

RNS Number : 6135E  
Paddy Power plc  
14 May 2013

## **14 May 2013 - Paddy Power plc - Interim Management Statement**

### **Strong Growth Continues with Net Revenue Up 20% in Year to Date**

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. 2013 trading refers to the period from 1 January to 12 May ('the year to date') versus the equivalent period last year on a consistent basis.<sup>1</sup>

"In 2012, Paddy Power achieved record turnover of €5.7 billion and operating profit of €136 million. Net revenue increased by 25% in constant currency and earnings per share grew by 17%. The Board's proposed final dividend makes for a total 2012 dividend of 120 cent per share, an increase of 20%. Last year's results also reflected a significant level of investment for the future with over €20 million in start-up losses across four new online ventures, in particular our launch into the Italian online market in May 2012.

The Group's strong growth has continued into 2013, in line with our expectations. Group net revenue is up 20% in the year to date, driven by 29% growth in online revenue and 8% growth in retail revenue. Sports results have been favourable overall, with the Group's sportsbook gross win percentage above our normal expectations and above the equivalent period last year, notwithstanding a record number of Irish trained winners at Cheltenham. In fact, football results were so good that we could afford to pay out on Man United as Premier League winners in early February!

Within online, net revenue has grown by 30% in Online (ex-Australia) and 28% in Australia. This was driven by continued strong growth in online active customers of 33%, comprising a 32% increase in Online (ex-Australia) and 39% growth in Australia. The strengths of both businesses are being complemented by leading positions in mobile betting, with that component of revenue up 112% to an industry leading 42% of total online revenue.

Online (ex-Australia) has also benefited from the inclusion of Italian activity in the period which added 3% to its net revenue growth. We continue to invest in our Italian online operation: our online sportsbook market share increased to 6% in the first quarter of 2013, whilst we also significantly expanded our gaming product range in the last two months with the roll out of online games and a download live casino and our mobile casino going live this week.

Notwithstanding the continued competitive high-street environment and weak economy, UK Retail performed well with like-for-like net revenue up 2%, driven by strong sportsbook growth, offsetting a decline in machine gaming. Before the cost of free bets, like-for-like gross win per machine per week was down 3% to £1,201. Irish Retail also performed well with like-for-like stakes up 3%, albeit revenue declined due to a return to normal sporting results. New shop openings have been strong, with 17 in the UK and 6 in Ireland.

The Group retains significant financial flexibility with net cash at 12 May of €268 million, or €208 million excluding customer balances.

The Board looks forward to the remainder of 2013 with confidence given the strong momentum in the business and substantial ongoing investment."

Detailed financial and operational performance measures for the year to date are set out below.

|                                            | Increase / (Decrease)    |
|--------------------------------------------|--------------------------|
| Group                                      |                          |
| Sportsbook amounts staked                  | +17%                     |
| Total net revenue                          | +20%                     |
| Online (ex Australia)                      |                          |
| Sportsbook amounts staked                  | +19%                     |
| Sportsbook net revenue                     | +36%                     |
| Gaming/B2B net revenue                     | +21%                     |
| Total net revenue                          | +30%                     |
| Total net revenue (excluding Italy)        | +27%                     |
| Active customers                           | +32%                     |
| Australia                                  |                          |
| Online amounts staked                      | +23%                     |
| Online net revenue                         | +28%                     |
| Total net revenue                          | +27%                     |
| Online active customers                    | +39%                     |
| UK Retail                                  |                          |
| Sportsbook amounts staked - like-for-like  | +4%                      |
| Sportsbook net revenue - like-for-like     | +12%                     |
| Machine gaming net revenue - like-for-like | (9%)                     |
| Total net revenue - like-for-like          | +2%                      |
| New shops year to date                     | 17, including 2 acquired |
| Irish Retail                               |                          |
| Amounts staked - like-for-like             | +3%                      |
| Net revenue - like-for-like                | (6%)                     |
| New shops year to date                     | 6, including 5 acquired  |
| Telephone (ex Australia)                   |                          |
| Amounts staked                             | (5%)                     |

<sup>1</sup>To achieve comparisons with the equivalent period last year on a consistent basis, 2012 amounts are expressed in constant currency and with UK Retail machine net revenue on a consistent basis of taxation (i.e. MGD not VAT).

#### Analyst Briefing:

The Company will host a conference call for institutional investors and analysts this morning at 8.30am. To dial into the conference call, participants should dial 01 242 1074 from Ireland,

01296 311 600 from the UK and +44 1296 311 600 from elsewhere. The passcode is 243 708.

A call replay facility will be available for 21 days. To listen to the replay, callers from the UK should dial 0207 136 9233; all other callers should dial +44 207 136 9233. The passcode is 24411221.

ENDS

For reference:

Patrick Kennedy

Chief Executive

Paddy Power plc

Tel: + 353 1 905 1011

Billy Murphy / Karen Ferris

Drury

Tel: + 353 1 260 5000

Mobile: + 353 86 317 1248 (KF)

Cormac McCarthy

Chief Financial Officer

Paddy Power plc

Tel: + 353 1 905 1013

Jack Massey

Director of Finance & Company Secretary

Paddy Power plc

Tel: + 353 1 905 1013

Rob Greening / Ellie Sweeney

Powerscourt Limited

Tel: + 44 20 7250 1446

Mobile: + 44 7809 698 259 (RG)

This information is provided by RNS  
The company news service from the London Stock Exchange

ENDIMSSFSFADFDFSEFI