

FY13 PRELIMINARY RESULTS

27 June 2013

OVERVIEW

Solid FY13 results

- Mitigated most of the adverse regulatory impact
- Operational metrics showing good momentum
- Encouraging trends have continued since the May trading update
- Strong free cash flow performance
- Dividend raised by 27%

Excellent progress in delivery of the turnaround plan

- New management team in place and cultural change underway
- Reduced regulatory risk
- Sportsbook successfully launched
- Costs savings greater and earlier than expected

FY13 was a transitional year in which we repositioned the business for long-term growth

FINANCIAL RESULTS

UNDERLYING GROUP P&L

	FY13	FY12	YoY %
Revenue	£387.0m	£388.5m	0%
COS	(£49.8m)	(£48.1m)	(3%)
Gross Profit	£337.3m	£340.4m	(1%)
Admin Expenses	(£263.9m)	(£256.9m)	(3%)
EBITDA	£73.3m	£86.0m	(15%)
D&A	(£37.8m)	(£37.2m)	(2%)
EBIT	£35.5m	£48.8m	(27%)
Net Interest	£1.1m	£1.2m	(8%)
Share of JV	£1.4m	£2.4m	(42%)
PBT	£38.0m	£52.4m	(27%)
Tax	(£6.2m)	(£5.0m)	(24%)
Net Income	£31.8m	£47.4m	(33%)
EPS	31.2p	45.3p	(31%)

REPORTED TO UNDERLYING RECONCILIATION

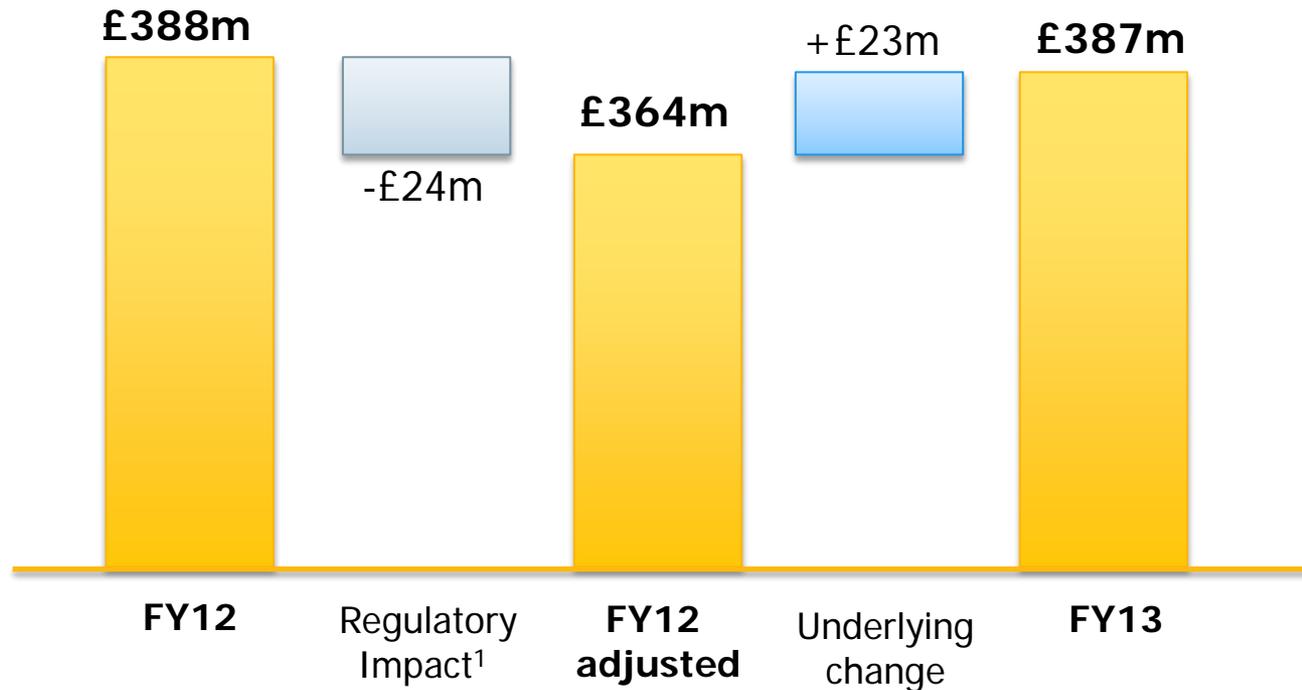
	FY13	FY12
Reported EBITDA	£51.2m	£83.5m
Separately Disclosed Items	£22.1m	£2.5m
Underlying EBITDA	£73.3m	£86.0m

	FY13	FY12
Reported EPS	(44.4p)	45.4p
Separately Disclosed Items	21.7p	0.5p
Impairment	80.9p	-
Net foreign exchange gain	(0.3p)	(2.3p)
Disposal of Kabam	(16.5p)	-
Tax effect of adjustments	(10.2p)	1.7p
Underlying EPS	31.2p	45.3p

REVENUE

	FY13	FY12	YoY %
Exchange	£247.5m	£250.1m	(1%)
Sports	£24.1m	£18.1m	33%
Gaming	£75.9m	£81.1m	(6%)
Management of client funds	£1.5m	£3.0m	(50%)
Core	£349.0m	£352.3m	(1%)
US	£38.0m	£36.2m	5%
Group	£387.0m	£388.5m	0%

FY13 UNDERLYING REVENUE GROWTH OF 6%

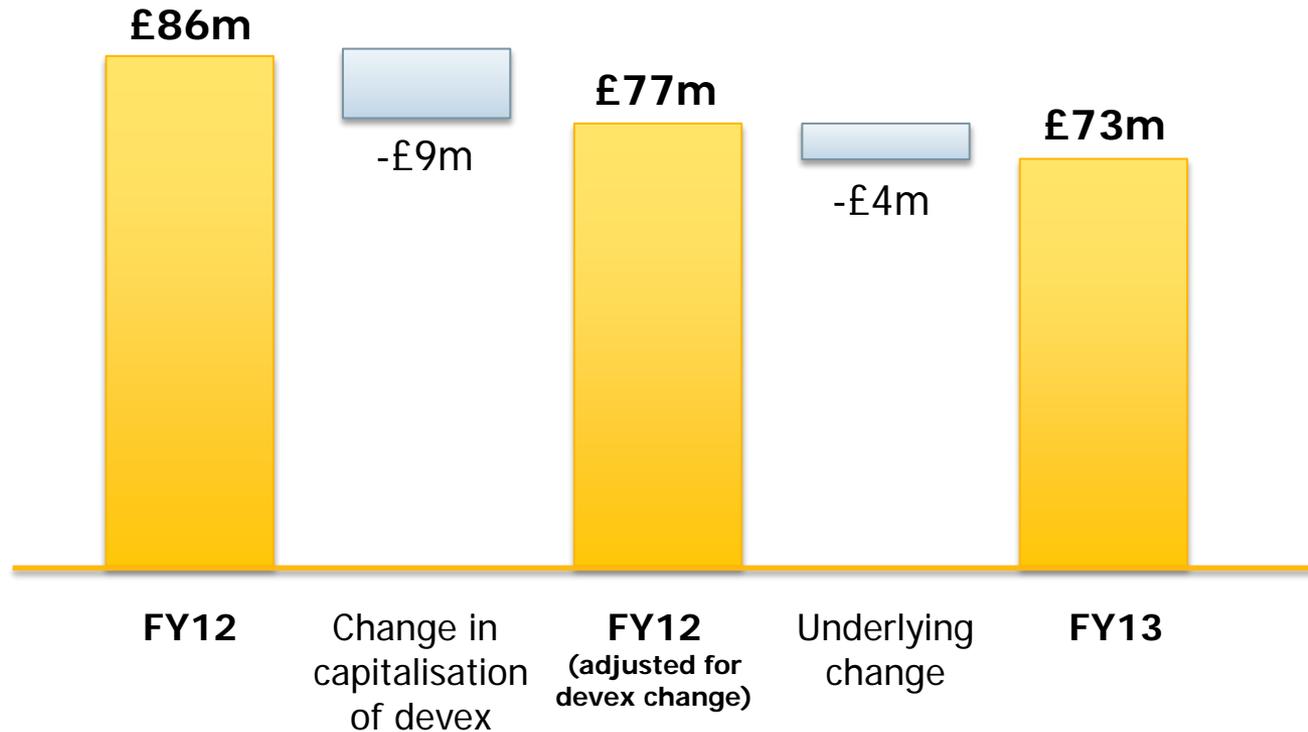


Sustainable growth offsets regulatory impact

¹ Year on year decline in revenues from Greece, Germany, Cyprus and Spain Exchange

Results are from continuing operations excluding LMAX

FY13 UNDERLYING EBITDA CHANGE



Underlying EBITDA affected by regulatory change partially offset by growth in sustainable jurisdictions

Underlying EBITDA excludes separately disclosed items, including redundancy costs.

Results are from continuing operations excluding LMAX

CAPEX

	FY13	FY12
External Capex	£17.9m	£33.2m
Internal Devex	£17.4m	£26.5m
Total Capex	£35.3m	£59.7m

- Capex includes £5m consideration for Blue Square
- Lower capitalisation of development spend

CASH FLOW

	FY13	FY12	YoY %
Underlying free cash flow	£50.2m	£43.8m	15%
Cashflow from separately disclosed items ¹	(£12.3m)	-	N/A
Free cash flow	£37.9m	£43.8m	(13%)
Dividends paid	(£11.2m)	(£9.6m)	(17%)
Disposal of Kabam	£18.8m	-	N/A
Other	£4.3m	(£48.0m)	N/A
Net increase in cash and cash equivalents	£49.8m	(£13.8m)	N/A
Cash and cash equivalents as at 30 April	£168.1m	£118.3m	42%

¹ Cashflow from separately disclosed items relates to restructuring costs and Spanish back-taxes

FINANCIAL SUMMARY

Sustainable revenue growth

- Sustainable revenue up 6%, including UK&I up 8%

Reducing costs

- £30m of cost savings expected in FY14

Strong cash generation

- Free cash flow (pre-exceptionals) up 15% to £50m

Strong balance sheet

- Cash balance of £168m and debt free

Dividend increased

- Full year dividend up 27% to 13.0 pence per share

BUSINESS REVIEW

PROGRESS AGAINST OUR PLAN

1
Focus on sustainable revenues

KPI
Mix of sustainable revenue



- ✓ Stopped investment in countries with unclear regulatory outlook
- ✓ >75% of marketing spend focused on UK (from <50%)
- ✓ Sustainable revenue mix up to 75%

2
Invest in products and brand

Revenue growth



- ✓ Successfully launched Sportsbook
- ✓ Intending to increase brand & product spend

3
Greater accountability & discipline

Cost savings delivered/
margin enhancement¹



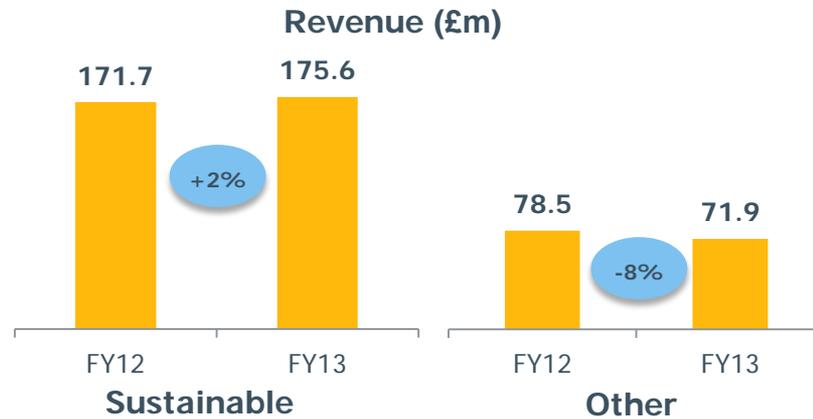
- ✓ Management team in place
- ✓ Restructuring completed; c.500 FTEs exited
- ✓ Action taken to achieve c.£30m of savings
- ✓ Disposal of stakes in LMAX and Kabam
- ✓ Culture change underway

¹ excluding gaming tax

Significant progress and momentum, with a lot more still to go for

EXCHANGE

Operating Performance



- **Overall:** down 1%
- **Sustainable:** football growth partly offset by racing abandonments
- **Other:** market exits

Operational Developments

- Cash Out expanded to 90% of football markets:
 - 38% of football customers used the product
- Mobile product enhancements:
 - Added Cash Out and push notifications
 - 58% of UK&I exchange customers used mobile
- Initial cross sell from Sportsbook encouraging
 - 34% of UK&I Exchange activations from Sportsbook in May

SPORTS

Operating Performance



Operational developments

- Standalone Sportsbook launched in February on time and on budget
 - Front-end designed and built in-house in 13 weeks
- Increasing in-play coverage
 - In-play markets per Premier League match doubled to c.130 since March
- Adding Exchange based features (Cash Out launched in May)
- New Sportsbook app launched
 - 31% of Q4 revenues through mobile
- Using promotional capabilities to offer value
 - Money Back Specials, Multiples Insurance, Matched Bet Promotions
- Sportsbook is driving growth in customer acquisition:
 - c.50% of activations via Sportsbook in Q4
- Integration of Blue Square customer base

MERCHANDISING

SETTLING FOR SECOND PLACE

If your selection finishes second to Tiger Woods at the US Masters 2013, we'll pay you out as a winner!

Bet now >>

Not a customer yet? [Join Now](#)

HERE'S WHAT YOU HAVE TO DO:

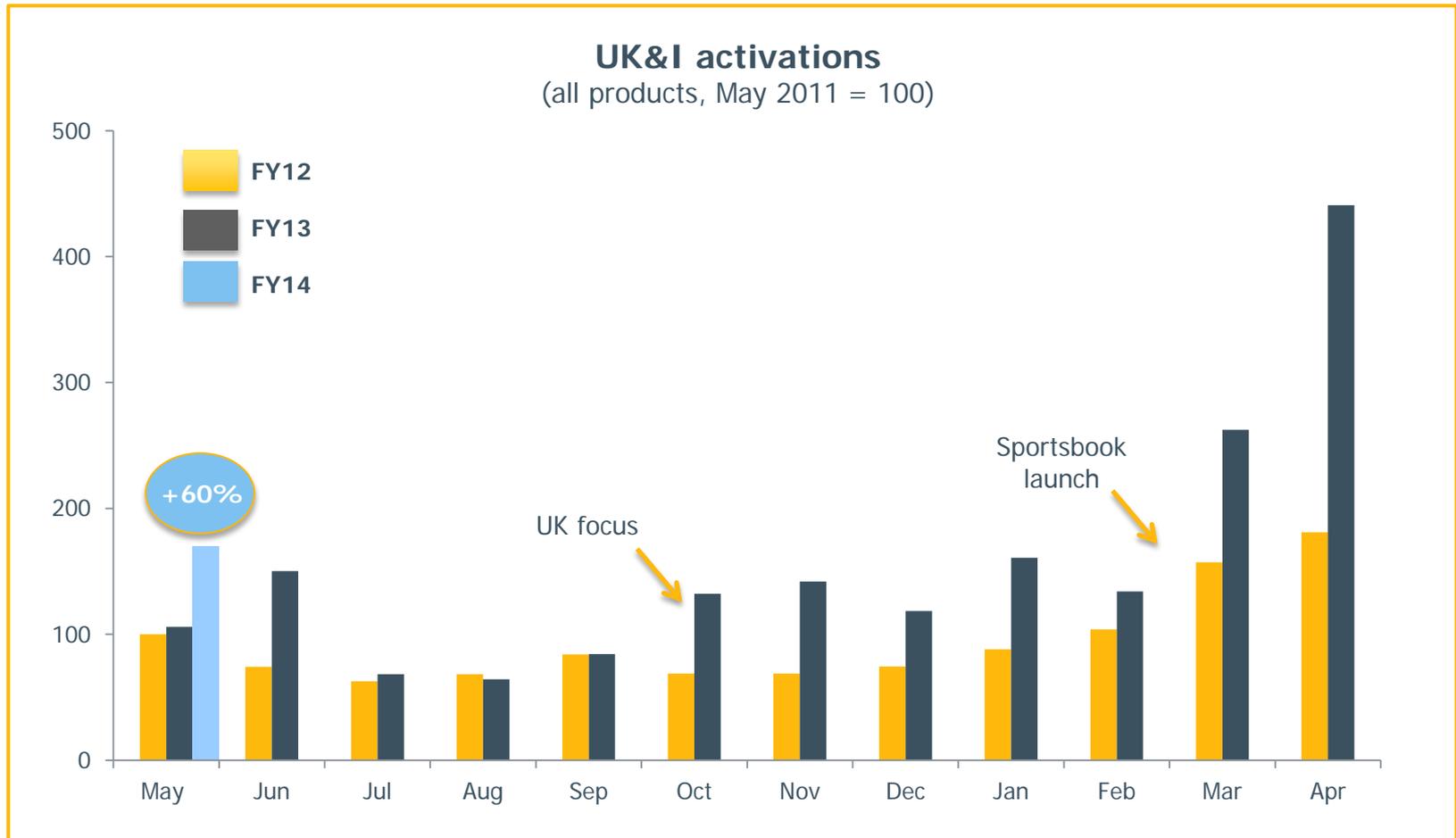


A blue advertisement for Betfair. At the top right is the Betfair logo and the slogan "DON'T SETTLE FOR LESS". A yellow diagonal banner says "BEST ODDS GUARANTEED ON SPORTSBOOK". The main text reads "2ND PLACE CASHBACK ON ALL RACES ON DAY 2 OF THE CHELTENHAM FESTIVAL". A circular stamp graphic says "CASHBACK 2ND PLACE SPECIAL". At the bottom, it says "Go to Betfair.com/Cheltenham2013 for all Ts & Cs. 18+ gambleaware.co.uk".



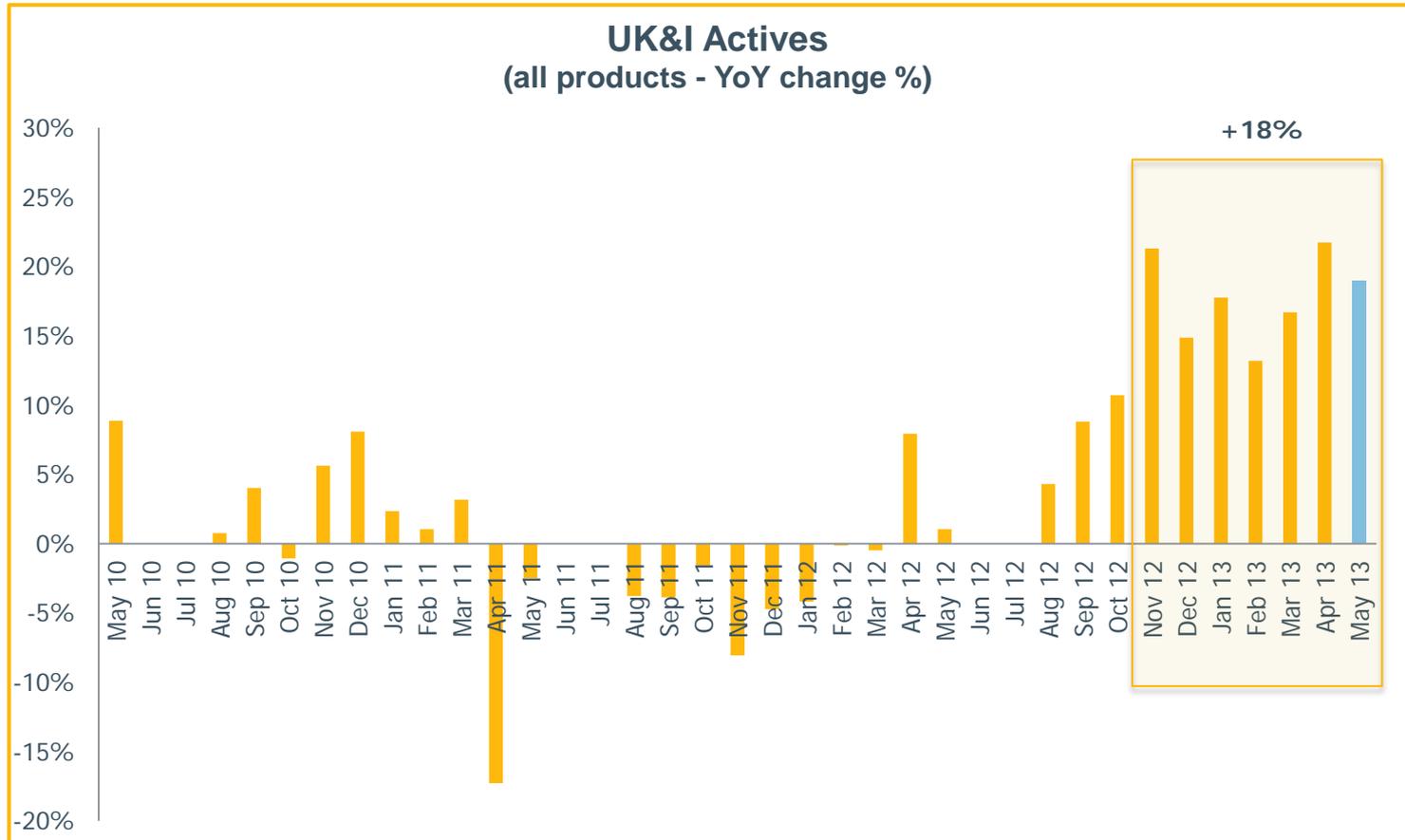
Promotions increase player activity and retention

SPORTSBOOK DRIVING ACQUISITION



Sportsbook combines with UK focus to drive acquisition

UK CUSTOMER BASE RETURNS TO GROWTH



UK customer base up by 18% YoY in last seven months

Note: June and July data removed from each year to exclude the impact from the presence of, or lack of, international football tournaments

GAMING

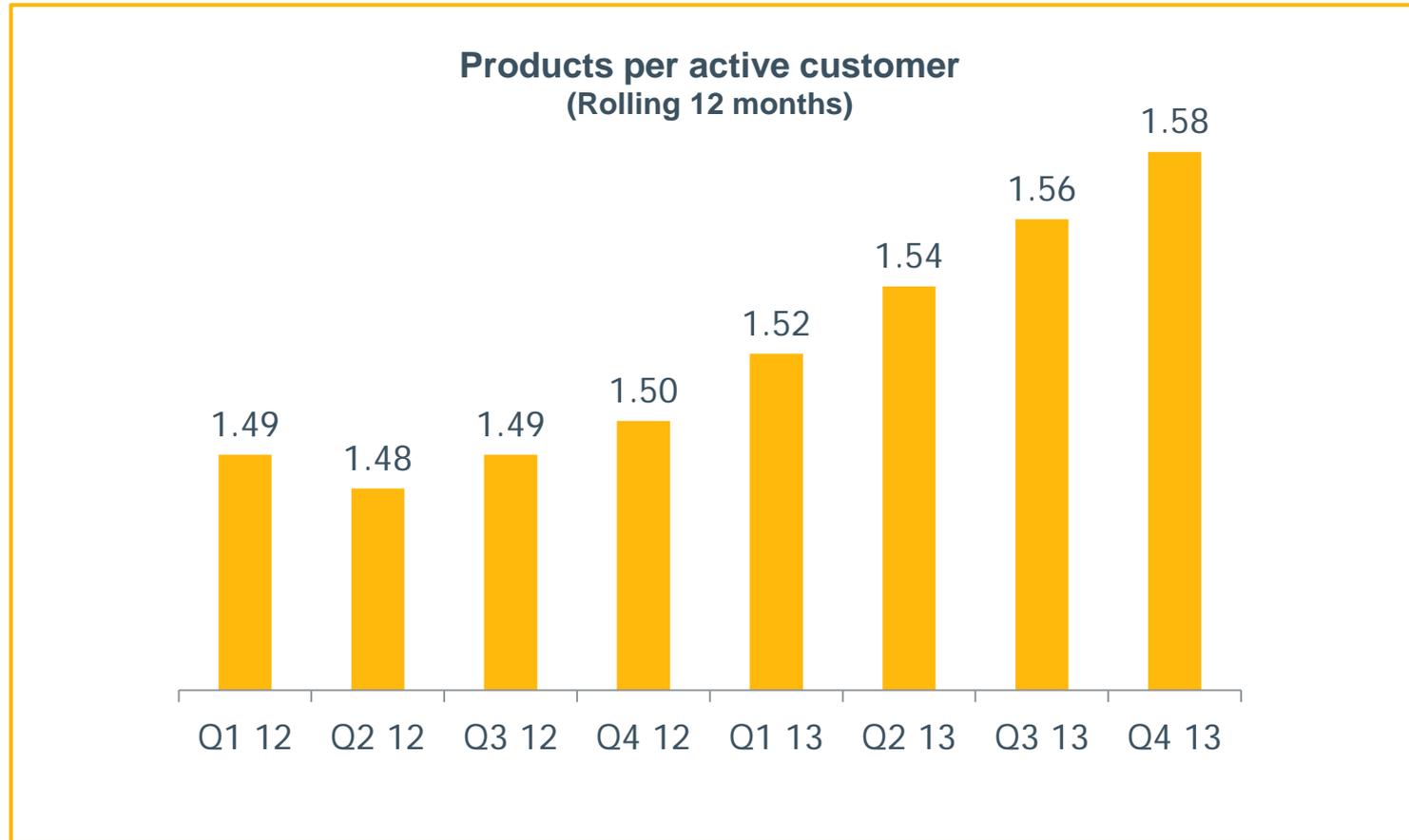
Operating results



Operational developments

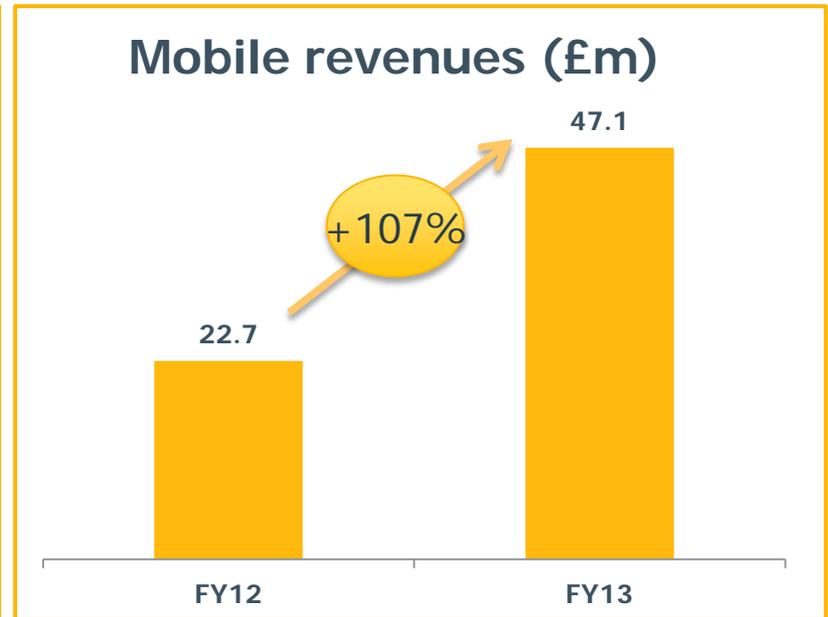
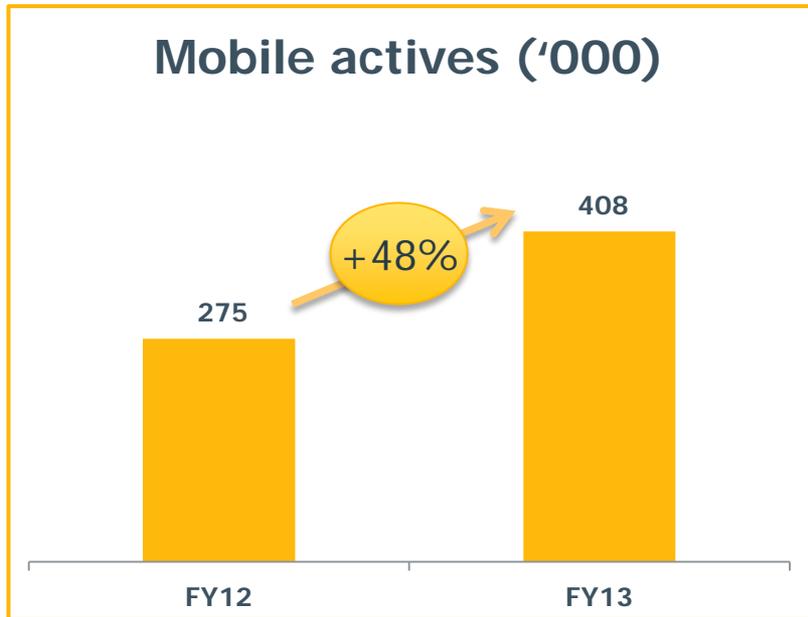
- Senior hires made from industry leading competitors
- Content improvements helping to close product gap
- Strong acquisition driven by Casino television advertising campaign
 - Direct UK&I activations up 14%
- Improved cross-sell performance
- Poker migrated to iPoker to improve customer experience
- Mobile Casino and Arcade apps launched
- Bingo launched

INCREASING CUSTOMER ENGAGEMENT



Customers are using more products following the focus on gaming and sportsbook launch

MOBILE GROWTH



- Growth driven by product launches throughout the year
 - Standalone Sports app launched in January
 - Major refresh of Exchange app in January; Cash Out coverage expanded
 - Casino and Arcade apps launched

Mobile growth has continued to be strong

BETFAIR US

	FY13	FY12	YoY %
Revenue	£38.0m	£36.2m	5%
EBITDA	£2.9m	(£0.9m)	N/A
Margin	8%	(3%)	

- TVG can achieve margins consistent with rest of group
- Preserves optionality on the US market
 - Exchange wagering legislation continues to progress in California and New Jersey

¹ Underlying share of EBIT (excludes £1.9m GST refund)

OUTLOOK

Revenue

- Expect to grow UK revenues in-line with the market in the medium term
- International revenues more resilient than expected
- Opportunity to exploit international optionality (Italy, Spain, USA)
- Balance sheet flexibility creates acquisition opportunities

Profitability

- Full impact of c.£30m cost savings in FY14
- Re-investing c.£10m in product & marketing
- Focused on mitigating upcoming tax impact
- Scale can drive margin expansion

SUMMARY

Improved regulatory mix

- 75% of revenue from regulated markets

Product differentiation

- Cash out launched on Sportsbook

Growing UK customer base

- 18% growth since change in focus

Increasing customer engagement

- Customers are using more products than ever before

Becoming leaner

- £30m delivered - full benefit in FY14

Positioned for growth

- Sustainable international expansion
- Balance sheet strength

Momentum building from early success

APPENDIX

GROUP P&L

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Underlying EBITDA	£73.3m	£86.0m	(15%)
Separately Disclosed Items	(£22.1m)	(£2.5m)	(784%)
EBITDA	£51.2m	£83.5m	(39%)
D&A	(£37.8m)	(£37.2m)	(2%)
Impairment	(£82.4m)	-	N/A
EBIT	(£69.0m)	£46.3m	N/A
Disposal of Kabam	£16.8m	-	N/A
Net Interest	£1.4m	£3.6m	(61%)
Share of JV	£1.4m	£4.3m	(67%)
PBT	(£49.4m)	£54.2m	N/A
Tax	£4.2m	(£6.9m)	N/A
Net Income	(£45.2m)	£47.3m	N/A
EPS	(44.4p)	45.4p	N/A

FY12 RESTATED

	Revenue	Underlying EBITDA	Underlying EPS
FY12 As Reported	£389.7m	£85.7m	41.1p
Discontinued Operations	(£1.2m)	£8.4m	12.0p
Share Based Payments	-	(£8.1m)	(7.8p)
FY12 Restated	£388.5m	£86.0m	45.3p

KPIS

Revenue	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13
Sustainable Markets	£61.5m	£68.2m	£64.2m	£69.4m	£75.5m	£67.7m	£65.3m	£71.5m
Other Markets	£30.0m	£31.3m	£29.6m	£34.3m	£28.3m	£29.0m	£25.2m	£24.5m
Total	£91.5m	£99.5m	£93.8m	£103.7m	£103.8m	£96.7m	£90.5m	£96.0m

Actives	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13
Sustainable Markets	334k	287k	286k	357k	359k	307k	336k	437k
Other Markets	163k	174k	184k	202k	195k	181k	177k	145k
Total	497k	461k	470k	559k	554k	488k	513k	582k

Core Products per Active	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13
Rolling 12 months	1.49	1.48	1.49	1.50	1.52	1.54	1.56	1.58