



**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

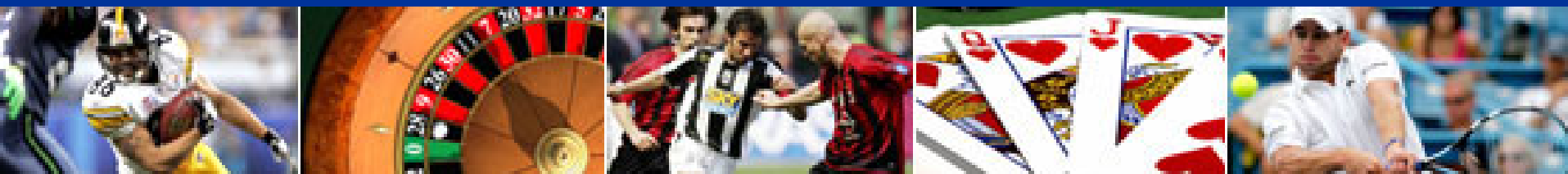


# FINANCE HIGHLIGHTS

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

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

# BALANCE SHEET

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

# 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

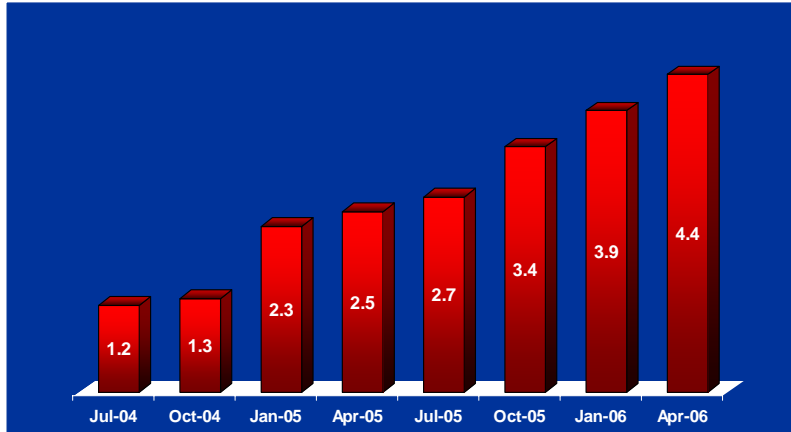


# Operational Review

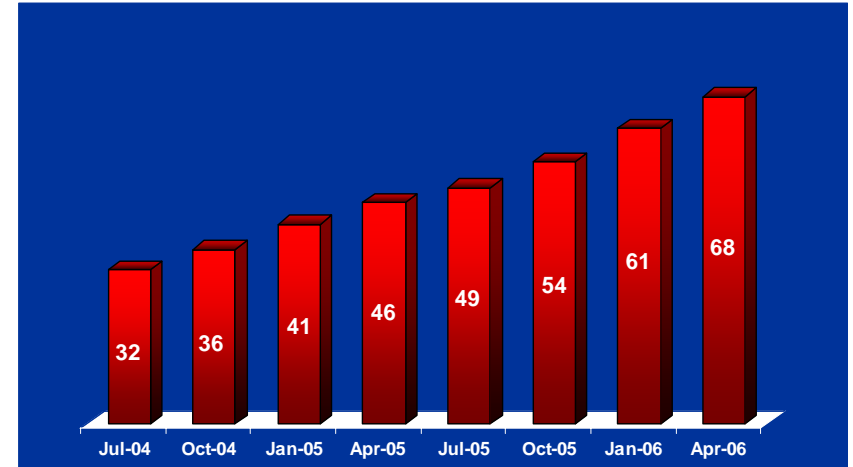
## Sports and Casino

# OPERATIONS – VOLUME TRENDS

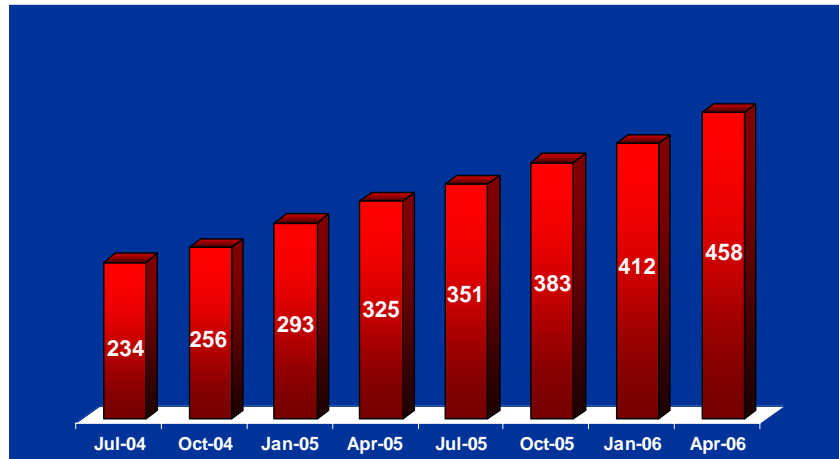
## Registered Customers (m)



## Rolling Annual Sports Bets (m)

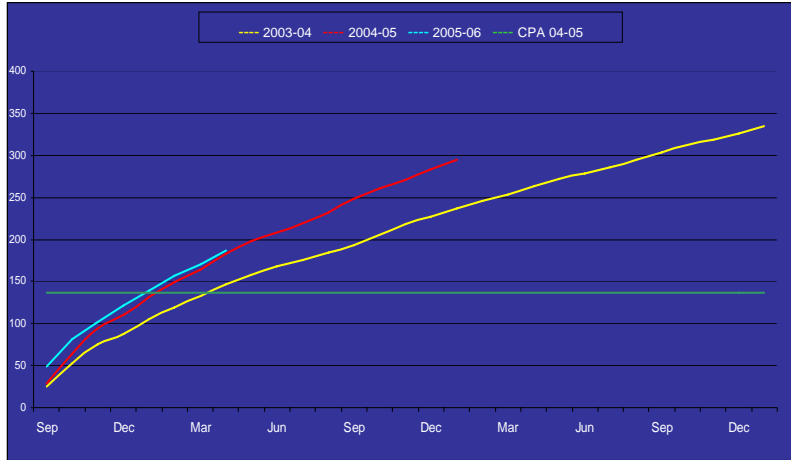


## Rolling Annual Gaming Bets (m)

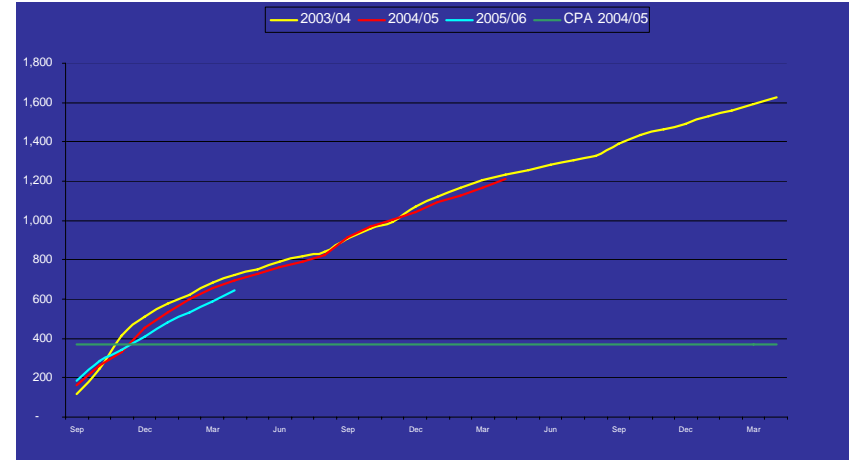


# CUSTOMER VALUE – Sports and Casino

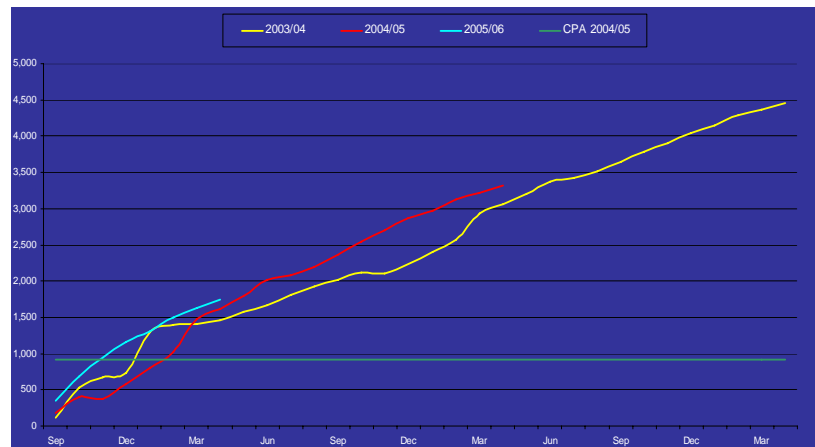
## Europe £



## US \$



## AUS \$





# America

## Sports and Casino

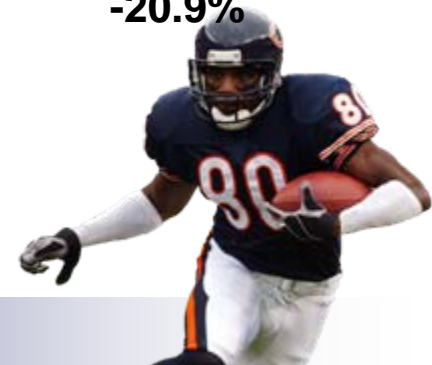


# AMERICA

	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
<b>Poker actives</b>	<b>187,522</b>	<b>188,273</b>	<b>-0.4%</b>	<b>109,511</b>	<b>+71.2%</b>
<b>Games per day</b>	<b>2.16m</b>	<b>2.10m</b>	<b>+2.7%</b>	<b>1.17m</b>	<b>+84.0%</b>
<b>Average daily rake</b>	<b>\$575,339</b>	<b>\$541,782</b>	<b>+6.2%</b>	<b>\$302,555</b>	<b>+90.2%</b>
<b>CPA*</b>	<b>\$204</b>	<b>\$199</b>	<b>+2.5%</b>	<b>\$139</b>	<b>+46.8%</b>

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

Includes sports customers active in Paradise Poker



# CROSS-SELL SPORTS TO PARADISE POKER

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

\* 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

