



sportingbet Plc

Quarter 2 Results to 31 January 2006

Wednesday 22 February 2006

BUSINESS HIGHLIGHTS

- Registered customers up 0.5m (15%) to 3.9m
- New real money customers up 62% to 159,814 (2005: 98,799)
- Average cost of customer acquisition £142 (2005 full year: £137)
- Sports and gaming bets up 38% to 166.8m (2005: 120.6m)
- Average daily Paradise Poker rake up 107% to \$541,782 (2005: \$261,668)



FINANCE HIGHLIGHTS

- Gross margin of £83.1m up 66% (2005: £50.1m)
- Operating profit of £34.8m up 62% (2005: £21.5m)
- Profit before tax of £27.0m up 72% (2005: £15.7m)
- Cash generated from operating activities of £35.0m (2005: £26.2m)
- Diluted EPS* of 8.2p (2005: 4.9p)
- Interim dividend of 1.0p per share

* Pre goodwill amortisation and UITF 17 share option charge





Financial Review

PROFIT AND LOSS

	Q2	Q2	H1	H1
	2006	2005	2006	2005
	£m	£m	£m	£m
Turnover	647.7	463.4	1,128.1	819.2
Gross profit	83.1	50.1	147.7	74.3
Costs	(48.3)	(28.6)	(90.6)	(48.3)
Operating profit	34.8	21.5	57.1	26.0
Share option charge	(1.5)	-	(3.0)	-
Goodwill	(5.5)	(4.8)	(11.0)	(6.7)
Associate	-	0.1	-	0.3
Interest	(0.8)	(1.1)	(1.8)	(1.3)
Tax	(0.4)	(0.1)	(0.7)	(0.1)
Retained profit	26.6	15.6	40.6	18.2
Basic EPS*	8.4p	6.3p	14.8p	9.3p
Diluted EPS*	8.2p	4.9p	14.4p	6.8p

* Pre goodwill amortisation and UITF 17 share option charge

OPERATING PROFIT RECONCILIATION

	£m	£m
Second quarter 2005 – operating profit		21.5
Sports volume effect	5.4	
Sports margin effect (5.3% vs 5.3%)	(0.2)	
Increased casino / games / fee income	7.9	
Costs (including customer bonuses)	(10.8)	
		2.3
Paradise Poker growth		7.2
ISC Entertainment		1.0
Impact of exchange (\$1.74 vs \$1.89)		2.8
Second quarter 2006 – operating profit		34.8

TURNOVER BY ACTIVITY - LIKE FOR LIKE

	Q2	Q2	%	H1	H1	%
	2006	2005	<i>chg</i>	2006	2005	<i>chg</i>
	£m	£m		£m	£m	
Sports	561.3	452.8	24.0	1,002.2	810.2	23.7
Casino and gaming	19.6	14.6	34.2	35.1	24.6	42.7
Poker	30.2	13.9	117.3	55.4	26.6	108.3
Fee income	3.0	2.5	20.0	5.4	4.0	35.0
	614.1	483.8	26.9	1,098.1	865.4	26.9

Turnover by activity like for like is at constant exchange and gross of customer bonuses and includes the pre-acquisition effect of Paradise and ISC Entertainment

GROSS MARGIN BY ACTIVITY - LIKE FOR LIKE

	Q2	Q2	%	H1	H1	%
	2006	2005	Chg	2006	2005	Chg
	£m	£m		£m	£m	
Sports (5.3% vs 5.3%)	29.6	24.2	22.3	58.1	39.7	46.3
Casino and gaming	19.6	14.6	34.2	35.1	24.6	42.7
Poker	30.2	13.9	117.3	55.4	26.6	108.3
Fee income	3.0	2.5	20.0	5.4	4.0	35.0
	82.4	55.2	49.3	154.0	94.9	62.3

Gross Margin by activity like for like is at constant exchange and gross of customer bonuses and includes the pre-acquisition effect of Paradise and ISC Entertainment

OPERATING COSTS (STANDARD MARGIN)

	Q2 2006 £m	% of margin	Q2 2005 £m	% of margin	H1 2006 £m	% of margin	H1 2005 £m	% of margin
Marketing								
- reported	18.4	20.0	9.8	17.8	36.6	22.8	16.2	18.6
- customer bonuses	4.5	4.9	3.4	6.2	11.7	7.3	6.0	7.0
	22.9	24.9	13.2	24.0	48.3	30.1	22.2	25.6
Banking	12.2	13.3	8.5	15.4	22.0	13.7	13.1	15.1
IT costs	4.5	4.8	3.1	5.6	8.3	5.2	6.1	7.1
Employees	8.5	9.3	4.9	8.9	15.2	9.4	8.7	10.0
Depreciation	1.1	1.2	0.6	1.1	2.1	1.3	1.1	1.3
Other admin	3.6	3.9	1.7	3.1	6.4	4.0	3.1	3.6
	52.8	57.4	32.0	58.1	102.3	63.7	54.3	62.7

BALANCE SHEET

		Jan 2006	Jan 2005
		£m	£m
FIXED ASSETS	Goodwill and investments	386.7	357.0
	Tangible assets	10.5	6.2
		397.2	363.2
WORKING CAP	Debtors	23.2	11.6
	Cash	101.8	66.1
	Creditors	(73.9)	(52.7)
		51.1	25.0
DEBT	Bank loans	(42.2)	(85.0)
	Deferred consideration	-	(3.7)
	Contingent consideration	(26.9)	(23.4)
		379.2	276.1
RESERVES	Share capital	0.4	0.3
	Shares to be issued	40.5	50.0
	Share premium/other	41.3	213.2
	Profit and loss	297.0	12.6
		379.2	276.1

CASHFLOW

	£m	£m
Opening cash as at 31 October 2005		85.9
EBITDA	34.4	
Interest	(0.2)	
Working capital	0.6	
		34.8
Capital expenditure	(1.9)	
Dividend payment	(4.2)	
World Gaming deferred consideration	(2.3)	
Bank loan repayment	(10.7)	
		(19.1)
Share options exercised		0.2
Closing cash as at 31 January 2006*		101.8

* Includes client liabilities of £47.5m

NUMBER OF SHARES

	Millions of shares
Shares in issue at 31 October 2005	337.6
DBS convertible	83.2
Options exercised	0.6
Shares in issue at 31 January 2006	421.4
Share options	9.7
Employee share plan	4.3
Diluted at 31 January 2006 (FRS 14)	435.4
Paradise Poker contingent consideration	9.8
Adjusted diluted	445.2

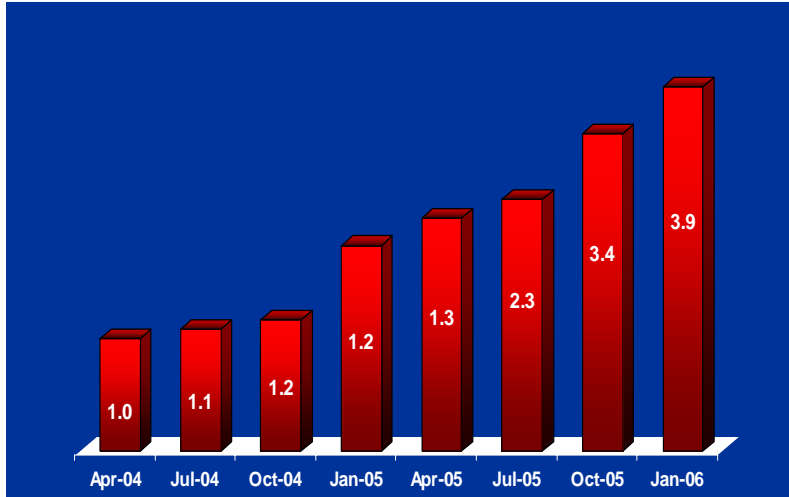


Operational Review

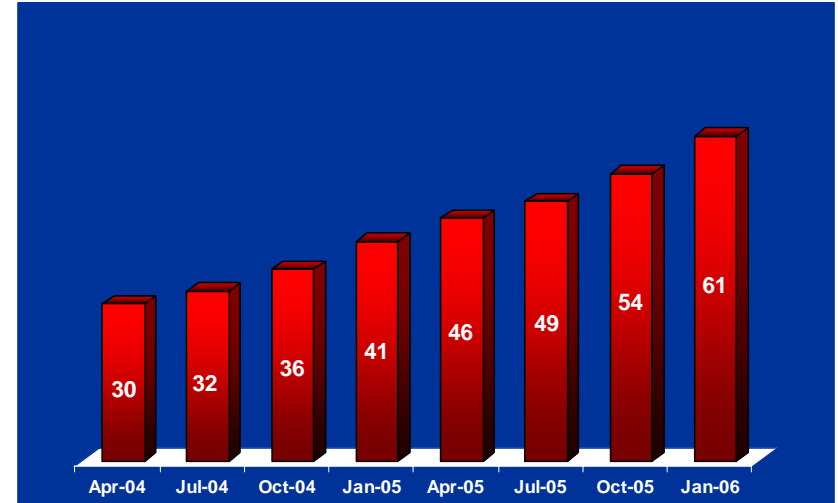
Sports and Casino

OPERATIONS – VOLUME TRENDS

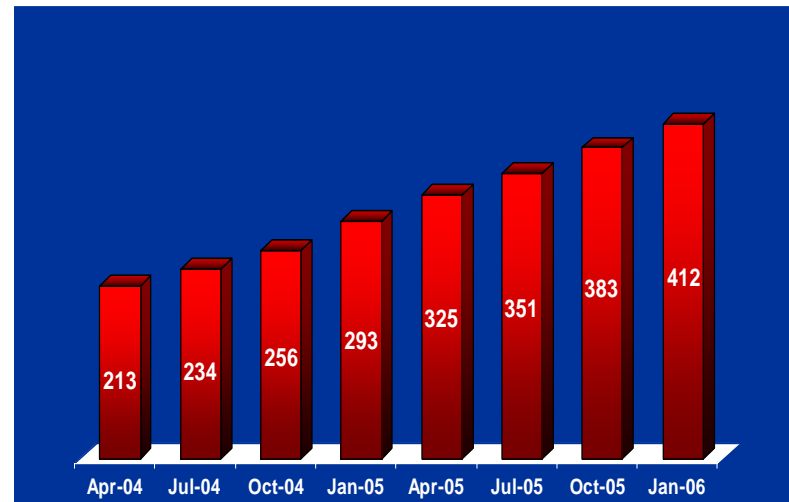
Registered Customers (m)



Rolling Annual Sports Bets (m)

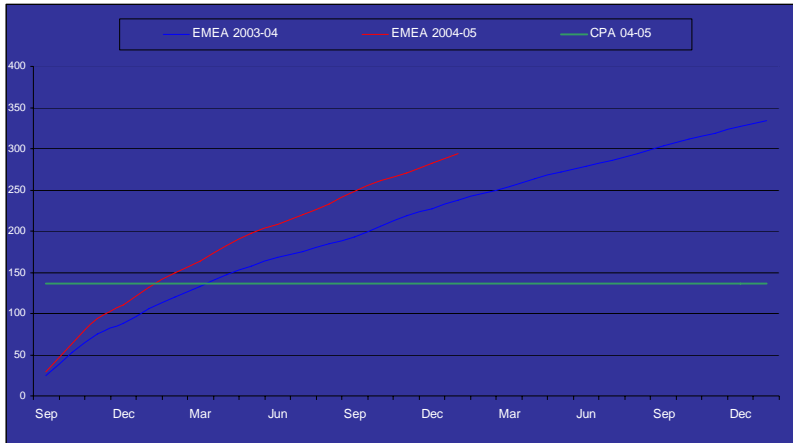


Rolling Annual Gaming Bets (m)

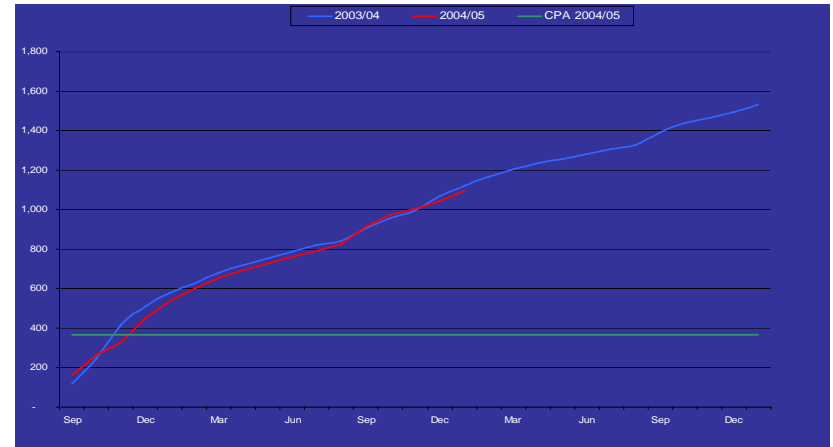


CUSTOMER VALUE – Sports and Casino

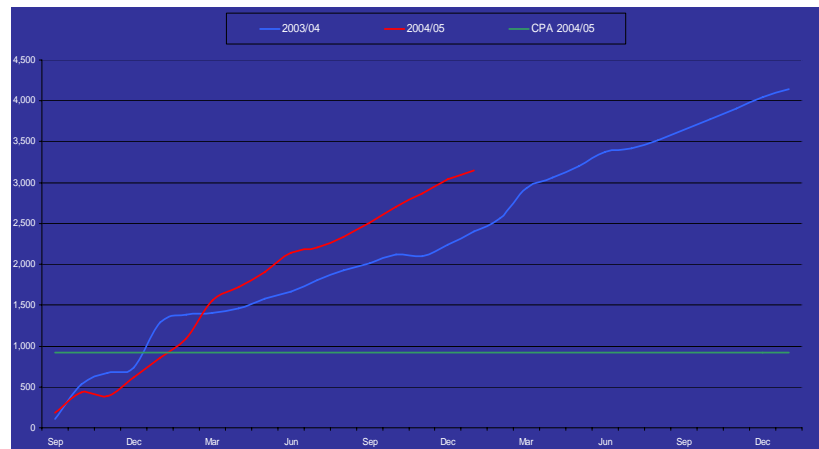
Europe £



US \$



AUS \$





America

Sports and Casino



AMERICA

	Q2 2005/06	Q2 2004/05	+/-
Sports actives	192,695	124,632	+54.6%
Sports bets	12.4m	9.0m	+37.8%
Sports bets / active	64	72	-11.1%
Sports bet size	\$54	\$58	-6.9%
Sports margin %	5.3%	6.0%	- 11.7%

Includes Paradise customers active in sports and casino betting



AMERICA

	Q2 2005/06	Q2 2004/05	+/-
Gaming actives	73,356	57,228	+28.2%
Gaming bets	102.8m	84.9m	+21.1%
Gaming bet size	\$10	\$11	-9.1%
Gaming margin %	2.0%	2.0%	-
CPA*	\$253	\$368	-31.3%

*2004-05 is for 12 months to July 2005

Includes Paradise customers active in sports and casino betting



CROSS-SELL PARADISE TO SPORTSBOOK

	Q2	Q1	+/-
Active customers	23,005	13,296	+73.0%
% of total active poker players	13.9%	8.8%	+58.0%
Sports margin	\$1.4m	\$0.8m	+75.0%
Casino margin	\$0.5m	\$0.2m	+150.0%
Sports bet size	\$53	\$49	+8.2%
Sports bets / active	32	16	+100.0%

AMERICA

- Record performance – especially customer acquisition
- New markets – South America
- New Product – in-running, new casino, shared purse
- Good advertising opportunities
- Mobile and skill games still unproven



The Superbowl

- Record bet numbers of 393,931
- Total amount bet \$23m
- Average bet size \$59
- Record day for cross sell to Paradise Poker circa \$81,000
- Second best day ever on US casino





Europe

Sports and Casino



EUROPE

	Q2 2005/06	Q2 2004	+/-
Sports actives	159,661	102,649	+55.5%
Sports bets	8.7m	5.0m	+74.0%
Sports bets / active	54	48	+12.5%
Sports bet size	£14	£13	+7.7%
Sports margin %	6.6%	8.8%	-25.0%



EUROPE

	Q2 2005/06	Q2 2004/05	+/-
Gaming actives	40,413	23,945	+ 68.8%
Gaming bets	41.9m	20.9m	+100.5%
Gaming bet size	£5	£5	-
Gaming margin %	3.8%	3.5%	+ 8.6%
CPA*	£158	£137	+ 15.3%

*2004-05 is for 12 months to July 2005



- Record performance by some distance
- All targeted markets now covered; focus on penetration
- Re-examining Asia
- New product opportunities: mobile, games, in-running
- Good advertising opportunities
- Significant infrastructure investment made





Australia

Sports



AUSTRALIA

	Q2 2005/06	Q2 2004/05	+/-
Sports actives	7,853	6,884	+ 14.1%
Sports bets	1.0m	0.8m	+ 25.0%
Sports bets / active	133	114	+ 16.7%
Sports bet size	A\$201	A\$308	- 34.7%
Sports margin %	3.3%	1.3%	+ 153.8%
CPA*	A\$1,019	A\$917	+ 11.1%

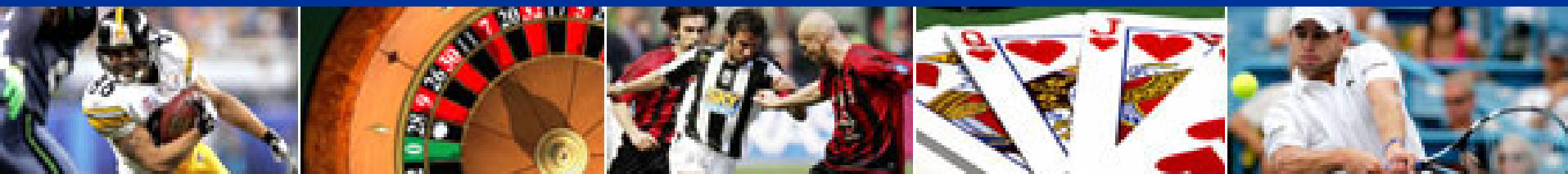
*2004-05 is for 12 months to July 2005



AUSTRALIA

- Record performance
- Complete new suite of tools now in place
- Fundamentals improving
- Improving margin and cost dynamics
- Exchange licences having no impact to date





Paradise Poker



PARADISE POKER

	Q2 2005/06	Q1 2005/06	% chg Q on Q	Q2 2004/05	% chg Yr on Yr
Poker actives	188,273	168,112	12.0%	99,036	90.1%
Games per day	2.10m	1.58m	32.9%	0.85m	147.1%
Average daily rake	\$541,782	\$430,858	25.7%	\$261,668	107.0%
CPA*	\$199	\$166	19.9%	\$139	43.2%

*Q2 2004-05 is for 12 months 2004/05

Includes sports customers active in Paradise Poker



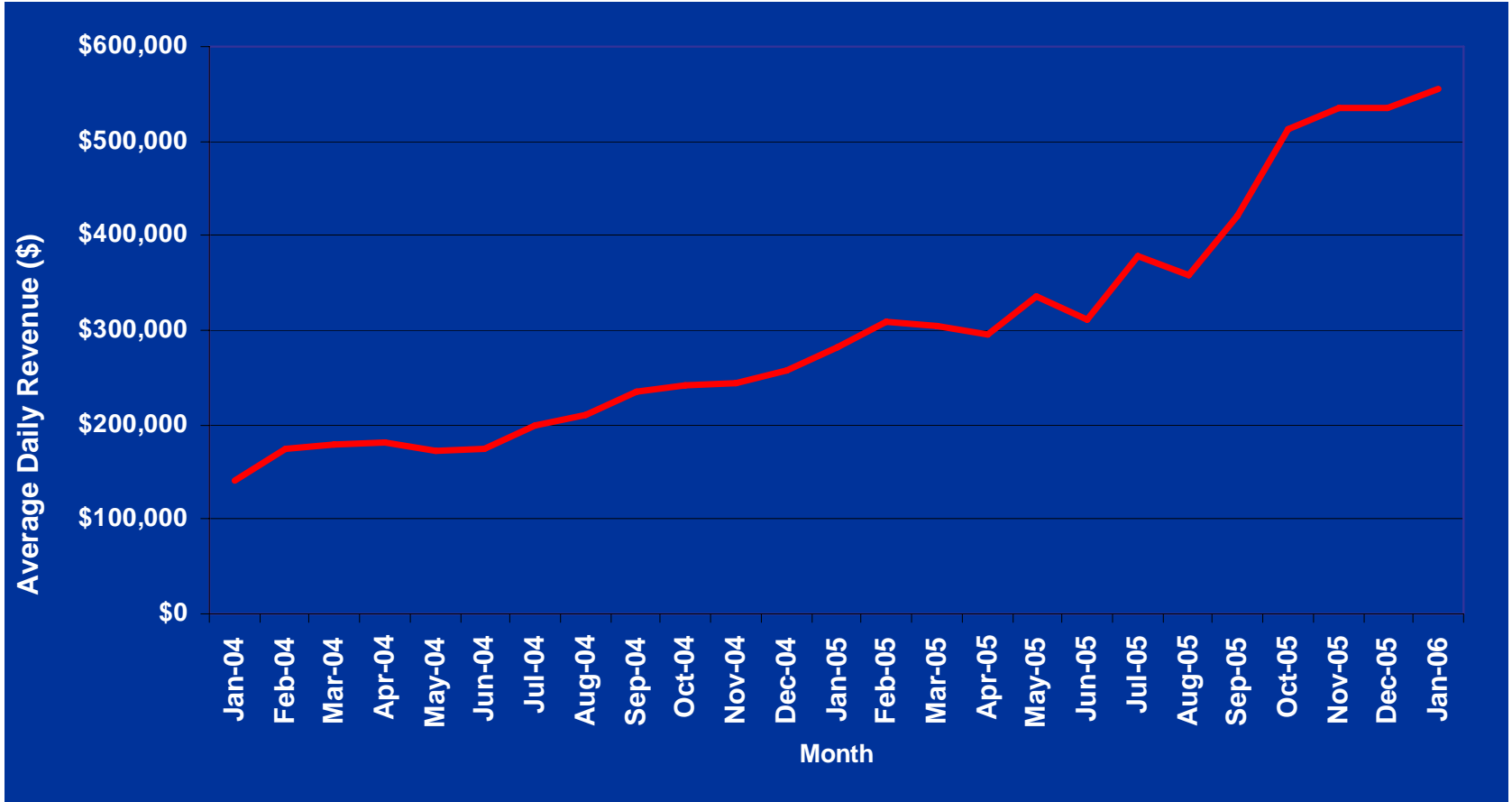
CROSS-SELL SPORTS TO PARADISE POKER

	Q2	Q1	+/-
Sports players active in Paradise	23,077	17,729	+30.2%
% of total active sports players*	14.4 %	12.7 %	+13.4%
Rake generated	\$4.9m	\$2.4m	+104.2%
Average rake per day	\$52,888	\$26,000	+103.4%

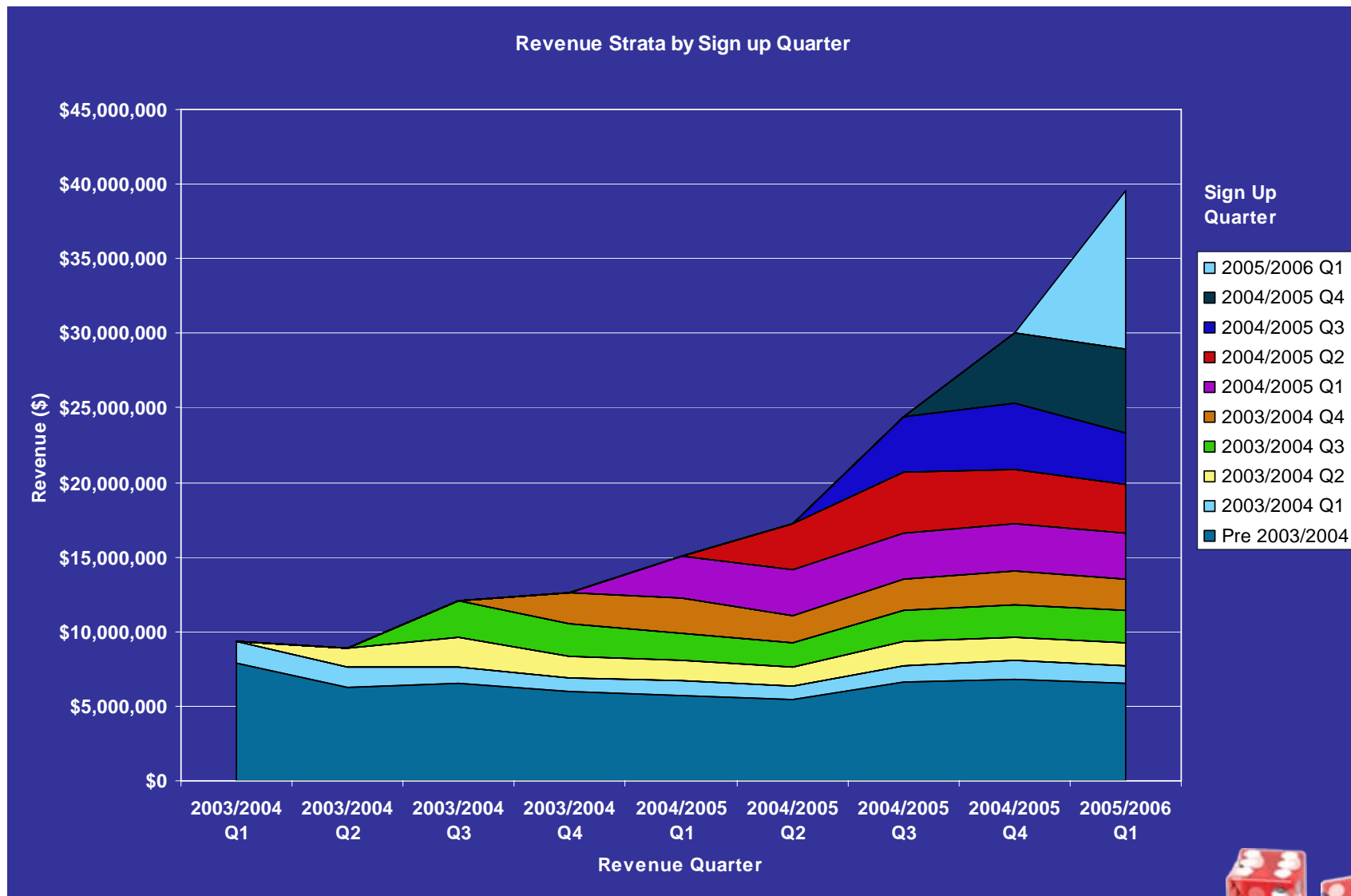
* From those brands which operate a shared purse with Paradise Poker



AVERAGE DAILY REVENUE



Paradise Poker - rake analysis



PARADISE POKER

- Continues to exceed expectations
- Organic growth strong
- Confident of future rake growth this year
- No rakeback schemes – phenomenon dying away
- System capacity increased
- Cross-sell very encouraging
- New additional games this spring



Regulation



- UK
 - Strategic positioning in evidence
 - Taxation still unresolved; only one realistic option
 - In reality washing their hands of Europe and the US
- EU
 - Regulatory lip service at best at EU level
 - Country specific stances abound
 - Will be played out by Case law
 - Few operators located within the EU



REGULATION

- USA
 - All interested parties are aligning and better educated
 - Strong evidence of change of stance by AGA
 - Congress vilified Google regarding internet free speech
 - Understanding of inconsistencies increased: Horses, Fantasy
 - WTO still being blatantly violated
 - 2006 is almost certainly “Custer’s last stand”
 - Moralistic opponents realise this and are pulling out all the stops
 - Will be a “noisy” year
 - All of the barriers still remain





Summary and Way Forward



SUMMARY

- Business never been in better shape:
 - All regions had their best ever quarter
 - Sports and casino growth strong (even in more mature markets)
 - Poker growth exceeding expectations
 - Very strong cash generation



SUMMARY

- So where are we ?
 - Market that continues to grow aggressively; not slowing yet
 - Benefits of Sportingbet vision being realised, strategies converging
 - Infrastructure investment will continue
 - Land based operator activity increasing
 - Focus on market penetration, new markets, cross-sell
 - Product expansion still embryonic
 - Consider further growth opportunities
 - Continue lobbying efforts across the world
 - Continue social responsibility programme
 - Still a GREAT place to be

