17 June 2015

Betfair Group plc ("Betfair")

FY15 Preliminary Results

"Product and marketing investment drives record customer activity"

Year ended 30 April	**FY15 £m**	**FY14 £m**	***Change %***
Revenue	476.5	393.6	*+21%*
EBITDA	120.2	91.1	*+32%*
Operating profit	94.3	61.6	*+53%*
Earnings per share	85.9p	49.0p	*+75%*
Underlying earnings per share [1]	79.5p	49.0p	*+62%*
Dividend per share	34.0p	20.0p	*+70%*

Full year highlights

- Sustainable revenue up 27% to £388.5m
- Sustainable revenue mix now 82% of Group revenue (FY14: 78%)
- EBITDA up 32% to £120.2m (up 53% excluding UK POC tax)
- Underlying free cash flow up 47% to £103.8m, leading to a year-end cash balance of £105.1m
- Active customer numbers up 52% to 1.7m
- New customer acquisition up 65% following increased marketing investment
- The number of customers cross-sold from Sports to Gaming up 100%
- TVG acquired HRTV and secured long-term contents rights, providing an opportunity for further growth
- Proposed full year dividend up 70% to 34.0 pence per share

Q4 highlights

- Active customers up 46% to 1.0m (up 58% in sustainable markets)
- Revenue up 13% to £124.3m (up 18% in sustainable markets)
- EBITDA up 3% to £22.7m (up 60% excluding UK POC tax)

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

"FY15 has been an excellent year for Betfair. We are successfully executing our strategy and achieving profitable scale in sustainable markets. Our investments are working, the business now operates at pace and our people have a strong will to win.

The financial year started with the World Cup, which allowed us to engage with many new and existing customers and gain trading momentum. This carried on throughout the rest of the year, culminating in record customer numbers and betting volumes at the Cheltenham Festival and Grand National meeting.

Product is a key reason why customers join and stay with Betfair. Important product improvements, including the extension of Price Rush to each way bets and Cash Out to in-running horseracing, helped to drive a strong performance during these key racing festivals.

We continue to invest heavily in the business. This year we spent c.£28m more on marketing and customer bonuses and added more than 60 people to our product development teams.

Our "Tap Tap Boom" advertising campaign has been effective in showing the simplicity of using Betfair, especially through our market-leading mobile apps. We are sustaining our marketing investment throughout the upcoming season, including leading slots on Sky Sports and BT Sport's football coverage.

Betfair is well positioned for further growth and we look forward to building on these results in FY16".

[1] Underlying earnings per share excludes the profit on disposal of the Group's share of Betfair Australia. A reconciliation of reported figures to underlying figures is set out on page 9.

Analyst and investor results webcast

There will be a live webcast of the results presentation at 10am BST. For access please visit the Group website (http://corporate.betfair.com). A copy of the webcast and slide presentation given at the meeting will be available on the Group's website later today.

For more information, please contact:

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BUSINESS REVIEW

Since setting out our strategy in 2012, we have executed our plan to grow in sustainable markets, investing heavily in products and brand. We are competing aggressively on all fronts and the business has good momentum.

Overview of FY15 results

Revenue increased by 21% to £476.5m (FY14: £393.6m), with double-digit growth in each of Sports, Gaming and Betfair US. Revenue growth was driven by a 52% increase in the number of active customers to 1,715,000 (FY14: 1,129,000), supported by a 65% increase in the number of new customers acquired in the year, as well as a focus on reducing customer churn.

While we are investing substantially in our products and brand, we continue to run the business with efficiency and discipline. This, combined with the revenue growth, results in operating leverage and has led to a 32% increase in EBITDA to £120.2m. Excluding the new UK point of consumption (POC) tax, EBITDA was up 53%.

The Group generated £103.8m of underlying free cash flow and ended the year with a cash balance of £105.1m and no debt. In January 2015 we returned £199.7m to shareholders via a B share scheme, while retaining flexibility to pursue strategic options in a quickly evolving market.

Overview of Q4 results

Revenue increased by 13% to £124.3m (FY14: £110.2m), with revenue from sustainable markets up 18% to £103.6m (FY14: £87.6m) and revenue from other markets down 8% to £20.7m (FY14: £22.6m).

Sports revenue increased by 5% to £84.7m (FY14: £80.4m). Strong volume increases were partly offset by an £8.4m increase in customer bonus deductions as a result of investment in promotional activity to attract and retain customers.

Gaming revenue was up 22% to £22.5m (FY14: £18.5m), driven by the cross-selling of recreational Sports customers.

Betfair US revenue increased by 53% to £16.8m (FY14: £11.0m) following strong performances in both TVG and New Jersey Casino.

EBITDA increased by 3% to £22.7m (FY14: £22.0m), with revenue growth predominantly offset by the introduction of UK POC tax, which cost £12.4m in the period. Excluding this, EBITDA was up 60%.

Strategy update

Our primary objective is to achieve profitable growth in sustainable markets. To this end, we continue to focus our resources on regions with good regulatory visibility, which we currently consider to be the UK, USA, Australia, Bulgaria, Denmark, Gibraltar, Ireland, Italy, Malta and Spain. These markets contributed 82% of revenue in FY15 (compared to 78% in FY14 and 72% in FY13).

The number of active customers in sustainable markets increased by 70% to 1,456,000 (FY14: 854,000), driven by record customer acquisition during the World Cup, Cheltenham Festival and Grand National meeting. Active customer numbers in other markets declined by 6% to 259,000 (FY14: 275,000).

New customers are primarily joining through our Sportsbook, which is the most efficient source of activations. These customers are then subsequently introduced to our other products. This has resulted in a positive impact across the rest of Betfair's business, with increases of 20% and 74% respectively in the number of first-time Exchange and Gaming users.

Revenue from sustainable markets was up 27% to £388.5m (FY14: £306.1m), primarily driven by the UK and Betfair US. This growth validates our strategy of focusing on these regions. Revenue from other markets was up 1% to £88.0m (FY14: £87.5m). This performance was better than expected, benefitting from the lack of major market exits in the year.

New product development continued apace in the year. Through the ongoing integration of our Exchange and Sportsbook we now have a sports betting platform that gives customers a first class experience. Our flagship Cash Out and Price Rush products, which extend Exchange-style trading and pricing benefits to all customers, are key reasons why customers join us and also why they stay. We continue to expand the range of these products and launched Cash Out for in-running horseracing and Price Rush for each-way betting ahead of the Cheltenham Festival.

Our Brand has evolved considerably over the year as we have sought to demonstrate that Betfair is a fun and different place to bet. In February we launched our "Tap Tap Boom" advertising campaign, which highlights the simplicity of betting with Betfair. We have secured leading advertising slots for the 2015/16 football season on the two key UK sports platforms, Sky Sports and BT Sport, and have increased our spend in print channels substantially to supplement our strong social and online marketing activities.

We have also significantly increased our promotional activity to complement the attractive odds available on our Exchange and Sportsbook. For example we offered eight places on the Open golf, compared to the industry standard of five places, whilst at Cheltenham we had a market leading offer where customers received three free bets for every winner at odds of 3/1 or more on day one. We spent £21.1m on customer bonuses in FY15 (up from £5.2m in FY14), highlighting the level of investment we are making in customer acquisition and retention.

International opportunities continue to be a key focus. In Italy the market remains tough and we are ensuring we have a competitive product before making significant marketing investment. The acquisition of the HRTV network and related content rights deal in the USA secures long term content and distribution to support TVG's growth. We have also seen encouraging momentum from our online casino business in New Jersey, although the wider market has been slower to develop than anticipated.

Regulation

During the year Betfair obtained a gaming licence in the UK and began paying POC tax following its introduction in December 2014 (£19.2m cost in FY15). Although timing remains uncertain, we expect a new gaming tax regime for Ireland to be in place by August 2015 and are seeking to obtain a licence. If both taxes had been in place for the whole of FY15, we estimate that the cost would have been approximately £47m.

Betfair continues to engage with appropriate authorities in international markets where there is the prospect of fair and workable regulation. During the year we exited from Singapore and ceased to offer the Exchange in Austria, and we continue to expect further market exits from territories where the future of online gaming regulation is currently unclear.

Outlook

The market remains highly competitive and, despite the introduction of the UK point of consumption tax, operators are still spending heavily on marketing and promotions. We continue to believe that scale is critical and we have opportunities to invest for profitable growth. We have momentum, current trading is good and we are confident we can deliver our expectations for the coming financial year.

OPERATING REVIEW

Sports

Sports revenue was up 17% to £328.0m (FY14: £280.5m). The first half of the year was boosted by World Cup revenue of £15.9m, which was approximately double the amount generated from the last major football tournament, whilst the second half saw strong performances at the Cheltenham and Aintree festivals.

The Exchange remains our key differentiator and total trading volume increased to £55.3bn (FY14: £52.8bn). In September the Exchange took centre stage during the Scottish Referendum, with its odds predicting the eventual "No" vote from an early stage. March's Cricket World Cup also proved popular with both semi-finals seeing over £100m traded, breaking the Exchange record for a single event twice in two days. The pricing benefits inherent on the platform were evident throughout the year and, in April, AP McCoy's final Grand National mount Shutthefrontdoor went off at 25/1 on Betfair compared to an industry SP of 7/1.

Our Sportsbook has continued to perform strongly for what is still a comparatively new product in a competitive market. Volumes were up 140% during the year to £1.2bn (FY14: £0.5bn) and it remains central to new customer acquisition. We have invested heavily in our in-house trading and risk management teams, as well as third party services, to ensure our product is competitive with its longer standing rivals. An example of our progress is the c.121% increase in the number of in-play events to approximately 9,500 in April 2015 (from around 4,300 in April 2014).

The mobile channel has become the driving force across the sports betting industry and Betfair continues to lead the way. Over 70% of Sportsbook revenue now comes through mobile, with the channel responsible for the majority of new UK customer activations and 80% of UK Sportsbook customers now transacting via mobile.

Gaming

Gaming revenue increased by 34% to £88.5m (FY14: £66.2m). The strong performance was primarily driven by the significant increase in the number of Sports customers and the successful cross-selling of Gaming products to these customers.

During the year we concentrated product development on improvements to cross-sell, such as single sign-on across our Sports and Gaming apps, and embedded games within our Sports app. This helped to increase the number of Sports customers using Gaming products for the first time by 100%.

We also focused on sourcing the best available content and over 175 new games were launched in the year. We have made significant improvements in personalising customer experience and this, combined with more targeted marketing, has boosted both the acquisition and retention of customers.

The mobile channel continues to be a key driver of growth; it is now the platform of choice for Casino customers, with over 60% of actives in recent months playing via mobile.

Betfair US

Betfair US revenue increased by 29% to £58.8m (FY14: £45.7m), mainly driven by TVG where handle (which is the volume of wagers placed) and revenue increased by 11% and 20% respectively (both constant currency). The first full year of operation from our online casino in New Jersey generated revenue of £5.3m (FY14: £1.2m).

TVG continues to outperform the wider US online horseracing market and during the year it became the largest US online advanced deposit wagering operator by market share. TVG's continued investment in its broadcast, digital and marketing capabilities is driving growth in its active customer base.

In February 2015, TVG completed the acquisition of the HRTV horseracing network and agreed long-term broadcasting and wagering rights with the Stronach Group. We believe the integration of the two networks offers significant benefits for US racing customers; chiefly that the combined network will now be able to show over 40,000 live races, compared to 27,000 previously.

Betfair's New Jersey Casino was launched in November 2013 following the regulation of online gaming in the state. Whilst the wider New Jersey market has proved to be smaller than anticipated, we are encouraged by our recent trading momentum. In October, we switched our land-based licensing partner from Trump Plaza to Golden Nugget.

FINANCIAL REVIEW

Summary

Revenue increased by 21% to £476.5m (FY14: £393.6m) driven by double-digit growth in Sports, Gaming and Betfair US. EBITDA was up 32% to £120.2m (FY14: £91.1m) as strong operating leverage allowed the business to absorb additional marketing investment and the introduction of POC tax in the UK from December 2014.

Reported profit before tax was £101.2m (FY14: £61.1m), which included a £6.4m profit relating to the disposal of our joint venture in Australia. Management believes that underlying results, which exclude this item, provide additional guidance to statutory measures to help understand the underlying performance of the business during the financial year. Underlying profit before tax was up 55% to £94.8m (FY14: £61.1m).

Earnings per share were up 75% to 85.9 pence (FY14: 49.0 pence) and underlying earnings per share, which exclude the gain on disposal, increased by 62% to 79.5 pence (FY14: 49.0 pence).

The Group ended the year with a cash balance of £105.1m (FY14: £209.8m) and no debt, despite returning £223.8m to shareholders through a B share scheme and ordinary dividends.

Year ended 30 April	**FY15 £m**	**FY14 £m**	***Change %***
Revenue	476.5	393.6	*+21%*
EBITDA	120.2	91.1	*+32%*
Operating profit	94.3	61.6	*+53%*
Profit before tax	101.2	61.1	*+66%*
Underlying profit before tax [2]	94.8	61.1	*+55%*
Profit for the year	86.4	51.0	*+69%*
Underlying profit for the year [2]	80.0	51.0	*+57%*
Earnings per share	85.9p	49.0p	*+75%*
Underlying earnings per share [2]	79.5p	49.0p	*+62%*

[2] Underlying figures in FY15 exclude the profit on disposal of the Group's share of Betfair Australia. A reconciliation of reported figures to underlying figures is set out on page 9.

Revenue

Year ended 30 April	**FY15 £m**	**FY14 £m**	***Change %***
Sports	328.0	280.5	*+17%*
Gaming	88.5	66.2	*+34%*
Betfair US	58.8	45.7	*+29%*
Customer funds	1.2	1.2	*0%*
Total revenue	**476.5**	**393.6**	***+21%***

Sports revenue was up 17% to £328.0m (FY14: £280.5m). The first half of the year was boosted by World Cup revenue of £15.9m.

Gaming revenue increased by 34% to £88.5m (FY14: £66.2m). The strong performance was primarily driven by a significant increase in the number of Sports customers and the successful cross-selling of Gaming products to these customers.

US revenue increased by 29% to £58.8m (FY14: £45.7m), mainly driven by TVG where handle (which is the volume of wagers placed) and revenue increased by 11% and 20% respectively (both constant currency). Growth was also boosted by our online casino in New Jersey, which generated revenues of £5.3m in its first full year of operation (FY14: £1.2m).

Revenue (£m)	**Q1**	**Q2**	**Q3**	**Q4**	**FY15**	**Q1**	**Q2**	**Q3**	**Q4**	**FY14**
Sustainable markets	93.7	98.3	92.9	103.6	388.5	69.9	75.4	73.2	87.6	306.1
Change %	*+34%*	*+30%*	*+27%*	*+18%*	*+27%*					
Other markets	23.6	22.0	21.7	20.7	88.0	20.5	22.2	22.2	22.6	87.5
Change %	*+15%*	*-1%*	*-2%*	*-8%*	*+1%*					
Total revenue	**117.3**	**120.3**	**114.6**	**124.3**	**476.5**	**90.4**	**97.6**	**95.4**	**110.2**	**393.6**
Change %	***+30%***	***+23%***	***+20%***	***+13%***	***+21%***					

Revenue from sustainable markets was up 27% to £388.5m (FY14: £306.1m), primarily driven by the UK and Betfair US. Revenue from other markets was up 1% to £88.0m (FY14: £87.5m), with no major market closures in the year and World Cup revenue obscuring an underlying decline following the decision to focus investment on sustainable markets.

Actives (k)	**Q1**	**Q2**	**Q3**	**Q4**	**FY15**	**Q1**	**Q2**	**Q3**	**Q4**	**FY14**
Sustainable markets	653	594	638	905	1,456	396	393	424	571	854
Change %	*+65%*	*+51%*	*+50%*	*+58%*	*+70%*					
Other markets	131	114	122	135	*259*	134	147	137	143	275
Change %	*-2%*	*-22%*	*-11%*	*-6%*	*-6%*					
Total actives	**784**	**708**	**760**	**1,040**	**1,715**	**530**	**540**	**561**	**714**	**1,129**
Change %	***+48%***	***+31%***	***+35%***	***+46%***	***+52%***					

Gross margin

Gross profit for the year increased by 13% to £385.9m (FY14: £342.7m). This represents a gross margin percentage of 81.0% (FY14: 87.1%), with the year-on-year reduction largely driven by additional gaming taxes including UK POC.

Administrative expenses

Year ended 30 April	**FY15 £m**	**FY14 £m**	***Change %***
Sales and marketing	136.1	124.2	*+10%*
Technology	62.4	60.1	*+4%*
Operations	36.4	35.1	*+4%*
G&A	30.8	32.2	*-4%*
Operating expenses	**265.7**	**251.6**	***+6%***
Depreciation and amortisation	25.9	29.5	*-12%*
Total administrative expenses	**291.6**	**281.1**	***+4%***

Average headcount during the year of 1,901 was 9% higher than the prior year (FY14: 1,739), driven by increased investment in our product and technology teams, alongside additional operational staff to serve the growing customer base.

Sales and marketing spend increased by 10%, mainly driven by World Cup investment in the first half of the year. As a proportion of total revenue, sales and marketing spend decreased to 29% (32% in FY14).

Technology costs before capitalisation of internal development expenditure were up 2% on the prior year, with additional product development spend offset by efficiencies following the expansion of our near-shore technology centres. Internal development expenditure capitalised was £6.6m (FY14: £7.4m). Technology costs after this capitalisation were up 4% on the prior year.

Operations spend was up 4%, predominantly due to increased investment in customer services resources to support significant growth of the customer base.

General and administrative (G&A) costs were down 4%, primarily driven by lower headcount in this area.

Depreciation and amortisation of £25.9m was 12% lower than prior year (FY14: £29.5m), mainly due to historical assets becoming fully depreciated.

EBITDA

Year ended 30 April	FY15 £m	FY14 £m	*Change* %
Betfair excl. US	115.4	89.1	+30%
Betfair US	4.8	2.0	+140%
EBITDA	**120.2**	**91.1**	**+32%**

EBITDA was up 32% to £120.2m (FY14: £91.1m). The EBITDA margin increased to 25.2% (FY14: 23.1%), or 29.3% excluding UK POC tax.

EBITDA excluding the US was up 30% to £115.4m (FY14: £89.1m), with revenue growth partly offset by increased costs of sales, including £19.2m relating to the introduction of POC tax in the UK, alongside increased investment in marketing and product.

Betfair US EBITDA increased by 140% to £4.8m (FY14: £2.0m), with reduced losses as part of our multi-year investment in New Jersey Casino, along with strong revenue growth in TVG.

Finance income and expenses

Net finance income was £0.4m (FY14: £0.7m). This includes interest on corporate funds of £1.1m (FY14: £1.1m), net foreign exchange translation losses of £0.3m (FY14: £0.4m) and charges of £0.4m relating to deferred and contingent consideration for the acquisition of HRTV.

Betfair Australia

In August 2014, we sold our 50% stake in Betfair Australia to our joint venture partner Crown Resorts Limited for £5.5m, which represented a gain on disposal of £6.4m. Our shareholder loan to Betfair Australia of £6.5m was also repaid at the same time.

Our share of operating profit in Betfair Australia was £0.1m (FY14: loss of £1.2m), relating to the period up until the disposal of the business.

Betfair US

In February 2015, TVG acquired the HRTV horseracing television network and entered into a long-term content rights agreement with the Stronach Group. Betfair US made an initial payment of $25.6m (£16.6m) and will pay further consideration estimated to be $47.8m over a seven-year period, although the total consideration is dependent upon TVG's future handle.

Based on projected future cash flows, the present value of the total consideration is estimated to be $56.5m.

Corporation Tax

The Group had a tax charge of £14.8m for the year (FY14: £10.1m). The Group’s effective underlying tax rate was 15.6% (FY14 underlying: 16.5%) and we continue to expect the long-term sustainable tax rate to remain around this level.

Return of cash

In December 2014, we announced the return of £199.7m of capital to shareholders via a B share scheme and the subsequent consolidation of our share capital on a 7 for 8 basis. This was completed in January 2015.

Dividend

The Board is recommending the payment of a final dividend of 25.0 pence per share. Together with the interim dividend of 9.0 pence per share, the proposed full year dividend is 34.0 pence per share (FY14: 20.0 pence). The full year dividend represents 43% of underlying earnings per share.

The ex-dividend date will be 10 September 2015, the record date will be 11 September 2015 and payment will be on 9 October 2015.

Capital expenditure

Year ended 30 April	FY15 £m	FY14 £m	*Change %*
External capex	13.2	15.0	*-12%*
Internal devex	6.6	7.4	*-11%*
Total	**19.8**	**22.4**	***-12%***

Capital expenditure (capex) decreased to £19.8m (FY14: £22.4m) mainly due to lower external spend, with prior year costs including the one-off investment in the conversion of TVG to high definition.

Balance Sheet

The Group ended the year in a strong financial position, with net assets of £49.4m (FY14: £171.4m). Total assets were £232.0m (FY14: £309.5m) of which 55% were current assets (FY14: 75%). Current assets decreased primarily as a result of the cash return to shareholders, offset in part by positive cash generated from operations in the year.

Total liabilities increased from £138.1m to £182.6m mainly driven by trade and other payables, primarily relating to the deferred and contingent consideration payable in respect of the HRTV content deal. There was also an increase in taxes payable including the introduction of UK POC tax.

Cash and cash flow

Free cash flow was £103.8m in the period (FY14: £58.0m). Underlying free cash flow, which excludes cash flow in the prior year that related to separately disclosed items, increased by 47% to £103.8m (FY14: £70.4m).

Cash at 30 April 2015 was £105.1m (30 April 2014: £209.8m).

Year ended 30 April	FY15 £m	FY14 £m
Underlying free cash flow	103.8	70.4
Cash flow from separately disclosed items	-	(12.4)
Free cash flow	**103.8**	**58.0**
Dividends paid	(24.1)	(15.6)
Return of capital to shareholders, including fees and duty	(200.7)	-
Proceeds from disposal of stake in Betfair Australia	12.0	-
Other [3]	4.8	1.3
Net (decrease)/increase in cash and cash equivalents [4]	**(104.2)**	**43.7**

[3] Other is comprised of the net purchase of own shares and proceeds from the issue of share capital

[4] Excludes the effect of exchange rate fluctuations on cash held

Year ended 30 April	FY15 £m	FY14 £m
Cash and cash equivalents as at 30 April	105.1	209.8

Reconciliation of Reported to Underlying

Year ended 30 April 2015	Revenue £m	EBITDA £m	Operating Profit £m	Profit for the year £m	EPS p
FY15 reported	**476.5**	**120.2**	**94.3**	**86.4**	**85.9**
Disposal of Betfair Australia	-	-	-	(6.4)	(6.4)
FY15 underlying	**476.5**	**120.2**	**94.3**	**80.0**	**79.5**

Consolidated Income Statement

For the year ended 30 April 2015

	Note	**2015 £m**	2014 £m
Continuing operations			
Revenue	1	**476.5**	393.6
Cost of sales		**(90.6)**	(50.9)
Gross profit		**385.9**	342.7
Administrative expenses		**(291.6)**	(281.1)
Group operating profit		**94.3**	61.6
Analysed as:			
EBITDA*	1	**120.2**	91.1
Depreciation and amortisation		**(25.9)**	(29.5)
Group operating profit		**94.3**	61.6
Finance income		**1.1**	1.1
Finance expense		**(0.7)**	(0.4)
Net finance income		**0.4**	0.7
Profit on disposal of joint venture		**6.4**	–
Share of profit/(loss) of equity accounted investments		**0.1**	(1.2)
Profit before tax		**101.2**	61.1
Tax	2	**(14.8)**	(10.1)
Profit for the year		**86.4**	51.0
Attributable to:			
Equity holders of the Company		**86.4**	51.0
Non-controlling interest		**–**	–
Profit for the year		**86.4**	51.0
Earnings per share			
Basic	3	**85.9p**	49.0p
Diluted	3	**83.7p**	48.1p

* EBITDA is defined as profit for the year before net finance income, tax, depreciation and amortisation. It excludes amounts in respect of the Group's equity accounted investments and is considered by the Directors to be a key measure of its financial performance.

Consolidated Statement of Comprehensive Income

For the year ended 30 April 2015

	2015 **£m**	2014 £m
Profit for the year	**86.4**	51.0
Other comprehensive income/(expense)		
Items that will be reclassified to profit or loss:		
Foreign exchange differences arising on consolidation	**1.4**	(4.0)
Reclassification to profit or loss	**0.1**	–
Other comprehensive income/(expense) for the year, net of income tax	**1.5**	(4.0)
Total comprehensive income for the year	**87.9**	47.0
Attributable to:		
Equity holders of the Company	**87.9**	47.0
Non-controlling interest	**–**	–
Total comprehensive income for the year	**87.9**	47.0

Consolidated Balance Sheet

As at 30 April 2015

	Note	2015 £m	2014 £m
Assets			
Non-current assets			
Property, plant and equipment		**14.8**	16.7
Goodwill and other intangible assets		**83.2**	49.3
Investments		**0.1**	5.5
Available-for-sale financial assets		**1.3**	1.3
Deferred tax assets		**4.2**	3.9
		103.6	76.7
Current assets			
Trade and other receivables		**23.3**	23.0
Cash and cash equivalents		**105.1**	209.8
		128.4	232.8
Total assets		**232.0**	309.5
Liabilities			
Current liabilities			
Trade and other payables		**128.1**	111.8
Tax payable		**29.5**	24.4
Provisions	4	**5.1**	1.2
		162.7	137.4
Non-current liabilities			
Trade and other payables		**19.5**	–
Provisions	4	**0.4**	0.7
Total liabilities		**182.6**	138.1
Net assets		**49.4**	171.4
Equity			
Share capital		**0.1**	0.1
Share premium		**5.3**	21.9
Other reserves		**(9.0)**	(11.4)
Retained earnings		**53.0**	160.8
Equity attributable to equity holders of the Company		**49.4**	171.4
Non-controlling interest		**–**	–
Total equity		**49.4**	171.4

Consolidated Statement of Changes in Equity

For the year ended 30 April 2015

Attributable to equity holders of the Company

	Share capital £m	Share premium £m	Other reserves £m	Foreign currency translation reserve £m	Retained earnings £m	Total parent equity £m	Non-controlling interest £m	Total equity £m
Balance at 1 May 2013	0.1	19.4	0.9	(8.5)	120.1	132.0	–	132.0
Comprehensive income/(expense) for the year								
Profit for the year	–	–	–	–	51.0	51.0	–	51.0
Other comprehensive expense	–	–	–	(4.0)	–	(4.0)	–	(4.0)
Total comprehensive income/(expense) for the year	–	–	–	(4.0)	51.0	47.0	–	47.0
Transactions with owners, recorded directly in equity								
Issue of shares	–	2.5	–	–	–	2.5	–	2.5
Dividend paid	–	–	–	–	(15.6)	(15.6)	–	(15.6)
Equity-settled share-based payments	–	–	–	–	6.5	6.5	–	6.5
Sale of own shares by the EBT*	–	–	–	–	1.7	1.7	–	1.7
Purchase of own shares by the EBT*	–	–	–	–	(2.9)	(2.9)	–	(2.9)
Tax on equity-settled share-based payments	–	–	0.2	–	–	0.2	–	0.2
Total transactions with owners	–	2.5	0.2	–	(10.3)	(7.6)	–	(7.6)
Balance at 30 April 2014	0.1	21.9	1.1	(12.5)	160.8	171.4	–	171.4
Balance at 1 May 2014	**0.1**	**21.9**	**1.1**	**(12.5)**	**160.8**	**171.4**	**–**	**171.4**
Comprehensive income for the year								
Profit for the year	–	–	–	–	86.4	86.4	–	86.4
Other comprehensive income	–	–	–	1.5	–	1.5	–	**1.5**
Total comprehensive income for the year	**–**	**–**	**–**	**1.5**	**86.4**	**87.9**	**–**	**87.9**
Transactions with owners, recorded directly in equity								
Issue of shares	–	5.6	–	–	–	5.6	–	5.6
Share premium cancellation**	–	(22.2)	–	–	22.2	–	–	–
Capital reduction***	–	–	–	–	–	–	–	–
Dividend paid	–	–	–	–	(24.1)	(24.1)	–	(24.1)
Return of capital to shareholders, including fees and duty***	–	–	–	–	(200.7)	(200.7)	–	(200.7)
Equity-settled share-based payments	–	–	–	–	9.2	9.2	–	9.2
Sale of own shares by the EBT*	–	–	–	–	4.4	4.4	–	4.4
Purchase of own shares by the EBT*	–	–	–	–	(5.2)	(5.2)	–	(5.2)
Tax on equity-settled share-based payments	–	–	0.9	–	–	0.9	–	0.9
Total transactions with owners	**–**	**(16.6)**	**0.9**	**–**	**(194.2)**	**(209.9)**	**–**	**(209.9)**
Balance at 30 April 2015	**0.1**	**5.3**	**2.0**	**(11.0)**	**53.0**	**49.4**	**–**	**49.4**

* Employee Benefit Trust is defined as EBT.

** Following shareholder approval at the Annual General Meeting on 4 September 2014 and court approval on 8 October 2014, the Company cancelled its share premium account, transferring £22.2m to the retained earnings account within reserves.

*** During the year the Group returned £200.7m of cash to shareholders, including fees and duty.

Consolidated Statement of Cash Flow

For the year ended 30 April 2015

	Note	2015 £m	2014 £m
Cash flows from operating activities			
Profit for the year		**86.4**	51.0
Adjustments for:			
Depreciation and amortisation		**25.9**	29.5
Equity-settled share-based payments and associated costs		**10.4**	7.3
Profit on disposal of joint venture		**(6.4)**	–
Share of (profit)/loss of equity accounted investments		**(0.1)**	1.2
Net finance income		**(0.4)**	(0.7)
Tax		**14.8**	10.1
Increase in trade and other receivables		**(0.7)**	(4.4)
Increase in trade and other payables		**13.6**	2.4
Increase/(decrease) in provisions	4	**3.6**	(11.3)
Cash generated from operations		**147.1**	85.1
Tax paid		**(8.0)**	(5.6)
Net cash flows generated from operating activities		**139.1**	79.5
Cash flows from investing activities			
Acquisition of business combination, net of cash received	5	**(16.6)**	–
Acquisition of property, plant and equipment		**(6.3)**	(8.5)
Acquisition of other intangible assets		**(6.9)**	(6.5)
Capitalised internal development expenditure		**(6.6)**	(7.4)
Cash received on disposal of joint venture		**5.5**	–
Cash received from repayment of joint venture loan		**6.5**	–
Finance income received		**1.1**	0.9
Net cash flows used in investing activities		**(23.3)**	(21.5)
Cash flows from financing activities			
Proceeds from the issue of share capital		**5.6**	2.5
Dividends paid		**(24.1)**	(15.6)
Return of capital to shareholders, including fees and duty		**(200.7)**	–
Purchase of own shares by the EBT		**(5.2)**	(2.9)
Sale of own shares by the EBT		**4.4**	1.7
Net cash flows used in financing activities		**(220.0)**	(14.3)
Net (decrease)/increase in cash and cash equivalents		**(104.2)**	43.7
Cash and cash equivalents at the beginning of the year		**209.8**	168.1
Effect of exchange rate fluctuations on cash held		**(0.5)**	(2.0)
Cash and cash equivalents at year end		**105.1**	209.8

1 Operating segments

The Group's continuing operating businesses are organised and managed as reportable business segments according to the information which is used by the Group's CODM in making decisions about reporting matters. These segments are:

- Betfair excl. US
  - Sports
  - Gaming
  - Management of customer funds
- Betfair US

The previous reportable segments of Sportsbook and Exchange have been combined into one reportable segment named 'Sports'. This is to better reflect the way financial information is reviewed by the CODM. Sports now consists of the Exchange sports betting product, Timeform, the Sportsbook and Multiples. The Group has restated the operating segment information for the year ended 30 April 2014 accordingly.

Gaming consists of various Casino products and bespoke Exchange games products. Tradefair Spreads and Poker are also classified within Gaming. All of these gaming activities are played by customers in a number of geographical areas.

Sports and Gaming meet the quantitative thresholds required by IFRS 8 as reportable segments. While the revenue from the Management of customer funds does not meet these requirements, this segment is separately disclosed as it is monitored by the CODM.

The Group's US operations (including the TVG Network) meet the quantitative threshold to be disclosed separately.

The results of the Australian joint venture (up to the date of disposal) were consolidated in the Group accounts on an equity accounting basis. As such only the Group's share of gains and losses are presented in the operating segment note below.

The Group focuses its internal management reporting predominantly on revenue, as the products' potential to generate revenue is the chief driver of the Group's business and the allocation of resources. The Group's cost base is to a large extent fixed in nature. Corporate expenses, assets and liabilities cannot readily be allocated to individual operating segments and are not used by the CODM for making operating and resource allocation decisions.

However, expenses are allocated and reviewed by the CODM between Betfair excl. US and the Betfair US operating segment. The analysis of EBITDA is summarised below.

Management also reviews Group revenue on a geographic basis, determined by the location of the customers. This information is analysed below on the following basis:

- UK
- Rest of World.

The majority of the Group's non-current assets are located in the UK and the US, representing 44% and 45% of total non-current assets respectively (30 April 2014: UK 71% and US 12%).

1 Operating segments continued

Segmental information for the years ended 30 April 2015 and 30 April 2014 is as follows:

Year ended 30 April 2015

	Sports £m	Gaming £m	Management of customer funds £m	**Betfair excl. US £m**	Betfair US £m	**Group £m**
Revenue	328.0	88.5	1.2	**417.7**	58.8	**476.5**
EBITDA				**115.4**	4.8	**120.2**
Depreciation and amortisation						**(25.9)**
Net finance income						**0.4**
Profit on disposal of joint venture						**6.4**
Share of profit of equity accounted investments						**0.1**
Profit before tax						**101.2**
Tax						**(14.8)**
Profit for the year						**86.4**
Total assets						**232.0**
Total liabilities						**182.6**

Year ended 30 April 2014

	Sports £m	Gaming £m	Management of customer funds £m	**Betfair excl. US £m**	Betfair US £m	**Group £m**
Revenue	280.5	66.2	1.2	**347.9**	45.7	**393.6**
EBITDA				**89.1**	2.0	**91.1**
Depreciation and amortisation						**(29.5)**
Net finance income						**0.7**
Share of loss of equity accounted investments						**(1.2)**
Profit before tax						**61.1**
Tax						**(10.1)**
Profit for the year						**51.0**
Total assets						**309.5**
Total liabilities						**138.1**

1 Operating segments continued

Geographical information determined by location of customers is set out below:

Year ended 30 April 2015

	UK Sustainable £m	Rest of World Sustainable £m	**Total Sustainable £m**	Rest of World Other £m	**Group £m**
Betfair excl. US	315.5	14.2	**329.7**	88.0	**417.7**
Betfair US	–	58.8	**58.8**	–	**58.8**
Total Group revenue	**315.5**	**73.0**	**388.5**	**88.0**	**476.5**

Year ended 30 April 2014

	UK Sustainable £m	Rest of World Sustainable £m	**Total Sustainable £m**	Rest of World Other £m	**Group £m**
Betfair excl. US	246.4	14.0	**260.4**	87.5	**347.9**
Betfair US	–	45.7	**45.7**	–	**45.7**
Total Group revenue	**246.4**	**59.7**	**306.1**	**87.5**	**393.6**

Revenue derived from customers located in Ireland and Gibraltar are classified within UK.

2 Tax

The Group's consolidated effective tax rate for the year was 14.6% (30 April 2014: 16.5%).

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantially enacted on 2 July 2013. Any deferred tax assets and liabilities at 30 April 2015 have been calculated at 20%.

3 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the year ended 30 April 2015 was based on the profit attributable to ordinary shareholders of £86.4m (30 April 2014: £51.0m) and a weighted average number of ordinary shares outstanding of 100,573,899 (30 April 2014: 103,975,695). The weighted average number of shares has been adjusted for amounts held by the Group's EBT.

	2015	2014
Profit for the year (£m)	**86.4**	51.0
Weighted average number of shares	**100,573,899**	103,975,695
Basic earnings per share	**85.9p**	49.0p
Diluted earnings per share	**83.7p**	48.1p

All earnings in the current year relate to continuing operations.

3 Earnings per share continued

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 30 April 2015 was based on the profit attributable to ordinary shareholders of £86.4m (30 April 2014: £51.0m) and a weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares of 103,167,618 (30 April 2014: 106,019,686).

Profit used to determine diluted earnings per share

	2015 **£m**	2014 £m
Profit used to determine diluted earnings per share	**86.4**	51.0

Weighted average number of shares (diluted)

	2015	2014
Weighted average number of ordinary shares (basic)	**100,573,899**	103,975,695
Effect of share options on issue	**2,593,719**	2,043,991
Weighted average number of ordinary shares (diluted)	**103,167,618**	106,019,686

The average market value of the Company's shares of £13.92 (30 April 2014: £9.89) was used to calculate the dilutive effect of share options based on the market value for the year that the options were outstanding.

4 Provisions

	Redundancy provision £m	Onerous contracts £m	Gaming Tax £m	Total £m
Balance at 1 May 2013	9.7	1.9	–	11.6
Utilised in the year	(9.7)	(1.6)	–	(11.3)
Reclassification from non-current*	–	0.9	–	0.9
Current provisions 30 April 2014	**–**	**1.2**	**–**	**1.2**
Additions in the year	–	–	4.1	4.1
Utilised in the year	–	(0.5)	–	(0.5)
Reclassification from non-current*	–	0.3	–	0.3
Current provisions 30 April 2015	**–**	**1.0**	**4.1**	**5.1**
Balance as at 1 May 2013		1.6		1.6
Reclassification to current*	–	(0.9)	–	(0.9)
Non-current provisions 30 April 2014	**–**	**0.7**	**–**	**0.7**
Reclassification to current*	–	(0.3)	–	(0.3)
Non-current provisions 30 April 2015	**-**	**0.4**	**–**	**0.4**

* Non-current provisions reflect contractual obligations that will be settled more than 12 months after the reporting date. During the year, £0.3m (30 April 2014: £0.9m) has been reclassified from non-current provisions to current provisions.

Onerous contracts relate to provisions made in relation to operating leases for premises that were vacated during the year ended 30 April 2013 as part of the restructuring.

Gaming tax provisions relate to amounts provided for taxes in certain jurisdictions where the interpretation of tax legislation is uncertain.

5 Acquisitions during the year

On 17 February 2015 the Group acquired 100% of the equity interests in HRTV LLC, a horseracing television network, from The Stronach Group. As a result of the acquisition, the Group now has long-term television rights to the racecourses owned and operated by The Stronach Group. This strengthens the Group's ability to drive incremental wagering on its advanced wagering platform and is expected to lead to additional advertising and distribution opportunities.

Initial cash consideration of $25.6m was paid by the Group upon acquisition, with estimated future consideration of $47.8m to be transferred over the next 7 years. After discounting at 10% the total fair value of consideration at the acquisition date is estimated to be $56.5m of which $6.3m is dependent on future performance over the next 7 years. There is no maximum cap on the amount payable however there are no reasonable changes in the assumptions used that would result in a material impact.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	£m
Cash paid	16.6
Deferred and contingent consideration	20.1
Total consideration	**36.7**
Non-current assets (excluding goodwill and other intangible assets)	0.2
Identifiable intangible assets	
Broadcasting and wagering rights	31.3
Brand	0.4
Working capital	0.5
Net assets acquired	**32.4**
Goodwill	**4.3**

The main factor leading to the recognition of goodwill is the synergies expected to be generated from the combined television and wagering operations. The Group expects the goodwill recognised on acquisition to be tax deductible in full.

Given the value to the Group lies predominantly in the acquired broadcast and wagering rights and the ability to generate incremental wagering on the existing advanced wagering platform the post-acquisition revenue and profit and the Group performance assuming the acquisition occurred at the beginning of the year have not been disclosed.