The Stars Group Inc.

Investor Day March 27, 2019

Presentation Script and Q&A Transcript

Corporate Participants:

- Vaughan Lewis, Group Director, Investor Relations and Corporate Communications
- Dave Gadhia, Executive Chairman
- Rafi Ashkenazi, Chief Executive Officer
- Guy Templer, Chief Operating Officer
- Ian Proctor, Chief Executive Officer, Sky Betting & Gaming (UK)
- Matt Tripp, Chief Executive Officer, BetEasy (Australia)
- Robin Chhabra, Chief Corporate Development Officer
- Marlon Goldstein, EVP, Chief Legal Officer
- Brian Kyle, Chief Financial Officer

SLIDE 2: VAUGHAN LEWIS, INTRODUCTION

Thank you and good morning.

It's great to see so many people here, and welcome to the people joining us on the webcast.

We've got an action-packed day today, but as ever, we have to begin with some practicalities.

Can I please ask that all questions are saved until the end of the presentations.

We will have plenty of time at the end for questions.

For those following on the web, please feel free to email me on ir@starsgroup.com, and we will ask questions on your behalf where time permits.

Before we start the presentations, we do have to read out the disclaimers.

Some of our comments today will contain forward-looking information and statements under applicable securities laws that reflect management's current views with respect to future events.

Any such information and statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those projected in the forward-looking information and statements.

Undue reliance should not be placed on such information or statements.

Please refer to today's Investor Day press release and the slide 2 and the appendix of the presentation for more information.

During the presentation, we will reference non-IFRS financial measures.

For more information about these measures and reconciliations to the nearest IFRS measures, please refer to the appendix of the presentation.

Today's Investor Day press release and presentation will both

be available on our website.

I will now turn it over to our Executive Chairman Dave Gadhia, to get the presentation under way.

SECTION 1: DAVE GADHIA, INTRODUCTION AND BUSINESS OVERVIEW

SLIDE 3

Good morning everyone, and thanks for joining us.

And welcome to those joining us on the webcast.

I'm Dave Gadhia, the Executive Chairman of The Stars Group.

This is the first investor day since the transformative acquisitions of 2018, and we are really excited to be able to outline our growth plans and showcase the strengths of the business we have built.

Our main aim today is to provide a detailed overview of our business and our growth plans, laying out how we intend to deliver strong shareholder returns.

I'm delighted to be joined by some of our most senior operational and management team.

Over the course of this morning, you will hear a range of presentations from our executives – this is a very experienced, cohesive, great team - all top quality operators, and I am really proud to be showcasing the breadth of the talent in the group today.

Before handing over to Rafi, I wanted to briefly outline the strength of the business today, and why I am confident as Chairman that we have a foundation for consistent strong shareholder returns.

SLIDE 4

Starting with an overview of our business on slide 4, we have a scalable and proven international platform that represents a strong foundation for growth.

Importantly, we have been able to successfully translate our leading poker position to become a global multi-product operator.

The chart presented on slide 4 shows annual revenues for The Stars Group International business, the original PokerStars business.

Since 2004, this business has delivered a revenue CAGR of 21%.

We acquired the business in 2014, and began implementing operational and management changes in 2015.

Rafi became the CEO during 2015, and from 2015 to 2018, the business has delivered a revenue CAGR of 10%, successfully leveraging our position as the global home of poker to expand first into casino games, and then into betting.

In 2018, revenue from casino and betting combined reached over half a billion dollars.

We have effectively created one of the largest online casino and betting businesses in the world, from a standing start in 2014, by leveraging our customer base, and cross-selling new products.

This was achieved while innovating and improving our poker product, resulting in a consistent and reliable revenue base.

The success of our expansion into multiple products, and the stability of our core poker business, enabled us to accelerate the expansion of the business.

During 2017 we conducted a full and thorough analysis of our business, industry trends, and strategic growth options.

It was clear to us as a Board that the industry was going to continue to expand rapidly, and that capitalizing on consolidation opportunities would allow us to enhance our global scale and product offerings to gain market share in key verticals and deliver higher returns.

Importantly, scale has become a key differentiator as more countries are regulating and taxing the industry.

This increases our operating costs, but also increases barriers to entry.

As well as highlighting the need for increased scale, this analysis also highlighted a number of significant growth opportunities globally.

The biggest opportunities for us as a business were in sports betting, and the UK and Australian online markets, where we had relatively limited exposure.

SLIDE 5

During 2018 we took decisive action to position ourselves to have greater scale, and also to position ourselves for stronger future growth and continued market share gains, by building positions in attractive end markets, as highlighted on slide 5.

We believe that the 2018 acquisitions of SBG and BetEasy addressed our strategic aims:

- We have built a business with leading positions in all three major product verticals, betting, casino and poker.

- We have built a business with leading positions in all of the largest and most attractive end markets, including the UK and Australia.

- And we have built a business that is diversified, with a platform for industry-leading growth rates in future.

SLIDE 6

You will hear a lot today about what drives our business, what makes us unique, and what gives us confidence in our growth plans.

What really underpins all of this is the quality of our people.

Turning to slide 6, this shows the diversity of our people globally, with about 4,300 people in a dozen countries around the world.

Our people are highly motivated, and highly engaged.

We are a technology business, with a scalable global platform that supports more new games, more payment methods and more countries than any other operator.

SLIDE 7

Moving on to slide 7, I'm delighted to say you will be hearing from a wide range of our team today.

Businesses are about people – as a Board, we set the strategic plan with our executives, we approved the acquisitions that have built the foundation for future growth, and we provide management with a framework for delivering shareholder value.

It is our people working in the business that execute that strategy and deliver that framework.

We believe we have put an organisational structure in place that both captures the scale benefits inherent in our business, but also maintains the entrepreneurial spirit of the fast, nimble start-up businesses that form the group.

Global scale – you will hear about cross-pollination among the businesses today.

Maximising our assets by using the capabilities across the business to enhance our returns.

This includes technology assets as well as human capital.

We have strong centralised functions that leverage our people, our technology and our assets to maximise our efficiency.

Competing locally – we believe we have built a structure where we can capture the value of the assets and capabilities across the group, but compete effectively at a local level.

I'll now hand over to Rafi to give an overview of our growth strategy, and our plan to deliver returns and create value.

SECTION 2: RAFI ASHKENAZI, CREATING VALUE

SLIDE 9

Thanks Dave, and welcome everyone. It's great to have so many people here with us, and on the webcast.

Let me start by saying we have a great business, and I believe the company is in the best position ever.

I'm really excited to share an update on our strategy and growth initiatives with you today.

The Stars Group is a diversified global market leader with unrivaled product and geographic reach, which we believe serves as a strong foundation to achieve the new medium-term financial targets we introduced in our press release this morning.

Overall, we expect to capitalize on our sustainable competitive advantages to deliver the following:

1. 8-12% revenue growth at constant currency, by leveraging our market leading positions to capitalize on industry tailwinds, grow market share, and deliver revenue synergies.

2. Attractive, industry-leading margins, that will be broadly stable in the coming years, with scale benefits off-setting higher costs of duties as we grow the mix of business from high-quality regulated markets.

3. Rapid debt pay-down, reducing leverage towards our target ratio of net debt to adjusted EBITDA under 3.5x.

4. The combination of these will deliver sustainable double digit adjusted EPS growth in the medium-term.

We believe our highly scalable business model coupled with our deep proprietary technology, position us very well to achieve these goals.

Over the course of this morning we will expand on the drivers of our business, our plans to fully capitalize on future growth opportunities and how our strategy supports our confidence in achieving these new financial targets to create value.

SLIDE 10

Turning to slide 10, here is a summary of our strategic framework, which supports the target model we just discussed and makes us uniquely positioned in the gaming industry.

We will be expanding on each of these points today:

- First, we operate in a large high-growth industry, in the early stages of structural growth as gambling spend moves online.

- Second, we have a proven track record of developing leading positions in key geographies and all key product verticals.

- Third, we believe our business has significant and sustainable competitive advantages, driving market share gains in existing markets and an immediate advantage in new markets.

- Fourth, our operations are scalable in existing markets, and in our ability to replicate our products and offers into new markets as they regulate.

- Finally, we believe our financial model is highly attractive. We have very strong customer retention, resulting in predictable recurring revenue. We also have significant scale benefits that drive attractive profit margins and high free cash flow conversion that supports rapid deleveraging.

SLIDE 11

Turning to slide 11, I would like to highlight that we operate in a great industry that is in the early stages of online migration.

The total size of the gambling market globally is very large, at over $300 billion in 2018.

Only 14% of this industry is currently online, and we expect years of strong structural growth in the industry as more of this revenue shifts online.

To highlight the potential of where online penetration is heading, we see that online penetration in the UK is already approaching 50%, and in the Nordics is even higher than that.

The early data from New Jersey provides some of the more interesting datapoints, as this is a market where online and offline sports betting started at the same time.

Here we see that over 80% of sports betting stakes are taking place online.

This is a product that is ideally suited to the internet – it is quicker, easier, there is no inventory, and as operators we can fully personalise the product and experience.

There are strong structural tailwinds that support growth in digital gambling.

Rising smartphone penetration, the adoption of online payments, the increasing coverage of live sports, and probably most importantly, there is a wave of online gambling regulation that is making our products and services fully regulated in new countries.

With our mobile technology, payment infrastructure, media integrations and global footprint, we operate at the intersection of these powerful trends.

We believe we are currently in the sweet spot in this large and high-growth industry.

SLIDE 12

Moving on to slide 12, we can see the upside potential in the industry, as many of the largest gambling markets in the world have not yet taken the step to regulate online gambling.

The single largest gambling market in the world is the U.S., where we are now in the early stages of regulation.

Over the long-term, we currently see years of strong structural growth, driven by the trend of more jurisdictions regulating online gambling.

We are already one of the most licensed online gambling operators in the world, and with our strong brands, proprietary technology, operating expertise and scalable business model, we believe we are ideally poised to capitalise on this trend.

This $300 billion industry is becoming a digital industry.

SLIDE 13

Turning to slide 13, you can see that today we are already the largest public company in online gambling globally.

Scale is absolutely a key differentiator in this industry:

- In poker, scale is a virtuous circle, allowing us to offer better products, a broader range of games, and larger tournament prizes. The strong network effects continue to reinforce our position as market leader. We spend more marketing poker than any other operator generates in poker revenue, per industry data.

- In sports betting, scale is important for both risk management and product quality. Our scale allows us to offer better products, invest in more streaming content, and we have more customer data to refine our offers and drive higher engagement.

- In casino, scale is important to drive higher progressive jackpots, better products and rewards, and a wider range of games and content.

We have 65% global share of online poker tournaments, and in the more developed sports betting markets like Australia and the UK, a handful of operators account for nearly 90% of the market.

We believe that ultimately there will be a small number of dominant online gaming companies globally, and we are currently at the top of this group.

SLIDE 14

As highlighted on slide 14, I challenge my teams with five key strategic questions to how we continue to leverage our scale and market leadership to ensure we take full advantage of the growth opportunity:

1. What are our strategic market priorities? How do we ensure that we are targeting the most attractive markets?

2. How do we allocate marketing and product investment to achieve the highest incremental return on investment?

3. How do we leverage capabilities across the group and continue to build our sustainable competitive advantages?

4. Why is the U.S. important to our future? How do we leverage our business model and global scale to achieve leading positions in the most exciting new markets?

5. How do we deliver strong shareholder returns? We have an attractive business model, that is scalable, and highly cash generative.

Over the next 15 minutes or so, I will outline our strategic vision in these areas.

Then I will hand over to our operational management, where I hope you will see the operational focus, the experience and quality of our team that will execute on these opportunities.

SLIDE 15

Turning to slide 15, Question 1 is, “What are our strategic market priorities?”

Here the bubble sizes represent the size of online gambling markets today.

We assess, and constantly update, the attractiveness of each market from a regulatory and tax perspective, and this is the x-axis.

The y-axis then shows the estimated growth rate of these markets, based on external forecasts.

The sweet spot for investment are the markets in the top-right hand section, markets with attractive regulatory and tax positions, that are expected to see high growth.

In addition to investment in these markets, we constantly assess which markets can move into this section – the best example being the U.S. – which was more towards the bottom left section two years ago.

We believe the future of The Stars Group is leading positions in these fast-growing regulated markets.

SLIDE 16

On top of this, we layer on our assessment of the competitive dynamics in the market, and where we believe we have, or can create, sustainable competitive advantages.

The top right section on slide 16 represents the most attractive markets for investment.

These are markets that are large, and fast-growing, and where we believe our brands, products and technology give us an advantage.

Our top 6 regulated and tax-paying markets in this circle represent two thirds of our revenue, and these are the key drivers of our business.

We currently anticipate that the U.S., Brazil, Russia and the Netherlands will join this segment over the coming years.

SLIDE 17

Moving on to slide 17, Question 2 is, “How do we then allocate our investment in these markets?”

Once we have identified our key target markets for investment, our goal is to allocate our product investment, our marketing dollars, and our management time to capitalise on these opportunities.

Our first strategic priority is to further enhance our leading positions in our top six regulated and tax paying markets.

We are the market leader in two of these – the UK and Italy – and have strong positions in each of the others.

We will continue to leverage our scale in marketing and product development to grow share in these markets.

Marketing is a key investment for the group.

We will spend approximately $400m in marketing in 2019, and to put this into context, MGM, Las Vegas Sands and Caesars reported $305m, $132m and $76m respectively in marketing expenses in 2018.

We derive significant benefits from our scale in marketing.

We have the ability to capture and analyse data from our very large and growing customer base and optimize our marketing strategies in real time to maximize incremental returns.

Unlike most of our competitors, we are able to invest in marketing at scale across multiple geographies, and multiple product verticals.

We also believe we have strong and sustainable competitive advantages in customer acquisition.

Due to our market leadership and network effects in poker, we are able to acquire high volumes of players more efficiently than any other operator.

These are not just poker players though – they play casino and bet on sports as well, and over the last four years we have added over half a billion dollars in revenue from cross-selling other products to our poker players.

The poker acquisition funnel provides us with a significant advantage – these customers are cheaper to acquire than other product verticals, and it provides us with an immediate advantage in new markets.

We are now building a similar dynamic in sports betting.

Creating a large, efficient source of customer acquisition, leveraging our capabilities, product leadership, and media integration expertise.

The Sky Bet model is our template.

It differentiates us by integrating sports betting into a sports media brand, and making a small bet part of the day-to-day activity of sports viewership.

Like poker, this provides us with a large source of cost-effective customer acquisition, with players that we can cross-sell between all of our leading products.

We believe the combination of structurally lower customer acquisition costs and strong retention and lifetime value is powerful for incremental return on investment.

As a result, we have the lowest marketing spend as a percentage of revenues amongst our peers.

In other words, for a given amount of marketing spend, we generate more revenue.

SLIDE 18

In addition to highly efficient marketing, our business model benefits strongly from scale.

As we grow, the marginal cost of servicing additional customers falls. We leverage our technology and operations more effectively, generating more revenue from the same cost base.

The combination of effective marketing, and our large scale means that we are able to deliver industry-leading margins.

SLIDE 19

Question 3 is, “How do we leverage the capabilities across the group?”

We are focused on maximising the value of the competitive advantages and scale benefits that we enjoy.

Cross-pollination is one of my key priorities for 2019 and beyond.

I believe we have the best technology, products, marketing and offers across poker, betting and casino across our businesses.

As you can see on slide 19, we have created a structure with robust centralised corporate functions that drives efficiency, optimises our scale benefits and delivers synergies.

There are four key areas in particular where we are able to leverage our scale and global footprint – technology, compliance, payments and brands.

SLIDE 20

Turning to slide 20, these four areas are a significant and sustainable competitive advantage for us.

First, technology.

We have over 1,500 technologists, and this supports our global platform, as well as rapid product development and innovation that supports market share gains.

Second, compliance.

We are the most regulated operator in the industry, and have significant expertise both in rolling out new licences, and in responsible and safer gambling.

Third, payments.

We support almost 50 different payment methods across the business.

For customers, safe and secure payments is one of the most important drivers of consideration and loyalty, and our expertise here is a significant barrier to entry.

Fourth, brands.

Our market leading brands provide us with large and efficient sources of new customers.

Sharing expertise across the brands allows us to further increase our return on marketing investment.

SLIDE 21

We are a technology company, and the Customer Platform presented on slide 21, is one of the core strengths of our international business.

With a flexible, resilient and scalable platform, we are able to service millions of customers across hundreds of countries from a single platform.

We believe this is the best player account management system in the industry, giving us more data in real-time, and allowing us to interact with our customers, rewarding their gameplay and activity with exciting and customized promotions.

A key example of how we will leverage and enhance the capabilities across the group is our Global Sportsbook and Trading Platform, or GSTP, which will progressively replace third party services.

We believe that we have brought together the best teams globally in online betting.

We have the team that built the leading online sports betting business in the UK, and the team that has built several leading betting businesses in Australia.

These teams are building our GSTP, leveraging the best parts of the technology and products from across our businesses.

As well as driving further cost efficiencies, this will enhance the productivity and pace of innovation and development, and ensure that each of our sports betting businesses has the leading products and experiences in the market at all times.

Parts of this platform are already live, and over time we will progressively build more parts of the GSTP, and roll this out into more territories, further accelerating the potential for revenue and cost synergies.

The power of our technology is what underpins the success of the business.

We have the leading platform capability in the world, capturing real-time data, which enables personalised loyalty rewards to players to be delivered in real time.

I believe our data science and business intelligence is the best in the industry, rewarding the most valuable and sticky players, with the rewards that they most value.

This is all enabled on a platform that is available in 17 languages, with nearly 50 payments methods.

This platform is highly scalable, and we are able to replicate this and use this across new markets as they emerge.

SLIDE 22

Turning to slide 22, over the next few years, leveraging our capabilities also means achieving significant revenue synergies from the SBG acquisition, supporting our plans for revenue growth.

There are five main areas, with the first four shown here:

1. Improving BetStars. As you can see in the top left chart, the engagement of BetStars customers is lower than either Sky Bet or BetEasy. As we incorporate more of the operating expertise, technology and offers into BetStars, we see significant scope to improve the engagement of our BetStars customers.

2. Upside from casino gaming. We are rolling out best practices from Sky Vegas to PokerStars Casino, such as daily rewards. We are rolling out in-house content from SBG to PokerStars, including Frog of Fortune shown here, which is already generating revenues. We will also roll out in-house content from PokerStars to SBG's gaming brands, as well as best practices with player engagement and cross-sell mechanics.

3. Sky Bet international. We have already migrated the Italian player base from Sky Bet to PokerStars, and relaunched it as Sky Bet by Stars. For the first time, Sky Bet customers in Italy have access to PokerStars, and rather than a limited casino, have access to the leading casino in the market. As you can see on the chart here, the customer acquisition cost of Sky Bet in Italy and PokerStars in Italy is similar, so with Sky Bet we have an attractive source of acquisition. But the stronger product set and player management tools with PokerStars mean the Quarterly Net Yield is multiple times higher, so we see significant upside as we now acquire Sky Bet customers into this product set. We plan to make similar changes in Germany later this year.

4. Integrating PokerStars into the SBG ecosystem. We will enable players from SBG to be able to use their money to be cross-sold to PokerStars, promoting our range of games and tournaments to the largest customer base in the UK.

SLIDE 23

Turning to slide 23, the biggest single potential revenue synergy is from leveraging the platform capability of PokerStars, together with the sports betting capability from Sky Bet and BetEasy to create a large low-cost customer acquisition channel for online sports betting.

We already enjoy a unique and advantaged position as the home of online poker.

With the breadth of capabilities in the business, we believe we are poised to replicate this with sports betting.

Sky Bet has a unique model that integrates betting into a sports media brand.

This provides a large funnel of digital sports fans, who have a high propensity to bet.

This turns betting into entertainment, attracting a different type of customer, moving betting from being purely transactional, to part of the enjoyment of sport.

We are discussing media integrations in the U.S., and over time, we see scope to pursue this model in further jurisdictions.

We are at the early stages of our progress with betting, and see years of growth potential ahead of us.

SLIDE 24

Turning to slide 24, Question 4 is, “Why is the U.S. important to our future?”

We believe the U.S. is the single most exciting long-term growth opportunity for the company, and we are uniquely positioned to take advantage of this opportunity.

We expect the addressable market for us to reach around $9 billion in net revenues by 2025, making it one of the largest online gambling markets globally at that point.

Longer-term, we see significant potential beyond this, as more states regulate gambling activities.

As you can see on the right hand side, these estimates would mean the average U.S. adult spends $54 per year on sports betting.

If you compare this to other sports betting markets, it is very low, suggesting years of growth potential beyond this as more states enable sports betting, and more of the offshore and black market becomes captured in the legal market.

We believe that we are ideally positioned to excel in this market, using our proprietary technology to replicate the Sky Bet model with a powerful local media brand, and leveraging the high brand awareness and quality of our PokerStars brand.

You will hear a lot more about this from Robin later this morning.

SLIDE 25

Turning to slide 25, Question 5 is, “How do we create value?”

At the beginning, I said we have never been in a stronger position as a business.

You can see on slide 25 that we are incredibly diversified by product, with a balanced mix of revenues from poker, casino and betting.

We are also well diversified by geography, with leading positions in key markets.

This diversification de-risks our business, but more importantly, it provides us with strong growth opportunities, and underpins our confidence in our plans.

SLIDE 26

At the outset, I said that we believe we are well positioned to achieve our goals and deliver strong shareholder returns.

We operate in a high-growth market, with strong structural growth supported by the migration of gambling online and new market opportunities like the U.S.

We will continue to leverage our scale and sustainable competitive advantages to grow market share, supported by revenue synergies from our acquisitions.

Our business model is highly cash generative, and this will enable rapid debt pay down.

We believe the combination of strong revenue growth, stable margins and debt paydown supports our plan for sustainable double-digit EPS growth.

With that, I would like to introduce Guy Templer, our Chief Operating Officer.

SECTION 3: GUY TEMPLER, INTERNATIONAL SEGMENT

SLIDE 27

Thank you, Rafi, and good morning everyone. I'm Guy, the Group Chief Operating Officer.

It's great to be here today, to tell you a bit more about our plans for the International business, and about how excited we are about the potential for PokerStars, and our continued expansion into casino and betting.

I've been with the group for 8 years, and as Rafi said, we believe this is the best position the business has ever been in.

The International segment is the oldest part of our business and is now autonomous within the group.

It is increasingly leveraging the capabilities and assets of our other newer businesses, but with its own product and marketing tailored to our specific objectives, and specific addressable markets.

We have a great team in the International segment, with many members who have been with us for more than a decade.

Importantly, this is the same team who built PokerStars into the home of online poker, and subsequently created a half a billion revenue casino and betting business on top of our poker business.

SLIDE 28

I would like to start with an overview of our impressive growth track record.

As you can see on slide 28, this has been a great growth business.

We have a long-term record of success, becoming the home of online poker over the decade from 2004 to 2014.

From 2015, we started to transform our business.

We began to diversify by selectively offering casino games tailored to a poker audience, cross-selling our player base into new products and new content.

Also in the same year, we restructured the management team, with Rafi taking over as CEO.

You can see here how successful the transformation has been, with poker revenues remaining stable, while we have added over half a billion dollars in revenue from casino and sportsbook.

All this in just a few years, by leveraging our massive player base, our brand and our proprietary technology, to distribute and immediately monetize brand new products.

This is a clear example of the power of The Stars Group business model. Scale matters to drive strong organic growth.

SLIDE 29

Importantly, the foundation of our business is our large and loyal customer base.

The chart on slide 29 shows net deposits by customer cohort for the last 4 years.

As you can see, this tells a remarkable story.

Net deposits from customers that joined before 2012 are actually growing.

Customers who have been with us for more than six years are actually depositing more money, and spending this across multiple products in poker, casino and sportsbook.

This reflects the success of our business plan since 2015 when, in parallel with diversification, we began developing a sophisticated customer analytics that enabled us to start actively managing our ecosystem.

Providing more products, more content and far more targeted rewards that better retained our most valuable customers.

Today, we are still successfully growing the share of wallet of our base as we continue to expand the range of content to our players.

We believe there is plenty more upside to go from here.

We know that our players still play casino games and place sports bets with other brands, and so we are working to further our customer understanding, expanding our product range and improving our retention tools to continue to grow our share of wallet.

SLIDE 30

Underpinning all of this is PokerStars, the leading poker brand globally.

In short, PokerStars is truly the home of poker.

We offer the biggest online poker tournaments in the world.

We offer the biggest offline poker tournaments in the world.

We have more players than any other poker site.

We provide more game variants than any other poker site.

And, remarkably, we see more online searches for the term ‘PokerStars’ than for the term ‘online poker’.

As highlighted on slide 30, there are significant network effects in poker.

The more players we have, the wider range of games we can offer and the larger the tournament prizes we can offer.

This makes our offering superior to others, and so it drives higher revenues.

This allows us to innovate more, create more games, and advertise more, acquiring more players.

This in turns creates a better product, with bigger prizes and more games.

This virtuous circle is very powerful, and provides us with a significant, sustainable competitive advantage that is absolutely evident in our market share today.

Based on SharkScope estimates, we have around a 65% share of all global tournament poker.

In other words, we are about twice as large as every other poker operator combined.

And, we are over 5x the size of the next largest operator.

This gives us a significant, sustainable competitive advantage in our key product vertical.

SLIDE 31

Creating great new products and investing more in marketing remains key to growing the player base.

This year sees the launch of our new “Next Generation” mobile app.

It’s often said that mobile internet is the future – this isn’t really true, it is the present.

There are more mobile internet users than desktop users globally.

Smartphones form the basis of most people’s lives and attention spans have shrunk.

So having the easiest, quickest app is critical, with intuitive user experience and a personalised interface that takes customers exactly where they want to go.

We believe our Poker NextGen app ticks all of these boxes and it will become a cornerstone of our product portfolio. The NextGen app is live in Denmark, and will go live across the rest of our markets this year.

This year as well as our new Poker App, we are continuing to develop many new exciting games.

Hopefully you will get a chance to have a play on our VR product after today's session – this is one small example of how our innovation can bring excitement to poker, broadening its appeal and bringing in more customers.

SLIDE 32

Turning to slide 32, one of the key differentiators in our business is our cross vertical loyalty program, Stars Rewards, launched in 2017.

Stars Rewards takes its inspiration from the very best of the casual games category, using similar mechanics and techniques popularised by the casual games industry to reward our most valuable players.

The concept is very simple. Players earn points when they bet on casino, poker or sports. These points build up into chests that customers can accumulate or can open with a great fanfare.

Inside the chests there is a pseudo-random reward, which can vary from large cash prizes through freeroll tickets to free spins on slots machines.

Critically, the program is highly flexible.

It allows us to be laser focused on the efficiency of our offsets, rewarding our most valuable customers, driving retention, engagement and most importantly driving loyalty and share of wallet. Why? It gives our players a reason to play across all of our verticals, that is personalized to the games that they play.

As you saw from our cohort chart, this has worked and our engagement levels have increased over the last few years.

Customers are staying with us longer and depositing more over time.

A large part of that is down to our unique cross-vertical Stars Rewards program.

Underpinning this, we believe we have the leading business intelligence team in the industry, supporting our business decisions and ensuring we optimise the return on our investments in free bets and offers.

SLIDE 33

As well as providing the best online poker products and tournaments available in the world, we support this with some of the world's greatest offline tournaments.

The PokerStars Players Championship is a true phenomenon. Just in January, a personal trainer from Spain named Ramon Colillas came first in our record-breaking tournament winning over $5 million.

But most remarkably, he qualified for the tournament for free through one of our platinum passes.

So now Ramon is an official ambassador for us, leaving behind his old life as a personal trainer.

It is stories like this that really help grow the popularity of poker, and drive further customer engagement and interest in the sport.

Besides offline poker, the PokerStars brand itself gives us a clear sustainable competitive advantage.

The high brand awareness and trust makes us unique in the poker market.

But we are not complacent, we are not staying still, we are continuing to develop the brand and, critically, to develop some great brand associations to drive and grow the popularity of poker.

This year will see some great partnerships to modernise the brand and continue broadening its appeal.

One example of this is our new brand partnership with the UFC shown on slide 33.

The PokerStars association with the UFC brand is a perfect pairing.

UFC has a global distribution of sports fans in a key demographic for us – they have a high propensity to engage in gaming.

The partnership will see a range of games, promotions and campaigns that will leverage the brand association.

This short video will give you a flavour of just how exciting this partnership can be, I want to show you a very quick video clip now.

SLIDE 34

[VIDEO]

SLIDE 35

Turning to slide 35, it is important to remember that poker remains at the core of our business.

It has created the platform that enabled us to rapidly grow new product verticals.

The origins of the game date back over a thousand years and it is still one of the most popular games globally, with millions of players around the world.

As you can see on the chart on slide 35, monthly revenues from poker have been relatively predictable and stable for the last 4 years.

The actual monthly revenue bounces around a little bit, depending on FX rates, the schedule of tournaments, major sporting events, regulatory changes, and other factors – but as you can see over the long-term, the trend is one of a stable, sustainable, predictable revenue base.

This great business has created the platform for our multi-product expansion.

We always knew that our poker players were playing casino games elsewhere, and betting on sports elsewhere.

So, in 2015 we started to capitalise on this.

In the last 4 years, we have built one of the leading online casinos in the market, with over $400m of revenues in 2018.

Our team have done a fantastic job, from the initial roll-out of side games as a test on our Full Tilt brand, to today, where we are one of the best online casinos on the web, with over 350 new games launched in 2018 alone, and over 30 games per month planned for 2019.

Sports betting came next, with BetStars launching at the start of 2016, and already it's grown to nearly $80m in revenue in 2018.

Remember, we have only scratched the surface with sports betting and we are still at a very early stage with this business.

The acquisitions of Sky Bet and BetEasy give us the capability and technology to become a leading player in this market, and I am really excited about the growth potential that this offers us in the coming years.

SLIDE 36

Moving on to slide 36, I would like to provide a bit more detail on our casino which has grown from a simple start-up to being an industry leader and represents a key growth driver for our business today.

We are the world's most popular online casino, as measured by player traffic.

We have achieved this by carefully cross-selling casino products to our poker playing customer base, selectively acquiring casino first customers, and cross-selling to our betting customers.

We believe our Stars Rewards program also provides a unique advantage for us.

As well as rewarding our most loyal players over time, we have extended this further within our casino product range.

We are now able to provide highly targeted, highly personalised rewards in real time, while customers are playing our products.

That is almost unique in the industry.

Delighting and surprising our players like this, makes the customer experience much more fun and much more engaging.

Critically, our proprietary technology underpins all of this, and that gives us another important competitive advantage.

It allows us to integrate more games, more quickly than many other operators.

Combined with our scale, it also means we are able to offer many massive jackpots and a far broader range of games than most other operators today.

SLIDE 37

Overall, the future of our casino business is very exciting and we believe we are well-positioned to capitalize on significant growth opportunities.

I mentioned that during 2019 we plan to launch an average of 30 new games per month.

New games are the critical lifeblood of the casino business – they drive customer interest and engagement, supporting our revenue growth.

The top chart here shows a typical new game launch, with revenues peaking in month 2 as more people play the game, before fading to a steady state after the end of about 12 months. We use data to optimize this, leveraging the power of the Stars Rewards program programme to extend the gameplay cycle of each new game.

The bottom chart shows an indicative example of the ramp-up of new games layered on top of each other, and how this contributes to continued sustainable revenue growth.

We also expect 2019 to be a record year for in-house game launches. These are games we design in-house and they have multiple benefits.

They are unique, tailored towards our players, and can only be played on our sites.

This drives loyalty, and this drives share of wallet. In addition, we own these games, so we only have one-time development fee, whereas with third party games we typically pay revenue shares.

These bespoke, royalty free games are also one of the synergy benefits from our acquisition, as we will be leveraging the top quality game content from both PokerStars' games studio and SBG's in-house design studios across all of the group's casino brands.

SLIDE 38

The biggest long-term opportunity for the International segment is, of course, sports betting as shown on slide 38.

BetStars has already grown rapidly to around $80m in revenues since 2016.

But this is tiny relative to the size of the market. Online sports betting is a $26bn market, the largest segment of the global online gambling market.

We have bold plans for BetStars in the coming years.

First, we want to leverage our brands strategically.

For markets where Sky has a presence – the UK, Italy, Germany – we will use Sky Bet, and leverage the existing local brand awareness. We will work with Sky in each market to create a unique acquisition funnel, by up-selling Sky's TV viewers with products that enhance the enjoyment of watching sports on TV.

For other markets, we will leverage the BetStars brand, but will also assess potential media partnerships to recreate Sky Bet's successful model in the U.K., You will hear more about that soon with regards to our plans for the U.S. market.

Second, our goal is to enhance the customer experience.

Our Sky Bet and BetEasy acquisitions have given us significant operational sportsbook expertise that will enable us to offer better, broader products to our PokerStars customer base.

Thirdly, we are focused on leveraging our proprietary technology and in-house expertise gained through the acquisitions.

We are developing and deploying a new Global Sportsbook and Trading Platform, or GSTP, that will help us to realize our plans to become a leading sports betting business internationally.

Finally, localization remains core to our go-to-market strategy.

As well as selectively using local brands, the GSTP is being built to help us heavily localize our product, content and offers, enabling us to capitalize on the massive reach of the PokerStars brand.

SLIDE 39

Expanding our betting business is the biggest single opportunity ahead.

The global online betting market is 10x the size of the online poker market.

We will apply the technology and operating capabilities of our acquisitions to Stars' massive distribution network, to create the single BIGGEST opportunity for our Group: A brand new, low-cost customer acquisition channel whose scale will come to rival our poker acquisition channel in the coming years.

This will leverage our technology capability, our licensing capability and our efficient operating cost base to deliver high incremental returns.

SLIDE 40

Overall, we believe we have multiple, strong growth drivers for the business in the coming years, which we are well-positioned to capitalize on.

To re-iterate:

- First, in poker. You've heard about the innovation and brand evolution here. Independent market forecasts assume 1% growth here in the next 5 years. We are confident that our investments will support market share gains, supporting our plans for low single-digit growth in poker in constant currency in the medium term.

- Second in casino. The industry is expected to grow at a CAGR of 5%. We are investing in product and content, and will begin direct casino marketing in the coming year. We have a small share of online casino, and I'm confident that we can grow share over time, on top of the natural growth we will get from the market, as we leverage our unique capabilities.

- Finally, in sports betting. The industry is expected to grow at a CAGR of 6%. We are a tiny portion of the sports betting market, and with the capabilities of our recent acquisitions, the opportunity here is very significant indeed.

SLIDE 41

In summary:

- Our International business operates in a large, high-growth and attractive market.

- We have a very strong position in poker, and we are building a leading position in casino. We also now have strong foundations for a great sports betting business.

- We believe we have unique and sustainable competitive advantages in the form of our brands and our proprietary technology that support market share gains.

- Our platform provides us huge scalability, allowing us to add products and continually engage our customers, cross-selling more products, and creating new acquisition channels. So we are now uniquely poised for international expansion. You will hear from Marlon about the strength of our regulatory position, our expertise with licensing, and our ability to roll out new jurisdictions quickly and efficiently. Our regulatory capability is indeed another key competitive advantage.

- Finally, we believe we have a very attractive financial model, with significant scale benefits.

With that, I am pleased to hand the presentation over to Ian Proctor, the Chief Executive Officer of SBG.

SECTION 4: IAN PROCTOR, UNITED KINGDOM SEGMENT

SLIDE 42

Thank you, Guy. Good morning, and thank you all for coming.

Our Sky Betting and Gaming operations in the UK are run as a largely autonomous independent business, with its own management board.

Our senior team are vastly experienced in the sector, and most of them have been with the business under both Sky and private ownership, with an average service of about eight years.

I've been with the business for over 10 years, first as CFO and then became the CEO in October.

The stability and continuity of leadership allows us to continue to build on a positive organisational culture that attracts the best talent in the sector, operates in a flexible manner, and encourages entrepreneurialism to thrive.

SLIDE 43

The UK is the world's largest fully regulated online betting and gaming market, and was worth over £5 billion in 2018.

As you can see on slide 43, while we have a decent 12% market share here, there are still plenty of opportunities to grow market share, and capitalize on future growth in the industry.

In the last three years, we estimate that we have taken 20-25% of the market growth.

In addition to our strong execution, this is mainly driven by the fact that our brand and products strongly appeal to a younger demographic in a way that the longer-established traditional brands do not.

Looking at the chart on the bottom left, you can see how the UK sports betting market is dominated by the five major operators, who operate under seven major brands.

These operators represent approximately 85% of revenue, making it very challenging for new competitors to enter the market.

Turning to gaming, it is a different story, and one where we see even greater long-term market share potential.

The major brands have less than half of the overall market, and there is a long tail of medium sized and smaller operators.

With increasing regulatory and tax burdens, together with advertising restrictions, this presents a great opportunity for taking more share of wallet, and increasing market share further as the smaller operators face more difficulties due to their lack of scale.

Put simply, we see the higher regulatory requirements and higher duties as a significant opportunity for us to leverage our product and customer leadership.

Building on this point, the chart on the right hand side clearly shows the overall share of wallet opportunity; while SBG has more solus customers (who only bet or game with us) than the other main competitors, there is still £716m of spend going elsewhere from customers who use our products and other brands.

Through our extensive research and data analytics capabilities, key categories of customers are identified, and both product and marketing spend are tailored to their preferences to gain share in the future.

SLIDE 44

SBG has a strong track record of retaining and monetizing customers. Now, this is my favourite chart, and summarises the strength of SBG.

It breaks down customers signed up in historical years, and tracks through the revenues earned from each group over time.

You can see that these revenues are actually increasing in the out years, as churn levels stabilise and ARPU improves from long-standing customers.

The predictability of this provides confidence in our future projections.

On the right hand side, we provide more colour by drawing out the 2012 cohort of new customers.

While initially churn reduces the volume of customers, it quickly stabilises after about a year, and is more than offset by growth in ARPU from the remaining loyal customers.

There are many reasons for this, not least the strength of our product offerings and thereby our ability to effectively keep customers engaged and loyal over long periods of time.

SLIDE 45

Importantly, we have doubled our online gambling market share since 2014, and we now have around 12% of the UK remote betting and gaming market, as illustrated on slide 45.

While we were about flat in 2018, we continued to grow share of gaming revenues, and we continued to grow share of active customers.

Our betting revenues faced different comparisons to our major peers, as we are more exposed towards football accumulators.

I'm very confident that we will continue gaining market share.

Central to all of this, and as shown on the previous slide, is that loyalty of our customers is high due to the quality of our products, our deep consumer understanding, and our quality offers and promotions.

We have a large number of recreational players – in fact around 60% of our customers only used SBG in the last 12 months – and the average number of accounts per player has fallen.

SLIDE 46

One of the reasons for our loyal and sticky customers is our understanding of the drivers of consideration and loyalty, and a rapid and flexible tech stack that allows us to deliver innovative products and unique experiences that customers value.

Slide 46 shows the results from our latest brand tracker.

On the left hand side, you can see that Sky Bet is the leading brand for most key products and features that customers enjoy.

We stand out for price boosts and build your own bets, which is just as it should be, as we pioneered the Request A Bet.

The only ones where we don't lead in the views of active bettors are cash-out and in-play betting, which we are already working to improve.

On the right hand side, you can see brand value ratings.

We are the leading brand for all metrics here, and it is particularly pleasing to see the high scores for trust, fairness and taking responsible gambling seriously, as these are key drivers of loyalty and consideration.

SLIDE 47

Moving on to slide 47, our relationship with Sky helps us in different ways.

The Sky brand is very established, and Sky TV is watched in more than 13 million households in the UK.

The brand is also trusted, and synonymous with quality and entertainment, which is perfectly aligned with the same sports fans that are our customers.

This helps us develop brand awareness and trust, which drives efficient customer acquisition.

We also have an exclusive deal in certain jurisdictions to market via Sky's digital channels, as well as leveraging free to play assets.

These give us access to exclusive channels for efficient new customer acquisition, but are also a very effective way of re-engaging customers, and contribute to our strong loyalty.

We also use Sky talent to front marketing campaigns, which further strengthens the Sky brand association with our customers.

It is important to understand though, that besides long-term agreements, the relationship works well as it is a truly symbiotic relationship.

For example, the free to play game Super 6 enhances the viewing figures for the Saturday afternoon broadcast of Sky, and enhances the viewing experiences for those who have made a prediction.

SLIDE 48 + 49

Building on that point on slide 48, we have over one million weekly players who make predictions for Super 6, and can then seamlessly click into their Sky Bet account to place real money bets, based on their predictions.

This is a good example of how Sky Bet has access to a much bigger ecosystem than competitors.

Sportinglife, the most popular online horse racing and sports site in the UK, is another asset that we own, which enables us to interact with even more customers and people who are not yet customers.

These graphics show how simple Super 6 is, and we have a short video to demonstrate just how quick and easy it is to play, and then to go on to place a bet.

[whilst predictions are entered] The process of entering has been optimised to be as seamless as possible.

[when showing Norwich/Sheff U bet integration] Contextual Bet integrations are woven into the journey, with placements automatically changing as you predict.

[finish entering] Once completed, users are again presented with some contextual odds. These odds change based on what you have predicted within the game. You can change the market type as you see fit and also drop selections that you are not quite sure will win.

[when Sky Bet is loading] Users are then taken to Sky Bet, with their selections and session carrying across. All that is then needed is to enter a stake and go, you've placed your bet.

This is so quick and simple, and is a great example of how our free to play games drive loyalty and engagement.

Over one million customers a week make Super 6 predictions, with significant network effects, as most of them play in leagues with friends. This product alone drives more than £1m a week in bets.

SLIDE 50

One of the benefits of our media integration model is that it gives us a different customer base than our peers.

We have created a model where betting is part of the fun and enjoyment and sport, rather than being purely transactional.

Our typical customer is betting £2 on an accumulator to win over £100, so they are not particularly sensitive to prices on individual events.

Over time, this has seen us generate a stable betting win margin that is at the high end of our peers as you can see on the bottom left of slide 50.

However, customers tend to bet on similar outcomes, generally the most popular football teams.

This means we see some short-term volatility in margins, depending on the performance of those most popular teams.

As you can see on slide on the top left of slide 50, we see a fair degree of volatility with our weekly win margin, but this starts to smooth out monthly, and over a rolling three months, or quarter, we continue to see some volatility.

Over the course of a year, we see fairly stable and predictable margins.

This is a fundamental part of our business – we are good at managing the short-term volatility.

Periods of strong or weak margins do not mean we have been particularly effective, or particularly ineffective at managing our risk, they simply reflect the random nature of sporting results.

We think of it as like taking bets on red or black on roulette – our customers tend to bunch their bets on the same colour, but over time, we win a predictable margin by laying these bets.

The key is that over time, we have a very strong track record of retaining and monetising our customers.

SLIDE 51

Turning to slide 51, one of the key drivers of our product and brand leadership is our flexible tech stack.

We have a very scalable technology platform capable of taking over 500 bets per second, and we actually exceeded this just a couple of weeks ago at the Cheltenham Festival.

Such high volumes are similar to the largest global e-commerce businesses.

Controlling all of the customer facing front-end technology means we can develop in an agile manner, promoting over 300 releases per week.

Scalability is key, as we have grown fast, but reliability is another priority for us.

Our highly resilient platform, combined with our own front end technology with best in breed third parties providing back end systems, means we have very near-100% uptime across all our products.

This has been and continues to be a major area of focus and investment.

This rapid innovation and focus on product quality has clear results.

We have consistently had the top-ranked betting app in the UK, and this brings a large flow of very cost-effective customer acquisition.

In fact, a couple of weeks ago during the Cheltenham Festival, we had the top-ranked app in the whole UK market, ahead of any social media or other app.

SLIDE 52

One practical example of our technology leadership, and the advantage we believe this gives us is our use of data analytics on customer experience, as shown on slide 52.

We are able to analyse data from across the market, both from our customers and potential new customers who are browsing our sports media sites, or on Sky's digital properties.

We then leverage this data in real time to segment customers, and deliver tailored marketing messages to customers on-site, as well as identify and market directly to potential new customers offsite.

This sophisticated usage of data allows us to be more efficient with marketing spend and drive increased customer retention and new customer acquisitions.

SLIDE 53

As I briefly mentioned earlier, strong and effective customer research is pivotal in formulating our product and marketing plans.

The market we are in is highly competitive, and fast-moving, so it is important that we fully understand what customers like and don't like, both about us, and our competitors.

This is equally true for both our customers, so that we can better retain them, and people who are not yet customers, so that we can acquire them.

We use research alongside sophisticated data analytics, really drilling down into customer behaviours constantly comparing performance and behaviours of various groups.

A good example of this is in-play betting, as illustrated on slide 53.

As you saw earlier, it is one of only two areas where we are not seen by bettors as the leading provider in the market.

We are also materially underweight here compared to our competitors, suggesting significant potential upside here.

Detailed work has been undertaken to understand why we are not leading this market, and what we can do better.

Central to all of this is a culture of being customer obsessed, constantly seeking to develop the best products for our customers.

SLIDE 54

We have quickly been able to generate results based on identified customer needs and preferences!

As you can see on slide 54, we have developed a much-improved in-play home page allowing customers to more easily find their bets.

We also improved the betslip to make it even easier to place bets.

The early results from these improvements have been very encouraging.

SLIDE 55

We have a similar model for our gaming brands, and this supports our ongoing market share gains here.

We collect huge amounts of customer data and insight, and this helps to shape our promotional campaigns, our product investment, and drive our content.

There are some good examples of this on slide 55:

1. Prize Machine is a successful promotional campaign, which is a daily free play that drives higher customer engagement and repeat play.

2. Bonus Time rewards loyalty, giving players free bonus rounds if they are playing at specific times. This gives players a reason to choose our brands over our competitors.

3. Sky Vegas Creations is our collection of exclusive content, giving our customers something different from other operators.

All of these are based on our data and understanding, and allow us to invest at higher returns.

SLIDE 56

Turning to slide 56, I would like to provide a brief update on current trading expectations for Q1 2019.

I’m pleased to say we have seen staking growth accelerate to the mid-teens, and our gaming revenue growth rate is in the high-teens.

The main dynamic driving the current trading is our planned strategy for the Cheltenham Festival.

We had by far our most successful Cheltenham ever in terms of customer engagement and stakes, with active customers up by more than a third, and stakes up by more than 60% during the four-day Festival.

This is a key event in the sporting calendar, and is one of the most important periods of the year both to acquire new customers with favourable demographics, and to drive further engagement with our existing customers.

We made a tactical decision to invest during a period where we see high return on marketing investment, and our first race special resonated particularly well this year.

We saw stronger take-up than expected, our app became the top app in the whole UK market during the event, and we saw over one million customers during Cheltenham for the first time.

We also enjoyed record new customer sign-ups, and in fact the four days alone produced around a quarter of our normal annual sign-ups.

This is a fantastic outcome, and the effective customer acquisition cost of these new customers is highly attractive.

The outperformance of our offer meant that our investment was greater than expected, and this has a short-term impact on betting net win margin, which we currently expect to be between 6% and 7% during Q1, at the lower end of our historic range.

However, we have seen over 20% QAU growth, as we were able to successfully leverage this event to acquire high-quality customers, and we are already seeing encouraging engagement from these new customers.

This gives us confidence that our investment will deliver strong returns over the remainder of the year, supporting our plans for double-digit revenue growth for the year as a whole.

As you can see at the bottom of slide 56, we continue to enjoy strong momentum with both our betting stakes and our gaming revenue.

You can also see that our brand penetration, which measures the proportion of active online bettors in the period using Sky Bet, continues to rise, as we continue to grow our market share of the UK online betting and gaming market.

SLIDE 57

So, in summary:

- We are operating in a very large market where we believe there remains plenty of further headroom to grow.

- We are in a great position to continue growing, and gaining further share, building on our large and loyal recreational customer base, strong and highly differentiated brand, access to a much greater ecosystem of UK bettors, and leading technology platform, together with a highly experienced team with a proven track record of execution.

- Now working closely within The Stars Group, we have an exciting opportunity to leverage our assets, customers and expertise further.

Next, I would like to hand it over to Matt Tripp, founder and CEO of BetEasy.

SECTION 5: MATT TRIPP, AUSTRALIA SEGMENT

SLIDE 58

Thanks Ian, and good morning everyone.

I'm Matt Tripp, founder and CEO of BetEasy.

It's great to be here today, and to get to tell you a bit more about our plans, and how excited we are about the potential for this business as part of The Stars Group.

We are also an autonomous segment within the group.

I run the business, with a great team of people around me in Melbourne who are expert in growing digital wagering businesses.

Local expertise, and experience in dealing with the unique opportunities and challenges in the Australian market are key in this market and have been the secret to the success of my management team over the past few years.

We built BetEasy with lean and agile principles and always with scale in mind.

As part of The Stars Group, we believe we are well-positioned to continue to win in the Australian market, delivering new innovations more quickly, and more effectively than our competition.

It means we can pursue rapid growth with confidence in the resilience and scalability of our tech and benefit from shared capabilities from the group, leveraging the knowledge and expertise of our colleagues in Sky Bet and BetStars to help enhance our offers, products and marketing.

SLIDE 59

Turning to slide 59, I would like to start with a bit about my background, and the unique team we have running the Australian operation.

I started out in my father's bookmaking business back in the 90s so I am a bit of a lifer in this industry. And after going out on my own, we then rolled our businesses together and sold to Sportingbet plc who were a UK based company and rebranded that business as Sportingbet Australia.

After completing a successful two-year earn-out with Sportingbet, I served a one year non-compete and then went on to take over Sportsbet in 2005 which, at the time was a small Darwin-based company with eight employees and were virtually on the verge of bankruptcy.

In the six years that followed, we transitioned the business from a $250k investment in what was a predominantly phone-only business into an online powerhouse and market leader in the Australian market eventually sold to Paddy Power. As many of you would be aware, Sportsbet is now the clear market leader in online wagering in Australia among corporate bookmakers.

BetEasy is built with the best people and invaluable insights from those previous businesses and when we launched in 2014 we immediately knew that scale was going to be critical in order to grow.

As such, we entered into a JV with Crown Resorts and rebranded the business as CrownBet in 2015.

We quickly became the fastest-growing operator in the Australian market, using a well-known brand, a unique point of difference in Rewards, and our proprietary, cloud-based software.

Recognising the increasing importance of scale, especially in the context of point-of-consumption taxation increasingly applying across Australia, we rigorously pursued and went on to acquire the William Hill Australia business in April 2018.

This presented us with the chance to significantly increase our scale in one step, nearly doubling the size of the customer base and staking levels.

In two stages, The Stars Group acquired a controlling stake in our business, and then increased its stake to 80% as part of the transaction to acquire the William Hill Australia business.

This was completed in April 2018, and we migrated the William Hill player base and relaunched under the BetEasy brand in August 2018.

The customer migration was particularly successful with 90% of the 2017 active customers from William Hill now active at BetEasy.

We believe that we now have the scale, technology, brand and marketing assets needed to build a winning position in this market.

SLIDE 60

Australians love a bet. And as one of Rafi’s slides pointed out earlier, Australia is the second largest regulated market in the world.

At the end of 2018, the total Australian betting market was worth A$4.3 billion.

Of this, the online segment was worth A$2.8bn.

The key trend in the Australian market is customer migration from Retail to Online, and supported by product innovation and effective marketing campaigns, we look to broaden the appeal of betting to new online-only customers.

Regulus Partners is forecasting that the online betting market will grow at a CAGR of 8% per year, reaching nearly A$3.5bn by 2021 and we believe this to be a fairly conservative forecast.

There has been a lot of consolidation in recent years, and the competitive structure of the market is quite attractive.

The top four players are now nearly 90% of revenues, and with the high barriers to entry, limitations on marketing, and requirements for scale, we believe significant new entrants are unlikely at this stage.

We have a strong foundation, as the number four operator in the market, with market share of around 13%.

SLIDE 61

Turning to slide 61, our vision is to become the fastest-growing operator in Australia, offering the most exciting and engaging mobile betting experience in the market.

We have clear goals and plans, and my team is highly incentivised to deliver these, with both a potential earn-out and also a 20% minority stake in the business.

One of our key goals is to broaden the customer base towards more mass-market recreational customers, and together with our territory-exclusive AFL and NBA partnerships, we have been working closely with Sky Bet to understand routes to market for this plan.

We are using data and our technology to rapidly improve the personalisation of our products, increasing customer engagement and satisfaction and driving profitability.

We will also continue to leverage the massive competitive advantage we believe we have over Sportsbet and Ladbrokes in being able to show all Australian racing live to our punters.

We are a technology business, and our rapid innovation enables us to deliver the best and most exciting new products in the market, continuing to improve our brand and customer retention.

SLIDE 62

Technology leadership is one of the key factors behind success in this industry.

Turning to slide 62, our platform and technology is fully in-house and proprietary, and our approach is ‘cloud first’ which is totally unique to BetEasy in the Australian market.

This gives us scalability and resilience without having to continually increase capacity and cost with physical computing.

The Melbourne Cup Day is the single-biggest sporting event in Australia and is called “the race that stops a nation” because virtually every Australian literally stops whatever they are doing at 3pm to watch the race.

Our business, and the whole Australian market, is heavily skewed towards racing, and the Melbourne Cup Day is therefore the single-biggest betting event – a multiple of any other day – bringing unique technology challenges and subjecting every element of our tech to its highest-possible test.

On Melbourne Cup Day last year, not only did the BetEasy system cope with the vastly-expanded demand following the William Hill migration, but it proved a key competitive and acquisition advantage when all of our major competitors experienced major technology failures and outages.

As you can see on this chart, the red line shows bets per minute on the previous Melbourne Cup day steadily climbing until the race was run at 3pm.

Last year, as each of the competitors let their customers down, there was a far more aggressive increase in bets per minute at BetEasy, matched by a similar spike in acquisitions as customers of Sportsbet, Ladbrokes and in particular Tabcorp joined BetEasy for the first time to bet on the Melbourne Cup.

With all of this, our customers experienced absolutely no degradation in their wagering experience, with every touchpoint from the sign-up process, depositing, navigation and bet placement and even live streaming of the Melbourne Cup from Sky Racing within the app performing as though it was a regular day.

The further scalability of the BetEasy technology is virtually unlimited which is a key advantage we believe we have over every one of our competitors.

SLIDE 63

Turning to slide 63, I would like to take a moment to discuss our sports betting volatility and our strong risk management expertise.

We are a sports, and particularly racing, betting business.

Unlike our colleagues across the group, we are unable to offer casino gaming or poker.

This means accurate pricing and strong risk management is critical to our business.

I believe we have the best pricing and risk management team in the industry.

We employ sophisticated algorithms to calculate accurate pricing across our range of events.

The accuracy of these prices enables us to compete aggressively in the market, winning profitable customer business through price leadership on popular horses, dogs or teams.

We employ sophisticated risk management models, with limitations per customer, per event and per outcome.

Our team is highly experienced in managing books, and managing and servicing customers with a positive expected value.

The majority of our business is from racing, and we are subject to the variance of sporting results over time.

While we employ strict risk management, we do not look to balance our book and run a neutral position, rather, we back our prices and ability to manage individual client risk.

This enables us to generate a higher win margin over time, but on a monthly basis, there is some volatility to our win margin, dependent on actual sporting results during the period.

The chart on the right shows that the monthly win margin can vary from around 9% to around 14%, but over time, it smooths out to our normal expected long-term gross win margin of around 11%.

SLIDE 64

Confidence in our pricing and in our technology allows us to go into the market and compete aggressively to build our brand.

We are making good progress here as we show on slide 64.

Given the youth of the BetEasy brand, building awareness is critical to our growth aspirations – particularly in growing our recreational customer base.

The left-hand side here shows brand penetration, which measures the proportion of the active punters in Australia who are using each brand.

You can see that BetEasy has been rising nicely since the launch of the brand, and increased awareness will help us climb toward the top of the market.

On the right-hand side, we position the brand as a premium, quality brand.

We have a unique position here, and our marketing campaigns build on our ‘raise your game’ brand promise, which implies the quality and premium nature of our product, as well as trust, reliability and ease of use.

SLIDE 65

Turning to slide 65, we show some of our recent campaigns, using our brand ambassador and national icon Ricky Ponting.

For those of you who don't know Ricky, he was Australian cricket captain for over a decade, and is a much loved household name in Australia. His nickname is "punter", not because he can kick a ball well, but because he loves betting so much. I don't think there is a better fit than Ricky to tie into the BetEasy brand.

We understand what customers want, and we are delivering a brand proposition that highlights and accentuates these factors.

We are already the brand that is best perceived for promotions and for rewarding loyalty.

We are not far behind on being easy to use, and I'm confident that our 2019 plan and mobile focus will start building a leading position here.

We will also continue to differentiate our brand and provide the best experience through our exclusive streaming rights with Sky Racing.

SLIDE 66

Here is one of our TV commercials starring Ricky Ponting.

[VIDEO]

SLIDE 67

Turning to slide 67, our in-house technology, and lean and agile culture enables us to deliver rapid product innovations to create a leading position in the market.

Let me provide few examples of that:

First we have developed a personalised promotions hub – there is a bit of an arms race at the moment in providing promotions and offers to customers to fight for share of wallet.

This can be an expensive exercise, but we are well advanced on the path to ensuring our promotional investment is tailored to the customer's preferences and demonstrates a positive ROI after all costs.

We have recently signed an Australian exclusive marketing deal with the NBA, and will leverage this partnership to deliver unique products to our consumers, including a great free to play game.

This is the fastest growing betting sport in Australia, and this presents us with a great opportunity to accelerate growth in that sport.

Regarding Sky Racing – we are the only corporate bookmaker that can stream the three codes of Australian racing, and we maximise this to differentiate our brand, and provide the best possible product and service to our customers.

SLIDE 68

During August last year, we migrated the player base and more than 60 million records from William Hill Australia, and turned off the William Hill technology.

Turning to slide 68, we show that migration exceeded our targets, with 90% of 2017 annual actives using our BetEasy brand.

Given the number of players who had churned during 2017 and 2018, and a proportion of the player base who were credit bettors which is no longer allowed in Australia, the success of this migration exceeded our expectations.

Delivering scale benefits, and proving the business plan has been really pleasing for me.

We have improved the engagement of the William Hill player base, and are confident that we are now offering them a better product, better rewards and better service.

All of this has been done leveraging our existing infrastructure and cost base.

We have delivered over and above the planned synergies, and believe we have the business plan, technology and team in place to push on and target market share gains in the coming years.

SLIDE 69

Slide 69 has a quick overview of the ownership structure of the business.

TSG owns 80% of the business, with the remaining 20% owned by myself and a small group of investors in my team.

TSG has paid a total of A$593m so far for the 80% stake.

There is a potential top-up payment early next year, based on our adjusted EBITDA performance in 2019. After that, there are put and call options on the remaining 20% stake, based on adjusted EBITDA in 2020 and/or 2021.

SLIDE 70

Turning to slide 70, we expect the business to run at an adjusted EBITDA margin of between 10% and 20% this year.

This reflects the full benefit of the synergies and the full headwind from point of consumption taxes.

Our direct costs are currently expected in the range of 46% to 49% of revenues.

This reflects product fees, state and federal taxes, streaming and other variable costs such as payment processing.

Our marketing costs are currently expected to be in the range of 16% to 20% of revenues, reflecting our investment in the brand, and our plan to acquire further recreational customers.

Our other operating costs are currently expected to be in the range of 18% to 21% of revenues.

Large parts of this cost base are more fixed in nature, and we see scope to improve our adjusted EBITDA margins over time as we leverage the scale benefits from these costs.

SLIDE 71

To summarise on slide 71:

- BetEasy is a leading operator in a mature and attractive market which is large, growing fast and has undergone rapid consolidation.

- We have a great position as the number four operator in the market, but we won't rest until we are in a market leading position.

- We have unique competitive advantages and are confident that these will support market share gains and our platform and organisation has proven their ability to scale up.

- We are leveraging capabilities from across the group, including free to play games, and in the long-term we could benefit from creation of further regulated products in the Australian market, poker being an obvious one.

- Finally, we have an attractive financial model, with significant scale benefits as we grow our business.

With that, we will now be heading for a short break.

Could I please ask that you are all back in your seats for us to restart with Robin Chhabra, who will talk more about the Company's expansion into the U.S. starting at 10:10.

SECTION 6: ROBIN CHHABRA, UNITED STATES

SLIDE 73

Good morning, I'm Robin the Chief Corporate Development officer, thanks for joining us on this exciting day for the business.

I joined the Group a little over 18 months ago.

It's fair to say it's been a transformational period.

We have shifted from being a predominantly poker-only business, to become a powerhouse in the global online entertainment industry.

I'm pleased to be able to share with you some details about our next exciting development – our U.S. plan.

There are four key foundations to our expansion into the U.S as highlighted on slide 73.

- First, market access. A license to operate in the market. We have confirmed access to up to 13 states via our deals with Eldorado, Resorts and Mount Airy, and are in advanced discussions to secure market access agreements in additional States. We are confident that we will operate our products in all key states.

- Second, operations. For me, this is the critical one; the operating skills that will differentiate the market leaders from the rest. We have some of the best sports betting expertise in the world through our Sky Bet and BetEasy businesses, and we have put together a great team which combines this international sports betting expertise with deep local U.S. knowledge.

- Third, branding. The PokerStars brand is a powerhouse brand, but as with any gaming-led brand, it is challenging to extend the brand to become a true leader in the sports betting market. We are working on potential media brand partnerships that would enable us to leverage the brand awareness, appeal and sports heritage of a major U.S. sports brand.

- Fourth, technology. Our world class proprietary technology gives us a unique competitive advantage both from a customer facing product perspective but also when it comes to dealing with multiple different regulatory frameworks, which is the environment the industry is facing in the U.S.

SLIDE 74

Moving on to slide 74, we are in ongoing discussions with leading U.S. media brands and are confident that, jointly with our potential media partners, we can build the leading betting business in the U.S.

The partnership would be based on creating a winning ecosystem, leveraging the proven media partnership strategy that our Sky Bet business has executed in the U.K.

- First, free-to-play games. These provide a wide funnel to introduce new users to casual sports betting. These players are effectively pre-qualified as being interested in sport, using apps, and interested in placing predictions that could win money. There are also significant network effects here, with most players playing in leagues against friends. In our experience, this drives high retention rates for real money sports betting.

- Second, sports betting itself. We have a differentiated approach. We are about enhancing the enjoyment of sports and becoming part of the game. Rather than being purely transactional.

- Third, digital assets. We will drive traffic to our partners' assets, to view content, tips, video replays and other features that enhance the enjoyment of sports and betting. We will also convert this traffic by making it seamless for customers to move from the media partners' apps to place bets with us on propositions that relate to the content they are engaged in.

- Fourth, sports broadcast. Making betting part of the sporting narrative which is proven to enhance the enjoyment of sports broadcast. It also creates a wide funnel for our offer.

- Finally, our poker products appeal to sports players who want the thrill of playing against other people for money and our casino games provide added entertainment. When the game is over, or during a quiet period, our customers will have the ability to play a few hands of blackjack, roulette, or the latest and best slot games on offer.

SLIDE 75

Turning to slide 75, this model would ideally replicate the media integration success of Sky Bet, being a mutually beneficial relationship for both our partner and The Stars Group.

We purchase advertising slots around TV broadcast and digital content, bringing revenue to our media partner while attracting new customers to our offering.

This drives betting activity, which drives viewership as bettors tune-in to live sports to monitor their bets.

We would offer big prizes on media company branded free-to-play games which drives increased usage on our partner's digital assets and a large number of prospective customers for us.

These free to play games also create great live TV content - I will show you an example shortly - which in turn drives viewership and drives ad dollars.

A true virtuous circle, that combines the joys of sports with the fun of placing a small bet on the outcome.

Partnering with a well-known media brand which is synonymous with sports is intended to give us significant relevant brand recognition across the U.S.

We will layer on high quality sports betting offers on top of the TV broadcast and digital content and these offers will be both contextual and personalised.

In doing so, we believe we will transform the experience of consuming sports media.

Let me expand on what I mean by contextual and personalised.

- By Contextual - A sports fan reading a game preview for tonight's NBA games will see relevant NBA betting opportunities, or free to play games related to the game.

- By Personalised - An existing betting customer browsing the same page will see offers linked to the game, but also linked to their patterns of play. For example, a regular in-play bettor, may see an offer for a free in-play bet for the size of bet they typically place.

The power of the data we collect from the ecosystem and our ability to use this to enhance the experience for our existing and prospective customers is the key.

Turning to slide 76, I said I would give an example of how our free to play games also create great content for our broadcast partners. Here is a typical example from the U.K.

SLIDE 76

[VIDEO]

SLIDE 77

So imagine in the near future, a Sports broadcast, with integrated free to play content like this, providing us with a unique funnel for sports betting customers, and providing a unique retention tool to maximise player values.

This is the potential of our future U.S. business.

This gives us what we believe to be a uniquely attractive business model:

- A wide funnel with digital sports fans
- An attractive customer acquisition cost
- High retention rates and loyalty that drives high lifetime value

And this is an attractive market with high-growth potential that we are addressing.

We estimate that the total market will be worth over $11 billion in Net Gaming Revenue by 2025.

The right hand side shows our estimate of the product split here, with just over half of it being land-based sports, about one quarter online sports, and about 20% casino and poker.

SLIDE 78

Turning to slide 78, we think our addressable market is likely to be just over $9 billion by 2025.

This essentially removes states which are likely to be land-based only or restricted to lotteries, where we do not expect to be operating in a meaningful way.

The states we are targeting are those that have both land-based and online, with land-based sports making up around $4.2 billion, online sports around $2.7 billion and poker and casino around $2.3 billion.

I should point out that we ultimately expect most states to go online and we therefore expect the online segment to grow strongly beyond 2025.

New Jersey is a telling example: today online accounts for over 80% of sports betting activity.

We believe this gives a particularly good example of the potential, as both online and land-based sports were launched at the same time in New Jersey.

SLIDE 79

Turning to slide 79, we believe we are already well-positioned in the U.S. as our existing market access agreements provide us with potential entry in up to 13 states.

We are live in New Jersey, and expect to launch in Pennsylvania later this year.

Our agreement with Eldorado gives us potential access to a further 11 States.

Across these 13 states we have potential access to a population of 81 million adults, or 31% of the adults in the U.S.

In addition to these, we are in advanced discussions with potential access partners in further States, and we are confident that we will be in a position to operate in key States with relatively open market access.

SLIDE 80

Overall, we are very excited for the U.S. potential, and energized by the early signs of success we are seeing in New Jersey.

From a technology perspective, from a user economics perspective, and from an operational perspective, we have tested our foundations, and set the platform up to rapidly scale up our business.

The top chart in the middle column on slide 80 shows quarterly stakes per customer.

You can see that our New Jersey customers are well ahead of our Sky Bet and BetStars customers, and more similar to our BetEasy customers in Australia.

Average bet size, in the middle chart, is the highest in the portfolio.

At the bottom, engagement, or quarterly bets per active, is pretty strong already. A little ahead of BetStars and only just behind Sky Bet and BetEasy.

In other words – we are seeing really encouraging engagement from our customers and building a detailed understanding of how they bet and what they are betting on.

More encouragingly, we are generating positive gross win margins that are ahead of the market.

On the right hand-side, you can see some early splits on our product mix in New Jersey, and also how effective we have been in cross-selling our customers.

We are particularly pleased with the cross-sell from poker to sports – which is the highest in any of the territories we operate in - with 40% of our poker actives also having placed bets in the period.

SLIDE 81

To summarise our U.S. strategy on slide 81:

- The U.S. is an emerging regulated market, that we currently expect to be large, and high-growth.

- We believe we have the assets, people, technology, and operating expertise to build a winning position in the market.

- With a media partnership, we believe we will have a top-tier brand and a unique large and low-cost source of customer acquisition and retention, that we believe will put us in the best position to lead the market.

- Our scalable proprietary platform positions us well for an effective state-by-state rollout.

- Finally, by leveraging our existing infrastructure and technology, we see potential to deliver attractive returns from this business over time.

Lastly, I would like to reiterate that we cannot comment directly on the details of our ongoing discussions with potential media partners.

If and when we do so, we will provide additional details about our plans at that time.

It’s a really exciting opportunity for the business, leveraging all of our capabilities from all of our businesses.

One of our key strengths is our licensing and compliance team, and with that I will hand over to Marlon.

SECTION 7: MARLON GOLDSTEIN, REGULATION AND RISK MITIGATION

SLIDE 83

Thank you, Robin.

Good morning, everyone. I'm Marlon Goldstein, the Executive Vice President and Chief Legal Officer of the Group.

It's great to see so many of you here today.

I've been with The Stars Group for just over five years now, and a lot has changed. The company has gone through an incredible evolution. The quality and depth of the business and management team has grown substantially. I can say with confidence that the business has never been in a stronger regulatory position than it is today:

- Our portion of regulated or taxed revenues is the highest it has ever been at 74% on a proforma basis in 2018, versus approximately 40% in 2015. This is one of the highest among our peer group.

- We also currently hold 21 gaming licenses from jurisdictions around the world, adding an average of two licenses per year since 2015.

Overall, we firmly believe that increased regulation positions the Group well to deliver sustained long-term growth, while also serving to diversify our revenue base and de-risk the business.

As highlighted on slide 83, we believe new market opportunities will continue to open up for us. We are optimistic about regulatory progress in Latin America, and as you know, there is a wave of regulation sweeping across the U.S. with more than 30 States considering sportsbetting or iGaming legislation at some stage of the process.

Over the next couple of years, if we deliver on our plans, our portion of regulated or taxed revenues could reach nearly 85%.

Given our advanced global compliance systems and local operations expertise across multiple jurisdictions, we anticipate being among the first entrants in newly regulated markets.

This is at the core of The Stars Group’s strategy – to build leading market positions in fast growing, regulated online gaming markets.

SLIDE 84

As briefly mentioned, one of our greatest strengths is our geographic diversification – operating at scale in a wide range of jurisdictions increases our growth prospects, and protects us from short-term headwinds related to regulatory developments.

The chart on slide 84 shows our revenues in 2018 on a proforma basis.

You can see here that our top three regulated markets -- the UK, Australia and Italy -- account for over half of our revenues, and our top 6 regulated or taxed markets account for 2/3 of our revenues.

We believe that we are the most geographically diversified operator in the industry.

We hold operating licences in almost every jurisdiction where licenses are available, and we have a proven track record of developing leading positions in key regulated markets.

Over the years, we have focused heavily on building world-class infrastructure for compliance and regulatory.

As one of the largest, most licensed, and most responsible operators in the industry, we believe that we are ideally positioned to work with local stakeholders to promote regulation of online gambling.

We believe that regulating a market is a very positive outcome for local governments – providing modern, quality products to customers, while also generating tax revenue for treasury.

SLIDE 85

The trend towards regulation has been very powerful for a long time, and we expect that momentum to continue.

Turning to slide 85, you can see that Europe has rapidly progressed towards regulation.

These maps highlight jurisdictions in red that have not adopted a local licensing regime, and green where this is available.

In just 10 years, Europe has gone from mostly red, to nearly all green.

And Europe is a huge market, amounting to $27bn in 2018, or over half of the global online gaming market.

Outside of Europe, historically, jurisdictions have been slower to embrace regulation.

However, this trend has begun to shift, and we expect that to continue for the foreseeable future.

We are seeing, for example, rapid progress towards regulation in the Americas, with strong momentum building in the U.S. and Latin America.

As Rafi showed earlier, many of the largest gambling markets in the world are not locally regulated yet. As the wave of regulation continues to spread, this should provide years of further growth potential in our addressable markets.

SLIDE 86

As we’ve said, we support local regulations as we believe this drives long-term, profitable growth.

Slide 86 shows a few examples of this dynamic in practice.

The charts show our Contribution towards operating costs, after local taxes, local marketing and direct operations costs.

It is important to note that this Contribution is not our profit – this is the contribution towards all shared costs, such as technology, and other shared corporate costs.

Looking at 2015 and forward, the markets highlighted on this slide -- the UK, Denmark, Romania, Portugal, and Germany – have all undergone regulation or implemented local taxation.

In these markets, a similar dynamic exists – initially, there was a temporary drop in Contribution from the market as we absorb duties and increases in direct marketing costs.

However, in the following years, we have seen an increase in Contribution, with revenue growth, scale benefits, and a more attractive competitive dynamic leading to rising Contribution margins.

SLIDE 87

Our industry is evolving at a rapid pace, and we believe that we are ideally positioned to benefit from the continued trend towards regulation.

We believe this is good for consumers. We work closely with regulators, governments and other stakeholders to provide a fair, safe and responsible environment that allows consumers to enjoy better products, while retaining strong oversight of the industry.

We believe this is good for local government. Regulation can certainly generate additional tax revenue, but, equally importantly, a well-regulated market can provide significant consumer protections and set standards for responsible operators.

And, finally, we believe this is good for The Stars Group. As you've seen, regulation opens up new growth opportunities, and will support our profitable growth plans.

Our experience of opening in new jurisdictions, and our expertise at working with regulators and authorities to promote regulation is unrivalled.

Ultimately, we believe this is a unique and powerful competitive advantage for the Group.

With that, I'll hand the presentation over to Brian.

SECTION 8: BRIAN KYLE, PERFORMANCE UPDATE AND 2019 KEY PRIORITIES

SLIDE 89

Thank you Marlon, I'm Brian Kyle, the CFO of The Stars Group, and over the next 20 minutes or so I'm going to outline our financial model and our new medium term targets aimed at delivering strong shareholder value.

First, we believe we have an extremely attractive financial model.

1. We have high visibility over our revenue, as we have millions of very sticky customers, with predictable patterns of churn and monetisation. We operate in high-growth markets, and you've heard today how well positioned we believe we are to continue growing share in these markets.

2. We have attractive adjusted EBITDA margins. Our business model is highly scalable, as we are able to leverage our technology and infrastructure to service more customers, without adding significant additional costs.

3. We have high cash conversion as the model is highly capital efficient, with limited capex requirements. One of the key attractions of this business from a fundamental perspective is its cash generation. If one of our land-based peers wants to add 100 gaming tables and 1,000 slot machines, they would need to spend millions of dollars and significant time expanding on current properties or even a few billion dollars and several years building a new resort casino. We can do this overnight, without any noticeable incremental cost, leveraging our existing infrastructure. In addition to a highly efficient capital model, we are highly efficient from a tax perspective, meaning that our conversion of EBITDA to free cash flow is very high.

4. This high cash generation, together with our growth, means we historically have been able to rapidly de-leverage our balance sheet as you can see here. Our strong cash generation, and the growth that we are outlining here, means that we continue to expect rapid de-leveraging going forward.

SLIDE 90

Turning to slide 90, I'd like to provide an update on our Q1 performance as of March 22.

With respect to Q1, we expect our international revenues to be around $345 to $355 million, in-line with our expectations. FX is a year-over-year headwind of around 8% in Q1, and while momentum is improving on a sequential basis, we are still seeing a year-over-year drag in certain markets. This is offsetting encouraging trends in the majority of our markets. We are well positioned to see growth improving on a year-over-year basis throughout the year as we start fully lapping the headwinds, and reported results more fully reflect underlying growth. For the year as a whole, we expect broadly stable revenues in our international segment, with stronger reported results as the year progresses.

Our UK segment has seen strong operational trends, with an acceleration in staking growth and gaming revenue growth on a local currency basis. As Ian mentioned earlier, we saw a stronger than expected take-up of our Cheltenham offer and achieved record customer acquisition during the event. We currently expect that net win margins for Q1 to be in the range of 6% and 7%, which is at the lower end of the historical range, due primarily to the success of our offer during Cheltenham, which meant that our investment was higher than anticipated.

Our Australian segment has had a decent start to the year. We've now successfully migrated over 90% of the WHA player base, and are starting to see better trends with new customer acquisition. Q1 2019 revenue in local currency will be up over 75% relative to the prior year.

The start to the year is in-line with our expectations embedded within our full year guidance.

Consolidated Q1 revenue and EBITDA will be lower year-on-year on a proforma basis, as a result of the quarterly cadence of the previously discussed headwinds in our international segment, and our investment in Cheltenham.

The engagement and return on investment that we expect to see from these new customers gives us confidence in our expectation for improved quarterly performance.

We expect continued improvement in reported results, as they better reflect underlying growth and the impact of increased synergy capture over the course of 2019.

This also means that we believe we will be well-positioned for our medium-term targets as we move into 2020.

SLIDE 91

Moving to slide 91, I would like to reiterate our 2019 financial guidance provided on March 6.

We see 10-15% organic EBITDA growth, taking us to adjusted EBITDA of $960 million to $1.01 billion.

After underlying interest, depreciation and tax, this gives us adjusted EPS of $1.87 - 2.11.

The full details of our 2019 financial guidance and related assumptions are in the appendix.

SLIDE 92

We have one of the strongest betting businesses in the world.

Over time this generates predictable and stable win margins, reflecting our scale, pricing expertise, risk management and the increasing diversification of our betting business.

The acquisitions in 2018 transformed the scale of our betting businesses, and we now have nearly a third of our revenues from betting.

In fact, Q4 2018 was the first quarter in our history where revenues from betting were our biggest single product vertical.

We believe this expansion to become a global sports betting leader positions us for strong long-term growth.

However, it does mean we accept some increased volatility in our revenues on a quarterly basis, due to the natural variance in sporting results.

The top chart here shows the long-term trend of our win margin, on a proforma basis, across the group.

You can see a positive long-term trend, with some peaks and troughs on a quarterly basis.

The bottom chart shows each quarter in a little more detail.

The red boxes show where revenue would be, based on a win margin range of 8% to 10%.

The black star shows where betting revenue came out for the quarter.

You can see that over time, most quarters fall nicely within the bars, but from time-to-time, we see favourable or unfavourable sporting results that mean our actual revenues can he higher or lower than this range.

SLIDE 93

It is important to note that periods of strong or weak margins do not mean we have been particularly effective or ineffective at managing our risk, they simply reflect the random nature of sporting results.

While these short-term variances in win margin do impact our reported financials in any given quarter, they tend to even out over a year, and we believe they do not impact the fundamental value of the business, which is driven by our acquisition and retention of customers, and the value that these customers generate over time.

However, as a public company we are conscious of the impact of volatility in quarterly results, and we do expect the volatility of sporting results to reduce over time, as our sports betting business becomes more diversified geographically.

The chart on the left shows trends for our sports betting businesses.

The red line shows our UK business as a proportion of total stakes.

You can see that this has been declining over time.

This is important as this reduces the volatility of our total betting business.

Customers within countries tend to bet on similar outcomes, whereas there is a lower correlation of bets across different countries.

As the rest of the world betting stakes grow faster than the UK, this means that our overall betting business will become more diversified.

Put simply – we believe it is unlikely that each of our betting businesses will have a bad quarter at the same time, so as we grow, we reduce the risk of outliers impacting our business.

The right hand side also shows our strong diversification from a product perspective.

There is only limited volatility in casino and poker, and these segments amount to around two thirds of our revenues.

In addition, during periods of lower sports margins, we tend to see a boost to our gaming businesses as our sports customers have more funds to recycle into gaming products.

SLIDE 94

In addition to the rapid expansion of our sports betting business, one of the other key changes in the fundamentals of our business has been the rapid expansion of our presence in regulated and taxed markets.

As you heard from Marlon, we support the regulation of our products, which we believe both increases our growth opportunities and increases the visibility of the returns on our investments.

We have added 17 local licences in the last decade, including major markets like Italy, the UK and certain states in the U.S.

As you can see in the chart at the bottom of slide 94, our Adjusted EBITDA and our Adjusted EBITDA margin have both increased strongly over this period.

We consider local regulation to be a win-win: it is a win for the jurisdiction, with better products, better regulations, stronger player protections and taxes.

It is a win for us, with higher barriers to entry.

SLIDE 95

Regulation provides us greater growth opportunities.

Regulation de-risks our business.

Regulation increases the visibility of returns.

As well as all of this, we believe it has been positive for our profitability over time, with the scale benefits and revenue growth opportunities more than offsetting the additional costs that we have borne.

You can see on slide 95 that over the last 16 quarters we have increased our adjusted EBITDA margin strongly, even as we have seen our gross costs increase as we have more regulated market exposure.

SLIDE 96

Turning to slide 96, this provides some additional detail about our adjusted EBITDA margin.

We expect that in the next 3-5 years we will maintain a strong adjusted EBITDA margin broadly consistent with current levels.

Direct costs form the largest part of our cost base. These include duties, third party content fees, product fees and payments. These currently make up 29-30% of revenues. Over time, we expect that this will increase a little as more countries regulate and tax our products, although further increases should be limited, as we are already approaching 80% of our revenues from regulated and taxed markets.

Next is marketing. This funds our investment into new customer acquisition, that fuels the growth in our business. The ratio is at the lower end of the peer group, as we enjoy economies of scale in our marketing, reflecting our strong brands, and network effects in our poker business and free to play sports games. This is currently in the range of 14-16% of revenues. Over time, we see scope to increase the marketing ratio, leveraging the efficiency of our scalable cost base, enabling us to invest more to pursue leading positions in new markets.

Finally, our other operating costs. These are more fixed in nature, and reflect our technology, operations, legal and compliance, finance and other central costs. This currently makes up 21-22% of revenues, but we expect this proportion to reduce over time, reflecting the scalability in our cost base as we grow revenues. As this part of the cost base reduces relative to revenues, it enables us to invest more into marketing.

The net effect of all of these is that we expect broadly stable adjusted EBITDA margins over time, with the scale benefits in our operating cost line offsetting higher gross costs as our regulated market mix increases over time.

Crucially, we think barriers to entry rise as this dynamic plays out, and with our diversified scale leadership position, we believe we are ideally positioned to benefit from this trend.

The business is in the best position it has ever been in.

SLIDE 97

Turning to slide 97, I'll now walk you through our 3-5 year growth plan.

We have strong positions in attractive and high growth markets. Our end markets are expected to grow at around 8% per year, and we believe we are well-positioned to grow share, with share growth and revenue synergies supporting our target for 8-12% annual constant currency revenue growth.

We expect broadly stable adjusted EBITDA margins as I just outlined, with our significant scale benefits offsetting some gross margin pressure.

Our business model is highly cash generative, and this supports our plans to rapidly de-leverage the business towards 3.5x.

Combined, this profile supports consistent strong double-digit EPS growth.

You've heard from Robin about our plans for the U.S. market.

We continue to develop our business plan here, and we see the potential for our investments to drive even faster growth than our current plans.

We believe we have a strong, diversified business, with attractive positions in high-growth markets.

I am confident that we will deliver our medium-term targets to grow EPS by double-digits in the coming years.

SLIDE 99

Turning to slide 99, while we have strong medium-term growth plans, our priorities for 2019 are absolutely clear:

- Integration. We are in the process of completing the integration of SBG.

- Execution. We believe our strategic growth plans are strong, and our key focus is on execution and delivery this year.

- Debt reduction. Our capital structure is poised to enhance shareholder value, but in order to provide greater flexibility in the future, we are keenly focused on leverage reduction this year.

SLIDE 100

Our first priority is integration.

I'm pleased to say that we are well on track with our integration plans, and that we have identified opportunities to increase our synergies.

We now expect cost synergies and related operational efficiencies in the range of $100m, compared to our initial expectation of at least $70m.

Despite identifying these additional cost synergies, we continue to expect implementation costs of around $84m to deliver these synergies.

With around $70m of synergies in 2019, we will benefit from an additional $30m in 2020.

Around 55% of these synergies are expected to be within our SBG or UK segment, and around 45% within our International business.

Nearly all of the staff elements have been executed already, and we've seen limited disruption from this to date, with our focus for the incremental synergies being on purchasing and other items.

SLIDE 101

Our second key priority for 2019 is execution.

We are laser focused on executing our plans for this year, and enhancing our platform to deliver strong, sustainable growth.

The first part of this is around cost optimisation. Enhancing the efficiency of the scalability of our fixed costs will enable us to allocate more of our cost base to marketing, to fuel future growth in the business.

The second part of this is our capital efficiency. We have around $100 million in maintenance capex requirements on an annual basis. This funds our targets for at least $960 million in adjusted EBITDA this year, a highly capital efficient model. In addition to this, we expect to spend up to $50 million this year on additional ROI-driven expansion projects. These projects, such as licensing in new jurisdictions and development of new products, will support our plans to grow share in our markets, delivering our mid-term targets of 8-12% annual revenue growth.

The third part of this is balance sheet efficiency. We are highly cash generative, even after funding our growth investments, and this supports rapid de-leveraging. Every $100 million of debt reduction adds around 2 cents to our adjusted EPS.

SLIDE 102

Turning to slide 102, let me walk you through how we expect to generate strong free cash flow this year.

As a reminder, we expect adjusted EBITDA of $960 million to $1.01 billion.

We expect cash interest of $290-300m, and relatively small adjustments and working capital.

After reflecting maintenance capex of around $100m, and cash tax, this implies underlying free cash flow of $475-525m.

We will invest up to $50m in expansion projects, integration costs will be around $60m this year, and our mandatory debt amortisation will be $36m.

This suggests total free cash flow of $350-450m for 2019.

SLIDE 103

Turning to slide 103, our capital allocation plan is clear – we are currently focused on rapid de-leveraging, and will assess further strategic options once our leverage reaches around 3.5x, which we currently expect to be during 2021 or 2022.

We also have significant and ongoing investments in growth already.

Specifically, we are investing heavily in marketing to grow our customer base, which is financed through our P&L.

We are also building enhanced product offerings and technology, which are both expensed through our P&L and also long-term projects which are capitalised as part of our maintenance capex of around $100 million.

We have additional expansionary capex to fund opportunistic investments, and expansion into new jurisdictions.

We believe that our strong free cash flow insulates us from certain regulatory setbacks, and positions us to pursue accelerated development of new markets such as the U.S.

However, currently our number one priority for free cash flow in the immediate future is debt reduction.

SLIDE 104

Moving onto slide 104, I would like to provide a framework for our disciplined capital allocation strategy. There are four main options that we will consider:

First, maintaining our balance sheet strength with a short-term focus on debt reduction. Every $100m in debt reduction saves us over $5m in interest cost, boosting both our earnings, and reducing our liabilities.

Second, organic expansion. Large new markets such as the U.S. could see accelerated investment, where we believe the opportunity is high, and the risk-reward profile favourable.

Third, returning cash to shareholders. Being under 3.5x leverage would enable us to assess further opportunities to deploy our cash.

Finally, we will assess potential strategic opportunities. This is an immature and fragmented industry, and we currently see significant long-term opportunity for consolidation.

To summarise, we believe are in the best position we have ever been in as a business.

We have leading positions in high growth markets that should deliver 8-12% constant currency revenue growth, with stable margins and rapid de-leveraging supporting double-digit annual EPS growth.

I'll now hand over to Rafi to conclude before we take questions.

SECTION 9: RAFI ASHKENAZI, CLOSING REMARKS

Thanks Brian, and thanks to all the team for great presentations.

Hopefully this has given everyone a real sense of the strength of our business, and how we have built a platform for strong, sustainable growth.

Turning to slide 106 to conclude before we ask for questions.

We believe the company is in the best position it has ever been in.

This is a great industry, with strong structural growth trends.

We are the largest publicly listed operator, with a diversified business with leadership in key products and countries, and this is an industry where scale matters.

We believe we have strong and sustainable competitive advantages, with technology, brands and network effects that give us the most cost-effective customer acquisition in the industry, and scale benefits that allow us to operate at the highest profit margins in the industry.

Our technology and operating models are scalable and put us in a position to build leading positions in new markets, with a wave of regulation globally that is enhancing our growth potential.

And as you have heard from Brian, we believe we have a highly attractive financial model, with high revenue visibility, strong cash generation and strong growth.

We are confident that the foundations we have put in place will deliver our mid-term targets to deliver sustainable double-digit EPS growth over that period.

Q&A: VAUGHAN LEWIS

I'd now like to open the floor to questions. I will come around with a microphone.

If you could state your name and institution and limit yourself to one or two questions, we would appreciate that please.

As a reminder to those on the webcast, please feel free to email your questions to ir@starsgroup.com.

So, who would like to ask the first question?

Patrick Coffey, Barclays: Hi, thanks, it's Patrick Coffey from Barclays. A few from me if that's ok.

Ian, just on the cashout and in play commentary you made, I remember speaking to Richard four or five years ago, the cashout and in play remained, you know, an area for improvement relative to the competition. You've obviously made some big improvements there, but I guess, going forward, is it worth the investment in in play pricing to get up to speed to, say, Bet365, and if so, when will we start seeing that come into play?

Secondly, just on the U.S., so first of all, do you think you could introduce the Oddschecker product in the U.S., and kind of get off to a start there before announcing a media deal?

And then, within the guidance that you've given, I don't think you've yet spit out what the U.S. losses might be for the group, assuming no media deal. Can you give us a range of that, to help us out with our bridges?

And then secondly, if there was a media deal, let's just say at the first half, should we assume, kind of, U.S. losses would be, I don't know, -25, -30 this year? Thanks.

Vaughan: Let's start with Ian.

Ian: Okay thanks Patrick. You're absolutely right. In play continues to remain a focus, and you saw from my presentation, in the circle that was one of the elements we don't score so well in. I think your question was around value and pricing. And I certainly agree that there's something there, and that's something we're looking at at the moment.

Rafi: Robin can you take the U.S. question? Oddschecker and…

Robin: Sure. Is this on? Thanks Patrick, yes, so I'm glad you mentioned Oddschecker actually because you've heard about a lot of the assets which we can bring to bear in the U.S., not least the kind of unique media betting integration at a skillset that we have. But for those of you, those of you may not know, we also own Oddschecker, which is the leading odds comparison affiliate site in the UK. It has sort of dominant market share in that market. And that gives us access to a different type of customer base that we typically see. You've heard that our core operating B2C businesses attract recreational customers (that's our kind of heartland customer). Oddschecker caters to the price-sensitive, I guess, wise-guy segment of the market. So, we've launched Oddschecker in New Jersey, and I think it has seven integral… So, I think it's already integrated with five operators including the likes of FanDuel, DraftKings, William Hill etc… And there's a couple to, to follow. So, Oddschecker is part of our U.S. strategy, but clearly in a niche way, but yes, it's already live in the U.S., and we expect to roll out. The other thing I'd say about Oddschecker is that I think it's one of the few affiliates that's actually gone through a licensing process as well in New Jersey, so it's taking revenue shares, which therefore creates a long-term sustainable and recurring revenue base as well. A lot of the other affiliates are not prepared to go through that licensing framework, and therefore can only take the one-time CPAs.

Rafi: When it comes to the U.S. market and current investment in the U.S. market, I would say it's quite marginal. We are essentially using the PokerStars customer base that we have in the U.S. and converting them into sports and casino. A media deal will obviously change quite dramatically the dynamics that we have in the market, and we are expected to invest quite heavily in the next two, three years at the very minimum. So, I'm not going to disclose the exact investment level that we will have there but it will in the tens of millions.

Patrick: Thanks. Just a follow-up on that. Should we assume that the U.S. media deal which you've been talking about for quite a long time now, will come in 2019?

Rafi: Yes.

Patrick: Thank you.

Vaughan: Thanks. Now I know analysts are competitive but just because Patrick asked four, you don't have to ask five. If you can ask them one at a time, that'll be easier for the guys, because they haven't got the ability to write them down. Thank you.

Chad Beynon, Macquarie: Hi. Afternoon, Chad Beynon, Macquarie. Thanks for all the color today. Brian, Guy, wanted to ask about the margin targets you talked about 33% – 37%. I believe for '19, within your guidance, I believe the mid-point is about 36 and a half, so 33 – 37 would kind of bracket this down. Guy, you talked about vertically integrating some of the businesses. The in-house games on casino, the GSTP on the platform side, I would assume that that would help margins. Can you kind of talk about if that is factored into the 33%-37%? And then also, would some of the vertical integration speak that you talked about, could there be any cost of eliminating some current partners? Thanks.

Guy: Yeah, so first of all, in terms of vertical integrations it's absolutely an aim of ours. Clearly with GSTP, to leverage the capabilities of Sky Bet and Bet Easy to give us a single sports betting platform that will enable us to start investing heavily in sports book acquisition in the future, creating that new customer acquisition channel. Now it's not so much the investment in GSTP itself as necessarily over the course of the next few years, we obviously want to balance the desire to maintain very strong margins with investing and creating this second acquisition channel. When it comes to the casino games that you mentioned, again, leveraging the power of the group, clearly we can put downward pressure on the cost base and the revenue shares that we pay to third-party by increasing the share of in-house games. Now we're never going to replace all third-party games; there's always going to be a role for third-party content. And indeed, I suspect over the next few years, they will continue to be the majority of the product on the platform. They'll always be there, particularly the big brand games, particularly getting in games, for example, these fantastic brands like Deal-or-no-Deal and some of the great casino industry brands, like Starburst and so on. It's always going to be important that we have those games on the platform, so we're never going to get fully away from them. I think I'll hand over to Bryan to let him talk about regulation, but one of the key points here that came out of what Marlon was saying is regulation fundamentally for us is good for us as a business. The downside of regulation, of course, is it increases the mix of gaming duties that we have to pay, which puts downward pressure. But that correspondingly (and you saw from the slide on Contribution from regulated markets) over time, that builds back up again, and we increase contribution in those markets. Let me pass onto Bryan.

Brian: Chad, I think the only other point that I would add is that, to the extent that we start getting margin expansion, I think you should think of that as an opportunity to redirect those funds, that savings back into the business from a marketing perspective. So, we do need to maintain a healthy margin, but I think we need to recognize that we are going to continue to invest in customer acquisition, retention and monetization, which is going to require accelerated marketing spend, so the savings will be redirected into a marketing category.

Chad: Thank you. And my follow-up is just back on the U.S. partnership, when you talk to the potential media partners, are they rank ordering, I guess their important kind of tenets for who they would partner with? Is it compliance, is it technology? Has there been kind of a consistent message in terms of what these companies want with a partnership with you guys?

Robin: The Sky Bet success story is well-known here. And what Sky Bet brings to the table is a unique blend of understanding media and understanding betting. There have been a number of media partnerships across the globe. And other than Sky Bet, nobody's actually achieved the same scale and success. So it really is a case of harnessing media. And a lot of the people in Sky Bet actually worked for Sky Sports before, so…And what they hear when they hear about media partnerships from us versus some of our peers, that's a very different story. The type of customer that Sky Bet gets is different, a very recreational customer. You heard that 60% of its customer base are loyal to Sky Bet. They don't bet with anybody else. So, they're opening up betting to a wider demographic, a newer demographic. And that appeals to media partners. You saw some of the content on the screen over there. Again, we have people within this organization who will be working as part of the U.S. team, who can work with producers and creatives to create that kind of content. So, a free-to-play product or betting product isn't just like an ad stuck in the middle of a show; it's woven tightly into the fabric of the actual broadcast itself. These are quite unique capabilities, so that's what they're looking for. They're obviously taking as red, that a business with our sort of scale and size - we have great product, great technology, great compliance, these are things we believe we do better than most others - but it's that ability to uniquely harness media as well as betting which sets us apart. And that's what's led to the discussions.

Vaughan: There were quite a few questions related to this from the web, so I'll jump in with those now. So, the first one was for the betting business in the USA. Should we assume that it will be branded as the media brand, or would you also use BetStars? And related to that, is it possible to conclude a deal while there's still uncertainty around the Wire Act interpretation?

Robin: So yes, the betting brand will certainly be a media brand. I think in poker, we undoubtedly have the strongest poker brand on the planet, so PokerStars would be the brand. And there's still some internal debate around how we brand casino. But certainly from a betting perspective, it will be the media partner brand. Interestingly, with the DoJ, and I think a lot of people who follow the market will have seen, that actually, since the DoJ announcement regarding the Wire Act, we've seen an acceleration in terms of states launching new bills, introducing new bills. So actually, the DoJ reversal of the opinion has had no impact at all in terms of the pace at which we expect a media deal to conclude.

David Katz, Jefferies: Morning. David Katz – Jefferies. Just two states, if you could comment on your thoughts. 1 – New York seems to be progressing towards some legalization. What is your positioning within that in terms of partnerships or access to that market? And the second one that's a little complex is California. That could make a difference given the Native American prominence there. How do you expect that to evolve, and what strategies do you have for positioning the company there as well?

Robin: We, as I said during my talk, we expect to be live in all the key states, and that would include New York. As I said, we are in advanced discussions with other access partners, and there's a variety of types of access partners, be it racetracks, casinos and the like. So, New York would certainly be a key state, so you should take from that what you will. California is clearly very complex, but historically, through poker, we've developed very, very strong relationships with the tribes out there, so I think we're very well positioned should California open up. I think, in our assessment, when I presented the numbers and market size, actually California didn't really feature to any great extent. So, we have that as an outlier in terms of 2025, but who knows? Anything can happen. But California certainly increased the estimates of the market you saw there. But as I said, we're well-positioned there with quite longstanding established relationships with the tribes.

Gavin Kelleher, Goodbody: Morning, Gavin Kelleher from Goodbody. Just for Guy, just on the GSTP, could you give us a bit of a timeline on how that will be introduced and when it will be finished, and where on that platform do you want it to be, in terms of what year? And just in terms of the different sports brands, obviously Sky in the UK, BetEasy in Australia, how are they interacting with each other on a daily basis in terms of sharing best ideas and best practices? And how do you incentivize Sky Betting and Gaming people and BetEasy group focus if you like in terms of growing sports from a group perspective?

Guy: Okay, so I'll cover off the part about GSTP, and I'll hand off to Matt and Ian to talk a little bit about sort of cross-pollination activities that are going on between the businesses. So, on the Global Sportsbook and Trading Platform itself, this is a combination. We've dedicated a set of development teams, both in Bulgaria and in Leeds, to building out a new platform that's based on some components from the original BetStars platform, and a number of components from the Sky Bet platform. The teams are being led out of Leeds, because that's fundamentally where the technical and the operational knowhow exists. And broadly speaking, we'll be looking at the Global Sportsbook and Trading Platform, replacing almost piece by piece in a very modular fashion, the current existing BetStars setup over the course of the next couple of years. In a similar timeframe - with again a lot of details being worked out at the moment - in a similar timeframe, the in-house components that are being built around GSTP will be replacing the existing SBG sportsbook as well, again, over a similar time frame. So, we want to get ourselves to a position where there is a singular platform across most of our brands over the next few years. Now in terms of coming back to the second part of your question, around brands, as I think I mentioned, the brands themselves, will be different in different markets: leveraging the Sky brand in markets where it's relevant to Sky, clearly the BetEasy brand in Australia (they've built up a fantastic base there), and then in the rest of the world, a combination of either BetStars brand or associations with local media companies, starting in particularly with a focus on the U.S. The teams, on a day-to-day basis, between BetEasy and Sky Betting & Gaming, even though operationally they're completely autonomous, just standing back, sitting in the middle, as it were, we've seen fantastic cross-pollination between the teams. In terms of talking about day-to-day operations, what's working, what products are working, what products are not working. Even within BetStars, this fantastic Sky Bet product, called Request-A-Bet that pretty much launched a betting product that's now prominent on most UK sports books, Request-A-Bet itself launched on the BetStars platform, just a few weeks ago, as sort of first sign of this process of cross-pollination and integration. In terms of between BetEasy and Sky Bet, I'll hand off to Matt to talk a little bit about the kinds of activities where we're working together.

Matt: Yes, in the last six months we've spent a lot of time together. Our management team has been over to Leeds in December of last year, and plan on another trip shortly. We're looking for synergies and revenue benefits right across the business product as Guy touched on as being one of the key drivers. I think I said in my talk that the free-to-play component that has worked so well for Sky Bet is something that we've just started to roll out in Australia with a little bit of success: only 2 or 3 weeks ago we produced our first free-to-play game in association with a broadcaster called Racing.com, which shows Victorian and South Australian racing on free-to-air across Australia. And branded racing.com, nothing to do with the BetEasy brand, we have had some pretty significant traction on the back of that. Does Ian want to add anything?

Ian: Not much more to add really. As Matt said, his team were over in November or December, something like that, for a week, and what I found was a lot of cultural similarities between the people in Leeds and Matt's team. Already relationships are starting to form at all levels in the organizations. And we also did a very good night out, so there was the cultural similarity.

Rafi: One more comment I would make around the GSTP, just to make it clear, we are planning to roll out hopefully the first market at the end of that year, of this year, and then gradually roll out more markets in 2020. We have a few markets in mind. We haven't made a decision which markets are going to be rolled out first, but very likely at the end of this year we will have one of the international markets. Then in 2020 I would assume that the U.S. markets will be part of the GSTP, and more international markets will come on. And then likely, in 2021 or 2022, we will start migrating the SBG platform into the GSTP. Obviously, this is development, these are very rough estimations so no commitment is made here, but that's approximately the plans that we currently have. And the GSTP, it's not a product that we will ever finish; this is ongoing, this will become the sportsbook platform for the entire group, and ongoing development with dedicated teams.

Joe Stauff, Susquehanna: Good morning, it's Joe Stauff from Susquehanna. I wanted to ask a question just on regulation, obviously a big year last year and, especially for the UK and Australian markets, is it fair to assume basically that the duties and the taxes are set for some number of years and what you think that is? The Italian business as well that, if you would think also that, they're going to come back and possibly redo those every year? And any other regulatory catalyst on the horizon that you think are either coming down the pipe and/or could help you or hurt you?

Ian: I'll take the first bit on the UK, so remote gaming duties are about to go up to 21%, which is quite a big hike. Also, there was a change in remote gaming duty in 2017 which involved the tax being levied on gross win, not net win. My own view would be that it will be quite stable for the foreseeable future. I can't see in the medium term any further increases, but you know, I don't have the crystal ball, but that's got to be my personal view.

Matt: That's probably a similar story in Australia. We've undergone significant change in the last 12 to 18 months, not just with taxation but with regulation as well. We've just completed a full national consumer protection framework that is being implemented as we speak and will continue to be further implemented post the election in May. And it doesn't matter which government gets in, that will continue to make changes there with the first change is likely to be a national self-exclusion register, which we see as a positive. In terms of taxation, as I touched on again when I spoke, there has been significant taxation on us imposed in the last three months with the point of consumption tax kicking in across all states in Australia. I think that's stabilized now and we'll be fairly stable for at least the medium term.

Joe: And just the impact maybe of the additional sort of restriction, whether it be in Italy on advertising and in play in the UK… what does that mean for your business in terms of how you adjust to that?

Guy: Just a word on Italy, I think we're in a very interesting position in the Italian market because the strength of the PokerStars brand. First of all obviously, we dominate in poker in that market, but because of the PokerStars brand, we have also become a very major player in that market in casino, and it's obviously a growing market for us in sportsbook. So, despite the forthcoming restrictions on advertising in the Italian market, we're very well positioned to continue to leverage off the brand itself. We're currently waiting to see how it will pan out, but again, this isn't something that we find particularly scary. There's going to be ups and downs in some of these markets. But critically, just want to go back to this point, that overall, operating in regulated markets is very good for the business. It does give us more stability, more predictability to our revenues.

Vaughan: We're going to give the people on the other side a chance.

Daria Fomina, Goldman Sachs: Thank you. I'm going to have a few questions, less than four, I promise. The first one on the UK, with the recent regulatory changes, a lot of your biggest competitors are now targeting the recreational player. What makes you confident that, we saw your market share flattening out last year, that, given the competition picking up in your target consumer group, that you will be able to continue the growth at the same return profile.

Ian: Yes, so I mean I would sort of take that back over the 10 years I've been involved in the business. There's always been an incredible amount of competition. So, I don't think we're in a particularly different place. I think our scale gives me the confidence that we're ahead of that. Yes, others will try and copy, but we're very much the scale business and we've kind of been here before over the last few years, so I'm pretty confident that the sort of mid-teen, or double-digit growth is very likely. And yeah, I think, if I think about maybe five years ago and similar sort of questions, bet365 in the UK, we've always looked at as a major competitor, we've always competed pretty strongly against them, so don't think that much has actually changed.

Daria: Okay, thank you.

Rafi: What I would add, just one more sentence around the recreational customers, I think Ian mentioned today in his presentation that we've acquired during the Cheltenham event, approximately 150,000 customers in these four, five days, which is approximately 25% of what the annual target for SBG is. So, we obviously demonstrate quite strong continuation of the ability to continue acquiring recreational customers, and growing the category as a whole in the UK.

Daria: Thank you. My second question would be on M&A. You gave a list, quite a broad list of targets from large scale, bolt-ons, to up the value chain that at the point where t the leverage drops below 3.5, can you give a bit more color in terms of what you're looking for, could be looking for when your leverage comes down in terms of the M&A. Is there obviously a lot of press reports there, but what would be the ideal in terms of the geography, size, target product vertical? That would be very helpful.

Rafi: I'll start, and I'll hand over to Robin. From our perspective, obviously we have the leverage ratio target that we want to hit before we go and engage again in M&A activity. However, there are other elements that we are also looking at to ensure that we are ready to move forward with M&A. And we spoke a lot today about the GSTP because we do have the best poker product out there. We have one of the best casino products out there which was primarily developed in-house, and we're now developing the sportsbook. So, if you think about bolt-on top of acquisitions in specific markets where we don't have leading market share positions, essentially what we are going to look to do is just acquire the customer base, because we would not need anything else. We wouldn't need the technology, we would not need the expertise, or the marketing, or any of that. All we would need is likely the brand itself, and the customers, and then everything else would just be migration of revenues into our platform. So, that's the state of mind that we have.

Robin: Yeah I haven't got much to add to that, but what I will give is an example, which is the type of acquisition which Rafi has described, we've eventually accomplished that in Australia. So, Matt's team have built a fabulous technology platform, and that allowed us to integrate very quickly, very seamlessly a huge customer base, bigger than BetEasy's itself, in the form of William Hill. And because of that, we took over well north of $50 million of costs, didn't we? And we've retained, as you've seen, more than 90% of the customer base has come across. So, you can see the kind of value creation that can be generated once you've got a top-class technology platform which can absorb these bolt-on acquisitions. So yes, that is the strategy but, as Rafi said, outside of Australia, we need to see GSTP complete before we can execute on that strategy.

Daria: Last one, I promise. Last one on regulation in the UK. The number of changes the regulators still need to make up their mind on free-to-play games, or the games that are casual but close to gambling games, as well as the credit betting, or deposit from credit cards. Can you talk a little bit about your exposure and the risk that you see from that? Thank you.

Ian: So, to take that in two parts, so we'll start with the credit card question, we've got a very low single-digit number of customers that actually pay by credit card, so not really too concerned about that one. We're also working within the industry in terms of, there's an information-gathering process currently at the moment, a consultation process, and hopefully we'll come to some sensible conclusion. So, what was the second part of the question?

Daria: Sorry, the other part of that, the regulators reviewing also potentially is the free-to-play games or the games that are close to being gambling, but not, again, Deal or no Deal and similar type of games.

Ian: Well, we don't allow people under 18 to play our free-to-play games.

David Holmes, Bank of America Merrill Lynch: Hi, it's David Holmes here from Merrill-Lynch. First question is on Germany. Do you see any risk to the German online casino business with the vote on the interstate gambling treaty that happened last week? And the second question is on Australia, just, you pointed out the level of promotion activity that's currently going on there. Do you think that will be sustained, and should we extrapolate that out?

Marlon: I'll take Germany first. You know, it's been a very dynamic market over the years. We've been very active on the ground there for quite some time. And I'd say overall, we would think of that as the more things change, the more they stay the same. And we do expect the status quo to continue for some time. There were some changes recently, as you are aware. They extended the current treaty to the summer of 2021 instead of 2020. They removed the cap on sports betting licenses. But most significantly, they also reaffirmed the licensing regime that Schleswig Holstein has in place. And that regime actually licenses and authorizes poker and casino. So, it's still very dynamic, it's very fluid, but we do expect, and we hope that the momentum from what just happened will continue, and we're optimistic that we'll see a broader regulatory regime in place by the summer of 2021.

Matt: In relation to Australia, late last year we saw quite a significant land grab and everyone upped the ante in terms of promotional activity and spend before a full year of point of consumption tax had kicked in. In Q1, we anticipated that Tabcorp would raise their game a little bit in terms of promotional activity, given they get to avoid the point of consumption tax. We expected the number one operator in Sportsbet to maintain their aggression which they have done, which has factored into our budgets and numbers, but the piece that I touched on when we spoke earlier around the whole personalization and targeting the right customer with the right level of generosity is, to my mind, the way the whole industry will go. At the moment, it's very inefficient in terms of their spend, they throw a blanket over their whole customer base and reward them all the same way. I think the personalization piece, I know some of our competitors are working on that at the moment, but because we've stolen the march, we've been relatively aggressive ourselves in Q1 to capitalize on it before everyone else kicks in.

David: And is there any sign that that will ease over time?

Matt: I believe it will, not so much with Tabcorp, because like I said, they've got the luxury of avoiding the tax, but I believe the others, there'll be a common-sense approach taken very soon. I think Ladbrokes have already publicly stated that they will pass on a portion of the tax in terms of their pricing. We haven't done so as yet, and we don't believe we will do so. We'll be more targeted in our approach in generosity towards the personalization piece as opposed to anything else.

David: Thank you.

Tim Casey, BMO Capital Markets: Tim Casey from BMO Capital Markets. Just one on your medium term goals, I guess for you, Brian. You talk about roughly 10% revenue growth with stable margins. Yet that doesn't appear to leverage to the bottom line with only 10% EPS growth. What are the drags there? And also, given the free cash flow characteristics of the company, it would seem, on a 5-year basis, with that type of growth, you would have a lot more opportunity to de-lever much more below 3.5. Is the implication there that you're going to be doing some major investment spending in the U.S.? Is that what's keeping the leverage ratio high, or you're just being conservative and keeping it at a 3.5 target, given a medium term free cashflow profile?

Brian: Yeah, so I think, again, if you look at our business, one of the really strong features of it is the ability to generate a significant amount of free cash flow. So your observation is right. As we move forward, given where we are with our U.S. opportunities, we're looking at pulling out cash from operating activities to generate a deleveraged strategy, in line with how we presented it to the market today. There certainly are opportunities to accelerate but we wanted to hold something back for the investment requirements into the U.S. So, that's the primary reason on that. With respect to the EPS, I think the way to look at it is our starting point, coming out in 2019, is going to reflect the increased share base that we had to issue in connection with the various acquisitions that we've made. So, that will be factoring into that equation. As we move forward, as we continue to deleverage, the interest rate should be declining with the cash used for deleveraging. Plus, offsetting that will be the incremental tax that will be incurred in certain jurisdictions where we have higher tax rates (i.e. as the UK operation drives more value, there'll be more tax applied to that profit, which will keep the effective tax rate within the range we're talking about, but that will have an impact as it flows down to EPS. So, we feel confident right now that the EPS growth in excess of 10% is something that we're going to be able to deliver. As we move further out the curve in future years, it will definitely be much stronger than that amount.

Tim: Second question that's more short-term in nature. With respect to the UK and your initiatives in Cheltenham, what changed year-over-year? Why were you so much more aggressive this year than in previous years?

Ian: So, I don't think we're more aggressive. I think we executed very well. We did a similar offer in previous years and it just resonated very strongly with customers. So, we're very pleased with the upside from that, but it wasn't especially more aggressive. A couple little tweaks in some of the cashback and the detail in that, but it was generally what we've done over the last three or four years, which is why I've got every confidence that I'll see the same pattern of returns. And these are much higher volumes. So, pretty pleased with that.

Vaughan: Just as a reminder to people on the webcast, you can email questions to ir@starsgroup.com or submit them on the webcast itself, and we'll move to those shortly.

David McFadgen, Cormark: Thank you, this is David McFadgen from Cormark. Just a. couple questions from the U.S. So, when I look at the New Jersey market, obviously the fantasy sports players are dominating that market in a very significant way. It appears as though your market share on the sports betting side in New Jersey is quite low, and I was wondering what plans do you have to raise it in New Jersey, and do you expect that the U.S. sports betting market will, as it rolls out, will continue to be dominated by the fantasy players? I'd be interested to get your views on how that evolves. And then, you should have a very large U.S. customer database from the PokerStars business, from operating, particularly after UIGEA was passed, and I don't know if you can disclose the size of it, but that should, I would imagine, give you some competitive advantage. So, anyways, any comments would be helpful.

Robin: Sure. So, our activities to date in New Jersey, has been all about establishing a platform. The joke in the organization is that my travel budget, because I spend a lot of time coming here, is greater than the marketing spend we've spent in the U.S. so this is probably true. But it's all about making sure that the product, the platform is correct. We're establishing a team, and actually we're very, very encouraged by the early results that you've seen. The unit economics have been fabulous, because of the great risk management expertise that we've developed both within BetStars, but also through the acquired businesses, we're achieving margins in excess of the industry average. That's down to great risk management. That's also down to depth and breadth of product as well. So, as I said, it's all been about establishing in the foundations. To your point about the poker database, we won't talk about the size of the database, but obviously it's pretty extensive as you can imagine, but you know I made the point that the level of cross-sell from our poker database to sports betting is way in excess of anything else we've seen in the rest of the world. So, that bodes well for the fact that we can actually leverage that database. A lot of that database, as well, it was acquired during the time that people were sort of on Facebook and the social media phenomenon occurred. So actually a lot of those email addresses are basically Facebook email addresses, so we can actually talk to them, create lookalike accounts and so on and so forth to maximize the value of that database. But actually, a lot of the revenues that we have achieved have come from that database, so that's very encouraging. But in terms of actually challenging the likes of Fanduel or DraftKings, again, we've held back, because hopefully we'll be signing a significant media partnership, which will give us a very, very strong brand which will have authority and resonance in the market. And then we'll start to become more aggressive in terms of our marketing efforts. And obviously a media partnership would give us a big exposure through integrations in TV shows and into digital assets and so on and so forth. So, you know, we fully expect to do very well, replicating the success that we've seen in other parts of the world. But, as yet, we've spent very little on marketing, so you wouldn't expect our market share to be very, very strong.

Rafi: Let me just add a few words here. First of all, when it comes to poker, exactly as Robin mentioned, we do have a large customer base in the U.S., which we've activated in New Jersey, I think I mentioned it several times, that over sort of a weekend, we became the number one operator in New Jersey when we launched, when we launched our poker offering back in 2016 I think. Nonetheless we haven't invested much in the market, in terms of marketing, in terms of our product. If you look at our casino product, versus our casino product worldwide, it's a very basic product we have currently there. And in terms of sportsbook we actually do have a competitive product in the market. But we haven't done any type of meaningful investment in the market. We essentially activated the customer base that we have, and we're just monetizing them, and checking the foundations of the platforms, the key KPIs. When we look at the two daily fantasy sport companies, DraftKings and Fanduel, they obviously spend probably over $1 billion, I would say in marketing over the course of the last few years, surely hundreds of millions of dollars between them in the market to acquire customers. And they're now obviously leveraging on that, and it's been quite successful for both of them. And essentially when we looked at our own strategy, when we came into the market and we had to consider the various different ways for us to enter into the sports betting market, we said that our best strategy would be going with a media company, and replicate what Sky Bet has done with Sky in the UK. And once we would achieve that, that would be part, one of the strategic pillars for the market, and that would allow us to go into the market and start investing and acquiring the customers. So, so far, it's really basic and just, to a large extent, testing the foundations, the operational foundations in the market before doing anything meaningful.

David: So, if I could just ask one follow up. You know you talk a lot about a media deal. I would imagine your competitors, obviously they're hearing this, so they're probably going to, I would imagine they would pursue the same strategy and try and get a media deal in the U.S. as well. Doesn't that really increase the risk that you might not get one? Or the cost when you get one would be quite significant?

Rafi: I don't know, it's a theoretical question. I think I spoke a lot about us wanting to do acquisitions back in 2018, 17, end of 17 and 18, and we still ended up acquiring the exact companies that we put on our list. We had three companies on our list: Sky Betting and Gaming, CrownBet, and William Hill Australia, and we were fortunate enough to actually get all three companies. It's not something that happens all the time in M&A. I feel quite confident to discuss about the media deal, simply because we know that we have, exactly as Robin mentioned before, we have the advantage versus other companies when it comes to really extract value from a media relationship. We had the video of the Super6, which was obviously a very successful product, 1 – 1.2 million customers engage with this free-to-play product every week. It's not something that other companies can actually show for, and we do have it, and we have all this expertise that were built in Sky Betting & Gaming over the course of 15 years. So, that's what we're bringing to the table, and that's what media companies expect us to actually do in the U.S., and believe that we can do that. So, I'm not hearing any of these other media companies having meaningful discussions with some of our competitors. It may happen, I'm not saying no, but we do know which media companies we are going after, and so far it's moving essentially according to our plans, so I'm quite confident.

Vaughan: A couple of quick ones from the webcast. On the UK, can you comment on any possible impact from the restrictions on advertising on TV?

Ian: I think the restrictions on advertising on TV I don't think will have a lot of impact on us. Our brand is extremely strong in the UK as was spoken about during the presentation. So, I feel quite comfortable there's going to be little impact there. I also think that the TV companies are going to find ways of moving around the spots etc… so I think that's pretty neutral.

Vaughan: And then a follow-up one that was related to that was with the record acquisition that you've seen during Cheltenham could you comment on the CPAs of that relative to normal CPAs and what gives you confidence on the return on investment there?

Ian: Well, I mean, first of all, I wouldn't look specifically necessarily at the CPAs. I'd look at all customers or whether there were new customers that we acquired, or customers we had re-engaged with, so you know lapsed customers, so think of it all in the same bucket. I think Rafi mentioned 170,000. Is that the number you said, Rafi?

Rafi: 150,000.

Ian: You got that a bit wrong, it was a bit more than that. And then the customers we re-engaged with, a quarter of a million customers we re-engaged with, and we already know we've got a lot of customers that are going to be worth a significant amount of money to us. So, I guess, you know, the point was there was an offer there that was extremely attractive. We actually cut the marketing budget to promote the offer in the quarter. And we sort of exceeded expectations by three or four times, so as the ex-CFO that cut the marketing budget, I should've been doing it before possibly, because it did very well, the offer. So, low cost acquisition and re-engagement, a lot of valuable customers.

Vaughan: It's probably just worth adding that the record acquisitions is not linked to TV advertising, so it shows the strength of the diversification of the channels. Ed.

Ed Young, Morgan Stanley: Ed Young from Morgan Stanley, I'm going to share my allocation with my colleague Thomas Allen if that's alright. My first question's on technology. Matt, you sort of painted how strong the technology platform is in Australia in terms of being cloud-based, being unique, and sort of stronger than peers. Given what you said about GSTP, it doesn't seem to be part of the GSTP program, is that correct? And if so, why? And more broadly on the technology platform, international betting you've said is clearly one of your key areas of opportunity going forward. How reliant is that international betting opportunity on the delivery of GSTP?

Guy: So in relation to the first question, the GSTP program is pulling in the best bits of all of the companies. We're focused at the moment on BetStars and Sky Betting & Gaming and creating the platform there but ultimately it will suck in, it will pull in all of the best bits of the proprietary technology within BetEasy, and indeed the products and the feature sets that are on that platform. And again, that will happen over the timeline that Rafi talked about in terms of creating this global platform. Sorry could you repeat your second question?

Ed: The international betting opportunity, how reliant is that growth in that opportunity set on the rollout of GSTP?

Guy: So I would say, where we've got to, we've grown the business on the back of the PokerStars brand, on the back of this massive PokerStars customer base, we've grown a business from naught to $80 million a year in the space of just a few years. We only launched it in 2016. Now that's largely… it was partly driven by third-party technology, and largely driven by stuff we built in-house. It's very clear that we are competing against businesses that have developed their own sports betting expertise over several decades. Now we had a phenomenal advantage and it's worth just reflecting on this for a second. When we launched BetStars in 2016, we rolled it out into more regulated markets than all of the big books in Europe managed to roll out in the previous 10 years or so. And that was because of the underlying platform, the player account management system that sat behind it. The sports book product itself is still very early days. We don't offer within the BetStars product the full range of markets; critically we don't offer some of the great features that appear in BetEasy and that appear within the Sky Betting platform. So, for us, I think, the core of the integration, and one of the fundamental reasons for acquiring Sky Betting & Gaming was to bring that on board, develop this new platform, put it onto the international player account management system that drives the PokerStars and the PokerStars-related brand, in order then we can start investing in acquiring customers. What we've got today is good for cross-selling into our poker database, but as soon as we start introducing the full range of markets, the full depth of markets, that we'll be able to with the new Global Sportsbook and Trading Platform, we will see two things happen: we will see cross-sell from our existing customers start to increase, we will definitely see yield improvements, and then most importantly on our side, we will then be in a position to say "Okay, it's time to really invest heavily now in creating that second acquisition funnel".

Rafi: Just to add maybe one more thing around that, when you think about sports book operators coming into a new market and needing to launch their brand, they obviously tart from scratch, they don't have anything in the market. So, the concept that we have when it comes to our international sports book - I'm not even going to say BetStars, because it's not even really confined into BetStars as the core brand. BetStars is one of the brands, Sky Bet is another brand that will be running on the international… and hopefully we will be able to have more media type of brands in other markets that we can leverage on - but when go into a market, we're not just a sports book going into a market or trying to launch a market from scratch. You look at a market like Italy, where we are the largest operator in the market. We already have revenues generated from poker, we have revenues generated from casino, we are the largest casino operator. There is marketing that is going only through poker primarily today, and we have cross-sold those poker players into now Sky Bet customers. So essentially, you have a profitable business. I mean versus for example Sky Bet going into Italy from scratch without having any type of base in the market. So, when you think about it from our point of view, when you want to build the business, what you do is essentially you just enjoy the fact that you have already a business to generate revenues, you have cross-sell from poker into sports book, you generate revenues from sports book, and essentially all the revenues you generate you just reinvest into sports book. You are very happy to operate with no margins on sports book side in order to continue reinvesting it. You can do the same in Italy, Germany, Spain, and any other, Denmark, whatever market that we are operating that we are operating today, you can take essentially the entirety of the sportsbook revenues and just reinvest them. What we do need to have in the markets because it's quite important, it's very different from a casino operation. Casino is quite a commodity, right? Games that you are playing essentially are the same worldwide. There are obviously variations and definitely there are local games that are performing better in specific markets, but it's a commodity product to a large extent. When it comes to sportsbook, it's a far more localized product. You can't just go into Italy with the same product that you are going into the UK, with the same product you are going into Germany, these are very different markets with very different dynamics. So, we need to have this localization in order to really build up the proper sports betting. So, I know it's a sort of medium-term type of plan when it comes to the GSTP because it's going to take time to roll out the GSTP and roll out the first market and then continue from that point onwards, but once you have this foundation of the core platform, and you have localized teams developing the localized product, the front-end element of the product, having all the base already developed by the core team, it just makes everything much easier because you can localize faster with the local teams and compete in the market better, and have revenues that you can simply re-invest. So, that's why we believe that we can build the international sports book.

Ed: Thank you very much. My second question was on marketing. I was struck by, on slide 17 Rafi, you were talking about the marketing percentage being lower than some of the peers, and the general comments around marketing were that they might trend up as a sort of area of reinvestment for the group as your mix changes. But so Sky Bet's been sort of the opposite direction, it's been 23%, 24% of sales to marketing, and now it's sort of mid-high teens. How should we understand that change in Sky Bet and what that means for sort of marketing for the group and the way you've looked at returns, or benefits you've got from being in Stars, or whatever it is that's changed over time?

Ian: I'll take the Sky Bet piece. I mean with marketing, we work on very short-term cycles. You can sort of dial it up and dial it down, so, we kind of look at the volume of customers, the retention rates, and make decisions on reasonably short time scales. So, we've sort of driven it down by being more effective at making sure that the channels that we're using are the best channels. So, that's kind of why we've driven it down. I mean if there's periods where we can see an opportunity to dial it up again we'll do that, so it's pretty flexible.

Thomas Allen, Morgan Stanley: So in your 3-5 year guidance, you talked about flat margins, and you talked about duties being a headwind, right now you're 74% taxed and regulated. What does that assume where you'll go in 3-5 years?

Brian: Yeah so I think if you look at the assumptions that we're using there, and we've talked about moving more into regulated markets, it's a positive for us, and it's something we believe we're going to benefit from from a long-term perspective. So that guidance assumes from around 75% into around 80%.

Thomas: Okay great, and then on the U.S. opportunity, on slide 78 you highlight about 45% of your addressable market is land-based sports betting. Obviously you've been much more focused on online historically. How do you deal with that disadvantage?

Robin: Sure, so we will be launching a land-based sports book with our partner in Pennsylvania, Mount Airy, and we are in discussions with other access partners, and we will be launching land-based sports books there, so it's a market we will be participating in, but we will be clearly focused on those states where we see great online potential as well. So, it's certainly something that we are going to be participating in and a lot of our coming agreements have land-based components in them.

Vaughan: There've been a lot of questions about the leverage target from the web, so just to clarify, when you're reading a script, it's quite hard to follow, and looking at all of you people as well, so when Brian said we're aiming to hit that target by 2012, it was meant to be we see it sometime in 2021 or 2022. The questions related to that are what does that include in terms of investment in the U.S.?

Brian: The investment in the U.S. is minimal right now, it's only the status quo right now, primarily the operational activities that we're doing right now. If we do expand into the U.S., at a much faster pace as we move forward with media deals or other opportunities, we would potentially be using cash for that. I think it is fair to say, people should be looking at that assumption as a run-rate basis to what we have today, and based on that we will be achieving the leverage levels in 2020 or 2021.

Vaughan: '21 or '22.

Brian: 20… yes. Not 2012.

Richard Stuber, Numis: Hi, Richard Stuber from Numis. I just want to follow up on that leverage number as well. Obviously your UK peers tend to target one-two times net debt to EBITDA, so what gives you the comfort that 3.5 times is the right level? Or do you think post-2022 you expect that leverage to come down even further?

Brian: I think in the North American markets, the leverage of 3, 3.5 is acceptable for us. We generate a significant amount of free cash flow, we have a very disciplined approach to deleveraging, and again from our overall capital structure, we believe that's a level that we feel comfortable with to continue to pursue larger opportunities. I mean is it 3.5, is it 3, it's in that range.

Rafi: I think there's maybe a sort of misunderstanding here. The 3.5 is something that we are setting up as a target before we start considering other options that we have as a company. That's the 3.5 times. So, you just need to regard it in that perspective or in that aspect. In a way, after we get the 3.5, we don't know what we're going to do. It may be that we're going to continue paying down debt, it may be that we're going to start paying dividends, it may be that we're going to buy back shares, it may be that we're going to do more M&A activities. But what we're saying is that we've been in a high-leverage ratio before, we got to 3.5

times. At that point we felt comfortable to engage in acquisitions. And that's exactly what we've done. We went out there, we looked at companies, we evaluated our opportunities and we said this is now really the right time for us to engage in acquisitions on the back of multiple reasons that I've outlined many times before in terms of the regulated revenues, in terms of sports betting expertise, that we wanted to have in terms of the expansion of the company. We wanted to be the consolidator in the company rather than being consolidated. So, that's why we went out and did our M&A at the time. Now we're saying we would like to continue deleveraging up until we get to a point, approximately, 3, 3.5 times, where we are again going to explore the options. And we have multiple different options, it's not even limited to these four options that we had on the board. There are many other options that you can explore. That's the message that we wanted to bring.

Richard: Could I ask one further question? Obviously over the next few years, there are going to be several thousands of shops closing in the UK. Any sort of specific marketing or promotions or any sort of strategy to take a greater share of the current offline customers onto the Sky Betting platform?

Ian: Nothing specific. I've seen some stuff out there that says there might be some three or four hundred million pounds worth of money moving from shops online. I think it will find us naturally, an element of that. We will continue to promote our casino products in the way that we do, but I don't think we'll be doing anything overtly to go after that. I think that naturally, some of that will come our way.

Vaughan: We can probably squeeze in one final question.

Matt Humbaugh, Harbor Spring: This is going to be 1.8 questions. One strategic, one specific. Strategically, given the size and scale of the group now, I'd be interested in your approach to payments, and whether there's any strategic rationale to you having more control over payments, and I'm thinking you're dealing with all the anti-money-laundering, making sure you're protected from cyber risks and attacks. I would imagine all of that is outsourced to your current payment providers, but given your size, and given, essentially, the dollars flowing through the system, this would seem a very interesting incremental revenue opportunity for you guys.

Rafi: You can take it but don't disclose too much.

Guy: Well, I think that that may have said it all then. Absolutely agree, I mean we're looking the whole time at potential opportunities, not just for horizontal integration but for vertical integration and so on, and clearly payments is the lifeblood of our industry. We're already in a position as a business where today, because we have this incredible international network, we already have over 50 different payment methods around the world and payment suppliers around the world. So, you've got a very, very, very strong payments team. And fundamentally I completely agree, it is a very interesting area for us potentially in the future to look at. Now on the second point about AML, actually we don't push too much of that onto our payment services providers. We have an incredibly strong operations team that sits behind the scenes that deals with AML and fraud against the business, and fraud between players, in terms of player collusion and so on, and that's a phenomenally strong team. So, you can begin to imagine, you actually start to put these things together and you've got the ingredients for a really interesting recipe in the payments space.

Matt: Can I ask one more? Okay this one's easier. Slide 29, poker cohorts, which we can call up or not, but if I read the cohorts about poker correctly, my take is it looks like the guys who came on board 2012 or earlier are growing as a percent of the total business, and your actual '15, '16 and '17 cohorts are actually declining after their first year. So i.e the amount they deposited in, say 2015, let's just take, it was actually a lower number in the second year and a lower number in the third year. And I'd be interested if there's something going on in poker that is leading to those shrinking cohorts for the new customers acquired in '16, '17 and '18, because I question how much more we can extract out of those 2012 and earlier cohorts.

Guy: Yeah, so there's a couple of very important nuances on the slide here. What this is intended to show of course is that actually fundamentally we made some very, very key changes in 2015, so we had this enormous historic player base that we were able to re-energize, reactivate, by starting to actively manage the economy. There's a couple of other things that have happened over the course of time, obviously '15 onwards, as you will all know, we had massive fluctuations with FX, in both directions. 2015 was particularly poor, the dollar became extremely strong versus the currencies that all of our customers actually play and deposit in. So again, there's quite a bit of nuance behind that slide. Overall, if you start looking at things like like-to-like markets, you start looking at things in constant currency terms, actually it's a very healthy picture including the more recent cohorts.

Rafi: Yeah there are two key drivers exactly as you said. One is FX and the other one is market closures that you have from 2015 to date. So, you need to look at it on a constant currency basis, and a like-for-like basis.

Matt: So in your 2016 yellow, a guy could play ***INAUDIBLE – OFF MIC***

Guy: Yes, that's exactly right, so we've had closures in countries like Portugal which went dark for a couple of years, in Australia and so on, so that's exactly right, that has an impact on those cohorts, but the underlying picture is still the same.

Vaughan: Great, thank you very much. So, for the people in the room, we'll be around for the next half an hour or so. If you get a chance to play the VR thing, please do, it's a great product. We can answer any sort of additional questions there. For people on the webcast, thanks very much for dialing in and joining us. It's very hard to get this bunch of people together in one go, and I think it's really been worthwhile. You've heard a lot about the strength and breadth of the business, and the talent that we have in the group, so I'd just like to say thanks to all the speakers.