



# First Quarter 2018 Earnings Presentation

May 10, 2018



# 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 2018 financial guidance, and certain future operational and growth plans and strategies, including as it relates to certain recently announced acquisitions. 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”, “imply”, “assumes”, “goal”, “likely” and similar references to future periods or the negatives of these words or variations or synonyms of these words or comparable terminology and similar 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 The Stars Group, its subsidiaries, and its and their respective customers and 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 as of the date hereof, 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 its business; interactive entertainment and online and mobile gaming generally; current and future laws or regulations and new interpretations of existing laws or regulations, or potential prohibitions, with respect to interactive entertainment or online gaming or activities related to or necessary for the operation and offering of online gaming; potential changes to the gaming regulatory framework; legal and regulatory requirements; ability to obtain, maintain and comply with all applicable and required licenses, permits and certifications to offer, operate and market its product offerings, including difficulties or delays in the same; impact of inability to complete future acquisitions or to integrate businesses successfully; significant barriers to entry; competition and the competitive environment within The Stars Group’s addressable markets and industries; ability to obtain additional financing on reasonable terms or at all; refinancing risks; The Stars Group’s substantial indebtedness requires that it use a significant portion of its cash flow to make debt service payments; The Stars Group’s secured credit facilities contain covenants and other restrictions that may limit its flexibility in operating its business; risks associated with advancements in technology, including artificial intelligence; ability to develop and enhance existing product offerings and new commercially viable product offerings; 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 product offerings; 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 or that may otherwise impact The Stars Group in the jurisdictions where it is currently doing business or intends to do business, particularly those related to online gaming or that could impact the ability to provide online product offerings, including, without limitation, as it relates to payment processing; customer and operator preferences and changes in the economy; dependency on customers’ acceptance of its product offerings; consolidation within the gaming industry; litigation costs and outcomes; expansion within existing and into new markets; relationships with vendors and distributors; and natural events. Additional risks related to the recently announced acquisition of Sky Betting & Gaming include: the completion of the proposed transaction may not occur on the anticipated terms and timing or at all; the required regulatory approvals are not obtained, or that in order to obtain such regulatory approvals, conditions are imposed that adversely affect the anticipated benefits from the proposed transaction or cause the parties to abandon the proposed transaction; the risk that a condition to closing of the transaction may not be satisfied; potential litigation relating to the proposed transaction that could be instituted against the parties or their respective directors; potential adverse reactions or changes to business relationships resulting from the announcement or completion of the transactions; risks associated with third party contracts containing consent and/or other provisions that may be triggered by the proposed transaction; negative effects of the announcement or the consummation of the transaction on the market price of The Stars Group’s common stock; risks relating to the value of The Stars Group shares to be issued in the transaction and uncertainty as to the long-term value of The Stars Group’s common stock; the potential impact of unforeseen liabilities, future capital expenditures, revenues, expenses, earnings, synergies, economic performance, indebtedness, financial condition and losses on the future prospects, business and management strategies for the management, expansion and growth of The Stars Group’s operations after the consummation of the transaction and on the other conditions to the completion of the transaction; the risks and costs associated with, and the ability of The Stars Group to, integrate the businesses successfully and to achieve anticipated synergies; the risk that disruptions from the proposed transaction will harm the parties’ businesses, including current plans and operations; the ability of the parties to retain and hire key personnel; adverse legal and regulatory developments or determinations or adverse changes in, or interpretations of, applicable laws, rules or regulations, including tax laws, rules and regulations, that could delay or prevent completion of the proposed Sky Betting & Gaming transaction or cause the terms of the proposed transaction to be modified; the impact of the heavily regulated industry in which the parties operate and carry on business; risks related to tax matters; and management’s response to any of the aforementioned factors. 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, 2017, including under the heading “Risk Factors and Uncertainties”, and in its management’s discussion and analysis for the three months ended March 31, 2018 (the “Q1 2018 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](http://www.sedar.com), EDGAR at [www.sec.gov](http://www.sec.gov) and The Stars Group’s website at [www.starsgroup.com](http://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.

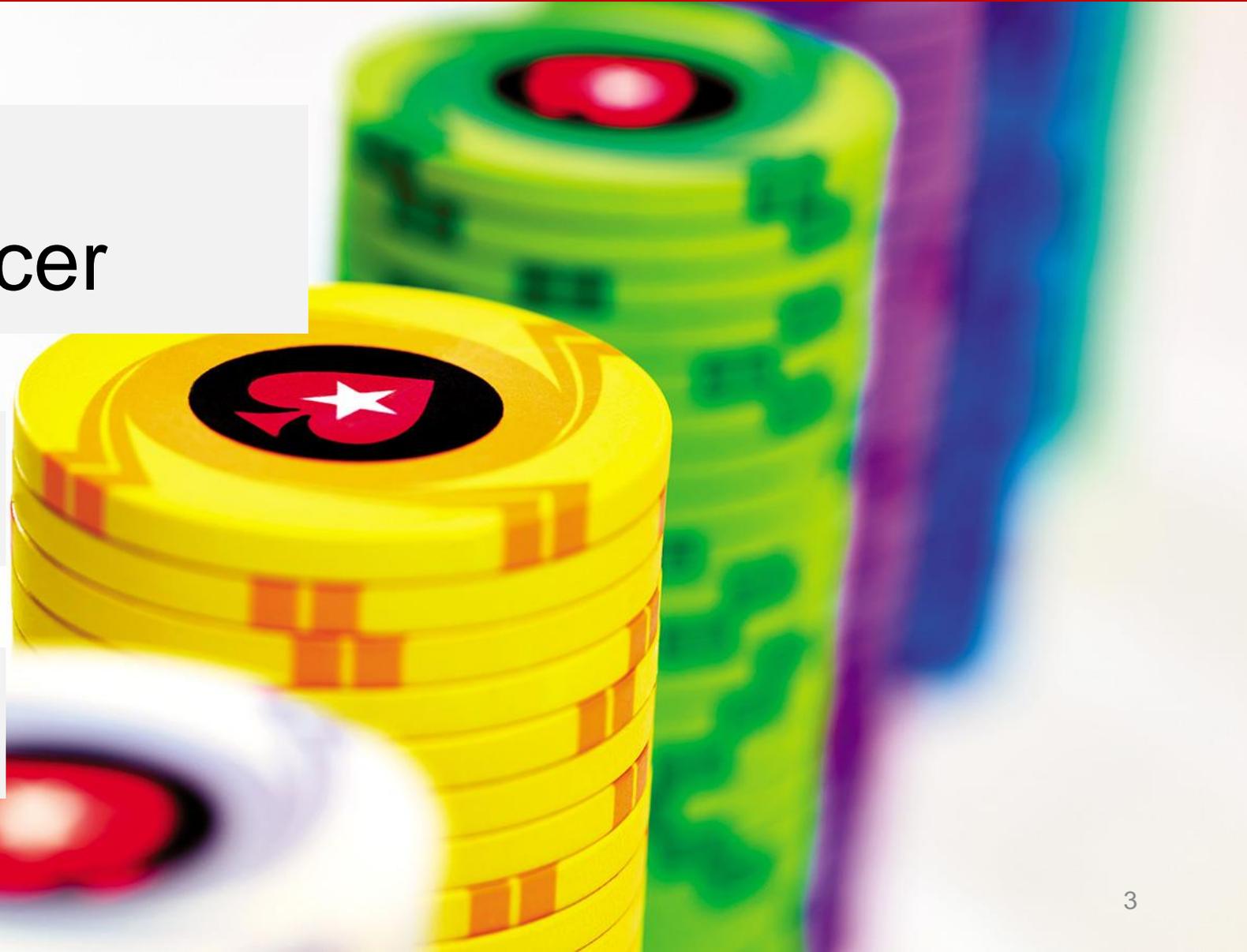
# SPEAKERS



**Rafi Ashkenazi**  
Chief Executive Officer

**Brian Kyle**  
Chief Financial Officer

**Marlon Goldstein**  
Chief Legal Officer



# STRONG GROWTH TO OPEN 2018



Revenues<sup>1</sup>

**+24%**

**\$393mm**

Poker Revenues

**+12%**

**\$246mm**

Casino &  
Sportsbook Revenues<sup>1</sup>

**+55%**

**\$135mm**

Adjusted EBITDA<sup>1,2</sup>

**+16%**

**\$175mm**

1. Reflects inclusion of approximately one month of results from CrownBet.  
2. Non-IFRS and non-US GAAP financial measure, please refer to the Appendix of this document.

## **CROWNBET**

### **WILLIAM HILL AUSTRALIA**

- \$435 million cash and stock transaction for 80% of combined entity
- Represents a multiple of approximately 12.1x unaudited 2017 adjusted EBITDA of A\$57.5 million<sup>1</sup>
- CrownBet closed on February 27<sup>2</sup>, William Hill Australia closed on April 24

## **SKY BETTING & GAMING**

- \$4.7 billion cash and stock transaction
- Represents a multiple of approximately 12.8x unaudited adjusted LTM EBITDA<sup>3</sup>
- Anticipate closing during the third quarter of 2018

# Improving revenue potential and risk profile

1: Excludes anticipated cost synergies of A\$50M

2: 62% interest of CrownBet closed on February 27, 2018. Additional 18% interest and acquisition of William Hill Australia closed on April 24, 2018.

3: Unaudited adjusted EBITDA in the last twelve months to March 31, 2018 of £213 million and run-rate cost synergies of \$70 million

- Unmatched scale among public competitors
- A dramatically diversified revenue base
- Significant revenue opportunities
- Greater exposure to regulated markets
- A global footprint

**Realizing our **vision** of becoming  
the world's favourite iGaming destination**

# SPEAKERS



**Brian Kyle**  
Chief Financial Officer



# REVENUE HIGHLIGHTS

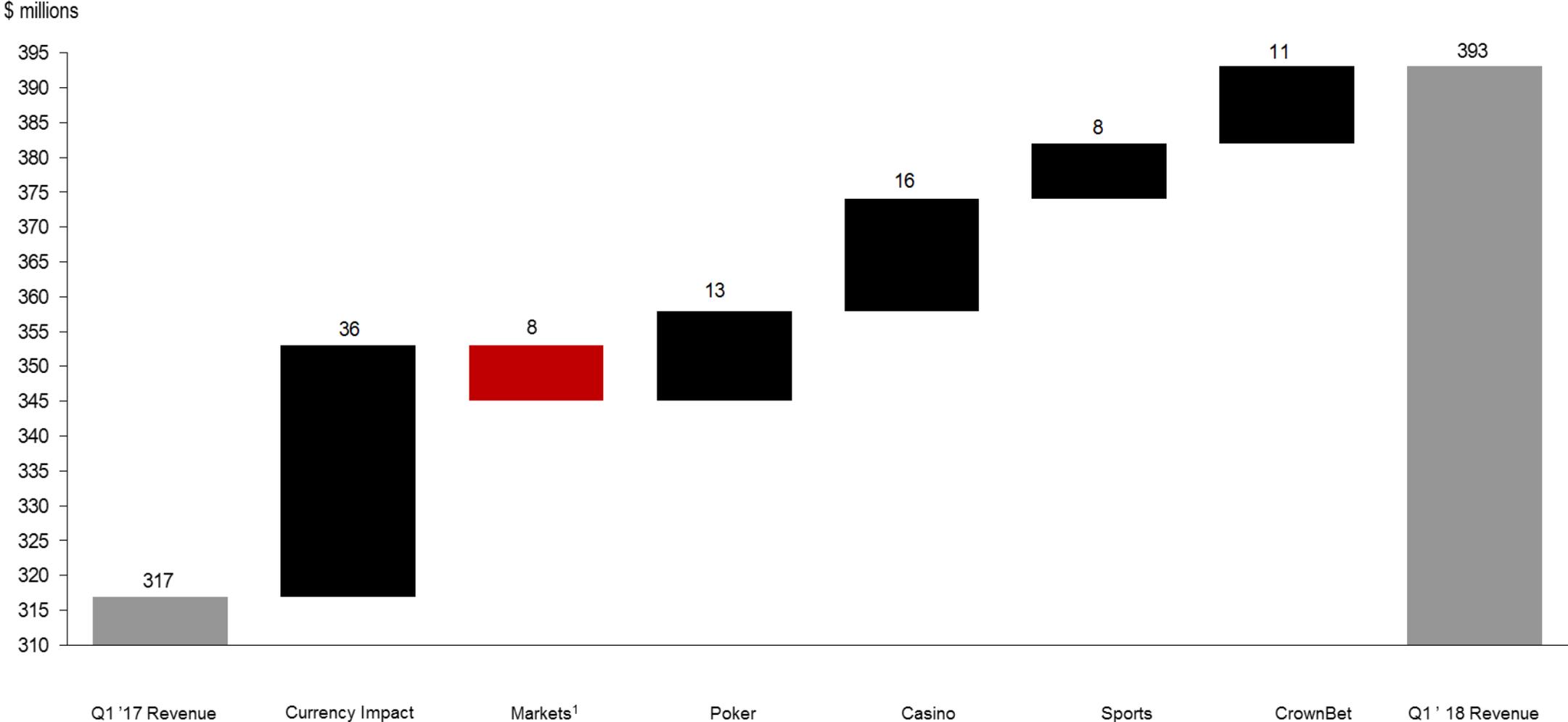


*(USD in millions)*

	<b>Q1 2018</b>	<b>Q1 2017</b>	<b>% Change</b>
Revenues	\$392.9	\$317.3	24%
Poker Revenues	\$245.9	\$218.7	12%
<i>% of total</i>	<i>62.6%</i>	<i>68.9%</i>	
Casino & Sportsbook Revenues	\$134.5	\$86.8	55%
<i>% of total</i>	<i>34.2%</i>	<i>27.3%</i>	
Other Gaming	\$12.5	\$11.9	5%
<i>% of total</i>	<i>3.2%</i>	<i>3.7%</i>	

- All verticals continue to benefit from both positive currency movements and the successful introduction of the Stars Rewards loyalty program in July 2017.
- Poker revenues aided by introduction of shared liquidity in Southern Europe, grew despite cessation of operations in Australia and Colombia and normalization of activity in Portugal.
- Casino and Sportsbook revenues increased primarily as a result of inclusion of CrownBet as well as cross-selling and product improvement.

# FIRST QUARTER 2018 REVENUE

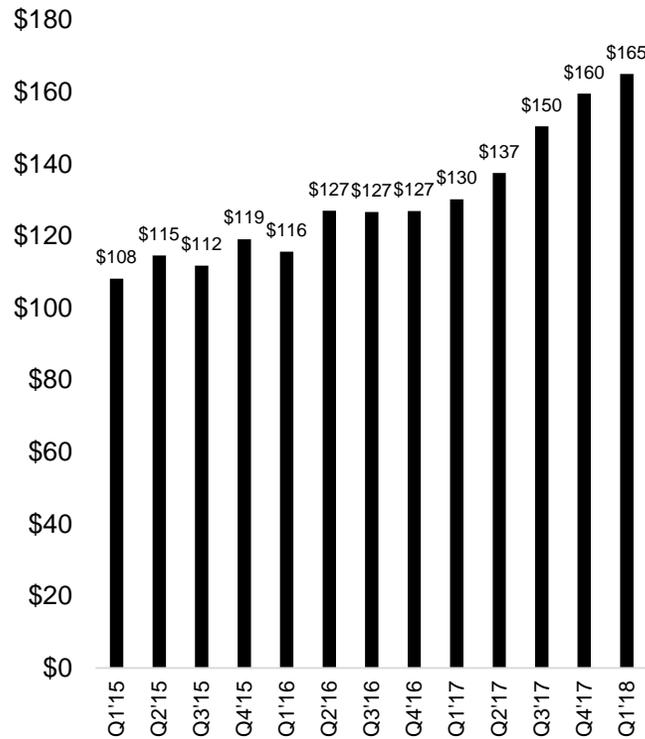


1. Markets indicate impacts of opened, closed or impaired markets

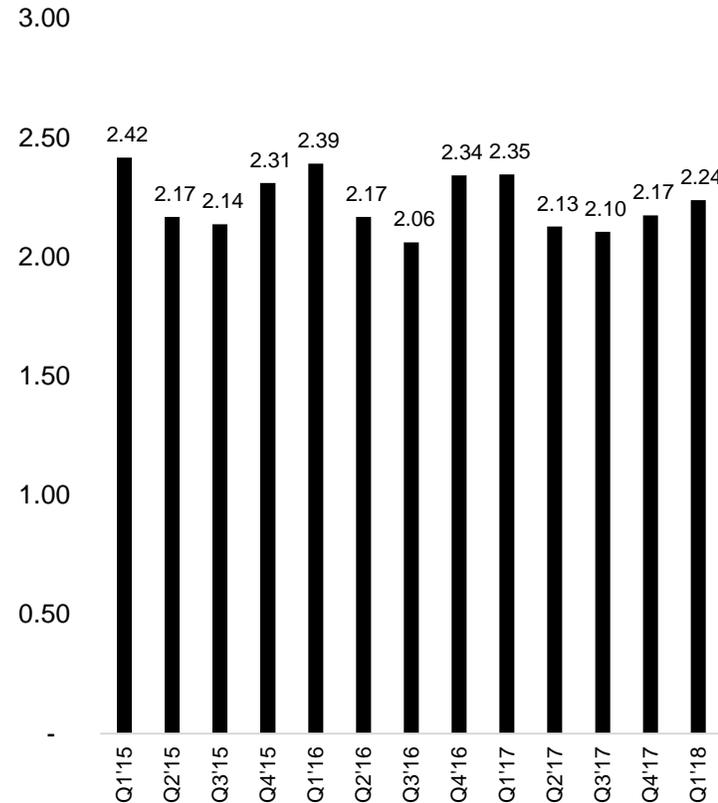
# FOCUSED ON VALUE



Quarterly Net Yield<sup>1,2</sup>  
(USD)



Quarterly Active Uniques<sup>1</sup>  
(in millions)



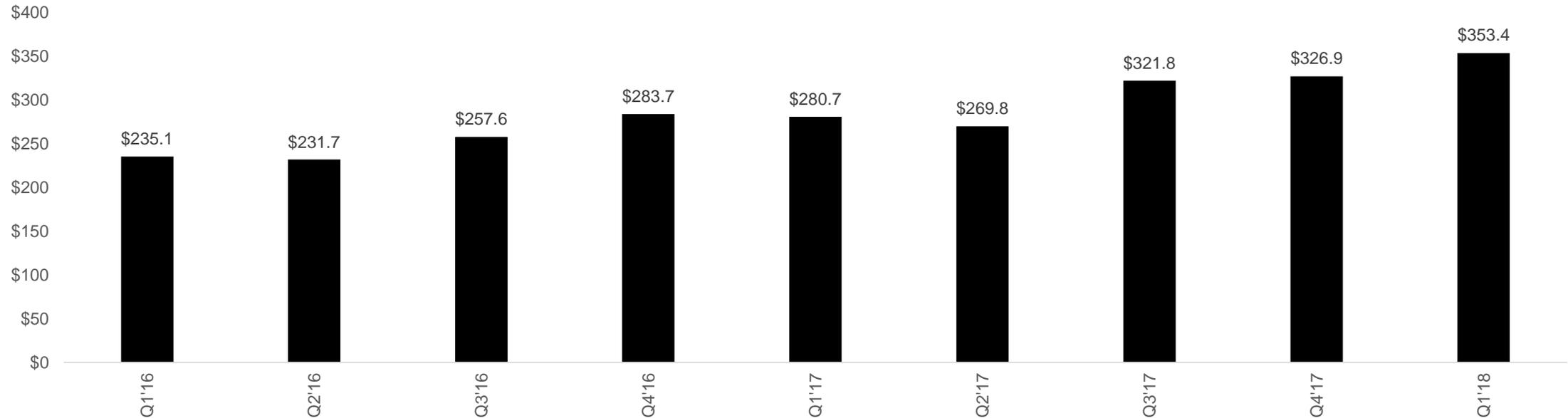
- Growth in Quarterly Net Yield being primarily driven by a **focus on high-value customers**, a strategy that is growing the sustainability of our ecosystem.
- Quarterly Active Uniques were down slightly year-over-year upon excluding the impact of opened, closed, or impaired markets.

1. Do not reflect any inclusion of CrownBet metrics, and are fully defined in the Appendix to this document.  
2. Non-IFRS and non-US GAAP financial measure, please refer to the Appendix of this document.

# NET DEPOSITS ACCELERATING



Net Deposits<sup>1,2</sup>  
(\$ in millions)



**26% growth** versus prior year driven by **implementation** of Stars Rewards loyalty program, **currency tailwinds**, focus on **high value** customers, and continued **improvement** of casino and sportsbook products.

1. Does not reflect any inclusion of CrownBet results, and is fully defined in the Appendix to this document.  
2. Non-IFRS and non-US GAAP financial measure, please refer to the Appendix of this document.

# FINANCIAL HIGHLIGHTS (CONSTANT CURRENCY)



## Constant Currency

*(USD in millions)*

	<u>Q1 2018</u>	<u>Q1 2017</u>	<u>% Change</u>
<b>Revenues</b>	\$356.8	\$317.3	12%
<b>Poker Revenues</b>	\$223.7	\$218.7	2%
<b>Casino &amp; Sportsbook Revenues</b>	\$120.9	\$86.8	39%
<b>Other Gaming Revenues</b>	\$12.2	\$11.9	3%

Note: To calculate revenue on a constant currency basis, The Stars Group translated revenue for the three months ended March 31, 2018 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.

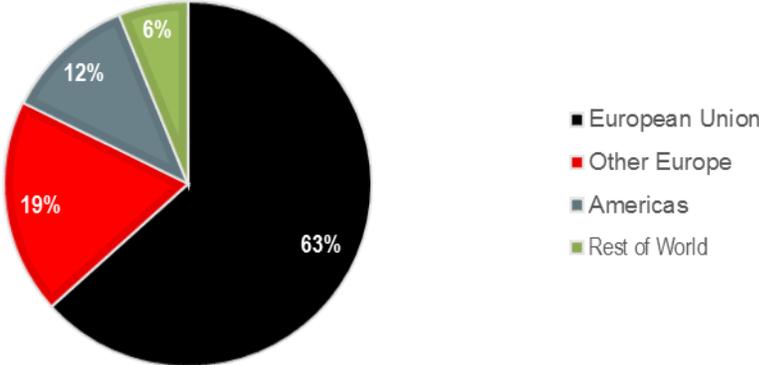
# INCREASING DIVERSIFICATION



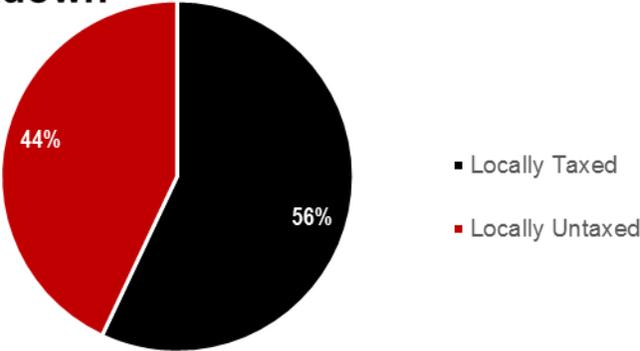
Q1 2018 Vertical Revenues<sup>1</sup> by Geography

Country's Revenue as % of Vertical Revenues <sup>1</sup>	Number of Countries	Total % of Vertical Revenues <sup>1</sup>
5-11%	5	44%
2-5%	10	31%
1-2%	7	10%
0-1%	100+	15%

Q1 2018 Geographic Revenue Breakdown

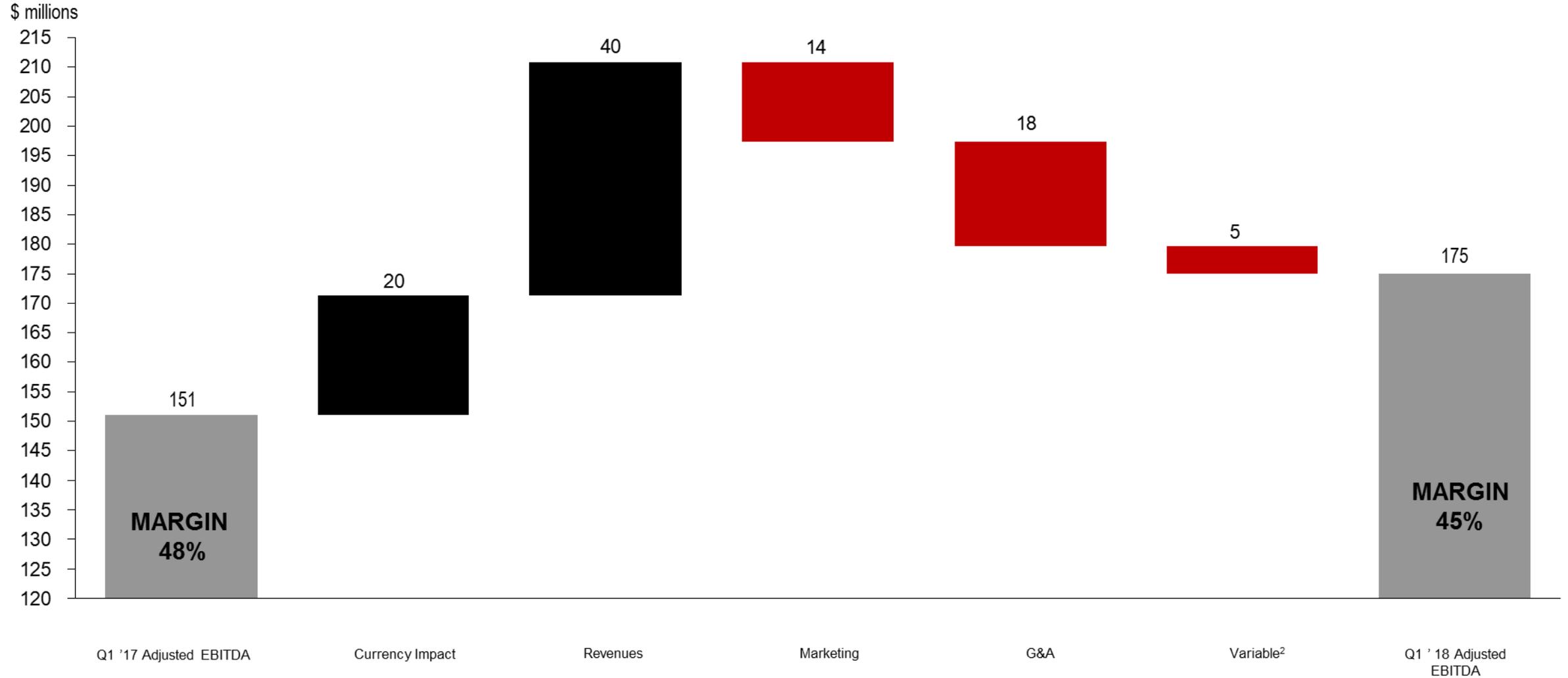


Vertical Revenues<sup>1</sup> Local Taxation Breakdown



1. Includes Poker and Casino & Sportsbook revenues but excludes Other Gaming and Corporate revenues

# FIRST QUARTER 2018 ADJ EBITDA<sup>1</sup>

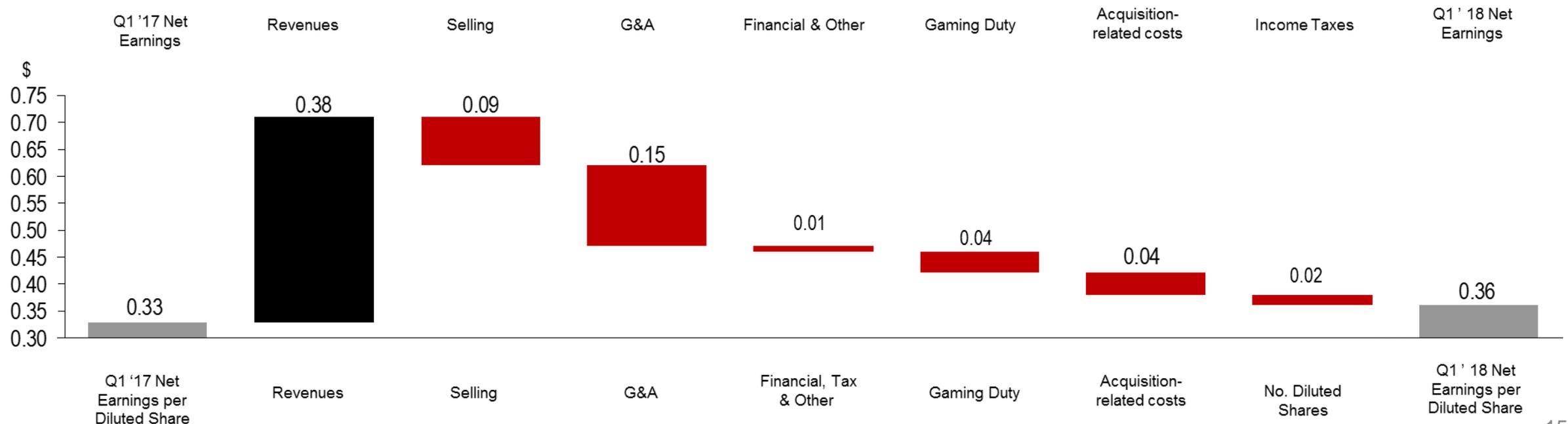
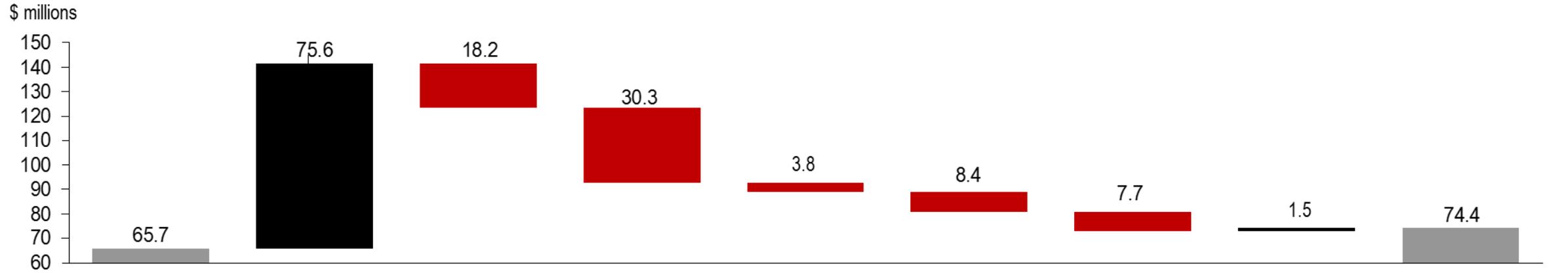


1. Non-IFRS and non-US GAAP financial measure, please refer to the Appendix of this document.

2. Variable costs include gaming duty, royalties and processor costs.

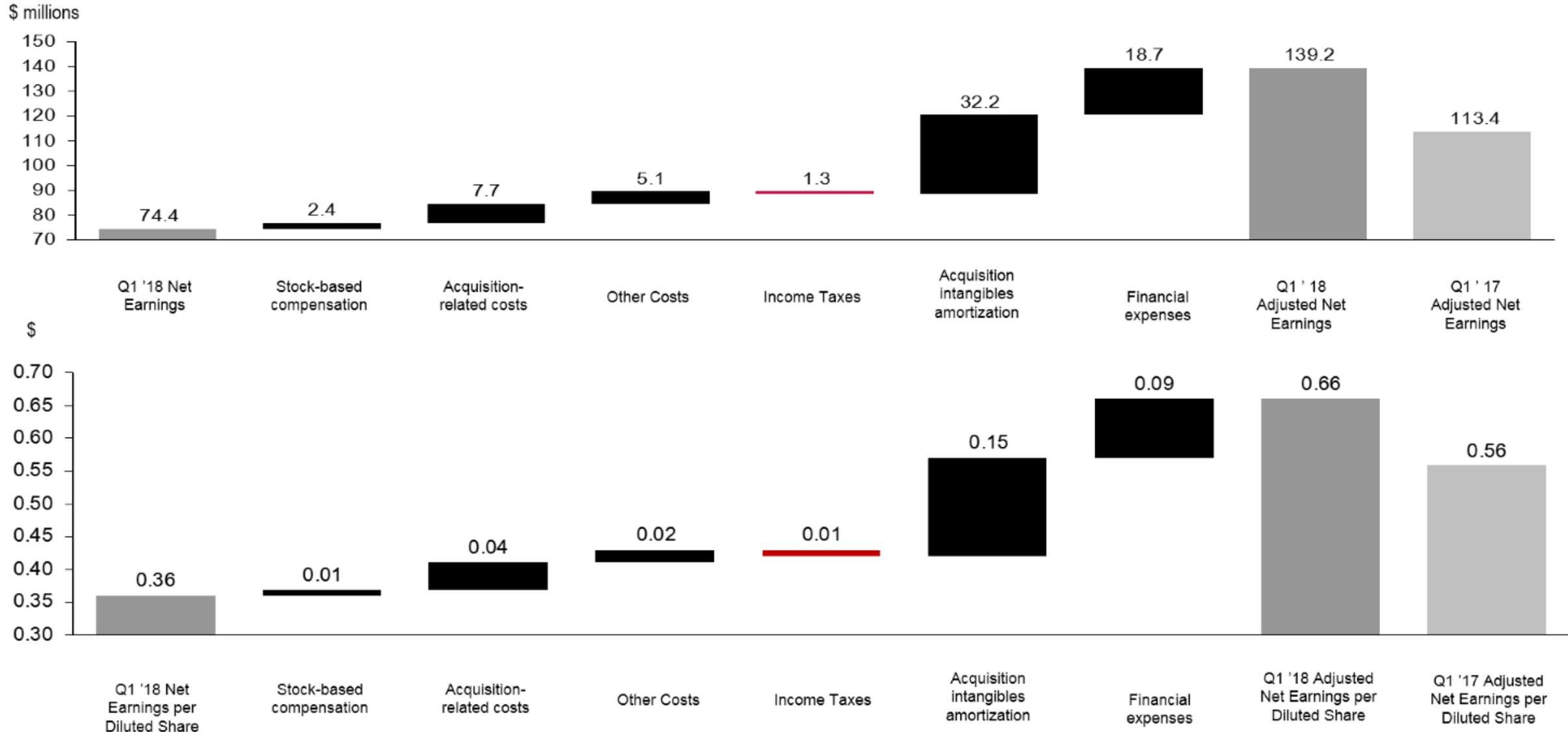
3. G&A increase primarily relates to inclusion of CrownBet and incremental salaries associated with higher staffing

# FIRST QUARTER 2018 NET EARNINGS<sup>1</sup>



1. Non-IFRS and non-US GAAP financial measure, please refer to the Appendix of this document.

# FIRST QUARTER 2018 ADJUSTED NET EARNINGS<sup>1</sup>



1. Non-IFRS and non-US GAAP financial measure, please refer to the Appendix of this document.

# STRONG FREE CASH FLOW<sup>1</sup>



**\$82MM**

Free Cash Flow  
Q1 2018

**+27%**

Versus Q1 2017

**The Stars Group's strong cash flows will be further enhanced by 2018 acquisitions.**

# FIRST QUARTER 2018 DEBT POSITION



**\$2.46 billion**

**Outstanding Debt  
Q1 2018**

**5.05%**

**Weighted Average  
Interest Rate**

**On April 6, the Company increased, amended, and extended its first lien term loans and first lien revolving credit facility. This resulted in the following debt facilities:**

- \$2.17B USD First Lien Term Loan priced at LIBOR (0% floor) plus 3.00%, repayable April 6, 2025
- €500M EUR First Lien Term Loan priced at EURIBOR (0% floor) plus 3.25%, repayable April 6, 2025
- \$225M First Lien Revolving Credit Facility priced at LIBOR (0% floor) plus 2.75%, maturing April 6, 2023

# FUTURE CAPITAL STRUCTURE



In tandem with the Sky Betting & Gaming acquisition, The Stars Group secured approximately \$6.9 billion of fully committed debt financing to finance the cash portion of the transaction, refinance its existing first term lien loan, and repay SBG's outstanding debt.

- \$5.1 billion of first term lien loans
- \$1.4 billion of senior unsecured notes
- An unfunded \$400 million revolving credit facility

**The Stars Group is committed to deploying its strong cash flows towards an **orderly deleveraging** of its balance sheet.**

**Upon completion of the SBG acquisition, The Stars Group will focus on the **optimization of its capital structure.****

**Portugal:** Joining France and Spain in **shared liquidity** this month.

**United States:** The Stars Group will **apply for approval** to operate in Pennsylvania when this process begins in June.

**Russia:** Continue to **monitor** the proposed implementation of payment blocking measures.

# OUTLOOK FOR 2018



## 2018 Guidance<sup>1</sup>

Revenue (\$ Millions)	\$1,390 - \$1,470
Adjusted EBITDA (\$ Millions)	\$625 - \$650
Adjusted Net Earnings (\$ Millions)	\$487 - \$512
Adjusted Net Earnings per Diluted Share	\$2.33 - \$2.47

**Strong first quarter performance** supports  
The Stars Group's expectations for its  
existing business in 2018.

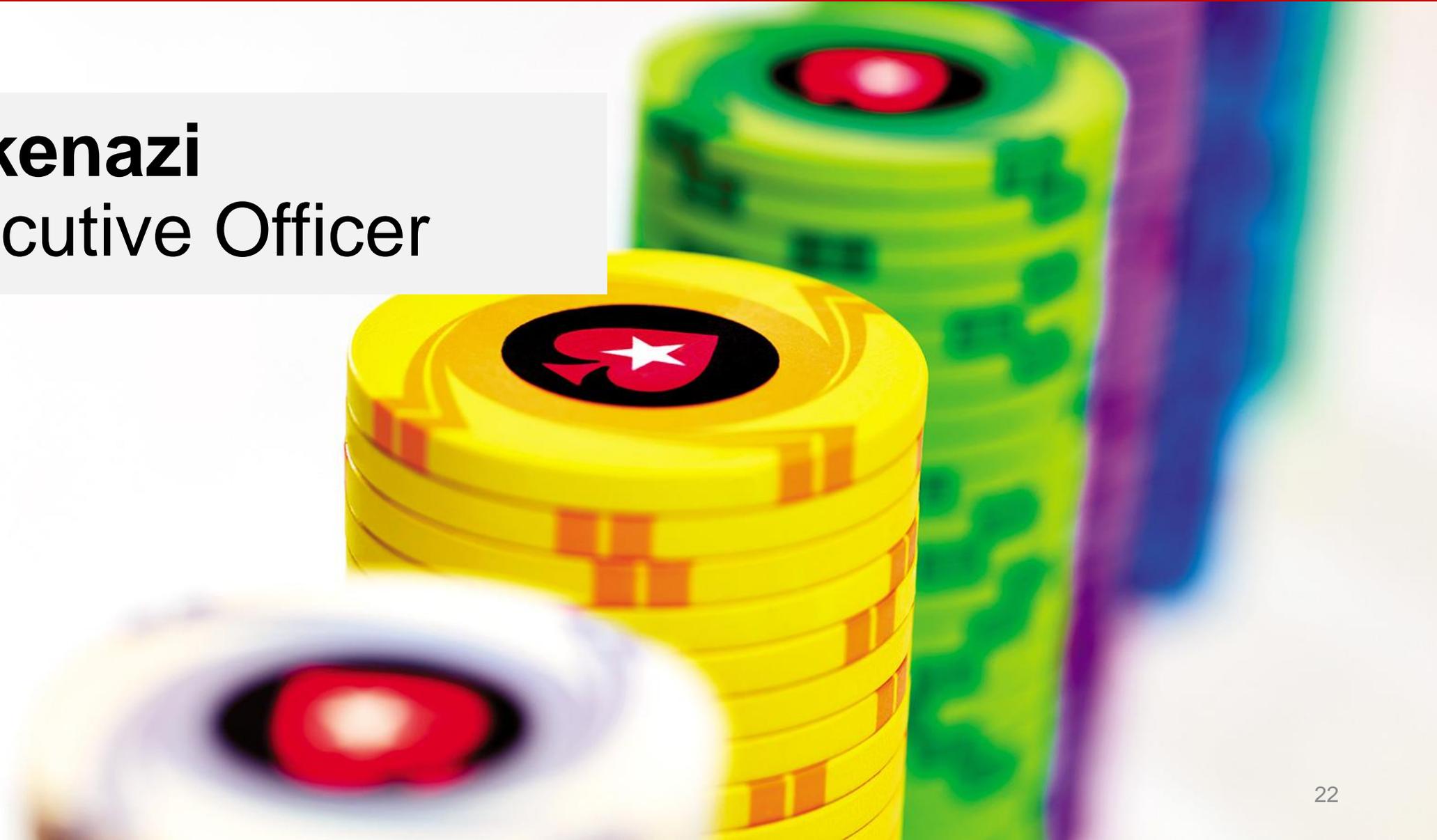
Guidance will be updated to reflect  
contributions from The Stars Group's  
**transformational acquisitions** alongside  
disclosure of second quarter results.

1. These unaudited expected results reflect The Stars Group's existing business, excluding CrownBet, William Hill Australia and Sky Betting & Gaming. These expectations also reflect management's view of current and future market and business conditions, including assumptions of (i) potential negative operating conditions in Russia expected to begin in late-May 2018, (ii) no other material regulatory events, and (iii) no material foreign currency exchange rate fluctuations, particularly against the Euro. Such guidance is also based on a Euro to U.S. dollar exchange rate of 1.20 to 1.00, Diluted Shares of between 207,000,000 and 209,000,000 for the high and low ends of the Adjusted Net Earnings per Diluted Share range, respectively, and certain accounting assumptions.

# SPEAKERS



**Rafi Ashkenazi**  
Chief Executive Officer



# POKER LEADERSHIP CONTINUES



- Growth driven by currency tailwinds, Stars Rewards, shared liquidity in Southern Europe, and successful tournament offerings.
- Marketing initiatives building towards **PokerStars Players No-Limit Hold'Em Championship** in January 2019.
- **PokerStars.IN** commenced operation on April 17.



# IMPROVING CASINO OFFERING



- Continue to improve **player experience**
- Upgrading both **web platform** and **mobile app**

## Focused on Product

- Launched **more than 200 new games** since the first quarter of 2017, and ~70 in Q1 2018 alone.
- In-house studio facilitates internally developed titles, **multiple exclusive games** planned for 2018.



# BUILDING TOWARDS THE WORLD CUP



Improving products helped BetStars recognize multiple milestones during the first quarter:

- First **million bet** week.
- First **\$20 million turnover** week.
- First week hosting over **100,000 unique players**.

BetStars will be the primary beneficiary of the recently announced **£100 Million Challenge**. This event highlights The Stars Group's first-ever multi-brand marketing campaign, which also includes promotions for both PokerStars and PokerStars Casino.



## Acquisition of **CrownBet** and **William Hill Australia** position The Stars Group as the **third largest bookmaker in Australia.**

- Acquisition of 62% ownership CrownBet closed on February 27, 2018. Acquisition of William Hill Australia and additional 18% interest of CrownBet closed on April 24, 2018.
- Marketing and product improvement strategies currently underway.

# SKY BETTING & GAMING



Rapidly growing business.



**+46%** Revenue<sup>1</sup>  
CAGR 2015 to 2017

**+51%** adjusted EBITDA<sup>2</sup>  
CAGR 2015 to 2017

Leveraging exclusive relationship with Europe's leading media company.



**4<sup>th</sup>** Most Valuable  
Global Sports Brand<sup>3</sup>

**6<sup>th</sup>** Most Valuable  
Brand in the UK<sup>4</sup>

1. Year-end December 31.

2. Year-end December 31. adjusted EBITDA is defined as net earnings before financial expenses, income taxes expense (recovery), depreciation and amortization, restructuring and certain other items.

3. WPP Research (CY2017)

4. Forbes (CY2017)

**Sky Betting & Gaming's customer base is:**

**Young** – Largest segment is 18 to 34 years old.<sup>1</sup>

**Mobile** – 82% of FY 2017 revenues were generated on mobile platforms.<sup>2</sup>

**Recreational** – Average bet size of £7 to £8.

**Loyal** - 58% of sports betting customers use Sky Betting & Gaming exclusively.

Providing these customers with the best possible experience has positioned Sky Betting & Gaming as one of the **UK's largest** online bookmakers and gaming operators, **doubling their domestic market share** over the past three years.

# ACQUISITION RATIONALE



- **Ownership of best-in-class sportsbook, supporting revenue synergies**
- **Unmatched global presence and scale among public competitors**
- **Enhanced product diversity and regulated markets exposure**
- **Cost synergies and further upside via improved cross-sell**
- **Unique advantage provided by two large, low-cost customer acquisition channels: Poker and Sports**
- **Well-positioned to capitalize on potential US sports betting market**

## **CROWNBET**

## **WILLIAM HILL AUSTRALIA**

- Anticipated synergies of at least A\$50 million commencing in 2019

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## **SKY BETTING & GAMING**

- Anticipated synergies of at least \$70 million realized within two years of transaction close
- Cost improvements to be complemented by revenue synergies

**Deliberate, measured integration will maintain acquisitions' cultures and growth trajectories**

# REALIZING OUR VISION



- **The world's largest publicly traded online gaming operator**
- **The fastest-growing online established sportsbook in the United Kingdom, the world's largest online gaming market**
- **A leading sportsbook in Australia, the world's second-largest online gaming market**

**Becoming the world's favourite iGaming destination**

A large red outline of a five-pointed star.

# THE STARS GROUP

## First Quarter 2018 Earnings Presentation

May 10, 2018



# APPENDIX



# INCOME STATEMENT



<i>(\$000's)</i>	Q1 2018	Q1 2017
<b>Revenues</b>	\$392,891	\$317,320
<b>Expenses</b>		
Selling	\$61,297	\$43,051
General and administrative	\$161,395	\$131,141
Financial	\$45,015	\$40,589
Gaming duty	\$42,952	\$34,533
Acquisition-related costs	\$7,739	\$0
<b>Total expenses</b>	<b>\$318,398</b>	<b>\$249,314</b>
Gain from investments	\$1,023	\$435
<b>Net earnings before income taxes</b>	<b>\$75,516</b>	<b>\$68,441</b>
Income taxes expense	\$1,155	\$2,688
<b>Net earnings</b>	<b>\$74,361</b>	<b>\$65,753</b>
Basic earnings per Common Share	\$0.51	\$0.45
Diluted earnings per Common Share	\$0.36	\$0.33

# NON-IFRS RECONCILIATIONS



(\$000's except per share figures)

	Q1 2018	Q1 2017
<b>Net earnings</b>	<b>\$74,361</b>	<b>\$65,753</b>
Financial expenses	\$45,015	\$40,589
Income taxes expense	\$1,155	\$2,688
Depreciation of property and equipment	\$2,744	\$2,161
Amortization of intangible and deferred development costs	\$36,514	\$33,574
<b>EBITDA</b>	<b>\$159,789</b>	<b>\$144,765</b>
Stock-based compensation	\$2,383	\$2,164
Termination of employment agreements	\$672	\$2,126
Termination of affiliate agreements	\$0	\$407
Loss on disposal of assets	\$0	\$59
Gain from investments	(\$1,023)	(\$435)
Acquisition-related costs	\$7,739	\$0
Impairment of (reversal of) intangible assets and assets held for sale	\$115	(\$6,684)
Other costs (see next page)	\$5,347	\$8,599
<b>Adjusted EBITDA</b>	<b>\$175,022</b>	<b>\$151,001</b>
Current income tax expense	(\$2,420)	(\$3,322)
Depreciation and amortization (excluding amortization of purchase price allocation intangibles)	(\$7,096)	(\$4,660)
Interest (excluding interest accretion and non-refundable late payment fees to the unpaid balance of the deferred purchase price for the Stars Interactive Group)	(\$26,299)	(\$29,652)
<b>Adjusted Net Earnings</b>	<b>\$139,207</b>	<b>\$113,367</b>
Diluted Shares	209,495,673	200,656,549
<b>Adjusted Net Earnings per Diluted Share</b>	<b>\$0.66</b>	<b>\$0.56</b>

# OTHER COSTS RECONCILIATION



(\$000's)	Q1 2018	Q1 2017
Non-U.S. lobbying and legal expenses	\$1,138	\$741
U.S. lobbying and legal expenses	\$1,855	\$3,978
Strategic review professional fees	—	\$125
Retention bonuses	\$117	\$615
Non recurring professional fees	\$451	\$662
AMF and other investigation professional fees (net of insurance proceeds)	\$1,784	\$2,390
Office restructuring and legacy business unit shutdown costs	\$2	\$88
<b>Other costs</b>	<b>\$5,347</b>	<b>\$8,599</b>

# CASH FLOWS



## Operating Cash Flow from Continuing Operations

<i>(\$000's)</i>	Q1 2018	Q1 2017
Net cash inflows from operating activities	\$132,069	\$95,547
Customer Deposit Liability Movement	\$189	\$16,229
<b>Adjusted Cash Flow from Operations</b>	<b>\$132,258</b>	<b>\$111,776</b>

## Unlevered Free Cash Flow

<i>(\$000's)</i>	Q1 2018	Q1 2017
Net cash inflows from operating activities	\$132,069	\$95,547
Customer Deposit Liability Movement	\$189	\$16,229
<b>Adjusted Cash Flow from Operations</b>	<b>\$132,258</b>	<b>\$111,776</b>

## Capex

Additions in deferred development costs	(\$6,431)	(\$4,413)
Purchase of property and equipment	(\$3,585)	(\$856)
Acquired intangible assets	(\$2,427)	(\$707)
Total capex	(\$12,443)	(\$5,976)

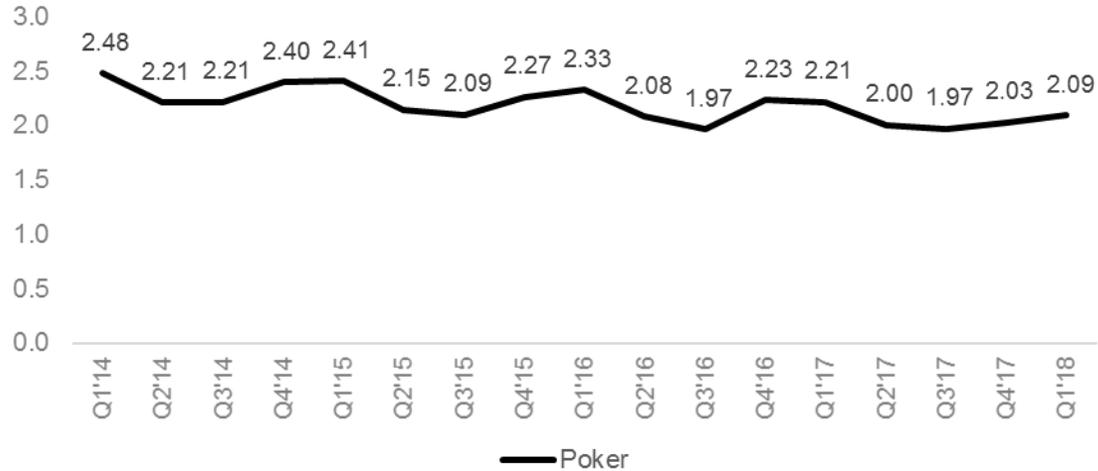
## Unlevered Free Cash Flow

Interest paid	(\$31,488)	(\$34,047)
Principal repayments	(\$6,068)	(\$6,888)
<b>Free Cash Flow</b>	<b>\$82,259</b>	<b>\$64,865</b>

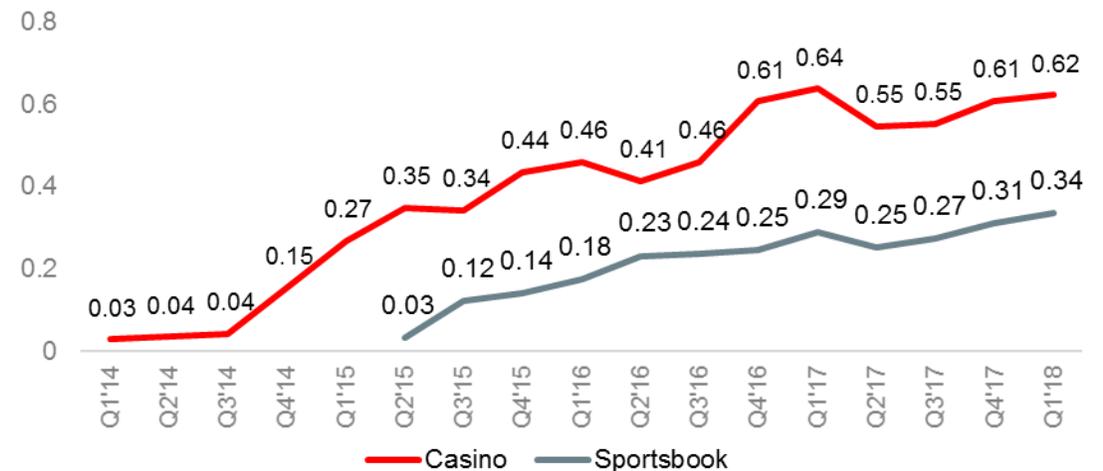
# QAUs BY SEGMENT



Quarterly Active Uniques by Segment<sup>1</sup>  
(in millions)



Quarterly Active Uniques by Segment<sup>1,2</sup>  
(in millions)



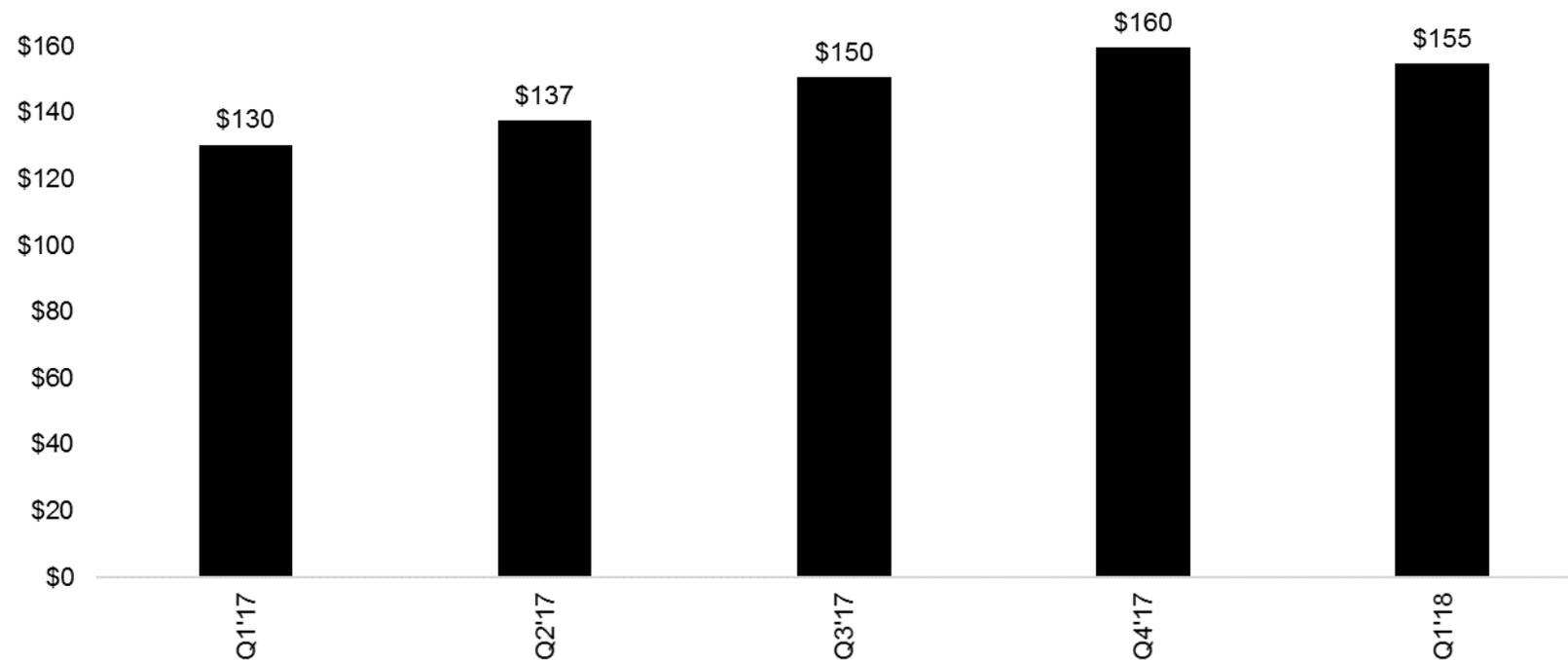
- **Poker:** Decline related to similar factors as those affecting total QAUs
- **Casino:** Slight decline related to similar factors as those affecting total QAUs
- **Sportsbook:** Increased QAUs due primarily to organic growth and direct acquisition of customers through BetStars brand

1. Non-IFRS and non-US GAAP financial measure, please refer to the Appendix of this document.  
2. Does not reflect any inclusion of CrownBet KPIs and is fully defined in the Appendix to this document.

# QNY – CONSTANT CURRENCY



Quarterly Net Yield - Constant Currency<sup>1,2</sup>  
(USD)



1. Non-IFRS and non-US GAAP financial measure, please refer to the Appendix of this document.
2. Does not reflect any inclusion of CrownBet KPIs and is fully defined in the Appendix to this document.

# QNY NUMERATOR RECONCILIATION



<i>(\$ in millions)</i>	Dec 31, 2015	Mar 31, 2016	Jun 30, 2016	Sep 30, 2016	Dec 31, 2016	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017	Mar 31, 2018
Total Revenues	\$293	\$289	\$286	\$271	\$310	\$317	\$305	\$329	\$360	\$393
Corporate	(0)	(0)	(0)	0	(0)	(0)	(0)	(0)	(0)	(0)
Other Gaming	(13)	(12)	(10)	(10)	(13)	(12)	(13)	(13)	(13)	(12)
Poker and Casino & Sportsbook (including CrownBet Revenues)	\$280	\$277	\$276	\$261	\$297	\$305	\$292	\$316	\$347	\$380
CrownBet Revenues										\$11
Poker and Casino & Sportsbook (excluding CrownBet Revenues)	\$280	\$277	\$276	\$261	\$297	\$305	\$292	\$316	\$347	\$369



# DILUTED SHARES OUTSTANDING



	Common Shares/ Common Shares Equivalent as at	
	May 8, 2018	March 31, 2018
Basic Common Shares Outstanding	152,009,440	148,602,549
<u>Securities Convertible into Common Shares</u>		
Common Share Purchase Warrants - weighted average exercise price of C\$19.17	4,000,000	4,000,000
Convertible Preferred shares*	60,117,636	58,927,730
Stock Options**	5,842,508	6,144,553
Restricted Share Units	142,383	146,034
Deferred Share Units	155,555	155,555
Performance Share Units	408,352	437,954
<b>Fully Diluted Shares Outstanding</b>	<b>222,675,874</b>	<b>218,414,375</b>

\* There were 1,138,978 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 51.74 as at March 31, 2018 and 52.78 as at May 8, 2018.

\*\* Weighted average exercise price of C\$25.78 and C\$25.76 for March 31, 2018 and May 8, 2018 respectively. 3,809,753 options are exercisable with a weighted average exercise price of C\$25.75 as at March 31, 2018 and 3,577,333 options are exercisable with weighted average exercise price of C\$25.73 as at May 8, 2018.

# NON-IFRS AND NON-U.S. GAAP MEASURES



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 before financial expenses, income taxes expense (recovery), depreciation and amortization, stock-based compensation, restructuring and certain other items.

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

Unlevered Free Cash Flow means Adjusted Cash Flow from Operations less capital expenditures from continuing operations.

Free Cash Flow means Unlevered Free Cash Flow less interest expense and required principal repayments related to The Stars Group’s outstanding long-term debt.

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 this Appendix.

Adjusted Net Earnings means net earnings 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 7 to the condensed consolidated financial statements for the three months ended March 31, 2018. For the three months ended March 31, 2018 and 2017, Diluted Shares equalled 209,495,673 and 200,656,549, respectively. For the purposes of the full year 2018 financial guidance provided in this presentation, Diluted Shares equals between 207,000,000 and 209,000,000 for the high and low ends of the Adjusted Net Earnings per Diluted Share range, respectively.

# NON-IFRS AND NON-U.S. GAAP MEASURES (CONT.)



To calculate revenue on a constant currency basis, The Stars Group translated revenue for the three months March 31, 2018 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 2018 financial guidance provided in this release, 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 First Quarter 2018 MD&A, including under the headings "Management's Discussion and Analysis" and "Selected Financial Information—Other Financial Information".

## **Key Metrics and Other Data**

The Stars Group 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 (poker, casino and/or sportsbook). 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 defines QNY as combined real-money online gaming and related revenue (excluding certain other revenues, such as revenues that are included in "other gaming" revenues) 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.

The Stars Group defines Net Deposits as the aggregate of gross deposits or transfer of funds made by customers into their real-money online accounts less withdrawals or transfer of funds by such customers from such accounts, in each case during the applicable quarterly period. Gross deposits exclude (i) any deposits, transfers or other payments made by such customers into The Stars Group's play-money and social gaming offerings, and (ii) any real-money funds (cash and cash equivalents) deposited by The Stars Group into such customers' previously funded accounts as promotions to increase their lifetime value.

To ensure consistency in The Stars Group's key metrics for the three months ended March 31, 2018 presented in this news release, The Stars Group has excluded all QAUs, Net Deposits and Customer Registrations related to CrownBet and has excluded CrownBet revenues from QNY. The Stars Group will continue to review and analyze applicable data and information available to it and will consider including key metrics from CrownBet in its own key metrics, including QAUs, QNY, Net Deposits and Customer Registrations, once it has had sufficient time to evaluate, confirm and record the same.

For additional information on The Stars Group's key metrics and other data, see the First Quarter 2018 MD&A, including under the headings "Limitations of Key Metrics and Other Data" and "Key Metrics".

## **Currency**

Unless otherwise noted, all references to "\$", "US\$" and "USD" are to the U.S. dollar, "A\$" are to Australian dollar and "C\$" are to the Canadian dollar.