Strong financial performance

Andrew Smith
Chief Financial Officer

"Playtech has delivered a strong financial performance driven by strength in its regulated businesses with Adjusted EBITDA growth of 11%."

Group Revenue

€1,508m

↑23%

(2018 : €1,225m)

Overview[1]

Playtech has delivered a strong financial performance driven by strength in its regulated B2B Gambling and B2C Gambling businesses. Total reported revenue increased by 23% and Adjusted EBITDA increased by 11%. On a constant currency basis, revenue increased by 22% and Adjusted EBITDA increased by 11%. Reported EBITDA increased by 16% to €335.3 million (2018: €289.9 million).

The growth in revenue and Adjusted EBITDA was driven by the inclusion of Snaitech results for the entire period (only consolidated from 5 June in 2018), in addition to Snai underlying growth, as well as growth from our Core B2B Regulated Gambling revenues. Regulated B2B Gambling revenue grew 16% on a constant currency basis, while Unregulated B2B Gambling declined 27% at constant currency largely driven by a 39% decline in revenues from Asia. 2019 Adjusted EBITDA includes the adoption of IFRS 16, which had the net impact of increasing Adjusted EBITDA by €23.2 million.

Adjusted profit before tax from continuing operations decreased by 49% to €133.0 million (2018: €259.8 million). Reported profit before tax from continuing operations was €13.2 million, a 90% decrease compared to a reported net profit of €128.1 million in 2018 and when including discontinued operations and tax, the Group suffered a net loss of €19.6 million for 2019. The Group's Adjusted profit before tax from continuing operations fell despite Adjusted EBITDA growth, largely due to increased depreciation, amortisation, interest costs and taxation following the Snaitech acquisition as well as increased Group finance costs arising on bond loans in addition to significant gains from dividends and disposal of the equity investments in 2018. Impairment of intangible assets within TradeTech, namely the Markets and Alpha CGUs, amounting to €90.1 million, as well as impairment of the Casual Gaming CGU amounting to €23.7 million (which has been recognised in the discontinued operations) are the main reasons for the reported net loss in the year. This was more than the offset by the release of contingent consideration of TradeTech Alpha amounting to €72.6 million.

Snaitech's adjusted EBITDA was €162.4 million in the year (2018: €93.0 million), with the increase in part due to the inclusion of a full year of Snai activity, compared to only seven months in 2018 following its acquisition in June 2018. In addition, Snaitech had a very strong performance with significant growth in underlying Net Profit and Adjusted EBITDA, on a pro forma basis[2], when excluding impact of increased taxation from legislative changes in 2019. Driven by Snaitech and the Core B2B Gambling growth, regulated revenue accounted for 88% of Group revenues in 2019 (2018: 80%).

During 2019, Playtech raised €350 million senior secured notes maturing in 2026. The proceeds from the notes were used to repay the €297 million convertible bond which matured in November 2019, as well as for general corporate purposes. Playtech continues to have a very strong balance sheet with cash and cash equivalents of €671.5 million as at 31 December 2019. Adjusted Gross cash, which excludes the cash held on behalf of clients, progressive jackpot and security deposits, was €333.2 million at the end of 2019 (2018: €312.7 million).

Group summary[3]

Group revenue	2019 €m	2018 €m	Change	Constant currency change
B2B Gambling	**553.9**	566.0	-2%	-3%
B2C Gambling	**900.5**	578.1	56%	56%
Intercompany	**(13.9)**	(11.7)	19%	18%
Total Gambling	**1,440.5**	1,132.4	27%	27%
Financials	**67.9**	92.9	-27%	-30%
Total Group revenue	**1,508.4**	1,225.3	23%	22%

	2019 €m	2018 €m
Total Group revenue	**1,508.4**	1,225.3
Adjusted costs	**1,125.3**	880.2
Adjusted EBITDA	**383.1**	345.1
Reconciliation from EBITDA to Adjusted EBITDA:		
EBITDA	**335.3**	289.9
Employee stock option expenses	**18.1**	13.7
Professional fees on acquisitions	**1.9**	27.1
Cost of fundamental business reorganisation	**—**	2.4
Additional consideration payable in respect of redemption liabilities	**10.2**	(2.4)
Amendment to contingent consideration	**6.3**	1.7
Effect from the amendment on the terms of Sun contract back dated	**6.4**	—
(Reversal)/provision for other receivables	**(0.2)**	5.6
Impairment of investment in equity-accounted associates and non-current assets	**5.1**	8.0
Gain from disposal of equity-accounted associates	**—**	(0.9)
Adjusted EBITDA	**383.1**	345.1
Adjusted EBITDA margin	**25%**	28%
Adjusted EBITDA on a constant currency basis	**381.6**	345.1
Adjusted EBITDA margin on a constant currency basis	**25%**	28%
EBITDA related to acquisitions at constant currency	**(154.7)**	(88.0)
Underlying Adjusted EBITDA on a constant currency basis	**226.9**	257.1
Underlying Adjusted EBITDA margin on a constant currency basis	**15%**	21%

Total Group revenue increased by 23% to €1,508.4 million (2018: €1,225.3 million) and by 22% on a constant currency basis, with underlying revenue, after excluding acquisitions made in 2018 and 2019, and at constant currency, decreasing by 6%.

Key adjusting items when arriving at Adjusted EBITDA include the removal of additional consideration payable for the acquisition of BGT and the effect from the amendment of the terms of the Sun contract which relates to our Sun Bingo business, namely the amendment of our contract with News UK and the impact on the statement of comprehensive income, assuming that this had been in effect from the beginning of the year, which is discussed in detail below.

2019 EBITDA and Adjusted EBITDA include the adoption of IFRS 16, which had the impact of increasing EBITDA by €23.2 million and Adjusted EBITDA by €23.2 million. This is the amount of rent expense under IFRS 16, less the amount of capitalised development costs which related to rent in the method used before the adoption of IFRS 16[4]. The table below shows the impact broken down by division:

	2019 €m
B2B Gambling	**14.8**
B2C Gambling – Snaitech	**4.9**
B2C Gambling – Other components	**1.5**
TradeTech	**2.0**
IFRS 16 impact on Group Adjusted EBITDA	**23.2**

B2B Gambling

	2019 €m	2018 €m	Change	Excluding one-offs	Change
B2B Gambling revenue*	**553.9**	566.0	-2%	497.7	-12%
Research and development	**80.9**	80.3	1%	80.9	1%
Operations	**181.2**	151.1	20%	152.0	1%
Administrative	**57.4**	62.1	-8%	57.4	-8%
Sales and marketing	**19.6**	20.0	-2%	19.6	-2%
B2B Gambling costs	**339.1**	313.5	8%	309.9	-1%
B2B Gambling Adjusted EBITDA	**214.8**	252.5	-15%	187.8	-26%

* To reflect the underlying activity of the B2B Gambling division, B2B revenues include the software and services charges generated from the relevant B2C activity with fellow Group companies, which is then eliminated to show the consolidated gambling division revenues.

B2B Gambling revenue

B2B Gambling revenue decreased by 2% largely due to a 38% decline in revenues from Asia, which was offset by strong revenue growth of 17% in regulated revenues, mainly in Sport, which enjoyed an increase in sales of hardware amounting to €56.2 million. Within regulated revenues, revenue from rest of the world increased by 32%, predominantly from Caliente with the UK and the rest of Europe increasing by 17% and 14%, accordingly, mainly from Sport.

B2B Gambling costs

Research and development ("R&D") costs include, among others, employee-related costs, dedicated teams' direct expenses and proportional office expenses. Expensed R&D costs increased in 2019 by 1% to €80.9 million. Capitalised development costs were 37% of total B2B Gambling R&D costs in the period, compared to 37% in 2018. The adoption of IFRS 16 accounting requirements resulted in cost reduction of €2.7 million when compared to 2018, which is the amount of rent expense capitalised under IFRS 16, less the amount of capitalised development costs which related to rent in the method used before the adoption of IFRS 16.[4]

The operations cost line includes employee related costs and their direct expenses, operational marketing cost, hosting, licence fees paid to third parties, branded content, terminal hardware cost & maintenance, feeds, chat moderators and proportional office cost. Operations costs increased by 20% to €181.2 million in 2019. The increase is mainly due to cost of hardware sold in Sports and when excluding this cost, operational costs would have remained flat compared to 2018. When excluding the impact of IFRS 16, which totalled €6.9 million, operations costs increased by 25% versus 2018 mainly due to a rise in employee-related costs and brand and content fees.

Administrative costs decreased by 8% to €57.4 million mainly due to a significant decrease in employee-related costs through tighter internal cost control. Excluding the impact of IFRS 16, which totalled €4.7 million, administrative costs were flat versus 2018.

Sales and marketing cost mainly include employee-related cost, their direct expenses, marketing and exhibition costs. Sales and marketing cost decreased by 2% to €19.6 million. The decrease is mainly due to a reduction in exhibition costs. Excluding any impact of IFRS 16, which totalled €0.5 million, sales and marketing costs were flat versus 2018.

B2B Gambling Adjusted EBITDA

B2B Gambling Adjusted EBITDA decreased by 15% to €214.8 million (2018: €252.2 million) mainly due to the fall in Casino revenues from Asia flowing through to EBITDA, which was offset by growth in sale of hardware in sport and growth in revenues from Europe (excluding the UK), and the rest of the world (excluding Asia).

B2C Gambling

	2019 €m	2018 €m	Change
Snaitech	**829.7**	511.9	62%
White label (incl. Sun Bingo)	**51.1**	52.1	-2%
Retail Sport B2C	**19.7**	14.1	40%
B2C Gambling revenue	**900.5**	578.1	56%
Snaitech	**667.3**	418.9	59%
White label (incl. Sun Bingo)	**41.2**	76.0	-46%
Retail Sport B2C	**31.6**	20.2	56%
B2C Gambling costs	**740.1**	515.1	44%
B2C Gambling EBITDA	**160.4**	63.0	155%

Snaitech

On a pro forma basis, when comparing Snaitech numbers as if it were part of the Group for all 12 months in 2018, Snaitech revenues decreased by 7% to €829.7 million (2018: €894.6 million), driven by an 14% decrease in revenues from gaming machines. This decrease was driven by increases in taxation on gambling activities in Italy, introduced in January 2019, which negatively impacted revenue, partially offset by strong growth in online. Total online revenues increased by 21% driven by a 28% increase in online wagers, which is significant given the lack of football World Cup in 2019 when comparing against 2018. Excluding the increase in taxation, total revenues increased by 4%.

Snaitech operating costs for 2019 decreased by 9%, on a pro forma basis[2], to €667.3 million (2018: €734.9 million). The fall in operating costs was largely due to the decrease in cost of services and the use of third-party assets, which mainly comprises the reduction in distribution costs as a direct result of the reduction in revenues following the gaming taxation increase in Italy. Higher marketing costs related to the football World Cup in 2018 were also not required in 2019. Further, the impact of IFRS 16 totalled €4.9 million.

White label (including Sun Bingo)

Overall white label revenue decreased by 2%. This was driven by strong growth from Sun Bingo, offset by declines from other white label brands which have been significantly reduced as part of a housekeeping exercise where certain brands have been consolidated or ceased operating. When excluding Sun Bingo, white label costs fell by 52% versus 2018, largely due to the reduction in operational and marketing expenditure relating to other white label activity.

Adjusted Operating costs of the Sun Bingo activity decreased by 43% to €30.7 million (2018: €54.1 million) mainly due to the terms of the extended contract signed in 2019, making this the first year in which Adjusted EBITDA was positive with a €9.9 million profit (2018: €20.4 million loss). Details of the extension can be found below.[5]

Other White label costs decreased by 52% with total adjusted EBITDA loss decreasing by 97% to €0.1 million (2018: €3.4 million).

Retail Sport B2C

Retail Sport B2C revenues increased significantly from a low base, growing by 40% to €19.7 million (2018: €14.1 million). This was driven by an increase in HPYBET franchise shops in 2019 and 2019 including a full year of revenues compared to 8 months in 2018.

Retail Sport B2C costs increased by 56% largely driven by an increase in the number of HPYBET shops, increase in marketing costs and also includes a full year of costs compared to last year. The impact of IFRS 16 on B2C Gambling excluding Snaitech was €1.5 million in 2019 and the majority of this relates to Retail Sport B2C.

TradeTech Group

TradeTech's revenue decreased by 27% in 2019. The decrease was driven by a lack of market volatility during the first quarter of 2019, together with some exceptional market-making movements during September and October 2019. Revenue from TradeTech's B2C activity decreased 45% during the year, representing the impact of the aforementioned market conditions and first full year of ESMA's product intervention measures.

TradeTech's cost of operations decreased by 5% in 2019, representing increases in R&D and sales and marketing costs, offset by reductions in operational and general and administrative costs.

Group Adjusted EBITDA

€383m

↑11%

(2018: €345m)

Below EBITDA items

Depreciation and amortisation

Depreciation increased in 2019 by 21% to €51.5 million (2018: €42.6 million), mainly due to the acquisition of Snaitech which added a full year depreciation totalling €18.4 million in 2019, compared to only 7 months of depreciation totalling €9.8 million in 2018. Excluding acquisitions, underlying depreciation decreased by 4%.

Amortisation expense increased significantly by 74% to €106.1 million (2018: €60.9 million), largely due to the acquisition of Snaitech and the €19.2 million impact of IFRS 16. Excluding the amortisation within acquisitions and effect of IFRS 16, amortisation increased by 26% to €51.5 million in line with the increase in capitalised development costs.

Finance costs and income

Adjusted finance costs increased by 31% to €52.8 million, driven by a €14.3 million rise in accrued interest relating to bond loans. Within the adjusted finance costs, €21.2 million relates to the interest on the €530 million bond Playtech raised in October 2018 and €12.7 million relates to the €350 million bond raised in February 2019. Additionally, €2.5 million which relates to Playtech's revolving credit facility and there was a €5.0 million rise in bank fees due to the annualisation of Snaitech's bank fees. The impact of IFRS 16 was a €6.2 million increase to finance costs. On a reported basis, finance costs increased by 8% to €64.2 million (2018: €59.4 million).

Reported finance income increased by 79% to €83.3 million (2018: €46.6 million) while adjusted finance income decreased by 91% to €3.2 million (2018: €36.4 million), driven by the 100% fall in dividend income given the disposal of equity investments in Plus500 and GVC in 2018. This was partially offset by a 33% increase in interest income to €3.2 million (2018: €2.4 million).

Tax

The Group's underlying adjusted current effective tax rate of 14% (2018: 10%) is impacted by the geographic mix of profits and reflects a combination of higher headline rates of tax in the various jurisdictions in which the Group operates when compared with the Isle of Man standard rate of corporation tax of 0%.

The total adjusted tax charge in 2019 was €43.9 million (2018: €35.1 million) of which €27.0million (2018: €25.9 million) relates to income tax expense. The increase is mainly due to the profits being recognised in higher taxing territories increasing Playtech's effective tax rate. Cash taxes paid in the period are lower than the income tax expense mainly due to the tax loss carry forwards available in Italy.

Discontinued operation

On 22 November 2019, the Group announced that it was reviewing its Casual and Social Gaming business. Prior to the year end the Board of Directors made the decision to dispose of the Casual and Social Gaming business. Accordingly, this business was classified as a disposal group held for sale and as a discontinued operation. The Adjusted EBITDA loss, related to Casual and Social Gaming business, has increased by 118% to €4.6 million (2018: €2.1 million). Adjusted net loss increased by 136% to €8.5 million (2018: €3.6 million) and reported net loss increased by 663% to €32.8 million (2018: €4.3 million) due to the recognition of an impairment loss of €23.7 million. The impairment loss has been applied to reduce the carrying amount of the intangible assets within the disposal group.

Cash flow

Playtech continues to be cash generative and delivered operating cash flows of €317.1 million from continuing operations, with adjusted cash conversion of 78%.

Cash conversion

	2019 €m	2018 €m
Adjusted EBITDA	**383.1**	345.1
Net cash provided by operating activities	**317.1**	384.9
Cash conversion	**83%**	112%
Change in jackpot balances	**(9.6)**	(4.2)
Change in client deposits and client equity	**(22.0)**	(70.1)
One-off tax payment	**28.0**	—
Dividends payable	**(0.3)**	(4.3)
Professional expenses on acquisitions	**1.9**	27.1
Finance costs on acquisitions	**1.5**	8.5
ADM security deposit	**(17.1)**	—
Adjusted net cash provided by operating activities	**299.5**	341.9
Adjusted cash conversion	**78%**	99%

Adjusted cash conversion is shown after adjusting for jackpots, security deposits and client equity, payable dividend and professional and finance costs on acquisitions. Adjusting the above cash fluctuations is essential in order to truly reflect the quality of revenue and cash collection. This is because the timing of cash inflows and outflows for jackpots, security deposits, client equity and payable dividend only impacts the reported operating cash flow and not EBITDA, while professional expenses and finance costs relating to acquisitions are excluded from adjusted EBITDA but impact operating cash flow.

The decrease in net cash provided by operating activities is largely due to the fall in contribution from Asia, as well as the €28.0 million one-off cash payment made to the Israeli government for the settlement of additional tax relating to the Group's activities in Israel for the years 2008 to 2017 inclusive, which was provided for in 2018. This was offset by a decrease in DSO to 51 days (2018: 58). Following the necessary adjustments, adjusted cash conversion is 78% (2018: 99%) which the Group believes is a true representation of cash collection in the period.

Cash conversion continued

The adjusted net cash provided by operating activities excluded the security deposit repayment from Italy's online betting and gaming regulator (ADM) for 2019 and 2018. The adjusted net cash provided by operating activities includes certain notable working capital movements: during 2019, the Group received £30.0 million relating to amounts due in respect of the early settlement of the marketing services agreement with Ladbrokes as disclosed in the 2016 Annual Report. This is offset by the payment in the period of amounts accrued as payable under the Sun Bingo contract of £31.5 million.

Net cash outflows used in investing activities totalled €200.9 million in the period compared to a net inflow of €49.2 million in 2018. The net inflow in 2018 was mainly due to €481.1 million from proceeds of disposing the investments in Plus500 and GVC. Out of the net cash outflow in 2019, €47.3 million relates to consideration paid in relation to previous acquisitions of subsidiaries, €61.4 million was used in the acquisition of property, plant and equipment and a further €24.3 million on the acquisition of intangible assets. A further €65.5 million (2018: €58.3 million) was spent on capitalised development costs. €5 million was received during 2019 as part of an agreement for the disposal of real estate located in Milan. An additional €50 million to be received on completion, which is expected to be in H1 2020, subject to certain conditions.

Net cash outflows used in financing activities totalled €69.3 million (2018: €393.6 million) which included €297 million repayment of the convertible bond, €65.1 million buyback of Playtech shares and dividends paid to owners of the parents of €55.5 million totalling in €120.6 million of shareholders return (2018: 113.3 million), payment of lease liability of €27.2 million, which is following the adoption of IFRS 16 interest payments on loans and bank borrowings totalled €29.5 million (2018: €22.1 million), with the increase driven by the full year effect of the bond raised in 2018 and the bond raised during the first half of 2019 as well as through the acquisition of Snaitech in 2018 and dividend paid to minority shareholders of €4.4 million. These outflows were net off by €345.7 million inflow from the issue of a bond net of issue costs and €63.9 million proceeds from bank borrowings.

Adjusted profit and Adjusted EPS

	2019 €m	2018 €m
Profit from continuing operations attributable to the owners of the Parent	**13.2**	128.1
Amortisation of intangibles on acquisitions	**58.1**	47.2
Gain from the disposal of equity-accounted associates	**—**	(0.9)
Impairment of investment in associate and other non-current assets	**5.1**	8.0
Employee stock option expenses	**18.1**	13.7
Professional fees on acquisitions	**1.9**	27.1
Additional consideration payable in respect of redemption liabilities	**10.2**	(2.4)
Cost of fundamental business reorganisation	**—**	2.4
Notional interest on convertible bonds	**9.9**	10.7
Deferred tax on acquisition	**(13.7)**	(9.7)
Movement in contingent consideration and redemption liability	**(80.1)**	(1.9)
Finance costs on acquisitions	**1.5**	8.5
Fair value change of equity investments	**0.3**	1.7
Tax relating to prior years	**4.1**	28.4
Gain on the early repayment of the bond	**—**	(8.4)
Amendment to contingent consideration	**6.3**	1.7
(Reversal)/provision for other receivables	**(0.2)**	5.6
Effect from the amendments on the terms of Sun contract back dated	**6.4**	—
Impairment of right-of-use of asset	**0.8**	—
Impairment of tangible and intangible assets	**91.1**	—
Adjusted profit for continuing operations	**133.0**	259.8
Adjusted basic EPS (in Euro cents)	**44.1**	82.4
Adjusted diluted EPS (in Euro cents)	**43.2**	73.9
Constant currency impact	**0.2**	4.5
Adjusted profit for the year attributable to owners of Parent on a constant currency basis	**133.2**	264.3
Adjusted net profit on a constant currency basis related to acquisitions	**(44.4)**	(35.6)
Underlying adjusted profit for the year – attributable to owners of the Parent	**88.8**	228.7

Reported EPS from continuing activity decreased by 89%, in line with the decrease in net profit. Adjusted diluted EPS decreased by 42% and the underlying Adjusted diluted EPS on a constant currency basis excluding acquisitions decreased by 56% compared to 2018. Adjusted diluted EPS is calculated using a weighted average number of shares in issue during 2019 of 308.0 million, which includes a weighted average number of 301.8 million equity shares.

Note: On 19 March 2020 shareholder distributions were suspended until further notice given the widespread impact of Covid-19 on global markets. The share repurchase programme announced at the FY 2019 results was postponed and the 2019 final dividend of €0.12 will not be proposed at the AGM later this year.

Andrew Smith
Chief Financial Officer
8 April 2020

Balance sheet and financing

Cash

As at 31 December 2019, cash and cash equivalents amounted to €671.5 million (31 December 2018: €622.2 million). Cash net of client funds, progressive jackpot and security deposits amounted to €333.2 million (31 December 2018: €312.7 million).

Financing

In March 2019 the Group raised €350 million 7-year senior secured fixed rate notes (4.25% coupon, maturity 2026). The net proceeds of the bond were used to fully repay the €297 million convertible bond which matured in H2 2019, and for general corporate purposes.

In November 2019 the Group signed an amendment to its previous RCF, increasing it to €317 million and extending its term to an additional four years, ending in November 2023, with a one-year extension option. As at 31 December 2019 the facility has a drawn amount of €63.9 million (2018: €Nil).

In October 2018 the Group raised a €530 million bond (3.75% coupon, maturity 2023), mainly to refinance the old Snaitech bonds which had less favourable terms.

Total gross debt at the end of 2019 is €935.6 million (2018: €811.1 million) and €602.4 million (2018: €498.4 million) of net debt, after deducting adjusted gross cash.

Contingent consideration

Contingent consideration and redemption liability decreased by €97.7 million versus 31 December 2019 due to the payments of the CFH, Rarestone and Quickspin liabilities and reduction of the expected final payments relating to the acquisitions of Tradetech Alpha (ACM Group) and HPYbet Austria GmbH offset by movement in Playtech BGT Sports and the addition of contingent consideration resulting from the joint venture with Wplay. The existing liability as at 31 December 2019 comprised the following:

Acquisition	Maximum earnout per acquisition terms €m	Contingent consideration and redemption liability as of 31.12.2019 €m	Payment date
ACM Group	129.2	—	Q3 2020
Playtech BGT Sports Ltd	95.0	36.9	Q2 2020
HPYBet Austria GmbH	15.0	—	Q2 2021
Rarestone Gaming PTY Ltd	4.1	3.8	€1.3 million Q4 2020 €2.5 million Q1 2021
BetBuddy	1.4	1.4	Q4 2020
GenWeb	2.5	2.5	Q1 2020
Eyecon Limited	26.4	—	Q2 2021
WPlay	21.2	16.1	€16.1 million Q3 2020 €5.1 million Q1 2021
Other	0.4	0.4	
Total	**295.2**	**61.1**	

1. Adjusted numbers relate to certain non-cash and one-off items including amortisation of intangibles on acquisitions, impairment of tangibles, intangibles and right-of-use assets, professional costs on acquisitions, finance costs on acquisitions, changes in deferred and contingent consideration, employee stock option scheme charges, deferred tax on acquisitions, unrealised changes in fair value of equity investments recognised in the period statement of comprehensive income, non-cash accrued bond interest, additional various non-cash charges, and in regard to the Sun Bingo contract an adjustment is made for the first seven weeks of H1 2019 prior to the renegotiation in February to show the effect as if the amendment to the contract with News UK had been in place from the beginning of the 2019 financial year. The Board of Directors believes that the adjusted profit, which includes realised fair value changes recognised in the statement of comprehensive income in the period on equity investments disposed of in the period, represents more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 10 of the financial statements. Given the fluctuations in exchange rates in the period, the underlying results are presented in respect of the above adjustments after excluding acquisitions and on a constant currency basis, to best represent the trading performance and results of the Group.
2. 'Pro forma basis' denotes the basis that we are comparing Snaitech's performance in 2019 with its performance for the full period of 2018, which allows for a like-for-like comparison, rather than comparing the year with only the period in 2018 after its consolidation to the Group from 5 June 2018.
3. Totals in tables throughout this statement may not exactly equal the components of the total due to rounding.
4. Refer to Note 4 to the financial statements for details of IFRS 16.
5. An amendment to our contract with News UK to run Sun Bingo was agreed and extended for a period of up to 15 years. Minimum guarantee cash payments will continue until mid-2021 under terms of original contract. From a Statement of Comprehensive Income perspective, the minimum guarantee payments will be spread over life of the extended contract. The extended contract is a joint commercial collaboration with no further minimum guarantees from mid-2021.
6. Adjusted Net Profit refers to the Profit Attributable to the owners of the Parent.

Shareholder returns

In order to maximise the efficiency of shareholder returns the Board believes returns should be balanced between dividends and share buybacks. It is the Board's intention that the overall level of capital returned to shareholders will continue to be progressive, in line with medium-term earnings and cash flows. The Board has approved a share repurchase programme of €40.0 million and a final dividend declared of 12.0 €c per share. For shareholders wishing to receive their dividends in Sterling, the last date for currency elections is 8 May 2020.

Dividend timetable:

Ex-dividend date: Thursday 30 April 2020
Record date for dividend: Friday 1 May 2020
Currency election date: Friday 8 May 2020
Payment date: Friday 29 May 2020

Playtech has entered into an irrevocable, non-discretionary arrangement with Goodbody Stockbrokers UC ("Goodbody") for Goodbody to repurchase shares on its behalf of up to €40.0 million ("Maximum Repurchase Amount") on the London Stock Exchange. The share repurchase programme will commence on 28 February 2020, subject to market conditions, and will end on the date on which the Maximum Repurchase Amount is reached or the trading day immediately preceding the date of the Company's Annual General Meeting to be held in 2020, whichever is earliest. Goodbody will make their trading decisions in relation to Playtech's ordinary shares independently of, and uninfluenced by, Playtech.

The share buyback programme will be conducted in accordance with Playtech's general authority to repurchase ordinary shares as approved by shareholders at its 2019 Annual General Meeting held on 15 May 2019 ("Buyback Authority"), the parameters prescribed by the Market Abuse Regulation 596/2014/EU and the applicable laws and regulations of the London Stock Exchange.

The maximum number of ordinary shares permitted to be repurchased by the Company pursuant to the existing Buyback Authority is 25,683,102 ordinary shares. Ordinary shares acquired by the Company will be held in treasury. The purpose of the share repurchase programme is to reduce the Company's share capital.

Details of any ordinary shares repurchased will be announced by Playtech via a Regulatory Information Service following any repurchase.

Andrew Smith
Chief Financial Officer
26 February 2020