



CENTREBET

**FY07 Results
12-Months Ended 30 June 2007**

Monday, 27 August 2007

Highlights



- ✓ **Achieved listing on ASX (12 July 2006)**
- ✓ **Adjusted NPAT of \$11.8m¹, ahead of FY07 Prospectus forecast of \$11.6m**
- ✓ **Dividend of 9.3 cents as per Prospectus Forecast payable on Wednesday, 26 September 2007**

- ↑ **Total Revenue from ordinary activities for FY07 of \$58.9m has grown by 26% compared to previous corresponding period (“PCP”)**
- ↑ **EBITDA of \$14.5m has grown by 45% compared to PCP, with an adjusted EBITDA of \$15.3m¹**
- ↑ **FY08 trading has commenced in-line with the budget and the Board projects double digit NPAT growth of between 10% to 15% over the Adjusted FY07 NPAT of \$11.8 million**

¹ Figures adjusted for IPO costs expensed of \$0.8 million on a pre-tax basis. This compares to the Prospectus forecast of \$0.6 million.



Performance against FY06

	FY2006 Actual	FY2007 Actual	% Chg	FY2007 Adj Actual ¹
	\$m	\$m		\$m
Revenue				
Wagering	40.2	47.1	17%	47.1
Casino	2.1	7.1	234%	7.1
Poker	4.3	4.7	11%	4.7
Total Revenue	46.6	58.9	26%	58.9
<i>Wagering Win Rate</i>	5.4%	6.1%		6.1%
<i>Casino Win Rate</i>	3.0%	2.7%		2.7%
Other Income	1.1	1.6	54%	1.6
Expenses	37.7	46.1	22%	45.3
EBITDA	10.0	14.5	45%	15.3
<i>EBITDA Margin</i>	21.4%	24.6%	15%	25.9%
Depreciation & Amortisation	4.0	1.8	-55%	1.8
EBIT	5.9	12.7	113%	13.5
<i>EBIT Margin</i>	12.7%	21.5%	69%	22.8%
Interest Expense	3.5	0.2	-96%	0.2
Operating Profit Before Tax	2.4	12.5	417%	13.3
Income tax expense/(benefit)	(0.4)	1.4	N/A	1.5
Net Profit After Tax	2.8	11.1	298%	11.8

Notes:

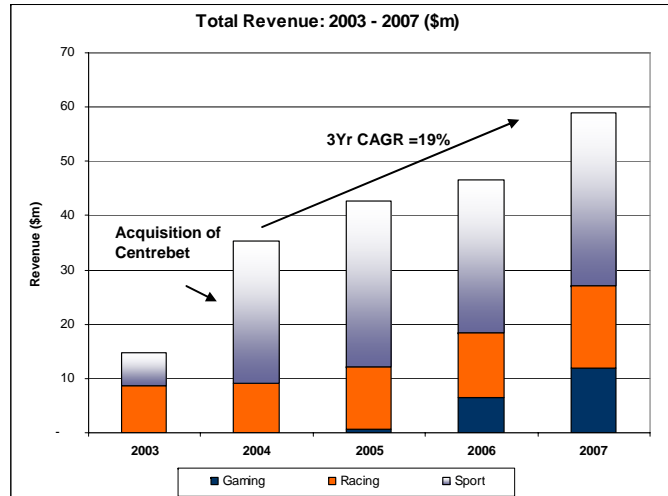
¹ Figures adjusted for IPO costs expensed of \$0.8 million on a pre-tax basis. This compares to the Prospectus forecast of \$0.6 million

² Actual figures are rounded to 1 decimal place. Percentage change is calculated using actual figures

- ✓ Total Revenue 26% above PCP
- ✓ Strong wagering performance, 17% above PCP
- ✓ Gaming (Casino and Poker) revenue increase by 85% above PCP and in-line with guidance provided with 1H results
- ✓ Increase in expenses explained later in presentation
- ✓ EBIT 113% above PCP
- ✓ Significant improvement in earnings margins and profitability
- ✓ Adjusted NPAT of \$11.8m



Key Drivers to Revenue Growth

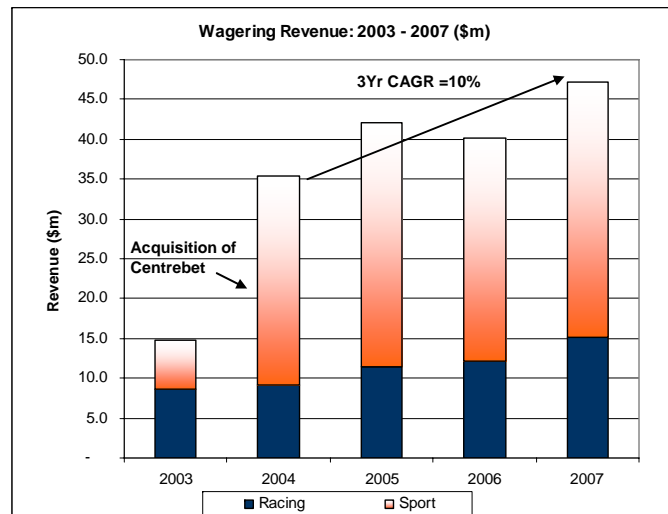


Total Revenue

- Total revenue growth of 26% with 3-year CAGR of 19%
- Gaming revenue as a % of total revenue has grown from 14% to 20%

Wagering

- Wagering revenue increased by 17% from \$40.2m to \$47.1m in FY07 compared to FY06
- Improved wagering win rate from 5.4% to 6.1%, slightly ahead of the projected long term win rate of 6.0%

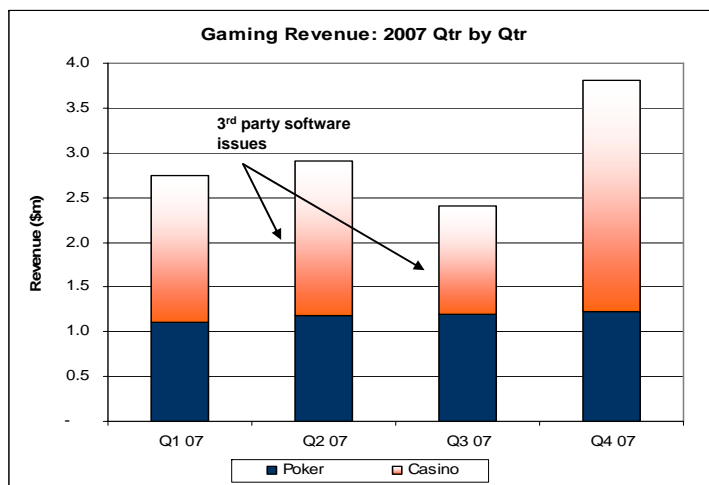
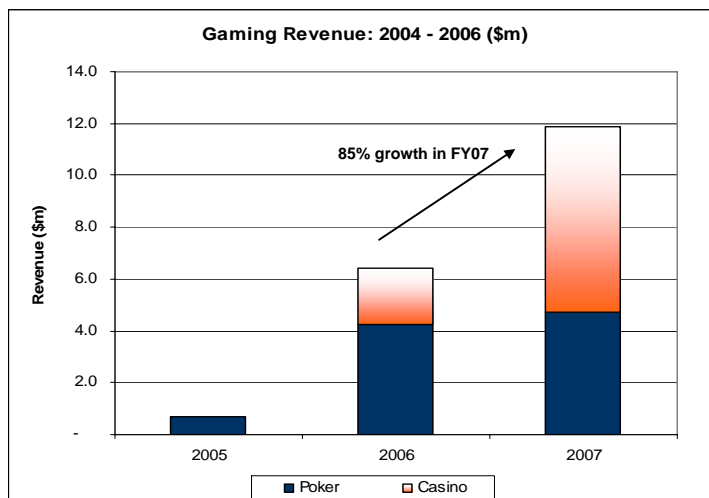


This was due mainly to:

- Increased level of targeted marketing to existing VIP and dormant clients aimed at improving retention, loyalty and reactivation
- Wagering turnover of \$776.7m being 4.4% increase over PCP. Continued focus on growing more profitable turnover and reducing less profitable turnover
- Continued improvement in wagering risk management, bookmaking management and business intelligence tools
- Favourable sport and racing results, particularly in 1H with a win rate of 6.8% compared to 5.4% in 2H



Key Drivers to Revenue Growth



Gaming (Casino and Poker)

- Gaming revenue has grown by 85% to \$11.86m for FY07 driven mostly by the continued cross sell of gaming products to Centrebet's non-Australian wagering customer base. This is in line with guidance provided with the first half results. Gaming revenue for the 4th quarter was \$3.8m
- Total gaming revenue was negatively impacted by the strengthening of the AUD against the USD, impacting revenue by \$0.6m when compared to the exchange rate applied in the forecast of 1AUD=0.75USD
- Casino win rate of 2.7% is greater than the forecast win rate of 2.3% due mainly to the promotion of higher margin games
- Casino revenue of \$7.1m has performed strongly and is in line with Prospectus forecasts. The 3rd party technical issues which impacted the gaming software had an impact on casino revenue, but to a lesser extent than poker. For the purpose of comparison, the Casino product was in operation for 6 months of FY06
- Poker revenue has grown by 11% to \$4.7m in FY07 compared to FY06. Despite this, Poker revenue was negatively impacted due to 3rd party technical issues which impacted the poker revenue growth rate from the 2nd quarter onwards



Operating Expenses

	FY06 Actual	FY07 Adj Actual	Prospectus Forecast
	\$'000	\$'000	\$'000
Total Revenue	46.6	58.9	56.5
Employee benefits expense	12.4	16.1	15.5
Betting costs (incl Global GST)	8.2	10.0	9.0
Marketing costs	4.0	7.4	6.3
Banking costs	4.1	4.2	4.6
Other expenses	8.6	7.6	6.2
Depreciation and amortisation	4.0	1.8	2.3
Total Operating Expenses	41.4	47.1	43.8

¹IPO costs of \$0.8m for FY07 and \$0.4 million for FY06, on a pre-tax basis, have been excluded from "Other expenses". For the purpose of this table, "Other expenses" includes Foreign exchange gain/(loss)

An explanation of the main expense increases is provided below:

- Employee expenses have grown over the last 12-months, mostly in gaming and marketing staff.
- Betting costs are variable costs which have increased in-line with the increase in revenue

- Total Marketing spend increased by \$3.4m compared to PCP assisting in generating a growth of \$12.3 in Total Revenue
 - Wagering Marketing spend was \$1.1m in excess of the Prospectus forecast with total spend of \$1.5m, \$0.9m over forecast, due to increased variable spend associated with VIP, client retention and reactivation campaigns. This generated \$4.8m in incremental wagering revenue
- "Other expenses" are approximately \$1.4m above the Prospectus forecast. This overspend includes:
 - \$0.6m in IT related costs including consultancy, software and hardware maintenance agreements related to new equipment, and the Orbis project
 - \$0.4m in costs associated with the Traberliga project not budgeted for in the Prospectus forecast
 - An overspend in legal fees of \$0.4m compared to the Prospectus forecast, associated with new initiatives and advice on various European regulatory matters

D&A for FY07 was \$2.2m lower than the PCP due to accelerated D&A in FY06 associated with the acquisition and integration of Centrebet. D&A for FY07 was also slightly lower than forecast due to the delay in the migration to OpenBet. D&A for FY08 is expected to be approximately \$2.8m

Change in Capital Structure Providing Platform for Growth



	30-Jun-07 (\$m)	30-Jun-06 (\$m)	Change (\$m)
Cash	45.7	37.1	8.6
Other current assets	4.5	8.9	(4.4)
Total Current Assets	50.2	46.0	4.2
Total Non-Current Assets	46.1	45.3	0.8
Total Assets	96.3	91.3	5.0
Client accounts payable	18.4	22.5	(4.1)
Borrowings, incl related party debt	-	59.6	(59.6)
Other current liabilities	7.2	8.3	(1.1)
Total Current Liabilities	25.6	90.4	(64.8)
Borrowings	16.7	-	16.7
Other non-current liabilities	0.3	0.2	0.1
Total Non-Current Liabilities	17.0	0.2	16.8
Total Liabilities	42.6	90.6	(48.0)
Total Equity	53.7	0.7	53.0

	30-Jun-07 (\$m)	30-Jun-06 (\$m)	Change (\$m)
Total borrowings	16.7	59.6	(42.9)
Cash	45.7	37.1	8.6
Client accounts payable	18.4	22.5	(4.1)
Centrebet Cash	27.3	14.6	12.7
Net Debt / (Surplus Cash)	(10.5)	45.0	(55.6)

- Significant improvement in total equity from \$0.7m as at 30 June 2006 to \$53.7m as at 30 June 2007 due to IPO capital raising and strong trading
- Reduction in net debt from \$45.0m to a surplus cash position of \$10.5m. This was driven by debt reduction associated with the IPO and strong trading
- Refinanced debt facilities with new debt provider with a total debt facility of \$27.5m. This will assist in the funding of future growth

Scoreboard for FY07 & FY08 Initiatives



Initiatives

Status

Centrebet Poker and Centrebet Casino

Strong growth achieved with total gaming revenue being 85% above FY06. Continued growth expected for FY08

Affiliate Programme

Launched on 16 December 2006, showing positive signs from late FY07 and remains an important initiative in FY08

VIP, Customer Retention and
Reactivation Campaigns

Successful campaigns in this area resulting in a total spend of \$1.5m and generating \$4.8m in incremental revenue. This will continue to be a focus in FY08

Expansion into new geographic markets

Launch commenced, refined approach to be more reliant on super-affiliate deals to ensure a low and variable cost approach. Further opportunities being explored

Scoreboard for FY07 & FY08 Initiatives



Initiatives

Mobile phone betting

Traberliga

“White labelling” and strategic alliances

Migrate Wagering platform to OpenBet (Orbis)

New product development

Acquisitions

Status

- Mobile Gaming launched in December 2006
- Mobile Sport & Racing is in early stages of testing and will be launched before end of 2007
- Announced Traberliga strategic initiative in March 2007. This initiative remains in the planning stages and is not projected to generate revenues until second half of calendar year 2008
- Continuing to assess other opportunities
- Completed migration in May 2007
- Live “in-run” betting product has been improved with new product to be launched during calendar year 2008
- During May, new “Flash” games were launched in the sportsbook integrated from the sports wallet as part of the OpenBet product suite. New games will continue to be rolled out during FY08
- Adviser appointed and actively assessing opportunities



CENTREBET

Questions ?