

CEO review and strategy

“I am proud that 2017 was another record year. We continued to lead the market for innovation, extending our lead as the UK’s most popular online betting brand. Our investments in brand, technology and people are paying off, and we delivered 38% growth in revenue and EBITDA in the year.”

Richard Flint, Chief Executive Officer

Customer obsession driving results

Over 2.5 million customers used our brands during the year, an increase of over 30%. As we continue to improve the breadth and quality of our offer, as well as improve our use of data to personalise content, our ARPU increased by 5%, driving 38% growth in total revenue. Despite significant investments during the year, our EBITDA increased by 38%.

Our strategy is clear and compelling:

● **Leverage our heritage**

We license one of Europe’s best known and trusted entertainment brands, with a shared heritage of innovation, quality and customer focus. We are a technology company, unencumbered by a legacy retail business, and are seen as a modern, innovative, fun and exciting brand for both our customers and our employees. In our second full year as an independent company, we have continued to shape SBG as an innovative, entrepreneurial company, as we strive to become the UK’s leading Digital business.

● **Identify strategically attractive markets**

The UK online gambling market is our home territory, a market that has grown at a CAGR of 14% in the last 11 years (Regulus Partners). We are particularly well-placed in football (~ one third of our revenue) and mobile (over 80% of our revenue), two of the fastest growing segments of the market. While the online gambling market remains highly competitive, we have a long track-record of market share gains, reflecting our focus on consistent quality, value, innovation, entertainment and customer care. During the year, we took our first steps into international markets, with the launch of Skybet.it in Italy. While progress here has been slower than expected, I believe that the operational changes we have made will improve the customer offer with clearer marketing. Italy is a large gambling market with a nascent online segment, giving us confidence in the future. We will launch our Germany operation during FY18, a large, high-growth market with a strong focus on football.

● **Invest heavily and deeply in these markets**

I believe the three key drivers of our competitive advantage are our brand, technology and people. We continue to invest heavily in all areas, creating a working environment that fosters innovation, creates a virtuous circle of quality, testing and customer feedback, and results in strong customer loyalty.

● **Maintain highly efficient operations**

While we are investing heavily in the business, we remain focused on efficiency. We believe this focus on efficiency is important, both to deliver operating leverage, but also to guard against complacency and to continue to challenge ourselves to create better products and experiences for our customers. Despite strong revenue growth of 38% during the year, our operating margins were stable, as we ramped up investments in international markets, and increased our investments in future-proofing our home market.

We look forward to the future with confidence

FY18 has started well with 24% revenue growth in the first 13 weeks of the year to 28 September 2017. Sportsbook stakes growth was 35% and gaming net revenue growth was 34%. We will continue to invest in our brand, technology and people, and maintain our focus on delivering quality, entertaining and safe products to our customers. During FY18 we will continue to increase our focus on international markets, with a full launch in Germany. We will maintain our focus on making betting and gaming better.

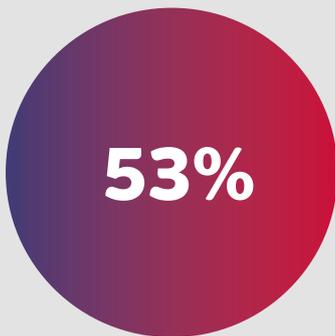
Market

We are one of the leading global operators in the regulated online gambling industry. Online gambling is a large, high-growth industry, with gambling being a product that is ideally suited to the internet. In our home market, the UK, online gambling revenues were £4.3bn in total in calendar 2016, and we were the fourth biggest operator in this market with 10% market share (Regulus Partners). SBG was the fastest growing UK online gambling operator in absolute and percentage growth rate in 2016 (Regulus Partners).

Strong position in the growing UK market

Fastest growing bookmaker in the UK market with scale

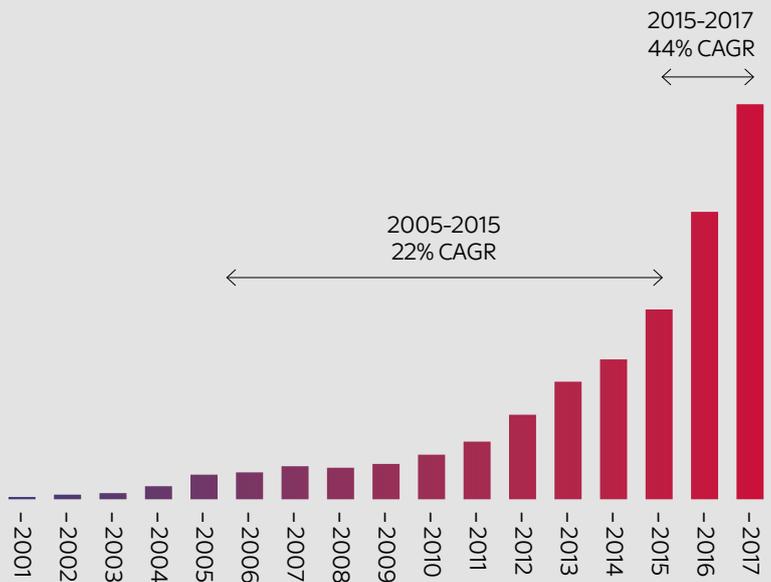
Fastest growth rate in the UK, CY2016



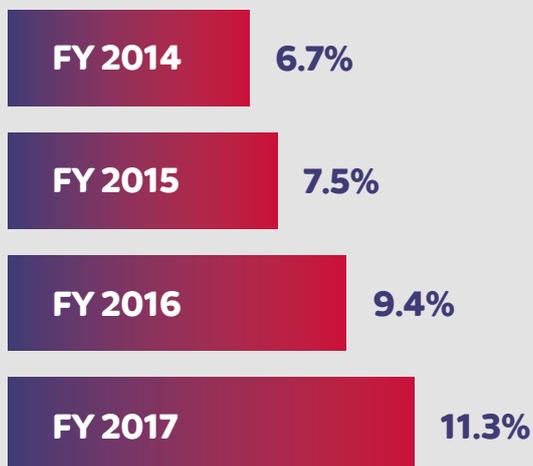
Biggest net revenue increase, CY2016



Long track record of the revenue growth



UK market share



Source: Regulus Partners

“2017 was a record year for all major metrics, reflecting our ongoing investment, a relentless focus on quality, our customer obsession and great teamwork.”

Richard Flint, Chief Executive Officer

