

Results for the Six Months Ended 30 June 2008

28 August 2008



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Highlights[†]

- Total Operating Income up **40%** to **\$135m** (H1 2007: \$97m)
- Net Gaming Revenue up **36%** to **\$132m** (H1 2007: \$97m)
- EBITDA* up **63%** to **\$28m** (H1 2007: \$17m)
- EBITDA* margin expansion to **21%** (H1 2007: 18%)
- PBT* up **39%** to **\$26m** (H1 2007: \$19m)
- Net cash from operating activities up **90%** to **\$30m** (H1 2007: \$16m)
- Interim Dividend of **2.5¢**, **39%** increase above H1 2007 (H1 2007: 1.8¢)

* Excluding share benefit charges

† All figures in this presentation are extracted from 888's financial statements as published where available. Totals may not sum due to rounding.



Financial Review



Profit and loss account

\$m	H1 2008	H1 2007	% Change
Net Gaming Revenue	131.5	96.8	36%
Other operating income	3.8	-	
Total Operating Income	135.4	96.8	40%
Operating expenses ¹	38.5	25.2	
Research and development expenses	14.0	11.5	
Selling and marketing expenses	43.5	34.3	
Administrative expenses ²	11.0	8.4	
EBITDA^{1,2}	28.3	17.4	63%
Depreciation & amortisation	(3.8)	(1.9)	
Interest income, F/X and other	1.8	3.3	
Profit before tax cont. operations³	26.3	18.9	39%
Discontinued operations	-	0.2	
Profit before tax³	26.3	19.0	
Taxation	(2.2)	(1.3)	
Profit after tax³	24.1	17.7	
Basic earnings per share	5.5¢	4.0¢	38%

Interim Dividend 2.5¢

¹ Excluding depreciation & amortisation

² Excluding share benefit charges, exchange gain/losses and other

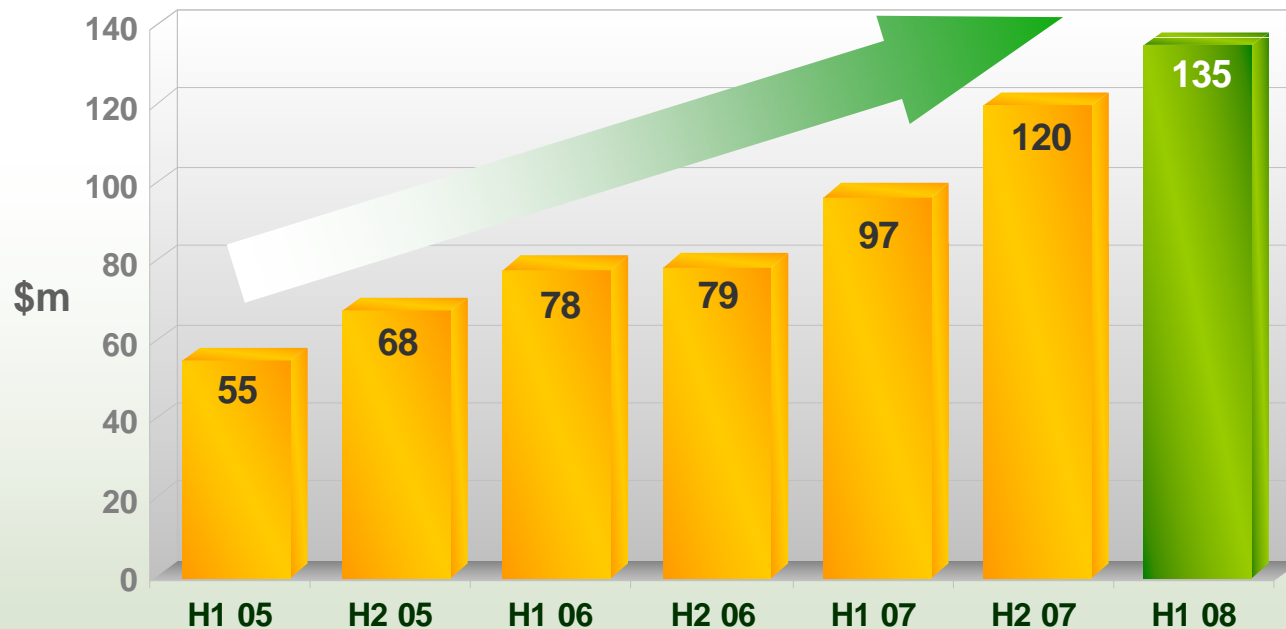
³ Excluding share benefit charges



Total Operating Income

- Strong H1 2008 - Total Operating Income growth - **\$135m** (H1 2007: \$97m)
- CAGR H1 2005 - H1 2008 at **16%**

Total Operating Income 2005 – H1 2008



Net Gaming Revenue

- Strong H1 2008 NGR growth - **\$132m** (H1 2007: \$97m), an increase of **36%**
- In Q2 2008 NGR reached **\$67m**, an increase of **4%** above Q1 2008
- Q2 2008 NGR from emerging offering (mainly Bingo) at **\$12m** an increase of **56%** above Q1 2008
- Quarterly CAGR of **8%** from Q1 2005 to Q2 2008

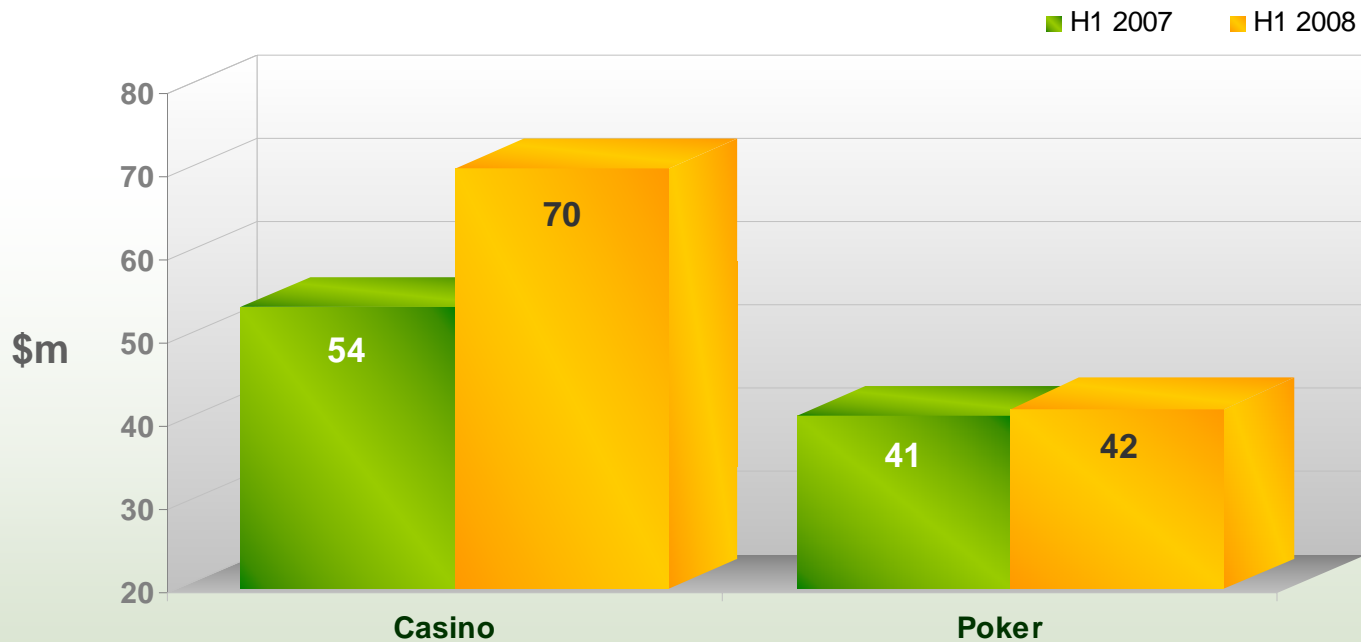
Quarterly NGR Q1 2006 – Q2 2008



Casino and Poker NGR

- Casino NGR up **31% to \$70m** (H1 2007: \$54m)
- Poker NGR up **2% to \$42m** (H1 2007: \$41m)

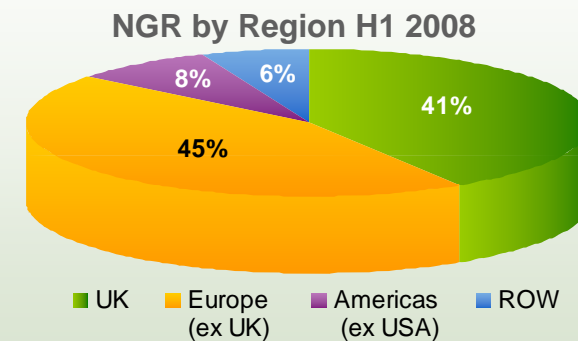
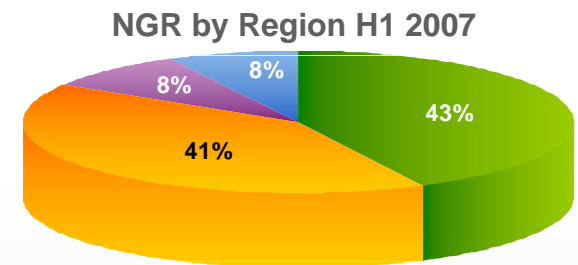
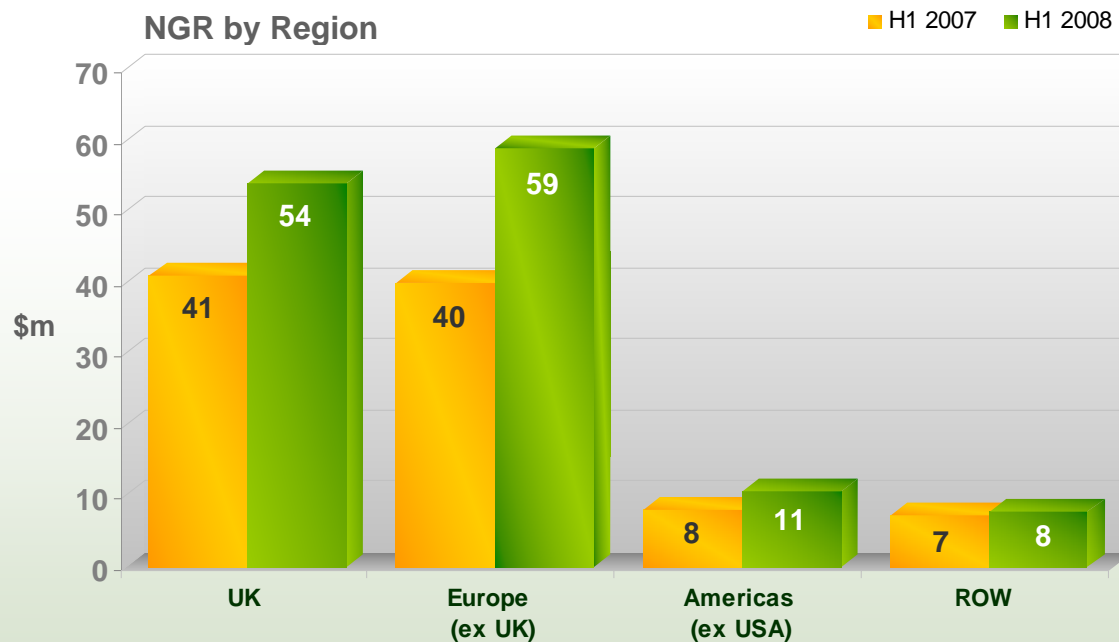
Casino and Poker NGR H1 2007 and H1 2008



Geographic segmentation NGR

- Strong growth in Europe (ex. UK) up **47%**, UK up **31%** and in Americas (ex. US) **32%**
- Europe (ex. UK) became the largest market **45%**, UK now **41%**

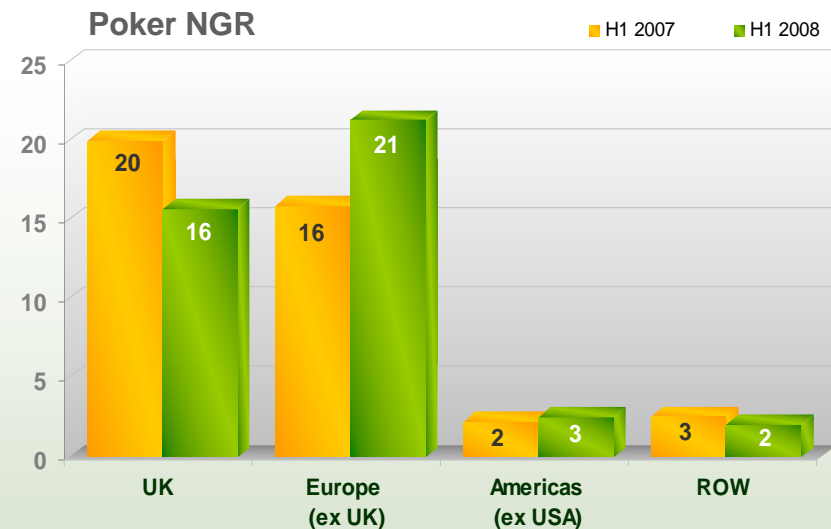
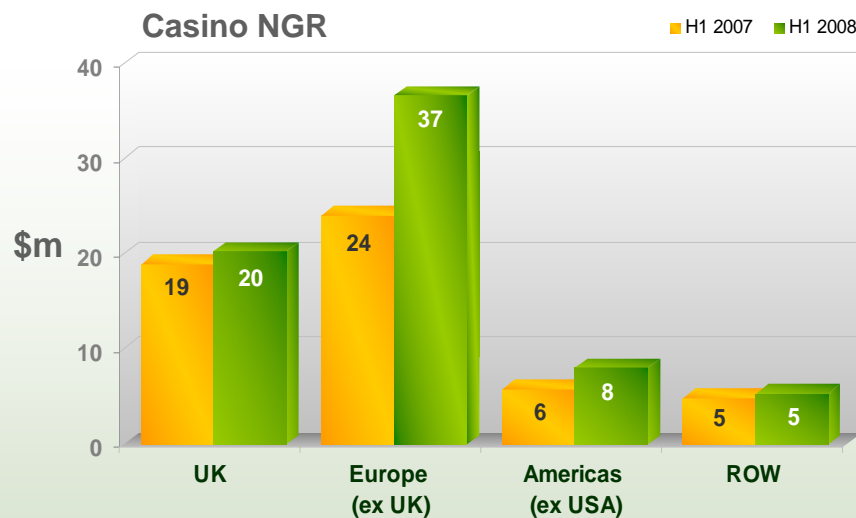
Geographic segmentation, NGR H1 2007 and H1 2008



Casino and Poker NGR by Product and Region

- Casino grew strongly in all regions:
 - Europe (ex. UK) **52%**, UK **7%**, Americas (ex US) **38%**, ROW **10%**, Total **31%**
- Poker driven by strong performance in Europe (ex UK) up **34%** :

Casino and Poker NGR by Product and Region H1 2007 and H1 2008[†]

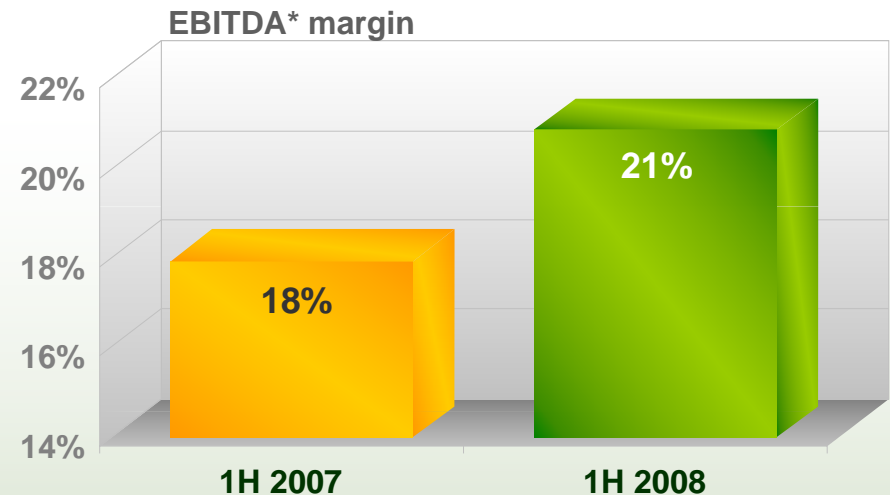
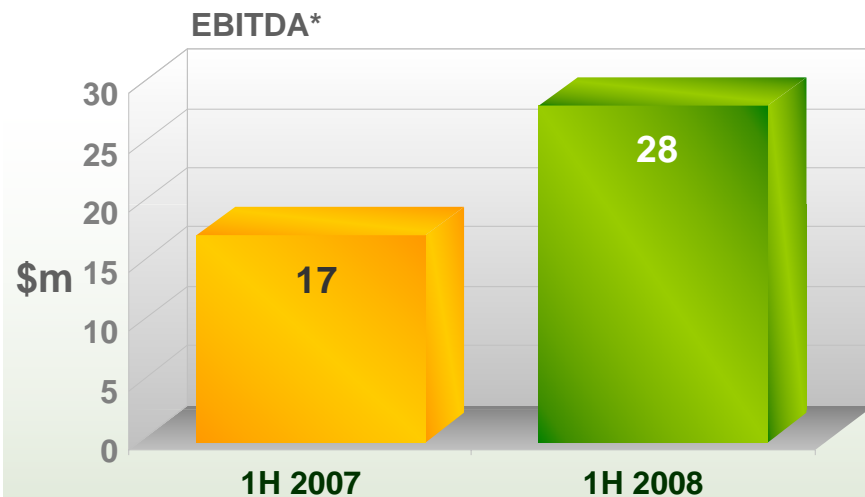


[†]Revised allocation

EBITDA and EBITDA margin

- EBITDA* up **63%** to **\$28m** (H1 2007: \$17m)
- EBITDA* margin up to **21%** from Total Operating Income (H1 2007: 18%)

EBITDA* H1 2007 and H1 2008

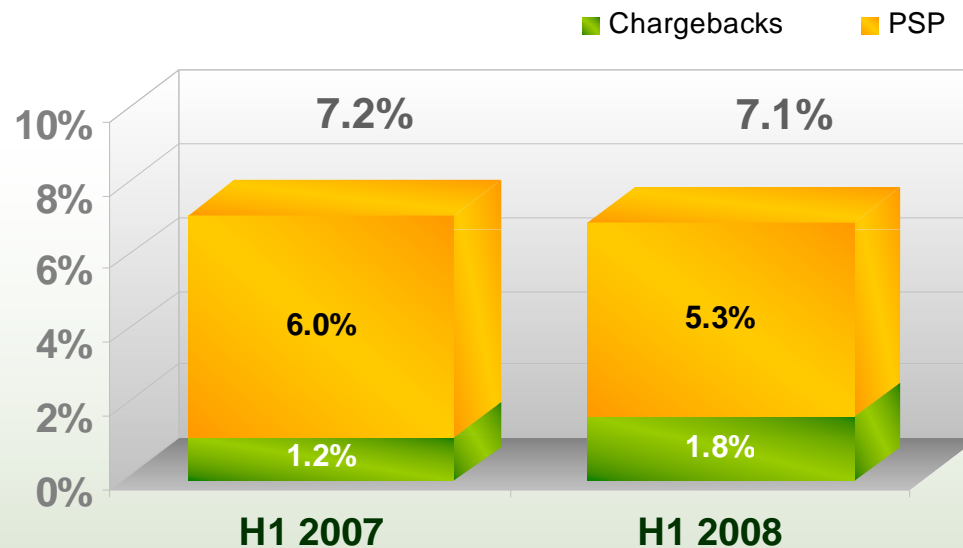


*Excluding share benefit charges

Chargebacks & PSP fees Casino and Poker

- Reduction achieved at **7.1%** (H1 2007: 7.2%) through optimisation of payment processing and charge-backs

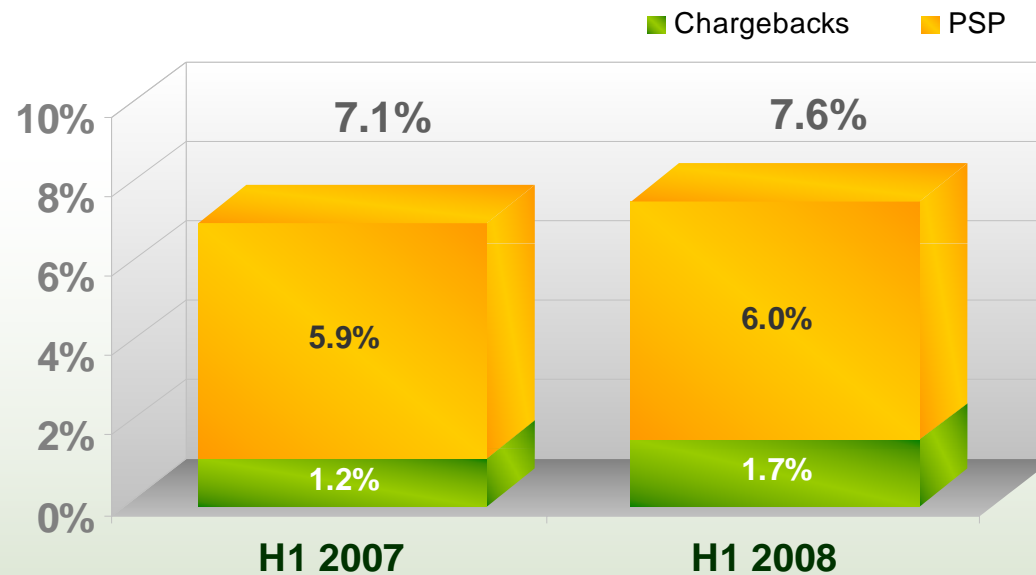
PSP fees and Chargeback as % of Total Operating Income



Chargebacks & PSP fees - Group

- Chargebacks and PSP fees at **7.6%** of Total Operating Income (H1 2007: 7.1%)
- H1 2008 ratio influenced by Bingo B2B given different revenue nature and cost structure

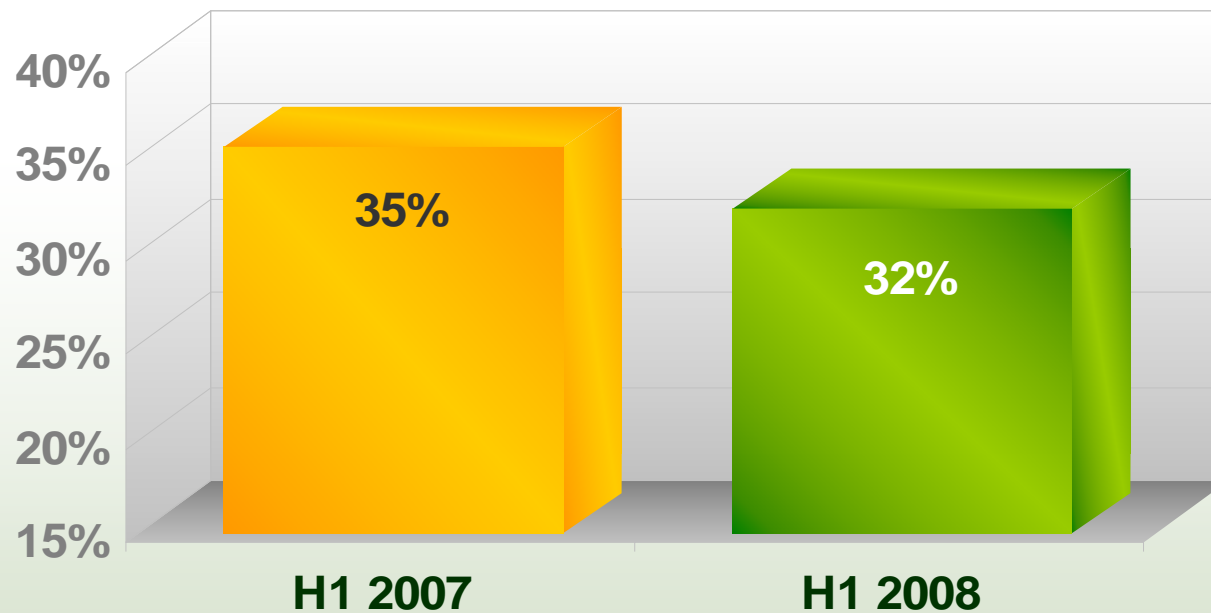
PSP fees and Chargeback as % of Total Operating Income



Marketing Costs

- Increased marketing efficiency in H1 2008 – marketing costs at **32%** of Total Operating Income (H1 2007: 35%)

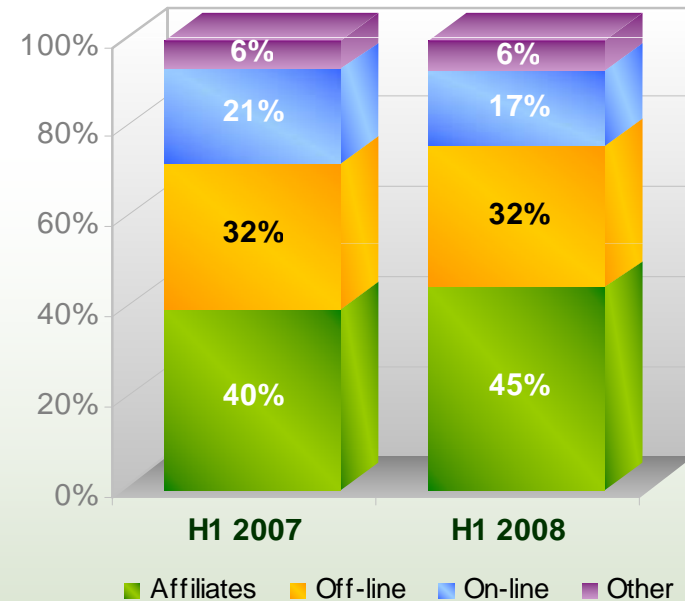
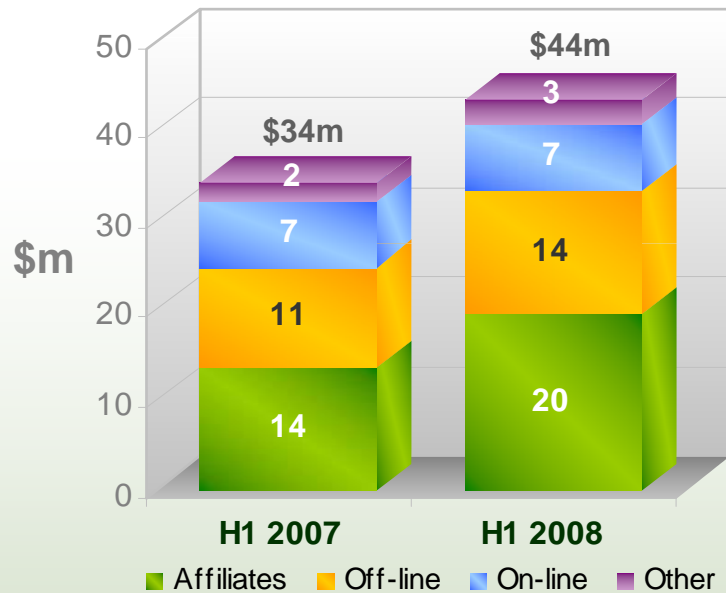
Marketing costs as % of Total Operating Income



Marketing Costs

- Relative increase in affiliates volume instead of on-line
- H1 2008 FTDs **180,579** 32% increase over H1 2007
- H1 2008 CPA at **\$235*** (H1 2007: \$223*)

Marketing costs as % of Total Operating Income



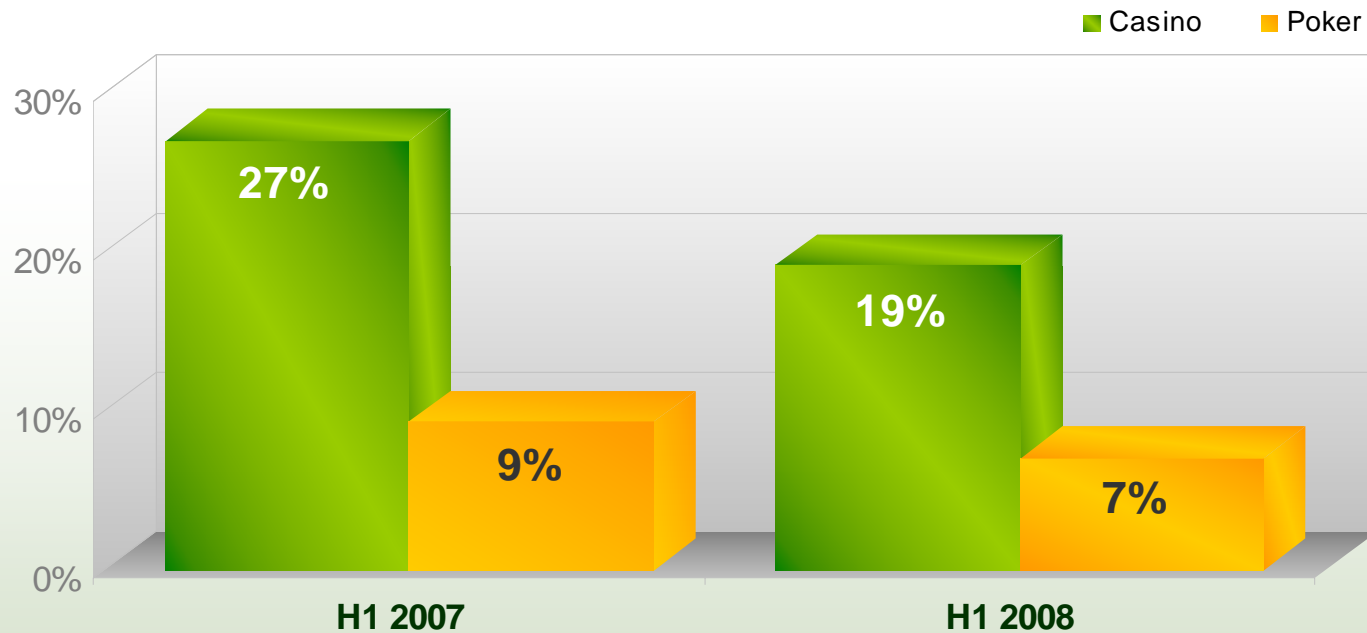
*CPA - excluding revshare



Customer Bonuses

- Continued trend of increased customer bonus efficiency
- Poker bonuses reduced to **7%** in H1 2008 from **9%** in H1 2007
- Casino bonuses reduced to **19%** in H1 2008 from **27%** in H1 2007

Customer bonuses* as % of NGR

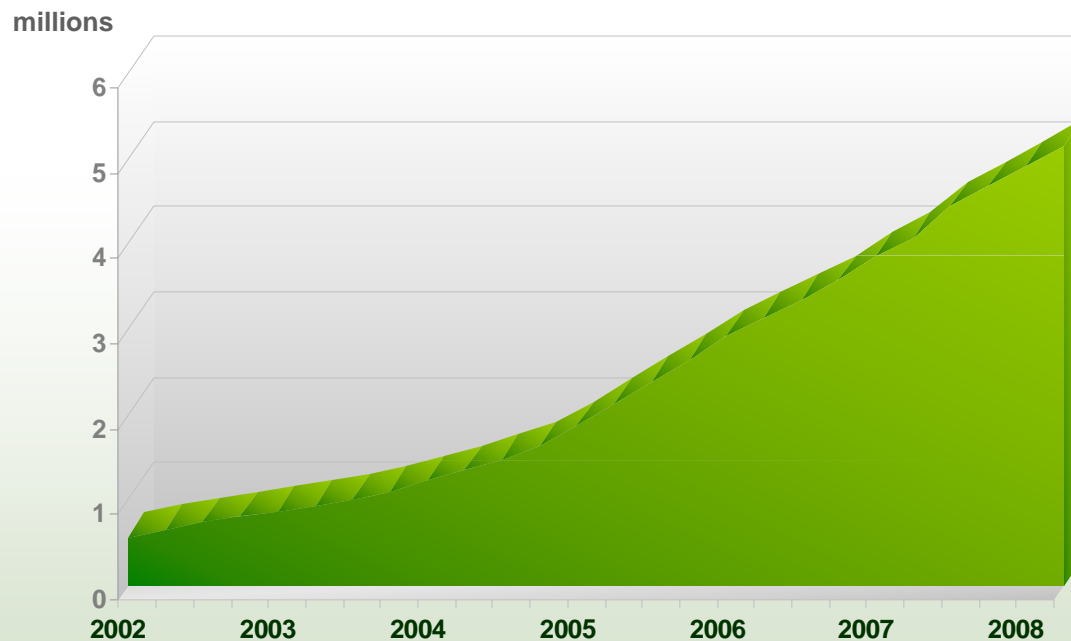


*Bonus excluding converted loyalty points

Strong Real Money Registrations Growth

- Registrations increased by **26%** from Q2 2007 reaching **5.2** million at Q2 2008
- Quarterly CAGR of **10%** between Q1 2002 to Q2 2008

Real Money Registrations Q1 2002- Q2 2008



Balance Sheet as at 30 June 2008

\$m	30 June 2008	30 June 2007
Non-current assets		
Intangible assets	42.2	41.7
Property, plant and equipment	17.0	15.5
Financial assets	0.3	---
Deferred tax	0.7	0.6
	60.2	57.9
Current assets		
Cash and cash equivalents	87.9	87.3
Trade and other receivables	22.8	12.8
	171.0	158.0
Total Assets		
Equity		
Share capital	3.1	3.1
Retained earnings and reserves	96.3	71.5
Total equity attributable to equity holders	99.5	74.6
Liabilities		
Current liabilities		
Trade and other payables	39.1	60.6
Customer deposits	32.5	22.9
	171.0	158.0
Total equity and liabilities		

Unlevered balance sheet



Cash Flow Statement

\$m H1 to 30 June	H1 2008	H1 2007
Cash flows from operating activities		
Profit before tax	21.1	14.9
Share benefit charges	5.2	4.1
Profit before tax and Share benefit charges	26.3	19.0
Depreciation, impairment and amortisation	3.8	1.9
Interest received	(2.2)	(3.0)
Change in current assets and liabilities	3.6	(1.0)
	31.6	16.9
Tax paid	(2.1)	(1.4)
Net cash generated from operating activities	29.5	15.5
Net cash used in Investing Activities	(28.9)	(12.5)
Financing activities		
Dividends paid and exercise of share options	(17.0)	(30.1)
	(17.0)	(30.1)
Net decrease in cash and cash equivalents	(16.4)	(27.1)
Cash and cash equivalents - beginning of year	104.3	114.4
Cash and cash equivalents - end of period	87.9	87.3



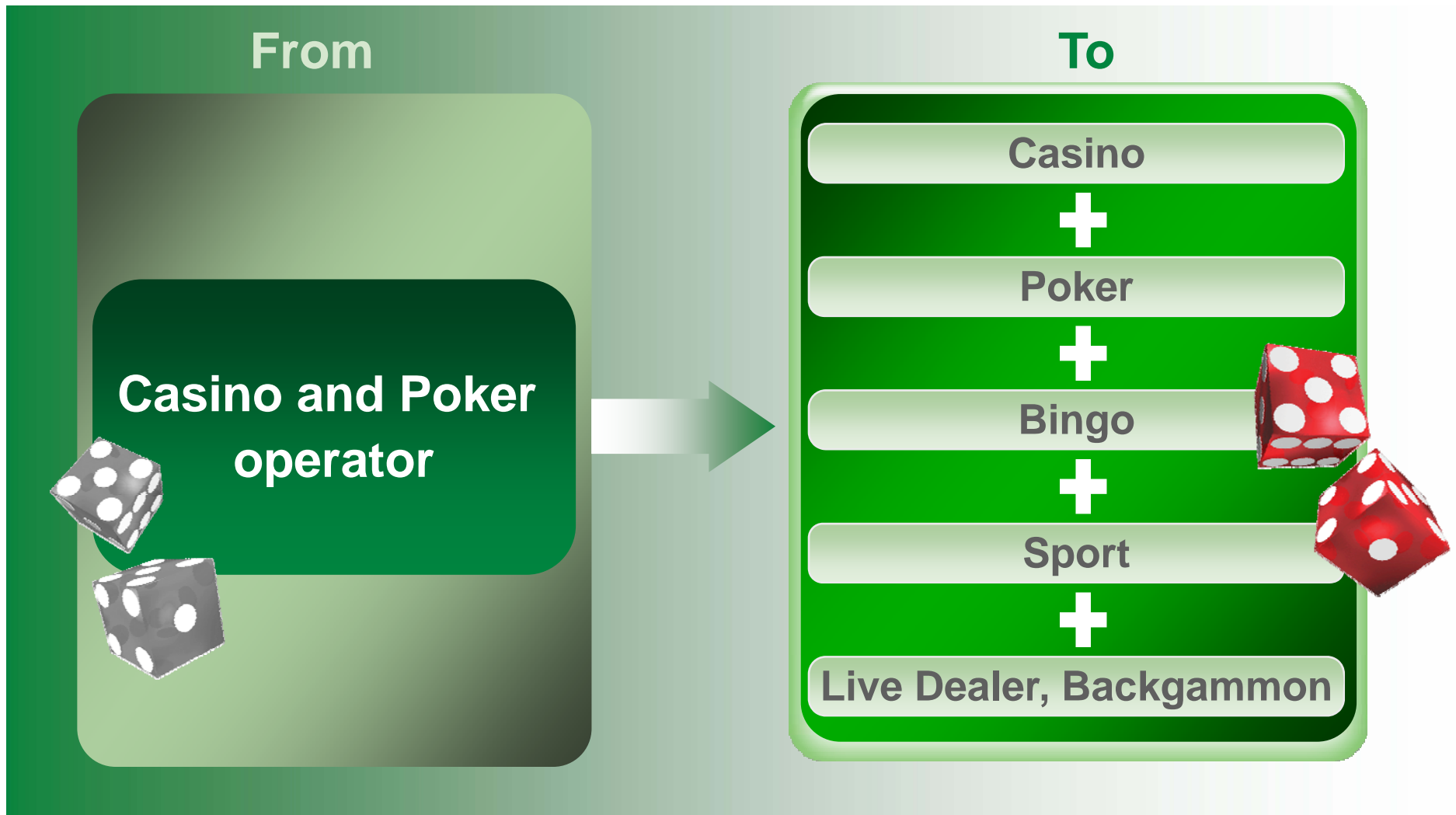
Operating Review



Our Offering



Our Strategic Changes



For the first time – 888 presents the 4 pillars of online gaming



888sport

The screenshot shows the 888sport website interface. At the top, there's a navigation bar with the 888sport logo and the tagline "Enjoy the game". Below the logo, there are menu items for "Sportvædslegning", "Kasino", "Poker", "Bingo", and "Backgammon". A search bar is also present. The main banner features a headline in Swedish: "VAD KAN VARA BÄTTRE ÄN NÄR DITT FAVORITLAG VINNERS? ATT DU OCKSÅ GÖR DET, FÖRSTÅS! Vi erbjuder livebetting hela vägen fram till slutsignalen!" (What can be better than when your favorite team wins? That you also do it, understood! We offer live betting all the way to the final whistle!). Below the banner, there's a user login section with fields for "Användarnamn" (Username) and "Logga in" (Login), and a "Uti medlem" (Member) button. The main content area is divided into several sections, each with a "SPELA" (PLAY) button. These sections include: "UEFA-cupen" (UEFA Cup), "Arnold Palmer invitational" (Arnold Palmer Invitational), "Basket: Euroleague" (Basketball: Euroleague), "Allsvenskan" (Allsvenskan), "EM -slutspel 2008" (EM - Final 2008), and "Formel 1, VM 2008" (Formula 1, World Championship 2008). On the right side, there are sections for "Nasta liveevenemang" (Next live events) and "Hockey" (Hockey). A sidebar on the left lists various sports categories like "Fotboll" (Football), "Sport", "Spelelsare", "Ishockey", "Tennis", "Motorsport", "Amerikansk fotboll", "Australian Rules Football", "Baseboll" (Baseball), "Basket", "Boxning", "Cricket", "Dart", "Fotbollsmatcher" (Football matches), "Fotboll - Blandad" (Football - Mixed), "Gaeliska spelen", "Golf", "Greyhound - kapploppning" (Greyhound racing), "Handboll", "Hästar, Storbritannien" (Horses, Great Britain), "Politik", "Rugby League", "Rugby Union", "Snooker", and "UFC (Ultimate Fighting Championship)".

- Launched 888sport in 5 languages and Multi currency
- Launch 888.it sportbetting site in Italy (locally licensed)



Our Strategic Changes

From

Home-grown games:
Casino, Poker,
Backgammon



To

888 house-built games:
Casino, Poker,
Backgammon, Innovative
slot machines



More than 1,000 games
ready for integration
from over 10 Suppliers



888.com
—Enjoy the game—

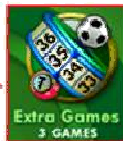
Current Games Partnerships



More than 1,000 games
available for integration



Games Integration Underway



- Initial games already launched
- ~ 50 more to follow in H2


Our Marketing



B2C – New Brands Launched



Continued Marketing World-wide

Live Search 

Only from United Kingdom

Web 1-10 of 47,700,000 results - [Advanced](#)
 See also: [Images](#) [Video](#) [News](#) [Maps](#) [More](#) ▼

888ladies Bingo: £10 Free - www.888Ladies.com
 90-ball & 75-ball rooms, instant games, lots of roomies, fun & chatter

Play Bingo - £20 free - www.williamhillbingo.com
 Up to £20 free when you join. Games from just 5p every few minutes.

£50 free at Mecca Bingo - www.meccabingo.com/bingo
 Sign up today for £50 Cash match bonuses with Mecca Bingo!

Sponsored sites




888.com
 —Enjoy the game—

Language: English

WORLD POKER CROWN
 ANYONE CAN TAKE IT

PLAY POKER NOW

Money can't buy you an ego, but this big!

Think of it as the tournament of tournaments, the mother of all poker titles where multi-million dollar stacks are pooled each week to live 4848 to only one lucky poker player world. The World Poker Crown (WPC) by 888.com is a 4,000 poker event, culminating in a televised prize event in Barcelona, Spain, where a prize pool of \$1,000,000 rides on the player's skill and sheer guts of the week's proven poker champions.

How do you become poker royalty?

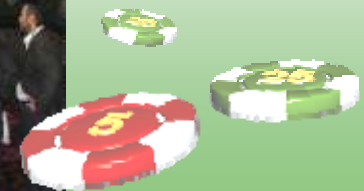
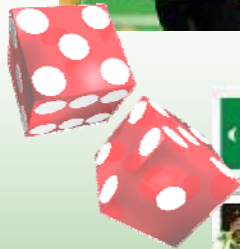
Just enter one of our online poker freerolls and you could be on your way to being crowned king of the game.



Continued Branding Activities Globally



888.com
—Enjoy the game—



888.com
—Enjoy the game—

Added a new 'face' to 888 – Shane Warne

- #1 sporting celebrity in Australia
- Very famous in all cricketing nations
- Retired from International cricket, captained Rajasthan Royals to IPL victory
- Act as 888's poker ambassador
- Will represent 888 at events around the world and make special appearances
- Will participate in special 888 promotions outside of poker tournaments



Our Business Model



Our Strategic Changes

From

**888's activity:
888.com,
Casino-on-Net,
Pacific Poker**



To

**888enhanced B2C activity:
888.com, 888casino,
888poker, 888sport,
888ladies, Casino-on-Net,
Pacific Poker**



**888B2B activity: Cashcade,
Sportech, Wink, Tower
Torneos, LuckyAce, Rileys,
PokerDome**



eGaming B2B Competitive Landscape – the big opportunity

Competitors

888,
Potentially
other
Major
operators

Online
Gaming
SW and
Operation
companies

Games
Companies

Services

Advanced Services

Online/offline Marketing, Management of Affiliates, SEO, Branding, Business Analytics

Operations

Call Center, Telemarketing, Business operations, Payments processing, Hosting, Web etc.

Technology

Games (Sport, Casino, Poker, Bingo, Soft games, Live Dealer) and Back office (CRM, Affiliates, Reporting, Fraud/risk)

888.com
—Enjoy the game—

Integrated Games Make us More Competitive



More than 1,000 games
available for integration



Our B2B Customers to Date



Where Are We Heading To

- Maintaining our position as one of the leading operators in the e-gaming world serving consumers world-wide under our various brands (Business-to-Consumer → B2C)
- Becoming a leading provider of technology, operations and knowledge to new entrants to the market, using our existing capabilities (Business-to-Business → B2B)



Regulatory Updates

- **EU:**
 - Positive regulatory environment
 - New infringement processes (Sweden and Germany) and two reasoned opinions (Greece and Netherlands)
 - EU moving toward local regulation: France, Spain, Sweden, Greece and Denmark

- **Rest of the world:**
 - Initial positive regulatory signs
 - Various countries heading toward regulation in Asia Pacific, Latin America and Eastern Europe

- **US:**
 - No change in 888 status



Appendix: Quarterly KPIs



KPIs Appendix

KPI*	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08
Casino & Poker						
NGR US\$m	\$ 46.9	\$ 47.8	\$ 47.6	\$ 56.7	\$ 56.9	\$ 55.2
Active players	205,907	208,876	209,811	209,918	213,115	214,725
NGR per active player	\$ 228	\$ 229	\$ 227	\$ 270	\$ 267	\$ 257
Casino						
NGR US\$m	\$ 26.0	\$ 27.9	\$ 29.0	\$ 35.3	\$ 35.0	\$ 35.5
Active players	70,769	72,362	72,847	73,737	77,370	77,837
NGR per active player	\$ 367	\$ 386	\$ 398	\$ 478	\$ 453	\$ 456
Poker						
NGR US\$m	\$ 20.9	\$ 19.9	\$ 18.6	\$ 21.4	\$ 21.9	\$ 19.8
Active players	168,066	166,772	168,105	170,401	170,988	169,898
NGR per active player	\$ 124	\$ 119	\$ 111	\$ 126	\$ 128	\$ 116
Emerging Offering						
NGR US\$m	0.0	2.2	6.0	6.3	7.6	11.8
Total NGR US\$m	\$ 46.9	\$ 49.9	\$ 53.5	\$ 63.0	\$ 64.5	\$ 67.0
Other operating income	\$ 0	\$ 0	\$ 1.4	\$ 2.1	\$ 1.6	\$ 2.2
Total Operating Income	\$ 46.9	\$ 49.9	\$ 55.0	\$ 65.2	\$ 66.1	\$ 69.2

* All figures are extracted or derived from 888's published financial statements where available

