

CRYPTOLOGIC

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New York

March 25, 2008

Leadership  
through  
innovation.



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



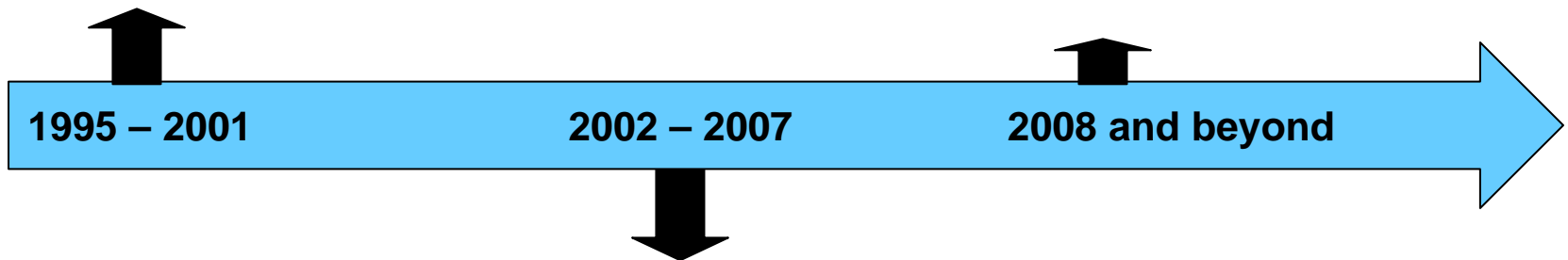
# The company: The Internet gaming pioneer

## 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



## Shift to Europe, product diversification

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



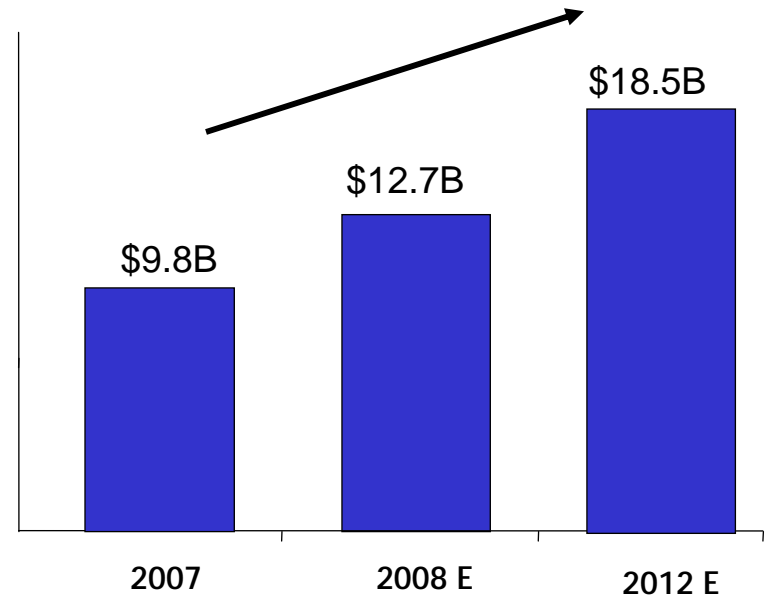
# A new breed of blue-chip company

- ◆ **Blue-chip** global e-gaming leader & pioneer
- ◆ **Blue-chip** focus on integrity and innovation
- ◆ **Blue-chip** international client base
- ◆ **Blue-chip** gaming solutions
  - ♠ > US\$60 billion in wagers processed
  - ♠ Software used by players in 240 countries
- ◆ **Blue-chip** regulatory leadership
- ◆ **Blue-chip** results
  - ♠ financial strength, consistent operating profits



# The market: Forecasts for growth

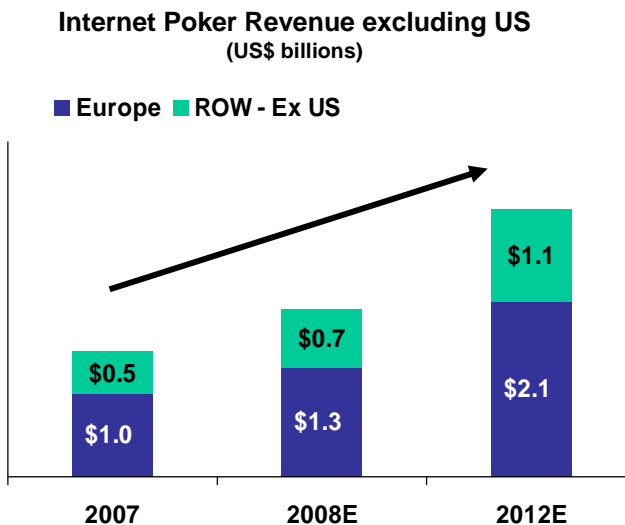
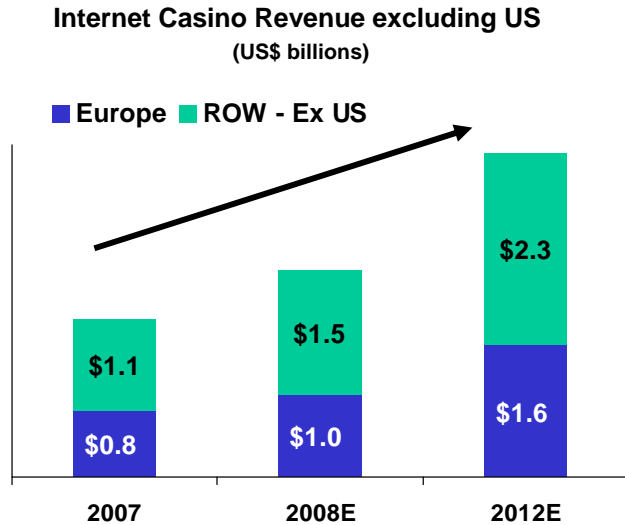
- The Internet gaming industry continues to grow rapidly...



Estimated online gross gaming yield  
(excluding North America)



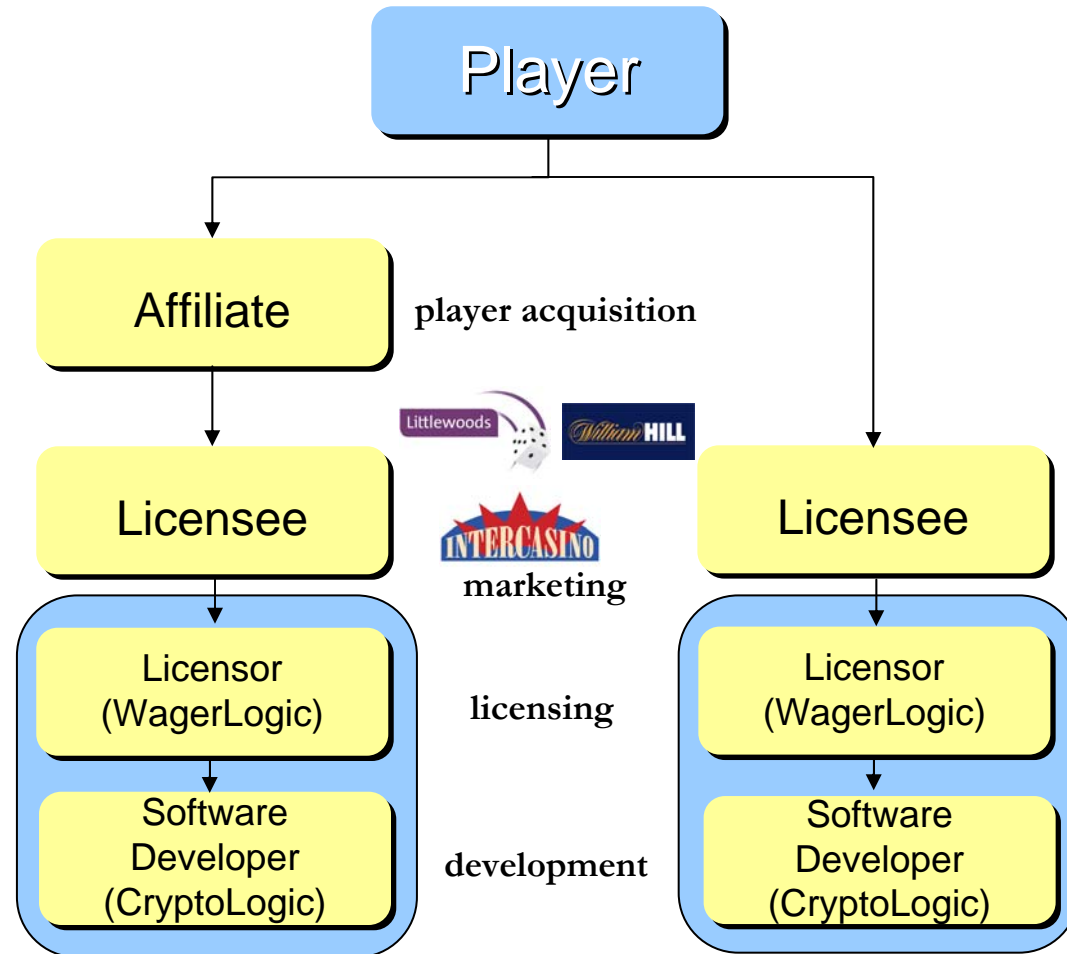
# The market: Forecasts for growth



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



# The model: An attractive business



# The model: Products & services

- ◆ Casino and poker games
  - ♠ best online casino product: 280+ table and slot games
  - ♠ one of the top poker networks that excludes US players
  - ♠ 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
- ◆ Established integration capabilities
- ◆ Marketing support services
  - ♠ competitive advantage
  - ♠ increases royalty rates



# The model: Recurring royalty revenue

- ◆ Recurring royalty revenue: >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



# The model: Blue-chip customers



- ◆ Leading UK sports book since 1934
- ◆ 2,100 retail betting shops; US\$4 billion market capitalization



- ◆ One of the world's most recognizable entertainment & lifestyle brands since 1953
- ◆ Estimated 5 million adults read *Playboy's* international editions monthly



- ◆ Major UK gaming brand since 1923
- ◆ Over 1 million gaming customers



- ◆ Among world's first play-for-cash online casino in 1996
- ◆ Awarded "top rated" online casino by players for 2001-2007



- ◆ Global leader in poker entertainment
- ◆ World Poker Tour television show airs in 150+ countries



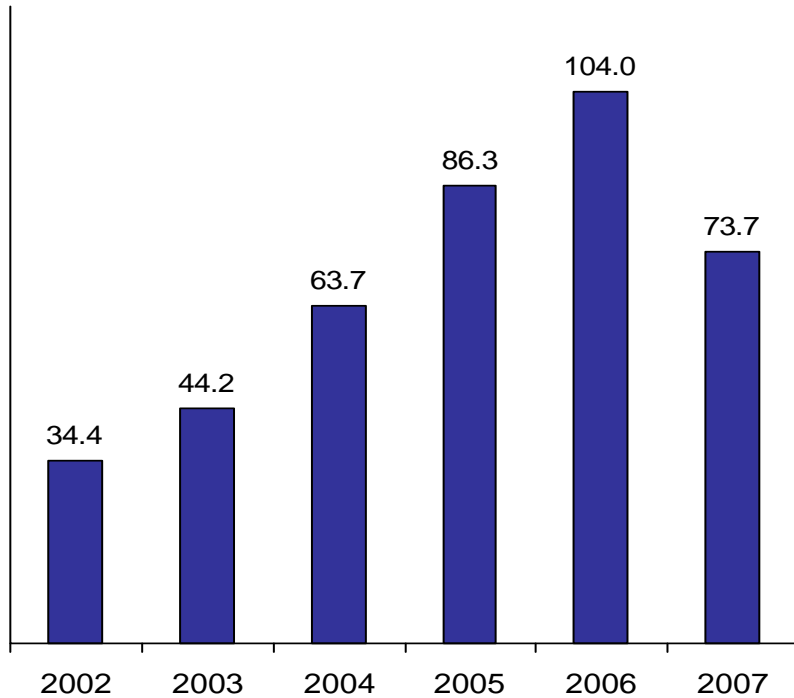
- ◆ Exclusive Casino and Poker legal gaming provider for the Netherlands
- ◆ Landmark partnership with Dutch government, will be marketed through 13 land-based casinos reaching millions of gaming customers



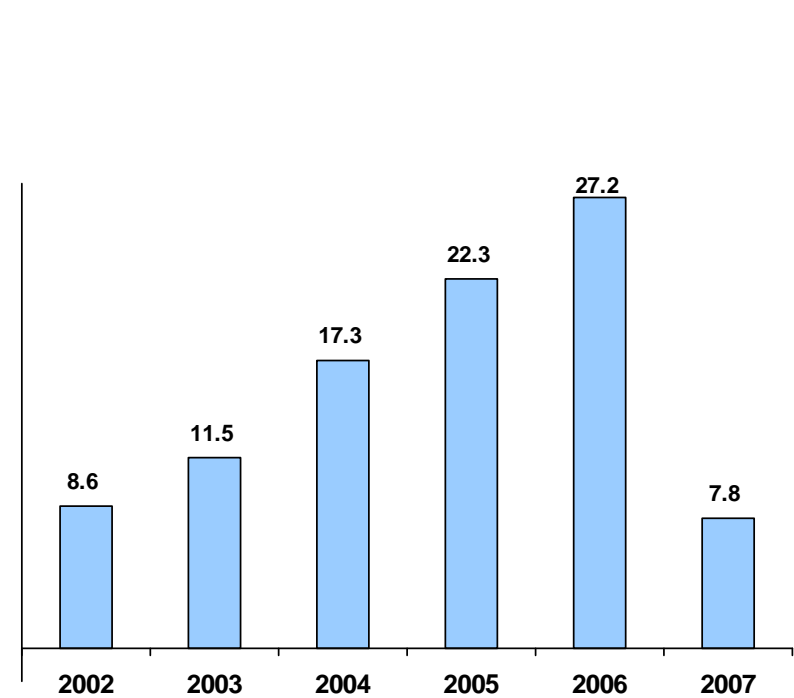
# Results:

## A history of performance

**Revenue**  
(US\$ Millions \$)



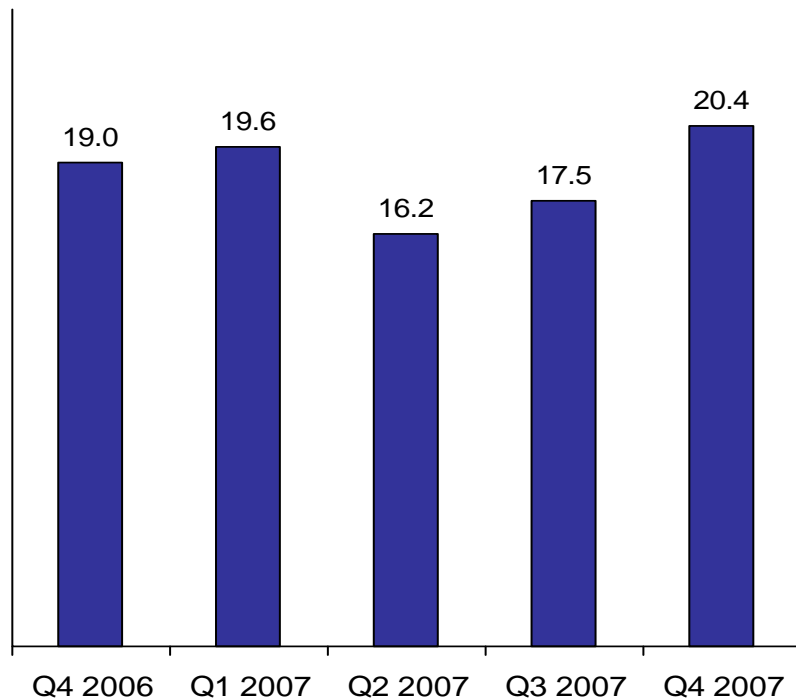
**EBITDA**  
(US\$ Millions)



# A return to profitable growth

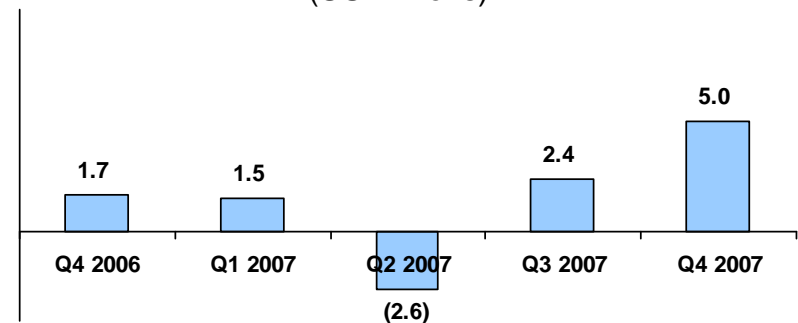
## Revenue

(US Millions)



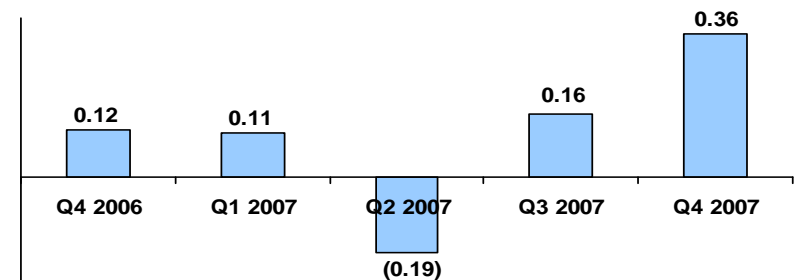
## Earnings

(US Millions)

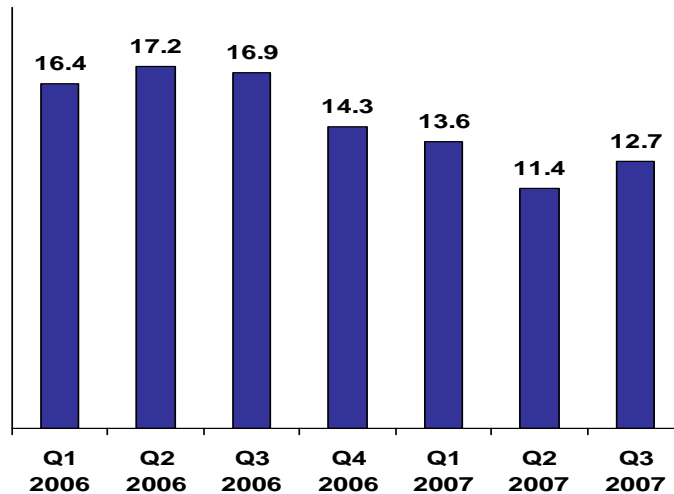


## Diluted EPS

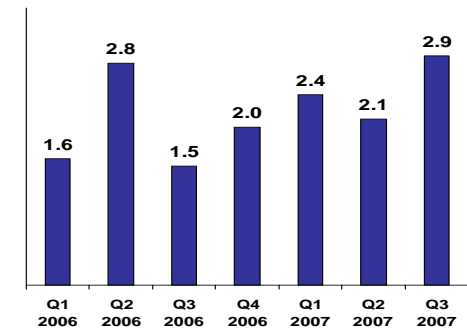
(US \$)



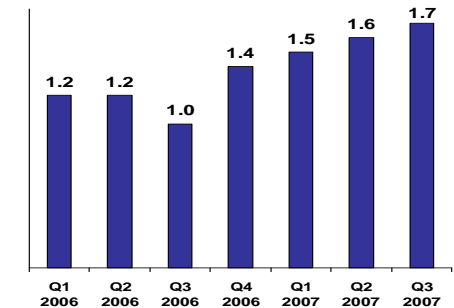
## Operating Expenditures (US Millions)



## 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



# Strong balance sheet

## ◆ Continue to invest in business

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

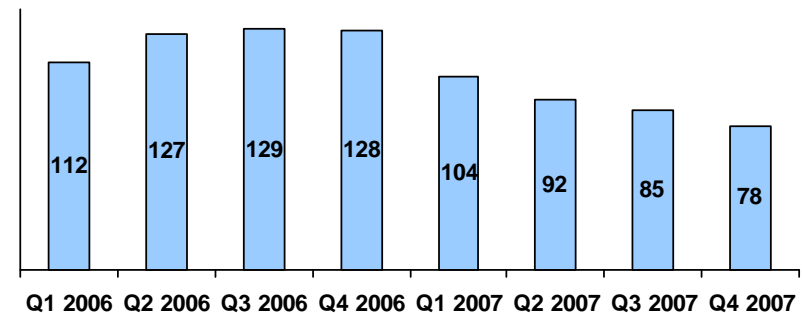
## ◆ Acquisition opportunities

## ◆ Dividends

## ◆ Share buybacks

(in US\$)	As at 12/31/07
Total Cash	\$77.5M
Cash per Diluted Share	\$5.57
Working Capital	\$68.2M
Working Capital per Diluted Share	\$4.90
Quarterly Cash Dividend per Share	\$0.12

**Total Cash**  
(US Millions)



# The strategy: 2008 & beyond

## 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



## ◆ Organic growth

♠ Broader, deeper relationships with gaming/entertainment brands

- Established: William Hill, Littlewoods, Intercasino
- New: WPT, Marvel, Playboy

## ◆ New licensees

♠ 3-4 new licensees in Europe & Asia

## ◆ Acquisitions/investments

- ♠ 2007: 2 in Europe, 2 in Asia
- ♠ 2008: More to come



## By geography



### ◆ Europe: 725 million

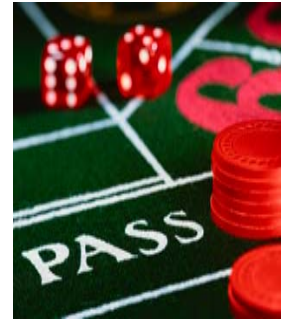
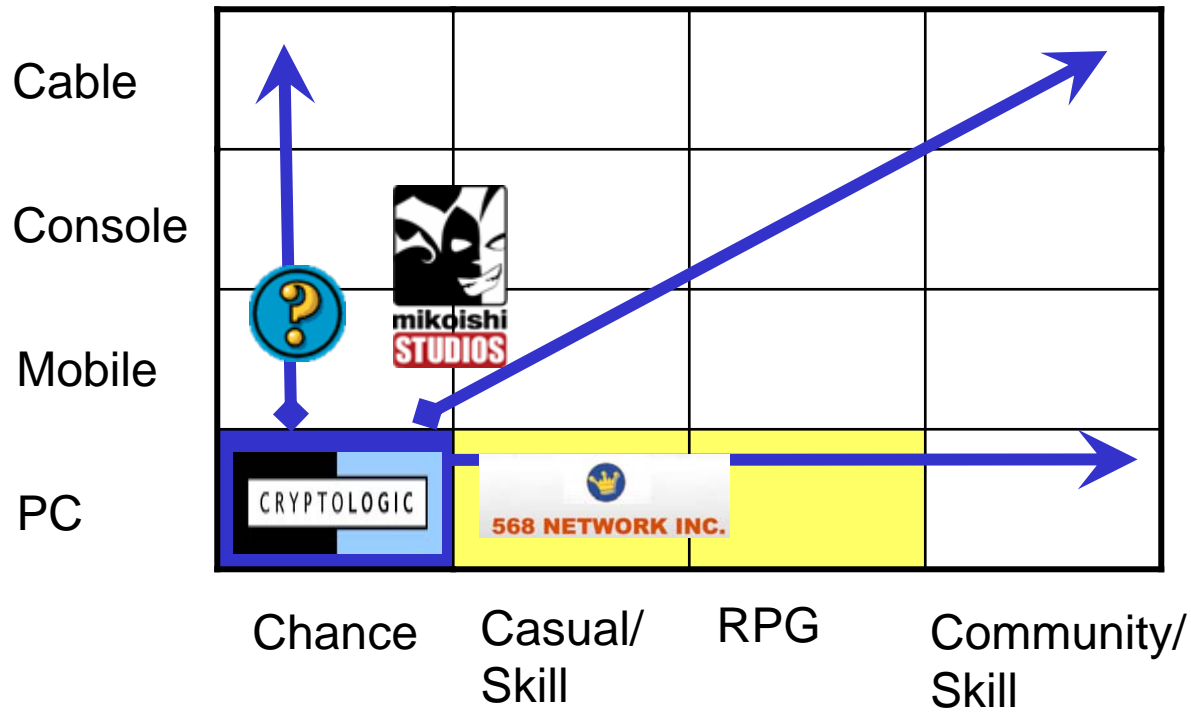
- ♠ Epicenter of regulated e-gaming
- ♠ CryptoLogic's early advantage, relationships with premier brands

### ◆ Asia: 4 billion

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



## By gaming segment



- ◆ **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 financial community**



# Our guiding principles

- ◆ Make the Cryptologic brand synonymous with excellence
- ◆ Anticipate customers' needs
- ◆ Show passion and commitment in all we do
- ◆ Not settle for second best
- ◆ Make a difference for every customer, every player, every investor



# *Questions*

