



INTERIM RESULTS FY15

4 December 2014

Overview

Successfully delivering our plan

Competing hard to acquire & retain customers

Cross-sell success is improving monetisation

**Record half year for active customers (+50%), revenue (+26%) and
EBITDA (+51%)**

Returning cash to shareholders while retaining flexibility



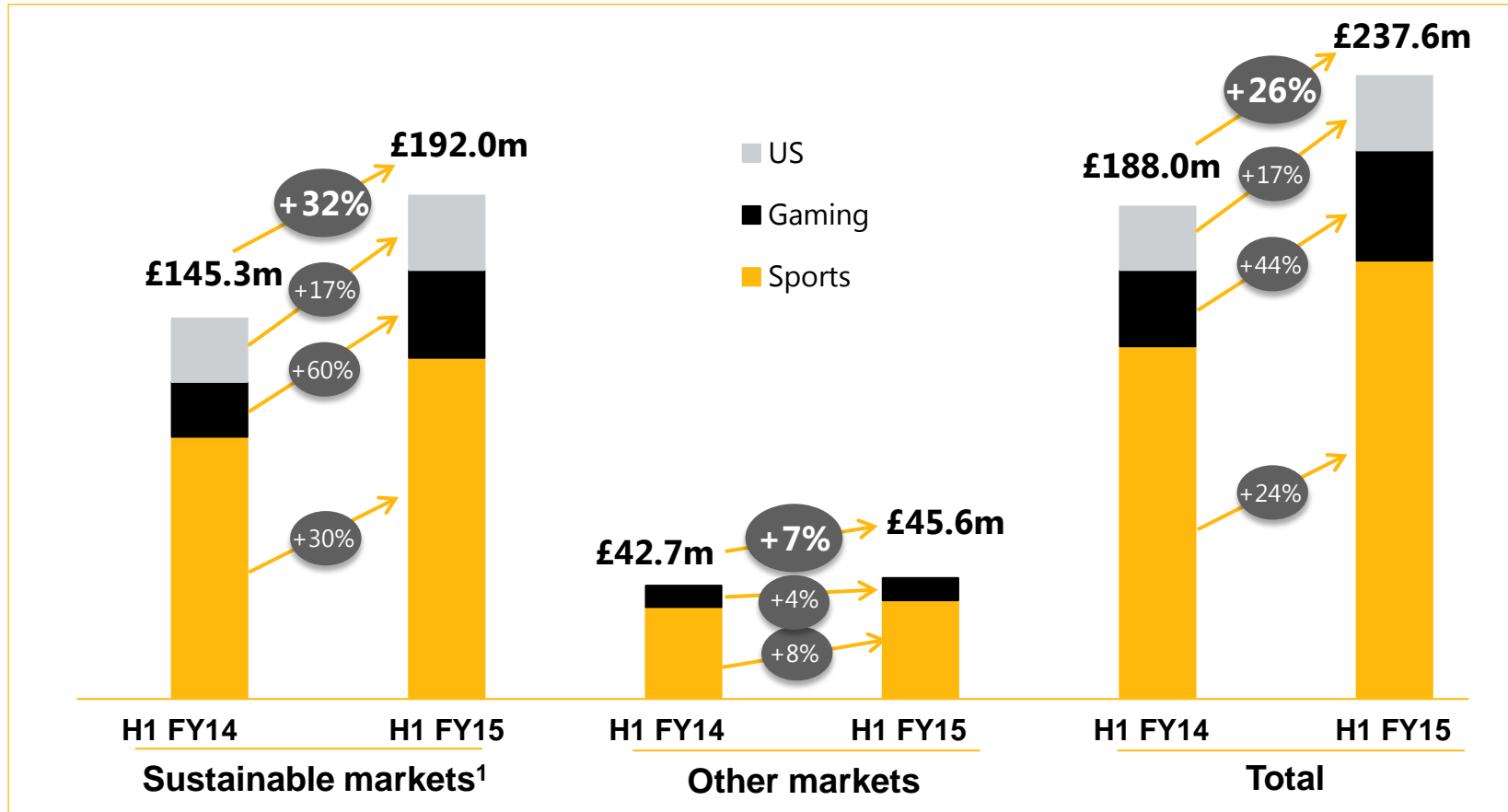
FINANCIAL RESULTS

Group P&L

	H1 FY15	H1 FY14	YoY %
Revenue	£237.6m	£188.0m	+26%
COS	(£37.2m)	(£23.5m)	+58%
Gross Profit	£200.4m	£164.5m	+22%
Operating Costs	(£126.5m)	(£115.6m)	+9%
EBITDA	£73.9m	£48.9m	+51%
D&A	(£14.0m)	(£15.9m)	-12%
Operating Profit	£59.9m	£33.0m	+82%
Net Interest	£0.9m	(£0.3m)	n/a
Share of JV	£0.1m	(£1.0m)	n/a
Profit on Disposal of JV	£6.4m	-	n/a
Profit Before Tax	£67.3m	£31.7m	+112%
Tax	(£9.7m)	(£4.8m)	+102%
Profit for the Period	£57.6m	£26.9m	+114%
EPS	55.0p	25.9p	+112%
Underlying EPS¹	48.9p	26.2p	+87%

¹ Figures for the current year exclude the £6.4m gain on the disposal of our stake in Betfair Australia and for the prior year exclude net foreign exchange losses and the associated tax effect

Revenue growth driven by sustainable markets



- Excluding the World Cup and unusually high gross win margins:
 - Sustainable markets¹ revenue up 18%
 - Other markets revenue down 11%

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

Operating costs

	H1 FY15	H1 FY14	YoY %
Sales and marketing	£62.0m	£51.6m	20%
Technology	£29.3m	£28.8m	2%
Operations	£18.7m	£18.2m	3%
G&A	£16.5m	£17.0m	-3%
Group	£126.5m	£115.6m	9%

} +1%

- Increase in marketing spend was driven by the World Cup
- Other costs up just 1% despite 26% revenue growth

Capex

	H1 FY15	H1 FY14	YoY %
External Capex	£4.3m	£5.3m	-19%
Internal Devex	£3.1m	£2.6m	19%
Total Capex	£7.4m	£7.9m	-6%

- Full year Capex now expected to be approximately £20m

Cash flow

	H1 FY15	H1 FY14	YoY %
Underlying free cash flow	£67.2m	£23.5m	+186%
Cash flow from separately disclosed items	-	(£9.3m)	n/a
Free cash flow	£67.2m	£14.2m	+373%
Dividends paid	(£14.6m)	(£9.3m)	+57%
Proceeds from disposal of stake in Betfair Australia	£12.0m	-	n/a
Other ¹	(£2.2m)	(£1.3m)	+69%
Net increase in cash and cash equivalents ²	£62.4m	£3.6m	+1633%
Cash and cash equivalents as at 31 October	£271.4m	£171.3m	+58%

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

Return of capital

Cash return

- £200m distribution = 189 pence per share

Mechanics

- Return of capital via a B-Share scheme
- Share consolidation will preserve approximate share price parity
- Shareholder approval required via General Meeting
 - Circular to be published shortly

Outlook

Revenues

- On average in the medium term, we continue to expect:
 - Sustainable markets revenue to grow in line with the market
 - Other markets revenue to decline by between 15% and 25% per annum

EBITDA

- We expect FY15 EBITDA to be between £97m and £103m
- Includes estimated POC tax cost of c.£18m in H2 FY15
 - Pro-rata full year cost estimated at c.£44m



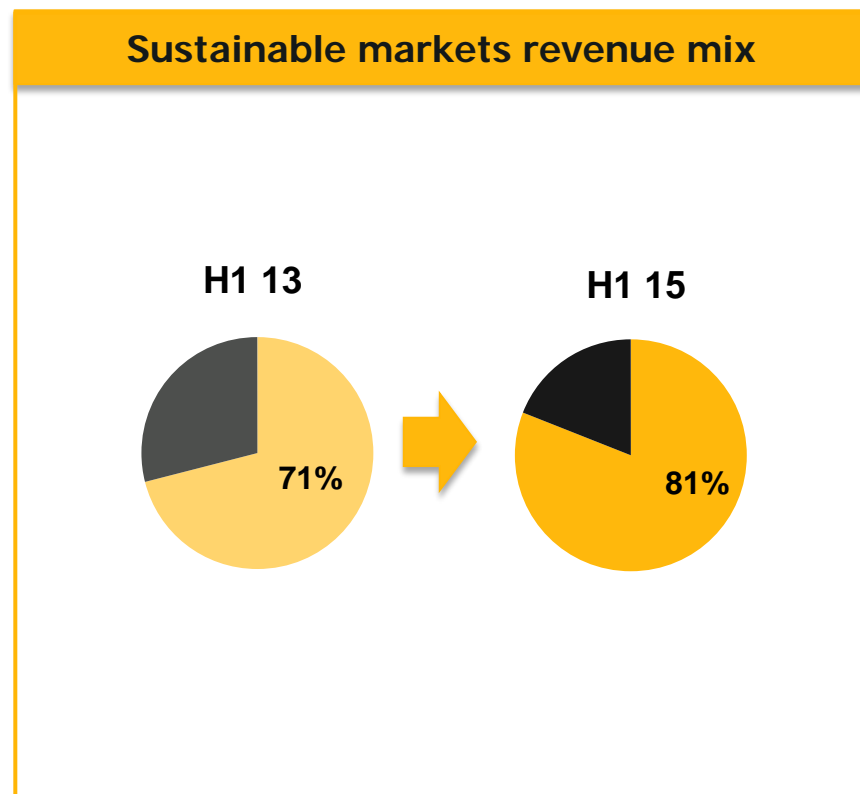
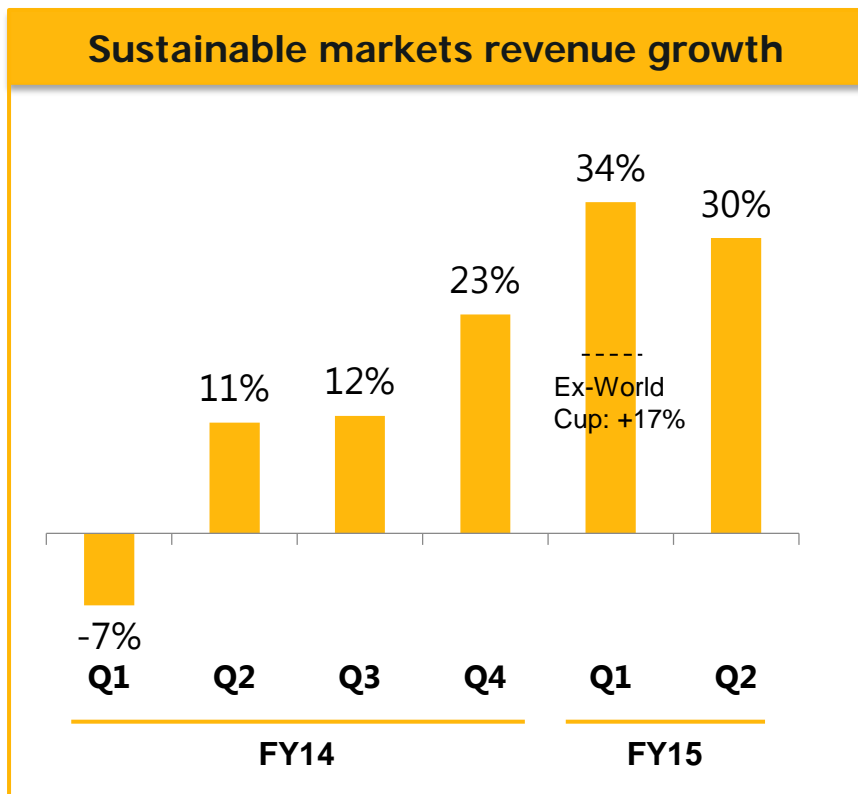
BUSINESS REVIEW



Delivering our plan

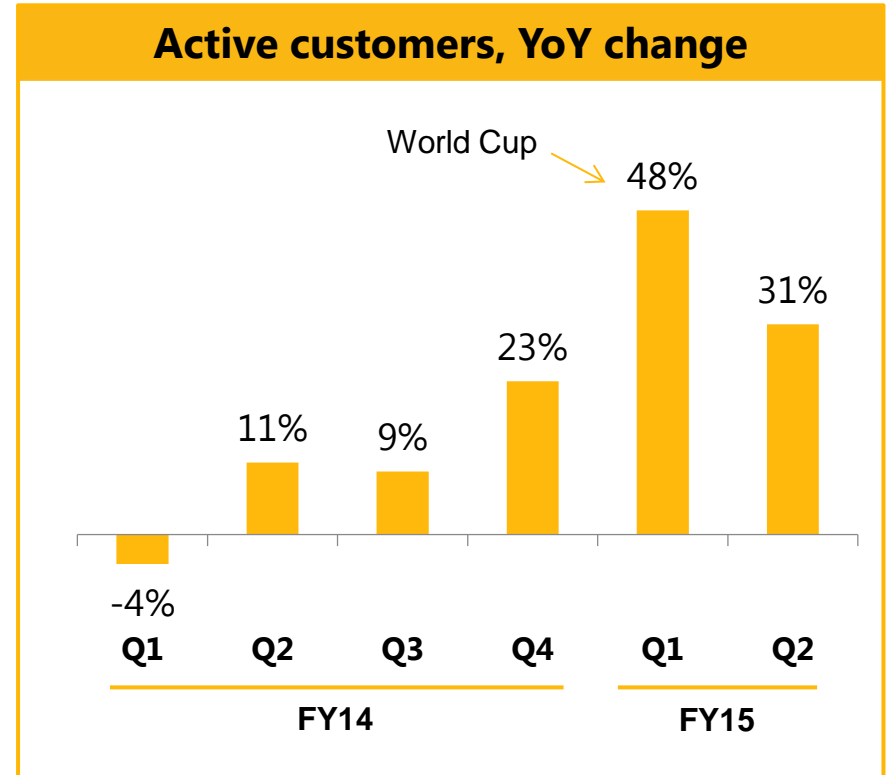
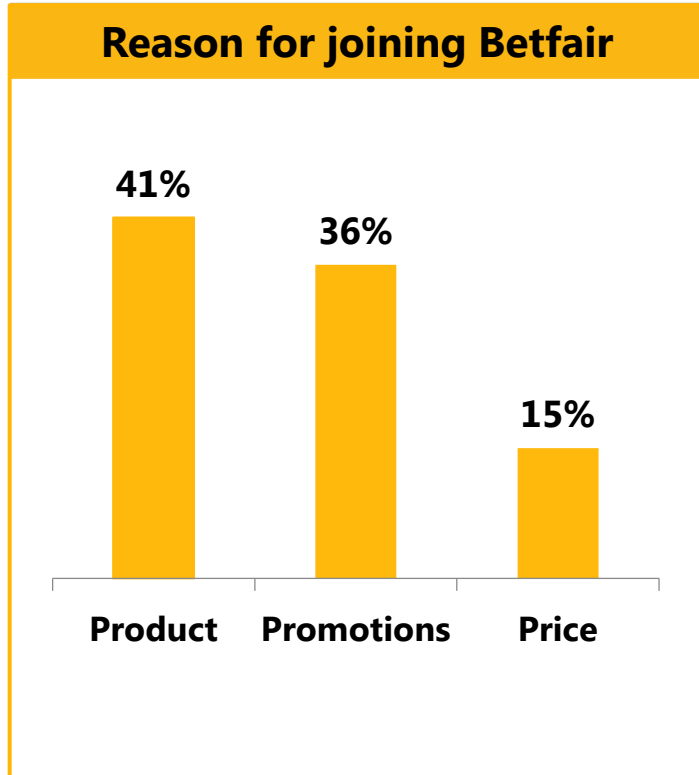
Plan	Objective
Focus on sustainable revenues	<ul style="list-style-type: none">• Higher quality of earnings
Invest in product & brand	<ul style="list-style-type: none">• Larger addressable market• Product differentiation• Revenue growth
Increase operating efficiency	<ul style="list-style-type: none">• Margin expansion• Fund investments in product & brand / international
Grow internationally	<ul style="list-style-type: none">• Reduced market concentration risk• Revenue growth

Focus on sustainable revenues



Sustainable markets delivering stability & growth

Drivers of customer growth



We now have a full range of acquisition & retention tools

Product: Why, what & how

Why

**Acquisition,
Retention,
Monetisation &
Barrier to Entry**

- Cash Out second highest reason for joining
- Cash Out & Price Rush reduce churn
- Price Rush & Cash Back Extra increase activity
- Investment requires scale & expertise

What

**Commercially
driven**

- Close competitive gaps
- Platform scale, stability & security
- Customer experience
- Feature innovation

How

**In-house
development
capability**

- Pace of delivery
- Facilitates innovation
- Retention of IP
- Value for money

Product differentiation is key and our in-house development is a competitive advantage

Market leading promotions



9/1 ENGLAND TO BEAT ITALY

EXCLUSIVE SIGN-UP OFFER
Back England to beat Italy at the current Sportsbook price (Max £10 stake). Your winnings will get topped up if England win.



betfair
SPORTSBOOK

OPEN CHAMPIONSHIP SPECIAL

WE'RE PAYING 8 EACH-WAY PLACES

ALL CUSTOMERS

Terms & Conditions apply. Bet responsibly. 18+



MONEY BACK EXTRA

MAN CITY V MAN UTD

- Man City win the game
- Man Utd win the game
- Game ends in a score draw

BACK A WINNER

AT 3/1 OR MORE

AND GET A FREE BET TO THE VALUE OF YOUR STAKE

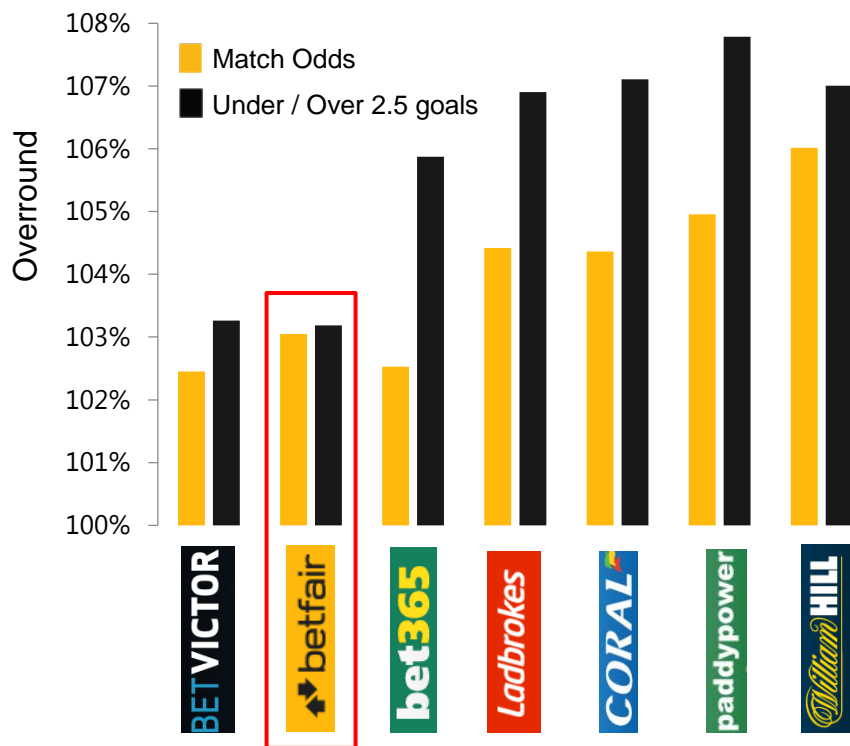
PLUS, IF THE HORSE WINS BY 3+ LENGTHS YOUR FREE BET IS DOUBLED

Competing aggressively to acquire and retain customers

Competing on price

Market leading Sportsbook odds

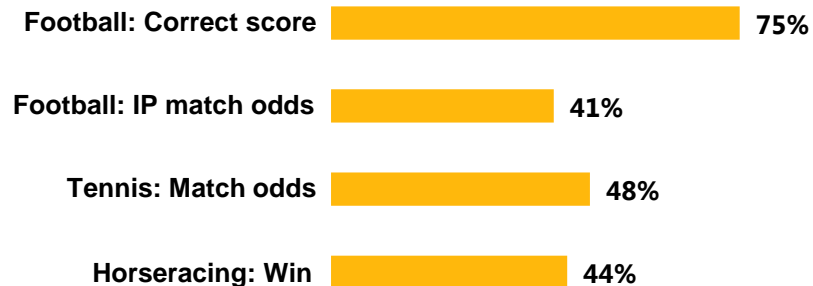
Premier League ¹



¹ Odds taken 30 minutes prior to kick-off. Data from 1 Nov to 23 Nov 2014. Ranked based on blended overround of Match Odds and Under / Over 2.5 goals

Exchange value via Price Rush

% of bets receiving a Price Rush ²



2.1 million bets received a Price Rush in H1



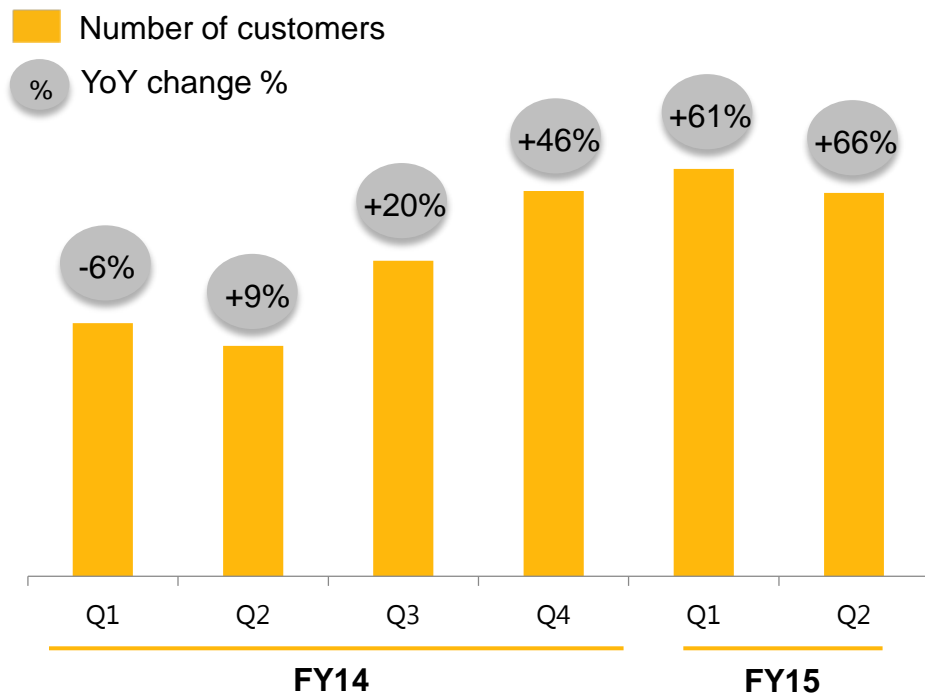
24%

Average
odds boost
from
Price Rush

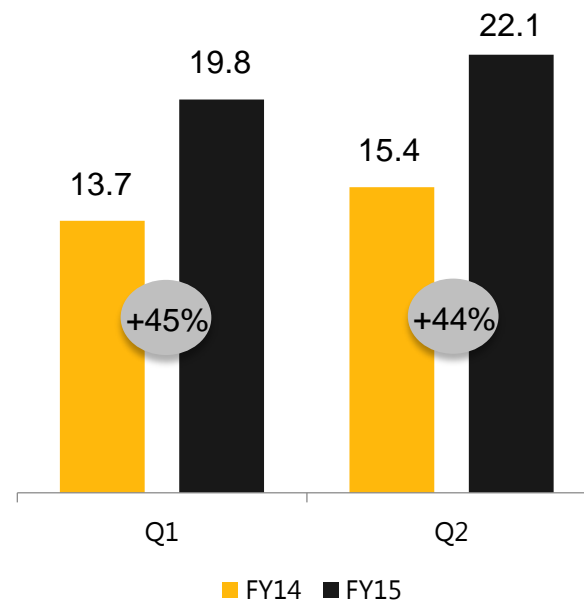
² Data from 1 Nov to 23 Nov 2014

Improved cross-sell to Gaming

Gaming cross-sell from Sports



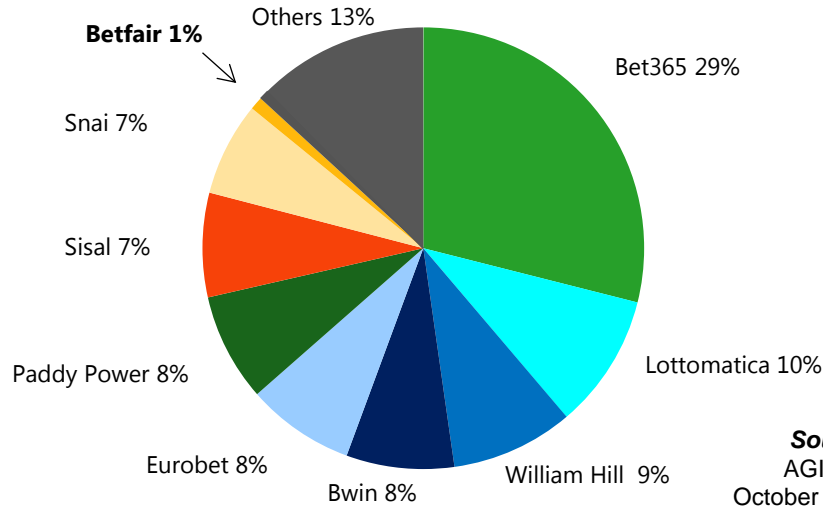
Gaming revenue (£m)



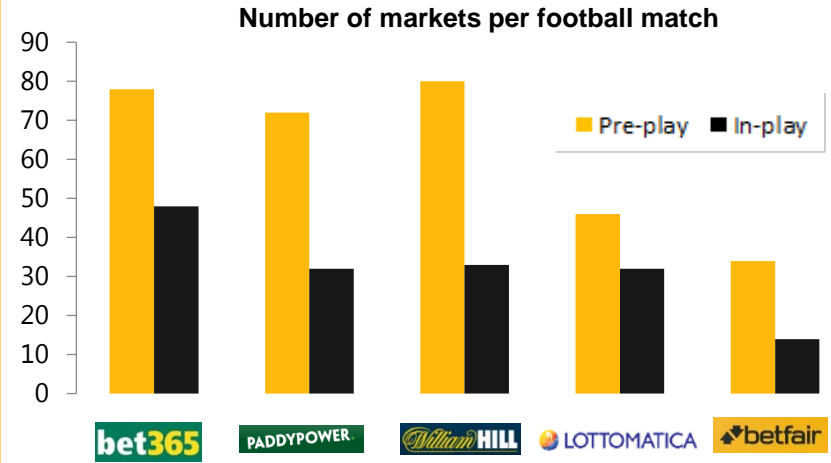
Cross-sell success is improving monetisation

Italy: Hard work continues

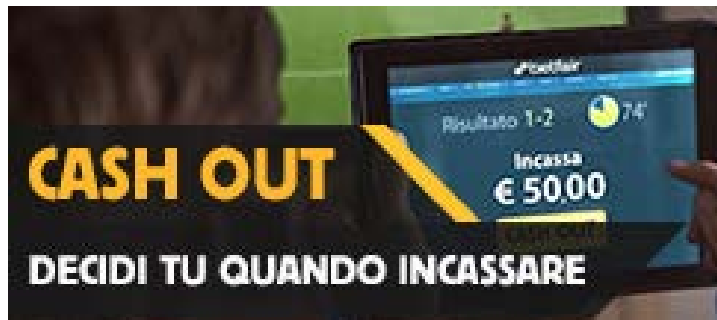
Crowded market and we are late



Focused on filling product gaps



But we now have unique features



- Cash Out launched September

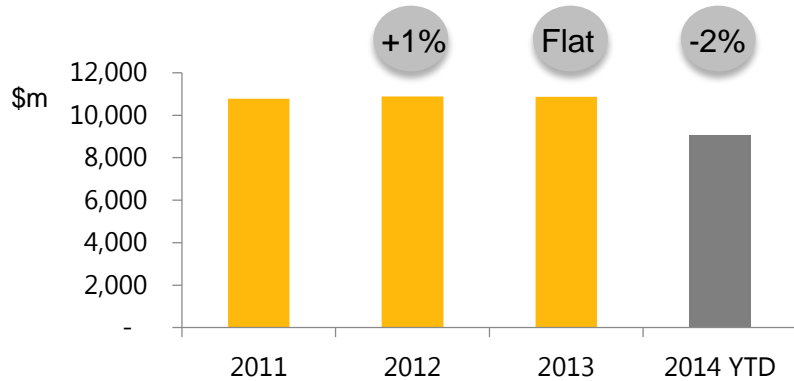
Starting to invest in marketing



TVG: Good operational performance

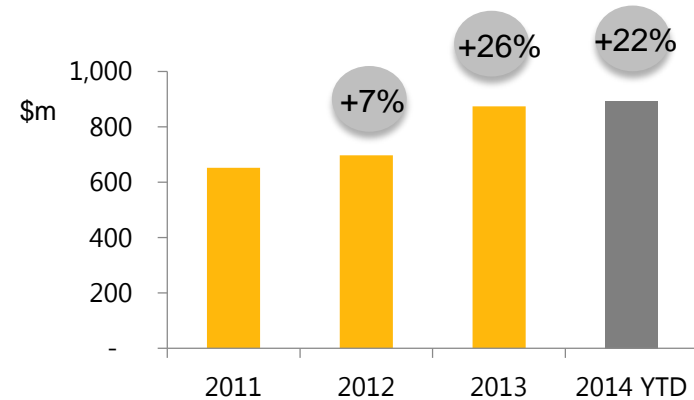
Market flat over the last three years...

Total industry handle

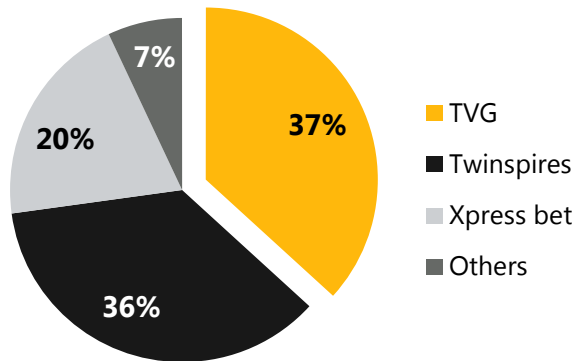


...but TVG has been taking share...

TVG Handle

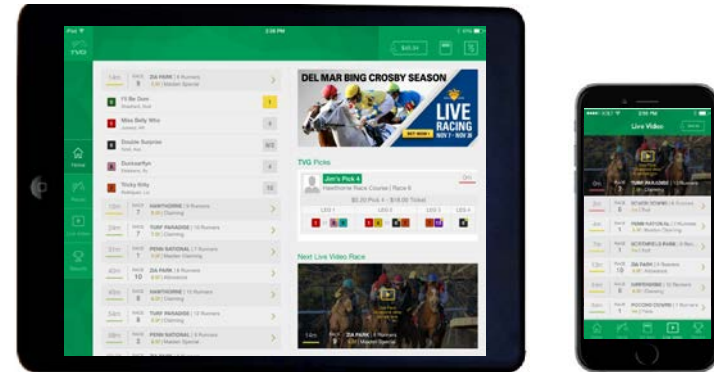


...and is now the market leader



Source: Oregon Horseracing Commission

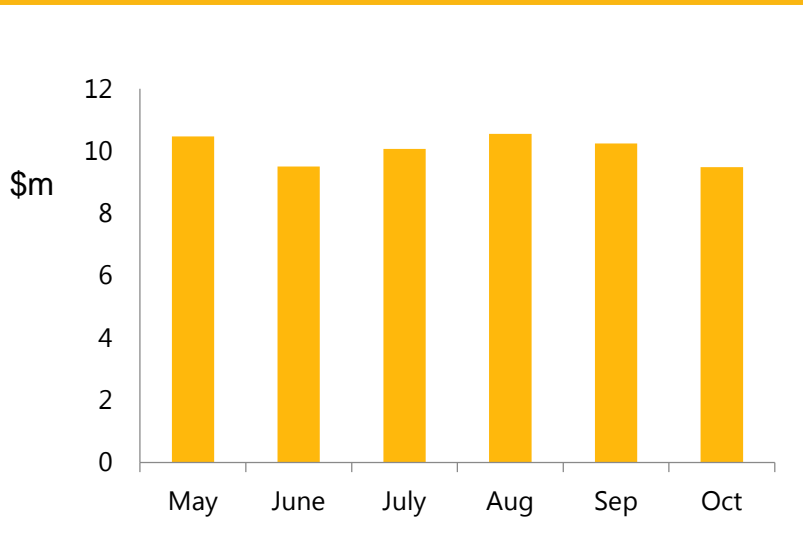
Growth driven by mobile



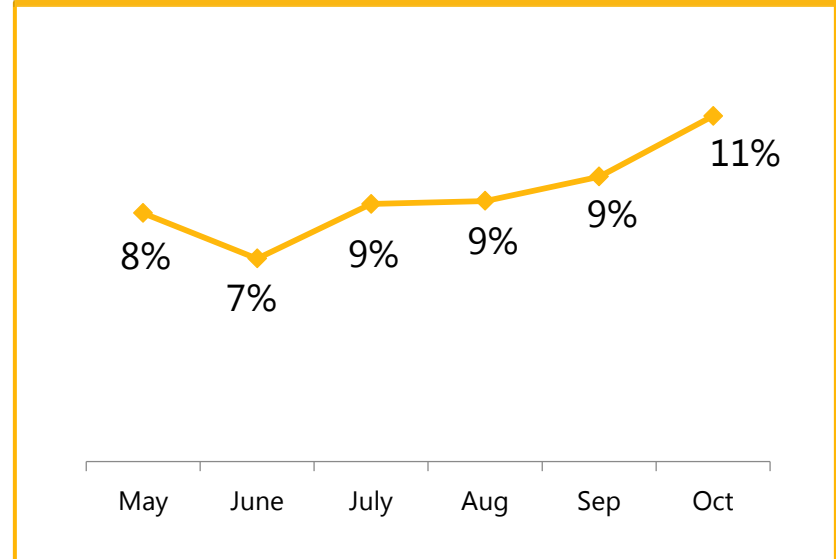
Mobile wagering up 85% following launch of iOS apps

New Jersey Casino: Remains early days

NJ online gaming market GGR



Betfair share of casino market

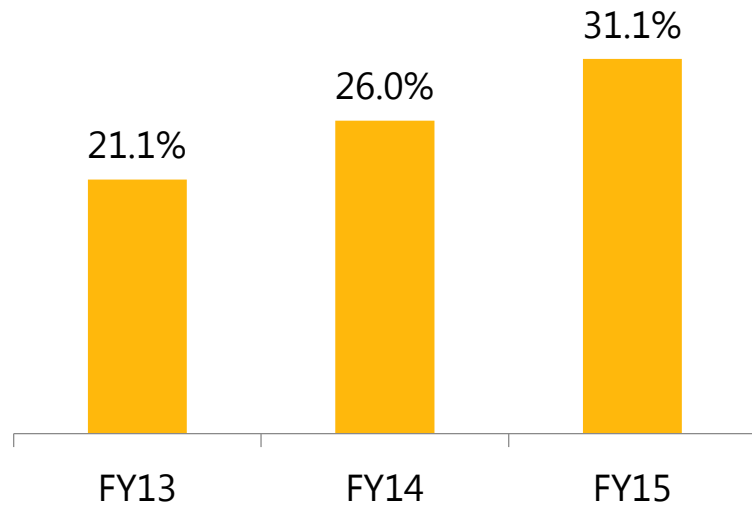


- Significant investment to introduce the Betfair brand to the US
- Part of a potential NJ triple play: ADW, Casino and Exchange
- New local partnership with Golden Nugget Casino

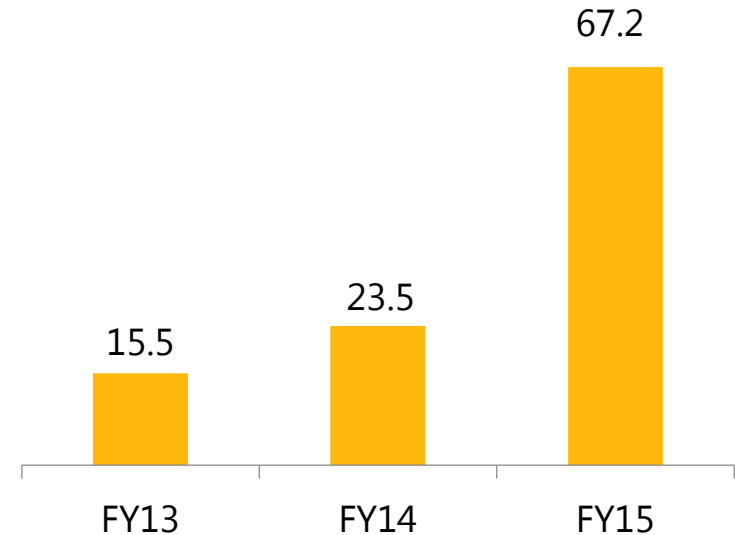
Growing share of a smaller than anticipated market

Growth → operational gearing

H1 EBITDA margin %



Operating free cash flow ¹ (£m)



Operational gearing driving margin expansion and strong cash generation

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

Returns to shareholders

Cash return

- Distributing £200m of excess cash

Ordinary dividends

- Interim dividend up 50% to 9.0 pence per share
- Increasing medium term target dividend payout ratio to approximately 50% of earnings

Share buy-backs

- Will look to make opportunistic share buy-backs

Retaining flexibility

- Strong cash generation means we retain sufficient flexibility for strategic options

Progress in shifting Betfair to a more sustainable position, coupled with strong cash generation, allows substantial returns of cash to shareholders

Creating value



Continuing to drive shareholder returns



Q&A