbook and gaming customers represents in-year contribution from customers acquired pre-2021 less an allocation for retention marketing. New customers acquired in 2021, includes gross profit generated from these customers in that period.

<sup>2</sup> 2023 profit projection is based on current timing expectations of regulatory developments and new state launches in 2022 and 2023.

# UK&I: Key drivers of Q4 and full year performance

## Adverse sports results...

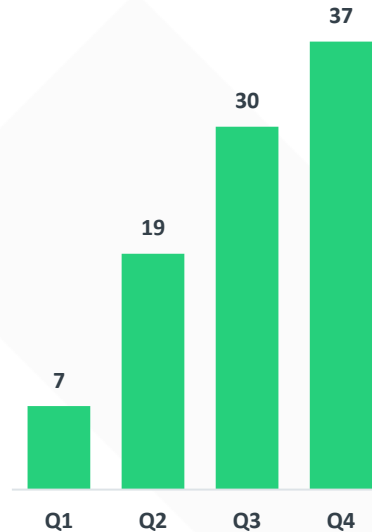
Year-on-year sports results impact<sup>1</sup>  
(Revenue £m)



- Q4 year-on-year revenue impact<sup>1</sup> of £149m (H2: £170m)

## ...Safer gambling impacts...

Quarterly minimum estimated revenue cost in 2021<sup>2</sup>  
(Revenue £m)



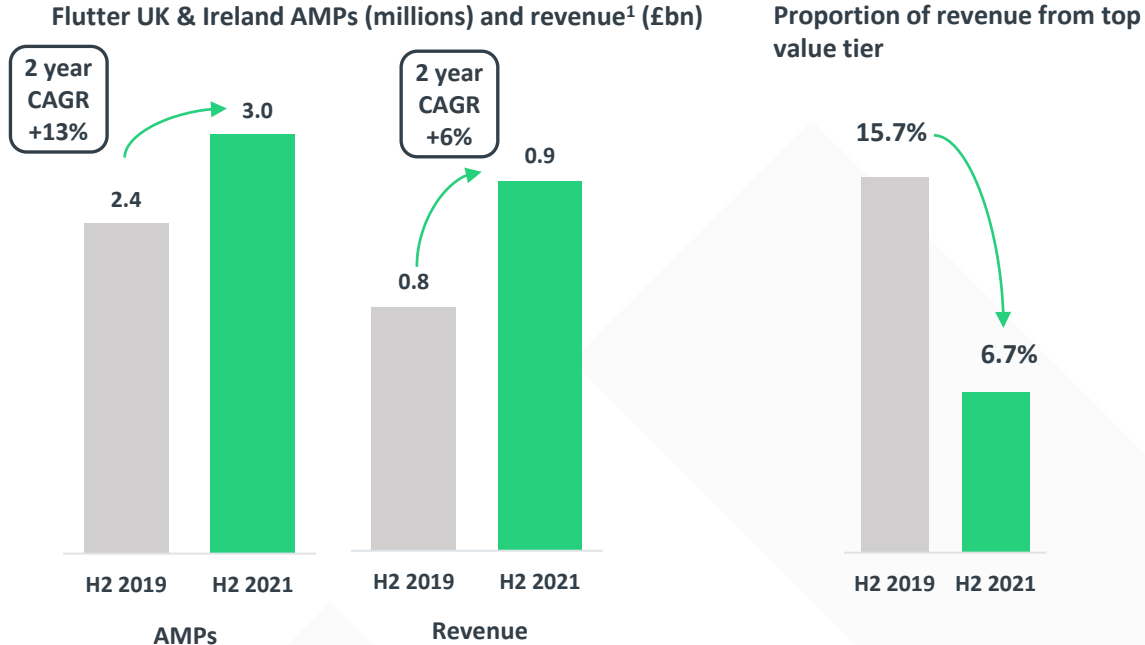
- Greatest estimated impact in 2021 in Q4; £93m equates to 5% of online revenue

## ...and market declines drove challenging quarter

- **Market:** Momentum slowed in Q4<sup>3</sup>
  - Fewest 4<sup>th</sup> quarter casino app downloads in 3 years
  - Customers reducing engagement as Covid restrictions ease
- **Sports:** Reduced customer recycling versus historic norms
- **Gaming:** Player spend reduced but Sky Vegas and Paddy Power grew download share with market daily tools like “Prize Machine”<sup>4</sup>
- **We estimate that Q4 online revenue was down 5% excluding impact of swing in sports results, safer gambling measures and sale of Oddschecker**

# UK&I: Significant progress on sustainability

## A focus on recreational growth...



- AMP growth > revenue growth<sup>1</sup> with reduction in top value tiers offset by growth in lower value cohorts
- >55% reduction in % revenue from highest value tier since 2019

## ...Has positioned Flutter well

- Significant reshaping of player base and revenue mix
- Progress since H2 2019:
  - More than halved revenue from top value band
  - Increased our share of recreational customers
  - Reduced ARPU across all value bands
- Concentration of revenue in line with UK income tax distribution<sup>2</sup>
- Recreational focus bolstered by Tombola acquisition<sup>3</sup>
  - UK's leading bingo brand with highly recreational customer base
  - Would reduce % top value tier to c.6% in H2 2019
- **These changes position Flutter well for sustainable growth and any future regulatory change**

# UK&I: through evolving Affordability Triple Step strategy

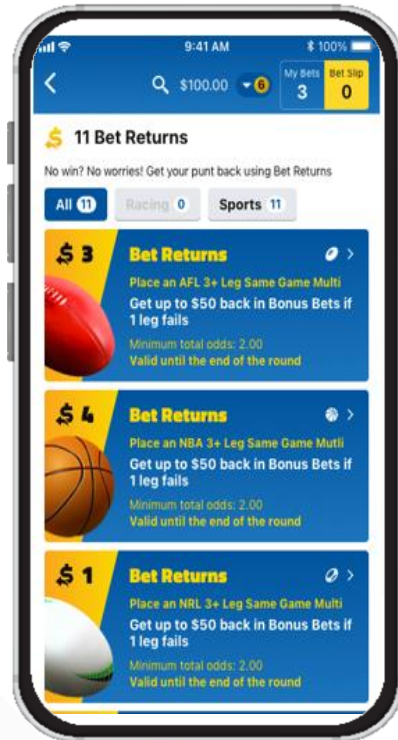


Our approach will continue to improve as we further develop our Affordability Triple Step approach

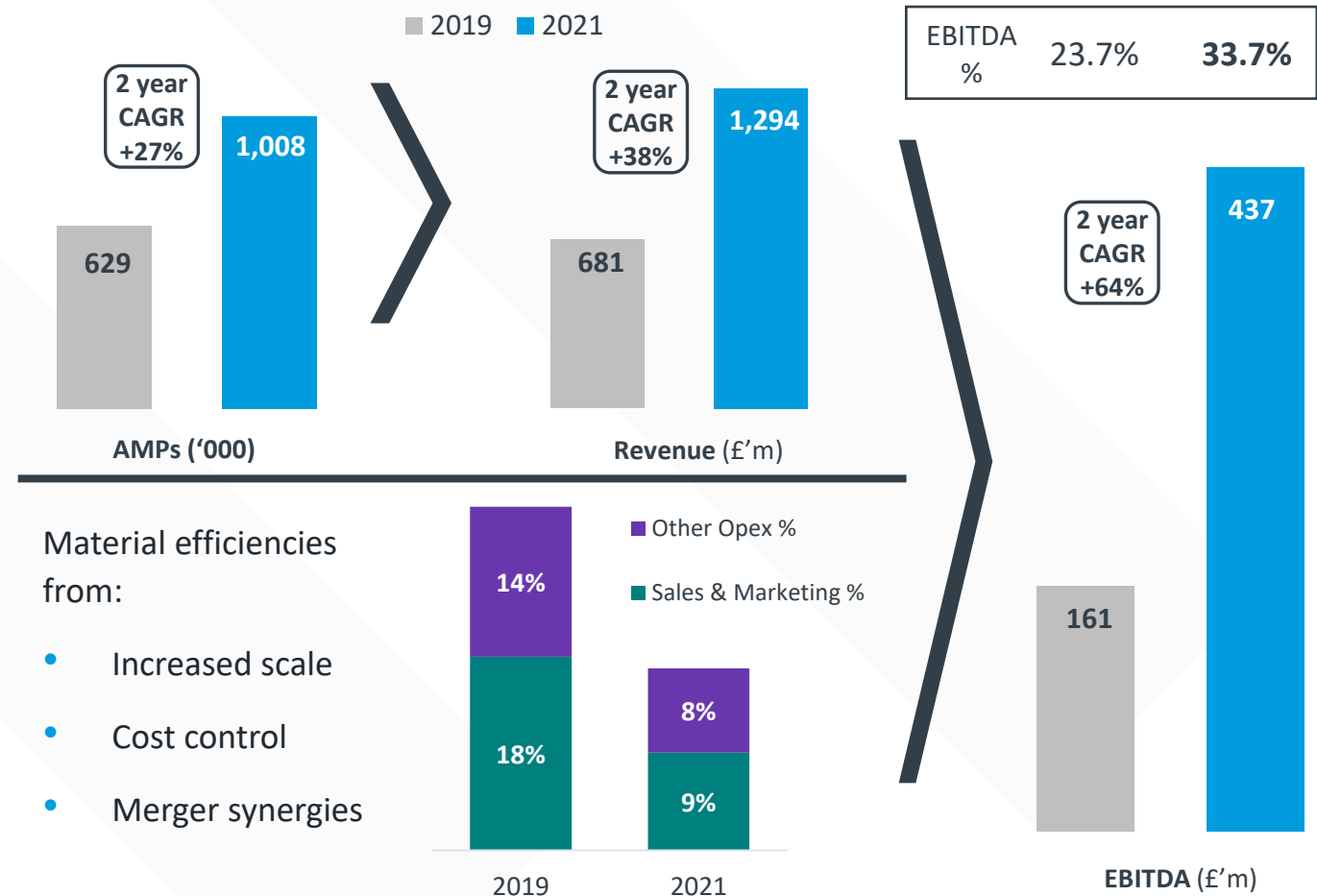
# Australia: scale of business transformed over two years

## Delivering on product and value

- Continuing to innovate on Same Game Multi (“SGM”)
- Combination of product and value with ‘Bet Returns on SGM’
- Personalised offering improves value perception



## Customer growth and efficiency driving profitability expansion

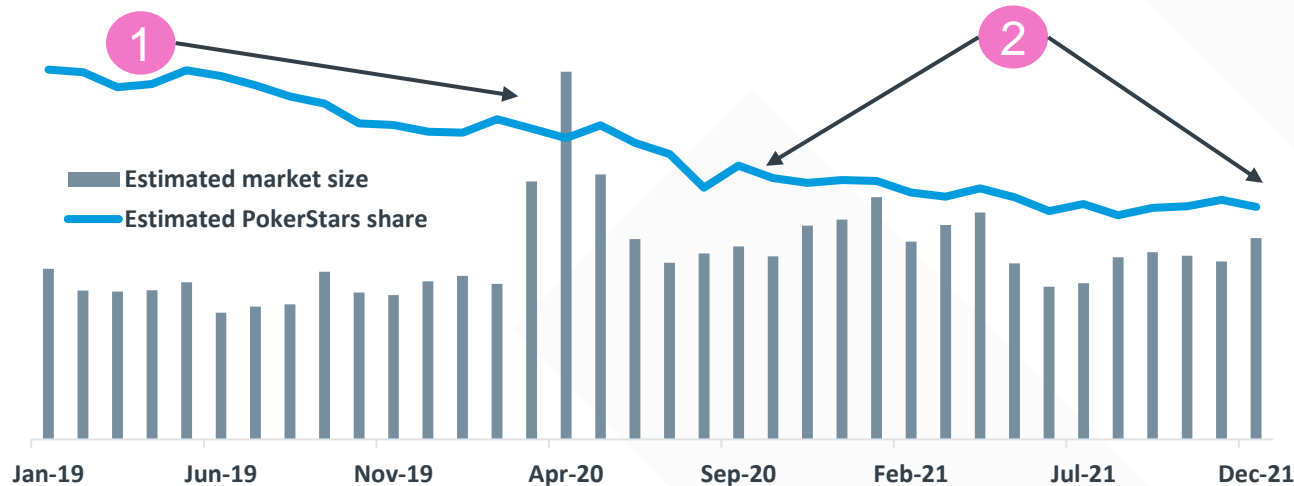




# International: Significant progress made in stabilising business

## Investment in poker proposition stabilising share

Estimated poker market GGR and PokerStars share<sup>1</sup>



- 1 Declines due to (i) historic underinvestment (ii) regulatory changes impacting global liquidity pools and (iii) increased competitor aggression
  - 2 Investment in customer proposition from Q3 2020 slowed trajectory with share stabilising in Q4 as new reward scheme launched
- Poker base key to casino and sports cross-sell

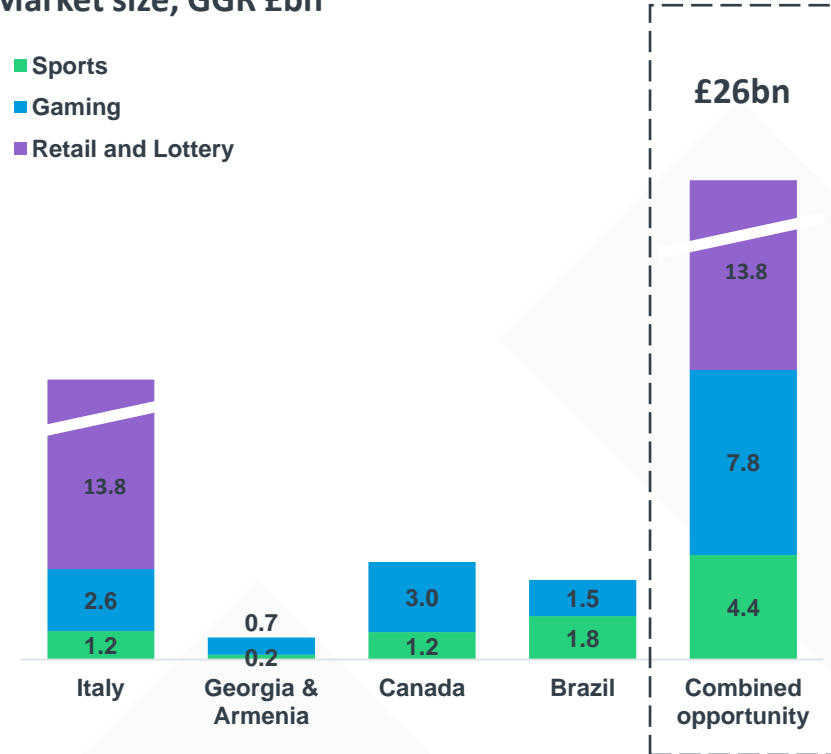
## Improved International revenue mix

- c.78% regulated/regulating markets in Q4
- Positive regulatory momentum in Canada and India
- Strong casino performance while maintaining dominant poker presence
  - 56% International gaming revenue from casino vs 41% in 2019 driven by focus on direct acquisition investment
  - Revenue from PokerStars casino first customers now 4 times higher than pre-merger
  - Record casino first engagement in Q4

# International: Attractive runway of future growth

## Case study markets demonstrate opportunity<sup>1</sup>






### Market size, GGR £bn



- Profile of attractive regulated and regulating markets
- 2026 total addressable market c.£26bn
- Projected 5 year online CAGR of 10%
- Sisal acquisition will provide access to c. £14bn lottery and retail customers in Italy
- **Current market share of 8% indicates good runway for growth**
- Additional potential upside from markets where International does not currently have a presence

International division positioned well to grow market share in c. £26bn market

# International: Powerful combination of local hero brands

				
<p><b>Products:</b> Poker, casino, sports</p> <p><b>Top markets:</b> Italy, Spain, Canada, Germany, UK, Brazil, Russia, Netherlands, France and Romania</p>	<p><b>Products:</b> Lottery, casino and sports</p> <p><b>Top markets:</b> Italy, Turkey</p>	<p><b>Products:</b> Exchange, sports, casino</p> <p><b>Top markets:</b> Italy, Spain, Brazil</p>	<p><b>Products:</b> Casino and sports</p> <p><b>Top markets:</b> Georgia and Armenia</p>	<p><b>Products:</b> Rummy and daily fantasy sports</p> <p><b>Top market:</b> India</p>
44% of gross profit <sup>1</sup>	40%	7%	6%	3%

Strong portfolio of brands position Flutter well for International growth



# Conclusion

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## Peter Jackson, Group CEO

# Conclusion

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- ‘Positive Impact Plan’ positions us to lead the sector on sustainability
- **US:** FanDuel’s momentum is maintained with #1 share, key milestones in path to profitability being achieved
- **UK&I:** Plans in place to address slowdown in momentum; important that we get UK regulatory clarity soon
- **International:** Key geographies identified; Sisal acquisition expected to complete in Q2 2022
- **Australia:** Continuing to invest to cement gains made over last two years

# Appendix

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# Leveraging scale, diversification and a challenger mindset

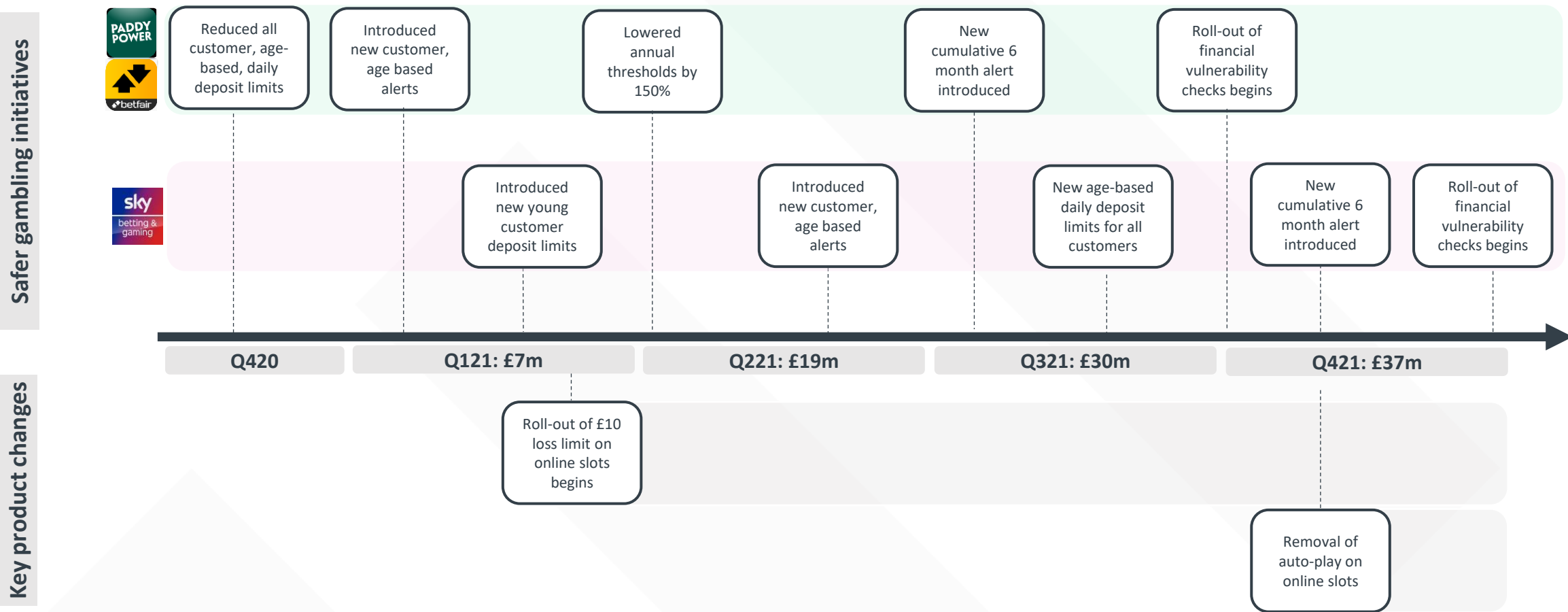
1	Grow our gold medal positions in our core markets	2	Invest to win in the US	3	Build on our network and invest for leadership positions across International markets	4	Take early positions to realise potential in future spaces
<ul style="list-style-type: none"><li>• Maintaining laser focus on recreational growth</li><li>• Extending product and brand leadership positions</li><li>• Leveraging scale to drive efficiency</li></ul>		<ul style="list-style-type: none"><li>• Solidifying #1 sportsbook position in North America</li><li>• Establishing clear podium position in iGaming</li><li>• Exploiting the flywheel</li></ul>		<ul style="list-style-type: none"><li>• Revitalising PokerStars business</li><li>• Scaling casino through cross-sell and direct acquisition</li><li>• Building a lead in sports with multi-brand portfolio</li><li>• Buying podium positions in attractive markets</li></ul>		<ul style="list-style-type: none"><li>• Nurturing an innovative and experimental mindset</li><li>• Identifying adjacent opportunities to grow our customer base</li><li>• Positioning for growth in continuously evolving entertainment space</li></ul>	

Leading betting and gaming into the future



# UK&I: safer gambling progress and affordability triple step

Revenue £m



In 2022 we will roll out u25 deposit limits and further improvements to our safer gambling framework

# KPI: Average monthly players

Average Monthly Players <sup>1,2</sup> Pro forma ('000s) 2021	Q1	Q2	Q3	Q4	H1	H2	FY
<b>Group</b>	<b>7,672</b>	<b>7,578</b>	<b>7,257</b>	<b>7,969</b>	<b>7,625</b>	<b>7,613</b>	<b>7,619</b>
UK & Ireland	3,167	3,440	3,060	2,946	3,303	3,003	3,153
Australia	831	982	1,086	1,133	906	1,109	1,008
International	2,027	1,863	1,799	1,915	1,945	1,857	1,901
US	1,648	1,292	1,312	1,975	1,470	1,643	1,557
2020	Q1	Q2	Q3	Q4	H1	H2	FY
<b>Group</b>	<b>5,635</b>	<b>5,256</b>	<b>6,401</b>	<b>7,404</b>	<b>5,445</b>	<b>6,902</b>	<b>6,174</b>
UK & Ireland	2,571	2,027	2,567	2,964	2,299	2,765	2,532
Australia	581	611	876	1,109	596	992	794
International	1,774	2,223	1,835	1,918	1,999	1,877	1,938
US	710	395	1,122	1,413	552	1,268	910
YoY %	Q1	Q2	Q3	Q4	H1	H2	FY
<b>Group</b>	<b>+36%</b>	<b>+44%</b>	<b>+13%</b>	<b>+8%</b>	<b>+40%</b>	<b>+10%</b>	<b>+23%</b>
UK & Ireland	+23%	+70%	+19%	-1%	+44%	+9%	+25%
Australia	+43%	+61%	+24%	+2%	+52%	+12%	+27%
International	+14%	-16%	-2%	flat	-3%	-1%	-2%
US	+132%	+227%	+17%	+40%	+166%	+30%	+71%

# UK & Ireland

	ONLINE			RETAIL		
Pro forma £m	FY 2021	FY 2020	YOY	FY 2021	FY 2020	YOY
<b>Average monthly players ('000s)</b>	<b>3,153</b>	<b>2,532</b>	<b>+25%</b>			
Sportsbook stakes	10,473	8,401	+25%	904	998	-9%
<i>Sportsbook net revenue margin</i>	<i>9.7%</i>	<i>11.7%</i>	<i>-200bps</i>	<i>12.6%</i>	<i>14.3%</i>	<i>-170bps</i>
Sports revenue	1,168	1,143	+2%	114	143	-20%
Gaming revenue	721	686	+5%	60	57	+5%
<b>Total revenue</b>	<b>1,889</b>	<b>1,829</b>	<b>+3%</b>	<b>174</b>	<b>200</b>	<b>-13%</b>
Cost of sales	(581)	(534)	+9%	(40)	(44)	-9%
<i>Cost of sales as a % of net revenue</i>	<i>30.8%</i>	<i>29.2%</i>	<i>+160bps</i>	<i>22.9%</i>	<i>21.8%</i>	<i>+100bps</i>
<b>Gross profit</b>	<b>1,308</b>	<b>1,295</b>	<b>+1%</b>	<b>134</b>	<b>156</b>	<b>-14%</b>
Sales & marketing costs	(384)	(369)	+4%	(6)	(6)	-2%
<b>Contribution</b>	<b>923</b>	<b>927</b>	<b>flat</b>	<b>128</b>	<b>150</b>	<b>-15%</b>
Other operating costs	(298)	(298)	flat	(138)	(148)	-7%
<b>Adjusted EBITDA</b>	<b>626</b>	<b>629</b>	<b>flat</b>	<b>(10)</b>	<b>2</b>	<b>-647%</b>
<i>Adjusted EBITDA margin</i>	<i>33.1%</i>	<i>34.4%</i>	<i>-130bps</i>	<i>(5.6%)</i>	<i>0.9%</i>	<i>-650bps</i>
Depreciation and amortisation	(85)	(77)	+11%	(41)	(43)	-4%
<b>Adjusted operating profit</b>	<b>541</b>	<b>552</b>	<b>-2%</b>	<b>(50)</b>	<b>(41)</b>	<b>+23%</b>

## Online

- AMPs +25%, increase in recreational base
- Safer gambling measures impacting revenue growth (£93m revenue)
- Sports revenue +2%:
  - Higher volume of sports events versus covid impacted 2020
  - Favourable sports results in 2020 drove 200bps swing YoY in net revenue margin
- Gaming +5% despite tough comparatives
- Cost of sales % +160bps from increase in streaming costs and effective tax rate
- Marketing reflects Euros investment

## Retail

- Revenue decline due to longer periods of covid related closures in 2021
- No government support taken; EBITDA loss £10m (H1 -£39m, H2 £29m)

# Australia

Pro forma £m	FY 2021	FY 2020	YOY	YOY CC
<b>Average monthly players ('000s)</b>	<b>1,008</b>	<b>794</b>	<b>+27%</b>	
Sportsbook stakes	11,702	9,713	+20%	+20%
<i>Sportsbook net revenue margin</i>	<i>11.1%</i>	<i>11.1%</i>	-	-
<b>Revenue</b>	<b>1,294</b>	<b>1,075</b>	<b>+20%</b>	<b>+20%</b>
Cost of sales	(636)	(520)	+22%	+22%
<i>Cost of sales as a % of net revenue</i>	<i>49.2%</i>	<i>48.4%</i>	<i>+80bps</i>	<i>+80bps</i>
<b>Gross profit</b>	<b>658</b>	<b>555</b>	<b>+18%</b>	<b>+18%</b>
Sales & marketing costs	(119)	(129)	-8%	-9%
<b>Contribution</b>	<b>539</b>	<b>426</b>	<b>+26%</b>	<b>+26%</b>
Other operating costs	(102)	(108)	-5%	-6%
<b>Adjusted EBITDA</b>	<b>437</b>	<b>318</b>	<b>+37%</b>	<b>+37%</b>
<i>Adjusted EBITDA margin</i>	<i>33.7%</i>	<i>29.6%</i>	<i>+420bps</i>	<i>+420bps</i>
Depreciation and amortisation	(26)	(30)	-16%	-17%
<b>Adjusted operating profit</b>	<b>411</b>	<b>288</b>	<b>+43%</b>	<b>+42%</b>

- AMP growth +27% driving revenue growth +20%, retaining migrated customers
- Net revenue margin remained in line with prior year. In-year margin 60bps ahead of expected margin from favourable sports results
- Merger related synergies benefitting marketing and other operating costs
- **Top line growth and cost efficiencies delivered 420bps in operating leverage**
- EBITDA +37% to £437m

# International

Pro forma £m	FY 2021	FY 2020	YOY	YOY CC
<b>Average monthly players ('000s)</b>	<b>1,901</b>	<b>1,938</b>	<b>-2%</b>	
Sportsbook stakes	1,592	1,368	+16%	+21%
<i>Sportsbook net revenue margin</i>	<i>8.7%</i>	<i>8.5%</i>	<i>+20bps</i>	<i>+20bps</i>
Sports revenue	220	180	+22%	+26%
Gaming revenue	1,068	1,285	-17%	-13%
<b>Total revenue</b>	<b>1,288</b>	<b>1,465</b>	<b>-12%</b>	<b>-8%</b>
Cost of sales	(392)	(365)	+7%	+12%
<i>Cost of sales as a % of net revenue</i>	<i>30.4%</i>	<i>24.9%</i>	<i>+550bps</i>	<i>+530bps</i>
<b>Gross profit</b>	<b>897</b>	<b>1,100</b>	<b>-19%</b>	<b>-14%</b>
Sales & marketing costs	(335)	(279)	+20%	+27%
<b>Contribution</b>	<b>562</b>	<b>822</b>	<b>-32%</b>	<b>-28%</b>
Other operating costs	(270)	(248)	+9%	+9%
<b>Adjusted EBITDA</b>	<b>292</b>	<b>574</b>	<b>-49%</b>	<b>-46%</b>
<i>Adjusted EBITDA margin</i>	<i>22.7%</i>	<i>39.2%</i>	<i>-1,650bps</i>	<i>-1,580bps</i>
Depreciation and amortisation	(52)	(50)	+4%	+6%
<b>Adjusted operating profit</b>	<b>240</b>	<b>524</b>	<b>-54%</b>	<b>-51%</b>

- Revenue -8%:
  - Challenging comparatives due to Poker spike in Q2'20
  - Compliance changes post TSG merger and regulatory changes in Germany/Netherlands
  - Underlying H2 growth in casino +25% offset by poker decline -17%
- Cost of sales % increase reflects change in regulated mix and increased casino along with new German taxes from 1 July 2021
- Sales and marketing increase from:
  - Betfair LATAM investment
  - Addition of Junglee
  - Spend to revitalise PokerStars
  - Direct casino customer acquisition
- Other opex includes investment to stabilise operational capabilities

Pro forma £m	FY 2021	FY 2020	YOY	YOY CC
<b>Average monthly players ('000s)</b>	<b>1,557</b>	<b>910</b>	<b>+71%</b>	
Sportsbook stakes	11,284	4,411	+156%	+167%
<i>Sportsbook net revenue margin</i>	6.3%	4.6%	+170bps	+170bps
Sports revenue	978	458	+113%	+126%
Gaming revenue	413	237	+74%	+87%
<b>Total revenue</b>	<b>1,391</b>	<b>695</b>	<b>+100%</b>	<b>+113%</b>
Cost of sales	(614)	(319)	+92%	+104%
<i>Cost of sales as a % of net revenue</i>	44.1%	46.0%	-190bps	-190bps
<b>Gross profit</b>	<b>778</b>	<b>376</b>	<b>+107%</b>	<b>+121%</b>
Sales & marketing costs	(663)	(348)	+91%	+102%
<b>Contribution</b>	<b>115</b>	<b>28</b>	<b>+310%</b>	<b>+383%</b>
Other operating costs	(357)	(198)	+81%	+92%
<b>Adjusted EBITDA</b>	<b>(243)</b>	<b>(170)</b>	<b>+43%</b>	<b>+50%</b>
<i>Adjusted EBITDA margin</i>	(17.5%)	(24.4%)	+700bps	+730bps
Depreciation and amortisation	(47)	(37)	+26%	+35%
<b>Adjusted operating profit</b>	<b>(289)</b>	<b>(207)</b>	<b>+40%</b>	<b>+47%</b>

- **AMPs +71% includes a doubling of sports and gaming players**
- Sports revenue +126% reflecting:
  - Sportsbook AMPs +180%
  - Continued strong growth in existing states
  - Four new states and a full year contribution from four further states launched during 2020
  - Structural growth in expected margin
- Gaming growth reflects launches in Michigan, West Virginia and Connecticut
- COS % decrease due to a reduction in the % of gross revenue spent on bonuses and lower 3<sup>rd</sup> party technology fees
- Marketing doubled with new state launches and investment in existing states
- Scale efficiencies in operating costs which has slower rate than revenue
- EBITDA loss of £243m reflecting significant customer acquisition investment

# Separately disclosed items

£m	FY 2021	FY 2020
Amortisation of acquisition related intangible assets	(543)	(432)
Kentucky settlement and associated legal costs	(163)	-
Transaction fees and associated costs	(22)	(33)
Restructuring and integration costs	(45)	(96)
Germany and Greece tax expense	(47)	-
Disposal of Oddschecker Global Media	12	-
Impairment	-	(23)
VAT refund	-	11
<b>Operating profit impact of separately disclosed items</b>	<b>(809)</b>	<b>(573)</b>
Financial income	-	79
Financial expense	(100)	(71)
<b>Profit before tax impact of separately disclosed items</b>	<b>(909)</b>	<b>(565)</b>
Tax credit on separately disclosed items	(43)	58
<b>Total separately disclosed items</b>	<b>(866)</b>	<b>(507)</b>

- Intangible amortisation reflects a 12-month charge for TSG in 2021 versus ~8 in 2020
- Kentucky settlement for historic case with TSG subsidiaries, final settlement of \$300m, with \$100m already provided for
- Restructuring and integration costs due to combination with TSG
- German and Greek tax expense relates to historic tax cases for Paddy Power and Betfair
- Tax charge includes £104m charge from increase in deferred tax liabilities due to future UK tax increase to 25% from 1 April 2023





# Flutter

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