



**sportingbet Plc**

## Quarter 1 Results

3 Months Ended 31 October 2005

Wednesday 30 November 2005

# FINANCIAL HIGHLIGHTS

- Gross margin of £64.6m up 167.0% (2004: £24.2m), up 82.0% on pro-forma basis
- Operating profit of £22.3m up 395.6% (2004: £4.5m), up 75.6% on pro-forma basis
- Profit before tax of £14.3m up 450.0% (2004: £2.6m), up 81.0% on pro-forma basis
- Cash generated from operating activities of £42.1m (2004: £17.5m)
- Fully diluted EPS of 4.9p (2004: 1.5p)

# BUSINESS HIGHLIGHTS

- New registered customers up 619% to 0.7m (2004: 0.1m), up 245% on a pro-forma basis
- New active real money customers up 137% to 170,322 (2004: 71,800), up 67% on a pro-forma basis
- Average cost of customer acquisition £148 (2004: full year £137)
- Sports and gaming bets up 43.6% to 123.2m (2004: 85.8m)
- Poker games up 96.2% to 145.6m (2004: 74.2m)
- Average daily poker rake up 87.8% to \$430,858 (2004: \$229,377)





# Financial Review

# PROFIT AND LOSS

	3 months ended	3 months ended
	Oct 2005	Oct 2004
	£m	£m
Turnover	480.4	355.7
Gross profit	64.6	24.2
Costs	(42.3)	(19.7)
Operating profit	22.3	4.5
Share option charge	(1.5)	-
Goodwill	(5.5)	(1.9)
Associate	-	0.2
Interest	(1.0)	(0.2)
Tax	(0.3)	-
Dividend adjustment	(0.8)	-
Retained profit	13.2	2.6
Basic EPS*	6.2	2.1
Fully diluted EPS*	4.9	1.5

\* Before share option charge and goodwill amortisation

# OPERATING PROFIT RECONCILIATION

	£m	£m
<b>3 months ended Oct 2004 – operating profit</b>		<b>4.5</b>
<b>Sports volume effect</b>	3.6	
<b>Sports margin effect (6.5% vs. 4.3%)</b>	9.1	
<b>Increased casino / games / fee income</b>	8.3	
<b>Costs (including customer bonuses)</b>	(16.4)	
		<b>4.6</b>
<b>Paradise Poker (rake £22.1m)</b>		<b>12.2</b>
<b>ISC Entertainment (gross margin £1.8m)</b>		<b>1.0</b>
<b>3 months ended Oct 2005 – operating profit</b>		<b>22.3</b>

# GROSS MARGIN BY ACTIVITY

	3 months ended October 2005	3 months ended October 2004	% Chg
	£m	£m	
<b>Sports (6.5% vs. 4.3%)</b>	<b>28.0</b>	15.0	86.7%
<b>Casino and gaming</b>	<b>16.3</b>	9.4	73.4%
<b>Poker</b>	<b>25.2</b>	0.9	N/a
<b>Fee income</b>	<b>2.3</b>	1.5	53.3%
	<b>71.8</b>	26.8	167.9%
<b>Customer bonuses</b>	<b>(7.2)</b>	(2.6)	
<b>As reported - £</b>	<b>64.6</b>	24.2	166.9%
<b>Gross Margin - %</b>	<b>13.4%</b>	6.8%	

# BALANCE SHEET

		October 2005	October 2004
		£m	£m
<b>FIXED ASSETS</b>	<b>Goodwill and investments</b>	<b>381.3</b>	<b>131.8</b>
	<b>Tangible assets</b>	<b>9.7</b>	<b>5.5</b>
		<b>391.0</b>	<b>137.3</b>
<b>WORKING CAP</b>	<b>Debtors</b>	<b>20.4</b>	<b>7.4</b>
	<b>Cash</b>	<b>85.9</b>	<b>32.5</b>
	<b>Creditors</b>	<b>(74.7)</b>	<b>(38.1)</b>
		<b>31.6</b>	<b>1.8</b>
<b>DEBT</b>	<b>Bank overdraft</b>	<b>-</b>	<b>(10.0)</b>
	<b>Bank loans</b>	<b>(52.9)</b>	<b>(5.0)</b>
	<b>Sportsbook earn-out</b>	<b>-</b>	<b>(15.7)</b>
	<b>Deferred consideration</b>	<b>(2.2)</b>	<b>(3.8)</b>
	<b>Contingent consideration</b>	<b>(26.7)</b>	<b>(0.8)</b>
		<b>340.8</b>	<b>103.8</b>
<b>RESERVES</b>	<b>Share capital</b>	<b>0.3</b>	<b>0.2</b>
	<b>Shares to be issued</b>	<b>53.5</b>	<b>26.7</b>
	<b>Share premium/other</b>	<b>14.8</b>	<b>74.0</b>
	<b>Profit and loss</b>	<b>272.2</b>	<b>2.9</b>
		<b>340.8</b>	<b>103.8</b>



# NUMBER OF SHARES

Millions of shares

Shares in issue at 31 July 2005	327.7
Issued to vendors of ISC Entertainment	2.7
Australian contingent consideration issued	6.7
Options exercised	0.5
Shares in issue at 31 October 2005	337.6
DBS convertible (converted 25 November)	83.2
Share options	10.8
New Share Plan	4.1
Fully diluted at 31 October 2005 (FRS 14)	435.7
Paradise Poker contingent consideration	9.8
Adjusted fully diluted	445.5

# CASHFLOW

	£m	£m
Opening cash		67.0
EBITDA	21.8	
Interest	(0.2)	
Working capital	20.2	
		41.8
Capital expenditure	(1.9)	
Acquisition of ISC Entertainment	(9.7)	
Australian contingent consideration	(0.9)	
Bank loan repayment	(10.7)	
		(23.2)
Share options exercised		0.3
Closing cash*		85.9

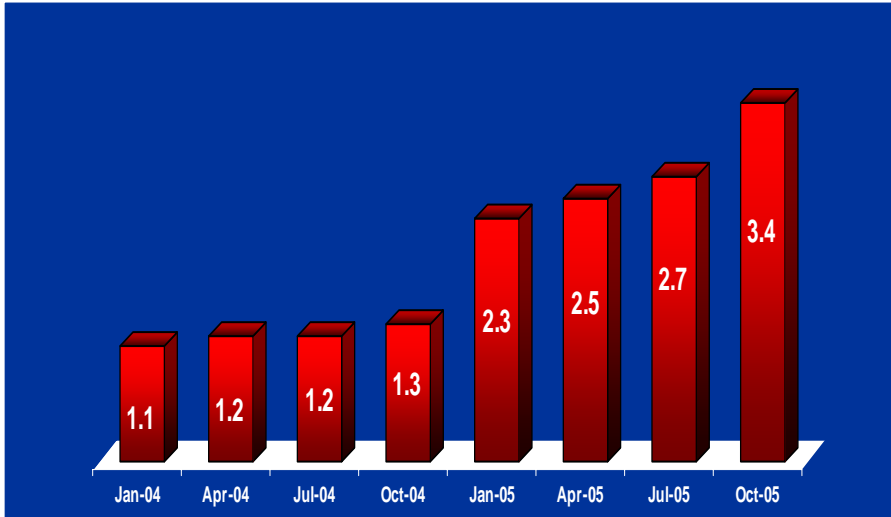
\* Includes client liabilities of £46.8m



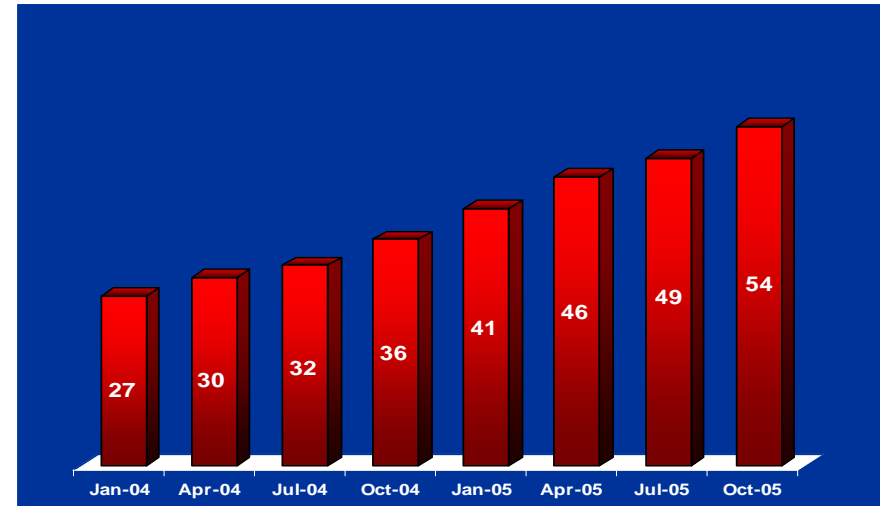
# Operational Review

# OPERATIONS – VOLUME TRENDS

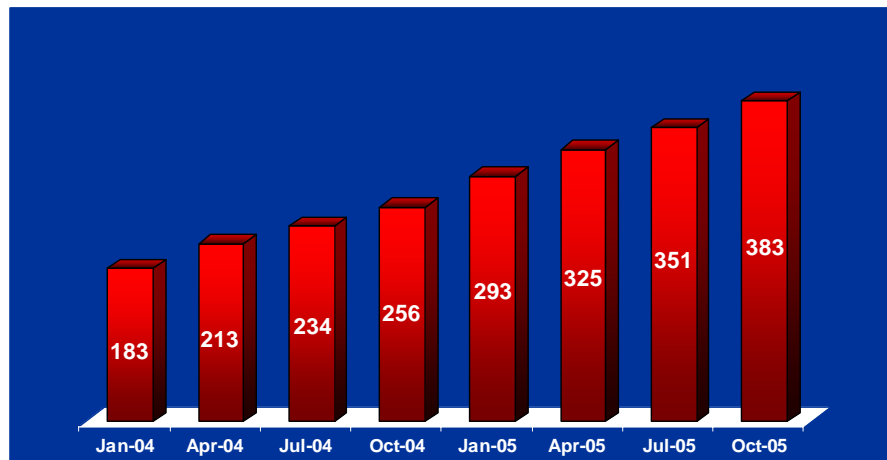
## Registered Customers (Ms)



## Rolling Annual Sports Bets (Ms)

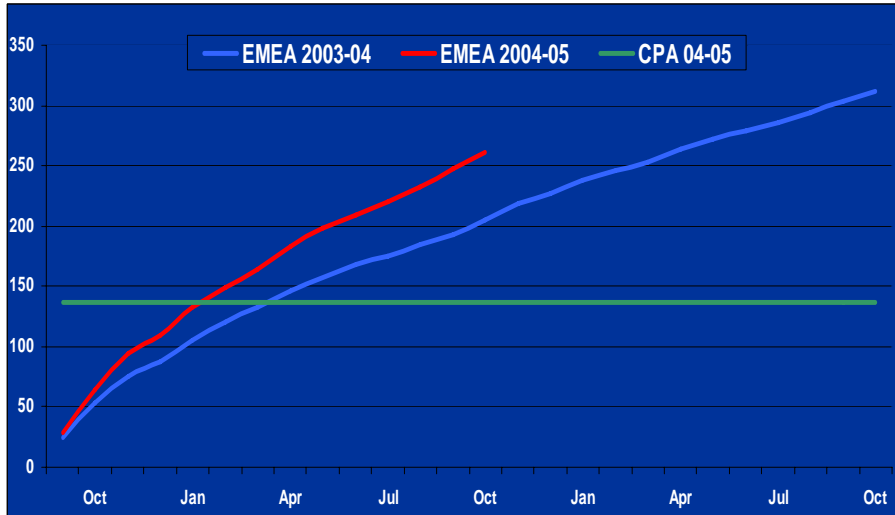


## Rolling Annual Gaming Bets (Ms)

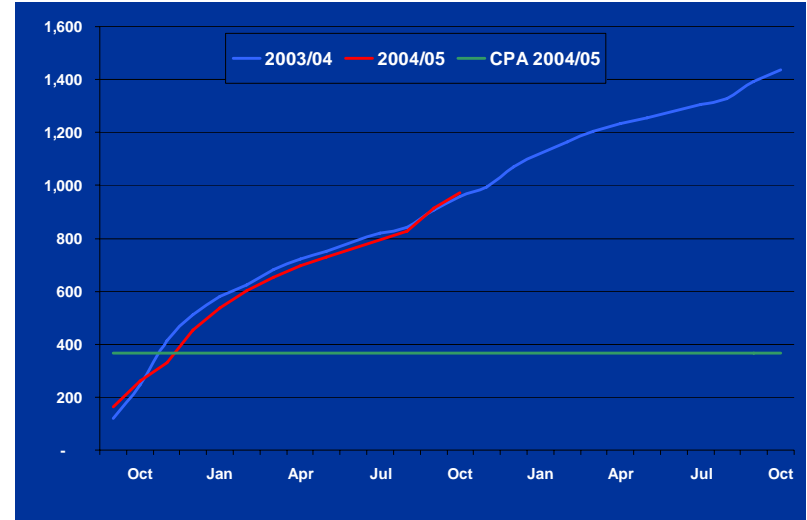


# CUSTOMER VALUE

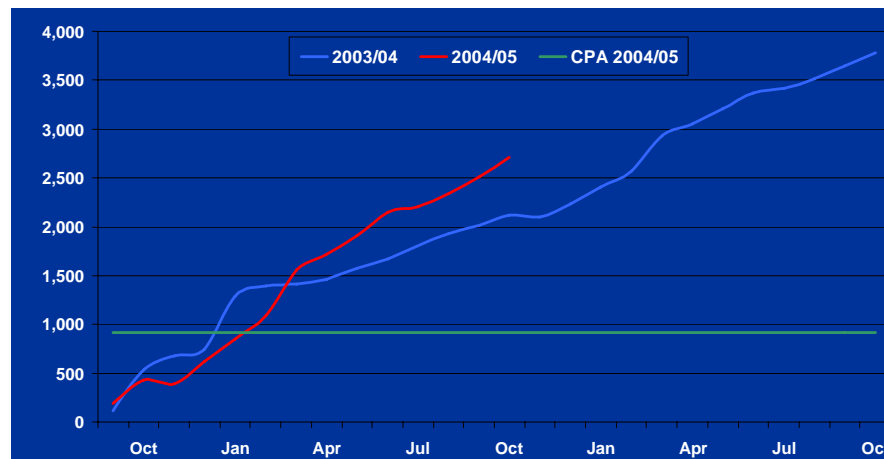
## Europe £



## US \$

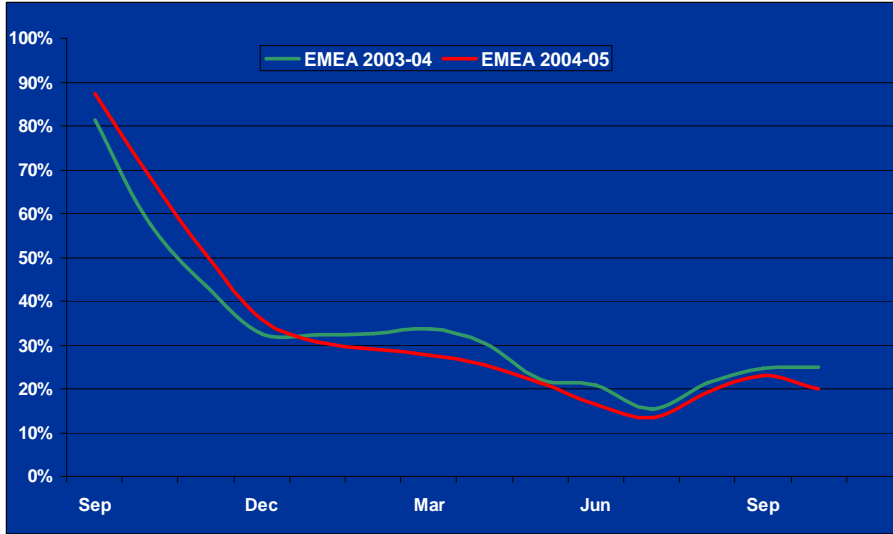


## AUS \$

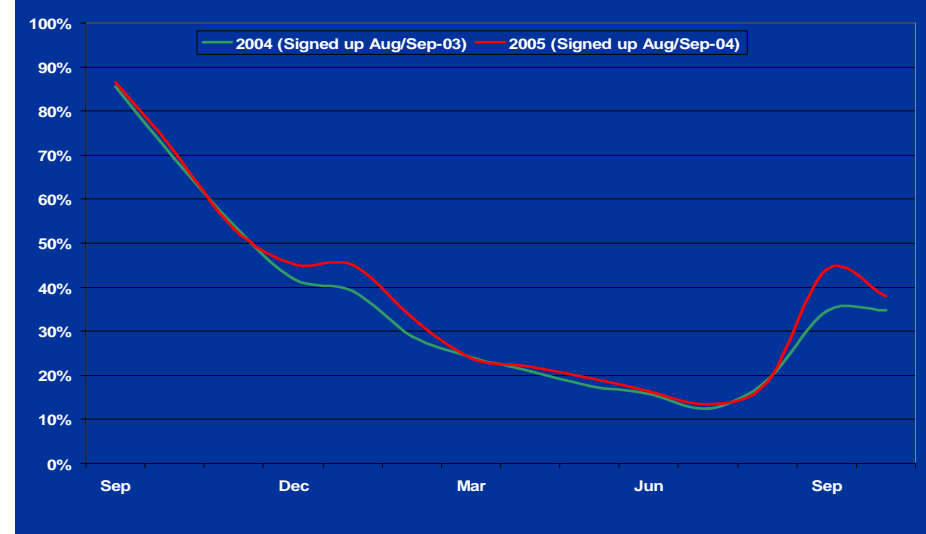


# CUSTOMER ATTRITION

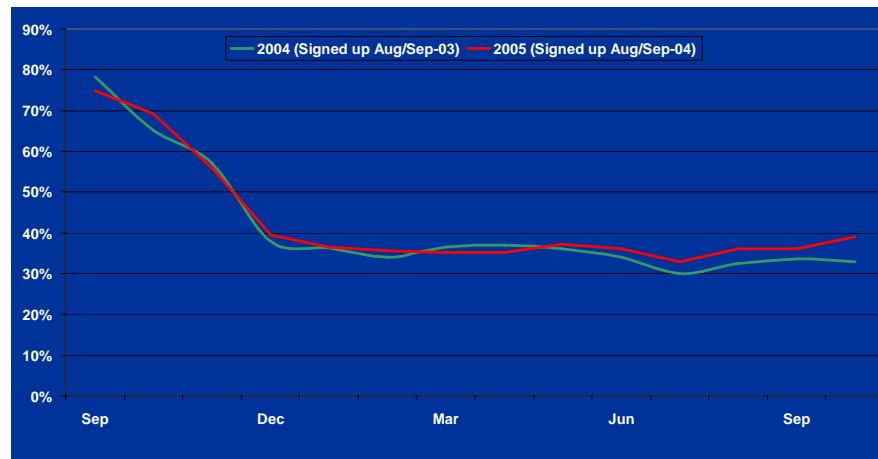
## EUROPE



## US



## AUS





# America



# AMERICA

	2005	2004	+/-
Sports actives	173,748	108,803	+60%
Sports bets	8.5m	6.3m	+35%
Sports bets / active	49	57	-14%
Sports bet size	\$54	\$57	-5%
Sports margin	7.2%	5.1%	+44%
Gaming actives	63,028	48,707	+29%
Gaming bets	72.8m	59.7m	+22%
Gaming bet size	\$12	\$10	+20%
Gaming margin	1.9%	1.9%	-
CPA	\$349	\$368*	-5%

\* 12 months to July 2004





# Europe



# EUROPE

	2005	2004	+/-
Sports actives	142,476	92,660	+54%
Sports bets	6.7m	4.4m	+53%
Sports bets / active	47	47	-
Sports bet size	£14	£14	-
Sports margin	8.2%	5.7%	+46%
Gaming actives	36,931	19,895	+86%
Gaming bets	34.3m	14.8m	+132%
Gaming bet size	£5	£5	-
Gaming margin	3.8%	3.8%	-
CPA	£154	£137*	+12%

\* 12 months to July 2004



# Australia



# AUSTRALIA

	2005	2004	+/-
Sports actives	10,365	7,137	+45%
Sports bets	0.91m	0.66m	+38%
Sports bets / active	87	92	-5%
Sports bet size	A\$257	A\$327	-21%
Sports margin %	3.0%	1.5%	101%
CPA	A\$863	A\$917*	-6%

\* 12 months to July 2004





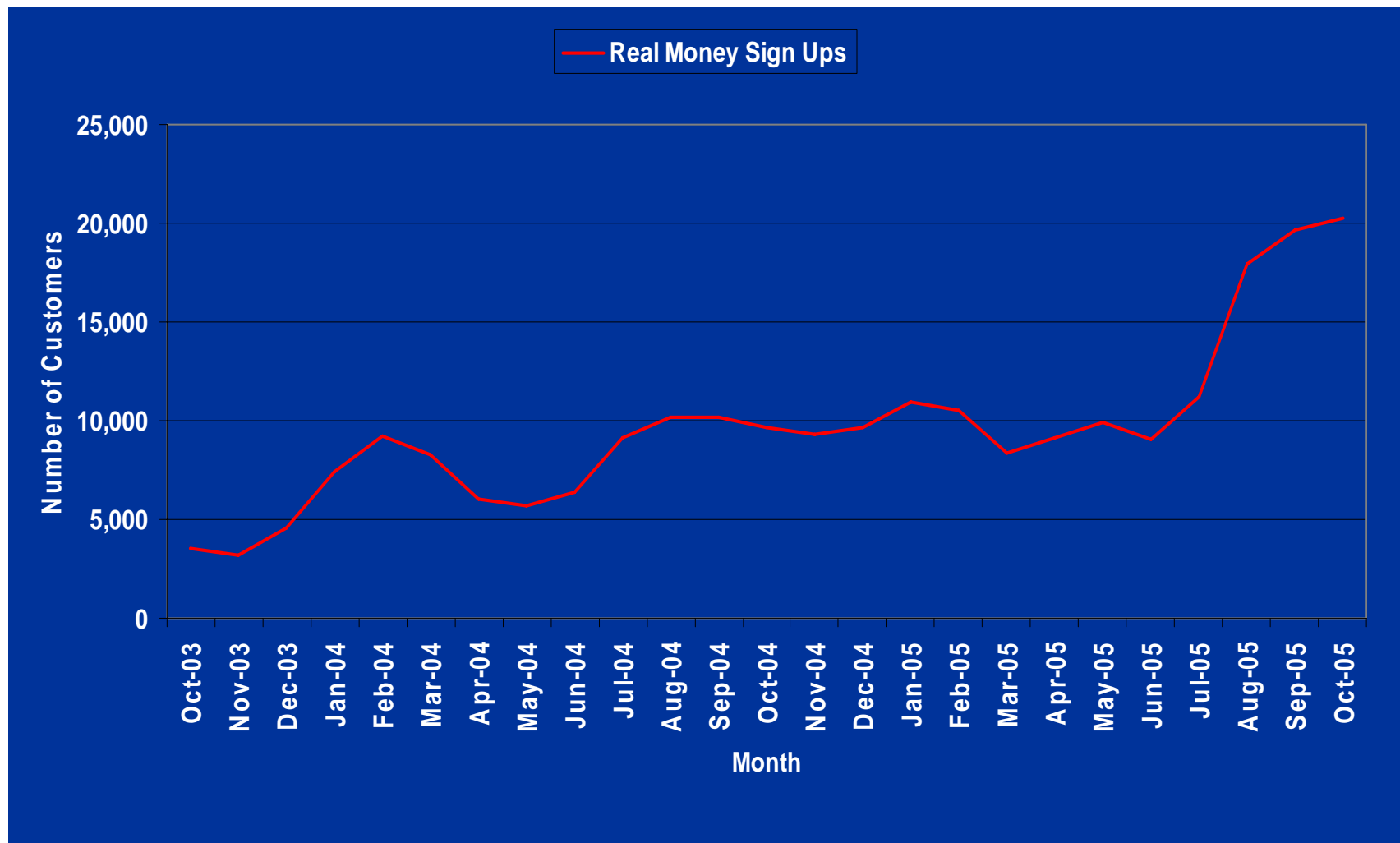
# Paradise Poker

# PARADISE POKER

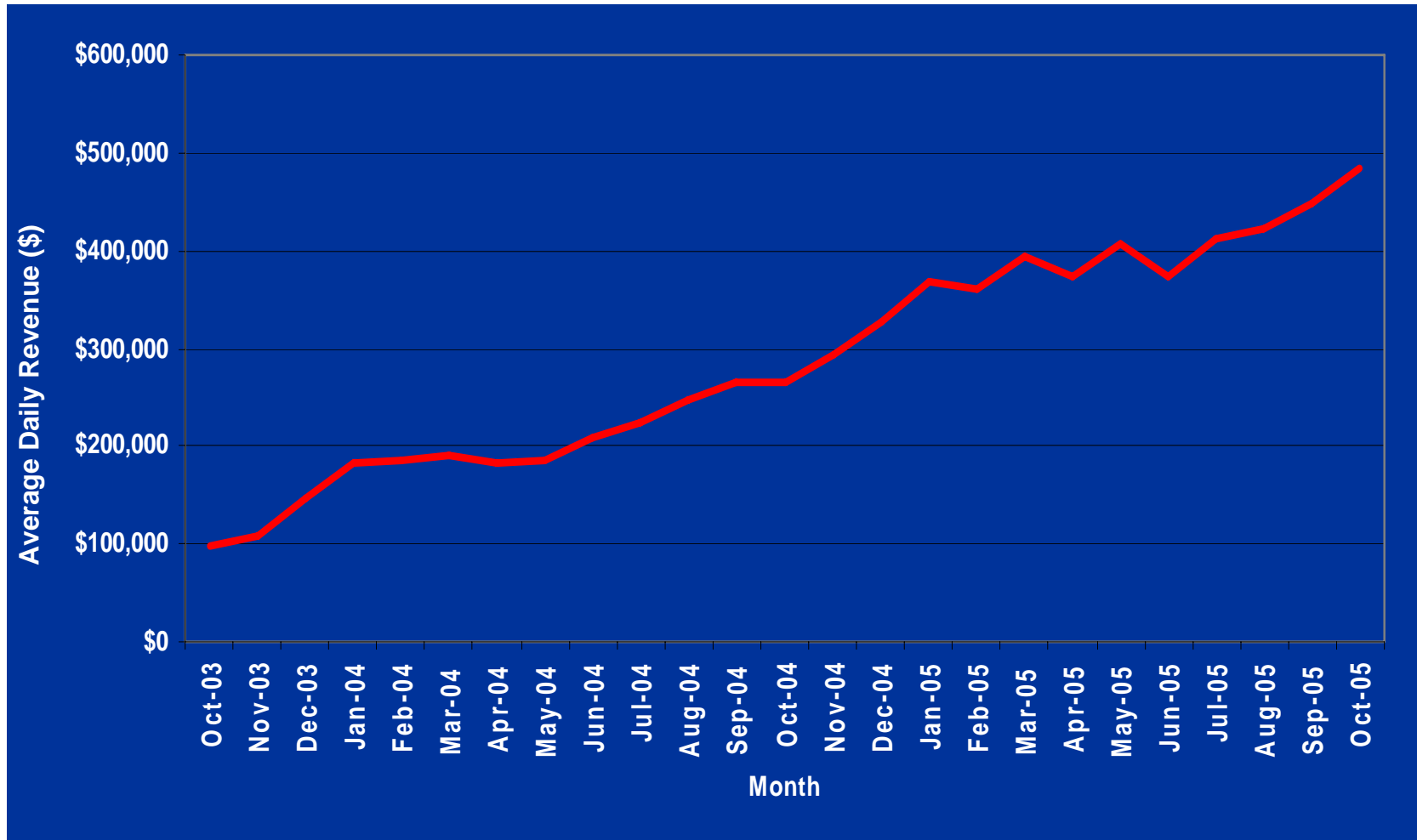
	2005	2004	+/-
<b>Poker actives</b>	<b>168,112</b>	<b>87,209</b>	<b>+93%</b>
<b>Games per day</b>	<b>1.58m</b>	<b>0.81m</b>	<b>+96%</b>
<b>Avg daily rake</b>	<b>\$430,858</b>	<b>\$229,377</b>	<b>+88%</b>
<b>CPA</b>	<b>\$166</b>	<b>\$139*</b>	<b>+19%</b>

\* 12 months to July 2004

# ACQUISITIONS BY MONTH



# AVERAGE DAILY REVENUE







# Cross-Sell

# CROSS-SELL SPORTS TO POKER

	Q1	Oct
<b>Sports players active in Paradise</b>	<b>17,729</b>	<b>12,556</b>
<b>% of total active sports players*</b>	<b>12.7%</b>	<b>11.6%</b>
<b>Rake generated</b>	<b>\$2.4m</b>	<b>\$1.3m</b>
<b>Average rake per day</b>	<b>\$26,000</b>	<b>\$41,000</b>
<b>Average rake per active player</b>	<b>\$136</b>	<b>\$101</b>

\* From those brands which operate a shared purse with Paradise Poker

# CROSS-SELL POKER TO SPORTS

	Q1	Oct
<b>Poker players active in Sportsbook</b>	<b>13,296</b>	<b>11,339</b>
<b>% of total active poker players</b>	<b>8.8%</b>	<b>11.1%</b>
<b>Sports margin</b>	<b>\$0.8m</b>	<b>\$0.5m</b>
<b>Casino margin</b>	<b>\$0.2m</b>	<b>\$0.1m</b>
<b>Sports bet size</b>	<b>\$49</b>	<b>\$49</b>
<b>Sports bets / active</b>	<b>16</b>	<b>13</b>



# Regulation

# REGULATION

- UK
  - No change
- EU
  - EU formal study commenced, market distortion risk still high
  - Dutch initiative typical example
  - Service Directive emerged without gambling
- USA
  - Further Kyl initiatives refused time, Oxley out, Leach re-surfaces
  - CBS 60 Minutes record year audience
- AUSTRALIA
  - Exchange licence now likely



# Summary and Way Forward

# SUMMARY

- Business growing strongly:
  - Organic sports and casino growth strong
  - Poker growth exceeding expectations
  - All parts of business growing strongly
  - Shared purse started well
  - Strong cash generation
  - Good start to the year

