

5 March 2015

Betfair Group plc ("Betfair")

Q3 FY15 Trading Update

Betfair (LSE:BET) today announces its trading update and KPIs for the three month period ended 31 January 2015 ("Q3 FY15"). Comparatives relate to Q3 FY14.

- Revenue up 20% to £114.6m, representing the fourth consecutive quarter of double-digit growth
- Revenue from sustainable markets up 27% to £92.9m
- Number of active customers up 35% to 760,000 (up 50% in sustainable markets)
- 80% of UK Sportsbook customers are now using mobile, driving 96% growth in mobile revenues
- EBITDA up 17% to £23.6m (up 51% excluding UK POC duty)
- Acquired HRTV and entered into a long-term content deal in the US
- Full-year FY15 EBITDA now expected to be between £113m and £118m

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

"This was another strong quarter. Betfair has momentum and is continuing to gain share in its key markets by acquiring and retaining customers through product differentiation, attractive odds and generous promotions.

We are now two years into a programme of substantial product and marketing investment and this is delivering sustained growth.

Our in-house development capability is allowing us to develop new products quickly and efficiently. This is particularly evident in mobile, where our proprietary technology gives us an edge in the largest and fastest growing channel.

We are entering one of the key periods in the sporting calendar and are focussed on finishing the year strongly. We recently launched a major new marketing campaign ("Tap Tap Boom") and our headline Cheltenham Festival offer is Betfair's most generous yet.

Beyond that, we are set for record levels of political betting around a closely contested UK General Election. Betfair's Exchange is the go-to platform for those either wishing to have a bet on, or understand the most likely outcome of, the election.

The strong Q3 performance and the continuing momentum we are carrying into the final quarter mean we now expect full-year EBITDA of between £113m and £118m".

Net gaming revenue (£m)	Q3 FY15	Q3 FY14	Change %
Sports	76.7	66.2	+16%
Gaming	24.1	18.5	+30%
Betfair US	13.5	10.4	+30%
Management of customer funds	0.3	0.3	-
Total	114.6	95.4	+20%

Net gaming revenue (£m)	Q3 FY15	Q3 FY14	Change %
Sustainable markets	92.9	73.2	+27%
Other markets	21.7	22.2	-2%
Total	114.6	95.4	+20%

Actives ('000)	Q3 FY15	Q3 FY14	Change %
Sustainable markets	638	424	+50%
Other markets	122	137	-11%
Total	760	561	+35%

Revenue was up 20% to £114.6m (Q3 FY14: £95.4m) driven by double-digit growth in Sports, Gaming and Betfair US.

Revenue from sustainable markets (UK, Ireland, USA, Italy, Denmark, Malta, Spain and Bulgaria) was up 27% to £92.9m (Q3 FY14: £73.2m), driven by a 50% increase in the number of active customers. Revenue from other markets was down 2% year on year in line with our strategy of focusing investment in regulated jurisdictions.

Sports revenue growth (+16%) continued to be led by mobile. In recent months, 80% of UK Sportsbook customers placed a bet using a mobile device and the channel accounted for the majority of new activations.

The Cheltenham Festival takes place next week and is a key event for both acquiring new customers and increasing engagement with existing users. Our headline promotion is a free bet on every winning selection backed at odds of 3/1 or higher on all races. Additionally, on day one we are enhancing the offer to three free bets, which is our most generous offer yet at the Festival. This is supported by our new "Tap Tap Boom" advertising campaign, which focuses on the simplicity of our mobile products and highlights our latest promotions.

We continue to invest in our product and ahead of the Festival have extended our flagship Cash Out functionality to horseracing on both the Exchange and Sportsbook. This allows customers to Cash Out their bets during a race and further differentiates our customer proposition.

Gaming revenue was up 30%, driven by an increase in the number of Sports customers using these products for the first time and by increased mobile usage. In January, for the first time, the majority of Gaming customers used mobile, reflecting product improvements and increased cross-sell of mobile Sports customers.

Betfair US revenue was up 25% (constant currency), driven by a 17% (constant currency) increase in TVG revenue and growth in our online casino in New Jersey. TVG recently acquired the HRTV horseracing television network and entered into a long term content rights agreement with the Stronach Group, which operates the Santa Anita, Gulfstream Park, Pimlico, Golden Gate Fields and Laurel Park race tracks. This strengthens TVG's ability to drive incremental volume on its advanced deposit wagering platform and is expected to lead to additional advertising and distribution opportunities.

EBITDA

The strong revenue growth led to a 17% increase in EBITDA to £23.6m (Q3 FY14: £20.2m). This was despite the introduction of the point of consumption based gaming duty in the UK on 1 December 2014, reflecting Betfair's high level of operational gearing. The impact of this duty in Q3 was approximately £7m.

The EBITDA margin was 20.6% (Q3 FY14: 21.2%). Excluding the impact of the additional gaming duty, the EBITDA margin would have been approximately 27%.

Return of cash

In December 2014, we announced the return of £200m of capital to shareholders and subsequent consolidation of our share capital on a 7 for 8 basis. This was completed in January and as at 31 January 2015 our cash balance was £99.7m, excluding customer funds held off balance sheet in trust, and there were 92.5m shares outstanding.

Conference call

Breon Corcoran, Chief Executive Officer, and Alex Gersh, Chief Financial Officer, will host a conference call for investors and analysts at 8:15 a.m. (GMT) today. Access details for the call are as follows:

Access Number: +44 844 800 3850
Passcode: 291 263 28

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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