

17 May 2012 - Paddy Power plc - Interim Management Statement

Net Revenue Growth Accelerates to +28% in Year to Date Increased Investment for Further Expansion

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 (17 May 2012). All references to trading in 2012 cover 1 January to 15 May ('the year to date') and all percentage comparisons of trading in 2012 are with the equivalent period last year expressed in constant currency.

"In 2011, the Group achieved record turnover of €4.6 billion and operating profit of €120 million. Net revenue increased by 17% and earnings per share grew by 26%. The Board's proposed final dividend will deliver a total 2011 dividend of 100 cents per share, an increase of 33%. The scale of the Group also increased significantly with strong growth in our existing markets, particularly in online and mobile betting, and further international expansion progressed in Canada, Italy and Bulgaria.

The Group's strong momentum has continued into 2012, supported by substantial ongoing investment. Group net revenue is up 28% in the year to date, driven by 31% growth in online revenue and 26% growth in retail revenue. Sports results have been favourable with the Group's sportsbook gross win percentage above the equivalent period last year and our normal expectations.

All divisions have performed strongly. Within online, net revenue has grown by 37% in Australia and by 28% in *paddypower.com*. This was driven by continued strong growth in online active customers of 40%, comprising a 30% increase in Australia and 41% growth in *paddypower.com*. The strengths of both businesses are being complemented by leading positions in mobile betting, with that component of revenue up 241%. In April, mobile turnover accounted for 23% of total online sportsbook stakes in Australia and 38% of total sportsbook stakes in *paddypower.com*.

UK Retail has achieved robust growth in like-for-like revenue reflecting the attractiveness of our offer, including our continued investment in new products. Whilst like-for-like turnover in Irish Retail fell by a further 4% due to the difficult economic conditions, revenue performed well because of improved year-on-year sporting results.

Given the current strong momentum and position of Paddy Power, and the substantial opportunities that exist in online betting, the Group is now investing at an increased rate for further expansion. Our organic entry into the Italian online market went 'live' on schedule this week. We are also increasing the resources assigned to mobile gaming and other business development opportunities.

The Group retains significant financial flexibility with net cash at 15 May of €202 million, or €149 million excluding customer balances.

Sporting results in 2011 were significantly stronger in the second half of the year; however despite this comparative, the Board looks forward to the remainder of 2012 with confidence as a result of the strong momentum in the business and substantial ongoing investment."

Detailed financial and operational performance measures are set out below.

	Increase / (Decrease)
Group	
Sportsbook amounts staked	+16%
Total net revenue	+28%
Online (ex Australia) – <i>paddypower.com</i>	
Sportsbook amounts staked	+29%
Sportsbook net revenue	+30%
Gaming/B2B net revenue	+25%
Total net revenue	+28%
Australia	
Online amounts staked	+22%
Online net revenue	+37%
Total net revenue	+30%
UK Retail	
Sportsbook amounts staked – like-for-like	+10%
Machine gaming net revenue – like-for-like	+7%
Total net revenue – like-for-like	+13%
New shops year to date	17, including 8 acquired
Irish Retail	
Amounts staked – like-for-like	(4%)
Net revenue – like-for-like	+15%
Telephone (ex Australia)	
Amounts staked	+21%

ENDS

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