



RECOMMENDED MERGER OF PADDY POWER AND BETFAIR



Agenda

Transaction Overview

Transaction highlights

Combination of two industry leading Groups

Merger Rationale

Merger would create a stronger combined Group

Greater scale drives growth

Complementary products, capabilities, brands, channels & geographic mixes

Significant cost synergies

Other Items

Financial highlights

Timetable / next steps

Transaction Highlights

Key Terms

- Paddy Power shareholders to own 52%¹, Betfair shareholders to own 48%¹
- Equates to 0.4254 Paddy Power Betfair plc shares for each Betfair plc share
- Immediately prior to completion, Paddy Power shareholders to receive €80m special dividend
- Merger recommended by Boards of Paddy Power and Betfair

Transaction Structure

- All share merger implemented by Scheme of Arrangement
- Headquartered in Dublin with significant presence maintained in Ireland & UK
- Subject to certain customary regulatory conditions
- Premium Listing on London Stock Exchange, secondary listing on Irish Stock Exchange²
- Expect to be eligible for inclusion in FTSE 100

Board & Management Team

Non-Executive Chairman: Gary McGann, Chairman of Paddy Power

Three Executive Directors

- **CEO:** Breon Corcoran, CEO of Betfair
- **COO:** Andy McCue, CEO of Paddy Power
- **CFO:** Alex Gersh, CFO of Betfair

Non-Executive Directors

- To be nominated equally by Paddy Power and Betfair

Combined management team will draw best talent from both companies

¹ Of the existing fully diluted share capital of Paddy Power plc and Betfair plc

² As an overseas company under Chapter 11 of the Irish Listing Rules

Combination of Two Industry Leading Groups

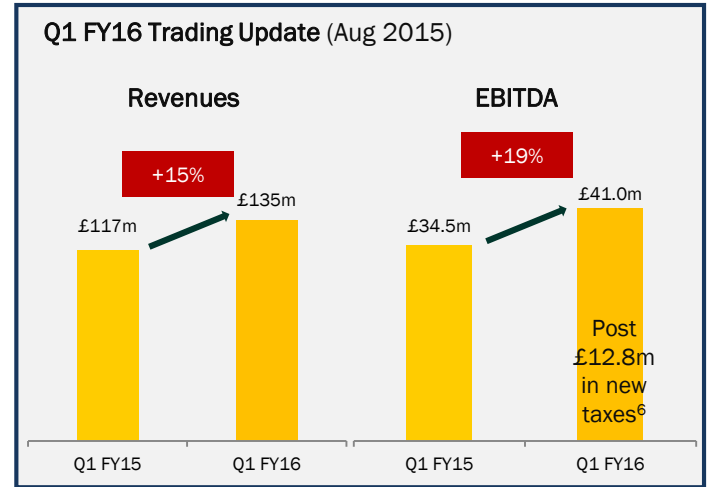
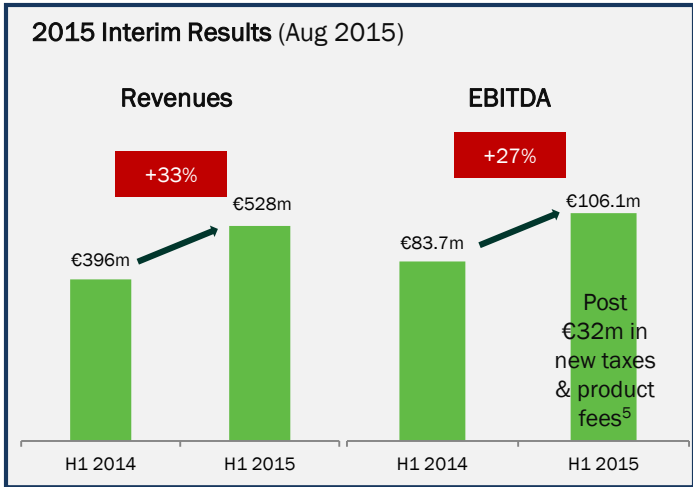


Group Overview

- Sportsbetting and online-led, multi-channel operator
- >2.4m online active customers¹
- >99% of revenues from regulated markets²
- 592 shops; stakes per shop >2x market average³
- Proprietary, exclusive gaming content

- Sportsbetting-led, online only operator
- >1.7m active customers¹
- 86% of revenues from regulated markets⁴
- No.1 global betting Exchange operator
- Strong technology heritage; >500 in-house developers

Strong Momentum



¹ Active customers are for 2014 for Paddy Power and FY15 for Betfair
² H1 2015; regulated markets are UK, Ireland, Australia and Italy on a B2C basis and France, Canada and Slovakia on a B2B basis
³ Source: Irish Revenue Betting Duty tax returns; quoted UK competitors' disclosures
⁴ Q1 FY16; regulated markets are UK, USA, Bulgaria, Denmark, Gibraltar, Ireland, Italy, Malta and Spain on a B2C basis and Australia on a B2B basis
⁵ Comprises €25.0m from UK Point of Consumption Tax, €3.5m from increased rates of Australian product fees, €2.0m from increased Machine Gaming Duty rate and €1.9m from introduction of VAT on eGaming with Irish customers.
⁶ Comprises UK Point of Consumption Tax



Merger Would Create a Stronger Combined Group

Greater scale leads to higher returns on investment across existing and new markets

Leading operational capabilities and talent

Proprietary technology and gaming content, with differentiated products

Significant presence in largest regulated markets globally

Strong, distinctive and complementary brands

Significant cost synergies

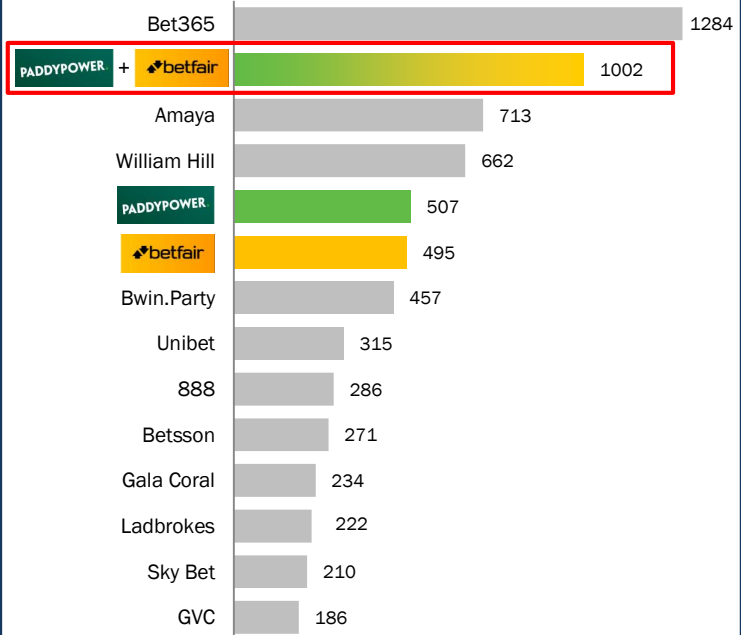
Highly cash-generative and strong balance sheet

Merger Rationale

Greater Scale Drives Growth

Online Scale

Online Revenues LTM¹ £m



Technology & Marketing Scale²

£0.2bn
 +
 £0.2bn
 =
 Proforma Spend **£0.4bn**

Creating Value



**Greater scale leads to higher returns on product & marketing investment
and pays back across existing & new markets**

¹ Last twelve months. Source: Public filings. Amaya is H1 2015 grossed up for full year reflecting significant changes in business structure. Bet365 is the year ended March 2014, Betfair is 12 months to July 2015, Gala Coral is the four quarters ending 4th July 2015; all others are 12 months to June 2015. For companies whose reporting currency is not GBP, revenues have been converted to GBP at the weighted average spot rate in the applicable period.

² Proforma spend including people costs for 12 month periods ended 30 April 2015 for Betfair and 30 June 2015 for Paddy Power. Technology spend includes capital expenditure.



Merger Rationale

Complementary Products & Capabilities Provide Revenue Opportunities

No.1 Global Betting Exchange



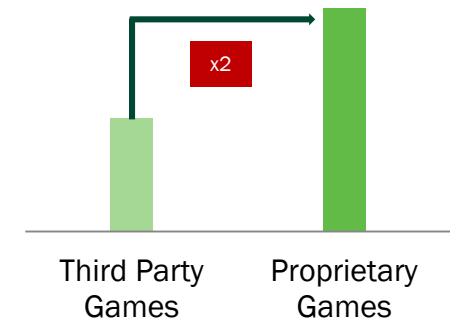
- >£50bn pa volume traded
- Truly differentiated product
- Non-risk model: “Winners are welcome”
- Risk management benefits
- Facilitates Sportsbook features (e.g. in-running horseracing, Price Rush)

Proprietary Gaming Product



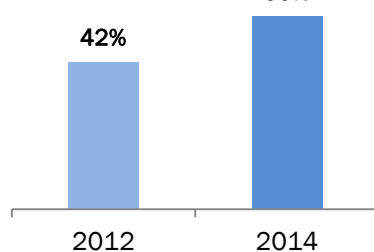
High Quality Content

PP.com H1'15 monthly revenue per game



Multi-channel

% UK Online Sportsbook Market Spend from Multi-channel Customers¹



PP's 592 shops have disproportionate reach:

- Turnover 2x peers²
- c.50% of GB population within 5 miles of a PP shop

Pooled Capabilities & Talent

- Product development
- Risk & Trading
- Online marketing
- Social media
- Customer operations

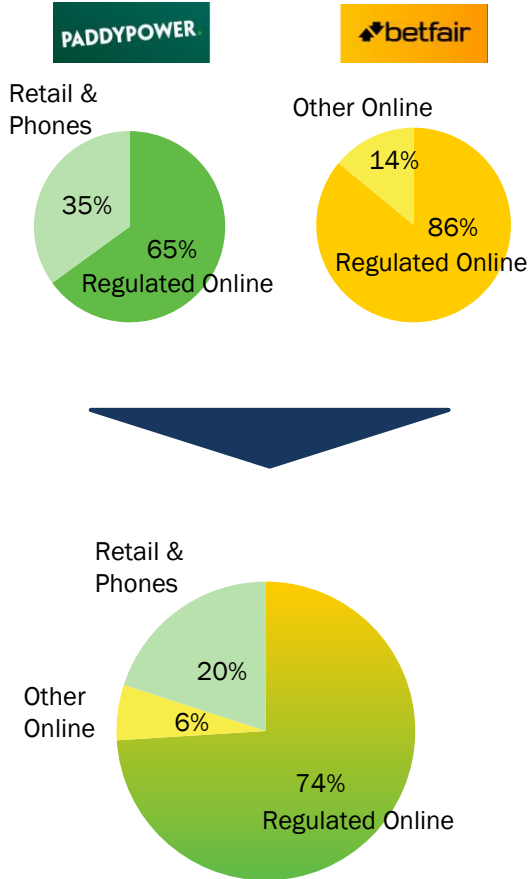
¹ Source: Kantar, H2GC and internal Paddy Power analysis

² Source: Irish Revenue Betting Duty tax returns; quoted UK competitors' disclosures

Merger Rationale

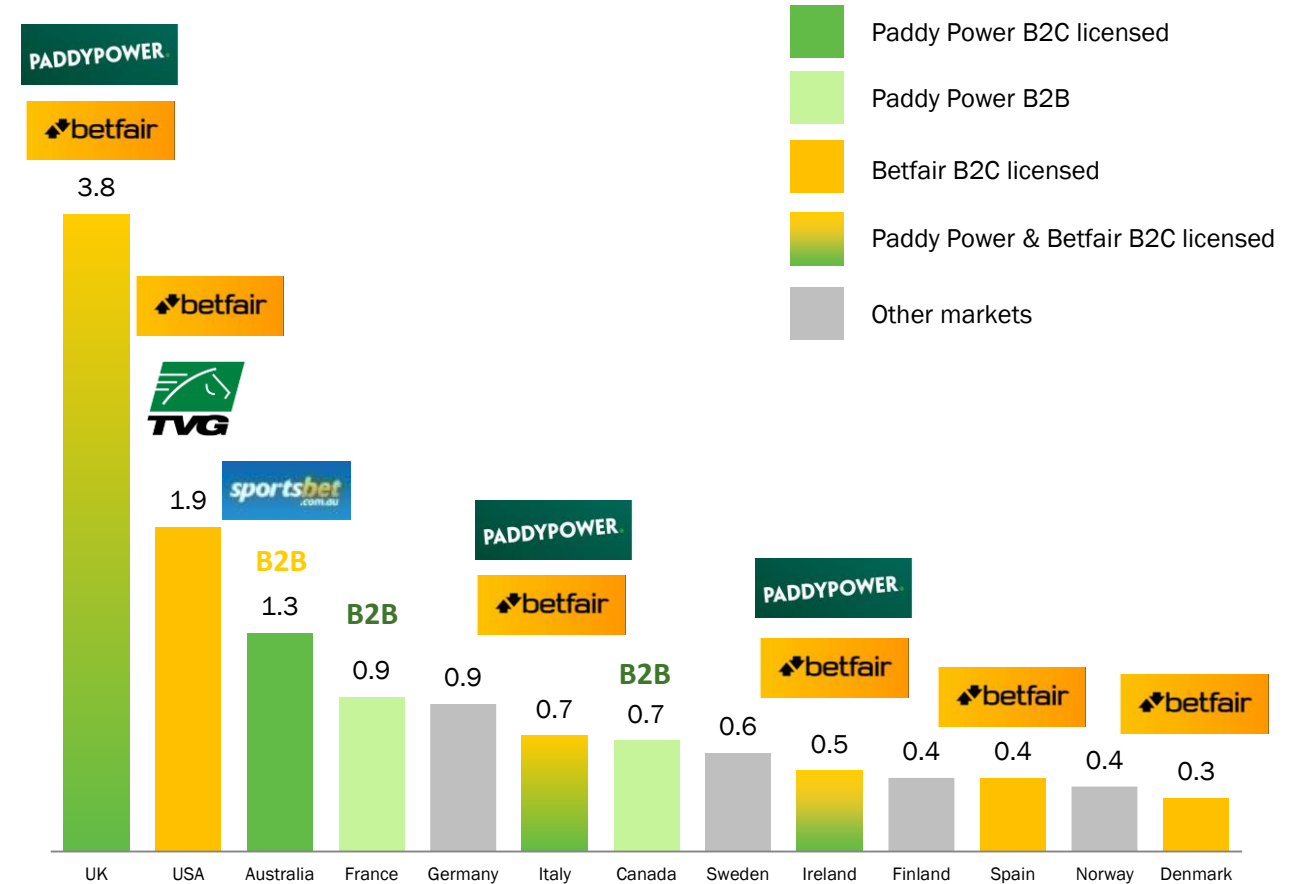
Complementary Channel & Geographic Mix

Revenue Mix¹



Global Online Markets - Presence in Largest Regulated Markets

Total Online Gambling Revenues² 2014 (£bn)



¹ Paddy Power H1 2015; Betfair Q1 FY16

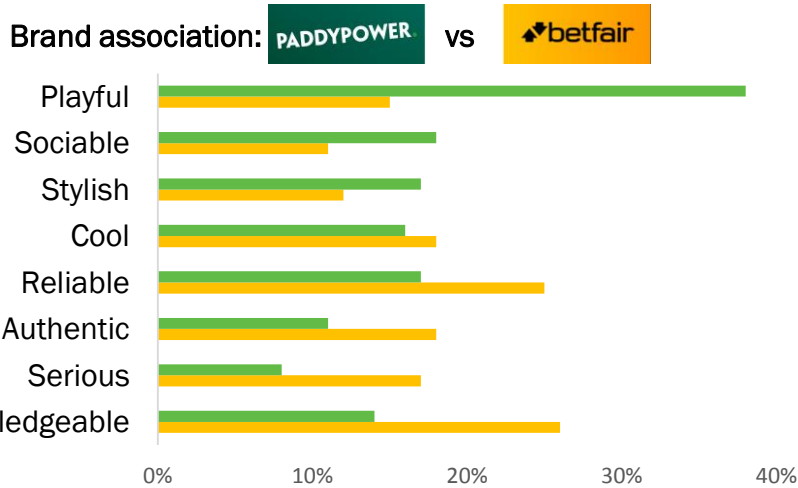
² Source: H2GC; includes offshore online and lotteries



Merger Rationale

Strong, Distinctive and Complementary European Brands

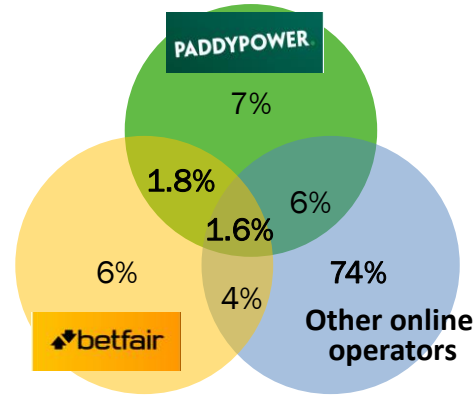
Distinctive Brand Attributes



Source: Betfair internal analysis, July 2015; % of customers selecting descriptions of each brand

Limited Customer Overlap

UK regular online bettors brand usage

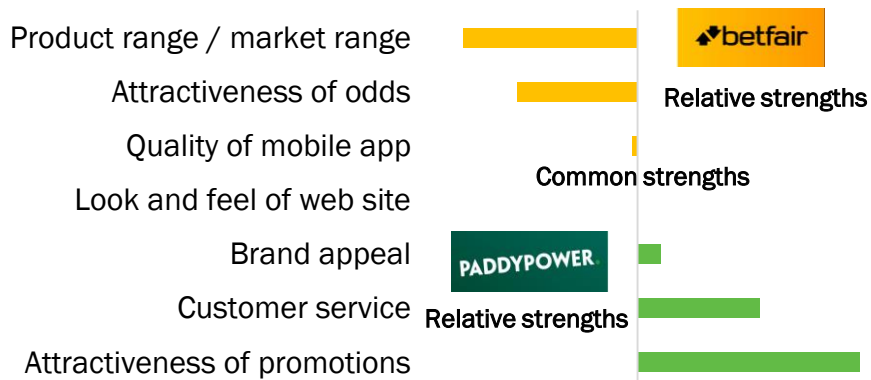


- Only 3% of regular bettors bet with both brands
- 74% of regular bettors don't bet with either brand

Source: Kantar Q3'14 to Q2'15, Betfair and Paddy Power analysis

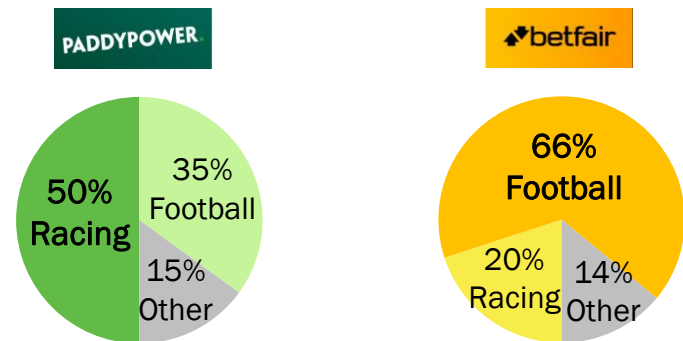
Distinctive Customer Perceptions

Customer perceived relative strengths



Source: SKP Partners, Betfair and Paddy Power analysis

Complementary Sports Mix



% of gross win; paddypower.com and Betfair Sportsbook

Significant Cost Synergies

Integration Principles

- Dual European brands but with more focused positioning
- Shared technology
- Shared operations
- Shared corporate function

Cost Synergies

- Approximately £50m annualised on a pre-tax basis

Implementation Cost

- One-off cash costs of approximately 1.3x recurring synergies

Timing

- Full benefit of synergies to be achieved in year three post completion

Financial Highlights

£m	Paddy Power ¹ 12 mths to Jun15	Betfair 12 mths to Apr15	Proforma (pre Synergies / Special Dividend)
Net Revenue	746	477	1,223
EBITDA	173	120	293
EBIT	136	94	230
Operating Cash Flow ²	149	104	253
Net (Debt) / Cash ³	(108)	92	(16)

Dividends

- Current Paddy Power and Betfair dividend policies to apply prior to completion
- Highly cash-generative and strong balance sheet
- Expected dividend policy for the Combined Group to target a payout ratio of 50% of profit after tax

Financial Reporting

- GBP reporting currency
- 31 December financial year end
- Expected to be accounted for as an acquisition of Betfair by Paddy Power under IFRS3 accounting standard rules

1. Paddy Power financials converted using €/\$ exchange rate of 0.737
2. Paddy Power after LTIP trust share purchases and estimated maintenance capex; Betfair after all capex and acquisition of HRTV
3. Excluding customer balances; Paddy Power net debt as at 30 June 2015; Betfair net cash as at 30 April 2015

PADDYPOWER

betfair

Timetable / Next Steps

2015

8 September

- Recommended merger announced
- Regulatory review process initiated

October - November

- Filings submitted to relevant regulators
- Shareholder documentation posted

December

- Shareholder meetings / votes

2016

Q1

- Anticipated closing of the merger



Questions & Answers



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