



***sportingbet Plc***

# **Year End Results**

## **Year ended 31 July 2007**

**Wednesday 17 October 2007**

# THE US IMPACT

- Passing of UIGEA had a significant effect:
  - 60+% of Group revenue and 95+% of Group profit removed
  - Poker virtually annihilated
  - Significant distraction for all senior management
- Immediate action taken:
  - US Sports/Casino operations sold immediately
  - Poker operations closed to all US residents
  - Complete re-organisation and restructuring of operations
- Operational focus:
  - Downsize cost base
  - Address poker liquidity
  - Create further operational efficiencies
  - Build platform for growth

# HIGHLIGHTS

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- Exceptional growth in gross win from core EMEA sports betting (+48%)
- Business re-engineered through significant restructuring and reorganisation
- Acquisition and integration in two key markets – Turkey and Italy
- Migration of all poker players to a single platform
- All licensable activities moved to the Channel Islands
- All non-Australian customer service personnel consolidated into Dublin
- Key management and staff retained
- Built stable platform to move Group forwards

# PROFIT AND LOSS

	Continuing Business Year ended July 2007	Continuing Business Year ended July 2006	Year ended July 2006
	£m	£m	£m
Turnover	1097.8	890.1	2,063.5
Gross profit	120.8	106.6	303.3
Costs	(113.4)	(102.4)	(200.3)
Operating profit	7.4	4.2	103.0
Exceptionals	(26.8)	-	-
Share option charge	(9.9)	(4.8)	(6.7)
Goodwill	(3.0)	(5.6)	(22.1)
Interest	2.5	(3.0)	(3.0)
Tax	(1.3)	(2.0)	(2.0)
Minority interest	0.6	0.2	0.2
Retained profit	(30.5)	(11.0)	69.4
Basic EPS*	2.1p	0.2p	24.9p
Fully diluted EPS*	2.0p	0.2p	23.8p

\* Pre-exceptional items, goodwill amortisation and share option charge

# BALANCE SHEET

		July 2007	July 2006
		£m	Restated £m
<b>FIXED ASSETS</b>	Goodwill and investments	45.8	359.6
	Tangible assets	19.6	16.4
		<b>65.4</b>	<b>376.0</b>
<b>WORKING CAP</b>	Debtors	9.6	21.9
	Cash	37.0	97.2
	Creditors	(33.2)	(69.6)
		<b>13.4</b>	<b>49.5</b>
<b>DEBT</b>	Bank loans	(5.3)	(10.5)
	Deferred consideration	(1.3)	(17.9)
	Contingent consideration	-	(18.8)
		<b>72.2</b>	<b>378.3</b>
<b>RESERVES</b>	Share capital	0.4	0.4
	Shares to be issued	13.0	24.0
	Share premium/other	43.2	46.0
	Profit and loss	15.9	308.1
	Minority interest	(0.3)	(0.2)
		<b>72.2</b>	<b>378.3</b>

# GROSS PROFIT – THE CONTINUING BUSINESS

	2007	2006	% Change
	£m	£m	
<b>Europe</b>			
Sports (9.0% vs. 7.5%)	54.1	36.5	+48%
Casino & Games	32.7	32.9	-
Poker	29.0	31.5	-8%
	<b>115.8</b>	100.9	+15%
Australia (2.9% vs. 3.8%)	12.9	13.2	-2%
	<b>128.7</b>	114.1	+13%
Customer bonus adjustment	(7.9)	(7.5)	+5%
	<b>120.8</b>	106.6	+13%

# COSTS – THE CONTINUING BUSINESS

	2007		2006		<i>Pro forma</i>
	£m	% of margin	£m	% of margin	
<b>Marketing</b>					
- Reported	<b>52.0</b>	<b>40.4</b>	48.0	42.1	45.0
- Bonuses	<b>7.9</b>	<b>6.1</b>	7.5	6.6	5.0
	<b>59.9</b>	<b>46.5</b>	55.5	48.7	50.0
Banking	<b>12.8</b>	<b>9.9</b>	9.1	8.0	7.0
IT costs	<b>9.4</b>	<b>7.3</b>	13.7	12.0	10.0
Employees	<b>22.3</b>	<b>17.3</b>	19.8	17.4	15.0
Depreciation	<b>7.0</b>	<b>5.4</b>	3.3	2.9	5.0
Other admin	<b>9.9</b>	<b>7.7</b>	8.5	7.4	5.0
	<b>121.3</b>	<b>94.3</b>	109.9	96.4	92.0

# CASHFLOW

	£m	£m
Opening cash at 1 August 2006		97.2
EBITDA (continuing and discontinued)	27.4	
Interest	1.6	
Working capital	(7.1)	
		21.9
Capital expenditure	(17.1)	
Tax	(1.3)	
Acquisitions/deferred consideration payments	(23.9)	
Client liabilities transferred with US business	(14.7)	
Cash exceptional charges	(20.0)	
Share options	0.4	
		(76.6)
Loan repayments	(10.8)	
Guernsey property loan	5.3	
		(5.5)
<b>Closing cash as at 31 July 2007*</b>		<b>37.0</b>

\* Includes client liabilities of £12.9m





# Regulation

# REGULATION

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- UK: All licensable activities moved to the Channel Islands prior to the Gambling Act's 1 September deadline
- EU: Italy and Spain liberalising; France making noises; Germany looking prohibitive – i.e. business as usual
- US: Nothing material to report
- Turkey: Anti-online gaming legislation introduced February 2006. We continue to take Turkish bets as permitted by our licenses



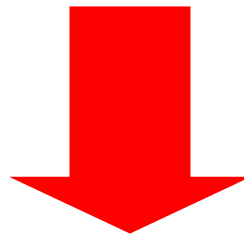
# Laying The Foundations For The Future

# LAYING THE FOUNDATIONS FOR GROWTH

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Continuing to drive Australia forwards

- Rolling series of new products
- Enhanced risk management
- Strengthened direct sales force
- Improved internet marketing tools
- Ever strengthening “consumer PR machine”



Strong, continued Australian performance

# AUSTRALIA

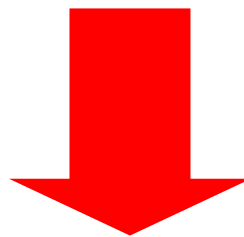
	2007	2006	+/-
Sports actives	<b>23,094</b>	17,732	+30%
<b>Internet</b>			
Sports bets	<b>6.3m</b>	3.5m	+80%
Sports bets / active	<b>313</b>	234	+34%
Sports bet size	<b>A\$38</b>	A\$40	-5%
Sports margin %	<b>4.9%</b>	5.1%	-4%
<b>Telephone</b>			
Sports bets	<b>1.3m</b>	1.1m	+20%
Sports bets / active	<b>177</b>	206	-14%
Sports bet size	<b>A\$631</b>	A\$626	+1%
Sports margin %	<b>2.4%</b>	3.6%	-33%
CPA	<b>A\$401</b>	A\$521	-23%

# LAYING THE FOUNDATIONS FOR THE FUTURE

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## Improving our European Operational Capability

- UK licensable activities transferred to Channel Islands
- Opportunity taken to upgrade trading and infrastructure
- Blend of senior management from London and local recruitment
- Brought selected partners in-house (Turkey, Italy, Scandinavia)



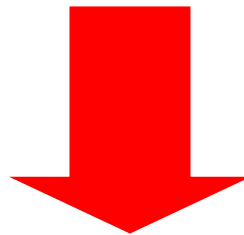
Set for growth: maximising existing and  
new revenue streams

# LAYING THE FOUNDATIONS FOR GROWTH

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## Consolidating our poker liquidity

- Migrated all Paradise onto Boss and re-branded Paradise, mid May
- Fully integrated marketing campaign to support migration
- Delivered stable player base and rake, significantly ahead of industry expectations
- Exposed ex Paradise Players to whole range of Sportingbet products
- Renegotiated Boss deal



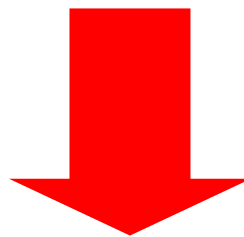
Increased liquidity while leveraging our Paradise brand across Sportingbet

# LAYING THE FOUNDATIONS FOR GROWTH

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## Delivering customer service excellence

- One “super centre” in Dublin
- Constant delivery of high levels of service
- “Live chat”, phone and email across all domains/products
- Multi-skilled staff to allow for improved efficiency/service delivery
- Trialling outbound marketing capability
- All “back-office” functions centralised and optimised



Customer Service: Critical for trust/mass market appeal

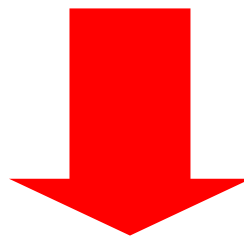


# LAYING THE FOUNDATIONS FOR GROWTH

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Driving forwards our sportsbook

- Sports betting remains our key growth engine
- Basic redesign of the sports home page to simplify product offering
- Rollout of our “Best in Class” in-running product
- Continually increasing breadth and depth of product (new events, new markets)



The shop-front of our business

# EUROPE

	2007	2006	+/-
Sports actives	436,779	382,160	+14%
Sports bets	46.1m	35.3m	+31%
Sports bets / active	106	92	+15%
Sports bet size	£13.10	£13.80	-5%
Sports margin %	9.0%	7.5%	+23%
Casino bets	142.6m	129.1m	+11%
Casino bet size	£5.06	£5.54	-9%
Casino margin %	3.3%	3.2%	+3%
Poker – average daily rake	US\$155k	US\$155k	-
CPA	£181	£158	+15%



# Current Trading

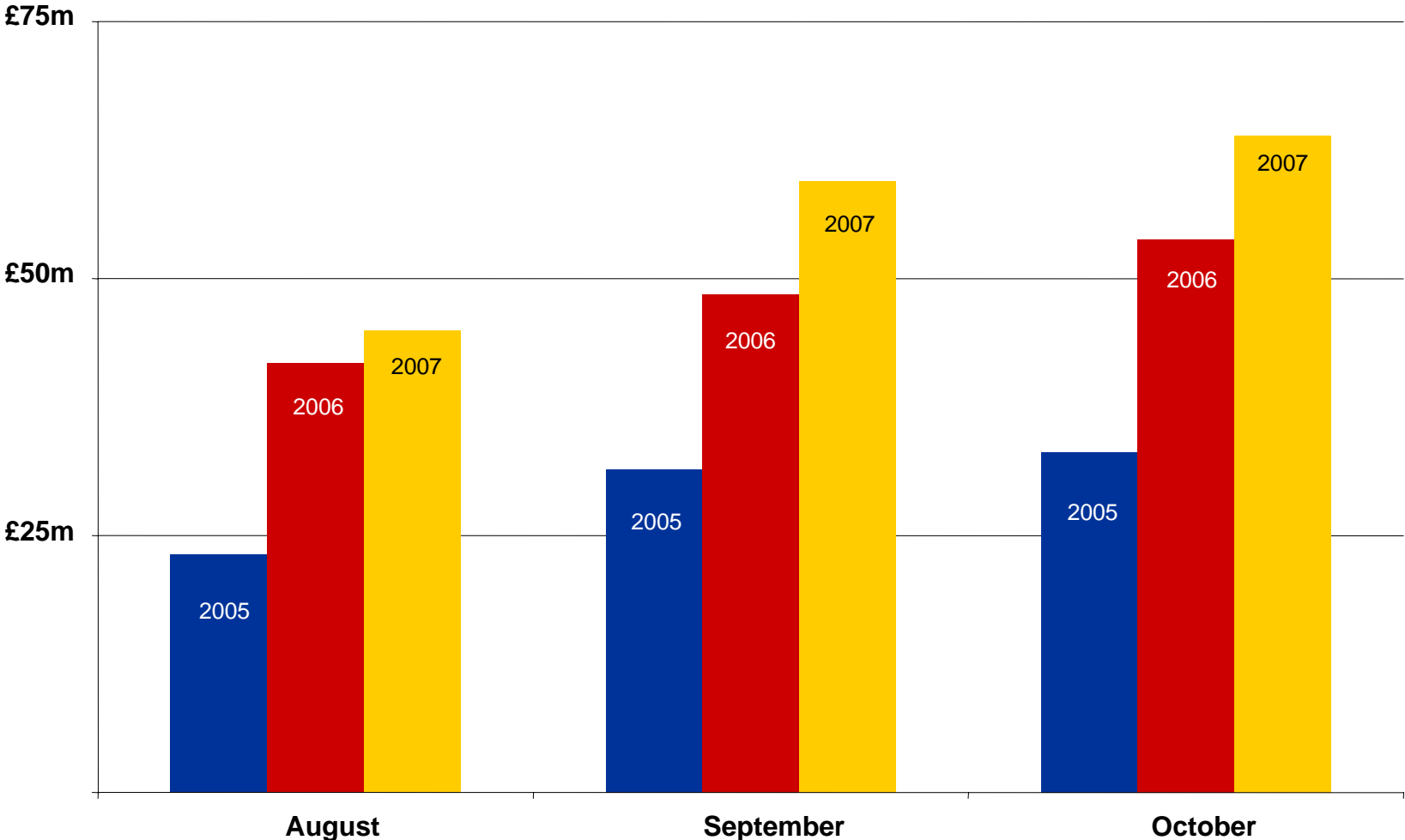
# CURRENT TRADING

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- Trading substantially ahead of prior year
- European sports turnover up 7% in August and 23% in September
- Poker rake showing significant growth post migration and summer slowdown
- Minimal impact of Australian Equine Influenza
- The Board remains confident of market expectations for the coming year

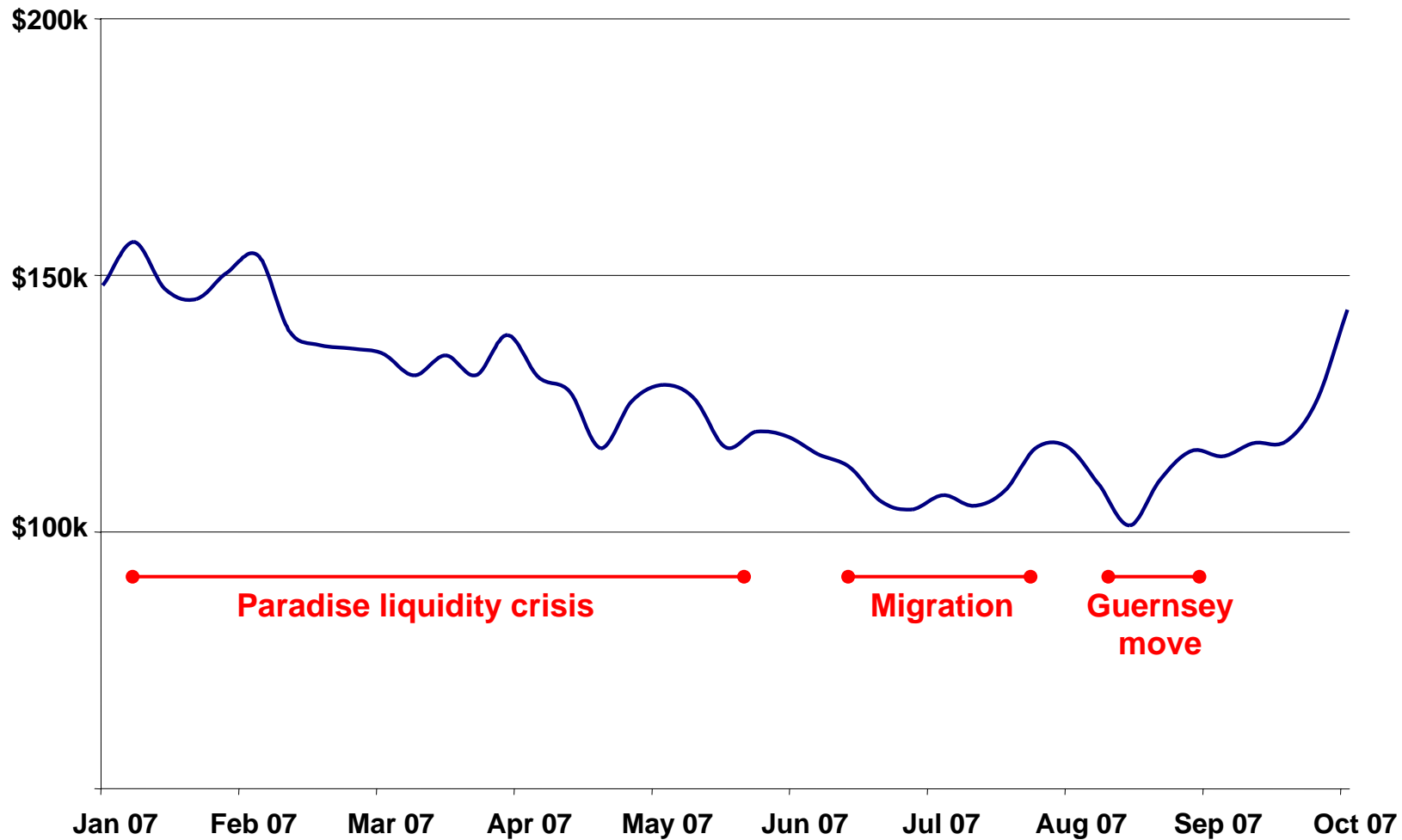
# CURRENT TRADING - SPORTS

European Sports Turnover - Q1



# CURRENT TRADING - POKER

Average daily rake - 1 Jan 07 to date





# Summary

# SUMMARY

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- A lot has been achieved since UIGEA
- The business now stands on a firm footing to demonstrate profitable growth into the future
- Gross win has shown strong growth despite business disruption
- Targeted growth in operating margins over coming years
- Now that 07 is behind us, we look forward to a successful 2008





# 2008 - The New Financial Year

# THE NEW FINANCIAL YEAR

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- Continue to build on foundations laid in 2007
- Enhance the current product offering
  - website to be more customer focused
  - improve funded recruitment and retention
  - enhance poker and casino offerings with Boss
  - simplify functionality of sports betting portal
- Further geographical diversification
  - accelerate growth in immature markets
  - new embryonic markets