Results for the Year ended
31 December 2010
# Agenda

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Gigi Levy</strong></td>
<td>Introduction</td>
</tr>
<tr>
<td><strong>Aviad Kobrine</strong></td>
<td>Financial Review</td>
</tr>
<tr>
<td><strong>Gigi Levy</strong></td>
<td>Operating Review</td>
</tr>
<tr>
<td><strong>Aviad Kobrine</strong></td>
<td>Regulation</td>
</tr>
<tr>
<td><strong>Gigi Levy &amp; Aviad Kobrine</strong></td>
<td>Summary and Q&amp;A</td>
</tr>
</tbody>
</table>
Highlights†

- Revenue $262m, up 6%
- Revenue B2C $222m, up 13%
- Revenue B2B $40m, down 21% but 4% up on a pro-forma¹ basis
- Revenue B2C Bingo $50m, up 370%
- Revenue B2C Emerging Offering $16m, up 12%
- EBITDA² $29m down 37% mainly due to poker and increased marketing
- Strong Q4 followed by strong current trading

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

¹ On the basis that Wink remained a B2B licensee and revenue from certain licensees recognised on gross basis.
² Excluding share benefit charges, F/X and restructuring costs
## Profit and loss account

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>262.1</td>
<td>246.7</td>
</tr>
<tr>
<td>Operating expenses(^2,3)</td>
<td>98.7</td>
<td>89.9</td>
</tr>
<tr>
<td>Research and development expenses(^3)</td>
<td>21.8</td>
<td>24.2</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>91.5</td>
<td>67.3</td>
</tr>
<tr>
<td>Administrative expenses(^3,4,5)</td>
<td>21.6</td>
<td>19.8</td>
</tr>
<tr>
<td><strong>EBITDA(^3,4,5)</strong></td>
<td>28.6</td>
<td>45.6</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>(12.3)</td>
<td>(8.5)</td>
</tr>
<tr>
<td>Net finance, F/X, other</td>
<td>(1.2)</td>
<td>(2.5)</td>
</tr>
<tr>
<td><strong>Profit before tax(^3,5)</strong></td>
<td>15.1</td>
<td>34.6</td>
</tr>
<tr>
<td>Taxation</td>
<td>(2.7)</td>
<td>(2.7)</td>
</tr>
<tr>
<td><strong>Profit after tax(^3,5)</strong></td>
<td>12.4</td>
<td>31.8</td>
</tr>
<tr>
<td><strong>Basic earnings per share</strong></td>
<td>3.6¢</td>
<td>9.2¢</td>
</tr>
</tbody>
</table>

\(^1\) Rounded  
\(^2\) Excluding depreciation & amortisation  
\(^3\) Excluding restructuring costs  
\(^4\) Excluding exchange loss /gain  
\(^5\) Excluding share benefit charges
Revenue

- 2010 - Revenue up 6% to $262m (2009: $247m)
- Representing CAGR of 24%
Revenue

- Strong Q4 2010 Revenue up **18% from Q3 to $71m**
Geographic segmentation

- UK up **42%**, Europe (ex UK) down **15%**, Americas down **16%**, ROW down **10%**
- UK share grew to **49%** due to Wink Bingo acquisition
Revenue B2C

- Strong Q4 2010 Revenue to $60m up 12% on Q4 09 and up 17% on Q3 10
Revenue B2B

- Q4 2010 Revenue $11m down 21% on Q4 09, flat on a pro-forma basis
Revenue B2C by Product

- Bingo up 370%, Casino flat, Poker down 26%, Emerging up 12%
- Bingo growth driven by the acquisition of Wink bingo
Casino Revenue* mix B2C

- No significant change in Casino games mix

*Revenue mix is based on Casino House Profit = Bets-Wins
888Casino Revenue Trend

- Daily revenue in Dec 2010 up **45%** vs. Jul 2010

*Revenue defined as Casino house profit – Bonus – Other adj.*
888Poker Turnaround

- New Poker 6 launched in June 2010
- Dec 2010 daily revenue up **65%** and Feb 2011 up **92%** vs. Jun 2010

*Revenue defined as rake + tournament fees + Casino house profit – Bonus -Other adj.*
Poker Industry Liquidity – Cash Games

- Feb 2011 Poker Industry liquidity down **11%** vs. Jan 2010
- Feb 2011 888Poker liquidity up **35%** vs. Jan 2010

Source: Publicly available information
Costs Breakdown

- Aggressive marketing investment resulted in reduced margins but resulted in strong trading in Q4 and Q1 2011.

*Excluding share benefit charges depreciation amortisation forex and restructuring*
EBITDA and EBITDA margin

- EBITDA* **$29m** (2009: $46m)
- EBITDA* margin **11%** (2009: 18%)

*Excluding share benefit charges and restructuring costs*
EBITDA “Bridge” 2009 - 2010

- Newly acquired Wink Bingo showed strong results
- Offset by poker weakness in H1

*Excluding share benefit charges and restructuring costs
The data represents contribution to EBITDA while overheads are shown separately
Dragonfish decline is impacted by the removal of Wink
B2C Other comprise: Casino, Sport,888Ladies, Asian Live Dealer and other
Chargebacks & PSP fees - Group

- PSP & CB at 6.6% from Revenue (2009: 9.2%)
- Chargebacks back to normal rates
Customer acquisition B2C

- 2010 B2C Casino and Poker FTDs 214,000 up 3% over 2009
- 2010 B2C Bingo 169,000 up 339% over 2009
B2C Marketing Costs

- Aggressive marketing investment in 2010

*CPA - excluding revshare
Customer Bonuses B2C Casino and Poker

- Under control, optimisation is maintained

*Bonus excluding converted loyalty points
Strong Real Money Registrations Growth

- Registrations increased by **23%** reaching **8.7** million at Q4 2010
- Quarterly CAGR of **8%** between Q1 2003 to Q4 2010.
## Balance Sheet as at 31 December

<table>
<thead>
<tr>
<th>$m</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>162.3</td>
<td>70.8</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>21.5</td>
<td>21.0</td>
</tr>
<tr>
<td>Deferred tax &amp; Financial assets</td>
<td>0.8</td>
<td>0.8</td>
</tr>
<tr>
<td>Investment in equity accounted joint ventures</td>
<td>1.3</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>185.9</strong></td>
<td><strong>92.6</strong></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>61.5</td>
<td>87.5</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>24.3</td>
<td>21.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>271.8</strong></td>
<td><strong>201.3</strong></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>3.2</td>
<td>3.2</td>
</tr>
<tr>
<td>Retained earnings and reserves</td>
<td>113.7</td>
<td>117.9</td>
</tr>
<tr>
<td><strong>Total equity attributable to equity holders</strong></td>
<td><strong>117.0</strong></td>
<td><strong>121.1</strong></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>37.8</td>
<td>38.9</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>34.7</td>
<td>37.6</td>
</tr>
<tr>
<td>Contingent consideration</td>
<td>78.0</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td><strong>271.8</strong></td>
<td><strong>201.3</strong></td>
</tr>
</tbody>
</table>

* Rounded
## Cash Flow Statement

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>10.6</td>
<td>27.6</td>
</tr>
<tr>
<td>Share benefit charges</td>
<td>2.3</td>
<td>7.0</td>
</tr>
<tr>
<td>Profit before tax and Share benefit charges</td>
<td>12.9</td>
<td>34.6</td>
</tr>
<tr>
<td>Depreciation, impairment and amortisation</td>
<td>12.3</td>
<td>8.5</td>
</tr>
<tr>
<td>Interest and share of post tax profit in the JV</td>
<td>0.9</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Change in current assets and liabilities</td>
<td>(6.2)</td>
<td>3.1</td>
</tr>
<tr>
<td><strong>Cash generated from operating activities</strong></td>
<td>19.9</td>
<td>45.6</td>
</tr>
<tr>
<td>Tax paid</td>
<td>(3.7)</td>
<td>(4.1)</td>
</tr>
<tr>
<td><strong>Net cash generated from operating activities</strong></td>
<td>16.2</td>
<td>41.5</td>
</tr>
</tbody>
</table>

Net cash used in Investing Activities | (28.3) | (30.0) |

### Financing activities

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends paid and share buy-back</td>
<td>(14.0)</td>
<td>(22.4)</td>
</tr>
</tbody>
</table>

### Net decrease in cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents - beginning of year</td>
<td>87.5</td>
<td>98.4</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents - end of period</strong></td>
<td>61.5</td>
<td>87.5</td>
</tr>
</tbody>
</table>

* Rounded
Good start, followed by revenue decrease February to July:

- Rebranding
- Technical Changes
- World Cup
- General Poker weakness

Turnaround from July:

- Poker 6
- Better Casino performance
- Overall stability
- Strong trading continues into Q1
Full B2C Rebranding
Casino – Product innovation

Player account management tool

Pachinko and other new games
Casino – Introduction of Casino Multi-brands
Poker – 888poker reinvented

[Image of a poker game interface with players' names and chip amounts, including a hand of cards: 10♥, K♠, 2♥, 2♠, 2♦.]
Poker – Product innovation

Poker Cam

Team Poker
Poker – Great results in H2

- Jan 10 – Jan 11 market declined 8%, non US-facing down 21%
- 888 grew 31% in the period and 72% from June 10

Source: PokerScout.com; monthly average liquidity of cash games
Bingo – further platform improvement

- New languages
- Embedded games
- New games section
Bingo – Wink performed exceptionally well

Wink Bingo daily Revenue*

*Revenue defined as Deposits – Cashouts

Q1 2010 Base line %

Q1 10  Q2 10  Q3 10  Q4 10

35
Bingo – Wink arrangement

- Earn out close to its cap
- Agreement to spread payment till May 2012
- Protection for vendors:
  - Some of the Wink assets as security
  - In case of default vendors may initiate a sale of the Wink business
  - If 888 goes into administration of liquidation, vendors may exercise security
  - Limitations on dividends and payments out of the ordinary course of business
  - Personal clause relating to CEO
- No limitations on major corporate transactions
- No limit on any investment in the business
Investment in technical infrastructure

Admin tools
Queue manager
Campaign Manager system
New CMS
Continued win in Regulated Markets

- May 2009 – Agreement with Phumelela Gold Enterprises
- Sep 2009 – Agreement with Caesars Interactive Entertainment
- July 2010 – Sign Ad Astra and Full Fun to French Poker Network
- March 2010 – Sign CasinoFlex deal with Bwin Italia & Gioco Digitale
- Sep 2009 – Agreement with Tsogo Sun Gaming Group
- May 2010 – Sign JV with Microgaming for joint liquidity French network
- Aug 2010 – Sign CasinoFlex deal with Microgame

- 20 deals signed in 2010
- Significant pipeline for 2011, mostly in regulated markets
First software only deals

**Casinoflex**

Flexible casino solution
- Fully localized
- Huge game choice
  - Download & non-download
- Live dealer
- Player management platform
- Simple integration into partner’s existing operating system
First payment only deals announced

Second Life - The world’s leading 3D environment

- ePayments offering
- Advanced cashier interface
- Back office functionality
- Fraud & Risk Management
- Customer support
- Payment optimisation
- The Linden Dollar economy generates $500m per annum
Mytopia

Bingo Island

- Bingo Island is the most popular bingo application in Facebook
- Weeds and Dexter social games deals signed
- More than 1M monthly active mobile poker player
- Growing, still not profitable
- Initial proof as a source for real money customer acquisition
Regulatory frameworks remain complex

- Overall positive trends:
  - **Italy** - casino and cash games decree published
  - **France** – follow-up committee set up, Q4 summary
  - **Germany** – potential Sportsbetting regulation, 2012
  - **Spain** – bill final version expected Q3, 2012
  - **Greece** – bill debated in parliament
  - **Denmark** – plans stalled, clarity in Q3
  - **Belgium** – restrictive licenses expected Q4
  - **Netherlands** – intention to regulate in 2012
  - **USA** – state by state (vs. Federal) progress

- Investment in technology and business preparation
- Green Paper reaffirms EU’s current position
- No single market other than UK accounts for more than 6% of the group’s revenues
Regulation – NGBC and NGC approval

- Commercial relationship with Caesars recommended for approval by the NGCB and approved by the NGC
- First online gaming company to be found suitable for work with a Nevada licensed company
- The result of a 12 months process
- Good indication to 888’s ability to pass the toughest scrutiny and be licensed anywhere
Ladbrokes

- No updates
- Will be determined either way in the near future
Current trading

- Very strong current trading
- Q1 2011 to date 7% above the very strong Q4 2010 and 10% above Q1 2010
- Trend as per traditional ‘normal good’ years and unlike 2010
- Fueled by Poker very strong performance and good performance across the business
- New customer signups 7% above the strong Q4, indicating positive momentum
Summary

- Tough H1 2010
- Decision not to cut investment despite challenging trading
- Major H1 2010 problems resolved
- Improvement through H2:
  - Poker reinvented
  - Strong performance across the business
- Very strong start to Q1 2011
- Back on track
- Regulatory changes remain the major risk – and the big opportunity