



INTERIM RESULTS FY16

25 November 2015

Overview

An excellent H1 with strong performances in all key markets

Revenue up 15% against a comparative period containing the World Cup

Growth led by Sportsbook (stakes up 93%) and Betfair US (up 38%)

EBITDA up 9%, notwithstanding POC tax

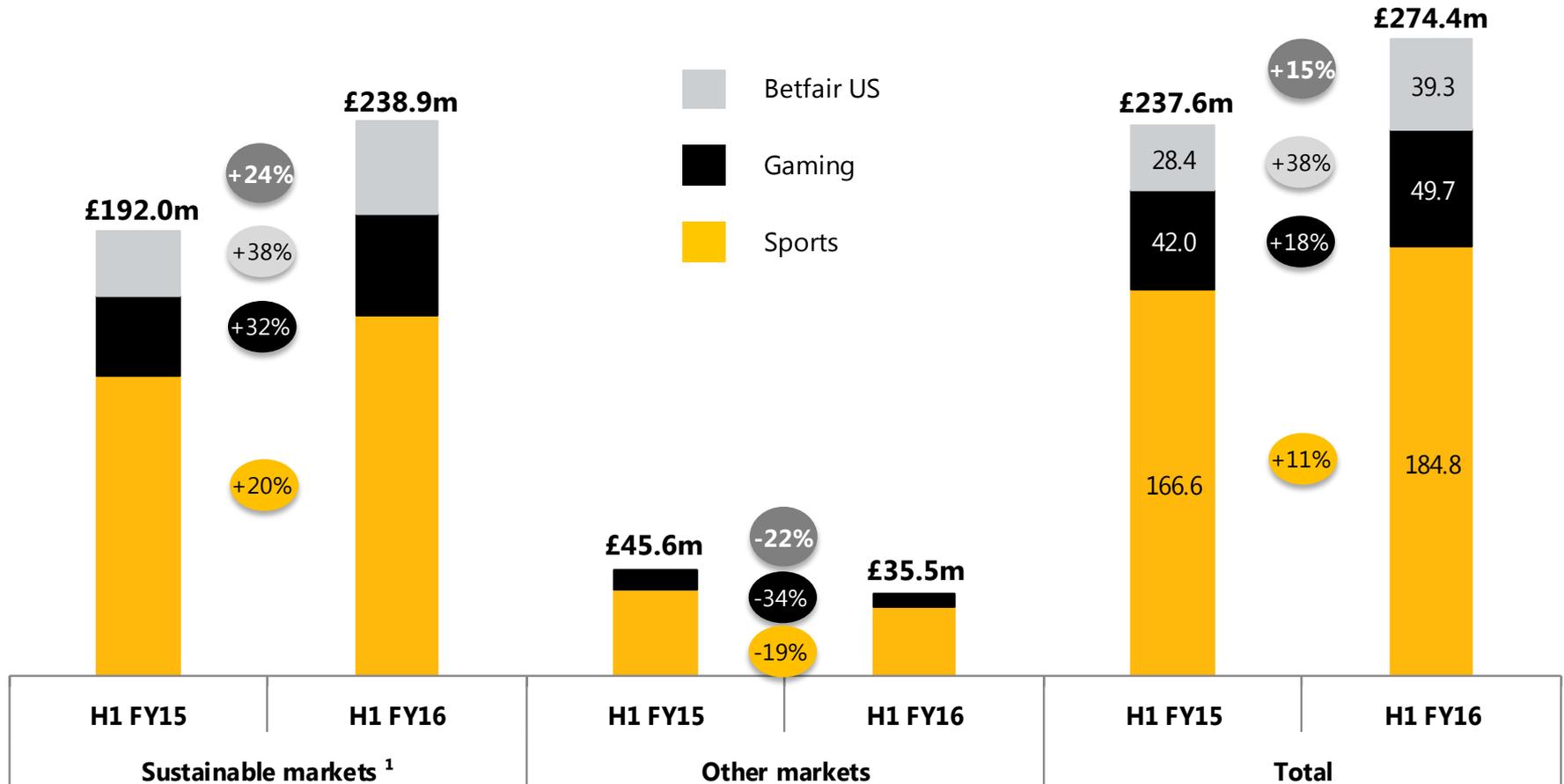


FINANCIAL RESULTS

Group P&L

	H1 FY16	H1 FY15	YoY %
Revenue	£274.4m	£237.6m	15%
Cost of Sales	(£60.4m)	(£37.2m)	-62%
Gross Profit	£214.0m	£200.4m	7%
Operating Costs	(£133.5m)	(£126.5m)	-6%
EBITDA	£80.5m	£73.9m	9%
<i>Margin</i>	<i>29.3%</i>	<i>31.1%</i>	<i>-1.8pp</i>
D&A	(£13.3m)	(£14.0m)	5%
Operating Profit	£67.2m	£59.9m	12%
Net Interest / Share of JV	(£0.9m)	£1.0m	n/a
Profit Before Tax ¹	£66.3m	£60.9m	9%
Tax	(£10.3m)	(£9.7m)	-6%
Profit for the Period ¹	£56.0m	£51.2m	9%
EPS ¹	60.3p	48.9p	23%

Revenue: growth driven by regulated countries



¹ In FY15 sustainable markets consisted of UK, USA, Australia, Bulgaria, Denmark, Gibraltar, Ireland, Italy, Malta & Spain. In FY16 Romania was also included within sustainable markets.

Operating expenses

	H1 FY16	H1 FY15	YoY %
Sales & marketing	£62.7m	£62.0m	1%
Technology	£35.0m	£29.3m	19%
Operations	£18.9m	£18.7m	1%
G&A	£16.9m	£16.5m	2%
Group	£133.5m	£126.5m	6%

Capex

	H1 FY16	H1 FY15	YoY %
External capex	£9.3m	£4.3m	116%
Internal devex	£2.9m	£3.1m	-6%
Total capex	£12.2m	£7.4m	65%

- Capex increase driven by data centre and infrastructure upgrades
- FY16 total capex expected to be in line with previous guidance (c.£25m).

Cash flow

	H1 FY16	H1 FY15	YoY %
Free cash flow	£57.4m	£67.2m	-15%
Dividends paid	(£23.1m)	(£14.6m)	58%
Proceeds from disposal of stake in Betfair Australia	-	£12.0m	n/a
Other ¹	£0.2m	(£2.2m)	n/a
Net (decrease)/increase in cash and cash equivalents ²	£34.5m	£62.4m	-45%
Cash and cash equivalents as at 31 October	£139.4m	£271.4m	-49%

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

Merger update

Competition clearance

- Filings submitted to relevant regulators in UK, Ireland & US

Shareholder documents

- Betfair Scheme Circular, Paddy Power Class 1 Circular & Paddy Power Betfair Prospectus to be published on 27 November

Timing

- Continue to expect completion in Q1 2016

PADDYPOWER.

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BUSINESS REVIEW

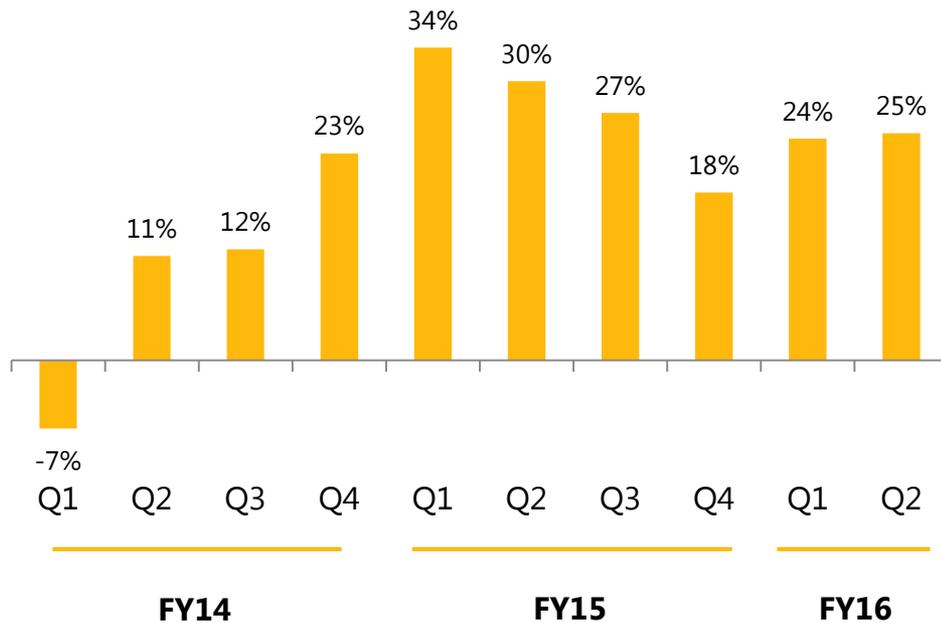


Delivering our plan

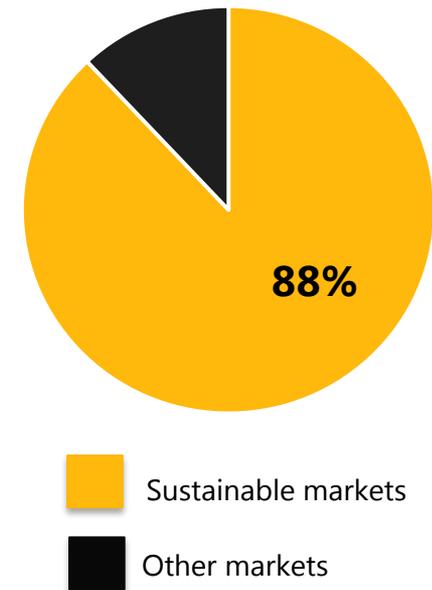
Plan	Objective	H1 FY16 progress
Focus on sustainable revenues	<ul style="list-style-type: none"> Improved quality of earnings 	<ul style="list-style-type: none"> Sustainable revenues up 24% Sustainable mix up to 88%
Invest in product & brand	<ul style="list-style-type: none"> Larger addressable mkt Product differentiation Revenue growth 	<ul style="list-style-type: none"> Sustainable actives up 31% in Q2 Sales & marketing up 13% excl. WC 100+ additional developers
Increase operating efficiency	<ul style="list-style-type: none"> Margin expansion Fund investments 	<ul style="list-style-type: none"> EBITDA up 9% despite POC tax
Grow internationally	<ul style="list-style-type: none"> Reduced market concentration risk Revenue growth 	<ul style="list-style-type: none"> TVG boosted by HRTV content Italy product upgrades delivered Licences in Spain & Romania

Sustainable markets revenue

Sustainable markets YoY revenue growth

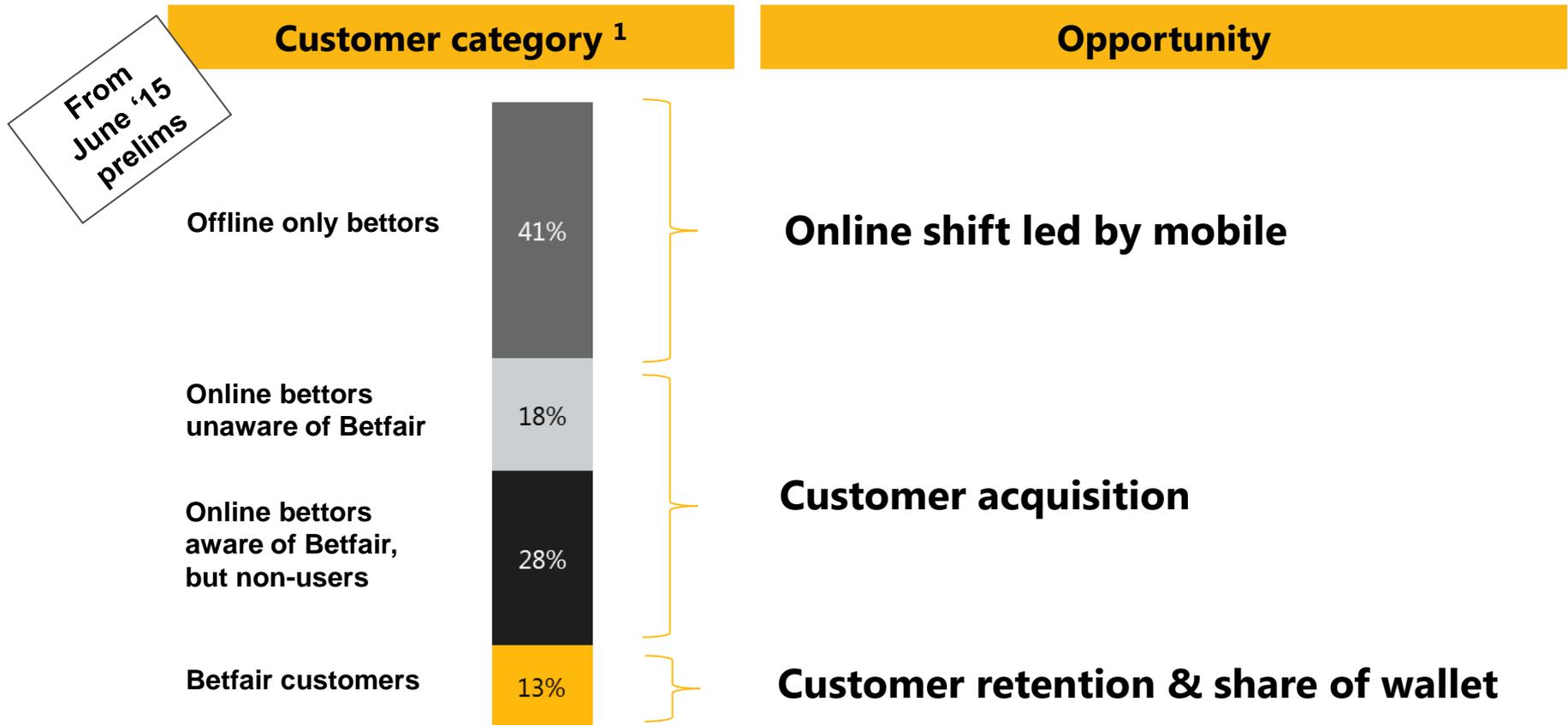


Q2 sustainable revenue mix



Sustained revenue growth from key markets leaves Betfair with low regulatory risk

Source of revenue growth



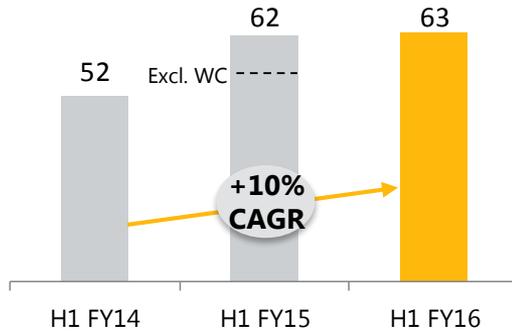
Success requires focus on acquisition, retention and monetisation

¹ Data based on interviews with 5,500 sports bettors in December 2014

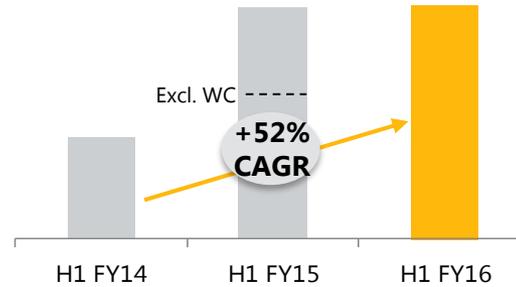
Customer acquisition

Strong, efficient growth in customer numbers

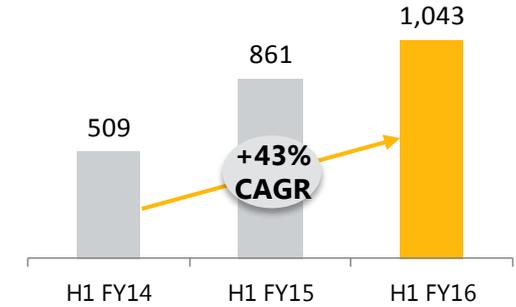
Sales and marketing spend (£m)



Sustainable activations



Sustainable actives ('000)



Leading digital capability



Top tier TV & print presence



New sponsorships

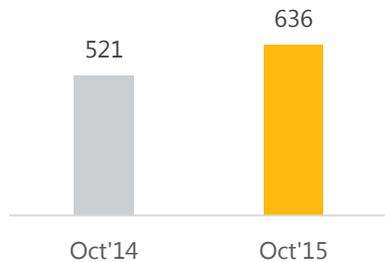


Marketing spend has continued to generate strong returns

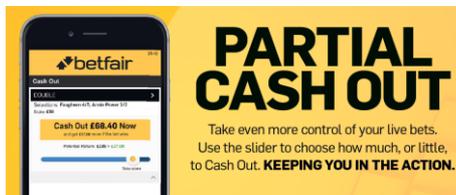
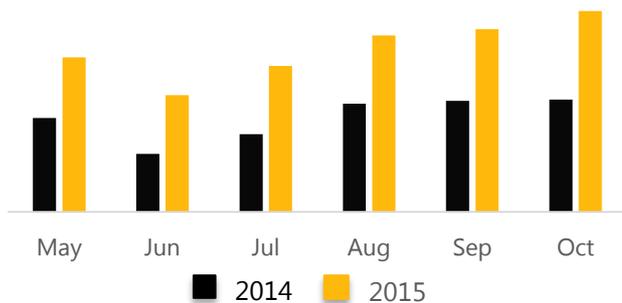
Customer retention & share of wallet

Improving product depth

Product development headcount

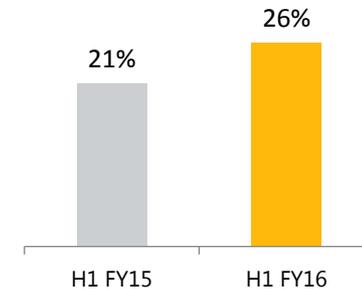


Sportsbook no. of in-play markets

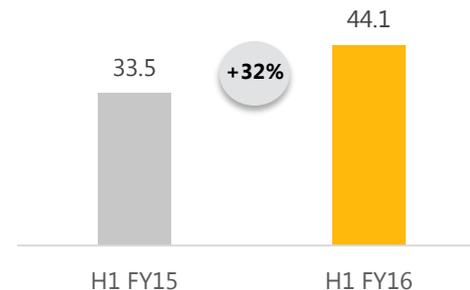


Cross sell to Gaming

Proportion of Sports customers playing Gaming products ¹



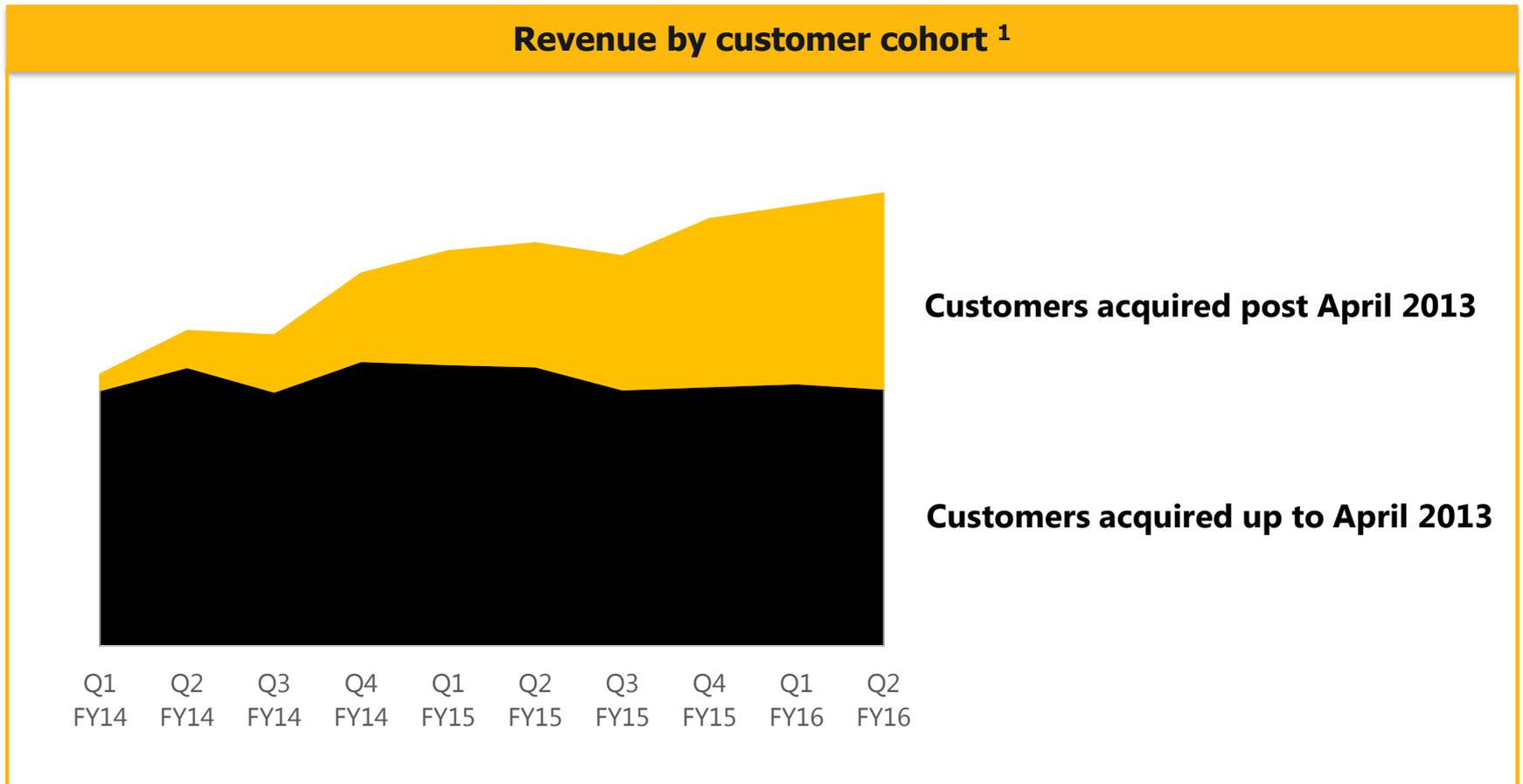
Sustainable Gaming Revenue (£m)



Maximising customer lifetime value

¹ In sustainable markets

Acquisition & retention is working



Stable base & successful customer acquisition has delivered strong revenue growth

¹ All regions excluding Betfair US

Betfair Italia

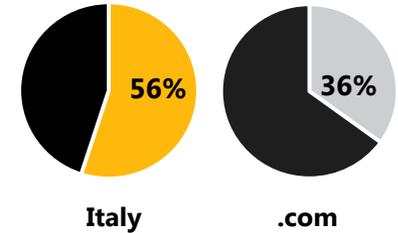
Product depth

- Significant enhancement through Complementary Palinsesto:
 - 100+ more football leagues
 - More basketball markets (including in-play)
 - New sports added (e.g. Formula 1, cycling & boxing)
 - Exchange tennis events more than doubled
- New Exchange iOS App launched in September

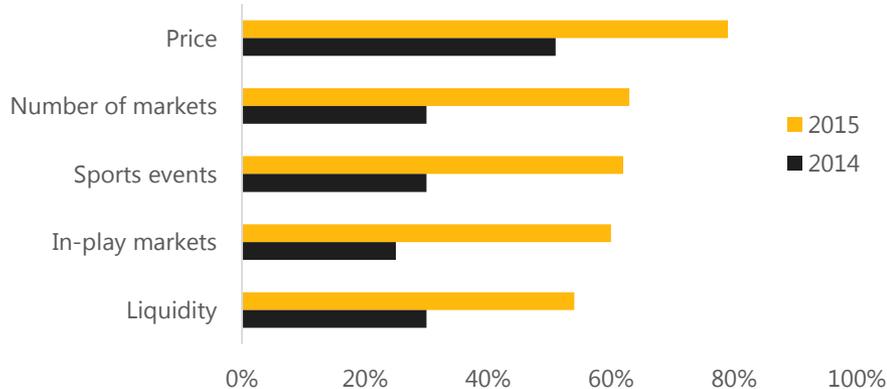
Differentiation



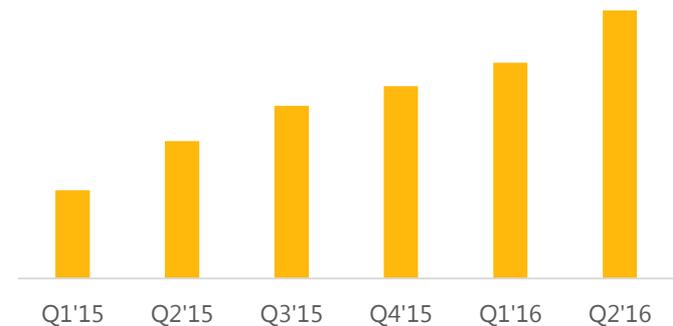
Exchange Football customers using Cash Out in October:



Exchange customer satisfaction ¹



Italy revenue



Our product is more competitive, is differentiated and we are seeing encouraging revenue trends

¹ On a scale of 1- 10, where 1 is Poor and 10 is Excellent, thinking about the Betfair Exchange, please rate it across the following areas? An answer between 7 and 10 is considered to be positive.

Betfair US

TVG

- Handle up 14%¹ and revenue up 25%¹
- Growth driven by mobile channel (+75%) and new premium content (from HRTV acquisition)
- New mobile website to complement native iOS app
- Broadcast 22,000 races in H1 (up 57% YoY) following the acquisition of HRTV
- HRTV rebranded to TVG2 in October



Online casino

- Online casino revenue doubled to £3.8m
- Low double-digit market share in H1
- Breakeven expected in FY17



Revenue up 38% helped by successful HRTV integration

Summary

Growing sustainably

- Nine quarters of double-digit growth in sustainable markets
- Sustainable mix up to 88%

Operating leverage

- EBITDA up 9% despite POC tax

Dividend

- Interim dividend up 67% to 15.0 pence per share

Investing for further growth

- Sales and marketing spend up 13% (excluding 2014 World Cup)
- Added over 100 developers

Recommended merger

- Completion expected in Q1 2016

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Q&A

