

Betfair Group plc ("Betfair")

Q1 FY14 Interim Management Statement

Betfair (LSE:BET), announces its Interim Management Statement for the three month period ended 31 July 2013 ("Q1 FY14").

- Revenue was down 13% reflecting our continued focus on sustainable markets, the impact of regulation and absence of a major football tournament in the period
- Underlying EBITDA was up 16% driven by cost savings
- Underlying EBITDA margin improved by 6.8 percentage points to 27.5%
- Sustainable revenue mix increased to 77% of Group revenues (Q1 FY13: 73%), reflecting our focus on regulated markets
- We are on track to meet the Board's expectations for the full year.

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

"Betfair's first quarter performance is in line with our plan and leaves us on track to meet our expectations for the full year.

The business is continuing to show that it can compete more aggressively and efficiently in our key markets. We now operate from a far more sustainable revenue base and saw a 10% increase in active customers in sustainable markets in the period.

We have introduced Cash Out to our Sportsbook, enabling customers to lock in profits on singles and accumulators, bringing the first of many Exchange-based features to the product.

To coincide with the new football season we recently launched our biggest ever TV advertising campaign. The season has started well and, in August, the number of active UK customers increased by 26%, contributing to double-digit revenue growth in sustainable markets."

Revenue (£m)	Q1 FY14	Q1 FY13	Change %
Sustainable markets	69.9	75.5	-7%
Other markets	20.5	28.3	-28%
Total	90.4	103.8	-13%

Revenue Unaudited	Q1 FY14 £m	Q1 FY13 £m	Change %
- Exchange	60.0	68.9	-13%
- Sports	4.0	3.4	+18%
- Gaming	13.7	19.8	-31%
Management of customer funds	0.2	0.5	-51%
Core revenue	77.9	92.6	-16%
Betfair US	12.5	11.2	+11%
Total revenue	90.4	103.8	-13%

The first quarter had a strong FY13 comparative period that included the Euro 2012 tournament (which generated £7.8m of revenue) as well as revenue from a number of markets that we have exited from or significantly reduced our product offerings in as a result of regulatory change. The year on year impact of this regulatory change in the four most affected countries (Greece, Germany, Cyprus and Spain) was £6.5m. In addition, our increased focus on sustainable markets and

subsequent cessation of direct acquisition marketing investment in jurisdictions with insufficient regulatory visibility has continued to have an adverse impact on revenue growth. The revenue impact in these countries, however, continues to be smaller than previously expected, particularly in the Exchange business.

The above factors led to a 13% decline in revenue to £90.4m (Q1 FY13: £103.8m). Revenue from sustainable markets (UK, Ireland, Denmark, Malta, Gibraltar and the USA) was down 7% and revenue from other markets was down 28%.

Exchange revenue growth was affected by Euro 2012 falling in the prior year comparative period, as well as the withdrawal of the product from a number of markets in FY13. Adjusting for these factors, Exchange revenue was up 4%.

The volume of bets on our risk sports products doubled in the period, driven by the launch of the new Sportsbook. Despite lower gross win margins, Sports revenue from sustainable markets was up 52%. Lower international revenues, driven by market exits, meant that overall revenue was up 18%.

Games revenues were down 31%, driven predominantly by significant declines in international markets as well as weak margins in risk products and a continued poor poker performance.

Betfair US revenue was up 11%, boosted by the five year exclusive deal which commenced in March 2013 to provide Advanced Deposit Wagering in New Jersey.

The mobile channel continues to exhibit strong growth, with revenue up 53%.

The number of active customers in sustainable markets was up 10% to 396,000, driven by the new Sportsbook. The number of actives in other markets was down 31% at 134,000.

Core products per active customer over a rolling 12 month period are up from 1.52 in Q1 FY13 to 1.58 in Q1 FY14. The increase was driven by the improvements made to our sports risk product, as well as additional cross sell to Games.

Actives ('000)	Q1 FY14	Q1 FY13	Change %
Sustainable markets	396	359	+10%
Other markets	134	195	-31%
Total	530	554	-4%

Core products per active	Q1 FY14	Q1 FY13	Change %
Rolling 12 months	1.58	1.52	+4%

Underlying EBITDA

Underlying EBITDA was up 16% to £24.9m (Q1 FY13: £21.5m) driven by cost savings and higher marketing costs in Q1 FY13 relating to Euro 2012, offset by lower revenues. The underlying EBITDA margin was 27.5%, up from 20.7% in the prior year.

Conference call

Breon Corcoran, Chief Executive Officer, and Alex Gersh, Chief Financial Officer, will be hosting a conference call for investors and analysts at 8.15 a.m. (BST) today. Access details for the call are as follows:

Access Number: +44 207 762 6301

Passcode: 957 208 48

A replay of the call will be available later today on our corporate website:

<http://corporate.betfair.com/investor-relations/results-and-presentations/results-centre.aspx>

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