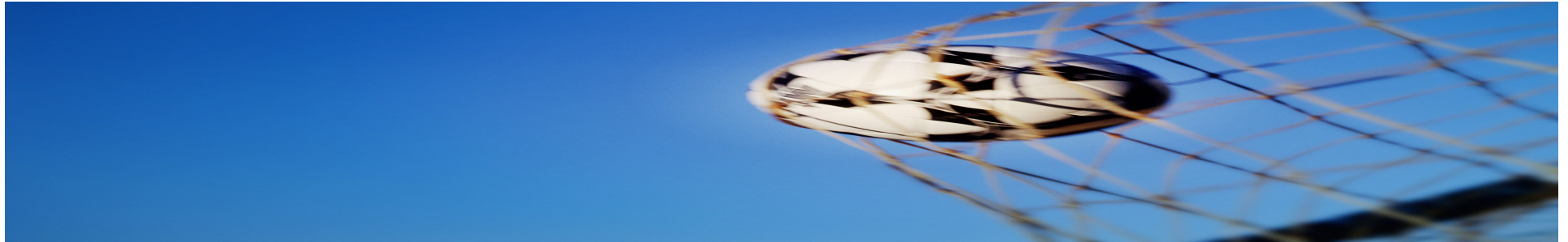


Sportech PLC Interim Results

September 2006

 Sportech



Ian Penrose – Chief Executive

Steve Cunliffe – Finance Director

The logo for Sportech, featuring the word "Sportech" in a purple, sans-serif font. A dark blue horizontal line is positioned below the text, starting from the left edge of the "S" and extending to the right.



Agenda

- “The Way We Were” and “The Challenge”
- A Year of Change
- Our Core Business
- Financial Highlights
- Operational Changes
- Conclusion
- Questions



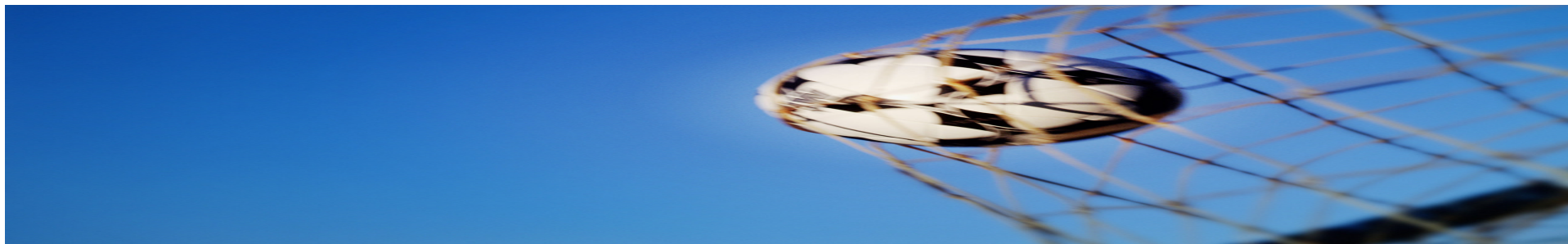
“The Way We Were”

- Collection of unrelated businesses, silo approach, no teamwork
- Core football pools business
 - declining at 16% a year
 - lost over 750,000 customers in 5 years
 - little investment in products or distribution
 - weak infrastructure
 - hadn't moved with the times
- Bet Direct losing £4.8m p.a.
 - no scale, no expertise, lost £30m over 7 years
- ITV losing £4m p.a., potential exposure for £30m over 3 years
- Online operations launched into ultra competitive markets
- Debt of £112m, negligible cash inflow
- A brand name that we did not own and would lose



“The Challenge”

- Restructure the base on which to build the business – not manage decline
- Get the basics rights – driven by new management
- Rejuvenate the core football gaming business following years of under investment in
 - product innovation
 - technology
 - marketing
 - distribution
- Diversify through new products, geographies and routes to market



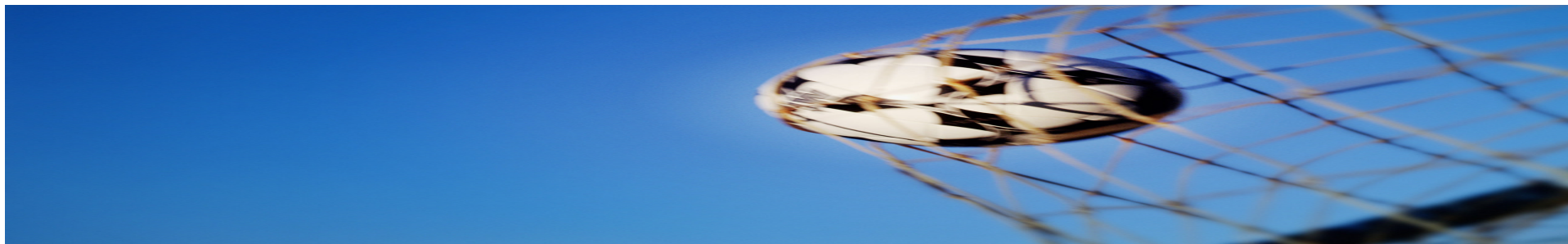
A Year of Change

Sportech



A Company in Transition

- “Small company with a big company structure” to “big company with a small company entrepreneurial culture”
- Fundamental change was required to Sportech’s strategy
- Focus on the core activities with a genuine USP
- Clear focus on revenue-driving products, distribution and technology
- Effective cost control – property and operational processes



Football Gaming

Our Core Business

Sportech



The Marketplace & Position

- Football is the largest sport in the world
- We are the oldest football gaming company in the world
- We operate the world's largest pool on the world's most popular game
- We have a 75% market share in the UK
- We have national media exposure
- We have enormous customer awareness and integrity
- We offer a pari-mutuel game of skill

Sportech



Focus on Product

- Clear commitment to new products
- New and repositioned games for football season 2007/08
- Reinvigorate our core treble chance offering
- Relaunch Spot The Ball
- Introduce predictor and fantasy football games
- Introduce customer loyalty programmes – enhance CRM
- Will appeal to our existing and new customer base

Sportech



Focus on Distribution

- Strengthen our existing routes to market, whilst developing new “modern” platforms of delivery to make it “easy to play”
- Develop our distribution channels
 - Direct mail
 - Internet
 - Retail / high street / sports venues
 - Collectors
 - Mobile
 - International



Focus on Technology

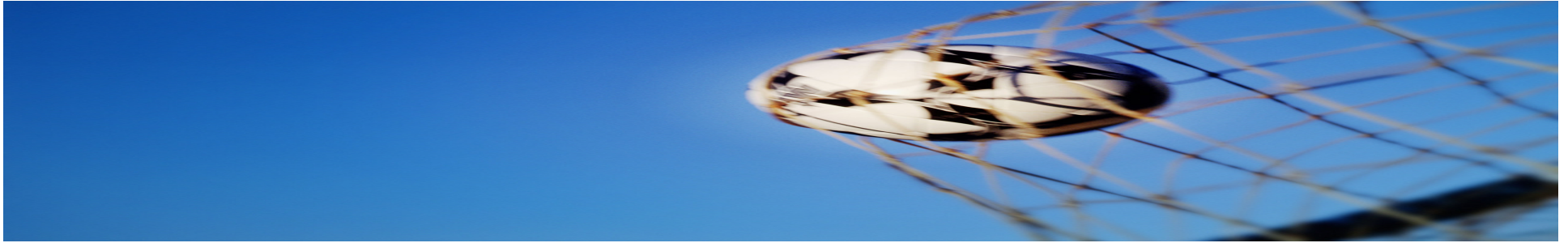
- The underpinning of our business
- Overhaul of our IT infrastructure
 - out of date
 - inappropriate for a modern transactional business
- IT programme will take eighteen months
 - customer facing activities to be fully operational for the start of season 2007/08
- Enhancing online gaming presence



The Impact

- Stabilised and growing customer numbers
- Leading to sustainable price increases (not raised for 7 years)
- New channels to increase average spend per customer
- More cost efficient operational structure
- Significant domestic and international market potential

On stable customer numbers, a 50p increase in average stakes will generate £12.5m in stakes and an additional £7.5m in annual contribution



Financial Highlights

Financial Highlights

	H1 2006 £m	H1 2005 £m	Increase %
Profit from continuing operations	5.0	4.0	25%
Profit from discontinued operations	<u>6.5</u>	<u>(2.1)</u>	-
Profit after tax for the financial period	<u>11.5</u>	<u>1.9</u>	-
EPS			
- total (p)	1.95	0.34	
- continuing (p)	0.86	0.68	
Net Debt (£m)	92.3	113.1	18%



Analysis of continuing operations

	H1 2006 £m	H1 2005 £m
Football Pools	9.0	12.6
Casino and Poker	0.8	1.1
Game On	(0.2)	(2.4)
Bingo	(0.1)	-
Restructuring	<u>-</u>	<u>(1.7)</u>
Operating Profit	9.5	9.6
Interest payable	<u>(3.4)</u>	<u>(3.9)</u>
Profit before tax	6.1	5.7
Tax	<u>(1.1)</u>	<u>(1.7)</u>
Profit after tax from continuing operations	<u>5.0</u>	<u>4.0</u>

Cash Flow Summary

	H1 2006	H1 2005
	£m	£m
EBITDA	19.6	9.3
Profit on Sale of Bet Direct	(10.6)	-
Interest	(2.3)	(3.1)
Working Capital	(1.9)	0.1
Interactive Payments	-	(3.3)
Capex	(0.2)	(0.8)
Net Restructuring Cash Paid	<u>-</u>	<u>(1.7)</u>
Trading Cash Flow	<u>4.6</u>	<u>0.5</u>

Trading Cash Flow	4.6	0.5
Bet Direct / Asset Disposals	10.8	0.3
Taxation	<u>0.4</u>	<u>(1.3)</u>
Net Cash Flow	<u>15.8</u>	<u>(0.5)</u>

Football Pools Financials

	Stakes Placed			Operating Profit		
	H1 2006	H1 2005	Change	H1 2006	H1 2005	Change
	£m	£m	%	£m	£m	%
UK Collector	15.5	18.7	(17.1%)	-	-	-
UK Direct	13.4	14.4	(6.9%)	-	-	-
UK Football Pools	28.9	33.1	(12.7%)	-	-	-
Overseas	1.1	1.2	(8.3%)	-	-	-
Football Pools	30.0	34.3	(12.5%)	8.4	12.0	(30.0%)
Other Games & Lotteries	2.7	3.2	(15.6%)	0.6	0.6	0.0%
Total	32.7	37.5	(12.8%)	9.0	12.6	(28.6%)
Gross Win	<u>25.4</u>	<u>29.4</u>	<u>(13.6%)</u>			

Casino and Poker

	H1 2006			H2 2005			H1 2005		
	Stakes Placed	Gross Win	Operating Profit	Stakes Placed	Gross Win	Operating Profit	Stakes Placed	Gross Win	Operating Profit
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Casino	137.1	3.6	-	125.8	3.8	-	139.5	4.0	-
Poker	1.4	1.4	-	0.9	0.9	-	0.6	0.6	-
Total Casino and Poker	138.5	5.0	0.8	126.7	4.7	0.6	140.1	4.6	1.1

Casino and Poker

Casino and Poker KPI's	H1 2006	H2 2005	H1 2005
Registered Base	96,310	79,243	63,072
Active Customer			
Casino	10,178	10,460	9,332
Poker (Ring and Tournament Players)	6,274	6,678	5,184
	16,452	17,138	14,516
Casino Gross Win per Player £	354	363	429
Poker Revenue per Player £	223	135	116



Betting

Withdrawal from betting successfully achieved

ITV

- Exit from ITV contract, eliminated £4m pa operating loss and potential further losses of up to £30m over next 3 years

Bet Direct

- Improved trading by 35% in H1
- Losses incurred of £4.8m in 2005
- Sold business for £12.5m in June 2006



eGaming

Casino and Poker

- Successfully reversed the decline experienced in our casino and poker division
- Following 3 successive 6 month periods reporting declining earnings, profits increased by 33% from H2 2005 to £0.8m in H1 2006
- Benefits being realised
 - strengthened management team
 - innovative promotion of on-line poker at offline tournaments

Bingo

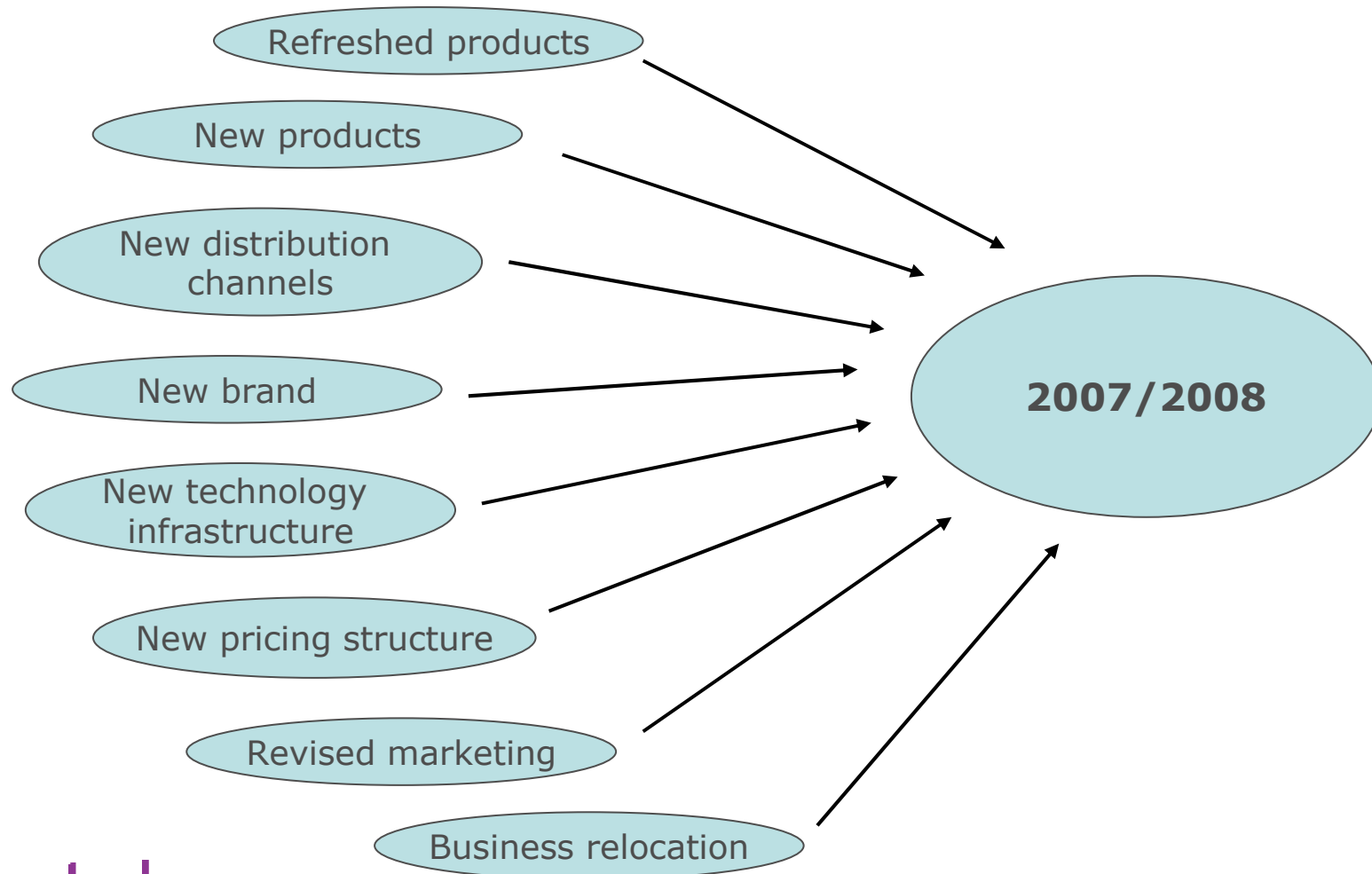
- Soft launch in February 2006, relaunch commenced this month
- 13,920 and 1,227 registered and real money players respectively at the half year
- 85% increase in real money players since 2006 half year to over 2,000
- Closer relationship with St Minver forged, leading to marketing initiatives



Brand

- Licence to utilise the “Littlewoods” name expires in September 2010
- Strength of business founded on the
 - 550,000 weekly players
 - liquidity this generates
 - history and tradition of football pools business
- We are seeking new and improved branding for launch in 2007 – opportunity not a threat

Timetable





Conclusion

- A process of significant change has started
- A lot has been achieved in last six months, but there is still much to do
- Some of the issues we face are deep seated and historic
- Focus on products, technology and distribution
- Opportunity to refresh the brand
- Marketplace is global: growing interest in football and gaming

***Relaunch the new and growing Sportech
for 2007/2008***

Sportech

Questions

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Sportech
