17 April 2020

Q1 2020 Trading Update

Revenue growth of 29% pre sports disruption; subsequent trading ahead of revised expectations

Flutter Entertainment plc (the "Group") announces a trading update for the three months ended 31 March 2020.

Unaudited £m	**Q1 2020**	**Q1 2019**	**YoY %[1]**	**Pre-March 15[2] YoY %[1]**
Sports revenue	407	366	+13%	+30%
Gaming revenue	140	113	+25%	+27%
Total revenue	547	478	+16%	+29%

- Group revenue growth of 16% in Q1 despite impact of sports disruption; online growth of 20%
- Sports: Excellent revenue performance driven by strong active customer growth in Australia and US, further boosted by bookmaker friendly sports results in all regions
- Gaming: Good growth in PPB Online, US continuing to exceed expectations
- Since suspension of UK and Irish racing, Group revenue has declined by 32% year-on-year. A 46% reduction in sports revenue is less than expected due to continuation of racing in Australia and US
- Group net debt position at 31 March 2020 of £240m, with undrawn facilities and available cash of £460m

Peter Jackson, Chief Executive, commented:

"The Group performed very well in the period prior to the disruption to sporting events in mid-March. We delivered strong customer growth across each of our brands and benefitted from favourable sports results across our sportsbooks. Following the widespread cancellation of sporting events, Group revenues have been more resilient than we initially expected, helped by the continuation of horse racing in Australia and the US. Gaming continues to perform well across the Group.

During this unprecedented time, we are keenly aware of our heightened responsibility to ensure that we do all we can to promote responsible gambling. We have stepped up our own practices and are collaborating with our peers within the Betting and Gaming Council to continue to raise standards across the sector. We are also working hard to provide all the support we can to our employees and I would like to thank them for their ongoing commitment and support for each other during this difficult period.

While the current disruption is truly exceptional, it underlines the importance of product and geographic diversification. As such, the strategic logic of our combination with The Stars Group remains compelling. Following approval of the deal yesterday by the Irish Competition and Consumer Protection Commission, we look forward to completing the transaction in Q2 upon receipt of outstanding shareholder and regulatory approvals."

Divisional analysis

Unaudited £m	PPB Online			Australia			US			PPB Retail		
	Q1 2020	YoY %[1]	Pre – March 15 YoY %[1]	Q1 2020	A$ YoY %[1]	Pre – March 15 YoY %[1]	Q1 2020	US$ YoY %[1]	Pre –March 15 YoY %[1]	Q1 2020	YoY %[1]	Pre – March 15 YoY %[1]
Sports	159	+6%	+19%	109	+21%	+32%	87	+24%	+48%	52	+5%	+32%
Gaming	88	+17%	+17%	-	-	-	33	+255%	+260%	19	-31%	-20%
Total revenue	247	+9%	+18%	109	+21%	+32%	120	+51%	+72%	71	-8%	+13%

Note: The following commentary relates to the period from 1 January to 15 March[2] (the "pre-disruption period") and is in constant currency unless otherwise stated

PPB Online

We delivered strong growth in PPB Online during the period.

Within sports, sportsbook revenues increased by 43%, boosted by a net revenue margin improvement of 370bps year on year (to 10.1%). The margin benefit reflected a structural improvement in our expected margin of 80bps and favourable sports results of an additional 290bps. Staking declined by 10%, reflecting the suspension of several UK/European football leagues before March 16th (estimated staking reduction of 4 percentage points) and reduced customer recycling given the bookmaker friendly results. As expected exchange and B2B revenues were down 10% on a comparable basis due to previously flagged international market/B2B partner switch offs.

The gaming revenue increase of 17% equated to 9% on a proforma basis. This reflected daily active customer growth across all brands with strong performance particularly in Paddy Power and Adjarabet.

Australia

Sportsbet's strong momentum continued with revenue up 32%. This was driven by a combination of excellent customer growth, favourable sports results and ongoing structural improvements in margin.

Active customer growth of 16% was supported by the success of our new 'Elite Average Games' brand campaign. Net revenue margin increased 260bps year on year to 11.7%, with a 120 basis point increase in expected margin to 10.7%. Favourable sports results accounted for a further 100bps improvement in margin. Stakes grew 3% despite the resultant reduction in customer recycling.

US[3]

US revenue growth of 72% reflected a strong performance across both sports and gaming.

This was driven by further expansion into additional states and continued excellent customer acquisition. FanDuel has acquired over 100,000 new customers since the beginning of the year, bringing total sportsbook customers acquired since launch to over 450,000. As a result, FanDuel's online sportsbook continues to enjoy a leadership position with an approximate 41% market share.[3] During the period we also added to our US retail portfolio with expansion into 2 additional states, Mississippi and Michigan. Our partnership with Motor City casino in Detroit secures high quality first skin market access in Michigan and access to a marquee retail location.

US gaming revenue increased by 260%, driven by successful cross-sell strategies in both New Jersey and Pennsylvania (where we launched our FanDuel online casino product on 20 January). FanDuel's combined online gaming market share in New Jersey and Pennsylvania reached 25% in February. Revenue across our TVG racing and Daily Fantasy Sports businesses grew 3% year-on-year.

PPB Retail

In PPB Retail, revenue increased by 13% with sportsbook growth of 32% more than offsetting the 20% reduction in gaming revenue, the latter driven by reduced FOBT limits. The strong relative performance of both our sportsbook and gaming products reflects the ongoing benefit of competitor shop closures in our local markets. Sportsbook revenue also benefited from a strong net revenue margin of 14.7% which was 370bps higher than 2019 and 240bps ahead of our expectations.

Trading since the disruption to sports events (from March 16)

In our market update of March 16, we signalled that we would anticipate a significant impact to our business from the widespread cancellation of sports events due to COVID-19 restrictions. While mindful that it has been a very short trading period since, in the 4 weeks from March 16 to April 12, the main trends experienced have been as follows:

- In PPB Online, overall revenue has declined by 32% year on year. Sports revenue has decreased 57% and by 65% since the suspension of Irish racing from March 25. Gaming revenue has increased 15%.
- In Australia revenue has reduced 7% year-on year with a limited impact from sports cancellations to date, reflecting continued racing behind closed doors. Sportsbet is continuing to see good levels of customer acquisition, a result of the migration of retail customers to online with retail betting outlets currently closed throughout the country.
- US revenue is 8% lower year-on-year, with a decline in sports revenue of 46% and gaming revenue growth of c.200%. This reflects our expanded US gaming footprint and the continuation of some racing. Our racing coverage is increasingly being televised on US mainstream channels, introducing our TVG product to a new cohort of potential customers.
- All retail operations in Ireland and the UK and have been suspended since March 16 and March 20 respectively, with no revenue as a result.

On March 16 we also provided an initial assessment of the likely sensitivity of Group earnings to the disruption of sporting events and those indicative sensitivities continue to apply. We are monitoring closely the outlook for re-commencement of sports and will provide further updates as and when appropriate.

Since mid-March a number of national Governments have announced schemes of financial support. We have concluded that for as long as possible, we will endeavour to fund the salaries of all of our employees through the Group's own financial resources. Should the duration of the crisis be such that not taking this support would jeopardise jobs, we will review our position.

Notes:
[1] Growth rates are on a constant currency basis
[2] The period from 1 January to 15 March reflects the period prior to widespread sporting cancellation due to COVID-19 restrictions. Growth rates are against the comparative period in the prior year.
[3] Online sportsbook market share is the combined New Jersey (NJ), Pennsylvania (PA), West Virginia (WV) and Indiana (IA) market share for January and February 2020 based on NJ DGE, PA Gaming Control Board, WV Lottery and IA Gaming Commission published reports. Online gaming market share reflects the combined NJ and PA market share for February as PA was live for only a small portion of January.

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About Flutter Entertainment plc

Flutter Entertainment plc (the "Group") is a global sports betting and gaming operator and is divided into four divisions:

- PPB Online; which runs the Paddy Power, Betfair and Adjarabet online sports betting and gaming brands;
- Australia; which consists of the Sportsbet online sports betting brand, the #1 corporate bookmaker in Australia;
- US; which operates as FanDuel Group and runs the FanDuel sportsbook, daily-fantasy-sports and online casino brands, the TVG broadcasting and advanced deposit wagering network and the Betfair online casino and;
- PPB Retail; which runs over 620 Paddy Power retail betting shops across the UK and Ireland.