



sportingbet Plc

Quarter 3 Results to 30 April 2006

Thursday 25 May 2006

BUSINESS HIGHLIGHTS

- Registered customers up 0.5m (86%) to 4.4m
- New real money customers up 58% to 170,580 (2005: 108,136)
- Average cost of customer acquisition £142 (2005 full year: £137)
- Sports and gaming bets up 39% to 149.3m (2005: 107.5m)
- Average daily Paradise Poker rake up 90% to \$575,339 (2005: \$302,555)
- Acquisition of 50% interest in Puntobet S.R.L., a licensed Italian online sports bookmaker, for €2.9m in cash



FINANCE HIGHLIGHTS

- Gross margin up 58% to £84.4m (2005: £53.4m)
- Operating profit up 43% to £28.8m (2005: £20.2m)
- £3.2m set aside for investment in marketing initiatives in Q4
- Profit before tax up 55% to £21.2m (2005: £13.7m)
- Cash generated from operating activities of £29.5m (2005: £18.7m)
- Diluted EPS* of 6.4p (2005: 4.2p)

* Pre goodwill amortisation and share option charges





Financial Review

PROFIT AND LOSS

	Q3	Q3	YTD	YTD
	2006	2005	2006	2005
	£m	£m	£m	£m
Turnover	507.3	386.9	1,635.4	1,206.1
Gross profit	84.4	53.4	232.1	127.7
Costs	(55.6)	(33.2)	(146.2)	(81.5)
Operating profit	28.8	20.2	85.9	46.2
Share option charge	(1.5)	-	(4.5)	-
Goodwill	(5.6)	(4.9)	(16.6)	(11.6)
Associate	-	-	-	0.3
Interest	(0.5)	(1.6)	(2.3)	(2.9)
Tax	(0.5)	(0.5)	(1.2)	(0.6)
Retained profit	20.7	13.2	61.3	31.4
Diluted EPS*	6.4p	4.2p	20.7p	10.9p

* Pre goodwill amortisation and share option charges

GROSS MARGIN BY ACTIVITY - LIKE FOR LIKE

	Q3 2006 £m	Q3 2005 £m	% Chg	YTD 2006 £m	YTD 2005 £m	% Chg
Sports (7.3% vs 6.7%)	31.7	25.0	26.8	89.8	64.7	38.8
Casino and gaming	18.1	14.7	23.1	53.2	39.3	35.4
Poker	31.3	16.7	87.4	86.7	43.3	100.2
Fee income	2.8	2.4	16.7	8.2	6.4	28.1
	83.9	58.8	42.7	237.9	153.7	54.8

Like for Like Gross Margin for 2006 is after deducting £4.9m of exchange effect and adding back customer bonuses of £4.4m. 2005 has also been adjusted for the acquisition effect of Paradise and ISC Entertainment

OPERATING COSTS (STANDARD MARGIN)

	Q3	<i>% of</i>	Q3	<i>% of</i>	YTD	<i>% of</i>	YTD	<i>% of</i>
	2006	<i>margin</i>	2005	<i>margin</i>	2006	<i>margin</i>	2005	<i>margin</i>
	£m		£m		£m		£m	
Marketing								
- reported	23.2	28.0	11.9	22.5	59.8	24.5	28.1	20.1
- customer bonuses	4.4	5.3	3.6	6.8	16.1	6.6	9.6	6.9
	27.6	33.3	15.5	29.3	75.9	31.1	37.7	27.0
Banking	12.5	15.0	8.6	16.3	34.5	14.2	21.7	15.6
IT costs	5.3	6.3	3.6	6.9	13.6	5.6	9.7	7.0
Employees	8.6	10.5	5.4	10.2	23.8	9.8	14.1	10.1
Depreciation	1.3	1.5	0.7	1.3	3.4	1.4	1.8	1.3
Other admin	4.7	5.7	3.0	5.6	11.1	4.5	6.1	4.3
	60.0	72.3	36.8	69.6	162.3	66.6	91.1	65.3

BALANCE SHEET

		Apr 2006	Apr 2005
		£m	£m
FIXED ASSETS	Goodwill and investments	376.8	354.0
	Tangible assets	11.8	7.5
		388.6	361.5
WORKING CAP	Debtors	24.8	11.4
	Cash	103.9	70.2
	Creditors	(77.3)	(51.5)
		51.4	30.1
DEBT	Bank loans	(21.5)	(74.3)
	Deferred consideration	-	(2.1)
	Contingent consideration	(26.6)	(23.3)
		391.9	291.9
RESERVES	Share capital	0.4	0.3
	Shares to be issued	41.3	54.8
	Share premium/other	42.8	213.4
	Profit and loss	307.4	23.4
		391.9	291.9

CASHFLOW

	£m	£m
Opening cash		101.8
EBITDA	28.6	
Interest	0.1	
Working capital	0.9	
		29.6
Capital expenditure	(2.6)	
Interim dividend payment	(4.2)	
Bank loan repayment	(20.7)	
		(27.5)
Closing cash as at 30 April 2006*		103.9

* Includes client liabilities of £45.9m

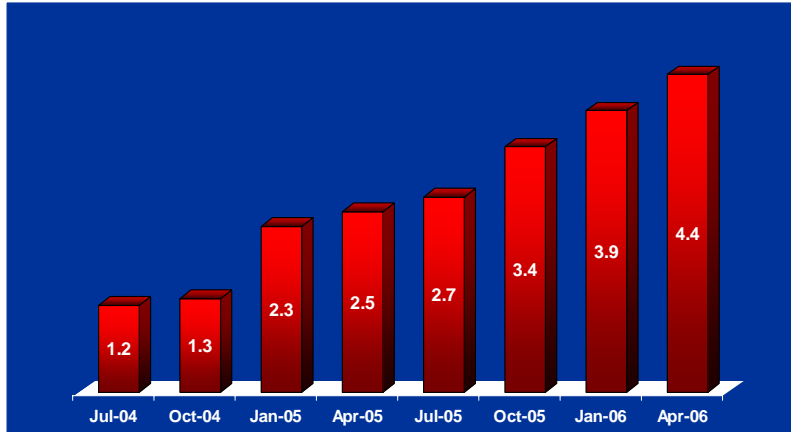


Operational Review

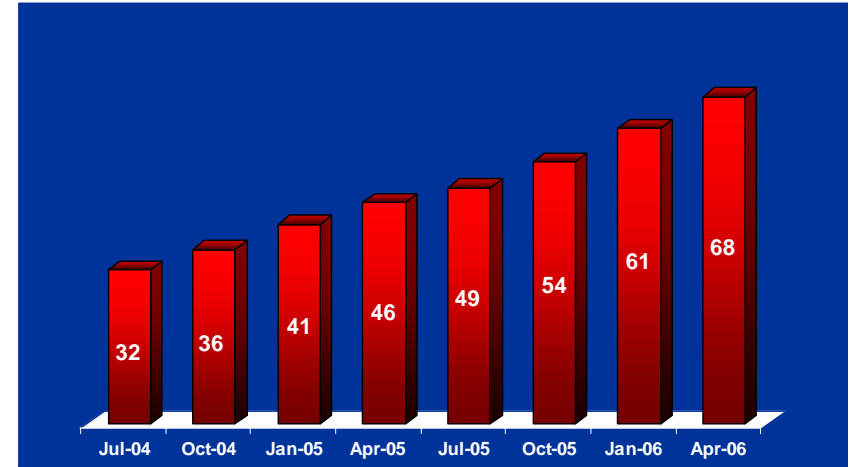
Sports and Casino

OPERATIONS – VOLUME TRENDS

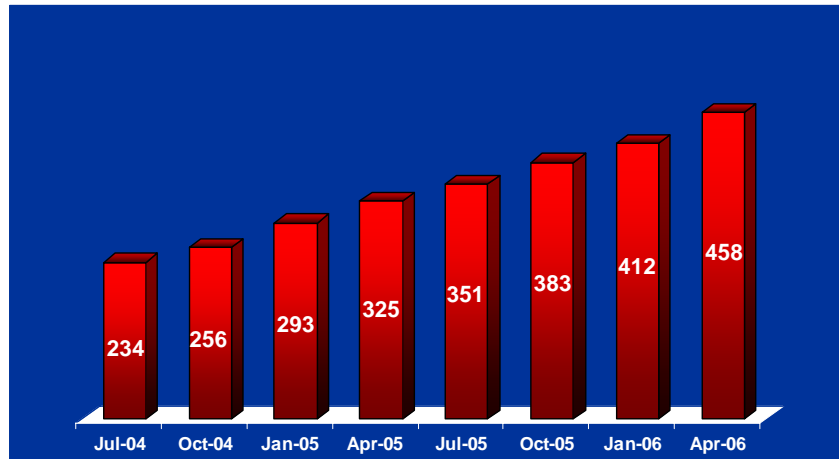
Registered Customers (m)



Rolling Annual Sports Bets (m)

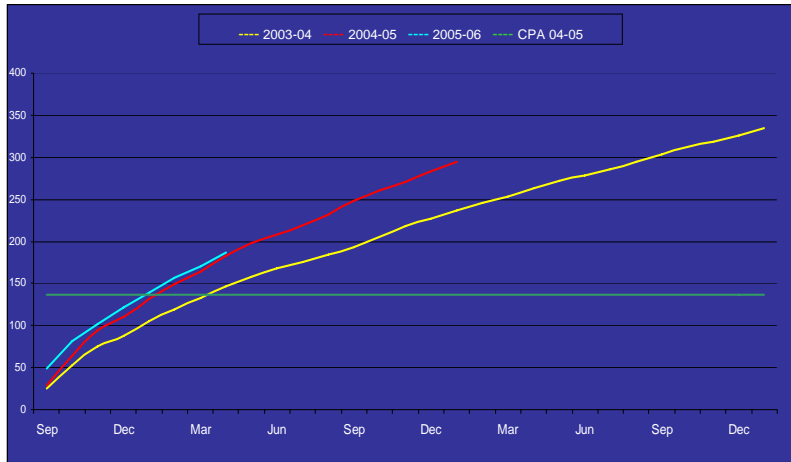


Rolling Annual Gaming Bets (m)

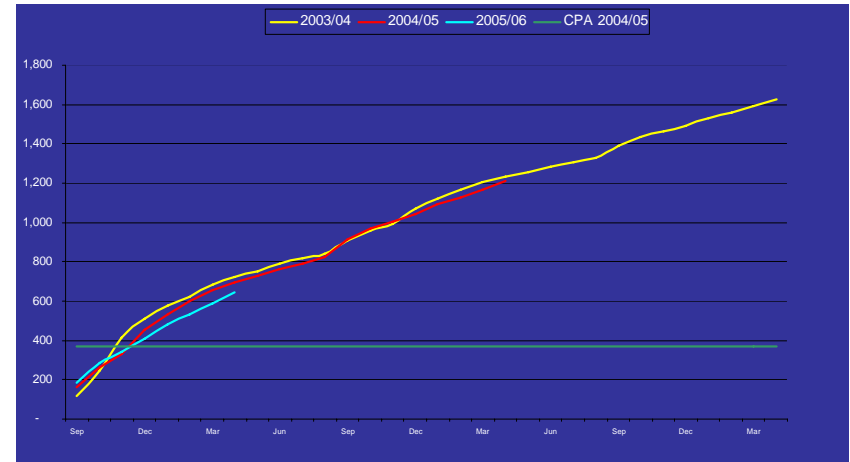


CUSTOMER VALUE – Sports and Casino

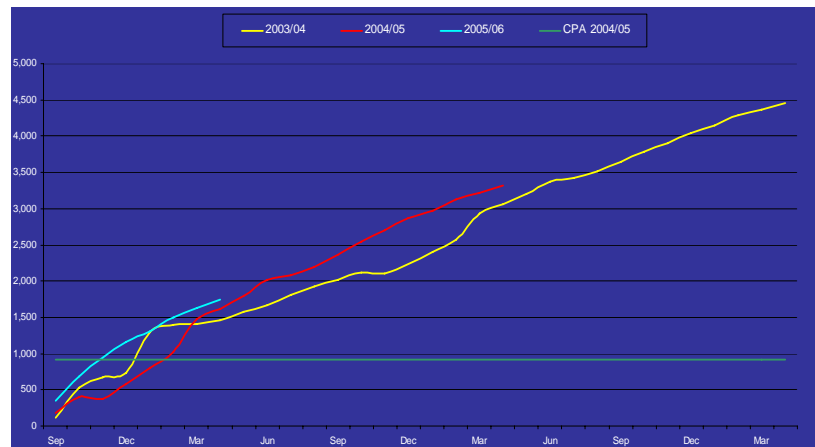
Europe £



US \$



AUS \$





America

Sports and Casino



AMERICA

	Q3 2005/06	Q3 2004/05	+/-
Sports actives	164,265	108,791	+51.0%
Sports bets	8.2m	6.1m	+35.2%
Sports bets / active	50	56	-10.7%
Sports bet size	\$51	\$56	-9.3%
Sports margin %	8.0%	7.5%	+6.0%
Gaming actives	62,533	51,298	+21.9%
Gaming bets	85.1m	65.1m	+30.7%
Gaming bet size	\$11	\$12	-10.9%
Gaming margin %	1.9%	1.9%	-
CPA*	\$291	\$368	-20.9%

*2004-05 is for 12 months to July 2005

Includes Paradise customers active in sports and casino betting



CROSS-SELL PARADISE TO SPORTSBOOK

	Q3 2005/06	Q2 2005/06	+/-
Active customers	22,685	23,005	-1.4%
% of total active poker players	13.8%	13.9%	-0.7%
Sports margin	\$1.9m	\$1.4m	+35.7%
Casino margin	\$0.7m	\$0.5m	+40.0%
Sports bet size	\$52	\$53	-2.3%
Sports bets / active	21	32	-34.4%



AMERICA

- Strong quarter across all measures
- Emphasis now on
 - increased IT delivery
 - new product
 - brand identities





Europe

Sports and Casino



EUROPE

	Q3 2005/06	Q3 2004/05	+/-
Sports actives	196,245	133,714	+46.8%
Sports bets	10.6m	6.2m	+70.5%
Sports bets / active	54	47	+16.1%
Sports bet size	£13	£12	+5.1%
Sports margin %	8.7%	8.9%	-2.9%
Gaming actives	48,872	30,786	+58.7%
Gaming bets	44.3m	29.3m	+51.2%
Gaming bet size	£5.1	£5.6	-8.9%
Gaming margin %	3.9%	3.5%	+11.1%
CPA*	£145	£137	+5.8%

*2004-05 is for 12 months to July 2005



- Continues to go from strength to strength
- Real penetration achieved in most markets
- Regional branding strategy being followed
- IT capabilities and infrastructure materially uplifted





Australia

Sports



AUSTRALIA

	Q3 2005/06	Q3 2004/05	+/-
Sports actives	7,775	7,153	+8.7%
Sports bets	1.1m	0.8m	+34.5%
Sports bets / active	142	115	+23.8%
Sports bet size	A\$176	A\$297	-40.9%
Sports margin %	3.0%	3.5%	-15.1%
CPA*	A\$778	A\$917	-15.2%

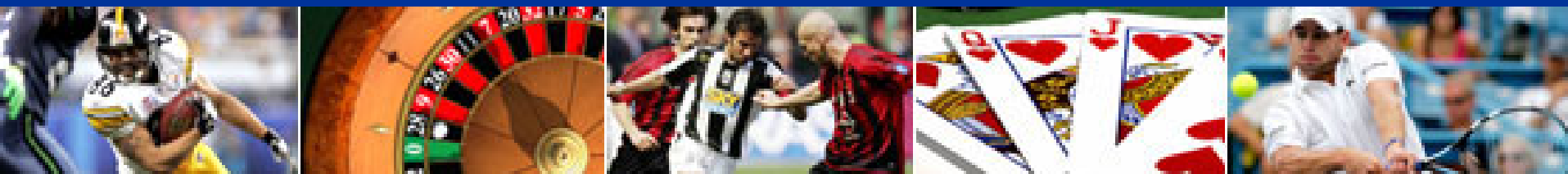
*2004-05 is for 12 months to July 2005



AUSTRALIA

- Unrecognisable from 18 months ago
- New internet platform best in class
- Exchanges having little impact
- Victorian State Levy being closely monitored





Paradise Poker



PARADISE POKER

	Q3 2005/06	Q2 2005/06	% chg Q on Q	Q3 2004/05	% chg Yr on Yr
Poker actives	187,522	188,273	-0.4%	109,511	+71.2%
Games per day	2.16m	2.10m	+2.7%	1.17m	+84.0%
Average daily rake	\$575,339	\$541,782	+6.2%	\$302,555	+90.2%
CPA*	\$204	\$199	+2.5%	\$139	+46.8%

*Q3 2004-05 is for 12 months 2004/05

Includes sports customers active in Paradise Poker



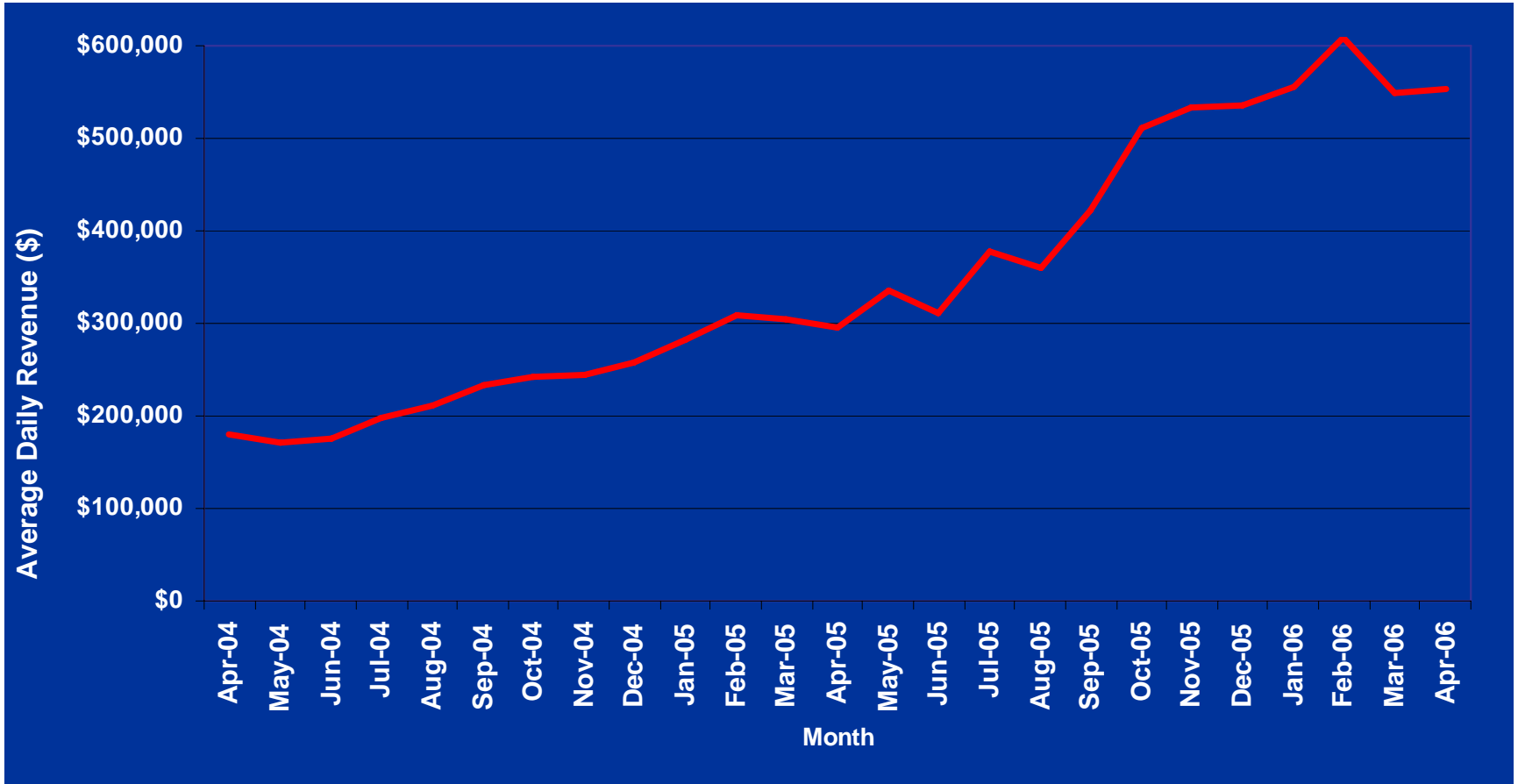
CROSS-SELL SPORTS TO PARADISE POKER

	Q3	Q2	+/-
Sports players active in Paradise	22,551	23,077	-2.3%
% of total active sports players*	16.9%	14.4%	+17.4%
Rake generated	\$4.8m	\$4.9m	-0.6%
Average rake per day	\$54,324	\$52,888	+2.7%

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



AVERAGE DAILY REVENUE



- Business in line with expectations
- Further product development over the summer
- Rake likely to fall off during the summer
- Remain confident of growth in busy season



Regulation



REGULATION

- UK
 - Taxation still unresolved; only one realistic option
 - Unlikely to see anything sensible
 - Washing their hands of Europe and the US
- EU
 - Still lip service at best at EU level
 - Country specific stances abound
 - Infringement cases mere token gestures
 - Case Law will be the only way now



REGULATION

- USA
 - Congress much better educated
 - Important change of stance by AGA as predicted
 - Bills increasingly recognised now for protectionism
 - Understanding of inconsistencies increased: Horses, Fantasy
 - WTO still being blatantly violated
 - End game may end up being through Appropriations
 - Year pretty much playing out as expected
 - 2007 and a Study Bill focus likely to be more positive





Summary and Way Forward



SUMMARY

- Business is in good shape:
 - All regions had their best ever third quarter
 - Sports and casino growth remains strong
 - Poker growth in line with expectations
 - Strong cash generation
 - Benefits of Sportingbet vision being realised



SUMMARY

- Focus now on
 - Brands and brand identity
 - IT delivery
 - Market penetration (old and new)
 - Cross-sell
- Product expansion still embryonic
- Consider further growth opportunities
- Continue lobbying efforts across the world
- Continue social responsibility programme

