



PRELIMINARY RESULTS FY15

17 June 2015

Overview

Customer numbers up 52%; revenue up 21%

EBITDA up 32% (up 53% excluding UK POC tax)

Underlying free cash flow up 47%; full year dividend up 70%

Continuing to invest for profitable growth



FINANCIAL RESULTS

Group P&L

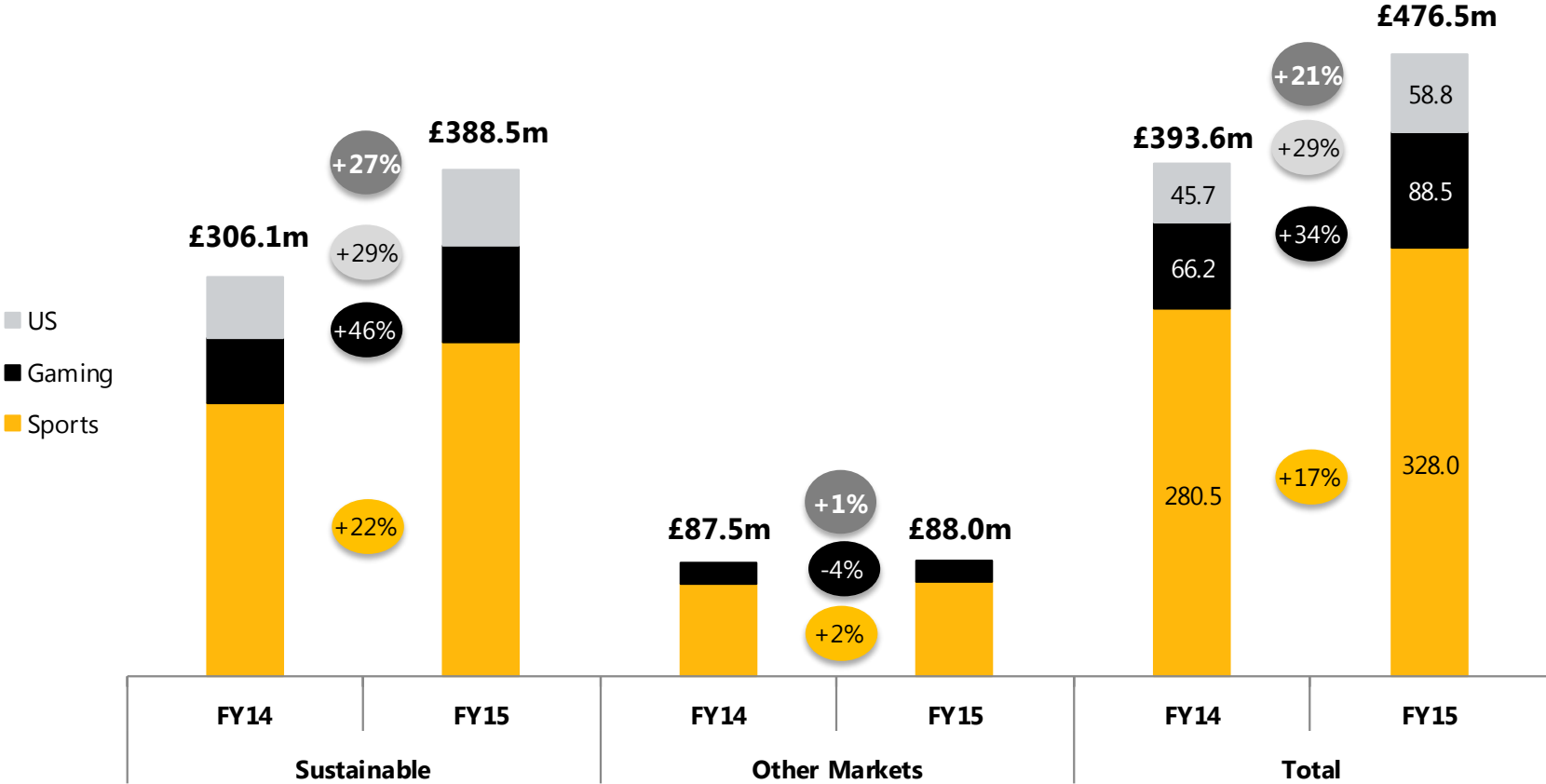
| | FY15 | FY14 | YoY % |
|---|-----------------|-----------------|---------------|
| Revenue | £476.5m | £393.6m | 21% |
| UK Point of Consumption Tax | (£19.2m) | £0.0m | n/a |
| Other Cost of Sales | (£71.4m) | (£50.9m) | -40% |
| Total Cost of Sales | (£90.6m) | (£50.9m) | -78% |
| Gross Profit | £385.9m | £342.7m | 13% |
| Operating Costs | (£265.7m) | (£251.6m) | -6% |
| EBITDA | £120.2m | £91.1m | 32% |
| <i>Margin</i> | <i>25.2%</i> | <i>23.1%</i> | <i>+2.1pp</i> |
| D&A | (£25.9m) | (£29.5m) | 12% |
| Operating Profit | £94.3m | £61.6m | 53% |
| Net Finance Income/Share of JV | £0.5m | (£0.5m) | 200% |
| Profit Before Tax ¹ | £94.8m | £61.1m | 55% |
| Tax | (£14.8m) | (£10.1m) | -47% |
| Profit for the Period ¹ | £80.0m | £51.0m | 57% |
| EPS ¹ | 79.5p | 49.0p | 62% |

¹ Underlying figures in FY15 exclude the profit on disposal of the Group's share of Betfair Australia. ⁴

Revenue

Excluding revenue from the World Cup:

- Sustainable markets¹ revenue up 23%
- Other markets revenue down 4%
- Total revenue up 17%



¹ Sustainable markets consist of UK, USA, Australia, Bulgaria, Denmark, Gibraltar, Ireland, Italy, Malta & Spain

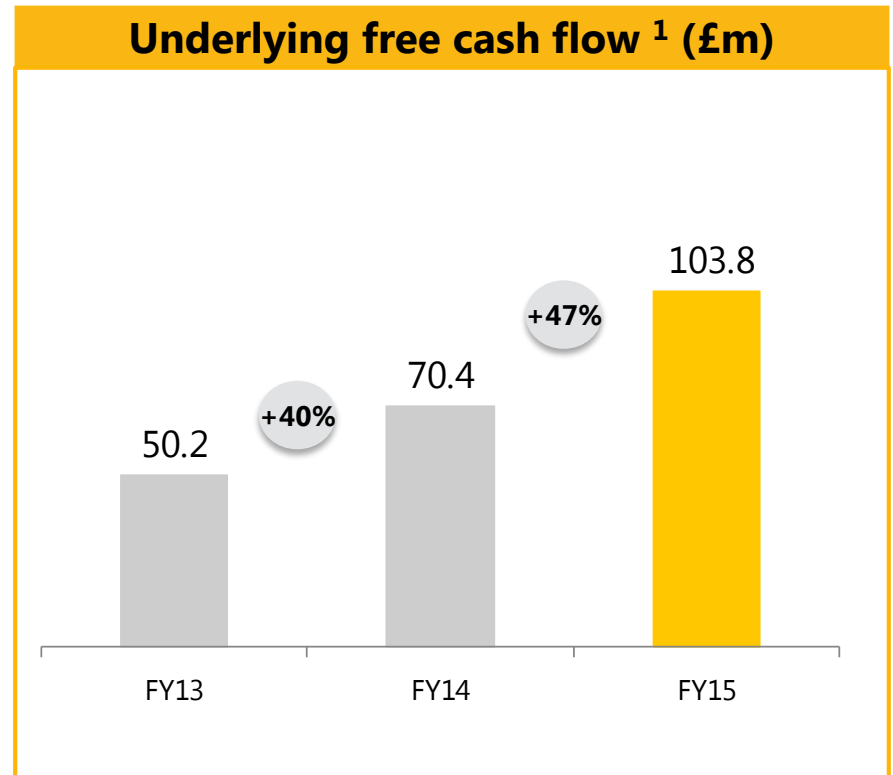
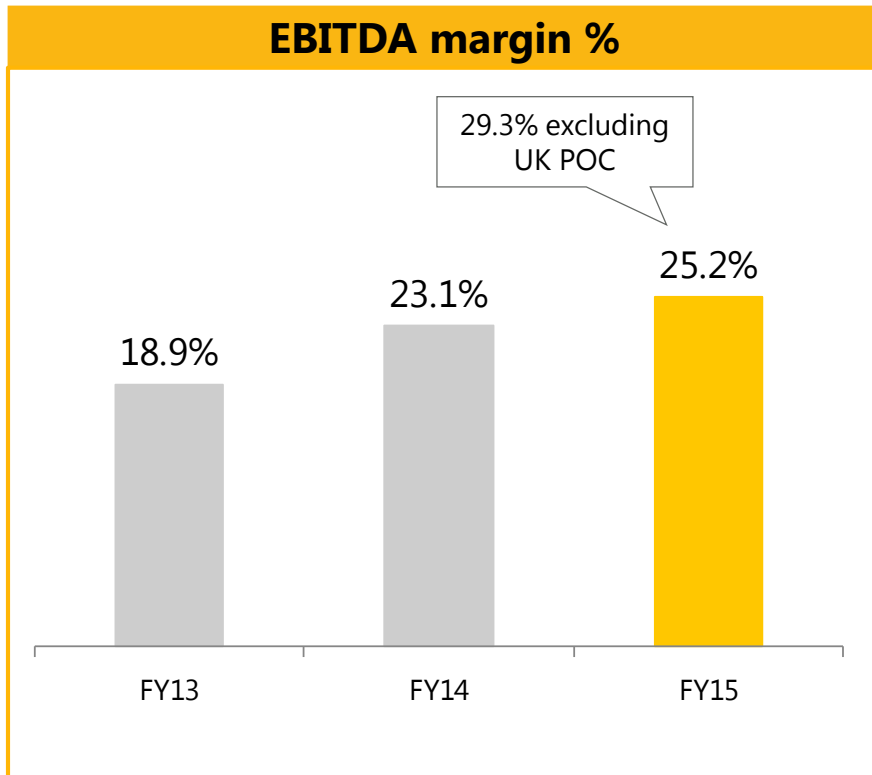


Operating expenses

| | FY15 | FY14 | YoY % |
|-------------------|----------------|----------------|--------------|
| Sales & marketing | £136.1m | £124.2m | 10% |
| Technology | £62.4m | £60.1m | 4% |
| Operations | £36.4m | £35.1m | 4% |
| G&A | £30.8m | £32.2m | -4% |
| Group | £265.7m | £251.6m | 6% |

- World Cup advertising drives sales & marketing spend up 10%
- Technology spend up 4% reflecting increased product investment
- Operations spend up 4% to support customer base growth

Growth → Operational gearing



Operational gearing driving margin expansion and strong cash generation

¹ Defined as EBITDA plus cash flows from changes in working capital and finance income received, less capex and tax paid. Excludes cash flow from separately disclosed items and disposals.

Capex

| | FY15 | FY14 | YoY % |
|-------------------------------|---------------|---------------|--------------|
| External capex | £13.2m | £15.0m | -12% |
| Internal devex | £6.6m | £7.4m | -11% |
| Capex (excl. HRTV) | £19.8m | £22.4m | -12% |
| HRTV acquisition ¹ | £31.7m | £0.0m | n/a |
| Total capex | £51.5m | £22.4m | 130% |

FY16 capex expected to be in line with medium term guidance (c.£25m)

¹ Excludes £4.3m goodwill

Cash flow

| | FY15 | FY14 | YoY % |
|--|------------------|----------------|--------------|
| Underlying free cash flow | £103.8m | £70.4m | 47% |
| Cash flow from separately disclosed items | £0.0m | (£12.4m) | n/a |
| Free cash flow | £103.8m | £58.0m | 79% |
| Dividends paid | (£24.1m) | (£15.6m) | -54% |
| Return of capital to shareholders, including fees and duty | (£200.7m) | £0.0m | n/a |
| Proceeds from disposal of stake in Betfair Australia | £12.0m | £0.0m | n/a |
| Other ¹ | £4.8m | £1.3m | 269% |
| Net (decrease)/increase in cash and cash equivalents ² | (£104.2m) | £43.7m | -338% |
| Cash and cash equivalents as at 30 April | £105.1m | £209.8m | -50% |

¹ Other is comprised of the net purchase of own shares and proceeds from the issue of share capital

² Excludes the effect of exchange rate fluctuations on cash held

Financial summary

Sustainable growth

- Revenue from sustainable markets up 27% in FY15

Operating leverage

- EBITDA up 32% despite investment and UK POC tax

Strong cash generation

- Converted 86% of EBITDA to free cash flow
- Underlying free cash flow up 47%

Return to shareholders

- £200m cash return to shareholders in January 2015

Dividend increased

- Full year dividend up 70% to 34.0 pence per share



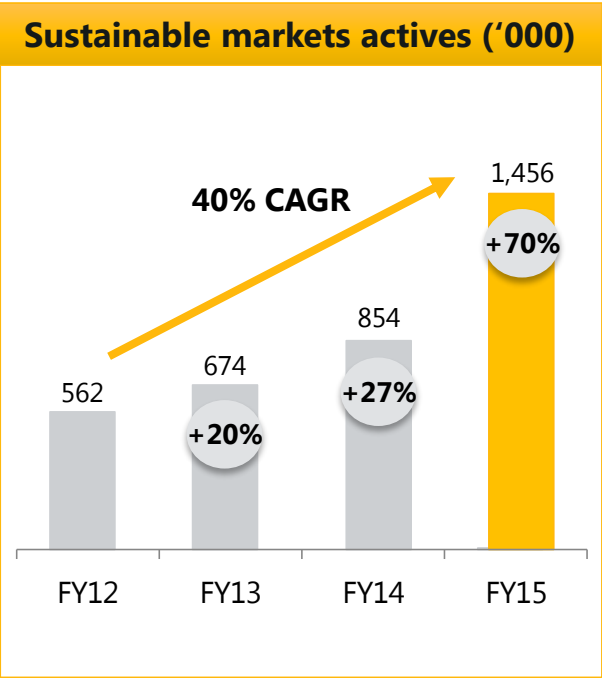
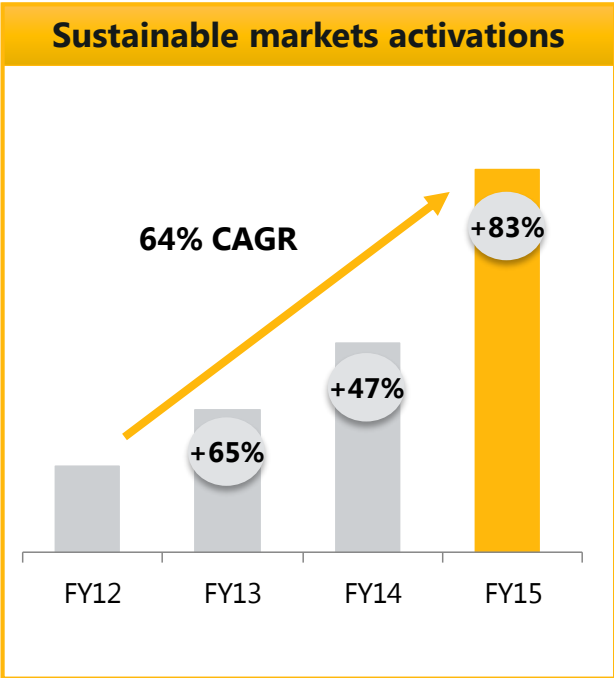
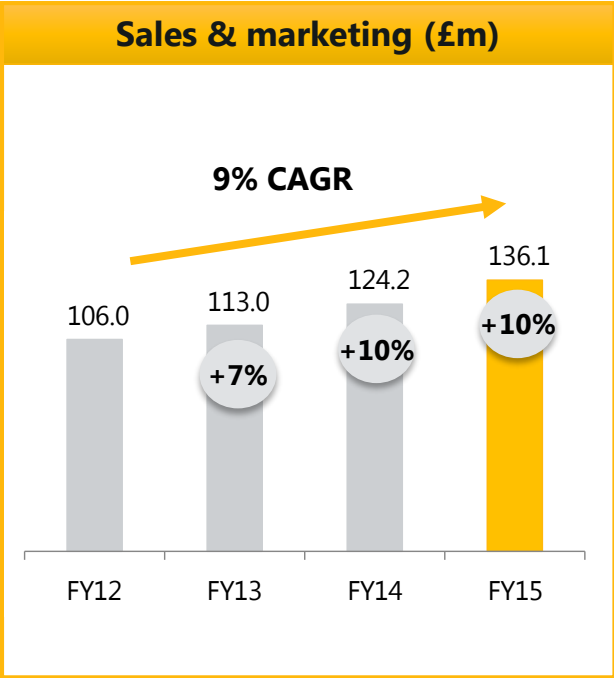
BUSINESS REVIEW



Delivering our plan

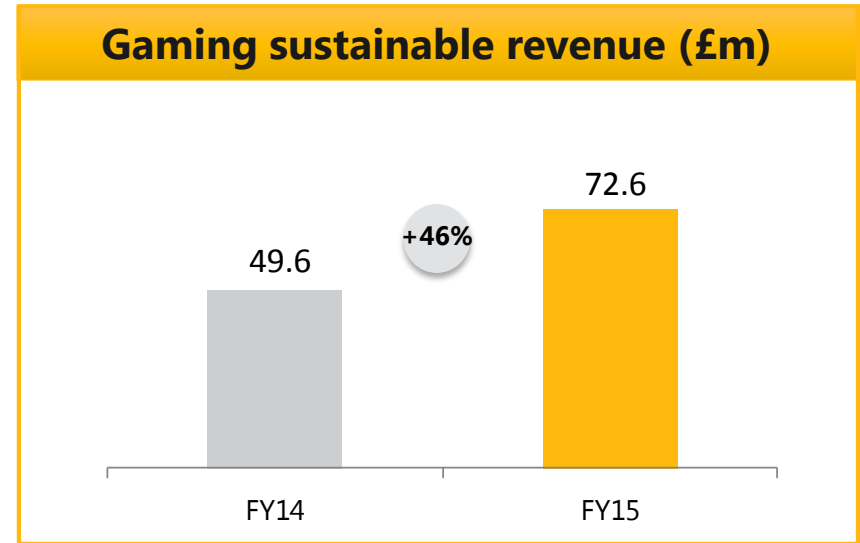
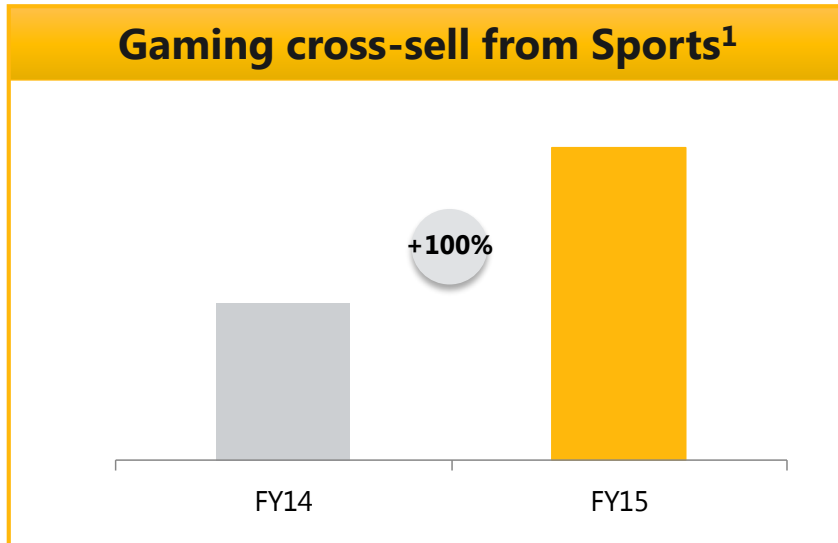
| Plan | Objective | FY15 progress |
|---|--|---|
| <p>Focus on sustainable revenues</p> | <ul style="list-style-type: none"> Improved quality of earnings | <ul style="list-style-type: none"> Sustainable mix up to 82% Sustainable revenues up 27% |
| <p>Invest in product & brand</p> | <ul style="list-style-type: none"> Larger addressable market Product differentiation Revenue growth | <ul style="list-style-type: none"> Total actives up 52% New “Tap Tap Boom” marketing campaign |
| <p>Grow internationally</p> | <ul style="list-style-type: none"> Reduced market concentration risk Revenue growth | <ul style="list-style-type: none"> Some early success in NJ HRTV acquisition Italy product improvements |
| <p>Increase operating efficiency</p> | <ul style="list-style-type: none"> Margin expansion Fund investments | <ul style="list-style-type: none"> EBITDA margin up 2ppts to 25% (despite UK POC) |

Strong, efficient customer growth



Sportsbook-led acquisition strategy is driving efficiency and increased share of the recreational market

Cross-sell is increasing monetisation



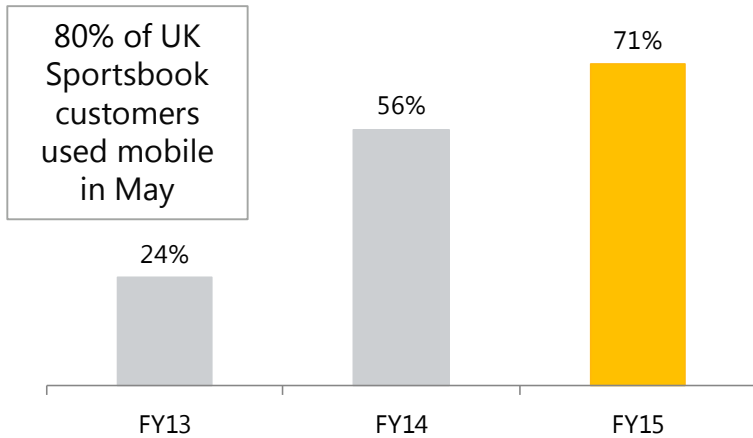
Key cross-sell drivers:

- Filled product portfolio gaps
- Emphasis on simplicity to improve customer journey (including single app sign-on, integrated apps)
- Dedicated cross-sell team responsible for CRM & onsite marketing

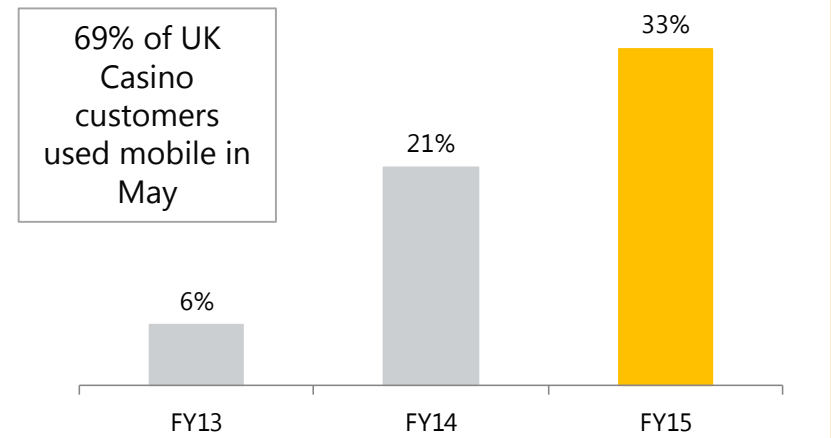
¹ Number of customers cross-sold from Sports to Gaming

Mobile primacy

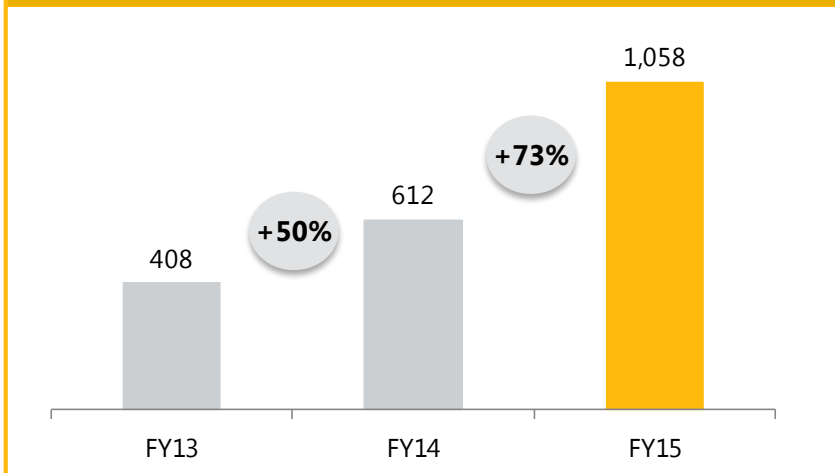
Mobile % of Sportsbook revenue



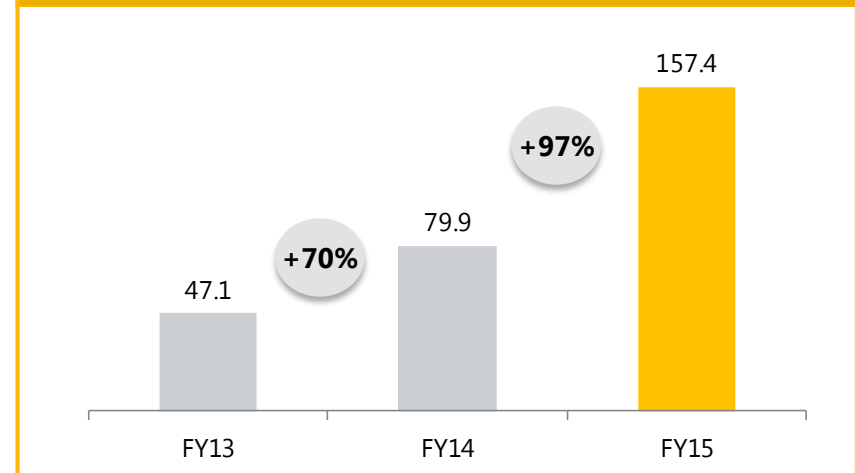
Mobile % of Gaming revenue



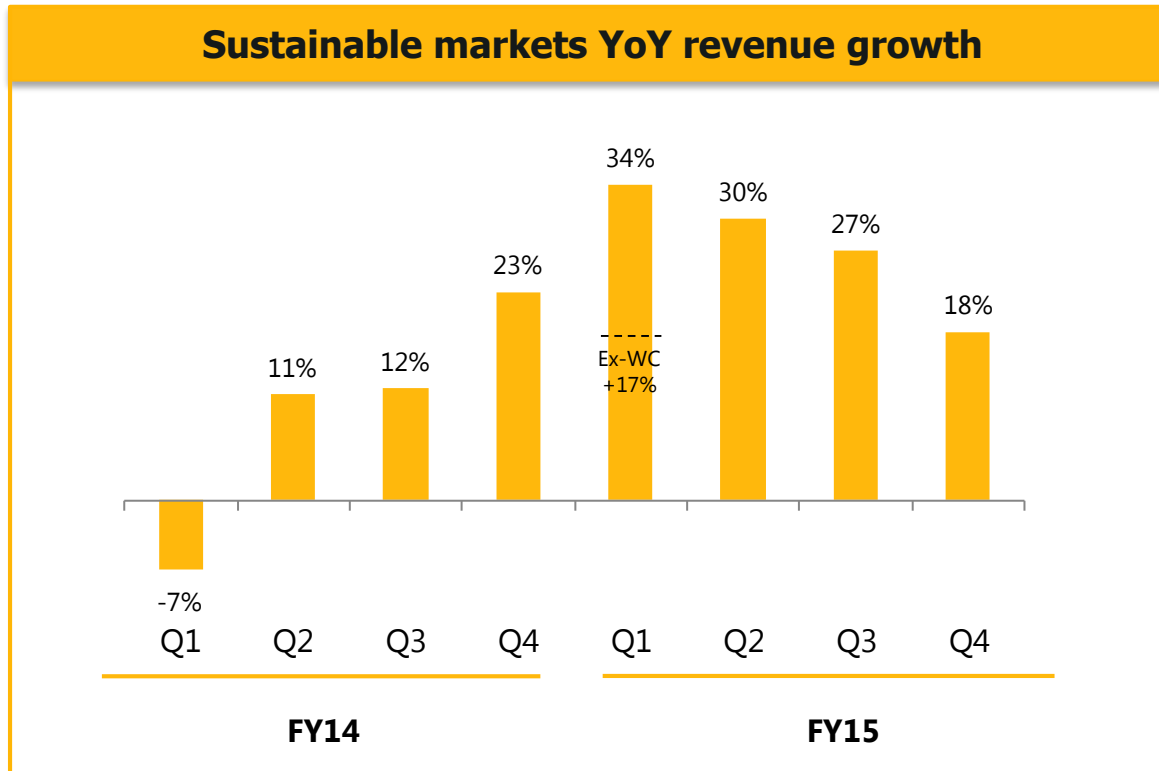
Mobile actives ('000)



Mobile revenue (£m)



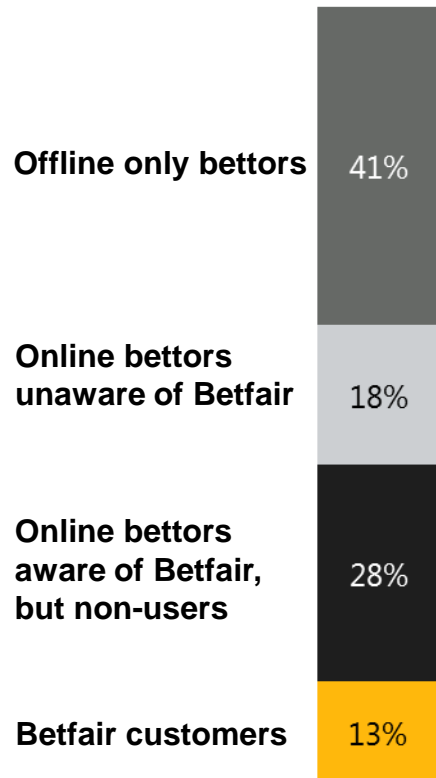
Sustainable markets revenue



Customer growth + cross-sell = revenue growth

Share of UK customers

Customer category¹



Addressing awareness

Leading advertiser on key TV channels in 2015/16:



60% increase in press ad spend¹:



Addressing barriers to trial

Top 3 reasons cited for not selecting Betfair²:

- 1 Ease of betting
- 2 Range of markets / bets
- 3 Ease of navigation

Focus on simplicity:

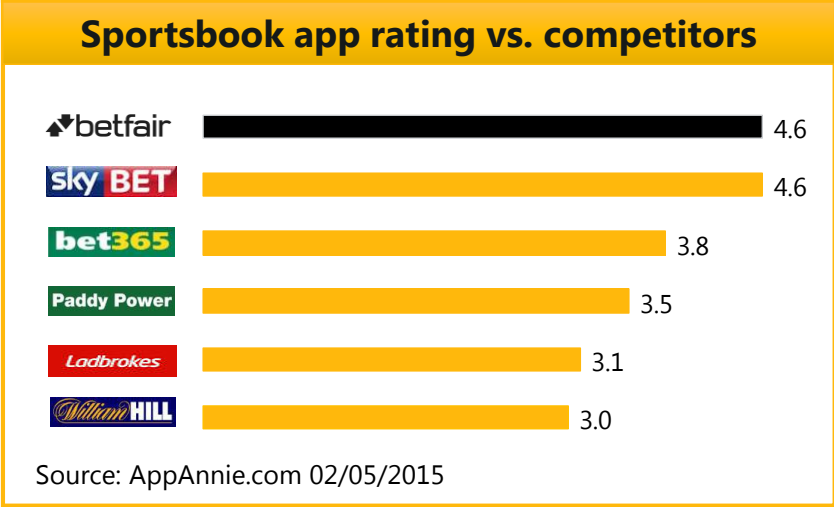
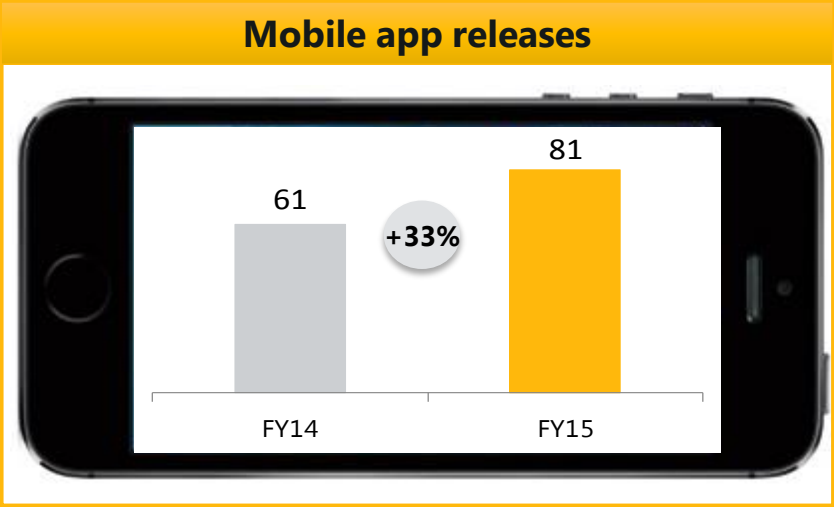
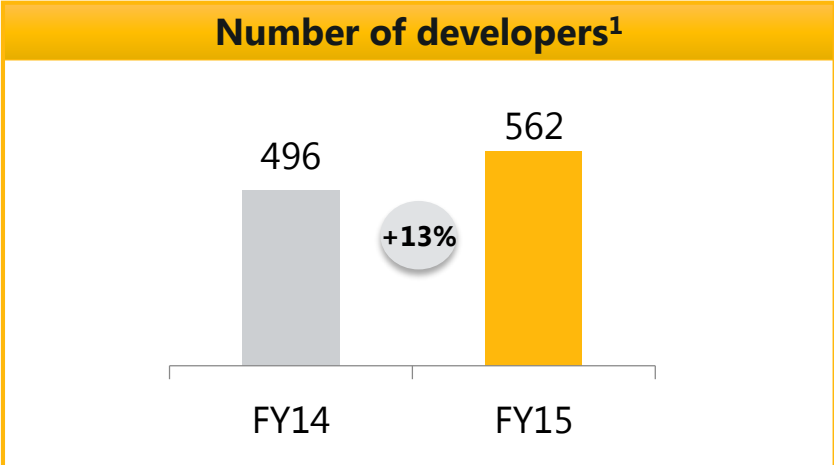
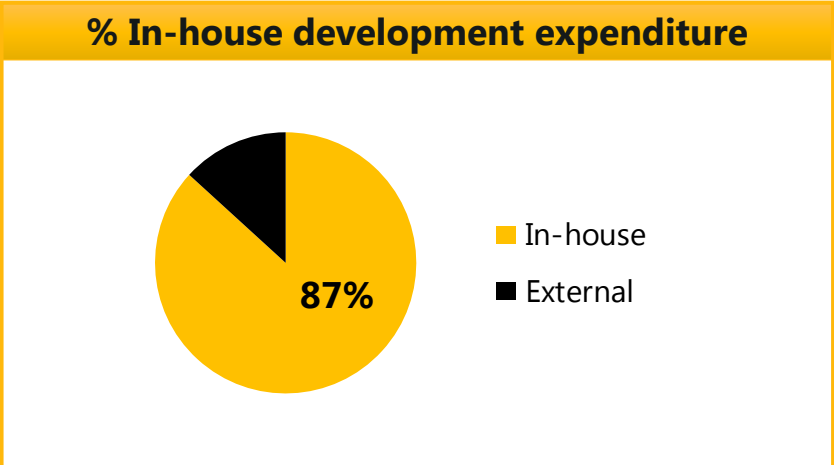


Significant opportunity remains to increase customer base

¹ Q4 FY15 versus Q4 FY14

² Data based on interviews with 5,500 sports bettors in December 2014

Investing in Product



Our growing in-house development expertise is delivering a competitive advantage



¹ As at April 2014 and 2015 respectively

Case study: Cheltenham 2015

Product development

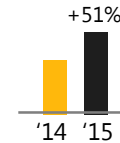


Promotions

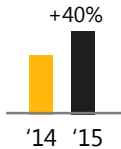


Customer care

Staffed hours



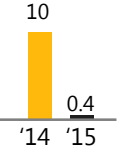
Contacts



Chat wait (sec)



Email wait (hrs)



Pricing

- Early pricing leadership since January 2015
- Aggressive odds (e.g. best priced on the Mullins ACCA on day one)
- 350,000 bets received a Price Rush (22% average odds boost)

Brand



- **Activations +82%**
- **Active customers +54%**
- **Sportsbook volume +138%**

Winning requires excellence across multiple disciplines

Case study: Political Betting

Scottish Referendum



WE'RE **PAYING OUT** ON ALL* SPORTSBOOK BETS ON **NO** IN THE SCOTTISH INDEPENDENCE REFERENDUM

Thanks to the accuracy of the data available on our Exchange, we've decided that 'No' is the most likely outcome in three days' time.

The market will remain open until the decision is announced.

#ThisIsPlay 

*all bets placed on the Sportsbook only, before 11am on 16th September

General Election



 **BETFAIR PREDICTS**

Brand Awareness



"Betfair is so confident of a "No" vote in Thursday's Scottish Independence Referendum that it is already paying out"



"Betfair... says punters have already bet £2m on the fight between David Cameron and Ed Miliband"



"On the Betfair betting exchange... the Conservatives have a 70% chance of being the largest party"



"A Betfair punter from the Midlands who put £2,600 on a Conservative majority two days ago has won £46,000"

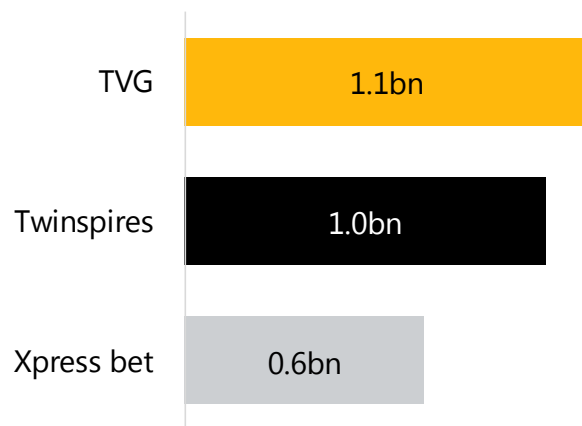


"Betfair has made Labour 4/9 to take Nick Clegg's Sheffield Hallam seat in May."

**The Exchange gives an unbiased view on the probability of outcomes;
the Sportsbook completes opportunity for coverage**

TVG: taking market share

Industry handle¹ (\$)



Driven by mobile / social media leadership



- Mobile revenue up 139%
- 48% of customers used Mobile
- Facebook reach of over 400,000 people per day



HRTV acquisition



Annual live races shown increasing from 27,000 to 40,000

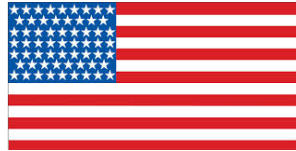
- TVG is now the leading operator for online horseracing wagering
- New mobile products are driving growth
- HRTV acquisition offers further growth opportunity



¹ Source: OHRC, management estimates for the 12 months ended March 2015

New markets: remains early days

NJ online casino



- Market remains small
- Currently c.16% share of the casino market
- Using Group resources to compete:
 - digital marketing expertise
 - TVG operations & distribution
- Multi-year deal signed with Golden Nugget (local casino partner)

Italy



- Market remains tough
- Still focused on developing a competitive product
- Restrained marketing spend until confident of earning a return

Some progress made in challenging markets

Summary

Growing sustainably

- 70% increase in customer base in sustainable markets
- 82% of revenue now from sustainable markets

Investing for further growth

- Increased spend on sales & marketing / customer bonuses¹ by £28m
- Added over 60 people to our product development teams

Outlook

- Sustainable markets revenue to grow in line with the market
- Other markets expected to decline, depending upon regulatory developments
- Pro-forma UK & Ireland gaming tax of c.£47m on full year FY15 revenues (compared to FY15 reported of £19m)

¹ Relates to Sports bonus deductions

 betfair

Q&A

