

# PointsBet

## FY2019 Results presentation

29 August 2019



**POINTS**BET

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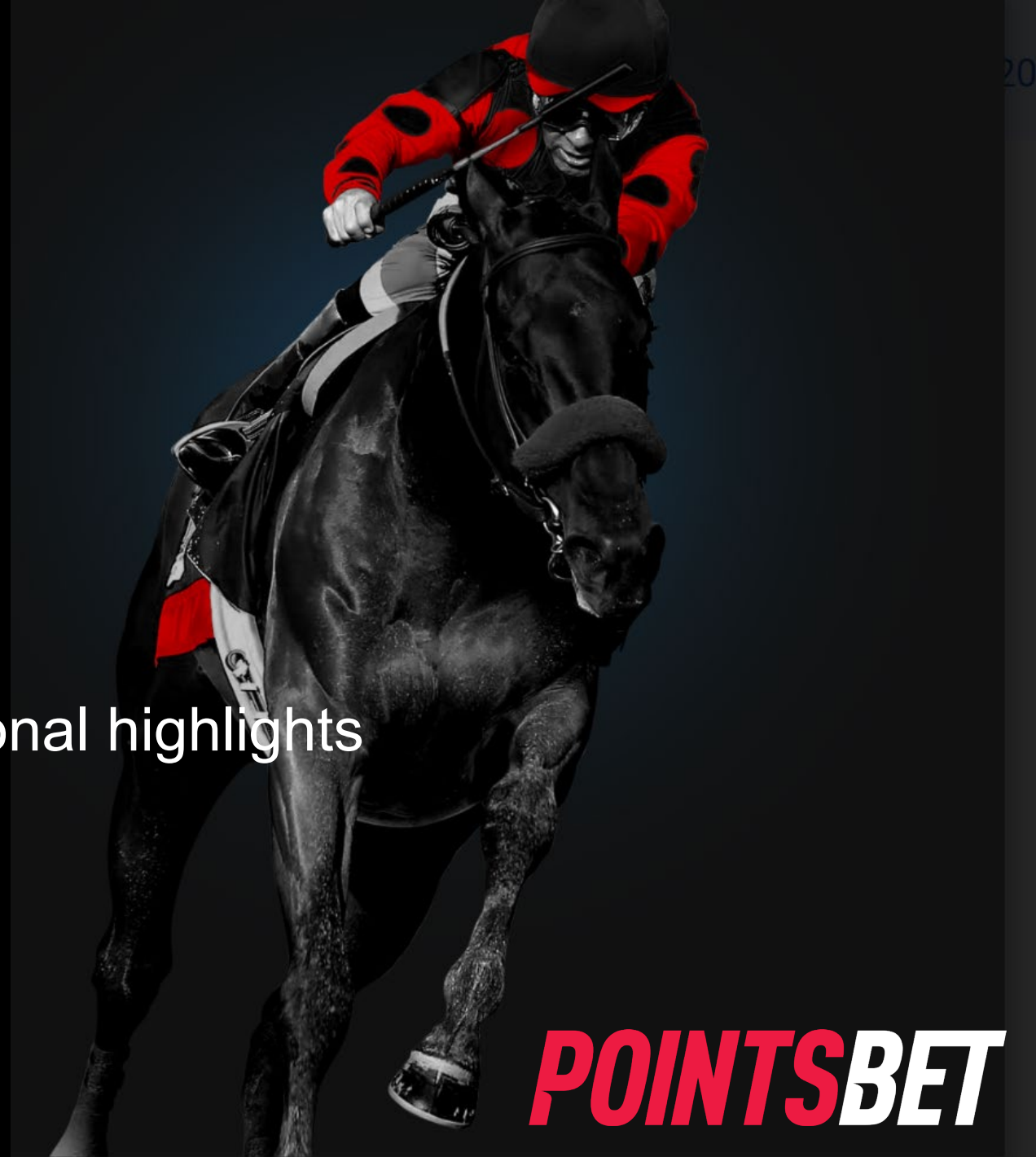
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# Agenda

- Introduction
- FY 2019 Financial and Operational highlights
- Business Update
- Q & A



# FY19 Highlights

## **STRONG FINANCIAL PERFORMANCE**

- Registered Clients: ▲ **254% yoy**
- Betting Turnover: ▲ **244% yoy**
- Net Win: ▲ **174% yoy**

## **EXPANDING US ACCESS**

- Signed transformational multi-State deal with Penn National Gaming in August
- PointsBet now has access to 10 US states<sup>(1)</sup>

## **BUILDING A LEADING TEAM**

- Continued strategic hiring across business to support growth

## **HIGH BETTING VOLUME TO FINISH THE YEAR**

- More than one million bets accepted in each of April, May and June

## **SUCCESSFUL IPO**

- Successfully raised \$75m on ASX

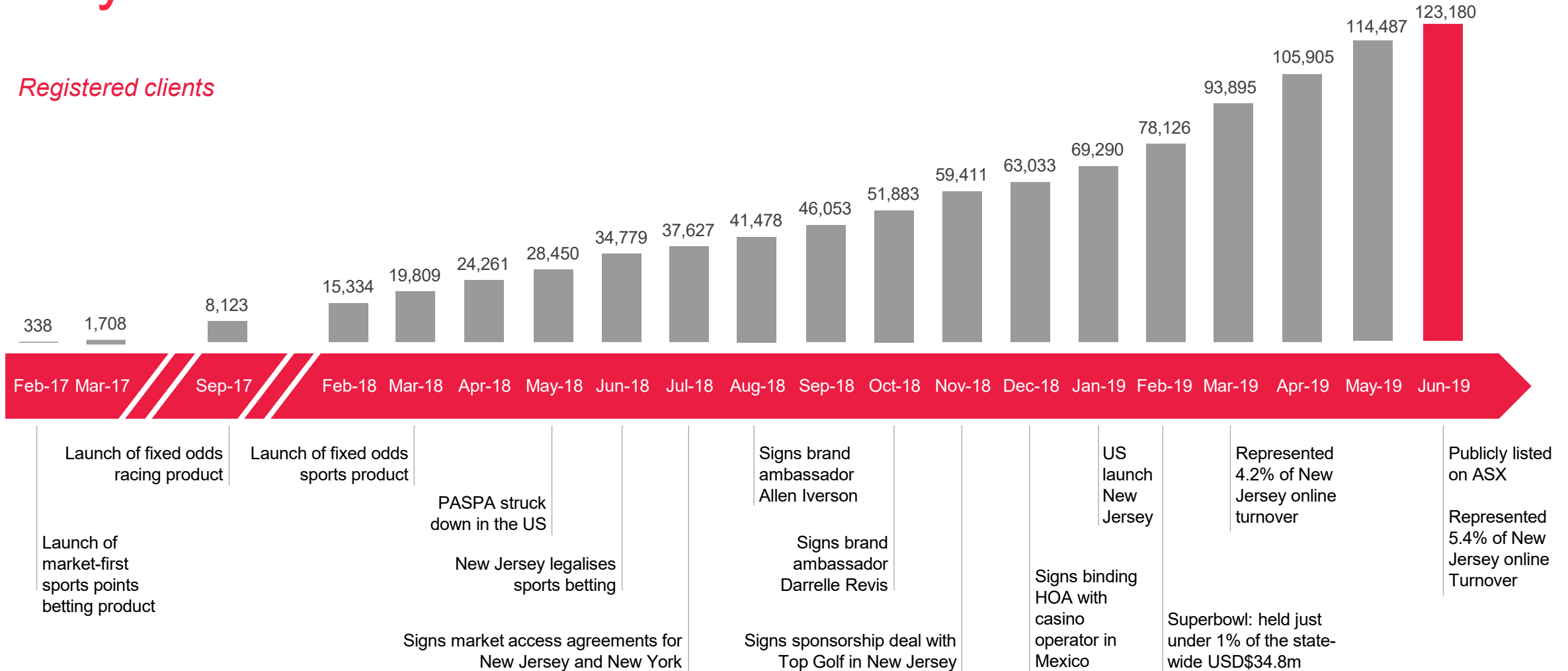
## **EXPANDING US MARKET SHARE**

- New Jersey online turnover market share of 5.4% in June 2019 (from 2.2% market share in February 2019)

Note: (1) Including a second skin agreement in New York

# Key milestones

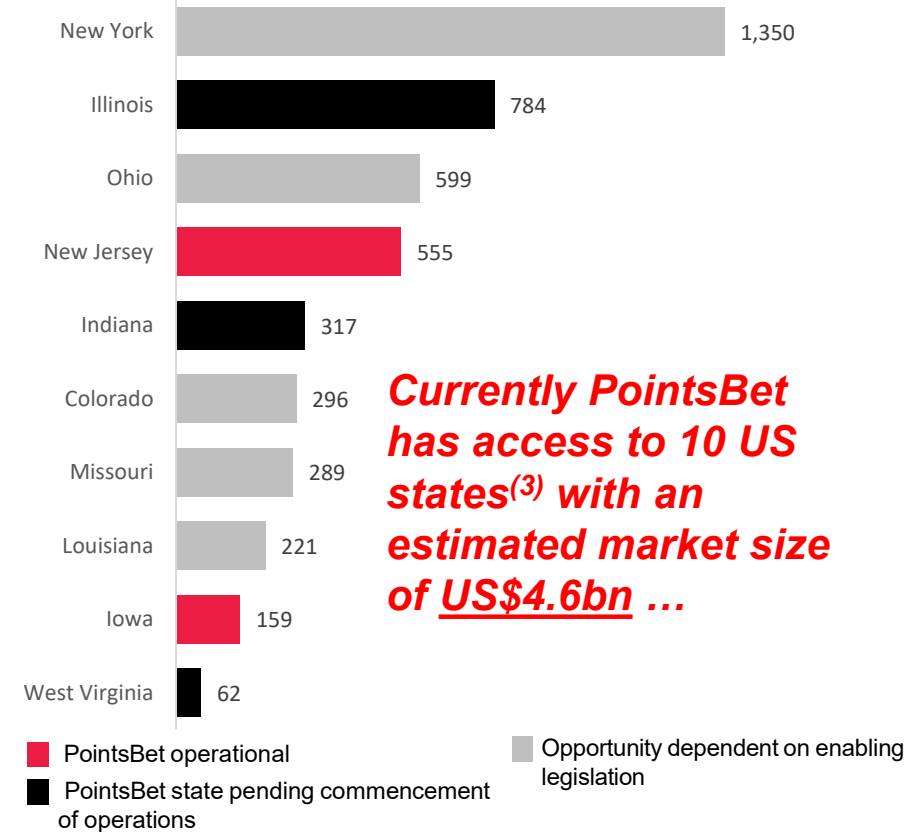
## Registered clients



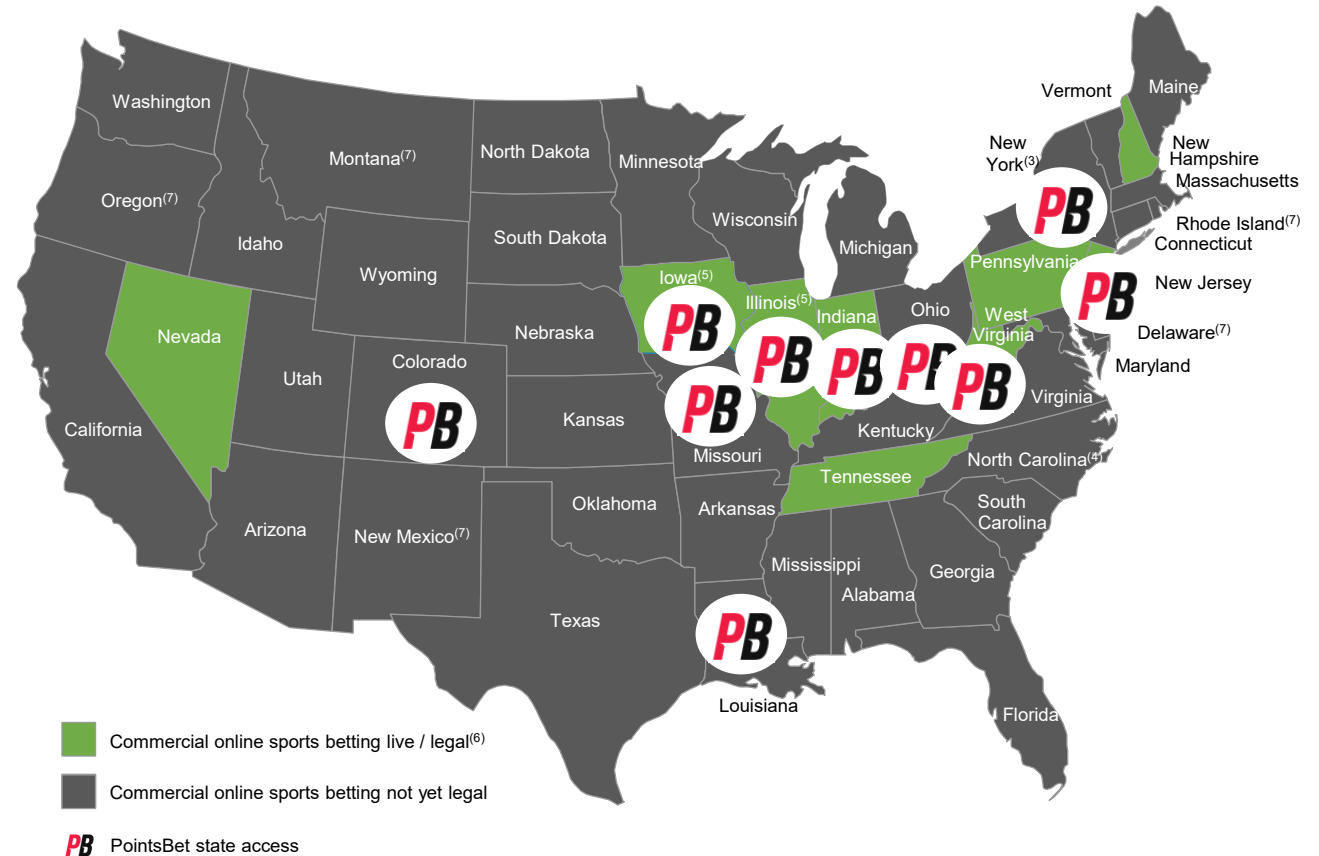
# Well positioned to take advantage of US opportunity

## PointsBet US access – Estimated market size in FY23<sup>(1)(2)</sup>:

Estimated total revenue in US\$ millions



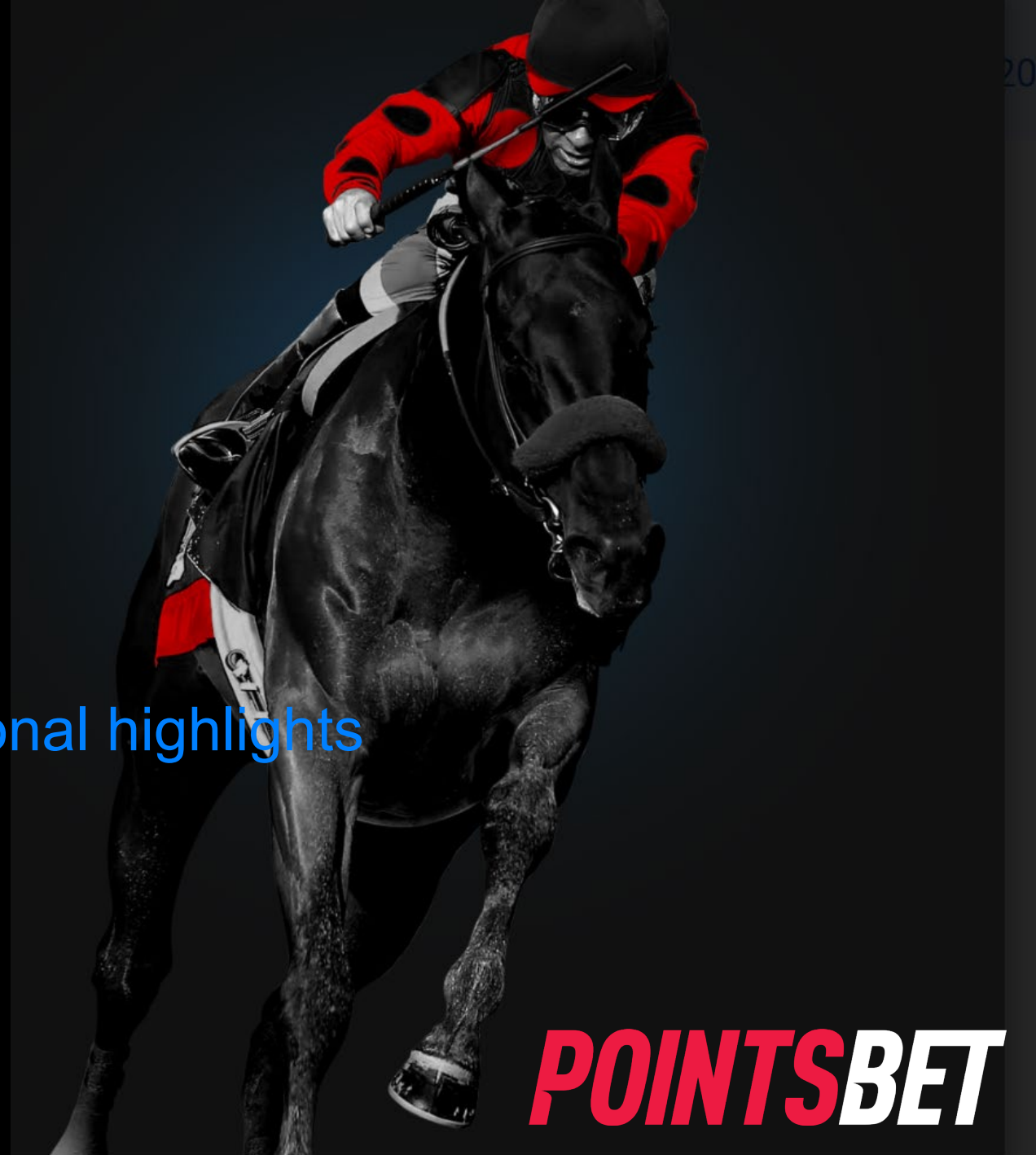
## US online sports betting legalisation<sup>(4)</sup>:



Notes: (1) Eilers & Krejcik Gaming Report, Legal Sports Betting: Defining The U.S. Opportunity (April 2019); (2) Market size estimate assumes land-based and online play are authorised – of these ten states, online access has been legalised in New Jersey, Illinois, Indiana, Iowa and West Virginia; (3) Second skin agreement in New York, subject to enabling legislation; (4) As per Legal Sports Report as at 25 June 2019, <https://www.legalsportsreport.com/>; (5) Requires in person registration for the first 18 months; (6) For the avoidance of doubt, these states have live (or have legalised) commercial sports wagering operations. This excludes states which operate online sports wagering via the state lottery or via tribal operations; (7) Lottery or tribal operator.

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# FY19 Highlights

## Normalised results

A\$m	FY19	FY18	Growth (%)
Revenue	25.6	9.4	173%
EBITDA	(32.7)	(6.1)	nmf
<i>Australia Trading</i>	<i>(10.2)</i>		
<i>USA</i>	<i>(19.5)</i>		
<i>Technology</i>	<i>(2.0)</i>		
<i>Corporate</i>	<i>(1.0)</i>		
Loss for the year	(34.4)	(6.5)	nmf
Basic Earnings per Share (cps)	(59.1)	(15.1)	

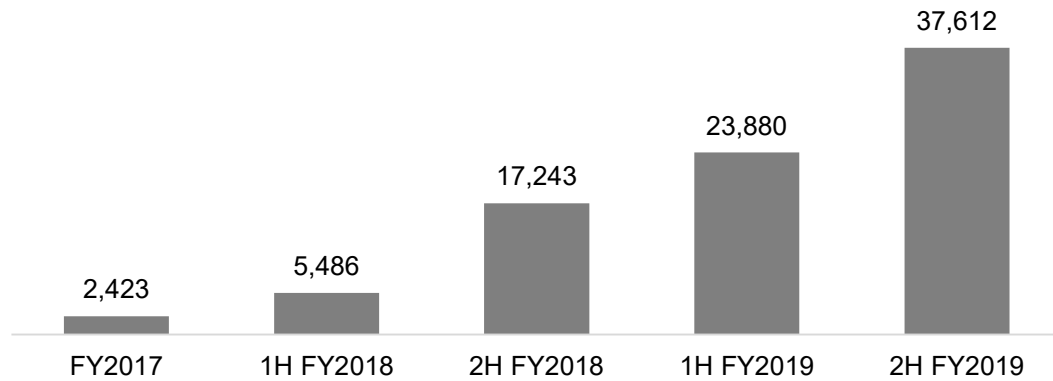
## Statutory results

A\$m	FY19	FY18	Growth (%)
Revenue	25.6	9.4	173%
EBITDA	(37.2)	(6.3)	nmf
Loss for the year	(41.9)	(6.7)	nmf
Basic Earnings per Share (cps)	(72.1)	(15.6)	

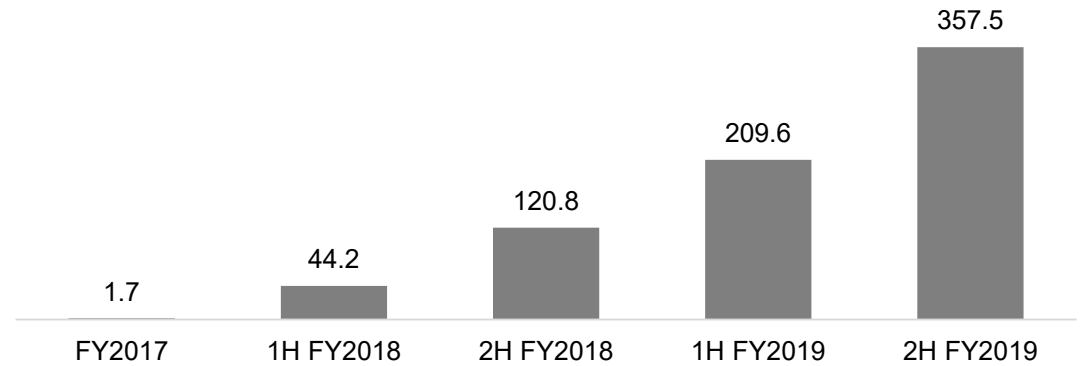


# FY19 Highlights *cont'd*

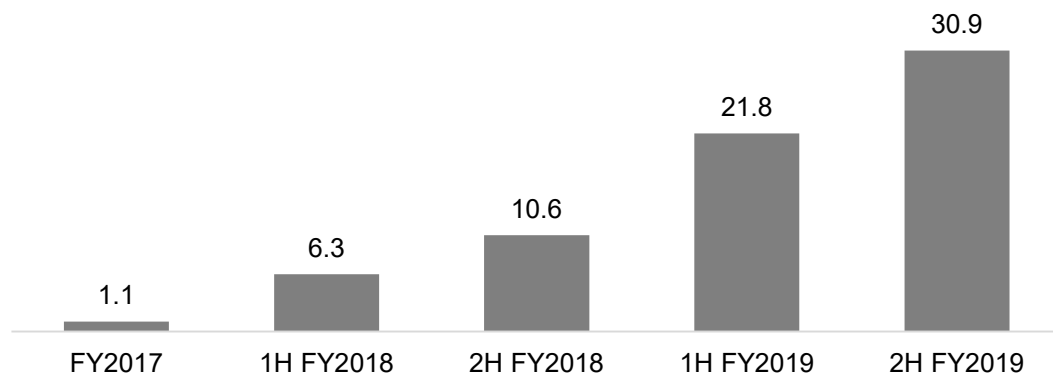
## First time bettors (#)



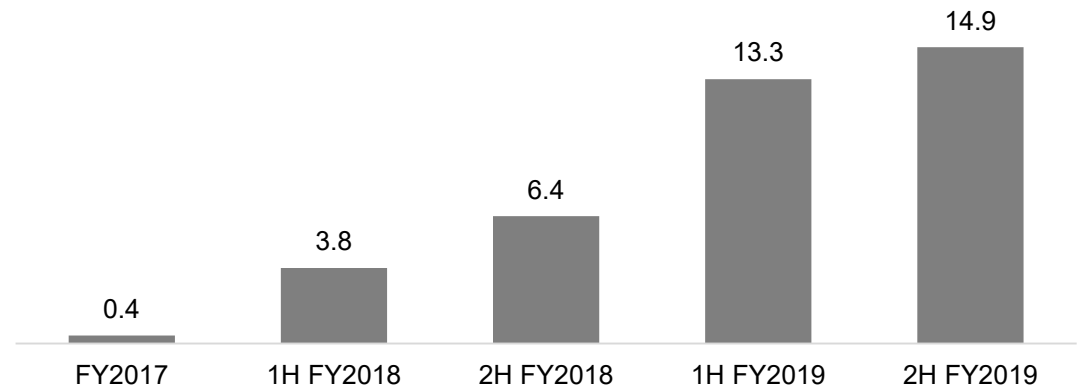
## Turnover (A\$m)



## Gross Win (A\$m)

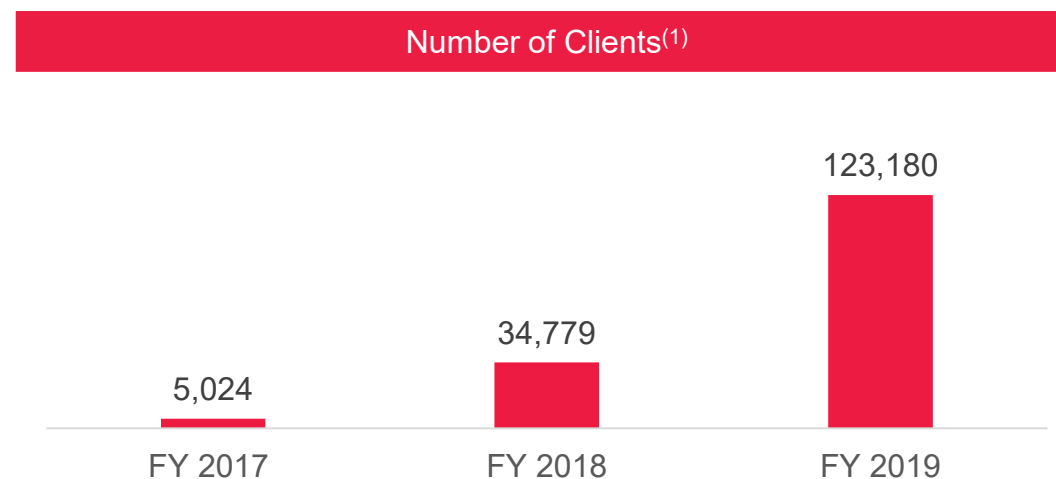
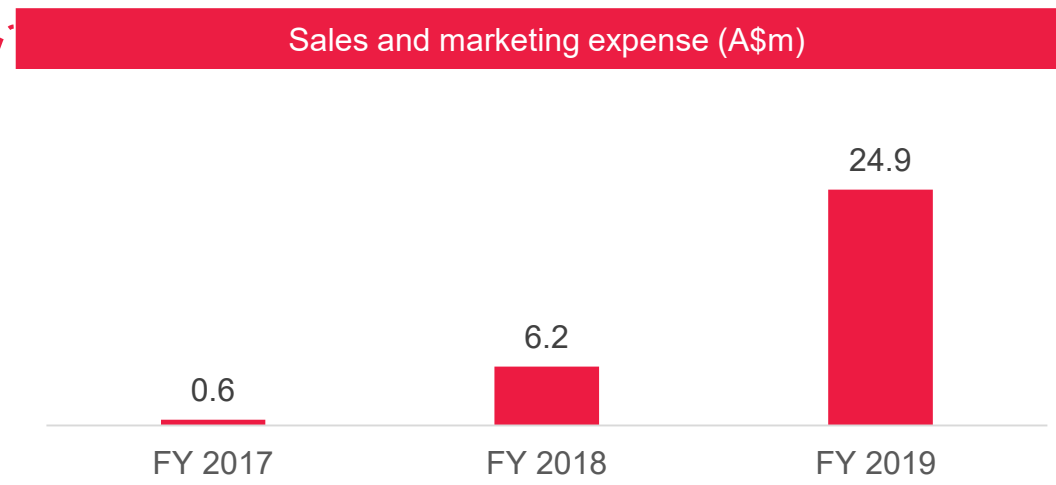


## Net Win (A\$m)



# Group results breakdown - normalised

All amounts in A\$m	FY 2019	FY 2018
<b>Continuing operations</b>		
Revenue	25.6	9.4
Cost of sales	(14.8)	(4.3)
<b>Gross profit</b>	<b>10.9</b>	<b>5.1</b>
Other income	0.5	0.4
<b>Expenses</b>		
Marketing expenses	(24.9)	(6.2)
Employee benefits expenses	(14.1)	(4.2)
Administration and other expenses (2)	(5.0)	(1.2)
<b>Total Operating Expenses</b>	<b>(44.0)</b>	<b>(11.6)</b>
<b>Normalised EBITDA</b>	<b>(32.7)</b>	<b>(6.1)</b>



Note: (1) Number of Clients at the end of the respective period. (2) Includes Product and Technology Expense.

# Group results - normalised

<i>All amounts in A\$m</i>	Normalised	
	FY2019	FY2018
Net revenue	25.6	9.4
Cost of sales	(14.8)	(4.3)
<b>Gross profit</b>	<b>10.9</b>	<b>5.1</b>
Other income <sup>(1)</sup>	0.5	0.4
Sales and marketing expense	(24.9)	(6.2)
Employee benefits expense	(14.1)	(4.2)
Product and technology expense	(1.9)	(0.3)
Administrative and other expenses	(3.1)	(0.9)
<b>Total Operating Expenses</b>	<b>(44.0)</b>	<b>(11.6)</b>
<b>EBITDA</b>	<b>(32.7)</b>	<b>(6.1)</b>
Depreciation and amortisation expense	(1.8)	(0.4)
<b>EBIT</b>	<b>(34.5)</b>	<b>(6.5)</b>
Finance income / (expense)	0.1	0.0
<b>Loss before income tax</b>	<b>(34.4)</b>	<b>(6.5)</b>
Income tax expense	-	-
<b>Loss after income tax expense</b>	<b>(34.4)</b>	<b>(6.5)</b>

- Net Revenue is measured at the fair value of consideration received all receivable from Clients less GST, free bets, promotions, bonuses and other fair value adjustments
- Cost of sales includes expenses directly attributable to PointsBet's wagering offering, including gaming regulator taxes, racing and sporting body fees, point of consumption taxes, payment transaction fees, and data feed charges
- Sales and marketing expense largely driven by brand marketing, digital marketing, TV marketing spend on sponsorship deals and costs associated with securing brand ambassadors
- Increased headcount across all areas of the business in Australia and the United States

Note:

(1) Other income relates to R&D income

# Balance sheet

<i>All amounts in A\$m</i>	Statutory as at 30 June 2019	Statutory as at 30 June 2018
Cash and cash equivalents	75.9	7.5
Trade and other receivables	0.5	0.1
Other current assets	0.8	0.6
<b>Total current assets</b>	<b>77.1</b>	<b>8.3</b>
Financial assets	0.2	0.2
Property plant & equipment	1.8	0.2
Intangibles	14.8	2.2
Other non current assets	0.6	0.1
<b>Total Non-current assets</b>	<b>17.4</b>	<b>2.7</b>
<b>Total assets</b>	<b>94.5</b>	<b>11.0</b>
Trade and other payables	9.6	2.4
Provisions	0.2	0.1
Borrowings	-	-
Financial liabilities	0.9	0.3
Other current liabilities	9.2	3.8
<b>Total current liabilities</b>	<b>19.9</b>	<b>6.6</b>
<b>Total non-current liabilities</b>	<b>0.1</b>	<b>-</b>
<b>Total liabilities</b>	<b>20.0</b>	<b>6.6</b>
<b>Net assets</b>	<b>74.5</b>	<b>4.4</b>
Share capital	124.6	14.3
Reserves	1.9	0.2
Accumulated losses	(52.0)	(10.1)
<b>Total equity</b>	<b>74.5</b>	<b>4.4</b>

- Raised \$75m in the IPO in June 2019
- Intangibles include costs associated with licences and market access, betting platform development and software

# Summary of Statutory Cash Flows

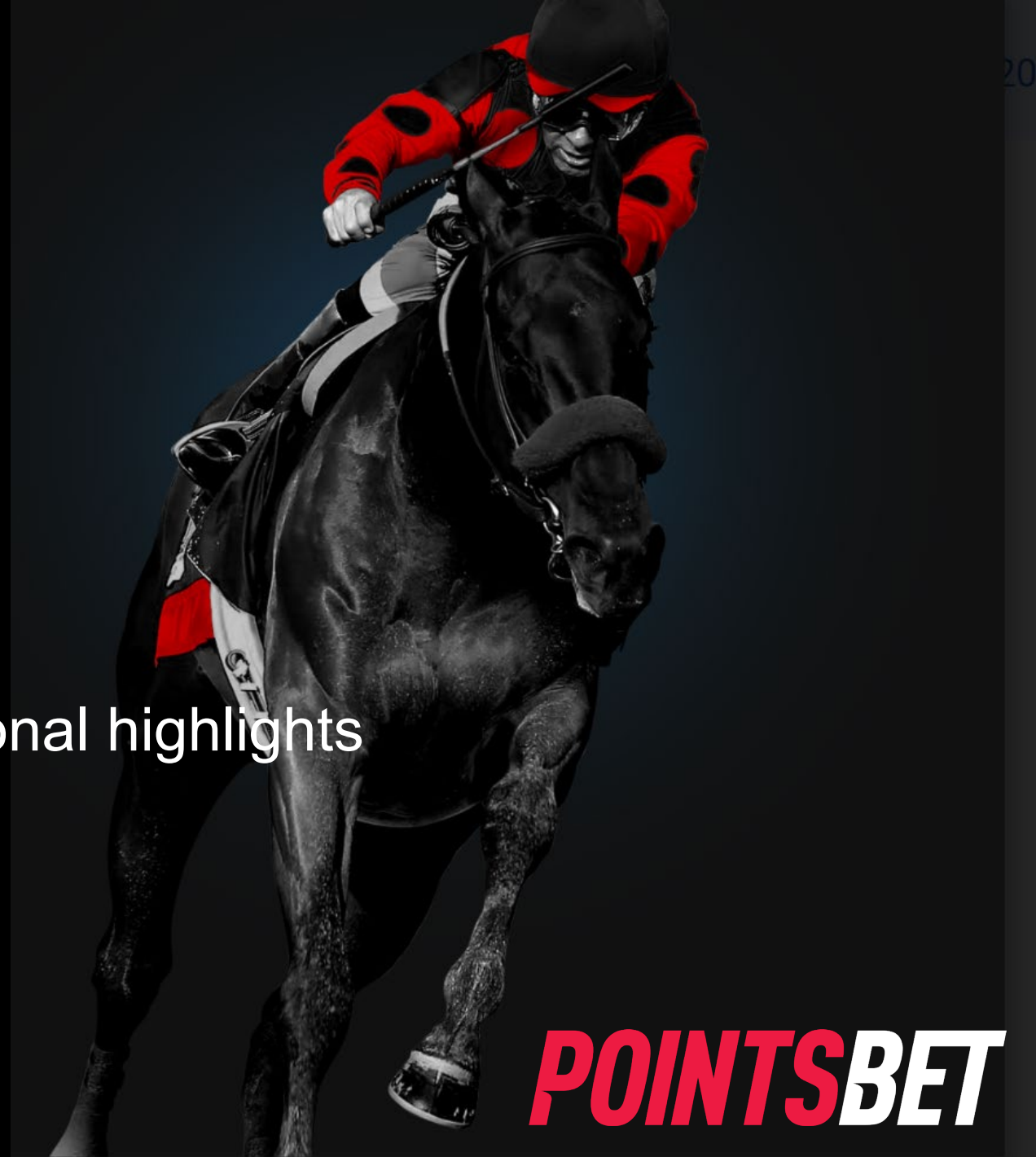
<i>All amounts in A\$m</i>	Statutory	
	FY2019	FY2018
<b>EBITDA</b>	<b>(37.2)</b>	<b>(6.3)</b>
Non-cash items in EBITDA	3.1	1.0
Change in working capital	7.8	2.5
<b>Operating cash flow (excluding Client cash liabilities movement)</b>	<b>(26.3)</b>	<b>(2.9)</b>
Client cash liabilities movement	5.2	2.6
<b>Operating cash flow before investing activities, financing activities and tax</b>	<b>(21.1)</b>	<b>(0.3)</b>
Investment into term deposits	(0.5)	0.2
Purchase of property, plant and equipment	(2.0)	(0.5)
Investment in intangibles	(14.0)	(1.1)
<b>Net cash flows before financing activities and tax</b>	<b>(37.6)</b>	<b>(1.6)</b>
Income tax paid	-	-
Interest paid	-	-
Proceeds from share issue	106.4	7.5
Proceeds from borrowing	-	-
<b>Net cash flows</b>	<b>68.9</b>	<b>5.9</b>

## Operating cash flow

- Non-cash items in EBITDA mainly reflect share options expense, share based payments, and other non-cash operating expenses
- Working capital driven by timing differences around client net win inflows and the payments of suppliers
- Client cash liabilities movement represents the net deposits from Clients into their PointsBet account during the period

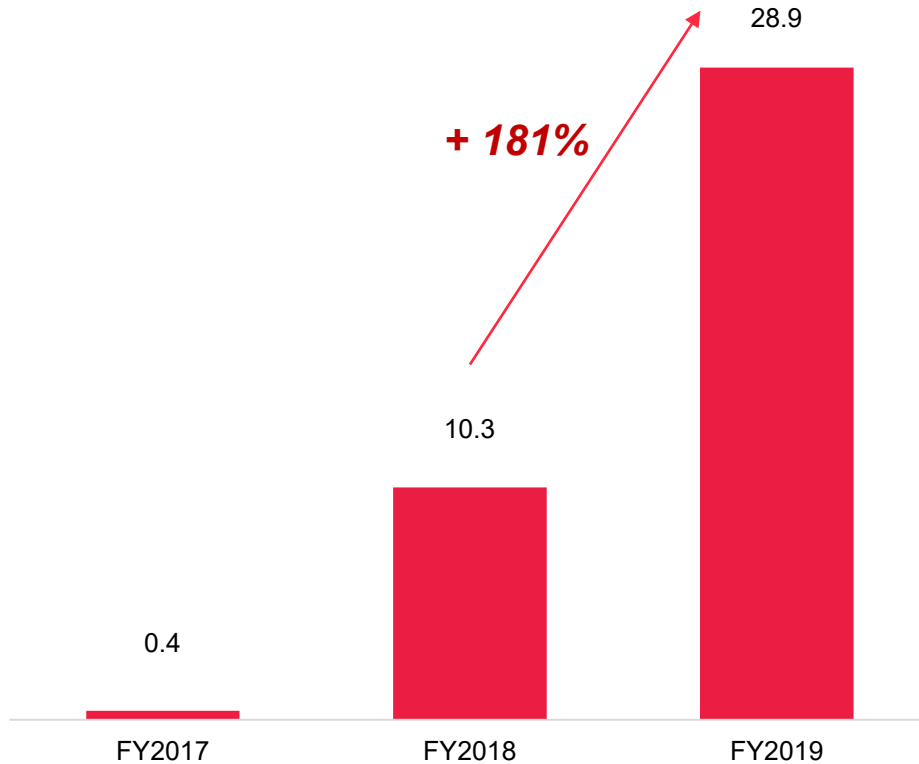
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# PointsBet Australia

*Strong Net Win growth (A\$m)*



- Experiencing very strong growth in Net Win
- PointsBet Australia continues to effectively execute its strategy to acquire and retain clients using targeted media assets
- Growth to-date demonstrates PointsBet's technology and operational capability that can be leveraged in new markets

# Positive start to FY20

All amounts in A\$m	Aus	US	Total
<b>FY19 Results</b>			
Turnover	490.1	77.0	567.1
Gross win	50.5	2.2	52.7
Less Promotions	(21.6)	(2.9)	(24.5)
<b>Net Win</b>	<b>28.9</b>	<b>(0.7)</b>	<b>28.2</b>
<i>Net Win margin</i>	5.9%	(0.9%)	5.0%
	↓	↓	↓
<b>Net win YTD<sup>(1)</sup></b>	<b>\$7.9</b>	<b>\$1.2</b>	<b>\$9.1</b>
<b>Net win margin YTD<sup>(1)</sup></b>	<b>8.4%</b>	<b>4.8%</b>	<b>7.6%</b>

- Strong top-line growth, achieving 244% yoy growth in Turnover
- High promotional expenditure in the US as PointsBet builds its market share, with proven results, achieving 5.4% share of online Turnover market share in New Jersey in June
- YTD FY2020 Group Net Win of \$9.1 million (at a Net Win margin of 7.6%), compared to a Net Win in the prior corresponding period in 2018 of \$2.7 million, a year-on-year growth of 237%
- US margins are typically lower than those seen in Australia, given US sportsbooks are unable to offer fixed odds racing as part of their product suite

Notes: (1) YTD FY2020, as at 27 August 2019



# PointsBet's expanding US exposure

Following its initial agreements to gain access to New Jersey and New York, PointsBet has secured access to a further eight US states<sup>(1)</sup>

## Penn National Gaming – Ohio, Indiana, Missouri, West Virginia and Louisiana

- Announced on 1 August 2019 an agreement with Penn granting the Company access to conduct sports wagering across five states, including Ohio, Indiana, Missouri, West Virginia and Louisiana for an initial term of 20 years
- These states represent an estimated market size of c. US\$1.5b<sup>(2)</sup>

## Hawthorne Race Course – Illinois

- Announced on 1 July 2019 its sports betting partnership with Hawthorne Race Course, granting the Company access to operate in the state of Illinois for an initial term of 20 years
- The Company will operate the retail sportsbooks at the Hawthorne Race Course and three off-track betting facilities, as well as digital sports wagering

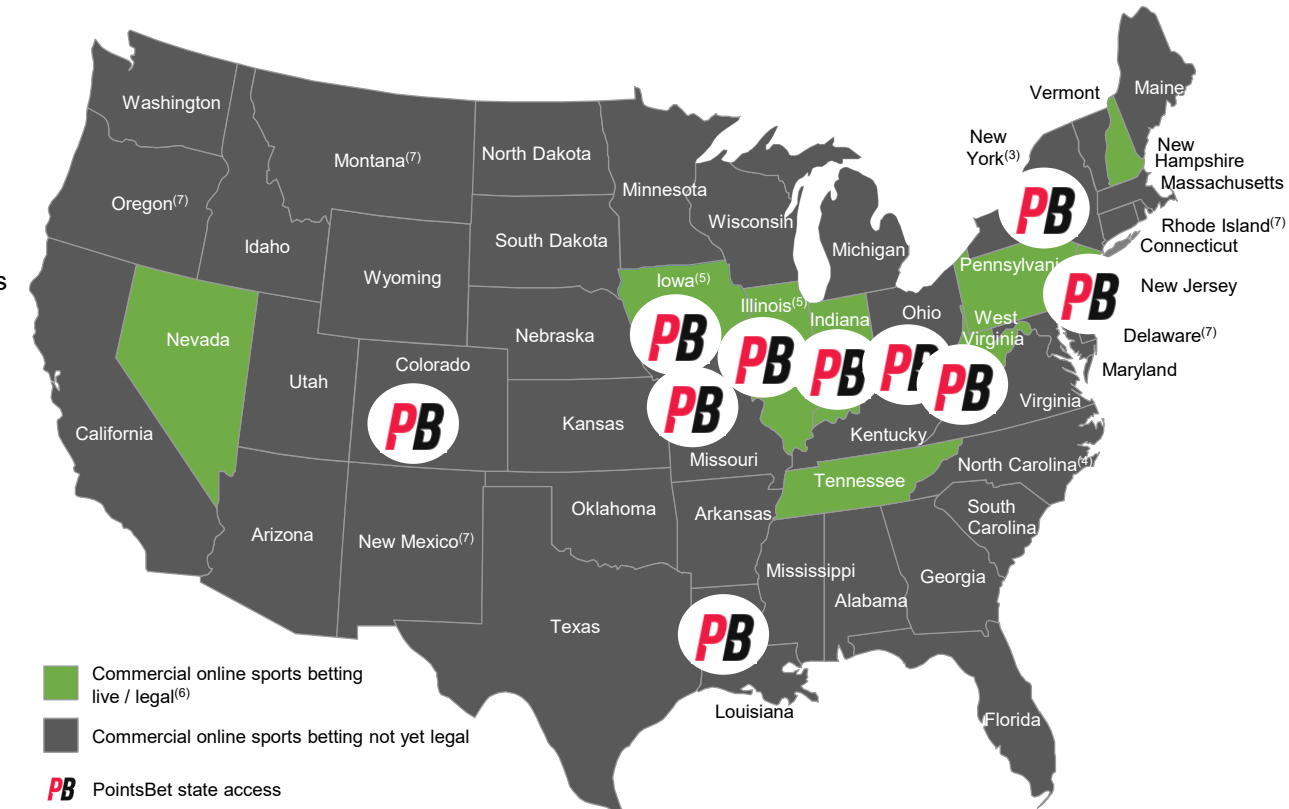
## Double Eagle Hotel & Casino – Colorado

- Announced on 30 July 2019 its sports betting partnership with the Double Eagle Hotel & Casino, granting the Company the right to operate in Colorado for an initial term of 10 years
- The Company will operate a multi-faceted sports facility to be built within the casino, as well as online sports wagering throughout the state

## Catfish Bend Casino - Iowa

- Announced in April 2019 its partnership with Catfish Bend Casino, granting the Company access to conduct retail and online sports wagering in Iowa for an initial term of five years
- Took first bets at the retail sportsbook within the casino on Monday 19 August 2019

## US online sports betting legalisation<sup>(4)</sup>:



Notes (1) Subject to enabling legislation (as relevant) and licensure in each State; (2) As per Eilers & Krejcik report, 'U.S. Regulated Sports Betting Projection, Full Online Scenario' April update; (3) PointsBet has secured a second skin agreement and access is subject to enabling legislation; (4) As per Legal Sports Report as at 25 June 2019, <https://www.legalsportsreport.com/>; (5) Requires in person registration for the first 18 months; (6) For the avoidance of doubt, these states have live (or have legalised) commercial sports wagering operations. This excludes states which operate online sports wagering via the state lottery or via tribal operations; (7) Lottery or tribal operator

# US market opportunity: Market size and access

## The US is a new market for all corporate bookmakers

- Key market drivers include<sup>(1)</sup>:
  - pace of regulation
  - availability of regulated sports betting
  - quality of the regulated sports betting products
  - transfer of demand from the current black market for sports betting to the regulated market

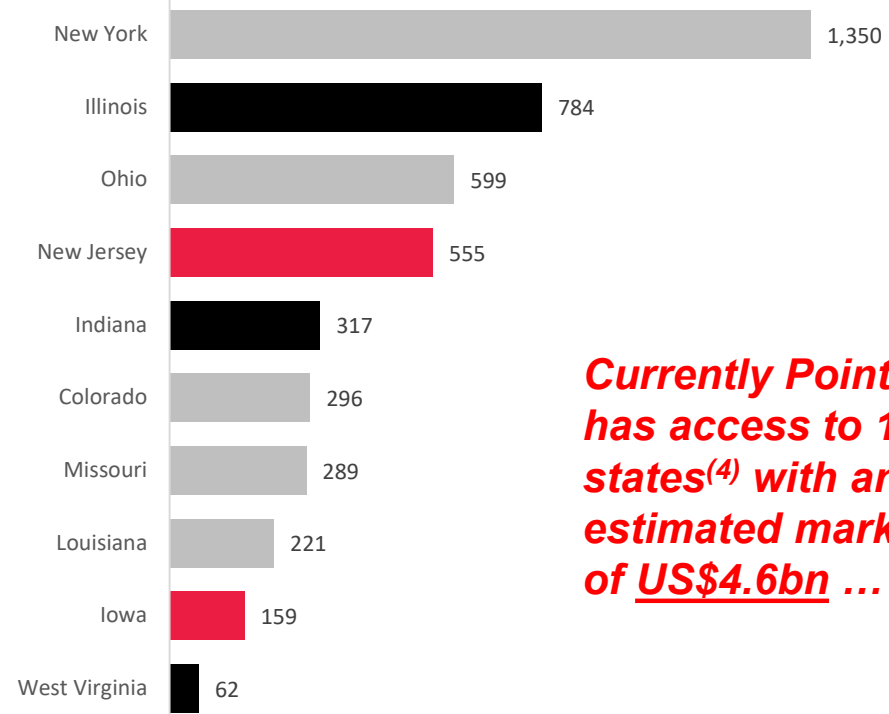
## Estimated size of US sports betting opportunity in FY23<sup>(1)</sup>:



Total revenue if all 50 states legalise sports betting and allow unfettered access to a robust online sports betting product as well as land-based (casinos and racetracks)

## PointsBet US access – Estimated market size in FY23<sup>(2)(3)</sup>:

Estimated total revenue in US\$ millions

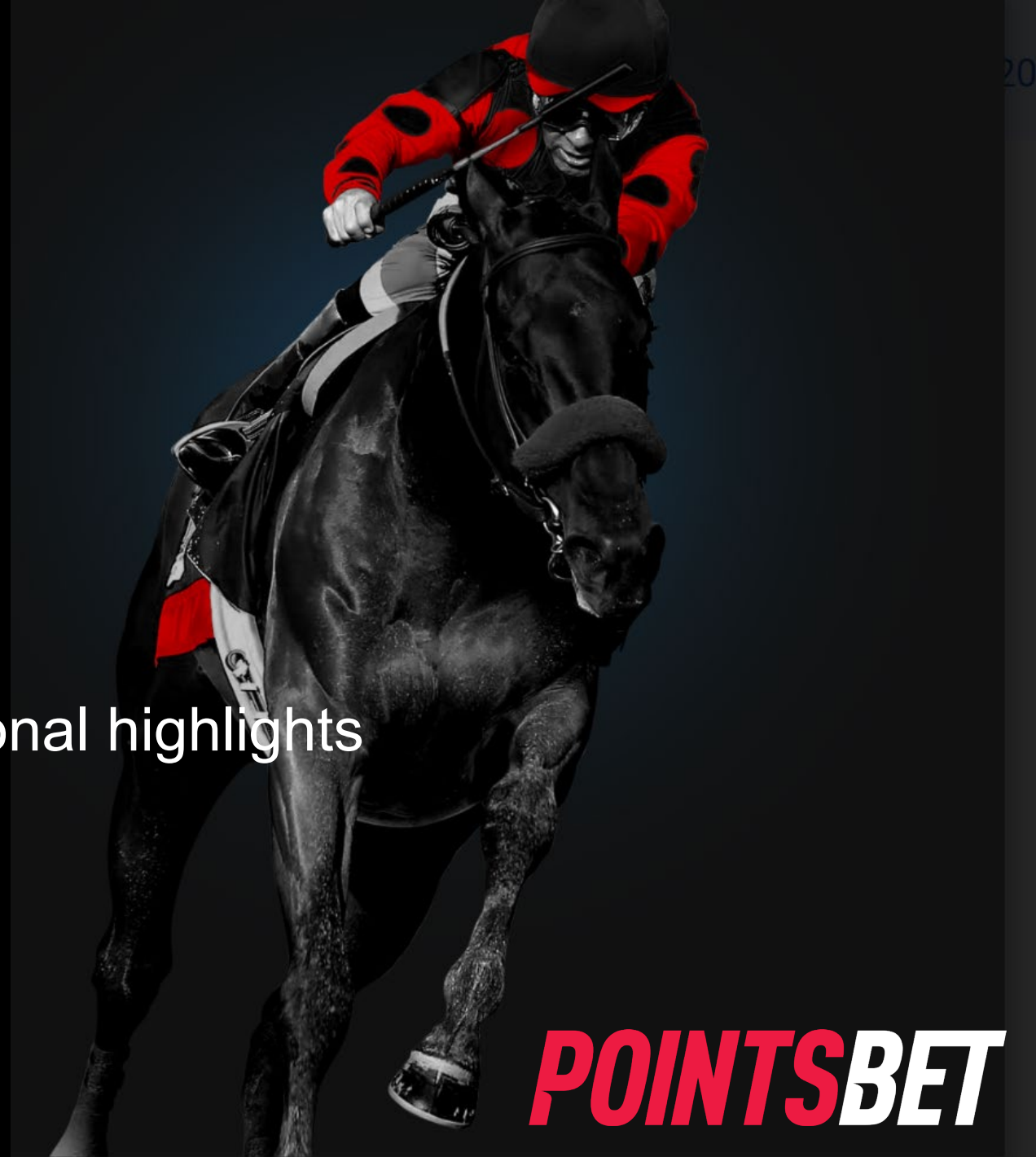


**Currently PointsBet has access to 10 US states<sup>(4)</sup> with an estimated market size of US\$4.6bn ...**

Notes: (1) Frost & Sullivan market research commissioned by the Company; (2) Eilers & Krejci Gaming Report, Legal Sports Betting: Defining The U.S. Opportunity (April 2019); (3) Market size estimate assumes land-based and online play are authorised – of these ten states, online access has been legalised in New Jersey, Illinois, Indiana, Iowa and West Virginia; (4) Second skin agreement in New York, subject to enabling legislation

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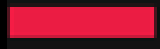


# Thank you



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# Appendix



- Statutory P&L
- Board & Management



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# Statutory P&L

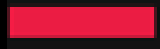
<i>All amounts in A\$m</i>	Statutory	
	FY2019	FY2018
Net revenue	25.6	9.4
Cost of sales	(14.8)	(4.3)
<b>Gross profit</b>	<b>10.9</b>	<b>5.1</b>
Other income / (other expense)	(0.2)	0.4
Sales and marketing expense	(24.9)	(6.2)
Employee benefits expense	(15.6)	(4.4)
Product and technology expense	(1.9)	(0.3)
Administrative and other expenses	(5.3)	(0.9)
<b>Total Operating Expenses</b>	<b>(47.8)</b>	<b>(11.8)</b>
<b>EBITDA</b>	<b>(37.2)</b>	<b>(6.3)</b>
Depreciation and amortisation expense	(1.8)	(0.4)
<b>EBIT</b>	<b>(39.0)</b>	<b>(6.7)</b>
Finance income / (expense)	(2.9)	0.0
<b>Loss before income tax</b>	<b>(41.9)</b>	<b>(6.7)</b>
Income tax expense	-	-
<b>Loss after income tax expense</b>	<b>(41.9)</b>	<b>(6.7)</b>

# Reconciliation to statutory P&L

<i>All amounts in A\$m</i>	FY2019 Normalised	Abnormals	FY2019 Statutory
Net revenue	25.6	-	25.6
Cost of sales	(14.8)	-	(14.8)
<b>Gross profit</b>	<b>10.9</b>	-	<b>10.9</b>
Other income	0.5	(0.7)	(0.2)
Sales and marketing expense	(24.9)	-	(24.9)
Employee benefits expense	(14.1)	(1.5)	(15.6)
Product and technology expense	(1.9)	(0.0)	(1.9)
Administrative and other expenses	(3.1)	(2.3)	(5.3)
<b>Total Operating Expenses</b>	<b>(44.0)</b>	<b>(3.8)</b>	<b>(47.8)</b>
<b>EBITDA</b>	<b>(32.7)</b>	<b>(4.5)</b>	<b>(37.2)</b>
Depreciation and amortisation expense	(1.8)	-	(1.8)
<b>EBIT</b>	<b>(34.5)</b>	<b>(4.5)</b>	<b>(39.0)</b>
Finance income / (expense)	0.1	(3.0)	(2.9)
<b>Loss before income tax</b>	<b>(34.4)</b>	<b>(7.5)</b>	<b>(41.9)</b>
Income tax expense	-	-	-
<b>Loss after income tax expense</b>	<b>(34.4)</b>	<b>(7.5)</b>	<b>(41.9)</b>

<i>All amounts in A\$m</i>	FY2019
IPO Transaction Costs	1.5
Interest on Convertible Notes	1.8
Fair Value Adjustment of Convertible Notes on Conversion	1.2
US Set up Costs	0.8
Share based payments - Employee Share Option Plan	1.5
Unrealised losses on FX	0.7
<b>Total abnormals</b>	<b>7.5</b>

# Appendix



- Statutory P&L
- Board & Management



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# PointsBet's experienced Board & Management

## Brett Paton

*Non-executive Chairman, appointed November 2018*



- Extensive experience in corporate financing and advisory, with 23 years at UBS and 5 years at Citi, serving as Vice Chairman of UBS and Vice Chairman of Citi ICG, Australia
- Previously non-executive Director of Tabcorp and Echo Entertainment

## Sam Swanell

*Executive Director, Group CEO (Co-Founder), appointed March 2015*



- Substantial experience in the betting industry, including in the US
- Successfully launched bookmaker tomwaterhouse.com with responsibility for all functions of the business
- Managed all revenue channels for Tote Tasmania including 120 retail shops

## Tony Symons

*Non-executive Director, appointed September 2016*



- Over 20 years' experience in corporate, M&A and general commercial law across Australia and Hong Kong
- Founder and Managing Director of Clarendon Lawyers
- Previously with Herbert Smith Freehills

## Peter McCluskey

*Non-executive Director, appointed November 2017*



- Over 20 years' experience in accounting and financial restructuring
- Previously Partner at Ferrier Hodgson
- Member of Institute of Chartered Accountants, ANZ

## Nick Fahey

*Executive Director, Chief Commercial Officer (Co-Founder), appointed March 2015*



- Over 14 years' experience in the accounting and finance sectors
- Previously a Consultant at PWC, a Financial Analyst at the Sydney Opera House and a Project Finance Analyst at Westfield

## Andrew Fahey

*Chief Marketing Officer (Co-Founder)*



- Over seven years' experience in the Australian wagering industry
- Involved in the architecture and delivery of both tomwaterhouse.com, and William Hill's marketing and media strategies

## Johnny Aitken

*CEO, US*



- Over 15 years' experience in wagering through all facets of the industry
- Previously Head of Risk and Trading Director at William Hill
- Joined PointsBet as COO in early 2018, and was named CEO of US operations in July 2018

## Manjit Singh

*President, Product and Technology*



- Industry veteran with a track record in delivering leading product and technology strategy for mobile, social and traditional gaming products
- Previously CTO and Executive Vice President of Aristocrat Leisure Limited

## Seth Young

*Chief Innovation Officer, US*



- More than 15 years' experience in US gaming
- Previously Executive Director of Online Gaming at Foxwoods Resort Casino and COO and Board member of Flower City Gaming LLC

## Paul Hannon

*VP of Strategy and Business Development, US*



- Over 10 years' experience in US gaming
- Previously Business Development Manager for William Hill's US executive team

## Tom Rundle

*Chief Operations Officer, Australia*



- Over 16 years' experience in management at wagering and online gaming industries across Australia and in the UK
- Previously Head of IT and Product at PokerStars, Sportingbet, Sportsbet, tomwaterhouse.com and CrownBet, where he set up Draftstars

## Andrew Hensher

*Group General Counsel and Company Secretary*



- Over nine years' experience in wagering and gambling
- Previously Head of Legal and Regulatory Affairs for William Hill Australia and GM, Company Secretariat & Corporate Counsel Aristocrat Leisure

## Andrew Mellor

*Chief Financial Officer*



- Over 20 years' experience in international capital markets
- Previously Director and Head of High Yield Bond and Convertible Trading at Credit Suisse, Hong Kong