

bwin.party digital
entertainment



**CHANGE
AHEAD**

Credit Suisse

Gaming conference
29 September 2011

Change is coming but is our glass half-empty...



...or half-full?

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The case for being half-empty...

- **Germany**
 - ⇒ Revised State Treaty will effectively shut-out commercial operators
- **The market is ex-growth, regulation is bad**
 - ⇒ Taxes, regulatory costs and new competitors restrict growth and mean margins are much lower
- **The US option is not worth anything**
 - ⇒ Regulation is unlikely and bwin.party will not be able to participate
- **The merger has not worked**
 - ⇒ Share price has halved, synergies are at risk, taking too long...

...so why half-full?

Why half-full?

Germany:

- Still no official response to detailed opinion from German States to objections from the EC
- Schleswig Holstein has passed its own law:
 - ⇒ Virtually all products allowed
 - ⇒ 20% Gross Gaming Revenue tax
- Next meeting of remaining 15 states at end October but may slip to December



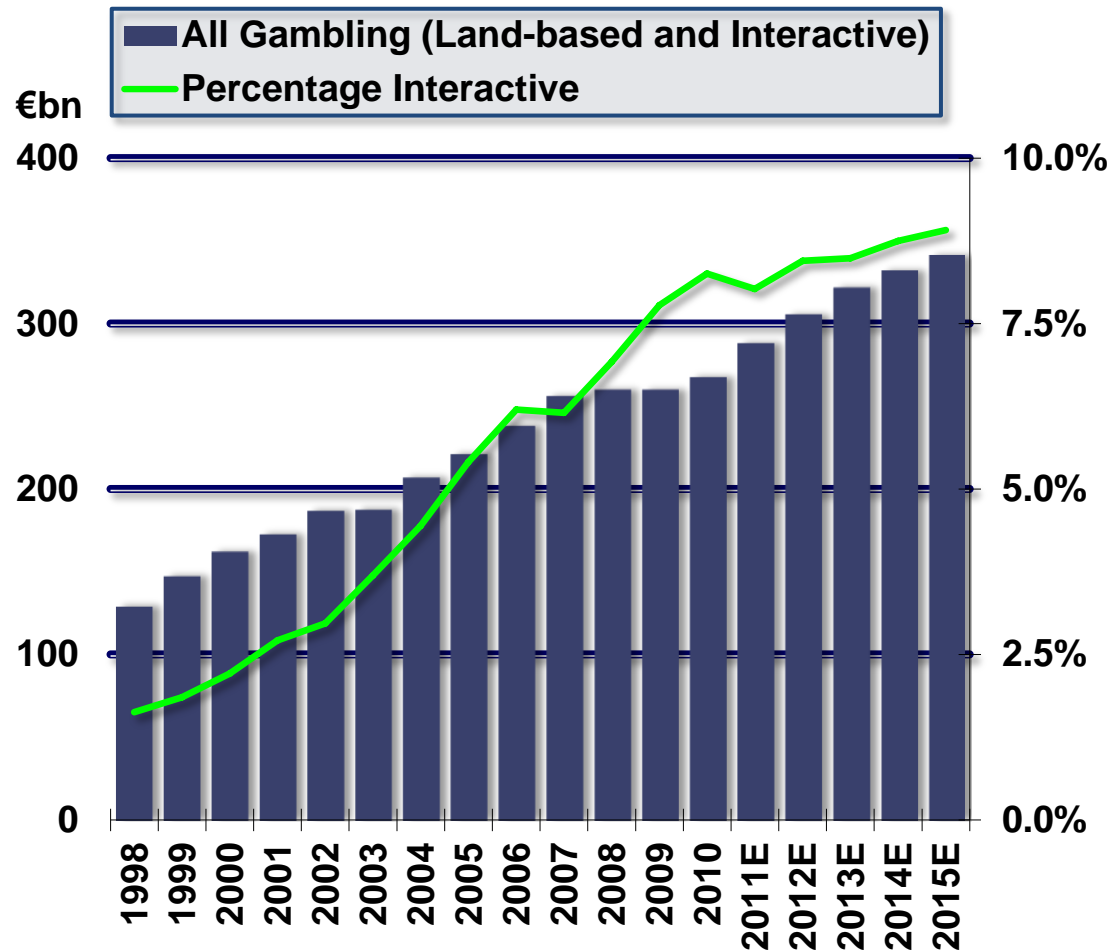
**Outcome remains unclear
but positive momentum for the industry**

Why half-full?

Global revenue drivers:

- Many untapped and unregulated markets
- Online penetration increasing
- Positive demographic
- Mobile starting
- Soft gaming

Global gross gaming revenue



Why half-full?

Strong presence in existing regulated markets:

	UK	ITALY	FRANCE
Date introduced	2005	2006	2010
Sports betting	Insignificant	c.15% share	c. 20% share
Poker	Significant	c.15% share	c. 16% share
Casino	Significant	c. 15% share	Not yet allowed
Bingo	Leading	c. 39% share	Not yet allowed
Tax rate	15% Gross gaming revenue (all products) for onshore operators	20% Gross gaming revenue (poker cash games, casino (table games) and bingo) ~ 3.5% TO (sports betting)	2% Turnover (poker) 9% Turnover (sports betting)

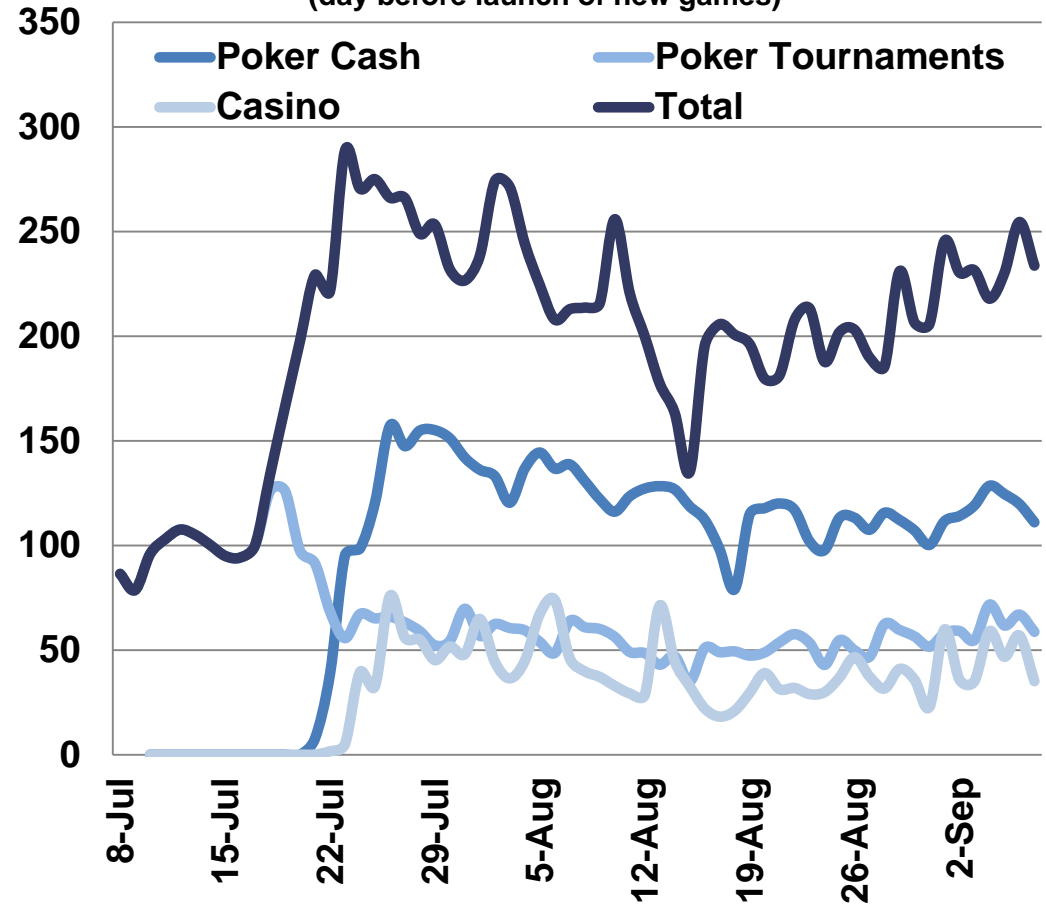
Why half-full?

Benefits of regulation:

- Significant and positive impact
- New products launched on 18 July 2011
- Step-change in size of market and growth

Italian poker and casino GGR

Indexed to 100 being total poker revenue on 17 July 2011
(day before launch of new games)



Why half-full?

Strong presence in soon to-be-regulated markets:

	DENMARK	SPAIN	GREECE
Date expected	1 Jan 2012	1 Jan 2012	Q1 2012
Sports betting	Significant	Leading	Leading
Poker	Leading	Significant	Significant
Casino	Significant	Leading	Leading
Bingo	Not relevant	Not relevant	Not relevant
Tax rate	20% Gross gaming revenue (all products)	25% Gross gaming revenue	30% Gross gaming revenue

The US option – in or out of the money?



Why half full?

- **US Strategy**

- ⇒ Cleanse the past
- ⇒ Prepare at Federal and State level

- **Assets**

- ⇒ PartyPoker, WPT & PokerRoom
- ⇒ Poker platform and infrastructure
- ⇒ Subscription poker business model

- **Partners**

- ⇒ Federal: finalising agreements
- ⇒ New Jersey: finalising agreements
- ⇒ California: well-advanced

- **Lobbying**

- ⇒ Cooperative effort with our prospective partners as well as our own lobbyists in Washington

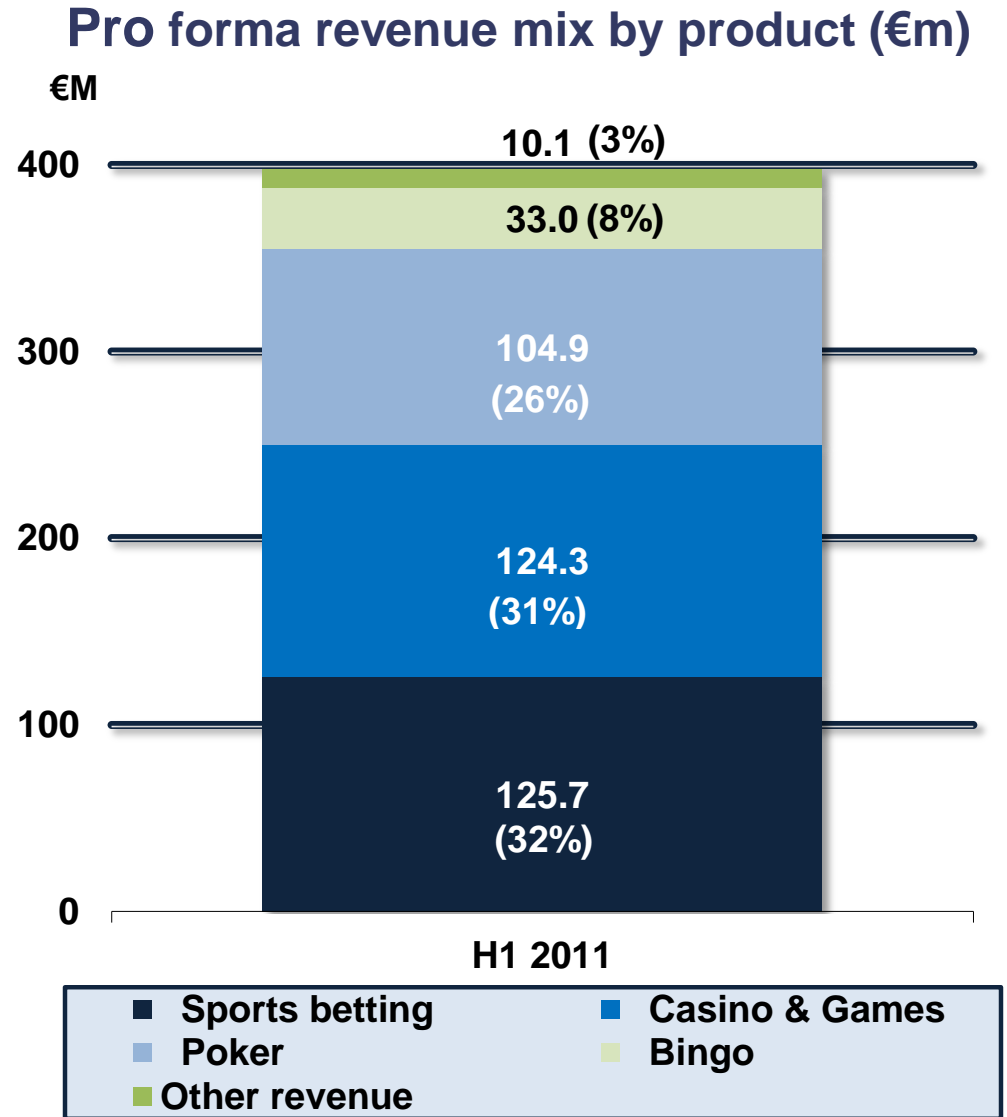


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Why half-full?

Scale matters:

- Well-balanced and diversified product mix
- Must be relevant in each category

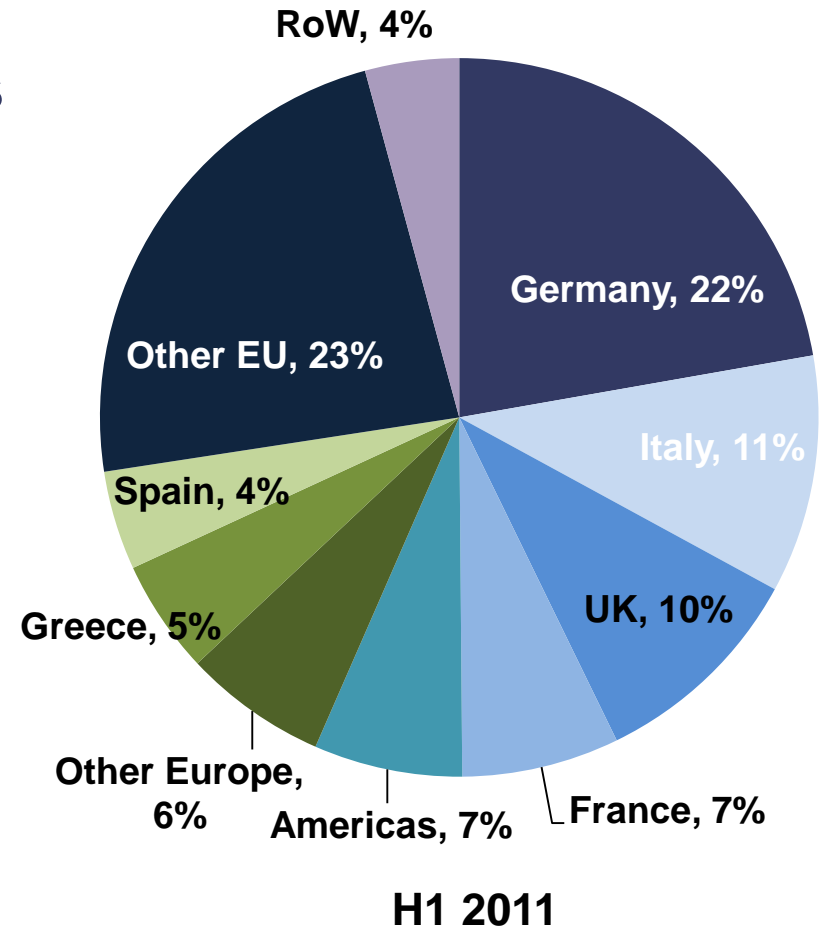


Why half-full?

Scale in all key markets:

- Focus remains on EU countries
- Well-diversified across key territories
- Regulated markets set to increase significantly as a percentage of the total

Pro forma revenue mix by geography



Why half-full?

Engineering capabilities:

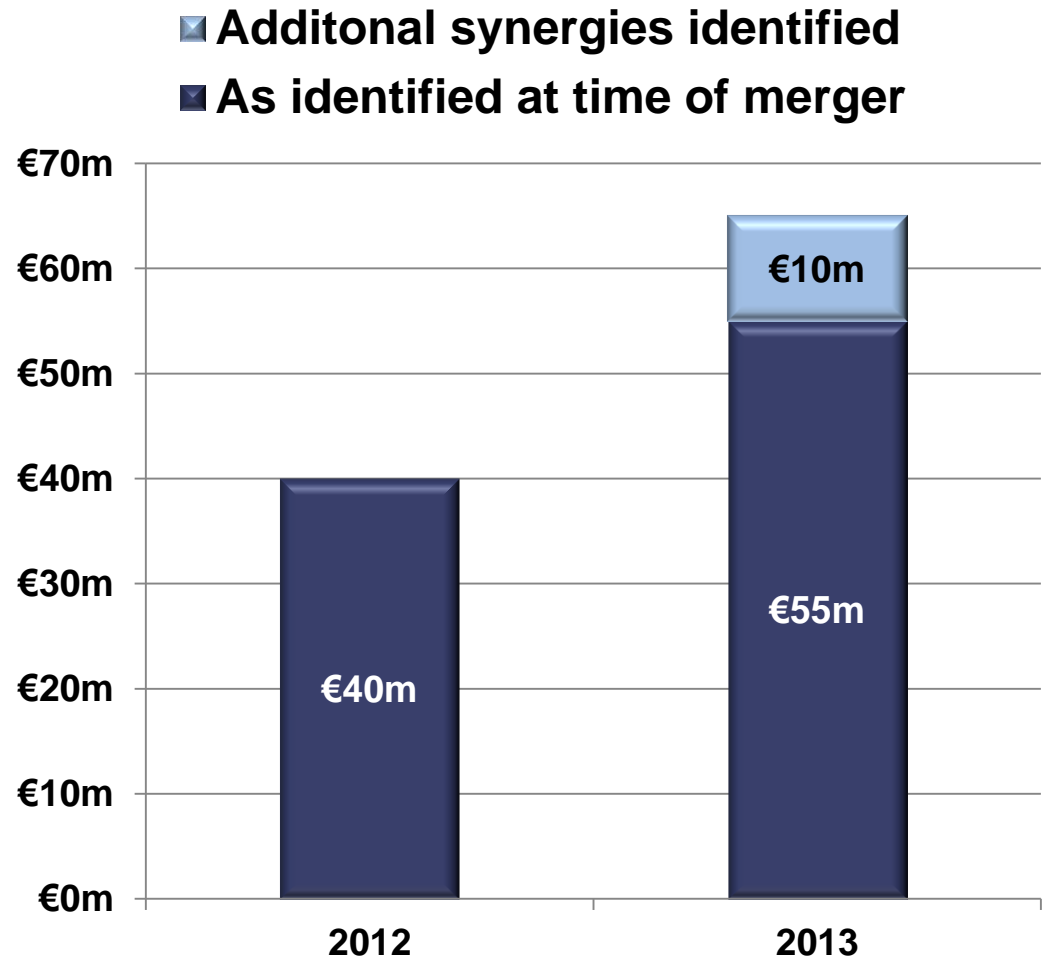
- Proprietary technology with end-to-end solutions
- Organically grown, well-established technology organisation
- Efficient and low cost centres



Estimated synergy delivery

Merger on-track:

- 24 synergy projects
- €40m in 2012, €65m in 2013
- Platforms fully-integrated by end of 2012



Hidden, not-yet monetised assets

- **Mobile**

- ⇒ roll-out on fully integrated platform

- **Licensed payments business**

- ⇒ €2bn processed in 2011

- ⇒ End-to-end solution

- **Social gaming**

- ⇒ New Game Capital

- ⇒ Dedicated social gaming vehicle

- **Embedded sports rights**



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Well-prepared for the next phase of the digital revolution

Half full, with more to come

- Growth from regulated markets
- We are in a strong position to benefit
- US option is real and valuable
- Merger on-track
- Additional sources of value
 - ⇒ Hidden assets
 - ⇒ New channels



Well-prepared for the next phase of the digital revolution

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