



**RESULTS FOR THE SIX MONTHS
ENDED 30 JUNE 2012**

AGENDA

- **Brian Mattingley** | Introduction
- **Aviad Kobrine** | Financial Review
- **Itai Frieberger** | Operational Review
- **Brian Mattingley** | Summary
- Q&A



BRIAN MATTINGLEY, CEO | INTRODUCTION

KEY HIGHLIGHTS[†]

Strong growth across all major metrics

- Revenue **\$186m**, up **21%** on H1 2011
- EBITDA¹ **\$36m**, up **81%** on H1 2011
- EBITDA Margin¹ **19%**, (H1 2011: 13%)
- PBT¹ **\$30m** (H1 2011: -\$16m)
- Cash position **\$69m** - \$23m corporate cash, \$46m customers
- Record player numbers and revenue
- An interim dividend of 2.5 cents declared

[†] All figures in this presentation are extracted from 888's financial statements as published where available.

Totals may not sum due to rounding. All comparisons on a Half Yearly basis.

¹ Excluding equity settled share benefit charges and Spain one off gaming duty payment

PRODUCT HIGHLIGHTS

- Launch of new casino front end
- Poker remains 4th in the global poker liquidity
- Bingo – a maturing and competitive market
- Sport – an opportunity for the future
- Dragonfish continues to focus on profitable partnerships
- Progress on mobile offering

Regulated Markets

- Obtained Spanish licence – June 2012
 - Successful migration
 - Currently number 2 in the poker market
- Italian market progresses – video slots expected from December
- Two strategic deals signed in the US – strong position for the future
- Committed to follow regulated markets

CURRENT TRADING & OUTLOOK

- Revenue during the July-August period approximately 5% above last year
- Continue the progress in mobile platform
- Consolidating Spanish position
 - Launch costs for Spain – switch from 1st Half
- Continued investment in technological platform ahead of US regulation



AVIAD KOBRINE, CFO | FINANCIAL REVIEW

HIGHLIGHTS

- Another revenue record half with **\$186m**, up **21%**
- Revenue B2C up **25%** to **\$164m**
- Revenue Casino B2C up **20%** to **\$83m**
- Revenue Poker B2C up **72%** to **\$41m**
- Revenue Emerging Offerings B2C up **20%** to **\$12m**
- Casino & Poker B2C first time depositors up **48%**
- **EBITDA¹ up 81% to \$36m**
- **EBITDA Margin¹ increase to 19%, (H1 2011: 13%)**
- **PBT¹ \$30m (H1 2011: -\$16m)**
- Cash position **\$69m** - \$23m corporate cash, \$46m customers

¹ Excluding equity settled share benefit charges and Spain one-off gaming duty

PROFIT AND LOSS ACCOUNT

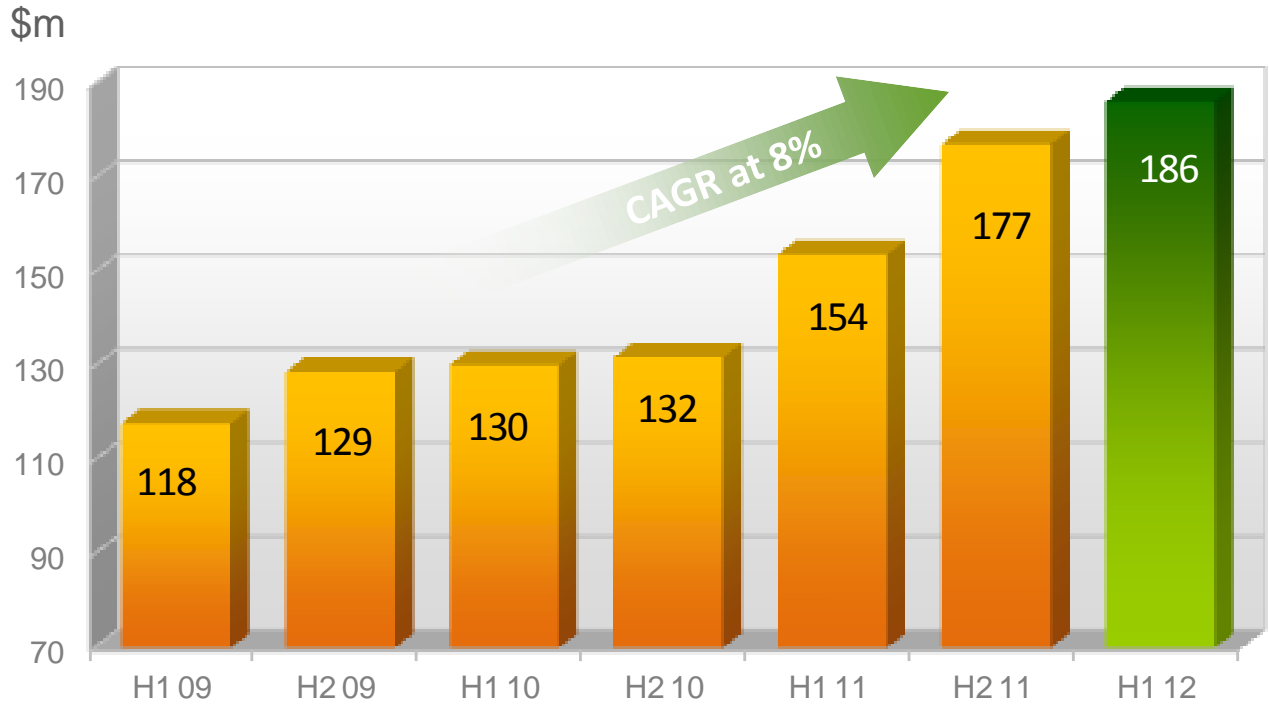
\$m	H1 2012	H1 2011	% Change
Revenue	186.4	153.8	21%
Operating expenses ^{2,3}	56.8	54.6	
Gaming taxes and duties ⁴	5.5	1.4	
Research and development expenses	13.9	12.9	
Selling and marketing expenses	61.7	49.9	
<i>% of Revenues</i>	33.1%	32.4%	
Administrative expenses ^{3,5,6}	12.6	15.1	
EBITDA	36.0	20.0	81%
<i>% of Revenues</i>	19.3%	13.0%	
Goodwill impairment	-	(20.2)	
Finance income and expenses, and other	1.3	(8.2)	
Depreciation & Amortization	(7.0)	(7.1)	
Adjusted Profit (Loss) Before Tax ^{3,4,5}	30.3	(15.5)	
Taxation	(2.7)	(1.2)	
Profit after tax ^{3,4,5,6}	27.6	(16.7)	
Basic EPS (Cents) ⁷	7.2¢	1.0 ¢	

¹ Rounded ² Excluding depreciation of US\$4.8 million (H1 2011: US\$4.8 million) and amortisation of US\$2.2 million (H1 2011 US\$2.3 million).³ Excluding restructuring costs of nil (H1 2011: US\$4.9 million out of which US\$1.0 from Operating expenses and US\$3.9 million from Administrative expenses) ⁴Excluding one-off Spanish back gaming duty of US\$11.1 million (H1 2011: nil). ⁵ Excluding equity settled share benefit charges US\$0.8 million (H1 2011: US\$1.6 million). ⁶ Excluding goodwill impairment of nil (H1 2011: US\$20.2 million).⁷ See note 4 to the financial statements.[†] Calculated as Operating profit of US\$17.1 million (H1 2011 loss of US\$ 13.9 million) excluding the items set out in footnotes 2,3,4,5 and 6.

TOTAL REVENUE

- H1 2012- Total Revenue up **21%** to **\$186m** (H1 2011: \$154m)
- H1 2012- highest half-yearly Revenue ever in 888 History

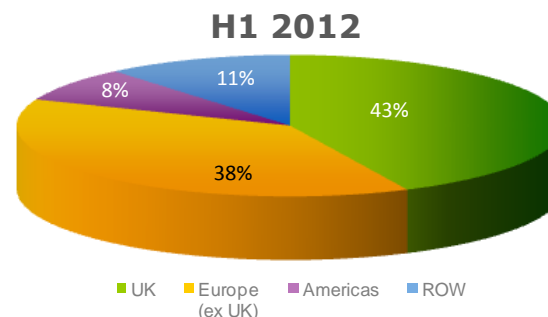
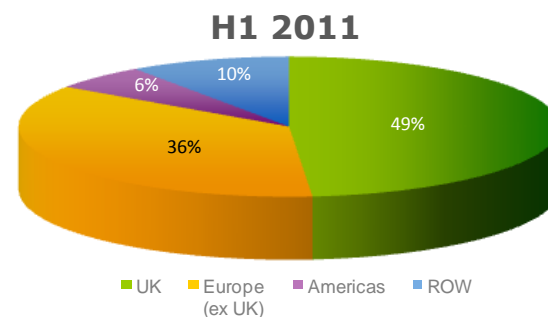
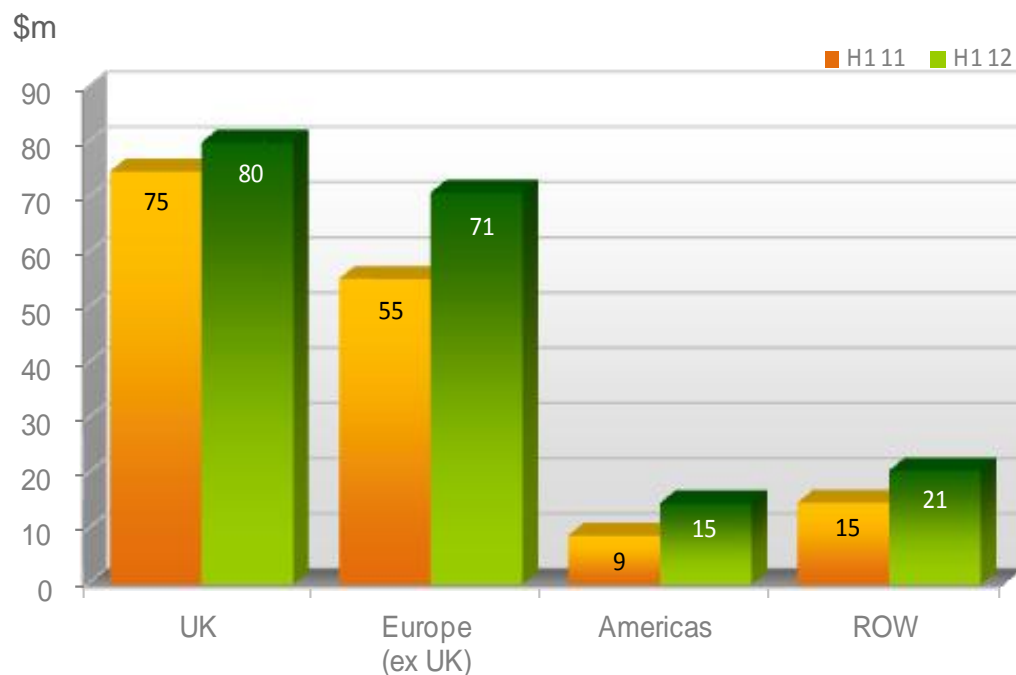
Total Revenue H1 2009 – H1 2012 (\$m)



GEOGRAPHICAL SEGMENTATION

- Revenue growth across all markets : UK **7%**, Europe **28%**, Americas **66%**, ROW **39%**
- UK represents **43%** of Total Revenue in H1 2012

Geographic segmentation, Total Revenue 2010 and 2011



* Americas include the volumes of Mytopia Social Networks, including US

REVENUE B2C BY PRODUCT

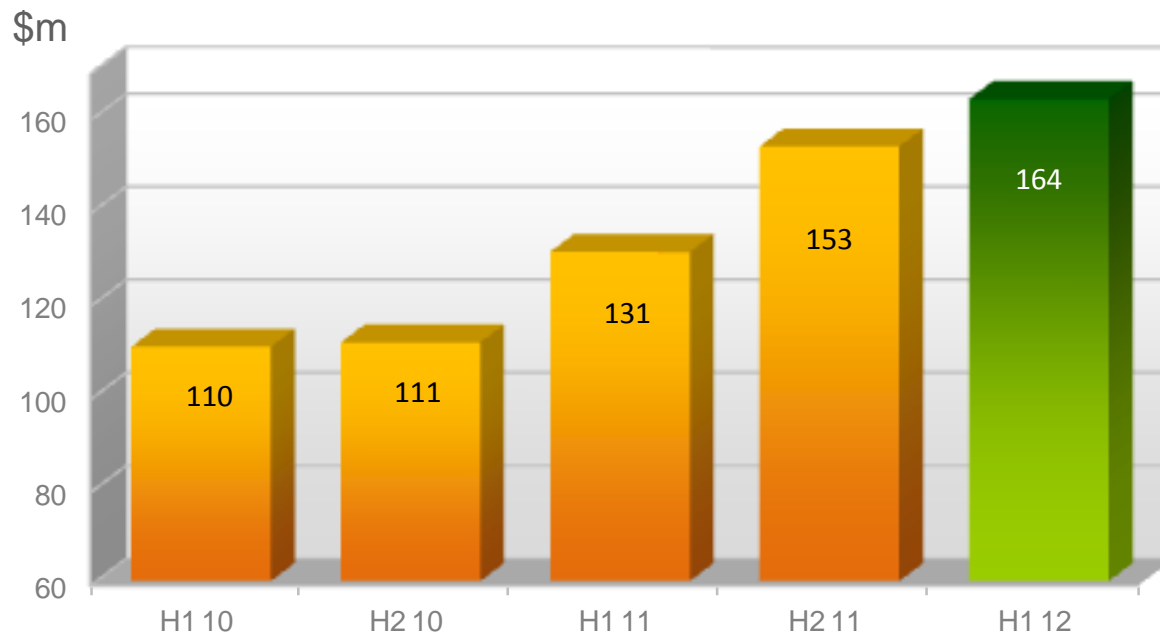
- Casino up **20%**, Poker up **72%**, Bingo down 2%, Emerging Offering up **20%**



REVENUE B2C

- H1 2012 Revenue up **25%** to **\$164m** (H1 2011: \$131m)

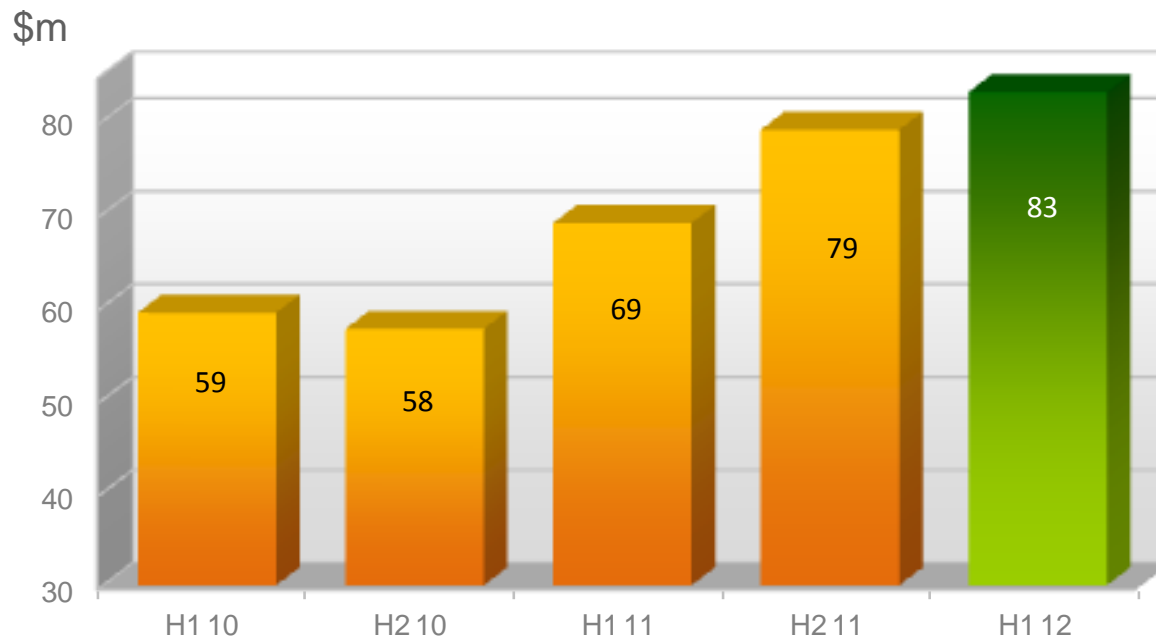
Revenue B2C H1 2010 – H1 2012 (\$m)



REVENUE CASINO B2C

- H1 2012 Revenue up **20%** to **\$83m** (H1 2011: \$69m)

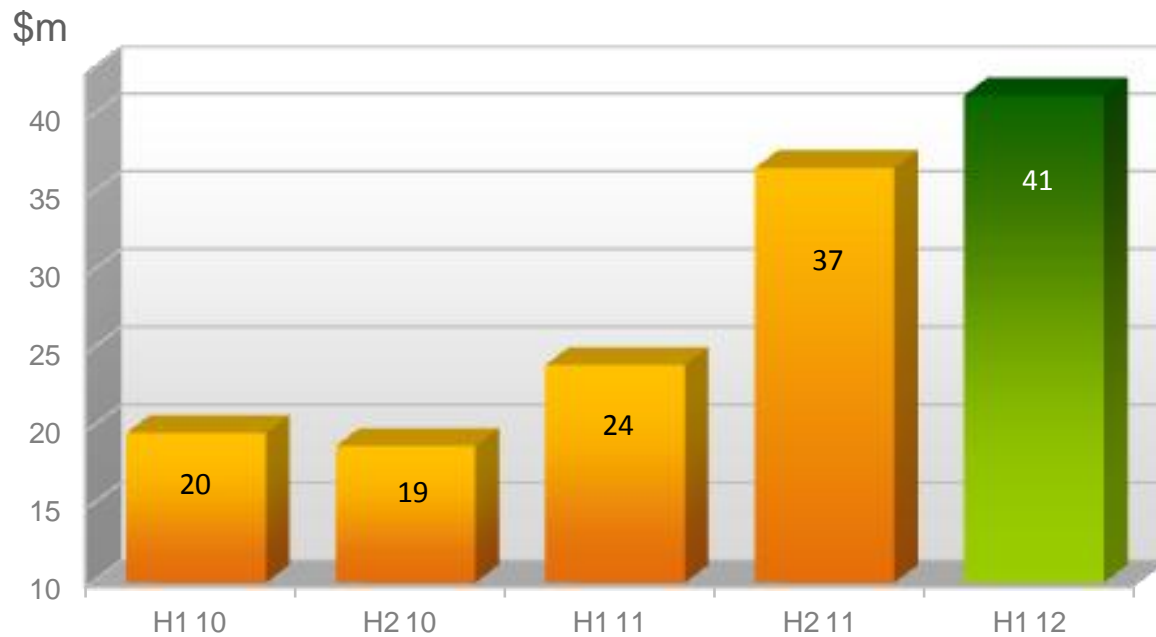
Revenue Casino B2C H1 2010 – H1 2012 (\$m)



REVENUE POKER B2C

- H1 2012 Revenue up **72%** to **\$41m** (H1 2011: \$24m)

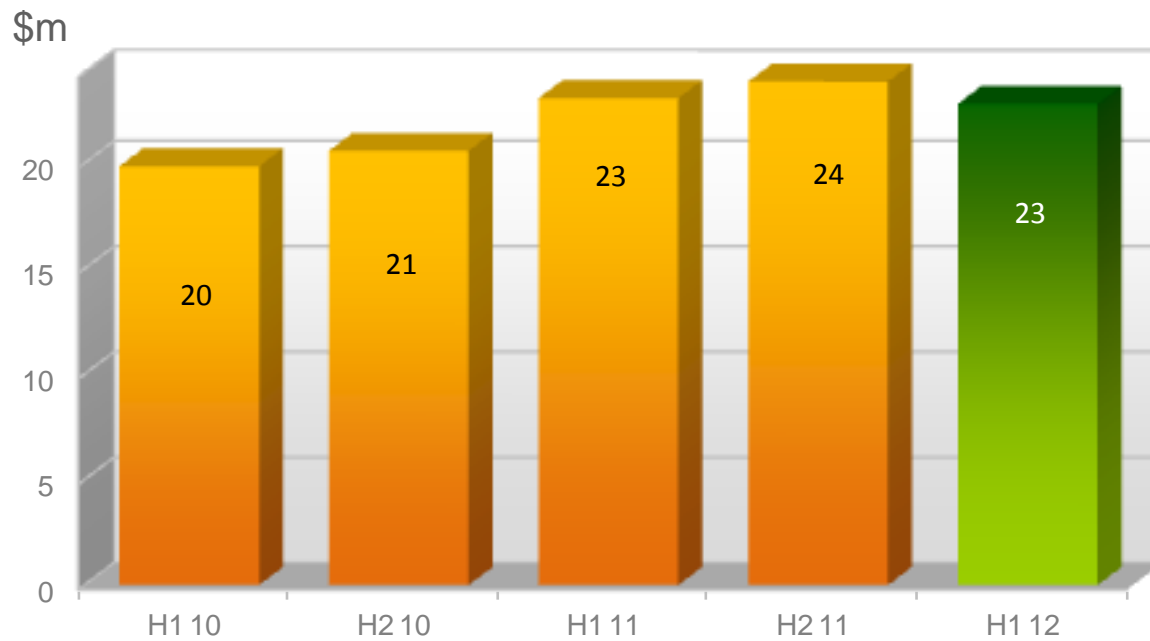
Revenue Poker B2C H1 2010 – H1 2012 (\$m)



REVENUE B2B

- H1 2012 Revenue down 1% to **\$23m** (H1 2011: \$23m)

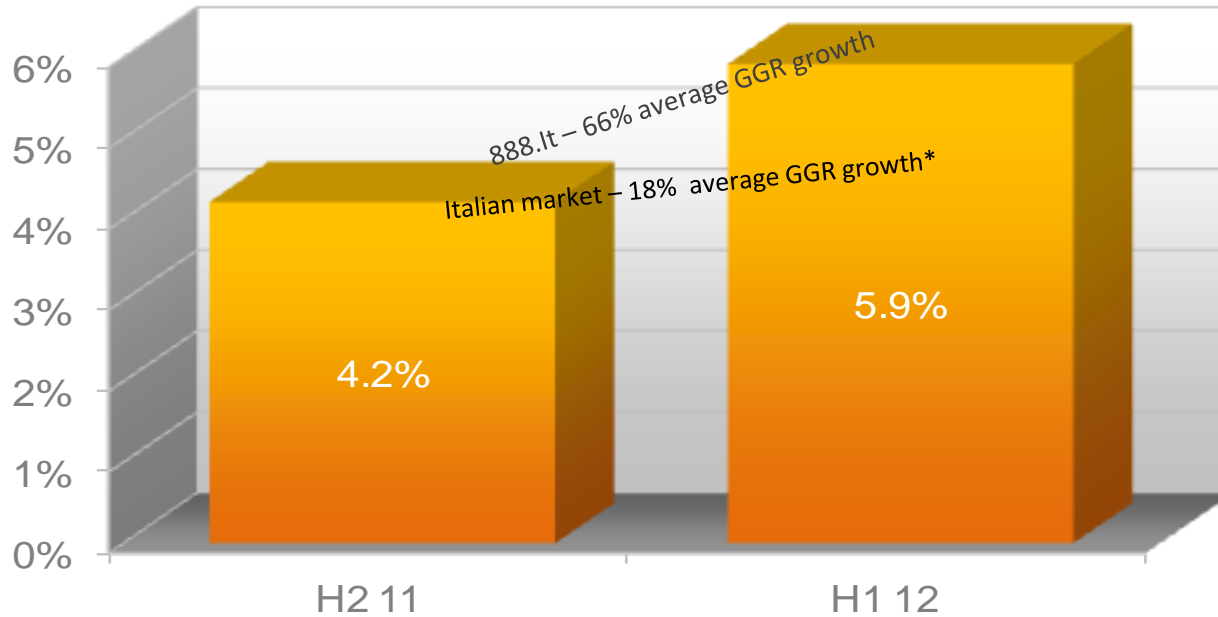
Revenue B2B H1 2010 – H1 2012 (\$m)



Italy 888.it Market Share

- 5.9% Market Share in H1 2012 Vs. 4.2% Market share in H2 2011
- 888.it average Gross Gaming Revenue (GGR) increase **66%** vs. **18%** for total market

888 Italy Market Share

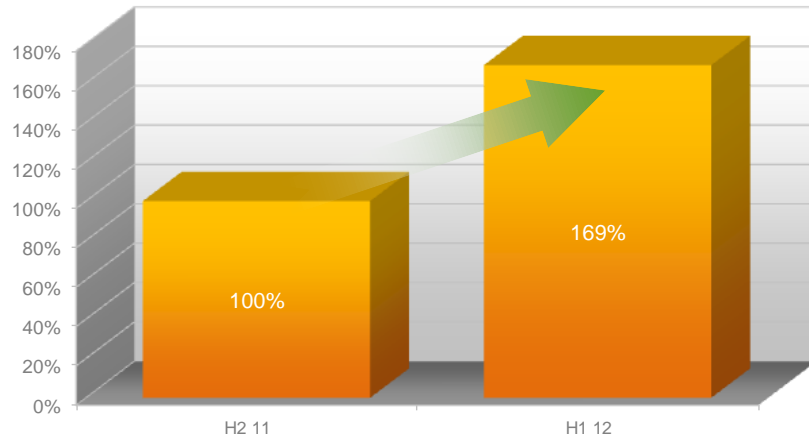


* Based on AMMS publicly available information, growth refers to average monthly, H2 2011 includes 5 month average

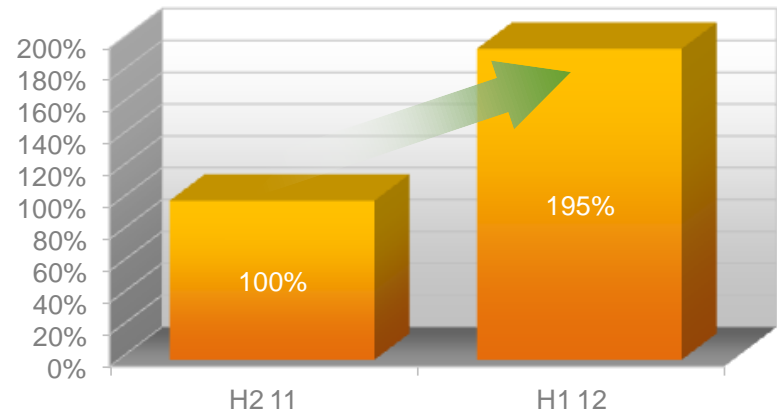
Italy 888.it Bets & Actives

- Total Casino Bets up **69%** (H1 2012 vs. H2 2011)
- Active Players up **95%** (H1 12 vs. H2 11)

888 Italy Bets



888 Italy Active players growth

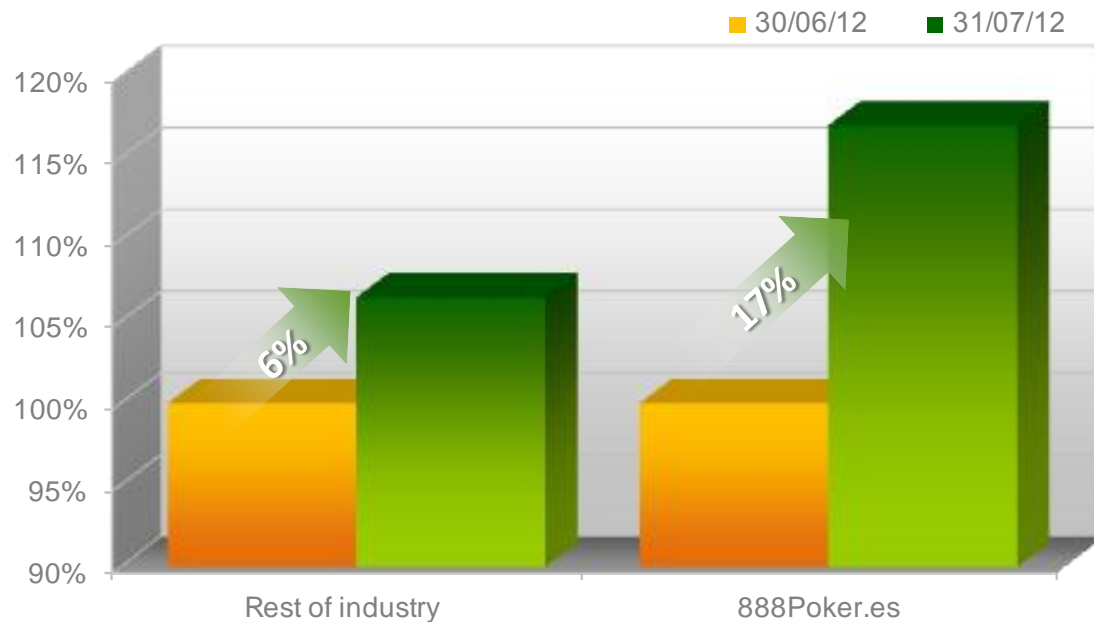


* Growth refers to average monthly, H2 11 = 100%

Spain 888.es Poker Liquidity

- 888.es Poker liquidity expands at a faster pace than the rest of the industry

888 Poker Liquidity Growth

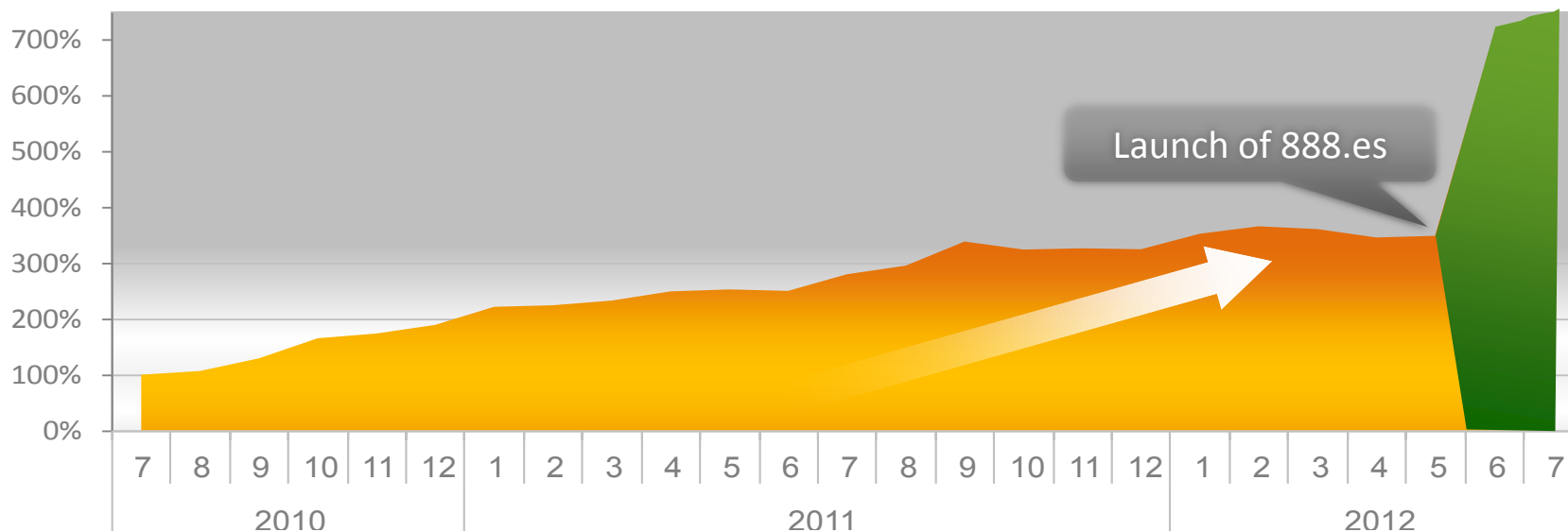


* Based on PokerScout Spain data

Spain Poker Gross Gaming Revenue

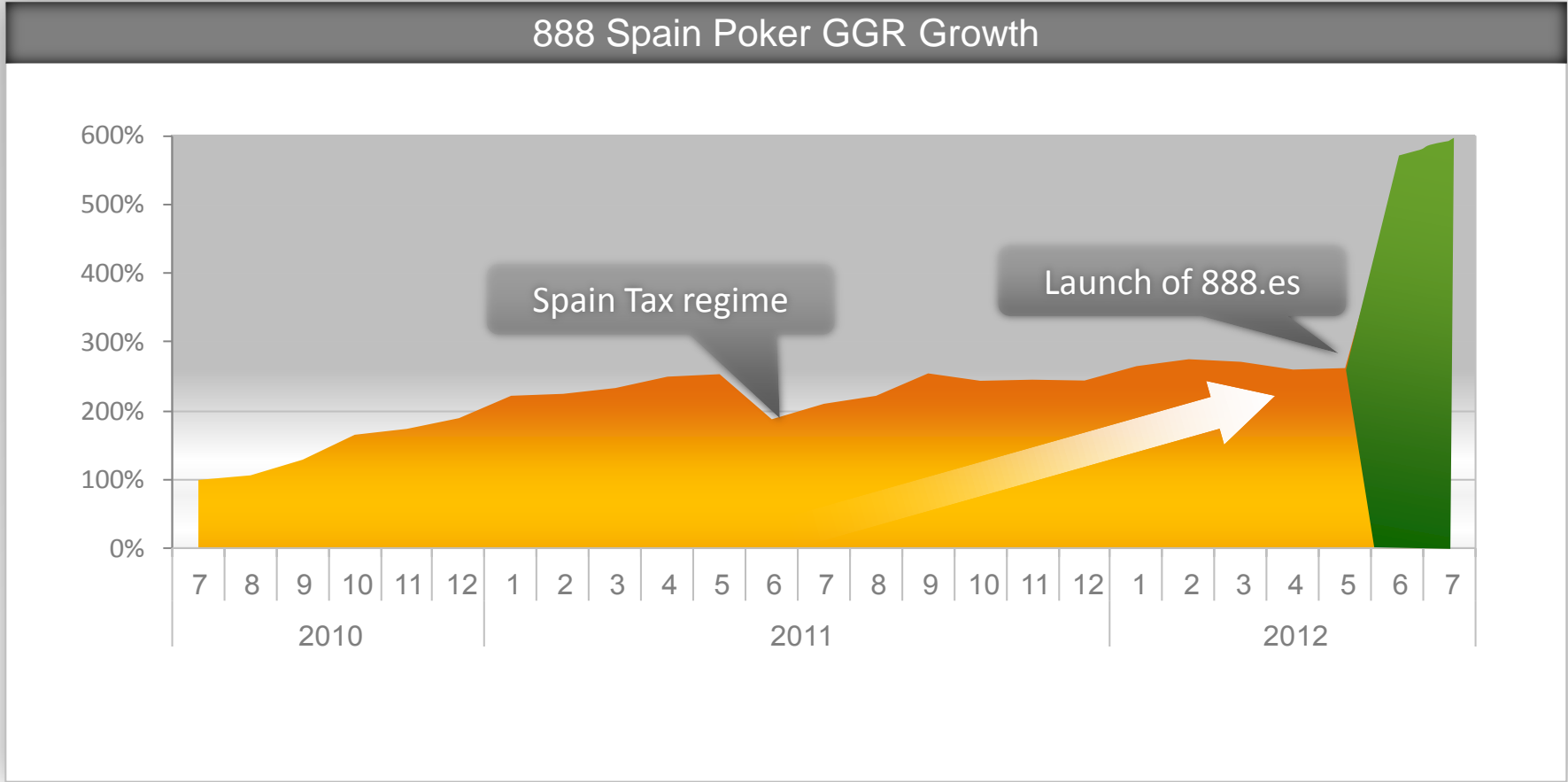
- Poker Revenue post regulated launch exceeds historical levels
- Poker monthly Gross Gaming Revenue up **648%** vs. July 2010 and **114%** since 888.es launch

888 Spain Poker GGR Growth



Spain Poker GGR after gaming tax

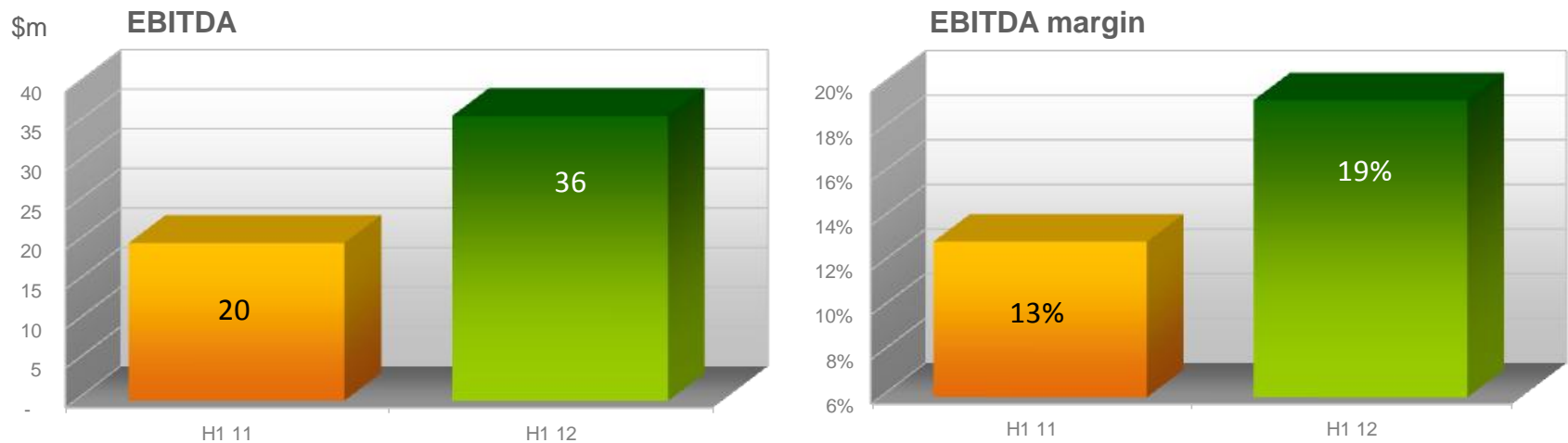
- GGR post tax is higher than pre tax period



EBITDA* AND EBITDA MARGIN

- EBITDA* up **81%** to **\$36m** (H1 2011: \$20m)
- EBITDA* margin up to **19%** (H1 2011: 13%)

EBITDA H1 2012 vs. H1 2011



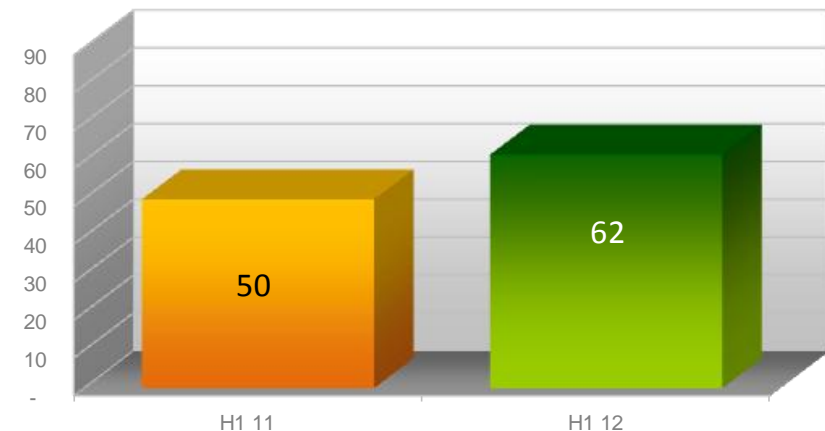
* Excluding share benefit charges, restructuring, goodwill impairment and Spain one-off gaming duty

MARKETING COST RATIO

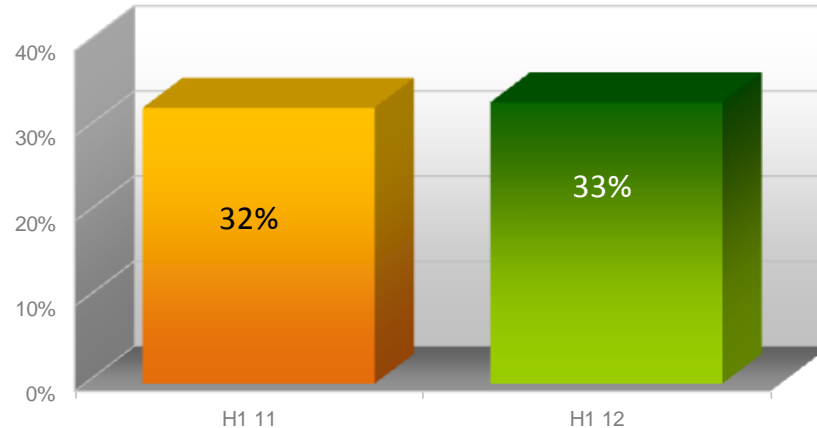
- Marketing ratio to Revenue similar to H1 2011, despite investment in regulated markets
- H1 2012 B2C Casino & Poker CPA* lower than H1 2011
- Continued core business efficiency driving profitability supporting investment in regulated markets

Marketing Costs H1 2012 vs. H1 2011

\$m Marketing Costs



Marketing Costs % of Revenue

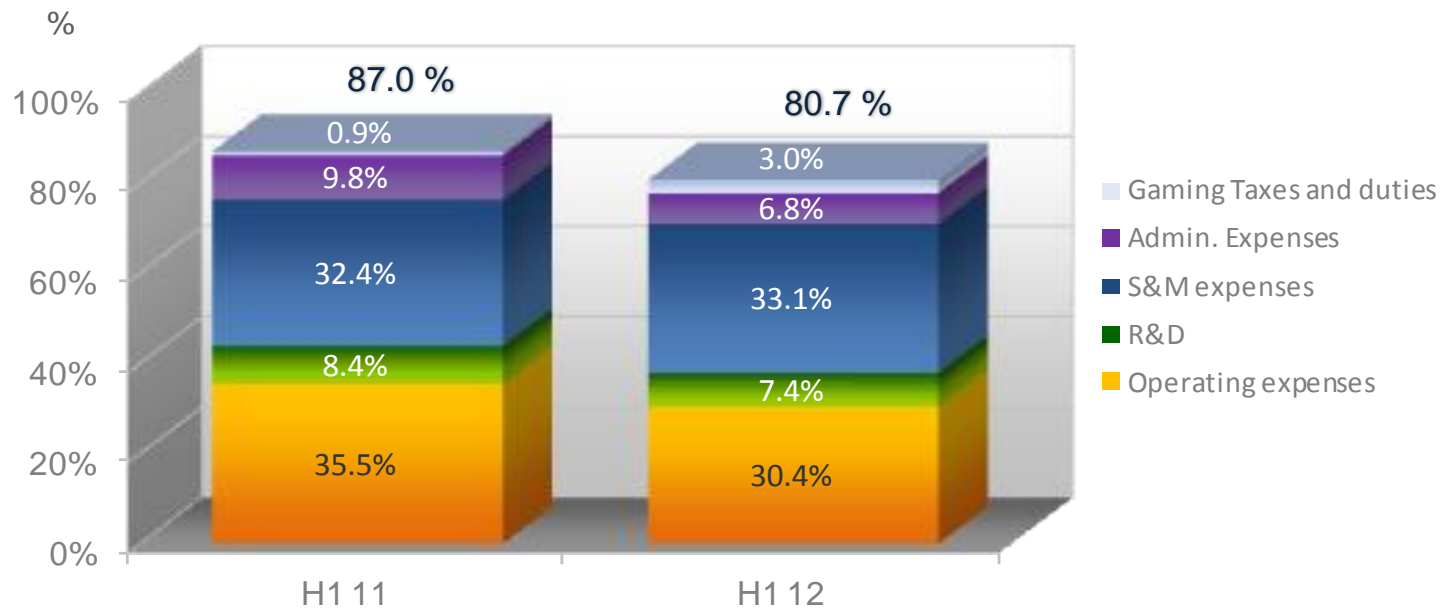


* Excluding Revshare components

COST STRUCTURE

- Cost* percentage down to **81%** (H1 2011: 87%)
- Expanded margins even after additional on going gaming duty costs (3% vs. 1%)

Cost as a % of Total Revenue H1 2012 vs. H1 2011

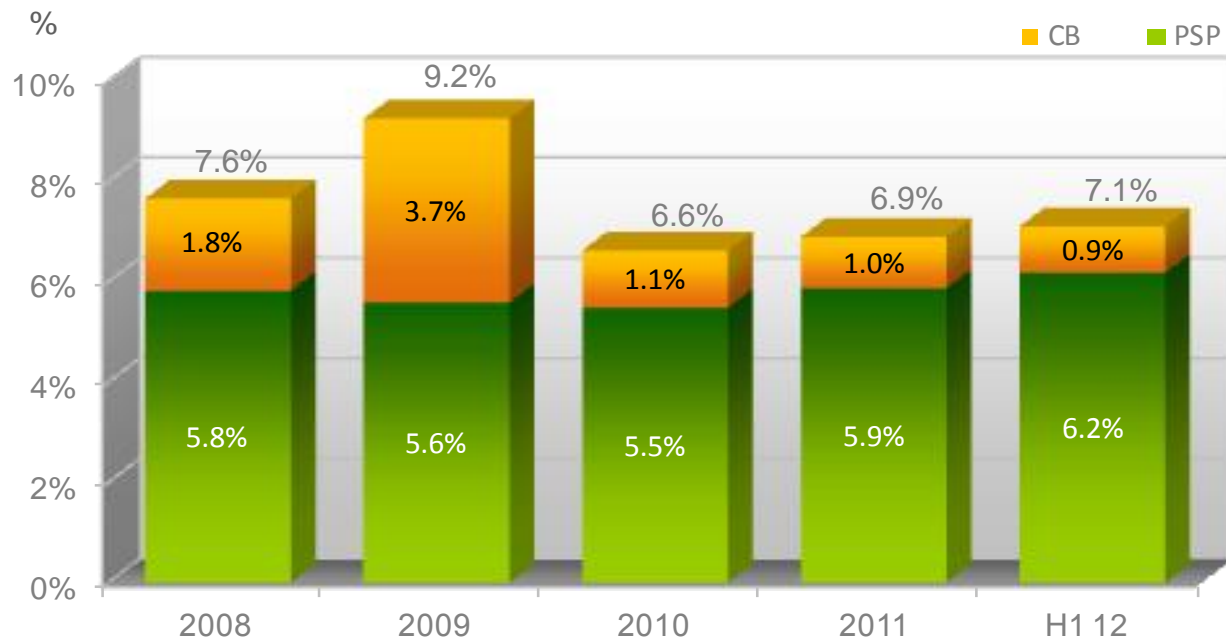


* Excluding equity settled share benefit charges, depreciation, amortisation, Spain one-off gaming duty, restructuring and goodwill impairment

CHARGEBACK & PSP FEES

- Stable levels of CB & PSP
- H1 2012 at **7.1%** of Total Revenue (H1 2011: 6.9%)

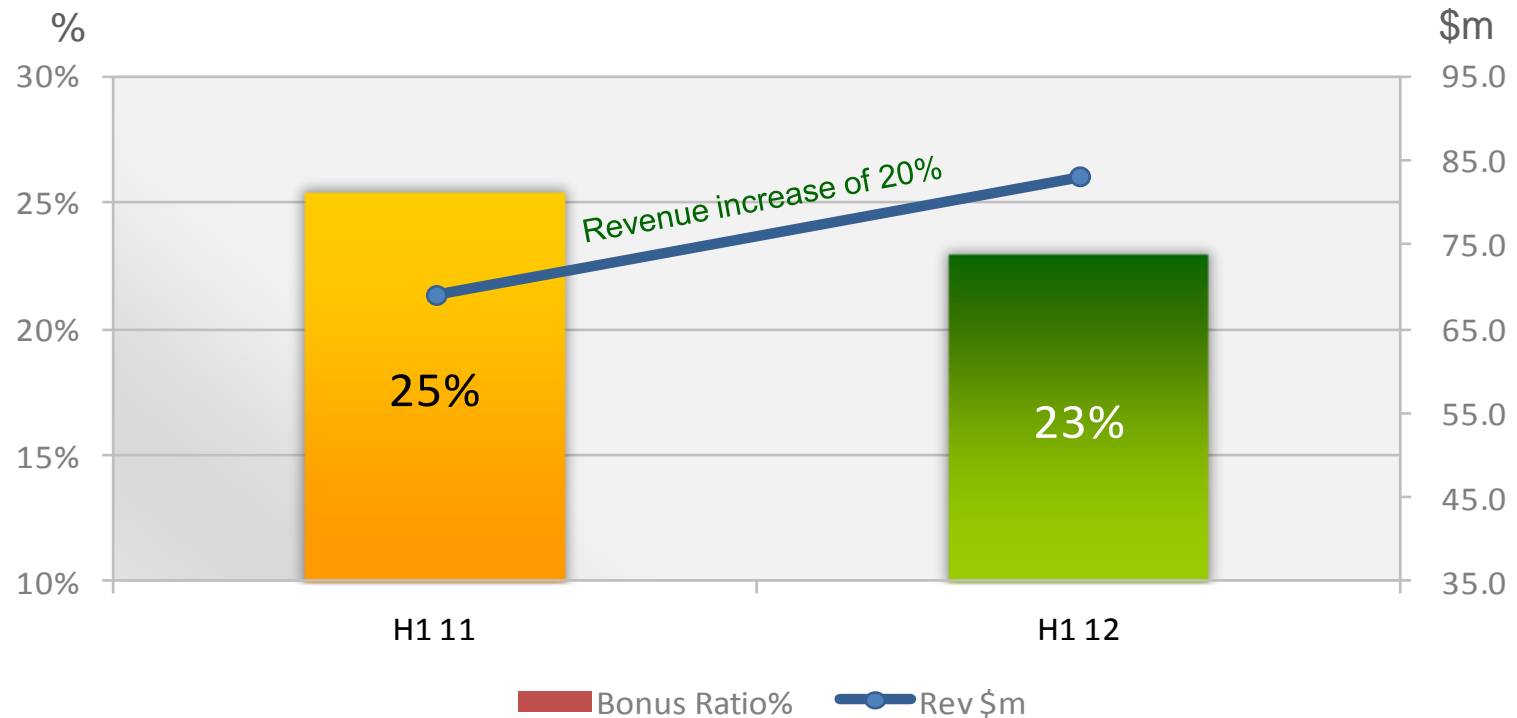
Chargebacks & PSP fees as % of Total Revenue



CUSTOMER INCENTIVES B2C CASINO

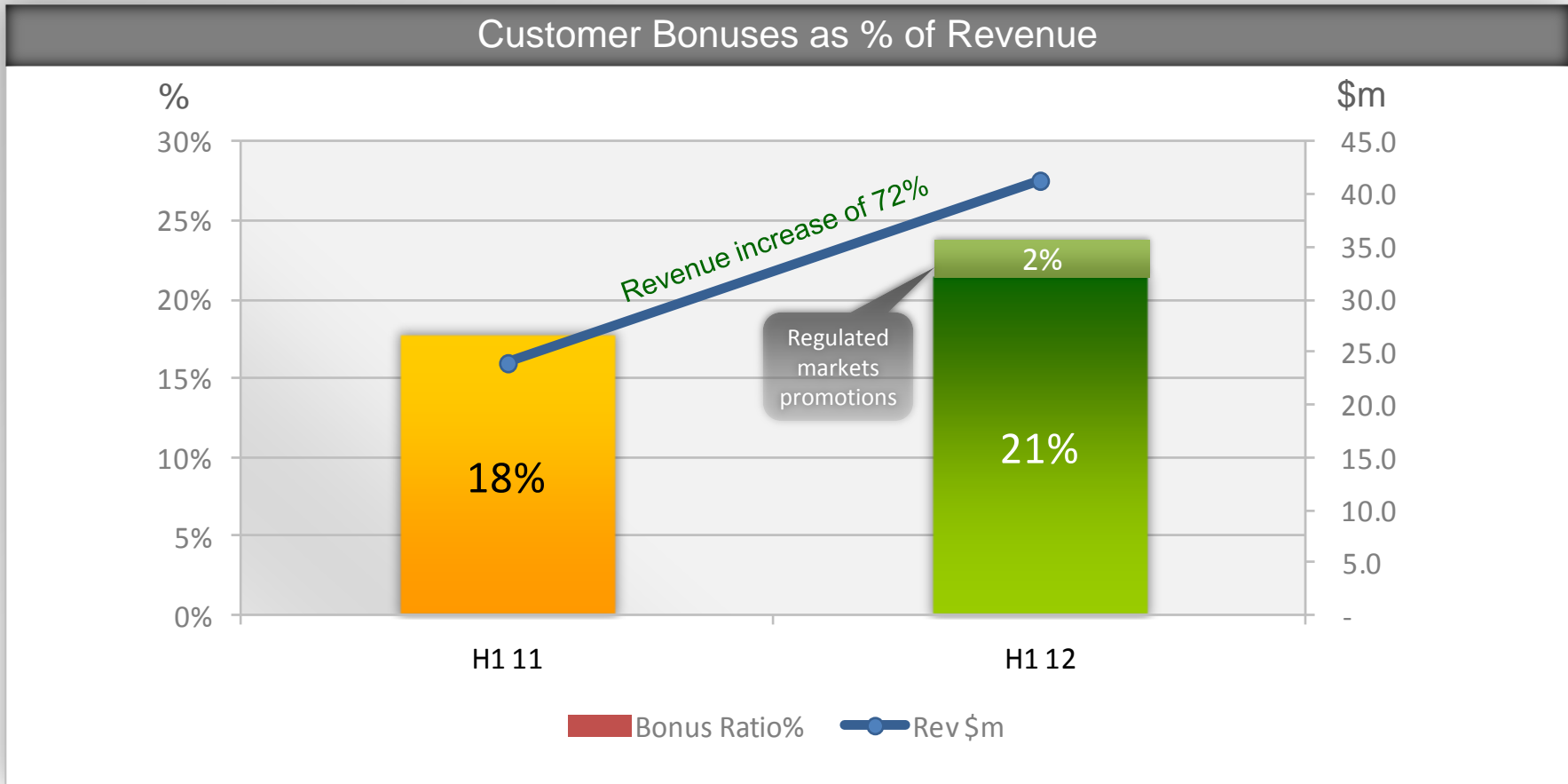
- H1 2012 revenue growth continue to be driven by optimal use of bonuses and CRM efforts

Customer Bonuses as % of Revenue



CUSTOMER INCENTIVES B2C POKER

- Launch of the Spanish regulated market fueled by optimal use of customer incentives



BALANCE SHEET

\$m	30-Jun-12	30-Jun-11
Non-current assets		
Intangible assets	145.3	142.9
Property, plant and equipment	18.2	19.6
Deferred tax & Other financial assets	0.4	0.9
Investment in equity accounted joint ventures	1.2	1.3
	165.1	164.6
Current assets		
Cash and cash equivalents	69.2	60.9
Trade and other receivables	21.8	22.9
Total Assets	256.1	248.3
Equity		
Share capital and share premium	3.2	3.2
Retained earnings and reserves	134.6	92.4
Total equity attributable to equity holders	137.8	95.6
Liabilities		
Current liabilities		
Trade and other payables	71.4	58.6
Customer deposits	46.3	41.0
Contingent consideration	0.7	53.1
Total equity and liabilities	256.1	248.3

* Rounded

CASH FLOW STATEMENT

\$m Year to 30 June	H1 2012	H1 2011
Cash flows from operating activities		
Profit(loss) before income tax	18.4	(22.1)
Impairment charges	-	20.2
Share benefit charges	0.8	2.1
Depreciation & amortisation	7.0	7.1
Change in current assets and liabilities	11.6	29.1
Other non cash adjustments	(1.2)	7.4
Cash generated from operating activities	36.6	43.8
Tax paid	(2.3)	(2.0)
Net cash generated from operating activities	34.3	41.8
Acquisitions	(36.3)	(36.0)
Purchase of property, plant and equipment	(6.0)	(2.8)
Acquisitions & internally generated intangible assets	(4.0)	(3.1)
Other investment activity	0.4	0.1
Net cash used in Investing Activities	(46.0)	(41.8)
Interest paid	(1.0)	(0.7)
Net increase (decrease) in cash and cash equivalents	(12.7)	(0.7)
Cash and cash equivalents - beginning of period	81.9	61.5
Cash and cash equivalents - end of period	69.2	60.8

* Rounded



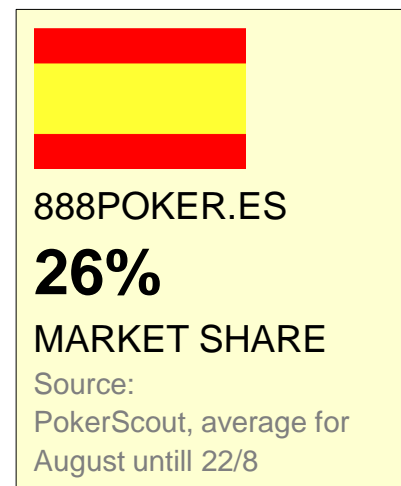
ITAI FRIEBERGER, COO | OPERATIONAL REVIEW

GOALS & FOCUS

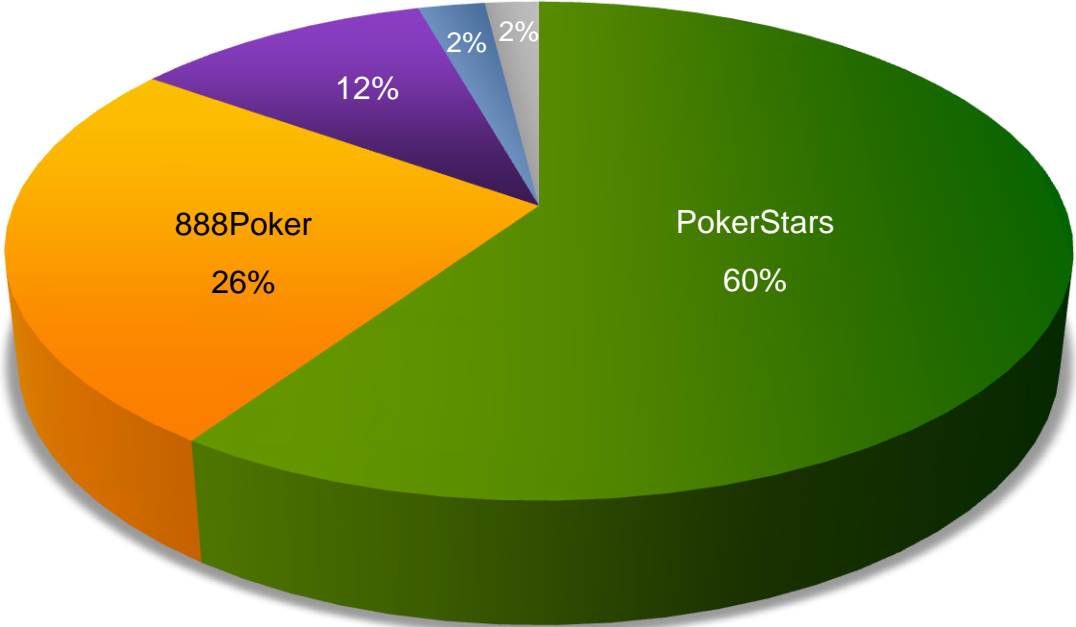
- Regulated market commitment
 - Launch in Spain
 - Italy
 - Unique position in US market
- In-house marketing agency, proprietary technology and business analytics
- Product innovation – core games & platform enhancements
- Superior B2C performance attracts B2B

REGULATED MARKETS: AN OPPORTUNITY FOR 888

- Success factors
 - Product
 - Marketing
 - Migration methodologies
- Activity levels in Spain supersedes .com
- Shift in business model lead to success in regulated markets
- Next: Slots in Italy



SPAIN POKER MARKET SHARE



Source: PokerScout, average during August until 22/8



MOBILE OPPORTUNITY

- Extending our products across all platforms
- 20% of sports betting turnover
- Aligning our marketing strategy
- Powered by 888 core platform



SOCIAL STRATEGY

- Streamlining our social network skills
- Leverage 888's knowledge and experience
- Potential to become a major offering
- A marketing channel
- Comprehensive product suite

USA

- 888 Unique proposition
 - Product
 - Technological platform
 - Marketing
 - Operations
- Three layer strategy
- Operationally geared
- One time investment in platform can be leveraged for B2B
- Foundations are set



WE ARE UNIQUE

- A technology-led company
- In-house marketing agency business analytics driven
- Multi-talented management
 - USA, Italy, Spain, B2B, Mobile, new games and more
- Preserving our technological edge
 - Innovation
 - Motivation
 - Methodology

Continue to strive for excellence ...



BRIAN MATTINGLEY, CEO | SUMMARY

SUMMARY

- Strong performance
- Robust cashflow
- Record revenue levels coupled with margin expansion
- Successful launch in regulated Spain
- Emerging US market
- Committed to regulated markets
- Investment in infrastructure and people
- Return to dividend



Q&A