

13 November 2013

bwin.party digital entertainment plc
(‘bwin.party’ or the ‘Company’ and, together with its subsidiaries, the ‘Group’)

**Interim Management Statement and
Third Quarter 2013 Key Performance Indicators**

This is an interim management statement for the period from 1 July 2013 until 11 November 2013.

Key points

- **Total revenue¹ in Q3 13 down 21% to €145.7m (2012: €184.4m), in-line with previously reported trading to 25 August 2013, primarily driven by our shift from ‘volume to value’ and ISP blocking in Greece**
 - **Sports – solid fundamentals albeit at lower than expected margin**
 - **Casino – impacted by softness in poker**
 - **Poker – continued decline in Q3 although encouraging growth since new product launch into dotcom markets in September**
 - **Bingo – tough market conditions in UK and Italy**
- **Encouraging current trading – average daily net revenue up 18% vs Q3 2013**
- **Transactional waiver granted in New Jersey; on-track to launch poker and casino as soon as we are cleared to do so**
- **Cost saving target of €70m for full year 2013 expected to be exceeded, but Greek ISP blocking will result in a modest net impact to revenue and Clean EBITDA for 2013 with a full year effect in 2014**

Commenting on today’s announcement, Norbert Teufelberger, CEO, said:

“As we expected, our underlying Q3 performance appears to have represented the floor in what has been a transitional year for the Group. Performance in the period was impacted by our shift from ‘volume to value’, continued declines in poker ahead of our dotcom relaunch, ISP blocking in Greece and a softer than expected sports margin in September.

“Whilst year-on-year comparisons for the current trading period are also impacted by the factors outlined above, average daily revenue for the six weeks to 11 November is up 18% versus the average for the previous quarter. All verticals have grown despite the continued impact of ISP blocking in Greece, although performance in sports was weaker than anticipated due to a softer than expected sports margin during the first three weeks of October.

“We have made excellent progress in respect of reducing our cost base. We now expect to exceed the €70m target for 2013 that was communicated at the beginning of the year and this will help us to mitigate some of the impact from Greek ISP blocking which began during August.

¹ Includes €7.2m (2012: €8.7m) of net revenue from network services, payment services, software services, domain sales, Win Interactive, World Poker Tour, Winners (retail) and InterTrader.com

“In the US, we received our transactional waiver from the Division of Gaming Enforcement in New Jersey on 8 November and are on-track to launch poker and casino as soon as we are cleared to do so.”

Consolidated Key Performance Indicators (Excluding Other Revenues)

Three months to 30 September	2013	% change		2012
		versus Q2 2013	versus Q3 2012	
Active player days (m)	13.2	(12%)	(22%)	16.9
Daily average players (000)	143.5	(13%)	(22%)	183.7
Yield per active player day (€)	10.5	7%	1%	10.4
Yield per unique active player in the quarter (€)	125.9	5%	10%	114.9
Real money sign-ups (000)	179.3	(20%)	(37%)	282.7
Unique active players during the period (000)	1,099.7	(10%)	(28%)	1,529.3
Average net daily revenue (€000)	1,505.5	(7%)	(21%)	1,909.8
Net revenue (€m)	138.5	(6%)	(21%)	175.7

Net revenue declined by 21% reflecting the shift from ‘volume to value’ announced at the time of the full year results, a softer performance in casino and poker and the impact of ISP blocking in Greece that started during August. A poor run of sporting results in the European football leagues in September also contributed to a revenue performance that was softer than expected in the period.

Other revenue, that includes network services, payment services, software services, domain sales, Win Interactive, World Poker Tour, Winners (retail) and InterTrader.com was €7.2m (2012: €8.7m).

Total average net daily revenue, including other revenue, fell by 21% year-on-year and by 11% quarter-on-quarter to €1,583,700 (2012: €2,004,300).

Sports

Sports betting revenues were down 10% versus the prior year to €52.9m (2012: €58.7m) reflecting the shift from ‘volume to value’ with the number of unique active players in the quarter down by 20%. The amount wagered fell by 22% to €645.2m (2012: €828.3m) again due to the shift from ‘volume to value’ and also ISP blocking in Greece where the amount wagered in September was down by 74% versus the prior year.

The gross win margin was up versus the prior year benefitting from a full period of the tax recovery from German players, as well as the increased proportion of wagers being made on combination bets in Germany. However, the resultant 9.1% gross win margin (2012: 7.8%) was slightly lower than we had expected following a poor run of football results in September. The net result of the factors above was that average daily revenue in sports betting was down 10% year-on-year at €575,000 (2012: €638,000).

Casino and games

The shift from ‘volume to value’ and declines in poker continued to impact our casino business in the period with the number of unique active players down 34% year-on-year. ISP blocking saw the amount wagered on casino from Greek customers down 75% in September and that contributed to a 16% decline in the total amount wagered in casino during the quarter to €1,650.3m (2012: €1,957.8m). A drop in the average gross win margin to 3.8% (2012: 4.0%) reflected a shift in games mix towards table

games and this meant that average daily revenue was down 23% to €544,600 (2012: €708,700).

Poker

In poker, net revenue fell by 37% year-on-year to €23.3m (2012: €37.0m) reflecting our shift from 'volume to value', as well as declines in several regulated markets that require ring-fenced player liquidity. However, the launch into dotcom markets of our new poker product in September, under the guidance of a new leadership team, has begun to have a positive impact on several key performance indicators. The product is proving popular with increasing numbers of players for both cash games and tournaments and this is reflected in the current trading data outlined below. We have also seen a marked increase in revenues from mobile and tablet devices since the new product was launched.

Bingo

In bingo, total revenue was down 18% year-on-year to €12.2m (2012: €14.8m) with challenging competitive conditions in each of our main markets. The UK, our largest market, was impacted by aggressive campaigns from competitors as well as a weakening of sterling versus the euro. Our Italian bingo business was also impacted by aggressive campaigns from competitors as well as a 23% year-on-year decline in the overall market.

Binguez, our Spanish bingo brand, delivered a 22% increase in revenue year-on-year although Spain remains small in the context of total bingo revenue. The net result was that average net daily revenues fell by 18% to €132,600 (2012: €160,900).

Product development

We have launched a number of new products and mobile extensions: our new dotcom poker product; Zynga Plus Poker on Facebook in the UK; new iOS and Android apps for sports betting in Italy; and a new version of PartyBingo.com.

Mobile is a key area of focus for our business. Our efforts to expand our mobile footprint have been rewarded with a marked uptick in the proportion of our business now coming through mobile and touch. As we continue to roll out more extensions, we expect to grow sharply the proportion of our business coming through this channel. We believe that we will see similar growth from mobile in our core markets that competitors have enjoyed in their core markets of the UK and Nordic countries.

An improved tournament offer in poker and the launch of new HTML5 poker and sports products on mobile before the year end will further improve the player experience for our customers. This will be complemented by a much improved mobile casino offer that will also be launched at the beginning of 2014.

Regulatory update

Since the half year results were announced on 30 August 2013, there have been the following regulatory developments.

The European Commission is expected to pick up several of the outstanding infringement cases that were put on hold pending the outcome of its green paper on gambling that was first published over a year ago. Should some of these cases be adopted by the College of Commissioners before the end of the year, this may indicate that the Commission intends to take action against those Member States that are failing to comply with EU law.

In the European Parliament, the 3rd own-initiative on gambling was adopted on 10 September and while it underwent a large number of amendments, the basic tenet of the report supports the direction of travel set by the European Commission's green paper towards greater cooperation between Member States and removal of duplicated regulatory processes.

In Germany, our largest market, the new gambling treaty that was passed into law over 15 months ago has still not been fully implemented and no licences have yet been issued. With a case challenging the consistency of the proposed regulatory framework with EU law pending at the Court of Justice of the European Union and possible litigation over the allocation of licenses under the new regime, the current *status quo* seems the most likely outcome over the coming months.

In Greece, despite an outstanding infringement notice issued by the European Commission, ISP blocking since August 2013 has, in contravention of EU law, continued to restrict customers from accessing over 400 online gaming sites, including those of bwin.party.

Elsewhere in Europe, the Dutch Government is making good progress towards adopting a commercially viable, regulatory regime.

In the United States, having received the required transactional waiver from the Division of Gambling Enforcement in New Jersey, we are working hard with Borgata, our local partner, to go live with our real money gaming service as soon as we are cleared to do so.

Current trading and outlook

In the six weeks to 11 November 2013 average daily net revenue (excluding other revenue) was up 18% versus the previous quarter at €1,769,700 (Q3 13: €1,505,200) although our shift from 'volume to value' and the strong margin achieved in the same period last year, means that this remains below the comparative figure in 2012.

All product verticals have seen growth versus the prior quarter, despite the weak sports margin in the first three weeks of October. While seasonality has been a key driver, so has the introduction of our new poker product and new mobile extensions.

A summary of the net revenue performance by vertical in the period is shown below.

Average daily net revenue (€)	In the 6 weeks to 11 November			Q3 2013	% change
	2013	2012	% change		
Sports betting	748,200	876,400	(15%)	575,000	30%
Casino & Games	595,700	682,000	(13%)	544,600	9%
Poker	276,400	454,000	(39%)	253,300	9%
Bingo	149,400	176,600	(15%)	132,600	13%
Total	1,769,700	2,189,000	(19%)	1,505,500	18%

We remain excited about the opportunity to launch into New Jersey as soon as we are cleared to do so and while the potential size of the market remains unknown, we and our partner are determined to secure a meaningful market share.

In Europe, we are focused on increasing our performance in nationally regulated and-to-be regulated markets, primarily driven by new product launches and an increased presence in mobile supported by targeted marketing campaigns.

While cost reductions will help to mitigate some of the effects from Greek ISP blocking which began during August, there will be a modest net impact to revenue and Clean EBITDA for 2013 with a full year effect in 2014.

Material Events, Transactions and Financial Position

As at 30 September 2013, the Group had cash (and cash equivalents) plus short-term investments of €176.8m, processor receivables of €56.3m, less bank borrowings of €35.6m and client liabilities (including progressive prize pools) of €123.2m, resulting in net company cash of €74.3m (30 June 2013: €75.1m).

A half year dividend amounting to €17.4m was paid to shareholders on 11 October 2013.

On 30 August 2013, the Board announced that it would seek to buy-back up to €10m of the Company's issued share capital over the next 12 months, subject to prevailing market conditions, other investment opportunities, appropriate gearing levels and the overall financial position of the Group. Further announcements will be made as and when market purchases are made.

There have been no material events, transactions or changes in the financial position of the Group since the 2013 half year results were announced on 30 August 2013 other than as outlined in this statement.

Full details of all of the Group's quarterly KPI data by segment will be made available for download at the Group's website at <http://www.bwinparty.com> later today.

Conference call

Wednesday 13 November 2013

For analysts and investors there will be an opportunity to put questions to Norbert Teufelberger, CEO, and Martin Weigold, CFO, by way of a conference call at 09.30 (GMT). The details of the call are as follows:

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Appendix I

Key Performance Indicators – three months to 30 September 2013

Sports betting

Three months to 30 September	2013	% change versus Q2 2013	% change versus Q3 2012	2012
Active player days (m)	7.8	(10%)	(12%)	8.9
Daily average players (000)	84.8	(11%)	(12%)	96.7
Yield per active player day (€)	6.8	15%	3%	6.6
Yield per unique active player in the quarter (€)	76.4	15%	13%	67.5
Real money sign-ups (000)	110.8	(20%)	(22%)	141.8
Unique active players during the period (000)	692.2	(10%)	(20%)	869.1
Bet amount (€m)	645.2	(4%)	(22%)	828.3
Gross revenue (€m)	58.6	4%	(9%)	64.3
Gross margin	9.1%	8%	17%	7.8%
Net revenue (€m)	52.9	3%	(10%)	58.7
Average net daily revenue (excluding skins) (€000)	575.0	2%	(10%)	638.0

Casino and games

Three months to 30 September	2013	% change versus Q2 2013	% change versus Q3 2012	2012
Active player days (m)	1.7	0%	(19%)	2.1
Daily average players (000)	18.5	(1%)	(19%)	22.8
Yield per active player day (€)	29.5	(7%)	(5%)	31.0
Yield per unique active player in the quarter (€)	199.5	(4%)	16%	172.7
Real money sign-ups (000)	12.3	(26%)	(57%)	28.3
Unique active players during the period (000)	251.1	(3%)	(34%)	377.6
Bet amount (€m)	1,650.3	(7%)	(16%)	1,957.8
Gross revenue (€m)	63.1	(5%)	(19%)	78.0
Gross margin	3.8%	3%	(5%)	4.0%
Net revenue (€m)	50.1	(7%)	(23%)	65.2
Average net daily revenue (excluding skins) (€000)	544.6	(8%)	(23%)	708.7

Poker

Three months to 30 September	2013	% change versus Q2 2013	% change versus Q3 2012	2012
Active player days (m)	3.5	(19%)	(42%)	6.0
Daily average players (000)	38.0	(20%)	(42%)	65.2
Yield per active player day (€)	6.7	(1%)	8%	6.2
Yield per unique active player in the quarter (€)	71.8	(8%)	15%	62.5
Real money sign-ups (000)	31.2	(21%)	(61%)	79.1
Unique active players during the period (000)	324.5	(14%)	(45%)	591.8
Net revenue (€m)	23.3	(20%)	(37%)	37.0
Average net daily revenue (excluding skins) (€000)	253.3	(21%)	(37%)	402.2

Bingo

Three months to 30 September	2013	% change versus Q2 2013	% change versus Q3 2012	2012
Active player days (m)	1.5	(6%)	(12%)	1.7
Daily average players (000)	16.3	(7%)	(12%)	18.5
Yield per active player day (€)	8.1	0%	(7%)	8.7
Yield per unique active player in the quarter (€)	85.5	2%	1%	84.3
Real money sign-ups (000)	24.9	(13%)	(26%)	33.5
Unique active players during the period (000)	142.7	(8%)	(19%)	175.5
Net revenue (€m)	12.2	(6%)	(18%)	14.8
Average net daily revenue (excluding skins) (€000)	132.6	(7%)	(18%)	160.9

Appendix II
Key Performance Indicators – nine months to 30 September 2013

Sports betting			
Nine months to 30 September	2013	% change versus 2012	2012
Active player days (m)	27.1	(20%)	33.8
Daily average players (000)	99.3	(20%)	123.4
Yield per active player day (€)	6.3	15%	5.5
Real money sign-ups (000)	418.5	(32%)	616.8
Bet amount (€m)	2,063.2	(31%)	2,981.5
Gross revenue (€m)	188.7	(14%)	218.5
Gross margin	9.1%	25%	7.3%
Net revenue (€m)	171.3	(8%)	186.8
Average net daily revenue (excluding skins) (€000)	627.5	(8%)	681.8
Casino and games			
Nine months to 30 September	2013	% change versus 2012	2012
Active player days (m)	5.5	(25%)	7.3
Daily average players (000)	20.1	(24%)	26.6
Yield per active player day (€)	29.2	4%	28.1
Real money sign-ups (000)	45.4	(57%)	105.1
Bet amount (€m)	5,228.6	(15%)	6,165.3
Gross revenue (€m)	198.5	(18%)	242.3
Gross margin	3.8%	(3%)	3.9%
Net revenue (€m)	160.8	(22%)	205.0
Average net daily revenue (excluding skins) (€000)	589.0	(21%)	748.2
Poker			
Nine months to 30 September	2013	% change versus 2012	2012
Active player days (m)	13.4	(39%)	21.8
Daily average players (000)	49.1	(38%)	79.9
Yield per active player day (€)	6.4	5%	6.1
Real money sign-ups (000)	128.3	(56%)	291.4
Net revenue (€m)	85.5	(36%)	133.4
Average net daily revenue (excluding skins) (€000)	313.2	(36%)	486.9
Bingo			
Nine months to 30 September	2013	% change versus 2012	2012
Active player days (m)	4.9	(8%)	5.3
Daily average players (000)	17.9	(7%)	19.3
Yield per active player day (€)	8.0	(9%)	8.8
Real money sign-ups (000)	95.0	(14%)	110.2
Net revenue (€m)	39.4	(15%)	46.4
Average net daily revenue (excluding skins) (€000)	144.3	(15%)	169.3