



Banijay Group

9M 2024 Results

Thursday, 7 November 2024

List of MAIN speakers	Company	Job title
François Riahi	Banijay	Chief Executive Officer
Sophie Kurinckx-Leclerc	Banijay	Chief Financial Officer

OPERATOR

Welcome to the Banijay Group Nine Month 2024 results. At this time, I'd like to turn the conference over to Caroline Cohen, head of investor relations. Caroline, please go ahead.

9M 2024 RESULTS

Caroline Cohen

Head of Investor Relations

Thank you, Heidi. Good evening, everyone and welcome to Banijay Group's results webcast for the first nine months of 2024. This is Caroline Cohen, head of investor relations. Before we start, let me draw your attention to the disclaimer on slide two. I also want to remind you that this presentation is available on the company's website, and a recording of this call will be accessible in the coming days.

Today's presenters

Your speakers today are François Riahi, our CEO; and CFO, Sophie Kurinckx-Leclerc.

AGENDA

First, François will present our key financial and business highlights for the first nine months. Sophie will then cover the results in more detail before François provides some concluding remarks, and then we will open the call for questions. Over to you, François.

AGENDA

François Riahi

Chief Executive Officer

Thank you, Caroline. Good evening, everyone, and thank you for joining us. We are very pleased to report a strong first nine months for Banijay Group, with high single-digit revenue growth and double-digit adjusted EBITDA growth.

9M 2024 highlights

At content production and distribution, we continued to see solid commercial activity, particularly with streamers, and as already explained in previous quarters, we will enjoy a strong end to the year thanks to major show deliveries in Q4.

In online sports betting and gaming, we delivered an outstanding performance fuelled by a very busy sports calendar. We managed to capture market share gains across all activities and geographies and further developed the user experience thanks to a new version of the Betclix app. In live events, we continued to consolidate the market and also delivered some of the highest profile cultural and fashion shows of 2024 so far. All in all, thanks to where we stand after the first nine months and our highly visible pipeline for Q4, we are confirming our 2024 earnings guidance, including organic adjusted EBITDA growth in the low teens.

9M 2024 results

So, let's have a look at our main figures for the first nine months. Group revenue is up 8.9% year on year at €3.1 billion. Adjusted EBITDA is up 15.3% to €546 million, and adjusted net income is up 14.3% to €248 million. We maintain a high level of cash conversion at 80%, driven by the earnings generated during the period and supported by our consistent tight control of cash expenses and capital expenditure. Our leverage is slightly up at 3.2x from 3.1x in December 2023, mostly due to acquisitions and dividends paid in Q2 and Q3.

Let's move to business highlights now, starting with our content production business where we are seeing high levels of commercial activity.

Crafting next generation superbrands

Banijay Entertainment is known for its large, diverse content catalogue, which includes some of the world's most iconic superbrands. But we also continued to craft creative news that will become the next generation of these successful franchises. As you can see on this slide, this period has seen multiple show comebacks, spin-offs, new adaptations and recommissions that are delivering record ratings for both linear broadcasters and streamers in all geographies. There is clearly, in today's markets, a competitive advantage in detaining powerful and successful formats that can travel all over the world.

Preferred partner with streamers, supported by globally recognized creative excellence

Let's focus especially on global streamers. Banijay Group is the leading independent provider worldwide for global streamers. We are happy to say that we continue to see strong momentum with streamers, particularly as demand remains strong for scripted quality shows and increases for non-scripted content. On Amazon Prime, which is a key partner for us in adapting successful formats, LOL: Last One Laughing has now been commissioned for a new adaptation in the UK following huge success with ten other local country adaptations. And after its Rising Format Star award in 2023 with the highest number of new launches for the year, Good Luck Guys has been commissioned for its eighth adaptation, this time in Poland.

In Italy on Netflix, Supersex, The Life You Wanted, and The Law according to Lidia Poët, were among the top five most watched TV series in H1 2024 on Netflix – a fantastic result. Additionally, our commitment to producing quality content was also recognised during the award season.

Looking ahead, as already mentioned, we have a strong pipeline of upcoming shows that I will talk about more a bit later.

**Creators first:
Bolstering premium documentary offering & kids' portfolio**

Banijay Entertainment's success has always been based on nurturing the best creative talent, and we are constantly looking for new ways to partner with and support those who are doing exciting things in the sector. To meet the growing demand for talent-led premium documentaries in Q3 2024, we launched two new labels BD4 and Navybee. One in the US, one in the UK. BD4 is a premium unscripted and documentary offering from Banijay Americas, led by award-winning producer Daniel Silver.

Navybee housed in Workerbee Group, an existing label of Banijay UK, will be led by the renowned producer Demi Doyle and will focus on premium documentaries featuring high-profile names from the worlds of entertainment and sports.

We have also, during the quarter, expanded our kids and family offering and made our first move in the edutainment category by acquiring Procidis, a French production company behind the iconic educational animation franchise Once Upon a Time, which has been broadcast in more than 100 countries, translated into 80 languages and that everybody knows, including on this call, I'm sure.

Ongoing consolidation in the live experience market

Moving now to Banijay Live, where we have continued to consolidate this fragmented market with six agencies acquired since December last year. In Q3 only, The Independents acquired two new creative agencies Bureau Béatrice in Dubai, which specialises in dynamic, interactive and immersive experiences, and Kitten Production in Paris, which specialises in the production of stills, motion and digital content for the fashion industry. As you know, Banijay Group is a minority shareholder in The Independents, and in Q3 we increased our stake in the business to 14%. We have the option to become the controlling shareholder of The Independents in 2026.

Balich Wonder Studio was also active in the period entering into the French market by investing in Agence Black Lemon, which specialises in the design and production of experiences with strong editorial content. Through all these acquisitions and the synergies they create, The Independents and Balich are enhancing their ability to produce world-leading fashion shows and cultural events, which I will talk about now in the next slide.

Producing leading fashion shows and spectacular cultural events

In total this year, The Independents and Balich have produced well over 500 shows. The Independents, with its ecosystem of specialised and complementary agencies, played a major role in producing Spring/Summer 2025 fashion shows for top luxury brands in New York, Paris and Milan. At Balich, we are happy to say that in October, the organising committee for the 2026 Winter Olympic Games selected them to produce the opening ceremony. This will be Balich's 17th Olympic ceremony, which is a world record.

**Capitalizing on a busy 2024 sporting calendar,
supported by strong UX improvement**

Let's move to sports betting and online gaming now, where a busy sports calendar and an unmatched user experience drove outstanding financial performances as well as strong user growth and retention. As you can remember, this year is an exceptional year for us with a calendar where we had in Q1 the Africa Cup of Nations in Ivory Coast, where we are the leader in the market. In Q2 and Q3, we had the Euro in Germany, which is always a big event for us, and in Q3 we had the Olympic Games in Paris. So of course, this calendar has been very positive for the market, for us, but we have also outperformed the market in capturing this growth.

I give you three examples. First, Euro 2024, which was, as expected, the largest sports betting event of the year. If we compare it to Euro 2021, we had twice the number of unique active players. So we have been able to double the number of players on our platform between the two Euros in just three years.

If we compare Euro 2024 with the last big football competition, which was the 2022 World Cup, it was only 18 months before because it was during the winter, the revenues for the Euro 2024 were around 30% higher than during the World Cup – of course, with less games; you have more matches in the World Cup. So, these two indicators are very interesting to see the growth we have been enjoying during this period.

Another big event was the Summer Olympic Games held in Paris in Q3. Betclac saw four times the betting volume compared to Tokyo 2021. And I will say a little bit more about the Olympics on the next slide.

Strong enthusiasm for Paris Olympics 2024

We saw strong enthusiasm for the Olympics in Paris. As the first Summer Olympics in the country for 100 years, there was an amazing response from the French public, which also boosted interest in sports betting during what is normally a quieter period for us. Thanks to high viewer engagement, strong performances of French athletes, and betting available on 70 sports, we saw record betting levels in France: three times the volume of online bets, compared to Tokyo 2020.

That's a good example and good illustration that it outperforms the market, because we saw an increase of four times when the market made three times. And we saw in the market almost €300 million bet online nationwide.

What is interesting to mention is that, of course, as usual, football, tennis and basketball attracted a large part of the betting volumes, but individual sports such as swimming and table tennis also enjoyed very good results in betting, thanks to dramatic storylines and huge interest in French stars, Leon Marchand and the Lebrun brothers. Although it was a one-off event, the spectacle and drama of the Olympics was a fantastic opportunity to leverage the agility of our platform to engage new and existing customers in new sports and products with hopefully lasting positive results.

That's all from me for now.

9M 2024 FINANCIAL RESULTS

I'll be back at the end with some closing remarks on our outlook before we open the line for questions. I give the floor to Sophie.

9M 2024 revenue

Sophie Kurinckx-Leclerc
Chief Financial Officer

Thank you, François. So let's start with group revenue for the first nine months, where we delivered 8.9% growth and almost 10% growth in Q3.

Adjusted EBITDA performance in 9M 2024

This performance was reflected in our adjusted EBITDA: up 15.3% at constant exchange rates. We also saw a 100-basis point improvement in our adjusted EBITDA margin to 17.5%, which is mainly explained by a larger contribution from Banijay Gaming, which has a higher EBITDA margin. At a Group level, total external and personnel expense rose by 7.4%, driven by higher sports betting taxes, reflecting revenue growth and higher marketing expense at Banijay gaming.

Consolidated P&L in 9M 2024

Looking next at our consolidated P&L. LTIP expenses were up slightly and are in line with the Group's trajectory that LTIP expenses will average around 10% of adjusted EBITDA over the duration of the incentive plan. The other finance costs mainly include the change in the fair value of financial instruments, including hedging, put and earnout debt and currency losses and gains. The significant increase in income tax is driven by Betcliv's strong results over the period. As a result of the above, adjusted net income rose by 14.3% to €248 million.

9M 2024 performance in line with expectations, major show deliveries in Q4

Let's go now to results by business, starting with content production and distribution, where revenue was down 2.8% at constant exchange rates. As highlighted by François, the traditional seasonality pattern and bias towards H2 is amplified in 2024 as already underlined in our last presentations. There will be a significant number of major scripted show deliveries in Q4, and we still expect organic revenue growth for the full year.

In terms of live events, the jump in revenues reflects the contribution from Balich Wonder Studio, which has been included in group financial statements since Q4 2023.

Earnings and cash flow in 9M 2024

Let's look at content production and distribution, earnings and cash flow next. Adjusted EBITDA was down 2% at constant exchange rates due to the seasonality already mentioned. Capex increased due to an increase in distribution advances. The change in working capital is attributable to timing effects of differential productions and a higher level of productions in progress. This is clearly in line with the seasonality announced on the EBITDA.

Income tax paid increased versus last year due to Balich's consolidation, as the total amount of income tax due in Saudi Arabia relating to fiscal year 2023 has been paid in 2024. Adjusted free cash flow conversion was 71%.

Continued strong performance boosted by busy sports calendar in 9M 2024

Next, let's look at online sports betting and gaming, where we enjoyed an outstanding performance across all activities thanks to the busy sports calendar that François has already mentioned. Revenue was up 44% with strong growth across all divisions. Sportsbook revenue was up 45%, driven by continued growth in the number of unique active players at 39%, and a new version of the Betclix app that enriched the user experience.

Online casino, poker and turf revenues were up 41% thanks to strong momentum in all geographies, the release of new games, products and features, as well as the positive effect of cross-selling strategies.

Earnings and cash flow in 9M 2024

Banijay Gaming continues to deliver very high profitability and cash flows. As you can see from this slide, adjusted EBITDA was up 42.5% at constant exchange rates to €265 million and adjusted free cash flow conversion remained high at 90%.

Cash-flow generation in 9M 2024

Looking at cash flow generation, adjusted free cash flow at Group level reached €437 million. CapEx expenditure increased to €72 million from €48 million in the first nine months of 2023 due to higher IT costs capitalised in Banijay gaming and increased distribution advances in the content production and distribution business. This resulted in a cash conversion rate after CapEx and lease payments of 80%, in line with our guidance for the year.

Net debt variation

The Group's net debt stands at just under €2.6 billion. The increase in net financial debt mainly reflects acquisitions, including the increased stake we took in The Independents, the seasonality of cash payment and the dividend payment made during the year.

We continue to have a strong cash position and a significant undrawn secured credit line. That's all from me. I will now hand back to François for some concluding remarks.

CONCLUSION & OUTLOOK

François Riahi
Chief Executive Officer

Thank you, Sophie. I will now say a few words about our guidance and outlook for 2024.

Q4 2024 outlook and FY 2024 guidance

So looking ahead to Q4, or what is left of Q4, we have good visibility on our business, a very busy period for Banijay Group. This is especially the case in the content production and distribution, where, once again, we are expecting major scripted show deliveries. This includes the second season of audience and distribution winners like Marie Antoinette on Canal+, NCIS: Sydney for Paramount+, SAS: Rogue Heroes for the BBC, and The Rig for Amazon Prime. Thanks to all these deliveries, as already mentioned by Sophie, but I think it's important to underline it, we expect organic revenue growth for the full year in our TV production and distribution business despite numbers being down 8% in the first three quarters. So I think it gives a view on the impact we are expecting of our Q4 slate of deliveries.

In live experiences, we expect softer demand for large events in Saudi Arabia, as can be seen in broader market trends. Balich had a very strong year in 2023 in Saudi Arabia and is suffering from some of this softer demand.

For online sports betting and gaming, in Q4 there are no major sporting events except the Champions League, which is traditional, and we will focus on capitalising in growth in UAPs recorded in the last quarters. Thanks to all these elements and the good performance in the first nine months, we are confirming our full-year 2024 guidance, including the guidance on organic adjusted EBITDA growth of low teens and we are even more confident to achieve it. I recall that this guidance is based on the pro-forma EBITDA of €756 million, including the full year of Balich in 2023, and not on our reported EBITDA of €737 million last year.

With our truly differentiated business model, we are well positioned to continue capturing and consolidating profitable, fast growing and fragmented segments of the global entertainment industry. Our business profile and our combination of growth and profitability makes us unique in the entertainment industry in Europe. That's all from me. Thank you for your attention, and back to you, Caroline.

9M 2024 RESULTS

Caroline Cohen

Head of Investor Relations

Thank you, François. So it's now time for questions. Please can I ask you to state your name and your company? Thank you.

QUESTIONS AND ANSWERS

Operator: If you wish to ask a question, you need to press *11 on your telephone and wait for your name to be announced. To withdraw your question, please press *11 again. If you wish to ask a question via the webcast, please type it in the box and click Submit. We will take our first question. Our first question comes from the line of Thomas Singlehurst from Citi. Please go ahead. Your line is open.

Thomas Singlehurst (Citi): Good evening, François. Good evening, Sophie. Tom here from Citi. Thank you for taking the question. Thank you for the presentation. A few things, in no particular order. First one, I just wanted to specify. I think you said, you were talking about sort of growth for the full year for content production, and then you said -8% at the nine months. I just want to specify that you're talking about the sort of production line within Banijay Entertainment, and that it's that line that's going to move all the way back into positive territory. That was the first question.

The second question was: obviously the performance of the gaming business, more broadly Betclac, has been fantastic. The sports schedule's obviously been heavily favourable. I guess the other side of the improvement in production is a moderation in growth for gaming. I'm just after a sense of how significant you think that moderation will be. Is there any chance that it moves into negative territory, or should we continue to expect growth?

And then finally, I know it's early days, but I would love to get a sense of what you think the overall growth environment is for 2025. On the positive side, you've got that sharp improvement in momentum for the content production business but then we have seen some challenges in terms of ad-funded revenues for some of the free-to-air broadcasters, especially here in Europe. Can you speak to whether that poses any challenges for next year? Thank you.

François Riahi: Thank you very much for your questions. Your first question: what I was underlining is the TV production and distribution business, so excluding live events, etc. This is down on the first three quarters by 8% because of the delay of deliveries and the concentration of deliveries in Q4, and this will be growing this year. So our TV production and distribution will be growing in 2024, as long as we can predict. Of course, we can always have one delivery that slips a little bit to the beginning of 2025, but our best estimate is that we will see growth in our TV production and distribution business, and that -8% for the first three quarters will be completely reversed at the end of the year. And I'm giving this precision because, when you look at our figures for the first three quarters in content production and distribution, it includes the integration of Balich, so it's not organic; it was the acquisition of Balich that we made at the last quarter of last year. But I wanted to be clear on the fact that our TV production and distribution business will be growing in 2024 despite a tough year. And I think we can see in our competitors that the market has been a little bit tough for TV production and distribution in 2024, and we will manage to grow this business, and we are quite happy with our commercial activity. I really believe that we are seeing what we are telling every quarter almost, that the market is evolving in a way where it's able to scale. And also, the catalogue of formats are very strong competitive advantages.

You were mentioning if you take the free-to-air broadcasters, of course, depending on the territories, it can be more or less difficult for them, but clearly, they are more and more focusing on very strong formats, very well-known formats. We have had the opportunity to mention in the past quarters, and still in this one, that we have formats that are no more on air for many years in different countries that are coming back, some Big Brother, some Star Academy, some Survivor, etc., and this is a trend that we see continuing in the broadcasters.

And we see some growth with streamers, so answering to your second question, we are not worried about not having growth anymore on our TV production and distribution because we believe that there is still growth in demand for content, first, and we are agnostic to where this content is distributed. And second, that this market is very, very difficult for independent, small producers everywhere, and that companies like Banijay Group are taking market share thanks to our competitive advantage. So we remain quite positive on the growth in this sector. And yes, it's too early for us to give you guidance for 2025 but I've been, I think, quite clear on the trend I see so far in this market. Thomas, I hope I answered your questions.

Thomas Singlehurst (Citi): That's perfect

Operator: Thank you. We will take our next question. Your next question comes from the line of Conor O'Shea from Kepler Cheuvreux. Please go ahead. Your line is open.

Conor O'Shea (Kepler Cheuvreux): Yes. Thank you for taking my questions. Good evening. A couple from my side. First question, just to come back on Q4 with Betclac in a kind of more normal environment without any sports events. Can you give us a little bit of help in terms of the underlying level of revenue growth we could expect in a quarter where we are still talking double digits for Q4?

Then second question, if you can give us a sense of the potential impact of where we are exactly with the proposals in France to put extra betting tax on wages in that country.

And then thirdly, regarding the potential increase in corporate tax rates in France, have you made any calculations about what the potential impact could be for 2024 and 2025?

François Riahi: Thank you, Conor, for these questions. For your first question, I'm not going to give you more colour, but a normal quarter for Betclac: double digit seems to me a good assumption.

On the proposal in France. Of course, it's a big topic. I must say, it's not easy to predict or to read because we had several different information, rumours, proposals, amendments from the government, as well, rejected by the parliament. So it's very difficult to predict what will happen at the end. We have a risk and an opportunity for us. For the first time, the French government opened a way to authorising online casino with a first meeting that was held yesterday. So there's a discussion going on, but positive news. And of course, we are taking our part in the discussion because we believe that it would make a lot of sense to authorise online casino in France as we see the black market developing in France dramatically.

There is also a risk, which is the discussions around the tax, which has been very difficult to really assess. What I would like to say about that is that France is not an easy market because it has the highest level of tax on online sports betting in Europe. The tax betting in France is over 60% of the revenues. And we believe that increasing this further would be counterproductive, both for safe gaming and in terms of revenues for the state, because it would fuel the black market on sports betting in addition to the fact that it exists on online casino. And it would move players from a very strongly regulated market environment to a non-regulated environment. And we believe that the government would actually lose revenues if they do that.

So we don't know where it stands because the government has included an amendment on that in the Social Security budget, which was rejected by the parliament and then we'll see what comes in the Senate, but if this was to come back, we would advocate against it, and we would be very careful that it does not create a confiscatory situation or inequity of treatment between the different types of gaming. And if it was so, we would challenge it. So again, when we have more clarity and if something is happening which is changing, I would say, our situation, of course we will update.

Sophie Kurinckx-Leclerc: On the third question, on the increase of the corporate tax increase. In fact, it would be applicable to some companies whose annual turnover in France is equal or greater to 1 billion. But we don't reach this threshold in our Group, and so this is why we will not be impacted.

Conor O'Shea (Kepler Cheuvreux): Okay. Is that 100% confirmed that it relates to only revenues in France or the size of the company?

François Riahi: It has not been voted, so we can't be sure, but that's our understanding.

Conor O'Shea (Kepler Cheuvreux): But it looks like that. Okay.

François Riahi: Well, if it's that, we would not be taxed.

Conor O'Shea (Kepler Cheuvreux): Okay. Very clear. Thank you.

Operator: Thank you. Once again, if you wish to ask a question, please press *11 on your telephone. We will take our next question. And the question comes from the line of Annick Maas from Bernstein. Please go ahead. Your line is open.

Annick Maas (Bernstein): Hi. Good evening. I just have one question today. There were some press headlines out a few weeks ago that RTL is looking to potentially sell Fremantle. My question is, is this something you could be looking at? Is this also something that could go through from a competition authority point of view, given you have some locations where you're both very present? I would like to get your view on that, that would be great. Thank you.

François Riahi: Thank you. I'm not sure that was what I read; maybe it's not the same article, but that's not what I read that they are selling. I cannot comment further on rumours. I don't think they confirmed anything, so I cannot comment. Of course, the only thing I can tell you is that we believe in the consolidation in this industry. So we believe we will see some consolidation because, as I mentioned earlier, it makes more and more sense to have scale in this business. And on our side, we are very committed to be part and to continue to lead this consolidation, but I will not speak about competitors.

Annick Maas (Bernstein): Thanks.

Operator: Thank you. There seems to be no further audio questions at this time. I will hand back for any webcast questions.

Caroline Cohen: Thank you, Heidi. Yes, we've got a couple of questions. The first one is, 'Could you clarify the liquidity event you hinted for 2024 as the year is getting to its end?' And then there was a question regarding growth at content production and distribution for next year.'

François Riahi: I think the question on growth in content production, I answered it already. On the liquidity event, we are of course dependent on the market situation, and we could not really make it happen before the end of 2024. But of course, we remain committed, and it remains a top priority for us to make it happen as soon as possible.

Caroline Cohen: Heidi, there are no additional questions so I think that we can end the call.

François Riahi: Thank you for coming and see you next time on March 6th, 2025, for our full-year results. Thank you very much.

Operator: Thank you. This concludes today's conference call. Thank you for participating. You may now disconnect.