

FINANCIAL RESULTS

FOR THE SIXTEEN WEEKS ENDED 16 JANUARY 2016

Strong underlying EBITDA growth with continued momentum in all divisions

HIGHLIGHTS

- Total Coral Group EBITDA^{1/2} of £62.4m was £7.9m or 14% ahead of last year with growth in all divisions
- After adjusting for regulatory impacts^{3} EBITDA was 59% ahead of last year, with improved football results contributing significantly to the underlying gross profit improvement
- Coral Retail EBITDA^{1} of £40.7m was £0.2m ahead of last year, and £9.6m or 31% ahead after adjusting for the impact of regulation^{3}, with OTC margins 1.5pp ahead
- Eurobet Retail EBITDA^{1} of £5.1m was £2.9m or 132% ahead of last year, with strong sports stakes growth and sports margins 5.9pp ahead
- Online EBITDA^{1} of £18.5m was £6.6m or 55% ahead of last year, and 194% ahead after adjusting for regulatory impacts^{3}. Online net revenue was 41% ahead, with coral.co.uk 69% ahead
- Sale of Gala Retail to Caledonia Investments for a headline price of £241m completed on 19th December 2015

Carl Leaver, Group CEO, commented:

"The Group posted another strong quarter of growth with EBITDA £7.9m or 14% ahead of last year. After adjusting for incremental regulatory costs, underlying EBITDA was £23.1m or 59% ahead driven by continued momentum in all divisions and improved football results. Online growth was strong driven by CRM-led reductions in churn and high levels of customer acquisition at market leading costs-per-acquisition. Multichannel continues to play a key role in driving both customer acquisition and retention as customers embrace the unique features of our Connect offering. Coral Retail saw positive OTC stakes growth and a good machines performance. Strong growth in Eurobet Retail was helped by the relocation of 250 shops to more profitable locations.

We continue to work constructively with the Competition and Markets Authority as it progresses through phase 2 of its review of the proposed merger with Ladbrokes PLC. Timescales are in-line with our expectations, with the next key milestone being the CMA's announcement of its provisional findings, and if required, proposed remedies, in mid-to-late April. A final decision is due by 24th June. In the meantime our teams remain firmly focused on the execution of our strategy. We are confident that we are very well placed for the year ahead."

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{1} EBITDA is stated pre-exceptional items

{2} EBITDA includes all revenue and expenses for the Coral Group and excludes Gala Retail (Q1 FY16: £9.9m and Q1 FY15: £12.1m) and Propco rental income (Q1 FY16: £0.0m and Q1 FY15: £5.7m)

{3} FY15 Coral Group EBITDA (pre-exceptionals) has been rebased for the estimated impact of Point of Consumption Tax (-£5.8m, of which Online -£5.6m) and the increase in rate of MGD to 25% and DCMS FOBT higher staking restrictions (Coral Retail -£9.4m), calculated as if all changes had been in existence for the corresponding periods in FY15

{4} Statutory turnover of £333.9m includes Coral Retail vending machine income of £0.6m which is excluded from Net Revenue

{5} All numbers are now stated under IFRS for FY16 and FY15

FORWARD-LOOKING STATEMENTS

This press release may include forward-looking statements. All statements other than statements of historical facts included in this release, including those regarding Gala Coral's financial position, business and acquisition strategy, plans and objectives of management for future operations are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Gala Coral, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

The words "believe," "anticipate," "expect," "predict," "intend," "estimate," "plan," "aim," "assume," "forecast," "project," "will," "may," "should," "risk," "probable" and similar expressions, which are predictions or indications of future events and future trends, which do not relate to historical matters, identify forward-looking statements. All statements other than statements of historical facts included in this release including, without limitation, in relation to the Group's investment performance, results of operations, financial position, liquidity, prospects, growth potential, strategies and information about the macro-economic, industry and regulatory environment in which the Group operates are forward-looking. Readers of this release should not rely on forward-looking statements because, by their nature, such forward-looking statements involve known and unknown risks and uncertainties that could cause the Group's actual results, performance or achievements and the development of the industry in which it operates to be materially different from those expressed in, or suggested by, the forward-looking statements contained in this release.

These forward-looking statements are made as of the date of this release and are not intended to give any assurance as to future results. Neither the Group nor any of the Group's Directors or other officers undertake any obligation, except as required by law or by any appropriate regulatory authority, to release publicly any revisions or updates to these forward-looking statements to reflect events that occur, circumstances that arise or new information of which they become aware after the date of this release.

NOTICE

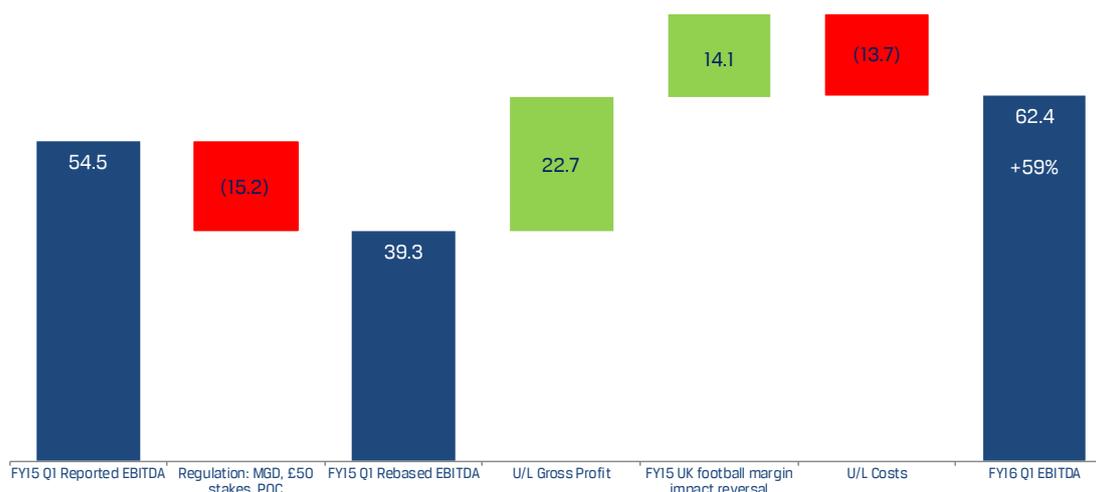
The accounts for the 16 weeks ended 16 January 2016 have been prepared at the level of Gala Coral Group Limited. From an income statement perspective, the difference between accounts consolidated at Gala Coral Group Limited and those at Gala Electric Casinos plc is an immaterial amount of Group interest payable. The differences between balance sheets consolidated at Gala Coral Group Limited and Gala Electric Casinos plc are an immaterial difference in net assets relating to the amount due in respect of subordinated group debt and immaterial classification differences in capital and reserves.

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KEY FINANCIALS

QUARTER 1	NET REVENUE ^{4}			GROSS PROFIT			EBITDA ^{1}		
	FY16	FY15	+/-	FY16	FY15	+/-	FY16	FY15	+/-
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Coral Retail	212.9	199.6	13.3	155.6	151.2	4.4	40.7	40.5	0.2
Eurobet Retail	28.4	20.9	7.5	8.3	5.4	2.9	5.1	2.2	2.9
Online	91.1	64.5	26.6	60.4	45.6	14.8	18.5	11.9	6.6
Coral Telebet	0.9	1.2	(0.3)	0.7	1.2	(0.5)	0.1	0.5	(0.4)
Corporate Costs	-	-	-	-	-	-	(2.0)	(0.6)	(1.4)
Total Coral Group^{2}	333.3	286.2	47.1	225.0	203.4	21.6	62.4	54.5	7.9

FY15 Q1 Reported EBITDA to FY16 Q1 EBITDA (£'m)^{1/2}



OVERVIEW

Net revenue of £333.3m was £47.1m or 16% ahead of last year and EBITDA^{1/2} of £62.4m was £7.9m or 14% ahead, with growth in both Retail divisions and Online. Adjusting FY15 for the impact of regulation^{3}, EBITDA^{1/2} increased by £23.1m or 59% versus last year. UK football margins improved significantly from last year, where the comparative period contains the impact of exceptionally adverse football margins on Boxing Day 2014 and the weekend of 17/18th January 2015 (estimated adverse EBITDA impact of £14.1m).

Coral Retail

Coral Retail EBITDA^{1} of £40.7m was £0.2m ahead of last year and £9.6m or 31% ahead after adjusting for the impact of regulation^{3}. OTC stakes were £5.5m or 1% ahead with football stakes 10% ahead. OTC gross win margin of 18.2% was 1.5pp ahead, driven by horse racing margins 0.8pp ahead, and a recovery in football margins which were 7.9pp ahead of the very poor margins experienced in Q1 FY15, but were still around 4pp behind expected levels.

{1} EBITDA is stated pre-exceptional items and represents the 16 week periods ending 16 January 2016 and 17 January 2015

{2} EBITDA includes all revenue and expenses for the Coral Group and excludes Gala Retail (Q1 FY16: £9.9m and Q1 FY15: £12.1m) and Propco rental income (Q1 FY16: £0.0m and Q1 FY15: £5.7m)

{3} FY15 EBITDA (pre-exceptionals) has been rebased for the estimated impact of Point of Consumption Tax (-£5.8m, of which Online -£5.6m) and the increase in rate of MGD to 25% and DCMS FOBT higher staking restrictions (Coral Retail -£9.4m), calculated as if all changes had been in existence for the corresponding periods in FY15

{4} Net revenue is calculated as gross win less free bets and customer bonuses

Coral Retail continued

Machines net revenue was £4.1m or 4% ahead of last year with gross-win-per-machine-per-week increasing by 5% to £1,020 primarily due to increased B3 content.

Operating costs were £4.2m or 4% higher than last year due to estate development (+0.5%), payroll annual salary reviews and increased investment in staff training, and a higher number of rent reviews than in the same quarter last year.

The total number of LBOs at the end of the quarter was 1,834, a reduction of 16 since the year-end, with 21 LBOs closing and 5 opening.

Eurobet Retail

Eurobet Retail EBITDA^{1} was £2.9m or 132% ahead of last year (£3.1m or 158% ahead on a constant currency basis).

Sports stakes were 19% ahead of last year driven by the shop optimisation programme whereby 250 shops were relocated to more profitable locations. Sports margin was 5.9pp ahead of FY15, although still behind expectations. Q1 Sports net revenue of £19.6m was £8.6m or 78% ahead of last year.

Retail sports market share continued to grow, up 2.4pp versus last year to 16.1% at the end of the quarter.

Online

Online EBITDA^{1} of £18.5m was £6.6m or 55% ahead of last year and 194% ahead after adjusting FY15 for the full year impact of Point of Consumption tax^{3}.

Coral.co.uk net revenue of £47.6m was £19.5m or 69% ahead of last year. Sports net revenue of £19.4m was £12.3m or 173% ahead, with sports stakes growth of 50% driven by a 39% increase in first-time depositors, improved churn rates and a 28% increase in spend-per-head. Connect customers now contribute over 40% of coral.co.uk total net revenue, of which around half is contributed by customers either new to coral.co.uk or reactivated. In addition to better football margins, improved customer management helped deliver a competitive sports gross win margin (2016: 8.3% 2015 4.9%). Bet-in-Play stakes represented 48.8% of total sports stakes (excluding horse racing) while mobile accounted for 70.4% of sports stakes, an increase of 9.3pp from Q1 FY15.

Coral.co.uk gaming net revenue of £28.2m was £7.2m or 34% ahead of last year with strong growth in actives (+45%). Mobile accounted for 71.3% of gaming stakes, an increase of 10.1pp from Q1 FY15.

Galabingo.com net revenue of £25.8m was £3.9m or 18% ahead of last year. Further improvements to the VIP programme and the continuation of the 'Play Happy' TV campaign during the quarter helped drive volume growth with actives 20% ahead of last year and spend-per-head 4% ahead. Mobile represented 56.4% of stakes, an increase of 11.8pp from Q1 FY15.

Eurobet.it net revenue of £14.5m was £4.3m or 42% ahead of last year. Sports net revenue of £7.4m was £3.6m or 95% ahead, with sports stakes 55% ahead and an improvement in football margins against a poor Q1 in FY15. Gaming net revenue of £7.1m was £0.7m or 11% higher than last year.

{1} EBITDA is stated pre-exceptional items and represents the 16 week periods ending 16 January 2016 and 17 January 2015

{2} EBITDA includes all revenue and expenses for the Coral Group and excludes Gala Retail (Q1 FY16: £9.9m and Q1 FY15: £12.1m) and Propco rental income (Q1 FY16: £0.0m and Q1 FY15: £5.7m)

{3} FY15 EBITDA (pre-exceptionals) has been rebased for the estimated impact of Point of Consumption Tax (-£5.8m, of which Online -£5.6m) and the increase in rate of MGD to 25% and DCMS FOBT higher staking restrictions (Coral Retail -£9.4m), calculated as if all changes had been in existence for the corresponding periods in FY15

{4} Net revenue is calculated as gross win less free bets and customer bonuses

RESPONSIBLE GAMBLING AND REGULATORY

The Group has continued to work closely with the wider industry, regulators and Government on responsible gambling. In December, the Senet Group built upon its 'Bad Betty' awareness campaign by launching a major social media campaign targeted at young men, 'Gamble Smart', to highlight and promote responsible gambling behaviour.

In December 2015 the ABB launched a new initiative – Player Awareness Systems (PAS) – which aims to help customers avoid gambling-related harm by analysing their playing behaviour against a range of markers of problem gambling.

The industry remains on track to implement a national multi-operator self-exclusion scheme this spring following successful trials in Glasgow and Medway.

The evaluation of new regulations requiring stakes of over £50 per spin on fixed odds betting terminals (FOBTs) was published by the Department for Culture, Media and Sport. The report shows an overall decrease of approximately 10.1% in the amount staked over £40 in 2015 Q2 and Q3 compared to 2014 in nominal terms, and an expected loss to the industry of approximately £66m-£78m in the 12 months following implementation.

Problem gambling rates in the UK are currently 0.5% of the adult population, following cross-industry efforts to promote responsible gambling over recent years. This rate is low by international standards, and lower than in 1999, prior to the introduction of FOBTs and online gambling, and before TV advertising was permitted. Gala Coral remains committed to its part in driving responsible gambling initiatives forward.

PROPOSED MERGER WITH LADBROKES PLC

The proposed merger between the Coral Group and Ladbrokes PLC was approved by Ladbrokes shareholders on 24th November, and the Competition and Markets Authority (CMA) commenced its Phase 2 review on the 11th January. The CMA is expected to announce its provisional findings towards the end of April, with a final decision due by 24th June.

IFRS

For years beginning on or after 1 January 2015, companies are no longer able to report under old UK GAAP, the accounting standards under which the Gala Coral Group used to report. Rather than report under FRS 102, the new standards released by the FRC, the Group has elected to transition to and report all future results under IFRS. The preliminary IFRS transition statement is available on the company website.

EXCEPTIONAL COSTS

The exceptional operating cost of £9.3m primarily relates to costs associated with corporate restructuring, the proposed merger with Ladbrokes plc and an onerous lease charge. During the prior year exceptional operating costs of £5.8m also included a non-cash IFRS 2 'Share Based Payments' charge.

FINANCING

Net debt for accounting purposes (excluding shareholder loan notes) was £826.9m as at 16 January 2016 (26 September 2015 £1,031.8m). The decrease in net debt is as a result of the disposal on the sale of Gala Retail (where proceeds net of costs and cash disposed with the business were £226.3m), partially offset by bond early redemption fees and the amortisation of issue costs.

Unlevered free cashflow for the Coral Group was £46.8m in the quarter, an increase of £15.9m on the prior year. This represents a 75% conversion from EBITDA (2015: 57%).

On the 9th October 2015, Ladbrokes signed a £1.35bn facility with a syndicate of relationship banks to provide committed financing for the proposed merger with the Coral Group. As a result of this financing, the Gala Coral debt, comprising £88m Senior Secured Note 2018, £175m Secured Note 2019 and £712m Senior Secured Facilities 2018 will not be transferred into the enlarged Ladbrokes Coral Group at completion of the merger. Accordingly, it is currently expected that Gala Coral's debt will be repaid on or before completion of the merger. During the period the Group used Gala Retail net proceeds to repay £227.0m of the Senior Secured Notes and excess cash to repay £100.0m of the Senior Notes, incurring £15.8m of fees and leading to a reduction in the Group's ongoing interest cost.

{1} EBITDA is stated pre-exceptional items
{2} Quarter 1 represents the 16 week periods ending 16 January 2016 and 17 January 2015
{3} Net revenue is calculated as gross win less free bets and customer bonuses
{4} The regulatory / tax impact has been calculated as if all changes had been in existence for the corresponding periods in FY15

CURRENT TRADING

Trading in the 6 week period to 28th February was positive. Coral Retail like-for-like net revenue was in line with last year and Eurobet Retail net revenue was ahead of last year. Continued strong stakes growth in Coral.co.uk and Eurobet.it helped offset slightly lower sports gross win margins, while Gala websites net revenue grew at similar rates to those evidenced in Q1.

{1} EBITDA is stated pre-exceptional items
{2} Quarter 1 represents the 16 week periods ending 16 January 2016 and 17 January 2015
{3} Net revenue is calculated as gross win less free bets and customer bonuses
{4} The regulatory / tax impact has been calculated as if all changes had been in existence for the corresponding periods in FY15

APPENDIX 1: Divisional KPIs and EBITDA by Calendar Year

CORAL RETAIL	QUARTER 1 ⁽²⁾		
	FY16	FY15	Var %
KPIs⁽³⁾			
OTC gross win margin (%)	18.2%	16.7%	1.5pp
Average number of LBOs	1,844	1,834	1%
Average number of Machines	7,358	7,317	1%
Gross win / machine / week (£)	1,020	975	5%
P&L			
	£'m	£'m	
OTC amount staked	508.3	502.8	1%
Machines amount staked	2,939.8	2,981.3	(1%)
Stadia and Other	4.9	5.2	(6%)
Total amounts staked	3,453.0	3,489.3	(1%)
OTC gross win	92.5	83.7	11%
Machines gross win	120.1	114.2	5%
Stadia and Other	3.8	3.3	15%
Total gross win	216.4	201.2	8%
OTC net revenue	91.8	83.3	10%
Machines net revenue	117.3	113.2	4%
Stadia and Other	3.8	3.1	23%
Total net revenue⁽⁴⁾	212.9	199.6	7%
Gross profit	155.6	151.2	3%
Operating Costs	(114.9)	(110.7)	(4%)
EBITDA⁽¹⁾	40.7	40.5	0%

EUROBET RETAIL	QUARTER 1 ⁽²⁾		
	FY16	FY15	Var %
KPIs			
LBO sports gross win margin (%)	17.7%	11.8%	5.9pp
Average number of licences	823	834	(1%)
P&L			
	£'m	£'m	
Sports amount staked	110.8	93.5	19%
Virtual amounts staked	40.2	48.9	(18%)
Other amounts staked	14.2	12.0	18%
Total amounts staked	165.2	154.4	7%
Sports gross win	19.6	11.0	78%
Virtual gross win	6.9	8.1	(15%)
Other gross win	1.9	1.8	5%
Total gross win	28.4	20.9	36%
Sports net revenue	19.6	11.0	78%
Virtual net revenue	6.9	8.1	(15%)
Other net revenue	1.9	1.8	6%
Total net revenue⁽⁴⁾	28.4	20.9	36%
Gross profit	8.3	5.4	54%
Operating Costs	(3.2)	(3.2)	(0%)
EBITDA⁽¹⁾	5.1	2.2	132%

ONLINE	QUARTER 1 ⁽²⁾		
	FY16	FY15	Var %
KPIs			
Actives - Coral.co.uk ('000)	487.8	346.4	41%
Actives - Gala websites ('000)	235.5	214.6	10%
Actives - Eurobet.it ('000)	177.5	111.6	59%
Sports GW% - Coral.co.uk (%)	8.3%	4.9%	3.4pp
Sports GW% - Eurobet.it (%)	11.1%	9.6%	1.5pp
P&L			
	£'m	£'m	
Amounts staked	2,292.7	1,768.7	30%
Net Revenue - Coral.co.uk	47.6	28.1	69%
Net Revenue - Gala websites	29.0	26.2	11%
Net Revenue - Eurobet.it	14.5	10.2	42%
Total Net revenue⁽⁴⁾	91.1	64.5	41%
Gross profit	60.4	45.6	32%
Operating Costs	(18.9)	(16.3)	(16%)
Marketing	(23.0)	(17.4)	(32%)
EBITDA⁽¹⁾	18.5	11.9	55%

	Calendar Year 2015 EBITDA ⁽⁵⁾				
	Q1 (FY Q2)	Q2 (FY Q3)	Q3 (FY Q4)	Q4 (FY16 Q1)	YTD
	(12 weeks)	(12 weeks)	(12 weeks)	(16 weeks)	(52 weeks)
	£'m	£'m	£'m	£'m	£'m
Coral Retail	38.4	34.9	27.8	40.3	141.4
Eurobet Retail	4.7	3.7	2.8	5.1	16.3
Online	11.0	17.1	15.2	18.7	62.0
Coral Telebet	0.5	0.3	(0.2)	0.1	0.7
Corporate Costs	(1.5)	(2.2)	(2.4)	(2.0)	(8.1)
Total	53.1	53.8	43.2	62.2	212.3
	Calendar Year 2014 EBITDA ⁽⁵⁾				
	Q1 (FY Q2)	Q2 (FY Q3)	Q3 (FY Q4)	Q4 (FY15 Q1)	Full Year
	(12 weeks)	(12 weeks)	(12 weeks)	(16 weeks)	(52 weeks)
	£'m	£'m	£'m	£'m	£'m
Coral Retail	38.1	35.5	29.4	40.1	143.1
Eurobet Retail	5.7	5.3	4.2	2.2	17.4
Online	10.6	13.4	14.7	12.9	51.6
Coral Telebet	0.8	(0.4)	(0.4)	0.5	0.5
Corporate Costs	(1.2)	(1.4)	(4.9)	(0.5)	(8.0)
Total	54.0	52.4	43.0	55.2	204.6

(1) EBITDA is stated pre-exceptional items and under IFRS

(2) Quarter 1 represents the 16 week periods ending 16 January 2016 and 17 January 2015

(3) Results are for the total estate

(4) Net revenue is calculated as gross win less free bets and customer bonuses

(5) EBITDA is stated under UK GAAP to aid comparison with prior quarters which have not yet been restated under IFRS. UK GAAP EBITDA for Q1 FY16 is £0.2m lower than the IFRS equivalent

APPENDIX 2: Regulatory Charges – Financial Year and Calendar Year

Regulatory Impact	FY16 Actuals				
	Q1 (16 weeks) £'m	Q2 (12 weeks) £'m	Q3 (12 weeks) £'m	Q4 (12 weeks) £'m	Full Year (52 weeks) £'m
Coral Retail:					
MGD / DCMS	(9.9)	-	-	-	(9.9)
Online:					
POC	(12.7)	-	-	-	(12.7)
Telebet:					
POC	(0.1)	-	-	-	(0.1)
Total	(22.7)	-	-	-	(22.7)

Regulatory Impact	FY15 Actuals				
	Q1 (16 weeks) £'m	Q2 (12 weeks) £'m	Q3 (12 weeks) £'m	Q4 (12 weeks) £'m	Full Year (52 weeks) £'m
Coral Retail:					
MGD / DCMS	-	(2.2)	(7.1)	(7.2)	(16.5)
Online:					
POC	(3.6)	(8.2)	(8.7)	(8.1)	(28.6)
Telebet:					
POC	(0.0)	(0.2)	(0.2)	(0.1)	(0.5)
Total	(3.6)	(10.6)	(16.0)	(15.4)	(45.6)

Regulatory Impact	CY15 Actuals				
	Q1 (FYQ2) (12 weeks) £'m	Q2 (FYQ3) (12 weeks) £'m	Q3 (FYQ4) (12 weeks) £'m	Q4 (FYQ1) (16 weeks) £'m	Full Year (52 weeks) £'m
Coral Retail:					
MGD / DCMS	(2.2)	(7.1)	(7.2)	(9.9)	(26.4)
Online:					
POC	(8.2)	(8.7)	(8.1)	(12.7)	(37.7)
Telebet:					
POC	(0.2)	(0.2)	(0.1)	(0.1)	(0.6)
Total	(10.6)	(16.0)	(15.4)	(22.7)	(64.7)