



Results presentation

Year ending 31 May 2005

Nat le Roux, CEO

Tim Howkins, CFO

Highlights

IG Turnover up 25% year-on-year

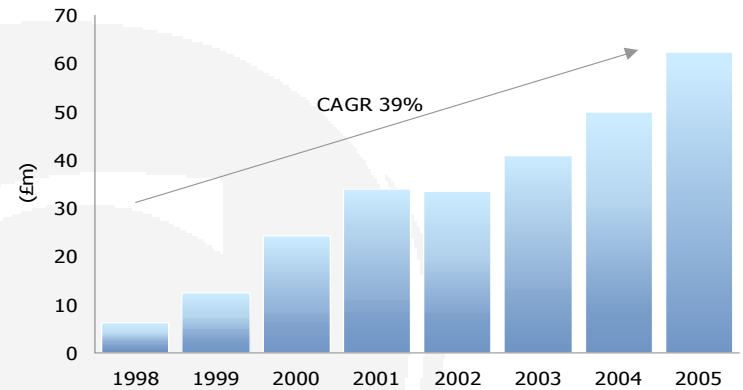
IG EBITDA up 40% year-on-year

IG EBITDA margin increased to 56%

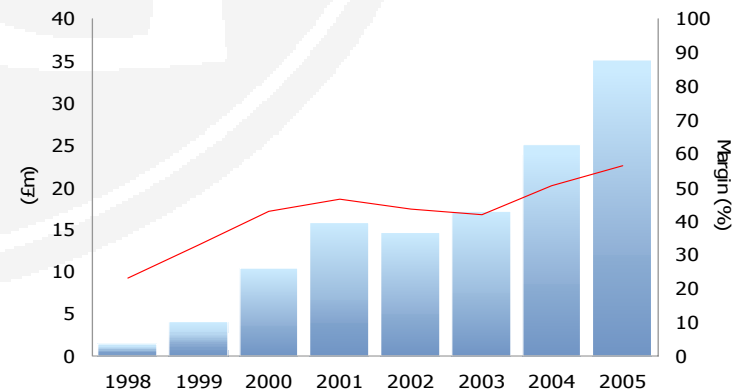
IG Debt paid down at IPO

IG Current trading strong

Turnover



EBITDA



Profit and loss

	2005	2004	Growth	
	£'m	£'m		
Turnover	62.3	49.8	+25%	IG Strong revenue growth continues
Betting duty	(2.5)	(1.9)	+32%	
	59.8	47.9	+25%	IG Operational gearing continues to drive up profit margins
Interest on client money	3.7	2.2		
Operating costs	(28.3)	(25.0)	+13%	IG Increase in betting duty reflects shift in mix
EBITDA	35.1	25.1	+40%	
<i>Margin (%)</i>	56.3	50.4		IG Exceptional item in 2005 for IPO costs
Depreciation	(3.9)	(3.3)		
EBITA	31.2	21.8	+43%	IG Demonstrated ability to convert profit to cash
<i>Margin (%)</i>	50.1	43.8		
Amortisation	(5.7)	(4.2)		IG Interest paid reflects pre IPO capital structure
EBIT	25.5	17.6	+45%	
<i>Margin (%)</i>	40.9	35.3		IG Last period under UK GAAP
Exceptional items	(0.9)	(0.3)		- amortisation is only significant P&L difference
Interest received	1.2	0.9		
Interest paid	(11.8)	(10.3)		
Profit before tax	14.0	7.9	+77%	

Revenue by business line

	2004			2005			Growth
	H1	H2	Total	H1	H2	Total	
	£'000	£'000	£'000	£'000	£'000	£'000	
<u>Financial</u>							
UK	18,081	21,387	39,468	21,272	25,464	46,736	+18%
Australia	492	935	1,427	1,841	1,935	3,776	+165%
Binaries	897	1,256	2,153	2,541	2,409	4,950	+130%
<u>Sports</u>							
Binaries	78	49	127	458	259	717	+465%
Spread betting	3,540	3,124	6,664	3,389	2,730	6,119	-8%
	23,088	26,751	49,839	29,501	32,797	62,298	+25%

 Strong second-half growth from UK financial business

 Australia more seasonal than UK business; second-half contains Australian summer

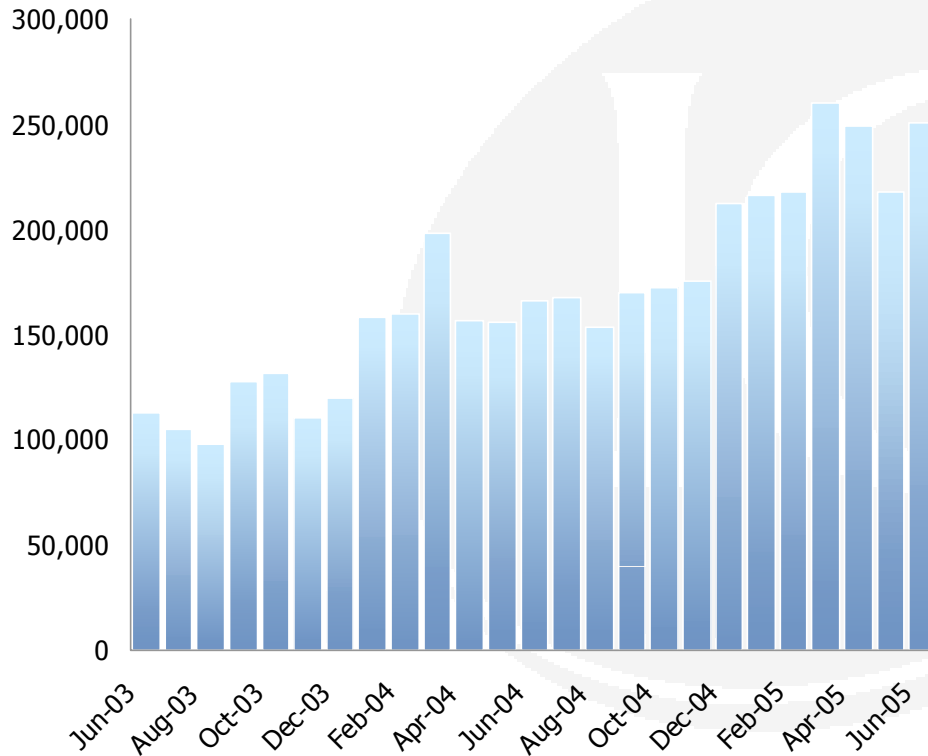
 Some shift back from financial binaries to spread betting on indices as volatility increased

 Sports binary volumes grew strongly but profitability disappointing in second half – sporting results not favourable to bookmakers generally

Financials - UK

Growth trend continues

Number of transactions¹



Growth driven by:

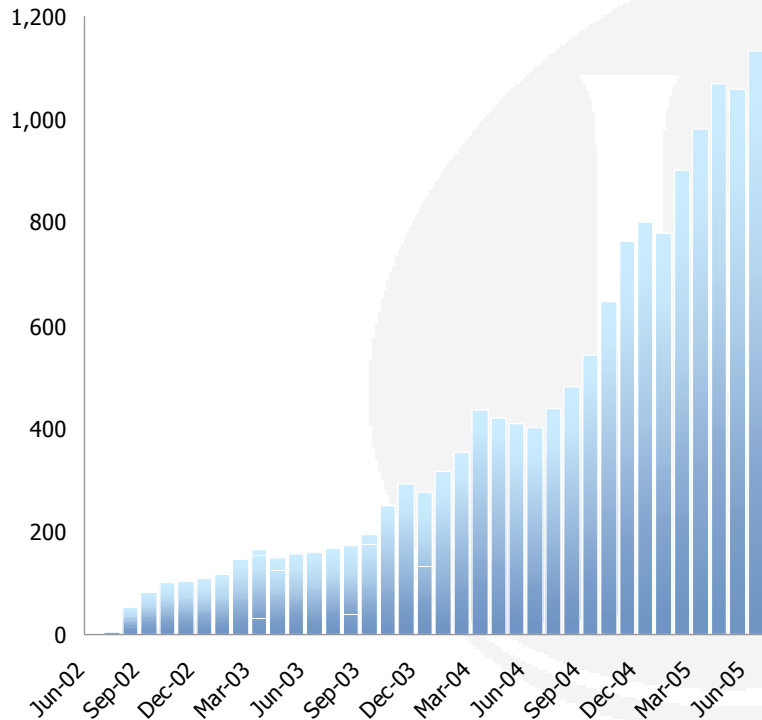
- IG On-line take up (86% now on-line)
- IG Enhancements to product range and technology
- IG Introduced and institutional clients
- IG Account opening remains strong

¹ Includes closing bets, stops and rolls

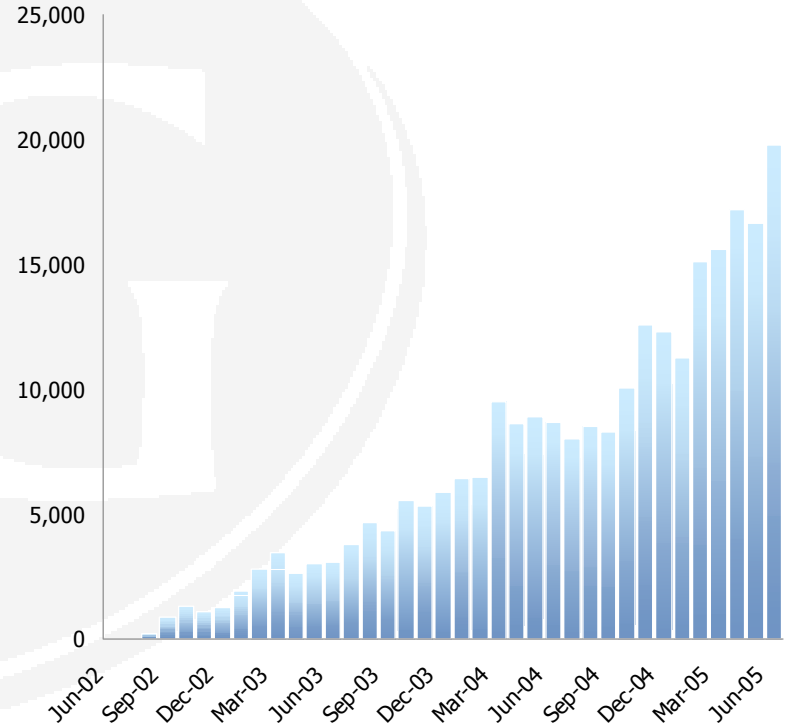
Financials - Australia

Continued strong growth momentum from Australian business

Number of clients dealing - Australia (monthly)



Number of transactions¹

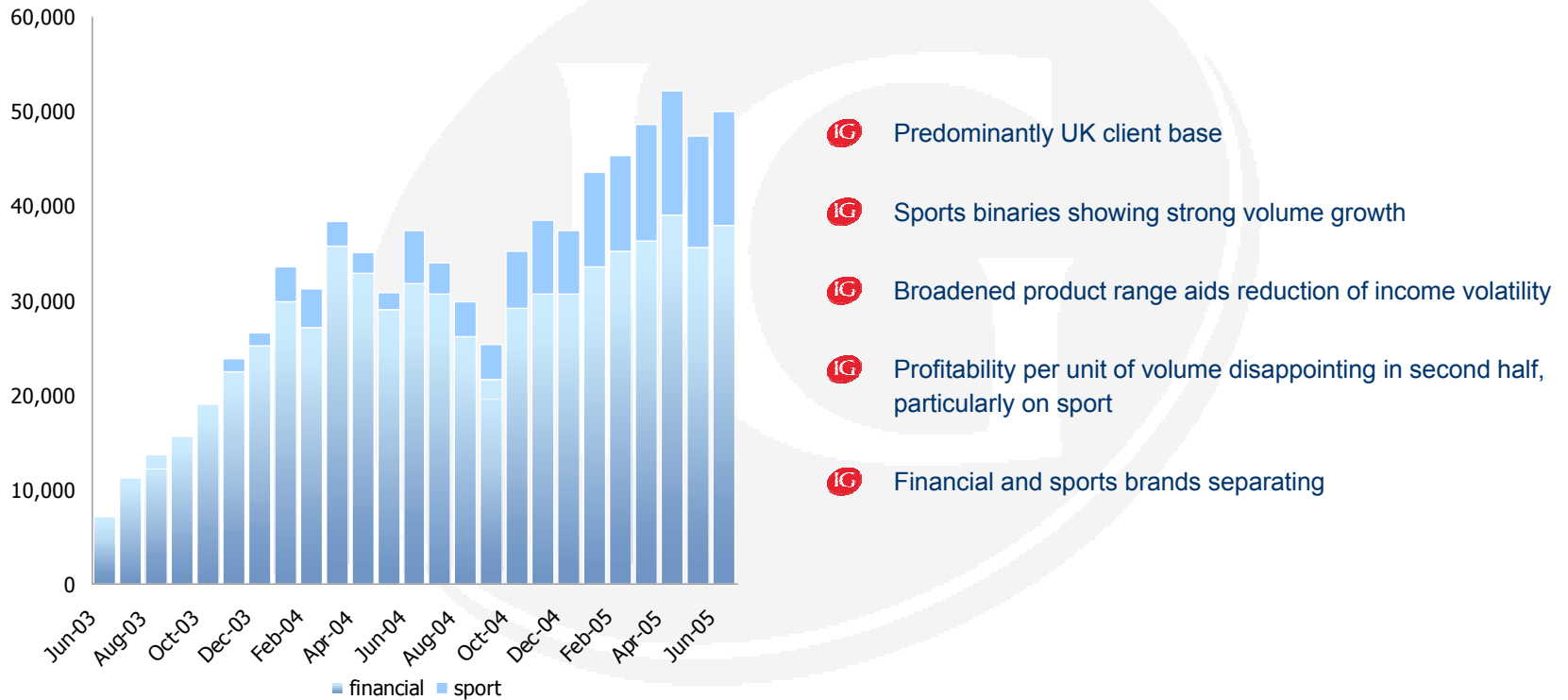


¹ Includes closing bets, stops and rolls

Binary bets

Binary betting continues to flourish

Number of transactions¹

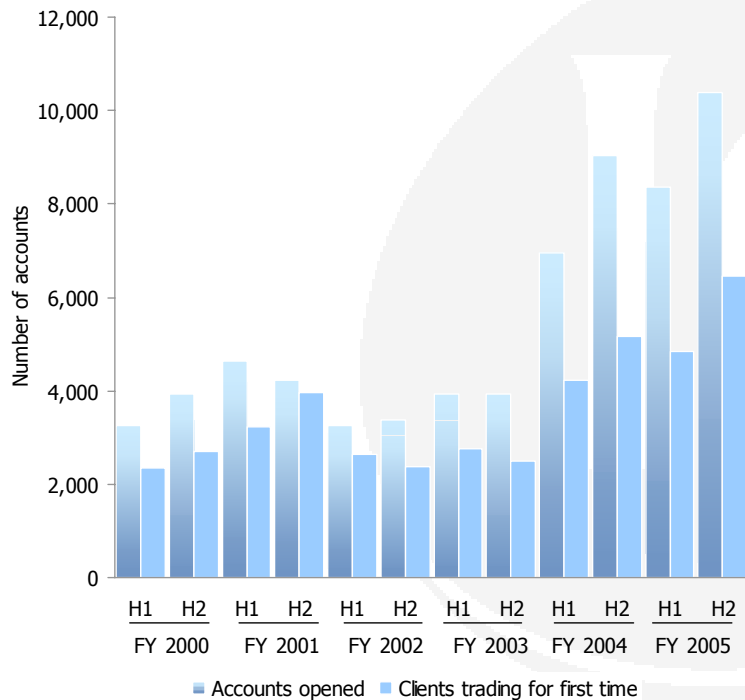


¹ Opening bets only

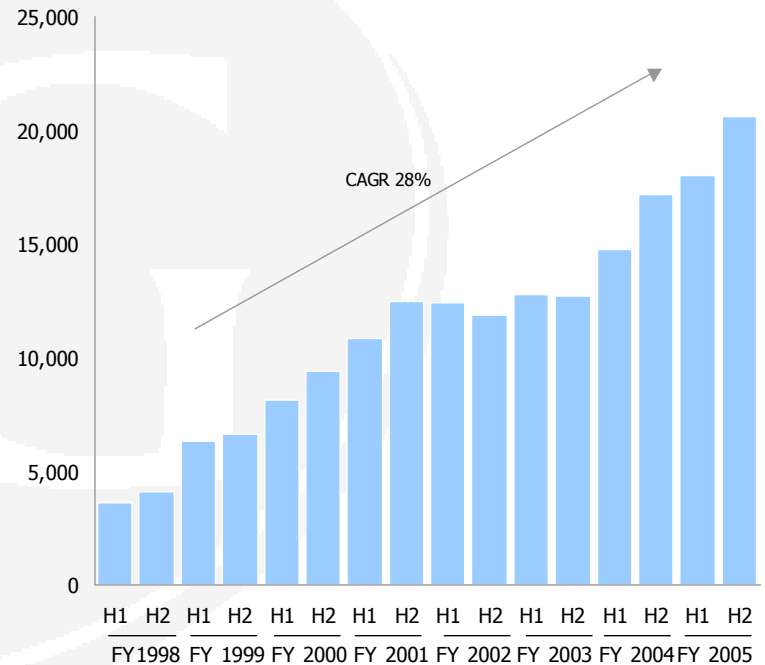
Client acquisition is the key growth driver

Continued success of on-line account opening

New client activity



Number of clients dealing¹

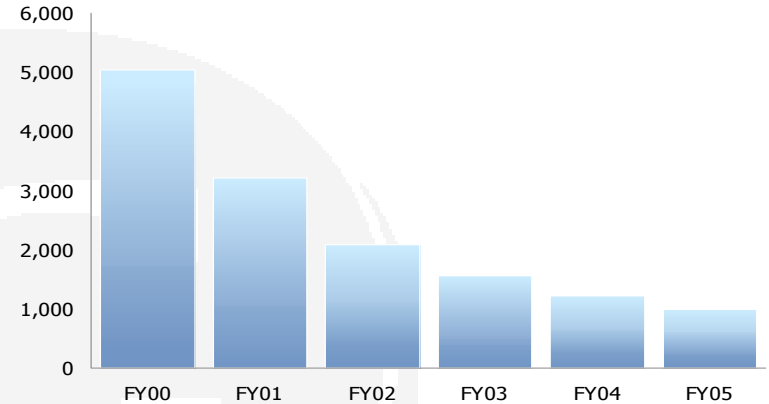


¹ Number of clients dealing at least once in the period

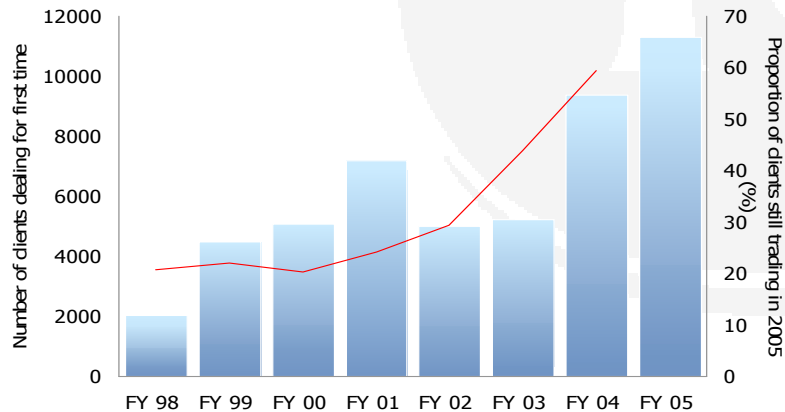
Client churn

- IG** A significant proportion of new clients trade for only a short time
- IG** After an initial drop off, the rate of client churn declines steadily
- IG** Those clients that remain generate increasing revenue
- IG** After two years the revenue stream stabilises

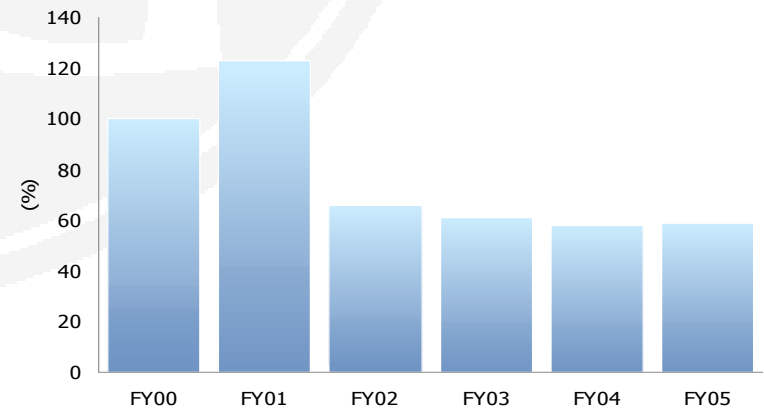
Lifecycle of clients that started in FY 2000



Client retention



Subsequent revenue from clients that started in FY 2000



Expanding the reach of binaries

- IG Market making agreements with exchanges
 - Betting exchanges cannot achieve liquidity in fast moving markets
 - Financial and some sport
 - Two market maker agreements concluded
- IG White label opportunities
 - Enabling fixed odds operators to offer financial markets
 - Enabling fixed odds operators to offer a high-end “back and lay” product
 - Talks ongoing
- IG A simplified mass market offering
 - Looks like conventional fixed odds
 - But with the ability to close early
 - New brand launch in autumn
- IG Multi-language capability to achieve international reach
 - Chinese site now in experimental marketing

International expansion

- IG A twin track approach to Asia
 - Chinese language website www.ggg168.com now live
 - Targeting Chinese speakers worldwide
 - Experimental marketing began July
 - Marketing online
 - Applying for regulated status in Singapore
 - Establishing local sales office
 - Offering FX and CFDs to clients across Asia
 - Dealing and hedging handled predominantly in Australia
- IG Other foreign language sites to follow
- IG White label discussions with several overseas companies

Outlook

- IG Foundations in place to deliver future growth
- IG Continuing strong growth from UK core business
- IG Australia growing rapidly
- IG New distribution channels for binaries
- IG Further international expansion - both regulated and unregulated
- IG Business debt free and highly cash generative



