

## 3<sup>rd</sup> quarter results 2020

### Confirmation of favourable trends

- **In the 3<sup>rd</sup> quarter 2020, stakes up +6%, to €4.4 billion, with revenues stable at €0.5 billion, compared to the 3<sup>rd</sup> quarter 2019**
- **For financial year 2020, without new measures of general restrictions linked to the evolution of the health environment, FDJ anticipates:**
  - **stakes of around €16 billion, or a decline of only ~-6%**
  - **revenue of around €1.9 billion, i.e. ~-7%**
  - **an EBITDA margin<sup>1</sup> on revenue of around 21%**

**Boulogne-Billancourt (France), 14 October 2020 (5:45 p.m.)** - La Française des Jeux (FDJ), France's leading gaming operator, publishes its Q3 2020 stakes and revenue and its new outlook for the year as a whole.

**Stéphane Pallez**, Chairwoman and CEO of the FDJ Group, said: *"The third quarter confirmed the good momentum seen since mid-June and a recovery in our business at levels comparable to 2019. The Group thus demonstrates its resilience and its reactivity. Over the entire year, without new measures of general restrictions linked to the evolution of the health environment, the impact of the crisis on our revenue should be contained, and our EBITDA margin should remain at a high level, thanks to the strong mobilisation of our employees and our distribution network, as well as the cost reduction measures that we have implemented as early as March."*

- **Growth in stakes of +6% over the quarter, to €4.4 billion, with revenue stable at €0.5 billion.**

**Over the quarter**, the momentum recorded since mid-June accelerated, with +6% growth in stakes. During this unusual summer, FDJ benefited from some favourable factors, including a packed calendar of sporting events, after many events initially planned for the 2<sup>nd</sup> quarter were postponed.

FDJ recorded:

- Strong growth in sports betting, up +27% to nearly €1 billion, both online and in point-of-sale.
- A slight increase in lottery activity, +1% to €3.4 billion, characterised by:
  - o Stable draw games stakes
    - A good performance insofar as draw games stakes in the third quarter of 2019 were particularly strong as they benefited from exceptional long cycles;
    - With also the good resumption of Amigo.
  - o Instant games are growing slightly, +2% to €2 billion. Since the summer, FDJ has resumed its marketing schedule.
- Improvements on all distribution channels:
  - o +3% at point of sale, to nearly €4 billion;
  - o +44% online, to nearly €0.4 billion, with the continuation of the very good performance of the online lottery, with growth of more than 40%.

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<sup>1</sup> EBITDA: recurring operating profit adjusted for depreciation and amortisation expense.

Player winnings stood at €3 billion, up more than 9%, i.e. a player payout (PPO) ratio of 69.3%, compared to 67.3% in Q3 2019. The increase in the PPO reflects the change in the mix of stakes, with a greater share of sports betting whose PPO increased significantly. This is due in particular to several football competitions whose results were easier to predict, unlike those of the first half of 2020.

Thus, gross gaming revenue (GGR = stakes - prizes won), which amounts to €1.3 billion, is almost stable; as a result, net gaming revenue (NGR = GGR - contribution to public finances), which constitutes the bulk of the Group's revenue, is also almost stable.

FDJ Group revenue stands at €0.5 billion (+0.2%).

**At the end of September**, cumulatively, stakes reached €11.3 billion, down -10% compared to the first nine months of financial year 2019. The increase in PPO for the 3<sup>rd</sup> quarter led to a PPO of 68.1% at the end of September, almost stable compared with the first nine months of 2019 (68.2%), and slightly increased compared with the first half of 2020 (67.3%). Thus, revenue at the end of September stood at €1.4 billion, down -10% compared with the end of September 2019. As a reminder, stakes and revenue were down by -18% and -15% respectively at the end of June.

*The changes are calculated in comparison with 2019 data restated for the new tax rule effective 1 January 2020, integrating Sporting Group on a full-year basis, and without restatement of the exceptional long lottery cycles of 2019. The latter are restated in the annual variations.*

## • Outlook

Absent further significant deterioration in the health environment, which would result in additional point-of-sale closures or cancellation and postponement of major sporting events, the FDJ group anticipates a slight increase in stakes in the 4<sup>th</sup> quarter. This increase will be supported in particular by a packed lottery schedule, with the relaunch of Keno, Mots Croisés and Amigo, and the launch of a second phygital game "Qui veut gagner des Millions" ("Who wants to be a millionaire?"). As for the sports betting calendar, it is generally comparable to that of Q4 2019. As a result, annual stakes would amount to around €16 billion, a decline of only ~-6% over the year.

On this basis, with the assumption of an annual PPO close to that recorded at the end of September and given the cost reduction plan for more than €80 million<sup>2</sup>, the Group would generate revenue of around €1.9 billion, down ~-7%, and an EBITDA margin of around 21% (20.6% in 2019 on a restated basis), with an EBITDA to free cash flow conversion rate<sup>3</sup> maintained at more than 80%.

## The Group's next financial communication

The Group will report its 2020 results on 12 February 2021, before market opening.

<sup>2</sup> More than €80 million in cost reduction compared to the Group's initial 2020 budget forecasts and more than €30 million compared to 2019.

<sup>3</sup> Free cash flow = cash flow generated by operations after operating investments.

## About La Française des Jeux (FDJ Group)

France's national lottery and leading gaming operator, the #2 lottery in Europe and #4 worldwide, FDJ offers secure, enjoyable and responsible gaming to the general public in the form of lottery games (draws and instant games) and sports betting (ParionsSport), available from physical outlets and online. FDJ's performance is driven by a portfolio of iconic and recent brands, the #1 local sales network in France, a growing market, recurring investment and a strategy of innovation to make its offering and distribution more attractive with an enhanced gaming experience.

FDJ Group is listed on the Euronext Paris regulated market (Compartment A - FDJ.PA) and is included in the SBF 120, Euronext Vigeo France 20, STOXX Europe 600, MSCI Europe and FTSE Euro indices.

For further information, [www.groupefdj.com](http://www.groupefdj.com)



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## Appendices

2019 restated data, with full-year application of the new tax rule effective from 1 January 2020, integrating Sporting Group on a full-year basis, without restatement of long lottery draw cycles.

In million euros	30.09.2020	30.09.2019	Change 09.2020 vs 09.2019	30.09.2019 restated	Change 09.2020 vs. 09.2019 restated
<b>Stakes*</b>	<b>11,277</b>	<b>12,540</b>	<b>-10.1%</b>	<b>12,579</b>	<b>-10.4%</b>
<b>Of which lotteries</b>	<b>9,188</b>	<b>9,980</b>	<b>-7.9%</b>	<b>9,980</b>	<b>-7.9%</b>
<b>Instant lottery games**</b>	<b>5,605</b>	<b>6,015</b>	<b>-6.8%</b>	<b>6,015</b>	<b>-6.8%</b>
<b>Draw games</b>	<b>3,583</b>	<b>3,965</b>	<b>-9.6%</b>	<b>3,965</b>	<b>-9.6%</b>
<b>Of which sports betting</b>	<b>2,060</b>	<b>2,559</b>	<b>-19.5%</b>	<b>2,559</b>	<b>-19.5%</b>
<b>Digitalised stakes***</b>	<b>2,460</b>	<b>2,408</b>	<b>+2.2%</b>	<b>2,408</b>	<b>+2.2%</b>
<b>Offline stakes</b>	<b>10,249</b>	<b>11,766</b>	<b>-12.9%</b>	<b>11,766</b>	<b>-12.9%</b>

\* Stakes reflect wagers by players, and do not constitute the revenue of the FDJ Group

\*\* Mainly scratch games (point of sale and online)

\*\*\* Digitalised stakes include online and digitalised stakes at the point of sale, i.e. using a digital service/application for their preparation, prior to registration by the retailer

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<b>Prizes won</b>	<b>7,678</b>	<b>8,524</b>	<b>-9.9%</b>	<b>8,574</b>	<b>-10.4%</b>
<i>Player payout ratio</i>	<b>68.1%</b>	<b>68.0%</b>		<b>68.2%</b>	
<b>Gross gaming revenue (GGR)</b>	<b>3,598</b>	<b>4,015</b>	<b>-10.4%</b>	<b>4,005</b>	<b>-10.2%</b>
<i>GGR as % of stakes</i>	<b>31.9%</b>	<b>32.0%</b>		<b>31.8%</b>	
<b>Net gaming revenue (NGR)</b>	<b>1,323</b>	<b>1,400</b>	<b>-5.5%</b>	<b>1,470</b>	<b>-10.0%</b>
<i>NGR as % of stakes</i>	<b>11.7%</b>	<b>11.2%</b>		<b>11.7%</b>	
<b>Revenue</b>	<b>1,352</b>	<b>1,420</b>	<b>-4.8%</b>	<b>1,498</b>	<b>-9.7%</b>