

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

Q3 Trading update
Full year EBITDA guidance upgraded

GVC Holdings PLC (LSE: GVC), the global sports-betting and gaming group, is pleased to announce a trading update for the period 1 July 2019 to 30 September 2019.

Key highlights Q3¹:

- Full year pre-IFRS16 EBITDA guidance range upgraded to £670m - £680m (from £650m - £670m)
- Continued strong growth in Online with NGR +12% despite the comparative period including part of the Football World Cup
- Trends in UK Retail remain ahead of initial guidance, with like-for-like ("LFL")² NGR -18%, driven by the cut in B2 maximum stakes to £2
- Encouraging start in the US following the launch of the BetMGM mobile app in New Jersey
- Successful refinancing of €1,125m debt
- Launch of the GVC Global Foundation, which will coordinate and support GVC's CSR initiatives and donations around the world

	Q3 growth (1 July to 30 Sept 2019)				YTD growth (1 Jan to 30 Sept 2019) ¹			
	Total NGR	Total NGR CC ³	Sports Wagers	Sports Margin	Total NGR	Total NGR CC ³	Sports Wagers	Sports Margin
Online								
Sports	16%	15%	5%	+1.0pp	17%	18%	10%	+0.6pp
Gaming	8%	7%			13%	13%		
Total Online	12%	11%			15%	15%		
UK Retail (LFL²)	(18%)	(18%)	7%	(0.3pp)	(13%)	(13%)	5%	(0.4pp)
European Retail	(4%)	(5%)	(1%)	(0.6pp)	4%	4%	7%	(0.5pp)
Other	31%	31%			41%	41%		
Total Group	(1%)	(2%)			3%	3%		

Kenneth Alexander (CEO) said:

"I am delighted that the Group's financial performance has allowed us to upgrade our full year EBITDA expectations again. Online momentum remains strong across all major territories, with NGR up 12% in the quarter despite the prior period containing part of the World Cup. This performance continues to be driven by our industry-leading technology, products, brands, marketing capability, and people.

The launch in September of the BetMGM app in New Jersey, powered by the GVC technology platform, is a key milestone, and our US sports-betting joint venture with MGM Resorts remains very well-placed to capitalise on the US sports-betting opportunity. The integration of the Ladbrokes Coral

businesses is progressing well with the migration of the Ladbrokes, Coral and Gala online brands due to commence in Q4 and complete by the end of H1 2020.

Finally, we were delighted to recently launch the GVC Global Foundation, which will coordinate and support GVC's CSR initiatives around the world. This should be taken as a clear sign of our determination to spearhead the gambling industry's approach to CSR initiatives, particularly with regard to responsible gambling".

Q3 Trading commentary

Online:

Online NGR was 12% ahead with strong growth in all territories. After adjusting for the impact of the World Cup⁴ in the prior year, Online NGR was 14% ahead. Sports wagers were 5% ahead and sports gross win margin was 1.0pp ahead, resulting in sports NGR up 16%. After adjusting for the impact of the World Cup⁴, sports wagers were 9% ahead and sports NGR was 22% ahead. Gaming NGR was 8% ahead despite the prior year benefiting from high levels of World Cup cross-sell into gaming.

UK Retail:

UK Retail trends following the cut in maximum B2 stakes to £2 on 1 April 2019 remain ahead of expectations. Like-for-like OTC NGR was 7% ahead of last year driven by the part-substitution of displaced machines revenues. Like-for-like machines NGR was 36% behind, as a result of the B2 machines stakes cut. A further 41 shops were closed during the period, taking the total closed as a result of the Triennial Review to 198. The Group expects to close a total of up to 900 shops across the next two years.

European Retail:

European Retail NGR was 4% behind last year. OTC NGR was 4% behind, with OTC margin down 0.6pp and OTC wagers down 1%. After adjusting for the impact of the World Cup⁴ in the prior year, OTC wagers were 3% ahead and OTC NGR was flat.

Regulation

There have been no material developments to the regulatory position in Germany since the Group's H1 update on 15 August 2019. In summary, if clarity on the new interim sports-betting licences is not provided in 2019 then the likelihood of delays to the issuance of sports-betting licences in 2020 increases, and the probability of legal challenges impacting the interim licence roll-out is heightened. There is, therefore, a realistic possibility that the regulatory position will not be resolved until 2021, when positive re-regulation of the German online sports-betting and gaming market is expected.

In Brazil, the Brazilian Finance Ministry has provided further details on its plan to regulate sports-betting. Future regulation is intended to be an open licensing system with an unlimited number of licences, with licensees subject to a 1% turnover tax. The Brazilian sports-betting market is expected to regulate in late 2020 or early 2021.

Refinancing

In September the Group completed the refinancing of £175m and €925m of its term loans with one bigger and more liquid tranche of €1,125m maturing in March 2024. The new EUR term loan, which was allocated at par, has pricing of EURIBOR +250bps (with a 0% floor and subject to a margin ratchet), which represents a saving of 25bps on the €925m of refinanced EUR loans and c.175 bps on the refinanced £175m GBP loans. The refinancing of the £175m GBP loans with EUR loans provides a currency mix of debt that better matches the financial profile of the Group following the implementation of the Triennial Review in April 2019.

GVC Global Foundation

At the end of the quarter the Group launched the GVC Global Foundation (“the Foundation”), which will coordinate and support GVC’s CSR initiatives, objectives and donations around the world. The Foundation builds on the Group’s existing CSR efforts, focusing on making a positive impact on the societies and communities in which it operates.

Launch projects for the Foundation include a partnership with Inter Milan to encourage women’s participation in football and sports integrity initiatives in the UK, Germany and the US. In addition, the Foundation will also administer GVC’s existing CSR projects, including its collaborations with SportsAid, EPIC Risk Management, Gordon Moody, the US NCPG and Harvard Medical School teaching hospital.

Further details of the specific new projects and initiatives can be found here: <https://gvcglobalfoundation.com>

Chairman Successor Search

As previously disclosed, the Board is in the process of finding a successor to current Chairman Lee Feldman, in order to comply with changes to the UK Corporate Governance Code in respect of the recommended maximum tenure of a Chairman. The search is well progressed and the Board expects to make an announcement before the end of the year.

Sportium Disposal Update

The Group is pleased to confirm that Cirsa S.A. has received regulatory clearance regarding their acquisition of the Group’s 50% interest in Sportium Apuestas Deportivas S.A. Consequently the transaction is expected to complete within the next two weeks, upon which the Group will receive a consideration of €73.7m payable in cash plus repayment of loans and distribution of excess cash.

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) UK Retail numbers are quoted on a LFL basis. During the period there were an average of 3,267 shops in the estate, compared to an average of 3,495 in the same period last year. As at 30 September 2019 there were a total of 3,233 shops in the estate (2018: 3,481).*
- (3) Growth on a constant currency basis is calculated by translating both 2019 and 2018 performance at the 2019 exchange rates*
- (4) Football World Cup NGR post substitution*

- ends -

LEI: 213800GNI3K45LQR8L28

Call Details:

GVC will host a conference call on 9 October 2019 at 9.00 am (BST). Participants may join the call by dialing the following number, approximately 10 minutes before the start of the call.

Tel: +44 (0) 20 3059 5869

Passcode: GVC Q3 Trading update

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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