

Thursday 13th November 2008

PADDY POWER PLC - INTERIM MANAGEMENT STATEMENT

Following its interim results for the six months to 30 June 2008 announced on 27 August, Paddy Power plc is today updating the market on trading for the 19 week period from 1 July to 10 November 2008 (“the period”).

Summary

Paddy Power remains on track to achieve underlying operating profit for 2008 of approximately €75m in line with consensus market forecasts and the guidance provided in August, assuming a normal run of sporting results over the remainder of the year. Such an outcome would translate into EPS growth of some 10% over 2007, notwithstanding the fact that sterling depreciation is expected to reduce operating profit by approximately €5m this year.

As flagged in August, the deteriorating economic conditions in Ireland and the UK are having an effect on the Group. We continue to respond by providing stand out value and tightly managing our costs whilst also investing to improve the proposition to customers.

Overall, sporting results have been reasonable with some of the impact of the adverse results reported in August recovered later in the period. However this was partially offset by unusually high racing cancellations in September, particularly in Irish racing.

Online and Telephone

Within the online and telephone sportsbooks, the amount staked has grown by 13% in constant currency in the period compared to the same period last year.

Online gaming gross win grew by 15% in constant currency, broadly in line with our expectations after exceptionally high growth in the first half of 2008 against softer comparatives.

Our online channel increased its contribution to over 60% of Group operating profit in the period.

Retail

Turnover in the retail businesses has declined. During October when race cancellations were not significant, like-for-like turnover declined by 9% in both Irish and UK Retail. Within UK Retail this was partially as a result of turnover in the comparative period being boosted by a competitive advantage from Turf TV pictures. Machine gross win within UK Retail continued to grow strongly with like-for-like growth of 22% in the period in constant currency.

The Irish Minister for Finance announced last month his intention to double the rate of betting tax payable on amounts staked in Irish Retail from 1% to 2% effective from 1 January 2009 which will reduce operating profit by €10m in 2009.

Financial Position

As at 31 October 2008, the Group had no debt and cash of €72m, a position of excellent financial strength and flexibility in the current environment.

ENDS

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