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2018 Interim Results

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H1 Summary

- Difficult Q1 followed by a more favourable Q2
- All divisions contributed to double-digit Q2 revenue growth
- Good progress against our strategic priorities, particularly in returning Paddy Power to growth
- Tax & regulatory headwinds now confirmed in Australia and UK Retail; we are well placed and investing accordingly
- Strengthened our position substantially in the US following the FanDuel merger and important market access agreements

Financial & Operating Review



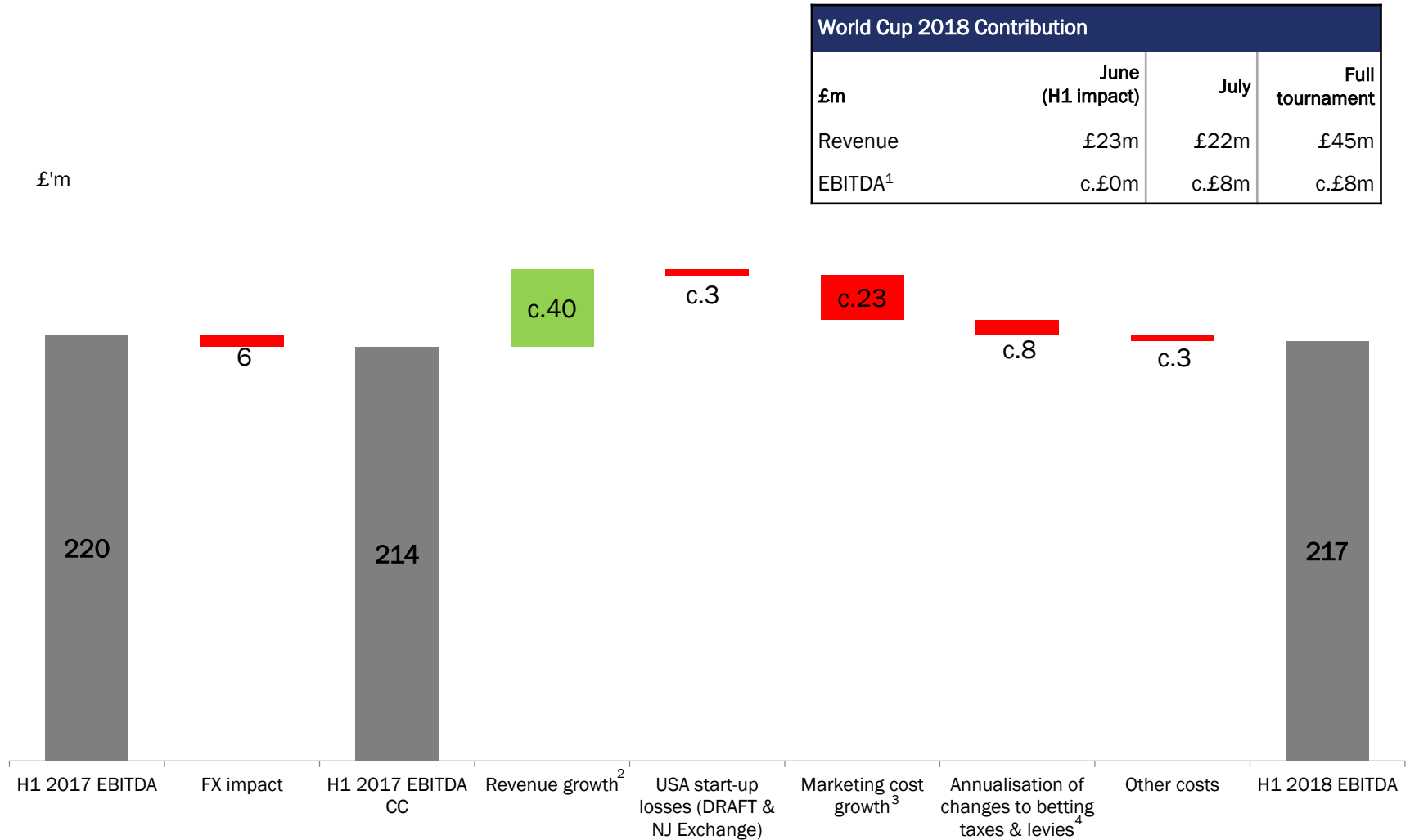
Financial highlights

£m	H1 2018	H1 2017	YOY %	YOY % CC ¹
Revenue	867	827	+5%	+7%
Cost of sales	(210)	(189)	+11%	+13%
Gross profit	657	638	+3%	+5%
Operating costs	(440)	(419)	+5%	+7%
Underlying EBITDA	217	220	-1%	+1%
<i>EBITDA margin %</i>	25.0%	26.6%	-1.6%	-1.4%
Depreciation & amortisation	(43)	(40)	+7%	+8%
Underlying operating profit	174	180	-3%	-1%
Underlying net interest	(2)	(2)	-20%	
Separately disclosed items	(66)	(75)	-12%	
Profit before tax	106	102	+4%	
Underlying earnings per share	173.6p	181.1p	-4%	
Interim dividends per share	67p	65p	+3%	
Net cash at end of period	£148m	£87m		

- 7% revenue growth in CC:
 - Q1 flat
 - Q2 +13% (pre-World Cup period +9%)
- Operating costs up 7% in CC:
 - Sales & marketing +14%
 - Other costs +1%
- EBITDA excluding POC tax & levy changes and DRAFT losses +6% in CC:
 - Q1 flat
 - Q2 +13%
- Net cash of £148m at 30 June with £201m returned to shareholders via dividends & share buybacks in H1

¹ Constant currency ("cc") growth throughout this presentation is calculated by retranslating non-sterling denominated component of H1 2017 at H1 2018 exchange rates

Group EBITDA bridge



¹ After estimated cost of sales and marketing investment

² EBITDA impact of revenue growth estimated using average H1 2018 cost of sales %

³ Excludes marketing from USA start-up businesses

⁴ Includes impact from increased UK racing levy, increased UK online gaming POC tax and the introduction of POC tax in South Australia

Online

£m	H1 2018	H1 2017	YOY %
Sportsbook stakes	2,735	2,962	-8%
<i>Sportsbook net revenue %</i>	7.5%	6.2%	+1.3%
Sports revenue	335	318	+5%
Gaming revenue	127	120	+5%
Total revenue	462	439	+5%
Cost of sales	(109)	(97)	+13%
Gross profit	353	342	+3%
Operating costs	(211)	(194)	+9%
Underlying EBITDA	142	148	-4%

- Good momentum in sportsbook & gaming:

YoY	Q1	Q2 (pre World Cup)	Q2 total
Sportsbook	+3%	+15%	+23%
Gaming	-4%	+11%	+14%

- Exchange & B2B revenue -4%, with good growth in football commissions offset by weakness in horseracing commissions
- Cost of sales adversely affected by c.£6m from the annualisation of changes to the UK racing levy and gaming POC tax
- Operating costs up 9%:
 - Sales & marketing +13%, driven by increased investment and World Cup spend
 - Other costs +2%

	Impact from FX / Levy & POC changes	Adjusted YoY %
<i>Revenue</i>	<i>Nil</i>	+5%
<i>Underlying EBITDA</i>	<i>-£7m</i>	+1%

Australia

£m	H1 2018	H1 2017	YOY %	A\$ YOY %
Sportsbook stakes	1,935	1,699	+14%	+22%
<i>Sportsbook net revenue %</i>	9.4%	10.2%	-0.8%	-0.8%
Revenue	182	173	+5%	+12%
Cost of sales	(51)	(46)	+10%	+18%
Gross Profit	131	127	+3%	+11%
Operating costs	(72)	(73)	-1%	+6%
Underlying EBITDA	59	54	+9%	+18%

- Decrease in sportsbook net revenue % reflects increased investment in promotional generosity
- Cost of sales includes impact of South Australian POC tax (payable from H2 2017) & increased NRL product fees
- Operating costs up 6%:
 - Sales & marketing +14%
 - Other costs -4%
- EBITDA +22% excluding South Australian POC tax

Retail

£m	H1 2018	H1 2017	YOY %
Sportsbook stakes	875	934	-6%
<i>Sportsbook net revenue %</i>	<i>12.4%</i>	<i>11.6%</i>	<i>+0.8%</i>
Sportsbook revenue	108	108	Flat
Machine gaming revenue	54	52	+5%
Total revenue	162	160	+1%
Cost of sales	(36)	(34)	+7%
Gross Profit	126	126	Flat
Operating costs	(92)	(89)	+3%
Underlying EBITDA	34	37	-8%
Shops at period end	629	620	+1%

- UK estate (365 shops) revenue +3%
- Irish estate (264 shops) revenue -2% (-4% in constant currency)
- Like-for-like KPIs in constant currency:
 - Sportsbook stakes -9%
 - Sportsbook revenue -3%
 - Machine gaming revenue +3%
 - Total revenue -1%
 - Opex +1%
- 5 new shops opened in H1 2018 (3 in the UK & 2 in Ireland) & 2 shops closed
- Reminder of direct, pre-mitigation impact of £2 gaming machine stake limit:
 - 33% to 43% decrease in total machine revenues
 - Equates to c£35m to £46m revenue (c.2% to 3% of Group revenue)

	FX Impact	CC YoY %
<i>Revenue</i>	<i>+\$2m</i>	<i>Flat</i>
<i>Underlying EBITDA</i>	<i>+\$1m</i>	<i>-10%</i>

US

£m	H1 2018	H1 2017	YOY %	US\$ YOY %
Sports revenue	52	46	+12%	+22%
Gaming revenue	9	9	+8%	+18%
Total revenue	61	55	+11%	+21%
Cost of sales	(14)	(12)	+15%	+25%
Gross profit	47	43	+10%	+20%
Operating costs	(38)	(35)	+7%	+17%
Underlying EBITDA	9	7	+26%	+38%

- Sports: TVG increased market share driven by continued investment in product, marketing and promotions
- Gaming: Betfair Casino now 2nd largest online casino in New Jersey
- EBITDA comprised profits from TVG & Betfair Casino partially offset by start-up losses in DRAFT & the Betfair Exchange

Cash flow

£m	H1 2018	H1 2017
Underlying EBITDA	217	220
Capex	(50)	(50)
Working capital	(42)	25
Corporation tax paid	(37)	(22)
Underlying free cash flow	88	172
Cash flow from separately disclosed items	20	(8)
Free cash flow	108	164
Dividends paid	(114)	(95)
Share buyback	(87)	-
DRAFT acquisition	-	(14)
Interest and other borrowing costs	(2)	-
Issue of shares	2	2
Net (decrease)/increase in cash	(93)	57
Net cash at start of period	244	36
FX translation impact	(3)	(6)
Net cash at end of period	148	87

- Working capital adversely affected by:
 - Timing of some Q4'17 costs paid in Q1'18 (c.£20m)
 - Material prepayments at 30 June 2018, relating to marketing assets
- Cash flow from separately disclosed items includes the £22m receipt for the disposal of our remaining stake in LMAX
- Returning £500m of additional cash to shareholders via share buybacks:
 - £170m of initial £200m tranche completed to date (£87m in H1)
 - Additional £300m programme over 6 months to commence following completion of the initial tranche

Financial guidance

Full Year 2018 EBITDA

- Full year underlying EBITDA, before impact of US sports betting, is now expected to be between £460m and £480m
- Outlook reflects the following since our May'18 guidance:
 - Recent trading momentum (good gaming & strong conclusion to World Cup offset by continued weakness in horseracing exchange revenues)
 - Additional Australian POC tax (QLD payable from Oct'18) & product fee increases (combined impact c.£6m in H2'18)
 - Inclusion of loss making FanDuel fantasy sports operations

FanDuel

- US division now incorporates existing US assets, FanDuel fantasy sports & the Group's US sports betting operations
- Fully consolidated subsidiary with a minority interest recognised on the income statement (from 10 July 2018) & balance sheet
- Division expected to be loss making in H2'18 due to the seasonality of the fantasy sports operations & the launch of the sports betting business

FX

- At current spot rates FX impact on H2 2018 EBITDA is a c.£3m headwind versus H2 2017 (primarily A\$)

Capex

- Full-year 2018 capex expected to be c.£100m, including only incurred & committed US sports betting expenditure

Effective tax rate

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

Business
Review



Good progress on priorities outlined in March 2018

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

Approach to reinvigorating Paddy Power

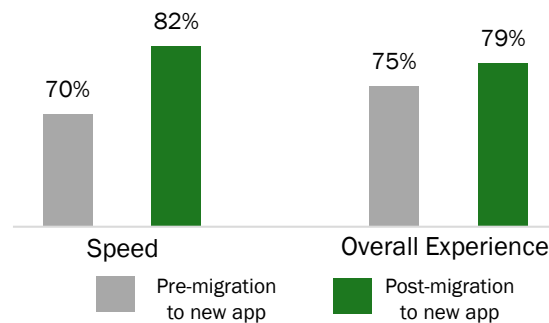
- Re-establish product leadership
- Better leverage distinct brand personality
- Support focus on recreational market with increased marketing spend
- Increase investment in retention

Product development now improving customer proposition

Faster, simpler sports app



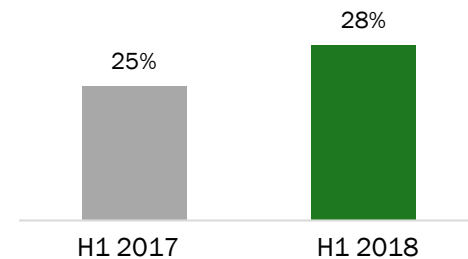
% of customers expressing satisfaction with app:



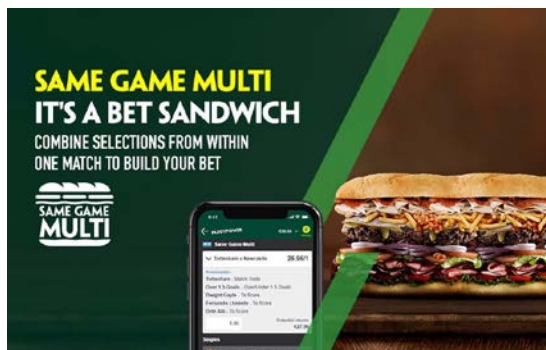
Better gaming product

- New apps & desktop product (first significant update in over four years)
- Improved cross-sell experience with redesigned gaming lobby within sports app
- Enhanced promotional functionality (incl. pooled jackpots across brands)

% of sports customers also playing gaming



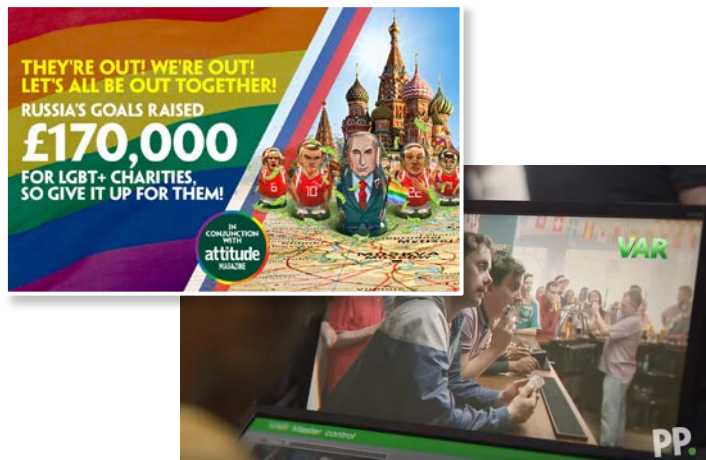
New sports features



- Released together on both PP & BF
- Market-leading football offer (more markets; in-play; Cash Out)
- Used by 16% of World Cup actives

Increased brand investment with improved execution

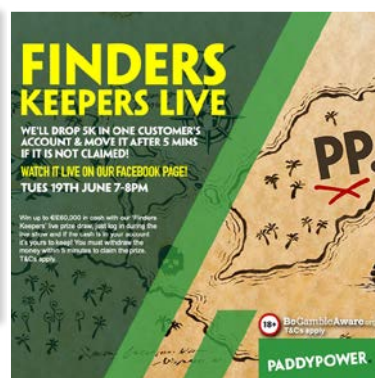
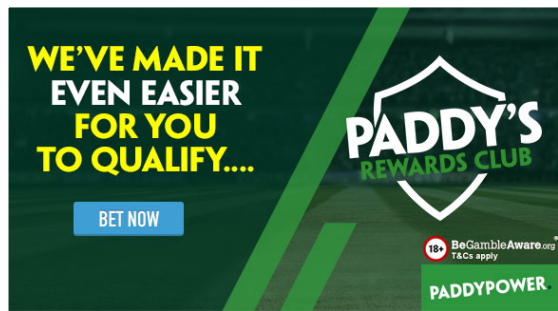
Successfully re-engaged with recreational customers



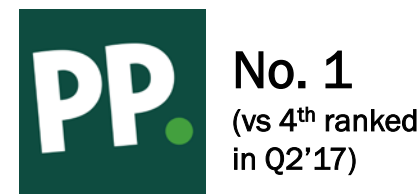
No.1 brand cited in UK World Cup social media conversations in June¹



Increased promotional generosity focused on rewarding loyalty & providing attractive offers



Brand associated with having 'best offers' Q2'18²:



Membership doubled since Dec-17

¹ Source: MediaCom

² Source: Hall & Partners. Based on % of brand aware sports bettors citing brand as having 'best offers'

Strategy depends on regulatory profile

Regulated markets

- Significant tax, regulatory and technology costs
- Substantial national scale & brand presence normally a prerequisite to compete sustainably

- Betfair is growing strongly and has a clear path to scale in some markets (e.g. Spain: revenue +60% in H1)
- But some markets have challenges to achieving scale (e.g. Italy: onerous technology requirements & advertising prohibition)

- **Assess opportunity to achieve 'podium positions' through organic or inorganic investment**

Unregulated markets

- Low / no taxes & regulatory costs
- Profitable participation via a global operating model possible without local scale

- Betfair operates profitably in a large number of markets
- But challenges often arise:
 - Regulatory change can force exits (e.g. Cyprus)
 - Operational challenges can affect revenues (e.g. payments in Brazil)

- **Use Global scale and invest in platform flexibility to minimise cost to serve**
- **Remain mindful to not create any material concentration of revenues**

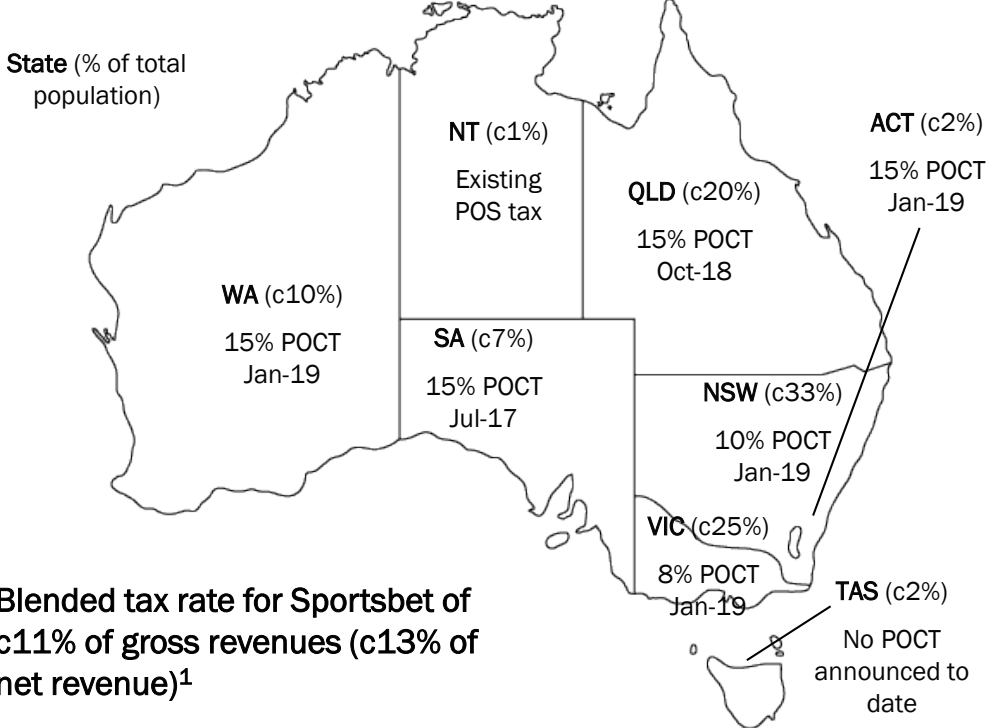
Observation

Current participation

Strategy

Industry fiscal & regulatory headwinds

Point of consumption tax rates now confirmed

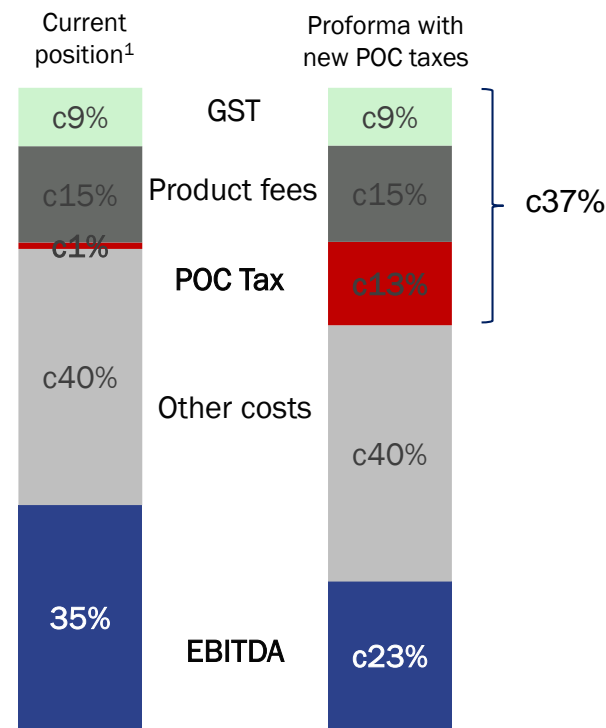


Additional regulatory headwinds also in effect / announced

- Credit betting ban
- Product fee increases
- TV advertising restrictions
- NSW inducements prohibitions
- National Consumer Protection Framework implementation

Proforma impact of POCT on EBITDA margin

Sportsbet P&L breakdown (% of revenue)



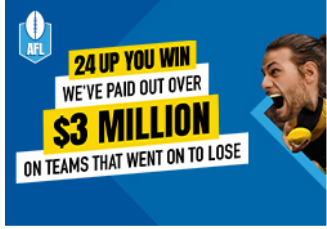
- Significant impact on margins
- Greater impact on key competitors who operate at lower margins due to operating with less established brands & scale

¹ Based on revenues for the 12 months ended 30 June 2018

Continuing to increase investment in our leading proposition

Promotional generosity

Over \$40m of extra value in H1 2018



Product

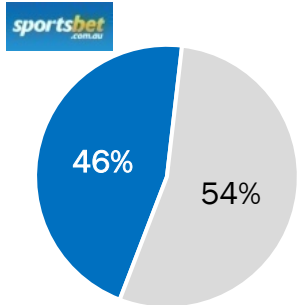
- Same Game Multi extended to soccer & desktop



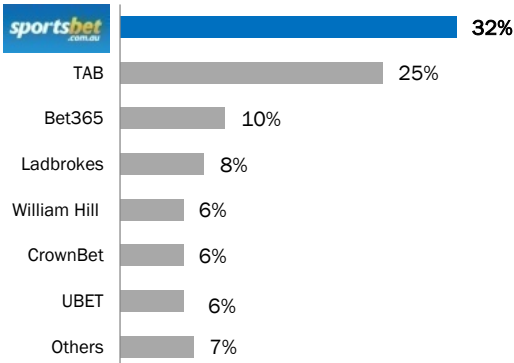
- New desktop & mobile web apps launch in August
 - Faster & increased functionality
 - Replaces some 3rd party components enabling more efficient ongoing updates

Leading brand awareness

% of H1 2018 TV betting TVRs¹



First betting brand cited by consumers Q2'18 (% of total)²



¹Metro TV, TV viewer ratings for Men 18-54; source: Nielsen AQX.

² Internal market research

Overview of FanDuel fantasy sports

Explanation of fantasy sports

- Pick a contest → Construct a team → Follow your players → Track your performance

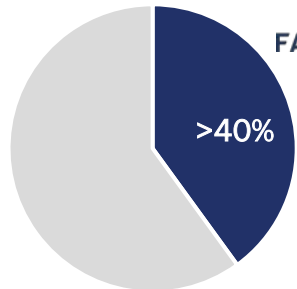


- Fantasy sports contests can be one-day, weekly and season-long with the no. of participants varying from head-to-head to thousands
- Operators host the contest with gross revenue representing total entry fees less prize pool which varies by contest type/size. Illustrative example:

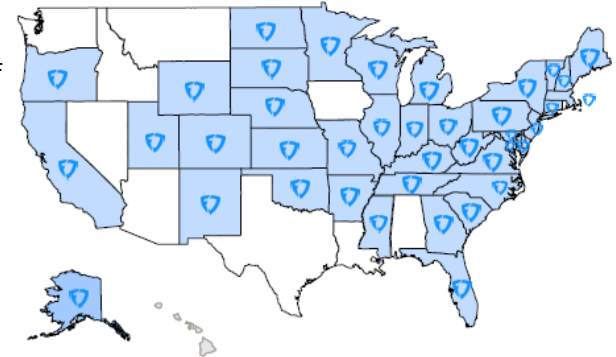
# of Entries	100,000
(x) Entry Fees	\$10
Total Entry Fees	\$1,000,000
(-) Prize Pool	(875,000)
Revenue to DFS Operator	\$125,000

Profile of FanDuel fantasy sports

Market share¹



- 2017 Entry Fees (Handle): \$1.2bn
- Registered customers: 7m+, across 40 states (c.84% of customers already betting on sports)
- Proprietary platform built by in-house developers
- Revenue \$127m & EBITDA losses \$23m in LTM²
- H1 2018 revenue +4% YoY
- 1.9x more cumulative revenue / equity capital invested than FanDuel's nearest competitor



¹ Internal management estimates; ² 12 months ended 30 June 2018

Sports betting market update

States expected to allow sports betting by 2019

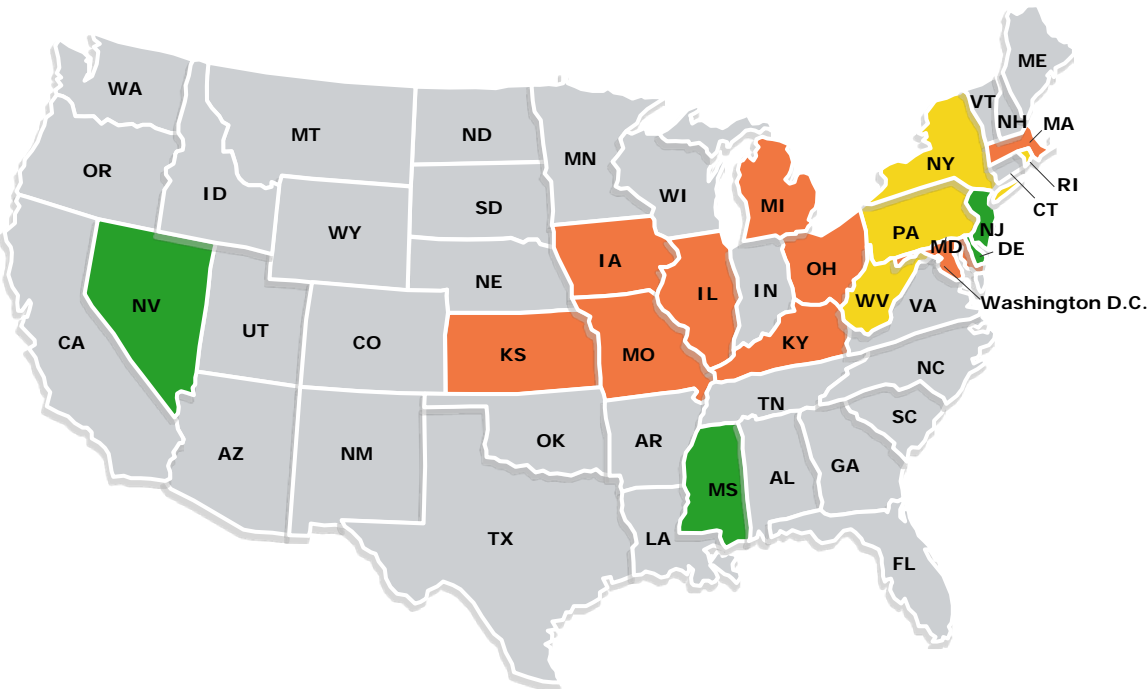
States that currently allow sports betting

States that have passed laws (but not yet regulated)

States most likely to pass legislation by 2019

Substantial market access secured

- Includes key 'early adopter' states
- Agreements cover 15 states & 36% of US population



State	Partner
New Jersey	Meadowlands
Mississippi	Boyd Gaming
New York	Tioga Downs
Pennsylvania	Boyd Gaming ¹
West Virginia	Greenbrier
Illinois	Boyd Gaming
Iowa	Boyd Gaming
Kansas	Boyd Gaming
Maryland	Boyd via MGM agreement
Massachusetts	Boyd via MGM agreement
Michigan	Boyd via MGM agreement
Missouri	Boyd Gaming ¹
Ohio	Boyd Gaming ¹
Indiana	Boyd Gaming
Louisiana	Boyd Gaming

¹ Pending completion of agreed casino purchases

New Jersey launched

Retail launched in July



- Located at the Meadowlands racetrack (adjacent to the Met Life stadium), within 10 miles of Manhattan
- Launched on 14 July, leveraging Paddy Power operational expertise (\$10m of stakes in July)
- IGT technology integrated with proprietary risk & trading platform

Online coming soon



- Launching for the NFL season using the FanDuel Sportsbook brand
- Opportunity to cross-sell to the Group's existing c.100,000 active NJ customers
- Technology solution combines 3rd party platform & wallet with a bespoke front-end and proprietary risk & trading platform
- Expecting to have product advantages versus many competitors (e.g. number of markets, bespoke user interface)

FanDuel Group positioned well to achieve scale quickly

Established brands

Primary sports brand:



Leading racing brand:



Extensive product suite

- Sports betting (online & retail)
- Fantasy sports
- Horseracing wagering
- Online casino

Operational expertise

- US digital marketing / partnerships
- Proprietary risk & trading
- Customer operations
- Retail
- Sports product (globally & in US)

Nationwide distribution / customer base

- Operate in 45 states, including real money wagering in 33
- TV channels in 45m households
- 8m registered, KYC'd customers
- Customers have a high propensity for sports betting

Market access

- Access agreements in place in up to 15 states, including key expected early movers
- Scale makes us an attractive partner
- Strong existing relationships with key stakeholders

Priorities

Europe

- Maintain momentum in Paddy Power
- Accelerate international growth

Australia

- Extend market leadership

USA

- Maintain fantasy sports & horseracing growth
- Achieve sports betting scale in key states

Q & A



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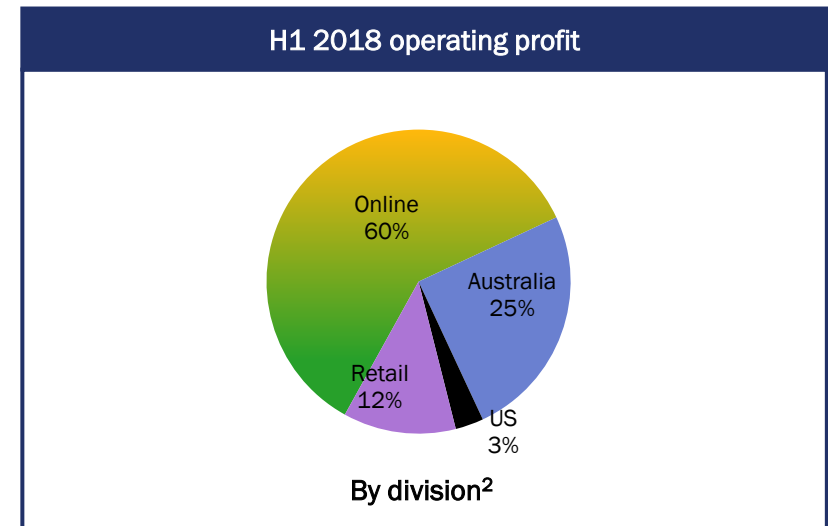
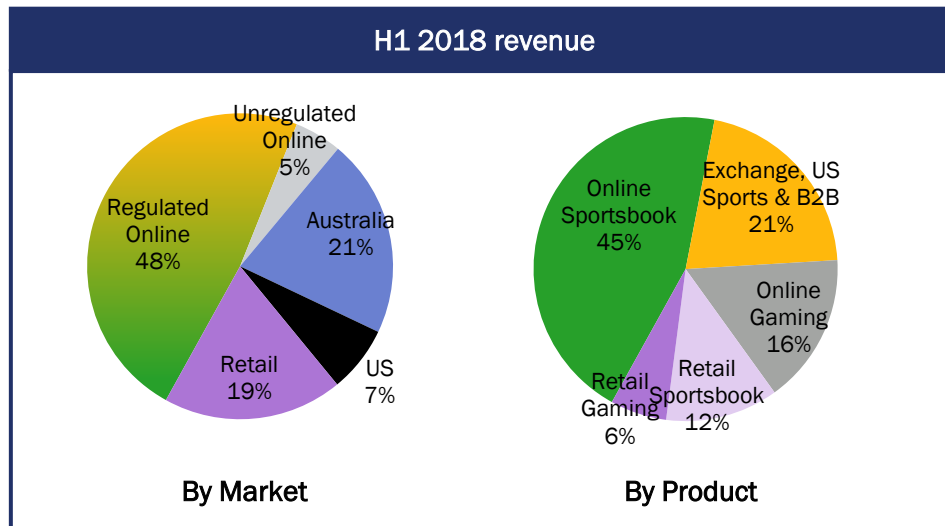


A close-up photograph of a horse's head and neck, wearing a bright yellow blanket. The blanket features the Betfair logo (two upward-pointing arrows) and the text 'betfair' in a bold, blue, sans-serif font. Below this, in black, all-caps, sans-serif font, it reads 'BETFAIR CHASE 2017' and 'WINNER'. The background is blurred, showing a crowd of people and a building, suggesting a racecourse setting.

 **betfair**
BETFAIR CHASE 2017
WINNER

Divisional overview

£m, Underlying	ONLINE		AUSTRALIA		RETAIL		US		GROUP ¹	
	H1'18	YOY %	H1'18	YOY %	H1'18	YOY %	H1'18	YOY %	H1'18	YOY %
Sports revenue	335	+5%	182	+5%	108	Flat	52	+12%	677	+5%
Gaming revenue	127	+5%	-	-	54	+5%	9	+8%	190	+5%
Total revenue	462	+5%	182	+5%	162	+1%	61	+11%	867	+5%
EBITDA	142	-4%	59	+9%	34	-8%	9	+26%	217	-1%
Operating profit	121	-6%	51	+10%	24	-14%	5	+97%	174	-3%



¹ Group EBITDA and operating profit includes unallocated central costs

² Before unallocated central costs of £27m

Separately disclosed items

£m	H1 2018	H1 2017
Non-cash merger related items:		
Intangible asset amortisation	(44)	(70)
Fair value adjustment for share-based payments	-	(5)
Non-cash items relating to the DRAFT business:		
Impairment of goodwill & intangible assets	(27)	-
Gain on contingent consideration	11	-
Restructuring and strategic initiatives	(13)	-
Profit on sale of investment	7	-
Total separately disclosed items	(66)	(75)