Entain

Full Year Results 2023

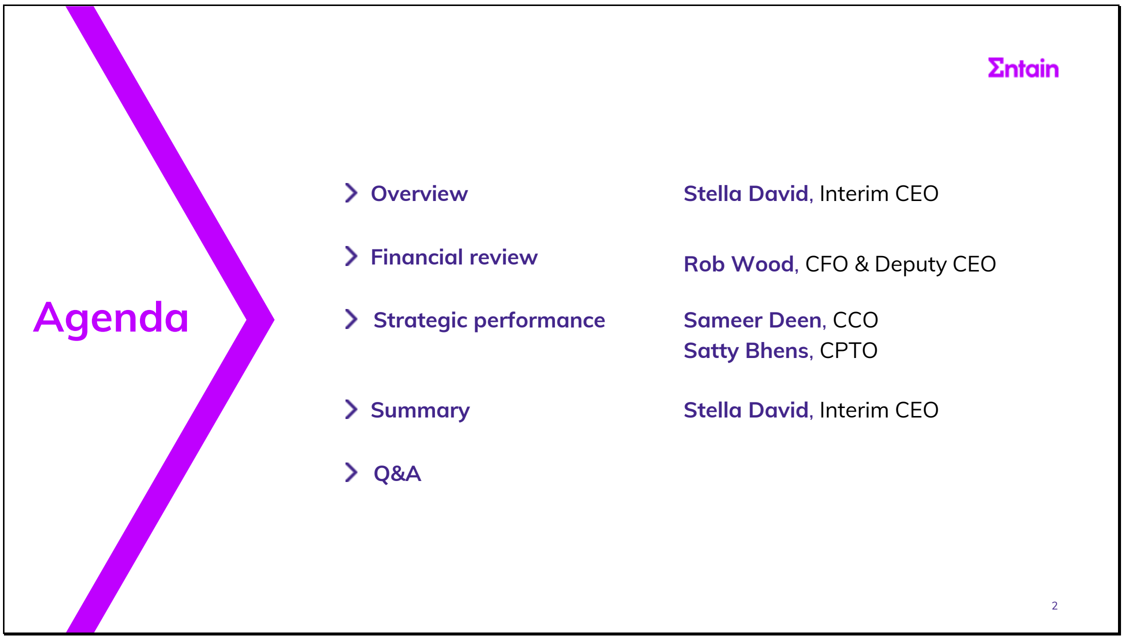
7th March 2024

Transcript

Slide 3

Stella David
I’m joined here by Rob Wood, who is the CFO and the Deputy CEO, we've got Sameer Deen, who's the Chief Commercial Officer, and at the end we've got Satty Bhens, who is the Chief Product and Technology Officer. We've also got quite a few of the Management in the audience today and hopefully at the end of the session you'll have a chance to talk to some of us informally before you go.

Slide 4



Stella David

So really let me get down to business and I'm going to kick off with my reflections and thoughts, having been the Interim CEO for nearly three months now. Then I'm going to give you a brief overview of the performance in 2023, but also looking forward to the priorities that we have in 2024. Rob will then take you through the financials and then Sameer and Satty are going to provide detail on what we've been doing and what concrete actions we have taken with specific examples and what more we're going to be doing as we go forward. Then I'll wrap up and then we'll have an opportunity to do Q&As.

Slide 5

Reflections

Entain

- Interim CEO focused on execution
- Strong underlying business in attractive growth industry
- Leading player in global betting & gaming
- Complexity limiting agility
- Focus on BetMGM product overshadowed delivery elsewhere
- Prioritise execution in must-win markets
- Delivering brilliant basics at local level

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Stella David
So let me start with my reflections. Yes, I am an interim CEO, but I am definitely not a caretaker CEO. I am not here to tread water in any way, shape or form. We need momentum as a business and I'm very much focused on execution. We are moving at pace and my job, as I see it, is to hand this business on to the permanent CEO with great positive operational momentum. And I'm very pleased to say that the recruitment process for the permanent CEO is going very well.

I'm also pleased to say that we've added strength to our bench on the Board. In the last two or three months we've added Amanda Brown and we've added Ricky Sandler. And hopefully in the next week or two we'll be able to announce the addition of yet one more Board member.

So the strengthening of the bench along with the initiation of the Capital Allocation Committee means that the Board is going to be able to look in depth at what other things we need to do to maximise and improve shareholder returns.

Now the Capital Allocation Committee was only set up very recently, so as I'm sure you hopefully will appreciate, it's not the time for me to update any more on that because it hasn't reached any conclusions.

If I now look into the business itself, I'm also really encouraged by the enthusiasm, dynamism of the management team that I've been working very closely with. Fundamentally, Entain is a strong business. It's working in an industry with strong growth dynamics. And our absolute focus under my watch is that we're going to focus in on being who we are, and that is a betting and gaming company.

Now I understand the prior aspiration to move into broader interactive entertainment, but quite frankly that was a distraction. We are laser focused on being 100% a betting and gaming company.

And my style within the organisation, which I think is important, is one of making it safe, although I am demanding, but making it safe to share the brutal truths, or what I like to call them, the elephants in the room. Because actually if we face the elephants in the room, we can really, really get into proper debate, proper real change at real pace.

So, what are these elephants? Well, firstly, complexity. Complexity has gradually accumulated over time in this business. And that has been exacerbated by the fact we've done numerous acquisitions. And the problem with the complexity, it's hampering our agility, and therefore our ability to get things done. So we have a great opportunity, I believe, to unlock the ways of working and drive more effective and more efficient outputs.

In the US, we're very proud of the successes that we've had with BetMGM. And its performance, quite rightly, is a key focus for us. And where I like to think of MGM and ourselves, Entain, that we are the co-parents of BetMGM. But being fully transparent, it took us, and that is Entain, some time to realise just how quickly we needed to feed BetMGM, with better customer experiences, and better, more focused US tailored products.

Now, the good news, as Satty is going to tell you later on, is that the work that he and his team have done over 2023 have really helped BetMGM be much more competitive, and there is a lot more positive news to come in 2024.

However, this all leads to another elephant in the room. Delivering product and tech solutions for BetMGM at the pace that we have had to do it has meant there has been some considerable cost in our other markets.

The good news is that now we have the experience curve and the capacity going forward to not only feed BetMGM with what it needs, but also feed better, more exciting products for our customers in other key markets. And we must prioritise getting our products right in the key markets, particularly the UK and Brazil.

Now, I believe that the strategy that was presented in November is sound. And I'm going to give you a couple of charts on it, I'm going to talk to it in a couple of charts time. But actually, right now, the key isn't strategy. The key is delivering and executing on Brilliant Basics. And that's where we are going to really focus our efforts. The devil is absolutely in the detail.

It's a case, and this is what I say in the business, is roll our sleeves up, listen to the people in the business, and have an absolute laser focus on delivery. And I believe fundamentally, this will deliver superior results. And importantly, on this journey, when a new permanent CEO comes in place, it is a perfect transition, because why wouldn't we put in place the building blocks to make sure that we're now back ahead in the race. So, I believe it is a completely consistent approach that we're taking.

Slide 6

Stella David
I'd now like to step back and just do a brief overview of 2023. In all honesty, and I think you know it, 2023 was a challenging year for Entain. And, without doubt, performance has been mixed.

It's absolutely true, we faced significant regulatory headwinds in some of our markets. However, our operational performance was also mixed. We delivered strongly in some areas, but in other areas, we had issues.
So, let me start on the positive side. I would love to call out specifically SuperSport in Croatia. They go from strength to strength, strong double-digit growth, and a great management team doing a great job.

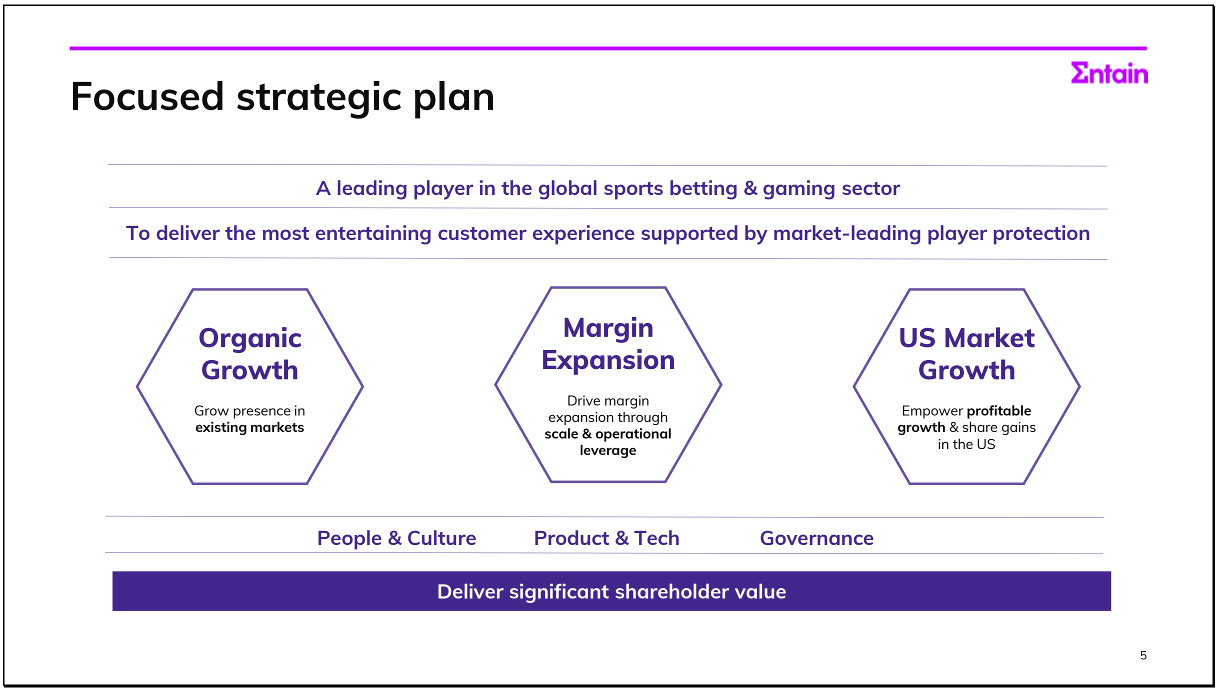
However, on the other side of the equation, the UK. We have had a very long iterative process of doing multiple affordability measures. And that has generated, along with other things, significant complexity in the customer journeys.

And in Brazil, there were some operational decisions that were made back in 2022 that simply did not work. We lost significant market share. However, we have taken action. The leadership has been changed, and we are starting to see strong green shoots of a big recovery taking place in Brazil. And Sameer is going to go through how we're optimising the customer journeys in both the UK and Brazil later on.

I want to also call out BetMGM. It had a good year, delivering NGR at top end of range, and also supported by a significant improvement in product, and there's a lot more to come in 2024.

And then finally on this slide, I have to refer to the DPA. That was successfully concluded, and it's a key milestone in getting to draw the line under a significant regulatory overhang for the business. So therefore now we can, and we absolutely must, focus in on executing our strategy.

Slide 7



Stella David
So just some reminders of our strategy. These are as presented in November. Top of our strategic pillars. It's who and what we are. We are a leading player in the global betting and gaming industry. That's where 99% of our revenues come from. And our goal is to provide customers with the most entertaining experience with the safety of market-leading player protection.

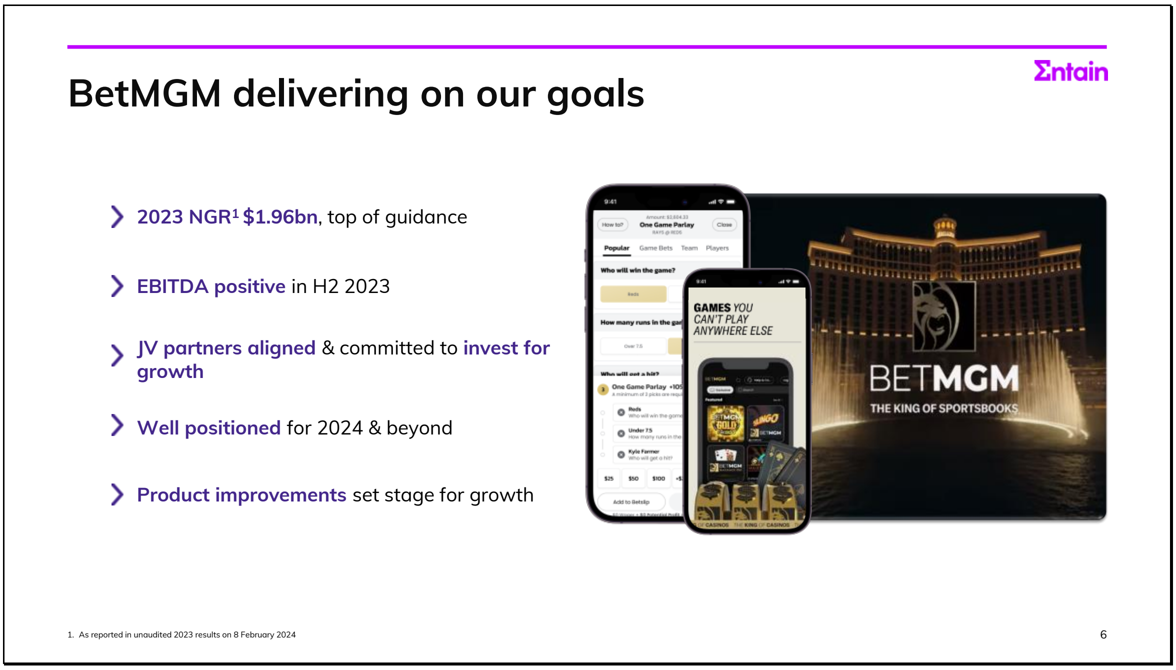
We have three key focuses. One, organic growth, growing in our existing markets is a key must win for us. Margin expansion, and Rob's going to talk through the financials and also where we are on Project Romer. And then winning in the US, the largest and fastest growing market in the world.

Clear objectives, and this is all underpinned by our key enablers. People and culture, product and tech, and good governance. And what I want to do just right now is take a pause and highlight and talk to people and culture.

This is an incredibly important part of getting Entain back into winning form. We can and we are doing better here. But there is a huge opportunity to drive performance through unlocking the power of our people. We have numerous initiatives in play in this area. And it's a team that, from the top of the company, from the Ex Co and to the senior leadership team, absolutely committed to increasing engagement, aligning objectives, and breaking down silos.

I have no doubt, based on my many, many years of experience, because I'm quite old now, that these changes will generate improvements. Absolutely guaranteed. So there's a lot to do, but we are taking action, and we are executing it now.

Slide 8



Stella David
I just want to take a moment just to talk a little bit more about BetMGM. And I want to add a little bit more colour to the performance. You will have already heard from Adam from BetMGM that it was a good year with the NGR, top end of guidance, H2 was EBITDA positive.

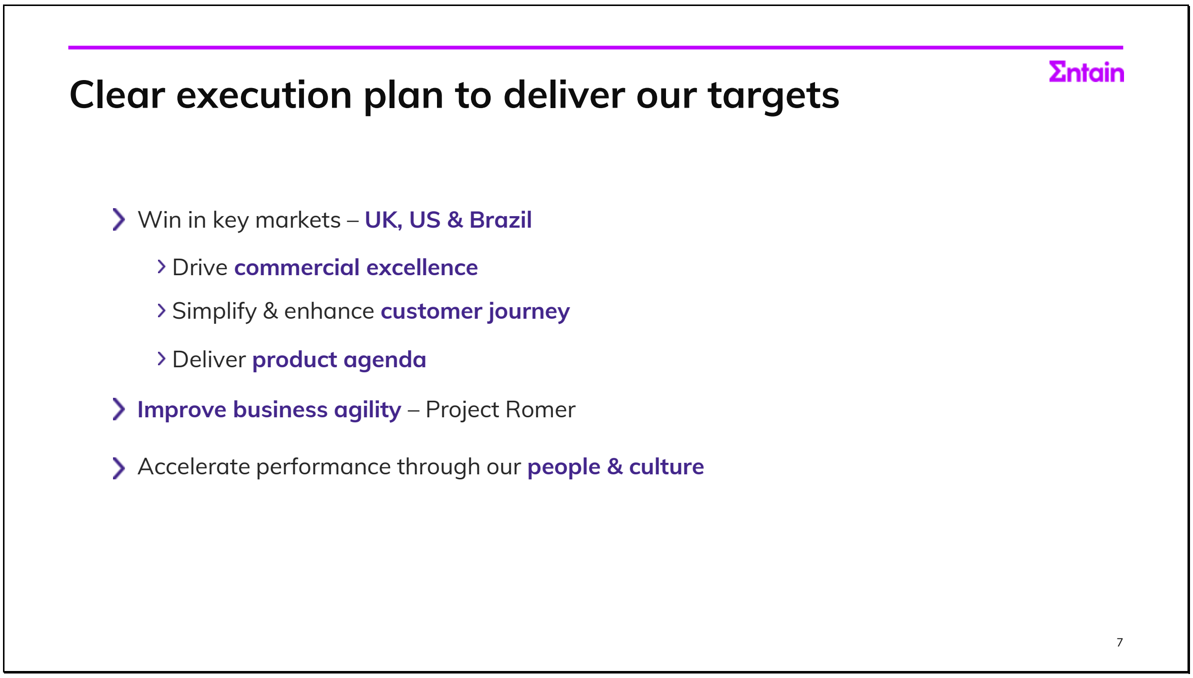
But what I think is behind all that is that our team worked with the BetMGM team incredibly hard to start to deliver the type of product solutions and customer experiences that makes us really competitive going forward.

And I think the successes that started to come through towards the end of 2023 mean that the alignment between ourselves, Entain, and MGM is better than it's ever been. I have a regular dialogue with Bill Hornbuckle, and I am confident that the relationship between ourselves is as good as it's ever been.

And we've already started 2024 on a very good upward track. The Super Bowl went seamlessly, and there are new products and improvements to the apps, which Satty again will go through, which gives us confidence for the future.

So, with both parents of BetMGM committed to investing into the growth, we are positioned very well for 2024 and look forward to a positive market share progression.

Slide 9



Stella David

So, in summary, my last slide before I hand on to Rob, we have a clear priority of winning in our core markets, must-win markets, the UK, the US, and now Brazil. We do that through commercial excellence, simplifying customer journeys, and providing our customers with great products.

Another area of simplification is in our structures, enabling the business to be more agile and more efficient and therefore more effective.

Underpinning a successful execution is harnessing the power, the true power of our teams, and we have a global set of very talented people in the business. Quite frankly, this is not rocket science. It's really simple. It's difficult to execute, but it's really, really simple.

My mantra internally is we focus in on the vital few, not the trivial many. What do I mean by that? It means that we make sure we're laser-focused on doing the things that move the dial. It's about sticking to the plan, it's about hard work, and it's about delivery.

We will not turn this business around overnight. It's going to take time. It's going to take sustained hard work, but we're already making some real progress with tangible outputs.

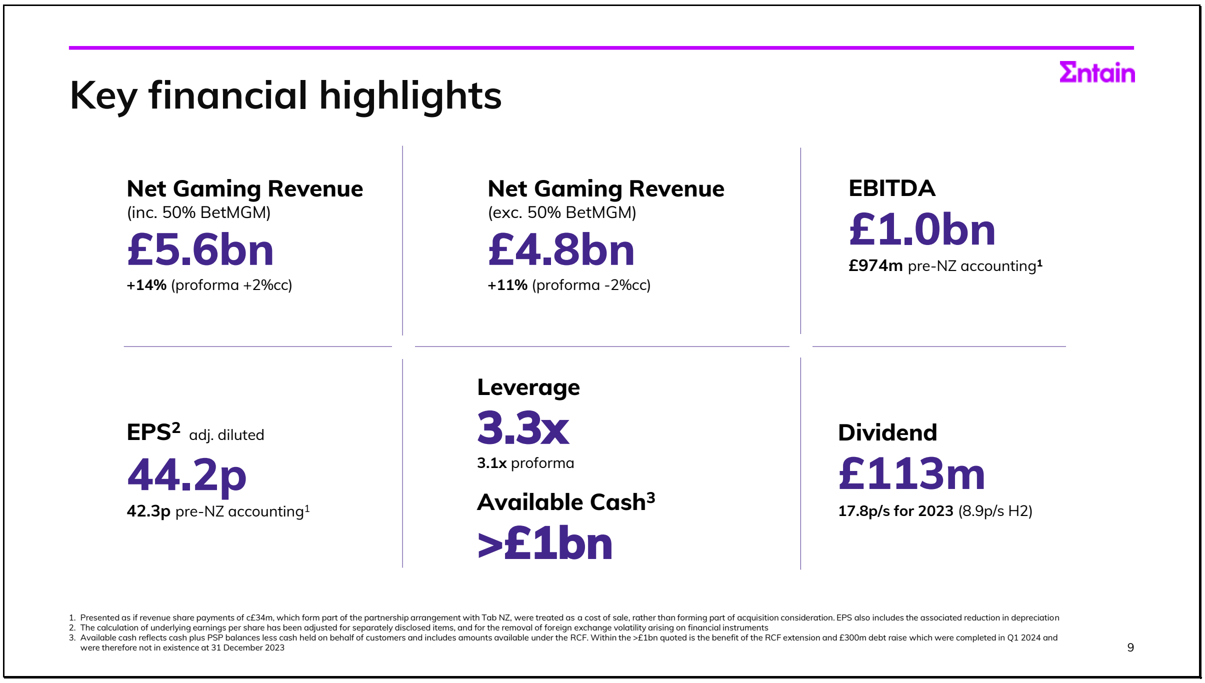
So we are delivering, and we will continue to deliver tangible reasons to believe in Entain's future growth. On that point, I'm going to hand over to Rob and come back at the end of the session. Thank you.

Slide 10

Rob Wood
Thanks, Stella. Morning, everyone.

So, as usual, I'll take you through the financial highlights of our results this morning. I'll also provide more detail on our regional performance across our businesses, followed by an update on our efficiency programme, Project Romer. And finally, I'll share more detail on the outlook statement that we included in our RNS this morning.

Slide 11



Rob Wood
Let's start with the financial highlights from 2023. And as usual, all revenue growth numbers that I mentioned are in constant currency.

As a group, and therefore including our share of BetMGM's revenue, we delivered NGR growth of 14%, or plus 2% on a pro forma basis.

Within that, there were some favourable growth numbers. BetMGM delivered NGR growth of 36% at the top end of our guidance. In Retail, NGR ex US grew 8% with the benefit of acquisitions, but encouragingly, Retail also grew 2% on a pro forma basis. And total Online NGR ex US was up 12% year on year.

However, as we know, our organic Online business had a challenging year with pro forma NGR down 3%. Down 3% was in line with our updated guidance at Q3, but adverse to our expectations of low to mid-single digit growth earlier in the year.

That Online underperformance meant that EBITDA was 2% lower year on year at £974m. That excludes the accounting of TAB New Zealand, which results in reported EBITDA of £1,008bn. We've discussed the New Zealand accounting treatment before, and there's a breakdown of the impacts in the appendices.

The underlying £974m of EBITDA is in line with our revised expectations following those customer-friendly results in October. Further detail on Q4 trading can be found in the appendix.

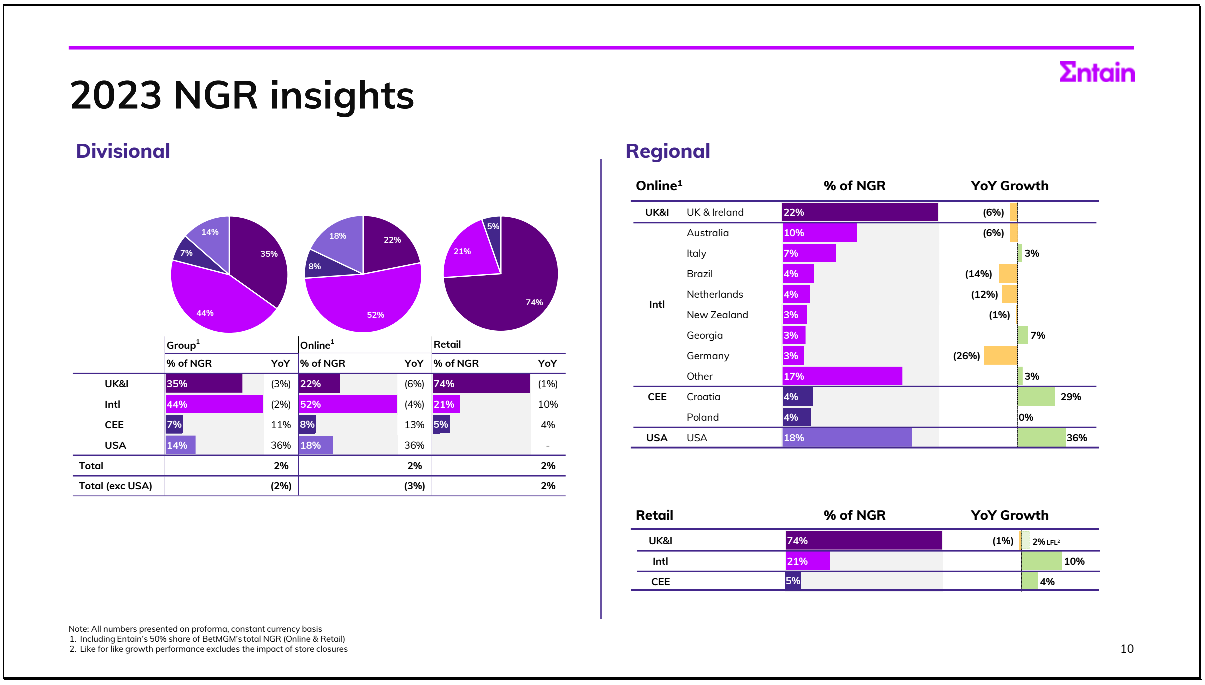
But in short, Group NGR in Q4 improved from 10% in Q3 to 14% in Q4, with continued pleasing performances across Retail, recent acquisitions and BetMGM. However, our pro forma Online growth continued to disappoint, with Q4 seeing a similar performance to Q3 at minus 6%.

Adjusted EPS for the year was 44 pence. You'll note from our RNS this morning that EPS inclusive of separately disclosed items was materially negative in 2023 after recognising the DPA settlement and taking impairments, in particular to our Australian business, following the point of consumption tax increases and softer market growth in that territory.

To the balance sheet now, liquidity is strong, and leverage ended the year at 3.3 times. On a pro forma basis, leverage is 3.1 times or 3.6 times if you include the full DPA settlement cost.

Finally, on this slide, we've confirmed a second interim dividend of 8.9 pence per share. This brings a total for the 2023 financial year to £113m or 17.8 pence per share, which is in line with our progressive dividend policy and represents 5% growth year on year in dividend per share.

Slide 12



Rob Wood

The next slide now outlines our revenue mix and growth rates by market for each of our Online and Retail channels. All of the data on this page is pro forma, so as if we own the acquisitions for the entire year, and we also include Entain's share of BetMGM NGR within Online.

Firstly, you'll notice new segmentation, UK&I, international and CEE, as well as the US. We intend to report our ex-US business using these three segments from 2024 onwards, showing splits for Online and Retail channels, as well as reflecting our new operational structure under Sameer's new role.

We will also remove the New Opportunities segment, absorbing those remaining costs into Online. Removing New Opportunities is symbolic of our new absolute focus on sports betting and gaming going forwards. To help you adapt your models to this new structure, we will provide more information with the Q1s and interims.

Now moving on to key insights for 2023, and I'll start with Retail. The UK and Ireland, it remains our largest Retail business and it performed well in 2023, growing 2% on a like for like basis. International, which is two-thirds Italy, that grew strongly at 10% and CEE delivered 4% growth in Retail. And seeing our Retail businesses delivering growth like this is particularly important when also considering the long-term benefits to our Online platforms in those markets, particularly markets where there are advertising restrictions like Italy.

Moving now to Online, where we see a mixed picture. The UK declined 6% in 2023. This was primarily driven by our implementation of new affordability measures, which have led to more complex customer journeys, but also due to limited product development while we prioritise the US. We've identified the issues in the UK and we're addressing them. And Sameer and Satty will talk more about this shortly.

International, that represents just over half of our Online business, and it declined 4%. Whilst we saw growth in many territories like Italy, Georgia, Belgium, Spain, Canada and the Baltics, we did underperform in some important markets, namely Australia, Brazil, Germany and the Netherlands.

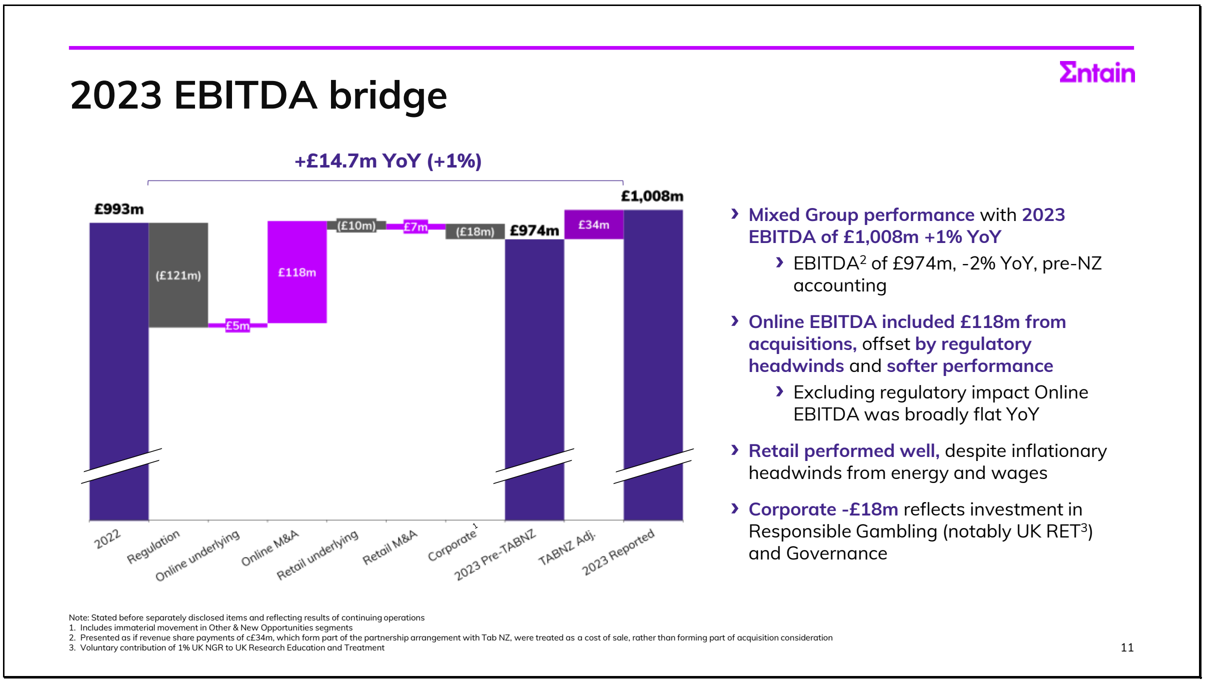
Australia, that was down primarily due to slower market growth, but also from mitigation actions against point-of-consumption tax increases and new entrants increasing competition. In Brazil, as already mentioned, our performance was behind expectations as a result of past operational missteps and intensifying competition ahead of regulation. The decline in Germany, that primarily represents tightening restrictions on player deposits, but also coupled with a lack of regulatory enforcement. And lastly, Netherlands was also down year-on-year. Now, a decline was expected following re-entry of the previous market leader. However, the decline in H2 was greater than expected due to further tightening of compliance measures. On the plus side, BetCity remains number three in the Netherlands market.

To CEE now, which was 8% of the mix and showed strong growth of 13% year-on-year, particularly in Croatia, where SuperSport continues to lead in a growing market.

So, 2023 was mixed for Online, with pro forma growth ex-US behind the levels that we believe our portfolio should be delivering.

The good news is that we understand where our issues are, both by market and at the product level. If we exclude regulatory impacts, we estimate that sports NGR for pro-forma Online was still in decline last year. Whereas in contrast, gaming NGR ex-regulatory impacts was in mid to high single digit growth. Therefore, we're rightly focused on those core underperforming markets and also on our sports product. And Sameer and Satty will talk to you about these shortly.

Slide 13



Rob Wood

Turning now to our usual EBITDA bridge, the impact of lower Online growth can clearly be seen here on the left-hand side. Even after stripping out an estimated £121m of regulatory impacts, our underlying business - for Online was only broadly flat year-on-year, despite operating in growth markets all around the world. Acquisitions added a very welcome £118m of EBITDA to Online, but it's clear that improving our Online organic performance is key to returning to earnings growth.

More positively, we're pleased with our performance in Retail. You might remember last year I guided to £30m of above inflationary costs for Retail, reflecting wages and energy. As you can see here, the underlying organic business managed to mitigate around two-thirds of that, whilst also continuing to invest in the future, in our estate, but also in new gaming cabinets and in SSBTs across many of our markets.

Corporate costs increased by £18m as we reached full RET contributions and made further investments into governance. After a few years now of above inflation increases, we should see this corporate cost base return to more normalised growth going forwards.

Slide 14

Entain

2023 Cashflow and net debt

Key metrics	As at 31 December 2023	2022
EBITDA[1]	£1,008m	£993m
EBITDA pre-NZ accounting[2]	£974m	£993m
Underlying free cashflow[3] (before investment in BetMGM/acquisitions)	£524m	£483m
Net investment in acquisitions/BetMGM	£1,228m	£916m
Net debt	£3,291m	£2,750m
Leverage[4]	3.3x (3.1x proforma)	2.8x (2.6x proforma)
Available cash[5]	>£1bn	>£1.1bn

- **Underlying free cashflow generation of £524m**
- **Leverage of 3.3x (3.1x) proforma**
  - DPA settlement over next 4 years limits rate of de-leveraging
- **Available cash of >£1bn** including new facilities raised in Q1 2024

1. Reflects results from continuing operations
2. Presented as if revenue share payments of c£34m, which form part of the partnership arrangement with Tab NZ, were treated as a cost of sale, rather than forming part of acquisition consideration
3. Underlying free cashflow is EBITDA less working capital, capital expenditure, finance leases and corporate taxes
4. Leverage is stated on an accounting net debt basis and therefore excludes the impact of the DPA settlement with the CPS. Leverage also excludes any benefit from future BetMGM EBITDA or any payments to acquire minority interests in Entain CEE
5. Available cash reflects cash plus PSP balances less cash held on behalf of customers and includes amounts available under the RCF. Within the >£1bn quoted is the benefit of the RCF extension and £300m debt raise which were completed in Q1 2024 and were therefore not in existence at 31 December 2023

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Rob Wood

The next slide outlines cash flow and net debt movements during 2023. Underlying free cash flow was robust at £524m, a slight improvement year-on-year, in part as more favourable working capital flows offset increased corporate taxes and increased capex, which largely reflects acquisitions. As always, a more detailed cash flow is provided in the appendix.

We close the year with leverage at 3.3 times or 3.1 times on a pro forma basis excluding the DPA liability.

While payments against the DPA over the next four years will slow our pace of deleveraging, we expect a return to deleveraging from 2025 driven by a return to growth in Online.

Slide 15

Project Romer progress update

Entain

£m	2023	2024	2025
Gross savings	**10**	**50**	**100**
Reinvestment	-	(15)	(30)
Net savings	**10**	**35**	**70**

- **Simplifying organisation design** to increase agility & effectiveness
- **Global procurement program efficiencies**
- **Initial phase complete** and on track for **net £70m annual savings**

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Rob Wood
Now on to our efficiency programme, Project Romer. We continue to make good progress here to simplify our organisation, enabling the business and our colleagues to be more agile in their execution and more effective in their delivery, as well as driving efficiencies in the cost base.

We've completed the initial phase of the project, giving us increased confidence that we're on track to deliver approximately £70m of net cost savings in 2025. I plan to update more fully on Project Romer at our Interims in the summer.

Slide 16

Key considerations for 2024 outlook

Entain

- Year to date trading in line with expectations
- c£40m potential Online EBITDA impact
  - Netherlands
    - KSA, new deposit limits proposal
  - United Kingdom
    - Uncertain regulatory implementation
    - Potential opportunity to invest in marketing

Note: detailed financial guidance provided on appendix slide 30

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Rob Wood

Finally, moving on to thoughts on the outlook for 2024. Firstly, importantly, trading so far this year has been in line with expectations. However, as we look to the balance of 2024, we want to highlight expected regulatory change in two of our key markets. In the Netherlands, the KSA have proposed tighter deposit limits with expected implementation in Q2.

In the UK, we've got the overall story is now positive. We're delighted that this long-awaited regulatory review of the Gambling Act is drawing closer to a conclusion. We look forward to the implementation of Online slot staking caps, which has been announced now, and we're encouraged by current discussions on a potential agreement for uniform safer gambling measures across the market. This is revolutionary change for UK Online, much like Retail back in 2019, when the triennial review came in, and we think it's positive in the long run for Entain.

However, for 2024, we may see further player disruption that comes with change, and equally, we may see opportunities to invest incremental marketing to capture market share as the playing fields finally get levelled across the market in the UK.

In aggregate, we expect these dynamics across the UK and Netherlands could reduce 2024 EBITDA by approximately £40m.

In conclusion from me, we saw a mixed performance across the group in 2023. There were positives in Retail, BetMGM, and recent acquisitions, but our organic Online business underperformed.

However, we started 2024 in line with expectations, and whilst we are cautious on the outlook for Online in 2024, we're making great operational strides to improve the business, and we've now increased confidence of a return to NGR growth by the end of this year and into 2025.

To hear more about that, let me hand over now to Sameer.

Slide 17

Sameer Deen
Thank you, Rob. Good morning, everybody.

By way of introduction, I joined Entain in 2021 as Chief Strategy Officer. Mid last year, I took responsibility for our LatAm region, where I initiated and led the turnaround of that business, and late last year, I took on commercial responsibility for the whole group, with the exception of our US and CEE joint ventures.

I have now been in my current role for just over two months, and I've spent my time deepening my understanding of our various businesses and teams. Today, I would like to share with you my initial areas of focus and key actions.

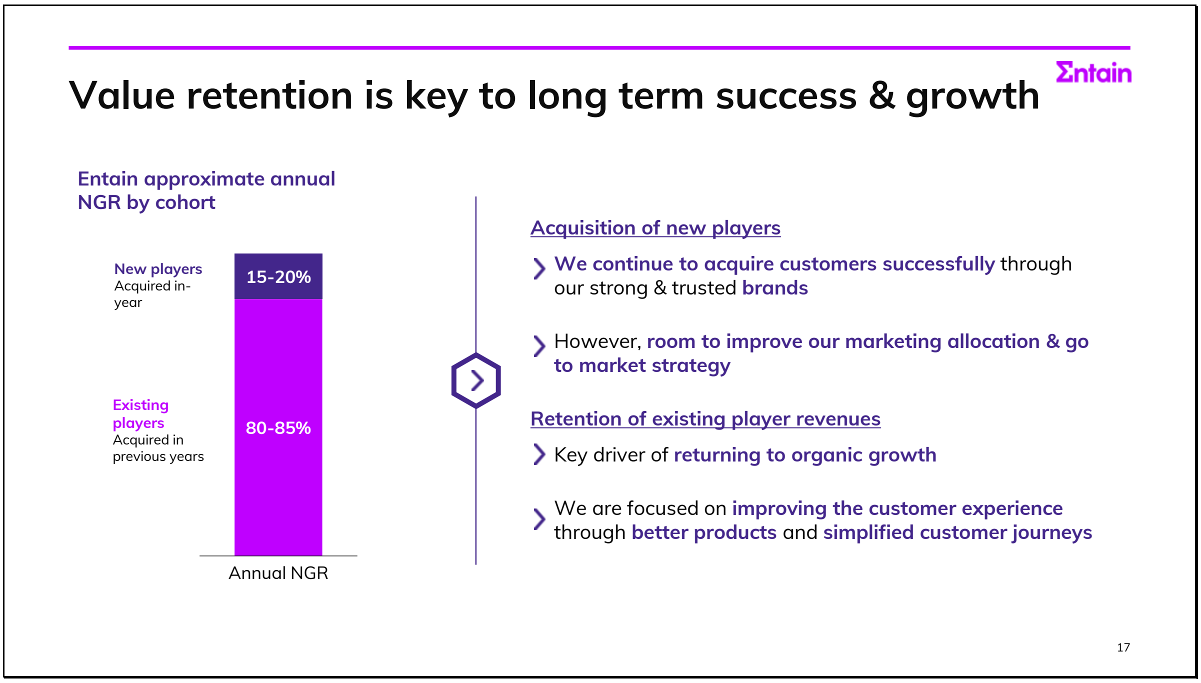
Slide 18

Sameer Deen

To start off with, as Stella highlighted earlier, we have a globally diversified portfolio with strong underlying market growth. Yet, we have underperformed in certain regions in 2023, and my immediate focus is on delivering organic growth in two of them, the UK, our largest region, and Brazil, the fastest growing market.

I will use my time today to walk you through how I assess the business and the go-forward plan for both the UK and Brazil.

Slide 19

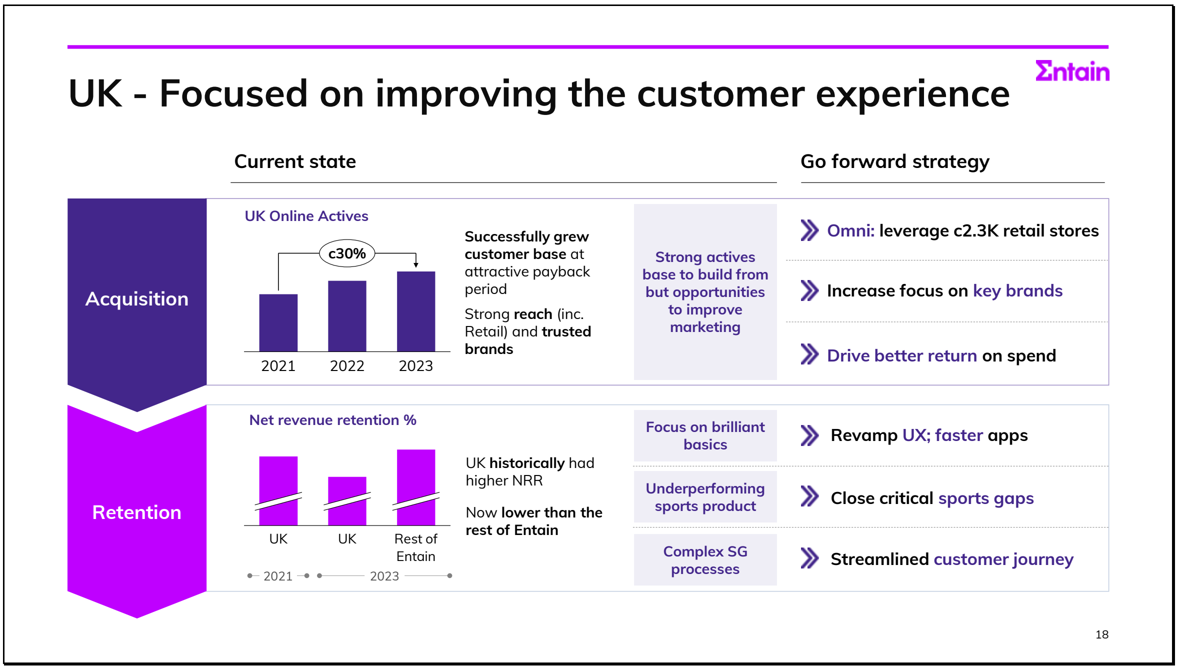


Sameer Deen

The way I look at our business is through the important lenses of acquisition and retention. Of those two, retention is the key driver to return to organic growth. On average, prior year cohorts drive 80% to 85% of in-year revenues. Businesses that exceed that 80% to 85% net revenue retention threshold are able to sustain growth.

The most effective way to bolster retention is by improving our customer experiences through better products. Today, my team and Satty's are working more closely than ever to prioritise, develop, and deliver products that are simple, easy, and fun for our customers to use.

Slide 20



Sameer Deen

Let me now come on to what we are doing specifically in the UK and Brazil. The UK is our largest region outside the US, and so it's critical. The Online market is growing at about 5% per year, and winning here is essential to Entain's overall performance.

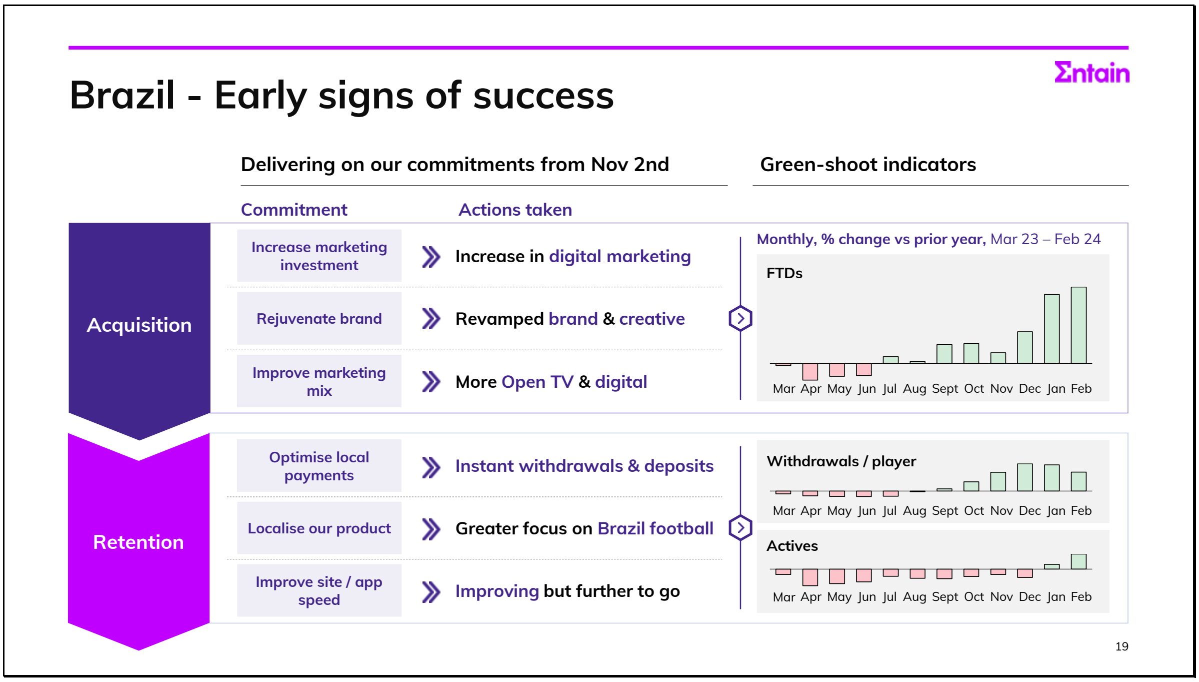
On acquisition, we continue to successfully attract customers with our trusted brands. This is reflected in our strong actives, which grew over 30% in the last two years, with attractive payback periods on our marketing spend. On top of that marketing efficiency, we intend to utilise our Retail portfolio to further bolster acquisition through omnichannel promotions and products. As a reminder, we have over 2,000 shops, which is the largest Retail footprint in the UK, with leading market share. This omnichannel approach will be enabled through a new single leadership team across both UK Online and Retail, which I put in place earlier this year.

Now, returning UK Online to growth, however, will require a step change in our approach to retention. While we have a very strong active base to build from, net revenue retention has gone backwards since '21, and we know we need to get better. And so we are proactively addressing retention through three levers.

Firstly, our consumer-facing apps can be much better by focusing on brilliant basics, such as improved UX on our core customer journeys and site speed. Faster is always better for Online customers. Secondly, improving key sports product features, such as bet builders and cash out functionality. And thirdly, simplifying our safer gambling journeys. We have rightly continued to introduce new measures to protect our players, but we have created complexity for both customers and colleagues in the process.

For example, certain safer gambling journeys have increased customer service centre contacts, resulting in longer wait time for our customers. Now, we intend to make these experiences simpler, easier, and better, and we'll keep you apprised of our progress. Hopefully, that gives you some flavour for what we are focused on in the UK.

Slide 21



Sameer Deen
Now, turning to Brazil. As a reminder, Brazil is the fastest growing market outside the US, worth approximately £2.5bn in '24. As I mentioned, I began leading the business mid last year and established a new local leadership team shortly thereafter. Although it is still very early days, sportingbet is seeing growth and we're beginning to deliver on the commitments we laid out in November.

Firstly, from an acquisition perspective, we've seen first-time deposits returning to strong year-on-year growth driven by two key changes. One, shifting away from an over-reliance on pay TV towards both open TV and digital advertising, and two, a refreshed brand and creative strategy that is now in motion.

From a retention perspective, we are seeing initial signs of year-on-year actives growth, as well as higher withdrawal and deposit activity per player. This has been driven by three key changes.

Firstly, launching instant withdrawals and deposits has been critical, through a better integration with Pix, Brazil's most popular payments platform. Second, increasing our sports offerings, focused on more Brazilian football. And third, expanding our gaming portfolio to include local favourites, such as Aviator, a virtual crash game that everybody loves in Brazil.

To wrap up, I am pleased with the changes we are making in Brazil and the positive response from our customers. I hope you can see that we are forensic in understanding the issues and laser-focused on addressing them.

Now, we're already bringing this approach to the rest of our business, including the UK, working much more closely together with Satty and the rest of our teams, to put ourselves on the right path back to organic growth. With that, I'll hand it over to Satty to talk about our progress in product and tech.

Slide 22

Satty Bhens

Thanks Sameer. Hi, and welcome. I'm Satty Bens, Chief Product and Technology Officer at Entain. I'm excited to be back to share the progress we've made since November and outline the plans for the rest of the year.

In November, I highlighted the richness of our platform. Remember, it's regulated in 40 or more jurisdictions. It covers US and European sports, casino, poker, and bingo. I also talked about Brilliant Basics. It's no surprise that, talking to customers, they want us to deliver on the Brilliant Basics simple actions that just work every time. Finally, I touched on how market localisation is making a big difference in the US.

Today, I want to cover the following three topics. First, I want to highlight the product improvements in the US and demonstrate how our relentless focus on Brilliant Basics is really driving product improvements for BetMGM customers. Second, I want to share the progress we are making in scaling localisation capabilities and accelerating our product velocity, both key ingredients to winning in our key markets. Third, I'm going to highlight our customer-facing product roadmap, sharing key product milestones market by market. So let's jump into this.

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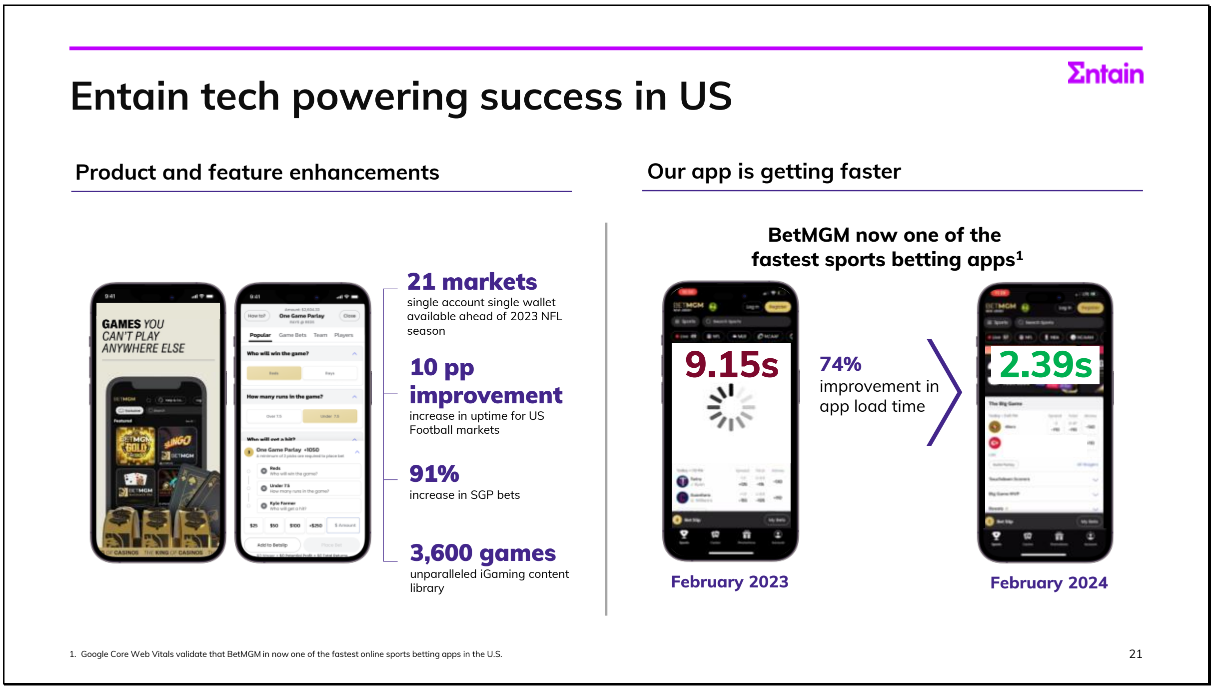

Satty Bhens

On the back of launching Single Account, Single Wallet in our 21 markets before the NFL, I was thrilled that, in January, we launched our app in Nevada right before the Super Bowl. Knowing that two-thirds of the fans in the stadium were using our app during the game highlights the value of launching in Nevada ahead of the event. Vegas is unique. It's the destination for bettors in the US.

Even before we got to the Super Bowl, we had some great wins for NFL customers. For example, our in-game uptime increased 10 percentage points over the '22 season. A fantastic achievement for our sports teams at Entain and BetMGM. Quite frankly, these are the Brilliant Basics that customers actually love. Our Single Game Parlay product in the US is getting better and better. As you can see, the SGP stats highlighted here, we're seeing players engage more and more with our Single Game Parlay products. Yes, we have more to do, but the path is very clear, and we're seeing some great momentum. I'll share more on our progress with Angstrom a bit later. Our game library continues to grow. We now have 3,600 games in the US. That library generates close to 300 million spins a week.

Finally, in November, I talked about getting to the top end of the leaderboard on app launch speed. Well, we're getting to a much better, much faster app experience. The great news is that the work that we're doing in the US, the speed improvements we're making there are actually reaching other Entain markets now.

So what you see on the right-hand side are images captured from my phone, overlaid with the timings that show app launch speed in seconds. So every few weeks, I put myself in the shoes of our customers, and I record key journeys on my phone and track how long these core journeys take. I must say, I feel so much happier now than a year ago. Under 2.5 seconds for an app launch time is actually pretty good. Our focus is paying off. We absolutely want to be a leader in app speed in all our key markets. That ongoing focus on Brilliant Basics is vital. It's actually a never-ending priority on our '24 roadmap.

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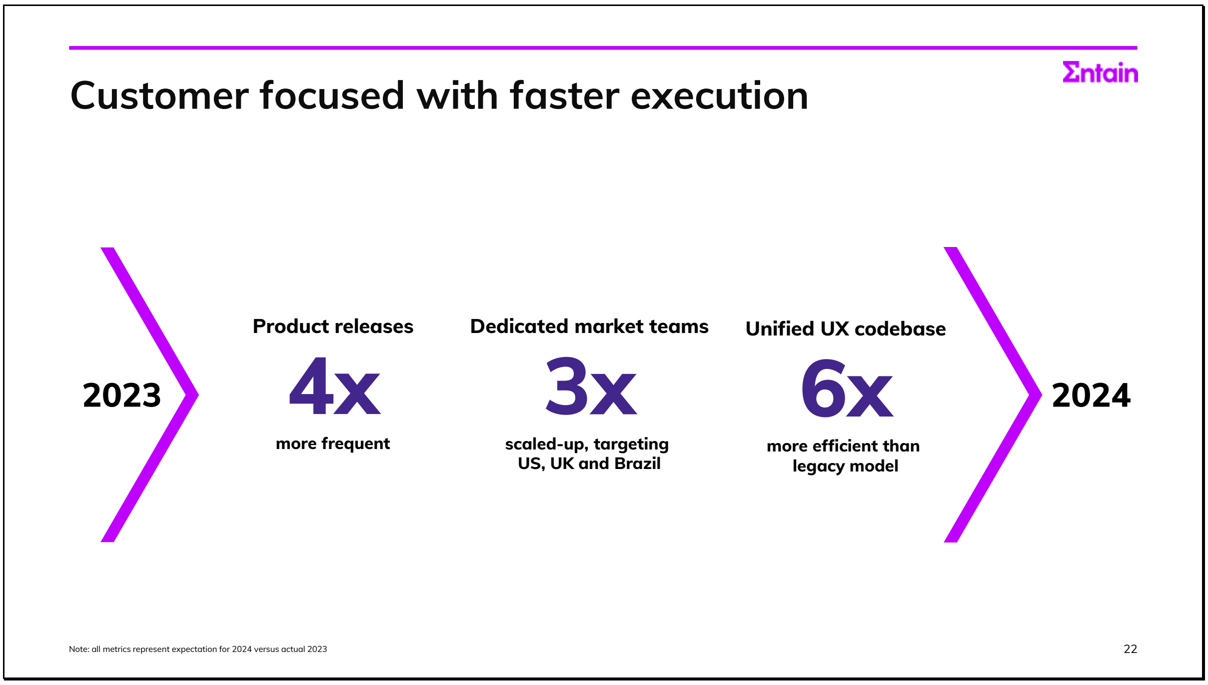

Satty Bhens
So I'm loving the product improvements we're all making in the US, but it's going to get better in other markets too. Much better. We aspire to be a world-class digital product team. That means delivering fresh, slick, fun, modern experiences. The experiences that we want to compete with Silicon Valley companies, not other betting companies. The very best digital companies deliver smaller, more frequent product releases that meet and exceed customer expectations. That's our ambition too. We want to set new standards for betting and gaming experiences.

So how are we doing this? First, we have rewritten the rulebook on how fast we can deploy customer-facing product improvements. For our sportsbook, we can now deploy feature improvements every two weeks. In 2023, we can only release every six to eight weeks. Today, we can also deploy smaller product improvements on demand every day if we want to. This is how product-led digital companies operate, and it's far better for customer adoption to see smaller changes more often. So this year, we'll have four times more sportsbook releases than we did in 2023.

Second, and I spoke about this in November, in 2023, we started building dedicated customer-facing teams for the US. In 2024, we are scaling from 10 dedicated market teams to over 30 dedicated market teams. That means in the US, in the UK, and in Brazil, we can dedicate capacity to focus on unique customer needs for those markets. For me, it's super exciting to see a global platform and yet be totally locally focused. In this model, any improvements in one market can easily be transferred to another.

And finally, we have completely rewired our front-end sportsbook architecture. What does this mean? Simple changes to brand, UX, navigation, icons, etc, meant we had to make the changes in six different products. In sports, gaming, cashier, bingo, poker, and so on. It also meant multiple teams had to coordinate these changes. There are multiple handoffs, and quite frankly, our experiences across products were very, very inconsistent.

Going forward, those changes, those design changes that used to take weeks can now be done in one place and seen across all our products in just a few days. That's six times less effort for design changes across our product portfolio.

With this in place, we can now refresh and modernise our interfaces. Over the next few quarters, we'll be rolling out design changes that reflect who we want to be going forward, not who we were five years ago. And I'm very confident that our customers are going to love our new designs.

As I'm sure you can tell, I'm really excited about the underpinnings we're putting together to increase the pace of product improvements. So, let's talk about what's on our roadmap for 2024.

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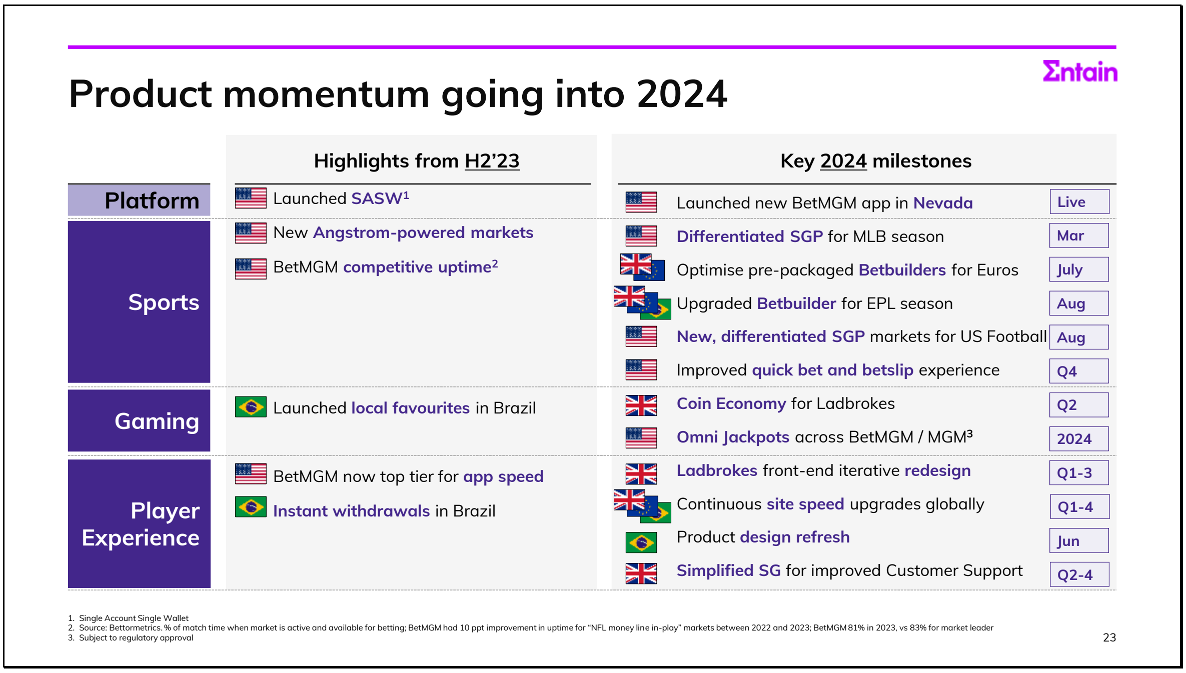

Satty Bhens
Well, we're off to a great start to the year. We've already released our app in Nevada right before the Super Bowl, as I said earlier. And of course, we had a fantastic Super Bowl weekend with a much faster app across all the US. During peak times in the event, we were serving 1.3 million clicks per minute on our BetMGM sportsbook, so we can operate at scale.

Next up in the US is our fully integrated Angstrom baseball models, followed shortly with NBA models. We have some exciting 100% in-house single-game parlay markets coming online for baseball. For me, I'm most excited by our in-play micro bets, so look out for that next month. It's exciting to see our product ambitions come to life in the US. We're really starting to get some fantastic momentum.

In 2024, we will go beyond the US. We want to deliver products that our customers would love to use in the UK and Brazil. Central to that is leveraging our US work on single-game parlay and Angstrom. We want to build our own European football models and to completely revamp our bet builder capabilities.

We're also going to migrate some of the great design work we've done in the US with BetMGM to Brazil and to other markets where it makes the most sense. And as you heard from Sameer, Ladbrokes and Coral are getting some much-needed love. Our teams are working flat out to fix the basics, build our future bet builder product, and refresh our designs all in time for the next football season.

And just to be clear, this roadmap only reflects the key customer-facing product improvements. We have much more on the roadmap, including some really exciting product innovations coming out later this year.

So, to recap, we're on course for a great single-game parlay product powered by Angstrom for the US. Our focus on Brilliant Basics is taking hold and we're getting some really positive customer feedback. We want to always be at the top end of the leaderboard when it comes to speed, and we're on track for that too. We have built a product development engine that can deliver better quality experiences at a much faster rate. By the end of this year, we'll have full localisation capabilities in all of our priority markets. And finally, we've started to build an innovation agenda. More on that later in the year.

I see no reason why we can't start to win share on our product capabilities going forward.

I'd now like to turn it back to Stella for her closing comments.

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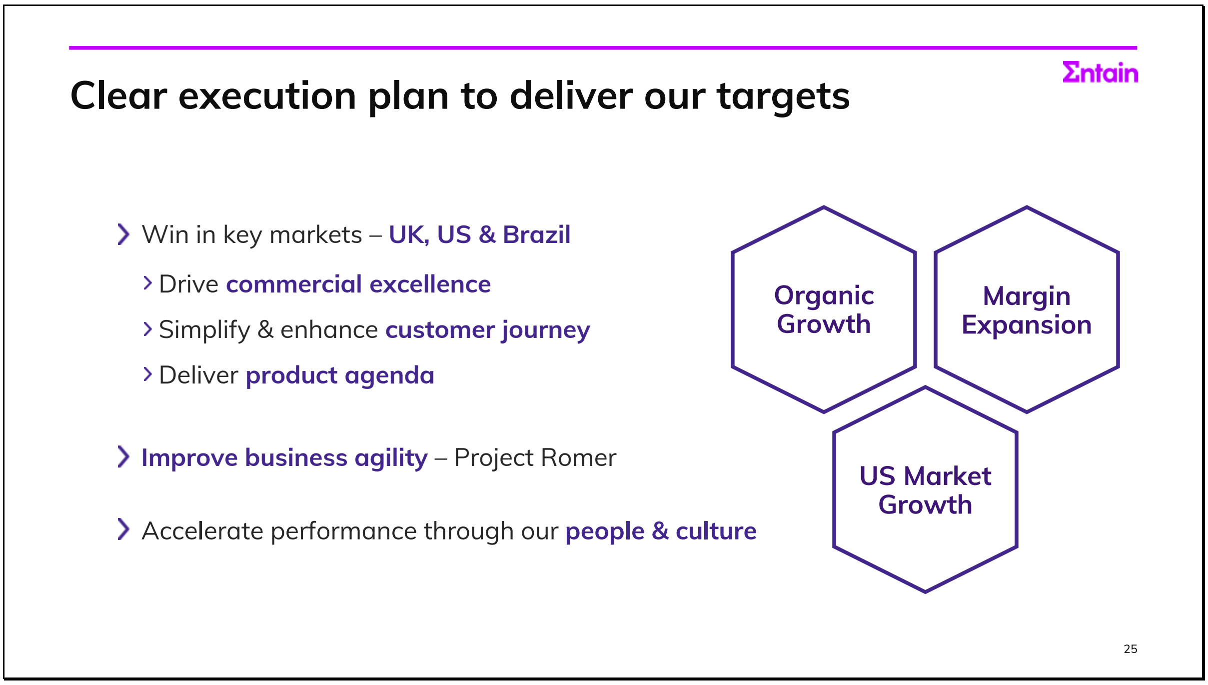

Stella David

Thank you, Satty. Thank you, Sameer. And thank you, Rob. So, I think it's clear we had a year in 2023 with many challenges. But I think the good news, and if I were in your seats, I would hope that we would do this, we are telling you the full suite of our issues, but also the suite of our solutions. We know what's gone wrong, and we're laser focused on doing things to fix those and to drive our strategic priorities.

This year definitely will be a year of transformation, and progressively, day by day, we will demonstrate that the group can get back to structural growth as we exit the year.

Thank you so much for listening today. I really appreciate the time. We've taken quite a long time on this, but now we're going to open it up to questions. So, I don't know who's going to hold the process on this. Davina

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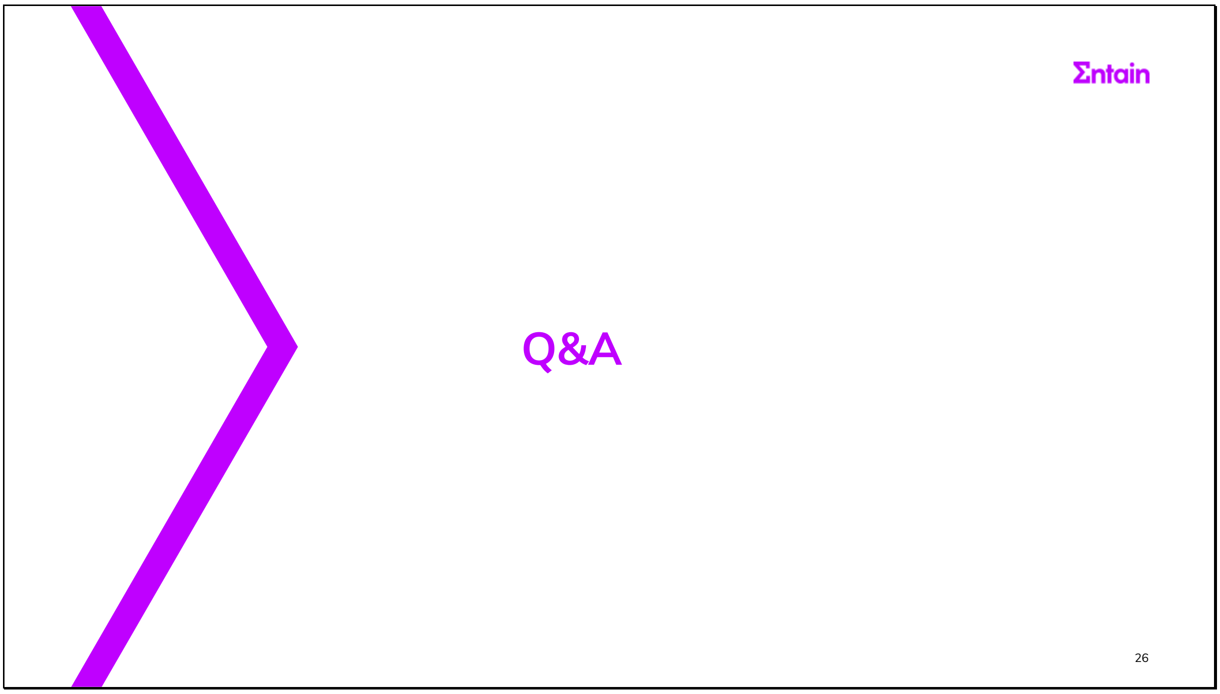

James Rowland Clark, Barclays
My first question is for Stella. You talked about culture earlier. It can obviously be difficult to inspire and incentivise staff at a time when the share price is underperforming, and you know, operationally, it's not been what you've wanted. So, can you talk about the green shoots of improvement that you're seeing there, and the atmosphere amongst the staff?

My second one is on Online growth in 2024. So, I think, Rob, you said at the Q3 update that you expected to see low single digits, given the regulatory impacts that you're referring to here at EBITDA, what's the impact on the top line, and also the exit rate from 2024?

And then finally, on product development, it's a major focus in the UK, Brazil and the US, and that's totally understandable. Big markets and very exciting markets as well. How can you reassure us that you're maintaining your speed of product development outside of those markets? Any examples you can provide about improvements? Because obviously, certain markets did underperform as well there. Thank you.

Stella David
Right. So, I think I'll take the first one, and then Rob and Satty will take the next one. So, look, I could talk all day about culture, so this is a bad question to start with, okay? The organisation, 30,000 people or so work in Entain, in all sorts of different levels. And in order to motivate people when we've had a period of bad results, the key is having a really open dialogue with people, making sure that people in the business understand that we understand that we haven't been quite right. And it is very, very important that that authenticity and honesty is part of that journey to getting back into a better place.

Then you increase the level of commitment by a whole suite of things that we do, you know, and I can give you some examples. You know, really taking advantage of communicating in depth into the organisation to make sure people know what the road map is that we're on. One thing which has been very liberating for staff in the organisation is to feel the pride in being a betting and gaming company. I think some people got a little bit confused about interactive entertainment, and people need to feel pride, and they need to feel that there is a sense of momentum and direction. And I think we're putting that back in.

We can't resolve the problem immediately, that bonuses will be not great this year because the performance was not great, but, again, it's about a roadmap to say we are improving the product, we are understanding the customer journeys, and we are making sure that we're working to get high-performance teams into the organisation.

If there's one thing I know, it's about how to build engagement of people in organisations. It's something I have done before, and it is literally, as I said, you roll your sleeves up, you engage with people, you generate that momentum, that sense of pride, and then you get to a better outcome.

But there is no silver bullet. You are judged every single day on doing the right thing, and then people give you their followership. You can't demand it, you have to earn it, and I think the Executive Team, of which most of them are here today, absolutely have bought into that journey. And, you know, the big layer, the layer of senior leadership team, we call them the Entain Leadership Team, are also engaging in that journey.

But we face the brutal truths. When we're not doing things right, we're trying to get under the skin and get that authenticity. I will stop.

Rob Wood
So let me take the second question. Morning, James. So this was about Online growth expectations in 2024.

As you rightly said, back in November, we called out a best forecast of low single digit growth for the year with decline in H1, growth in H2. So what does this morning's guidance mean for that? Well, firstly, important to say that we're on track year to date. And we were also in line with expectations across November, December. So the last four months basically in line.

The outlook statement this morning was because we wanted to say what we see over the balance of the year, just be super transparent about what we see. I'll come back to explaining where the numbers come from in a moment.

The £40m EBITDA impact, if you translate that entirely to lost revenue, that would be around 2 to 3 points. So therefore, that low single digit growth could become low single digit decline. That's a mathematical consequence of what we're saying.

I wouldn't necessarily change the exit rate, which was mid-single digits that we spoke about in November. So that's unchanged.

Let me just, now I've got the moment, let me talk a little bit more about the £40m. It's obviously new news this morning. So part of that is the Netherlands. It's a smaller part of it. The KSA updated just before Christmas. So it's new news versus the November guidance. That does feel likely to happen to us. And therefore, important to clarify that we expect those changes to be made. And that you should assume is an ongoing sustained impact out into future years as well.

The larger part of the £40m is recognising that the UK, as I said earlier, is about to embark on the most seismic change to the Online regulatory environment that we've seen for a while, both in the shape of a stake cap on slots and, we hope, a uniform approach to safer gambling across all operators.

What we wanted to do was allow for two things. One, as much as we believe that will be a positive for Entain, but also for customers, we think of it positive for customers, all the regulated operators, certainly a positive for Entain in the long run. One, we want to recognise that with any change, there can be a cost of implementation. There may be some players that are impacted and so some short-term negative.

Two, if the change goes as we expect it might do, we would like the flexibility to be able to invest more in marketing, to recapture some of the market share that we've seeded over the last two or three years. So we're creating the ability to do that.

The reason why I give that clarity around marketing is if a large chunk of the £40m is marketing, that's not an adverse revenue impact and so therefore the question is quite hard to answer with precision. But for the sake of simplicity, if you assume it's all revenue, then we could end up being low single digit, negative, based on everything that we see today.

Importantly though, for the long run, we think the UK developments are a positive. So you'd like to think it's a positive impact to '25 and beyond.

Satty Bhens
James, on your third question, in regards to product and the implications of kind of focusing on three markets and what about the rest? I think the great news is that there's a lot of work we're doing that is on shared journeys, not specific to a market. So speed, for example, reflects to every market.

I think if you look at our Bwin product today in Europe, it's probably the fastest app in the market, not because we focused on it, but because we focused on other markets. All the journeys around cashier will also benefit all our markets. And so there is a trickle down effect of our work in the UK, US and Brazil. One more example, the bet builder product we're building for the UK will be available anywhere where there's football markets.

So I think we see significant improvements for our non-key markets as a result of our prioritisation.

Estelle Weingrod, JP Morgan
Hi, good morning. I just have two questions. To come back on '24, I guess it implies slightly lower Online margins. Are you still comfortable with your mid-term ambition, especially the Online margins you guided for, for full year '25?

And just one on Brazil, you mentioned small improvements. Can you just comment on the competitive landscape in Brazil right now?

Stella David,
Do you want to take that Rob and then Sameer.

Rob Wood
Let me kick off with Online EBITDA margins. So back to the last question, if the £40m is all NGR driven or even if some of it is marketing, we would expect some compression of the 2024 EBITDA margin as a consequence to that.

To the mid to longer term EBITDA margin, clearly that's a long way away. What I would say is that the only new news that would be a negative would be the Netherlands. You have to assume that that has some compression on EBITDA margin. If the UK turns out to be positive as we think it is, then that would be a positive to margins.

I'd also say that Project Romer, I touched on it earlier, having completed the first phase, we have increased confidence in the impact of Romer on margins as well. So I would say a mixed picture, bearing in mind the Netherlands aspect.

Perhaps the last thing to say, just to be super clear, and I know it's a bit awkward, but if we withdraw the New Opportunities segment and then reallocate that remaining cost to Online, that equates to about a 0.7 impact to Online EBITDA margin. So it's a reallocation, but nonetheless, that does have an impact. But on a like-for-like basis, the medium-term guidance still stands, just Netherlands is a drag, hopefully UK as an opportunity.

Sameer Deen
And on the Brazilian question, look, the market is definitely very competitive, certainly ahead of regulation, new entrants, a lot more domestic players and also foreign players looking at the market. But as I said, we've made a lot of changes, both in terms of our front-end products, our payments capabilities, and we feel good about the early signs of the turnaround in Brazil.

Kiranjot Grewal, Bank of America
Hey, good morning everyone. Just three questions from me. Firstly on Angstrom, once it's fully integrated and Nevada also separately comes on board in terms of single wallet, single app, do you think your app, the BetMGM app, will be on par with the bigger operators, or is there more work needed after that?

And then building on that, do you have any expectations on how much benefit you might get from bringing Nevada onto single wallet, single app?

And the last one is around the other regions, Netherlands and UK, you've been clear on your expectations for next year, but the other problem regions have been Australia and Germany. How do you think those two might develop in 24? Thank you.

Satty Bhens
So let me talk about the product roadmap and expectations from a product perspective for the US. So I think from the single account, single wallet piece in Nevada it is really dependent on regulation, so we're working with the regulator there. It's not a technical hurdle, so to speak, it's more of getting approval and doing any delta work for that. So that will be as Online as quickly as we can get that Online.

I think in terms of product parity with Angstrom, as far as we can see with a roadmap, yes, there's no reason why we would not be able to meet the product expectations of our competitors, at least from a customer point of view. So no reason with that. I think we will have a chance to differentiate differently than our competitors do. So we're looking forward to that.

In terms of numbers, I think I want to pass on that and let Adam and the team in BetMGM address kind of the commercial impact of those. I'm not in a position to kind of reflect their plans today, but from a product perspective, parity and even perhaps exceeding parity in some cases, in some use cases, is certainly on our roadmap.

Rob Wood
Shall I touch on Australia and Germany? So Australia, we have, as we said in November, we are cautious on the market outlook in 2024, both ourselves, TAB Corp, Flutter, all calling the market down in 2024. Still significantly up when you compare to pre-COVID, but there is a sense of COVID reversion in Australia.

Across 2023, we were slightly adverse to market. We were minus 6. I think the market was more like minus 3. So we have given up a little bit of share. We're probably 17 now, previously 18, but after a long run of gaining share in Australia. The point of consumption tax mitigation measures that I referred to earlier, we'll annualise against that. So that will give us some benefit. But if the market's down, we do expect Australia to be down.

The big news for, or the main focus for the Australian team is actually New Zealand. So we continue to be super optimistic about what we can do in New Zealand. There's already best part of £200m of revenue there that has no EBITDA against it. So that's - once we drive EBITDA margins to normal levels over the years ahead, that's great growth opportunity for us.

The platform migration from the old sort of state-run TAB New Zealand business onto the Australian platform is due in Q2. So that'll be a nice catalyst for us. So that's the real focus. So if you combine the two together, we have strong outlook for 2024, but Australia, we would expect to be backwards.

Germany it is frightening to think is now only 3% of our revenue mix. For those following us for a while, I’m looking at Roberta now, it was 15% just a few years ago. So it's a much smaller piece of the pie. There's still tough a regulatory environment, as we know. There's no real update from when we were asked about it in November.

The one thing I would do is just echo Satty's comments earlier, that things like the development in app speed, the bet builder products, you know Germany's a heavily football business. It has to be a benefit and Bwin is still such a strong brand in the German market. So again, in the long run, we still think there's growth to come from Germany in the near term, where I would expect the regulatory drag to still continue in 2023.

Joe Thomas, HSBC
Morning. I'd just like to again explore the £40m, please. My understanding was that the £2, £5 slot limit was very much as expected. So I'm just trying to understand what the delta is and why it's different.

And then I suppose just a related question to that. When it comes to your affordability, how do you think you compare to the wider market, perhaps thinking of tier sort of two and three operators, but also again to the tier one operators that are out there in the UK? So two sort of related questions.

Stella David
Should I do the affordability and you do the £40m, because you've got that off pat? So on affordability in the UK, it's, you know, the journeys that we've gone on have been very complicated. You know, we've started, we've put in measures over a long period of time, which means that I think we are more complex in terms of the journeys that we go through with our customers than some of our tier one and tier two and tier three competitors.

So, you know, there is an opportunity here for us to, you know, make sure that we're levelling the playing field in terms of the customer journeys that we're going on while still retaining the same level of customer safety, you know. So I think that's the truth there.

In terms of slots, we welcome the change to the limits. I think it's a good thing and we've been anticipating it, but it's not going to be implemented for some time. I think it goes live in September with a six or eight week, six week period for those limits to change. So it's going to not have much material impact in 2024, but going forward into 2025, we think, you know, we will see some upsides as there is churn in the market as people go from being these - particularly tier two and tier three operators that have gone for very high limits. Yeah.

Rob Wood
And that really is the answer to the first part of your question as well. When you think about the UK outlook, you must think about '24 separately from '25 and beyond. So the £5 stake cap on slots exactly, as you say, is expected. It was the outcome we were hoping for. If it comes in late in Q4, more likely to be near term negative and hence the call out, but longer term positive.

And coupled with that opportunity or that flexibility to be able to invest more, you know, we have great brands in the UK with Gala, Foxy, Ladbrokes, Coral, obviously, we would love to put some investment behind those and capitalise on the transformation that will happen in the industry. And so that flexibility is important to us.

Stella David
And I just add one other thing just about the UK and Satty, I think, mentioned it. Some of our apps have been a bit unloved in the UK. So, you know, we believe there's some great opportunity for customer experience, particularly on Ladbrokes and Coral to get ourselves into a more competitive place as we start to do some of the things that Satty said.

And again, that's about us being honest with ourselves. You know, our apps don't get rated as highly as we would like them to do versus the competition. And so therefore, our aspiration is to get that back into a podium position.

Joe Thomas, HSBC
Thanks. And just one final one. I didn't get a chance to get into all the footnotes this morning, but I saw that you'd written down the long-term growth rates implicit in the Australian business, which is behind the goodwill write off. What are the long-term expectations now compared to where they were before?

Rob Wood
So no change, really, you should think about the impairment as the accounting catch up of the progress in 2023. So the point of consumption tax increases, but also the market being minus 3. So the impairment is a consequence of that. In terms of the longer-term outlook for Australia, we still see growth, particularly when you roll New Zealand into it. Short term though, I'm reasonably bearish on 2024. I don't see growth in 2024.

David Lloyd-Seed
Hi, just connected. A few questions from Joe Stauff. You may have answered some of them, but I can't answer for him. So I'll run through them anyway. It's probably first one is a bit more about clarity of phasing in the UK.

So we talk about the need for both increased investment, i.e. marketing, but further regulatory adjustments. Do we expect both those to occur in first quarter and second quarter? Or should the investment come after we finish the regulatory adjustments? Just a bit of clarity around phasing.

Sameer, on Brazil, I think it was on your chart, but when did FTDs and actives first begin to grow again in Brazil?

And then BetMGM, probably for a couple of you. But Satty, did you say that two-thirds of those in the stadium for the Super Bowl were using BetMGM app? And Caesars has often been quite strong in Las Vegas and Nevada. Do we think, as a result, BetMGM is likely to be a share leader in Nevada?

And finally, I think you partially answered it, Rob, but in Australia and Netherlands, do we expect to grow in line with the markets in 2024?

Stella David
Right, quite a few questions. We'll try and answer them between ourselves. So I think phasing in the UK, I mean, we are very much dependent upon the regulatory changes when they actually happen, but we already know that the slots changes are towards Q3, Q4, and everything is back-weighted into Q4, really, in terms of investment. If we were to take advantage of marketing investment, it would be towards Q4.

Sameer Deen
Yeah, so just on Brazil, FTD growth started approximately mid-year, ‘23, shortly after we took over and started shifting the marketing mix, and the actives growth we started seeing early this year.

Satty Bhens
Yeah, look, it's currently Caesars and BetMGM from an Online mobile perspective in the state. I think we've still got some work to do with single account, single wallet to really drive our position and improve our position. But currently, it's, as far as I can see, a two-horse race.

Rob Wood
So we've spoken about Australia, so I'll probably just focus on Netherlands. The reality is when change like the proposed deposit limits comes in in Q2, it's hard to know how you'll compare to others because you don't know what limits others already have.

So our expectation is that we implemented fresh measures in the second half of the year, and that probably puts us at the more prudent end of the market. So logically, therefore, that's opportunity, but it's just too early to say. So at this stage, I would park that question until the interims.

Roberta Ciaccia, Investec
Sorry. Hi, good morning. I have actually three questions, if I may. The first one for Stella. So you talked a lot about simplification of the business, etc. Can you tell us what is your view in terms of brand strategy? Do you think you will keep all the brands? You talked also about reinvesting behind Ladbrokes and Coral, etc. What do you think, especially in the UK, do you think you need all these brands? First question.

Second question, probably more for Rob, we've talked about all the different key markets for you. We haven't really touched on Italy. What are your plans there? Do you believe that there will be more consolidation in the market? And importantly, when do you think you will have to pay the new licence fees?

Third question still for you. Dividend policy going forward?

Stella David
Great, thank you for the questions. So I'll start off on the journey of simplification. So simplification is actually a very broad thing that we are looking at and acting upon within Entain.

Because of the – you know way that things have built up over time, we have lots of processes internally where there are too many handoffs. It takes a long time to get simple things done. And again, these numbers may not be totally accurate, but they're certainly given to me as an example in the business. It doesn't matter if it's accurate, it's actually direction of travel.

When somebody says to me to do a flight of advertising, and when I mean a campaign, I mean something simple, like putting together an email communication. And I'm shown the journey that it actually takes something like 25 man hours to do it, when actually it should take something like half an hour to do that kind of thing in terms of time. And it doesn't matter if the half an hour is wrong and the 25 hours is wrong, it's the direction of travel.

There are complexities when there are multiple handoffs in our organisation to make decisions, and that means that people are slower, it takes a lot more time, and it takes the energy and the creativity out of things. So that's just one example, which is in the brand space. I use that one just to paint a bit of colour about how we can take complexity out of the system.

You can take complexity out of the system by making sure that objectives are aligned from day one. And you know one of the things that I hope we've demonstrated here today that alignment between product and tech and commercial is an absolute critical component of releasing additional value.

The fact that we've got Satty and Sameer set on the stage today is not by accident. It's because we see this as a key unlock, not only just within Entain, but as an unlock with Entain and BetMGM. We now have top-to-top commercial and product and tech meetings on a regular basis with counterparts in BetMGM. So Sameer comes along to those meetings because we've got to make sure we align, and we actually have a flow through.

So that's just a sort of – I'm trying to paint a picture of why we can improve our operational simplicity and get you know significant values from that.

If we then talk about brand strategy, yes, we do have a lot of brands around the world. Quite a lot of them are very localised and it would be very foolish for me to suggest that we would change that narrative because a lot of what we do, as we increasingly know, is about local enjoyment, about how the brands personify themselves, you know dialling up the elements that are important to our customers in different places around the world.

I think the question about Ladbrokes and Coral specifically, I mean I think one could do a desktop analysis and say, wouldn't it be more efficient to have one brand? That's a very big ask. You know we would have to get very much under the skin of it to even think going down that route.

So for today, certainly under an interim CEO, I think the right thing to do is try and optimise the way that we are delivering both Ladbrokes and Coral as more identified separate entities. I would say the best thing to do is be more clear about the differentiation that we have of those brands.

But I think the question is a really good one, but I think it's one that takes quite a lot of long-term thought in terms of actually going forward.

Rob Wood
Yes, I'll do Italy and dividend policy. So Italy, I'll start with the easy bits. When do we expect Online licensing to happen? Our planning assumption is Q4. You might know more than I do, Roberta, but Q4 this year for Online.

In terms of our plans for that market, our absolute focus is on our own business, and in particular Eurobet, although Bwin will benefit from the bet builder developments that we were speaking about earlier. So Eurobet is the focus.

In Italy, it's a fabulous market. As you know, the growth potential is just as good as it was a few years back. We're number three or four, depending on how you measure it. So good strong position in that market, great Retail estate, Retail's taking share. We have seeded some share Online to the market leader as has the number two and the other three / four.

But as we look forwards on an aggregate, we've got a strong position there in a growing market, and I think I'm right in saying that we've doubled our EBITDA in Italy over the space of just three or four years. So continue to invest and support that market.

In terms of dividend policy, so we've announced our progressive dividend policy. As always, the Board will keep that under review, but just recently the Capital Allocation Committee discussed it and we're supportive of continuing with it. So that's where it stands.

David Lloyd-Seed
Hi, back to me. I have got one from Monique Pollard, and she asks, Rob, could you please give us some more colour on 2024 like for like growth aspirations for Online split by UK, international and CEE?

Will UK product improvements for 2024, bet builder, cash out improvements, etc, just be playing catch up to the market leaders or pushing ahead of peers? I think it's probably for you, Satty and Sameer.

On the US, how quickly should we see wind margin expansion and market share improvements come through? Could it be as early as Q1, Q2, for example?

Stella David
Okay, so I think you're taking the first question there. Or do you want me to take one first? Are you okay? Go for it.

Rob Wood
I can dive in. So it's early in the year and I'm trying to refrain from setting too many expectations early in the year. But of those three segmentations for Online, I would expect CEE growth, UK most likely decline, and international more mixed.

Satty Bhens
So on the UK piece on bet builder and cash out, I think when we talk to our customers, what we're talking about is meeting their expectations. So it's really getting to a parity state before the football season. But what we're really trying to do is own the entire experience going forward. And so I expect beyond the start of the football season, we'll be able to push on and be differentiated in the UK.

We are also innovating in the UK, but I'm not going to share what that is today. But we will be in a position later this year to actually do things that we've never done, or haven't done in recent years, to actually give something unique from our brands.

Stella David
And I think the last question was on margin expansion in the US. I don't know we can really comment too much on that. But I think we can say that we've got some really good stuff with Angstrom. Yeah.

David Lloyd-Seed
Okay, thank you. Another question come through from Andrew Tam. This is about leverage. If you add in the DPA, then I think 3.6 times was the number. How do we de-lever? Is organic growth enough? Or do we have to do - or do we need to do something else?

Rob Wood
Yes, I can take that. So firstly, to confirm 3.6 is the number on a pro forma basis at year end inclusive of the DPA. The primary and best way to de-lever is EBITDA growth. And that's, of course, the absolute focus of the Management Team. And you've heard from Satty and Sameer, that's what we're all working around the clock to do is deliver EBITDA growth.

Clearly, over time, things like the DPA will roll off. Romer will help capex. You know maybe interest will come down interest rates at some point. SDIs will come down. This year, we've got quite a big outlay from Project Romer one time costs, for example. But really, EBITDA growth is the primary way to de-lever.

David Lloyd-Seed
Thank you. Another one from Ivor Jones. I think you tried to head this off at the pass with your early comments, Stella, but when will the Capital Allocation Committee come to conclusion about possible disposals and how and when will that be communicated?

Stella David
Well, I thought I did head it off at the pass, but I'll try again. The Capital Allocation Committee has only just really, really got going. And it is, you know, there is nothing to report because there is no output at this stage. So, that hasn't changed since 20 minutes ago.

David Lloyd-Seed
I have had a follow-up on similar lines, but slight tangent to that, but I will ask it because it's from...

Stella David
So the answer will be that it hasn't changed since 21 minutes ago.

David Lloyd-Seed
... From Nick Kissack. It was more about the objective. What's the objective of maximising shareholder value? What do we mean by that?

Stella David,
Well, I think you've got to look at the challenge we have. Again, elephants in the room. Our share price hasn't been very good recently. And so, you know, if you're looking through the lens of maximising shareholder value, there have been some clear missteps. And isn't it a good idea to look through the lens of what the opportunities are to really get that back on track?

And so, it is one mechanism that I think is a very valid one to look through. And so, the Capital Allocation Committee is a subcommittee of the Board. It's a very valid thing to have. But, you know, at the same time, in parallel, as a business focus, the Management Team are really focusing in on getting back to organic growth, because that is the biggest way of getting shareholder - maximising shareholder returns.

David Lloyd-Seed
Yeah. I think we've answered that. I had a slight one from - another one from Ed Young, but hopefully, Ed, we've answered it now.

But his second question is, in the context of being a betting and gaming business, which we're all pleased to be, rather than something else, what are the costs that were booked to New Ops that are worth keeping and absorbing into Online rather than cut?

Rob Wood
So, the main costs that have been cut for ‘24 onwards, relative to 2023 and prior, was investment behind Unikrn as a B2C brand. So, that's where savings have been made, and that was communicated as part of the Romer savings as well.

What's left, a couple of components. One is the eSports wagering team has continued. Why? We know that some operators in our market around the world, for them, wagering on eSports is a big part of their product offering, sometimes a number four product, sometimes a number five product. Actually, for STS in Poland, it's the number four product. For us as a group, I think it's number 15, something like that.

So, we think it's relatively small investment in a team that will help us have the most extensive eSports offering on the market in terms of breadth of product, breadth of betting opportunities. And therefore, if you like wagering on eSports, then come to our brands, because we have the most in-depth offering, and then you get cross-sell benefits as well.

We see quite high cross-sell between sports betting, and eSports betting is particularly popular in Europe and LatAm, parts of the world. So, that's the main cost base that we're retaining. There are some other investments in technology, innovation that went into that segment that we want to keep, and that transfers across to Online.

David Lloyd-Seed
Thank you. One from, changing tack, one from Jack Mann. Underlining finance costs increased quite significantly in 2023, as I'm sure they did for many other companies. What does ‘24 look like?

Rob Wood
So, as I think about the increase in costs, the majority of it reflects interest rate rises. That was about 60% of the increase. The balance reflected the additional debt, in particular following the SuperSport acquisition at the back end of ‘22, meaning that that was already in flight for the whole of 2023.

So, I would expect some incremental interest cost, but it feels like the interest rate environment is more stable, and therefore that big uplift that we saw in ‘23, I don't expect to be repeated.

Simon Davies, Deutsche Bank
Three quick ones from me, please. Can you update us on rollout of ARC into your international markets? How far has that got, and are you refining the process so that you don't have the same levels of drag as you've seen in the UK?

Secondly, on Brazil, you referred to some operational mishaps, I think it was, or missteps. Can you give a bit of granularity around what those were, and to what degree they have all been addressed?

And finally, progress on bringing a new CEO or announcing a new CEO. How long can we expect that to take?

Stella David
Shall I take offence to that question? No, it's fine. Look, so first of all, ARC, ARC is in many of our markets. It is part of our toolkit for safer gambling. It is not the only one. It is an important part of the journey, but we are using a suite of other things in different markets to make sure that the appropriate measures are being used. So that's the way I think I would approach that question.

The CEO process, we have a very high-quality recruitment consultant that is retained working on this. It has been obviously a priority for the Board. The key thing is to get the right person to do the job in the long term. So hopefully the benefit, one of the benefits that I may bring to this situation is that we, you know, gives the breathing space to recruit the right person, whether, you know, there needs to be any sort of time for notice periods or anything like that, we can handle that.

The absolute critical thing is it's the right person with the right experiences that comes to do this job. And the process has very much taken advantage of the opportunity to look into spaces where we can get people to the interview process who have got relevant experience, not just CEO experience, but experience that can easily translate into a business like Entain, so that whenever that change takes place, you know, we don't drop a ball. So that's where we're going on that.

And then I think, Sameer, do you want to talk to the Brazil question? Yeah.

Sameer Deen
Yeah. So on Brazil, I think the, you know, one of the biggest mishaps was missing the Pix opportunity. So Pix is ubiquitous payments. And Pix Instant is just a critical, critical customer feature, people want to come in and out, deposit money, withdraw money, pay and play. And so that had a disproportionate impact on our business. And that was one of the first things that we started to focus on. And we saw almost immediate sort of impact from giving, by providing that key customer feature.

I think from a marketing perspective, the prior team leaned in too heavily into paid television. So in Brazil, you know, you've got 200 million plus population, but paid TV is a relatively small upscale market. And so turning away from open TV, where you've got broad football rights on Globo and elsewhere, I think was just a strategic misstep. And so we're trying to address that by increasing our exposure to open air TV.

Obviously, those deals are, you know, as I said, the market's competitive, and a lot of people want that advertising space. But we've got long standing relationships, we've got a trusted brand, we have good relationships with a lot of the media houses. We've got a new agency that is helping us negotiate some of those deals.

And then finally, you know, we're really addressing the product suite. And so becoming a lot more localised so we are in markets and so really focused on product and localised, and better marketing execution. And those are the three things that I think that you've got to do in all of our markets that are underperforming. And that's the approach that we're taking, both there and in the UK. And we'll roll that out elsewhere as we need to.

Rob Wood
And maybe just add one last thing, which was we were running Brazil from Europe. Whereas now, well, firstly, Sameer took over with extensive LatAm experience, and now we have an operational team on the ground in Brazil. And so you're less likely to miss these major developments that are happening on the ground, and you're much more agile.

Stella David
Okay, unless there's any more questions, I think I'm going to wrap this up and say thank you very much to everybody for coming.

If there's any sort of follow up questions that you've not answered, clearly, you know, speak to the IR team, and we can hopefully answer those questions.

I just hope that you realise that we have really focused in on getting the inputs right for this business, really focused in on what we've done right. But very importantly, we've lasered in on where we haven't got it right.

And if you believe that inputs that are good, generate good outputs, these will return Entain back to the growth that we all believe it deserves. So thank you so much for being here.