



sportingbet Plc

Quarter 3 Results

to

30 April 2007

Wednesday 6 June 2007

HIGHLIGHTS

- Operating profit up 275% to £3.0m
- Strong performance in core sports betting business
- Considerable achievements in Q3 laying foundations for future growth
 - Customer Services now fully operational in Dublin
 - Paradise Poker to Boss migration complete - seamless upgrade on 24 May
 - Operational and IT work underway ahead of planned move to the Channel Islands

PROFIT AND LOSS – THE CONTINUING BUSINESS

	Q3 2007	Q3 2006
	£m	£m
Turnover	291.1	229.4
Gross profit	31.9	29.7
Costs	(28.9)	(28.9)
Operating profit	3.0	0.8
Share option charge	(2.8)	(1.1)
Exceptional charge	(62.3)	-
Goodwill	(1.4)	(1.4)
Interest	0.6	(1.0)
Tax	(0.2)	(0.5)
Dividend	-	(4.2)
Retained loss	(63.1)	(7.4)
Fully diluted EPS*	0.7p	0.2p

* Before share option charge, goodwill amortisation and exceptional charges

Q3 GROSS PROFIT – THE CONTINUING BUSINESS

	Q3 2007	Q3 2006	% chg
	£m	£m	
Europe - Sports	16.7	11.6	+44%
- Casino and gaming	8.3	8.8	-6%
- Poker	3.6	4.4	-18%
	28.6	24.8	+15%
Australia - Sports	2.8	2.4	+17%
Paradise (non-US)	3.0	4.7	-36%
Customer bonus adjustment	(2.5)	(2.2)	
	31.9	29.7	+7%

Q3 COSTS – THE CONTINUING BUSINESS

	Q3 2007	% of margin	Q2 2007	% of margin	<i>Proforma</i> % of margin
	£m		£m		
Marketing					
- reported	15.1	44.0	17.6	48.6	45.2
- customer bonuses	2.5	7.3	1.5	4.1	5.0
	17.6	51.3	19.1	52.7	50.0
Banking	2.9	8.5	3.0	8.3	7.0
IT costs	2.1	6.2	2.7	7.5	10.0
Employees	5.3	15.4	5.6	15.5	15.0
Depreciation	1.7	4.9	1.7	4.7	5.0
Other admin	1.8	5.0	2.1	5.8	5.0
	31.4	91.3	34.2	94.5	92.0

EXCEPTIONAL ITEMS

	Non-cash	Cash	Total
	£m	£m	£m
Paradise Poker migration			
- Goodwill write off	46.2	-	46.2
- Related closure costs	2.0	3.2	5.2
	48.2	3.2	51.4
Dublin / Channel Islands			
- Relocation	-	10.1	10.1
- Asset write offs	0.8	-	0.8
	0.8	10.1	10.9
	51.0	11.3	62.3

BALANCE SHEET

		April 2007	April 2006
		£m	£m
FIXED ASSETS	Goodwill and investments	55.8	376.8
	Tangible assets	17.1	11.8
		72.9	388.6
WORKING CAP	Debtors	4.3	24.8
	Cash*	50.1	103.9
	Creditors	(50.3)	(77.3)
	77.0	51.4	
DEBT	Bank loans	-	(21.5)
	Contingent consideration	(2.6)	(26.6)
	74.4	391.9	
RESERVES	Share capital	0.4	0.4
	Shares to be issued	22.1	41.3
	Share premium/other	55.4	42.8
	Profit and loss	(3.5)	307.4
	74.4	391.9	

*Includes client liabilities of £12.0m (2006: £45.9m)

Q3 CASHFLOW

	£m	£m
Opening cash at 31 January 2007		49.7
EBITDA	4.7	
Interest	0.5	
Working capital	0.1	
		5.3
Capital expenditure	(2.3)	
Acquisitions	(2.8)	
Exercise of share options	0.2	
		(4.9)
Closing cash as at 30 April 2007*		50.1

* Includes client liabilities of £12.0m (2006: £45.9m)



Operational Review

“Continuing to build our foundations”



Q3 EUROPEAN DEVELOPMENTS - STRUCTURE

- Completed the new Customer Service/Back Office centre in Dublin
- Reshaped our Italian affiliate retail business
- Strengthened the European management team with new hires
- Brought the Scandinavian business in-house
- Commenced the design and build of new IT infrastructure in the Channel Islands

Q3 EUROPEAN DEVELOPMENTS – MARKETING/PRODUCT

- Paradise Poker migration completed on schedule, 24 May
- New Boss casino launched with enhanced functionality, Q4 roll-out
- Continued the roll-out of sports in-running product and revamped site, fully completed by end of year
- Developed new games portal, rolled out during May
- Improved “customer journey” for funding, Q4 roll-out

EUROPEAN KPIs

	Q3 2007	Q3 2006	+/-
Sports actives	215,348	194,636	+11%
Sports bets	12.9m	10.5m	+22%
Sports bets / active	60	54	+11%
Sports bet size	£12.26	£12.48	-2%
Sports margin %	10.6%	8.8%	+20%
Casino actives	30,157	31,492	-4%
Casino bets	36.9m	35.2m	+5%
Casino bet size	£4.83	£5.42	-11%
Casino margin %	3.36%	3.21%	+5%
CPA	£167	£145	+15%

Q3 AUSTRALIAN DEVELOPMENTS

- Continued development of the internet product:
 - Simplified site design with enhanced product offering
 - Increased focus on search engine optimisation
- Strengthened “field sales force” to deliver further growth
- Increasing use of technology for phone customers
 - New CRM systems to improve risk management
 - New phone tools to allow multiple bet offerings

AUSTRALIAN KPIs

	Q3 2007	Q3 2006	+/-
Sports actives	11,852	7,775	+52%
Sports bets	2.0m	1.1m	+78%
Sports bets / active	166	142	+16%
Sports bet size	A\$153	A\$176	-13%
Sports margin %	2.3%	3.0%	-22%
CPA	A\$481	A\$778	-38%

PARADISE POKER MIGRATION - 24 MAY

Average daily rake	w/c 14 May	w/c 28 May	+/-
- Boss	\$80,193	\$119,516	
- Paradise Poker	\$45,855	-	
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	\$126,048	\$119,516	-5%

- Initial results suggest we will lose less than the benchmark 20% rake
- Seamless transition from Paradise Poker and Boss to upgraded software
- Improved experience for both groups of customers
 - Boss players – access to embedded blackjack and instant casino
 - Paradise Poker players – access to integrated sportsbook and improved “Cashier”
 - All players – improved consumer experience / increased liquidity / more tournaments



Operational Review

“The way forward”

THE NEXT 6 MONTHS...

- Transfer of licensable European activities to the Channel Islands by 1 September
- Complete the build of, and launch our new affiliate program
- Rebrand casino to Paradise Poker and deliver another upgrade
- Build on our successful poker migration
 - Deliver consistent schedule of Paradise Poker and Boss promotions
 - Promote casino / games / sports heavily to drive cross-sell
- Continue the roll-out of new games using the new games portal

...AND LONGER TERM

- Transform the look and feel of the website to attract the mass market consumer
- Deliver a more seamless shared purse across all products
- Develop our multiples proposition, and overall margin enhancement
- Launch a pan-European VIP program
- Continue to explore opportunities to bring Partner businesses in-house



Regulation

Regulatory Principle

Group services are provided from jurisdictions where the operations are legal, licensed and regulated

- UK / Alderney – Uncertainties surrounding UK Gambling Act
- EU – Placanica / Gambelli case law providing support
- US – no involvement in Barney Frank initiatives



Summary

SUMMARY

- Strong performance in core sportsbetting business
- Considerable achievements in Q3 laying foundations for solid future growth
- Continued operational focus to drive further efficiencies;
 - Customer Services operations amalgamated
 - Poker migration work undertaken
 - Preparation for movement of operations to the Channel Islands
- Everything we said we'd do, we've done
- Further enhancements to profitability from current operational and commercial initiatives coming through for next year



“To become the mass market, customer champion of online retail gaming”