

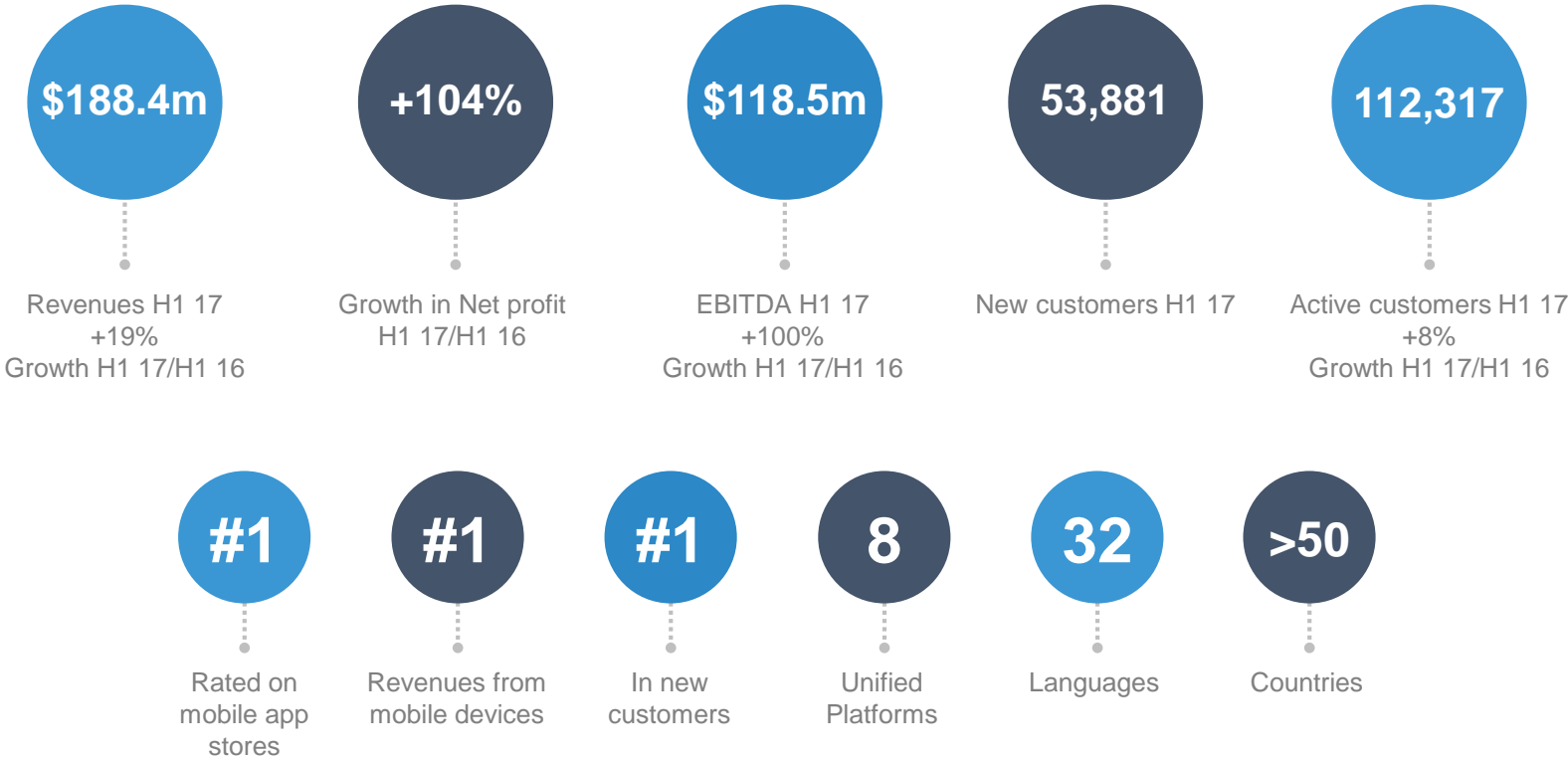
Plus500

Results for the six months ended 30 June 2017
London Stock Exchange Symbol: PLUS



Record HY results

Plus500 in numbers:



H1 2017 Financial and Operating Highlights

- Record first half results, significantly ahead of original and recent expectations, benefitting from:
 - Active Customers¹ – increased 8% to a record level of 112,317
 - New Customers² – significant growth of 43% to 31,671 in Q2 2017 (Q1 2017: 22,210)
 - ARPU – increased 10% due to proportion of high value customers, providing potential for increased future revenues
 - AUAC – meaningful decrease of 37% in cost per new customer acquired due to optimisation of marketing activity
- Increased level of shareholder return as percentage of net profit with the adoption of additional share buy back programme
- Enhanced mobile proposition resulted in mobile representing 74% of total revenues
- Already compliant with the latest updates from its different regulators

¹ Active Customers - Customers who made at least one real money trade during the period

² New Customers - Customers depositing for the first time during the period



**Business
Overview**



**Regulatory &
Risk Management**



**Financial
Overview**



Outlook



New and active customer KPIs

	H1 2017	H1 2016		Q2 2017	Q2 2016	2016 Total
Active Customers	112,317	104,119		80,526	70,958	155,956
% Growth H1 2017/H1 2016	8%		% Growth Q2 2017/Q2 2016	13%		
ARPU	1,678	1,525		1,377	1,037	2,103
% Growth H1 2017/H1 2016	10%		% Growth Q2 2017/Q2 2016	33%		
New Customers	53,881	56,929		31,671	28,137	104,432
% Growth (Reduction) H1 2017/H1 2016	(5%)		% Growth Q2 2017/Q2 2016	13%		
AUAC	836	1,328		787	1,347	1,195
% Reduction H1 2017/H1 2016	37%		% Reduction Q2 2017/Q2 2016	42%		

- Consistent growth in active customers
- Efficient Marketing spend focused on higher value customer set



Key Business Model Strengths

- ✦ Self-developed, user friendly and robust trading platform – *based on proprietary technology*
- ✦ Analytics driven, returns focused customer acquisition model – *driven by “Marketing Machine” and affiliate programme*
- ✦ Strong international brand awareness – *driven by successful marketing initiatives and developing international footprint*
- ✦ User protection – *founding principle that customers cannot lose more than their account balance*
- ✦ Enhanced customer support and retention initiatives – *achieved through significant investment in personnel and processes*
- ✦ Strong regulatory compliance procedures – *achieved through significant investment in personnel and processes*
- ✦ Effective, comprehensive risk management capabilities – *achieved through significant investment in personnel and processes*
- ✦ Attractive financial profile – *generated by significant operational flexibility and ongoing focus on shareholder returns*

Highly differentiated from our peers with significant competitive advantages



Strong Product Platform

CFD Financial Instruments

2,100 CFD financial instruments



Platform and Devices

Supporting 32 languages in more than 50 countries



Unified Trading Platform

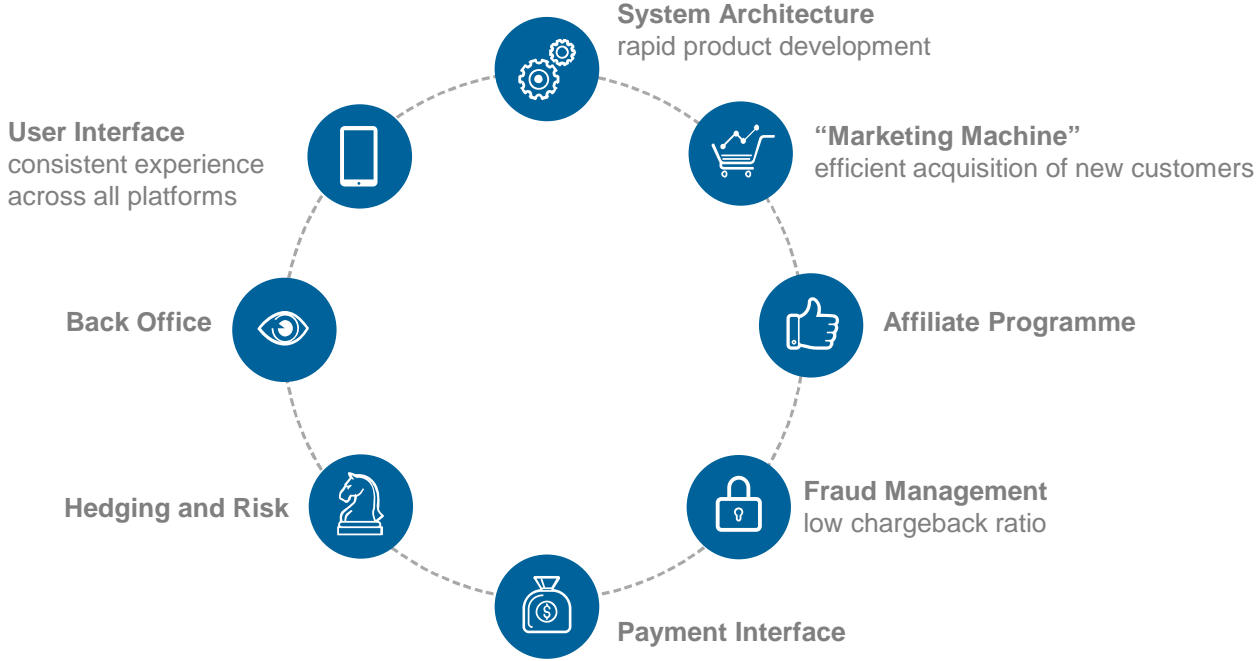
Retail customers only

Most Popular	Shares	Commodities	Indices	Forex	Options
Gold	1339.73	Buy	1339.23	Short	0.03%
EUR/USD	1.13118	Buy	1.13110	Sell	-0.10%
Oil	47.74	Buy	47.71	Short	0.66%
Germany 30	10587.29	Buy	10586.21	Short	0.74%
USD/JPY	100.211	Buy	100.196	Sell	-0.09%
Put 2130 USA 500	1.90	Buy	1.76	Short	-25.61%
Silver	18.924	Buy	18.903	Short	0.13%
VXX Volatility	36.28	Buy	36.08	Short	-0.25%



Market Leading Technology

Proprietary technology, developed in-house: key differentiator and flexible advantage



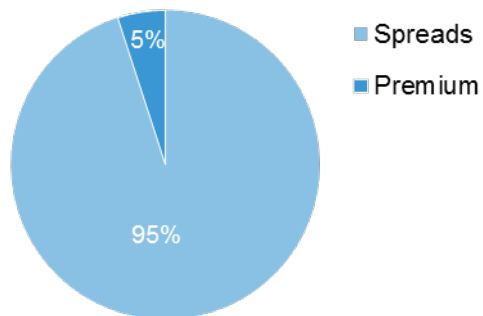


Flexible Business Model

Revenue Split

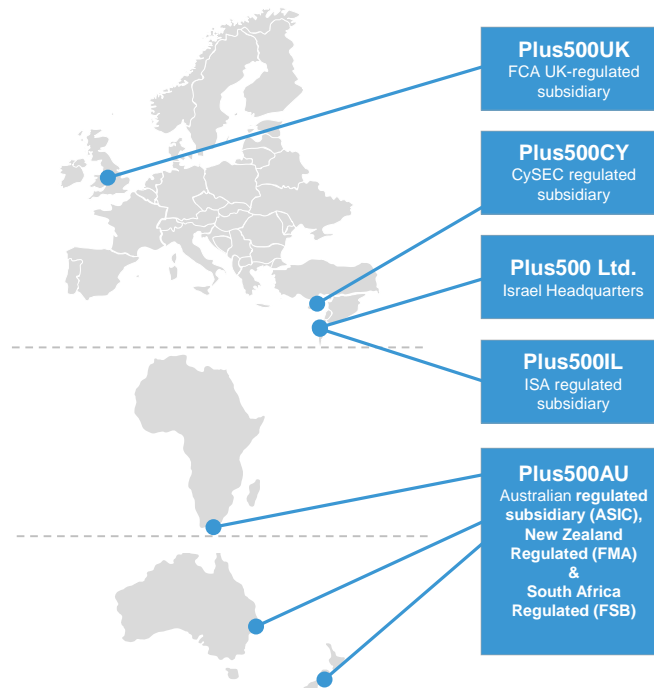
- Dealing Spreads**
 Difference between the buy price and the sell price of a CFD
- Overnight Premiums**
 Charges on open customer positions held overnight
- Market Positions**
 Principal gains (offset by losses) on customers' trading positions

Revenues FY 2016



- Trade Time**
 Median trade time is less than 1 hour
- Market PL**
 Revenues from Market PL was nil in both FY 2016 and in FY 2015

International Footprint



- Quality of Earnings**
 Vast majority of revenues from regulated markets





Plus500 is an attractive proposition to retail customers

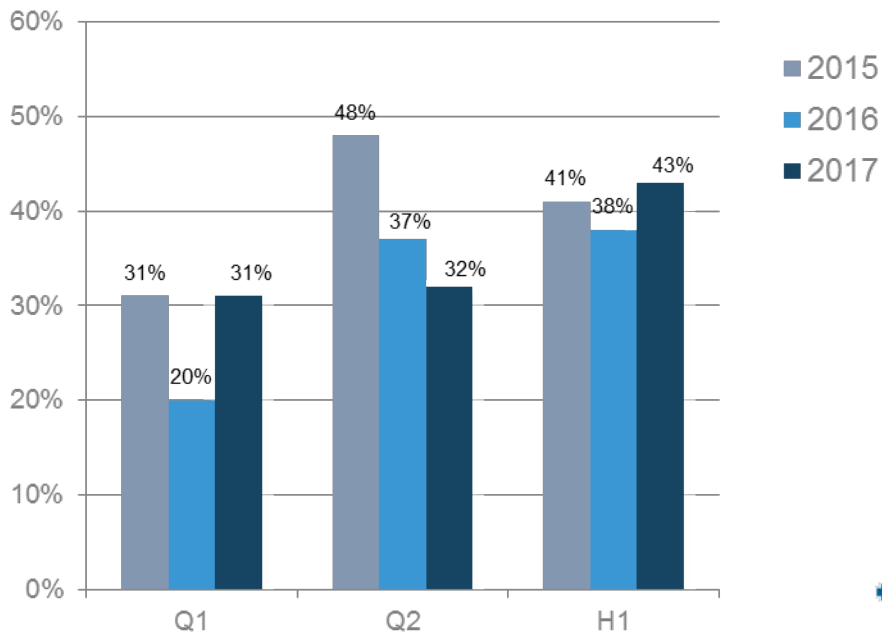
	Plus500	Peer Company A	Peer Company B
Product portfolio	CFDs only (2,100 instruments, 6 asset classes)	CFD, Spread betting, Binary Options	CFD, Spread betting, Binary Options
Technology platform	-Unified simple platform -Core expertise -Marketing Machine	Multi-layer platform with third-party (Metatrader) software	Combination of third-party (Metatrader) and proprietary software
UX (User experience)*	iOS App: ★★★★★ Android App: ★★★★★	★★★★★ ★★★★★	★★★★★ ★★★★★
User friendliness	✓ Unlimited Demo ✓ Negative balance protection for all customers	✗ Limited Demo ✗ Negative balance allowed for majority of accounts	✓ Unlimited Demo ✗ Negative balance allowed for majority of accounts
Pricing	✓ No commission, including shares	✗ Do charge commission on shares	✗ Do charge commission on shares
Other	-Diversified brand across Europe -Strong online presence	-Strong brand in UK & APAC (71%) -Strong offline presence	-Strong brand in UK & APAC & Canada (70%) -Strong offline presence

*Source: Google Play Store (29 July 2017); AppAnnie.com (iPad; Finance; 29 July 2017)

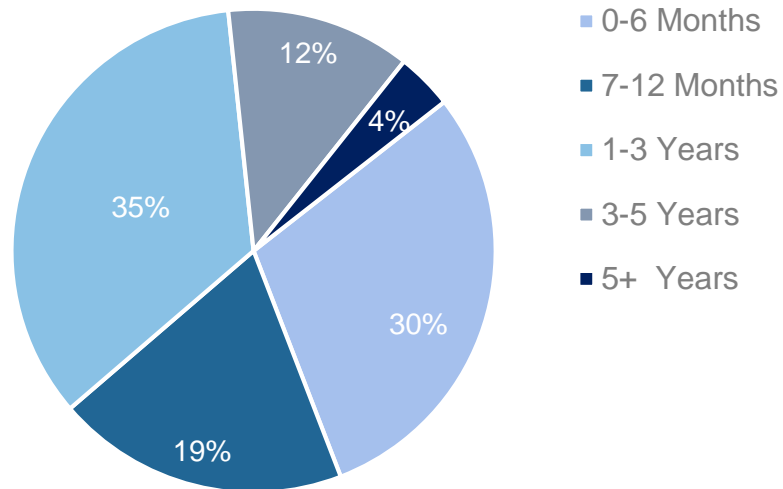


Analysis of customer churn

Churn



H1 2017 Revenue split by client tenure



51% of Group's revenues come from customers who trade for more than one year

Increased focus on customer retention initiatives reduces churn

Revenues from 5+ years customers have increased from 2% in H1 2016 to 4% in H1 2017

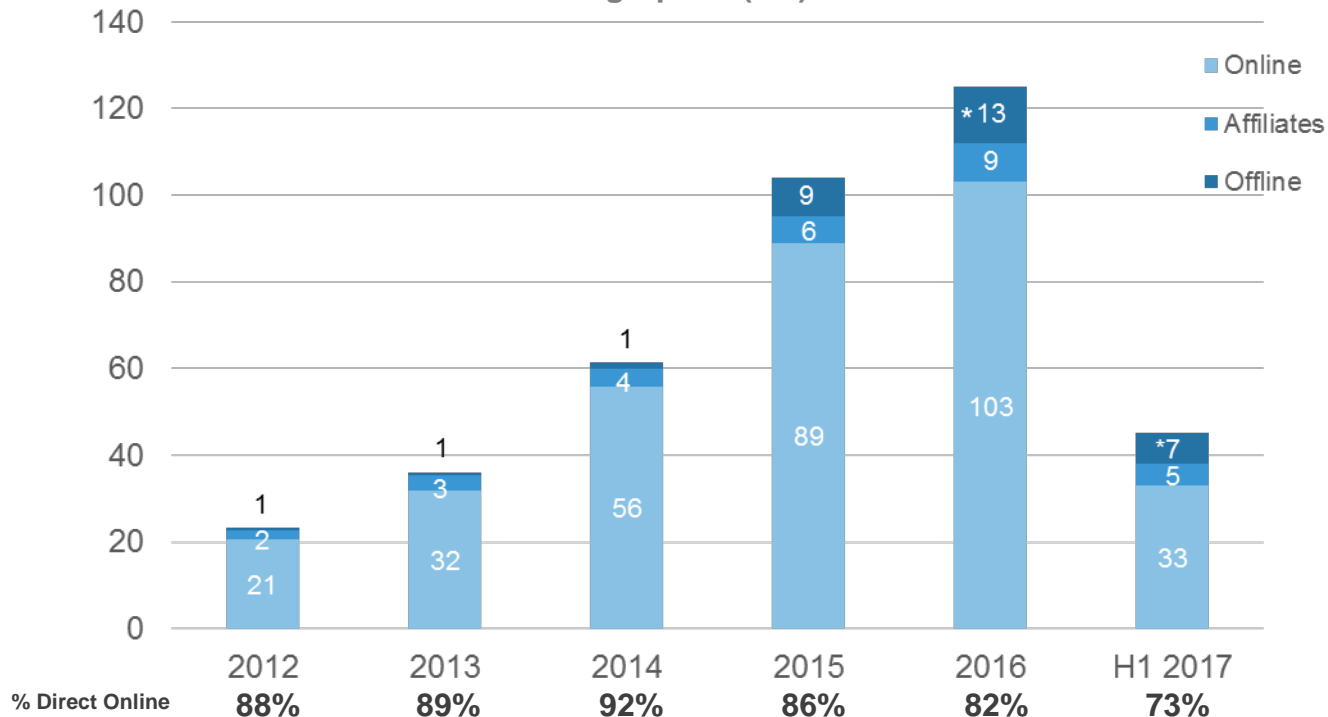
Churn – $\frac{[(\text{Active customers (T)} + \text{New customers (T+1)}) - \text{Active customers (T+1)}]}{\text{Active customers (T)}}$



Efficient and flexible investment in marketing

Focus remains online but Plus500 will continue to explore offline opportunities

Advertising Spend (\$m)



Online

- Advertising
- Search engines
- Referrals

Offline

- Mass Media (TV, print, radio)
- Word of Mouth
- Sport Sponsorship

* Majority is Atletico Madrid sponsorship deal



Mobile – a key growth driver

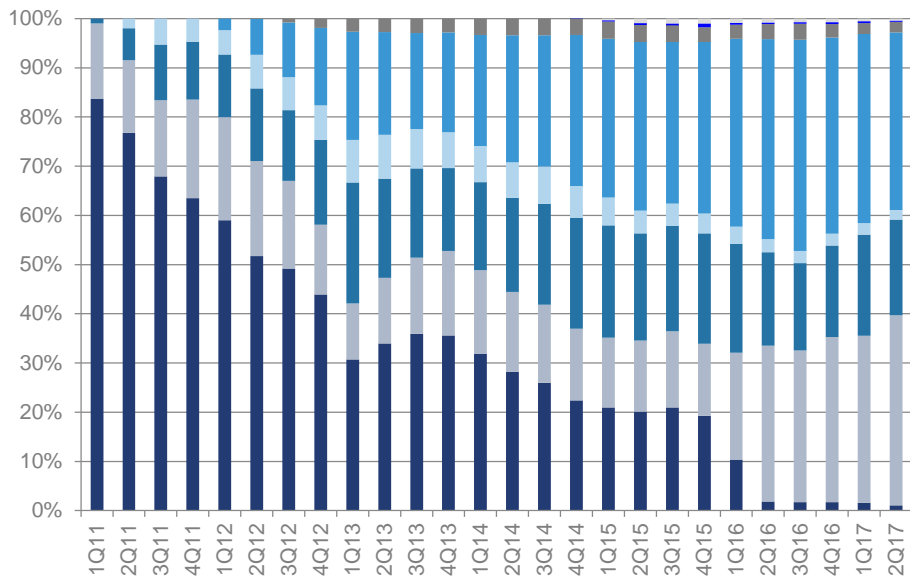
- Key driver of market growth – and key acquisition channel for Plus500
- Mobile is a key access point for retail customers
- GUI developed for mobile, consistent with all platforms
- Features and portfolio of instruments on par with PC version
- Successfully launched a dedicated app for iOS 10, Android, Surface tablets, Windows Phone, and Apple Watch
- Majority of revenues and new sign ups from mobile

Market leading mobile proposition with mobile representing 74% of revenues

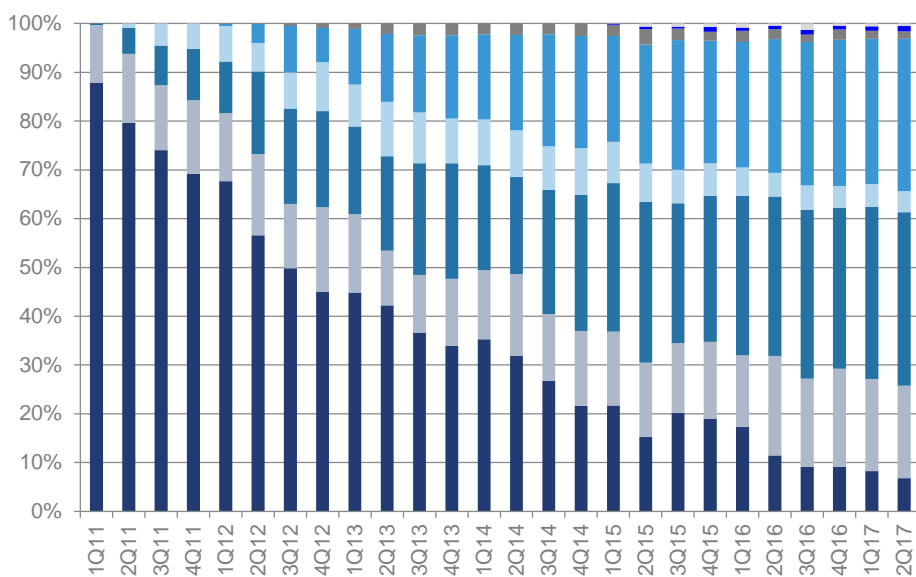


Mobile revenues and sign ups by device

Number of Signups by Device



Revenues by Device



- Windows
- iPad
- WindowsApp
- Web
- WindowsPhone
- iPhone
- Android
- AndroidTablet
- AppleWatch

- Windows
- iPad
- WindowsApp
- Web
- WindowsPhone
- iPhone
- Android
- AndroidTablet
- AppleWatch



**Business
Overview**



**Regulatory &
Risk Management**



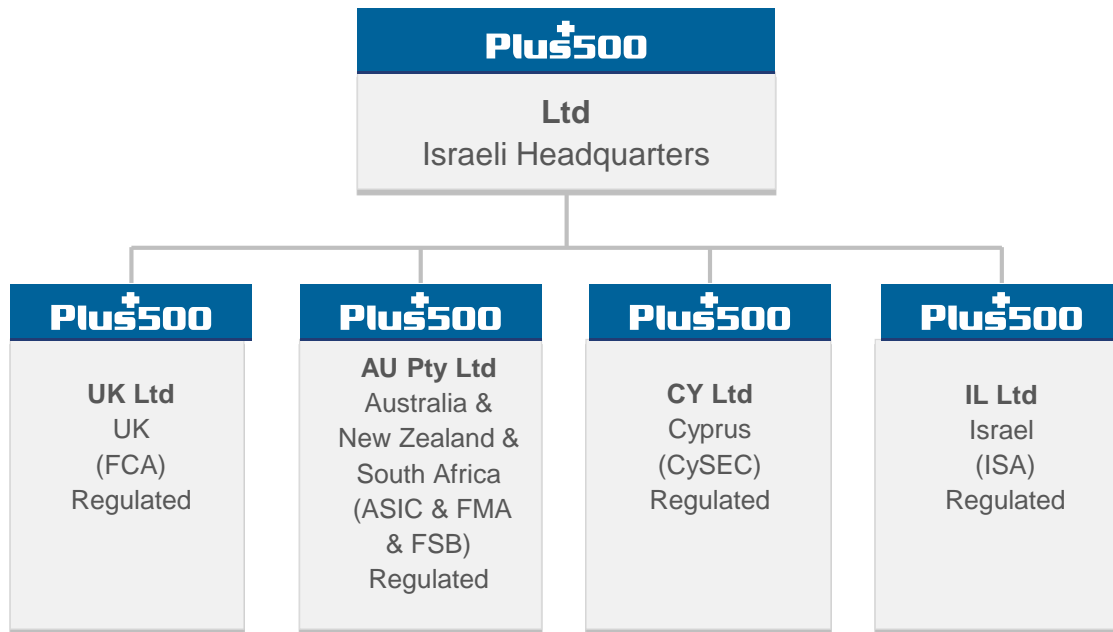
**Financial
Overview**



Outlook



Regulatory framework



- All EEA customers facilitated via “passporting mechanism”
- Regulatory weight increasing, although this increases barriers to enter the market

Best Practice Approach

- Negative balance protection
- Enhanced appropriateness test
- No advice self execution venue
- No bonuses for majority of business
- Default leverage of 50
- No Binary Options
- No call center
- Initial & maintenance margins
- Client money kept in segregated accounts
- Customers must self-certify their understanding of the risks
- Financial promotions carries appropriate risk warnings



Plus500 compliance landscape

- Plus500 welcomes a co-ordinated approach by regulators and consistent conduct rules across all European jurisdictions:
 - The FCA and ESMA conclusions are expected to create a more cohesive approach to protect customers from poor industry practices
 - Customer balance protection remains a core principle of Plus500's business model and has been since inception
 - Plus500 was already compliant with the outcomes of BaFin's recent consultation
- Plus500 has made the adjustments required to comply with all recent regulatory changes, including:
 - Plus500 is now compliant with the outcomes of AMF's recent consultation
 - Plus500 has fully implemented the Cyprus Securities and Exchange Commission ("CySEC") consultation conclusions (around leverage, bonuses, withdrawals and balance protection) and continues to trade well in this jurisdiction

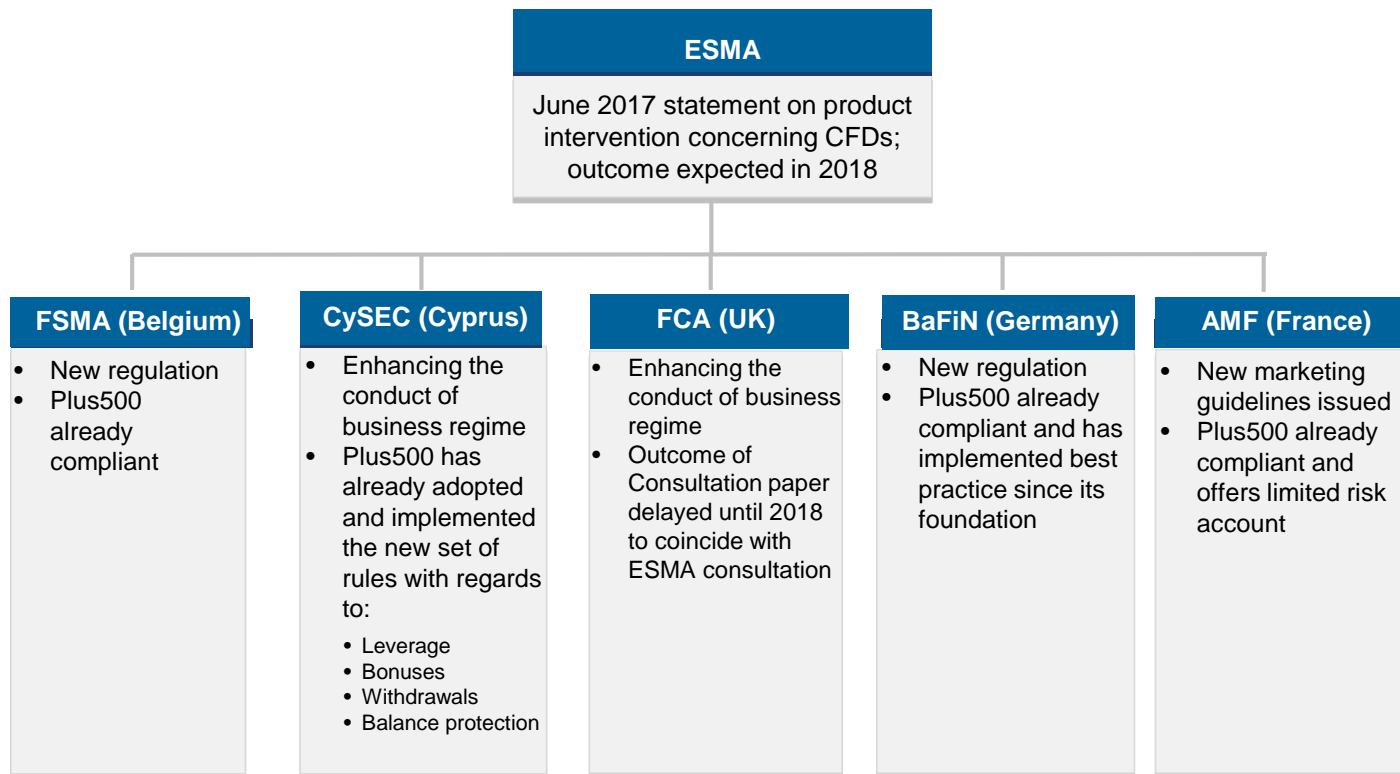


Commitment to regulatory, compliance and risk best practice

- ✚ Continuing focus on and investment in best practice reflected in the Company's regulatory culture
- ✚ Global compliance and support teams consists of c.170 permanent staff
- ✚ Local Compliance teams with significant experience and skills
- ✚ Enhanced appropriateness test
- ✚ Maintaining open dialog with the regulators
- ✚ No regulatory restrictions in any of the Group's regulated markets
- ✚ Board and governance changes:
 - Appointment of Penelope Judd as chairman of the Board – ex UKLA, UBS and Nomura Head of Compliance
 - Appointment of Steve Baldwin as a Non-Executive Director



Recent and ongoing regulatory consultations





Regulation – current situation and potential impact

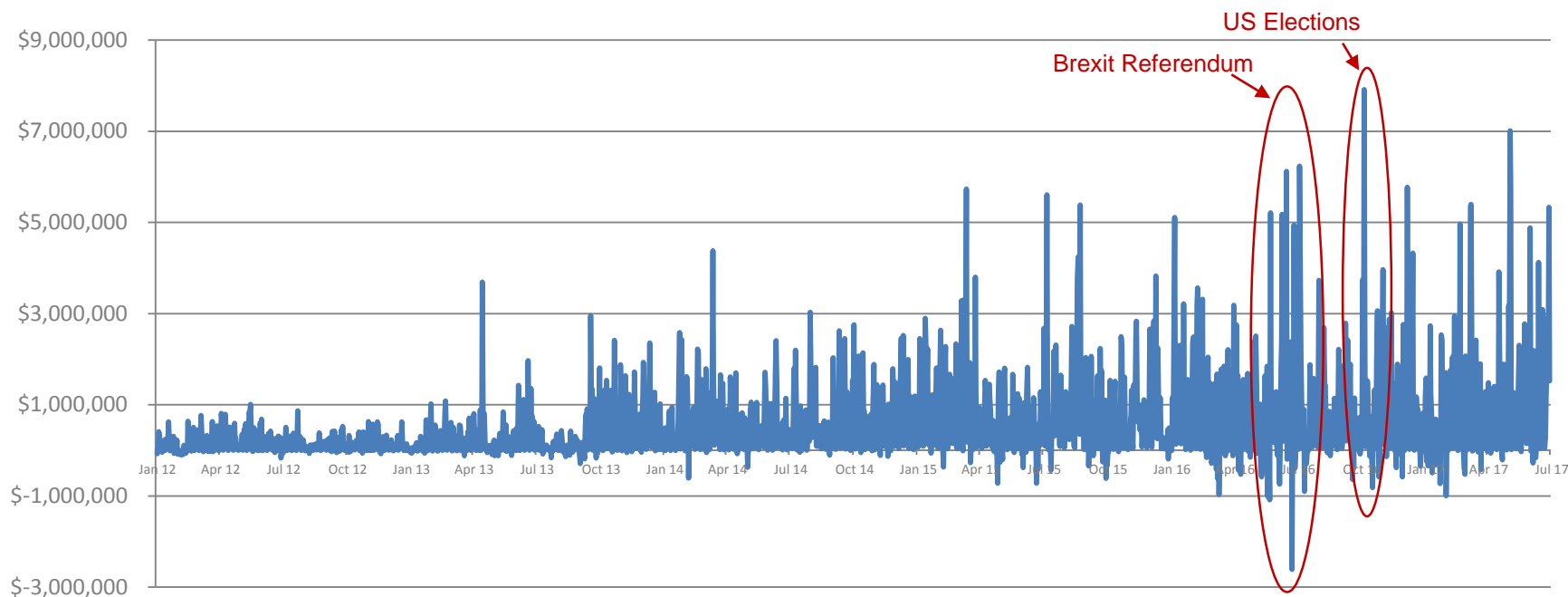
Regulator focus	Plus500 compliance	Potential impact
Negative balance protection	√	Limited
Market P&L	√	Limited
Reduced leverage ratios	Industry standard	Subject to ESMA / FCA
No high pressure sales	√	None
No binary options	√	None
No bonuses	Already applied to vast majority of customer base	Limited

√ Already applied



Minimising downside risk: 87% profitable trading days in H1 2017

Strong track record in managing market risk demonstrated by looking at number of profitable trading days. In H1 2017 the Group made a profit on over 87% of the trading days with remaining 13% of trading days showing relatively immaterial losses.





**Business
Overview**



**Regulatory &
Risk Management**



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Outlook



Income Statement

Key Financial Indicators – Income Statement (\$'000):

	H1 2017	H1 2016	H1 17/H1 16 Growth	FY 2016
Trading income (net)	188,417	158,772	19%	327,927
Selling and marketing expenses	61,227	91,488	-33%	157,277
Administrative and general expenses	8,997	8,355	8%	20,132
EBITDA	118,535	59,123	100%	150,997
EBITDA margin	63%	37%	70%	46%
Financing expenses (income) - net	1,864	420	344%	(1,464)
Tax expense	25,620	14,009	83%	34,740
Net profit	90,709	44,500	104%	117,242

- Record H1 revenues driven by an increased level of active customers and new and ongoing high value customers using Plus500's trading platform
- Increased level of marketing efficiency – spending decrease of 40%
- Strong increase in EBITDA margins in H1 (H1 63% vs. H1 37%)



Lean cost structure

Key Financial Indicators: (\$'000):

	H1 2017	H1 2016	H117/H116 Growth	FY 2016
Advertising and marketing costs	45,066	75,616	-40%	124,848
Processing costs	6,297	7,780	-19%	14,323
Salaries	11,456	8,024	43%	19,159
IT and data feeds costs	2,807	2,315	21%	4,451
Legal, professional and regulatory fees	1,367	2,015	-32%	5,486
Office expenses	1,738	1,377	26%	2,754
Other costs	1,493	2,716	-45%	6,388
Total costs	70,224	99,843	-30%	177,409

- Healthy and efficient cost base – “Advertising and marketing costs” and “Processing costs” represent 73% of total H1 2017 expenses



Balance sheet remains strong

Key Financial Indicators – Balance Sheet: (\$'000):

	H1 2017	H1 2016	H1 17/H1 16 Growth	FY 2016
Cash and cash equivalents	220,651	96,176	129%	136,518
Other Current Assets	25,243	17,966	41%	14,193
Total Current Assets	245,894	114,142	115%	150,711
Non Current Assets	4,414	3,441	28%	3,997
Total Assets	250,308	117,583	113%	154,708
Current Liabilities	101,161	27,027	274%	18,708
Non Current Liabilities	638	598	7%	-
Total Liabilities	101,799	27,625	269%	18,708
Equity	148,509	89,958	65%	136,000

- Record level of cash balance. Stated before 2016 final dividend payment of \$75m paid on 3 July 2017
- Cash balances held on deposit at Barclays Plc, Credit Suisse and Bank Leumi
- Client money held in segregated accounts with Barclays, Credit Suisse and Commonwealth



Strong cash generation funds attractive dividend

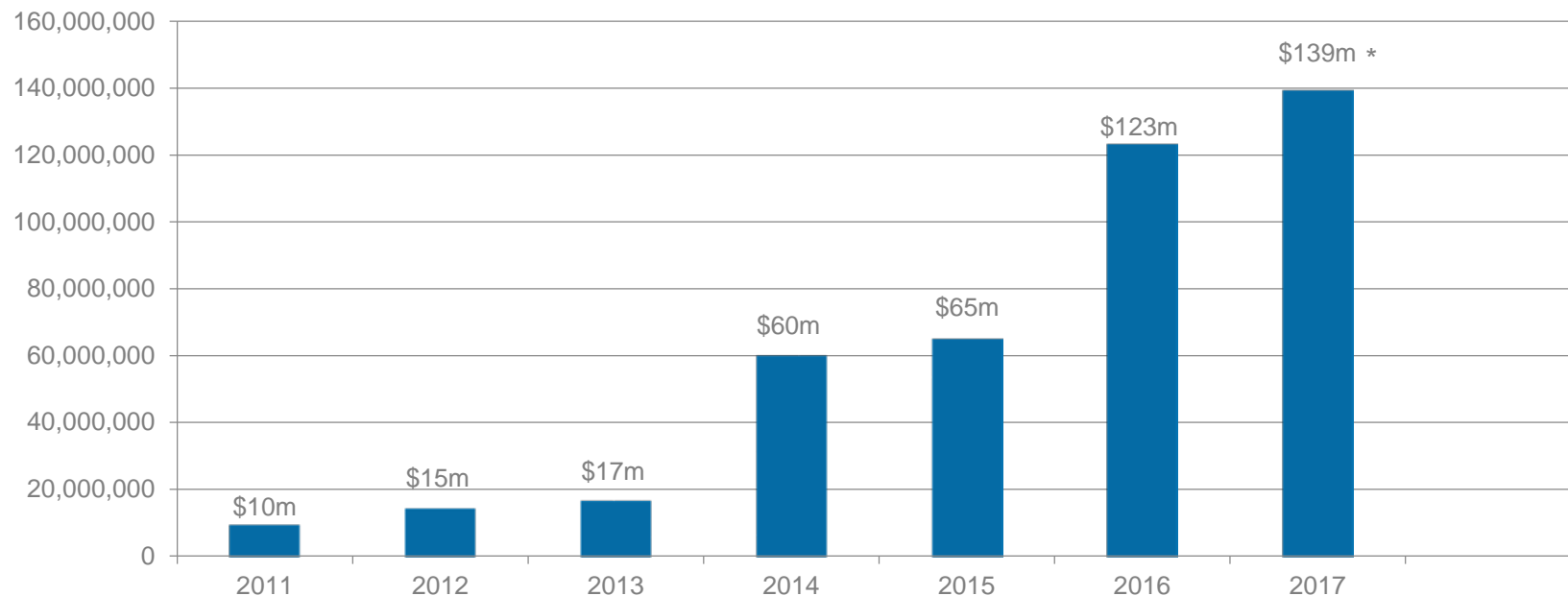
Key Financial Indicators – Cash Flow: (\$,000):

	H1 2017	H1 2016	H1 16/H1 17 Growth	FY 2016
Operating activities:				
Cash generated from operations	115,029	56,298	104%	153,455
Income tax paid - net	(30,474)	(19,502)	56%	(44,548)
Net cash provided by operating activities	84,555	36,796	130%	108,907
Net cash used in investing activities	(476)	(1,388)	-66%	(2,205)
Financing activities:				
Dividend Paid	-	(96,564)		(123,264)
Acquisition of the Company's shares by the Company	(3,200)	-		-
Net cash used in financing activities	(3,200)	(96,564)	-97%	(123,264)
Exchange gains (losses) on cash and cash equivalents	3,251	796	308%	(3,454)
Cash and Cash Equivalents, End of Period	220,611	96,137	129%	136,481

- Limited capex needs
- Low capital requirements
- High cash conversion available to pay dividend and purchase buy back shares



Dividend and share buy back payouts (2017 proposed to date)



- An interim payout (60% of H1 2017 net profit) comprised of two equal components: 50% as a cash payment (\$27.21m or \$0.2387 per share) and 50% (\$27.21m) being used to buy back shares
- Interim dividend – \$27.2m - ex dividend date – 7 September 2017; Record date – 8 September 2017; Payment date 23 November
- * Buy back programmes:
 - On 2 June 2017 announced a share buy back programme to purchase up to \$10m shares
 - On 4 August 2017 announced an additional share buy back programme to purchase up to \$27.21m shares. The new programme will run from 7 August 2017 to 1 February 2018



**Business
Overview**



**Regulatory &
Risk Management**



**Financial
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Outlook



Outlook – confident of another successful year

- ✦ Strong start to Q3 2017 with promising new customers, active customers, revenues and EBITDA margin performance
- ✦ Focus on organic growth through continuing investment, innovation and brand building
- ✦ Expect to broaden footprint and continue to diversify revenues including adding further new licences
- ✦ We will make the necessary changes to comply with any regulatory changes
- ✦ The Board's expectations are for strong growth in 2017 – currently on track to significantly exceed market expectations for the year as a whole
- ✦ The Board believes that the Company will ride out this period of uncertainty and emerge a stronger business due to Plus500's:
 - strong financial position
 - geographically well diversified revenues
 - advanced trading platform
 - flexible and low cost business model



Investment Summary

- ✚ Business model significantly differentiated from major peers
- ✚ Market leading in use of innovative technology, use of mobile, and marketing techniques
- ✚ Low cost, low risk and low capital intensive financial model
- ✚ Highly cash generative – robust balance sheet and cash conversion
- ✚ Focus on regulatory framework and holding multiple licenses
- ✚ Strong organic growth prospects on back of growing international brand and footprint
- ✚ Focus on shareholder returns through dividend policy and / or share buy backs

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