

WAS ANYONE SEEN TALKING
#PADDYPOWER

2012 RESULTS

PADDYPOWER.

INTRODUCTION

**FINANCIAL
PERFORMANCE**

**OPERATIONAL
REVIEW**

**STRATEGY &
OUTLOOK**

HIGHLIGHTS

- Record earnings per share, up 17%
- Dividend growth of 20% to 120 cent per share
- Accelerated growth in existing businesses
- Successful launch into Italian online market
- Strong start to 2013 trading

INTRODUCTION

**FINANCIAL
PERFORMANCE**

**OPERATIONAL
REVIEW**

**STRATEGY &
OUTLOOK**

FINANCIAL HIGHLIGHTS

€M	2012	2011	CHANGE	CHANGE (CC)*
Amounts Staked	5,694	4,555	+25%	+19%
Net Revenue	654	499	+31%	+25%
EBITDA	168.2	146.7	+15%	+8%
Operating Profit	136.0	119.5	+14%	+6%
Profit Before Tax	139.2	121.2	+15%	+7%
Diluted EPS	248.1c	212.3c	+17%	
Dividends	120.0c	100.0c	+20%	

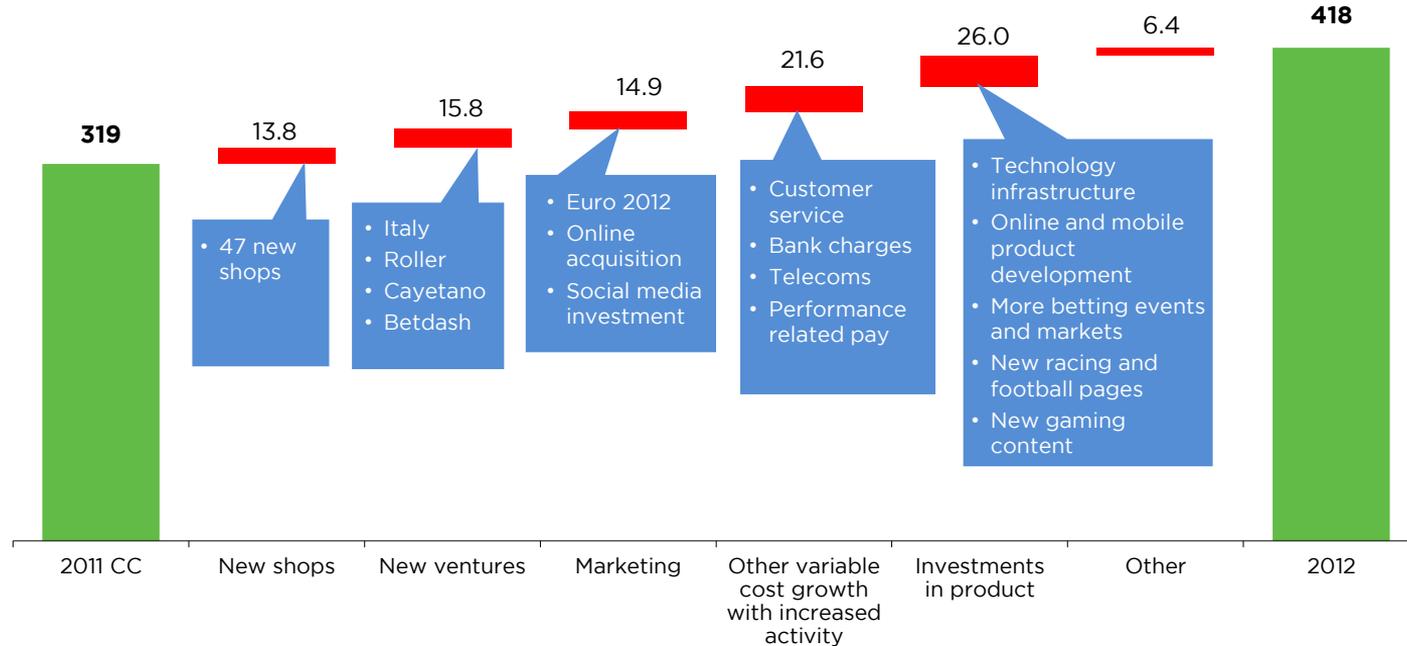
- Net revenue +25%*
 - Sportsbook +25%*
 - Gaming, Machines & B2B +25%*
- Euro 2012 stakes €78m, gross win €7.6m
- Sportsbook gross win margin +0.6% driven by structural improvements
- Effective tax rate down to 13.0% from 13.5%
- Proposed final dividend up 16% to 81.0c

* Changes are in constant currency ('CC') with foreign currency component in 2011 translated at 2012 exchange rates

Note: Results above and throughout this presentation exclude net after-tax one-off gains of €18m in 2011

OPERATING COST GROWTH

BRIDGE 2011 TO 2012 (€M CC)



FINANCIAL HIGHLIGHTS - DIVISIONAL

DIVISION	AMOUNTS STAKED €M		NET REVENUE €M		OPERATING PROFIT €M	
	2012	CHANGE*	2012	CHANGE*	2012	CHANGE*
Online (ex Australia)	2,112	+29%	263	+27%	72.7	(9%)**
Online Australia***	1,710	+15%	156	+34%	30.8	+24%
Irish Retail	927	(1%)	110	+7%	14.4	+32%
UK Retail	531	+31%	101	+31%	15.3	+29%
Telephone	415	+27%	22	+22%	2.7	+97%
Total	5,694	+19%	654	+25%	136.0	+6%

* In constant currency

** Online (ex Australia) Operating Profit 'Change' % is after an increase in start-up losses of €19.0m in 2012 on four new online ventures

*** Australia also includes legacy telephone operations accounting for less than 10% of its gross and operating profit in 2012

CASH FLOW

€M	2012
EBITDA	168.2
Maintenance capex	(16.4)
Working capital and other	8.4
Operating cashflow after tax	160.2
Investing and financing activities:	
Acquisitions	(4.6)
Enhancement capex	(35.0)
Dividends	(53.5)
Other	6.5
Increase in net cash	73.6

2012 operating cashflow
132% of profit after tax
(5 years 2008-2012: 133%)

New shop openings and
technology
for product improvements
and new ventures

Closing cash €209m
(€153m excluding
customer balances)

INTRODUCTION

**FINANCIAL
PERFORMANCE**

**OPERATIONAL
REVIEW**

**STRATEGY &
OUTLOOK**

ONLINE (EX AUSTRALIA)

€M	2012	2011	CHANGE*
Amounts Staked	2,112	1,561	+29%
Net Revenue Sportsbook	154.0	114.2	+29%
<i>Sportsbook Gross Win %</i>	<i>8.4%</i>	<i>8.2%</i>	
Net Revenue Gaming/B2B	109.1	85.0	+23%
Underlying Profit	93.2	75.8	+15%
New Ventures	(20.5)	(1.5)	n/a
Operating Profit	72.7	74.3	(9%)
<i>Active Customers**</i>	<i>1,307,000</i>	<i>907,000</i>	<i>+44%</i>

* In constant currency

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

Strong sportsbook growth:

- Bet volumes +41%
- Active customers +47%

Mobile sportsbetting up to 41% of total stakes;
61% of actives using mobile by Feb '13

Mobile gaming revenues 25% of total revenues
in Dec '12

Structural improvement in gross win %

Opex growth ex new ventures broadly in line
with top line growth

Within B2B, PMU online turnover growth of
62%; BCLC launched in July

AUSTRALIA

€M	2012	2011	CHANGE*
Amounts Staked	1,710	1,370	+15%
Net Revenue	156.4	107.4	+34%
<i>Sportsbook Gross Win %</i>	<i>9.4%</i>	<i>8.1%</i>	
Gross Profit	119.4	81.1	+36%
Operating Profit	30.8	22.8	+24%
<i>Active Customers</i>	<i>324,000</i>	<i>227,000</i>	<i>+43%</i>

Strong and accelerated growth following investment in 2011:

- Online customer acquisition +62%
- Online active customers +43%
- Online amounts staked +27%*
- Online net revenue +41%*

Mobile sportsbetting stakes up five-fold to 24% of total stakes; 59% of actives using mobile by Feb '13

Structural improvement in gross win %

Note: Australia also includes legacy telephone operations accounting for less than 10% of its gross and operating profit in 2012

* In constant currency

IRISH RETAIL

€M	2012	2011	CHANGE
Amounts Staked	927	935	(1%)
Net Revenue	110.4	102.8	+7%
<i>Sportsbook Gross Win %</i>	<i>12.0%</i>	<i>11.0%</i>	
Operating Profit	14.4	10.9	+32%
<i>Shops at Year End</i>	<i>213</i>	<i>210</i>	<i>+1%</i>

Strong profit rebound with improved sports results

Like-for-like KPIs:

- Bet volumes +7%
- Amounts staked -2%
- Net revenue +7%
- Direct shop opex -1%

36% market share in H2 '12

UK RETAIL

€M	2012	2011	CHANGE*
Amounts Staked	531	377	+31%
Net Revenue Sportsbook	53.9	37.5	+34%
<i>Sportsbook Gross Win %</i>	<i>11.3%</i>	<i>11.0%</i>	
Net Revenue Machine Gaming	47.5	34.6	+28%
Total Net Revenue	101.3	72.2	+31%
Operating Profit	15.3	10.5	+29%
<i>Shops at Year End</i>	<i>209</i>	<i>165</i>	<i>+27%</i>

* In constant currency

Like-for-like KPIs:

- Sportsbook amounts staked +10%*
- Sportsbook net revenue +13%*
- Machine net revenue +1%*
- Total net revenue +7%*
- Direct shop opex +2%*

FOBT offer enhanced with loyalty programme, new cabinet bays and extra content; returned to growth in Feb '13

Record 44 shops opened, including 9 acquired

TELEPHONE

€M	2012	2011	CHANGE*
Amounts Staked	415	312	+27%
Net Revenue	22.5	17.8	+22%
<i>Sportsbook Gross Win %</i>	<i>5.8%</i>	<i>6.2%</i>	
Operating Profit	2.7	1.1	+97%
<i>Active Customers</i>	<i>83,000</i>	<i>76,000</i>	<i>+9%</i>

* In constant currency

Strong UK growth offset decline in Ireland:

	UK	IRL	TOTAL
Turnover*	+32%	(6%)	+27%
Customers	+13%	(1%)	+9%
Bets	+9%	(2%)	+4%

Operating profit growth despite 0.4% decline in gross win percentage

TAX & REGULATORY DEVELOPMENTS

UK

- Online/phones 'point of consumption' tax:
 - Government considering a 15% rate and December 2014 implementation
 - If applied to 2012, extra tax payable €31m
 - Possible mitigation from lower costs and market share gains
- Evidence based review of B2 gaming machines

IRELAND

- Betting (Amendment) Bill 2012 published in July 2012
 - 1% online/phones turnover tax
 - If applied to 2012, extra tax payable €6m
 - Year round retail evening opening

AUSTRALIA

- Interim Review of Interactive Gambling Act published in May 2012

ITALY

- Slot games allowed December 2012
- Expected expansion of sports betting markets
- Virtual betting to be allowed

OTHER

- Likely removal of Canadian restriction on 'singles'
- Ongoing review of regulating markets

INTRODUCTION

**FINANCIAL
PERFORMANCE**

**OPERATIONAL
REVIEW**

**STRATEGY &
OUTLOOK**

GROUP STRATEGY

1. ATTRACTIVE
MARKETS



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

2. STRONG
POSITIONS



Aspire to be:

- Biggest
- Fastest-growing

3. INVEST
HEAVILY



Building scale for the long term:

- People
- Product
- Value
- Brand



4. STRONG PAYBACK

In Existing
Markets
+
Optionality
for
Future Markets

30% COMPOUND ANNUAL EPS GROWTH SINCE FLOTATION IN 2000

UK ONLINE

1. ATTRACTIVE MARKET

GROWING

Regular online gamblers*
(millions)

+30%



Base: c.10,000 during Q3 of each year

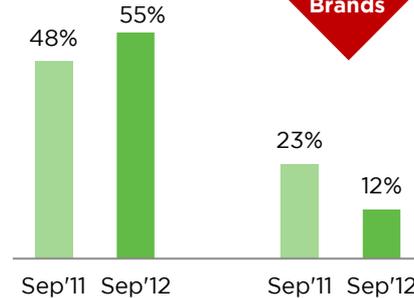
* Source: Kantar Media Online Gambling Research

LESS FRAGMENTED

Regular online gamblers brand usage*

Just
Use 1
Brand

Use 4
or
More
Brands

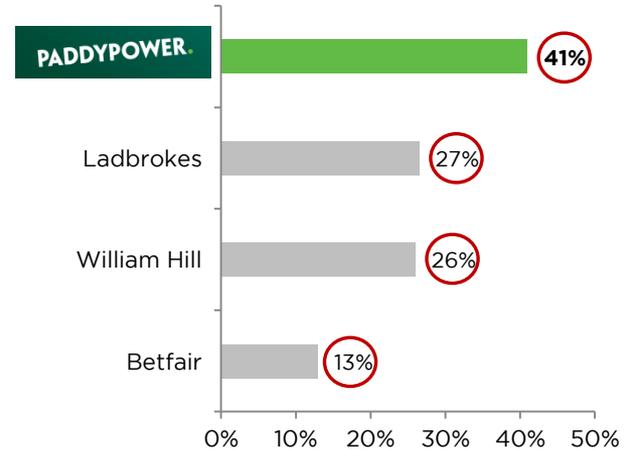


Base: c.1,400 at each date

2. STRONG POSITION

MOBILE LEADER

Mobile as % of 2012 total online sportsbook stakes**



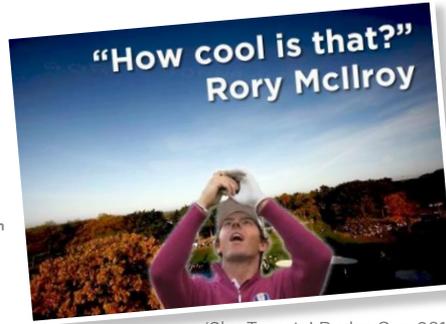
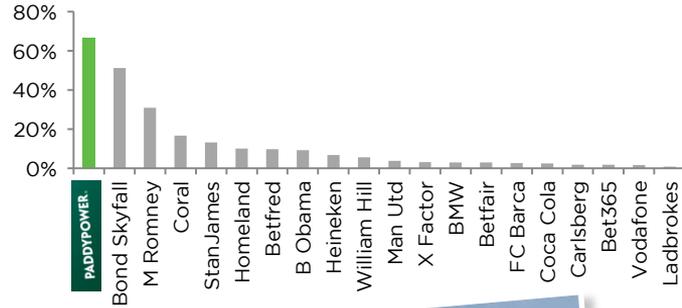
** Competitor data sourced from public filings; disclosed mobile percentages for turnover or net revenue

UK ONLINE

3. INVESTING HEAVILY

BRAND & VALUE

Leading Facebook Conversations*

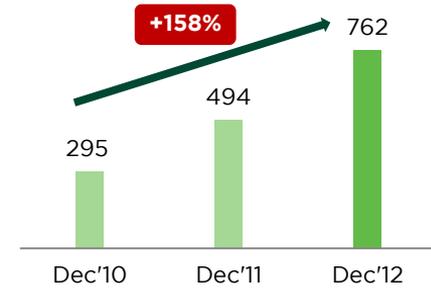


'Sky Tweets' Ryder Cup 2012

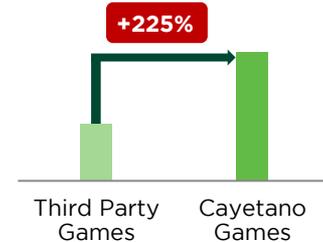


PEOPLE & PRODUCT

Online & Technology Headcount, ex Aus



H2 '12 monthly revenue per new game

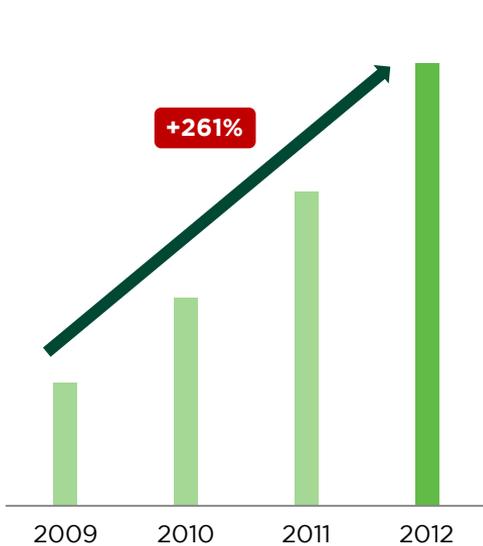


* Source: Goodbody 24 Oct '12; % shown is the number of 'people talking about' brand that week on Facebook as proportion of its fans

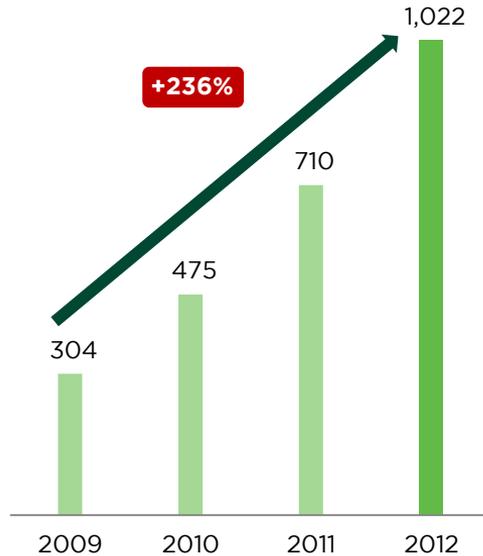
UK ONLINE

4. STRONG PAYBACK

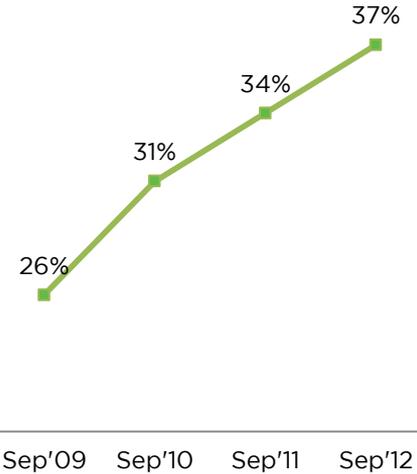
CUSTOMER ACQUISITION



ACTIVES



SPONTANEOUS BRAND AWARENESS



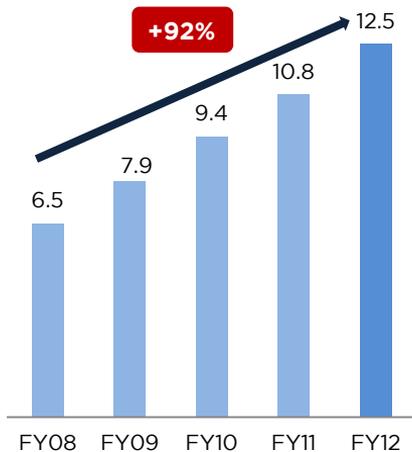
Source: Kantar Media Online Gambling Research
Base: c.1,600 regular gamblers each date

AUSTRALIA ONLINE

1. ATTRACTIVE MARKET

GROWING

Stakes, AUD billions

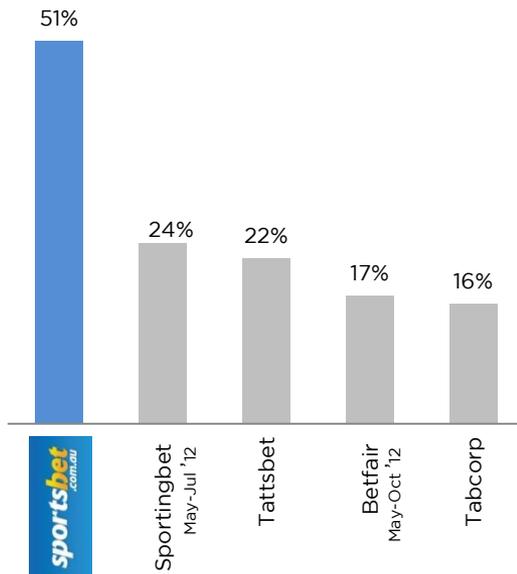


Source: OC&C Strategy Consultants; includes estimated offshore and exchange turnover

2. STRONG POSITION

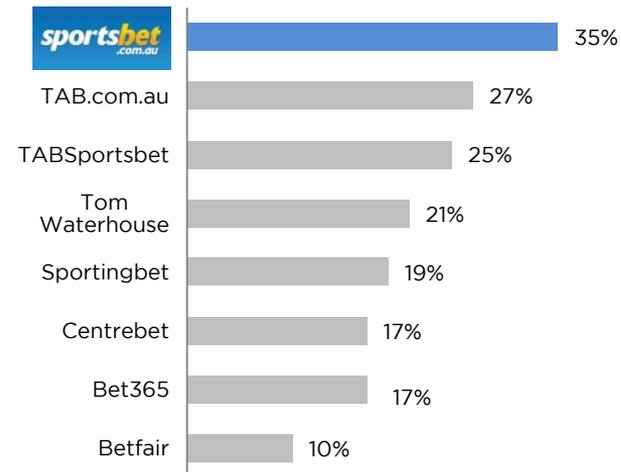
FASTEST GROWING

H2 2012, Top line*



*Competitor data sourced from public filings; net revenue growth, except for Tattsbet & Tabcorp who only disclose turnover growth

BRAND ASSOCIATION WITH MOBILE BETTING



Source: Kantar Media Online Gambling Research, Dec 2012
Base: c.2,800

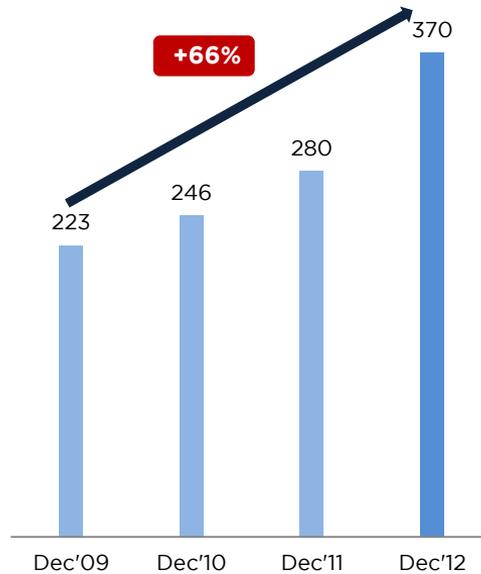
AUSTRALIA ONLINE

PRODUCT & VALUE



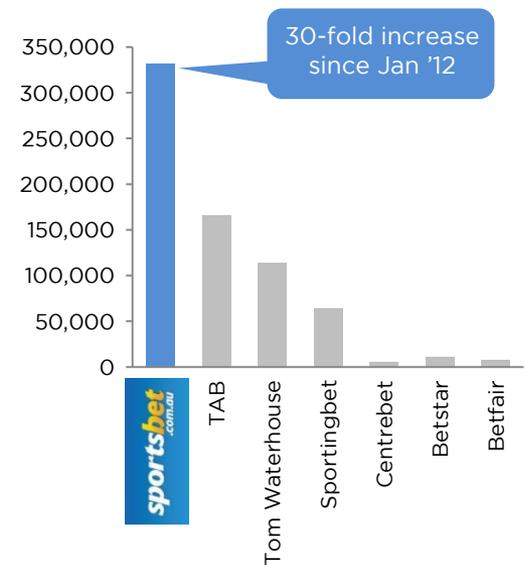
3. INVESTING HEAVILY

PEOPLE



BRAND: SOCIAL MEDIA

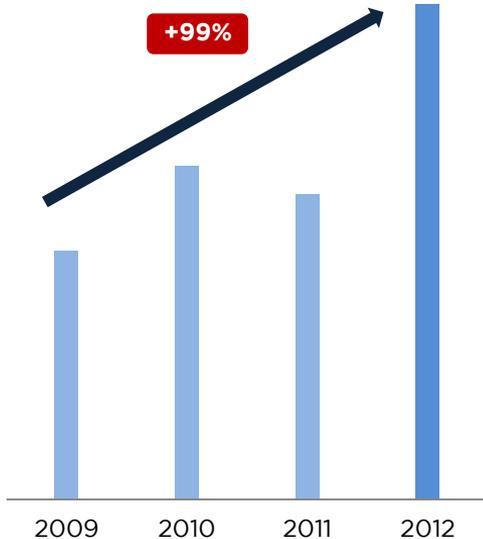
Facebook Fans, Jan 2013



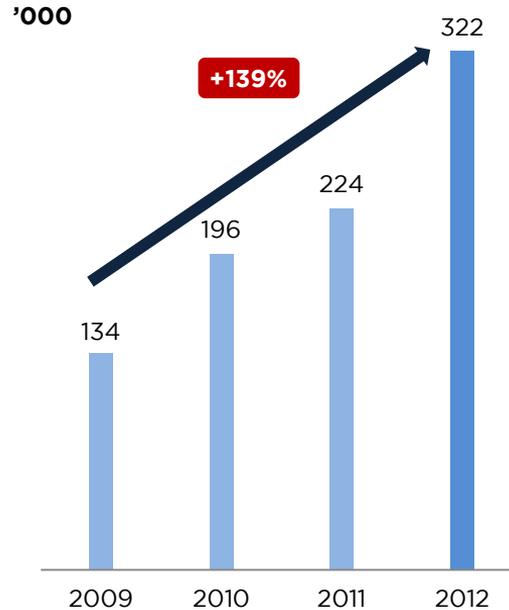
AUSTRALIA ONLINE

4. STRONG PAYBACK

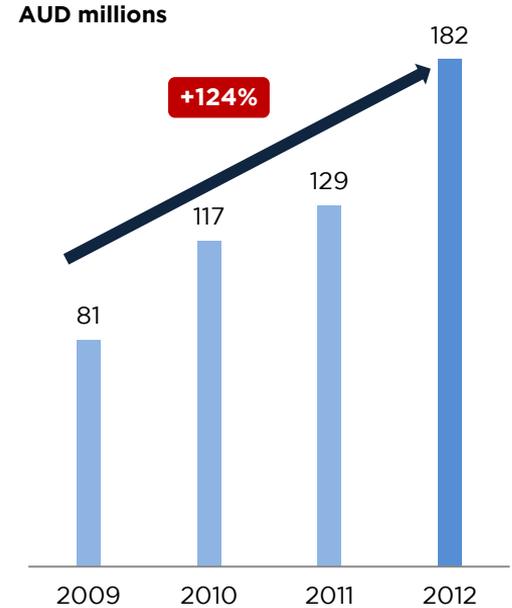
CUSTOMER ACQUISITION



ACTIVES



NET REVENUE



ITALY

1. ATTRACTIVE MARKET

RETAIL & ONLINE REVENUES

€ billions



- c.9% of Italian market online versus c.25% for UK
- Faster e-commerce growth rates versus UK

Source: H2GC, market excluding lotteries

2. INVESTING HEAVILY

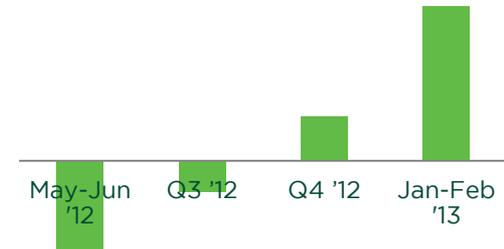
- €15m start-up losses in 2012
- Dedicated Italy headcount: Rome (42) and Dublin (40)
- Value: Money-Back Specials, odds, sign-up bonus
- Marketing: TV, PR, online, sponsorships
- Customer service



Milan Stock Exchange, 23 Jan 2013

POSITION/PAYBACK DEVELOPING

NET REVENUE



- >5% sports market share at end 2012
- Top 5 spontaneous brand awareness
- Rated No.1 brand for 'Fun', 'Value for Money' & 'Mischievous'
- Double the average mobile business mix
- Highest Facebook fans in industry (258k)
- Healthy new product pipeline

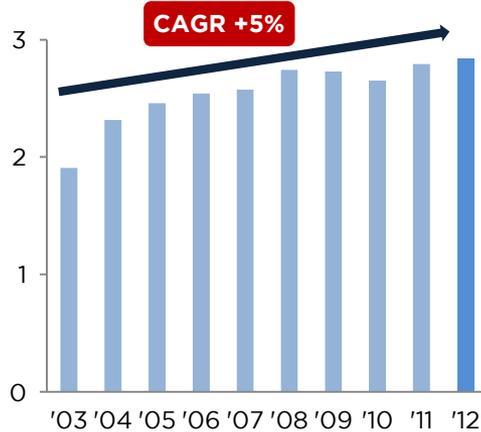
Brand attributes as per Toluna Market Research, Sep-Dec'12

RETAIL

1. ATTRACTIVE MARKETS

STABLE GROWTH

UK Retail Market Gross Win £ billion

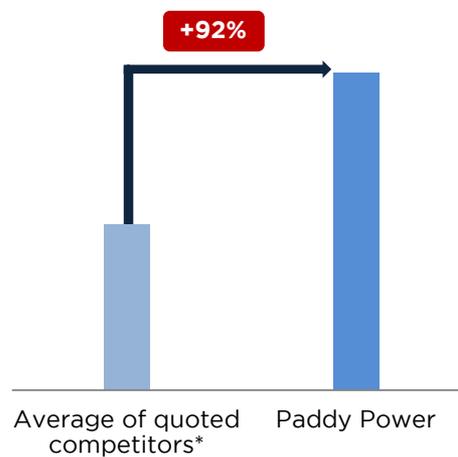


Source: H2GC

2. STRONG POSITIONS

TOP LINE LEADERSHIP

UK Retail 2012 Turnover per Shop



* Source: Competitors public filings

Irish Retail 2012 Turnover per Shop

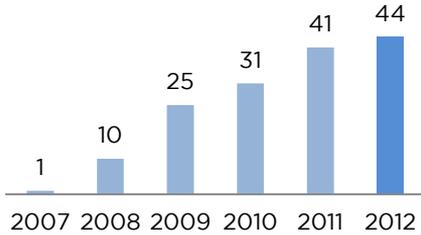


** Source: Irish Revenue Betting Duty tax returns

RETAIL

3. INVESTING HEAVILY

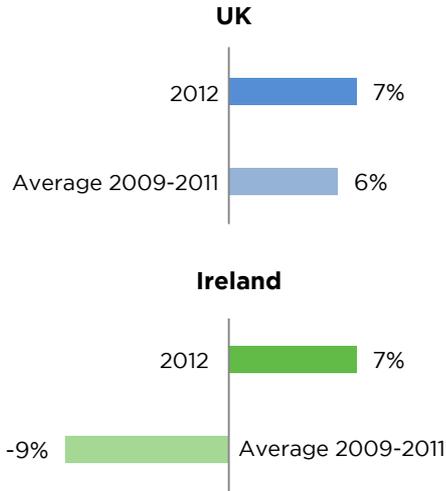
NEW OPENINGS AND PRODUCT



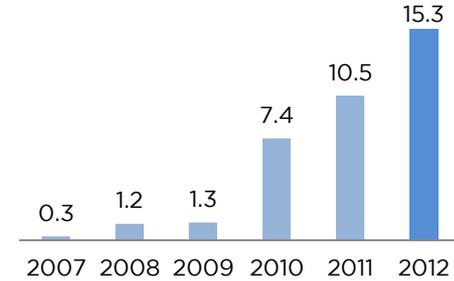
4. STRONG PAYBACK

GOOD GROWTH IN IRELAND AND THE UK

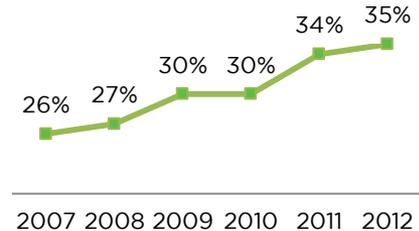
YoY Net Revenue Growth, LFL CC



UK Retail Operating Profit €m



Irish Retail Market Share



Source: Irish Revenue Betting Duty tax returns

CONCLUSION

STRONG MOMENTUM IN EVERY DIVISION

ONLINE (EX AUS)

Customer acquisition



48%

ONLINE AUSTRALIA

Customer acquisition



62%

UK RETAIL

Operating profit



46%

IRISH RETAIL

Operating profit



32%

Note: Growth comparisons above are 2012 versus 2011

OUTLOOK

“Trading in Jan to Feb has been strong...”

Sportsbook amounts staked are up 19% and total net revenue is up 34%*....

...current exchange rates, if they continue, would reduce operating profits by approximately €10m in 2013.

The Board remains confident of the Group’s prospects...”

* In constant currency versus equivalent days last year