

THURSDAY 12TH NOVEMBER 2009
PADDY POWER PLC - INTERIM MANAGEMENT STATEMENT

Following its interim results for the six months to 30 June 2009 announced on 26 August, Paddy Power is today updating the market on trading in the 19 week period from 1 July to 10 November 2009 (“the period”) and other business developments.

Summary

Paddy Power is confident of meeting the current market consensus for 2009 diluted EPS of approximately 113 cent, subject, as ever, to the impact of sporting results over the remainder of the year. Turnover has grown strongly in the period, assisted by greater customer winnings in 2009, the high level of race cancellations in August and September 2008 and continued market share growth. Sporting results overall in the period were adverse, although all channels experienced gross win percentages above their expected ranges since the start of October.

Business development has been substantial with the completion and integration of our two Australian acquisitions, the announcement today of the Group’s first business-to-business contract and the opening of a further 10 shops in the UK. Profits from Australia further increased the proportion of Group profits generated online to approximately 80% in the period.

UK and Ireland

In constant currency, non retail and retail sportsbook amounts staked grew strongly by 24% and 11% respectively in the period. These growth rates reduced in the last month, as expected with the improvement in gross win percentages since the start of October. Retail growth has also benefited from UK expansion (with 22 shops opened in the year to date) and Irish market share growth.

Gaming and machine gross win growth has accelerated to 20% in constant currency, excluding the impact of machines in new shops. The online Games business performed particularly strongly, leveraging strong growth in sportsbook customer numbers.

Australia

The acquisitions of Sportsbet and IAS closed on 1 July and 1 October respectively. While adverse sporting results were experienced in September, the integration of the businesses is progressing well and customer acquisition and turnover growth remain very strong. From the dates of the acquisitions to 10 November, the total amounts staked in the combined businesses grew year-on-year in constant currency by 24% overall and by 47% in the online channel. Since 1 July, the number of Sportsbet’s active customers has grown by in excess of 100% year-on-year.

Business-to-Business

Paddy Power has also announced today a five year agreement with PMU, the French pari-mutuel horse racing operator which is the largest betting organisation in Europe. Paddy Power will supply PMU with risk management and pricing expertise for its new online sports betting business, expected to be launched next year under the new French regulatory environment.

Financial Position

The Group, excluding its 51% owned Australian operations, had net cash of €75m as at 31 October. The consolidation of the Group’s Australian subsidiaries at that date added further gross cash of €20m and third party debt primarily related to the acquisition of IAS by Sportsbet of €18m.

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