



**sportingbet Plc**

**Quarter 2 Results**

**to**

**31 January 2007**

**Wednesday 28 February 2007**

# HIGHLIGHTS

- Gross Profit up by 40% to £34.7m
- £56m of annualised costs removed from ongoing group
- Poker operations consolidated on one platform
- Strong growth in customer numbers and volumes
- Acquisition of Turkish marketing partner and further investment in Italy
- Benefits of operational initiatives starting to flow through

# PROFIT AND LOSS – THE CONTINUING BUSINESS

	Q2 2007	Q2 2006
	£m	£m
Turnover	281.9	223.2
Gross profit	34.7	24.7
Costs	(32.7)	(23.4)
Operating profit	2.0	1.3
Share option charge	(2.1)	(1.1)
Goodwill	(1.2)	(1.4)
Interest	0.2	(1.0)
Tax	(0.1)	(0.4)
Minority interest	0.2	-
Retained loss	(1.0)	(2.6)
Fully diluted EPS*	0.5p	(0.1)p

\* Before share option charge, goodwill amortisation and exceptional charges

# Q2 GROSS PROFIT – THE CONTINUING BUSINESS

		Q2 2007	Q2 2006	% chg
		£m	£m	
Europe	- Sports	17.6	7.9	123%
	- Casino and gaming	8.3	7.7	8%
	- Poker	4.1	3.5	17%
		<b>30.0</b>	<b>19.1</b>	<b>57%</b>
Australia	- Sports	2.7	2.9	-7%
Paradise (non-US)		3.5	4.6	-24%
Customer bonus adjustment		(1.5)	(1.9)	
		<b>34.7</b>	<b>24.7</b>	<b>40%</b>

# COSTS – THE PROFORMA REVISED MODEL

	Year Ending July 2007	
	Pre UIGEA £m	Post UIGEA Proforma Restated £m
<b>Gross Profit</b>	400	145
<b>Costs</b>	(257)	(125)
	143	20
<b>Central Costs</b>	(18)	(10)
<b>Operating profit</b>	125	10

# COSTS – THE REVISED MODEL

	Pre UIGEA £m	Savings £m	Post UIGEA £m
USA costs	83	(83)	-
Paradise costs	57	(45)	12
Australia costs	8	(-)	8
Europe costs	109	(4)	105
	<hr/> 257	<hr/> (132)	<hr/> 125
Central costs	18	(8)	10
Total costs	<hr/> 275	<hr/> (140)	<hr/> 135

# Q2 COSTS – THE CONTINUING BUSINESS

	Q2 2007 £m	% of margin	Proforma % of margin
<b>Marketing</b>			
- reported	17.6	48.6	45.0
- customer bonuses	1.5	4.1	5.0
	19.1	52.7	50.0
<b>Banking</b>	3.0	8.3	7.0
<b>IT costs</b>	2.7	7.5	10.0
<b>Employees</b>	5.6	15.5	15.0
<b>Depreciation</b>	1.7	4.7	5.0
<b>Other admin</b>	2.1	5.8	5.0
	34.2	94.5	92.0

# BALANCE SHEET

		January 2007	January 2006 Restated
		£m	£m
<b>FIXED ASSETS</b>	<b>Goodwill and investments</b>	<b>80.0</b>	<b>386.7</b>
	<b>Tangible assets</b>	<b>16.5</b>	<b>10.5</b>
		<b>96.5</b>	<b>397.2</b>
<b>WORKING CAP</b>	<b>Debtors</b>	<b>14.7</b>	<b>22.4</b>
	<b>Cash</b>	<b>49.7</b>	<b>101.8</b>
	<b>Creditors</b>	<b>(41.2)</b>	<b>(73.9)</b>
		<b>23.2</b>	<b>50.3</b>
<b>DEBT</b>	<b>Bank loans</b>	<b>-</b>	<b>(41.4)</b>
	<b>Deferred consideration</b>	<b>(2.1)</b>	<b>-</b>
	<b>Contingent consideration</b>	<b>(3.2)</b>	<b>(26.9)</b>
		<b>114.4</b>	<b>379.2</b>
<b>RESERVES</b>	<b>Share capital</b>	<b>0.4</b>	<b>0.4</b>
	<b>Shares to be issued</b>	<b>0.7</b>	<b>40.5</b>
	<b>Share premium/other</b>	<b>52.0</b>	<b>41.3</b>
	<b>Profit and loss</b>	<b>61.3</b>	<b>297.0</b>
		<b>114.4</b>	<b>379.2</b>



# Q2 CASHFLOW

	£m	£m
Opening cash at 31 October 2006		69.6
EBITDA	1.6	
Interest	0.2	
Working capital	0.1	
		1.9
Capital expenditure	(2.9)	
Corporation Tax payment	(1.3)	
Deferred Consideration payment	(17.6)	
		(21.8)
Closing cash as at 31 January 2007*		49.7

\* Includes client liabilities of £14.2m



# Operational Review

“Building The Foundations”



# BUILDING THE FOUNDATIONS NOW...

- Consolidate our poker liquidity onto one platform
- Continue our new Sports-Book roll-out across all regions
- Upgrade our Casino product and add new Casino games
- Step-up our Games proposition with an improved web-site and additional content

# BUILDING THE FOUNDATIONS NOW...

- Improve the customer registration and funding process
- Consolidate our customer service and back-office support into Dublin
- Buying appropriate partners to increase profitability

# EUROPE

	<b>Q2 2007</b>	<b>Q2 2006</b>	<b>+/-</b>
<b>Sports actives</b>	<b>203,653</b>	159,661	+28%
<b>Sports bets</b>	<b>12.2m</b>	8.7m	+40%
<b>Sports bets / active</b>	<b>60</b>	54	+11%
<b>Sports bet size</b>	<b>£12.96</b>	£13.90	-7%
<b>Sports margin %</b>	<b>11.1%</b>	6.6%	+68%
<b>Casino and gaming actives</b>	<b>67,497</b>	40,413	+67%
<b>Casino and gaming bets</b>	<b>48.1m</b>	41.9m	+15%
<b>Casino and gaming bet size</b>	<b>£4.32</b>	£4.84	-11%
<b>Casino and gaming margin %</b>	<b>3.9%</b>	3.8%	+3%
<b>CPA</b>	<b>£210</b>	£157	+34%

	Q2 2007	Q2 2006
<b>Average daily rake</b>		
- <b>Boss</b>	<b>\$87,461</b>	\$65,888
- <b>Paradise</b>	<b>\$72,872</b>	\$87,461*

\*Non US players only

- Three year fixed price contract with Boss Media
- Cost savings from closure of Paradise
- Potential for better retention and increased yields per player due to higher liquidity
- Initial savings may be mitigated by loss of customers on migration

# AUSTRALIA

	<b>Q2 2007</b>	<b>Q2 2006</b>	<b>+/-</b>
<b>Sports actives</b>	<b>12,370</b>	<b>7,853</b>	<b>+58%</b>
<b>Sports bets</b>	<b>1.8m</b>	<b>1.0m</b>	<b>+80%</b>
<b>Sports bets / active</b>	<b>146</b>	<b>133</b>	<b>+10%</b>
<b>Sports bet size</b>	<b>A\$151</b>	<b>A\$201</b>	<b>-25%</b>
<b>Sports margin %</b>	<b>2.4%</b>	<b>3.3%</b>	<b>-27%</b>
<b>CPA</b>	<b>A\$498</b>	<b>A\$1,252</b>	<b>-60%</b>



# Operational Review

“The Next 18 months and Beyond...”





# OUR OVERALL OBJECTIVE...

“To become the mass market, customer champion  
of on-line retail gaming”

# OUR OVERALL OBJECTIVE...

- Mass market – we are about leisure customers, people who want to have fun and enjoy “a flutter”
- Customer champion – we are obsessive about understanding customers, delighting them at every touch-point and building a long-term relationship with them
- On-line retail – we are an internet retailer selling gaming products. We need to think, look, act and behave like a retailer of gaming products
- Gaming – we must encompass the whole experience, the thrill of the game, and more than just transactional sports betting, casino, poker...

# LOOKING FORWARDS...

- Transform the customer experience: web-site overhaul, enhance “shared purse” and a one stop shop for customer service
- Drive Sports-betting margin value – development of multiples, continue in-running enhancements and optimise “margin/pricing equation”
- Explore new Games opportunities with “more of the same”, and “new and different” - PC games, fantasy games, peer-peer...
- Enhance and relaunch our European affiliate and VIP programs
- Explore new geographies



# Summary and Way Forward

# SUMMARY

- Much has been achieved during the quarter
  - Significant reduction in cost base
  - Poker strategy concluded
  - Acquisition of Turkey and a further interest in Italy
- Everything we said we'd do we've done
- Underlying operations are trading well
- Further enhancements to profitability from current operational and commercial initiatives