



GALA CORAL
GROUP

FY15 Q3 Results
20th August 2015



Overview

FY15 Q3 results

Q&A

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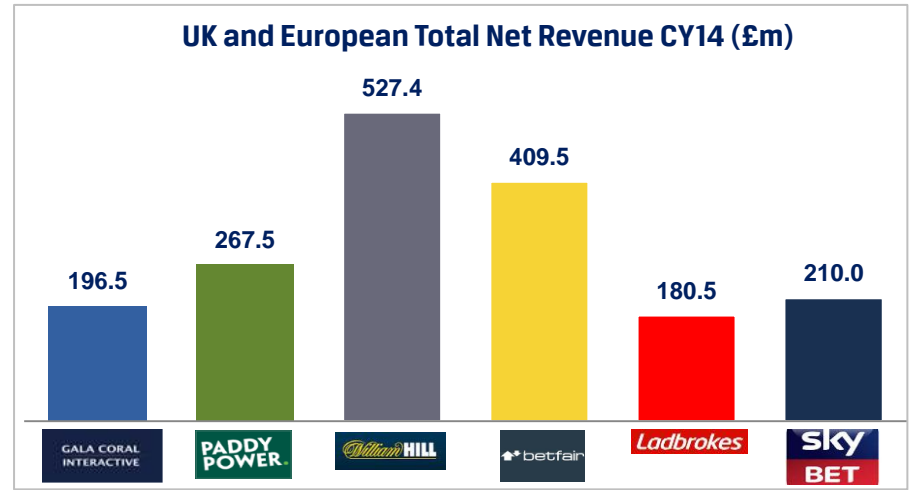
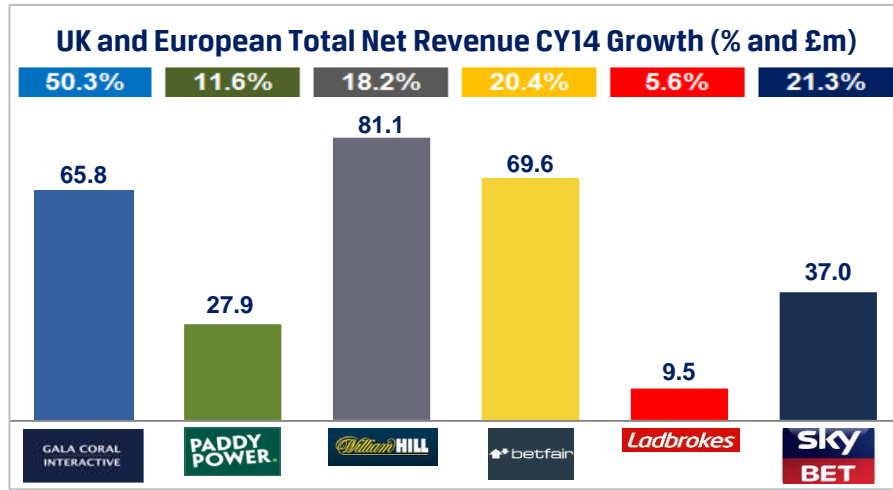
FY15 Q3 Highlights

- Total Continuing Group EBITDA of £65.7m was £5.1m or **8% higher** than last year
- Adjusting for regulatory impacts^{1} and the World Cup in quarter 3 last year, EBITDA was **£22.6m** or **52% ahead**
- Another **very strong quarter of Online growth** supported by Coral Connect:
 - **Coral Connect** sign-ups now total over 260k and are contributing over **40% of Coral.co.uk** net revenue
 - **Added more Net Revenue** than all other listed competitors
- Continued **out-performance** in Coral Retail:
 - EBITDA broadly flat (both in quarter 3 and YTD), despite regulatory impacts
- Further **market share gain** in Eurobet Retail:
 - 14.9% of retail sports-betting
- **EBITDA growth** in Gala Retail of 45% driven by duty reduction and increase in spend-per-head

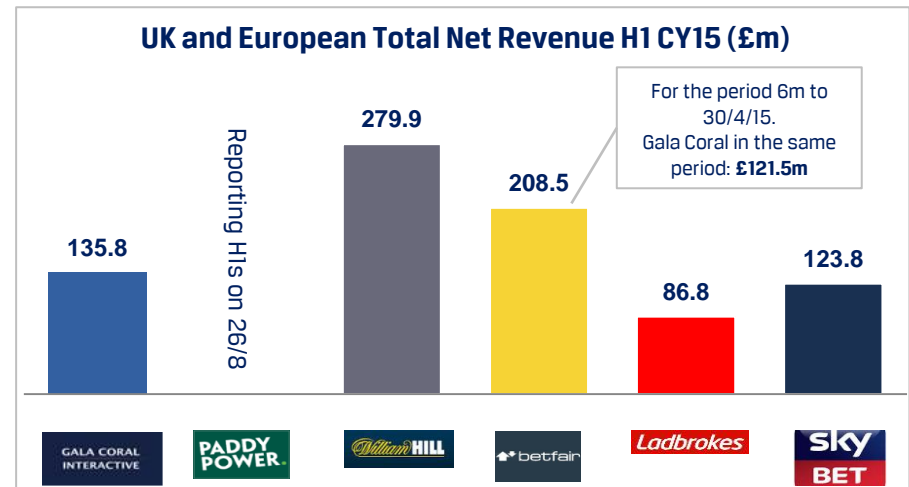
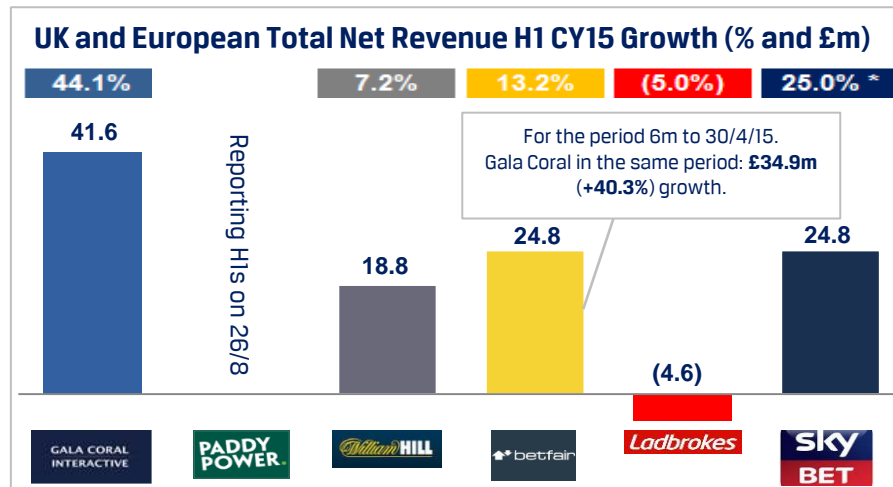
{1} FY14 rebased for the estimated impact of Point of Consumption Tax, the increase in rate of MGD to 25%, DCMS FOBT high-stake restrictions and the reduction in Bingo Duty, 3 calculated as if all changes had been in existence for the corresponding periods in FY14

Online Outperformance

Very strong outperformance in CY14 ...



... continuing into CY15 - now adding more net revenue than all other listed competitors



* Management estimate

Sources: Coral = Coral.co.uk + Galabingo.com + Galacasino.com + Eurobet.it PP = UK + Ire + Italy, exclude Aus. CY2014 converted at GBP/EUR 1.2507. WMH = Gibraltar licence + Italy + Spain, excludes Aus. Ladbrokes = Ladbrokes.com (predominantly UK) + Exchanges + Spain + Belgium + Denmark (now discontinued), excludes Aus. Skybet = estimated growth rate based on YTD numbers at to 19th March 2015. Betfair = Sustainable Revenues (excl.US) and Other (assumed mostly European): CY2014 = Year to 31 Jan 2015, H12015 = 6 months ended 30 April 2015. Excludes Bet365 due to lack of publically available information.

Retail Outperformance

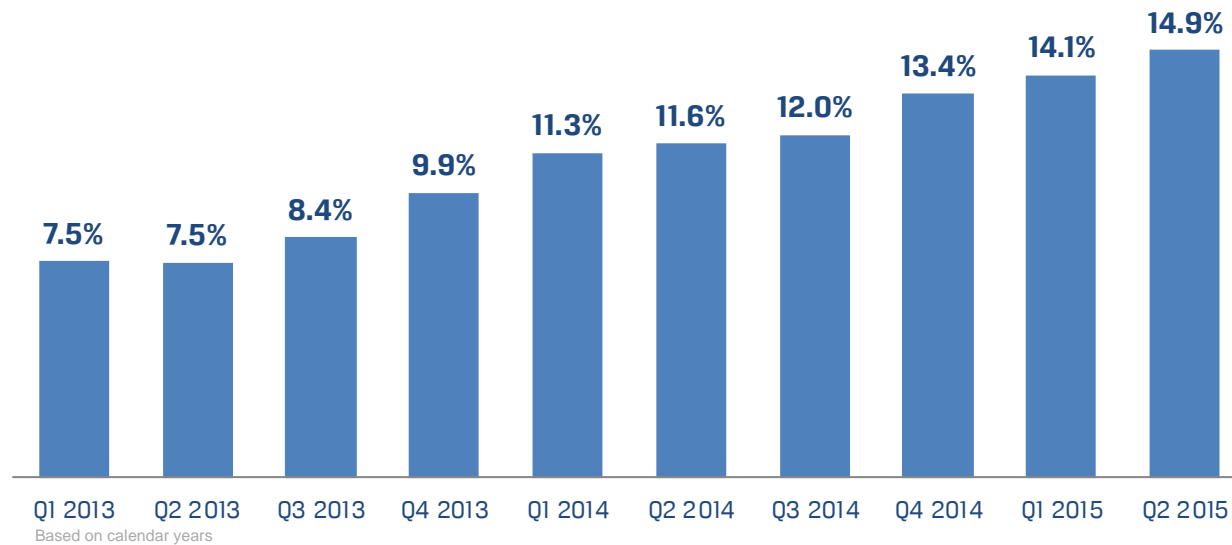
Coral Retail: continued outperformance in CY15

Net revenue outperformance vs. UK listed competitors

2013				2014				2015	
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
2%	0%	1%	1%	0%	0%	4%	2%	2%	2%

Eurobet Retail: market share gains

Retail sports market share (by stakes)



FY15 Q3 Results

Paul Bowtell

- Q3 Results
- Cashflow



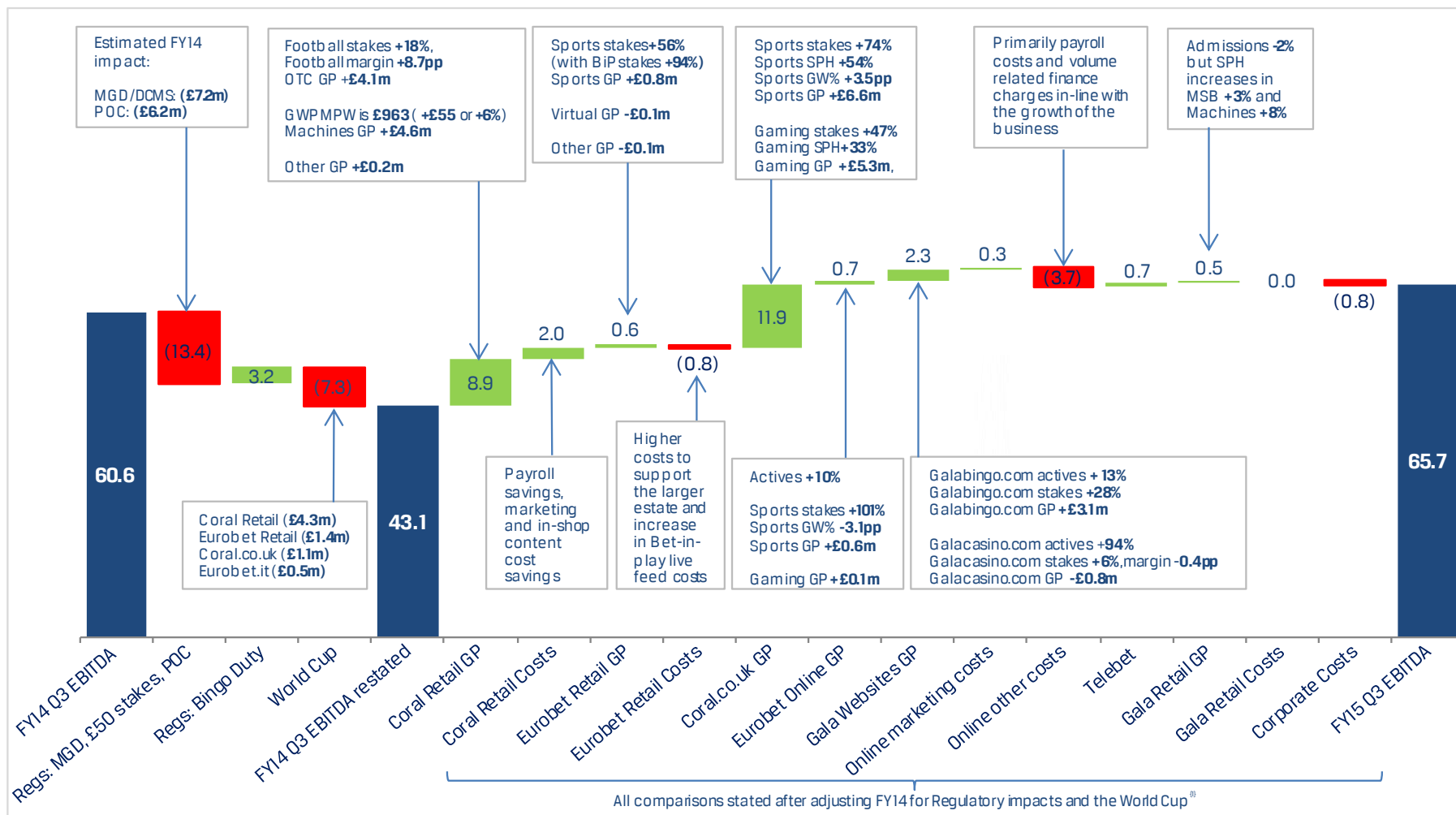
FY15 Q3 Results

QUARTER 3 CONTINUING OPERATIONS	NET REVENUE			GROSS PROFIT			OPERATING COSTS			EBITDA		
	FY15 £'m	FY14 £'m	+/- £'m	FY15 £'m	FY14 £'m	+/- £'m	FY15 £'m	FY14 £'m	+/- £'m	FY15 £'m	FY14 £'m	+/- £'m
Coral Retail	158.0	156.8	1.2	116.5	119.1	(2.6)	(81.6)	(83.6)	2.0	34.9	35.5	(0.6)
Eurobet Retail	18.4	20.8	(2.4)	6.3	7.1	(0.8)	(2.6)	(1.8)	(0.8)	3.7	5.3	(1.6)
Online	63.6	46.5	17.1	42.1	35.0	7.1	(25.0)	(21.6)	(3.4)	17.1	13.4	3.7
Coral Telebet	1.1	0.4	0.7	1.0	0.3	0.7	(0.7)	(0.7)	0.0	0.3	(0.4)	0.7
Corporate Costs	-	-	-	-	-	-	(2.2)	(1.4)	(0.8)	(2.2)	(1.4)	(0.8)
Total Coral Group	241.1	224.5	16.6	165.9	161.5	4.4	(112.1)	(109.1)	(3.0)	53.8	52.4	1.4
Gala Retail	63.9	64.2	(0.3)	50.5	46.8	3.7	(38.6)	(38.6)	-	11.9	8.2	3.7
Total	305.0	288.7	16.3	216.4	208.3	8.1	(150.7)	(147.7)	(3.0)	65.7	60.6	5.1

- Net Revenue 6% ahead of last year, and EBITDA 8% ahead despite incurring £12.9m of net incremental regulatory costs in FY15
- Underlying EBITDA^{1} 52% ahead of last year
- Online EBITDA 28% ahead of last year (202% on an underlying basis)
- Strong cost performance in Coral Retail

{1} FY14 rebased for i) the estimated impact of Point of Consumption Tax (-£6.2m), the increase in rate of MGD to 25% and DCMS FOBT higher staking restrictions (-£7.2m) and the reduction in Bingo Duty (+£3.2m) calculated as if all changes had been in existence for the corresponding periods in FY14 ii) The World Cup (£7.3m)

FY15 Q3 EBITDA Bridge



{1} World Cup impact (previously reported as £8.4m) is now stated net of "cannibalisation" of other OTC products in Coral Retail, which is estimated at £1.1m, resulting in a restated World Cup impact of £7.3m of which £4.3m was in Coral Retail

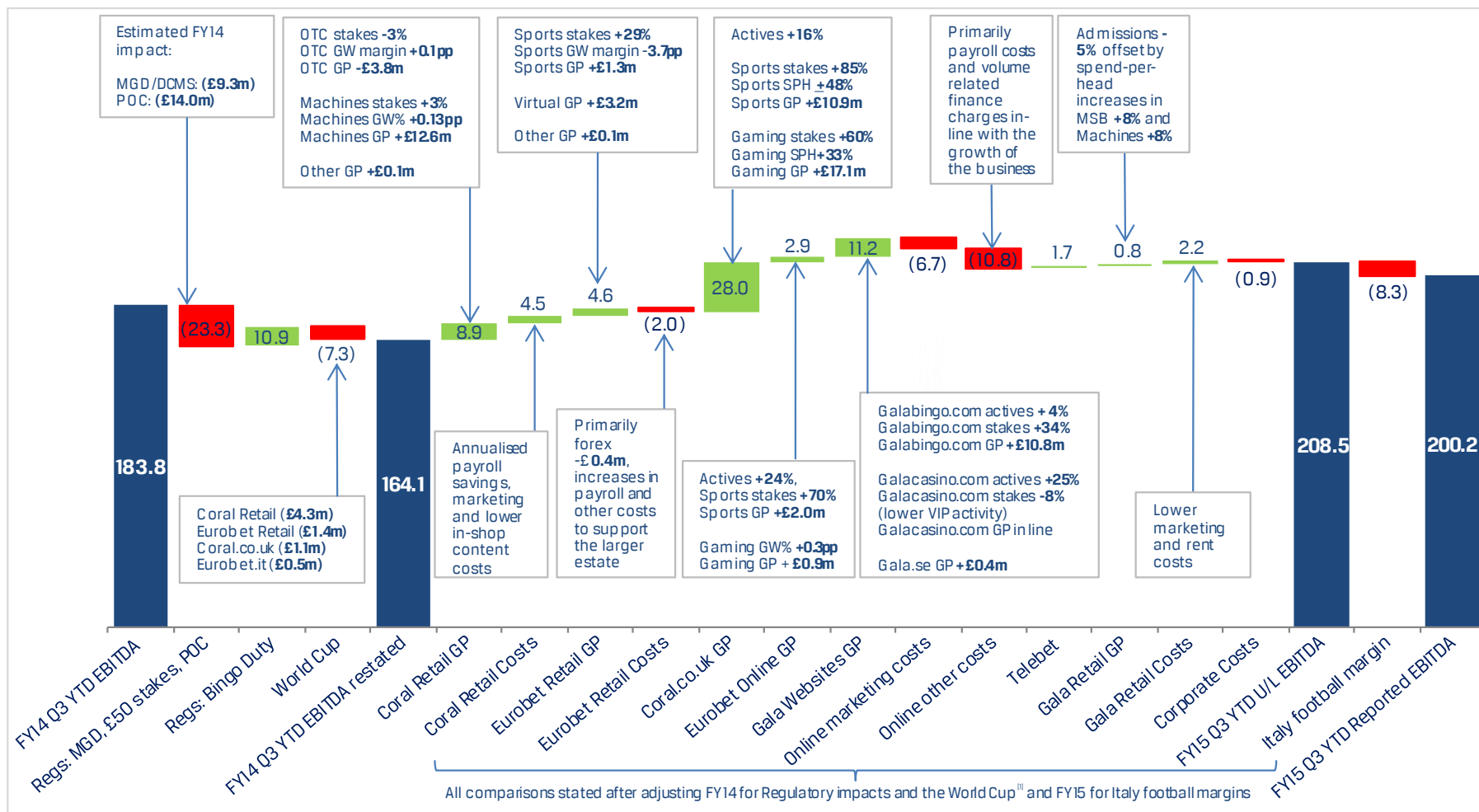
FY15 Q3 YTD Results

QUARTER 3 YTD CONTINUING OPERATIONS	NET REVENUE			GROSS PROFIT			OPERATING COSTS			EBITDA		
	FY15 £'m	FY14 £'m	+/- £'m	FY15 £'m	FY14 £'m	+/- £'m	FY15 £'m	FY14 £'m	+/- £'m	FY15 £'m	FY14 £'m	+/- £'m
Coral Retail	524.2	521.8	2.4	391.9	396.6	(4.7)	(278.5)	(283.0)	4.5	113.4	113.6	(0.2)
Eurobet Retail	60.9	62.8	(1.9)	19.0	21.0	(2.0)	(8.4)	(6.4)	(2.0)	10.6	14.6	(4.0)
Online	186.9	136.0	50.9	126.4	102.7	23.7	(85.4)	(67.9)	(17.5)	41.0	34.8	6.2
Coral Telebet	3.8	3.0	0.8	3.3	2.5	0.8	(2.0)	(2.6)	0.6	1.3	(0.1)	1.4
Corporate Costs	-	-	-	-	-	-	(4.2)	(3.3)	(0.9)	(4.2)	(3.3)	(0.9)
Total Coral Group	775.8	723.6	52.2	540.6	522.8	17.8	(378.5)	(363.2)	(15.3)	162.1	159.6	2.5
Gala Retail	212.9	215.2	(2.3)	167.3	155.6	11.7	(129.2)	(131.4)	2.2	38.1	24.2	13.9
Total	988.7	938.8	49.9	707.9	678.4	29.5	(507.7)	(494.6)	(13.1)	200.2	183.8	16.4

- Net Revenue 5% ahead of last year, and EBITDA 9% ahead despite additional net regulatory hits of £19.7m incurred in FY15
- Underlying EBITDA ^{1} 27% ahead of last year
- Good cost control in Coral Retail (payroll and in-shop content costs)

{1} FY14 rebased for i) the estimated impact of Point of Consumption Tax (-£14.0m), the increase in rate of MGD to 25% and DCMS FOBT higher staking restrictions (-£9.3m) and the reduction in Bingo Duty (+£10.9m) calculated as if all changes had been in existence for the corresponding periods in FY14 ii) The World Cup (£7.3m)

FY15 Q3 YTD EBITDA Bridge



{1} World Cup impact (previously reported as £8.4m) is now stated net of "cannibalisation" of other OTC products in Coral Retail, which is estimated at £1.1m, resulting in an restated World Cup impact of £7.3m of which £4.3m was in Coral Retail

FY15 Q3 Cashflow

£'m	FY15	FY14	+/-
EBITDA - Continuing Group	200.2	183.8	16.4
EBITDA - Discontinued operations	(7.6)	0.2	(7.8)
Working capital and exceptionals ⁽¹⁾	(33.4)	(68.9)	35.5
Inflow from Operations	159.2	115.1	44.1
Capex - Coral group	(36.5)	(44.9)	8.4
Capex - Gala Retail	(7.3)	(11.7)	4.4
Taxation	(4.1)	(2.7)	(1.4)
Opco Unlevered Cashflow ⁽²⁾	111.3	55.8	55.5
Rent reduction payment	(33.1)	0.0	(33.1)
Net proceeds from Casino disposal	0.0	21.1	(21.1)
Net interest	(92.8)	(92.2)	(0.6)
Debt repayments of Opco Loans	0.0	(35.0)	35.0
Opco Cashflow	(14.6)	(50.3)	35.7
Propco cashflows			
Propco rental income	5.8	21.7	(15.9)
Propco rent surrender receipt	32.1	0.0	32.1
Movement in Propco working capital	(2.4)	0.2	(2.6)
Propco fixed asset disposals	206.7	0.0	206.7
Propco interest	(16.5)	(15.5)	(1.0)
Debt repayments of Propco Loans	(236.5)	(8.5)	(228.0)
Total Group Cash Outflow	(25.4)	(52.4)	27.0

- Opco unlevered cashflow £55.5m favourable to the prior year, £16.4m of which has arisen from the Continuing Group EBITDA improvement
- Working capital and exceptionals net cash outflow of £33.4m, is £35.5m ahead due to lower exceptional cashflows than in 2014 (which contained higher VAT payments and restructuring costs)
- Capex variance of £12.8m will partially unwind in Q4
- Opco paid £33.1m to Propco/external landlords to reduce the rent on Propco properties to market rates
- The Group sold its remaining Propco properties and used the proceeds and excess cash to repay part of the Propco loan. The remainder of the loan has been derecognised and a liquidation process is underway for Propco

⁽¹⁾ Includes exceptional interest

⁽²⁾ Pre Propco rent reduction payment

Q&A

