

TUESDAY 18 MAY 2010 - PADDY POWER PLC INTERIM MANAGEMENT STATEMENT

The Chairman of Paddy Power plc, Nigel Northridge, will make the following statement at the Company's Annual General Meeting to be held in Dublin at 11am this morning (18 May 2010).

The statement covers trading from 1 January to 16 May 2010 ('the period' or 'year to date'). All percentage comparisons are with the equivalent period last year expressed in constant currency.

Summary

2009 was a year of significant developments for Paddy Power. We grew our turnover and market share across all our channels and expanded internationally through successful acquisitions in Australia, continued shop openings in the UK and a B2B agreement in France.

Turning to 2010, the highlights of the year to date have been a very strong revenue performance in online (total gross win (ex Australia) +32%) and good bet volume growth across all channels. Significant investment has contributed to this growth and we continue to invest to maintain our business momentum and strong competitive position. Following a run of adverse sporting results in 2009, I am also pleased to report that the Group's sportsbook gross win percentages have returned to normal expectations in the year to date.

Online (ex Australia)

Online sportsbook amounts staked grew by 19% and bet volumes by 39%. Gaming gross win grew strongly by 32% driven by Games, Casino and Bingo which have benefitted from additional direct investment in product, people and promotion, as well as the strength of our sportsbook. Operating costs have increased as a result of this growth and investment to drive future growth, with operating profit year to date modestly ahead of our expectations.

Retail and Telephone (ex Australia)

Irish Retail amounts staked decreased by 2%. On a like-for-like basis excluding new shops, bet volumes increased by 5%, amounts staked decreased by 5% and gross win decreased by 6%.

UK Retail expansion continues on track with nine shops added in the period and recent openings performing well. On a like-for-like basis, bet volumes increased by 4% and total gross win (or net revenue) by 0.5%.

Telephone bet volumes grew by 18% but a decline in average stake resulted in a 2% decline in turnover. Nonetheless, gross win grew strongly from the return to a normal gross win percentage.

Telephone and like-for-like retail operating costs were flat in the year to date.

Australia

Australian amounts staked increased by 23% with online growth of 31% (both versus proforma comparatives). Online growth has, as expected, moderated slightly over recent months as the first anniversary of advertising deregulation has been passed.

Financial Position

As at 30 April, before payment of the final dividend of €19m, the Group had net cash of €96m. This included customer balances of €37m and was net of €16m of debt in our Australian subsidiaries.

Outlook

As a result of the strong momentum in the business, significant ongoing investment to enhance our competitive position, and the upcoming World Cup, the Board looks forward to the balance of 2010 and beyond with confidence.

ENDS

18 May 2010

Issued on behalf of Paddy Power plc by Powerscourt Limited

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