

2015 Interim Financial Results



Sportech - world leader in pool betting systems and services

20 August 2015

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Presentation Team



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Divisional Overview



Servicing	B2B	B2C	B2C
<i>Description</i>	<ul style="list-style-type: none"> • Supplier of tote equipment, services and software on-track, off-track, online and mobile • Licensed in 28 States • Racetrack, ADW, casino customers across the US: <ul style="list-style-type: none"> ▪ 44 casinos ▪ 125 racetracks ▪ 29 ADWs • Includes Bump 50:50 	<ul style="list-style-type: none"> • Exclusive operator of betting on racing in venues and online across Connecticut and the Netherlands • Winners, MyWinners and Runnerz brands • California venues planned to be launched under brand name "Striders" 	<ul style="list-style-type: none"> • Operator of pools betting predominantly through subscription and online channels • Over 300,000 customers playing a range of pool games every week
<i>Locations</i>	US (Atlanta, New Jersey), Canada, Ireland, Germany, UK	US (Connecticut, California), Netherlands	UK, operational centre in Liverpool
<i>Customers</i>	Worldwide	US (Connecticut, California), Netherlands	Predominantly UK
<i>H1 Revenues (% group)</i>	£17.2m (33.5%)	£17.0m (32.0%)	£17.2m (33.5%)

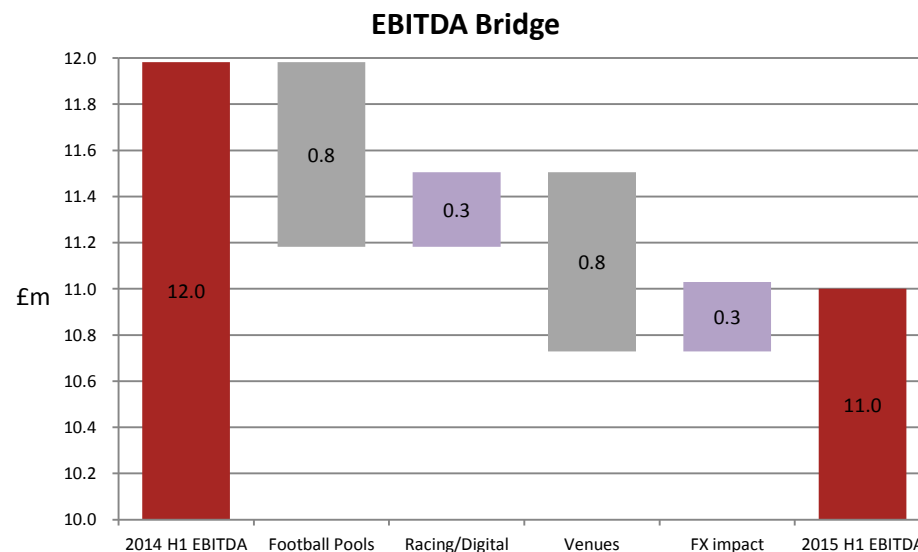


- Solid underlying performance within Racing and Digital and Football Pools with previously highlighted challenges in Venues
- Statutory profit before tax of £7.9m, debt reduced by 5% from prior year, with a further £5.1m cash received post period end from NYX
- Continuing to invest to drive innovation and technological improvements
- Strategic value realisation of online initiatives in New Jersey for £8.1m
- £97 million VAT claim at Court of Appeal on 3 November 2015
- Indicative offer to acquire the Group from Contagious Gaming Inc.

2015 Interim Financial Results



	2015 H1	Reported 2014 H1	Change
	£m	£m	£m
Revenue	51.0	52.6	(1.6)
EBITDA*	11.0	12.0	(1.0)
Depreciation and amortisation	(3.7)	(2.9)	(0.8)
Share option expense	(0.3)	(1.0)	0.7
Net bank interest	(1.6)	(1.8)	0.2
Adjusted** profit before tax	5.4	6.3	(0.9)
Taxation of adjusted profit	(1.1)	(1.4)	0.3
Adjusted** profit after tax	4.3	4.9	(0.6)
<i>Adjusted EPS - pence</i>	<i>2.1</i>	<i>2.4</i>	<i>(0.3)</i>
<i>EPS – pence</i>	<i>2.0</i>	<i>33.7</i>	<i>(31.7)</i>



* EBITDA is stated before exceptional income/(costs) and share option expense.

** Adjusted profit figures are stated before amortisation of acquired intangibles, impairment of goodwill, exceptional costs and income, share of loss after tax of joint ventures, and other finance (charges)/income.

2015 Interim Financial Results cont.



		Reported	
	2015 H1	2014 H1	Change
	£m	£m	£m
Adjusted** profit before tax	5.4	6.3	(0.9)
Exceptional income	8.1	35.1	(27.0)
Exceptional costs	(0.9)	(0.7)	(0.2)
Amortisation of acquired intangibles and impairment of goodwill	(4.3)	(3.5)	(0.8)
Other finance (charges)/income	-	(1.3)	1.3
Exceptional finance income	-	52.0	(52.0)
Share of loss after tax of joint ventures	(0.4)	(0.1)	(0.3)
Profit before tax	7.9	87.8	(79.9)
Taxation	(3.8)	(18.8)	15.0
Profit after tax	4.1	69.9	(64.6)

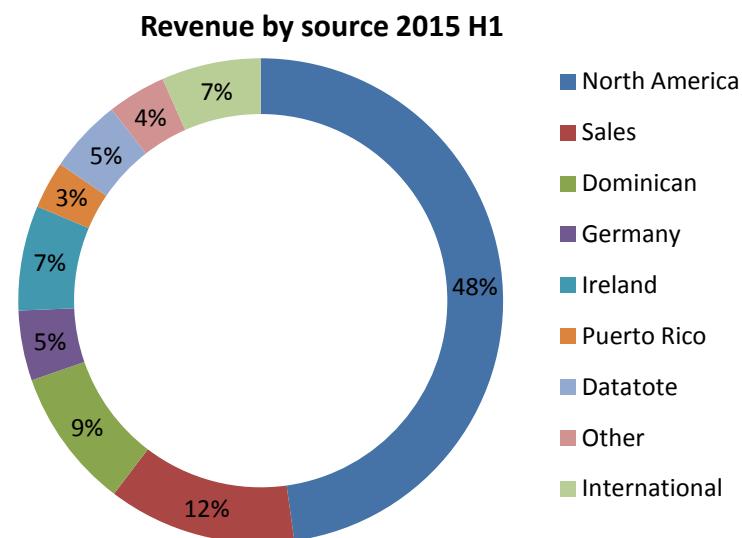
- Exceptional income in 2015 is the disposal of SNG
- Exceptional income and exceptional finance income in 2014 is the recognition of £93m VAT receipt from HMRC (Spot the Ball claim) net of accrued costs. The gain was subsequently reversed in H2 2014

** Adjusted profit figures are stated before amortisation of acquired intangibles, impairment of goodwill, exceptional costs and income, share of loss after tax of joint ventures, and other finance (charges)/income.



	2015 H1 £m	2014 H1 £m	Change £m	Reported 2014 FY £m
Tote services	13.8	14.0	(0.2)	26.6
Equipment sales	2.2	1.5	0.7	4.2
Digital	1.2	2.0	(0.8)	3.7
FX impact	-	(0.6)	0.6	-
Total revenue	17.2	16.9	0.3	34.5
Payroll	(6.7)	(6.9)	0.2	(12.7)
Other costs	(6.4)	(6.8)	0.4	(13.7)
FX impact	-	0.5	(0.5)	-
EBITDA	4.1	3.7	0.4	8.1

Note: 2014 H1 line items shown on a constant currency basis



- Tote services revenues slightly behind prior year at constant currency
- Equipment sales include £1.8m revenues from Totepool contract
- Digital revenues impacted by loss of two significant customers
- Overall costs reduced including restructuring of digital senior management

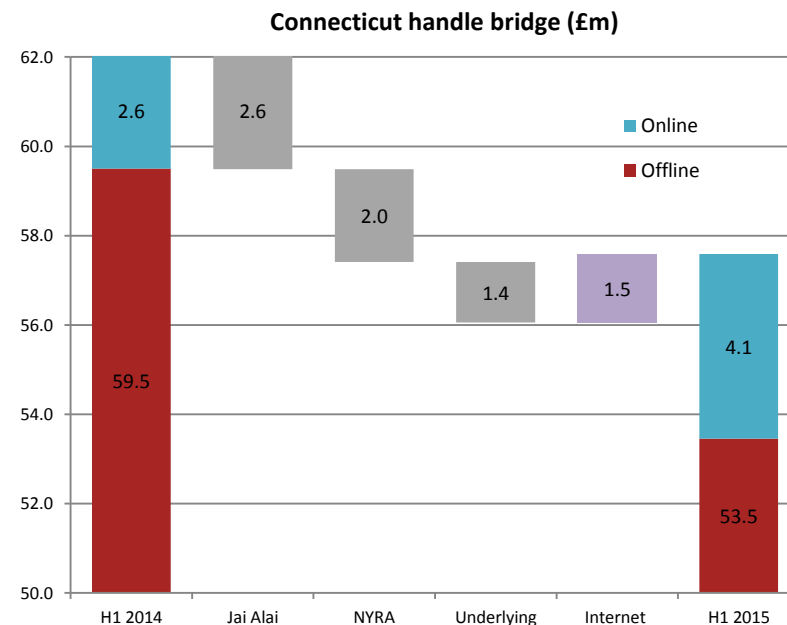
Sportech Venues



	2015 H1	% of	2014 H1	% of	Change	Reported 2014 FY	% of
	£m	handle	£m	handle	£m	£m	handle
Handle	57.6	-	62.1	-	(4.5)	108.2	-
Revenue	14.5	25.2%	15.5	24.9%	(1.0)	27.0	24.9%
Tax	(2.0)	(3.5%)	(2.2)	(3.5%)	0.2	(3.8)	(3.5%)
Track/Tote/Interface fees	(4.2)	(7.3%)	(4.4)	(7.1%)	0.2	(7.6)	(7.0%)
Margin	8.3	14.4%	8.9	14.3%	(0.6)	15.6	14.4%
Payroll	(2.5)	(4.3%)	(2.7)	(4.3%)	0.2	(4.9)	(4.5%)
Facility costs	(1.9)	(3.3%)	(1.9)	(3.1%)	-	(3.5)	(3.2%)
Other costs	(2.6)	(4.5%)	(2.1)	(3.4%)	(0.5)	(4.2)	(3.9%)
FX impact	-	-	(0.2)	(0.3%)	0.2	-	-
Connecticut EBITDA	1.3	2.3%	2.0	3.2%	(0.7)	3.0	2.8%
Other EBITDA	0.1	-	-	-	0.1	0.2	-
Total Venues EBITDA	1.4	-	2.0	-	(0.6)	3.2	-

Note: 2014 H1 line items shown on a constant currency basis

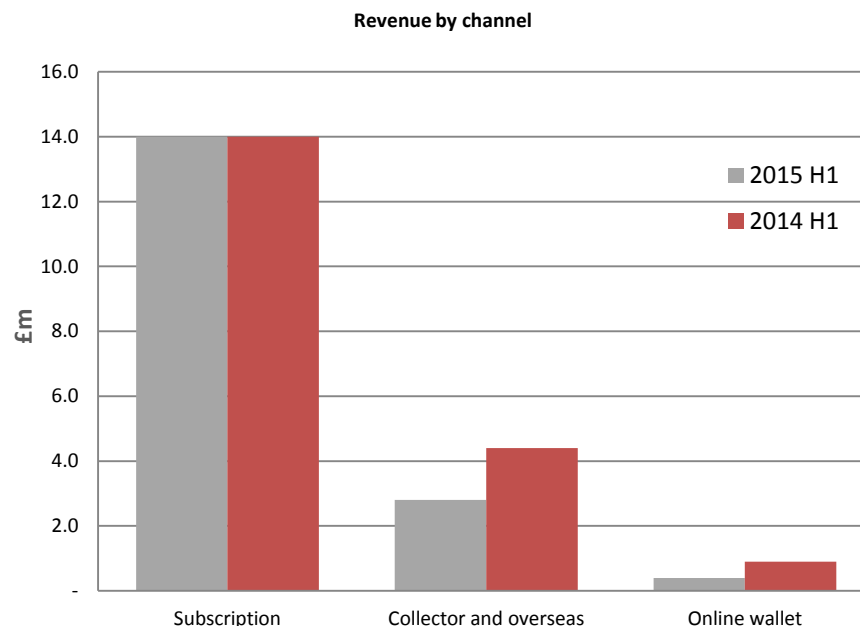
- Handle decline due to New York racetrack cancellations and temporary Jai Alai venue closure
- Internet handle up 59% to £4.1m (2014: £2.6m)
- F&B revenues at BV's sports bar of £0.7m with EBITDA break-even
- Close focus on all operational costs including payroll
- Other costs increase due to allocation of new central digital team costs and loyalty scheme spend



The Football Pools



	2015 H1	2014 H1	Change	2014 FY
	£m	£m	£m	£m
Revenue				
Subscription	14.0	14.0	-	28.1
Collector and overseas	2.8	4.4	(1.6)	8.3
Wallet	0.4	0.9	(0.5)	1.6
Total revenue	17.2	19.3	(2.1)	38.0
Contribution				
Subscription	12.0	12.0	-	23.9
Collector and overseas	1.7	2.7	(1.0)	5.2
Wallet	0.3	0.6	(0.3)	1.1
Total contribution	14.0	15.3	(1.3)	30.2
Overheads:				
- Staff costs	(2.5)	(2.7)	0.2	(5.5)
- Marketing	(1.1)	(1.2)	0.1	(2.2)
- Entry printing	(0.5)	(0.5)	-	(1.0)
- Other overheads	(2.5)	(2.7)	0.2	(4.9)
EBITDA	7.4	8.2	(0.8)	16.6



- Subscription revenues stabilised
- Collector revenues showing expected decline – accelerated by 2014 closures
- Wallet revenues decrease driven by loss of VIP pools players and impact of platform migration
- Tight cost control driving staff cost and overhead savings

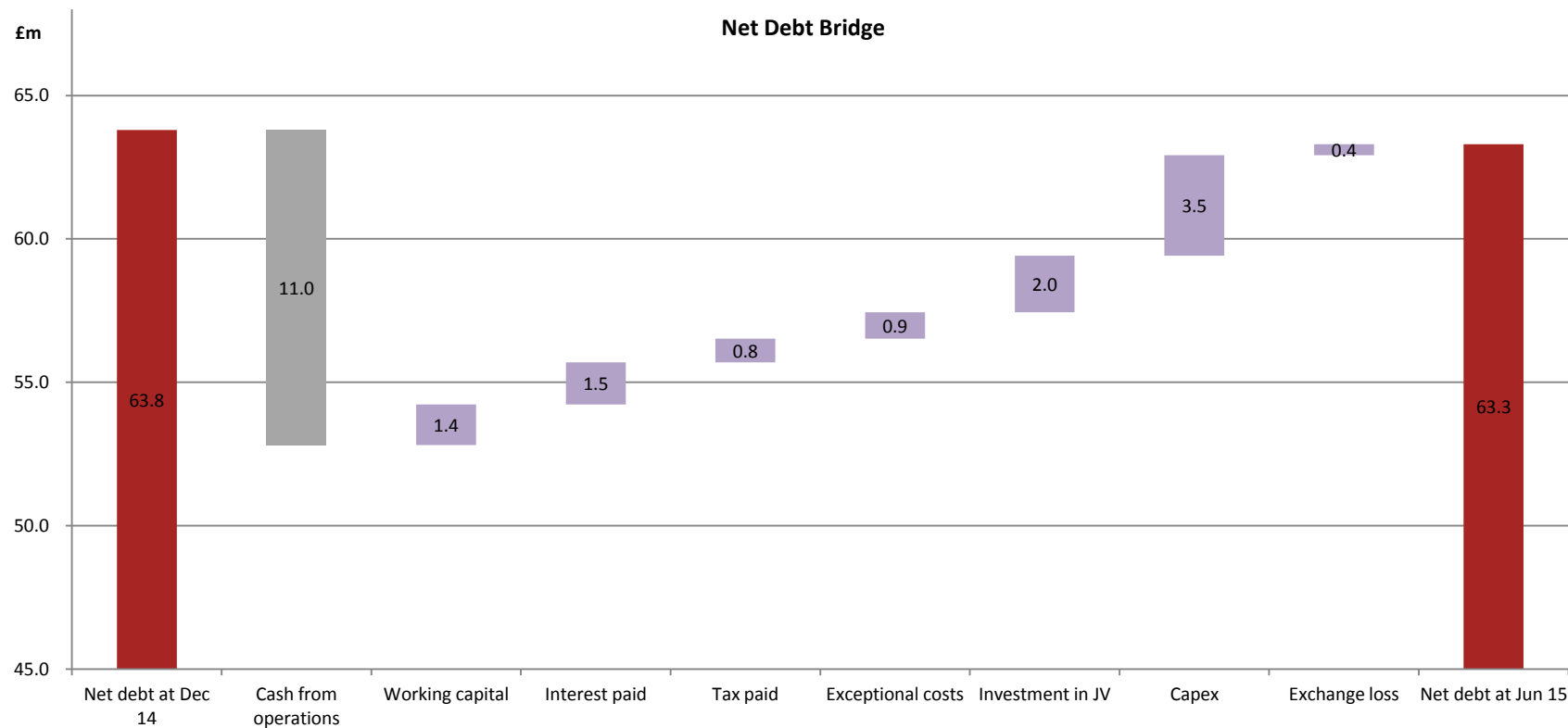
Capital Expenditure



H1	2015	2014	Change
	£m	£m	£m
Sportech Racing and Digital	1.8	2.7	(0.9)
Sportech Venues	0.4	1.1	(0.7)
Football Pools	1.3	1.6	(0.3)
	3.5	5.4	(1.9)

- Racing and Digital includes £0.4m investment in Digital Link/G4 online development
- Football Pools includes ongoing systems modernisation and online website development
- Expected 2015 capital expenditure of c£7.5m for full year

Cash Flow Summary



- Net Debt/EBITDA leverage covenant for testing purposes is 2.76x at 30 June
- £5.1m from the sale of SNG Interactive received in two tranches in the second half

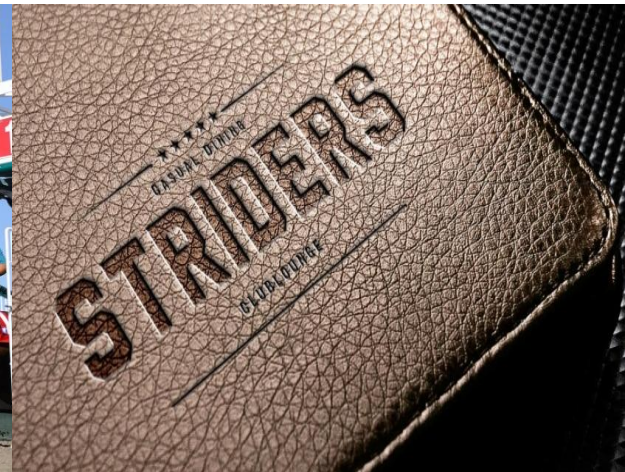


- Spot the Ball VAT claim value now at £97m
- The Group won the case at the First-tier Tribunal in March 2013
- HMRC paid Sportech £93m in June 2014
- Upper Tier Tribunal ruled in favour of HMRC in September 2014
- Repaid £93m to HMRC in November 2014
- Sportech granted permission to appeal to the Court of Appeal with the hearing set for 3 November 2015

Chief Executive's Review



“Strategically we are using our internationally regulated racing and football pools businesses to develop the Group into a broader based gaming and technology operator”





Betfred sale

- Totepool (UK Tote) – First phase installation of Quantum Tote System™ into Betfred successfully completed for Royal Ascot.
- Important sale to a globally recognised market-leader

Contract updates/other sales

- Hawthorne racetrack, Chicago - launch of on-course Digital Link™ mobile technology and G4 internet betting site
- Additional new contracts across the US, Spain and Peru

TOTEPOOL





Disposal of share in online interests in New Jersey (SNG Interactive)

Rationale

- Proceeds from the disposal are being redeployed in more immediate revenue generating activities
- Pace of US online regulation slower than expected. The only significant state to regulate online gaming to date being New Jersey
- Ongoing interest in US online gaming market through shareholding in NYX
- The Group is not restricted from re-entering the market in future

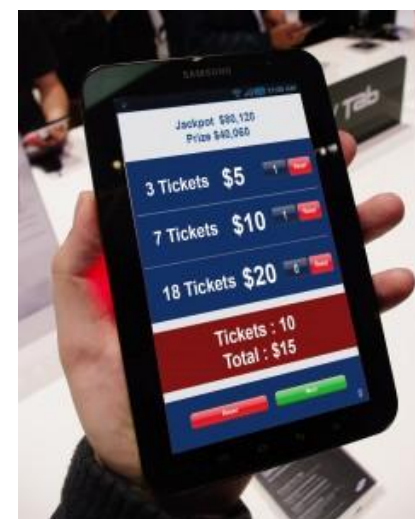
Terms of Disposal

- Sale of share in joint venture for consideration of £10.9m generating a profit of £8.1m
- Consideration of £5.1m cash; £4.7m NYX shares; £1.1m contingent consideration



Bump - growing customer base

- Loss making business acquired in 2014 expected to deliver improved results in 2015, following growth since acquisition
- Competitive advantage held due to market-leading technology and operational strengths
- Increasing number of relationships with professional sports teams. New customers recruited in H1 2015 include:
 - The Winnipeg Jets
 - The Montreal Impact
 - The Quebec Remparts
 - The Canadian Formula 1 Grand Prix
- Chicago Blackhawks - the highest grossing raffle programme in the United States



Sportech Venues - Strategy in Connecticut

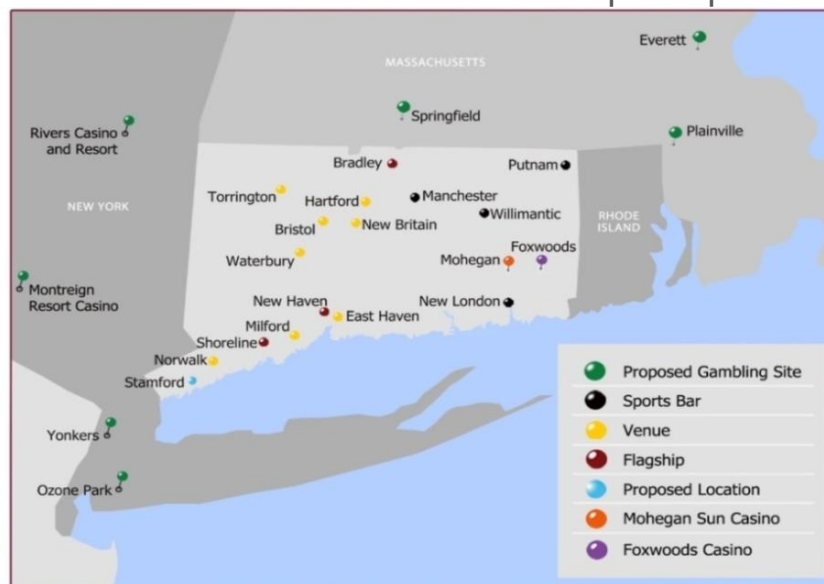


Current Position

- Betting only legal on horseracing, greyhound racing and Jai Alai
- 15 venues and telephone betting
- Internet betting – in its infancy

Future Potential

- Expansion to at least 18 venues, online and mobile, telephone betting
- Wagering on all sports as regulation permits
- Working closely with Regulators
- Potential to participate in slots initiative



Strategy unpinned by exclusive in perpetuity licence to operate in the State



Key operational matters

- Business impacted by extreme weather and closure of the Jai Alai venue in 2015 (planned to reopen for 2016)
- Benefits of online investment evident in 59% growth in handle
- All plans and permits in place to extend the estate in Stamford
- Momentum building in the slots debate in Connecticut
- Remains a strong opportunity for us

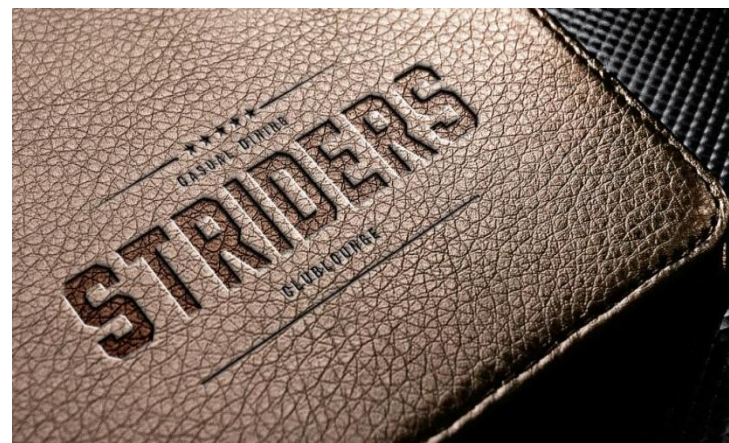


Sportech Venues - Expansion



San Diego, California

- The first of our sports bar, restaurant and betting venues under our California licence.
- Venue opening November 2015 at a total cost of \$3m
- Being developed as part of a joint venture with local entrepreneurs, Silky Sullivan's Group
- 8,200 sq. ft venue across 2 floors with 2 outside patios, located opposite Convention Centre and near Padres ballpark
- The sole betting venue permitted within the city



The Football Pools



Key operational matters

- Core subscription business achieved revenue stability, through increased spend per head offsetting small customer number reduction
- 11,000 new players acquired, 55% via digital channels
- Business modernisation plan on track
- Collector channel profitability reduced to nearly break-even

Football Pools Classic Pools only	Customer Numbers			Weekly revenue per customer		
	Jun 2015	Jun 2014	Dec 2014	H1 2015	H1 2014	FY 2014
	000s	000s	000s	£	£	£
Subscription	226	237	240	2.99	2.83	2.88
Collector	35	58	43	2.53	2.52	2.54
Overseas	2	3	3	3.02	2.83	2.97
Total/weighted average	263	298	286	2.81	2.76	2.81





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- We are confident in the underlying strength and strategic direction of the business
 - Value of strategic US assets illustrated by the significant return generated from the sale of our online New Jersey start up business
 - Received an indicative offer to acquire the Group from Contagious Gaming Inc.
 - Exploring all options to deliver strategic value for our shareholders

Further important legal notices

No profit forecasts

No statement in this presentation is intended as a profit forecast and no statement in this presentation should be interpreted to mean that earnings per Sportech share for any period would necessarily match or exceed the historical published earnings per Sportech share.

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Appendix - Sportech Key Facts



- Specialises in pool betting products, systems and services
- Currently processes \$13bn (£8.5bn) bets annually – including half of all horseracing bets in the US
- Is licensed in 28 US States, with customers in over 30 States*
- Has customers in over 30 countries across 6 continents worldwide including:

Continent	Where are Sportech's customers?
Europe	UK, Channel Islands, Ireland, Spain, Netherlands, Denmark, Finland, Cyprus, Malta, Germany, Austria, Sweden, France, Turkey
North America	USA, Canada, Mexico, Dominican Republic, Panama, Puerto Rica, St.Kitts, Barbados, Trinidad, United States Virgin Islands
South America	Peru, Chile, Argentina
Asia	South Korea, India
Africa	Mauritius, South Africa
Oceania	Australia

* We can operate legally in some States that do not require us to hold a licence