

## Ladbrokes Coral Group plc (LSE: LCL) Trading Statement

18 January 2017

### Full year operating profit in line with expectations, despite poor sporting results in December

Ladbrokes Coral Group plc announces a trading statement for the unaudited year to 31 December 2016:

Proforma Group operating profit<sup>[1,2]</sup> for the full year is expected to be within the range of £275m-£285m. This consists of Ladbrokes standalone operating profit<sup>[1,2,3]</sup> of c£101m and Coral Group standalone operating profit<sup>[1,2,3]</sup> of c£179m. This result is in line with market consensus for Ladbrokes plc and in line with management expectations for the Coral Group, despite the poor sporting results both businesses faced in the second half of December 2016.

This compares to 2015 proforma Group operating profit<sup>[1,2]</sup> of c£235m, consisting of Ladbrokes plc operating profit<sup>[1,2]</sup> of £80.6m and Coral Group operating profit<sup>[1,2]</sup> of c£154m.

Quarter 4 (representing the period 1 October 2016 to 31 December 2016) saw continued growth in Digital<sup>[4]</sup> with net revenue 18%<sup>[5]</sup> ahead. Despite the poor sporting results in the UK, Ladbrokes.com net revenue was 17% ahead of the same quarter last year and Coral.co.uk net revenue was 13% ahead. Sports gross win margins were around 1pp behind expectations in both brands (Ladbrokes: 6.9% and Coral: 7.4%). In Australia, Ladbrokes net revenue was 45%<sup>[5]</sup> ahead of last year, driven by stakes growth of 57%<sup>[5]</sup>.

UK Retail net revenue was 4% behind the same quarter last year. Like-for-like OTC stakes were 5% behind last year (a trend that has continued into 2017) and OTC margin of 16.5% was around 2pp behind expectations, resulting in OTC net revenue 11% behind last year. Multi-channel sign ups across both Ladbrokes and Coral remained strong with over 140k customers signing up to Connect and the Grid in the quarter.

Jim Mullen, CEO, commented:

"The last quarter of 2016 was one of significant activity with the completion of the merger, good progress on integration along with the necessary shop disposals and a busy sporting schedule. While the sporting gods did not look favourably on us in the period, it is pleasing to report that the business continued to perform well and that our full year numbers will be in-line with expectations.

It has been an encouraging start to the life of Ladbrokes Coral Group plc. Good progress is being made on all the key integration workstreams. We saw continued growth in our Digital division with Australia going from strength to strength and further growth in multi-channel sign ups. We remain confident in our plans for 2017 and on delivering the opportunities identified in the merger."

### Timetable for further announcements

- Final historic proforma numbers will be issued in February 2017.
- Final results announcement will be on the 28 March 2017.

## Enquiries

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## Notes:

<sup>[1]</sup> Operating profit defined as pre exceptional profit before interest and tax. Operating profit excludes high rollers. A number of accounting policy alignment adjustments and the impact of a fair value acquisition exercise will be reflected in both the historic proforma numbers (released in February 2017) and the final results (released on 28 March 2017). 2016 Statutory Group operating profit (made up of operating profit for Ladbrokes plc for the 10 months to 31 October 2016 and operating profit for Ladbrokes Coral Group plc for the 2 months to 31 December 2016) is expected to be c£117m.

<sup>[2]</sup> Group operating profit includes the profit generated from 359 shops that are in the process of being disposed as a result of the CMA remedy findings into the merger of Ladbrokes plc and the Coral Group: 2016 includes operating profit of £23.1m generated from these shops. These shops are in the process of being transferred to their purchasers on a phased basis. Operating profit "lost" in 2016 from those shops already transferred by 31 December 2016 is estimated at £0.6m.

<sup>[3]</sup> Standalone 2016 operating profit is defined as operating profit for Ladbrokes plc or the Coral Group for 10 months to 31 October and the estimated operating profit of Ladbrokes Coral Group plc attributable to the ex-Ladbrokes plc business or the ex-Coral Group business for the period 1 November 2016 to 31 December 2016.

<sup>[4]</sup> Digital includes all online businesses

<sup>[5]</sup> Constant currency