

THE STARS GROUP

Q2 2017 EARNINGS PRESENTATION

August 9, 2017



© 2017 Rational Intellectual Holdings Limited

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS



This presentation contains forward-looking statements and information within the meaning of the Private Securities Litigation Reform Act of 1995 and applicable securities laws, including, without limitation, certain financial and operational expectations and projections, such as full year 2017 financial guidance, and certain future operational and growth plans and strategies. Forward-looking statements and information can, but may not always, be identified by the use of words such as “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “would”, “should”, “believe”, “objective”, “ongoing” and similar references to future periods or the negatives of these words and expressions. These statements and information, other than statements of historical fact, are based on management’s current expectations and are subject to a number of risks, uncertainties, and assumptions, including market and economic conditions, business prospects or opportunities, future plans and strategies, projections, technological developments, anticipated events and trends and regulatory changes that affect us, our customers and our industries. Although The Stars Group and management believe the expectations reflected in such forward-looking statements and information are reasonable and are based on reasonable assumptions and estimates, there can be no assurance that these assumptions or estimates are accurate or that any of these expectations will prove accurate. Forward-looking statements and information are inherently subject to significant business, regulatory, economic and competitive risks, uncertainties and contingencies that could cause actual events to differ materially from those expressed or implied in such statements. Specific risks and uncertainties include, but are not limited to: the heavily regulated industry in which The Stars Group carries on business; interactive entertainment and online and mobile gaming generally; current and future laws or regulations and new interpretations of existing laws or regulations with respect to online and mobile gaming; potential changes to the gaming regulatory scheme; legal and regulatory requirements; ability to obtain, maintain and comply with all applicable and required licenses, permits and certifications to distribute and market its products and services, including difficulties or delays in the same; significant barriers to entry; competition and the competitive environment within The Stars Group’s addressable markets and industries; impact of inability to complete future acquisitions or to integrate businesses successfully; ability to develop and enhance existing products and services and new commercially viable products and services; ability to mitigate foreign exchange and currency risks; ability to mitigate tax risks and adverse tax consequences, including, without limitation, the imposition of new or additional taxes, such as value-added and point of consumption taxes, and gaming duties; risks of foreign operations generally; protection of proprietary technology and intellectual property rights; ability to recruit and retain management and other qualified personnel, including key technical, sales and marketing personnel; defects in The Stars Group’s products or services; losses due to fraudulent activities; management of growth; contract awards; potential financial opportunities in addressable markets and with respect to individual contracts; ability of technology infrastructure to meet applicable demand; systems, networks, telecommunications or service disruptions or failures or cyber-attacks; regulations and laws that may be adopted with respect to the Internet and electronic commerce and that may otherwise impact The Stars Group in the jurisdictions where it is currently doing business or intends to do business; ability to obtain additional financing on reasonable terms or at all; refinancing risks; customer and operator preferences and changes in the economy; dependency on customers’ acceptance of its products and services; consolidation within the gaming industry; litigation costs and outcomes; expansion within existing and into new markets; relationships with vendors and distributors; and natural events. Other applicable risks and uncertainties include, but are not limited to, those identified in The Stars Group’s Annual Information Form for the year ended December 31, 2016, including under the heading “Risk Factors and Uncertainties”, and in The Stars Group’s management’s discussion and analysis for the three and six months ended June 30, 2017 (the “Q2 2017 MD&A”), including under the headings “Risk Factors and Uncertainties”, “Limitations of Key Metrics and Other Data” and “Key Metrics”, each available on SEDAR at www.sedar.com, EDGAR at www.sec.gov and The Stars Group’s website at www.starsgroup.com, and in other filings that The Stars Group has made and may make with applicable securities authorities in the future. Investors are cautioned not to put undue reliance on forward-looking statements or information. Any forward-looking statement or information speaks only as of the date hereof, and The Stars Group undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.



This presentation references non-IFRS and non-U.S. GAAP financial measures, including Quarterly Net Yield (“QNY”), Adjusted EBITDA, Adjusted Cash Flow from Operations, Unlevered Free Cash Flow, Free Cash Flow, Adjusted Net Earnings, Adjusted Net Earnings per Diluted Share, and the foreign exchange impact on revenues (i.e., constant currency). The Stars Group believes these non-IFRS and non-U.S. GAAP financial measures will provide investors with useful supplemental information about the financial performance of its business, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating its business. Although management believes these financial measures are important in evaluating The Stars Group, they are not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with IFRS or U.S. GAAP. They are not recognized measures under IFRS or U.S. GAAP and do not have standardized meanings prescribed by IFRS or U.S. GAAP. These measures may be different from non-IFRS and non-U.S. GAAP financial measures used by other companies, limiting its usefulness for comparison purposes. Moreover, presentation of certain of these measures is provided for year-over-year comparison purposes, and investors should be cautioned that the effect of the adjustments thereto provided herein have an actual effect on The Stars Group’s operating results. In addition to QNY, which is defined below under “Key Metrics and Other Data”, The Stars Group uses the following non-IFRS and non-U.S. GAAP measures in this presentation:

Adjusted EBITDA means net earnings (loss) before interest and financing costs, income taxes, depreciation and amortization, stock-based compensation, restructuring and certain other items.

Adjusted Cash Flow from Operations means net cash inflows from operating activities net of customer deposit liability movements.

Unlevered Free Cash Flow means Adjusted Cash Flow from Operations less capital expenditures from continuing operations and is presented in the Appendix.

Free Cash Flow means Unlevered Free Cash Flow less interest expense and required principal repayments for the acquisition of Stars Interactive (formerly, Rational Group) in August 2014, and is presented in the Appendix.

Reconciliations of Adjusted EBITDA, Adjusted Cash Flow from Operations, Unlevered Free Cash Flow, Free Cash Flow, Adjusted Net Earnings, Adjusted Net Earnings per Diluted Share, and the numerator of QNY to the nearest IFRS measures are provided in the Appendix.

Adjusted Net Earnings means net earnings (loss) before interest accretion, amortization of intangible assets resulting from purchase price allocation following acquisitions, deferred income taxes, stock-based compensation, restructuring, foreign exchange, and certain other items. Adjusted Net Earnings per Diluted Share means Adjusted Net Earnings divided by Diluted Shares. Diluted Shares means the weighted average number of common shares on a fully diluted basis, including options, other equity-based awards, warrants and convertible preferred shares. The effects of anti-dilutive potential common shares are ignored in calculating Diluted Shares. See note 5 to the Q2 2017 Financial Statements. For the three and six months ended June 30, 2017, Diluted Shares equaled 203,467,303 and 201,969,186 respectively. For the purposes of the full year 2017 financial guidance provided in this presentation, Diluted Shares now equals between 203,000,000 and 205,000,000 for the high and low ends of the Adjusted Net Earnings per Diluted Share range, respectively.



To calculate revenue on a constant currency basis, The Stars Group translated revenue for applicable period ended June 30, 2017 using the prior year's monthly exchange rates for its local currencies other than the U.S. dollar, which The Stars Group believes is a useful metric that facilitates comparison to its historical performance.

The Stars Group has not provided a reconciliation of the non-IFRS measures to the nearest IFRS measures included in its full year 2017 financial guidance provided in this presentation, including Adjusted EBITDA, Adjusted Net Earnings and Adjusted Net Earnings per Diluted Share, because certain reconciling items necessary to accurately project such IFRS measures, particularly net earnings (loss), cannot be reasonably projected due to a number of factors, including variability from potential foreign exchange fluctuations impacting financial expenses, and the nature of other non-recurring or one-time costs (which are excluded from non-IFRS measures but included in net earnings (loss)), as well as the typical variability arising from the audit of annual financial statements, including, without limitation, certain income tax provision accounting, and related accounting matters.

For additional information on The Stars Group's non-IFRS measures, see the Q2 2017 MD&A, including under the headings "Management's Discussion and Analysis" and "Selected Financial Information—Other Financial Information".

Key Metrics and Other Data

As disclosed in the Q2 2017 MD&A under the heading “Key Metrics”, following continued review and assessment of its key metrics, management has determined that the prior definition of Quarterly Real-Money Active Uniques (“QAUs”) required further adjustment to remove those customers who were active during the applicable quarterly period by taking advantage of certain customer acquisition promotional incentives, but had not yet made a deposit or transferred funds into their real-money accounts with The Stars Group for further gameplay, and to clarify the inclusions in and exclusions from the definition, particularly relating to free play, bonuses and promotions. As a result, The Stars Group now defines QAUs as active unique customers (online, mobile and desktop client) who (i) made a deposit or transferred funds into their real-money account with The Stars Group at any time, and (ii) generated real-money rake or placed a real-money bet or wager on or through one of its real-money online poker, casino or sportsbook offerings during the applicable quarterly period. The Stars Group defines unique as a customer who played at least once on one of its real-money offerings during the period, and excludes duplicate counting, even if that customer is active across multiple verticals (e.g., both poker and casino). For further clarity, the definition of QAUs excludes customer activity from certain low-stakes, non-raked real-money poker games, but includes real-money activity by customers using funds (cash and cash equivalents) deposited by The Stars Group into such customers’ previously funded accounts as promotions to increase their lifetime value.

The Stars Group continues to define QNY as combined real-money online gaming and related revenue (excluding certain other revenues, such as revenues from play-money offerings, live events and branded poker rooms) for its two business lines (i.e., real-money online poker and real-money online casino and sportsbook) as reported during the applicable quarterly period (or as adjusted to the extent any accounting reallocations are made in later periods) divided by the total QAUs during the same period. The Stars Group provides QNY on a U.S. dollar and constant currency basis. QNY is a non-IFRS measure.

QAUs and QNY (as QAUs serve as the denominator for QNY) for each applicable quarterly period since the fourth quarter of 2014 have been re-calculated as of the result of the adjustments noted above and are provided in the Q2 2017 MD&A under the heading “Key Metrics”.

The Stars Group defines Customer Registrations as the cumulative number of online real-money and play-money customer registrations on The Stars Group’s brands.

For additional information on The Stars Group’s key metrics and other data, see the Q2 2017 MD&A, including under the headings “Limitations on Key Metrics and Other Data” and “Key Metrics”.

Currency

Unless otherwise noted, all references to “\$”, “US\$” and “USD” are to the U.S. dollar.

- ★ Launched Stars Rewards, the industry's first true cross vertical loyalty program that incentivizes players based upon highly-tailored rewards that recognize the games they play and the frequency of their play across PokerStars, BetStars and PokerStars Casino
- ★ Launched a VIP management program which is already yielding positive results and greater loyalty in our online casino business
- ★ Added approximately 100 new slot games to our casino
- ★ Fully repaid our deferred payment obligation, freeing up additional cash flow
- ★ Repaid \$40 million of our second lien term loan
- ★ Signed global celebrity Kevin Hart and celebrated athlete Usain Bolt as PokerStars brand ambassadors and launched Game On campaign
- ★ Celebrated another record-breaking Spring Championship of Online Poker (SCOOP) on PokerStars, which delivered nearly \$94 million in prize money to our customers

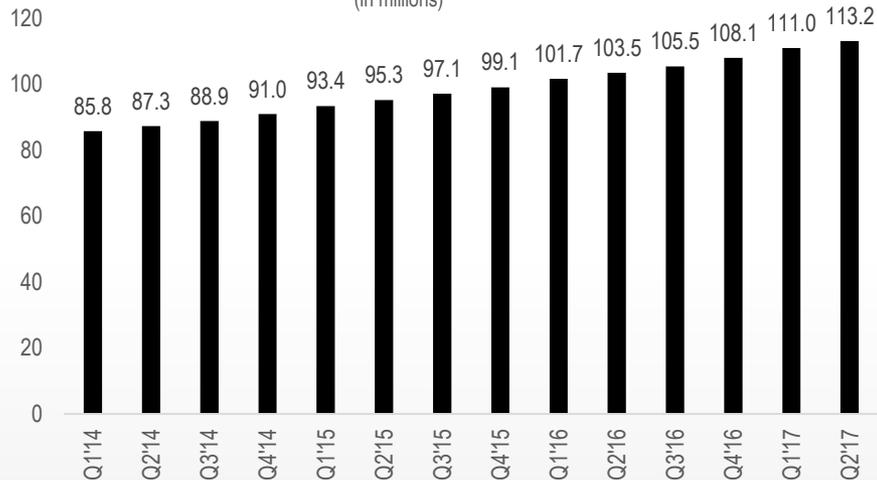


KEY METRICS



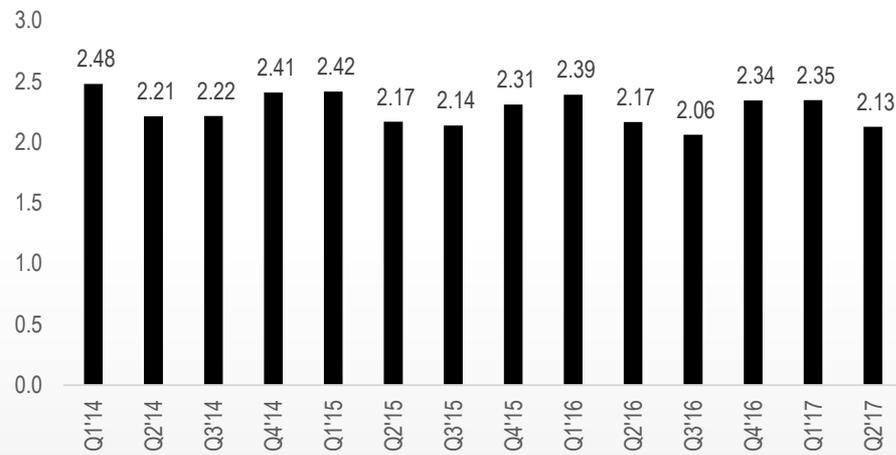
Customer Registrations

(in millions)



Quarterly Active Uniques

(in millions)



Quarterly Active Uniques by Segment

(in millions)



Quarterly Active Uniques by Segment

(in millions)



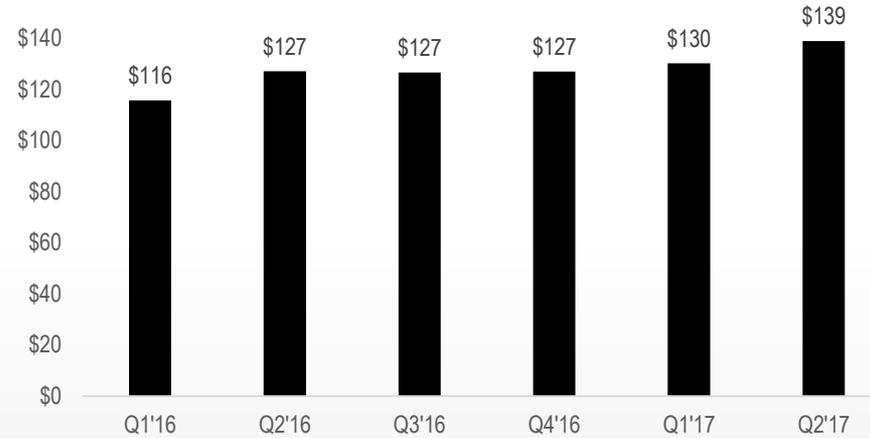
KEY METRICS (CONTINUED)



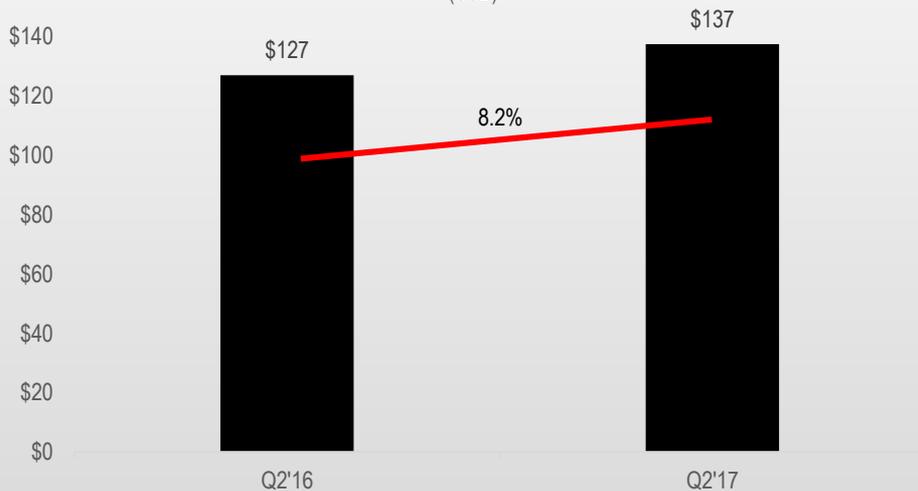
Quarterly Net Yield (USD)



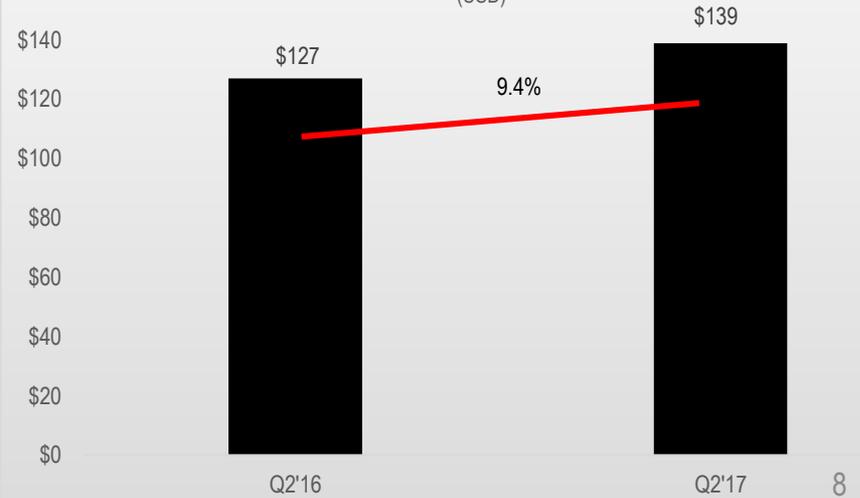
Quarterly Net Yield - Constant Currency (USD)



Quarterly Net Yield (USD)



Quarterly Net Yield - Constant Currency (USD)





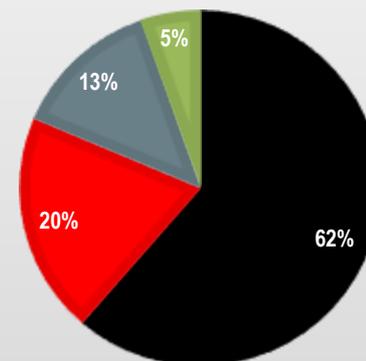
<i>(USD in millions)</i>	Q2 2017	Q2 2016	% change	H1 2017	H1 2016	% change
Total Revenue	\$305.3	\$285.8	7%	\$622.6	\$574.3	8%
Poker Revenue	\$202.9	\$215.6	(6%)	\$421.6	\$432.0	(2%)
<i>% of total</i>	66.5%	75.4%		67.7%	75.2%	
Casino & Sportsbook Revenue	\$89.6	\$59.6	50%	\$176.3	\$119.7	47%
<i>% of total</i>	29.3%	20.9%		28.3%	20.8%	
Other B2C Revenue	\$12.8	\$10.6	21%	\$24.7	\$22.6	9%
<i>% of total</i>	4.2%	3.7%		4.0%	3.9%	

The Stars Group saw revenue growth in Q2 2017

- ★ Poker revenue decline mainly due to cannibalization from casino, decline in Full Tilt, new registration regime in the Czech Republic and closure of certain small jurisdictions
- ★ Casino continued strong growth as the quality of the offerings continues to improve and additional jurisdictions were added
- ★ Sportsbook continues to be in investment mode

Q2 2017 GEOGRAPHIC REVENUE BREAKDOWN

■ European Union ■ Other Europe ■ Americas ■ Rest of World





Constant Currency

<i>(USD in millions)</i>	Q2 2017	Q2 2016	% change	H1 2017	H1 2016	% change
Total Revenue	\$308.5	\$285.8	8%	\$625.7	\$574.3	9%
Poker Revenue	\$203.5	\$215.6	(6%)	\$420.5	\$432.0	(3%)
Casino & Sportsbook Revenue	\$92.0	\$59.6	54%	\$180.3	\$119.7	51%
Other B2C Revenue	\$13.0	\$10.6	23%	\$24.9	\$22.6	10%

Note: To calculate revenue on a constant currency basis, The Stars Group translated revenue for the three and six months ended June 30, 2017 using the prior year's monthly exchange rates for its local currencies other than the U.S. dollar, which The Stars Group believes is a useful metric that facilitates comparison to its historical performance.

(USD in millions except per share data)

	Q2 2017	Q2 2016	% change	H1 2017	H1 2016	% change
Adjusted EBITDA	\$146.5	\$129.9	13%	\$297.5	\$253.3	17%
<i>% margin</i>	48.0%	45.4%		47.8%	44.1%	
Net earnings	\$70.5	\$22.5	213%	\$136.2	\$78.0	75%
Adjusted Net Earnings	\$114.0	\$89.7	27%	\$227.4	\$174.7	30%
Diluted earnings per common share	\$0.35	\$0.12	202%	\$0.67	\$0.41	32%
Adjusted Net Earnings per Diluted Share	\$0.56	\$0.46	22%	\$1.13	\$0.92	23%
Diluted Shares (m)	203.5	195.4		202.0	190.9	

	Guidance
Total Revenue (upper end of the range)	\$1,200 - \$1,260 million
Adjusted EBITDA	\$560 - \$580 million
Adjusted Net Earnings	\$413 - \$437 million
Adjusted Net Earnings per Diluted Share	\$2.01 - \$2.15

These estimates reflect management's view of current and future market and business conditions, including assumptions of

- (i) anticipated negative operating conditions in Poland primarily related to constraints on processing payments in that jurisdiction, the cessation of real-money online poker in Australia by mid-September 2017 (previously believed to be the end of June 2017), and the cessation of real-money online gaming in Colombia
- (ii) the introduction of The Stars Group's previously disclosed cross-vertical customer loyalty program
- (iii) no other material adverse regulatory events
- (iv) no material foreign currency exchange rate fluctuations, particularly against the Euro which is the primary depositing currency of The Stars Group's customers, that could impact customer purchasing power as it relates to The Stars Group's U.S. dollar denominated product offerings
- (v) a Euro to U.S. dollar exchange rate of 1.12 to 1.00 in the second half of the year
- (vi) unaudited expected results and certain accounting assumptions
- (vii) Diluted Shares equals between 203,000,000 and 205,000,000 for the high and low ends of the Adjusted Net Earnings per Diluted Share range, respectively

- ★ Continue to invest in organic growth and explore inorganic growth opportunities
- ★ Focus on the success of the Stars Rewards cross vertical loyalty program and our new VIP management program
- ★ Continue to innovate in poker with new variants and concepts
- ★ Add over 50 more new slot titles to our casino platform and continue rolling out our mobile app
- ★ Continue to improve the user experience and user interface in sportsbook and launch new mobile app
- ★ Increase marketing to drive growth in 2018 and beyond, including targeted sportsbook marketing to build the brand in markets where we have done limited advertising
- ★ Continue to maximize operational efficiencies throughout our organization



APPENDIX



INCOME STATEMENT



(\$000's)	Q2 2017	Q2 2016	H1 2017	H1 2016
Revenues	305,305	285,762	622,625	574,280
Expenses				
Selling	\$39,824	\$38,332	\$82,875	\$81,778
General and administrative	\$136,440	\$154,646	\$267,581	\$297,438
Financial	\$41,697	\$27,363	\$82,286	\$52,276
Gaming duty	\$25,654	\$27,498	\$60,187	\$56,853
Acquisition-related costs	\$0	\$15	\$0	\$199
Total expenses	\$243,615	\$247,854	\$492,929	\$488,544
Gain (loss) from investments	\$4,775	(\$13,626)	\$5,210	(\$3,961)
Earnings from associates	\$0	\$731	\$0	\$691
Net earnings before income taxes	\$66,465	\$25,013	\$134,906	\$82,466
Income taxes (recovery) expense	(\$4,018)	\$2,516	(\$1,330)	\$4,478
Net earnings	\$70,483	\$22,497	\$136,236	\$77,988
Basic earnings per Common Share	\$0.48	\$0.16	\$0.93	\$0.57
Diluted earnings per Common Share	\$0.35	\$0.12	\$0.67	\$0.41

NON-IFRS RECONCILIATIONS



<i>(\$000's except per share figures)</i>	Q2 2017	Q2 2016	H1 2017	H1 2016
Net earnings	\$70,483	\$22,497	\$136,236	\$77,988
Financial expenses	\$41,697	\$27,363	\$82,286	\$52,276
Income taxes (recovery) expense	(\$4,018)	\$2,516	(\$1,330)	\$4,478
Depreciation of property and equipment	\$2,217	\$2,033	\$4,378	\$3,990
Amortization of intangible and deferred development costs	\$34,383	\$32,267	\$67,957	\$63,593
EBITDA	\$144,762	\$86,676	\$289,527	\$202,325
Stock-based compensation	\$2,452	\$3,352	\$4,616	\$6,418
Termination of employment agreements	\$682	\$7,210	\$2,808	\$8,318
Termination of affiliate agreements	\$0	\$1,196	\$407	\$2,333
Loss on disposal of assets	\$202	\$94	\$261	\$316
(Gain) Loss from investments and earnings from associates	(\$4,775)	\$12,895	(\$5,210)	\$3,270
Acquisition-related costs	\$0	\$15	\$0	\$199
(Reversal of) Impairment on investment in associates	(\$628)	\$6,758	(\$7,312)	\$6,758
Other costs	\$3,844	\$11,695	\$12,443	\$23,388
Adjusted EBITDA	\$146,539	\$129,891	\$297,540	\$253,325
Current income tax expense	(\$80)	(\$3,599)	(\$3,402)	(\$5,472)
Depreciation and amortization (excluding amortization of purchase price allocation intangibles)	(\$5,525)	(\$4,077)	(\$10,185)	(\$7,990)
Interest (excluding interest accretion and non-refundable late payment fees related to the unpaid balance of the deferred purchase price)	(\$26,905)	(\$32,475)	(\$56,557)	(\$65,156)
Adjusted Net Earnings	\$114,029	\$89,740	\$227,396	\$174,707
Diluted Shares	203,467,303	195,404,703	201,969,186	190,878,095
Adjusted Net Earnings per Diluted Share	\$0.56	\$0.46	\$1.13	\$0.92

OTHER COSTS RECONCILIATION



<i>(\$000's)</i>	Q2 2017	Q2 2016	H1 2017	H2 2016
Non-U.S. lobbying and legal expenses	\$1,085	\$1,016	\$1,826	\$1,825
U.S. lobbying and legal expenses	\$3,513	\$3,473	\$7,492	\$6,827
Strategic review professional fees	\$0	\$1,414	\$125	\$5,136
Retention bonuses	\$615	\$1,110	\$1,230	\$2,220
Non recurring professional fees	\$842	\$2,979	\$1,504	\$4,420
AMF and other investigation professional fees	\$2,764	\$904	\$5,153	\$1,904
Austria gaming duty	(\$5,000)	\$0	(\$5,000)	\$0
Office restructuring and legacy business unit shutdown costs	\$25	\$799	\$113	\$1,056
Other costs	\$3,844	\$11,695	\$12,443	\$23,388

Adjusted Cash Flow from Operations

<i>(\$000's)</i>	Q2 2017	Q2 2016	H1 2017	H1 2016
Net cash inflows from operating activities	\$130,426	\$69,728	\$225,973	\$114,948
Customer Deposit Liability Movement	(\$9,053)	(\$37,645)	(\$25,282)	(\$78,198)
Adjusted Cash Flow from Operations	\$139,479	\$107,373	\$251,255	\$193,146

Unlevered Free Cash Flow and Free Cash Flow

<i>(\$000's)</i>	Q2 2017	Q2 2016	H1 2017	H1 2016
Net cash inflows from operating activities	\$130,426	\$69,728	\$225,973	\$114,948
Customer Deposit Liability Movement	(\$9,053)	(\$37,645)	(\$25,282)	(\$78,198)
Adjusted Cash Flow from Operations	\$139,479	\$107,373	\$251,255	\$193,146
Capex				
Additions in deferred development costs	(\$6,013)	(\$5,961)	(\$10,426)	(\$10,370)
Purchase of property and equipment	(\$1,398)	(\$1,591)	(\$2,254)	(\$2,798)
Acquired intangible assets	(\$212)	(\$2,777)	(\$919)	(\$6,049)
Total capex	(\$7,623)	(\$10,329)	(\$13,599)	(\$19,217)
Net Capex	(\$7,623)	(\$10,329)	(\$13,599)	(\$19,217)
Unlevered Free Cash Flow	\$131,856	\$97,044	\$237,656	\$173,929
Interest paid	(\$31,017)	(\$33,301)	(\$65,064)	(\$66,545)
Principal repayments	(\$5,982)	(\$6,665)	(\$12,870)	(\$11,881)
Free Cash Flow	\$94,857	\$57,078	\$159,722	\$95,503

QNY NUMERATOR RECONCILIATION



<i>(\$ in millions)</i>	Sep 30, 2015	Dec 31, 2015	Mar 31, 2016	Jun 30, 2016	Sep 30, 2016	Dec 31, 2016	Mar 31, 2017	Jun 30, 2017
Total Revenue	\$247	\$293	\$289	\$286	\$271	\$310	\$317	\$305
Corporate	(0)	(0)	(0)	(0)	0	(0)	(0)	(0)
Other B2C	(10)	(13)	(12)	(10)	(10)	(13)	(12)	(13)
Poker and Casino & Sportsbook	\$237	\$279	\$276	\$275	\$261	\$297	\$305	\$292

Common Shares/ Common Shares Equivalent

Basic Common Shares Outstanding	147,219,717
<u>Securities Convertible into Common Shares</u>	
Common Share Purchase Warrants - weighted average exercise price of C\$19.17	4,000,000
Convertible Preferred shares*	56,680,120
Stock Options** – weighted average exercise price of C\$24.48	7,909,273
Restricted Share Units	114,630
Deferred Share Units	155,555
Performance Share Units	343,758
Fully Diluted Shares Outstanding	216,423,053

* There were 1,139,249 convertible preferred shares outstanding, each with an initial principal price per preferred share of C\$1,000 and convertible, at the holder's option, initially into approximately 41.67 common shares of the Corporation based on the conversion price of C\$24 per common share, in each case, subject to dilution adjustments and including a 6% annual accretion to the conversion ratio, compounded semi-annually. Calculation included herein is based on a conversion ratio of 49.75 as of August 7, 2017.

** 3,871,275 options are exercisable with weighted average exercise price of C\$23.90