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PMU returns to growth in the first half of 2017: overall stakes up 1.1%, recovery of total horse-racing activity, up 1.3%

- Total activity increased in the first half, and horse-racing activity in France stabilized.
- The trend towards a return to growth for horse-racing activity is confirmed.
- The recent horse-racing launches, the Simple Jackpot and betting by SMS, have been very successful.
- Development of international horse-racing activities continues, with 580 million euros in stakes registered this half, a rise of 14.5%.

In the first half of 2017, PMU's overall activity is up 1.1% at 4.965 billion euros. Horse-racing activity confirms its recovery at 4.531 billion euros in stakes, up by 1.3%. Even if the recovery in horse-racing activity observed in the first quarter continued to the end of the half, PMU remains vigilant on the margin and on costs. The French horse-racing market is tending to stabilize (-0.4%), with stakes at 3.951 billion euros. The overall gross revenue from gaming is slightly down by 0.7% at 1.213 billion euros. These results, coupled with the performance plan initiated since 2016 and the strict control of operating expenses, enable PMU to confirm its commitments to net profit, which is entirely paid back to the French horse-racing sector.

For **Xavier Hürstel, Chairman and Managing Director of PMU**, *"The results for the first half of 2017 are satisfactory, but we remain prudent on the margin and on costs. Our strategic plan is on track and our latest launches have been successful. There is still a long way to go, even if horse-race betting is tending to stabilize on the French market, which was the objective announced for this year."*

A strategic plan to accelerate growth

The company's strategic acceleration and transformation plan, "PMU 2020.1", is being deployed. It is based on 3 themes: product and service innovation, transformation of the network of points of sale and international development. This plan has been designed around 20 strategic initiatives, of which more than half were already initiated in 2016 and are starting to bear fruit. Most of these initiatives concern horse-race betting, PMU's core business.



Successful innovations in the service of French horse racing

In terms of betting and service offerings, the latest launches have performed very well and are major contributors to the dynamism of the horse-racing activity.

Launched on 27 April, **the Simple JACKPOT** gives a new dimension to horse-race betting: a single horse to find and the possibility of multiplying winnings up to 1000 times. It is addressed to all punters, whatever their expertise. For a minimum stake of €2, punters discover a multiplier of up to 1000 on their receipt.

This new way of playing **already represents 10% of Simple stakes** after just 2 months, significantly above the initial targets, with additional stakes settling at around 65 %.

The **promise of winnings has been kept**: more than 200 punters have benefited from the ×1000 coefficient, with a record win of **€120 000 for €20 played**. In total, since the launch, nearly **one million winners have had a coefficient of ×2 or better!**

This innovation complements those already launched, such as SMS betting, for which the success with racegoers is confirmed month after month. In the first half, this new way of betting totaled more than €40m in horse-racing stakes. **SMS betting** has already won over nearly 10 000 regular punters.

Report+ recorded nearly 30% growth and the **BoostOrdre du Quinté +** allowed Ordre dividends on Sundays to be multiplied by an average of 2.9, with an average activity more than 3 percentage points higher than the trend on weekdays.

All of **these new developments contribute significantly to the return to growth** of horse-race betting in the first half of the year.

This half was also marked by the **Vivatech 2017 fair**, a technological showcase for PMU which, through its presence, profited from worldwide media exposure.

This event allowed PMU to accelerate its relationships with start-ups, which will build and nurture the betting interfaces of the future. This year, three start-ups won €30 000, enabling them to develop their projects with PMU on horse betting in the collaborative era, the leisure and gaming space of the future and new uses of "live". Finally, **PMU presented a world première in cooperation with French companies and with the support of France Galop**: piloting drones at distance on the ParisLongchamp racecourse from the PMU Lab at Vivatech, Porte de Versailles.

Transformation of the network is continuing with encouraging results

The transformation of 13 200 points of sale in the network, which should be complete by 2018, is still continuing at a sustained pace with nearly **60% of points of sale revamped by the end of June**.

The new Happy PMU and PMU Express concepts, especially for occasional punters, are developing very positively, with growth rates about 5 points higher than in establishments that are still to be transformed. In parallel, PMU continues to open, on average, 1 new point of sale every day in France.

Continued development of international horse-race betting

In a horse-race betting market that is increasingly competitive and globalised, **PMU confirms its leadership**, with an increase in stakes collected abroad of +14.5% at 580 million euros. More than twenty countries are now in the common pool with PMU, the most important being the United States, Germany, Switzerland and Belgium. International activity represents nearly 13% of horse-race stakes in the half year.



Activities to attract new punters

Parallel to the many innovations in horse-race betting, PMU continues to develop its diversification activities in sports betting and poker, the aim of which is to **win over new and younger punters**, and gradually convert them to horse betting. PMU is holding its position in these highly competitive activities. The main purpose of these activities is to develop the cross sell between segments (horse racing, sport, poker) with multi-activity punters generating more value than single-segment punters.

Sports betting decreased by 5.8% to 145.4 million euros, with one unfavourable reference (Euro2016 football). The gross gaming revenue is down by 13.1 % at 21 million euros. Poker stakes are up 2% at 288 million euros, for a gross gaming revenue up 0.7% at 7.8 million euros.

Activity in the 1st half of 2017, stakes and GGR (in millions of euros)

PMU – Q2 2017	Stakes		GGR	
	€	Trend	€	Trend
Horse racing bets	4 531.3	+1.3%	1 183.8	-0.4%
- <i>including France</i>	3 951.5	-0.4%		
- <i>including abroad</i>	579.7	+14.5%		
Sports betting	145.4	-5.8%	21	-13.1%
Poker	288	+2%	7.8	+0.7%
Total activity	4 964.6	+1.1%	1 212.6	-0.7%