

# Interim Results for the six months ended 30 June 2008

3 September, 2008



# Agenda

**Introduction:** Roger Withers, Chairman

**Operating review:** Mor Weizer, CEO

**Financial review:** Guy Emodi, CFO

**Current trading & outlook:** Mor Weizer, CEO

**Questions & Answers**





## **Introduction:** Roger Withers, Chairman

- ▶ Strong performance across all business areas
- ▶ Record high levels of revenue and profit
- ▶ The company has expanded its operations and is ready to accommodate future growth driven by
  - ▶ Organic growth of existing licensees
  - ▶ Migration of new licensees
  - ▶ Evolution of new regulated markets
  - ▶ Acquisition strategy
- ▶ Focus on innovation, imagination, a diversified business model and strength as software & platform provider



## Operating Review: Mor Weizer, CEO



## Operational Highlights

- ▶ 10 new license agreements including: Betsson, Vista Global Limited (Hollywood Poker), Genting Stanley Alderney and SNAI S.R.L.
- ▶ Further 8 MOU's signed to date
- ▶ 3 additional licensees launched since period end
- ▶ MOU's and agreements signed with leading Italian operators which will lead to a prominent position in Italy
- ▶ Commenced software approval process in various regulated jurisdictions
- ▶ Launch of Asian P2P games. Rollout underway



## Operational Highlights - Continued

- ▶ Development of Flash Poker product completed. Rollout expected by end of Q3
- ▶ Established an internal new games software development unit, which will significantly increase the number of games released to Playtech licensees
- ▶ Exclusive licensing agreement signed with Paramount Digital Entertainment
- ▶ A licensing agreement signed with NextGen
- ▶ Expanding the operations to increase delivery and support the rapid continuous growth, bringing the total number of employees to over 750



## Acquisition Strategy

- ▶ Successful fund raising of \$222M through placing
- ▶ Provides Playtech with significant fire power
- ▶ Good progress on potential acquisition of an affiliated company, would be earnings enhancing and strengthen market position
- ▶ Acquisition strategy will complement Playtech's business model and will need to meet strict criteria of Company's risk profile
- ▶ Acquired MixTV to facilitate TV gaming products

## Financial Review: Guy Emodi, CFO





## Financial Highlights

**Total revenues \* - \$81.4M, 85% increase (H1 2007: \$44M)**

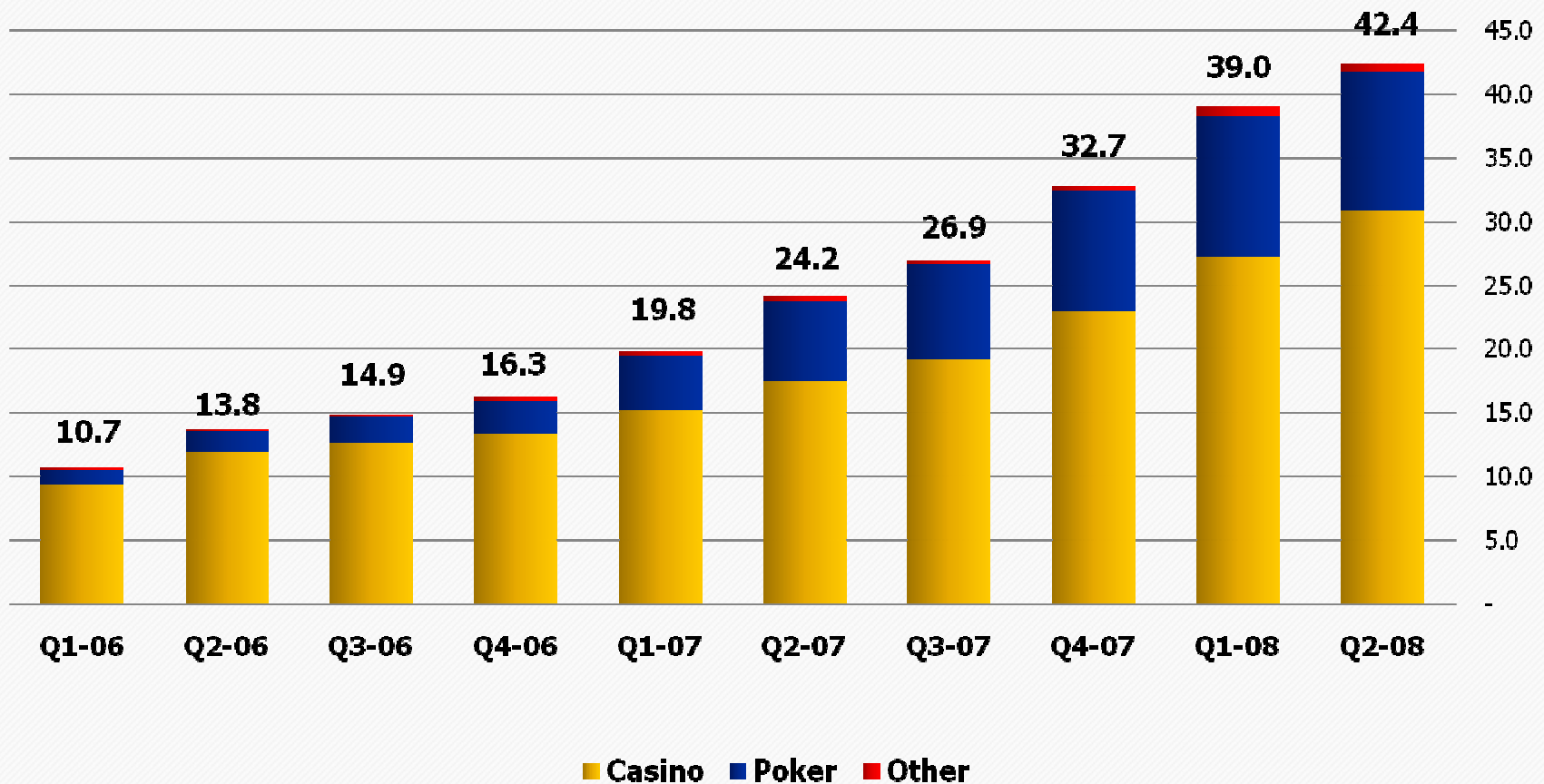
**Casino** Revenues \* - \$58M, 78% increase (H1 2007: \$32.6M)

**Poker** Revenues - \$22M, 109% increase (H1 2007: \$10.5M)

**Adjusted net profit before tax – \$57.8M, 90% increase (H1 2007: \$30.4M)**

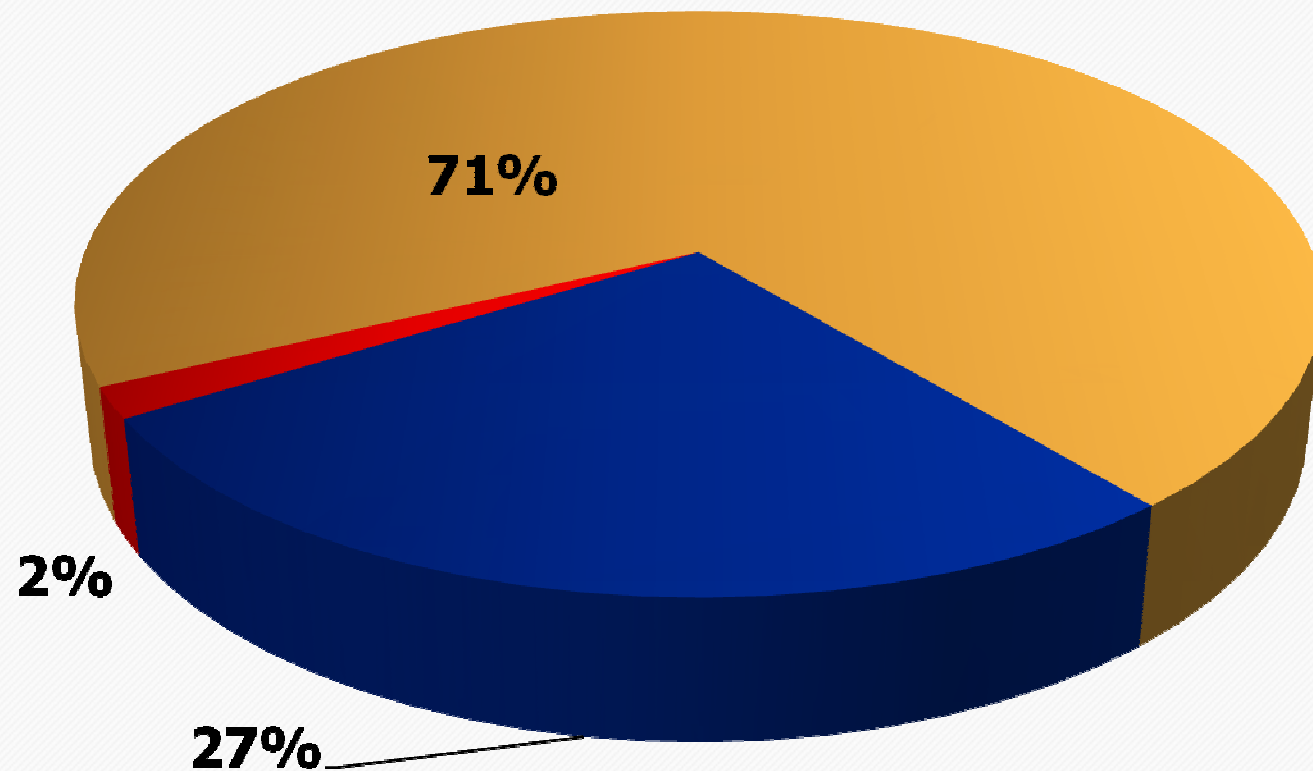
\* Including non-cash revenues of \$1.8M in H1-2008

## Quarterly revenues by products

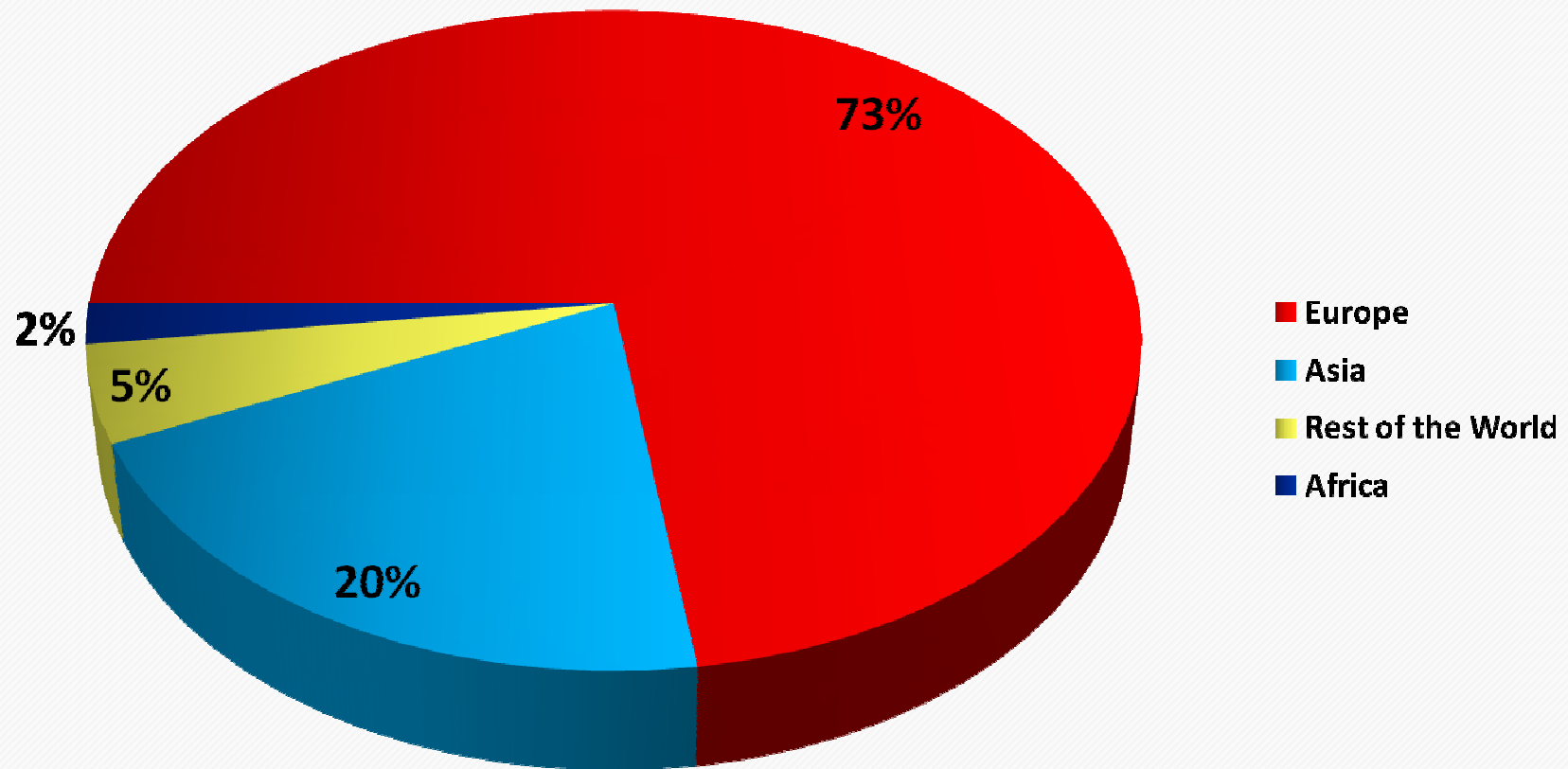


## Revenues by Products H1 2008

- Casino
- Poker
- Other



## Geographic Diversification\* H1 2008



\*Player revenue generated

# Profit & Loss

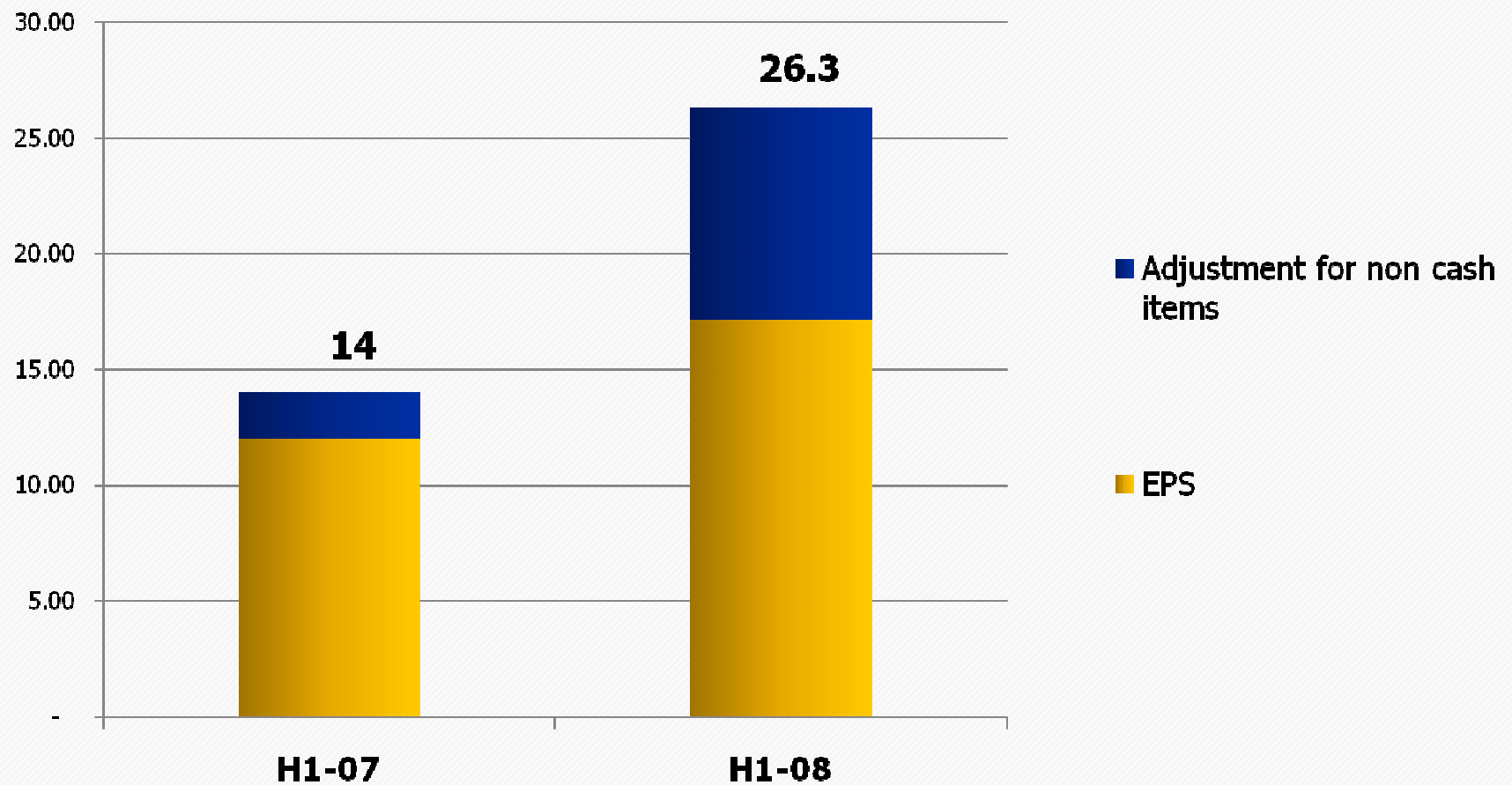
		H1 2008		H1 2007
		US\$000		US\$000
Revenues		81,394		43,966
Operating expenses		-48,597		-19,403
<b>Operating profit before the following exceptional items</b>	<b>52,540</b>		<b>28,656</b>	
Loss of disposal available for sale invest' (Foundation)	-		(654)	
Impairment of software acquisition (Tribeca)	-		(275)	
Amortization of intangible assets (mainly Tribeca)	(3,082)		(2,148)	
Employee stock option expenses	(4,127)		(1,016)	
Decline in FV available for sale invest' (Foundation & ALOG)	(12,534)		-	
Total	<b>(19,743)</b>		<b>(4,093)</b>	
<b>Operating profit</b>		<b>32,797</b>		<b>24,563</b>
Financing income	5,976		2,314	
Financing cost - deferred consideration (Tribeca)	(759)		(705)	
Other financing cost	(96)		(103)	
Total financing income, net		<b>5,121</b>		<b>1,506</b>
Profit before taxation		37,918		26,069
Tax expenses		(758)		(387)
<b>Profit for the period</b>		<b>37,160</b>		<b>25,682</b>
<b>Adjusted profit for the period</b>	<b>57,066</b>		<b>30,038</b>	
Earnings per share (basic in cents)		17.1		12
Adjusted earnings per share (basic in cents)	26.3		14	



## Adjusted Net Profit H1 2008 vs. H1 2007

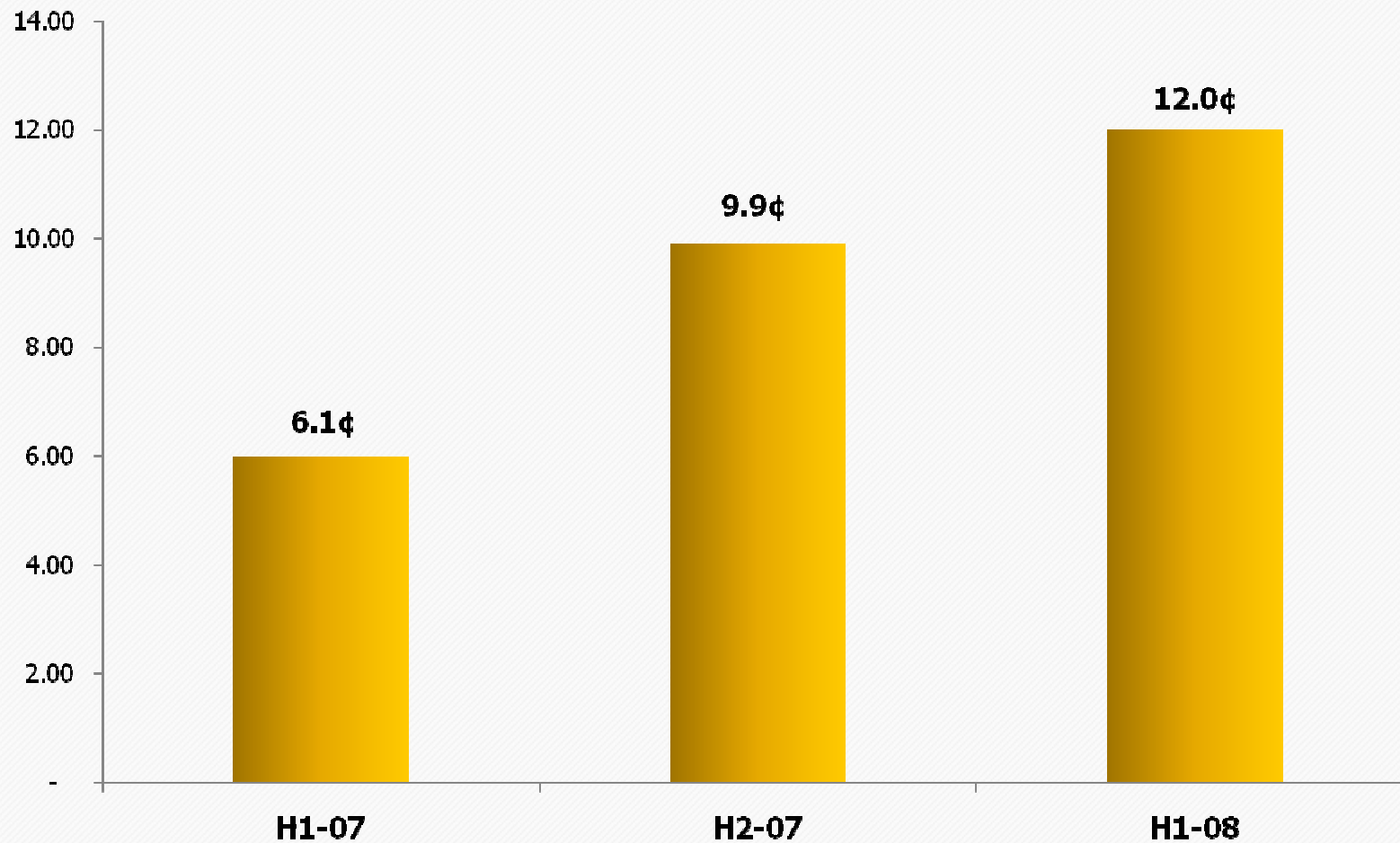
	H1 2008 \$'000	H1 2007 \$'000
Net profit before taxation	37,918	26,069
Decline in fair value of available for sale investment (Foundation)	12,534	-
Loss on disposal of available for sale investment (Foundation)	-	654
Amortisation of customer list on acquisition (Tribeca)	2,486	1,663
Impairment of software on acquisition (Tribeca)	-	275
Discounting of deferred consideration (Tribeca)	759	748
Employee stock option expenses	<u>4,127</u>	<u>1,016</u>
<b>Adjusted net profit before taxation</b>	<b>57,824</b>	<b>30,425</b>
Tax	<u>758</u>	<u>387</u>
<b>Adjusted net profit after taxation</b>	<b>57,066</b>	<b>30,038</b>

# Adjusted EPS



\* Excluding exceptional non-cash charges

## Interim Dividend





## Cash Flow

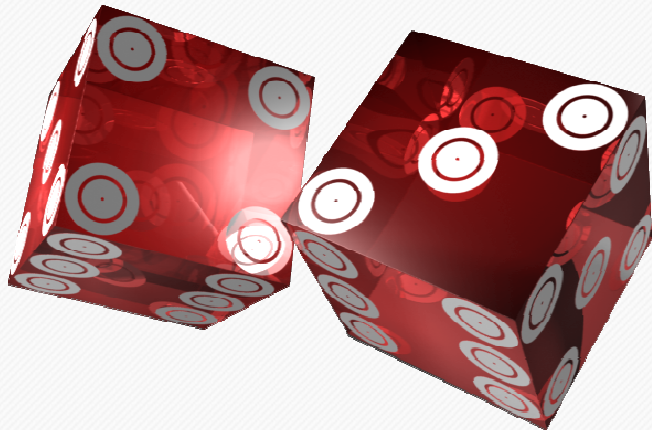
	June 2008 \$'000	June 2007 \$'000
<b>Net profit</b>	<b>37,160</b>	<b>25,682</b>
Depreciation and Amortization	4,189	2,840
Loss on disposal of available for sale investment	-	654
Employees Stock Options Expenses	4,127	1,016
Impairment loss of software acquired	-	275
Decline in FV of available for sale investments & loss on disposal	12,534	-
Net change in Assets and Liability & other adjustments	2,405	(3,028)
<b>Net Cash Provided by Operating Activities</b>	<b>60,415</b>	<b>27,439</b>
<b>Net Cash Used in Investing Activities</b>	<b>(20,551)</b>	<b>(38,231)</b>
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b><u>200,010</u></b>	<b><u>(12,057)</u></b>
<b>Increase in Cash and Cash Equivalents</b>	<b>239,874</b>	<b>(22,849)</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b><u>86,491</u></b>	<b><u>101,403</u></b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>326,365</b>	<b>78,554</b>



## Balance Sheet

	June 2008 \$'000	June 2007 \$'000
Cash and Cash Equivalents	326,365	78,554
Investments (Foundation & ALOG)	22,003	40,917
receivables	16,407	15,885
<b>Total Current Assets</b>	<b>364,775</b>	<b>135,356</b>
Intangible assets (mainly Tribeca)	63,798	61,584
Fixed Assets & other non current Assets	6,557	3,941
<b>Total Assets</b>	<b>435,130</b>	<b>200,881</b>
Deferred Rev' (Foundation & ALOG)	36,529	29,584
Other (mainly Tribeca)	30,638	48,020
<b>Total Current Liabilities</b>	<b>67,167</b>	<b>77,604</b>
<b>Non-Current Liabilities</b>	<b>161</b>	<b>66</b>
<b>Shareholders' Equity</b>		
Share Capital and Funds	290,939	64,826
Accumulated Profit	76,863	58,385
<b>Total Liabilities and Shareholders' Equity</b>	<b>435,130</b>	<b>200,881</b>

## **Current trading & Outlook: Mor Weizer, CEO**



## Current trading and outlook

- ▶ Revenues in the 2 months following the period end are in line with management expectations during the seasonally quiet months of July and August
- ▶ Launch of 3 licensees
- ▶ Strong pipeline of further licensees for the second half of 2008
- ▶ Focus on cross selling opportunities through additional supplementary gaming products (such as the newly acquired MixTV offering)
- ▶ Agreement with SNAI will lead to prominent position in Italy

# Questions & Answers

