

**Results for the  
six months  
ended  
30 June 2007**



10 September 2007

## Agenda

### Gigi Levy

- Introduction

### Aviad Kobrine

- Financial Review

### Gigi Levy

- Operating Review
- Regulation
- Current Trading
- Summary and Q&A

## Financial Highlights

- Net Gaming Revenue up **24%** to **\$97m** (H1 2006: \$78m)
- Profit before tax\* up **298%** to **\$19m** (H1 2006: \$5m)
- **22%** NGR Casino growth from H1 2006 to H1 2007 at **\$54m**
- **19%** NGR Poker growth from H1 2006 to H1 2007 at **\$41m**
- Operating expenses % of NGR down to **28%** (H1 2006: 31%)
- PBT\* margin widened to **19%** (H1 2006: 6%)
- Basic EPS\* of **5.2¢** (H1: 2006: 1.0¢)
- Interim dividend of **1.8¢** per share

\* Excluding share benefit charges and Discontinued Operations

# Financial Review



10 September 2007



## Profit and loss account

	H1 2007 \$m	H1 2006 \$m	% Change
<b>Net Gaming Revenue</b>	<b>96.8</b>	<b>78.2</b>	<b>24%</b>
Operating expenses	27.1	24.2	12%
Research and development expenses	11.5	9.2	25%
Selling and marketing expenses	34.3	27.5	25%
Administrative expenses*	7.7	14.2	(46)%
<b>Operating profit*</b>	<b>**16.3</b>	<b>3.1</b>	
Finance income	2.6	1.6	
<b>Profit before tax*</b>	<b>18.9</b>	<b>4.7</b>	<b>298%</b>
Taxation	(1.3)	(1.4)	
<b>Profit after tax* ***</b>	<b>**17.5</b>	<b>3.3</b>	<b>431%</b>
<b>Earnings per share</b>			
Basic ***	¢5.2	¢1.0	

Following 2006 Final Dividend in May of 8.88¢

Interim Dividend of 1.8¢

\* Excluding share benefit charges, \*\* rounded, \*\*\* excluding discontinued operations

## NGR

- Group NGR reached **\$96.8m** (H1 2006: \$78.2m), an increase of **24%** compared to H1 2006
- In Q2 2007 Group NGR reached **\$50.0m**, a **7%** increase above Q1 2007
- NGR from emerging games (mainly Bingo) at \$ **2.2m** - 45 days of operation in Q2 2007
- Quarterly CAGR of **8%**

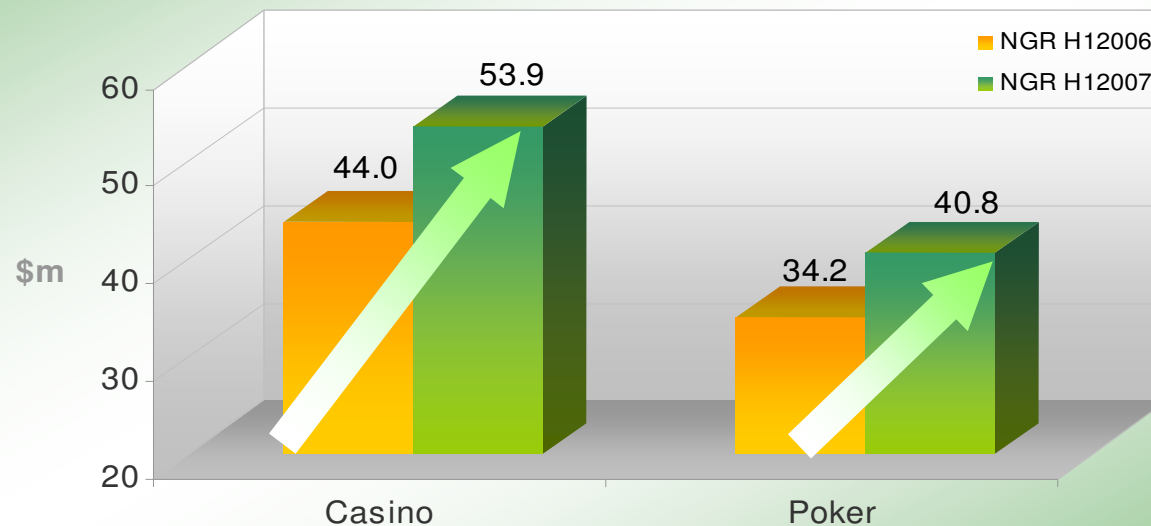
Quarterly NGR Q1 2005 – Q2 2007



## Poker and Casino NGR

- Casino NGR up **22%** to **\$53.9m** (H1 2006: \$44.0m), positively affected by the introduction of Casino games in Poker client
- Continued Poker NGR growth - up **19%** to **\$40.8m** (H1 2006: \$34.2m)

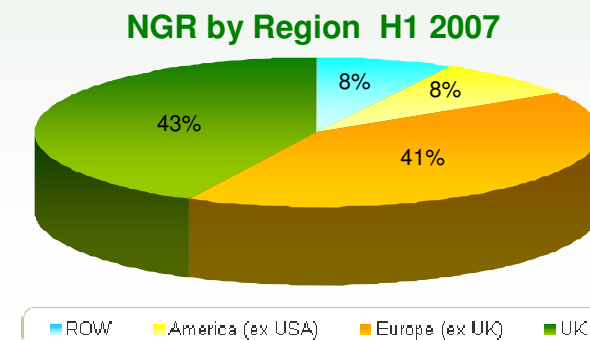
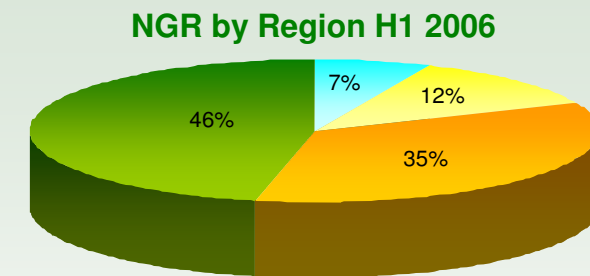
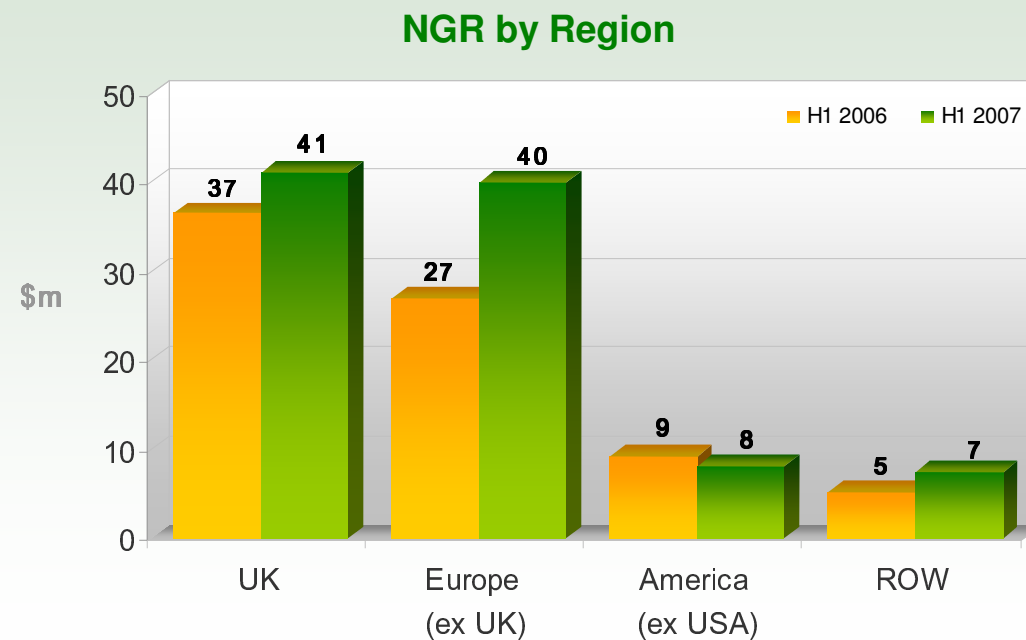
Poker and Casino NGR H1 2006 vs H1 2007



## Geographic Segmentation NGR

- Strong growth: Europe (ex UK): **48%**

### Geographic segmentation, NGR H1 2007 & 2006



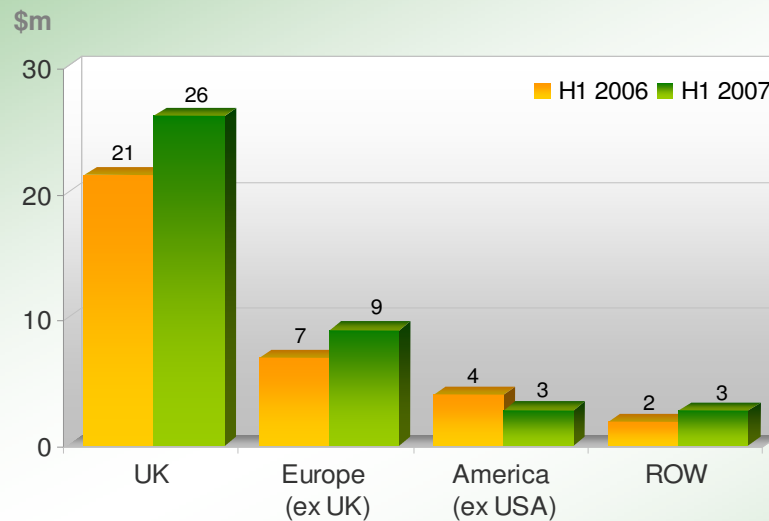


## Poker and Casino NGR by Region

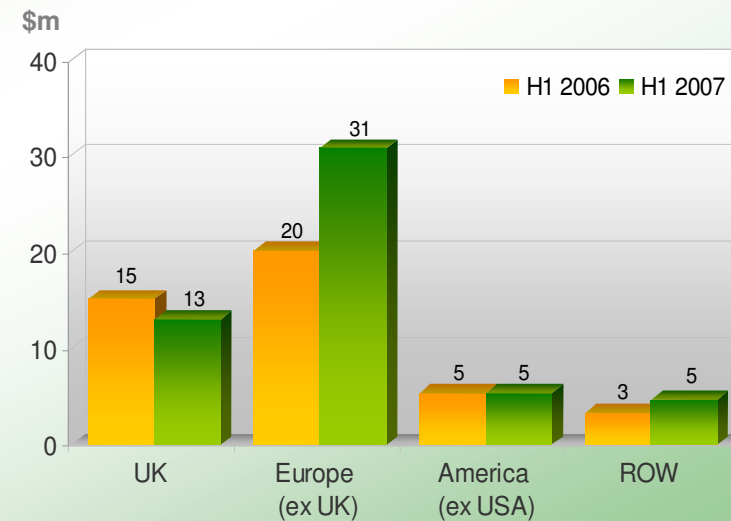
- Casino: Strong growth in Europe (ex UK) up **53%**
- Poker: Strong growth in UK up **22%**

### H1 2006 & 2007 Poker and Casino NGR by Region

Poker NGR by Region

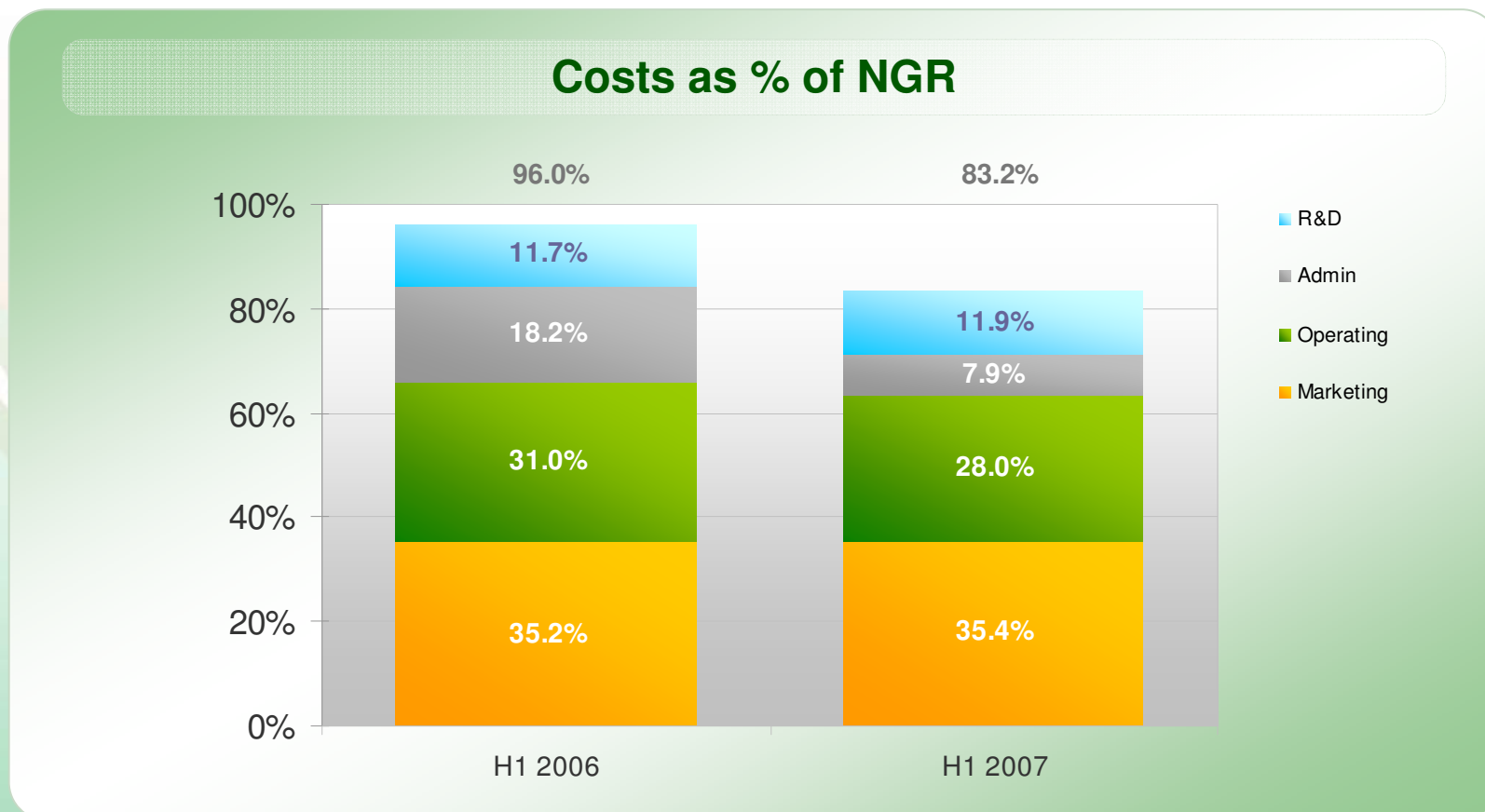


Casino NGR by Region



## Expenses

- Operating expenses reduced to **28.0%** of NGR (H1 2006: 31.0%)
- Admin expenses\* reduced to **7.9%** of NGR (H1 2006 18.2%)
- Marketing expense ratio stable at **35%**

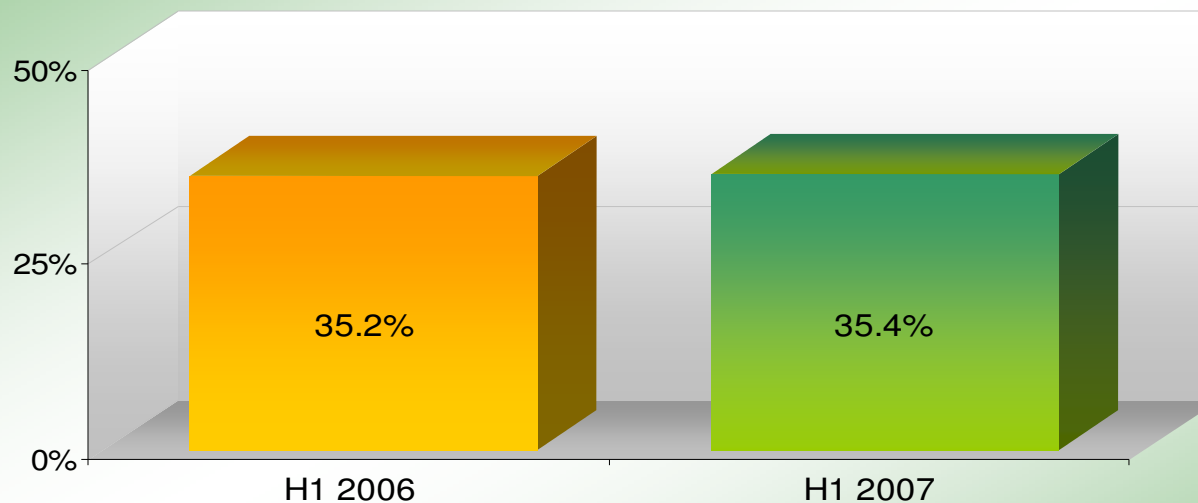


\* Excluding share benefit charges

## Marketing Costs

- In H1 2007 Marketing costs represented **35.4%** of NGR (H1 2006: 35.2%)
- Stable ratio between H1 2007 and H1 2006 at **35%**

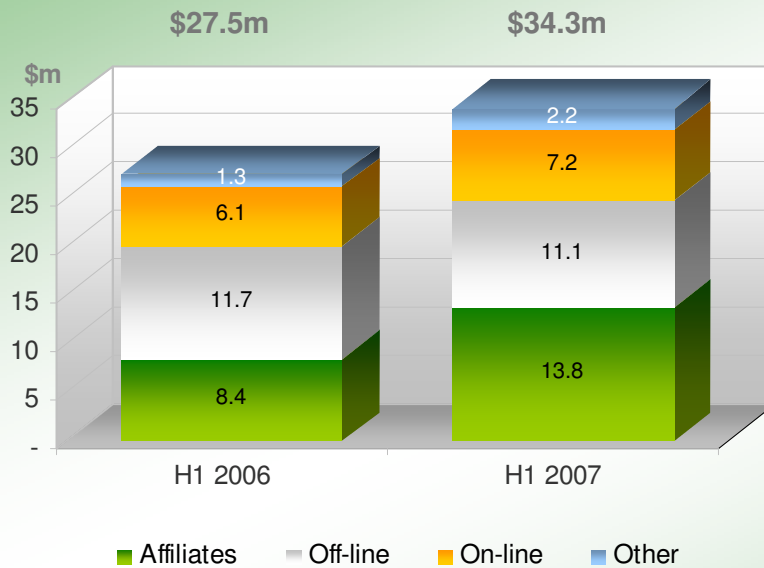
Marketing costs as % of NGR



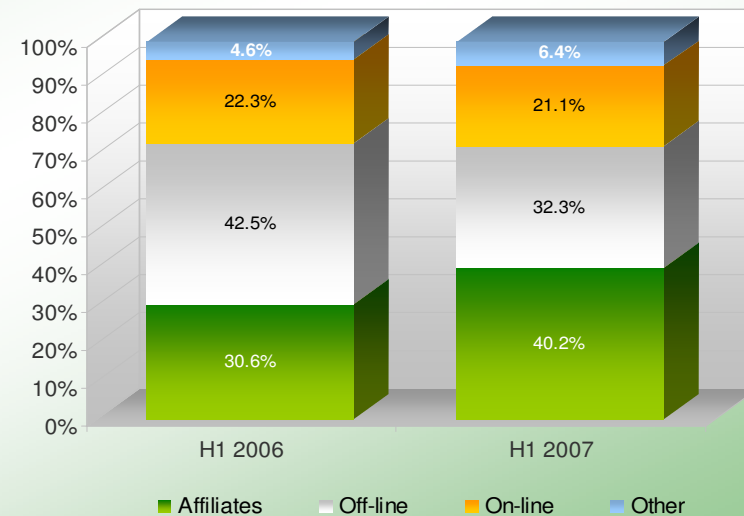
## Marketing Costs

- Expanded affiliates channels.
- H1 2007 CPA of **\$223\*** (H1 2006: \$181), **136,357** First Time Depositors

Marketing cost breakdown H1 2006 - H1 2007



Marketing cost % by channel H1 2006 - H1 2007

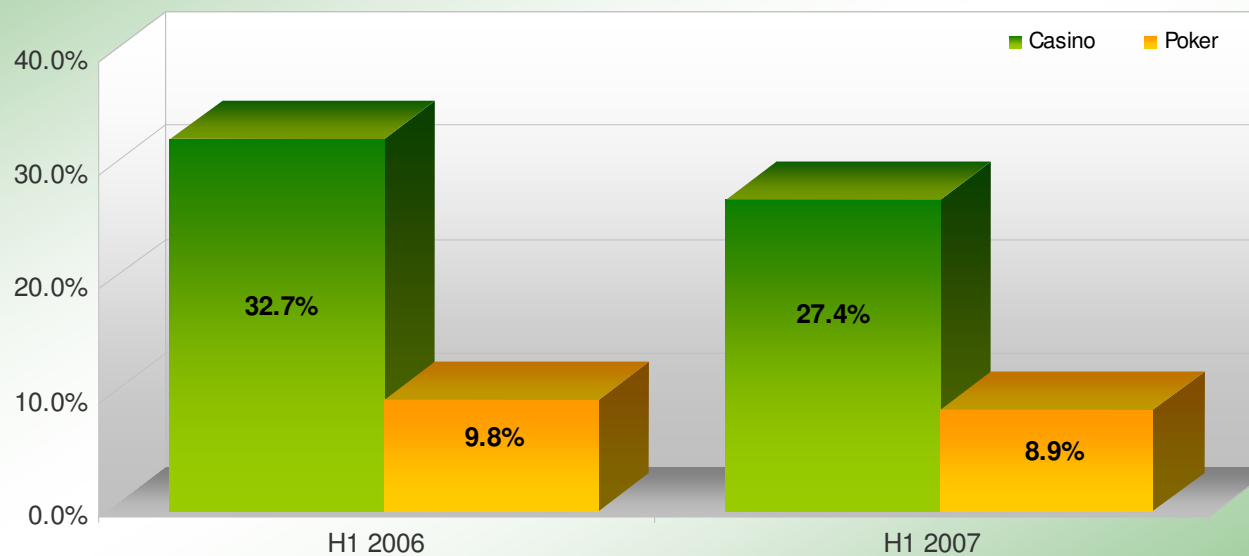


\* Excluding rev share

## Customer Bonuses

- Increased bonus efficiency in Casino - bonuses reduced to **27.4%** in H1 2007 from 32.7% in H1 2006
- Poker bonuses reduced to **8.9%** in H1 2007 from 9.8% in H1 2006

### Customer bonuses as % of NGR



## Balance sheet as at 30 June 2007

	30 June 2007	30 June 2006
	\$m	\$m
<b>Non-current assets</b>		
Property, plant and equipment	15.5	9.4
Intangible	41.7	---
Deferred tax	0.7	0.5
	<b>57.9</b>	<b>9.9</b>
<b>Current assets</b>		
Cash and cash equivalents	87.3	116.9
Trade and other receivables	12.8	11.7
	100.1	128.6
<b>Total Assets</b>	<b>*158.1</b>	<b>138.5</b>
<b>Equity</b>		
Share capital	3.1	3.1
Share benefit reserve	9.2	6.0
Retained earnings	62.3	69.8
	<b>74.6</b>	<b>78.9</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	60.6	29.6
Members deposits	22.9	30.0
	83.5	59.6
<b>Total equity and liabilities</b>	<b>158.1</b>	<b>138.5</b>

\* Rounded

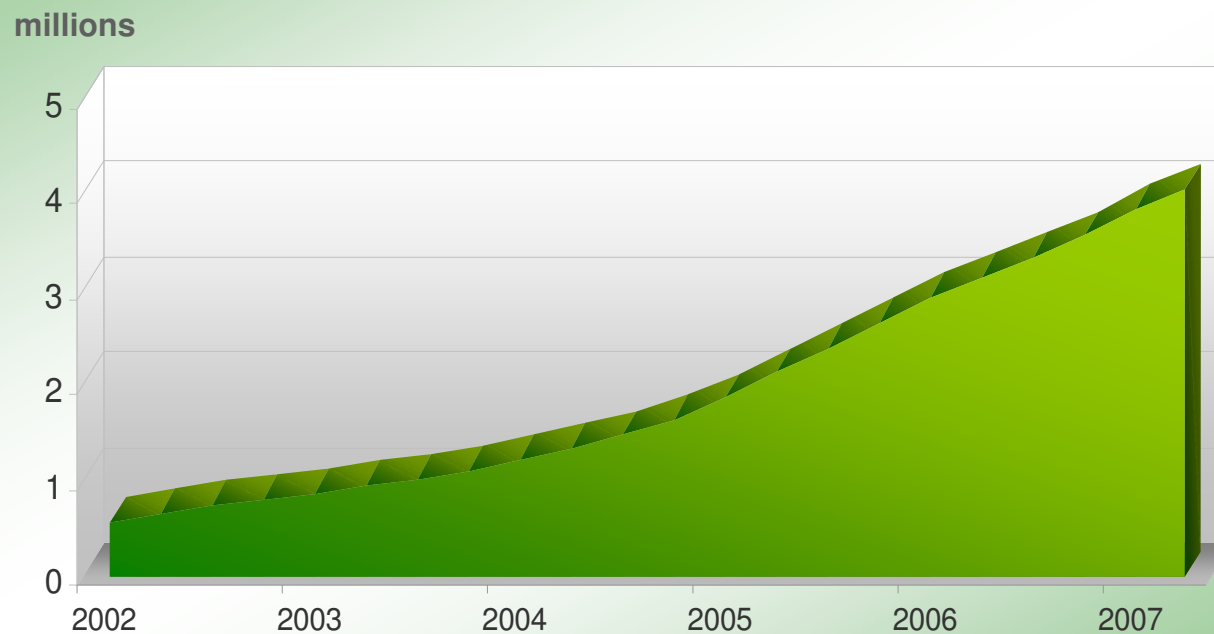
## Cash flow statement

	H1 2007	H1 2006
	\$m	\$m
<b>Cash flows from operating activities</b>		
Profit before tax	14.9	44.1
Share benefit charges	4.1	3.9
Profit before tax and SBC	19.0	48.0
Depreciation	1.9	1.9
Interest received	(3.0)	(1.6)
Change in current assets and liabilities	(1.0)	9.6
	16.9	57.9
Tax paid	(1.4)	(1.8)
<b>Net cash generated from operating activities</b>	<b>15.5</b>	<b>56.1</b>
Net cash used in Investing Activities	(12.5)	(1.4)
Financing activities		
Dividends paid	(30.1)	---
	(42.6)	(1.4)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(27.1)</b>	<b>54.7</b>
Cash and cash equivalents - beginning of the period	114.4	62.2
<b>Cash and cash equivalents - end of H1</b>	<b>87.3</b>	<b>116.9</b>

## Real Money Registrations Growth

- Registrations increased by **14%** from Q4 2006 reaching **4.1** million at Q2 2007
- Quarterly CAGR of **10%** between Q1 2002 to Q2 2007

### Real Money Registrations Q1 2002- Q2 2007





# H1 2007 KPIs



10 September 2007

## Casino KPIs

- Casino NGR Q2 2007 increased to **\$27.9m**
- **24%** increase from Q2 2006, **8%** increase from Q1 2007, **6%** excl. Casino in Poker

Casino Quarterly NGR Q1 2005 – Q2 2007



## Casino KPIs

- Casino active customers for Q2 2007 at **72,362**
- **49%** increase from Q2 2006 as a result of revised KPI, **2%** increase from Q1 2007

Casino active customers Q1 2005 – Q2 2007



## Casino KPIs

- Q2 2007 Casino NGR per active customer increased to **\$386**
- **17%** decrease from Q2 2006 as a result of revised KPI, **5%** increase from Q1 2007

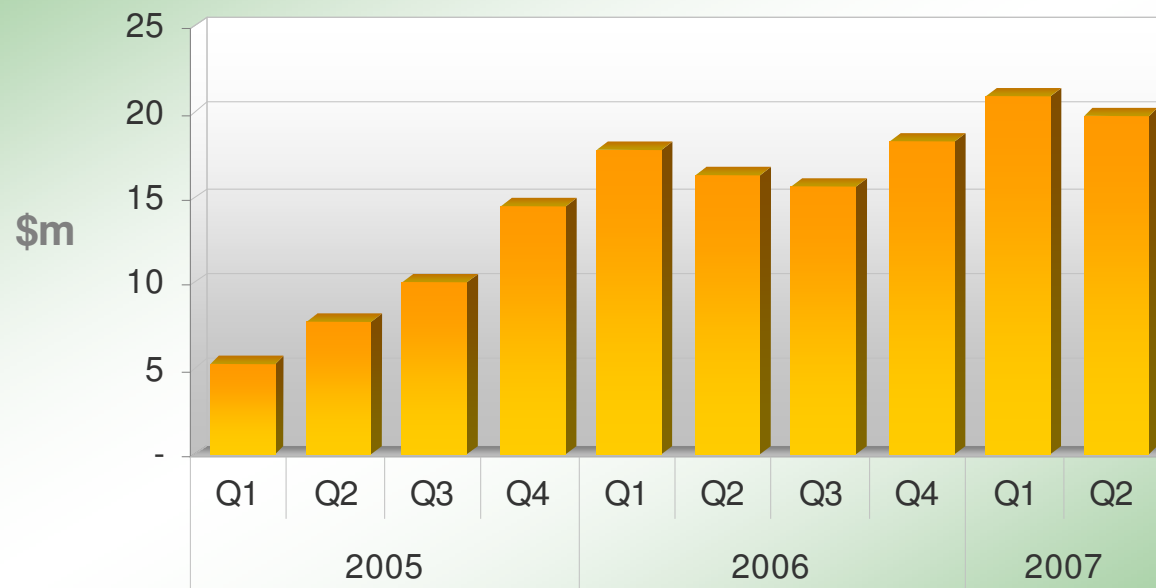
Quarterly NGR per active customer Q1 2005 – Q2 2007



## Poker KPIs

- Poker NGR for Q2 2007 is **\$20m**
- **22%** increase from Q2 2006, seasonal decline from Q1 2007

Poker Quarterly NGR Q1 2005 – Q2 2007



## Poker KPIs

- Poker active customers for Q2 2007 at 166,772
- **37%** increase from Q2 2006, almost the same as in Q1 2007

Poker active customers Q1 2005 – Q2 2007



## Poker KPIs

- Q2 2007 Poker NGR per active customer is **\$119**
- **4%** decrease from Q1 2007 and **11%** decrease from Q2 2006

Quarterly NGR per active customer Q1 2005 – Q2 2007



# Operating Review



10 September 2007



## **A reminder of our strategy**

- Thinking Global while acting Local
- Enhanced, innovative offering
- State of the art integrated marketing
- Customer intimacy
- Market leading customer service
- Focused, efficient and effective organization
- Employer of choice

## Our Offering Vision



<p><b>Loyalty club</b></p>				
<p><b>Community tools</b></p>				
<p><b>Entertainment and content</b></p>				
<p><b>Over more platforms</b></p>				
<p><b>Adding local games &amp; 3<sup>rd</sup> party integration</b></p>	<p>Pachinko</p>	<p>Mahjong</p>	<p>Local card games</p>	<p>Soft games</p>
<p><b>Adding more games - into a single client</b></p>				

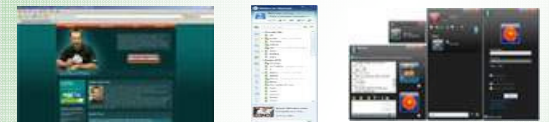
## Our branding and partnership vision



Pachinko    Mahjong    Local card games    Soft games



Pachinko    Mahjong    Local card games    Soft games



Pachinko    Mahjong    Local card games    Soft games



# H1 Achievements



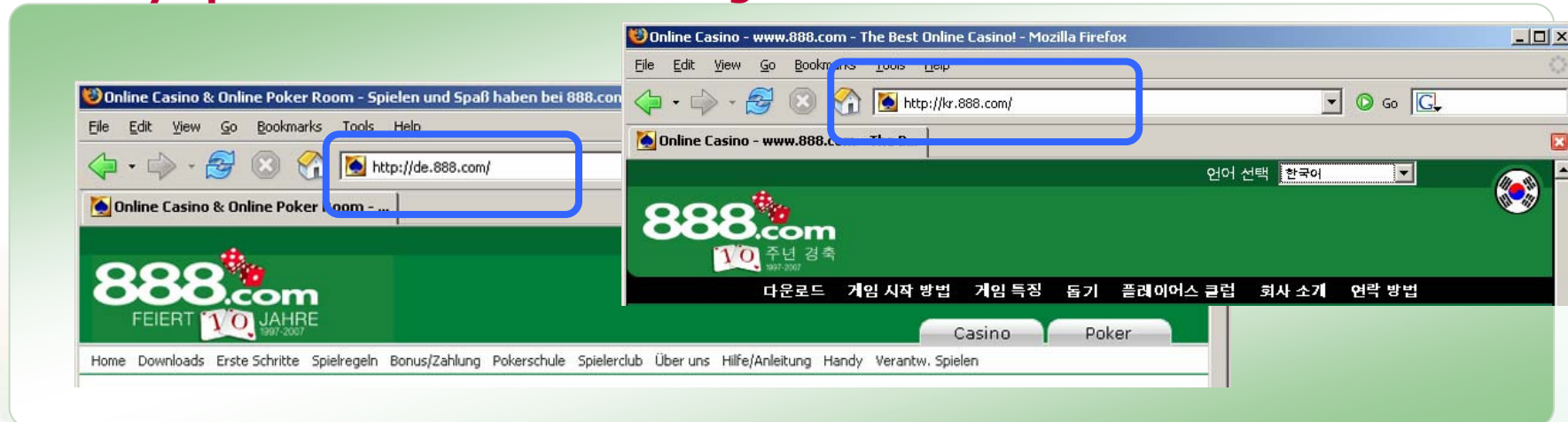
10 September 2007

# Marketing

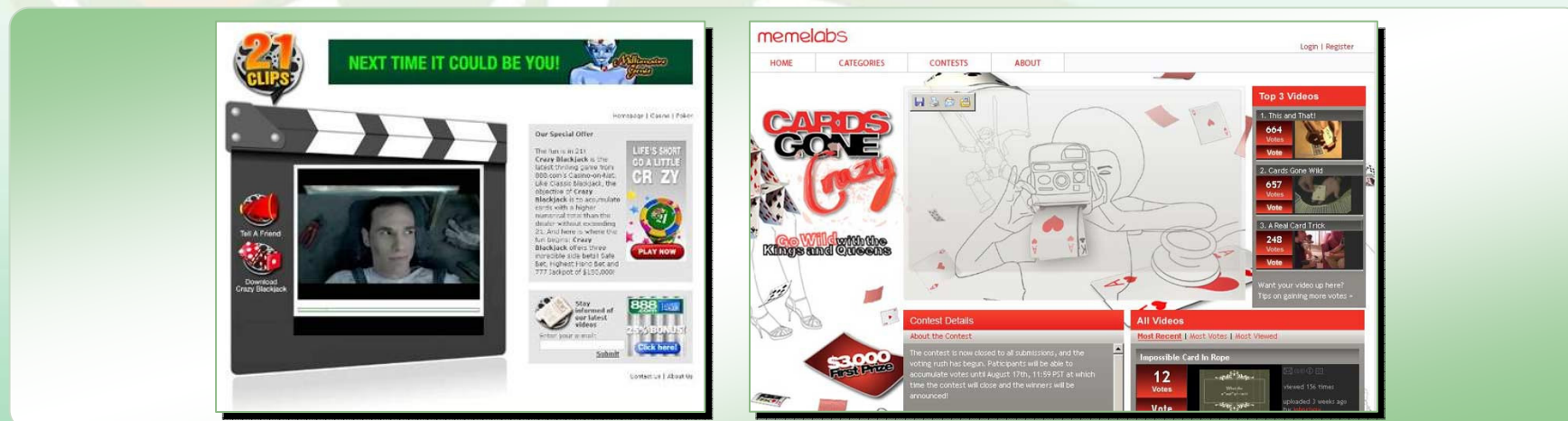


10 September 2007

## Improvement in search engine ranking across Europe, through new country specific websites featuring localized content



## First-Ever Viral Marketing Campaign and UGC\* Competition



## Conversion boost through smart segmentation

- Customized payment method led promotions
  - Promoting payment method with 100% approval rate in specific countries to members with declined deposits and to demo members according to country of residence
    - Pay Point - UK
    - Paysafecard -DE
    - Ukash –SP
- Unique bonuses and dedicated first deposit promotions to members registering through high predicted value channels
  - Unique sign on bonus
  - Carnival cruise promotion



## Innovation and good relationships with affiliates

[www.pokerproforayear.com](http://www.pokerproforayear.com) – a year-long campaign (acquisition & retention) approaching members acquired through a specific affiliate. A new concept (copied by competitors) in the online poker community!!



Top positions in affiliate portals; many restricted promotions to communities – all acquisition actions combined with retention tools



## Significant boost in brand awareness through successful sports sponsorship...

- Sevilla FC – UEFA Cup Champions, Spanish Cup Champions, 3rd in La Liga, qualified for Champions League
- 888.com World Snooker Championship – Year two
- Club Nacional de Football – Shirt Sponsorship of Uruguay football Champions









## ...and through televised poker events

- Poker Fables 20 TV poker lessons from the pros
- Germany national poker team tournament in Germany – building Germany’s next generation of professional poker players
- 888.com World Heads Up Poker Championships - Sponsorship of well established event
- New Broadcast content deals in Scandinavia, Spain, Germany and Latin America
- Austrian Poker Tour – 9 events throughout 07 – televised in all German speaking markets
- Eight TV Magazine show bringing the magazine to broadcast
- Lifestyle TV content – history of gambling, Las Vegas and the WSOP - UK and Germany



## The outcome\* - significant increases in brand awareness and consideration since 2006

	2007 %	Change from 2006	888.Com Rank	
<b>Awareness</b>				
Unaided awareness	 12	+1	1	
Total unaided awareness	 25	+4	3	(behind Ladbrokes & William Hill only)
Prompted awareness	 76	+12	3	(behind Ladbrokes & William Hill only)
<b>Consideration</b> (1st choice/seriously consider)				
General gambling	 31	+14	3	(behind Ladbrokes & William Hill)
Casino games	 28	+18	2	(behind Ladbrokes only)
Poker	 26	+13	1	(with Ladbrokes)

Source: Millward Brown (2007)

# Product & Business Updates



## Successful launch of our white label platform for strategic partners

- Developing from just an operator to a provider of virtual operators
  - Successfully completed the development phase
  - Successfully launched our first partnership with Rileys Ltd
  - Operated under www.rileyspoker.com

The screenshot displays the RileysPoker.com website interface. The main content area shows a list of ring tables with columns for Name, Stakes, Limit, Pirs, Speed(Sec), Avg. Pot, and Hnd/Hr. The table includes entries such as Altadis Churchill, Alvaro, Ambrosia, Anos Centenario, Antelo, Antonio y Cleopatra, Arango Sportsman, Baccarat Dominican, and Baccarat Vintage Ca... Each entry has a 'Join' button and a 'Details' link.

Overlaid on the right side of the screenshot is a login modal window titled 'RileysPoker.com' and 'Money Play Mode'. The modal contains a 'New Player Click Here!' button, a 'Registered Members' section with a login form (Username, Password, Remember Password checkbox), and a 'Forgot Your Password?' button. The modal also features 'Help', 'Login', and 'Cancel' buttons.

Name	Stakes	Limit	Pirs	Speed(Sec)	Avg. Pot	Hnd/Hr	Action	Details
Altadis Churchill	\$20/\$40	Fixed	0/8	0	\$0	0	Join	Details
Alvaro	\$15/\$30	Fixed	0/8	0	\$0	0	Join	Details
Ambrosia	\$1/\$2	Fixed	0/8	0	\$0	0	Join	Details
Anos Centenario	\$3/\$6	Fixed	0/8	0	\$0	0	Join	Details
Antelo	\$2/\$4	Fixed	0/8	0	\$0	0	Join	Details
Antonio y Cleopatra	\$5/\$10	Fixed	0/8	0	\$0	0	Join	Details
Arango Sportsman	\$10/\$20	Fixed	0/8	0	\$0	0	Join	Details
Baccarat Dominican	\$15/\$30	Fixed	0/8	20	\$0	0	Join	Details
Baccarat Vintage Ca...	\$1/\$2	Fixed	0/8	30	\$0	0	Join	Details

## Language Infrastructure Program

- All Casino games and Video Slots in 12 different languages
- Concurrent future launches in all languages for Poker, Casino
- Customizable cashier per country (higher approval rates, ease-of-use)



## New Games launched

- 3D-Poker with rotating table, avatars and chat tools
- Bingo
- Backgammon
- 6 New Video Slots / Branded Slots



## Unified client

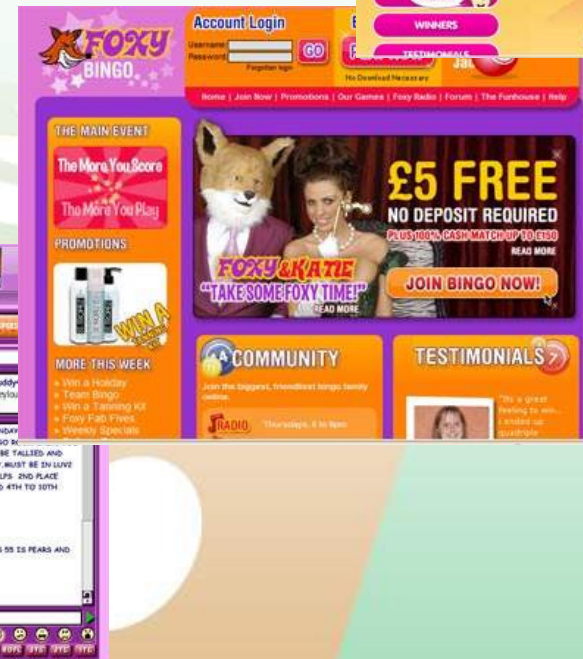
- Poker, Casino, Bingo & Backgammon - all in the same client
- Money can be used for all games
- Enables better cross selling





## Bingo assets fully integrated to 888

- Bingo Post-Merger Integration progressing well
- Core bingo business performing better than expectations
- 888's Bingo operated through [www.bingo.888.com](http://www.bingo.888.com)
- Increases 888's demographic reach



# H2 Plans



10 September 2007

# New Marketing Campaign



8888.com



— Enjoy the game —

## What's the meaning?

### Your enjoyment. Our mission.

At 888 we believe that entertainment is the spark that completes our lives; that, after the challenges and routine that occupies our daily lives, everyone seeks fun and enjoyment...

At 888 we want people to 'Enjoy The Game' so everything we do is dedicated to making sure they get the most enjoyment out of the time they spend with us.

Some play to win and some play to play, whether they are here to win big or small, here to have fun or simply here to meet like-minded new friends we want people to 'Enjoy The Game'.















**LINGERIE COLOUR OF NEXT  
WOMAN IN MAGAZINE:**

RED

BLACK

WHITE

PINK

WHAT  
LINGERIE?

**YOUR BOSS CATCHES YOU  
PLAYING 888.COM POKER.  
DO YOU:**

**FOLD.**  
Hold your  
hands up  
and take  
the rap.

**BLUFF.**  
Tell him  
you're  
donating  
the winnings  
to the  
Christmas  
party.

**GO ALL IN.**  
Tell him he  
can stick  
his job.

New graphics. 3D avatars. Better game play.

**888.com**  
**ENJOY THE GAME**  
POKER • CASINO • ONLINE





<b>NUMBER OF RED TRAFFIC LIGHTS YOU'LL STOP AT ON YOUR JOURNEY</b>	<b>1-2</b>	<b>3-4</b>	<b>5-6</b>	 POKER-CASINO-BINGO <i>Enjoy the game</i>
	<b>7-8</b>	<b>9-10</b>	<b>0</b> YOU'RE A POLICEMAN	

# Product & Business Plans





## Product plans

- Additional video slots and casino games
- Branded slots (Marilyn Monroe)
- Multi-hand Casino
- New features in Poker
- All new games in the same client



## 888's Bingo Network

- 888's Bingo operated at bingo.888.com and links from the website
- Current run rate – 10s new players daily with no marketing
- Following market research, new UK brand is [www.888ladies.com](http://www.888ladies.com)
- Special brand I.D.:
  - Glamorous
  - Colorful
  - Exciting
- The theme is '3 fat ladies' ('2 fat ladies' = 88...)
- Will be launched in Q4



## Italian Sports book

Italian licensed sportsbook product to be launched shortly (888.it)

**888.it** SCOMMESSE VINCENTI

Home Chi Siamo Sicurezza Regolamenti Affiliati Contattaci **Registrati Ora**

03 settembre 2007 14:14

- Calcio (172)
- Baseball (93)
- Borsa (77)
- Basket (44)
- Giudizio (12)
- Tennis (11)
- Rugby (9)
- Motociclismo (3)
- Automobilismo (2)
- Sci Alpino (2)

Classifiche e risultati  
 Calendari 7 quote  
 Le scommesse  
 Orari Scommesse

Per assistenza scrivi al nostro  
**HELP DESK ONLINE**  
 Oppure telefona dalle 8.00 alle 20.30  
**06-99690366**

**News**  
 • www.888.it  
 Benvenuto su **888.it**, il nuovo sito italiano di scommesse sportive online! Inizia subito a pronosticare online e scommettere su tutti gli eventi sportivi del momento. Il mondo del betting online ti aspetta.  
**888.it** - Scommesse sportive online sicure e vincenti a portata di mano!

**I più giocati**

- Milan - Fiorentina
- Salernitana - Gallipoli
- Spezia - Bologna
- Friburgo - 1899 Hoffenheim
- Stabaek - Fredrikstad
- Aek - Siviglia

**Area di gioco**  
 Entra

	in corso	★ oggi	♦ domani
Azarenka V. - Kuznetsova S.	Tennis		17:00
Szavay A. - Vakulenko J.	Tennis		17:00
Vps - Haka	Calcio		17:30
Vps - Haka	Calcio		17:30
Vps - Haka	Calcio		17:30
Vps - Haka	Calcio		17:30
Vps - Haka	Calcio		17:30
Vps - Haka	Calcio		17:30

**Prossimi eventi**

	★ oggi	♦ domani
Azarenka V. - Kuznetsova S.	Tennis	17:00
Szavay A. - Vakulenko J.	Tennis	17:00
Vps - Haka	Calcio	17:30
Vps - Haka	Calcio	17:30
Vps - Haka	Calcio	17:30
Vps - Haka	Calcio	17:30
Vps - Haka	Calcio	17:30
Vps - Haka	Calcio	17:30
Vps - Haka	Calcio	17:30

promotion

## Global Sports book

- MOU with strategic partner signed early August
- Deal principals:
  - Rev share
  - 888 maintains ownership of customers
- Current plan:
  - Launch in Q4 in 1 market
  - Additional markets launched monthly
- Announcement expected late September
- Product will be fully integrated to 888's product set

## Strategic Partnerships moving quickly forward

- **Tower Torneos:**
  - First white label in Latin America, launched the 15<sup>th</sup> of August
  - First ever 888 conversion plan for existing customers of another network
  - Good numbers so far:
    - ~1500 active players daily
    - ~50 new real-money customers daily
  - Significant boost to 888's poker and presence in Latin America
- **2 additional deals in advanced stages**



## Growing focus on Entertainment and reach

- New platforms (on top of Internet, Mobile and In flight systems) enable better reach:
  - Casino available on In-room Hotel Systems
  - TV Deal closed for 888 Casino on TV will be introduced in 2008
  - Deal closed with European IPTV provider for IPTV 888 Gaming channel will be introduced in 2008
- Focus on content:
  - Deal closed with Production & Content Provider
  - VoD will be available in specific portal and through embeddable Media Player in 888's games
  - Will be used to distribute 888 content as well as personalized content to customers



# Regulation



10 September 2007

## Regulation

- **US**
  - Ongoing Discussions with the DOJ
  - Barney Frank proposed bill
  - WTO
- **Europe**
  - Italy - Placanica
  - France - Ze-Turf
  - EU – statement of opinion
- **ROW**



# Current Trading



10 September 2007

## Current Trading

- Record turnover in July 2007
- Slightly lower seasonal August followed by a strong start to September
- First seven days of September show growth compared to August in all operational parameters including FTDs, number of active players, poker rake and fees



**Further Growth Expected in H2 2007**

# Summary



10 September 2007

## Summary

- First ever non-US results show record performance, ongoing focus on profitability
- Clear future strategy - strategic initiatives progressing as planned (strategic partnerships, sport betting, extended platform reach, entertainment focus)
- Integration of first acquisition completed – strong performance
- Growth continues:
  - Geographic expansion through organic growth and strategic partnerships
  - Demographic growth through new games and acquisitions
- Dividend in line with policy
- Confident with future growth

# Q&A



10 September 2007