

Q3 Trading Update

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Plus500 Limited
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Plus500 Ltd.
("Plus500" or "the Company")

Q3 Trading Update

Plus500, a leading online service provider for trading Contracts for Differences ("CFDs") internationally, today provides a trading update for the three and nine months ended 30 September 2018.

Highlights

- Trading for 2018 is now expected to be ahead of expectations
- Entered Q4 2018 with positive momentum, benefiting from recently increased volatility
- Q3 included two months of trading post the implementation of ESMA's new regulations and low volatility
- Elective professional clients ("EPC") represented approximately 38% of Q3 EEA revenues (Q2: c.20% of EEA revenues)
- Commencement of share buy back programme of an initial amount of \$10m

Key customer and revenue metrics for the periods ended 30 September 2018 were as follows:

	3 months to 30 Sept*		% change	9 months to 30 Sept*		% change	FY
	2018	2017		2018	2017		
Revenue	\$100.1m	\$116.5m	-14%	\$565.6m	\$304.9m	86%	\$437.2m
Number of new customers ¹	20,684	42,492	-51%	114,832	96,373	19%	246,946
Number of active customers ²	102,043	94,610	8%	278,529	160,090	74%	317,175
ARPU ³	\$981	\$1,232	-20%	\$2,031	\$1,905	7%	\$1,379
AUAC ⁴	\$1,581	\$689	129%	\$840	\$771	9%	\$474

*Unaudited

[1] A customer who has deposited real money into their own account for the first time

[2] A customer who makes at least one trade using real money on the Trading Platform during the relevant period

[3] Average revenue per user

[4] Average user acquisition cost

Overview of trading

For the nine months ended 30 September 2018, revenue was \$565.6 million, an increase of 86% compared to the same period last year. In the three months ended 30 September 2018, the Company's revenue was \$100.1 million, a decrease of 14% compared to the same period last year. This period included two months (August and September) of trading post the newly implemented ESMA regulations, which became effective 1 August 2018. Since the end of the quarter Plus500 has seen the return of higher volatility across asset classes, and consequently stronger trading.

Active Customers for the nine month and three month period increased 74% and 8%, respectively, when compared to last year. The Company's efficient marketing activity and retention initiatives assisted in the number of Active Customers growing globally during the third quarter despite low market volatility and the effect of the implementation of ESMA's regulatory changes.

Plus500 continues to focus on the acquisition of high lifetime value customers in core jurisdictions. Such customers tend to deliver higher ARPU and lifetime value, with lower churn, even when markets are less volatile. While this has been the Company's consistent goal, the strength of the Plus500 brand has increasingly enabled it to win these and other customers while achieving its targeted return on investment (ROI). Revenues from Active Customers acquired in prior periods continue to grow year on year. This is representative of the success of the Company's retention initiatives, and its success in acquiring long term high value Active Customers from the EEA and other jurisdictions.

The impact of lower leverage on our retail EEA clients has been as expected. While ARPU in the first nine months of 2018 is ahead of the same period last year, very low market volatility in September resulted in ARPU decreasing to \$981 in Q3 2018 compared to \$1,232 in the same period in 2017.

The low market volatility also impacted the level of New Customers and AUAC in the quarter, as although traffic remained strong with no material change in engagement, the flat market conditions led to lower conversion rates. This, together with a relatively high level of marketing spend to attract higher value customers, meant that AUAC increased to a level of \$1,581 in Q3 2018 compared to \$689 in Q3 2017.

The Group achieved strong margins in the period and continues to demonstrate its ability to generate high return on investment. EBITDA margin in the nine months ended September 2018 was 71% and in Q3 2018 was 50%.

Plus500's cash balances increased from \$203.9 million at 30 September 2017 to \$371.1 million at 30 September 2018. This compared to \$511.9 million as at 30 June 2018, since which date the Company has paid \$164.9 million in final and special dividends for the year ended 2017. The Company's interim dividend of \$157.0 million will be paid on 22 November 2018.

Share Buy Back

Plus500's Board has approved a programme to buy back an initial amount of up to \$10 million of the Company's shares in accordance with the authority granted at the Company's AGM. With effect from today, the Company has appointed Liberum Capital Limited ("Liberum") to manage an irrevocable, non-discretionary share buy-back programme to repurchase on its behalf, and within certain parameters.

Regulation

The Company has completed the implementation of ESMA's measures introduced in August 2018. The Board continues to believe that the introduction of the measures will reduce the number of its competitors, enabling it to gain increased market share at lower customer acquisition costs. In addition, over half the Group's marketing costs are incurred via online campaigns, rather than in terms of marketing personnel, enabling it to flex its cost base according to market opportunity.

Plus500 currently holds seven different financial licenses: FCA in the United Kingdom, ASIC in Australia, CySEC in Cyprus, ISA in Israel, FMA in New Zealand, FSCA in South Africa and MAS in Singapore.

Outlook

Since the beginning of 2018, the Company has been providing a process to allow eligible customers, upon their request, to change their categorisation to EPC in line with MIFID II rules. Approximately 8% of EEA customers have now elected to become professional clients representing approximately 38% of Q3 EEA revenues. At the end of Q2 this was 5% of EEA customers and approximately 20% of revenues within the EEA. The Board continues to believe that less than half of EEA revenues, or only 30% of Group revenues, will be impacted longer term by the current EEA restrictions.

Volatility for significant periods of Q3 was very low by historical standards, but has increased since the period end, leading to the opportunities that our clients seek.

As we look forward to 2019, the Company remains highly operationally geared with a low-cost base allowing it to maximise profits from incremental revenues. We expect revenues to benefit from recent customer acquisition, continued investment in marketing, retention initiatives and new licences.

The Board now expects trading to be ahead of 2018 market expectations. For 2019 we continue to assess expectations, which may be subject to levels of market volatility, and we look to the future with confidence.

Asaf Elimelech, Chief Executive Officer of Plus500, commented:

"Our results for the third quarter continued to show satisfactory levels of trading activity of our Active Customers in comparison to previous years, despite regulatory changes and low market volatility. We continue to focus on our core markets and acquiring high value customers supported by our innovative technological edge and the prospect of potential new licences outside the EEA. We now expect to be ahead of current market expectations for 2018."

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Forward looking statements

This announcement contains statements that are or may be forward-looking statements. All statements other than statements of historical facts included in this announcement may be forward-looking statements, including statements that relate to the Company's future prospects, developments and strategies.

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Forward-looking statements are identified by their use of terms and phrases such as "believe", "targets", "expects", "aim", "anticipate", "projects", "would", "could", "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. The forward looking statements in this announcement are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results, performance and achievements to differ materially from any results, performance or achievements expressed or implied by such forward-looking statements. Factors that may cause actual results to differ materially from those expressed or implied by such forward looking statements include, but are not limited to, those described in the risk factors. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such entity and the environment in which each will operate in the future. All subsequent oral or written forward-looking statements attributed to the Company or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above.

Each forward-looking statement speaks only as at the date of this announcement. Except as required by law, regulatory requirement, the Listing Rules and the Disclosure Guidance and Transparency Rules, neither the Company nor any other party intends to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

About Plus500

Plus500 operates an online trading platform for individual customers to trade CFDs internationally over more than 2,200 different underlying global financial instruments comprising equities, indices, commodities, options, ETFs, cryptocurrencies and foreign exchange. Individual customers of Plus500 can trade CFDs in more than 50 countries and in 32 languages. The trading platform is also accessible from multiple operating systems (Windows, smartphones (iOS, Android and Windows Phone), tablets (iOS, Android and Surface) and web browsers). Plus500 retains operating licences and is regulated in the United Kingdom, Australia, Cyprus, Israel, New Zealand, South Africa and Singapore. Customer care is integral to Plus500: customers cannot be subject to negative balances and there are no commissions on trades. Plus500 does not utilise cold calling techniques and does not offer binary options. A free demo account is available on an unlimited basis for platform users and sophisticated risk management tools are provided free of charge to manage your leveraged exposure and stop losses to help customers protect profits and limit capital losses. www.plus500.com

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