

# Global Investment Forum

Las Vegas

3 October 2011



# World's largest listed online gaming company

- Merger of bwin and PartyGaming
- 2010 revenue: €814.0m<sup>#</sup>
- 2010 Clean EBITDA: €193.2m<sup>#</sup>
- Net cash at 30 June 2011: €183.0m
- 3,100 people
- Leading brands in all four product verticals sports betting; poker; casino and bingo

<sup>#</sup>Pro forma Continuing operations



# Sports betting

Key brand:



Net gaming revenue:  
**2010: €258.6m**  
(H1 2011: €125.7m)

Amount wagered:  
**2010: €3.9bn**  
(H1 2011: €1.9bn)

Market size:  
**2011: €8.6bn<sup>#</sup>**

Growth:  
**2011–2015 CAGR: 5.5%<sup>#</sup>**

<sup>#</sup>Estimated global gross gambling yield by H2GC, excl. US September 2011



# Poker

Key brand:

PARTY**P**OKER



Net gaming revenue:  
2010: €226.3m  
(H1 2011: €104.9m)

Amount wagered:  
2010: €11.7bn

Market size:  
2011: €2.9bn<sup>#</sup>

Growth:  
2011–2015 CAGR: 5.2%<sup>#</sup>

<sup>#</sup>Estimated global gross gambling yield by H2GC, excl. US September 2011

# Casino and other games

Key brands:

PartyCasino  
bwin casino



Net gaming revenue:  
**2010: €241.0m**  
(H1 2011: €124.3m)

Amount wagered:  
**2010: €11.7bn**  
(H1 2011: €3.8bn)

Market size:  
**2011: €4.9bn<sup>#</sup>**

Growth:  
**2011–2015 CAGR: 8.0%<sup>#</sup>**

<sup>#</sup>Estimated global gross gambling yield by H2GC, excl. US September 2011

# Bingo

Key brands:

Foxy Bingo

Cheeky Bingo

PartyBingo

Net gaming revenue:

**2010: €71.3m**

(H1 2011: €33.0m)

Average daily players:

**2010: 25,000**

(H1 2011: 25,500)

Market size:

**2011: €1.3bn<sup>#</sup>**

Growth:

**2011–2015 CAGR: 9.4%<sup>#</sup>**

<sup>#</sup>Estimated global gross gambling yield by H2GC, excl. US September 2011

# Responsible

- Member of FTSE4Good Series Index
- Licenced in Gibraltar, France, Italy and Alderney
- Partner with Division on Addictions, Cambridge Health Alliance, to study gaming behaviour
- Dedicated to consumer protection
- Committed to support sports integrity



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



**...or half-full?**

# 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



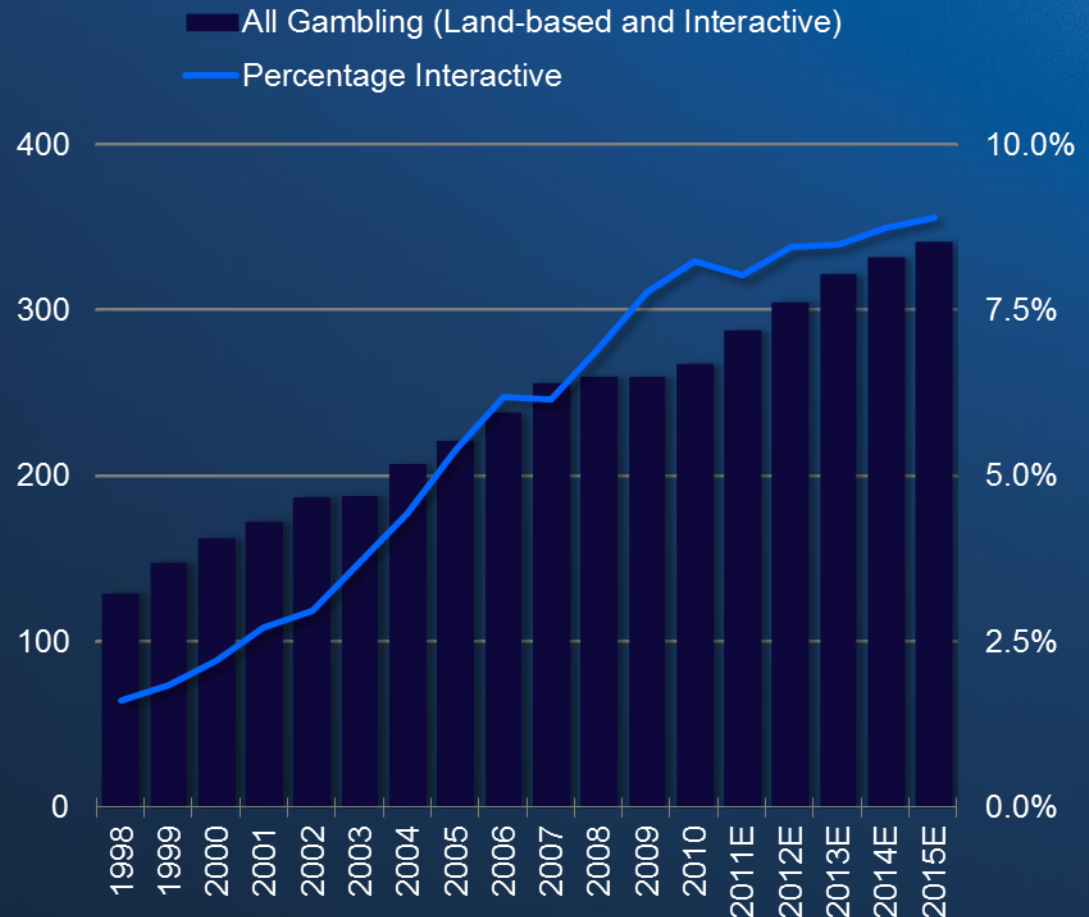
**Outcome remains unclear  
but positive momentum for the industry**

# Why half full?

## Global revenue drivers:

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

## Global gross gaming revenue (€bn)



# 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?



# The US opportunity

- **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



# US market re-entry – brand awareness Nov 2010

*“Please select all the websites where you can play poker online, that you have ever heard of?”*

## Prompted awareness

Per state



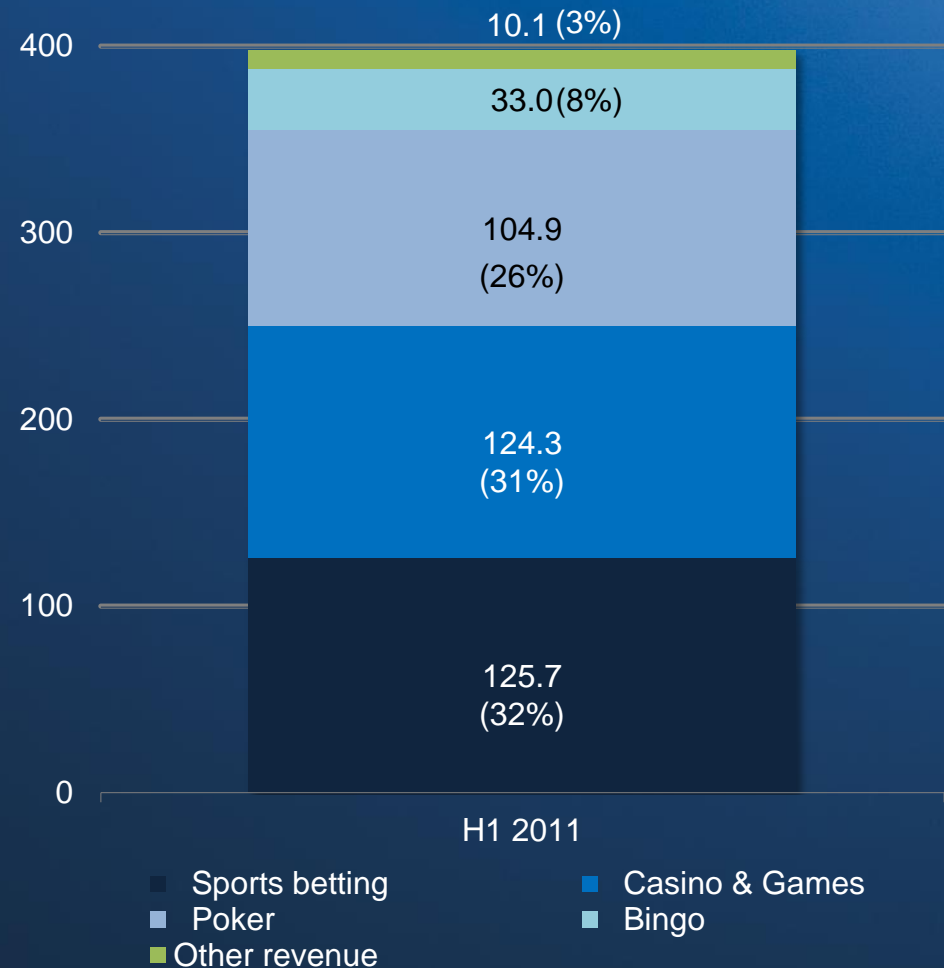
**bwin.party** digital  
entertainment

# Why half-full?

## Scale matters:

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

Pro forma revenue mix by product (€m)

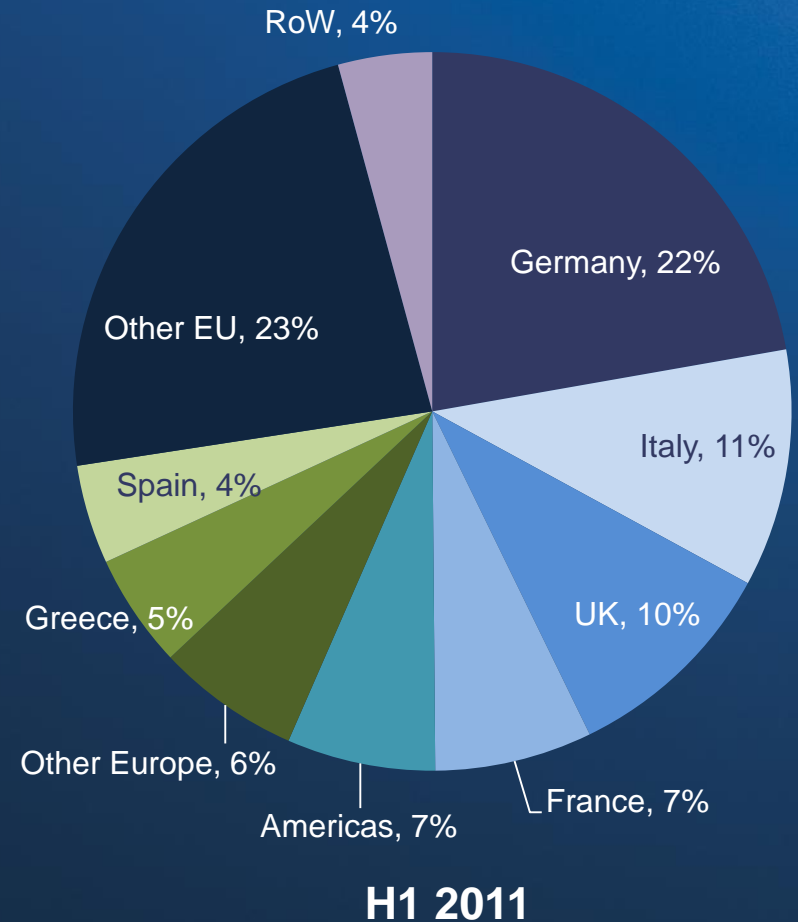


# Why half-full?

## 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



H1 2011

# Why half-full?

## Engineering capabilities:

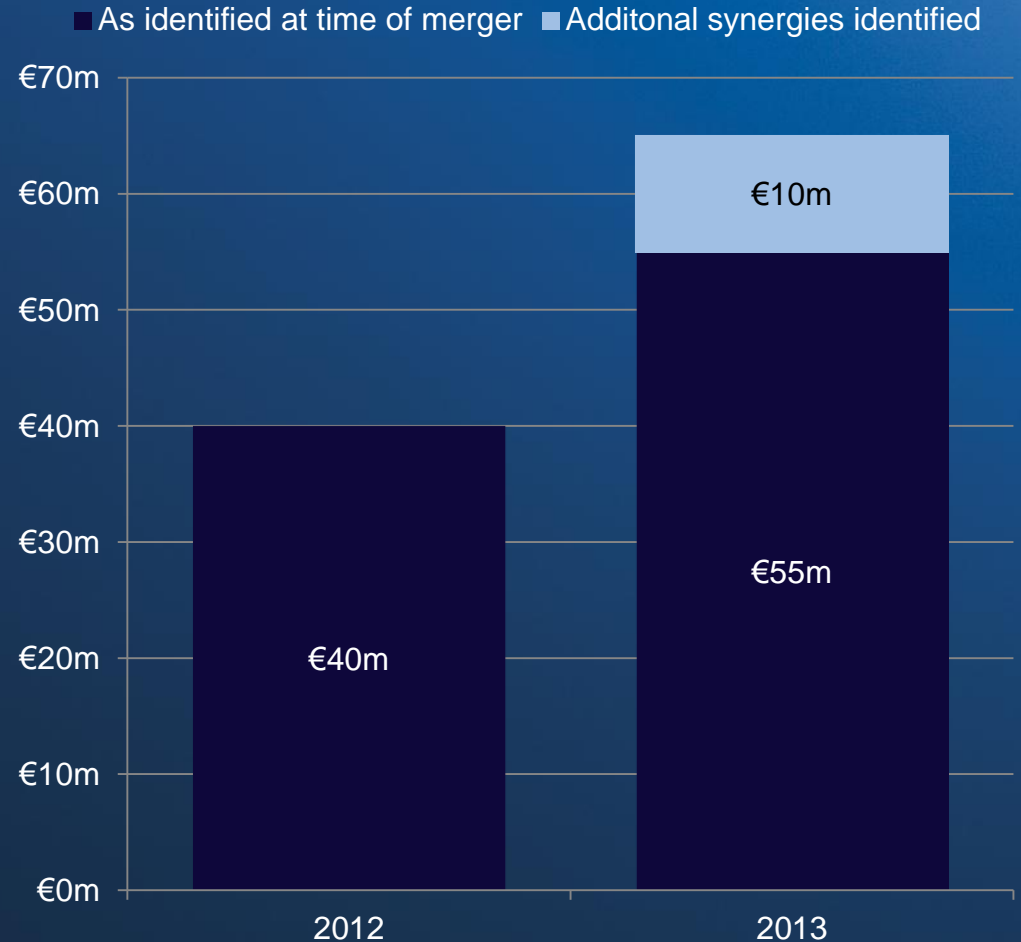
- Proprietary technology with end-to-end solutions
- Organically grown, well-established technology organisation
- Efficient and low cost centres



# 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

- **Licenced 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**



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