

CRYPTOLOGIC

Brian Hadfield
President & CEO

December, 2008

Leadership
through
innovation.



- ◆ 12+ years of profitability
- ◆ Award-winning casino games
- ◆ Robust, scaleable poker network – New Poker Relationship
- ◆ 10 new customers in 2008 – and counting
- ◆ European base driving new growth
- ◆ Developing Asian market
- ◆ A renewed commitment to investor communications
- ◆ Growth oriented strategy



- ◆ The company
- ◆ The market
- ◆ The model
- ◆ The strategy
- ◆ The results
- ◆ Q&A



The company: The Internet gaming pioneer

North American growth

- Company founded
- Major product line: casino
- North American focus
- Moderate volume, high margin
- Listings on TSX, NASDAQ

A global future

- Global markets: Europe & Asia
- Gaming innovation
- Expansion – organic & acquisition
- New partnerships with major entertainment brands

1995 – 2001

2002 – 2007

2008 and beyond

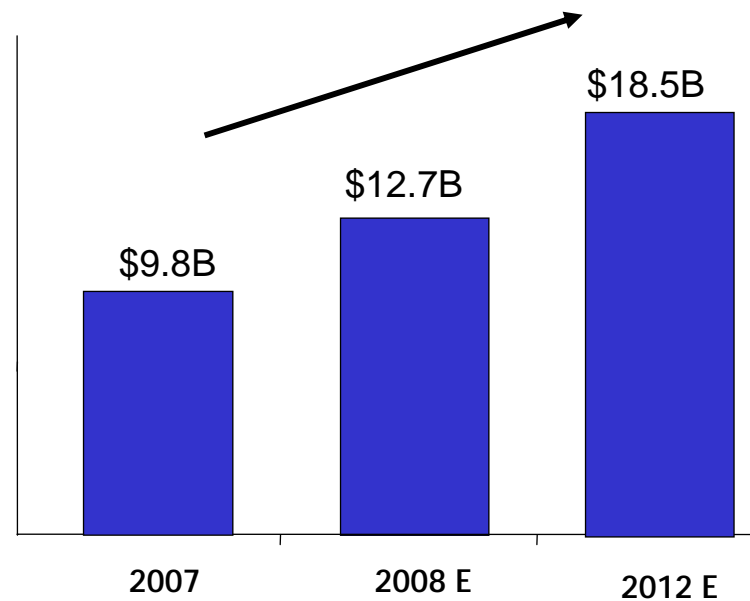
Shift to Europe, product diversification

- By geography: shift from N America to UK & Europe
- By product: the poker phenomenon
- Listing on London Stock Exchange
- Certification in 'tier 1' jurisdictions
- ROE: focus on small # of top tier licensees
- Higher volume, moderate margin



The market: Forecasts for growth

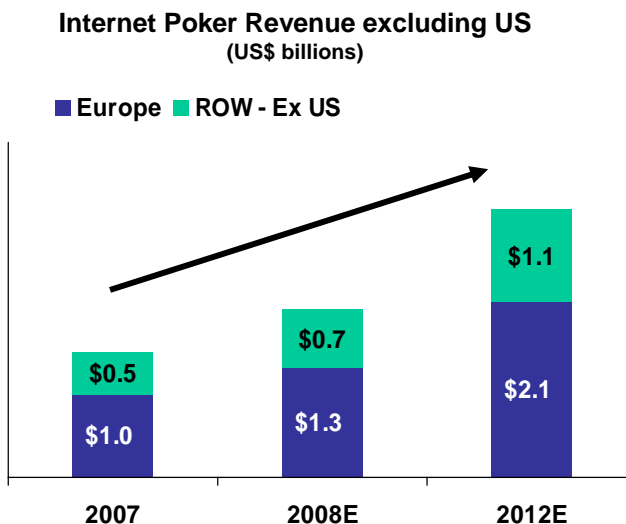
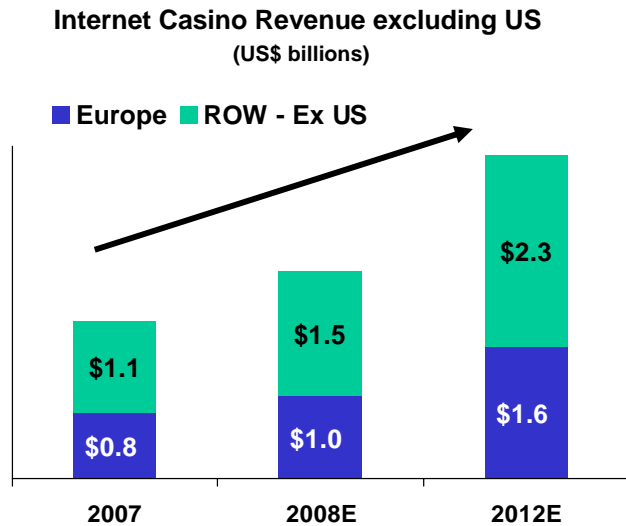
- The Internet gaming industry continues to grow rapidly...



Estimated online gross gaming yield
(excluding North America)



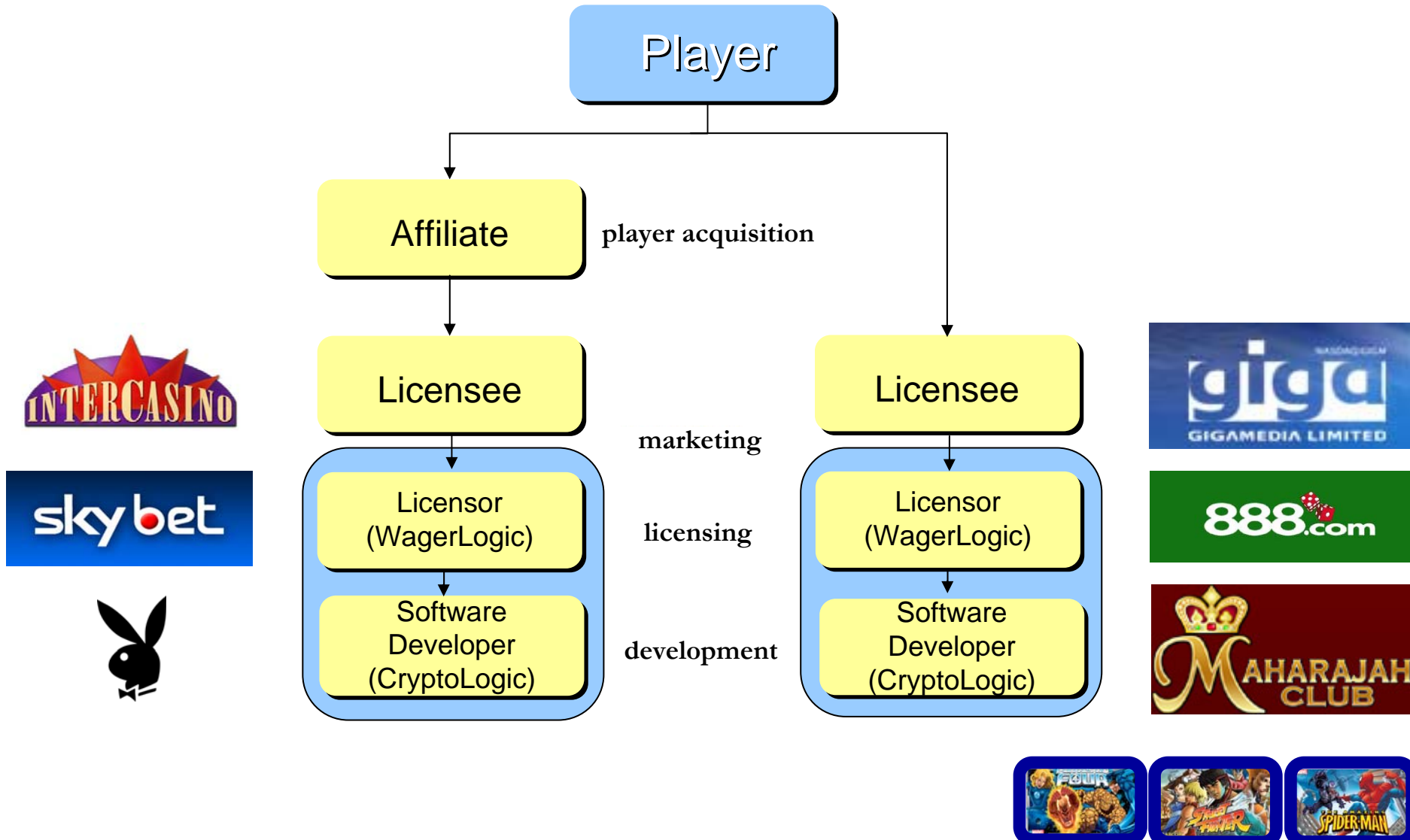
The market: Forecasts for growth



- ◆ ... including growth in CryptoLogic's core segments: casino and poker
- ◆ Entire i-gaming industry is <5% of total global gaming market



The model: How we operate in Europe today



The model: Core products & services

- ◆ Casino and Poker Branded Games
 - ♣ award-winning online casino software: 280+ table and slot games
 - ♣ exclusive licensing of top global entertainment brands (e.g., Marvel)
 - ♣ Part of Boss Media Network
 - ♣ multiple languages, currencies and platforms (e.g., download, non-download)
- ◆ Integrated proprietary ECash system (online “cashier”)
- ◆ Back-office software
 - ♣ sophisticated business intelligence & data-mining tools
- ◆ 24/7 call center customer support, Network Operation Center support
- ◆ Marketing support services
 - ♣ competitive advantage
 - ♣ increases royalty rates



The model: Recurring royalty revenue

- ◆ Recurring royalty streams: >90% of revenue
 - ♠ gaming software
 - ♠ ECash software
 - ♠ back office tools
 - ♠ customer contact centre
 - ♠ marketing support
- ◆ Other revenue
 - ♠ one-time software customization fee
 - ♠ certain marketing support fees
 - ♠ professional services fees
- ◆ New Asian revenue model emerging
 - ♠ subscription, item sale, avatars, in-game advertising



INNOVATION

New games
New partnerships

EXPANSION

Organic growth
Growth through acquisition

DIVERSIFICATION

New markets
New gaming segments

EXECUTION

Shorter time-to-market
Quality of experience



- ◆ **Maintain industry leadership**
 - ♠ Top Casino Software Award, 2006, 2007, 2008
- ◆ **Grow our innovation engine**
 - ♠ “Follow-the-sun” development strategy
- ◆ **Pursue a blend of proven & promising gaming/entertainment concepts**
 - ♠ EG: Marvel games
 - ♠ Casual games – Bejeweled, Cubis, Sudoku
 - ♠ Cultural-specific games



◆ Organic growth

- ♠ Broader, deeper relationships with gaming/entertainment brands
 - Established: Intercasino, William Hill
 - New: Marvel



◆ New licensees/relationships

- ♠ 888.com, PartyGaming, BSkyB,
- ♠ Everest, OPoker, Maharajah Club,
- ♠ Khel Galli, Betjacks, Poker Channel,



◆ Acquisitions/investments

- ♠ 2007: 2 in Europe, 2 in Asia
- ♠ 2008: Mobilebus, Mahjong Time



568 NETWORK INC.



2009: Changing the Face of the Business

- ◆ Focus on What We Do Best
 - ♠ Hosted casino
 - ♠ License branded games
 - ♠ Providing poker on the Boss Network provides lower cost and higher liquidity
- ◆ Increase Revenue with New Business
 - ♠ Major wins with 888, Partygaming, GigaMedia and SkyBetting & Gaming
 - ♠ Healthy pipeline of new customers for future growth
- ◆ Dramatically reduce costs
 - ♠ Take cash costs from \$60 million annually to \$45 million



By geography



◆ Europe: 725 million

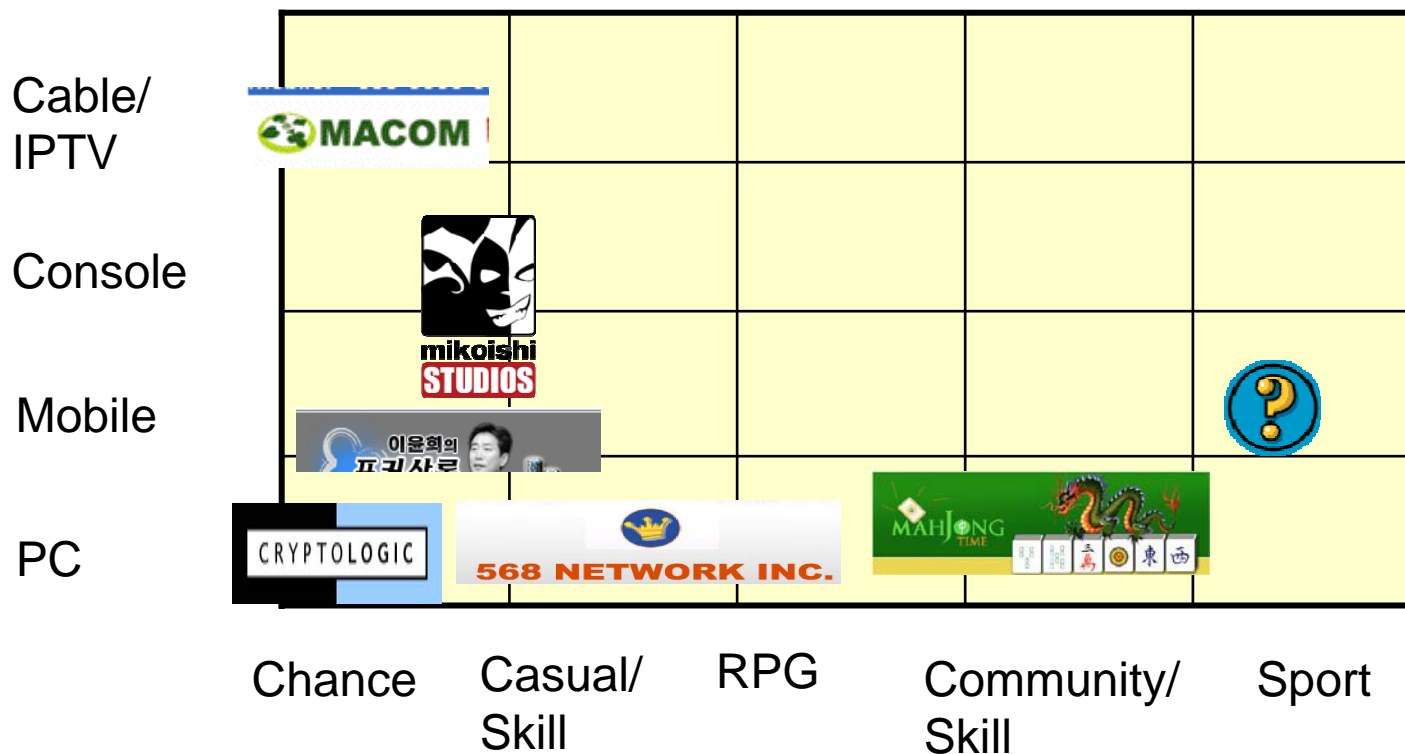
- ♠ Epicenter of regulated e-gaming
- ♠ CryptoLogic's early advantage, relationships with premier brands

◆ Asia: 4 billion

- ♠ Fastest-growing Internet adoption anywhere
- ♠ Growing affluence
- ♠ Long history of gaming
- ♠ Outstanding potential



The Great Wall of Gaming



- ◆ **Relentless focus on the customer experience**
 - ♠ Intelligence
 - ♠ Execution
 - ♠ Culture
 - ♠ People
 - ♠ Strategy
 - ♠ Agility
 - ♠ Customer Values
 - ♠ Emotional involvement
- ◆ **“Open for business” philosophy**
- ◆ **24/7 development, around the world**
- ◆ **Enhanced communications with our investors – and with the financial community**



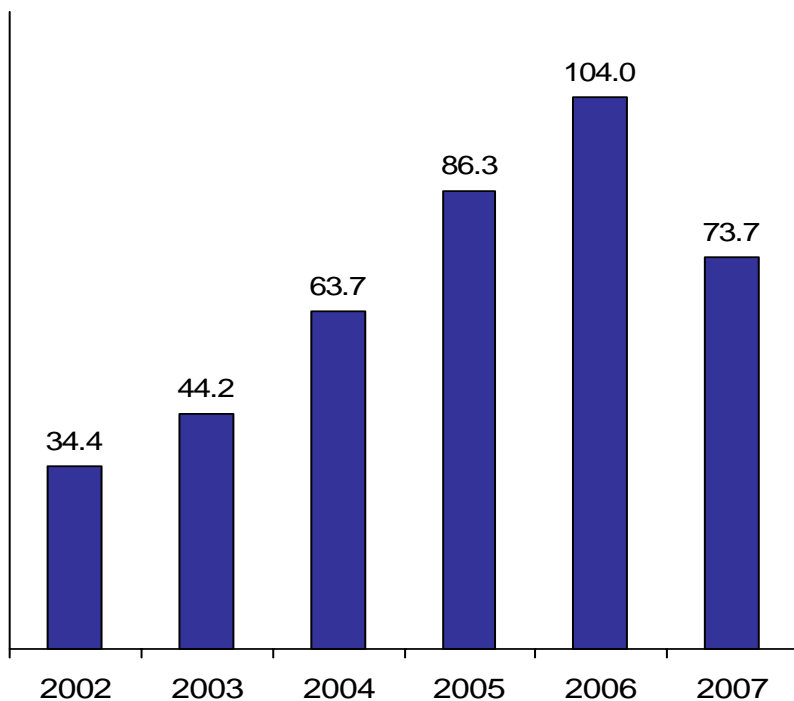
- ◆ Make the CryptoLogic brand synonymous with excellence
- ◆ Anticipate customers' needs
- ◆ Show passion and commitment in all we do
- ◆ Settle only for being the best
- ◆ Make a difference for every customer, every player, every investor



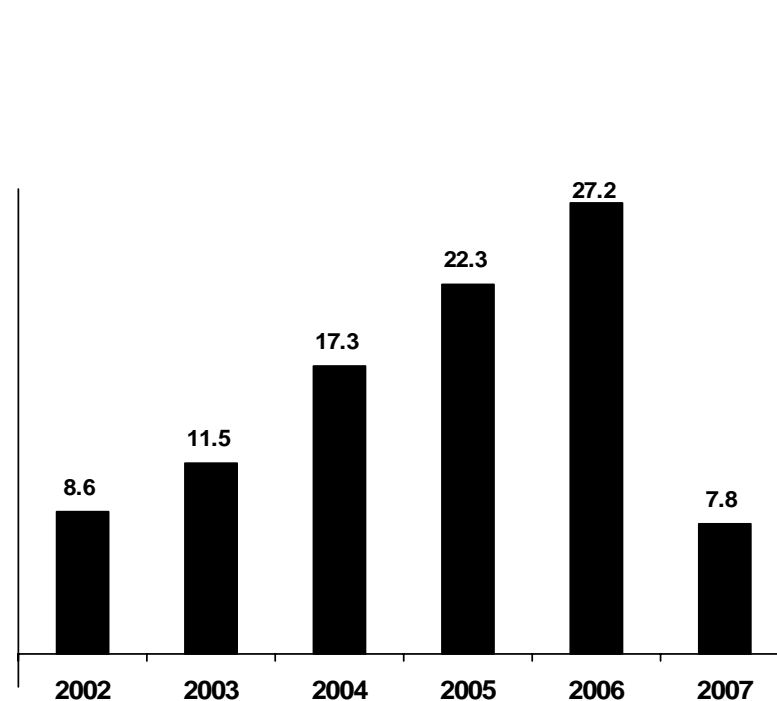
Results:

A history of performance

Revenue
(US\$ Millions)



EBITDA
(US\$ Millions)



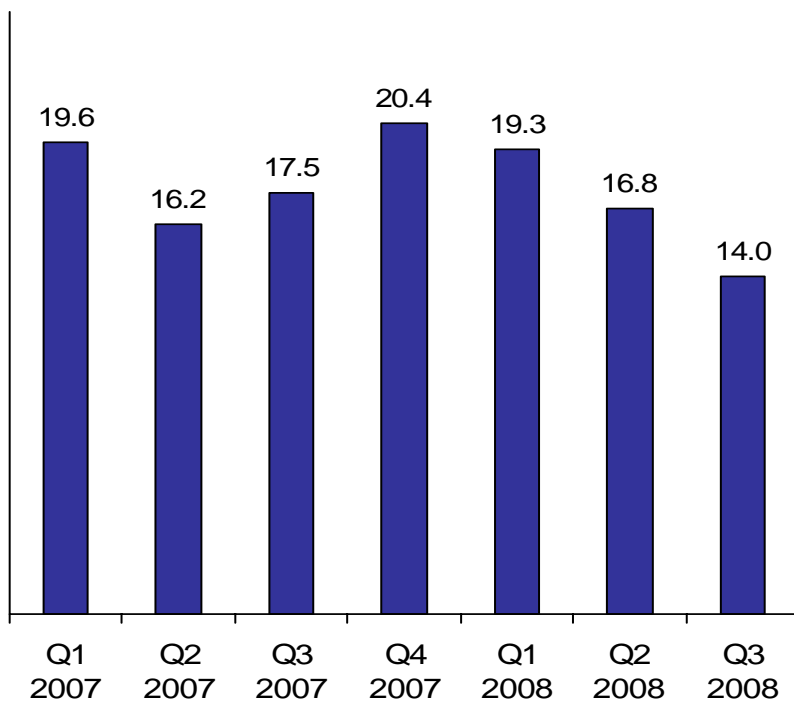
NB: 2007 results follow US prohibition



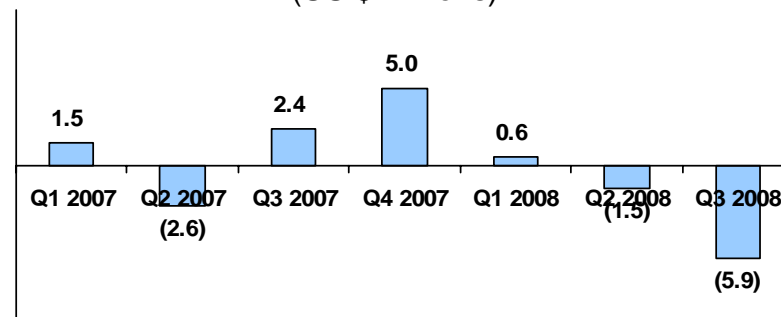
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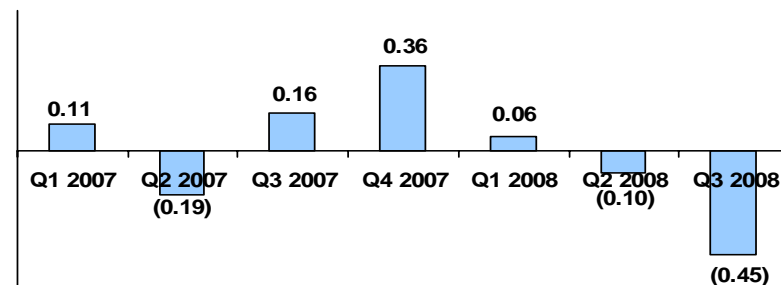
Revenue
(US \$ Millions)



Earnings
(US \$ Millions)



Diluted EPS
(US \$)



Uses of Working Capital

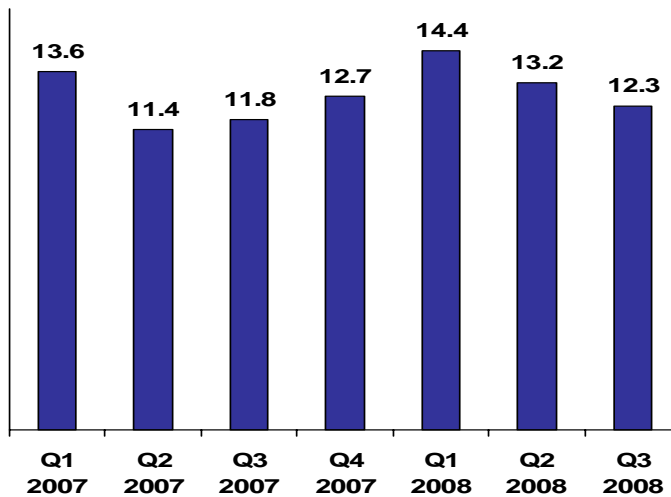
December 2007 – September 2008

	\$million
Dividends Paid	5.0
Shares Repurchased	1.7
Investments in New Businesses	3.7
Capital Expenditure	4.0
Operations	.8
Total Working Capital Used	<u>15.2</u>

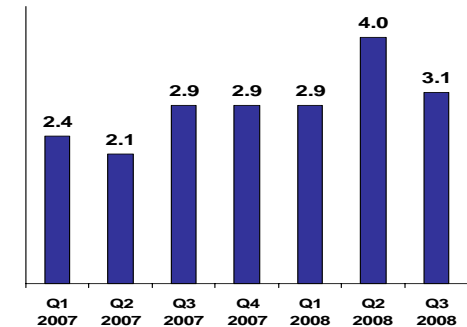
Working Capital is comprised of the companies current assets less current liabilities. This is the best measure of the surplus cash in the business.



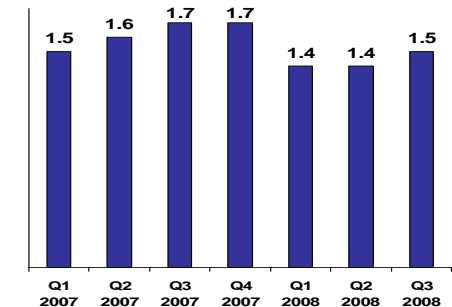
Operating Expenditures⁽¹⁾ (US \$ Millions)



G&A (US \$ Millions)



Amortization (US \$ Millions)



- ◆ Resized cost structure, reorganized for growth
- ◆ In the short-term, we will ensure that all expenditures are supported by new revenue streams

(1) In Q3 2008, operating expenses excludes \$4.2m non recurring loss on foreign exchange.



Strong balance sheet

◆ Continue to invest in business

- ♠ product development & enhancements
- ♠ system infrastructure & scalability
- ♠ back office & customer care
- ♠ regulatory initiatives

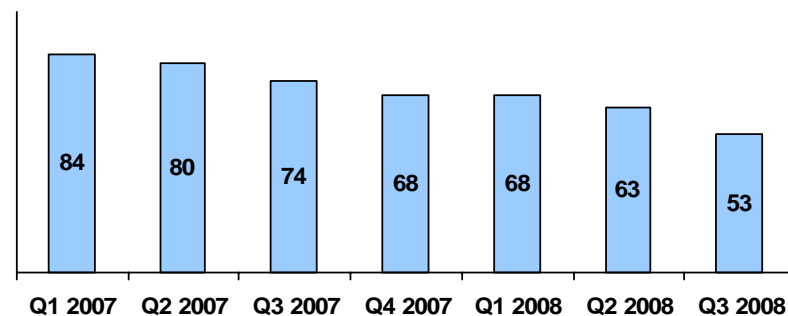
◆ Acquisition opportunities

◆ Dividends

◆ Share buybacks

(in US\$)	As at 09/30/08
Total Cash	\$48.7M
Cash per Diluted Share	\$3.51
Working Capital	\$52.9M
Working Capital per Diluted Share	\$3.62
Quarterly Cash Dividend per Share	\$0.03

Working Capital
(US Millions)



Questions

