

# FINANCIAL RESULTS

FOR THE YEAR ENDED 26 SEPTEMBER 2015

**Underlying EBITDA growth of 30%**

## FULL YEAR HIGHLIGHTS

- Total Coral Group EBITDA<sup>{1/2}</sup> of £205.3m was £2.7m or 1% ahead of last year
- After adjusting for regulatory impacts<sup>{3}</sup> and the World Cup<sup>{4}</sup>, underlying EBITDA was 30% ahead
- Online EBITDA<sup>{1/2}</sup> of £56.2m was £6.7m or 14% ahead of last year and was 99% ahead on an underlying basis after adjusting FY14 for regulatory impacts<sup>{3}</sup> and the World Cup<sup>{4}</sup>. Online net revenue was 36% ahead, driven by 972k first time depositors
- Despite the introduction of the Point of Consumption tax during Q1, and the increase in MGD and introduction of FOBT high stakes restrictions at the end of Q2, the Group has grown EBITDA<sup>{1/2}</sup> in the second half of the year.
- Announced the proposed merger of the Coral Group with Ladbrokes PLC, subject to clearance by certain regulatory authorities including the Competition and Markets Authority ("CMA")
- On 26<sup>th</sup> October 2015 announced the sale of Gala Retail to Caledonia Investments for £241m

### KEY FINANCIALS

	FULL YEAR		
	FY15	FY14	+/-
	£'m	£'m	%
Net Revenue <sup>{5}</sup>	<b>1,005.4</b>	945.3	6.4%
Gross Profit	<b>699.5</b>	685.4	2.1%
Operating Costs	<b>(494.2)</b>	(482.8)	(2.4%)
<b>Coral Group EBITDA<sup>{1/2}</sup></b>	<b>205.3</b>	<b>202.6</b>	<b>1.3%</b>
Gala Retail/Gala Casino	<b>50.6</b>	33.1	
Other Discontinued Activity	<b>(7.6)</b>	-	
Propco Rent	<b>5.8</b>	28.2	
<b>Total Group EBITDA<sup>{1}</sup></b>	<b>254.1</b>	<b>263.9</b>	<b>(3.7%)</b>

Carl Leaver, Group CEO, commented:

"The Group's financial performance in the full year was strong, with EBITDA ahead by £2.7m or 1% despite significant regulatory headwinds, and last year's World Cup. After adjusting for these items underlying EBITDA was 30% ahead.

Growth in the Online business continued at market leading rates with net revenue 36% ahead and underlying EBITDA double the prior year.

Our unique multi-channel capability in both the UK and Italy continues to be a key driver of value: Connect customers are contributing over 40% of Coral.co.uk gross win, while in Italy, multichannel acquisition helped propel Eurobet.it to the number 2 position in the online sports market.

{1} EBITDA is stated pre-exceptional items

{2} EBITDA includes all revenue and expenses for the Coral Group and excludes Gala Retail (Q4 FY15: £12.5m and Q4 FY14: £8.7m and FY15: £50.6m and FY14: £32.9m), the Casinos sold in FY14 (Q4 FY15: £0.0m and Q4 FY14: £0.0m, FY15: £0.0m and FY14: £0.2m), Propco rental income (Q4 FY15: £0.0m and Q4 FY14: £6.5m, FY15: £5.8m and FY14: £28.2m) and High Roller activity (Q4 FY15: £0.0m and Q4 FY14: £0.0m, FY15: -£7.6m and FY14: £0.0m)

{3} FY14 Full Year Coral Group EBITDA (pre-exceptionals) has been rebased for the estimated impact of Point of Consumption Tax (-£20.4m, of which Online -£19.8m) and the increase in rate of MGD to 25% and DCMS FOBT higher staking restrictions (-£16.5m), calculated as if all changes had been in existence for the corresponding periods in FY14

{4} World Cup EBITDA impact (previously reported as £9.4m) is now stated net of "cannibalisation" of other OTC products in Coral Retail, which is estimated at £1.5m, resulting in a restated World Cup impact of £7.9m, of which £4.5m related to Coral Retail, £1.9m related to Eurobet Retail and £1.5m related to Online

{5} Statutory turnover of £1,007.6m includes Coral Retail vending machine income of £2.2m which is excluded from Net Revenue

### CEO comment continued:

During the year we announced the proposed merger between the Coral Group and Ladbrokes PLC. The deal will bring together two complementary businesses and create significant value. Having been approved by Ladbrokes shareholders on the 24<sup>th</sup> November, the proposed merger is now subject to the Competition and Markets Authority's approval.

Post year-end, we were pleased to announce the sale of Gala Retail to Caledonia Investments. The deal is expected to complete before the end of the calendar year and following on from the winding up of the Propco debt structure earlier in the year, represents the final important step in the restructuring of the Group ahead of the proposed merger.

Together with the rest of the industry, we have continued to build upon a proactive and constructive approach to self-regulation in connection with responsible gambling. We have also continued to work constructively with politicians, regulators and other stakeholders on these issues."

## CONTACTS

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A presentation for shareholders, lenders and bondholders will be held at the Lincoln Centre, 18 Lincoln's Inn Fields, London, WC2A 3ED at 2pm on 30 November. A second presentation will be held for equity analysts at the Lincoln Centre at 4pm.

## 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 52 weeks ended 26 September 2015 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.

## Underlying EBITDA growth of 30%

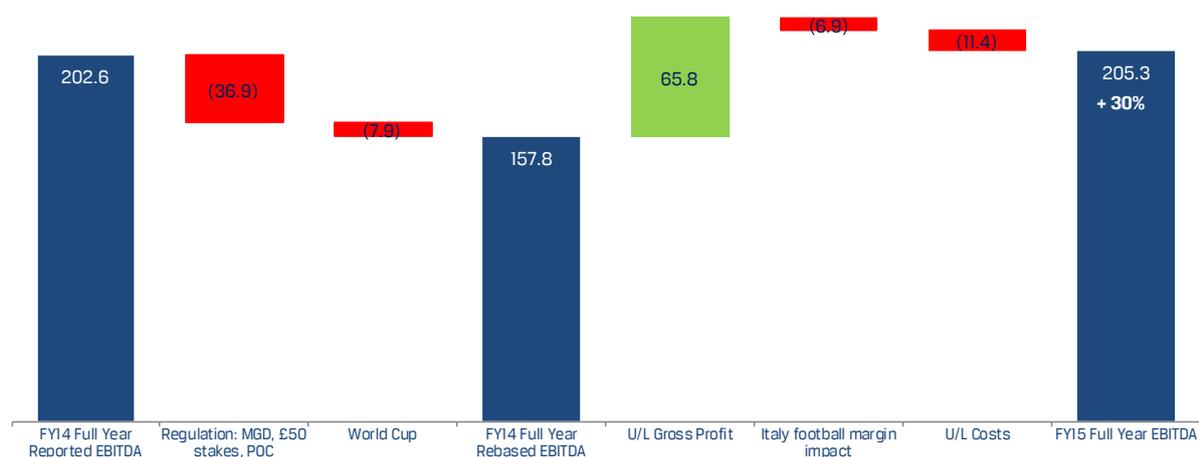
### FULL YEAR OVERVIEW

Net revenue of £1,005.4m was £60.1m or 6% ahead of last year and EBITDA<sup>{1/2}</sup> of £205.3m was £2.7m or 1% ahead, with continued strong growth in Online.

Full Year <sup>{3}</sup> CORAL GROUP <sup>{2}</sup>	NET REVENUE			GROSS PROFIT			EBITDA <sup>{1}</sup>		
	FY15	FY14	+/-	FY15	FY14	+/-	FY15	FY14	+/-
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Coral Retail	675.9	675.9	-	503.9	514.7	(10.8)	141.2	143.0	(1.8)
Eurobet Retail	77.3	83.5	(6.2)	24.9	28.7	(3.8)	13.4	18.8	(5.4)
Online	247.8	182.6	65.2	166.9	138.9	28.0	56.2	49.5	6.7
Coral Telebet	4.4	3.3	1.1	3.8	3.1	0.7	1.1	(0.5)	1.6
Corporate Costs	-	-	-	-	-	-	(6.6)	(8.2)	1.6
<b>Total Coral Group<sup>{2}</sup></b>	<b>1,005.4</b>	<b>945.3</b>	<b>60.1</b>	<b>699.5</b>	<b>685.4</b>	<b>14.1</b>	<b>205.3</b>	<b>202.6</b>	<b>2.7</b>

Adjusting FY14 for the impact of regulation<sup>{4}</sup> and the World Cup<sup>{5}</sup>, EBITDA<sup>{1/2}</sup> increased by £47.5m or 30% versus last year.

### FY14 Full Year Reported EBITDA to FY15 Full Year EBITDA (£'m)<sup>{1/2}</sup>



{1} EBITDA is stated pre-exceptional items

{2} EBITDA includes all revenue and expenses for the Coral Group and excludes Gala Retail (FY15: £50.6m and FY14: £32.9m), Propco rental income (FY15: £5.8m and FY14: £28.2m) and High Roller activity (FY15: -£7.6m and FY14: £0.0m)

{3} Full year represents the 52 week periods ending 26 September 2015 and 27 September 2014

{4} FY14 Coral Group EBITDA (pre-exceptionals) rebased for the estimated impact of Point of Consumption Tax (-£20.4m, of which Online -£19.8m) and the increase in rate of MGD to 25% and DCMS FOBT high staking restrictions (-£16.5m), calculated as if all changes had been in existence for the corresponding periods in FY14

{5} World Cup EBITDA impact (previously reported as £9.4m) is now stated net of "cannibalisation" of other OTC products in Coral Retail, which is estimated at £1.5m, resulting in a restated World Cup impact of £7.9m, of which £4.5m related to Coral Retail, £1.9m related to Eurobet Retail and £1.5m related to Online

## RESPONSIBLE GAMBLING AND REGULATORY

The Group has continued to work in partnership with the wider industry, regulators and government on responsible gambling. Following the launch of the Senet Group in 2014, the industry has built upon this important self-regulatory approach with a significant awareness campaign on TV, social media and through shop windows and screens.

The ABB has published its revised Responsible Gambling Code mandating developments such as enhanced limit setting and the removal of gaming machine advertising from LBO windows, both of which had already been adopted by the Gala Coral Group.

New regulations requiring stakes of over £50 per spin to be supervised were introduced in April 2015. Since then, spins over £50 have reduced by around 80%, whilst spins below this level have increased. The net effect is estimated at a 5% reduction in Machines gross win – a fully annualised EBITDA impact of around £12m.

Looking ahead the industry is in the process of rolling out "behavioural analytics". This technology is able to help to identify customers that are at risk of developing problems, to ensure that appropriate interventions can be made. An industry first, the insight for this development was the ground-breaking research undertaken by the Responsible Gambling Trust in December 2014. Also in 2016, the industry will be implementing a national cross-operator self-exclusion scheme following trials in Glasgow and Medway.

## EXCEPTIONAL COSTS

Exceptional items in the year amounted to a £193.4m charge (2014: £128.4m). Included within exceptional items were non-cash charges of £171.3m (2014: £8.5m) relating to the impairment of assets on Gala Retail and £1.4m (2014: £10.3m) relating to FRS 20 "Share based payments". Exceptional items also included restructuring costs (net of VAT rebates) of £12.7m (2014: £4.8m). These primarily related to costs associated with a number of corporate transactions including a possible IPO, the proposed merger with Ladbrokes PLC and the sale of the Gala Retail business. Exceptional items also contained a £3.0m net release (2014: £1.4m) of onerous lease provisions and an £11.0m charge (2014: £106.2m) resulting from a write down of assets including those relating to the changes in regulation affecting the Coral Retail LBO estate.

## FINANCING

Opco net debt for accounting purposes (excluding shareholder loan notes) was £1,035.5m at the end of the year compared to £1,063.4m at the end of FY14. The decrease in Opco net debt is a result of a cash inflow for the year of £33.9m partially offset by £6.0m amortisation of issue costs.

The sale of Gala Retail following the year end is expected to generate proceeds of £241.0m. Between £220.0m and £240.0m of the net proceeds will be used to repay net debt.

Cash generation in the period was strong, with free cash generation of £167.8m (2014: £98.3m) representing a 68% conversion from EBITDA (2014: 42%).

On the 9th October 2015, Ladbrokes signed a £1.35bn facility with a syndicate of relationship banks to provide committed financing for the proposed merger with the Coral Group. As a result of this financing, the Gala Coral debt, comprising £315m Senior Secured Note 2018, £275m Secured Note 2019 and £712m Senior Secured Facilities 2018 will not be transferred into the enlarged Ladbrokes Coral Group at completion of the merger. Accordingly, it is currently expected that Gala Coral's debt will be repaid on or before completion of the merger. As part of that process senior lender consent has been obtained to use surplus cash of c£110m to repay £100m of the Senior Notes plus related accrued interest and call premium, and to use the net proceeds of the disposal of Gala Retail to repay a proportion of the Senior Secured Notes in the coming months.

As was reported in the Group's Q1 press release, 2005 Propco Three Limited was put into a Creditors Voluntary Liquidation on 3 March 2015 and, as a result, will no longer be consolidated in the Gala Coral Group Limited accounts. It has since been dissolved.

## CURRENT TRADING

Volumes have been strong across all divisions in the 8 week period to 22 November 2015. Coral Retail like-for-like stakes were 2.3% ahead, Eurobet Retail sports stakes were 32.6% ahead (on a constant currency basis), Coral.co.uk sports stakes 57.6% ahead and Eurobet.it sports stakes 89.9% ahead (on a constant currency basis). Football results have, however, been poor in both the UK and Italy, adversely impacting Coral Retail and Eurobet Retail in particular. Despite these adverse results, the Online business continues to see impressive net revenue growth.

## Underlying EBITDA growth of 50%

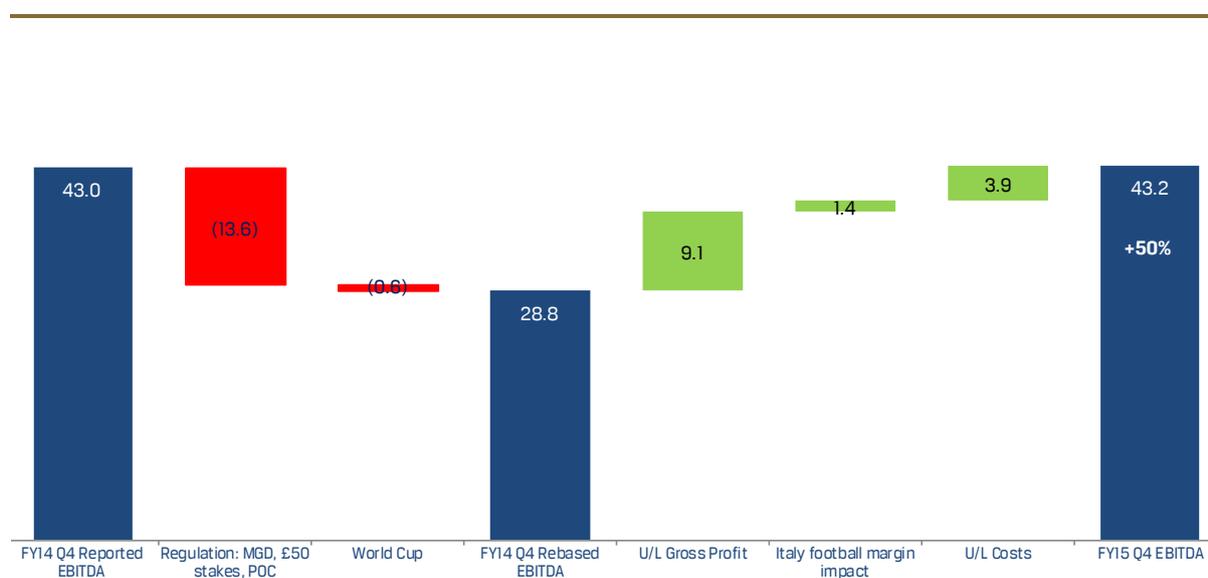
### QUARTER 4 OVERVIEW

Net revenue of £229.6m was £7.8m or 4% ahead of last year, with Online £14.2m or 30% ahead. EBITDA<sup>{1/2}</sup> of £43.2m was £0.2m ahead.

QUARTER 4 <sup>{3}</sup> CORAL GROUP <sup>{2}</sup>	NET REVENUE			GROSS PROFIT			EBITDA <sup>{1}</sup>		
	FY15	FY14	+/-	FY15	FY14	+/-	FY15	FY14	+/-
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Coral Retail	151.7	154.1	(2.4)	112.0	118.1	(6.1)	27.8	29.4	(1.6)
Eurobet Retail	16.4	20.7	(4.3)	5.9	7.7	(1.8)	2.8	4.2	(1.4)
Online	60.9	46.7	14.2	40.5	36.2	4.3	15.2	14.7	0.5
Coral Telebet	0.6	0.3	0.3	0.5	0.6	(0.1)	(0.2)	(0.4)	0.2
Corporate Costs	-	-	-	-	-	-	(2.4)	(4.9)	2.5
<b>Total Coral Group<sup>{2}</sup></b>	<b>229.6</b>	<b>221.8</b>	<b>7.8</b>	<b>158.9</b>	<b>162.6</b>	<b>(3.7)</b>	<b>43.2</b>	<b>43.0</b>	<b>0.2</b>

Adjusting FY14 for the impact of regulation<sup>{4}</sup> and the World Cup<sup>{5}</sup>, EBITDA<sup>{1/2}</sup> was £14.4m or 50% ahead of last year.

### FY14 Q4 Reported EBITDA to FY15 Q4 EBITDA (£'m)<sup>{1/2}</sup>



{1} EBITDA is stated pre-exceptional items

{2} EBITDA includes all revenue and expenses for the Coral Group and excludes Gala Retail (FY15: £12.5m and FY14: £8.7m) and Propoco rental income (FY15: £0.0m and FY14: £6.5m)

{3} Quarter 4 represents the 12 week periods ending 26 September 2015 and 27 September 2014

{4} FY14 Coral Group EBITDA (pre-exceptionals) rebased for the estimated impact of Point of Consumption Tax (-£6.4m, of which Online -£6.1m) and the increase in rate of MGD to 25% and DCMS FOBT high staking restrictions (-£7.2m) calculated as if all changes had been in existence for the corresponding periods in FY14

{5} World Cup EBITDA impact (previously reported as £1.0m) is now stated net of "cannibalisation" of other OTC products in Coral Retail, which is estimated at £0.4m, resulting in a restated World Cup impact of £0.6m, of which £0.2m related to Coral Retail, £0.5m related to Eurobet Retail and -£0.1m related to Online

## DIVISIONAL REVIEW

### CORAL RETAIL

CORAL RETAIL	QUARTER 4 <sup>{2}</sup>			FULL YEAR <sup>{2}</sup>		
	FY15	FY14	Var %	FY15	FY14	Var %
<b>KPIs</b>						
OTC gross win margin (%)	16.2%	18.0%	(1.8pp)	17.1%	17.5%	(0.4pp)
Average number of LBOs	1,850	1,841	0%	1,843	1,821	1%
Average number of Machines	7,381	7,347	0%	7,352	7,258	1%
Gross win / machine / week (£)	975	946	3%	986	957	3%
<b>P&amp;L</b>						
	<b>£'m</b>	<b>£'m</b>		<b>£'m</b>	<b>£'m</b>	
OTC amount staked	399.4	385.3	4%	1,724.3	1,761.4	(2%)
Machines amount staked	2,139.6	2,148.4	(0%)	9,538.0	9,461.1	1%
Stadia and Other	3.9	3.9	0%	16.3	16.8	(3%)
<b>Total amounts staked</b>	<b>2,542.9</b>	<b>2,537.6</b>	<b>0%</b>	<b>11,278.6</b>	<b>11,239.3</b>	<b>0%</b>
OTC gross win	64.7	69.4	(7%)	294.7	309.0	(5%)
Machines gross win	86.4	83.2	4%	376.8	361.0	4%
Stadia and Other	2.4	2.3	4%	10.6	10.4	2%
<b>Total gross win</b>	<b>153.5</b>	<b>154.9</b>	<b>(1%)</b>	<b>682.1</b>	<b>680.4</b>	<b>0%</b>
OTC net revenue	64.6	68.9	(6%)	293.4	307.6	(5%)
Machines net revenue	84.7	82.9	2%	371.9	357.9	4%
Stadia and Other	2.4	2.3	4%	10.6	10.4	2%
<b>Total net revenue<sup>{3}</sup></b>	<b>151.7</b>	<b>154.1</b>	<b>(2%)</b>	<b>675.9</b>	<b>675.9</b>	<b>0%</b>
<b>Gross profit</b>	<b>112.0</b>	<b>118.1</b>	<b>(5%)</b>	<b>503.9</b>	<b>514.7</b>	<b>(2%)</b>
Operating Costs	(84.2)	(88.7)	5%	(362.7)	(371.7)	2%
<b>EBITDA<sup>{1}</sup></b>	<b>27.8</b>	<b>29.4</b>	<b>(5%)</b>	<b>141.2</b>	<b>143.0</b>	<b>(1%)</b>

#### Full Year

Coral Retail EBITDA<sup>{1}</sup> of £141.2m was £1.8m or 1% behind last year. EBITDA was £19.2m or 16% ahead after adjusting FY14 for the impacts of regulation (£16.5m)<sup>{4}</sup> and the World Cup (£4.5m).

OTC stakes were £37.1m or 2% behind last year but £0.7m ahead excluding the impacts of the World Cup and a large staking individual in the prior year. Staking levels in the second half of the year were particularly encouraging, growing 3% year-on-year (excluding the World Cup).

OTC net revenue was £14.2m or 5% behind last year and £8.9m or 3% behind excluding the World Cup. OTC margins were 0.4pp behind, with both Grand National and Cheltenham margins behind the excellent levels achieved in FY14, and football margins failing to bounce back from the abnormally low margins seen last year.

Machines net revenue was £14.0m or 4% ahead of last year. This was despite the introduction of the DCMS high stakes restriction that was implemented in April, which is estimated to have adversely impacted net revenue by 5% and is not expected to improve. Machines gross-win-per-machine-per-week increased by 3% to £986, driven by an increased range of exclusive slots and multichannel content. B3 slots now account for 31% of Machines gross win.

Operating costs were 2% lower than last year, driven by the annualisation of payroll savings and lower content costs. The total number of LBOs at the end of FY15 was 1,850, an increase of 17 over the previous year, with 33 shops opening and 16 shops closing.

#### Quarter 4

Coral Retail EBITDA<sup>{1}</sup> of £27.8m was £1.6m or 5% behind last year. Adjusting FY14 for the adverse impact of MGD / high stakes restriction (£7.2m)<sup>{4}</sup> and the World Cup (£0.2m), EBITDA was £5.8m or 26% ahead. OTC net revenue was 6% behind last year, with gross win margin 1.8pp lower offsetting a 4% increase in stakes (5% excluding the World Cup). Machines net revenue was 2% ahead despite the impact of the restriction on high stakes (>£50) play.

{1} EBITDA is stated pre-exceptional items

{2} Quarter 4 represents the 12 week periods ending 26 September 2015 and 27 September 2014. Full year represents the 52 week periods ending 26 September 2015 and 27 September 2014

{3} Net revenue is calculated as gross win less free bets

{4} The regulatory / tax impact has been calculated as if all changes had been in existence for the corresponding periods in FY14

## EUROBET RETAIL

EUROBET RETAIL	QUARTER 4 <sup>{2}</sup>			FULL YEAR <sup>{2}</sup>		
	FY15	FY14	Var %	FY15	FY14	Var %
<b>KPIs</b>						
LBO sports gross win margin (%)	20.5%	28.9%	(8.4pp)	16.6%	23.0%	(6.4pp)
Average number of licences	797	821	(3%)	820	739	11%
<b>P&amp;L</b>						
	<b>£'m</b>	<b>£'m</b>		<b>£'m</b>	<b>£'m</b>	
Sports amount staked	51.8	44.5	16%	285.2	240.4	19%
Virtual amounts staked	26.7	32.1	(17%)	140.3	104.9	34%
Other amounts staked	8.5	6.3	35%	40.3	33.2	21%
<b>Total amounts staked</b>	<b>87.0</b>	<b>82.9</b>	<b>5%</b>	<b>465.8</b>	<b>378.5</b>	<b>23%</b>
Sports net revenue	10.6	12.9	(18%)	47.5	55.3	(14%)
Virtual net revenue	4.6	5.6	(18%)	23.9	18.0	33%
Other net revenue	1.2	2.2	(45%)	5.9	10.2	(42%)
<b>Total net revenue<sup>{3}</sup></b>	<b>16.4</b>	<b>20.7</b>	<b>(21%)</b>	<b>77.3</b>	<b>83.5</b>	<b>(7%)</b>
<b>Gross profit</b>	<b>5.9</b>	<b>7.7</b>	<b>(23%)</b>	<b>24.9</b>	<b>28.7</b>	<b>(13%)</b>
Operating Costs	(3.1)	(3.5)	11%	(11.5)	(9.9)	(16%)
<b>EBITDA<sup>{1}</sup></b>	<b>2.8</b>	<b>4.2</b>	<b>(33%)</b>	<b>13.4</b>	<b>18.8</b>	<b>(29%)</b>

### Full Year

Eurobet Retail EBITDA<sup>{1}</sup> was £5.4m or 29% behind last year (£3.4m or 20% behind on a constant currency basis) due to adverse football results (full year impact £3.8m) and the World Cup in FY14 (£1.9m).

Sports stakes were 19% ahead of last year (39% excluding the World Cup and on a constant currency basis) partly driven by the increased estate size (FY15 average LBOs 820, FY14: 739) and shop relocations. The shop optimisation programme, whereby 250 shops are being relocated to more profitable locations, is nearing completion with 210 units reopened by the end of FY15. The programme is expected to complete during the first quarter of FY16. Bet-in-Play stakes growth of 85% (100% on a constant currency basis) also contributed to growth, and by the year end represented 20.4% of retail sports stakes. Eurobet's share of the retail sports betting market in the second half of FY15 was 14.8%, an increase of 3.0pp on the prior year.

Virtual net revenue was £5.9m or 33% ahead of last year (44% on a constant currency basis) primarily due to the annualisation of the product's launch in quarter 1 last year. However, the Virtual market softened significantly during the second half, with Eurobet Retail recording a 17% fall in staking levels in quarter 4 (10% on a constant currency basis), in-line with the market, as customers began to rebalance their spending towards sports betting, and Bet-In-Play in particular. Eurobet's share of the Virtual market at the end of FY15 was 0.3pp higher than FY14 at 17.3%, well ahead of its "natural" share.

Operating costs were £1.6m or 16% higher than last year due to costs associated with the increased estate size (back office and marketing).

### Quarter 4

Eurobet Retail EBITDA<sup>{1}</sup> of £2.8m was £1.4m or 33% behind last year (£0.4m or 13% excluding the World Cup and on a constant currency basis). Sports stakes were 16% ahead of last year (36% ahead excluding the World Cup and on a constant currency basis), however sports gross win margin was significantly behind last year's above average level.

{1} EBITDA is stated pre-exceptional items

{2} Quarter 4 represents the 12 week periods ending 26 September 2015 and 27 September 2014. Full year represents the 52 week periods ending 26 September 2015 and 27 September 2014

{3} Net revenue is calculated as gross win less free bets

## ONLINE

ONLINE	QUARTER 4 <sup>{2}</sup>			FULL YEAR <sup>{2}</sup>		
	FY15	FY14	Var %	FY15	FY14	Var %
<b>KPIs</b>						
Actives - Coral.co.uk ('000)	362.0	284.9	27%	908.7	758.4	20%
Actives - Gala websites ('000)	184.0	154.4	19%	463.4	420.7	10%
Actives - Eurobet.it ('000)	97.2	69.7	39%	193.8	147.8	31%
Sports GW% - Coral.co.uk (%)	7.8%	6.7%	1.1pp	7.0%	6.7%	0.3pp
Sports GW% - Eurobet.it (%)	11.0%	17.6%	(6.6pp)	10.8%	15.3%	(4.5pp)
<b>P&amp;L</b>						
	<b>£'m</b>	<b>£'m</b>		<b>£'m</b>	<b>£'m</b>	
<b>Amounts staked</b>	<b>1,540.3</b>	<b>1,182.6</b>	<b>30%</b>	<b>6,331.4</b>	<b>4,700.5</b>	<b>35%</b>
Net Revenue - Coral.co.uk	30.9	20.6	50%	119.0	73.3	62%
Net Revenue - Gala websites	21.7	18.0	20%	92.0	75.0	23%
Net Revenue - Eurobet.it	8.3	8.1	3%	36.8	34.3	7%
<b>Total Net revenue<sup>{3}</sup></b>	<b>60.9</b>	<b>46.7</b>	<b>30%</b>	<b>247.8</b>	<b>182.6</b>	<b>36%</b>
<b>Gross profit</b>	<b>40.5</b>	<b>36.2</b>	<b>12%</b>	<b>166.9</b>	<b>138.9</b>	<b>20%</b>
Operating Costs	(13.0)	(11.9)	(9%)	(54.6)	(42.7)	(28%)
Marketing	(12.3)	(9.6)	(28%)	(56.1)	(46.7)	(20%)
<b>EBITDA<sup>{1}</sup></b>	<b>15.2</b>	<b>14.7</b>	<b>3%</b>	<b>56.2</b>	<b>49.5</b>	<b>14%</b>

### Full Year

Online growth was very strong with net revenue 36% ahead of last year. We estimate that the combined Coral and Gala websites are the fastest growing in the UK online gambling market, adding more net revenue than any other listed peer in both cash and percentage terms, and reaching a market share of over 7%.

Online EBITDA<sup>{1}</sup> of £56.2m was £6.7m or 14% ahead of last year. EBITDA was 99% ahead after adjusting for the impact of Point of Consumption tax (£19.8m)<sup>{4}</sup> and the World Cup (£1.5m).

During the year 972k first-time depositors were acquired, with Coral.co.uk average CPA of £52<sup>{5}</sup> which is well below market comparators.

Advanced data analytics and business intelligence tools have been key to our acquisition strategy. Life-time value modelling enables a rigorous approach to managing returns on marketing investment. Business Intelligence has also helped drive improved retention and player value. Churn prevention models have enabled time appropriate interventions to reduce churn and CRM strategies better informed by data analytics have been employed to increase player value.

Mobile usage continues to grow and now represents over 70% of Coral sports and gaming stakes, over 50% of Galabingo.com stakes and 37% of Eurobet.it sports stakes.

### Coral.co.uk

Coral.co.uk net revenue of £119.0m was £45.7m or 62% ahead of last year. Sports net revenue of £41.9m was £16.9m or 68% ahead, with stakes 58% ahead and sports spend-per-head 31% ahead reflecting an improved sportsbook product range, a maturing customer base and the acquisition of higher spending multichannel actives.

Gaming net revenue of £77.1m was £28.8m or 60% ahead driven by a strong pipeline of new games, cross-sell from sports into gaming and high levels of multi-channel play.

### Galabingo.com

Galabingo.com net revenue was of £78.0m was £16.1m or 26% ahead of last year with TV marketing campaigns helping deliver strong player acquisition and reactivation. More detailed customer segmentation, enhanced VIP customer service and targeted CRM drove an increase in spend-per-head of 25% and significantly reduced churn rates (9pp lower year-on-year).

{1} EBITDA is stated pre-exceptional items

{2} Quarter 4 represents the 12 week periods ending 26 September 2015 and 27 September 2014. Full year represents the 52 week periods ending 26 September 2015 and 27 September 2014

{3} Net revenue is calculated as gross win less customer bonuses

{4} The regulatory / tax impact has been calculated as if all changes had been in existence for the corresponding periods in FY14

{5} Cost per acquisition calculated as acquisition marketing costs and affiliate costs divided by first time depositors

## Galacasino.com

Galacasino.com net revenue was £13.1m was £0.3m or 2% ahead of last year, with a 20% increase in actives largely offset by a reduction in VIP spend-per-head.

## Eurobet.it

Eurobet net revenue of £36.8m was £2.5m or 7% ahead of last year (£6.4m or 21% ahead excluding the World Cup and on a constant currency basis), with sports net revenue of £17.0m, £3.8m or 29% ahead despite the poor Italian football margins experienced during the first half of the year (£4.6m). Sports stakes were 90% ahead of the prior year.

Eurobet.it maintained its market share at around 10% despite the regularisation of bet365 at the end of FY14, which increased the size of the regulated market by around 40%. Eurobet's multi-channel offering is well established and provides a key advantage over non-land based operators. During FY15 31% of new sign-ups were acquired through shops. Combined with a significant uplift in direct acquisitions, this has helped establish Eurobet.it as the number 2 operator in the Italian online sports betting market behind bet365. The level of multichannel sign-ups is expected to further increase following the relocation of licences to previously untargeted areas, as part of the ongoing shop optimisation programme.

## Operating costs

Operating costs increased by 28% to £54.6m, driven by increased headcount and volume related finance charges. Marketing costs were 20% higher than last year at £56.1m, representing 22.6% of Online net gaming revenue.

During the year the Group also ceased to operate Gala.se which generated gross profit of £0.7m and an EBITDA loss of £0.2m.

## Quarter 4

Online EBITDA<sup>{1}</sup> of £15.2m was £0.5m or 3% ahead of last year. Adjusting FY14 for the impact of Point of Consumption tax (£6.1m)<sup>{4}</sup> and the World Cup (loss of £0.1m), FY15 EBITDA was £6.5m or 75% ahead. Coral.co.uk net revenue was 50% ahead of last year and Galabingo.com net revenue was 21% ahead.

{1} EBITDA is stated pre-exceptional items

{2} Quarter 4 represents the 12 week periods ending 26 September 2015 and 27 September 2014. Full year represents the 52 week periods ending 26 September 2015 and 27 September 2014

{3} Net revenue is calculated as gross win less customer bonuses

{4} The regulatory / tax impact has been calculated as if all changes had been in existence for the corresponding periods in FY14

{5} Cost per acquisition calculated as acquisition marketing costs and affiliate costs divided by first time depositors

## APPENDIX 1: Coral Group EBITDA Financial Year and Calendar Year

EBITDA	FY15				
	Q1 (16 weeks) £'m	Q2 (12 weeks) £'m	Q3 (12 weeks) £'m	Q4 (12 weeks) £'m	Full Year (52 weeks) £'m
Coral Retail	40.1	38.4	34.9	27.8	141.2
Eurobet Retail	2.2	4.7	3.7	2.8	13.4
Online	12.9	11.0	17.1	15.2	56.2
Coral Telebet	0.5	0.5	0.3	(0.2)	1.1
Corporate Costs	(0.5)	(1.5)	(2.2)	(2.4)	(6.6)
<b>Total</b>	<b>55.2</b>	<b>53.1</b>	<b>53.8</b>	<b>43.2</b>	<b>205.3</b>

EBITDA	CY15				
	Q1 (FY Q2) (12 weeks) £'m	Q2 (FY Q3) (12 weeks) £'m	Q3 (FY Q4) (12 weeks) £'m	Q4 (FY16 Q1) (16 weeks) £'m	YTD (36 weeks) £'m
Coral Retail	38.4	34.9	27.8		101.1
Eurobet Retail	4.7	3.7	2.8		11.2
Online	11.0	17.1	15.2		43.3
Coral Telebet	0.5	0.3	(0.2)		0.6
Corporate Costs	(1.5)	(2.2)	(2.4)		(6.1)
<b>Total</b>	<b>53.1</b>	<b>53.8</b>	<b>43.2</b>	<b>-</b>	<b>150.1</b>

EBITDA	FY14				
	Q1 (16 weeks) £'m	Q2 (12 weeks) £'m	Q3 (12 weeks) £'m	Q4 (12 weeks) £'m	Full Year (52 weeks) £'m
Coral Retail	40.0	38.1	35.5	29.4	143.0
Eurobet Retail	3.6	5.7	5.3	4.2	18.8
Online	10.8	10.6	13.4	14.7	49.5
Coral Telebet	(0.5)	0.8	(0.4)	(0.4)	(0.5)
Corporate Costs	(0.7)	(1.2)	(1.4)	(4.9)	(8.2)
<b>Total</b>	<b>53.2</b>	<b>54.0</b>	<b>52.4</b>	<b>43.0</b>	<b>202.6</b>

EBITDA	CY14				
	Q1 (FY Q2) (12 weeks) £'m	Q2 (FY Q3) (12 weeks) £'m	Q3 (FY Q4) (12 weeks) £'m	Q4 (FY15 Q1) (16 weeks) £'m	Full Year (52 weeks) £'m
Coral Retail	38.1	35.5	29.4	40.1	143.1
Eurobet Retail	5.7	5.3	4.2	2.2	17.4
Online	10.6	13.4	14.7	12.9	51.6
Coral Telebet	0.8	(0.4)	(0.4)	0.5	0.5
Corporate Costs	(1.2)	(1.4)	(4.9)	(0.5)	(8.0)
<b>Total</b>	<b>54.0</b>	<b>52.4</b>	<b>43.0</b>	<b>55.2</b>	<b>204.6</b>

## APPENDIX 2: Regulatory Impact - Financial Years 2015 and 2014 (Actuals and FY14 rebased)

Regulatory Impact	FY15 Actuals				
	Q1 (16 weeks) £'m	Q2 (12 weeks) £'m	Q3 (12 weeks) £'m	Q4 (12 weeks) £'m	Full Year (52 weeks) £'m
<b>Coral Retail:</b>					
MGD / DCMS	-	(2.2)	(7.1)	(7.2)	(16.5)
<b>Online:</b>					
POC	(3.6)	(8.2)	(8.7)	(8.1)	(28.6)
<b>Telebet:</b>					
POC	(0.0)	(0.2)	(0.2)	(0.1)	(0.5)
<b>Total</b>	<b>(3.6)</b>	<b>(10.6)</b>	<b>(16.0)</b>	<b>(15.4)</b>	<b>(45.6)</b>

Regulatory Impact	FY14 Actuals				
	Q1 (16 weeks) £'m	Q2 (12 weeks) £'m	Q3 (12 weeks) £'m	Q4 (12 weeks) £'m	Full Year (52 weeks) £'m
<b>Coral Retail:</b>					
MGD / DCMS	-	-	-	-	-
<b>Online:</b>					
POC	-	-	-	-	-
<b>Telebet:</b>					
POC	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Regulatory Impact	FY14 Rebased <sup>(1)</sup>				
	Q1 (16 weeks) £'m	Q2 (12 weeks) £'m	Q3 (12 weeks) £'m	Q4 (12 weeks) £'m	Full Year (52 weeks) £'m
<b>Coral Retail:</b>					
MGD / DCMS	-	(2.1)	(7.2)	(7.2)	(16.5)
<b>Online:</b>					
POC	(2.1)	(5.5)	(6.1)	(6.1)	(19.8)
<b>Telebet:</b>					
POC	(0.0)	(0.2)	(0.1)	(0.3)	(0.6)
<b>Total</b>	<b>(2.1)</b>	<b>(7.8)</b>	<b>(13.4)</b>	<b>(13.6)</b>	<b>(36.9)</b>

{1} Regulatory impacts are calculated as if all changes had been in existence for the same time periods in FY14 as they were in FY15

### APPENDIX 3: Regulatory Impact - Calendar Years 2015 and 2014 (Actuals and CY14 rebased)

Regulatory Impact	CY15 Actuals				
	Q1 (FYQ2) (12 weeks) £'m	Q2 (FYQ3) (12 weeks) £'m	Q3 (FYQ4) (12 weeks) £'m	Q4 (FYQ1) <sup>{1}</sup> (16 weeks) £'m	Full Year (52 weeks) £'m
<b>Coral Retail:</b>					
MGD / DCMS	(2.2)	(7.1)	(7.2)	(9.5)	(26.0)
<b>Online:</b>					
POC	(8.2)	(8.7)	(8.1)	(12.6)	(37.6)
<b>Telebet:</b>					
POC	(0.2)	(0.2)	(0.1)	(0.2)	(0.7)
<b>Total</b>	<b>(10.6)</b>	<b>(16.0)</b>	<b>(15.4)</b>	<b>(22.3)</b>	<b>(64.3)</b>

Regulatory Impact	CY14 Actuals				
	Q1 (FY Q2) (12 weeks) £'m	Q2 (FY Q3) (12 weeks) £'m	Q3 (FY Q4) (12 weeks) £'m	Q4 (FY15 Q1) (16 weeks) £'m	Full Year (52 weeks) £'m
<b>Coral Retail:</b>					
MGD / DCMS	-	-	-	-	-
<b>Online:</b>					
POC	-	-	-	(3.6)	(3.6)
<b>Telebet:</b>					
POC	-	-	-	(0.0)	(0.0)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3.6)</b>	<b>(3.6)</b>

Regulatory Impact	CY14 Rebased <sup>{2}</sup>				
	Q1 (FY Q2) (12 weeks) £'m	Q2 (FY Q3) (12 weeks) £'m	Q3 (FY Q4) (12 weeks) £'m	Q4 (FY15 Q1) (16 weeks) £'m	Full Year (52 weeks) £'m
<b>Coral Retail:</b>					
MGD / DCMS	(2.1)	(7.2)	(7.2)	(9.5)	(26.0)
<b>Online:</b>					
POC	(5.5)	(6.1)	(6.1)	(5.6)	(23.3)
<b>Telebet:</b>					
POC	(0.2)	(0.1)	(0.3)	(0.2)	(0.8)
<b>Total</b>	<b>(7.8)</b>	<b>(13.4)</b>	<b>(13.6)</b>	<b>(15.3)</b>	<b>(50.0)</b>

{1} Estimated  
 {2} Regulatory impacts are calculated as if all changes had been in existence for the same time periods in CY14 as they were in CY15