



PRELIMINARY RESULTS FY14

11 June 2014

Overview

Delivering our strategic plan

Record year for revenue and profitability

Sustainable revenue up 9%

**EBITDA up 24% notwithstanding reinvestment in
marketing & products**

Full year dividend up 54%



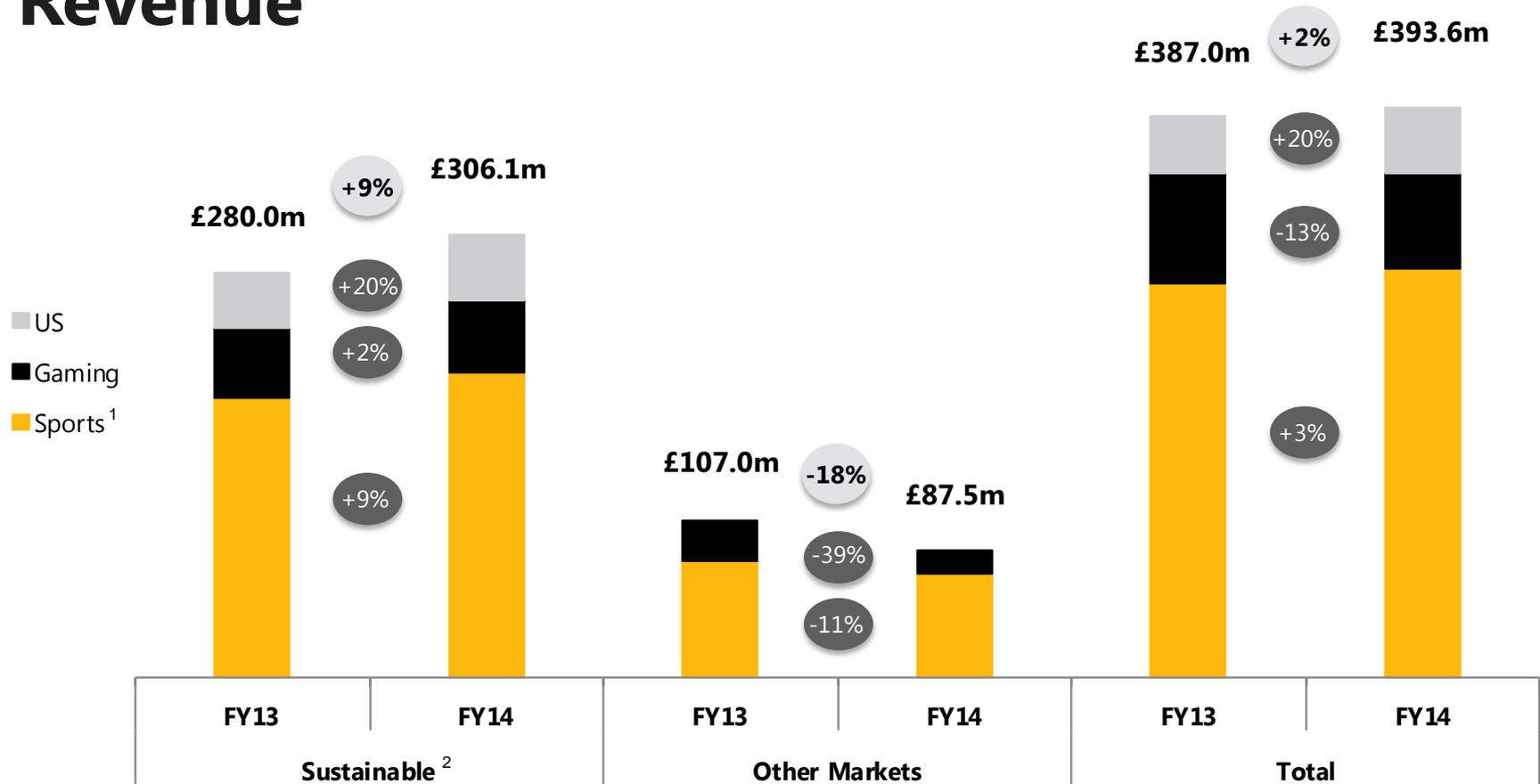
FINANCIAL RESULTS

Group P&L

	FY14	FY13 ¹	YoY %
Revenue	£393.6m	£387.0m	2%
COS	(£50.9m)	(£49.8m)	2%
Gross Profit	£342.7m	£337.2m	2%
Operating Costs	(£251.6m)	(£263.9m)	-5%
Underlying EBITDA	£91.1m	£73.3m	24%
<i>Margin</i>	23.1%	18.9%	+4.2pp
D&A	(£29.5m)	(£37.8m)	-22%
EBIT	£61.6m	£35.5m	74%
Net Interest	£0.7m	£1.1m	-36%
Share of JV	(£1.2m)	£1.4m	-186%
Profit Before Tax	£61.1m	£38.0m	61%
Tax	(£10.1m)	(£6.2m)	63%
Profit for the year	£51.0m	£31.8m	60%
EPS	49.0p	31.2p	57%

¹ Underlying figures for the prior year exclude separately disclosed items and net foreign exchange gains/losses, along with the associated tax effect of these adjustments 4

Revenue

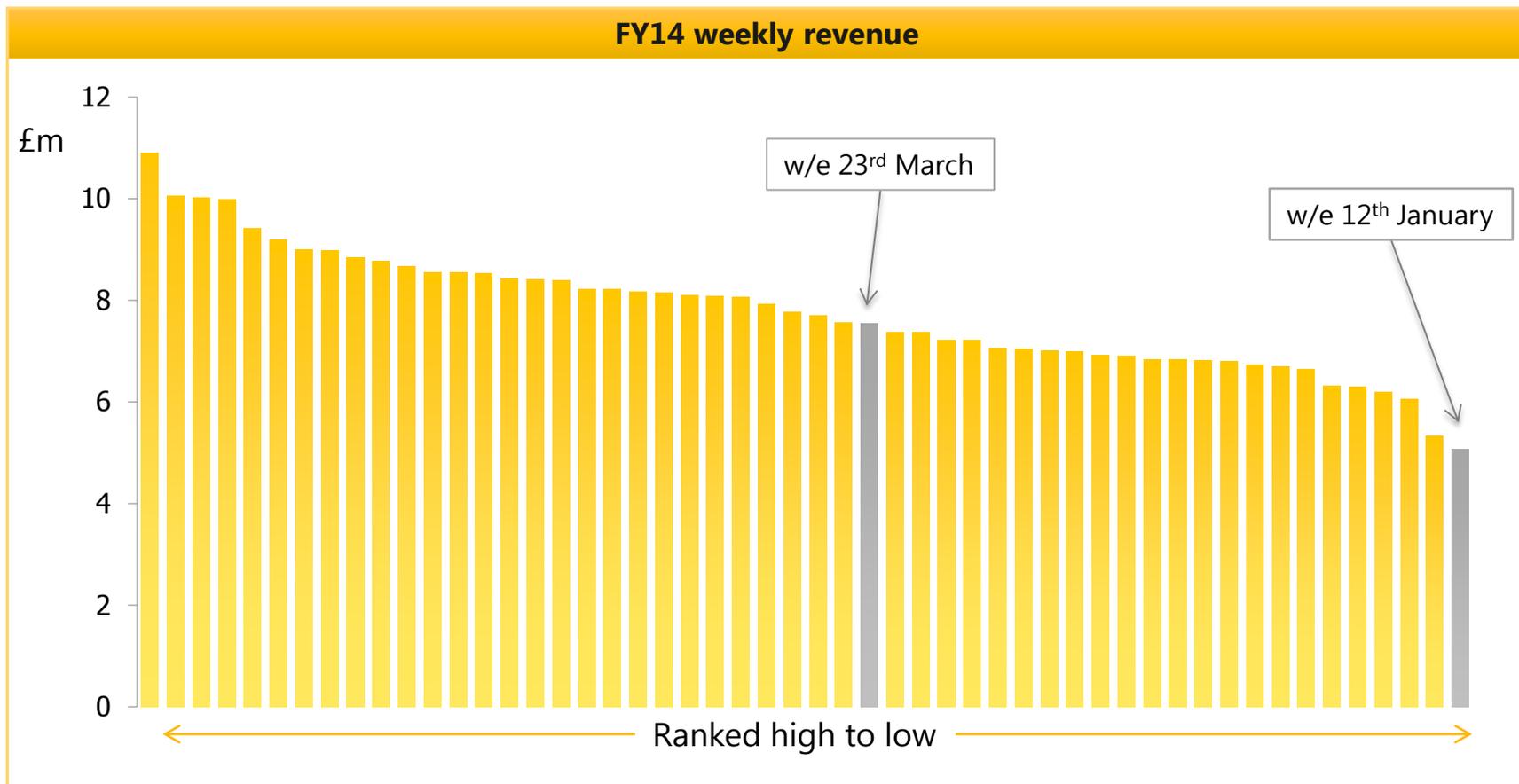


- All products contributed to 9% revenue growth in Sustainable Markets
- Other Markets comprises over 100 countries, with only five contributing more than 1% of total revenue and none contributing more than 3%

¹ Sports is combined Exchange & Sportsbook products

² Sustainable markets consist of UK, Ireland, Denmark, Malta, Gibraltar & US

Revenue stability



Our Exchange model continues to maintain low levels of volatility despite adverse sporting results

Operating expenses

	FY14	FY13	YoY %
Sales and marketing	£124.2m	£113.0m	10%
Technology	£60.1m	£63.0m	-5%
Operations	£35.1m	£41.9m	-16%
G&A	£32.2m	£46.0m	-30%
Group	£251.6m	£263.9m	-5%

- **Approximately £33m cost savings primarily driven by:**
 - **Headcount (average FTEs down 327)**
 - **Facilities & IT**
- **£11m reinvested in marketing (ITV Football, C4 Racing & NJ Casino)**

Capex

	FY14	FY13	YoY %
External Capex	£15.0m	£17.9m	-16%
Internal Devex	£7.4m	£17.4m	-57%
Total Capex	£22.4m	£35.3m	-37%

- **Capex includes investment in product innovation, technology infrastructure, TVG conversion to HD and NJ Casino**
- **Expensing a greater proportion of development spend**
- **FY15 Capex expected to be c.£25m**

Cash flow

	FY14	FY13	YoY %
Underlying free cash flow	£70.4m	£50.2m	+40%
Cash flow from separately disclosed items	(£12.4m)	(£12.3m)	+1%
Free cash flow	£58.0m	£37.9m	+53%
Dividends paid	(£15.6m)	(£11.2m)	+39%
Disposal of Kabam	-	£18.8m	-100%
Other ¹	£1.3m	£4.3m	-70%
Net increase in cash and cash equivalents ²	£43.7m	£49.8m	-12%
Cash and cash equivalents as at 30 April	£209.8m	£168.1m	+25%

¹ Other is comprised of the net purchase of own shares and proceeds from the issue of share capital

² Excludes the effect of exchange rate fluctuations on cash held

Financial summary

Sustainable revenue growth

- Sustainable revenue up 9% in FY14

Reducing costs

- £30m cost savings target exceeded

Strong cash generation

- Underlying free cash flow up 40% to £70m
- Cash balance increased by £42m to £210m

Dividend increased

- Full year dividend up 54% to 20.0 pence per share



BUSINESS REVIEW

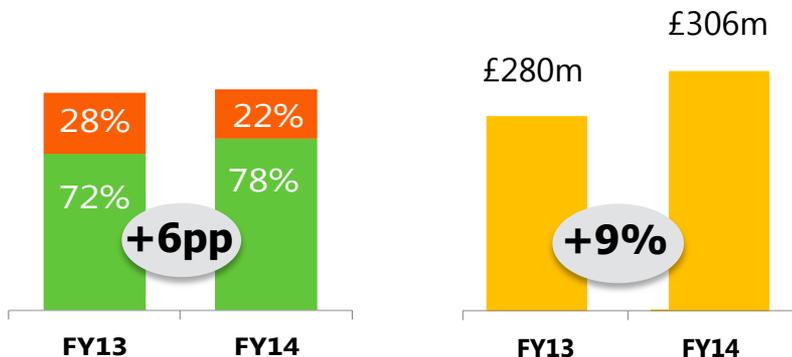


Delivering our plan

1) Focus on sustainable revenues

Sustainable mix %

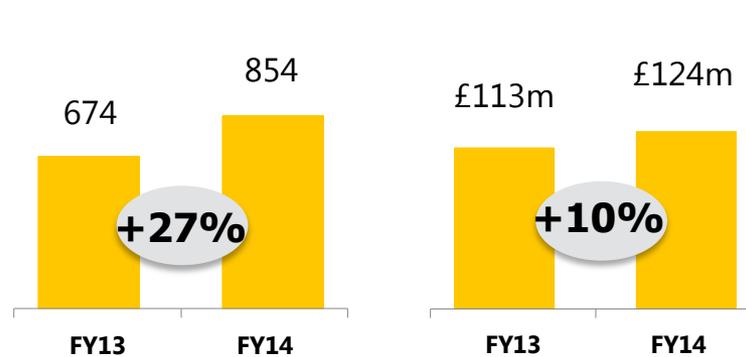
Sustainable revenue growth



2) Invest in products and brand

Sustainable Actives

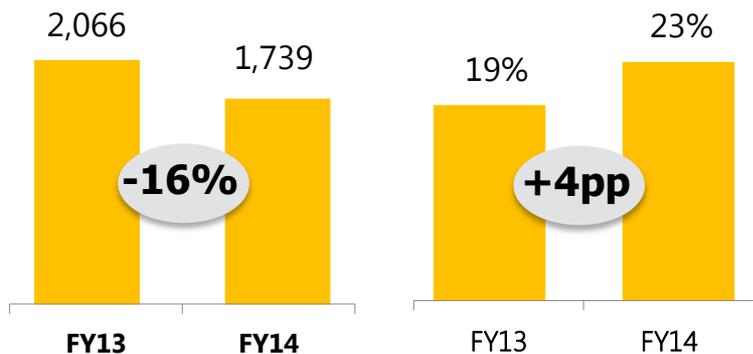
Sales and Marketing



3) Become a leaner organisation

Average Headcount

EBITDA margin

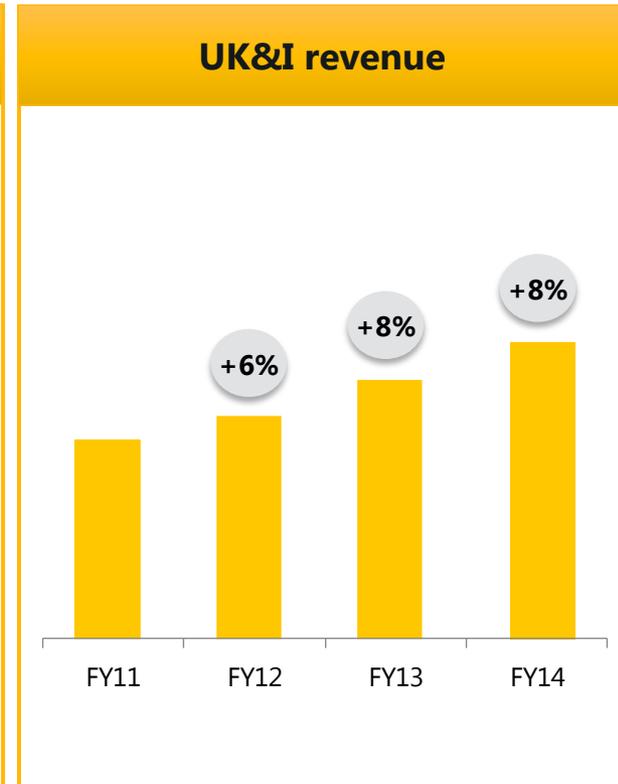
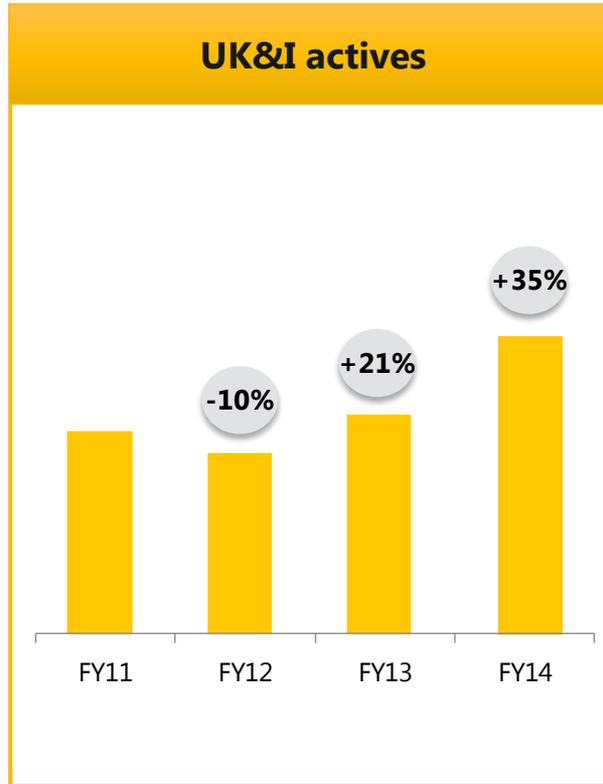
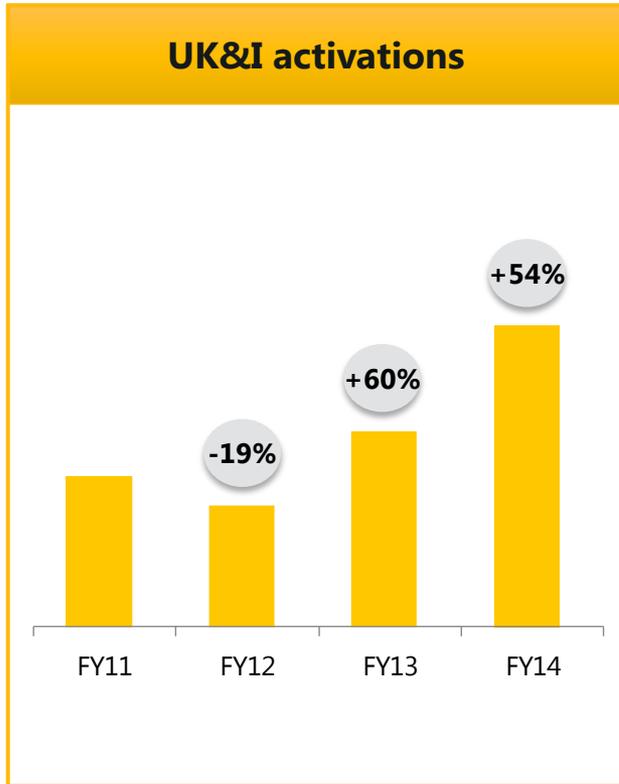


4) Accelerate growth internationally

Italy/Bulgaria Exchange & NJ Casino launched



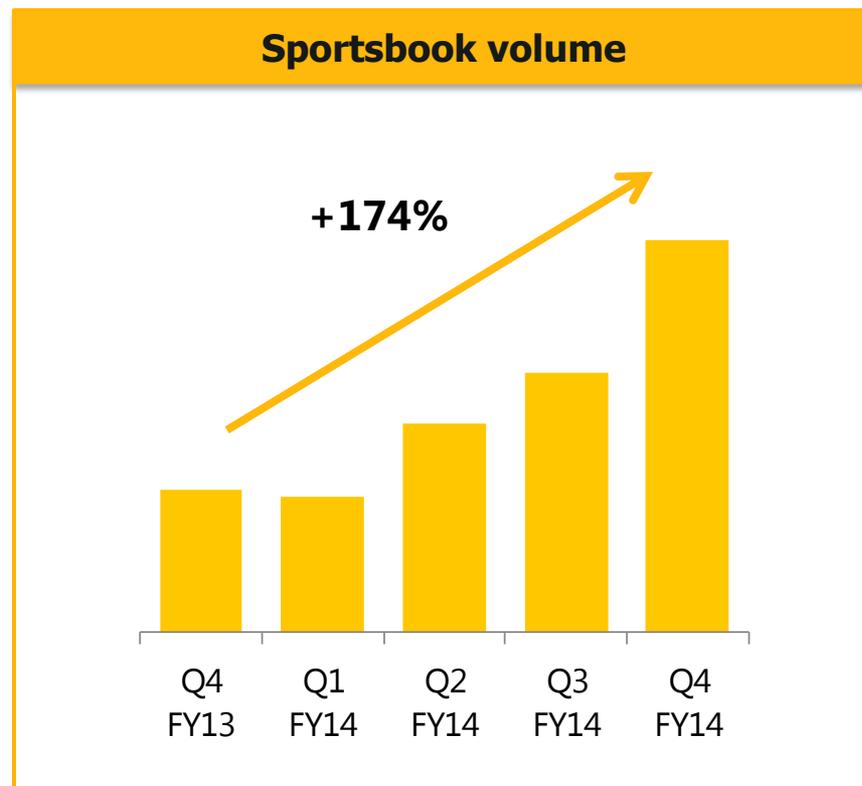
UK & Ireland focus is paying off



Strong customer activity is leading to revenue growth

Sportsbook has momentum

- Good website / mobile products
- Comprehensive market coverage
- Competitive pricing
- Robust risk management



Sportsbook investment driving strong volume growth

Sports product innovation: Cash Out



Cash Out: First and best

- Singles and multiples
- Mobile and desktop
- 20 sports including football, tennis, golf and horseracing ¹
- Used by 27% of sports customers
- Over 30 million Cash Outs to date
- Churn amongst Cash Out customers is significantly lower



Greg Hurley @greg504hurley · May 13

Cashout by @Betfair is probably the greatest thing ever invented, it's possibly even better than sliced bread.



Chris @chrisberwick · Jun 2

So fed up with @bet365 cash out function. Conveniently doesn't work. Going elsewhere..

Cash Out+: Extending our lead

- Allows customers to choose what proportion of their bet to Cash Out
- Launched on the Exchange in May 2014
- Difficult for competitors to replicate

Sports product innovation: Price Rush



PRICE RUSH

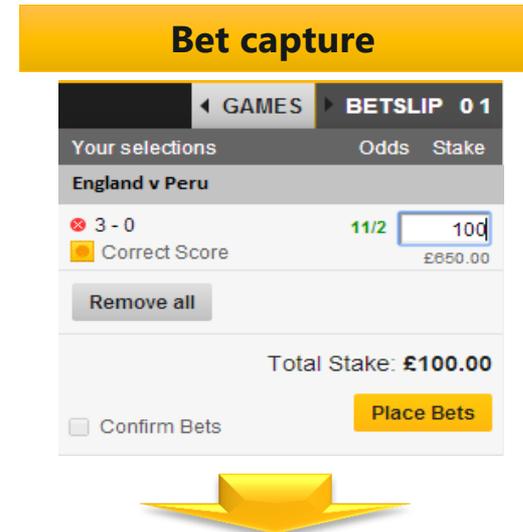
WHAT IS IT?
Price Rush automatically searches for the best price on the Exchange to give you the biggest wins possible.

HOW DO I GET ONE?
Place a Sportsbook bet as normal, If there are better odds on the Exchange, you'll automatically get them.



Price Rush: Exchange value on the Sportsbook

- Launched in January 2014; in-play added in May
- Football, horseracing, tennis, golf and basketball
- 22% of customers received a Price Rush in May
- Over 500,000 bets 'Price Rushed' since launch, with a 24% boost to odds on average
- Adding liquidity to Exchange markets



Bet capture

← GAMES ▶ BETSLIP 0 1

Your selections	Odds	Stake
England v Peru		
✖ 3 - 0 Correct Score	11/2	100 £650.00
<input type="button" value="Remove all"/>		
Total Stake: £100.00		
<input type="checkbox"/> Confirm Bets		<input type="button" value="Place Bets"/>



Bet confirmation



YOUR BETS WERE PLACED AND YOU GOT A

PRICE RUSH

Find out more about Price Rush ▶

England v Peru

3-0, Correct Score 11/2 17/2

Total Stake: £100.00

New Pot. Return: £950.00

Marketing investment is working

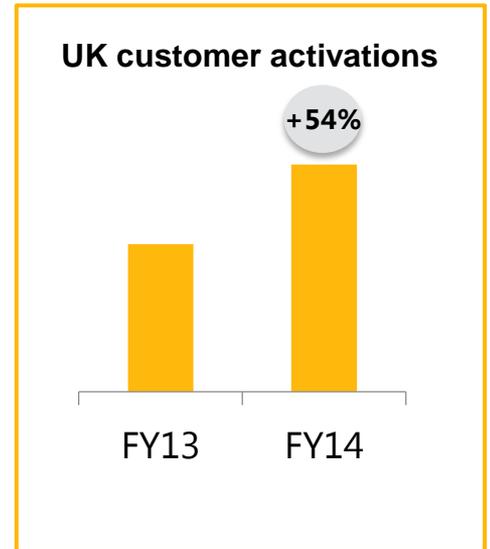
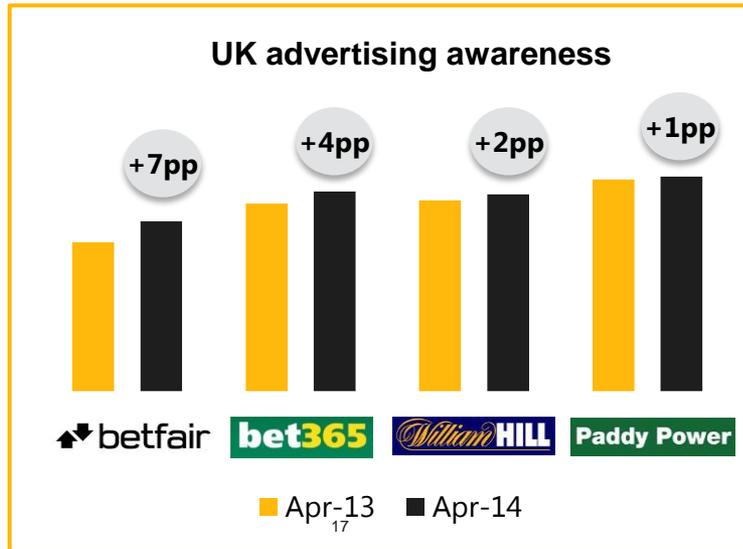
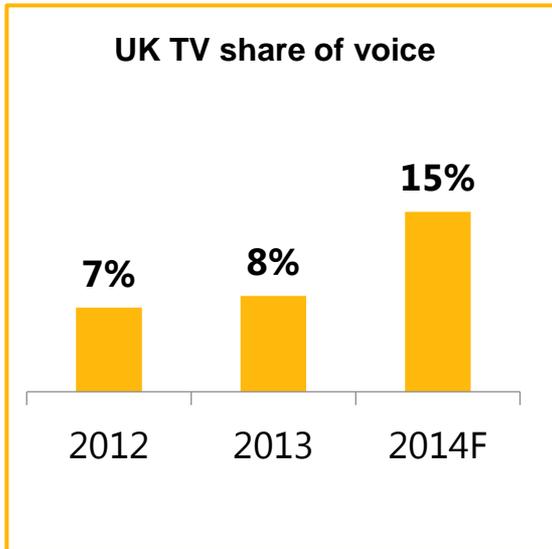
MONEY BACK
AS A FREE BET
IF ENGLAND LOSE

DOWNLOAD OUR APP
 Download on the App Store
 ANDROID APP ON Google play

AVAILABLE ON EVERY ENGLAND GROUP MATCH
 All markets · All customers

betfair
 THIS IS PLAY

Sportsbook pre-match singles on England group matches only, first qualifying bet up to £25 counts per match, Cash Out excluded, free bets excluded and valid for 48 hours, full terms at betfair.com. 18+ gambleaware.co.uk



Developing leading Social Media capabilities

Engagement



- Betting operator most mentioned on Twitter during the Aintree Festival (2nd during Cheltenham)
- Connected to >50% (8.2m) of 18+ male Facebook audience via at least one Friend

Content

Betfair Sportsbook @Betfair · Mar 10
 Everything you need to know ahead of Day One of the Cheltenham Festival: youtu.be/Sed_haRQjN0 #BetfairPreview

Expand Reply Retweet Favorite More

YouTube

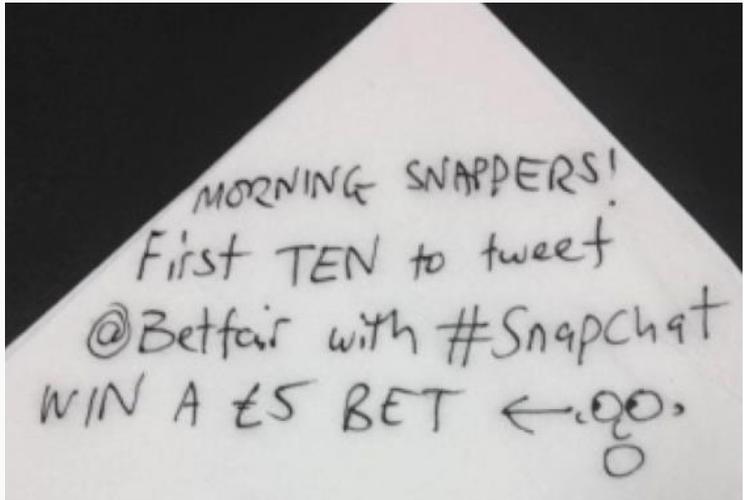
Betfair Cheltenham Festival 2014 Preview - Day ...

FESTIVAL 2014
PREVIEW

betfair

0:00 / 30:44

Promotions



Customer activity

Andrew McMahon @andrew84sun · Mar 19
 Should i cash out?? #betfair @BetfairSports pic.twitter.com/cDZK97vwBG

View photo Reply Retweet Favorite More

Rob Rooke @Rob_Rooke · Mar 20
 Wining treble on the football even when 2 of 3 teams lost! Confused? Love a winning #CashOut @Betfair @BetfairSports pic.twitter.com/xwVg07zRco

Ross @miarches · Mar 13
 Betfair couldn't have given me a price rush at a better time! 14/1 for Spring Heeled.

Scotty Walden @ScottyWalden · May 11
 @Betfair Just got my #PriceRush on Man Utd/Draw HT/FT from 12/1 to 15/1

View conversation Reply Retweet Favorite More

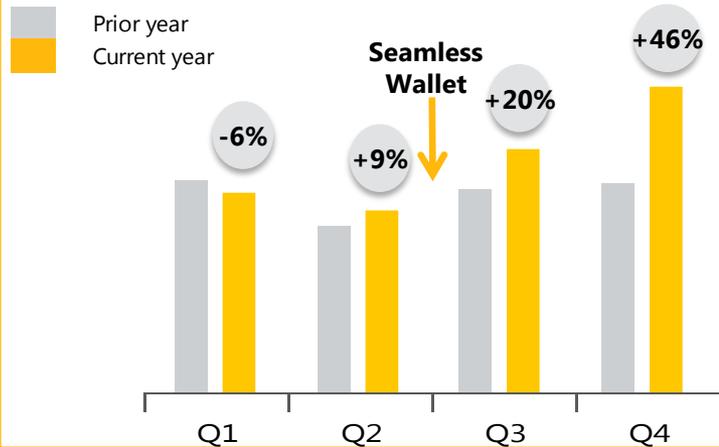
Daniel Fisher @danfis · Jun 4
 The new @Betfair app is brilliant!

Expand Reply Retweet Favorite More



Gaming cross-sell is improving

Gaming cross-sell from Sports



CRM



Mobile / on-site banners

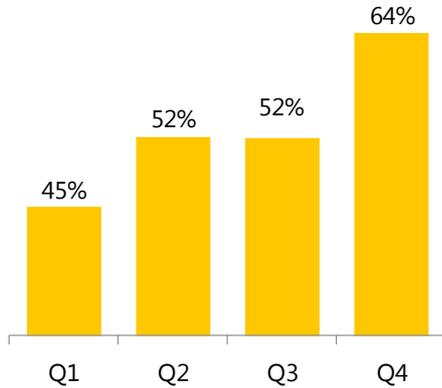


Integrated Sports /Gaming app

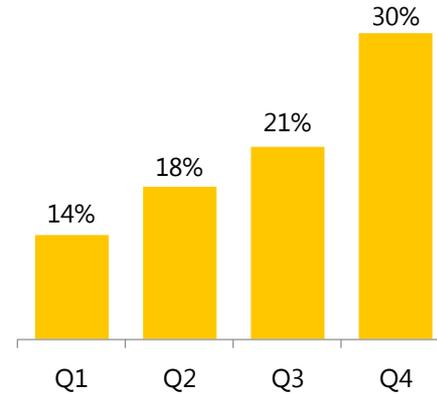


Mobile continues to drive revenue growth

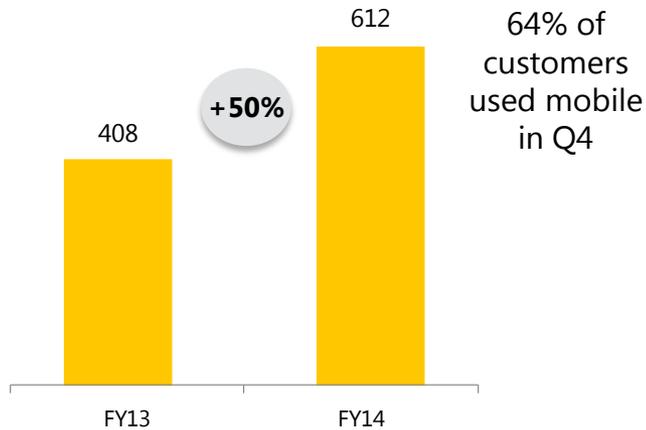
Mobile % of Sportsbook revenue



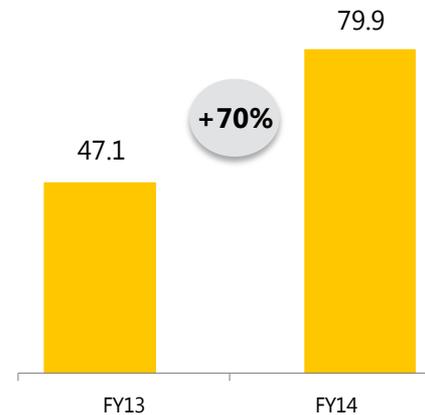
Mobile % of Gaming revenue



Mobile actives (k)



Mobile revenue (£m)



Italy Exchange launched



betfair.it

Sevilla 0-0 Benfica
Intervallo

Testa a testa

Live su Premium Calcio & Sky Calcio & Sky Sport 1 (Italy) & Sky Super Calcio & Italia 1

Esito Finale - Abbinare: EUR 31.651

	Punta			Banca		
Sevilla	3.9 €62	3.95 €62	4 €241	4.1 €23	4.4 €11	4.5 €181
Benfica	2.86 €85	2.9 €250	2.92 €31	2.98 €273	3 €103	3.05 €49
Pareggio	2.28 €107	2.3 €151	2.32 €115	2.42 €337	2.44 €100	2.46 €99

betfair.com

Sevilla 0-0 Benfica
Elapsed 45'

Head to head

Live on ITV 4

Exchange Odds Multiples

Match Odds - Matched: GBP 4,415,959

	Back		Lay			
Sevilla	3.95 £2037	4 £5594	4.1 £7352	4.2 £3002	4.3 £7292	4.4 £2947
Benfica	2.88 £4180	2.9 £1737	2.92 £6923	2.94 £5429	2.96 £1819	2.98 £5549
The Draw	2.34 £3533	2.36 £7457	2.38 £4230	2.4 £4045	2.42 £13467	2.44 £1089

Sports offered

Football, tennis and basketball but no horseracing

Over 25 sports

Market coverage

Limited

Comprehensive

Liquidity

Nascent

Excellent

Pricing

Excellent

Excellent

Early days for Italy Exchange but pricing advantage is comparable to Betfair.com

TVG improvement funding NJ investment



Betfair US			
	FY14	FY13	YoY %
Revenue	£45.7m	£38.0m	20%
EBITDA	£2.0m	£2.9m	-31%
Margin	4%	8%	-45%

- TVG Handle +33% & Revenue +19% (both constant currency)
- New Jersey ADW handle up 57%
- TVG margin expansion driven by operating leverage and cost savings, offset by New Jersey Casino investment
- New Jersey 8% Casino market share to date

Summary

Growing sustainably

- 78% of revenue from regulated markets
- 35% increase in UK & Ireland customer base in FY14

Investing for growth

- Sales & marketing >£100m
- Technology investment¹ >£80m
- New Jersey & Italy

Product differentiation

- Exchange
- Cash Back Extra
- Cash Out+
- Price Rush

Balance sheet

- Balance sheet strength provides flexibility ahead of regulatory changes
- The Board will continue to review options

Outlook

- Sustainable revenues to grow in line with the market
- Other Markets expected to decline by 15% to 25% per annum, depending upon regulatory developments
- UK, Ireland & Italy POC gaming tax estimated at c.£36m (on FY14 revenues)



APPENDIX

Group P&L (FY13 Reported)

	FY14	FY13 ¹	YoY %
Revenue	£393.6m	£387.0m	2%
COS	(£50.9m)	(£49.8m)	2%
Gross Profit	£342.7m	£337.2m	2%
Operating Costs	(£251.6m)	(£263.9m)	-5%
Underlying EBITDA	£91.1m	£73.3m	24%
SDI Restructuring	-	(£22.1m)	n/a
EBITDA	£91.1m	£51.2m	78%
SDI Impairments	-	(£82.4m)	-100%
D&A	(£29.5m)	(£37.8m)	-22%
EBIT	£61.6m	(£69.0m)	n/a
Disposal of Kabam	-	£16.8m	-100%
Net Interest	£0.7m	£1.4m	-48%
Share of JV	(£1.2m)	£1.4m	-186%
Profit/(Loss) Before Tax	£61.1m	(£49.4m)	n/a
Tax	(£10.1m)	£4.2m	-340%
Profit/(Loss) for the year	£51.0m	(£45.2m)	n/a
EPS	49.1p	(44.4p)	n/a

¹ Reported figures for the prior year refer to continuing operations only

FY13 Reported to Underlying Reconciliation

	Revenue	EBITDA	Operating Profit/(Loss)	Profit/(Loss) for the year	EPS
FY13 Reported	£387.0m	£51.2m	(£69.0m)	(£45.2m)	(44.4p)
Separately Disclosed Items - Operating	-	£22.1m	£22.1m	£22.1m	21.7p
Separately Disclosed Items - Impairment	-	-	£82.4m	£82.4m	80.9p
Disposal of Kabam	-	-	-	(£16.8m)	(16.5p)
Net Foreign Exchange Gains	-	-	-	(£0.3m)	(0.3p)
Tax Effect of Adjustments	-	-	-	(£10.4m)	(10.2p)
FY13 Underlying	£387.0m	£73.3m	£35.5m	£31.8m	31.2p