

ENGLAND'S WORLD CUP SUCCESS FORMULA

$$\frac{\hat{\pi}}{1-\hat{\pi}} = X_0 \left(\frac{e^{0.3\alpha_1 + 0.3\eta\theta + 0.08\beta_1}}{e^{0.18\tau + 0.04\log(\alpha) + 0.23\beta_2 + 0.11\beta_3 + 0.286 + 0.3\epsilon}} \right)$$

PP.

FORMULA FOR THE PERFECT PENALTY

$$\frac{\hat{\pi}}{1-\hat{\pi}} = X_0 \left(\frac{e^{0.7\alpha_1 + 1.13\beta_1 + 1.09\beta_2 + 0.96 + 0.3\theta_1 + 0.3\epsilon}}{e^{0.06\alpha_2 + 0.9\eta + 0.7\theta_2}} \right)$$

2014 INTERIM RESULTS

PADDYPOWER.

"I always saw Paddy Power as slightly anti-intellectual, but by partnering with me they have proved me wrong."

Professor Stephen Hawking

HIGHLIGHTS

FINANCIAL & OPERATIONAL REVIEW

STRATEGY & OUTLOOK



HIGHLIGHTS



- Strong & accelerated growth, particularly in online new customers
- Exceptional World Cup
- Revenue +7%*, operating profit -14%* from adverse sports results
- Interim dividend +11%; share buybacks to recommence
- H2 started well: revenue growth +45%*, favourable sports results
- Full year: mid-teen percentage growth in EPS expected

* In constant currency

HIGHLIGHTS

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FINANCIAL HIGHLIGHTS



| €M | H1'14 | H1'13 | CHANGE | CC CHANGE* |
|---------------------------|---------------|---------------|--------------|---------------|
| Sportsbook Amounts Staked | 3,422 | 2,999 | +14% | +17% |
| Net Revenue** | 396 | 381 | +4% | +7% |
| Sportsbook Gross Win % | 9.1% | 10.1% | | |
| EBITDA | 83.7 | 95.2 | (12%) | (6%) |
| Operating Profit | 60.1 | 75.4 | (20%) | (14%) |
| Profit Before Tax | 61.6 | 77.0 | (20%) | (13%) |
| Diluted EPS | 110.6c | 137.1c | (19%) | (13%) |
| Dividends | 50.0c | 45.0c | +11% | |

Gaming & B2B net revenue +23%^{*/**}

Sportsbook net revenue +2%^{*}

H1'14 included World Cup stakes of €130m and gross win of €15m

Sportsbook gross win margin down 1.0% versus H1'13 and normal expectations

Effective tax rate 13.0%

Interim dividend up 11%

* Change in constant currency ('CC') with foreign currency component in H1'13 translated at H1'14 exchange rates

** For consistency, following the change to the Machine Gaming Duty ('MGD') taxation regime, VAT on machines in January 2013 has been added back to net revenue and deducted within cost of sales, throughout this presentation

DIVISIONAL OVERVIEW



| DIVISION | SPORTSBOOK AMOUNTS STAKED (€M) | | NET REVENUE (€M) | | OPERATING COSTS (€M) | | OPERATING PROFIT (€M) | |
|-----------------------|--------------------------------|-------------|------------------|------------|----------------------|------------|-----------------------|--------------|
| | H1'14 | CHANGE* | H1'14 | CHANGE* | H1'14 | CHANGE* | H1'14 | CHANGE* |
| Online (ex Australia) | 1,399 | +22% | 148 | (8%) | 100 | +0% | 22.0 | (44%) |
| Online Australia** | 925 | +14% | 99 | +32% | 54 | +26% | 21.8 | +57% |
| UK Retail | 349 | +24% | 80 | +24% | 50 | +24% | 9.5 | +26% |
| Irish Retail | 548 | +11% | 62 | +8% | 48 | +6% | 8.6 | +16% |
| Telephone | 201 | +10% | 8 | (35%) | 10 | (9%) | (1.9) | n/a |
| Total | 3,422 | +17% | 396 | +7% | 261 | +9% | 60.1 | (14%) |

* In constant currency

** Australia also includes telephone operations accounting for less than 10% of its gross and operating profit

ONLINE (EX AUSTRALIA)



| €M | H1'14 | H1'13** | CHANGE* |
|-------------------------------|-------------|--------------|--------------|
| Sportsbook Amounts Staked | 1,399 | 1,121 | +22% |
| Net Revenue Sportsbook | 81.7 | 103.2 | (20%) |
| Sportsbook Gross Win % | 7.0% | 9.8% | |
| Net Revenue Gaming/B2B | 66.2 | 58.2 | +15% |
| Operating Profit | 22.0 | 42.0 | (44%) |
| Operating Loss - Italy | (8.9) | (9.6) | n/a |
| Operating Profit - ex Italy | 30.9 | 51.6 | (37%) |
| Active Customers*** | 1,446,000 | 1,198,000 | +21% |

New customer acquisition +33%

Strong sportsbook top-line growth:

- Bet volumes +27%
- Actives +24%
- 73% of actives using mobile in Jun'14

Year-on-year gross impact of sports results c.€35m

eGaming driven by proprietary content and mobile (34% of revenues)

paddypower.com: acceleration from increased TV advertising, coupled with our online marketing, product innovation and value

paddypower.it: strong execution and progress (revenue +126%) but sluggish market growth

* In constant currency

** Some activity has been reclassified in 2014 from Gaming to Sportsbook to better reflect the nature of the bets. All 2013 amounts (revenue €3.2m) have been restated on a consistent basis. The impact on year-on-year growth rates is immaterial.

*** Active customers throughout are defined as those who have deposited real money and have bet in the reporting period, excluding indirect B2B customers

AUSTRALIA



| €M | H1'14 | H1'13 | CHANGE* |
|---------------------------|-------------|-------------|-------------|
| Sportsbook Amounts Staked | 925 | 935 | +14% |
| Net Revenue | 98.6 | 86.5 | +32% |
| Sportsbook Gross Win % | 11.1% | 9.5% | |
| Gross Profit | 75.5 | 65.2 | +33% |
| Operating Profit | 21.8 | 16.5 | +57% |
| Online Active Customers | 346,000 | 239,000 | +44% |

Further market share gains; net revenue +32%*:

- Online amounts staked +23%*
- Online net revenue +33%*
- Online new customers +51%
- Telephone net revenue +8%*

Mobile stakes up 72%* to 49% of online stakes;
75% of actives using mobile in Jun'14

Cost growth less than revenue growth,
notwithstanding continued substantial
investment

* In constant currency

UK RETAIL



| €M | H1'14 | H1'13 | CHANGE* |
|-----------------------------------|-------------|---------------|-------------|
| Sportsbook Amounts Staked | 349 | 271 | +24% |
| Net Revenue Sportsbook | 36.8 | 32.5 | +10% |
| Sportsbook Gross Win % | 10.7% | 12.1% | |
| Net Revenue Machine Gaming | 42.9 | 29.9** | +40% |
| Total Net Revenue | 79.6 | 62.4** | +24% |
| Operating Profit | 9.5 | 7.8 | +26% |
| Shops at Period End | 299 | 228 | +31% |

Profit growth driven by both higher profits in the existing estate and new shop openings

Like-for-like KPIs[†]:

- Sportsbook amounts staked +8%
- Sportsbook net revenue (5%)
- Machine net revenue +15%**
- Total net revenue +5%**
- Direct shop opex +4%

Machine revenue growth benefitted from new terminals, new content, loyalty programme optimisation and soft comparables

33 shops opened, including 7 acquired

* In constant currency

** For consistency, following the change to the Machine Gaming Duty ('MGD') taxation regime, VAT on machines in Jan'13 has been added back to net revenue and deducted within cost of sales

IRISH RETAIL



| €M | H1'14 | H1'13 | CHANGE |
|---------------------------|-------------|-------------|-------------|
| Sportsbook Amounts Staked | 548 | 493 | +11% |
| Net Revenue | 62.4 | 58.0 | +8% |
| Sportsbook Gross Win % | 11.5% | 11.8% | |
| Operating Profit | 8.6 | 7.6 | +13% |
| Shops at Period End | 239 | 220 | +9% |

Like-for-like KPIs:

- Bet volumes +8%
- Amounts staked +5%
- Net revenue +2%
- Direct shop opex +5%

Adverse sports results

Record 16 new shops opened, including 14 acquired

TELEPHONE



| €M | H1'14 | H1'13 | CHANGE* |
|----------------------------------|--------------|-------------|--------------|
| Sportsbook Amounts Staked | 201 | 179 | +10% |
| Net Revenue | 8.0 | 12.3 | (35%) |
| Sportsbook Gross Win % | 4.6% | 7.5% | |
| Operating (Loss) / Profit | (1.9) | 1.5 | n/a |
| Active Customers | 59,000 | 56,000 | +5% |

Increased market share, consolidating leading position in UK and Irish market

Operating costs 9%* lower

Adverse sports results drove operating loss in period

Ongoing positive contribution to the Group, with for example phone registered customers spending a similar amount with PP online

* In constant currency

CASH FLOW



| €M | H1'14 |
|--|-------------|
| EBITDA | 83.7 |
| Maintenance capex | (7.9) |
| Working capital | 19.3 |
| Tax and other | (13.5) |
| Operating cashflow after tax | 81.6 |
| Investing and financing activities: | |
| Acquisitions | (6.2) |
| Enhancement capex | (26.3) |
| Dividends | (44.4) |
| Other | 10.8 |
| Increase in net cash | 15.6 |

Positive working capital inflow as online grows

New shop openings and technology for product enhancement and expansion

Includes €8m FX translation impact on cash balances

H1'14 operating cashflow 152% of profit after tax (5 years 2009-2013: 128%)

Closing cash €244m (€175m excluding customer balances)

NOTWITHSTANDING OPPORTUNITIES FOR INVESTMENT, THE BOARD INTENDS TO RECOMMENCE SHARE BUYBACKS

TAX AND REGULATORY DEVELOPMENTS



UK

- Online/phones 'point of consumption' tax:
 - 15% rate from December 2014
 - If applied to H1'14, extra tax payable €20m
 - Mitigation opportunities - lower revenue share and marketing costs; potential market share gains, net of any share moving to illegal operators
- Gaming machine taxation and regulation:
 - Voluntary Code of Conduct implemented March 2014
 - Machine Gaming Duty increasing from 20% to 25% in March 2015
 - DCMS published Gambling Protections & Controls in April including mechanisms expected from April 2015 affecting players staking over £50 in a single play
- Planning law change consultation
- Horseracing betting levy extension consultation

IRELAND

- Betting (Amendment) Bill:
 - 1% online/phones turnover tax (if applied to H1'14, extra tax payable €4m)
 - Year round retail evening opening

AUSTRALIA

- Increased racing product fees from July 2014 (full year impact of €6m)

HIGHLIGHTS

FINANCIAL & OPERATIONAL REVIEW

STRATEGY & OUTLOOK



GROUP STRATEGY - OVERVIEW



ATTRACTIVE
MARKETS



- Regulated
- Substantial
- Fast-growing
- Where we have an edge

INVEST
HEAVILY



Building scale for the long term:

- Product
- Marketing
- Value
- People

STRONG
POSITIONS



Aspire to be:

- Biggest
- Fastest-growing



STRONG PAYBACK

In Existing
Markets
+
Optionality
for
Future Markets

27% COMPOUND ANNUAL EPS GROWTH SINCE FLOTATION (2000-2013)

STRONG & ACCELERATED MOMENTUM



| | | H1'13 | H2'13 | H1'14 |
|---------------|------------------------------------|-------|-------|-------------|
| GROUP | Sportsbook Stakes Growth | +15% | +13% | +17% |
| ONLINE | Sportsbook Stakes Growth | +18% | +17% | +22% |
| | Customer Acquisition Growth | +9% | +7% | +35% |
| RETAIL | LFL Revenue Growth | +1% | +3% | +4% |
| | No. of New Shop Openings | 26 | 41 | 49 |

Growth comparisons above are year-on-year in constant currency

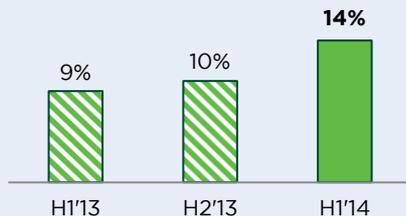
PADDYPOWER.COM – INVESTMENT



SPORTSBOOK

Targeted Investment in Football

1. Increased TV Share of Voice*



2. Leading Product & Value Offer

- Acca Bonus
- 'Pick Your Own Money Back Special'
- 'Power Play Plus'
- Rated No.1 by customers for 'Attractive Odds' & 'Best Offers**'

3. Online Marketing Expertise

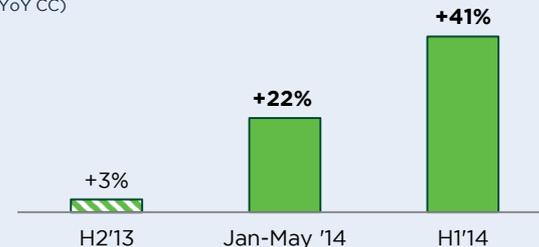
4. PP's Distinctive Brand Personality



Accelerated Football Growth

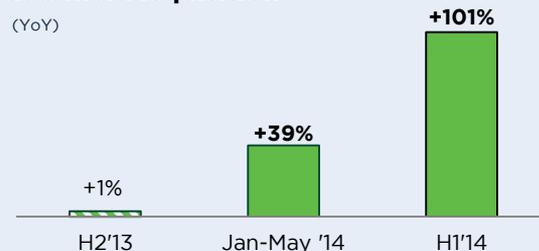
Stakes

(YoY CC)



Customer Acquisition

(YoY)



* Source BARB; ABC1 Men TVRs Sportsbetting category

** Source: Hall & Partners, every month Dec'13 to Jun'14

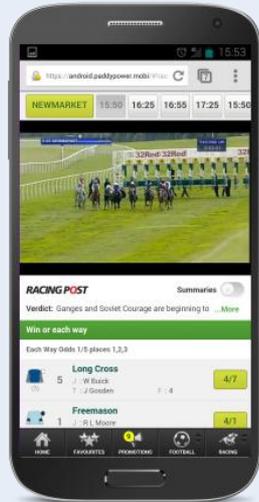
PADDYPOWER.COM – INVESTMENT



SPORTSBOOK

Strong Racing Position

Product



New mobile betting-in-running with inline streaming

Value



GAMING

Multi-platform, Proprietary & Exclusive Content

- Industry-leading 34% of revenues from mobile
- In-house developed Casino mobile web app
- First mobile Poker app & new Bingo tablet & mobile apps
- Bulgarian development centre:
 - Largest supplier, over 25% of Games revenues
 - Simultaneous releases across all platforms
 - Exclusive content & innovations
 - Now supplying games to Bingo & Sports Tablet app

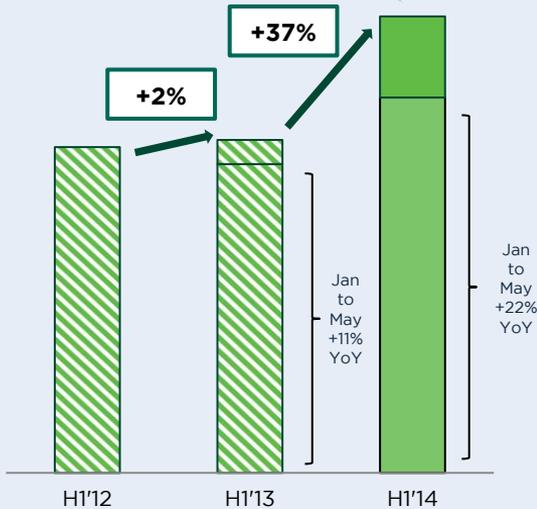


PADDYPOWER.COM – PAYBACK & MOMENTUM



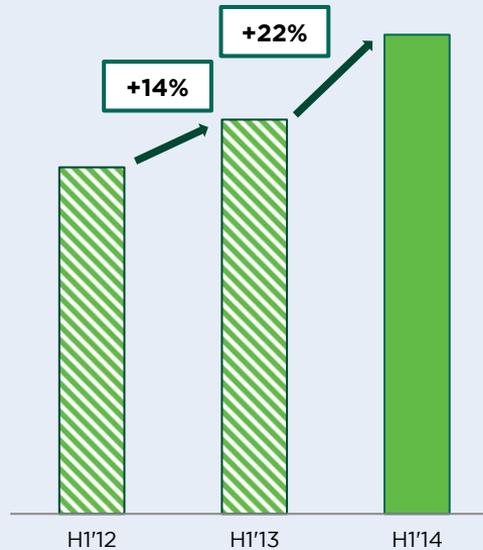
Customer Acquisition

H1'14 Sportsbook acquisition greater than FY 2013



Active Customers

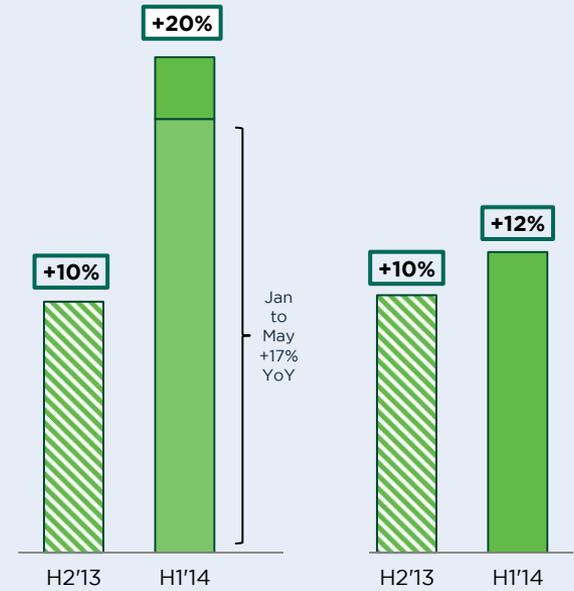
Strong acquisition combined with improved customer retention rates



Top-line Growth Acceleration

Sportsbook Stakes
(YoY CC)

Gaming Net Revenue
(YoY CC)



AUSTRALIA – INVESTMENT



PRODUCT

In-house Developed Mobile Product

- iPad native and web apps
- Android Apps
- iPhone native and web apps
- Rated No.1 brand for Mobile betting*



BRAND & VALUE

Value

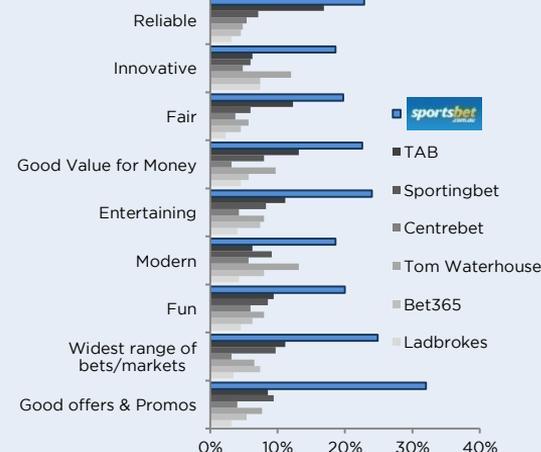


| AFL MULTIBET BONUS | |
|--------------------|-------------|
| 3 LEG MULTI | 10% BONUS |
| 4 LEG MULTI | 12.5% BONUS |
| 5 LEG MULTI | 15% BONUS |
| 6 LEG MULTI | 20% BONUS |
| 7 LEG MULTI | 25% BONUS |
| 8 LEG MULTI | 30% BONUS |
| 9 LEG MULTI | 40% BONUS |



*Conditions apply

Rated No.1 Across Range of Attributes*



New Media Assets Enhancing Position in Rugby League States (NSW & QLD)



* Source: Toluna Brand & Advertising Awareness Tracker (Jan-Jun'14); Base: c.2,100

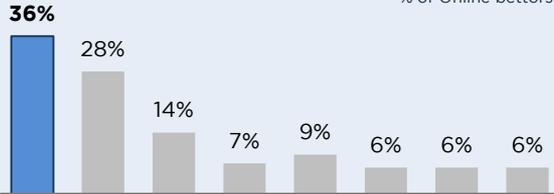
AUSTRALIA – PAYBACK & MOMENTUM



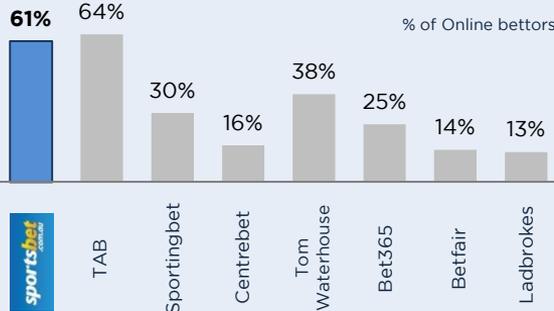
LEADING CORPORATE BRAND & FASTEST GROWING

Rated Number 1 By Customers

Active Account Held:

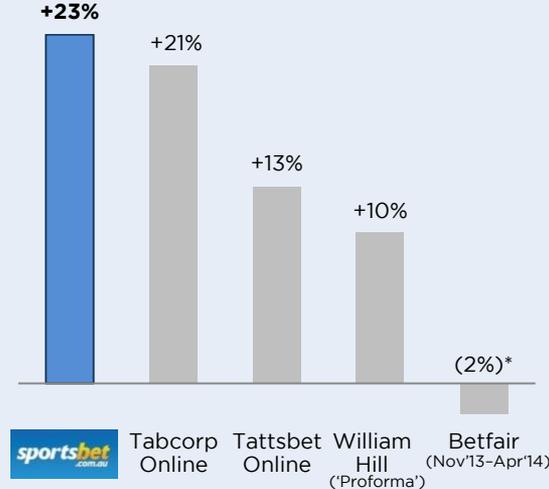


Spontaneous Brand Awareness:



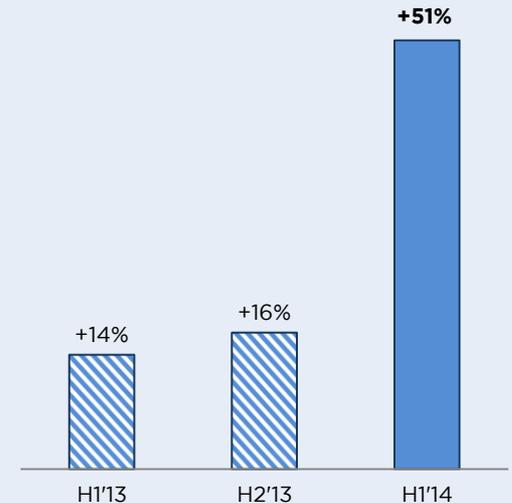
Fastest Stakes Growth

Jan-Jun 2014, Online YoY Turnover Growth



Customer Acquisition Accelerating

Sportsbet YoY Growth



Source: Competitor data sourced from public filings
 * Estimated constant currency movement based on Betfair plc's disclosures

AUSTRALIA – PAYBACK & MOMENTUM



* In constant currency at H1'14 rates

ITALY – GOOD PROGRESS IN A SLOWER MARKET

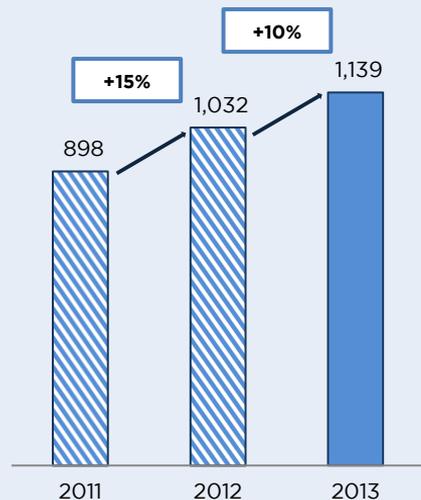


MARKET GROWTH SLOWER THAN EXPECTED

....Particularly Volume of New Bettors

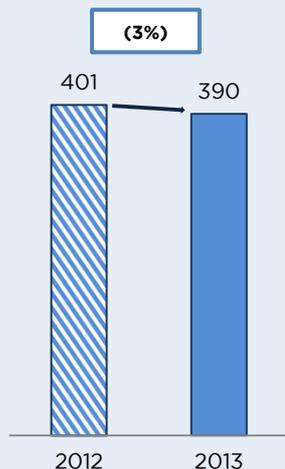
Online Sportsbook Stakes*

€m



Online Sportsbook Actives**

Average monthly (000s)



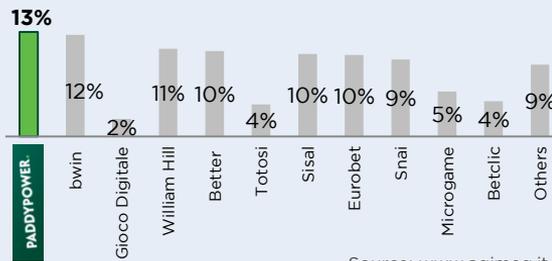
* Source: AAMS data with estimated 'fake' online removed

** Source: Osservatori, Politecnico di Milano

STRONG EXECUTION BY PADDY POWER

Leading Sportsbook Brand

1. Jun'14: No.1 Market Share



Source: www.agimeg.it

2. Leading Product Offering

- 30% more events than nearest operator
- 37% share of Palinsesto Supplementare***

3. Market Leader on Mobile

- 49% of stakes from mobile in H1'14
- PP share of mobile sports market c.18%***

eGaming

- H1'14: PP Vegas & Poker
- H2'14: Bingo & Virtuals
- Addressable market will increase by c.60% when product suite complete

Financial Progress (H1'14)

- Net Revenue +126%
- Opex growth slowed to 20%

*** Source: Internal estimates based on AAMS and other publically available data

RETAIL – INVESTMENT



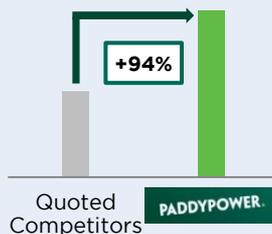
SPORTSBOOK

- Leading value & offers
- New shop formats
- Next generation TV displays
- Extended leadership in SSBTs
- Cash Card in SSBTs
- Expanded range of football coupons

Stakes per Shop

Irish Retail (2013)*

UK Retail (H1'14)

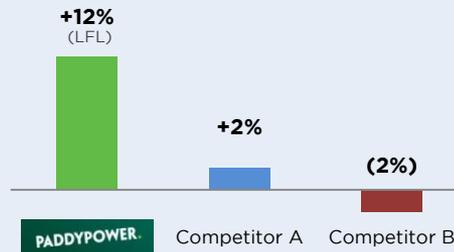


GAMING

- New 'Eclipse' terminals
- Leading machine loyalty programme
- New content
- Multi-channel initiatives

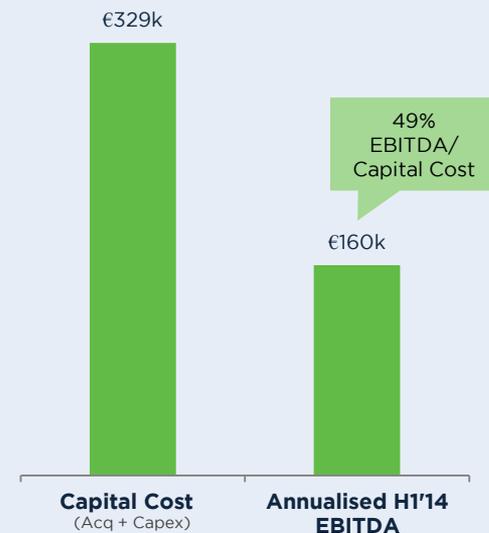
H1'14 Machine Revenue Growth

Average Gross Win per Machine per Week



NEW OPENINGS

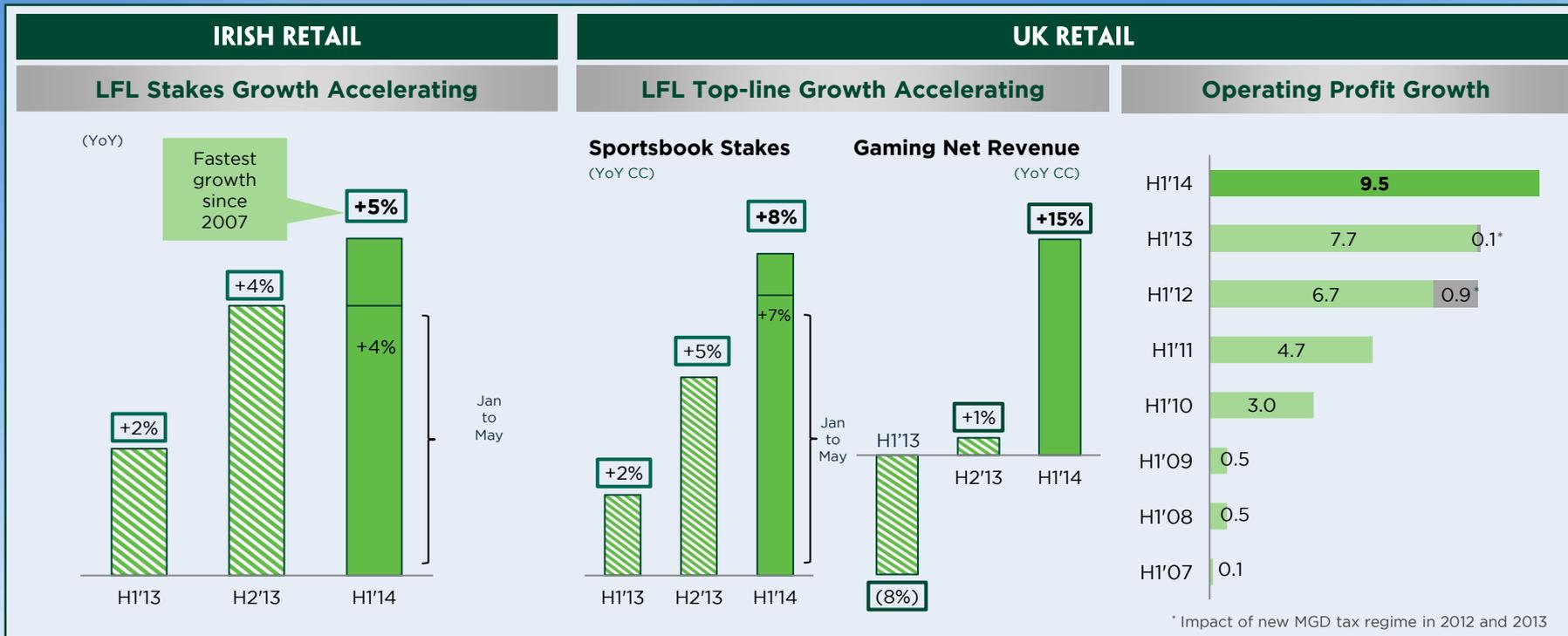
Excellent Returns on Capital



Averages for 186 openings, 2008-2012

* Source: Irish Revenue Betting Duty tax returns

RETAIL – PAYBACK & MOMENTUM



WORLD CUP – STRATEGY & EXECUTION



MARKETING STRATEGY

- Objective to own the conversation with offers that cut through to the mass market
- Media strategy based on analytics and informed insights
- Online marketing comms
- PP Blog exclusive:



- eGaming:



VALUE & PRODUCT

- Punter tested offers with strong ROI



MISCHIEF & SOCIAL MEDIA

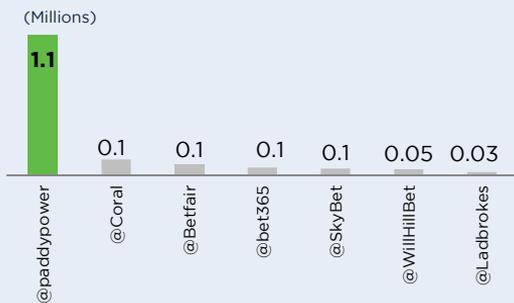


WORLD CUP – PAYBACK

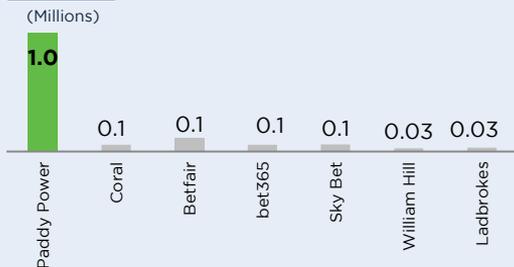


Leading Engagement on Social Media

twitter Engagement*



facebook Engagement*



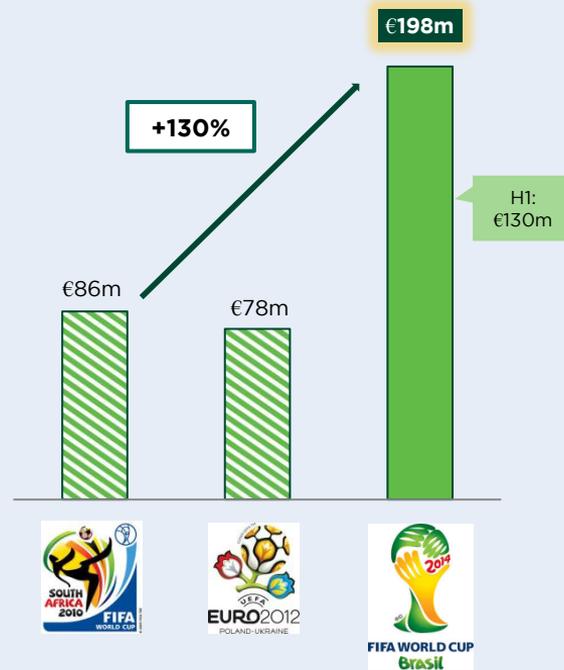
148k New Customers Acquired

June Highest Ever Group Turnover

€34m Gross Win (H1: €15m)



Stakes



* Total engagement (Twitter: favourites/retweets/replies/mentions; Facebook: likes/comments/shares) for period 1 June until World Cup final

CONCLUSION



CURRENT TRADING & OUTLOOK

Turnover

- Online sportsbook stakes +18%*
- Retail like-for-like sportsbook stakes +7%*

Net Revenue

- Group net revenue +45%*
- +28%* excluding World Cup revenue
- Favourable sports results

Outlook

- “The Board expects mid-teen percentage growth in EPS for the full year and remains confident of the Group’s prospects in 2014 and beyond.”

* 1 Jul to 25 Aug 2014 versus equivalent period last year in constant currency