5 March 2019

GVC Holdings PLC

("GVC" or the "Group")

Final results for the year ended 31 December 2018

Global scale and market diversification delivering very strong online growth in all key territories

GVC Holdings PLC (LSE: GVC), the global sports-betting and gaming Group, is pleased to announce its results for the year ended 31 December 2018.

Group	**Reported[1]**		**Proforma[2]**			
Year ended 31 December	**2018**	**2017**	**2018**	**2017**	**Change**	**Constant currency[3]**
	£m	£m	£m	£m	%	%
Net gaming revenue (NGR)	2,979.5	815.9	3,571.4	3,288.1	9%	9%
Revenue	2,935.2	789.9	3,523.6	3,247.6	8%	9%
Gross profit	2,004.2	575.3	2,404.4	2,256.3	7%	
Underlying EBITDA[4]	640.8	211.3	755.3	666.5	13%	
Underlying operating profit[5]	520.8	169.2	610.1	514.1	19%	
Underlying profit before tax[5]	434.6	151.0				
Loss after tax	(56.4)	(34.9)				
Diluted EPS (p)	(12.2)	(11.6)				
Continuing adjusted diluted EPS[6] (p)	76.3	43.6				
Total Dividend per share (p)	32.0	29.8				

Financial highlights (proforma basis[2])

- Proforma Group NGR up 9% at £3,571.4m
- Proforma Group revenue up 8% at £3,523.6m
- Proforma Group underlying EBITDA[4] up 13% at £755.3m
- Proforma Group underlying operating profit[5] up 19% at £610.1m

Financial highlights (reported basis[1])

- Reported Group NGR up 265% at £2,979.5m
- Reported Group underlying EBITDA[4] up 203% at £640.8m
- Reported Group loss after tax of £56.4m after charging £434.2m (£453.5m pre-tax) of separately disclosed items of which £322.5m relates to the non-cash amortisation of acquired intangibles
- Adjusted diluted EPS[6] of 76.3p up 75%
- Second interim dividend of 16.0p per share taking the full year dividend to 32.0p, an increase of 7% y-o-y
- Adjusted net debt at 31 December 2018 of £1,896.6m (2.5x underlying proforma EBITDA)

Operational highlights (proforma basis[2])

- Very strong growth in Online with market share gains in all key territories; NGR up 19% (+21% in constant currency ("cc")[3]); Sports brands NGR +20% (+22% cc[3]) and Games brands NGR+16% (+16% cc[3])
- UK Retail like-for-like[7] NGR -3%; OTC trends in-line with expectations, Machines returned to growth in H2
- European Retail NGR +16% (+14% cc[3]) with growth in all territories
- Integration of the Ladbrokes Coral business progressing well; on track to deliver £130m cost synergies and £30m capex synergies. Playtech agreement gives greater flexibility
- US: Business well placed for growth; appointment of key roles

Current Trading[2] (Period 1 January 2019 to 24 February 2019)

- Strong current trading. Group NGR +11% with Online NGR +22%.

Kenneth Alexander (CEO) said:

"The Group's full year results reflect a very strong performance with proforma net gaming revenue 9% ahead of last year and proforma underlying EBITDA 13% ahead. 2018 was a transformational year for the Group with the completion of the Ladbrokes Coral acquisition in March making the Group the largest online-led sports-betting and gaming operator in the world. Excellent operational execution, effective marketing and a good World Cup helped both the legacy GVC and the acquired Ladbrokes Coral businesses perform ahead of expectations and materially ahead of the market, delivering market share gains in all our major territories.

The GVC operating model leverages the Group's leading proprietary technology and product development capability, applying central marketing expertise alongside local operational execution. This model is proving highly effective. Combined with the benefit of being a truly global scale operator, together with the opportunities provided by the integration of Ladbrokes Coral and our joint-venture in the US with MGM Resorts, the Board is confident the Group is well-placed to absorb the impact of the Triennial Review and associated tax increases in 2019, and deliver strong EBITDA growth in future years."

Notes

(1) 2018 and 2017 reported results are audited and reflect the acquisition of the Ladbrokes Coral Group plc on 28 March 2018
(2) The Group's proforma results are unaudited and presented as if the current Group, post the acquisition of Ladbrokes Coral Group plc, had existed since 1 Jan 2017. As such, it excludes the results of the Turkish business which was discontinued during 2017 and the 360 shops that the Ladbrokes Coral Group plc was required to divest on the merger of Ladbrokes PLC and the Coral Group. The results of Crystalbet and Neds are included from the dates of acquisition (11 April 2018 and 28 November 2018 respectively) and the results of Kalixa are excluded from the date of disposal (31 May 2017)
(3) Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2018 exchange rates
(4) Stated pre separately disclosed items and shared based payments
(5) Stated pre separately disclosed items
(6) Adjusted for the impact of separately disclosed items, foreign exchange movements on financial indebtedness and gains on derivative financial instruments (see note 25 in the year end financial statements)
(7) UK Retail numbers are quoted on a LFL basis. During the year ended 31 December 2018 there was an average of 3,524 shops in the estate, compared to an average of 3,618 in the prior year

Presentation and live webcast

An analyst presentation will be held at 9:30am (GMT) at Buchanan Communication, 107 Cheapside, London EC2V 6DN. The presentation will be webcast live and will be available via the following link:

http://webcasting.buchanan.uk.com/broadcast/5c58566da0c50933d2711d23

Replays will be available on the GVC website.

Conference call

UK Toll: +44 3333000804 or UK Toll Free: 08003589473

PIN: 44657245 #

URL for international dial in numbers:
http://events.arkadin.com/ev/docs/NE_W2_TF_Events_International_Access_List.pdf

Financial calendar

16 May 2019 Capital Markets Day
5 June 2019 AGM

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Forward-looking statements

This document contains certain statements that are forward-looking statements. They appear in a number of places throughout this document and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, results of our operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. These forward-looking statements include all matters that are not historical facts. By their nature, these statements involve risks and uncertainties since future events and circumstances can cause results and developments to differ materially from those anticipated. Any such forward-looking statements reflect knowledge and information available at the date of preparation of this document. Other than in accordance with its legal or regulatory obligations (including under the Market Abuse Regulation (596/2014), the Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Rules), the Company undertakes no obligation to update or revise any such forward-looking statements. Nothing in this document should be construed as a profit forecast. The Company and its directors accept no liability to third parties in respect of this document save as would arise under English law.

About GVC Holdings PLC

GVC Holdings PLC is one of the world's largest sports-betting and gaming groups, operating both online and in the retail sector. The Group owns a comprehensive portfolio of established brands; Sports Brands include bwin, Coral, Crystalbet, Eurobet, Ladbrokes, Neds and Sportingbet; Games Brands include CasinoClub, Foxy Bingo, Gala, Gioco Digitale, partypoker and PartyCasino. The Group owns proprietary technology across all of its core product verticals and in addition to its B2C operations provides services to a number of third-party customers on a B2B basis. GVC acquired Ladbrokes Coral Group plc on 28 March 2018 and is now the UK's largest high street bookmaker, with over 3,400 betting shops. The Group has also entered into a joint-venture with MGM Resorts to capitalise on the sports-betting and gaming opportunity in the US. The Group, incorporated in the Isle of Man, is a constituent of the FTSE 100 index and has licences in more than 20 countries, across five continents.

For more information see the Group's website: www.gvc-plc.com

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CHIEF EXECUTIVE'S REVIEW

Overview

2018 was a transformational year, with the Group becoming the world's largest online-led sports-betting and gaming operator following the acquisition of the Ladbrokes Coral Group on 28 March 2018. The Group's global footprint was further enhanced by the announcement of a US joint venture with MGM Resorts on 30 July, and also the acquisitions of the Neds International online sports-betting business in Australia and a controlling interest in Crystalbet, one of Georgia's leading online sport-betting and gaming operators. The performance of both the legacy GVC and the acquired Ladbrokes Coral businesses was excellent with good momentum across all our major business units.

On a proforma basis Group NGR was 9% ahead of last year. Before the impact of separately disclosed items, Group underlying EBITDA was 13% ahead and Group underlying operating profit was up 19%. On a reported basis, Group underlying profit before tax was £434.6m (2017: £151.0m), and after charging separately disclosed items of £434.2m (2017: £158.8m), Group loss after tax was £56.4m (2017: £34.9m). Adjusted diluted EPS of 76.3p grew by 75%. The Group will pay a second interim dividend of 16p, taking the total 2018 dividend to 32p, an increase of 7% year-on-year. Going forward, the Group has committed to minimum annual dividend growth of 10%. Net debt at 31 December was £1,896.6m representing 2.5x net debt to proforma underlying EBITDA. After absorbing the expected EBITDA impact arising from the cut in B2 stakes to £2 in April 2019, leverage is expected to increase to 3.0x in 2019, after which the Group expects to de-lever by at least 0.5x in each subsequent year.

Online NGR was 19% ahead of last year with growth across all our main brands. The legacy GVC brands continued the strong growth reported throughout 2016 and 2017 driven by the ongoing turnaround of the bwin and partypoker brands. Performance in the Ladbrokes Coral UK online brands was particularly pleasing; Coral.co.uk continues to outperform the market while the growth rate in Ladbrokes.com is very encouraging. It is early days, but there is no doubt that a reinvigoration of the Ladbrokes brand provides a significant opportunity for the Group. The Group took market share in Australia, while the performance in Eurobet.it was also a real positive.

UK Retail NGR was 3% down on a like-for-like basis and 5% on a total basis. Like-for-like OTC wagers were 6% down, in-line with long term trends, and like-for-like OTC NGR was 7% behind. Like-for-like Machines NGR was marginally ahead with growth accelerating in Q4 following the roll-out of new machines cabinets to the Coral and Ladbrokes estates. The UK Retail business faces its biggest challenge with the imminent cut in B2 maximum stakes to £2 on 1 April 2019, which will result in a significant number of shop closures. The estimated adverse Group EBITDA impact of this change is expected to be £135m in 2019, reducing to £120m within 2 years of implementation. Detailed planning and robust mitigation strategies mean the transition to a smaller, right-sized and more sustainable estate can be achieved as smoothly as possible. The UK Retail estate remains a key contributor to UK online growth with customers able to sign-up in shop to Coral.co.uk and Ladbrokes.com through the Coral Connect and Ladbrokes Grid multi-channel offerings. Our commitment to UK Retail is demonstrated by ongoing investment in new machines units, new Self Service Betting Terminals ("SSBTs") and the EPOS2 shop till system, all of which help support the profitability of the business.

European Retail NGR was 16% ahead of last year driven by good volume growth, with OTC wagers 11% ahead. Performance was strong across all the divisions with Eurobet Italy NGR 18% ahead, Ladbrokes Belgium NGR 15% ahead and Ladbrokes Republic of Ireland NGR 10% ahead.

Integration

The integration of the Ladbrokes Coral Group is progressing well, managed by a team with a wealth of integration and platform migration experience. The integration plan is underpinned by three key principles: firstly, to ensure maximum efficiencies are achieved through both the delivery of cost savings and through sharing best practice operations across the legacy GVC and the acquired Ladbrokes Coral businesses. Secondly, to ensure ongoing growth in the business is not adversely impacted by any integration decisions, and finally, to minimise the impact of the integration on both our customers and our employees.

The Group announced that the Ladbrokes Coral deal would deliver cost synergies of at least £130m and capital expenditure synergies of at least £30m, to be fully delivered by 2022. Around a third of the synergies will be delivered in technology, with the majority being realised when the Ladbrokes and Coral UK online businesses migrate from existing third party technology platforms onto the GVC wholly owned technology platform. New product development will be a priority ahead of the migration, ensuring that growth in the businesses can continue unhindered. Following the announcement of an agreement with Playtech plc, we now have the flexibility to migrate the UK platforms at an earlier date than 2021, and we have commenced planning on this basis.

US joint-venture

The repeal of the Professional and Amateur Sports Protection Act (PASPA) by the US Supreme Court in May is potentially the biggest single development in sports-betting since online sports-betting in the UK became lawful over 20 years ago. The Group has entered into a joint-venture with MGM Resorts to offer online and retail sports-betting in states as they regulate. We believe the journey to the majority of US states being regulated will take between three and five years, and the immediate focus for the Group is ensuring the structure for a successful business is implemented. MGM's brand and market access, and GVC's technology and sports-betting experience is a powerful combination that will enable the joint venture to capitalise on this very significant opportunity and be a leading player in this new market.

Strategic Key enablers

Technology

Ownership of all elements of our technology platform is a significant competitive advantage. Our technology platform is highly flexible and enables us to release new products and features quickly and make rapid changes to the customer user-journey. Our scalable platform has the capacity to manage major increases in volume at minimal incremental cost. The technology platform serves the legacy GVC business very well and has been fundamental in enabling us to execute our operational delivery and grow the business. The migration of both the Ladbrokes Coral UK online businesses and our US joint venture's online operations onto the GVC technology will bring these benefits to the wider Group.

Brands and Marketing

The Group now operates 19 brands across multiple territories world-wide. Our brands are well established with high levels of customer recognition, helping consolidate our leading positions in the markets in which we operate. In particular our multi-channel sports brands (Eurobet, Ladbrokes, Coral) drive faster online growth through cost effective customer recruitment in our retail estates. 2018 saw the launch of new brand campaigns for our main sports-betting online brands ahead of the World Cup. These campaigns resonated well with customers and helped underpin the strong growth in these brands. The enlarged Group now has powerful marketing capability at its disposal, including Return-on-Investment driven analysis and real-time Customer Relationship Management tools. 2018 saw the start of the sharing of "best-of-both" marketing execution between the legacy GVC and Ladbrokes Coral businesses, and a real opportunity lies with the full deployment of this capability across the Group as the businesses come together.

Product

The Group has continued to deliver a strong pipeline of new product and features, helping ensure that the integration of the Ladbrokes Coral business does not come at the expense of business-as-usual operations. Our gaming offering contains the best of both in-house developed and third party content, helping deliver high levels of cross-sell from sports into gaming, while our leading live casino offering is evolving to focus on delivering a more market specific experience. Sports developments included the expansion of our "build-a-bet" offering across brands and improved "stream-and-bet" capability. The Group's ability to "develop once and deploy multiple times" will be further enhanced following the migration of the UK online businesses onto the Group's own technology platform.

People

Throughout every major acquisition, we have added to the quality and depth of our people, and that has continued with the acquisition of the Ladbrokes Coral Group. The enlarged Group has a management team with a depth and range of experience and capabilities that will enable the excellent operational performance of the business to continue, whilst ensuring the businesses are effectively integrated and our ability to engage in opportunities in new and existing markets is not compromised. As always, our people are key to our success.

Corporate Activity

In addition to the purchase of Ladbrokes Coral in 2018, the Group undertook a number of other acquisitions. Neds International was acquired in November for an initial consideration of £40m, strengthening our position in Australia, a fast growing market where scale is increasingly important. In April, the Group completed the acquisition of 51% of the Crystalbet Group in Georgia for £36m with an option to buy the remaining 49% in 2021. Post acquisition, the performance of the Crystalbet business has been exceptional, with GVC being able to provide a very strong local management team with additional product and support. The Group also acquired two small financial trading businesses during the year, helping deliver greater scale to the existing Intertrader business and broaden the Group's financials trading product range. These acquisitions demonstrate the Group's ability to identify acquisitions that are significantly value-enhancing, and we see further opportunities for value-add "bolt-on" acquisitions in both new and existing regulated territories.

Regulation

The Group operates across multiple territories and therefore faces into a range of regulatory opportunities and headwinds.

The biggest regulatory news in 2018 was the repeal of PASPA in the US, enabling individual US states to fully regulate both online and retail sports-betting for the first time. The US sports-betting opportunity is significant, and through our joint-venture with MGM Resorts we believe that we are in a very good position to capitalise.

Late in 2018, the Brazilian Parliament authorised the Brazilian Government to regulate both online and retail sports-betting, a process that is expected to take at least two years. A regulated and sensibly taxed Brazilian market represents another major opportunity for the Group.

The Dutch Parliament approved new online gambling regulation on 19 February 2019 - the law will open up the Dutch online gambling market to foreign operators subject to obtaining a local licence and paying a 29 per cent GGR tax. The law permits online sports-betting, casino and poker. First licences under the new regulation are currently expected to be awarded on 1 January 2021.

Also during the year, Spain reduced its online gambling tax rates from 25% to 20% of gross gaming revenue and the Swedish regulatory process concluded with the Group being one of the successful recipients of the new online sports-betting and gaming licences being issued on 1 January 2019.

In the UK, the cut in maximum B2 stakes to £2 will be implemented on 1 April 2019. The business has planned extensively for this material change and we are confident that we can smoothly transition to a smaller estate with a greater share of the market over a period of up to two years. On the same date, Remote Gaming Duty, which is applicable to online gaming gross gaming revenues, will increase from 15% to 21%.

Throughout 2018 the majority of states in Australia confirmed that they were implementing an online Point of Consumption tax applied to sports-betting gross gaming revenue. This tax was effective from 1 July 2017 in South Australia, 1 October 2018 in Queensland, and 1 January 2019 in Victoria, New South Wales, ACT and Western Australia. The blended rate for the Group is 11.5%. Despite this headwind, Australia remains an important, and profitable, territory for us, where we expect to continue to outperform the market.

The ban on foreign operators offering online sports-betting services in Switzerland became effective on 1 January 2019. Licences for online gaming operators will require a partnership with a land-based casino, and are not expected to be issued until the second half of the year at the earliest. Therefore the Group has withdrawn its brands from both the online sports-betting and online gaming markets.

In January 2018, the Group announced that it had received a tax audit assessment for €186.8m from the Greek Audit Centre for Large Enterprises in respect of 2010 and 2011. In the Directors' opinion, the assessment contained material errors, a view supported by expert tax advice, and was out of all proportion to the size of the Group's Greek business at the time. An appeal has been filed with the Administrative Court of Appeal in Athens and we expect our legal case regarding the 2010/11 tax years to be heard in the current year. The Directors remain highly confident that the Appeal Court will also find that the assessment is out of all proportion to the size of the Group's Greek business at the time. In order to enable the Group's subsidiary to trade normally whilst the appeal process takes place, the Group has entered into a payment scheme with the Greek tax authority whereby payments are held on account. The Group continues to pay the monthly instalments for the 2010 and 2011 assessment, and as at 31 December 2018, had paid £87.5m under this scheme. Of this amount, £41.4m has been recorded as a receivable on the balance sheet and the remainder expensed through the income statement (see below). In the event of a successful appeal, recovery of the debtor will be through either a repayment or an ability to offset other tax liabilities. During the fourth quarter of 2018, the Group made progress in understanding the Greek tax authorities' position on potential tax for years subsequent to 2011, through the ongoing tax audit work in respect of these years. The Greek tax authorities have requested, and the Group has provided, a significant amount of information. The nature of these enquiries from the tax authorities, refreshed external tax advice received by the Group, and our observations of the experience of other operators, have helped the Group understand better the approach being taken by the Greek tax authorities in relation to these years. As a result, the Group has recognised a charge of £186.8m, representing the Group's best estimate of the liability for all years from 2010 to 2017. To date £20.3m has been paid by the Group in relation to years subsequent to 2011. The statutory window in Greece for the tax authorities to conclude their audit work is generally six years from the end of the relevant tax year. As such, both the timing and the conclusions of the tax audits for 2012 to 2017, and any associated tax payments, remains uncertain.

In Italy, the new Government implemented legislation that prohibits all forms of promotion of sports-betting and gaming. The full restrictions come into place on 1 July 2019, and while this will undoubtedly impact overall market growth, we expect to capture online market share, by virtue of our 840-strong retail estate offering a well-established and effective multi-channel solution.

The direction of regulation on a global scale is making the GVC business model increasingly relevant. Scale, international diversification and proprietary technology are valuable assets as barriers to entry in many markets increase. The Group continues to leverage the benefits of its operating model, outgrowing the market while absorbing regulatory headwinds and exploiting regulatory opportunities.

Brexit

The UK and Gibraltar are scheduled to leave the EU on 29 March 2019 and the Group has identified a number of issues arising from Brexit. Firstly, for legal and regulatory reasons, the Group companies providing our gambling offering to customers in the EU need to be established and licensed in an EU member state. Secondly, under the regulations of some EU countries, the servers hosting our online gambling platform need to be located in an EU member state.

In order to satisfy these requirements, the Group has implemented plans (or, where the timescale allows, has prepared detailed plans that are ready to implement) that involve operating those parts of our business which have customers in the EU under Malta online gambling licenses, and locating servers hosting our online gambling platform in the Republic of Ireland. Our online businesses will continue to be headquartered in Gibraltar and these plans will not have a significant impact on the number of our employees in Gibraltar.

Finally, the Group has made practical contingency arrangements to help employees who live in Spain but work in Gibraltar should there be a significant increase in delays crossing Gibraltar's border with Spain after Brexit.

Safer Gambling and CSR

The transformation of GVC over the past three years into a global leader in sports-betting and gaming, with over 25,000 employees, has brought with it a commensurate expansion in the requirements of the business to be a leader in the area of corporate social responsibility.

In order to provide the necessary oversight and leadership we established a Board level Corporate Social Responsibility Committee, chaired by Virginia McDowell. We also appointed a Head of CSR, to coordinate our approach with stakeholders across the business and a new Director of Responsible Gambling to help us realise our ambition to be the safest and most trusted operator in the world.

In October 2018, we unveiled our new CSR strategy "*Fair Play"* which comprises three principal pillars; Safer Gambling, Responsible Employer and Responsible Communities. Under each of these pillars we have rolled-out a number of policies including; a new Group-wide Code of Conduct; a new Diversity and Inclusion (D&I) strategy, with a three-year roadmap towards making us a more inclusive business; the relaunch of the Ladbrokes Coral Trust with major campaigns for The Bobby Moore Fund and Alzheimer's Research UK; a strategic three-year partnership with SportsAid and the establishment of a new GVC Community Fund launching in 2019, backed by an investment of £2m.

Arguably our most important CSR strategic pillar is Safer Gambling. We believe the key to establishing a safer environment for customers to enjoy the services we provide is by working constructively with both national regulators, including the UK Gambling Commission, and our industry peers. We have taken a leading role in cross-industry bodies including the Senet Group and the Remote Gaming Association (RGA), through which we agreed a pre-watershed 'whistle-to-whistle' ban on broadcast advertising around sport in the UK, effective from August 2019.

Through such dialogue, we have developed a comprehensive plan called "*Changing for the Bettor",* with the aim to lead the industry in minimising the potential for harm while maximising our collective understanding of the issues associated with problem gambling. The campaign is made-up of a number of key commitments, each backed by substantive initiatives. Highlights include; a five-year, multi-million pound research project with the Division on Addiction, a Harvard Medical School teaching hospital; the roll-out of youth-focused education programmes with GamCare and EPIC Risk Management; the introduction of improved player protection tools; a doubling of donations to organisations focused on research and education into problem gambling and its treatments; and improvements to our product design.

The vast majority of consumers enjoy the industry's products and services, but it is imperative that operators work with regulators and governments to provide a safe environment for all and one that encourages consumers to stay within a regulated arena.

At the end of 2018 we published the Group's first CSR Report which will be refreshed within the Group's forthcoming 2018 Annual Report. We are pleased to report that this increased focus on CSR initiatives has been recognised by two of the leading Environmental, Social, and Governance (ESG) indices. In September 2018 GVC was admitted to the Dow Jones Sustainability Index, while in January 2019 the Group joined the FTSE4Good Index. Both of these admissions followed extensive independent reviews of the Group's ESG policies and practices.

Current trading and outlook

For the period 1 January 2019 to 24 February 2019:

Trading in the period was strong. Group NGR was 11% ahead of the same period last year. Online NGR was 22% ahead, European Retail 9% ahead and UK Retail LFL NGR 2% behind. This represents an excellent start to the year, and at this early stage, the Board is confident of delivering EBITDA and operating profit in-line with expectations.

Financial Results and the use of Non-GAAP measures

The reported statutory results for the year ended 31 December 2018 reflect the acquisition of Ladbrokes Coral Group which took place at the close of business on 28 March 2018 and therefore include the results of the Ladbrokes Coral Group from that date only. As such, 2017 reflects the trading for GVC Holdings PLC only as this was prior to acquisition of the Ladbrokes Coral Group.

In order to aid the comparison of year-on-year results, the Directors have deemed it appropriate to provide and analyse proforma results for the combined Group as if it had existed from 1 Jan 2017. Given the changes in capital structure arising from the acquisition of the Ladbrokes Coral Group, the historical interest, tax and dividend charges are not deemed to be meaningful. As a result, proforma results have only been provided down to operating profit.

Proforma results exclude the results of the Turkish business which was discontinued during 2017 and the 360 shops that the Ladbrokes Coral Group was required to divest on the merger of Ladbrokes and Coral. As a result of IFRS 3 requirements to fair value acquired businesses, proforma depreciation and amortisation charges for the year ended 31 December 2017 and the first 3 months of 2018 may not be comparable with those arising post the acquisition. Therefore, the Directors believe that the provision of underlying EBITDA[1] within the proforma and segmental information, is appropriate as it aids the comparability of "underlying" profit whilst the IFRS 3 impact on depreciation and amortisation annualises. Contribution, which represents gross profit less marketing cost, is a key measure used by the Group in assessing the Online business. Like-for-like is a measure used in UK Retail to measure performance of the shops that have been open in both 2017 and 2018. Both are industry-standard measures.

The tables below reconcile the reported results to the proforma information for FY 2018 and FY 2017, the latter of which was previously reported in Euros rather than the Group's new reporting currency which is GBP.

2018 results[1]	**Reported underlying results**	**Ladbrokes Coral trading pre acquisition[2]**	**Proforma results (unaudited)**
Net gaming revenue	2,979.5	591.9	3,571.4
Revenue	2,935.2	588.4	3,523.6
Gross profit	2,004.2	400.2	2,404.4
Contribution	1,598.8	341.0	1,939.8
Underlying EBITDA	640.8	114.5	755.3
Share based payments	(10.7)	(1.0)	(11.7)
Underlying depreciation & amortisation	(117.7)	(24.0)	(141.7)
Share of JV income	8.4	(0.2)	8.2
Underlying group operating profit	520.8	89.3	610.1

2017 results[1]	**Previously reported results in EUR[3]**	**Restated reported results[4,5]**	**Ladbrokes Coral trading pre acquisition[6]**	**Proforma results (unaudited)**
Net gaming revenue	925.6	815.9	2,472.2	3,288.1
Revenue	896.1	789.9	2,457.7	3,247.6
Gross profit	652.7	575.3	1,681.0	2,256.3
Contribution	454.4	400.7	1,472.1	1,872.8
Underlying EBITDA	239.5	211.3	455.2	666.5
Share based payments	(17.7)	(15.5)	(5.2)	(20.7)
Underlying depreciation & amortisation[7]	(30.0)	(26.7)	(110.3)	(137.0)
Share of JV income	0.1	0.1	5.2	5.3
Underlying group operating profit	191.9	169.2	344.9	514.1

Notes

(1) Excludes the impact of separately disclosed items
(2) Represents the trading results for the Ladbrokes Coral Group plc for the period 1 January 2018 to 28 March 2018 pre separately disclosed items
(3) Includes a gross profit figure not previously reported
(4) Translated at a rate of GBP1.00:EUR1.13
(5) Excludes the results of the Turkish business included in the 2017 reported figures but now classified as discontinued
(6) Represents the trading results for the Ladbrokes Coral Group plc for the year ended 31 December 2017 pre separately disclosed items and excluding the 360 shops that the Ladbrokes Coral Group was required to sell as part of the merger of Ladbrokes PLC and the Coral Group
(7) Depreciation and amortisation previously reported included amortisation of acquired intangibles of €121.0m which are now classified separately within the income statement

BUSINESS REVIEW

The Group operates through five segments; Online, UK Retail, European Retail, Other and Corporate.

Group

Year ended 31 December	Reported results[1]			Proforma results[2]			
	2018 £m	2017 £m	Change %	**2018 £m**	2017 £m	Change %	Constant currency[3] %
NGR	2,979.5	815.9	265%	3,571.4	3,288.1	9%	9%
VAT/GST	(44.3)	(26.0)	(70%)	(47.8)	(40.5)	(18%)	(21%)
Revenue	2,935.2	789.9	272%	3,523.6	3,247.6	8%	9%
Gross profit	2,004.2	575.3	248%	2,404.4	2,256.3	7%	
Contribution	1,598.8	400.7	299%	1,939.8	1,872.8	4%	
Operating costs	(958.0)	(189.4)	(406%)	(1,184.5)	(1,206.3)	2%	
Underlying EBITDA[4,7]	640.8	211.3	203%	755.3	666.5	13%	
Share based payments	(10.7)	(15.5)	31%	(11.7)	(20.7)	43%	
Underlying depreciation and amortisation	(117.7)	(26.7)	(341%)	(141.7)	(137.0)	(3%)	
Share of JV income	8.4	0.1	n/m	8.2	5.3	55%	
Underlying operating profit[5]	520.8	169.2	208%	610.1	514.1	19%	

Reported Results[1]:

Revenue increased by 272% to £2,935.2m and underlying EBITDA[4] increased by 203% to £640.8m reflecting both the continued growth in the legacy GVC business and the impact of the nine months of trading for the Ladbrokes Coral business post acquisition. Underlying operating profit[5] of £520.8m was 208% ahead of last year and operating profit post separately disclosed items of £67.3m was £71.7m ahead of 2017.

Proforma Results[2]:

Revenue of £3,523.6m was 8% ahead of last year driven by a strong performance in Online and European Retail. The World Cup contributed £64.1m of NGR pre-substitution. Operating costs were 2% lower driven by good cost control, the delivery of synergies from the merger of Ladbrokes and Coral and shop closures in UK Retail, resulting in underlying EBITDA[4] increasing by 13% to £755.3m. Share based payments were 43% lower than last year helping underlying operating profit[5] increase by 19% to £610.1m, with underlying operating profit[5] margin improving from 15.6% to 17.1%.

Online

Year ended 31 December	Reported results[1]			Proforma results[2]			
	2018 **£m**	2017 £m	Change %	**2018** **£m**	2017 £m	Change %	Constant currency[3] %
Sports wagers							
Sports brands	8,783.7	3,336.8	163%	10,182.1	9,035.5	13%	14%
Games brands	69.3	61.5	13%	69.3	61.5	13%	14%
Total Sports wagers	8,853.0	3,398.3	161%	10,251.4	9,097.0	13%	14%
Sports margin							
Sports brands	10.6%	10.8%	(0.2pp)	10.5%	10.1%	0.4pp	0.4pp
Games brands	9.8%	8.3%	1.5pp	9.8%	8.3%	1.5pp	1.5pp
Sports brands NGR							
Sports NGR	725.2	292.0	148%	829.3	708.3	17%	19%
Games NGR	638.8	293.1	118%	710.4	570.1	25%	25%
	1,364.0	585.1	133%	1,539.7	1,278.4	20%	22%
Games brands NGR							
Sports NGR	6.1	4.2	45%	6.1	4.2	45%	47%
Games NGR	319.3	197.4	62%	345.3	299.8	15%	16%
	325.4	201.6	61%	351.4	304.0	16%	16%
B2B NGR	23.3	14.5	61%	24.0	20.4	18%	18%
Total NGR	1,712.7	801.2	114%	1,915.1	1,602.8	19%	21%
VAT/GST	(44.3)	(26.0)	(70%)	(47.8)	(40.5)	(18%)	(21%)
Revenue	1,668.4	775.2	115%	1,867.3	1,562.3	20%	21%
Gross profit	1,134.9	571.1	99%	1,265.0	1,083.8	17%	
Contribution	742.8	399.0	86%	816.4	717.9	14%	
Contribution margin	*43.4%*	*49.8%*	*(6.4pp)*	*42.6%*	*44.8%*	*(2.2pp)*	
Operating costs	(299.4)	(161.5)	(85%)	(330.7)	(311.0)	(6%)	
Underlying EBITDA[4]	443.4	237.5	87%	485.7	406.9	19%	
Share based payments	(2.4)	(4.8)	50%	(2.8)	(6.2)	55%	
Underlying depreciation and amortisation	(70.7)	(26.7)	(165%)	(82.2)	(67.9)	(21%)	
Share of JV income	0.8	0.1	700%	0.5	0.1	400%	
Underlying operating profit[5]	371.1	206.1	80%	401.2	332.9	21%	

Reported Results[1]:

On a reported basis, revenue of £1,668.4m was 115% ahead of last year and underlying EBITDA[4] of £443.4m was 87% ahead reflecting continued growth in the legacy GVC business and the reporting period containing nine months of trading of the Ladbrokes Coral Group post acquisition. Underlying operating profit[5] of £371.1m was 80% ahead of 2017, and an operating loss post separately disclosed items of £132.4m was £230.2m lower than last year.

Proforma Results[2]:

Online growth was very strong with NGR 19% ahead (cc +21%) driven by good underlying growth in all material markets and also by a positive World Cup. Underlying EBITDA[4] of £485.7m was 19% ahead and underlying operating profit of £401.2m was 21% ahead.

Sports brands NGR was 20% ahead (cc +22%) of last year with sports brands sports NGR 17% ahead (cc +19%). Sports wagers were 13% up (cc +14%) and sports gross win margin of 10.5% was 0.4pp ahead of last year.

Legacy GVC sports brands NGR was 27% ahead with strong growth across all major territories including Germany, Italy and Brazil, benefiting from new sports product, a strong pipeline of new games, high levels of cross-sell and a successful World Cup. The bwin "Who Stole The Cup" World Cup marketing campaign featuring Maradona drove high levels of customer engagement into the second half of the year. The acquired Crystalbet business performed very well with NGR 61% ahead of last year, contributing 6.6pp to legacy GVC sports brands NGR growth.

The acquired Ladbrokes Coral sports brands also performed well with NGR up 15%. In the UK, Coral.co.uk continued its strong performance with NGR up 16% helped by leading real-time CRM capability. Growth in Ladbrokes.com of 12% (H2 +17%) was particularly pleasing as the brand started to benefit from the corrective action taken by management in the prior year, including the application of a more Return-on-Investment driven marketing approach. New brand marketing for both Coral "The Smart Money's on Coral" and Ladbrokes "Bettors of Britain", launched ahead of the World Cup, helped drive volumes in the second half of the year.

In Australia, Ladbrokes.com.au NGR was 17% ahead of last year on a constant currency basis, and continued to take market share. Sports wagers were 20% up, partly offset by sports gross win margin of 10.7% which was 0.5pp behind. The acquisition of the Neds online sports-betting business in November gives the Australian business additional scale, the ability to run a dual brand strategy and access to leading technology and people.

In Italy, Eurobet.it NGR was 20% ahead with sports wagers up 11% and sports margins up 0.2pp. The Eurobet business enters 2019 ready to take market share, leveraging the Eurobet Retail multi-channel offering, ahead of the marketing restrictions that come into place in the second half of the year.

Overall sports brands gaming NGR was 25% ahead, with growth driven by new slots content, improved cross-sell, an expanded live casino offering and improved user-journeys.

Games brands NGR was 16% ahead, driven by partypoker NGR growth of 40%, Gala brands NGR growth of 11% and GVC casino brands NGR growth of 14%. Partypoker continues to benefit from the investment in live-events, pooled liquidity in France and Spain and ongoing user-experience enhancements. Improved customer journeys and bonus optimisation, combined with the high profile sponsorship of "The Chase" underpinned the strong growth in the Gala brands, while targeted new gaming content and more personalised customer experiences were key in delivering growth in the GVC casino brands. The Foxy bingo brand migrated to the proprietary bingo platform in November, and post-migration performance has been positive.

Contribution margin of 42.6% was down 2.2pp, driven by increased taxes in the UK (POCT applied to gaming gross gaming revenue from October 2017) and Australian POCT (Queensland and South Australia), the recording in cost of sales of some payment processing costs that were previously recorded in operating costs prior to the disposal of Kalixa, and increased marketing investment in Q4.

Operating costs were 6% higher than the prior year reflecting growth in the business, investment in IT and inclusion of Crystalbet costs, partially offset by the delivery of Ladbrokes Coral merger synergies.

Outlook:

The continued growth in the business demonstrates the effectiveness of the GVC online operating model – leveraging the Group's leading proprietary technology and product development capability, combined with central marketing expertise alongside local operational execution. As the integration of the Ladbrokes Coral business continues, the sharing of "best-of-both" operational practice will accelerate, alongside the pooling of both sports and gaming products across brands, starting with the deployment of the full Ladbrokes Coral and GVC gaming product ranges across all brands in the first half of 2019. With the good momentum in the business continuing into 2019, we are confident in our target of double-digit online NGR growth.

UK Retail

Year ended 31 December	Reported results[1]			Proforma results[2]			
	2018 £m	2017 £m	Change %	**2018 £m**	2017 £m	Change %	Constant currency[3] %
OTC wagers	2,372.2	-	-	3,084.5	3,344.1	(8%)	n/a
OTC margin	17.8%	-	-	17.9%	18.2%	(0.3pp)	n/a
Sports NGR/Revenue	417.7	-	-	547.3	601.8	(9%)	n/a
Machines NGR/Revenue	597.2	-	-	780.7	789.3	(1%)	n/a
Total NGR/Revenue	1,014.9	-	-	1,328.0	1,391.1	(5%)	n/a
Gross profit	725.7	-	-	952.2	1,007.4	(5%)	
Contribution	723.1	-	-	948.3	997.6	(5%)	
Contribution margin	*71.2%*	-	-	*71.4%*	*71.7%*	*(0.3pp)*	
Operating costs	(529.7)	-	-	(696.6)	(741.0)	6%	
Underlying EBITDA[4]	193.4	-	-	251.7	256.6	(2%)	
Share based payments	(0.1)	-	-	(0.3)	(1.6)	81%	
Underlying depreciation and amortisation	(32.4)	-	-	(40.2)	(55.2)	27%	
Share of JV income	-	-	-	-	-	-	
Underlying operating profit[5]	160.9	-	-	211.2	199.8	6%	

Reported Results[1]:

On a reported basis, revenue was £1,014.9m and underlying EBITDA[4] was £193.4m reflecting the results for the nine months of trading of Ladbrokes Coral Group plc post acquisition. Underlying operating profit[5] was £160.9m, and £110.4m after charging separately disclosed items.

Proforma Results[2]:

UK Retail like-for-like[6] NGR was 3% behind last year and 5% behind on a total basis. Underlying EBITDA[4] of £251.7m was 2% behind. A 27% reduction in underlying depreciation and amortisation as a result of an impairment in 2017 following the anticipated FOBT stakes restriction, helped drive underlying operating profit[5] 6% ahead at £211.2m.

OTC wagers were 8% behind last year and 6% behind on a like-for-like basis, in line with longer term trends, with the positive impacts of the World Cup and a full year of horse racing content offset by the negative impact of the prior year comparative period benefiting from wager-enhancing best-price guarantee offers. SSBT wagers continue to grow and now represent over 50% of football wagers.

OTC gross win margin of 17.9% was 0.3pp behind last year. Horse racing gross win margin was 0.4pp ahead of last year with a positive Cheltenham broadly offset by the well-backed Tiger Roll winning the Grand National. Football gross win margin was 1.8pp behind, with the benefit of a good World Cup offset by the bookmaker-friendly football results in Q4 2017.

Machines NGR was marginally ahead on a like-for-like[6] basis and 1% behind on a total basis. Customer demand was undoubtedly adversely impacted by the negative coverage of FOBTs in the first half of the year. During the second half, new Equinox cabinets were rolled out across the estate. The new cabinets helped drive like-for-like[6] Machines NGR 3% ahead in Q4. Importantly, the majority of this growth was driven by B3 content, which will not be impacted by the impending Triennial measures.

Our unique market-leading Connect and Grid multi-channel products are a core part of our Retail offering. Connect and Grid allow customers to sign-up online to Coral.co.uk and Ladbrokes.com, and seamlessly access their wallet across all products in-store and online. The Connect and Grid offerings are market leading and will be a major advantage in gaining market share post the B2 stakes restrictions in April.

During the year we invested over £20m in our new shop till system “EPOS2”. The benefits of this new system are wide ranging, including a more efficient and easier to use back-office process, consistency across the Ladbrokes and Coral estates, and the capability to implement some powerful responsible gambling measures, such as facial recognition, that will make tracking player behaviour and identifying excluded players much easier. At the end of December the EPOS2 systems was live in over 80 shops, with the full roll out due to complete during 2019.

During the year we successfully trialled in-house developed SSBTs in 11 shops. This footprint will be increased over time, complimenting the existing BGT offering. Additionally, increased investment in new SSBT hardware will help ensure that revenue recapture from B2 players is maximised.

Contribution margin of 71.4% was 0.3pp lower than last year driven by a higher mix of machines NGR and also the recording of new revenue share based content costs in costs of sales.

Operating costs were 6% lower, driven by tight cost control, on-going shop closures and the delivery of synergies arising from the Ladbrokes Coral merger. During the year 95 shops were closed, and 3 shops were opened. At the end of the year there were 3,475 shops in the estate (2017: 3,567).

Outlook:

Following the conclusion of the Triennial Review into gaming machines stakes and prizes, the maximum stake on B2 content will be reduced to £2 on 1 April 2019. We anticipate that this will result in the closure of up to a thousand shops. Investment in new machines, new SSBTs and EPOS2, combined with the competitive advantage of our unique multi-channel offer, means the UK Retail business is in very good shape as it faces into the post Triennial world, and we are confident that both Ladbrokes and Coral will be market share winners.

European Retail

Year ended 31 December	Reported results[1]			Proforma results[2]			
	2018 **£m**	2017 £m	Change %	**2018** **£m**	2017 £m	Change %	Constant currency[3] %
OTC wagers	1,216.4	-	-	1,571.4	1,419.7	11%	9%
OTC margin	17.3%	-	-	17.7%	17.1%	0.6pp	0.6pp
Sports NGR/Revenue	158.6	-	-	210.2	182.7	15%	13%
Other OTC NGR/Revenue	51.1	-	-	66.0	55.8	18%	16%
Machines NGR/Revenue	2.0	-	-	2.6	2.4	8%	6%
Total NGR/Revenue	211.7	-	-	278.8	240.9	16%	14%
Gross profit	109.9	-	-	145.7	125.1	16%	
Contribution	103.4	-	-	138.0	120.8	14%	
Contribution margin	*48.8%*	-	-	*49.5%*	*50.1%*	*(0.6pp)*	
Operating costs	(54.3)	-	-	(72.6)	(72.2)	(1%)	
Underlying EBITDA[4]	49.1	-	-	65.4	48.6	35%	
Share based payments	(0.1)	-	-	(0.1)	(0.1)	0%	
Underlying depreciation and amortisation	(14.0)	-	-	(18.3)	(12.2)	(50%)	
Share of JV income	2.7	-	-	2.6	2.1	24%	
Underlying operating profit[5]	37.7	-	-	49.6	38.4	29%	

Reported Results[1]:

On a reported basis, revenue was £211.7m and underlying EBITDA[4] was £49.1m reflecting the results for the nine months of trading of Ladbrokes Coral Group plc post acquisition. Underlying operating profit[5] was £37.7m and was £30.7m after charging separately disclosed items.

Proforma Results[2]:

European Retail NGR of £278.8m was 16% ahead of last year (+14% cc). Underlying EBITDA[4] of £65.4m was 35% ahead and underlying operating profit[5] of £49.6m was 29% ahead.

OTC wagers were 11% ahead (+9% cc) driven by growth in Eurobet Italy where football wagers grew by 13%, the acquisition of 26 shops in Ladbrokes Belgium and the benefit of the World Cup. An OTC margin of 17.7% was 0.6pp ahead driven by football margins 1.6pp ahead. Other OTC growth of 18% (+16% cc) was primarily driven by growth in Virtual in Eurobet Italy and in Ladbrokes Belgium, where the legal framework for virtual betting was fully approved by the Belgium Government in May.

Contribution margin of 49.5% was 0.6pp lower than the prior year due to increased marketing investment in Italy ahead of advertising restrictions due to come into force in the second half of 2019. Operating costs were 1% higher with the increased costs from the enlarged estate in Ladbrokes Belgium largely offset by tight cost control.

As at 31 December 2018 there were a total of 1,677 outlets/shops. Italy 851 (2017: 845), Belgium shops 321, outlets 364 (2017: shops 299; outlets 244) and Ireland 141 (2017: 141).

Outlook:

In Italy, we will continue to invest in marketing in the first half of 2019 preceding the full advertising restrictions that will come in to place from July. Eurobet's brand visibility in the market, with over 850 Eurobet branded shops, and a leading multi-channel offering means we are very confident of gaining online market share post the advertising ban. In

Belgium, we continue to look for opportunities to expand the estate through the acquisition of independent shops, the development of newsagent networks and through an increase in machines density.

Other

Year ended 31 December	Reported results[1]			Proforma results[2]			
	2018 £m	2017 £m	Change %	**2018 £m**	2017 £m	Change %	Constant currency[3] %
NGR/Revenue	43.8	14.7	198%	53.1	56.7	(6%)	(6%)
Gross profit	33.7	4.2	702%	41.5	40.0	4%	
Contribution	29.5	1.7	1635%	37.1	36.5	2%	
Underlying EBITDA[4]	2.3	(6.0)	138%	3.1	(0.3)	1133%	
Share based payments	-	-	-	-	(0.1)	100%	
Underlying depreciation and amortisation	(0.4)	-	-	(0.6)	(0.5)	(20%)	
Share of JV income	4.9	-	-	5.1	3.1	65%	
Underlying operating profit[5]	6.8	(6.0)	213%	7.6	2.2	245%	

Reported Results[1]:

On a reported basis, NGR of £43.8m was 198% up on the prior year and underlying EBITDA[4] of £2.3m was 138% up reflecting the sale of Kalixa in 2017 and the nine months of trading of Ladbrokes Coral post acquisition. Underlying operating profit[5] of £6.8m was £12.8m ahead of 2017 and operating profit after charging separately disclosed items of £6.8m was £15.3m ahead.

Proforma Results[2]:

NGR of £53.1m was 6% behind last year due to the disposal of Kalixa in May 2017. Excluding Kalixa, NGR was 4% ahead, with growth in Intertrader financials (NGR +30%) partly offset by Telebet where NGR was 26% down. Underlying EBITDA[4] of £3.1m was £3.4m ahead of last year and underlying operating profit[5] of £7.6m was £5.4m ahead.

Corporate

Year ended 31 December	Reported results[1]			Proforma results[2]			
	2018 £m	2017 £m	Change %	**2018 £m**	2017 £m	Change %	Constant currency[3] %
Underlying EBITDA[4]	(47.4)	(20.2)	(135%)	(50.6)	(45.3)	(12%)	
Share based payments	(8.1)	(10.7)	24%	(8.5)	(12.7)	33%	
Underlying depreciation and amortisation	(0.2)	-	-	(0.4)	(1.2)	67%	
Share of JV income	-	-	-	-	-	-	
Underlying operating profit[5]	(55.7)	(30.9)	(80%)	(59.5)	(59.2)	(1%)	

Reported Results[1]:

On a reported basis, Corporate costs of £47.4m were 135% higher than last year, and after share based payments and depreciation and amortisation, were £55.7m, an increase of 80% reflecting the inclusion of Ladbrokes Coral results post acquisition. After charging separately disclosed items operating profit of £51.8m was £145.5m ahead of 2017.

Proforma Results[2]:

On a proforma basis Corporate costs of £50.6m increased by £5.3m. The rise was driven by a one-off credit arising in the prior year and increased staff bonus costs, due to strong performance of the Group, partly offset by the synergies arising from the merger of Ladbrokes and Coral and the subsequent GVC acquisition of Ladbrokes Coral. After the cost of share based payments and depreciation and amortisation, total corporate costs were £59.5m, an increase of £0.3m driven by reduced share based payments following the vesting of a number of legacy schemes in 2017.

Notes

(1) 2018 and 2017 reported results reflect the acquisition of the Ladbrokes Coral Group plc on 28 March 2018
(2) The Group's proforma results are unaudited and presented as if the current Group, post the acquisition of Ladbrokes Coral Group plc, had existed since 1 January 2017. As such, it excludes the results of the Turkish business which was discontinued during 2017 and the 360 shops that the Ladbrokes Coral Group plc was required to divest on the merger of Ladbrokes PLC and the Coral Group. The results of Crystalbet and Neds are included from the dates of acquisition (11 April 2018 and 28 November 2018 respectively) and the results of Kalixa are excluded from the date of disposal (31 May 2017)
(3) Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2018 exchange rates
(4) Stated pre separately disclosed items and shared based payments
(5) Stated pre separately disclosed items
(6) UK Retail numbers are quoted on a LFL basis. During the year ended 31 December 2018 there was an average of 3,524 shops in the estate, compared to an average of 3,618 in the prior year
(7) Statutory administrative costs represent marketing, operating costs, share based payments and depreciation and amortisation

CHIEF FINANCIAL OFFICER'S REVIEW

Year ended 31 December	Reported results[1]			Proforma results[2]			
	2018 £m	2017 £m	Change %	**2018 £m**	2017 £m	Change %	Constant currency[3] %
NGR	2,979.5	815.9	265%	3,571.4	3,288.1	9%	9%
Revenue	2,935.2	789.9	272%	3,523.6	3,247.6	8%	9%
Gross profit	2,004.2	575.3	248%	2,404.4	2,256.3	7%	
Contribution	1,598.8	400.7	299%	1,939.8	1,872.8	4%	
Contribution Margin	*53.7%*	*49.1%*	*4.6pp*	*54.3%*	*57.0%*	*(2.7pp)*	
Underlying EBITDA[4]	640.8	211.3	203%	755.3	666.5	13%	
Share based payments	(10.7)	(15.5)	31%	(11.7)	(20.7)	43%	
Underlying depreciation and amortisation	(117.7)	(26.7)	(341%)	(141.7)	(137.0)	(3%)	
Share of JV income	8.4	0.1	n/m	8.2	5.3	55%	
Underlying operating profit[5]	520.8	169.2	208%	610.1	514.1	19%	
Net finance costs	(86.2)	(18.2)	(374%)				
Profit before tax pre separately disclosed items	434.6	151.0	188%				
Separately disclosed items:							
Amortisation of acquired intangibles	(322.5)	(106.5)	(203%)				
Other	(131.0)	(67.1)	(95%)				
Loss before tax	(18.9)	(22.6)	16%				
Tax	(37.5)	1.7	n/m				
Loss after tax from continuing operations	(56.4)	(20.9)	(170%)				
Discontinued operations	-	(14.0)	n/m				
Loss profit after tax	(56.4)	(34.9)	(62%)				

NGR and Revenue

Group reported NGR was 265% ahead and revenue was 272% ahead due the inclusion of nine months of trading of Ladbrokes Coral Group plc post acquisition in the current year. Group proforma NGR was 9% ahead and revenue was 8% ahead. Further details are provided in the Business Review section.

Underlying operating profit[5]

Group reported underlying operating profit[5] was £520.8m (2017: £169.2m) as a result of underlying EBITDA[4] of £640.8m (2017: £211.3m), £10.7m of share based payments costs (2017: £15.5m), £117.7m of underlying depreciation and amortisation (2017: £26.7m) and £8.4m of JV income (2017: £0.1m). This growth is driven by the inclusion of nine months of trading of Ladbrokes Coral Group plc post acquisition in the current year and the continued growth of the legacy GVC businesses.

Group proforma underlying operating profit[5] of £610.1m was £96.0m or 19% ahead of prior year which was driven by underlying EBITDA[4] growth of £88.8m, savings in share based payment costs of £9.0m, increase in JV income of £2.9m, offset by an increase in depreciation and amortisation of £4.7m.

Financing costs

Net finance costs of £86.2m includes £63.9m of interest payable (2017: £19.3m) and £81.7m (2017: £nil) of foreign exchange losses on financing facilities partly offset by £58.3m (2017: £nil) of gains on derivative financial instruments, which are intended to hedge a proportion of the Group's foreign exchange exposure, and £1.1m (2017: £1.1m) of interest receivable.

The increase in interest payable of £44.6m is driven by the new financing facilities taken as part of the acquisition of the Ladbrokes Coral Group. Whilst the Group has experienced £81.7m of foreign exchange losses on its debt facilities during the year, £58.3m of this has been mitigated through gains in financial derivatives that were taken out to hedge the exposure to the US dollar. The Group is left with residual GBP/Euro foreign exchange risk in its financing facilities, however, this is largely offset by the net asset position on the Group's European subsidiaries.

Separately disclosed items

Items separately disclosed before tax for the year ended 31 December amount to a £453.5m charge (2017: £173.6m) and relate primarily to the amortisation of acquired intangibles, costs associated with Greek Tax assessments (see note 17), costs associated with the acquisition of the Ladbrokes Coral Group and other smaller acquisitions, and impairment of UK Retail shop assets following the decision by the UK Government to bring the £2 FOBT stakes restriction forward to 1 April 2019. This has been partially offset by a £192.5m credit reflecting the net release of contingent consideration provisions, primarily relating to the Contingent Value Right ("CVR"), which was extinguished following the enactment of legislation on the £2 FOBT stakes restriction. The table below summarises the items recorded for both 2018 and 2017:

	Separately disclosed items	
	2018	**2017**
	£m	**£m**
Amortisation of acquired intangibles	(322.5)	(106.5)
Greek Tax	(186.8)	-
Corporate Transaction costs	(64.4)	(6.8)
Impairment loss	(41.3)	(1.4)
Integration costs	(14.5)	(21.1)
Legal and onerous contract provisions	(9.2)	(1.9)
Other one-off items	(7.3)	(5.5)
Movement in fair value of contingent consideration	192.5	(30.4)
	(453.5)	**(173.6)**

Profit before tax

Profit before tax and separately disclosed items was £434.6m (2017: £151.0m) reflecting the year-on-year growth in the business and the acquisition of the Ladbrokes Coral Group and other smaller acquisitions. After charging separately disclosed items, the Group recorded a pre-tax loss of £18.9m (2017: £22.6m).

Taxation

The tax charge for the year ended 31 December was £37.5m (2017: £1.7m credit) reflecting a £56.8m charge on underlying trading (2017: £16.2m) and a £19.3m credit on separately disclosed items (2017: £17.9m credit). The underlying tax charge reflects a 13% effective tax rate.

Dividends

A second interim dividend of 16.0p per share was declared, taking the total 2018 dividend to 32.0p, an increase of 7% on the prior year.

Cashflow

Year ended 31 December	2018	2017
	£m	£m
Underlying EBITDA[4]	640.8	211.3
Underlying working capital	(24.8)	14.1
Capital expenditure/Investment in JVs	(214.2)	(33.1)
Finance lease repayments	(1.1)	-
Interest paid	(55.5)	(37.0)
Corporate taxes	(43.5)	(13.1)
Free Cashflow	**301.7**	**142.2**
Greek tax	(108.8)	-
Other separately disclosed items	(109.9)	(27.6)
Disposal proceeds	-	27.1
Acquisitions (net of cash acquired)	(522.6)	(32.3)
Net movement on debt and costs of debt issuance	701.1	(76.2)
Equity issue	26.2	41.5
Dividends received from associates	9.4	-
Dividends paid	(142.7)	(120.0)
Net Cashflow	**154.4**	**(45.3)**
Foreign exchange	(2.5)	2.5
Net cash generated	**151.9**	**(42.8)**
Cash and cash equivalents at beginning of period	270.0	312.8
Cash and cash equivalents at the end of period	**421.9**	**270.0**

The Group generated a net cash inflow of £154.4m (2017: £45.3m outflow). During the period, which contains the results and cashflows of Ladbrokes Coral post acquisition, the Group generated underlying EBITDA[4] of £640.8m (2017: £211.3m), incurred £214.2m (2017: £33.1m) of capital investment costs, including the investment in the US joint venture, and had a working capital outflow of £24.8m (2017: £14.1m inflow). The working capital outflow in the year is primarily as a result of timing differences caused by the acquisition of the Ladbrokes Coral business. The Group also paid £55.5m in interest (2017: £37.0m), £43.5m in corporate taxes (2017: £13.1m) and £1.1m in finance lease repayments (2017: £nil) resulting in a free cash inflow of £301.7m (2017: £142.2m).

The Group paid £218.7m (2017: £27.6m) in relation to items that have been separately disclosed in the period. These payments relate to £108.8m of Greek Tax payments (see note 17) and £109.9m of payments primarily consisting of fees associated with the acquisition of Ladbrokes Coral and Crystalbet, costs relating to the integration of the businesses post the Ladbrokes Coral acquisition and payments against onerous leases. The net cash cost of the acquisitions in the year (net of cash within acquired businesses) amounted to £522.6m (2017:£32.3m), the majority of which related to Ladbrokes Coral (see note 16). The Group raised £1,398.0m of new debt to fund the acquisitions and repaid £660.2m of the existing Ladbrokes Coral debt. £32.0m of fees were incurred in raising the new debt and £4.7m of debt repayments have been made since the acquisition. During the prior year the Group made a net repayment of debt of £76.2m.

During the year the Group also raised £26.2m from the issue of share capital (2017: £41.5m) and received £9.4m (2017: £nil) in dividends from associates. Cash dividends of £142.7m (2017: £120.0m) were paid in the period including £1.4m to non-controlling interest and £2.5m in dividend credits on options.

Net debt and liquidity

As at 31 December 2018, accounting net debt was £1,813.5m and adjusted net debt was £1,896.6m, representing a net debt to proforma underlying EBITDA ratio of 2.5x.

	Par value	Issue costs/ Premium	Total
Bonds	(500.0)	(32.0)	(532.0)
Term loans	(1,727.8)	32.4	(1,695.4)
Interest accrual	(8.0)	-	(8.0)
	(2,235.8)	**0.4**	**(2,235.4)**
Cash			421.9
Accounting net debt			**(1,813.5)**
Cash held on behalf of customers			(312.5)
Fair value of swaps held against debt instruments			43.3
Short term investments/Deposits held			96.2
Balances held with payment service providers			89.9
Adjusted net debt			**(1,896.6)**

Dividend timetable

5 March 2019	Dividend declared
14 March 2019	Ex-dividend date
15 March 2019	Record date
25 April 2019	Payment

Going Concern

Having assessed the financial forecasts of the business, the principal risks and other matters discussed in connection with the long-term viability statement, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements as the Company will generate sufficient cash to meet its ongoing obligations for at least 12 months from the date of signing the financial statements.

Notes

(1) 2018 and 2017 reported results reflect the acquisition of the Ladbrokes Coral Group plc on 28 March 2018

(2) The Group's proforma results are unaudited and presented as if the current Group, post the acquisition of Ladbrokes Coral Group plc, had existed since 1 January 2017. As such, it excludes the results of the Turkish business which was discontinued during 2017 and the 360 shops that the Ladbrokes Coral Group plc was required to divest on the merger of Ladbrokes PLC and the Coral Group. The results of Crystalbet and Neds are included from the date of acquisition (11 April 2018 and 28 November 2018 respectively) and the results of Kalixa are excluded from the date of disposal (31 May 2017)

(3) Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2018 exchange rates

(4) Stated pre separately disclosed items and shared based payments

(5) Stated pre separately disclosed items

Principal risks

Key risks are reviewed by the executive directors, other senior executives and the Board of GVC Holdings Plc on a regular basis and where appropriate, actions are taken to mitigate the key risks that are identified. The Board has overall responsibility for risk management as an integral part of strategic planning.

The principal risks and uncertainties which could impact the Group are detailed in the Group's Annual Report and Accounts 2018 and are as follows:

Data breach and cyber security

The Group processes sensitive personal customer data (including name, address, age, bank details and betting and gaming history) as part of its business and therefore must comply with strict data protection and privacy laws in all jurisdictions in which the Group operates. The Group is exposed to the risk that this data could be wrongfully obtained through either a cyber-attack or a breach in data security. This could result in prosecutions including financial penalties and the loss of the goodwill of its customers.

Technology failure

The Groups operations are highly dependent on technology and advanced information systems and there is a risk that such technology or systems could fail. In particular, any damage to, or failure of online systems and servers, electronic point of sale systems and electronic display systems could result in interruptions to financial controls and customer service systems.

Taxes, laws, regulations, licensing and regulatory compliance

Regulatory, legislative and fiscal regimes for betting and gaming in key markets around the world can change, sometimes at short notice. Such changes could benefit or have an adverse effect on the Group and additional costs might be incurred in order to comply with any new laws or regulations in multiple jurisdictions.

Imposition of additional gaming or other indirect taxes

Revenues earned from customers located in a particular jurisdiction may give rise to further taxes in that jurisdiction. If additional taxes are levied, this may have a material adverse effect on the amount of tax payable by the Group.

Further taxes may include corporate income tax, value added tax (VAT) or other indirect taxes. Group companies may be subject to VAT or similar taxes on transactions, which have previously been treated as exempt.

The multi-location of the Group may lead to higher corporate income tax from transfer pricing adjustments.

Increased cost of product

The Group is subject to certain arrangements intended to support industries in which it operates. Examples are the horseracing and the voluntary greyhound racing levies, which respectively support the British horseracing and greyhound industries. In addition, the Group enters into contracts for the distribution of television pictures, audio and other data that are broadcast across the various routes to market. A number of these are under negotiation at any one time.

Trading, liability management and pricing

The Group may experience significant losses as a result of a failure to determine accurately the odds in relation to any particular event and/or any failure of its sports risk management processes.

Health and Safety

Failure to meet the requirements of the various domestic and international rules and regulations could expose the company (and individual employees and directors) to material civil/criminal action with the associated financial and reputational consequences.

Synergy delivery/failure to integrate

Challenges or difficulties to realising synergies/operational integration from the Ladbrokes Coral acquisition could potentially result in interruption to business operations, loss of customers and staff and influence the relationship with key suppliers. The failure to achieve the cost synergies would have a material impact on the financial performance of the Group.

Loss of key locations

Whilst the Group operates out of a number of geographical locations, there are a number of key sites which are critical to the day to day operations of the Group, including our offices in Central London, Gibraltar, Vienna, Hyderabad, Australia, Italy, Manilla and the Philippines. Disruption in any of these locations could have an impact on operations.

Recruitment and retention of key employees

Our people are our greatest asset. We aim to be an employer of choice for talented and passionate people and we need a high level of competence across the business to meet our objectives and respond to changing market needs.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	Underlying items	Separately disclosed Items (note 6)	2018 Total	Underlying items	Separately disclosed Items (note 6)	Re-presented 2017 Total
	£m	£m	£m	£m	£m	£m
Net Gaming Revenue	2,979.5	-	2,979.5	815.9	-	815.9
VAT/GST	(44.3)	-	(44.3)	(26.0)	-	(26.0)
Revenue	2,935.2	-	2,935.2	789.9	-	789.9
Cost of sales	(931.0)	-	(931.0)	(214.6)	-	(214.6)
Gross profit	2,004.2	-	2,004.2	575.3	-	575.3
Administrative costs	(1,491.8)	(453.5)	(1,945.3)	(406.2)	(173.6)	(579.8)
Contribution	1,598.8	-	1,598.8	400.7	-	400.7
Administrative costs excluding marketing	(1,086.4)	(453.5)	(1,539.9)	(231.6)	(173.6)	(405.2)
Group operating profit/(loss) before share of results from joint ventures and associates	512.4	(453.5)	58.9	169.1	(173.6)	(4.5)
Share of results from joint ventures and associates	8.4	-	8.4	0.1	-	0.1
Group operating profit/(loss)	520.8	(453.5)	67.3	169.2	(173.6)	(4.4)
Finance expense	(63.9)	-	(63.9)	(19.3)	-	(19.3)
Finance income	1.1	-	1.1	1.1	-	1.1
Gain arising from change in fair value of financial instruments	58.3	-	58.3	-	-	-
Losses arising from foreign exchange on debt instruments	(81.7)	-	(81.7)	-	-	-
Profit/(loss) before tax	434.6	(453.5)	(18.9)	151.0	(173.6)	(22.6)
Income tax (expense)/income	(56.8)	19.3	(37.5)	(16.2)	17.9	1.7
Profit/(loss) from continuing operations	377.8	(434.2)	(56.4)	134.8	(155.7)	(20.9)
Profit/(loss) for the year from discontinued operations after tax	-	-	-	(10.9)	(3.1)	(14.0)
Profit/(loss) for the year	377.8	(434.2)	(56.4)	123.9	(158.8)	(34.9)
Attributable to:						
Equity holders of the parent	371.7	(434.2)	(62.5)	124.1	(158.8)	(34.7)
Non-controlling interests	6.1	-	6.1	(0.2)	-	(0.2)
	377.8	(434.2)	(56.4)	123.9	(158.8)	(34.9)
Earnings per share on profit/(loss) for the year from continuing and discontinued operations						
- from continuing operations	76.9p		(12.2)p	45.1p		(6.9)p
From profit/(loss) for the year(1)	76.9p		(12.2)p	41.5p		(11.6)p
Diluted earnings per share on profit/(loss) for the year from continuing and discontinued operations						
- from continuing operations	76.3p		(12.2)p	43.6p		(6.9)p
From profit/(loss) for the year(1)	76.3p		(12.2)p	40.0p		(11.6)p
Proposed dividends			16.0p			

Memo

Underlying EBITDA	640.8	(89.7)	551.1	211.3	(67.1)	144.2
Share based payments	(10.7)	-	(10.7)	(15.5)	-	(15.5)
Depreciation, amortisation and impairment	(117.7)	(363.8)	(481.5)	(26.7)	(106.5)	(133.2)
Share of results from joint ventures and associates	8.4	-	8.4	0.1	-	0.1
Group operating profit/(loss)	520.8	(453.5)	67.3	169.2	(173.6)	(4.4)

(1) The calculation of underlying earnings per share has been adjusted for separately disclosed items, and for the removal of foreign exchange volatility arising on financial instruments as it provides a better understanding of the underlying performance of the Group. See note 10 for further details.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	2018 £m	Re-presented 2017 £m
Loss for the year	(56.4)	(34.9)
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Currency differences on translation of foreign operations	44.7	45.4
Total items that may be reclassified to profit or loss	44.7	45.4
Items that will not be reclassified to profit or loss:		
Re-measurement of defined benefit pension scheme	(10.9)	-
Tax on re-measurement of defined benefit pension scheme	3.8	-
Share of associate other comprehensive income	0.2	-
Re-measurement of financial assets at fair value through other comprehensive income	-	0.3
Total items that will not be reclassified to profit or loss	(6.9)	0.3
Other comprehensive income for the year, net of tax	37.8	45.7
Total comprehensive (expense)/income for the year	(18.6)	10.8
Attributable to:		
Equity holders of the parent:	(24.7)	11.0
Non-controlling interests	6.1	(0.2)

CONSOLIDATED BALANCE SHEET

At 31 December	Notes	2018 £m	Re-presented 2017 £m	Re-presented 2016 £m
Assets				
Non-current assets				
Goodwill	11	3,332.4	972.4	929.3
Intangible assets	11	2,795.6	388.6	442.5
Property, plant and equipment	13	195.6	14.4	16.7
Interest in joint venture		46.1	-	-
Interest in associates and other investments		26.0	4.0	3.1
Other financial assets		1.5	1.7	4.4
Deferred tax assets	8	76.5	0.8	-
Retirement benefit asset		168.2	-	-
		6,641.9	**1,381.9**	**1,396.0**
Current assets				
Trade and other receivables		403.0	100.6	89.6
Income and other taxes recoverable		30.3	1.6	5.7
Derivative financial instruments		43.3	-	22.3
Other financial assets		3.4	2.2	-
Short term investments		2.6	4.4	4.6
Cash and short-term deposits		421.9	270.0	302.4
		904.5	**378.8**	**424.6**
Assets in disposal group classified as held for sale		-	-	50.9
Total assets		**7,546.4**	**1,760.7**	**1,871.5**
Liabilities				
Current liabilities				
Trade and other payables		(638.3)	(164.7)	(139.7)
Balances with customers		(312.5)	(101.7)	(93.3)
Interest bearing loans and borrowings		(14.3)	(0.2)	(343.9)
Corporate tax liabilities		(42.5)	(10.5)	(15.5)
Provisions	14	(160.5)	(1.1)	(1.0)
Other financial liabilities		(16.3)	(11.1)	(2.2)
		(1,184.4)	**(289.3)**	**(595.6)**
Non-current liabilities				
Interest bearing loans and borrowings		(2,221.1)	(262.3)	-
Deferred tax liabilities	8	(452.8)	(47.2)	(55.9)
Provisions	14	(56.6)	(5.1)	(5.9)
Other financial liabilities		(143.5)	(20.4)	(3.8)
		(2,874.0)	**(335.0)**	**(65.6)**
Liabilities in disposal group classified as held for sale		-	-	(19.3)
Total liabilities		**(4,058.4)**	**(624.3)**	**(680.5)**
Net assets		**3,488.0**	**1,136.4**	**1,191.0**
Equity				
Issued share capital		4.8	2.3	2.2
Share Premium		1,196.5	1,170.4	1,129.0
Merger Reserve		2,527.4	34.5	34.5
Translation reserve		212.6	167.9	122.5
Retained earnings		(491.5)	(237.2)	(95.9)
Equity shareholders' funds		**3,449.8**	**1,137.9**	**1,192.3**
Non-controlling interests		38.2	(1.5)	(1.3)
Total shareholders' equity		**3,488.0**	**1,136.4**	**1,191.0**

KJ Alexander
(Chief Executive Officer)

P Bowtell
(Chief Financial Officer)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital	Share premium	Merger Reserve	Retained earnings	Fair value through OCI reserve	Translation reserve(1)	Equity shareholders' funds	Non-controlling interests	Total Shareholders' equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2017 (re-presented)	2.2	1,129.0	34.5	(95.9)	-	122.5	1,192.3	(1.3)	1,191.0
Loss for the year	-	-	-	(34.7)	-	-	(34.7)	(0.2)	(34.9)
Other comprehensive income	-	-	-	-	0.3	45.4	45.7	-	45.7
Transition adjustments(2)	-	-	-	0.3	(0.3)	-	-	-	-
Total comprehensive income	-	-	-	(34.4)	-	45.4	11.0	(0.2)	10.8
Share options exercised	0.1	41.4	-	-	-	-	41.5	-	41.5
Share-based payments charge	-	-	-	13.1	-	-	13.1	-	13.1
Equity dividends (note 9)	-	-	-	(120.0)	-	-	(120.0)	-	(120.0)
At 31 December 2017 (re-presented)	2.3	1,170.4	34.5	(237.2)	-	167.9	1,137.9	(1.5)	1,136.4
At 1 January 2018	2.3	1,170.4	34.5	(237.2)	-	167.9	1,137.9	(1.5)	1,136.4
Loss for the year	-	-	-	(62.5)	-	-	(62.5)	6.1	(56.4)
Other comprehensive income	-	-	-	(6.9)	-	44.7	37.8	-	37.8
Total comprehensive income	-	-	-	(69.4)	-	44.7	(24.7)	6.1	(18.6)
Issue of shares on acquisition(3)	2.4	-	2,492.9	-	-	-	2,495.3	-	2,495.3
Share options exercised	0.1	26.1	-	-	-	-	26.2	-	26.2
Share-based payments charge	-	-	-	2.1	-	-	2.1	-	2.1
Acquisition of investment	-	-	-	(44.6)	-	-	(44.6)	35.0	(9.6)
Equity dividends (note 9)	-	-	-	(138.8)	-	-	(138.8)	(1.4)	(140.2)
Non-controlling interest	-	-	-	(3.6)	-	-	(3.6)	-	(3.6)
At 31 December 2018	4.8	1,196.5	2,527.4	(491.5)	-	212.6	3,449.8	38.2	3,488.0

(1) The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries
(2) Reclassification of income on adoption of IFRS9 see note 3 for further details
(3) On 28 March 2018 GVC Holdings PLC acquired the entire share capital of Ladbrokes Coral Group plc as described in note 16. The issue of new shares in the Company has attracted merger relief under the Companies Act 2006. £2.4m of ordinary shares has been credited to share capital and the remaining £2,492.9m has been credited to the merger reserve within equity

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December	2018 £m	Re-presented 2017 £m
Cash generated by operations	395.5	199.0
Income taxes paid	(43.5)	(13.1)
Net finance expense paid	(55.5)	(37.0)
Net cash generated from operating activities	296.5	148.9
Cash flows from investing activities:		
Acquisitions	(735.6)	(39.1)
Cash acquired on acquisition of businesses	213.0	6.8
Dividends received form associates	9.4	-
Purchase of intangible assets	(99.2)	(22.6)
Purchase of property, plant and equipment	(95.5)	(10.9)
Proceeds from the sale of property, plant and equipment including disposal of shops	-	27.1
Investment in joint venture	(20.5)	-
Decrease in short term investments	1.8	0.2
Deferred proceeds from disposal of available-for-sale assets	1.0	-
Net cash used in investing activities	(725.6)	(38.5)
Cash flows from financing activities:		
Proceeds from issue of ordinary shares	26.2	41.5
Net proceeds from borrowings	1,366.0	484.8
Finance lease payments	(1.1)	-
Repayment of borrowings	(664.9)	(561.0)
Equity dividends paid	(142.7)	(120.0)
Net cash used in financing activities	583.5	(154.7)
Net increase in cash and cash equivalents	154.4	(44.3)
Effect of changes in foreign exchange rates	(2.5)	1.5
Cash and cash equivalents at beginning of the year	270.0	312.8
Cash and cash equivalents at end of the year	421.9	270.0

(1) Equity dividends paid are inclusive of dividend credits on share options of £2.5m (2017: £nil) and dividends paid to non-controlling interests of £1.4m (2017: £nil)

(2) The cash and cash equivalents balance at the end of 2016 of £312.8m above consisted of £302.4m cash and cash equivalents as shown on the face of the consolidated statement of financial position and £10.4m of cash and cash equivalents held within assets held for sale

1 Corporate information

This announcement was approved by the Board of Directors on 5 March 2019. GVC Holdings PLC (the Company) is a company incorporated and domiciled in the Isle of Man on 5 January 2010 whose shares are traded publicly. The principal activities of the Companies and its subsidiaries ("the Group") are described in the strategic report. The consolidated financial statements of the Group for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 5 March 2019.

The nature of the Group's operations and its principal activities are set out in note 5.

2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance, and comply, with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRS IC) pronouncements as adopted for use in the European Union and the Isle of Man Companies Act 2006 applicable to companies reporting under IFRSs. The accounting policies set out in this section as detailed have been applied consistently year on year.

The financial information set out in this document does not constitute the Group's statutory accounts for the year ended 31 December 2018 or 31 December 2017, but is derived from those accounts. The annual report and financial statements for the year ended 31 December 2018 were approved by the Board of Directors on 5 March 2019 along with this preliminary announcement, but have not yet been delivered to the Registrar of Companies. The auditors' report (from KPMG LLP) on the statutory accounts for the year ended 31 December 2018 was unqualified and did not include a reference of any matters to which the auditor drew attention by way of emphasis without qualifying their report. Statutory accounts for the year ended 31 December 2017 have been delivered to the Registrar of Companies. The auditors' report (from Grant Thornton UK LLP) on the statutory accounts for the year ended 31 December 2017 was unqualified.

3 Changes in accounting policies

From 1 January 2018 the Group has applied, for the first time, certain standards, interpretations and amendments being;

IFRS 9, 'Financial instruments', which addresses the classification, measurement and recognition of financial assets and liabilities was issued in July 2015. IFRS 9 retains and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income ("OCI") and fair value through Profit and Loss. The basis of the classification depends on the business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss or with an irrevocable option at inception to present changes in fair value in OCI. Fair value changes recorded through OCI are not subsequently recycled.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.

For financial liabilities there were no changes to classification and measurement.

Financial assets of £2.3m, previously held as available for sale under IAS 39 are recognised as fair value through profit and loss and further financial assets of £0.6m previously held as available for sale under IAS 39 are recognised at amortised cost under IFRS 9.

The adoption of the following amendments did not have any impact on the current period or any prior period and are not likely to affect future periods:

- IFRS 15 '*Revenue from Contracts with Customers'*
- Amendments to IFRS2 *'Share based payments'* – Amendments to clarify the classification and measurement of share-based payment transactions

Presentational changes

Following the acquisition of Ladbrokes Coral Group plc, a number of presentational changes have been made to the financial statements. These changes have also been reflected in the comparative information. A summary of the amendments made are as follows:

- changes to the presentation of the Income Statement and Statement of Cashflows to report the performance of the Group in the most appropriate format;
- goodwill of £972.4m as at 31 December 2017 has been separately disclosed from intangible assets on the face of the Balance Sheet;
- progressive prize pools of £16.0m as at 31 December 2017 have been included within trade and other payables rather than disclosed on the face of the balance sheet;
- amortisation of acquired intangibles resulting from IFRS 3 fair value exercise of £106.5m as at 31 December 2017 is disclosed separately from underlying amortisation; and
- ante-post liabilities of £2.7m as at 31 December 2017 have been recognised within other financial liabilities rather than within balances with customers;
- at 31 December 2017 the reported net assets of the Group were €1,278.8m (2016: €1,397.3m). Following representation at 31 December 2017 the net assets of the Group were £1,136.4m (2016: £1,191.0m). The loss for the year previously reported was €39.4m following representation this was £34.9m accordingly the basic EPS previously reported was a loss of €0.13, following representation this was a loss of 11.6p.

3 Changes in accounting policies (continued)

Furthermore following the acquisition of Ladbrokes Coral Group plc the Group has changed its presentational currency to GBP from previous reporting currency which was Euros. In line with the requirements of IAS 21 and to assist users of the financial statements following this change, the comparative 2017 and 2016 balance sheets have been re-presented to £m using the procedures outlined below:

- assets and liabilities of foreign operations where the functional currency is other than sterling were translated into sterling at the relevant closing rates of exchange, non-sterling trading results were translated in sterling at the relevant average rates of exchange, differences arising from the retranslation of the opening net assets and the results for the year have been taken to the foreign currency translation reserve;
- all movements comprising differences on the retranslation of the opening net assets of non-sterling subsidiaries have been taken to the foreign currency translation reserve. Share capital, share premium, and other reserves were translated at the historic rates prevailing at the dates of transactions; and
- the exchange rates used to perform the translation were as follows:

Euro/sterling exchange rate	Dec-17	Dec-16
Closing rate	1.125	1.173
Average rate	1.135	n/a

4 Summary of significant accounting policies

4.1 Critical accounting estimates and judgements

Business combinations

For business combinations, the Group estimates the fair value of the consideration transferred, which can include assumptions about the future business performance of the business acquired and an appropriate discount rate to determine the fair value of any contingent consideration. Judgement is also applied in determining whether any future payments should be classified as contingent consideration or as remuneration for future services.

The Group then estimates the fair value of assets acquired and liabilities assumed in the business combination, including any separately identifiable intangible assets. These estimates also require inputs and assumptions including future earnings, customer attrition rates and discount rates. The Group engages external experts to support the valuation process, where appropriate. IFRS 3 'Business Combinations' allows the Group to recognise provisional fair values if the initial accounting for the business combination is incomplete. During the year the reported fair values the Group has recognised for the Ladbrokes Coral Group acquisition were provisional. Further details of the assessment can be found in note 16.

The fair value of contingent consideration recognised in business combinations is reassessed at each reporting date, using updated inputs and assumptions based on the latest financial forecasts for the relevant business. Judgement is applied as to whether changes should be applied at the acquisition date or as post-acquisition changes. Further details of these judgements are given in note 16. Fair value movements and the unwinding of the discounting is recognised within operating expenses.

Accounting for uncertain tax positions

The Group is subject to various forms of tax in a number of jurisdictions. Given the nature of the industry within which the Group operates, the tax and regulatory regimes are continuously changing and, as such, the Group is exposed to a small number of uncertain tax positions. Provisions are made for uncertain tax positions where it is believed that it is more likely than not that an economic outflow will arise.

During the current year, the Group made a provision for a potential liability in Greece (see note 14) based on the directors best estimate of the likely economic outflow. However, as the statutory window in Greece for the authorities to conclude their tax audit work is generally six years from the end of the relevant tax year, both the timing and the conclusions of the tax audits, and any associated tax payments, remains uncertain.

Separately disclosed items

To assist in understanding its underlying performance, the Group has defined the following items of pre-tax income and expense as separately disclosed as they either reflect items which are exceptional in nature or size or are associated with the amortisation of acquired intangibles. Items treated as separately disclosed include:

- profits or losses on disposal, closure or impairment of non-current assets or businesses;
- amortisation of acquired intangibles resulting from IFRS3 'Business Combinations' fair value exercises;
- corporate transaction and restructuring costs;
- changes in the fair value of contingent consideration; and
- the related tax effect of these items.

4 Summary of significant accounting policies (continued)

4.1 Critical accounting estimates and judgements (continued)

Any other non-recurring items are considered individually for classification as separately disclosed or exceptional by virtue of their nature or size.

The separate disclosure of these items allows a clearer understanding of the trading performance on a consistent and comparable basis, together with an understanding of the effect of non-recurring or large individual transactions upon the overall profitability of the Group.

The separately disclosed items have been included within the appropriate classifications in the consolidated income statement. Further details are given in note 6.

Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the separately identifiable assets, liabilities and contingent liabilities at the date of acquisition. In accordance with IFRS 3 'Business Combinations', goodwill is not amortised but reviewed for impairment at the first reporting period after acquisition and then annually thereafter. As such it is stated at cost less any provision for impairment of value. Any impairment is recognised immediately in the consolidated income statement and is not subsequently reversed.

On acquisition, any goodwill acquired is allocated to cash generating units for the purpose of impairment testing. Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposal is included in the carrying amount of the assets when determining the gain or loss on disposal.

Intangible assets

Intangible assets acquired separately are capitalised at cost and those acquired as part of a business combination are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. The costs relating to internally generated intangible assets, principally software costs, are capitalised if the criteria for recognition as assets are met. Other expenditure is charged in the year in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of these intangible assets are assessed to be either finite or indefinite. All indefinite lived assets are subject to an annual impairment review from the year of acquisition. Where amortisation is charged on assets with finite lives, this expense is taken to the consolidated income statement through the 'operating expenses, depreciation and amortisation' line item. Useful lives are reviewed on an annual basis.

A summary of the policies applied to the Group's intangible assets is as follows:

Retail licences	Lower of 15 years, or duration of licence
Software	2-15 years
Capitalised development expenditure	3-5 years
Trademarks and brand names	10-15 years, or indefinite life
Customer relationships	3-15 years

Impairment

An impairment review is performed for indefinite life assets on at least an annual basis. For all other non-current assets an impairment review is performed where there are indicators of impairment. This requires an estimation of the recoverable amount which is the higher of an asset's fair value less costs to sell and its value in use. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from each cash generating unit and to discount cash flows by a suitable discount rate in order to calculate the present value of those cash flows. Estimating an asset's fair value less costs to sell is determined using future cashflow and profit projections as well as industry observed multiples and publicly observed share prices for similar gambling companies.

Within UK and European Retail the cash generating units (CGU's) are generally an individual Licenced Betting Operator (LBO) and therefore, impairment is first assessed at this level for licences and property, plant and equipment, with any impairment arising booked first to licences and then to property, plant and equipment.

Pension and other post-employment benefit obligations

There is a significant degree of estimation involved in predicting the ultimate benefits payable under defined benefit pension arrangements. The pension scheme liabilities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The group's defined benefit pension schemes both have a net asset position when measured on an IAS 19 basis. Judgement is applied, based on legal, actuarial, and accounting guidance in IFRIC 14, regarding the amounts of net pension asset that is recognised in the consolidated balance sheet.

4 Summary of significant accounting policies (continued)

4.2 Other accounting policies

Financial liabilities

Financial liabilities comprise trade and other payables, interest bearing loans and borrowings, contingent consideration, ante-post bets, guarantees and derivative financial instruments. On initial recognition, financial liabilities are measured at fair value net of transaction costs where they are not categorised as financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss include contingent consideration, derivative financial instruments, ante-post bets and guarantees.

Trade and other payables are held at amortised cost and include amounts due to clients representing customer deposits and winnings, which is matched by an equal and opposite amount within cash and cash equivalents.

Financial liabilities at fair value through profit or loss are measured initially at fair value, with transaction costs taken directly to the consolidated income statement. Subsequently, the fair values are remeasured and gains and losses from changes therein are recognised in the consolidated income statement.

All interest bearing loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

The Group has provided financial guarantees to third parties in respect of lease obligations of certain of the Group's former subsidiaries within the disposed hotels division. Financial guarantee contracts are classified as financial liabilities and are measured at fair value by estimating the probability of the guarantees being called upon and the related cash outflows from the Group.

Derecognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flows from the assets has expired or when the Group has transferred its contractual right to receive the cash flows from the financial assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party, and either:

- substantially all the risks and rewards of ownership have been transferred; or
- substantially all the risks and rewards have neither been retained nor transferred but control is not retained

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Derivative financial instruments

The Group uses derivative financial instruments such as cross currency swaps, foreign exchange swaps and interest rate swaps, to hedge its risks associated with interest rate and foreign currency fluctuations. Derivative financial instruments are recognised initially and subsequently at fair value. The gains or losses on remeasurement are taken to the consolidated income statement.

Derivative financial instruments are classified as assets where their fair value is positive, or as liabilities where their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right of offset exists and the parties intend to settle the cash flows on a net basis.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance expense.

Foreign currency translation

The presentational currency of GVC Holdings PLC and the functional currencies of its UK subsidiaries are Pounds Sterling (£).

Transactions in foreign currencies are initially recorded in Pounds Sterling at the foreign currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign currency rate of exchange ruling at the balance sheet date.

All foreign currency translation differences are taken to the consolidated income statement. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

4 Summary of significant accounting policies (continued)

4.2 Other accounting policies (continued)

Foreign currency translation (continued)

Other than Sterling the main functional currencies of subsidiaries are the Euro (€) and the Australian Dollar (AUS$). At the reporting date, the assets and liabilities of non-sterling subsidiaries are translated into Pounds Sterling (£) at the rate of exchange ruling at the balance sheet date and their income statements are translated at the average exchange rates for the year. The post-tax exchange differences arising on the retranslation are taken directly to other comprehensive income.

On disposal of a foreign entity, the deferred cumulative retranslation differences previously recognised in equity relating to that particular foreign entity are recognised in the consolidated income statement as part of the profit or loss on disposal.

The following exchange rates were used in 2017 and 2018:

	2018		2017	
Currency	Average	Year end	Average	Year end
Euro (€)	1.130	1.113	1.135	1.125
Australian Dollar ($)	1.781	1.810	n/a	n/a

Revenue

The Group reports the gains and losses on all betting and gaming activities as revenue, which is measured at the fair value of the consideration received or receivable from customers less free bets, promotions, bonuses and other fair value adjustments. Gross win includes free bets, promotions and bonuses. Net of VAT/GST.

For licensed betting offices (LBO's), on course betting, Core Telephone Betting, mobile betting, Digital businesses (including sportsbook, betting exchange, casino, games, other number bets), revenue represents gains and losses, being the amounts staked and fees received, less total payouts recognised on the settlement of the event. Open betting positions are carried at fair value and gains and losses arising on these positions are recognised in revenue. Vending income is also included within revenue.

Revenue from the online poker business reflects the net income (rake) earned from poker games completed by the year end.

In the case of the greyhound stadia, revenue represents income arising from the operation of the greyhound stadia in the year, including sales of refreshments, net of VAT.

Finance expense and income

Finance expense and income arising on interest bearing financial instruments carried at amortised cost are recognised in the consolidated income statement using the effective interest rate method. Finance expense includes the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price. All finance expenses are recognised over the availability period.

Share-based payment transactions

Certain employees (including directors) of the Group receive remuneration in the form of equity settled share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of equity settled transactions is measured by reference to the fair value at the date on which they are granted. In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of GVC Holdings PLC (market conditions).

The cost of equity settled transactions is recognised in the consolidated income statement, with a corresponding credit in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the Group at that date, based on the best available estimate of the number of equity instruments, will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share as shown in note 10.

5 Segment information

The Group's operating segments are based on the reports reviewed by the Executive management team (who are collectively considered to be the Chief Operating Decision Maker (CODM)) to make strategic decisions, and allocate resources.

IFRS 8 requires segment information to be presented on the same basis as that used by the CODM for assessing performance and allocating resources, and the Group's operating segments are now aggregated into the five reportable segments as detailed below:

- Online: comprises betting and gaming activities from online and mobile operations, Sports Brands include bwin, Coral, Crystalbet, Eurobet, Ladbrokes and Sportingbet; Gaming Brands include CasinoClub, Foxy Bingo, Gala, Gioco Digitale, partypoker and PartyCasino;
- UK Retail: comprises betting activities in the shop estate in Great Britain, Northern Ireland and Jersey;
- European Retail: comprises all retail activities connected with the Republic of Ireland, Belgium, Italy and Spain (JV) shop estates;
- Corporate: includes costs associated with Group functions including Group executive, legal, Group finance, tax and treasury; and
- Other segments: includes activities primarily related to telephone betting, Stadia, Betdaq and on course pitches

The Executive management team of the new Group has chosen to assess the performance of operating segments based on a measure of NGR, EBITDA, gross profit, contribution and operating profit with finance costs and taxation considered for the Group as a whole. See page 9 for further considerations of the use of Non-GAAP measures. Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

The segment results for the year ended 31 December were as follows:

2018	Online £m	UK Retail £m	European Retail £m	All other segments £m	Corporate £m	Elimination of internal revenue £m	Total Group £m
NGR	1,712.7	1,014.9	211.7	43.8	-	(3.6)	2,979.5
VAT/GST	(44.3)	-	-	-	-	-	(44.3)
Revenue	1,668.4	1,014.9	211.7	43.8	-	(3.6)	2,935.2
Gross Profit	1,134.9	725.7	109.9	33.7	-	-	2,004.2
Contribution[1]	742.8	723.1	103.4	29.5	-	-	1,598.8
Operating costs excluding marketing costs	(299.4)	(529.7)	(54.3)	(27.2)	(47.4)	-	(958.0)
Underlying EBITDA before separately disclosed items	443.4	193.4	49.1	2.3	(47.4)	-	640.8
Share based payments	(2.4)	(0.1)	(0.1)	-	(8.1)	-	(10.7)
Depreciation and Amortisation	(70.7)	(32.4)	(14.0)	(0.4)	(0.2)	-	(117.7)
Share of joint ventures and associates	0.8	-	2.7	4.9	-	-	8.4
Operating profit/(loss) before separately disclosed items	371.1	160.9	37.7	6.8	(55.7)	-	520.8
Separately disclosed items	(503.5)	(50.5)	(7.0)	-	107.5	-	(453.5)
Group operating profit	(132.4)	110.4	30.7	6.8	51.8	-	67.3
Net finance expenses							(86.2)
Loss before tax							(18.9)
Income tax							(37.5)
Loss for the year							**(56.4)**

(1) contribution represents gross profit less marketing costs and is a key performance metric used by the Group, particularly in Online

5 Segment information (continued)

2017	Online £m	UK Retail £m	European Retail £m	All other segments £m	Corporate £m	Elimination of internal revenue £m	Total Group £m
NGR	801.2	-	-	14.7	-	-	815.9
VAT/GST	(26.0)	-	-	-	-	-	(26.0)
Revenue	775.2	-	-	14.7	-	-	789.9
Gross Profit	571.1	-	-	4.2	-	-	575.3
Contribution[(1)]	399.0	-	-	1.7	-	-	400.7
Operating costs excluding marketing costs	(161.5)	-	-	(7.7)	(20.2)	-	(189.4)
Underlying EBITDA before separately disclosed items	237.5	-	-	(6.0)	(20.2)	-	211.3
Share based payments	(4.8)	-	-	-	(10.7)	-	(15.5)
Depreciation and Amortisation	(26.7)	-	-	-	-	-	(26.7)
Share of joint ventures and associates	0.1	-	-	-	-	-	0.1
Operating profit/(loss) before separately disclosed items	206.1	-	-	(6.0)	(30.9)	-	169.2
Separately disclosed items	(108.3)	-	-	(2.5)	(62.8)	-	(173.6)
Group operating loss	97.8	-	-	(8.5)	(93.7)	-	(4.4)
Net finance expenses							(18.2)
Loss before tax							(22.6)
Income tax							1.7
Loss for the year from continuing operations							**(20.9)**
Loss for the year from discontinued operations after tax							(14.0)
Loss for the year after discontinued operations							**(34.9)**

(1) contribution represents gross profit less marketing costs and is a key performance metric used by the Group, particularly in Online

6 Separately disclosed items

	2018 £m	2017 £m
Impairment loss[1]	41.3	1.4
Integration costs[2]	14.5	21.1
Corporate transaction costs[3]	64.4	6.8
Profit on disposal of assets[4]	-	(1.9)
Legal and onerous contract provisions[5]	9.2	1.9
Amortisation of acquired intangibles[6]	322.5	106.5
Greek tax[7]	186.8	-
Other one-off items	7.3	7.4
Movement in fair value of contingent consideration[8]	(192.5)	30.4
Total before tax	453.5	173.6
Tax on separately disclosed items [9]	(19.3)	(17.9)
Separately disclosed items after taxation	434.2	155.7
Separately disclosed items from discontinued operations after tax	-	3.1
Separately disclosed items for the year	434.2	158.8

(1) The impairment loss of £41.3m (2017: £1.4m) comprises £40.1m (2017: £nil) which has arisen in UK Retail following the decision to bring forward the implementation of the £2 FOBT stakes restriction from 1 October 2019 to 1 April 2019. (see note 12 for further details), plus an additional £1.2m in relation to assets no longer used by the Group. In the prior year £1.4m of assets were impaired as part of the disposal of the Kalixa business

(2) Costs associated with the integration of the Ladbrokes Coral Group and GVC businesses, including redundancy costs arising following the merger in 2017; £21.1m in 2017 arose primarily on restructuring the business following the Bwin acquisition

(3) The Group incurred £64.4m of corporate transaction costs in relation to the acquisition of Ladbrokes Coral Group plc. and other smaller acquisitions. In the prior year £6.8m of corporate transaction costs were incurred in relation to the acquisitions of Cozy Games, and Zatrix

(4) There was no profit or loss on disposals of assets in 2018 (2017: £1.9m from the disposal of Kalixa)

(5) Legal and onerous contract provisions include onerous contracts that have arisen as a result of the closure of shops and other legal and tax provisions outside the ordinary course of business

(6) During the current year the Group incurred £322.5m of amortisation charges in relation to acquired intangible assets primarily arising from the acquisitions of Ladbrokes Coral Group plc and Bwin (2017: £106.5m)

(7) Relates to costs anticipated in relation to the ongoing assessment of Greek Tax. See note 17 for further details

(8) The movement in fair value of contingent consideration primarily relates to the change in market value of the CVR since the date of acquisition of Ladbrokes Coral Group plc, partially offset by movements in the fair value of contingent consideration on other M&A activity from prior years. Following the enactment of the £2 stakes restriction on FOBTs the CVR is now valued at £nil and has been extinguished

(9) The tax credit on separately disclosed items of £19.3m (2017: £17.9million) represents 4.3% (2017: 10.3%) of the separately disclosed items incurred of £453.5m (2017: £173.6m). This is lower than the expected tax credit of 19.0% (2017: 19.3%) as certain corporate transaction costs and elements of integration costs and the Greek tax provision are non-deductible for tax purposes, and following a re-assessment of the recoverability of certain deferred tax assets at the year end

Given all of the items above reflect incomes and expenditures which are either exceptional in nature or size or are associated with the amortisation of acquired intangibles they have been disclosed separately.

7 Finance expense and income

	2018 £m	2017 £m
Bank loans and overdrafts	(63.9)	(18.9)
Gains arising on financial derivatives	58.3	-
Fee expenses	-	(0.4)
Losses arising on foreign exchange on debt insturments	(81.7)	-
Total finance expense	(87.3)	(19.3)
Interest receivable	0.8	0.4
Other finance income	0.3	0.7
Total finance income	1.1	1.1
Net finance expense	(86.2)	(18.2)

8 Income tax expense/(income)

The total tax charge was £37.5m (2017: credit of £1.7m). Excluding the tax credit on separately disclosed items, the total expense was £56.8m (2017: £16.2m).

Deferred tax assets are considered recognisable based on the ability of future offset against deferred tax liabilities of the same taxable entity or against future taxable profits.

As at 31 December 2018, the Group had £275.7m (2017: £157.7m) of unrecognised deferred tax assets, consisting of £4.4m of accelerated capital allowances (2017: £4.4m) £44.0m of capital losses (2017: £3.4m) and £227.3m of trading losses (2017: £3.4m). These assets have not been recognised as they are not expected to be utilised in the foreseeable future.

There are no significant unrecognised taxable temporary differences associated with investments in subsidiaries.

The Group has a number of historical unresolved UK tax matters, in respect of which all amounts are fully provided, and all taxes have been paid. Whilst certain of these matters may be resolved within the next twelve months, it is unknown whether the resolution will be in the Group's favour.

The standard rate of UK corporation tax throughout the period was 19.0%. A reduction to the standard rate of corporation tax to 17.0%, effective from 1 April 2020, was substantively enacted on 6 September 2017.

The deferred tax assets and liabilities are measured at the tax rates of the respective territories which are expected to apply to the year in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax on retirement benefit assets is provided at 35.0%, which is the rate applicable to refunds.

9 Dividends

Pence per share	2018 pence	2017 pence	2018 Shares in issue number	2017 Shares in issue number
Prior year final dividend paid	15.2	12.5	303.7	293.5
Interim dividend paid(1)	16.0	13.1	578.8	296.6
Second interim dividend paid	-	14.6	-	301.0

(1) The interim dividend paid in 2018 of 16.0p relates wholly to the 2018 financial year, whereas the interim dividend in 2017 of 13.1p was deferred from the 2016 year

A proposed second interim dividend of 16.0 pence (2017: 15.2 pence) per share, amounting to £93.1m (2017: £46.2m) in respect of the year ended 31 December 2018 was proposed by the directors on 5 March 2019. The total amount payable in respect of the final dividend is based on the expected number of shares in issue on 14 March 2019. The 2018 interim dividend of 16.0 pence per share (£92.6m) was paid on 10 October 2018.

The dividends represented above are exclusive of dividends paid out of non-controlling interests £1.4m and dividend credits on share options of £2.5m.

10 Earnings per share

Basic earnings per share has been calculated by dividing the loss for the year attributable to shareholders of the Company of £62.5m (2017: £34.7m) by the weighted average number of shares in issue during the year of 513.6m (2017: 299.2m).

At 31 December 2018, there were 581.9m €0.01 ordinary shares in issue. At 31 December 2017, there were 303.7m €0.01 pence ordinary shares in issue.

Given the loss for the year (2017: loss), the Group recognised a basic loss per share rather than a basic earnings per share. As such, the dilutive effects have not been considered in calculating the diluted loss or the diluted earnings before separately disclosed items.

The calculation of adjusted earnings per share before separately disclosed items, and for the removal of foreign exchange volatility arising on financial instruments has also been disclosed as it provides a better understanding of the underlying performance of the Group. Separately disclosed items are defined in note 4 and disclosed in note 6.

Total earnings per share

Weighted average number of shares (millions)	2018	2017
Shares for basic earnings per share	513.6	299.2
Potentially dilutive share options and contingently issuable shares	4.5	10.7
Shares for diluted earnings per share	518.1	309.9

Total profit	2018 £m	2017 £m
Profit/(loss) attributable to shareholders	(62.5)	(34.7)
- from continuing operations	(62.5)	(20.7)
- from discontinued operations	-	(14.0)
Gain arising from financial instruments	(58.3)	-
Loss arising from foreign exchange debt instruments	81.7	-
Separately disclosed items net of tax (note 6)	434.2	158.8
Adjusted profit attributable to shareholders	395.1	124.1
- from continuing operations	395.1	135.0
- from discontinued operations	-	(10.9)

	Standard earnings per share		Adjusted earnings per share	
Earnings per share (pence)	2018	2017	2018	2017
Basic earnings per share				
- from continuing operations	(12.2)	(6.9)	76.9	45.1
- from discontinued operations	-	(4.7)	-	(3.6)
From profit/(loss) for the period	(12.2)	(11.6)	76.9	41.5
Diluted earnings per share				
- from continuing operations	(12.2)	(6.9)	76.3	43.6
- from discontinued operations	-	(4.7)	-	(3.6)
From profit/(loss) for the period	(12.2)	(11.6)	76.3	40.0

11 Goodwill and intangible assets

	Goodwill	Licences	Software	Customer relationships	Consulting & magazine	Trade-marks & brand names	Total
	£m	£m	£m	£m	£m	£m	£m
Cost							
At 1 January 2017	957.7	-	233.0	169.1	4.2	164.5	1,528.5
Additions	-	-	22.6	-	-	-	22.6
Additions from business combinations	31.2	-	2.1	21.2	-	2.0	56.5
Disposals	(27.2)	-	(1.2)	-	-	-	(28.4)
Exchange adjustment	40.3	-	10.0	6.9	0.2	7.0	64.4
At 31 December 2017	1,002.0	-	266.5	197.2	4.4	173.5	1,643.6
Exchange adjustment	31.6	-	3.3	7.6	-	8.1	50.6
Additions	-	-	99.2	-	-	-	99.2
Additions from business combinations	2,328.7	15.9	151.7	739.5	-	1,779.8	5,015.6
Disposals	-	(0.1)	(5.4)	-	-	-	(5.5)
At 31 December 2018	3,362.3	15.8	515.3	944.3	4.4	1,961.4	6,803.5
Accumulated amortisation and impairment							
At 1 January 2017	28.4	-	74.8	36.4	4.2	12.9	156.7
Amortisation charge	-	-	65.8	40.3	-	13.2	119.3
Transfer to Assets Held for Sale	-	-	(1.2)	-	-	-	(1.2)
Exchange adjustment	1.2	-	3.8	1.9	0.2	0.7	7.8
At 31 December 2017	29.6	-	143.2	78.6	4.4	26.8	282.6
Exchange adjustment	0.3	-	2.5	2.6	-	0.5	5.9
Amortisation charge	-	0.9	121.8	231.1	-	33.6	387.4
Impairment charge	-	4.5	0.6	-	-	-	5.1
Disposals	-	(0.1)	(5.4)	-	-	-	(5.5)
At 31 December 2018	29.9	5.3	262.7	312.3	4.4	60.9	675.5
Net book value							
At 31 December 2017	972.4	-	123.3	118.6	-	146.7	1,361.0
At 31 December 2018	3,332.4	10.5	252.6	632.0	-	1,900.5	6,128.0

At 31 December 2018, the group had not entered into contractual commitments for the acquisition of any intangible assets (2017: £nil)

Included within trade-marks & brand names are £1,398.3m (2017: £13.4m) of intangible assets considered to have indefinite lives. The UK Ladbrokes and Coral brands are considered to have indefinite durability that can be demonstrated and their value can be readily measured. The brands operate in longstanding and profitable market sectors. The Group has a strong position in the market and there are barriers to entry due to the requirement to demonstrate that the applicant is a fit and proper person with the “know-how” required to run such operations.

Goodwill reflects the value by which consideration exceeds the fair value of net assets acquired as part of a business combination including the deferred tax liability arising on statutory licence acquisitions.

Licences comprise the cost of acquired betting shop licences.

Software relates to the cost of acquired software, through purchase or business combination, and the capitalisation of internally developed software.

Customer relationships, trade-marks and brand names relate to the fair value of customer lists, trade-marks and brand names acquired as part of business combinations, primarily relating to the Bwin and Ladbrokes Coral Group plc businesses.

Refer to notes 6 and 12 for details of the impairment charge.

12 Impairment testing of goodwill and indefinite life intangible assets

An impairment loss is recognised for any amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Within UK and European Retail, the cash generating units (CGU's) are generally an individual Licenced Betting Operator (LBO) and therefore, impairment is first assessed at this level for licences (intangibles) and property, plant and equipment, with any impairment arising booked first to licences and then to property, plant and equipment. Since goodwill and brand names has not been historically allocated to individual LBOs, a secondary assessment is then made to compare the carrying value of the segment against the recoverable amount with any additional impairment then taken against goodwill.

For Online the CGU is the relevant geographical location or business unit and any impairments are made firstly to goodwill, next to any capitalised intangible asset and then finally to property, plant and equipment.

The expected cash flows generated by the assets are discounted using appropriate discount rates that reflect the time value of money and risks associated with the group of assets.

For both tangible and intangible assets, the future cash flows are based on the forecasts and budgets of the cash-generating unit or business discounted to reflect time value of money. The key assumptions within the UK and European Retail budgets are OTC stakes (customer visits and spend per visit), the average number of machines per shop, gross win per shop per week, wage increases, the potential impact of the stakes restriction on Fixed Odds Betting Terminals (FOBT) resulting from the review by the Department for Digital, Culture, Media and Sport (DCMS) and the fixed costs of the LBOs. The key assumptions within the budgets for Online are the number of active customers, net revenue per head, win percentage, revenue shares and operating costs.

The pre-tax discount rate applied to cash-flow projections for UK Retail was 9.5% (2017: n/a), European Retail 9.0%-11.1% (2017: n/a) and Online 8.9%-11.3% (2017: 7.4% to 9.4%). The discount rate calculation is based on the specific circumstances with reference to the WACC and risk factors expected in the industry in which the Group operates.

The value-in-use calculations use cash flows based on detailed, board approved, financial budgets prepared by management covering a three-year period. These forecasts have been extrapolated over years 4 to 8 representing a declining growth curve from year 3 until the long term forecast growth rate is reached. The growth rates used from years 4-8 range from 0% to 16%. From year 9 onwards long term growth rates used are between 0% and 3.0% (2017: 2%) and are based on the long term GDP growth rate of the countries in which the relevant CGUs operate or the relevant outlook for the business. A 0% growth rate has been used for the UK Retail operating segment due to the ongoing uncertainty surrounding the outlook after the triennial implementation. An 8-year horizon is considered appropriate based on the Group's history of profit as well as the growth rates currently observed in our key markets.

In assessing the carrying value of goodwill for all CGU's, the recoverable amount was assessed with reference to the discounted cashflows discussed above and the fair value obtained from the sale of the Group to GVC Holdings PLC.

The carrying value of goodwill by segment is as follows:

Goodwill	2018 £m	2017 £m
Online	3,061.2	972.4
UK Retail	76.4	-
European Retail	163.4	-
All other segments	31.4	-
	3,332.4	972.4

It is not practical or material to disclose the carrying value of individual licences by LBO.

Impairment recognised during the year
Impairments of intangible assets and property, plant and equipment are recognised as a separately disclosed item.

During the year the Group has recognised an impairment charge against UK Retail of £40.1m (2017: £nil), of which £4.5m has been recorded against licenses (2017:£nil) and £35.6m against plant, property and equipment (2017: £nil). The impairment charge recognised in UK Retail in the current year is a consequence of the timing of implementation of stakes restrictions on FOBT machines in LBOs to £2 being brought forward to 1 April 2019 from 1 October 2019.

12 Impairment testing of goodwill and indefinite life intangible assets (continued)

Sensitivity analysis

A 2% decline in the long term growth rate applied to the UK Retail cashflows (with other assumptions remaining constant) would result in an additional impairment of £3.7m to shop assets.

A 5% decrease in all cash flows used in the discounted cash flow model for the value in use calculation (with other assumptions remaining constant) would result in an additional impairment of £26.1m within Online and UK Retail.

A 0.5% increase in discount rates used in the discounted cash flow model for the value in use calculation (with all other assumptions remaining constant) would result in an additional impairment of £93.9m within Online and UK Retail.

No other reasonable change in assumptions to the CGUs would cause any additional impairment.

13 Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Total £m
Cost				
At 1 January 2017	4.0	3.4	44.1	51.5
Additions	0.4	1.1	9.4	10.9
Additions from business combinations	-	-	0.2	0.2
Disposals	-	-	(0.6)	(0.6)
Exchange adjustment	0.2	0.2	1.8	2.2
At 31 December 2017	4.6	4.7	54.9	64.2
Exchange adjustment	0.5	0.4	2.2	3.1
Additions	9.5	4.6	81.4	95.5
Additions from business combinations	20.2	53.2	100.8	174.2
Disposals	(4.0)	(0.9)	(31.1)	(36.0)
At 31 December 2018	30.8	62.0	208.2	301.0
Accumulated depreciation				
At 1 January 2017	0.9	2.5	31.4	34.8
Depreciation charge	0.3	1.6	11.9	13.8
Disposals	-	-	(0.4)	(0.4)
Exchange adjustment	-	0.1	1.5	1.6
At 31 December 2017	1.2	4.2	44.4	49.8
Exchange adjustment	0.3	0.2	1.4	1.9
Depreciation charge	12.7	2.9	37.2	52.8
Disposals	(4.3)	(1.2)	(29.8)	(35.3)
Impairment charge	11.4	0.8	24.0	36.2
At 31 December 2018	21.3	6.9	77.2	105.4
Net book value				
At 31 December 2017	3.4	0.5	10.5	14.4
At 31 December 2018	9.5	55.1	131.0	195.6

At 31 December 2018, the Group had not entered into contractual commitments for the acquisition of any property, plant and equipment (2017: £nil).

Included within fixtures, fittings and equipment are assets in the course of construction, which are not being depreciated, of £38.4m (2017: £nil) relating predominantly to the new EPOS system in UK Retail.

An impairment charge of £36.2m has been charged against property, plant and equipment in the year. Please see notes 6 and 12 for further details.

14 Provisions

	Property Provisions (1)	Restructuring Provision (2)	Litigation and regulation provisions (3)	Total
	£m	£m	£m	£m
At 1 January 2017	3.8	-	3.1	6.9
Utilised	(1.1)	-	-	(1.1)
Exchange adjustment	0.2	-	0.2	0.4
At 31 December 2017	2.9	-	3.3	6.2
Acquired through business combinations	70.7	2.7	30.1	103.5
Provided	14.4	9.8	119.4	143.6
Utilised	(11.5)	(9.6)	(7.2)	(28.3)
Released	(8.6)	-	-	(8.6)
Discount unwind	0.6	-	-	0.6
Exchange adjustment	0.1	-	-	0.1
At 31 December 2018	68.6	2.9	145.6	217.1

(1) The Group is party to a number of leasehold property contracts. Provision has been made against those leases where the property is now vacant, and properties where the unavoidable costs under the lease exceed the economic benefit expected to be derived from potential sub-letting arrangements. Provisions have been based on management's best estimate of the minimum future cash flows to settle the Group's obligations, taking into account the risks associated with each obligation, discounted at a risk free interest rate. The periods of vacant property commitments range from 1 to 17 years (2017: 1 to 18 years)
(2) Restructuring provisions relate to redundancy costs provided in association with merger and acquisition activities
(3) Other provisions include legal, insurance and regulatory provisions associated with certain claims and taxes. See note 17 for further details.

Of the total provisions at 31 December 2018, £160.5m (2017: £1.1m) is current and £56.6m (2017: £5.1m) is non-current.

15 Net debt

The components of the Group's net debt are as follows:

	2018 £m	2017 £m
Current assets		
Cash and short-term deposits	421.9	270.0
Current liabilities		
Interest bearing loans and borrowings	(14.3)	(0.2)
Non-current liabilities		
Interest bearing loans and borrowings	(2,221.1)	(262.3)
Accounting net debt	**(1,813.5)**	**7.5**
Cash held on behalf of customers	(312.5)	(101.7)
Fair value swaps held against debt instruments (derivative financial assets)	43.3	-
Balances held with brokers	93.6	-
Short term investments	2.6	4.4
Balances held with payment service providers	89.9	48.1
Adjusted net debt	**(1,896.6)**	**(41.7)**

16 Business Combinations

Business combinations are accounted for using the acquisition method. Identifiable assets and liabilities acquired and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The identification and valuation of intangible assets arising on business combinations is subject to a degree of judgement. In respect of the acquisition of Ladbrokes Coral Group plc the Group engaged independent third parties, including Duff and Phelps Limited to assist with the identification and valuation process. This was performed in accordance with the Group's policies. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets acquired is recorded as goodwill. Costs related to the acquisition are expensed as incurred.

Summary of acquisitions

On 28 March 2018 GVC Holdings PLC acquired the entire share capital of Ladbrokes Coral Group plc which was effected by means of a Court-sanctioned scheme of arrangement of Ladbrokes Coral Group plc under Part 26 of the Companies Act 2006. Following consideration of IFRS 3 'Business combinations' the directors have determined that GVC Holdings PLC acquired Ladbrokes Coral Group plc.

Fair values were determined on the basis of an initial assessment performed by an independent professional expert.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	Provisional Fair value £m	Measurement period adjustments £m	Final Fair value £m
Intangible assets (excluding goodwill)	2,622.0	-	2,622.0
Property, plant and equipment	165.5	5.4	170.9
Retirement benefit asset	180.0	-	180.0
Investments	47.8	-	47.8
Other financial assets	1.4	-	1.4
Trade and other receivables	132.0	(1.5)	130.5
Cash and cash equivalents	191.8	-	191.8
Interest bearing loans and borrowings	(1,197.3)	-	(1,197.3)
Deferred tax asset	163.1	-	163.1
Deferred tax liability	(502.4)	3.5	(498.9)
Trade and other payables	(611.9)	(4.1)	(616.0)
Provisions for liabilities and charges	(96.1)	(7.4)	(103.5)
Total	**1,095.9**	**(4.1)**	**1,091.8**
Net assets acquired	1,095.9	(4.1)	1,091.8
Goodwill	2,248.8	4.1	2,252.9
Total net assets acquired	**3,344.7**	**-**	**3,344.7**
Consideration:			
Cash	630.4	-	630.4
Contingent value right (CVR)	219.0	-	219.0
Equity instruments	2,495.3	-	2,495.3
Total consideration	**3,344.7**	**-**	**3,344.7**

The fair value of the CVR was based on observable market prices as at the date of the acquisition. Further details of the terms of the contingent value right can be found on the Group's website www.gvc-plc.com

As part of the fair value exercise performed for the acquisition an actuarial valuation was performed over the defined benefit pension schemes acquired.

The acquired Ladbrokes Coral Group plc business contributed revenues of £1,955.9m and net profit of £294.4m excluding amortisation of acquired intangibles. If the acquisition had occurred on 1 January 2018, consolidated proforma revenue and net loss for the year ended 31 December 2018 would have been £3,523.6m and £158.2m respectively before the effect of fair value adjustments, deal related costs and the release of the contingent value rights consideration. Operating profit before separately disclosed items would have been £610.1m.

16 Business Combinations (continued)

Other acquisitions:

Mars LLC

On 11 April 2018 the Group acquired a 51% holding in Mars LLC (hereon referred to as Crystalbet). The acquisition of the share capital resulted in control being obtained and as a result Crystalbet is consolidated as a subsidiary from this date forward. Crystalbet operates predominantly via an online platform across the sports betting and gaming markets and provides the GVC group with access into the Georgian market.

Consideration consisted of £36.4m for its 51% share in Crystalbet with £35.0m recognised as a non-controlling interest for the 49% remaining holding not acquired by the Group. In accordance with IFRS 3 'Business Combinations', the Group has fair valued the separately identifiable assets and liabilities and recognised resulting goodwill of £37.1m.

The share purchase agreement further provides an opportunity for the group to purchase the remaining 49% of share capital, based on the satisfaction of certain second completion requirements. Based on the expectation that the second completion requirements will be met, contingent consideration was recorded at £44.6m at acquisition. The estimate of contingent consideration was based on forecast results for Crystalbet and the likely payment due under the second completion conditions.

Ned International Pty Limited

On 22 November 2018 the Group acquired 100% of the share capital of Ned International Pty Limited (hereon referred to as Neds). Neds operates predominantly via an online platform within the Australian market.

Total consideration was AUS$68.0m with a further AUS$27.0m potentially payable subject to future profits of the business. As part of the IFRS 3 fair value exercise discounted contingent consideration has been assessed as AUS$3.0m at the date of acquisition. Goodwill of £26.1m was recorded on acquisition.

Sigma Booking Limited

On 7 August 2018, the Group acquired the trade and assets of Sigma Booking Limited (hereon referred to as Sigma).

Total consideration of £5.0m was paid on acquisition with up to a maximum further payment of £55.0m subject to future profits of the business. At acquisition under IFRS 3, discounted contingent consideration was assessed at £12.7m. Goodwill of £9.8m was recognised on acquisition.

Argon Financial Limited

On 27 November 2018, the Group acquired 100% of the share capital of Argon Financial Limited (hereon referred to as Argon).

Total consideration of £15.2m was paid on acquisition with up to a maximum further payment of £45.0m subject to future profits of the business. At acquisition under IFRS 3, discounted contingent consideration was assessed at £2.8m. Goodwill of £2.8m was recognised on acquisition.

17 Contingencies

In January 2018, the Group announced that it had received a tax audit assessment for €186.8m from the Greek Audit Centre for Large Enterprises in respect of 2010 and 2011. In the Directors' opinion, the assessment contained material errors, a view supported by expert tax advice, and was out of all proportion to the size of the Group's Greek business at the time.

An appeal has been filed with the Administrative Court of Appeal in Athens and we expect our legal case regarding the 2010/11 tax years to be heard in the current year. The Directors remain highly confident that the Appeal Court will also find that the assessment is out of all proportion to the size of the Group's Greek business at the time.

In order to enable the Group's subsidiary to trade normally whilst the appeal process takes place, the Group has entered into a payment scheme with the Greek tax authority whereby payments are held on account. The Group continues to pay the monthly instalments for the 2010 and 2011 assessment, and as at 31 December 2018, had paid £87.5m under this scheme. Of this amount, £41.4m has been recorded as a receivable on the balance sheet and the remainder expensed through the income statement (see below). In the event of a successful appeal, recovery of the debtor will be through either a repayment or an ability to offset other tax liabilities.

17 Contingencies (continued)

During the fourth quarter of 2018, the Group made progress in understanding the Greek tax authorities' position on potential tax for years subsequent to 2011, through the ongoing tax audit work in respect of these years. The Greek tax authorities have requested, and the Group has provided, a significant amount of information. The nature of these enquiries from the tax authorities, refreshed external tax advice received by the Group, and our observations of the experience of other operators, have helped the Group understand better the approach being taken by the Greek tax authorities in relation to these years. As a result, the Group has recognised a charge of £186.8m, representing the Group's best estimate of the liability for all years from 2010 to 2017. To date £20.3m has been paid by the Group in relation to years subsequent to 2011.

The statutory window in Greece for the tax authorities to conclude their audit work is generally six years from the end of the relevant tax year. As such, both the timing and the conclusions of the tax audits for 2012 to 2017, and any associated tax payments, remains uncertain.

18 Related party disclosures

Other than its associates and joint venture, the related parties of the Group are the executive directors, non-executive directors and members of the Executive Committee of the Group.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates and joint venture and other related parties are disclosed below.

During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

	2018 £m	2017 £m
Equity investment		
– Joint venture[1]	44.4	-
– Associates[2]	20.2	-
Loans		
– Movement in loan balance with joint venture partner	1.8	-
Dividends received		
– Associates[3]	9.4	-
Sundry expenditure		
– Associates[4]	79.6	2.1

(1) Equity investment in Sportium Apuestas Deportivas S.A.
(2) Equity investment in Asia Gaming Technologies Limited
(3) Dividend received from Satellite Information Services (Holdings) Limited
(4) Payments in the normal course of business made to Satellite Information Services (Holdings) Limited

Details of related party outstanding balances

	2018 £m	2017 £m
Loan balances outstanding		
– Joint venture	1.8	-
Other amounts outstanding		
– Associates	0.2	0.2
– Joint venture	0.3	-

Transactions with directors and key management personnel of the Group

Karl Diacono is the Chief Executive Officer of Fenlex Corporate Services Limited, a corporate service provider incorporated in Malta. During the year ended 31 December 2018, Fenlex received £0.1m (2017: £0.1m) from the Group in relation to Company Secretarial and other matters arising in Malta.

Peter Isola is a partner at Isolas, a law firm in Gibraltar which charged legal expenses of £nil to the Group (2017: £0.1m).

Lee Feldman received dividends during the year of £0.2m (2017: £0.4m) in respect of his beneficial interest in the Ordinary Share capital of the Group. Lee Feldman is the Managing Partner of Twin Lakes Capital, a private equity firm based in New York. During the year ended 31 December 2018, Twin Lakes Capital received £0.4m (2017: £0.1m) in relation to office services.

Kenneth Alexander received dividends during the year of £0.3m (2017: £0.7m). The wife of Kenneth Alexander received dividends during the year of £nil (2017: £0.1m) in respect of her interest in the Ordinary Share capital of the Group.

18 Related party disclosures (continued)

Terms and conditions of transactions with related parties

Sales to, and purchases from, related parties are made at market prices and in the ordinary course of business. Outstanding balances at 31 December 2018 are unsecured and settlement occurs in cash. For the year ended 31 December 2018, the Group has not raised any provision (2017: £nil) for doubtful debts relating to amounts owed by related parties as the payment history has been good. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel of the Group

The remuneration of key management personnel is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Key management personnel comprise executive directors, non-executive directors and members of the Executive management team. Further information about the remuneration of individual directors is provided in the directors remuneration report.

	2018 £m	2017 £m
Short-term employee benefits	11.8	12.4
Share-based payments	20.8	30.4
Total compensation paid to key management personnel	32.6	42.8