

26 August 2015

Betfair Group plc ("Betfair")

Q1 FY16 Trading Update

Betfair (LSE: BET) today announces a trading update and KPIs for the three month period ended 31 July 2015 ("Q1 FY16"). Comparatives relate to Q1 FY15.

- Revenue up 15% to £135.4m despite the comparative period containing the World Cup
- Revenue from sustainable markets up 24% to £116.3m
- Sustainable revenue mix up to 86% (from 80%)
- Mobile revenues up 57%, with three quarters of UK customers now using mobile
- EBITDA up 19% to £41.0m, notwithstanding £12.8m of additional UK POC tax
- Agreement in principle on the key terms of a possible merger of Betfair Group plc and Paddy Power plc (see separate announcement)

Breon Corcoran, Betfair's Chief Executive Officer, commented:

"These results represent another strong performance. Double-digit revenue growth against the period containing the World Cup last year is particularly encouraging and was ahead of our expectations.

Betfair has continued to attract and retain customers through investment in our products, attractive pricing and market-leading promotions.

The football season has started well, helped by increased brand investment. In time for kick-off we launched our 'More to Play For' advertising campaign across Sky Sports and BT Sport, signed new partnerships with five Premier League clubs and increased our presence on stadium perimeter boards.

Betfair US continues to perform well, helped by the acquisition of HRTV and TVG's subsequent access to additional premium horseracing content.

Betfair's current momentum is strong and the business remains well placed to execute against our strategy and to continue to deliver profitable growth

The proposed merger with Paddy Power is hugely exciting. It would create a truly global sports betting group with unmatched products and talent, and significantly enhanced scale. The combined business would be one of the world's largest online sports betting operators, with revenues totalling more than £1 billion".

Revenue (£m)	Q1 FY16	Q1 FY15	Change %
Sports	89.9	83.0	+8%
Gaming	25.1	19.8	+27%
Betfair US	20.1	14.2	+42%
Management of customer funds	0.3	0.3	Flat
Total	135.4	117.3	+15%

Revenue (£m)	Q1 FY16	Q1 FY15	Change %
Sustainable markets	116.3	93.7	+24%
Other markets	19.1	23.6	-19%
Total	135.4	117.3	+15%

Actives ('000)	Q1 FY16	Q1 FY15	Change %
Sustainable markets	739	653	+13%
Other markets	116	131	-11%
Total	855	784	+9%

Sports revenue increased by 8%, representing a strong performance against a comparative period that included the 2014 World Cup, which generated £15.9m of revenue. We have continued to benefit from the improvements to our racing product, which include earlier pricing, integrated content and in-running Cash Out, while we have also seen further growth in tennis and golf betting. Sportsbook volumes were up 89%, including a 142% increase in in-play betting.

We continue to attract and retain customers through market-leading promotions to complement the competitive odds available on our Exchange and Sportsbook. In the period this included paying eight places on the Open for the second year running and the continuation of our "Back a 3/1+ winner and get a free bet" horseracing offer on all Channel 4 races. Our generous "ACCA insurance" for multiples containing five or more legs is back for the new football season along with specific promotions for all live TV matches.

Gaming revenue was up 27%, driven by an increase in the number of Sports customers using these products for the first time and strong growth in mobile gaming. The majority of our Gaming customers are now using mobile, contributing to an 89% increase in revenue from the channel.

Revenue from sustainable markets (UK, USA, Australia, Bulgaria, Denmark, Gibraltar, Ireland, Italy, Malta and Spain) was up 24% to £116.3m (Q1 FY15: £93.7m, which included £11.7m from the World Cup) and these markets represented 86% of Group revenue during the period. The growth in the number of customers in sustainable markets slowed in the quarter to 13% due to the high level of activations seen during the World Cup last year.

Revenue from other markets was down 19% to £19.1m (Q1 FY15: £23.6m, which included £4.2m from the World Cup). In Portugal, we are applying for an operating licence under recently proposed legislation and, as requested by the regulator, have switched off our site whilst licensing is concluded.

Betfair US revenue was up 30% (constant currency), driven by a 22% (constant currency) increase in TVG revenue and growth in our online casino in New Jersey. TVG is benefiting from the acquisition of HRTV in February 2015, which has provided access to additional content including premium racing at tracks such as Gulfstream Park.

EBITDA

The strong revenue growth led to a 19% increase in EBITDA to £41.0m (Q1 FY15: £34.5m). This was despite the introduction of the UK point of consumption tax, which cost £12.8m in the quarter.

While profitability in the coming quarters will be adversely affected by the loss of revenues from Portugal, phasing of marketing spend and increased product investment, Betfair continues to operate with a high level of operational gearing and our top-line momentum means we are well placed to continue to deliver profitable growth.

Conference call

Breon Corcoran, Chief Executive Officer, and Alex Gersh, Chief Financial Officer, will host a conference call for investors and analysts at 10.30 a.m. (BST) today. Access details for the call are as follows:

Access Number: +44 208 996 3900 / +44 844 800 3850
 Passcode: 6979 3907

A replay of the call will be available later today on our corporate website:

<http://corporate.betfair.com/investor-relations/results-and-presentations/results-centre.aspx>

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