



**Mark Blandford – Executive Vice Chairman**  
**Nigel Payne – Group Chief Executive**  
**Andy McIver – Group Finance Director**

**REVIEW OF THE 3 MONTHS TO 31 DECEMBER 2001**

**January 2002**



## Sportingbet moves into profitability

- Further change in scale of operation
  - revenue up 240% to £352.5m from £103.7m
  - customers up 56,285 to 488,457
  - Over 1.5 million bets per month taken on average throughout the quarter
- Integration of Sportsbook progressing well
- Operating profit positive – £7.6m in the quarter
- Cash flow positive - £4.4m in the quarter
- Profit before tax - £5.8m in the quarter



## Financial Summary

	3 months ended 31 Dec 2001	9 months ended 31 Dec 2001	9 months ended 31 Dec 2000
	£	£s	£
Turnover	352,485,687	<b>645,639,696</b>	217,812,673
Cost of sales	(329,014,474)	<b>(607,123,917)</b>	(209,124,989)
Gross profit	23,471,213	<b>38,515,779</b>	8,687,684
Administrative expenses	(15,848,463)	<b>(30,463,338)</b>	(11,693,298)
Operating profit/(loss)	7,622,750	<b>8,052,441</b>	(3,005,614)
Exceptional costs	(446,027)	<b>(947,215)</b>	(375,000)
Goodwill	(2,231,786)	<b>(2,595,358)</b>	(586,581)
Interest receivable/(payable)	(110,364)	<b>(308,480)</b>	(452,513)
Profit/(loss) on ordinary activities before taxation	4,834,573	<b>4,201,388</b>	(4,419,708)
Taxation	-(36,965)	<b>(36,965)</b>	(2,254)
Profit/(loss) on ordinary activities after taxation	4,797,608	<b>4,164,423</b>	(4,421,962)



## Financial Summary

	31 Dec 2001	31 Dec 2000
FIXED ASSETS		
Goodwill	159,119,264	8,392,458
Tangible assets	2,794,514	1,801,331
	<u>161,913,778</u>	10,193,789
Debtors	5,818,722	4,842,323
Cash at bank and in hand	20,367,207	3,466,229
Creditors falling due within one year	16,895,419	7,930,260
NET CURRENT ASSETS	<u>9,290,510</u>	378,292
TOTAL ASSETS LESS CURRENT LIABILITIES	171,204,288	10,572,081
CREDITORS:		
Amounts falling due after more than one year	50,924,808	-
Convertible loan notes	13,554,939	6,405,617
NET ASSETS	<u>106,724,541</u>	4,166,464
CAPITAL AND RESERVES		
Called up share capital	151,322	131,130
Shares to be issued	63,931,896	2,942,482
Share premium	48,425,327	11,263,453
Other reserves	257,756	257,756
Profit and loss account	6,041,760	(10,428,357)
EQUITY SHAREHOLDERS' FUNDS	<u>106,724,541</u>	4,166,464



## Key Performance Indicators

- **Customers number up by 56,285 (13%) :**

<b>Period End</b>	<b>Customer Numbers</b>	<b>Organic Growth</b>
SEPT 2001	432,172	
DEC 2001	488,457	56,285

- **Customer activity**

<b>Region</b>	<b>Dec 2001</b>	<b>Dec 2000</b>
AMER	20%	20%
EMEA	16%	19%
AA	21%	21%



## Key Performance Indicators (Cont'd)

### ● Customer Spend (three months )

	Dec 2001	Dec 2000
AMER	£7,584	£7,122
EMEA	£2,133	£2,300
AA	£29,540	£21,211

### ● Gross Margin up

	Dec 2001	Dec 2000
AMER	7.2 %	6.1 %
EMEA	4.1 %	4.5 %
AA	4.9 %	4.0 %



## Key Performance Indicators (Cont'd)

- **Cost of Customer Acquisition (per active customer)**

	<b>Dec 2001</b>	<b>Dec 2000</b>
A M E R	£ 5 0 0	£ 5 1 0
E M E A	£ 5 1 0	£ 4 0 0
A A	£ 5 2 0	£ 5 0 5



## Review of AMER

- Integration of Sportsbook proceeding on plan
- New financial procedures in place saving £3m per annum
- Administration and marketing department combined
- Single software supplier chosen with integration scheduled for late summer 2002
- Region has grown 30% over last year
- Key performance indicators are positive
- Strong sustained bounce back from September 11<sup>th</sup>
- Competition not having the same degree of success as Sportingbet
- Economic environment uncertain, marketing spend into region being maintained at a high level to continue strong growth





## Review of AA

- Strong growth in customer numbers, up 10%
- Strong growth in margin up from 4.0% to 4.7%
- All Asian marketing partners exceeded expectation
- Increased geographical coverage with more to follow
- On-shore licence in Australia will facilitate further growth including launch of Sportingbet.com.au internet product
- Further developments in this region to be put in place before the World Cup.



## Review of EMEA

- Strong growth in customer numbers up by 15%
- No improvement in activity down from 19% to 16%
- No improvement in spend per head, with new customers coming from low spending regions
- Most difficult region by far – but only 4% of revenues in the quarter [1.3% excluding casino?]
- Key focus area with significant development activity in progress
- Profitability will be attained twelve months later than previously anticipated



## The Legal Environment

- Regulation of the Internet is still in its infancy and legislation is often unclear and not designed or relevant to transactions over this media.
- Sportingbet complies with all route to market legislation.
- Company's legal structure is such that all bets are landed in its licensed territories. All servers are in such territories.
- No real change since floatation in January 2000



## Summary

- Key indicators progressing well.
- Sportingbet's business model is continuing to prove itself.
- Emphasis in short term on integration and consolidation.
- EMEA is a key focus area.
- Board looks forward to the fourth quarter with confidence.
- Increased marketing spend in America and slower than anticipated growth in Europe will yield costs next year of 4.1% of revenue not the 3.5% previously anticipated



Press statement to go here.



Global Sportsbook & Casino  
**sportingbet** Plc



Thank you