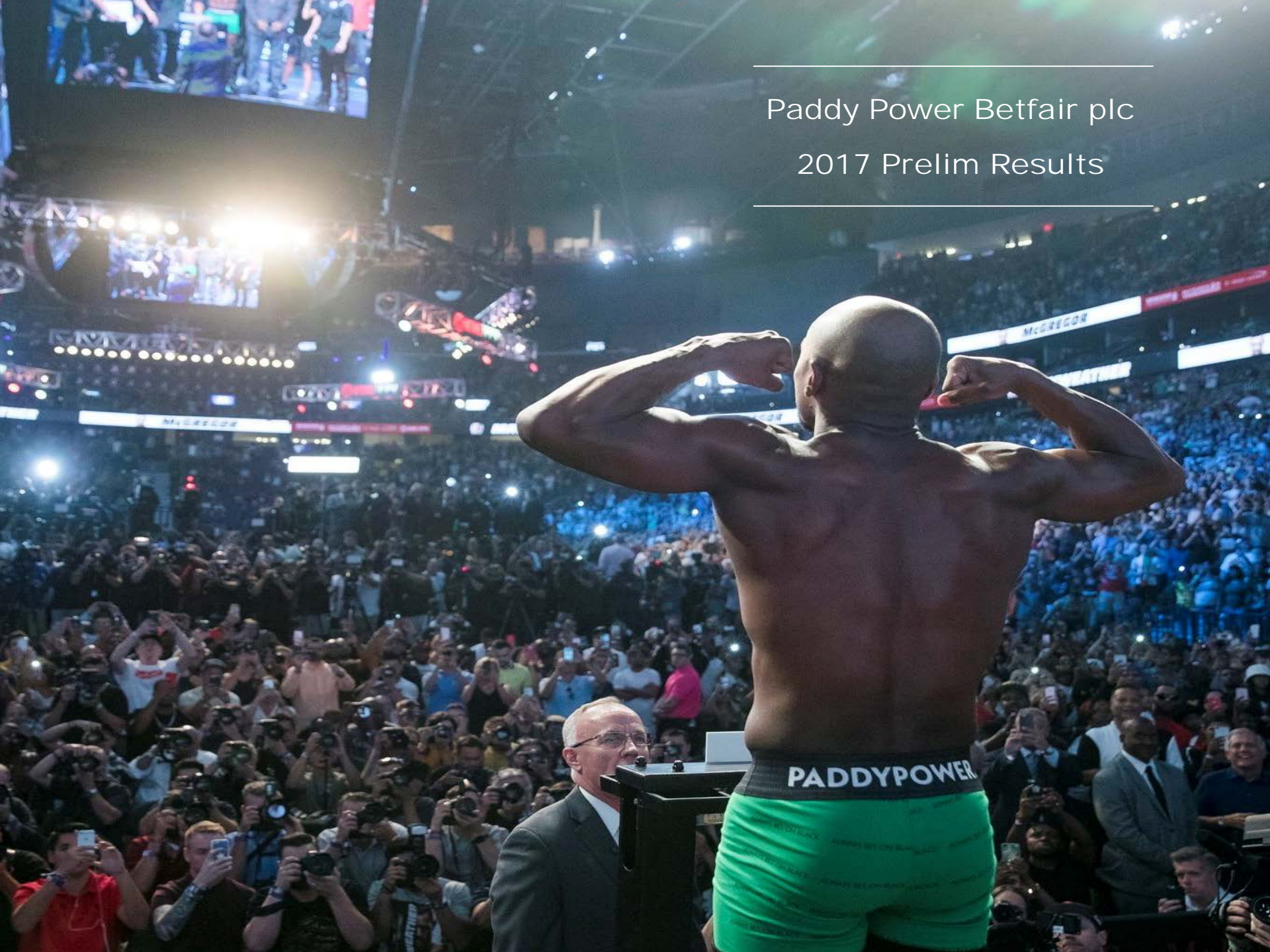

Paddy Power Betfair plc
2017 Prelim Results



Overview

Observations

- Solid financial performance in 2017
- Many important competitive advantages
- Merger integration successfully completed
- Sportsbet has an excellent position in an attractive market
- Assets in the USA position us well for potential regulatory change
- Further sector consolidation is likely

Key actions

- New organisational structure to improve decision making speed and efficacy
- All development resources now deployed on customer-facing product
- Increasing investment in the Paddy Power brand and international markets
- Medium-term target leverage range identified

Financial &
Operating Review



Financial highlights

£m	2017	Proforma ¹		
		2016	YOY %	YOY % CC ²
Revenue	1,745	1,551	+13%	+10%
Cost of sales	(405)	(357)	+14%	+10%
Gross profit	1,340	1,194	+12%	+10%
Operating costs	(867)	(794)	+9%	+5%
Underlying EBITDA	473	400	+18%	+19%
<i>EBITDA margin %</i>	27.1%	25.8%	+1.3%	+2.2%
Depreciation & amortisation	(81)	(70)	+16%	+11%
Underlying operating profit	392	330	+19%	+21%
Separately disclosed items	(142)	(318)	n/a	n/a
Operating profit	250	12	n/a	n/a
Underlying earnings per share	398.0p	330.9p	+20%	
Dividends per share	200p	165p	+21%	
Net cash at end of year	£244m	£36m		

- 13% revenue growth (Sports +16%, Gaming +2%)
- Operating costs up 5% in CC:
 - Sales & marketing +14%
 - Other costs flat
- Operating leverage led to 18% increase in EBITDA vs 13% revenue growth
- Effective tax rate: 13.5% (2016: 15.5%)
- Final dividend of 135p per share results in total dividends for the year of 200p per share, representing 50% underlying profits after tax

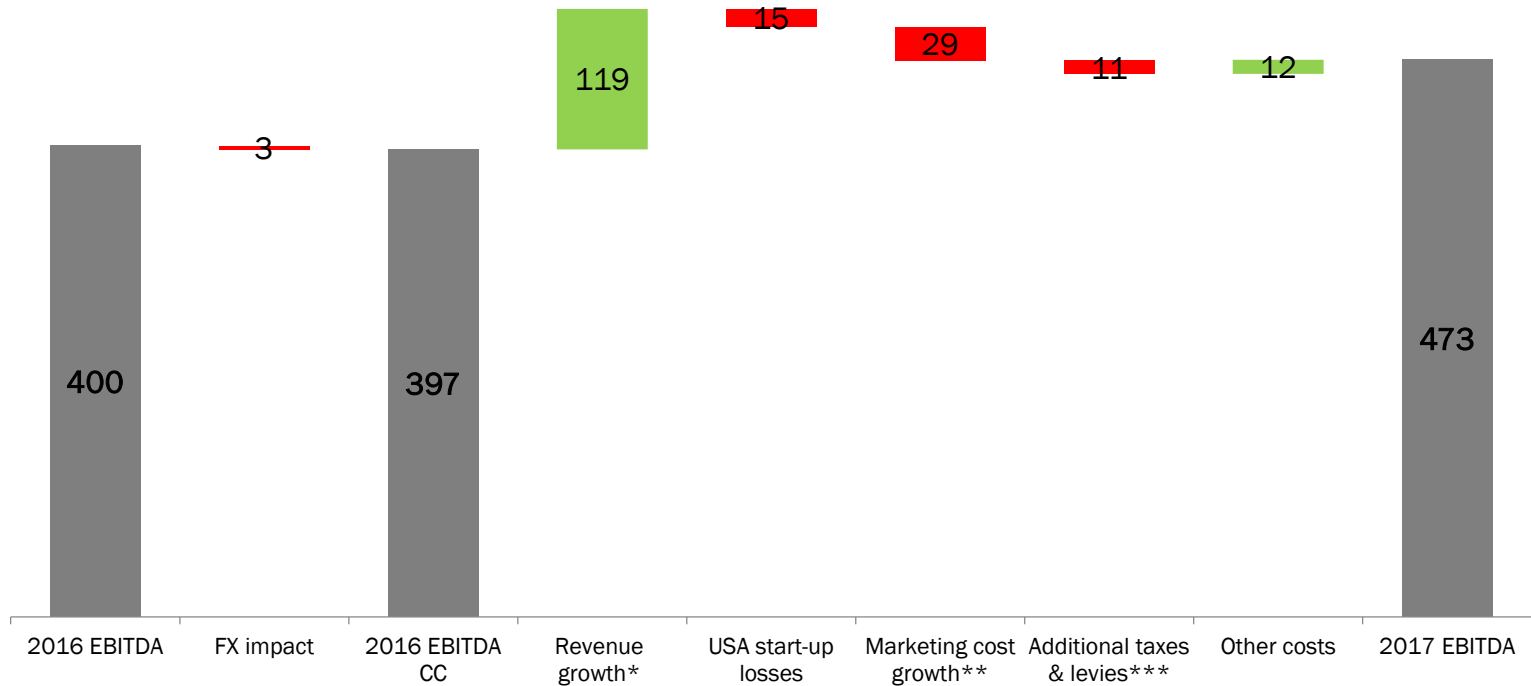
¹ Note throughout this presentation the 2016 comparatives and year-on-year (“YoY”) growth rates are shown on a “Proforma” basis for the Group as if the merger completed on 1 January 2016

² Constant currency (“cc”) growth throughout this presentation is calculated by retranslating non-sterling denominated component of 2016 at 2017 exchange rates

Group EBITDA bridge

EBITDA +£73m / +18%

£'m



* EBITDA impact of revenue growth estimated using average 2017 cost of sales %

** Excludes marketing from USA start-up businesses

*** Includes impact from increased UK racing levy, increased UK online gaming POC tax and the introduction of POC tax in South Australia

Online

£m	2017	Proforma	
		2016	YOY %
Sportsbook stakes	5,633	5,266	+7%
<i>Sportsbook net revenue %</i>	7.0%	6.6%	+0.4%
Sports revenue	660	609	+8%
Gaming revenue	238	245	-2%
Total revenue	898	853	+5%
Cost of sales	(199)	(193)	+3%
Gross profit	700	661	+6%
Sales & marketing	(223)	(195)	+14%
Product & technology	(98)	(111)	-11%
Operations	(72)	(65)	+10%
Total operating costs	(394)	(371)	+6%
Underlying EBITDA	306	289	+6%

- Sportsbook revenue +14% benefitted from more favourable sports results, partially offset by increased investment in pricing & promotions
- Exchange & B2B revenue +1%
- Operating costs up 6% (cc +3%):
 - Sales & marketing +14%
 - Other costs down 3%

Online division includes the UK/Ireland telephone ('Dial-a-bet') business

	FX Impact	CC YoY %
<i>Revenue</i>	+£7m	+5%
<i>Underlying EBITDA</i>	-£9m	+9%

Australia

£m	2017	2016	YOY %	A\$ YOY %
Sportsbook stakes	3,708	2,911	+27%	+19%
<i>Sportsbook net revenue %</i>	<i>10.9%</i>	<i>10.7%</i>	<i>+0.2%</i>	<i>+0.2%</i>
Revenue	404	312	+30%	+21%
Cost of sales	(111)	(80)	+38%	+30%
Gross Profit	292	231	+27%	+18%
Sales & marketing	(82)	(72)	+13%	+5%
Product & technology	(24)	(24)	+2%	-6%
Operations	(47)	(41)	+14%	+5%
Total operating costs	(153)	(137)	+11%	+3%
Underlying EBITDA	139	94	+49%	+42%

- Revenue growth driven by continued product investment and promotional generosity
- Cost of sales includes South Australian POC tax from 1 July 2017 (£3m in H2)
- Continued cost discipline maintained ahead of potential regulatory & tax changes

Retail

£m	2017	2016	YOY %
Sportsbook stakes	1,835	1,713	+7%
<i>Sportsbook net revenue %</i>	<i>12.4%</i>	<i>11.6%</i>	<i>+0.8%</i>
Sportsbook revenue	228	198	+15%
Machine gaming revenue	106	97	+10%
Total revenue	334	295	+13%
Cost of sales	(71)	(63)	+12%
Gross Profit	263	233	+13%
Operating costs	(182)	(170)	+7%
Underlying EBITDA	82	62	+31%
Shops at year end	626	613	+2%

- Good revenue growth in both regions:
 - UK +11%
 - Ireland +16% (+8% in constant currency)
- Like-for-like KPIs in constant currency:
 - Sportsbook stakes +1%
 - Sportsbook revenue +9%
 - Machine gaming revenue +7%
 - Total revenue +8%
 - Opex +2%
- 14 new shops opened in 2017 (11 in the UK & 3 in Ireland) & 1 Irish shop closed

	FX Impact	CC YoY %
<i>Revenue</i>	<i>+£8m</i>	<i>+10%</i>
<i>Underlying EBITDA</i>	<i>+£2m</i>	<i>+28%</i>

US

£m	2017	Proforma		
		2016	YOY %	US\$ YOY %
Sports revenue	94	79	+19%	+13%
Gaming revenue	16	12	+34%	+29%
Total revenue	109	91	+21%	+15%
Cost of sales	(25)	(21)	+18%	+13%
Gross profit	85	70	+22%	+16%
Operating costs	(81)	(57)	+42%	+36%
Underlying EBITDA	4	12	-71%	-73%

- Sports revenue driven by 10% growth at TVG supplemented by revenues from DRAFT & the Betfair horseracing exchange in New Jersey
- TVG growth driven by continued investment in product and marketing including the introduction of money-back specials to the US racing market
- 29% revenue growth at the Betfair Casino (c.12% share of the online NJ market)
- EBITDA comprised profits from TVG & Betfair Casino partially offset by £15m start-up losses in DRAFT & the Betfair Exchange

Cash flow

£m	Proforma		
	2017	2016	YOY %
Underlying EBITDA	473	400	+18%
Capex	(89)	(85)	+5%
Working capital	53	(15)	n/a
Corporation tax paid	(43)	(48)	-10%
Underlying free cash flow	395	252	+57%
Cash flow from separately disclosed items	(12)	(104)	
Free cash flow	383	148	
Dividends paid	(149)	(179)	
DRAFT acquisition	(14)	-	
Interest	-	(2)	
Issue of shares	3	2	
Net increase/(decrease) in cash	222	(31)	
Net cash at start of year	36	84	
Movement to restricted cash	-	(8)	
FX translation impact	(14)	(9)	
Net cash at end of year	244	36	

- Continued strong cash generation, with underlying free cash flow up 57% to £395m
- 2017 working capital had a one-off benefit from timing of payments which will reverse in 2018 (c.£20m)
- 2016 dividends included the merger-related special dividend paid to Paddy Power shareholders on completion (£62m)

Financial guidance

Additional investment

- c.£20m additional marketing and retention investment planned in Online in 2018
- Start-up losses in existing early stage businesses in the USA expected to be maintained at 2017 levels (c.£15m) in 2018

Regulation

- Australia POCT: South Australia 15% of GGR (from July '17); Western Australia 15% of GGR (from Jan '19); expect remaining states to announce their intentions in the coming months
- Government review into FOBT stake limits expected to conclude in Q2; no change in guidance on estimated impact of stake limit reductions¹

FX

- FX impact on 2018 EBITDA at current spot rates is a c£10m headwind versus 2017 (primarily A\$)

Capex

- Full-year 2018 capex expected to be £90m to £100m

Effective tax rate

- Full-year 2018 underlying effective tax rate expected to be between 13% and 15%

¹ Estimated reduction in FOBT revenues at different stake levels: £50 c.4%; £30 15%-21%; £20 19%-27%; £10 26%-36%; £2 33%-43% before potential mitigation

Business

Review

A close-up photograph of a horse's back and neck, covered in a bright yellow blanket. The blanket features the 'betfair' logo (a stylized blue arrow) and the text 'betfair' in a bold, blue, sans-serif font. Below this, the words 'BETFAIR CHASE 2017' and 'WINNER' are printed in a bold, black, sans-serif font. The background is blurred, showing a crowd of people and a building, suggesting a racecourse setting.

betfair
BETFAIR CHASE 2017
WINNER

Priorities

Europe

- Return Paddy Power to growth
- Accelerate international growth

Australia

- Maintain market leadership
- Capitalise on industry regulatory / fiscal headwinds

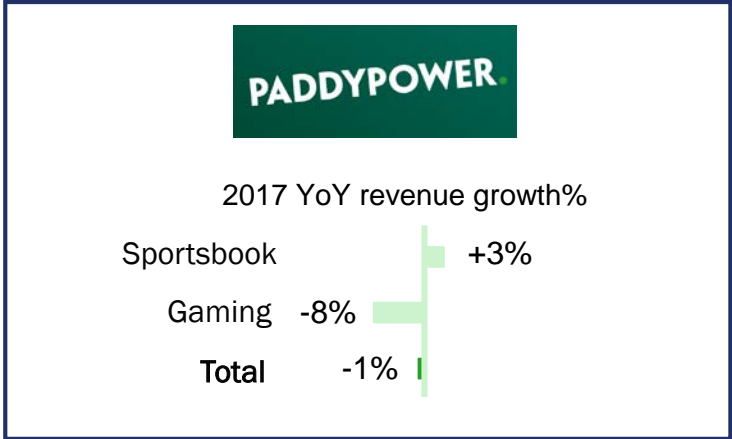
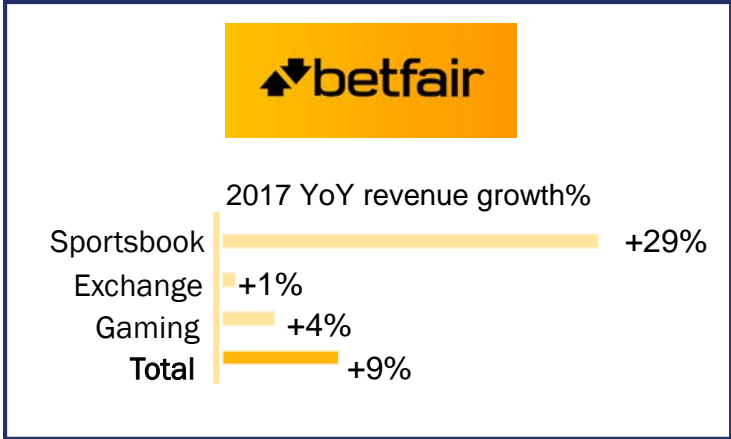
USA

- Ensure we are well placed ahead of any regulatory change

Capital structure

- Improve efficiency while maintaining strategic flexibility

Betfair sports performing well, Paddy Power losing share



Paddy Power observations

Key remedial actions

Lost some focus	<ul style="list-style-type: none"> ▪ New organisational structure ensures greater focus
Low share of wallet	<ul style="list-style-type: none"> ▪ Development resources now focused on customer-facing product ▪ Increasing investment in retention activities
Brand spend too low for mass market	<ul style="list-style-type: none"> ▪ Increasing investment in above-the-line marketing

Improved decision making and brand focus



- New structure simplifies decision making, particularly for the Paddy Power and Betfair brands
- Separate commercial teams for each brand facilitates increased focus on brand identity & customer proposition
- New Group leadership role focused on responsible gambling
- Experienced leadership team supported by diverse talent pool

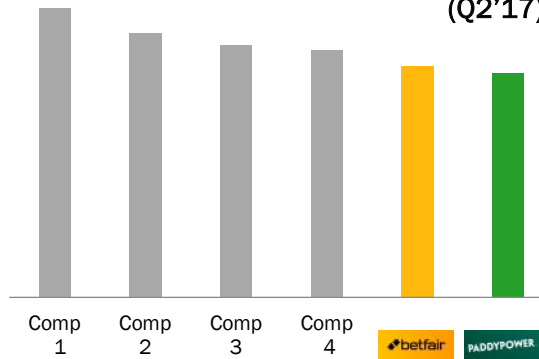
Substantial resources now deployed on customer-facing product

Platform and resources to achieve product leadership

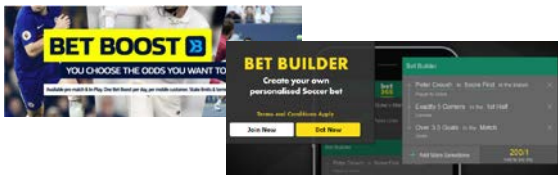
- **Substantial resources**
 - c.1,000 product development specialists
 - Established development centres of excellence
 - Knowledge sharing with Sportsbet
- **Scalable, flexible & responsive platform**
 - Develop once, then available to all brands
- **Ability to differentiate**
 - Proprietary technology
 - Sports betting expertise across risk & trading and the betting exchange

Product gaps have arisen during integration period

Customer perceptions of app 'Speed & Ease'¹ (Q2'17)

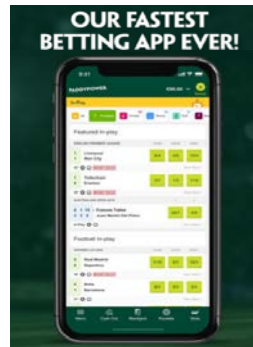


Competitors have released new features



Gaps partially addressed for Paddy Power since Jan'18

New enhanced sports apps (faster, improved navigation & much improved cash out product)



>50% faster app load time

>60% increase in % of bets cashed out by customers

Gaming:

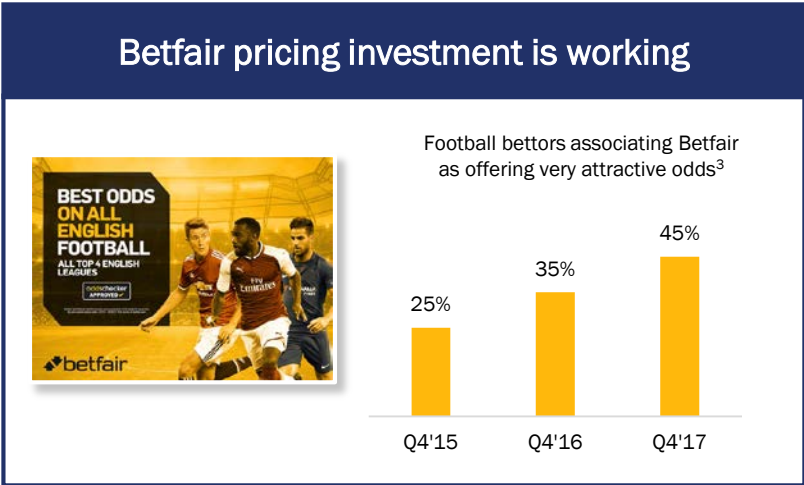
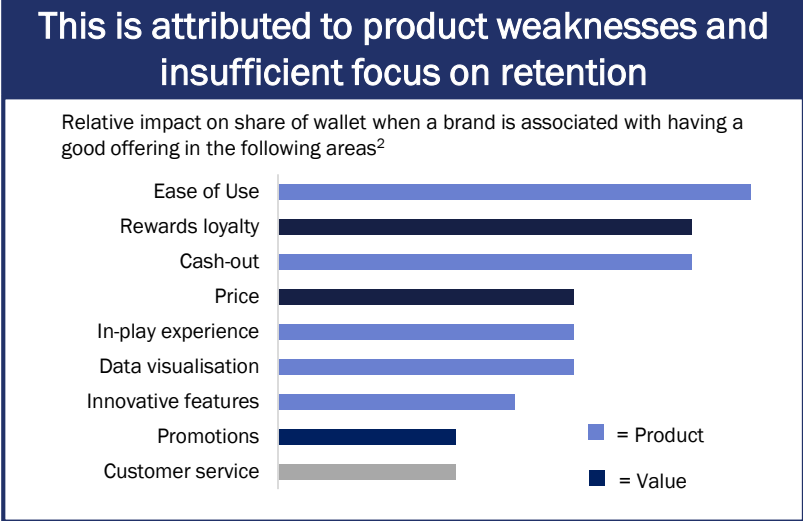
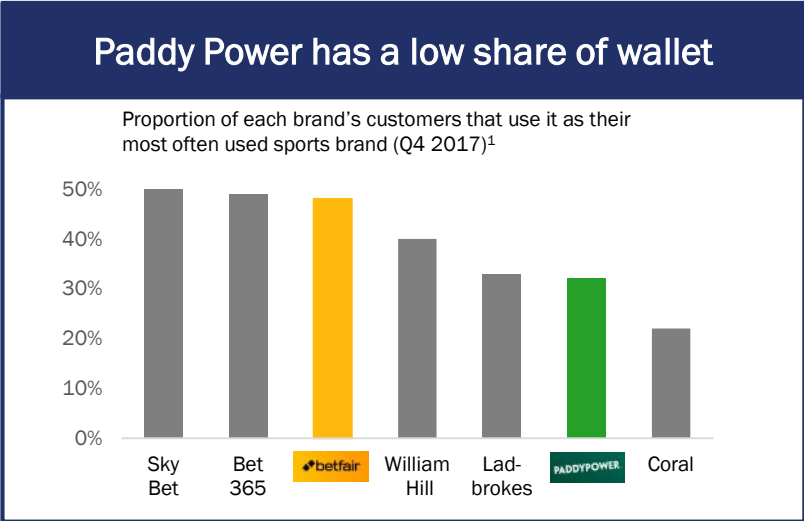
- New PP Games website & mobile products
- PP versions of BF casino apps

Key product objectives for 2018

- **Sports:**
 - Addressing ease of use
 - Accelerated new feature development
- **Gaming:**
 - Improve customer journeys & promotional capabilities
 - New casino apps
 - Single CMS across brands
- Support international growth
- Regulatory & responsibility

¹ Source: GfK market research

Increasing spend to drive greater share of customer wallets



Investing in new loyalty schemes

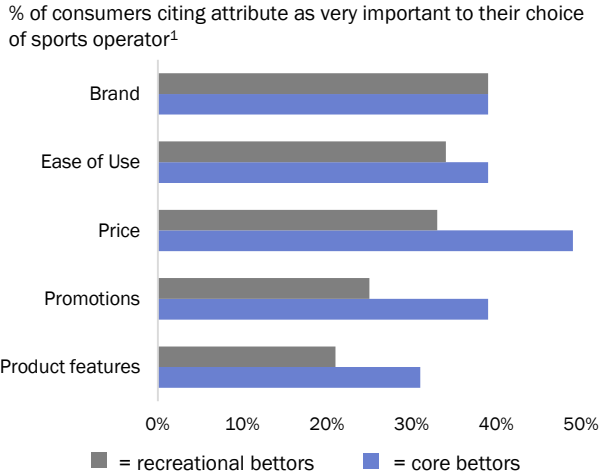
With Paddy's Rewards Club you get whopper free bets and a HEAP of extras!

Opt in to Betfair Select and get Free Bets, Cash Drops, Prize Draws and more.

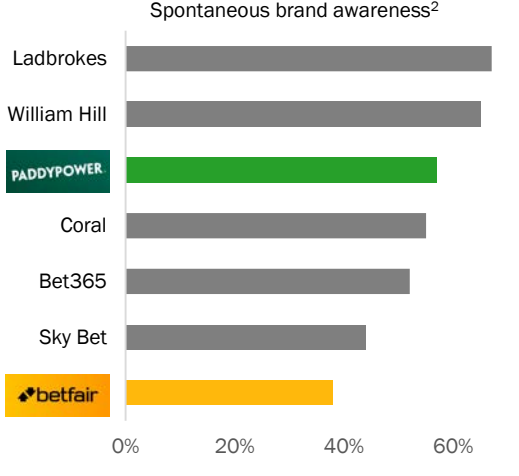
¹ Source: Hall & Partners brand tracking research
² Source: customer research
³ % of Betfair brand considers that associate Betfair with "Offering very attractive odds". Source: Hall & Partners brand tracking research

Paddy Power targeting mass-market; Betfair targeting core bettors

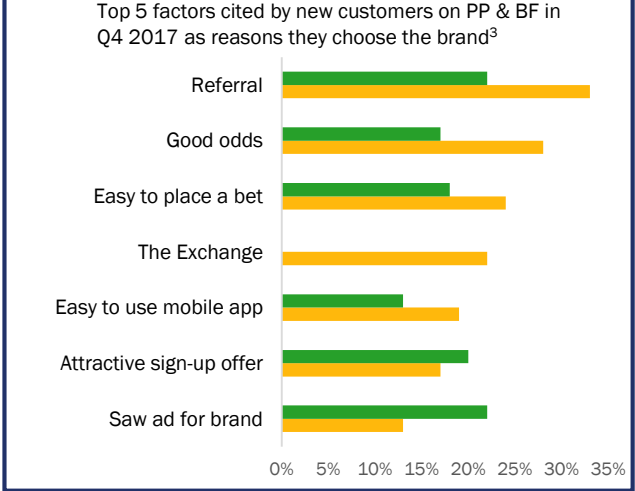
Drivers of operator choice differ by customer segment



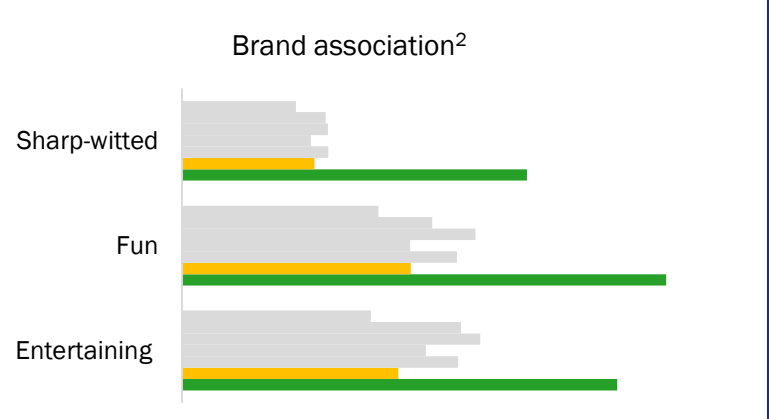
Paddy Power has strong brand awareness



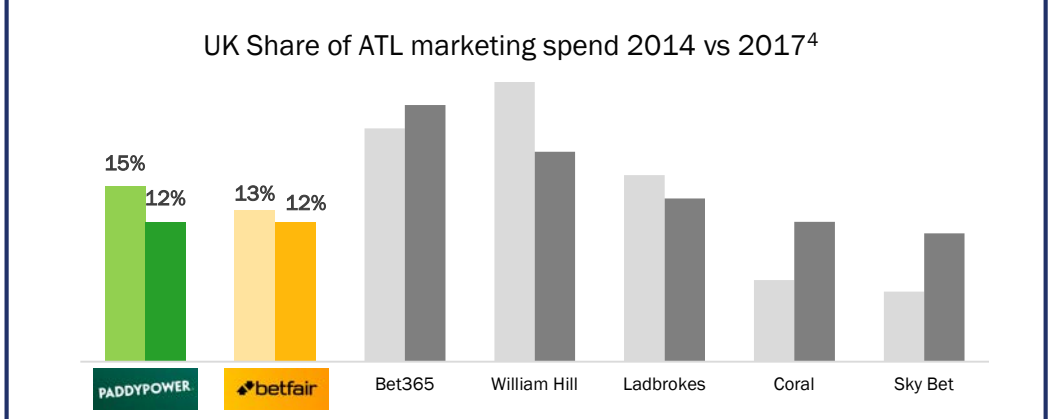
Our brands attract customers for different reasons



Paddy Power personality is its strength



But needs additional spend to address the mass-market



¹ Source: OC&C market research

³ Source: internal customer research

² Source: Hall & Partners brand tracking research

⁴ Internal estimates, note Paddy Power and Betfair 2017 spend levels include the benefit of merger synergies; source: Mediacom data

Brand strategy refined, supported with extra c.£20m investment



- **Paddy Power to target recreational customers in UK&I**
 - Distinctive brand; generous rewards; product ease of use
 - Increasing investment in share of voice & retention spend



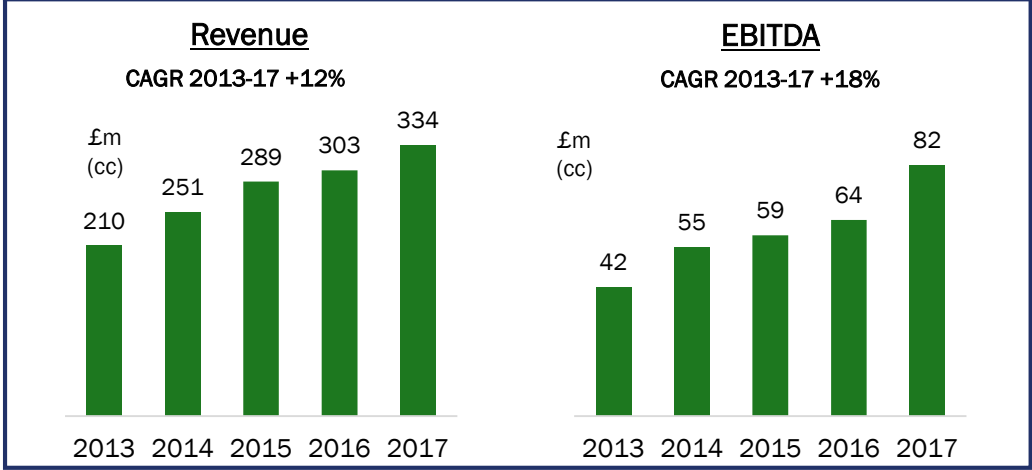
- **Betfair to target core bettors in UK&I**
 - Industry leading pricing; betting exchange; targeted retention
 - Presents opportunity to optimise marketing spend between brands
- **International: additional exploratory marketing in key markets**
 - Investing to assess opportunities to increase scale
 - Capitalise on exchange's unique proposition

Continuing to invest in our leading proposition to take share

Key drivers of PP outperformance

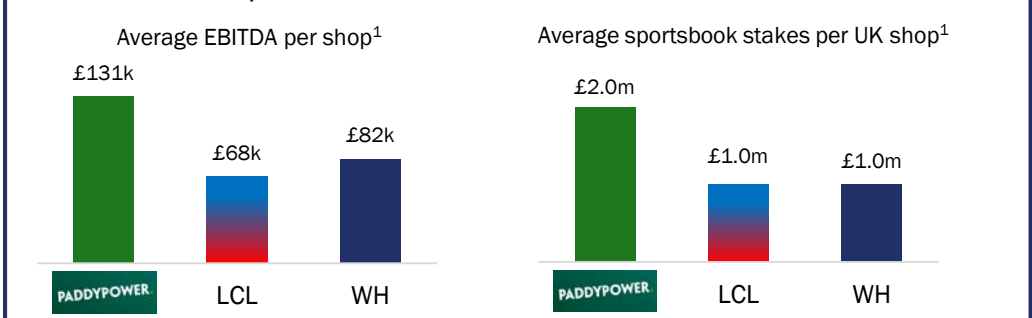
- Brand** PP brand leveraged in shop
- Fit-out Quality** Newest and best invested estate in the industry
- Service & People** Leading customer service scores
- Product & Content** More product and content to bet on
- Loyalty** Highly engaged loyalty program customers
- Value** The best odds & offers in retail betting

Delivered sustained revenue and profit growth



PP well positioned to benefit from market consolidation

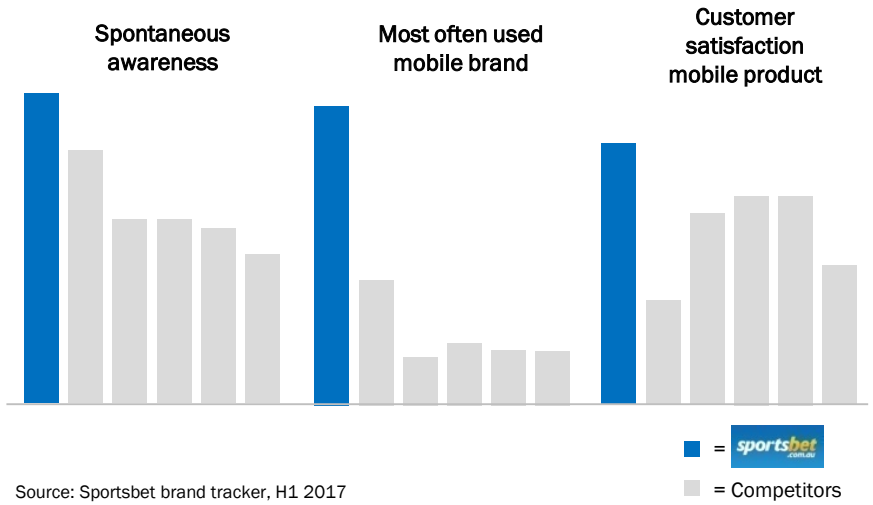
- Shops are more profitable & outperform on sports betting
- Shops are located in markets with a large number of competitors
- Proven track record of acquiring shops & achieving significant uplift in revenue & profit



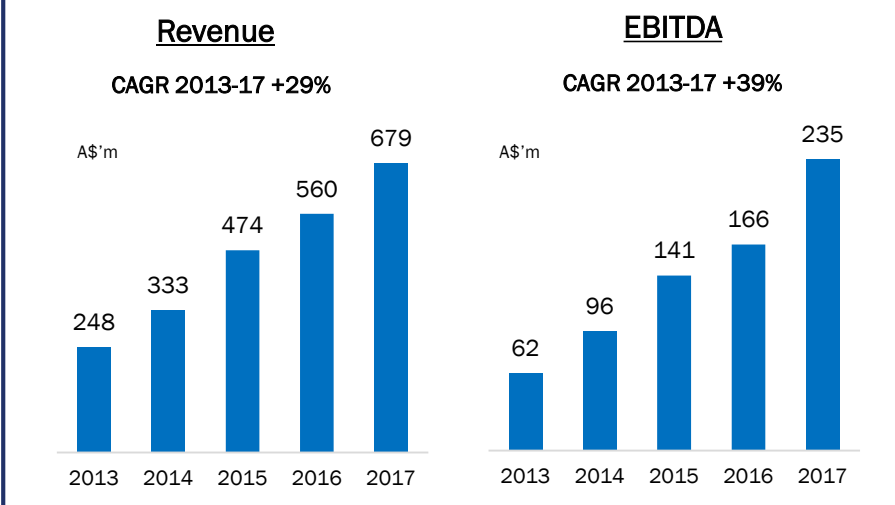
¹ Paddy Power & William Hill are for 2017; Ladbrokes Coral is for 2016; source: competitor published accounts

Strong position ahead of increased taxes

Leading brand in the market



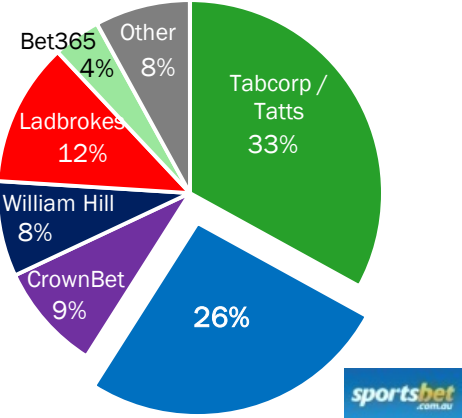
Strong revenue & profit growth



Scale & profitability position us relatively well for regulatory & fiscal changes

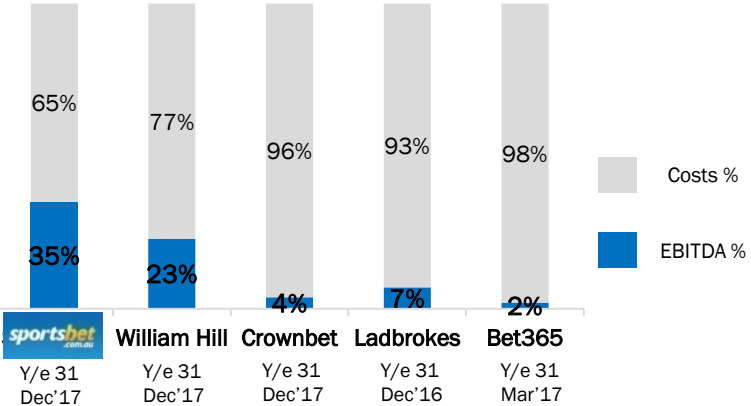
Market share

Share of non-retail gross win (2017)



Strong operating margin ahead of increased taxes

Last reported 12 months (% of revenue)



Advantages of scale


- Leverage fixed cost base to reduce cost of service
- Facilitates investment in our customer proposition
- Acquire key marketing assets
- Invest in specialist talent
- Greater ability to absorb regulatory changes & participate in consolidation

Source: Competitor public filings and internal estimates

Continued investment in leading proposition

Product – investing in key battlegrounds to ensure market leading product

Ease



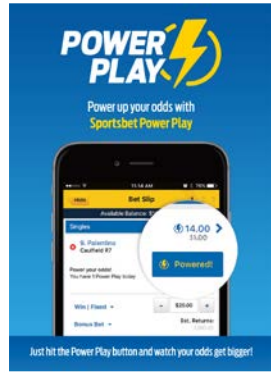
THE ALL-NEW ANDROID APP IS HERE!

SPORTSBET'S CASH CARD
JUST GOT BETTER!

SPORTSBET'S CASH CARD
\$100 AND \$100 FREE

ACTIVATE BET & WIN WITHDRAWAL

Value

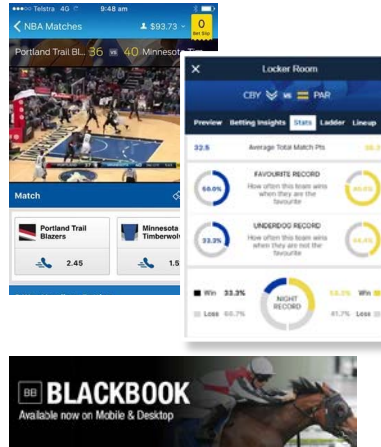


POWER PLAY

Power up your odds with Sportsbet Power Play

Just hit the Power Play button and watch your odds get bigger!

Content



LOCKER ROOM

Preview Betting Insights **MARKS** Leader Lineup

Average Total Match Pts: 108.3

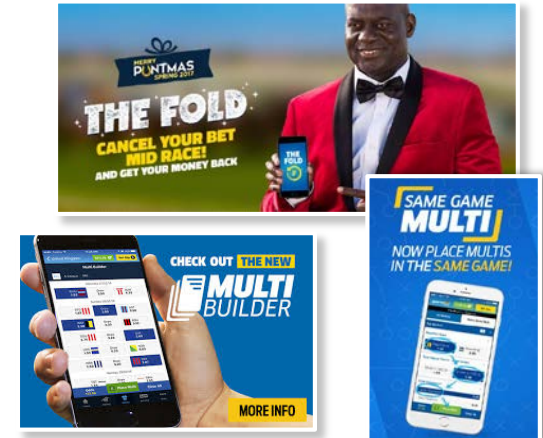
FAVOURITES RECORD: How often this team wins when they are the favourite: 58.9%

UNDERDOG RECORD: How often this team wins when they are not the favourite: 44.4%

NIGHT RECORD: 58.5% WFA 41.7% LFAA

BLACKBOOK
Available now on Mobile & Desktop

Innovation



THE FOLD
CANCEL YOUR BET MID RACE! AND GET YOUR MONEY BACK

SAME GAME MULTI
NOW PLACE MULTIS IN THE SAME GAME!

MULTI BUILDER
CHECK OUT THE NEW MULTI BUILDER

MORE INFO

Value – increased generosity & innovation

Win More



POWER PLAY

NOW AVAILABLE ON SELECTED AFL MARKETS

Tap the Power Play button on the betslip and watch your odds power up. One Power Play available every day on selected AFL markets.

Insurance



3 BIG TRACKS
FIRST 4 RACES
FLEMINGTON, ROSEHILL & BELMONT

IF YOUR HORSE RUNS 2ND OR 3RD
GET UP TO \$50 BACK
IN BONUS BETS*

12 RACES

Into the Action



24 UP, YOU WIN!

WE'LL PAY OUT H2H BETS AS SOON AS YOUR TEAM GOES 24 PTS UP!

ALL AFL MATCHES THIS WEEK

Social



MATES RATES

AS MORE PEOPLE BET THE BIGGER THE ODDS GET! ...FOR EVERYONE

BETS PLACED: 1751 - 2500

JARRYD HAYNE FIRST TRYSCORER

Applies to first bet on the promoted selection only. Max. odds \$20.

Personalised



#BYOMAYMAC

REQUEST A MARKET ON THE BIG FIGHT AND WE'LL PRICE UP THE BEST SUGGESTIONS.

TWEET YOUR BET REQUEST TO @SPORTSBETCOMAU WITH #BYOMAYMAC OR USE THE SPORTSBET APP

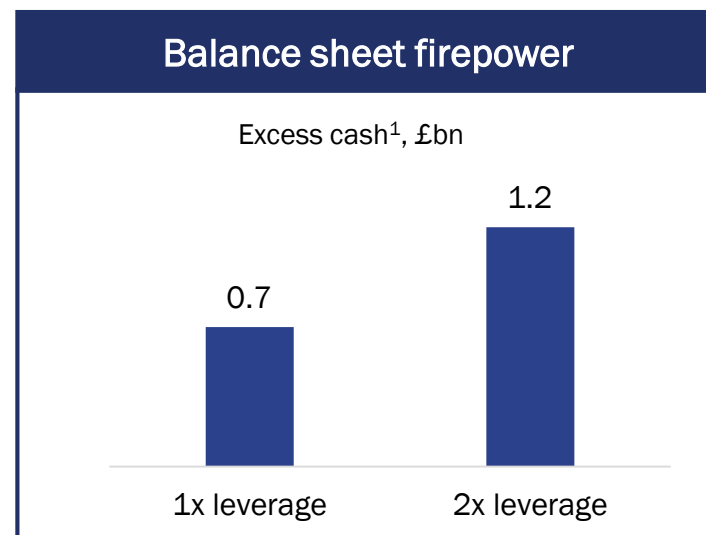
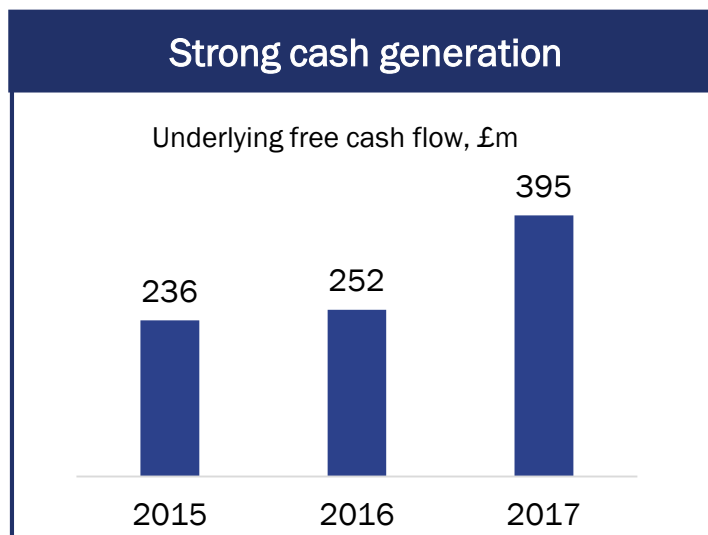
Well positioned for potential regulatory developments

- Betfair US is currently one of the largest online wagering operators in the USA, with customers in 46 states & over \$140m of annual revenues
- Global technology, risk & trading and digital marketing expertise
- Extensive distribution reach via TV channels (available in 45 million homes)
- Strong local operational expertise (e.g. payments processing & digital marketing)
- Good relationships with regulators (licenced in 16 states) and other key stakeholders
- DRAFT is acquiring customers who would likely be early adopters to online sports betting
- Substantial financial resources



Improving balance sheet efficiency, maintaining flexibility

- Strong balance sheet provides flexibility and is valuable when assessing strategic options
- Highly cash generative operating model, with strong conversion of profit to cash
- Board is committing to improved efficiency while maintaining strategic flexibility
- Targeting medium term leverage of between 1x and 2x net debt / EBITDA
- Considering appropriate path towards this leverage target



¹ Difference between current net cash position and net debt position under targeted leverage range based on 2017 EBITDA

Summary

- Focused on re-establishing product leadership
- Increasing marketing and retention investment to support growth
- Simplified structure helping decision making and focus
- Short term regulatory headwinds provide opportunities for share gains
- Strong cash flow and balance sheet provides opportunities

Q & A

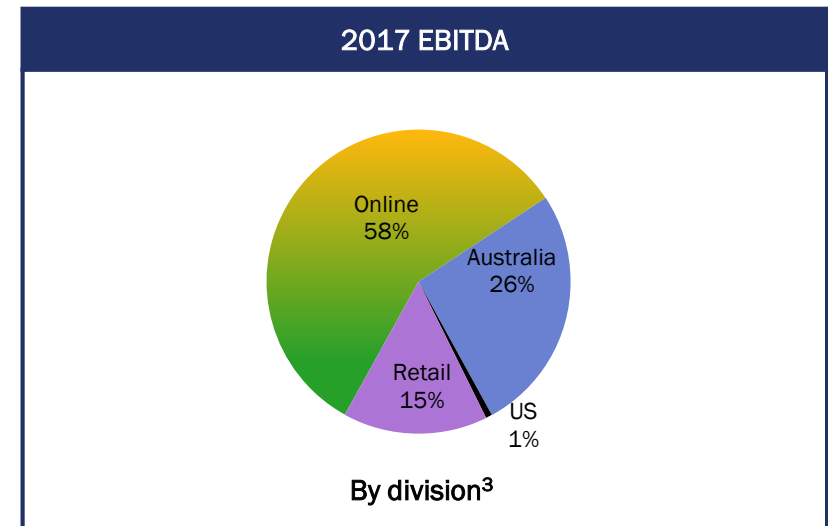
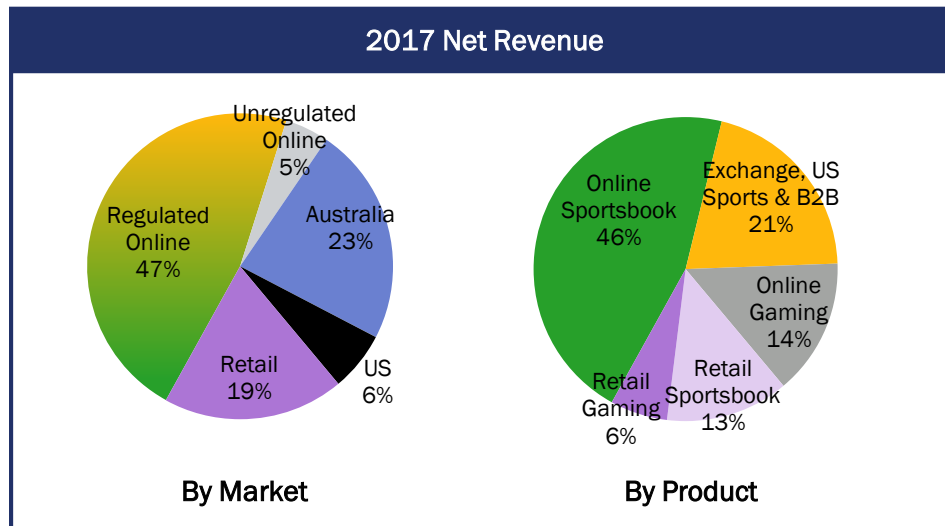




Appendix

Divisional overview

£m, Underlying	ONLINE		AUSTRALIA		RETAIL		US		GROUP ¹	
	2017	YOY % ²	2017	YOY %	2017	YOY %	2017	YOY % ²	2017	YOY % ²
Sports revenue	660	+8%	404	+30%	228	+15%	94	+19%	1,385	+16%
Gaming revenue	238	-2%	-	-	106	+10%	16	+34%	360	+2%
Total revenue	898	+5%	404	+30%	334	+13%	109	+21%	1,745	+13%
EBITDA	306	+6%	139	+49%	82	+31%	4	-71%	473	+18%
Operating profit	268	+5%	125	+49%	63	+41%	-5	n/a	392	+19%



¹ Group EBITDA and operating profit includes unallocated central costs

² Proforma growth rate

³ Before unallocated central costs of £58m

Separately disclosed items

£m	Proforma		
	2017	2016	
Merger deal expenses	-	50	Includes stamp duty & advisor fees
Merger integration costs	-	66	One-off costs to achieve the cost synergy savings
Non-cash merger related items:			
Business combination intangible asset amortisation	135	174	IFRS3 acquisition accounting
Fair value adjustment for share-based payments	7	22	Revaluation of existing plans
Impairment of assets	-	6	Obsolete assets resulting from the merger
Total separately disclosed items	142	318	

- All items result from the merger with only non-cash items impacting 2017