Annual results for the twelve months ended 31 December 2016
London Stock Exchange Symbol: PLUS
Strong KPIs FY 2016 – record FY results

Plus500 in numbers:

- **Revenues FY 16:** $327.9m
- **Growth in Revenues FY 16/FY 15:** +19%
- **EBITDA FY16:** $151m
- **New customers FY 16:** 104,432
- **Active customers FY 16:** 155,956

Plus500 in numbers:

- **Rated on mobile app stores:** #1
- **Revenues from mobile devices:** #1
- **In new customers:** #1
- **Unified Platforms:** 8
- **Languages:** 31
- **Countries:** >50

Revenues FY 16: $327.9m
Growth in Revenues FY 16/FY 15: +19%
EBITDA FY16: $151m
New customers FY 16: 104,432
Active customers FY 16: 155,956

Revenues FY 16: +19% growth over FY 15
EBITDA FY16: +14% growth over FY 15
New customers FY 16: +23% growth over FY 15
Active customers FY 16: +14% growth over FY 15
FY 2016 Operating Highlights

- Another year of significant dividend payments:
  - Total dividend of $101.7 million, consists of interim dividend of $26.7 million, final dividend of $43.6 million and a special dividend of $31.4 million, representing a total pay-out of 87% of net profit for the year

- Another record year of strong customer growth in excess of expectations and the industry average, reflecting effective marketing and robust business model:
  - Active Customers increased 14% to 155,956 (FY 2015: 136,540)
  - New Customers increased 23% to 104,432 (FY 2015: 84,858)

- Continue to build international presence and diversify revenues through new licences in New Zealand and Israel

- Maintained its leadership positions:
  - Second largest CFD provider in the UK*
  - Leadership in technology and product innovation:
    - a true omni-channel trading experience allowing access to information and trading across PC, web, tablet, mobile and wearable platforms in a device-agnostic manner
    - majority of revenues and signups come from mobile devices reflecting speed of innovation compared to competitors (over 70% of 2016 revenues and signups originated from mobile devices)

* Source: Investment Trends Report, July 2016
# New and active customer KPIs

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>New Customers</strong></td>
<td>104,432</td>
<td>84,858</td>
<td>47,503</td>
<td>32,641</td>
<td>23%</td>
<td>46%</td>
</tr>
<tr>
<td>% Growth FY 2016/FY 2015</td>
<td>23%</td>
<td></td>
<td>46%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>AUAC</strong></td>
<td>1,195</td>
<td>1,227</td>
<td>1,036</td>
<td>1,526</td>
<td>-3%</td>
<td>-32%</td>
</tr>
<tr>
<td>% Growth FY 2016/FY 2015</td>
<td>-3%</td>
<td></td>
<td>-32%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Active Customers</strong></td>
<td>155,956</td>
<td>136,540</td>
<td>102,002</td>
<td>73,385</td>
<td>14%</td>
<td>39%</td>
</tr>
<tr>
<td>% Growth FY 2016/FY 2015</td>
<td>14%</td>
<td></td>
<td>39%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ARPU</strong></td>
<td>2,103</td>
<td>2,019</td>
<td>1,658</td>
<td>2,025</td>
<td>4%</td>
<td>-18%</td>
</tr>
<tr>
<td>% Growth FY 2016/FY 2015</td>
<td>4%</td>
<td></td>
<td>-18%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Significant growth in new customers
- Efficient Marketing spend focused on higher value customer set
**Key Business Model Strengths**

- Self-developed, user friendly and robust trading platform
  - Proprietary in-house developed technology

- Analytics driven, returns focused customer acquisition model
  - Proprietary “Marketing Machine” and affiliate programme

- Strong international brand thanks to successful marketing initiatives

- Differentiated user experience
  - Customers cannot lose more than they deposit

- Significant investment in enhanced regulatory compliance procedures

- Effective, comprehensive risk management capabilities

- Attractive financial profile with significant operational flexibility and an ongoing focus on returning capital to shareholders
**Strong Product Platform**

- **CFD Financial Instruments**
  - 2,100 CFD financial instruments

- **Platform and Devices**
  - Supporting 31 languages in more than 50 countries

- **Trading Platform**
  - Retail customers only

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**Plus500 Product Portfolio**

- **Stocks**
- **Indices**
- **Commodities**
- **ETFs**
- **FOREX**
- **Options**

**Plus500 Platform**

- **WebTrader**
- **iPhone / iPad / Apple Watch App**
- **Android App**
- **Windows Phone App**
- **Desktop Trader**
- **Windows 10**

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**Platform and Devices**

- **Platform**
- **WebTrader**
- **iPhone / iPad / Apple Watch App**
- **Android App**
- **Windows Phone App**
- **Windows 10**

**CFD financial instruments**

- **Plus500**
- **Platform and Devices**
- **Trading Platform**

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**Platform and Devices**

- **Plus500 Platform**
- **WebTrader**
- **iPhone / iPad / Apple Watch App**
- **Android App**
- **Windows Phone App**
- **Windows 10**

**CFD financial instruments**

- **Plus500**
- **Platform and Devices**
- **Trading Platform**
Market Leading Technology

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

System Architecture
- rapid product development

“Marketing Machine”
- efficient acquisition of new customers

Affiliate Programme

Fraud Management
- low chargeback ratio

Payment Interface
- no third party costs

User Interface
- consistent experience across all platforms

Back Office

Hedging and Risk

User Interface
- consistent experience across all platforms

Back Office

Hedging and Risk

Payment Interface
- no third party costs
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

- **Spreads**
  95%

- **Premium**
  5%

International Footprint

- **Plus500UK**
  FCA UK regulated subsidiary

- **Plus500CY**
  CySEC regulated subsidiary

- **Plus500 Ltd.**
  Israel Headquarters

- **Plus500IL**
  ISA regulated subsidiary

- **Plus500AU**
  Australian regulated subsidiary (ASIC) & New Zealand Regulated (FMA)

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

- **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
Analysis of customer churn

Churn

Revenue split by client tenure

- 0-6 Months
- 7-12 Months
- 1-3 Years
- 3-5 Years
- 5+ Years

- 52% of Group’s revenues come from customers who trade for more than one year
- Increased focus on customer retention initiatives reduces churn

Churn – \[\frac{\text{Active customers (T) + New customers (T+1)) - Active customers (T+1)}}{\text{Active customers (T)}}\]
Significant Investment in Marketing

Focus remains online but Plus500 will continue to explore offline opportunities

### Advertising Spend ($m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Online</th>
<th>Affiliates</th>
<th>Offline</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>21</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2013</td>
<td>32</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>2014</td>
<td>56</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>2015</td>
<td>89</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>2016</td>
<td>103</td>
<td>9</td>
<td>13</td>
</tr>
</tbody>
</table>

% Direct Online: 2012 - 88%, 2013 - 89%, 2014 - 92%, 2015 - 86%, 2016 - 82%

- **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 other 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
Mobile revenues and sign ups by device

Number of Signups by Device

- Windows
- Web
- IPhone
- Ipad
- Android
- AndroidTablet
- WindowsApp
- WindowsPhone
- AppleWatch

Revenues by Device

- Windows
- Web
- IPhone
- Ipad
- Android
- AndroidTablet
- WindowsApp
- WindowsPhone
- AppleWatch
Regulatory framework

Client Take-On

- FCA / CySEC / ASIC / FMA / ISA rules set out client take-on requirements
- Client money treated the same across jurisdictions and kept in segregated accounts.
- Customers must self-certify their understanding of the risks
- Financial promotions carries appropriate risk warnings
- Risk-based approach in line with regulations

All EEA customers facilitated via “passporting mechanism”
- Periodic ‘business as usual’ FCA, CySEC, ASIC, FMA and ISA visits, ongoing dialogue maintained
- Regulatory burden increasing, although this increases barriers to enter the market
Commitment to regulatory, compliance and risk best practice

- Continuing focus on and investment in best practice
- Global compliance team consists of c.150 permanent staff
- Local Compliance teams with significant experience and relationship skills
- Close relationship and dialog with the different regulators
- No current regulatory restrictions in any of the Group’s regulated markets
- Board and governance changes:
  - Appointment of Penelope Judd – ex UKLA and UBS and Nomura Head of Compliance
  - Established new Risk and Compliance committee and a Disclosure committee
Recent industry developments

ESMA
- Q&A document (EU) - to promote common supervisory approaches and practices in the application of MiFID

FSMA (Belgium)
- New regulation for leveraged products - Reducing leverage to 1:1

CySEC (Cyprus)
- Enhancing the conduct of business regime
- Plus500 has already adopted and implemented the new set of rules

FCA (UK)
- Enhancing the conduct of business regime
- Expected to materially impact Plus500 UK and the industry
- Maintaining a dialog with the FCA with respect to the Consultation Paper

BaFin (Germany)
- New regulation re: negative balance protection, additional payment obligations
- Plus500 has implemented best practice since its foundation

AMF (France)
- New marketing guidelines issued
- Plus500 offers limited risk account as described in the new guidelines
Regulation – current situation and potential impact

<table>
<thead>
<tr>
<th>Regulator focus</th>
<th>Plus500 compliance</th>
<th>Potential impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative balance protection</td>
<td>✓</td>
<td>Limited</td>
</tr>
<tr>
<td>Market P&amp;L</td>
<td>✓</td>
<td>Limited</td>
</tr>
<tr>
<td>Reduced leverage ratios</td>
<td>Industry standard</td>
<td>Material*</td>
</tr>
<tr>
<td>No high pressure sales</td>
<td>✓</td>
<td>None</td>
</tr>
<tr>
<td>No binary options</td>
<td>✓</td>
<td>None</td>
</tr>
<tr>
<td>No bonuses</td>
<td>Industry standard</td>
<td>Limited</td>
</tr>
</tbody>
</table>

✓ Already applied

* In this regard the UK regulatory proposals have the most material impact and we note that approximately 20% of our revenues currently go through the UK regulated subsidiary
Minimising downside risk: 85% profitable trading days in 2016

Strong track record in managing market risk demonstrated by looking at number of profitable trading days. In 2016 the Group made a profit on over 85% of the trading days with remaining 15% of trading days showing relatively immaterial losses.
Trading platform integrated with risk management

Market Risk
Spread of customers acts as a natural risk-mitigation:
- No dominant customers

Real-time monitoring of exposure limits by:
- Individual clients
- Individual instruments
- Total Company exposure
- Significant degree of automation

When limits are reached, no further trades accepted

Hedging would be undertaken if market movement breach the Group’s risk appetite limits

Monitoring of instrument level correlations and volatility

Credit Risk
Automated real-time close-out policy to minimise unfunded customer losses

Surplus Capital
Plus500 continues to maintain significant reserves
# Income Statement

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

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Trading income (net)</td>
<td>327,927</td>
<td>275,651</td>
<td>19%</td>
<td>169,155</td>
<td>148,625</td>
<td>14%</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>157,277</td>
<td>125,413</td>
<td>25%</td>
<td>65,789</td>
<td>61,758</td>
<td>7%</td>
</tr>
<tr>
<td>Administrative and general expenses</td>
<td>20,132</td>
<td>17,647</td>
<td>14%</td>
<td>11,777</td>
<td>9,681</td>
<td>22%</td>
</tr>
<tr>
<td>Capital loss from realization of fixed assets</td>
<td>-</td>
<td>109</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EBITDA</td>
<td>150,997</td>
<td>132,874</td>
<td>14%</td>
<td>91,874</td>
<td>77,347</td>
<td>19%</td>
</tr>
<tr>
<td>Financing expenses (income) - net</td>
<td>(1,464)</td>
<td>4,598</td>
<td>-132%</td>
<td>(1,884)</td>
<td>1,441</td>
<td>-231%</td>
</tr>
<tr>
<td>Tax expense</td>
<td>34,740</td>
<td>31,317</td>
<td>11%</td>
<td>20,731</td>
<td>19,795</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>117,242</td>
<td>96,567</td>
<td>21%</td>
<td>72,742</td>
<td>55,950</td>
<td>30%</td>
</tr>
</tbody>
</table>

- Record FY revenues driven by active customers
- Strong recovery in margins in H2 (H2 54% vs. H1 37%)
- Q4 EBITDA margin 64%
- Increase in selling and marketing as a result of significant customer acquisition
- Record FY EBITDA of $151m
# Lean cost structure

Key Financial Indicators: ($’000):

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising and marketing costs</td>
<td>124,848</td>
<td>103,760</td>
<td>20%</td>
<td>49,232</td>
<td>49,826</td>
<td>-1%</td>
</tr>
<tr>
<td>Processing costs</td>
<td>14,323</td>
<td>10,683</td>
<td>34%</td>
<td>6,543</td>
<td>5,611</td>
<td>17%</td>
</tr>
<tr>
<td>Salaries</td>
<td>19,159</td>
<td>12,062</td>
<td>59%</td>
<td>11,135</td>
<td>6,370</td>
<td>75%</td>
</tr>
<tr>
<td>IT and data feeds costs</td>
<td>4,451</td>
<td>3,337</td>
<td>33%</td>
<td>2,136</td>
<td>1,749</td>
<td>22%</td>
</tr>
<tr>
<td>Legal, professional and regulatory fees</td>
<td>5,486</td>
<td>7,051</td>
<td>-22%</td>
<td>3,471</td>
<td>4,071</td>
<td>-15%</td>
</tr>
<tr>
<td>Office expenses</td>
<td>2,754</td>
<td>1,888</td>
<td>46%</td>
<td>1,377</td>
<td>930</td>
<td>48%</td>
</tr>
<tr>
<td>Other costs</td>
<td>6,388</td>
<td>4,279</td>
<td>49%</td>
<td>3,672</td>
<td>2,882</td>
<td>27%</td>
</tr>
<tr>
<td>Total costs</td>
<td>177,409</td>
<td>143,060</td>
<td>24%</td>
<td>77,566</td>
<td>71,439</td>
<td>9%</td>
</tr>
</tbody>
</table>

Healthy and efficient cost base – “Advertising and marketing costs” and “Processing costs” represent 78% of total FY 2016 expenses.
## Balance sheet remains strong

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

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2015</th>
<th>FY 16/FY 15 Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>136,518</td>
<td>156,535</td>
<td>-13%</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>14,193</td>
<td>10,169</td>
<td>40%</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>150,711</td>
<td>166,704</td>
<td>-10%</td>
</tr>
<tr>
<td>Non Current Assets</td>
<td>3,997</td>
<td>2,266</td>
<td>76%</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>154,708</td>
<td>168,970</td>
<td>-8%</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>18,708</td>
<td>51,102</td>
<td>-63%</td>
</tr>
<tr>
<td>Non Current Liabilities</td>
<td>-</td>
<td>214</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>18,708</td>
<td>51,316</td>
<td>-64%</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>136,000</td>
<td>117,654</td>
<td>16%</td>
</tr>
</tbody>
</table>

- Decrease in cash balance due to dividend payment of $123.3m in 2016 (2015: $65m)
- Cash balances held at Barclays Plc, Credit Suisse and Bank Leumi
- Client money held in segregated accounts with Barclays, Credit Suisse and Commonwealth

Balance sheet remains strong
## Strong cash generation funds attractive dividend

Key Financial Indicators – Cash Flow: ($’000):

<table>
<thead>
<tr>
<th>Activities</th>
<th>FY 2016</th>
<th>FY 2015</th>
<th>FY 16/FY 15 Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating activities: Cash generated from operations</td>
<td>153,455</td>
<td>128,133</td>
<td>20%</td>
</tr>
<tr>
<td>Income tax paid - net</td>
<td>(44,548)</td>
<td>(42,658)</td>
<td>4%</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>108,907</td>
<td>85,475</td>
<td>27%</td>
</tr>
<tr>
<td>Net cash provided by (used in) investing activities</td>
<td>(2,205)</td>
<td>18</td>
<td>-12,350%</td>
</tr>
<tr>
<td>Financing activities: Dividend Paid</td>
<td>(123,264)</td>
<td>(65,005)</td>
<td>90%</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(123,264)</td>
<td>(65,005)</td>
<td>90%</td>
</tr>
<tr>
<td>Exchange gains (losses) on cash and cash equivalents</td>
<td>(3,454)</td>
<td>(3,155)</td>
<td>9%</td>
</tr>
<tr>
<td>Cash and Cash Equivalents at the end of the year</td>
<td>136,481</td>
<td>156,497</td>
<td>-13%</td>
</tr>
</tbody>
</table>

- Limited capex needs
- Low capital requirements
- High cash conversion available to pay dividend
Dividend payments in year (2017 proposed to date)

Dividend policy – 60% of net profit & a special dividend at the end of the year

* Ex dividend date – 2 March 2017; Record date – 3 March 2017; Payment date 3 July
Entering 2017, there has been a continued strong increase in New Customers

Continue to achieve good results from online marketing initiatives and sponsorships

Expect to broaden footprint and continue to diversify revenues including adding further new licences

We will make the necessary changes to comply with the regulatory changes that were announced during 2016 and any future requirements

Still assessing likely impact of regulatory changes but highly flexible business model expected to partially mitigate any impact

The Board believes that the Company’s strong financial position, geographically well diversified revenues, advanced trading platform and its flexible, low cost business model, position it well to ride out this period of uncertainty and to emerge a stronger business with an enhanced market position

Outlook – confident of another successful year
**Investment Summary**

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