



1 February 2019

**Paddy Power Betfair plc (the “Group”)
Acquisition of Adjarabet, Georgian online market-leader**

- **Secures number one position in the fast-growing, regulated online Georgian market**
- **Dominant online brand with unique marketing assets**
- **Enhances diversification of the Group’s European online business**

The Group today announces the acquisition of an initial 51% controlling stake in Adjarabet¹, the market leader in online betting and gaming in the regulated Georgian market. The Group, through agreed option arrangements, expects to acquire the remaining 49% after three years.

Adjarabet is licensed to offer a full suite of online betting and gaming products in Georgia including casino, sports, poker and peer-to-peer games. It is the market leader with an estimated 40%² share of total online revenues. A key component of this leadership position is the strength of the Adjarabet brand which has a c.86%³ spontaneous brand awareness amongst the Georgian population, significantly higher than competing brands. This brand presence is driven in part by the business’ exclusive long-term marketing relationship with *Adjaranet*, the leading Georgian media website. During 2017, the business launched in the developing regulated Armenian online market, winning c.10%⁴ share of that market by the end of 2018.

In 2018, Adjarabet generated revenues of 215m Georgian Lari (GEL) (£64m) and EBITDA of GEL68m (£20m)⁵. The initial cash consideration being paid by the Group for the 51% stake is £101m. A mechanism has also been agreed, consisting of call and put options, which enables the Group to acquire the remaining 49% after three years at a valuation equivalent to 7 times 2021 EBITDA. The call/put option consideration can be settled, at the Group’s election, in cash or shares.

This acquisition provides the Group with exposure to two attractive, fast-growing, regulated markets. The online Georgian market is estimated to have grown at a CAGR of 40% from 2016 to 2018 to an estimated £180m² of gross gaming revenue with the nascent Armenian market providing a further growth opportunity. We believe that the combination of the market-leading brand and local operational expertise with Paddy Power Betfair’s technology and leading sports capabilities positions Adjarabet very well to capitalise on this opportunity.

Peter Jackson, Chief Executive, commented:

“This bolt-on acquisition is in line with our strategy of establishing podium positions in attractive online markets. Adjarabet’s leading brand presence and strong management team has established it as the clear number 1 in the fast-growing, regulated online Georgian market. Together with our Group’s technology and sports capabilities, we are confident that Adjarabet will be strongly positioned to continue to build on this success”.

Notes:

¹ Adjarabet is the operating brand of Atlas LLC. The business is being acquired from City Loft LLC, a Georgian investment vehicle

² Based on market customer deposit data

³ Internal market research

⁴ Internal management estimates

⁵ In the year ended 31 December 2017, Adjarabet had revenues of GEL157m (£49m), profit before tax of GEL40m (£12m) and gross assets of GEL44m (£13m) at 31 December 2017.

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