



23 January 2017

## Paddy Power Betfair plc – 2016 Post Close Trading Update

### Underlying EBITDA in line with guidance despite adverse sports results

Ahead of its preliminary results on 7 March, Paddy Power Betfair plc (the “Group”) today announces a post close trading update for the three month period ended 31 December 2016 (“Q4 2016”) and the year ended 31 December 2016 (“FY2016”)<sup>1</sup>.

Group revenue in FY2016 was up 18% year on year (+11% in constant currency, “CC”<sup>2</sup>) to £1,551m. We expect full-year Group underlying EBITDA<sup>3</sup> to be around the mid-point of the previously guided range of £390m to £405m, notwithstanding worse than expected gross win margins in November and December.

Since our Q3 trading update, the Group continued to see good sportsbook staking growth but results favoured customers. This started with the unexpected US election outcome, which cost the Group almost £5m, and concluded with our European sportsbooks losing money on football bets in the month of December. We estimate that the impact on Group revenue from the customer friendly results, before any benefit from the recycling of winnings, was approximately £40m in the quarter. The impact on profitability of these results was partially offset by lower than expected marketing and staff costs.

In our Online division, the adverse sports results, coupled with some weakness in gaming, meant that Q4 revenue reduced by 3% year on year (-8% in CC<sup>2</sup>), despite 15% growth in sportsbook stakes (+10% in CC<sup>2</sup>). The benefits of the Group’s geographical diversification were highlighted by a strong performance from Sportsbet in Australia, where Q4 stakes growth of 25% and revenue growth of 18% (both in local currency) helped to partially offset the poor gross win margins in our European businesses.

### Group Revenue Summary

<i>Proforma, unaudited</i> £m	Q4 2016	Q4 2015	Change %	Constant Currency Change % <sup>2</sup>	FY 2016	FY 2015	Change %	Constant Currency Change % <sup>2</sup>
Sportsbook stakes	2,666	2,091	+28%	+13%	9,890	7,999	+24%	+16%
Sportsbook net revenue %	8.1%	9.4%			8.7%	8.8%		
Sports revenue	299	268	+12%	-1%	1,198	1,009	+19%	+11%
Gaming revenue	89	84	+6%	+3%	353	309	+14%	+12%
<b>Total revenue</b>	<b>388</b>	<b>351</b>	<b>+10%</b>	<b>Flat</b>	<b>1,551</b>	<b>1,318</b>	<b>+18%</b>	<b>+11%</b>

<sup>1</sup> All results in this trading update are unaudited and on a proforma basis, as if Paddy Power and Betfair had always been merged with the comparative period representing the three months ended 31 December 2015 (“Q4 2015”) or the year ended 31 December 2015 (“FY 2015”), as applicable.

<sup>2</sup> Constant currency (“cc”) growth in this trading update is calculated by retranslating non-sterling denominated component of 2015 at 2016 exchange rates.

<sup>3</sup> Underlying EBITDA excludes exceptional items, such as merger related expenses and integration costs

Contact:

Paul Rushton, Investor Relations	+ 44 20 8834 6139 / + 353 1 903 9105
James Midmer, Corporate Communications	+ 44 20 8834 6843 / + 353 1 903 9106
Billy Murphy, Drury / Porter Novelli	+ 353 1 260 5000
Rob Greening / Simon Compton, Powerscourt	+ 44 20 7250 1446

**About Paddy Power Betfair**

*Paddy Power Betfair plc is one of the leading sports betting and gaming groups in the world.*

*The business was formed from the February 2016 merger of Paddy Power plc and Betfair Group plc and has four divisions:*

**Online**, which runs two of Europe's leading online sports betting and gaming brands, Paddy Power and Betfair, as well as a telephone based sportsbook and a number of B2B partnerships

**Australia**, consisting of Sportsbet, the market leader in the fast-growing Australian online betting market

**US**, which combines TVG, America's leading horse-racing TV and betting network, Betfair Casino, an online casino in New Jersey, and the Betfair New Jersey Exchange

**Retail**, which operates over 600 Paddy Power betting shops across the UK and Ireland

*Following the successful merger, Paddy Power Betfair's strategy is to create and sustain a world class, high performing business by strengthening or developing leading positions in large regulated markets. This will be achieved by generating superior returns through scale, capability and innovation, fuelled by focussed investment in people, technology, product, risk, trading and marketing, primarily in mobile online sports betting.*