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GVC Holdings PLC
09 March 2018

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GVC Holdings PLC

("GVC" or the "Group")

Final results for the year ended 31 December 2017

GVC Holdings PLC (LSE:GVC), the multinational sports betting and gaming group, is pleased to announce audited results for the year ended 31 December 2017.

Year ended 31 December[1]	2017 €m	2016 (pro forma[2]) €m	Change	Constant currency	2016 (actual) €m
NGR	925.6	794.3	*17%*	*17%*	743.1
NGR (including discont'd[3])	1,008.0	894.6	*13%*	*15%*	843.4
Revenue	896.1	772.9	*16%*	*16%*	723.0
Clean EBITDA[4]	239.5	170.5	*40%*		158.3
Clean EBITDA (inc discont'd)	274.2	205.7	*33%*		193.5
Adjusted[5] PBT	178.7				58.9
Adjusted EPS €	0.56				0.19
Adjusted EPS (inc discont'd) €	0.66				0.31
DPS €	0.34				0.30

Financial highlights[1]

- NGR +17% to €925.6m vs pro forma 2016 (+ 17% in constant currency)
- Clean EBITDA +40% to €239.5m vs pro forma 2016
- Adjusted profit before tax +182% to €178.7m
- Adjusted EPS €0.56 (2016: €0.19), adjusted EPS inc discont'd €0.66 (2016: €0.31)
- Second interim dividend €0.175, giving full year €0.34 (+13% vs 2016)
- Net debt €108.6m (2016: €126.1m)

Operational highlights[1]

- Sports Brands NGR +20% vs pro forma 2016, driven by strong sports and gaming
- Games Brands NGR +12% vs pro forma 2016, driven by investment in partypoker and positive performance from casino brands
- Platform migration of all key territories now complete
- Significant product development and enhancements released in 2017 and more to come in 2018
- Disposal of Headlong and associated Turkish facing businesses

Update and Current Trading (Q1 for period up to 4 March)

- GVC and Ladbrokes Coral shareholders overwhelmingly approve acquisition
- Strong start to 2018 with NGR +16% (+18% in constant currency) up to 4 March 2018
- Acquisition post period end of 51% of Mars LLC ('Crystalbet') in Republic of Georgia
- Board's expectations for the full year remain unchanged

Kenneth Alexander (CEO) said:

"GVC achieved a significant amount in 2017 and as these numbers demonstrate, we have delivered material value from the bwin.party acquisition. It is particularly pleasing that we have been able to produce such strong results at the same time as completing the integration of bwin.party and continuing to enhance our product offering. Our core markets offer attractive growth prospects but we also recognise the opportunity presented by our proprietary technology to create significant synergies through M & A. The importance of geographic diversification is also a key dynamic given the evolving regulatory backdrop. Thus the acquisition of Ladbrokes Coral Group represents an exciting opportunity, bringing together industry leading online and retail brands. There will be plenty of hard work ahead, but we are confident that GVC will deliver once again."

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

[1] *All financial figures based on continuing operations unless otherwise stated*

[2] *Assumes bwin.party acquisition completed on 1 January 2016*

[3] *Discontinued operations include Headlong and associated Turkish facing businesses*

[4] *Earnings before interest, taxation, depreciation, amortisation, share option costs, impairment charges, exceptional items and other non-trading items*

[5] *Profit before exceptional items, amortisation associated with acquisitions, dividends from previously sold businesses, amortisation of loan fees and repayment option*

Presentation and live webcast

A presentation for analysts and investors will be held today at 9:30am GMT in the offices of Buchanan Communications, 107 Cheapside, London, EC2V 6DN.

A live audio webcast of the results presentation will be available at 9.30am via the following link:

http://vm.buchanan.uk.com/2018/gvc090318/registration.htm

An on demand replay will also be available via the same link and on the GVC website from 12 noon.

- ends -

For further information:

GVC Holdings PLC

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About GVC Holdings PLC

GVC Holdings PLC is a leading e-gaming operator in both B2C and B2B markets. GVC has four business segments with a number of brands; Sports Brands (bwin, Sportingbet, Gamebookers), Games Brands (partypoker, partycasino, Foxy Bingo, Gioco Digitale, CasinoClub), B2B and non-core assets. GVC acquired bwin.party digital entertainment plc on 1 February 2016. The Group is headquartered in the Isle of Man, is a constituent of the FTSE 250 index and has licences in 18 jurisdictions.

For more information see the Group's website: www.gvc-plc.com

Definition of terms

Clean EBITDA	Earnings before interest, taxation, depreciation, amortisation, impairment charges, changes in the fair value of derivative financial instruments, share option charges and exceptional items
Contribution	Revenue less betting taxes, payment service provider fees, software royalties, affiliate commissions, partner shares and marketing costs
Contribution margin	Contribution as a percentage of NGR
Constant currency basis	Each month in the prior period re-translated at the current periods exchange rate
Enlarged Group	GVC Holdings plc incorporating Ladbrokes Coral Group

IFRS	International Financial Reporting Standards
KPIs	Key Performance Indicators
Net debt	Cash and cash equivalents (including amounts recorded as assets in disposal groups classified as held for sale), less customer liabilities less interest bearing loans and borrowings.
Net Gaming Revenue ("NGR")	Revenue before deducting VAT
Revenue	Net Gaming Revenue less VAT (imposed by certain EU jurisdictions on either sports or gaming revenue)
Sports Gross Margin	Sports wagers less payouts
Sports Gross Margin %	Sports Gross Margin divided by Sports wagers
Sports Net Gaming Revenue ('Sports NGR')	Sports Gross Margin less free bets and promotional bonuses

Dividend timetable

09 March	Dividend declared
22 March	Ex-dividend date
23 March	Record date
03 May	Payment date

Future trading updates and financial calendar

April	Trading update
w/c 23 April	Posting of 2017 Annual Report
6 June	AGM
July	Trading update
September	Interim results
October	Trading update

Chairman's Statement

The upward trajectory and evolution of GVC into one of the world's leading online gaming companies continued apace in 2017, culminating in the recommended offer for the Ladbrokes Coral Group plc, announced in December. Ladbrokes Coral shareholders on 8 March voted overwhelmingly in favour of the GVC offer. Before looking at the transaction in more detail it is worth reflecting on what we achieved in 2017 which positioned the Group to be able to pursue such an exciting opportunity.

Operational integration complete
In February 2016, we undertook our most ambitious acquisition to date with the purchase of bwin.party. In less than two years the business has been fully integrated within the GVC Group. The migration of Latin America onto the bwin.party technology platform completed in early 2018 and represented the last material element to complete the full integration. I'm pleased to report that the migration process was a great success, both from a technology and customer perspective. All of our customers now enjoy a significantly enhanced user experience in terms of breadth of product and speed of delivery.

In May 2017, we held a Capital Markets day to demonstrate to investors and analysts the progress we had made with the integration of bwin.party and to give a better insight into GVC and the people, brands and technology that drive the business. The event was well attended and particularly pleasing was the positive feedback on the breadth and depth of our senior management team, something that we are very proud of and which is critical to the success of the business.

Financial performance
Acquisitions and integrations can often cause short-term distractions in businesses, temporarily impacting growth. Therefore, it is pleasing to report such a strong revenue performance in 2017. On a reported basis, NGR for the financial year to 31 December 2017 was €925.6m, an increase of 17% over pro forma 2016 and +17% on a constant currency basis. Given that 2016 included the UEFA

European Championship, the underlying growth was even more impressive. Including discontinued[1] activities, NGR was €1,008.0m, an increase of 13% on pro forma 2016.

Strong revenue growth combined with the continuing benefit from synergies, saw Clean EBITDA rise 40% over pro forma 2016 to €239.5m. This represented an improvement in the Clean EBITDA margin to 26% (21% pro forma 2016). Including discontinued businesses, total Clean EBITDA was €274.2m compared to €205.7m for pro forma 2016. With a second interim dividend of 17.5 euro cents per share declared, the total declared dividend for the 2017 financial year was 34 euro cents. This represented an increase of 13% on the aggregate two special dividends declared for the 2016 financial year. In 2017, we returned €141m to shareholders via ordinary and special dividend payments.

The strong financial and operational progress made by the Group, enabled us to secure materially improved debt facilities in 2017. In February 2017, the Cerberus Loan used to partially finance the acquisition of bwin.party, was repaid in full via a bridging loan and this was subsequently replaced with a new €250m six-year Senior Secured loan and €70m RCF at materially lower rates of interest. In November 2017, the Senior Secured loan was extended by a further €50m, with a reduction in margin (2.75% + euribor vs 3.25% previously) and on more flexible covenants.

Corporate activity
2017 saw the Group undertake a number of transactions as we continue to reshape our business to maximise long-term shareholder returns. In May 2017, we concluded the sale of the payment processing business operating under the Kalixa brand. Kalixa was a non-core activity that was originally part of the bwin.party acquisition. During the second-half of last year we acquired Cozy Games, and with it, Cozy's proprietary bingo platform. As a result, GVC now has proprietary technology across all key online gaming verticals - an important differentiator from our peers. Also during 2017, we took full control of our marketing operations in Greece after buying out our partners.

In an increasingly regulated online gaming environment and one where industry consolidation is vital to diversifying risk and addressing increased costs/taxation, the Board took the decision in November 2017 to dispose of GVC's Turkish-facing operations. The original intention was to sell the respective businesses in return for an earn-out over a five-year period. However, as part of the proposed Ladbrokes Coral Group acquisition, GVC elected to give up the right to future earn-out payments. The scale of the potential synergies together with the strategic benefits of the Ladbrokes Coral transaction, meant that this was a dis-synergy that was firmly in the interests of the business and its shareholders.

Turning to the proposed Ladbrokes Coral Group acquisition, the combination will create one of the world's largest online gaming groups, with a large portfolio of established brands and a proven scalable proprietary technology platform. Over 90% of revenues would be derived from regulated and/or locally taxed markets and as new markets open up this regulatory footprint will become increasingly important. Furthermore, at least £100m of annualised synergies are expected to be derived from the enlarged Group. These synergies are in addition to the remaining synergies expected to be derived from the Ladbrokes combination with Coral. Yesterday in separate votes, Ladbrokes Coral and GVC shareholders voted in favour of the recommended offer.

In March 2018, we announced the acquisition of 51% of Mars LLC (trading as Crystalbet), one of the Republic of Georgia's leading fully regulated online gaming companies. Crystalbet management has a proven track record, delivering strong growth and gaining market share with a highly effective approach to customer acquisition. GVC will provide Crystalbet with access to a greater portfolio of product and shared expertise. We expect to acquire the remaining 49% in 2021.

Regulation
Millions of customers enjoy the entertainment of gambling and have a positive experience, however, for those few that demonstrate problem gambling behaviours, we as operators have an obligation to protect them. In many of the markets in which we operate, the gaming industry has come under the increasing scrutiny of regulators. The UK Gambling Commission (UKGC) in particular has been driving the industry to improve its approach to problem gambling and we very much support this. Where the UKGC has initiated, we as an industry now have to lead. Ultimately, a higher quality, more professional industry will be positive for both consumers and operators.

Board
In June 2017, Jane Anscombe was appointed to the Board and became Chair of the Remuneration Committee. Jane played a key role in the introduction of the new incentive plans for management, which were approved by shareholders at an EGM in December 2017. Norbert Teufelberger retired from the Board in February 2018, having served his two-year term. Norbert joined the Board following the acquisition of bwin.party and we would like to thank him for his contribution and wish him all the very best for the future. Upon completion of the Ladbrokes Coral Group transaction, Paul Miles will step down from his position as Chief Financial Officer to be succeeded by Paul Bowtell of Ladbrokes Coral Group plc. Paul Miles has considerably strengthened the Group's finance function since he arrived and played a key role in the further development of GVC as a successful global business. We thank Paul for his hard work, professionalism and being a great member of the team.

I would also like to thank the entire GVC team for their hard work that has enabled the Group to continue to deliver such strong financial results. The gaming industry continues to evolve, presenting opportunities and challenges, but through our high quality people, strong brands and proprietary technology, GVC is well placed to continue to deliver shareholder value.

GVC will be posting its 2017 Annual Report to shareholders in the week commencing 23 April 2018 and it will be uploaded on our website (www.gvc-plc.com) from that date. The AGM will be held in Gibraltar on 6 June 2018.

Lee Feldman
Non-Executive Chairman
8 March 2018

[1]*Discontinued activities includes Headlong and associated Turkish facing operations*

Chief Executive's Review

The Group enjoyed a highly successful 2017, comfortably exceeding market expectations[6] at the beginning of the year, both in terms of NGR and Clean EBITDA. All figures and narrative are for continuing businesses unless stated.

Year ended 31 December	2017 €m	2016 (actual) €m	2016 (pro forma[3]) €m	Change	Constant currency
Sports wagers	3,855.4	3,567.3	3,789.6	*2%*	*2%*
Sports margin	10.8%	9.4%	9.4%		
NGR	925.6	743.1	794.3	*17%*	*17%*
NGR (inc discont'd)	1,008.0	843.4	894.6	*13%*	*15%*
Revenue	896.1	723.0	772.9	*16%*	
Contribution	454.4	393.6	420.1	*8%*	
Contribution margin	*49%*	*53%*	*53%*		
Clean EBITDA	239.5	158.3	170.5	*40%*	
Clean EBITDA (inc. discont'd)	274.2	193.5	205.7	*33%*	
Statutory operating loss	(5.2)	(116.0)			
Adjusted PBT	178.7	58.9			
Statutory loss before tax	(25.6)	(173.5)			
Adjusted EPS €	0.56	0.19			
Adjusted EPS (inc discont'd)	0.66	0.31			
DPS €	0.34	0.30			

NGR for the year ended 31 December 2017, was €925.6m, representing an increase of 17% on pro forma[3] 2016 (€794.3m) and +17 in constant currency. This was particularly pleasing given the absence of a major summer football tournament in 2017 compared to the prior year, which benefited from UEFA Euro 2016. Including discontinued businesses, Group NGR was €1,008.0m, an increase of 13% (+15% on a constant currency basis) on pro forma 2016. Approximately 74% of NGR was derived from markets that were regulated and/or locally taxed[7]

Clean EBITDA was €239.5m, representing an increase of 40% on pro forma 2016 (+51% on a reported basis), with the margin improving to 26% (21% pro forma 2016). The improvement in EBITDA margin came despite an increase in the proportion of revenues from regulated/locally taxed markets and the return to a more normalised level of marketing investment (25% of NGR vs 21% in pro forma 2016). Revenue growth and incremental synergy benefits from the bwin.party acquisition more than offset these higher variable costs. Clean EBITDA including discontinued businesses increased to €274.2m, (pro forma 2016: €205.7m). A statutory operating loss of €5.2m (2016: loss €116.0m) was reported, which included exceptional charges and non-trading items of €76.0m (2016: €107.0m) and amortisation of acquired assets of €121.0m (€109.5m).

Adjusted PBT was €178.7m, compared to €58.9m in 2016, reflecting the growth in Clean EBITDA and significantly lower finance costs following the refinancing of debt facilities in February 2017. As a result adjusted EPS, increased by 195% to 56 euro cents per share. The statutory reported loss before tax was €25.6m (€173.5m loss in 2016).

In December 2017, we disposed of our Turkish facing businesses and these contributed revenues of €82.4m (2016: €100.3m), Clean EBITDA of €34.7m (2016: €35.2m) and a loss before tax €15.3m for the period up to disposal (19 December 2017) against a PBT of €34.9m in 2016.

The second interim dividend declared for the 2017 financial year was 17.5 euro cents, giving 34.0 euro cents in aggregate. This represents an increase of 13% against the two special dividends paid for the 2016 financial year. In aggregate, we returned €141m to shareholders via dividends paid in 2017.

In January 2018, we announced that we had received an assessment from the Greek authorities for taxes and associated fines and interest amounting to €186.77m. This related to one of the Group's subsidiaries with respect to the tax years 2010-11. The Board strongly disputes the basis of the Assessment calculation, believing the assessed quantum to be widely exaggerated. Having received professional legal and tax advice, the Group is confident that it is in a strong position to appeal the assessment and has commenced the appropriate process. As previously announced, the appeals process requires the Group to make payments of c€8m per month and this has commenced in agreement with the Greek authorities. Until those proceedings advance further, on the balance of probability the Directors do not feel a potential liability will arise. We will update the market accordingly.

Integration update

Technology is core to the success of GVC and the smooth integration of bwin.party is testament both to the strength of the platform and the high quality of our people. Latin America was the last major regional market to be migrated onto the technology platform acquired as part of the bwin.party acquisition and this was completed early in 2018. Through hard work and careful planning the migration process has been a complete success, from both a technology and a customer experience perspective. What is particularly pleasing is that we have achieved this, together with product enhancements at the same time as significantly reducing our technology costs.

Operational overview

GVC operates through four divisions; Sports Brands, Games Brands, B2B and Non-core. To give a more accurate reflection of year on year comparative performance, unless stated all figures exclude discontinued activities and 2016 divisional KPIs are provided on a pro forma basis.

Sports Brands

The division encompasses a number of well-established sports brands including; bwin, Sportingbet, Betboo and Gamebookers, of which the former is the largest.

Year ended 31 December	2017 €m	2016 (pro forma) €m	Change	Constant currency	2016 (actual) €m
Sports wagers	3,785.6	3,724.4	*2%*	*2%*	3,508.3
Sports margin	10.8%	9.4%			9.4%
Sports NGR	331.2	277.9	*19%*	*18%*	260.7
Gaming/other NGR	332.6	275.7	*21%*	*20%*	259.7
NGR	663.8	553.6	*20%*	*19%*	520.4
EU VAT	(22.2)	(15.0)	*(48%)*		(13.9)
Revenue	641.6	538.6	*19%*		506.5
Contribution	360.3	318.1	*13%*		298.6
Contribution margin	*54%*	57%			*57%*

Divisional NGR rose 20% in 2017 against 2016 (+19% on a constant currency basis). The sports gross win margin was 10.8% (9.4% in 2016), ahead of the previous long-term guidance of 10%. Given the evolving geographic mix of the business, we now believe the long-term average gross win margin should be c10.5%. Amounts wagered grew 2%, this was despite the strong gross margin. It should also be noted that unlike 2016, there was no major summer football tournament in 2017.

The combination of above average gross win margin and solid wagering performance, led to sports NGR growing 19% to €331.2m compared to pro forma 2016. Meanwhile, the benefits of a programme of continuous improvement in the product offering and a greater emphasis on cross-selling saw gaming NGR from sports customers increase by 21% to €332.6m (2016: €275.7m).

Contribution from Sports Brands improved to €360.3m, an increase of 13% on pro forma 2016. The contribution margin was 54% (2016: 57%), the decline reflecting the impact from the disposal of Kalixa (previously internally consolidated costs now being external), changing geographic mix and an increase in marketing expense.

At the beginning of 2017 we signalled our intention to return marketing spend on the bwin brand to more normalised levels after a period of reduced investment. Marketing spend at Sports Brands increased in absolute terms by some €33.4m, and as a percentage of NGR amounted to 19% compared to 17% in 2016. A core component of the investment was a new marketing campaign for bwin, including a high production broadcast advertisement, promoting a dynamic 'live the action' message. This was well received by customers, both existing and new.

Although the migration of the sports brands on to a single platform was a key focus for the year, this did not stop us developing and delivering new products and enhancements to our customers. Our golf, horse racing and tennis products saw major upgrades, while the number of live betting events offered increased by c50%. A revamped user experience with improved navigation on in-play and mobile delivered a richer smoother experience for customers. Mobile also continued to grow strongly, with over two thirds of sports betting gross revenues now derived through this channel. In addition, mobile now represents half of gaming revenues compared to 37% in 2016.

The FIFA World Cup takes place in Russia during the summer and we aim to deliver further product enhancements ahead of the tournament.

Games Brands

GVC owns a number of stand-alone, well-known gaming brands including partypoker, PartyCasino, Casino Club, Gioco Digitale and Foxy Bingo.

Year ended 31 December	2017 €m	2016 (pro forma) €m	Change	Constant currency	2016 (actual) €m
Sports wagers	69.8	65.2	*7%*	*7%*	58.9
Sports margin	8.3%	7.7%			7.7%
Sports NGR	4.7	4.3	*9%*	*10%*	3.8
Gaming/other NGR	224.0	199.2	*12%*	*14%*	184.4
NGR	228.7	203.5	*12%*	*14%*	188.3
EU VAT	(7.3)	(6.4)	*(14%)*		(6.2)
Revenue	221.4	197.1	*12%*		182.1
Contribution	77.0	89.0	*(13%)*		82.9
Contribution margin	*34%*	*44%*			*44%*

Games Brands NGR rose 12% (+14% on a constant currency basis) to €228.7m against 2016. Contribution from Games Brands declined to €77.0m (2016: €89.0m), reflecting increased investment in partypoker, along with the impact from the disposal of Kalixa (as outlined above) and incremental increases in gaming taxes.

In 2017, partypoker revenues rose 42% (+41% constant currency), against a global poker market that was estimated to have grown by just 2% in the same period (source: H2 Gambling Capital). Our new live global tour was launched under the partypoker LIVE umbrella in January 2017 and yielded very encouraging results in its debut season. Total guaranteed tournament prize pools of $68m were exceeded by over 7%, with over 26,000 unique players participating during the year. The partypoker live tour in 2018 will dwarf the debut season, with cumulative guarantees of over $150 million. During the year we continued to upgrade the customer proposition including updates to lobby, tables and mobile apps, along with an overhaul of the loyalty scheme. First time depositor numbers rose by 25% in 2017, whilst the number of re-activations reached their highest level in four years - giving us confidence that partypoker remains a significant brand with real heritage in the online poker market.

Our strategy for partypoker is an ambitious one, with the aim of re-energising one of the world's best-known online gaming brands. We have invested significantly in both marketing and product over the last 18 months and will continue to do so over the medium-term. However, during 2018 and beyond we expect marketing spend to decline as a proportion of NGR as the benefits of increased liquidity and product development begin to come through. As part of our strategy, we entered into a marketing agreement with our main offline tournament partner. Our partner established a new company and as part of the deal, GVC has entered into a put and call agreement dependent on the enhancement to the EBITDA of the poker business.

After many years of decline PartyCasino returned to underlying growth in 2017. The business underwent a rebranding during the year, promoted by a new TV-led marketing campaign and the opportunity to win admission to a new 'big Party event in Ibiza'. Major improvements to the product were implemented in 2017, in particular an expansion in the breadth of games offered and a brand new lobby on desktop and mobile.

Gioco Digitale, our Italian facing gaming business, recorded an impressive performance in 2017, growing faster than the underlying market. This was due to a number of factors including new marketing activity encompassing both television and digital channels, a significant increase in games content and improved customer retention.

2017 was another strong year for Casino Club, which benefitted from a significant investment in its content and games portfolio. While Casino Club's foundation has been its signature table games the games offering had been limited but in H2 of 2017 we added 100s of new titles to its portfolio.

Bingo is the Group's smallest gaming vertical and in 2017 we restructured the business and significantly reduced marketing spend whilst this was undertaken. As expected, revenues at Foxy (the Group's principal bingo brand) declined but profitability improved. In the second-half of 2017 we acquired Cozy Games, a leading provider of B2B services to the bingo sector. Cozy owns its own proprietary bingo technology platform and gives the Group increased long-term flexibility.

The focus in 2018 and beyond very much remains improving the customer experience across all of our gaming brands. We aim to deliver more unique in-house developed content than ever before, whilst at the same time take the best content from third-party suppliers.

B2B

The Group provides B2B services to a number of well-known gaming business including MGM, Danske Spil, Fortuna and PMU.

Year ended 31 December	**2017 €m**	**2016 (pro forma) €m**	**Change**	**Constant currency**	**2016 (actual) €m**
Revenue	16.5	14.2	*16%*	*n/a*	13.3
Contribution	15.1	14.0	*8%*	*n/a*	13.1
Contribution margin	*92%*	*99%*			*98%*

B2B revenues rose by 16% to €16.5m (pro forma 2016: €14.2m), whilst the contribution improved to €15.1m (pro forma 2016: €14.0m). During 2017 the Group expanded its relationship with MGM, launching a new branded website in New Jersey. We also signed a B2B deal with Rambler Media, to support the launch of the first licenced international sports betting brand in Russia. This went live in Q4 2017 and given the World Cup in Russia during summer 2018, we are excited about the opportunity for bwin.ru.

Looking further ahead, we are paying close attention to regulatory developments and opportunities in the US. In October 2017 Pennsylvania passed legislation to allow online casino and poker in the state. The detail of the legislation is being worked on and we are in active discussions with a number of parties regarding the provision of B2B services in Pennsylvania.

The US Supreme Court is due to rule in the comings months over the possible repeal of PASPA (The Professional and Amateur Sports Protection Act), legislation that effectively prohibits US states from legalising online sports betting. A positive ruling in favour of the states could transform the regulated online betting proposition in the US. The Group believes it is in a strong position should the sports betting market open given that we can offer partners a full technology suite from sports to poker to casino, and are already licenced to supply gaming technology in New Jersey.

Other

Year ended 31 December	**2017 €m**	**2016 (pro forma) €m**	**Change**	**Constant currency**	**2016 (actual) €m**
Revenue	16.6	23.0	*(28%)*	*n/a*	21.1
Contribution	2.0	(1.0)	*(297%)*	*n/a*	(1.0)

Contribution margin	*12%*	*N/A*	*N/A*

Following the disposal of Kalixa in May 2017, the division solely consists of InterTrader, our financial spread betting and CFD business.

InterTrader revenues were €10.5m for the period, representing growth of 53% over pro forma 2016. Growth was driven by effective marketing/efficiencies once InterTrader began operations under its own licence and the absence of disruption caused in 2016 from the move to a new platform provider.

Kalixa contributed revenues of €6.1m up until disposal in May 2017

Ladbrokes Coral Group

Yesterday as noted above both Ladbrokes Coral and GVC shareholders voted overwhelmingly in favour of the proposed transaction and we now await the required regulatory clearance for the transaction to complete. The combination of the two groups will create one of the largest listed sports betting and gaming companies in the world, with an unrivalled portfolio of established gaming brands across international markets. This together with our proprietary technology and deep pool of industry talent, leaves us well positioned to further benefit from the opportunities presented by the global gaming market.

Other corporate activity

Our global ambition has been further enhanced by the announcement on 5 March that we have agree to acquire 51% of Mars LLC ("Crystalbet"), with the commitment to acquire a further 49% in 2021. Crystalbet is the leading online sports betting operator in the Republic of Georgia, a fully regulated gaming market. Management has grown the business impressively and their philosophy and approach is in line with that of GVC. We are very excited about the prospects for the business.

Current trading

The Group has enjoyed a strong start to the current year with like-for-like NGR +16% (+18% constant currency) for the period up to 4 March 2018 and the Board's expectations for the full year remain unchanged.

The gaming industry continues to evolve rapidly, presenting both opportunities and challenges. GVC has never stood still. Our strategy is very much focused on the mid to long-term and ensure we position ourselves to maximise our potential in such a dynamic industry. We are not frightened of challenge or change. We are excited about the opportunity presented by the acquisition of Ladbrokes Coral, which is a significant and important part of our strategic goal of becoming a global gaming group of substantial scale and diversification, whilst continuing to create significant shareholder value.

Regulatory update

The Group operates in a dynamically evolving industry and nowhere is this more pronounced than regulation. From a global perspective an increasing number of countries are moving to regulate their respective online gaming markets. This will present opportunities for the Group, particularly given its broad experience across international markets. A licensed and sensibly taxed regulatory structure is the best way to ensure player protection and generate revenues for governments. Within the EU, we work with the industry and those committed to upholding the open market values of being part of the Union.

Regulatory change is no less rapid in markets with established online gaming legislation. In these territories regulatory changes are a reflection of the growth in the industry. We welcome regulation that leads to increased standards across the industry and enable many millions of people to enjoy our products.

In 2017, approximately 74% of the Group's continuing revenues were derived from regulated and/ or locally taxed markets. The Group is currently licensed in more than 18 territories.

In Germany, bwin was among the 20 successful applicants for a sports betting licence in 2014. However, this process was subsequently suspended after being challenged by operators who failed to secure licences and therefore licences were never granted. In 2017, a proposed Second Amendment to the State Treaty on Gambling would have seen all 35 operators (including bwin) that fulfilled the minimum criteria in the licensing procedure receiving sports betting licenses in 2018. However, the proposed Second Amendment was never ratified, with a growing number of states calling for more significant changes to the State Treaty on Gambling than those presented by the Second Amendment. In particular, there is growing recognition among some states that German consumers will be best protected by the creation of a legal framework of licensing for casino and poker as opposed to a ban. The Group currently pays betting tax/VAT on all of its German revenues.

2017 saw another US state, Pennsylvania, pass legislation to create a regulated online gaming market, initially for poker and casino. The finer details of the legislation have yet to be published but the Group is in active talks with a number of parties to ascertain whether entry into the market is financially viable.

Another significant development in the US in 2017 was the referral of New Jersey's challenge to existing legislation that prevents states from enabling a regulated online sports betting market, with the US Supreme Court expected to announce judgement in the coming months. A number of states have already commented that should the Supreme Court rule positively then they will look to regulate online sports betting. The Group is already licensed in New Jersey and is in discussions with a number of potential partners in the event online sports betting is permitted in the US.

In the UK, changes to the point of consumption tax for casino, poker and bingo (now applied to gross rather than net revenues), came into force in Q4 2017. If the changes had been in place for the full year the incremental tax cost to the Group would have been €4.5m.

Through a B2B deal with Rambler Media, bwin became the first major international sports betting brand to be licensed under a new Russian regulatory regime. The bwin.ru site went live in November 2017, presenting the Group with an exciting opportunity ahead of this year's FIFA World Cup.

During 2017, the Swedish government announced plans to introduce legislation that would enable international companies to apply for online gaming licenses for the first time. The application process is expected to begin in 2018 with licences granted in 2019. With a proposed tax rate of 18% of revenues, the legislation will encourage operators to apply for licenses affording customers greater protection.

In the Netherlands, it is expected that an online gaming bill will be passed by parliament in 2018 with the first licences expected to be granted in 2019. Meanwhile, following an agreement between France, Portugal and Spain, licensed poker operators are now able to share liquidity across the three countries.

On 28 February 2018, the CJEU found in favour of the Group's subsidiary, Sporting Odds Ltd, against Hungary, under the principles of the freedom to offer services under EU law.

Kenneth Alexander
Chief Executive
8 March 2018

6 2017 consensus including discontinued activities; NGR €907.3m, Clean EBITDA €254.7m. Source FactSet 1/1/2017
7 Includes regulated, regulating and locally taxed

Report of the Chief Financial Officer

It is a pleasure to be able to report such a strong set of figures that reflect the continued positive progress made by the Group.

The table below summarises the key GAAP financial measurements.

Year ended 31 December	**2017**	**2016**
Continuing operations	**€m**	**€m**
Revenue	896.1	723.0
Operating loss	(5.2)	(116.0)
Loss before tax	(25.6)	(173.5)
Basic EPS	(0.13)	(0.51)

A summary of revenue, contribution and expenditure by reporting segment is shown below. For the purposes of comparing underlying like for like performance year-on-year, the table below details pro forma 2016 financial data as if the acquisition of bwin.party had completed 1st January 2016. Discontinued activities represent Headlong and associated Turkish facing businesses that were disposed of in December 2017.

It is worth noting the distinction between net gaming revenue (NGR), a figure before VAT, and Revenue, the "statutory" number, stated after VAT. While Clean EBITDA (earnings before interest, taxation, depreciation, amortisation, share based payments, exceptional items and changes in fair value derivatives) is a non-GAAP measure, it is used by the Group's management to assess the underlying performance of the business.

Year ended 31 December	**2017**	**2016 (pro forma)**	**2016 (actual)**
	€m	**€m**	**€m**
Sports Brands	3,785.6	3,724.4	3,508.4
Games Brands	69.8	65.2	58.9
Total sports wagers	**3,855.4**	**3,789.6**	**3,567.3**
Discontinued	555.7	764.0	764.0
Total sports wagers (inc discont'd)	**4,411.1**	**4,553.6**	**4,331.3**
Sports Brands	663.8	553.6	520.4
Games Brands	228.7	203.5	188.3
B2B	16.5	14.2	13.3
Other	16.6	23.0	21.1
NGR	**925.6**	**794.3**	**743.1**
Discontinued	82.4	100.3	100.3
Total NGR (inc discont'd)	1,008.0	894.6	843.4
EU VAT	(29.5)	(21.4)	(20.1)
Total revenue (inc discont'd)	**978.5**	**873.2**	**823.3**
Total revenue	**896.1**	**772.9**	**723.0**
Sports Brands	360.3	318.1	298.6
Games Brands	77.0	89.0	82.9
B2B	15.1	14.0	13.1
Other	2.0	(1.0)	(1.0)
Contribution	**454.4**	**420.1**	**393.6**
Discontinued	42.6	43.9	43.9
Total Contribution (inc discont'd)	**497.0**	**464.0**	**437.5**

Sports Brands	54%	57%	57%
Games Brands	34%	44%	44%
B2B	92%	99%	98%
Other	12%	(4%)	(5%)
Contribution margin	***49%***	***53%***	***53%***
Discontinued	*52%*	*44%*	*44%*
Total Contribution margin (inc discont'd)	***49%***	***52%***	***52%***

Brands and B2B	(157.7)	(187.0)	(176.7)
Other	(8.8)	(17.6)	(16.3)
Corporate	(48.4)	(45.0)	(42.3)
Expenditure	**(214.9)**	**(249.6)**	**(235.3)**
Discontinued	(7.9)	(8.7)	(8.7)
Total expenditure (inc discont'd)	**(222.8)**	**(258.3)**	**(244.0)**

Brands and B2B	294.7	234.1	217.9
Other	(6.8)	(18.6)	(17.3)
Corporate	(48.4)	(45.0)	(42.3)
Clean EBITDA	**239.5**	**170.5**	**158.3**
Discontinued	34.7	35.2	35.2
Total Clean EBITDA (inc discont'd)	**274.2**	**205.7**	**193.5**

All figures and narrative refer to continuing operations unless noted otherwise.

NGR

NGR grew 17% to €925.6m for the year to December 2017 versus pro forma 2016. On a constant currency basis, pro forma NGR grew by 17% in the year. Including discontinued activities, NGR rose 13% to €1,008.0m vs €894.6m for pro forma 2016.

Both Sports Brands and Games Brands enjoyed double digit growth, with the benefits of improved product and customer proposition being key factors.

Revenues

Revenues grew by 16% to €896.1m over the 12 months to 31 December 2017, compared to pro forma 2016. VAT increased due to a combination of geographic mix and a full year impact from the imposition of VAT on gaming revenues in Belgium.

Variable costs and contribution

The key components of variable costs remain: betting taxes and duties, payment processing costs, software royalties, affiliate commissions, partner shares and marketing costs.

Contribution in the period was €454.4m, up from €420.1m in pro forma 2016. The decline in the Contribution margin on a pro forma basis to 49% from 53% reflected a greater proportion of revenues coming from locally taxed markets and a return to a more normalised level of marketing spend. In addition, following the disposal of Kalixa, costs previously accounted for as intra-company costs, now being recorded as a cost of sale.

Expenditure

The prime components of expenditure are personnel (representing around 58% of the cost base) and technology (representing approximately 22% of the cost base). Both personnel and technology costs declined during the period reflecting the benefits of the synergies from the acquisition of bwin.party. Other significant costs include real estate, travel and professional fees.

Year ended 31 December	**2017**	**2016 (pro forma)**	**2016 (actual)**
	€m	**€m**	**€m**
Personnel expenditure	(125.7)	(140.1)	(131.5)
Professional fees	(18.4)	(19.6)	(18.2)
Technology costs	(47.1)	(70.8)	(67.4)
Office, travel and other costs	(21.5)	(24.0)	(21.9)
Foreign exchange differences	(2.2)	4.9	3.7
	(214.9)	**(249.6)**	**(235.3)**

Clean EBITDA

While Clean EBITDA is a non-GAAP measure, it is used by the Group's management to measure the performance of the business. Clean EBITDA increased to €239.5m in 2017 from €170.5m pro forma in the previous year (€158.3m actual 2016).

Depreciation and Amortisation

Depreciation and amortisation for the period was €151.0m compared to €136.3m in 2016. Amortisation associated with intangible assets recognised on acquisition was €121.0m. These assets are being amortised over periods ranging from 3 to 12 years.

The amortisation of capitalised development expenditure amounted to €14.4m.

Year ended 31 December	2017	2016
	€m	€m
Depreciation	(15.6)	(19.8)
Amortisation		
- intangible assets recognised on acquisition	(121.0)	(109.5)
- internally generated intangibles	(14.4)	(7.0)
	(151.0)	**(136.3)**

Exceptional items

The bulk of the exceptional items have arisen on the acquisition of bwin.party and subsequent restructuring.

Year ended 31 December	2017	2016
	€m	€m
M & A costs	(7.7)	(51.5)
Premium listing application costs	-	(4.4)
Reorganisation costs	(23.9)	(14.4)
Contract termination costs	-	(11.7)
Accelerated depreciation	-	(12.5)
Progressive jackpots	-	(7.6)
Release of contingent consideration	-	(8.1)
Foreign exchange on deposit	(0.3)	(16.4)
Profit on disposal of joint venture	-	11.7
Legal settlements	(2.1)	-
Other	(5.9)	(2.9)
	(39.9)	**(117.8)**

Operating loss

The Group reported a statutory operating loss of €5.2m for the period, compared to a loss of €116.0m the previous year. Excluding exceptional items and amortisation associated with the Acquisition, the Group's operating profit was €155.7m compared to €111.3m in 2016.

The movement in fair value of derivative instruments comprises two main elements; the early repayment option (€22.5m charge) relating to the Cerberus Loan and, €12.0m charge relating to the put and call option associated with our poker marketing partner.

Year ended 31 December	2017	2016
	€m	€m
Clean EBITDA	239.5	158.3
Share based payments	(17.7)	(31.0)
Exceptional items	(39.9)	(117.8)
Depreciation & amortisation	(151.0)	(136.3)
Impairment of available for sale asset	-	(4.2)
Impairment of assets held for sale	(1.6)	-
Changes in the fair value of derivative financial instruments	(34.5)	15.0
Operating loss	**(5.2)**	**(116.0)**

Financing charges

These comprise: interest on indebtedness (principally loans), an accounting charge for debt fee amortisation, other debt administration fees and foreign exchange movements. Financial charges totalled €21.8m for the period compared to €65.3m for the corresponding period in 2016.

Year ended 31 December	2017	2016
	€m	€m
Loan interest	(14.2)	(46.0)
Amortisation of loan fees and early repayment option	(7.3)	(19.0)
Other interest	(0.3)	(0.3)
	(21.8)	**(65.3)**

(Loss) / Profit Before Tax

The Group reported a loss before tax of €25.6m against a loss before tax of €173.5m in 2016. As noted above, the loss was due to the exceptional items and amortisation associated with the acquisition of bwin.party. Excluding exceptional items and amortisation associated with the acquisition, the Group achieved an adjusted profit before tax of €178.7m against €58.9m for 2016 from continuing operations.

Year ended 31 December	2017 €m	2016 €m
Loss before tax	(25.6)	(173.5)
Exceptional items	39.9	117.8
Impairment of available for sale asset	-	4.2
Impairment of assets held for sale	1.6	-
Changes in the fair value of derivative instruments	34.5	(15.0)
Amortisation of acquired intangibles	121.0	109.5
Dividend income	-	(3.1)
Amortisation of loan fees and early repayment option	7.3	19.0
Adjusted profit before tax	**178.7**	**58.9**
Taxation	(10.2)	(7.9)
Adjusted profit after tax	**168.5**	**51.0**
Profit after tax from discontinued operations	30.4	34.6
Adjusted profit after tax inc discontinued operations	**198.9**	**85.6**

Taxation

The Group is currently headquartered in the Isle of Man, with key operating subsidiaries in Gibraltar (where the headline rate of corporation tax is 10%) and Malta (35% with an effective rate of 5%), as well as a number of jurisdictions with higher tax rates. For the year ended 31 December 2017 the tax credit was €1.9m. This comprised a corporation tax charge of €13.1m and a deferred tax credit of €15.0m.

Discontinued operations

On 22 December 2017, the Group completed the disposal of Headlong. The loss after tax attributable to discontinued operations for the 2017 financial year was €15.7m (profit after tax €34.6m 2016).

Earnings (loss) per share

Reported EPS for the period was a loss of13 euro cents (2016: loss of51). Adjusted EPS (based on loss after tax but before exceptional items, non-trading items, amortisation associated with acquisitions and tax on excluded items) from continuing operations, increased by 195% to 56 euro cents (2016: 19) and on a fully diluted basis increase to 54 euro cents (2016: 18). Adjusted EPS including discontinued operations was 66 euro cents (2016: 31).

Year ended 31 December	2017 €	2016 €
Basic EPS (inc discont'd)	(0.13)	(0.51)
Basic, fully diluted EPS (inc discont'd)	(0.13)	(0.51)
Adjusted continuing EPS	0.56	0.19
Adjusted, fully diluted continuing EPS	0.54	0.18
Adjusted EPS (inc discont'd)	0.66	0.31
Adjusted, fully diluted EPS (inc discont'd)	0.64	0.31

Dividends

The Group declared a second interim dividend of 17.5 euro cents in respect of the financial year ended 31 December 2017 and together with the first interim dividend of 16.5 euro cents this resulted in an aggregate of 34.0 cents for the period. This represented an increase of 13% on the aggregate declared special dividends of 30 euro cents for the 2016 financial year. In terms of dividends paid in 2017, this totalled 46.5 euro cents (nil in 2016).

Date declared	Description	Per share €x	Per share £p	Date paid
15/12/2016	Special dividend (FY 2016)	14.9	12.5	14/02/2017
23/03/2017	Special dividend (FY 2016)	15.1	13.1	12/05/2017
14/09/2017	Interim dividend (FY 2017)	16.5	14.6	19/10/2017

Cash flow

Free cash before exceptional items amounted to €161.6m for the year to 31 December 2017, compared to €71.3m during the previous year. This was achieved after capital expenditure of €38.4m and a working capital outflow of €16.0m, largely associated with the disposal of Kalixa.

Cash exceptional costs of €39.6m (2016: €86.4m) were predominantly associated with the integration and reorganisation of bwin.party. Acquisition costs net of cash acquired were €36.7m, of which Cozy Games (€22.3m) was the main component. Disposals of €30.7m represented the proceeds from the sale of Kalixa.

During the year the Group refinanced its debt facilities and this is covered in more detail below.

Year ended 31 December	**2017**	**2016**
	€m	**€m**
Clean EBITDA (inc discontinued)	274.2	193.5
Capitalised software development and other intangible asset purchases	(26.0)	(19.0)
Property, plant and equipment purchases	(12.4)	(15.8)
Interest paid including loan costs	(43.3)	(47.6)
Corporate taxes	(14.9)	(7.9)
Other working capital movements	(16.0)	(31.9)
Free cash flow before exceptional items	**161.6**	**71.3**
Exceptional items	(39.6)	(86.4)
Acquisitions net of cash acquired	(36.7)	(189.4)
Proceeds of issued share capital net of costs	47.0	193.8
Proceeds from disposals	30.7	20.9
Interest bearing loan drawdown	550.0	380.0
Loan repayments	(636.5)	(55.5)
Dividends paid	(141.0)	-
Other cash movements	1.3	4.8
Net cash generated	**(63.2)**	**339.5**
Foreign exchange	-	(0.7)
Cash and cash equivalents at beginning of period	367.0	28.2
Cash and cash equivalents at the end of period	**303.8**	**367.0**

Net debt and liquidity

Strong cash generation meant that despite acquisitions and dividend payments of a combined €177.7m, Group net debt still declined year on year. Net debt as at 31 December 2017 was €108.6m, representing 0.4x 2017 Clean EBITDA.

As at 31 December	**2017**	**2016**
	€m	**€m**
Loans due <1 year	-	(386.5)
Loans due > 1 year	(300.0)	-
Gross debt	**(300.0)**	**(386.5)**
Cash and cash equivalents	303.8	367.0
Short term investments	5.0	5.4
Less client liabilities	(117.4)	(112.0)
Net debt	**(108.6)**	**(126.1)**
Cash in transit with payment processors	54.1	60.0
Net debt adjusted for payment processors	**(54.5)**	**(66.1)**

In March 2017, the Group signed a €320m Senior Secured Term and Revolving Facility ("the Facility") comprising a €250m term loan (the "Term Loan") and a €70m revolving credit facility ("RCF"). The Term Loan was used to fully repay the Nomura Loan. In December 2017, the Term Loan was subsequently increased to €300m with the margin reducing to 2.75% over EURIBOR from 3.25% over EURIBOR previously. In addition, the Group achieved increased flexibility through reduced covenants and an increase in maximum leverage to 3.5x from 2.25x (Net Debt:EBITDA).

Balance sheet

The decline in assets is largely as a result of the amortisation associated with the acquisition of bwin.party. During 2017, the Group also undertook a refinancing, with the result of reducing short-term loans and borrowings, with an increase in long-term liabilities.

As at 31 December	**2017**	**2016**
	€m	**€m**