

# Plus500

Results for the nine months ended 30 September 2017  
London Stock Exchange Symbol: PLUS



# Record results for the 9 months ended 30 September 2017

Plus500 in numbers:

**\$304.9m**

Revenues  
+29% Growth  
9 months ended 30  
September 2017/2016

**+103%**

Net profit  
Growth  
9 months ended 30  
September 2017/2016

**\$188.7m**

EBITDA  
+105% Growth  
9 months ended 30  
September 2017/2016

**96,373**

New customers

**160,090**

Active customers  
+22% Growth  
9 months ended 30  
September 2017/2016

**#1**

Rated on  
mobile app  
stores

**#1**

Revenues from  
mobile devices

**#1**

In new  
customers

**8**

Unified  
Platforms

**32**

Languages

**>50**

Countries

# Financial and Operating Highlights of the 9 months ended 30 September 2017

Record results for the nine months ended 30 September 2017 are benefitting from:

- Active Customers<sup>1</sup> – growth of 22% to a record level of 160,090 (2016: 131,346)
- New Customers<sup>2</sup> – increased 18% to a record level of 96,373 (2016: 82,012)
- ARPU – 6% increase is reflecting the progress in adding higher value customers and a potential increase in future revenues
- AUAC – meaningful reduction of 42% due to the Company's efficient marketing strategies for acquiring new customers
- 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 75% of total revenues
- Continued investment in compliance and in adjustments to the latest regulatory requirements of its different regulators

<sup>1</sup> Active Customers - Customers who made at least one real money trade during the period

<sup>2</sup> New Customers - Customers depositing for the first time during the period



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**Regulatory &  
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**Outlook**



# New and Active customer KPIs

	9 months ended 30 September 2017	9 months ended 30 September 2016		Q3 2017	Q3 2016	2016 Total
<b>Active Customers</b>	<b>160,090</b>	131,346		<b>94,610</b>	69,989	<b>155,956</b>
% Growth 9 months ended 30 September 2017/ 2016	<b>22%</b>		% Growth Q3 2017/Q3 2016	<b>35%</b>		
<b>ARPU</b>	<b>\$1,905</b>	\$1,799		<b>\$1,232</b>	\$1,107	<b>\$2,103</b>
% Growth 9 months ended 30 September 2017/2016	<b>6%</b>		% Growth Q3 2017/Q3 2016	<b>11%</b>		
<b>New Customers</b>	<b>96,373</b>	82,012		<b>42,492</b>	25,083	<b>104,432</b>
% Growth 9 months ended 30 September 2017/2016	<b>18%</b>		% Growth Q3 2017/Q3 2016	<b>69%</b>		
<b>AUAC</b>	<b>\$771</b>	\$1,320		<b>\$689</b>	\$1,300	<b>\$1,195</b>
% Reduction 9 months ended 30 September 2017/2016	<b>42%</b>		% Reduction Q3 2017/Q3 2016	<b>47%</b>		

- Consistent growth in new and 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 – *generated by robust procedures and trained personnel*
- ✦ Strong regulatory compliance procedures – *achieved through continued investment in personnel and processes*
- ✦ Effective, comprehensive risk management capabilities – *based on structured strategic decision making and enhanced 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

2,200 CFD financial instruments



## Platform and Devices

Supporting 32 languages in more than 50 countries



## Unified Trading Platform

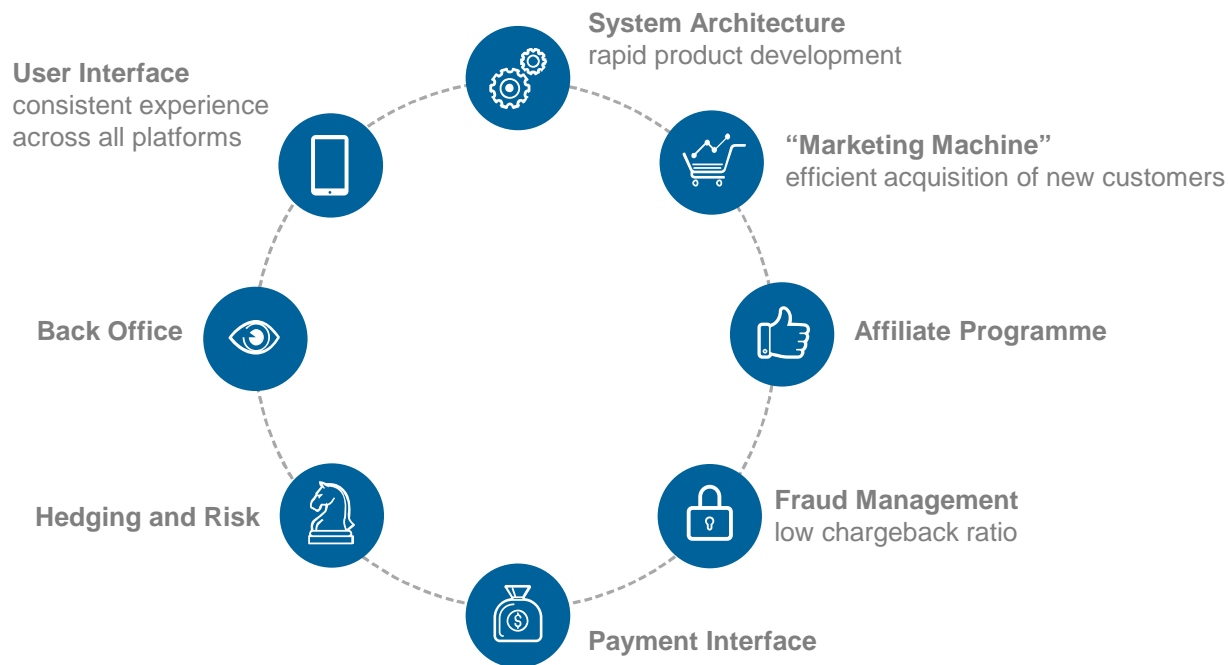
Retail customers only

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





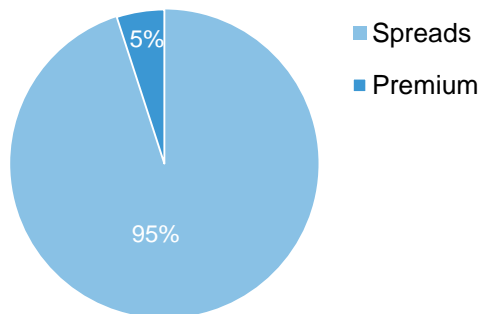


# Flexible Business Model

## Revenue Split

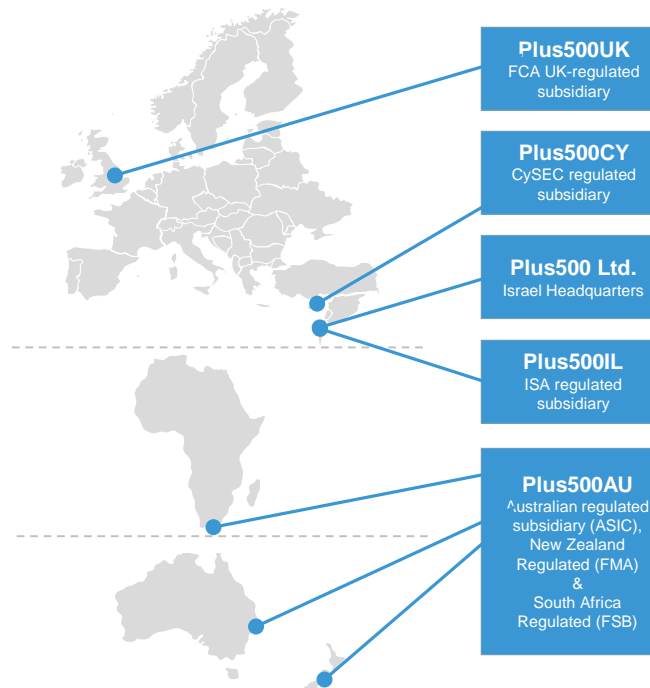
- **Dealing Spreads**  
Difference between the buy price and the sell price of a CFD
- **Overnight Premiums**  
Charges on open customer positions held overnight
- **Market Positions**  
Principal gains (offset by losses) on customers' trading positions

## Revenues FY 2016



- **Trade Time**  
Average trade time is approx. 24 hours
- **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

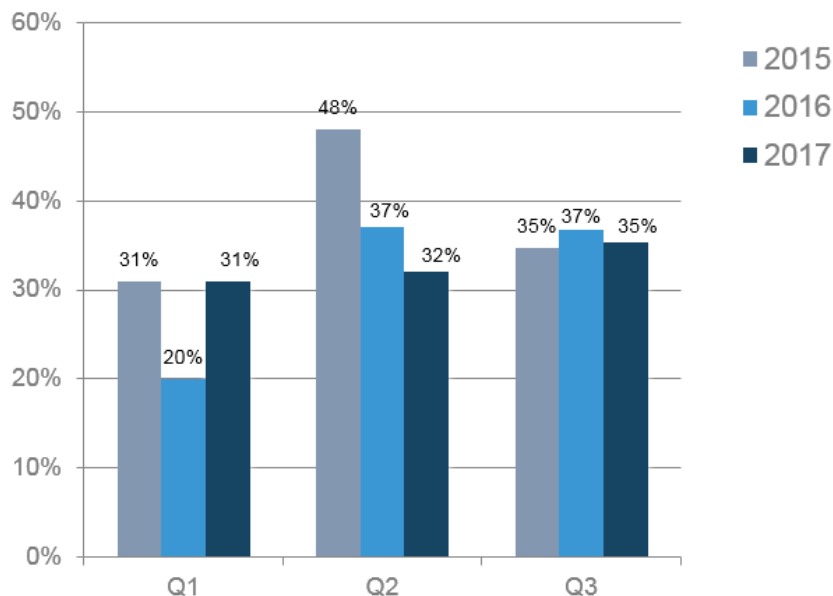
	<b>Plus500</b>	<b>Peer Company A</b>	<b>Peer Company B</b>
Product portfolio	CFDs only (2,200 instruments, 7 asset classes)	CFD, Spread betting, Binary Options	CFD, Spread betting, Binary Options
Technology platform	-Unified simple platform -Core expertise -Marketing Machine	Multi-layer platform with 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 (19 October 2017); AppAnnie.com (19 October 2017)

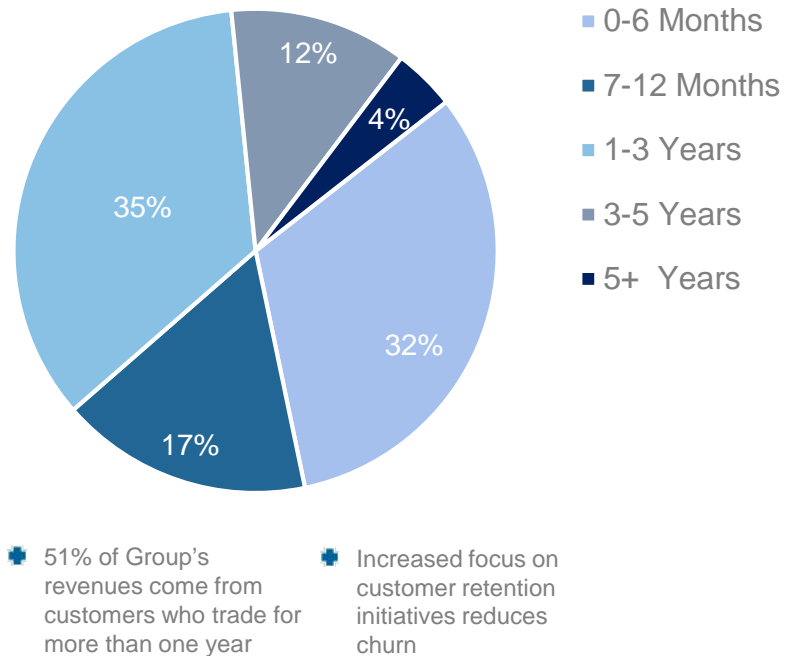


# Analysis of customer churn

### Churn



### 9 months ended September 2017 Revenue split by client tenure



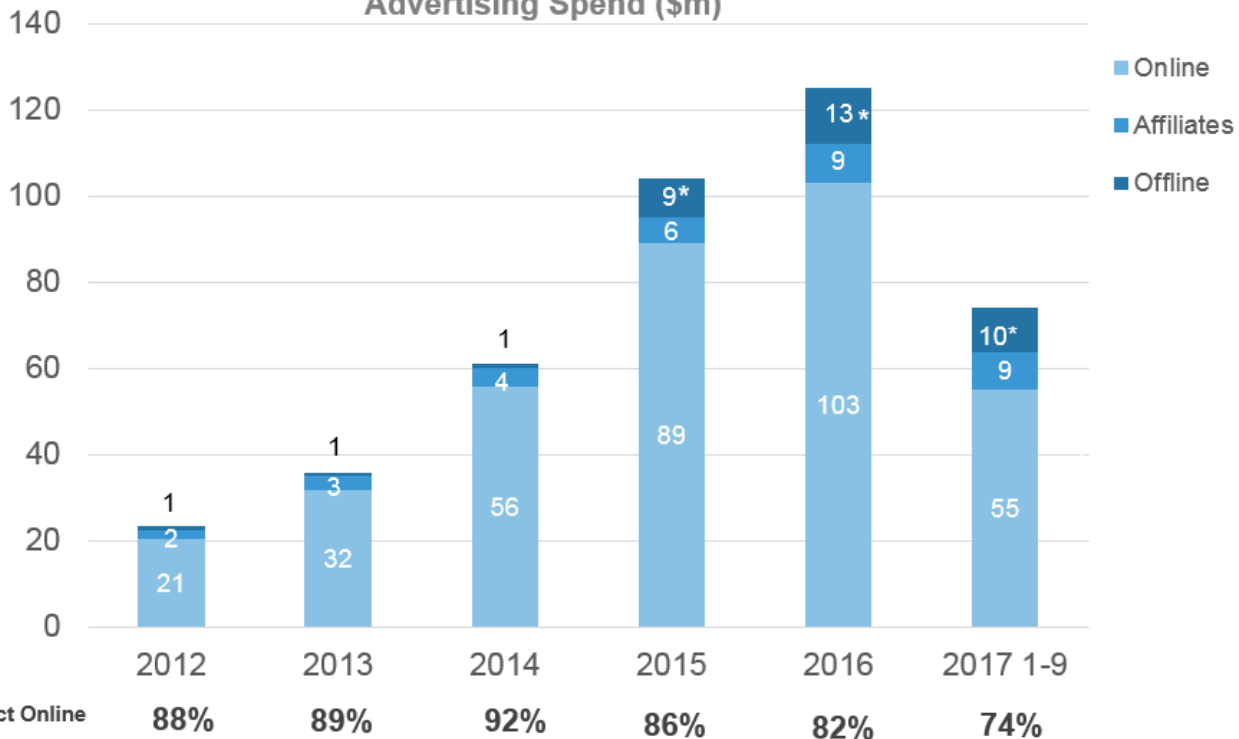
$$\text{Churn} = \frac{[(\text{Active customers (T)} + \text{New customers (T+1)}) - \text{Active customers (T+1)}]}{\text{Active customers (T)}}$$



# 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)
- Word of Mouth
- Sport Sponsorship

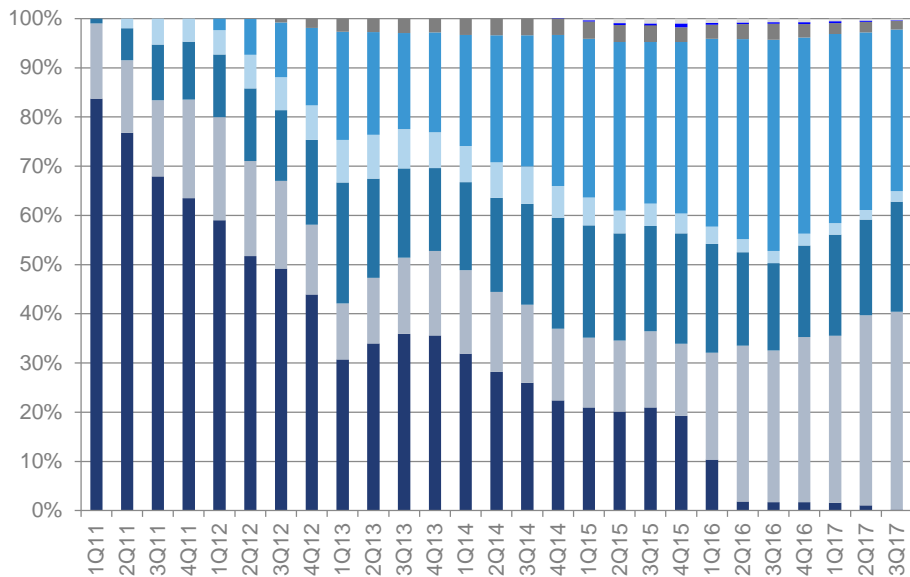
\* Majority is Atletico Madrid sponsorship deal





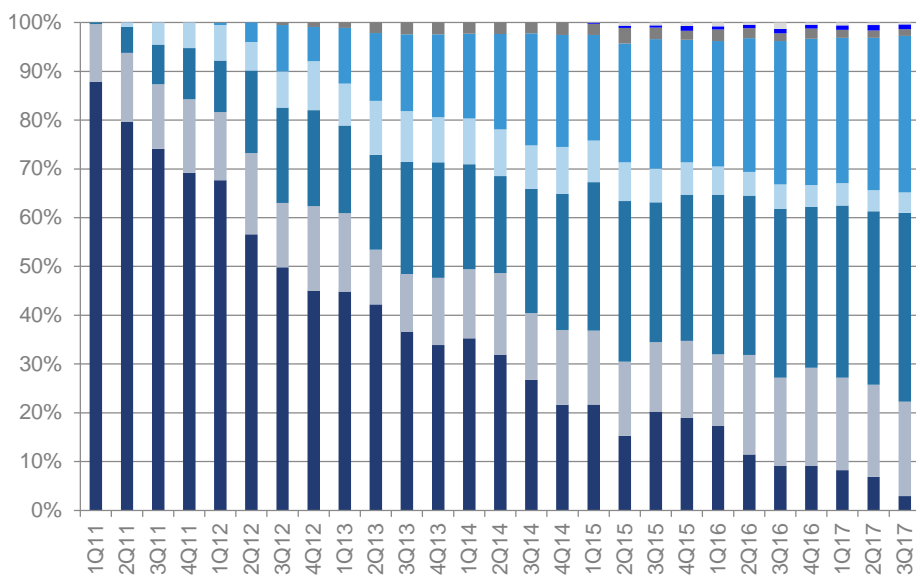
# Mobile revenues and sign ups by device

### 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



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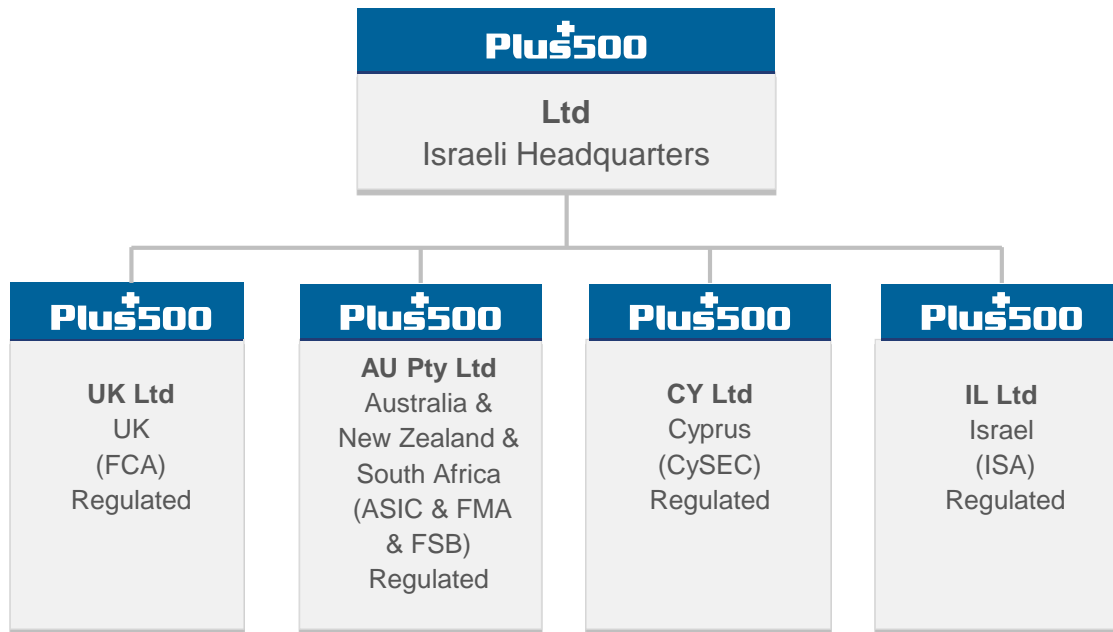
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# Regulatory framework



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

## Compliance Approach

- Negative balance protection for all customers
- No advice self execution venue
- No bonuses for the majority of business
- Default leverage of 1:50 for the majority of the business
- 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 for all of its customers
  - Plus500 is compliant with the outcomes of BaFin & CNMV's consultation papers
- 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

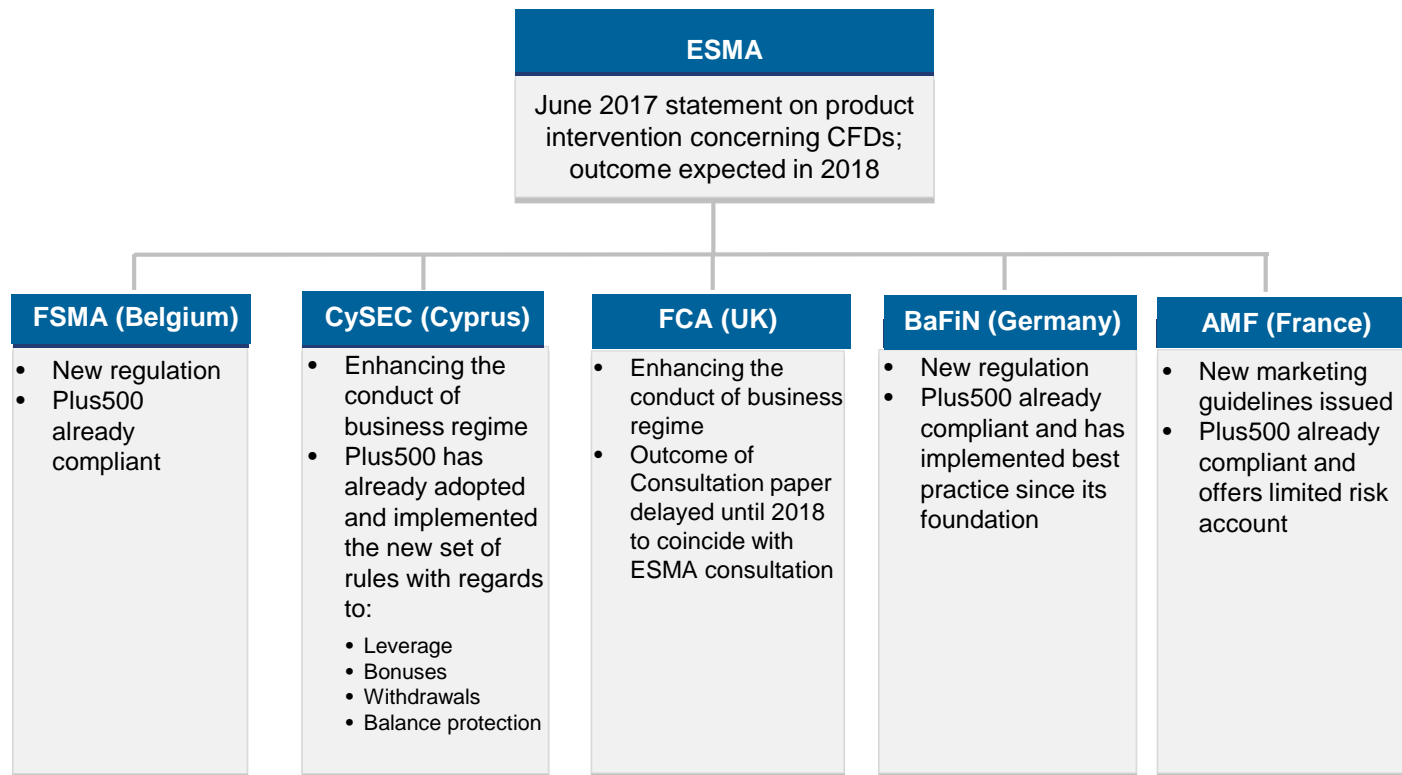


## Commitment to regulatory, compliance and risk best practice

- ✚ Continuing focus on and investment in best practice reflected in the Company's regulatory culture
- ✚ Global compliance and support teams consists of c.180 permanent staff
- ✚ Local Compliance teams with significant experience and skills
- ✚ Maintaining open dialog with the regulators
- ✚ 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





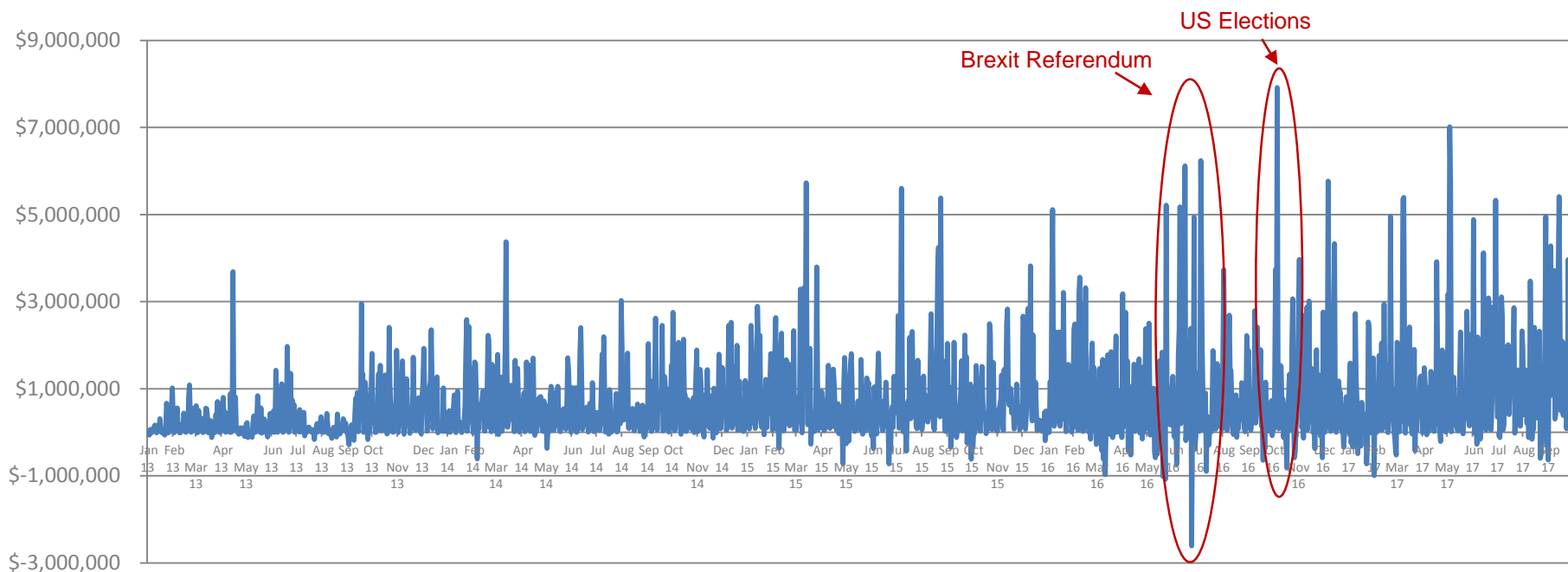
## Regulation – current situation and potential impact

Regulator focus	Plus500 compliance	Potential impact
Negative balance protection	√	None
Maintenance margin	√	None
Appropriateness	√	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



# Minimising downside risk: 90% profitable trading days in 9 months ended 30 September 2017

Strong track record in managing market risk demonstrated by looking at number of profitable trading days. In the 9 months ended 30 September 2017 the Group made a profit on over 90% of the trading days with remaining 10% of trading days showing relatively immaterial losses.





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# Income Statement

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

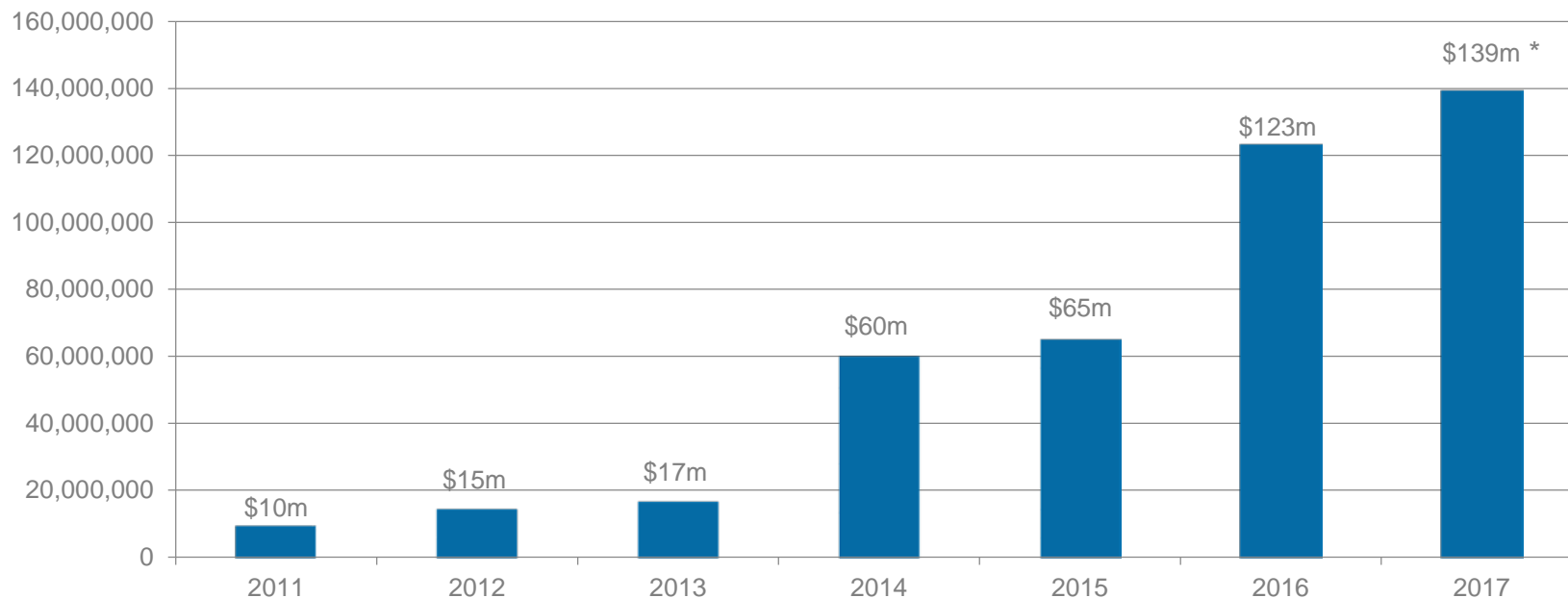
	9 months ended 30 September 2017*	9 months ended 30 September 2016*	% Growth 9 months ended 30 September 2017/2016*	Q3 2017*	Q3 2016*	% Growth Q3 2017/ 2016*	FY 2016
Trading income (net)	<b>304,938</b>	236,248	29%	<b>116,521</b>	77,476	50%	327,927
Selling and marketing expenses	<b>100,994</b>	131,547	(23%)	<b>39,767</b>	40,059	(0.7%)	157,277
Administrative and general expenses	<b>15,751</b>	12,836	23%	<b>6,754</b>	4,481	51%	20,132
<b>EBITDA</b>	<b>188,707</b>	92,199	105%	<b>70,172</b>	33,076	112%	150,997
EBITDA margin	<b>62%</b>	39%	59%	<b>60%</b>	43%	40%	46%
Financing expenses (income) - net	<b>3,802</b>	(18)	N/A	<b>1,938</b>	(438)	N/A	(1,464)
Tax expense	<b>41,148</b>	21,241	94%	<b>15,528</b>	7,232	115%	34,740
<b>Net profit</b>	<b>143,243</b>	70,642	103%	<b>52,534</b>	26,142	101%	117,242

- A record revenue for the nine months ended 30 September 2017 is driven by an increased number of both active and new high value customers who are using Plus500's trading platform
- Increased level of marketing efficiency
- Strong increase in EBITDA margins for the nine months ended 30 September 2017, which increased from 39% in 2016 to 62% in 2017

\* Unaudited



## 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

■ \* Buy back programmes:

- On 2 June 2017 announced a share buy back programme to purchase up to \$10m shares
- On 7 August 2017 announced an additional share buy back programme to purchase up to \$27.21m shares. The additional programme will run from 7 August 2017 to 1 February 2018





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# Outlook

- Looking ahead to 2018, the Board believes that Plus500 is well positioned to take advantage of growth opportunities such as new licences and new instruments, whilst retaining its competitive advantage derived from its lean cost structure and technology leadership; these factors are expected to assist in mitigating the impact of any regulatory changes
- Plus500 has attracted a record number of new customers and active customers so far this year through its efficient investment in marketing and its retention initiatives, providing good momentum for the final quarter of 2017 and going into 2018
- Accordingly, the Board believes that the Company is on track to report results which are ahead of market expectations for the year as a whole



# 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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