GALA CORAL GROUP

RESULTS FOR THE 12 WEEKS ENDED 13 APRIL 2013

KEY FINANCIALS

	Quarter 2 Total results{1}			Year to date Total results	
	FY13 £'m	FY12 £'m	**Change %**	**FY13 £'m**	FY12 £'m
Turnover	**311.3**	284.4	**9%**	**671.0**	637.2
Gross profit {2}	**234.0**	221.6	**6%**	**510.3**	495.7
EBITDA{3}	**74.2**	71.8	**3%**	**147.8**	150.2

{1} Total results include all revenue and expenses for the group for the 12 weeks ended 13 April 2013
{2} Management Accounts Gross Profit differs from statutory format Gross Profit due to adjustments for free bets, certain machine costs and vending machines income
{3} Pre-exceptional items

HIGHLIGHTS FOR Q2

The key trading highlights for the twelve weeks ended 13 April 2013 were:

- Turnover and gross profit were ahead of prior year by 9% and 6% respectively. EBITDA (pre-exceptionals) also increased by £2.4m or 3% compared to last year.
- Coral Retail gross win was 7% ahead of last year. Favourable football results and a successful Grand National drove a strong OTC gross win margin of 20.6%, 1.3pp above that of last year, resulting in an 8% improvement in gross profit.
- Coral Interactive's second quarter of trading following the re-launch of the online and mobile sites continued to show strong growth, demonstrated by a 116% increase in active player numbers, a 120% increase in amounts staked and a 110% increase in gross win.
- Italy EBITDA (pre-exceptionals) increased by 24%, with sports betting market share up 1.3pp in retail to 7.5% and 1.4pp online to 8.4%.
- Gala Retail gross profit declined by 3% due to reduced admissions. Costs were tightly controlled leaving EBITDA (pre-exceptionals) 6% behind last year. After excluding the impact of poor weather, the decline was only £0.5m.
- Gala Interactive active player numbers increased by 43%, and staking levels by 35%, resulting in a 27% increase in EBITDA (pre-exceptionals).
- Covenant net debt of £1,292.4m has improved by £29.7m since the year end, primarily due to underlying cash conversion, a net inflow of cash in the period from VAT refunds and the sale of the Piccadilly Casino licence.
- The sale of 19 UK Casinos to the Rank Group Plc for total proceeds of £179.0m completed on 12th May 2013. A prepayment of Term Loan B debt of £113.1m has been made, leaving net debt post the disposal of £2,080.0m and improving the net debt/EBITDA (pre-exceptionals) LTM covenant by 0.4x to 4.7x on a pro-forma basis.

Carl Leaver, Group Chief Executive of Gala Coral Group, commented:

"Performance in the quarter was satisfactory with gross profit up 6% and EBITDA (pre-exceptionals) up 3%. Coral Retail performed well, benefitting from favourable margins and the movement of the Grand National from Q3 last year. Both interactive businesses grew volumes strongly and Eurobet Italia continued to take market share both in its shops and online, with more growth to come following the acquisition of 500 new shop licences. Gala Retail, though, suffered from poor weather and the broader consumer environment, but effective cost control helped to mitigate the impact on the bottom line. The sale of 19 casinos to the Rank Group completed after the end of the quarter, further improving the headroom within the Group's financing covenants".

GROUP PERFORMANCE

QUARTER 2	Divisional gross profit[1] FY13 £m	Divisional gross profit[1] FY12 £m	EBITDA (pre-exceptionals)[2] FY13 £m	EBITDA (pre-exceptionals)[2] FY12 £m
BOOKMAKING				
Coral Retail	130.6	121.3	49.7	45.8
Coral Interactive	6.5	3.7	(2.3)	0.3
Coral Telebet	0.5	0.3	(0.1)	(0.5)
Italy	8.6	7.7	5.7	4.6
	146.2	**133.0**	**53.0**	**50.2**
BINGO				
Gala Retail	50.3	51.7	15.4	16.3
Gala Interactive	12.3	9.6	6.6	5.2
	62.6	**61.3**	**22.0**	**21.5**
CASINOS				
Gala Casino	**25.2**	**27.3**	**6.0**	**5.5**
CENTRAL				
Central costs			(3.3)	(3.8)
Bonus			(3.5)	(1.6)
GROUP TOTAL	**234.0**	**221.6**	**74.2**	**71.8**

{1} Divisional gross profit is stated after the cost of certain free bets

{2} Divisional EBITDA (pre-exceptionals) and Central costs include other operating income representing sub-let rental income

QUARTER 2 YEAR TO DATE	Divisional gross profit[1] FY13 £m	Divisional gross profit[1] FY12 £m	EBITDA (pre-exceptionals)[2] FY13 £m	EBITDA (pre-exceptionals)[2] FY12 £m
BOOKMAKING				
Coral Retail	277.8	267.8	94.1	94.6
Coral Interactive	11.8	7.9	(5.3)	0.2
Coral Telebet	1.9	2.1	0.3	0.4
Italy	18.9	16.5	11.5	9.5
	310.4	**294.3**	**100.6**	**104.7**
BINGO				
Gala Retail	111.9	116.5	30.3	34.4
Gala Interactive	27.8	21.6	15.5	12.2
	139.7	**138.1**	**45.8**	**46.6**
CASINOS				
Gala Casino	**60.2**	**63.3**	**13.0**	**12.7**
CENTRAL				
Central costs			(8.1)	(10.0)
Bonus			(3.5)	(3.8)
GROUP TOTAL	**510.3**	**495.7**	**147.8**	**150.2**

{1} Divisional gross profit is stated after the cost of certain free bets

{2} Divisional EBITDA (pre-exceptionals) and Central costs include other operating income representing sub-let rental income

The main factors impacting year on year movements in EBITDA (pre-exceptionals) and Gross Profit were as follows:

	Quarter 2		Year to date	
	£'m	£'m	£'m	£'m
FY12 EBITDA (pre-exceptionals)		**71.8**		**150.2**
Aintree Festival 2012		4.0		4.0
FY12 EBITDA (pre-exceptionals) rebased		**75.8**		**154.2**
Gross Profit Movements:				
Underlying Improvements	6.1		16.5	
Weather Adjustment	0.3		(1.9)	
Cost Phasing	2.0		(4.0)	
		8.4		10.6
Cost Movements:				
Interactive Marketing	(5.8)		(9.0)	
Bonus Provision	(1.9)		0.3	
Underlying Cost Increases	(2.3)		(8.3)	
		(10.0)		(17.0)
FY13 EBITDA (pre-exceptionals)		**74.2**		**147.8**

Underlying gross profit improvements totalled £6.1m during the second quarter, reflecting growth in all continuing businesses with the exception of Gala Retail. The phasing of certain costs within gross profit in Coral Retail resulted in £6.0m of additional cost being recognised in Q1 in FY13 compared to the same period last year. £2.0m of this cost variance has reversed during Q2, and the remaining £4.0m adverse variance will reverse within the rest of the financial year.

Within the operating cost lines marketing spend in the Interactive businesses was £5.8m higher in Q2 (year to date: £9.0m) reflecting the continued investment to drive customer acquisition in the new websites (Galabingo.com, Galacasino.com and Coral.co.uk) that were launched at the end of FY12 and at the beginning of this financial year. This investment will drive future gross profit improvement and will continue at these increased levels of expenditure throughout this financial year.

Underlying costs increased by £2.3m in Q2 (£8.3m year to date) primarily as a result of costs increase in Coral Retail including estate development, increased shop TV content costs of £2.8m and increased irrecoverable VAT of £1.4m resulting from the introduction of MGD that came into effect on the 1st February 2013.

The £4.0m impact of the Aintree festival is a reflection of the timing of this year's festival, which was run during Q2 this year but in Q3 in FY12.

	12 weeks ended 13 April 2013	12 weeks ended 7 April 2012	Year on Year variance
KPIs {1}			
OTC			
Gross win margin (%)	20.6%	19.3%	1.3pp
Average number of LBO's	1,760	1,717	3%
Machines			
Average number of machines	6,991	6,864	2%
Gross win/machine/week (£)	953	926	3%
P&L{1}	**£m**	**£m**	
OTC amount staked	420.8	412.1	2%
Machines amount staked	2,135.6	2,199.6	(3%)
Total stakes	**2,556.4**	**2,611.7**	**(2%)**
OTC gross win	86.6	79.7	9%
Machines gross win	79.9	76.3	5%
Total gross win	**166.5**	**156.0**	**7%**
Divisional gross profit	**130.6**	**121.3**	**8%**
Operating costs{2}	(80.9)	(75.5)	(7%)
EBITDA {3}	**49.7**	**45.8**	**9%**

{1} Results are for the total estate unless otherwise stated
{2} Operating costs include sub-let rental income
{3} EBITDA is stated pre-exceptional items

Gross win in the quarter was £10.5m or 7% higher than last year at £166.5m. EBITDA (pre-exceptionals) of £49.7m was £3.9m or 9% higher than last year.

OTC stakes were £8.7m or 2% higher than last year. Adjusting for the impact of the Aintree festival, OTC stakes were £11.8m or 3% lower than last year.

OTC gross win was £6.9m or 9% higher than last year, helped by the movement of the Grand National from Q3 last year. Margin performance in football was 4.0pp ahead of last year, supported by favourable results and a range of new products driving a structural improvement. This was partially offset by weaker greyhound and lottery results. Horse racing gross win was in line with last year, as was the gross win attributable to the Cheltenham festival.

Machines gross win increased by £3.6m or 5.0% compared to last year. The roll-out of the new Infinity cabinets is now complete.

Operating costs were £5.4m or 7% higher than last year, primarily as a result of estate development, increased shop TV content costs and increased irrecoverable VAT resulting from the introduction of MGD that came into effect on the 1st February 2013. The average number of LBOs increased by 43 units compared to the same quarter last year.

	12 weeks ended 13 April 2013	12 weeks ended 7 April 2012	Year on Year variance
KPIs{1}			
Actives - Coral.co.uk sports ('000)	208.8	103.1	103%
Actives – Coral.co.uk gaming ('000)	75.0	35.1	114%
Coral.co.uk sports gross win margin (%)	8.2%	8.3%	(0.1pp)
P&L{1}	**£m**	**£m**	
Amounts staked – Coral.co.uk sports	68.2	30.2	126%
Amounts staked – Coral.co.uk gaming	225.7	103.6	118%
Total amounts staked	**293.9**	**133.8**	**120%**
Gross win – Coral.co.uk sports	5.5	2.5	121%
Gross win – Coral.co.uk gaming	6.8	3.4	102%
Total gross win	**12.3**	**5.9**	**110%**
Total gross profit	**6.5**	**3.7**	**76%**
Operating costs	(8.8)	(3.4)	(162%)
EBITDA{2}	**(2.3)**	**0.3**	**N/a**

{1} Coral Interactive consists of online and mobile (and excludes the telephone betting operation, Telebet)
{2} EBITDA is stated pre-exceptional items.

Coral Interactive saw strong volume growth in the quarter. Sport actives increased by 103% to 208.8k. Gaming actives increased by 114% to 75k. New depositors were up 201% vs. last year. Mobile has seen significant growth and over 50% of actives now use the mobile platform.

Following the success of the Sprinter Sacre offer during the Cheltenham festival significant technical problems with the website disrupted customer service. These issues were subsequently addressed and the site performance was substantially improved for the Grand National. Nonetheless, there are still improvements to be made.

Gross profit was £2.8m or 76% ahead of last year at £6.5m. In line with expectations, operating costs were £5.4m or 162% higher than the prior year at £8.8m reflecting the "bow-wave" of marketing investment (£3.6m higher than the same period last year) necessary to underpin future growth. Accordingly, EBITDA (pre-exceptionals) of £(2.3)m was £2.6m behind last year.

Coral Telebet incurred an EBITDA (pre-exceptionals) loss of £0.1m compared with a loss of £0.5m in the same quarter last year. This channel continues to decline as customers migrate online.

KPIs[1]	12 weeks ended 13 April 2013	12 weeks ended 7 April 2012	Year on Year variance
LBO sports gross win margin (%)	27.1%	26.2%	0.9pp
Online sports gross win margin (%)	15.8%	16.0%	(0.2pp)
Total sports gross win margin (%)	23.1%	23.0%	0.1pp
P&L[1]	**£m**	**£m**	
LBO sports stakes	39.3	39.1	0%
Online sports stakes	21.8	18.3	19%
Other stakes	141.4	150.7	(6%)
Total amounts staked	**202.5**	**208.1**	**(3%)**
LBO sports gross win	10.7	10.2	5%
Online sports gross win	3.4	2.9	17%
Other gross win	5.9	5.3	11%
Total gross win	**20.0**	**18.4**	**9%**
Total gross profit	**8.6**	**7.7**	**12%**
Operating costs	(3.3)	(3.1)	(6%)
Administration costs	0.4	0.0	N/A
EBITDA[2]	**5.7**	**4.6**	**24%**

{1} Results are for the total estate unless otherwise stated
{2} EBITDA is stated pre-exceptional items

Eurobet Italia had another strong quarter with EBITDA (pre-exceptionals) ahead of last year by £1.1m or 24% at £5.7m. Overall sports stakes were £3.7m or 6% ahead at £61.1m, driven by a 19% increase online. LBO sports gross win was £0.5m or 5% ahead of last year due to a 0.9pp increase in gross win margin to 27.1%, and Online sports gross win was £0.5m or 17% ahead. Operating costs were £0.2m or 6.0% higher than last year at £3.3m. The favourable exchange rate resulted in a £0.4m credit versus last year which is recorded under Administration costs.

The business continues to benefit from the prompt relocation of underperforming licences and, as a result, made significant market share gains in the period. LBO sports market share now stands at 7.5% (prior year 6.2%) while online sports market share now stands at 8.4% (prior year 7.0%).

Eurobet has been successful in its tender application for 500 shop licences. These licences provide the business with a significant growth opportunity and it is expected that the first new shops will be operational by the start of the next financial year, with all licences operating by the end of FY14. The capital outlay for the licences will be €27.0m and Letters of Credit to support the licences will increase by €25.0m from July this year.

	12 weeks ended 13 April 2013	12 weeks ended 7 April 2012	Year on Year variance
KPIs {1}			
Admissions ('000)	3,651	4,017	(9%)
Spend per head (£)	35.11	35.30	(1%)
P&L {2}	£m	£m	
Net income {3}	**71.4**	**76.5**	(7%)
Total gross profit	**50.3**	**51.7**	**(3%)**
Operating costs {4}	(34.9)	(35.4)	1%
EBITDA {5}	**15.4**	**16.3**	**(6%)**

{1} KPIs are stated on a like for like basis due to the number of closures year on year
{2} P&L results are for the total estate
{3} Net income in FY2012 is restated to be comparable with FY13 following the introduction of Machines Gaming Duty
{4} Operating costs include sub-let rental income
{5} EBITDA is stated pre-exceptional items

Net Income for the quarter was 7% below last year. There were, on average, five fewer clubs trading during the quarter than there were last year.

The 9% fall in LFL admissions in the second quarter is consistent with the trend in Q1, reflecting both the impact of poor weather during the quarter and weak consumer confidence. A trial of new Mainstage product pricing aimed at addressing the admissions decline is in the very early days but indications to this point are encouraging.

There was a slight decline in overall LFL spend per head in the quarter. However machines LFL spend per head grew by 10% compared to the same period last year following the roll out of new formats in some clubs.

Margins were ahead for all products resulting in gross profit being only £1.4m or 3% behind the prior year despite lower admissions.

Costs saving initiatives resulted in a £0.5m reduction in operating costs compared to the same period last year, primarily due to a 6% reduction in payroll costs. EBITDA (pre-exceptionals) of £15.4m was £0.9m or 6% lower than last year. The adverse weather experienced during March is estimated to have reduced EBITDA (pre-exceptionals) by £0.4m. Adjusting for this, underlying EBITDA (pre-exceptionals) was £0.5m or 3% below that of the prior year. This is an improvement on the previous quarter when underlying EBITDA (pre-exceptionals) was down 13%.

	12 weeks ended 13 April 2013	12 weeks ended 7 April 2012	Year on Year variance
KPIs{1}			
Actives - Galabingo.com ('000)	158.3	116.6	36%
Actives - Galacasino.com ('000)	15.6	4.8	225%
P&L{1}	£m	£m	
Amounts staked – Galabingo.com	219.0	185.4	18%
Amounts staked – Galacasino.com	67.5	27.1	149%
Total amounts staked	**286.5**	**212.5**	**35%**
Gross win – Galabingo.com	15.6	11.3	38%
Gross win – Galacasino.com	2.7	0.9	200%
Total gross win	**18.3**	**12.2**	**49%**
Gross profit – Galabingo.com	10.6	8.8	20%
Gross profit – Galacasino.com	1.7	0.8	130%
Total gross profit	**12.3**	**9.6**	**28%**
Operating costs	(5.7)	(4.4)	(30%)
EBITDA{2}	**6.6**	**5.2**	**27%**

{1} Gala Interactive consists of the Galabingo.com and Galacasino.com websites
{2} EBITDA is stated pre-exceptional items

Total gross win in the quarter increased by £6.1m or 49% to £18.3m with EBITDA (pre-exceptionals) increasing by £1.4m or 27% to £6.6m. This represents a continuation of the strong growth evidenced in Q1 and the positive performance generated by our new websites.

A high profile marketing campaign associated with the hit ITV show "Saturday Night Takeaway" helped drive Galabingo.com actives, as did the hard launch of the new mobile app at the beginning of the quarter, although this also diluted spend per head. Galabingo.com stakes increased by £33.6m or 18% to £219.0m with a strong margin resulting in gross win increasing by £4.3m or 38% to £15.6m.

Galacasino.com stakes increased by £40.4m or 149% to £67.5m with gross win increasing by £1.8m or 200% to £2.7m.

Overall gross profit increased by £2.7m or 28% to £12.3m, supported by increased marketing costs.

CASINO DISPOSAL

Following the end of the second quarter, on the 12th May, the Group completed the sale of 19 of its 24 casinos to the Rank Group Plc for total proceeds of £179.0m. The Casino division as a whole delivered EBITDA (pre-exceptionals) in the quarter of £6.0m (an improvement of £0.5m or 9% year-on-year) and £13.0m in the first half of the year (an improvement of £0.3m or 3%). These results are split between the disposed casinos and the retained casinos as follows:

P&L	12 weeks ended 13 April 2013 £m	12 weeks ended 7 April 2012 £m	Year on Year variance
Retained Casinos gross profit	4.3	4.8	(10)%
Retained Casinos EBITDA (pre-exceptionals)	1.2	1.0	20%
Disposed Casinos gross profit	20.8	22.5	(4%)
Disposed Casinos EBITDA (pre-exceptionals)	4.8	4.5	9%

Going forwards the retained casinos will be operated as part of the Gala Retail division and reported accordingly.

The LTM EBITDA (pre-exceptionals) for the disposed Casinos was £16.2m, after associated overhead cost savings, resulting in an exit multiple of 10.7x for this business. For accounting purposes, the Group incurred a loss on disposal of this business as a result of having to write-off historic goodwill and trading potential (non-cash items).

GROUP ADMINISTRATIVE COSTS

Central overheads in the quarter (before depreciation and amortisation) were £0.5m lower than in FY12 at £3.3m. Year to date central overheads are £1.9m lower than in FY12 at £8.1m. The central cost base was significantly higher in the first half of last year, reducing in the second half.

A bonus accrual of £3.5m was booked during the quarter in respect of the annual bonus scheme.

EXCEPTIONAL ITEMS

Exceptional items in the quarter amounted to a credit of £14.9m (FY12: £6.6m debit). The primary components of this were costs associated with corporate simplification projects that are focused on ensuring the businesses can operate on a stand-alone basis, current year share-based payments charge (non-cash), the write-down on two Bingo clubs which closed during the period and residual costs associated with the launch of our new online businesses. These costs have been offset by the release of certain provisions associated with onerous leases that are in the process of being resolved.

Exceptional cash inflows in the period were £3.2m (FY12: £2.7m). This is lower than the P&L credit of £14.9m due to the non-cash element of the reduction in onerous lease provisions.

FINANCING

The Group's funding and liquidity position is ahead of expectations. Net debt for covenant purposes was £1,292.4m (net of issue costs), prior to the casino disposal, versus £1,322.1m as at 29 September 2012, mainly as a result of a net inflow of cash in the period.

Total net debt of £2,249.5m (29 September 2012: £2,241.2m) has increased since the year end due to the roll up of non-cash interest on subordinated loans from the ultimate parent company (GGGL loan notes) offset by the cash inflow. Total net debt includes the GGGL loan notes of £668.5m and the Gala Propco Three Limited loan of £340.5m which is ring-fenced from the trading group.

Cash at bank and in hand of £173.5m includes cash for covenant purposes of £146.0m.

CURRENT TRADING

Trading in the five weeks since the end of the quarter has been challenging, primarily as a result of adverse football and horse racing results, which have impacted performance in all bookmaking businesses. Cost efficiencies in Gala Retail have partially offset the continued lower admission levels, while both Coral Interactive and Gala Interactive continue to show positive year on year growth in active users and stakes.

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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 13 April 2013 have been prepared at the level of Gala Coral Group Limited. From a profit and loss account 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.