

Betfair Group plc ("Betfair")**Q3 FY12 Interim Management Statement****"Continued momentum in Q3"**

Betfair (LSE:BET), the world's biggest betting community and a leading online betting and gaming operator, announces its Interim Management Statement together with key performance indicators for the three month period ended 31 January 2012 ("Q3 FY12").

Highlights

- Core Betfair revenue up 11% to £85.3 million
- Exchange continues to perform well: non-risk revenue up 13%
- Strong mobile growth: 11 million bets placed (up 127%) and £5.8 million of revenue (up 100%)
- 'Value-led' marketing campaign launched
- Current trading encouraging: confident of meeting our full year expectations
- Gerald Corbett replaces Edward Wray as Chairman

Stephen Morana, Betfair's Interim CEO, commented:

"We have maintained our positive momentum and delivered another good quarterly performance. The Exchange continued to be the main source of our growth, driven by a strong mobile performance, improved monetisation and increased horse racing activity. In the quarter, we had our best ever Australian Open, which culminated in almost £50 million of bets being placed on the epic men's final.

"In the last few months we have further improved our mobile offering, introducing new iPad and iPhone apps and launching mobile casino games. Our results show the benefit of our early investment in the channel. We doubled mobile revenue in the quarter and the 11 million bets placed represents significantly greater mobile usage than any of our competitors.

"To help reinforce our market position, we have placed more focus and energy into building brand recognition across our geographies. Our new 'Don't Settle for Less' marketing campaign delivers the simple and effective message that better odds are available on Betfair. The campaign is running across Europe and focuses on horse racing, football, tennis and golf, making direct comparisons between our pricing and that of our major competitors.

"Our new website has been successfully launched and is delivering an improved customer experience. We have completed the consolidation of our data centres and by the end of the financial year we will conclude our three year IT re-architecture project and deliver the first stages of our integrated risk product.

"Trading has remained encouraging in Q4, with Exchange revenue continuing to exhibit double-digit growth rates and overall Core Betfair revenue up 10% in the quarter to date. This leaves us confident that we will meet our expectations for the full year.

"Finally, on behalf of everyone at Betfair, I would like to thank Ed for his pivotal role in Betfair's success. As co-founder, Ed was integral in taking Betfair from an initial concept through to the global operator it is today and in making the business one of the UK's most successful Internet companies. I have personally greatly valued and enjoyed working together over the past 10 years."

Core Betfair

Revenue

Period <i>Unaudited</i>	Q3 FY12 £m	Q3 FY11 £m	9M FY12 £m	9M FY11 £m
Core Betfair revenue				
- Non-risk Sports	59.7	52.6	184.0	166.3
- Risk Sports	5.4	3.9	10.9	13.9
- Sports	65.1	56.6	194.9	180.2
- Games	13.6	14.3	41.6	45.0
- Poker	5.9	5.2	16.7	16.6
Core Betfair Net Gaming Revenue	84.6	76.1	253.2	241.7
Revenue from management of customer funds	0.7	0.9	2.4	2.4
Core Betfair revenue	85.3	77.0	255.6	244.2
Change				
- <i>Non-risk Sports</i>	+13%		+11%	
- <i>Risk Sports</i>	+38%		-22%	
- <i>Sports</i>	+15%		+8%	
- <i>Games</i>	-5%		-8%	
- <i>Poker</i>	+13%		+1%	
<i>Core Betfair Net Gaming Revenue</i>	+11%		+5%	
<i>Revenue from management of customer funds</i>	-22%		Flat	
<i>Core Betfair revenue</i>	+11%		+5%	

Non-risk Sports revenue, which is predominantly commission earned on the Betting Exchange, was up 13% at £59.7 million (Q3 FY11: £52.6 million). Horse racing had a good quarter, helped by the milder weather and improved content, including contributions from Paul Nicholls and Donald McCain. We also continued to see improved monetisation of Exchange activity through education and pricing.

Mobile Sports revenue continues to grow strongly, doubling to £5.8 million in the quarter (Q3 FY11: £2.9 million), largely driven by our market-leading iPhone app. Importantly, the channel continues to drive incremental revenues, evidenced by an uplift in overall customer ARPU after they start using our mobile products. We will continue to release regular product updates over the coming months, including customer registration, multiples and search functionality.

Revenue from Risk Sports, which is predominantly from multiples, was higher at £5.4 million (Q3 FY11: £3.9 million). Margins on multiples improved on the prior year and were broadly in-line with historical averages, despite the well-publicised 'punter friendly' football results in November.

Games revenue was marginally higher sequentially in Q3, but fell 5% year-on-year primarily due to the temporary suspension of gaming products in Italy. Adjusting for Italy, revenue was up 2% compared with last year. We introduced a mobile casino product in January and are pleased with the initial results.

Poker continued to show an improvement, with revenue up 13% in Q3 year-on-year despite the loss of Italian revenues. Adjusting for Italy, Poker revenue increased by 20%.

Each of our three regions delivered revenue growth in the quarter, with the UK up 12%, Europe up 8% and Rest of the World up 31%.

Betfair Australia, which is reported separately as a joint venture and isn't included in Core revenues, has continued to show strong growth, with revenues up 20% (constant currency) in the financial year to date.

Regulation

We have seen regulatory momentum in recent months. Firstly, the Italian Government has notified a Ministerial Decree to the European Commission that establishes the regulation of betting exchanges. This regulation would allow us to operate our Exchange on Betfair.it and we would also look to re-introduce our gaming and poker products to the market alongside this.

In January, we received a licence to operate all of our products in Denmark and have applied for a licence in the northern German state of Schleswig-Holstein. We have also applied for a licence to operate in Spain, where we continue to pay gaming tax on all revenues.

KPIs by product

Period	Q3	Q3	Change
<i>Unaudited</i>	FY12	FY11	%
Sports KPIs			
- Actives ('000)	372	386	-4%
- ARPU (£)	175	146	+19%
- Net Gaming Revenue (£m)	65.1	56.6	+15%
Games KPIs			
- Actives	80	96	-17%
- ARPU	170	148	+15%
- Net Gaming Revenue	13.6	14.3	-5%
Poker KPIs			
- Actives	67	71	-5%
- ARPU	87	74	+18%
- Net Gaming Revenue	5.9	5.2	+13%

KPIs by geography

Period	Q3	Q3	Change
<i>Unaudited</i>	FY12	FY11	%
UK			
- Actives ('000)	214	239	-11%
- ARPU (£)	206	165	+25%
- Net Gaming Revenue (£m)	44.2	39.5	+12%
Europe			
- Actives	193	202	-4%
- ARPU	185	164	+13%
- Net Gaming Revenue	35.7	33.0	+8%
Rest of World			
- Actives	11	9	+25%
- ARPU	415	396	+5%
- Net Gaming Revenue	4.6	3.5	+31%

A complete analysis of KPIs on an annual, semi-annual and quarterly basis since the start of FY08 is available on the Group website (<http://corporate.betfair.com>).

Other investments

Discussions with the Californian racing industry are progressing and we continue to look forward to the introduction of exchange wagering. TVG delivered handle growth of 6% (in US Dollar terms) in Q3, further increasing its market share.

LMAX has continued to see strong volume growth on its Exchange over the last quarter and the business is performing in line with expectations.

Board

Edward Wray is today stepping down from our Board and is replaced as Chairman by Gerald Corbett as previously announced.

Financial position and share buyback

Betfair is a highly cash generative business and the financial position of the Group remains strong, with substantial net cash balances and no debt.

We have continued to purchase and cancel shares as part of the on-going buyback. Up until 5 March, we have purchased 5.1 million shares for £37.5 million.

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Conference call

Stephen Morana, Interim CEO, will be hosting a conference call for investors and analysts at 8.30a.m. (GMT) today. Access details for the call are as follows:

UK Access Number: +44 (0)20 3140 0668
UK Toll Free: 0800 368 1950
Participant PIN Code: 781888#

Replay Access Number: +44 (0)20 3140 0698
Conference Reference: 382524#

The above replay facility will be available for one week.

About Betfair

Betfair is the world's biggest betting community and one of the world's leading online betting and gaming operators.

At the heart of Betfair is its pioneering Betting Exchange, where customers come together in order to bet at odds set by themselves or offered by other customers, instead of with a traditional bookmaker. The Betting Exchange provides customers with better pricing and more choice and flexibility than competing products, which has resulted in Betfair's customers showing greater levels of loyalty than its competitors with significantly higher customer satisfaction rates.

Betfair additionally offers a range of other sports betting products, casino games and poker. As at 31 January 2012, Betfair had over 4 million registered customers worldwide and processed, on average, more than 7 million transactions per day on the Betting Exchange, more than all European Stock Exchanges combined during the preceding 12 month period.

The Betfair Group employs more than 2,000 people and has twice been named the UK's 'Company of the Year' by the Confederation of British Industry and has won two Queen's Awards for Enterprise, being recognised for Innovation in 2003 and most recently for International Trade in 2008.

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