

**GVC Holdings PLC**  
("GVC" or the "Group")

**H1 Post Close Trading Update**

GVC Holdings PLC (LSE: GVC), the global sports-betting and gaming group, is pleased to announce a post close H1 trading update.

**Key trading highlights:**

**Q2<sup>1</sup>:**

- Continued very strong growth in Online with NGR +16% (+17% cc<sup>2</sup>) despite the comparative period including part of the Football World Cup
- UK Retail like-for-like ("LFL")<sup>3</sup> NGR -19% driven by the cut in B2 maximum stakes to £2; trends better than initial guidance
- European Retail NGR +12% (+13% cc<sup>2</sup>) with OTC wagers 8% ahead
- Total Group NGR +3% (+3% cc<sup>2</sup>)
- New Jersey full online launch on-track for the start of the 2019 NFL season in September

**H1<sup>1</sup>:**

- Online NGR +17% (+18% cc<sup>2</sup>)
- UK Retail like-for-like ("LFL")<sup>3</sup> NGR -10% driven by the cut in B2 maximum stakes to £2
- European Retail NGR +7% (+8% cc<sup>2</sup>)
- Total Group NGR +5% (+6% cc<sup>2</sup>)

	Q2 growth (1 April to 30 June 2019) <sup>1</sup>				H1 growth (1 January to 30 June 2019) <sup>1</sup>			
	Total NGR	Total NGR CC <sup>2</sup>	Sports Wagers	Sports Margin	Total NGR	Total NGR CC <sup>2</sup>	Sports Wagers	Sports Margin
<b>Online</b>								
Sports	19%	20%	7%	+0.8pp	18%	19%	13%	+0.4pp
Gaming	15%	16%			17%	18%		
<b>Total Online</b>	<b>16%</b>	<b>17%</b>			<b>17%</b>	<b>18%</b>		
<b>UK Retail (LFL)<sup>3</sup></b>	(19%)	(19%)	8%	+0.1pp	(10%)	(10%)	4%	(0.5pp)
<b>European Retail</b>	12%	13%	8%	+0.7pp	7%	8%	11%	(0.5pp)
<b>Other</b>	84%	84%			46%	46%		
<b>Total Group</b>	<b>3%</b>	<b>3%</b>			<b>5%</b>	<b>6%</b>		

Kenneth Alexander (CEO) said<sup>4</sup>:

“Trading in Q2 remained very strong with the Online division delivering continued material market share gains across all major territories. This outperformance is driven by the sustainable competitive advantages of our proprietary technology platform, leading product, cutting edge marketing and leading brands, all delivered with an unrivalled understanding of the markets in which we operate. The transition to a post £2 stakes-cut environment in UK Retail is progressing very well and we believe the Ladbrokes Coral estate is best-placed to take market share. In the US, Roar Digital, our JV with MGM Resorts, is on-track for its full online launch ahead of the NFL season in September. In the first half of the year the Group was granted licences in Mississippi and Nevada, and Roar Digital received a transactional waiver to conduct business in New Jersey.

The Group expects an announcement in August from Hesse, the state leading the regulatory process for online sports-betting in Germany, detailing the requirements that will govern the new sports-betting licences. The strong trading performance of the Group means that any potential costs in 2019 associated with the new sports licences are expected to be fully mitigated. The Board therefore remains confident of delivering EBITDA and operating profit in-line with expectations for the full year.”

### **Current Trading Q2 Commentary:**

Online:

Online NGR was 16% ahead (+17% cc<sup>2</sup>) with double-digit growth in all major territories including the UK (NGR +19%), Germany (NGR +24% cc), Australia (NGR +38% cc), Italy (NGR +19% cc) and Brazil (NGR +38% cc). Sports NGR was 19% ahead with sports wagers +7% and sports gross win margin 0.8pp ahead at 11.3%. After adjusting for the Football World Cup<sup>5</sup>, Online NGR was 20% ahead, Sports NGR 28% ahead and sports wagering 14% ahead. Gaming NGR was 15% ahead.

UK Retail (LFL<sup>3</sup>):

The cut in maximum B2 stakes to £2 in UK Retail was implemented on 1 April 2019 resulting in a 39% year-on-year fall in LFL machines revenue. Part-substitution of this displaced revenue into sports-betting helped drive OTC wagers 8% ahead of last year – a 13pp improvement on long-term trends. OTC gross win margin was marginally ahead of last year.

European Retail:

European Retail NGR was 12% ahead of last year (+13% cc<sup>2</sup>) with double-digit growth in all territories.

### **IFRS 16:**

The new financial reporting standard for leases, IFRS 16, applies to financial periods commencing on or after 1 January 2019. For leases previously classified as operating leases, a right of use asset and lease liability will be recognised going forward.

The Group has today issued guidance on its proposed application of IFRS 16. A summary of the methodology applied, the estimated impact on existing profit metrics and balance sheet metrics, and historic proformas disclosing EBITDAR can be found here: <https://gvc-plc.com/wp-content/uploads/2019/07/IFRS16.pdf>

IFRS 16 will have a material impact on the Group's existing profit metrics. Based on the Group's current planned shop closures and lease renewal profile in response to the Triennial Review, the anticipated impact of IFRS 16 on existing profit metrics in FY19 is as follows:

- Online EBITDA c£10m higher
- UK Retail EBITDA c£70m higher
- European Retail EBITDA c£10m higher
- Group Depreciation and Amortisation c£60m higher

- Group Finance costs c£15m higher
- Group Profit before Tax c£15m higher

Balance sheet anticipated impact:

- Net debt c£380m higher (The banking definition of net debt is not impacted by IFRS 16)

Cashflow is not impacted.

Any changes to current expectations on UK Retail closures and / or a change in the proportion of expired leases would result in a different impact to that stated above.

Notes

- (1) *The Group's proforma results are unaudited and presented as if the current Group, post acquisition of the Ladbrokes Coral Group plc, had existed since 1 January 2018. The results of Crystalbet and Neds are included from the date of acquisition (11 April 2018 and 28 November 2018 respectively)*
- (2) *Growth on a constant currency basis is calculated by translating both 2019 and 2018 performance at the 2019 exchange rates*
- (3) *UK Retail numbers are quoted on a LFL basis. During Q2 there were an average of 3,399 shops in the estate, compared to an average of 3,562 in the same period last year. During H1 there were an average of 3,432 shops in the estate, compared to an average of 3,563 in the same period last year*
- (4) *References to profit expectations are made pre any IFRS16 adjustments*
- (5) *Football World Cup NGR post substitution*

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**Forward-looking statements:**

This announcement contains certain statements that are forward-looking statements. They appear in a number of places throughout this announcement and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this announcement and, unless otherwise required by applicable law, the Company undertakes no obligation to update or revise these forward-looking statements. Nothing in this announcement should be construed as a profit forecast. The Company and its directors accept no liability to third parties in respect of this document save as would arise under English law.

**About GVC Holdings PLC:**

GVC Holdings PLC is one of the world's largest sports-betting and gaming groups, operating both online and in the retail sector. The Group owns a comprehensive portfolio of established brands; Sports Brands include bwin, Coral, Crystalbet, Eurobet, Ladbrokes, Neds and Sportingbet; Games Brands include CasinoClub, Foxy Bingo, Gala, Gioco Digitale, partypoker and PartyCasino. The Group owns proprietary technology across all of its core product verticals and in addition to its B2C operations provides services to a number of third-party customers on a B2B basis. The Group has also entered into a joint-venture with MGM Resorts to capitalise on the sports-betting and gaming opportunity in the US. The Group, incorporated in the Isle of Man, is a constituent of the FTSE 250 index and has licences in more than 20 countries, across five continents.

For more information see the Group's website: [www.gvc-plc.com](http://www.gvc-plc.com)