

Betfair Group plc ("Betfair")**Q1 FY15 Interim Management Statement****"World Cup drives record quarterly revenues and profitability"**

Betfair (LSE:BET) will today hold its Annual General Meeting and is also announcing its Interim Management Statement and KPIs for the three month period ended 31 July 2014 ("Q1 FY15").

- Revenue up 30% driven by a strong World Cup and continued momentum across all products
- Revenue excluding the World Cup up 12%, including 17% growth in sustainable markets
- EBITDA up 39% to £34.5 million
- Sustainable revenue mix up three percentage points to 80%
- Mobile revenue up 162% and the channel contributed 70% of Sportsbook revenues
- Customer acquisition up 181% and number of active customers up 48%
- New products performing strongly: Almost one million Sportsbook bets received a Price Rush, giving customers an average 24% boost to odds on these bets

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

"Betfair's ongoing product innovation and marketing investment led to an excellent quarter against all key metrics, with continued momentum in sustainable revenues and customer numbers enhanced by a strong World Cup.

World Cup revenue of £15.9 million was approximately double that generated from the previous major international football tournament at Euro 2012 and contributed towards making this a record quarter for Betfair.

The introduction of the Sportsbook means we can now offer superior value to customers who prefer promotion-led offers as well as those who simply want the best odds offered by the Exchange. At the World Cup we led with a market leading promise to return losing stakes if England lost and if matches went to extra time. The two England defeats followed by eight draws in the knock out stages meant we returned a seven figure sum to customers.

The World Cup offered a unique opportunity to acquire new customers and increase engagement with existing customers. As a result, we saw record new customer activations and a 65% increase in the number of active customers in sustainable markets.

Throughout the quarter, we have continued to see the benefits of integrating our Exchange and Sportsbook platforms. One third of Sportsbook customers received a Price Rush and, on average, benefited from a 24% increase in odds.

We are focused on a number of challenges, including our early stage investments in New Jersey online casino and Italy, and uncertainty remains in a number of unregulated markets. However, we are encouraged by the performance in the first quarter and the momentum of the business, and accordingly remain confident that we can deliver our expectations for the full year."

Net gaming revenue (£m)	Q1 FY15	Q1 FY14	Change %
Sports	83.0	64.0	+30%
Gaming	19.8	13.7	+45%
Betfair US	14.2	12.5	+14%
Management of customer funds	0.3	0.2	+50%
Total	117.3	90.4	+30%

Net gaming revenue (£m)	Q1 FY15	Q1 FY14	Change %
Sustainable markets	93.7	69.9	+34%
Other markets	23.6	20.5	+15%
Total	117.3	90.4	+30%

Revenue was up 30% to £117.3 million (Q1 FY14: £90.4 million) driven by the World Cup, favourable sporting results, an improved Gaming performance and continued growth in Betfair US. Excluding the World Cup, revenue was up 12%.

Revenue from sustainable markets (UK, Ireland, USA, Italy, Denmark and Malta) of £93.7m is up 34% year on year and is up 24% compared with the same period two years ago, which is a more comparable period as it included a major international football tournament (Euro 2012). Excluding the World Cup, revenue from other markets was down 5% year on year in line with our strategy of focusing investment in regulated jurisdictions.

During the World Cup our customers placed over 22 million bets (2010 World Cup: 18 million). On some markets over 70% of Sportsbook bets were Price Rushed and therefore matched on the Exchange. Sports results were very favourable for bookmakers in the period, including during the World Cup, and the higher than expected gross win margin resulted in approximately £7 million of additional revenue, although some of this was returned to customers through free bets.

Gaming revenues benefited from the higher number of sports customers active during the World Cup, more effective cross selling and increased mobile usage. The 45% year on year growth rate was also helped by the non-recurrence of weak casino margins in the comparative period.

Betfair US revenue was up 26% (constant currency), driven by an 18% (constant currency) increase in TVG handle and the contribution from the New Jersey online casino, which launched in Q3 FY14. Wagering volume growth in TVG included a strong mobile performance following the introduction of its iOS app, which remains the only one in the market.

Mobile revenue performance was strong in all areas following significant product improvements. These included a new integrated sports-casino native app for iPad and iPhone and fully redesigned apps for both Casino and Arcade. Overall mobile revenue was up 162%, and the channel contributed 70% of Sportsbook revenues and 28% of Gaming revenues (up from 45% and 14% respectively in Q1 FY14).

Product and marketing investment led to strong customer acquisition, with activations up 181% year on year and up 105% on Q1 FY13, which included Euro 2012. The number of active customers in sustainable markets was up 65% to 653,000. The number of actives in other markets was down 2% to 131,000, reflecting the focus on regulated jurisdictions.

Actives ('000)	Q1 FY15	Q1 FY14	Change %
Sustainable markets	653	396	+65%
Other markets	131	134	-2%
Total	784	530	+48%

EBITDA

EBITDA was up 39% to £34.5 million (Q1 FY14: £24.9 million) as a result of revenue growth, partly offset by increased marketing spend during the World Cup and continued investment in New Jersey and Italy. The EBITDA margin was 29.4% (Q1 FY14: 27.5%).

Investor / Analyst meeting

Betfair will host a meeting for investors and analysts in October to showcase Betfair's product development and IT capability. Invitations will be sent shortly.

Conference call

Breon Corcoran, Chief Executive Officer, and Alex Gersh, Chief Financial Officer, will host a conference call for investors and analysts at 08:15 a.m. (BST) today. Access details for the call are as follows:

Access Number: +44 844 800 3850

Passcode: 417 757 60

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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