

13 October 2011

LADBROKES PLC QUARTER THREE RESULTS

Ladbrokes plc announces its Interim Management Statement for the 3 months ended 30 September 2011 ("the period").

	Q3 2011 v Q3 2010	H1 2011 v H1 2010
Group net revenue ⁽¹⁾	2.5%	(0.9%)
Group operating profit ⁽¹⁾⁽²⁾	(2.7%)	(5.8%)
UK Retail net revenue	2.0%	1.5%
- Machines gross win	20.4%	15.0%
- OTC net revenue	(8.3%)	(4.6%)
Digital net revenue	(0.7%)	0.1%

- Group net revenue ⁽¹⁾ up 2.5% in the period.
- Group operating profit ⁽¹⁾⁽²⁾ of £49.7 million was 2.7% lower year on year (up 8.5% excluding the World Cup ⁽³⁾ impact in 2010 of £5.3 million)
- Growth of 2.0% in UK Retail net revenue
- Machine gross win per terminal week up 19.8% to £866 in Q3 (Q3 2010: £723), up from £850 in Q2.
- Growth of 6.4% in Sportsbook amounts staked and increase in sign ups of 86% since start of renewed marketing in August, the highest rate achieved outside of a major football tournament.
- Significant expansion of Bet in Play with increase in football events from 200 per week in August to 500 in October and expected increase to an average of 700 from November.
- Agreements with three new suppliers of Casino slots with 31 new games added since August

Richard Glynn, Chief Executive, commented:

"UK Retail net revenue has grown by 2.0% driven by particularly strong growth in machines, with continued stability in trend for OTC staking. We have seen good growth in Sportsbook sign ups and actives, particularly following the start of our renewed marketing in August. We have significantly increased our Bet in Play football offer and broadened our range of Casino games, with further expansion in these areas to come.

Looking forward we expect operational initiatives, already underway, to drive further momentum. We will begin using new yield management tools on machines and expect this to drive continued strong growth in 2012. In November we start live testing of our new online Sportsbook which will launch in Q1 next year, enabling us to promote our expanding range of betting and gaming opportunities more effectively. In Mobile we will launch up to 40 new casino style slots over the next few months and in October will offer live streaming of 100% of UK horseracing.

The economic climate in the UK remains challenging and whilst we expect this to continue we are confident in our strategy and remain in line with the Board's expectations for 2011. We are making good progress on the delivery of our operational and technology milestones and look forward to sharing more detail on these at the full year."

UK RETAIL

UK Retail total net revenue increased by 2.0% (H1: up 1.5%)

The momentum achieved in machines performance over the past year accelerated in the period with gross win increasing by 20.4%. The average gross win per terminal week across the estate was £866 in Q3 with the year to date average now £836 (H1: £821).

We expect our operational focus on the delivery of new and exclusive games content together with greater emphasis on yield management to continue to drive further double digit growth in the remainder of the year.

OTC amounts staked were down by 3.5% over the period, broadly consistent with the trend in H1 in spite of the impact of temporarily closing over 200 shops during the riots in August. The decline in OTC net revenue of 8.3% was primarily driven by a comparatively weak gross win margin of 16.0% (2010: 16.9%), with an adverse horse margin in August this year and an exceptionally high football margin across Q3 in 2010.

Operating costs in UK Retail remain within guidance given for the full year.

During the period we opened 13 shops and closed 2.

OTHER EUROPEAN RETAIL

Ireland OTC amounts staked were 6.6% higher year on year across the period (up 0.5% at constant currency). A strong OTC gross win margin of 14.0% in Q3 (2010: 13.0%) has driven a 13.9% increase in total Irish revenue (8.5% at constant currency).

In Belgium operating profit was up 133.3% driven by the change in the tax regime earlier in the year.

In Madrid, Sportium is trading in line with our expectations with continued double digit growth in amounts staked. We have begun trading in Aragon and expect to begin trading in Navarra and Valencia early in 2012.

TELEPHONE

Net revenue decreased by 5.6% with the gross win margin slightly ahead of Q3 2010.

HIGH ROLLERS

High Rollers for the period generated an operating loss of £0.7 million (2010: loss of £4.4 million).

DIGITAL

Total Digital net revenue was down 0.7% during the period with strong Casino growth offset by a results driven decline in Sportsbook and lower year on year Poker revenues.

Digital actives were up 3.8% in the period with new player sign ups growing by 31.8%.

Active Sportsbook players grew by 3.0% and new sign ups by 39.8% in the quarter. We have seen some early positive signs following renewed marketing in August with sign ups and actives growing by 86.1% and 11.0% respectively.

Bet in Play (excluding horseracing and greyhounds) continues to grow and is now just over 50% of Sportsbook amounts staked (H1: 49%). The development of our new trading platform and increased use of algorithmic trading has allowed us to enhance significantly our in running offer. We are currently increasing the number of football events traded from 200 per week in August, to 500 in October and expect to reach over 700 per week in November.

As we continue to expand our range of Bet in Play events further and across more sports, our new online Sportsbook, which will launch in Q1 2012 will enable us to present the increase in betting opportunities more effectively to customers.

Sportsbook amounts staked grew 6.4% year on year (H1 down 0.6%). Net revenue fell 6.0% as a result of an adverse movement in gross win margin (Q3 2011: 6.1% versus 6.7% in Q3 2010) impacted by both unfavourable results in August and a strong football margin in 2010.

Mobile revenues in Q3 were up 163% with 21% of Digital customers placing at least one bet during the quarter (H1: 18%). We continue to expand and improve our Mobile offer and are on track with the development of a new bespoke platform which will be delivered in Q2 2012 enabling us to target customers more effectively with a more personalised offer.

Casino net revenue was up 11.2% on last year, which together with a 13.3% growth in actives has been driven by strong VIP activity in the period and also reflects the increase in our slots content post commencement of the new agreement with Microgaming. We expect to add further content throughout Q4.

Poker net revenue was down 12.5% and actives down 14.0% against last year, which represents an improvement in the trend seen in H1.

Bingo net revenue declined by 5.7% with actives down 3.9% and net revenue in Games down by 2.7% and actives declining by 3.7%

MATERIAL EVENTS, TRANSACTIONS AND FINANCIAL POSITION

Net debt reduced by £16.5 million from £449.4 million at 30 June 2011 to £432.9 million at 30 September 2011. There were no other material events or transactions that impacted the Group's financial position during the period.

⁽¹⁾ Continuing operations, excluding High Rollers

⁽²⁾ Profit before tax, finance costs, non-trading items and amortisation of customer relationships

⁽³⁾ World Cup numbers do not include any estimate for substitution

Note: the figures in this trading updated are unaudited.

A conference call for analysts and investors will be held at 9am (BST).

To participate in the conference call dial, +44 (0)20 3450 9987 (UK participants) or +1 646 254 3366 (US participants), quoting confirmation code 3424467

A recording of the call will be available for seven days on +44 (0)20 7111 1244 (UK) or +1 347 366 9565 (US), confirmation code 3424467.

Enquiries

Richard Glynn
Chief Executive Officer

Matt Sharff
Head of Investor Relations

Ian Bull
Chief Finance Officer

Ciaran O'Brien
Head of Public Relations

Tel. +44 (0) 208 515 5730