

Paddy Power plc

2010 Interim Results



Introduction

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Financial Performance

Divisional Review

Strategy & Outlook

Highlights

- **Very strong profit growth**
- **Substantial scale in regulated markets**
- **Geographic diversification**
- **Strong momentum and opportunities**

Financial Performance

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Financial Highlights

€m	H1 '10	H1 '09	Change
Amounts Staked	1,892	1,148	+63% (CC)
Gross Win	205.6	132.7	+53% (CC)
EBITDA	60.7	41.8	+42% (CC)
Operating Profit	49.5	33.5	+43% (CC)
Profit Before Tax**	49.4	34.1	+45%
Diluted EPS**	82.2c	62.6c	+31%
Interim Dividend	25.0c	19.5c	+28%

- Amounts staked +12% (CC)*
- Sportsbook gross win margin 9.5%, +0.4% vs H1'09 (impact of sporting results)*
- Gross win +22% (CC)*:
 - Sportsbook +16%
 - Gaming/machines +40%
- Operating costs +23% (CC)*:
 - Retail like-for-like +1% (CC)
 - Online +60% (CC)*
- Effective tax rate 15.8%**

Note: Percentage change presented in constant currency ('CC') is calculated with foreign currency component in H1 '09 translated at H1 '10 exchange rates

** Prior to the inclusion of the Group's acquisitions in Australia*

*** Excluding gains in H1 '10 of €3,106K re Sportsbet buy-out options valuation within 'Financial Income' & €885K re UK deferred tax recognition (where applicable)*

Financial Highlights - Divisional

Amounts Staked

€m	H1 '10	H1 '09	CC
Online (ex Australia)	540	431	+23%
Online Australia *	593	-	-
Irish Retail	476	475	+0%
UK Retail	132	91	+41%
Telephone (ex Australia)	151	151	(2%)
Total	1,892	1,148	+63%

Gross Win

Online (ex Australia)	74.9	51.6	+42%
Online Australia *	41.8	-	-
Irish Retail	55.5	56.6	(2%)
UK Retail	24.0	16.8	+38%
Telephone (ex Australia)	9.4	7.6	+21%
Total	205.6	132.7	+53%

Operating Profit

Online (ex Australia)	29.0	21.8	+28%
Online Australia *	7.9	-	-
Irish Retail	9.0	11.7	(22%)
UK Retail	3.0	0.5	+339%
Telephone (ex Australia)	0.6	(0.4)	-
Total	49.5	33.5	+43%

* Australia also includes legacy telephone operations accounting for less than 10% of gross and operating profit in H1 '10

Cash Flow

Operating Cashflow

€m	H1 '10	H1 '09
Operating profit	49.5	33.5
Depreciation and disposals	11.4	8.3
Employee share schemes	4.4	1.2
Working capital	20.1	(4.9)
Maintenance capex	(4.4)	(2.1)
LTIP share purchases	(6.6)	-
Corporation tax	(6.4)	(5.2)
Operating cashflow	68.0	30.8

Investing Cashflows

Enhancement capex	(7.7)	(5.3)
Acquisitions	(9.4)	(2.0)
Dividends	(18.7)	(16.9)
Share issues, interest and disposals	1.2	1.9
Investing cashflows	(34.6)	(22.3)

Closing Cash

Foreign exchange gain	2.3	1.4
Increase in net cash	35.7	9.9
Net cash at period end	110.4	86.6

Capital Structure

CASH, 30 JUNE

€m	EX AUSTRALIA	AUSTRALIA	TOTAL
Customer balances	21	18	39
Other cash	69	17	86
Debt	0	(15)	(15)
NET CASH	90	20	110

FUTURE USES

- Intend to maintain underlying dividend payout ratio in 2010 towards top of our 40-50% range
- Option to buy out Australian minority in 2012 or 2013, maximum payment AUD196m (€137m)
- Ongoing development opportunities

Divisional Review

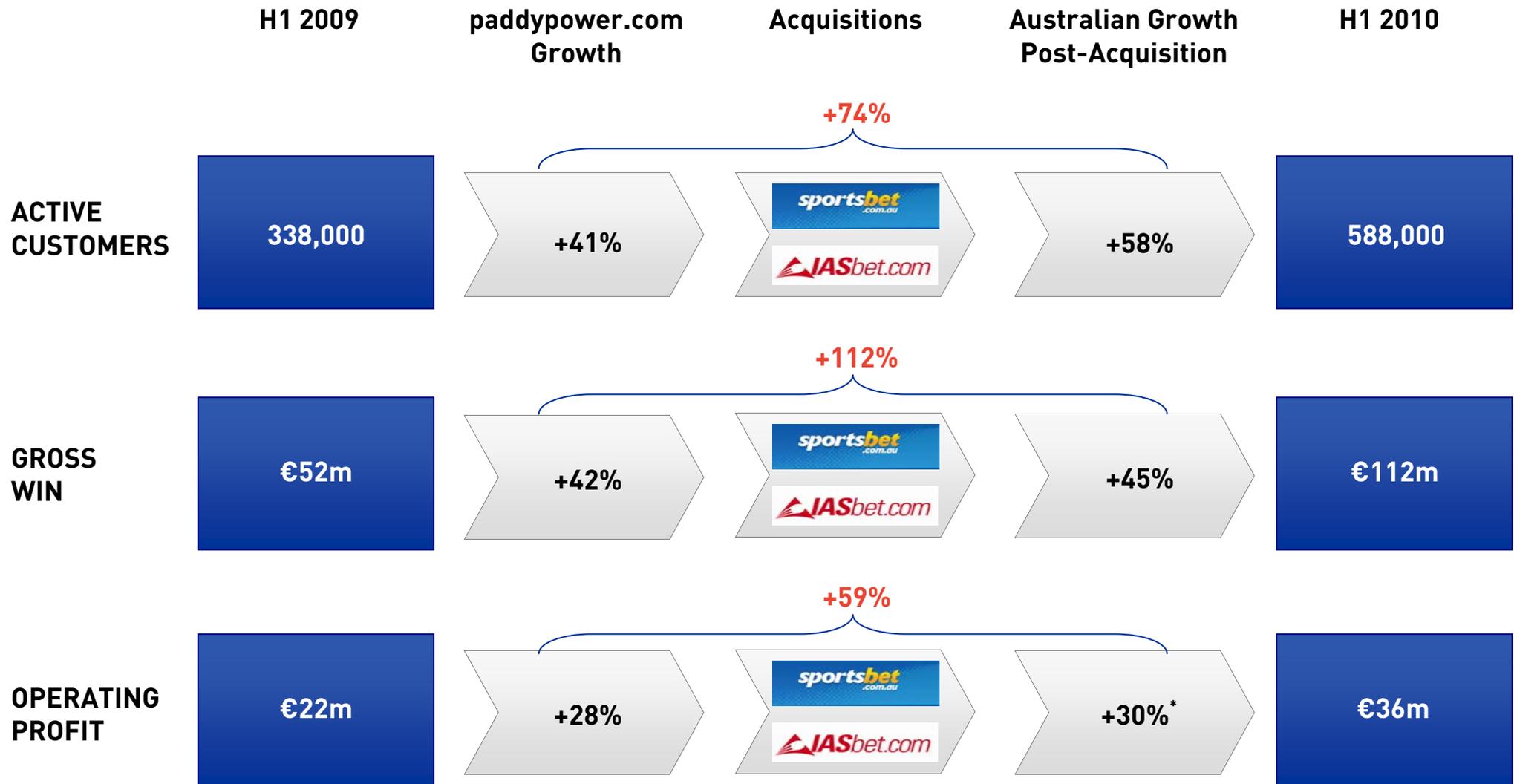
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Online Scale and Momentum



Note: Growth comparisons are versus H1 '09 and in constant currency (where applicable)

* Approximated based on estimated H1 '09 online operating profit of Sportsbet plus IAS re that portion of its activities acquired

Online (ex Australia)

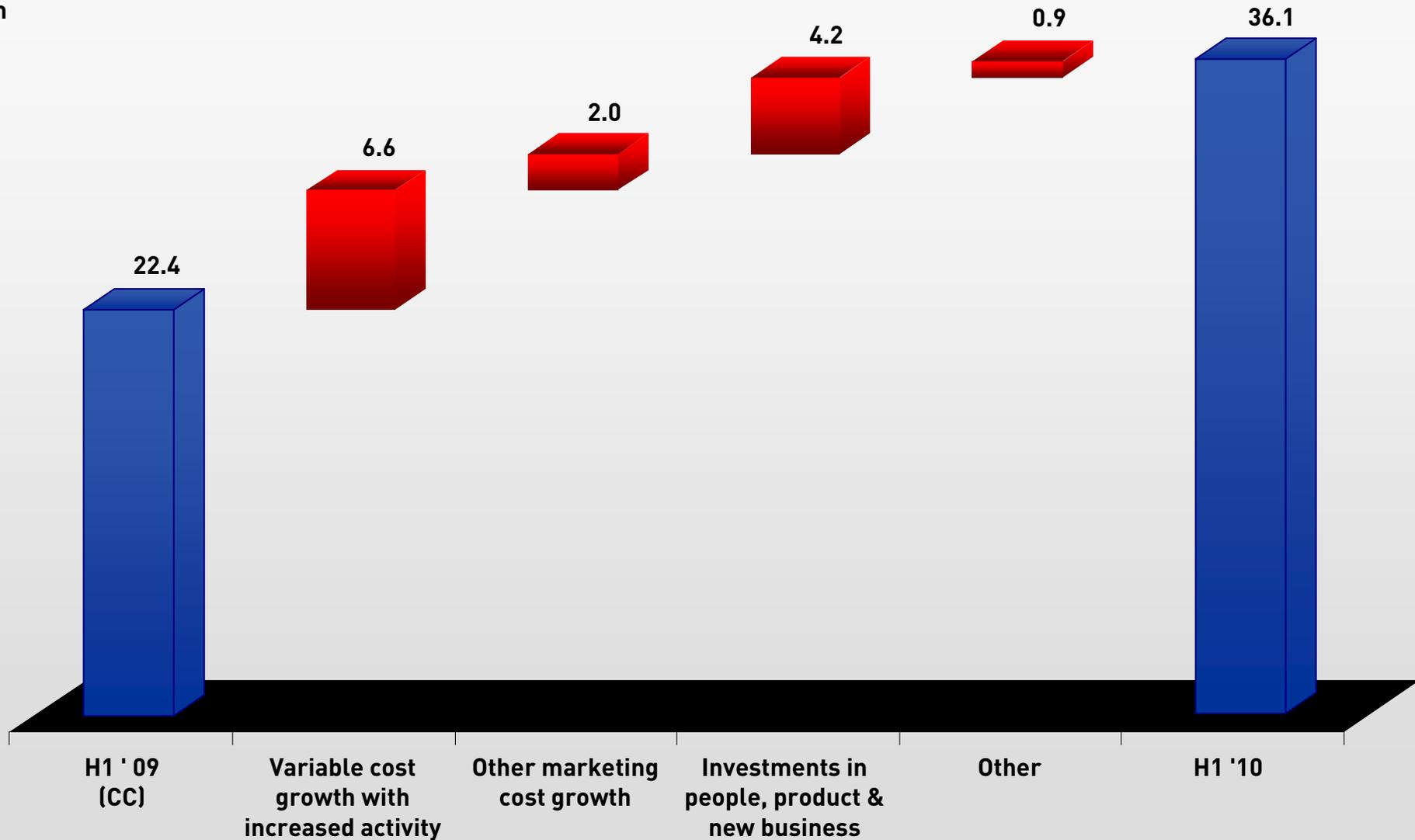
€m	H1 '10	H1 '09	CC
Amounts Staked	540	431	+23%
Gross Win Sportsbook	40.5	26.6	+49%
<i>Sportsbook Gross Win %</i>	<i>8.0%</i>	<i>6.6%</i>	
Gross Win Gaming/B2B	34.4	25.0	+36%
Total Gross Win	74.9	51.6	+42%
Operating Profit	29.0	21.8	+28%
<i>Active Customers*</i>	<i>476,141</i>	<i>337,579</i>	<i>+41%</i>

- Strong sportsbook growth:
 - Active customers +45%
 - Bet volumes +46%
- Gross win % at top of expected 7-8% range with rebound in sports results
- Accelerated Gaming growth driven by investments in people, product and promotional expertise and activity
- PMU B2B sportsbook live on schedule on 9 June
- Irish Government betting tax review

* Active customers defined as those who have bet in the reporting period, excluding indirect B2B customers

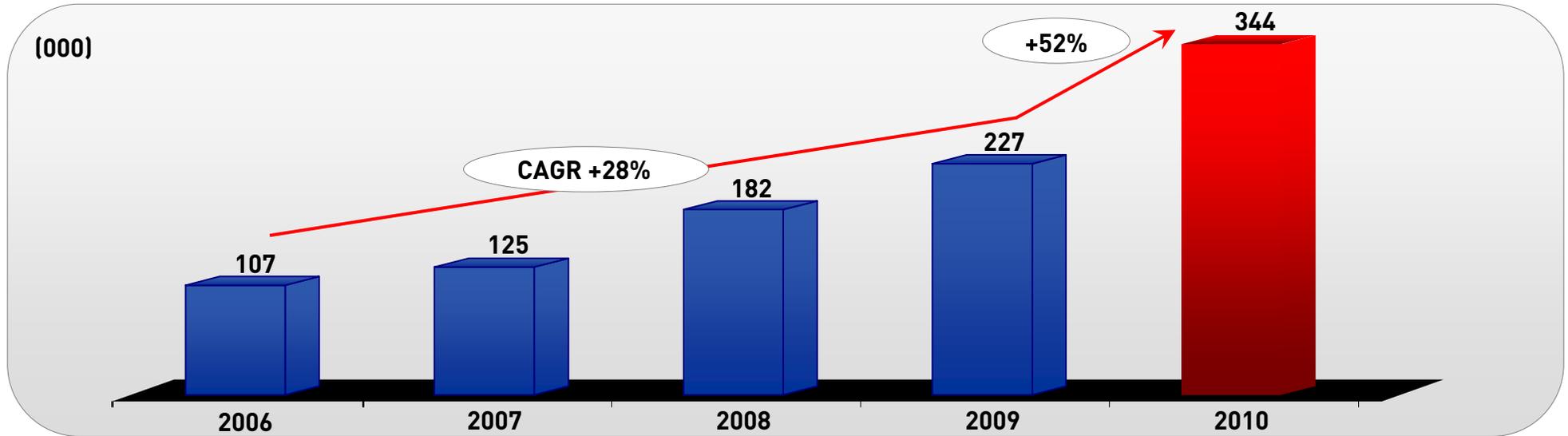
Online Operating Cost Growth

€m

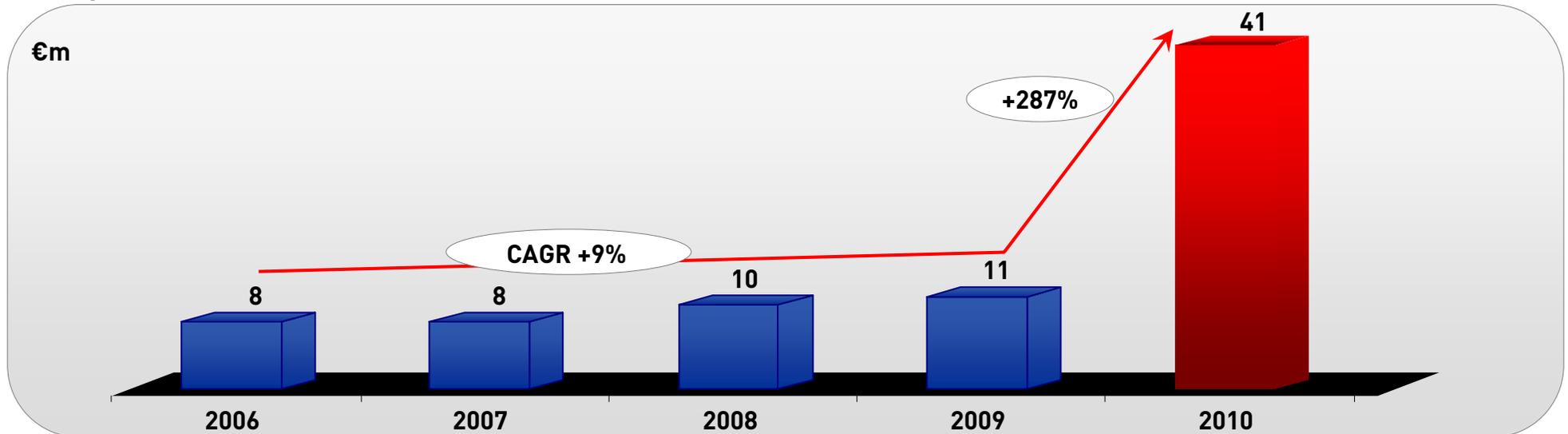


Acceleration in Momentum

H1 UK Online Active Customers



H1 Sportsbook Mobile Turnover (Ex Australia)



Australia

€m	H1 '10
Amounts Staked	593
Gross Win	41.8
<i>Sportsbook Gross Win %</i>	<i>7.1%</i>
Gross Profit	31.0
Operating Profit	7.9
<i>Active Customers*</i>	<i>113,641</i>



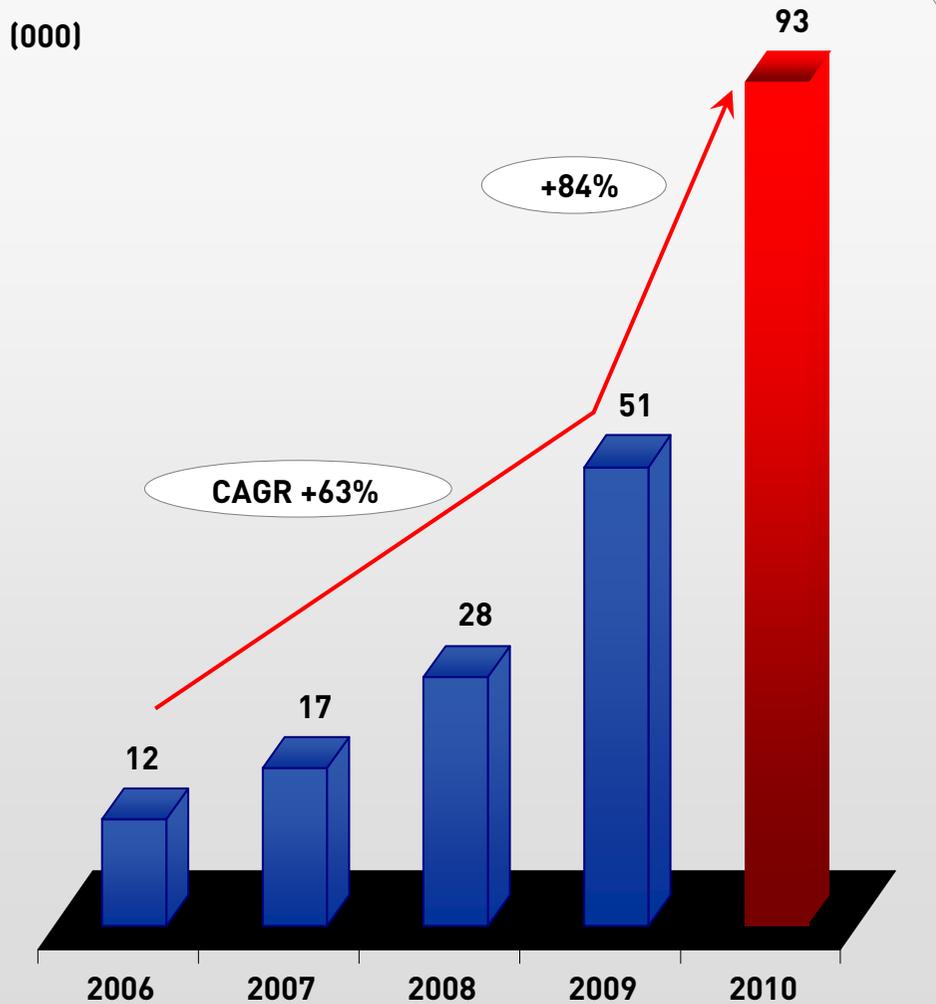
- **Strong financial performance** :**
 - Turnover +21% (Online +29%)
 - Gross Win + 21% (Online +45%)
 - Active Customers +56% (Online +58%)
- **Maximum contingent consideration of AUD10m (€7.0m) paid**
- **Other business developments:**
 - Shareholding increased by 9.8% to 60.8%
 - Ongoing strengthening of management team
 - Final Productivity Commission Report
 - Victory in product fee legal case
 - “Betbox” trial expanding

**Active customers defined as those who bet in the reporting period*

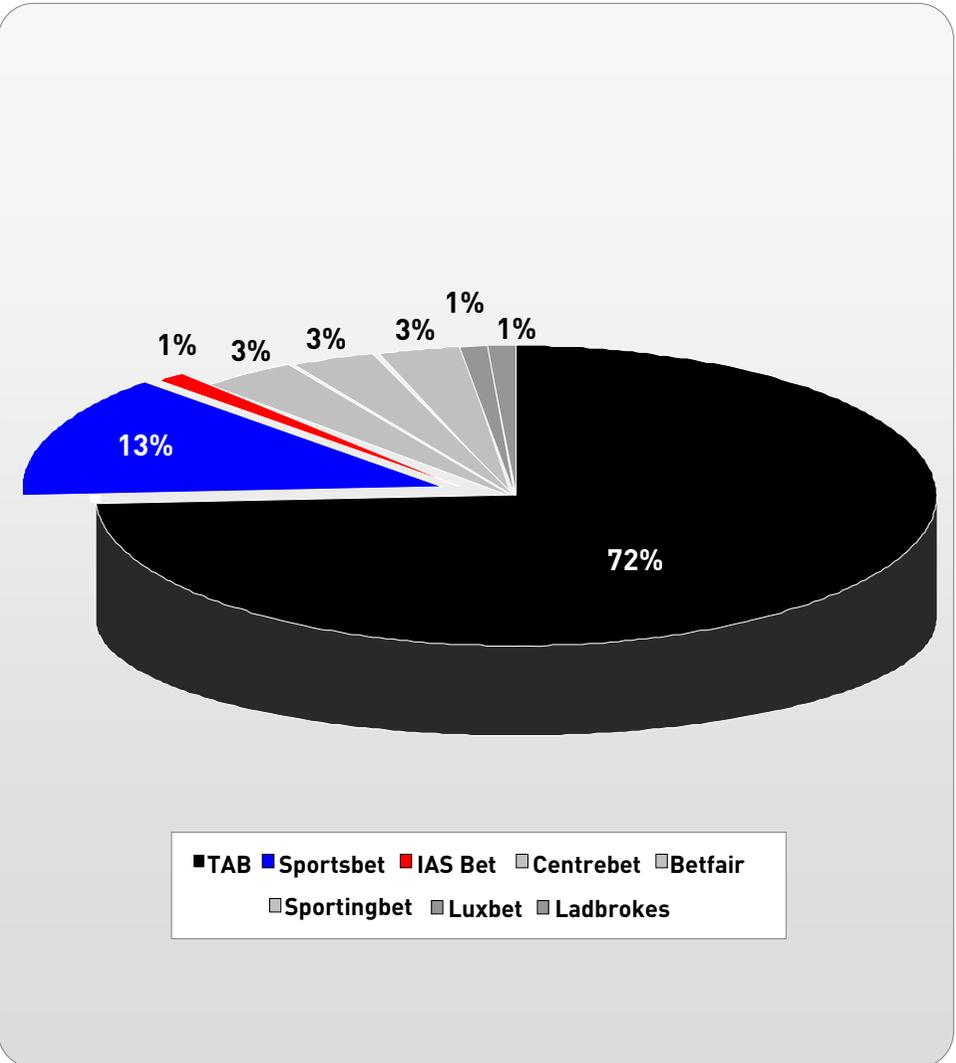
*** All comparatives versus H1 '09 and in constant currency (where applicable)*

Strong Momentum...and Substantial Potential

H1 Sportsbet.com.au Active Customers



Most Often Used Brand



(Source: Online survey of 4,507 males, aged 20-40 years)

Irish Retail

€m	H1 '10	H1 '09	Change
Amounts Staked	476	475	+0%
Gross Win	55.5	56.6	(2%)
<i>Sportsbook Gross Win %</i>	<i>11.7%</i>	<i>11.9%</i>	
Operating Profit	9.0	11.7	(23%)
<i>Shops at period end</i>	<i>203</i>	<i>195</i>	<i>+4%</i>

- Like-for-like KPIs:

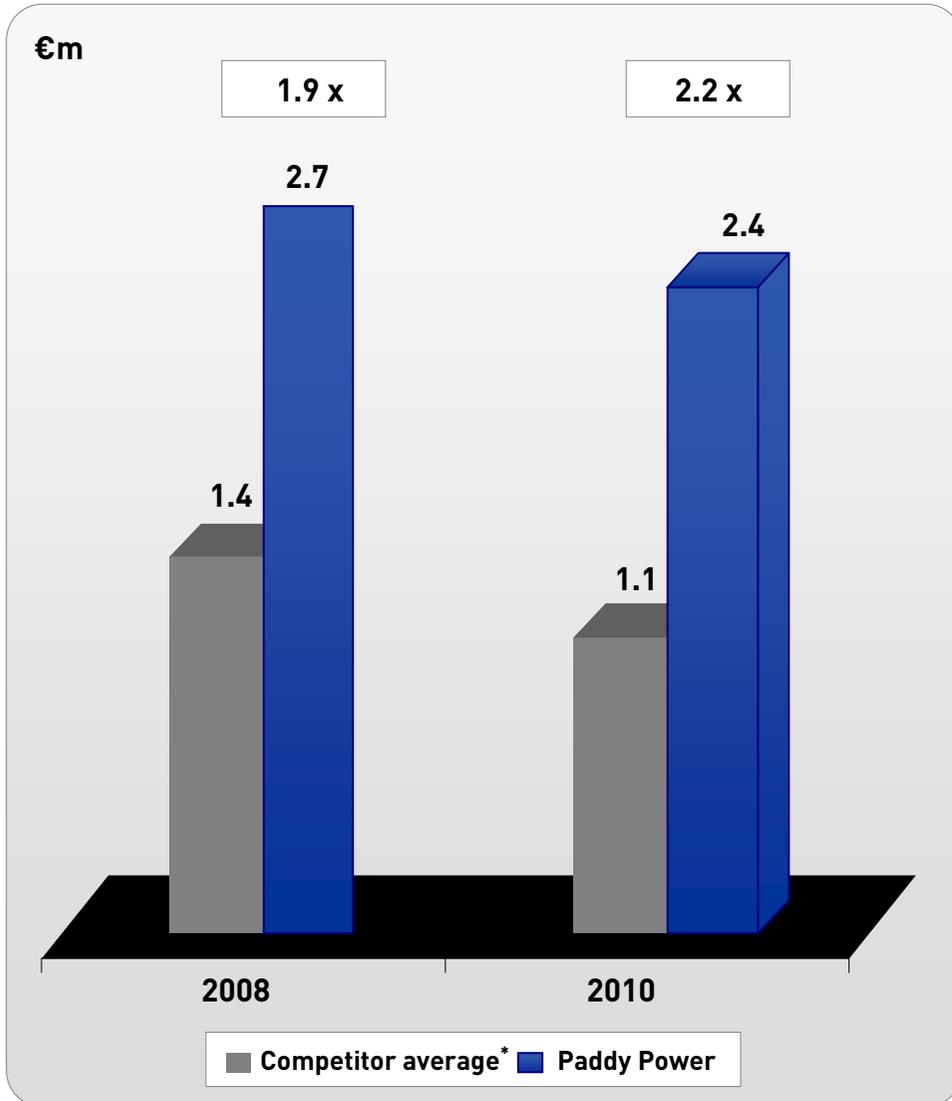
- Bet volumes +7%
- Amounts staked -3%
- Gross win -5%
- Direct shop opex -5%

- Five new shops opened, including one acquired

- 155 shops closed by competitors in last 2 years

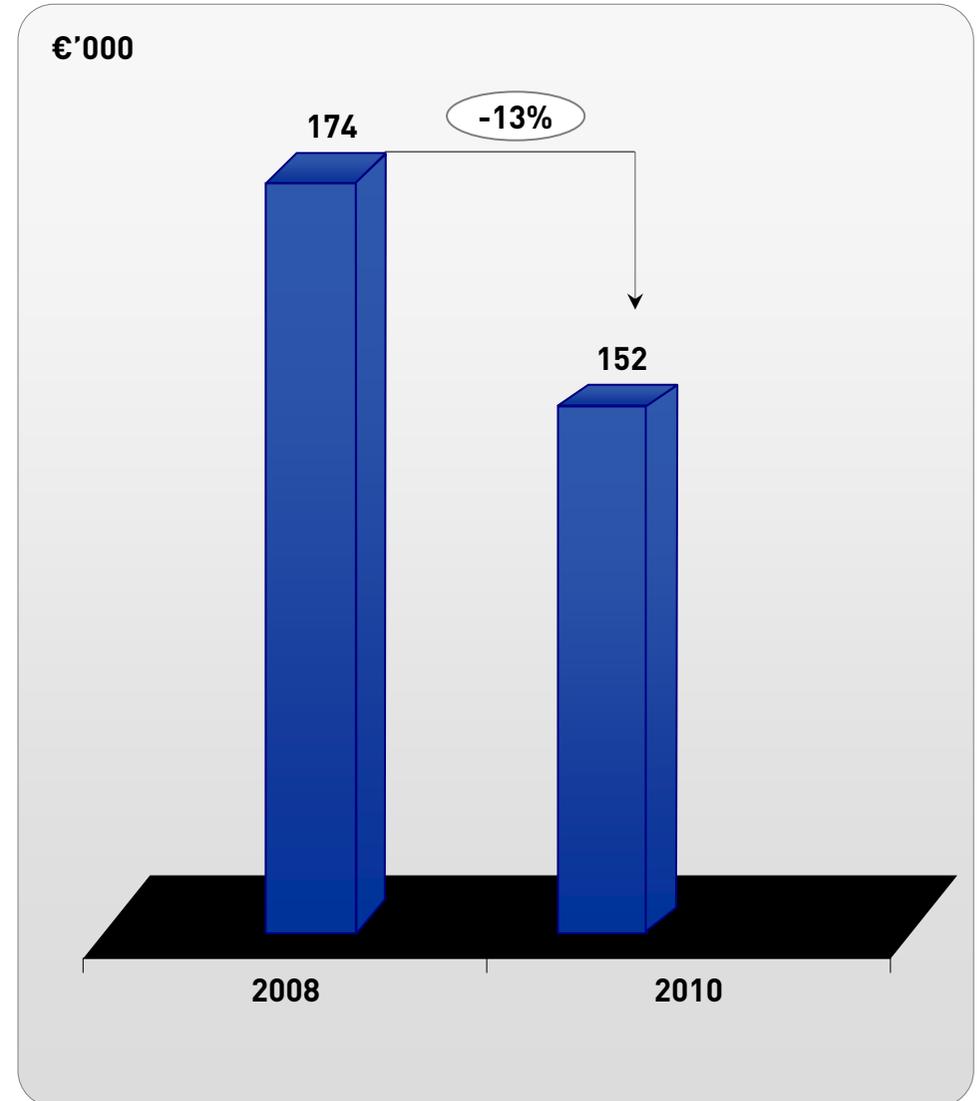
Irish Retail

H1 Amounts Staked per Shop vs Competitors



*Competitor turnover sourced from Irish Revenue Betting Duty tax returns

H1 Average Direct Opex per Shop



UK Retail

€m	H1 '10	H1 '09	CC
Amounts Staked	132	91	+41%
Gross Win OTC*	14.0	10.6	+28%
<i>Sportsbook Gross Win %</i>	<i>11.5%</i>	<i>12.5%</i>	
Gross Win Machines	10.0	6.2	+55%
Total Gross Win	24.0	16.8	+38%
Operating Profit	3.0	0.5	+339%
<i>Shops at period end</i>	<i>107</i>	<i>80</i>	<i>+34%</i>

▪ Like-for-like KPIs (CC):

- OTC* amounts staked +6%
- OTC* gross win +0.4%, impacted by adverse sporting results
- Machine gross win +14%, boosted by new 'Storm' machines
- Total gross win +6%
- Operating costs (including development) +1%

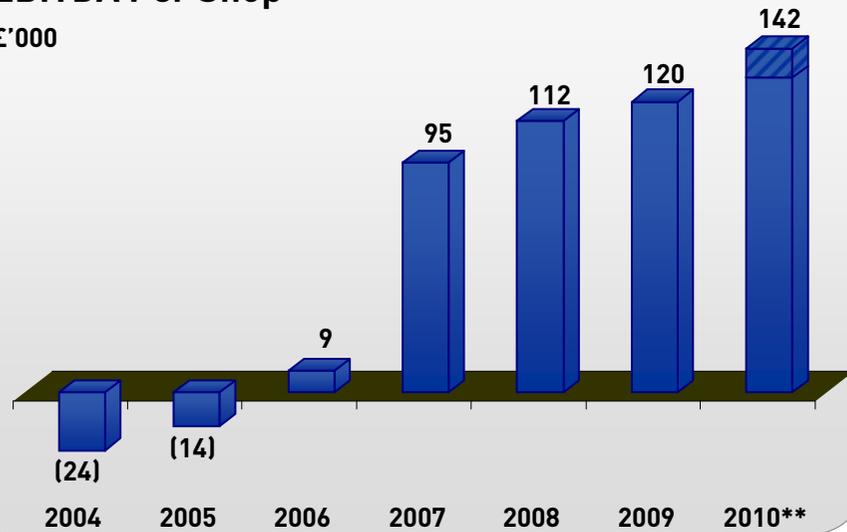
- 14 shops opening in the period and 22 YTD, including 6 acquired

*Over-the-counter

GB Retail Return on Capital

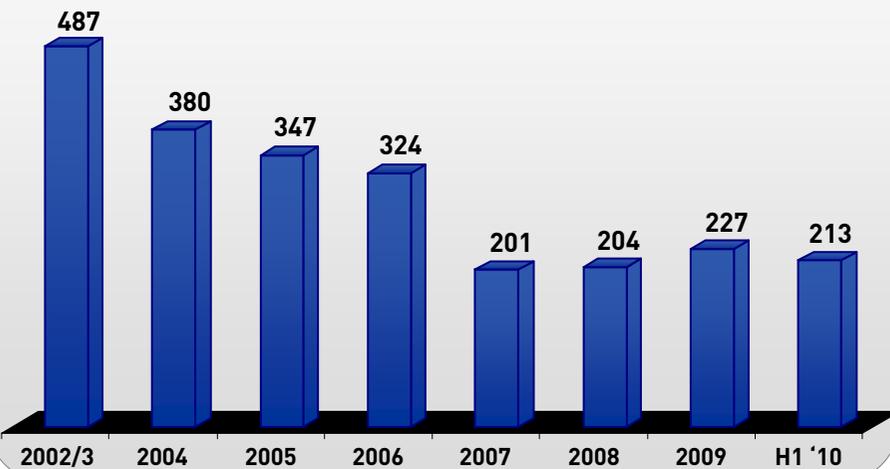
EBITDA Per Shop*

£'000

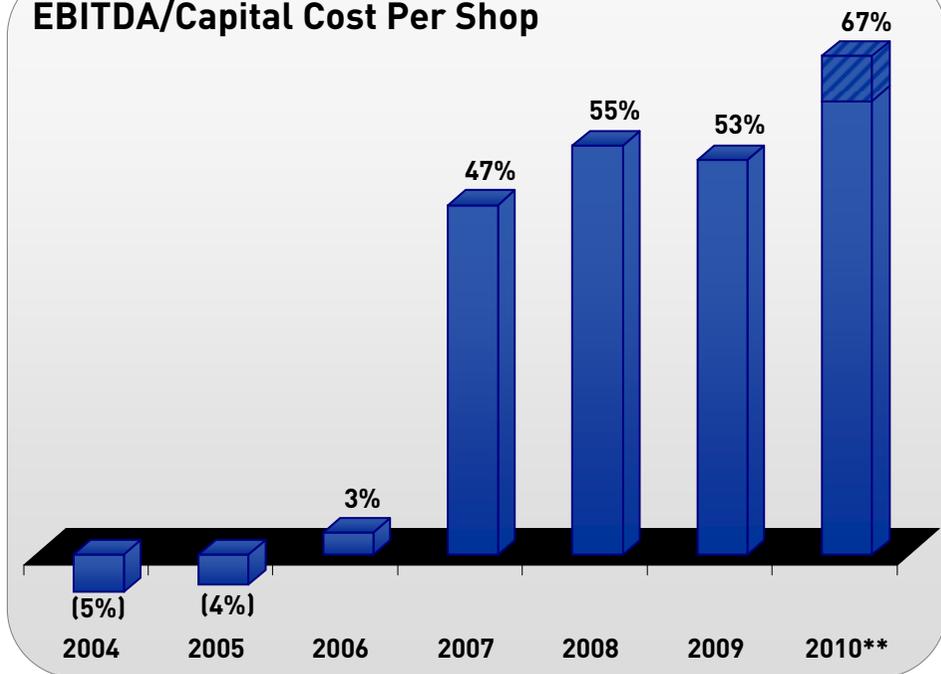


Capital Cost Per New Shop***

£'000



EBITDA/Capital Cost Per Shop



* Excluding shops opened during that reporting period and central overheads

** Based on doubling H1'10 EBITDA (return from 2010 World Cup shaded)

***Excludes lease premia (£24,000 per shop average from 2002 to H1 '10)

Telephone

€m	H1 '10	H1 '09	CC
Amounts Staked	151	151	(2%)
Gross Win	9.4	7.6	+21%
<i>Sportsbook Gross Win %</i>	<i>6.2%</i>	<i>5.0%</i>	
Operating Profit/(Loss)	0.6	(0.4)	n/a
Active Customers*	55,285	48,567	+14%

- Strong UK growth offset by decline in Ireland:

	UK	IRL	Total
Turnover (CC)	+11%	(15%)	(2%)
Customers	+23%	(0%)	+14%
Bets	+45%	(1%)	+21%

- Operating costs +8% driven by:
 - Strong UK customer acquisition
 - Growth in volumes
- Profitability restored with a close to normal gross win percentage

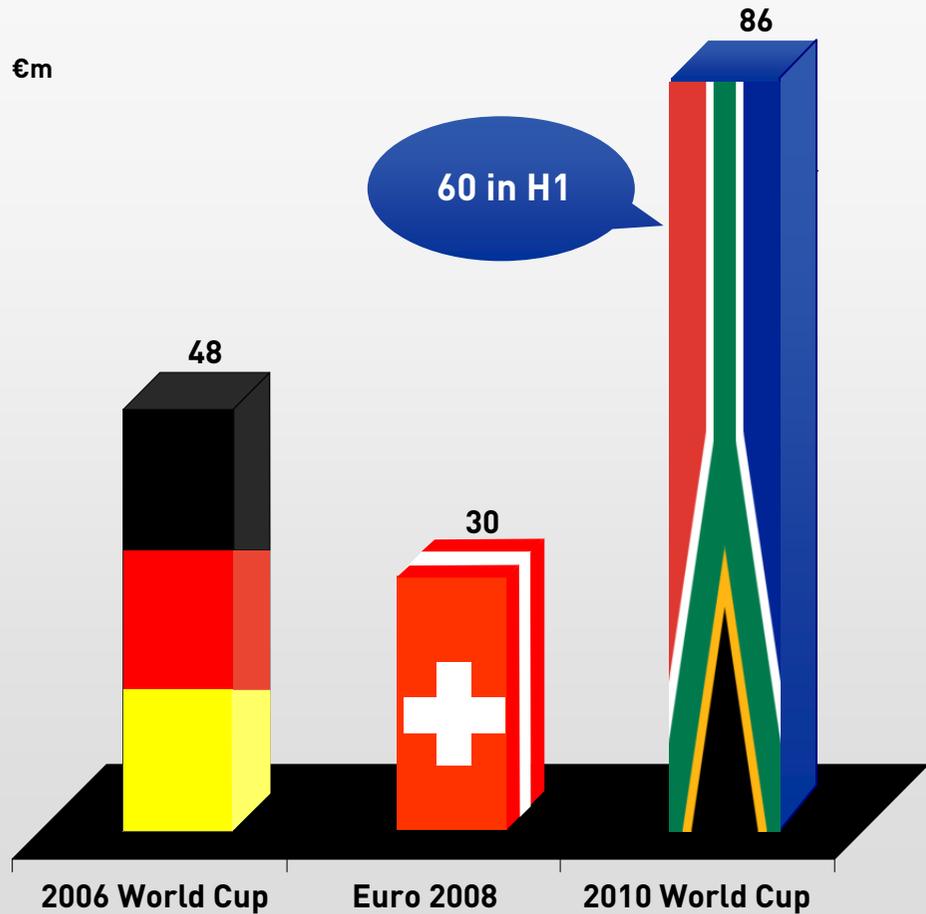
Note: This division excludes legacy Australia telephone operations included within "Australia Online" Division

* Active customers defined as those who have bet in the reporting period

2010 World Cup

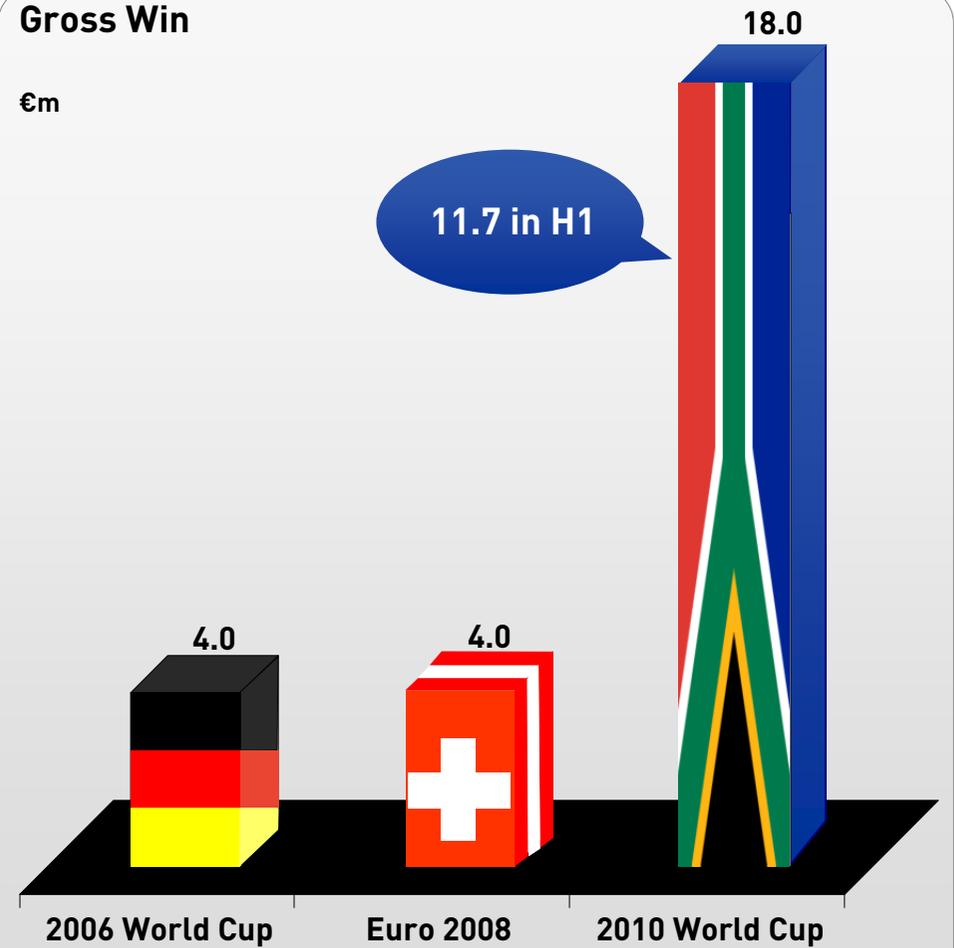
Stakes

€m



Gross Win

€m



Strategy & Outlook

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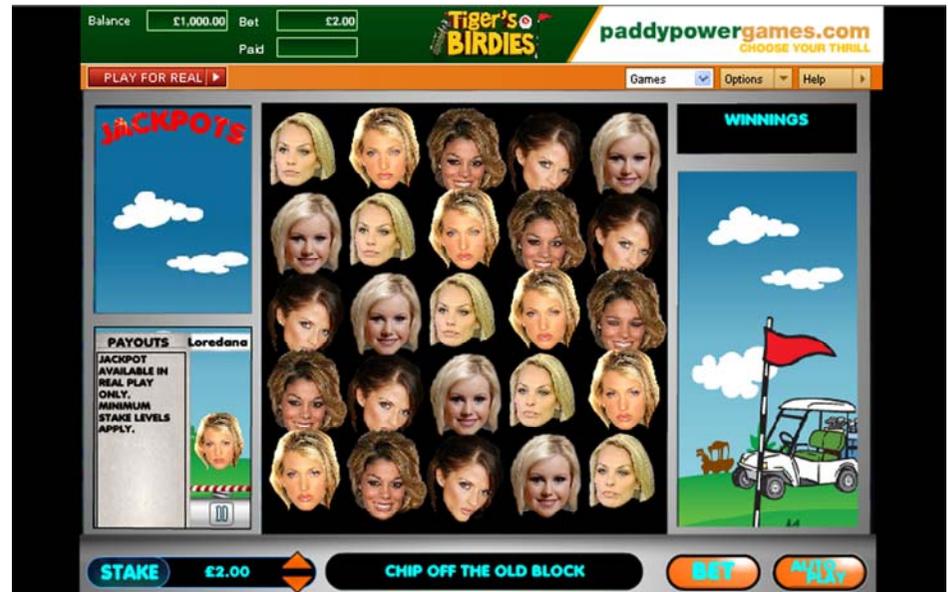
Divisional Review

Strategy & Outlook

Product



iPhone App



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Brand



THE WALL STREET JOURNAL

REUTERS

Bloomberg

PGA Sports Daily

TMZ.com

IRISH TIMES

THE TIMES

Irish Independent

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CHECK-IN

The New York Times

Tiger Woods turns down \$75 m

6 Mar 2010, 0345 hrs IST, AGENCIES



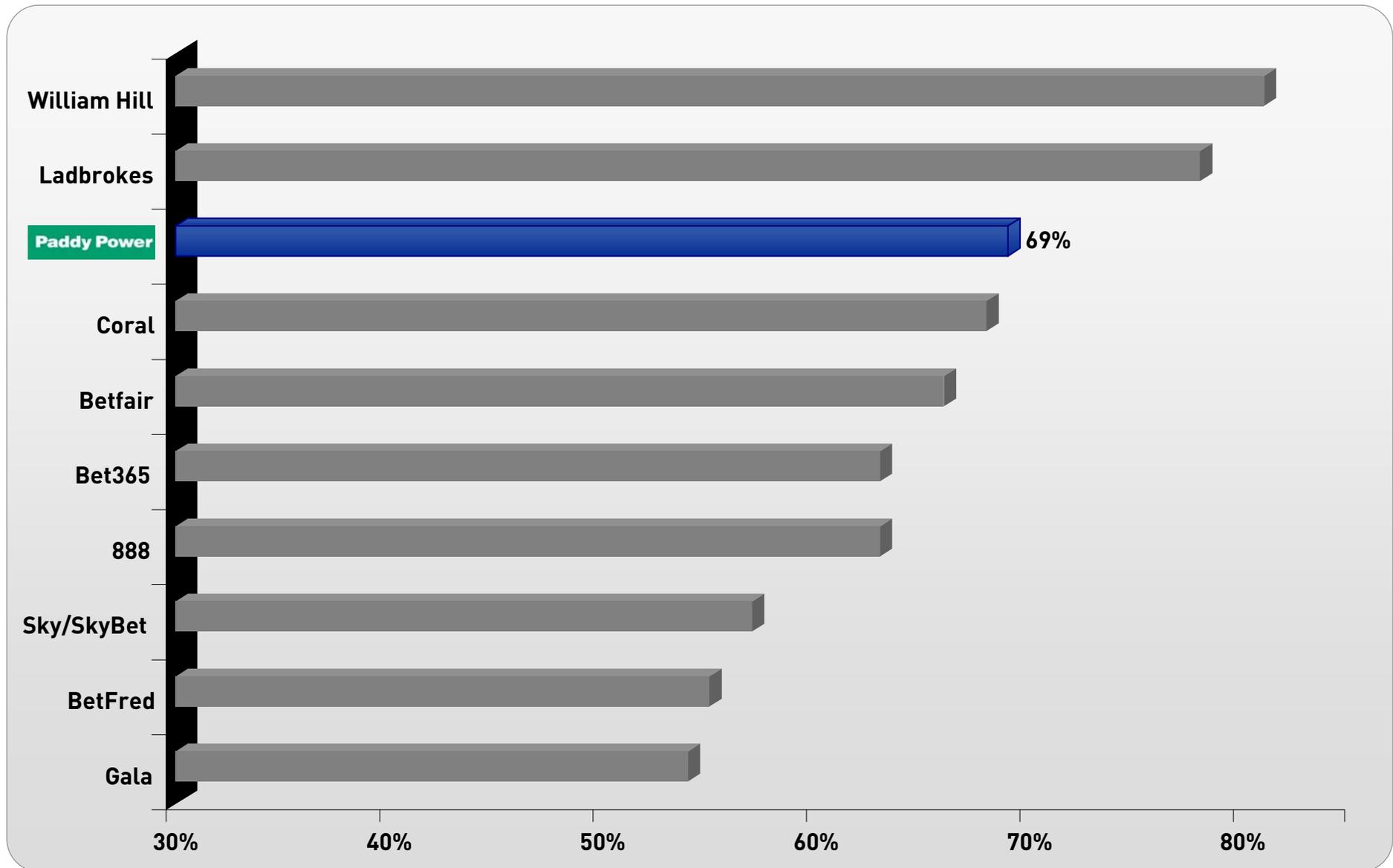
Dublin: US golfer Tiger Woods has turned down a 75-million sponsorship offer from bookmakers Paddy Power, the Irish firm revealed on Friday.

Paddy Power had made an initial offer to pay the sum over a five-year period but, after talks with Woods' management company IMG, that was rejected.

But Paddy Power aim to continue talks before making a revised offer.

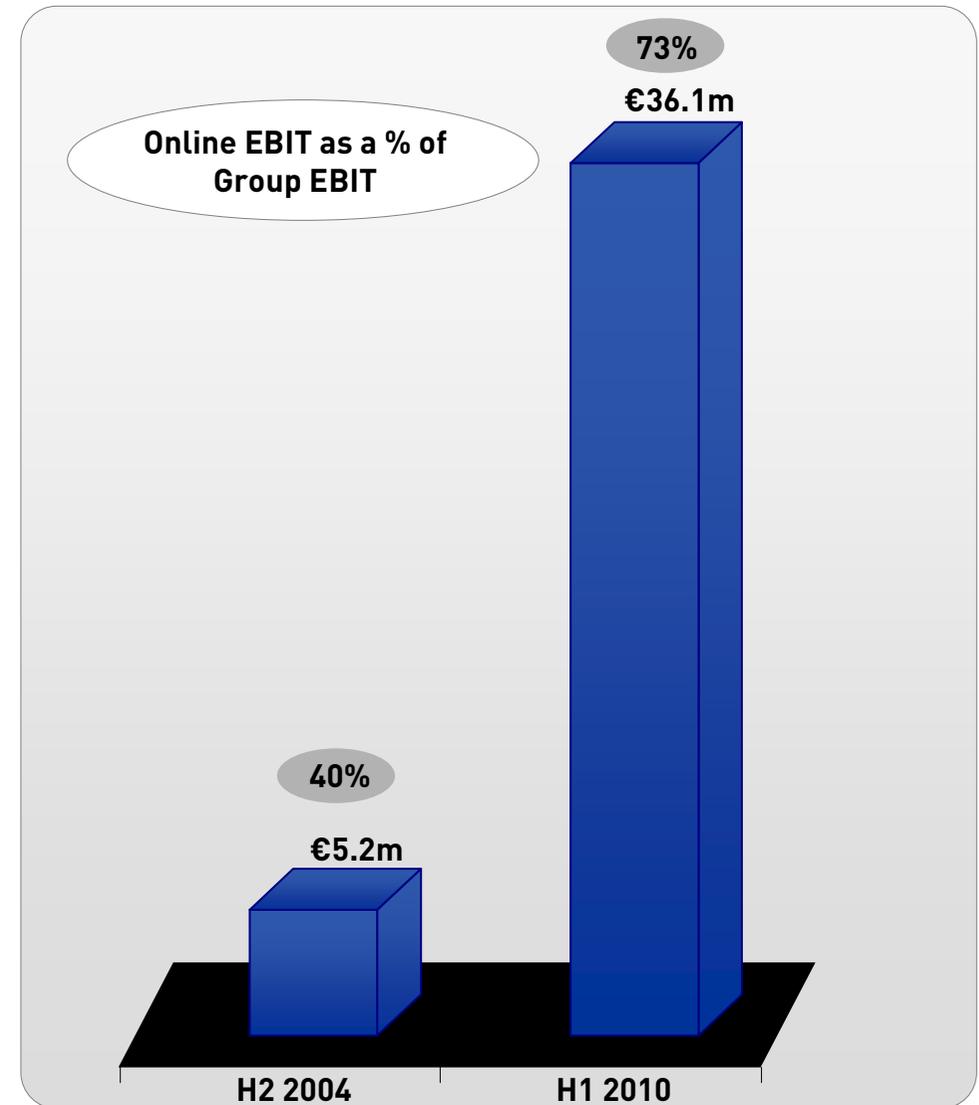
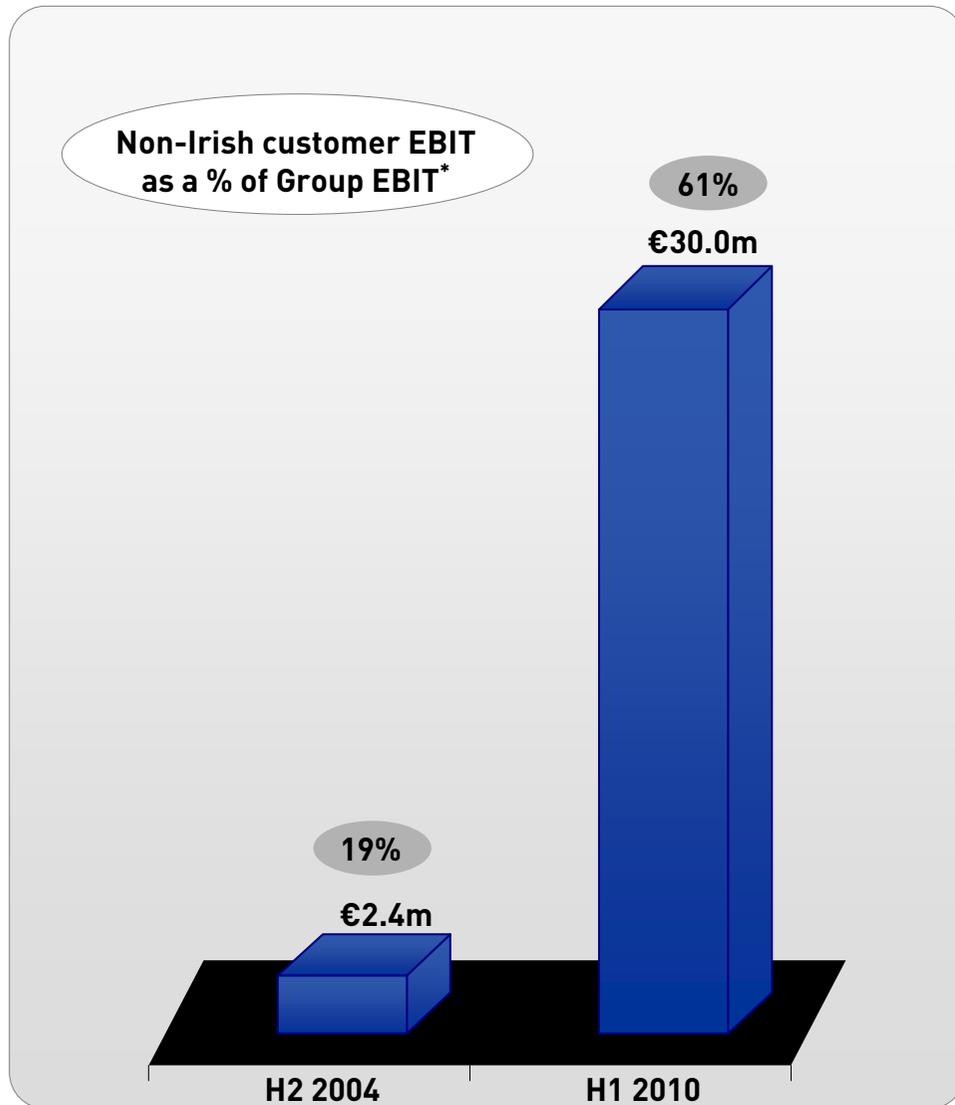
In a statement Paddy Power said "Paddy Power remains keen to work with Tiger Woods, and will re-engage with IMG."

Brand Benefit: Top 3 UK Brand Awareness



(Source: TNS, March 2010; Base: 1,490 regular online bettors)

Increased International and Online Exposure



*Online and telephone operating profit by geography based on average divisional profit margins

Very Strong H1 Momentum

paddypower.com



- Sportsbook bet volumes ↑ 46%
- Gaming revenue ↑ 36%

ONLINE
AUSTRALIA



- Bet volumes ↑ 43%

IRISH RETAIL



- LFL bet volumes ↑ 7%

UK RETAIL



- LFL bet volumes ↑ 7%
- LFL FOBT revenues ↑ 14%

TELEPHONE



- Bet volumes ↑ 21%

Note: Growth comparisons are versus H1 '09 and in constant currency (where applicable)

Opportunities & Outlook

Increased scale and investment in brand, product and value will continue to drive:

Online (ex Aus)

- c.75% of Group EBIT
- New structural drivers (streaming, mobile, PPC, social networks)

▪ Significant potential for growth in UK

Online Australia

▪ Significant potential for growth vs TABs

Irish Retail

- Positioned to emerge from downturn stronger, with increased share

UK Retail

- Material profits now emerging
- Still <2% of market

New Businesses

- Newly regulating geographies

“...online businesses and UK Retail continue to grow strongly...expect underlying EPS growth of up to 30%...the Group remains well positioned across its businesses...”