



Sportech

Sportech Plc Interim Results

September 2005

Agenda



- └ Highlights
- └ Financial Results

Roger Withers, Acting Managing Director

Gary Speakman, Finance Director



- Summary financial results for group
- Financial performance by business



- └ Developments & Outlook
- └ Summary
- └ Questions & Answers

Roger Withers, Acting Managing Director

David Mathewson, Chairman



Highlights



- └ Results impacted by poor sports results and higher Football Pools attrition.
- └ Key actions arising from Business Review implemented.
- └ Ian Penrose appointed CEO.
- └ Forward growth strategy in place:
 - Development of new media betting and gaming business.
 - ITVi
 - Football Pools

Financial Highlights



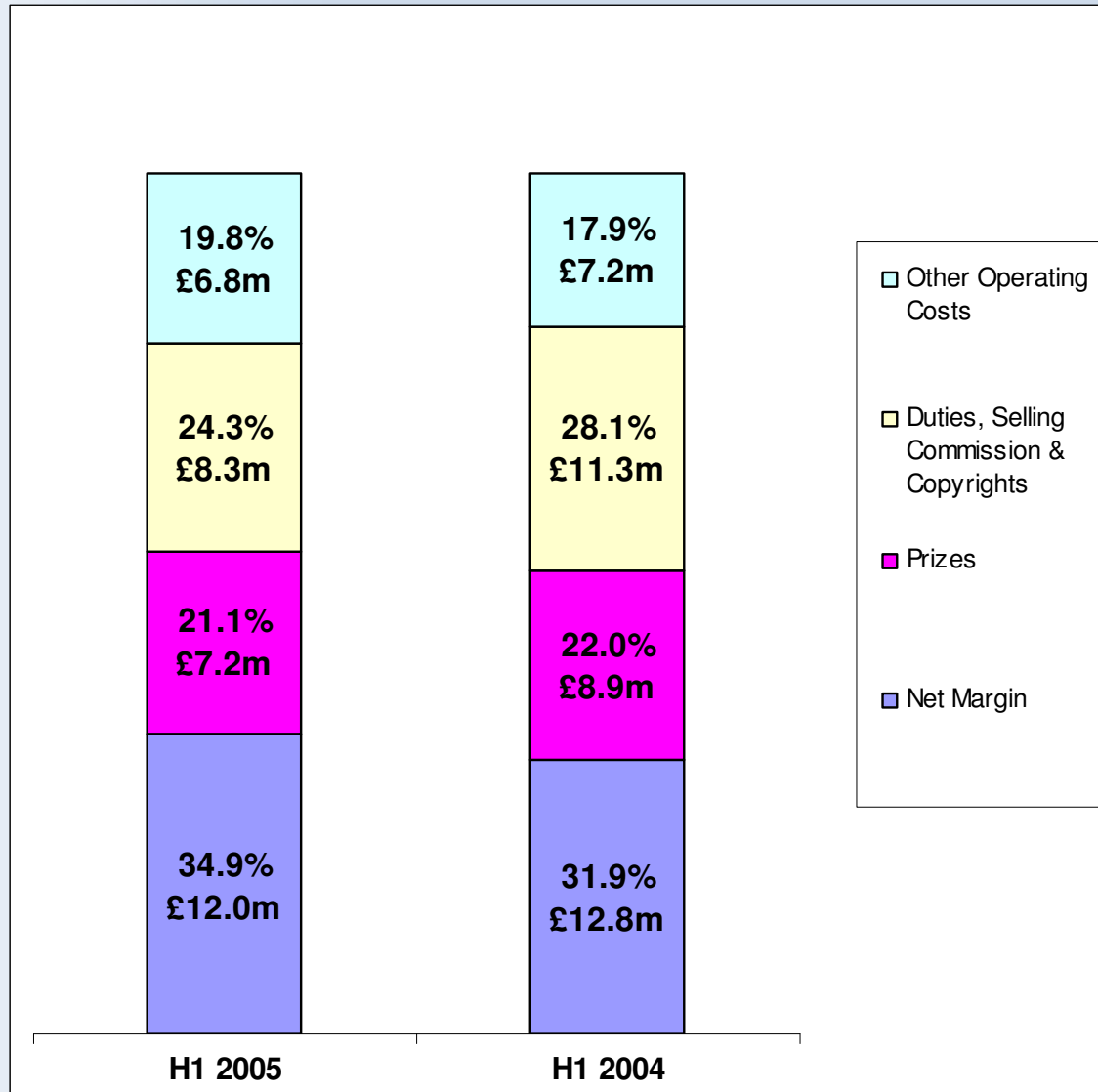
	H1 2005 £m	H1 2004 £m (restated)	% Change
Group Turnover	254.3	254.4	-
Football Pools	12.6	13.2	(5%)
Betting	(3.5)	(3.8)	8%
Operating profit ¹	9.1	9.4	(3%)
Interest Payable	(3.9)	(3.4)	(15%)
Profit before tax ¹	5.2	6.0	(13%)
Restructuring	(2.5)	(0.3)	
Profit before tax	2.7	5.7	(53%)
Earnings per share (p)	0.34p	0.67p	(51%)
Net debt	113.1	114.8	1%

Football Pools



	Turnover		%	Operating Profit ¹ (restated)	
	2005 £m	2004 £m		2005 £m	2004 £m
UK Collector	18.7	22.7	(17.6)		
UK Direct	<u>14.4</u>	<u>15.5</u>	<u>(7.0)</u>		
UK Football Pools	33.1	38.2	(13.4)		
Overseas	<u>1.2</u>	<u>2.0</u>	<u>(40.0)</u>		
Football Pools	34.3	40.2	(14.7)	12.0	12.8
Other Games & Lotteries	3.0	3.3		0.7	0.7
"Continuing"	37.3	43.5	(14.3)	12.7	13.5
Scratchcards	0.2	0.4		(0.1)	(0.3)
Total	37.5	43.9	(14.6)	12.6	13.2

Pools (Littlewoods and Zetters) Business Model



Betting



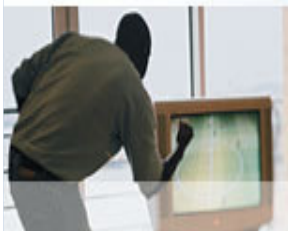
	Turnover		Change
	2005 £m	2004 £m	
Casino	145.1	154.4	(6%)
Poker	0.6	0.3	100%
Other Interactive	21.6	12.7	70%
Sub Total Interactive (exc ITV/Game On)	167.3	167.4	(0%)
Game On – ITV	0.6	0.1	500%
Game On – Internet	2.6	4.5	(42%)
Sub Total – ITV / Game On	3.2	4.6	(30%)
Telephone Betting	46.3	38.6	20%
Total Betting	216.8	210.6	3%

Betting



	H1 2005	H1 2004	Change
Interactive			
Registrations (6 months)	49,060	49,493	(1%)
Registered Base	311,082	205,499	51%
Active Customers			
- Sportsbook (6 months)	28,418	26,356	8%
- Casino / Poker (6 months)	12,471	9,606	30%
- ITV (6 months)	1,480	1,305	13%
Gross Win Rate: Sportsbook	3%	5%	(40%)
Telephone			
Registrations (6 months)	8,259	6,024	37%
Registered Base	243,223	232,248	5%
No. of calls (000's)	996	956	4%
Active Customers	37,329	40,368	(8%)
Average stake per telephone call (£)	47	40	18%
Gross Win Rate: Sportsbook	6%	11%	(45%)

Betting



	Gross Win		Change
	2005 £m	2004 £m	
Casino	4.1	4.1	0%
Poker	0.6	0.3	100%
Other Interactive	1.0	0.6	67%
Sub Total Interactive (exc ITV/Game On)	5.7	5.0	14%
Game On – ITV	0.1	-	
Game On – Internet	0.1	0.3	(67%)
Sub Total – ITV / Game On	0.2	0.3	(33%)
Telephone Betting	2.8	4.2	(33%)
Total Betting	8.7	9.5	(8%)

Betting



	Turnover		Operating Profit	
	2005 £m	2004 £m	2005 £m	2004 £m
Casino	145.1	154.4		
Poker	0.6	0.3		
Other Interactive	21.6	12.7		
Sub Total Interactive (exc ITV/Game On)	167.3	167.4	(0.4)	0.3
Game On – ITV	0.6	0.1		
Game On – Internet	2.6	4.5		
Sub Total – ITV / Game On	3.2	4.6	(2.2)	(2.8)
Telephone Betting	46.3	38.6	(0.9)	(1.3)
Total Betting	216.8	210.6	(3.5)	(3.8)

Summary Cash Flow



	2005 £m	2004 £m
EBITDA	10.3	10.7
Interest	(3.3)	(3.3)
Working Capital	(0.7)	(1.3)
Trading cash flow	6.3	6.2
Interactive - prepayments	(3.3)	(2.7)
- capital	-	(0.4)
Other capex	(0.8)	(0.8)
Asset disposals	0.3	-
Net restructuring cash paid	(1.7)	(0.5)
Taxation	(1.3)	(1.6)
Net cash flow before financing	(0.5)	0.2
Bank borrowings (end H1)	112.4	112.0
Net debt (end H1)	113.1	114.8

•£9.6m advance profit share paid to ITV to date

	£m	Rate %
Term Loan	74	LIBOR + 1.38
Mezz Loan	35	LIBOR + 3.0
	109	

Developments: Betting



└ Developments on track:

- Product
 - └ Continuously expanding sports betting markets and betting “in-running”.
 - └ Extended Bet Direct interactive offer from April 2005.
 - └ New arcade games across all interactive channels.
- Active Customers growing across all interactive channels.
- 13% increase in Casino, Poker and arcade games gross win (“non sports”).
- Exploiting Poker potential via internet and television.
- Improved telephone betting model.

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└ Stronger Betting Division.

Developments: Betting – Interactive Television



- └ ITVi content strengthened, particularly in 24/7 zone.
- └ ITV Consumer Division formed to drive viewer revenues including interactive gaming.
- └ Q4 2005 pipeline includes X Factor, Coronation Street, Emmerdale.
- └ Re-negotiation of commercial terms with ITV underway. Aiming for:
 - Major ITV, broadcast linked, initiatives
 - Operational and Marketing improvements
 - Mutually beneficial financial framework

Developments: Football Pools and Related Games



- └ Highly profitable and cash generative product portfolio.
- └ Continued margin improvement.
- └ Scratchcard business exit now completed.
- └ Identifying low cost expansion opportunities.
- └ Cross selling of other gaming products into customer base.

Outlook



└ Football Pools H2 2005

- H2 2005 level of revenue attrition expected to be similar to H1 2005.

└ Betting H2 2005

- Return to overall growth
- Sports betting margins remain weak.

└ H2 Group Profits similar to H1.

Summary



- └ Ian Penrose appointed CEO, Chris Brown appointed New Media Director; focused on the future.
- └ Football Pools Division delivering significant cash flow.
- └ Betting Division stronger and well positioned for growth.
- └ Longer term opportunities for growth from interactive television.
- └ All the products via all the channels.

A person wearing a grey hoodie is seen from the side, holding a smartphone up. They are in a gym or sports facility, with a greenboard in the background showing a diagram of a person's movement. The scene is softly lit, suggesting an indoor environment.

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Questions & Answers

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